



INVESTOR PRESENTATION

H1 2023 Performance

Nairobi, 23 August 2023

For People. For Better.

Regulated by the Central Bank of Kenya



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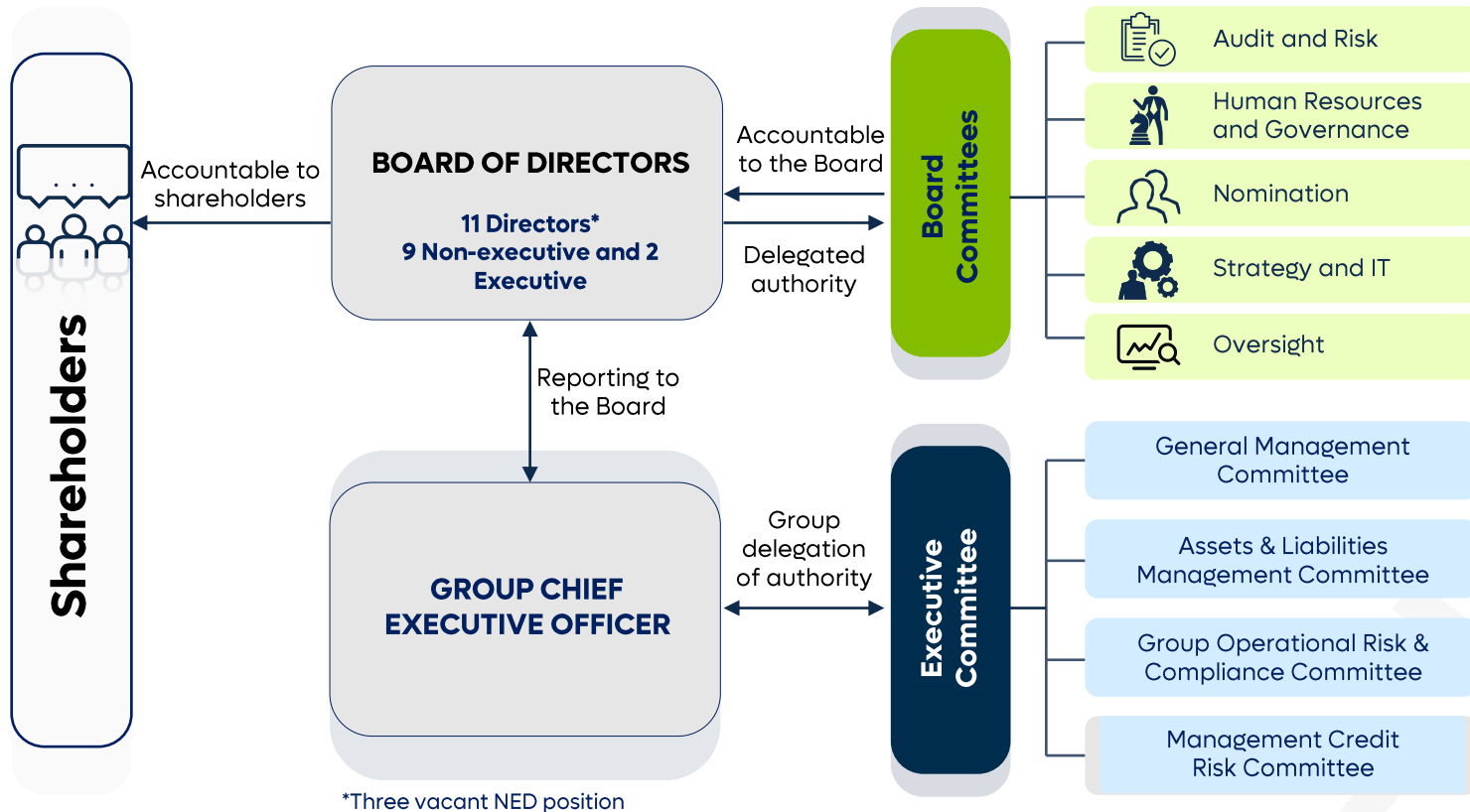
01

Business Overview

For People. For Better.



We create and preserve value supported by a clearly defined governance structure which provides for oversight, delegation and clear lines of authority.



Our senior management team mandated to ensure we remain **well positioned and responsive to regional opportunities for growth.**


Paul Russo, EBS

Group Chief Executive Officer


Lawrence Kimathi

Group Finance Director


Annastacia Kintai

MD KCB Bank Kenya


Japheth Achola

Group Director, Human Resource


John Mukulu

Group Chief Risk Officer


Bonnie Okumu

Group General
Counsel

Charles Lang'at

Group Internal
Auditor

Rosalind Gichuru

Group Director, Marketing and
Communications

Cosmas Kimario

Ag. Group Regional Businesses
Director and MD KCB Tanzania

Simon Mbogo

Ag. Group Director,
Technology

Jackline Bosibori

Ag. Group Director,
Shared Services

Operating environment characterized by currency depreciation, high-inflation and high-interest rates. **We are committed to support our customers through these challenges.**

Tailwinds



Strong projected GDP growth rates across the region in the medium term despite the slowing growth globally.



Rollout of risk-based pricing at KCB Bank Kenya and NBK to support lending at appropriate pricing levels.



Improved confidence in the business environment and continued resurgence of business activities across the region.

Headwinds



Depreciation of local currencies exacerbating inflationary pressure, eroding purchasing power and negatively impacting trade.



Fiscal pressures across the region portend increased costs due to rise in taxes while constrained liquidity in the markets impacts cost of funds.



Continued disruptions occasioned by global geopolitical risks.

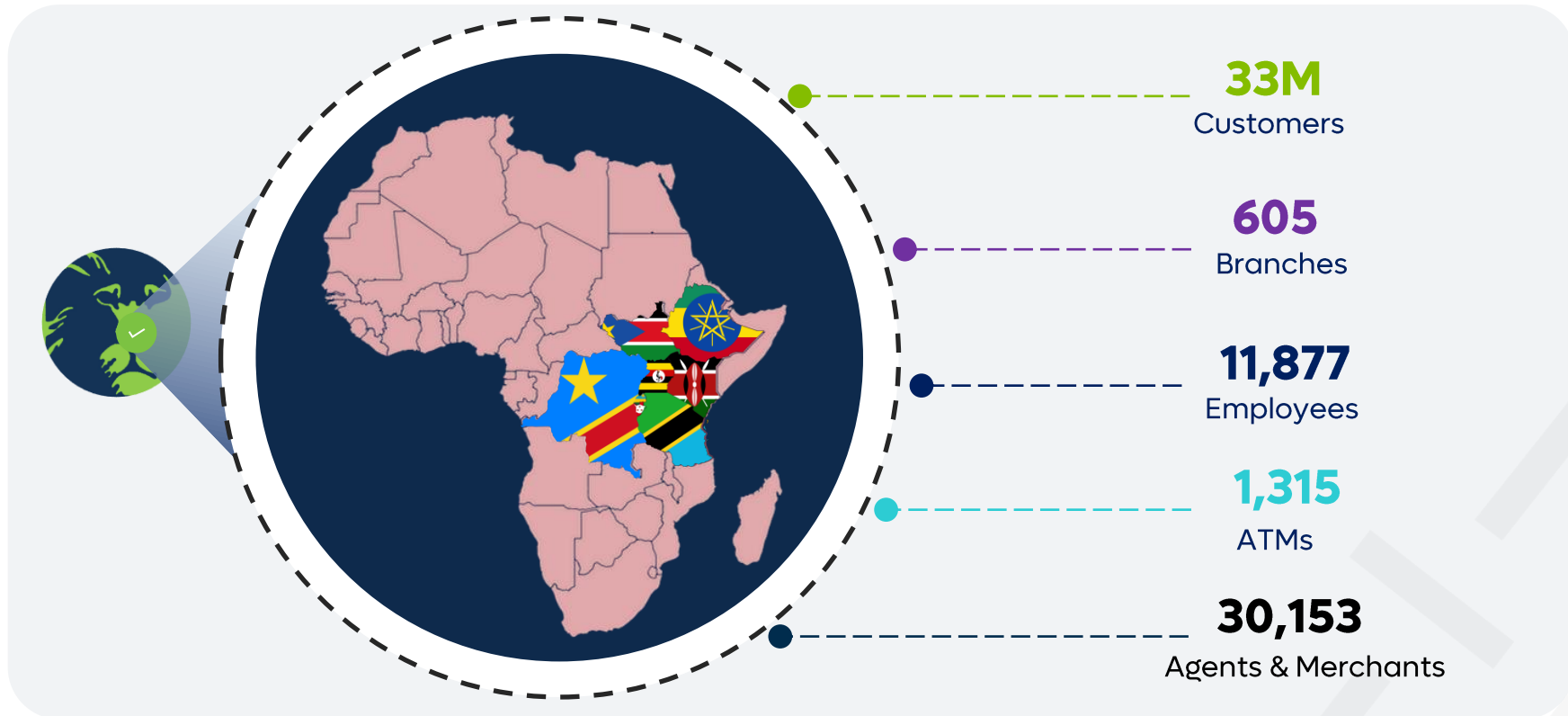
Our well diversified businesses model enables us to wade through macroeconomic challenges while **building the scale required to match the role we play in the region.**



Our Operating Brands



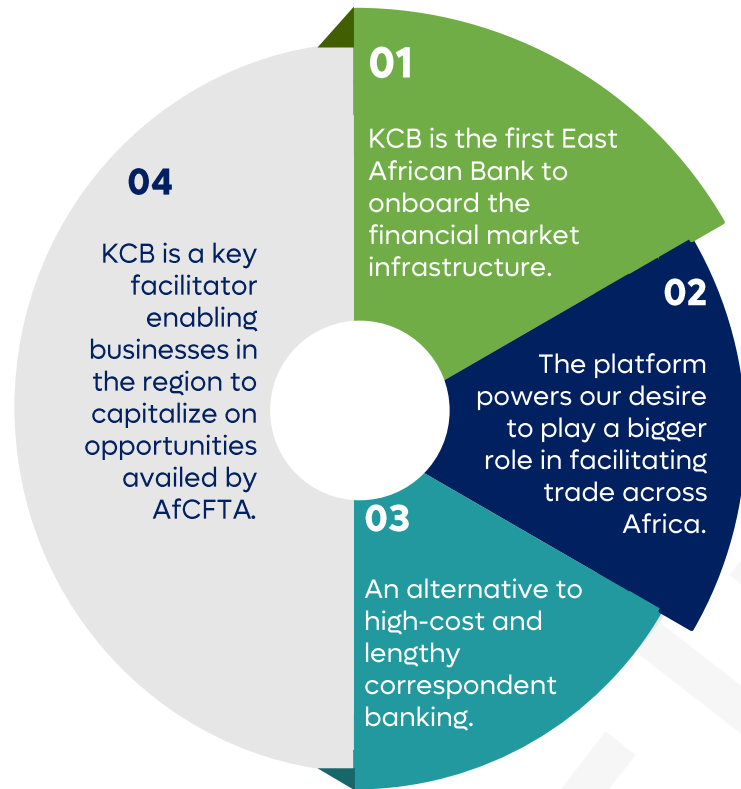
We leverage our wide footprint to promote regional commerce, facilitate economic growth, and link millions of people to possibilities on the African continent and beyond.



Backed by this wide footprint and track record in the region, we signed up to a pan-African payment platform **to facilitate settlements of cross-border transactions on the continent.**



- PAPSS is a cross-border, financial market infrastructure enabling payment transactions across Africa.
- The platform improves intra-African trade payments by supporting real-time transfer of funds between originators in one African country and beneficiaries in another.
- Our customers will now have access to vast economic opportunities leveraging trading under the Africa Continental Free Trade Area (AfCFTA)



We continue to rollout innovative propositions and enter into transformative partnerships to drive financial inclusion, customer obsession and a digital future.

01

Continued deepening of digital channels



Ability to purchase Motor Insurance and Student Personal Accident Cover on the KCB App.



Rollout of merchant overdraft for MSMEs availing amounts of up to KShs 250,000 via mobile banking.



High-yield Goal savings account on mobile banking to incentivize a savings culture on mobile.

02

Leading customer value propositions



Disbursed KShs 90 billion to female led and made enterprises and in line to disburse KShs 250 billion in the next 5 years.



Introduced health insurance propositions designed to meet the unique needs of MSMEs.



Expanded our card offerings with a new USD credit card.

Market leading solutions and easily accessible channels continue to deepen product uptake enabling us to ringfence our market share.

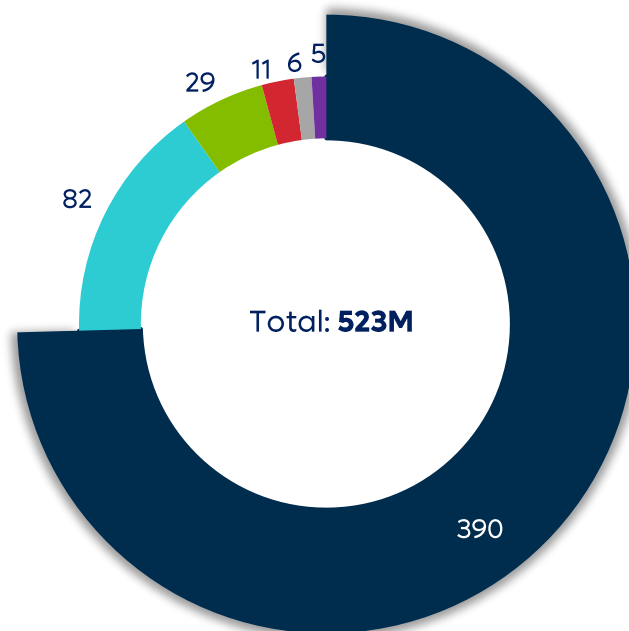
99%

of transactions by number conducted through non branch channels.

93%

YoY increase in number of non-branch transactions to **523M** driven by increased self-serve capabilities on digital channels.

Number of non-branch channel transactions in H1 2023 (M)



*Mobi service includes B2C, C2B, B2B, Lipa Karo and Float purchase

YoY Change

Mobile Lending	170%
Mobi Service*	1%
Agency	4%
Merchant POS	49%
Internet Banking	56%
ATMs	(3%)

Value of transactions across our channels grew by 32% to KShs 5.7 trillion, showcasing KCB's position both as **an enabler and beneficiary of recovery in business activity**.

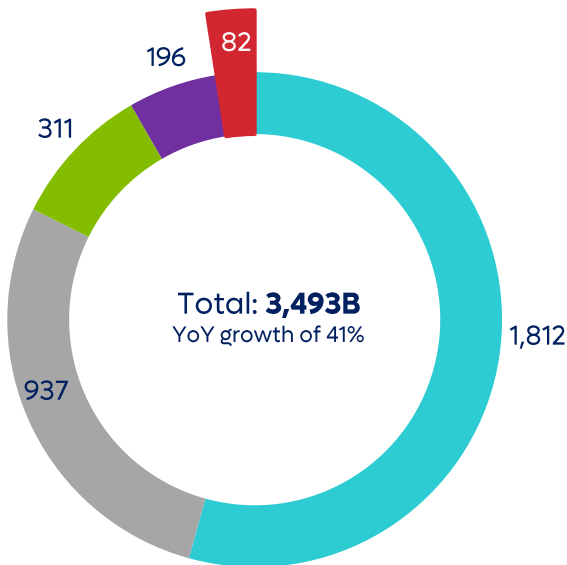
^62%

of transactions by value conducted through non branch channels

^20%

YoY growth in value of branch transactions to KShs 2.2 trillion

Value transacted through digital channels in H1 2023 (KShs B)



YoY Change

Mobi Service*	42%
Internet Banking	53%
Agency	10%
ATMs	11%
Merchant POS	94%

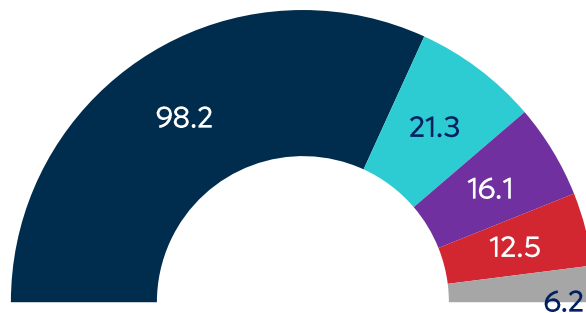
*Mobi service includes B2C, C2B, B2B, Lipa Karo and Float purchase

Our widely accessible mobile financing solutions augment our efforts to support **households and small businesses to bounce back stronger.**

▲ **91%**

Growth in value of mobile loans disbursed driven by Fuliza, KCB Mobi loan and introduction of new mobile lending products for small businesses.

Value of mobile loans disbursed in H1 2023 (KShs B)



Total value of mobile loans

154.3

■ Fuliza personal

▲ 107% YoY growth

■ KCB MPESA

▼ 7% YoY decline

■ KCB mobi loan

▲ 60% YoY growth

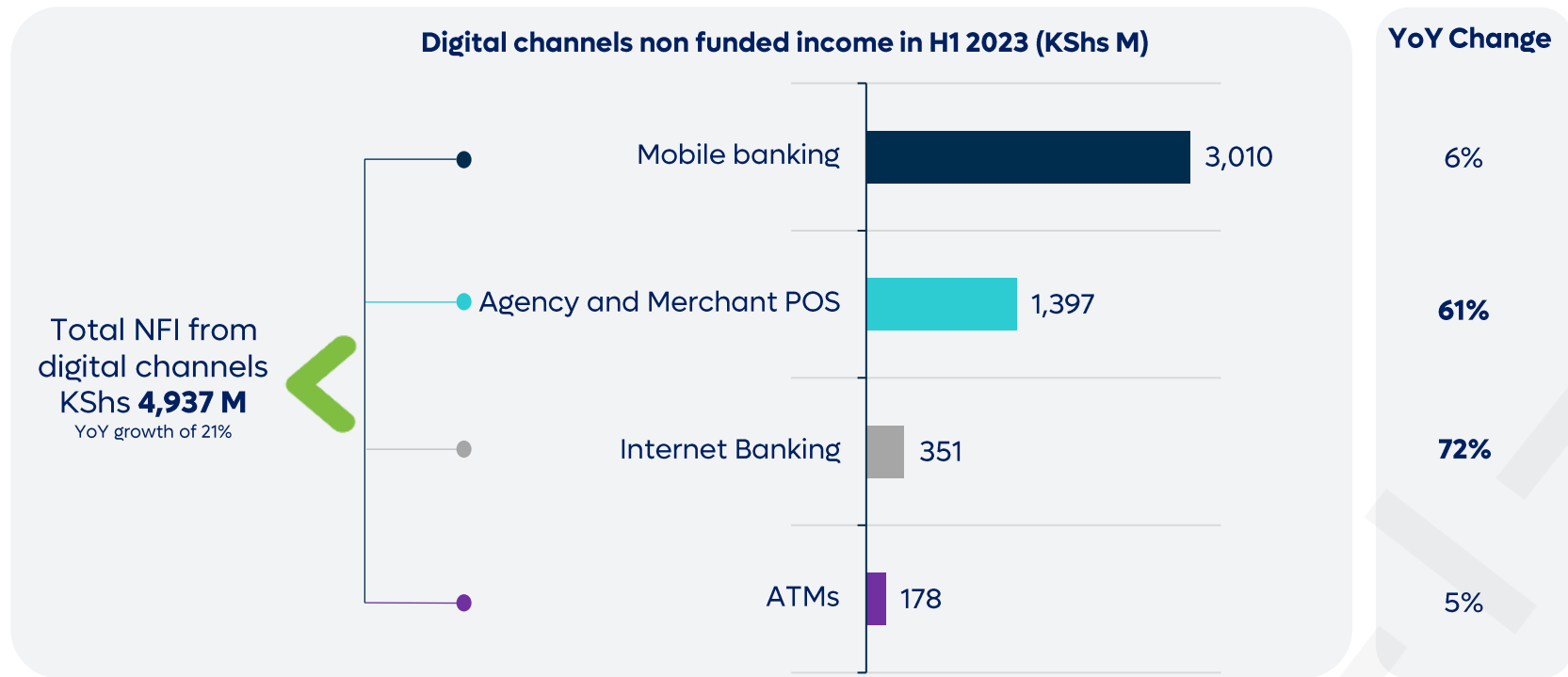
■ Business loans

Digital overdraft and retailer financing.

■ Fuliza business

Introduced in 2023

Increased self-serve capabilities continue to drive revenue for the Bank while availing unmatched convenience for customers.



The Group continues to align its practices to address climate related risks and tap on opportunities in **financing projects aimed at addressing climate change.**

01**Governance**

- Board has oversight of ESG matters through Audit & Risk committee.
- Board trained on ESG trends, strategy and climate risks.
- 89% of staff undertook a Group wide Sustainability e-learning course in H1 23.

**02****Strategy**

- Continued focus on green lending. Over KShs 7 billion green facilities approved.
- Planted over 277,000 trees in H1 23 (10,800 in H1 22)
- 2% decrease in resource use in H1 23 (3% reduction in H1 22)

**03****Risk management**

- Revised 8 policies to enhance climate related risk management in lending, enterprise risk, sustainability and risk appetite.
- Screened loans worth KShs 366.7 billion under ESDD¹ in H1 23 (KShs 144.8 billion in H1 22)

**04****Metrics and targets**

- Grew proportion of green loans in our portfolio to 12.3% in H1 23.
- Targeting 25% green loans in our portfolio by 2025.
- Target to be a net zero carbon emitting business by 2050.



¹ Environmental and social due diligence tool.

To create shared value, we leverage our products, policies and programmes to deliver **social and economic impact in the markets we operate in.**



Youth employment through 2Jiajiri.

- 100 greenhouses at the Foundation's model farm produced 347 tonnes of farm produce earning youth participants KShs 16.4 million in sales.
- Rolled out E-mobility programme aimed at introducing 100,000 electric motorbikes in 3 years.
- Concluded recruitment of 400 seafarers who will work in various cruise ships. Recruitment for the 2nd cohort of 500 students ongoing.

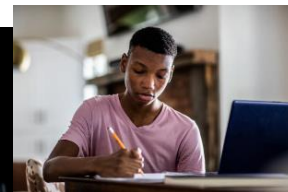
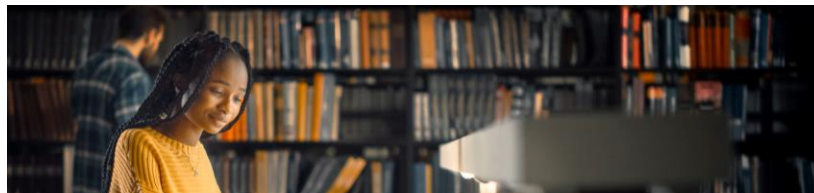
2Jiajiri Impact

20,736 youth have received skills training since inception

We have disbursed over KShs 246M in working capital loans

Created over 64,380 and 102,376 direct and indirect jobs

To create shared value, we leverage our products, policies and programmes to deliver **social and economic impact in the markets we operate in** (continued)



14 ASAL Counties under Mifugo ni mali program

- We have supported construction of feedlots, livestock markets, value addition and access to markets.
- We work with farmer producer organisations to build their capacity and avail extension services under the program.
- We augmented government efforts to cushion households hard hit by the ravaging drought. Supported 21 hard-hit counties at a cost of KShs. 150M impacting over 10,000 households.

Scholarship programme

Has benefited 4,526 beneficiaries with a cumulative investment of over KShs 2B

Includes internship through apprentice model through KCB and its partners after graduation.

We provide 1,000 scholarships annually

Targets bright but marginalized boys and girls, FGM champions, teenage mothers, girls rescued from early marriages, boys from regions highly affected by cattle rustling, and areas with high poverty indices.

We take pride in having consistently been rated and ranked among the **leading financial institutions in the continent based on various parameters.**

Sr. No.	Award Organisation	Award
1	Global Finance World's Best Bank Awards 2023	Best Bank Kenya
2	Finance Derivative	Best Responsible Retail Bank Kenya 2023
		Best SME Bank
		Best Sustainable Bank
3	Global Banking and Finance	Best CSR Bank Kenya 2023
		Best Retail Bank Kenya 2023
		Best Digital Wallet Kenya 2023
4	International Business Magazine	Best Sustainable Bank 2023
		Best CSR Bank Kenya 2023
		Best Commercial Bank
5	Brand Finance	Most Valuable Banking Brand



We take pride in having consistently been rated and ranked among the **leading financial institutions in the continent based on various parameters.**



Sr. No.	Award Organisation	Award
6	Think Business Awards	Best Bank in Corporate Social Responsibility
7	Africa Banker Awards	Best SME Bank
8	African Banker Awards 2023	Central Africa Regional Bank of the Year – Trust Merchant Bank
9	Think Business Insurance Awards - KCBIL	Overall winner
		Most Customer-Centric Bancassurance Intermediary
		Best Bancassurance Intermediary on Digital Applications and Usage
		Best Bancassurance Intermediary in the Non-Life Insurance Category

02

Financial Performance

For People. For Better.

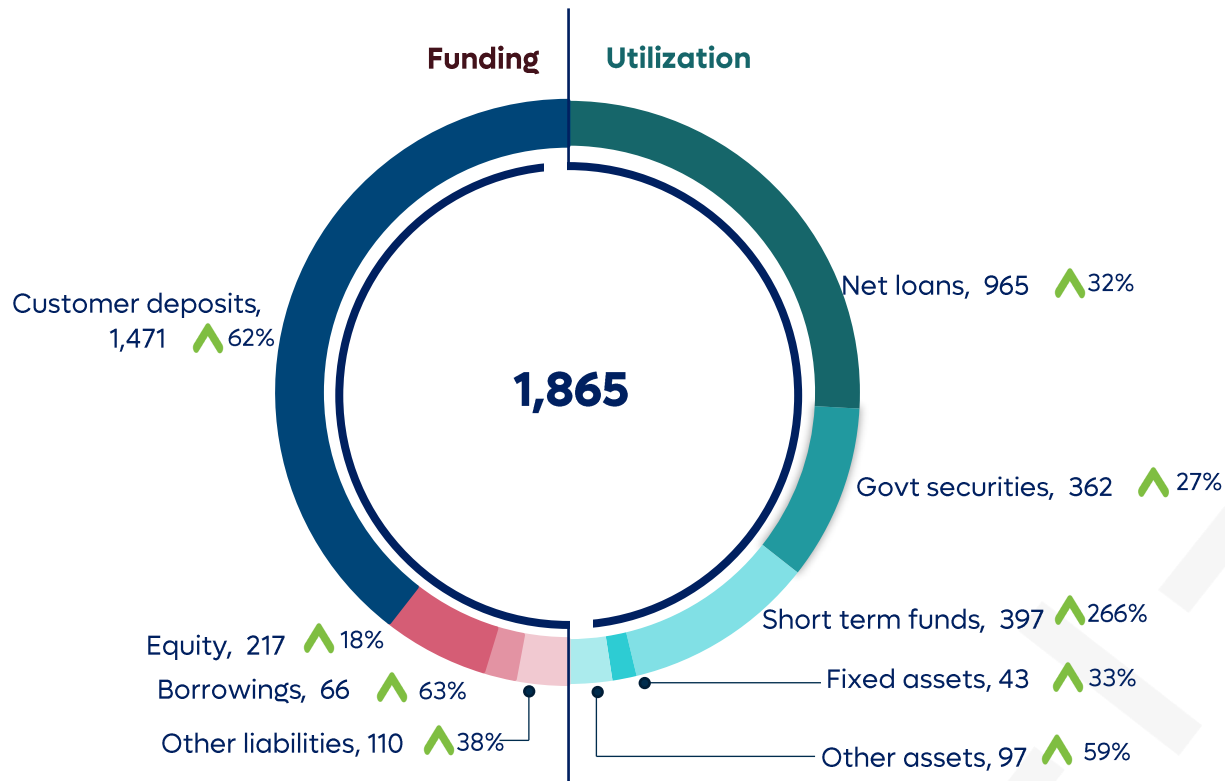
Our business continues to grow delivering a 54% increase in balance sheet from new business lines and the consolidation of TMB.

54%

Increase in total assets.
32% from organic growth
and a further 22% from the
consolidation of TMB.

32%

Increase in net loans and
advances, 22% from organic
growth and 10% from the
consolidation of TMB.



Significant momentum in balance sheet growth across all subsidiaries as KCB Bank Kenya becomes the first bank to cross **a trillion shillings in total assets in Kenya.**

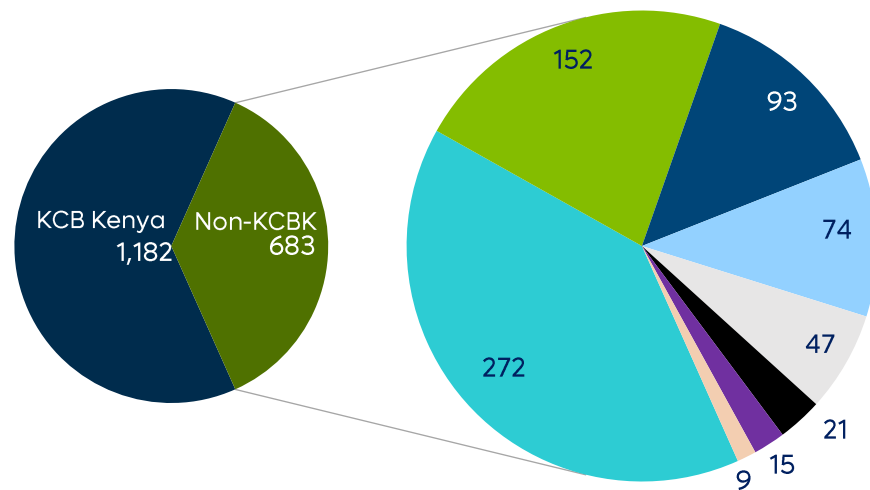
36.3%

Proportion of assets in subsidiaries outside of KCB Bank Kenya, up from 27.0% in H1 2022

14.6%

TMB's contribution to total assets.

Total assets distribution



YoY Change

KCB Kenya	33%
TMB	29%*
NBK	9%
BPR	11%
KCB Tanzania	58%
KCB Uganda	71%
KCB S Sudan	24%
KCB Burundi	22%
Other subsidiaries	N/A

*YTD growth

Amounts in KShs Billion

We availed more financing to households and businesses in key sectors of the economy such as transport & communication, trade and manufacturing in H1 2023.

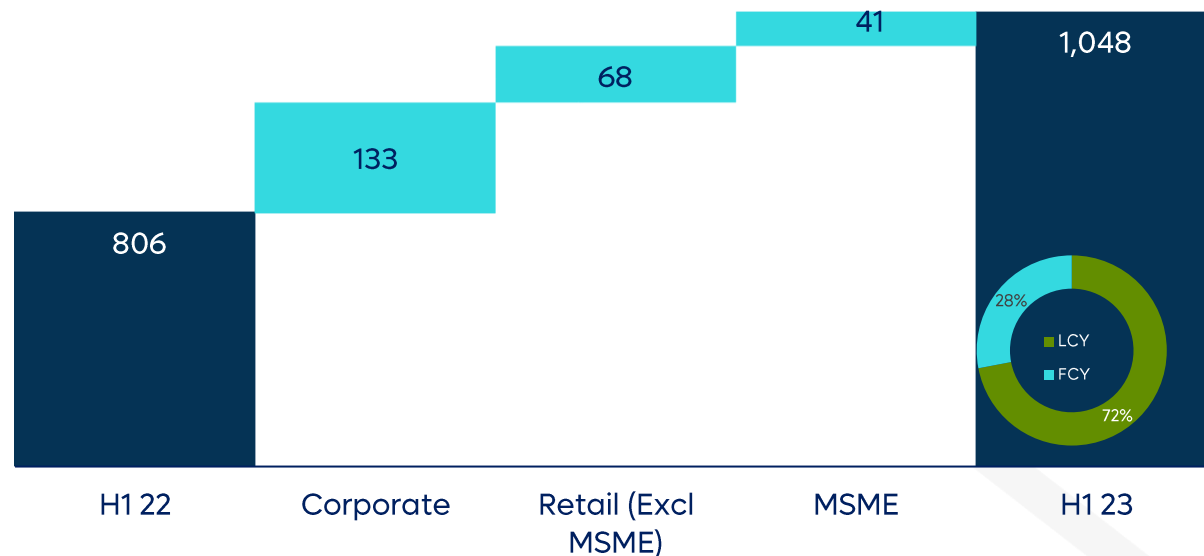
30%

Growth in gross loans.
Organic and **inorganic** growth
accounted for **20%** and **10%**
increase respectively.

7.8%

TMB's contribution to net
loans and advances.

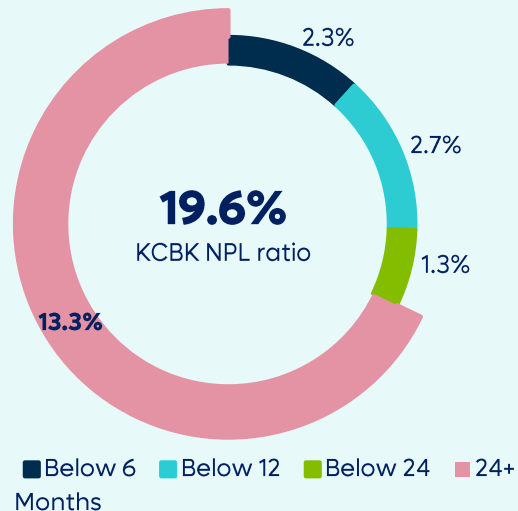
Gross loans growth



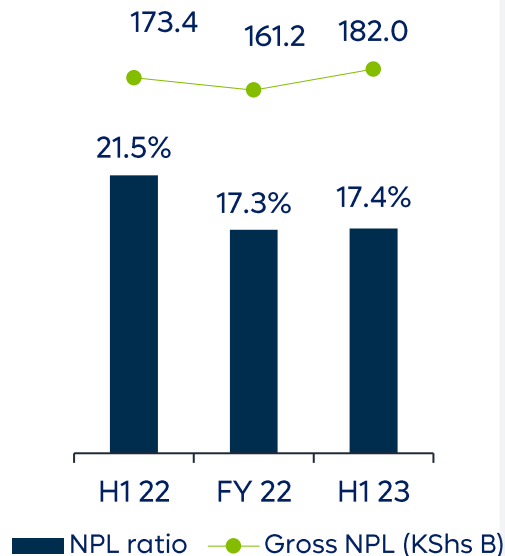
Amounts in KShs Billion

Tough macroeconomic factors slow NPL recovery measures in manufacturing and trade sectors as **improvement is noted in tourism, building & construction and transport sectors.**

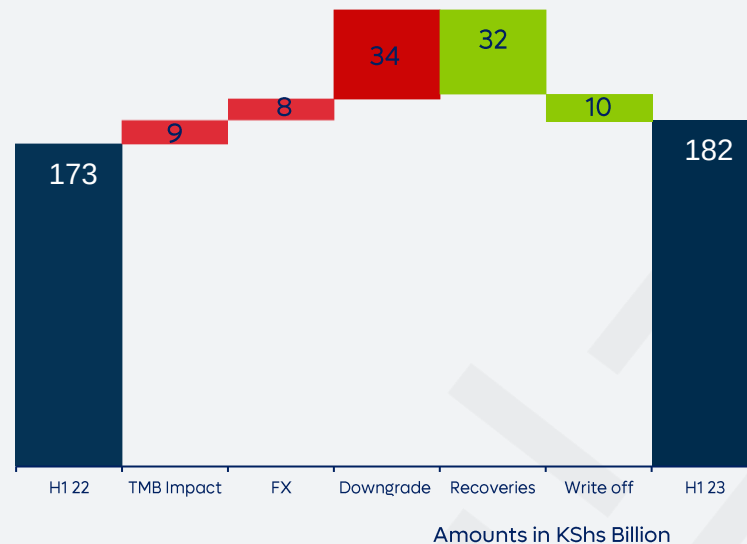
Aging of NPLs in KCB Bank Kenya



Group NPL stock evolution



Group YoY NPL evolution



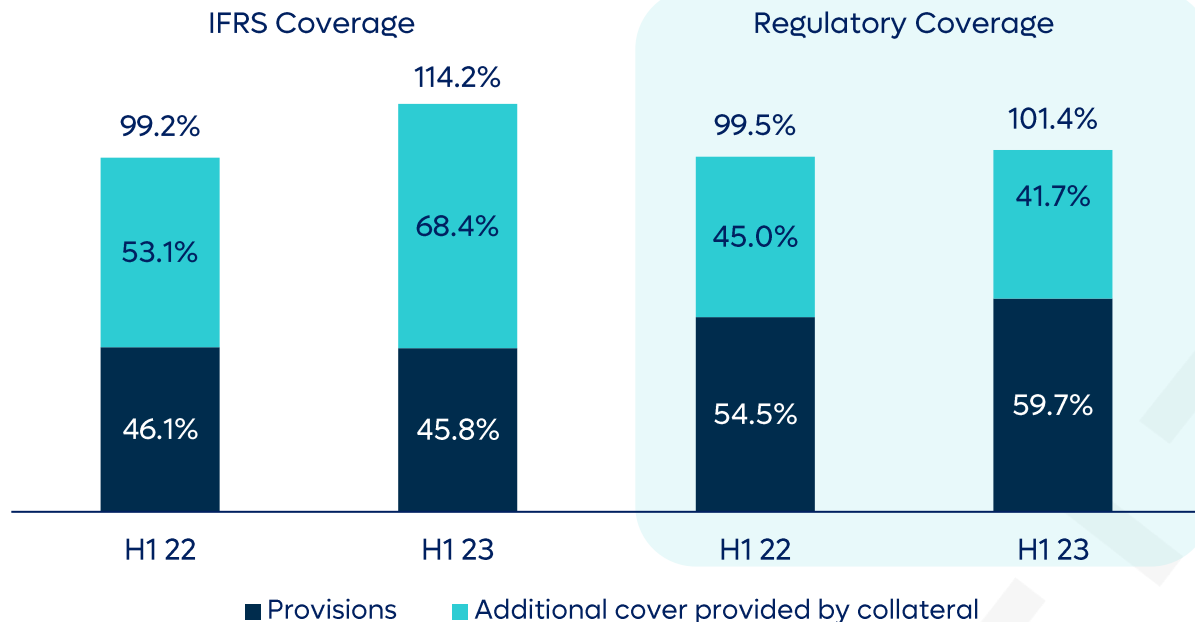
We continue to take prudent measures on the non-performing loan book in order to build and maintain **adequate coverage both from provisions and securities held.**

136%

Increase in provisions charge in H1 2023 to KShs 10.2 billion to build up coverage for downgraded facilities.

Additional provision taken to offset impact of currency depreciation for USD denominated loans in Kenya

Coverage ratios

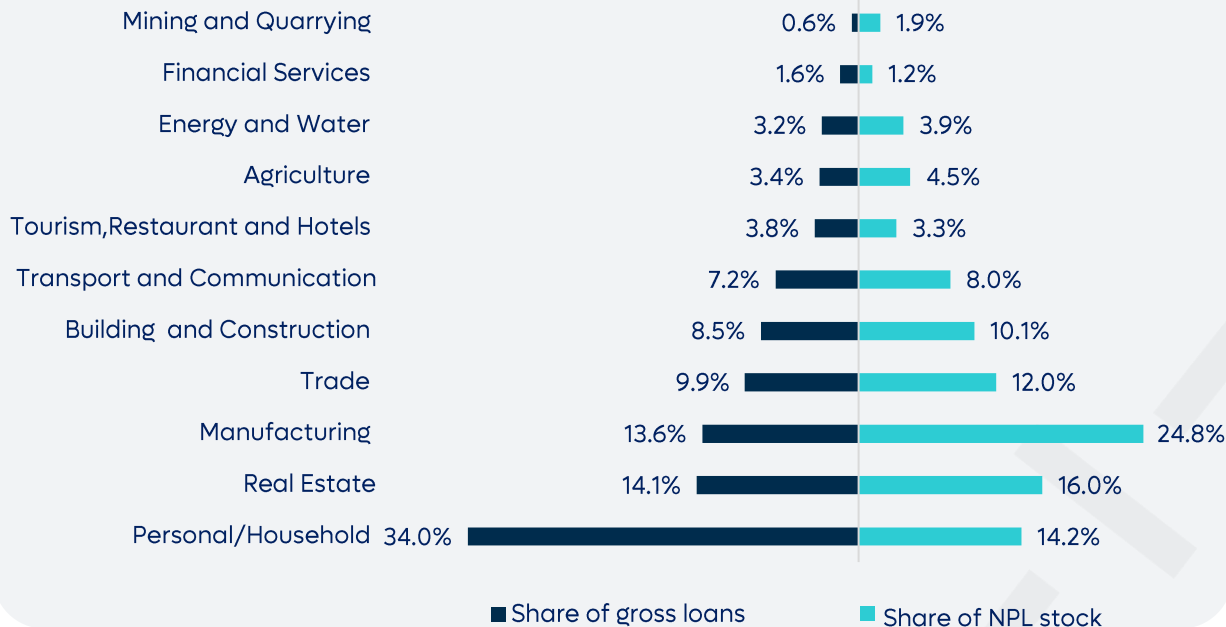


Contribution to the stock of non-performing loans is concentrated within a few sectors as legacy NPLs in tourism and transport sectors continue to decline.

34.0%

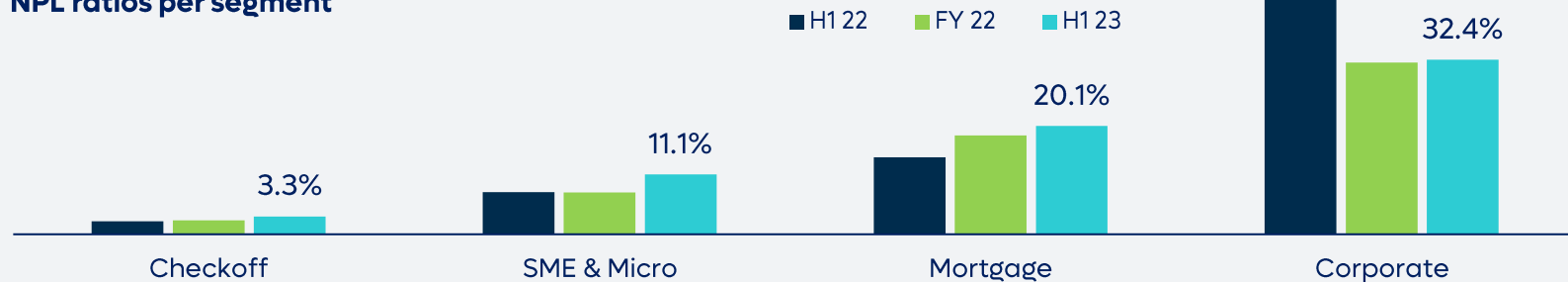
Share of gross loans in personal and household sector.

Sectoral contribution to Gross loans and NPL stock

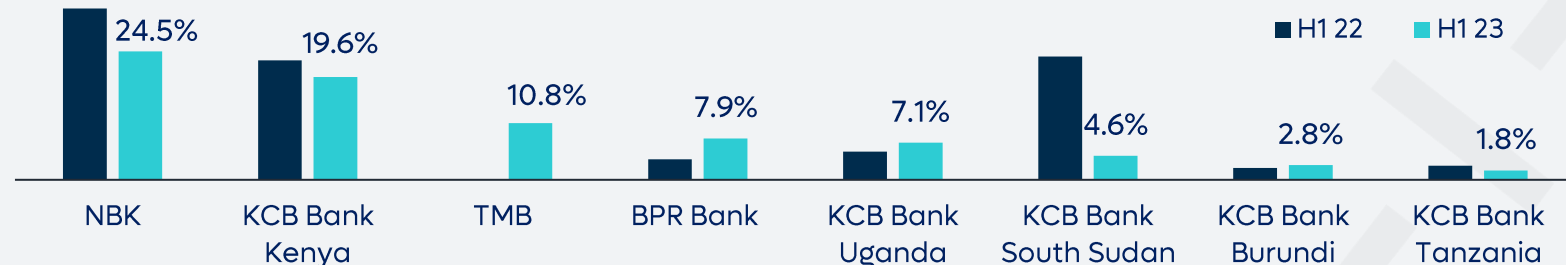


YoY improvement in NPL ratio in KCB Kenya, NBK, South Sudan and Tanzania helped to reduce overall NPL ratio.

NPL ratios per segment

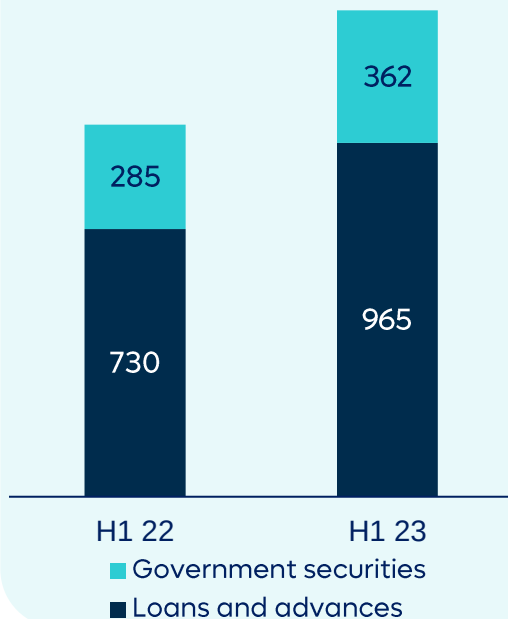


NPL ratios per subsidiary

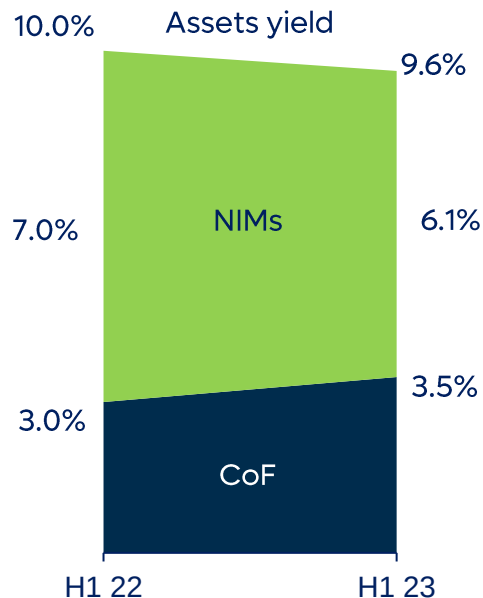


Decline in net interest margin due to increased cost of funds as a result of the high-interest-rate environment. Rollout of risk-based pricing to support appropriate funding/lending spread.

Loans and government securities



Yields vs cost of funds



Amounts in KShs Billion

Interest rates trend

	Jun 22	Dec 22	Jun 23
SOFR	1.5%	4.3%	5.1%
Kenya Interbank	5.3%	6.5%	10.2%
91 day T-Bills			
Kenya	8.1%	9.4%	11.9%
Burundi	4.0%	3.5%	4.3%
Rwanda	6.2%	7.3%	9.1%
Tanzania	2.8%	3.6%	4.6%
Uganda	7.8%	10.5%	9.3%

Customer deposits increased to KShs 1.5 trillion, driven by organic growth in demand and term deposits in the existing businesses and the consolidation of TMB.

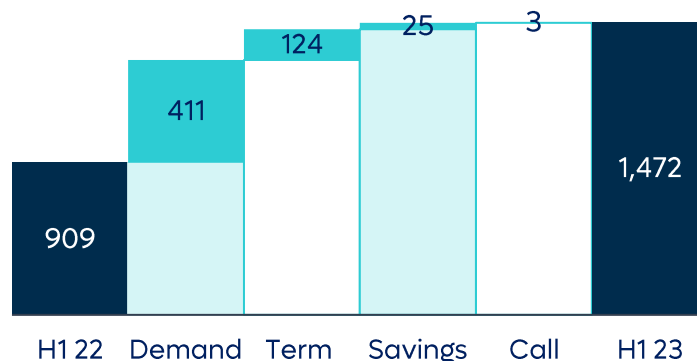
61.9%

Increase in customer deposits, 36% from organic growth and 26% from the consolidation of TMB.

16.2%

Contribution to total customer deposits from TMB

Growth in customer deposits (KShs B)

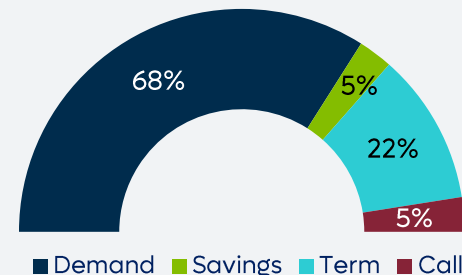


Deposits mix

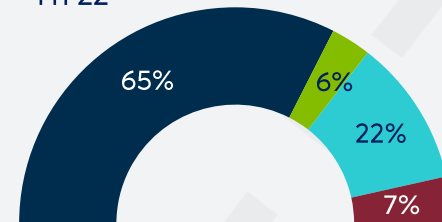


Deposits by type

H1 23



H1 22



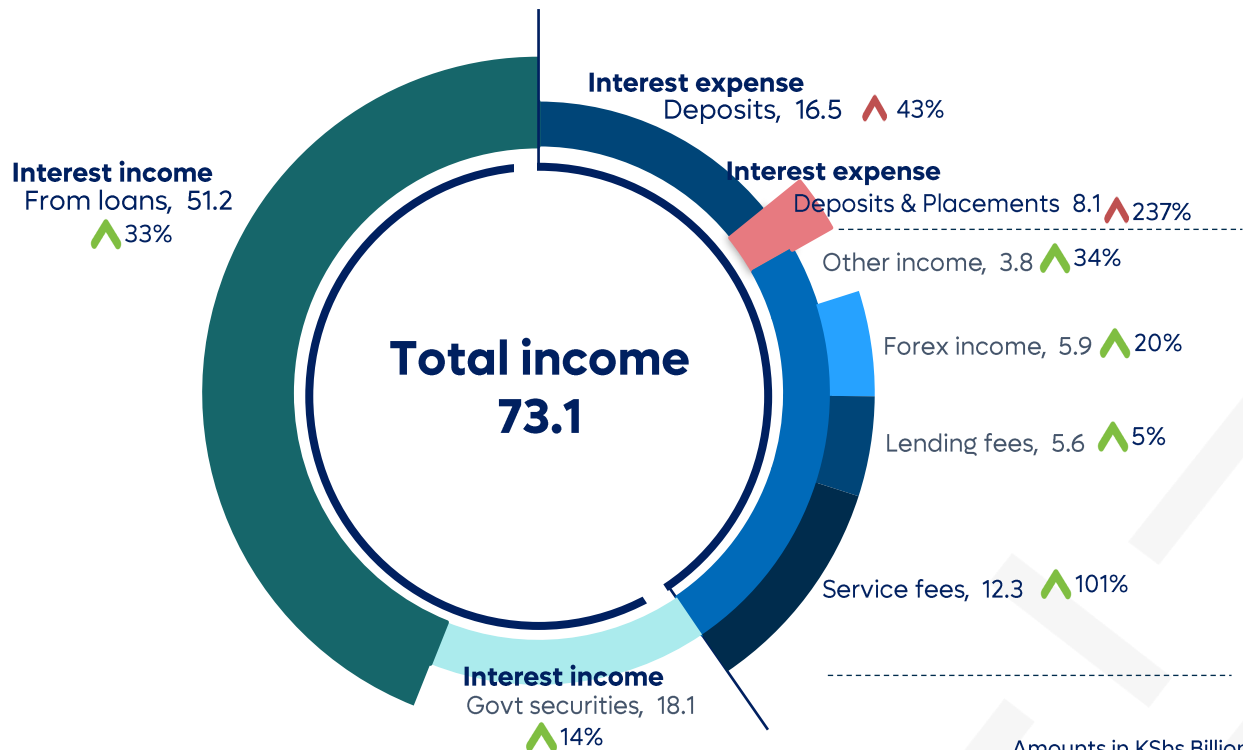
We delivered a strong sustainable growth in revenue from new business lines, deepening of digital channels and market leading customer value propositions.

^22%

Increase in revenue driven by interest income from customer loans & government securities, NFI growth from trade finance & digital transactions and the impact of consolidation of TMB.

^3x

Increase in trade finance book to KShs 392 billion

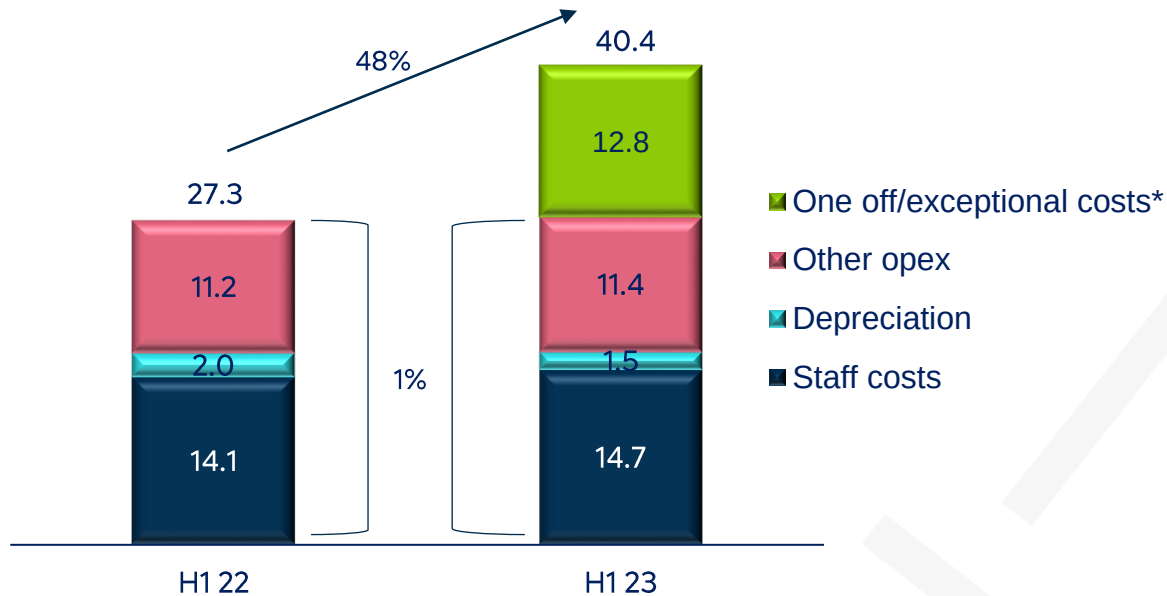


Amounts in KShs Billion

Growth in operating costs driven by exceptional cost items from the consolidation of TMB, provision for NBK court ruling and staff rationalization program.

Increase in depreciation driven by amortization of separately acquired intangible assets from TMB and BPR.

Growth in other operating costs driven by customer acquisition activities and investments in technology.



*TMB impact, provision for NBK court ruling and staff rationalization program.

Amounts in KShs Billion

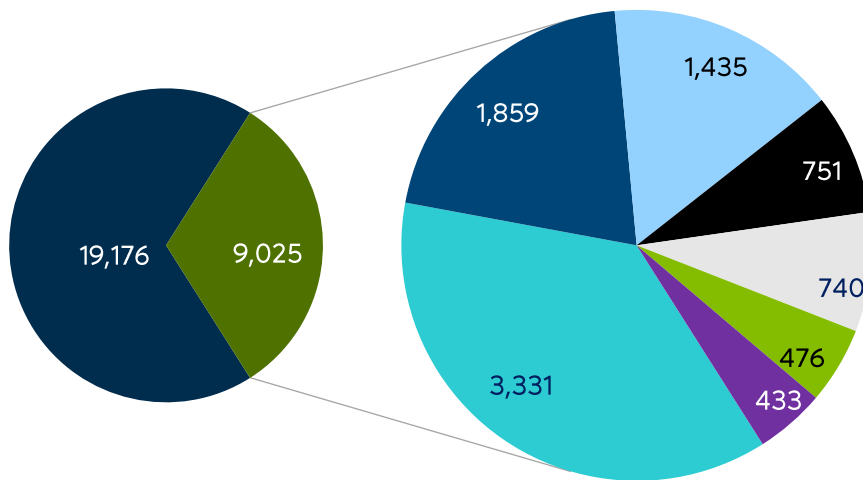
12% increase in PBT from regional businesses helped to reduce the impact of drop in performance in Kenya resulting in Group PBT easing down by 20% to **KShs 22.5 billion**.

23.8%

PBT contribution from subsidiaries outside of KCB Bank Kenya in H1 23, up from 16.9% in H1 22.

Loss of KShs 3.8 billion in NBK at H1 2023 due to legal award and increased cost of borrowings and provisions.

PBT contribution per subsidiary



Amounts in KShs million

Numbers include the holding company balances which are consolidated as part of the overall Group position

YoY Change

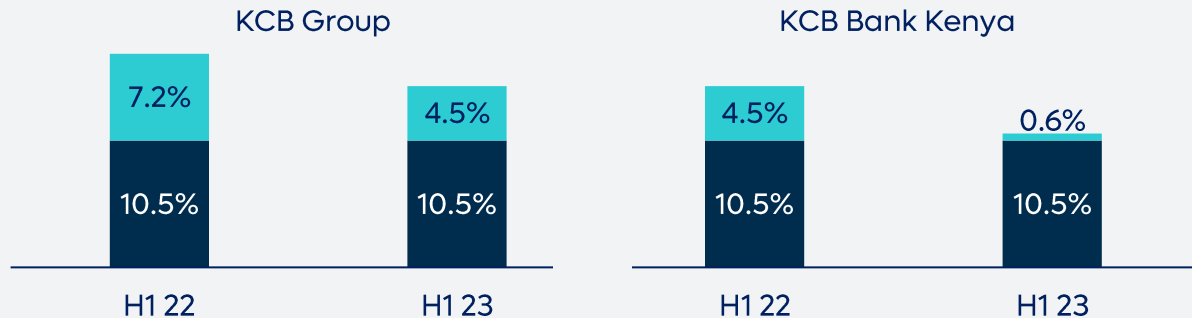
KCB Kenya	(20%)
TMB	N/A
BPR	28%
KCB Tanzania	98%
KCB S Sudan	76%
KCB Uganda	150%
KCBIL*	15%
KCB Burundi	36%

* KCB Bancassurance Intermediary Limited

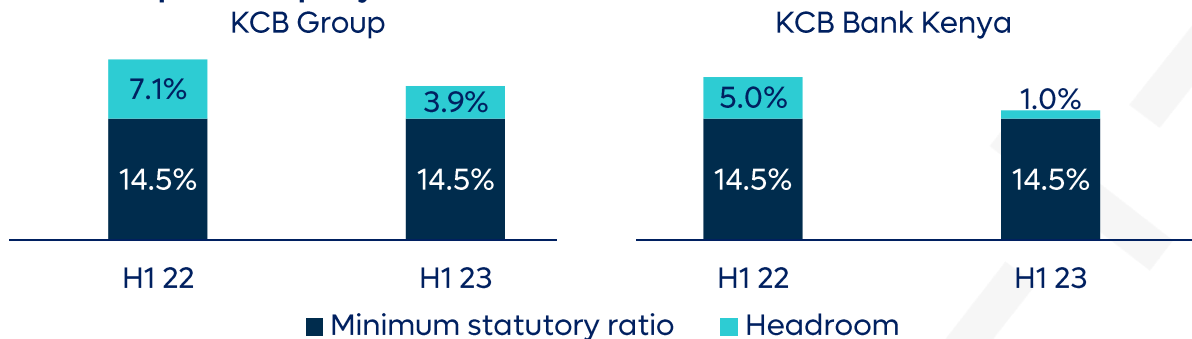
All subsidiaries except for NBK are compliant with core and total capital requirements and are **adequately capitalized to drive growth of risk weighted assets.**

NBK below core and total capital adequacy ratios by 4.3% and 3.9% respectively. Ratios impacted by loss registered in H1 2023. Management exploring options to correct this position.

Core Capital Adequacy Ratios



Total Capital Adequacy Ratios



03

H2 2023
Outlook

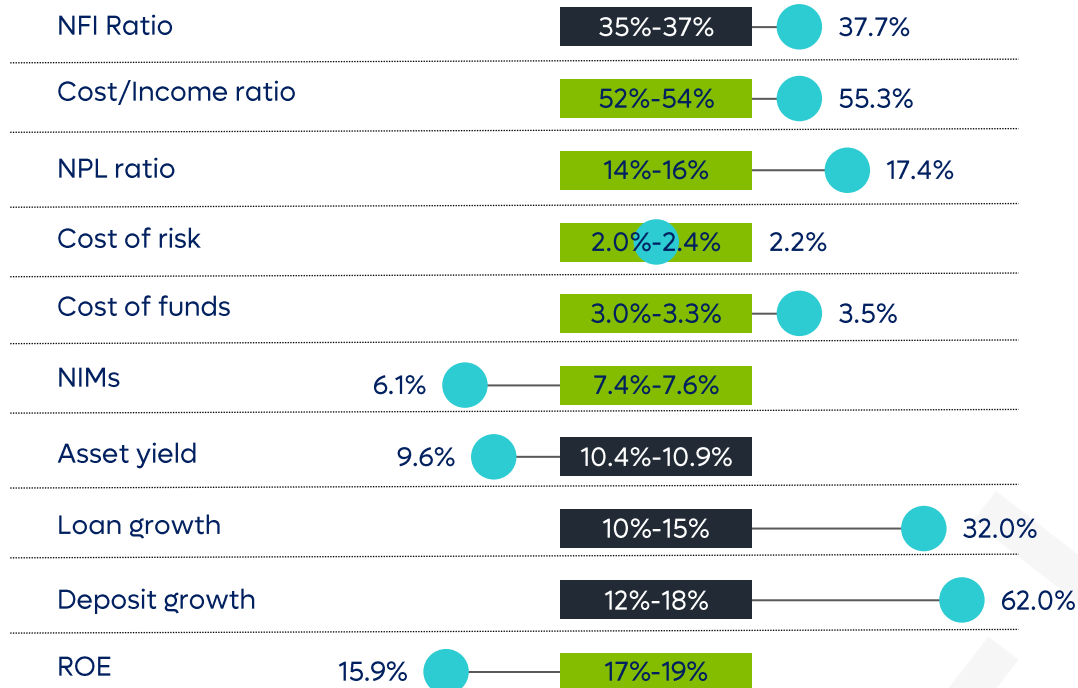
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Strong loan growth to deliver improvement in asset yield as innovative products continue to support increase in non funded income.

Growth of CASA deposits on the back of improved liquidity in the market to support reduction in cost of funds and improvement in net interest margins.

Revised Outlook



H1 23 Actual



2023 Revised Projection



04

Appendices

For People. For Better.



Overview of key financial ratios

KCB GROUP				H1 2023	
H1 22	FY 22	Q1 23		KCB Kenya	KCB Group
23.0%	23.0%	19.7%	Return on average equity	21.2%	15.9%
45.7%	45.7%	51.2%	Cost to income	39.7%	55.3%
21.5%	17.3%	17.5%	Gross NPL to gross loans	19.6%	17.4%
54.6%	60.7%	58.7%	NPL regulatory coverage	63.8%	59.7%
22.5%	31.8%	30.1%	Debt to equity	46.2%	31.1%
32.1%	33.3%	40.1%	Non funded income (NFI) to total income	36.6%	37.7%
21.8%	25.2%	20.3%	Mobile NFI to total fees and commissions	49.3%	27.7%
3.0%	3.1%	3.5%	Cost of funds	4.0%	3.5%
7.0%	7.0%	5.8%	Net interest margin	6.3%	6.1%
1.2%	1.7%	1.8%	Cost of risk	2.3%	2.2%
80.4%	76.2%	77.6%	Net loans to deposits ratio	71.5%	65.6%
23.5%	19.1%	18.3%	Government and other securities to total assets	23.1%	19.4%
20.3%	27.8%	31.9%	Growth of net loans and advances	18.6%	32.1%
15.6%	35.6%	41.5%	Growth of customer deposits	38.4%	61.9%

Summary statement of financial position as at 30 June 2023

KShs Billion	KCB Group			KCB Bank Kenya		
	H1 22	H1 23	Y-O-Y Change	H1 22	H1 23	Y-O-Y Change
Cash and balances with central bank	50.7	64.4	27%	38.3	36.9	(4%)
Balances with other institutions	50.6	332.7	558%	15.7	122.4	678%
Investments in Govt & other securities	285.0	362.4	27%	203.8	272.7	34%
Net loans and advances	730.3	964.8	32%	563.2	668.0	19%
Fixed assets	32.3	42.9	33%	19.9	23.6	18%
Other assets	61.2	97.4	59%	47.0	58.1	24%
Total assets	1,210.1	1,864.6	54%	887.8	1,181.7	33%
Customer deposits	908.6	1,471.2	62%	674.8	934.2	38%
Balances due to other banks	35.8	48.6	36%	16.9	19.0	12%
Long-term debt	40.2	65.6	63%	35.7	60.5	70%
Other liabilities	43.8	61.1	40%	27.3	37.3	37%
Total liabilities	1,028.4	1,646.6	60%	754.7	1,050.9	39%
Shareholders' equity	179.1	211.2	18%	133.2	130.8	(2%)
Total liabilities and equity	1,210.1	1,864.6	54%	887.8	1,181.7	33%

Summary statement of Profit or Loss for the year ended 30 June 2023

KShs Billion	KCB Group			KCB Bank Kenya		
	H1 22	H1 23	Y-O-Y Change	H1 22	H1 23	Y-O-Y Change
Interest income	54.5	70.1	29%	39.9	45.6	14%
Interest expense	(13.9)	(24.6)	77%	(9.5)	(17.1)	79%
Net interest income	40.6	45.5	12%	30.3	28.5	(6%)
Foreign exchange income	4.9	5.9	20%	3.6	4.0	11%
Net fees and commissions	11.4	17.8	56%	8.4	10.0	18%
Other income	2.9	3.8	34%	2.1	2.4	19%
Non-funded income	19.2	27.6	43%	14.1	16.4	16%
Total Income	59.8	73.1	22%	44.4	45.0	1%
Total operating expenses	(27.3)	(40.4)	48%	(17.3)	(17.9)	3%
Loan impairment	(4.3)	(10.2)	136%	(3.3)	(7.9)	142%
Profit before tax	28.2	22.5	(20%)	23.8	19.2	(20%)
Tax expense	(8.5)	(6.4)	(25%)	(7.3)	(5.2)	(28%)
Profit after tax	19.6	16.1	(18%)	16.5	13.9	(16%)

Key operating data

	H1 2022	FY 2022	Q1 2023	H1 2023
KCB Footprint				
Branches	494	603	606	605
Number of Customers (Million)	30.1	32.4	32.6	33.2
ATMs ¹	1,168	1,270	1,300	1,315
Agency outlets ²	18,156	21,480	23,591	21,615
POS/Merchant outlets ²	6,405	7,354	7,451	8,538
Total number of employees	8,877	11,098	11,610	11,877
KCB Share Information				
Earnings Per Share (KShs)	12.15	12.71	12.14	9.99
Dividend Per Share (KShs) ³	-	2.00	-	-
Number of issued shares (Million)	3,213	3,213	3,213	3,213
Number of shareholders	193,190	193,615	193,612	193,734
Period-end share price (KShs)	38.65	38.10	35.50	29.30
Market capitalization (KShs Billion)	124.2	122.4	114.1	94.1
FX Rates				
KShs/US\$ exchange rate (period-end)	117.83	123.37	132.33	140.52

Notes

1 Includes 533 partner ATMs which KCB customers have access to at no extra charges

2 Active agents and merchants

3 Interim and proposed final dividend for 2022 amounting to KShs 2.00 per share

KCB regional footprint and key macros as at 30 June 2023

		Kenya ¹	Tanzania	South Sudan	Rwanda	Uganda	Burundi	DR Congo
KCB Footprint								
Branches		298	16	14	150	15	6	106
ATMs		566	17	12	75	15	8	89
Agency outlets		16,675	418	48	711	320	157	3,286
POS/Merchant outlets		6,787	599	30	300	207	37	578
Total number of employees		8,021	323	183	1,120	307	150	1,772
of which:FTE		5,632	302	180	1,113	284	150	1,772
PTE		2,389	21	3	7	23	-	-
Operating environment								
GDP growth	2021	7.6%	4.9%	5.3%	10.9%	5.8%	3.1%	6.2%
	2022	4.8%	4.7%	6.5%	8.2%	6.3%	2.1%	6.6%
	2023 projection	5.3%	5.2%	5.6%	6.2%	5.7%	3.3%	6.3%
Inflation rates	H1 2022	6.3%	3.9%	(6.9%)	8.8%	4.6%	15.1%	5.1%
	H1 2023	8.5%	4.4%	5.0%	27.3%	8.0%	29.7%	17.9%
Movement in currency/USD in H1 2023		(13.9%)	(0.9%)	(47.8%)	(8.7%)	1.5%	(37.0%)	(21.3%)
Central Bank rates	H1 2022	7.5%	5.0%	12.0%	5.0%	7.5%	6.0%	8.5%
	H1 2023	10.5%	5.0%	20.0%	7.0%	10.0%	7.0%	11.0%
Current account balance/GDP	2021	(5.4%)	(3.3%)	(2.7%)	(10.9%)	(8.3%)	(13.4%)	(0.9%)
	2022	(4.9%)	(4.4%)	8.6%	(12.6%)	(8.0%)	(14.9%)	0%
	2023 projection	(5.4%)	(3.9%)	2.1%	(11.7%)	(10.2%)	(14.1%)	0%

Notes

¹ Kenya footprint are consolidated data for KCB Bank Kenya and NBK.

Company information



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Stocklisting

Primary

Nairobi Securities Exchange

Crosslisting

Dar-es-Salaam Stock Exchange
Uganda Securities Exchange
Rwanda Stock Exchange



Auditors

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Thank You

For People. For Better.

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