FAIDA
INVESTMENT BANK

Weekly Report

Week 21

Week Ending Friday, May 28, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,570.81	0.6%	13.7%
S&P 500	4,215.05	1.0%	12.9%
NASDAQ 100	13,718.84	1.8%	6.7%
DAX	15,538.50	0.6%	13.3%
FTSE 100	7,050.73	0.4%	9.1%
EURO STOXX 50	4,072.06	1.1%	14.6%
Shanghai Composite	3,600.78	3.3%	3.7%
NIKKEI 225	29,149.41	2.9%	6.2%
Commodities			
Brent Oil (USD/bbl.)	69.79	4.9%	36.5%
Gold (USD/Oz)	1,899.75	1.4%	0.1%

Source: Bloomberg, NSE; *As at 4:50 PM EAT

The equities indices gained during the week. The FTSE 100 rose by 0.4% w/w driven by gains in banking and commodity stocks. The S&P 500 edged up by 1.0% w/w on lower weekly jobless claims which generated optimism on economic recovery in the US. Brent Oil rose by 4.9% w/w as expectations of a rebound in global demand offset concerns about potentially higher outputs from Iran if sanctions are lifted.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 Share Index rose by 4.2% w/w and 0.2% w/w to close the week at 172.69 and 1,862.15 respectively. The market was characterized by an increase in market turnover (57.0% to KES 5.0 billion) and volume of shares traded (32.3% to 123.3 million shares). We attribute the gains in the indices mainly to price gains on Safaricom, EABL and banking counters.

Safaricom rose by 5.9% w/w to close at KES 41.85 as investors remained cautiously optimistic in the company's imminent entry into Ethiopia.

The gains in the banking counters were on the back of relatively good financial performance in the 1Q2021. Equity, KCB, NCBA and Standard Chartered released their 1Q2021 results this week. Notably, Equity holdings reported growth of 63.8% y/y in after tax profits to KES 8.7 billion. Equity's share price reacted positively, gaining by 3.6% w/w to KES 43.00. Although KCB's performance was less impressive (after tax profit growth of 1.8% y/y to KES 6.4 billion), the price rose 3.4% w/w to KES 42.40. This may signal investor optimism in future performance. Other notable price gains included EABL (+7.0% w/w to KES 186.25) which hit a new 52-week high, HF (6.4% w/w to KES 3.85), Absa Kenya (3.5% w/w to KES 9.52) and NCBA (2.4% w/w to KES 25.45).

The banking sector is one the sectors that we expect to benefit immensely from a stable macroeconomic environment. Please look out for our revised banking sector recommendations in the coming weeks.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	172.69	165.76	4.2%	13.5%
NSE 20	1,862.15	1,858.87	0.2%	(0.3%)
NSE 25	3,712.70	3,586.44	3.5%	8.7%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,689.04	2,581.04	4.2%
Volume (Mn)	123.30	93.17	32.3%
Equity Turnover (KES Mn)	4,991.25	3,178.92	57.0%

Source: NSE

Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	B.O.C Kenya	75.25	10.3%	19.4%
2.	Car & General	24.20	10.0%	10.0%
3.	Express Kenya	4.45	9.9%	23.3%
4.	EABL	186.25	7.0%	20.7%
5.	HF Group	3.85	6.4%	16.0%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	E.A.Cables	1.19	(11.9%)	(13.8%)
2.	Longhorn	4.00	(10.7%)	(18.0%)
3.	Olympia Capital	1.82	(9.0%)	(17.3%)
4.	Standard Group	16.55	(8.6%)	(26.4%)
5.	TPS Serena	13.80	(8.0%)	(13.8%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	41.85	2,599.9
2.	EABL	186.25	840.7
3.	KCB Group	42.40	665.8
4.	Equity Group	43.00	623.4
5.	Co-op	12.15	47.9

Source: NSE and Faida Investment Bank Analysis

News Highlights

Equity Group Records a 63.8% Increase in PAT for 1Q2021

- Equity Group's after-tax profits for 1Q2021 increased by 63.8% y/y to KES 8.7 billion (1Q2020: KES 5.3 billion). The performance was driven by lower provisions and supported by growth in both interest and non-funded income.
- Total interest income grew by 31.9% y/y to KES 20.3 billion mainly owing to an increase in both interest income from loans and advances and interest income from government securities.
- Interest income from loans and advances edged up by 31.5% y/y to KES 14.2 billion driven by net loan book growth of 28.6% y/y to KES 487.7 billion with the yield on loans edging up slightly by 10bps to 11.7% (1Q2020: 11.6%)
- Interest income from government securities increased by a 30.1% y/y to KES 5.9 billion as the Group's exposure to government securities went up by 36.4% y/y to KES 259.0 billion with the yield on government securities easing marginally by 10bps to 9.9% (1Q2020: 10.0%).
- Total interest expenses increased by 42.4% y/y to KES 5.5 billion as customer deposits grew by 52.8% y/y to KES 790.0 billion. The cost of customer deposits dipped slightly to 2.2% (1Q2020: 2.3%)
- Net interest income rose by 28.4% y/y to KES 14.8 billion. The net interest margin (NIM) eased to 6.4% (1Q2020: 7.7%) due to a faster growth in interest earning assets (+54.0% to KES 604.2 billion) compared to income (+29.3% y/y to KES 25.7 billion).
- Non-funded income increased by 30.7% y/y to KES 10.9 billion mainly attributed to forex income (+82.7% y/y to KES 2.0 billion).Fees and commissions on loans and advances rose by 18.2% y/y to KES 1.7 billion. The contribution of non-funded income to total operating income edged up by 40 bps to 42.3%. This improvement was despite KES 1.5 billion foregone in mobile banking transaction fees and KES 1.2 billion waived in loan restructuring fees.
- Operating expenses (excluding provisions) grew by 30.5% y/y to KES 12.7 billion (1Q2020: KES 9.7 billion). This was mainly owing to a 38.3% y/y growth in other expenses to KES 6.7 billion and a 24.5% y/y rise in staff costs (one-off costs) to KES 4.0 billion. According to management the staff costs were incurred in DRC from early staff retirement at management level. Despite this, the cost-to-income ratio (excl. provisions) increased marginally to 49.5% (1Q2020: 49.0%).

- Loan loss provisions declined by 59.3% y/y to KES 1.3 billion even as gross non-performing loans grew by 42.2% y/y to KES 63.5 billion. The Group restructured 31.0% of the KES 541.0 billion loan book (KES 167.7 billion). KES 59.0 billion of the restructured loans had resumed payment by March 2021 and KES 9.0 billion had been categorized as NPL. The Group expects KES 66.0 billion to resume payment in the next 6 months. The NPL ratio (gross NPL/ gross loan book) rose to 11.3% from 10.9% in 1Q2020. The sectors that recorded the highest NPL ratios were SMEs (15.5%), micro enterprises (10.1%), large enterprises (9.1%) and agriculture (8.1%). Tanzania registered the highest NPL ratio of 33.7% down from 40.5% in 1Q2020 while South Sudan had the biggest improvement in asset quality with the NPL ratio falling to 0.3% (1Q2020: 40.8%). All the subsidiaries (excl. South Sudan and Finserve) recorded growth in profitability, with Uganda and Rwanda now performing above their cost of capital.
- In terms of dividend policy, the group is seeking to payout 30%-50% of its after tax profits going forward.

Commentary

- We remain confident in the sustainability of the group's rebounded performance boosted organically as well as through M&A. On the backdrop of gradually improving regional macro-economic performance, we expect the balance sheet to register double digit growth with i) increased market share hence growth in deposits ii) reallocation of assets from government securities to increase lending activities.
- With 35.6% of the restructured book (KES 61.0 billion) expected to be performing within the next 6 months, we foresee a decline in the cost of risk, in line with management guidance for FY2021 (1.5%-2.5%).
- Non funded income continues to be a key revenue driver, evidenced by the upward trend in contribution from 36% in 2Q2020 to 42% as at 1Q2021. We expect this to sustain going forward leveraging on cross selling opportunities.
- We expect regional subsidiaries to maintain their growth momentum, presenting a solid risk management strategy for the group with their increasing contribution to profitability. In particular, Equity BCDC, the 2nd largest bank in DRC, presents the highest scaling opportunity given the country's low credit penetration, riding on the group's digital capabilities.
- Our recommendation on Equity is under review. **The counter closed the week at KES 43.00, +3.6% w-o-w, +17.6% YTD and is trading at a trailing P/B of 1.17x, against the industry P/B of 0.69x**

Standard Chartered Bank Registers an 18.9% Growth in After Tax Profits for 1Q2021

- Standard Chartered Bank (StanChart) reported after tax profits of KES 2.4 billion in 1Q2021 representing an 18.9% y/y growth from KES 2.0 billion realized in 1Q2020. The growth in profitability was underpinned by:
  i. a 9.7% y/y contraction in operating expenses (excluding provisions) to KES 3.3. billion and
  ii. an 11.1% y/y rise in non-funded income to KES 2.5 billion
- Total interest income eased by 9.0% y/y to KES 5.6 billion weighed down by declines across both interest income from loans and government securities.
  i. Interest income from loans dipped to KES 2.9 billion, a 9.0% y/y decline, occasioned by a 6.1% y/y contraction in the loan book to KES 117.9 billion and a 30 bps drop in the yield on loans to 9.7%.
  ii. Interest income from government securities also sank by 9.0% y/y to KES 2.3 billion mostly reflecting the lower yield on government securities (down 125 bps to 9.0%) as StanChart ramped up its holding of government and investment securities by 7.3% y/y to KES 103.1 billion – signaling a defensive strategy.
- StanChart's total interest expenses were down by 30.2% y/y to KES 971.7 million, in line with the 26.5% y/y decline witnessed in interest expenses from customer deposits to KES 881.0 million (prompted by a 60 bps reduction in the cost of customer deposits to 1.4%).
- Customer deposits edged up by 8.9% y/y to KES 265.2 billion.
- In part, the drop in total interest expenses managed to offset the drop in total interest income resulting in a "softer" decline of 2.8% y/y drop in net interest income to KES 4.6 billion. Correspondingly, the NIM fell by 80 bps to 6.2%
- The aforementioned growth witnessed in non-funded income was backed by:
  i. a 13.1% y/y rise in other fees & commissions to KES 1.3 billion and
  ii. a 15.9% y/y growth in foreign exchange trading income
- The rise in non-funded income helped to shore up StanChart's non-funded income's contribution to total operating income -- which rose by 300 bps to 35.1%.
- Total operating income was up 1.7% y/y in 1Q2021 to KES 1.7 billion.
- StanChart reported lower total operating expenses (excluding provisions) in 1Q2021 principally due to:
  i. a 23.9% y/y decline in other expenses to KES 1.1 billion and
  ii. a 5.3% y/y drop in staff costs to KES 1.6 billion

- Consequently, the cost-to-income ratio fell to 46.2% from 52.0% in 1Q2020
- Looking at asset quality metrics, loan loss provisions decreased by 3.5% y/y to KES 413.2 million;
- However, gross non-performing loans edged higher, rising by 11.3% y/y to KES 22.3 billion while the NPL ratio (estimated as net NPL/net loans) rose marginally from 3.5% in 1Q2020 to 3.6% in 1Q2021.

Commentary

- As long as credit risk remains elevated in the current economic environment, we expect to see StanChart maintain a cautious lending strategy, resulting in negative to low loan book growth, while increasing allocations to (i) its portfolio of government & investment securities and (ii) balances and deposits due from banking institutions in the group.
- We continue to expect the strong liquidity levels (1Q2021: 54.7%) as well as high proportion of CASA deposits (FY2020: 84.8%), to contribute to lower cost of customer deposits – helping to support net interest income by mitigating the impact of lower yield on loans & government securities.
- StanChart's focus on digital migration and investment in technology is expected to continue to contribute to lower operating expenses going forward.
- We positively note, the recovery in non-funded income specifically in other fees & commissions and foreign exchange trading income. Moreover as the vaccine roll-out continues to make strides globally we anticipate the momentum in foreign exchange trading income to persist due to increasing global trade opportunities.
- The recommendations is under review.

NCBA Posts a 73.8% Growth in After Tax Profits for 1Q2021

- NCBA registered a 73.8% y/y rise in after tax profits for 1Q2020 to KES 2.8 billion. The significant rise in profitability was principally driven by:
    i. a 30.1% y/y decline in loan loss provisions to KES 2.6 billion and
    ii. a 19.9% growth in net interest income to KES 6.6 billion
- Total interest income grew by 8.1% y/y to KES 11.0 billion supported by higher interest income from loans and government securities.
    i. Interest income from government securities climbed by 14.7% y/y to KES 4.4 billion on the back of a 12.1% y/y increase in the government & investment securities portfolio to KES 173.3 billion and a 20 bps rise in the yield on government securities to 10.4%.
    ii. Interest income from loans inched higher, rising by 5.4% y/y to KES 6.5 billion on the back of a 60 bps increase in the yield on loans to 10.6% as the group's net loan book eased by 1.1% y/y to KES 243.1 billion. Digital loan disbursements, however, rose by 24.1% y/y to KES 134.0 billion.
    iii. The growth in the government securities portfolio coupled with muted growth in the group's loan book indicates a bias towards a defensive strategy
- Total interest expenses dipped by 5.7% y/y to KES 4.4 billion driven principally by a 74.8% y/y drop in other interest expenses to KES 104.4 million linked to the retirement of its medium term note in 3Q2020; borrowed funds fell by 41.8% y/y to KES 13.0 billion.
- Interest expenses arising from customer deposits increased by 3.5% y/y to KES 4.3 billion owing to rise in customer deposits:
    i. Customer deposits rose by 11.2% y/y to KES 434.2 billion -- attributable to the group's business development efforts which resulted in new customers.
    ii. the cost of customer deposits, however, declined by 30 bps to 4.0%
- Owing to the higher total interest income and lower total interest expenses, the net interest income edged up by 19.9% y/y to KES 6.6 billion. Similarly, the NIM advanced by 50 bps to 5.7%.
- Non-funded income eased by 3.3% y/y to KES 5.2 billion weighed down by a 13.8% y/y drop in fees and commissions on loans and advances to KES 2.7 billion.
- However, other fees and commissions rose by 13.6% y/y to KES 930.5 million, while foreign exchange trading income increased by 15.2% y/y to KES 1.2 billion.

- As a result of the decline in non-funded income vis-à-vis the rise net interest income, the contribution of non-funded income to total operating income (which rose by 8.3% y/y to KES 11.8billion) slipped to 44.3% from 49.7% in 1Q2020.
- Total operating expenses (excluding provisions) rose by 13.1% y/y to KES 5.1 billion mainly driven by:
    i. other expenses; +20.0% y/y to KES 2.3 billion and
    ii. staff costs; +16.8% y/y to KES 2.0 billion
- The group's cost-to-income ratio rose to 43.3% up from 41.5% realized in 1Q2020
- Loan loss provisions dipped by 30.1% y/y to KES 2.6 billion reflecting the group's recovery efforts particularly in its digital lending portfolio;
    - Gross non-performing loans were, however, up by 1.9% y/y to KES 39.6 billion while
    - The NPL ratio (gross NPL/gross loans) was flat at 14.0% (1Q2020: 14.0%)

Commentary

- Given the current asset quality challenges prevalent, we continue to expect NCBA to prioritize its defensive strategy – preferring to focus on growing its government & investment securities portfolio and lending in the inter-bank market in lieu of its loan book.
- With regard to the loan book, we expect to see the group further its cautious lending approach opting to be highly selective in its loan origination process in order to minimize credit risk; NCBA has launched a government employee lending scheme expected to provide eligible individuals unsecured loan facilities – we believe that this initiative was targeted towards government employees owing to the nature of their employment which tends to have high job security.
- We expect the aforementioned strategies along with lower cost of funds (compared to previous years, due to the retirement of the medium term note) to support net interest income going forward.
- We still have some concerns about the NPL ratio which is still elevated at the industry level.
- The group plans to expand its branch network further, targeting 15 additional branches in 2021. We expect to see this result in a higher cost burden at least in the short-term. NCBA's strategy remains hinged on advancing its digital banking (plans to roll-out new digital products), asset financing (have entered into strategic partnerships with Isuzu & Tata) and corporate banking offerings.
- The recommendations is under review.

KCB Group Records a 1.8% Increase in PAT for 1Q2021

- KCB Group's after-tax profits for 1Q2021 rose by 1.8% y/y to KES 6.4 billion (1Q2020: KES 6.3 billion). The performance was characterized by a growth in net interest income which was offset by a decline in non-funded income, a slight improvement in the cost to income ratio (excl. provisions) and lower cost of risk.
- Total interest income grew by 8.7% y/y to KES 22.0 billion primarily supported by a 7.9% y/y increase in interest income from loans and advances to KES 15.8 billion. Net loans rose by 7.8% y/y to KES 597.1 billion but yields on loans declined to 10.6% (1Q2020: 10.8%).
- Interest income from government securities edged up by 12.9% y/y to KES 6.0 billion as the Group's holdings of government securities increased by 4.4% y/y to KES 212.5 billion with the yield on government securities declining from 11.5% to 11.3%.
- Total interest expenses grew by 1.8% y/y to KES 5.2 billion driven by a 51.1% y/y growth in interest expenses from deposits and placements from banking institutions to KES 706.6 million. Interest expenses from customer deposits fell by 3.2% y/y to KES 4.5 billion as customer deposits edged up by 72.6% y/y to KES 749.4 billion. The cost of customer deposits fell to 2.4% (1Q2020: 2.6%)
- Net interest income rose by 11.1% y/y to KES 16.7 billion. The net interest margin (NIM) rose to 7.9% (1Q2020: 7.7%) due to a faster growth in net interest income (11.1% y/y) compared to interest earning assets (+5.0% to KES 848.0 billion)
- Non-funded income (NFI) dipped by 20.0% y/y to KES 6.3 billion primarily owing to a 44.4% y/y decline in fees and commissions on loans and advances to KES 1.5 billion. Foreign exchange trading income fell by 19.6% y/y to KES 1.2 billion. Other fees and commissions decreased by 8.9% y/y to KES 2.5 billion. According to management the drop in NFI was as a result of reduced digital lending (lower disbursements and fewer customer transactions) and fee waivers. Consequently, the contribution of non-funded income to total income fell to 27.4% (1Q2020: 34.4%)
- Operating expenses (excluding provisions) declined slightly by 0.8% y/y to KES 11.1 billion. The improvement was mainly due to an 11.3% y/y decrease in other expenses to KES 3.3 billion. The cost-to-income ratio (C/I) excluding provisions fell by 50bps to 48.0%.
- Loan loss provisions eased by 1.3% y/y to KES 2.9 billion even as gross non-performing loans grew by 48.1% y/y to KES 98.0 billion. The Group restructured loans worth KES 102.5 billion which amounted to 15.5% of the gross loan

book. Loans restructured are mainly in the real estate (KES 29.6 billion) and tourism sectors (KES 16.9 billion). The NPL ratio (calculated as gross NPLs/gross loans) edged up to 14.8% from 11.1% in 1Q2020. According to management this was driven by the corporate loan book. The NPL ratio of the corporate loan book deteriorated from 8.2% to 19.3%.

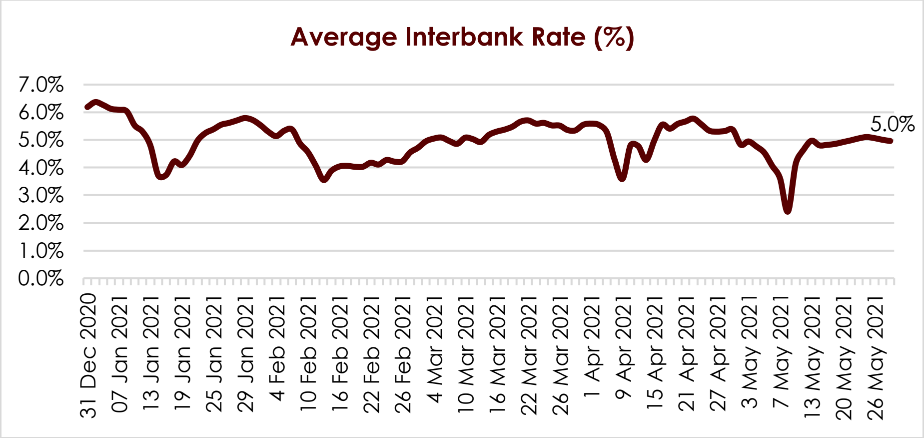
Commentary

- The decline in fees from mobile lending is surprising (negatively). Although we anticipated some conservative lending trends this year, we expected the bank to, at the least, maintain the same level disbursements as the previous year given the relaxation of measures.
- The corporate loan book's asset quality remains a cause for concern.
- We'll be seeking more information on these issues in the management call on 2nd June 2021. We'll issue a revised recommendation thereafter.

Note that some of the ratios may be different from those provided by the bank.

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

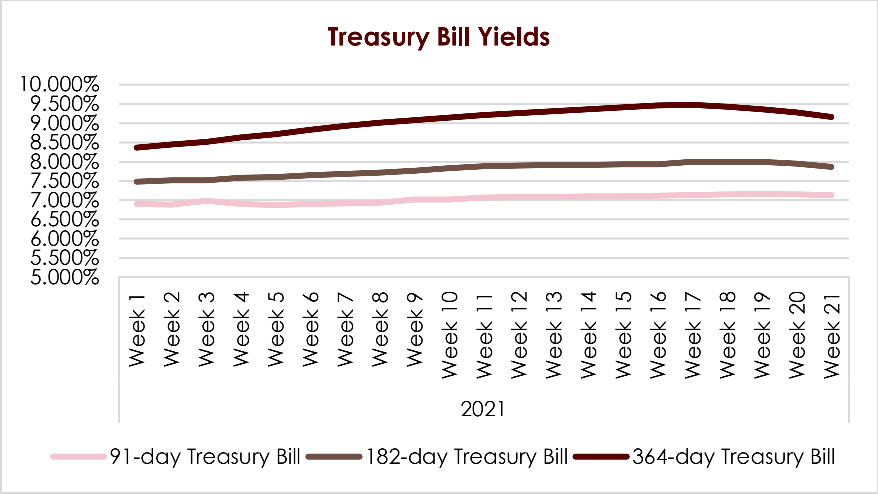
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	2.45	61.21%	2.41	7.139%	(1.6)
182 day	10.0	10.31	103.09%	4.42	7.865%	(8.8)
364 day	10.0	23.82	283.21%	13.76	9.156%	(12.8)
Total	24.0	36.58	152.41%	20.58		

*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

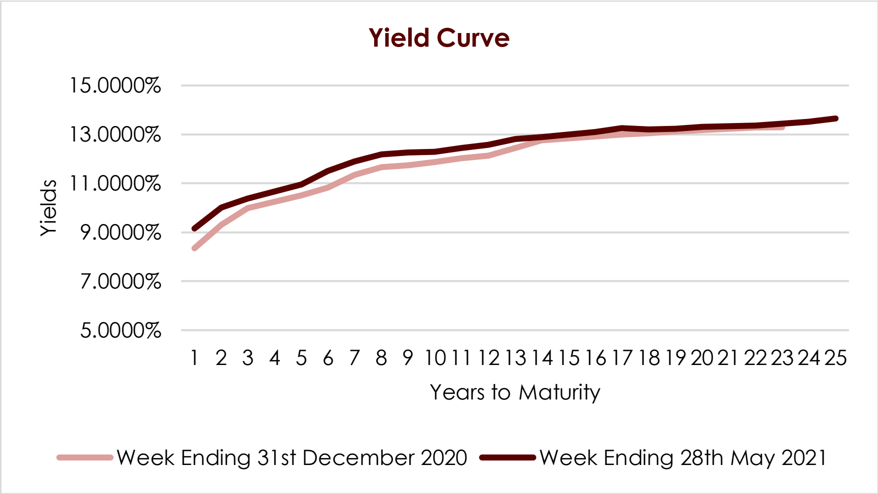
Treasury bills were oversubscribed during the week's auction; the total subscription rate was 152.41%, down from last week's 162.00%. The 364 day paper also had the highest subscription rate this week, at 283.21%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

Macroeconomic Indicators

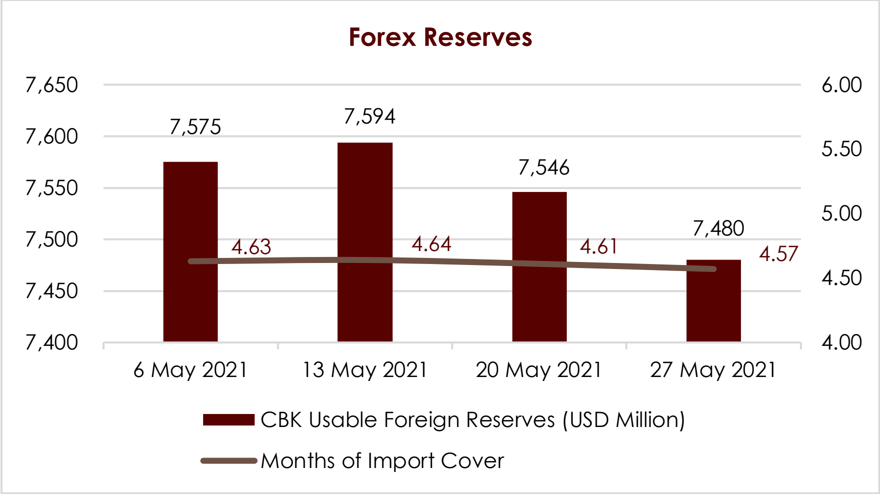
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	107.5382	0.6%	1.5%
STG Pound	152.2997	0.4%	(2.7%)
EURO	131.1994	0.6%	2.0%

Source: CBK; Negative () = Depreciation, Positive = Appreciation

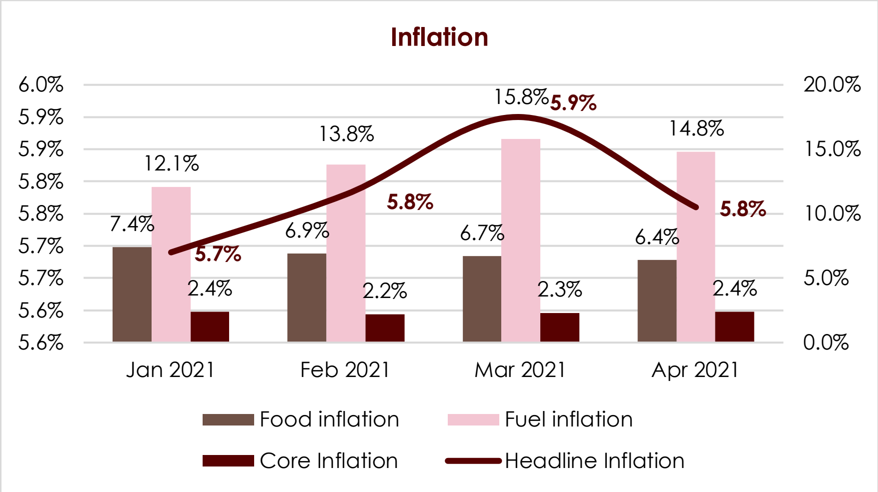
During the week, the Kenya Shilling appreciated against the US Dollar, the Euro, and the Sterling Pound.

Forex Reserves



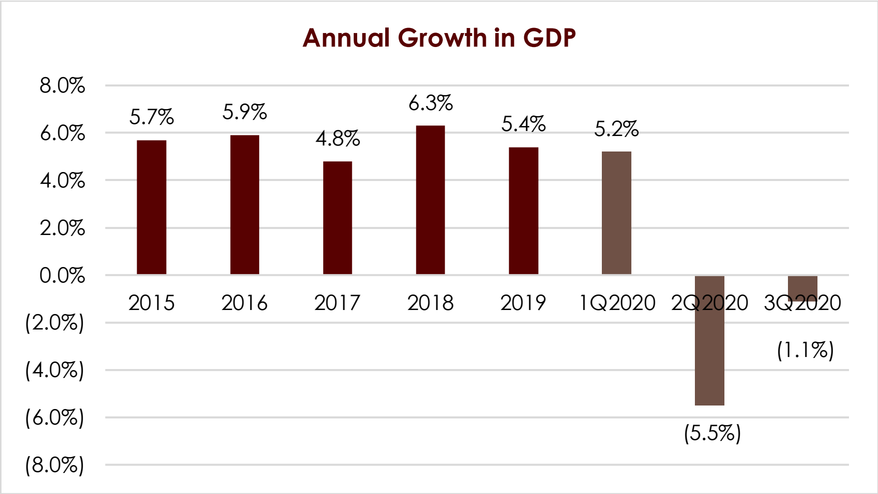
Source: CBK

Inflation



Source: KNBS

Gross Domestic Product (GDP)



Source: KNBS

Kenya's economy slid into a recession in the 3Q2020 as GDP contracted for the second consecutive quarter. Kenya's Real GDP is estimated to have contracted by 1.1% in the 3Q2020, showing some improvement from the contraction of 5.5% witnessed in 2Q2020, but markedly different from the growth of 5.8% realized in 3Q2019. The improvement from the previous quarter was supported by the partial easing of COVID-19 restrictions that enhanced economic activities.

The economic performance was largely weighed down by the accommodation and food services (contracted by 57.9% compared to a growth of 9.9% in 3Q2019) and the education (contracted 41.9% compared to a growth of 6.0% in 3Q2019) sectors. These were the hardest hit sectors due to the closure of learning institutions and the implementation of travel restrictions in order to contain the spread of the virus.

Growth was however largely supported by the agricultural, construction and real estate sectors which grew by 6.3%, 16.2% and 5.3% respectively. Growth in the agricultural sector was supported by increases in tea production, fruit exports and sugarcane production. In the construction sector, cement consumption rose by 23.5% y/y to 1,952.2 thousand metrics reflecting increased construction activity which also buoyed growth in the real estate sector.

Real GDP Growth by Sector	3Q2019	3Q2020
Agriculture	5.0%	6.3%
Mining & Quarrying	3.4%	18.2%
Manufacturing	3.9%	(3.2%)
Electricity and Water Supply	6.4%	4.7%
Construction	6.6%	16.2%
Wholesale & Retail Trade	6.1%	(2.5%)
Accommodation & Food Services	9.9%	(57.9%)
Transport & Storage	7.6%	2.9%
Information & Communication	8.0%	7.3%
Financial & Insurance	8.1%	5.3%
Public Administration	8.4%	9.6%
Professional, Admin & Support Services	4.8%	(12.3%)
Real Estate	5.5%	5.3%
Education	6.0%	(41.9%)
Health	5.5%	5.6%
Other Services	5.3%	(4.5%)

Source: KNBS

Labour Statistics

Indicator	3Q2019	1Q2020	2Q2020	3Q2020
Unemployment Rate	5.3%	5.2%	10.4%	7.2%
Labour Force Participation Rate	69.8%	69.7%	64.4%	68.8%

Source: KNBS

Derivatives Market

Weekly Statistics

	This Week	Previous Week
Total Volumes	311	271
Total Value	12,041,125	9,828,805
Total Open Interest	453	450

Source: NSE

Corporate Finance

LifeQ Raises USD 47.0 Million in Funding

LifeQ, a South African firm, has raised USD 47.0 million in its funding round. The funding was secured from Invenfin, Mogul Capital, Allen & Co among other investors. The firm provides biometrics and health information from wearable devices and has offices in South Africa, the US and Netherlands. The health information is applied in health management solutions for the prevention of illness, early detection and management of existing problems. The funding will be used for expansion of working capacity, growth and profitability.

Profit Warnings Issued

	Company	Sector
1	East African Cables	Construction and Allied
2	Kenya Orchards	Manufacturing and Allied
3	Longhorn Publishers	Commercial and Services
4	Nairobi Business Ventures	Commercial and Services
5	Unga Group	Manufacturing and Allied
6	TPS Eastern Africa	Commercial and Services
7	Centum Investment Company	Investment

Source: NSE

Results Delay Notices

	Company	Sector
1	Scangroup	Commercial and Services
2	Kenya Re	Insurance
3	East African Cables	Construction and Allied
4	Crown Paints	Construction and Allied
5	Home Afrika	Investment
6	Express Kenya	Commercial and Services

Source: NSE

Counter Statistics

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	42.40	11.3%	3.4%	1,774,400	44.8%	6.95	2.4%	0.96	14.4%
Equity Bank	43.00	17.6%	3.6%	1,668,700	51.5%	8.20	0.0%	1.17	15.8%
NCBA	25.45	-4.9%	2.4%	8,300	41.9%	2.93	6.9%	0.57	15.3%
Stanbic	79.50	-6.5%	-1.9%	1,600	52.2%	6.05	4.8%	0.61	10.3%
Absa Bank Kenya Plc	9.52	-1.4%	3.5%	2,073,900	48.2%	12.42	0.0%	1.11	8.9%
Housing Finance	3.85	16.0%	6.4%	5,200	93.8%	**N/M**	0.0%	0.16	-18.2%
Co-operative Bank	12.15	-2.8%	-0.8%	2,372,400	58.1%	6.59	8.2%	0.90	12.7%
Diamond Trust Bank	60.00	-20.0%	-5.9%	76,900	48.6%	5.17	4.5%	0.27	5.4%
Standard Chartered	130.00	-9.9%	-1.1%	25,400	58.8%	12.38	8.1%	0.89	11.2%
I&M	21.55	-52.1%	-7.7%	50,400	39.0%	1.65	11.8%	0.31	20.4%
Sector Average					**53.7%**	**6.93**	**4.7%**	**0.69**	**9.6%**

P/B (X) - FY2020

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	3.83	0.0%	0.0%	-	**N/M**	0.0%	-6.22	**N/M**
Nation Media Group	17.25	11.7%	3.6%	5,300	86.25	0.0%	0.2	1.7%
WPP Scangroup	5.80	-3.3%	5.5%	119,300	5.18	8.6%	1.12	6.0%
Uchumi Supermarket	0.26	-7.1%	0.0%	400	**N/M**	0.0%	-4.6	**N/M**
Longhorn Publishers	4.00	-18.0%	-10.7%	4,300	5.88	13.0%	0.68	17.3%
Eveready	0.96	-20.0%	-7.7%	600	**N/M**	0.0%	-1.45	-10.8%
Sector Average					**32.44**	**4.3%**		**3.6%**

***N/M - Not Meaningful**

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	34.05	-10.0%	-7.2%	165,100	13.90	8.8%	3.2%	3.8%
E.A. Portland Cement	8.00	-27.3%	0.0%	100	**N/M**	0.0%	0.0%	0.0%
Sector Average					**13.90**	**4.4%**	**1.6%**	**1.9%**

***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	3.97	-15.7%	-1.0%	805,000	1.42	7.6%	2.79	9.0%
Kenya Power	1.33	-22.2%	-4.3%	5,235,900	**N/M**	0.0%	**N/M**	**N/M**
Total Kenya	24.10	0.4%	0.4%	28,600	5.98	5.4%	4.03	10.8%
Sector Average					**3.70**	**3.8%**		**9.0%**

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.14	0.5%	0.5%	11,400	0.28	**N/M**	71.4%	34.6%
Britam	7.24	-0.3%	-0.3%	128,400	0.25	**N/M**	80.6%	58.1%
Jubilee	280.00	-1.4%	0.0%	0	8.56	5.33	101.3%	44.2%
Kenya Re	2.31	-0.4%	-2.1%	333,200	0.07	0.91	71.2%	13.1%
Sanlam Kenya	11.00	-15.1%	-2.7%	300.00	7.64	13.92	85.8%	35.5%
Liberty	7.04	-8.6%	-4.9%	-	0.88	5.37	119.6%	48.7%
Sector Average					**2.95**	**6.38**	**88.3%**	**39.0%**

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	14.50	-2.7%	-2.7%	95,300	2.09	0.31	6.95	9.3%
Home Afrika Ltd	1.16	-9.5%	-5.0%	16,200	**N/M**	**N/M**	**N/M**	2.6%
Trans-Century	1.16	-20.0%	-5.7%	7,900.00	**N/M**	**N/M**	**N/M**	4.7%
Sector Average					**N/M**	**0.31**		**5.5%**

***P/B based on company Net Asset Value**

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	8.90	9.1%	-0.9%	13,100	29.67	3.1%	0.3	3.9%
Sector Average					**29.67**	**3.1%**		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.27	0.0%	0.0%	0	**N/M**	0.0%	-4.43	-69.4%
EABL	186.25	20.7%	7.0%	20,000	36.03	1.6%	5.17	46.6%
FTG Holdings	1.30	5.7%	-3.7%	8,000	5.00	0.0%	0.26	4.8%
Carbacid	10.80	-10.7%	3.8%	2,400	8.50	6.5%	1.27	10.0%
BAT	464.00	28.5%	-1.3%	4,100	8.41	9.7%	55.18	51.2%
Sector Average					**14.48**	**3.6%**		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	41.85	22.2%	5.9%	14,150,900	24.47	3.3%	1.71	49.9%
Sector Average					**24.47**	**3.3%**		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.98	7.6%	0.0%	3,100	20.86	12.37%	0.82
Sector Average						**NA**	

***NAVPS - Net Asset Value Per Share**

Source: NSE and Faida Investment Bank Analysis

Recommendations

Counter	Recommendation	52-Week High	52-Week Low	Price	Target Price	Upside/(Downside)	Expected DPS	YTD Change
EABL	Long-term Buy	KES 186.25	KES 148.25	KES 186.25	N/A	N/A	N/A	20.7%

Source: NSE and Faida Investment Bank Analysis

For more detailed information on the recommendations, please click **here:**

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
NCBA Group	Final dividend	KES 1.50	29-Mar-21	**20-Apr-21**	Subject to approval
KenGen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	**22-Apr-21**	22-Jul-21
KCB Group	First & Final dividend	KES 1.00	18-Mar-21	**26-Apr-21**	26-Jun-21
Bamburi Cement Ltd	First & Final dividend	KES 3.00	20-Apr-21	**16-May-21**	15-Jul-21
Stanbic Holdings Plc	Final dividend	KES 3.80	5-Mar-21	**21-May-21**	4-Jun-21
B.O.C Kenya	Final dividend	KES 4.15	21-Apr-21	**25-May-21**	19-Jul-21
Jubilee Holdings	Final dividend	KES 8.00	16-Apr-21	**26-May-21**	26-Jul-21
Crown Paints Kenya	Rights Issue	1.1	21-May-21	**31-May-21**	15-Jul-21
Kakuzi Plc	First & Final dividend	KES 18.00	19-Mar-21	**31-May-21**	30-Jun-21
Sasini	Interim dividend	KES 0.50	11-May-21	**2-Jun-21**	15-Jul-21
NSE Plc	First & Final dividend	KES 0.53	26-Mar-21	**4-Jun-21**	30-Aug-21
Umeme Ltd	Final dividend	UGX 12.20	23-Mar-21	**25-Jun-21**	19-Jul-21
Total Kenya	First & Final dividend	KES 1.57	6-Apr-21	**25-Jun-21**	30-Jul-21
Safaricom	Final dividend	KES 0.92	13-May-21	**Subject to Approval**	Subject to approval

Source: NSE

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Recommendations Guide

LONG-TERM BUY: The Company has strong fundamentals. However, there are certain investments or strategies that would require an investor to have a long-term view of the company to allow for capital appreciation. Also, the company may be facing head wings which we view as short term

BUY: Strong fundamentals. Minimal risks to the catalysts/growth drivers

NEUTRAL: This is where the positives and negatives in a company almost balance out. You can accumulate for the long term

SELL: Deteriorating fundamentals. Risks outweigh the catalyst/growth drivers