Kenya Listed Commercial Banks Review

Cytonn H1'2022 Banking Sector Report

"Earnings Growth Signify Banking Sector Resilience"

Cytonn

9th September, 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

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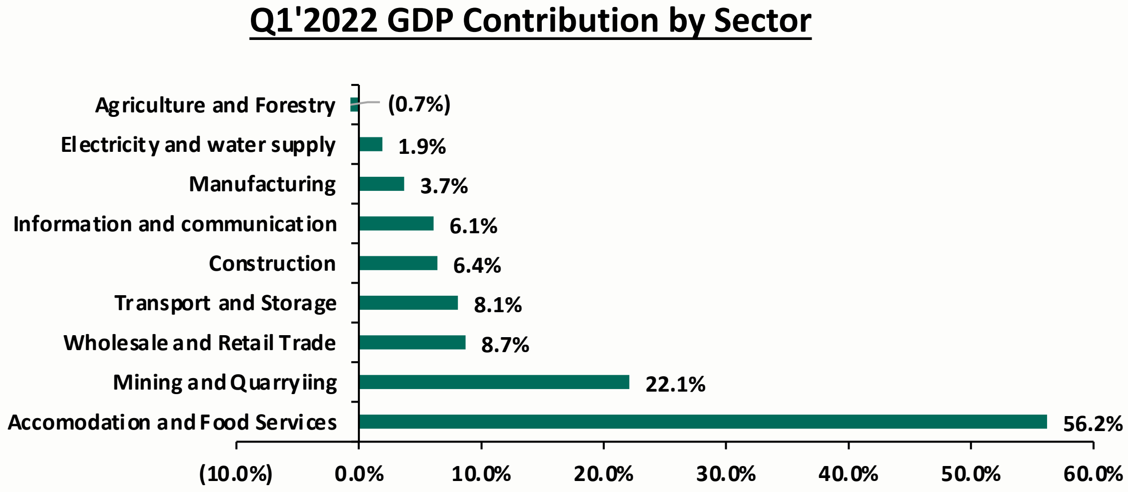
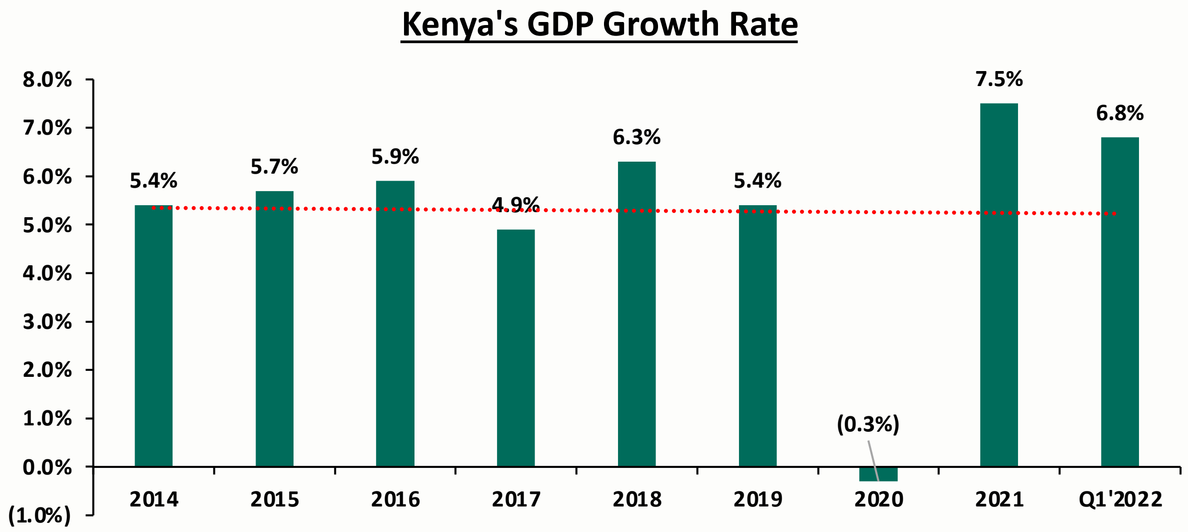
We expect gradual economic improvement in 2022



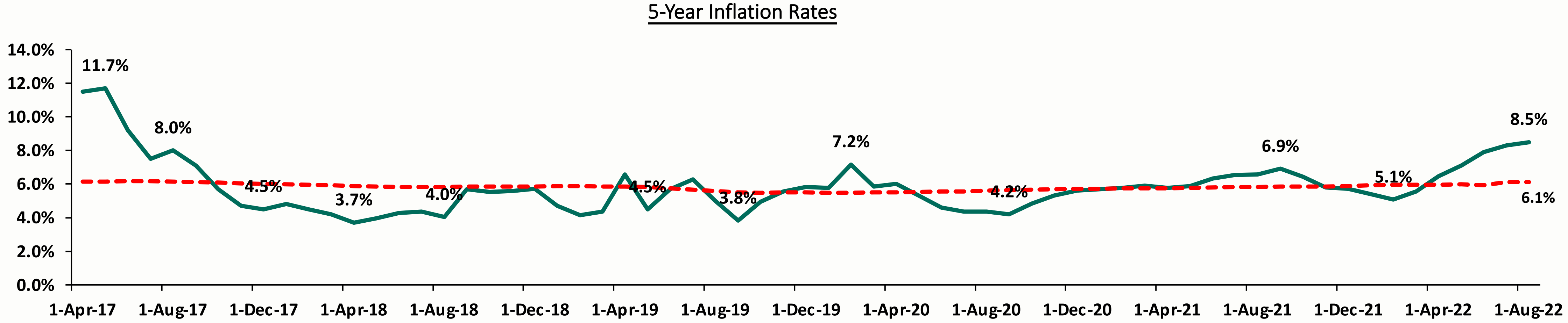


**Source: KNBS*

- The Kenyan Economy recorded a 6.8% expansion in Q1’2022, up from the 2.7% growth recorded in Q1’2021. The performance was bolstered by rebounds in most economic activities, which had contracted significantly in Q1’2021 as a result of COVID-19 control measures
- The biggest gainer in terms of sectoral contribution to GDP was agriculture, increasing by 2.8% points to 23.3% from 20.5% in Q1’2021, while public administration was the biggest loser, declining by 1.9% points to 4.7% in Q1’2022, from 6.6% in Q1’2021. The accommodation and food services sector recorded the highest growth rate in Q1’2022 growing by 56.2% compared to the 33.3% contraction recorded in Q1’2021

Inflation

Inflation has averaged 6.8% in the first eight months of 2022

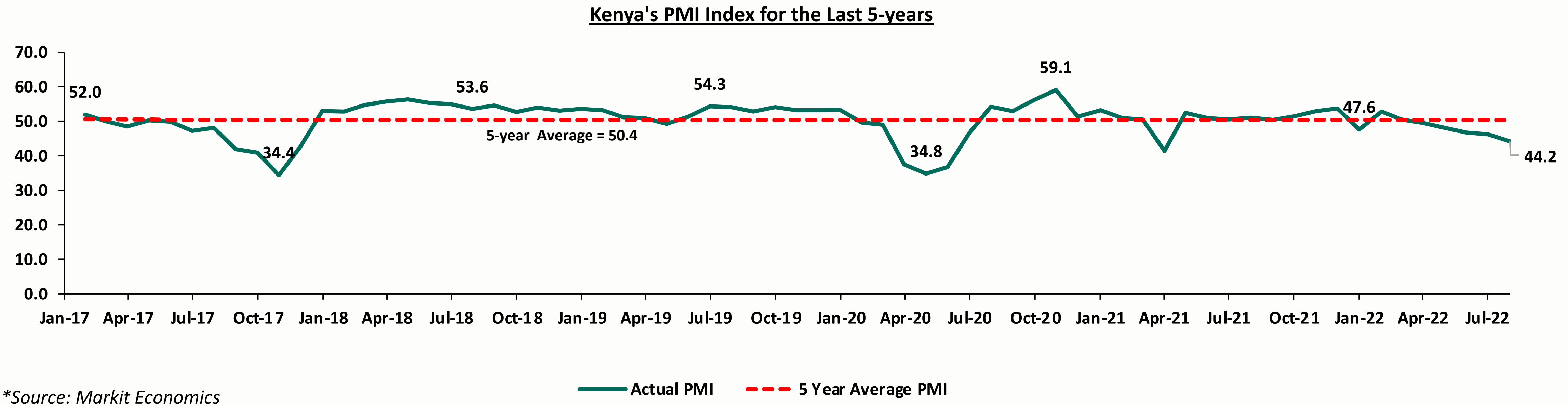


Source: KNBS

- Inflation for the month of August 2022 increased to 8.5%, from the 8.3% recorded in July 2022, mainly attributable to the increase in the y/y Food and non-alcoholic beverages, transport as well as housing, water, electricity, gas and other fuels, which increased by 15.3%, 7.6% and 5.6%, respectively
- Going forward, we expect inflationary pressures to remain elevated on the back of rising fuel prices and consequently an increase in the rise of basic commodities given that fuel is a major input in most sectors

Stanbic PMI Index

The PMI for the first 8 months of 2022 averaged 48.3

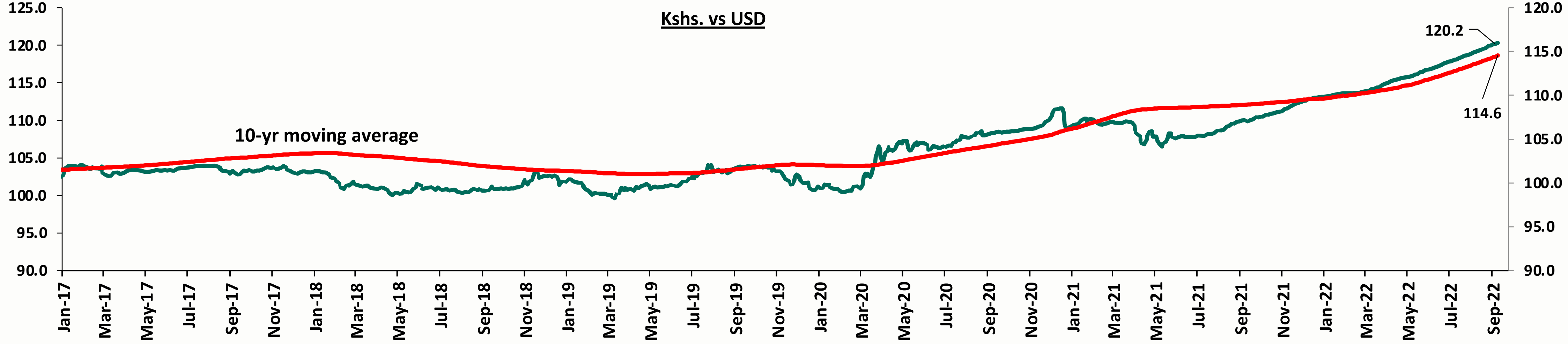


**Source: Markit Economics*

- Kenya's general business environment has deteriorated in the first eight months of 2022 with the average PMI coming in at 48.3, 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

Currency

Year-to-date, the Kenyan shilling has depreciated by 6.3% against the US Dollar (as of 09th Sept 2022)



**Source: Central Bank of Kenya*

- The Kenya Shilling has depreciated against the US Dollar by 6.3% year to date, to close at Kshs 120.3, 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 sufficient Forex reserves

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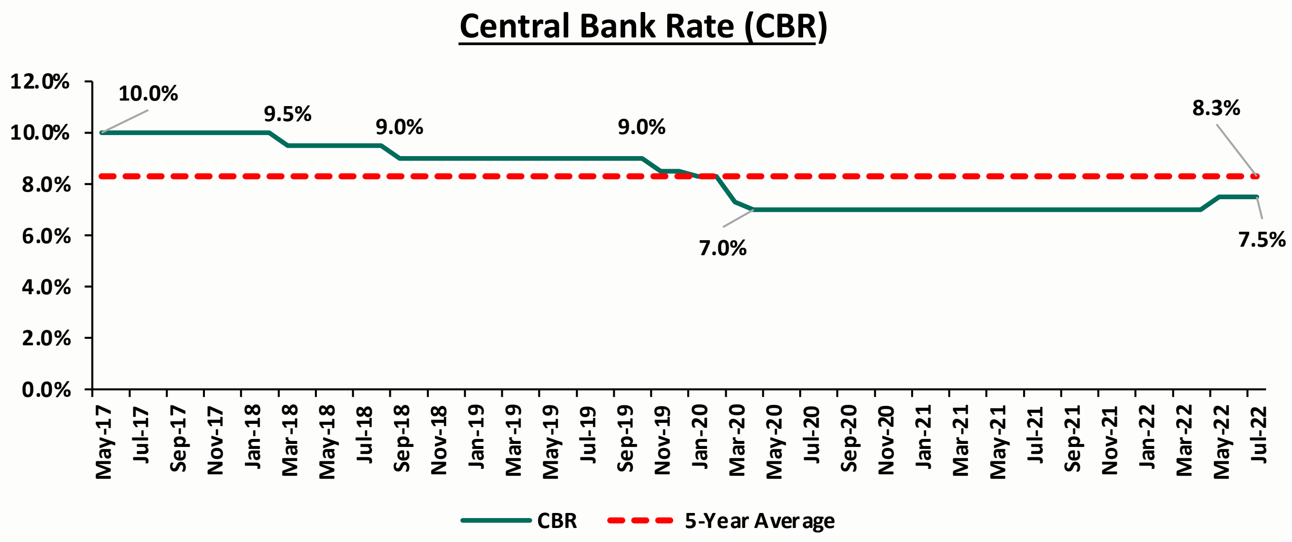
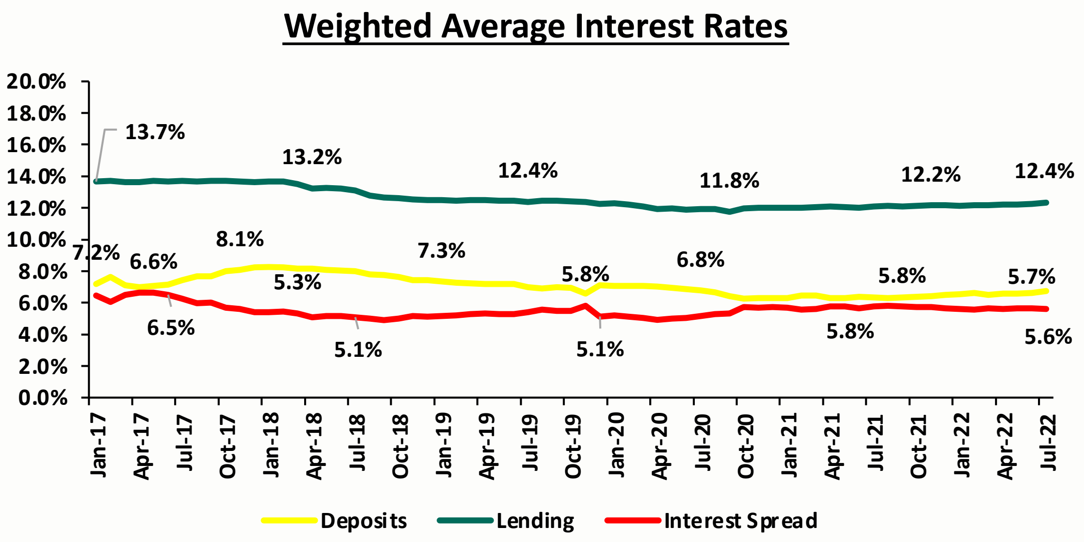
Interest Rates and Monetary Policy





- Since the start of the year, the Monetary Policy Committee has met four 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 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 restrictive policy in May 2022 led to an increase in the commercial banks' lending rates to 12.4% in July 2022 from 12.1% seen in July 2021

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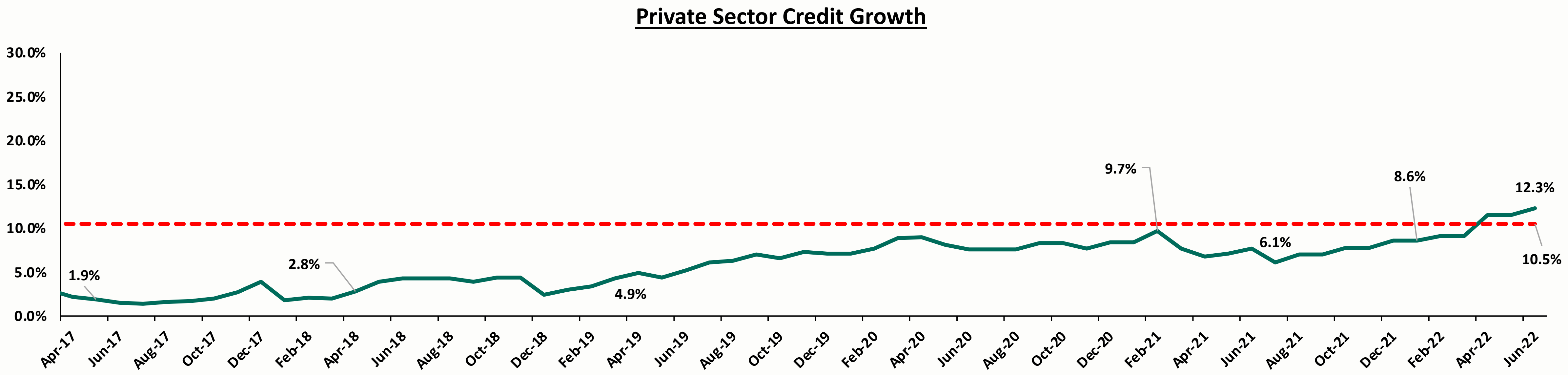
Private Sector Credit growth



**Source: KNBS*

- Growth in the private sector credit increased to 12.3% in June 2022, from 11.5% in April 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 rising global political tensions leading to supply chain disruptions

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III. Banking Sector Overview

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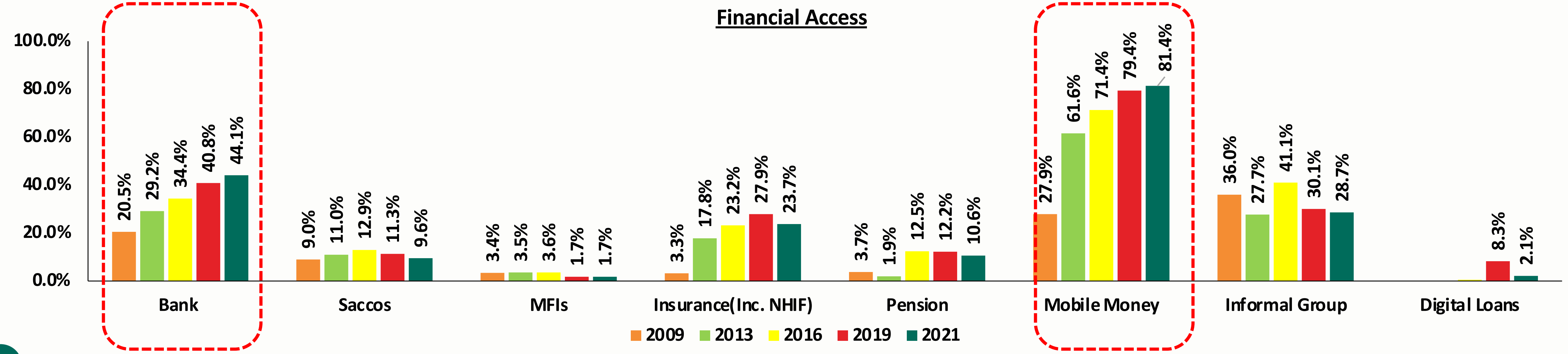
Kenyan Banking Sector Overview

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, 1 mortgage refinance company, 14 microfinance banks, 9 representative offices of foreign banks, 68 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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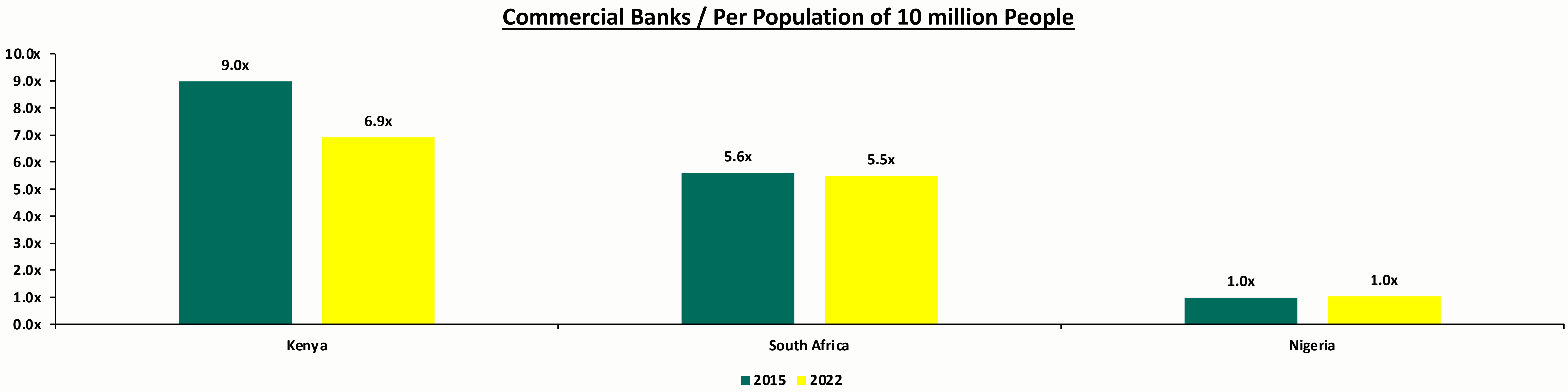
Source: Central Bank of Kenya, FinAccess report

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 6.9x, 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 and are aimed at protecting borrowers from uncharacterized practices of unregulated digital credit providers, particularly their high costs, unethical debt collection practices, and misuse of personal information. All digital lenders are expected to have registered with CBK by 17th September 2022 after which all those who fail to adhere to the regulations will cease operations. For more information see our Cytonn Weekly #49/2021

- **Risk-based Lending-** The Central Bank of Kenya has been working on a risk-based lending model to price loans since the Interest Cap law was repealed in 2019. The model's main goal is to allow banks to lend in line with the estimated risks of each borrower. As of August 2022, at least half of the banks had their models approved by the CBK. However, the approval rate for the models has been gradual in a bid to avoid causing distress to customers through high interest rates. Additionally, the full implementation has also been slowed down as a result of insufficient data to assess client's risk profile

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 H1'2022, there was one acquisition by Centum Investments Company while KCB Group PLC also announced an acquisition after H1'2022 as follows:

- On 2nd August 2022, KCB Group PLC, announced that it had entered into a final agreement with shareholders of Trust Merchant Bank (TMB) to acquire an 85.0% stake in the Democratic Republic of Congo (DRC)- based lender, with an option to acquire the remaining stake after two years. Key to note, the P/B multiple is higher than the 8-year acquisitions average P/B of 1.2x as well as the current average P/B of the listed banking stocks of 1.0x. We estimate a payment of Kshs 15.7 bn by KCB at the trading multiple of 1.5x given TMB's book value of FC 208.4 bn (Kshs 12.4 bn) as of 2020. For more information, please see our Cytonn Weekly #31/2022.
- 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

Recent Developments in the Kenyan Banking Sector….

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

Acquirer	Bank Acquired	Book Value at Acquisition (Kshs bn)	Transaction Stake	Transaction Value (Kshs bn)	P/Bv Multiple	Date
KCB Group PLC	Trust Merchant Bank (TMB)	12.4	85.0%	15.7	1.5x	August-22
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 deteriorated in H1'2022, with the Gross NPL ratio increasing by 0.3% points to 13.0%, from 12.7% in H1'2021. According to the July 2022 MPC Press Release, the NPL ratio for the entire banking sector stood at 14.7% as at June 2022, compared to 14.1% in April, with majority of the non-performing loans stemming from sectors like the agriculture, energy and water, and transport and communication sector. The 13.0% increase in NPL ratio signals a deteriorating business environment occasioned by the increased cost of living emanating from elevated inflation. We expect credit risk to remain elevated in the short term given the soaring inflation 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 H1'2022, 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 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. For more information see our Cytonn Weekly #19/2022

- Additionally, the International Finance Corporation (IFC) disclosed a plan to extend USD 150.0 mn (Kshs 18.0 bn) to KCB Group in form of a senior unsecured loan in August. The loan facilities to both banks is aimed at supporting the growth of the banks' climate finance portfolio which entails clients in sectors such as manufacturing, real estate and agriculture. For more information see our Cytonn Monthly August 2022.

Banking Sector Growth Drivers

- **Growth in Interest income:** Going forward, we expect interest income growth to remain a key driver in the industry, evidenced by the 18.0% growth recorded in H1'2022, higher than the 15.0% growth recorded in H1'2021. 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

- **Revenue Diversification:** In H1'2022, Non-Funded Income recorded a 24.4% weighted average growth, an increase from the 19.2% growth recorded in H1'2021, with many banks diversifying their revenue sources. We therefore believe that there exists an opportunity for the sector to further increase NFI contribution to revenue given the continuous adoption of digital channels by banks and their clients after the pandemic has created more revenue opportunities for the sector

Banking Sector Growth Drivers….

- **Provisioning:** Loan Loss Provisions recorded a weighted average decline of 9.1% in H1'2022, compared to a growth of 24.8% in H1'2021 signifying an improvement in business conditions and a reduction of credit risk. However, we believe that a cautious approach is still required to manage credit risk in the banking sector because of the high cost of living

- **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. The 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, according to Banks Supervision Annual Report 2021. Increased efficiency has been witnessed across the listed banks with the cost to income ratio declining by 3.5% points to 53.6% in H1'2022, from 57.1% in H1'2021

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Banking Sector Growth Drivers….

- **Consolidation:** Consolidation remains a key theme going forward with the current environment offering opportunities for larger banks with a sufficient capital base to expand and take advantage of the market's low valuations, as well as further consolidate out smaller and weaker banks. Bigger banks are also more profitable and have better deposit growth coupled with cheaper cost of funds compared to smaller banks. As such, consolidation will help the smaller banks meet the minimum capital requirement and also expand big bank’s asset base

- **Regional Expansion:** 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. Banks such as KCB and Equity Group have been leveraging on expansion which has largely contributed to their increased asset base as well as earnings growth. As aforementioned, KCB Group recently announced the acquisition of Trust Merchant Bank (TMB) in DRC. We expect other banks to continue with the expansion trend for revenue optimization

- **Integration of Climate-Related Risk Management**: The release of Guidance on Climate-Related Risk Management report by the Central Bank of Kenya (CBK) is driving banks to 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. Banks will also lend to clients whose activities do not pose an environmental risk and will ultimately lead to improvement of collateral quality. Key to note, Equity Group and KCB Group have sourced for loans from International Finance Corporation (IFC) aimed at supporting the growth of the bank’s climate finance portfolio

IV. Listed Banking Sector Metrics

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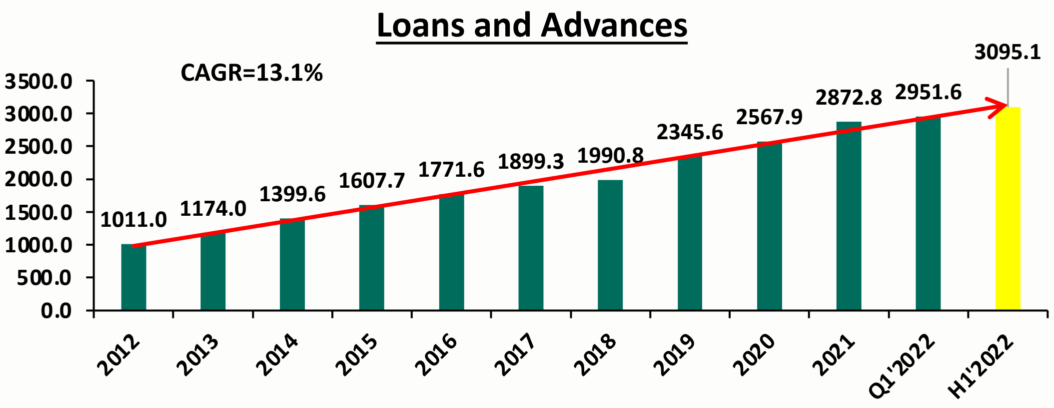
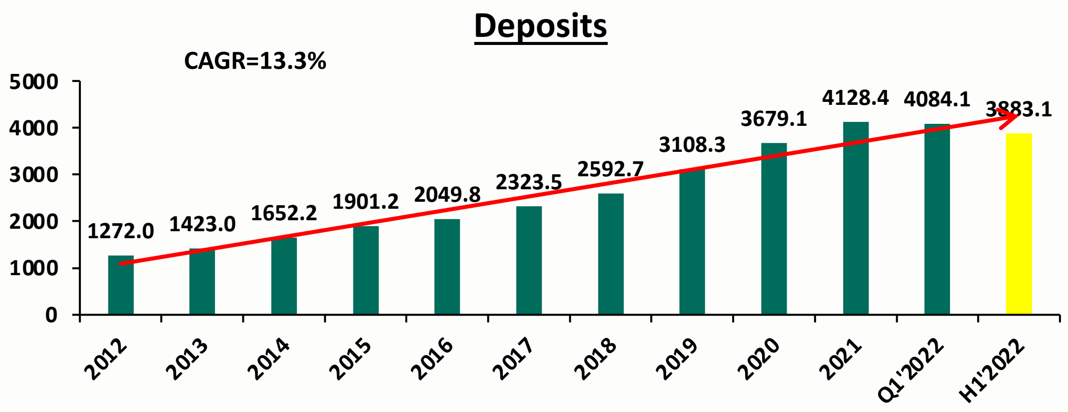
Listed Banking Sector Metrics

Deposits grew at a faster rate of 13.3% in H1'2022, as compared to the 13.1% growth in loans

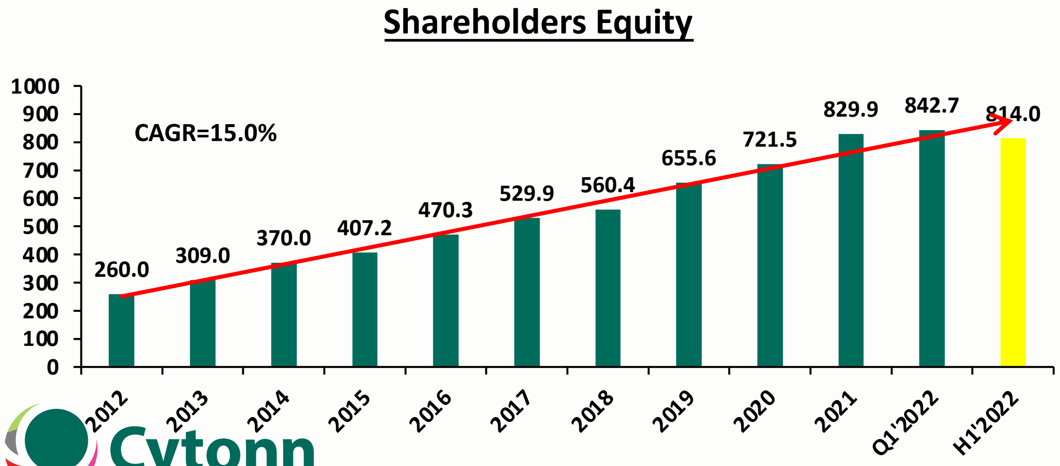
Loans and Advances (Kshs Bn)



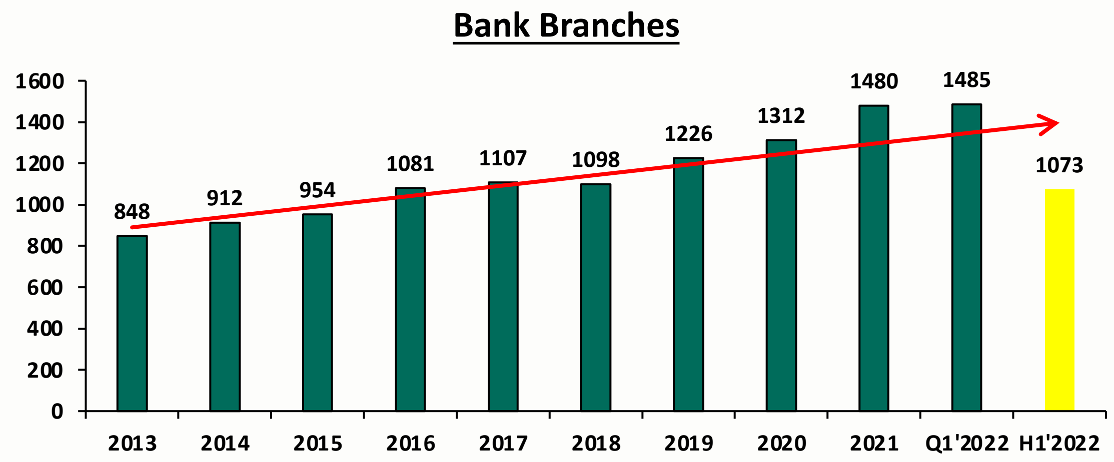
Deposits (Kshs Bn)



Shareholders Equity (Kshs Bn)



Bank Branches



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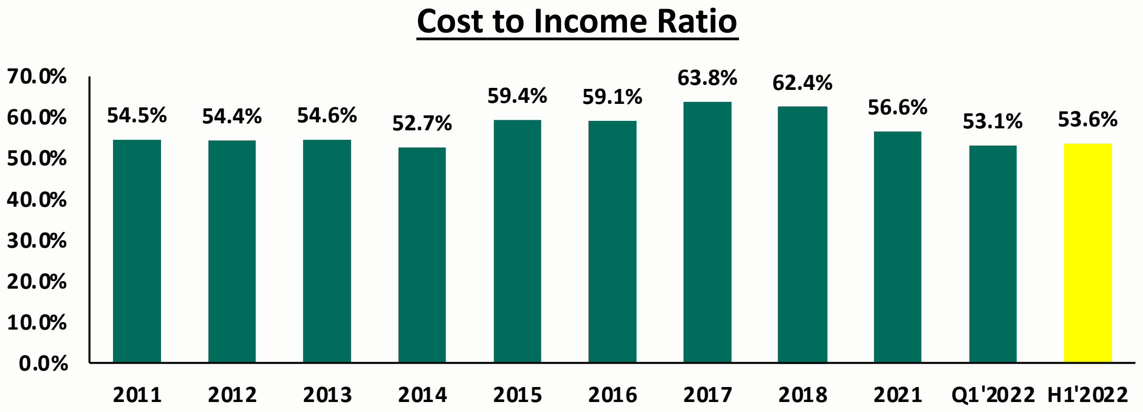
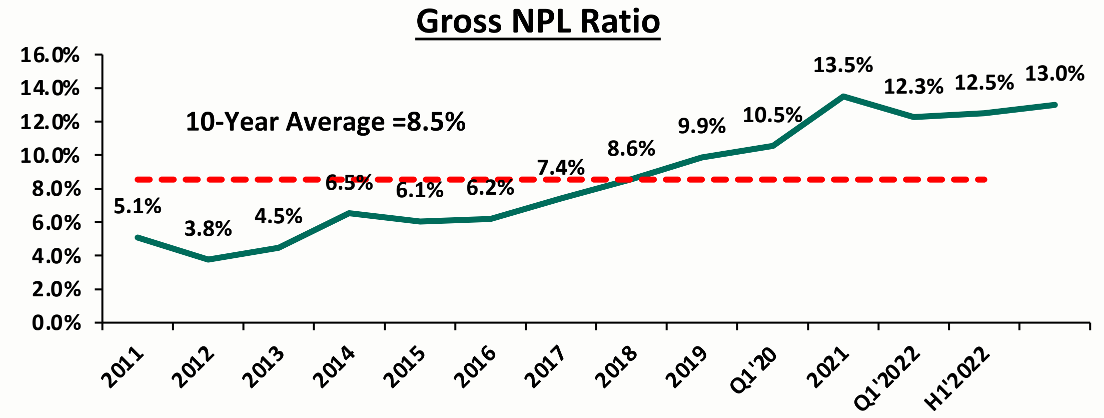
Listed Banking Sector Metrics

Banks’ asset quality deteriorated during the H1’2022 due to the elevated credit risk

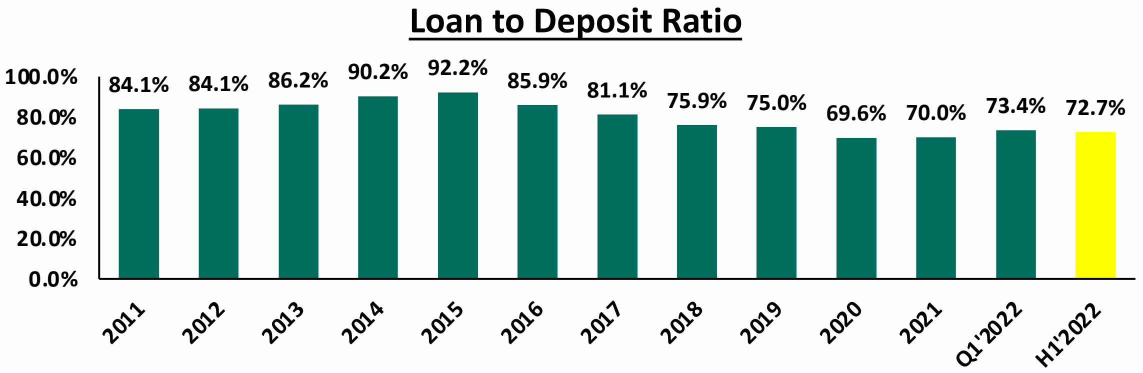
Cost to Income Ratio



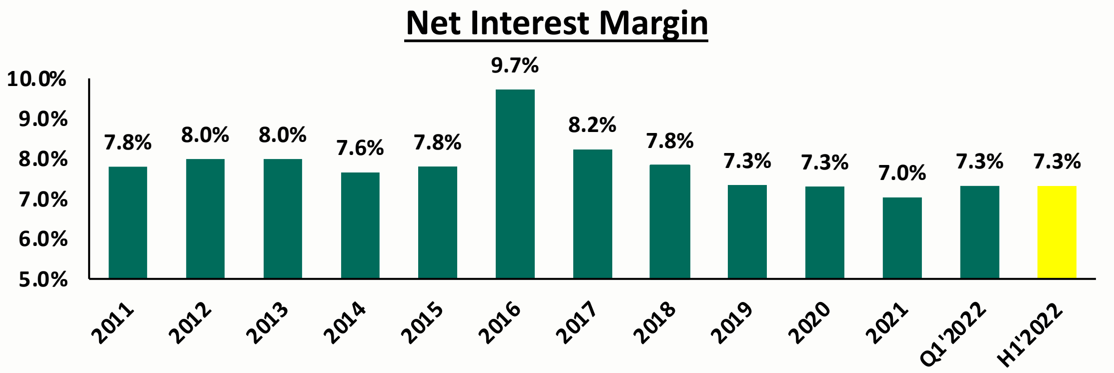
NPL Ratio



Loan to Deposit Ratio



Net Interest Margin



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Listed Banking Earnings and Growth Metrics

Kenya's listed banking sector core EPS rose by 34.0% in H1'2022, compared to a growth of 136.0% in H1'2021

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	13.0%	21.3%	25.1%	20.3%	7.6%	10.8%	31.0%	(10.0%)	6.7%
Coop Bank	28.4%	15.7%	30.3%	11.5%	8.5%	29.9%	32.1%	24.4%	15.6%
KCB Group	36.1%	28.6%	30.9%	27.8%	7.3%	24.4%	39.4%	28.5%	18.5%
I&M Holdings	66.9%	10.9%	12.0%	10.2%	6.0%	32.5%	48.9%	(2.2%)	7.1%
Equity Bank	10.9%	4.4%	(21.4%)	9.9%	6.4%	10.9%	35.6%	(6.2%)	3.1%
Absa Bank	36.9%	14.8%	(2.2%)	20.9%	5.4%	25.1%	45.1%	11.1%	(0.7%)
NCBA Group	15.9%	19.3%	20.2%	18.7%	6.4%	28.2%	32.5%	30.1%	13.2%
DTBK	25.6%	12.5%	11.4%	13.3%	5.2%	17.8%	26.0%	9.4%	10.4%
SCBK	55.7%	10.0%	5.5%	11.8%	8.4%	28.8%	38.7%	36.8%	3.8%
Stanbic Bank	114.4%	4.6%	(1.3%)	11.4%	4.5%	53.2%	32.7%	13.2%	3.4%
Weighted Average H1'2022	**34.0%**	**18.0%**	**18.6%**	**17.7%**	**7.3%**	**24.4%**	**37.1%**	**17.9%**	**11.3%**
Weighted Average H1'2022	**136.0%**	**15.0%**	**10.8%**	**17.6%**	**7.4%**	**19.2%**	**35.6%**	**16.6%**	**18.4%**

*Market cap weighted average as at 9th September 2022
**Market cap weighted average as at 9th September 2021

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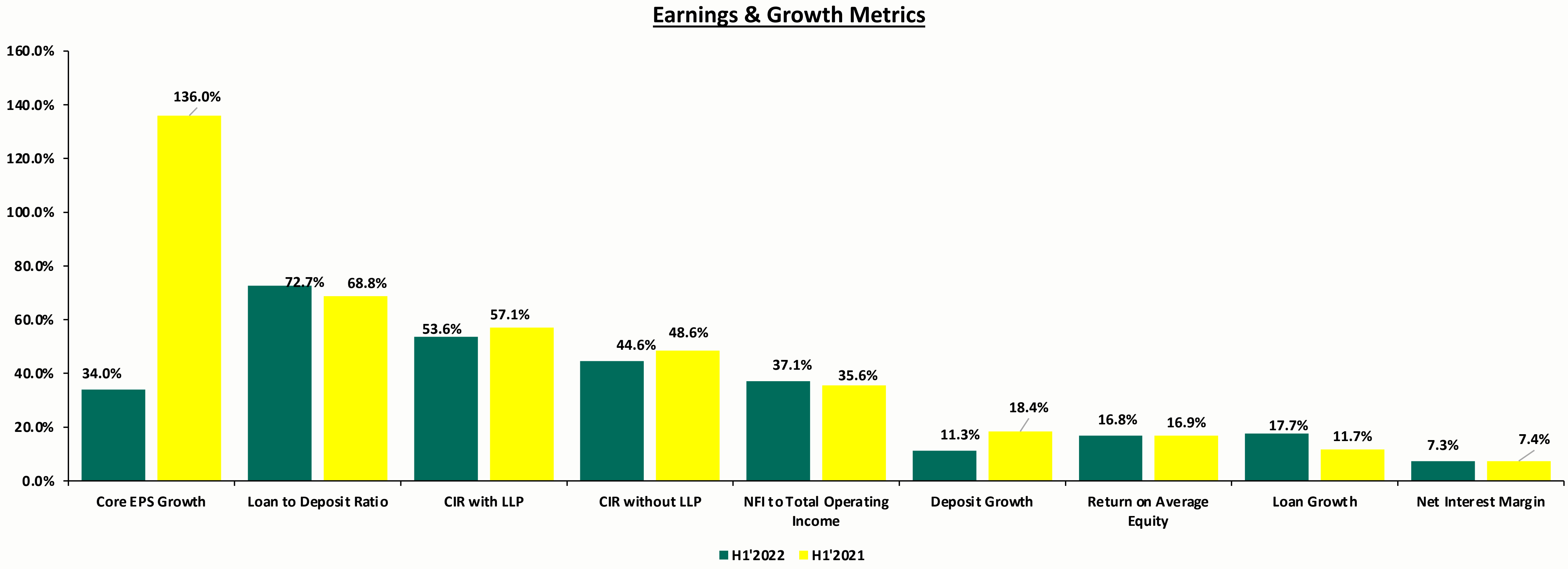
Takeout from Key Operating Metrics

Listed banks recorded a 34.0% increase in core Earnings Per Share (EPS) in H1’2022

- The listed banks recorded a 34.0% weighted average growth in core Earnings per Share (EPS), compared to a weighted average increase of 136.0% in H1’2021 for the listed banking sector
- The Banks have recorded a weighted average deposit growth of 11.3%, slower than the 18.4% growth recorded in H1’2021, an indication of reduced investment risk in the business environment
- Interest income grew by 18.0%, compared to a growth of 15.0% recorded in H1’2021 while the weighted average Yield on Interest Earning Assets (YIEA) marginally declined to 9.8%, from the 9.9% recorded in H1’2021 for the listed banking sector. The Net Interest Margin (NIM) now stands at 7.3%, 0.1% points lower than the 7.4% recorded in H1’2021 for the whole listed banking sector
- Non-Funded Income grew by 24.4%, compared to the 19.2% growth recorded in H1’2022. This can be attributable to the faster growth in the fees and commission which grew by 17.9% compared to a decline of 16.6% in H1’2021

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 34.0%



Listed Banks Operating Metrics

The sectors asset quality deteriorated during the period, as evidenced by the 0.3% points increase in the NPL ratio to 13.0%, from 12.7% recorded in H1'2021

Bank	Deposit/Branch (bn)	Gross NPL Ratio	NPL Coverage	Tangible Common Ratio	Non Funded Income/Revenue
Absa Bank	3.4	7.1%	78.5%	12.5%	31.0%
Equity Bank	2.8	8.8%	64.1%	10.1%	39.4%
I&M Holdings	3.8	9.3%	59.2%	13.8%	32.5%
Stanbic Bank	10.3	9.4%	56.0%	14.7%	45.1%
DTBK	2.7	12.8%	44.2%	14.1%	26.0%
NCBA Group	4.5	13.5%	62.8%	12.5%	48.9%
Coop Bank	2.4	14.1%	65.8%	15.0%	38.7%
SCBK	13.0	15.4%	83.9%	83.9%	35.6%
HF Group	1.8	18.5%	77.6%	13.6%	32.7%
KCB Group	1.8	21.4%	45.8%	14.5%	32.1%
Weighted Average H1'2022	**4.1**	**13.0%**	**62.3%**	**18.6%**	**37.1%**
Weighted Average H1'2021	**3.5**	**12.7%**	**64.0%**	**13.8%**	**35.6%**

*Market cap weighted average as at 9th September 2022

**Market cap weighted average as at 9th September 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 1.0x and average P/E of 4.0x

Bank	No. of shares (bn)	Market Cap (Kshs bn)	P/E	Price*	P/TBV
Absa Bank	5.4	64.9	5.6x	12.0	1.2x
SCBK	1.6	54.4	4.1x	33.0	0.7x
Stanbic Bank	3.8	183.4	3.9x	48.6	1.4x
NCBA Group	3.2	136.4	3.5x	42.5	0.8x
Equity Bank	0.4	52.5	5.5x	139.0	1.0x
Coop Bank	5.9	73.6	3.6x	12.6	0.8x
KCB Group	0.4	37.0	3.4x	93.5	0.8x
I&M Holdings	0.3	14.1	2.7x	50.5	0.2x
DTBK	1.7	28.1	3.2x	17.0	0.5x
HF Group	0.4	1.4	-6.9x	3.6	0.2x
Weighted Average H1'2022*			**4.0x**		**1.0x**
Weighted Average H1'2021**			**6.1x**		**1.0x**

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

**Prices as at 9th September 2022*

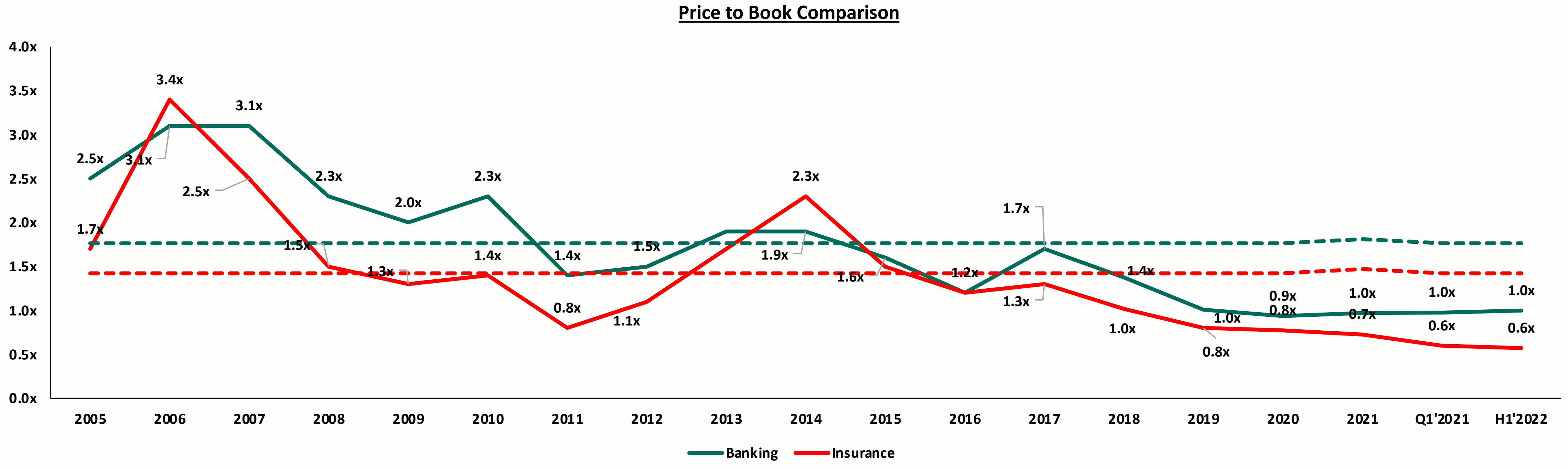
***Prices as at 9th September 2021*

Cytonn

Listed Banks & Insurance Trading Metrics

Listed banks are trading at an average P/B of 1.0x, 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 1.0x, 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

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V. Banks Valuation Reports

Ranking by Franchise Value

Equity Group emerged top in the franchise ranking having had the highest ROACE of 21.2% against a market average of 16.9%

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	8	4	1	4	4	10	6	2	5	10	3	1	58
2	Coop Bank	3	6	4	2	3	7	8	7	4	2	4	6	56
3	Absa Bank	4	7	3	3	10	9	5	1	2	8	9	1	62
4	KCB Group	2	3	2	1	2	6	9	10	9	4	8	7	63
5	I&M Holdings	6	5	8	5	5	3	4	3	7	6	7	3	62
6	Stanbic Bank	5	1	7	8	7	5	2	4	8	3	2	4	56
7	SCBK	10	2	6	6	9	8	1	8	1	1	5	5	62
8	DTBK	7	9	9	9	6	2	7	5	10	5	10	9	88
9	NCBA Group	9	8	5	7	8	4	3	6	6	9	1	7	73
10	HF Group	1	10	10	10	1	1	10	9	3	7	6	10	78

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Valuation Summary of Listed Banks

Equity Group presents the highest upside with a total potential return of 34.2%

(all values in Kshs)

Bank	Current Price	Target Price	Upside/(Downside)	Dividend Yield	Total Potential Return
Equity Bank	48.6	62.2	28.0%	6.2%	34.2%
DTBK	50.5	59.5	17.8%	5.9%	23.8%
KCB Group	42.5	53.5	26.0%	7.1%	33.1%
Stanbic Holdings	93.5	99.9	6.8%	9.6%	16.5%
Coop Bank	12.6	15.6	24.6%	8.0%	32.6%
SCBK	139.0	155.0	11.5%	10.1%	21.6%
I&M Holdings	17.0	20.5	20.7%	8.8%	29.5%
Absa Bank	12.0	14.9	24.4%	8.4%	32.8%
NCBA Group Plc	33.0	35.2	6.5%	9.1%	15.6%
HF Group	3.6	3.6	0.5%	0.0%	0.5%

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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	Q1'2022	H1'2022
Equity Group Holdings Ltd	3	1	1.8	1	1
Co-operative Bank of Kenya Ltd	1	4	2.8	4	2
ABSA	4	3	3.4	5	3
KCB Group Plc	7	2	4.0	2	4
I&M Holdings	4	5	4.6	8	5
Stanbic Bank/Holdings	1	8	5.2	3	6
SCBK	4	7	5.8	7	7
DTBK	10	6	7.6	6	8
NCBA Group Plc	8	9	8.6	9	9
HF Group Plc	9	10	9.6	10	10

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VI. Appendix

A. Tier I Banks

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I. Equity Group Holdings

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Equity Group Summary of Performance – H1’2022

- Profit before tax increased by 29.7% to Kshs 30.9 bn, from Kshs 23.8 bn in H1’2021 with the effective tax rate declining to 21.0% from 24.7% in H1’2021,
- Total Operating Income rose by 26.4% to Kshs 65.6 bn, from Kshs 51.9 bn recorded in H1’2021 driven by a 27.8% increase in Net Interest Income (NII) to Kshs 39.8 bn, from Kshs 31.2 bn in H1’2021, coupled with a 24.4% increase in Non-Funded Income (NFI) to Kshs 25.8 bn, from Kshs 20.8 bn in H1’2021,
- The balance sheet recorded an expansion as total assets increased by 19.1% to Kshs 1,333.9 bn in H1’2022, from Kshs 1,119.7 bn recorded in H1’2021, and,
- The group’s asset quality improved, with the NPL ratio declining to 8.8% in H1’2022, from 11.4% recorded in H1’2021, attributable to the 1.9% decline in Gross Non-Performing Loans (NPLs) coupled with a 26.7% growth in gross loans. The main sectors that contributed to the Non-Performing Loans were MSMEs and Agriculture, which contributed 20.9% and 7.1%, respectively
- Going forward, we expect the bank’s growth to be driven by:

I. **Channelled diversification** – This will aid in further improvement on efficiency with emphasis on alternative channels of transactions, as the bank rides on the digital revolution wave, thereby further improving the cost to income ratio by cost rationalization and revenue expansion. This will likely propel the bank’s prospects of achieving sustainable growth

II. **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

Cytonn

Financial Statements Extracts

Equity Group's PAT is expected to grow at a 5-year CAGR of 27.5%

Income Statement	2019	2020	2021	2022f
Net Interest Income	45.0	55.1	68.8	93.2
Non Funded Income	30.8	38.5	44.6	48.8
Total Operating Income	75.8	**93.7**	**113.4**	**142.0**
Loan Loss Provision	(5.3)	(26.6)	(5.8))	(9.4)
Other Operating Expenses	(39.0)	(46.0)	(55.7)	(67.8)
Total Operating Expenses	**(44.3)**	**(72.7)**	**(61.5)**	**(77.2)**
Profit Before Tax	31.5	22.2	51.9	64.8
% PAT Change YoY	**13.8%**	**(10.9%)**	**99.4%**	**21.2%**
EPS	6.0	5.3	10.6	12.9
DPS	-	-	3.0	3.0
Cost to Income (with LLP)	58.5%	77.6%	54.2%	54.4%
NIM	**8.4%**	**7.6%**	**6.8%**	**7.6%**
ROaE	22.0%	16.5%	26.6%	25.3%
ROaA	3.6%	2.4%	3.5%	3.4%
Balance Sheet	**2019**	**2020**	**2021**	**2022e**
Net Loans and Advances	366.4	477.8	587.8	766.9
Government Securities	138.6	175.7	228.5	205.7
Other Assets	168.7	361.5	488.7	543.9
Total Assets	**673.7**	**1,015.1**	**1,304.9**	**1516.4**
Customer Deposits	482.8	740.8	959.0	1074.1
Other Liabilities	79.2	135.7	169.7	221.4
Total Liabilities	**561.9**	**876.5**	**1,128.7**	**1295.4**
Shareholders Equity	**110.7**	**132.2**	**169.2**	**214.3**
Number of Shares	**3.8**	**3.8**	**3.8**	**3.8**
Book value Per share	29.3	35.0	44.8	56.8
% Change in BPS YoY	**17.7%**	**19.5%**	**28.0%**	**26.7%**

Valuation Summary

Equity Group is undervalued with a total potential return of 34.2%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	73.1	40.0%	29.2
Residual Income	58.4	35.0%	20.4
PBV Multiple	42.7	15.0%	6.4
PE Multiple	61.6	10.0%	6.2
Target Price			**62.2**
Current Price			**48.6**
Upside/(Downside)			28.1%
Dividend Yield			6.2%
Total Potential Return			**34.2%**

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II. KCB Group

Cytonn

KCB Group Summary of Performance – H1’2022

- Profit before tax increased by 28.6% to Kshs 28.2 bn, from Kshs 21.9 bn in H1’2021 due to the 16.8% increase in total operating income, which outpaced the 8.0% increase in total operating expenses. Profit after tax increased by 28.4% to Kshs 19.6 bn in H1’2022, from Kshs 15.3 bn in H1’2021, with the effective tax rate increasing to 30.3%, from 30.2% in H1’2021
- Total operating income increased by 16.8% to Kshs 59.8 bn, from Kshs 51.2 bn in H1’2021, driven by an 11.5% increase in Net Interest Income (NII) to Kshs 40.6 bn, from Kshs 36.4 bn in H1’2021, coupled with a 29.9% increase in Non-Funded Income (NFI) to Kshs 19.2 bn, from Kshs 14.8 bn in H1’2021,
- Total operating expenses increased by 8.0% to Kshs 31.6 bn, from Kshs 29.3 bn in H1’2021, largely driven by a 15.0% increase in staff costs to Kshs 14.1 bn, from Kshs 12.3 bn in H1’2021. The increase in expenses was mitigated by a 34.4% decline in Loan Loss Provisions (LLP), to Kshs 4.3 bn, from Kshs 6.6 bn in H1’2021
- The group’s Asset Quality therefore deteriorated, with the NPL ratio increasing to 21.4% in H1’2022, from 14.4% in H1’2021, attributable to the faster 81.2% growth in Non-Performing loans, which outpaced the 21.6% 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 in 2021. KCB also announced plans to acquire 85.0% majority stake in Democratic Republic of Congo’s Trust Merchant Bank, pending regulatory approval, expected to boost KCB’s regional presence and participation, as well as accelerate its growth. The geographical expansion has continued to bear fruits, with the group’s subsidiaries with the expectation of KCB-K, increasing their Profit Before Tax (PBT) contribution to 16.8%, up from 15.7% in H1’2021

Financial Statements Extracts

KCB Group's PAT is expected to grow at a 5-year CAGR of 18.1%

Income Statement	2019	2020	2021	2022f
Net Interest Income	56.1	67.9	77.7	92.7
Non Funded Income	28.2	28.5	30.9	31.8
Total Operating Income	**84.3**	**96.4**	**108.6**	**124.4**
Loan Loss Provision	8.9	27.5	13.0	17.7
Other Operating Expenses	38.5	43.2	47.8	54.2
Total Operating Expenses	**47.4**	**70.7**	**60.5**	**71.9**
Profit Before Tax	36.9	25.7	47.8	52.6
% PAT Change YoY	**4.9%**	**(22.1%)**	**74.3%**	**7.7%**
EPS	7.8	6.1	10.6	11.4
DPS	3.5	1.0	3.0	2.0
Cost to Income (with LLP)	56.2%	73.3%	56.0%	57.8%
NIM	**8.2%**	**8.5%**	**8.4%**	**8.3%**
ROE	20.7%	14.4%	21.8%	24.9%
ROA	3.1%	2.1%	3.2%	4.0%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	539.7	595.3	675.5	841.9
Government Securities	164.9	208.8	270.8	333.9
Other Assets	194.0	183.8	193.4	200.8
Total Assets	**898.6**	**987.8**	**1,139.7**	**1376.6**
Customer Deposits	686.6	767.2	837.1	1013.5
Other Liabilities	82.2	78.2	129.0	129.7
Total Liabilities	**768.8**	**845.4**	**966.2**	**1143.2**
Shareholders Equity	**129.7**	**142.4**	**171.7**	**230.7**
Number of Shares	**3.2**	**3.2**	**3.2**	**3.2**
Book value Per share	40.4	44.3	53.4	71.8
% Change in BPS YoY	**7.5%**	**9.8%**	**20.6%**	**34.4%**

Valuation Summary

KCB Group is undervalued with a total potential return of 33.1%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	45.3	40.0%	18.1
Residual Income	52.8	20.0%	10.6
PBV Multiple	59.2	10.0%	5.9
PE Multiple	63.0	30.0%	18.9
Target Price			**53.5**
Current Price			**42.5**
Upside/(Downside)			26.0%
Dividend Yield			7.1%
Total Return			**33.1%**

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III. Co-operative Bank

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Co-operative Bank Summary of Performance – H1'2022

- The bank registered a 55.7% increase in profit after tax to Kshs 11.5 bn in H1'2022, from Kshs 7.4 bn in H1'2021, driven by a 17.8% increase in total operating income to Kshs 34.4 bn in H1'2022, from Kshs 29.2 bn in H1'2021, coupled with a 2.5% decline in the total operating expenses to Kshs 19.2 bn in H1'2022, from Kshs 18.7 bn in H1'2021,
- Total operating income rose by 17.8% to Kshs 34.4 bn in H1'2022, from Kshs 29.2 bn in H1'2021 mainly driven by an 11.8% increase in Net Interest Income (NII) to Kshs 21.1 bn, from Kshs 18.8 bn in H1'2021 coupled with a 28.8% growth in Non-Funded Income (NFI) to Kshs 13.3 bn, from Kshs 10.3 bn in H1'2021,
- Total operating expenses increased by 2.5% to Kshs 19.2 bn in H1'2022, from Kshs 18.7 bn in H1'2021, largely driven by an 8.6% increase in staff costs to Kshs 7.1 bn, from Kshs 6.5 bn in H1'2021 coupled with an 8.9% increase in other operating expenses to Kshs 8.7 bn, from Kshs 8.0 bn in H1'2021,
- The balance sheet recorded an expansion as total assets grew by 5.4% to Kshs 603.9 bn in H1'2022, from Kshs 573.0 bn in H1'2021,
- The bank's asset quality improved, with the NPL ratio declining to 14.1% in H1'2022, from 15.2% in H1'2021, owing to the 9.1% growth in gross loans to Kshs 363.8 bn, from Kshs 333.5 bn in H1'2021, which outpaced the 0.7% increase in gross non-performing loans. The improved asset quality was attributable to the continued economic recovery which has seen more business pick up and more people going back to their jobs given that the group's loan book constituted 50.1% personal consumer loans as of Q1'2022
- 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 cantered 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 8.5%

Income Statement	2019	2020	2021	2022f
Net Interest Income	31.3	36.3	41.0	43.9
Non Funded Income	17.2	17.5	19.4	22.5
Total Operating Income	**48.5**	**53.8**	**60.4**	**66.4**
Loan Loss Provision	(2.5)	(8.1)	(7.9)	(5.0)
Other Operating Expenses	(25.3)	(31.3)	(30.2)	(32.7)
Total Operating Expenses	**(27.8)**	**(39.4)**	**(38.1)**	**(37.8)**
Profit Before Tax	20.7	14.3	22.6	28.7
% PAT Change YoY	**12.4%**	**(24.4%)**	**53.0%**	**21.5%)**
EPS	2.1	1.6	2.4	2.9
DPS	1.0	1.0	1.0	1.0
Cost to Income (with LLP)	57.4%	73.2%	63.0%	56.9%
NIM	**8.5%**	**8.5%**	**8.5%**	**8.2%**
ROE	**19.2%**	**12.5%**	**17.3%**	18.2%
ROA	**3.3%**	**2.1%**	**3.0%**	3.3%
Balance Sheet	**2019**	**2020**	**2021**	**2022**
Net Loans and Advances	266.7	286.6	310.2	342.1
Government Securities	117.8	161.9	184.9	204.2
Other Assets	72.5	88.4	85.5	98.9
Total Assets	**457.0**	**536.9**	**579.8**	**645.1**
Customer Deposits	332.8	378.6	407.7	450.4
Other Liabilities	43.3	66.3	71.3	74.1
Total Liabilities	**376.2**	**444.9**	**479.0**	**524.5**
Shareholders Equity	79.3	90.7	100.2	120.4
Number of Shares	5.87	5.87	5.87	6.9
Book value Per share	13.5	15.5	17.1	17.5
% Change in BPS YoY	**13.6%**	**14.4%**	**10.5%**	**20.1%**

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Valuation Summary

Co-operative Bank is undervalued with a total potential return of 32.6%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	17.6	40%	7.1
Residual income	13.6	35%	4.8
PBV Multiple	14.8	20%	3.0
PE Multiple	17.1	5%	0.9
Target Price			**15.6**
Current Price			**12.6**
Upside/(Downside)			24.7%
Dividend Yield			8.0%
Total Return			**32.6%**

Cytonn

IV. NCBA Bank

Cytonn

NCBA Bank Summary of Performance – H1’2022

- Profit before tax rose by 50.8% to Kshs 11.2 bn, from Kshs 7.4 bn in H1’2021. Profit after tax also increased by 66.9% to Kshs 7.8 bn from Kshs 4.7 bn in H1’2021 with the effective tax rate decreasing to 30.5% in H1’2022, from 37.2% recorded in H1’2021
- Total operating income rose by 20.1% to Kshs 29.0 bn in H1’2022, from Kshs 24.1 bn in H1’2021. This was due to a 32.5% increase in Non-Funded Income (NFI) to Kshs 14.2 bn, from Kshs 10.7 bn recorded in H1’2021 coupled with a 10.2% increase in Net Interest Income (NII) to Kshs 14.8 bn, from the Kshs 13.4 bn recorded in H1’2021,
- Total operating expenses increased by 4.6% to Kshs 17.1 bn in H1’2022, from Kshs 16.3 bn in H1’2021, largely driven by the 16.2% increase in staff costs to Kshs 4.5 bn, from Kshs 3.9 bn recorded in H1’2021 and an 7.4% increase in other expenses to Kshs 7.0 bn from Kshs 6.5 bn
- The balance sheet recorded an expansion with total assets growing by 11.4% to Kshs 604.3 bn in H1’2022, from Kshs 542.6 bn in H1’2021
- The group’s asset quality improved, as evidenced by the decline in NPL ratio to 13.5%, from 16.7% in H1’2021 driven by the 18.1% decline in NPLs to Kshs 36.9 bn from Kshs 45.0 bn. The improvement in the group’s asset quality is attributable to the 1.3% growth in gross loans coupled with the 18.1% decline in Gross Non-Performing Loans (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 32.5% to Kshs 14.2 bn, from Kshs 14.2 bn in H1’2021
- Increased brand recognition backed by excellent customer service as it expands its retail banking operations, mainly through the expansion of its branch network to increase customer reach

Cytonn

Financial Statements Extracts

NCBA Group's PAT is expected to grow at a 5-year CAGR of 24.8%

Income Statement	2019	2020	2021	2022f
Net Interest Income	13.3	25.5	27.0	31.7
Non Funded Income	20.3	20.9	22.1	27.3
Total Operating Income	**33.7**	**46.4**	**49.2**	**58.9**
Loan Loss Provision	(6.3)	(20.4)	(12.7)	(13.1)
Other Operating Expenses	(14.1)	(19.6)	(20.8)	(24.7)
Total Operating Expenses	**(20.4)**	**(40.0)**	**(33.4)**	**(37.8)**
Profit Before Tax	11.3	5.0	15.0	20.4
Profit After Tax	7.8	4.6	10.2	11.0
% PAT Change YoY	**(12.4%)**	**(41.7%)**	**123.7%**	**7.6%**
EPS	11.1	2.8	6.2	6.7
DPS	0.3	2.3	3.0	0.4
Cost to Income (with LLP)	60.5%	86.2%	68.1%	64.2%
NIM	**3.3%**	**5.8%**	**5.9%**	6.3%
ROE	11.8%	6.6%	13.6%	12.6%
ROA	1.7%	0.9%	1.8%	1.8%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	249.4	248.5	244.0	267.1
Government Securities	145.0	163.5	196.1	201.7
Other Assets	100.5	116.0	151.0	178.9
Total Assets	494.8	528.0	591.1	647.7
Customer Deposits	378.2	421.5	469.9	493.4
Other Liabilities	49.3	33.9	43.2	57.9
Total Liabilities	427.6	455.4	513.1	551.2
Shareholders Equity	67.0	72.4	77.9	96.4
Number of Shares	0.7	1.5	1.5	1.6
Book value Per share	44.7	43.9	47.3	58.5
% Change in BPS YoY	**1.5%**	**(1.8%)**	**7.6%**	**23.8%**

Cytonn

Valuation Summary

NCBA Group is undervalued with a total potential return of 15.6%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM Integrated	41.6	40.0%	16.7
Residual Valuation	30.1	35.0%	10.5
PBV Multiple	31.8	20.0%	6.4
PE Multiple	31.8	5.0%	1.6
Target Price			**35.2**
Current Price			**33.0**
Upside/(Downside)			6.6%
Dividend Yield			9.1%
Total Potential Return			**15.6%**

Cytonn

V. Standard Chartered Bank Kenya

SCBK's Summary of Performance – H1'2022

- Profit before tax increased by 11.4% to Kshs 7.6 bn, from Kshs 6.8 bn in H1'2021. Profit after tax increased by 10.9% to Kshs 5.4 bn in H1'2022, from Kshs 4.9 bn recorded in H1'2021 with the effective tax rate remaining unchanged at 29.6%
- Total operating income rose by 10.2% to Kshs 15.6 bn, from Kshs 14.1 bn recorded in H1'2021 driven by a 9.9% growth in Net Interest Income (NII) to Kshs 10.0 bn, from Kshs 9.1 bn in H1'2021 coupled with a 10.9% gain in Non - Funded Income (NFI) to Kshs 5.5 bn, from Kshs 5.0 bn in H1'2021,
- Total operating expenses increased by 9.2% to Kshs 8.0 bn in H1'2022, from Kshs 7.3 bn in H1'2021, an 11.5% increase in staff costs to Kshs 3.6 bn, from Kshs 3.2 bn recorded in H1'2021 coupled with an 24.1% increase in other operating expenses to Kshs 4.3 bn from Kshs 3.5 bn in H1'2021
- The balance sheet recorded an expansion as total assets grew by 5.4% to Kshs 364.3 bn in H1'2022, from Kshs 345.6 bn in H1'2021
- The bank's asset quality deteriorated slightly with the NPL ratio increasing to 15.4% in H1'2022, from 15.4% recorded in H1'2021. The decline in the asset quality was attributable to the faster 0.9% decline in Gross loans compared to Gross Non-Performing Loans (NPLs) which declined by 0.5% to Kshs 22.7 bn in H1'2022, from Kshs 22.9 bn recorded in H1'2021. The marginal decline in NPLs is partly attributable to the continuous recovery in most sectors of the economy,
- Going forward, we expect the bank's growth to be driven by:

i. **Revenue Diversification** – We expect the bank to focus on leveraging its digitization strategy as it has the potential of enhancing the bank's Non-Funded Income (NFI). Other fees and commissions remains the largest contributor to NFI recording a 43.4% increase in H1'2022. Key to note, Non-Funded Income (NFI) grew by 10.6% during the period. As a result, we anticipate the bank to concentrate on diversifying revenue sources by promoting the usage of alternative channels to expand and contain cost to improve the performance

Cytonn

Financial Statements Extracts

SCBK's PAT is expected to grow at a 5-year CAGR of 28.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	19.5	19.1	18.8	25.7
Non Funded Income	9.2	8.3	10.4	9.9
Total Operating Income	**28.7**	**27.4**	**29.2**	**35.7**
Loan Loss Provision	(0.6)	(3.9)	(2.1)	(1.9)
Other Operating Expenses	(16.0)	(16.1)	(14.5)	(17.0)
Total Operating Expenses	**(16.5**	**(20.0)**	**(16.6)**	**(18.9)**
Profit Before Tax	12.2	7.4	12.6	16.7
% PAT Change YoY	**1.7%**	**(33.9%)**	**66.2%**	**33.0%**
EPS	24.0	14.4	24.0	31.9
DPS	20.0	10.5	19.0	10.0
Cost to Income (with LLP)	57.6%	73.0%	56.8%	53.1%
NIM	**7.4%**	**6.8%**	**6.4%**	**8.1%**
ROaE	17.5%	11.0%	17.4%	19.3%
ROaA	2.8%	1.7%	2.7%	3.3%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	128.7	121.5	126.0	133.6
Government Securities	99.6	99.8	95.6	111.4
Other assets	73.8	104.3	113.3	141.5
Total Assets	**302.1**	**325.6**	**334.9**	**386.4**
Customer Deposits	228.4	256.5	265.5	293.6
Other Liabilities	25.9	18.2	16.2	21.2
Total Liabilities	**254.4**	**274.7**	**281.7**	**314.7**
Shareholders Equity	**47.8**	**50.9**	**53.2**	**71.7**
Number of shares	**0.4**	**0.4**	**0.4**	**0.3**
Book value Per share	119.5	135.0	141.2	190.2
% Change in BPS YoY	**2.6%**	**12.9%**	**4.6%**	**34.8%**

Valuation Summary

SCBK is undervalued with a total potential return of 21.6%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM	192.9	40.0%	77.2
Residual Income	116.9	35.0%	40.9
PBV Multiple	154.4	20.0%	30.9
PE Multiple	121.1	5.0%	6.1
Target Price			**155.0**
Current Price			**139.0**
Upside/(Downside)			11.5%
Dividend Yield			10.1%
Total Return			**21.6%**

Cytonn

VI. Diamond Trust Bank Kenya

DTBK's Summary of Performance – H1'2022

- Profit before tax rose by 15.2% to Kshs 5.6 bn, from Kshs 4.9 bn in H1'2021. Profit after tax increased by 25.6% to Kshs 4.0 bn in H1'2022, from Kshs 3.2 bn recorded in H1'2021, with the effective tax rate declining to 29.6%, from 35.4% in H1'2021
- Total operating income increased by 14.5% to Kshs 15.0 bn, from Kshs 13.1 bn in H1'2021 mainly driven by a 13.3% increase in the Net Interest Income (NII) to Kshs 11.1 bn, from Kshs 9.8 bn in H1'2021, coupled with a 17.8% growth in Non-Funded Income (NFI) to Kshs 3.9 bn, from Kshs 3.3 bn in H1'2021,
- Total operating expenses rose by 13.4% to Kshs 9.4 bn from Kshs 8.3 bn in H1'2021, largely driven by a 19.1% increase in staff costs to Kshs 2.9 bn from Kshs 2.4 bn in H1'2021, given the group's physical expansion which necessitates hiring of more staff,
- The balance sheet recorded an expansion as total assets increased by 12.9% to Kshs 485.0 bn, from Kshs 429.6 bn recorded in H1'2021,
- The bank's asset quality deteriorated, with the NPL ratio increasing to 12.8% from 10.4% recorded in H1'2021, due to the faster 43.0% growth in gross NPLs which outpaced the 16.0% 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 18.2%

Income Statement	2019	2020	2021	2022f
Net Interest Income	18.7	18.1	20.0	24.0
Non Funded Income	5.8	6.1	6.3	6.9
Total Operating Income	**24.5**	**24.2**	**26.3**	**30.9**
Loan Loss Provision	(1.3)	(7.3)	(7.6)	8.5
Other Operating Expenses	(11.9)	(12.3)	(12.3)	13.8
Total Operating Expenses	**(13.2)**	**(19.7)**	**(19.9)**	**22.3**
Profit Before Tax	11.3	4.7	6.6	8.8
% PAT Change YoY	**2.6%**	**(51.5%)**	**25.1%**	**36.9%**
EPS	26.0	12.6	15.8	21.6
DPS	2.7	0.0	3.0	3.0
Cost to Income (With LLP)	54.0%	81.3%	75.6%	72.1%
NIM	**5.6%**	5.0%	5.1%	**5.6%**
ROE	12.9%	5.8%	6.8%	8.2%
ROA	1.9%	0.9%	1.0%	1.2%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	199.1	208.6	220.4	256.0
Government Securities	130.3	148.4	169.0	76.4
Other Assets	56.8	68.1	67.4	190.3
Total Assets	**386.2**	**425.1**	**456.8**	**522.7**
Customer Deposits	280.2	298.2	331.5	368.7
Other Liabilities	41.5	58.5	50.8	66.3
Total Liabilities	**321.7**	**356.7**	**382.3**	**435.0**
Shareholders Equity	58.9	62.0	67.3	80.0
Number of Shares	0.3	0.3	0.3	0.3
Book value Per share	210.5	221.6	240.7	286.1
% Change in BPS YoY	**9.7%**	**5.3%**	**8.6%**	**18.9%**

Cytonn

Valuation Summary

DTBK is undervalued with a total potential return of 23.8%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	58.0	40.0%	23.2
Residual Income	54.0	35.0%	18.9
PBV Multiple	69.6	20.0%	13.9
PE Multiple	68.9	5.0%	3.4
Target Price			**59.5**
Current Price			**50.5**
Upside/(Downside)			17.8%
Dividend yield			5.9%
Total return			**23.8%**

Cytonn

VII. ABSA Bank Kenya

ABSA Bank’s Summary of Performance – H1’2022

- Profit after tax increased by 13.0% to Kshs 6.3 bn in H1’2022, from Kshs 5.6 bn in H1’2021 with the effective tax rate increasing to 30.9%, from 29.9% in H1’2021,
- Total operating income rose by 17.2% to Kshs 20.9 bn, from Kshs 17.8 bn recorded in H1’2021 driven by a 20.3% increase in Net Interest Income (NII) to Kshs 14.4 bn, from Kshs 12.0 bn in H1’2021, coupled with a 10.8% gain in Non-Funded Income (NFI) to Kshs 6.5 bn, from Kshs 5.8 bn in H1’2021,
- Total operating expenses increased by 19.2% to Kshs 11.8 bn in H1’2022, from Kshs 9.9 bn in H1’2021, mainly attributable to a 52.2% increase in Loan Loss Provisions (LLPs) to Kshs 3.0 bn, from Kshs 2.0 bn in H1’2021, coupled with an 8.9% increase in staff costs to Kshs 4.8 bn from Kshs 4.4 bn in H1’2021,
- Cost to Income Ratio (CIR) deteriorated to 56.4%, from 55.5% in H1’2021, owing to the 19.2% growth in total operating expenses, which outpaced the 17.2% increase in total operating income. Without LLP, the cost to income ratio improved to 42.3%, from 44.6% in H1’2021, an indication of improved efficiency,
- The bank’s asset quality improved, with the NPL ratio decreasing to 7.1% in H1’2022, from 7.9% in H1’2021, owing to the faster 19.5% growth in Gross Loans, compared to the relatively slower 7.9% increase in Gross Non-Performing Loans (NPLs),
- Going forward, we expect the bank’s growth to be driven by:

i. **Diversification –** is expected to reduce the bank’s reliance on interest income as well as increasing the bottom line. It has continued to grow its product offerings to include business lines such as to Banc-assurance, Investment banking advisory and Asset Management which will continue growing the Non-Funded Income (NFI). The bank has also diversified in its digital offerings especially after the COVID-19 leading to 90.0% of all transactions happening outside. The uptake of “Timiza” which is a digital banking App, has also accelerated leading to higher Non-Interest Income.

Cytonn

Financial Statements Extracts

Absa Bank's PAT is expected to grow at a 5-year CAGR of 13.4%

Income Statement	2019	2020	2021	2022f
Net Interest Income	23.2	23.4	25.3	27.7
Non Funded Income	10.6	11.1	11.7	13.9
Total Operating Income	**33.8**	**34.5**	**36.9**	**41.5**
Loan Loss Provision	(4.2)	(9.0)	(4.7)	(4.6)
Other Operating Expenses	(17.3)	(16.7)	(16.7)	(18.0)
Total Operating Expenses	**(21.5)**	**(25.7)**	**(21.4)**	**(22.6)**
Profit Before Tax	10.8	8.9	15.6	18.9
% PAT Change YoY	**0.5%**	**(44.2%)**	**161.2%**	**21.8%**
EPS	1.4	0.7	2.0	2.4
DPS	1.1	0.0	1.1	1.0
Cost to Income (with LLP)	63.6%	74.4%	57.9%	54.5%
Cost to Income (without LLP)	51.2%	48.2%	45.1%	43.4%
NIM	**7.7%**	**7.1%**	**7.1%**	**7.0%**
ROaE	16.7%	*9.1%	21.1%	20.3%
ROaA	2.1%	1.1%	2.7%	2.9%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	194.9	208.9	234.2	285.8
Government Securities	123.0	126.1	132.6	136.5
Other Assets	56.1	44.5	61.9	66.2
Total Assets	**374.0**	**379.4**	**428.7**	**488.5**
Customer Deposits	237.7	253.6	268.7	306.7
Other Liabilities	91.1	79.3	103.5	108.0
Total Liabilities	**328.8**	**332.9**	**372.2**	**414.7**
Shareholders Equity	**45.2**	**46.5**	**56.5**	**73.8**
Number of shares	**5.4**	**5.4**	**5.4**	**5.4**
Book value Per share	8.3	8.6	10.4	13.6
% Change in BPS YoY	**2.2%**	**2.9%**	**21.4%**	**58.6%**

*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 32.8%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	17.0	40.0%	6.8
Residual Income	14.8	35.0%	5.2
PBV Multiple	10.3	20.0%	2.1
PE Multiple	8.3	10.0%	0.8
Target Price			**14.9**
Current Price			**12.0**
Upside/(Downside)			24.5%
Dividend Yield			8.4%
Total Return			**32.8%**

Cytonn

VIII. Stanbic Holdings

Cytonn

Stanbic Holdings' Summary of Performance – H1'2022

- Profit after tax increased by 36.9% to Kshs 4.8 bn in H1'2022, from Kshs 3.5 bn in H1'2021. The performance was driven by a 22.8% increase in total operating income to Kshs 15.2 bn in H1'2022, from Kshs 12.4 bn in H1'2021. The increase was however weighed down by the 37.1% increase in total operating expenses to Kshs 6.6 bn, from Kshs 4.8 bn in H1'2021,
- Total operating income increased by 22.8% to Kshs 15.2 bn in H1'2022 from Kshs 12.4 bn in H1'2021 was mainly driven by a 20.9% increase in Net-Interest Income (NII) to Kshs 8.3 bn, from Kshs 6.9 bn in H1'2021, coupled with a 25.9% increase in Non-Funded Income (NFI) to Kshs 6.9 bn, from Kshs 5.5 bn in H1'2021,
- Total Operating Expenses increased by 13.7% to Kshs 8.6 bn in H1'2022, from Kshs 7.6 bn in H1'2021, attributable to an 18.1% increase in the bank's staff costs to Kshs 3.5 bn in H1'2022, from Kshs 2.9 bn recorded in H1'2021 coupled with a 20.1% increase in other expenses to Kshs 3.6 bn, from Kshs 3.0 bn in H1'2021,
- The balance sheet recorded an expansion as total assets grew by 3.7% to Kshs 341.6 bn, from Kshs 329.5 bn in H1'2021. The increase was largely driven by a 17.5% increase in net loans to Kshs 244.0 bn, from Kshs 207.6 bn in H1'2021,
- **Asset Quality -** The bank's asset quality improved, with the NPL ratio declining slightly to 9.4% in H1'2022, from 9.5% in H1'2021. The improvement in the group's asset quality is attributable to the 18.0% growth in gross loans which outpaced the 16.3% increase in Gross Non-Performing Loans
- **Revenue Diversification -** The bank recorded a relatively stronger performance in both funded and non-funded segments where Net Interest Income grew by 20.9% while Non-Funded Income grew by 25.1%

Financial Statements Extracts

Stanbic Holdings' PAT is expected to grow at a 5-year CAGR of 40.7%

Income Statement	2019	2020	2021	2022f
Net Interest Income	13.3	12.8	14.4	16.61
Non Funded Income	11.4	10.4	10.6	**8.8**
Total Operating Income	**24.7**	**23.2**	**25.0**	**20.6**
Loan Loss Provision	(3.2)	(4.9)	(2.5)	(3.4)
Total Operating Expenses	**(13.9)**	**(12.1)**	**(12.7)**	**(12.3)**
Profit Before Tax	7.7	6.2	9.8	**8.2**
% PAT Change YoY	**1.6%**	**(18.6%)**	**38.8%**	**(40.7%)**
EPS	16.1	13.1	18.2	14.6
DPS	7.1	3.8	9.0	8.0
Cost to Income (with LLP)	56.2%	52.2%	50.9%	43.4%
NIM	**5.2%**	**4.7%**	**5.0%**	**2.8%**
ROaE	13.6%	10.3%	13.3%	10.3%
ROaA	2.1%	1.6%	2.2%	1.6%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	191.2	196.3	229.3	270.3
Other Assets	112.4	132.3	99.6	107.9
Total Assets	**303.6**	**328.6**	**328.9**	**378.1**
Customer Deposits	224.7	260.0	254.6	294.3
Borrowings	9.1	5.5	5.7	6.0
Other Liabilities	20.8	11.4	12.1	19.1
Total Liabilities	**254.6**	**276.9**	**272.4**	**319.4**
Shareholders Equity	49.0	51.7	56.5	58.7
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 undervalued with a total potential return of 15.4%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	114.5	40.0%	45.8
Residual Income	94.5	35.0%	33.1
PBV Multiple	75.0	20.0%	15.0
PE Multiple	120.6	5.0%	6.0
Target Price			**99.9**
Current Price			**93.5**
Upside/(Downside)			6.8%
Dividend Yield			8.6%
Total return			**15.4%**

Cytonn

IX. I&M Group

Cytonn

I&M Group Summary of Performance – H1’2022

- Profit before tax increased by 22.5% to Kshs 7.2 bn, up from Kshs 5.9 bn in H1’2021. Profit after tax increased by 15.9% to Kshs 4.9 bn, up from Kshs 4.2 bn in H1’2021, with the effective tax rate increasing to 30.0%, from 29.1% in H1’2021,
- Total operating income increased by 21.6% to Kshs 15.6 bn from Kshs 12.8 bn in H1’2021 owing to an 18.7% increase in the Net Interest Income (NII) to Kshs 10.5 bn in H1’2022 from Kshs 8.9 bn in H1’2021, coupled with a 28.2% increase in the Non-Funded Income (NFI) to Kshs 5.1 bn in H1’2022, from Kshs 3.9 bn that was recorded in H1’2021,
- Total operating expenses rose by 19.3% to Kshs 8.6 bn from Kshs 7.2 bn in H1’2021, largely driven by a 10.8% increase in staff costs to Kshs 3.0 bn, from Kshs 2.7 bn in H1’2021, coupled with a 24.4% increase in other operating expenses to Kshs 4.3 bn, from Kshs 3.4 bn in H1’2021. Additionally, Loan Loss Provisions (LLPs) increased by 24.4% to Kshs 1.3 bn, from Kshs 1.1 bn in H1’2021, attributable to the relatively high non performing loans,
- The balance sheet recorded an expansion as total assets grew by 14.9% to Kshs 439.7 bn, from Kshs 382.6 bn in H1’2021, attributable to a 13.0% growth in the loan book to Kshs 231.1 bn, from Kshs 204.5 bn in H1’2021, coupled with a 17.2% increase in government and other securities to Kshs 121.4 bn, from Kshs 103.5 bn in H1’2021,

Going forward, we expect the bank’s growth to be driven by:

i. **Enhanced Digitization** – The bank has improved its investment in infrastructure aiming to boost digital transformation strategy, standardize operations, and support systems and processes in various subsidiaries within the region

ii. **Regional Diversification** – The Group’s regional diversification has continued to bear fruit, with the Profits Before Tax contribution of the subsidiaries increasing to 27.0%, from 17.0% in H1’2021, driven by recoveries in Uganda and Mauritius and continued growth in Rwanda and Tanzania

Financial Statements Extracts

I&M Group's PAT is expected to grow at a 5-year CAGR of 0.9%

Income Statement	2019	2020	2021	2022f
Net Interest Income	15.5	15.6	20.9	24.3
Non- Funded Income	8.3	8.6	8.7	14.1
Total Operating Income	**23.8**	**24.2**	**29.6**	**38.5**
Loan Loss Provision	0.6	2.5	(4.2)	(6.0)
Other Operating Expenses	9.5	10.1	(13.5)	(20.5)
Total Operating Expenses	**(10.1)**	**(12.6)**	**(17.7)**	**(26.4)**
Profit Before Tax	14.6	11.0	12.4	12.6
% PAT Change YoY	**26.6%**	**(21.9%)**	**2.5%**	**9.9%**
EPS	13.0	10.2	4.9	5.3
DPS	2.6	2.3	1.5	1.5
Cost to Income (with LLP)	42.4%	52.0%	59.9%	68.7%
NIM	**5.9%**	**5.4%**	**6.3%**	4.8%
ROaE	19.5%	13.2%	12.2%	9.2%
ROaA	3.4%	2.3%	2.1%	1.5%
Balance Sheet	**2019**	**2020**	**2021**	**2025F**
Government securities	53.9	101.7	125.5	164.1
Net Loans and Advances	175.3	187.4	210.6	343.2
Other Assets	86.0	69.0	79.0	92.6
Total Assets	**315.3**	**358.1**	**415.2**	**599.9**
Customer Deposits	229.7	262.7	296.7	440.5
Other Liabilities	24.7	27.4	44.4	60.8
Total Liabilities	**254.4**	**290.0**	**341.1**	**501.3**
Shareholders Equity	57.7	64.2	69.6	93.7
Number of Shares	0.8	0.8	1.7	1.7
Book Value Per Share	69.8	77.6	42.1	56.6
% BVPS Change YoY	**(39.7%)**	**11.2%**	**(45.8%)**	**7.3%**

Cytonn

Valuation Summary

I&M Group is undervalued with a total potential return of 29.5%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	20.8	40.0%	8.3
Residual income	18.1	35.0%	6.3
PBV Multiple	24.2	20.0%	4.8
PE Multiple	19.7	5.0%	1.0
Target Price			**20.5**
Current Price			**17.0**
Upside/(Downside)			20.7%
Dividend yield			8.8%
Total return			**29.5%**

B. Tier II Bank

Cytonn

I. HF Group

HF Group Summary of Performance – H1'2022

- HF Group recorded a profit before tax of Kshs 0.1 bn, a 118.4% increase from a loss before tax of Kshs 0.3 bn in H1'2021. Additionally, the Group posted a profit after tax of Kshs 0.05 bn, up from a loss of Kshs 0.3 bn in H1'2022,
- Total Operating Income increased by 22.3% to Kshs 1.5 bn, from Kshs 1.2 bn in H1'2021, attributable to an 11.4% increase in Net Interest Income (NII), to Kshs 1.0 bn, from Kshs 0.9 bn recorded in H1'2021 coupled with a 53.2% increase in Non-Funded Income (NFI) to Kshs 0.5 bn, from Kshs 0.3 bn recorded in H1'2021,
- Total Operating Expenses declined by 6.5% to Kshs 1.5 bn in H1'2022, from Kshs 1.6 bn in H1'2021, partly attributable to a 23.6% decline in other operating expenses to Kshs 731.6 mn in H1'2022, from Kshs 957.4 mn in H1'2021,
- The balance sheet recorded an expansion as Total Assets increased by 5.2% to Kshs 55.7 bn in H1'2022, from Kshs 53.0 bn recorded in H1'2021,
- The bank experienced an improvement in asset quality as the NPL ratio improved to 20.1% from the 22.6% recorded in H1'2021, following the faster 11.1% decline in NPLs that outpaced the 0.1% decline in gross loans which came in at Kshs 41.3 bn in H1'2022, from Kshs 41.4 bn recorded in H1'2021,
- 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 (176.3%) to profitability in 2025

Income Statement	2019	2020	2021	2022f
Net Interest Income	2.0	1.9	1.8	2.6
Non- Funded Income	1.4	0.5	0.5	0.8
Total Operating Income	**3.4**	**2.4**	**2.4**	**3.4**
Loan Loss Provision	(0.4)	(0.4)	(0.3)	(0.1)
Other Operating Expenses	(3.2)	(3.6)	(2.9)	(3.3)
Total Operating Expenses	**(3.5)**	**(4.1)**	**(3.2)**	**(3.4)**
Profit Before Tax	(0.1)	(1.7)	(0.9)	0.0
% PAT Change YoY	**(81.6%)**	**1443.7%**	**65.1%**	**-104.8%**
EPS	(0.3)	(4.4)	(1.5)	0.1
DPS	0.0	0.0	0.0	0.0
Cost to Income	104.2%	153.1%	136.3%	98.8%
NIM	**4.3%**	**4.2%**	**4.2%**	5.9%
ROaE	(1.1%)	(18.1%)	(7.2%)	0.4%
ROaA	(0.2%)	(3.0%)	(1.1%)	0.1%
Balance Sheet	**2019**	**2020**	**2021**	**2022f**
Net Loans and Advances	38.6	37.0	34.7	35.2
Government securities	4.6	7.1	6.6	9.6
Other Assets	13.3	11.3	11.7	12.3
Total Assets	**56.5**	**55.4**	**52.9**	**57.1**
Customer Deposits	37.4	39.9	37.7	40.2
Other Liabilities	8.8	6.9	7.2	7.9
Total Liabilities	**46.2**	**46.9**	**44.9**	**48.1**
Shareholders Equity	10.2	8.6	8.0	8.0
Number of Shares	0.4	0.4	0.4	0.4
Book Value Per Share	26.6	22.3	20.7	20.9
% BVPS Change YoY	**(1.5%)**	**(16.2%)**	**(6.9%)**	0.8%

Valuation Summary

Housing Finance is fairly-valued with a total potential return of 0.5%

Valuation Summary	Implied Price	Weighting	Weighted Value
Residual Income	3.6	60.0%	2.2
PTBV Multiple	3.8	35.0%	1.3
PE Multiple	2.2	5.0%	0.1
Fair Value			**3.6**
Current Price			**3.6**
Upside/(Downside)			0.5%
Dividend Yield			0.0%
Total return			***0.5%***

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Feedback Summary

During the preparation of this H1'2022 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	Yes
Stanbic Holdings	Yes	Unresponsive
Diamond Trust Bank	Yes	Unresponsive
KCB Group	Yes	Yes
NCBA Group	Yes	Yes
Housing Finance Group	Yes	Unresponsive
Equity Group Holdings	Yes	Unresponsive
Absa Bank Kenya	Yes	Responsive

Licensed Financial Institutions

I. Banks and Mortgage Finance Institutions

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

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

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