

### Market Summary

In today's trading session, the Financial Services sector stocks lost 0.4% on a weighted average basis, with the sector's capitalization coming in at Kshs 796.3 bn from Kshs 799.4 bn recorded yesterday. This performance was driven by losses in select large cap banking stocks such as Co-operative Bank and KCB Group, which lost 1.8% and 1.2%, respectively. Stanbic Holdings is the top gainer today, gaining 2.5% after the bank announced Q3'2017 results recording a 19.7% increase in the Earnings Per Share (EPS).

Stanbic Bank released Q3'2017 results posting a 19.7% rise in Earnings Per Share (EPS) to Kshs 18.9 from Kshs 15.8 in Q3'2016, largely on account of exceptional item expense that declined by 91.0% to Kshs 0.1 bn from Kshs 1.1 bn in Q3'2016, brought about by an adjustment related to the hyper-inflationary environment in South Sudan. Profit Before Tax registered a 17.4% decline. Operating income declined by 1.7% to Kshs 14.0 bn from Kshs 14.2 bn registered in Q3'2016, whereas operating expenses rose by 7.6% to Kshs 9.6 bn from Kshs 8.9 bn registered in Q3'2016. The 1.7% decline in operating income was attributed to Net Interest Income, which decreased by 6.5% to Kshs 7.8 bn from Kshs 8.3 bn in Q3'2016; whereas Non-Funded Income rose by 5.1% to Kshs 6.2 bn from Kshs 5.9 bn in Q3'2016. The 7.6% increase in operating expenses was attributed to an 88.5% rise in loan loss provision (LLP) to Kshs 2.3 bn from Kshs 1.2 bn in Q3'2016 and saw the cost to income ratio increase to 68.6% from 62.7% in Q3'2016. Going forward we expect Stanbic Bank's growth to be propelled by their diversified income streams and clearly defined business strategy, enabling the bank to respond effectively to shifting market dynamics, with their non-funded income at 44.4% of total operating income, coupled with the roll out of their new digital platform and support systems.

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

Top Gainers		Top Losers	
Stanbic Holdings	<b>2.5%</b>	Co-operative Bank	<b>(1.8%)</b>
Sanlam Kenya Plc	<b>1.8%</b>	Liberty Holdings	<b>(1.8%)</b>
NIC Bank	<b>0.7%</b>	Kenya Re	<b>(1.2%)</b>