BRITAM HOLDINGS – INITIATION OF COVERAGE NOTE

We initiate coverage with a **HOLD** recommendation based on a target price of KES 6.24 implying a 3.9% upside, from the current price of KES 6.00 as of 4th October 2022, exclusive of dividend yield.

The recommendation is based on the insurer's sound and organic premium growth, the just concluded staff reorganization, strategic partnerships and reduced exposure to volatile equities market. At the current market price, the stock is trading at par to its value but presents a value pick for long-term investors.

Key Upsides

- **Strong brand**: Britam has a strong brand in Kenya leading to a positive price and quality perception. It can leverage its brand strength to expand further in the country especially for its Emerging Customer Segment (micro-insurance).
- **Resource base**: Britam has a large asset base (KES 153.4Bn) that it can use to fund its expansion as well as take advantage of the latest technology to get an edge in the industry.
- **Regional diversification:** The Company has international presence that it can use to better distribute its products.
- **Technology adaptation:** Britam has increased the implementation of mobile and internet service platforms.

Key Downsides

- Low insurance penetration may hamper revenue growth in the future.
- Significant exposure to the Real estate industry: Britam has considerable investments in property and property funds which have had relatively low returns in recent past.
- Economic slowdown: Disposable income available to households due to tough macroeconomic conditions reduce spending thus reducing insurance uptake.
- Operational inefficiencies: Britam's Expense ratio, inclusive of commissions payable, was 82.1% in 2021 compared to the industry average of 60.1%.

Opportunities

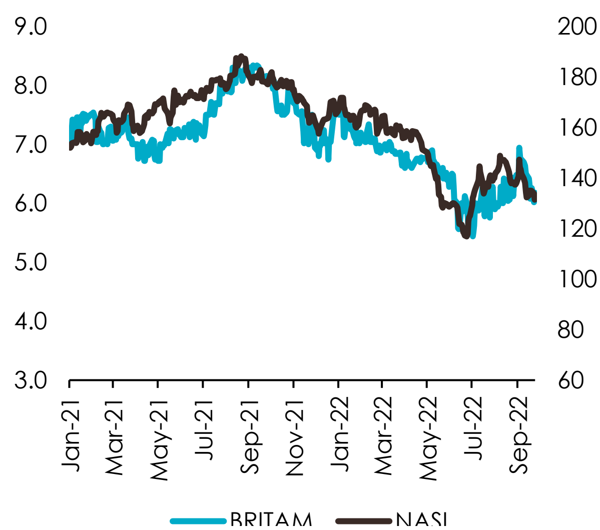
- Increased consumer education to boost understanding of insurance products and their importance. This should lead to higher product uptake.
- Leverage on digital innovations to improve customer service and make informed decisions.
- Low insurance penetration in the market presents an opportunity for expansion.

Share Data

Recommendation	**HOLD**
Current Price (KES) - 4 Oct '22	**6.00**
Target Price (KES)	**6.24**
Upside	**3.9%**
52WK High (KES)	**8.34**
52WK Low (KES)	**5.44**
Market Cap (Bn)	**15.60**
Current P/E (Normalized)	**7.5x**

Source: Bloomberg, NSE, NCBA IB Research

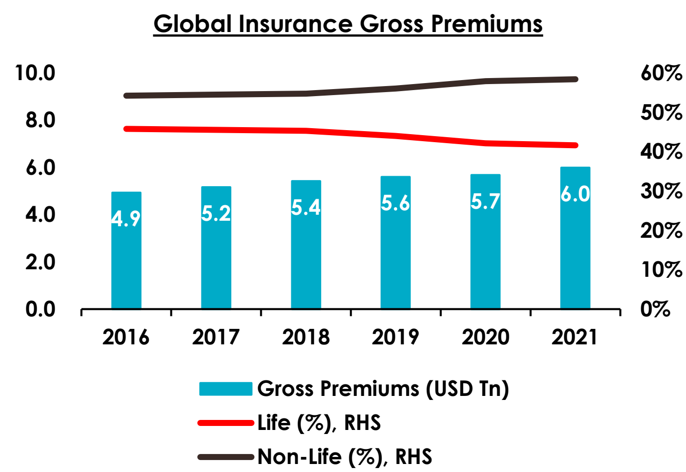
Britam vs NASI since 2021

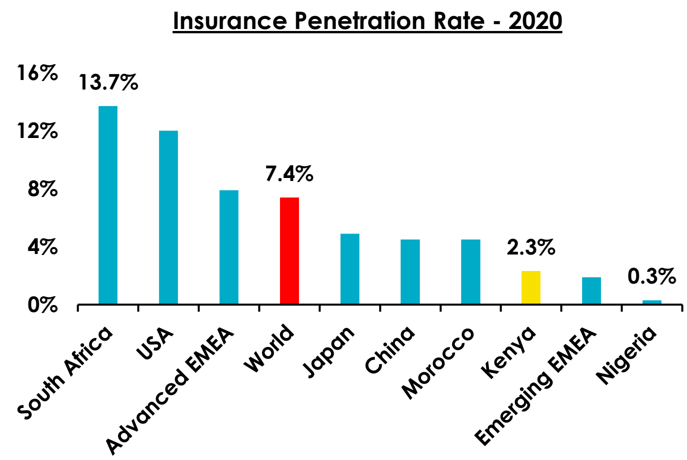


Global insurance

Insurance is a vital element of any functioning economy as it allows institutions and individuals alike to pass on risks to insurers thus promoting financial stability in the process. For retail consumers, it is primarily a function of insurance education and the level of disposable income. The first element is more evidently seen when looking at the insurance penetration rates in different regions worldwide. OECD members have an average insurance penetration rate of 9.4% while Sub-Saharan African countries have an average of 2.8% against the world average rate of 7.4%.

Globally, the insurance industry has maintained steady modest growth in premiums recording a CAGR of 4.0% over the last 5 years. Growth has been faster in developing economies but markets like the USA, China and Japan dominated premium volumes contributing 40.0%, 10.1% and 5.9%, respectively, of total global volume in 2021, according to Swiss Re. General Insurance remains the leader accounting for 58.4% of gross written premium while life accounts for 41.6%.





Source: McKinsey, Swiss Re, IRA Kenya, NCBA IB Research

Key headwinds on revenue growth have been persistent low interest rates, pricing pressures occasioned by stiff competition and slow organic growth in mature markets. Macroeconomic conditions have also been a determining factor as crises like the COVID-19 pandemic in 2020 and financial turmoil in prior years have forced insurers to look at how they do business. These have led to increased innovation in the offered insurance product types, rejigged risk pricing and institutional firms' increased appreciation for the importance of insurance.

Outlook: The industry is expected to remain resilient and dynamic provided that insurers adapt to the ever-evolving consumer preferences, increase individualization of products to sustain relevance, and integrate insurtech more broadly.

Sub-Saharan Africa

Africa has one of the lowest insurance penetration levels below 3% compared to the global average penetration of 7.4%. Overall, Sub-Saharan Africa contributes less than 2% of global written premiums. The low penetration is associated with low levels of disposable income in the region. South Africa accounts for over 70% of the total written premium.

The low penetration levels and rising disposable income levels single out the region as one that has a huge potential for growth.

Risk-Based Capital: Over the last decade, there has been an increasing emphasis on adapting a Risk based approach when assessing the ability of insurers in the continent. This has seen regulators in different countries such as Kenya, Ghana, Uganda and Nigeria issue new regulations with increased minimum capital requirements. The new approach is expected to bolster the stability of the insurance sector by increasing their capability to withstand large-ticket claims.

The implementation of the RBC approach has not been smooth as many insurers lack and require time to develop internal expertise and experience to reach full compliance. Regulators have allowed weakly capitalized insurers time to recapitalize and also provided guidance for Mergers and Acquisitions arising from a smaller firm's incapability to raise capital on its own.

Kenyan Insurance Industry

The Insurance industry in Kenya is a highly competitive scene characterized by a high number of insurance providers and low insurance penetration rate. There are currently 57 licensed insurance companies and 5 reinsurance firms. The penetration rate has however lagged behind – at 2.3% in 2021, lower than the 5 preceding years excluding 2020. Additionally, Kenya lags behind other SSA Economies like South Africa and Namibia which have insurance penetration rates of 13.4% and 7.0%, respectively. That being said, it is important to note that South Africa and Namibia figures include the universal health schemes. The insurance penetration rate of 2.3% is exclusive of the universal health cover offered by the National Hospital Insurance Fund, which has grown tremendously in the last five years.

The low penetration rate is attributable to many Kenyans viewing Insurance as a non-essential and allocate negligible amount of their income to insurance and pension schemes. Often times, insurance premiums are amongst the first expense to be cut off when Kenyans' disposable incomes are adversely affected. The slower growth in premiums compared to the country's GDP growth has led to insurance firms redesigning their product offerings with a focus on insurtech and micro-insurance products. Interest in stickier premiums such as pension has also spiked with pension and annuities recording the largest growth amongst the various insurance

The table below shows the top ranking firms in regard to market share:

Insurance Gross Premiums and Market Share - 2021					
Long-term Insurance			General Insurance		
Company	Gross Premiums (KES Bn)	Market Share	Company	Gross Premiums (KES Bn)	Market Share
1. Britam Life Insurance	25.9	20.9%	1. UAP Insurance	13.0	8.7%
2. ICEA Lion Life Assurance	20.0	16.2%	2. CIC Insurance	11.3	7.6%
3. Jubilee Insurance	14.0	11.3%	3. GA Insurance	10.9	7.3%
4. Kenindia Assurance	11.1	9.0%	4. APA Insurance	10.5	7.0%
5. Sanlam Life Assurance	8.5	6.9%	5. Britam Insurance	9.9	6.6%
Others	44.2	35.7%	Others	93.6	62.8%
Total, % of total Premiums	**123.7**	**45.3%**	**Total, % of total Premiums**	**149.1**	**54.7%**

Source: IRA Quarterly Reports

Key Development in the Kenyan Insurance Industry – Regulation:

The regulator – Insurance Regulatory Authority (IRA) has been working through regulation implementation to address some of the perennial problems with a view to ensure that the sector benefits from competitiveness.

Minimum Capital Requirements - IRA has been implementing risk-based supervision through guidelines that require insurers to maintain a capital adequacy ratio of at least 200.0% of the minimum capital. General insurers are required to have at least KES 600Mn while Life Insurance providers are required to have KES 400Mn in minimum capital.

IFRS 9, ties into the Risk Based Supervision (RBS) by requiring insurance companies to provide for and impair uncollected premiums. RBS will be a key industry shaper as it will enhance proper management of risk. There have been emerging regulations in the industry such as the IFRS 17 Insurance Contracts, which requires the reporting of more granular and standardized data. The point is to ensure that more data is available for a better understanding of the company and industry. Implementation of IFRS 17, which involves recognition of insurance contracts has also been deferred to end of 2022.

Industry Trends – Kenya

a) **Technology** – The offering of insurtech services such as mobile claims and mobile policy payments has been on the rise with a view to take advantage of high mobile phone penetration. An example is Bima, a company that provides mobile-first platform which provides life and health insurance policies and telemedicine.
b) **Innovation** – As insurance companies take more of a customer-centric approach, they have begun to respond better to customer needs and come up with more innovative solutions. An example is Blue Wave, which provides micro-insurance services via mobile phones and Coverpause, which provides motor insurance in which premiums are calculated depending on the number of days one drove.
c) **Mergers and acquisitions** – Following market uncertainty brought about by the pandemic, a fragmented industry competing for a small market as well as the revision of the minimum capital requirements, M&As have been increasing with companies trying to protect and increase market share. An example is the deal concluded between the UK global insurance firm Linkham Group and Resolution Insurance Kenya in February 2021 and the Allianz Acquisition of Jubilee's General insurance business.
d) **Takaful insurance** - This is a type of insurance that is based on Islamic principles where the insured seeks guarantee from a group of persons who are participants in the insurance. Members who share in this insurance insure each other's losses on the basis of legitimate cooperation and Takaful.
e) **Commoditization of insurance** i.e. the phenomenon in which customers embrace the importance of insurance products regardless of the service provider.
f) **Product bundling** where several insurance products from the same company are sold to one client.

Industry Challenges - Kenya

a) **Fraud** - The insurance sector is faced with high volumes of fraud and corruption. In FY'2021, 120 fraud cases were reported, with fraudulent motor accident injury claims accounting for 17.5%, followed by theft by agents at 12.5%. The sector has been adopting the use of block chain and artificial intelligence to curb fraud. Most companies are setting up their own assessment centres across the country so as to better determine actual compensation for claims.
b) **Low penetration rates** - At 2.3%, Kenya has a low penetration rate attributable to the fact that majority of the population perceives insurance as a non-essential financial service. There has also been a lack of insurance products that suit consumer needs and, until recently, the uptake has been boosted by use of technology in the industry. The universal health scheme under the National Insurance Fund has however recorded significant growth in the past five years.
c) **Premium Undercutting** - Premium undercutting is the practice where an insurance company offers clients unrealistically low premiums in order to gain competitive advantage and to protect their market share. This is a major contributor to the underwriting losses suffered by the industry.
d) **Low Customer Confidence** – The industry is grappling with operational inefficiencies that lead to consumer complaints. During FY'2021, IRA received 1,668 complaints, lodged against insurers by policyholders and beneficiaries, with general insurance accounting for a lion's share of 75.8% while long term insurers accounted for 24.2%.

   The recent placement under statutory management of Resolution Insurance has further diminished Kenyans' confidence in insurers. It is important to note that there exists the Policyholders' Compensation Fund which compensates policy holders in the event that the insurer is unable to satisfy claims or becomes illiquid.

COMPANY OVERVIEW - BRITAM HOLDINGS

Britam is a leading diversified financial services group established in 1965 as a subsidiary of British-American Holdings Ltd.

The company has presence in seven countries in Africa namely: **Kenya, Uganda, Tanzania, Rwanda, South Sudan, Mozambique** and **Malawi.**

Britam is listed in the NSE, as a large cap stock included in both NSE-20 and NSE-25 indices.

Britam group is the market leader in long term insurance with a market share of 20.9% by gross premiums.

Share Ownership

No.	Shareholder Name	Percentage
1	AfricInvest III-SPV-1	17.6%
2	Equity Holdings Group	16.1%
3	SCBK Nominees Resd A/C KE003819	15.8%
4	SCBK Nominees Resd A/C Ke11396	9.1%
5	SCBK Nominees Resd A/C Ke11752	8.9%
6	Mr. Jimnah M. Mbaru	7.7%
7	Dr. Benson I. Wairegi	4.0%
8	Dr. Peter Kahara Munga	3.0%
9	Dr. James N. Mwangi	3.0%
10	Genghis Nominees Limited A/C Ke038	2.0%
	Others	13.0%
Total		100.0%
Total Number of Shares		2,523,486,816

Recent Activities

- **Strategy 2021-2025:** The Group launched this strategy with a focus on Customer Experience, Customer Growth and Improving Efficiency.
- **Managerial Change**: Britam appointed a new Managing Director in August 2022.
- **Staff restructure**: Britam laid off 130 employees, including 10 executives in 2021.
- **Investments sale**: Britam Holdings sold its 6.7% stake in Equity Group, a Kenyan banking entity, to IFC at a price of KES 55.0 per share. The transaction was concluded in April 2022.

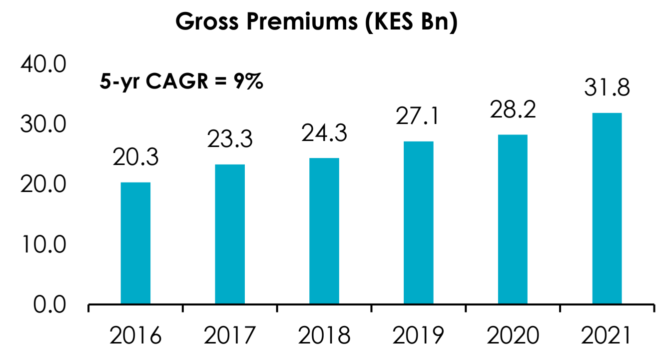
Financial Performance – FY'2021 Snip

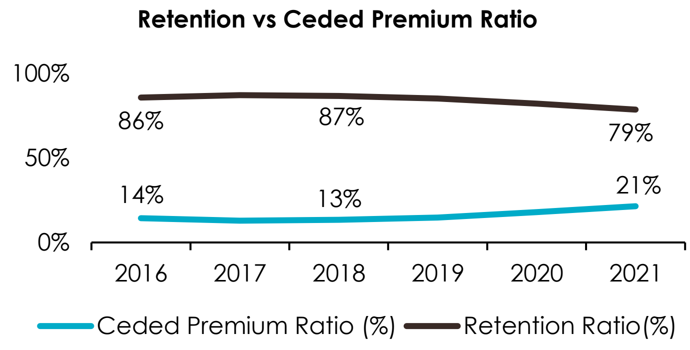
PAT	**KES 0.1 Bn**
Dividend	**Nil**
Gross Premium	**KES 31.84 Bn**
Claims	**KES 22.69 Bn**
Combined Ratio	**155.62%**
Assets	**KES 153.43 Bn**

Source: Annual Reports, NCBA IB Research

KEY THEMES

A. Sustained growth in Gross Premiums



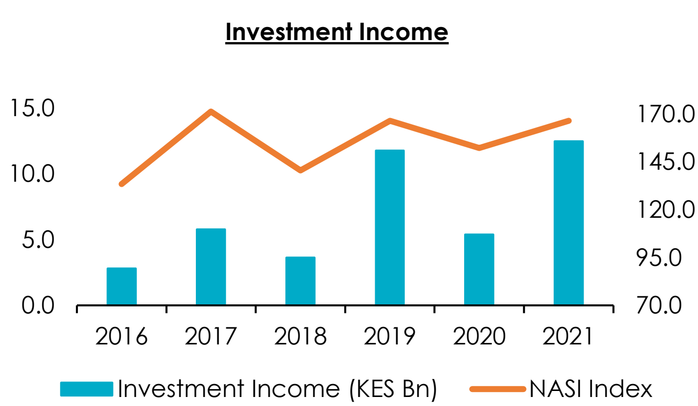


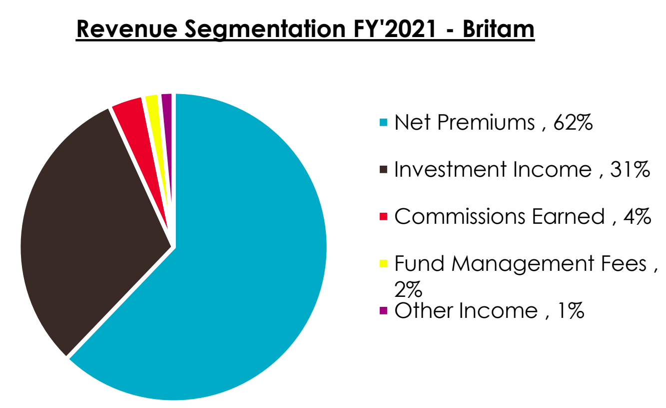
Britam has recorded a steady growth in premiums at a CAGR of 9% over the last 5 years. The firm's ability to mobilize premium revenue is due to its extensive distribution network consisting of over 2,000 financial advisors, strategic partnerships and technological advancement.

Strategic partnerships include the partnerships with MTN Uganda, and bancassurance. Equity Group which has been a key bancassurance partner for Britam over the last decade, recently opened its own life insurance company. This is expected to adversely affect Britam's revenue mobilization capacity.

The ceded premium ratio has been increasing over the years, indicating increased averseness attributed to extraneous challenges such as COVID-19 pandemic which led to increased claims.

B. Sporadic Investment Income lugged by Equities Portfolio





Investment income is a key revenue contributor for Britam – accounting for 31% of total Gross Income in 2021. Its level, however, has been erratic over the years due to the volatile equities market leading to unstable profit levels. Britam has recorded losses after tax in 2 out of the last 4 years. Investment income is expected to be lower in 2022 compared to 2021 due to rising interest rates in the fixed income market and the negative performance of equities market in the year so far.

Britam owns 48.2% of HF Group, a banking institution listed on the Nairobi Securities Exchange.

Investment income, may be bolstered by the Group's property portfolio as Britam Towers recorded its highest occupancy levels in 2021 – 86% and the Group outsourced management of Kilimani Serviced apartments to optimize returns.

As a result of this volatility the company is focusing on restructuring its investment portfolio. In April 2022, Britam completed the sale of its 6.7% stake in Equity Group to IFC for a price of KES 55.0 per share translating to a total payment of KES 13.9Bn.

C. Risk Management Assessment

a) Wealth Management Performance

The main source of revenue earned by the wealth management arm consists of fund management fees. These fees contributed 1.1% of revenues in 2021 and grew at a CAGR of (4.7%) to KES 0.36Bn from KES 0.46Bn in 2017.

In the years 2020 and 2021, Britam's bottom line has been severely impacted by loss provisions totaling KES 7.2Bn as the Group set aside funds to support its Wealth Management business. The amount was set aside to address asset-liability mismatches from this business line. The loss provisions have eroded the fund management fees received over the years.

Going forward, we expect slower growth in Wealth Management Assets Under Management (AUM) owing to increased competition.

b) HF Group Investment

Britam holds a 48.22% stake in HF Group, accumulated through numerous transactions in the years 2007-2018. HF Group has underperformed reporting consecutive losses from Q3'2018 to FY'2021. Britam, consequently, has made impairments totaling KES 4.2Bn on the HF stake investment, representing roughly 83% of the total amount invested. The investment's carrying amount is currently KES 1.4Bn as of FY'2021.

Britam injected an additional KES 1.0Bn as Tier II Capital in HF in 2021to support HF's turnaround growth strategy and help the lender comply with liquidity requirements. Despite this recent capital injection, Britam is currently looking to offload the HF Group's shares – a statement to HF's poor performance.

c) Real Estate Investments

Britam has significant investments in the real estate industry including Britam Towers, Britam Centre and Kilimani Serviced Apartments. Britam Tower, a Grade A office space building in Upperhill has an occupancy rate of 82% while Britam Centre is at 85%. Rental income was severely impacted in 2020 but has posted gradual recovery from 2021.

The management has committed to restructure its investment portfolio to reduce volatility. This will be achieved through increased investments in government securities. The success of this new focus and the improved performance in its property portfolio is expected to help Britam stabilize its returns.

Britam's net earnings from investment property which comprises rental income, fair value movements in investment properties and investment in property funds have remained depressed on the back of an enervated property market.

Upshot: The performance of HF Group, subsequent impairments coupled with significant loss provisions made under its wealth management business are a cause for concern regarding Britam's investments and risk management strategies. The size of the firm's balance sheet has helped it weather the storm but at expense of shareholders. In 2021 the negative retained earnings position eroded shareholder's funds to KES 18.9Bn from KES 28.9Bn. Further, a one-off sale such as the one of the Equity stake would ordinarily result in the issuance of a special dividend or wholly used to boost investment income. In Britam's case however, KES 5.3Bn (38.1%) out of the KES 13.9Bn received was utilized to partially fund the Wealth Management loss provisions in 2022. Management's ability to evaluate and manage investment risks will be key in controlling investors' dyspeptic reaction to a dry spell in dividend payout.

D. Underwriting Losses Symptomatic of Sector-wide Issues

Britam, similar to other insurance players in the Kenyan market, has recorded underwriting losses over the last few years. The combined ratio in 2021 stood at 155.6%, lower than in 2020 but higher than the firm's historical average. Unprofitability of the underwriting business has increased the importance of investment margins in the industry.

Of key concern is Britam's efficiency with its expense Ratio came in at 82.1% in FY'2021, significantly higher than the listed insurance sector average of 60.1%. The underwriter embarked on a restructuring process in 2021 with over 130 staff laid off in a bid to manage staff costs and streamline internal processes. We expect the expense ratio to come down in the medium term owing to the restructuring efforts and the firm's concerted efforts to stabilize returns.

Valuation and Investments Recommendation

We derive our target price by blending Residual Income and Relative Valuation approaches to arrive at a 12-month target price of KES 6.24 for Britam Holdings as an aggregate business comprised of both life and non-life business units.

The target price implies an upside of 3.9% to the current trading price of KES 6.00 as of 4th October 2022.

Britam's life business had an embedded value of KES 17.6Bn as of June 2022 which is a 2.0% increase from KES 17.2Bn in December mainly due to profits from new business.

Assumptions

- Risk free rate of 12.70% based on the 10-year Treasury bond historical yields.
- Tax rate of 30%
- Equity risk premium of 5.5%
- Beta of 0.89 on stock's relative volatility on the index.
- Long term growth rate of 5.0% based on GDP growth forecast for 2022.

Valuation Methodology	Implied Price	Weighting	Weighted Value
Residual Income	6.54	60%	3.92
P/BV	5.44	20%	1.09
P/E	6.11	20%	1.22
Fair Value		**100%**	**6.24**
Current Price			**6.00**
Upside/(Downside)			3.9%

Investment Recommendation

We recommend a **HOLD** for Britam's shares based on a target price of KES 6.24 implying a 3.9% return on the current market price of KES 6.0 as of 4th October 2022, exclusive of dividend yield.

The recommendation is based on the insurer's sound and organic premium growth, completed staff re-organization, strategic partnerships and reduced exposure to volatile equities market.

We do not expect a dividend payment in FY'2022 owing to the tough macroeconomic conditions and the need to shore up capital.

Key Investments Consideration

a) **Property investments portfolio:** Property investments are expected to anchor Britam's long term growth. The long-term returns will realize capital gains for value investors.

b) **Exposure to government securities:** More allocation is likely to be on fixed income assets whose performance is dependent on the interest rates stability. Increased government securities allocation will stabilize returns subject to fair value losses and gains pegged on the prevailing market conditions.

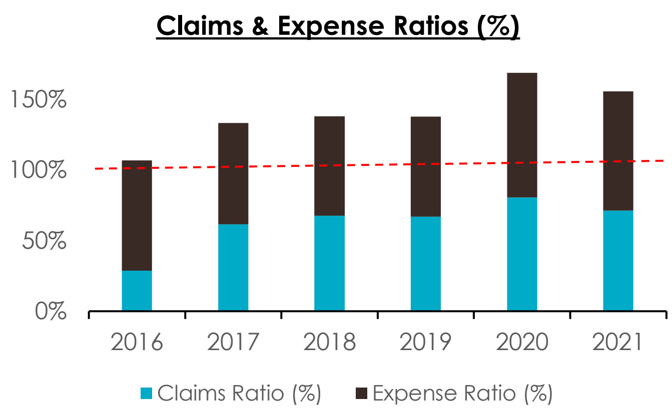
c) **Subsidiaries performance:** Performance of its subsidiaries will help cushion volatility experienced in the Kenyan market.

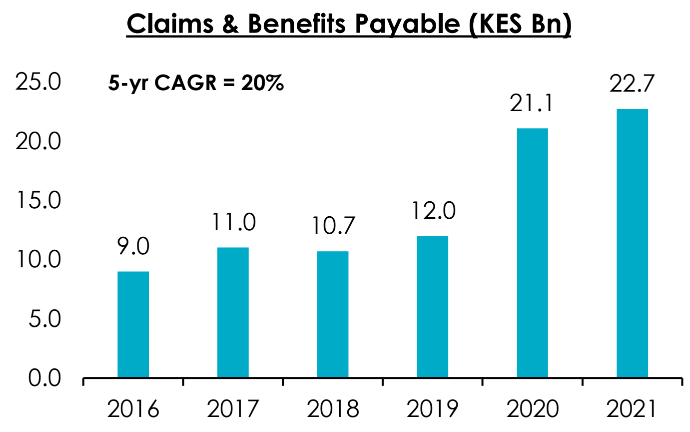
Appendix I: Financial Statements

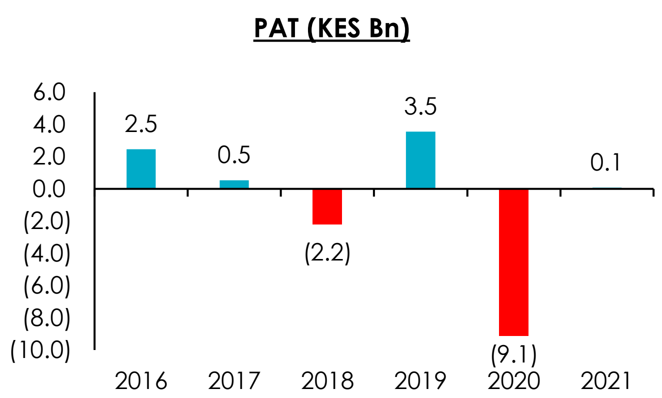
Income Statement (KES Bn)	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Y/Y Growth	5-yr CAGR
Gross earned premiums	20.3	23.3	24.3	27.1	28.2	31.8	12.9%	9.4%
Reinsurance premium ceded	(2.9)	(3.0)	(3.3)	(4.0)	(5.1)	(6.8)	35.0%	18.7%
Net earned premium	**17.4**	**20.3**	**21.1**	**23.1**	**23.1**	**25.0**	8.1%	7.5%
Fund management fees	0.9	0.8	0.7	0.5	0.6	0.7	10.2%	(5.5%)
Net earned premium & fund management fees	**18.3**	**21.1**	**21.7**	**23.6**	**23.8**	**25.7**	8.1%	7.0%
Interest and dividend income	4.2	5.1	6.2	7.7	9.4	10.9	15.7%	20.8%
Total income	**22.3**	**27.8**	**26.4**	**36.4**	**30.2**	**40.2**	33.4%	12.5%
Claims & policyholder benefits payable	9.0	11.0	10.7	12.0	21.1	22.7	7.7%	20.4%
Amount recoverable from insurers	(1.2)	(2.4)	(1.6)	(1.7)	(2.4)	(4.9)	99.6%	32.2%
Net claims and policyholder benefits payable	**5.0**	**12.5**	**14.2**	**15.4**	**18.6**	**17.8**	(4.3%)	29.0%
Operating and other expenses	6.5	6.7	8.2	8.8	13.5	11.3	(15.8%)	11.6%
Commissions payable	3.5	3.5	3.3	3.5	3.8	4.1	8.3%	3.0%
Interest payments/increase in unit value	1.7	2.5	1.7	3.9	2.8	5.2	89.6%	24.6%
Finance costs	1.2	1.2	0.9	0.2	0.4	0.4	14.5%	(18.9%)
Total expenses	**13.6**	**14.5**	**28.4**	**31.8**	**39.0**	**38.9**	(0.2%)	23.5%
Operating profit	**3.8**	**0.8**	**(2.0)**	**4.6**	**(8.9)**	**1.3**	114.6%	(19.2%)
Share of profit from associate	0.4	0.1	(0.3)	(0.1)	(0.8)	(0.3)	65.2%	(191.7%)
(Loss)/profit before tax	**4.2**	**0.9**	**(2.3)**	**4.6**	**(9.7)**	**1.0**	110.4%	(24.9%)
Income tax expense	(1.8)	(0.3)	0.1	(1.0)	0.6	(0.9)	(260.3%)	(11.8%)
(Loss)/profit after tax	**2.5**	**0.5**	**(2.2)**	**3.5**	**(9.1)**	**0.1**	100.8%	(50.6%)
EPS	**1.26**	**0.26**	**(0.92)**	**1.41**	**(3.62)**	**0.02**		
DPS	**0.30**	**0.35**	**-**	**0.25**	**-**	**-**		
Payout ratio	23.8%	134.6%	0.0%	17.7%	0.0%	0.0%		
Investment Yield	**4.7%**	**8.4%**	**4.7%**	**12.9%**	**5.1%**	**10.6%**		

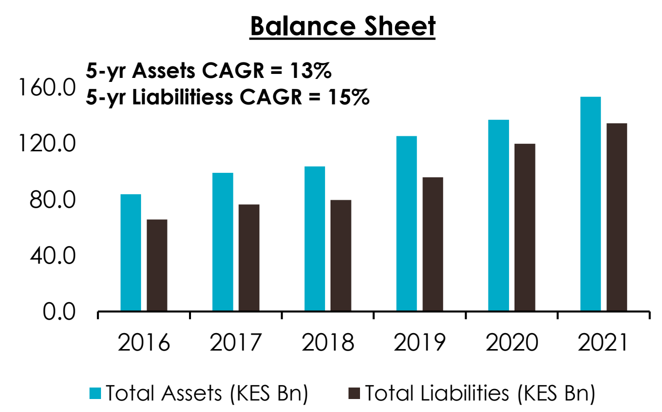
Balance Sheet (KES Bn)	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21
Assets						
Fixed and Intangible Assets	3.7	3.6	3.5	3.2	2.8	2.7
Investment Assets	63.9	76.3	82.3	102.7	112.7	126.0
Insurance Assets	7.5	8.1	7.9	8.0	10.2	13.4
Cash and Cash Equivalents	6.0	8.4	6.7	7.6	7.5	7.5
Other Assets	2.6	2.6	3.2	3.8	3.8	3.9
Total Assets	**83.6**	**99.0**	**103.7**	**125.2**	**137.0**	**153.4**
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Insurance Liabilities	50.4	61.3	71.3	86.0	103.0	114.7
Borrowings	11.8	11.5	5.5	5.2	8.6	8.7
Other Liabilities	3.5	3.6	2.8	4.6	8.3	10.9
Total Liabilities	**65.8**	**76.4**	**79.7**	**95.9**	**119.9**	**134.3**
Shareholders' Funds	**17.8**	**22.6**	**23.9**	**29.3**	**17.0**	**18.9**
Non-Controlling Interest	0.1	0.1	0.1	0.1	0.1	0.1
Total Liabilities & Shareholders' Funds	**83.6**	**99.0**	**103.7**	**125.2**	**137.0**	**153.4**

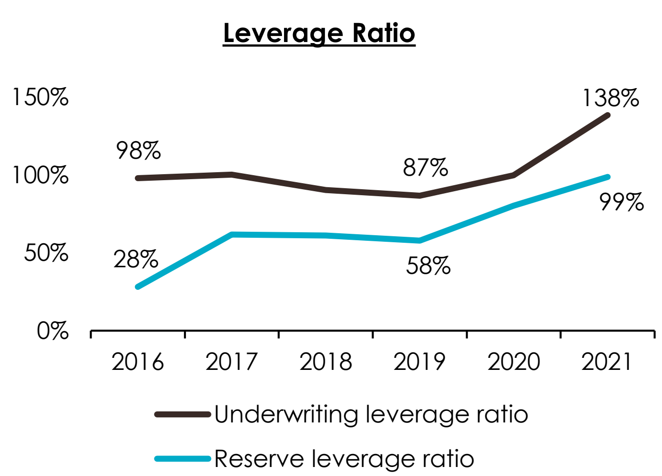
Appendix II: Additional Key Financial Items











NCBA INVESTMENT BANKING COMPANY REPORT

About NCBA Investment Bank

NCBA Investment Bank is a subsidiary of NCBA Group. The services offered by the brokerage department include equities trading for listed securities, fixed income trading for both corporate and government bonds, Over the Counter (OTC) equity transactions as well as execution of equities transactions across the East African countries. Additionally, NCBA Investment Bank backs these activities with solid advice from the research team to enable investors meet their return objectives. NCBA Investment Bank deploys simple and convenient client driven technologies, robust risk management, highly competent and experienced staff and has the backing of robust research capabilities to differentiate itself from other players in the market.

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Certification

The following analyst(s) who prepared this research report: Justin N Mwangi and Victoria Mututu hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and companies (y) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

Rating Definitions

BUY – Total expected 12-month return (incl. dividends) greater than 20%
ACCUMULATE - Total expected 12-month return (incl. dividends) between 10% - 20%
HOLD – Total expected 12-month return (incl. dividends) between 0% -10%
SELL – Total expected 12-month return (incl. dividends) less than 0%

Disclaimer

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