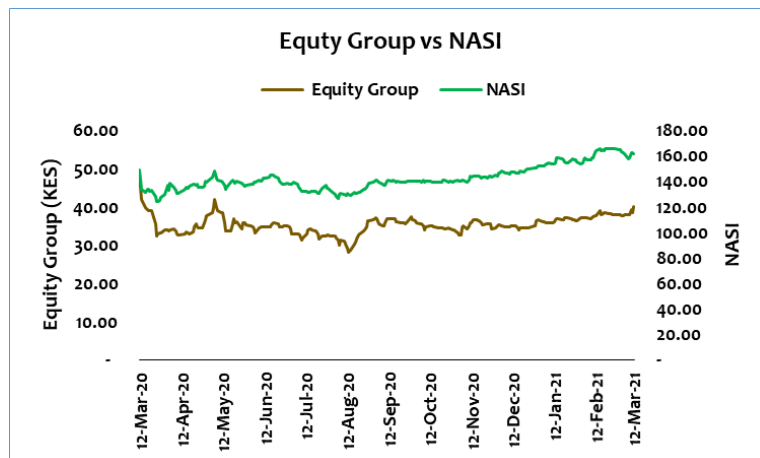


With the full year rereporting season fast approaching, we have seen a rally on large cap banking stock with an expectation of dividend payment. This was signaled by the Stanbic Bank board approval of KES 3.81 per share payment an indication that bank did reach an agreement with CBK to be allowed to pay dividends upon confirmation of adequate capitalization.

Equity Group – LONG TERM BUY – The group continues to position itself on lending to MSMEs after receiving KES 15.80Bn from the European Union and European Investment Bank in support of companies most impacted by the Covid-19 Pandemic.

We fathom the bank stable and adequate capitalization; the lender will revert to KES 2.00 per share dividend for the FY-2020 results after reversing a payout promise in 2019. This is also a positive indicator of expected 2021 performance.

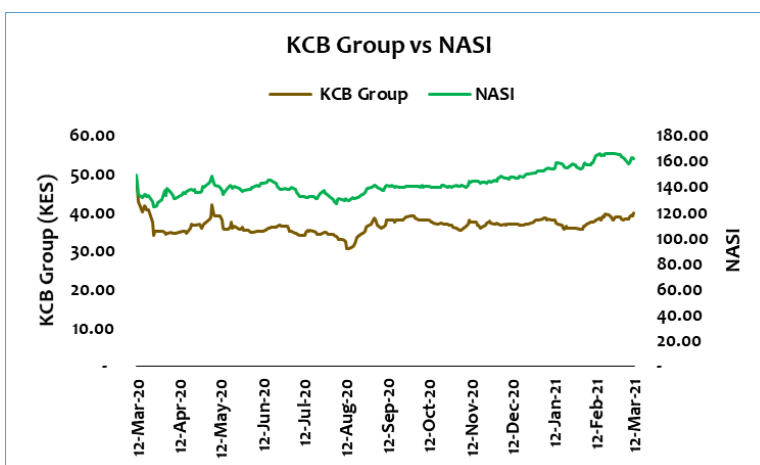
The counter has gained 10.3% on y-t-d basis to close the week at KES 40.00 compared to 36.25 at the beginning of 2021.



KCB Group – LONG TERM BUY – The bank is expected to retain its payout trend despite failing to pay interim dividend in 2020. With the large capital base and growing asset book, we expect the bank to continue with the upward growth in total income. Renewal energy in growing its mobile loan book after cleanup will see a boost in non-financing income (NFI).

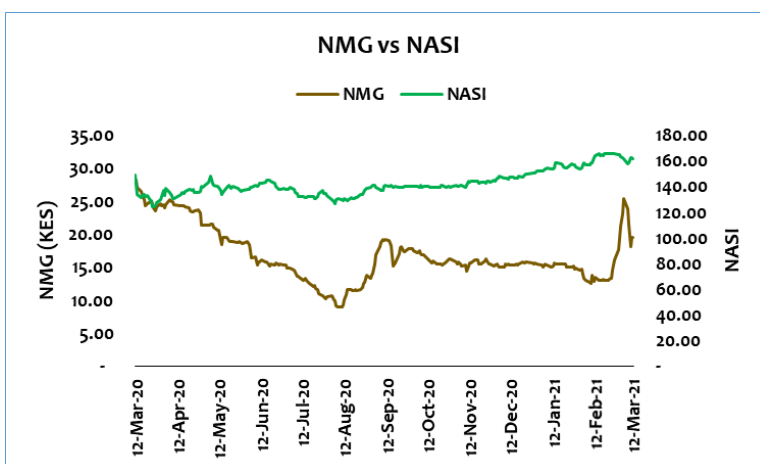
Reopening of the economy and release of county fund will help the lender contain its NPL which shot driven by the pandemic effect on its borrowers.

The bank has gained 4.0% y-t-d lagging its main peer due to lower expected FY-2020 results.



NMG – SELL - We retain a sell view on NMG despite a 27.8% gain y-t-d. The gain was in response to proposed share buyback of up to 10% of its issued shares. The buyback still awaits shareholders approval as investors await additional information.

The news was absorbed in the market leading to the stock losing 22.9% from a high KES 25.35 seen on March 5th to close at KES 19.55. We do not expect much upward movement after shareholders approval due to the poor performance on FY-2020 with the counter already having issues a profit warning.



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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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