

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 131.75	1.8%	-20.8%	USD Mn – 18,724 KES Bn – 2,022.40
	NSE 20 Share Index – 1,723.96	-1.1%	-35.1%	USD Mn – 16,369 KES Bn – 1,768.055
	NSE 25 Share Index – 3,013.33	2.5%	-26.5%	USD Mn – 17,373 KES Bn – 1,876.481

Source:NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-W	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –108.0088	0.3%	(6.6%)	4.4% (07/2020)	4.9% (1Q2020)
NGN/USD -379.50*	-	(23.8%)	12.8% (07/2020)	2.3% (2019)
ZAR/USD – 17.2937	1.0%	(23.2%)	2.2% (06/2020)	-2.0%(1Q2020)

Source: CBK, KNBS, NBS, CBN, SIS, STATS SA, SARB: Negative () – Depreciation, Positive – Appreciation *8/20/2020

Britam Holdings Posts an After Tax Loss of KES 1.6 million for 1H2020

- Britam Holdings posted an after tax loss of KES 1.6 million from an after tax profit of KES of 1.7 million in 1H2019.
- The decline in profitability was primarily due to a 23.6% y/y decrease in total income to KES 12.9 billion.
- The dip in total income was mainly owing to a KES 3.2 billion fair value loss on financial assets from a fair value gain of KES 2.5 billion in the 1H2019. The group attributed the fair value losses to the depressed performance of the stock market as investors' shifted preferences to fixed income securities. Income was however boosted by investment income (33.5% y/y to KES 3.6 billion), other income (172.1% y/y to KES 208.6 million) and commissions (24.9% y/y to KES 635.6 million (1H2019: KES 508.7 million).
- Net earned revenue edged up by 5.0% y/y to KES 11.7 billion. This was on the back of an 8.7% y/y growth in gross written premium and fund management fees to KES 14.1 billion (1H2019: KES 12.9 billion) while reinsurance premium ceded rose by 31.5% y/y to KES 2.3 billion.
- The growth in gross written premium was attributed to the continued growth of insurance revenue, especially the international general insurance business which recorded an increase in gross earned premium of 34.0% y/y, contributing 23.0% of the group's gross earned premium and a profit of KES 575.0 million.
- Total expenditure grew by 4.4% y/y to KES 15.1 billion as net insurance claims increased by 22.3% y/y to KES 8.1 billion. The combined ratio improved slightly to 129.3% from 130.1% in 1H2019. The improvement in combined ratio was mainly due to the improvement in the expense ratio which dipped to 33.4% from 37.4% over the same period. The loss ratio deteriorated to 69.4% from 59.6%.
- Share of result of associate weakened further by 203.3% y/y to a loss of KES 142.5 million from a loss of KES 47.0 million in 1H2019.
- According to management, the Covid-19 pandemic resulted in property revaluation losses of KES 929.0 million owing to the depressed

property market which has been characterized by low occupancy levels and rental yields.

Commentary

- We note that the group retains the largest market share in the life assurance business and is well diversified in business lines in the insurance, asset management and property development businesses. The company is currently targeting retail clients to boost margins in asset management owing to the reduced institutional margins.
- We are optimistic about the company's focus on the use of technology in delivering its products to clients. For instance the company recently launched its Tele-health platform to increase service offering during the Covid-19 pandemic through virtual consultation.
- Going forward, we expect performance to be negatively impacted by the pandemic in the short term. We expect continued pressure on investment income as the equities performance weakens and the property market faces subdued demand. We are therefore cautious on the impact of Britam's investment in equities (48.2% in HF Group and 7.3% in Equity) and real estate investments (subdued demand in residential and commercial sectors) while the pandemic persists.
- We are optimistic about the group's cost minimization efforts and the improvement in the expense ratio.

Market Commentary

The All Share Index gained by 1.8% w-o-w to close the week at 131.75. The NSE 20 share index however declined by 1.1% to close the week at 1,723.96 as majority of the constituent counters posted price declines. Market turnover for the week increased by 246.2% to KES 707.7 million as the number of shares traded increased by 69.0% to 35.8 million shares. The Banking sector had shares worth KES 996 million transacted which accounted for 50.8% of the week's traded value. KCB Group and Equity Group registered gains of 10.1% and 14.6% to close the week at KES 33.65 and KES 32.95 respectively. Co-op Bank was down 3.2% to KES 10.50. Safaricom gained 1.8% to KES 28.20 with activity on the counter representing 36.4% of the week's traded value. In the upcoming week, we expect relatively lower activity in the market characterized by minimal price movements.

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	33.65	-37.7%	10.1%	1,407,400	45.9%	4.18	10.4%	0.81	20.7%
Equity Bank	32.95	-38.4%	14.6%	2,398,400	51.5%	5.51	0.0%	1.11	21.8%
NCBA	20.20	-45.2%	-11.4%	3,534,100	41.9%	2.32	0.0%	0.45	15.3%
Stanbic	74.50	-31.8%	1.4%	1,700	56.2%	4.62	9.5%	0.60	13.6%
Absa Bank Kenya Plc	9.78	-26.7%	7.9%	262,400	51.2%	7.12	11.2%	1.18	16.7%
Housing Finance	4.07	-37.0%	1.8%	24,500	93.8%	N/M	0.0%	0.14	-1.1%
Co-operative Bank	10.50	-35.8%	-3.2%	2,223,500	52.1%	4.30	9.5%	0.78	19.2%
Diamond Trust Bank	66.00	-39.4%	-1.9%	0	48.6%	2.72	4.1%	0.31	12.1%
Standard Chartered	150.00	-25.9%	-0.7%	2,700	55.6%	6.26	5.0%	1.08	17.5%
I&M	43.00	-20.4%	-3.7%	676,500.00	39.0%	1.65	5.9%	0.31	20.4%
Sector Average					53.6%	4.30	5.6%	0.68	15.6%

P/B (X) - FY2019

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	86.8%	0.0%	-	N/M	0.0%	-1.3	N/M
Nation Media Group	11.50	-71.1%	-1.7%	40,700	2.56	13.0%	4.5	10.9%
WPP Scangroup	7.00	-59.3%	-9.1%	121,500	6.25	7.1%	1.12	6.0%
Uchumi Supermarket	0.33	13.8%	13.8%	1,094,700	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.51	-33.3%	-8.0%	8,200	6.63	11.5%	0.68	17.3%
Eveready	0.98	-10.9%	-1.0%	3,400	N/M	0.0%	-1.45	-10.8%
Sector Average					5.15	6.3%		5.8%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	22.95	-71.3%	-11.9%	5,200	9.37	0.0%	1.6%	2.1%
E.A. Portland Cement	13.85	-4.5%	0.0%	0	N/M	0.0%	0.0%	0.0%
Sector Average					9.37	0.0%	0.8%	1.0%

*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	5.52	-3.5%	-2.1%	33,400	4.60	7.2%	1.20	4.2%
Kenya Power	1.90	-32.4%	1.6%	1,157,400	14.62	0.0%	0.13	0.4%
Total Kenya	23.00	-16.4%	0.4%	0	5.71	5.7%	4.03	10.8%
Sector Average					8.31	3.6%		2.3%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.10	-21.6%	5.0%	116,100	0.27	17.50	69.8%	34.4%
Britam	7.04	-21.8%	-1.7%	2,600	0.24	4.99	65.3%	37.2%
Jubilee	228.25	-35.0%	3.5%	7,200	8.13	4.35	91.9%	46.2%
Kenya Re	2.15	-29.0%	-2.7%	5,367,900	0.08	0.84	71.2%	13.1%
Sanlam Kenya	13.55	-21.2%	0.4%	400.00	9.41	17.15	85.8%	35.5%
Liberty	7.80	-24.6%	8.0%	-	0.97	5.95	119.6%	48.7%
Sector Average					0.88	9.57	83.9%	35.8%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	21.55	-4.6%	-4.6%	45,100	3.10	0.45	6.95	9.3%
Home Afrika Ltd	1.80	-31.7%	-8.9%	40,200	N/M	N/M	N/M	2.6%
Trans-Century	1.80	-28.0%	0.0%	-	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.45		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	6.74	-45.4%	-0.6%	4,438,300	22.47	4.2%	0.3	3.9%
Sector Average					22.47	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	0.27	0.0%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	151.00	-23.9%	-1.9%	425,800	29.21	2.0%	5.17	46.6%
FTG Holdings	1.36	-44.9%	-4.9%	700	5.23	0.0%	0.26	4.8%
Carbacid	8.20	2.5%	0.5%	200	7.88	8.5%	1.04	8.6%
BAT	319.75	-36.1%	-2.5%	4,400	8.23	10.5%	38.85	40.8%
Sector Average					12.64	4.2%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	28.20	-10.5%	1.8%	11,654,400	15.16	5.0%	1.86	51.8%
Sector Average					15.16	5.0%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	5.42	-42.5%	0.0%	5,300	20.80	13.84%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

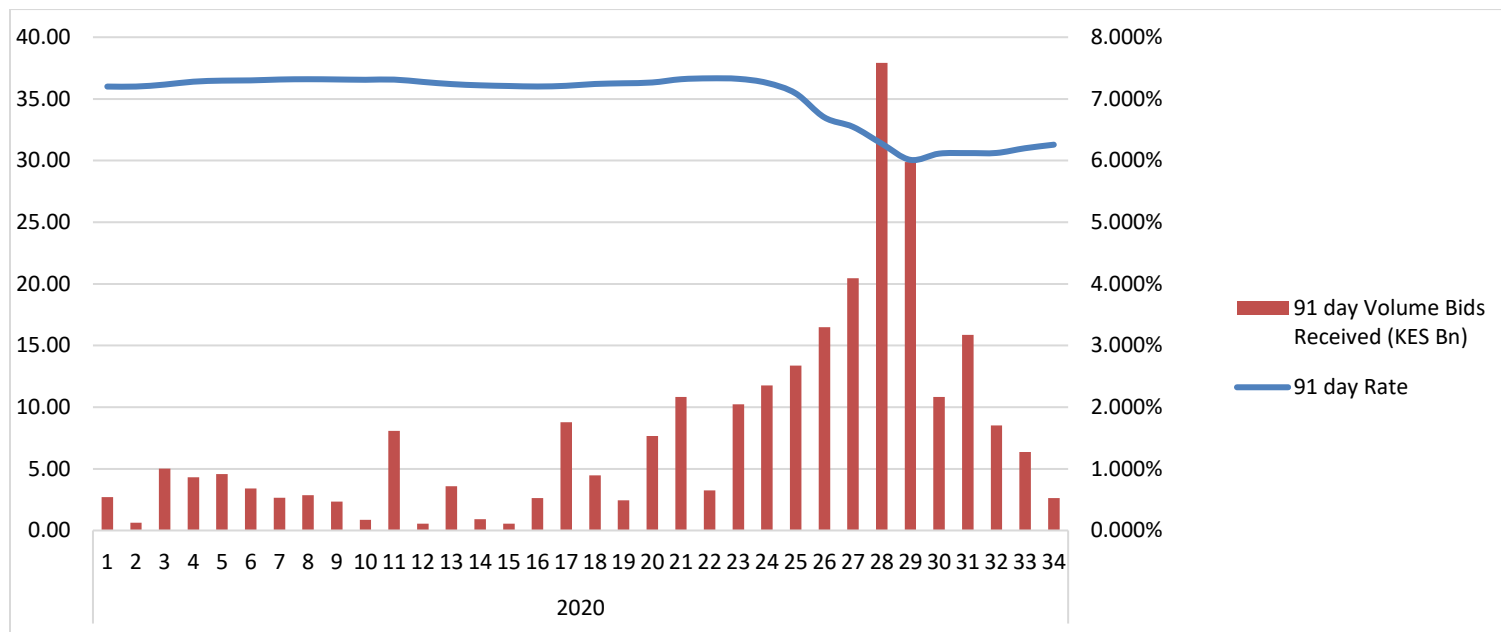
Market Statistics	This Week	Last Week	% Change
Total Volumes	111,364,000	69,044,300	61.3%
Total Turnover (KES)	1,961,459,158	1,652,829,101	18.7%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	2.62 Bn	65.45%	2.62 Bn	6.257%	6.200%	0.057
182 day T-bill	0.88 Bn	8.83%	0.88 Bn	6.600%	6.561%	0.039
364 day T-bill	6.18 Bn	61.84%	6.18 Bn	7.508%	7.517%	(0.009)

Graph showing 91 day T-bill rate and volume

Week No. 34



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	12-Jun-20	Subject to Approval
WPP Scangroup	Special dividend	Kes. 8.00	07-Jul-20	28-Jul-20	27-Aug-20
Kapchorua Tea Kenya	Final dividend	Kes. 10.00	17-Jul-20	30-Jul-20	Subject to Approval
Safaricom Plc	First & Final dividend	Kes.1.40	29-Apr-20	31-Jul-20	01-Nov-20
Williamson Tea Kenya	Final dividend	Kes. 20.00	17-Jul-20	18-Aug-20	Subject to Approval
BAT Kenya Plc	Interim dividend	Kes. 3.50	16-Jul-20	21-Aug-20	18-Sep-20
Centum Investment Co.	First & Final dividend	Kes. 1.30	02-Jun-20	Subject to Approval	Subject to Approval
Nairobi Securities Exchange	First & Final dividend	Kes. 0.08	27-Mar-20	Subject to Approval	Subject to Approval

Market Recommendations

Counter	Recommendation	YTD Change	Price as at 21st August 2020
Equity Group Holdings	Long-term Buy	-38.41%	32.95
NCBA	Long-term Buy	-45.18%	20.20
ABSA Bank Kenya Plc	Long-term Buy	-26.74%	9.78
Standard Chartered	Sell	-25.93%	150.00
HF	Sell	-37.00%	4.07
Safaricom	Hold	-10.48%	28.20
Bamburi	Sell	-71.31%	22.95

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