

**KCB GROUP**  
**FINANCIAL RESULTS**  
**31ST MARCH 2011**  
**PRESS RELEASE TO THE MEDIA**  
**APRIL 28, 2011**



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# PRESENTATION OUTLINE

- Group income statement
- Group balance sheet
- Income growth
- PBT Growth
- Total assets, net loans & advances and customer deposits
- Key bank statutory ratios
- Highlights of income statement
- Highlights of balance sheet
- Key Developments
- Positioning
- Future Prospects



# GROUP INCOME STATEMENT (KShs. Millions)

	AUDITED			%
	DEC 2010	Mar-10	Mar-11	CHANGE
Net interest income	19,645	3,873	5,111	32%
Foreign exchange income	2,775	440	748	70%
Fees and commissions	6,789	1,474	1,942	32%
Other income	426	74	107	45%
<b>Total operating income</b>	<b>29,635</b>	<b>5,861</b>	<b>7,908</b>	<b>35%</b>
<b>Total operating expenses</b>	<b>(18,719)</b>	<b>(4,091)</b>	<b>(4,980)</b>	<b>22%</b>
<b>Profit before provisions &amp; tax</b>	<b>10,916</b>	<b>1,770</b>	<b>2,928</b>	<b>65%</b>
<b>Provisions for bad debts</b>	<b>(2,144)</b>	<b>(497)</b>	<b>(425)</b>	<b>(14%)</b>
<b>Bad debts recovered</b>	<b>1,026</b>	<b>631</b>	<b>3</b>	<b>&lt;100%</b>
<b>Profit before tax</b>	<b>9,798</b>	<b>1,904</b>	<b>2,506</b>	<b>32%</b>
<b>Tax</b>	<b>(2,620)</b>	<b>(572)</b>	<b>(732)</b>	<b>28%</b>
<b>Profit after tax</b>	<b>7,178</b>	<b>1,332</b>	<b>1,774</b>	<b>33%</b>

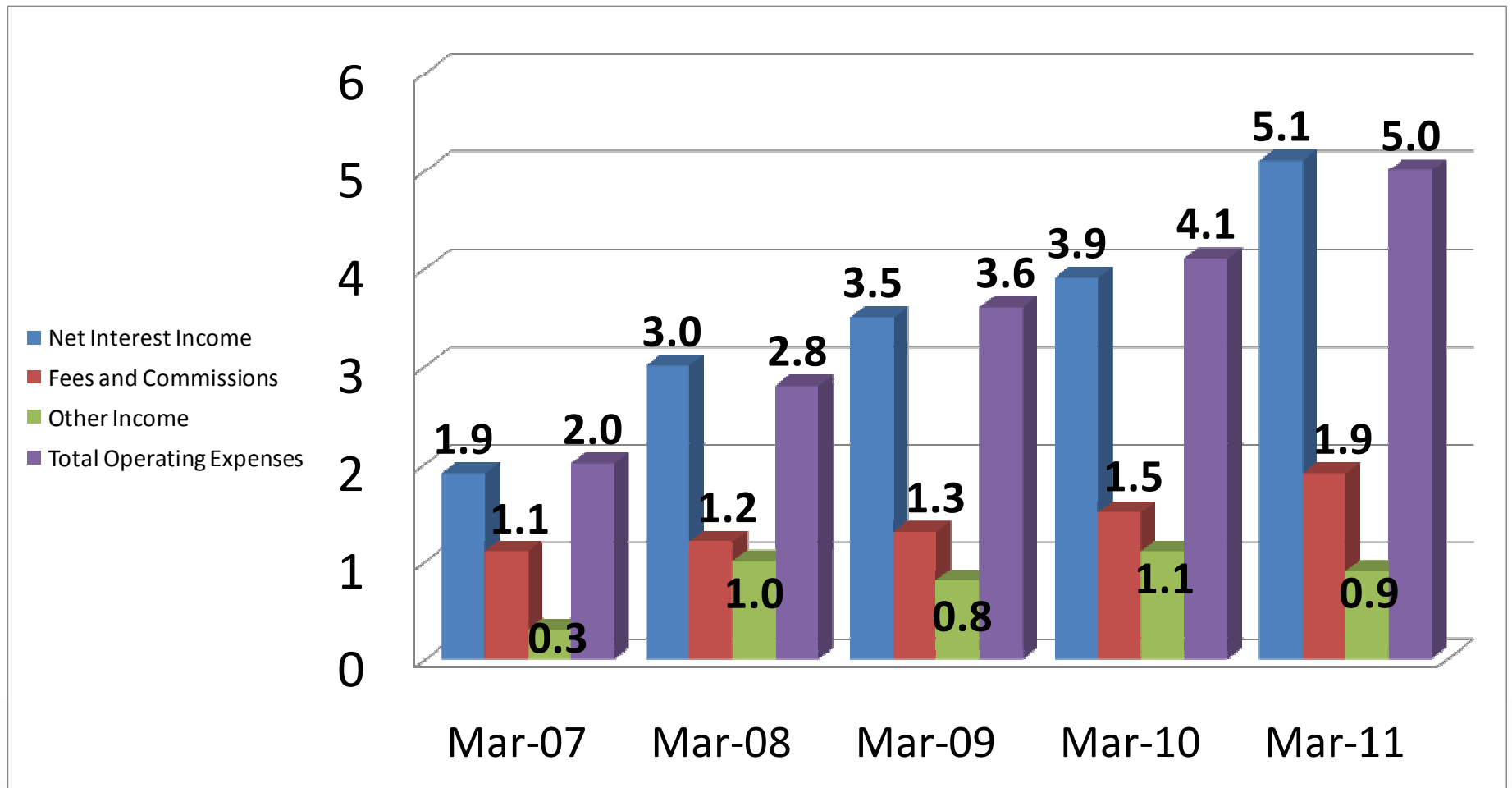


# GROUP BALANCE SHEET (KShs. Millions)

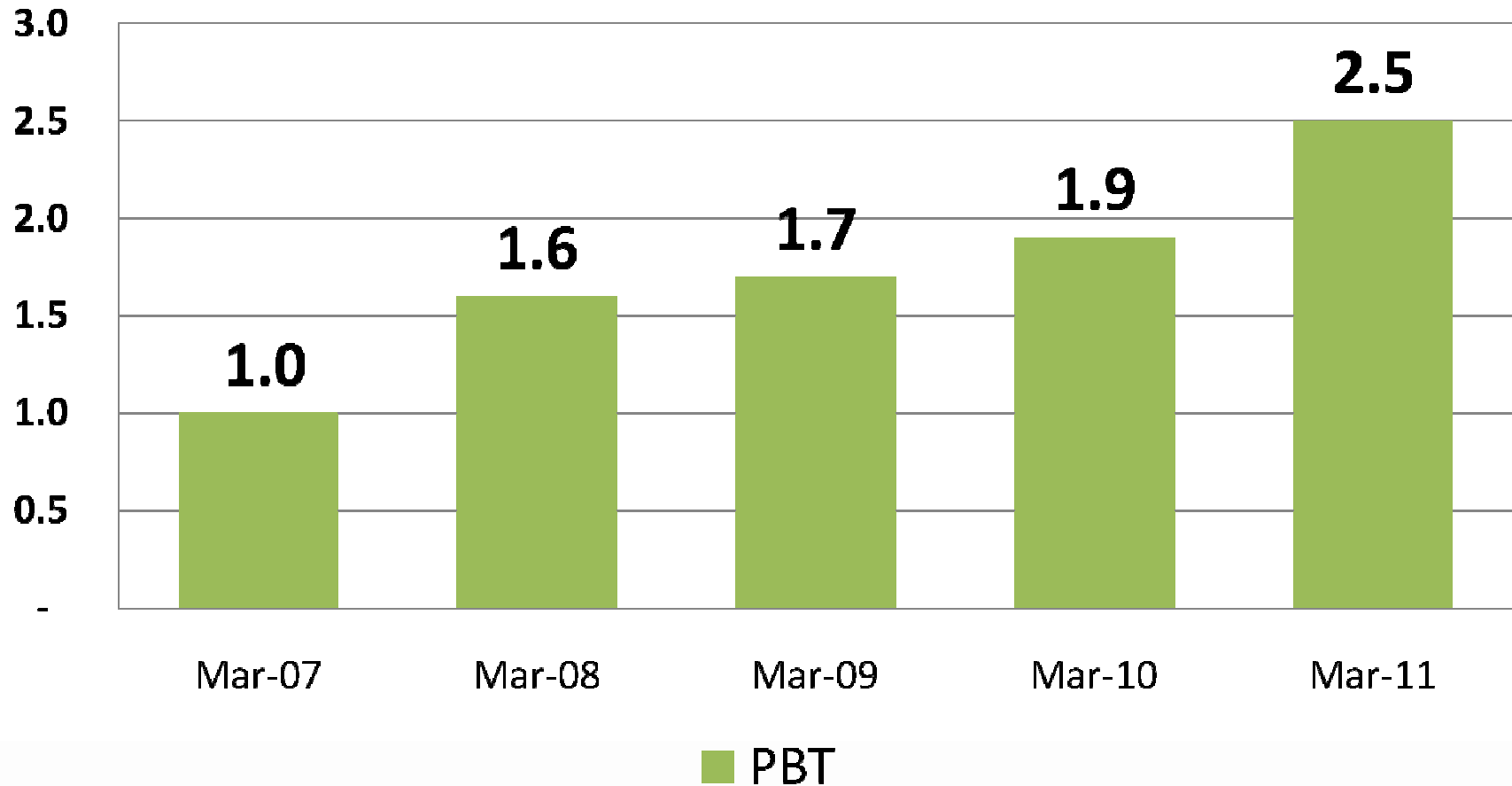
	<b>AUDITED DEC 2010</b>	<b>Mar-10</b>	<b>Mar-11</b>	<b>% Change</b>
<b>Assets</b>				
Cash and balances with CBK	18,028	16,578	17,842	8%
Balances with other institutions	19,181	19,323	23,588	22%
Investments in Gvt. Securities	44,246	37,860	48,159	27%
Available for Sale Investments	5,862	1,921	7,912	>100%
Net loans and advances	148,113	125,924	154,966	23%
Fixed assets	9,786	9,490	10,191	7%
Other assets	6,140	9,569	8,285	(13%)
<b>Total Assets</b>	<b>251,356</b>	<b>220,665</b>	<b>270,943</b>	<b>23%</b>
<b>Liabilities</b>				
Deposits	196,975	185,359	209,200	13%
Balances due to other banks	11,057	6,113	13,761	>100%
Other liabilities	4,194	5,160	7,093	37%
<b>Total Liabilities</b>	<b>212,226</b>	<b>196,632</b>	<b>230,054</b>	<b>17%</b>
Share capital	2,950	2,218	2,950	33%
Proposed dividends	3,688	2,218	3,688	66%
Reserves and premium	32,492	19,597	34,251	75%
<b>Shareholders Equity</b>	<b>39,130</b>	<b>24,033</b>	<b>40,889</b>	<b>70%</b>
<b>Total Liabilities and Equity</b>	<b>251,356</b>	<b>220,665</b>	<b>270,943</b>	<b>23%</b>



# INCOME GROWTH(KShs. Billions)

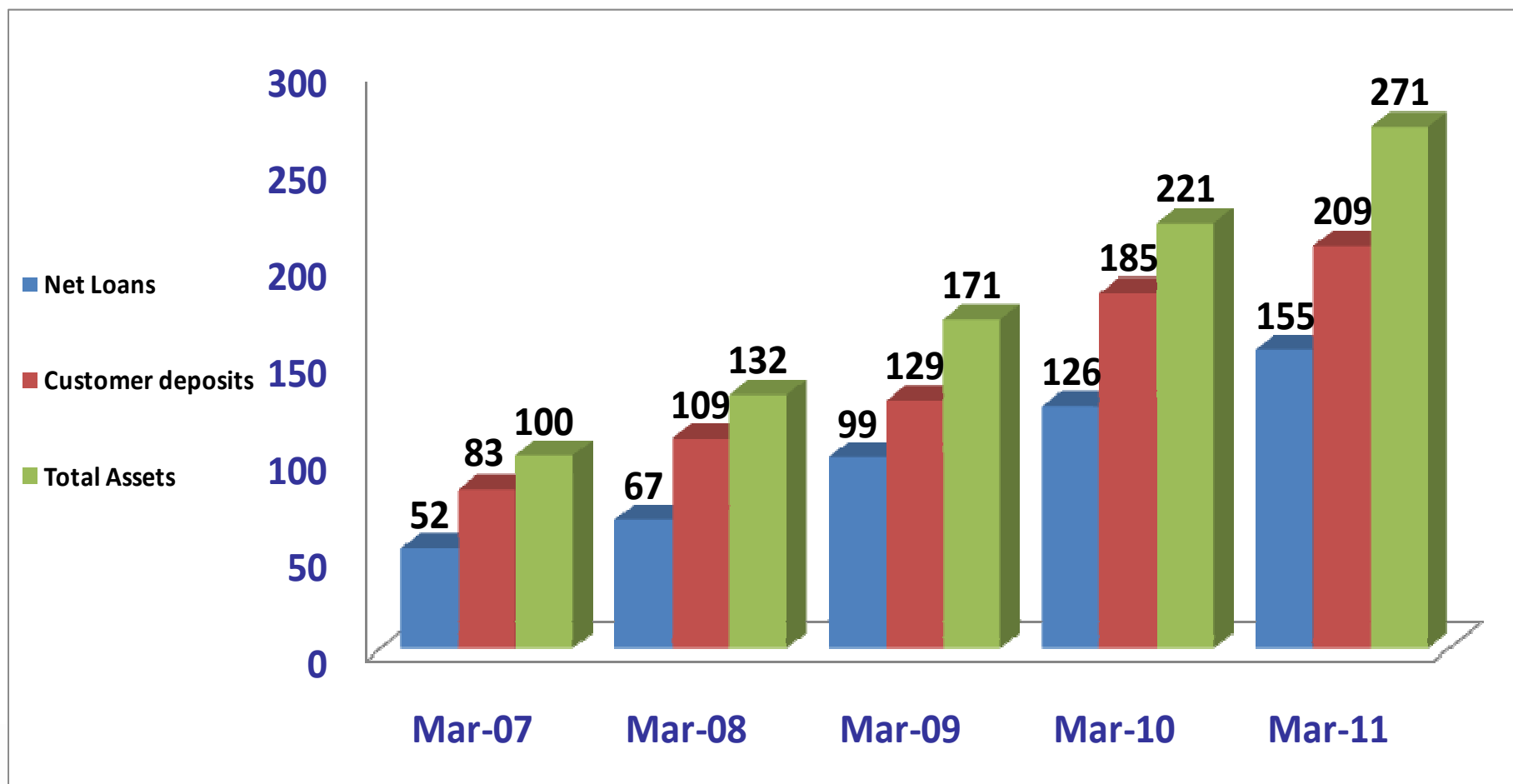


# PBT GROWTH (KShs. Billions)



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## TOTAL ASSETS, NET LOANS & ADVANCES AND CUSTOMER DEPOSITS (KShs. Billions)



# KEY BANK STATUTORY RATIOS

KCB BANK	CBK			
	Min.	Mar-10	Dec-10	Mar-11
Core capital /Total deposit liabilities	8.0%	11.6%	21.6%	20.0%
Core capital /Total risk weighted assets	8.0%	14.1%	23.1%	21.4%
Total capital /Total risk weighted assets	12.0%	14.2%	23.2%	21.4%
Liquidity ratio	20.0%	39.3%	30.7%	32.8%



# HIGHLIGHTS (INCOME STATEMENT) MAR-2011

- ❑ Profits before tax up by 32% to Kshs 2.5Bn from Kshs 1.9Bn
- ❑ Net interest income up by 32%
  - ❖ Due to increased lending
  - ❖ Additional investment in Gvt. securities
- ❑ FCY income up by 70% due to high volume in FCY business
- ❑ Fees and commissions up by 32%
  - ❖ High business volumes and increased customer base
- ❑ Other income up by 45%
  - ❖ Rental income from our facilities
- ❑ Total operating expenses increased by 22% due to
  - ❖ Costs arising from network/infrastructure expansion
  - ❖ Impact of inflation and staff cost increases
- ❑ All subsidiaries have turned around and reported profits in Q1, 2011
- ❑ Gross provisions down by 14%
  - ❖ No major recoveries in 2011



# HIGHLIGHTS (BALANCE SHEET) MAR-2011

- ❑ Total assets grew by 23%
- ❑ Net loans and advances increased by 23%
  - ❖ Good growth in both retail and corporate business
- ❑ Increase in deposits by 13%
  - ❖ More aggressive marketing of deposits across our business
- ❑ Investment in Govt. Securities up by 27%
  - ❖ Additional funds from increased deposits and KCB Rights Issue
- ❑ Available for sale investments increased by over 100%
  - ❖ Increased investment in Corporate bonds and other securities held for trading
- ❑ Inter-bank balances increased owing to additional placements from and with other financial institutions
- ❑ Shareholders funds up by 70%
  - ❖ Additional funds from rights issue in Q3, 2010
  - ❖ Growth in PBT
- ❑ Other assets/liabilities down by 13% and up by 37% respectively
  - ❖ Movements in cash in transit, prepayments, etc



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# KEY DEVELOPMENTS –REGIONAL NETWORK

- Regional Network totaling 219 outlets
  - Kenya – 168; Tanzania – 11; South Sudan – 17; Uganda – 14 and Rwanda – 9
- Growing ATM network of 400 own machines plus PesaPoint, 110 & Kenswitch, 303.
- 2011 focused on Transformation:
  - Diagnostic phase now completed
  - Key initiatives under implementation
    - Business sales stimulation programme
    - Process improvement for Operations and Credit
    - Business model review underway for subsidiaries
    - Cost management/staff productivity initiatives underway



## **KEY DEVELOPMENTS –PRODUCTS/SERVICES**

- KCB Mtaani, our Agent Banking platform launched; 500 agents operational and over 2000 to be recruited by end of 2011
- KCB internet banking proposition in pilot phase; to be rolled out over coming months
- Focus on the lower-end of the market critical to boost fees and commissions line from SME/Micro lending
- Transformation project to usher in more market-driven product propositions to meet customer needs
- Productivity improved due increased efficiencies from our new CBS and process reviews



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# POSITIONING

- Low cost provider of financial services to the market
  - Tariffs – competitive.
  - Base rate at 13.5%
- Strong regional brand through increased market awareness
  - KCB motor rallies in Kenya, Uganda & Rwanda, KCB EA Golf Tour, Athletics and other sports sponsorships.
- Responsible corporate citizen
  - KCB Foundation providing Community Social Investment across the region – Health, Environment, Education, Enterprise Development, etc.
  - Implementing KCB Green Agenda; Second Sustainability Report released in January 2011
- Cross-listing of KCB shares in Uganda/Tanzania/Rwanda enhancing demand and visibility
- An employer of choice, building great talent.



# FUTURE PROSPECTS

- KCB now the most capitalised bank in the region (KShs40.9 bn)
  - To leverage capital position to enhance market share across existing business.
  - To seek opportunities for growth and expansion in existing and new markets
- Regional market growth
  - Opportunity for Market Share growth
  - Drive Synergies across the region for the benefit of our customers
- Network optimization, efficiencies and productivity improvements

Our vision: To be the preferred financial solutions provider in Africa with global reach



# THANK YOU



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