



Press release

NCBA Group PLC reports a pre-tax profit of KES 7.4 billion in half-year results

August 30, 2021...The NCBA Group PLC has posted a profit before tax of KES 7.4 billion in its half-year results ending June 30th 2021 which is a 90% increase compared to KES 3.9 billion reported during a similar period last year. The Group registered a profit after tax of KES 4.7 billion representing 77% growth up from KES 2.6 billion in half year 2020. Growth in profitability was attributed to increase in operating income by KES 2.8 billion, driven by higher customer activity and a decline in loan impairment charges by KES 1.7 billion.

Key Highlights

- Asset base rose to KES 542 billion, 6% up year on year
- Customer deposits closed at KES 437 billion, 12% up year on year
- The Group disbursed KES 272 billion in digital loans, 16% 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 of KES 24.1 billion, up 13% up year on year
- Operating profit before loan loss provisions KES 13.3 billion, 16% up year on year
- Loan impairments charges for the period KES 5.9 billion, 22% down year on year
- Non Performing Loans coverage ratio increased to 68%, from 55% in the same period last year
- Profit before tax of KES 7.4 billion, up 90% year on year
- Profit after tax of KES 4.7 billion, up 77% year on year
- Interim dividend of KES 0.75 per ordinary share held

Commenting on the results, NCBA Group Managing Director, John Gachora said the strong financial results are outcomes of a steadily improving economic environment and early outcomes of the Group's focus on its strategic initiatives anchored on customer experience.

“Our operating results in the first half of the year demonstrates that the actions we have taken to strengthen and enhance the Group's performance are bearing fruit. We have made a concerted effort to reduce the risk in our credit portfolio while



balancing the need to support our customers during this COVID-19 period. Looking at our results, you will note that our loan impairment charges, which were a lag on performance last year, have greatly reduced. Over the last year, we have taken the bold step to restructure 35% of our credit portfolio and we have seen a positive outcome of those actions as 82% of that restructured portfolio is now performing. Our cost to income ratio has also improved, as we are realizing cost synergies from our merger. With this foundational phase largely behind us, we are very optimistic that NCBA is poised for continued strong bottom line growth in the near-term to medium term." said Mr. Gachora.

Mr. Gachora added that the group is on track to deliver on its strategic imperatives to enhance its branch network across the country and to digitally transform its operations and customer experiences.

"In addition to our investments in modernising our technology architecture in order to deliver better customer propositions and to structurally improve our operational efficiency and agility, we have embarked on a bold branch expansion strategy. Since the beginning of the year, we have opened branches in Nairobi JKIA, Mombasa Mwembe Tayari, Karatina, Nyeri, Kakamega and Ruiru. We plan to open nine more branches by the end of this year to ensure that we bring our services closer to existing and potential customers," said Mr. Gachora.

During the first half of the year, NCBA signed several partnerships aimed at solidifying its strength in asset finance and growing its property finance business. On the asset finance front, the bank signed partnerships with Simba Corp, DT Dobie, Tata Africa Holdings, Isuzu East Africa to offer asset finance solutions to customers.

NCBA also signed partnerships with MySafe Vaults and Kenya Association of Manufacturers to offer safe deposit facilities to customers and to support the SME sector respectively. The Group has also collaborated with Strathmore University to support the Entrepreneurship Development Programme that seeks to empower entrepreneurs with the necessary skill sets to become profitable entrepreneurs.

This year, the bank also launched its NCBA Golf series and has so far sponsored 13 golf tournaments across the country attracting over 1700 golfers who have competed for slots in the grand finale event that is slated for early December 2021 at Karen Country Club. Additionally, the bank has also sponsored two Junior Golf Series Tournaments,



with the top finishers qualifying to play at the Rome Classic in October this year, and the Big 5 tournament to be held in South Africa next year.

Business Outlook

Mr. Gachora said he anticipates that the ongoing roll-out of the vaccination program across the country will have a tremendous impact in enhancing the health of our communities and in restoring the state of our economy.

"This period has shown that we have an enduring and resilient business. Our customers are beginning to see real recovery and are investing in capital projects to grow their businesses. We remain focused on backing their ambitions as we collectively work to emerge from the impact of this pandemic," said Gachora.

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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 fourth 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.