



KCB

INVESTOR PRESENTATION

FY 2022 Performance

Nairobi, 16 March 2023

**For People.
For Better.**

Closer. Connected. Courageous.

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Rounding differences

Please note that rounding differences may appear within the presentation.

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KCB

01

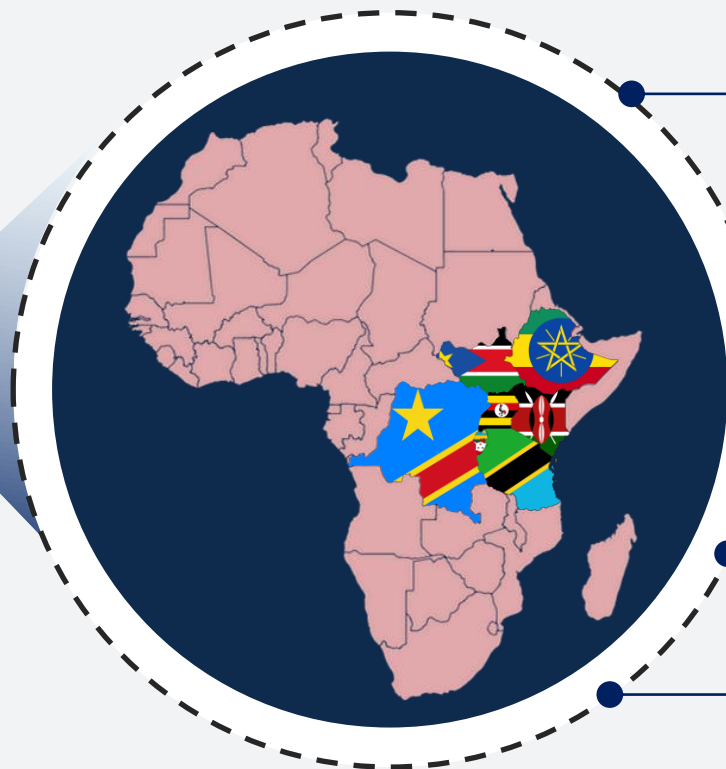
Group Overview



**For People.
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Our **wide regional footprint** enables us to facilitate seamless service, intra-regional trade and investment flows for our stakeholders.



Customers **32.4M**

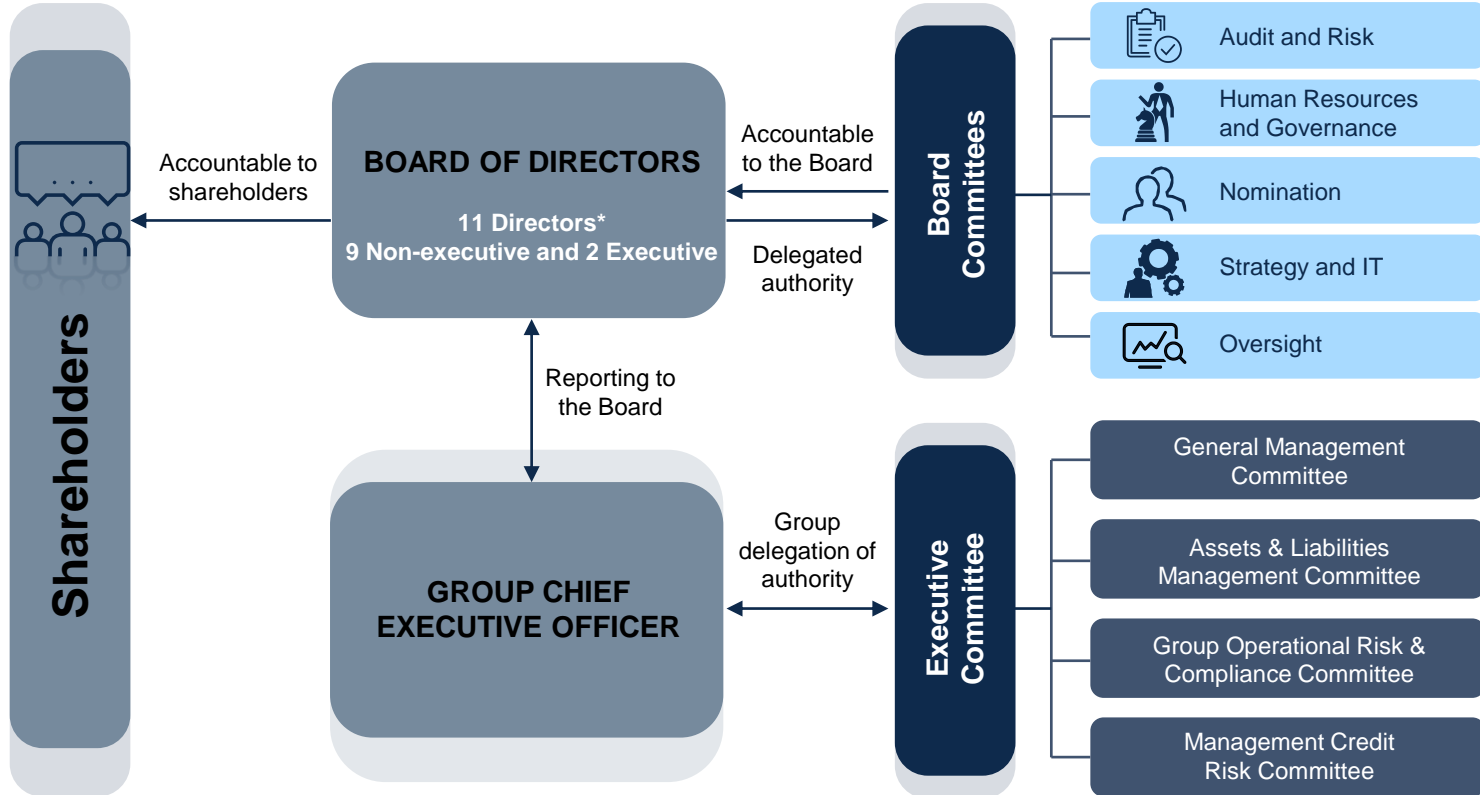
Branches **603**

Employees **11,098**

ATMs **1,270**

Agents & Merchants **28,834**

We create value supported by a **clearly defined governance structure** which provides for oversight, delegation and clear lines of authority.



*One vacant NED position

Our senior management team mandated to ensure we remain well **positioned and responsive to regional opportunities for growth.**



Paul Russo

Group Chief Executive Officer



Lawrence Kimathi

Group Director, Finance



Annastacia Kintai

Ag. MD KCB Bank Kenya



Japheth Achola

Group Director, Human Resource



Simon Mbogo

Ag. Group Director, Technology



John Mukulu

Group Chief Risk Officer



Bonnie Okumu

Group General Counsel



Dr. Leonard Mwithiga

Group Director, Shared Services



Rosalind Gichuru

Group Director, Marketing and Communications



Charles Lang'at

Group Internal Auditor



Cosmas Kimario

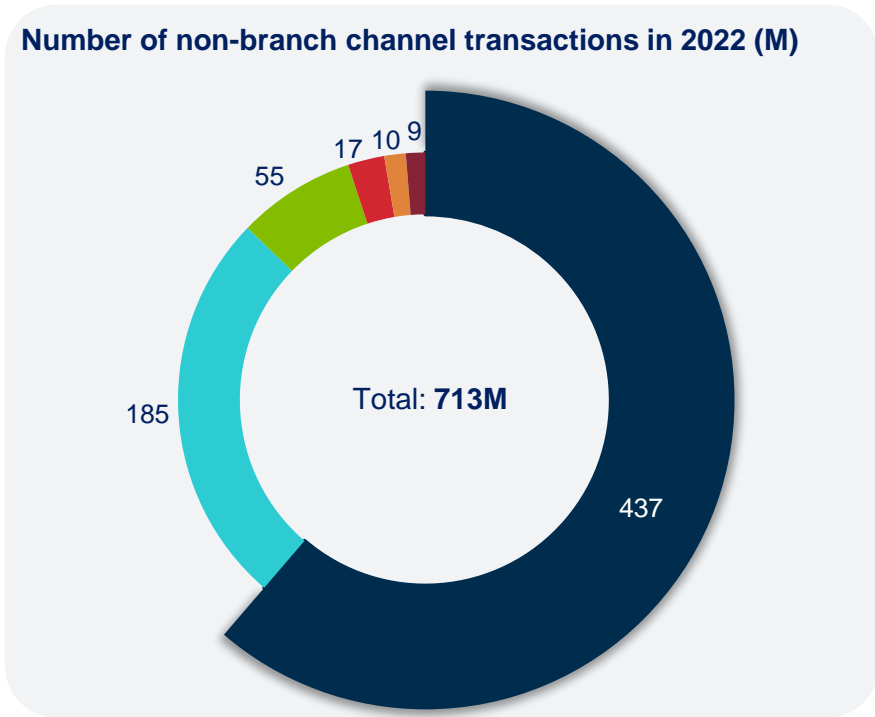
Ag. Group Regional Businesses Director



We continue to enhance financial access through our digital channels which offer convenience and seamless service to customers.

^ 99%
of transactions by number conducted through non branch channels

^ 47%
YoY increase in number of non-branch transactions to 713.3M as branch transactions declined by 10% to 10.1M



YoY Change

Mobile Lending	64%
Mobi Service*	39%
Agency	(2%)
Merchant POS	31%
ATMs	(6%)
Internet Banking	56%

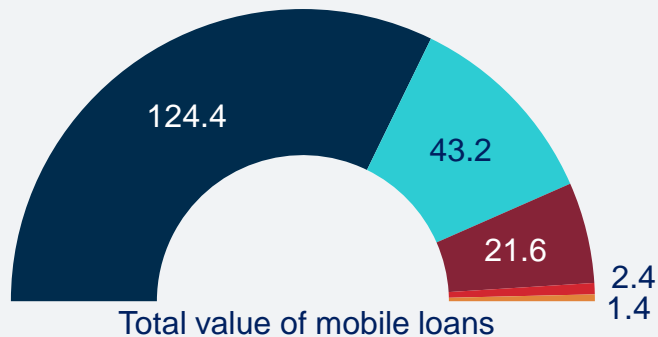
*Mobi service includes B2C, C2B, B2B, Lipa Karo and Float purchase

We drive **financial inclusion** through consistent growth in the mobile lending book to personal customers and micro enterprises.

^ 23%

Growth in value of mobile loans disbursed driven by Fuliza and KCB Mobi loan

Value of mobile loans disbursed in 2022 (KShs B)



193.1B

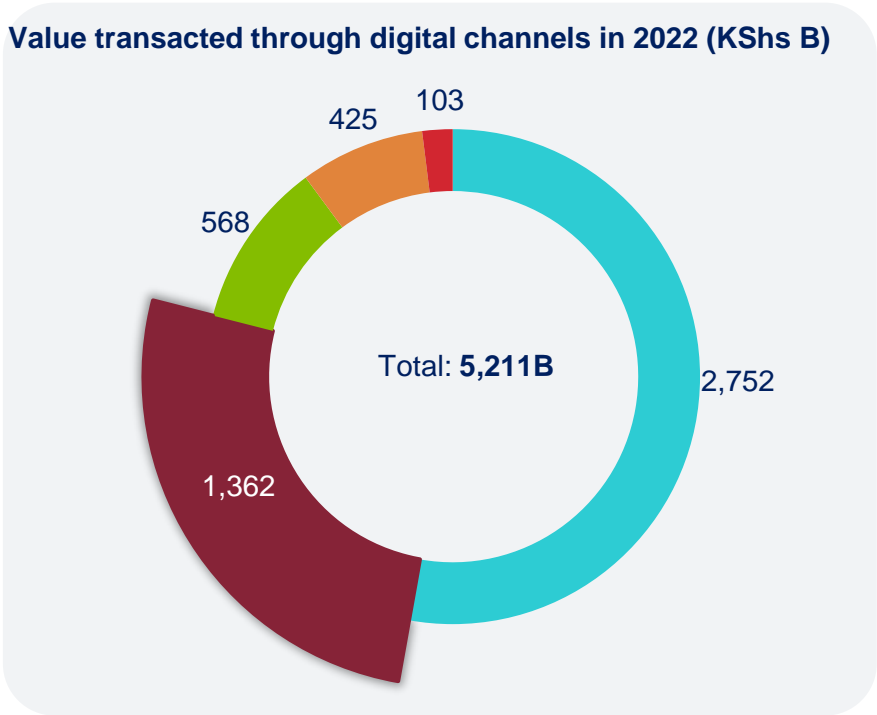
- Fuliza
▲ 29% Average ticket: KShs 302
- KCB MPESA
▼ 5% Average ticket: KShs 4,923
- KCB Mobi Loan
▲ 36% Average ticket: KShs 21,076
- Kopa Float
 Launched in 2022
- Retailer Finance
▲ 112x

30% growth in the **value of transactions** conducted through digital channels driven by mobile and internet banking.



^ 54%
of transactions by value conducted through non branch channels

^ 6%
YoY growth in value of branch transactions to KShs 4.4 trillion

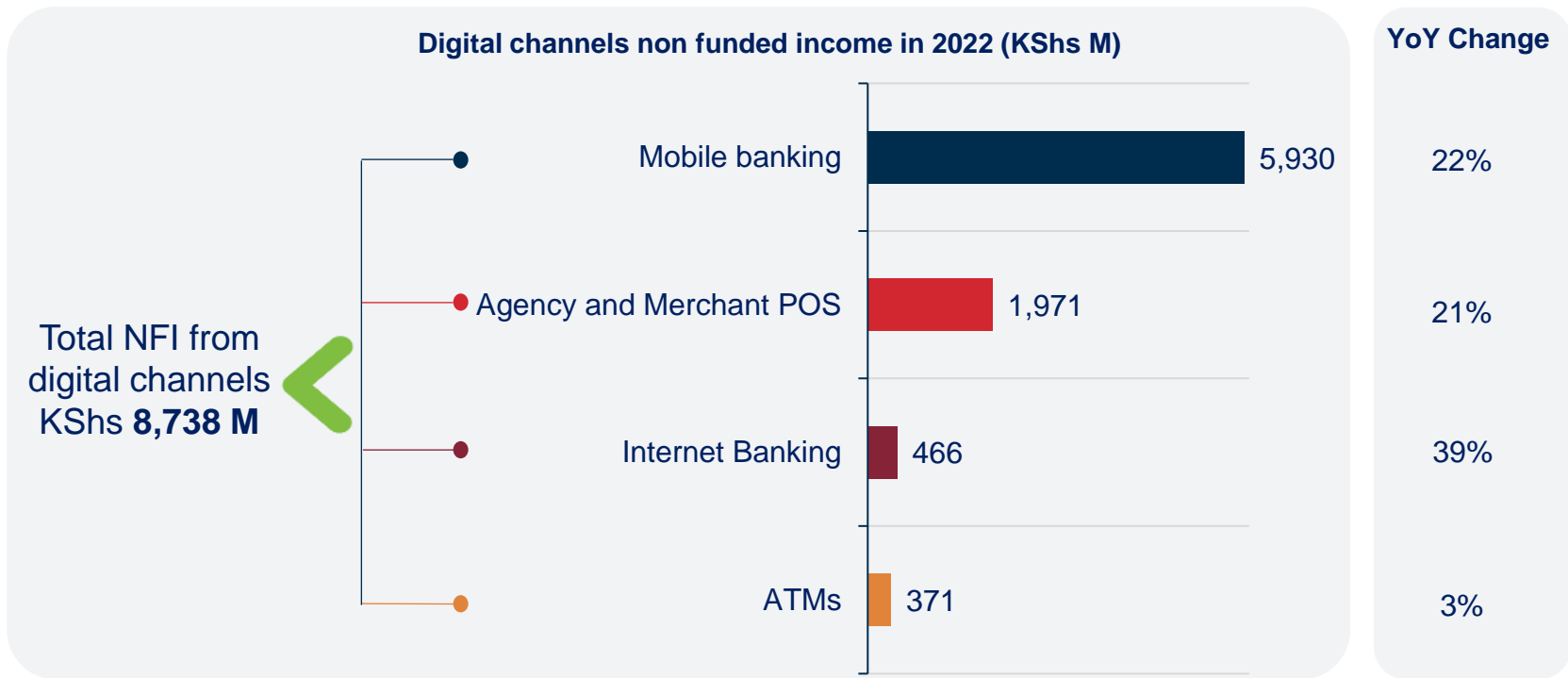


YoY Change

Mobi Service*	29%
Internet Banking	61%
Agency	(5%)
ATMs	17%
Merchant POS	54%

*Mobi service includes B2C, C2B, B2B, Lipa Karo and Float purchase

Non funded income (NFI) from **digital channels** grew by **21%** supported by increased usage of internet banking, mobile banking and merchant POS terminals





02

Operating Environment

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Operating environment characterized by currency depreciation and rising inflation however we remain well positioned to navigate these challenges.

Tailwinds



Strong projected GDP growth rates across the region in the medium term.



Continued resurgence of business activities across the region though some sectors still lag behind.



Improved confidence in the business environment in Kenya following peaceful general elections and a seamless transition.

Headwinds

Sustained pressure on local currencies exchange rates to the US dollar exacerbating inflationary pressures and eroding purchasing power.



Unfavourable weather conditions continue to impact on agricultural production and economic performance.



Effects of the global geopolitical risks in the regional economies.



As we deepen our presence in the region, we seek to embed **best ESG practices** as we endeavor to build a future-proof **responsible business**



Leading the transition to a low carbon future
Impactful partnerships

Developed concept notes in transport, infrastructure and agriculture sectors for consideration for **GCF funding**.

Partnered to drive adoption of **e-mobility** among public transport operators and riders.

Partnered with schools and local communities to support **afforestation programmes**



Embracing the culture of responsible banking
KShs 270.4B screened under ESDD

By conducting an Environmental & Social Due Diligence (ESDD) assessment on our business activities, ongoing projects and potential projects, we determine the Group's potential social and environmental impacts and ensure that negative impacts are mitigated.



Championing sustainable finance via Green lending
12.3% of the loan portfolio in Kenya and 16.0% in Rwanda

As a member of the Net Zero Banking Alliance, we are keen on reducing our carbon emissions and achieving our Net Zero target by 2050. To achieve this, we have progressively grown our green lending portfolio. Our goal is to achieve positive impact on the environment while ensuring alignment with global best practices.



More details in our Sustainability report available at <https://kcbgroup.com/sustainability/>

We leverage on our products, policies and programmes to deliver **social** impacts in the markets we operate in and embed a solid **governance** framework



Focus on **affordable housing** through competitive affordable housing mortgage proposition targeting lower-middle and middle-income earners.

Tailormade propositions for **small businesses** and **women owned** enterprises.

Driving **financial inclusion** and literacy through innovative digital solutions.

Support for **schools** through LPG gas solutions, infrastructure financing and digital learning lessons.



Tackling **youth unemployment** through 2Jiajiri programme with 4,386 jobs created in 2022.

Donated KShs 130 million to support **drought response initiatives**.

Scaled up scholarship programme reaching **1,326** high school and **217** tertiary students from disadvantaged backgrounds.

KShs 5.2 million grant to support visa and travel expenses for youth seeking employment in cruise lines.



Diverse composition and wide mix of skillset across Group and subsidiary Boards

Diverse and inclusive workforce

Proportion of female employees: **47%**
Employees living with disabilities: **36**

Procurement contracts awarded to special interest groups doubled to **KShs 803M**

Implementation of climate risk roadmap

Updated Board Audit and Risk Committee charter to include ESG considerations.
Reviewed credit and sustainability policies to enhance management of climate risks.

We take pride in having consistently been rated and ranked among the **leading financial institutions** in the continent based on various parameters

MOODY'S INVESTORS SERVICE

	2020	2021	2022
Rating	B2	B2	B2
Outlook	Negative	Negative	Negative

Credit rating affirmed KCB's:

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



- **Best Bank in Kenya** by Euromoney Awards for Excellence 2022
- **Best Sustainable Bank** by The International Business Magazine
- **Best Retail Bank, Best SME Bank and Best Investment Bank** in Kenya by Global Finance magazine
- **Most Valuable Banking Brand** in Kenya by Brand Finance
- **Best Bank in Sustainable Finance** in Kenya by Global Finance: Sustainable Finance Awards and by SFI Catalyst Awards
- **Best Green Bank and Best Banking Group** in Kenya by World Economic Magazine
- **Best CSR Bank and Best Investment Bank** in East Africa by Global Business Magazine
- NBK Awarded **Most Sustainable Financial Services** company in Kenya by Finance Derivative Magazine
- NBK Awarded **Best in Customer Satisfaction and Happiness and Best Bank for Sustainable Development** in Kenya by Global Banking and Finance Awards
- KCB Bancassurance awarded best intermediary in **customer centricity, technology application, life and non-life products** by Think Business Insurance Awards



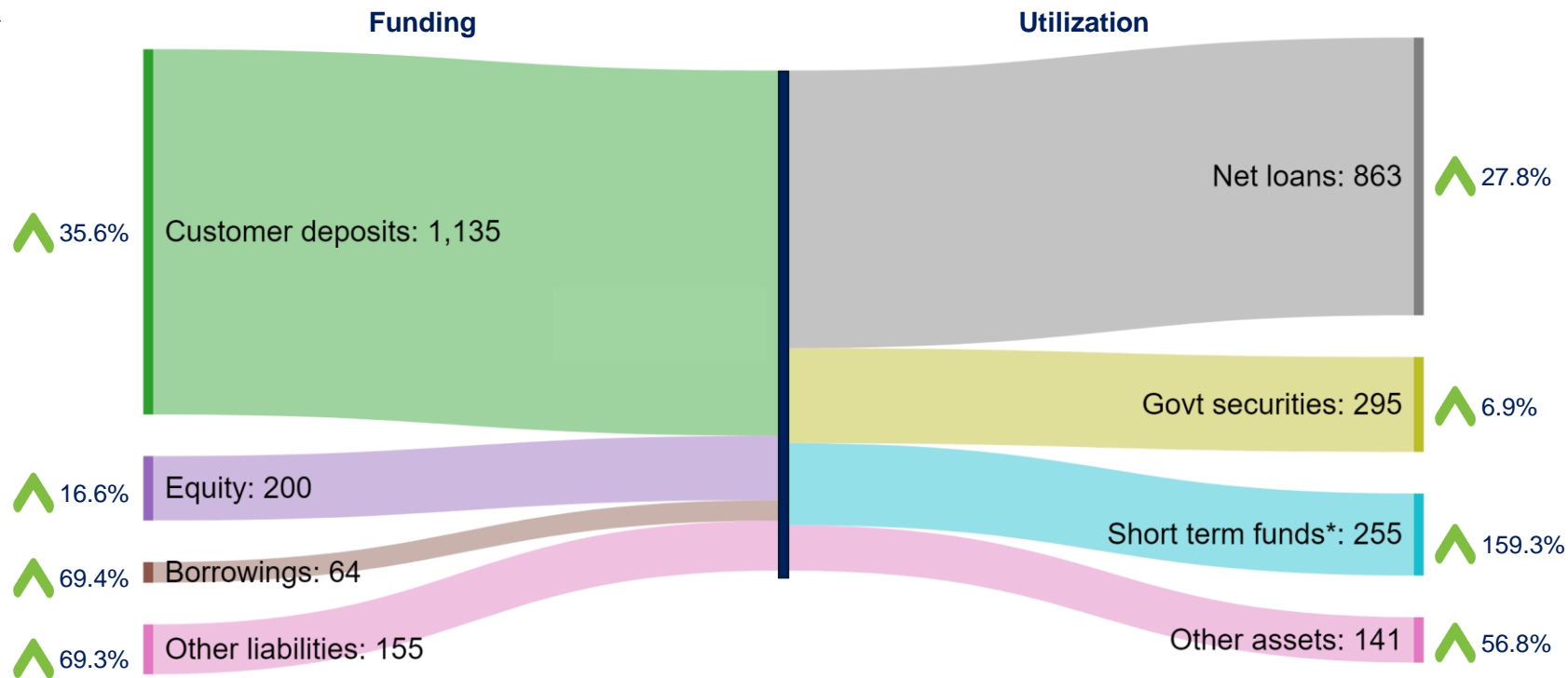
03

Financial Performance

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36.4% growth in balance sheet to KShs 1.55 trillion driven by strong loan growth across all our businesses and the full consolidation of TMB's balance sheet into the Group's results.



*Cash and balances due from Central Bank, local and foreign banking institutions

Our regional businesses continue to register meaningful growth and accelerate their contribution to the Group driven by increased lending and acquisition activities

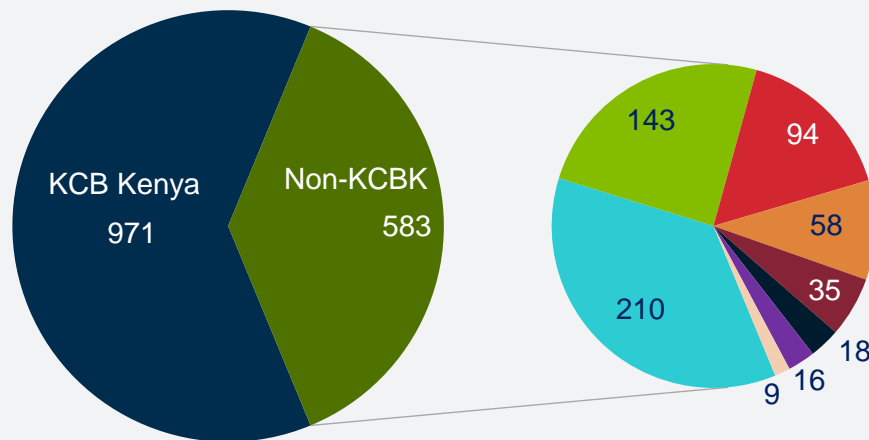
37.5%

Proportion of assets in subsidiaries outside of KCB Bank Kenya up from 27.5% in 2021

13.5%

Contribution to Total Group Assets from TMB

Assets distribution per subsidiary



Numbers include the holding company balances which are consolidated as part of the overall Group position

YoY Change

■ KCB Kenya	18%
■ TMB	N/A
■ NBK	(3%)
■ BPR	25%
■ KCB Tanzania	45%
■ KCB Uganda	45%
■ KCB S Sudan	20%
■ KCB Burundi	33%
■ Other subsidiaries	N/A

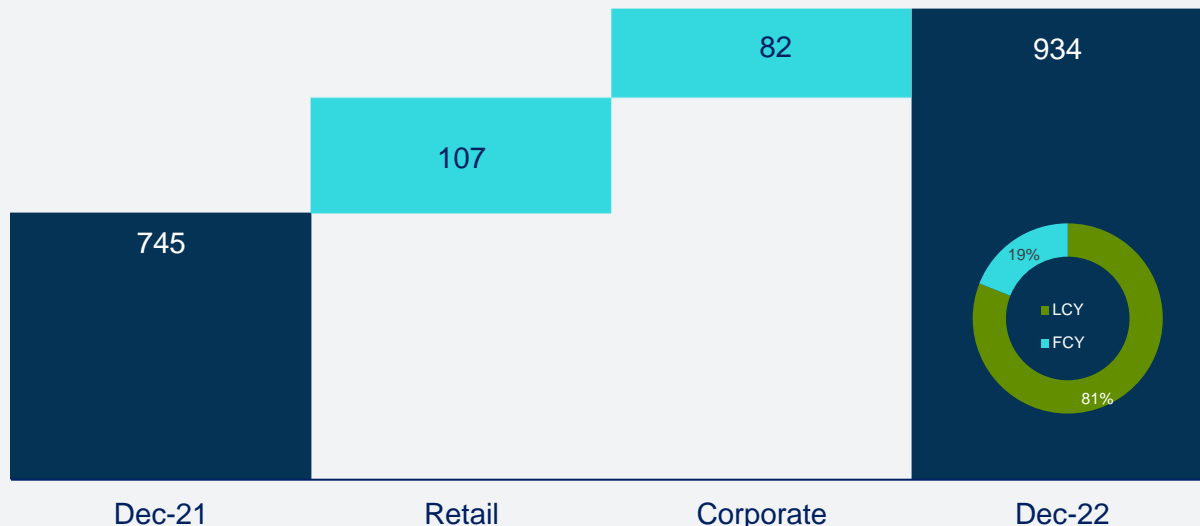
We posted a **strong growth in gross loans** across all segments of the business driven by increased lending to support recovery in economic activities

^25.4%

Growth in gross customer loans driven by improved lending in personal, building & construction and manufacturing sectors.

Organic and inorganic growth accounted for **16.7%** and **8.7%** increase in gross loans respectively

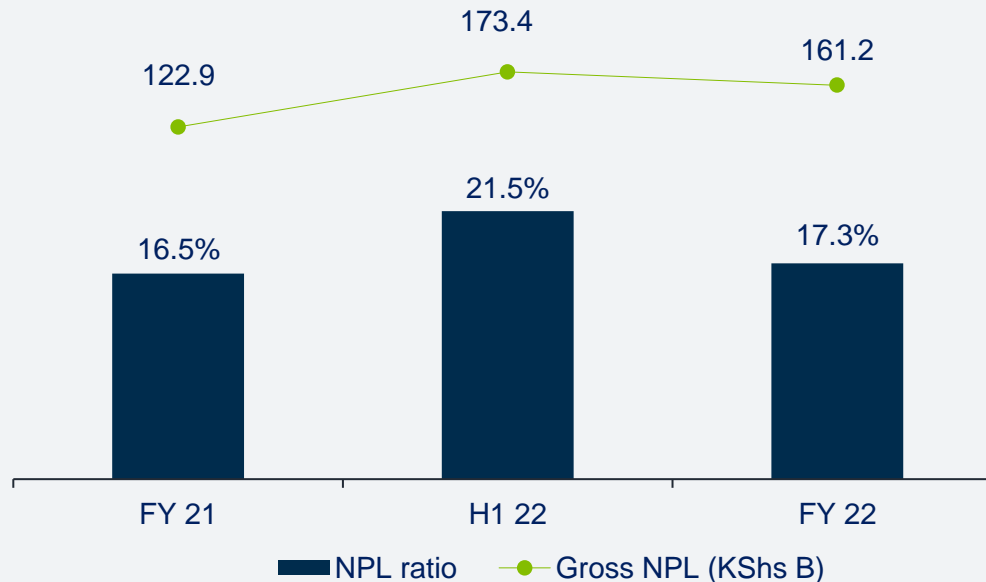
Gross loans growth



NPL ratio **improved by 420 bps** in H2 of 2022 as a result of concerted effort to bring down the size of the nonperforming book especially in the KCB Bank Kenya and NBK businesses

Significant reduction in NPL stock and ratio driven by building & construction, real estate and manufacturing sectors

Non-performing loans evolution

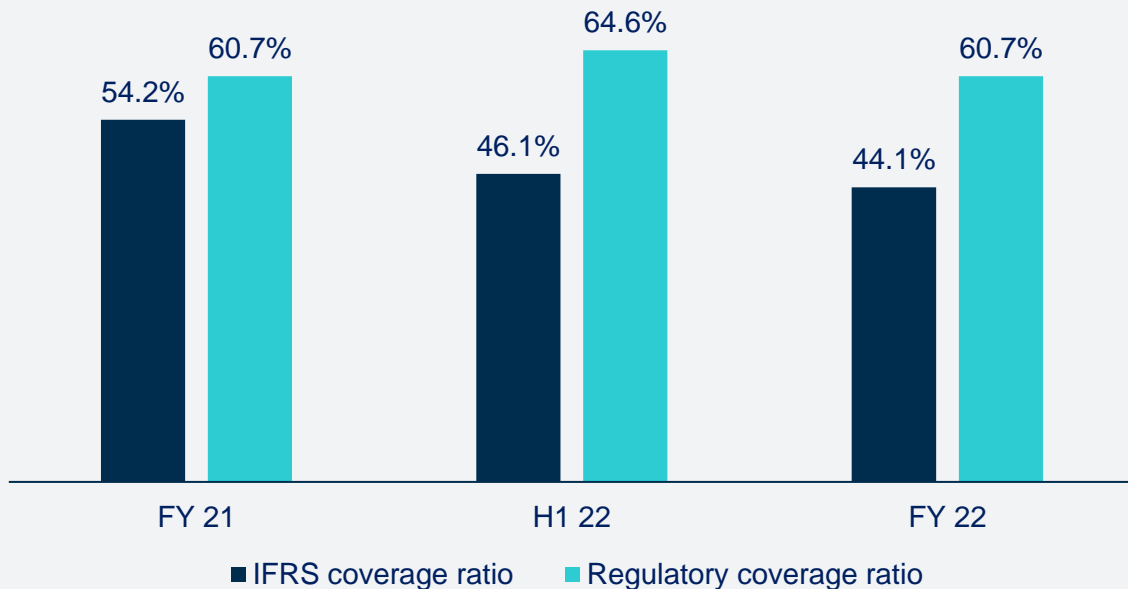


Regulatory and IFRS coverage ratios impacted by growth in the non-performing book

70%

Medium term target level
for Regulatory and IFRS
coverage ratios

Coverage ratios

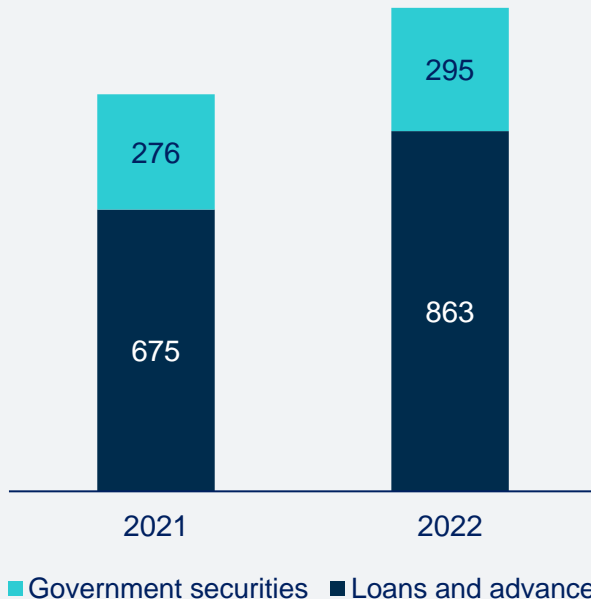


Assets yield down **30bps** YoY to 10.1% due to the impact of suspension of interest on loans and advances that migrated to NPL and offset by improved yields on Government securities

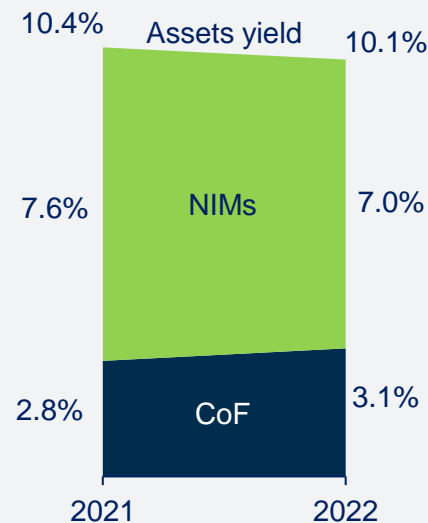
11.5%

Yields from Government securities in 2022. This improvement contributed immensely to the funded income.

Loans and Govt. securities



Yields vs Cost of funds



Customer deposits **crossed the trillion shillings** mark growing to **KShs1.135 trillion**, driven by organic growth in the existing businesses and the acquisition of TMB.

^35.6%

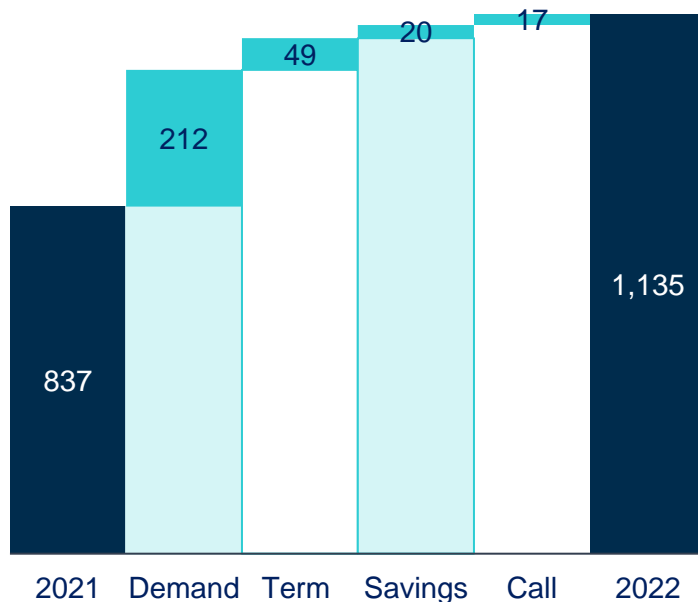
Growth in customer deposits driven by demand, term and savings.

Organic and inorganic growth accounted for **13.3%** and **22.3%** increase in deposits respectively.

Deposits mix
Corporate:Retail
48%:52%

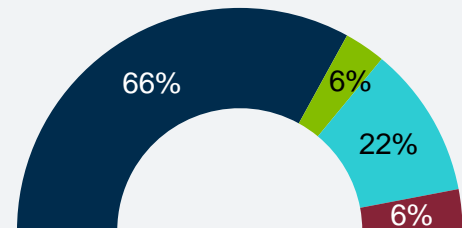
LCY:FCY
71%:29%

Growth in customer deposits (KShs B)

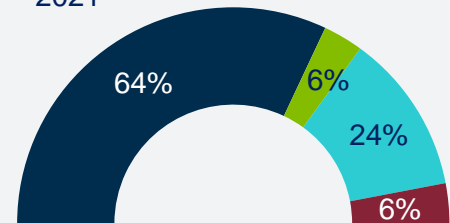


Deposits by type

2022



2021



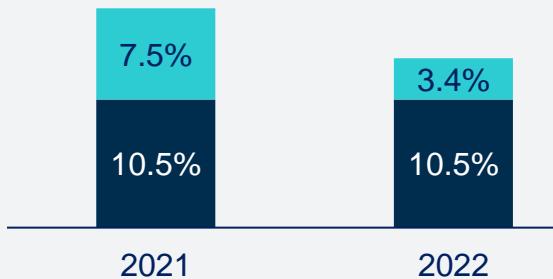
Core capital positions across banking subsidiaries in the Group are adequate to support growth of risk weighted assets

NBK was below the minimum total capital requirement by 100bps.

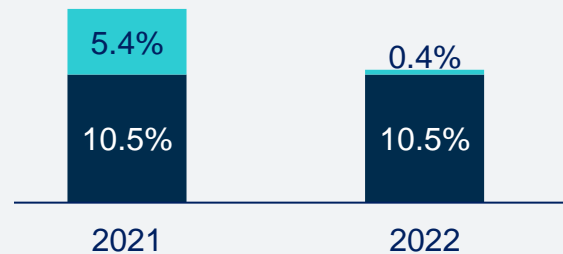
The Group plans to remedy this shortfall within H1 2023.

Core Capital Adequacy Ratios

KCB Group

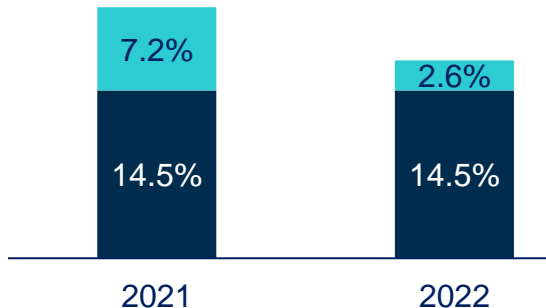


KCB Bank Kenya

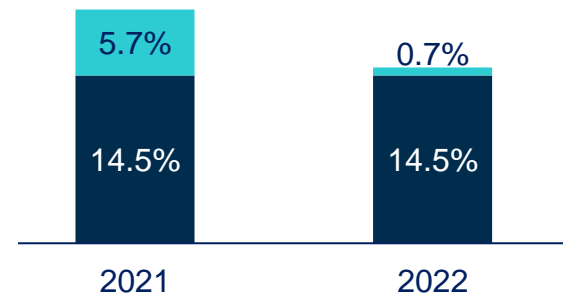


Total Capital Adequacy Ratios

KCB Group



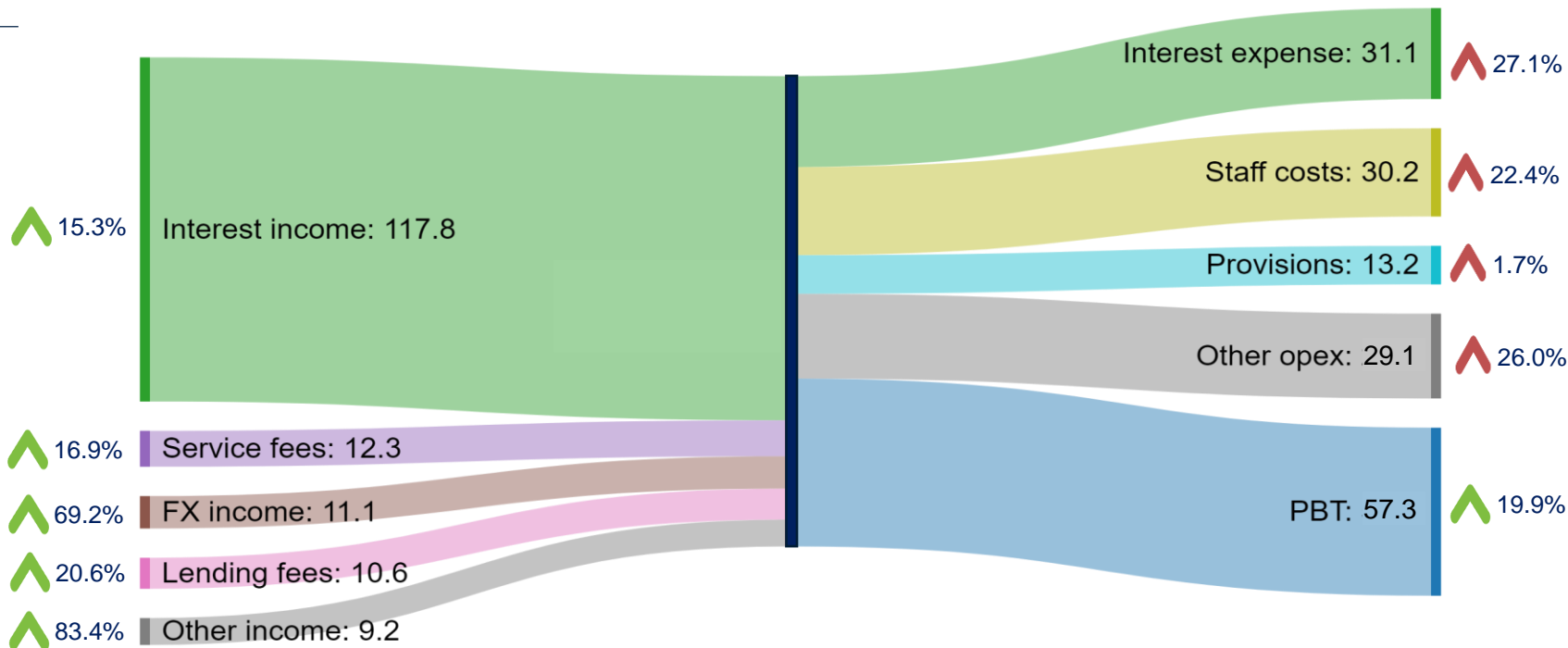
KCB Bank Kenya



■ Minimum statutory ratio ■ Headroom

Revenue improved by 19.6% driven by non-funded income (NFI) from lending fees, forex and trade finance as well as funded income from investment in Government securities.

Costs grew by 24.1% driven by BPR amalgamation activities, TMB acquisition, increased spend on customer acquisition initiatives, investments in technology and increases in overall staff remuneration.



We continue to **consistently deliver value** to our shareholders with an ROE of **23.0%** and KShs **6.4 billion** in total dividends for 2022

The Board of Directors recommend a **final dividend of KShs 1.00** per share, to be paid on or about 26 May 2023, to shareholders on the Register of Members at the close of business on 6 April 2023

DPS (KShs)

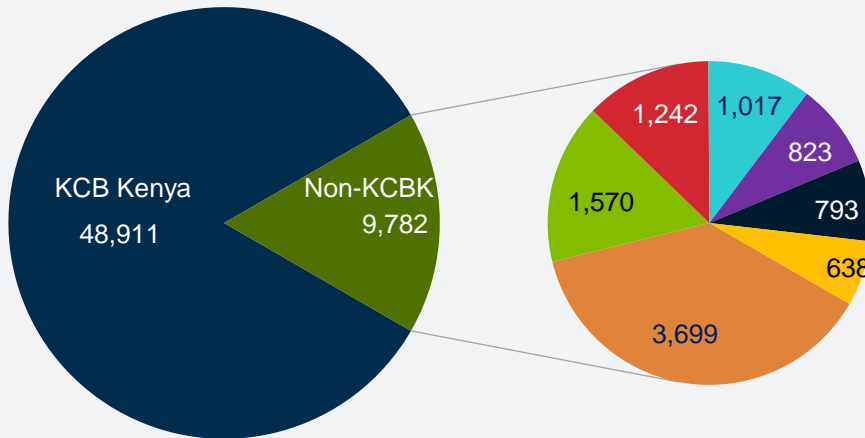


47% increase in PBT from subsidiaries outside of KCB Bank Kenya driven by Rwanda, Uganda and Tanzania businesses.

▲17.0%

PBT contribution from subsidiaries outside of KCB Bank Kenya in 2022, up from 13.9% in 2021

PBT contribution per subsidiary



Numbers include the holding company balances which are consolidated as part of the overall Group position

YoY Change

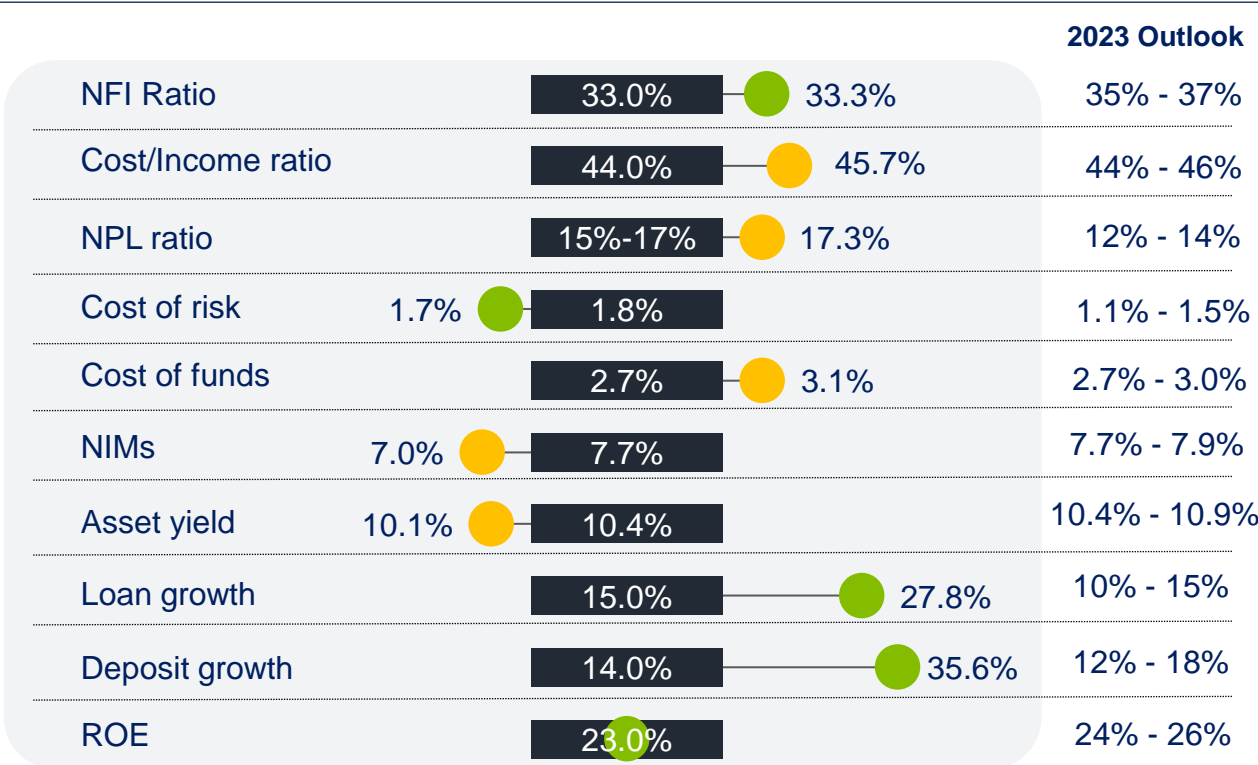
KCB Kenya	21%
BPR	137%
KCB Tanzania	47%
KCB S Sudan	25%
NBK	(33%)
KCB Burundi	32%
KCB Uganda	115%
KCBBIL*	21%

** KCB Bancassurance Intermediary Limited*

Strong performance against our 2022 outlook - M&A activities propelled loans and deposits growth and slowed the increase in CoF but weighed down CIR

Significant improvement in Q4 in NPL ratio as well as loan and deposits growth

NIMs impacted by rising costs of borrowings coupled with interest suspension on NPLs



04

Appendices

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Overview of key financial ratios

KCB GROUP				FY 2022	
FY 21	H1 22	Q3 22		KCB Kenya	KCB Group
22.4%	23.0%	23.3%	Return on average equity	28.1%	23.0%
44.0%	45.7%	45.1%	Cost to income	38.0%	45.7%
16.5%	21.5%	18.2%	Gross NPL to gross loans	19.6%	17.3%
60.0%	54.6%	61.4%	NPL regulatory coverage	57.7%	60.7%
21.3%	22.5%	33.4%	Debt to equity	44.2%	31.8%
28.5%	32.1%	33.2%	Non funded income (NFI) to total income	34.4%	33.3%
25.3%	21.8%	25.8%	Mobile NFI to total fees and commissions	34.5%	25.2%
2.8%	3.0%	3.0%	Cost of funds	3.0%	3.1%
7.6%	7.0%	7.0%	Net interest margin	7.3%	7.0%
2.0%	1.2%	1.4%	Cost of risk	1.4%	1.7%
80.7%	80.4%	82.3%	Net loans to deposits ratio	88.5%	76.2%
24.2%	23.5%	21.7%	Government and other securities to total assets	21.2%	19.1%
13.5%	20.3%	16.4%	Growth of net loans and advances	16.0%	27.8%
9.1%	15.6%	7.4%	Growth of customer deposits	11.2%	35.6%

Summary statement of financial position as at 31 December 2022

KShs Billion	KCB Group			KCB Bank Kenya		
	2021	2022	Y-O-Y Change	2021	2022	Y-O-Y Change
Cash and balances with central bank	53.2	65.1	22%	37.0	42.3	14%
Balances with other institutions	45.0	189.6	321%	8.4	25.1	200%
Investments in Government & other securities	276.3	295.4	7%	187.6	205.9	10%
Net loans and advances	675.5	863.3	28%	529.3	613.9	16%
Fixed assets	32.4	42.3	31%	20.0	22.4	12%
Other assets	57.2	98.2	72%	44.1	61.7	40%
Total assets	1,139.7	1,554.0	36%	826.4	971.4	18%
Customer deposits	837.1	1,135.4	36%	624.5	694.5	11%
Balances due to other banks	44.3	55.6	25%	9.8	25.6	162%
Long-term debt	37.6	63.6	69%	33.6	54.6	62%
Other liabilities	47.1	93.2	98%	34.7	73.3	111%
Total liabilities	966.2	1,347.8	39%	702.6	848.0	21%
Shareholders' equity	171.7	200.2	17%	123.8	123.4	(0%)
Total liabilities and equity	1,137.9	1,554.0	37%	826.4	971.4	18%

Summary statement of Profit or Loss for the year ended 31 December 2022

KShs Billion	KCB Group			KCB Bank Kenya		
	2021	2022	Y-O-Y Change	2021	2022	Y-O-Y Change
Interest income	102.2	117.8	15%	78.4	83.3	6%
Interest expense	(24.5)	(31.1)	27%	(16.9)	(21.9)	30%
Net interest income	77.7	86.7	12%	61.5	61.4	(0%)
Foreign exchange income	6.5	11.1	69%	4.0	8.9	126%
Net fees and commissions	19.4	23.0	19%	14.9	17.2	15%
Other income	5.0	9.2	83%	3.4	5.5	60%
Non-funded income	30.9	43.3	40%	22.3	31.5	42%
Total Income	108.6	129.9	20%	83.8	92.9	11%
Total operating expenses	(47.8)	(59.4)	24%	(32.6)	(35.3)	8%
Loan impairment	(13.0)	(13.2)	2%	(10.7)	(8.7)	(18%)
Profit before tax	47.8	57.3	20%	40.5	48.9	21%
Tax expense	(13.6)	(16.5)	21%	(11.9)	(14.2)	19%
Profit after tax	34.2	40.8	20%	28.6	34.7	22%

Key operating data

	FY 2021	H1 2022	Q3 2022	FY 2022
KCB Footprint				
Branches	492	494	498	603
Number of Customers (Million)	28.4	30.1	30.9	32.4
ATMs ¹	1,178	1,168	1,172	1,270
Agency outlets ²	16,441	18,156	21,176	21,480
POS/Merchant outlets ²	6,072	6,405	6,546	7,354
Total number of employees	8,538	8,877	8,803	11,098
KCB Share Information				
Earnings Per Share (KShs)	10.61	12.15	12.64	12.71
Dividend Per Share (KShs) ³	3.00	-	1.00	1.00
Number of issued shares (Million)	3,213	3,213	3,213	3,213
Number of shareholders	193,274	193,190	193,430	193,615
Period-end share price (KShs)	45.45	38.65	41.45	38.10
Market capitalization (KShs Billion)	146.1	124.2	133.2	122.4
FX Rates				
KShs/US\$ exchange rate (period-end)	113.14	117.83	120.73	123.37

Notes

1 Includes 533 partner ATMs which KCB customers have access to at no extra charges

2 Active agents and merchants

3 Interim and proposed final dividend for 2022 amounting to KShs 2.00 per share

KCB regional footprint and key macros as at 31 December 2022

		Kenya ¹	Tanzania	South Sudan	Rwanda ²	Uganda	Burundi	DR Congo
KCB Footprint								
Branches		297	15	14	152	14	6	105
ATMs		522	17	14	77	14	8	85
Agency outlets		16,874	373	48	711	366	170	2,938
POS/Merchant outlets		5,791	570	21	103	281	56	532
Total number of employees		7,313	301	156	1,159	274	142	1,752
Operating environment								
GDP growth	2021	7.5%	4.9%	5.3%	10.9%	6.7%	3.1%	6.2%
	2022 estimated	5.5%	4.5%	6.5%	6.0%	4.4%	3.3%	6.1%
	2023 projection	5.1%	5.2%	5.6%	6.7%	5.9%	4.1%	8.0%
Inflation rates	Dec-21	5.7%	4.2%	(8.5%)	(2.0%)	2.9%	10.0%	4.2%
	Dec-22	9.1%	4.8%	(11.6%)	31.7%	10.2%	26.6%	14.1%
Movement in currency/USD in 2022		(9.1%)	(0.5%)	(54.7%)	(6.0%)	(4.8%)	(2.9%)	(1.1%)
Central Bank rates	Dec-21	7.0%	5.0%	12.0%	4.5%	6.5%	6.0%	8.5%
	Dec-22	8.75%	5.0%	20.0%	6.5%	10.0%	7.0%	7.5%
Current account balance/GDP	2021	(5.4%)	(3.3%)	(2.7%)	(10.9%)	(8.3%)	(13.4%)	(0.9%)
	2022 estimated	(4.9%)	(4.4%)	8.6%	(12.6%)	(8.0%)	(14.9%)	0%
	2023 projection	(5.4%)	(3.9%)	2.1%	(11.7%)	(10.2%)	(14.1%)	0%

Notes

1 Kenya footprint are consolidated data for KCB Bank Kenya and NBK.

2 Rwanda footprint post amalgamation of KCB Bank Rwanda and BPR to form BPR Bank Rwanda Plc with effect from 1 April 2022.

Company information



Registered office

KCB Group Plc
Kencom House
Moi Avenue
P. O. Box 48400 – 00100
Nairobi, Kenya

Contact information

KCB Investor Relations
investorrelations@kcbgroup.com
www.kcbgroup.com



Stock listing

Primary

Nairobi Securities Exchange
Trading symbol: KCB

Cross listing

Dar-es-Salaam Stock Exchange
Uganda Securities Exchange
Rwanda Stock Exchange



Auditors

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way / Chiromo Road
P. O. Box 43963 – 00100
Nairobi, Kenya

Share registrars

Image Registrars Limited
5th Floor, Absa Towers
Loita Street
P. O. Box 9287 – 00100
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