Kenya Listed Commercial Banks Review

Cytonn Q1'2022 Banking Sector Report

"Improved Earnings in an Uncertain Business Environment"

Cytonn

19th June, 2022

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I. Introduction to Cytonn

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About Us

Cytonn Investments is an alternative investment manager, with real estate development capability, and a primary focus on private equity and real estate investments in the high growth Kenyan Region. Cytonn has a unique strategy of coupling two compelling demand areas - the lack of high yielding investment products and the lack of institutional grade real estate. We provide high yielding investment instruments to attract funding from investors, and we deploy that funding to largely pre-sold investment grade real estate. With offices in Kenya and Washington, DC - USA, we are primarily focused on offering alternative investment solutions to global and local institutional investors, individual high net-worth investors, and diaspora investors interested in the East-African region. Real estate investments are made through our development affiliate, Cytonn Real Estate, where we currently have over Kshs. 82 billion (USD 820 mn) of projects under mandate across ten projects. In private equity, we invest in banking, education, and hospitality.

82 Over Kshs. 82 billion worth of projects under mandate

3 Three offices across 2 continents

500 Over 500 staff members, including Cytonn Distribution

10 10 investment ready projects in real estate

A unique franchise differentiated by:

Independence & Investor Focus

Focused on serving the interest of clients, which is best done on an independent platform to minimize conflicts of interest

Alternative Investments

Specialized focus on alternative assets - Real Estate, Private Equity, and Structured Solutions

Strong Alignment

Every staff member is an owner in the firm. When clients do well, the firm does well; and when the firm does well, staff do well

Committed Partners

Strong global and local partnerships in financing, land and Cytonn Real Estate, our development affiliate

Why We Exist

Africa presents an attractive investment opportunity for investors seeking attractive and long-term returns. Despite the alternative markets in Africa having high and stable returns, only a few institutional players serve the market. Cytonn is focused on delivering higher returns in the alternative markets, while providing the best client service and always protecting our clients' interests.

WE SERVE THREE MAIN CLIENT SEGMENTS:

- High Net-worth Individuals through Cytonn Private Wealth. This is done through our captive Distribution Network
- East Africans in the Diaspora through Cytonn Diaspora
- Global and Local Institutional Clients. These clients are served from our Investment & Fundraising Team

WE INVEST OUR CLIENT FUNDS IN:

- Real Estate, and Real Estate Related Businesses
- Private Equity
- Fixed Income Structured Solutions
- Equities Structured Solutions

We collect funds from our clients

We invest them in high growth opportunities

We deliver the best possible returns

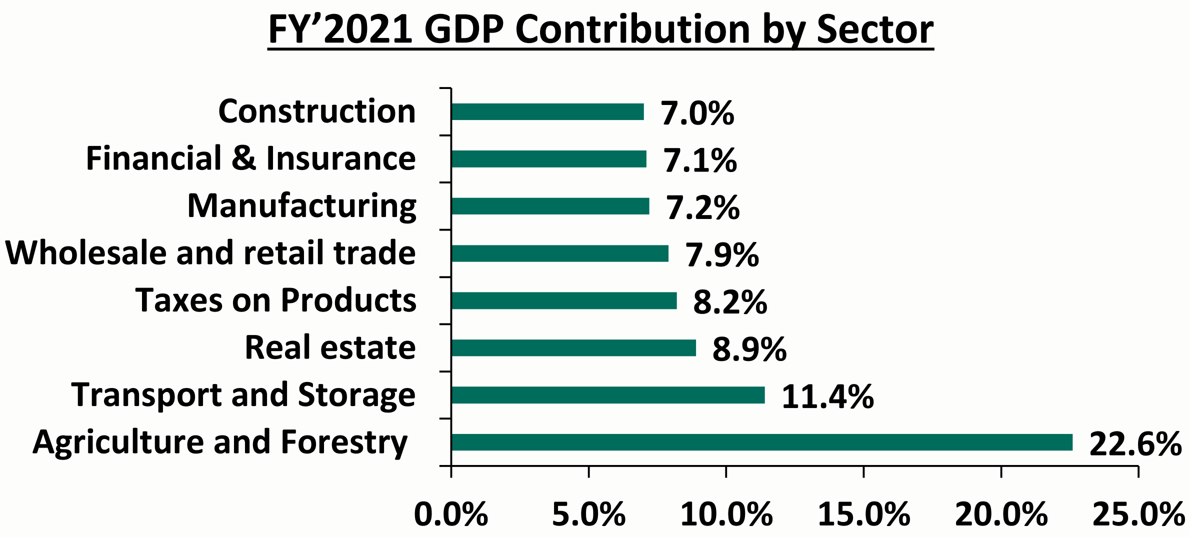
Our Business Structure

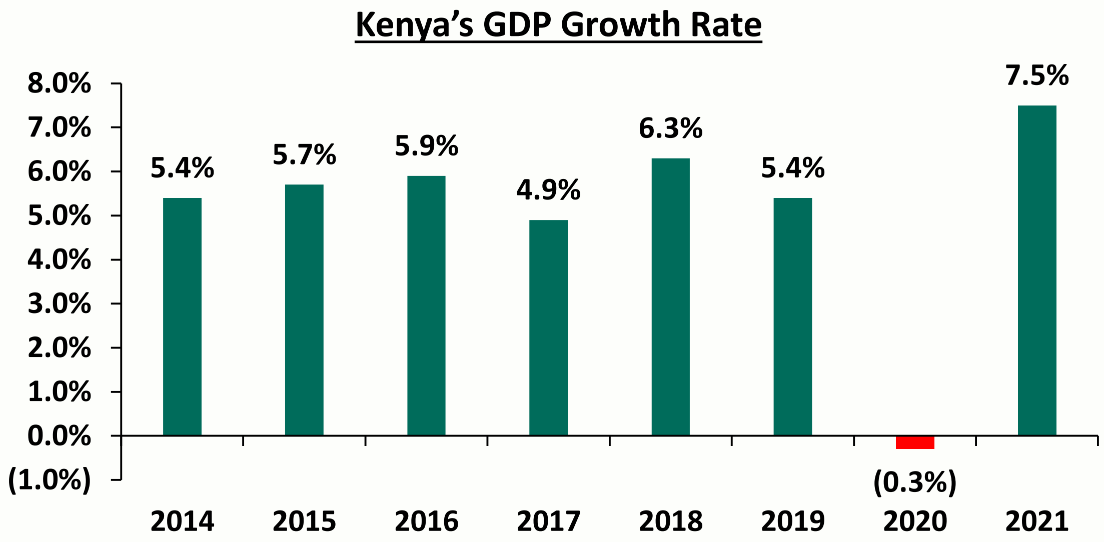
Cytonn Investments Management Plc

- **Cytonn Capital Partners** (Private Markets)
  - Private Offers and Real Estate Investments
  - Cytonn Hospitality
  - Superior Homes Kenya
- **Cytonn Asset Managers** (Regulated by CMA & RBA)
  - Unit Trust Funds
  - Cytonn Africa Financial Fund
  - Cytonn Advisory
  - Pension Fund Management
- **Cytonn Real Estate**
  - Research and Deal Origination
  - Project Management
  - Quality Assurance/ Control
  - Cytonn Procurement - Cymatt
  - Cytonn Real Estate Legal
  - Cytonn Properties
  - Cytonn Centre for Affordable Housing
- **Other Strategic Initiatives**
  - Cytonn Distribution
  - East African Forum for Alternative Investments

II. Kenya Economic Review and Outlook

We expect gradual economic improvement in 2022



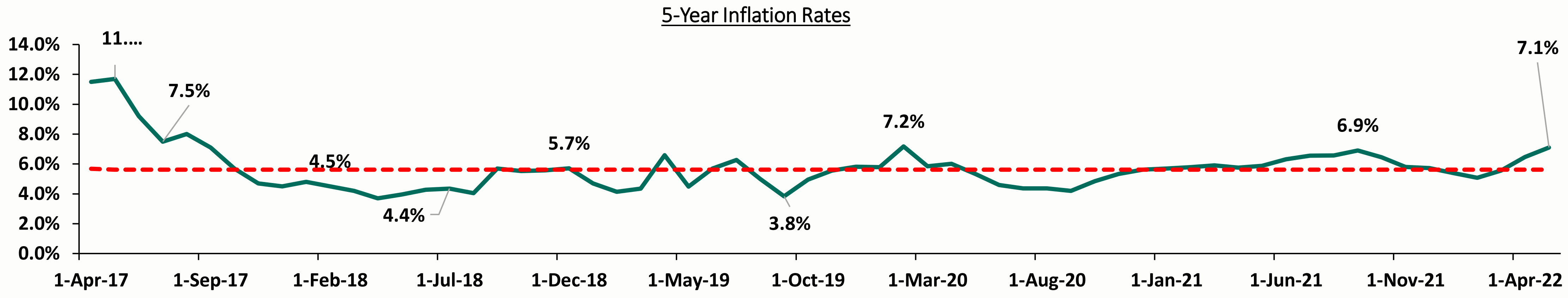


**Source: KNBS*

- The Kenyan Economy grew at a rate of 7.5% in 2021, up from the 0.3% contraction recorded in FY'2020. The growth was mainly driven by the resumption of most economic activities following the lifting of COVID-19 containment measures put in place in 2020 to curb the spread of the virus, which led to the recovery of most sectors of the economy
- As of 2021, the biggest gainers in terms of sectoral contribution to GDP was transport and storage increasing by 0.7% points to 11.4%, from 10.7% in FY'2020
- We expect the economy to grow by an average of 5.1% in 2022, on the back of global recovery

Inflation

Inflation averaged 5.9% in the first five months of 2022



**Source: KNBS*

- Inflation for the month of May 2022 increased to 7.1%, from the 6.5% recorded in April 2022, mainly attributable to the increase in the y/y Food and non-alcoholic beverages, household equipment, transport as well as housing, water, electricity, gas and other fuels, which increased by 12.4%, 7.9%, 6.4% and 6.0%, respectively
- Going forward, we expect the inflation pressures to remain elevated but within the government's set range of 2.5% - 7.5%. However, concerns remain high on the rising food and fuel prices which are expected to put more pressure on inflation, given that these are major contributors to the inflation basket

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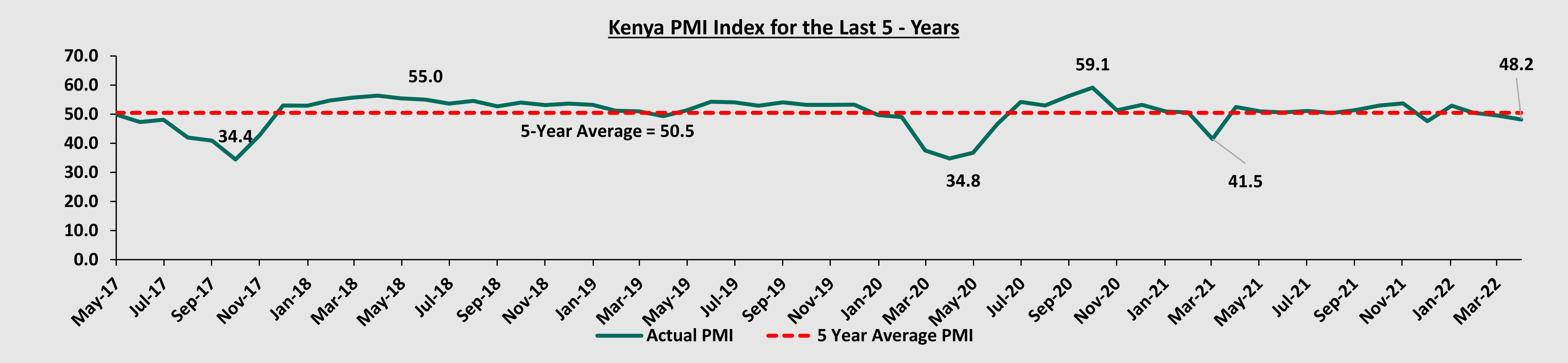
Stanbic PMI Index

The PMI for the first five months of 2022 averaged 49.7



**Source: Markit Economics*

- Kenya's general business environment has deteriorated in the first five months of 2022 with the average PMI coming in at 49.7, lower than the 50.0 threshold
- Going forward, we maintain a cautious outlook in the short-term owing to the continued rise in cost of fuel and production materials which has led to reduced consumer spending

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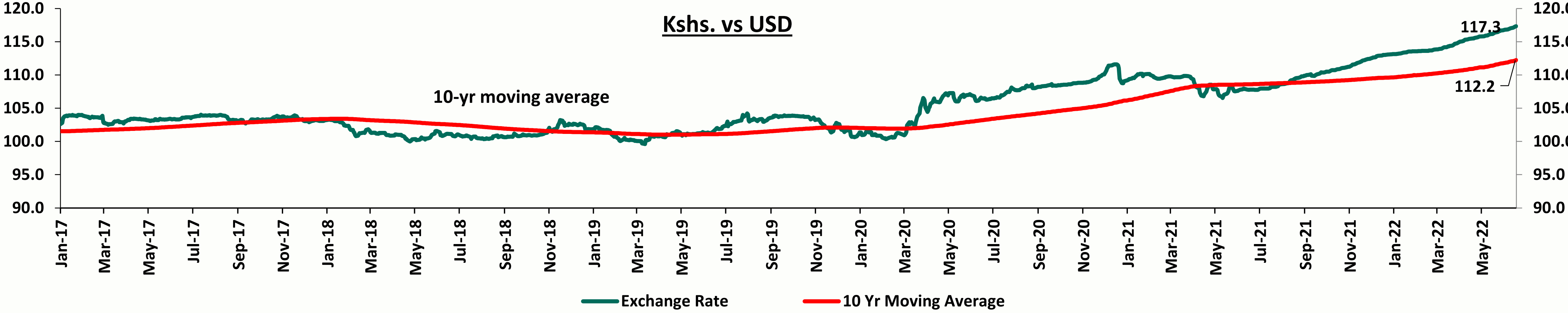
Currency

Year-to-date, the Kenyan shilling has depreciated by 3.7% against the US Dollar (as of 17th June 2022)



**Source: Central Bank of Kenya*

- The Kenya Shilling has depreciated against the US Dollar by 3.7% year to date, to close at Kshs 117.3, from Kshs 113.1 at the beginning of the year, marking an all-time low. The depreciation is partly attributable to increased dollar demand from the oil and energy sectors
- In our view, the shilling will come under pressure due to continued uncertainty globally making people prefer holding dollars and other hard currencies. The local currency is however expected to be supported by the Forex reserves, currently at USD 8.1 bn (equivalent to 4.8-months of import cover), which is above the statutory requirement of maintaining at least 4.0-months of import cover

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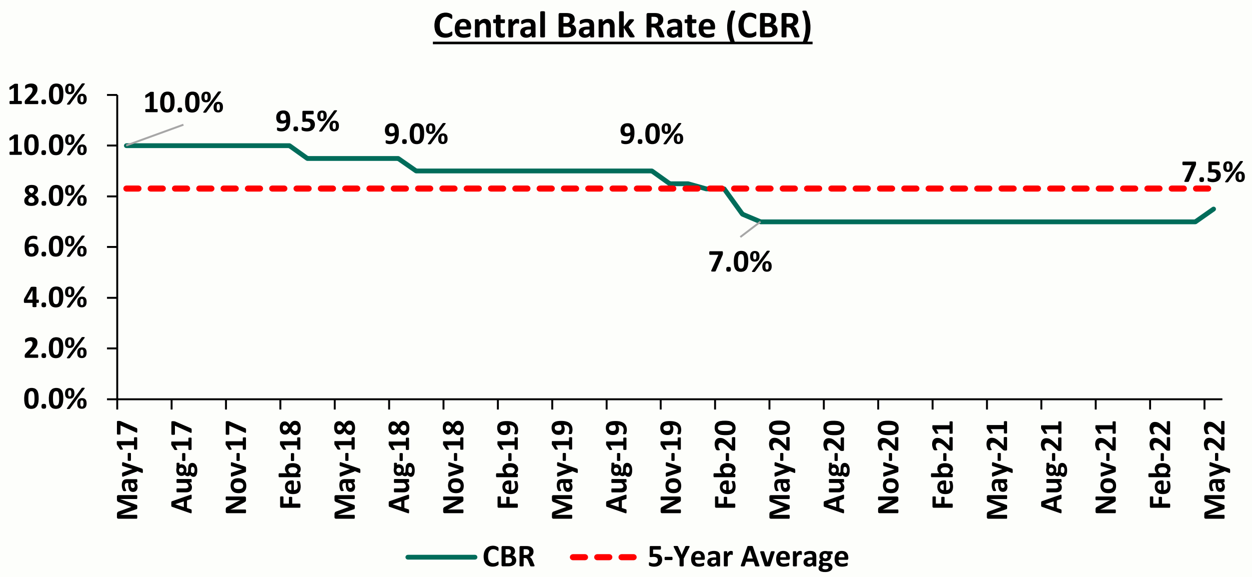
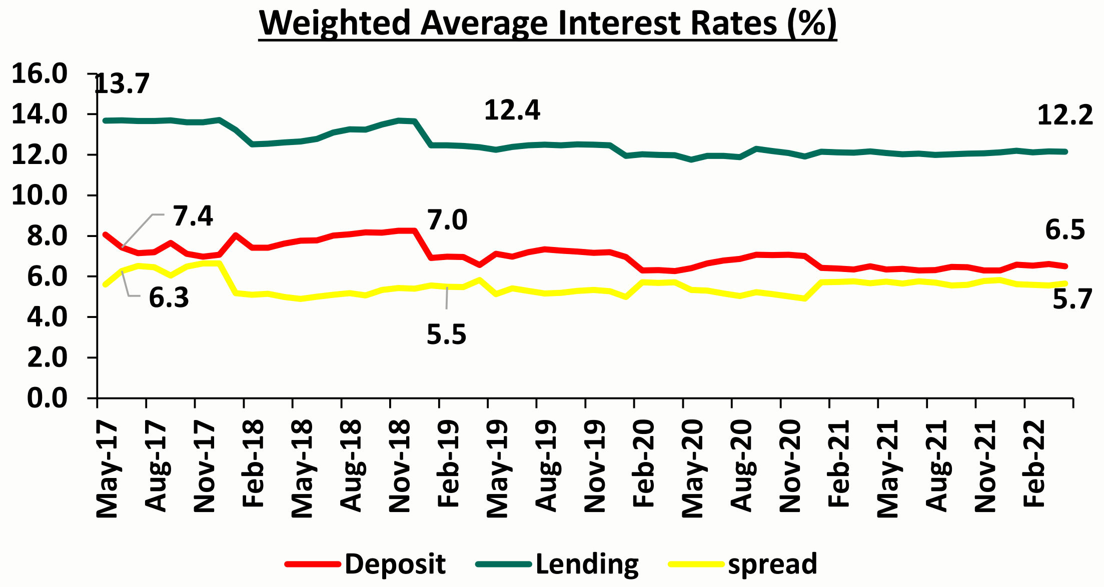
Interest Rates and Monetary Policy





- Since the start of the year, the Monetary Policy Committee has met thrice times and increased the Central Bank Rate in the third sitting by 50.0 bps to 7.5% from the 7.0% that had been maintained since April 2020. The Cash Reserve ratio also remained unchanged at 4.25%
- The MPC noted that risks lie on the downside on the inflation outlook due to increased global commodity prices and supply chain disruptions. Key to note, the adoption of the accommodative policy in 2020 led to a decline in the commercial banks' lending rates to 12.2% in February 2022 from 12.3% seen in January 2020

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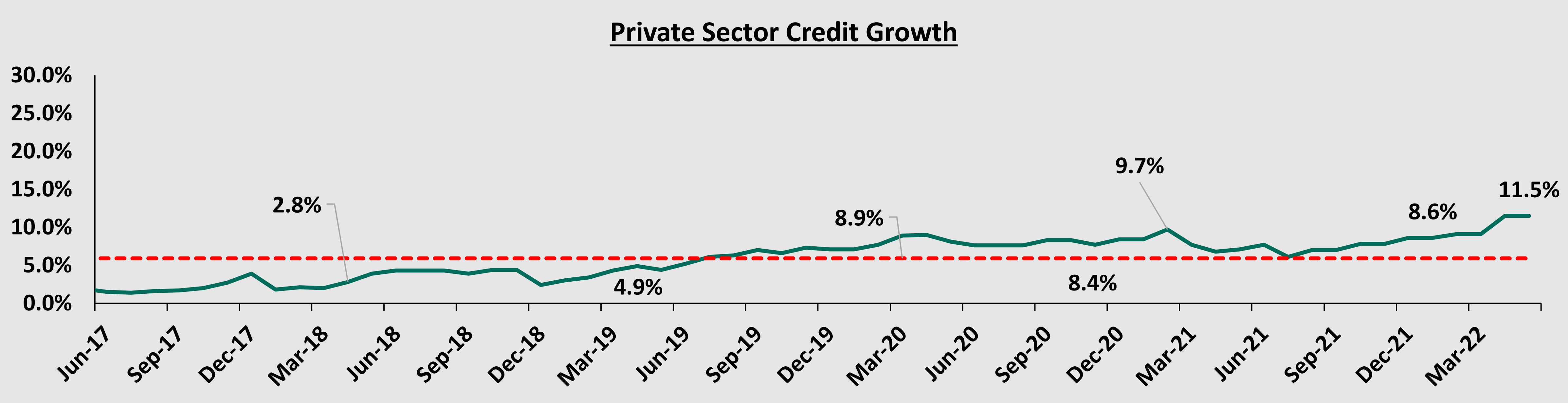
Private Sector Credit growth



**Source: KNBS*

- Growth in the private sector credit increased to 11.5% in April 2022, from 9.0% in February 2022, indicating that demand has improved as a result of increased economic activities coupled with the operationalization of the Credit Guarantee Scheme
- We however expect to see increased caution on lending especially to businesses that rely on imports hence inhibiting private credit sector growth due to the high risk of credit default, with the possibility of heightened Non Performing Loans due to the resurgence of COVID-19 infections coupled with the current rising political temperatures preceding the elections

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III. Banking Sector Overview

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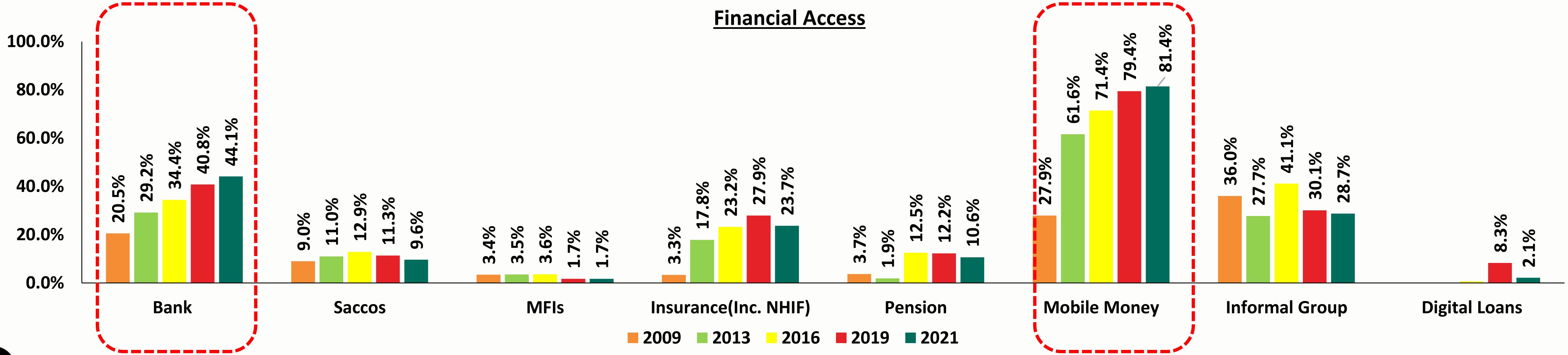
Kenyan Banking Sector Overview

Financial Inclusion in Kenya continues to rise, having expanded to 83.7% in 2021, from 82.9% in 2019

- In Kenya there are a total of 38 commercial banks, 1 mortgage finance company, 13 microfinance banks, 9 representative offices of foreign banks, 74 foreign exchange bureaus, 18 money remittance providers and 3 credit reference bureaus
- Financial inclusion in Kenya has continued to rise, with 83.7% of the adult population able to access formal financial services. This has largely been driven by digitization, with Mobile Financial Services (MFS), transfer and lending, rising to be the preferred method to access financial services. According to the [2021 FinAccess Household Report](), the banking services including mobile banking stood at 44.1% as of 2021 from 40.8% in 2019 attributable to the increased usage of mobile banking accounts; whose proportion rose to 34.4% in 2021 from 25.3% in 2019



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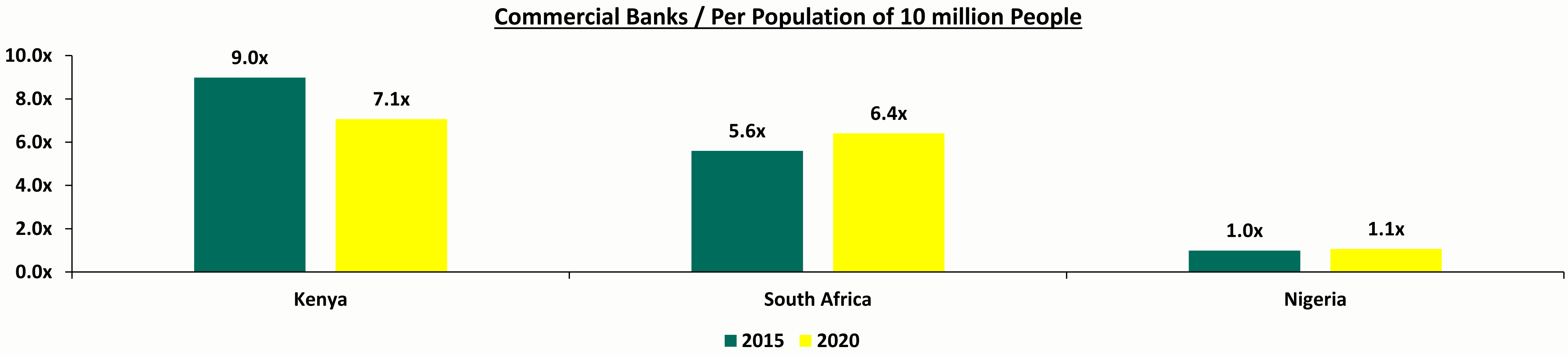
Source: Central Bank of Kenya, FinAccess report

Kenyan Banking Sector Overview

Kenya still remains overbanked as the number of banks remains relatively high compared to the population



- The number of commercial banks in Kenya currently stands at 38, compared to 43 banks in FY'2015
- The ratio of the number of banks per 10 million population in Kenya now stands at 7.1x, which is a reduction from 9.0x in FY'2015, demonstrating continued consolidation of the banking sector. However, despite the ratio improving, Kenya still remains overbanked as the number of banks remains relatively high compared to the population

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Recent Developments in the Kenyan Banking Sector

1. **Regulation:**

- **Regulation of Digital Lenders:** The Central Bank of Kenya (CBK) enacted the law to regulate digital lenders, granting the bank the authority to license and oversee previously unregulated digital credit providers. The regulations were published on 18th March 2022, and allowed digital lenders a period of six months to acquire licences from CBK. The regulations are aimed at protecting borrowers against the predatory practices of unregulated digital credit providers, particularly their high costs, unethical debt collection practices, and misuse of personal information. We expect the move to streamline the digital lending services sector and weed out unscrupulous digital lenders who have taken advantage of the unregulated space to violate various consumer rights and privacy. Additionally, lenders will be able to acquire licenses to increase their market share and operate in a more favourable environment. For more information see our Cytonn Weekly #49/2021

Recent Developments in the Kenyan Banking Sector…..

2. Regional Expansion through Mergers and Acquisitions:

Kenyan banks are looking at having an extensive regional reach. In Q1'2022, there were no mergers or acquisitions announced but the following was announced after Q1'2022:

- On 8th June 2022, Centum Investment Company PLC, announced that it had entered into a binding agreement to sell its 83.4% shareholding in Sidian Bank to Access Bank PLC, for a consideration of Kshs 4.3 bn subject to relevant approval from the Central bank of Kenya and the Competition Authority of Kenya. The price consideration from Access Bank translates to a Price to Book Value (P/B) of 1.1x, which is lower than the 8-year acquisitions average P/B of 1.3x, but higher than the current average P/B of the listed banking stocks of 0.9x. For more information, please see our Cytonn Weekly #23/2022

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Recent Developments in the Kenyan Banking Sector….

Consolidation continues in the banking sector, with the most recent being that KCB's acquisition of BPR

Acquirer	Bank Acquired	Book Value at Acquisition (Kshs bn)	Transaction Stake	Transaction Value (Kshs bn)	P/Bv Multiple	Date
Access Bank PLC (Nigeria)	Sidian Bank	4.9	83.4%	4.3	1.1x	June-22*
KCB Group	Banque Populaire du Rwanda	5.3	100.0%	5.6	1.1x	August 2021
I&M Holdings PLC	Orient Bank Limited Uganda	3.3	90.0%	3.6	1.1x	April-21
KCB Group**	ABC Tanzania	Unknown	100%	0.8	0.4x	Nov-20*
Co-operative Bank	Jamii Bora Bank	3.4	90.0%	1	0.3x	Aug-20
Commercial International Bank	Mayfair Bank Limited	1	51.0%	Undisclosed	N/D	May-20*
Access Bank PLC (Nigeria)	Transnational Bank PLC.	1.9	100.0%	1.4	0.7x	Feb-20*
Equity Group **	Banque Commerciale Du Congo	8.9	66.5%	10.3	1.2x	Nov-19*
KCB Group	National Bank of Kenya	7	100.0%	6.6	0.9x	Sep-19
CBA Group	NIC Group	33.5	53%:47%	23	0.7x	Sep-19
Oiko Credit	Credit Bank	3	22.8%	1	1.5x	Aug-19
CBA Group**	Jamii Bora Bank	3.4	100.0%	1.4	0.4x	Jan-19
AfricInvest Azure	Prime Bank	21.2	24.2%	5.1	1.0x	Jan-18
KCB Group	Imperial Bank	Unknown	Undisclosed	Undisclosed	N/A	Dec-18
SBM Bank Kenya	Chase Bank Ltd	Unknown	75.0%	Undisclosed	N/A	Aug-18
DTBK	Habib Bank Kenya	2.4	100.0%	1.8	0.8x	Mar-17
SBM Holdings	Fidelity Commercial Bank	1.8	100.0%	2.8	1.6x	Nov-16
M Bank	Oriental Commercial Bank	1.8	51.0%	1.3	1.4x	Jun-16
I&M Holdings	Giro Commercial Bank	3	100.0%	5	1.7x	Jun-16
Mwalimu SACCO	Equatorial Commercial Bank	1.2	75.0%	2.6	2.3x	Mar-15
Centum	K-Rep Bank	2.1	66.0%	2.5	1.8x	Jul-14
GT Bank	Fina Bank Group	3.9	70.0%	8.6	3.2x	Nov-13
Average			**74.5%**		**1.3x**	

*** Announcement Date**
**** Deals that were dropped**

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Recent Developments in the Kenyan Banking Sector….

3. Asset Quality:

- Asset quality for listed banks improved in Q1'2022, with the Gross NPL ratio declining by 1.0% points to 12.5%, from 13.5% in Q1'2021. According to the May 2022 MPC Press Release, the NPL ratio for the entire banking sector stood at 14.1% as at April 2022, relatively unchanged from April 2021, with majority of the non-performing loans stemming from sectors like the building and construction sector, manufacturing as well as the transport and communication sectors. Notably, the NPL ratio increased from the 14.0% recorded in February 2022 signalling a deteriorating business environment occasioned by the increased cost of living. We expect credit risk to remain elevated in the short term given the resurgence of COVID-19 infections as well as persistent supply constraints which are expected to continue to weigh on the business environment

Recent Developments in the Kenyan Banking Sector….

- **Capital Raising:** In Q1'2022, listed banks' continued to borrow from international institutions to not only strengthen their capital position but also boost their ability to lend to the perceived riskier Micro Small and Medium Sized Enterprises (MSMEs) segment in order to support the small businesses in the tough operating environment occasioned by the COVID-19 pandemic. In the period under review, Equity Group received USD 165.0 mn (Kshs 18.6 bn) facility from the International Finance Corporation (IFC) to Equity Bank Kenya in January 2022 in a bid to raise capital and for onward lending to climate smart projects and Small and Medium Enterprises (SMEs) in Kenya. For more information see our Cytonn Weekly #19/2022

Banking Sector Growth Drivers

i. **Growth in Interest income:** Going forward, we expect interest income growth to remain a key driver in the industry, evidenced by the 17.8% growth recorded in Q1'2022, higher than the 14.7% growth recorded in Q1'2021. As such, we believe the continued allocation to government securities which are witnessing increases in yields will lead to an increase in overall interest income. The disclosure by banks that most customers that had restructured their loans are now servicing them as normal means that banks are now earning interest on loans restructured at the height of the pandemic. Additionally, we believe that as more banks continue to get approvals for their risk based lending models, the banks' loan books will continue to increasing and consequently increase the interest income

ii. **Revenue Diversification:** In Q1'2022, Non-Funded Income recorded a 21.4% weighted average growth, a significant increase from the 2.9% growth recorded in Q1'2021, as more banks sought revenue diversification strategies. The banking sector's Non-Funded Income to Operating Income slightly increased, coming in at 35.9% in Q1'2022, compared to 35.3% in Q1'2021. There exists an opportunity for the sector to further increase NFI contribution to revenue going forward. The expiry of the waiver on bank charges on 2nd March 2021 is also expected to continue spurring NFI growth in the medium-long term due to the increased adoption of digital channels, which present an avenue for an increase in fees on transactions

Banking Sector Growth Drivers….

iii. **Provisioning:** Loan Loss Provisions recorded a weighted average decline of 13.8% in Q1'2022, compared to a growth of 5.5% in Q1'2021. However, given the resurgence of COVID-19 infections in the country as well as the uncertainties surrounding the upcoming elections which are likely to disrupt the economic environment, we believe that a cautious approach is still required to manage credit risk in the banking sector

iv. **Cost Rationalization**: Most banks have continued to pursue their cost-cutting strategy by riding on the digital revolution wave to improve operational efficiency and the reliability of out-of-branch transactions. Increased adoption of alternative transaction channels such as mobile, internet, and agency banking has resulted in an increase in transactions carried out through alternative channels, limiting branch transactions to high-value transactions and other services such as advisory

This has seen banks reduce front-office operations, thereby cutting the number of staff required and by extension, reducing operating expenses and hence, improving operational efficiency. Increased efficiency has been witnessed across the listed banks with the cost to income ratio having declined by 10.4% points to 53.1% in Q1'2022, from 56.6% in Q1'2021. However, some of the banks such as NCBA and DTB-K have announced plans to open more branches with an aim of increasing their physical presence

Banking Sector Growth Drivers….

v. **Regional Expansion and Further Consolidation:** With consolidation remaining a key theme going forward, the current environment may provide opportunities for larger banks with a sufficient capital base to expand and take advantage of the market's low valuations, as well as further buy out smaller and weaker banks. Notably, majority of the bigger banks have continued to cushion over unsystematic risks specific to the local market by expanding their operations into other African nations. Going forward, we expect banks like NCBA to boost their revenues through regional expansion following the announcement that the Group would venture into the Ghanaian market. Other banks like KCB and Equity Group have been leveraging on expansion and consolidation which has largely contributed to their increased asset base as well as earnings growth

vi. **Integration of Climate-Related Risk Management:** Following the release of Guidance on Climate-Related Risk Management by the Central Bank of Kenya (CBK), we expect to see banks channel their long term financing into environmental-friendly assets that are more sustainable and have lower risk of damage loss as a result of climate change

Additionally, banks will focus on lending to companies whose activities do not pose an environmental risk and will ultimately lead to improvement of collateral quality consequently reducing their exposure to unexpected loss and obsolesce. This will lead to reduced non-performing loans and provisioning in the sector

IV. Listed Banking Sector Metrics

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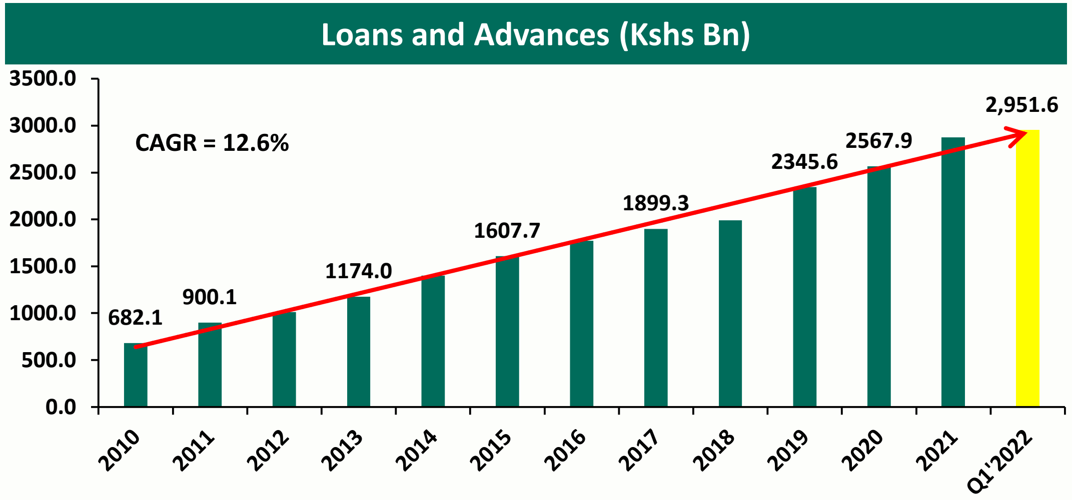
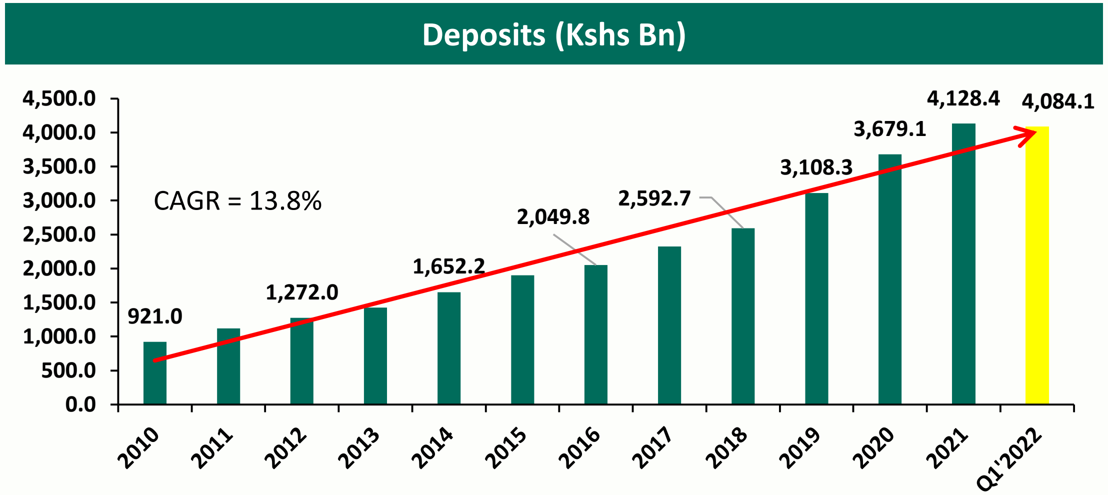
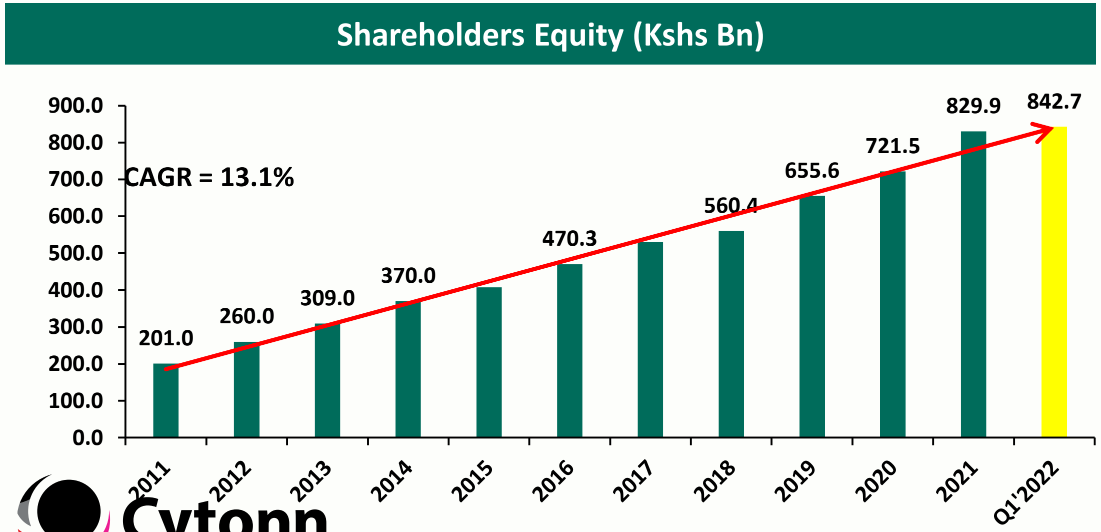
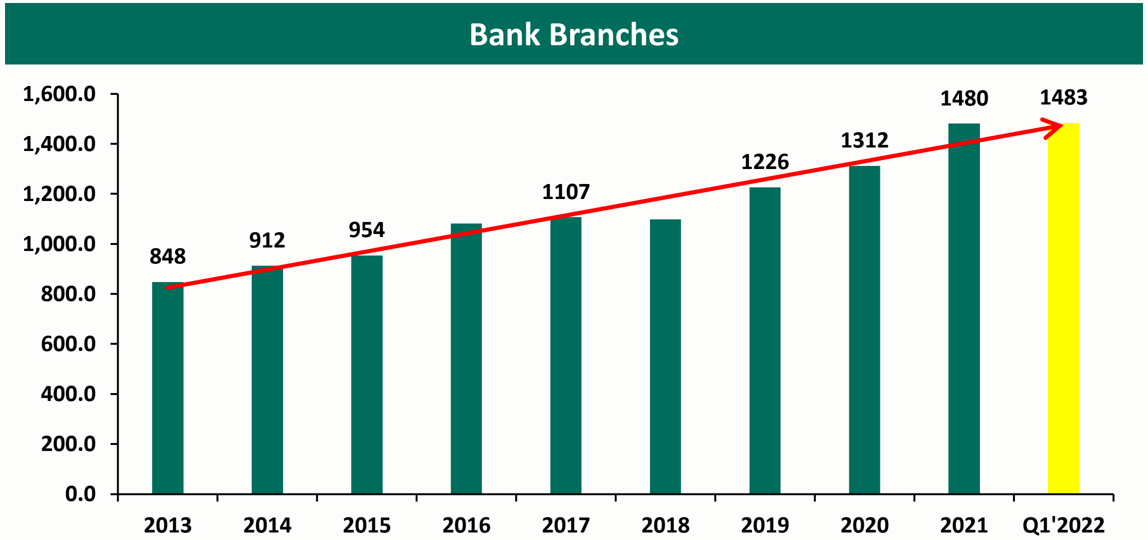
Listed Banking Sector Metrics

Loans grew at a faster rate of 17.2% in Q1'2022, as compared to the 9.5% growth in deposits





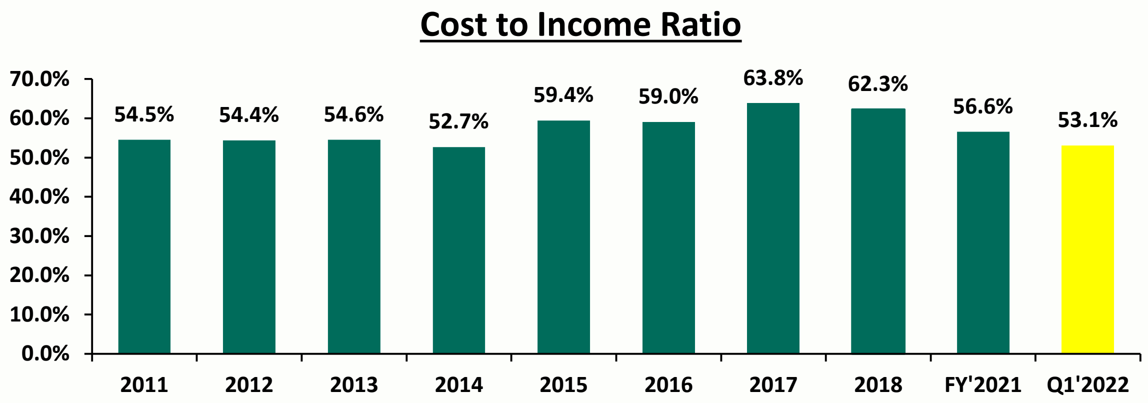




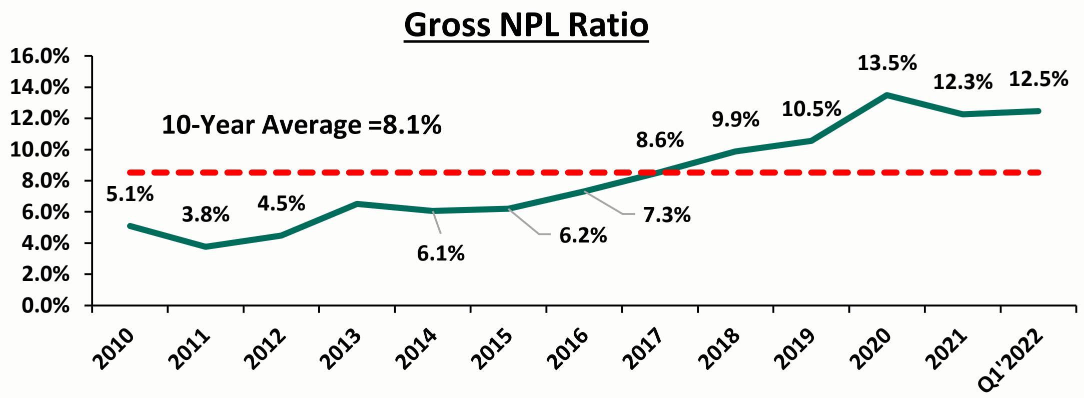
Listed Banking Sector Metrics

Banks' asset quality and profitability are gradually improving due to a more conducive Operating Environment

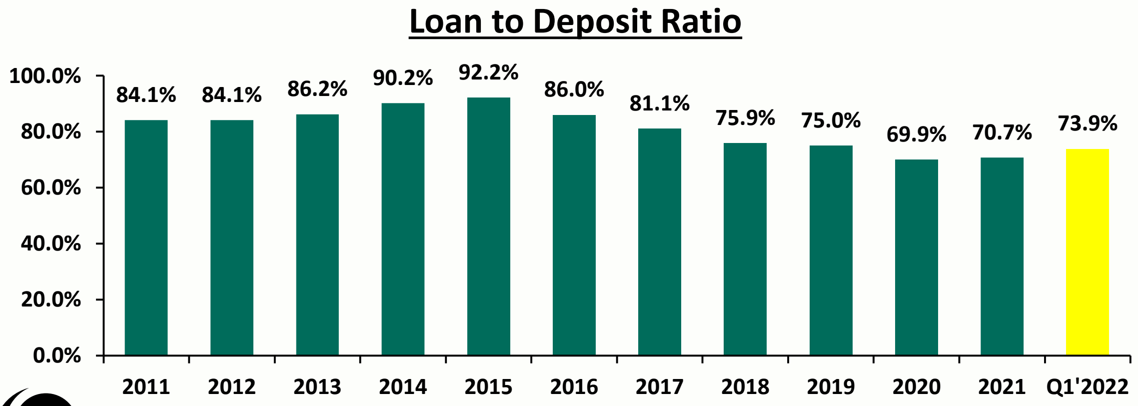
Cost to Income Ratio



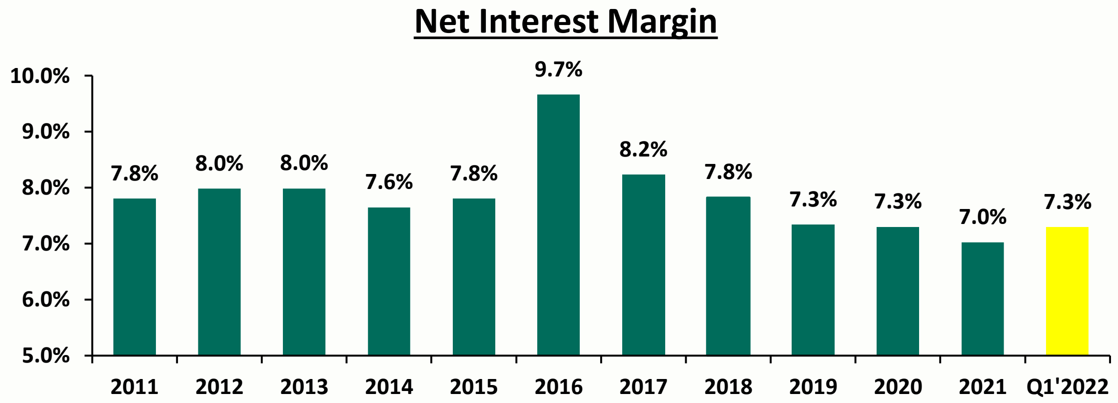
NPL Ratio



Loan to Deposit Ratio



Net Interest Margin



Listed Banking Earnings and Growth Metrics

Kenya's listed banking sector core EPS rose by 37.9% in Q1'2022, compared to a growth of 28.4% in Q1'2021

Bank	Core EPS Growth	Interest Income Growth	Interest Expense Growth	Net Interest Income Growth	Net Interest Margin	Non-Funded Income Growth	NFI to Total Operating Income	Growth in Total Fees & Commissions	Deposit Growth
HF Group	117.8%	1.1%	(6.5%)	9.7%	4.4%	87.2%	32.7%	44.1%	3.1%
Coop Bank	68.9%	4.1%	0.3%	5.5%	8.3%	41.7%	38.2%	45.2%	4.3%
KCB Group	54.6%	21.2%	31.4%	18.0%	8.6%	47.2%	32.0%	49.1%	12.9%
I&M Holdings	43.6%	20.6%	20.6%	20.7%	6.4%	20.3%	29.7%	28.4%	17.6%
Equity Bank	36.0%	31.1%	32.6%	30.6%	7.2%	9.7%	38.1%	21.7%	14.0%
Absa Bank	22.1%	15.6%	16.2%	15.4%	7.1%	5.8%	30.5%	(10.0%)	4.8%
NCBA Group	20.3%	10.5%	14.9%	7.6%	5.8%	15.5%	46.1%	0.0%	7.2%
DTBK	16.3%	10.7%	9.5%	5.1%	5.3%	14.1%	24.3%	23.3%	13.7%
SCBK	15.6%	1.8%	(23.6%)	7.2%	6.3%	0.1%	33.6%	(11.0%)	0.0%
Stanbic Bank	12.0%	9.5%	(5.2%)	16.9%	6.3%	9.6%	44.7%	1.1%	3.7%
Weighted Average Q1'2022	**37.9%**	**17.8%**	**17.1%**	**17.7%**	**7.3%**	**21.4%**	**35.9%**	**21.7%**	**9.5%**
Weighted Average Q1'2022	**28.4%**	**14.7%**	**12.7%**	**17.5%**	**7.4%**	**2.9%**	**35.3%**	**(2.4%)**	**21.8%**

*Market cap weighted average as at 17th June 2022

**Market cap weighted average as at 8th June 2021

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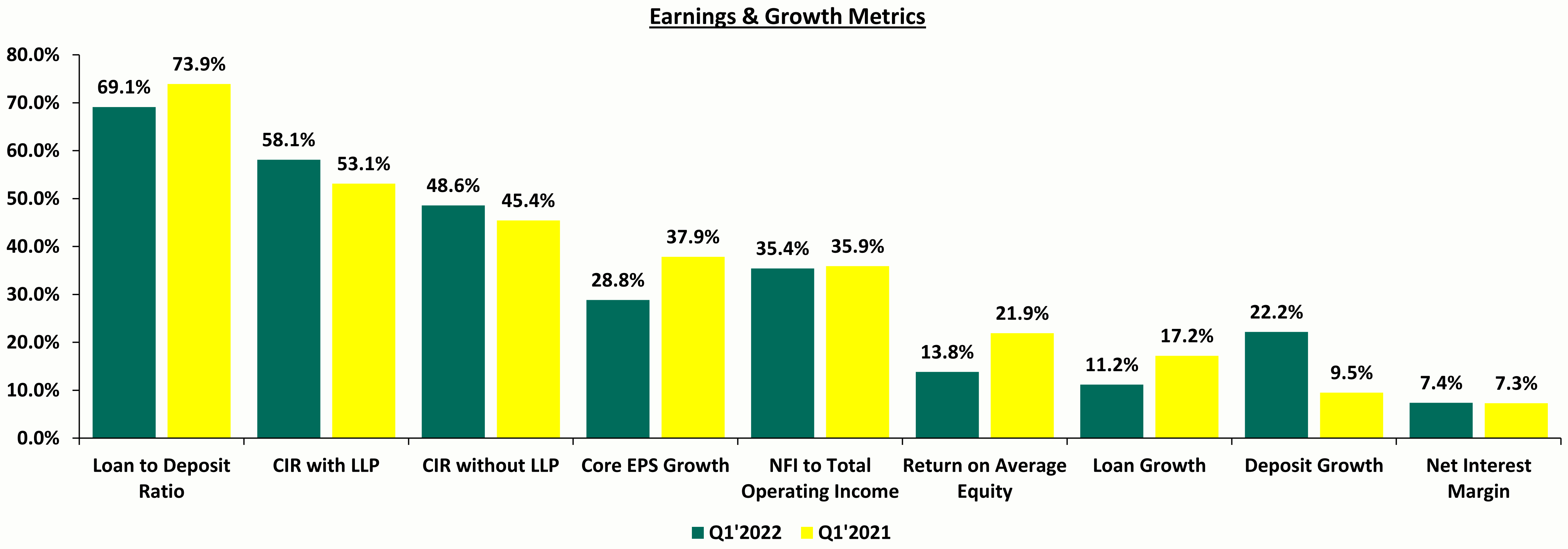
Takeout from Key Operating Metrics

Listed banks recorded an 37.9% increase in core Earnings Per Share (EPS) in Q1’2022

- The listed banks recorded a 37.9% weighted average growth in core Earnings per Share (EPS), compared to a weighted average increase of 28.4% in Q1’2021 for the listed banking sector
- The Banks have recorded a weighted average deposit growth of 9.5%, slower than the 21.8% growth recorded in Q1’2021, an indication of reduced investment risk in the business environment
- Interest income grew by 17.8%, compared to a growth of 14.7% recorded in Q1’2021 while the weighted average Yield on Interest Earning Assets (YIEA) increased to 10.0%, from the 9.5% recorded in Q1’2021 for the listed banking sector. On the other hand, the Net Interest Margin (NIM) now stands at 7.3%, 0.1% points lower than the 7.4% recorded in Q1’2021 for the whole listed banking sector
- Non-Funded Income grew by 21.4%, compared to the 2.9% growth recorded in Q1’2022. This can be attributable to the faster growth in the fees and commission which grew by 21.7% compared to a decline of 2.4% in Q1’2021, following the expiry of the waiver on bank charges

Listed Banks Earnings and Growth Metrics Cont…

The banking sector has continued to recover as evidenced by the increase in the core-earnings per share by 37.9%, from 28.4% growth in Q1'2021



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Listed Banks Operating Metrics

The sectors asset quality improved during the period, as evidenced by the 1.0% points decline in the NPL ratio to 12.5%, from 13.5% recorded in Q1’2021

Bank	Deposit/Branch (bn)	Gross NPL Ratio	NPL Coverage	Tangible Common Ratio	Non Funded Income/Revenue
Absa Bank	3.2	7.6%	76.2%	13.4%	30.5%
Equity Bank	2.7	9.0%	66.0%	12.3%	38.1%
I&M Holdings	3.6	10.0%	72.1%	15.1%	29.7%
Stanbic Bank	9.4	11.1%	59.1%	14.4%	44.7%
DTBK	2.7	12.6%	42.2%	14.5%	24.3%
Coop Bank	2.3	13.9%	65.3%	16.2%	38.2%
SCBK	12.1	15.4%	81.8%	15.4%	33.6%
NCBA Group	4.5	16.3%	72.6%	12.8%	46.1%
KCB Group	1.7	16.9%	52.7%	15.0%	32.0%
HF Group	1.7	20.5%	76.1%	13.7%	32.7%
***Weighted Average Q1'2022**	**3.9**	**12.5%**	**65.1%**	**14.1%**	**35.9%**
***Weighted Average Q1'2021**	**3.4**	**13.5%**	**62.0%**	**13.8%**	**35.4%**

*Market cap weighted average as at 17th June 2022

**Market cap weighted average as at 8th June 2021

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Listed Banks Trading Metrics

The listed banking sector has continued to trade at cheaper prices compared to historical averages, as it is currently trading at an average P/TBV of 0.8x and average P/E of 3.8x

Bank	No. of shares (bn)	Market Cap (Kshs bn)	P/E	Price*	P/TBV
Absa Bank	5.4	58.7	5.1x	10.8	1.0x
SCBK	0.4	46.8	5.0x	123.8	0.9x
Stanbic Bank	0.4	39.6	4.0x	100.3	0.8x
NCBA Group	1.6	40.3	3.7x	24.5	0.5x
Equity Bank	3.8	150.4	3.7x	39.9	1.0x
Coop Bank	5.9	64.5	3.4x	11.0	0.7x
KCB Group	3.2	121.8	3.2x	37.9	0.7x
I&M Holdings	1.7	27.6	3.1x	16.7	0.4x
DTBK	0.3	14.5	3.1x	52.0	0.2x
HF Group	0.4	1.2	(3.1x)	3.0	0.2x
Weighted Average Q1'2022*			**3.8x**		**0.8x**
Weighted Average Q1'2021**			**7.2x**		**1.0x**

P/E calculation for HF used normalized earnings over a period of 5 years

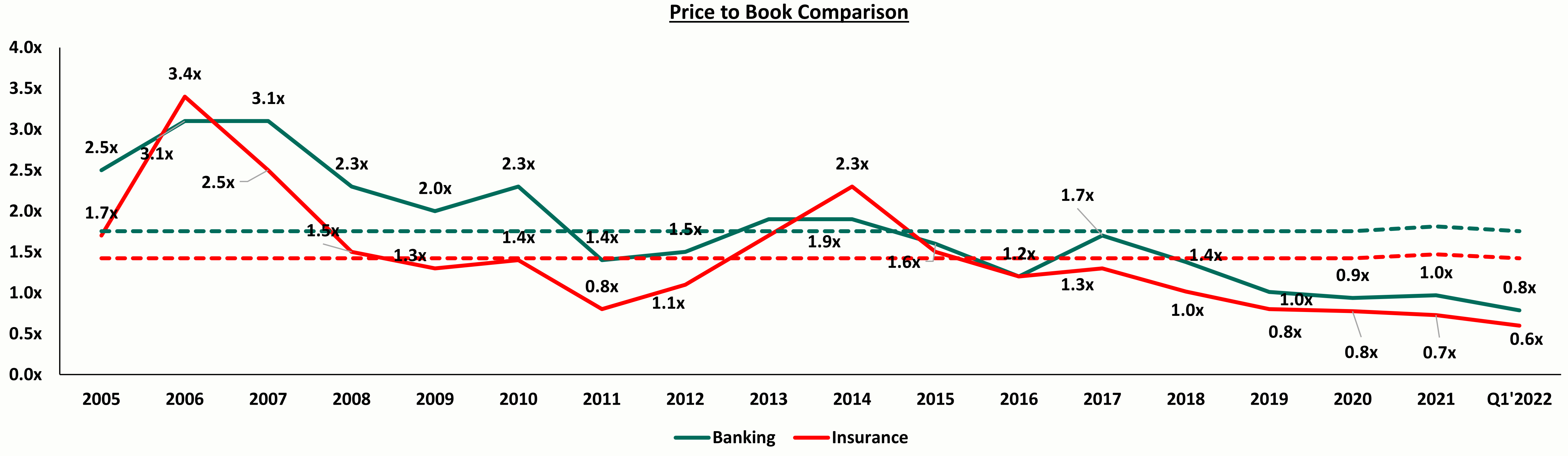
**Prices as at 17th June 2022*

***Prices as at 8th June 2021*

Listed Banks & Insurance Trading Metrics

Listed banks are trading at an average P/B of 0.8x, higher than the insurance sector, which is priced at 0.6x. Both sectors are trading below their 15-year averages of 1.8x and 1.4x, respectively

15 year Price to Book Value: Banking and Insurance



On a price to book valuation, listed banks are currently priced at a P/BV of 0.8x, higher than listed insurance companies at 0.6x, with both lower than their historical averages of 1.8x for the banking sector and 1.4x for the insurance sector

Cytonn

V. Banks Valuation Reports

Ranking by Franchise Value

Equity Group emerged top in the franchise ranking having had the highest ROACE of 10.0% against a market average of 8.2%

Rank	Bank	LDR	CIR	ROACE	NIM	PEG ratio	PTBV	Deposits / Branch	Gross NPL Ratio	NPL Coverage	Tangible Common Ratio	Non Interest Income/ Revenue	Camel Rating	Total
1	Equity Bank	7	2	1	3	3	9	6	2	6	10	4	3	56
2	Coop Bank	5	6	4	2	4	5	8	6	7	1	3	6	57
3	I&M Holdings	6	4	8	5	5	3	4	3	5	3	9	2	57
4	KCB Group	1	3	2	1	2	6	10	9	9	4	7	4	58
5	Absa Bank	3	7	3	4	10	10	5	1	2	8	8	1	62
6	SCBK	10	1	5	6	9	8	1	7	1	2	5	8	63
7	Stanbic Bank	2	8	6	7	7	7	2	4	8	6	2	5	64
8	NCBA Group	9	9	7	8	8	4	3	8	4	9	1	9	79
9	HF Group	4	10	10	10	1	1	9	10	3	7	6	10	81
10	DTBK	8	5	9	9	6	2	7	5	10	5	10	7	83

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Valuation Summary of Listed Banks

KCB Group presents the highest upside with a total potential return of 45.7%

(all values in Kshs)

Bank	Current Price	Target Price	Upside/(Downside)	Dividend Yield	Total Potential Return
KCB Group	37.9	52.2	37.8%	7.9%	45.7%
Equity Bank	39.9	54.4	36.6%	7.5%	44.1%
I&M Holdings	16.7	22.3	33.4%	9.0%	42.4%
Absa Bank	10.8	13.6	25.6%	10.2%	35.8%
NCBA Group Plc	24.5	29.1	19.0%	12.3%	31.3%
Coop Bank	11.0	14.1	28.3%	0.8%	29.1%
SCBK	123.8	137.0	10.7%	15.4%	26.0%
DTBK	52.0	62.4	20.0%	5.8%	25.7%
Stanbic Holdings	100.3	109.8	9.5%	9.0%	18.5%
HF Group	3.0	2.8	(5.3%)	0.0%	(5.3%)

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Cytonn Banking Report - Comprehensive Ranking

Equity Group Holdings emerged top of the ranking in terms of comprehensive ranking

(all values in Kshs unless stated otherwise)

Bank	Franchise Value Rank	Intrinsic Value Rank	Weighted Rank	FY'2021	Q1'2022
Equity Group	1	2	1.6	4	1
KCB Group	4	1	2.2	3	2
I&M Holdings	2	3	2.6	1	3
Co-operative Bank	2	6	4.4	2	4
ABSA	5	4	4.4	4	5
NCBA Group	8	5	6.2	8	6
SCBK	6	7	6.6	6	7
Stanbic Holdings	7	8	7.6	7	8
Diamond Trust Bank	10	9	9.4	9	9
HF Group	9	10	9.6	10	10

VI. Appendix

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A. Tier I Banks

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I. Equity Group Holdings

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Equity Group Summary of Performance – Q1’2022

- Profit before tax increased by 30.6% to Kshs 15.3 bn, from Kshs 11.7 bn in Q1’2021 with the effective tax rate declining to 22.4% from 25.5% in Q1’2021,
- Total Operating Income rose by 21.7% to Kshs 31.3 bn, from Kshs 25.7 bn recorded in Q1’2021 driven by a 30.6% increase in Net Interest Income (NII) to Kshs 19.4 bn, from Kshs 14.8 bn in Q1’2021, coupled with a 9.7% increase in Non-Funded Income (NFI) to Kshs 11.9 bn, from Kshs 10.9 bn in Q1’2021,
- The balance sheet recorded an expansion as total assets increased by 19.0% to Kshs 1,269.5 bn in Q1’2022, from Kshs 1,066.4 bn recorded in Q1’2021, and,
- The bank’s asset quality improved y/y, as evidenced by the 3.2% points decline in the NPL ratio to 9.0% in Q1’2022, from 12.1% in Q1’2021. The main sectors that contributed to the Non-Performing Loans were SMEs and Agriculture, which contributed 12.7% and 7.6%, respectively
- Going forward, we expect the bank’s growth to be driven by:
- **Channeled diversification The bank’s operating model** – The banks operating model focuses on enhancing the balance sheet agility which is likely to place the bank in a prime position to take advantage of any opportunities that may arise, such as attractive inorganic growth via acquisitions or fast lending with the repeal of the interest rate cap law and the recent approval of the risk-based pricing lending model, and,
- Continued expansion through acquisition of other banks in Kenya as well as in the region, including a consideration to purchase back a stake in Housing Finance (HF) Group. Equity Group previously owned 24.7% stake in HF Group but sold all their shares in 2014

Financial Statements Extracts

Equity Group's PAT is expected to grow at a 5-year CAGR of 8.7%

Income Statement	2019	2020	2021	2022f
Net Interest Income	45.0	55.1	68.8	75.5
Non Funded Income	30.8	38.5	44.6	49.1
Total Operating Income	75.8	**93.7**	**113.4**	124.6
Loan Loss Provision	(5.3)	(26.6)	(5.8))	(12.6)
Other Operating Expenses	(39.0)	(46.0)	(55.7)	(62.2)
Total Operating Expenses	**(44.3)**	**(72.7)**	**(61.5)**	**(74.8)**
Profit Before Tax	31.5	22.2	51.9	49.8
% PAT Change YoY	**13.8%**	**(10.9%)**	**99.4%**	**(6.9%)**
EPS	6.0	5.3	10.6	9.9
DPS	-	-	3.0	3.0
Cost to Income (with LLP)	58.5%	77.6%	54.2%	60.1%
NIM	**8.4%**	**7.6%**	**6.8%**	**6.0%**
ROaE	22.0%	16.5%	26.6%	18.1%
ROaA	3.6%	2.4%	3.5%	2.6%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	366.4	477.8	587.8	770.1
Government Securities	138.6	175.7	228.5	277.9
Other Assets	168.7	361.5	488.7	474.4
Total Assets	**673.7**	**1,015.1**	**1,304.9**	**1,522.3**
Customer Deposits	482.8	740.8	959.0	1,074.1
Other Liabilities	79.2	135.7	169.7	197.9
Total Liabilities	**561.9**	**876.5**	**1,128.7**	**1,272.0**
Shareholders Equity	**110.7**	**132.2**	**169.2**	**243.4**
Number of Shares	**3.8**	**3.8**	**3.8**	**3.8**
Book value Per share	29.3	35.0	44.8	64.5
% Change in BPS YoY	**17.7%**	**19.5%**	**28.0%**	**43.9%**

Valuation Summary

Equity Group is undervalued with a total potential return of 44.1%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	67.5	40.0%	27.0
Residual Income	48.6	35.0%	17.0
PBV Multiple	35.4	15.0%	5.3
PE Multiple	51.0	10.0%	5.1
Target Price			**54.4**
Current Price			**39.9**
Upside/(Downside)			36.6%
Dividend Yield			7.5%
Total Potential Return			**44.1%**

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II. KCB Group

KCB Group Summary of Performance – Q1'2022

- Profit before tax increased by 53.9% to Kshs 14.0 bn, from Kshs 9.1 bn in Q1'2021 due to the 26.0% increase in total operating income, which outpaced the 7.7% increase in total operating expenses. Profit after tax increased by 54.6% to Kshs 9.9 bn in Q1'2022, from Kshs 6.4 bn in Q1'2021, with the effective tax rate increasing to 29.8%, from 30.1% in Q1'2021
- Total operating income increased by 26.0% to Kshs 29.0 bn, from Kshs 23.0 bn in Q1'2021, driven by an 18.0% increase in Net Interest Income (NII) to Kshs 19.7 bn, from Kshs 16.7 bn in Q1'2021, coupled with a 47.2% increase in Non-Funded Income (NFI) to Kshs 9.3 bn, from Kshs 6.3 bn in Q1'2021
- Total operating expenses increased by 7.7% to Kshs 15.0 bn, from Kshs 13.9 bn in Q1'2021, largely driven by an 11.0% increase in staff costs to Kshs 6.7 bn, from Kshs 6.1 bn in Q1'2021. Loan Loss Provisions (LLP), on the other hand, recorded a 27.5% decline to Kshs 2.1 bn, from Kshs 2.9 bn in Q1'2021
- The group's Asset Quality therefore deteriorated, with the NPL ratio increasing to 16.9% in Q1'2022, from 14.9% in Q1'2021, attributable to the faster 33.6% growth in Non-Performing loans, which outpaced the 18.0% growth in loans
- Going forward, we expect the bank's growth to be driven by:

i. **Geographical Diversification** – The bank has been aggressively expanding in the region, as evidenced by the completion of the acquisition of Banque De Populaire du Rwanda (BPR) in Rwanda. Although KCB cancelled its plans to acquire African Banking Corporation Tanzania Limited (BancABC), the lender disclosed that it will explore other expansion opportunities in order to enhance its regional participation and accelerate growth

Financial Statements Extracts

KCB Group's PAT is expected to grow at a 5-year CAGR of 5.3%

Income Statement	2019	2020	2021	2022f
Net Interest Income	56.1	67.9	77.7	79.4
Non Funded Income	28.2	28.5	30.9	36.4
Total Operating Income	**84.3**	**96.4**	**108.6**	**115.8**
Loan Loss Provision	8.9	27.5	13.0	20.4
Other Operating Expenses	38.5	43.2	47.8	52.3
Total Operating Expenses	**47.4**	**70.7**	**60.5**	**72.7**
Profit Before Tax	36.9	25.7	47.8	43.1
% PAT Change YoY	**4.9%**	**(22.1%)**	**74.3%**	**-11.8%**
EPS	7.8	6.1	10.6	9.4
DPS	3.5	1.0	3.0	2.5
Cost to Income (with LLP)	56.2%	73.3%	56.0%	62.8%
NIM	**8.2%**	**8.5%**	**8.4%**	**12.3%**
ROE	20.7%	14.4%	21.8%	20.8%
ROA	3.1%	2.1%	3.2%	3.5%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	539.7	595.3	675.5	761.6
Government Securities	164.9	208.8	270.8	320.6
Other Assets	194.0	183.8	193.4	227.9
Total Assets	**898.6**	**987.8**	**1,139.7**	**1310.1**
Customer Deposits	686.6	767.2	837.1	925.0
Other Liabilities	82.2	78.2	129.0	137.4
Total Liabilities	**768.8**	**845.4**	**966.2**	**1062.5**
Shareholders Equity	**129.7**	**142.4**	**171.7**	**245.7**
Number of Shares	**3.2**	**3.2**	**3.2**	**3.2**
Book value Per share	40.4	44.3	53.4	76.5
% Change in BPS YoY	**7.5%**	**9.8%**	**20.6%**	**43.1%**

Valuation Summary

KCB Group is undervalued with a total potential return of 45.7%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	45.6	40%	18.3
Residual Income	45.7	20%	9.1
PBV Multiple	48.4	10%	4.8
PE Multiple	66.6	30%	20.0
Target Price			**52.2**
Current Price			**37.9**
Upside/(Downside)			37.8%
Dividend Yield			7.9%
Total Return			**45.7%**

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III. Co-operative Bank

Co-operative Bank Summary of Performance – Q1’2022

- The bank registered a 68.9% increase in profit after tax to Kshs 5.8 bn in Q1’2022, from Kshs 3.6 bn in Q1’2021, driven by a 16.9% increase in total operating income to Kshs 16.8 bn in Q1’2022, from Kshs 14.4 bn in Q1’2021, coupled with a 2.5% decline in the total operating expenses to Kshs 9.0 bn in Q1’2022, from Kshs 9.3 bn in Q1’2021,
- Total operating income rose by 16.9% to Kshs 16.8 bn in Q1’2022, from Kshs 14.4 bn in Q1’2021 mainly due to a 41.7% growth in Non-Funded Income (NFI) to Kshs 6.4 bn, from Kshs 4.5 bn in Q1’2021, coupled with a 5.5% increase in Net Interest Income (NII) to Kshs 10.4 bn, from Kshs 9.8 bn in Q1’2021,
- Total operating expenses declined by 2.5% to Kshs 9.3 bn in Q1’2022, from Kshs 9.0 bn in Q1’2021, largely driven by the 32.3% reduction in Loan Loss Provisions (LLP) to Kshs 1.5 bn, from Kshs 2.3 bn in Q1’2021,
- The balance sheet recorded an expansion as total assets grew by 8.0% to Kshs 597.0 bn in Q1’2022, from Kshs 552.9 bn in Q1’2021,
- The bank’s asset quality improved, with the NPL ratio declining to 13.9% in Q1’2022, from 15.8% in Q1’2021, owing to the 4.9% decline in gross non-performing loans coupled with the 8.6% growth in gross loans.. The improved asset quality is attributable to the improved business environment in 2021, which saw significant recovery in sectors such as Transport and Communication,
- Going forward, we expect the bank’s growth to be driven by:

1. **Focus on diversification:** The bank’s continued focus on channel diversification will likely continue to help the bank in generating profitability, as they continue to record increased usage and traffic. The focus on branch transformation and innovation centered on alternative channels will continue to drive NFI growth as well as transform braches to handle advisory, wealth management and advisory services

Financial Statements Extracts

Co-operative Bank's PAT is expected to grow at a 5-year CAGR of 7.8%

Income Statement	2019	2020	2021	2022f
Net Interest Income	31.3	36.3	41.0	43.8
Non Funded Income	17.2	17.5	19.4	15.6
Total Operating Income	**48.5**	**53.8**	**60.4**	**59.3**
Loan Loss Provision	(2.5)	(8.1)	(7.9)	(5.5)
Other Operating Expenses	(25.3)	(31.3)	(30.2)	(30.8)
Total Operating Expenses	**(27.8)**	**(39.4)**	**(38.1)**	**(36.3)**
Profit Before Tax	20.7	14.3	22.6	23.0
% PAT Change YoY	**12.4%**	**(24.4%)**	**53.0%**	**(2.6%)**
EPS	2.1	1.6	2.4	2.3
DPS	1.0	1.0	1.0	1.1
Cost to Income (with LLP)	57.4%	73.2%	63.0%	61.2%
NIM	**8.5%**	**8.5%**	**8.0%**	**8.1%**
ROE	**19.2%**	**12.5%**	**17.3%**	14.4%
ROA	**3.3%**	**2.1%**	**3.0%**	2.6%
Balance Sheet	**2019**	**2020**	**2021**	**2022**
Net Loans and Advances	266.7	286.6	310.2	350.8
Government Securities	117.8	161.9	184.9	201.5
Other Assets	72.5	88.4	85.5	100.5
Total Assets	457.0	536.9	579.8	652.7
Customer Deposits	332.8	378.6	407.7	450.4
Other Liabilities	43.3	66.3	71.3	77.8
Total Liabilities	376.2	444.9	479.0	528.1
Shareholders Equity	79.3	90.7	100.2	124.2
Number of Shares	5.87	5.87	5.87	6.9
Book value Per share	13.5	15.5	17.1	18.1
% Change in BPS YoY	**13.6%**	**14.4%**	**10.5%**	**23.9%**

Cytonn

Valuation Summary

Co-operative Bank is undervalued with a total potential return of 38.3%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	15.2	40%	6.1
Residual income	13.6	35%	4.7
PBV Multiple	13.2	20%	2.6
PE Multiple	12.6	5%	0.6
Target Price			**14.1**
Current Price			**11.0**
Upside/(Downside)			28.3%
Dividend Yield			10.0%
Total Return			**38.3%**

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IV. NCBA Bank

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NCBA Bank Summary of Performance – Q1'2022

- Profit before tax rose by 25.3% to Kshs 4.8 bn, from Kshs 3.9 bn in Q1'2021. Profit after tax also increased by 20.3% to Kshs 3.4 bn from Kshs 2.8 bn in Q1'2021 with the effective tax rate decreasing to 29.6% in Q1'2022, from 26.8% recorded in Q1'2021
- Total operating income rose by 11.1% to Kshs 13.1 bn in Q1'2022, from Kshs 11.8 bn in Q1'2021. This was due to a 15.5% increase in Non-Funded Income (NFI) to Kshs 6.1 bn, from Kshs 5.2 bn recorded in Q1'2021 coupled with a 7.6% increase in Net Interest Income (NII) to Kshs 7.1 bn, from the Kshs 6.6 bn recorded in Q1'2021
- Total operating expenses increased by 4.5% to Kshs 8.1 bn in Q1'2022, from Kshs 7.8 bn in Q1'2021, largely driven by the 10.1% increase in staff costs to Kshs 2.2 bn, from Kshs 2.0 bn recorded in Q1'2021 and an 8.4% increase in other expenses to Kshs 3.4 bn from Kshs 3.2 bn
- The balance sheet recorded an expansion with total assets growing by 8.4% to Kshs 587.4 bn in Q1'2022, from Kshs 542.1 bn in Q1'2021
- The group's asset quality deteriorated, as evidenced by the rise in NPL ratio to 16.3%, from 14.7% in Q1'2021 driven by the 14.1% increase in NPLs to Kshs 45.1 bn from Kshs 39.6 bn. The deterioration is partly due to its loans to manufacturing and real estate sectors as well as agriculture accounting for 28.0% and 14.0% of the group's loan book, which are yet to fully recover from the pandemic, resulting to an increase in NPLs
- Going forward, we expect the bank's growth to be driven by:
- We expect the bank to stick to its digitization plan, delivering new digital and mobile capabilities that improve customer experience and diversify the Group's revenues while also strengthening its position as a leader in corporate banking and asset finance. Notably, the groups NFI increased by 15.5% to Kshs 6.1 bn, from Kshs 5.2 bn in Q1'2021
- Increased brand visibility backed by excellent customer service as it expands its retail banking operations, mainly through the expansion of its branch network to increase customer reach

Financial Statements Extracts

NCBA Group's PAT is expected to grow at a 5-year CAGR of 10.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	13.3	25.5	27.0	28.2
Non Funded Income	20.3	20.9	22.1	26.1
Total Operating Income	**33.7**	**46.4**	**49.2**	**54.3**
Loan Loss Provision	(6.3)	(20.4)	(12.7)	(16.0)
Other Operating Expenses	(14.1)	(19.6)	(20.8)	(23.1)
Total Operating Expenses	**(20.4)**	**(40.0)**	**(33.4)**	**(39.2)**
Profit Before Tax	11.3	5.0	15.0	15.0
Profit After Tax	7.8	4.6	10.2	10.7
% PAT Change YoY	**(12.4%)**	**(41.7%)**	**123.7%**	**4.9%**
EPS	11.1	2.8	6.2	6.5
DPS	0.3	2.3	3.0	0.5
Cost to Income (with LLP)	60.5%	86.2%	68.1%	72.1%
NIM	**3.3%**	**5.8%**	**5.9%**	5.6%
ROE	11.8%	6.6%	13.6%	12.1%
ROA	1.7%	0.9%	1.8%	1.7%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	249.4	248.5	244.0	290.3
Government Securities	145.0	163.5	196.1	186.9
Other Assets	100.5	116.0	151.0	185.5
Total Assets	494.8	528.0	591.1	662.8
Customer Deposits	378.2	421.5	469.9	512.2
Other Liabilities	49.3	33.9	43.2	51.3
Total Liabilities	427.6	455.4	513.1	563.5
Shareholders Equity	67.0	72.4	77.9	99.1
Number of Shares	0.7	1.5	1.5	1.6
Book value Per share	44.7	43.9	47.3	60.2
% Change in BPS YoY	**1.5%**	**(1.8%)**	**7.6%**	**27.3%**

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Valuation Summary

NCBA Group is undervalued with a total potential return of 28.4%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM Integrated	34.5	40%	13.8
Residual Valuation	22.7	35%	7.9
PBV Multiple	30.2	20%	6.0
PE Multiple	26.1	5%	1.3
Target Price			**29.1**
Current Price			**25.0**
Upside/(Downside)			16.4%
Dividend Yield			12.0%
Total Potential Return			**28.4%**

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V. Standard Chartered Bank Kenya

Cytonn

SCBK's Summary of Performance – Q1'2022

- Profit before tax increased by 15.7% to Kshs 3.9 bn, from Kshs 3.4 bn in Q1'2021. Profit after tax increased by 15.6% to Kshs 2.8 bn in Q1'2022, from Kshs 2.4 bn recorded in Q1'2021 with the effective tax rate remaining unchanged at 29.6%
- Total operating income rose by 4.7% to Kshs 7.4 bn, from Kshs 7.1 bn recorded in Q1'2021 driven by a 7.2% growth in Net Interest Income (NII) to Kshs 4.9 bn, from Kshs 4.6 bn in Q1'2021 coupled with a marginal 0.1% gain in Non - Funded Income (NFI) to Kshs 2.49 bn, from Kshs 2.48 bn in Q1'2021,
- Total operating expenses declined by 5.4% to Kshs 3.5 bn in Q1'2022, from Kshs 3.7 bn in Q1'2021, mainly attributable to a 120.8% decline in Loan Loss Provisions (LLPs) to a negative provision of Kshs (0.1 bn) in Q1'2022, from Kshs 0.4 bn in Q1'2021 as a result of a reduction in management provisions primarily related to COVID-19, given the reduced uncertainty in the business environment
- The balance sheet recorded a marginal expansion as total assets grew by 0.5% to Kshs 340.9 bn in Q1'2022, from Kshs 339.3 bn in Q1'2021,
- The bank's asset quality improved slightly with the NPL ratio declining to 15.4% in Q1'2022, from 16.4% recorded in Q1'2021. The improvement in the asset quality is attributable to the 7.8% growth in Gross loans, which outpaced the 1.2% increase in Gross Non-Performing Loans (NPLs). The increase in NPLs is partly attributable to increased defaults from the Commercial sector, which is yet to fully recover from the effects of the pandemic
- Going forward, we expect the bank's growth to be driven by:

i. **Revenue Diversification** – The bank is expected to leverage on its digitization strategy which is likely to boost the company's Non-Funded Income (NFI). Notably, other fees and commissions remain the largest contributor to NFI, having contributed 47.6% in Q1'2022

Cytonn

Financial Statements Extracts

SCBK's PAT is expected to grow at a 5-year CAGR of 17.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	19.5	19.1	18.8	21.2
Non Funded Income	9.2	8.3	10.4	10.7
Total Operating Income	**28.7**	**27.4**	**29.2**	**31.9**
Loan Loss Provision	(0.6)	(3.9)	(2.1)	1.9
Other Operating Expenses	(16.0)	(16.1)	(14.5)	15.7
Total Operating Expenses	**(16.5**	**(20.0)**	**(16.6)**	**17.6**
Profit Before Tax	12.2	7.4	12.6	14.3
% PAT Change YoY	**1.7%**	**(33.9%)**	**66.2%**	**10.8%**
EPS	24.0	14.4	24.0	26.6
DPS	20.0	10.5	19.0	15.0
Cost to Income (with LLP)	57.6%	73.0%	56.8%	55.1%
NIM	**7.4%**	**6.8%**	**6.4%**	**6.8%**
ROaE	17.5%	11.0%	17.4%	16.0%
ROaA	2.8%	1.7%	2.7%	2.8%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	128.7	121.5	126.0	132.0
Government Securities	99.6	99.8	95.6	112.4
Other assets	73.8	104.3	113.3	128.2
Total Assets	**302.1**	**325.6**	**334.9**	**372.6**
Customer Deposits	228.4	256.5	265.5	280.6
Other Liabilities	25.9	18.2	16.2	20.1
Total Liabilities	**254.4**	**274.7**	**281.7**	**300.7**
Shareholders Equity	**47.8**	**50.9**	**53.2**	**71.9**
Number of shares	**0.4**	**0.4**	**0.4**	**0.3**
Book value Per share	119.5	135.0	141.2	190.7
% Change in BPS YoY	**2.6%**	**12.9%**	**4.6%**	**35.1%**

Valuation Summary

SCBK is undervalued with a total potential return of 22.0%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	179.2	40%	71.7
Residual Income	102.2	35%	35.8
PBV Multiple	119.9	20%	24.0
PE Multiple	110.9	5%	5.5
Target Price			**137.0**
Current Price			**123.8**
Upside/(Downside)			10.7%
Dividend Yield			11.3%
Total Return			**22.0%**

Cytonn

VI. Diamond Trust Bank Kenya

Cytonn

DTBK's Summary of Performance – Q1'2022

- Profit before tax rose by 13.2% to Kshs 3.4 bn, from Kshs 3.0 bn in Q1'2021. Profit after tax increased by 16.3% to Kshs 2.4 bn in Q1'2022, from Kshs 2.1 bn recorded in Q1'2021, with the effective tax rate declining to 29.5%, from 31.4% in Q1'2021
- Total operating income increased by 12.2% to Kshs 7.3 bn, from Kshs 6.5 bn in Q1'2021 mainly driven by an 11.6% increase in the Net Interest Income (NII) to Kshs 5.0 bn, from Kshs 5.5 bn in Q1'2021, coupled with a 14.1% growth in Non-Funded Income (NFI) to Kshs 1.8 bn, from Kshs 1.6 bn in Q1'2021
- Total operating expenses rose by 10.7% to Kshs 3.9 bn from Kshs 3.5 bn in Q1'2021, largely driven by the 17.0% increase in staff costs to Kshs 1.4 bn from Kshs 1.2 bn in Q1'2021, coupled with 16.7% increase in other operating expenses to Kshs 1.9 bn from Kshs 1.6 bn in Q1'2021
- The balance sheet recorded an expansion as total assets increased by 12.9% to Kshs 471.3 bn, from Kshs 417.3 bn recorded in Q1'2021
- The bank's asset quality deteriorated, with the NPL ratio increasing to 12.6% from 10.6% recorded in Q1'2021, due to the faster 30.7% growth in gross NPLs which outpaced the 9.7% growth in gross loans. The increased NPLs can be attributed to the fact that the bank lends mostly to the trade, real estate, manufacturing and tourism sectors which are yet to recover from the pandemic effects,
- Going forward, we expect the bank's growth to be driven by:

i. **Digital platforms** - The bank intends to expedite its digital transformation agenda and leverage on the strategy in improving their customer experience. Further, the Group is set to invest Kshs 3.5 bn in technology between 2022 and 2023 to expand its digital lending footprints, having already invested Kshs 2.4 bn between 2018 and 2021

Financial Statements Extracts

DTBK's PAT is expected to grow at a 5-year CAGR of 15.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	18.7	18.1	20.0	21.9
Non Funded Income	5.8	6.1	6.3	6.9
Total Operating Income	**24.5**	**24.2**	**26.3**	**28.7**
Loan Loss Provision	(1.3)	(7.3)	(7.6)	8.4
Other Operating Expenses	(11.9)	(12.3)	(12.3)	13.3
Total Operating Expenses	**(13.2)**	**(19.7)**	**(19.9)**	**21.6**
Profit Before Tax	11.3	4.7	6.6	7.3
% PAT Change YoY	**2.6%**	**(51.5%)**	**25.1%**	**12.4%**
EPS	26.0	12.6	15.8	17.7
DPS	2.7	0.0	3.0	3.0
Cost to Income (With LLP)	54.0%	81.3%	75.6%	75.3%
NIM	**5.6%**	5.0%	5.1%	**5.1%**
ROE	12.9%	5.8%	6.8%	6.7%
ROA	1.9%	0.9%	1.0%	1.0%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	199.1	208.6	220.4	249.8
Government Securities	130.3	148.4	169.0	100.7
Other Assets	56.8	68.1	67.4	152.3
Total Assets	**386.2**	**425.1**	**456.8**	**502.8**
Customer Deposits	280.2	298.2	331.5	364.6
Other Liabilities	41.5	58.5	50.8	49.9
Total Liabilities	**321.7**	**356.7**	**382.3**	**414.5**
Shareholders Equity	58.9	62.0	67.3	80.8
Number of Shares	0.3	0.3	0.3	0.3
Book value Per share	210.5	221.6	240.7	289.0
% Change in BPS YoY	**9.7%**	**5.3%**	**8.6%**	**20.1%**

Cytonn

Valuation Summary

DTBK is undervalued with a total potential return of 25.8%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	83.7	40.0%	33.5
Residual Income	35.4	35.0%	12.4
PBV Multiple	66.0	20.0%	13.2
PE Multiple	65.9	5.0%	3.3
Target Price			**62.4**
Current Price			**52.0**
Upside/(Downside)			20.0%
Dividend yield			5.8%
Total return			**25.8%**

Cytonn

VII. ABSA Bank Kenya

Cytonn

ABSA Bank's Summary of Performance – Q1'2022

- Profit after tax increased by 22.1% to Kshs 3.0 bn in Q1'2022, from Kshs 2.4 bn in Q1'2021 with the effective tax rate increasing to 30.0%, from 29.0% in Q1'2021,
- Total operating income rose by 12.3% to Kshs 9.9 bn, from Kshs 8.8 bn recorded in Q1'2021 driven by a 15.4% increase in Net Interest Income (NII) to Kshs 6.9 bn, from Kshs 6.3 bn in Q1'2021, coupled with a 5.8% gain in Non-Funded Income (NFI) to Kshs 3.0 bn, from Kshs 2.9 bn in Q1'2021,
- Total operating expenses increased by 3.6% to Kshs 5.6 bn in Q1'2022, from Kshs 5.0 bn in Q1'2021, mainly attributable to a 26.4% increase in other operating expenses to Kshs 2.2 bn from Kshs 1.7 bn in Q1'2021. On the other hand, Loan Loss Provisions (LLPs) declined by 15.3% to Kshs 1.2 bn, from Kshs 1.4 bn in Q1'2021, while staff costs declined by 2.0% to Kshs 2.26 bn from Kshs 2.30 bn in Q1'2021,
- Cost to Income Ratio (CIR) improved to 56.6%, from 61.3% in Q1'2021, owing to the 12.3% growth in total operating income, which outpaced the 3.6% increase in total operating expenses. Without LLP, the cost to income ratio improved as well to 44.6%, from 45.5% in Q1'2021, an indication of improved efficiency,
- The bank's asset quality deteriorated, with the NPL ratio rising to 7.6%, from 7.5% recorded in Q1'2021. The asset quality deterioration is attributable to the faster 12.9% growth in Gross Non-Performing Loans (NPLs), compared to the relatively slower 11.5% increase in gross loans,
- Going forward, we expect the bank's growth to be driven by:

i. **Increased Channel diversification,** which is likely to help the bank to continue improving its operational efficiency. The benefits of this are already being felt with 90.0% of all transactions happening outside the branch as at FY'2020, as well as the "Timiza" which is a digital banking App, that is already recording accelerated growth, and consequently higher Non-Interest Revenue. This coupled with the expansion of its agent-banking network and product offerings such as Bancassurance and fixed income trading will see the bank expand its top-line revenue, going forward

Financial Statements Extracts

Absa Bank's PAT is expected to grow at a 5-year CAGR of 8.1%

Income Statement	2019	2020	2021	2022f
Net Interest Income	23.2	23.4	25.3	28.4
Non Funded Income	10.6	11.1	11.7	12.5
Total Operating Income	**33.8**	**34.5**	**36.9**	**40.9**
Loan Loss Provision	(4.2)	(9.0)	(4.7)	(3.5)
Other Operating Expenses	(17.3)	(16.7)	(16.7)	(17.3)
Total Operating Expenses	**(21.5)**	**(25.7)**	**(21.4)**	**(20.7)**
Profit Before Tax	10.8	8.9	15.6	20.1
% PAT Change YoY	**0.5%**	**(44.2%)**	**161.2%**	**27.3%**
EPS	1.4	0.7	2.0	2.5
DPS	1.1	0.0	1.1	1.3
Cost to Income (with LLP)	63.6%	74.4%	57.9%	50.7%
Cost to Income (without LLP)	51.2%	48.2%	45.1%	42.9%
NIM	**7.7%**	**7.1%**	**7.1%**	**7.2%**
ROaE	16.7%	*9.1%	21.1%	20.2%
ROaA	2.1%	1.1%	2.7%	3.0%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	194.9	208.9	234.2	261.2
Government Securities	123.0	126.1	132.6	152.4
Other Assets	56.1	44.5	61.9	71.0
Total Assets	**374.0**	**379.4**	**428.7**	**484.6**
Customer Deposits	237.7	253.6	268.7	293.1
Other Liabilities	91.1	79.3	103.5	110.8
Total Liabilities	**328.8**	**332.9**	**372.2**	**403.9**
Shareholders Equity	**45.2**	**46.5**	**56.5**	**80.6**
Number of shares	**5.4**	**5.4**	**5.4**	**5.4**
Book value Per share	8.3	8.6	10.4	14.8
% Change in BPS YoY	**2.2%**	**2.9%**	**21.4%**	**73.3%**

*Excluding exceptional costs associated with the change of brand, ABSA's FY'2020 ROaE came in at 13.5%

Valuation Summary

Absa Bank is undervalued with a total potential return of 36.8%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	15.9	40%	6.4
Residual Income	12.7	35%	4.5
PBV Multiple	8.7	20%	1.7
PE Multiple	9.6	10%	1.0
Target Price			**13.5**
Current Price			**10.8**
Upside/(Downside)			25.2%
Dividend Yield			11.6%
Total Return			**36.8%**

Cytonn

VIII. Stanbic Holdings

Stanbic Holdings’ Summary of Performance – Q1’2022

- Profit after tax increased by 12.0% to Kshs 2.1 bn in Q1’2022, from Kshs 1.9 bn in Q1’2021. The performance was driven by a 13.5% increase in total operating income to Kshs 6.8 bn in Q1’2022, from Kshs 6.0 bn in Q1’2021. The increase was however weighed down by the 13.4% increase in total operating expenses to Kshs 3.8 bn, from Kshs 3.4 bn in Q1’2021,
- Total operating income increased by 13.5% to Kshs 6.8 bn in Q1’2022 from Kshs 6.0 bn in Q1’2021 was mainly driven by a 16.9% increase in Net-Interest Income (NII) to Kshs 3.7 bn, from Kshs 3.2 bn in Q1’2021, coupled with a 9.6% increase in Non-Funded Income (NFI) to Kshs 3.0 bn, from Kshs 2.8 bn in Q1’2021,
- Total Operating Expenses increased by 13.4% to Kshs 3.8 bn in Q1’2022, from Kshs 3.4 bn in Q1’2021, attributable to an 27.9% increase in the bank’s staff costs to Kshs 1.7 bn in Q1’2022, from Kshs 1.3 bn recorded in Q3’2020 coupled with a 14.0% increase in other expenses to Kshs 1.7 bn, from Kshs 1.5 bn in Q1’2021,
- The balance sheet recorded an expansion as total assets grew by 4.4% to Kshs 331.0 bn, from Kshs 317.0 bn in Q1’2021. The increase was largely driven by a 30.7% increase in net loans to Kshs 206.5 bn, from Kshs 158.0 bn in Q1’2021,

- **Asset Quality -** The bank’s asset quality improved, with the NPL ratio declining to 11.1% in Q1’2022,from 15.1% in Q1’2021. The improvement in the group’s asset quality is attributable to the 7.1% decline in Gross Non-Performing Loans (NPLs) coupled with the 26.4% increase in Gross Loans, and,
- **Revenue Diversification -** The bank recorded a relatively stronger performance in both funded and non-funded segments where Net Interest Income grew by 16.9% while Non-Funded Income grew by 9.6%

Financial Statements Extracts

Stanbic Holdings' PAT is expected to grow at a 5-year CAGR of 13.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	13.3	12.8	14.4	14.2
Non Funded Income	11.4	10.4	10.6	12.4
Total Operating Income	**24.7**	**23.2**	**25.0**	**26.6**
Loan Loss Provision	(3.2)	(4.9)	(2.5)	(2.4)
Total Operating Expenses	**(13.9)**	**(12.1)**	**(12.7)**	**(12.6)**
Profit Before Tax	7.7	6.2	9.8	13.9
% PAT Change YoY	**1.6%**	**(18.6%)**	**38.8%**	**0.3%**
EPS	16.1	13.1	18.2	24.7
DPS	7.1	3.8	9.0	8.0
Cost to Income (with LLP)	56.2%	52.2%	50.9%	47.5%
NIM	**5.2%**	**4.7%**	**5.0%**	**4.8%**
ROaE	13.6%	10.3%	13.3%	17.0%
ROaA	2.1%	1.6%	2.2%	2.8%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	191.2	196.3	229.3	238.1
Other Assets	112.4	132.3	99.6	130.0
Total Assets	**303.6**	**328.6**	**328.9**	**368.1**
Customer Deposits	224.7	260.0	254.6	272.4
Borrowings	9.1	5.5	5.7	12.2
Other Liabilities	20.8	11.4	12.1	21.8
Total Liabilities	**254.6**	**276.9**	**272.4**	**306.4**
Shareholders Equity	49.0	51.7	56.5	61.6
No of Ordinary Shares	0.4	0.4	0.4	0.4
Book value Per share	124.0	130.9	142.8	155.9
% Change in BVPS	**9.9%**	**5.5%**	**9.1%**	**9.2%**

Cytonn

Valuation Summary

Stanbic Holdings is fairly valued with a total potential return of 16.0%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	129.2	40%	51.7
Residual Income	108.5	35%	38.0
PBV Multiple	77.4	20%	15.5
PE Multiple	92.7	5%	4.6
Target Price			**109.8**
Current Price			**101.5**
Upside/(Downside)			8.2%
Dividend Yield			7.8%
Total return			**16.0%**

Cytonn

IX. I&M Group

Cytonn

I&M Group Summary of Performance – Q1'2022

- Profit before tax increased by 38.0% to Kshs 3.7 bn, up from Kshs 2.7 bn in Q1'2021. Profit after tax increased by 43.6% to Kshs 2.7 bn, up from Kshs 1.9 bn in Q1'2021, with the effective tax rate increasing to 30.0%, from 29.1% in Q1'2021,
- Total operating income increased by 20.6% to Kshs 7.4 bn from Kshs 6.1 bn in Q1'2021 as a result of a 20.7% increase in the Net Interest Income (NII) to Kshs 5.2 bn in Q1'2022 from Kshs 4.3 bn in Q1'2021, as well as an increase in the Non-Funded Income (NFI) which came in at Kshs 2.2 bn in the review period, a 20.3% increase from the Kshs 1.8 bn that was recorded in Q1'2021,
- Total operating expenses rose by 8.1% to Kshs 3.9 bn from Kshs 3.6 bn in Q1'2021, largely driven by a 24.8% increase in other operating expenses to Kshs 2.0 bn, from Kshs 1.6 bn in Q1'2021, coupled with a 13.8% increase in staff costs to Kshs 1.3 bn, from Kshs 1.2 bn in Q1'2021. On the other hand, Loan Loss Provisions (LLPs) declined by 36.7% to Kshs 0.5 bn, from Kshs 0.8 bn in Q1'2021, attributable to the reduced credit risk on the back of business activity,
- The balance sheet recorded an expansion as total assets grew by 15.9% to Kshs 415.2 bn, from Kshs 358.1 bn in FY'2020 attributable to a 12.4% loan book expansion to Kshs 210.6 bn, from Kshs 187.4 bn in FY'2020 partly due to the gradual economic recovery coupled with a 23.4% increase in government securities to Kshs 125.5 bn, from Kshs 101.7 bn in FY'2020, and,
- The balance sheet recorded an expansion as total assets grew by 18.2% to Kshs 430.8 bn, from Kshs 364.4 bn in Q1'2021, attributable to a 13.1% loan book expansion to Kshs 218.4 bn, from Kshs 193.2 bn in Q1'2021, Going forward, we expect the bank's growth to be driven by:

i. **Digitization** – The Group has increased its investments in infrastructure to support the group's digital transformation strategy, standardize operations, systems and processes across its subsidiaries in the region and for better risk management. This has seen 85.0% of the Group's transactions in Q1'2022. Going forward, the group is expected to leverage on its synergies to support customers regional business operation and experience

Financial Statements Extracts

I&M Group's PAT is expected to grow at a 5-year CAGR of 7.9%

Income Statement	2019	2020	2021	2022f
Net Interest Income	15.5	15.6	20.9	22.0
Non- Funded Income	8.3	8.6	8.7	9.3
Total Operating Income	**23.8**	**24.2**	**29.6**	**31.3**
Loan Loss Provision	0.6	2.5	(4.2)	(3.3)
Other Operating Expenses	9.5	10.1	(13.5)	(14.3)
Total Operating Expenses	**(10.1)**	**(12.6)**	**(17.7)**	**(17.6)**
Profit Before Tax	14.6	11.0	12.4	14.2
% PAT Change YoY	**26.6%**	**(21.9%)**	**2.5%**	**15.4%**
EPS	13.0	10.2	4.9	6.0
DPS	2.6	2.3	1.5	2.0
Cost to Income (with LLP)	42.4%	52.0%	59.9%	56.3%
NIM	**5.9%**	**5.4%**	**6.3%**	5.8%
ROaE	19.5%	13.2%	12.2%	12.0%
ROaA	3.4%	2.3%	2.1%	2.1%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Government securities	53.9	101.7	125.5	133.8
Net Loans and Advances	175.3	187.4	210.6	253.5
Other Assets	86.0	69.0	79.0	91.4
Total Assets	**315.3**	**358.1**	**415.2**	**478.6**
Customer Deposits	229.7	262.7	296.7	342.0
Other Liabilities	24.7	27.4	44.4	43.8
Total Liabilities	**254.4**	**290.0**	**341.1**	**385.8**
Shareholders Equity	57.7	64.2	69.6	88.1
Number of Shares	0.8	0.8	1.7	1.7
Book Value Per Share	69.8	77.6	42.1	53.3
% BVPS Change YoY	**(39.7%)**	**11.2%**	**(45.8%)**	**26.5%**

Valuation Summary

I&M Group is undervalued with a total potential return of 45.4%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	24.3	40.0%	9.7
Residual income	17.6	35.0%	6.2
PBV Multiple	26.3	20.0%	5.3
PE Multiple	23.2	5.0%	1.2
Target Price			**22.3**
Current Price			**16.7**
Upside/(Downside)			33.4%
Dividend yield			12.0%
Total return			**45.4%**

Cytonn

B. Tier II Bank

Cytonn

I. HF Group

HF Group Summary of Performance – Q1’2022

- HF Group recorded a profit before tax of Kshs 39.1 mn, a 121.9% increase from a loss before tax of Kshs 178.4 mn in Q1’2021. Additionally, the Group posted a profit before tax of Kshs 34.2 mn, up from a loss of Kshs 191.8 mn in Q1’2022,
- Total Operating Income increased by 26.8% to Kshs 0.8 bn, from Kshs 0.6 bn in Q1’2021, attributable to the 87.2% increase in Non-Funded Income (NFI) to Kshs 0.3 bn, from Kshs 0.1 bn recorded in Q1’2021, coupled with a 9.7% increase in Net Interest Income (NII), to Kshs 0.52 bn, from Kshs 0.47 bn recorded in Q1’2021,
- Total Operating Expenses declined by 6.8% to Kshs 772.8 mn in Q1’2022, from Kshs 609.3 mn in Q1’2021, partly attributable to a 24.3% decline in Loans Loss Provisions (LLPs) to Kshs 56.4 mn in Q1’2022, from Kshs 74.6 mn recorded in Q1’2021, attributable to the reduced credit risk on the back of increased business activity in Q1’2022.The balance sheet recorded a contraction as Total Assets decreased by 4.6% to Kshs 52.9 bn in FY’2021, from Kshs 55.4 bn recorded in FY’2020,
- The bank experienced an improvement in asset quality as the NPL ratio improved to 20.5% from the 24.7% recorded in Q1’2021, following the faster 19.8% decline in NPLs that outpaced the 3.2% decline in gross loans which came in at Kshs 41.2 bn in Q1’2022, from Kshs 42.6 bn recorded in Q1’2021.
- Going forward, we expect the bank’s growth to be driven by:

i. We maintain our view that HF Group as a conventional bank has a long way to go, even with the injection of tier II capital of Kshs 1.0 bn by the majority shareholder Britam Holdings in H1’2021. They will ultimately have to adjust their business model, or couple up with a strong bank with a sizeable asset base, and a strong deposit gathering capability, to capitalize on HF’s strength in mortgages and real estate development

Financial Statements Extracts

HF's PAT is expected to grow at a 5-year CAGR of 165.2% to profitability in 2026

Income Statement	2019	2020	2021	2022f
Net Interest Income	2.0	1.9	1.8	2.4
Non- Funded Income	1.4	0.5	0.5	0.7
Total Operating Income	**3.4**	**2.4**	**2.4**	**3.0**
Loan Loss Provision	(0.4)	(0.4)	(0.3)	(0.1)
Other Operating Expenses	(3.2)	(3.6)	(2.9)	(3.0)
Total Operating Expenses	**(3.5)**	**(4.1)**	**(3.2)**	**(3.1)**
Profit Before Tax	(0.1)	(1.7)	(0.9)	(0.1)
% PAT Change YoY	**(81.6%)**	**1443.7%**	**65.1%**	**84.6%**
EPS	(0.3)	(4.4)	(1.5)	(0.2)
DPS	0.0	0.0	0.0	0.0
Cost to Income	104.2%	153.1%	136.3%	102.3%
NIM	**4.3%**	**4.2%**	**4.2%**	5.4%
ROaE	(1.1%)	(18.1%)	(7.2%)	(1.2%)
ROaA	(0.2%)	(3.0%)	(1.1%)	(0.2%)
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	38.6	37.0	34.7	39.7
Government securities	4.6	7.1	6.6	6.1
Other Assets	13.3	11.3	11.7	11.4
Total Assets	**56.5**	**55.4**	**52.9**	**57.2**
Customer Deposits	37.4	39.9	37.7	41.1
Other Liabilities	8.8	6.9	7.2	8.4
Total Liabilities	**46.2**	**46.9**	**44.9**	**49.5**
Shareholders Equity	10.2	8.6	8.0	7.7
Number of Shares	0.4	0.4	0.4	0.4
Book Value Per Share	26.6	22.3	20.7	20.1
% BVPS Change YoY	**(1.5%)**	**(16.2%)**	**(6.9%)**	**(3.2%)**

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Valuation Summary

Housing Finance is overvalued with a total potential return of (5.5%)

Valuation Summary	Implied Price	Weighting	Weighted Value
Residual Income	2.5	60.0%	1.5
PTBV Multiple	3.5	35.0%	1.2
PE Multiple	2.0	5.0%	1.1
Fair Value			**2.8**
Current Price			**3.0**
Upside/(Downside)			(5.5%)
Dividend Yield			0.0%
Total return			***(5.5%)***

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Feedback Summary

During the preparation of this Q1'2022 Banking Sector Report, we shared with the subject companies the operating metrics that were used in the Report for their confirmation and verification

- Below is a summary of the banks we were able to acquire feedback from and those that went unresponsive:

Bank	Operating Metrics Shared	Sent Feedback
Co-operative Bank of Kenya	Yes	Unresponsive
Standard Chartered Bank Kenya	Yes	Unresponsive
I&M Group	Yes	Responsive
Stanbic Holdings	Yes	Responsive
Diamond Trust Bank	Yes	Unresponsive
KCB Group	Yes	Unresponsive
NCBA Group	Yes	Unresponsive
Housing Finance Group	Yes	Unresponsive
Equity Group Holdings	Yes	Unresponsive
Absa Bank Kenya	Yes	Yes

Licensed Financial Institutions

I. Banks and Mortgage Finance Institutions

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Licensed Banks in Kenya

#	Bank	#	Bank
1	ABSA Bank Kenya	20	Gulf African Bank Limited
2	Access Bank Kenya	21	Habib Bank A.G Zurich
3	African Banking Corporation Limited	22	I&M Bank Limited
4	Bank of Africa Kenya Limited	23	Kingdom Bank Kenya Limited
5	Bank of Baroda (Kenya) Limited	24	KCB Bank Kenya Limited
6	Bank of India	25	Mayfair CIB Bank Limited
7	Citibank N.A Kenya	26	Middle East Bank (K) Limited
8	Consolidated Bank of Kenya Limited	27	M-Oriental Bank Limited
9	Co-operative Bank of Kenya Limited	28	National Bank of Kenya Limited
10	Credit Bank Limited	29	NCBA Bank Kenya PLC
11	Development Bank of Kenya Limited	30	Paramount Bank Limited
12	Diamond Trust Bank Kenya Limited	31	Prime Bank Limited
13	DIB Bank Kenya Limited	32	SBM Bank Kenya Limited
14	Ecobank Kenya Limited	33	Sidian Bank Limited
15	Equity Bank Kenya Limited	34	Spire Bank Ltd
16	Family Bank Limited	35	Stanbic Bank Kenya Limited
17	First Community Bank Limited	36	Standard Chartered Bank Kenya Limited
18	Guaranty Trust Bank (K) Ltd	37	UBA Kenya Bank Limited
19	Guardian Bank Limited	38	Victoria Commercial Bank Limited

Licensed Banks in Kenya

Licensed Mortgage Finance Institution

1. HFC Limited

Authorized Non-operating Bank Holding Companies

1. Bakki Holdco Limited
2. Equity Group Holdings Limited
3. HF Group Limited
4. I&M Group
5. KCB Group
6. M Holdings Limited
7. NCBA Group
8. Stanbic Group Holdings

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II. Micro-Finance Institutions

Licensed Microfinance Banks in Kenya

#	Microfinance Bank	#	Microfinance Bank
1	Caritas Microfinance Bank Limited	8	Remu Microfinance Bank Limited
2	Century Microfinance Bank Limited	9	SMEP Microfinance Bank Limited
3	Choice Microfinance Bank Limited	10	Sumac Microfinance Bank Limited
4	Daraja Microfinance Bank Limited	11	U & I Microfinance Bank Limited
5	Faulu Microfinance Bank Limited	12	Uwezo Microfinance Bank Ltd
6	Kenya Women Microfinance Bank Limited	13	Maisha Microfinance Bank Limited
7	Rafiki Microfinance Bank Limited		

Source : CBK

Thank You!

For More Information

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For more information or any further clarification required, kindly contact the research team at investment@cytonn.com

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Q&A / AOB