

**THE RELATIONSHIP BETWEEN RELATED PARTY LENDING AND
PROFITABILITY OF COMMERCIAL BANKS IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been submitted for any award to any other college, institution or university.

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D63/72476/2014

This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research project would not have been a success without the support and contribution of the people, who immeasurably contributed towards my ultimate goal.

Most importantly, I wish to extend my gratefulness to the Almighty Father for providing me with good health, strength and knowledge that helped me make this project a success.

A special feeling of gratitude to my mom Hellen Kalendi, my sisters Lilian Wayua & Olivia Kamene, my brother Dennis Kimunyu, my fiancé Paul Makori and my daughter Maria Kemunto.

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LIST OF ABBREVIATIONS

CBK	-	Central Bank of Kenya
CEO	-	Chief Executive Officer
GDP	-	Gross Domestic Product
ROA	-	Return on Assets

ABSTRACT

Commercial banks play predominant role in credit expansion and granting credit facilities. Banks can advance credit to various types of parties who are closely engaged like; majority shareholder, joint associates, simple investments as well as the top-level management. However, problem exists when these parties access these funds at rates which are lower than the set market rates. In addition, insiders who the loans have been advance to sometimes are not given a specified period under which to repay the loans which is not the case to the outsiders. The target of this exploration was to decide the connection between related gathering loaning and productivity of business banks in Kenya. This examination utilized an illustrative research configuration to build up relationship connecting related gathering loaning and productivity of business banks in Kenya. The number of inhabitants in this examination involved all the 40 business banks in Kenya as at 31st December 2017. The examination utilized auxiliary information since optional on budgetary execution of business banks in Kenya is promptly accessible from the bank's money related reports. The recovered information was gotten for a time of multi-year from 2013 to 2017. Connection and numerous relapse investigation procedures was utilized to evaluate the quality of affiliation and connection between the factors individually. The outcomes uncovered that related gathering loaning had a negative and factually immaterial association with money related execution of business banks in Kenya while credit hazard had a negative and a measurably huge association with budgetary execution of business banks in Kenya. The examination additionally uncovered that liquidity had a measurably irrelevant constructive outcome on budgetary execution of business banks in Kenya while capital ampleness had a negative yet factually huge association with the money related execution of business banks in Kenya. The examination presumed that related gathering loaning and liquidity don't impact budgetary execution of business banks and that credit hazard and capital sufficiency fundamentally influences business banks money related execution.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Banks play a crucial part in developing economies of various countries. It eases the process of making bulk payments particularly to the investors who need huge amounts to purchase assets for investment purposes (Erina & Lace, 2013). Banking institutions act as the intermediaries in the financial sector which enables a nation to overcome difficulties particularly during economic slump (Alemu, 2015). Bank performance is viewed as an important factor to commercial banks especially now that the industry has become so competitive and good performance is vital in ensuring survival of these institutions, which play a key role in economic growth and development (Tariq et al., 2014). In any sector, profitability is essential for survival of businesses (Abe & Le Roux, 2016).

According to the information asymmetry theory, postulates that related party lending can be beneficial to the banking institutions as they have information regarding the client. According to the theory, this occurs as the banks have more information regarding the client hence able to know with certainty the risks associated with the loan hence reducing to a large extent probability of default (Laeven, 2001). The moral hazard and adverse selection theories support that the fact that the lender is not certain whether the borrower will pay back the loan due to some undesirable behavior subjects the lender to a hazard about the borrower. Adverse selection theory illustrates as scenario where one individual has more market information than the other in a trading relationship. It occurs when it's difficult for the lender to separate risky and safe borrowers (Davis, Hofer & Wallace, 2006).

The banks in the country play a role of holding various economic sectors together. All industries in the economy ranging from mining, service among others are dependent on this sector for various financial transactions. Financial sector in the country has a huge diversity as compared to other sectors of the economy (Manini & Abdillahi, 2015). The Kenyan money related framework has been developing quickly both as far as institutional set up and monetary items. Encouraged by a similarly creating data innovation, new money related items and models, for example, portable budgetary administrations, organization banks, among others, have changed the monetary structure in Kenya (Misati & Kamau, 2015). The CBK requires the financial institutions to classify credit advanced to the clients in terms of performance and also to disclose the amount of loans advanced to the banks related parties (CBK, 2016).

1.1.1 Related Party Lending

Related party lending is defined as advancing credit to inside members who have influence over the running of the business into such an extent that its highly advantageous than its economically justified. Related party lending is also known as connected lending as people who have advantageous have close connection to those advancing the funds (Laeven, 2001). According to Zamarripa (2003), it refers to lending to individuals who have huge influence to day to day running of bank operations like senior officials in the banks. This occurs particularly when the firms are run by individuals who have major interest in other industries outside the sector (Davis, Hofer & Wallace, 2006).

Generally, if a bank extends credit to an insider, it must do so on substantially the same terms, and follow the same credit underwriting procedures, that the bank applies to non-insiders and non-employees. Additionally, the aggregate amount of credit that a bank

extends to any insider must not exceed the bank's legal lending limit (Black, 2008). Those having close relations to the bank can access loans at lower rates compared to the outsiders because of their influence (Zamarripa, 2003). Commercial banks are usually required to disclose all related lending activities under the additional information and disclosures section. Normally, related party lending is usually determined by assessing the amount of loans advance to parties who are closely related to the organization like directors, employees and senior management staff.

1.1.2 Profitability

Profitability means that the business total revenues outstrips its total costs. It reveals the efficiency of business management in utilizing the firms' resources (Nishanthini & Nimalathasan, 2013). Gainfulness additionally alludes to capacity of the business association to keep up its benefit quite a long time (Alemu, 2015). Gainfulness in managing an account foundation uncovers the capacity of these organizations to benefit assets to their customers who reimburse them at a loan cost (Tariq et al., 2014). In the keeping money part, productivity shows the aggressiveness of the saving money foundation and the adequacy of their best dimension the board. A beneficial element retains the financial stuns experienced in the business world and shield these foundations from falling amid hard monetary occasions (Ugoani, 2016).

The beneficial saving money organizations assume a key job towards monetary development and advancement as the national governments increases through high expenses they pay, diminishes joblessness rate in the nation. (Alemu, 2015). Profitability is used as a proxy for measuring how efficiently banking institutions operates (Erina & Lace, 2013). Profitable banks attract external investors as well as quality employees who

improve their performance even further. It acts as an assurance to those who have an interest in the institutions ranging from the shareholders to the creditors. Banks need to operate profitably in order to survive in this volatile industry. Businesses are established with an aim of generating revenues (Abe & Le Roux, 2016). The liquidity ratio improves as well under profitable banks. Some of the profit after tax posted by the banks is ploughed back to the business (Abe & Le Roux, 2016).

Profitability indicates banking management efficiency as it's usually used to compare them to other banks. In order for banks to post positive returns, they have to overcome many huddles like risks associated with loans advanced and management strategy employed to gain an edge over its competitors (Alemu, 2015). Profitability is a term used to refer to the ability of banks to make revenues from its day to day business operations as well as from its investments in various sectors of the economy (Nishanthini & Nimalathan, 2013). The common ratios used in measuring profits are; ROA, ROE and NIM (Berhanu, 2015). ROA is the most used of bank profitability since it measures the management efficiency in using assets to generate revenues (Onuonga, 2014).

1.1.3 Related Party Lending and Profitability

The information asymmetry theory supports that the asymmetric information arises when one party is in possession of information that the counter party is not privy to (Laeven, 2001). According to the information asymmetry theory, transparency reduces the chances of lending to insiders as well as reducing information asymmetry among the banking institutions and potential shareholders (Davis, Hofer & Wallace, 2006). However, poor lending policies associated with related party lending are amongst the main factors leading

to the recent crises of financial distress experienced by banks particularly in developing nations (Laeven, 2001).

In their research paper, Davis, Hofer and Wallace (2006) argue that lending to insiders can be used to bolster financial performance of these institutions in less developed nations particularly when there is transparency. A study by Tennant and Tracey (2013) analyzed outstanding factors which can influence banks to enter into related party transactions in order to reveal the reasons behind negative perceptions associated with related party lending. The study found an existence of a direct correlation among the study variables.

1.1.4 Commercial Banks in Kenya

According to the CBK (2016), the Kenyan the banking industry of Kenya encompass 44 banking institutions of which one of them was a Housing Microfinance institution, 9 deposit taking microfinance, Multinational banks were 8 in total, Forex Bureaus were 87 in total, western Unions amounted to 13 while CBR institutions were 2. Business banks in Kenya activities are controlled by national bank of Kenya, which issues runs in the division. Furthermore, the capital markets specialist has an extra oversight over the business banks whose shares are recorded and exchanging at the Nairobi Securities Exchange (Manini and Abdillahi, 2015).

The segment has been encountering development in the course of the most recent few years in spite of the adjustments as far as directions overseeing the division (CBK, 2016). Credit arrangement in Kenya is generally determined by the business banks that command the budgetary framework. Banks assemble stores in both nearby and outside monetary forms and utilize them to propel credit in comparative monetary standards (Misati & Kamau,

2015). The operations of the banks across the country are under surveillance of CBK. The last couple of years has seen the sector post growth in number of clients, deposit taking, revenues as well as highly differentiated products. This growth can be underpinned on the ability of these institutions to open new branches in various parts of the country boosting the ease of accessing their services (Manini & Abdillahi, 2015).

Among business banks in Kenya, net credits and advances enlisted an ascent of 12% from KShs 2,091.4 billion of every 2015 to KShs 2,182.6 billion out of 2016. The valuation of the aggregate sum of business banks exchanged at NSE remains at Ksh. 3.5 trillion in December 2016. Then again, the proportion of gross non-performing credits to net advances expanded from 9.1 percent in December 2016 to 9.5 percent in March 2017. Regarding benefit, the keeping money industry posted a 10.0 percent development in benefit before expense in 2016 (CBK, 2016). Be that as it may, a few banks have encountered a regressive development posting enormous measure of monetary loses in different money related years. For example, the arrival on resources (ROA) diminished to 2.9 percent in March 2017 from 3.3 percent in December 2016. This pursued a higher development in resources when contrasted with the development in productivity. This is regardless of the presentation of new principles and directions went for boosting the execution of the area especially of the little banks (Onuonga, 2014).

1.2 Research Problem

Commercial banks play predominant role in credit expansion and granting credit facilities (Rasika & Sampath, 2015). Banks can advance credit to various types of parties who are closely engaged like; majority shareholder, joint associates, simple investments as well as the top-level management. However, problem exists when these parties access these funds

at rates which are lower than the set market rates. In addition, insiders who the loans have been advance to sometimes are not given a specified period under which to repay the loans which is not the case to the outsiders (Laeven, 2001). As such, there are those who are for and those who are against the concept of related party lending. Proponents of related party lending support that it plays a role of addressing the issue of imperfect information which is a common factor particularly in third world countries while its opponent argues that this is an avenue used by those close to the institutions to steal funds from the banks (Davis, Hofer & Wallace, 2006).

Banking institutions in Kenya are vital to the Kenyan economy. They boost economic growth through availing funds to the investors who borrow them for investment purposes (Nyanga, 2012). However, the sector has experienced hard times particularly in the recent past due to decline in profitability hence three banks have been placed under receivership and closure of one commercial bank (Mwaurah, Muturi & Waititu, 2017). Additionally, a review of the financial report of the Kenyan commercial banks indicates that a number of banks advance huge amounts loans to their directors, employees and the management which is normally reported under the additional information and disclosures section. This calls for an investigation on whether related party lending affects Kenyan banks profitability and performance.

There is available literature which has explored the concept of related party lending and profitability. A study by Laeven (2001) studied related party lending in Russia and found that this is common under circumstances where related party lending is based on transactions between the institutions. Dass and Massa (2011) assessed the effect of the link among the bank and borrower and observed an existence of a strong correlation where it

further revealed that improved monitoring leads to enhanced corporate governance but the study was based on bank relationship and lending to firms. Black (2008) examined the impact comparing the loan rates for insiders to outsiders and observed an ambiguous result which can favor any party but the focus of the study was interest rates charged to insider and outsider borrowers.

Additionally, a study by Karemera (2013) examined correlation linking regulation to profitability of commercial banks and concluded that measures of regulation are not significant predictors of banks profitability but research inclined more towards regulations as opposed to related party lending. Misati and Kamau (2015) also explored the elements affecting loan lending both locally and to foreigners and established that bank size, capital structure, are some of the leading factors for advancing loans locally in Kenya but the focus was more of lending locally and internationally. From the sampled studies, it is crystal clear that the concept of related party lending has been partially studied and more so in the third world countries where related party lending is rampant due to weak regulations and corporate governance mechanism. This prompts the inquiry, what is the connection between related gathering loaning and gainfulness of business banks in Kenya?

1.3 Research Objective

To determine the relationship between related party lending and profitability of commercial banks in Kenya.

1.4 Value of the Study

The study adds to the existing knowledge on the study area thus aiding other researchers as a reference point. Other researchers might also build on the research study by focusing on other aspects of financial risk. Corporate decision makers inside commercial banks will also find the study useful. They will be able to draw insights into the effect of related party lending on financial risk; a useful input in their decision-making processes.

The results of the study will benefit the aided bank managers especially those in-charge of risk management to better understand financial risk; thus, be in a better position to mitigate this kind of risk by putting in place apt internal controls. The banking industry regulators will obtain input from the study while formulating new policies as well as updating existing ones on financial risk and related party lending. The regulator's bank supervisors will find the study useful while undertaking their routine checks and assessments.

Potential and existing investors as well as fund managers also will find the study to be of value to them. Their investment decisions will be made with a better understanding of the risk exposure of their potential investment targets as well as the existing investment portfolios. The said investors will thus be able to take informed decisions and craft their investment strategies accordingly

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part surveys the speculations under the hypothetical writing, the determinants of business banks budgetary execution, the audit of related examinations in experimental literature, the conceptual diagram and finally a summary of the reviewed chapter contents.

2.2 Theoretical Review

2.2.1 Information Asymmetry Theory

The asymmetric information theory originated from Akerlof (1970). According this theory asymmetric information arises when one party is in possession of information that the counter party is not privy to. The theory of asymmetric information postulates that, if a participant who is advantaged capitalizes on the information, it can lead to market imperfection (Devos, Landeghem & Deschoolmeester, 2012). According to the information asymmetry theory, market players access information indifferently. Information asymmetry is prevalent in the financial sector as lenders find it difficult to separate safe from risky borrowers hence end up charging higher loan rates across everyone (Black, 2010).

Information asymmetry arises in different areas among the partakers and non-partakers. Akerlof (1970) reveals how information asymmetry impacts on the pricing of goods and services among traders. However, it has varying effects for the traders in similar market (Black, 2010). In the banking industry, when the banks find out they have favourable terms over some client base, they prefer to lend to these clients to maximize on their revenues.

These clients include bank subsidiaries, associates and joint ventures as well as those clients owing large amounts to the banks (Laeven, 2001).

In the relation to related party lending, the asymmetric information theory postulates that related party lending can be beneficial to the banking institutions as they have information regarding the client (Zamarripa, 2003). According to the theory, this occurs as the banks have more information regarding the client hence able to know with certainty the risks associated with the loan hence reducing to a large extent probability of default. However, if the bank favors the clients by lending at a lower rate to the insiders and a large proportion is granted to these parties it becomes a problem as the bank stands to lose on the revenues (Laeven, 2001).

2.2.3 Moral Hazards Theory

The moral hazard theory is associated with Suglitz (1983) and describe the problem of asymmetric information which comes after each transaction. The fact that the lender is not certain whether the borrower will pay back the loan due to some undesirable behavior subjects the lender to a hazard about the borrower. The moral hazard occurs when the loan borrowed is used for other reason than the one it is intended for (Zamarripa, 2000). It could also be that banks engage in high risk investing activities or charges higher interests hence making it difficult for borrowers to repay. Moral hazard arises in situations where the flow of information between the borrowers and lenders do not make any economic sense (Karapetyan & Stacescu, 2014).

Moral hazards may be ex-post or ex-ante. Ex-ante moral hazard is more favorable for borrowers not to pass negative information to potential lenders. The Ex-post moral hazard situation asserts that borrower clients who can repay their debt can choose to default payment or enter into more risky activities than those being offered to the lender. (Karapetyan & Stacescu, 2014). The moral hazard theory presents a case for one party to a contract failing or reneging, inadvertently or purposely, to honor their part on the terms and conditions. Moral hazard problem means that unless there are consequences of default on future credit applications, borrowers have the incentive of default. Failure to access the historical credit profiles of borrowers encourages moral hazard and this may lead to lenders loading punitive interest rates which can eventually lead to breakdown of the credit market (Davis, Hofer & Wallace, 2006). With relation to this study, moral hazard theory expounds on the correlation linking related party lending to profitability of commercial banks where question of asymmetric information will come after each transaction in case of repayment challenges.

2.2.4 Adverse Selection Theory

The adverse selection theory is associated with Stiglitz and Weiss (1981). The scenario where one individual has more market information than the other in a trading relationship is referred to as adverse selection. It occurs when it is difficult for the lender to separate risky and safe borrowers (Zamarripa, 2003). This leads to banks charging higher interests across all borrowers hence risk averse borrowers shy away. Ultimately, in capital market instances, the lenders who are partially informed are afraid of high interest loans due to the fear that those high interest rate borrowers are most probable to be defaulters which helps

identify the bad debtors from good ones. This leads to the decrease of amount of loans given to the borrowers (Karapetyan & Stacescu, 2014).

Unfavorable determination is a critical issue confronting banks since not all borrowers and ventures applying for bank advances ought to be subsidized; be that as it may, since banks don't have indistinguishable data from their candidates, choosing which of them are financially sound can be troublesome (Karapetyan and Stacescu, 2014). With relation to this study, the adverse selection theory presupposes that related party lending may lead to efficient and improved loan repayment. This is due to the information the banks have pertaining to their clients (Zamarripa, 2003). Therefore, insiders could be accessing loans at lower rates than the outsiders hence misappropriation of shareholder funds whose objective is wealth maximization.

2.3 Determinants of Commercial Banks Profitability

2.3.1 Credit Risk

Credit risk refers to a situation where a borrower has failed to repay the loan and or interest when they are due. Credit risk has a crucial effect on the performance of banks since it gives rise to non- performing loans, which is a loan for which the interest or principal payments are overdue (Rasika & Sampath, 2015). It's also referred to the failure by the borrowers to meet their obligation when due. The banks have in the recent past experienced increased default rate due to lending without proper client screening (Mwaurah, Muturi & Waititu, 2017).

Credit risk refers to the proportion of loans to deposits and when the number of outstanding loans outweigh number of deposits, it puts the banking institutions at a risk of collapsing as large proportion of revenue comes from the interest earned from loan advanced (Tariq et al., 2014). When the number of outstanding loans rise, the banks are forced to implement methods of recovering them which ends up increasing the costs associated with such processes (Abe & Le Roux, 2016). The rise in loan recovery costs increases total costs hence lowering bank profits (Tariq et al., 2014).

2.3.2 Bank Liquidity

It alludes to the capacity of saving money foundations to fund their operational exercises. Liquidity ratio reveals the ability of commercial banks to withstand short term financial difficulties particularly during economic fluctuations. Liquidity problem in one banking institution can cause a chain reaction which affects the whole sector (Onuonga, 2014). Liquidity ratio is directly correlated to bank performance. For an institution to have high liquidity ratio, it needs to balance its investment so that some cash is left for day to day operations. Balanced liquidity ratio is vital for banks to maximize their profits (Berhanu, 2015).

Firm operational efficiency is measure using its liquidity ratio. It helps firms to finance their short run financial needs (Khan & Ali, 2016). Liquidity is vital to banking institutions as clients carry out huge transactions on daily basis hence it can lead to bank collapse. Banks face challenge in balancing the liquidity ratio as holding high volume of liquid assets leads to losses as the yield low returns (Alemu, 2015). They are also risky in the highly volatile market as economic fluctuations can affect bank profitability to a very large extent (Tariq et al., 2014).

2.3.3 Capital Adequacy

This alludes to the dimension of capital that can run business notwithstanding amid hard financial period. This measure the level of the aggregate resource that is financed with value capital (Alemu, 2015). It is utilized as a proxy for establishing the level of leverage firms are permitted to attain to finance its daily activities. It is measured by the degree of the financing activities to be able to cover high withdrawals when the number of outstanding loans are high (Ugoani, 2016). Furthermore, it minimizes the chances of banks being placed under receivership. It ensures normal bank operations continue even during hard economic times when banks post huge deficits (Berhanu, 2015).

Banks with capital adequacy are ranked higher and indicates high performance. High capital implies that bank can hold risky assets which yield high returns hence posting high revenues (Abe & Le Roux, 2016). Banks are also able to take risks as they have safety to do so and take advantage of lucrative investments in the market (Onuonga, 2014). Capital adequacy ensures that banks are able to withstand hard economic crunch hence more attractive to the investors and depositors as well (Berhanu, 2015).

2.4 Empirical Review

Charumilind, Kali and Wiwattanakantang (2006) examined the indicators of a good business performance among banking institutions. The study observed that political stability is a major factor influencing the performance of banking institutions both in short and long-term. The study revealed that banking institutions required to undergo less huddles in accessing long-term credit. The study however did not find strong correlation linking banking institutions performance to related party lending.

Chege (2014) investigated the impact of related gathering loaning levels to the money related dangers of saving money establishments in Kenya. The investigation utilized an expressive research structure and completed an evaluation of the forty-two saving money establishments in Kenya. Secondary data was the preferred method for collection of data from the commercial bank's annual statements. Expressive measurements and relapse investigation were utilized in the examination. The discoveries of the investigation set up that related gathering loaning weakly affected money related hazard among business banks in Kenya. The investigation anyway centered around budgetary dangers and related gathering loaning. Kroszner and Strahan (2001) analyzed the existence of correlation linking banking institutions board performance to their lending. The study observed that the two variables had a strong direct correlation as the banks with boards performing to the highest standards had high lending levels. The examination likewise discovered that bury keeping money loaning was less impossible because of the profoundly aggressive nature of the managing an account industry. The focal point of the examination was board associations and loaning and not benefit.

Zamarripa (2003) inspected the effect of related gathering loaning on the execution of banks in Mexico. The examination found that related gathering lending is common among the banking institutions in the country with a 25% of total loans were advanced to the insiders who access them at lower rates than the outsiders with over 5% interest differentials. The study also revealed that the related party lending leads to high number of default rate standing at over 40% compared to outsider lending with default rate at 15%. The study concluded that related party lending is detrimental to the performance and going

concern of the banking institutions. The context of the study was Mexico while the context of this study is Kenya.

Berríos (2013) explored the relation linking bank credit risk to their bank performance. The study also explored the impact of lending to risky borrowers with higher returns to bank's ROA. The study focused on the related party lending, top official remuneration which are some of the indicators of the banking institutions governance. The results revealed an existence of an inverse correlation among the study variables. The study also found that related party lending and CEO remuneration were inversely correlated to banks ROA. The focus of this study however was bank performance and how it influenced by credit risks which arise from lending.

Abe and Le Roux (2016) examined factors affecting ROA among the banks in Zimbabwe during the period 2009-2014. The study used a descriptive research design where it revealed that the ROA of banking institutions in the country were mainly influenced by various factors like accountability, balanced board structure, internal control systems and risk management decisions embarked by the banking institutions. The study further revealed that the ROA of the banking institutions in the country could be increased by the sound long-term investment decisions by the board. The study focused on factors influencing banks performance and related party lending was not considered as a factor.

Khan and Ali (2016) examined the connection connecting liquidity to execution of banks in Pakistan. The investigation utilized an expressive research configuration to set up the idea of the connection among the examination factors. The examination additionally utilized auxiliary information covering an investigation time of multi-year from 2008-

2014. The connection and relapse examination results set up a presence of direct relationship among the investigation factors however the investigation focused on liquidity and bank execution and not related gathering loaning and how it influences the execution of business banks.

Etale, Ayunku and Etale (2016) broke down the relationship connecting default rate to bank execution in Nigeria covering a ten-year time span (1995-20015). The specialist utilized the Augmented Dickey Fuller Unit Root test to break down the information gathered. Study discoveries uncovered that awful advances and far-fetched advances had a reverse connection on profit for the capital utilized, while sub-standard credits had factually negative frail impact on profit for the capital utilized. The examination inferred that high default rate prompts poor money related execution of managing an account organization in the nation. The focal point of the investigation acknowledged dangers related for default and business banks execution and related gathering loaning was not fused in the examination. Miseda (2012) investigated the impacts of corporate administration on bank execution. The investigation embraced a cross sectional and diagnostic research structure and examined every one of the 44 business banks in Kenya. The investigation got essential information by managing polls to CEOs of the tested banks. The discoveries set up that corporate administration is fundamental to going worry of the managing an account organization. The examination concentrated more on corporate administration and banks execution instead of related gathering loaning and bank gainfulness.

Mwaurah, Muturi and Waititu (2017) inspected the effect of credit hazard on execution of securities of banks cited at the NSE. The researchers used annual secondary data for the period between 2006 and 2015 and sample of nine listed banks. Using the cross sectional and analytical research design the study revealed an existence of strong inverse correlation linking the study variables. The study however revealed that low default rates improves bank performance. The results concluded that credit risk impacts performance of securities of banks quoted at NSE. The study focused on credit risk and its context was only listed banks in Kenya and not all commercial banks.

Nyanga (2012) inspected the markers of monetary execution of banks in Kenya from the 43 business banks as at 31stDecember 2011. The examination gathered auxiliary information covering 10 years (2001-2010). The examination uncovered that capital is a central point affecting on the execution of business banks in Kenya. The outcomes additionally demonstrated that rate of premium has a converse relationship to the execution of banks in Kenya. The examination focused on elements affecting loaning however related gathering loaning was not considered as a factor.

2.5 Conceptual Framework

The conceptual framework for the study comprises of the independent variable (related party lending) and the dependent variable (profitability). Credit risk, bank liquidity, capital adequacy and operational efficiency will be used as control variables. Figure 2.1 diagrammatically displays the conceptual model for the research.

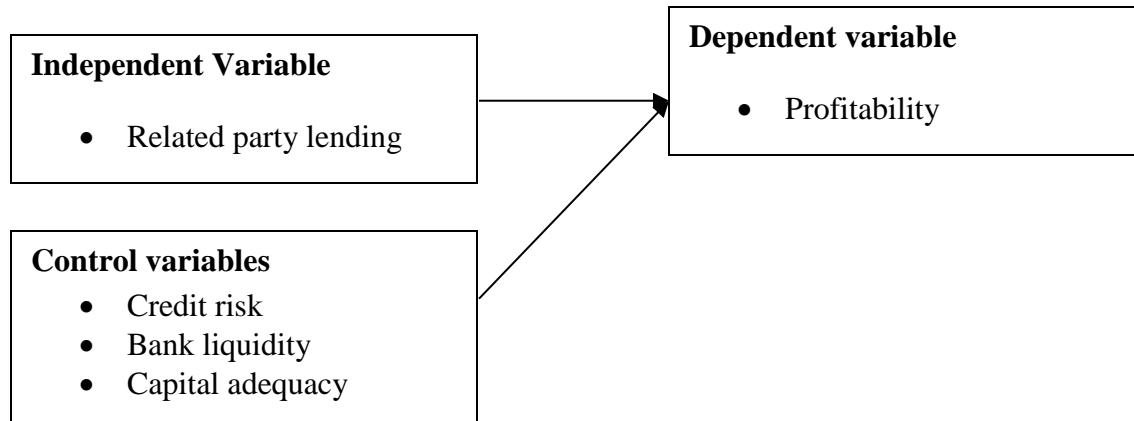


Figure 2.1: Conceptual Model

Source: Researcher

2.6 Summary of the Literature Review

The reviewed theories include the information asymmetry theory, the moral hazards theory and the adverse selection theory. Some of the reviewed studies including Charumilind, Kali and Wiwattanakantang (2006) examined the indicators of a good business performance among banking institutions. Zamarripa (2003) additionally analyzed the effect of related gathering loaning on the execution of banks in Mexico. Kroszner and Strahan (2001) examined the presence of connection connecting saving money organizations board execution to their loaning. In Kenya, Chege (2014) investigated the impact of related gathering loaning levels on budgetary danger of business banks in Kenya. From the surveyed investigations on related gathering loaning and productivity of bank appears not to be widely considered. This opens up a new research area which requires investigation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The part shows the exploration plan, the number of inhabitants in the investigation, the information accumulation strategy, and the methods of doing information examination.

3.2 Research Design

Research configuration gives a summed-up plan and course of action of the examination so conceived in the brain of the specialist as to anchor persuading answer for research questions (Troachim, 2008). This examination utilized a clear research configuration to build up connection connecting related gathering loaning and productivity of business banks in Kenya. An enlightening examination portrays the exploration wonder for what it's worth on the ground with no control of the factors was used. This examination utilized elucidating research since it looks to decide the connection between related gathering loaning and productivity of business banks in Kenya.

3.3 Population of the Study

The population of this investigation involved all the 40 business banks in Kenya as at 31st December 2017. As indicated by the yearly managing an account supervision report (2017) by the Central Bank of Kenya there are 40 banks in Kenya. A statistic of the 40 business banks was led by the investigation.

3.4 Data Collection

The examination utilized auxiliary information since optional on budgetary execution of business banks in Kenya is promptly accessible from the bank's money related reports. Information on related gathering loaning was recovered from the extra data and revelations segment, which business banks join together with their yearly reports. Information on money related execution was gotten from the announcements of salary and monetary position separately. The recovered information was acquired for a time of multi-year from 2013 to 2017.

3.5 Data Analysis

To analyze the research data, descriptive statistical techniques, correlation and multiple regression analysis techniques were employed for this research. Descriptive statistical techniques were limited to summarizing the data into a meaningful form using the arithmetic mean, variance, standard deviation and other summary statistics. Correlation furthermore, various relapse investigation strategies were utilized to evaluate the quality of affiliation and connection between the factors individually. Examination was helped by the measurable bundle for sociologies form 24.

3.5.1 Analytical Model

The regression equation was employed as the study's analytical model as follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where,

Y = Profitability measured using the return on assets which is the ratio of net income to total assets

β_0 = Constant of the regression equation

$\beta_1 - \beta_5$ = Beta coefficients of the regression equation

X_1 = Related party lending measured using the proportion of loans advanced to related parties over total loans and advances

X_2 = Credit risk measure using the non-performing loan ratio, which is the ratio of nonperforming loans to total loans

X_3 = Bank liquidity measured using the liquidity ratio

X_4 = Capital adequacy measure using the capital adequacy ratio

ϵ = tolerable error

3.5.2 Diagnostic Tests

The paper undertook the multicollinearity test, normality test, autocorrelation test and the heteroskedasticity test. Normality assesses whether the data is normally dispersed and the Kolmogorov-Smirnov and Shapiro-Wilk tests were employed to test for normality. Serial or autocorrelation is a condition where the error terms for unlike time frames are linked and the Durbin Watson statistics was used to assess for autocorrelation. Heteroskedasticity is lack of constant error variance and was assessed through plotting a residual graph. Multicollinearity is a state where there is a high level of connection between the independent variables and variance inflation factors and correlation coefficients were employed to check any multicollinearity.

3.5.3 Test of Significance

The t and F test were utilized as the proportions of centrality where t – test evaluated the essentialness of the autonomous factors while the F-test was utilized to survey the hugeness of the relapse coefficients separately.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents the reaction rate results, the engaging outline results and the analytic tests results. The section additionally shows the aftereffects of relationship examination, relapse investigation and the elucidation of the discoveries.

4.2 Response Rate

The population of this study is about involved all the 40 business banks in Kenya as at 31st December 2017. Finished information was anyway gotten from 34 business banks along these lines making up a reaction rate of 85%, which the investigation thought about sufficient.

4.3 Descriptive Statistics

The summary statistics results are shown under table 4.1 and comprises of the minimum, maximum, mean, standard deviation, skewness and kurtosis

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev	Skewness	Kurtosis
ROA	170	-.073	.050	.01544	.020710	-1.554	3.764
Related party lending	170	.003	.251	.05713	.039234	1.660	4.909
Credit risk	170	.000	.437	.10382	.089223	1.528	2.315
Liquidity	170	-.095	.993	.39790	.157887	.944	2.796
Capital adequacy	170	.051	.586	.21388	.081956	1.602	4.123

Source: Research Findings

Table 4.1 shows that ROA had an average estimation of 0.01544 with least and most extreme estimations of - 0.073 and greatest estimations of 0.050 while related gathering loaning had a normal estimation of 0.05713 and least and greatest estimations of 0.003 and 0.251 individually. The outcomes further show that credit hazard had a normal estimation of 0.10382 with least and most extreme estimation of 0.000 and 0.437 while liquidity had a mean estimation of 0.3970 with a base estimation of - 0.095 which demonstrates a few banks had liquidity level not exactly the suggested estimation of 0.20 with the greatest esteem being 0.993 in a specific order. The outcomes further demonstrate that the normal incentive for capital sufficiency was 0.21388 with the base estimation of 0.051, which shows that a few banks had a capital ampleness proportion, which was lower than the prescribed proportion of 14%, and the most extreme esteem was 0.586 individually. The kurtosis and skewness esteems show that the information was regularly conveyed as the skewness esteems lie with the scope of - 2 and +2 while the kurtosis value between -4 and +4 respectively.

4.4 Diagnostic Tests

The study undertook normality test, multicollinearity test, heteroscedasticity test and the test for linearity. The results were as follows:

4.4.1 Normality Test

Table 4.2: Normality Test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ROA	.113	170	.866	.887	170	.799
Related party lending	.107	170	.449	.886	170	.875
Credit risk	.166	170	.792	.854	170	.856
Liquidity	.153	170	.914	.914	170	.932
Capital adequacy	.172	170	.796	.873	170	.678

a. Lilliefors Significance Correction

Source: Research Findings

The normality test results on table 4.2 show that all the variables are normally distributed as indicated by all the p values, which are more than 0.05. This indicates that the assumption of normality has not been violated.

4.4.2 Multicollinearity Test

Table 4.3: Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
Related party lending	.908	1.101
Credit risk	.812	1.231
Liquidity	.636	1.573
Capital adequacy	.650	1.538

Source: Research Findings

The multicollinearity results on table 4.3 shows that all the VIF values are less than 10 hence an indication that there is no multicollinearity among the study variables. Therefore, the assumption of multicollinearity has not been violated.

4.4.3 Test for Heteroscedasticity

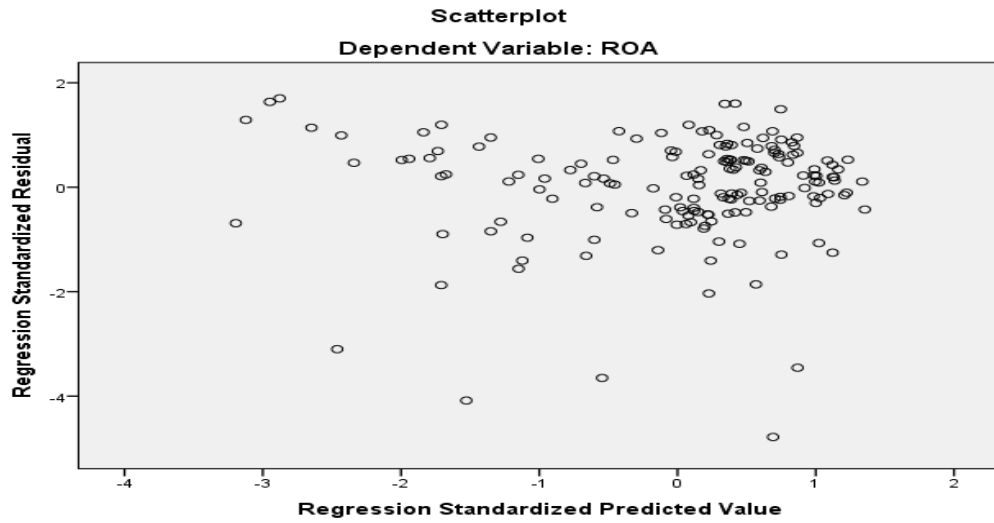


Figure 4.1: Residual Plot

Source: Research Findings

The residual plot results show that the study is not heteroscedasticity as most of the data points data point converge with a certain point hence an indication that the data is homoskedastic. Thus, the assumption of homoscedasticity has not been violated.

4.4.4 Test for Linearity

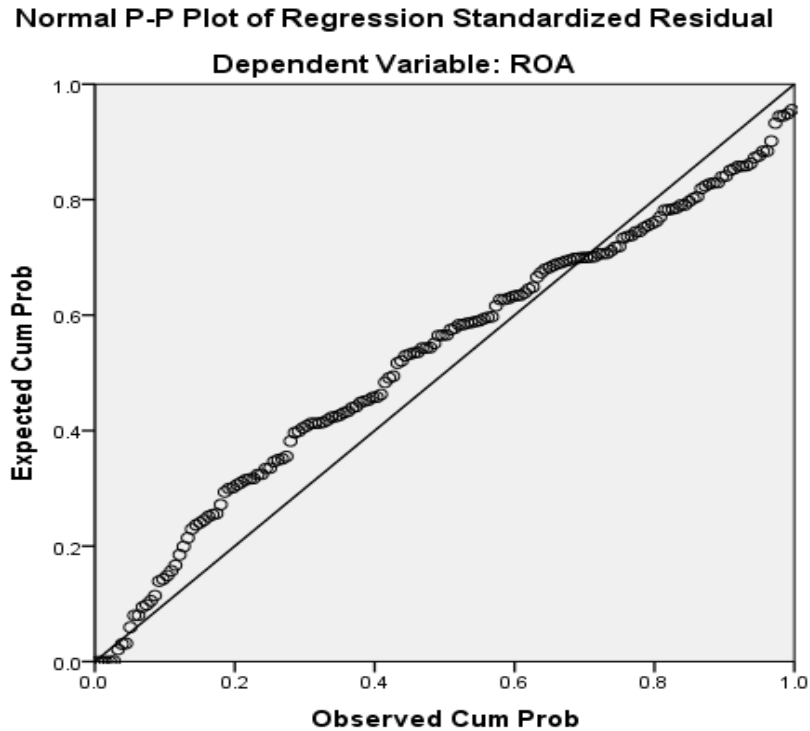


Figure 4.2: Normal P-P Plot

Source: Research Findings

The results on figure 4.2 show a normal p-p plot. The figure indicates that the study data is linear hence, the assumption of linearity has not been violated.

4.5 Correlation Analysis

Correlation analysis was undertaken to assess the strength of the relationship among the considered research variables. Table 4.4 shows the results obtained.

Table 4.4: Correlation Matrix

	ROA	Related party lending	Credit risk	Liquidity	Capital adequacy
ROA	1				
Related party lending	-.216**	1			
Credit risk	-.542**	.279**	1		
Liquidity	.193*	-.063	-.325**	1	
Capital adequacy	.027	.033	-.270**	.577**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Research Findings

The correlation results on table 4.4 demonstrates that related gathering loaning had a powerless and negative connection with ROA while credit hazard had solid and negative relationships with ROA as shown by the relationship coefficient estimations of - 0.216 and - 0.542 individually. The examination likewise demonstrates that liquidity and capital ampleness had a frail and negative connection with ROA as shown by the relationship coefficients of 0.193 and 0.027 separately. Also, all the connection coefficient esteems are under 0.7 in this way a sign that there is no multicollinearity among the investigation factors.

4.6 Regression Analysis

The study conducted regression examination to set up the connection between the reliant and autonomous factors. It contained the model synopsis, Analysis of fluctuation (ANOVA) and the relapse coefficients.

4.6.1 Model Summary

Table 4.5: Model Summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.567 ^a	.322	.305	.017260	1.940

a. Predictors: (Constant), Capital adequacy, Related party lending, Credit risk, Liquidity

b. Dependent Variable: ROA

Source: Research Findings

The model summary results on table 4.5 demonstrate that the R square esteem (coefficient of assurance) is 0.322. This demonstrates the autonomous factors capital ampleness, related loaning, credit chance, liquidity represent 32.2% of the variety in the reliant variable (ROA). The Durbin Watson measurement of 1.940 lies between the prescribed scope of 1.5 and 2.5 which show that there is no autocorrelation in the examination information.

4.6.2 Analysis of Variance

Table 4.6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.023	4	.006	19.580	.000 ^b
	Residual	.049	165	.000		
	Total	.072	169			

a. Dependent Variable: ROA

b. Predictors: (Constant), Capital adequacy, Related party lending, Credit risk, Liquidity

Source: Research Findings

The ANOVA results on table 4.6 demonstrates that the F insights estimation of 19.580 is noteworthy at 95% certainty level as shown by the p estimation of $0.000 < 0.05$. This demonstrates the relapse display is critical and a decent expectation of the connection between the needy and free factors.

4.6.3 Regression Coefficients

Table 4.7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.034	.005		6.502	.000
1 Related party lending	-.027	.036	-.052	-.772	.441
Credit risk	-.125	.017	-.539	-7.573	.000
Liquidity	.016	.011	.123	1.526	.129
Capital adequacy	-.047	.020	-.188	-2.360	.019

a. Dependent Variable: ROA

Source: Research Findings

The outcomes on table 4.7 demonstrate that related gathering loaning had a negative and measurably immaterial association with budgetary execution of business banks in Kenya. The outcomes further demonstrate that credit chance had a negative and a measurably noteworthy association with money related execution of business banks in Kenya while liquidity had a factually irrelevant beneficial outcome on budgetary execution of business banks in Kenya. At last, the outcomes show that capital sufficiency had a negative yet

measurably noteworthy association with the monetary execution of business banks in Kenya.

4.7 Interpretation of the Findings

The examination uncovered a negative and factually immaterial connection between related gathering loaning and profit for resources of business banks in Kenya. This implies related gathering loaning does have critical impact on monetary execution of business banks in Kenya. An investigation by Chege (2014) examine built up that related gathering loaning weakly affected money related hazard among business banks in Kenya. Zamarripa (2003) presumed that related gathering loaning is inconvenient to the execution and going worry of the keeping money organizations. Berríos (2013) found that related gathering loaning and CEO compensation were contrarily associated to banks ROA.

Besides, the aftereffect of the investigation set up that the connection between profit for resources and credit hazard in business banks in Kenya was negative and measurably critical. This outcome shows that credit chance essentially influences the money related execution of business banks in Kenya. Etale, Ayunku and Etale (2016) uncovered that terrible credits and dicey advances had a reverse connection on profit for the capital utilized, while sub-standard advances had factually negative frail impact on profit for the capital utilized. The investigation presumed that high default rate prompts poor money related execution of managing an account organization in the nation. Mwaurah, Muturi and Waititu (2017) reasoned that credit chance effects execution of securities of banks cited at NSE.

Further, the discoveries set up that there was a positive and irrelevant connection among liquidity and profit for resources of business banks in Kenya. This finding demonstrates that liquidity does not have noteworthy impact of money related execution of business banks in Kenya. Khan and Ali (2016) anyway uncovered that liquidity influences business banks monetary execution and bolster that liquidity encourages firms to fund their short run budgetary requirements. As indicated by Alemu, (2015) liquidity is indispensable to managing an account organization as customers complete tremendous exchanges on everyday schedule consequently it can prompt bank fall. Banks confront test in adjusting the liquidity proportion as holding high volume of fluid resources prompts misfortunes as the yield low returns.

At long last, the examination results set up a negative and noteworthy connection between capital sufficiency and money related execution of business banks in Kenya. This finding shows that capital ampleness altogether impacts the monetary execution of business banks in Kenya. An examination by Nyanga (2012) uncovered that capital ampleness is a central point impacting on the execution of business banks in Kenya. Berhanu (2015) bolsters that capital sufficiency guarantees that banks can withstand hard financial crunch consequently more appealing to the speculators and investors also.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study, the research conclusions and recommendations, limitation of the research and finally additional areas which require further research.

5.2 Summary

The target of this examination was to decide the connection between Related gathering loaning and gainfulness of business banks in Kenya. This examination utilized a graphic research configuration to set up connection connecting related gathering loaning and gainfulness of business banks in Kenya. The number of inhabitants in this examination involved all the 40 business banks in Kenya as at 31st December 2017. The investigation utilized auxiliary information since optional on monetary execution of business banks in Kenya is promptly accessible from the bank's budgetary reports. The recovered information was gotten for a time of multi-year from 2013 to 2017. Connection and various relapse investigation strategies was utilized to evaluate the quality of affiliation and connection between the factors individually. The examination figured out how to get finish information from 34 business banks in this manner making up a reaction rate of 85%, which the investigation thought about satisfactory.

The unmistakable outcomes uncovered that ROA had a normal estimation of 0.01544 while related gathering loaning had a normal estimation of 0.05713 separately. The outcomes set up that credit hazard had a normal estimation of 0.10382 while liquidity had a mean

estimation of 0.3970 individually. The outcomes further show that the normal incentive for capital sufficiency was 0.21388 with the base estimation of 0.051, which demonstrates that a few banks had a capital ampleness proportion, which was lower than the prescribed proportion of 14% separately. The relationship results set up that Related gathering loaning had a powerless and negative connection with ROA while credit hazard had solid and negative connections with ROA individually. The examination likewise settled that liquidity and capital sufficiency had a frail and negative connection with ROA individually.

The model synopsis results built up that the autonomous factors capital ampleness, related gathering loaning, credit hazard, liquidity represented 32.2% of the variety in the needy variable. The examination likewise discovered that relapse display was huge and a decent forecast of the connection between the needy and autonomous factors. The coefficient results uncovered that related gathering loaning had a negative and factually unimportant association with monetary execution of business banks in Kenya while credit chance had a negative and a measurably noteworthy association with money related execution of business banks in Kenya. The examination additionally uncovered that liquidity had a factually irrelevant constructive outcome on budgetary execution of business banks in Kenya while capital ampleness had a negative however measurably huge association with the money related execution of business banks in Kenya.

5.3 Conclusions

The outcomes uncovered related gathering loaning had a negative and factually immaterial association with budgetary execution of business banks in Kenya. According to this finding, the investigation presumes that related gathering loaning does have huge impact on budgetary execution of business banks in Kenya.

The discoveries set up that credit chance had a negative and a measurably huge association with money related execution of business banks in Kenya. The examination along these lines infers that credit hazard altogether influences the budgetary execution of business banks in Kenya.

The examination further discovered that liquidity had a factually immaterial beneficial outcome on budgetary execution of business banks in Kenya. Subsequently, the examination finishes up liquidity does not have huge impact of money related execution of business banks in Kenya.

At last, the outcomes built up that capital ampleness had a negative yet measurably huge association with the money related execution of business banks in Kenya. The discovering prompts the end that capital sufficiency essentially impacts the monetary execution of business banks in Kenya.

5.4 Recommendations

The discoveries of the examination prompted the end that related gathering loaning does have noteworthy impact on budgetary execution of business banks in Kenya. The examination dependent on this end suggests that the administration of business banks should concentrate on contributing and loaning to other financial divisions which may impact the execution of their banks.

The examination discoveries presumed that credit chance adversely and essentially influences the money related execution of business banks in Kenya. The examination prescribes that the administration of business banks should concentrate on moderating credit hazard since credit chance adversely influences the monetary execution

The examination likewise presumed that liquidity does not have huge impact of budgetary execution of business banks in Kenya. The examination anyway prescribes that the administration of business banks ought to guarantee that they have satisfactory liquidity to meet their everyday commitments and guarantee they are dissolvable.

The discoveries prompted the end that capital sufficiency essentially impacts the money related execution of business banks in Kenya. The investigation prescribes that the administration of business banks in Kenya ought to guarantee that they have ampler capital dimensions to improve the budgetary execution of the organizations.

5.5 Limitations of the Study

This investigation utilized budgetary proportions to quantify the examination develops. Monetary proportions are anyway determined from auxiliary information, which is chronicled in nature and does not consider the subjective perspectives which impact money related execution of business banks. Money related proportions likewise don't clarify the present execution in an association. From this research, it is hard to conclude whether the results present the true facts about the situation

The setting of the investigation was business banks in Kenya. Nonetheless, there are other money related organizations in Kenya like microfinance banks, credit just microfinance's, sparing and credit and helpful social orders which advance advances to related gatherings. The discoveries are in this manner constrained to business banks in Kenya and no other type of money related establishment.

5.6 Suggestions for Further Research

This investigation concentrated on the connection between related gathering loaning and benefit of business banks in Kenya. The examination was in this manner restricted to business banks and not different types of money related organizations engaged with loaning. The examination along these lines prescribes an extra investigation on the connection between related gathering loaning and benefit of other budgetary establishments like microfinance banks, credit just microfinance's, sparing and credit and agreeable social orders in Kenya.

Furthermore, this investigation concentrated on benefit which was estimated utilizing return on resources (ROA). The investigation in this way prescribes a comparable report however utilizing distinctive proportions of monetary execution like the arrival on value, net premium edge and net overall revenues. An extra investigation can a think about whether related gathering loaning influence nonperforming advances among business banks in Kenya.

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APPENDICES

Appendix I: Data Collection Sheet

Net Income(M)	Total assets (M)	Loans to related parties(M)	Total loans and advances (M)	NPL(M)	Liquidity ratio	CA R
137,090.00	24,804,407.00	775,657.00	15,382,987.00	3,534,602.00	0.34	0.15
160,278.00	22,864,968.00	695,746.00	14,228,599.00	2,840,434.00	0.27	0.16
279,562.00	22,617,744.00	569,688.00	15,292,071.00	2,694,737.00	0.21	0.16
277,432.00	22,073,123.00	492,246.00	13,679,881.00	900,218.00	0.31	0.17
410,737.00	20,643,733.00	426,495.00	11,491,145.00	687,130.00	0.38	0.15
67.62	54,191.29	840.20	33,589.00	10,571.00	0.36	0.16
10.47	55,995.67	1,451.74	37,480.16	10,794.00	0.42	0.16
(1,023.36)	69,280.27	750.16	37,480.00	9,744.00	0.42	0.16
184.84	77,075.80	999.78	38,463.88	1,767.37	0.28	0.16
436.03	66,537.98	865.31	37,938.35	1,231.27	0.35	0.13
3,923.00	96,132.00	420.13	43,943.00	2,666.00	0.66	0.32
2,946.76	82,907.48	293.70	38,089.00	3,392.00	0.67	0.31
2,026.12	68,177.55	237.94	31,018.37	2,363.81	0.62	0.27
2,040.00	62,212.00	171.38	28,388.85	1,064.63	0.61	0.24
2,039.70	52,021.52	160.03	23,578.56	598.36	0.61	0.22
2,088.67	56,631.00	74.25	20,771.00	435.00	0.68	0.54
1,640.91	47,815.08	63.06	19,354.00	272.00	0.61	0.46
1,107.94	42,162.95	56.98	17,857.61	363.82	0.57	0.42
1,021.29	34,370.42	49.86	12,375.61	71.07	0.74	0.39
1,009.46	30,721.44	30.07	10,672.75	107.42	0.75	0.42
6,926.32	271,177.38	11,718.12	177,224.00	12,615.00	0.33	0.18
7,399.00	259,718.00	13,060.08	176,349.00	11,472.00	0.28	0.18
8,401.00	240,877.00	13,458.30	145,379.00	5,233.64	0.34	0.18
8,387.00	225,841.00	10,156.30	125,423.00	6,136.94	0.42	0.18
7,623.00	206,739.00	9,196.59	118,362.00	4,879.05	0.42	0.16
4,309.49	248,738.72	4,447.48	135,443.00	10,359.00	0.52	0.18
4,418.59	214,682.73	9,838.47	118,483.00	7,013.00	0.55	0.18
4,905.73	208,451.92	6,850.23	104,981.57	3,023.73	0.74	0.19
5,686.66	180,998.99	2,678.33	88,347.39	1,784.85	0.41	0.21
5,127.16	180,511.80	14,646.48	103,847.69	1,048.36	0.68	0.21
3,910.42	98,232.00	1,649.96	38,080.00	1,724.00	0.65	0.26
3,432.19	103,323.54	1,745.38	28,242.00	805.00	0.95	0.26
3,400.96	88,147.29	1,445.94	23,180.71	1,010.46	0.76	0.28
2,443.06	79,397.81	1,536.55	24,012.13	881.14	0.80	0.27
2,998.59	71,242.66	1,335.43	24,337.98	436.97	0.63	0.35
5,542.08	229,525.00	7,777.03	107,038.00	7,798.00	0.50	0.17
6,715.81	226,534.55	7,023.09	105,082.00	7,450.00	0.43	0.18
3,592.32	215,625.18	6,732.51	112,925.59	7,614.40	0.39	0.18
3,384.22	175,808.83	6,771.03	99,674.49	6,387.10	0.34	0.18
3,740.70	145,998.38	6,655.13	70,759.78	1,768.99	0.41	0.13
(334.64)	13,456.00	538.09	9,882.00	2,481.00	0.22	0.05
(211.36)	13,917.90	638.58	10,317.00	2,038.00	0.26	0.08
44.42	14,135.53	609.83	9,221.26	2,330.99	0.33	0.09
(109.11)	15,077.05	601.75	9,212.58	1,382.35	0.36	0.11
(281.63)	16,778.63	660.79	10,855.49	1,149.63	0.28	0.11
11,405.07	386,857.66	9,479.55	253,861.64	18,714.00	0.34	0.23
12,676.21	351,828.58	9,001.50	241,395.00	11,273.00	0.33	0.23
11,705.56	342,499.81	6,898.99	215,745.00	6,472.35	0.32	0.21
8,015.00	285,396.07	6,835.64	183,942.00	7,357.68	0.34	0.22
9,108.19	231,215.36	6,463.66	141,608.00	5,664.32	0.33	0.21
134.08	14,465.00	1,111.17	10,171.00	877.00	0.30	0.16
109.61	12,237.89	723.58	8,361.00	676.00	0.33	0.23
(59.28)	10,297.51	628.05	6,725.64	455.55	0.17	0.15
(91.72)	8,864.54	606.65	5,527.64	249.30	0.32	0.17
52.80	7,308.86	414.65	4,328.08	344.83	0.37	0.27
27.66	16,320.00	1,023.25	10,710.00	2,310.00	(0.02)	0.24

61.72	16,411.44	1,140.02	10,083.00	2,594.00	0.02	0.25
121.62	16,942.55	1,066.12	8,043.94	1,869.83	0.43	0.27
220.59	16,944.14	666.30	8,527.63	1,322.27	0.34	0.30
189.43	15,574.65	592.25	8,108.47	1,189.93	0.39	0.24
6,449.81	363,303.40	4,756.00	156,843.00	11,901.00	0.50	0.19
7,173.94	328,044.50	4,968.06	141,702.00	5,520.00	0.50	0.19
5,912.08	271,608.60	4,738.52	110,017.48	4,914.26	0.39	0.18
5,083.52	211,539.41	3,895.97	113,701.45	1,803.04	0.36	0.19
4,756.64	166,520.35	3,232.32	110,945.44	880.40	0.33	0.21
(751.62)	11,148.00	175.18	6,867.00	2,349.00	0.14	0.13
(751.62)	13,802.50	224.80	8,319.00	1,322.00	0.23	0.16
(486.38)	14,469.56	328.23	8,321.62	3,387.83	0.28	0.17
(326.43)	16,589.36	570.65	10,006.79	3,027.97	0.28	0.07
55.65	15,562.48	349.50	9,029.00	1,371.23	0.35	0.10
18,918.00	526,665.00	8,906.19	221,698.00	14,758.00	0.55	0.17
16,545.79	473,713.13	8,718.75	221,039.00	15,457.00	0.48	0.20
17,303.44	428,062.51	8,007.35	269,892.94	9,078.75	0.32	0.20
17,151.00	344,572.00	7,431.39	214,170.42	9,343.60	0.32	0.17
13,278.00	277,728.82	5,595.67	171,363.43	9,246.42	0.34	0.24
(1,000.79)	69,051.00	3,269.08	46,928.00	9,478.00	0.35	0.20
1,982.95	69,491.68	3,828.35	53,485.00	7,015.00	0.31	0.21
352.28	81,281.37	3,117.34	55,853.88	3,514.57	0.14	0.19
1,809.79	61,834.40	2,306.91	37,925.48	2,847.22	0.41	0.20
1,245.39	43,513.90	1,775.99	27,943.36	2,013.71	0.37	0.19
212.95	27,628.00	140.41	13,746.00	1,421.00	0.50	0.27
434.40	40,242.31	499.24	13,418.00	994.00	0.54	0.26
386.06	40,964.88	396.04	19,606.52	1,979.71	0.57	0.27
407.31	45,554.41	449.75	19,347.82	1,664.68	0.49	0.26
253.17	36,682.48	393.93	18,013.53	1,326.12	0.65	0.34
151.80	17,360.00	1,076.36	10,995.00	4,399.00	0.44	0.15
(55.73)	14,962.09	1,161.93	11,926.00	3,853.00	0.24	0.14
(12.14)	14,564.63	1,185.88	10,940.00	2,776.85	0.22	0.15
50.37	15,278.03	798.70	9,765.51	1,517.85	0.30	0.11
132.20	11,305.40	426.89	7,211.50	542.62	0.29	0.15
160.02	15,803.00	132.44	10,303.00	1,122.00	0.41	0.20
230.13	14,705.35	323.28	9,604.00	787.00	0.41	0.20
229.33	14,609.49	357.75	9,629.65	801.23	0.37	0.18
261.25	14,572.87	350.95	9,434.74	786.81	0.34	0.17
275.34	12,834.69	329.30	8,346.79	460.66	0.33	0.18
153.65	31,316.00	1,284.55	20,144.00	1,962.00	0.35	0.16
494.73	27,149.68	1,255.69	16,686.00	1,617.00	0.41	0.19
728.62	24,706.60	628.66	15,864.00	1,398.00	0.36	0.16
402.20	19,749.86	503.27	3,583.10	126.00	0.29	0.14
285.48	16,053.97	134.99	3,361.23	241.00	0.34	0.18
5,725.82	202,645.01	6,100.56	126,983.00	17,669.00	0.36	0.19
6,581.28	182,157.48	5,161.47	104,302.00	5,072.00	0.37	0.18
6,032.64	164,822.61	1,777.83	114,927.25	1,407.88	0.34	0.19
987.85	114,972.44	4,985.73	101,610.56	704.90	0.31	0.19
4,974.96	141,364.22	1,602.72	91,882.67	490.76	0.34	0.19
(473.04)	12,851.00	425.19	9,929.00	2,106.00	(0.10)	0.19
(167.70)	15,779.87	585.18	10,497.00	2,141.00	0.20	0.20
20.38	16,781.12	664.18	10,155.69	777.95	0.23	0.15
19.69	13,117.89	615.50	6,189.80	289.97	0.49	0.26
93.89	7,010.32	464.59	3,809.60	244.99	0.42	0.26
19.70	646.67	14,744.57	411,666.00	34,182.00	0.42	0.16
19.72	595.24	17,556.43	373,031.00	28,333.00	0.38	0.20
19.62	558.09	12,278.47	345,968.69	23,477.48	0.48	0.17
16.85	490.34	10,444.32	283,732.21	18,404.13	0.31	0.21
14.34	390.85	8,788.22	227,721.78	23,662.46	0.33	0.15
(421.81)	19,302.00	529.10	12,330.00	2,596.00	0.24	0.17
28.05	20,875.50	400.37	14,488.00	2,459.00	0.26	0.23
372.32	19,106.56	558.49	12,519.39	1,607.63	0.32	0.25
514.04	15,801.44	604.81	10,453.71	776.42	0.37	0.21
410.13	12,673.74	600.82	8,704.25	882.04	0.31	0.21
410.78	109,873.14	4,747.47	68,153.00	27,658.00	0.36	0.05
162.19	115,292.39	4,231.69	68,616.00	29,987.00	0.30	0.07

(1,153.48)	125,440.32	4,994.52	67,803.99	11,762.50	0.31	0.14
870.70	123,092.00	4,964.44	65,641.49	7,236.65	0.32	0.14
1,112.80	92,555.72	4,732.92	39,566.68	4,212.27	0.42	0.18
4,144.42	206,172.46	2,559.07	118,459.00	13,265.00	0.47	0.20
4,309.89	169,458.99	2,954.03	112,509.00	12,650.00	0.39	0.22
4,477.36	165,788.27	2,055.79	114,657.64	11,762.50	0.29	0.21
4,116.67	145,780.51	2,745.23	100,575.33	7,236.68	0.33	0.21
3,237.30	121,062.74	1,955.42	83,493.31	6,597.41	0.29	0.16
96.51	10,577.00	801.93	7,741.00	809.00	0.37	0.34
33.69	9,920.25	777.68	7,109.00	856.00	0.39	0.39
42.90	8,496.35	480.39	5,245.06	289.97	0.43	0.31
71.95	7,857.52	359.67	4,627.52	244.99	0.43	0.29
139.97	7,006.53	269.97	4,035.28	261.74	0.44	0.31
117.50	9,541.00	640.25	6,345.00	778.00	0.41	0.27
106.44	9,427.84	436.68	6,243.00	778.00	0.43	0.27
157.56	10,527.41	491.43	5,871.72	946.83	0.42	0.23
123.81	10,402.33	557.64	4,447.62	1,062.85	0.34	0.26
87.95	8,028.88	347.89	3,272.19	946.83	0.43	0.42
2,122.05	76,438.00	1,958.47	39,763.00	2,252.00	0.49	0.23
1,904.71	65,338.21	1,824.68	40,170.00	1,855.00	0.40	0.22
2,023.19	65,001.65	2,039.36	41,047.74	461.60	0.37	0.17
1,736.02	54,917.67	1,629.84	34,418.27	499.43	0.38	0.17
1,440.77	49,460.89	1,400.94	26,751.54	704.35	0.42	0.18
6,522.65	285,124.54	6,248.39	139,406.00	17,621.00	0.59	0.19
9,049.31	250,482.00	6,379.38	132,497.00	15,038.00	0.57	0.21
6,342.43	233,965.45	5,946.53	115,125.43	14,697.92	0.54	0.21
10,436.18	222,495.82	5,221.99	122,749.23	10,752.49	0.46	0.20
9,262.92	220,391.18	4,255.22	129,672.00	3,448.12	0.38	0.21
36.44	10,295.00	1,037.95	7,365.00	1,595.00	0.37	0.30
109.13	10,372.44	1,064.71	7,026.00	891.00	0.37	0.21
168.03	10,452.69	1,070.90	6,649.51	1,329.90	0.34	0.22
125.71	10,239.92	1,507.48	6,009.43	1,201.89	0.40	0.21
158.12	9,657.87	1,209.93	5,144.71	1,028.94	0.50	0.31
18.61	6,505.00	395.57	3,309.00	152.00	0.57	0.39
24.30	5,601.28	227.34	3,127.00	69.00	0.34	0.39
(262.65)	7,781.24	260.17	2,790.00	58.00	0.52	0.24
(272.09)	3,709.63	99.46	1,071.86	187.94	0.99	0.59
(282.04)	4,755.79	58.82	937.62	13.44	0.97	0.47
617.18	25,985.00	298.66	18,887.00	17.00	0.29	0.23
592.40	22,403.48	243.18	15,293.00	-	0.31	0.26
713.80	20,020.07	161.87	13,124.42	-	0.27	0.19
464.35	17,244.09	101.12	10,979.24	-	0.33	0.19
431.90	13,644.24	80.90	8,363.45	-	0.31	0.20
126.22	67,541.12	1,527.14	52,630.00	8,212.00	0.21	0.17
905.83	71,930.14	1,722.20	56,785.56	6,193.00	0.21	0.20
1,196.97	71,659.43	1,738.05	53,021.02	4,097.36	0.28	0.18
975.34	60,961.68	1,127.27	45,243.54	4,163.45	0.31	0.15
995.20	47,389.38	814.59	35,215.90	3,209.74	0.33	0.22

Source: Research Findings