

KENYA BANKING SECTOR VALUATION UPDATE: EXPANDING NET INTEREST MARGINS & OPERATIONAL EFFICIENCY, TO OUTWEIGH ELEVATED CREDIT RISK AND FALLING FX INCOME

We maintain our BUY rating for Kenyan Banks with a market-cap weighted upside of 36.4%.

The 36.4% return is mostly attributable to steady business performance led by higher NIMs and continued operational efficiency. FY22-FY26, we expect the sector market-cap weighted exit price to book to expand by 11.0%. Our average exit price to book for the sector of 0.7x is 14% above the sector's 10-year historical average low, but 68% below the sector's 10-year historical average high. Over the last decade, the sector has experienced key structural dislocations that we expect to continue weighing on the sectors' returns. FY22-FY26, we forecast average sector ROE of 17.2% down from a pre-interest rate controls level of 21.5%. In addition, the sector has to contend with a weak economic environment, amidst monetary and fiscal tightening.

In light of the structural dislocations and uncertain macro-economic outlook, the sector continues to maintain ample liquidity and capital buffers.

Key themes:

- 1. Net Interest Margin** – FY22-FY26, we forecast improvement in the sectors' NIM by 40bps to 7.6%. Given the sectors' high liquidity, we expect the hike in loan rates to outpace rising cost of funds. Despite continued approval of risk-based loan pricing models, we expect the hike in loan rates to be gradual, and the loan yields to level-off below the pre-interest rates controls level. We further note that the sector's NIM will also be weighed by increased dollarization of balance sheets – Equity and KCB balance sheets have been impacted the most following a series of large regional acquisitions.
- 2. OPEX** – In the last 10 years, mostly by leveraging technology, the sector's operational efficiency has improved. The level of improvement has however been masked by increased domestic and cross-border M&A activity. We believe the sector has now entered a consolidation phase. We expect new investments to be incremental – the sector continues to morph from pure banking to broader financial services offering. FY22-FY26, we forecast OPEX to total assets to average 4.3%, down from a historical average of 4.4%. We however expect to see some shifts; Equity's and KCB's OPEX to total assets to gradually glide from above sector average to below, the two have been the most aggressive in M&A and technology adoption; while NCBA's, Stanbic's and I&M's to rise above the sector average as they increase their retail offerings.
- 3. Credit risk** – The sector's average NPL ratio currently stands above 12%, way above the pre-interest rates controls level of 5.7%. The consensus position amongst banks and the central bank is that approximately 7% of the sector's NPL ratio is related to unpaid Government debts to various suppliers. As at June 2023, the estimated total unpaid amount ranging from 2005 to 2022 was KES 641bn. In FY21 & FY22, the sector's loan write-offs accelerated, but overall NPL ratio increased in line with higher new non-performing loans. We do not foresee resolution of the outstanding balances over our forecast period; therefore, we retain the sector NPL ratio at an average 12.2%. Consequently, our cost of risk forecast average stands at 2.4%, versus the sector's 10-year average of 2.0%. By FY26, we forecast the sector's coverage ratio to rise to 69% against FY22's average of 57%.
- 4. Regulatory environment** – Generally, guided by feedback from multiple banks, we expect to see collaborative engagement between banks and the regulator. We expect banks to push the regulatory boundaries but stay within levels that will not trigger adverse regulatory action - as highlighted above, we expect banks to limit the level of increase in loan rates.

Valuation summary table

Bank	Rating	Upside/(Downside)	New FV (KES)	Previous FV (KES)	YTD return	Forward PB (x)*	FY23 ROE
Equity	BUY	18.0%	43.67	58.81	-16.9%	0.8	18.8%
KCB	BUY	111.4%	47.26	62.39	-41.3%	0.3	12.6%
Co-op	BUY	72.6%	20.46	18.13	-3.7%	0.6	17.8%
DTB	BUY	135.3%	116.13	122.70	-1.3%	0.2	10.1%
I&M	BUY	85.1%	33.32	30.56	5.9%	0.4	12.4%
NCBA	HOLD	9.1%	40.68	38.68	-5.2%	0.7	17.5%
Stanbic	HOLD	-1.9%	108.85	89.16	8.8%	0.9	24.6%
ABSA	HOLD	9.2%	12.89	12.32	-4.1%	1.0	22.9%
StanChart	HOLD	-14.1%	138.26	108.61	12.8%	1.2	22.2%

*Current price (19th Sept) and FY23 forecast NAV

Price to book evolution

Bank	10-year PB (x) range	Expected FY23 PB (x)*	FV multiple PB (x)**	Exit multiple PB (x)
Equity	1.0-2.9	0.8	0.9	0.8
KCB	0.6-2.3	0.3	0.7	0.7
Co-op	0.7-2.3	0.6	1.0	0.8
DTK	0.2-2.0	0.2	0.4	0.5
I&M	0.4-2.1	0.4	0.7	0.7
NCBA	0.3-1.9	0.7	0.8	0.7
Stanbic	0.6-1.3	0.9	0.8	0.7
ABSA	1.1-3.0	1.0	1.1	0.8
StanChart	0.8-2.6	1.2	1.0	0.9

*Expected FY23 multiple –current price vs. expected FY23 results

**Multiple based on our fair value –FV vs. expected FY23 results

Review of key factors

Macro factors

Indicators	FY23 Performance	FY23 Outlook	Impact on banks
GDP	5.3% in 1Q23 <ul style="list-style-type: none"> Rebound in agricultural sector (5.8%) on improved rainfall after four quarters of contraction 	We retain our 5.0% - 5.5% forecast <ul style="list-style-type: none"> Subdued private sector consumption amidst inflationary pressure & higher taxes. Modest government consumption growth owing to fiscal constraints. 	<ul style="list-style-type: none"> NPL build up Subdued credit growth – while demand remains high, we expect supply to soften despite roll-out of risk-based lending Stable margins on limited cost pressures & improved NIMs
Inflation (headline & core)	Headline: 6.7% in August <ul style="list-style-type: none"> Improved food production eased 1H23 inflationary pressure. Core: 3.8% In July <ul style="list-style-type: none"> Core inflation eased on account of tightening liquidity. 	We have cut our headline inflation forecast from 9.0%-11.0%, to 8.5%-9.5%; and retain our core inflation forecast at 3.5%-4.0% <ul style="list-style-type: none"> Continued FX weakness, higher fuel prices, scaling back of subsidies & excise tax increases on goods & services to add to 4Q23 inflation. Core inflation to flatten amidst easing consumer demand. 	<ul style="list-style-type: none"> Improved NIMs amidst high policy rates Subdued credit growth on reduced consumer affordability
Interest rates	Central Bank rate: 10.5% <ul style="list-style-type: none"> Highest level since July 2016. Surprise tightening by new Central Bank Governor. 10-year yield: 15.67% <ul style="list-style-type: none"> Above historical levels Actual domestic borrowing remains ahead of the budgeted run-rate. 	We retain our Central Bank Rate forecast range of 9.0% - 10.5%. We increase our 10-year government yield from 13.8%-14.5% range to 15.5%-17.5%. <ul style="list-style-type: none"> Hawkish monetary policy to persist amidst global uncertainties, modest support from fiscal policy & elevated inflation. Subdued economic outlook to delay aggressive monetary tightening. Refinancing pressure & increased domestic borrowing to sustain elevated yields. 	<ul style="list-style-type: none"> Improved NIMs amidst high policy & market rates Elevated allocation to T-Bills & T-Bonds Subdued credit growth
FX	19.0% depreciation against the USD <ul style="list-style-type: none"> Higher imports Tight FX reserves 	We increase our USD/KES depreciation range from 8.0%-10.0%, to 20%-25%. <ul style="list-style-type: none"> Sticky higher global interest rates to dampen portfolio inflows. Low FX reserves – external debt servicing (68% of external debt is in USD) & weak current account. 	<ul style="list-style-type: none"> FX volatility to continue supporting NIR growth – but at reduced pace as volatility eases Increased FX exposure as net foreign position deteriorates

Bank factors

Bank	FY22 Performance	1H23 Review	FY23 outlook
NIMs	<ul style="list-style-type: none"> ▪ Industry NIMs of 7.2%, 20bps higher than FY21 levels ▪ Co-op, highest NIMs; DTB, lowest NIMs 	<ul style="list-style-type: none"> ▪ Industry NIMs of 6.8%, 40bps lower than FY22 levels ▪ ABSA, highest NIMs; DTB, lowest NIMs 	<ul style="list-style-type: none"> ▪ Higher base lending rates ▪ Higher GSEK yields ▪ Dollarisation of some balance sheets to weigh on their margins
NFI Mix	<ul style="list-style-type: none"> ▪ Industry NFI of 33.8%, 230bps higher than FY21 levels ▪ NCBA, highest; KCB, lowest 	<ul style="list-style-type: none"> ▪ Industry NFI of 37.1%, 330bps higher than FY22 levels ▪ Equity, highest; ABSA, lowest 	<ul style="list-style-type: none"> ▪ FX income key driver, but at a reduced pace ▪ Lifting of fee waivers to boost fee income
CTI	<ul style="list-style-type: none"> ▪ Industry CTI of 45.0%, 110 bps lower than FY21 levels ▪ DTB, highest; NCBA, lowest 	<ul style="list-style-type: none"> ▪ Industry CTI of 46.8%, 168bps higher than FY22 levels ▪ KCB, NCBA highest; ABSA, lowest 	<ul style="list-style-type: none"> ▪ Inflationary pressures ▪ Continued IT investments, different banks at different stages ▪ One-off cost items to remain for some banks
Cost of risk	<ul style="list-style-type: none"> ▪ Industry cost of risk of 2.2%, 10bps higher than FY21 numbers ▪ NCBA, highest; StanChart, lowest 	<ul style="list-style-type: none"> ▪ Industry cost of risk of 2.1%, 10bps lower than FY22 numbers ▪ ABSA, highest; Co-op, lowest 	<ul style="list-style-type: none"> ▪ Elevated cost of risk tied to elevated macro-risks & specific customer level credit risk
Gross NPL ratio	<ul style="list-style-type: none"> ▪ Industry NPL ratio of 11.7%, 20bps lower than FY21 levels ▪ KCB, highest; ABSA, lowest 	<ul style="list-style-type: none"> ▪ Industry NPL ratio of 11.7%, fairly flat from FY22 levels ▪ KCB, highest; ABSA, lowest 	<ul style="list-style-type: none"> ▪ Elevated NPLs from large-exposures & a weak business environment ▪ Constrained household incomes
EPS growth	<ul style="list-style-type: none"> ▪ Industry EPS growth of 34.1% y/y, slower than the 72.9% growth in FY21 ▪ DTB, fastest; Equity, slowest 	<ul style="list-style-type: none"> ▪ Industry EPS growth of 15.2% y/y, slower than FY22 growth ▪ Stanbic, fastest; KCB, slowest 	<ul style="list-style-type: none"> ▪ Slower growth arising from cost of risk increments, but counter balanced by rising NIMs
Net loan growth	<ul style="list-style-type: none"> ▪ Industry net loan growth of 17.6%, 740bps faster than FY21 levels ▪ KCB, fastest; Co-op, slowest 	<ul style="list-style-type: none"> ▪ Industry net growth of 18.8%, 120bps faster than FY22 levels ▪ KCB, fastest; Stanbic, slowest 	<ul style="list-style-type: none"> ▪ Risk-based pricing to incentivize bank lending ▪ Elevated credit risk to slow-down loan growth in 2H23
Return on Equity	<ul style="list-style-type: none"> ▪ Industry ROE of 19.3%, 260bps higher FY21 levels ▪ Equity, highest; DTB, lowest 	<ul style="list-style-type: none"> ▪ Industry ROE of 20.5%, 120bps higher than FY22 levels ▪ Equity, highest; DTB, lowest 	<ul style="list-style-type: none"> ▪ Higher NIMs and steady fee income growth to support ROE ▪ Held back by higher cost of risk and conservative dividend payouts

APPENDIX: INDUSTRY RATIOS**MARGINS**

Yields on interest earning assets							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	11.4%	10.5%	11.1%	10.2%	10.5%	10.6%	10.7%
KCB	12.1%	12.9%	11.5%	9.1%	9.7%	10.8%	10.9%
Co-op	11.3%	11.5%	12.1%	11.9%	12.3%	12.3%	12.6%
DTK	8.7%	8.7%	9.3%	9.8%	10.3%	10.2%	10.3%
I&M	9.6%	10.0%	10.3%	11.1%	11.4%	11.4%	11.4%
NCBA	10.0%	9.4%	9.9%	10.9%	11.1%	11.0%	11.2%
Stanbic	7.5%	7.2%	8.2%	9.5%	9.3%	9.4%	9.4%
ABSA	9.2%	8.5%	9.6%	10.6%	10.7%	10.8%	10.8%
StanChart	8.5%	7.6%	8.0%	8.4%	8.4%	8.8%	9.2%
Average	9.8%	9.6%	10.0%	10.2%	10.4%	10.6%	10.7%

Net Interest Margins							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	8.8%	7.8%	8.2%	6.8%	7.2%	7.5%	7.9%
KCB	9.4%	10.2%	8.8%	5.8%	6.1%	7.2%	7.4%
Co-op	8.4%	8.4%	8.9%	8.0%	8.5%	8.7%	9.0%
DTK	5.1%	5.1%	5.3%	5.6%	5.7%	5.6%	5.7%
I&M	5.4%	6.3%	6.3%	6.3%	6.5%	6.9%	7.0%
NCBA	5.5%	5.3%	5.6%	6.2%	6.3%	6.5%	6.9%
Stanbic	5.8%	5.8%	6.4%	7.5%	7.0%	7.1%	7.0%
ABSA	7.9%	7.8%	8.8%	9.4%	9.2%	9.2%	9.1%
StanChart	6.7%	6.3%	6.8%	7.3%	7.4%	7.6%	7.9%
Average	7.0%	7.0%	7.2%	7.0%	7.1%	7.4%	7.6%

Yields on loans							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	14.0%	13.5%	13.5%	11.7%	12.1%	12.3%	12.3%
KCB	12.2%	13.7%	12.8%	11.5%	11.8%	12.0%	12.0%
Co-op	12.1%	12.3%	12.6%	12.2%	13.0%	13.2%	13.6%
DTK	9.1%	8.7%	8.9%	9.3%	10.1%	10.5%	10.9%
I&M	12.1%	11.9%	11.7%	12.1%	12.9%	13.1%	13.3%
NCBA	10.2%	9.6%	9.6%	10.0%	10.6%	11.0%	11.3%
Stanbic	9.6%	9.0%	9.4%	10.5%	10.7%	10.9%	10.9%
ABSA	11.0%	10.4%	11.9%	12.7%	12.9%	13.1%	13.1%
StanChart	9.6%	9.3%	9.3%	11.0%	11.3%	11.5%	11.5%
Average	11.1%	10.9%	11.1%	11.2%	11.7%	12.0%	12.1%

Cost of deposits							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	2.2%	2.1%	2.2%	2.9%	2.8%	2.6%	2.4%
KCB	2.6%	2.6%	2.6%	2.7%	3.1%	3.2%	3.2%
Co-op	3.1%	3.4%	3.5%	3.9%	3.8%	3.6%	3.6%
DTK	3.9%	3.9%	4.1%	4.3%	4.7%	4.7%	4.7%
I&M	4.3%	3.7%	3.8%	4.6%	4.8%	4.6%	4.6%
NCBA	4.3%	4.0%	4.2%	4.5%	4.6%	4.4%	4.2%
Stanbic	3.0%	2.4%	2.5%	2.6%	3.0%	3.2%	3.2%
ABSA	2.4%	2.3%	2.4%	2.9%	3.1%	3.2%	3.2%
StanChart	1.9%	1.3%	1.1%	1.1%	1.1%	1.2%	1.2%
Average	3.1%	2.9%	2.9%	3.3%	3.4%	3.4%	3.4%

GROWTH

Earnings per share							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	-29.6%	134.0%	15.3%	-11.7%	7.3%	10.3%	26.2%
KCB	-22.1%	73.9%	19.1%	-34.1%	4.7%	26.8%	28.4%
Co-op	-20.2%	44.3%	30.9%	-4.7%	21.2%	21.1%	14.4%
DTK	-52.1%	12.5%	75.5%	16.0%	18.4%	2.6%	18.3%
I&M	-21.6%	0.7%	37.7%	-9.6%	32.2%	20.8%	13.6%
NCBA	-46.1%	122.1%	34.6%	9.9%	-4.8%	5.7%	21.4%
Stanbic	-18.6%	38.8%	25.7%	51.1%	-5.3%	-17.8%	-17.5%
ABSA	-44.2%	161.1%	34.2%	5.4%	32.5%	-1.9%	-1.9%
StanChart	-34.7%	68.4%	34.0%	4.3%	-3.4%	0.2%	1.1%
Average	-32.1%	72.9%	34.1%	3.0%	11.4%	7.5%	11.5%

Total Assets							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	50.8%	28.5%	10.9%	16.2%	17.9%	18.7%	20.1%
KCB	9.9%	15.1%	37.0%	32.3%	1.5%	10.2%	18.9%
Co-op	17.5%	8.0%	4.7%	13.0%	10.7%	13.3%	12.5%
DTK	10.1%	7.0%	15.7%	13.0%	11.7%	12.0%	13.9%
I&M	13.6%	15.9%	5.2%	16.4%	8.7%	9.4%	13.6%
NCBA	6.7%	12.0%	4.8%	3.8%	4.9%	6.6%	10.5%
Stanbic	8.2%	0.1%	20.1%	7.4%	4.8%	4.4%	4.6%
ABSA	1.2%	13.0%	11.3%	17.2%	1.7%	5.3%	4.6%
StanChart	7.8%	2.8%	13.9%	0.0%	3.7%	2.2%	2.3%
Average	14.0%	11.4%	13.7%	13.3%	7.3%	9.1%	11.2%

Gross loans							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	36.5%	20.6%	19.3%	26.3%	19.3%	22.3%	24.3%
KCB	13.6%	12.3%	25.7%	17.7%	15.7%	18.2%	20.7%
Co-op	11.3%	7.4%	8.9%	12.0%	9.5%	13.5%	12.7%
DTK	7.2%	6.2%	15.6%	16.6%	13.9%	15.5%	17.0%
I&M	7.5%	12.0%	14.0%	15.9%	10.0%	12.0%	16.0%
NCBA	2.6%	-2.2%	9.1%	10.1%	8.5%	10.1%	11.4%
Stanbic	5.8%	13.8%	27.6%	11.6%	6.6%	3.6%	4.6%
ABSA	9.4%	11.7%	20.0%	23.0%	-2.0%	5.0%	5.0%
StanChart	-4.3%	4.2%	9.2%	13.2%	2.2%	5.2%	5.2%
Average	10.0%	9.6%	16.6%	16.3%	9.3%	11.7%	13.0%

Net loans							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	30.4%	23.0%	20.2%	26.9%	19.0%	22.2%	24.2%
KCB	11.2%	12.9%	28.5%	17.4%	15.3%	17.9%	20.7%
Co-op	7.5%	7.2%	8.4%	11.6%	9.2%	14.0%	11.5%
DTK	4.8%	5.7%	15.1%	15.8%	13.2%	14.6%	16.4%
I&M	6.9%	12.4%	13.3%	14.5%	9.2%	12.1%	16.6%
NCBA	-0.6%	-2.4%	14.3%	10.6%	8.0%	9.6%	10.8%
Stanbic	3.5%	17.2%	27.3%	11.1%	6.8%	3.6%	4.7%
ABSA	7.2%	12.2%	21.1%	20.1%	-3.5%	4.5%	4.4%
StanChart	-5.6%	3.7%	10.7%	11.2%	0.6%	4.5%	4.6%
Average	7.3%	10.2%	17.6%	15.5%	8.6%	11.4%	12.7%

Customer deposits							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	30.4%	23.0%	20.2%	26.9%	19.0%	22.2%	24.2%
KCB	11.7%	9.1%	35.6%	45.6%	3.6%	10.6%	20.6%
Co-op	13.8%	7.7%	3.9%	11.9%	9.9%	12.9%	11.9%
DTK	6.4%	11.2%	16.9%	15.9%	10.9%	12.9%	14.9%
I&M	14.3%	13.0%	5.3%	13.3%	11.3%	10.3%	15.3%
NCBA	11.4%	11.5%	7.0%	8.0%	5.0%	6.0%	10.0%
Stanbic	12.0%	11.5%	12.1%	5.1%	5.1%	5.1%	5.1%
ABSA	6.7%	5.9%	13.0%	23.0%	6.0%	6.0%	5.0%
StanChart	12.3%	3.5%	5.1%	8.1%	4.1%	2.1%	2.1%
Average	13.2%	10.7%	13.2%	17.5%	8.3%	9.8%	12.1%

ASSET MIX

Net loans							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	47.0%	45.0%	48.8%	53.3%	53.8%	55.4%	57.3%
KCB	60.3%	59.1%	55.5%	49.2%	55.9%	59.8%	60.7%
Co-op	53.4%	53.0%	54.9%	54.2%	53.5%	53.8%	53.3%
DTK	49.1%	48.5%	48.2%	49.4%	50.0%	51.2%	52.3%
I&M	52.3%	50.7%	54.6%	53.8%	54.0%	55.4%	56.9%
NCBA	46.9%	40.9%	44.5%	47.5%	48.9%	50.2%	50.4%
Stanbic	48.1%	56.3%	59.7%	61.8%	62.9%	62.5%	62.5%
ABSA	55.0%	54.6%	59.4%	60.9%	57.8%	57.3%	57.1%
StanChart	37.3%	37.6%	36.6%	40.7%	39.4%	40.3%	41.2%
Average	49.9%	49.5%	51.4%	52.3%	52.9%	54.0%	54.6%

Government securities							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	21.4%	30.0%	26.9%	26.1%	23.9%	21.2%	18.7%
KCB	21.4%	24.4%	19.1%	19.6%	22.1%	23.3%	23.5%
Co-op	30.4%	32.0%	28.8%	28.8%	29.9%	30.0%	30.2%
DTK	34.6%	36.8%	35.7%	35.5%	34.9%	33.9%	32.0%
I&M	28.4%	30.2%	25.9%	25.2%	26.1%	25.9%	24.5%
NCBA	30.0%	35.4%	35.9%	31.9%	30.8%	29.2%	30.2%
Stanbic	26.5%	18.1%	19.9%	17.2%	17.3%	17.3%	17.1%
ABSA	23.6%	20.6%	19.0%	17.0%	17.5%	17.5%	17.3%
StanChart	30.7%	28.6%	27.7%	19.9%	20.9%	22.1%	23.2%
Average	27.4%	28.5%	26.5%	24.6%	24.8%	24.5%	24.1%

Cash and Cash equivalents							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	9.6%	8.9%	8.0%	5.1%	7.2%	8.8%	9.8%
KCB	6.5%	6.3%	5.9%	4.3%	10.9%	5.9%	5.4%
Co-op	4.9%	5.3%	4.6%	5.8%	5.9%	6.0%	6.5%
DTK	6.1%	6.1%	7.0%	6.6%	7.0%	7.3%	8.5%
I&M	5.4%	6.6%	5.2%	7.8%	7.3%	6.5%	7.1%
NCBA	6.5%	7.3%	6.2%	7.0%	7.3%	8.3%	7.9%
Stanbic	5.5%	4.7%	5.3%	4.8%	4.2%	5.2%	5.8%
ABSA	4.8%	4.9%	5.1%	5.6%	8.1%	9.1%	9.5%
StanChart	6.3%	7.1%	6.1%	3.6%	7.8%	9.8%	12.1%
Average	6.2%	6.4%	5.9%	5.6%	7.3%	7.5%	8.1%

FUNDING MIX

Customer deposits							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	72.9%	73.5%	72.7%	76.8%	78.6%	80.6%	82.4%
KCB	78.2%	74.4%	73.6%	80.8%	82.4%	82.7%	83.9%
Co-op	70.5%	70.3%	69.8%	69.2%	68.7%	68.5%	68.1%
DTK	70.1%	72.9%	73.6%	75.5%	75.0%	75.6%	76.3%
I&M	73.4%	71.5%	71.5%	69.6%	71.3%	71.8%	72.9%
NCBA	79.9%	79.5%	81.1%	84.4%	84.4%	83.9%	83.5%
Stanbic	66.2%	73.7%	68.8%	67.2%	67.4%	67.8%	68.1%
ABSA	68.1%	63.6%	65.0%	68.0%	70.8%	71.2%	71.5%
StanChart	78.8%	79.3%	73.2%	79.1%	79.4%	79.2%	79.1%
Average	73.1%	73.2%	72.1%	74.5%	75.3%	75.7%	76.2%

Borrowed funds							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	8.4%	8.0%	9.3%	9.2%	8.8%	8.4%	8.3%
KCB	4.4%	4.2%	3.9%	3.9%	4.4%	4.4%	4.0%
Co-op	8.6%	7.4%	7.9%	8.6%	8.4%	8.2%	8.0%
DTK	2.1%	3.1%	1.7%	2.5%	2.3%	2.2%	2.1%
I&M	1.2%	2.4%	2.5%	2.0%	1.8%	1.7%	1.6%
NCBA	1.2%	2.5%	1.0%	1.8%	1.4%	1.4%	1.4%
Stanbic	1.7%	1.7%	2.6%	2.8%	2.7%	2.7%	2.6%
ABSA	2.2%	2.0%	4.2%	2.2%	2.2%	2.2%	2.2%
StanChart	2.0%	1.8%	5.2%	2.9%	2.8%	2.7%	2.7%
Average	3.5%	3.7%	4.3%	4.0%	3.9%	3.8%	3.6%

INCOME/EXPENSE MIX

NII/Income							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	72.8%	73.0%	70.8%	59.6%	65.9%	71.2%	74.4%
KCB	74.8%	82.7%	78.7%	63.4%	67.2%	71.9%	75.8%
Co-op	67.3%	67.8%	63.9%	61.1%	62.0%	62.5%	63.2%
DTK	74.4%	76.3%	72.6%	70.9%	72.0%	72.8%	73.0%
I&M	65.2%	71.6%	65.4%	63.6%	65.1%	68.7%	71.1%
NCBA	52.1%	53.0%	48.0%	51.5%	51.0%	52.4%	54.4%
Stanbic	55.1%	57.5%	59.0%	58.2%	60.7%	65.5%	68.7%
ABSA	68.6%	69.6%	71.3%	71.8%	74.8%	74.9%	75.4%
StanChart	70.3%	65.0%	65.8%	62.0%	66.2%	69.6%	70.5%
Average	66.7%	68.5%	66.2%	62.5%	65.0%	67.7%	69.6%

NFI/Income							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	27.2%	27.0%	29.2%	40.4%	34.1%	28.8%	25.6%
KCB	25.2%	17.3%	21.3%	36.6%	32.8%	28.1%	24.2%
Co-op	32.7%	32.2%	36.1%	38.9%	38.0%	37.5%	36.8%
DTK	25.6%	23.7%	27.4%	29.1%	28.0%	27.2%	27.0%
I&M	34.8%	28.4%	34.6%	36.4%	34.9%	31.3%	28.9%
NCBA	47.9%	47.0%	52.0%	48.5%	49.0%	47.6%	45.6%
Stanbic	44.9%	42.5%	41.0%	41.8%	39.3%	34.5%	31.3%
ABSA	31.4%	30.4%	28.7%	28.2%	25.2%	25.1%	24.6%
StanChart	29.7%	35.0%	34.2%	38.0%	33.8%	30.4%	29.5%
Average	33.3%	31.5%	33.8%	37.5%	35.0%	32.3%	30.4%

OpEx/Income							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	47.2%	45.9%	45.6%	47.8%	46.9%	46.1%	43.1%
KCB	44.8%	43.5%	47.3%	55.2%	56.2%	54.1%	51.0%
Co-op	56.8%	48.8%	46.6%	47.5%	44.9%	44.3%	44.2%
DTK	50.8%	47.1%	47.4%	47.5%	47.8%	47.0%	45.7%
I&M	41.0%	44.9%	44.2%	46.9%	46.9%	47.1%	46.5%
NCBA	37.0%	38.0%	40.5%	40.3%	40.3%	40.7%	41.6%
Stanbic	52.2%	50.9%	46.7%	43.5%	49.9%	56.6%	62.4%
ABSA	48.8%	45.9%	41.2%	37.9%	40.1%	42.8%	44.5%
StanChart	58.9%	50.2%	45.9%	45.6%	47.7%	49.0%	50.0%
Average	48.6%	46.1%	45.0%	45.8%	46.7%	47.5%	47.7%

Staff costs/OpEx							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	38.8%	39.7%	40.3%	38.6%	40.3%	41.8%	43.2%
KCB	47.5%	52.7%	50.2%	45.8%	45.5%	46.3%	48.0%
Co-op	45.0%	46.1%	45.2%	46.6%	47.3%	48.1%	48.9%
DTK	39.8%	40.9%	42.7%	44.8%	45.0%	44.7%	45.3%
I&M	46.5%	45.9%	42.5%	40.6%	40.6%	41.2%	41.5%
NCBA	37.0%	38.0%	40.5%	40.3%	40.3%	40.7%	41.6%
Stanbic	48.9%	51.3%	48.6%	43.1%	42.5%	42.4%	42.6%
ABSA	60.0%	57.6%	57.2%	57.4%	57.2%	57.3%	57.3%
StanChart	50.0%	46.0%	46.3%	43.6%	45.4%	46.9%	46.6%
Average	45.9%	46.5%	46.0%	44.5%	44.9%	45.5%	46.1%

Costs/Asset							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	3.9%	3.7%	4.2%	4.4%	4.1%	3.9%	3.6%
KCB	4.4%	4.2%	3.9%	3.9%	4.4%	4.4%	4.0%
Co-op	5.7%	5.1%	5.5%	5.0%	5.0%	5.0%	5.0%
DTK	2.9%	2.7%	2.8%	3.1%	3.2%	3.0%	3.0%
I&M	2.7%	3.2%	3.5%	3.7%	3.8%	3.9%	3.7%
NCBA	3.8%	3.6%	4.1%	4.7%	4.8%	4.8%	4.7%
Stanbic	3.7%	3.9%	3.8%	4.5%	4.7%	5.0%	5.2%
ABSA	4.5%	3.9%	4.0%	3.8%	4.0%	4.1%	4.2%
StanChart	4.8%	4.2%	4.0%	4.9%	4.7%	4.6%	4.7%
Average	4.0%	3.8%	4.0%	4.2%	4.3%	4.3%	4.2%

ASSET QUALITY

Gross NPL Ratio							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	11.3%	8.5%	8.3%	10.8%	10.3%	9.9%	9.5%
KCB	12.8%	14.9%	18.1%	17.2%	16.2%	14.2%	13.2%
Co-op	16.3%	14.6%	14.2%	14.6%	14.6%	13.6%	12.6%
DTK	10.6%	12.3%	11.4%	11.9%	11.9%	11.4%	10.9%
I&M	11.8%	10.1%	10.4%	11.9%	12.4%	11.4%	10.9%
NCBA	11.5%	13.1%	11.1%	11.6%	12.1%	11.1%	10.6%
Stanbic	11.8%	9.9%	11.1%	10.9%	10.7%	10.5%	10.3%
ABSA	6.5%	6.9%	5.9%	9.6%	9.4%	9.2%	9.0%
StanChart	17.1%	17.1%	15.2%	17.2%	16.7%	16.2%	15.7%
Average	12.2%	11.9%	11.7%	12.8%	12.7%	11.9%	11.4%

Cost of risk							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	5.0%	0.8%	1.9%	3.3%	3.5%	3.5%	3.5%
KCB	4.4%	2.0%	1.2%	2.6%	2.6%	2.5%	2.5%
Co-op	2.9%	2.6%	2.5%	2.3%	2.5%	2.3%	2.2%
DTK	3.4%	3.3%	2.7%	2.9%	2.7%	2.9%	2.9%
I&M	1.3%	2.0%	2.2%	2.4%	1.6%	0.9%	0.8%
NCBA	7.3%	4.1%	4.4%	4.1%	4.5%	4.5%	4.4%
Stanbic	2.8%	1.3%	2.2%	1.8%	0.9%	0.8%	0.8%
ABSA	4.0%	1.7%	2.1%	3.7%	1.2%	1.0%	1.1%
StanChart	2.7%	1.1%	0.5%	2.6%	1.7%	1.1%	1.0%
Average	3.8%	2.1%	2.2%	2.9%	2.4%	2.2%	2.1%

NPL coverage							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	73.5%	77.5%	69.3%	46.8%	48.8%	49.9%	51.2%
KCB	60.3%	49.8%	33.4%	36.1%	40.3%	47.5%	51.5%
Co-op	42.6%	40.0%	54.4%	55.9%	58.3%	61.4%	74.9%
DTK	41.3%	39.4%	44.2%	46.1%	49.2%	55.7%	61.9%
I&M	52.7%	57.9%	64.3%	65.4%	67.6%	72.2%	70.8%
NCBA	90.3%	80.4%	57.3%	50.9%	52.6%	61.3%	68.6%
Stanbic	83.3%	72.9%	67.5%	70.8%	69.7%	70.4%	70.5%
ABSA	95.6%	81.5%	81.2%	69.3%	81.4%	87.8%	95.3%
StanChart	41.2%	43.8%	41.1%	52.0%	57.3%	64.6%	70.2%
Average	64.5%	60.4%	57.0%	54.8%	58.4%	63.4%	68.3%

LIQUIDITY

Gross loans/customer deposits							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	71.0%	66.1%	71.9%	74.0%	73.2%	73.6%	74.5%
KCB	86.0%	88.6%	82.1%	66.4%	74.1%	79.2%	79.2%
Co-op	83.8%	83.6%	87.6%	87.6%	87.2%	87.7%	88.2%
DTK	74.2%	70.8%	70.0%	70.4%	72.3%	73.9%	75.3%
I&M	76.3%	75.7%	82.0%	83.9%	83.0%	84.3%	84.8%
NCBA	66.1%	57.9%	59.1%	60.3%	62.3%	64.8%	65.6%
Stanbic	81.2%	82.9%	94.4%	100.3%	101.9%	100.5%	100.1%
ABSA	88.8%	93.7%	99.5%	99.4%	91.9%	91.0%	91.0%
StanChart	51.0%	51.3%	53.3%	55.9%	54.8%	56.5%	58.3%
Average	75.4%	74.5%	77.8%	77.6%	77.9%	79.0%	79.7%

Liquid assets/total assets							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	43.8%	44.5%	37.1%	33.4%	33.4%	32.5%	31.0%
KCB	23.8%	29.4%	32.5%	40.4%	33.4%	29.6%	29.3%
Co-op	35.3%	35.9%	32.2%	34.0%	34.8%	34.8%	35.5%
DTK	42.0%	42.9%	42.5%	41.8%	41.7%	41.0%	40.3%
I&M	35.7%	36.4%	32.4%	34.3%	34.3%	33.3%	32.4%
NCBA	40.9%	47.0%	42.8%	40.4%	39.7%	39.0%	39.6%
Stanbic	40.9%	33.3%	30.4%	28.5%	28.0%	29.0%	29.5%
ABSA	30.2%	30.2%	26.1%	25.8%	28.6%	29.2%	29.5%
StanChart	52.8%	53.7%	55.7%	51.1%	52.5%	51.6%	51.1%
Average	38.4%	39.3%	36.8%	36.6%	36.2%	35.6%	35.3%

Liquid assets/deposit liabilities							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	43.8%	44.5%	37.1%	33.4%	33.4%	32.5%	31.0%
KCB	29.8%	37.8%	41.2%	48.4%	39.9%	35.2%	34.3%
Co-op	50.1%	51.0%	46.0%	49.0%	50.5%	50.7%	51.9%
DTK	54.4%	56.4%	54.0%	53.1%	53.4%	52.0%	50.7%
I&M	47.8%	48.5%	42.9%	45.5%	45.4%	44.3%	42.8%
NCBA	50.5%	57.3%	52.1%	46.9%	46.2%	45.7%	46.6%
Stanbic	51.7%	43.0%	39.5%	38.9%	38.0%	39.2%	39.7%
ABSA	37.2%	38.0%	33.4%	31.6%	35.7%	36.8%	37.4%
StanChart	64.1%	65.3%	69.6%	62.3%	63.9%	63.0%	62.5%
Average	47.7%	49.1%	46.2%	45.5%	45.2%	44.4%	44.1%

CAPITALISATION

Equity to Total Assets							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	13.6%	12.6%	11.5%	11.3%	11.1%	10.8%	10.4%
KCB	14.1%	14.5%	12.8%	10.5%	11.1%	11.0%	10.2%
Co-op	16.0%	16.3%	16.3%	16.8%	17.5%	17.9%	18.4%
DTK	16.1%	16.2%	14.5%	13.9%	13.5%	13.1%	12.5%
I&M	19.0%	17.8%	18.7%	17.0%	17.2%	17.7%	17.5%
NCBA	13.3%	12.6%	12.7%	13.0%	13.3%	13.5%	13.4%
Stanbic	15.3%	16.3%	14.5%	14.4%	14.5%	14.6%	14.5%
ABSA	12.3%	11.8%	12.0%	11.5%	13.1%	14.2%	15.2%
StanChart	14.4%	14.3%	13.1%	13.4%	13.5%	13.8%	14.1%
Average	14.9%	14.7%	14.0%	13.5%	13.9%	14.1%	14.0%

RETURNS

Return on Equity							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	15.8%	24.9%	25.1%	18.8%	17.8%	17.1%	18.6%
KCB	14.4%	21.7%	21.7%	12.6%	12.1%	14.1%	16.3%
Co-op	12.6%	17.2%	21.3%	17.8%	19.1%	19.5%	19.7%
DTK	5.3%	6.2%	8.9%	10.1%	10.9%	10.3%	11.2%
I&M	13.1%	12.1%	14.9%	12.4%	14.8%	15.9%	16.0%
NCBA	6.7%	13.7%	17.3%	17.5%	15.4%	15.1%	16.7%
Stanbic	12.7%	16.1%	18.1%	24.6%	21.4%	16.8%	13.5%
ABSA	9.1%	21.1%	24.3%	22.9%	26.4%	22.6%	19.9%
StanChart	11.0%	17.4%	22.1%	22.2%	20.8%	20.0%	19.5%
Average	11.2%	16.7%	19.3%	17.7%	17.6%	16.8%	16.8%

Return on Assets							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	2.6%	4.5%	4.3%	3.4%	3.1%	2.9%	3.0%
KCB	2.7%	4.5%	4.3%	2.1%	1.9%	2.3%	2.6%
Co-op	2.9%	4.1%	5.0%	4.6%	5.1%	5.4%	5.5%
DTK	1.2%	1.5%	1.9%	2.1%	2.2%	2.0%	2.1%
I&M	3.5%	3.1%	3.4%	3.0%	3.6%	4.0%	4.1%
NCBA	1.0%	2.7%	3.7%	3.4%	3.1%	3.1%	3.5%
Stanbic	2.0%	3.0%	3.4%	4.8%	4.3%	3.3%	2.6%
ABSA	1.5%	3.8%	4.6%	4.2%	5.2%	4.9%	4.6%
StanChart	2.4%	3.8%	4.8%	4.7%	4.5%	4.4%	4.3%
Average	2.2%	3.4%	3.9%	3.6%	3.7%	3.6%	3.6%

Dividend pay-out							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	0.0%	28.3%	32.9%	32.8%	32.8%	32.8%	32.8%
KCB	16.4%	28.3%	15.8%	40.8%	40.8%	40.8%	40.8%
Co-op	50.6%	35.1%	40.2%	42.1%	42.9%	43.1%	43.5%
DTK	0.0%	21.5%	23.1%	25.6%	26.7%	28.2%	29.6%
I&M	23.0%	30.5%	33.2%	34.2%	35.2%	35.8%	36.0%
NCBA	53.3%	48.0%	50.5%	50.8%	53.3%	53.7%	53.5%
Stanbic	28.9%	49.4%	55.0%	55.0%	55.0%	55.0%	55.0%
ABSA	0.0%	55.0%	50.3%	50.3%	50.3%	50.3%	50.3%
StanChart	75.3%	80.9%	69.9%	69.9%	69.9%	69.9%	69.9%
Average	27.5%	41.9%	41.2%	44.6%	45.2%	45.5%	45.7%

MARKET SHARE

Net loans							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	19.2%	21.1%	21.2%	22.9%	24.4%	26.0%	27.6%
KCB	23.9%	24.1%	25.9%	25.9%	26.8%	27.5%	28.4%
Co-op	11.5%	11.0%	10.0%	9.5%	9.3%	9.2%	8.8%
DTK	8.4%	7.9%	7.6%	7.5%	7.6%	7.6%	7.6%
I&M	7.5%	7.6%	7.2%	7.0%	6.8%	6.7%	6.7%
NCBA	9.9%	8.7%	8.3%	7.8%	7.6%	7.2%	6.8%
Stanbic	6.3%	6.7%	7.1%	6.7%	6.4%	5.8%	5.2%
ABSA	8.4%	8.4%	8.5%	8.7%	7.5%	6.8%	6.1%
StanChart	4.9%	4.5%	4.2%	4.0%	3.6%	3.2%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Customer deposits							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	20.6%	23.5%	22.5%	22.6%	24.9%	27.0%	28.4%
KCB	21.3%	20.5%	24.3%	28.9%	27.4%	26.9%	27.9%
Co-op	10.5%	10.0%	9.1%	8.3%	8.3%	8.4%	8.1%
DTK	8.3%	8.1%	8.3%	7.8%	8.0%	8.0%	7.9%
I&M	7.3%	7.3%	6.7%	6.2%	6.3%	6.2%	6.1%
NCBA	11.7%	11.5%	10.8%	9.5%	9.1%	8.6%	8.1%
Stanbic	6.0%	5.9%	5.8%	5.0%	4.8%	4.5%	4.0%
ABSA	7.1%	6.6%	6.5%	6.5%	6.3%	6.0%	5.4%
StanChart	7.1%	6.5%	6.0%	5.3%	5.0%	4.5%	4.0%
Average	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

PAT							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity	24.2%	27.5%	24.7%	22.3%	21.7%	21.8%	23.6%
KCB	23.6%	23.4%	22.0%	16.1%	15.3%	17.7%	19.5%
Co-op	13.0%	11.4%	11.9%	12.4%	14.0%	15.1%	15.1%
DTK	4.3%	2.9%	3.9%	4.9%	5.3%	4.9%	5.0%
I&M	10.1%	5.9%	6.2%	6.4%	7.7%	8.4%	8.2%
NCBA	6.9%	10.3%	12.0%	12.9%	11.1%	10.6%	11.1%
Stanbic	6.3%	5.0%	4.9%	8.2%	7.1%	5.3%	3.8%
ABSA	5.0%	7.5%	7.9%	9.2%	11.2%	10.0%	8.4%
StanChart	6.6%	6.2%	6.5%	7.6%	6.7%	6.1%	5.3%
Average	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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