



**Q1 2021**  
**RESULTS**

# Group Overview

99.3554

108.365

100.665

106.5548

0.4251

**KCB 2020-2023  
Beyond banking  
strategy**





**26.2 M**  
Customers  
**7,487 Staff**



**355**  
Branches  
**1,101 ATMs**  
**24,924 Agents & POS / Merchants**



**Kenya Bank Kenya**

Branches **202**  
ATMs **396**  
Agents **13,849**  
Staff **4,848**



**National Bank of Kenya**

Branches and agencies **94**  
ATMs **105**  
Agents **443**  
Staff **1,605**



**KCB Bank Tanzania**

Branches **14**  
ATMs **15**  
Agents **220**  
Staff **282**



**KCB Bank Burundi**

Branches **6**  
ATMs **7**  
Agents **195**  
Staff **129**



**KCB Bank Rwanda**

Branches **13**  
ATMs **26**  
Agents **480**  
Staff **244**



**KCB Bank Uganda**

Branches **13**  
ATMs **15**  
Agents **420**  
Staff **264**



**KCB Bank South Sudan**

Branches **13**  
ATMs **4**  
Agents **43**  
Staff **116**



**Ethiopia Rep Office**

**1 Staff**

Other investments: KCB Insurance Agency, KCB Foundation, KCB Capital

Scaling to  
achieve regional  
relevance

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**100%**

Stake the Group  
seeks to acquire in  
BPR and BancABC

## NBK UPDATE

- Integration for back office processes ongoing
  - The Group advanced a tier II debt of US\$ 30 million in April 2021 to NBK to enable the subsidiary meet the capital requirements and bolster its activities.
- 

## BPR & BancABC ACQUISITIONS UPDATE

- Transaction undergoing shareholder and regulatory approvals.
- Key benefits include:
  - expanded regional footprint
  - increased stakeholder value
  - operational and financial synergies
  - enhancement of financial inclusivity
  - sustainability and effective competition.
- Aggregate completion consideration that would be payable by KCB for acquisition of the 100% of the two entities is estimated at US\$ 56.9 million.

More details on the circular to shareholders available on [www.kcbgroup.com/investor-relations](http://www.kcbgroup.com/investor-relations)

## KCB BANK KENYA

Rating: B2

Outlook: Negative

MOODY'S  
INVESTORS SERVICE

### Credit rating affirmed KCB's:

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

### Financial Reporting (FiRe) Awards

- Best overall.
- Best in Kenya.
- Best among banks and listed companies.

# Macroeconomic Highlights

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0.4251

100.665

106.5543

## Kenya operating environment highlights

Kenya's banking sector remained stable and resilient in the face of the pandemic with strong liquidity and capital adequacy ratios.

### KENYA BANKING SECTOR PBT.

Kes **112.1**<sup>B</sup>

Banking sector PBT in 2020. Down 29.5% YoY driven by a 179% growth in loan loss provisions.

### EXPIRY OF EMERGENCY MEASURES ON RESTRUCTURING OF LOANS

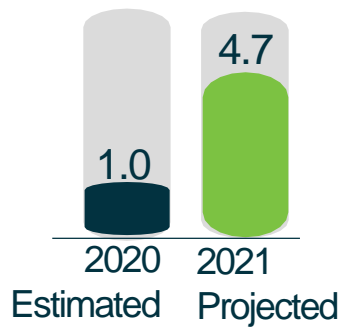
The provision of regulatory flexibility to banks by CBK for COVID-19 related loan restructuring expired on 2 March 2021. The standard procedures for loan classification and provisioning now apply.



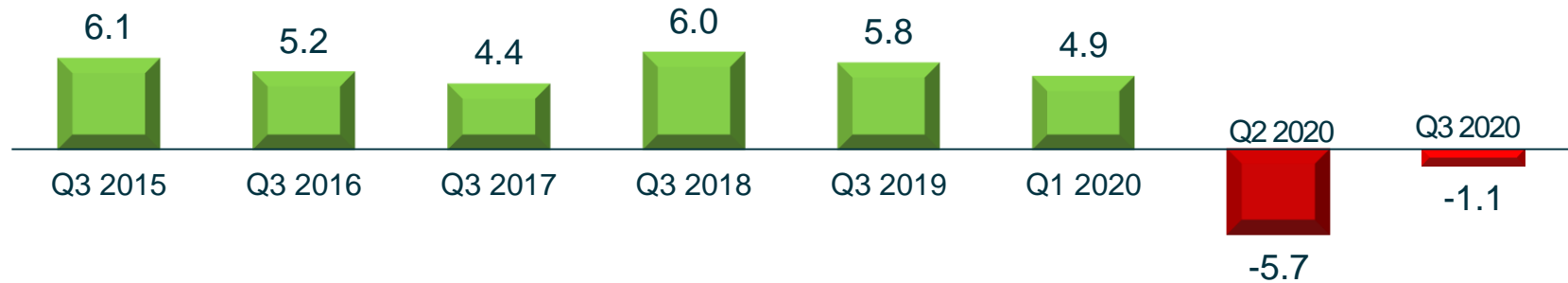
## Kenya GDP Performance

GDP contracted by 0.5% during the first nine months of 2020 due to economic disruptions occasioned by the Covid-19 pandemic

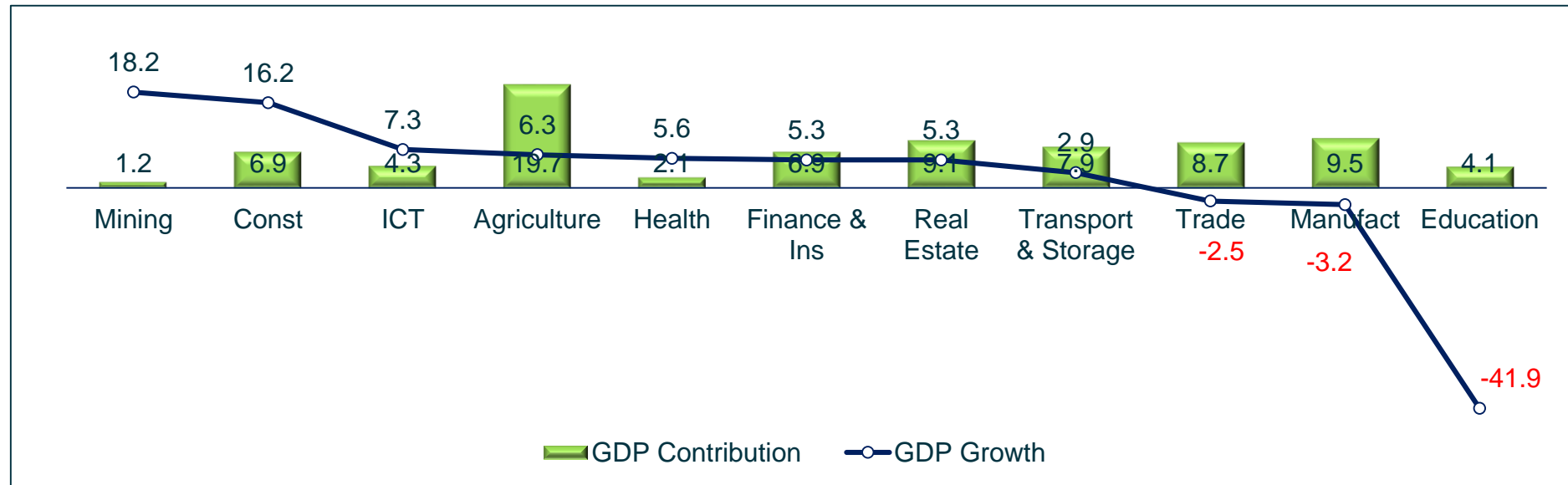
### Kenya GDP Growth(%)



### Selected Kenya Quarterly GDP Performance(%)

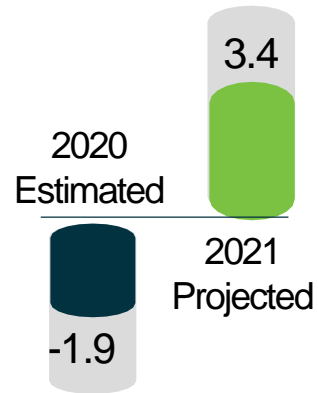


### Drivers of Q3 2020 GDP Performance(%)



Source: IMF and KNBS

### SSA GDP Growth(%)



Optimism for recovery in 2021 as more vaccine deployment enable resumption of economic activities

**South Sudan**  
Contracted by 6.6 in 2020 and will grow by 5.3% in 2021 driven by a recovery in oil prices

**Uganda**  
Contracted by 2.1% in 2020. Rebound to 6.3% in 2021 driven by agriculture, services and industrial growth

**Rwanda**  
Contracted by 0.2% in 2020. Growth of 5.7% in 2021 driven by improvements in the business environment and investment in major growth sectors

**Burundi**  
Contracted by 1.3% in 2020. Growth of 2.8% in 2021 driven by resumption of foreign aid improved coffee exports and increase in public investment

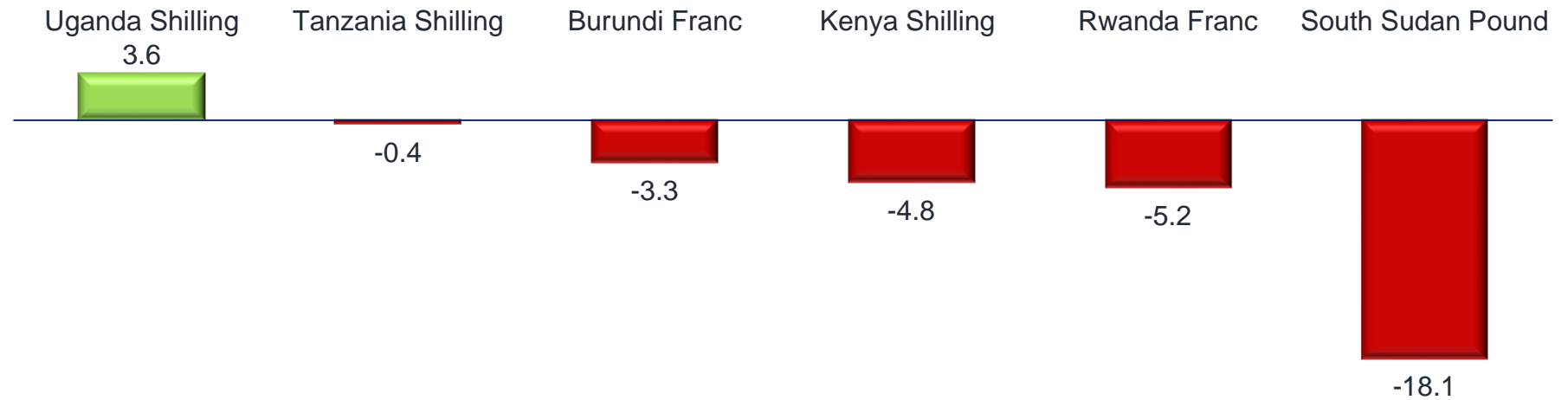
**Ethiopia**  
Growth of 6.1% in 2020. Growth of 2.0% driven by resilience in agricultural production and foreign investments

**Kenya**  
Contraction of 0.1% in 2020. To grow by 7.6% in 2021 driven by recovery in the services sectors particularly education and manufacturing as well as resilience in agriculture

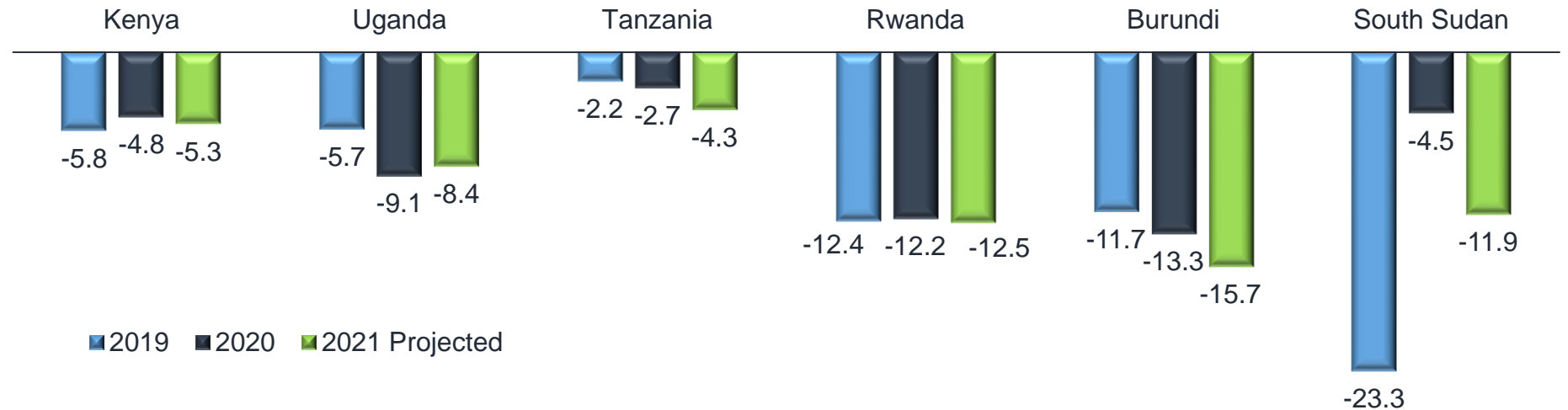
**Tanzania**  
Growth of 1.0% in 2020. To expand by 2.7% in 2021 driven by robust domestic demand and infrastructure development

Source: IMF World Economic Outlook (April 2021)

Performance of regional currencies against USD; Q1 21 vs Q1 20 (%)



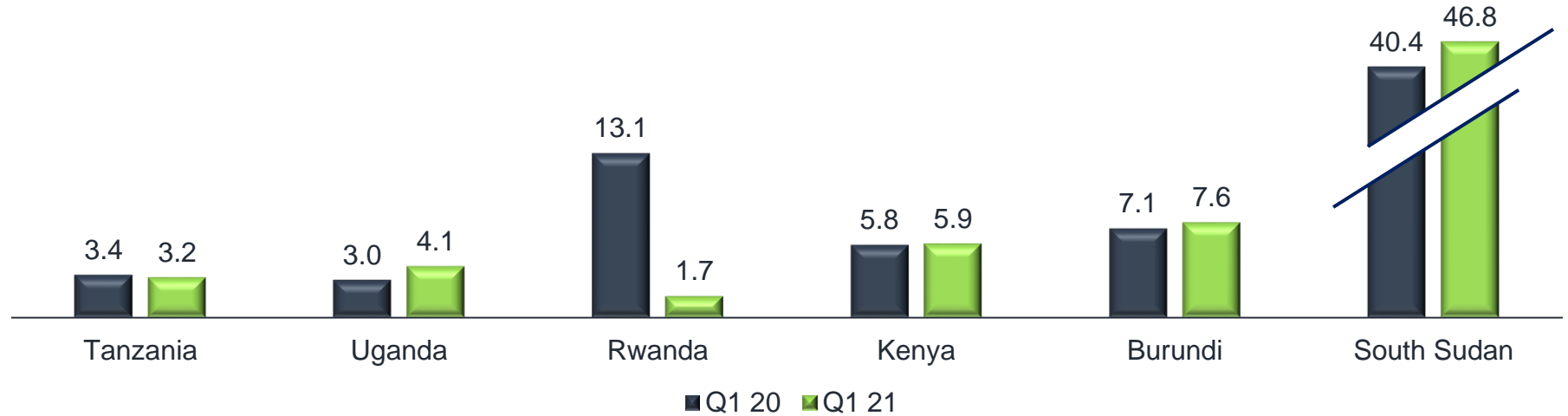
Current account deficit, GDP %



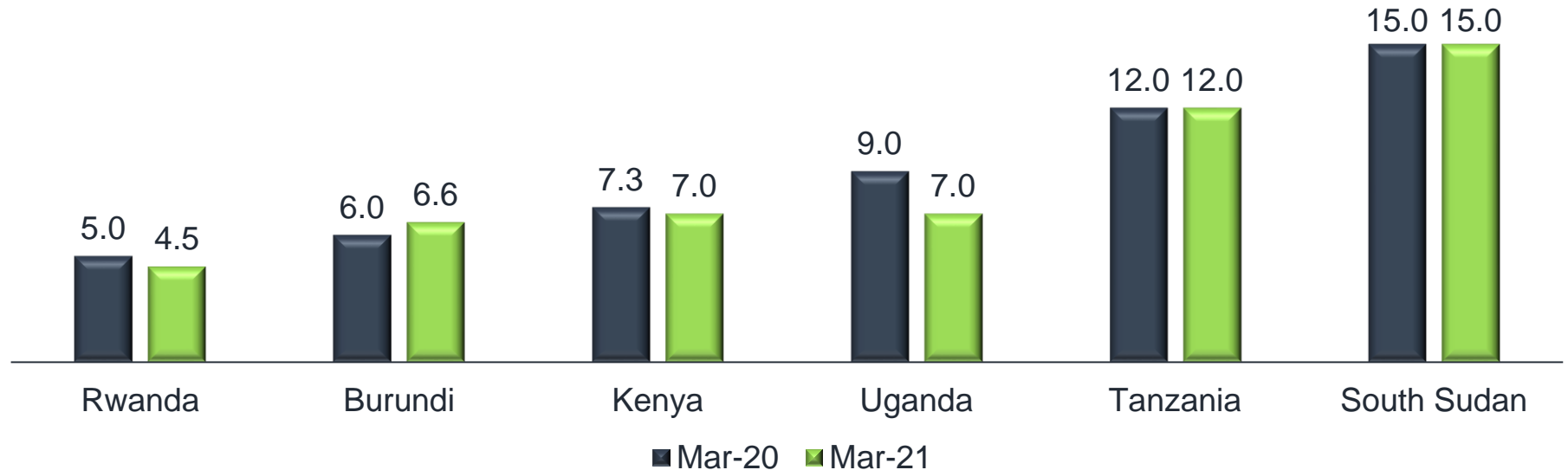
Local currencies continue to be strained as a result of the COVID-19 pandemic impact on balance of payments

Inflation rates (%)

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



Central Bank rates (%)



# Channel Performance

99.3554

108.365

0.4251

100.665

106.5543

## OUR CHANNEL CONTRIBUTION

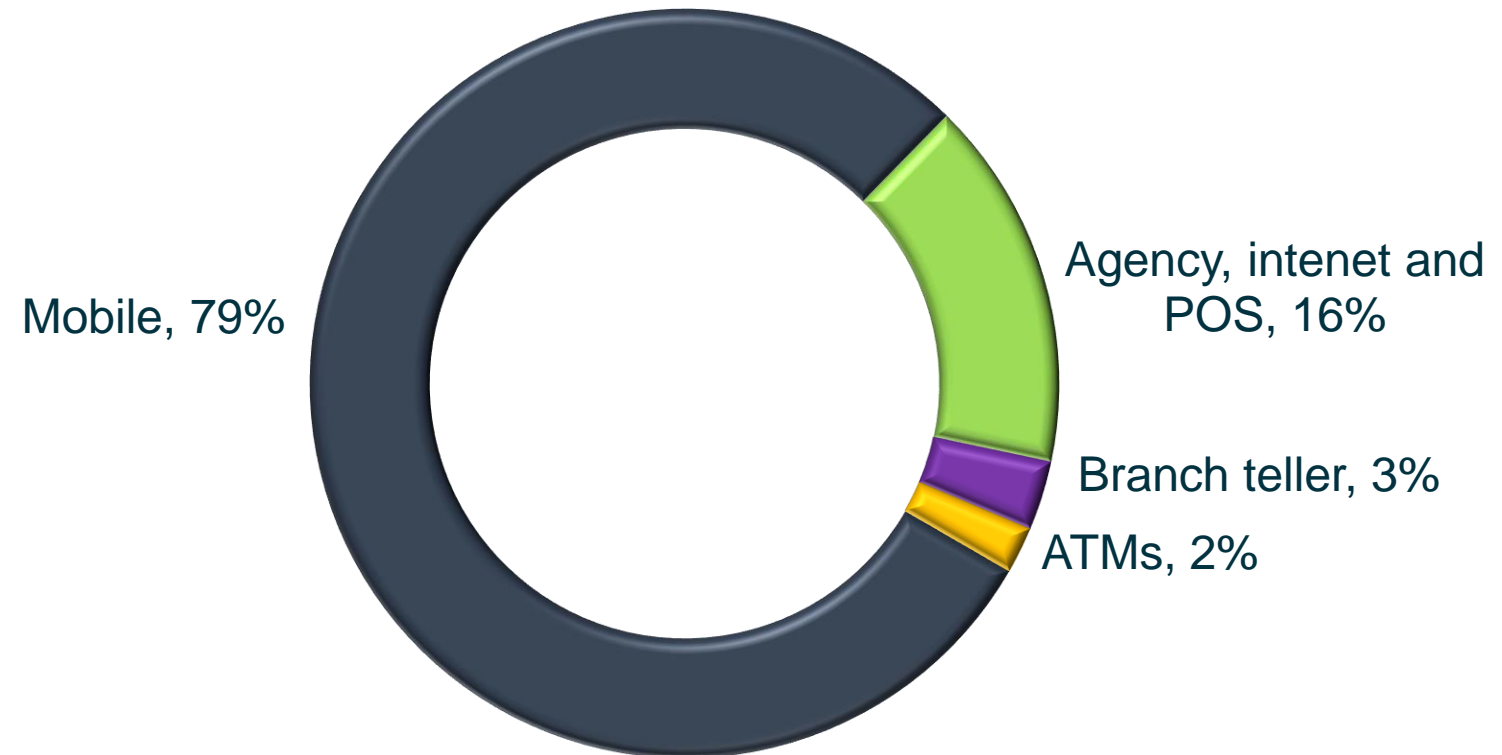
**97%**

of transactions performed outside the branch channels.

**35%**

decline in non-branch revenue by Kes **885 M** due to waiver of mobile banking fees and reduced mobile lending.

Proportion of number of transactions per customer touch point in Q1 21



## MOBILE BANKING

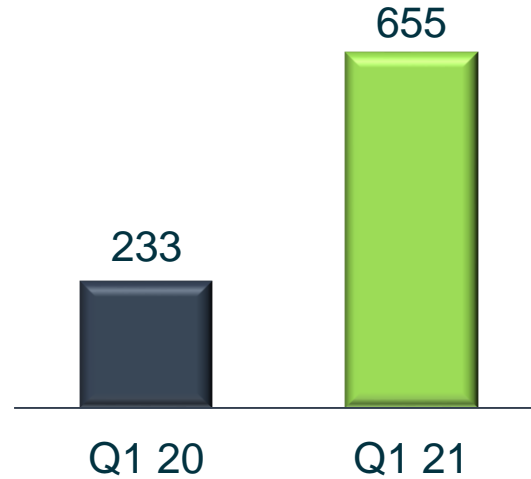
**181%**

Value of mobile banking transactions grew to Kes 655B driven by a 12X growth in mobile banking deposits.

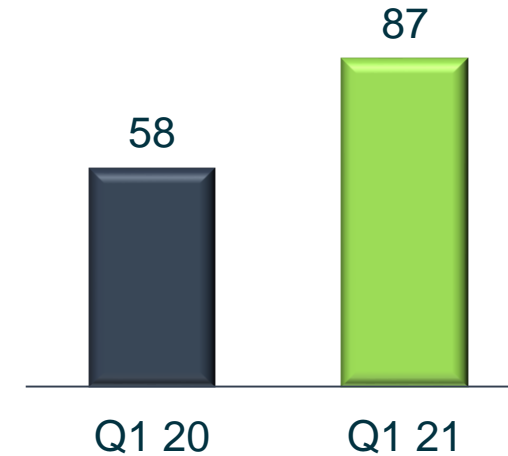
**43%**

Decline in mobile banking revenues due to fee waivers and reduced mobile lending.

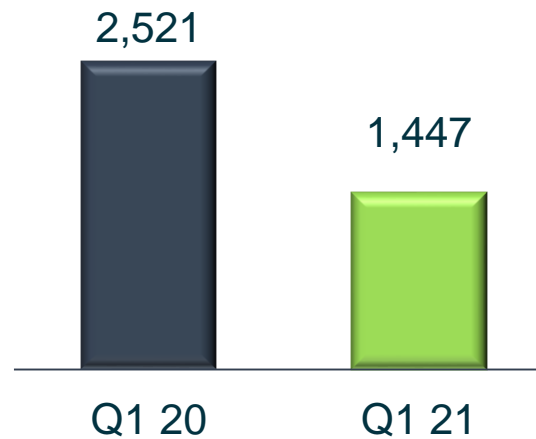
Value of mobile transactions (Kes B)



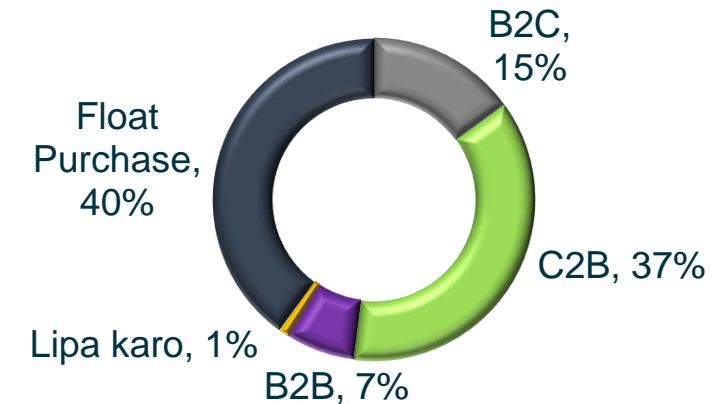
Number of mobile transactions (M)



Mobile revenue (Kes M)



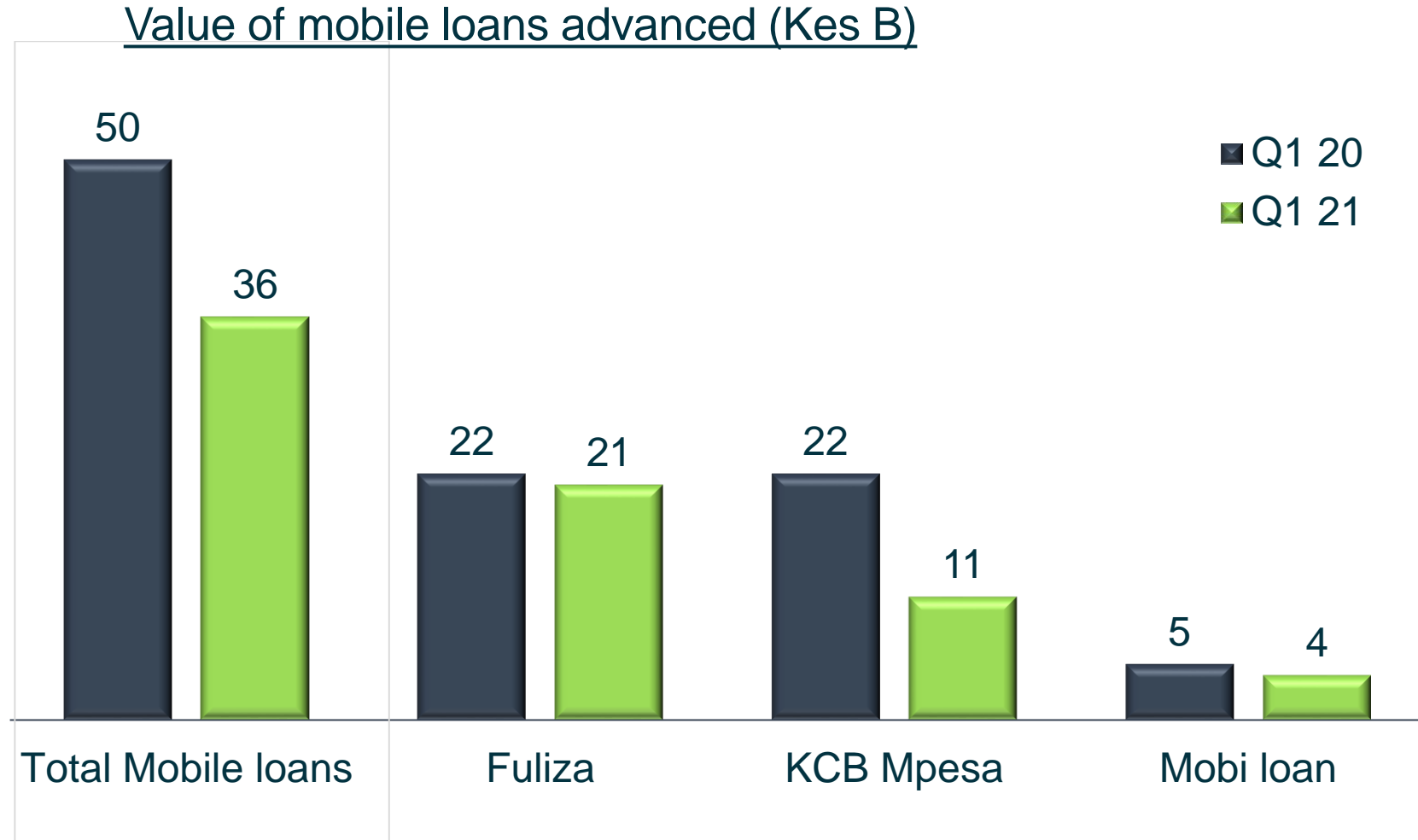
Mobile transaction type



## MOBILE LOANS

▼ **28%**

Decline in total mobile loans advanced driven by a 51% decrease in KCB Mpesa disbursements



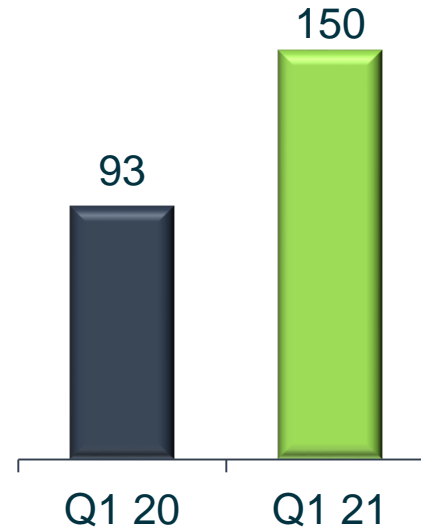


**AGENCY BANKING**

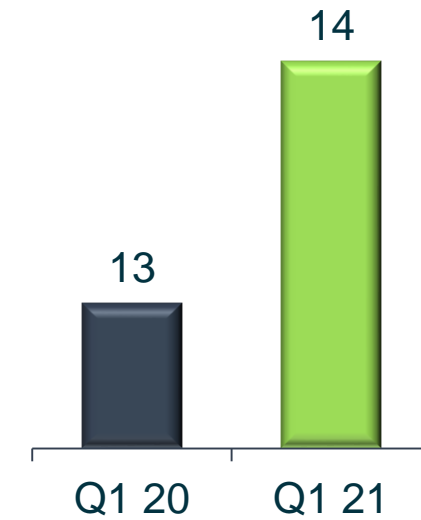
**62%**

Growth in Agency Banking Volumes to Kes 150 billion due to continued shift to digital channels.

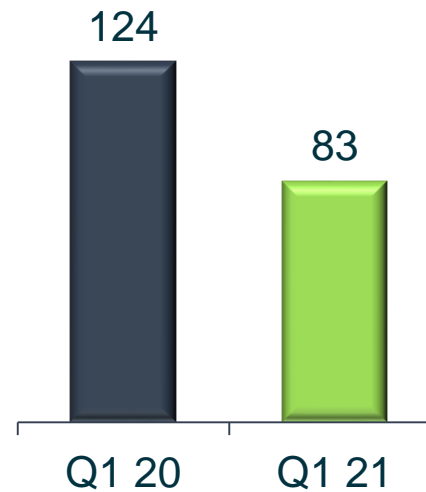
Value of transactions (Kes B)



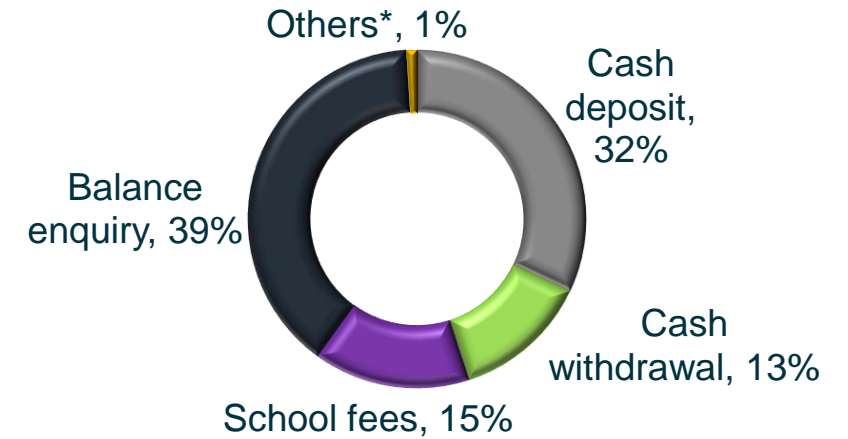
Number of transactions (M)



Agency revenue (Kes M)



Agency transactions type



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

ATMs

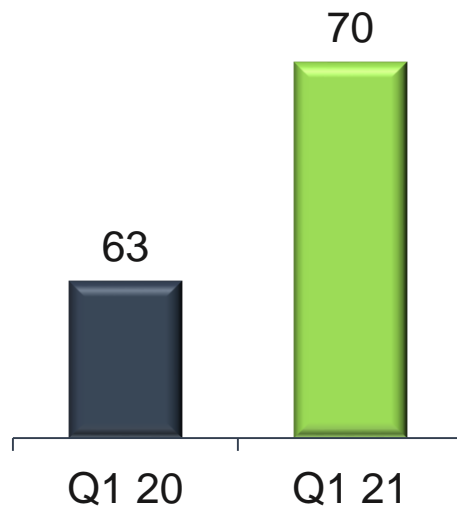
**11%**

Increase in ATM volumes driven by 58% growth in ATM deposit values to Kes 43 billion

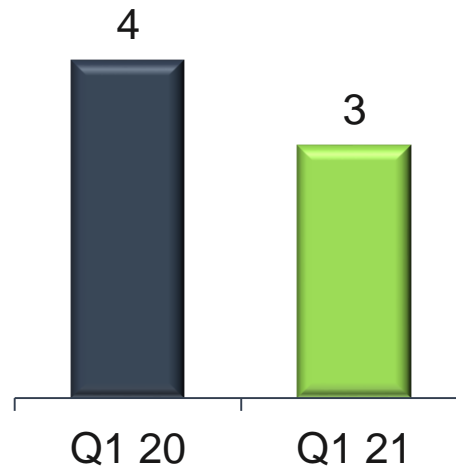
**61%**

Proportion of ATM cash deposit values sustaining ATMs as a net deposit mobilizer.

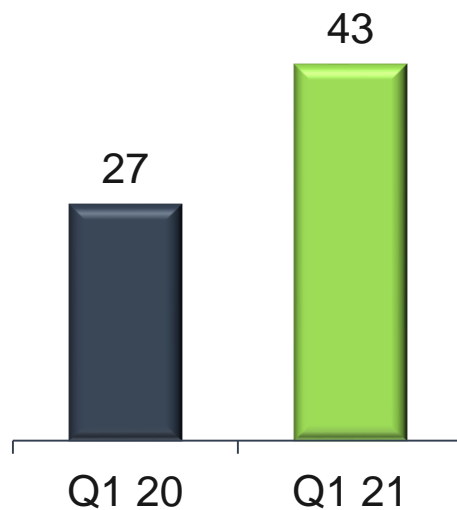
Value of transactions (Kes B)



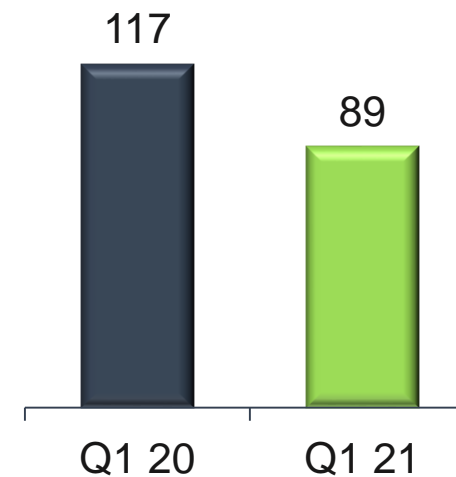
Number of transactions (M)



Value of ATM deposits (Kes B)



ATM revenue (Kes M)



**MERCHANT/POS & INTERNET BANKING**

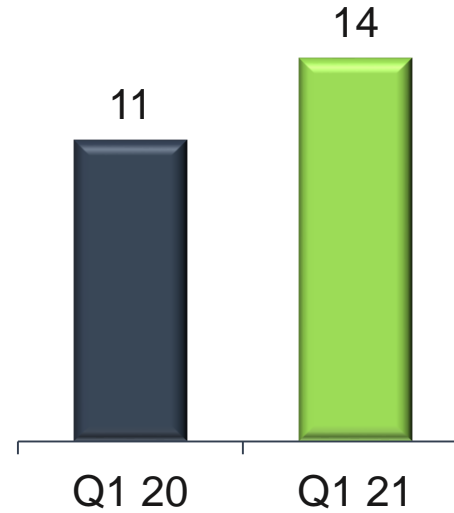
**24%**

Increase in POS volumes to Kes 14 billion

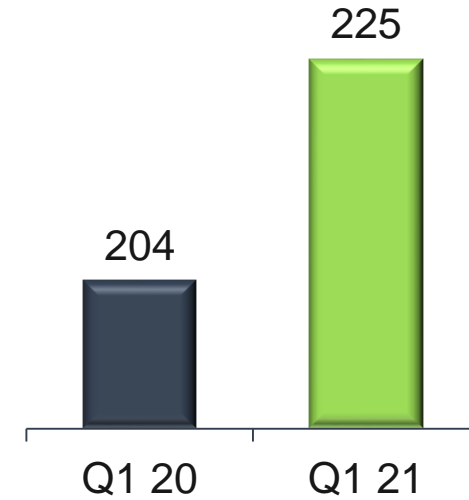
**109%**

Increase in internet banking revenue due to signing up of 96% of the eligible customer base.

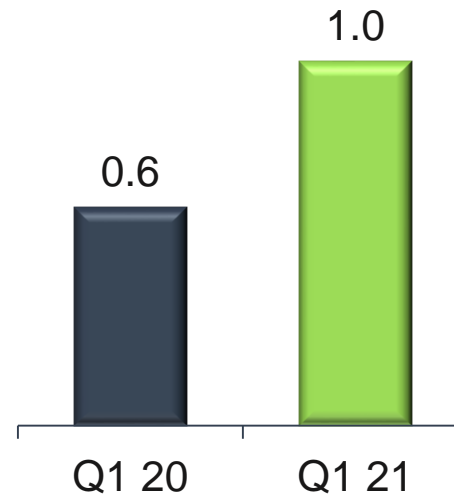
Value of POS transactions (Kes B)



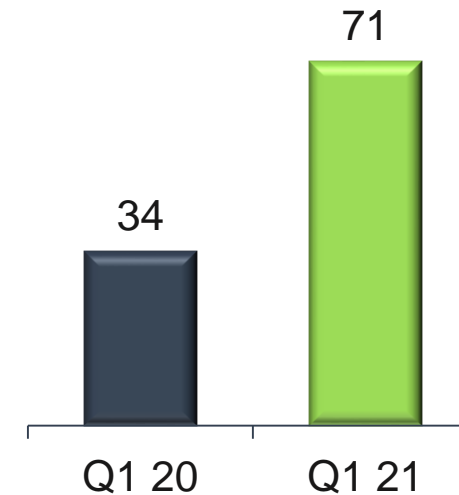
POS revenue (Kes M)



Number of iBank transactions (M)



iBank revenue (Kes M)

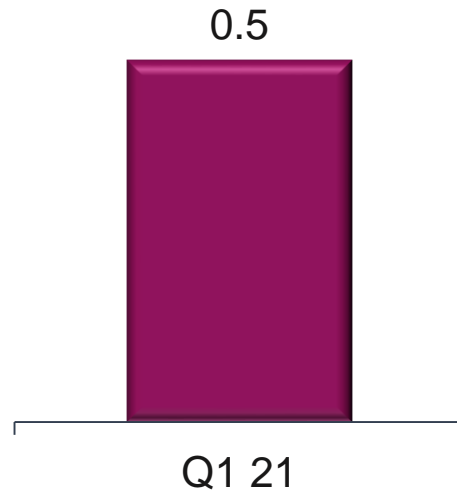


## Payments

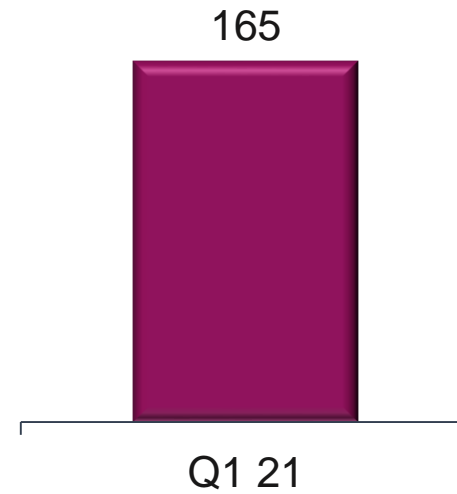


Increase in recruitment of customer & partner base to grow utilization of payment services.

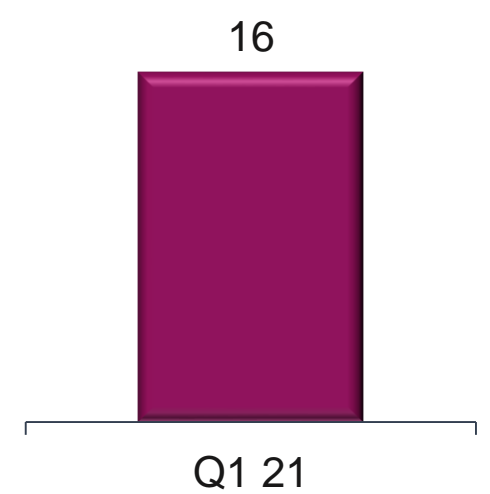
Number of Wallets (M)



Number of Merchants (K)



Number of Agents (K)



The new mobile money service is here

# Financial Performance

99.3554

108.365

0.4251

100.665

106.5543

 **3.2%**

growth in total assets to Kes 977.5 billion

76% of total assets are in KCB Bank Kenya.

Government Securities

**Kes 203.7B**

Net Loans & Advances

**Kes 553.9B**

Customer Deposits

**Kes 740.4B**

Total Assets

**Kes 947.1B**

**Kes 212.5B**

**Kes 597.1B**

**Kes 749.4B**

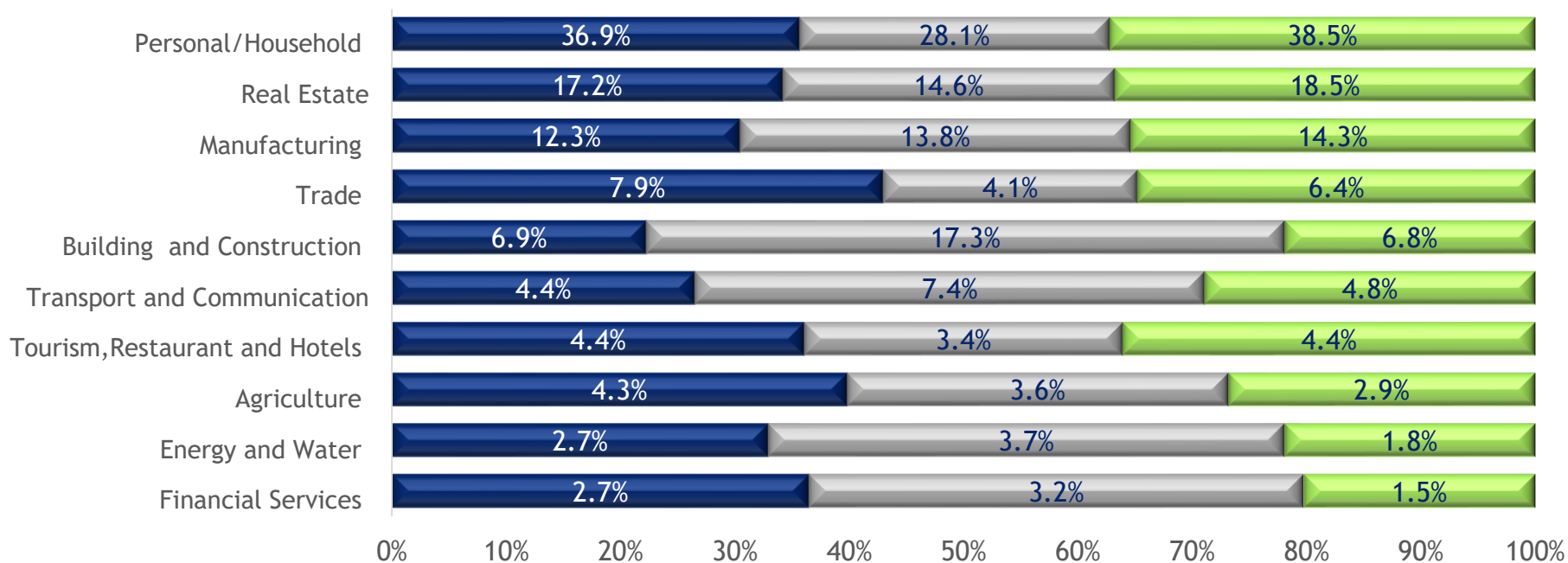
**Kes 977.5B**

Q1 20

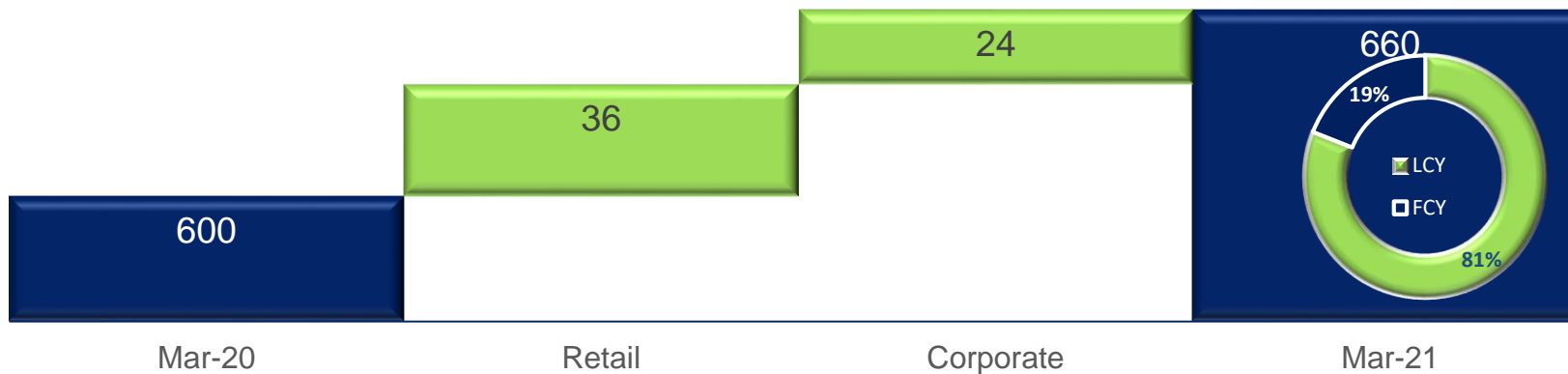
Q1 21

Sectoral Loans Comparison

■ Q1 20 ■ Industry Kenya ■ Q1 21



Group Gross Loans (Kes B)



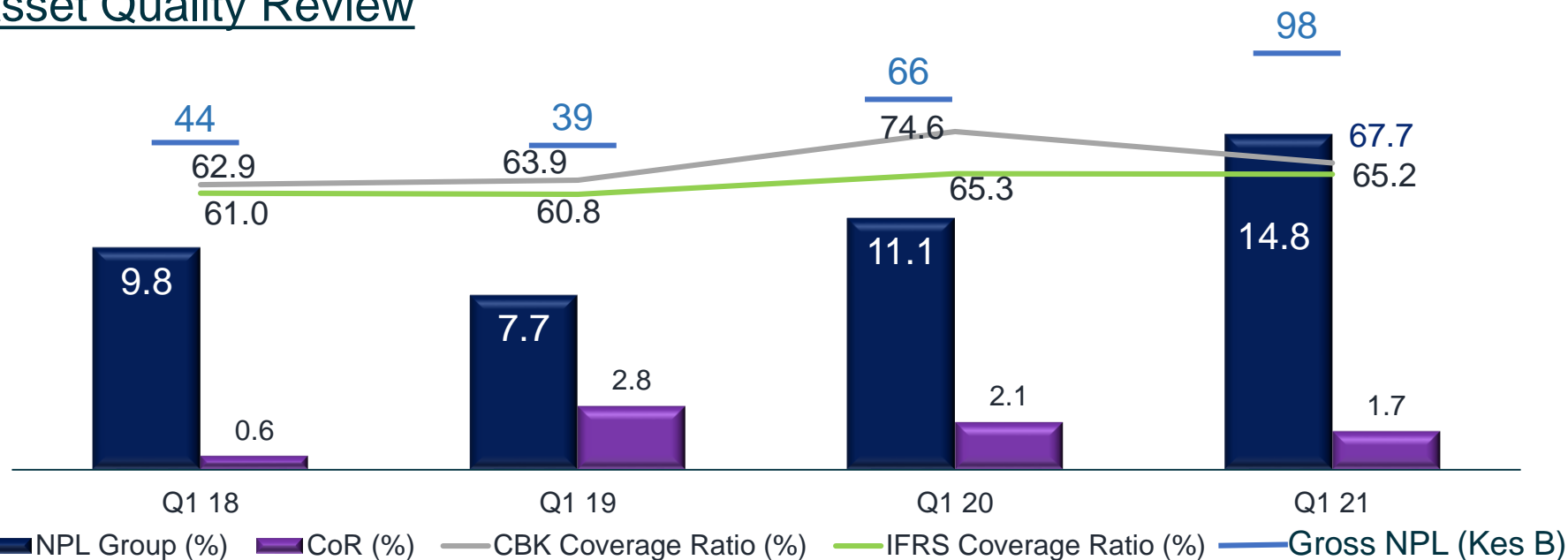
Stable Loan Book distribution over the period.

**10%**  
Growth in Gross Loans driven by personal and manufacturing sectors

Asset Quality Review

**14.8%**

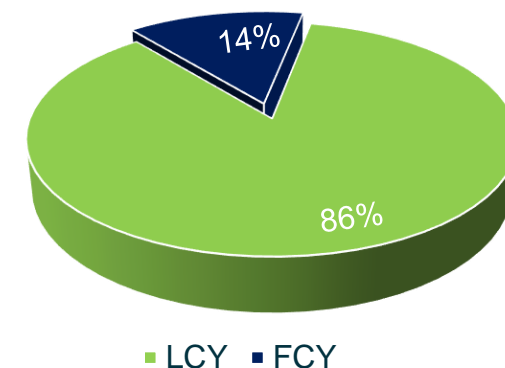
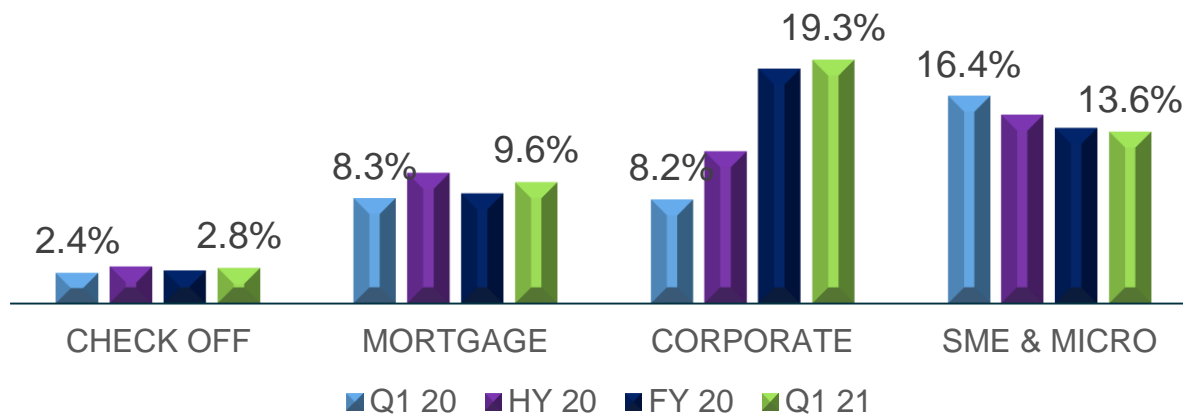
Group NPL ratio.  
Increase driven by  
corporate business



**14.5%**

Industry NPL (Kenya)  
as at February 2021,  
up from 14.1% in  
December 2020

NPL Breakdown





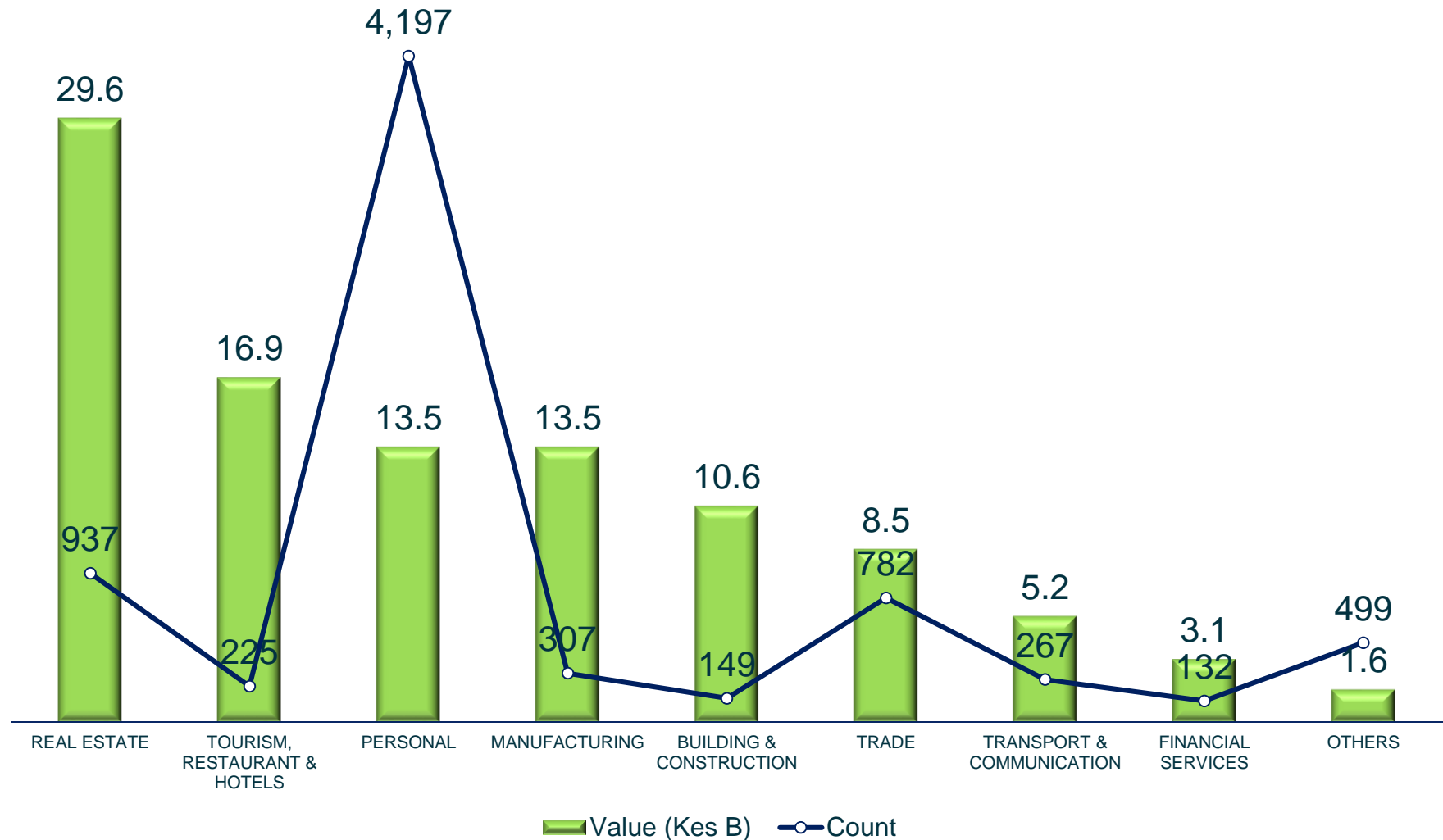
**18.8%**

Proportion of KCB restructured loan book with a value of Kes 102.5 billion.

**19.0%**

Proportion of the outstanding Kenya banking sector restructured loans as at end February 2021 valued at Kes 569.3 billion

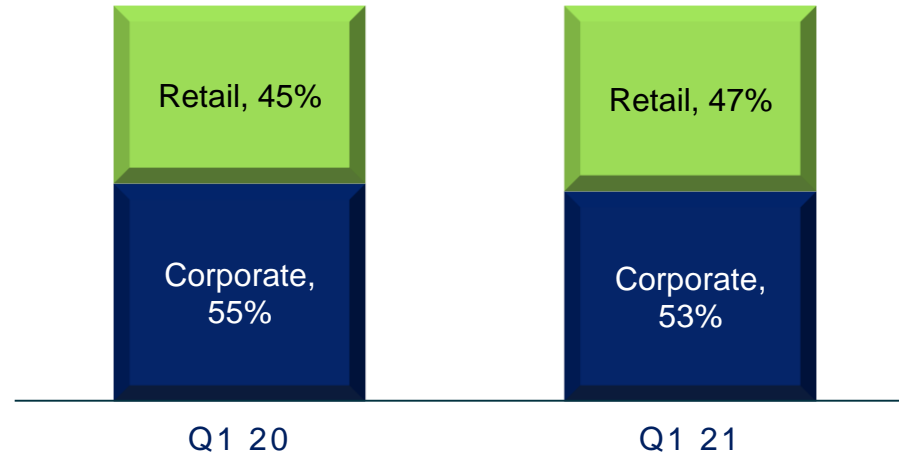
Sectoral distribution of KCB's restructured loans



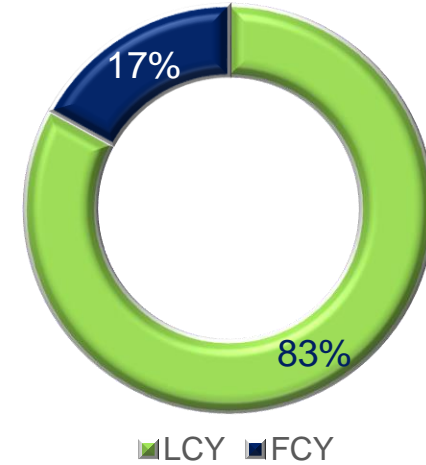
## Balanced Deposit Mix

Low cost and stable funding mix driven by growth in demand deposits

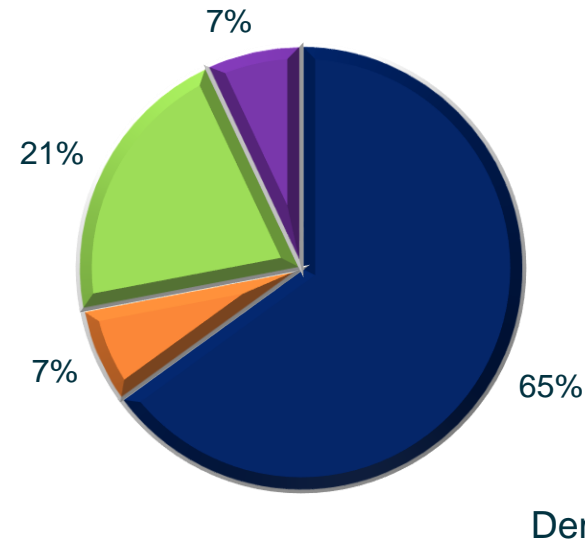
Deposit Mix



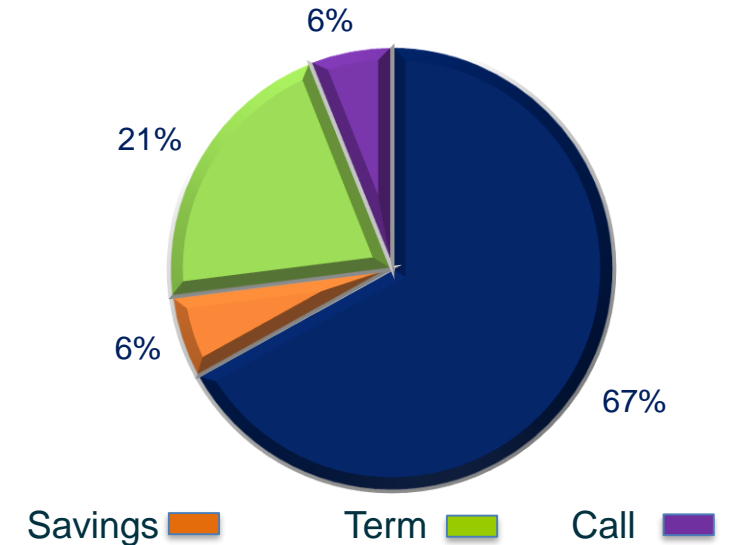
Currency Mix



Deposits by type Q1 20

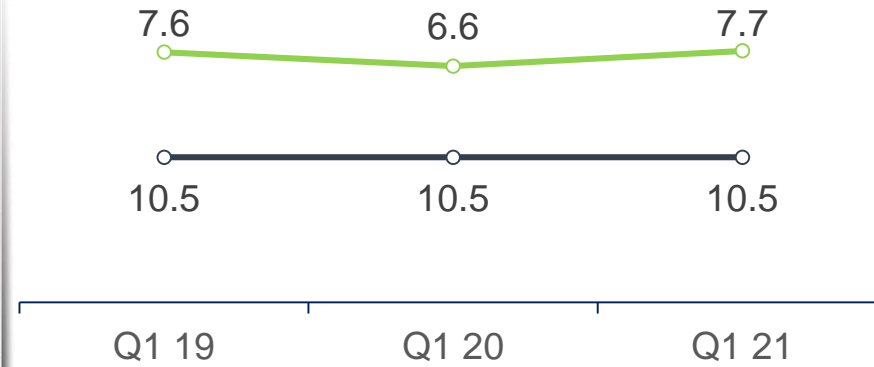


Deposits by type Q1 21

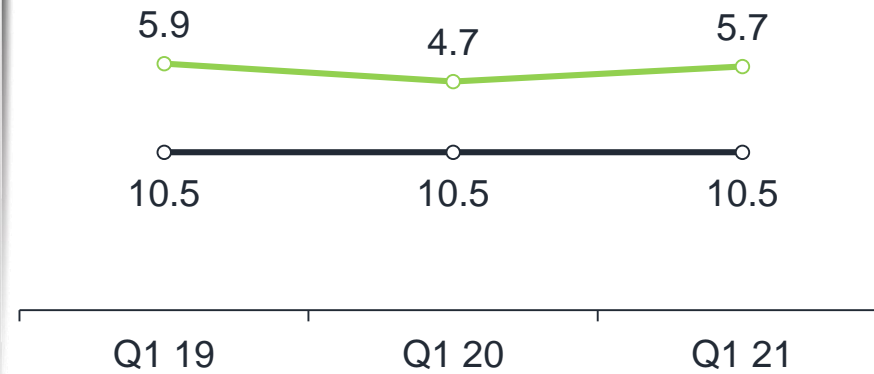


All capital ratios adequate and above the internal and regulatory limits

Core Capital to RWA headroom (%)  
Group

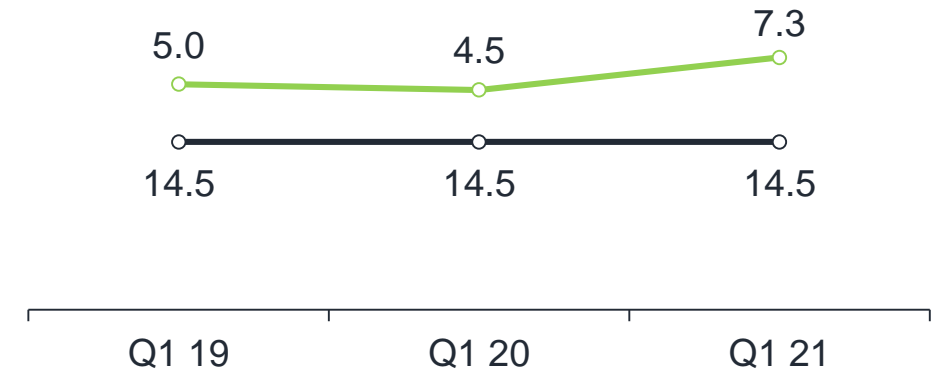


Kenya

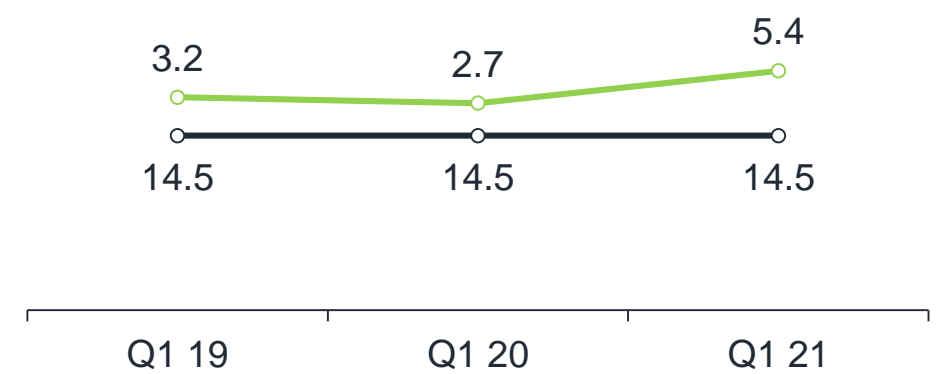


—○— Min. Core / RWA    —○— Headroom

Total Capital to RWA headroom (%)  
Group



Kenya



—○— Min. Total / RWA    —○— Headroom

**2.2%**  
 growth in PBT driven  
 by 11.1% growth in  
 net interest income  
 and cost containment

**1.8%**  
 growth in PAT to  
 Kes 6.4 billion

Net Interest Income

**Kes 15.1B**

**Kes 16.7B**

Total Non Interest Income

**Kes 7.9B**

**Kes 6.3B**

Operating Expenses

**Kes (11.1B)**

**Kes (11.1B)**

Profit Before Tax

**Kes 8.9B**

**Kes 9.1B**

Q1 20

Q1 21

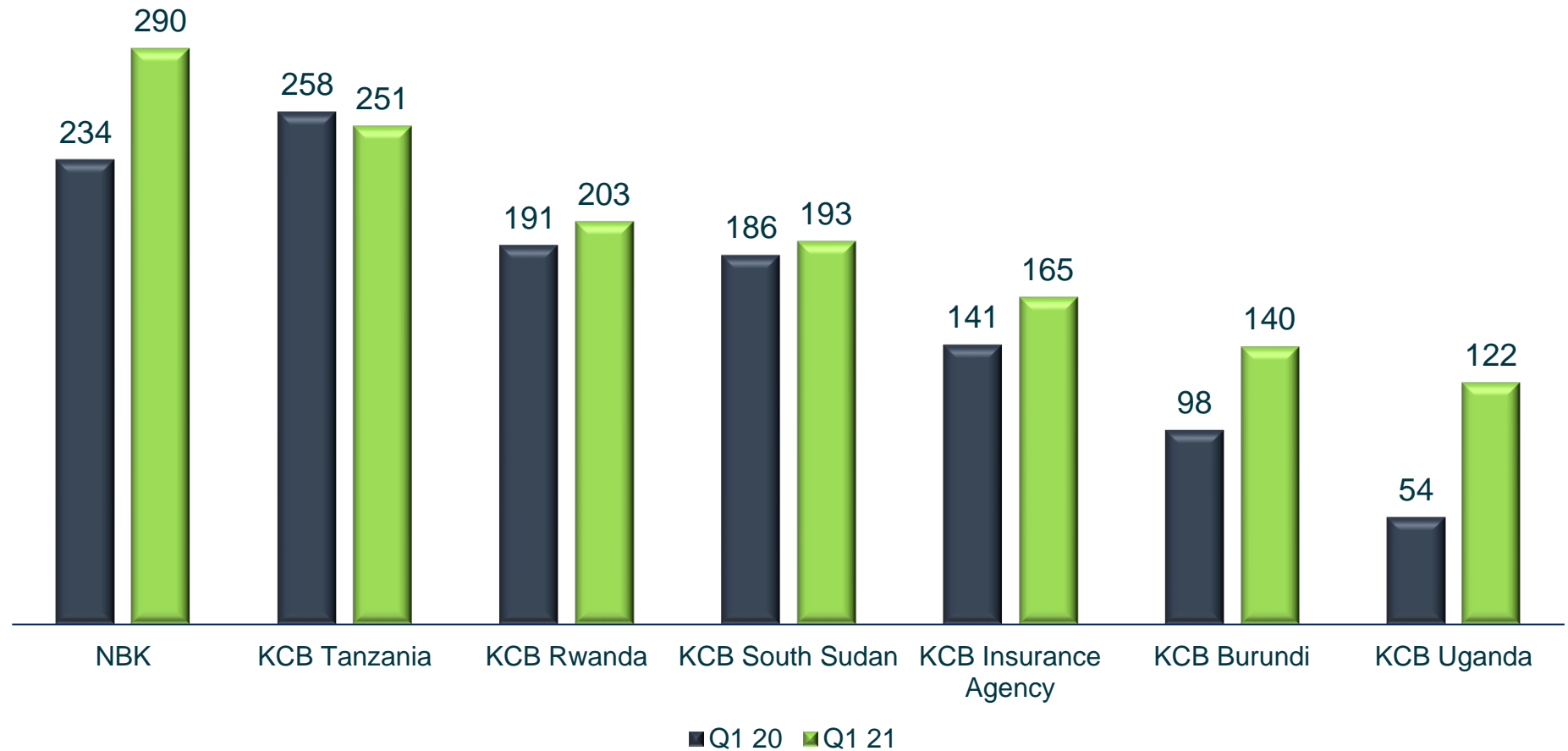
**Kes 1.3B**

PBT contribution from subsidiaries outside of KCB Bank Kenya; 17% growth

**14%**

PBT contribution from subsidiaries outside of KCB Bank Kenya

Profit before tax (Kes M)



## Strong and healthy balance sheet

3.2% growth in total assets driven by Kes 43 billion loan growth

Kes Billion	KCB Group			KCB Bank Kenya		
	Actual Q1 20	Actual Q1 21	Y-O-Y Change	Actual Q1 20	Actual Q1 21	Y-O-Y Change
Cash and balances with central bank	55.9	47.2	(15%)	43.6	35.5	(18%)
Balances with other institutions	50.1	38.3	(23%)	25.6	12.9	(50%)
Investments in Government & Other securities	203.7	212.5	4%	145.8	141.1	(3%)
Net loans and advances	553.9	597.1	8%	463.1	496.2	7%
Fixed assets	26.5	24.9	(6%)	16.1	15.6	(4%)
Other assets	57.1	57.3	-	34.8	43.1	24%
<b>Total Assets</b>	<b>947.1</b>	<b>977.5</b>	<b>3%</b>	<b>728.9</b>	<b>744.5</b>	<b>2%</b>
Customer deposits	740.4	749.4	1%	580.1	569.3	(2%)
Balances due to other banks	13.3	17.2	30%	3.1	4.7	48%
Long-term debt	22.0	36.0	64%	28.2	29.7	5%
Other liabilities	35.8	27.4	(24%)	19.2	33.9	77%
<b>Total Liabilities</b>	<b>811.5</b>	<b>830.0</b>	<b>2%</b>	<b>630.7</b>	<b>637.6</b>	<b>1%</b>
Shareholders' equity	135.5	147.5	9%	98.2	106.9	9%
<b>Total liabilities and equity</b>	<b>947.1</b>	<b>977.5</b>	<b>3%</b>	<b>728.9</b>	<b>744.5</b>	<b>2%</b>


**2%**

growth in profit after tax to Kes 6.4 billion

Kes Billion	KCB Group			KCB Bank Kenya		
	Actual Q1 20	Actual Q1 21	Y-O-Y Change	Actual Q1 20	Actual Q1 21	Y-O-Y Change
Interest income	20.2	22.0	9%	15.8	17.0	8%
Interest expense	(5.2)	(5.2)	2%	(3.9)	(3.7)	(3%)
Net interest income	15.1	16.7	11%	11.9	13.3	12%
Foreign exchange income	1.5	1.2	20%	1.0	0.7	(26%)
Net fees and commissions	5.4	4.0	(26%)	4.5	2.9	(35%)
Other income	1.0	1.2	13%	0.7	0.8	8%
Total other operating income	<b>7.9</b>	<b>6.3</b>	<b>(20%)</b>	<b>6.2</b>	<b>4.4</b>	<b>(28%)</b>
Total other operating expenses	(11.1)	(11.1)	(1%)	(7.7)	(7.4)	(4%)
Provisions for bad debts	(2.9)	(2.9)	(1%)	(2.5)	(2.5)	(1%)
Profit before tax	8.9	9.1	2%	7.9	7.9	-
Tax	(2.7)	(2.7)	3%	(2.4)	(2.3)	(3%)
Profit after tax	<b>6.3</b>	<b>6.4</b>	<b>2%</b>	<b>5.5</b>	<b>5.5</b>	<b>1%</b>

GROUP				Q1 21	
Q1 20	HY 20	FY 20		KENYA	GROUP
18.9%	11.6%	14.4%	Return on Average Equity	20.6%	17.6%
48.5%	47.0%	45.0%	Cost to Income	41.7%	48.0%
11.1%	13.7%	14.7%	Gross NPL to Gross Loans	12.5%	14.8%
65.3%	61.7%	66.7%	NPL Coverage	68.0%	65.2%
16.2%	16.2%	26.0%	Debt to Equity	31.8%	24.4%
34.4%	31.0%	29.7%	Non funded income to total income	25.0%	27.4%
2.7%	2.7%	2.7%	Cost of funds	2.5%	2.6%
7.6%	7.8%	7.9%	Net Interest Margin	7.7%	7.4%
2.1%	4.0%	4.6%	Cost of risk	1.9%	1.7%
74.8%	80.7%	77.4%	Loan to Deposit Ratio	87.2%	79.7%
19.3%	17.0%	11.0%	Growth of Net Loans and Advances	7.2%	7.8%
34.1%	34.6%	12.0%	Growth of Customer Deposits	(1.9%)	1.2%





**THANK  
YOU**

KCB Investor Relations  
[investorrelations@kcbgroup.com](mailto:investorrelations@kcbgroup.com)  
[www.kcbgroup.com](http://www.kcbgroup.com)