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**Press Release**

**August 23, 2023**

**KCB Group Total Assets Rise by 54% to KShs. 1.86 Trillion in H1 2023, Net Profit Closes at KShs. 16.1 Billion.**

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KCB Group PLC recorded a 54% growth in total assets to KShs.1.86 trillion in the first half of the year ending June 30, 2023, as net profit closed at KShs.16.1 billion.

The balance sheet growth was driven by consolidation of Trust Merchant Bank (TMB) acquired in December 2022, and increase in customer deposits to KShs.1.47 trillion, underpinning the customer confidence in our brand.

Consequently, the loan book increased by 32% to KShs.964.8 billion from KShs.730.3 billion in half year 2022 as we continue to support our customers to grow their businesses.

Revenue grew by 22.2% to KShs.73.1billion, driven by consolidation and growth of TMB, growth in customer loans, and non-funded income (NFI). The NFI stream was propelled by fees and commission as well as sustained growth of digital channel transactions and volumes.

Profit after tax was greatly impacted by aggressive provisioning on facilities in KCB Kenya, inherited legal claims in National Bank of Kenya (NBK) and staff restructuring costs incurred in KCBK and NBK being an investment to right size the organizations.

The Group also prudently raised its loan loss provisions on foreign currency denominated credit facilities on account of a challenging operating environment,

Commentary: Group CEO Paul Russo

“Despite a challenging economic environment across our operating markets, the business remained resilient delivering a strong balance sheet and increased contribution from regional businesses. Profitability was under pressure in the first half from increased funding costs on higher market deposits rates, prudent provisioning on legacy credit facilities, and provisions for legacy legal claims at NBK,” said KCB Group CEO Paul Russo.

“Looking ahead, noting the actions we have taken and with significantly improved liquidity, business focus is on accelerated performance in the second half of the year while supporting the distressed customers” he added.

**KCB Group Plc**

**Directors:** Dr. J. K. Kinyua (Chairman); P. R. Russo; L. K. Kiambi; C. S. – National Treasury;  
L. M. Njiru; A. R. M. Mohamed; Mrs. A. M. Kirenge; Ms. A. S. Pandit..

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## Performance Highlights

- **Performance of regional businesses-** Contribution from businesses outside Kenya increased by 166% to 38.1% of the Group business with profit before tax at KShs.8.5 billion.
- On the **revenues** front, **funded income** increased 12.1% to KShs. 45.5 billion on loans and Government securities growth to offset the growth in interest expense from increased cost of funding. **Non-funded income** increased by 43.4% to KShs.27.6 billion.
- **Operating costs** rose 48% to KShs.40.4 billion mainly contributed by legacy legal claims, staff restructuring expenses and TMB consolidation.
- **Customer deposits** increased by 61.9% from TMB consolidation and organic growth.
- There was a corresponding growth in **Customer Loans** to KShs.964.8 billion, a 32% jump on loan disbursements to our customers across all the markets.
- On **asset quality**, NPL ratio eased to close the period at 17.4%, an improvement of 410bps from the previous year. The Group is committed to improving asset quality.
- **Shareholders' funds** increased by 20% to KShs.218 billion from the increase in profits for the period.
- KCB Group maintained healthy **Capital ratios** complying with regulatory limits. Core capital as a proportion of total risk weighted assets standing at 15% against the statutory minimum of 10.5%. Total capital to risk-weighted assets ratio was at 18.4% against a regulatory minimum of 14.5%. All banking subsidiaries operating outside Kenya were compliant with their respective regulatory capital requirements.

## Latest Corporate Developments

- Early August, KCB Bank Kenya and Swedish International Development Cooperation Agency (SIDA) rolled out a KShs. 1 Billion guarantee scheme that will go towards de-risking SMEs in their efforts to access credit and support their growth ambitions. The 7-year guarantee facility will enable the bank to strengthen its commitment to financing Small and Medium-Sized Enterprises (SMEs) which continue to experience challenges, especially with access to affordable credit.
- In June, KCB Group signed an Africa-wide deal to facilitate settlements of cross-border transactions on the continent. The agreement with the Pan-African Payment and Settlement System (PAPSS) makes KCB the first Bank in East Africa to onboard the financial market infrastructure that provides a secure and efficient channel for processing cross-border payments. The platform is expected to guarantee speed, affordability, and reliability of transactions, effectively boosting intra-African trade and payments.
- KCB has deepened its play in the payments space, leveraging digital capabilities with a partnership between the Bank, VISA and Thales, to roll out a new service that allows customers to make in-store payments through the KCB App by tapping their Near-field communication (NFC) enabled smartphones at any contactless-enabled payment terminal.

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- The Group continued to enhance its customer value propositions. In June KCB and NBK signed an agreement with Britam General Insurance to distribute affordable health insurance products targeted at Small and Medium Enterprises (SMEs) across the country. In the deal, KCB Bancassurance Intermediary Limited and NBK Bancassurance Intermediary Limited will jointly distribute the newly launched KCB Simba Health and Uzima Tele Insurance Plans.

## Outlook

“The Group is well positioned for future growth, riding on its solid governance structures and digital capabilities, strong regional presence and committed staff to support customers and other stakeholders. We are deliberate in making a meaningful transformation for communities and making a greater contribution towards economic progress across markets.” KCB Group Chairman Dr. Joseph Kinyua. <Ends>

**For further information, please contact Judith Sidi Odhiambo, Head of Corporate & Regulatory Affairs; email: [jsodhiambo@kcbgroup.com](mailto:jsodhiambo@kcbgroup.com);**

## 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 605 branches, 1,302 ATMs and over 31,398 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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