

# KCB GROUP

30 SEPTEMBER 2011  
FINANCIAL RESULTS

## MEDIA RELEASE



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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	Sep-10	Sep-11	CHANGE
Net interest income	19,645	14,621	16,604	14%
Foreign exchange income	2,775	2,235	2,248	1%
Fees and commissions	6,789	4,680	6,922	48%
Other income	426	259	380	47%
Total operating income	29,635	21,795	26,154	20%
Total operating expenses	(18,719)	(13,759)	(16,371)	19%
Profit before provisions & tax	10,916	8,036	9,783	22%
Provisions for bad debts	(2,144)	(1,625)	(1,407)	(13%)
Bad debts recovered	1,026	102	734	620%
Profit before tax	9,798	6,513	9,110	40%
Tax	(2,620)	(2,017)	(2,677)	33%
Profit after tax	7,178	4,496	6,433	43%

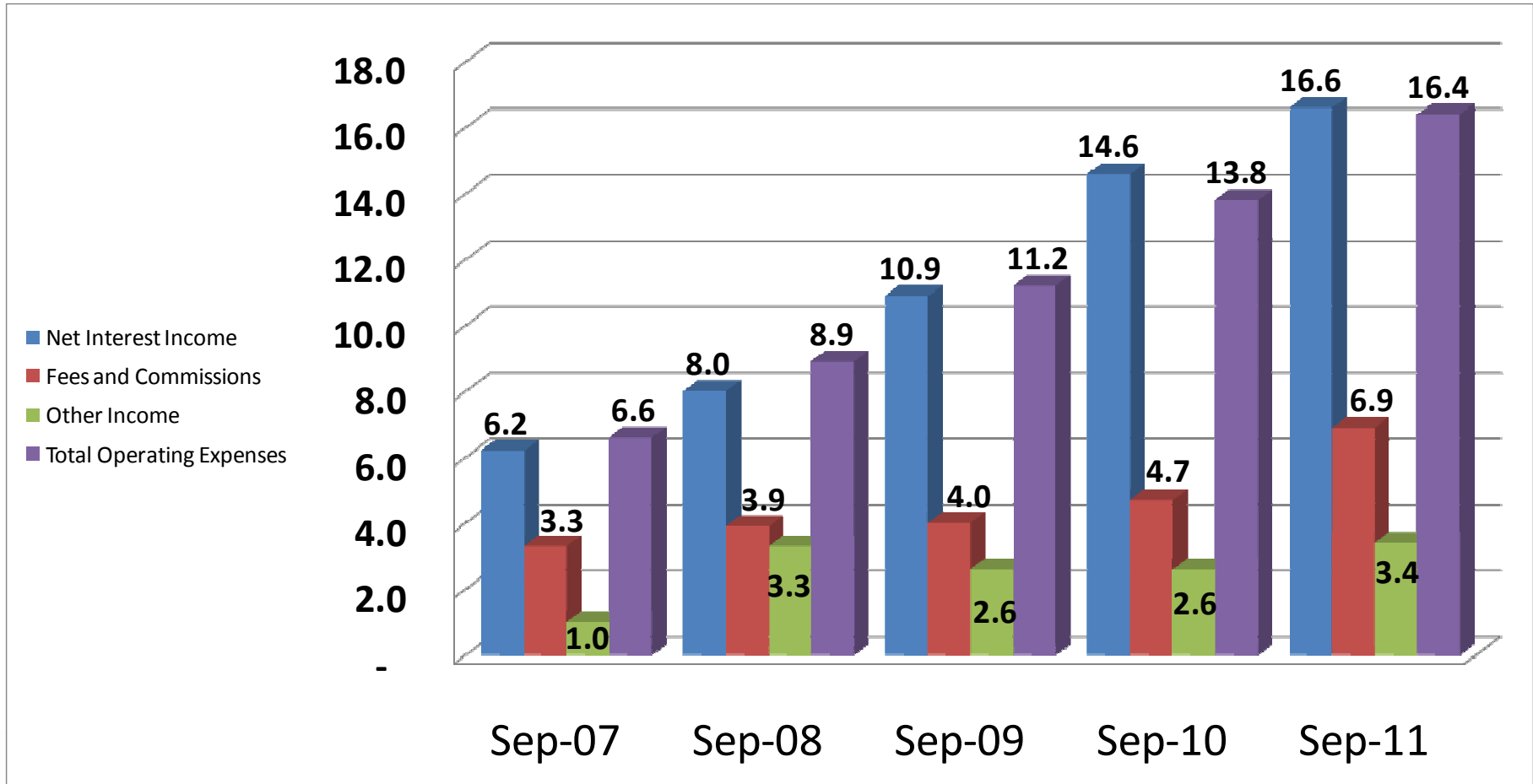


## GROUP BALANCE SHEET (KShs. Millions)

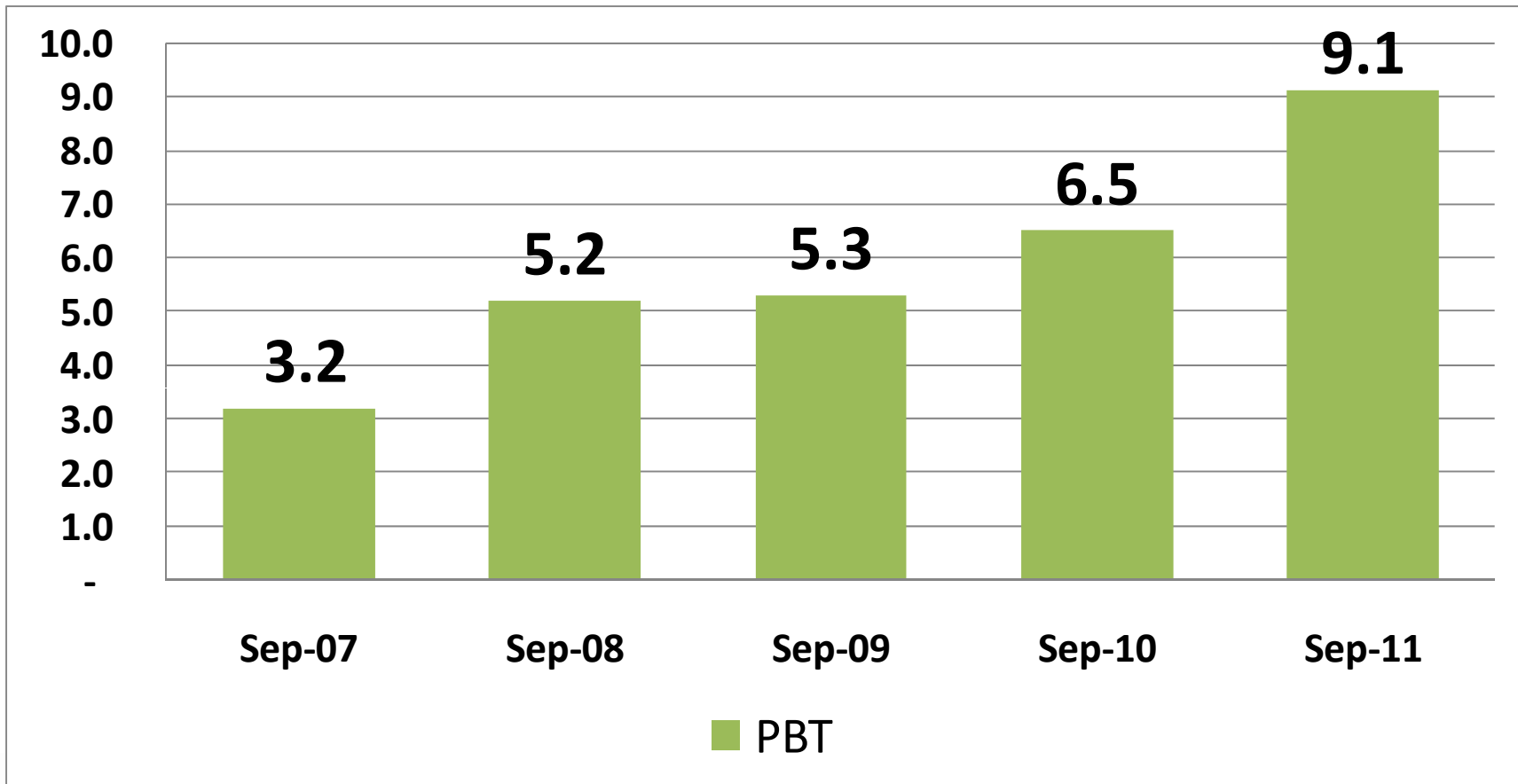
	<b>AUDITED DEC 2010</b>	<b>Sep-10</b>	<b>Sep-11</b>	<b>% Change</b>
<b>Assets</b>				
Cash and balances with CBK	18,028	15,320	27,411	79%
Balances with other institutions	19,181	17,771	36,786	>100%
Investments in Gvt. Securities	44,246	50,959	38,882	(24%)
Available for Sale Investments	5,862	2,011	7,953	>100%
Net loans and advances	148,113	137,894	193,889	41%
Fixed assets	9,786	10,188	10,116	(1%)
Other assets	6,140	10,064	7,425	(26%)
<b>Total Assets</b>	<b>251,356</b>	<b>244,207</b>	<b>322,462</b>	<b>32%</b>
<b>Liabilities</b>				
Deposits	196,975	193,137	252,388	31%
Balances due to other banks	11,057	8,440	14,570	73%
Other liabilities	4,194	5,795	4,463	(23%)
Long-term debt	-	-	10,030	>100%
<b>Total Liabilities</b>	<b>212,226</b>	<b>207,372</b>	<b>281,451</b>	<b>36%</b>
Share capital	2,950	2,950	2,950	-
Proposed dividends	3,688	-	-	-
Reserves and premium	32,492	33,885	38,061	12%
<b>Shareholders Equity</b>	<b>39,130</b>	<b>36,835</b>	<b>41,011</b>	<b>11%</b>
<b>Total Liabilities and Equity</b>	<b>251,356</b>	<b>244,207</b>	<b>322,462</b>	<b>32%</b>



# INCOME GROWTH(KShs. Billions)

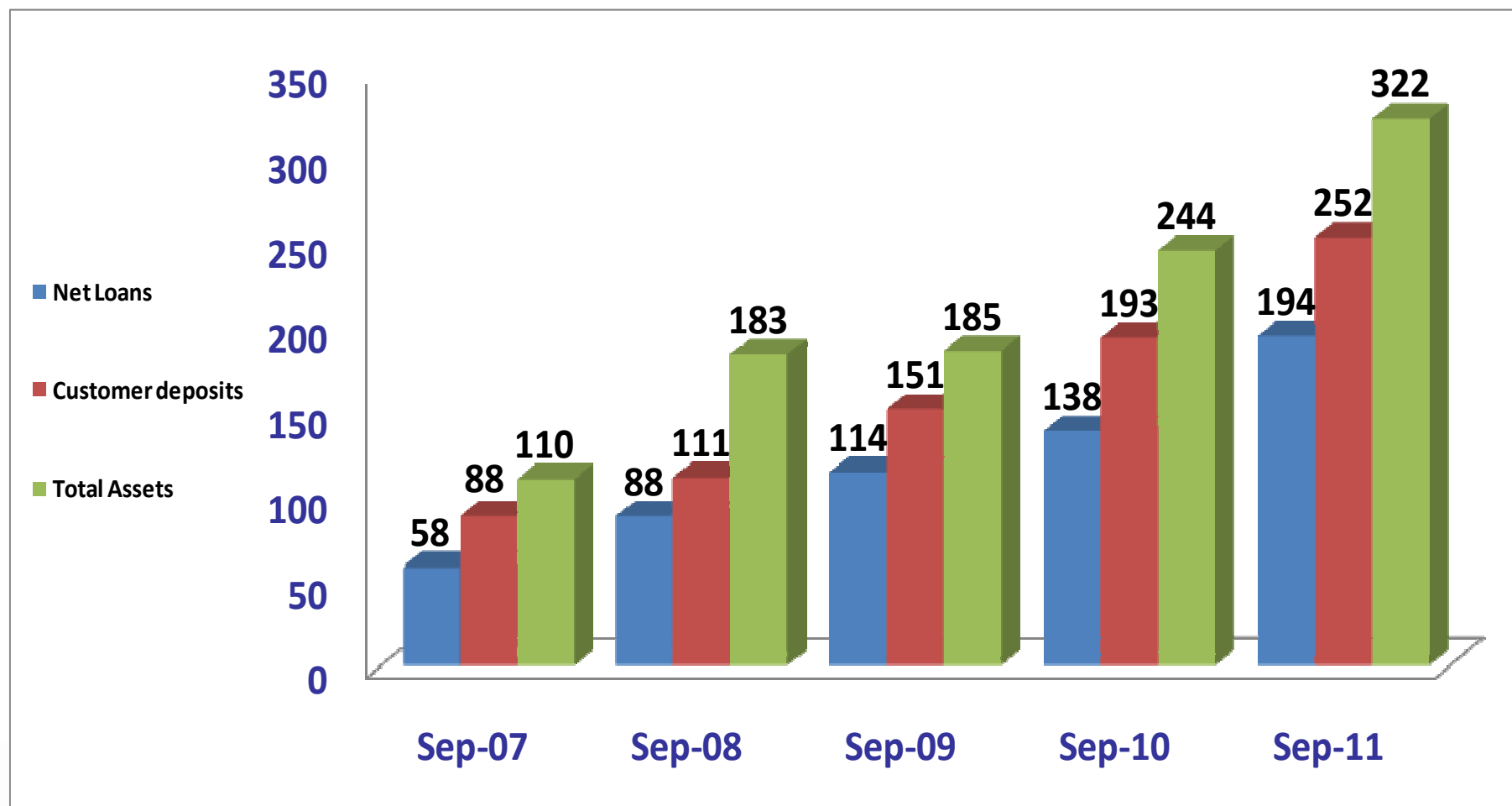


# PBT GROWTH (KShs. Billions)



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



# KEY BANK STATUTORY RATIOS

<b>KCB BANK</b>	<b>CBK Min.</b>	<b>Sep-10</b>	<b>Dec-10</b>	<b>Sep-11</b>
<b>Core capital /Total deposit liabilities</b>	<b>8.0%</b>	<b>18.6%</b>	<b>21.6%</b>	<b>16.2%</b>
<b>Core capital /Total risk weighted assets</b>	<b>8.0%</b>	<b>20.9%</b>	<b>23.1%</b>	<b>16.3%</b>
<b>Total capital /Total risk weighted assets</b>	<b>12.0%</b>	<b>21.0%</b>	<b>23.2%</b>	<b>16.3%</b>
<b>Liquidity ratio</b>	<b>20.0%</b>	<b>38.7%</b>	<b>30.7%</b>	<b>28.7%</b>



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# HIGHLIGHTS (INCOME STATEMENT) SEPTEMBER-2011

- ❑ Profits before tax up by 40% to Kshs 9.1Bn from Kshs 6.5Bn
- ❑ Net interest income up by 14%
  - ❖ Due to increased lending
- ❑ FCY income marginally up by 1%
- ❑ Fees and commissions up by 48%
  - ❖ High business volumes and increased customer base
- ❑ Other income up by 47%
  - ❖ Rental income, Leadership centre income, and recoveries
- ❑ Total operating expenses increased by 19% due to
  - ❖ Costs arising from network/infrastructure expansion
  - ❖ One off Transformation costs
- ❑ Gross provisions down by 13%
  - ❖ Improved loan quality in 2011



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# HIGHLIGHTS (BALANCE SHEET) SEPTEMBER-2011

- ❑ Total assets grew by 32%
- ❑ Net loans and advances increased by 41%
  - ❖ Good growth in retail, corporate & mortgage business
- ❑ Increase in deposits by 31%
  - ❖ More aggressive marketing of deposits across our business
- ❑ Investment in Govt. Securities down by 24%
  - ❖ Surplus funds applied to support growth in loans
- ❑ Available for sale investments increased by over 100%
  - ❖ Management of liquid assets
- ❑ Inter-bank balances increased owing to additional placements from and with other financial institutions
- ❑ Shareholders funds up by 11%
  - ❖ Growth in PBT
  - ❖ Dividend paid during the period
- ❑ Other assets/liabilities down by 26% and 23% respectively
  - ❖ Items in transit and prepayments



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# KEY DEVELOPMENTS –REGIONAL NETWORK

- Regional Network totaling 222 outlets
  - Kenya – 169; Tanzania – 11; South Sudan – 19; Uganda – 14 and Rwanda – 9
- Growing ATM network of 403 own machines plus PesaPoint, 133 & Kenswitch, 386.
- All subsidiaries are now making profits
- Customer base 1.8 million customers
- Business networking trip for 174 S&L Developers Club and Biashara Club members to Thailand and China in October
- Biashara Club has 9,500 members in Kenya and the markets in which we operate and held 67 Biashara club workshops



## KEY DEVELOPMENTS –PRODUCTS/SERVICES

- KCB Mtaani, our Agent Banking platform now has 1300 agents
- KCB internet banking proposition rolled out last month. Customers can now access banking services on a 24hour basis
- Focus on the lower-end of the market critical to boost fees and commissions line from SME/Micro lending
- Roll out of mortgage services in Tanzania, Rwanda and South Sudan
- First bank to launch an E-Tax Collection service in Uganda with Uganda Revenue Authority



# POSITIONING

- 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 Community week, the Foundation invested Kshs 19.2million towards education support
  - Kenyans for Kenya Famine Relief Campaign
  - National Book Drive for collection of used books to support needy schools
- In Rwanda business opportunities, especially in ICT sector; KCB positioning itself to tap into the potential.
- An employer of choice, building great talent



# FUTURE PROSPECTS

- KCB remains the most capitalized bank in the region (KSh 41 billion)
  - 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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