

Kenya Listed Banks Report FY'2023, & Cytonn Weekly #16/2024

Focus of the Week

Following the release of the FY'2023 results by Kenyan banks, the Cytonn Financial Services Research Team undertook an analysis on the financial performance of the listed banks and identified the key factors that shaped the performance of the sector. For the earnings notes of the various banks, click the links below:

- i. Equity Group FY'2023 Earnings Note;
- ii. KCB Group FY'2023 Earnings Note;
- iii. Standard Chartered Bank Kenya FY'2023 Earnings Note;
- iv. ABSA Bank Kenya FY'2023 Earnings Note;
- v. NCBA Group FY'2023 Earnings Note;
- vi. Co-operative Bank FY'2023 Earnings Note;
- vii. Diamond Trust Bank Kenya (DTB-K) FY'2023 Earnings Note;
- viii. I&M Group Holdings FY'2023 Earnings Note;
- ix. Stanbic Holdings FY'2023 Earnings Note;
- x. HF Group FY'2023 Earnings Note;

The core earnings per share (EPS) for the listed banks recorded a weighted growth of 11.4% in FY'2023, compared to a weighted growth of 26.6% recorded in FY'2022, an indication of sustained performance despite the tough operating environment occasioned by elevated inflationary pressures experienced during the period, with the inflation rate in FY'2023 averaging 7.7%, marginally higher than the 7.6% average in FY'2022, and a depreciating Shilling, with the Kenyan Shilling having depreciated by 26.8% against the USD in 2023. The performance in FY'2023 was supported by a 20.6% growth in net interest income coupled with a 16.4% growth in non-funded income. The growth in NFI was partly driven by the increase in foreign exchange income recorded by the banks during the period as a result of increased dollar demand in the country. However, the asset quality of listed banks deteriorated, with the weighted average Gross Non-Performing Loan ratio (NPL) increasing by 0.9% points to 12.6%, from 11.7% recorded in FY'2022. The performance remained 1.7% points above the ten-year average of 10.8%.

The report is themed **“Steady Profitability Amidst Economic Headwinds”**, and examines the primary elements that shaped the banking sector's performance in FY'2023. It highlights the prevailing trends, the obstacles encountered by banks, and the areas that will be vital for the sector's future growth and stability. Consequently, we will discuss the following:

- i. Key Themes that Shaped the Banking Sector Performance in FY'2023,
- ii. Summary of the Performance of the Listed Banking Sector in FY'2023,
- iii. The Focus Areas of the Banking Sector Players Going Forward, and,
- iv. Brief Summary and Ranking of the Listed Banks based on the outcome of our analysis.



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