



Q1 2022

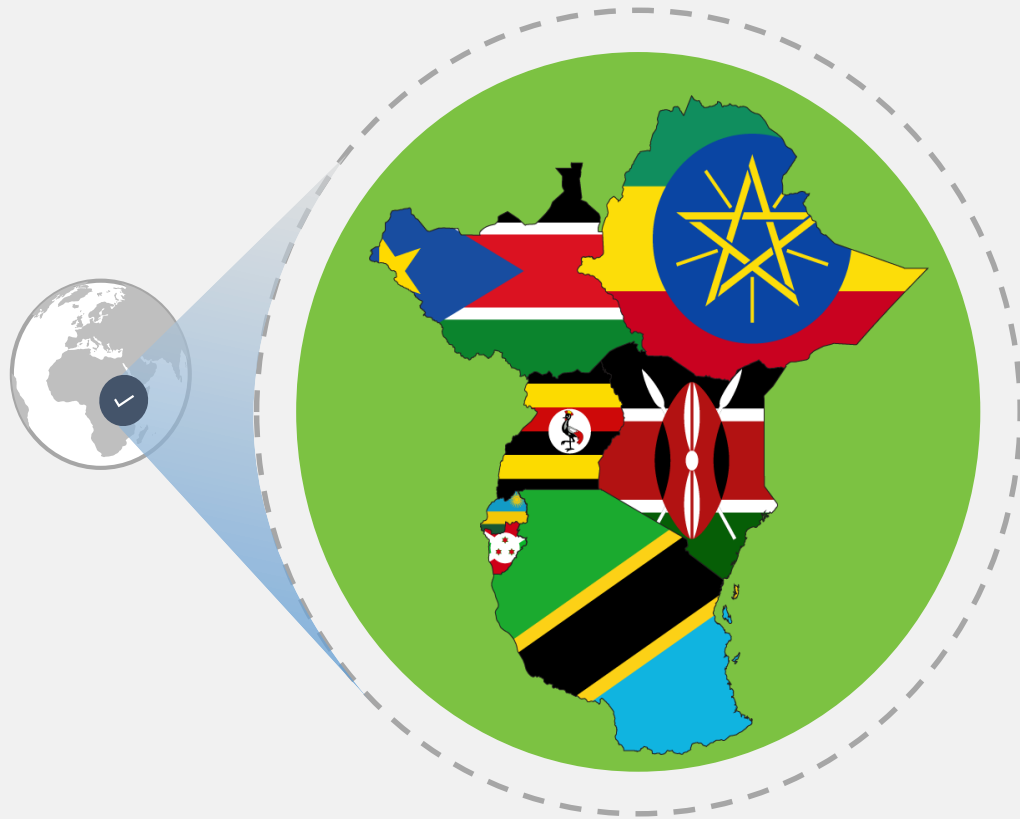
INVESTOR PRESENTATION

25 MAY 2022



GROUP OVERVIEW

LARGEST FOOTPRINT IN THE REGION



29.6 M

Customers

8,768 Staff



496

Branches

1,176 ATMs

**26,167 Agents &
POS / Merchants**

Kenya*

Branches **299**

ATMs **523**

Agents **15,570**

Staff **6,760**

Tanzania

Branches **14**

ATMs **15**

Agents **233**

Staff **296**

South Sudan

Branches **14**

ATMs **4**

Agents **48**

Staff **150**

Rwanda

Branches **150**

ATMs **77**

Agents **824**

Staff **1,149**

Uganda

Branches **13**

ATMs **16**

Agents **431**

Staff **272**

Burundi

Branches **6**

ATMs **8**

Agents **202**

Staff **140**

Ethiopia Rep

Office

1 Staff

*KCB Bank Kenya, NBK, KCB Bancassurance Intermediary, KCB Capital and KCB Foundation

HIGH LEVEL ORGANISATION STRUCTURE



Shareholders

Accountable to shareholders

Board of Directors
11 Directors
9 Non-executive and 2 Executive

Delegated authority

Accountable to the Board



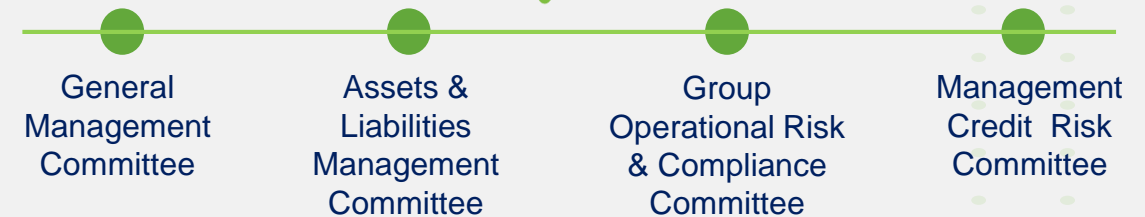
Reporting to the Board
Executing delegated powers

Group Chief Executive Officer and Managing Director

Group delegation of authority

Executive Committee

Group delegation of authority



3 Year Strategy Vision

**The very best
in customer
experience, driving
a digital future**

Our Aspirations

CES 20%
NPS 55
Total assets 1.5 Tr
CIR 44.0%
NFI 33.0%
PBT from subsidiaries 19.7%

Our Strategic Thrusts

**Customer first,
with leading value
propositions**

**Step change in
efficiency &
productivity**

**Digital leader & digital
to the core**

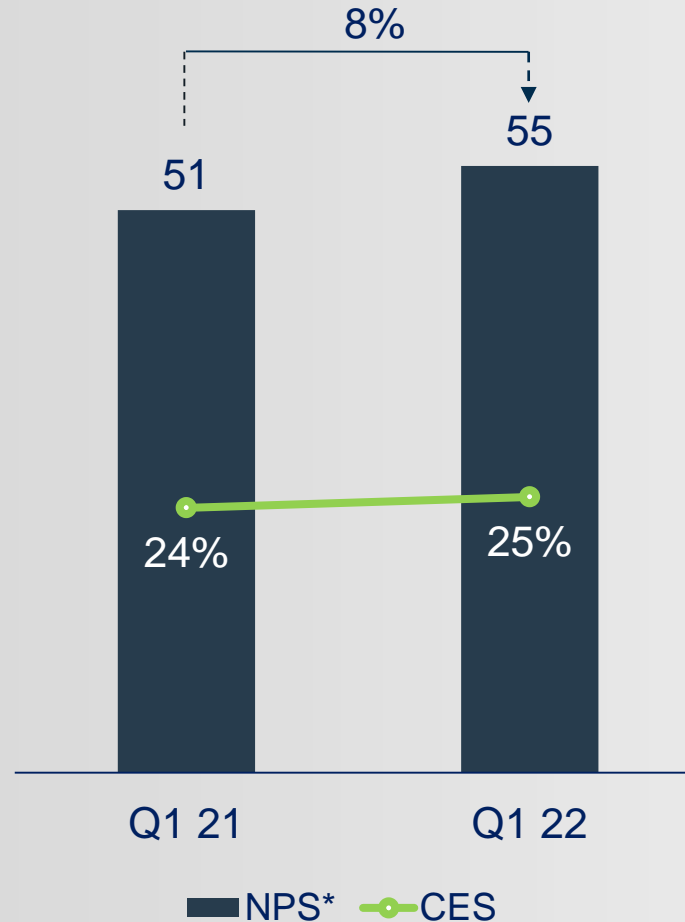
**Scale to achieve
regional relevance**

Steady improvement in customer satisfaction driven by the reliability and convenience offered by our self serve channels.

75%

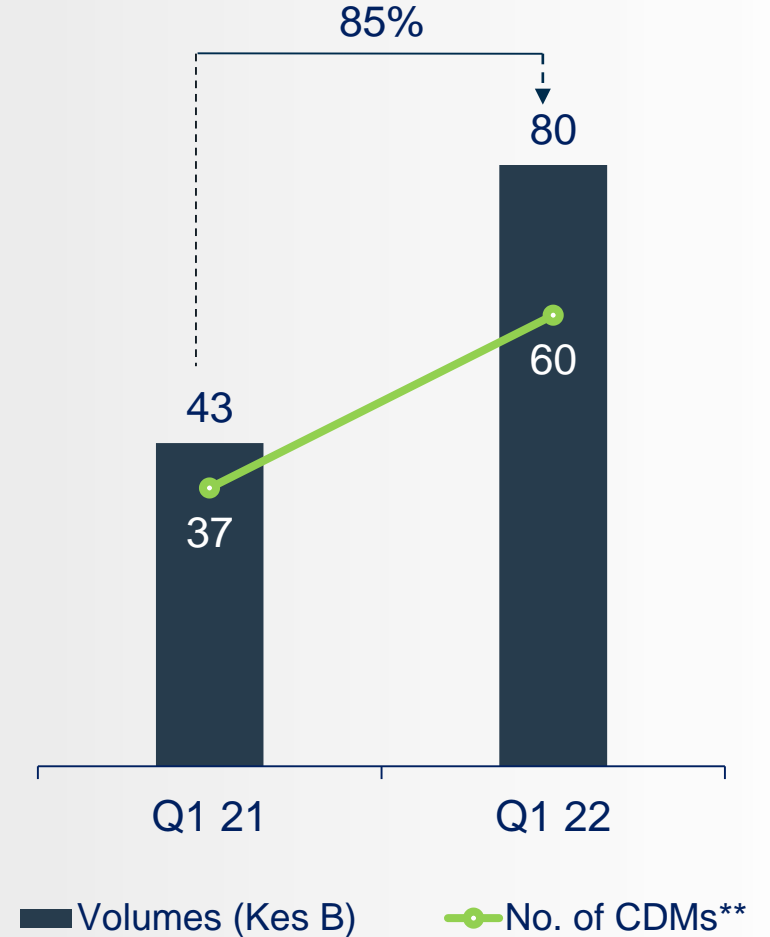
of value of ATM transactions are cash deposits, up from 26% in Q1 2021

Customer Satisfaction Scores



* Industry average at 33 as at Q4 2021

ATM Deposits



**Cash deposit machines

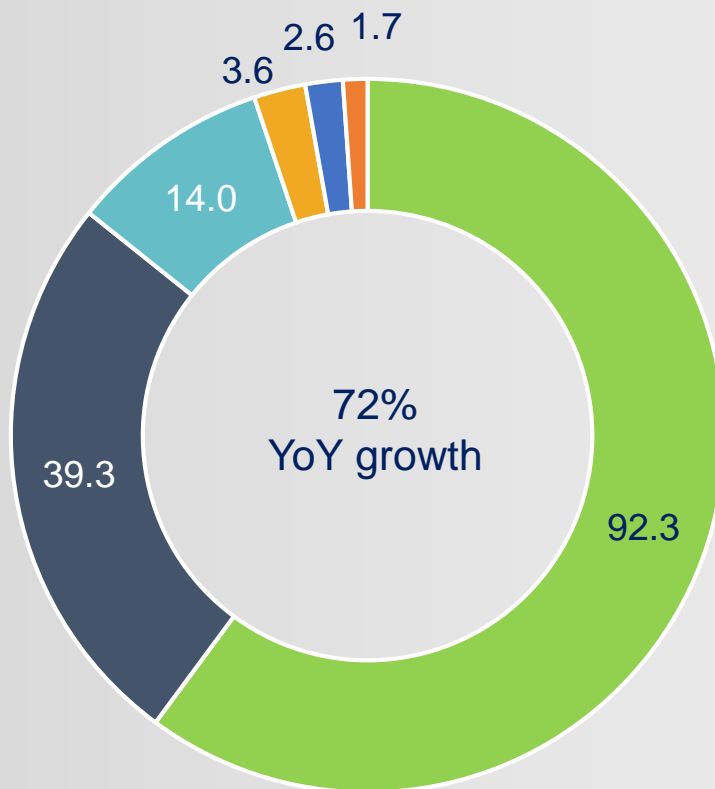
98%

of transactions by number conducted through non-branch channels

70%

YoY increase in number of total transactions to 156M driven by resumption of economic activities

Number of non-branch channel transactions in Q1 2022 (Million)



YoY growth

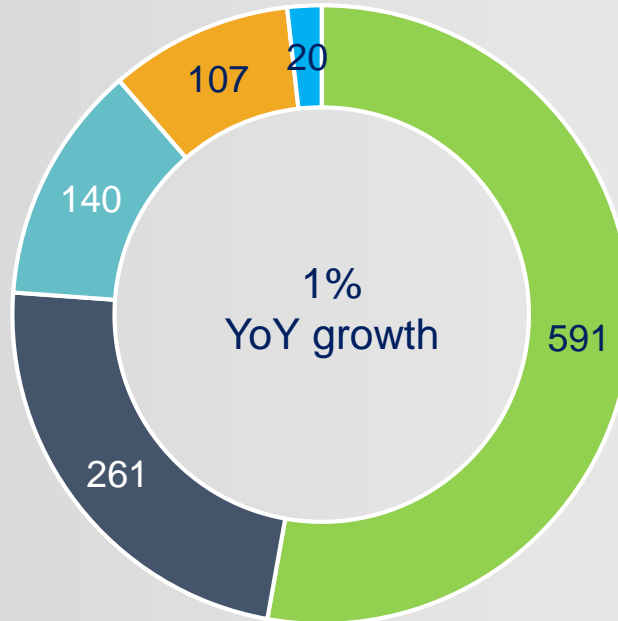
Mobile Lending	91%
Mobi Service	14%
Agency	2%
Merchant POS	33%
ATMs	(2%)
Internet Banking	63%

52%

of transactions by value conducted through non-branch channels.

Value of branch transactions grew 16% to Kes 1.1 Tr

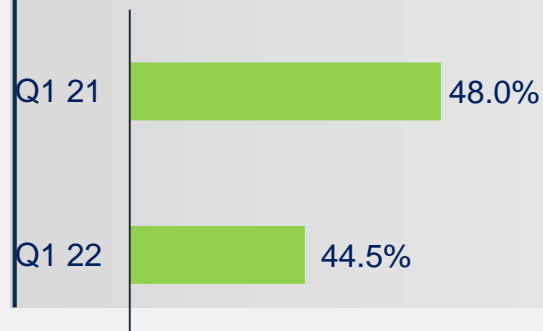
Value transacted through digital channels (Kes B)



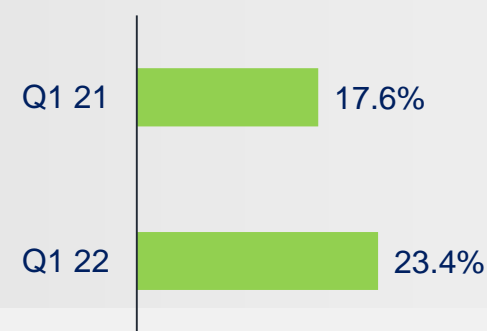
YoY growth

Mobi Service	(5%)
Internet banking	54%
Agency	(7%)
ATMs	(34%)
Merchants POS	45%

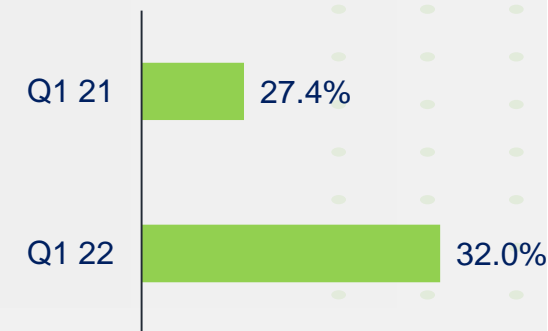
Cost to income ratio



Return on equity



Non funded income

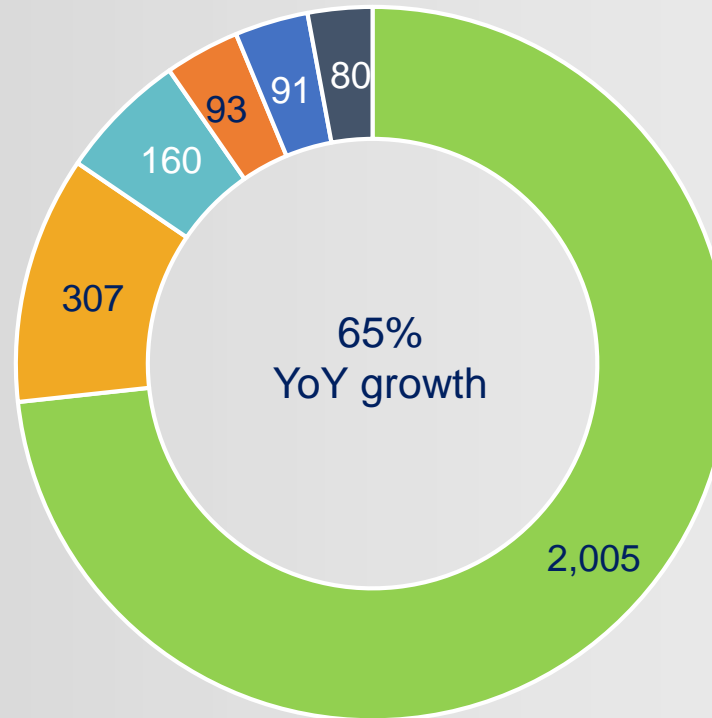


Kes **2.7B**

Total revenue from digital channels, up 65% YoY driven by mobile lending and agency.

Decline in mobi service driven by fee waivers on transfers from bank to mobile wallets

Digital channels revenue (Kes M)



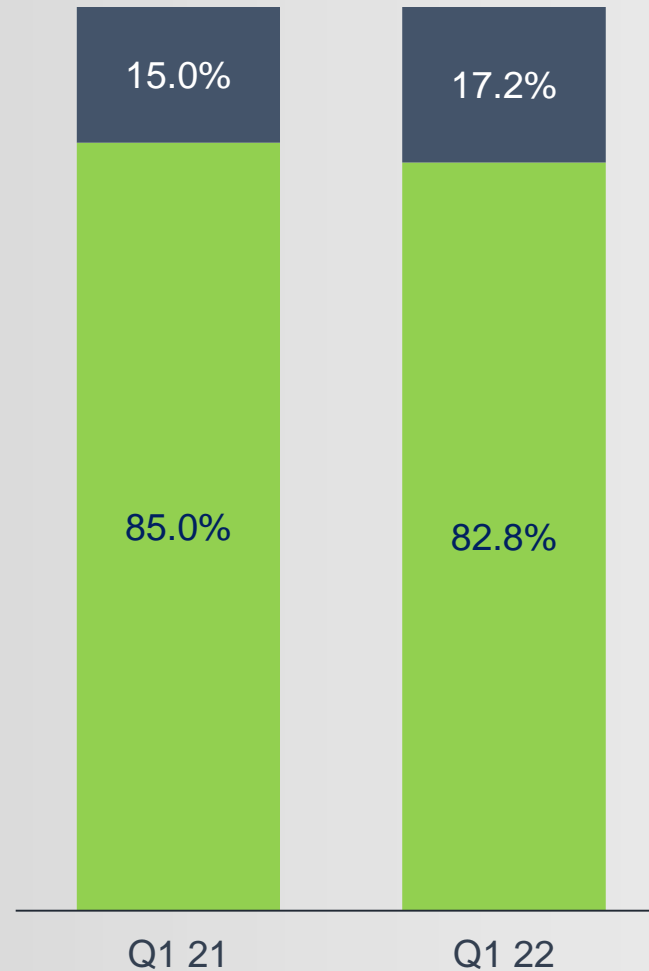
YoY growth	
Mobile Lending	84%
Merchant POS	36%
Agency	76%
Internet Banking	32%
ATMs	3%
Mobi Service	(16%)

77%

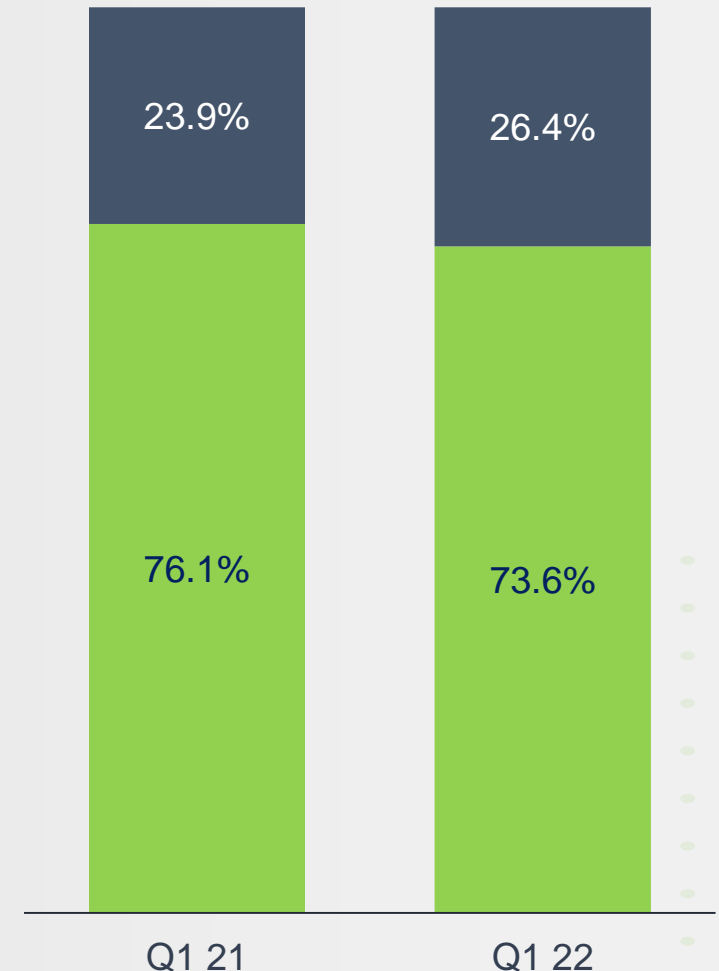
Growth of PBT from subsidiaries outside KCB Bank Kenya to Kes 2.4B in Q1 2022

Contribution of subsidiaries outside KCB Bank Kenya

Profit before tax



Total assets



■ KCB Bank Kenya ■ Other Subsidiaries

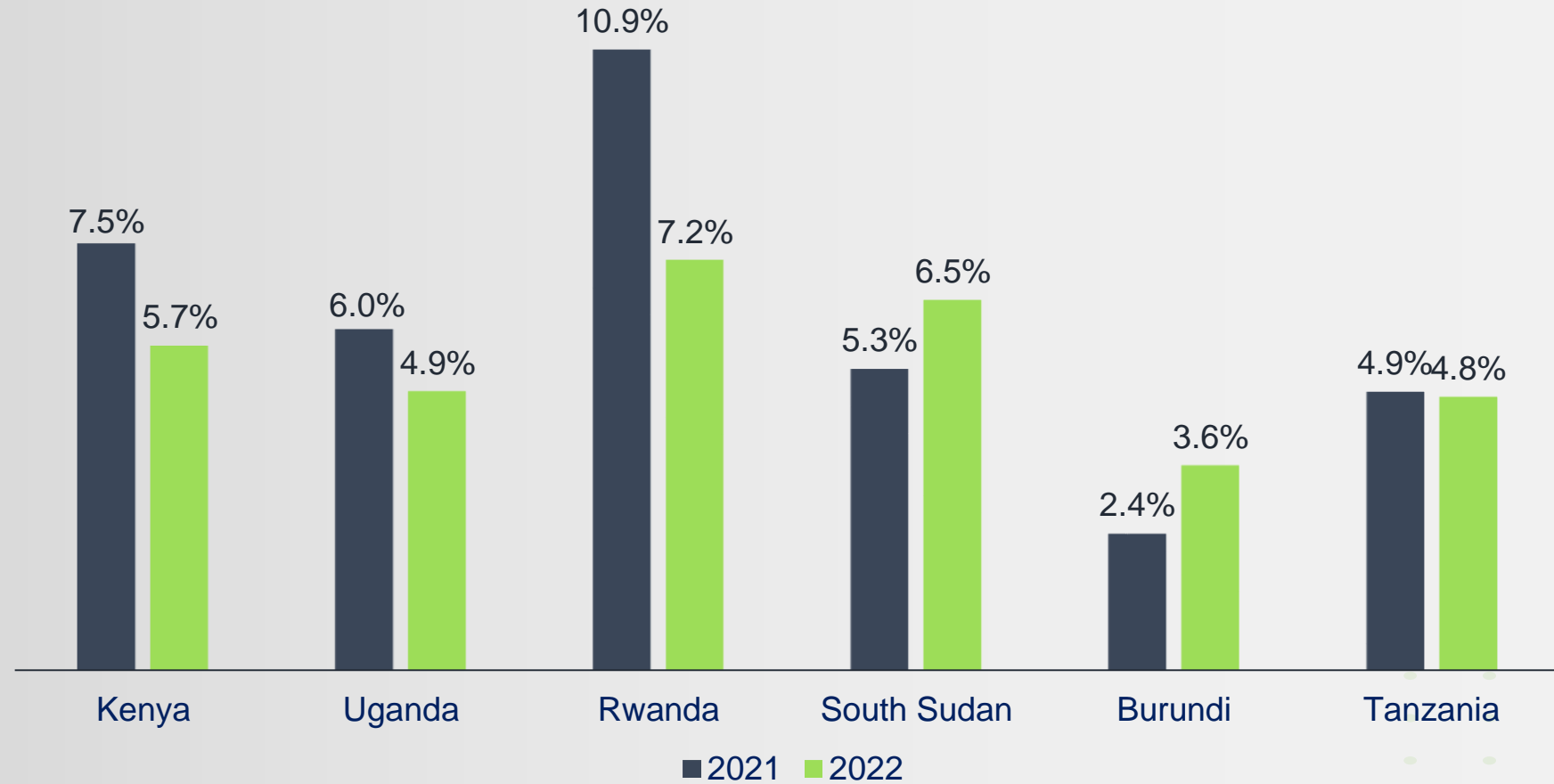


OPERATING ENVIRONMENT HIGHLIGHTS

7.5%

Expansion in Kenya's GDP in 2021, compared to a contraction of 0.3% in 2020.

Projected GDP Growth Rates



KENYA



Diaspora remittances up 22% to USD 3.9B
In the 12 months to March 2022

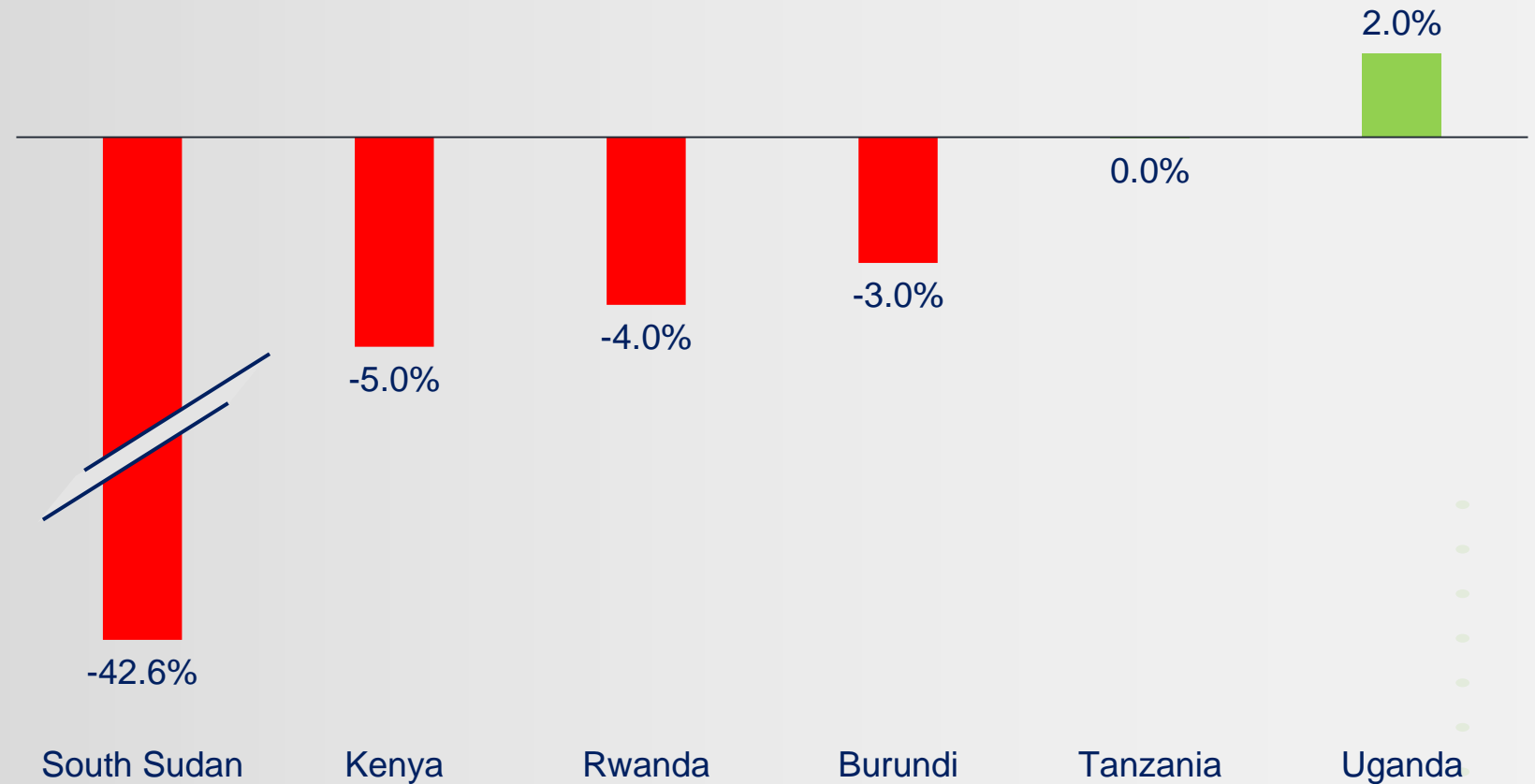
UGANDA



Shilling supported by lower import bill and strong FX inflows

Regional currencies impacted by the strengthening of the USD against most global currencies due to improvement in the US economy, monetary policy stance and slowing global growth

Performance of regional currencies against USD in Q1 22 vs Q1 21



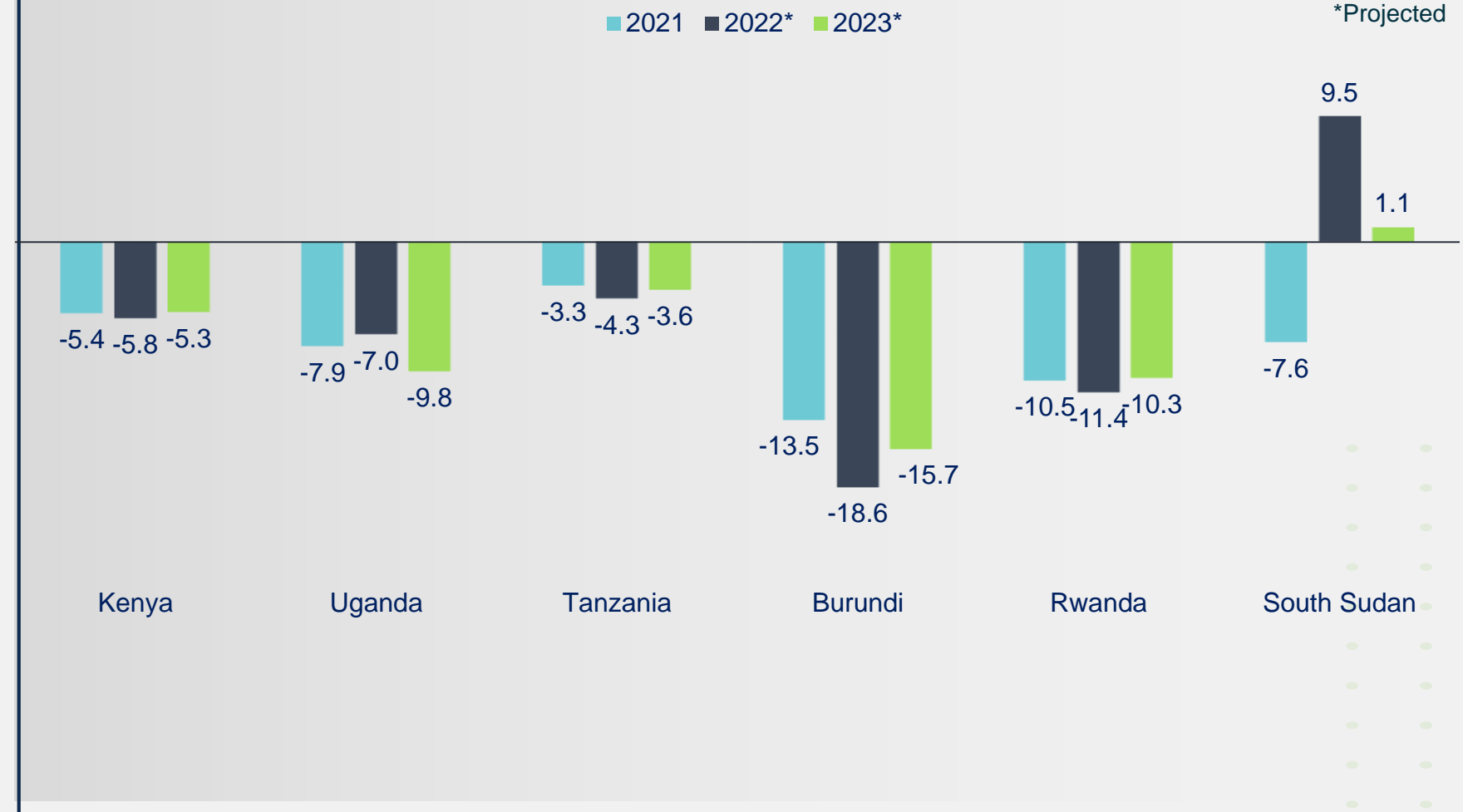
REGIONAL CURRENT ACCOUNTS TREND



Projected widening of current account deficits across the region in 2022 driven by higher international oil prices

Kenya's usable foreign exchange reserves provided an import cover of 4.80 months at the end of Q1 2022

Current account balance as a percentage of GDP

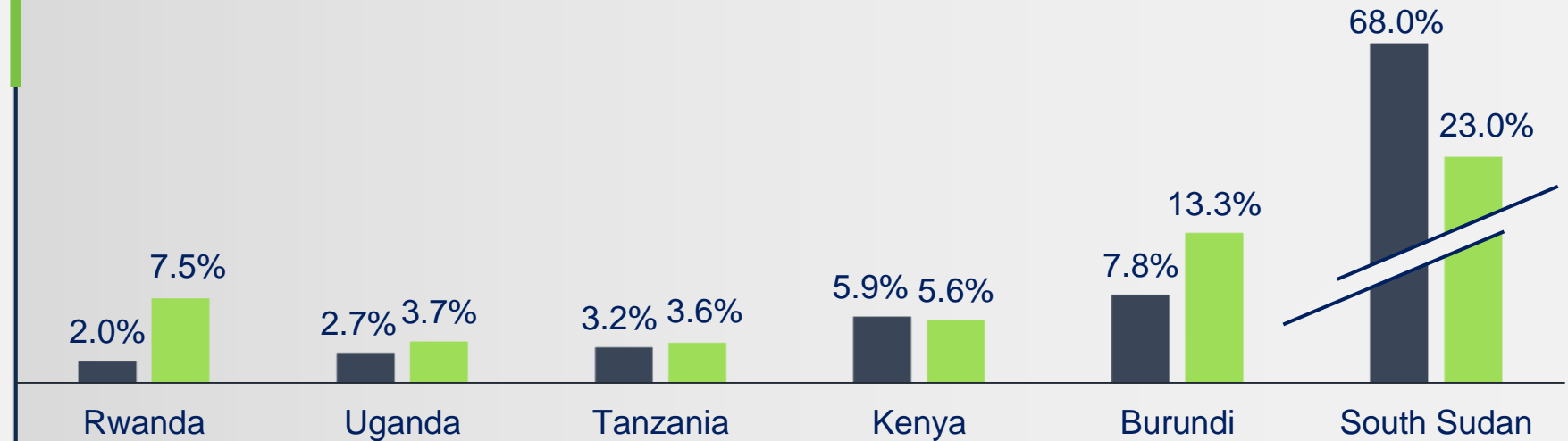


INFLATION AND BENCHMARK RATES MOVEMENT

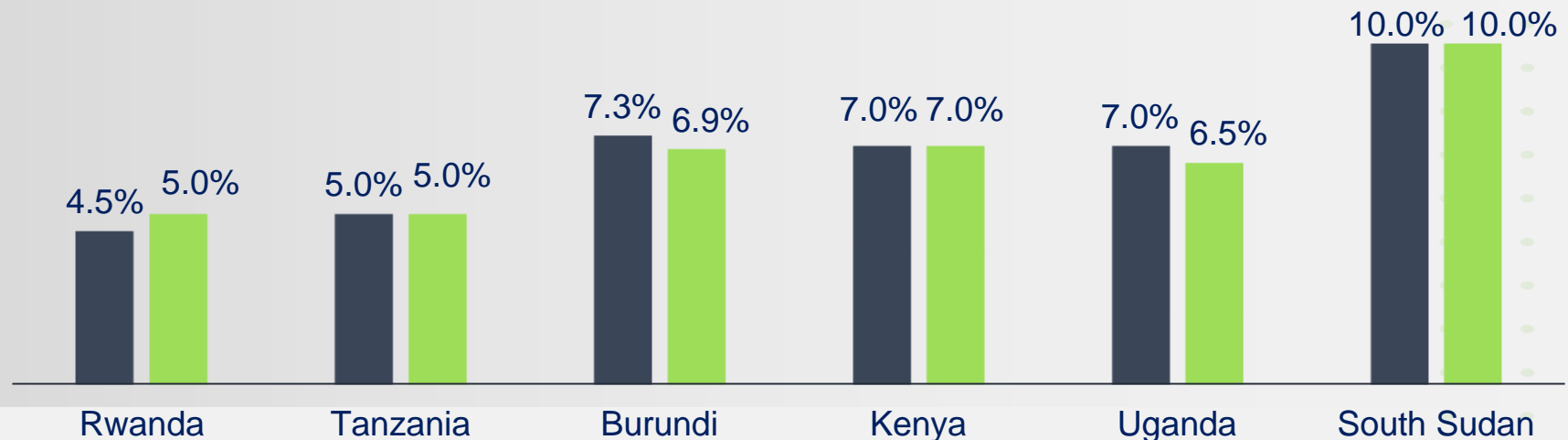


Monitoring of inflationary pressure in 2022 across the region as a result of rise in prices of oil and other imported goods due to disruption in global supply chains and depreciation of local currencies against the US dollar

Inflation rates

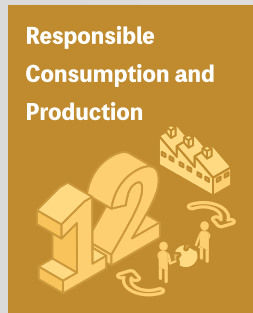


Central Bank rates



■ Mar-21 ■ Mar-22

OUR APPROACH TO SUSTAINABILITY IS GUIDED BY THE FOLLOWING SDGs



KCB Group is committed to creating long term value for shared prosperity through alignment of our strategy to sustainable practices. As we deepen our presence across the region, we seek to address the environmental, social and governance (ESG) risks and effects of our operations in a manner consistent with our values.

KEY FOCUS AREAS IN 2022



Increase the proportion of Green loans to **12.4%** in 2022, up from **8.4%** in 2021.



Advance the NetZero ambitions and Sustainable Development Goals implementation.



Train all staff on sustainability to help demystify and ensure mitigation of climate risks.

Supporting our Communities through shared value



Kes 11.2B distributed to the elderly, orphans and vulnerable under the *Inua Jamii* programme in 2021



KCB Scholarship programme expanded to included university students. **49** scholarships availed in 2021.



4,384 young persons trained under the 2Jiajiri programme leading to creation of **8,436 jobs**

Partnerships



Embracing diversity at the workplace



46% of all employees and **42%** of managers are women



27% composition of women on the Group Board, up from 18% in 2020.



250 women trained under the Women in Leadership Network

Decent Work and Economic Growth



No Poverty



Reduced Inequality



Partnerships to achieve the Goal



KCB BANK KENYA

Credit ratings at par with the sovereign rating and affirmed in October 2021

	2020	2021	2022
Rating	B2	B2	B2
Outlook	Negative	Negative	Negative

Credit rating affirmed KCB's:

- Solid profitability metrics
- Stable deposit-based funding structure, and;
- Strong capital buffers

MOODY'S
INVESTORS SERVICE

The Banker Magazine Top 1,000 Banks

KCB ranked 685th Globally, 20th in Africa, 1st in Eastern Africa in 2021



- Best Retail Bank in Kenya by Global Finance magazine
- Most Valuable Banking Brand Kenya 2022 by Brand Finance
- Best Sustainable Bank 2022 by The International Business Magazine
- Top 100 Most Loved Brands by Women in Kenya by Ipsos



FINANCIAL PERFORMANCE

SUBSTANTIAL BALANCE SHEET GROWTH



↑ 19%
Growth in balance sheet
size to Kes 1.17 trillion

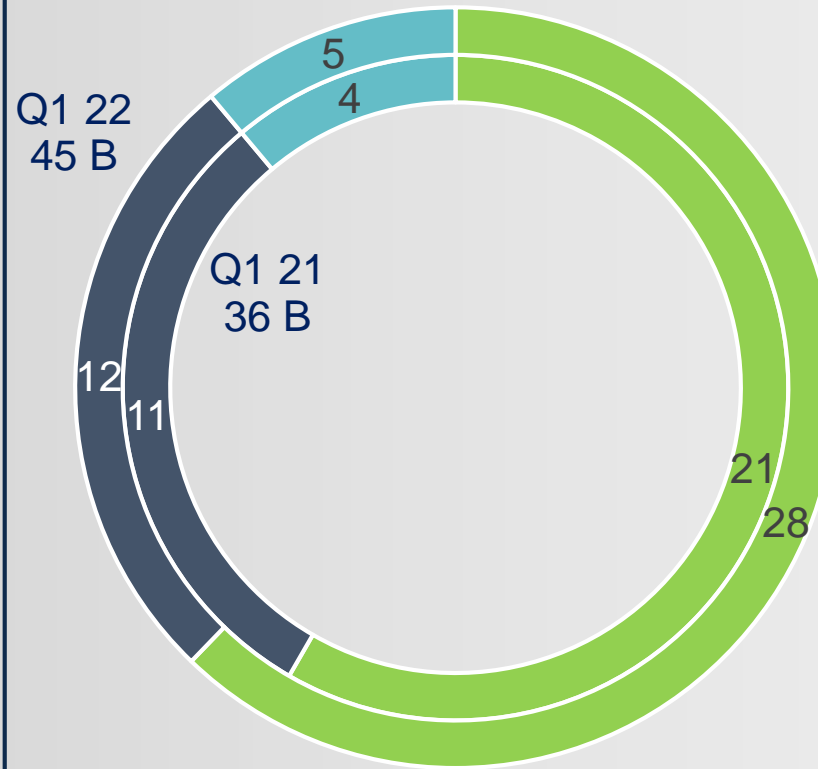
↑ 18%
Loan book growth driven
by improved corporate
and retail lending in
Kenya and consolidation
of BPR



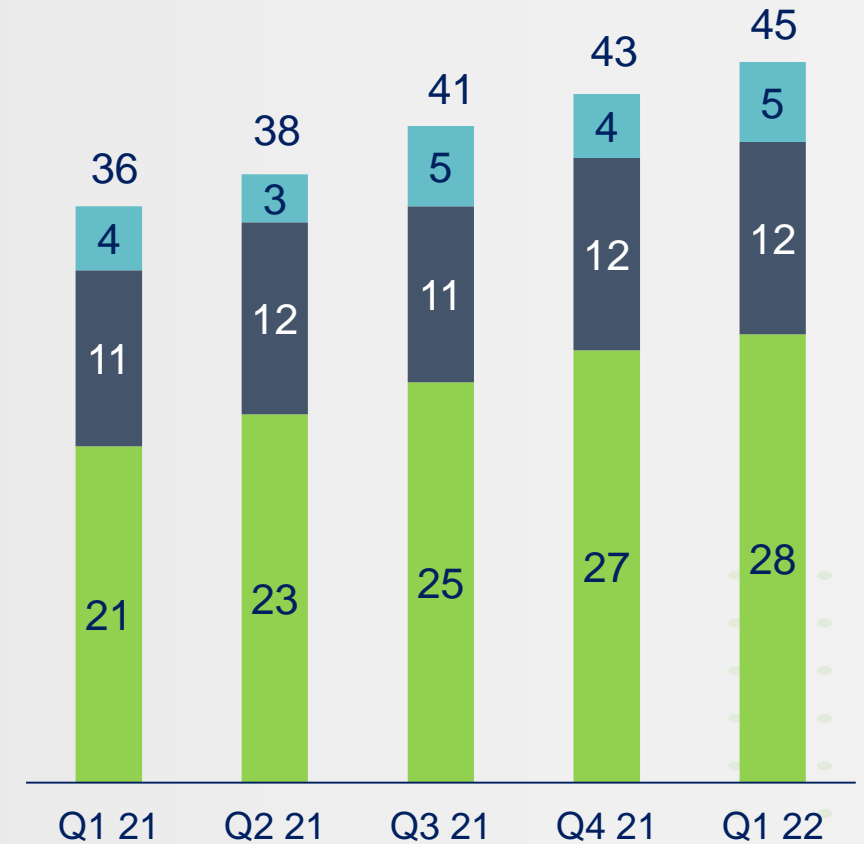
Kes 45 B

Value of mobile loans advanced in Q1 2022. Increase driven by limit enhancements for qualifying customers

Mobile loan product split



Sustained recovery in mobile lending



■ Fuliza ■ KCB MPESA ■ Vooma loan

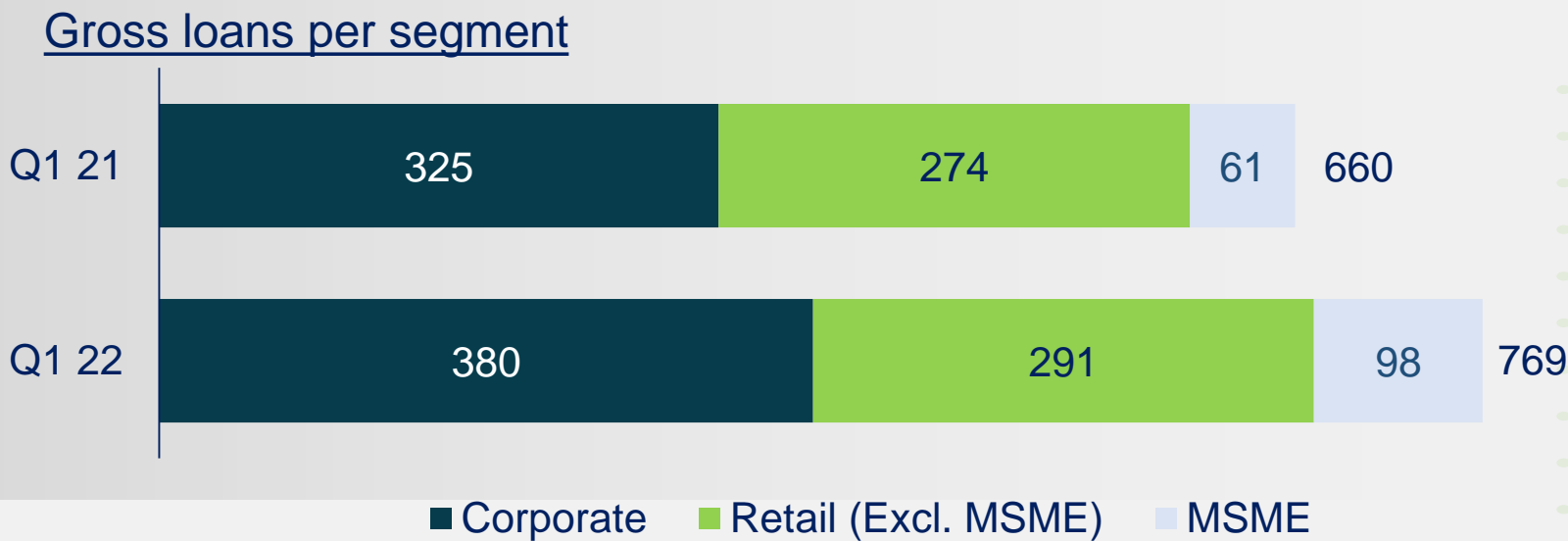
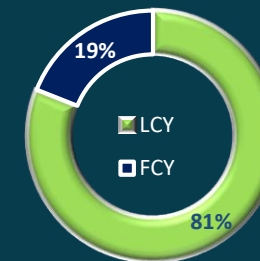
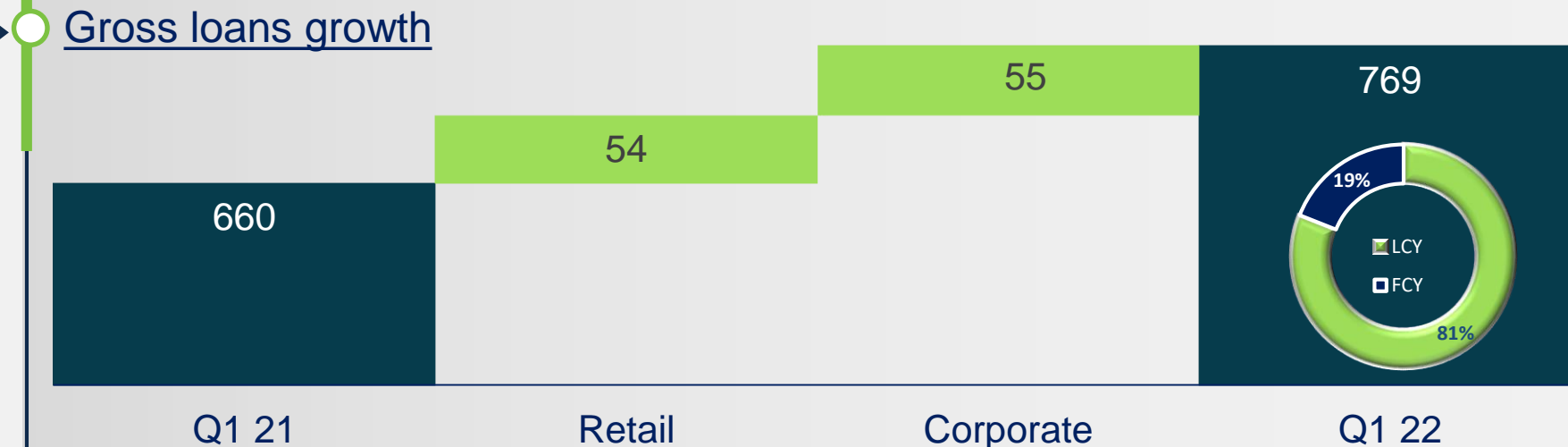
Amounts in Kes B

DOUBLE DIGIT LOAN BOOK GROWTH



16%

Growth in gross loans driven by personal, trade, transport and communication and real estate sectors.

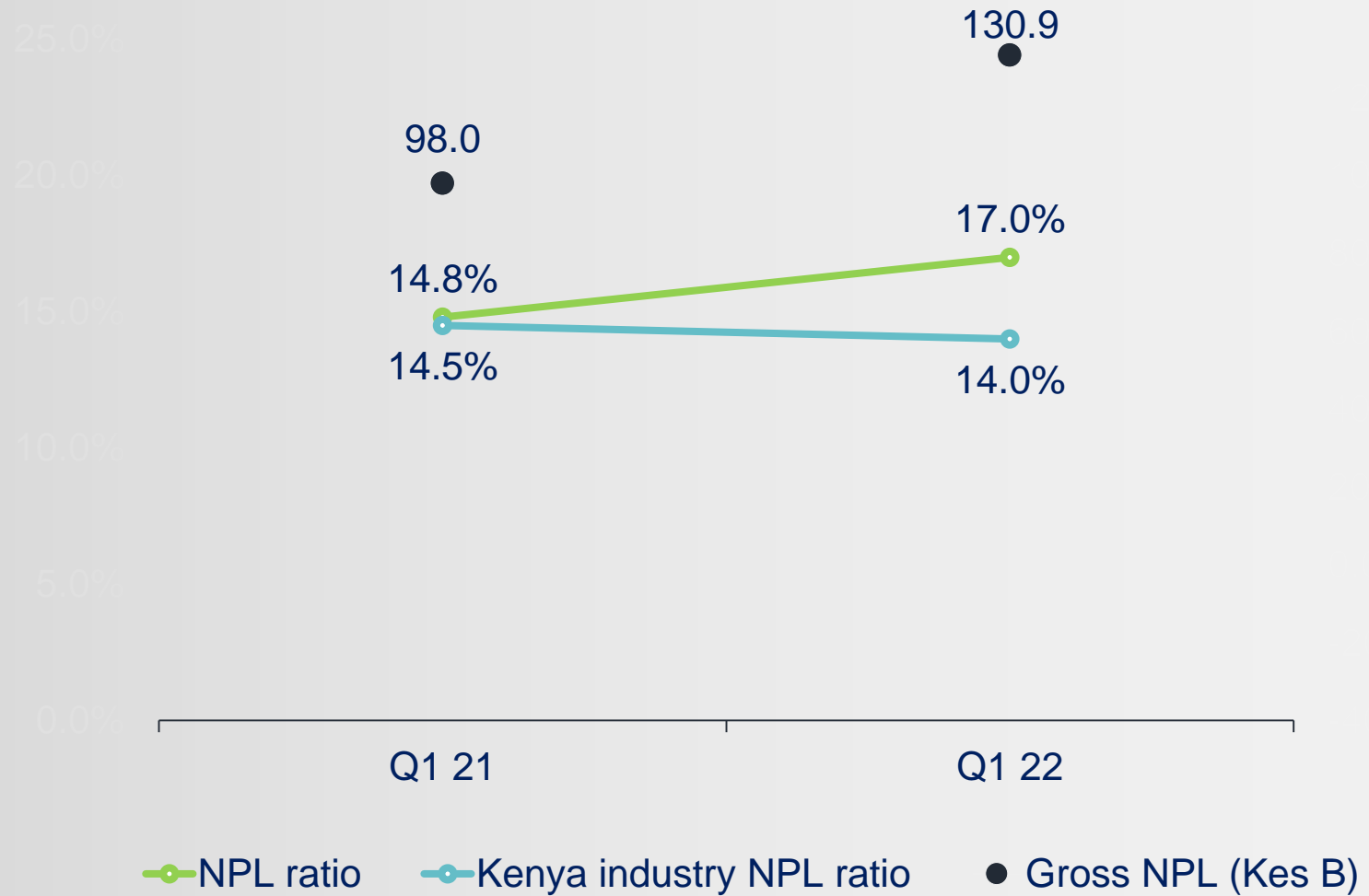


Amounts in Kes B

17.0%

Group NPL ratio up 50 bps in Q1 2022 driven by the manufacturing, building and construction, and hospitality sectors

NPL evolution



DISTRIBUTION OF THE NON-PERFORMING BOOK



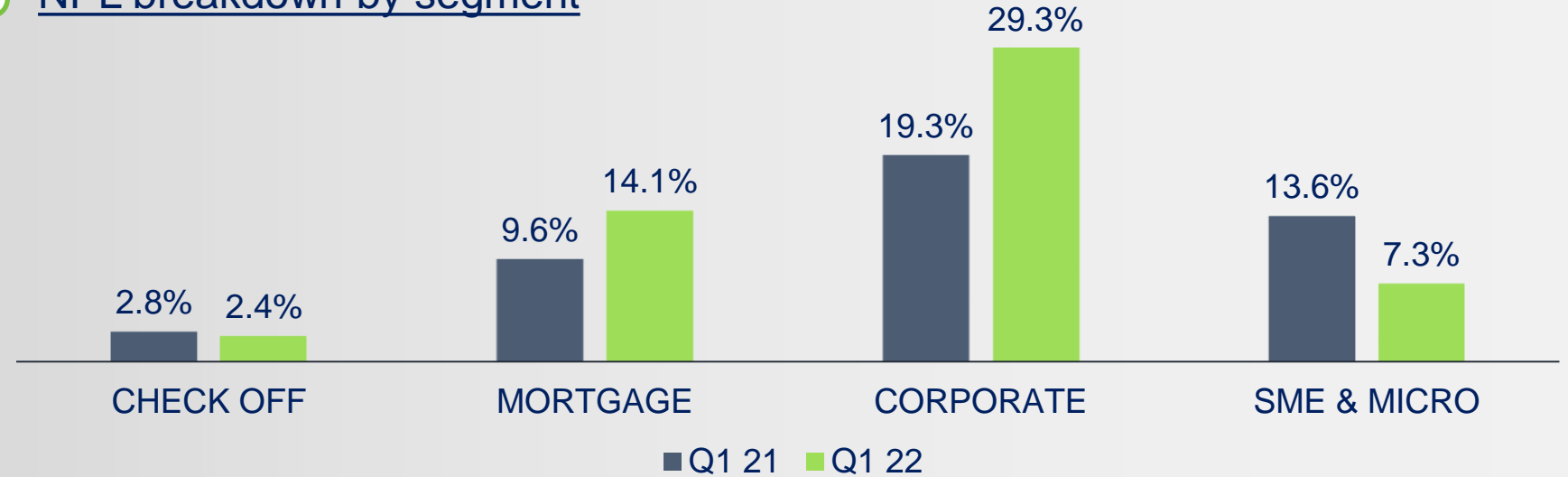
16.4%

KCB Bank Kenya NPL ratio in March 2022 up from 15.9% in December 2021

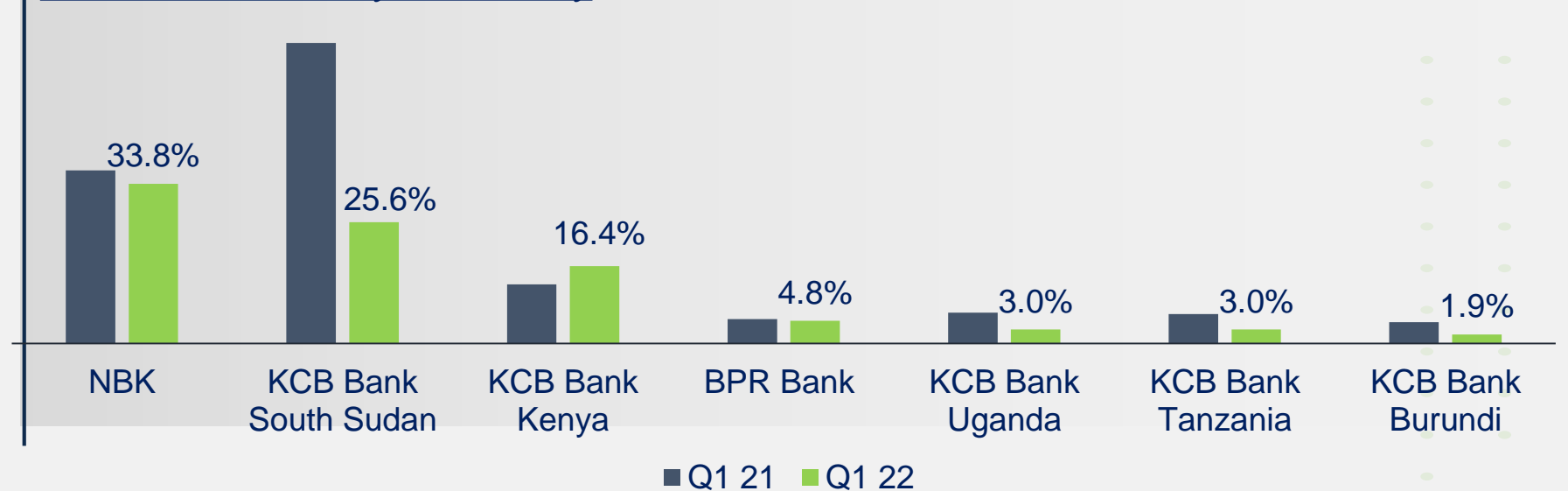
14.0%

Kenya industry NPL ratio in February 2022 up from 13.1% in December 2021

NPL breakdown by segment

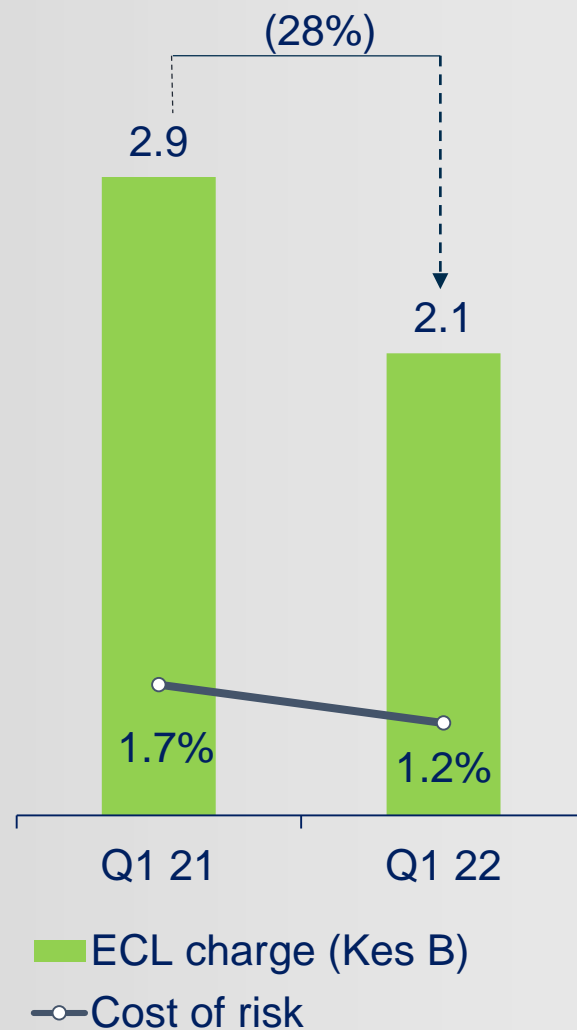


NPL breakdown by subsidiary

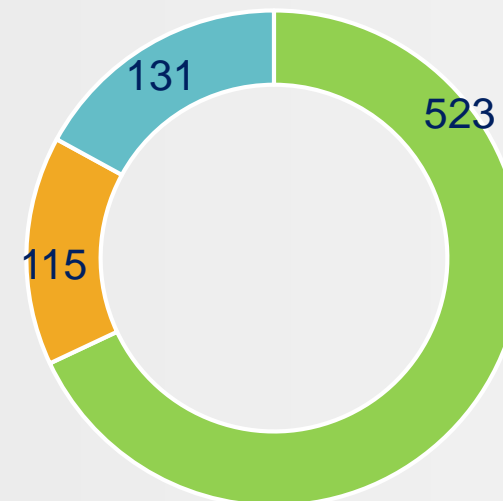


Cost of risk improvement driven by reduced provisions in corporate and digital loans

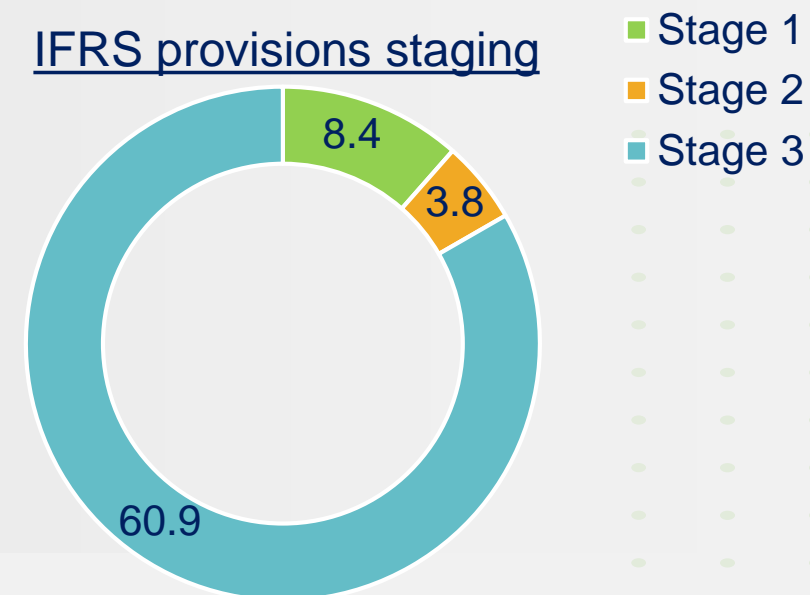
Cost of risk vs ECL charge



Gross loans staging



IFRS provisions staging

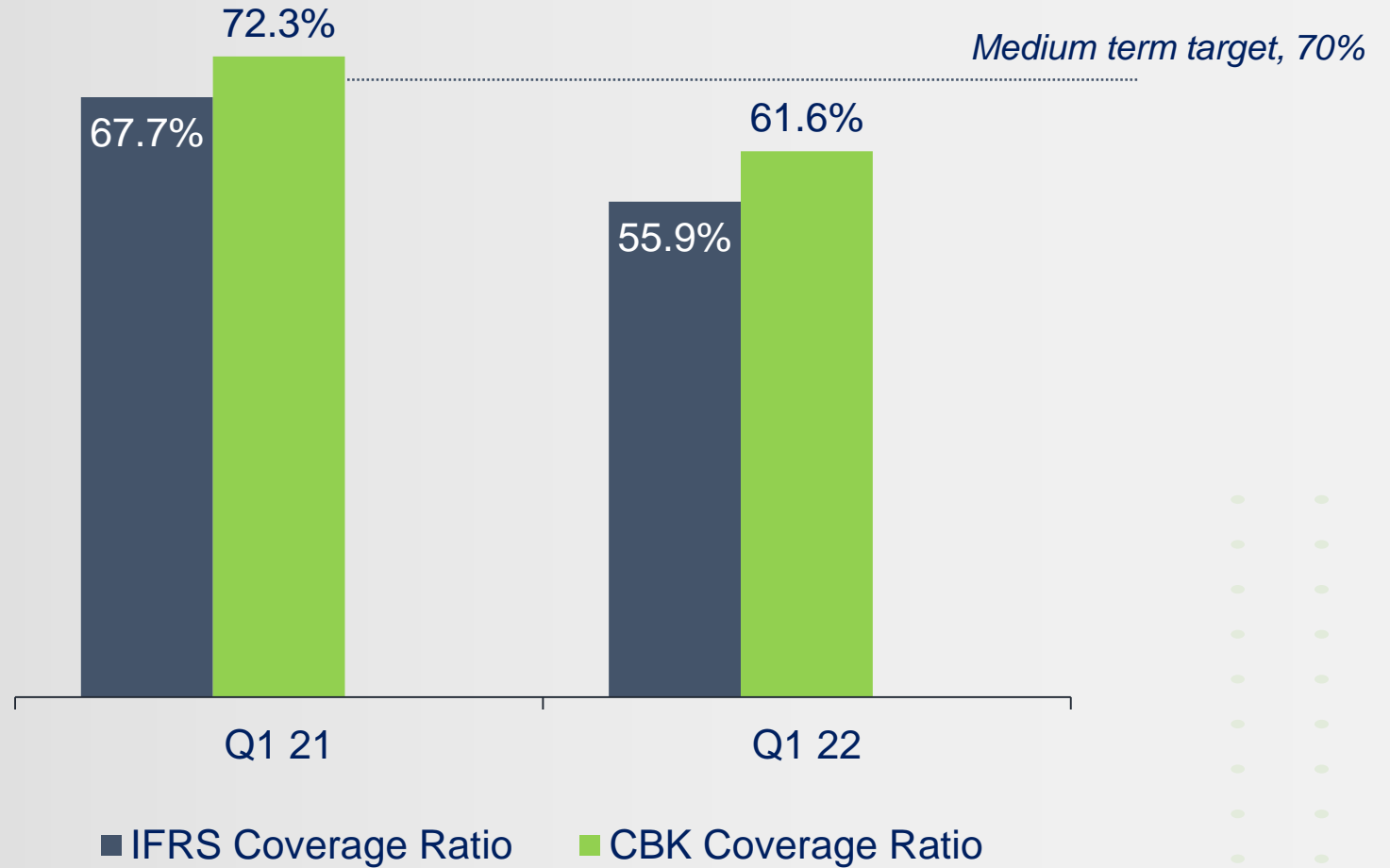


Amounts in Kes B

61.6%

Regulatory coverage ratio impacted by growth in the non-performing book

Coverage ratios



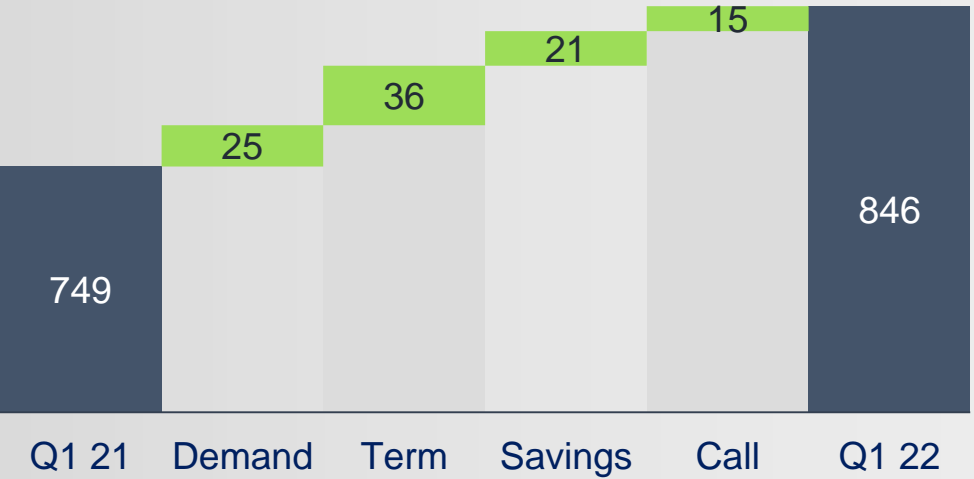
DIVERSIFIED DEPOSIT PORTFOLIO



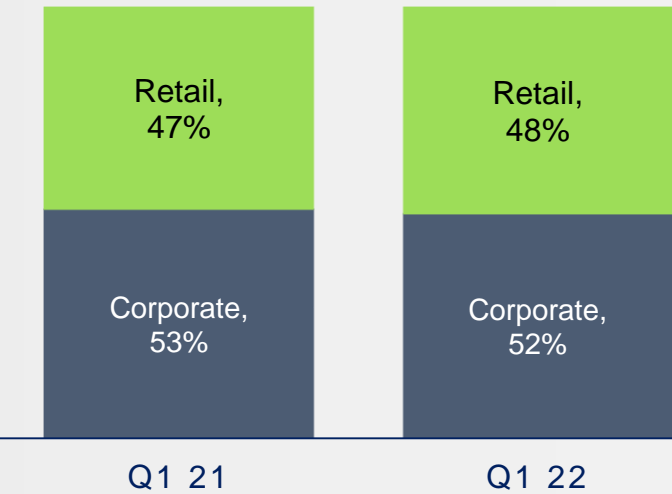
13%

Growth in customer deposits due to organic growth of Kes 66B and M&A of Kes 30B

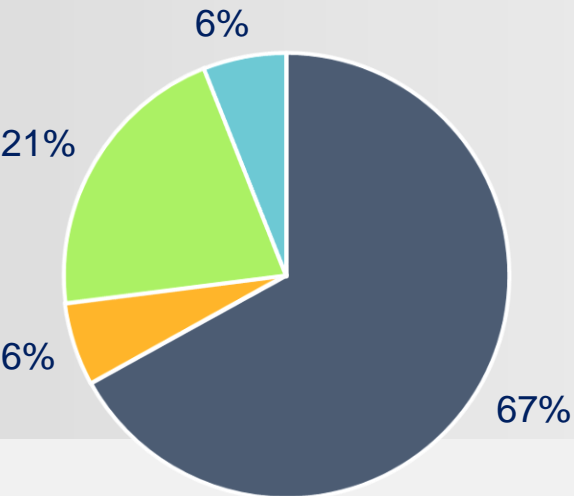
Deposit growth (Kes B)



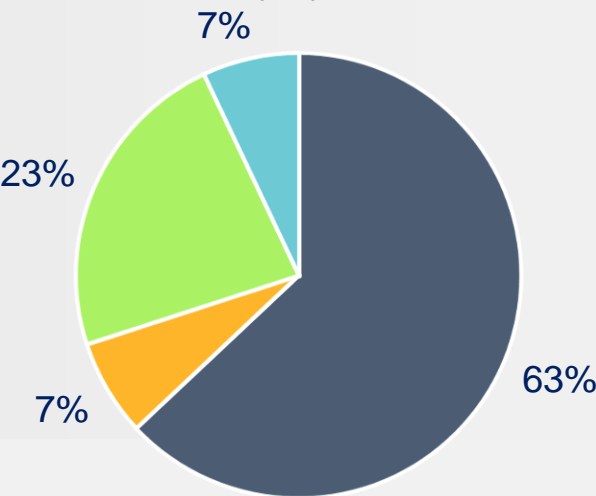
Deposit mix



Deposits by type Q1 21



Deposits by type Q1 22



Currency Mix



Demand Savings Term Call

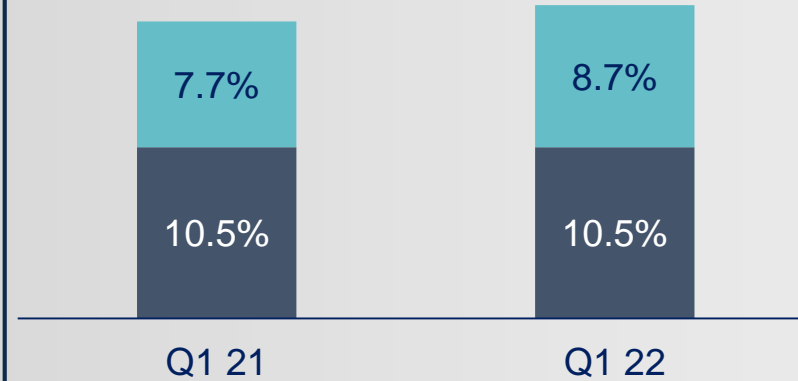
SIGNIFICANT CAPITAL HEADROOM



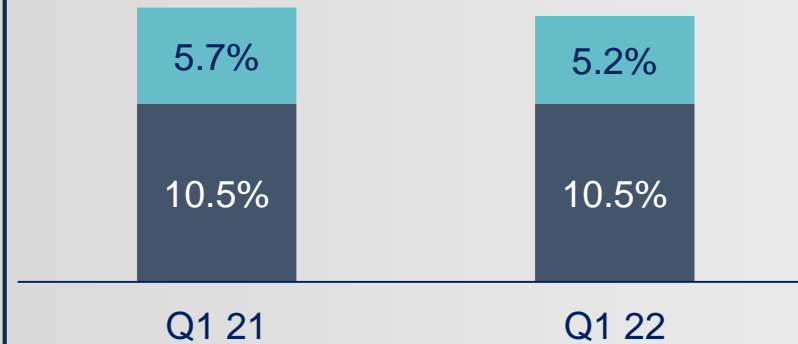
All Group subsidiaries excluding KCB Uganda above minimum core capital ratios.

NBK below total capital requirement by 80bps, improved by 100bps in Q1. Loan recoveries and retained earnings to bridge shortfall in 2022.

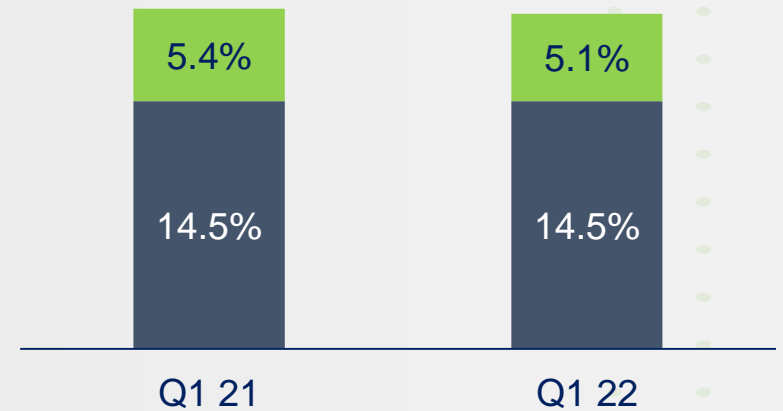
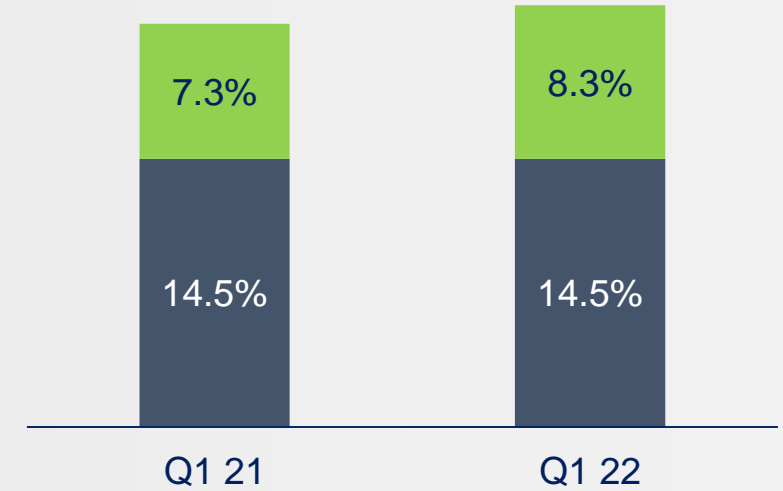
KCB Group



KCB Bank Kenya



■ Core capital to RWA Headroom
■ Minimum Core capital to RWA



■ Total capital to RWA Headroom
■ Minimum Total capital to RWA

STRONG GROWTH IN GROUP PROFITABILITY



54%

Growth in PBT driven by increased income from loans and investments in government securities, foreign exchange and a decline in the provisions charge

Q1 22			
Interest from customer loans	18.8	19%	3.0
Interest from govt securities	7.7	28%	1.7
Interest expense	6.9	31%	1.6
Lending fees	2.6	73%	1.1
Service fees	3.3	35%	0.8
Forex income	1.7	46%	0.5
Provisions	2.1	(0.8)	(27%)
Operating expenses	12.9	17%	1.9
Profit before tax	14.0	54%	4.9

Amounts in Kes B

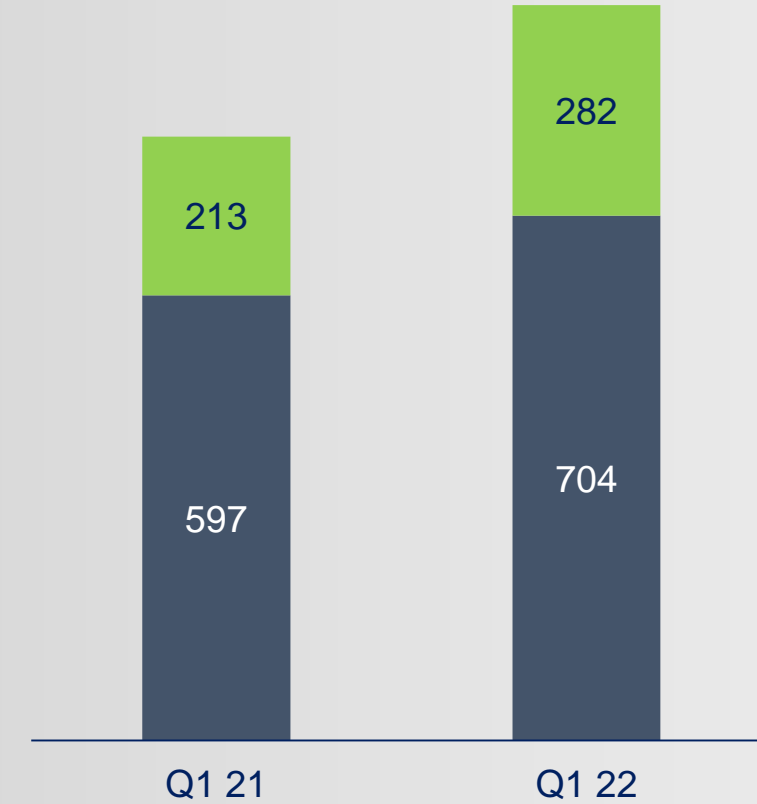
■ Q1 22 vs Q1 21 ○ YoY movement

STEADY GROWTH IN INTEREST EARNING ASSETS



Net interest income up 18% to Kes 19.7 B driven by increase in earning assets and interest write-backs on restructured facilities.

Loans and Govt. securities (Kes B)



■ Government securities ■ Loans and advances

Yields vs Cost of funds



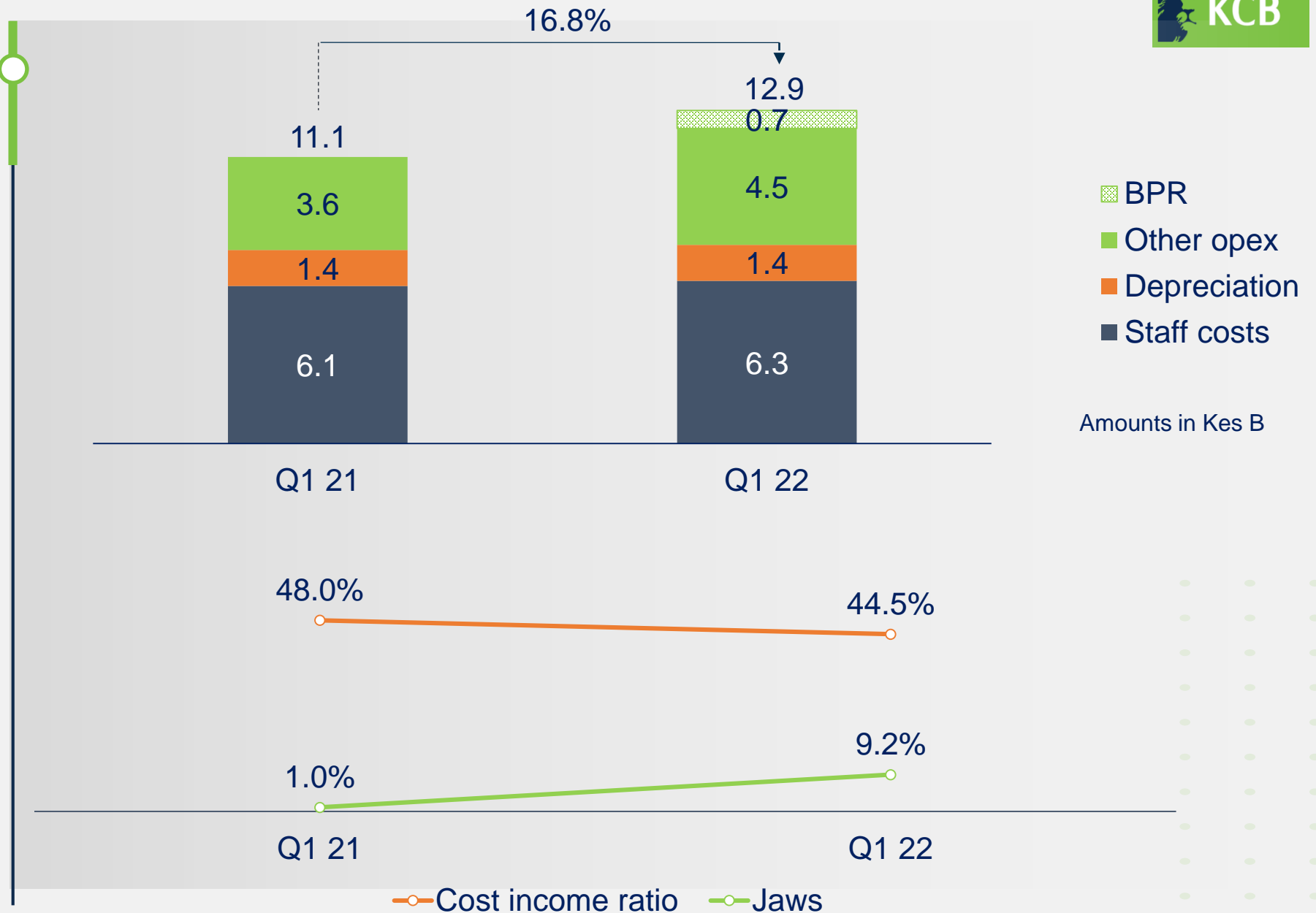
● Yield on Loans ● Yield on govt securities ● CoF

OPERATING COSTS OUTLAY

9.9%

YoY cost growth
(adjusted for acquisitions)

Growth in operating expenditure driven by consolidation of BPR and increase in marketing, advertising and outsources services in KCB Kenya

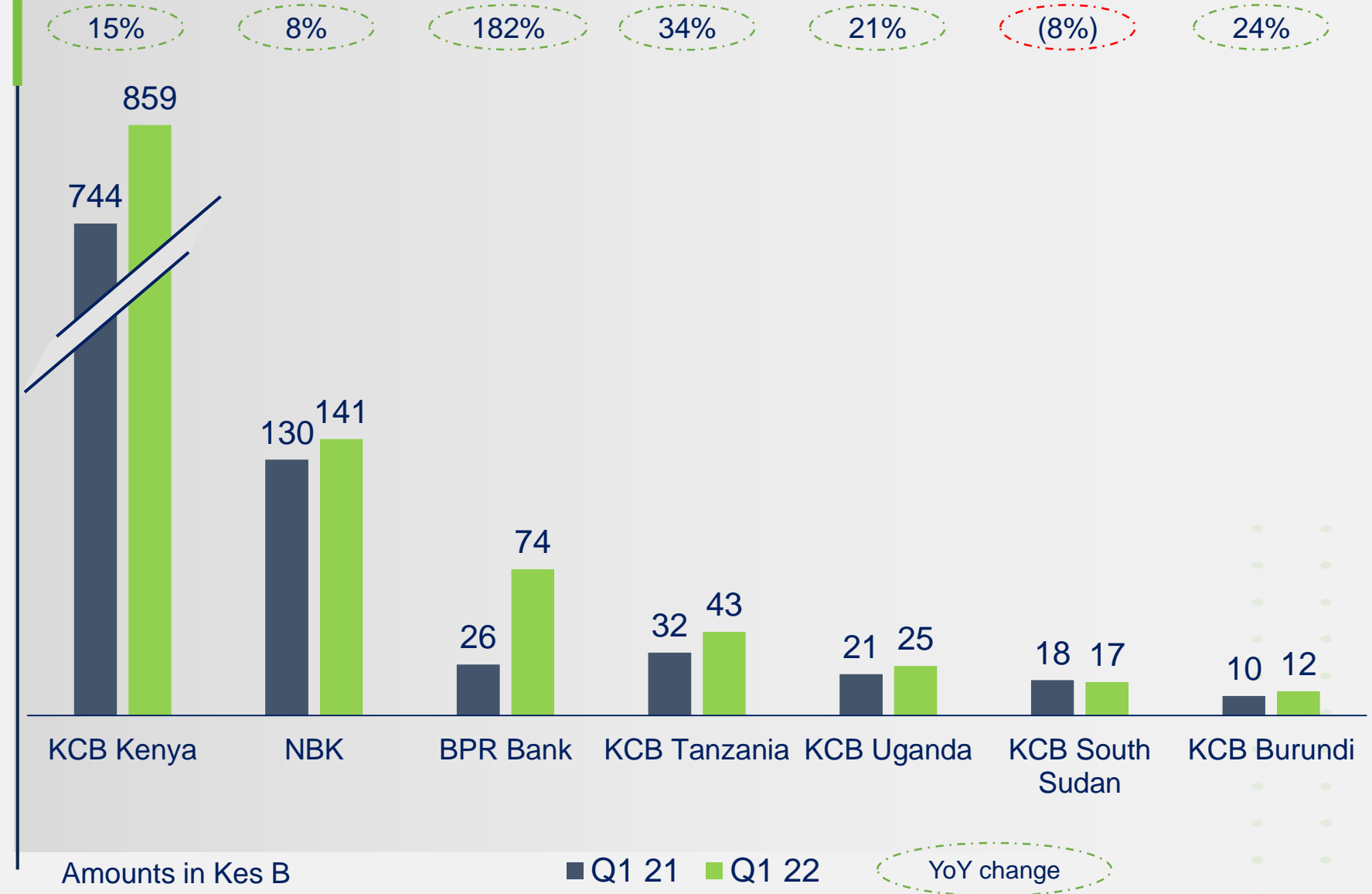


ASSET CONTRIBUTION PER SUBSIDIARY



26.4%

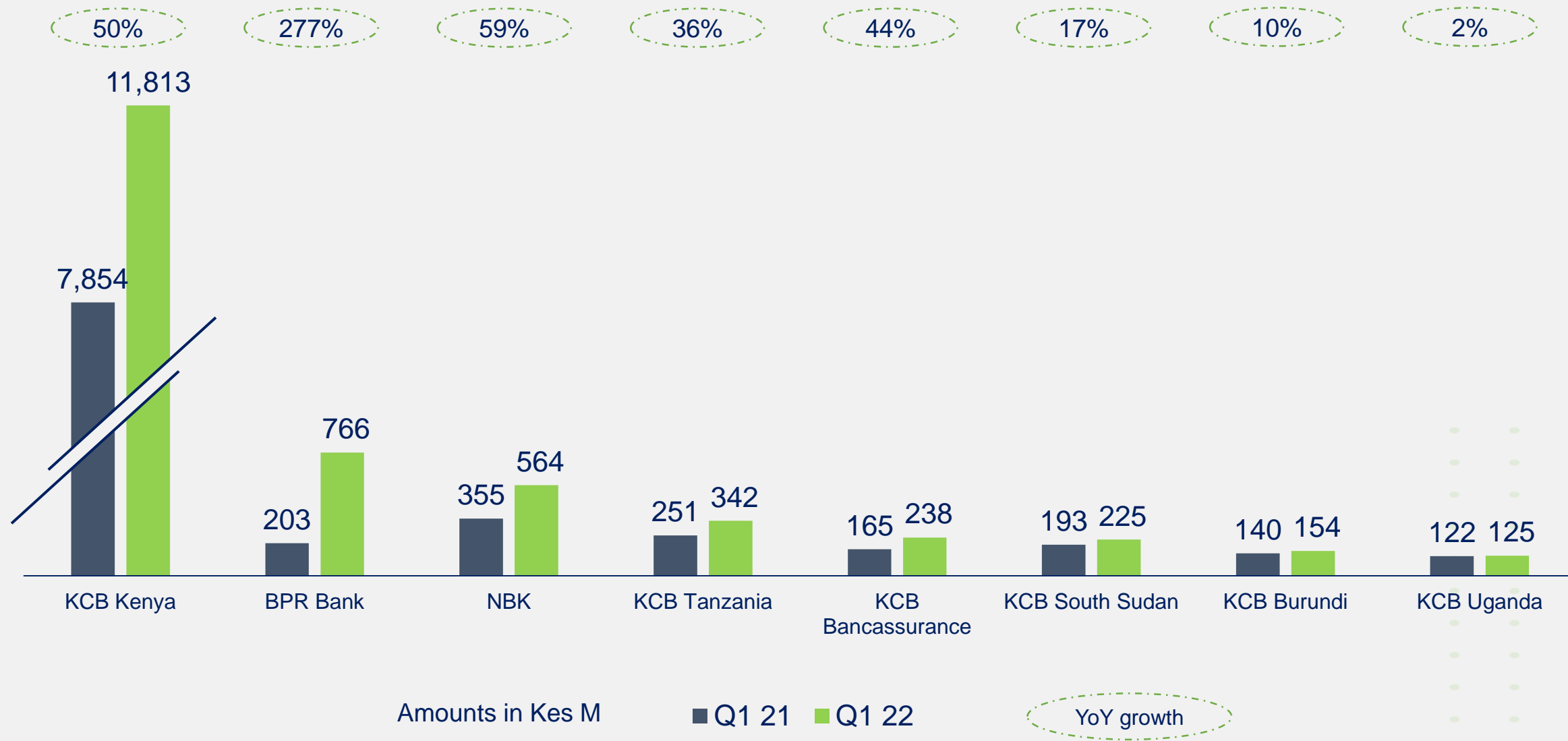
Proportion of total assets in subsidiaries outside of KCB Bank Kenya.



PROFITABILITY GROWTH AND DISTRIBUTION PER SUBSIDIARY



17.2% | PBT contribution from subsidiaries outside of KCB Bank Kenya



OVERVIEW OF KEY FINANCIAL RATIOS



Q1 2022

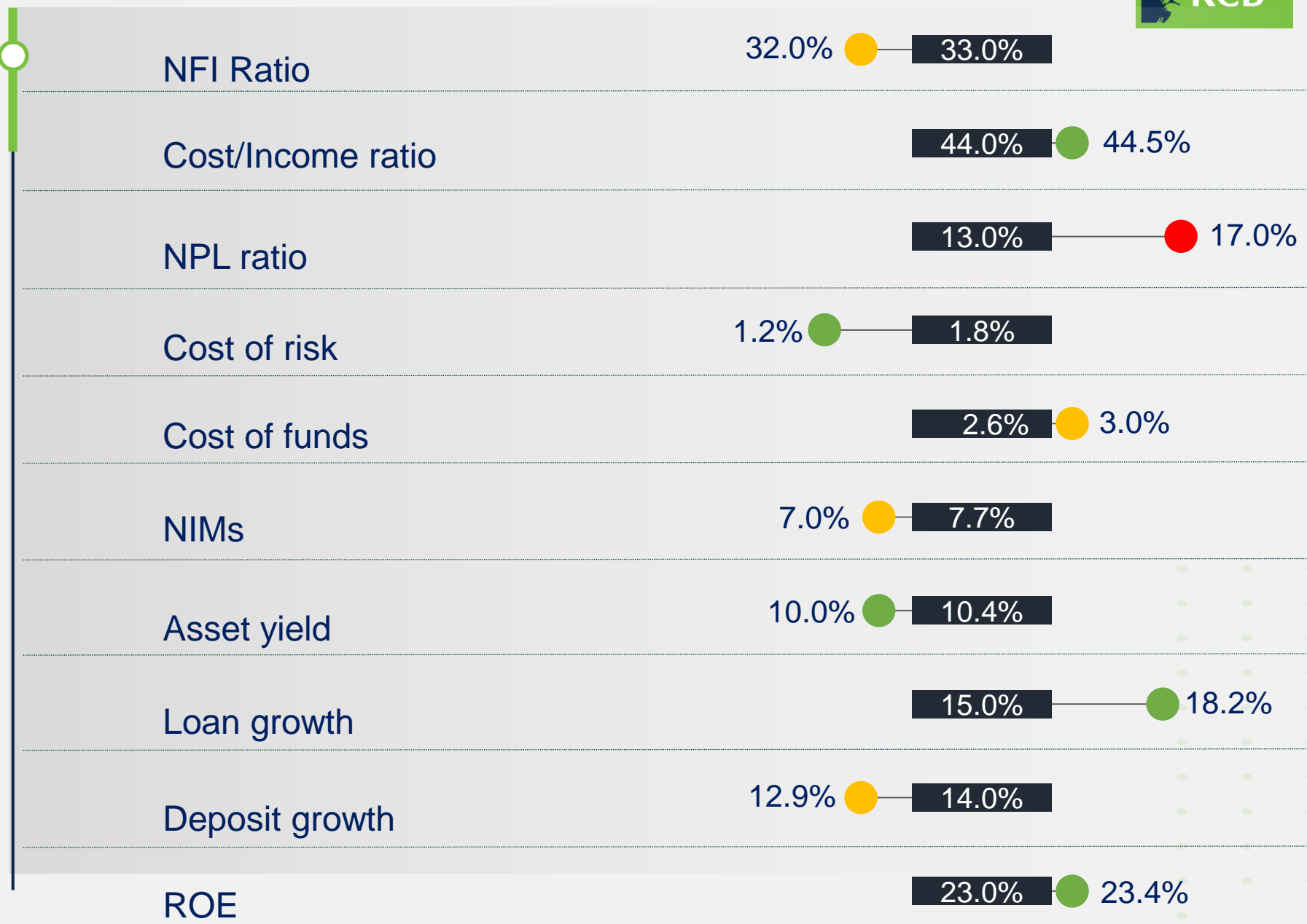
KCB GROUP				KCB KENYA	KCB GROUP
Q1 21	H1 21	FY 21			
17.6%	20.7%	22.4%	Return on Average Equity	26.4%	23.4%
48.0%	44.3%	44.0%	Cost to Income	37.8%	44.5%
14.8%	14.3%	16.5%	Gross NPL to Gross Loans	16.4%	17.0%
65.2%	70.1%	60.0%	NPL Coverage	55.2%	61.6%
24.4%	22.9%	21.3%	Debt to Equity	25.5%	20.8%
27.4%	28.6%	28.5%	Non-Funded Income to Total Income	31.3%	32.0%
23.8%	28.7%	25.3%	Mobile NFI to Total Fees and Commissions	41.2%	30.4%
2.6%	2.6%	2.8%	Cost of Funds	2.7%	3.0%
7.1%	7.9%	7.6%	Net Interest Margin	7.6%	7.0%
1.7%	2.2%	2.0%	Cost of Risk	1.2%	1.2%
79.7%	85.3%	80.7%	Net Loans to Deposits Ratio	87.3%	83.3%
21.7%	19.1%	24.2%	Government Securities to Total Assets	22.8%	24.1%
7.8%	8.4%	13.5%	Growth of Net Loans and Advances	11.1%	18.0%
1.2%	3.7%	9.1%	Growth of Customer Deposits	10.9%	12.9%

MEASURING UP AGAINST OUR 2022 OUTLOOK



On track towards meeting the 2022 targets with significant improvement noted in NFI ratio, cost of risk and loans and deposits growth.

Increase in cost of funds due to Kes depreciation, Libor increase and rise in term deposits rates.



●
●
●
 Q1 22 Actual

 2022 Outlook

SUMMARY STATEMENT OF FINANCIAL POSITION



Kes Billion	KCB Group			KCB Bank Kenya		
	Q1 21	Q1 22	Y-O-Y Change	Q1 21	Q1 22	Y-O-Y Change
Cash and balances with central bank	47.3	44.5	(6%)	35.5	31.0	(13%)
Balances with other institutions	38.3	40.7	6%	7.8	10.1	28%
Investments in Government & other securities	212.5	281.8	33%	141.1	195.9	39%
Net loans and advances	597.1	704.4	18%	496.2	551.2	11%
Fixed assets	24.8	32.4	30%	15.4	20.0	30%
Other assets	57.4	63.2	10%	48.4	50.4	4%
Total assets	977.5	1,166.9	19%	744.5	858.5	15%
Customer deposits	749.4	845.8	13%	569.3	631.1	11%
Balances due to other banks	17.2	60.3	250%	4.7	26.3	464%
Long-term debt	36.0	37.8	5%	33.9	33.3	(2%)
Other liabilities	27.4	39.5	44%	29.7	42.0	41%
Total liabilities	830.0	983.2	18%	637.6	732.7	15%
Shareholders' equity	147.5	181.8	23%	106.9	125.8	18%
Total liabilities and equity	977.5	1,166.9	19%	744.5	858.5	15%

SUMMARY STATEMENT OF COMPREHENSIVE INCOME



Kes Billion	KCB Group			KCB Bank Kenya		
	Q1 21	Q1 22	Y-O-Y Change	Q1 21	Q1 22	Y-O-Y Change
Interest income	22.0	26.6	21%	17.0	19.6	15%
Interest expense	(5.2)	(6.9)	31%	(3.7)	(4.7)	25%
Net interest income	16.7	19.7	18%	13.3	14.9	12%
Foreign exchange income	1.2	1.7	46%	0.7	1.2	64%
Net fees and commissions	4.0	5.9	49%	2.9	4.4	49%
Other income	1.2	1.6	41%	0.8	1.2	58%
Non-funded income	6.3	9.3	47%	4.4	6.8	53%
Total Income	23.0	29.0	26%	17.8	21.7	22%
Total operating expenses	(11.1)	(12.9)	17%	(7.4)	(8.2)	11%
Loan impairment	(2.9)	(2.1)	(27%)	(2.5)	(1.7)	(32%)
Profit before tax	9.1	14.0	54%	7.9	11.8	50%
Tax expense	(2.7)	(4.2)	52%	(2.3)	(3.5)	53%
Profit after tax	6.4	9.9	55%	5.5	8.3	49%

THANK YOU



KCB

KCB Investor Relations

investorrelations@kcbgroup.com

www.kcbgroup.com