

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 146.46	0.8%	4.3%	USD Mn – 21,644 KES Bn – 2,189
	NSE 20 Share Index – 2,646.74	-0.7%	-6.6%	USD Mn – 18,827 KES Bn – 1,904
	NSE 25 Share Index – 3,546.23	0.5%	-0.2%	USD Mn – 20,232 KES Bn – 2,046
NIGERIA	AS I– 30,811.29	7.0%	-1.7%	USD Mn –44,378 NGN Bn – 13,602
EGYPT	EGX100* – 1,536.45	-0.6%	-11.0%	USD Mn – 43,881 EGP Bn – 751.7
SOUTH AFRICA	All share – 54,423.56	-3.7%	3.2%	USD Mn – 971,876 ZAR Bn – 13,854

Source: NSE, JSE, NSE (Nigeria), *EGX100 as at 23/05/2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –101.23	0.0%	0.6%	6.6%(04/2019)	6.3%(FY2018)
NGN/USD-307.21	-0.3%	-0.2%	11.3%(03/2019)	2.4%(3Q2018)
EGP/USD –17.05	0.5%	4.8%	13.0%(04/2019)	5.3%(3Q2018)
ZAR/USD – 14.31	-0.4%	-5.5%	4.5%(03/2019)	0.8%(FY2018)

Source: CBK, ZAR, CBN, KNBS, NBS, EGP

KCB Posts an 11.4% y/y growth in After Tax Profits for 1Q2019

KCB Group posted an 11.4% y/y growth in after tax profits for 1Q2019 to KES 5.8 billion from 5.2 billion reported in 1Q2018. The growth in profitability was predominantly attributed to a 10.6% y/y growth in total operating income to KES 18.8 billion. Total interest income edged up by 7.1% y/y to KES 16.8 billion. This growth was primarily driven by a 6.4% y/y increase in income from loans and advances to KES 13.4 billion - owing to a 10.9% y/y growth in the loan book to KES 464.3 billion as yield on loans eased by 40 bps to 11.6% (annualized). Interest income from government securities rose by 7.3% y/y to KES 3.2 billion (despite a 120 bps decline in the yield on government securities to 8.8%), as the group's holding of government securities increased by 18.9% y/y to KES 133.3 billion. Total interest expenses declined by 4.1% y/y to KES 4.1 billion owing to a 5.9% y/y dip in interest expenses from customer deposits to KES 3.6 billion. The lower interest expenses from customer deposits were mostly underpinned by a 50 bps decrease in the cost of customer deposits to 2.6% (1Q2018: 3.1%) as customer deposits rose by 11.2% y/y to KES 552.2 billion. Despite an 11.2% y/y growth in net interest income to KES 12.7 billion, the net interest margin (NIM) fell marginally by 10 bps to 8.5% (1Q2018: 8.6%) owing to a faster rise in interest earning assets (in absolute terms) to KES 18.8 billion. Non-funded income grew by 9.2% y/y to KES 6.1 billion owing to a 100.4% y/y surge in income from fees and commissions on loans to KES 2.2 billion. The contribution of non-funded income to total income marginally declined by 40 bps to 32.3% (1Q2018:32.7%) owing to a faster growth in net-interest income compared to non-funded income. Despite a 2.4% y/y increase in operating expenses (excluding provisions) to KES 9.1 billion, the cost-to-income ratio (excluding provisions) dipped by 390 bps to 48.5% owing to the faster rise in total operating income (+10.6% y/y to KES 18.8 billion) in comparison to operating expenses (+2.4% y/y to KES 9.1 billion). Loan loss provisions surged by 93.8% y/y to KES 1.2 billion despite an 11.3% y/y decline in gross non-performing loans to KES 38.8 billion. We opine that the increase in provisioning was due to IFRS9 revision requirements. Cost of risk increased by 40 bps to 1.0% owing to the rise in loan loss provisions. Asset quality however improved as the

NPL ratio (gross NPL/ gross loan book) eased by to 7.7% (1Q2018: 9.8%). We are optimistic about the improvement in the group's asset quality and cost management.

Co-operative Posts a 4.4% y/y growth in After Tax Profits for 1Q2019

Co-operative Bank Group realized a 4.4% y/y growth in after tax profits to KES 3.6 billion in 1Q2019 (1Q2018: KES 3.4) owing to a 19.1% y/y growth in non-funded income to KES 4.2 billion and a 34.3% y/y decline in loan loss provisions to KES 501.5 million. Total interest income declined by 2.9% y/y to KES 10.1 billion predominantly due to a 14.1% y/y decline in interest income from loans and advances to KES 7.2 billion. Interest income from loans and advances was weighed down by a 160 bps dip in the yield on loans to 11.6% (annualized) and a 0.5% y/y contraction in the loan book to KES 251.6 billion. Interest income from government securities edged up by 39.6% y/y to KES 2.8 billion supported by a 36.0% y/y growth in the group's government securities portfolio to KES 107.2 billion and a 120 bps rise in the yield on government securities to 11.8%. Total interest expense rose by 6.2% y/y to KES 3.2 billion buoyed by a 4.1% y/y increase in interest expenses from customer deposits to KES 2.8 billion - owing to a 7.4% y/y rise in customer deposits to KES 317.8 billion (the cost of customer deposits dropped by 10 bps to 3.5%). Owing to the lower total interest income and higher total interest expenses, net interest income eased by 6.5% y/y to KES 7.0 billion dragging down the net interest margin (NIM) to 7.7% (1Q2018: 8.7%). Non-funded income posted a 19.1 % y/y increase to KES 4.2 billion, mainly attributed to a 33.5% y/y increase in other fees and commissions to KES 2.9 billion. Operating expenses (excluding provisions) rose by 3.5% y/y to KES 5.5 billion (principally due to higher staff costs +5.6% y/y to KES 2.8 billion). Consequently, the cost-to-income ratio (without provisions) increased to 49.7% (1Q2018: 48.8%). Loan loss provisions eased by 34.3% y/y to KES 501.5 million as the group benefitted from the implementation of IFRS 9 in FY2018. Gross NPLs increased by 4.8% y/y to KES 29.7 billion giving rise to a 60 bps rise in the NPL ratio (as measured against net

loans) to 11.8%. We note with concern over the group's declining net interest income and weak asset quality.

Stock Market Performance and Outlook

The overall market edged up by 0.8% w/w to close the week at KES 146.46 characterized by a decrease in trading volumes and turnover. We attribute the gain in the overall market index to price gains made on KCB (+7.3% w/w), Standard Chartered (+2.9%), Equity (+1.4% w/w) and Safaricom (+1.1% w/w), as investors took advantage of the low favorable entry prices. We expect investors to focus on fundamentally sound counters given the current market conditions.

Equity Market Summary

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	38.95	4.0%	7.3%	7,766,900	48.7%	4.98	9.0%	1.05	21.9%
Equity Bank	36.90	5.9%	1.4%	8,193,100	52.2%	7.02	5.4%	1.47	21.1%
NIC Bank	29.85	7.4%	-5.5%	219,000	46.3%	4.52	4.2%	0.54	12.1%
Stanbic	98.25	8.3%	0.8%	32,000	50.2%	6.19	5.9%	0.87	14.3%
National Bank	3.95	-25.8%	0.3%	55,100	92.0%	190.96	0.0%	0.19	0.1%
Barclays Bank	10.35	-5.5%	-1.4%	3,565,100	54.2%	7.58	10.6%	1.27	17.1%
Housing Finance	4.11	-25.8%	-6.6%	401,500	107.7%	N/M	0.0%	0.14	-5.5%
Co-operative Bank	11.45	-19.9%	-3.8%	9,469,000	54.6%	5.28	8.7%	0.96	18.2%
Diamond Trust Bank	121.50	-22.4%	0.4%	14,900	45.2%	4.80	2.1%	0.63	13.9%
Standard Chartered	186.50	-4.1%	2.9%	14,000	51.8%	7.91	10.2%	1.37	17.5%
I&M*	59.00	-30.6%	-1.7%	182,100	36.6%	2.87	6.6%	0.51	17.9%
Sector Average					58.1%	24.21	5.7%	0.82	13.5%

Bonus issue (1:1) issued which caused a drastic change in the price

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	3.63	-59.2%	12.0%	1,181,100	N/M	0.0%	-1.3	N/M
Nation Media Group	53.75	-21.5%	-1.8%	99,800	7.79	18.6%	6.9	13.2%
WPP Scangroup	11.35	-18.9%	-8.5%	8,191,200	10.13	4.4%	1.12	7.1%
Uchumi Supermarket	0.44	-45.0%	15.8%	619,900	N/M	0.0%	-4.6	N/M
Longhorn Publishers	6.90	49.7%	9.5%	8,800	14.08	5.5%	0.49	13.1%
Eveready	0.93	-7.0%	-3.1%	13,800	0.73	107.5%	1.27	-35.3%
Sector Average					8.18	5.7%		-0.5%

***N/M - Not Meaningful**

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	112.00	-15.5%	-4.9%	6,300	45.71	4.6%	1.6%	0.5%
E.A. Portland Cement	16.80	5.0%	0.0%	2,200	N/M	0.0%	19.3%	25.0%
Sector Average					45.71	1.5%		4.3%

*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	6.00	-14.5%	0.0%	10,048,100	5.00	6.7%	1.20	4.2%
Kenya Power	3.52	-13.5%	-5.1%	3,143,300	3.59	0.0%	0.98	3.0%
Total Kenya	28.50	3.6%	2.0%	18,200	7.77	4.6%	3.67	10.5%
Sector Average					5.45	3.3%		3.6%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.53	-8.5%	-5.9%	674,000	1.17	19.61	64.9%	49.0%
Britam	8.60	-14.0%	1.2%	203,100	0.78	35.83	67.6%	134.8%
Jubilee	401.00	-0.9%	-1.4%	1,600	1.11	7.64	92.0%	138.2%
Kenya Re	14.15	1.4%	-3.4%	2,004,900	0.35	2.77	62.2%	106.7%
Sanlam Kenya	18.85	-14.3%	-0.3%	1,800	2.04	89.76	95.4%	149.7%
Liberty	10.40	-19.4%	10.6%	54,300	0.75	6.58	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	31.80	8.7%	-0.2%	475,400	7.58	0.42	73.2	4.20	5.6%
Home Afrika Ltd	0.70	0.0%	14.8%	908,100	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	4.05	478.6%	34.6%	32,400	N/M	0.32	40.96	-1.56	4.7%
Sector Average					N/M	0.37			4.3%

*NPM - Net Profit Margin, **NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	12.75	-12.4%	-1.9%	38,900	17.47	3.8%	0.73	9.3%
Sector Average					17.47	3.8%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.28	-51.7%	-22.2%	1,292,600	N/M	0.0%	-4.43	-69.4%
EABL	203.75	16.6%	-1.6%	1,875,100	28.34	3.7%	7.19	61.4%
FTG Holdings	2.45	-2.0%	-2.0%	4,800	2.88	0.0%	0.85	22.3%
Carbacid	8.94	-10.6%	8.5%	19,900	6.48	7.8%	1.38	14.6%
BAT	508.00	-29.9%	-0.4%	50,700	15.23	5.1%	33.36	48.0%
Sector Average					13.23	3.3%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	26.45	19.1%	1.1%	40,461,200	16.74	7.1%	1.58	44.1%
Sector Average					16.74	7.1%		

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	8.40	-23.3%	9.1%	6,575,400	11.83	8.93%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

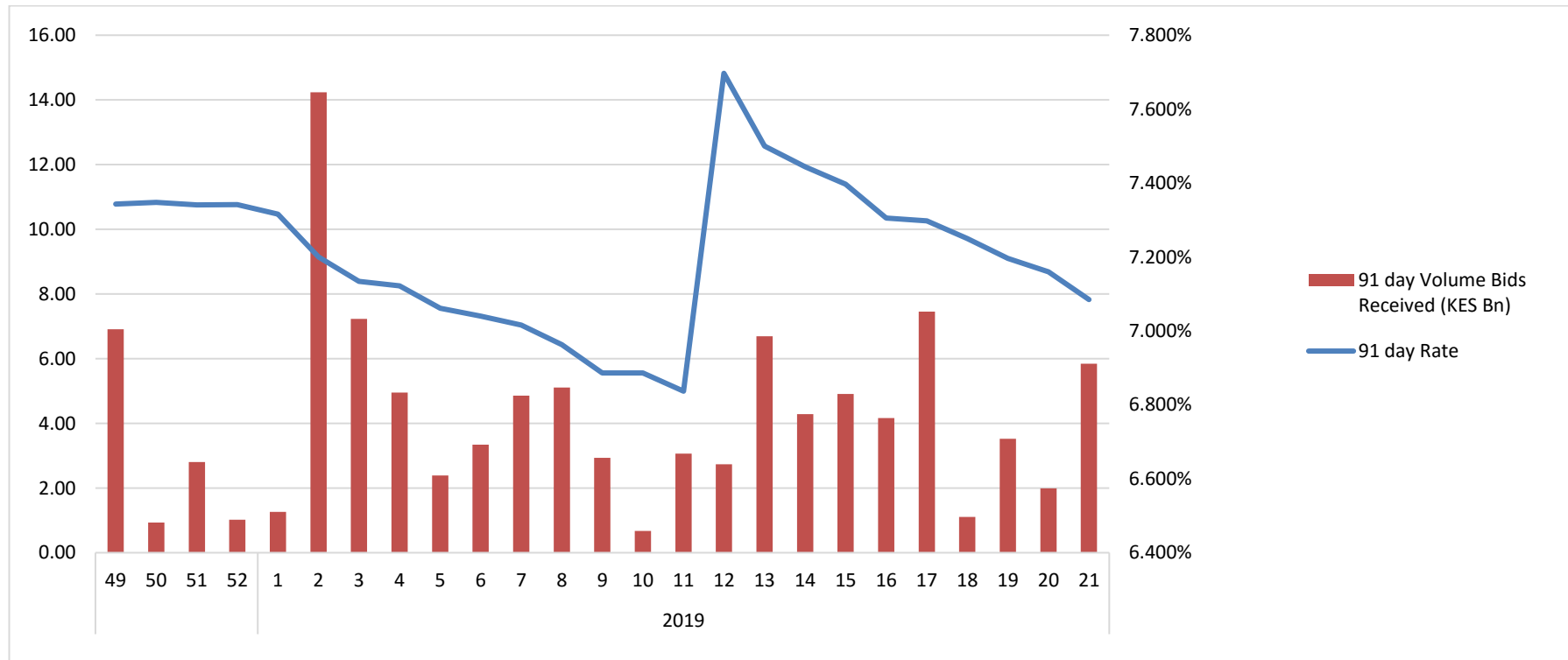
Market Statistics	This Week	Last Week	% Change
Total Volumes	101,991,100	109,320,900	-6.7%
Total Turnover (KES)	2,517,261,710	6,392,292,751	-60.6%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	5.84Bn	146.11%	5.84Bn	7.085%	7.160%	-0.075
182 day T-bill	4.64Bn	46.37%	4.64Bn	7.738%	7.814%	-0.076
364 day T-bill	21.05Bn	210.53%	18.50Bn	9.312%	9.316%	0.000

Graph showing 91 day T-bill rate and volume

Week No. 21



DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Limuru Tea Company Plc	First & Final dividend	Kes.1.00	25-Mar-19	12-Apr-19	03-Jun-19
Equity Group Holdings Plc	First & Final dividend	Kes.2.00	27-Mar-19	26-Apr-19	31-May-19
BOC Kenya Plc	Final dividend	Kes.2.85	09-Mar-19	29-Apr-19	26-Jul-19
Co-operative Bank of Kenya	First & Final dividend	Kes.1.00	21-Mar-19	29-Apr-19	07-Jun-19
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	29-Apr-19	Subject to Approval
CIC Insurance Group Plc	First & Final dividend	Kes.0.13	11-Mar-19	30-Apr-19	31-May-19
Barclays Bank of Kenya Ltd	Final dividend	Kes.0.90	11-Mar-19	30-Apr-19	29-May-19
Kakuzi Plc	First & Final dividend	Kes.9.00	29-Mar-19	01-May-19	30-Jun-19
WPP Scangroup Plc	Final dividend	Kes.1.00	11-Apr-19	10-May-19	10-Jun-19
WPP Scangroup Plc	Special dividend	Kes.3.00	11-Apr-19	10-May-19	10-Jun-19
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	Subject to Approval
Bamburi Cement Ltd	Final dividend	Kes.4.10	15-Apr-19	17-May-19	12-Jul-19
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.60	01-Mar-19	24-May-19	26-Jun-19
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	30-May-19	30-Jul-19
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	Subject to Approval
Nation Media Group Ltd	Final dividend	Kes.3.50	18-Apr-2019	14-Jun-19	30-Jul-19
Kenya Reinsurance Corporation Ltd	Bonus Issue	Bonus Issue of 3:1	13-May-19	14-Jun-19	Subject to Approval
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	17-Jun-19	26-Jul-19
Jubilee Holdings Ltd	Final dividend	Kes.8.00	26-Apr-19	25-Jun-19	25-Jul-19
TPS Eastern Africa Ltd	Final dividend	Kes.0.35	26-Apr-2019	25-Jun-19	25-Jul-19
Umeme Ltd	Final dividend	Ushs.28.20	25-Mar-19	25-Jun-19	15-Jul-19
Total Kenya Plc	First & Final dividend	Kes.1.30	28-Mar-19	26-Jun-19	22-Jul-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	28-Jun-19	Subject to Approval
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	Subject to Approval	Subject to Approval
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	(Subject to Approval)	(Subject to Approval)
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	(Subject to Approval)	(Subject to Approval)

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 24th May 2019
KCB Group	Long-term Buy	52.00	34.00	4.00%	38.95
Equity Group Holdings	Long-term Buy	53.50	32.50	5.90%	36.90
Cooperative Bank	Long-term Buy	18.70	11.30	-19.90%	11.45
I&M	Hold	115.25	40.50	-30.60%	59.00
Barclays Bank of Kenya	Hold	12.75	9.50	-5.50%	10.35
Diamond Trust Bank	Hold	205.00	109.00	-22.20%	121.50
NBK	Hold	7.20	3.60	-25.80%	3.95
Jubilee Holdings	Buy	535.00	355.25	-0.90%	401.00
Bamburi Cement	Hold	190.00	110.00	-15.50%	112.00
Safaricom	Hold	30.50	21.00	19.10%	26.45
EABL	Hold	248.00	160.00	16.60%	203.75
KenGen	Trading	8.05	5.10	-14.50%	6.00
Mumias	Sell	0.90	0.27	-51.70%	0.28
Centum	Long-term Buy	40.25	22.50	8.70%	31.80

For more detailed information on the following recommendations, please click [here](#):

For Online Share Trading (OST) via browser, please click [here](#):

For the Faida M-Trader Application, please click [here](#):

To join our Telegram channel, please click [here](#):

ANALYSTS:

Samuel Njihia

E-mail: samuel.njihia@fib.co.ke

Ivy Barongo

E-mail: ivy.barongo@fib.co.ke

John Jumwa

Email: john.jumwa@fib.co.ke



HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O Box 45236-00100
Nairobi