



KCB Group Limited
 Kencom House
 P. O. Box 48400 – 00100
 Nairobi, Kenya
 Tel: +254 20 3270000 / 2851000 / 2852000
 Mobile: +254 711 012 000 / 734 108 200
 SMS: 22522
 Email: contactus@kccbgroup.com
 24h interactive website: kccbgroup.com

PRESS RELEASE

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KCB Group Posts 14% Surge in Half Year Pretax Profits to Ksh15.1Bn

Profitability helped by strong show from new business lines and contained costs

A strong show from new business lines and a tight cost management structure helped shore up KCB Group pretax profits 14 per cent to Ksh15.1 billion in the first half of 2016.

KCB Group CEO and Managing Director, Mr. Joshua Oigara, attributed the improved earnings to sustained operational efficiency, adding that Group’s unrelenting strategy to grow non-funded income was bearing fruits.

This helped the business shrug off a harsh economic and political environment in the international business to post the impressive results.

Key Highlights

<p>Total Assets: Declined 1% at KShs. 560Billion from Kshs. 567 Billion mainly due to South Sudan currency devaluation.</p>	<p>Profit Before Tax: Up 14% from KShs. 13.2Billion to Kshs.15.1Billion</p>
<p>Net Loans and Advances: Up 8% from KShs. 321Billion to KShs 347Billion</p>	<p>Net Interest Income: Up 16% from KShs 19.4 Billion to KShs 22.5Billion</p>
<p>Customer deposits declined 2% at KShs.433Billion from KShs. 443Billion largely due to South Sudan currency devaluation</p>	<p>Net Provisions for Bad Debts: Up 53.8% from KShs 1.3Bn to KShs 2 Billion</p>
<p>Shareholder Funds: Up 20% from KShs. 78Billion to KShs. 91Billion</p>	
<p>Cost to Income Ratio: Declined from 48.6% to 47.9%</p>	
<p>Long term debt funding: Down 71% from KShs. 22.5Billion to KShs. 17.7Billion</p>	



“We are seeing a consistently growing business that is anchored on improved efficiency, diversified sources of income and a strong loan book growth. We have in place a model to guarantee sustainable growth for our business, riding on adoption of technology, supporting small and medium enterprises and tapping into strategic partnerships,” said Mr Oigara.

“Looking ahead, focus is on enhancing growth momentum in the key markets across the region during the second half of the year. The Kenya business continues to show strong momentum and so are new business lines like Bancassurance, KCB Capital and Sahl Banking.” said Mr Oigara while releasing the financials in Nairobi.

The financials released on Thursday show that total expenses were up by 6%, in line with inflation, bringing the Cost to Income Ratio down from 48.6% last year to 47.9%, well below the industry average.

The Bank posted a 16% growth of net-interest income, driven by a stronger asset book and better yields while interest income surged 22% during the period.

KCB Group Chairman, Mr. Ngeny Biwott, said while the international business faced pressures due to an unpredictable business environment in South Sudan and Burundi, the rest of the markets were relatively stable, giving the Group impetus to ring-fence its growth and profitability.

“The period has been a fantastic story of resilience and dynamism across the markets. The business benefitted from drawing synergies across the Group to sustain a strong momentum despite a tough operating environment across markets mainly in Burundi, Uganda and South Sudan,” said Mr Biwott.



“South Sudan remains challenging arising from the uncertainty following fresh fighting and tension between the two main political factions. We however are optimistic that a resolution will be found and the country will continue on its economic expansion journey,” said Mr Biwott.

The international business—Uganda, Rwanda, Tanzania, Burundi and South Sudan—continued to turn in profits, thus contributing to the Group’s earnings.

The Bank’s total assets stood at KShs. 560Billion, cementing its position as the biggest bank by asset size, despite a big impact from the currency devaluation in South Sudan.

The financials show that total liabilities (at KShs.469 Billion) and equity decreased by 1% due to a drop in customer deposits and depreciation of the South Sudan Pound while shareholders’ funds were up 16% due to a higher profitability during the period. Borrowed funds declined by 21% due to repayment of debt.

KCB Sahl, the Islamic banking arm, bounced from a low start to post KShs. 43Million, riding on the Bank’s increased investment on the business, roll out of more niche products and a sharp growth in customer numbers. On its part, KCB Insurance Agency—the Bank’s bancassurance vehicle—benefited from increased insurance penetration in Kenya to grow profitability by 91% to KShs.149 Million during the period under review.

The Group’s Non Performing Loans (NPLs) grew 36% during the six months, said Mr Oigara, adding that the management was pursuing more sustained recovery efforts to reverse the downward trend.



“Generally, across the industry, the level of NPLs remain a concern,” said the Group CEO.

KCB Bank Kenya, which is the leading subsidiary in the group, maintained a strong show on all key ratios with core capital to total risk weighted at 14.7% (CBK minimum-10.5%), total capital to total risk weighted assets at 16.0% (CBK minimum-14.5%), core capital to total deposits at 15.7% (minimum-8.0%) and liquidity ratio at 34.6% (CBK minimum-20%).

The high capital and liquidity ratios mean the Bank has strong headroom to fund bigger projects in the East African region. KCB Group has lined up a plan for additional capital injection through Tier 2 debt and a Rights Issue.

The Bank, said the Group CEO, continues to deepen its investment in technology innovations to drive its digital banking agenda. Last week, the Bank refreshed its mobile banking application to enhance its capabilities and guarantee tighter security features. “We believe the future of banking is in digital. We are reimagining digital financial services to complement the traditional brick and mortar model that was in yesteryears the hallmark of banking. We have continually rejigged our digital strategy to align it with the global direction of flight as far as technology is concerned,” said Mr Oigara adding that non-branch channels continued to post strong growth. Of the Bank’s total transactions, 70% were handled through the non-branch channels during the period under review, compared to 61% the previous year. KCB Mpesa, in which KCB has partnered with Safaricom continues post strong growth, with over Kshs.11.3 billion in loans disbursed so far since the launch in March 2015 and serving at least 6.5 Million customers.



Looking into the future, the Bank sees growth opportunities in boosting investments into SMEs, seeking partnerships with governments, and private institutions to deepen financial inclusion across the East African market.

As part of its long-term growth strategy, the Bank, said the Group CEO, is continually deepening its investments in supporting SMEs, which constitutes at least Kshs.30billion. “SMEs have been a key element of our growth story over the years and we are continually making deliberate investments to support the sector. We believe that the segment will remain a crucial driver of East Africa’s economic journey into the future. This is also informed by our conviction that today’s SMEs are Africa’s conglomerates of the future,” said Mr Oigara.

In March, KCB launched a five-year KShs. 50Billion youth entrepreneurship programme that is meant to nurture and support small businesses, with an eye at creating at least 2.5 million jobs in the next five years. Under the programme, startups and existing SMEs will be linked with market opportunities and funding. The upcoming KCB sponsored Lions Den show—which will air next month—is meant to identify the best and most viable business ideas to be funded by venture capitalists. The winners will also benefit from mentorship and training. “We are seeing a substantial growth in the SMEs sector as more startups come up, these startups graduate into medium sized businesses and eventually evolving into big enterprises. We are well positioned to support these businesses across the levels as they grow and scale up,” said Mr Oigara.

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For further information please contact: Judith Sidi- Odhiambo on email: jsodhiambo@kcb.co.ke

About KCB Group

KCB Group is East Africa's largest commercial Bank that was established in 1896 in Kenya. Over the years, the Bank has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi and Ethiopia (Representative office). Today KCB Group has the largest branch network in the region with over 250 branches, 962 ATMs and 12,000 agents offering banking services on a 24/7 basis in East Africa. This is complemented by mobile banking and internet banking services with a 24hour contact center services for our customers to get in touch with the Bank. The Bank has a wide network of correspondent relationships totalling over 200 banks across the globe and our customers are assured of a seamless facilitation of their international trade requirements wherever they are.

KCB Bank Kenya Limited as Chase Bank Statutory Manager

In April, KCB Bank Kenya Limited (KCB) was appointed the statutory manager of Chase Bank Limited (in receivership) by the Kenya Deposit Insurance Corporation (KDIC), with the endorsement of the Central Bank of Kenya (CBK). KCB's role was to reopen and stabilise the Bank. Since April, Chase Bank has recorded improved inflows in excess of Ksh10 Billion - a clear indication of the level of support the Bank enjoys from the public. The lender has signed up 3,200 new customers since reopening. Chase has now entered a crucial phase that will determine the future ownership and funding. The new phase of Chase Bank's recovery journey, will focus on having a framework that will allow the Bank deal with maturing deposits, taking in new deposits, opening up new lending and conducting a due diligence on the Bank.

KCB Wins Key Awards

In the first half of the year, KCB won several top accolades, reflecting our commitment to providing customers with innovating and engaging products and services. During the Banker Africa Awards, we received awards in Best Retail Bank in East Africa, Best Commercial Bank in East Africa, Best Commercial Bank in Kenya while the Group CEO and MD Mr Joshua Oigara was named the CEO of the Year. During the Think Business Awards 2016, KCB scooped 11 awards, cementing its leadership role in the region's financial services sector. At the awards ceremony, KCB Group CEO Joshua Oigara was named the CEO of the year.

KCB GROUP LIMITED
UN AUDITED BANK AND GROUP CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30TH JUNE 2016

	BANK				GROUP CONSOLIDATED			
	30-Jun-15 Kshs 000 Un-Audited	31-Dec-15 Kshs 000 Audited	31-Mar-16 Kshs 000 Un-Audited	30-Jun-16 Kshs 000 Un-Audited	30-Jun-15 Kshs 000 Un-Audited	31-Dec-15 Kshs 000 Audited	31-Mar-16 Kshs 000 Un-Audited	30-Jun-16 Kshs 000 Un-Audited
I STATEMENT OF FINANCIAL POSITION								
A ASSETS								
1 Cash (both Local & Foreign)	6,787,648	7,456,227	7,548,231	6,590,668	16,208,624	11,964,522	11,690,736	10,912,667
2 Balances due from Central Bank of Kenya	11,675,082	23,962,327	29,413,682	34,926,342	11,675,082	23,962,327	29,413,682	34,926,342
3 Kenya Government and other securities held for dealing purposes	3,681,893	805,790	755,513	805,155	3,681,893	805,790	755,513	805,155
4 Financial Assets at fair value through profit and loss	-	-	-	-	-	-	-	-
5 Investment securities: a) Held to Maturity: a. Kenya Government securities	44,009,634	43,256,718	43,592,042	43,759,708	44,009,634	43,256,718	43,592,042	43,759,708
b. Other securities	-	-	-	-	-	14,588,019	15,937,605	14,236,781
b) Available for sale: a. Kenya Government securities	37,138,178	33,827,214	45,217,894	37,489,753	37,138,178	33,827,214	45,217,894	37,489,753
b. Other securities	876,295	76,743	68,033	61,099	876,295	4,470,837	68,033	61,099
6 Deposits and balances due from local banking institutions	2,927,875	3,171,300	-	4,200,000	2,927,875	3,171,300	-	4,200,000
7 Deposits and balances due from banking institutions abroad	4,530,462	6,083,421	1,041,836	1,597,002	77,057,187	49,408,021	36,080,572	39,627,014
8 Tax recoverable	34,249	-	-	-	34,266	161,406	203,486	158,026
9 Loans and advances to customers (net)	283,200,200	312,079,984	313,053,740	315,326,989	320,600,852	345,968,686	345,943,452	347,395,962
10 Balances due from group companies	1,725,577	297,343	2,786,443	1,496,801	-	-	-	-
11 Investments in associates	125	125	-	-	-	-	-	-
12 Investments in subsidiary companies	12,709,067	12,709,067	-	-	-	-	-	-
13 Investments in joint ventures	-	-	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-	-	-
15 Property and equipment	5,845,470	7,045,892	6,160,253	6,388,275	9,244,899	9,027,924	8,383,551	8,676,018
16 Prepaid lease rentals	135,752	134,503	218,950	133,255	265,298	136,578	343,783	133,255
17 Intangible assets	1,396,264	1,295,556	1,907,044	2,161,489	1,529,044	1,427,857	2,028,543	2,284,682
18 Deferred tax asset	2,174,706	3,340,452	3,340,452	3,340,452	2,554,549	3,879,306	3,865,137	3,762,026
19 Retirement benefit asset	1,835,000	980,000	980,000	980,000	1,835,000	980,000	980,000	980,000
20 Other assets	7,690,453	11,218,511	10,956,176	8,862,281	9,205,856	11,057,649	12,296,745	10,533,490
21 TOTAL ASSETS	428,373,930	467,741,173	467,040,289	468,119,269	566,609,777	558,094,154	556,800,774	559,941,978
B LIABILITIES								
22 Balances due to Central Bank of Kenya	-	-	2,993,220	-	-	-	2,993,220	-
23 Customer deposits	317,058,707	347,701,500	356,567,591	366,820,682	443,036,231	424,390,833	423,433,144	433,424,097
24 Deposits and balances due to local banking institutions	7,100,000	8,463,800	3,200,784	1,128,518	7,100,000	8,463,800	3,386,409	1,128,518
25 Deposits and balances due to foreign banking institutions	3,085,453	6,295,825	5,084,104	7,043	5,173,359	14,674,393	9,908,279	7,441,578
26 Other money market deposits	-	-	-	-	-	-	-	-
27 Borrowed funds	20,914,425	17,555,386	17,116,330	15,487,497	22,474,447	20,129,910	19,604,344	17,746,261
28 Balances due to group companies	-	-	-	5,947,667	-	-	-	-
29 Tax payable	-	247,995	2,045,457	219,890	1,389	314,180	2,055,370	297,988
30 Dividends payable	-	-	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	46,175	100,043	120,208	31,558
32 Retirement benefit liability	-	-	-	-	-	-	-	-
33 Other liabilities	6,781,013	6,590,709	14,795,118	6,686,000	10,680,877	8,767,388	11,340,194	8,916,010
34 TOTAL LIABILITIES	354,939,598	386,855,215	401,802,605	396,297,298	488,512,478	476,840,547	472,841,168	468,986,010
C SHAREHOLDERS' FUNDS								
35 Paid up /Assigned capital	3,025,213	3,025,213	53,986,100	53,986,100	3,025,213	3,025,213	3,025,213	3,025,213
36 Share premium/(discount)	20,135,561	20,135,561	-	-	20,135,561	20,135,561	20,135,561	20,135,561
37 Revaluation reserves	(930,855)	(1,058,666)	(1,579,992)	(739,834)	(930,855)	(1,126,781)	(1,579,992)	(807,935)
38 Retained earnings/ Accumulated losses	44,883,308	44,166,421	3,443,919	7,283,795	48,286,718	43,699,536	46,075,340	56,445,818
39 Statutory loan loss reserve	5,034,505	8,044,803	8,865,457	10,769,710	6,294,062	8,947,452	9,730,858	11,635,111
40 Other Reserves/Remeasurement of defined asset/liability	1,286,600	522,200	522,200	522,200	1,286,600	522,200	522,200	522,200
41 Proposed dividends	-	6,050,426	-	-	-	6,050,426	6,050,426	-
42 Capital grants	-	-	-	-	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	73,434,332	80,885,958	65,237,684	71,821,971	78,097,299	81,253,607	83,959,606	90,955,968
44 Minority Interest	-	-	-	-	-	-	-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	428,373,930	467,741,173	467,040,289	468,119,269	566,609,777	558,094,154	556,800,774	559,941,978
II STATEMENT OF COMPREHENSIVE INCOME								
1 INTEREST INCOME								
1.1 Loans and advances	18,543,879	41,039,720	11,629,597	23,401,439	21,110,584	46,191,995	12,763,702	25,732,594
1.2 Government securities	3,892,039	7,515,622	2,631,915	4,592,831	4,571,810	9,117,249	3,681,172	5,563,276
1.3 Deposits and placements with banking institutions	88,782	157,855	128,421	296,741	171,541	470,493	189,238	341,755
1.4 Other Interest Income	-	-	-	-	-	604,195	-	-
1.5 Total Interest Income	22,524,700	48,713,197	14,389,933	28,291,011	25,853,935	56,383,932	16,634,112	31,637,625
2 INTEREST EXPENSE								
2.1 Customer deposits	5,051,824	13,717,424	4,317,495	7,381,539	5,879,798	15,295,887	4,784,991	8,374,979
2.2 Deposits and placement from banking institutions	389,962	1,345,813	229,485	401,211	528,014	1,852,091	396,140	733,533
2.3 Other interest expenses	-	-	-	-	-	-	-	-
2.4 Total Interest Expense	5,441,786	15,063,237	4,546,980	7,782,750	6,407,812	17,147,978	5,181,131	9,108,512
3 NET INTEREST INCOME/(LOSS)	17,082,914	33,649,960	9,842,953	20,508,261	19,446,123	39,235,954	11,452,981	22,529,113
4 OTHER OPERATING INCOME								
4.1 Fees and commissions on loans and advances	2,159,979	4,545,325	949,645	2,042,500	2,367,707	5,366,204	1,114,941	2,422,685
4.2 Other fees and commissions	2,384,047	4,317,015	1,210,546	2,050,702	4,475,849	8,793,785	1,910,832	4,050,443
4.3 Foreign exchange trading income	1,212,518	2,202,692	446,624	1,035,796	2,013,736	4,067,466	746,686	1,575,932
4.4 Dividend Income	410	553,120	69	239	410	1,112	69	239
4.5 Other Income	1,612,658	3,429,475	736,943	2,110,836	2,411,008	5,151,946	258,887	2,350,851
4.6 Total non-Interest Income	7,369,612	15,047,627	3,343,827	7,760,073	11,268,710	23,380,513	4,031,415	10,400,150
5 TOTAL OPERATING INCOME	24,452,526	48,697,587	13,186,780	28,268,334	30,714,833	62,616,467	15,484,396	32,929,263
6 OTHER OPERATING EXPENSES								
6.1 Loan loss provision	1,448,838	2,199,102	1,240,334	1,775,423	2,593,397	4,713,807	1,369,225	2,071,274
6.2 Staff costs	6,149,121	12,107,360	3,355,475	6,636,568	7,698,370	15,310,898	4,081,913	8,121,719
6.3 Directors' emoluments	59,637	129,973	29,696	57,318	156,860	262,770	67,012	112,815
6.4 Rental charges	234,287	515,381	176,598	361,422	629,482	1,617,889	294,644	703,180
6.5 Depreciation charge on property and equipment	575,682	1,180,946	358,090	622,613	927,421	1,876,766	448,836	813,526
6.6 Amortisation charges	219,053	487,095	103,381	329,338	256,398	558,682	119,880	361,874
6.7 Other operating expenses	3,981,660	8,633,116	1,930,967	4,521,334	5,250,453	11,738,084	2,488,598	5,649,873
6.8 Total other operating expenses	12,669,278	25,252,973	7,194,541	14,304,016	17,512,381	36,078,896	8,870,108	17,834,261
7 Profit/(loss) before tax and exceptional items	11,783,248	23,444,614	5,992,239	13,964,318	13,202,452	26,537,571	6,614,288	15,095,002
8 Exceptional items	-	-	-	-	-	-	-	-
9 Profit/(loss) after exceptional items	11,783,248	23,444,614	5,992,239	13,964,318	13,202,452	26,537,571	6,614,288	15,095,002
10 Current tax	(3,534,974)	(7,386,407)	(1,797,463)	(4,189,296)	(3,960,736)	(7,701,260)	(1,984,286)	(4,594,749)
11 Deferred tax	-	441,198	-	-	-	786,758	-	-
12 Profit/(loss) after tax and exceptional items	8,248,274	16,499,405	4,194,776	9,775,022	9,241,716	19,623,069	4,630,002	10,500,253
13 Minority Interest	-	-	-	-	-	-	-	-
14 Profit/(loss) after tax and exceptional items and Minority Interest	8,248,274	16,499,405	4,194,776	9,775,022	9,241,716	19,623,069	4,630,002	10,500,253
15 Other Comprehensive Income:								
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	306,823	(6,154,131)	(1,377,155)	(1,352,456)
15.2 Fair value changes in available-for-sale financial assets	(930,855)	(965,962)	(364,928)	318,846	(930,855)	(1,034,063)	(364,928)	-
15.3 Re-measurement of defined benefit pension fund	-	(1,092,000)	-	-	-	(1,092,000)	-	-
15.4 Share of other comprehensive income of associates	-	-	-	-	-	-	-	-
15.5 Income tax relating to components of other comprehensive income	-	327,600	-	-	-	327,600	-	-
16 Other comprehensive income for the year net of tax	(930,855)	(2,057,962)	(364,928)	318,846	(624,032)	(8,280,194)	(1,742,083)	(1,352,456)
17 Total comprehensive income for the year	7,317,419	14,441,443	3,829,848	10,093,868	8,617,684	11,342,875	2,887,919	9,147,797
18 EARNINGS PER SHARE- DILUTED & BASIC KSHS					6.11	4.82	6.12	6.94
19 DIVIDEND PER SHARE - DECLARED KSHS						2.00		

III OTHER DISCLOSURES								
	30-Jun-15 Kshs 000	31-Dec-15 Kshs 000	31-Mar-16 Kshs 000	30-Jun-16 Kshs 000	30-Jun-15 Kshs 000	31-Dec-15 Kshs 000	31-Mar-16 Kshs 000	30-Jun-16 Kshs 000
	Un-Audited	Audited	Un-Audited	Un-Audited	Un-Audited	Audited	Un-Audited	Un-Audited
1 NON-PERFORMING LOANS AND ADVANCES								
a) Gross Non-performing loans and advances	18,809,920	19,289,119	26,135,275	27,680,305	24,183,168	23,477,475	30,436,873	32,978,280
b) Less Interest in Suspense	2,457,536	2,815,766	3,561,768	3,709,468	3,319,798	3,310,816	4,074,524	4,269,838
c) Total Non-Performing Loans and Advances (a-b)	16,352,384	16,473,353	22,573,507	23,970,837	20,863,370	20,166,659	26,362,349	28,708,442
d) Less Loan Loss Provision	7,227,377	9,387,792	10,842,355	12,648,423	9,896,799	11,292,003	12,603,423	14,533,676
e) Net Non-Performing Loans and Advances(c-d)	9,125,007	7,085,561	11,731,152	11,322,414	10,966,571	8,874,656	13,758,926	14,174,766
f) Discounted Value of Securities	9,125,007	6,068,222	7,613,893	6,853,209	10,966,571	11,867,690	10,654,600	11,535,277
g) Net NPLs Exposure (e-f)	-	1,017,339	4,117,259	4,469,205	-	(2,993,034)	3,104,326	2,639,489
2 INSIDER LOANS AND ADVANCES								
a) Directors, Shareholders and Associates	93,520	592,219	608,812	2,465,849	438,843	689,698	687,083	1,617,355
b) Employees	9,087,749	10,673,477	10,920,602	10,907,471	10,063,566	11,588,774	11,886,193	11,949,868
c) Total Insider Loans and Advances and other facilities	9,181,269	11,265,696	11,529,414	13,373,320	10,502,409	12,278,472	12,573,276	13,567,223
3 OFF-BALANCE SHEET ITEMS								
a) Letters of credit, guarantees, acceptances	67,831,261	57,786,037	58,567,508	62,205,612	69,927,355	60,635,178	61,155,145	64,802,260
b) Forwards, swaps and options	17,340,061	12,072,941	11,423,393	2,654,471	18,084,883	13,268,058	12,380,294	4,105,106
c) Other contingent liabilities	-	-	-	-	-	-	-	-
d) Total Contingent Liabilities	85,171,322	69,858,978	69,990,901	64,860,083	88,012,238	73,903,236	73,535,439	68,907,365
4 CAPITAL STRENGTH								
a) Core capital	54,388,927	56,103,143	54,789,410	57,579,883	67,124,098	73,340,524	75,655,525	75,902,992
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	6,742,200	6,803,947	6,733,314	6,692,054
c) Excess (a-b)	53,388,927	55,103,143	53,789,410	56,579,883	60,381,898	66,536,577	68,922,211	69,210,938
d) Supplementary Capital	5,034,506	4,969,281	4,890,563	4,893,883	5,510,140	5,840,576	5,778,802	5,717,572
e) Total Capital (a+d)	59,423,433	61,072,424	59,679,973	62,473,766	72,634,238	79,181,100	81,434,327	81,620,564
f) Total risk weighted assets	372,940,833	397,490,368	391,245,046	391,510,613	440,811,213	467,246,047	462,304,131	459,909,760
g) Core Capital/Total deposits Liabilities	17.2%	16.1%	15.4%	15.7%	15.2%	17.3%	17.9%	17.5%
h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
i) Excess	9.2%	8.1%	7.4%	7.7%	7.2%	9.3%	9.9%	9.5%
j) Core Capital / total risk weighted assets	14.6%	14.1%	14.0%	14.7%	15.2%	15.7%	16.4%	16.5%
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
l) Excess (j-k)	4.1%	3.6%	3.5%	4.1%	4.7%	5.2%	5.9%	6.0%
m) Total Capital/total risk weighted assets	15.9%	15.4%	15.3%	16.0%	16.5%	16.9%	17.6%	17.7%
n) Minimum statutory Ratio	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
o) Excess (m-n)	1.4%	0.9%	0.8%	1.4%	2.0%	2.4%	3.1%	3.2%
5 LIQUIDITY								
a) Liquidity Ratio	32.2%	30.0%	32.7%	34.6%	47.9%	48.3%	38.8%	41.8%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
c) Excess (a-b)	12.2%	10.0%	12.7%	14.6%	27.9%	28.3%	18.8%	21.8%

INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend.

MESSAGE FROM THE DIRECTORS

These financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the institutions website www.kcbbankgroup.com

They may also be accessed at the institution's head office located at Kencom House, Moi Avenue

Ngonyi Biwott- Group Board Chairman

Joshua Oigara- Group Chief Executive Officer