



**Q3 2020
RESULTS**

Group Overview

Group Overview

Macro Economic Highlights

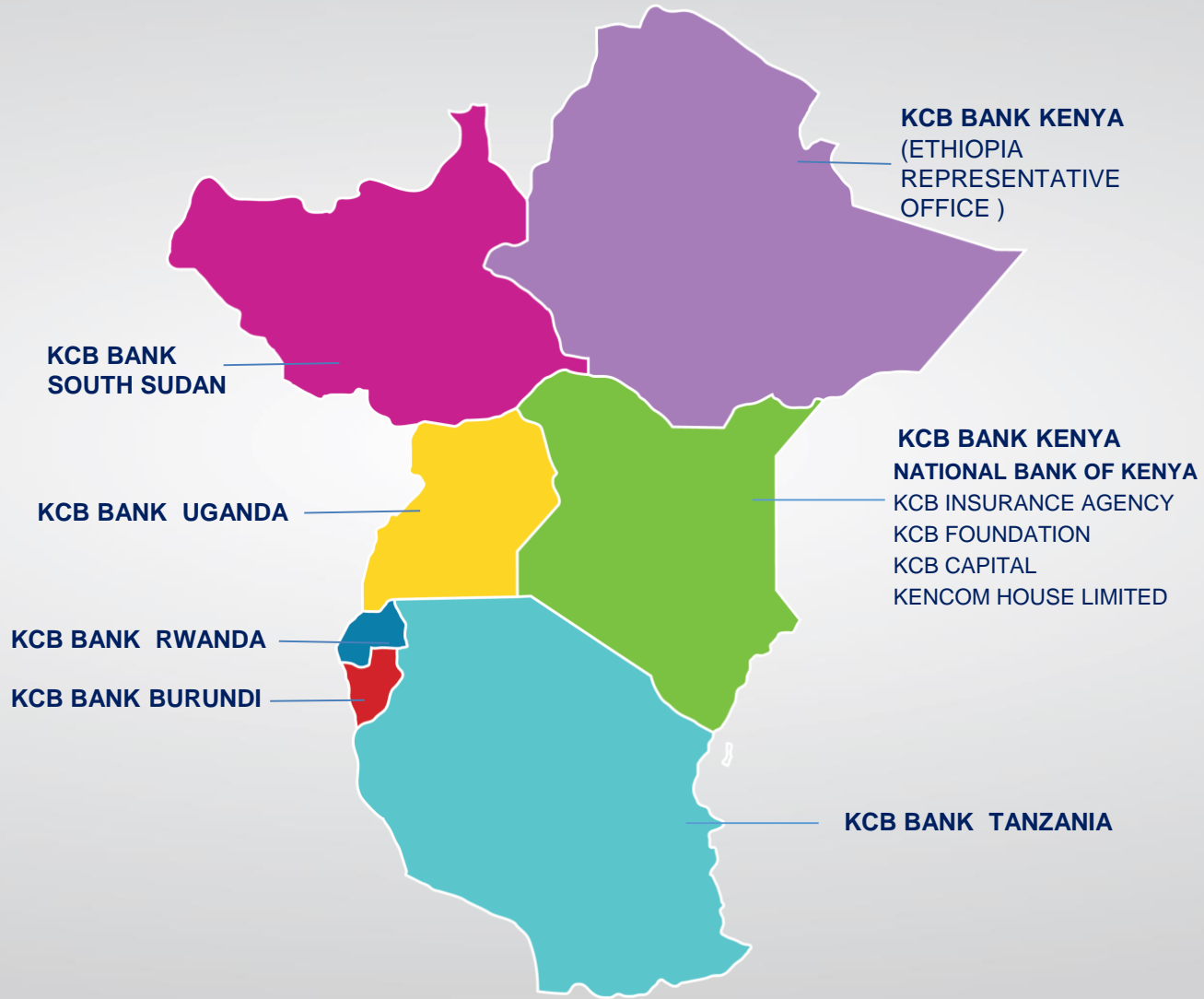
Channel Performance

Financial Performance

22.9 MILLION CUSTOMERS

360 BRANCHES
1,090 ATMS
23,230 AGENTS & MERCHANTS

STAFF
7,644



- Banking Businesses:**
- KCB Bank Kenya
 - KCB Bank Tanzania
 - KCB Bank South Sudan
 - KCB Bank Rwanda
 - KCB Bank Uganda
 - KCB Bank Burundi
 - National Bank of Kenya
 - Ethiopia Rep. Office
- Other Investments:**
- KCB Capital Limited
 - KCB Insurance Agency
 - KCB Foundation
 - Kencom House Limited

Touch Points:



South Sudan



Branches 12
ATMs 3
Agents 45
Staff 115

Branches 15
ATMs 18
Agents 465
Staff 254

Uganda



Rwanda



Branches 13
ATMs 26
Agents 431
Staff 247

Branches 6
ATMs 7
Agents 98
Staff 125

Burundi



Kenya



Branches 300
ATMs 488
Agents 14,195
Staff 6,616

Branches 14
ATMs 15
Agents 200
Staff 276

Tanzania

Ethiopia
(Representative Office)

1 Staff

Kenya Banking Sector

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

RESTRUCTURED LOANS

KShs **1.12T**

Total restructured loans, 38% of the total banking sector loan book.

LIQUIDITY

92%

Liquidity availed by the lowering of CRR advanced to customers, KShs. 35.2B.

PROFITABILITY

KShs **63.4B**

Banking Sector HY20 PBT. Down 27.6% YoY.



PHASED RESUMPTION OF ECONOMIC ACTIVITIES

Moderate restrictions re-imposed to contain the spread of the coronavirus across the region.

KENYA

Partial re-opening of schools in 2020 with 100% reopening scheduled for January 2021

Scaling back of public activities and political rallies

Revised operating hours for bars and restaurants

Reinforcement of *no mask no service* mantra

10PM – 4AM

Revised
Curfew Hours

RWANDA

Prohibition of public transport into and out of Kigali lifted.

Resumption of the normal Bank opening hours of 8AM to 5PM.

10PM – 5AM

Revised
Curfew Hours

UGANDA

Partial re-opening of schools and places of worship. Bars, remain closed. Resumption of international flights.

9PM – 6AM

Nationwide
Curfew

SUSTAINABILITY FOCUS

Ongoing alignment with the Principles of Responsible Banking



- KCB Bank Kenya received an approval for \$150M from IFC to support its sustainable climate finance portfolio and scale up green and SME lending.
- KCB Foundation distributed Covid-19 Containment interventions worth KShs. 6.5M to impacted individuals.
- A call to Global Multilateralism through the UN Global Compact Commitment Charter saw KCB join other **1,294 Global CEOs** and **29 Kenyan firms** by signing a multilateral deal for equal and sustainable global economic growth.
- Despite Covid-19 Restrictions over 67 financed projects – Corporate and SMEs worth KShs. 72.3 Billion were screened for Social and Environment issues through ESDD templates.

KCB Group Plc
ranked **667th**
by
The Banker's
top 1000 world
bank rankings

GLOBAL FINANCE AWARDS 2020

- ❖ Best Bank in Kenya.
- ❖ Best Investment Bank for Sustainable Finance in Kenya

GLOBAL FINANCE, 29TH ANNUAL WORLD'S SAFEST BANKS RANKINGS

- ❖ Safest Bank in Kenya

THE ASIAN BANKER MIDDLE EAST AND AFRICA REGIONAL AWARDS 2020

- ❖ The Best Digital Bank in Kenya

BRAND AFRICA 100: AFRICA'S BEST BRANDS AWARDS

- ❖ 10th most liquid bank in Africa

ASSOCIATION FOR TALENT DEVELOPMENT

- ❖ Second Best Employee Talent Developer in the World

CREDIT RATING

Credit rating at par with
the Sovereign rating

RATING AGENCY

MOODY'S
INVESTORS SERVICE

KCB BANK KENYA

B2 (Negative)

Macro Economic Highlights

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Highlights

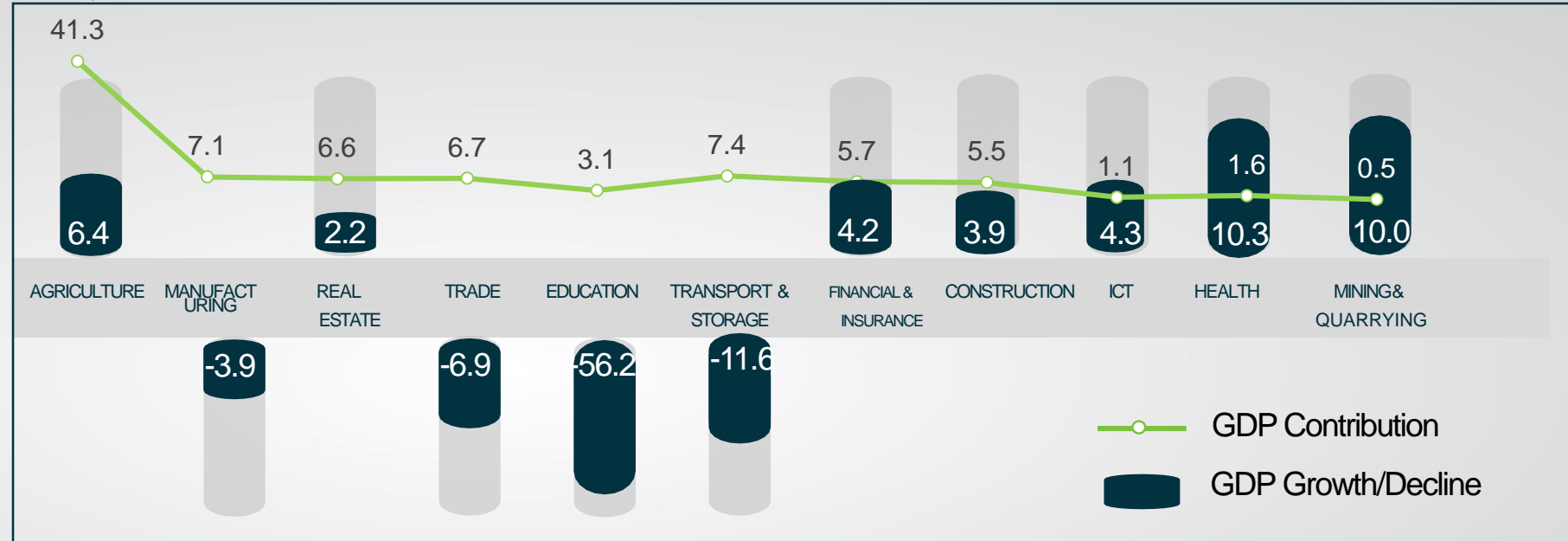
Channel
Performance

Financial
Performance

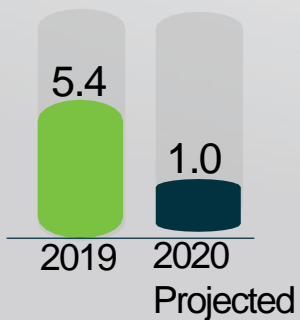
Kenya GDP Performance

Kenya's GDP contracted by 5.7% in 2Q 2020 due to economic disruptions occasioned by the pandemic.

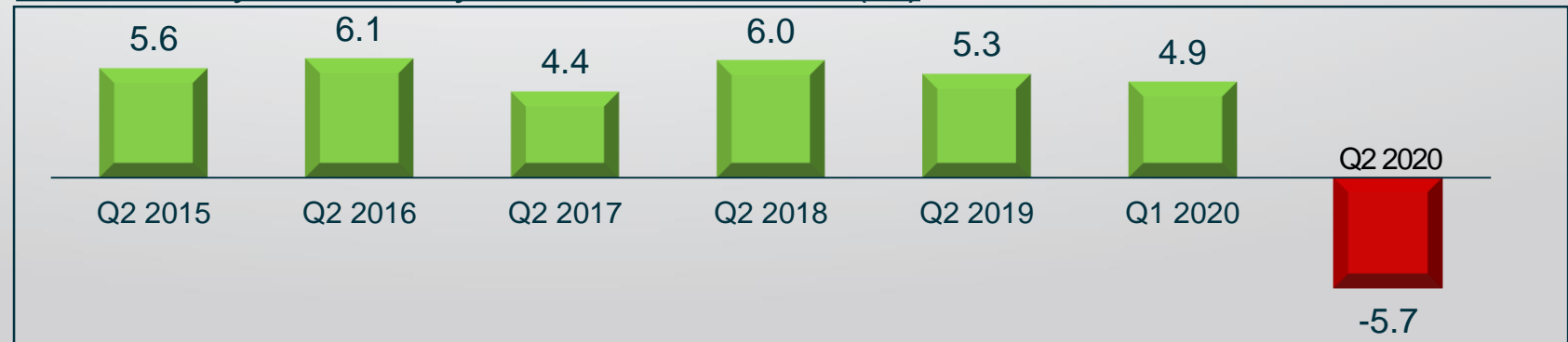
Kenya Q2 2020 GDP Performance(%)



Kenya GDP Growth(%)



Select Kenya Quarterly GDP Performance(%)

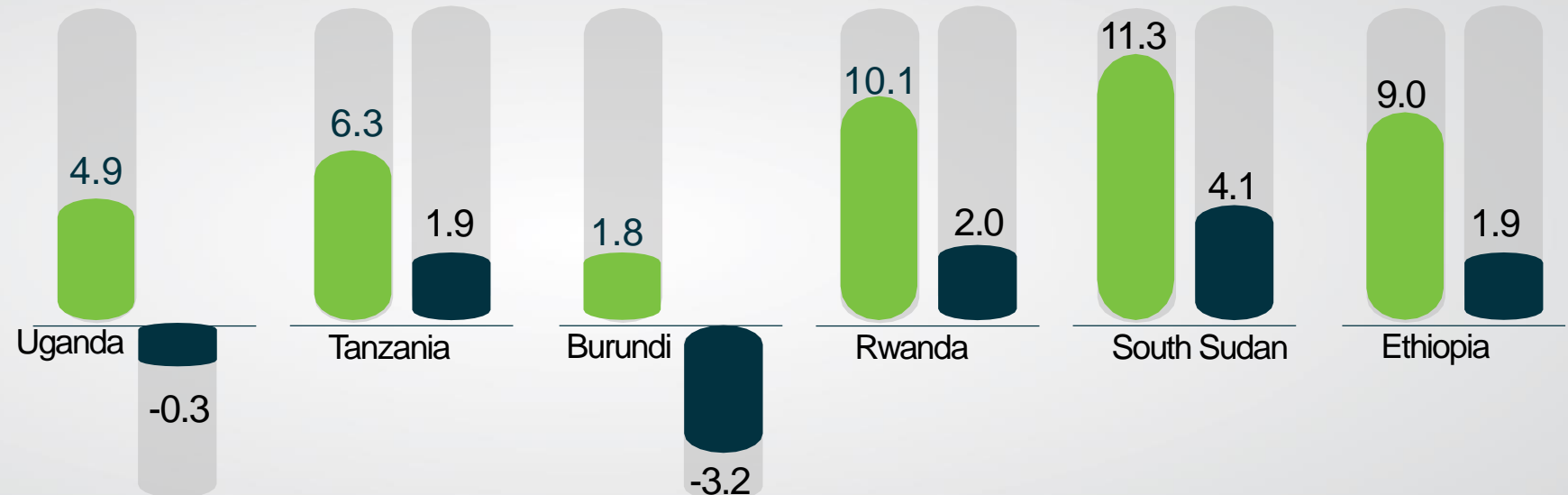


Source: KNBS & IMF

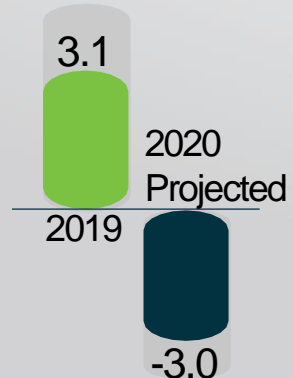
Regional GDP Performance

Sub-Saharan Africa economy projected to contract by 3.0% in 2020 due to economic disruptions occasioned by the coronavirus pandemic.

GDP Growth Rates (%)



SSA GDP Growth(%)

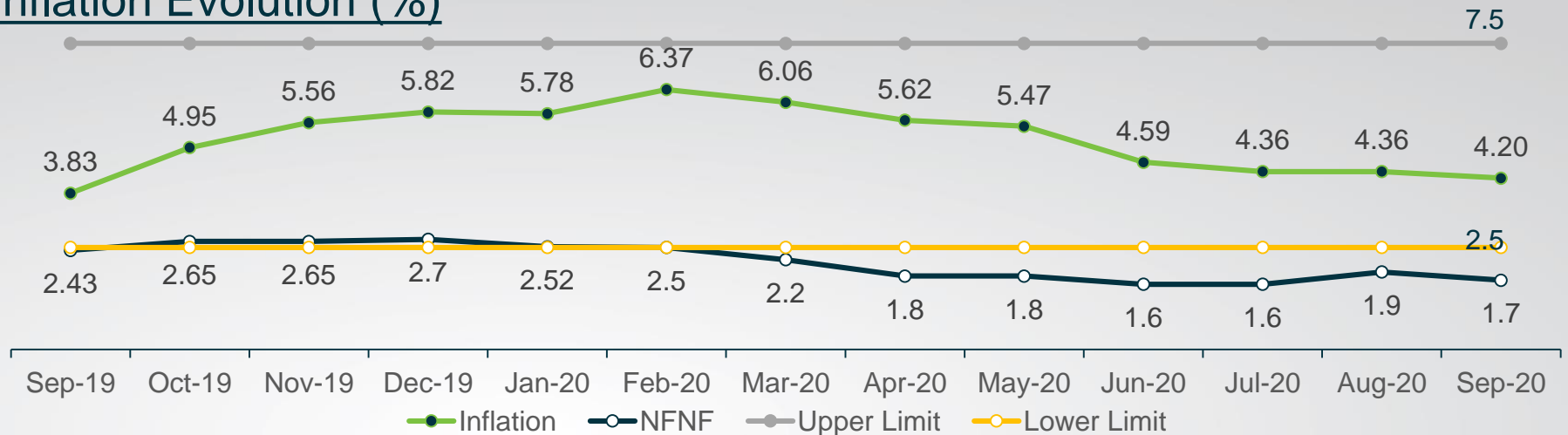


Source: IMF World Economic Outlook (October 2020)

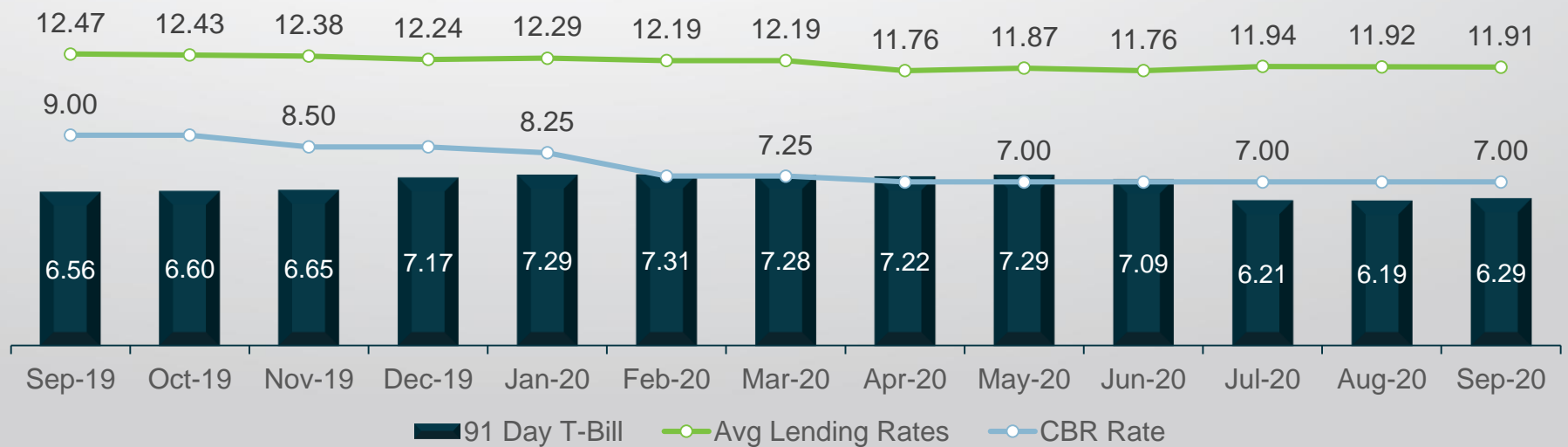
Kenya Inflation and Interest Rates Evolution

Inflation remained stable in the third quarter supported by lower food prices, the impact of the reduction of VAT and muted demand pressures.

Inflation Evolution (%)



Interest Rates Evolution (%)

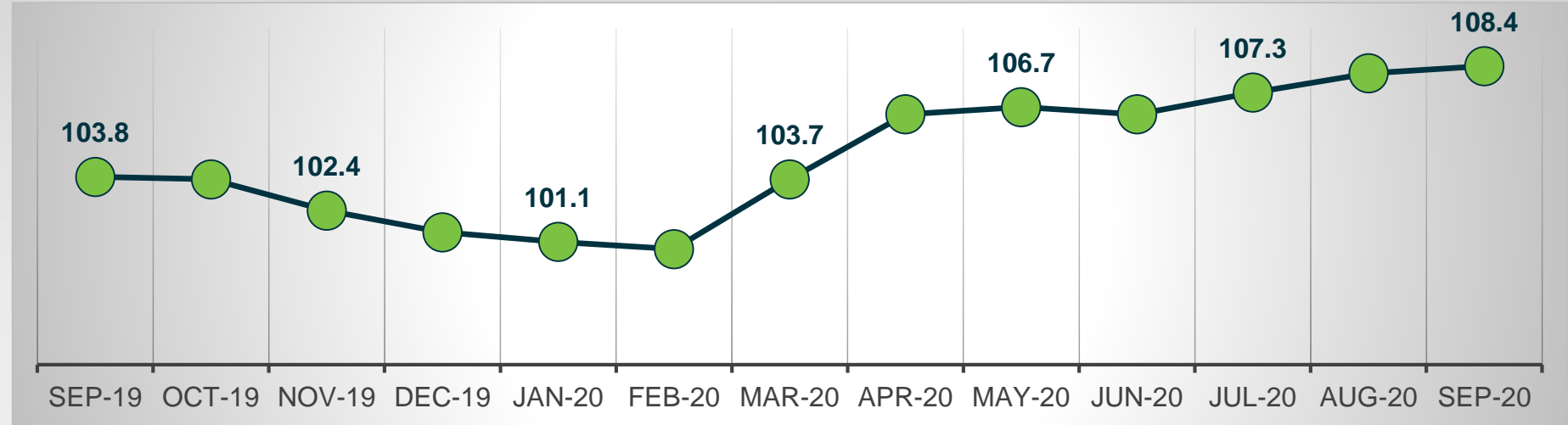


Source: CBK & KNBS

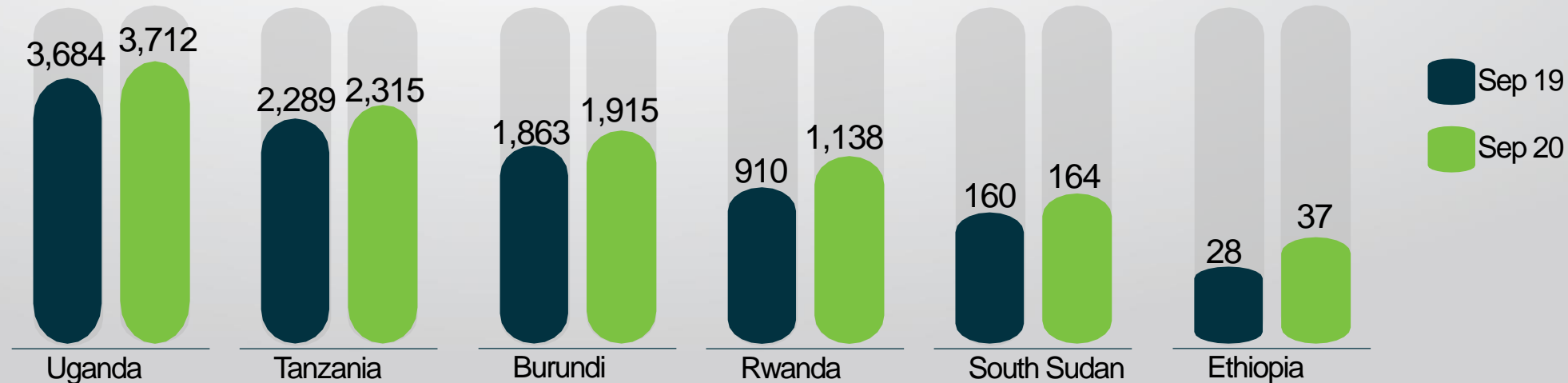
Local Currencies to USD Exchange Rates

Continued pressure on most currencies as a result of the effects of the pandemic.

Kenya Shilling/USD Monthly Exchange Rate Evolution



Regional Currencies to USD Exchange Rates



Source: Regional Central Banks

Kenya Macros Highlights

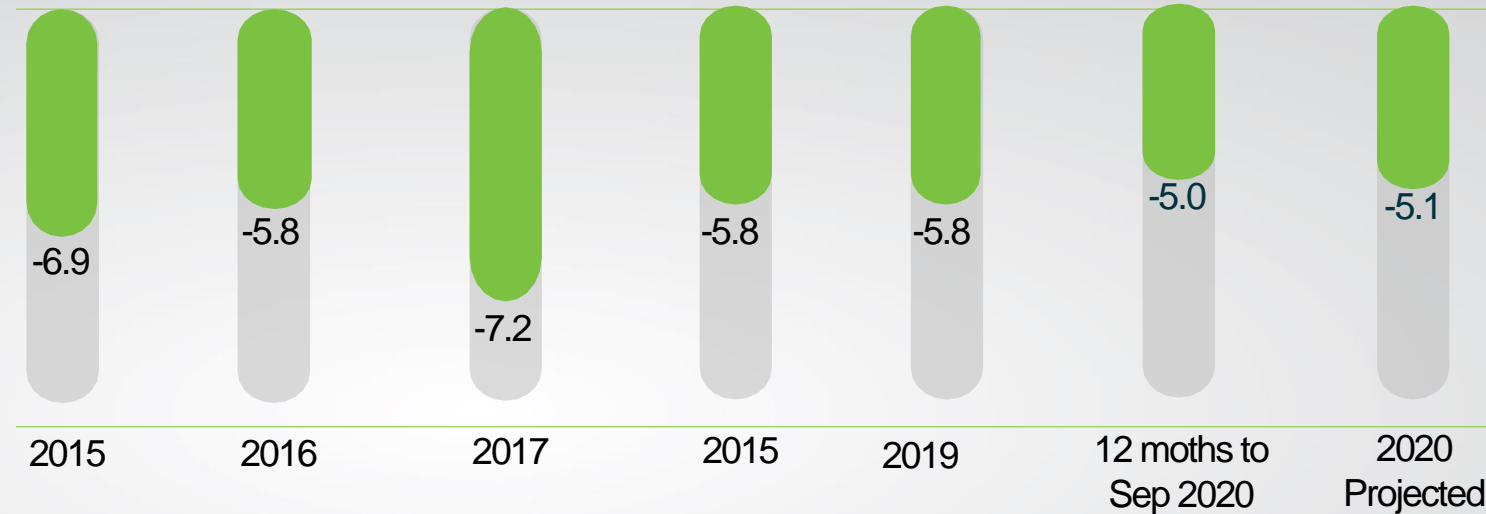
6.5%

Cumulative yoy growth in
Diaspora Remittances to
US \$2.97B

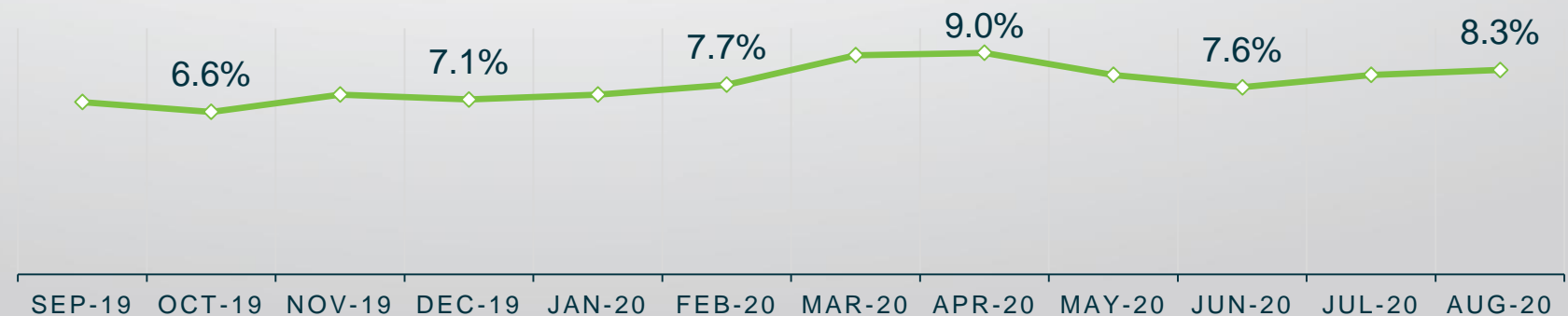
CBK Foreign Exchange
reserves stood at
US \$8,605M,
representing 5.22
months of import cover.

Source: Central Bank of Kenya

Kenya Current Account Balance (% of GDP)



Kenya 12 Month Private Sector Growth



Channel Performance

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Financial
Performance

OUR CHANNEL CONTRIBUTION

98%

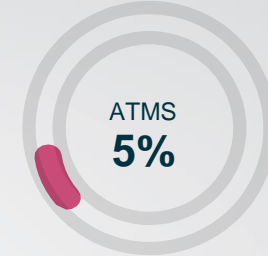
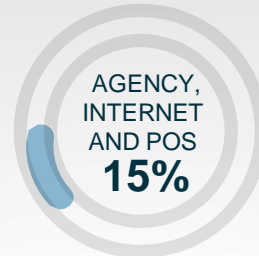
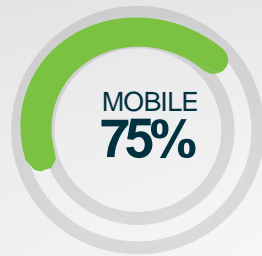
of transactions performed outside the branch.

13%

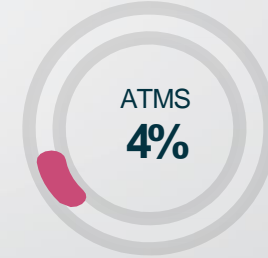
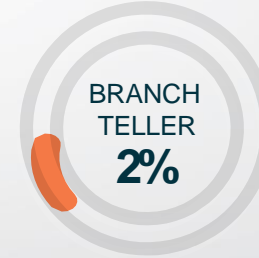
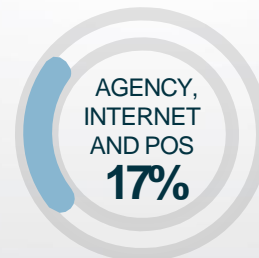
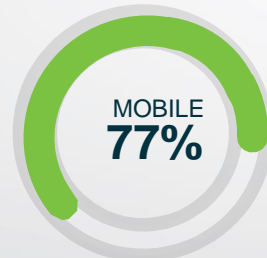
decline in non-branch revenue by KShs. 1.1B due to waiver of mobile banking fees.

Proportion of transactions per customer touch point

Q3 2019



Q3 2020



16% decrease in average transactions / teller per day



Avg. Transactions / Teller per day

43% decrease in Number of branch transactions.



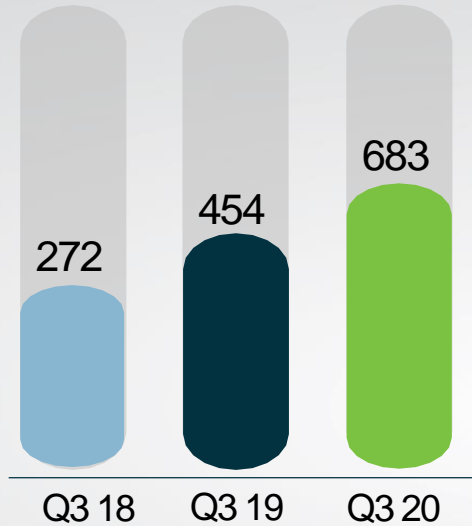
Number of Branch Transactions (M)

MOBILE BANKING

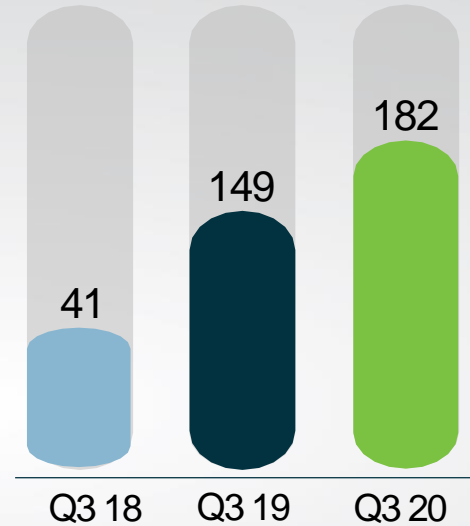
✓ **26%**

Decline in total mobile loans advanced driven by a 49% decline in KCB Mpesa disbursements

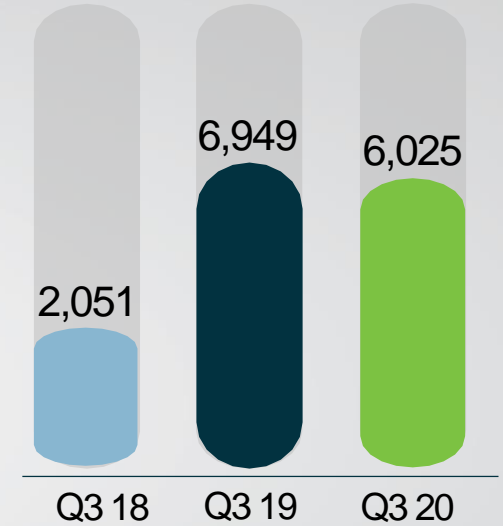
Value of Mobile Transactions (KShs. B)



No. of Mobile Transactions (M)



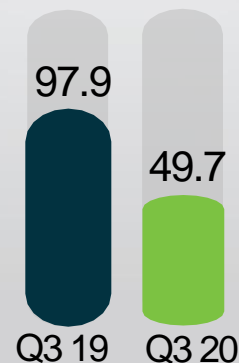
Mobile Revenue (KShs. M)



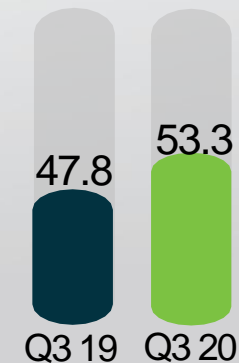
Total Mobile Loans Advanced (KShs. B)



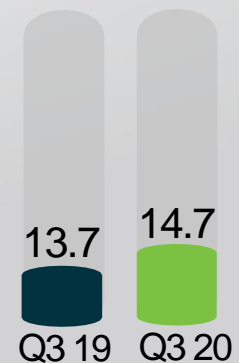
KCB Mpesa (KShs. B)



Fuliza (KShs. B)



Mobi Loan (KShs. B)

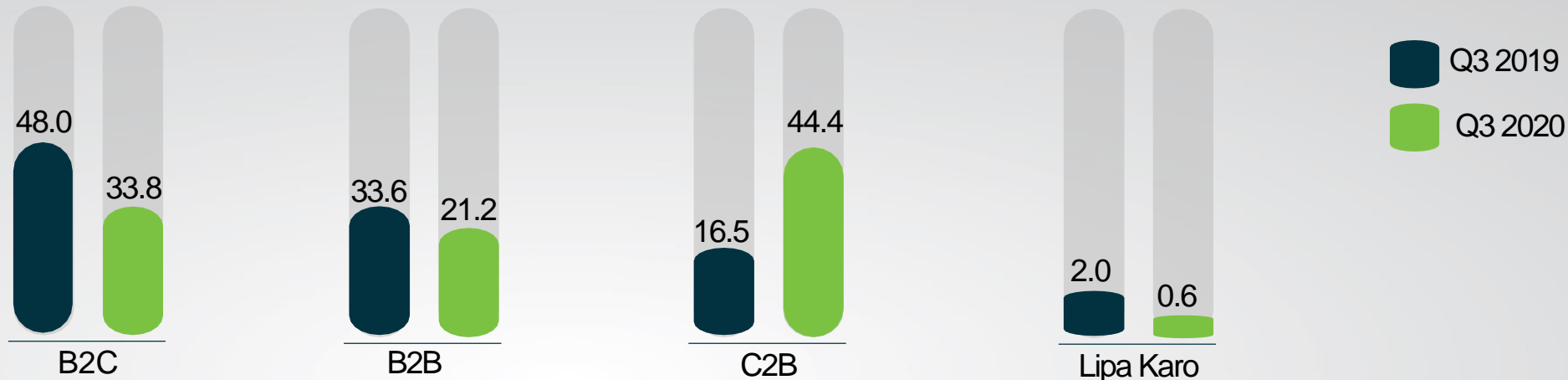


MOBILE BANKING

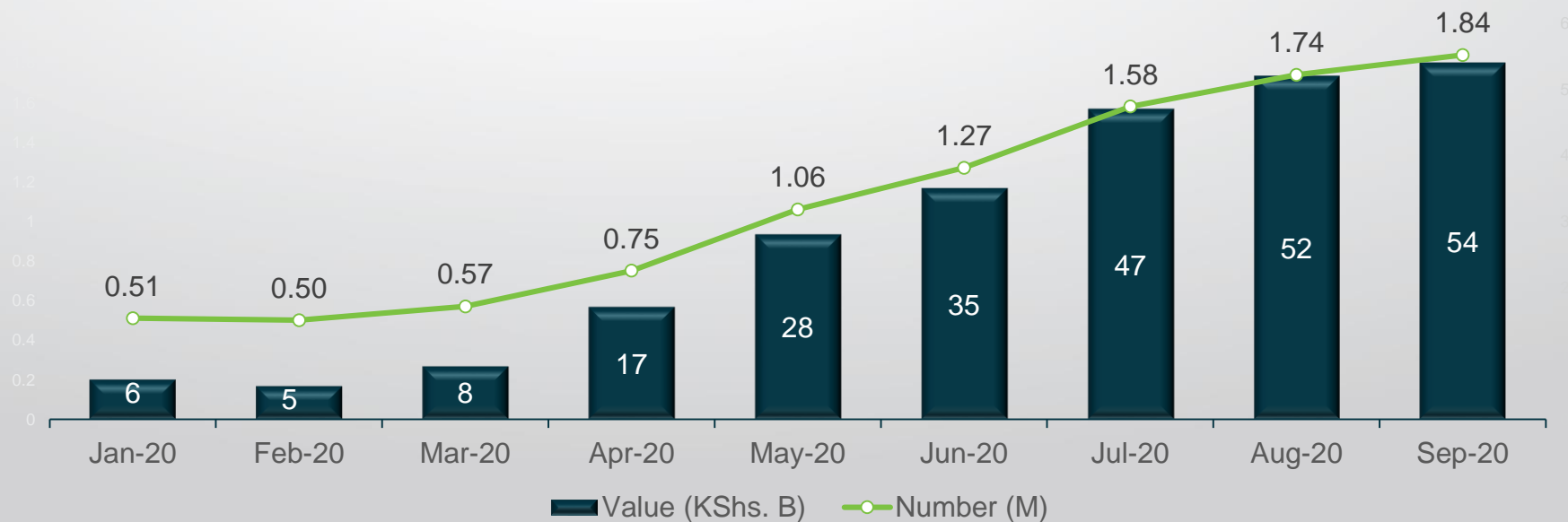
91%

Q/Q growth in values of C2B transactions driven by the push to digital transactions and fee waivers during the Covid-19 Period.

Mobi Transaction Type (%)



Month on Month Evolution of C2B Transactions

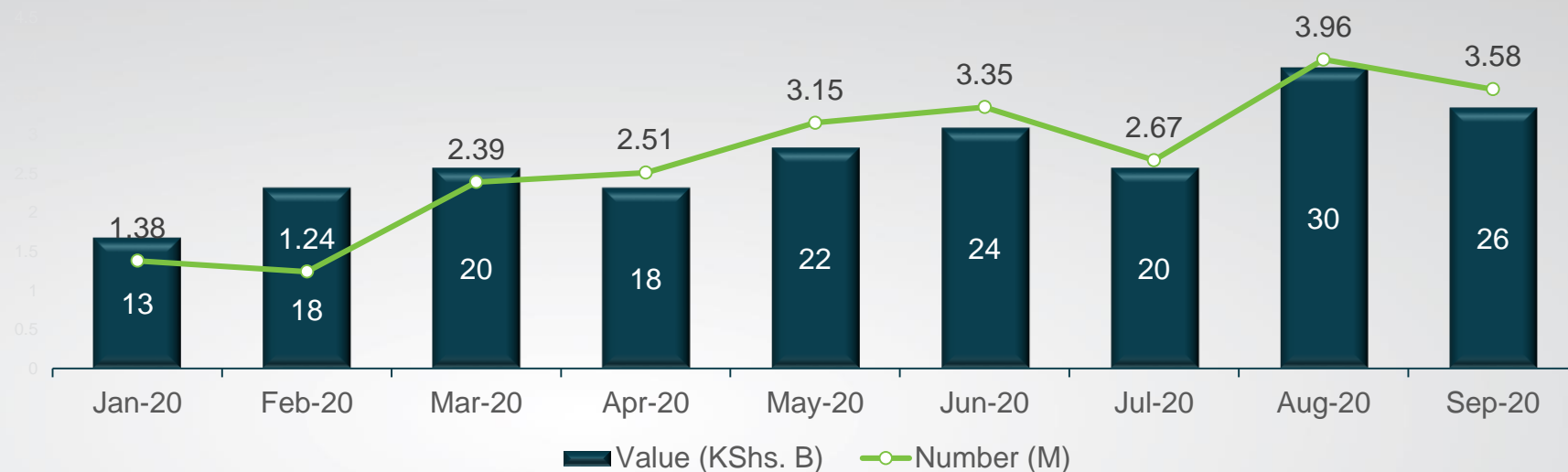


MOBILE BANKING

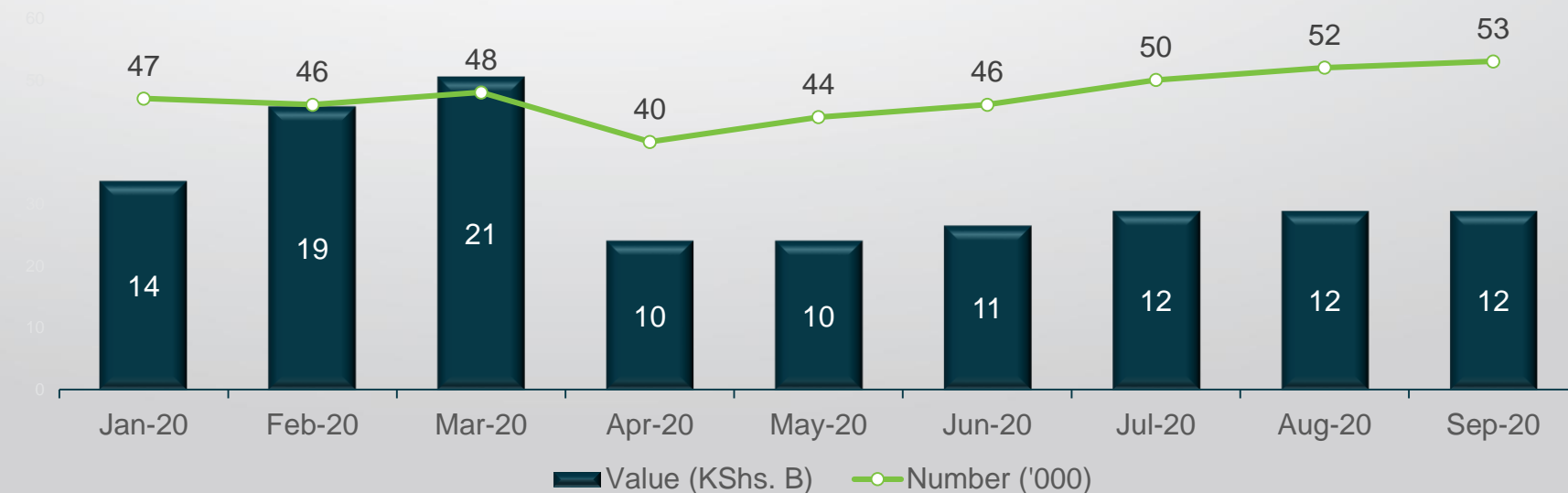
KShs. 0.5T

...amount facilitated by KCB via mobile during the Covid-19 period.

Month on Month Evolution of B2C Transactions



Month on Month Evolution of B2B Transactions

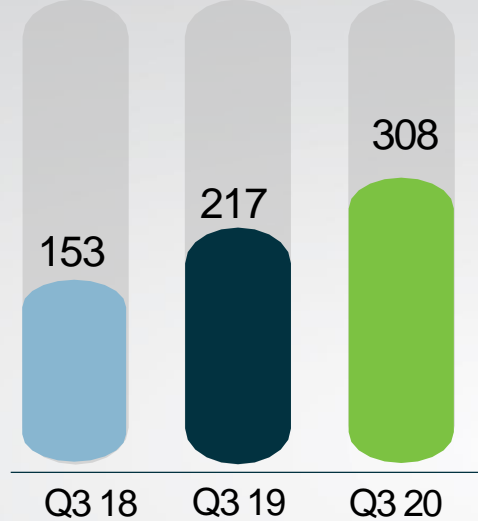


AGENCY BANKING

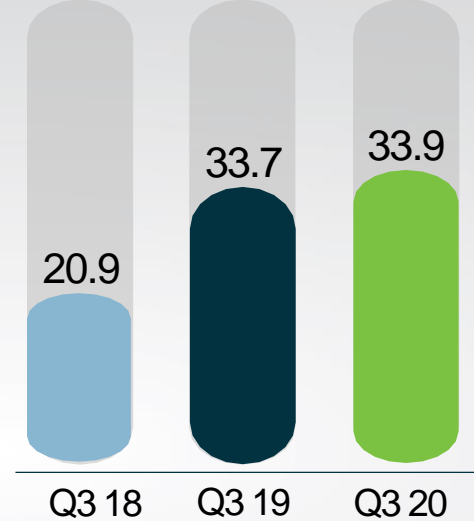
42%

Growth in agency banking volumes to Kshs. 308 billion due to continued shift to digital channels.

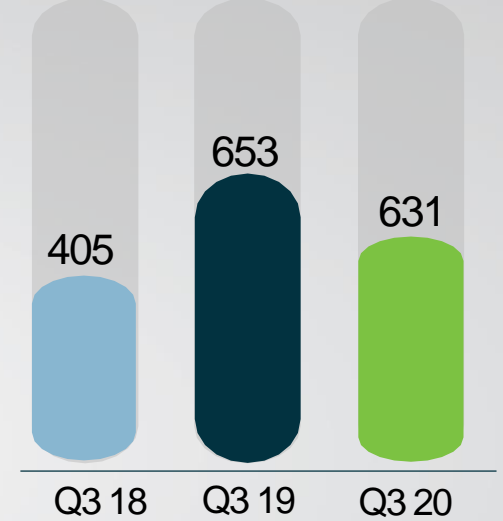
Value of Transactions (KShs. B)



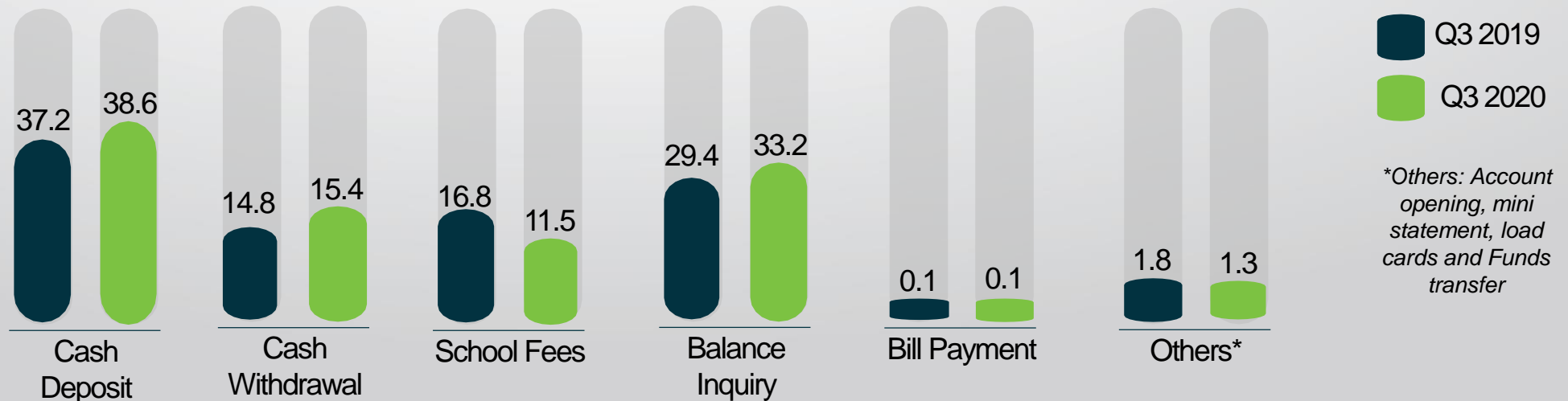
No. of Transactions (M)




Agency Revenue (KShs. M)



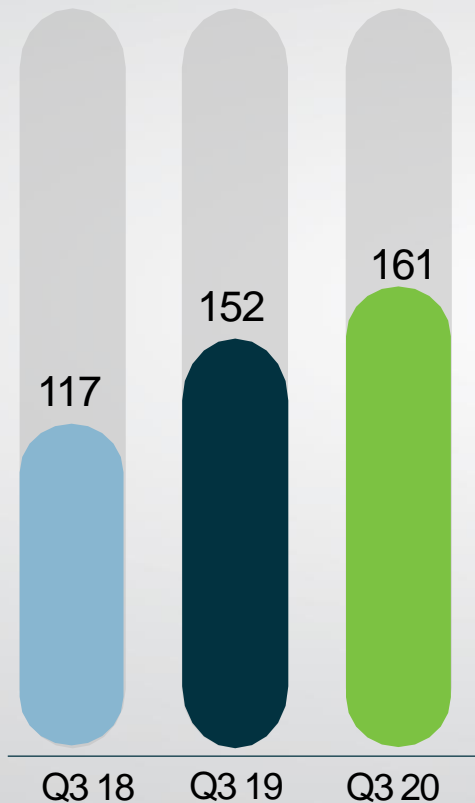
Agency Transaction Type (%)



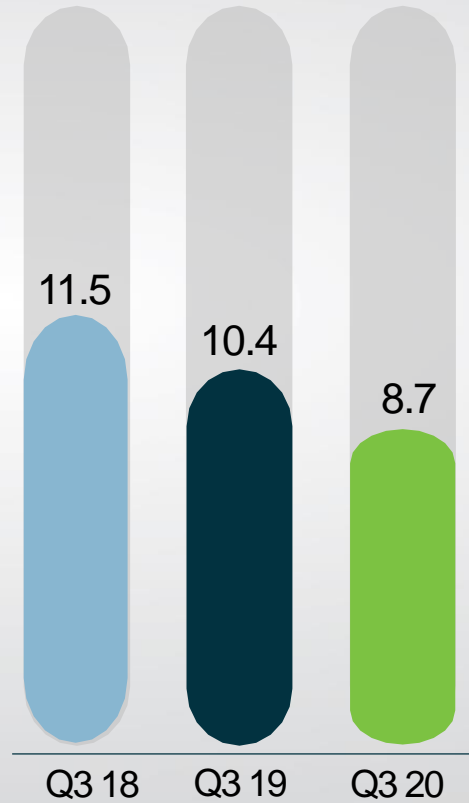
ATMs

 **6%**
Increase in
ATM volumes
to KShs. 161B

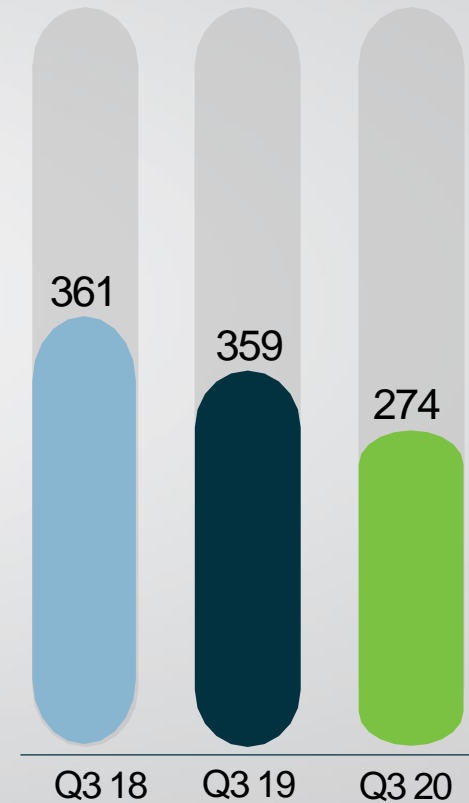
Value of Transactions (KShs. B)



No. of Transactions (M)



ATM Revenue (KShs. M)

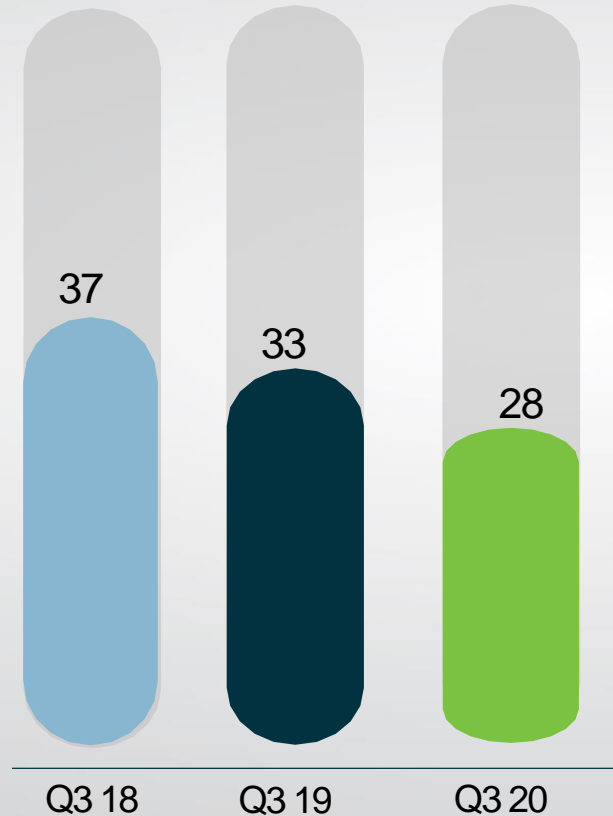


MERCHANT / POS

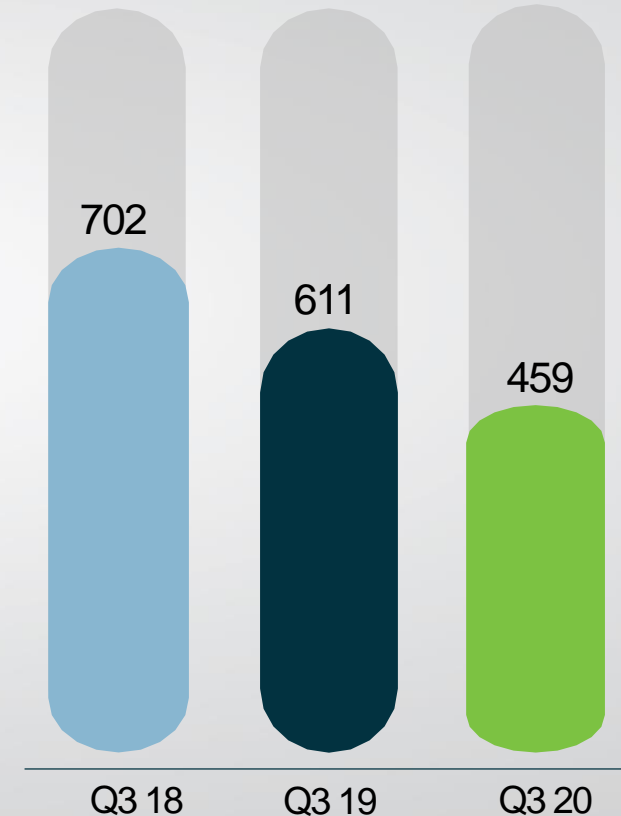
▼ **14%**

Decrease in
volume of POS
transactions to
KShs. 28B

Value of Transactions (KShs. B)



POS Revenue (KShs. M)



Financial Performance

Group
Overview

Macro Economic
Highlights

Channel
Performance

Financial
Performance



27% Growth in Total Assets

84% growth in
Gov. securities
and
19% growth in
loans funded
by
32% growth in
deposits

Government Securities

KShs 128.5B

KShs 236.2B

Net Loans & Advances

KShs 486.4B

KShs 577.5B

Customer Deposits

KShs 586.7B

KShs 772.7B

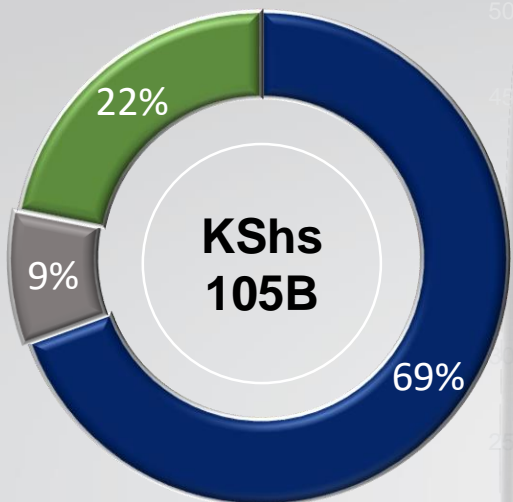
Total Assets

KShs 764.3B

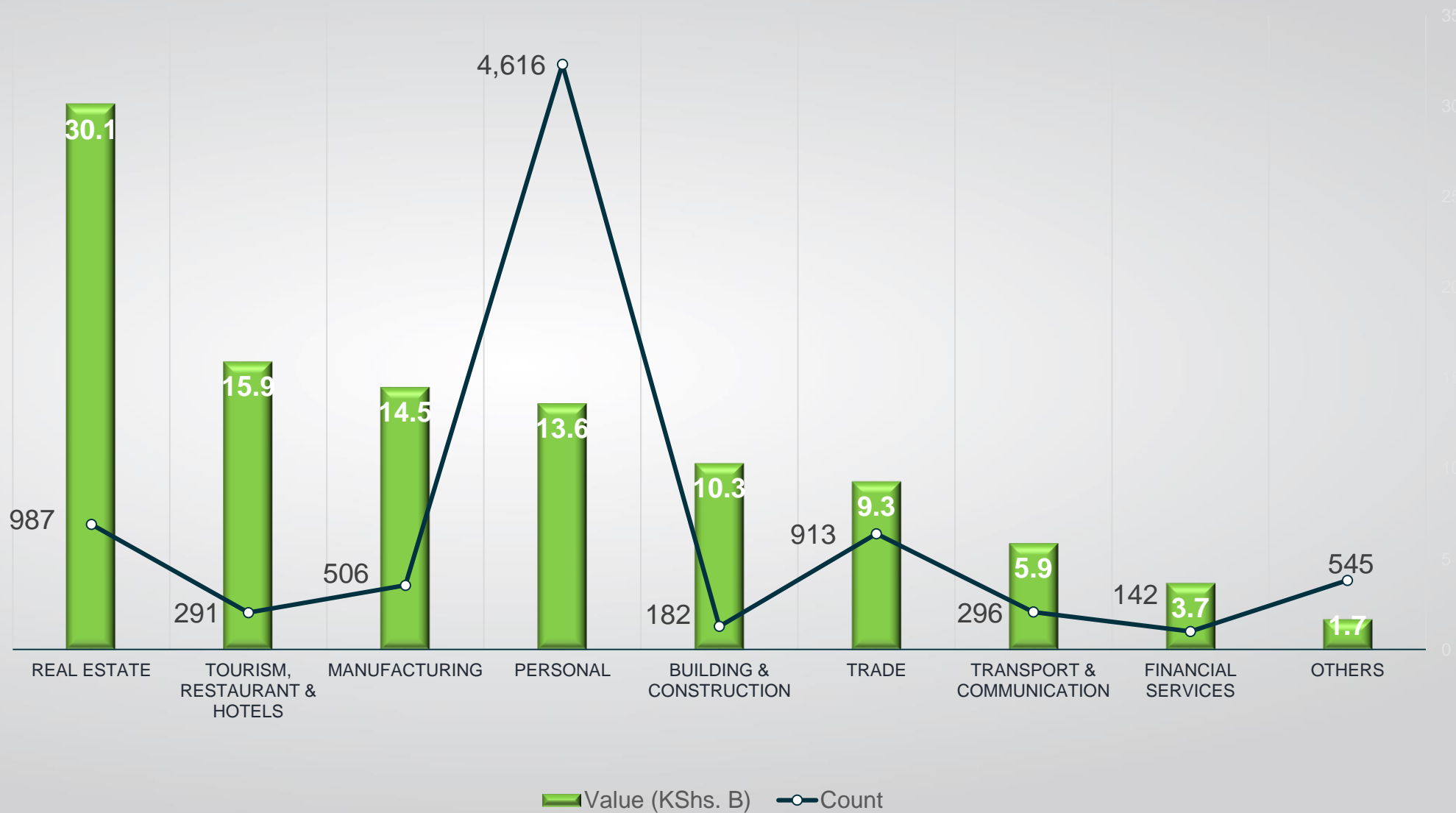
KShs 972.0B

Q3 19

Q3 20



8,478 Loan accounts with a total value of KShs. 105.0B restructured as at Q3 2020.



Customer interventions

Our focus has been safeguarding the wellbeing and safety of all our stakeholders.

Waiver of charges for transfers between mobile money wallets and bank accounts

Restructured 8,478 loan accounts valued at KShs 105 billion

Contributed over KShs.150M towards emergency interventions to cushion vulnerable citizens affected by the COVID-19

Support provided to SME customers:

- repayment holidays and moratoriums to over 3,500 customers
- restructured SME loans valued at KShs 6 billion
- offered a wide range of business development skills to entrepreneurs through webinars

Support provided to Learning institutions:

- Support to public and private schools through assistance with PPEs
- Provided financing for water tanks, hand washing points, gloves, masks, fumigation services, desks, chairs and all sanitization needs, needed for back to school activities.



Staff Interventions

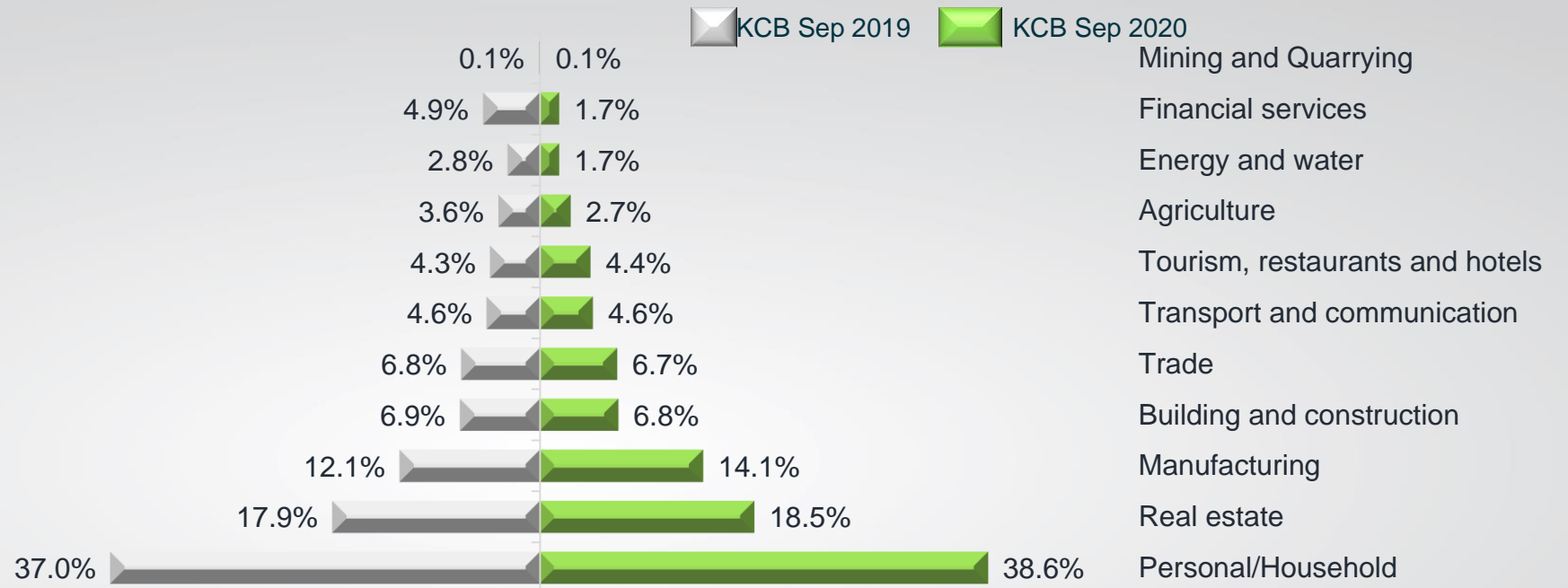
Our focus has been safeguarding the wellbeing and safety of all our stakeholders.

- Facilitation of staff to work from home through support towards set up of home offices, provision of internet connectivity and a closed user group for voice calls.
- Deployment of teams to work in shifts at the branches and the provision of reusable face masks, hand sanitizers and infrared thermometers in all workplaces.
- Health talks and trainings to create awareness and break the stigma about the pandemic.
- Availed additional access, through our Health Care Partners, to specialized treatment, ambulance services and counsellors to offer psychological support.

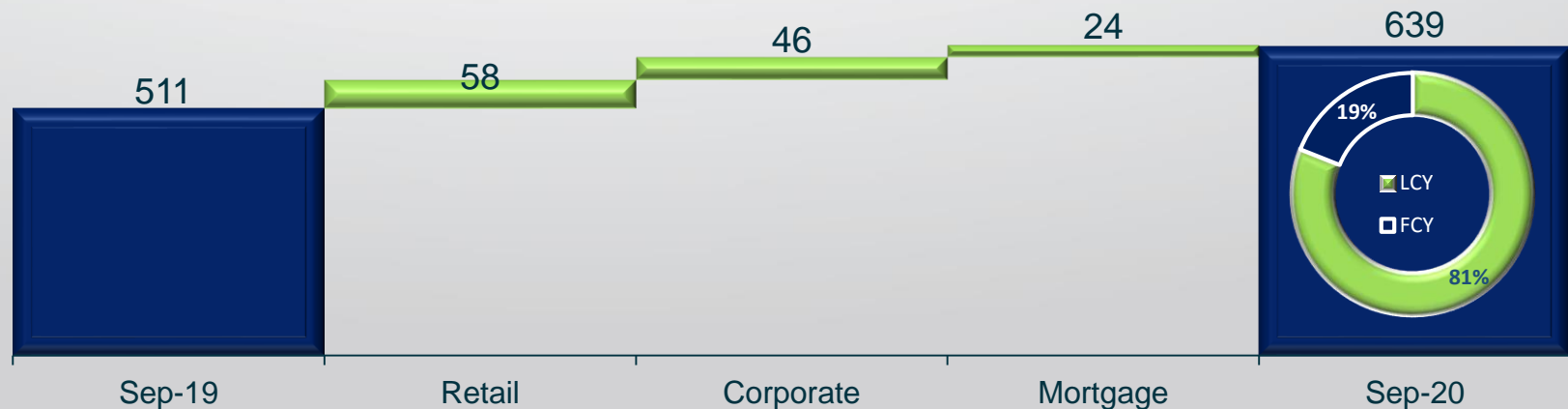


Stable Loan Book distribution over the period.

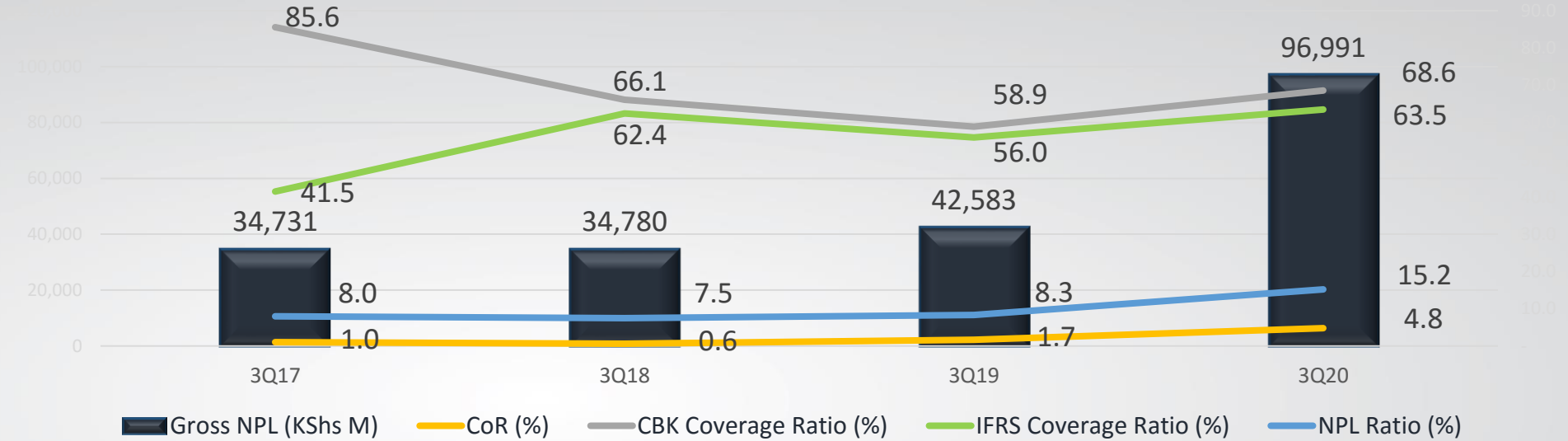
25%
Growth in Gross Loans split between 12% organic and 13% inorganic.



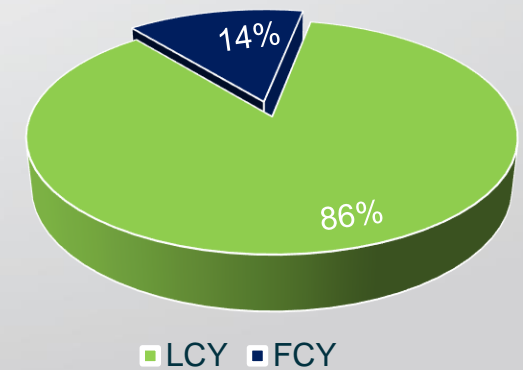
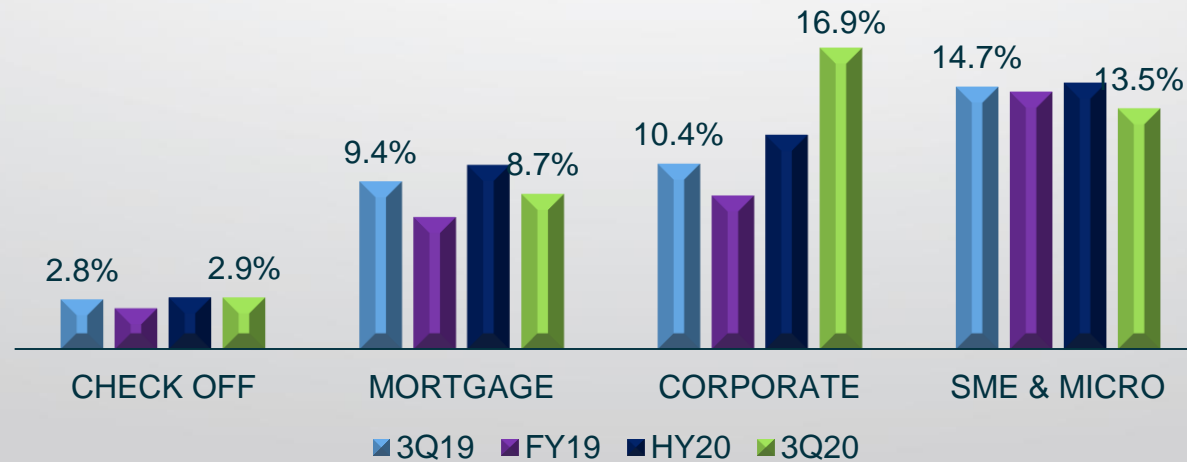
Group Gross Loans (KShs. B)



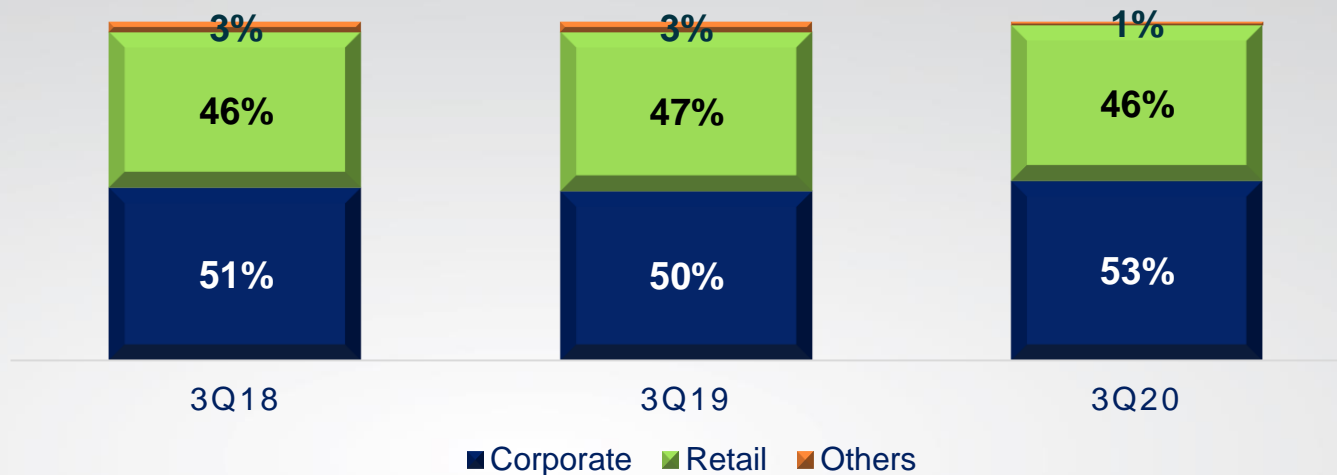
Increase in NPL driven by the consolidation with NBK and the Corporate banking customers



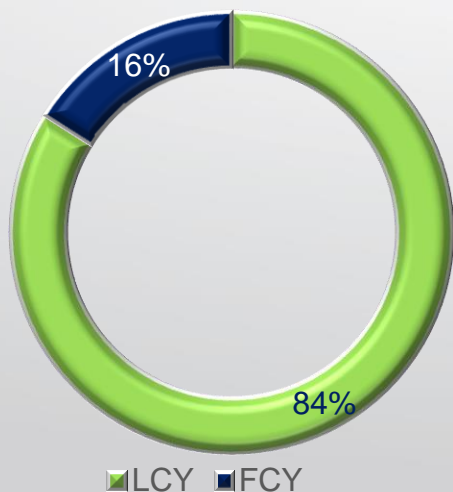
NPL Breakdown



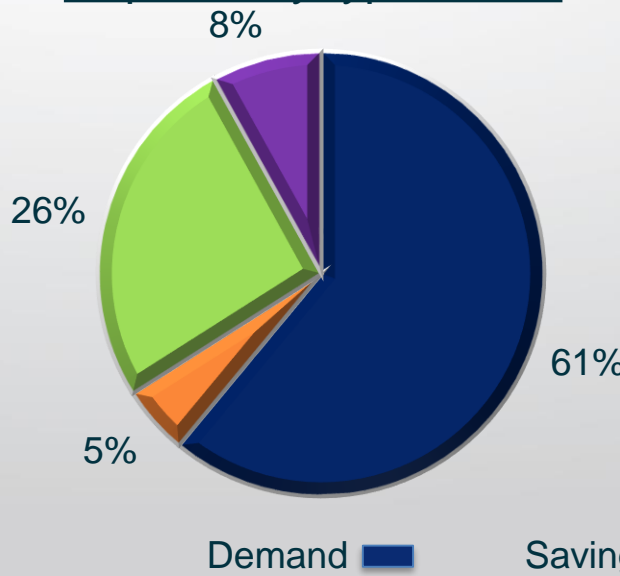
Strong funding mix drives down cost of funds



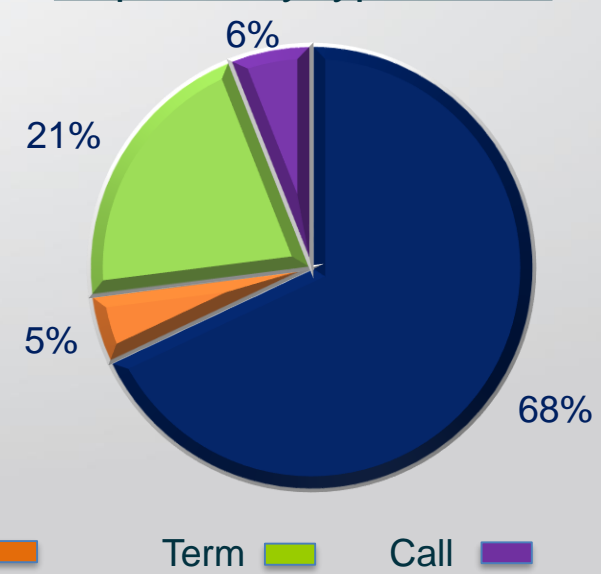
Currency Mix



Deposits by type Q3 19

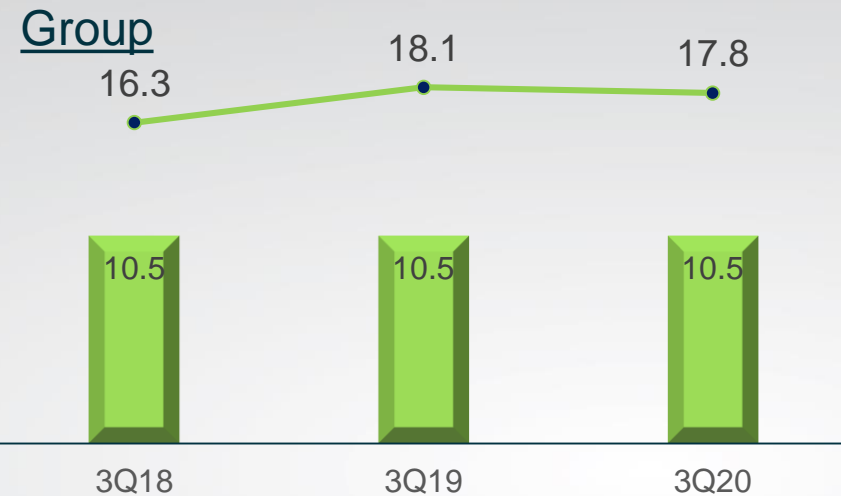


Deposits by type Q3 20



All capital ratios adequately above the internal and regulatory limits

Core Capital to RWA (%)



Kenya



Total Capital to RWA (%)



Kenya



37% decline in
PBT

43% decline in
PAT,
driven by 243%
increase in
provision

Net Interest Income

KShs 38.7B

Total Non Interest Income

KShs 20.9B

Operating Expenses

KShs (26.6B)

Profit Before Tax

KShs 27.2B

KShs 47.9B

KShs 21.3B

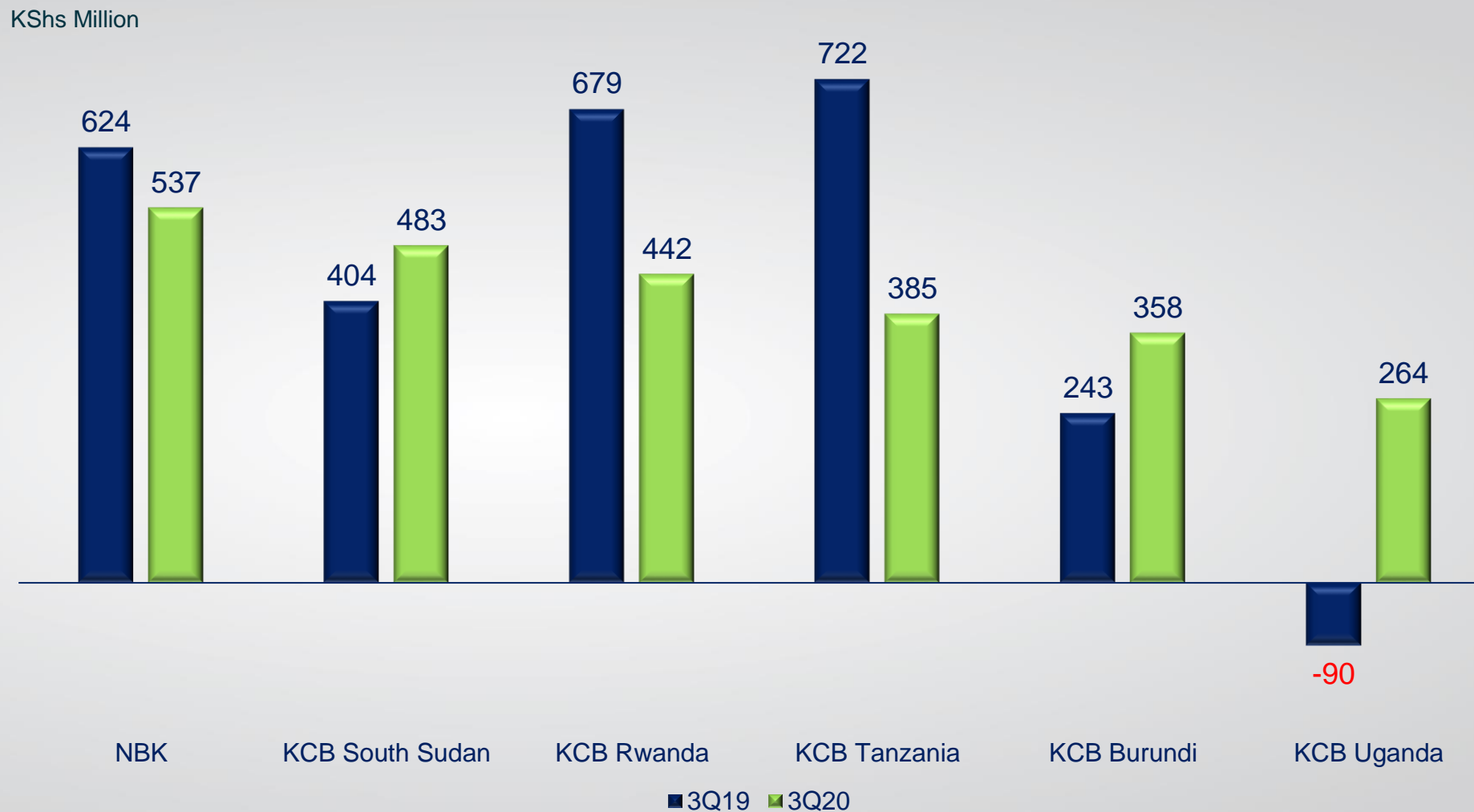
KShs (32.0B)

KShs 17.1B

Q3 19

Q3 20

KShs 2.5 billion
contribution in
PBT from the
banking
subsidiaries



Resilient Balance Sheet performance

27% growth in
Total assets
driven by
business growth
and consolidation
with NBK

KShs Billion	KCB Group			KCB Bank Kenya		
	Actual Q3 19	Actual Q3 20	Y-O-Y Change	Actual Q3 19	Actual Q3 20	Y-O-Y Change
Cash and balances with central bank	54.3	48.6	(11%)	49.6	38.2	(23%)
Balances with other institutions	42.5	36.6	(14%)	19.8	8.5	(57%)
Investments in Government & Other securities	128.5	236.2	84%	114.5	166.1	45%
Net loans and advances	486.4	577.5	19%	442.0	475.7	8%
Fixed assets	17.0	26.7	57%	12.2	14.7	20%
Other assets	35.5	46.4	31%	29.5	36.2	23%
Total Assets	764.3	972.0	27%	667.6	739.4	11%
Customer deposits	586.7	772.7	32%	522.1	595.9	14%
Balances due to other banks	13.5	24.9	84%	5.1	6.2	22%
Other liabilities	20.8	18.2	(13%)	17.7	15.3	(14%)
Long-term debt	22.1	20.4	(8%)	18.9	17.9	(5%)
Total Liabilities	643.1	836.1	30%	563.9	635.2	13%
Shareholders' equity	121.2	135.9	12%	103.8	104.1	0%
Total liabilities and equity	764.3	972.0	27%	667.7	739.4	11%

43% decline in earnings

13% growth in pre-provision profit.

KShs Billion	KCB Group			KCB Bank Kenya		
	Actual Q3 19	Actual Q3 20	Y-O-Y Change	Actual Q3 19	Actual Q3 20	Y-O-Y Change
Interest income	51.4	63.3	23%	45.8	49.9	9%
Interest expense	(12.8)	(15.4)	21%	(10.8)	(11.4)	5%
Net interest income	38.7	47.9	24%	34.9	38.5	10%
Foreign exchange income	3.5	3.3	(4%)	2.2	2.2	(3%)
Net fees and commissions	14.1	14.3	1%	12.3	11.3	(8%)
Other income	3.4	3.6	8%	2.9	3.0	5%
Total other operating income	21.0	21.3	1%	17.4	16.5	(5%)
Total other operating expenses	(26.6)	(32.0)	20%	(21.9)	(21.2)	(3%)
Provisions for bad debts	(5.8)	(20.0)	243%	(5.4)	(18.7)	247%
Profit before tax	27.2	17.1	(37%)	25.1	15.1	(40%)
Tax	(8.0)	(6.3)	(22%)	(7.1)	(5.3)	(26%)
Profit after tax	19.2	10.9	(43%)	17.9	9.9	(45%)

GROUP				Q3 20	
Q3 19	FY 19	HY 20		KENYA	GROUP
21.8%	20.7%	11.6%	Return on Average Equity	13.4%	10.9%
44.7%	45.9%	47.0%	Cost to Income	38.5%	46.3%
8.3%	10.9%	13.7%	Gross NPL to Gross Loans	12.2%	15.2%
56.0%	72.1%	61.7%	NPL Coverage	67.3%	68.6%
18.3%	16.6%	16.2%	Debt to Equity	17.2%	15.0%
35.2%	33.4%	31.0%	Non funded income to total income	30.0%	30.8%
2.8%	2.8%	2.7%	Cost of funds	2.5%	2.7%
7.9%	8.1%	7.8%	Net Interest Margin	7.7%	7.9%
1.7%	1.8%	4.0%	Cost of risk	5.0%	4.8%
87.0%	84.6%	80.7%	Loan to Deposit Ratio	88.0%	82.7%
11.7%	17.4%	17.0%	Growth of Net Loans and Advances	7.6%	18.7%
11.4%	27.7%	34.6%	Growth of Customer Deposits	14.1%	31.7%



**THANK
YOU**

KCB Investor Relations
investorrelations@kcbgroup.com
www.kcbgroup.com