

Cytonn Financial Services Daily Note 8th November, 2017

In today's trading the Financial Services sector was relatively stable with the sector's capitalization decreasing slightly to Kshs 775.2 bn from Kshs 775.7 bn recorded yesterday. This performance was supported by minimal gains by Standard Chartered Bank and Equity Group, which both gained 0.1%, despite a 0.2% loss by Britam.

KCB Group released Q3'2017 earnings after market closed, registering a growth of 5.0% in core Earnings per Share (EPS) to Kshs 6.6 from Kshs 6.3. The performance was driven by a 4.6% increase in operating revenue, despite a 5.7% increase in operating expenses. The 4.6% growth in operating revenue was driven by Non Funded Income (NFI) that rose by 18.4% to Kshs 17.5 bn from Kshs 14.8 bn in Q3'2016; making up for the 1.0% decline in Net Interest Income (NII) to Kshs 35.7 bn from Kshs 36.0 bn, due to effects of the law capping interest rates. Going forward, KCB Group's performance will be driven by alternative revenue channels as the group leverages on its Fintech strategy, with the NFI currently accounting for 32.9% of the total revenue. The group targets 40% NFI contribution by 2020 driven by adoption of non-bank channels that currently account for 86% of total transactions.

Below is a summary of top gainers and losers for the day.

Top Gainers		Top Losers	
CIC Insurance	2.7%	Britam	(4.8%)
Standard Chartered	0.9%	Sanlam Kenya	(2.5%)
NIC Bank	0.7%	Kenya Re	(2.4%)