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KCB Group Posts KShs. 40.8 Billion in FY 2022 Net Profit, Balance Sheet Crosses KShs. 1.5 Trillion Mark.

KCB Group PLC recorded KShs.40.8 billion in profit after tax for the full year ending December 2022 on higher funded and non-funded income streams.

This was a 19.5% rise in profitability from KShs.34.2 billion reported in 2021, KCB said on Wednesday during the release of the financials.

The profit before tax contribution of other subsidiaries excluding KCB Bank Kenya increased to 17.0% (up from 13.9% in 2021), riding on organic growth and increased scale in the businesses.

Key Figures & Indicators

Parameter	2021FY	2022FY	Change
PAT	KShs.34.2 billion	KShs.40.8 billion	19.5%
Revenues	KShs.108.6 billion	KShs.129.9billion	19.6%
Costs	KShs.47.8 billion	KShs.59.4 billion	24.1%
Total Assets	KShs.1.14 trillion	KShs.1.55 trillion	36.4%
Customer Loans	KShs.675 billion	KShs.863 billion	27.8%
Customer Deposits	KShs.837 billion	KShs.1.135 trillion	35.6%

Commentary—KCB Group CEO Paul Russo

“The strong performance for the year was as a result of our business strategy that is anchored on customer obsession, sharper execution, and a productive organisation culture. The business benefited from a vibrant core banking business, growth of new business lines and accelerated digital transformation to post this record performance”, said Mr. Russo.

“Overall, we have positive momentum, and we shall build on this and ensure that we make significant step change in culture and performance, across all our business units. Despite a challenging operating environment, the belief in our people, enhanced digital capabilities, impetus in our regional businesses and successful integration of Trust Merchant Bank (TMB)—our latest subsidiary in the Democratic Republic of Congo— makes a good case for better performance" he added.

Revenues increased by 19.6% to KShs. 129.9 billion, driven by net interest income which grew by 11.5%, supported by earning assets and partially offset by increase in interest expenses from higher costs of borrowing and interbank market rates. Non-funded income grew 39.8% largely from trade finance income, lending fees and commissions.

Costs were up 24.1% compared to last year on account of increased business activities and impact of BPR and TMB acquisitions.

Provisions increased marginally by 1.7% compared to the previous year; a reflection of appropriateness in IFRS9 staging done in prior years.

On asset quality, the ratio of non-performing loans (NPL) stood at 17.3%, largely driven by downgrades from the KCB Kenya business. Gross NPLs stood at KShs161.2 billion. Whereas both the NPL ratio and stock show an increase compared to prior year, there is a remarkable reduction from the peak numbers in June 2022.

On the balance sheet side, total assets stood at KShs.1.55 trillion, growing 36.4% on higher in loans and investment in government securities and funded by growth in customer deposits and additional borrowings.Customer loans increased by 27.8% to KShs.863 billion from additional lending in the Kenya business, increased lending in the international businesses and the acquisition of TMB.

Comparatively, customer deposits hit the trillion shillings mark, increasing by 35.6% to KShs.1.135 trillion, mainly from TMB and organic growth in the existing businesses.

Shareholders' funds grew by 18.9% from KShs.173.5 billion to KShs.206.3 billion on improved and accumulated profits for the year to date.

KCB Group capital base remained well within both internal and regulatory limits. Core capital as a proportion of total risk weighted assets standing at 13.9% against the statutory minimum of 10.5%. Total capital to risk-weighted assets ratio was at 17.1% against a regulatory minimum of 14.5%.

The Board has proposed a final dividend payout of KShs. 1.00 per share, subject to shareholder approval. This is in addition to an interim payout of KShs. 1.00 per share which was paid out in January 2023. This brings the total dividend payout for the year to KShs. 6.4 billion.

"We have made significant investments in our regional expansion strategy among them, our latest entry into DRC through the acquisition of 85% of TMB. The investments made are key to accelerating our future growth and commitment to delivering sustainable shareholder value," said KCB Group Chairman Andrew Wambari Kairu.

Key Corporate Developments

In December, KCB announced the completion of the acquisition of TMB after receiving all the regulatory approvals and subsequently kicked off integration of the business to the Group.

In deepening its citizenship and social impact agenda, the KCB Foundation gave scholarships to over 1,300 needy students who sat for the 2022 Kenya Certificate of Primary Education (KCPE) examinations and joined various secondary schools countrywide last month. The Foundation has set aside KShs.700 million to support the 2023 scholarships cohort through secondary and tertiary education.

On the sustainability front, the KCB Bank screened loans worth over KShs. 336 billion for social and environmental risks while increasing its green portfolio in the past two years, bolstering its push for sustainable finance. The Bank has also significantly cut its carbon footprint by 11.25% in its premises across the seven countries it operates in, on a deliberate push to reduce carbon emissions from its operations. KCB resource consumption was down by 17%, on the back of a systematic and deliberate push to reduce the use of fuel, water, electricity, and paper.

Late last year, KCB unveiled a new brand purpose: **For People. For Better**. Through this purpose, KCB seeks to be the region's undisputed financial services leader which puts people and their diverse needs first, to make life better for millions of the customers we serve. To achieve this, KCB is now guided by the brand values of being **closer, connected**, and **courageous**.

Outlook

"We are bullish about 2023 and are gearing up to maximize on all the investments made and opportunities available in our various markets. We have in place a robust strategy that enables us to prudently deploy our capital and resources across the region to ensure superior returns from our investments," said Mr. Kairu. **<Ends>**

For further information, please contact Judith Sidi Odhiambo, Head of Corporate & Regulatory Affairs; email: jsodhiambo@kcbgroup.com;

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, Democratic Republic of Congo and Ethiopia (Rep). Additionally, KCB Group owns KCB Bancassurance Intermediary Limited, KCB Capital Limited, KCB Foundation and Kencom House Limited as non-banking businesses. Today KCB has the largest branch network in the region with 603 branches, 1,270 ATMs and over 28,800 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.