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Press Release

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KCB Group Plc Q3 2022 Net Profit up 21.4% to KShs.30.6B

Improved performance driven by strong non-funded income growth and higher net interest income as Board proposes an interim dividend of KShs. 1.00 a share

KCB Group PLC net profit rose 21.4% to KShs.30.6 billion in the first nine months of 2022 on the back of sustained growth from both Net interest and non-funded income lines. This was a jump from KShs.25.2 billion reported for the same period last year.

The contribution of Group businesses, which excludes KCB Bank Kenya stood at 16.3% (up from 15.2%) driven by new businesses and the impact of BPR Bank.

GCEO Commentary

“We are seeing strong revenue momentum across the corporate and retail business which positions us to meet our full year outlook. Our focus has been on delivering value and support to our customers to help them navigate the tough economic environment”, said KCB Group CEO Paul Russo on Tuesday.

Financial Performance

Total revenues went up 15.3% to KShs.92.1 billion mainly driven by the growth in non-funded income. This increased by 30.2% on higher foreign exchange earnings and lending fees. Additionally, interest Income grew mainly from increase in our earning assets portfolio in particular loans disbursed during the period and investment in government securities.

Operating Costs went up 19.6% to KShs.41.6 billion compared to KShs.34.8 billion last year. This was on account of the impact of BPR Bank, increased business activities and increase in staff costs. This saw the cost to income ratio stand at 45.1%. The Group has put in place cost saving initiatives targeting savings across all its businesses.

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The balance sheet expanded 13.7% with total assets standing at KShs1.28 trillion largely driven by growth in loans, investment in government securities funded by growth in customer deposits and additional borrowings.

Net loans and advances surged 16.4% to KShs.758.8 billion from additional lending to the personal, building & construction and manufacturing sectors across the Group.

Customer Deposits increased by 7.4% to KShs.922.3 billion on higher deposits from the growth of current and savings accounts.

Shareholders' funds grew by 15.2% from KShs.163.0 billion to KShs. 187.8billion on improved and accumulated profits for the year to date.

The Group maintained strong capital buffers with core capital as a proportion of total risk weighted assets standing at 14.5% against the statutory minimum of 10.5%. Total capital to risk-weighted assets ratio was at 18.1% against a regulatory minimum of 14.5%.

The Board has proposed an interim dividend of KShs. 1.00 per share amounting to KShs. 3.2 billion.

Key Corporate Developments

In September, KCB Group Plc shareholders approved the proposed acquisition of the DRC-based lender Trust Merchant Bank SA (TMB). This followed signing of a definitive agreement with shareholders of TMB to acquire 85% of the shares in TMB while the existing shareholders will continue to hold the balance for a period of not less than 2 years after which KCB will have the right to acquire their shares. The acquisition is part of KCB's ongoing strategy to expand its regional participation, accelerate growth and maintain sustainable long-term regional success.

KCB Group, which has presence in six countries and a representative office in Ethiopia, has been keen to tap into new growth opportunities while reinforcing existing market capabilities. The Group is keenly following on the developments in Ethiopia as it seeks to grow its regional footprint.

In its push to drive sustainable business practices, KCB signed up to the African Business Leaders' Coalition (ABLC), to bolster actions in addressing the climate change crisis. The coalition, convened under the UN Global Compact brings

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together companies across Africa to help drive more initiatives on addressing pressing sustainability issues—such as human rights, labour, environment, and anti-Corruption— on the Continent, on the back of the ongoing United Nations Climate Change Conference (COP 27) in Egypt.

Last month, KCB announced it has set aside KShs. 250 billion to fund women entrepreneurs in the next five years, cementing the Bank’s role in catalyzing economic growth. In a newly revamped women offering dubbed Female-Led and Made Enterprises- FLME, the Bank will extend the funding to women-led and owned Small and Medium Enterprises (SMEs) across the country.

Outlook

“Reflecting on the nine months, we have had a good run, and the business remains resilient and well within the target on Group for the 3 quarters. This is thanks to the perseverance of our staff and the support of our customers and other stakeholders,” said KCB Group Chairman Andrew Wambari Kairu.

“Our deliberate focus on cost management, enhanced digital capabilities and customer obsession continue to give the business a springboard for further growth and to close the year stronger. We are optimistic of continued revenue growth across all our businesses, with projected GDP growth in all markets amidst currency depreciation and high inflation in most of the countries we operate in” he added.

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For further information, please contact Judith Sidi Odhiambo, Head of Corporate & Regulatory Affairs; email: jsodhiambo@kcbgroup.com; Phone number 020 3270082 or 0722820238

About KCB Group PLC

KCB Group Plc is East Africa’s largest commercial Bank that 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 Ethiopia (Rep). Today KCB has the largest branch network in the region with 498 branches, 1,172 ATMs and over 29,810 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.

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