Cytonn SSA Financial Services Research July Monthly

In this monthly research note, we highlight the performance of the listed banks in the Sub-Saharan Africa Financial Services Sector, looking at their market performance, earning results and sector specific news that occurred during the month of July.

Section I: Market Performance:

During the month of July, the equities markets were on a downward trend, with NGSEASI, NASI and GGSECI losing 3.3%, 2.2% and 0.8%, respectively. This takes the YTD performance of NASI, NGSEASI and GGSECI to (0.4%), (3.2%) and 10.7%, respectively.

Below is a summary of top gainers and losers for the month:

Top Gainers			Top Losers		
Company	**Country**	**Change**	**Company**	**Country**	**Change**
Standard Chartered Ghana	Ghana	**12.3%**	UBA Bank	Nigeria	**(9.0%)**
Equity Group Holdings	Kenya	**3.8%**	Zenith Bank Plc	Nigeria	**(8.0%)**
Stanbic Bank	Uganda	**3.1%**	National Bank of Kenya	Kenya	**(7.2%)**
Standard Chartered Kenya	Kenya	**3.0%**	Bank of Baroda	Uganda	**(6.7%)**
Ecobank Transnational Inc.	Nigeria	**3.0%**	HF Group	Kenya	**(5.9%)**

Kenya

NASI declined by 2.2% during the month, attributable to declines registered in Safaricom of 4.3%. Equities turnover also declined by 29.8% during the month to USD 96.7 mn from USD 137.7 mn in June, taking the YTD turnover to USD 1.2 bn. Foreign investors remained net sellers for this month, continuing a trend that saw capital outflows from emerging markets by foreign investors, amid rising bond yields in the US. Counters with the biggest outflows include KCB, EABL and Safaricom, which had outflows of USD 11.1 mn, USD 5.6 mn and USD 2.9 mn, respectively. The banking sector also registered declines, with National Bank, HF Group and I&M Holdings declining by 7.2%, 5.9% and 5.8%, respectively, which outweighed gains made by Equity Group Holdings, BAT and Standard Chartered Bank of 3.8%, 3.3% and 2.5%, respectively.

Nigeria

The Nigerian All Share index was the worst performer during the month, declining by 3.3%, largely driven by declines in the oil and gas sector and financial services sectors. For our financial services universe of coverage, the biggest decliners were UBA Bank, Zenith Bank Plc and FBN Holdings, which declined by 9.0%, 8.0% and 4.7%, respectively, with Stanbic IBTC being the only gainer with a 3.0% gain during the month.

Ghana

The GSE Composite Index declined by 0.8% during the month, driven by declines in the financial services sector. The banking sector performance was mixed with gains in Standard Chartered Bank, of 12.3%, while declines were recorded by Ecobank Ghana, Ghana Commercial Bank (GCB) and CAL Bank of 2.6%, 1.4% and 0.8%, respectively.

Section II: Earnings Releases:

Nigeria Banks' performance:

Union bank Plc released their Q2'2018 financial results with core earnings per share decreasing by 29.6% to NGN 0.4 from NGN 0.5 in H1'2017, below our expectation of a 5.6% increase to NGN 0.6. Performance was driven by a 21.7% increase in total operating income coupled with a 6.3% increase in total operating expenses. The decline in the core EPS is due to an increase in the number of shares due to the rights issue of September 2017. Highlights of the performance from H1'2017 to H1'2018 include:

- Total operating income increased by 21.7% to NGN 50.9 bn in H1'2018 from NGN 41.9 bn in H1'2017. This was due to a 36.9% increase in Non-Funded Income (NFI) to NGN 21.1 bn from NGN 15.4 bn in H1'2017, coupled with a 14.1% increase in Net Interest Income (NII) to NGN 34.4 bn from NGN 30.1 bn in H1'2017,
- Interest income increased by 9.8% to NGN 62.2 bn from NGN 56.6 bn in H1'2017. The interest income on loans and advances increased by 12.9% to NGN 46.7 bn from NGN 41.3 bn in H1'2017. Interest income on government securities increased by 5.5% to NGN 14.2 bn in H1'2018 from NGN 13.5 bn in H1'2017. The yield on interest earning assets however declined to 11.3% in H1'2018 from 12.5% in H1'2017, due to the relatively faster increase in the interest earning assets by 12.0% to NGN 327.0 bn from NGN 292.0 bn in H1'2017,
- Interest expense increased by 5.0% to NGN 27.9 bn from NGN 26.5 bn in H1'2017, largely due to an increase in interest expense on customer deposits, which increased by 11.4% to NGN 23.5 bn from NGN 21.1 bn in H1'2017. Interest expense on deposits from other banking institutions declined by 19.5% to NGN 4.4 bn from NGN 5.5 bn in H1'2017,
- The cost of funds decreased to 3.1% from 3.4% in H1'2017. The Net Interest Margin improved to 9.4% from 8.9% in H1'2017,
- Non-Funded Income increased by 36.9% to NGN 21.1 bn from NGN 15.4 bn in H1'2017. The growth in NFI was driven by a 6,122.7% increase in income from other financial instruments to NGN 2.7 bn from NGN 0.04 bn in H1'2017, and a 108.8% increase in forex trading income to NGN 7.0 bn from NGN 3.4 bn in H1'2017. Fees and commission income increased by 22.3% to NGN 6.0 bn from NGN 4.9 bn in H1'2017, while other income declined by 36.9% to NGN 3.4 bn from NGN 5.5 bn in H1'2017. The revenue mix declined to 68:32 funded to non-funded income from 72:28 in H1'2017,
- Total operating expenses increased by 21.0% to NGN 39.2 bn from NGN 32.4 bn, largely driven by a 28.9% increase in other operating expenses to NGN 17.6 bn in H1'2018 from NGN 13.7 bn in H1'2017, coupled with a 15.1% increase in personnel expenses to NGN 18.3 bn in H1'2018 from NGN 15.9 bn in H1'2017. The Loan Loss Provisions (LLP) increased by 10.0% to NGN 0.7 bn from NGN 0.6 bn in Q1'2017, largely due to an increase in the non-performing loans, which increased by 31.1%, coupled with increased provisioning levels due to implementation of IFRS 9,
- The cost to income ratio improved marginally to 79.0% from 79.9% in H1'2017. Without LLP, however, the Cost to income ratio worsened to 70.6% from 68.7% in H1'2017,
- Profit before tax increased by 23.3% to NGN 11.7 bn, up from NGN 9.5 bn in H1'2017. Profit after tax increased by 24.5% to NGN 11.5 bn in H1'2018 from NGN 9.2 bn in H1'2017,
- The balance sheet recorded an expansion with total assets increasing by 11.0% to NGN 1.5 tn from NGN 1.3 tn in H1'2017. This growth was largely driven by a 32.8% increase in cash and cash equivalents to NGN 243.1 bn from NGN 183.1 bn in H1'2017,
- The loan book decreased by 1.6% to NGN 470.1 bn in H1'2018 from NGN 477.7 bn in H1'2017, owing to the bank's reluctance to lend, so as to tame the rising Non-Performing Loans (NPLs), with the economy slowly recovering from the economic recession of 2016,

- Total liabilities rose by 13.2% to NGN 1.2 tn from NGN 1.0 tn in H1'2017, driven by an 8.9% increase in customer deposits to NGN 826.3 bn from NGN 759.3 bn in H1'2017, coupled with an increase in other liabilities which increased by 71.1% to NGN 190.7 bn from NGN 111.4 bn,
- The reduction in loans compared to deposit growth led to a decline in the loan to deposit ratio to 58.5% from 62.9% in H1'2017,
- Gross non-performing loans increased by 31.1% to NGN 55.0 bn in H1'2018 from NGN 41.9 bn in H1'2017. Consequently, the NPL ratio deteriorated to 10.8% in H1'2018 from 8.2% in H1'2017. Loan loss provisions increased by 23.1% to NGN 4.6 bn from NGN 3.8 bn in H1'2017, with the Non-Performing Loan Coverage decreased to 96.6% from 185.0% in H1'2017, with the decline in coverage attributed to the faster increase in NPLs, which increased faster than the loan loss provisions,
- Shareholders' funds increased by 2.7% to NGN 284.3 bn in H1'2018 from NGN 276.7 bn in H1'2017,
- Union Bank Plc currently has a return on average assets of 1.2% and a return on average equity of 5.9%.

We expect the bank's growth to be further driven by:

a. Improvement in asset quality: through recovery of non-performing loans, especially from the real estate sector. The bank continues to limit its exposure to risky economic segments in line with IFRS 9 requirements in order to maintain a quality loan book, hence maximizing interest income from loans issued to customers, thereby reducing expenses in the form of loan loss provisions,
b. Non-Funded Income (NFI) expansion: The bank has 60% of its clients in the Union One online banking platform whose prominence has been increasing. Increased use of the online platform will further aid in increasing transaction fees, in addition to improving operational efficiency,
c. Focus on productivity: the bank intends to leverage its enhanced product platform to deliver services to customers better than competitors, in addition to taking advantage of targeted opportunities across business lines and geographies.

Section III: Latest Developments in the month of July, in the Sub Saharan Africa Banking Sector:

Kenya

1. **Central Bank Rate was reduced to 9.0% from 9.5%:** The MPC met on 30th July, 2018 and reduced the CBR to 9.0% from 9.5%, citing that economic output was below its potential level, and that there was some room for further accommodative monetary policy. The private sector credit growth improved to 4.3% in June up from 2.8% in April, with growth in lending recorded in the manufacturing, building and construction, and trade sectors, which grew by 12.3%, 13.5% and 8.6%, respectively. The decision to reduce the CBR rate to 9.0% effectively reduces the lending rates to 13.0% (CBR+4.0%) and deposit rates at 6.3% (70.0% of CBR).
2. **SBM Kenya completes Chase Bank Limited acquisition:** SBM Bank Kenya Limited completed the acquisition of certain assets and liabilities of Chase Bank Limited, which was under receivership. Following the agreement between the Central Bank of Kenya (CBK) and Kenya Deposit Insurance Corporation (KDIC) and SBM Bank Kenya, 75% of the value of all moratorium deposits at Chase Bank will be transferred to SBM Bank Kenya. The remaining 25% will remain with Chase bank Limited. The acquisition will see SBM take control of the 62 Chase Bank branches, significantly increasing the bank's foothold in the country, in line with the bank's inorganic growth strategy.
3. **KCB Group offers second bid to acquire Imperial Bank Limited (in receivership):** KCB Group offered its second bid to acquire a stake in the troubled lender Imperial Bank Limited (IBL), which is under receivership. Diamond Trust Bank (DTB), which had also expressed interest, pulled out of the deal, putting

KCB Group in pole position to acquire a stake in the troubled lender. IBL was put under receivership in August 2015, with a loan book of Kshs 41.0 bn and deposits of Kshs 58.0 bn. KCB Group had submitted an offer in April, whose details were not disclosed, but both banks were tasked with revising their offers, with DTB declining to participate further. Kenya Deposit Insurance Corporation (KDIC) highlighted that it had received the revised proposal from KCB Group, while the other bidder had withdrawn from the process. The Central Bank of Kenya (CBK) and KDIC will engage KCB Group in discussions with the aim of maximizing the value for depositors. In April, the bidders were tasked to disclose the oversight frameworks they planned to implement, the type of transaction they intended to proceed with, and the financial resources that could be deployed to compete the transaction. The impending resolution of the matter, which could possibly result in the bank's removal from receivership, will be welcomed by customers, whose deposits have been locked in the bank since August 2015. We note that the process needs to be expedited as the transaction falls way behind the expected timelines shared by the CBK, who, in September 2017, had scheduled to have a winning bidder by February 2018. If successful, this would mark the second instance a bank is brought out of receivership, after the recently concluded deal that saw SBM Kenya complete the acquisition of certain assets and Liabilities of Chase Bank Limited (under Receivership).

Nigeria

1. **Central Bank of Nigeria maintained the Monetary Policy Rate (MPR) at 14.0%:** The Monetary Policy Committee (MPC) of the Central Bank of Nigeria maintained its Monetary Policy Rate (MPR) at 14.0% to counter inflationary risk and introduce an initiative aimed at increasing liquidity to businesses. The MPR has been stable at 14.0% since July 2016. Year-on-year inflation, according to the CBN, declined to 11.2% in June 2018 from 11.6% in May 2018, well above the 6.0%-9.0% target, while the month-on-month inflation rate increased by 1.2% in June, faster than the 1.1% in May 2018. The Committee expressed concern on the threat posed by the incessant herdsmen-farmers conflict in some key food producing states and the negative impact on food supply chains, which would continue to exert upward pressure on food prices. External reserves stood at USD 47.2 bn as at 23rd July 2018, with further increases expected in the near term due to the recent rise in crude oil prices. The Central Bank is looking for ways to boost credit to the economy while keeping inflation low in its efforts to stimulate economic recovery. Large companies were encouraged to issue commercial paper at lower yields, which the Bank could invest in if need be, in order to create jobs. In addition, a differentiated dynamic cash reserves requirement (CRR) regime would be implemented to extend cheap long-term credit as a way to incentivize banks to increase lending to the agriculture and manufacturing sectors at 9.0% interest rates. The Committee opined that the Central Bank should continue to encourage deposit money banks (DMBs) to increase the flow of credit to the real economy to consolidate economic recovery.
2. **Financial Inclusion in Nigeria remains a key concern:** The Central Bank of Nigeria (CBN) released the "Exposure Draft of the National Financial Inclusion Strategy Refresh," during the month, stating that the country is not likely to meet its financial inclusion target set by 2022. As stipulated in the National Financial Inclusion Strategy (NFIS) of 2012, the central Bank of Nigeria (CBN) had set an overall financial inclusion target of 80% of the adult population and a formal financial inclusion rate of 70% of the adult population by 2022. However, as at end of 2016, financial inclusion stood at 58.4% for Nigeria's adults, while only 48.6% of all adults managed to use formal financial services. The CBN however noted an improving trend attributed to entry of other stakeholders in the push for financial inclusion through Fintech innovations

and introduction of new products in the market mainly targeted at small and medium sized enterprises (SMEs), and other financial excluded groups such as women and micro-enterprises.

3. **First Bank of Nigeria redeemed its USD 300 mn Eurobond note:** First Bank of Nigeria (FBN) is set to repay a USD 300.0 mn, 8.25% Eurobond note beginning 7th August, two years before the debt matures in 2020. According to FBN, the repayment demonstrates its balance sheet strength and ample forex liquidity, underlining its strong franchise and deep market access. The bank notes that despite the bond being a subordinated Tier 2 instrument, the debt will be redeemed without any impact to its capital ratios due to the robust capital base underlined by the surplus Tier 2 capital. This is the second time FBN will call and prepay bondholders following its debut USD 175.0 mn, 9.75% debt issued in 2007, which was called in 2012. First Bank is not planning to issue any debt in Eurobond markets in the near term following the planned redemption.

Ghana

1. **Bank of Ghana maintained its benchmark interest rate at 17.0%:** The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) maintained its benchmark interest rate (Monetary Policy Rate) at 17.0%. The BoG attributed the decision to the rising inflation, which was a result of the depreciating local currency on the back of tightening monetary conditions in the US leading to rising yield rates and a strengthening US dollar. Annualized inflation rose to 10.0% in June 2018 from a five-year low of 9.6% in April 2018, mainly driven by the effects of higher prices of petroleum and transportation costs. However, the BoG noted that the relative price changes would not be significant enough to alter the inflation trajectory over the medium-term. The local currency, which had been stable in the first four months, depreciated 5.8% in the year to 19th July compared to a depreciation of 3.9% over a similar period in 2017, on the backdrop of increased forex demand from the corporate and energy sectors, together with the external geopolitical pressures. Total public debt declined to 63.8% of GDP (GH¢ 154.3 bn) at the end of May 2018, from 67.3% of GDP (GH¢ 137.3 bn) in May 2017. The total debt stock comprised of 47.0% domestic debt (GH¢ 72.6 bn), and 53.0% external debt (GH¢ 81.7 bn). The Gross International Reserves (GIR) stood at USD 7.3 bn at the end of June 2018, equivalent to 3.9 months of import cover, which will provide enough buffer against external shocks and remain adequate to enable the BoG address any external vulnerabilities.

2. **Bank of Ghana released their April 2018 Banking Sector report:** The Bank of Ghana (BOG) released their April 2018 banking sector report, which covered developments in the Ghanaian banking sector from April 2017 to the end of April 2018. Total assets in the banking sector recorded a slower 15.7% y/y growth to GHS 97.8 bn, compared to the 31.1% growth recorded in April 2017. The slower asset growth was attributed to a 0.5% decline in net loans and advances to GHS 30.8 bn from GHS 31.0 bn, while investment securities rose by 41.5% to GHS 35.1 bn from GHS 24.8 bn. Asset quality remains a key concern with the Non-Performing Loans ratio deteriorating to 23.5% from 19.8% in April 2017. The industry's Net Income stood at GHS 782 mn, registering a growth of 5.8%, compared to 9.4% as at April 2017. This performance was driven by a 0.3% growth in Net Interest Income to GHS 2.4 bn, coupled with a 16.4% growth in Non-Funded Income to GHS 985.4 mn.

3. **Consolidation picks up in Ghana as banks adapt to increased capital requirements:** The Bank of Ghana (BoG) has said that at least 15 lenders in the country have met or are close to meeting the new capital requirements ahead of the December deadline. The BoG raised the minimum capital threshold for lenders by more than threefold to 400.0 mn cedis (USD 84.0 mn), in a move to strengthen the banking sector and encourage lending. Among Ghana's 34 registered lenders, six have met the

requirement while another nine are "nearly there," said BoG Governor Ernest Addison. The remaining lenders are likely to explore talks for mergers, including BSIC Ghana Ltd., Premium Bank Ghana Ltd, and GN Bank, which are in the process of completing a merger deal. The three Ghanaian lenders finalized talks for a merger and are awaiting approval from the regulator. The transaction will enable the three banks to meet the regulator's new minimum capital threshold of 400 million cedis (USD 84.0 mn) after they form a single larger unit. We expect more consolidation deals to take place before the end of the year as banks rush to meet the December deadline set by the BoG, which will further enable the sector to better withstand any shocks that may affect the banking sector. The move is also primed to enable banks have a higher risk tolerance, thereby stimulating lending especially to the private sector, which has been on a decline with banks adopting a cautious stance towards lending. The BoG is also changing the way lenders calculate their capital-adequacy ratios to comply with the Basel II framework.

4. **Central Bank urged to adopt interest rate cap policy:** The Centre for Economic and Business Research (CEBRE) called upon the Bank of Ghana (BoG) to put pressure on commercial banks to reduce lending rates, in a bid to bring down the cost of borrowing and encourage economic expansion. Executive Director, Gordon Newlove Asamoah, said capping the lending rates will reduce non-performing loans (NPLs) at commercial banks. In the past, the Bank of Ghana has managed to reduce the policy rate to 17.0% in May 2018 from 26.0% in November 2016. However, the banks are yet to react with the corresponding drop in lending rates. Businesses are still accessing loans at very high-interest rates of 25.0% to 30.0% p.a., making the cost of doing business in Ghana very costly, hence non-competitive.

5. **The Bank of Ghana (BoG) revokes the banking licenses for 5 commercial banks:** The BoG has issued a universal banking license to government-owned Consolidated Bank Ghana Limited, after revoking the licenses of five banks namely UniBank Ghana Limited, The Royal Bank Limited, Beige Bank Limited, Sovereign Bank Limited, and Construction Bank Limited. The BoG appointed Mr. Nii Amanor Dodoo of KPMG as the Receiver for the five banks. All deposit liabilities of the five banks have been transferred to the Consolidated Bank. Operations will run as usual at the respective banks, which will now become branches of the Consolidated Bank, and the staff of these banks will also be absorbed by Consolidated Bank. Boards of Directors and shareholders of these banks will no longer have any roles. An asset quality review conducted by the BoG in 2016 revealed vulnerabilities in the five mentioned banks, namely:

   i. UniBank and Royal Bank were both found to be significantly undercapitalized,
   ii. Royal Bank was found to have a high non-performing loans ratio of 78.9% owing to poor credit and liquidity risk management frameworks,
   iii. Sovereign Bank has been unable to publish its financial statements for December 2017, and it emerged that the bank's license was obtained by false pretences through the use of suspicious and non-existent capital, and,
   iv. Beige Bank and Construction Bank were each granted provisional licenses in 2016 and launched in 2017. Subsequent investigations revealed that, similar to Sovereign Bank, both banks obtained their banking licenses under false pretences through the use of suspicious and non-existent capital, which resulted in a situation where their reported capital is inaccessible to them for their operations.

   The Bank of Ghana also approved a Purchase and Assumption Agreement between Consolidated Bank and the Receiver for the five banks, under which Consolidated Bank has acquired all deposits and other specified liabilities, and good assets of the five banks. The Government has issued a bond of up to GH¢ 5.8 bn to finance the shortfall between the liabilities and good assets assumed by Consolidated Bank. The Bank of Ghana aims to promote a strong and resilient banking sector to drive economic growth, and needs a strong and stable banking sector to drive the process of economic transformation. To this effect, the BoG recently raised the minimum capital threshold for lenders by more than threefold to GHS 400.0 mn (USD 84.0 mn) from GHS 120.0 mn (USD 25.0) mn, in a move aimed at strengthening the banking sector and encourage lending. At least 15 lenders in the country, including Ghana Commercial Bank, have met or are close to meeting the new capital requirements ahead of the December 2018 deadline.

Section IV: Equities Universe of Coverage:

The month-on-month performance, valuation and expected return of the companies in our SSA universe of coverage is highlighted in the table below:

Banks	Price as at 29/06/2018	Price as at 31/07/2018	m/m change	YTD Change	LTM Change	Dividend Yield	Upside/Downside**	P/TBv Multiple
Ghana Commercial Bank***	5.15	5.08	(1.4%)	0.6%	(1.4%)	7.6%	61.7%	**1.2x**
NIC Bank***	35.50	34.50	(2.8%)	2.2%	12.5%	2.9%	58.6%	**0.8x**
Zenith Bank***	25.00	23.00	(8.0%)	(10.3%)	(6.5%)	11.7%	56.6%	**1.0x**
I&M Holdings***	115.00	110.00	(4.3%)	5.8%	(3.5%)	3.1%	51.8%	**1.1x**
Diamond Trust Bank***	199.00	200.00	0.5%	4.2%	8.7%	1.3%	44.2%	**1.1x**
Union Bank Plc	6.10	5.90	(3.3%)	(24.4%)	29.7%	0.0%	40.5%	**0.6x**
KCB Group***	46.25	47.00	1.6%	9.9%	15.3%	6.2%	32.4%	**1.5x**
Ecobank	8.45	8.23	(2.6%)	8.3%	29.3%	0.0%	31.3%	**2.3x**
Barclays	11.75	11.55	(1.7%)	20.3%	17.3%	8.7%	30.4%	**1.4x**
CRDB	160.00	160.00	0.0%	0.0%	(23.8%)	0.0%	29.8%	**0.5x**
UBA Bank	10.50	9.55	(9.0%)	(7.3%)	(1.5%)	15.7%	27.7%	**0.6x**
HF Group***	8.50	8.00	(5.9%)	(23.1%)	(15.8%)	3.8%	23.8%	**0.3x**
Co-operative Bank	17.50	16.95	(3.1%)	5.9%	8.3%	4.8%	22.0%	**1.5x**
Equity Group	46.25	48.00	3.8%	20.8%	17.8%	4.0%	16.2%	**2.5x**
Stanbic Bank Uganda	32.00	33.00	3.1%	21.1%	22.2%	3.5%	13.5%	**2.1x**
CAL Bank	1.28	1.27	(0.8%)	17.6%	61.3%	0.0%	8.5%	**1.1x**
Bank of Kigali	286.00	290.00	1.4%	(3.3%)	16.0%	4.8%	8.2%	**1.6x**
Guaranty Trust Bank	40.50	40.05	(1.1%)	(1.7%)	2.6%	6.3%	4.3%	**2.1x**
Stanbic Holdings	91.50	93.50	2.2%	15.4%	16.9%	5.7%	(0.9%)	**1.1x**
Access Bank	10.35	10.00	(3.4%)	(4.3%)	(0.5%)	4.0%	(2.0%)	**0.7x**
Standard Chartered	198.00	203.00	2.5%	(2.4%)	(8.1%)	6.1%	(3.5%)	**1.6x**
Bank of Baroda	150.00	140.00	(6.7%)	23.9%	29.6%	1.8%	(4.9%)	**1.2x**
SBM Holdings	7.28	7.40	1.6%	(1.3%)	(3.4%)	4.1%	(6.5%)	**1.0x**
Stanbic IBTC Holdings	52.00	49.75	(4.3%)	19.9%	38.6%	1.2%	(23.0%)	**2.5x**
FBN Holdings	10.60	10.10	(4.7%)	14.8%	68.3%	2.8%	(24.0%)	**0.5x**
Standard Chartered	23.14	26.00	12.3%	3.0%	15.7%	0.0%	(25.2%)	**3.3x**
National Bank	6.25	5.80	(7.2%)	(38.0%)	(39.3%)	0.0%	(49.5%)	**0.4x**
Ecobank Transnational	20.00	20.60	3.0%	21.2%	24.8%	0.0%	(55.1%)	**0.7x**

**Target Price as per Cytonn Analyst estimates*
***Upside / (Downside) is adjusted for Dividend Yield*
****Banks in which Cytonn and/or its affiliates holds a stake. For full disclosure, Cytonn and/or its affiliates holds a significant stake in NIC Bank, ranking as the 5th largest shareholder*
***** Stock prices are in respective country currency*

We are "NEUTRAL" on equities for investors with a short-term investment horizon since the market has rallied and brought the market P/E slightly above its' historical average. However, pockets of value exist, with a number of undervalued sectors such as Financial Services, which provide an attractive entry point for long-term investors, and with expectations of higher corporate earnings this year, we are "POSITIVE" for investors with a long-term investment horizon.