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Press Release **November 20, 2024**

KCB Group Plc Posts 49% Rise in Profit After Tax to KShs. 45.8B.

Growth driven by KCB Kenya rebound and continued international businesses momentum, delivering the benefits of diversification

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KCB Group PLC recorded KShs. 45.8 billion in profit after tax for the first nine months of the year, driven by sustained revenue growth. This was a 49% growth from KShs.30.7 billion posted a similar period last year.

Revenues increased by 22% to KShs.142.9 billion, bolstered by both funded and non-funded lines across the subsidiaries.

The contribution by subsidiaries (excluding KCB Bank Kenya) improved during the period, closing at 36.6% in profit after tax and 34% in total assets, a demonstration of the continued benefits of diversification to other markets outside Kenya.

Commentary: Group Chief Executive Officer, Paul Russo

"The operating environment has been tough across all our markets, but we have continued to walk the journey with our customers while ensuring our key fundamentals remain strong. We are optimistic of a strong end of the year, riding on improving market conditions, solutioning for customers and tapping the great strength of our people," said KCB Group CEO Paul Russo, while releasing the results on Wednesday.

"The Group continued to leverage its deep understanding of local markets and cultures, allowing us to provide tailored financial solutions to customers wherever they are in the region. We have made deliberate investments to support regional trade and connect millions of people across the world to opportunities on the African continent and beyond whilst making a positive social impact in the communities," he added.

Financial Highlights

- On the balance sheet side, **total assets** stood at **KShs. 2.0 trillion**, on the back of stable **customer deposits** growth which closed the period at **KShs. 1.5 trillion. Net Loans & Advances** ticked up quarter on quarter to **KShs.1.1 trillion** benefiting from growth in retail sector lending that outpaced the impact from the appreciation of the shilling on the foreign currency denominated loans.

- **Income** was up **22%,** with a strong show on both funded and non-funded income lines. Net Interest income grew by 24% supported by improved yields and increased lending to key segments, significantly offset by increase in interest expense driven by high cost of funds. Non-Funded Income (NFI) was boosted by FX income, transaction fees and strong revenues from Trust Merchant Bank (TMB), our DRC-based subsidiary.

- **Total costs** grew 11%driven by higher staff costs, technology expenses, spending related to business volumes and continued prudent provisioning for Non-Performing Loans (NPL).
- The Group's stock of **NPLs** stood at KShs.215.3 billion, which saw the NPL ratio close the quarter at 18.5%, reflecting the economic conditions in different sectors across the markets.
- To mitigate the effect of increased NPLs**, provisions** increased year on year by 12.2%. The Group continues to prioritize efforts to improve asset quality with various measures in place to reduce the NPL ratio both in the short and long-term.
- Looking at shareholder value, **return on equity** improved to 25.6% up from 19.6% last year. **Shareholders' funds** grew by 14% during the period to close at KShs. 249 billion up from KShs.219 billion.
- The Group maintained **strong capital buffers** with all banking subsidiaries sustaining robust capital ratios. Group core capital as a proportion of total risk-weighted assets stood at 16.5% against the statutory minimum of 10.5% while the total capital to risk-weighted assets ratio was at 19.3% against a regulatory minimum of 14.5%. All banking subsidiaries except NBK were compliant with their respective local regulatory capital requirements.

Commentary: Group Chairman Joseph Kinyua

"The Group business is well positioned to deliver stronger shareholder value, riding on its solid capital and liquidity positions, robust governance and dedication to sustainable business practices. We foresee remarkable resilience with recovering economic conditions across markets," said KCB Group Chairman Dr. Joseph Kinyua.

Latest Corporate Developments

- In October, KCB and the European Investment Bank (EIB Global) signed a €230 million (KShs. 32 billion) partnership to support small and medium enterprises (SMEs), youth and women in Kenya. Of this, €115 million will be a credit line from EIB Global to KCB, matched by €115 million from KCB's own funds. Through the 'Investing in Young Businesses in Africa' (IYBA) initiative, a total of €30 million (KShs. 4.1 billion) will go to women-led/owned microenterprises. The package will also see €100 million (KShs.14 billion) dedicated towards working capital and new investments.
- KCB Bank and Invest International, a Netherlands-based impact investor, have entered a strategic collaboration framework to launch a dedicated hub in Kenya to support Dutch entrepreneurs seeking financing solutions in emerging markets. The Kenyan hub will be the second after Nigeria and will serve as a central hub for businesses in Africa by

linking them to working capital, export financing, investment loans, and finding the right financial support such improving access to local currency funding and foreign exchange.

- KCB Group continued to deepen its commitment to Sustainability and ESG. Last week, KCB Bank Kenya secured a Project Preparation Facility (PPF) of USD 540,000 (KShs 69 Million) from the Green Climate Fund (GCF) for its concept note on MSMEs' Climate Sound Technologies for Production Efficiency and Business Value in Kenya. The approval which came on the sidelines of the COP29 climate talks in Baku, Azerbaijan, enables KCB to extend funding to MSMEs to commence green projects, consequently unlocking climate innovation and the investments urgently needed to respond to climate change. In September, the Group launched its 2023 Sustainability and ESG Report that details the progress made and targets ahead. The Group is committed to remaining a leading green financier and positioning '2jiajiri', our social impact platform.
- In October, KCB Group received an approval from the COMESA Competition Commission for the sale of National Bank of Kenya to Nigeria's Access Bank. In March, KCB Group PLC and Access Bank PLC signed a binding offer for the proposed acquisition 100% of the issued and outstanding share capital of NBK by the latter. The successful completion of the transaction is subject to receipt of all regulatory approvals and customary conditions.
- KCB Bank Kenya and Airtel Money Kenya Limited have entered into an interoperability partnership where Airtel Money customers will now be able to make payments directly to KCB merchants' tills through the Lipa Na KCB service. This marks a key milestone in achieving a secure, fast, efficient, and collaborative payments system that supports financial inclusion and innovations. It is also geared towards the implementation of full interoperability in the payments industry.
- KCB continued to top in global, regional and local accolades, cementing its market leadership position. KCB was recently listed among Kenya's top 3 most valuable brands by Brand Finance, a UK based consultancy in its Global 500 ranking. The Bank has also received several top awards for its role in East Africa's economic transformation journey. Some of the awards include Best in Customer Excellence (runners up Tier 1) and Best Banking Group Kenya- Finance Derivatives Awards. The Bank has also received accolades for its women in banking proposition dubbed '*FLME*'. **<Ends>**

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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 528 branches, 1,313 ATMs and over 1.3 million 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.