

Kingdom Securities Limited

Banking Industry H1-22 Review and Outlook H2-22



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Kenya Listed Banks Summary

P&L (KES Mn)	Q2-2021	Q2-2022	Y-Y	Q1-2022	Q2-2022	Q-Q
Interest Income	207,626	242,415	16.8%	118,041	124,374	5.4%
Interest Expense	60,545	71,096	17.4%	34,674	36,422	5.0%
NII	147,081	171,319	16.5%	83,366	87,953	5.5%
NFI	80,263	100,618	25.4%	46,433	54,185	16.7%
Total Income	227,344	271,937	19.6%	129,800	142,137	9.5%
Loan Loss Provisions	26,736	25,213	-5.7%	10,656	14,557	36.6%
Operating Expense	133,751	149,505	11.8%	69,531	79,974	15.0%
Opex less Provisions	107,015	124,292	16.1%	58,875	65,417	11.1%
PBT	93,534	121,942	30.4%	59,962	61,980	3.4%
PAT	65,326	88,560	35.6%	42,941	45,619	6.2%

Balance Sheet (KES Mn)	Q2-2021	Q2-2022	Y-Y
Investments	1,383,195	1,588,432	14.8%
Loans and Advances	2,610,978	3,068,179	17.5%
Total Asset	5,186,362	5,874,786	13.3%
Customer Deposit	3,850,177	4,280,460	11.2%
Borrowing	241,643	263,370	9.0%
Shareholders' Fund	772,736	826,367	6.9%

NPLS	Q2-2021	Q2-2022	Y-Y
Gross NPLs	370,275	452,527	22.2%
Total NPLs	312,860	386,901	23.7%

Ratios	Q2-2021	Q2-2022
NII % of Total Income	64.7%	63.0%
NFI % of Total Income	35.3%	37.0%
CTI	58.8%	55.0%
CTI less Provisions	47.1%	45.7%
Cost of Fund	3.0%	3.1%
NIM	6.9%	7.0%
ROaA	2.6%	3.1%
ROaE	17.4%	21.2%
Non-Performing Loans	12.2%	13.8%
Cost of Risk	2.1%	1.7%
AD Ratio	67.8%	71.7%
Advances to Deposits and Borrowings	63.8%	67.5%
Investment to Assets	26.7%	27.0%
Loans to Assets	50.3%	52.2%
Debt to Equity	31.3%	31.9%

Kenya Listed Banks Summary

- The banking sector performance saw an improvement with Q2-22 profit before tax inching 30.4% y-y higher supported by a 25.4% growth in non-funded income (NFI) and a 5.7% dip in loan loss provisions after reaping benefits of the heavy provision done in 2020 and 2021. Profits after tax increased by 35.6% y-y on better effective tax rate.
- NFI growth has become a key feature of growth with all banks working on getting e-credit platform working which focuses on their internal clients. Alternative banking has featured on all banks with the aim of driving internet banking, mobile banking, and agency banking. However, the 2022 survey by Kenya Banker Association (KBA) indicated that customer still need the personal touch with their banking. This has seen tier one banks open new branches after a finding that customers who continue to use the branches remained at 7.0% in 2021 due to customer support.
- Regional expansion saw market leaders benefit from foreign exchange income as regional subsidiaries provide close to 50% of the revenue line. Depreciation of local currency against the US dollar and improved global trade as per the off-balance sheet items which increased by 19.19.1% y-y and 6.2% q-q.
- Value of loans issued, increased by 17.5% y-y driven by regional acquisition and while the Kenya units net loan books were up by 23.5%. The sector loan book growth of 17.5% y-y has seen better loan book growth which has overtaken the investment in securities which increased by 14.8% y-y.
- Tight market liquidity has seen deposit drive slow to an 11.2% growth y-y leading to a need for borrowing which was up 9.0% y-y to aid in financing the loan booked and adhering to regulatory ratio requirements.

Banking Industry Outlook H2-2022

- Regulation on digital lending will give banks an upper hand due to their banking license which is seen superior to the digital credit license. The regulations are seen as more administrative and Anti-Money Laundering And Combating the Financing of Terrorism than customer protection from predatory lending and expensive financing.
- Risk Based Lending – this is yet to be finalized to enable lenders to give credit according to client’s risk levels. Majority of the lenders who reported to have had confirmation from the regulator have not changed the lending rate with CBK reporting banks average lending rate of 12.27% in June which is in line with the calculated industry yield on advances and loans of 9.7% as per H1-22 calculation as tier 3 banks reported the highest lending rates.
- CBR Rate – CBK MPC met in May and adjusted the CBR rate up by 50bps to 7.5% from 7.0% set in May 2020. The key factors seen to have led to the effect is inflation levels which were seen rising mirroring international inflation levels which were mostly driven by high energy prices and food prices. Containment of cost of energy through local pump prices has benefited the economy by low inflation levels limiting adjustment of CBR in the July meeting. The subsidy has played an important role as international petroleum prices have inched downwards, inflation is increasing at a decreasing rate on better food prices and lower energy cost while most Central Bank that have used rate hike to tame inflation are seen to be inclined to less aggressive rate hike as earlier schedule and Global economy is expected to perform better in H2-22 compared to H1-22. These factors, coupled with domestic level will be key as MPC meet in September. Our forecast is that MPC will retain the CBR at 7.5% which will limit rise in cost of lending in Kenya.
- After the election, key focus has shifted to composition of the administration especially the Cabinet Secretary of Treasury and CBK governor with the term of the current Governor coming to an end at the close of the current fiscal year.
- Weak Shilling - the weak shilling and low dollar liquidity has been a double sword for banks as banks have generated high income for the sector. We expect the shilling to continue to weaken due to high pending bills, dollar import demand and strong dollar driven by demand in the internal market.
- Non-performing loans – according to CBK’s Monthly Economic Indicators – June 2022 report, industry NPLs stand 14.7% which was higher than private credit growth rate of 12.3%. Most players anticipate a downward move on the NPLs on payment of pending Government and County bills from the previous administration.

The delay by of government payment coupled by weak global economy which has ripple effect on the local economy as visualized by the Stanbic PMI which has remained below 50 between April – August 2022. This will put pressure on the industry NPL, leading to our view that NPLs will remain above 14.0% for the rest of the year.

- Agriculture – There is a major concern with the agriculture sector due to the global drought that was felt in the country, removal of fertilizer and animal feed subsidiary, proposal of taxing farm inputs. This has effects on food prices, manufactures raw materials and cost of inflationary effects on consumers income. This will have a drain on available incomes for corporate entities and retail borrowers especially MSMEs.

Listed Banks Performance Summary

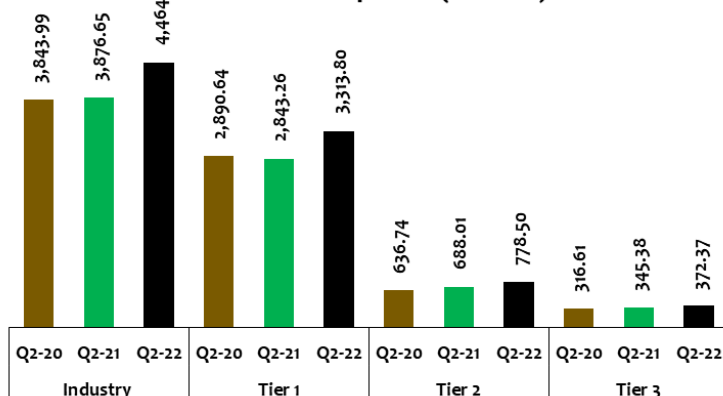
Index H1-2022	PBT KES Mn	EPS (Annualized)	PE	PB	Book Value Per Share	ROaA	ROaE	Free Float	No of Shares	Market Cap (KES Bn)	Current Price
Absa Kenya	9,113.10	2.32	5.2	1.2	10.35	2.8%	22.0%	30.4%	5,432	65.18	12.00
DTB Bank	5,674.65	12.82	4.0	0.2	273.98	1.8%	11.5%	55.6%	280	14.33	51.25
Equity Group	30,917.94	12.58	3.9	1.2	39.85	3.6%	29.1%	93.7%	3,774	186.23	49.35
HFCK	6,982.21	5.66	3.0	0.4	20.68	0.2%	1.3%	74.4%	385	28.11	3.56
I&M Bank	28,178.40	12.31	3.4	0.7	43.21	2.2%	12.9%	25.7%	1,654	135.77	17.00
KCB Group	11,904.83	9.43	3.5	0.7	56.56	3.4%	22.3%	72.5%	3,213	54.37	42.25
NCBA Group	6,566.51	24.15	4.1	0.8	48.71	2.6%	19.6%	49.3%	1,648	39.53	33.00
Stanbic Bank	7,576.33	28.67	4.9	0.9	122.21	3.5%	20.5%	56.6%	395	53.28	100.00
Stanchart Kenya	15,555.60	4.03	3.1	0.8	149.34	3.2%	19.8%	18.3%	378	74.22	141.00
Co-op Bank	62.28	0.26	13.7	0.2	16.53	3.2%	24.0%	32.4%	5,867	1.37	12.65
Listed Banks	122,531.83	12.44	3.8	0.8		3.1%	21.2%				

- PE and PB multiples remained strong on growing balance sheet items despite the strong effect of election on the per share value.
- The listed entities have continued to give strong returns to shareholders as average return on average equity was 21.2% with 4 lenders above industry levels while five entities managed to sweat assets to post above industry performance.

Kenya Banking Industry Performance H1-2022

KENYA COMMERCIAL BANKS FINANCIALS				
Q2-2022				
	Industry	Tier 1	Tier 2	Tier 3
Profit Before Tax	114,237,785	97,395,322	15,091,229	1,751,234
% Share		85.3%	13.2%	1.5%
Investment Securities	1,898,840,902	1,344,800,492	411,264,756	142,775,654
% Share		70.8%	21.7%	7.5%
Net Loan Book	3,135,140,067	2,481,811,464	389,435,426	263,893,177
% Share		79.2%	12.4%	8.4%
Total Assets	6,202,408,005	4,668,051,195	1,016,399,871	517,956,939
% Share		75.3%	16.4%	8.4%
Customer Deposits	4,464,666,031	3,313,803,221	778,495,194	372,367,616
% Share		74.2%	17.4%	8.3%
Borrowed Funds	200,816,719	171,575,077	15,163,206	14,078,436
% Share		85.4%	7.6%	7.0%
Shareholder Funds	882,009,842	655,955,861	150,972,818	75,081,163
% Share		74.4%	17.1%	8.5%

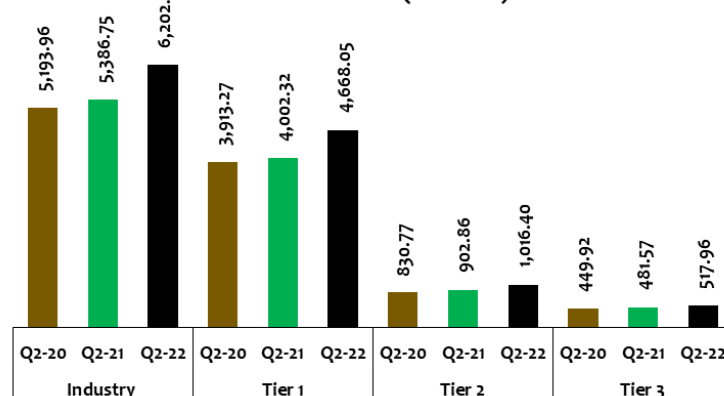
Customer Deposits (KES Bn)



Deposit safety saw clients preferring tier 1 banks whose deposits grew by 16.9% y-y compared to industry 15.4% y-y despite offering lowest returns of 3.0% compared to Tier 2 and Tier 3 which offers 4.1% and 5.1% of deposits.

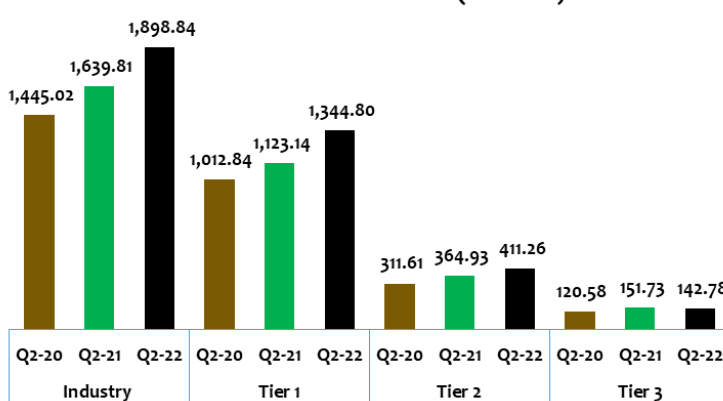
Struggle for deposits in tier 2 and tier 3 banks affected their NIMs resulting to highest cost of funds and cost of deposit of 5.8% and 5.1% respectively.

Total Assets (KES Bn)



Industry total assets were up 16.0% on improved risk appetite as net loan book to asset jumped to 50.0% from 48.3% in H1-21 on loan book drive was a theme across the industry.

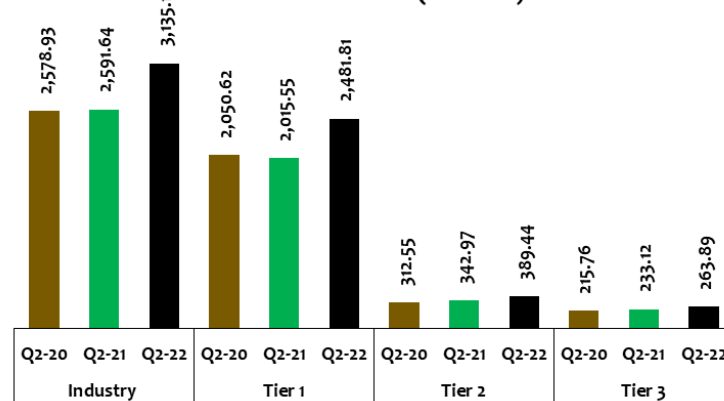
Investment Securities (KES Bn)



Low yields and rising yield curve saw investment in governments lose its glamour to grow at 17.5% with tier one banks, who enjoyed low cost of deposits growth by 22.3%. Tier 3 banks liquidated their holding to decline by 5.9% to support deposit to grow the loan book.

Return on government securities are seen to concentrate on the industry levels of 10.0%

Net Loan Book (KES Bn)



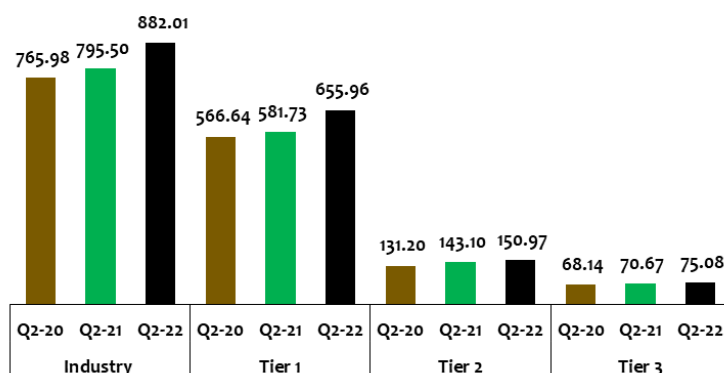
Tier 1 managed to grow loan book by 23.5% against industry 21.2% growth levels. This is seen on an AD ratio of 74.9% against industry 70.2%.

On average, tier 1 banks had the lowest yields on advances of 9.7% compared to tier 2 of 10.2% and 10.4% of tier 3.

Slow economic recovery and election fever saw NPLs at 13.2% and heavily affecting tier 3 with an NPL of 18.3% which tend to have large loan tickets compared to tier 1 whose NPLs were 12.3% with more diversified books especially on salaried clients. Industry NPLs were 14.7% in H1-22.

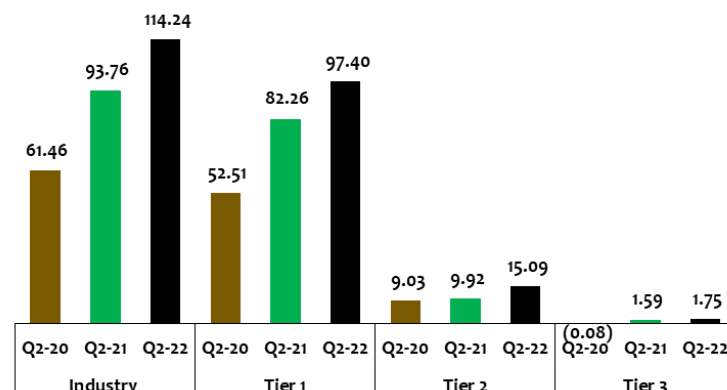
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Shareholder Funds (KES Bn)



Retained earnings remained the key driver for shareholders' funds as the industry shareholders' funds were up 11.6% y-o-y.

Profit Before Tax (KES Bn)



Growth of non-funded income and decrease in loan loss provision were key in boosting profits before tax (PBT) with industry growth of 26.0% y-o-y.

The jump compared to assets and equity saw industry return on average assets and average equity surge to 2.9% and 20.0% respectively. Tier 1 remained above the industry level at 3.3% and 23.1% on the ROaA and ROaE while tier 3 saw 0.6% and 4.1% respectively.

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Industry Performance Summary

Profit and Loss (KES Mn)	Banking Industry			Tier 1		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Interest Income	214,999	245,071	14.0%	159,386	181,498	13.9%
Interest Expense	69,098	79,295	14.8%	44,321	51,285	15.7%
NII	145,900	165,776	13.6%	115,065	130,213	13.2%
NFI	68,917	84,649	22.8%	57,193	70,043	22.5%
Total Income	214,817	250,425	16.6%	172,258	200,257	16.3%
Loan Loss Provision	25,187	24,056	-4.5%	21,786	19,219	-11.8%
Expenses	123,706	135,604	9.6%	94,319	102,294	8.5%
Expense excl Provisions	98,518	111,548	13.2%	72,533	83,075	14.5%
PBT	90,685	114,238	26.0%	77,548	97,395	25.6%
PAT	64,419	83,781	30.1%	55,232	71,268	29.0%

Profit and Loss (KES Mn)	Tier 2			Tier 3		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Interest Income	35,686	41,679	16.8%	19,927	21,893	9.9%
Interest Expense	14,618	16,748	14.6%	10,160	11,262	10.9%
NII	21,068	24,932	18.3%	9,767	10,631	8.8%
NFI	6,948	8,935	28.6%	4,775	5,671	18.8%
Total Income	28,016	33,866	20.9%	14,542	16,302	12.1%
Loan Loss Provision	1,846	2,672	44.7%	1,555	2,165	39.3%
Expenses	16,468	18,774	14.0%	12,919	14,536	12.5%
Expense excl Provisions	14,621	16,102	10.1%	11,364	12,371	8.9%
PBT	11,549	15,091	30.7%	1,588	1,751	10.3%
PAT	8,223	11,034	34.2%	963	1,478	53.5%

Balance Sheet (KES Mn)	Banking Industry			Tier 1		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Investment Securities	1,616,228	1,898,841	17.5%	1,099,563	1,344,800	22.3%
Loans and Advances	2,585,810	3,135,140	21.2%	2,009,722	2,481,811	23.5%
Total Assets	5,349,059	6,202,408	16.0%	3,964,631	4,668,051	17.7%
Customer Deposits	3,868,502	4,464,666	15.4%	2,835,109	3,313,803	16.9%
Borrowings	175,993	200,817	14.1%	152,963	171,575	12.2%
Shareholders' Equity	790,339	882,010	11.6%	576,569	655,956	13.8%

Balance Sheet (KES Mn)	Tier 2			Tier 3		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Investment Securities	364,933	411,265	12.7%	151,733	142,776	-5.9%
Loans and Advances	342,965	389,435	13.5%	233,123	263,893	13.2%
Total Assets	902,859	1,016,400	12.6%	481,569	517,957	7.6%
Customer Deposits	688,010	778,495	13.2%	345,383	372,368	7.8%
Borrowings	17,140	15,163	-11.5%	5,890	14,078	139.0%
Shareholders' Equity	143,103	150,973	5.5%	70,667	75,081	6.2%

NPLs (KES Mn)	Banking Industry			Tier 1		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Gross NPL	413,935	488,282	18.0%	282,118	354,578	25.7%
Total NPL	345,697	413,696	19.7%	239,365	305,732	27.7%

NPLs (KES Mn)	Tier 2			Tier 3		
	Q2-2021	Q2-2022	Y-Y %%	Q2-2021	Q2-2022	Y-Y %%
Gross NPL	75,315	74,849	-0.6%	56,501	58,855	4.2%
Total NPL	60,177	59,794	-0.6%	46,154	48,170	4.4%

Key Ratio	Banking Industry		Tier 1		Tier 2		Tier 3	
	Q2-2021	Q2-2022	Q2-2021	Q2-2022	Q2-2021	Q2-2022	Q2-2021	Q2-2022
NII Contribution	67.9%	66.2%	66.8%	65.0%	75.2%	73.6%	67.2%	65.2%
NFI Contribution	32.1%	33.8%	33.2%	35.0%	24.8%	26.4%	32.8%	34.8%
CTI	57.6%	54.1%	54.8%	51.1%	58.8%	55.4%	88.8%	89.2%
CTI ex Provisions	45.9%	44.5%	42.1%	41.5%	52.2%	47.5%	78.1%	75.9%
Yield on Advances	10.2%	9.7%	10.2%	9.5%	9.8%	10.2%	10.5%	10.4%
Yield of Govt Sec	9.7%	10.0%	9.6%	9.7%	10.2%	10.5%	9.7%	10.6%
Yield on Assets	9.5%	10.0%	9.5%	10.0%	9.3%	10.0%	9.8%	10.2%
Cost of Deposit	3.1%	3.3%	2.7%	2.8%	3.9%	4.1%	5.1%	5.1%
Cost of Funds	3.2%	3.4%	2.8%	3.0%	4.0%	4.2%	5.5%	5.8%
NIMS	6.3%	6.6%	6.8%	7.0%	5.3%	5.8%	4.3%	4.4%
Cost of Risk	1.9%	1.7%	2.1%	1.7%	1.1%	1.5%	1.4%	1.7%
ROaA	2.4%	2.9%	2.7%	3.3%	1.8%	2.3%	0.4%	0.6%
ROaE	16.0%	20.0%	18.6%	23.1%	11.7%	15.0%	2.7%	4.1%
Total NPL: Net Loans	13.4%	13.2%	11.9%	12.3%	17.5%	15.4%	19.8%	18.3%
AD	66.8%	70.2%	70.9%	74.9%	49.8%	50.0%	67.5%	70.9%
Advances to (Deposit+ Borrowings)	63.9%	67.2%	67.3%	71.2%	48.6%	49.1%	66.4%	68.3%
Investment to Assets	30.2%	30.6%	27.7%	28.8%	40.4%	40.5%	31.5%	27.6%
Loans to Assets	48.3%	50.5%	50.7%	53.2%	38.0%	38.3%	48.4%	50.9%
Debt to Equity	22.3%	22.8%	26.5%	26.2%	12.0%	10.0%	8.3%	18.8%

KINGDOM SECURITIES

Industry Market Share

Total Deposit				Loan Book				
Bank	H1-2021	H1-2022	Bank	H1-2021	H1-2022	Bank	H1-2021	H1-2022
KCB	14.7%	15.1%	KCB	18.1%	17.9%	KCB	18.1%	17.9%
EQUITY	10.8%	11.7%	EQUITY	12.1%	13.3%	EQUITY	12.1%	13.3%
NCBA	9.9%	9.4%	CO-OP	10.7%	10.3%	CO-OP	10.7%	10.3%
CO-OP	9.8%	9.2%	ABSA	8.0%	8.3%	ABSA	8.0%	8.3%
STANCHART	6.8%	6.4%	NCBA	7.8%	7.2%	NCBA	7.8%	7.2%
ABSA	6.5%	6.4%	STANBIC	6.0%	6.9%	STANBIC	6.0%	6.9%
STANBIC	5.6%	5.4%	I&M	5.7%	5.6%	I&M	5.7%	5.6%
DTB	5.3%	5.3%	DTB	5.6%	5.4%	DTB	5.6%	5.4%
I&M	5.2%	5.2%	STANCHART	4.7%	4.1%	STANCHART	4.7%	4.1%
BARODA	3.4%	3.3%	FAMILY	2.3%	2.4%	FAMILY	2.3%	2.4%
NBK	2.4%	2.5%	NBK	2.2%	2.2%	NBK	2.2%	2.2%
ECOBANK	2.2%	2.4%	BARODA	1.8%	1.8%	BARODA	1.8%	1.8%
PRIME BANK	2.3%	2.3%	CITI	1.6%	1.8%	CITI	1.6%	1.8%
CITI	1.8%	2.1%	PRIME BANK	1.3%	1.2%	PRIME BANK	1.3%	1.2%
FAMILY	1.9%	2.0%	HFCK	1.3%	1.2%	HFCK	1.3%	1.2%
SBM	1.5%	1.3%	SBM	0.9%	1.1%	SBM	0.9%	1.1%
BANK OF INDIA	1.2%	1.2%	VICTORIA BANK	0.9%	1.0%	VICTORIA BANK	0.9%	1.0%
HFCK	0.9%	0.9%	ECOBANK	0.9%	0.8%	ECOBANK	0.9%	0.8%
VICTORIA BANK	0.7%	0.8%	SIDIAN	0.8%	0.7%	SIDIAN	0.8%	0.7%
ABC BANK	0.7%	0.7%	ABC BANK	0.8%	0.7%	ABC BANK	0.8%	0.7%
GULF AFRICA	0.7%	0.7%	GULF AFRICA	0.7%	0.7%	GULF AFRICA	0.7%	0.7%
BANK OF AFRICA	0.7%	0.7%	FIRST COMMUNITY BANK	0.5%	0.6%	FIRST COMMUNITY BANK	0.5%	0.6%
SIDIAN	0.6%	0.6%	BANK OF INDIA	0.5%	0.6%	BANK OF INDIA	0.5%	0.6%
HABIB AG ZURICH	0.6%	0.6%	BANK OF AFRICA	0.5%	0.6%	BANK OF AFRICA	0.5%	0.6%
GT BANK	0.5%	0.5%	CREDIT	0.6%	0.5%	CREDIT	0.6%	0.5%
FIRST COMMUNITY BANK	0.5%	0.5%	GT BANK	0.6%	0.5%	GT BANK	0.6%	0.5%
CREDIT	0.5%	0.4%	UBA	0.1%	0.3%	UBA	0.1%	0.3%
GUARDIAN	0.3%	0.3%	DUBAI INVESTMENT BANK DIB	0.4%	0.3%	DUBAI INVESTMENT BANK DIB	0.4%	0.3%
UBA	0.1%	0.3%	CONSOLIDATED BANK	0.3%	0.3%	CONSOLIDATED BANK	0.3%	0.3%
DUBAI INVESTMENT BANK DIB	0.3%	0.3%	DEVELOPMENT BANK OF KENYA	0.3%	0.3%	DEVELOPMENT BANK OF KENYA	0.3%	0.3%
CONSOLIDATED BANK	0.3%	0.3%	M ORIENTAL	0.2%	0.2%	M ORIENTAL	0.2%	0.2%
PARAMOUNT	0.2%	0.2%	GUARDIAN	0.3%	0.2%	GUARDIAN	0.3%	0.2%
M ORIENTAL	0.3%	0.2%	PARAMOUNT	0.3%	0.2%	PARAMOUNT	0.3%	0.2%
ACCESS KENYA BANK	0.2%	0.2%	HABIB AG ZURICH	0.2%	0.2%	HABIB AG ZURICH	0.2%	0.2%
MIDDLE EAST	0.2%	0.2%	MAYFAIR	0.2%	0.2%	MAYFAIR	0.2%	0.2%
MAYFAIR	0.2%	0.2%	MIDDLE EAST	0.2%	0.2%	MIDDLE EAST	0.2%	0.2%
KINGDOM BANK	0.1%	0.2%	KINGDOM BANK	0.2%	0.1%	KINGDOM BANK	0.2%	0.1%
DEVELOPMENT BANK OF KENYA	0.1%	0.1%	ACCESS KENYA BANK	0.1%	0.1%	ACCESS KENYA BANK	0.1%	0.1%
SPIRE BANK	0.1%	0.0%	SPIRE BANK	0.1%	0.1%	SPIRE BANK	0.1%	0.1%

KINGDOM SECURITIES

Investment Securities				Total Asset			
Bank	H1-2021	H1-2022	Bank	H1-2021	H1-2022		
EQUITY	15.8%	16.3%	KCB	13.8%	14.2%		
NCBA	10.5%	11.1%	EQUITY	13.7%	13.9%		
KCB	8.3%	10.5%	CO-OP	9.5%	9.0%		
CO-OP	9.3%	8.4%	NCBA	8.8%	8.7%		
DTB	6.9%	6.8%	ABSA	7.0%	7.1%		
BARODA	5.7%	5.8%	STANCHART	6.1%	5.8%		
STANCHART	5.8%	5.2%	DTB	5.5%	5.5%		
ABSA	4.5%	4.6%	STANBIC	5.6%	5.3%		
I&M	4.4%	4.5%	I&M	5.0%	5.1%		
PRIME BANK	4.0%	3.8%	BARODA	3.0%	2.9%		
BANK OF INDIA	3.2%	3.3%	NBK	2.4%	2.2%		
STANBIC	3.0%	2.6%	PRIME BANK	2.2%	2.1%		
NBK	3.0%	2.4%	CITI	1.9%	2.0%		
CITI	2.6%	2.2%	FAMILY	1.8%	2.0%		
SBM	2.4%	1.9%	ECOBANK	1.8%	1.8%		
ECOBANK	0.8%	1.5%	BANK OF INDIA	1.4%	1.6%		
FAMILY	1.1%	1.3%	SBM	1.5%	1.4%		
KINGDOM BANK	1.4%	1.2%	HFCK	0.9%	0.9%		
HABIB AG ZURICH	1.1%	1.1%	VICTORIA BANK	0.7%	0.8%		
SIDIAN	0.4%	0.7%	SIDIAN	0.6%	0.7%		
BANK OF AFRICA	0.6%	0.6%	BANK OF AFRICA	0.7%	0.7%		
GT BANK	0.6%	0.6%	GULF AFRICA	0.7%	0.6%		
HFCK	0.3%	0.5%	GT BANK	0.6%	0.6%		
VICTORIA BANK	0.5%	0.4%	ABC BANK	0.6%	0.6%		
ABC BANK	0.2%	0.4%	KINGDOM BANK	0.6%	0.5%		
GUARDIAN	0.3%	0.3%	HABIB AG ZURICH	0.5%	0.5%		
ACCESS KENYA BANK	0.3%	0.3%	FIRST COMMUNITY BANK	0.4%	0.4%		
MAYFAIR	0.2%	0.3%	CREDIT	0.4%	0.4%		
CREDIT	0.3%	0.3%	UBA	0.3%	0.3%		
M ORIENTAL			DEVELOPMENT BANK OF				
	0.2%	0.2%	KENYA	0.3%	0.3%		
DEVELOPMENT BANK OF			GUARDIAN				
KENYA	0.3%	0.2%		0.3%	0.3%		
PARAMOUNT			DUBAI INVESTMENT BANK				
	0.2%	0.2%	DIB	0.3%	0.2%		
UBA	0.6%	0.2%	CONSOLIDATED BANK	0.2%	0.2%		
MIDDLE EAST	0.2%	0.2%	ACCESS KENYA BANK	0.2%	0.2%		
CONSOLIDATED BANK	0.1%	0.2%	M ORIENTAL	0.2%	0.2%		
SPIRE BANK	0.1%	0.1%	MAYFAIR	0.2%	0.2%		
GULF AFRICA	0.8%	0.0%	PARAMOUNT	0.2%	0.2%		
FIRST COMMUNITY BANK	0.0%	0.0%	MIDDLE EAST	0.2%	0.2%		
DUBAI INVESTMENT BANK DIB	0.0%	0.0%	SPIRE BANK	0.1%	0.1%		

PBT				Total Equity			
Bank	H1-2021	H1-2022		Bank	H1-2021	H1-2022	
KCB	19.7%	19.8%		KCB	13.6%	15.1%	
EQUITY	19.8%	18.4%		CO-OP	11.6%	10.3%	
CO-OP	10.5%	11.7%		EQUITY	10.6%	10.3%	
NCBA	8.0%	9.2%		NCBA	8.8%	8.9%	
ABSA	7.9%	7.2%		DTB	6.6%	6.6%	
STANCHART	6.4%	5.9%		STANCHART	6.1%	6.3%	
STANBIC	4.9%	5.5%		ABSA	5.5%	6.1%	
I&M	4.6%	4.6%		STANBIC	5.1%	5.5%	
CITI	2.8%	3.6%		I&M	6.4%	5.2%	
DTB	4.2%	3.4%		PRIME BANK	3.0%	3.4%	
BARODA	3.1%	2.9%		BARODA	3.3%	3.0%	
FAMILY	1.6%	1.8%		CITI	2.7%	2.8%	
BANK OF INDIA	1.7%	1.4%		BANK OF INDIA	2.2%	2.5%	
PRIME BANK	1.5%	1.4%		NBK	1.5%	1.8%	
NBK	1.1%	0.8%		FAMILY	1.6%	1.7%	
GT BANK	0.5%	0.5%		GT BANK	1.1%	1.1%	
ECOBANK	0.6%	0.5%		SBM	1.1%	1.0%	
VICTORIA BANK	0.2%	0.3%		HFCK	1.0%	0.9%	
KINGDOM BANK	0.3%	0.3%		VICTORIA BANK	0.8%	0.8%	
GULF AFRICA	0.4%	0.3%		BANK OF AFRICA	0.7%	0.6%	
SIDIAN	0.4%	0.3%		GULF AFRICA	0.6%	0.6%	
FIRST COMMUNITY BANK	0.3%	0.2%		SIDIAN	0.5%	0.6%	
ACCESS KENYA BANK	0.2%	0.2%		MAYFAIR	0.5%	0.5%	
HABIB AG ZURICH	0.2%	0.2%		ABC BANK	0.5%	0.4%	
GUARDIAN				DEVELOPMENT BANK OF			
	0.1%	0.2%		KENYA	0.5%	0.4%	
BANK OF AFRICA	-0.1%	0.1%		HABIB AG ZURICH	0.4%	0.4%	
SBM	0.1%	0.1%		CREDIT	0.4%	0.4%	
MIDDLE EAST	0.1%	0.1%		M ORIENTAL	0.4%	0.4%	
PARAMOUNT	0.1%	0.1%		GUARDIAN	0.3%	0.4%	
M ORIENTAL	0.0%	0.1%		FIRST COMMUNITY BANK	0.3%	0.4%	
ABC BANK	0.1%	0.0%		DUBAI INVESTMENT BANK DIB	0.3%	0.4%	
HFCK	-0.3%	0.0%		ECOBANK	0.9%	0.3%	
DEVELOPMENT BANK OF				PARAMOUNT			
KENYA	0.0%	0.0%			0.2%	0.2%	
CREDIT	0.1%	0.0%		ACCESS KENYA BANK	0.2%	0.2%	
CONSOLIDATED BANK	-0.1%	-0.1%		MIDDLE EAST	0.2%	0.2%	
UBA	-0.1%	-0.2%		CONSOLIDATED BANK	0.2%	0.2%	
MAYFAIR	0.0%	-0.3%		KINGDOM BANK	0.2%	0.1%	
DUBAI INVESTMENT BANK DIB	-0.3%	-0.3%		UBA	0.3%	0.1%	
SPIRE BANK	-0.5%	-0.3%		SPIRE BANK	-0.2%	0.0%	

CBK Commercial Bank Tier Categories							
Tier 1 (23.1%)		Tier 2 (23.1%)		Tier 3 (53.8%)			
1	ABSA	1	BANK OF AFRICA	1	ABC BANK	11	HABIB AG ZURICH
2	CO-OP	2	BANK OF INDIA	2	ACCESS KENYA BANK	12	KINGDOM BANK
3	DTB	3	BARODA	3	CONSOLIDATED BANK	13	M ORIENTAL
4	EQUITY	4	CITI	4	CREDIT	14	MAYFAIR
5	I&M	5	ECOBANK	5	DEVELOPMENT BANK OF KENYA	15	MIDDLE EAST
6	KCB	6	FAMILY	6	DUBAI INVESTMENT BANK DIB	16	PARAMOUNT
7	NCBA	7	HFCK	7	FIRST COMMUNITY BANK	17	SBM
8	STANBIC	8	NBK	8	GT BANK	18	SIDIAN
9	STANCHART	9	PRIME BANK	9	GUARDIAN	19	SPIRE BANK
				10	GULF AFRICA	20	UBA
				11	HABIB AG ZURICH	21	VICTORIA BANK

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Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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