

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2020

I. STATEMENT OF FINANCIAL POSITION	KCB Bank Kenya		National Bank of Kenya		KCB GROUP PLC (Company)		KCB GROUP PLC (Consolidated)		III. OTHER DISCLOSURES	KCB Bank Kenya		National Bank of Kenya		KCB GROUP PLC (Company)		KCB GROUP PLC (Consolidated)		
	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited		31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	31-Dec-20 Kes 000 Audited	31-Dec-19 Kes 000 Audited	
A. ASSETS									1. NON-PERFORMING LOANS AND ADVANCES									
1. Cash (both Local & Foreign)	7,597,722	8,412,261	1,100,330	1,333,800	-	-	15,152,993	15,604,680	a) Gross non-performing loans and advances	66,810,159	34,786,250	26,438,040	25,175,371	-	-	96,612,758	63,396,118	
2. Balances due from Central Bank of Kenya	25,839,259	33,809,960	3,750,586	11,346,712	-	-	29,589,845	45,156,672	b) Less Interest in Suspense	7,203,362	4,050,790	4,290,607	4,530,646	-	-	11,849,662	8,984,349	
3. Kenya Government and other securities held for dealing purposes	2,019,227	-	-	-	-	-	-	2,019,227	c) Total Non-Performing Loans and Advances (a-b)	59,606,797	30,735,460	22,147,433	20,644,725	-	-	84,763,096	54,411,769	
4. Financial Assets at fair value through profit and loss	-	-	-	-	-	-	-	-	d) Less Loan Loss Provision	33,533,503	17,052,633	11,322,528	10,274,767	-	-	45,904,828	28,716,020	
5. a) Held at amortised cost: a. Kenya Government securities	69,422,464	53,102,746	34,460,222	37,116,751	-	-	103,882,686	90,182,021	e) Net Non-Performing Loans and Advances (c-d)	26,073,294	13,682,827	10,824,905	10,369,958	-	-	38,858,268	25,695,749	
b. Other securities	-	-	-	-	-	-	10,597,858	8,409,396	f) Discounted Value of Securities	23,561,199	11,604,247	10,330,933	10,066,760	-	-	43,674,611	26,065,820	
b) Fair value through OCI: a. Kenya Government securities	71,106,673	63,639,829	15,096,249	-	-	-	86,202,922	63,711,225	g) Net NPLs Exposure (e-f)	2,512,095	2,078,580	493,972	303,198	-	-	(4,816,343)	(370,071)	
b. Other securities	-	-	-	-	25,356	-	8,081,389	2,563,734	2. INSIDER LOANS AND ADVANCES									
6. Deposits and balances due from local banking institutions	3,097,833	10,276,990	1,357,790	1,050,939	1,146,705	1,177,914	4,455,623	11,290,453	a) Directors, Shareholders and Associates	3,461,438	1,385,533	-	37	-	-	1,818,015	1,410,254	
7. Deposits and balances due from banking institutions abroad	8,662,093	4,108,445	755,496	1,606,864	-	-	39,117,240	36,356,464	b) Employees	14,544,769	12,614,514	5,872,627	5,492,318	-	-	21,694,482	19,392,521	
8. Tax recoverable	247,078	458,286	304,692	237,713	24,920	27,352	425,728	551,675	c) Total Insider Loans and Advances and other facilities	18,006,207	14,000,047	5,872,627	5,492,355	-	-	23,512,497	20,802,775	
9. Loans and advances to customers (net)	492,537,561	448,768,130	55,539,275	45,871,701	-	-	595,254,297	539,747,260	a) Letters of credit, guarantees and acceptances	60,389,210	76,191,558	4,996,228	6,396,276	-	-	74,319,742	91,779,400	
10. Balances due from group companies	5,715,418	4,818,740	-	-	212,778	6,335,793	-	-	b) Forwards, swaps and options	16,307,815	14,472,705	11,351,200	506,750	-	-	28,784,319	15,444,637	
11. Investments in associates	600,000	600,000	630,353	515,910	-	-	600,000	600,000	c) Other contingent liabilities	-	-	-	-	-	-	-	-	
12. Investments in subsidiary companies	-	-	24,963	19,963	79,661,797	79,227,397	-	-	d) Total Contingent Liabilities	76,697,025	90,664,263	16,347,428	6,903,026	-	-	103,104,061	107,224,037	
13. Investments in joint ventures	-	-	-	-	-	-	-	-	4. CAPITAL STRENGTH									
14. Investment properties	6,035,000	5,642,223	-	-	-	-	6,035,000	5,642,223	a) Core capital	102,218,465	90,200,466	6,578,405	6,579,626	-	-	143,723,638	124,221,697	
15. Property and equipment	9,977,222	10,104,529	4,374,108	4,547,631	616,428	606,651	19,967,596	20,163,379	b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	-	-	7,859,059	6,470,636	
16. Prepaid lease rentals	122,019	124,516	-	-	-	-	120,015	126,522	c) Excess (a-b)	101,218,465	89,200,466	5,578,405	5,579,626	-	-	135,864,579	117,751,061	
17. Intangible assets	4,443,725	4,918,474	744,447	1,041,333	7,597	9,623	5,499,457	6,337,138	d) Supplementary Capital	24,455,875	10,866,500	1,256,934	1,154,704	-	-	26,610,770	13,515,952	
18. Deferred tax asset	13,789,704	8,684,284	3,136,380	3,103,595	-	-	17,647,182	12,861,416	e) Total Capital (a+d)	126,674,340	101,066,966	7,835,339	7,734,330	-	-	170,334,408	137,737,649	
19. Retirement benefit asset	-	-	-	-	-	-	1,221	17,647,182	f) Total risk weighted assets	654,392,522	577,236,270	76,036,622	67,262,493	-	-	788,786,860	723,921,493	
20. Other assets	37,132,433	16,832,307	5,566,729	4,235,835	33,330	38,354	43,161,195	39,267,955	g) Core Capital/Total Deposits Liabilities	17.3%	17.1%	6.2%	7.2%	-	-	18.7%	18.1%	
21. TOTAL ASSETS	758,345,431	674,301,720	126,841,620	112,028,747	81,703,555	87,449,661	987,810,253	898,572,213	h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	-	-	8.0%	8.0%	
B. LIABILITIES									i) Excess (g-h)	9.3%	9.1%	(1.8%)	(0.8%)	-	-	10.7%	10.1%	
22. Balances due to Central Bank of Kenya	-	-	-	-	-	-	-	-	j) Core Capital/Total Risk Weighted Assets	15.6%	15.6%	8.7%	9.8%	-	-	18.2%	17.2%	
23. Customer deposits	588,627,915	528,114,597	99,229,389	87,091,263	-	-	767,224,467	686,583,179	k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	-	-	10.5%	10.5%	
24. Deposits and balances due to local banking institutions	1,776,411	7,522,635	6,460,632	5,983,472	-	-	7,237,043	9,509,090	l) Excess (j-k)	5.1%	5.1%	(1.8%)	(0.7%)	-	-	7.7%	6.7%	
25. Deposits and balances due to foreign banking institutions	662,973	1,192,971	6,981,903	4,003,782	-	-	12,431,235	10,861,504	m) Total Capital/Total Risk Weighted Assets	19.4%	17.5%	10.3%	11.5%	-	-	21.6%	19.0%	
26. Other money market deposits	-	-	-	-	-	-	-	-	n) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%	-	-	14.5%	14.5%	
27. Borrowed funds	34,706,661	18,463,923	-	-	-	-	37,032,388	21,813,731	o) Excess (m-n)	4.9%	3.0%	(4.2%)	(3.0%)	-	-	7.1%	4.5%	
28. Balances due to group companies	-	-	-	-	3,553,491	-	-	-	p) Adjusted Core Capital/Total Deposit Liabilities*	17.6%	17.7%	6.2%	7.3%	-	-	18.9%	18.6%	
29. Tax payable	-	8,097,915	5,681	5,819	-	-	-	-	q) Adjusted Core Capital/Total Risk Weighted Assets*	15.8%	16.2%	8.7%	10.0%	-	-	18.4%	17.6%	
30. Dividends payable	-	-	-	-	-	-	-	-	r) Adjusted Total Capital/Total Risk Weighted Assets*	19.5%	18.1%	10.3%	11.7%	-	-	21.8%	19.5%	
31. Deferred tax liability	-	-	-	-	10,152	-	-	-	5. LIQUIDITY									
32. Retirement benefit liability	177,000	-	-	-	-	-	177,000	-	a) Liquidity Ratio	31.2%	30.8%	44.4%	46.1%	-	-	36.1%	37.1%	
33. Other liabilities	21,123,927	18,302,045	2,228,471	3,239,991	52,364	4,368	21,283,837	39,927,810	b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	-	-	20.0%	20.0%	
34. TOTAL LIABILITIES	647,074,887	581,694,086	114,906,076	100,324,327	3,616,007	4,368	845,385,970	768,831,105	c) Excess (a-b)	11.2%	10.8%	24.4%	26.1%	-	-	16.1%	17.1%	
C. SHAREHOLDERS' FUNDS																		
35. Paid up/Assigned capital	53,986,100	53,986,100	12,368,906	12,368,906	3,213,463	3,213,463	3,213,463	3,213,463										
36. Share premium/(discount)	-	-	-	-	27,690,149	27,690,149	27,690,149	27,690,149										
37. Revaluation reserves	(6,658)	(858,082)	1,225,905	1,255,687	(51,387)	951,129	(1,231,453)	(1,231,453)										
38. Retained earnings/(Accumulated losses)	48,232,365	36,214,366	(5,506,873)	(5,455,648)	43,970,473	48,559,428	112,819,978	93,318,085										
39. Statutory loan loss reserve	-	3,265,250	3,794,213	3,535,475	-	-	2,154,895	5,914,702										
40. Other Reserves/Re-measurement of defined benefit asset/liability	(116,900)	-	53,393	-	-	-	(7,618,794)	(7,197,478)										
41. Proposed dividends	9,177,637	-	-	-	3,213,463	8,033,640	3,213,463	8,033,640										
42. Capital grants	-	-	-	-	-	-	-	-										
43. TOTAL SHAREHOLDERS' FUNDS	111,270,544	92,607,634	11,935,544	11,704,420	78,087,548	87,445,293	142,424,283	129,741,108										
44. Minority Interest	-	-	-	-	-	-	-	-										
45. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	758,345,431	674,301,720	126,841,620	112,028,747	81,703,555	87,449,661	987,810,253	898,572,213										
II. STATEMENT OF COMPREHENSIVE INCOME																		
1. INTEREST INCOME																		
1.1 Loans and advances	52,176,373	50,614,710	4,641,097	4,606,559	-	-	64,770,327	59,011,291										
1.2 Government securities	16,220,619	12,010,200	5,002,783	4,386,171	-	-	23,177,656	14,066,479										
1.3 Deposits and placements with banking institutions	510,169	1,124,242	86,617	35,648	31,329	-	797,469	1,272,851										
1.4 Other Interest Income	-	-	-	-	-	-	-	-										
1.5 Total interest income	68,907,161	63,749,152	9,730,497	9,028,378	31,329	-	88,745,452	74,350,621										
2. INTEREST EXPENSE																		
2.1 Customer deposits	14,269,287	13,434,169	2,463,293	2,131,853	-	-	18,855,318	16,265,919										
2.2 Deposits and placement from banking institutions	1,167,011	1,456,515	150,287	460,267	-	-	1,952,551	1,953,699										
2.3 Other interest expenses	-	-	98,475	147,679	-	-	-	-										

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT	Audited 31 Dec 2020 Kes M	Audited 31 Dec 2019 Kes M
Assets		
Cash and balances with Central Banks	64,608	83,235
Loans and advances to banks	23,706	25,174
Financial assets at fair value through other comprehensive income	94,284	66,238
Investment in equity	600	600
Other assets and prepayments	43,162	39,267
Loans and advances to customers (Net)	595,255	539,747
Financial assets at amortised cost	111,357	96,977
Current income tax	426	552
Financial assets at fair value through profit or loss	5,143	1,651
Property and equipment	14,629	13,132
Investment property	6,035	5,642
Right of-use-asset	5,459	7,159
Intangible assets	5,499	6,337
Deferred income tax asset	17,647	12,861
Total assets	987,810	898,572
EQUITY AND LIABILITIES		
Liabilities		
Deposits from banks	19,668	20,371
Deposits from customers	767,224	686,583
Lease liabilities	6,858	6,108
Payables and accrued expenses	14,428	34,284
Retirement benefits obligation	177	-
Borrowings	37,032	21,485
Total liabilities	845,387	768,831
Equity		
Share capital	3,213	3,213
Share premium	27,690	27,690
Revenue and other reserves	111,520	98,838
Total Equity	142,423	129,741
TOTAL EQUITY AND LIABILITIES	987,810	898,572
SUMMARY CONSOLIDATED INCOME STATEMENT		
Net interest income	72,144	61,424
Non- interest revenue	23,852	22,877
Total income	95,996	84,301
Credit impairment losses	(27,509)	(8,889)
Net fair value gain on financial assets at fair value through profit or loss	393	-
Income after impairment charges	68,880	75,412
Total operating expenses	(43,291)	(38,679)
Profit before tax and loss on monetary position	25,589	36,733
Gain on monetary position	130	164
Profit before income tax	25,719	36,897
Income tax expense	(6,115)	(11,732)
Profit for the year	19,604	25,165

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	31 Dec 2020 Kes M	31 Dec 2019 Kes M
Profit for the year	19,604	25,165
Re-measurement of post employment benefit obligation	(117)	(503)
Hyperinflation translation	(1,539)	443
Exchange differences on translation of foreign operations	584	(780)
Financial assets at fair value through other comprehensive income	2,183	(3,053)
Other comprehensive income net of tax	1,111	(3,893)
Total comprehensive income	20,715	21,272
Earnings per share basic (in Kes)	6.10	7.83
Earnings per share diluted (in Kes)	6.10	7.83
Dividend per share (in Kes)	1.00	3.50

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT		
Cashflows generated from operating activities	2,167	40,362
Cashflows used in investing activities	(4,651)	(14,926)
Cash flows generated from/used in financing activities	4,456	(12,863)
Net increase in cash and cash equivalents	1,972	12,573
Cash and cash equivalents as at 1 January	63,202	50,629
Cash and cash equivalents at 31 December	65,174	63,202

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Kes M	Share premium Kes M	Revenue and other reserves Kes M	Total Kes M
At 1 January 2020	3,213	27,690	98,838	129,741
Profit for the year	-	-	19,604	19,604
Other comprehensive income net of tax	-	-	1,111	1,111
Dividend paid in the year	-	-	(8,033)	(8,033)
At 31 December 2020	3,213	27,690	111,520	142,423

Summary of Directors' Report

During the year, the group paid Kes 296m (2019: Kes 456m) as Directors' emoluments.

MESSAGE FROM THE DIRECTORS

Proposed Dividend

The Directors of KCB Group Plc. (the "Group") have recommended a first and final dividend of Kes. 1.00 on the issued and paid up share capital of the company subject to shareholder approval. The final dividend will be payable to the members of the company on the share register at the close of business on Monday, 26 April 2021.

If approved, the full dividend for the year ended 31 December 2020 will be Kes. 1.00 for each ordinary share.

Summary Directors' Remuneration Report and Summary Financial Statements

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2020.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all the disclosures required by the Companies Act, 2015 (General) (Amendment) Regulation 2017.

Message from the Directors

The above summary consolidated financial statements are derived from the Group's and Company's financial statements which have been audited by PricewaterhouseCoopers LLP and received an unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the institution's website www.kcbgroup.com. They may also be accessed from the institutions Head Office located at Kencom House, Moi Avenue, Nairobi.

The financial statements were approved by the Board of Directors on Wednesday, 17 March 2021 and were signed on its behalf by:

Andrew W. Kairu – Group Chairman | **Joshua N Oigara** – Group Chief Executive Officer and Managing Director
Anne Eriksson – Director | **Bonnie Okumu** – Group Company Secretary