

FY 2021

INVESTOR PRESENTATION



KCB

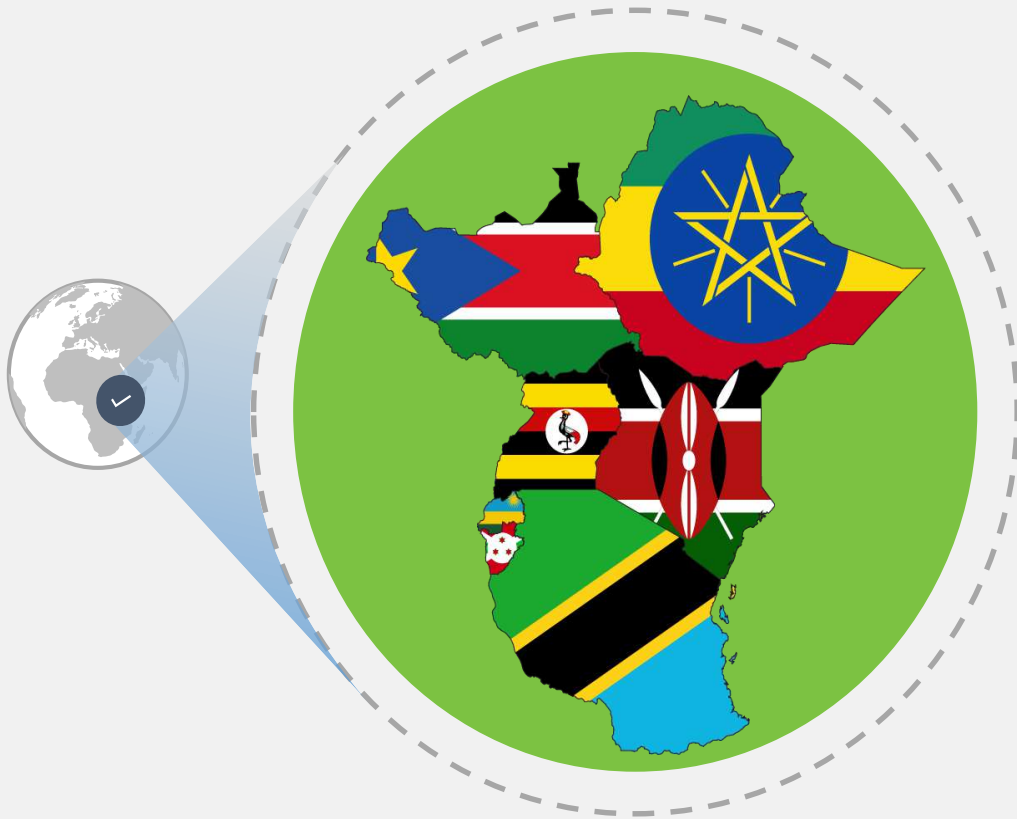
16 MARCH 2022



GROUP OVERVIEW



LARGEST FOOTPRINT IN THE REGION



28.4 M

Customers

8,538 Staff



492

Branches

1,178 ATMs

25,496 Agents & POS / Merchants

Kenya*

Branches **296**
ATMs **526**
Agents **14,512**
Staff **6,593**

Tanzania

Branches **14**
ATMs **15**
Agents **311**
Staff **291**

South Sudan

Branches **13**
ATMs **4**
Agents **45**
Staff **136**

Rwanda**

Branches **150**
ATMs **77**
Agents **944**
Staff **1,107**

Uganda

Branches **13**
ATMs **15**
Agents **429**
Staff **271**

Burundi

Branches **6**
ATMs **8**
Agents **200**
Staff **136**

Ethiopia Rep

Office
1 Staff

*KCB Bank Kenya, NBK, KCB Bancassurance Intermediary, KCB Capital and KCB Foundation

**BPR and KCB Bank Rwanda

HIGH LEVEL ORGANISATION STRUCTURE



Shareholders

Accountable to shareholders

Board of Directors
11 Directors
9 Non-executive and 2 Executive

Delegated authority
Accountable to the Board

Board Committees

- Audit and Risk
- Human Resources and Governance
- Nomination
- Strategy and IT
- Oversight

Reporting to the Board
Executing delegated powers

Group Chief Executive Officer and Managing Director

Group delegation of authority

Executive Committee

Group delegation of authority

- General Management Committee
- Assets & Liabilities Management Committee
- Group Operational Risk & Compliance Committee
- Management Credit Risk Committee

THE EXECUTIVE COMMITTEE



Joshua Oigara
Group Chief Executive
Officer and Managing
Director



Lawrence Kimathi
Group Chief
Finance Officer



Samuel Makome
Chief Commercial
Officer



Bonnie Okumu
Group General
Counsel



Japheth Achola
Group HR
Director



Paul Russo
Group Regional
Business Director*



Dr. Leonard Mwithiga
Group Shared
Services Director



Joachim Steuerwald
Group Chief
Technology Officer



Rosalind Gichuru
Group Director Marketing,
Corporate Affairs and Citizenship



John Mukulu
Group Chief Risk
Officer



Bernard Okello
Group Director
Credit

3 Year Strategy Vision

The very best in customer experience, driving a digital future

Our Aspirations

CES	20%
NPS	55
Total assets	1.5 Tr
CIR	44.0%
NFI	33.0%
PBT from subsidiaries	19.7%

Our Strategic Thrusts

Customer first, with leading value propositions

Step change in efficiency & productivity

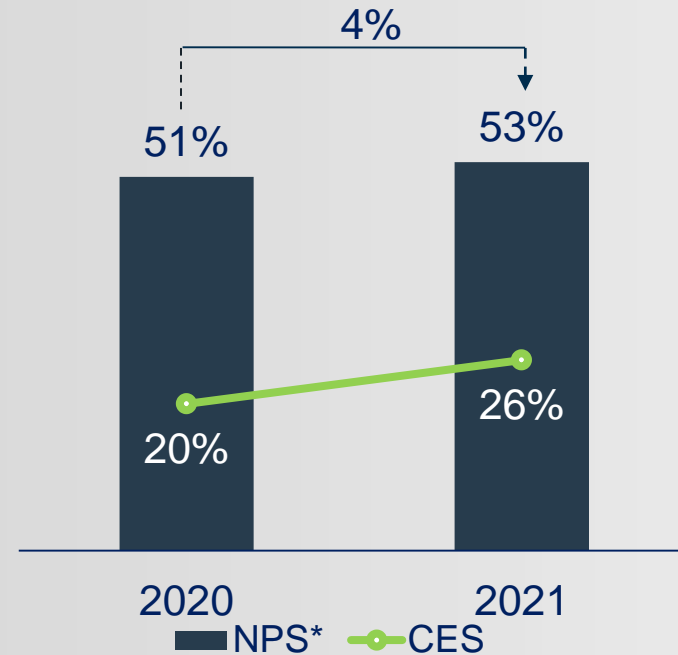
Digital leader & digital to the core

Scale to achieve regional relevance

Steady improvement in customer satisfaction driven by investment in self serve channels.

98%
Growth in value of ATM deposits to Kes 251B translating to Kes 138B of net deposits collected

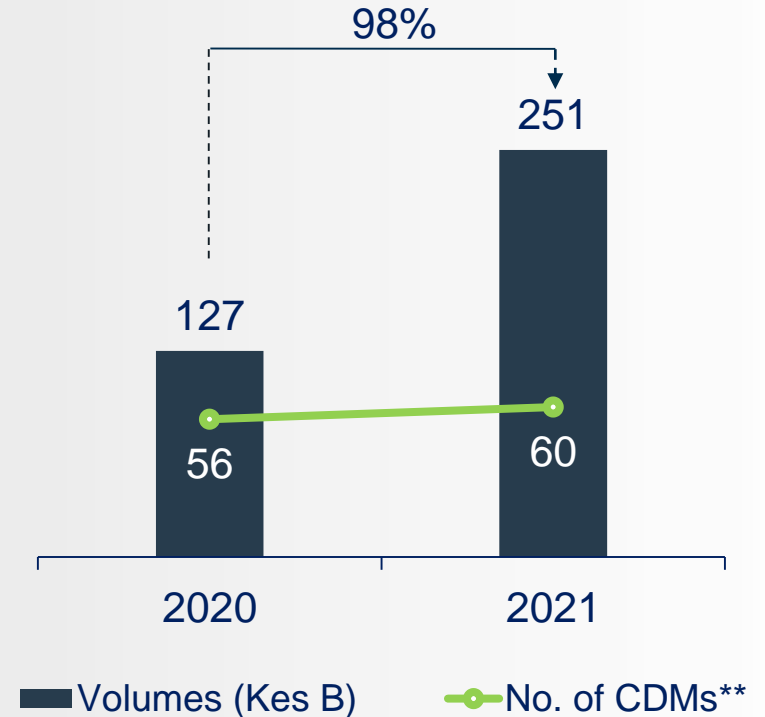
Customer Satisfaction Scores



* Industry average at 33 as at Q4 2021

CES spike driven by customer registration and limit assignment challenges during the change of the mobile banking platform. This has since been resolved.

ATM Deposits



Customers' average branch wait times dropped from 14 minutes in December 2020 to average 8 minutes in 2021

**Cash deposit machines

SUPPORTING MSMEs THROUGH THE PANDEMIC



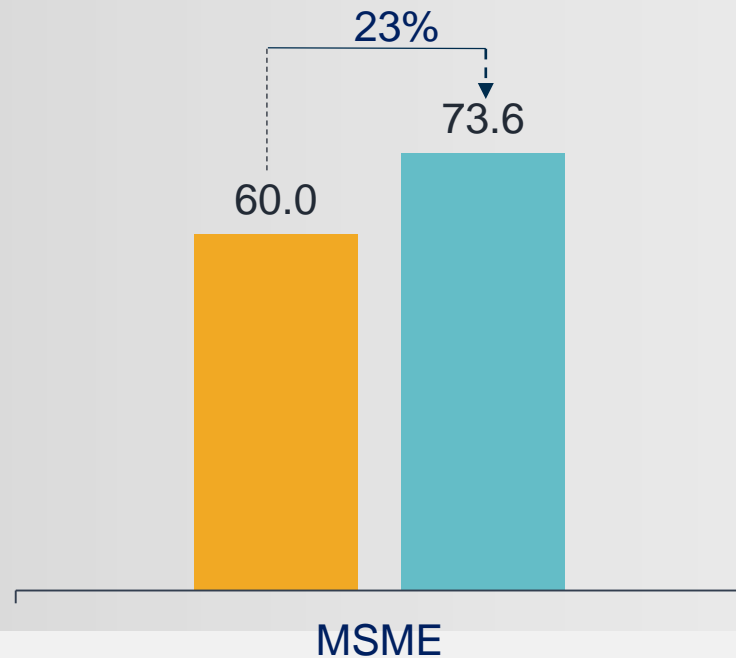
MSME NPL improved by 540bps yoy to 8.5% due to prudent credit management

Revised lending criteria through extended loan tenures and limits, fueling a Kes 14B expansion in credit availed to MSMEs

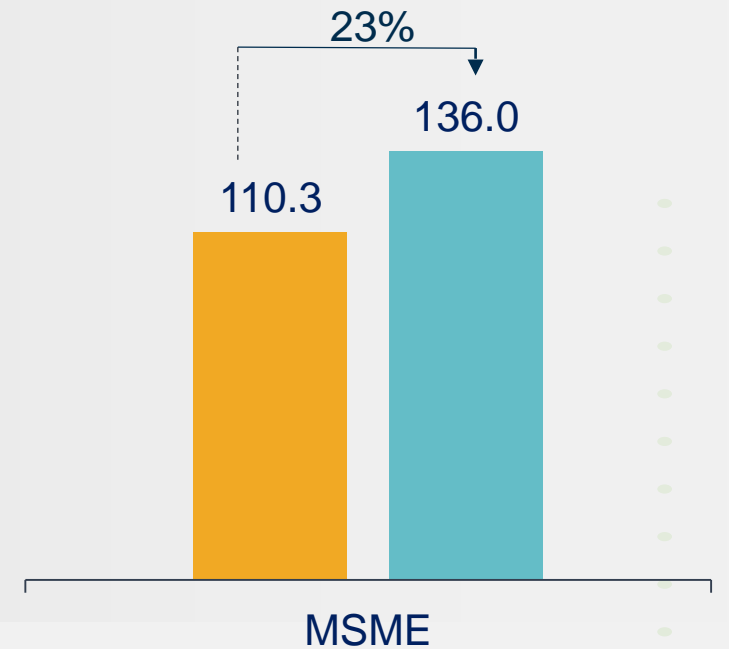
Participation in risk sharing guarantees to de-risk the growth of the portfolio

Actively upgrading customers to the corporate segment upon outgrowing the retail SME proposition

Loan book (Kes B)



Deposits (Kes B)

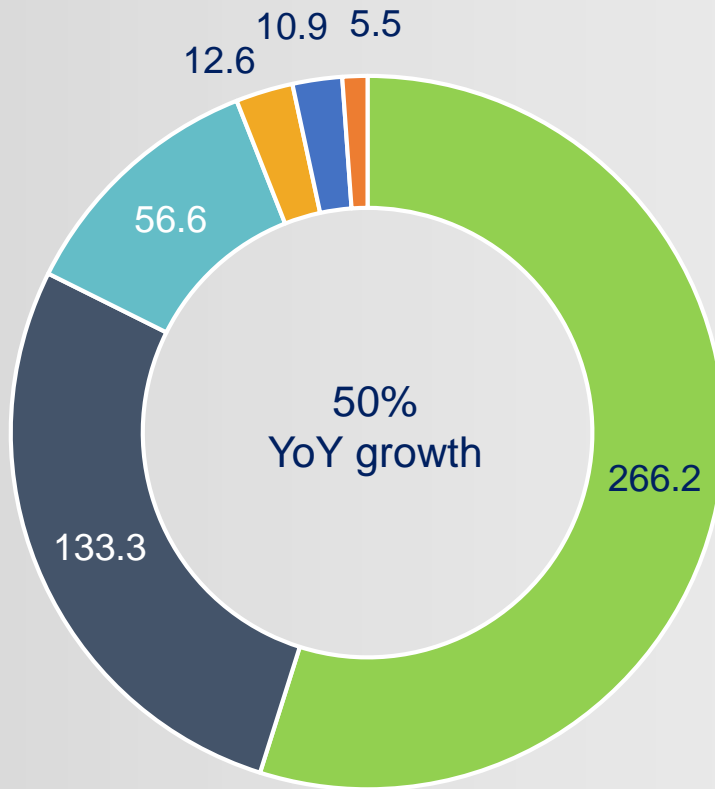


■ 2020 ■ 2021

98%
of transactions by number conducted through non-branch channels

46%
YOY increase in number of total transactions to 496M driven by resumption of economic activities

Number of non-branch channel transactions in 2021 (M)

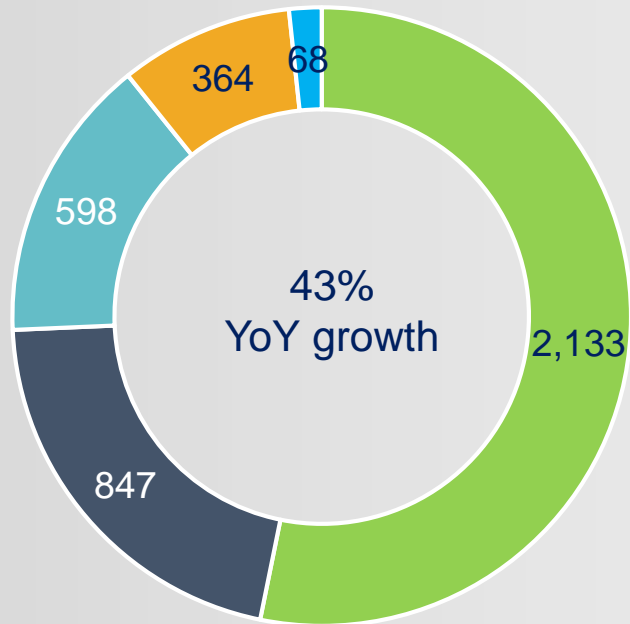


	YoY growth
Mobile Lending	65%
Mobi Service	34%
Agency	23%
Merchant POS	59%
ATMs	(6%)
Internet Banking	85%

50%
of transactions by value conducted through non-branch channels.

Value of branch transactions grew 21% to Kes 4.1 Tr

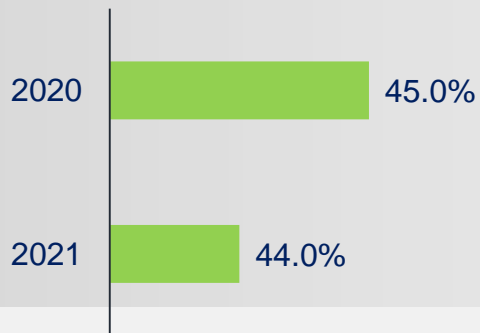
Value transacted through digital channels (Kes B)



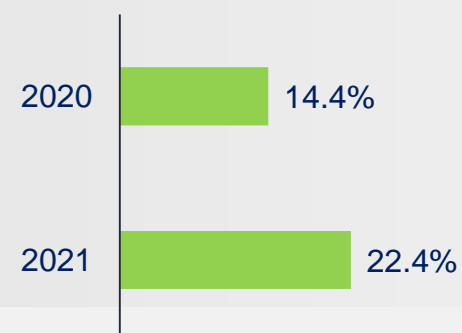
YoY growth

Mobi Service	39%
Internet banking	58%
Agency	33%
ATMs	48%
Merchants POS	59%

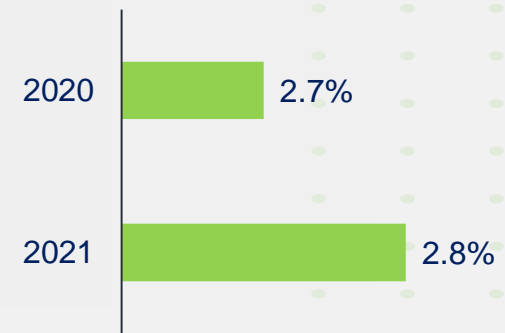
Cost to income ratio



Return on equity

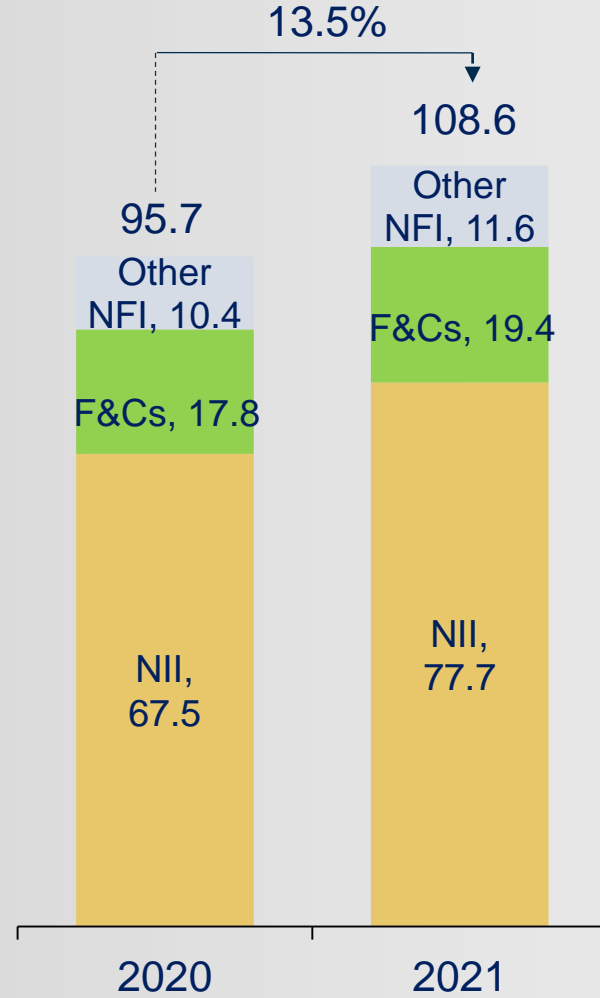


Cost of funds



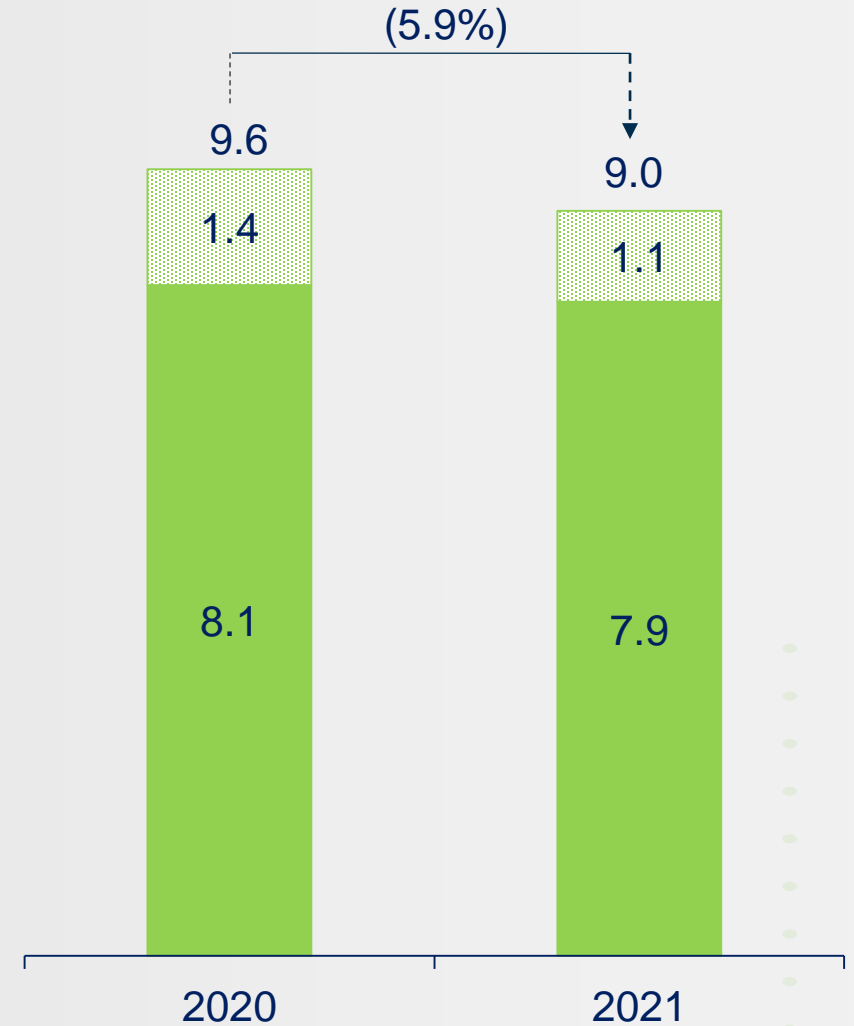
Kes 9.0B
 Total revenue from digital channels.
 5.9% reduction in digital channel revenue driven by sustained fee waivers (despite increase in volume)

Group 2021 Revenue



F&Cs – Fees and commissions

Digital Channels Revenue



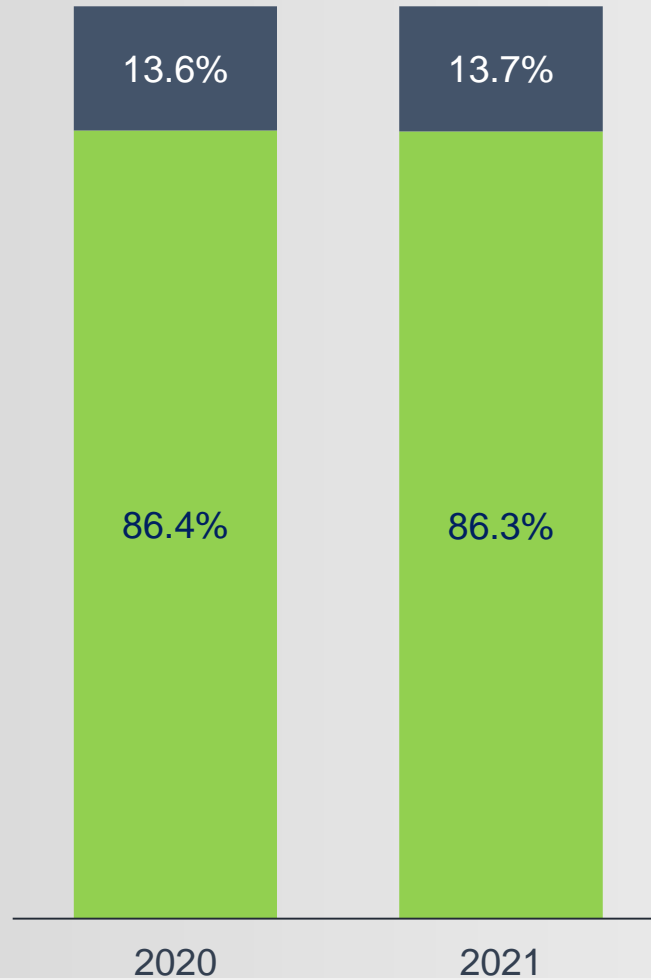
■ NFI ■ Mobile interest

81%

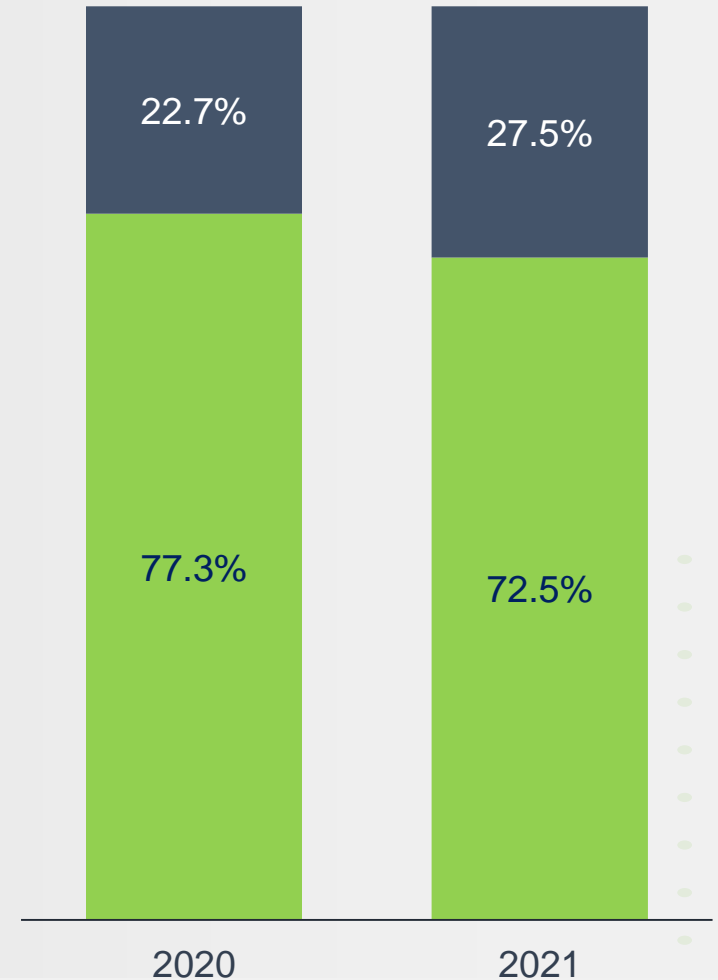
Growth of PBT from subsidiaries outside KCB Bank Kenya to Kes 6.5B in 2021

Contribution of subsidiaries outside KCB Bank Kenya

Profit before tax



Total assets



■ KCB Bank Kenya ■ Other Subsidiaries



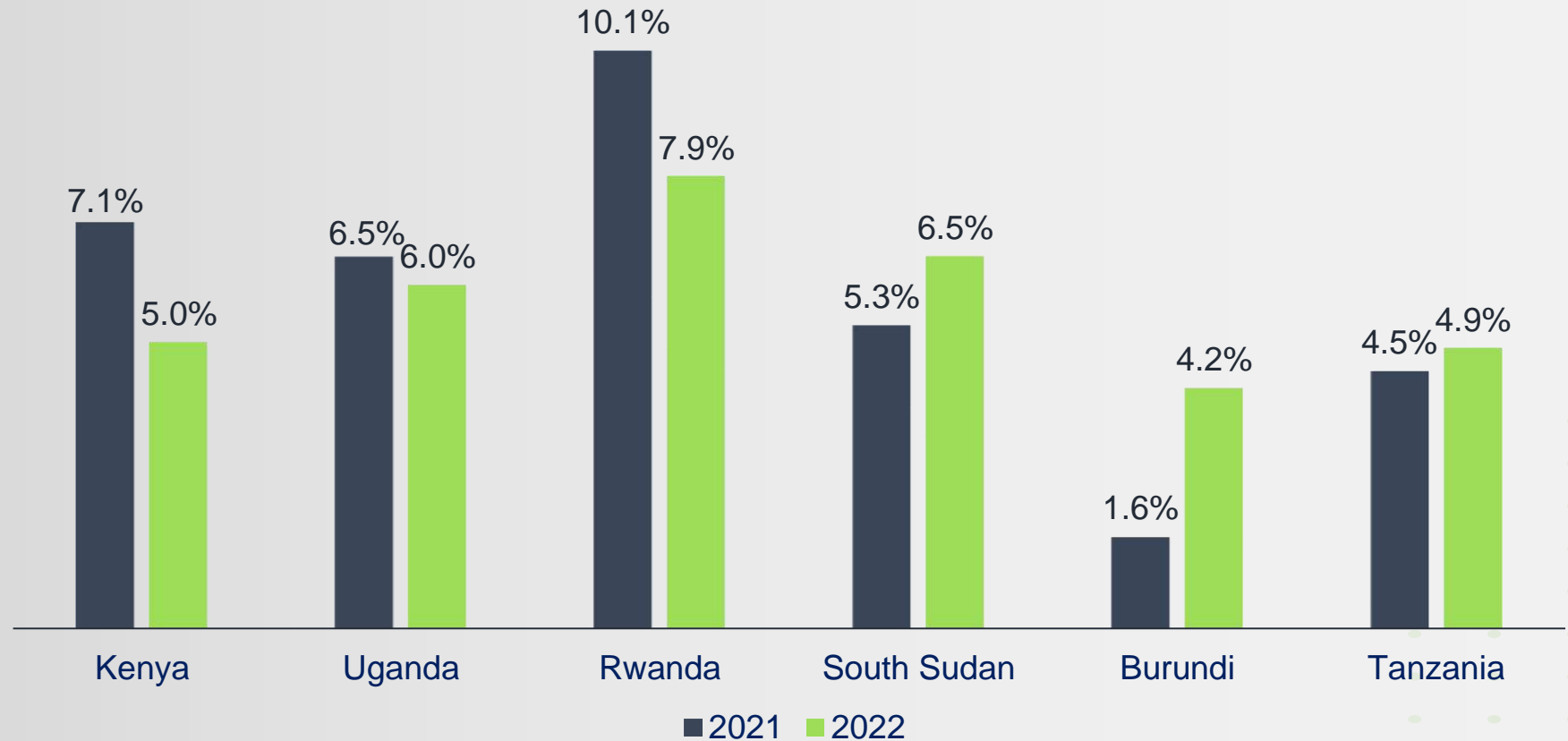
OPERATING ENVIRONMENT HIGHLIGHTS



7.8%

Expansion in Kenya's GDP during the first nine months of 2021, compared to a contraction of 0.8% in 2020.

Projected GDP Growth Rates



REGIONAL CURRENCIES PERFORMANCE



KENYA



Diaspora remittances up 20% to USD 3.7B in 2021

UGANDA



Shilling supported by lower import bill and strong FX inflows

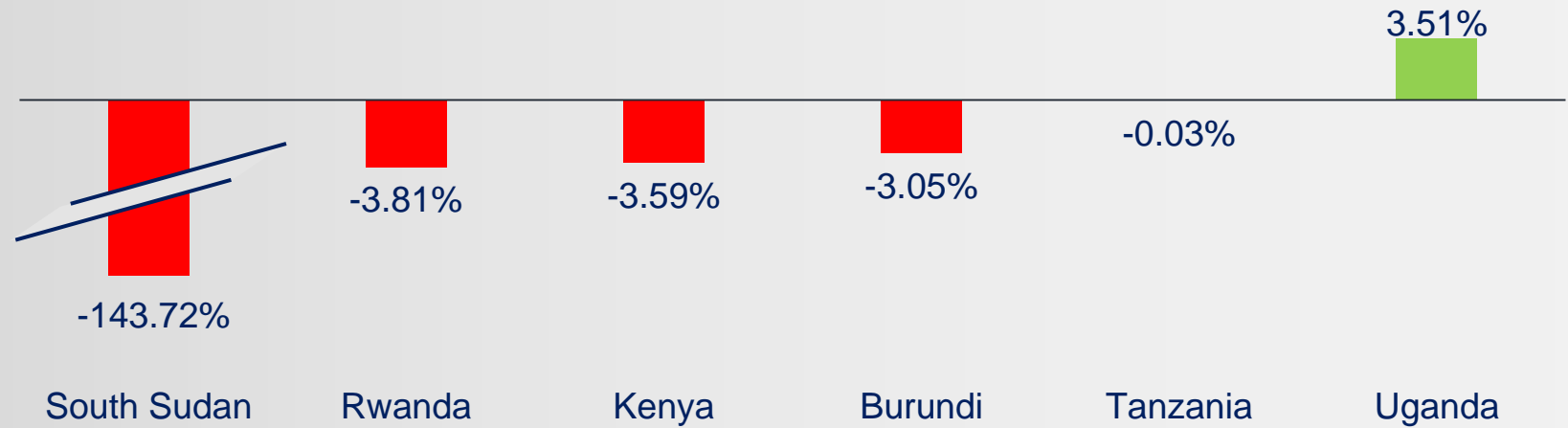
SOUTH SUDAN



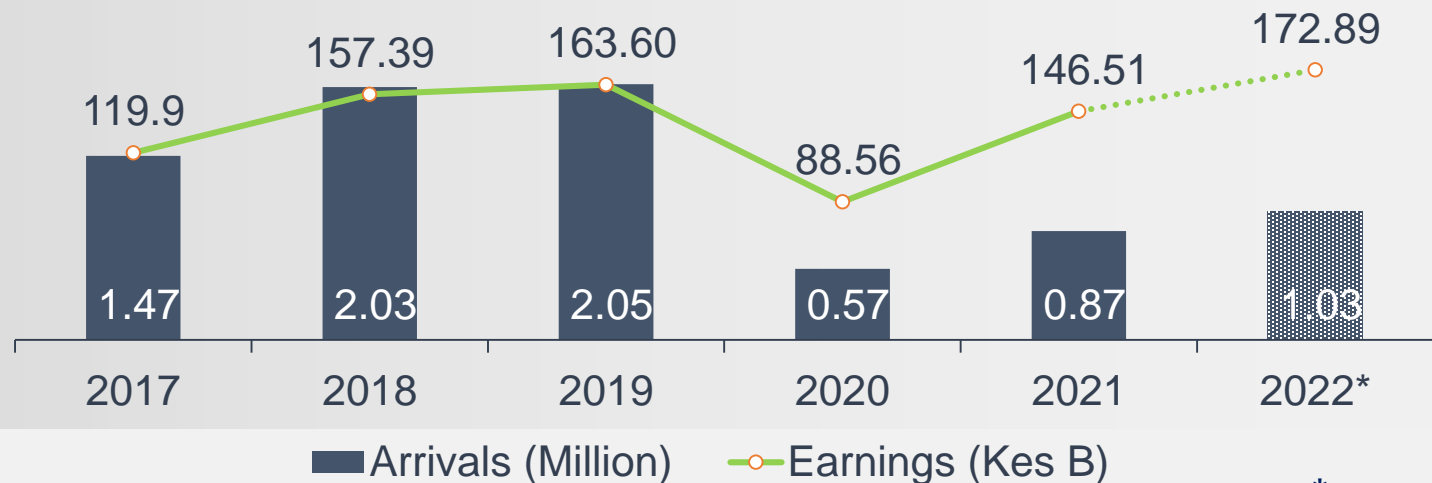
South Sudan unified its official exchange rate with the market rate in 2021

Regional currencies impacted by the strengthening of the USD due to improvement in the US economy, monetary policy stance and slowing global growth

Performance of regional currencies against USD in 2021



Recovery in tourist arrivals and earnings in Kenya



*Projected

KENYA



Imports cover 5.39 months at the end of Dec 2021



Exports up 11.1% in 2021 compared to 3.2% in 2020

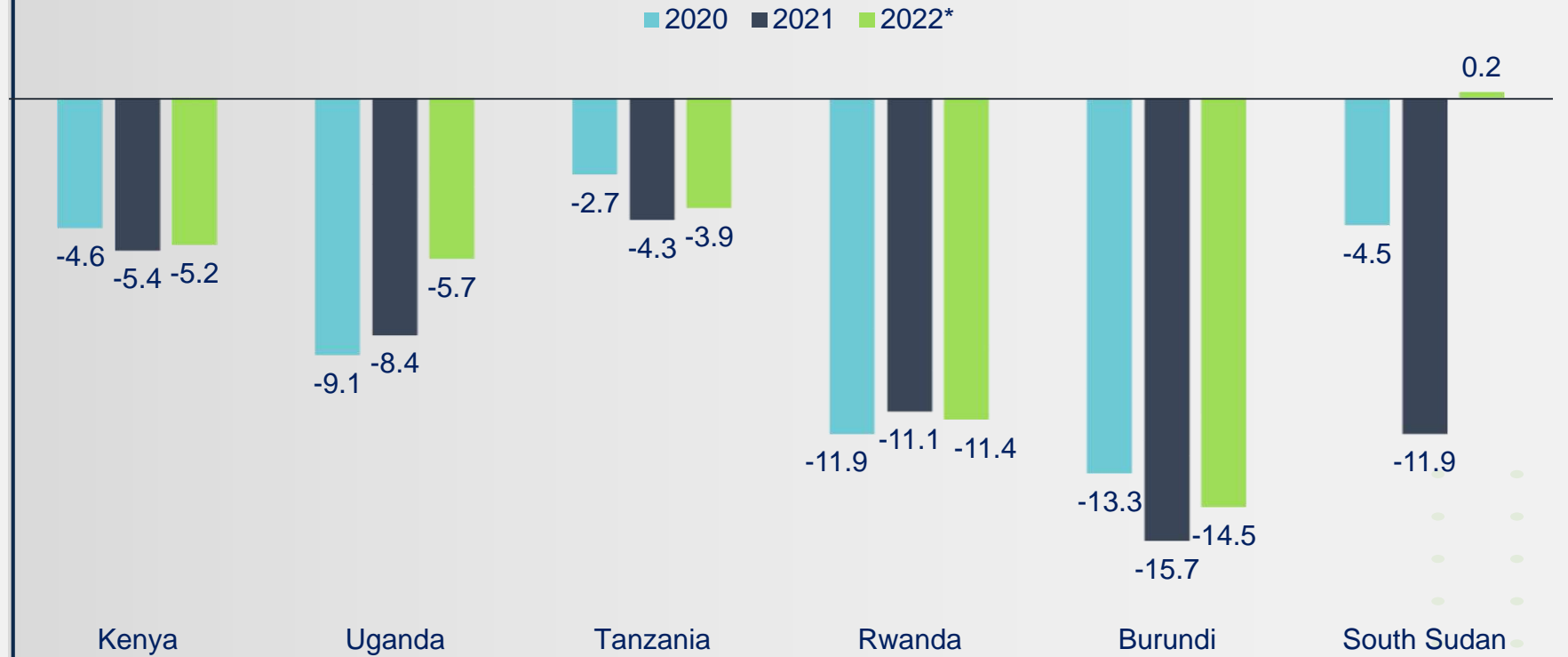


Imports up 25.4% 2021 from a decline of 12.4% in 2020

Exports of tea, coffee, flowers, and fruits to Russia have been derailed by sanctions after major shipping companies suspended cargo shipments.

Tea valued at Kes 6.3B exported to Russia in 2021

Current account balance as a percentage of GDP

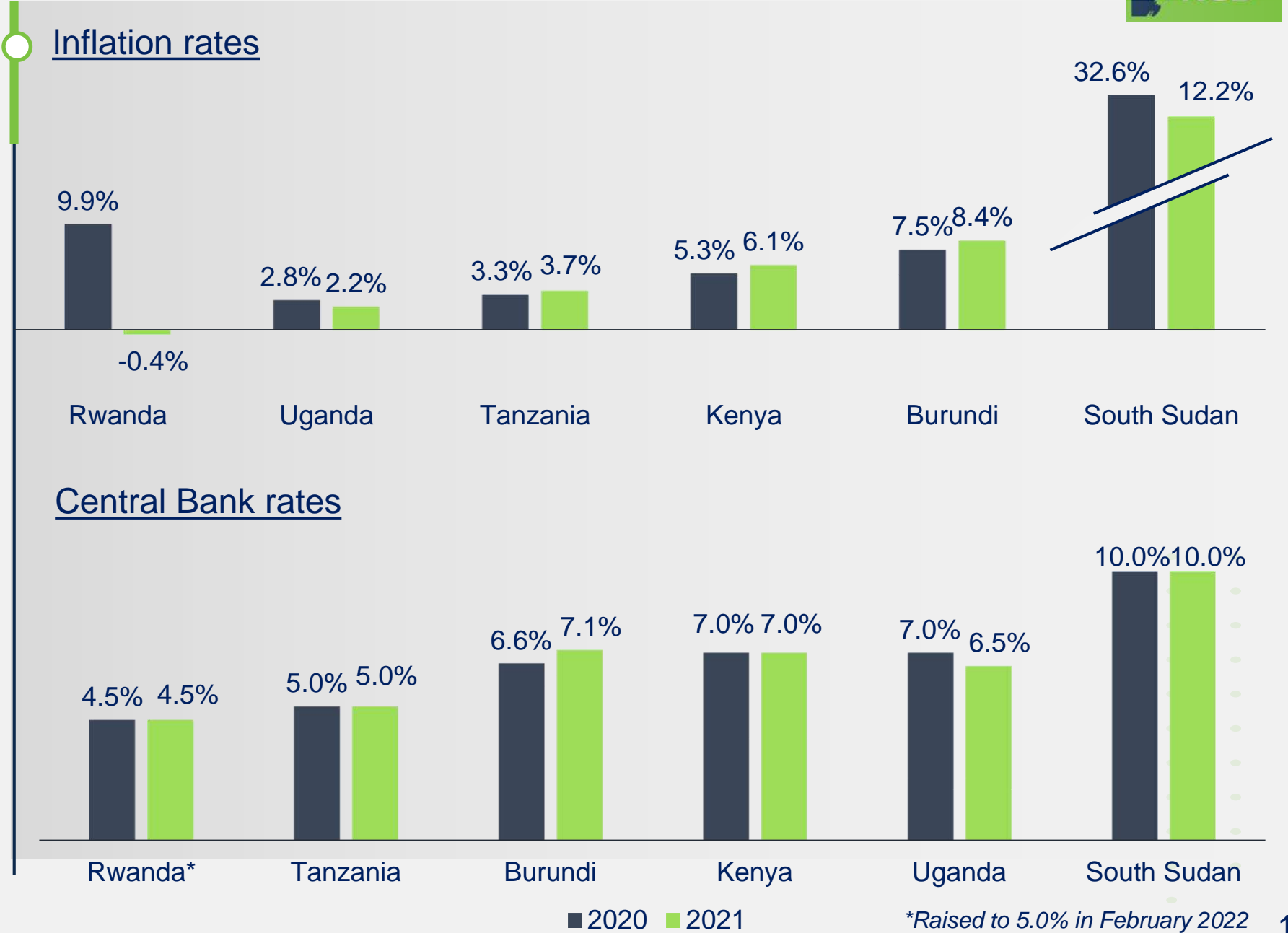


INFLATION AND BENCHMARK RATES MOVEMENT



Inflation remained moderate in most countries in the region on account of reduced prices of locally produced food items.

Monitoring of inflationary pressure in 2022 as a result of anticipated rise in prices of oil as well as agricultural inputs such as fertilizers due to disruption of supply from key source markets due to the Russia – Ukraine conflict



OUR APPROACH TO SUSTAINABILITY IS GUIDED BY THE FOLLOWING SDGs

Responsible Consumption and Production

Climate Action

Peace and Justice Strong Institutions

Partnerships to achieve the Goal

No Poverty

Decent Work and Economic Growth

Industry, Innovation and Infrastructure

Reduced Inequality

Sustainable Cities and Communities

KCB Group is committed to creating long term value for shared prosperity through alignment of our strategy to sustainable practices. As we deepen our presence across the region, we seek to address the environmental, social and governance (ESG) risks and effects of our operations in a manner consistent with our values.

KEY DEVELOPMENTS IN 2021

Green loans account for **8.4%** of our loan book with a target of **25%** by **2025**.

Minimized the E&S impact from our lending through screening of loans worth **Kes 245B**

Trained over **6,633 staff** on sustainability to help demystify and ensure mitigation of climate risks

Supporting our Communities through shared value



Kes 11.1B distributed to the elderly, orphans and vulnerable under the *Inua Jamii* programme.



KCB Scholarship programme expanded to include university students. **49** scholarships availed in 2021.



4,384 young persons trained under the 2Jijiri programme leading to creation of **8,436 jobs**

Partnerships



Embracing diversity at the workplace



46% of all employees and **42%** of managers are women



27% composition of women on the Group Board, up from 18% in 2020.



250 women trained under the Women in Leadership Network

Decent Work and Economic Growth



No Poverty



Reduced Inequality



Partnerships to achieve the Goal



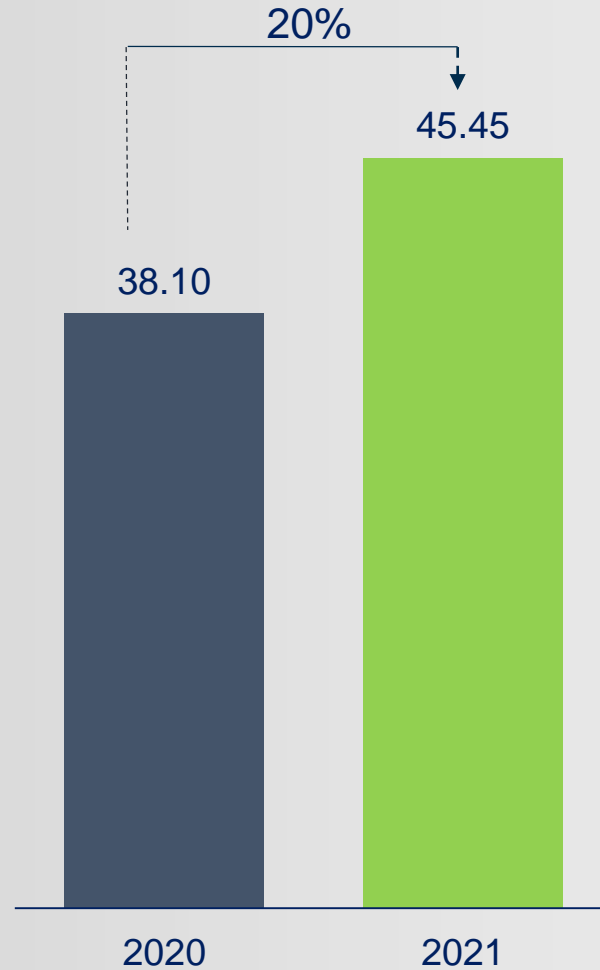


Kes 146B
Market capitalization

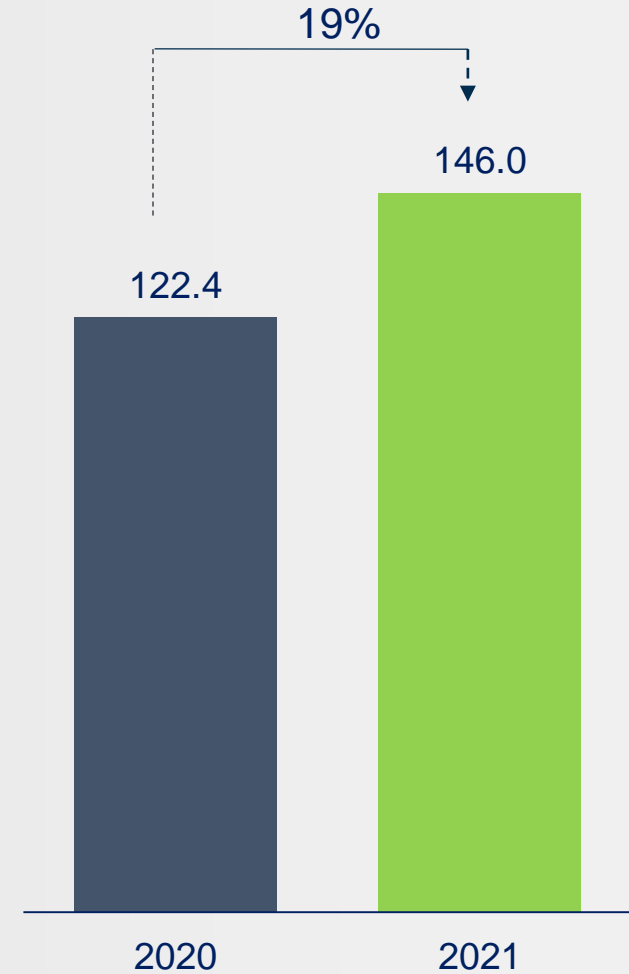
Share price appreciated by 19.3% in 2021 outperforming NSE20 index by 17.5%

KCB's shares are listed on the NSE, DSE, USE and RSE with shares worth USD 127M being traded in 2021

Share price (Kes)



Market Capitalization (Kes B)





Kes **10.64**

Earnings per share in 2021, up 74% YoY

The Board of Directors recommend a **final dividend of Kes 2.00** per share. The final dividend will be payable to the members of the company on the share register at the close of the business on Monday 25 April 2022

If approved, the full dividend per share for the year ended 31 December 2021 will be Kes 3.00 for each ordinary share.

Dividend per share (Kes)



21st March 2022

FY 2021 Results
Investors Call



MAY



26st - Q1 Financial Results Announcement



27th - Annual General Meeting



AUGUST



18th - H1 Financial Results Announcement



NOVEMBER



17th - Q3 Financial Results Announcement



KCB BANK KENYA

Credit ratings at par with the sovereign rating and affirmed in October 2021

	2019	2020	2021
Rating	B2	B2	B2
Outlook	Stable	Negative	Negative

Credit rating affirmed KCB's:

- Solid profitability metrics
- Stable deposit-based funding structure, and;
- Strong capital buffers



The Banker Magazine Top 1,000 Banks

KCB ranked 685th Globally, 20th in Africa, 1st in Eastern Africa



- **Best Bank in Kenya by:**
 - Global Finance World's Best Bank Awards.
 - Global Business Outlook Awards.
 - World Economic Magazine Awards.
- Best Bank in Kenya and Africa's Best Responsibility Bank by Euromoney Global Awards.
- Safest Bank in Africa by Global Finance.
- Best Sustainable Bank by International Business Magazine.
- Most Socially Responsible Bank in Kenya by Finance Derivative Awards.
- Best ESG solution by Middle East & Africa Innovations Awards.
- Fortune Change the World ranked KCB Group 8th Globally for community support and service to society
- Best Bank in Kenya for Customer Experience, Digital and Innovation by Global Brands Magazine Awards.
- Best in Digital Banking, Product Marketing and Mortgage Finance by Think Business Awards.
- Best Corporate and Best Retail Bank by Global Banking and Finance Awards.



FINANCIAL PERFORMANCE



SUBSTANTIAL BALANCE SHEET GROWTH

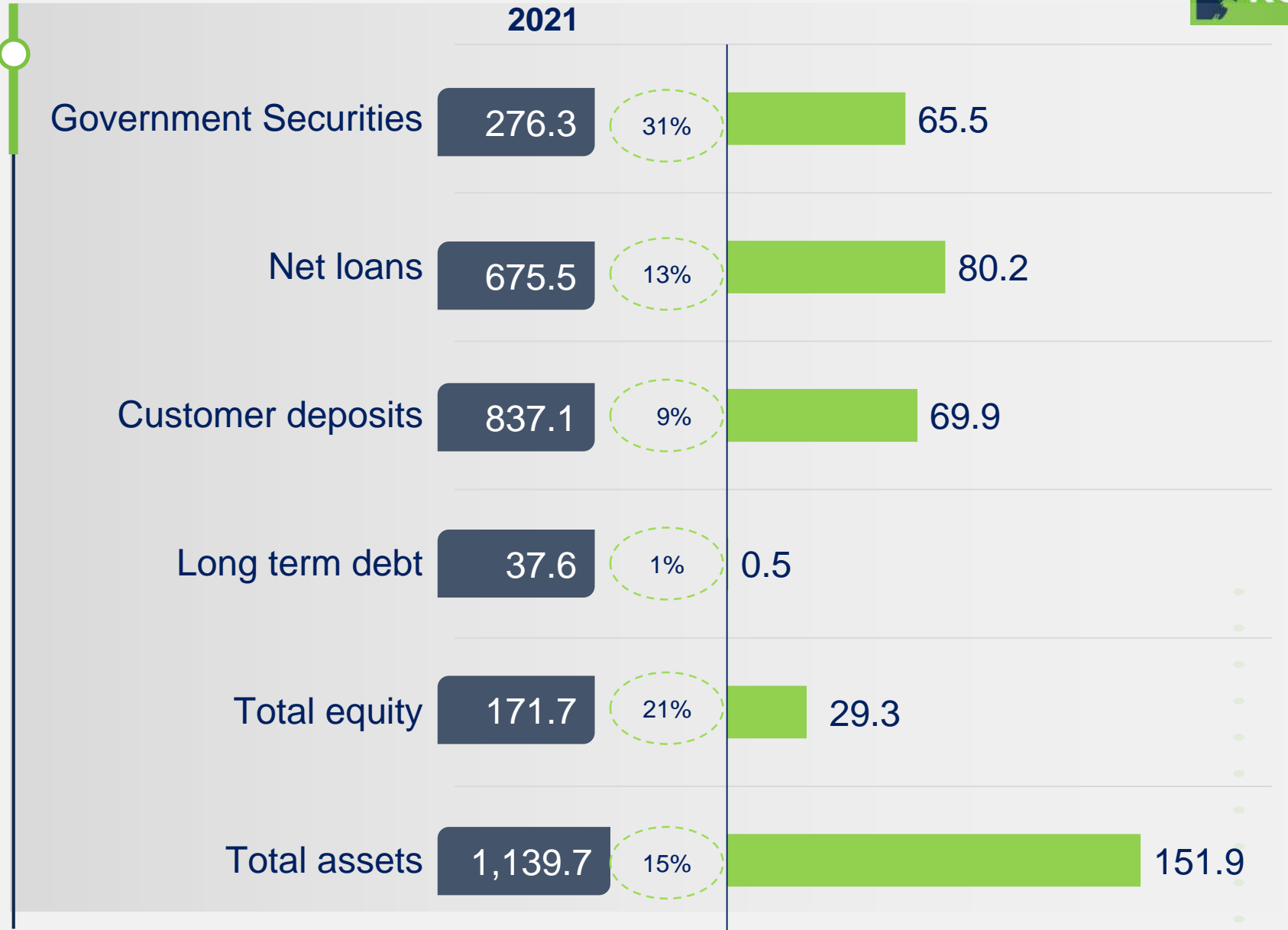


15%

Growth in balance sheet size to Kes 1.14 trillion

13%

Loan book growth driven by improved lending in Kenya, Uganda and Rwanda

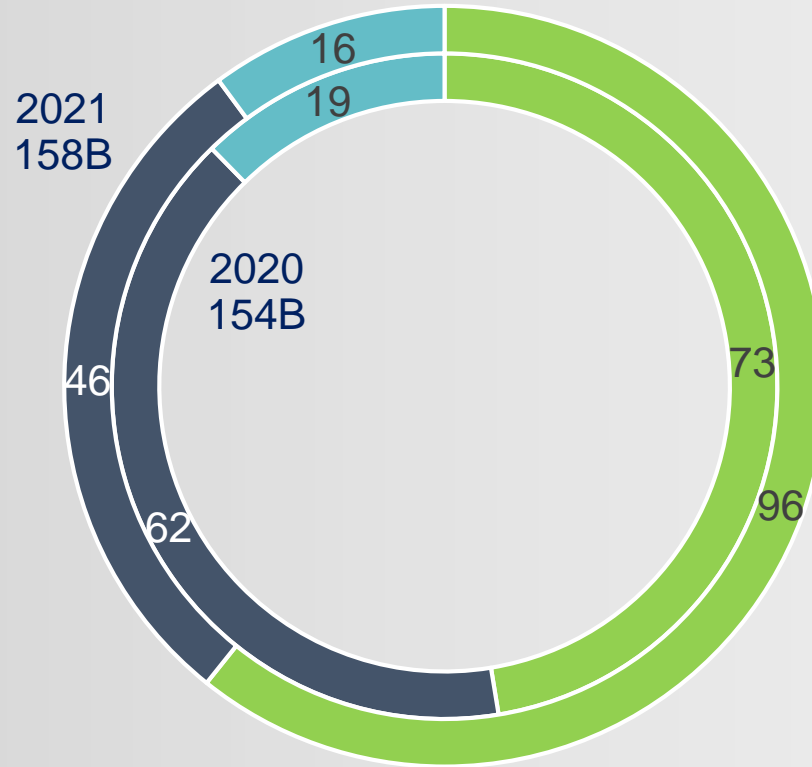


Amounts in Kes B

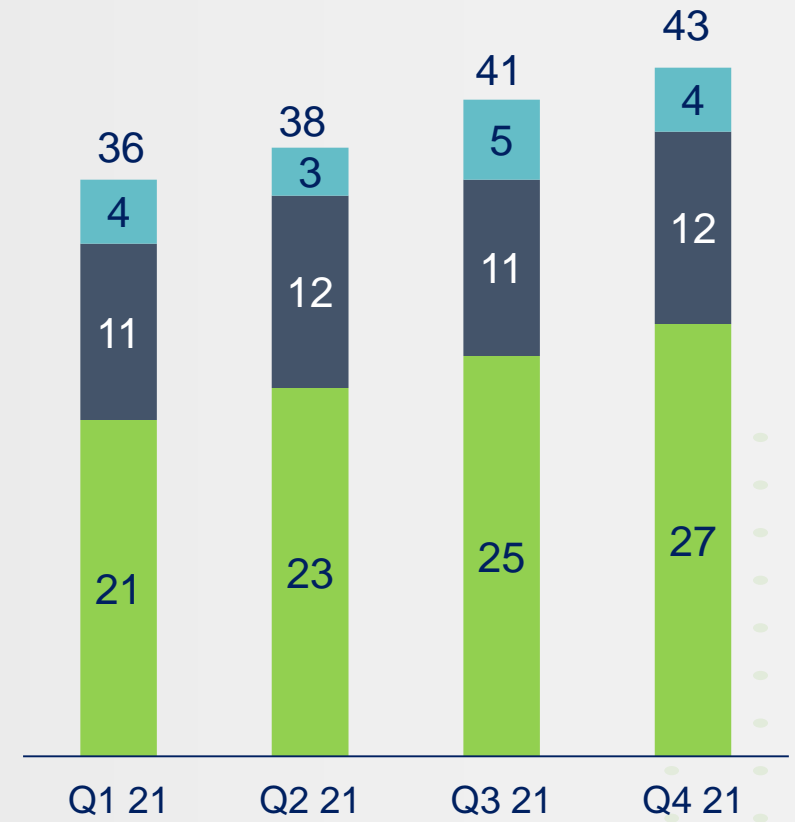
■ Growth in 2021 ○ YoY growth

Kes 158B
 Value of mobile loans advanced. Increase driven by limit enhancements for qualifying customers

Mobile loan product split



Recovery in mobile lending in 2021



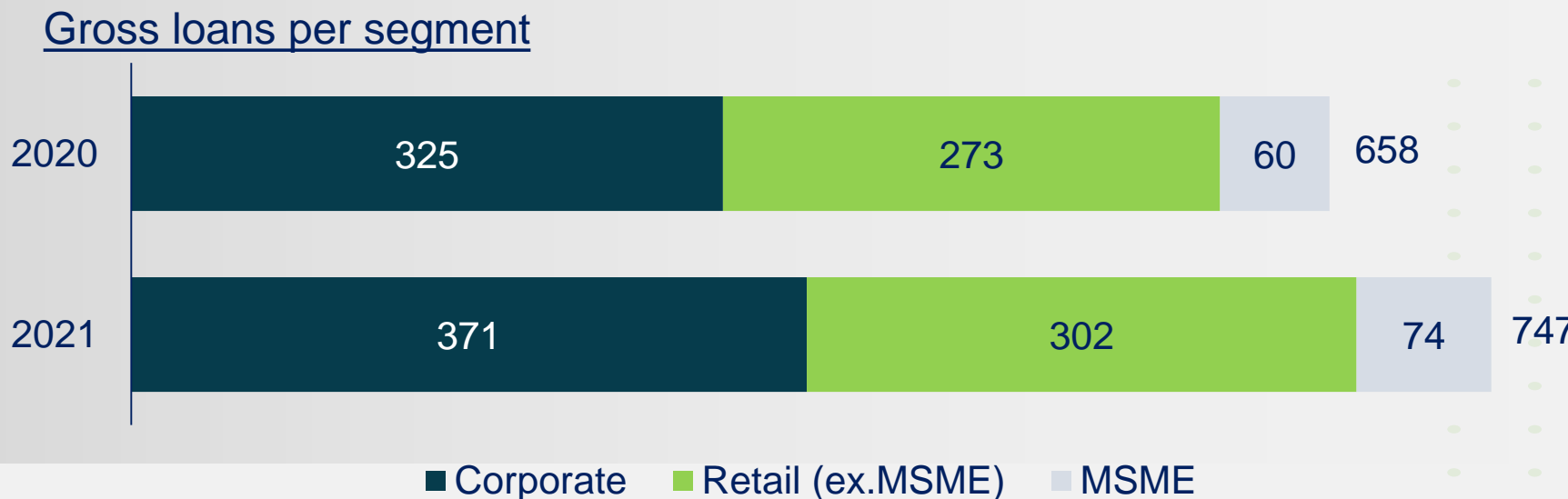
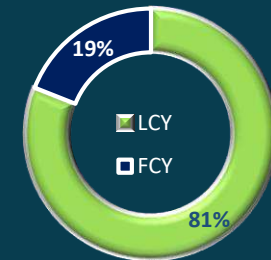
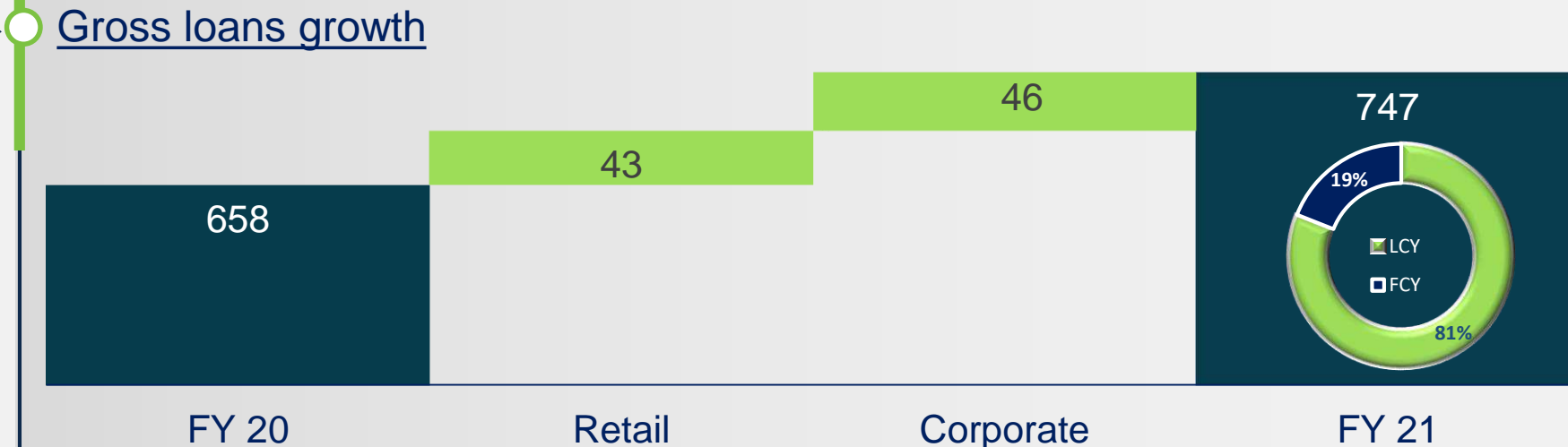
■ Fuliza ■ KCB MPESA ■ Vooma loan

Amounts in Kes B

DOUBLE DIGIT LOAN BOOK GROWTH



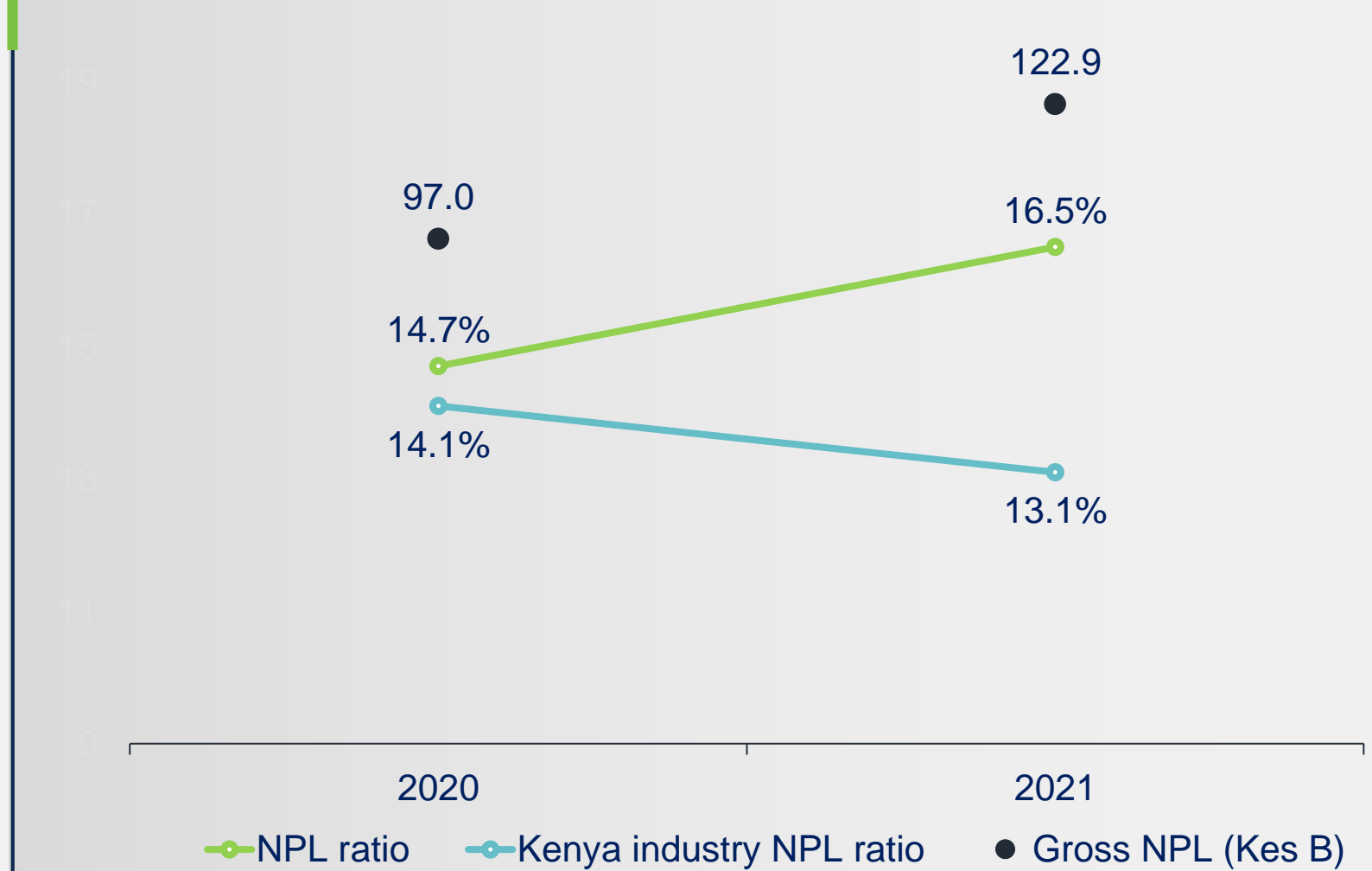
↑ 13%
 Growth in Gross Loans driven by personal and manufacturing sectors.



Amounts in Kes B

16.5%
Group NPL ratio up 180 bps year on year driven by the manufacturing, building and construction and hospitality sectors.

NPL evolution

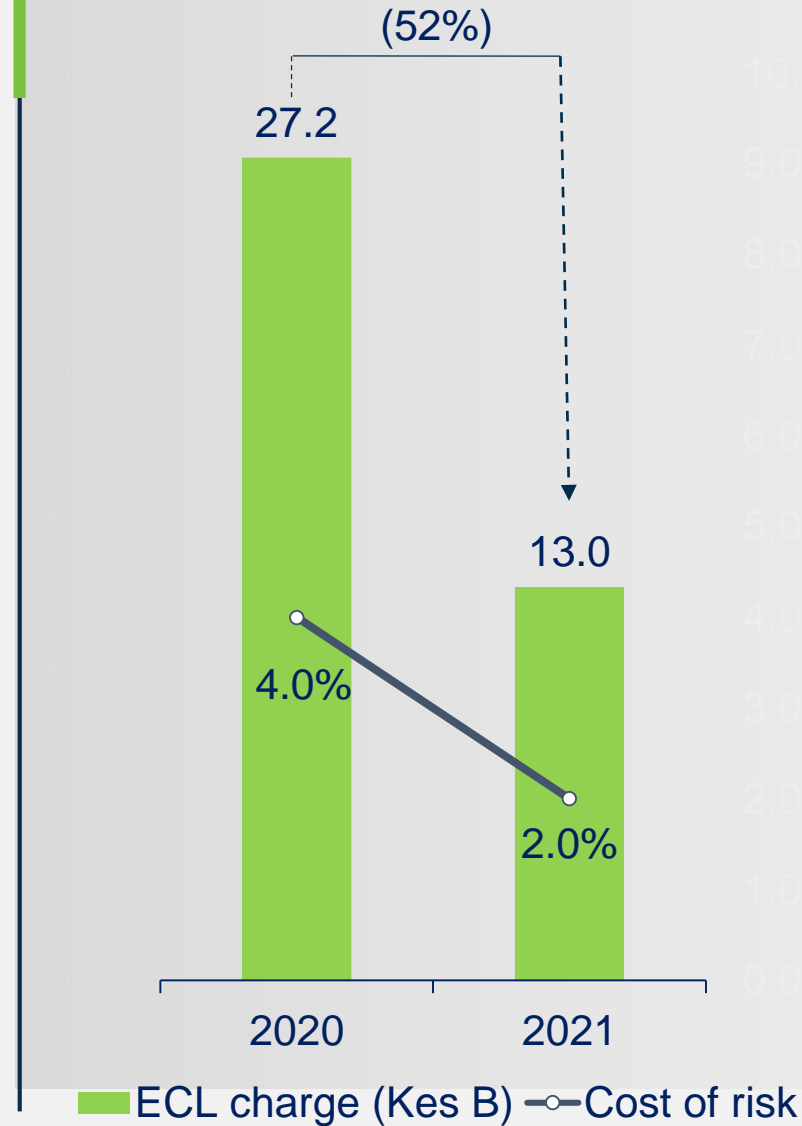


STAGING OF OUR LOAN PORTFOLIO

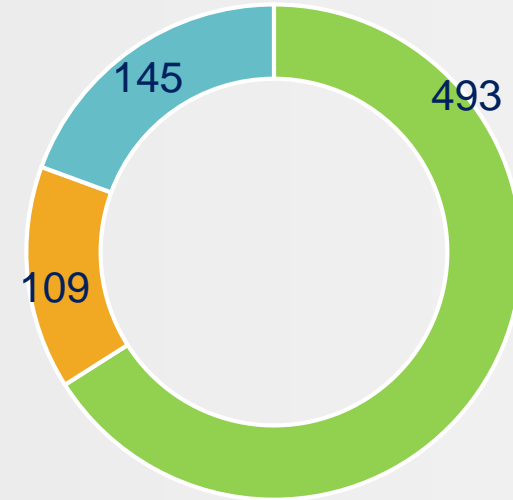


Cost of risk improvement driven by reduced provisions in corporate and digital loans

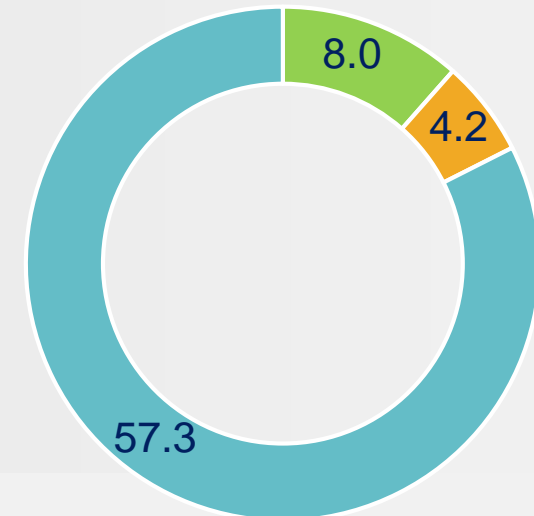
Cost of risk vs ECL charge



Gross loans staging



IFRS provisions staging



- Stage 1
- Stage 2
- Stage 3

Amounts in Kes B

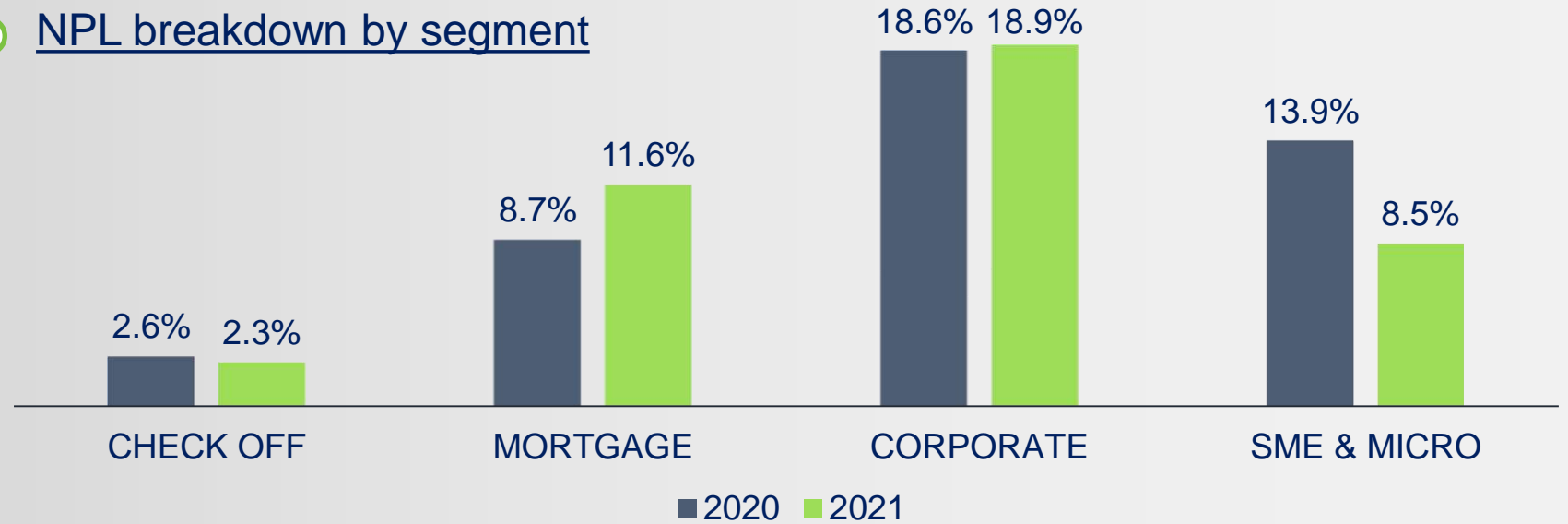
DISTRIBUTION OF THE NON-PERFORMING BOOK



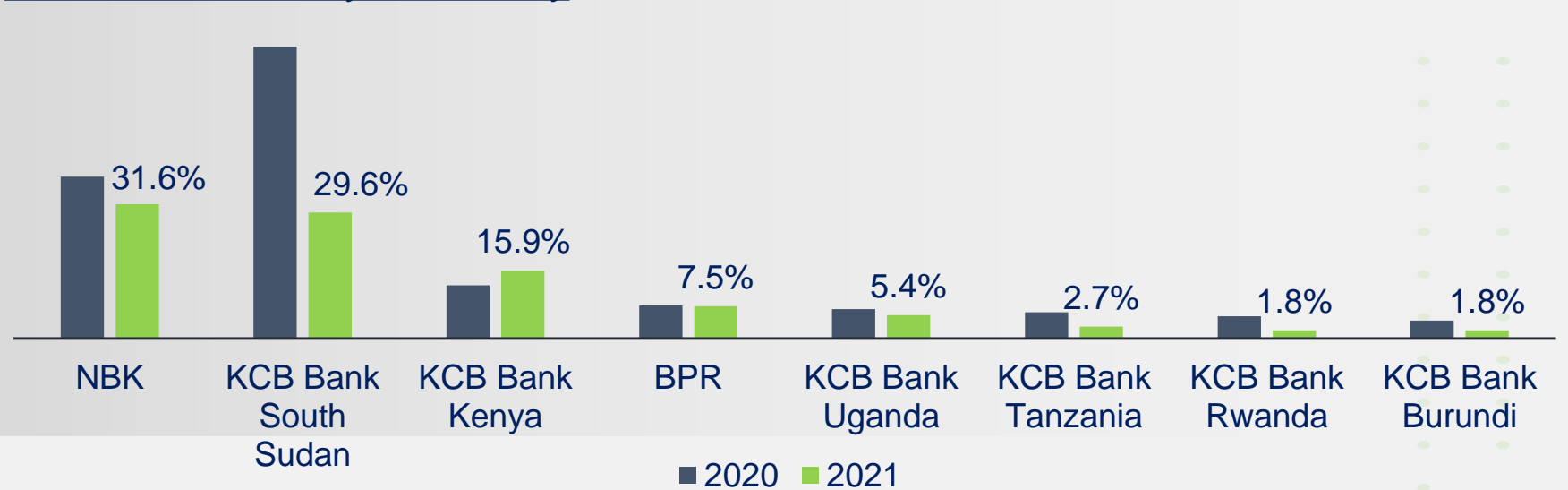
15.9%
KCB Bank Kenya NPL ratio in December 2021 up from 12.4% in December 2020

13.1%
Kenya industry NPL ratio in December 2021 down from 13.6% in October

NPL breakdown by segment

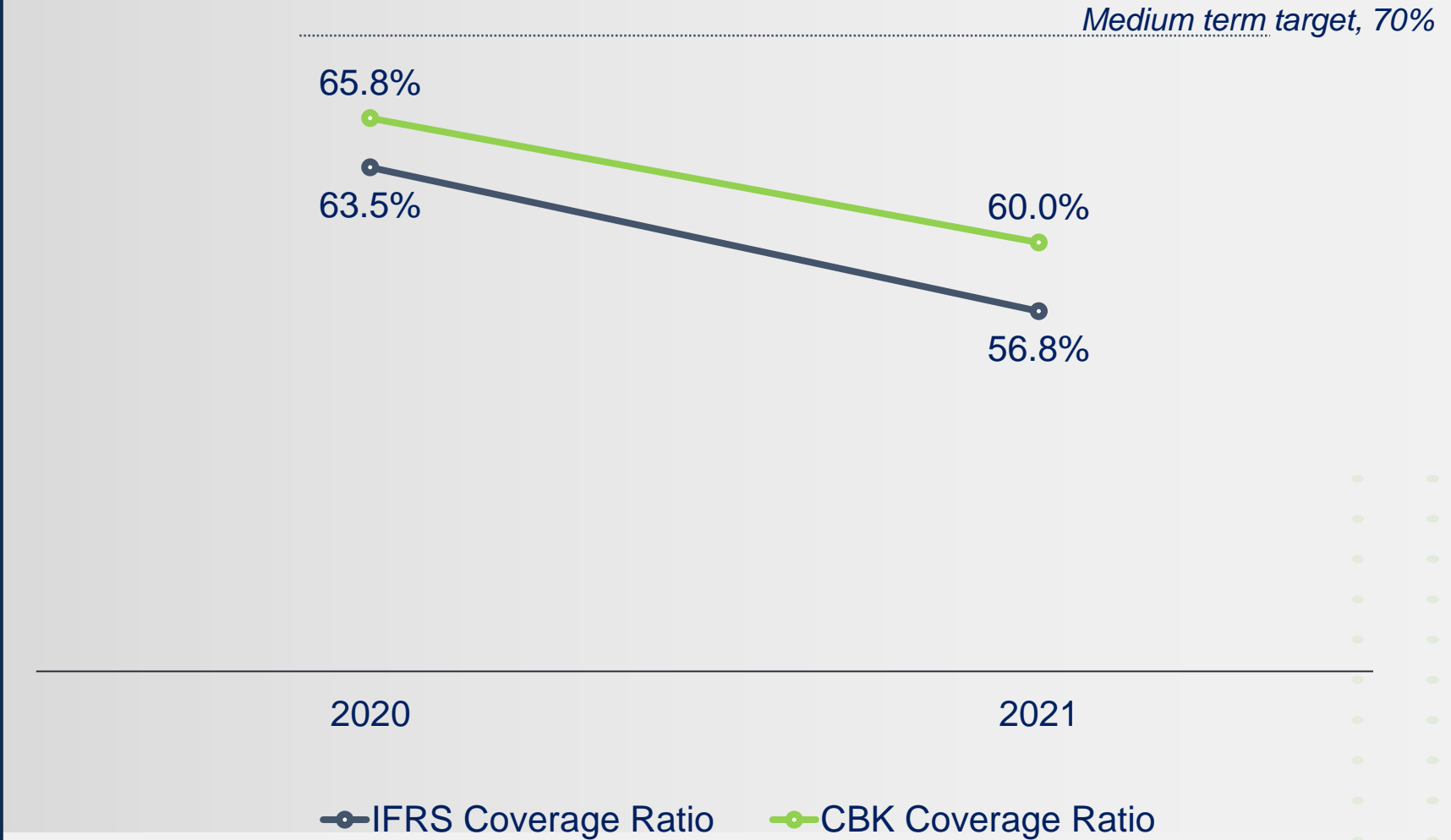


NPL breakdown by subsidiary



60%
Regulatory coverage ratio negatively impacted by growth in the non-performing book

Coverage ratios



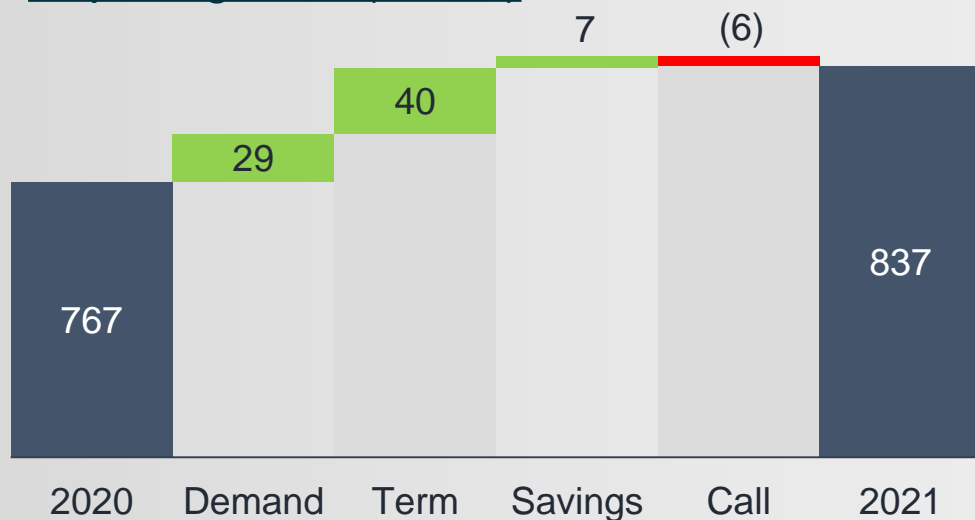
DIVERSIFIED DEPOSIT PORTFOLIO



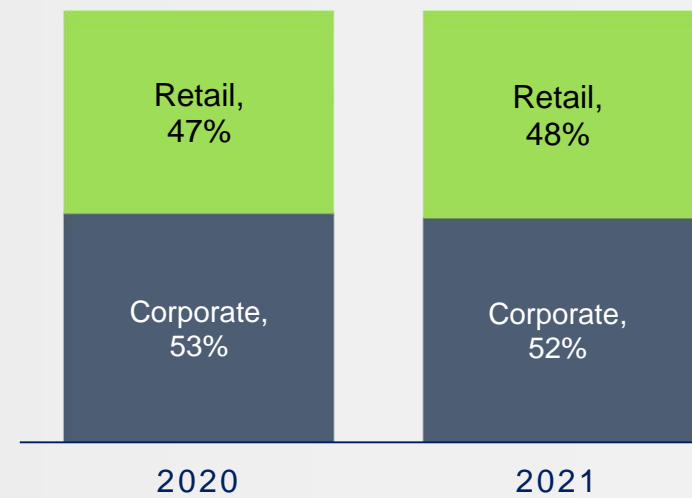
39%
Liquidity ratio, up 300bps supported by low cost and stable funding mix driven by growth in demand and term deposits

9%
Growth in customer deposits due to organic growth of Kes 43B and M&A of Kes 27B

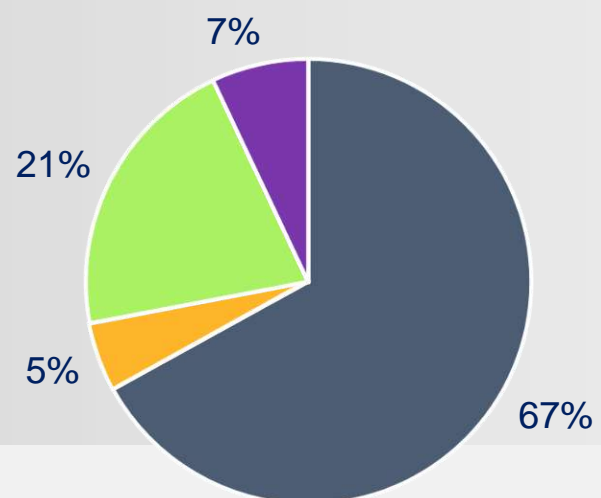
Deposit growth (Kes B)



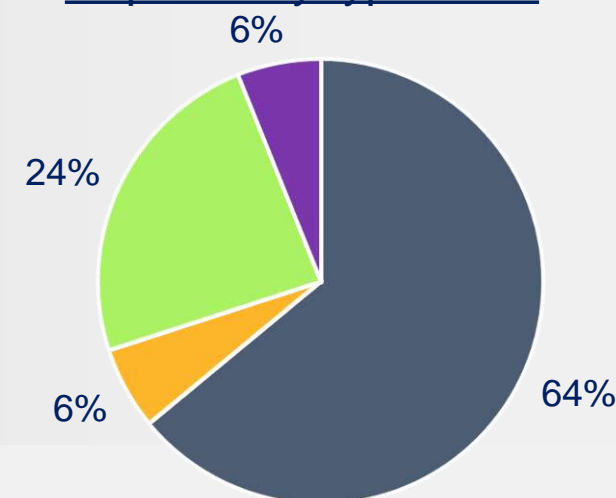
Deposit mix



Deposits by type 2020



Deposits by type 2021



Currency Mix



Demand Savings Term Call

SIGNIFICANT CAPITAL HEADROOM

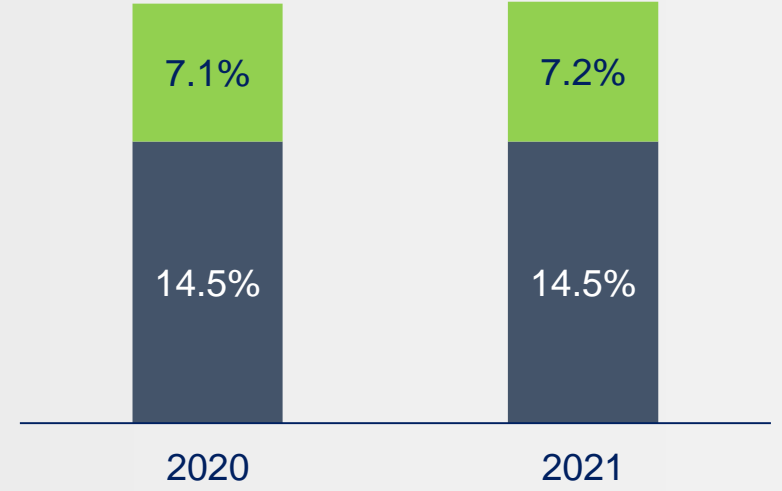
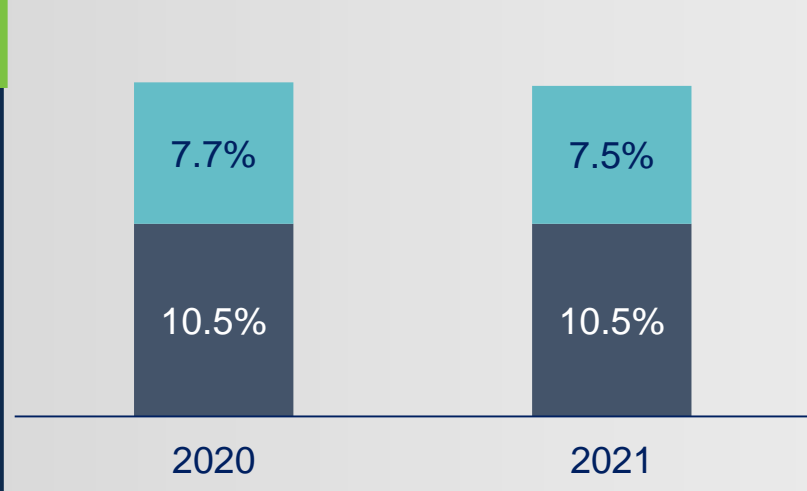


All Group subsidiaries above minimum core capital ratios.

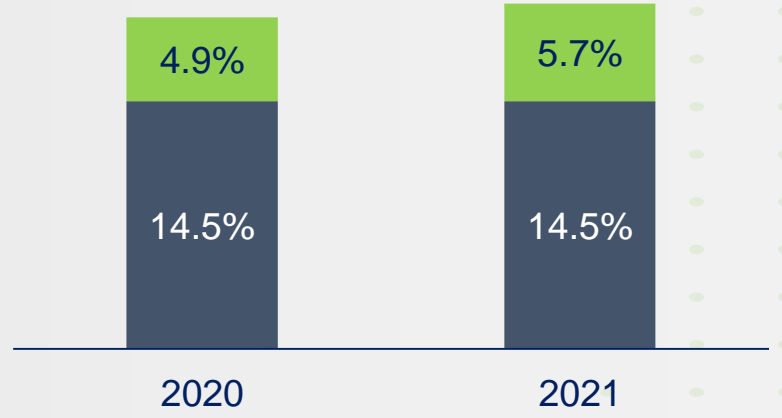
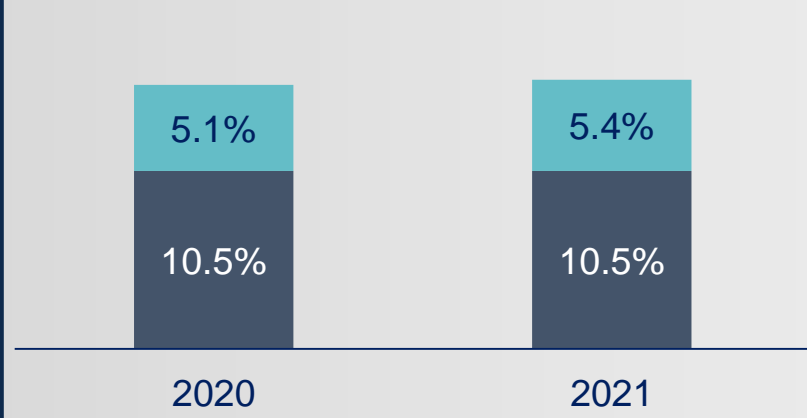
NBK below total capital requirement by 20bps.

Loan recoveries and retained earnings to bridge shortfall in 2022

KCB Group



KCB Bank Kenya



■ Core capital to RWA Headroom
 ■ Minimum Core capital to RWA

■ Total capital to RWA Headroom
 ■ Minimum Total capital to RWA

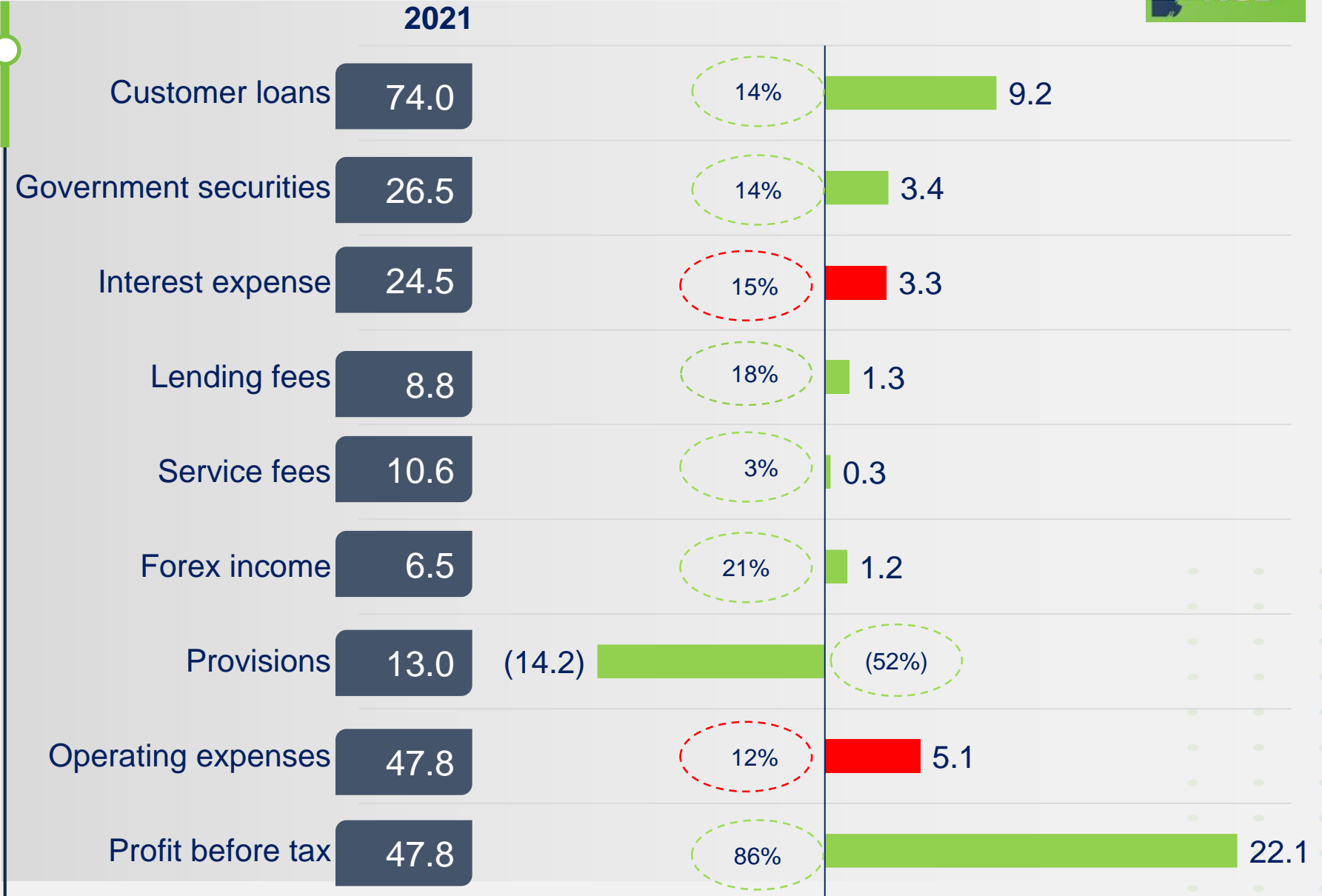


STRONG GROWTH IN GROUP PROFITABILITY



86%

Growth in PBT driven by increased income from loans and investments in government securities, foreign exchange and a decline in the provisions charge



Amounts in Kes B

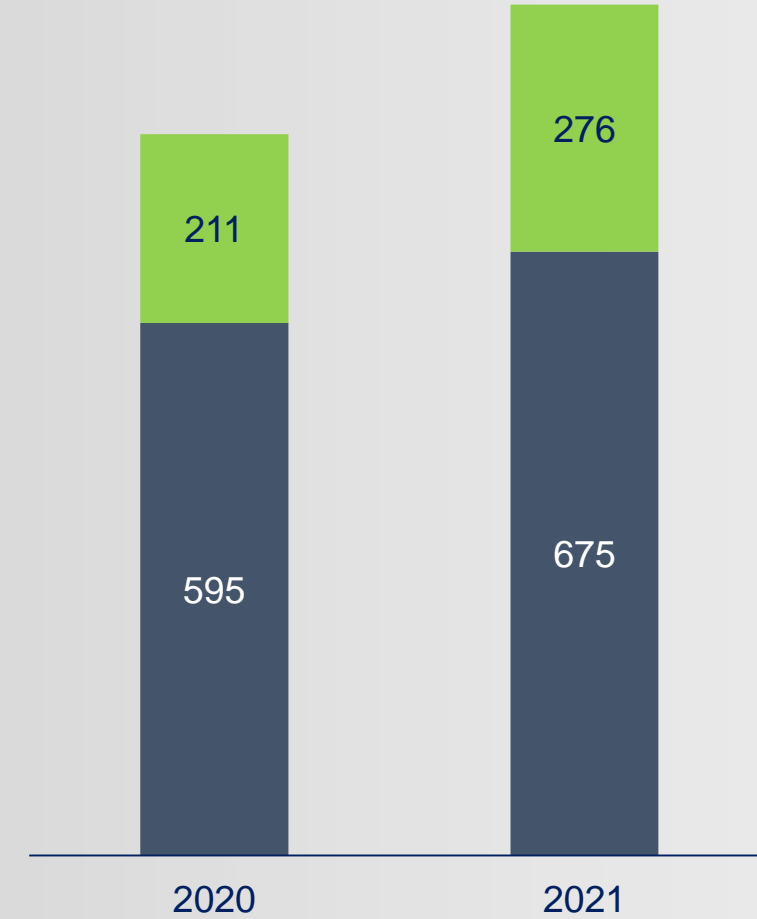
■ 2021 vs 2020 ○ YoY movement

STEADY GROWTH IN INTEREST EARNING ASSETS



Net interest income up 15% to Kes 77.7B driven by increase in earning assets and interest write-backs on restructured facilities.

Loans and Govt. securities (Kes B)



■ Government securities ■ Loans and advances

Yields vs Cost of funds



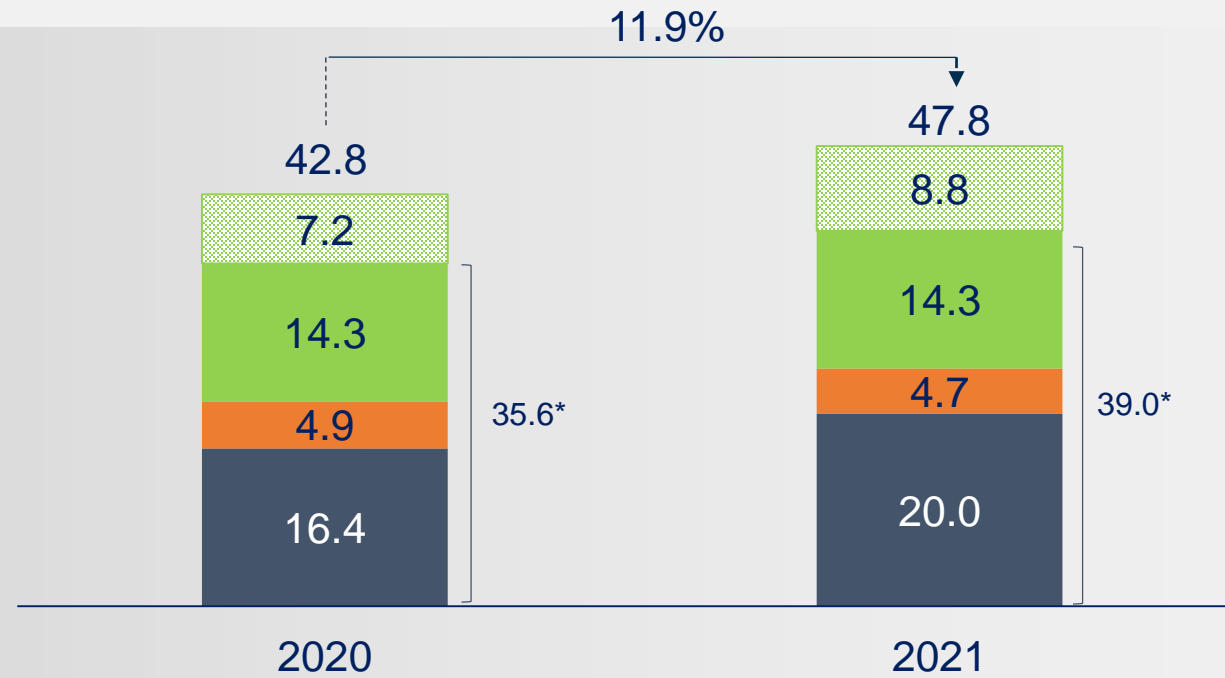
● Yield on Loans ● Yield on govt securities ● CoF



OPERATING COSTS OUTLAY

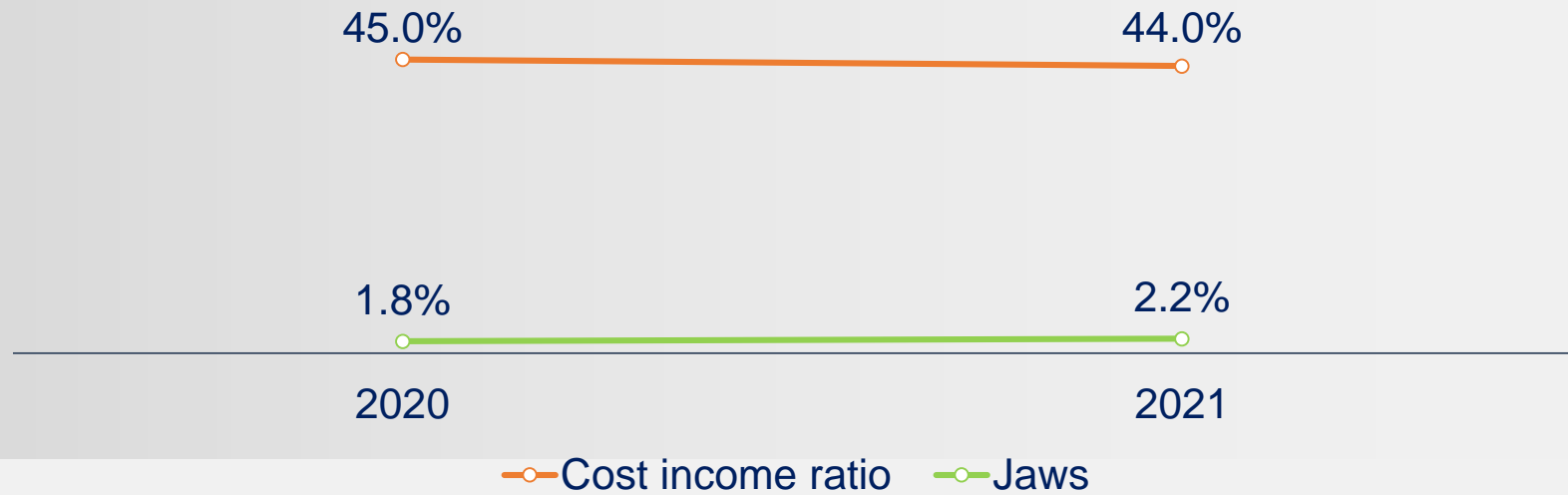


9.6%
YoY cost growth
(adjusted for acquisitions)



- NBK & BPR
- Other opex
- Depreciation
- Staff costs

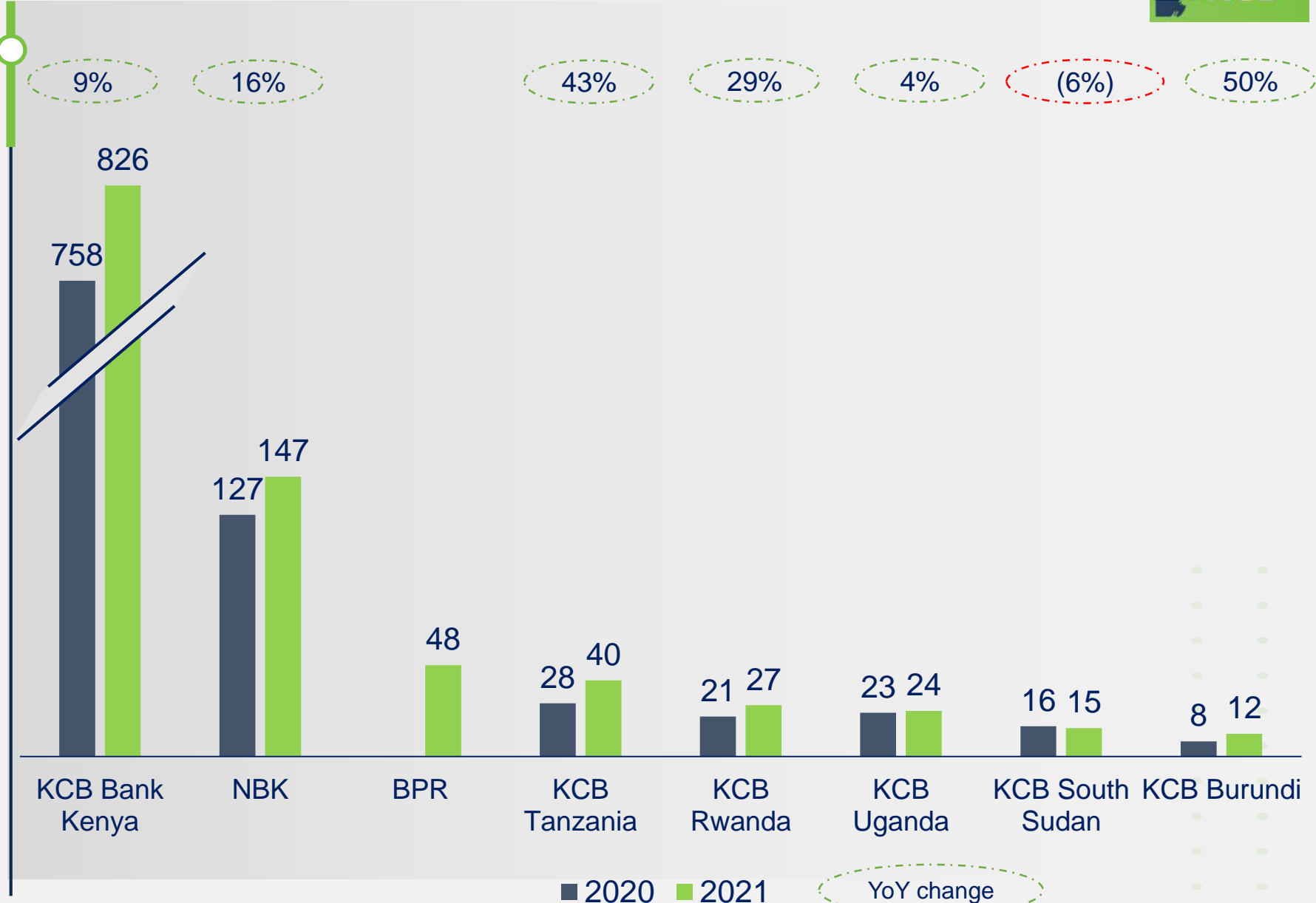
Amounts in Kes B
*Excluding acquisitions



ASSET CONTRIBUTION PER SUBSIDIARY



72.5%
Proportion of total assets in KCB Bank Kenya.



Amounts in Kes B

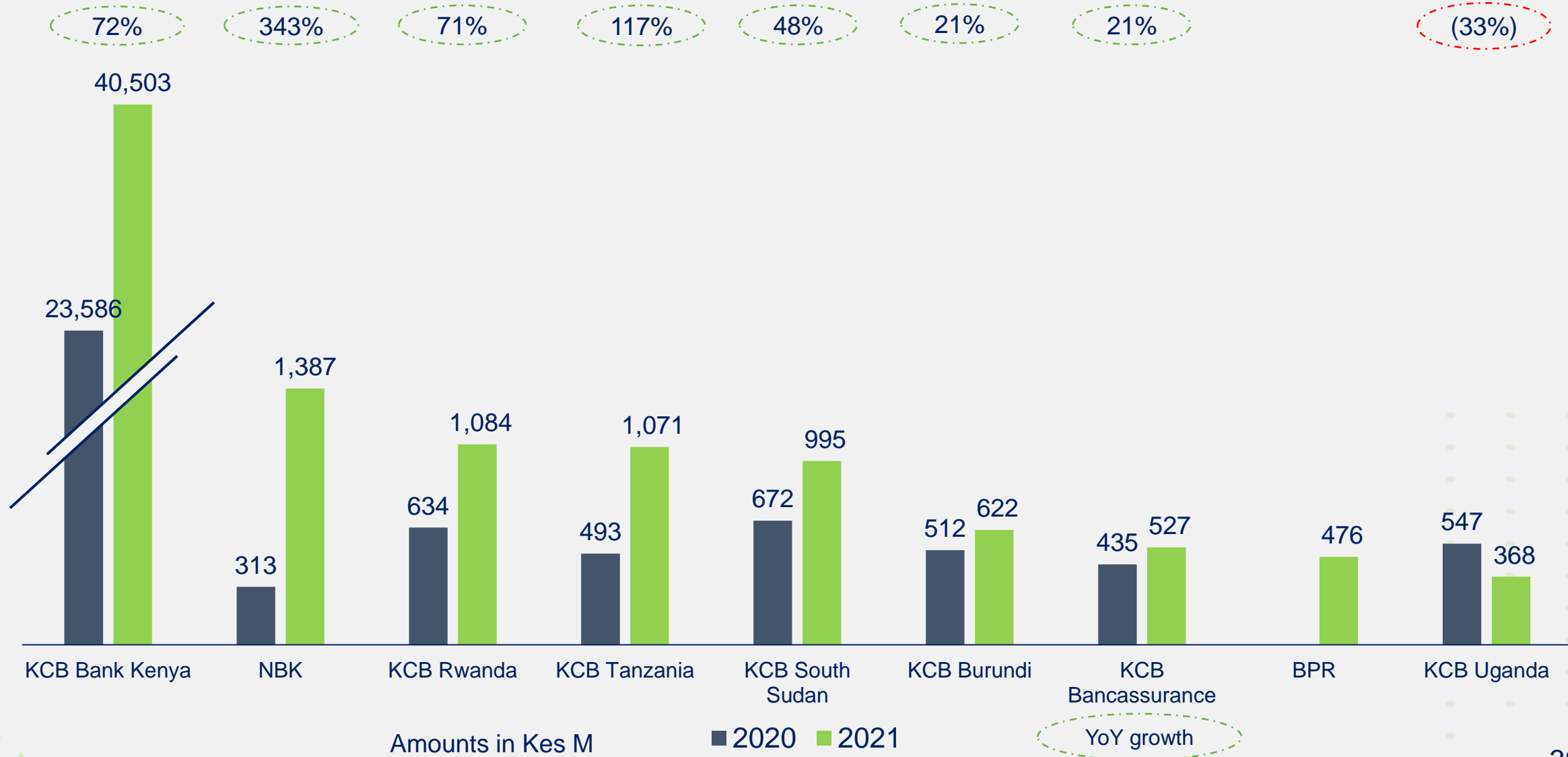
■ 2020 ■ 2021

○ YoY change

PROFITABILITY GROWTH AND DISTRIBUTION PER SUBSIDIARY



13.7% | PBT contribution from subsidiaries outside of KCB Bank Kenya



OVERVIEW OF KEY FINANCIAL RATIOS

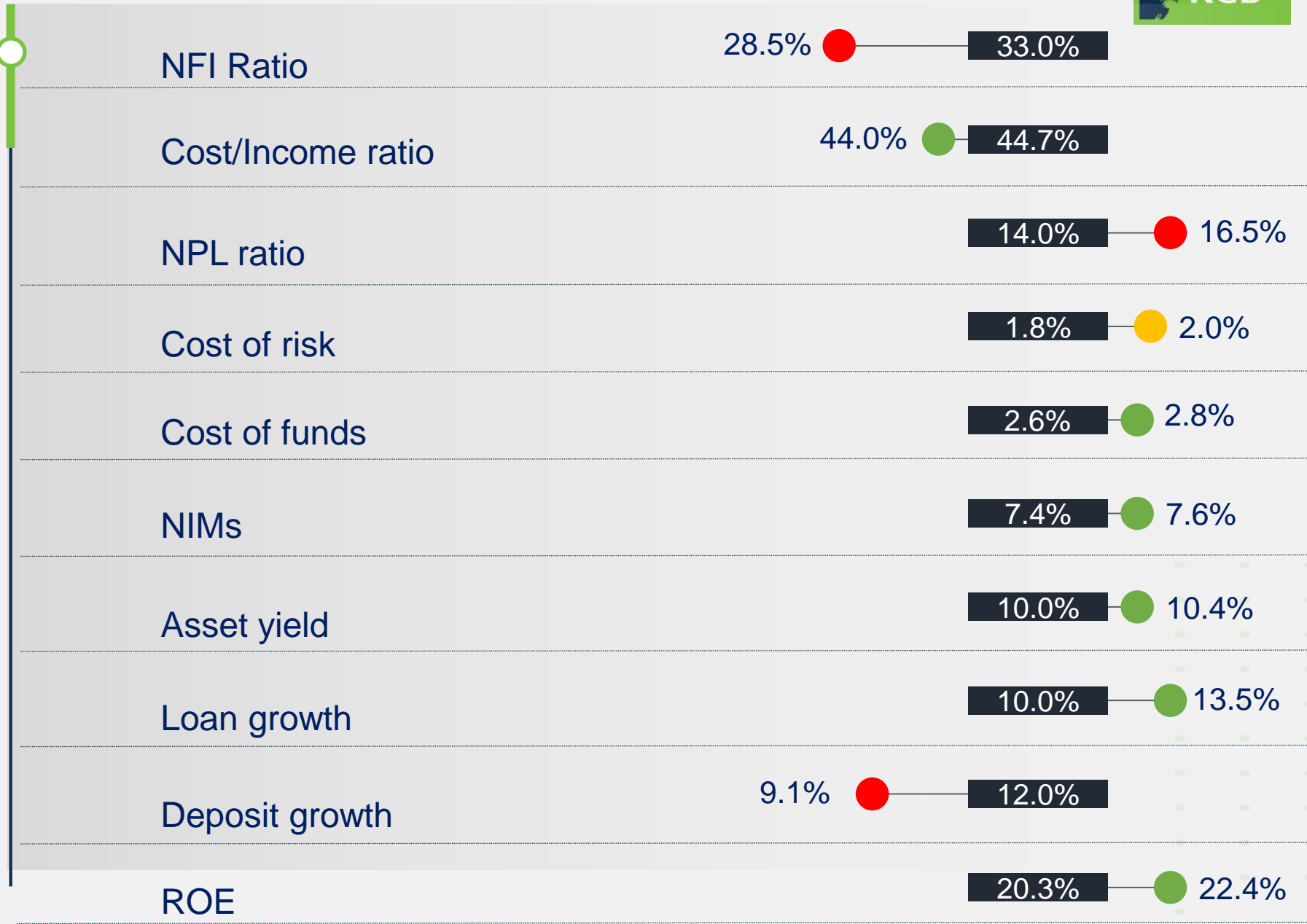


KCB GROUP				FY 2021	
FY 20	H1 21	Q3 21		KCB KENYA	KCB GROUP
14.4%	20.7%	22.0%	Return on Average Equity	24.3%	22.4%
45.0%	44.3%	44.5%	Cost to Income	39.2%	44.0%
14.7%	14.3%	13.7%	Gross NPL to Gross Loans	15.9%	16.5%
66.7%	70.1%	72.0%	NPL Coverage	55.0%	60.0%
26.0%	22.9%	21.6%	Debt to Equity	25.9%	21.3%
29.7%	28.6%	29.4%	Non-Funded Income to Total Income	26.1%	28.5%
35.3%	28.7%	28.6%	Mobile NFI to Total Fees and Commissions	36.4%	25.3%
2.7%	2.6%	2.6%	Cost of Funds	2.6%	2.8%
7.9%	7.9%	7.6%	Net Interest Margin	8.3%	7.6%
4.6%	2.2%	2.0%	Cost of Risk	1.8%	2.0%
77.6%	85.3%	75.9%	Net Loans to Deposits Ratio	84.8%	80.7%
19.2%	19.1%	22.6%	Government Securities to Total Assets	22.7%	24.2%
11.0%	8.4%	12.4%	Growth of Net Loans and Advances	7.5%	13.5%
12.0%	3.7%	11.2%	Growth of Customer Deposits	6.1%	9.1%

MEASURING UP AGAINST OUR 2021 OUTLOOK



Majority of the 2021 targets achieved in a tough operating environment

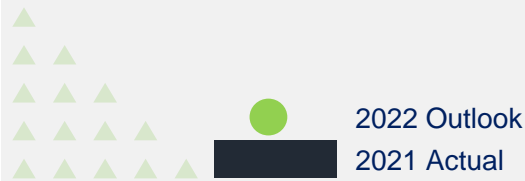
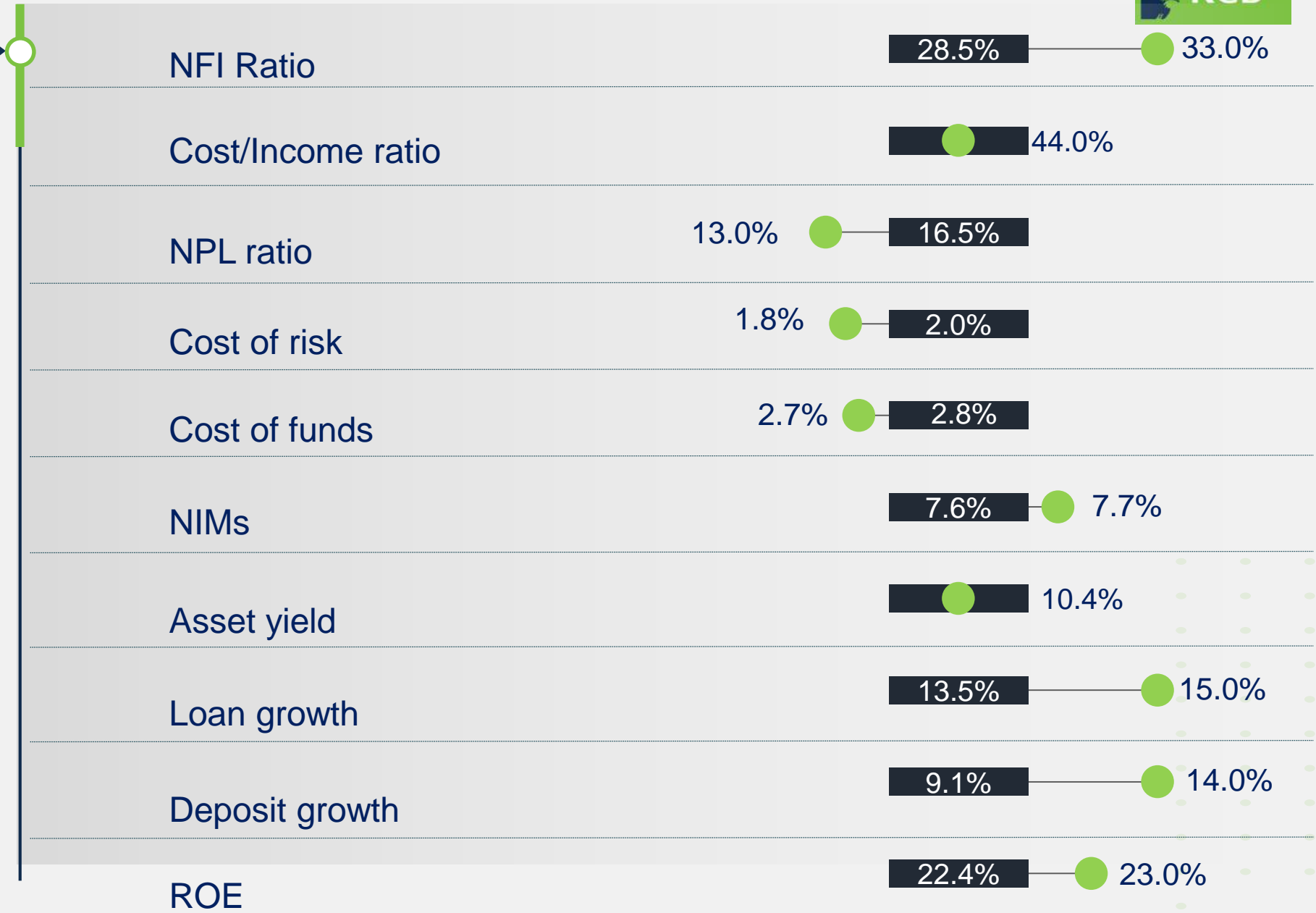


●
●
● Actual
 Outlook

BUILDING OUR 2022 OUTLOOK FROM 2021



Ambitious growth prospects for the future



SUMMARY STATEMENT OF FINANCIAL POSITION



Kes Billion	KCB Group			KCB Bank Kenya		
	2020	2021	Y-O-Y Change	2020	2021	Y-O-Y Change
Cash and balances with central bank	44.7	53.2	19%	33.4	37.0	11%
Balances with other institutions	43.6	45.0	3%	11.8	8.4	(29%)
Investments in Government & other securities	210.8	276.3	31%	142.5	187.6	32%
Net loans and advances	595.3	675.5	13%	492.5	529.3	7%
Fixed assets	25.6	28.9	13%	14.5	13.7	(6%)
Other assets	67.4	60.8	(10%)	63.6	50.4	(21%)
Total assets	987.8	1,139.7	15%	758.3	826.4	9%
Customer deposits	767.2	837.1	9%	588.6	624.5	6%
Balances due to other banks	19.7	47.8	143%	2.4	9.8	308%
Long-term debt	37.0	37.6	1%	34.7	33.6	(3%)
Other liabilities	21.5	45.5	112%	21.3	34.7	63%
Total liabilities	845.4	968.0	15%	647.0	702.6	9%
Shareholders' equity	142.4	171.7	21%	111.3	123.8	11%
Total liabilities and equity	987.8	1,139.7	15%	758.3	826.4	9%

SUMMARY STATEMENT OF COMPREHENSIVE INCOME



Kes Billion	KCB Group			KCB Bank Kenya		
	2020	2021	Y-O-Y Change	2020	2021	Y-O-Y Change
Interest income	88.7	102.2	15%	68.9	78.4	14%
Interest expense	(21.2)	(24.5)	15%	(15.8)	(16.9)	10%
Net interest income	67.5	77.7	15%	53.0	61.5	16%
Foreign exchange income	5.4	6.5	21%	3.4	4.0	18%
Net fees and commissions	17.8	19.4	8%	14.2	14.9	5%
Other income	4.9	5.0	-	4.3	3.4	(23%)
Non-funded income	28.1	30.9	10%	22.0	22.3	1%
Total Income	96.0	108.6	14%	75.1	83.8	11%
Total operating expenses	(42.8)	(47.8)	12%	(28.5)	(32.6)	13%
Loan impairment	(27.2)	(13.0)	(52%)	(23.1)	(10.7)	(54%)
Profit before tax	25.7	47.8	86%	23.6	40.5	72%
Tax expense	(6.1)	(13.6)	123%	(5.2)	(11.9)	129%
Profit after tax	19.6	34.2	74%	18.3	28.6	56%

THANK
YOU



KCB

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