

KCB Group Plc. Earnings Update

- Profit after tax (PAT) was up 11.39% to 5.8Bn from 5.2Bn registered previously. This was attributed to 11.22% rise in the interest income to 13Bn from 11Bn and 9.19% increase in Non funded income to 6.1Bn from 6Bn.
- The Fees and commissions on loans and advances was up 100.4%. This was due to the 10.90% surge in the customer loans and advances which stood at 464Bn from 419Bn in the FY18 Q1.
- The Net interest income was up 11.22% to 13Bn from 11Bn. The positive performance can be attributed to 4.68% drop in the borrowings which has contributed to the 4.1% decline in the the interest expense and a 7.08% increase in the interest income due to the rise in the customer loans and advances.
- The loan loss provision rose 93.76% to 1.2Bn from 600Mn . This is despite the gross non performing loans declining 11.31% to 39Bn from 44Bn recorded previously.

Date: 22nd May 2019

Target Price: KES 50.8

52 week range: KES 23.00 to KES 55.00

TtM EPS: KES 7.83

Latest Results: 1Q2019, KES 5744Mn

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Income Statement 'KES Millions'	Mar-18	Mar-19	% Change
Interest income	15,668	16,777	7.08%
interest expense	4,242	4,069	-4.07%
Net interest income	11,426	12,708	11.22%
Fees and commissions on loans & advances	1,076	2,157	100.40%
Other fee & commissions	2,546	1,886	-25.93%
Forex	1,032	977	-5.38%
Dividend Income			
Other Income	886	1,031	16.28%
Non-funded income	5,541	6,050	9.19%
Total operating income	16,967	18,758	10.55%
Loan Loss provision	600	1,163	93.76%
Staff Costs	4,452	4,633	4.07%
Directors Emoluments	48	45	-8.08%
Rental Charges	337	311	-7.69%
Depreciation on PPE	478	453	-5.32%
Amortization Charges	296	301	1.55%
Other operating expenses	3,271	3,356	2.61%
Operating expenses	9,483	10,262	8.21%
Taxation	3,087	3,097	0.32%
Profit After tax	5,184	5,774	11.39%
Earnings per share	6.76	7.83	15.83%

Balance sheet			
Cash & balance with CBK	23,786	45,669	92.00%
Government securities (HTM)			
Loans and advances to customers(net)	418,618	464,263	10.90%
Property and equipment	10,990	9,888	-10.02%
Total assets	647,474	725,663	12.08%
Deposits due to other banks	5,012	4,955	-1.14%
Customer deposits	4,510	4,562	1.14%
Borrowings	22,520	21,466	-4.68%
Other Liabilities	16,543	20,290	22.65%
Total liabilities	547,840	606,200	10.65%
Shareholders' funds	99,633	119,463	19.90%

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