

### Market Summary

In today's trading session, the Financial Services sector stocks remained relatively unchanged, with the sector's capitalization coming in at Kshs 791.6 bn from Kshs 793.4 bn recorded yesterday. Among the top losers today were NIC Bank and HF Group, losing 5.1% and 3.8%, respectively, which could be attributed to worse than expected performance recorded in Q3'2017. National Bank of Kenya (NBK) released Q3'2017 results today, posting a 73.5% y/y decline in core earnings per share.

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

Top Gainers		Top Losers	
Sanlam Kenya Plc	<b>7.1%</b>	NIC Bank	<b>(5.1%)</b>
Diamond Trust Bank	<b>2.1%</b>	HF Group	<b>(3.8%)</b>
Liberty Holdings	<b>1.8%</b>	Kenya Re	<b>(1.2%)</b>

### Earnings Highlights

National Bank released Q3'2017 results, recording a 73.5% y/y decline in core earnings per share to Kshs 0.4 from Kshs 1.5 in Q3'2016, attributed to a 24.4% decline in operating revenue, which outpaced a 19.6% decline in operating expenses. Total operating revenue declined by 24.4% to Kshs 6.4 bn from Kshs 8.4 bn, attributed to a 30.4% decline in Net Interest Income (NII) and a 3.1% decline in Non-Funded Income (NFI). Total operating expenses declined by 19.6% to Kshs 6.2 bn from Kshs 7.7 bn, driven by a 72.9% decrease in Loan Loss Provision (LLP) to Kshs 0.5 bn from Kshs 1.9 bn, despite a 7.6% rise in staff costs to Kshs 2.9 bn from Kshs 2.7 bn in Q3'2016. Despite the declining interest income as a result of interest rates capping, National Bank is yet to take advantage of additional revenue streams to compensate for this through non-funded income, an avenue that has been explored by majority of the banks.