



**H1 2021**

INVESTOR PRESENTATION

19 AUGUST 2021

# Group Overview

99.3554

108.365

0.4251

100.665

106.5543

# KCB's Beyond Banking Strategy

## Strategy Vision

The very best  
in customer  
experience, driving  
a digital future

## Our 2023 Aspirations

CES	<15%
Total assets	KES 1.5Tr
NPS	55+
CIR	42%
NFI	40%
PBT from subsidiaries	20%

## 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



**26.8 M**

**Customers**

**7,573 Staff**



**354**

**Branches**

**1,103 ATMs**

**26,394 Agents & POS / Merchants**



**Kenya Bank Kenya**  
 Branches **201**  
 ATMs **397**  
 Agents **15,273**  
 Staff **4,827**

**National Bank of Kenya**  
 Branches and agencies **94**  
 ATMs **105**  
 Agents **443**  
 Staff **1,680**

**KCB Bank Tanzania**  
 Branches **14**  
 ATMs **15**  
 Agents **263**  
 Staff **291**

**KCB Bank Burundi**  
 Branches **6**  
 ATMs **8**  
 Agents **195**  
 Staff **134**

**KCB Bank Rwanda**  
 Branches **13**  
 ATMs **26**  
 Agents **492**  
 Staff **239**

**KCB Bank Uganda**  
 Branches **13**  
 ATMs **15**  
 Agents **420**  
 Staff **269**

**KCB Bank South Sudan**  
 Branches **13**  
 ATMs **4**  
 Agents **43**  
 Staff **132**

**Ethiopia Rep Office**  
 1 Staff



## KCB BANK KENYA

Credit ratings at par with the sovereign rating.

	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 Top 1,000 Banks**

KCB ranked  
685<sup>th</sup> Globally  
20<sup>th</sup> in Africa  
1<sup>st</sup> 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.
- ❖ 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.

- ❖ 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.

Signing of Net Zero  
Commitment in  
April 2021.



Capacity building; staff  
trained on green lending.



Loans worth **Kes 74.7B**  
screened for E&S risks  
primarily in corporate and  
SME segments

Aggregate **reduction of  
14%** on our carbon  
footprint





# Macroeconomic Highlights

99.3554

108.365

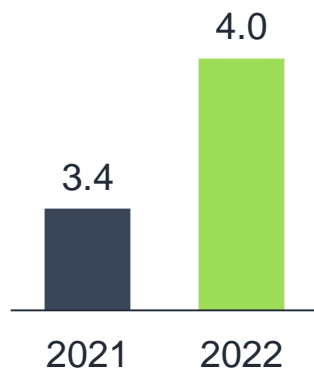
0.4251

100.665

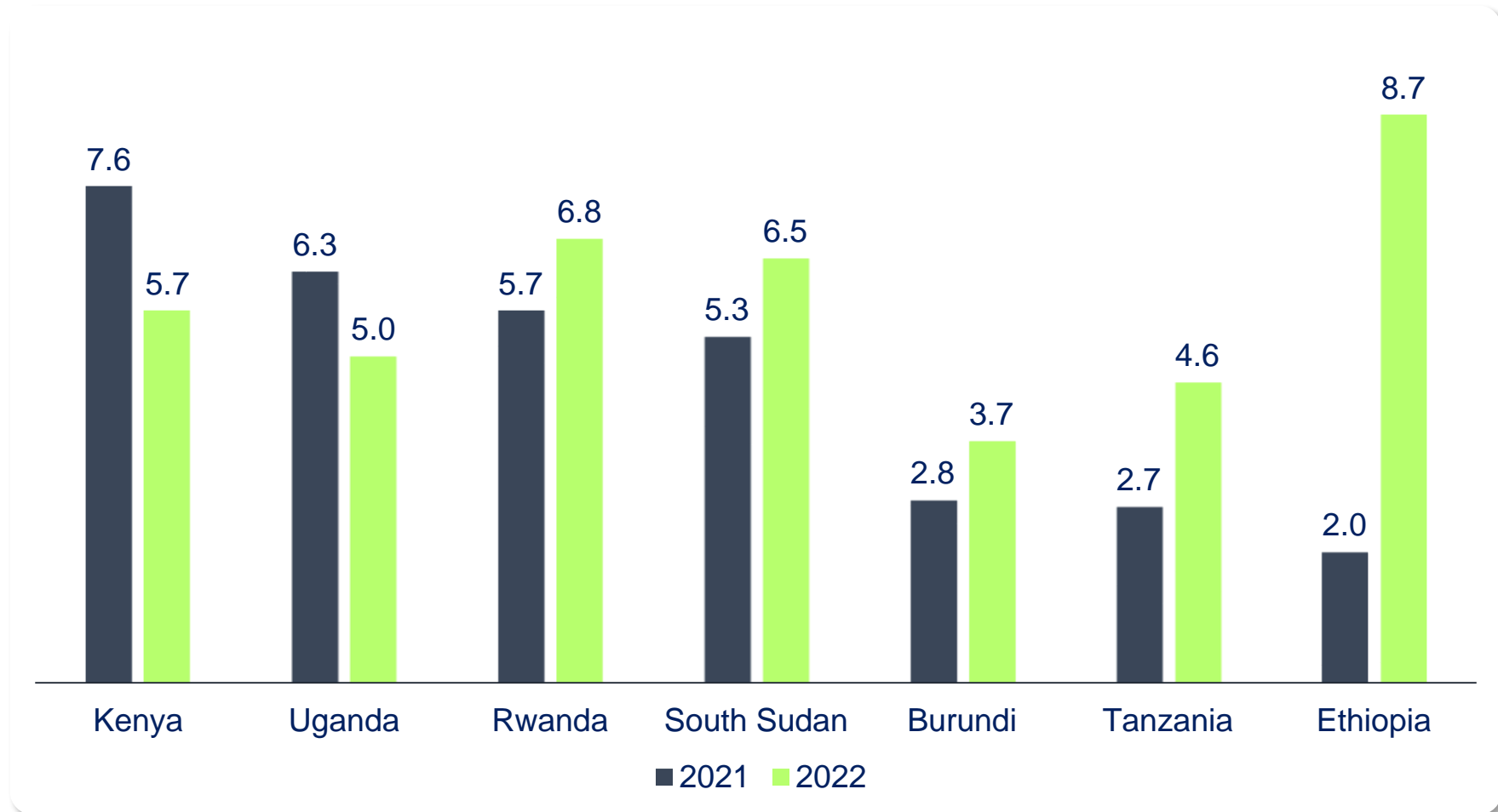
106.5543

Positive economic outlook as the region recovers from the contraction in 2020 but COVID-19 still poses a challenge due to low vaccine availability.

### Sub-Saharan Africa (%)



### Projected GDP Growth Rates (%)



**KENYA**

Down YoY. Up by same margin YTD.



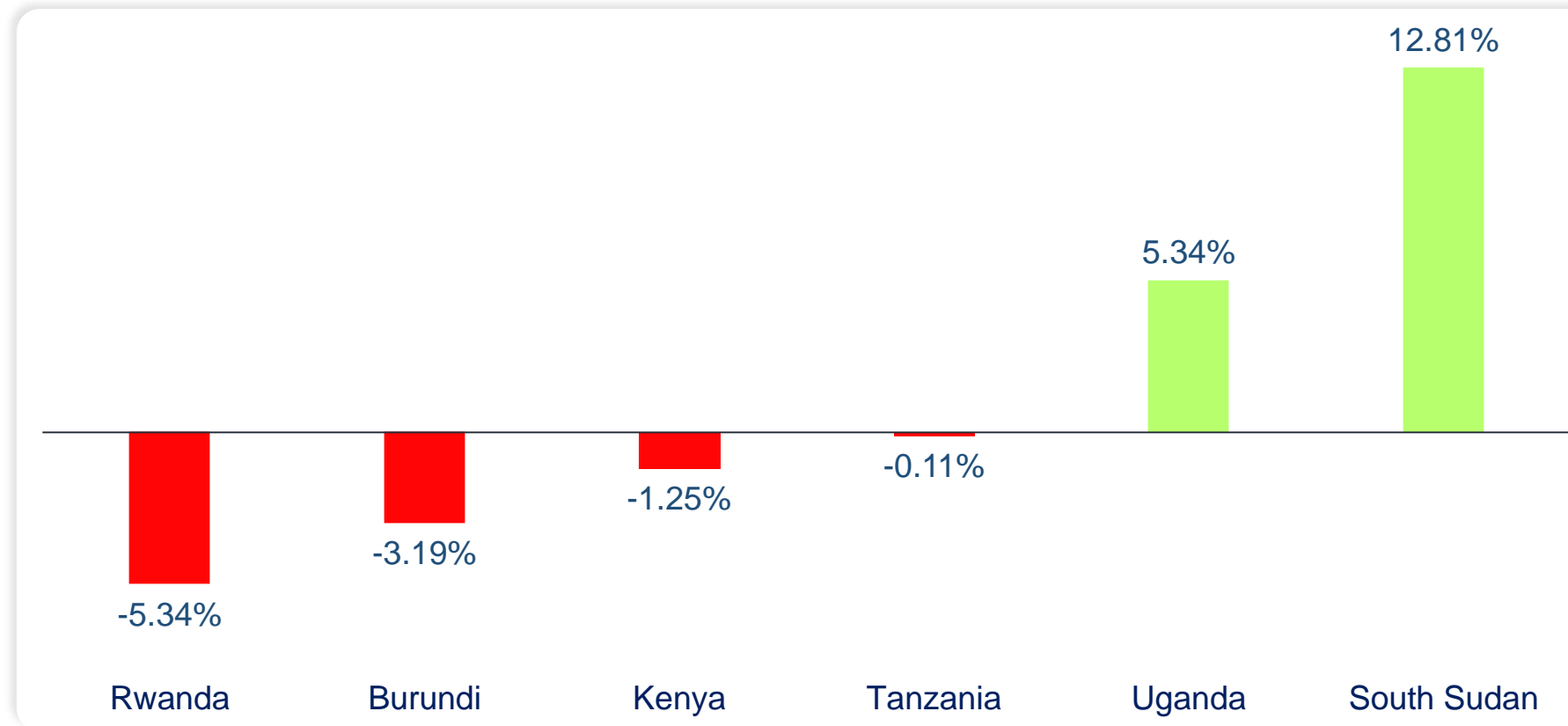
Diaspora remittances up 20% in 12-months to June



Uganda driven by inflows and coffee exports.



South Sudan devalued its currency in Q1 21.

Performance of regional currencies against USD; Jun 2021 vs Jun 2020

## KENYA



Import cover 5.81 months  
in end of June

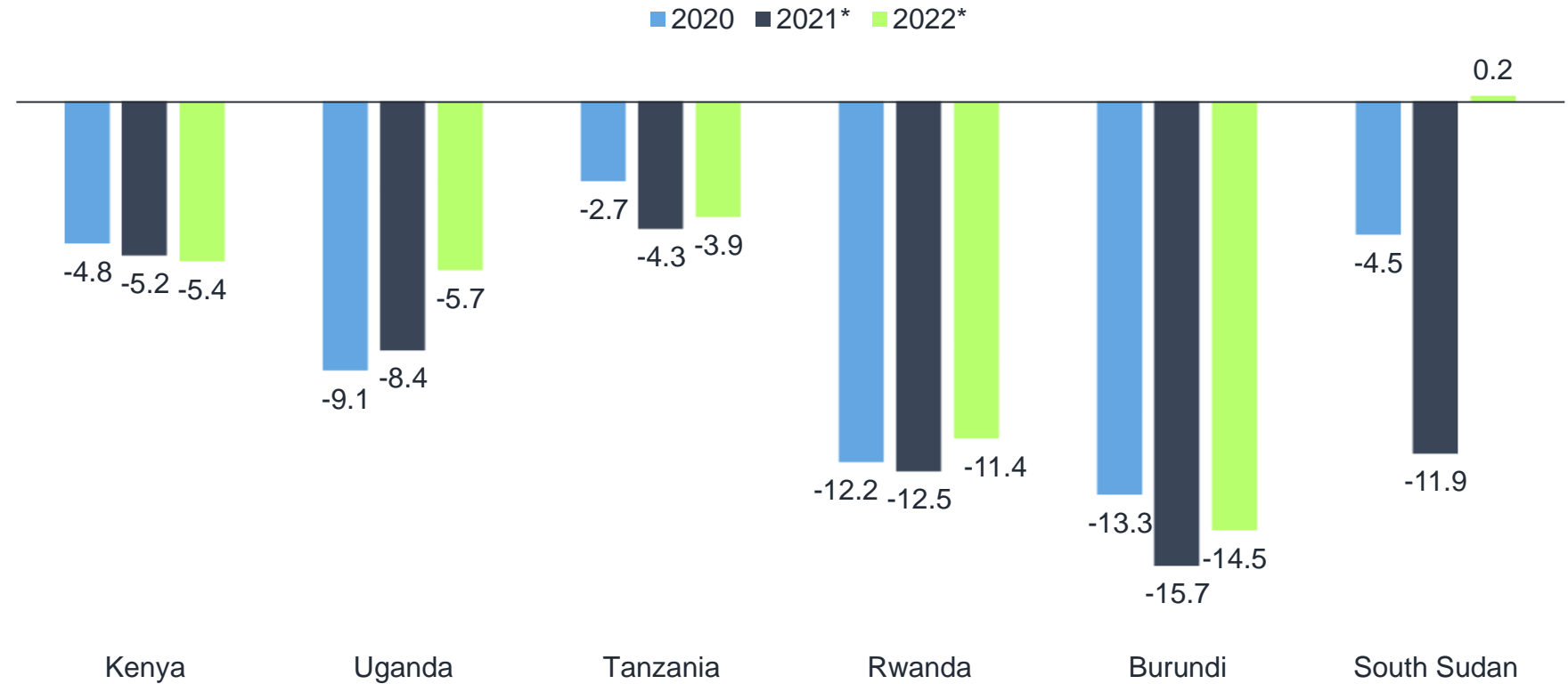


Exports up 11.1% in H1  
2021

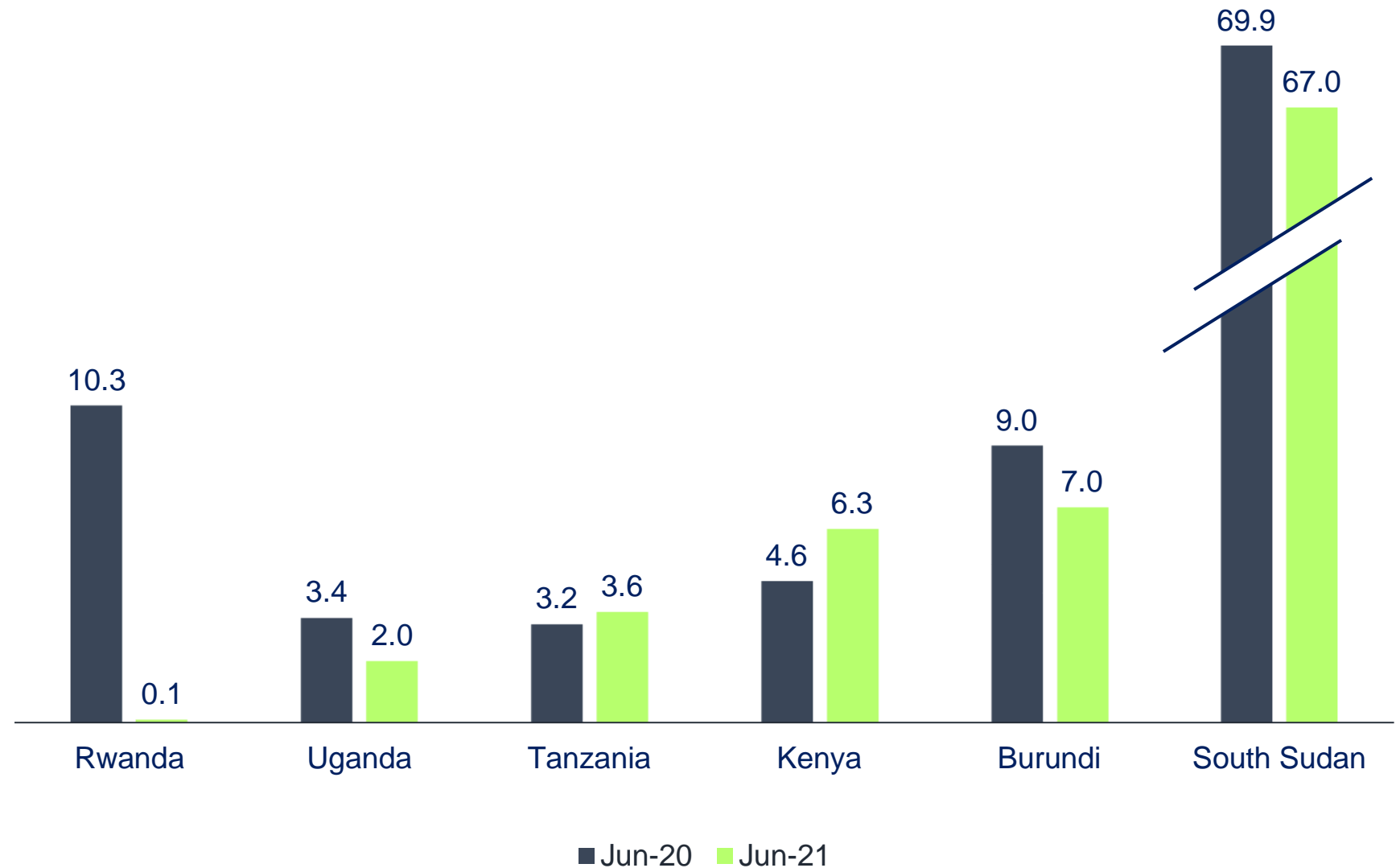


Imports up 21.9% in  
H1 2021

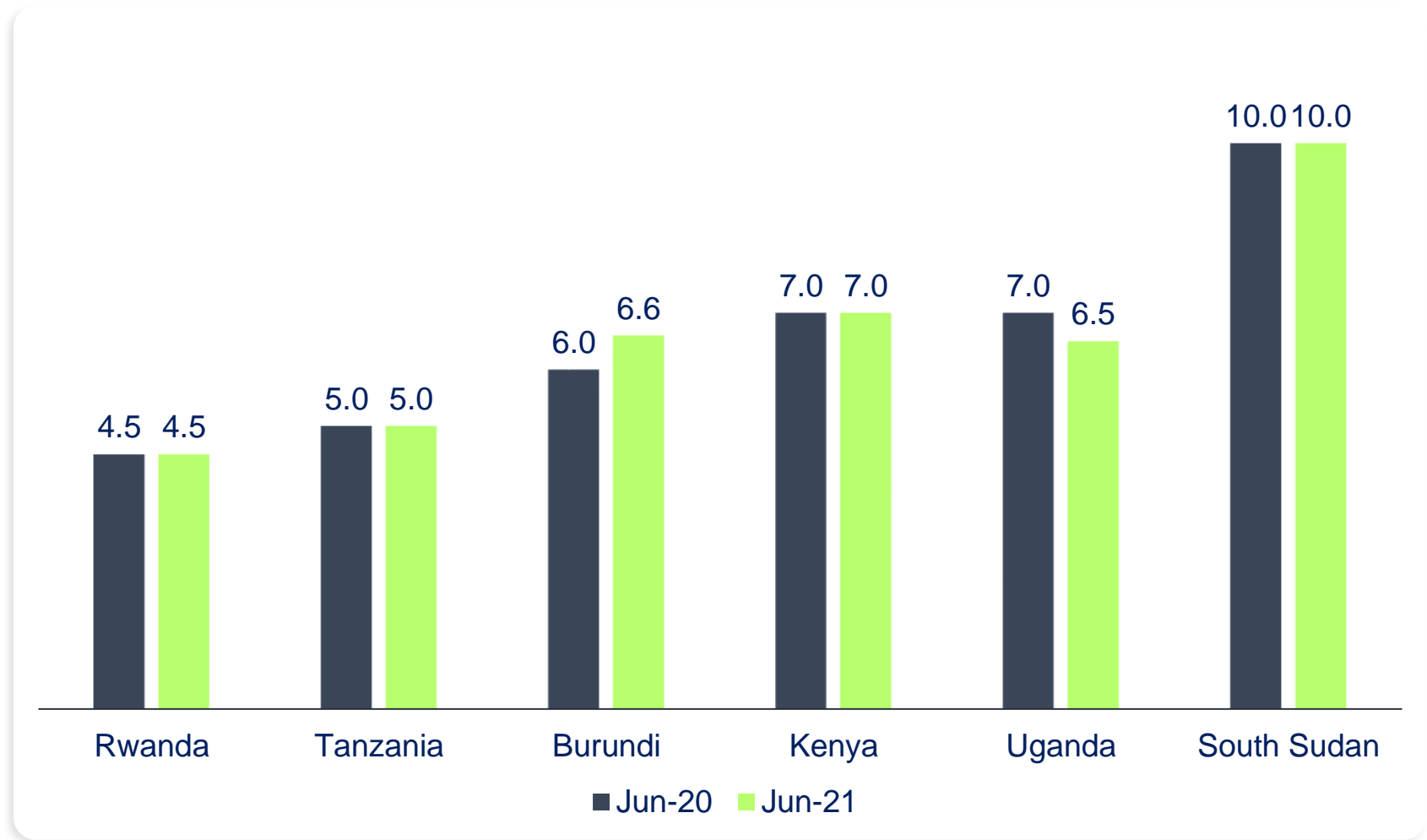
### Current account deficit, GDP %



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



Sustained accommodative monetary policy stance by Central Banks in the region.





# Channel Performance

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106.5543

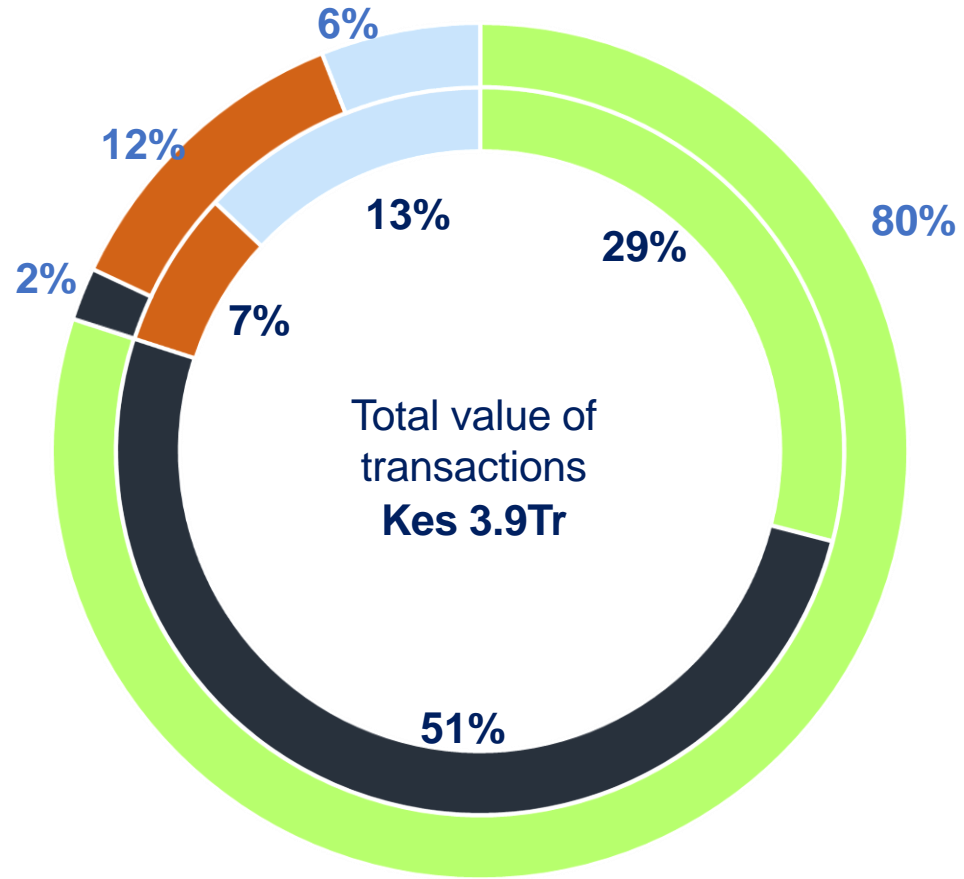
0.4251

Proportion of channel transactions per customer touch point in H1 21

**98%**  
of transactions performed outside the branch channels

**23%**  
Growth in average size of branch teller transaction to Kes 350,000. The channel mainly handles big ticket items.

**227M**  
Total number of transactions in H1, a 45% growth from same period last year.



Share by number  
Share by value

■ Mobile ■ Branch teller ■ Agency banking ■ ATMs, POS & iBank



**Kes 1.9T**

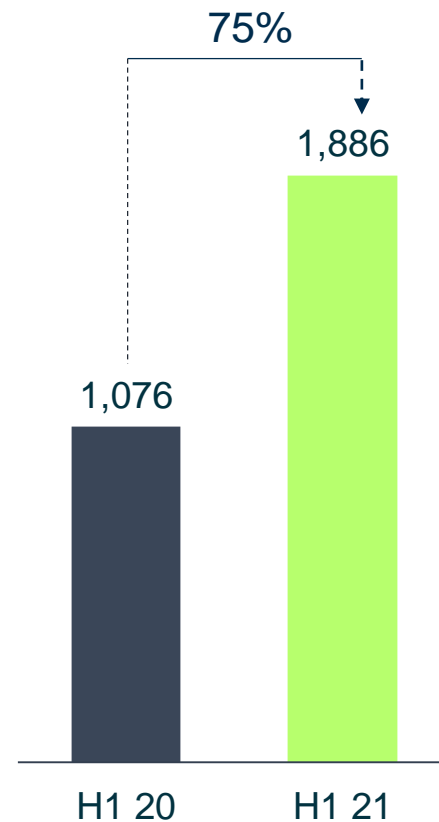
Total value of non-branch transactions up 75%

**96%**

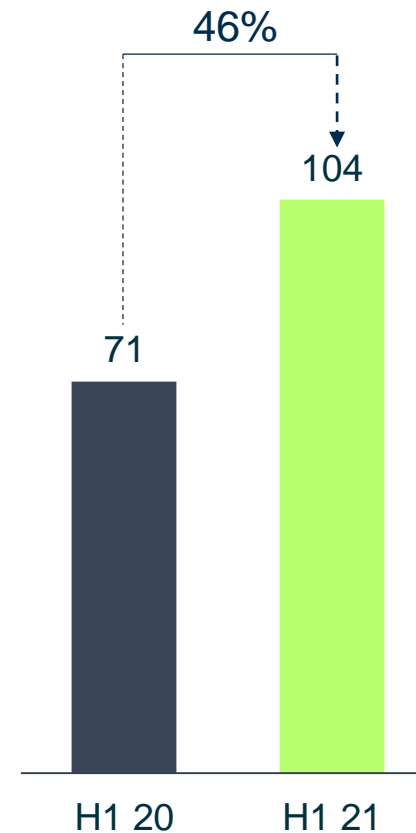
Growth in average Mobi Service transactions per active customer to 19 per month.

Digital transactions account for 98% of the number and 49% of the value of all transactions.

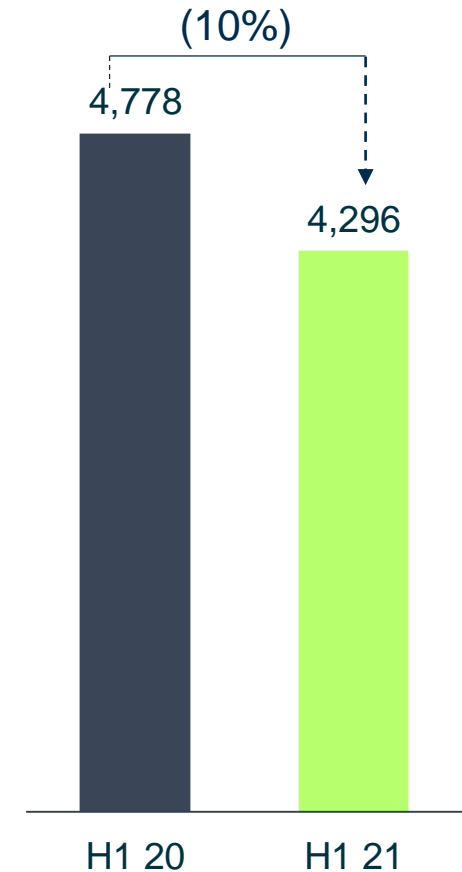
Value of digital transactions (Kes B)



Number of digital transactions (M)



Digital revenue (Kes M)



**Kes1.1T**

Value of mobile banking transactions grew 104%

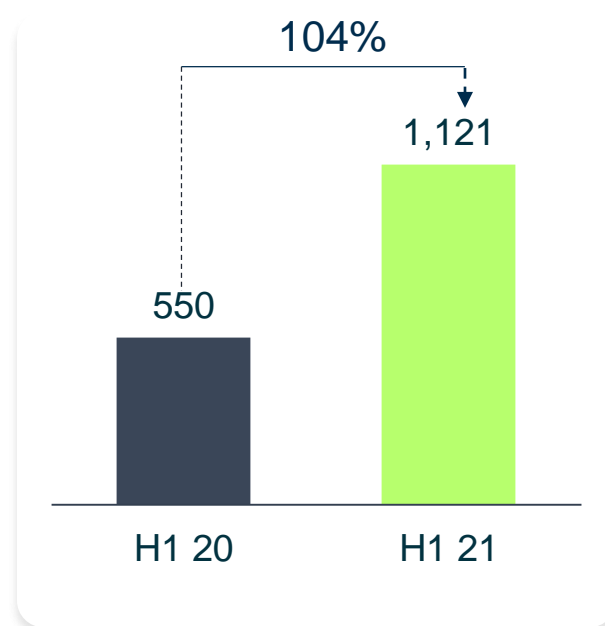
**124%**

Growth in value of mobile banking transactions (excluding lending).

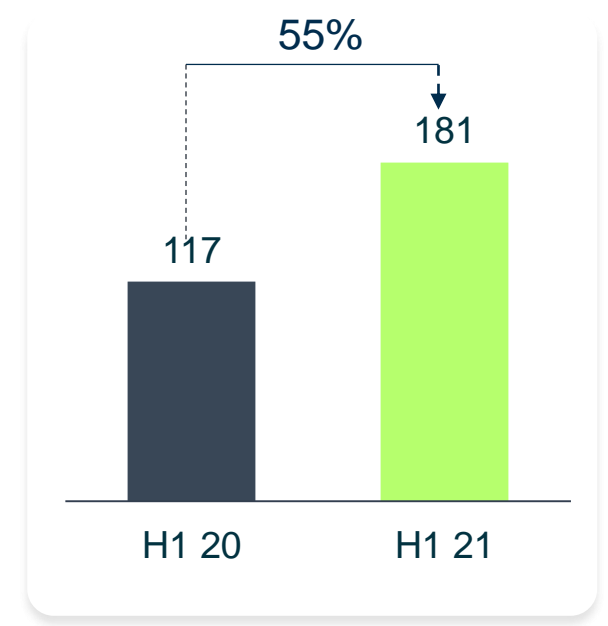
**Kes172B**

Net mobile banking deposits

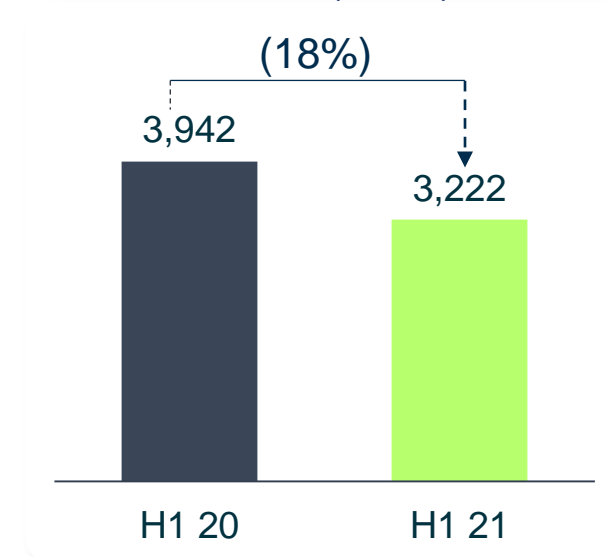
Value of mobile transactions (Kes B)



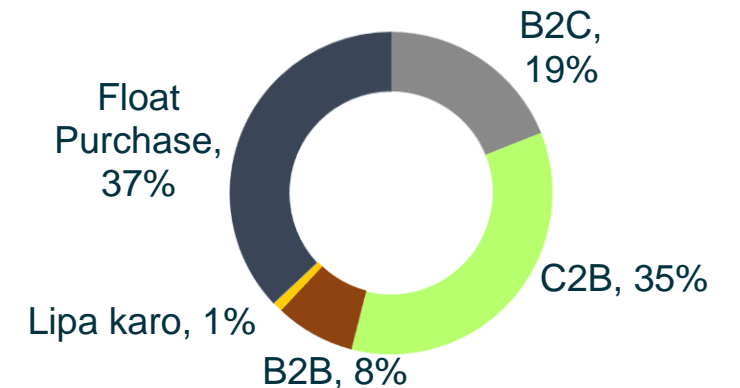
Number of mobile transactions (M)



Mobile revenue (Kes M)



Mobile transactions volumes by type



**Kes 74B**

Value of mobile loans advanced.  
Up 7% QoQ.

**115M**

Number of mobile borrowings  
up 34% YoY with Fuliza  
increasing by 70%.

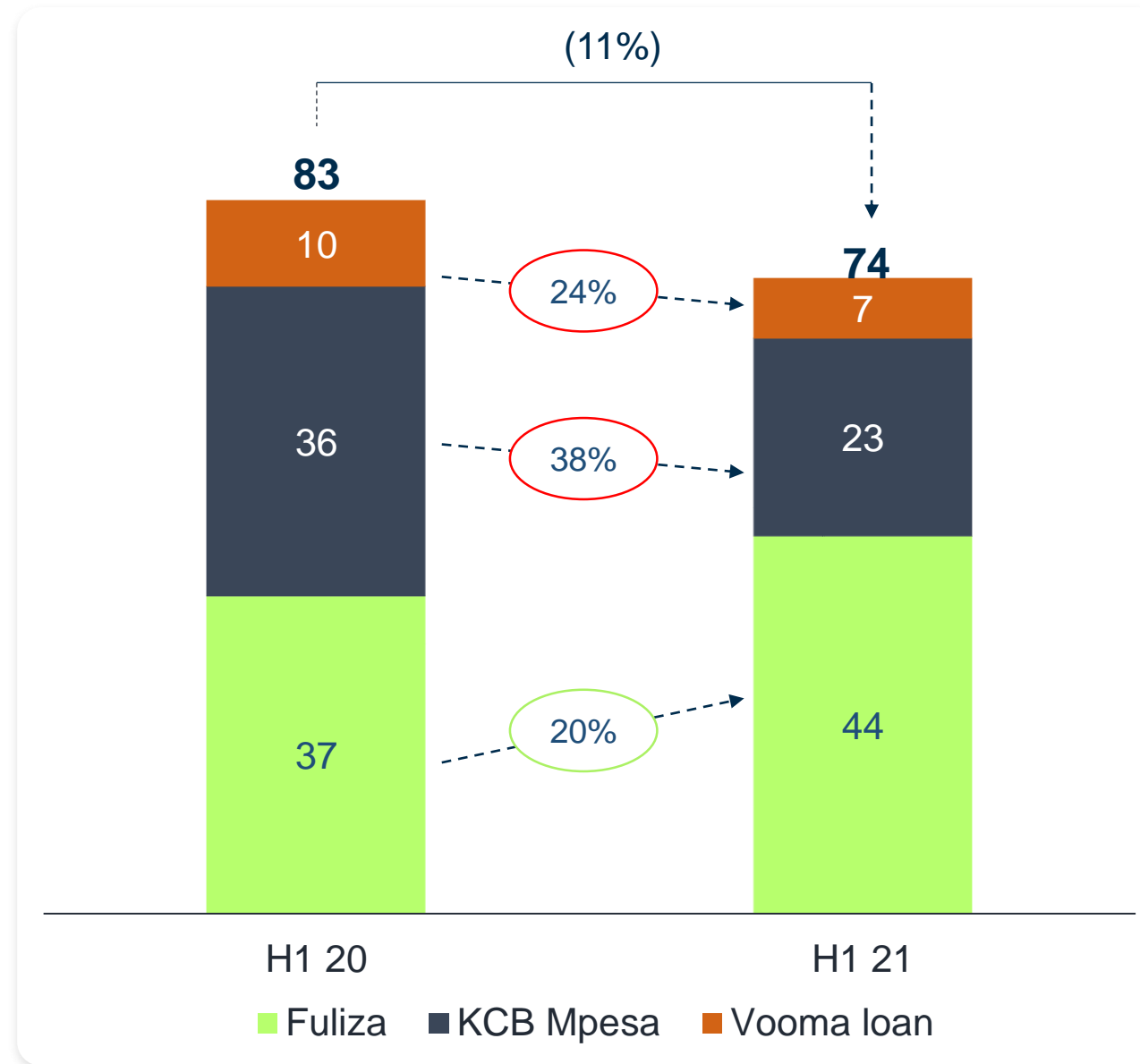
### Mobile loans average size

Vooma loan: Kes 23,000

KCB Mpesa: Kes 9,200

Fuliza: Kes 400

Value of mobile loans advanced (Kes B)



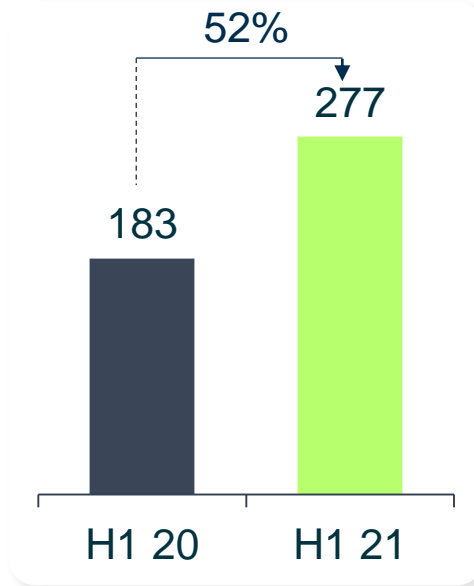
**40%**

Growth in average size of an agency transaction to Kes 17,000.

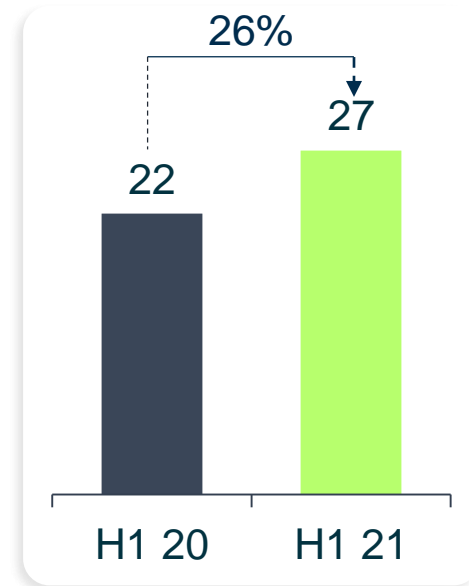
**23%**

Increase in Inua jamii disbursements to Kes 11B

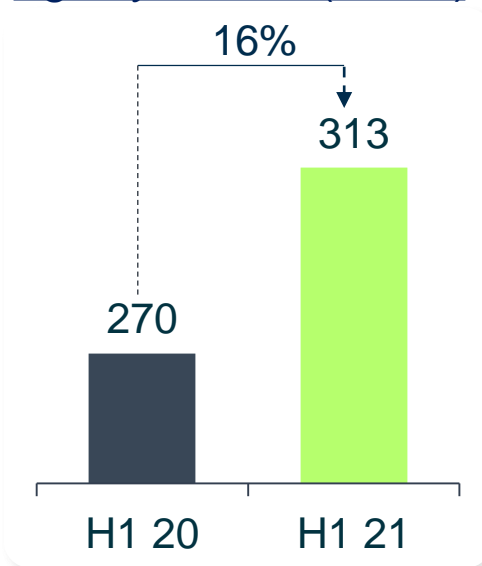
Value of transactions (Kes B)



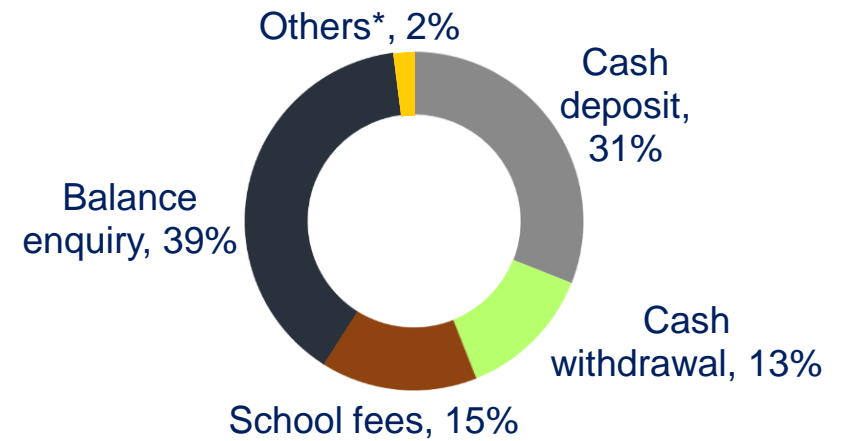
Number of transactions (M)



Agency revenue (Kes M)



Agency transactions type



\*Others: Account opening, mini statement, load cards and funds transfer

**Kes 103B**

Deposits collected via ATMs in H1. Up 91% YoY and 37% QoQ.

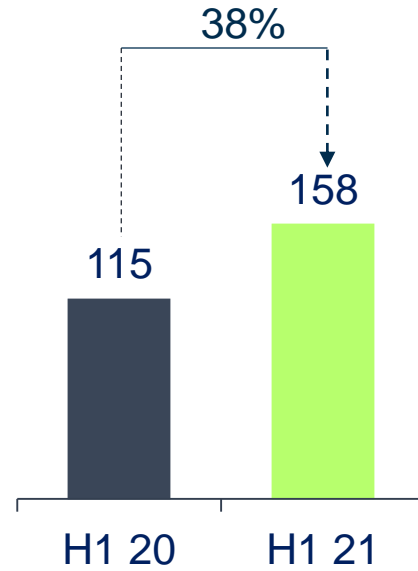
**65%**

Cash deposits share of ATM transactions by value. 11% by number.

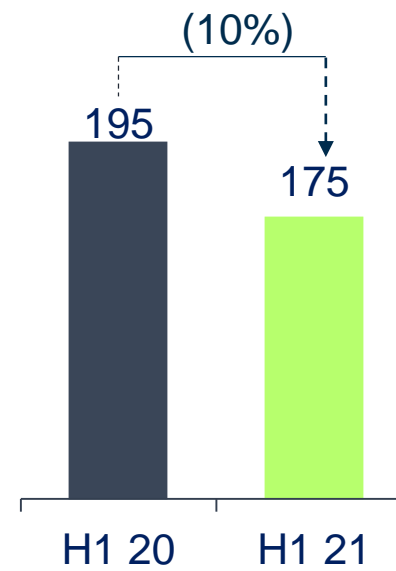
**68%**

Growth in average size of an ATM deposit to Kes 174,000. Average size of withdrawal steady at Kes 11,000.

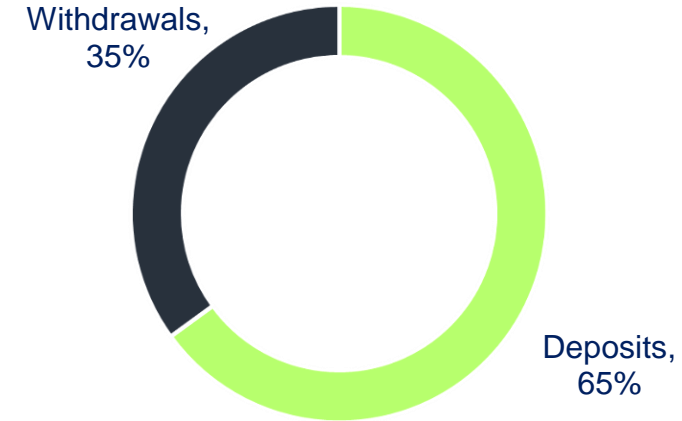
Value of transactions (Kes B)



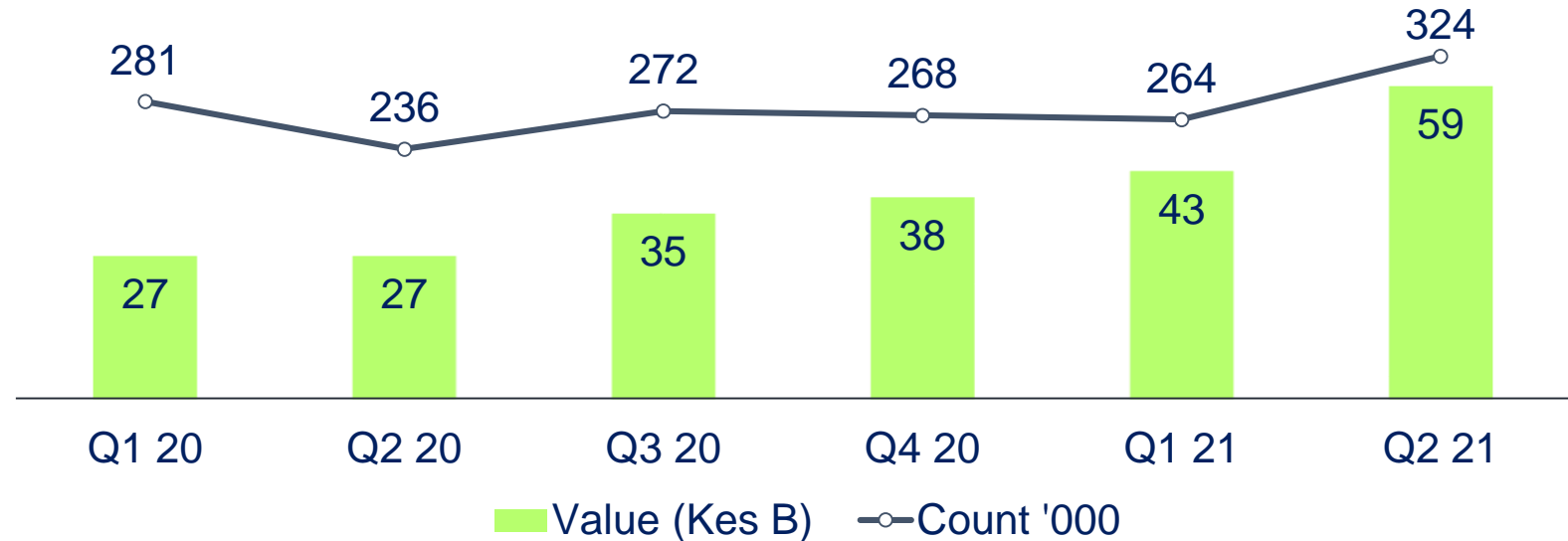
ATM revenue (Kes M)



Share of value of transactions



ATM Deposits growth



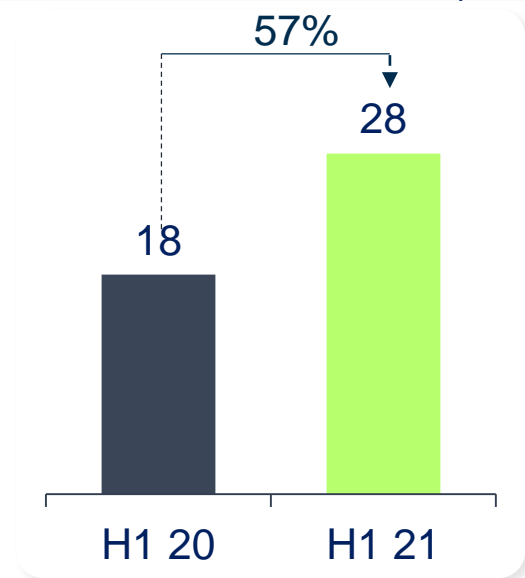
**75%**

Growth in number of POS transactions with resumption of economic activities.

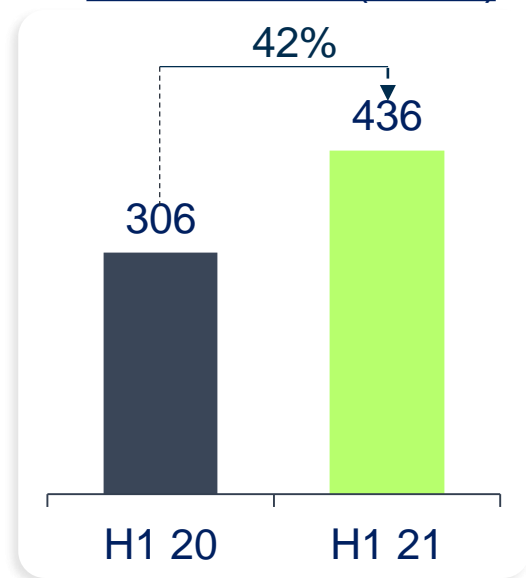
**73%**

Growth in number of internet banking transactions driven by increased customer uptake.

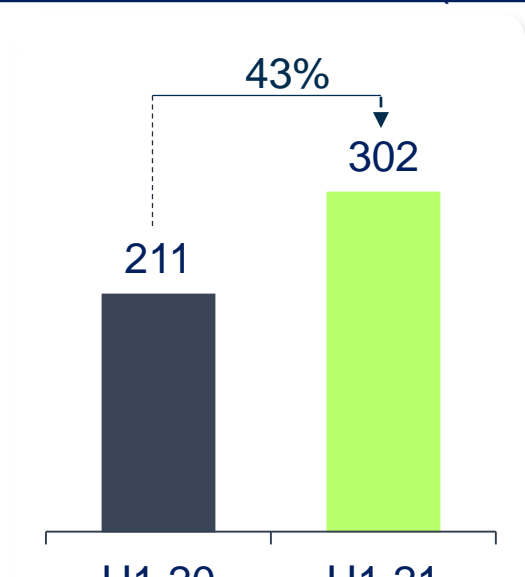
Value of POS transactions (Kes B)



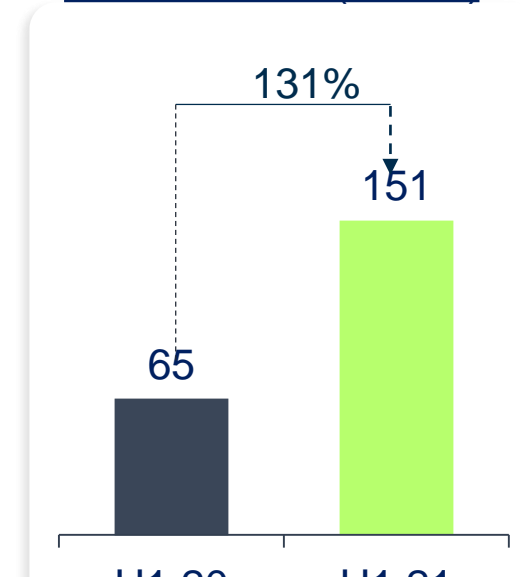
POS revenue (Kes M)



Value of iBank transactions (Kes B)



iBank revenue (Kes M)





# Financial Performance

99.3554

108.365

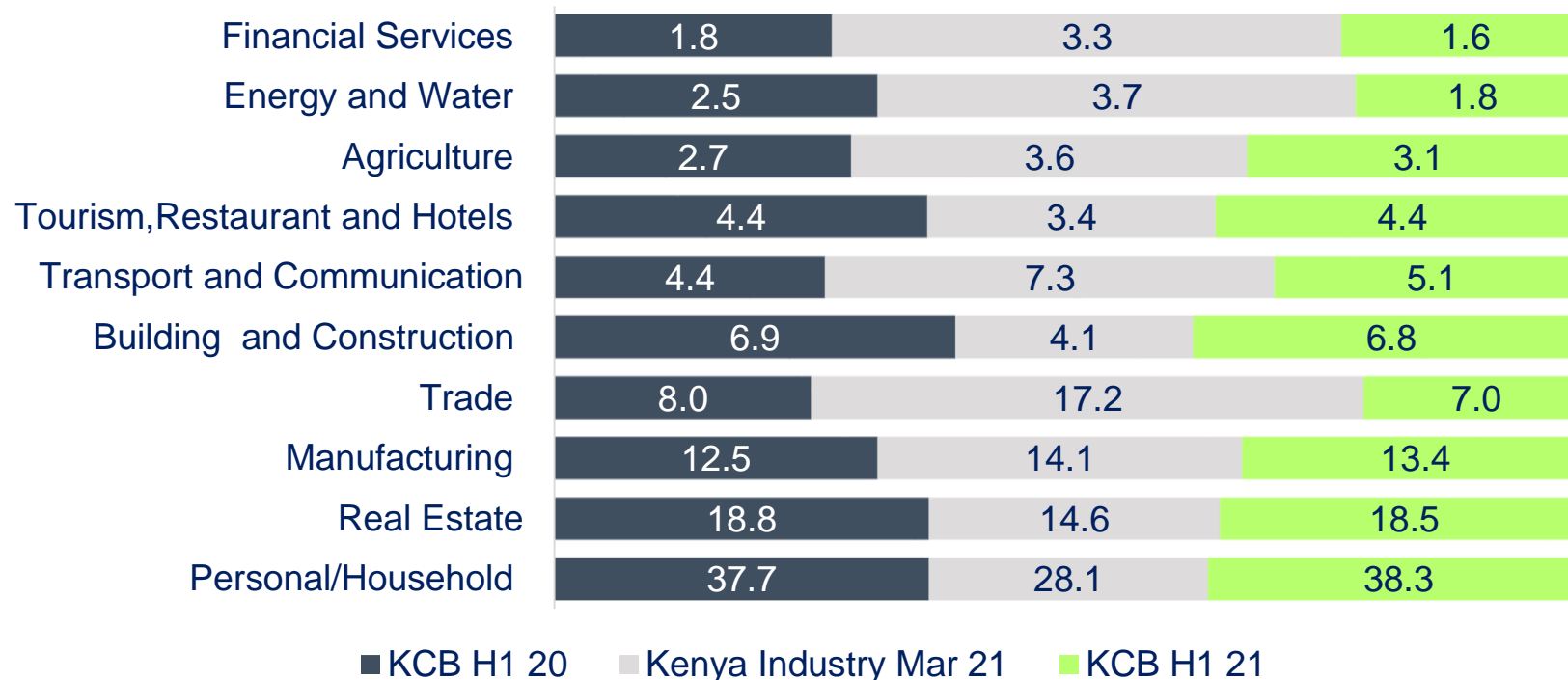
0.4251

100.665

106.5543

Stable Loan Book distribution over the period.

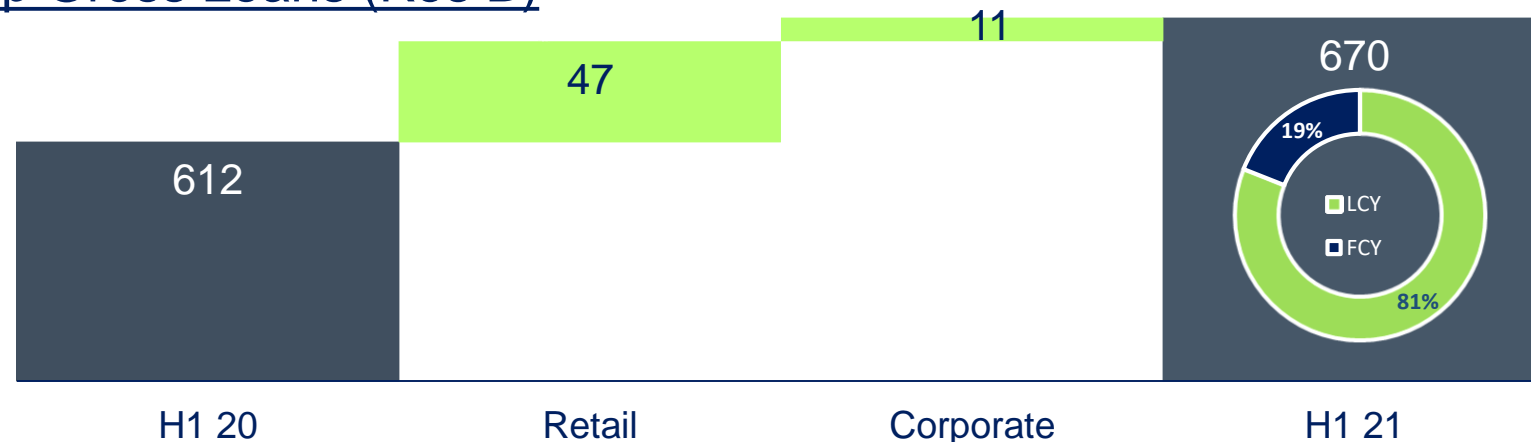
### Sectoral Loans Comparison (%)



**10%**

Growth in Gross Loans driven by personal and manufacturing sectors.

### Group Gross Loans (Kes B)

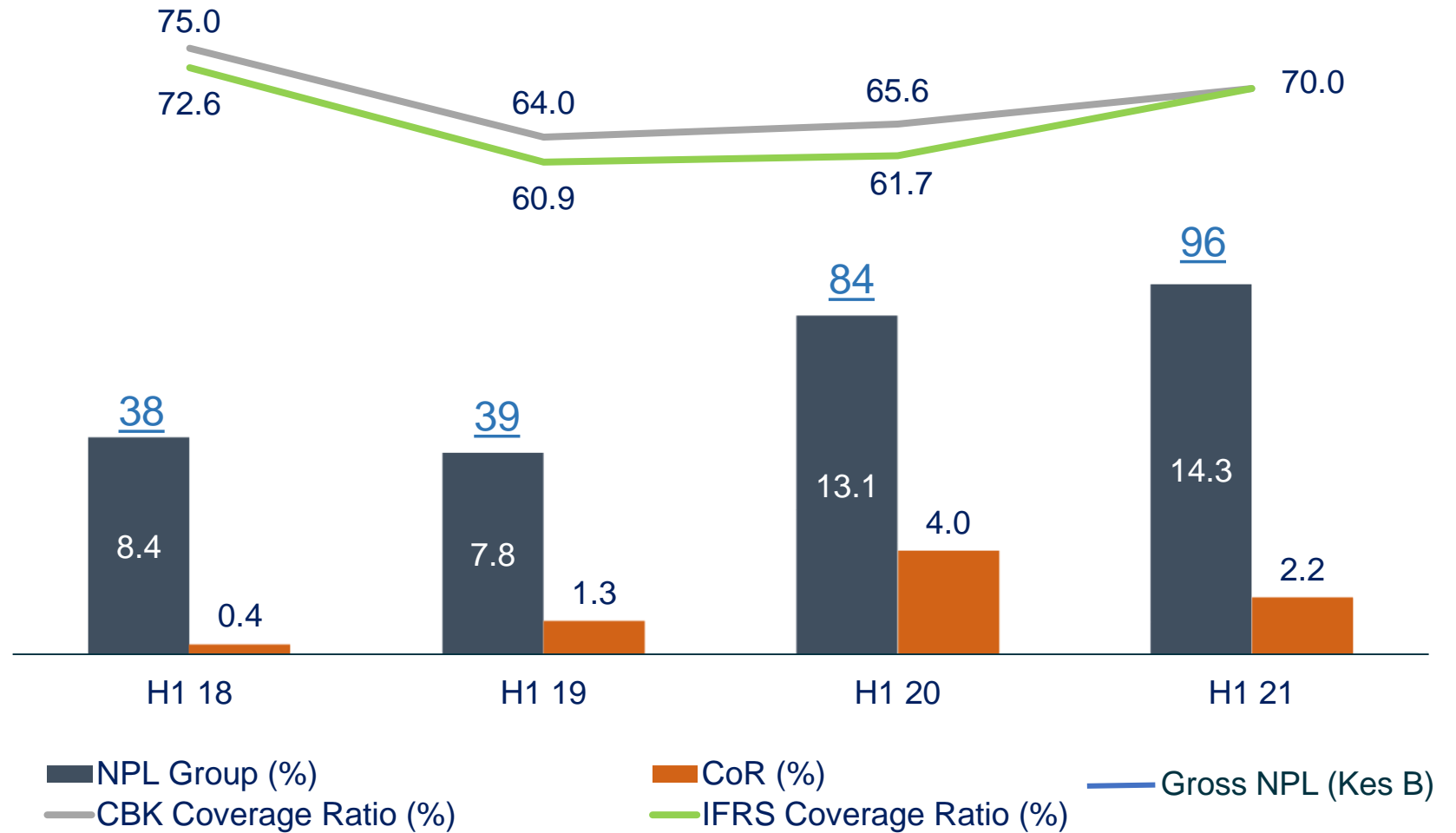




# 14.3%

Group NPL ratio improved by 50 bps in the second quarter.

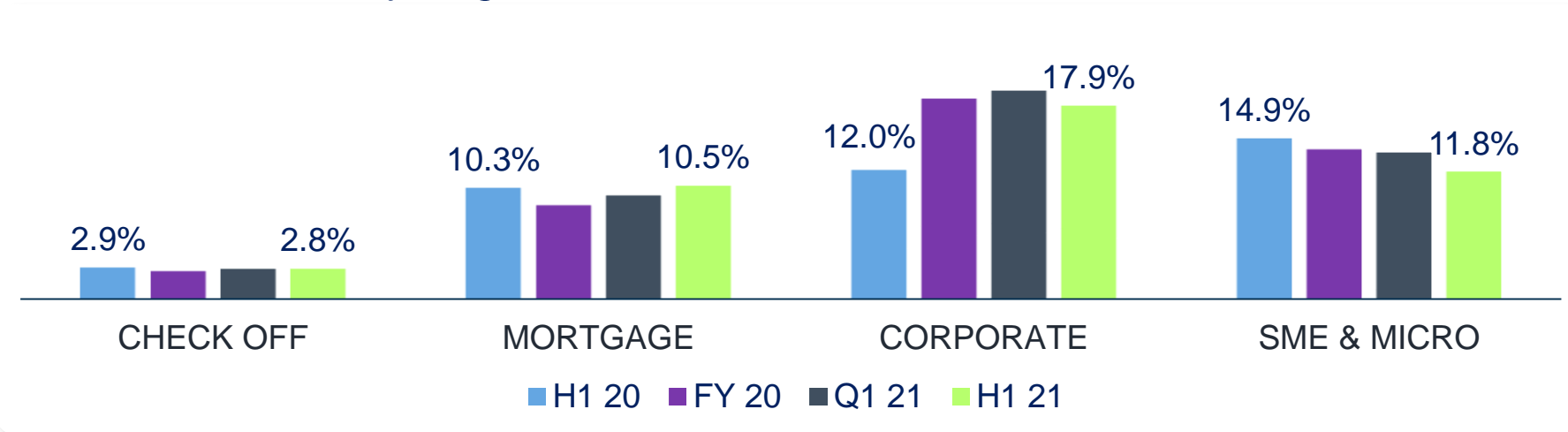
Cost of risk improved to 2.2% driven by reduced impairment charge on corporate and digital lending facilities largely from KCB Kenya



**11.9%**

KCB Bank Kenya NPL ratio in June 2021. Down from 12.5% in March.

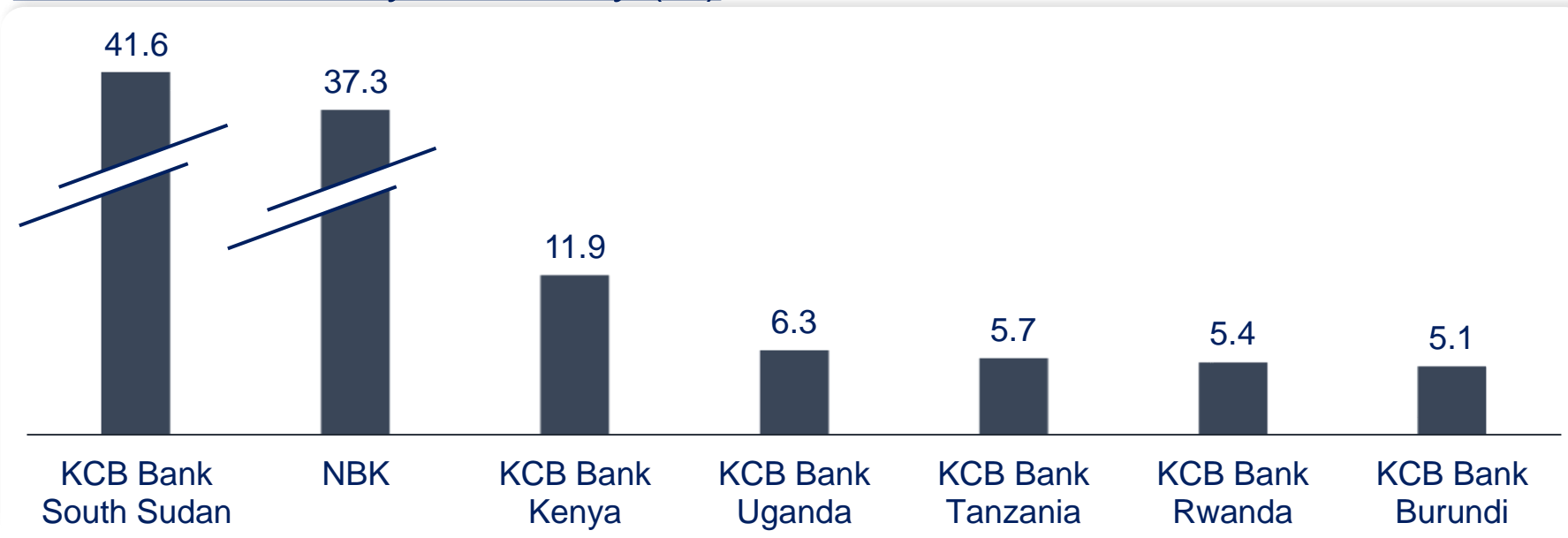
NPL breakdown by segment



**14.0%**

Kenya industry NPL ratio as at June 2021.

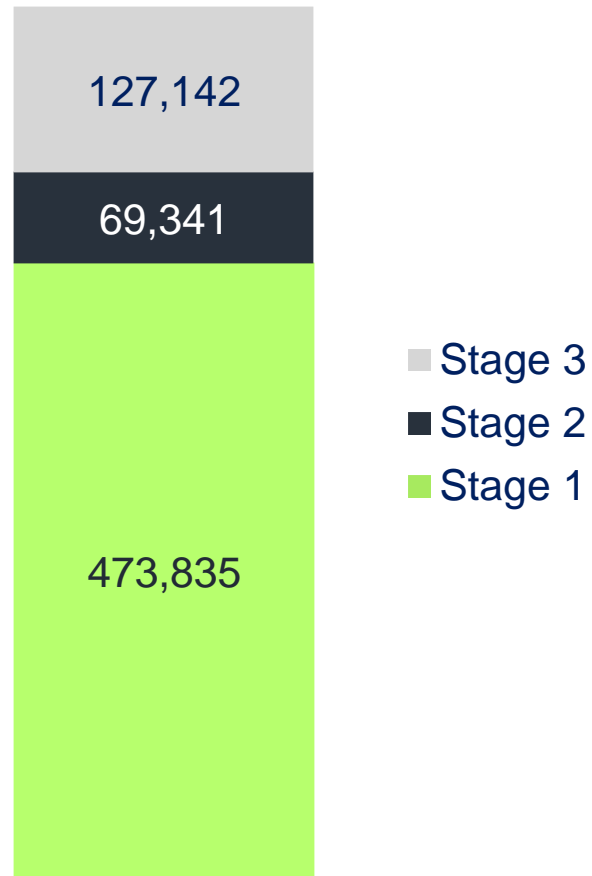
NPL breakdown by subsidiary (%)



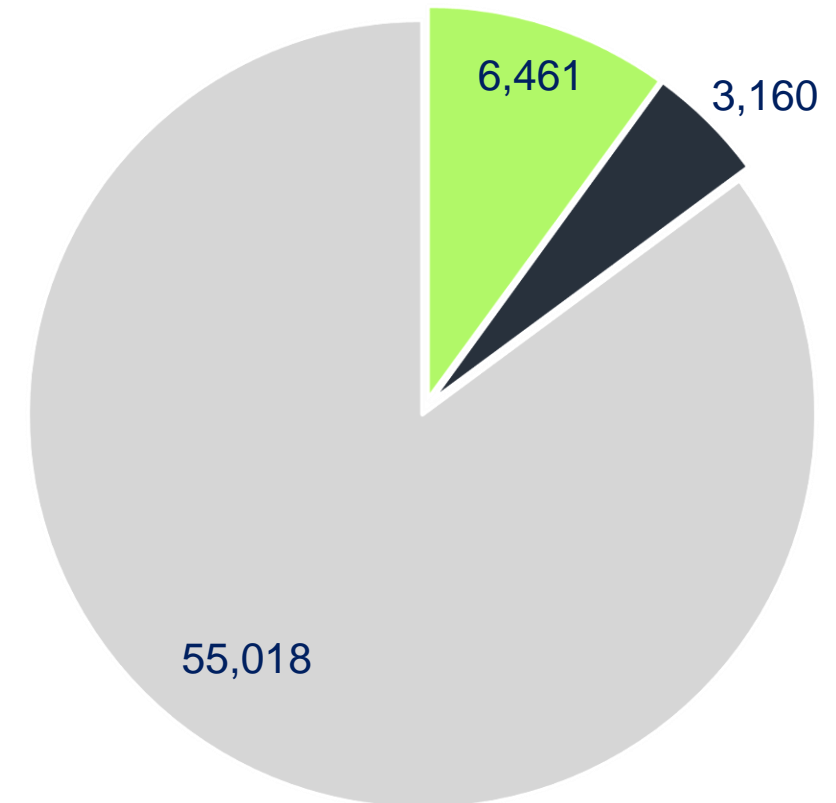
## Kes 6.6B

Net provisions improved by 40% YoY as the COVID-19 related impairments had been recognized in FY 2020 and the facilities restructured.

### H1 2021 Gross loans (Kes M)



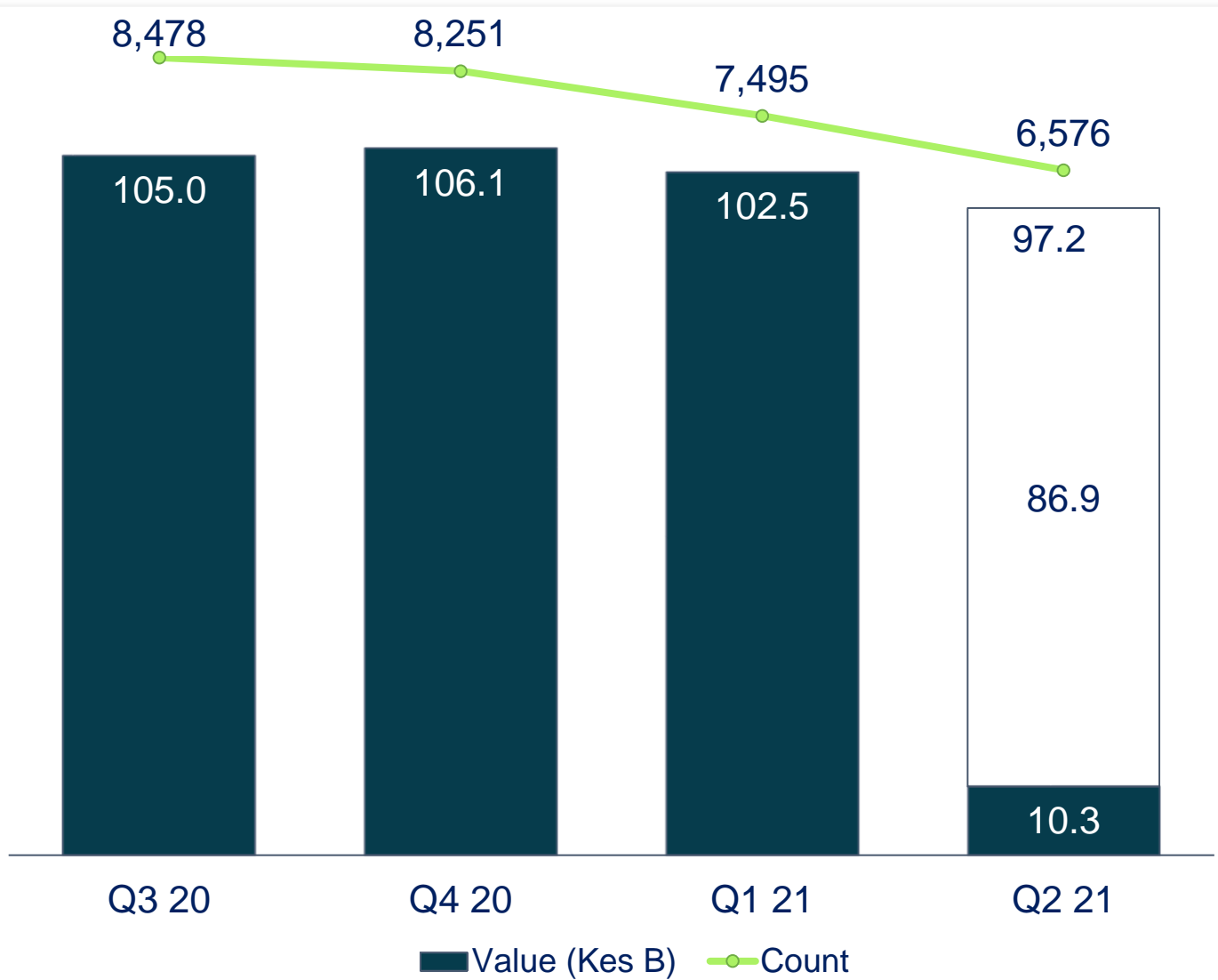
### H1 2021 IFRS provisions (Kes M)



## 89.3%

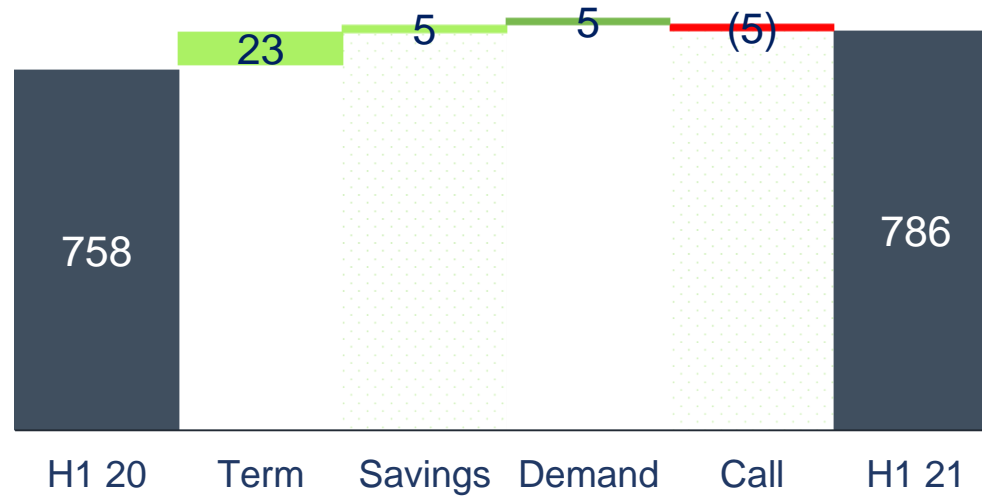
Proportion of COVID-19 restructured facilities that are performing as normal

### Quarterly movement in restructured loans

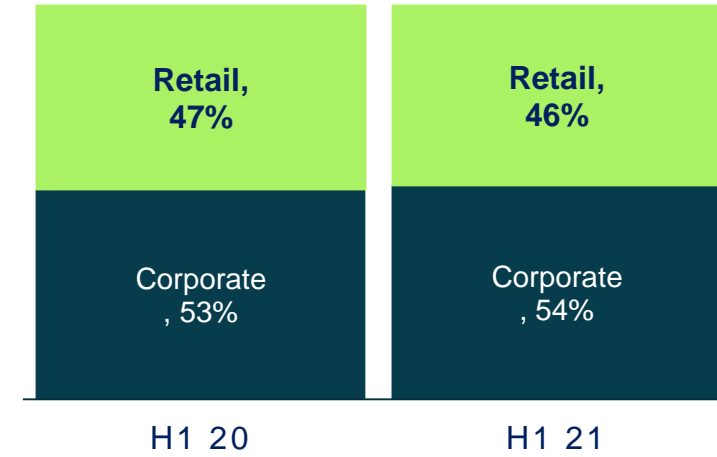


Low cost and stable funding mix driven by growth in term and savings deposits

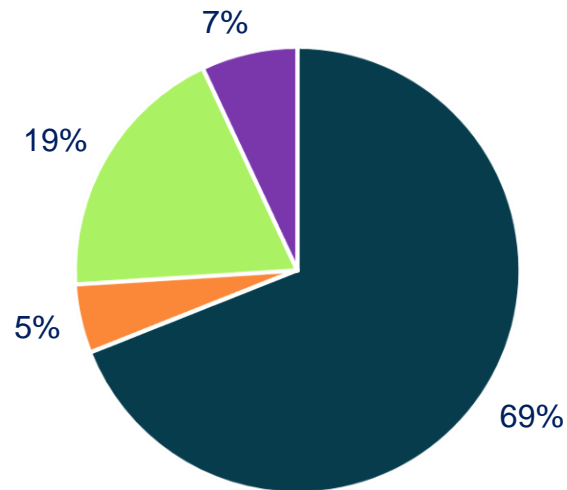
Deposit growth (Kes B)



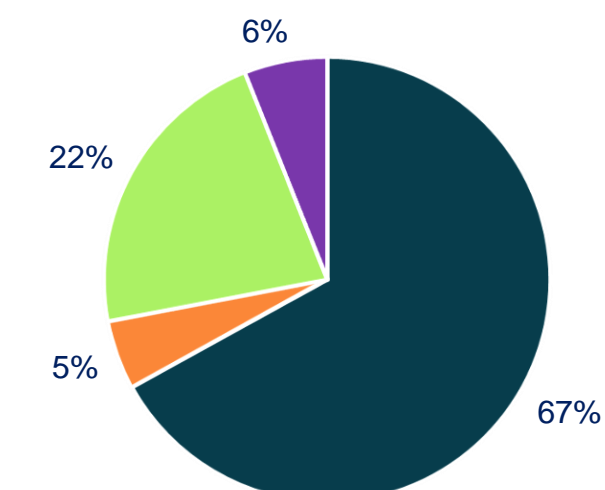
Deposit mix



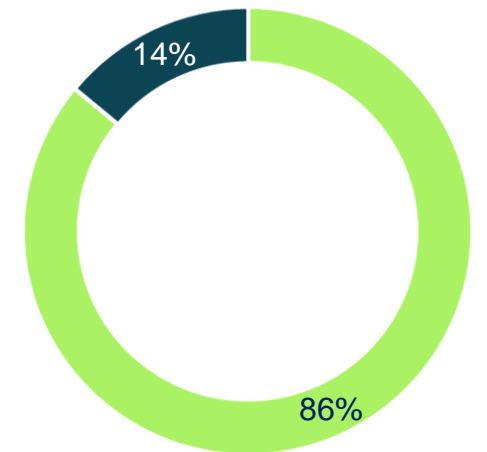
Deposits by type H1 20



Deposits by type H1 21



Currency Mix



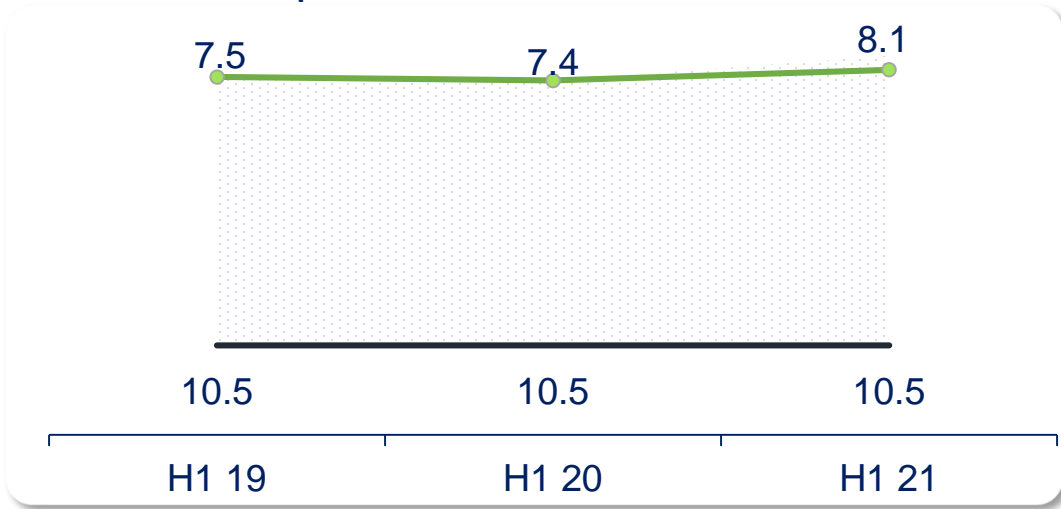
Demand ■ Savings ■

Term ■ Call ■

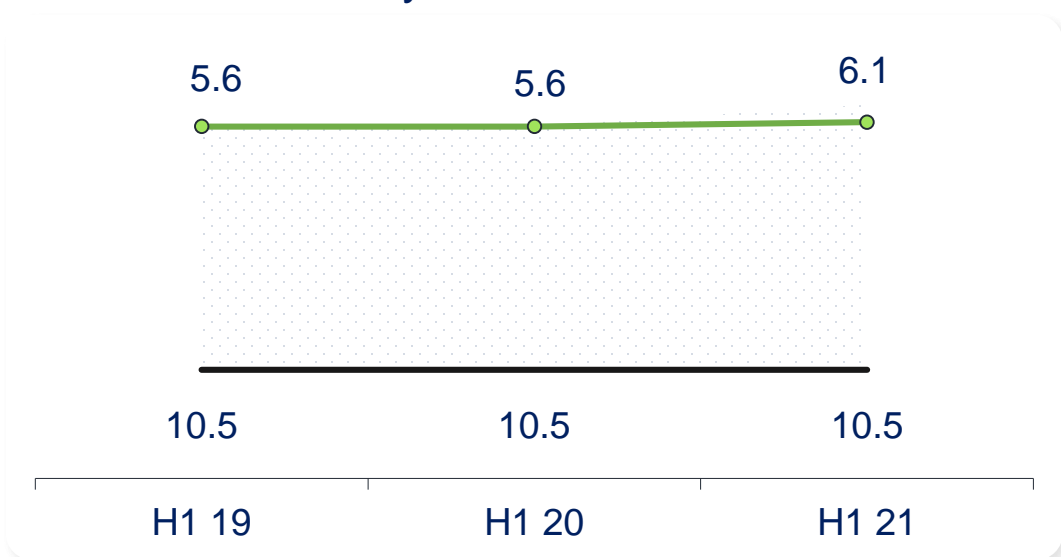
■ LCY ■ FCY

## Core Capital to RWA Headroom (%)

KCB Group

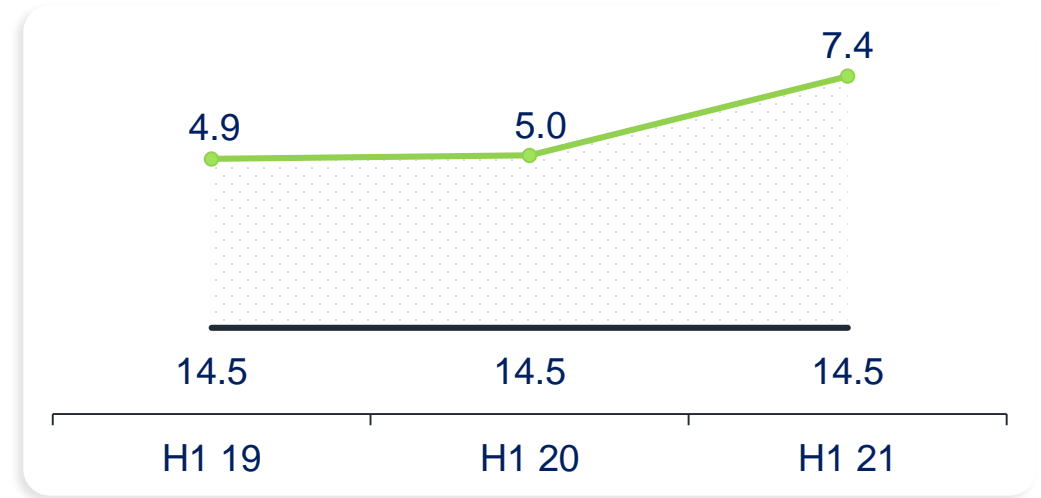


KCB Bank Kenya

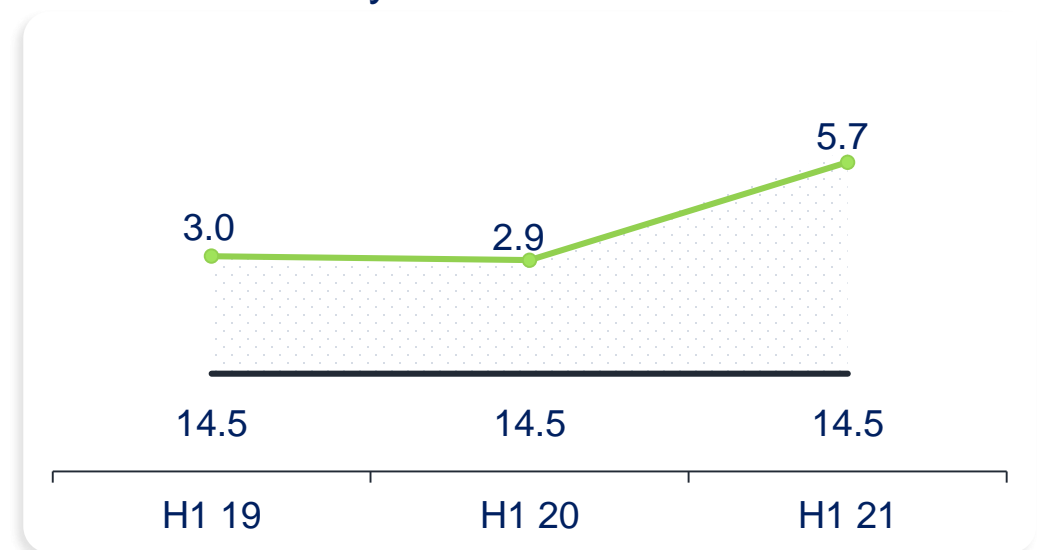


## Total Capital to RWA Headroom (%)

KCB Group



KCB Bank Kenya



Kes

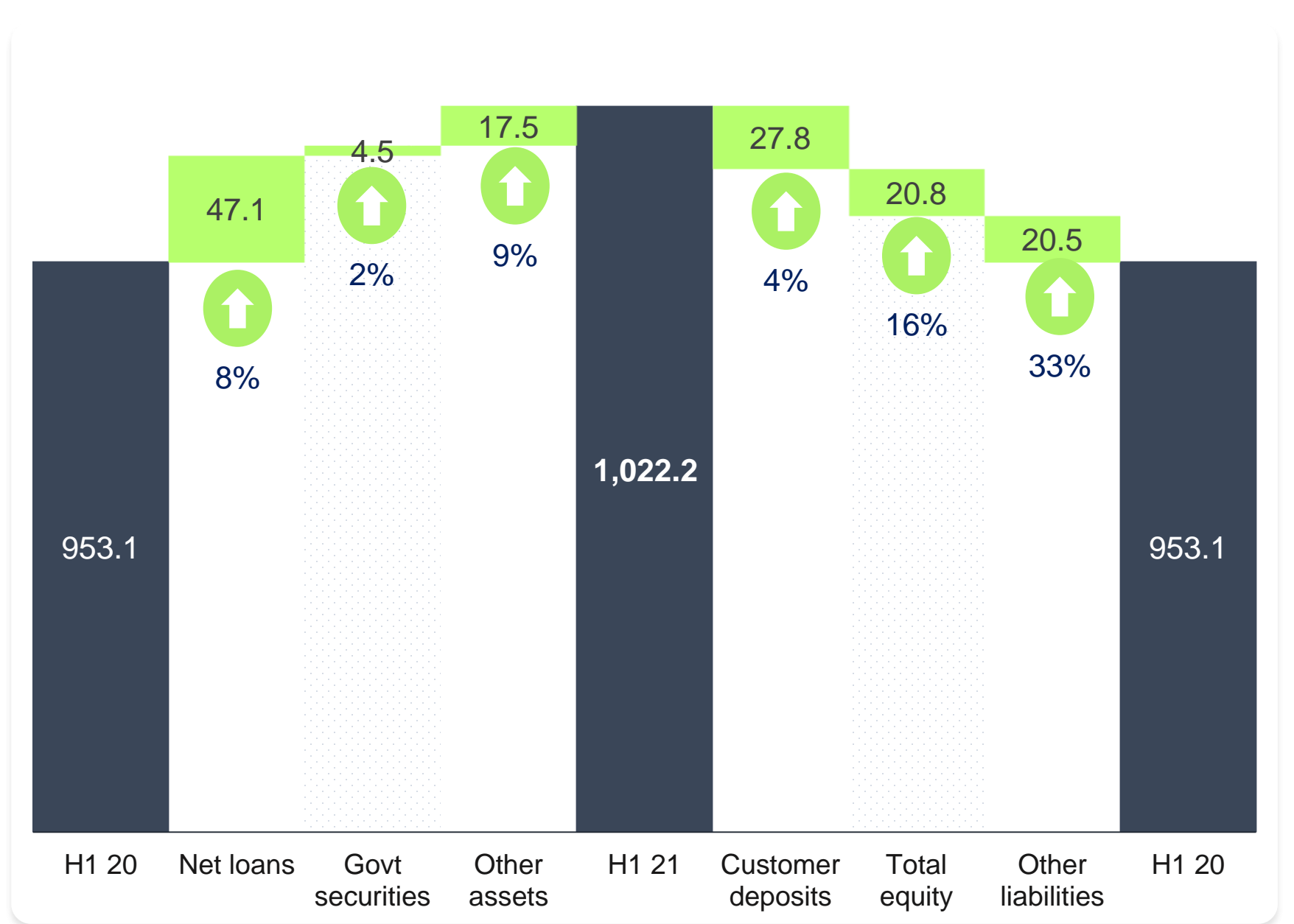
**1.02 Trillion**

**8.4%**

Loan growth driven by corporate term loans and retail check off loans

**3.7%**

Marginal growth in customer deposits.



**102%**

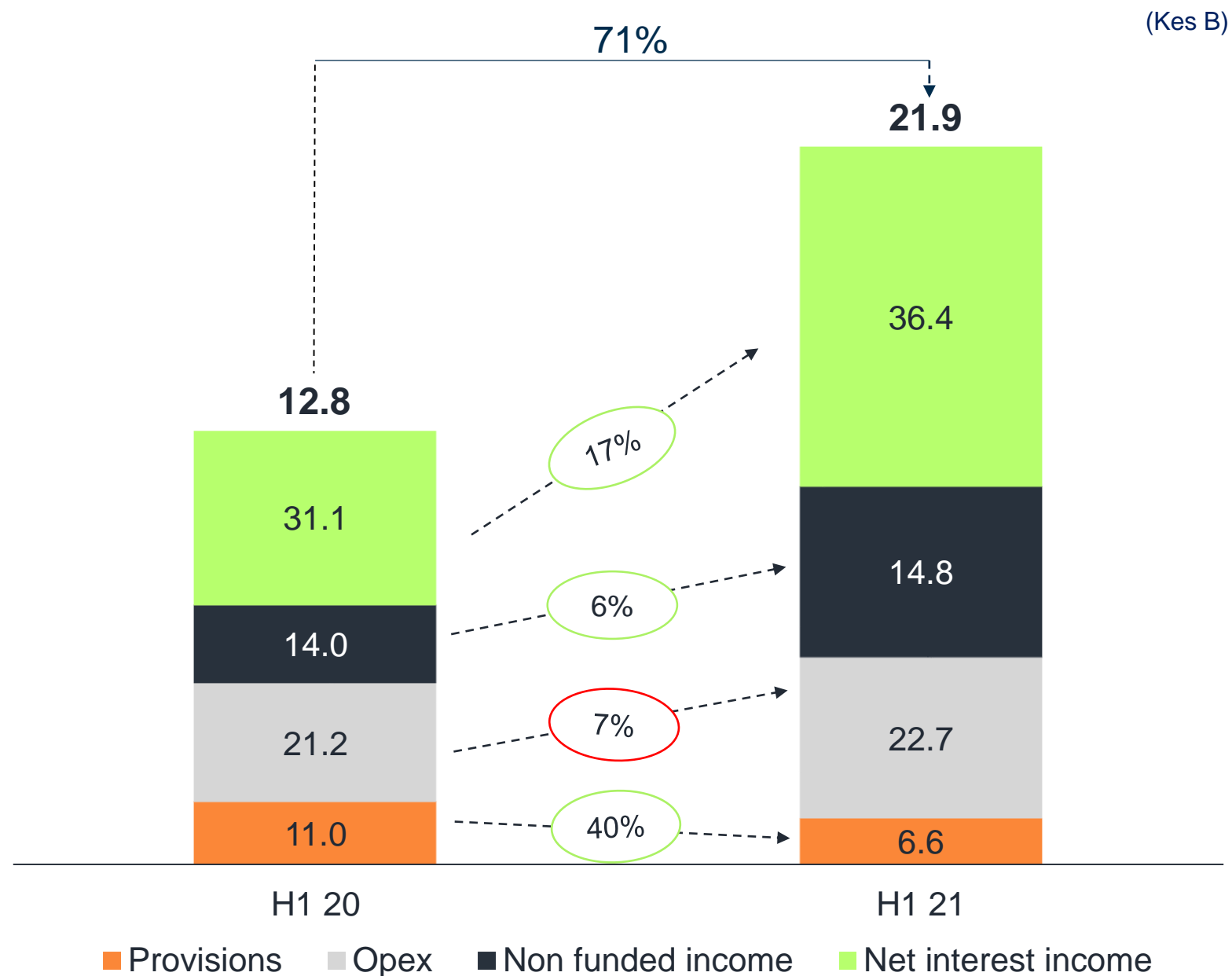
Growth in Profit after tax to Kes 15.3B

**71%**

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

**650 bps**

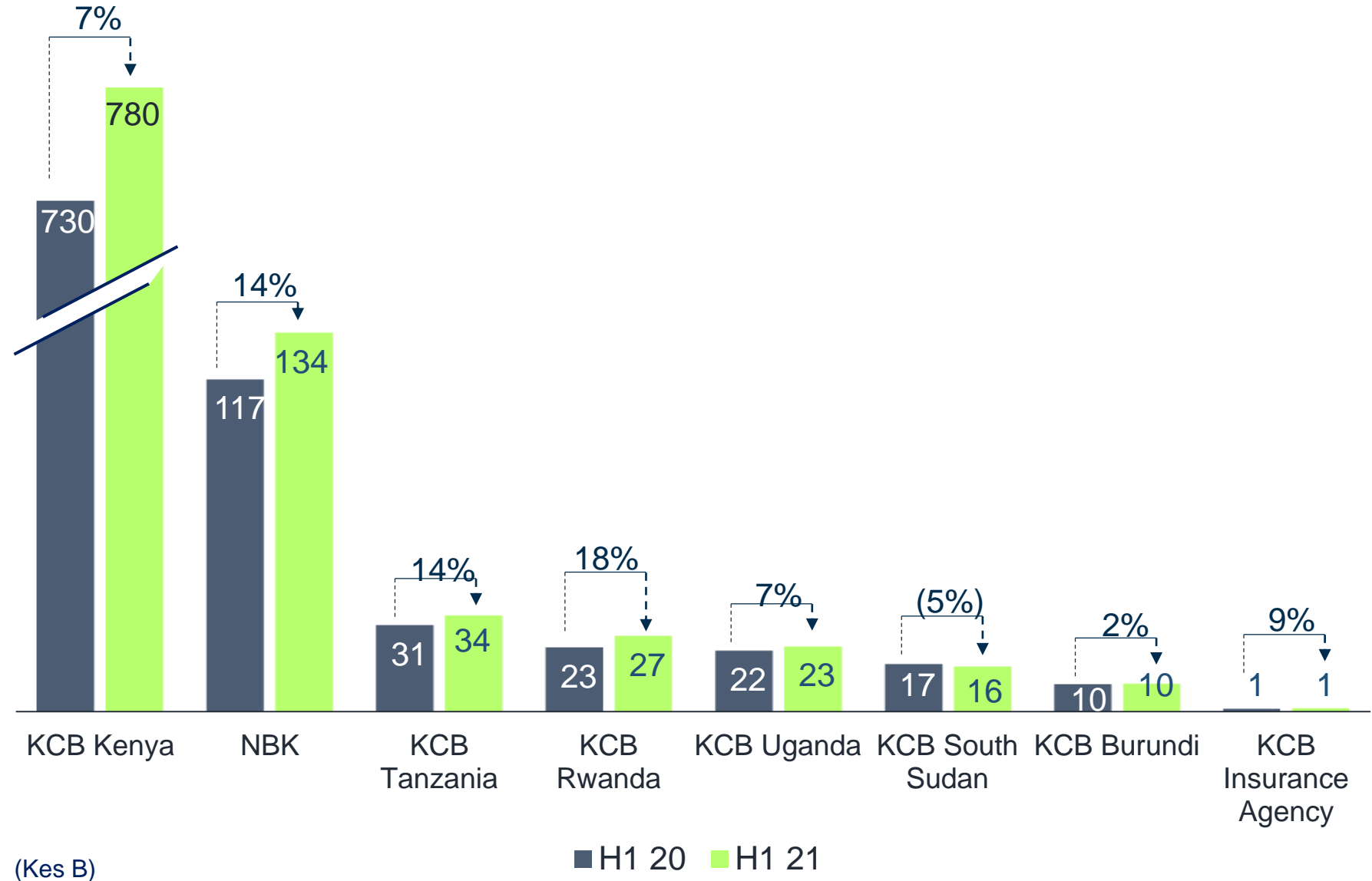
Positive jaws support strong bottom line growth.





**23.7%**

Total asset contribution from subsidiaries outside of KCB Bank Kenya.

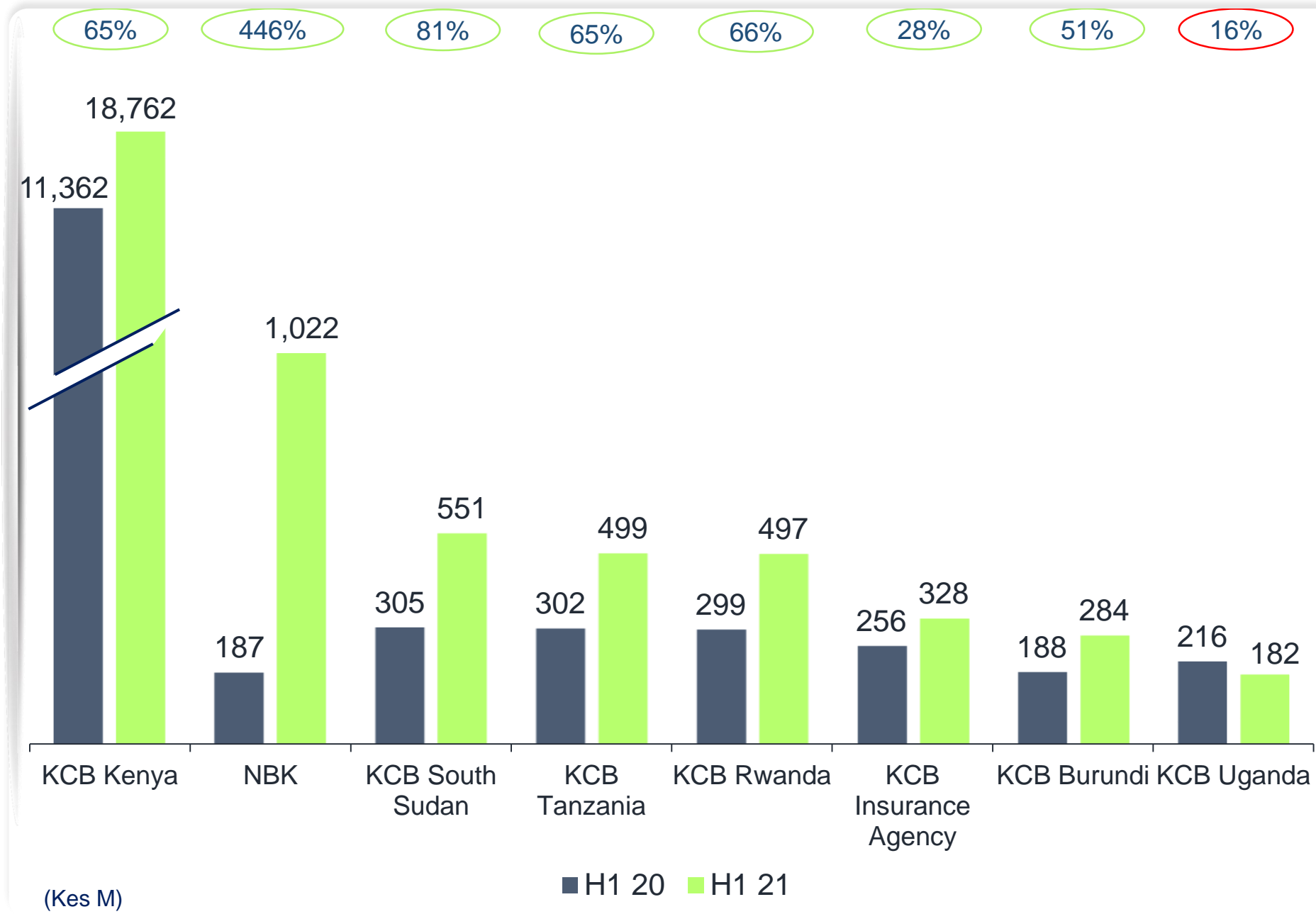


**15.2%**

PBT contribution from subsidiaries outside of KCB Bank Kenya.

**54%**

Growth in the Regional businesses PBT over H1 2020



KCB GROUP				H1 2021	
H1 20	FY 20	Q1 21		KCB KENYA	KCB GROUP
11.6%	14.4%	17.6%	Return on Average Equity	23.3%	20.7%
47.0%	45.0%	48.0%	Cost to Income	38.0%	44.3%
13.7%	14.7%	14.8%	Gross NPL to Gross Loans	11.9%	14.3%
61.7%	66.7%	65.2%	NPL Coverage	69.9%	70.0%
16.2%	26.0%	24.4%	Debt to Equity	28.8%	22.9%
31.0%	29.7%	27.4%	Non funded income to total income	26.2%	28.6%
33.3%	35.3%	29.6%	Mobile NFI to total fees and commissions	37.8%	28.7%
2.7%	2.7%	2.6%	Cost of funds	2.5%	2.6%
7.8%	7.9%	7.4%	Net Interest Margin	8.4%	7.9%
4.0%	4.6%	1.7%	Cost of risk	2.2%	2.2%
80.7%	77.4%	79.7%	Loan to Deposit Ratio	90.9%	85.3%
20.1%	19.2%	19.5%	Government securities to total assets	18.3%	19.1%
17.0%	11.0%	7.8%	Growth of Net Loans and Advances	7.3%	8.4%
34.6%	12.0%	1.2%	Growth of Customer Deposits	2.5%	3.7%

Improving economic performance supporting the confidence to meet the 2021 outlook



Kes B	KCB Group			KCB Bank Kenya		
	H1 2020	H1 2021	Y-O-Y Change	H1 2020	H1 2021	Y-O-Y Change
Cash and balances with central bank	60.8	63.3	4%	45.2	51.9	15%
Balances with other institutions	53.3	52.5	(1%)	20.1	19.3	(4%)
Investments in Government & other securities	208.5	213.0	2%	149.7	143.1	(4%)
Net loans and advances	559.9	607.0	8%	464.0	497.9	7%
Fixed assets	25.9	29.3	13%	15.7	20.3	30%
Other assets	44.7	57.0	28%	35.7	47.4	33%
<b>Total assets</b>	<b>953.1</b>	<b>1,022.2</b>	<b>7%</b>	<b>730.3</b>	<b>779.9</b>	<b>7%</b>
Customer deposits	758.2	786.0	4%	587.0	601.7	2%
Balances due to other banks	18.3	15.0	(18%)	7.8	3.8	(52%)
Long-term debt	21.4	35.0	64%	18.7	33.2	78%
Other liabilities	23.0	33.2	44%	15.7	26.0	66%
<b>Total liabilities</b>	<b>820.9</b>	<b>869.2</b>	<b>6%</b>	<b>629.2</b>	<b>664.7</b>	<b>6%</b>
Shareholders' equity	132.1	152.9	16%	101.1	115.2	14%
<b>Total liabilities and equity</b>	<b>953.1</b>	<b>1,022.2</b>	<b>7%</b>	<b>730.3</b>	<b>779.9</b>	<b>7%</b>

Kes B	KCB Group			KCB Bank Kenya		
	H1 2020	H1 2021	Y-O-Y Change	H1 2020	H1 2021	Y-O-Y Change
Interest income	41.4	47.1	14%	32.7	36.8	13%
Interest expense	(10.3)	(10.7)	4%	(7.7)	(7.6)	(2%)
Net interest income	31.1	36.4	17%	25.0	29.3	17%
Foreign exchange income	2.4	2.7	12%	1.5	1.6	3%
Net fees and commissions	9.4	9.2	(2%)	7.8	7.0	(10%)
Other income	2.1	2.9	35%	1.6	1.8	12%
<b>Total operating income</b>	<b>45.0</b>	<b>51.2</b>	<b>14%</b>	<b>36.0</b>	<b>39.7</b>	<b>10%</b>
Total other operating expenses	(21.2)	(22.7)	7%	(14.3)	(15.1)	6%
Provisions for bad debts	(11.0)	(6.6)	(40%)	(10.3)	(5.9)	(43%)
Profit before tax	12.8	21.9	71%	11.4	18.8	65%
Tax	(5.2)	(6.6)	26%	(4.3)	(5.6)	29%
<b>Profit after tax</b>	<b>7.6</b>	<b>15.3</b>	<b>102%</b>	<b>7.0</b>	<b>13.2</b>	<b>87%</b>



**THANK  
YOU**

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