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**Press Release**

**March 20, 2024**

## **KCB Group's Full Year 2023 Net Profit Hits KShs. 37.5 Billion, Balance Sheet Closes at KShs. 2.2 Trillion.**

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KCB Group PLC posted KShs. 37.5 billion in net profit for the full year ending December 31, 2023, with revenues growing by 27.2% with strong funded and non-funded lines

The Group Total assets crossed the KShs. 2 Trillion mark with a 40% growth to close at KShs. 2.17 trillion funded by an increase in customer deposits despite the tough operating environment.

Revenues increased to KShs.165.2 billion, boosted by funded income from earning assets while non-funded income—growing by 33.9%—was supported by increased transactions across the network, adoption of the digital banking and alternative channels, entry into other markets and trade finance business. Net interest income increased by 23.9%, withstanding the high cost of funds in the market

### Commentary: Group Chief Executive Officer Paul Russo

“We had a fairly good run in the 12 months in the wake of difficult economic times, with most of the business lines achieving strong organic growth. We have extended a helping hand to our customers through our loan book to support them to navigate and accomplish their ambitions. As a result of growing customer trust in the brand, we saw deposits grow significantly during the period,” said the GCEO.

“Focus remained on robust cost management to give us room to invest in initiatives to drive growth and put the Group on a strong pedestal for better growth in 2024, supported by strong capital and liquidity buffers. We remain committed to opening doors of opportunity for all our stakeholders in line with our brand purpose, **For People For Better** and at the same time running a business that is anchored on sustainable practices,” he added.

### Financial Highlights

- **The contribution of Group businesses** (excluding KCB Bank Kenya) to the overall profitability was up to 36.7% from 12.2%. Profit before tax from the Group businesses stood at KShs. 17.8 billion from KShs 7.0 billion the previous year; an indication that our regional expansion is paying off.
- **Costs** were up from KShs. 59.4B to KShs.83.2 billion from full year consolidation of our DRC subsidiary, TMB, voluntary retirement program and one-off legal costs taken up during the year from litigations.

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- On **asset quality**, the ratio of non-performing loans (NPLs) dropped to 16.6% due to loan book growth, down from 17.3%, as the Group enhanced its efforts to improve asset quality. The stock of NPLs stood at KShs.199.1 billion.
- **Provisions** increased by 154.7% from the downgraded facilities in Kenya and additional provisions on foreign currency facilities from the depreciating Kenya Shilling against hard currencies.
- On the **balance sheet, customer deposits** increased by 48.9% from KShs.1.14 trillion to KShs.1.70 trillion, largely from KCB Bank Kenya business and the full year consolidation of TMB. This affirmed the Group's strong deposit-funded profile which is supported by its extensive network across East Africa.
- **Customer Loans** grew by 28.7% from additional disbursements made during the year to clock KShs.1.2 Trillion from KShs.934 billion in 2022.
- **Shareholders'** funds stood at KShs. 236.4 billion from KShs.206.3 billion the previous year, a 14% growth on profitability during the year.
- The Group maintained **strong capital and liquidity levels**. The Group core capital as a proportion of total risk-weighted assets stood at 14.5% against the statutory minimum of 10.5% while the Total capital to risk-weighted assets ratio was at 17.8% against a regulatory minimum of 14.5%. All banking subsidiaries except NBK were compliant with their respective local regulatory capital requirements.

## Outlook

"The region continues to be plagued by several external and domestic downside risks among them a global economic slowdown, rising commodity prices. These have had an impact on the regional currencies. Looking ahead, it is expected that the region will continue to see heightened economic pressures in the medium term. As a Bank, we are closely monitoring these movements and making the necessary adjustments to the business," said KCB Group Chairman Dr. Joseph Kinyua.

"Our international business has shown great resilience, and our regional performance was within target. Our focus into the future is to position the entities outside Kenya as anchor support channels for our Pan-African expansion agenda while delivering on our overall growth agenda. TMB in DRC has come in strong to drive this ambition. The Group is now better positioned to support Pan African trade under the various trade blocs and covenants." he added.

## Latest Corporate Developments

- In January, the Group launched a new three-year Group Strategy (2024-2026), dubbed "**Transforming Today Together**". At the centre of this big dream is the principle of shared value, anchored on unlocking value from what matters most, in

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innovative and socially responsible ways. KCB remains focused on harnessing the potential of our people; the customers, shareholders, partners, suppliers, regulators, and staff. It is a step forward in our commitment to building an organization that will be more profitable, sustainable, leaner, innovative, and more resilient.

- In February, KCB Bank Kenya and MasterCard signed a 5-year collaboration framework that will see cardholders across the East African region benefit from enhanced value propositions. The payment solutions will be rolled out in Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. In the deal, customers will enjoy exclusive benefits ranging from a wide spectrum of MasterCard payment solutions including premium World and World Elite cards, youth pre-paid, and corporate cards. KCB Bank Kenya has also joined forces with Visa, a global leader in digital payments, to introduce two exclusive, premium cards; the KCB Signature Card and the KCB Infinite Card.
- KCB Group continued to deepen commitment to its Sustainability and ESG priorities where we seek to supporting 14 Sustainable Development Goals anchored on corporate social investments and driving sustainable business practices. Of which, the Group is committed to positioning itself as a leading green financier and positioning 2jjajiri as its signature social impact platform. Our priorities have been greatly facilitated through the KCB Foundation where we continue to roll out interventions in education, training, and employment for young people. Launched in 2016, the 2jjajiri program has created over 119,000 jobs while 22,959 youth have received technical and entrepreneurial training. On education, this year, we gave 1,000 scholarships to needy students to join various secondary schools countrywide. Finally, our Green agenda saw the Group roll out a tree planting initiative dubbed KCB Linda Miti. So far, over 400,000 trees have been planted across the network, with a target of planting 1.5 million trees by the end of next year.
- On brand positioning, KCB maintained its leadership position in the market, winning several top awards for its role in East Africa's economic transformation journey. Some of the awards include the 5th Most Valuable Brand in Africa by Brand Finance, Best in Customer Excellence (runners up Tier 1) and Best Banking Group Kenya-Finance Derivatives Awards. The Bank has also received accolades for its women banking proposition FLME.
- In sports, KCB Bank Kenya has put Kshs. 194 million into this year's World Rally Championship (WRC) Safari Rally slated for March 28-31, 2024, in Naivasha. This investment includes KShs. 100 million to support preparations and logistics for the rally and an additional KShs. 95 million going towards the sponsorship of two local drivers – Karan Patel and Nikhil Sachania, as well as various customer engagement campaigns. KCB Bank Kenya has also put in KShs. 65 million towards the second edition of the KCB East Africa Golf Tour, comprising an 11-leg amateur series is expected to be played in Kenya, Rwanda, Burundi, Tanzania, and Uganda.

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## **About KCB Group PLC**

KCB Group Plc is East Africa's largest commercial Bank and was established in 1896. The Group is headquartered in Kenya, with the country serving as the lead market with two banking subsidiaries namely KCB Bank Kenya and National Bank of Kenya. Over the years, the Bank has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi, and the Democratic Republic of Congo. Our subsidiaries KCB Bank Kenya and Trust Merchant Bank (TMB) also have representative offices in Ethiopia and Brussels respectively. Additionally, KCB Group owns KCB Bancassurance Intermediary Limited, KCB Investment Bank, KCB Asset Management, KCB Foundation and Kencom House Limited as non-banking businesses. Today KCB has the largest branch network in the region with 598 branches, 1,318 ATMs and over 33,393 merchants and agents offering banking services on a 24/7 basis in East Africa. This is complemented by mobile banking and internet banking services with 24-hour contact center services for our customers to get in touch with the Bank. KCB has a vast network of correspondent relationships totaling over 200 banks across the globe, and our customers are assured of a seamless facilitation of their international trade requirements wherever they are.

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