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KCB Group Plc Q1 2022 Profit after Tax Surges to KShs.9.9B

Business rides on steady post COVID-19 recovery, improved funded and non-funded income to post historic three months performance from KShs. 6.4 billion a year ago.

KCB Group PLC profit after tax surged 54.6% to KShs. 9.9 billion in the three months ending March 2022. This rise from KShs. 6.4 billion a similar period last year was boosted by growth in total income and reduction in loan loss provision.

Revenues increased by 26.0% to KShs. 29.0 billion on account of increase in interest income, increase in non-funded income from lending activities and service fees and a 21.1% rise in earning assets.

"During the quarter, the business showed sustained resilience backed by our proactive approach towards driving income growth, managing liquidity, conservation of capital, and cost containment. Furthermore, a relentless focus on our strategy has enabled us to maintain robust asset growth and deliver healthy return on our investments. We have effectively demonstrated our combined abilities and competencies in managing and responding to the impact of the healthcare crisis across all our markets," said KCB Group CEO and MD Joshua Oigara.

Financial Highlights

- ***Profit after Tax*** *– Increased by 54.6% from KShs. 6.4 billion to KShs. 9.9 billion.*
- ***Revenue*** *– Rose 26.0% to KShs. 29 billion.*
- ***Costs*** *- Up by 16.8% to KShs. 12.9 billion from KShs. 11 .1billion.*
- ***Total assets –*** *Increased by 19.4% to KShs. 1.2 trillion.*
- ***Net loans & advances*** *– Up by 18.0% to KShs. 704.4 billion through organic and strategic acquisitions.*
- ***Customer Deposits*** *— Rose by 12.9% to KShs. 845.8 billion.*

Net interest income grew by 18% to KShs. 19.7 billion driven by increase in net loans and advances coupled with growth in investments in Government securities. This was partially offset by an increase in interest expenses occasioned by tight market liquidity.

Non-funded income (NFI) grew by 47.2% to KShs. 9.3 billion. This was driven by additional disbursements during the period which increased lending fees by 73%. The resumption of economic activities across most sectors led to the growth of our non-branch transaction numbers which surged by 70% while branch transactions grew 16% to drive overall service income up 35%. The other non-funded income streams were equally strong with FX income growing 46%, trading income up 82% and other income up 16%. From this performance, the Group was able to register a 32.0% NFI to total income ratio.

Provisions decreased by 27.5% from a similar period last year largely due to a drop in corporate and digital lending impairment charge after COVID-19 related provisions recognized in the full year 2021. The non-performing book continued to come under pressure due to slow recovery in the construction, hospitality and part of the manufacturing sectors causing a deterioration from 14.8% to 17.0%.

The Group's balance sheet expanded by 19.3% to KShs. 1.2 trillion, driven by organic growth across the business and consolidation of BPR.

Customer deposits increased to KShs. 845.8 billion, registering a 12.9% growth driven by proactive deposit mobilization strategy across our markets. These deposits were utilized to fund net loans and advances which went up 18.0% largely on account of improved corporate and retail lending to close the period at KShs. 704.4 billion. The Group's participation in Government securities recorded an increase of 32.6% from KShs. 212.5 billion to KShs. 281.8 billion during the same period.

Shareholders' funds grew 23.3% to KShs. 181.8 billion on improved profitability for the period.

The Group was compliant on all capital requirements. Core capital as a proportion of total risk weighted assets closed the period at 19.2% against the Central Bank of Kenya statutory minimum of 10.5%. While total capital to risk-weighted assets ratio was at 22.8% against a regulatory minimum of 14.5%.

Scaling Regional Play

KCB launched its new banking subsidiary, BPR Bank Rwanda Plc in May following the amalgamation of KCB Bank Rwanda and Banque Populaire du Rwanda (BPR). The combined Bank is now the second largest lender in Rwanda and gives KCB Group a stronger edge in deepening the ongoing Group strategy to scale up its regional play.

Outlook

"We are optimistic of improved business growth in the remaining part of the year as economic fundamentals improve in the East African economy despite global threats and other local developments including the upcoming General Elections in Kenya. Our priority is to harness economic drivers to accelerate the pace of recovery and growth," said KCB Group Chairman Andrew Wambari Kairu.

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For further information, please contact Rosalind Gichuru, Group Director, Marketing, Corporate Affairs & Citizenship; email: RGichuru@kcbgroup.com

About KCB Group PLC

KCB Group Plc is East Africa's largest commercial Bank that was established in 1896 in Kenya. Over the years, the Bank has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi and Ethiopia (Rep). Further to the banking businesses in these markets, KCB Group owns the National Bank of Kenya, a Kenyan lender. Today KCB has the largest branch network in the region with 496 branches, 1,176 ATMs and over 26,167 merchants and agents offering banking services on a 24/7 basis in East Africa. Additionally, KCB Group owns KCB Bancassurance Intermediary Limited, KCB Capital Limited, KCB Foundation and Kencom House Limited as non-banking businesses. 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.