



PRESS RELEASE

NCBA Group PLC reports an after-tax profit of KES 2.84 billion in quarter one 2021

25th May 2021.... NCBA Group PLC has recorded an after tax profit of KES 2.84 billion for the quarter ending March 31, 2021. This was an increase of 74% compared to KES 1.6 billion that NCBA Group posted during a similar period in 2020.

Key Highlights

- Assets grew to KES 542.1Bn, 6% up year on year.
- Customer deposits closed at KES 432.2Bn, 11% up year on year.
- NCBA Group disbursed KES 134Bn in digital loans, 22% increase year on year in line with its digitization agenda and its commitment to supporting small businesses and individual customers during this period.
- Operating income increased to KES 11.8Bn, 8.3% up year on year.
- Provision for credit losses for the quarter was KES 2.6Bn as NCBA Group continues to mitigate against the impact of COVID-19.
- NPL coverage ratio improved to 65%, from 54% in the same period last year.
- Profit before tax of KES 3.9Bn.
- Profit after tax of KES 2.8Bn.

Commenting on the results, NCBA Group Managing Director, John Gachora said the results reflect strong underlying performance across all areas of the business and a slowly improving economy.

"We are immensely proud of our strong financial results during the first quarter, NCBA Group has demonstrated the ability to tightly balance strong credit discipline with its commitment to support its customers during this period. These actions have further strengthened the balance sheet and made the business even more resilient to navigate the unfolding impact of COVID-19," said Mr. Gachora.

He continued: "We view 2021, as our transition year following the finalization of the merger and consolidation of all entities, systems and processes of CBA Group and NIC Group across the region in 2020. With the conclusion of this phase, the NCBA Group now has a solid foundation from which to springboard and boldly pursue its long-term strategy".



In Q1 2021, total assets increased to KES 542 billion, representing a strong growth of 6% year on year. Customer deposits in the period also increased by 11% year on year fuelled by strong business development efforts that have attracted new customers to the Group.

Net interest income recorded a 20% increase year on year due to growth in interest income from treasury investments and a reduction in interest expense following the retirement of NCBA Group's medium term note in Q3 2020. The overall effect was that, operating income in the period closed at KES 11.8 Billion representing 8% growth against prior year performance.

The company gross loans stood at KES 283 billion, representing 2% year on year growth in all banking subsidiaries. Digital bank disbursements however, increased significantly by 26% to KES 134 billion from KES 108 billion during the same period. This is in line with NCBA Group's digitization agenda and its commitment to supporting small businesses and individual customers during this period.

NCBA Group's non-performing loan ratio stands at 13.99% in line with industry-wide levels given the impact of COVID-19. In Q1 2021, NCBA Group further built its credit impairment coverage to mitigate against continued adverse impact, improving the NPL coverage ratio to 65% from 54% in the same period last year. Additionally, NCBA Group's concerted recovery efforts, particularly in the digital lending business have begun to bear fruit in stabilizing the credit portfolio.

NCBA Group's capital and liquidity levels remain very strong, with liquidity at 58.7% and Total capital / Total risk weighted assets at 18.34%. Both indicators are well above the required regulatory thresholds and place the group in a strong position to withstand the current economic downturn triggered by the COVID-19 pandemic.

Group Strategy & Outlook

NCBA Group has embarked on an ambitious growth strategy, which will include expanding its branch network, rolling out new innovative digital products and services and doubling down on its core strengths of Corporate Banking and Asset Finance.

While remarking on the execution of the NCBA Group's strategy, Gachora stated, "We have kicked off the year with a strong start and already made significant investments in new products, technology and distribution, to position the business for a period of sustained growth."

During the first quarter, NCBA Group opened a new branch at Jomo Kenyatta International Airport, Cargo Handling Terminal, and has plans in place to open an additional 15 branches across the country throughout the year.



In Q1 2021, NCBA Group's Asset Finance division signed strategic partnerships with Tata and Isuzu to entrench its leadership in the market. The Group also partnered with Shelter Afrique to position NCBA Group as the go to Affordable Housing Property Finance partner. Furthermore, the Group has launched a Government Employee lending scheme that will provide eligible government employees access to unsecured lending facilities over an extended loan repayment period.

"While we are cautiously optimistic about economic recovery this year, we believe that we have put in place the building blocks to unlock the opportunities that will emerge from this recovery period," said Gachora.

About NCBA Group

NCBA Group is a full-service banking group providing a broad range of financial products and services to corporate, institutional, SME and consumer banking customers.

The Group was created on 1st October 2019 following approval by Central Bank of Kenya and The National Treasury of the merger of NIC Group PLC (NIC) and Commercial Bank of Africa Limited (CBA).

NCBA Group operates a network of more than 100 branches in five countries including Kenya, Uganda, Tanzania, Rwanda and Ivory Coast. Serving over 50 million customers, the NCBA Group is the largest banking group in Africa by customer numbers.

NCBA Bank Kenya PLC is Kenya's third largest bank by assets. The Bank is set to play a key role in supporting Kenya's economic ambitions, specifically facilitating implementation of the Government's Big Four Agenda which focuses on food security, affordable housing, manufacturing and universal healthcare. The Bank is a market leader in Corporate Banking, Asset Finance and Digital Banking.

FURTHER INFORMATION

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