KCB Group Plc
Kencom House
P. O. Box 48400 – 00100
Nairobi, Kenya

Tel: +254 20 3270000 / 2851000 / 2852000
Mobile: +254 711 012 000 / 734 108 200
SMS: 22522
Email: contactus@kcbbankgroup.com

August 2, 2017 **Press Release**

KCB Group Posts KShs. 14.7B in First Half 2017 Pre-Tax Profit

KCB Group posted a pre-tax profit of KShs. 14.75 Billion for the first half ending June 2017, helped by a strong performance of its core retail and corporate business, non- interest income and lower interest expense.

The Retail and Corporate loan book growth momentum that started late last year carried into the first half of 2017. This coupled with effective management of interest expense has cushioned the expected impact of interest rate capping in Kenya.

Following these results, the Board of Directors considered and approved payment of an interim dividend of KShs 1 per share to be paid in the next 90 days.

KCB Group CEO and MD Joshua Oigara said the business however remained resilient, showing strong momentum for growth into the second half of the year, adding that the management has put up strategies to boost earnings largely through digital channels.

H1 2017 Results Key Highlights

- PBT stood at KShs. 14.75B.
- Net Interest Income was up 3% to KShs. 23.15B from KShs. 22.50B
- Forex Income increased 3% to KShs. 2.65B from KShs. 2.57B
- Fees & Commissions went up 14% to KShs. 7.21B from 6.30B
- Total Assets improved by 3% from KShs. 610.2B to KShs. 630.6B
- Net Loans and Advances up 17% from KShs. 348.7B to KShs. 407.0B
- Customer deposits increased 1% from KShs. 476.5B to KShs.482.85B
- Shareholder funds grew 2% from KShs. 96.5B to KShs. 98.3B
- Long term debt funding was down 6% from KShs. 17.7B to KShs. 16.7B

“The business fundamentals remain strong and we are optimistic of a stronger performance in the remaining part of the year. We are continually pursuing a sustainable business model and excellence in customer experience to enable us play a more catalytic role in East Africa’s economic journey,” said Mr Oigara.

“The banking sector continues to undergo numerous challenges and as a Bank, our continuous innovation and customer centric orientation ensures that we remain focused on acting as an enabler for progress to our customers. That is what drives us to excellence” he added.

According to the financials released on Wednesday, forex income increased 3% to KShs. 2.64B from KShs. 2.57B a similar period last year while fees and commissions went up 14% to KShs. 7.21B from KShs. 6.30B, buttressing the Bank’s resolve to deliver growth aided by non- interest income.

Total loans and advances, increased by 17% to KShs. 407 billion. This drove the growth in Total assets to KShs. 630.6 billion. The growth in the balance sheet further strengthens the Bank’s capability to run a stronger regional business across East Africa.

On the funding part of the business, Customer deposits increased to KShs. 482.8 billion representing a growth of 1%. This marginal growth is attributed to the continued hyperinflation in South Sudan.

From a capital perspective, the Bank has sufficient cover on both key ratios i.e. core capital to risk weighted assets at 14.3% (CBK minimum-10.5%), total capital to risk weighted assets at 17.2% (CBK minimum-14.5%) and core capital to total deposits at 15.7% (CBK minimum-8%).

KCB has over the past three years pursued a strategy which departs from the traditional bricks and mortar banking channels to non-branch channels, particularly digital platforms, including internet, agency, mobile banking, and cards.

“This strategy focuses on growing digital banking so as to enhance the experience of our esteemed customers whenever they interact with us and at the same time spread our network in KCB,” said Mr Oigara.

The first half numbers indicate that non-branch channel systems—Mbenki, KCB M-PESA, Mobi and payments— accounted for 86% of KCB’s total transactions.

Last month, the Global Credit Ratings (GCR) agency affirmed the KCB’s long-term and short-term national scale ratings of AA(KE) and A1+(KE) respectively; with the outlook accorded as Stable—currently the highest for a Kenyan bank assigned by firm.

The South African based ratings firm said KCB is poised to continue growing in an increasingly challenging environment, riding on an established domestic market position, strong capitalisation, sound liquidity position and support from its shareholders.

Moody's Investors Service in its latest assessment of KCB released late July said although Kenyan banks will continue to face challenges in the months ahead, with muted loan growth and mounting asset quality pressure, KCB is expected to maintain healthy profits and strong capital buffers which provide substantial protection against downside risks and help support the bank's credit quality.

(Ends)

Additional Information

About KCB Bank Group

KCB Bank Group is East Africa's largest commercial Bank that was established in 1896 in Kenya. Over the years, the Bank has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi and Ethiopia. Today KCB Bank Group has the largest branch network in the Region of over 258 branches, 962 ATMs and 14,976 agents offering banking services on a 24/7 basis in East Africa. This is complemented by mobile banking and internet banking services with a 24hour contact center services for our customers to get in touch with the Bank. The Bank has a wide 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.

For further information please contact Judith Sidi Odhiambo-Head of Corporate & Regulatory Affairs; email: jsodhiambo@kcb.co.ke