

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 151.74	-2.5%	8.1%	USD Mn – 22,395 KES Bn – 2,314
	NSE 20 Share Index - 2,539.95	-0.1%	-10.4%	USD Mn – 19,471 KES Bn – 2,012.016
	NSE 25 Share Index - 3,597.77	0.7%	1.3%	USD Mn – 20,834 KES Bn – 2,152.808
NIGERIA	ASI- 26,925.29	-1.4%	-14.3%	USD Mn – 42,824 NGN Bn – 13,121
EGYPT	EGX100*- 1,420.89	1.2%	-17.7%	USD Mn – 33.523 EGP Bn – 556.080
SOUTH AFRICA	All share – 53,840.93	-3.1%	2.1%	USD Mn – 686.323 ZAR Bn – 10,420

Source: NSE, JSE, NSE (Nigeria), *EGX100-as at 15th August 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.33	-0.1%	-1.5%	6.3%(07/2019)	5.6%(1Q2019)
NGN/USD* -306.40	0.1%	-	11.2%(06/2019)	2.4%(3Q2018)
EGP/USD* –16.59	-0.1%	7.4%	8.7%(07/2019)	5.3%(3Q2018)
ZAR/USD – 15.18	-3.2%	-11.9%	4.5%(06/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP*-as at 15th August 2019

KCB Group Posts a 5.0% y/y Growth in After Tax Profits for 1H2019

After tax profits for KCB Group edged up by 5.0% y/y to KES 12.7 billion in 1H2019 (1H2018: KES 12.1 billion). The rise in profitability was predominantly due to an increase in total interest income and non-funded income which edged up by 4.3% y/y and 14.7% y/y to KES 33.6 billion and KES 13.2 billion respectively.

The growth in total interest income was supported by a 4.5% y/y increase in interest income from loans to KES 26.8 billion. The rise in interest income from loans was spurred by a 13.6% y/y advancement in the group's loan book to KES 478.7 billion, as the annualized yield on loans shed 70 bps to 11.5%. Interest income from government securities rose by 3.5% y/y to KES 6.5 billion occasioned by a 20.0% y/y rise in the group's portfolio of government securities to KES 135.0 billion.

Total interest expenses grew by 1.6% y/y to KES 8.2 billion owing to a 26.8% y/y rise in interest expenses from deposits and placements from banking institutions to KES 961.0 million. This was on the back of a 119.8% y/y surge in deposits and balances due banking institutions (local and foreign) to KES 18.8 billion (1H2018: KES 8.6 billion). Interest expenses arising from customer deposits eased by 1.0% y/y to KES 7.2 billion - driven by lower costs on customer deposits which fell to 2.6% (1H2018: 2.9%) as customer deposits rose by 7.3% y/y to KES 563.2 billion.

Owing to the faster increase in total interest income in comparison to total interest expenses, net interest income increased by 5.2% y/y to KES 25.4 billion, resulting in an annualized NIM of 8.0% (1H2018: 8.2%); lower due to a faster rise in total interest earning assets (8.1% y/y to KES 630.7 billion).

Non-funded income rose by 14.7% y/y to KES 13.2 billion buoyed by higher (+51.5% y/y) fees and commission on loans and advances to KES 4.7 billion; resulting in non-funded income contributing 34.1% of total revenue (1H2018: 32.2%). We opine that is due to the group's continued focus on diversifying their revenue streams.

Total operating expenses (excluding provisions) rose by 11.4% y/y to KES 20.6 billion as the cost-to-income ratio declined to 45.7% (1H2018: 49.7%).

Loan loss provisions surged by 266.2% y/y to KES 3.0 billion with the group attributing the increase to the absence of a one-off benefit of passing non-performing loans through the balance sheet as they transitioned to IFRS 9. Gross non-performing loans edged up by 3.9% y/y to KES 39.1 billion with the NPL ratio (gross NPLs/net loan book) easing to 8.2% (1H2018: 8.9%).

Going forward, we expect KCB Group to continue focusing on revenue diversification efforts in order to enhance their non-funded income.

Stock Market Performance and Outlook

The overall market edged up by 2.5% w/w to close the week at 151.74 characterized by an increase in volumes traded and turnover. We attribute the gain in the market index to price gains made on Safaricom (+5.6%), KQ (+4.2%), Britam (+1.4%) and DTB (+5.1%). The price gain on Safaricom was achieved on the back of high foreign investor demand which outweighed supply. In the coming week, we expect continued price stability on majority of the counters. Furthermore, we expect investor focus to be maintained on Safaricom as the company approaches its books closure date.

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	39.80	6.3%	0.0%	2,017,300	48.7%	5.09	8.8%	1.07	21.9%
Equity Bank	39.20	12.5%	-2.6%	21,114,700	52.2%	7.46	5.1%	1.56	21.1%
NIC Bank	28.20	1.4%	-2.8%	228,200	46.3%	4.27	4.4%	0.51	12.1%
Stanbic	98.50	8.5%	-0.5%	800	50.2%	6.20	5.9%	0.87	14.3%
National Bank	3.76	-29.3%	-4.6%	25,200	92.0%	181.77	0.0%	0.18	0.1%
Barclays Bank	10.75	-1.8%	0.9%	3,251,600	54.2%	7.87	10.2%	1.32	17.1%
Housing Finance	3.50	-36.8%	-8.1%	151,000	107.7%	N/M	0.0%	0.12	-5.5%
Co-operative Bank	11.95	-16.4%	-1.2%	649,800	54.6%	5.51	8.4%	1.00	18.2%
Diamond Trust Bank	119.00	-24.0%	5.1%	100	45.2%	4.70	2.2%	0.62	13.9%
Standard Chartered	196.75	1.2%	0.1%	19,800	51.8%	8.34	9.7%	1.45	17.5%
I&M	49.70	-41.5%	-6.2%	41,600	36.6%	2.42	7.8%	0.43	17.9%
Sector Average					58.1%	23.36	5.7%	0.83	13.5%

P/B (X) - FY2018

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	2.98	-66.5%	4.2%	249,700	N/M	0.0%	-1.3	N/M
Nation Media Group	44.60	-34.9%	0.0%	108,600	6.46	22.4%	6.9	13.2%
WPP Scangroup	12.35	-11.8%	-2.8%	50,800	11.03	4.0%	1.12	7.1%
Uchumi Supermarket	0.33	-58.8%	0.0%	232,100	N/M	0.0%	-4.6	N/M
Longhorn Publishers	7.90	71.4%	9.1%	28,800	16.12	4.8%	0.49	13.1%
Eveready	1.05	5.0%	-0.9%	49,400	0.83	95.2%	1.27	-35.3%
Sector Average					8.61	6.3%		-0.5%

*N/M - Not Meaningful

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	109.00	-17.7%	0.2%	3,800	44.49	4.7%	1.6%	0.5%
E.A. Portland Cement	14.40	-10.0%	-0.3%	200	N/M	0.0%	19.3%	25.0%
Sector Average					44.49	1.6%		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	5.78	-17.7%	-1.7%	411,700	4.82	6.9%	1.20	4.2%
Kenya Power	3.70	-9.1%	0.0%	251,900	3.78	0.0%	0.98	3.0%
Total Kenya	27.20	-1.1%	-4.6%	8,300	7.41	4.8%	3.67	10.5%
Sector Average					5.33	3.5%		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	3.21	-16.8%	4.6%	516,500	1.07	17.83	64.9%	49.0%
Britam	7.22	-27.8%	1.4%	143,500	0.65	30.08	67.6%	134.8%
Jubilee	350.00	-13.5%	-5.4%	1,700	0.97	6.67	92.0%	138.2%
Kenya Re	3.05	-78.1%	-1.9%	581,200	0.08	0.60	62.2%	106.7%
Sanlam Kenya	18.90	-14.1%	5.0%	12,600	2.05	90.00	95.4%	149.7%
Liberty	9.94	-22.9%	-8.0%	72,500	0.72	6.29	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	32.20	10.1%	-0.3%	164,600	28.75	0.41	79	1.12	1.5%
Home Afrika Ltd	0.57	-18.6%	5.6%	68,000	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.60	414.3%	9.1%	227,700	N/M	0.28	40.96	-1.56	4.7%
Sector Average					N/M	0.35			2.9%

*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	11.55	-20.6%	0.0%	43,000	15.82	4.2%	0.73	9.3%
Sector Average					15.82	4.2%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.30	-48.3%	-11.8%	1,322,600	N/M	0.0%	-4.43	-69.4%
EABL	200.50	14.7%	-1.7%	329,800	17.85	4.2%	11.23	82.8%
FTG Holdings	2.87	14.8%	0.3%	2,700	3.38	0.0%	0.85	22.3%
Carbacid	7.68	-23.2%	-5.9%	109,700	5.57	9.1%	1.38	14.6%
BAT	515.00	-29.0%	0.0%	550,200	15.44	5.0%	33.36	48.0%
Sector Average					10.56	3.7%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	29.20	31.5%	5.6%	45,481,300	18.48	6.4%	1.58	44.1%
Sector Average					18.48	6.4%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	8.80	-19.6%	-1.1%	72,900	12.39	8.52%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

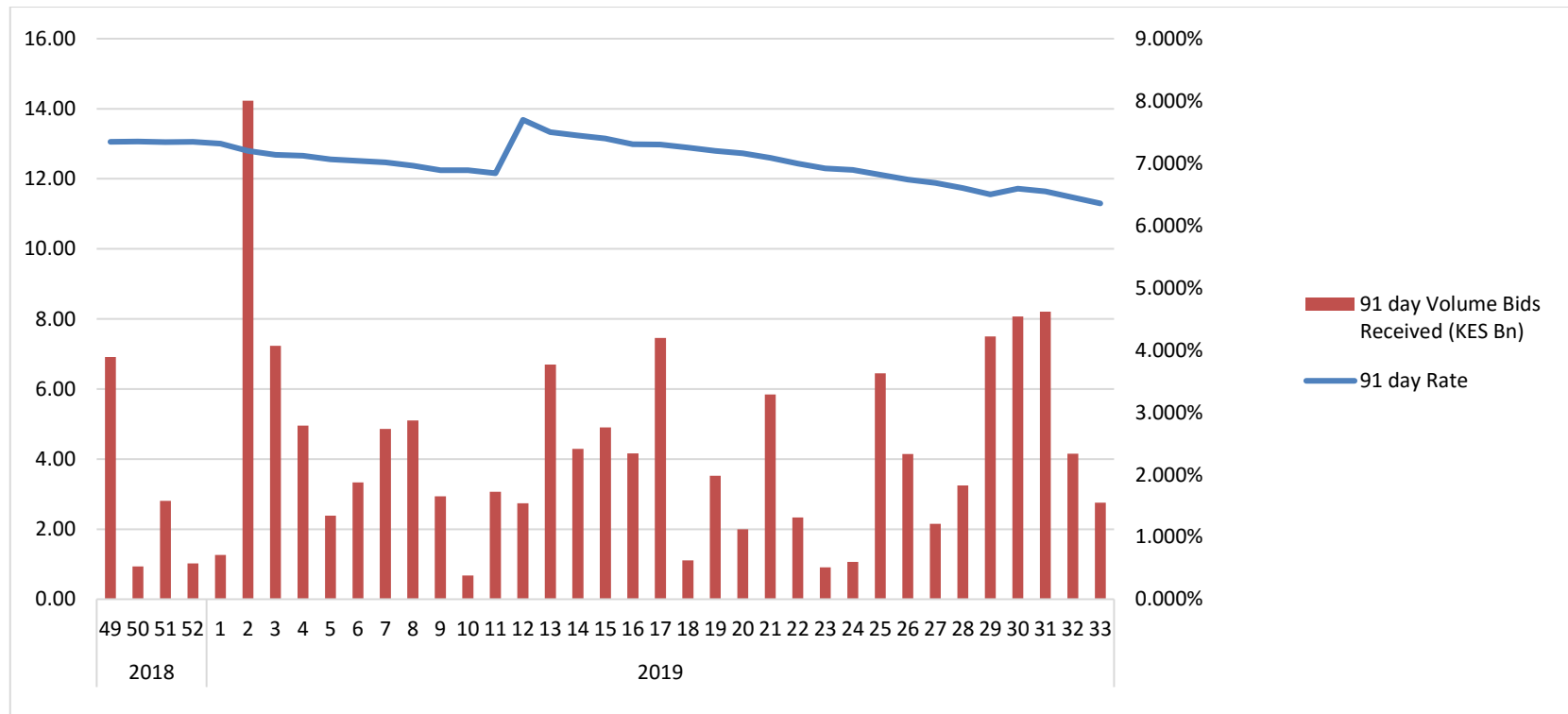
Market Statistics	This Week	Last Week	% Change
Total Volumes	79,066,100	43,053,600	83.6%
Total Turnover (KES)	2,666,522,397	1,165,075,388	128.9%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	2.75Bn	68.83%	2.75Bn	6.355%	6.449%	-0.094
182 day T-bill	2.94Bn	29.39%	2.94Bn	7.052%	7.154%	-0.102
364 day T-bill	15.15Bn	151.49%	15.07Bn	9.195%	9.152%	0.043

Graph showing 91 day T-bill rate and volume

Week No. 33



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	(Subject to Approval)
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	21-Jun-19	23-Aug-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	28-Jun-19	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	30-Jul-19	(Subject to Approval)
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	31-Jul-19	(Subject to Approval)
BAT Kenya Ltd	Interim Dividend	Kes. 3.50	19-Jul-19	19-Aug-19	20-Sep-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	02-Sep-19	30-Nov-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	02-Sep-19	30-Nov-19
KCB Group Plc	Interim dividend	Kes 1.00	15-Aug-19	05-Sep-19	15-Nov-19
Stanbic Holdings PLC	Interim dividend	Kes.1.25	08-Aug-19	09-Sep-19	27-Sep-2019
Centum PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	(Subject to Approval)
Eabl	Final Dividend	Kes. 6.00	26-July-19	(Subject to Approval)	(Subject to Approval)

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Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 16th August 2019
KCB Group	Long-term Buy	52.00	34.00	6.28%	39.80
Equity Group Holdings	Long-term Buy	51.50	32.50	12.48%	39.20
I&M	Hold	115.25	40.50	-41.53%	49.70
Barclays Bank of Kenya	Hold	12.50	9.50	-1.83%	10.75
Diamond Trust Bank	Hold	194.00	102.00	-23.96%	119.00
NBK	Hold	6.50	3.35	-29.32%	3.76
Jubilee Holdings	Long-term Buy	530.00	340.00	-13.53%	350.00
Bamburi Cement	Hold	187.00	105.50	-17.74%	109.00
Safaricom	Hold	30.50	21.00	31.53%	29.20
EABL	Hold	225.00	160.00	14.74%	200.50
KenGen	Trading	7.80	5.10	-17.66%	5.78
Mumias	Sell	0.90	0.27	-48.28%	0.30

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

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

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