

www.aib-axysafrica.com



Weekly Equities Note



research@aib-axysafrica.com

AIB:AXYS
AFRICA

Weekly Equities Note Week Ending : 24th November 2023

Key Highlights:

Weekly Statistics	This Week	Previous Week	w/w % chg
Turnover (KES M)	519.27	440.88	17.78
Volume (M)	34.61	33.99	1.83
Foreign Participation (%)	44.08	50.84	(13.29)
NASI	92.24	90.50	1.92
NSE-10	925.95	908.73	1.89
NSE 20	1,510.25	1,472.09	2.59
NSE 25	2,416.53	2,367.11	2.09

Market Movers	Price	Volume (M)	Mkt share (%)
Safaricom	13.70	11.44	29.78%
KenGen	2.30	6.33	10.05%
KCB Group	19.90	3.84	2.81%

Top Gainers	This Week	w/w % chg	Volume
Standard Group	7.50	25.84%	500.00
Bamburi Cement	35.00	21.11%	1,700,900.00
HF Group	3.95	13.83%	119,200.00

Top Losers	This Week	w/w % chg	Volume
Olympia Capital Holdings	2.65	-13.11%	6,100.00
East African Cables Ltd	0.88	-11.11%	31,000.00
Uchumi	0.17	-5.56%	109,900.00

Select SSA Indices Returns (Local Currency)

Index	Country	YTD (%)	w/w (%)
NSEASI	Kenya	-27.64%	1.92%
UGSINDX	Uganda	-25.05%	0.88%
DARSDSEI	Tanzania	-6.94%	-0.23%
RSEASI	Rwanda	0.80%	-0.03%
BRVM	West Africa	3.59%	0.58%
NGXINDX	Nigeria	38.98%	0.17%
GGSECI	Ghana	30.74%	0.00%
ZHIALLSH	Zimbabwe	829.90%	2.19%
SEMDEX	Mauritius	-8.26%	-1.21%

Week That Was

Benchmark Indices - Indices recorded an upward trend for the second week. NASI increased by **1.92%** to close the week at **KES 92.24** from **KES 90.55**, NSE-10 increased by **1.89%** to close at **KES 925.95** from **KES 908.73**, while the NSE-20 increased by **2.59%** to close the week at **KES 1510.25** from **KES 1472.09**.

Market Performance - Equity turnover increased by **17.78%** to **KES 0.52Bn** from **KES 0.44Bn**. Standard Group was the highest gainer appreciating (**+25.84%**) closing at **KES 7.50**. Other top gainers included : Bamburi Cement (**+21.11%**) at **KES 35.00** and HF Group (**+13.83%**) at **KES 3.95**. The top losers were Olympia Capital Holdings (**-13.11%**), closing at **KES 2.65**, East African Cables Ltd (**-11.11%**) closing at **KES 0.88**, and Uchumi (**-5.56%**) closing at **KES 0.17**.

Foreign Participation – During the week, foreigners were net buyers recording net inflows of **KES 18.04Mn** compared to net outflows of **KES 74.57Mn** recorded last week. The net buying position was led by **SCOM**, which was the highest net buyer for the week, with net inflows of **38.82Mn**.

Weekly Highlights

ABSA Group Plc (ABSA)

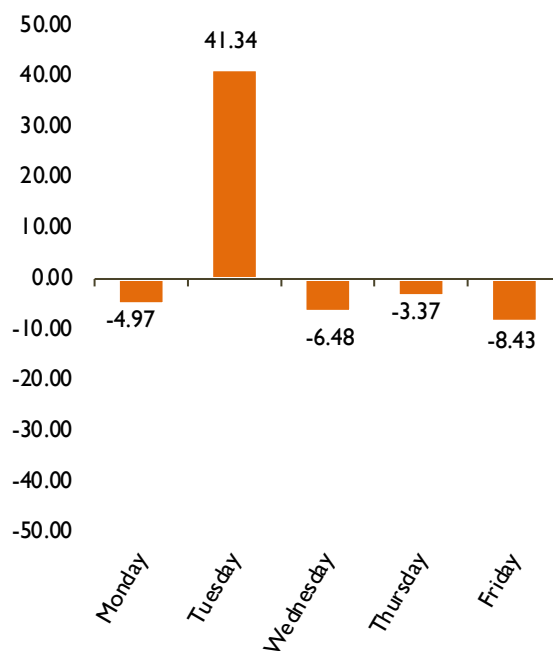
ABSA posted a 14.86% y/y growth in PAT to KES 12.31Bn in Q3'23 supported by upbeat growth in funded income despite being trimmed down by a faster surge in operating expenses and funding costs. Customer deposits grew 26.06% y/y to KES 353.31Bn faster than the 14.33% y/y growth in the loan book to KES 330.93Bn leading to a 958bps y/y decrease in the loan deposit ratio to 93.40% from 102.98% recorded in Q3'22. There was a considerable uptick in loan loss provisions - which rose 34.33% to KES 6.76Bn, reflecting a cautious loan-performance expectations over coming quarters. Interest income growth was propelled majorly by ongoing loan up pricing under the risk-based credit pricing regime. There was a speedy rise in non-performing loans by 72.41% y/y to KES 34.55Bn pointing to the heightened lending risk amid a bleak macroeconomic landscape.

KCB Group (KCB)

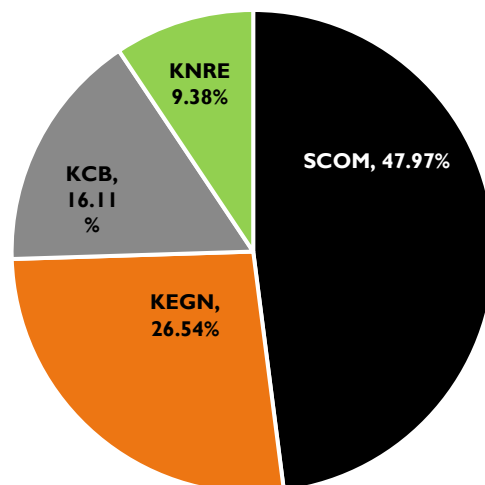
KCB Group posted a marginal 0.41% y/y increase in PAT to KES 30.72Bn. This is on account of faster growth in operating expenses relative to operating income. There was a 38.75% rise in non-funded income driven by enhanced investments in digital capabilities. We observed an upswing in interest income by 36.37%, primarily driven by increased returns from lending activities and higher bond yields on government securities. However, this positive momentum was counterbalanced by a faster surge in interest expenses which grew 77.94% y/y. We observed a steady increase in customer deposits by 79.59% y/y to KES 1,656.37Bn underpinning customer's confidence in the lender. The lenders loan book grew 38.09% y/y to KES 1,047.87Bn while the gross NPL's increased 25.28% y/y to KES 187.04Bn.

(Source: Company fillings)

Weekly Trading Activity - Net Foreign Position



Weekly Trading Activity by Turnover



Weekly Highlights

Equity Group (EQTY)

Equity Group posted a mild 5.32% y/y increase in PAT to KES 36.20Bn by close of Q3'23. The lender's bottom-line growth was driven by a 21.32% y/y increase in funded income to KES 72.6Bn and a 36.90% y/y increase in non-funded income to KES 57.8Bn. The strong revenue growth was watered down by a 46.35% y/y surge in operating expenses. The Group's loan book expanded by 25.52% y/y to KES 845.92Bn faster than the 19.89% y/y growth in the customer deposits to KES 1.21Tn leading to a 314bps climb in the loan-deposit ratio to 70.04% from 66.90% recorded in Q3'22. The group's loan book growth was driven by increased lending activity in DRC, South Sudan and Uganda while deposit mobilization was fastest in Tanzania and Rwanda businesses. Foreign currency loans marginally climbed to 47.60% from 47.20% in Q3'22 signaling increased hard-currency demand and protracted exchange rate depreciation effects. Non-funded income grew 36.90% y/y to KES 57.80Bn faster than the 21.32% y/y increase in net interest income to KES 72.80Bn. The surge in NFI was mainly driven by fast-growing forex trading income by 56.27% y/y underscoring the returns from increased cross-border trade finance activity.

I&M Bank (IMH)

I&M Holdings recorded a 14.29% y/y PAT increase over Q3'23 - supported by faster growth in non-interest income by 21.21% compared to the 18.36% y/y growth in net interest income. The robust increase in interest income was driven by upward loan repricing and higher yields from government securities. The lender consequently recorded faster growth in customer deposits by 30.63% y/y relative to loans advanced to customers which grew 24.26% over the period. Growth in non-interest income was supported largely by an uplift in forex trading income.

Standard Chartered Bank (SCBK)

Standard Chartered Bank Kenya registered a 11.77% growth in profit after tax (PAT) coupled with a KES 6.00 interim dividend. Holdings of government securities plunged 50.32% to KES 55.63Bn while loan book growth slowed 3.96% y/y to KES 143.6Bn. Net Interest Income surged 34.50% y/y to KES 21.23Bn supported by credit up pricing under the risk-based credit pricing (RBCP) regime and higher effective yields on a leaner government securities book. Interest expenses declined 9.98% y/y to KES 2.20Bn. Additionally, non-interest income experienced a slight decline by 6.56%, despite a decent surge in forex trading income. Loan-loss provisioning was significantly upsized by 193.37% y/y reflecting cautious performance expectations by management.

Stanbic Bank (SBIC)

Stanbic Bank posted a 32.72% jump in net earnings over Q3'23. This came on account of a faster growth in operating income relative to operating expenses. There was a surge in interest income by 48.20% y/y mainly driven by loan up pricing and increased lending activities. This was however counterbalanced by a faster surge in interest expenses which grew 63.18% y/y. There was a mild growth in customer deposits by 14.35% showing customers' confidence despite the tough economic times and a 32.73% increase in Earnings per share. There was a smaller growth in the loan book by 5.93% y/y mainly driven by inflationary pressures on consumers purchasing power.

NCBA Group (NCBA)

NCBA Group posted a 14.39% jump in net earnings over Q3'23, driven by a marginal increase in total operating income but compressed by a speedy rise in interest expense which grew 35.26% y/y as deposit mobilization costs soared over the period. Operating expenses, on the other hand, paced moderately increasing 4.69% y/y driven by higher staff and other administrative costs. There was an uptick in interest income by 21.11% y/y attributable to an increase in interest from lending as well as higher yields on government securities. There was a decline in non-interest income by 7.98%, primarily driven by a steep decline in forex trading income. Notably, loan loss provisioning eased over the period declining 27.07% y/y reflecting optimistic loan performance expectations over coming quarters.

(Source: Company filings)

Weekly Equities Summary

Stock	Price	YTD	WoW	M.Cap %	M.Cap USD M
▼ Safaricom	13.70	-43.27%	1.86%	3,841.4	33.03%
▲ ABSA Group	11.60	-5.69%	4.98%	440.9	3.79%
▲ Diamond Trust Bank	45.95	-8.10%	2.11%	89.9	0.77%
▲ Equity Group	38.30	-13.93%	0.79%	1,011.5	8.70%
▼ H. Finance Group	3.95	23.82%	13.83%	10.6	0.09%
— I&M Holdings	17.50	2.94%	0.00%	202.5	1.74%
▲ KCB Group	19.90	-47.77%	2.84%	447.5	3.85%
▲ NCBA Group	38.10	-3.18%	6.87%	439.3	3.78%
▲ Stanbic Holdings	109.25	7.11%	4.80%	302.3	2.60%
▲ Standard Chartered	158.50	11.03%	1.28%	419.1	3.60%
▲ Co-operative Bank	11.50	-6.50%	-0.86%	472.2	4.06%
— Kenya Airways	3.83	0.00%	0.00%	152.3	1.31%
▼ Longhorn Publishers	2.30	-23.33%	-2.54%	4.4	0.04%
▼ Nation Media Group	20.00	25.39%	0.00%	26.6	0.23%
▲ Standard Group	7.50	-28.23%	25.84%	4.3	0.04%
— TPS Eastern Africa	11.50	-13.86%	-4.17%	14.7	0.13%
▼ WPP Scangroup	2.44	-18.94%	8.93%	7.4	0.06%
— KenGen	2.30	-28.57%	0.00%	106.1	0.91%
▼ Kenya Power & Light.	1.44	-7.69%	4.35%	19.7	0.17%
▼ Total Kenya	17.00	-28.72%	7.59%	20.8	0.18%
▲ Britam Holdings	5.14	-1.15%	2.80%	90.8	0.78%
▲ CIC Insurance Group	2.20	12.82%	5.26%	40.3	0.35%
▲ Jubilee Holdings	180.00	-9.43%	-2.04%	91.3	0.78%
▼ Kenya Re Insurance	1.70	-7.10%	0.00%	33.3	0.29%
▲ Liberty Kenya Hold.	3.50	-37.50%	-1.96%	13.1	0.11%
— Sanlam Kenya	6.80	-29.02%	0.00%	6.9	0.06%
— BOC Kenya	79.75	12.72%	-0.31%	10.9	0.09%
▲ British. A. Tobacco	409.50	-10.98%	-0.12%	286.6	2.46%
▼ Carbacid Invest.	16.75	39.58%	-1.47%	29.9	0.26%
▼ East Afr. Breweries	114.75	-31.49%	0.88%	635.0	5.46%
▲ Eveready E.A	1.25	81.16%	-5.30%	1.8	0.02%
▼ Centum Investment	8.52	1.91%	-4.05%	39.7	0.34%
▼ Home Afrika	0.30	-6.25%	0.00%	0.9	0.01%
▼ Trans-Century	0.51	-45.16%	0.00%	1.3	0.01%
▲ Nairobi Sec. Exch.	5.92	-12.68%	-1.33%	10.8	0.09%
— ARM Cement	5.55	0.00%	0.00%	37.3	0.32%
▲ Bamburi Cement	35.00	11.11%	21.11%	88.9	0.76%
▼ E.A Portland Cement	8.50	25.00%	0.24%	5.4	0.05%
▲ Crown Paints Kenya	36.00	-13.98%	-2.17%	35.9	0.31%
▼ Kakuzi	385.00	0.00%	0.00%	52.8	0.45%
▲ Kapchorua Tea	240.00	111.92%	5.03%	13.1	0.11%
▼ Sasini	20.00	-10.91%	8.40%	31.9	0.27%
▲ Williamson Tea	233.00	45.63%	4.48%	28.6	0.25%
▼ Ilam Fahari I-REIT	5.98	-8.28%	-0.33%	3.17	0.03%

Corporate Actions

Counter	Interim Dividend	Final Dividend	Book Closure	Dividend Payment
Centum Plc		KES 0.60	11 th October 2023	30 th November 2023
Carbacid		KES 1.70	24 th November 2023	15 th December 2023
BK Group Plc	KES 1.04		29 th November 2023	20 th December 2023
Kengen Plc		KES 0.30	30 th November 2023	15 th February 2024
Kapchorua Tea Kenya	KES 10.00		7 th December 2023	13 th December 2023
Williamson Tea Kenya	KES 10.00		7 th December 2023	13 th December 2023
Standard Chartered Bank Kenya Plc	KES 6.00		14 th December 2023	28 th December 2023
Umeme	KES 0.93		9 th February 2024	29 th February 2024

CONTACTS:

Research Desk

Ronny Chokaa

Senior Research Analyst

Stacy Makau

Research Analyst

Zainabu Monyani

Email: research@aib-axysafrica.com

Equities Dealing

Nina Goswami**Bernard Kung'u****Benard Gichuru****Anthony Muringi****Samuel Githinji****Sheema Shah****Samuel Wachira****Benson Ngugi**

Bond Dealing

Crispus Otieno**Titus Marenye****Aundrina Musyoka****Kenneth Minjire**

Email: trading@aib-axysafrica.com

Disclaimer

AIB-AXYS Africa and its parent company AXYS Group seek to do business with companies covered in their research reports. Consequently, a conflict of interest may arise that could affect the objectivity of this report. This document should only be considered a single factor used by investors in making their investment decisions. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. The opinions and information portrayed in this report may change without prior notice to investors.

This publication is intended solely for informational purposes and is not authorized for public distribution or use by the public media without prior and express written consent of AIB-AXYS Africa or AXYS Group. Redistribution or dissemination of this material, in whole or in part, is strictly prohibited and may lead to legal actions. By accessing this report, you acknowledge and agree to abide by these terms, ensuring the security and confidentiality of its contents.

This document does not constitute an offer, or the solicitation of an offer, for the sale or purchase of any security. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and no responsibility or liability is accepted by AIB-AXYS Africa or any of its employees as to the accuracy of the information contained and opinions expressed in this report.