NCBA

Audited financial results of the Bank and Group for the year ended 31st December 2020

I STATEMENT OF FINANCIAL POSITION	BANK		COMPANY		GROUP	
	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000
A ASSETS						
1 Cash (both Local & Foreign)	7,026,802	9,183,499	-	-	8,494,555	10,851,729
2 Balances due from Central Banks	22,413,860	23,683,685	-	-	26,031,963	26,358,325
3 Kenyan Government securities held for dealing purposes	-	-	-	-	-	-
4 Financial assets at fair value through profit & loss	762,855	708,122	-	-	762,855	1,097,844
5 Investment Securities:						
a) Held to Maturity						
a. Kenya Government securities	87,407,372	79,507,225	-	-	87,407,372	79,507,225
b. Other securities	4,890,850	8,183,003	-	-	12,683,521	12,979,477
b) Available for sale:						
a. Kenya Government securities	60,933,924	49,500,824	-	-	60,933,924	49,500,824
b. Other securities	55,134	68,663	-	-	2,521,745	3,033,922
6 Deposits and balances due from local banking institutions	9,130,241	4,783,674	-	-	9,654,044	5,617,504
7 Deposits and balances due from banking institutions abroad	30,867,890	16,839,936	-	-	32,023,119	19,951,625
8 Tax recoverable	375,498	-	39,316	-	761,439	268,080
9 Loans and advances to customers (net)	224,420,668	227,868,480	-	-	248,497,903	249,355,409
10 Balances due from banking institutions in the group	2,821,387	3,238,061	201,088	519,697	-	-
11 Investments in associates	2,765,028	2,701,492	-	-	3,916,973	3,768,955
12 Investments in subsidiary companies	23,002	8,554,544	68,274,304	62,420,446	-	-
13 Investments in joint ventures	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-
15 Property and equipment	2,604,071	3,394,351	-	-	4,139,889	3,844,075
16 Prepaid lease rentals	6,375	6,500	-	-	522,375	522,500
17 Intangible assets	6,227,176	6,766,497	-	-	6,463,475	7,008,902
18 Deferred tax asset	9,097,904	6,792,702	23,466	15,984	9,630,045	7,085,373
19 Retirement benefit asset	-	-	-	-	-	-
20 Other assets	19,783,688	13,109,427	47,034	-	13,508,782	14,091,632
21 TOTAL ASSETS	**491,613,725**	**464,890,685**	**68,585,208**	**62,956,127**	**527,953,979**	**494,843,401**
B LIABILITIES						
22 Balances due to Central Banks	-	-	-	-	-	-
23 Customer deposits	389,484,170	353,618,522	-	-	421,504,454	378,237,043
24 Deposits and balances due to local banking institutions	1,915,367	549,701	-	-	4,929,617	3,570,901
25 Deposits and balances due to foreign banking institutions	3,413,809	6,136,598	-	-	1,373,724	7,322,009
26 Other money market deposits	-	-	-	-	-	-
27 Borrowed funds	13,319,474	22,081,244	-	-	13,319,474	22,081,244
28 Balances due to banking institutions in the group	780,537	283,905	8,030,783	-	-	-
29 Tax payable	-	283,425	-	5,623	8,653	13,027
30 Dividends payable	-	-	33,392	37,819	33,392	37,819
31 Deferred tax liability	-	-	-	-	21,008	21,340
32 Retirement benefit liability	-	-	-	-	-	-
33 Other liabilities	10,671,993	12,521,035	2,238,881	119,921	14,215,360	16,300,193
34 TOTAL LIABILITIES	**419,585,350**	**395,474,430**	**10,303,056**	**163,363**	**455,405,682**	**427,583,576**
SHAREHOLDERS' FUNDS						
35 Paid up /Assigned capital	10,859,384	10,859,384	8,237,597	7,488,725	8,237,598	7,488,725
36 Share Premium	33,406,022	33,406,022	21,424,322	22,179,426	21,424,322	22,179,426
37 Revaluation reserves	-	-	-	-	-	-
38 Retained earnings	23,692,466	22,280,987	26,148,954	30,877,995	39,038,741	35,962,429
39 Statutory loan reserves	-	-	-	-	129,098	199,378
40 Other reserves	1,570,503	(330,138)	-	-	1,047,480	(1,083,969)
41 Proposed dividends	2,500,000	3,200,000	2,471,279	2,246,618	2,471,279	2,246,618
42 Capital grants	-	-	-	-	-	-
	72,028,375	**69,416,255**	**58,282,152**	**62,792,764**	**72,348,518**	**66,992,607**
43 Non-controlling interests	-	-	-	-	199,779	267,218
44 TOTAL SHAREHOLDERS' FUNDS	**72,028,375**	**69,416,255**	**58,282,152**	**62,792,764**	**72,548,297**	**67,259,825**
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**491,613,725**	**464,890,685**	**68,585,208**	**62,956,127**	**527,953,979**	**494,843,401**

II STATEMENT OF COMPREHENSIVE INCOME	BANK 2020	BANK 2019	COMPANY 2020	COMPANY 2019	GROUP 2020	GROUP 2019
1 INTEREST INCOME						
1.1 Loans and advances	22,927,691	13,667,871	-	-	26,663,501	15,703,106
1.2 Government securities	15,877,047	8,597,211	-	-	16,826,815	9,174,993
1.3 Deposits and placements with banking institutions	558,909	432,322	33,474	38,109	579,386	536,279
1.4 Other interest income	110,223	99,453	-	-	174,929	99,453
1.5 TOTAL INTEREST INCOME	**39,473,870**	**22,796,857**	**33,474**	**38,109**	**44,244,631**	**25,513,831**
2 INTEREST EXPENSES						
2.1 Customer deposits	15,505,910	9,653,133	-	-	17,192,258	10,580,382
2.2 Deposits and placement from banking institutions	183,679	146,605	-	-	302,548	293,135
2.3 Other interest expenses	1,256,533	1,289,735	-	-	1,256,533	1,302,421
2.4 TOTAL INTEREST EXPENSE	**16,946,122**	**11,089,473**	**-**	**-**	**18,751,339**	**12,175,938**
3 NET INTEREST INCOME	**22,527,748**	**11,707,384**	**33,474**	**38,109**	**25,493,292**	**13,337,893**
4 NON-INTEREST INCOME						
4.1 Fees and commissions on loans and advances	10,360,072	8,585,854	-	-	10,839,575	9,392,394
4.2 Other fees and commissions	3,012,328	2,174,957	-	-	3,338,124	2,504,248
4.3 Foreign exchange trading income	4,409,724	2,652,455	-	-	4,735,403	2,842,327
4.4 Dividend income	73,396	139,900	1,078,536	1,300,000	-	-
4.5 Other income	850,506	972,024	(5,296,573)	9,275,046	2,030,259	5,582,864
4.6 TOTAL NON-INTEREST INCOME	**18,706,026**	**14,525,190**	**(4,218,037)**	**10,575,046**	**20,943,361**	**20,321,833**
5 TOTAL OPERATING INCOME	**41,233,774**	**26,232,574**	**(4,184,563)**	**10,613,155**	**46,436,653**	**33,659,726**
6 OPERATING EXPENSES						
6.1 Loan loss provision	18,929,944	5,984,982	-	-	20,441,270	6,250,273
6.2 Staff costs	5,411,615	4,384,528	63,762	121,106	7,235,776	5,582,121
6.3 Directors' emoluments	99,356	323,364	157,198	104,619	249,178	426,873
6.4 Rental charges	1,156,336	819,518	-	1,286	1,219,596	895,895
6.5 Depreciation charge on property and equipment	812,537	380,845	-	-	1,049,408	642,948
6.6 Amortisation charges	740,140	615,950	-	-	900,459	644,133
6.7 Other operating expenses	7,129,160	4,433,507	31,042	32,322	8,937,744	5,915,085
6.8 TOTAL OPERATING EXPENSES	**34,279,088**	**16,942,694**	**252,002**	**259,333**	**40,033,431**	**20,357,328**
7 Profit before tax and exceptional items	6,954,686	9,289,880	(4,436,565)	10,353,822	6,403,222	13,302,398
8 Exceptional items	1,510,428	1,176,313	50,000	62,771	1,579,181	2,132,719
9 PROFIT AFTER EXCEPTIONAL ITEMS	**5,444,258**	**8,113,567**	**(4,486,565)**	**10,291,051**	**4,824,041**	**11,169,679**
10 Share of associate profit	-	-	-	-	157,880	143,880
11 PROFIT/(LOSS) BEFORE TAX	**5,444,258**	**8,113,567**	**(4,486,565)**	**10,291,051**	**4,981,921**	**11,313,559**
12 Current tax	(2,798,894)	(2,850,954)	(15,152)	(51,425)	(2,896,288)	(2,846,770)
13 Deferred tax	2,516,501	827,086	(2,663)	15,984	2,485,234	(625,013)
14 PROFIT AFTER TAX AND EXCEPTIONAL ITEMS	**5,161,865**	**6,089,699**	**(4,504,380)**	**10,255,610**	**4,570,867**	**7,841,776**
15 OTHER COMPREHENSIVE INCOME:						
15.1 Exchange differences on translation of foreign operations	-	-	-	-	225,647	282,035
15.2 Fair value changes in available-for-sale financial assets	493,029	(306,560)	-	-	498,190	(369,698)
15.3 Revaluation surplus on property, plant and equipment	-	-	-	-	-	-
15.4 Share of comprehensive income of associates	-	-	-	-	-	-
15.5 Income tax relating to components of other comprehensive income	-	-	-	-	-	-
16 OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	**493,029**	**(306,560)**	**-**	**-**	**723,837**	**(87,663)**
17 TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,654,894**	**5,783,139**	**(4,504,380)**	**10,255,610**	**5,294,704**	**7,754,113**
EARNINGS PER SHARE - BASIC & DILUTED (Shs)	9.51	17.32	-	9.75	2.77	7.45
INTERIM DIVIDEND PER SHARE - DECLARED (Shs)	-	4.88	-	0.25	-	0.25
FINAL DIVIDEND PER SHARE - DECLARED (Shs)	4.60	-	1.50	-	1.50	-

Regulated by the Central Bank of Kenya

III OTHER DISCLOSURES	BANK		COMPANY		GROUP	
	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000	31st Dec, 2020 Audited Shs '000	31st Dec, 2019 Audited Shs '000
1 NON-PERFORMING LOANS AND ADVANCES						
(a) Gross Non-performing loans and advances	35,995,056	30,515,948	-	-	40,056,838	33,658,667
(b) Less Interest in Suspense	6,161,738	6,207,777	-	-	6,568,430	6,697,150
(c)TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)	**29,833,318**	**24,308,171**	**-**	**-**	**33,488,408**	**26,961,517**
(d) Less Loan Loss Provision	16,925,353	10,318,641	-	-	17,838,366	12,114,762
(e) NET NON-PERFORMING LOANS AND ADVANCES(c-d)	**12,907,965**	**13,989,530**	**-**	**-**	**15,650,042**	**14,846,755**
(f) Discounted Value of Securities	12,907,965	13,989,530	-	-	15,650,042	14,846,755
(g) NET NPLS EXPOSURE (e-f)	**-**	**-**	**-**	**-**	**-**	**-**
2 INSIDER LOANS AND ADVANCES						
(a) Directors, shareholders and associates	16,083,174	14,211,932	-	-	16,214,870	14,371,749
(b) Employees	4,888,714	5,150,274	-	-	5,563,832	5,487,678
(c)TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES	**20,971,888**	**19,362,206**	**-**	**-**	**21,778,702**	**19,859,427**
3 OFF-BALANCE SHEET ITEMS						
(a) Letters of credit, guarantees, acceptances	57,988,237	49,607,900	-	-	63,540,666	54,413,720
(b) Forwards, Swaps and options	11,716,894	5,003,287	-	-	11,716,894	5,003,287
(c) Other contingent liabilities	-	-	-	-	-	-
(d)TOTAL CONTINGENT LIABILITIES	**69,705,131**	**54,611,187**	**-**	**-**	**75,257,560**	**59,417,007**
4 CAPITAL STRENGTH						
(a) Core capital	60,706,729	62,561,322	-	-	64,833,212	63,835,814
(b) Minimum statutory capital	1,000,000	1,000,000	-	-	1,000,000	1,000,000
(c) Excess (a-b)	**59,706,729**	**61,561,322**	**-**	**-**	**63,833,212**	**62,835,814**
(d) Supplementary capital	525,824	2,620,795	-	-	654,922	2,820,173
(e) TOTAL CAPITAL (a+d)	**61,232,553**	**65,182,117**	**-**	**-**	**65,488,134**	**66,655,987**
(f)TOTAL RISK WEIGHTED ASSETS	**341,742,072**	**350,879,900**			**374,556,467**	**384,348,562**
(g) Core capital / Total deposits liabilities	15.59%	17.69%	-	-	15.38%	16.88%
(h) Minimum statutory ratio	8.00%	8.00%	-	-	8.00%	8.00%
(i) Excess (g-h)	**7.59%**	**9.69%**	**-**	**-**	**7.38%**	**8.88%**
(j) Core capital / Total risk weighted assets	17.76%	17.83%	-	-	17.31%	16.61%
(k) Minimum statutory ratio	10.50%	10.50%	-	-	10.50%	10.50%
(l) Excess (j-k)	**7.26%**	**7.33%**	**-**	**-**	**6.81%**	**6.11%**
(m) Total capital / Total risk weighted assets	17.92%	18.58%	-	-	17.48%	17.34%
(n) Minimum statutory ratio	14.50%	14.50%	-	-	14.50%	14.50%
(o) Excess (m-n)	**3.42%**	**4.08%**	**-**	**-**	**2.98%**	**2.84%**
(p) Adjusted core capital / Total deposits liabilities*	15.82%	18.55%	-	-	15.58%	17.76%
(q) Adjusted core capital / Total risk weighted assets*	18.03%	18.69%	-	-	17.53%	17.47%
(r) Adjusted total capital / Total risk weighted assets*	18.18%	19.44%	-	-	17.70%	18.21%
5 LIQUIDITY						
(a) Liquidity ratio	54.93%	50.95%	-	-	55.06%	51.83%
(b) Minimum statutory ratio	20.00%	20.00%	-	-	20.00%	20.00%
(c) Excess (a-b)	**34.93%**	**30.95%**	**-**	**-**	**35.06%**	**31.83%**

* The adjusted capital ratios include the expected credit loss provisions added back to Capital in line with Central Bank of Kenya guidance note issued in April 2018 on implementation of IFRS 9.

MESSAGE FROM DIRECTORS

Financial Statements

The completion of the merger of NIC Group PLC (NIC) and Commercial Bank of Africa Limited (CBA) having been achieved on 1 October 2019, the 2020 financial statements of the Bank are prepared on a prospective basis (a continuation of CBA), representing 12 months performance of NCBA Bank (merged bank) for 2020 while the prior year comparatives represent the 9 months performance of CBA Bank and 3 months performance of NCBA Bank. The consolidated financial statements are also a continuation of the financial statements of CBA with an adjustment to capital to reflect the legal capital of NCBA Group, while prior year comparatives represent the 9 months performance of CBA Group and 3 months performance of NCBA Group. Merger related costs are included in the comprehensive income statements and are disclosed as exceptional items. The integration of regional subsidiaries was completed in Quarter 3 2020.

Performance for 2020

2020 was a challenging year, across the world, due to the widespread effects of the COVID-19 pandemic. This unprecedented health crisis had an adverse impact on economies, households, businesses and financial institutions around the world. East Africa was not spared from these effects.

NCBA Group has demonstrated financial and operational resilience during this period of intense economic and social strain. As the pandemic unfolded from March 2020, the Group remained focused on a clear action plan, to protect the health and safety of employees and customers, to support customers in weathering the effects of the pandemic, to prudently manage liquidity, to ensure continued financial strength and to preserve shareholder value.

NCBA Group continues to play its role in the fight against the pandemic working closely with Government agencies, central banks, and its other regulators. The Group made targeted donations to relief efforts, extended customers loan moratorium support in excess of KES 78 billion and waived fees on digital lending. It is noteworthy that the Group disbursed over KES 432 billion in digital loans to provide small enterprises and individuals with the relief and working capital to meet their day to day needs in these particularly trying times.

The Group was able to attain a strong operating performance in 2020. The 2020 results, however, reflect the impact of the health crisis and containment measures which resulted in disruption of regular business operations and affected overall volumes of business in all markets. These factors resulted in higher delinquency levels thus necessitating that the Group prudently take significant loan loss impairment reserves, ultimately impacting the profit before taxation.

Despite the challenging environment, the Group ended the year with a strong capital base, high level of liquidity and has increased the level of impairment coverage for the non performing portfolio. NCBA Group is therefore well poised to progress the execution of its strategy and expand its customer relationships from a position of strength and stability while withstanding potential pressure should economic conditions remain stressed.

Proposed dividend

In March 2020, due to the deep uncertainties posed by the then unfolding pandemic, the Board made the decision to conserve liquidity and reversed its initial recommendation to pay a dividend for 2019. Instead, the Group's shareholders were issued with bonus shares in the proportion of one new share for every ten shares then held.

For the year 2020, the Board has resolved to recommend to the shareholders for their approval at the Annual General Meeting scheduled to be held on 9th June 2021, the payment of a final dividend for the year of Shs 1.50 per share. The dividend will be payable to the shareholders registered on the Company's register at the close of business on 20th April 2021 (closing date for determination of entitlement to dividend).

Outlook for 2021

Notwithstanding the positive progress made on the medical front, the economic impact of the COVID-19 crisis is still unfolding and its long-term effects on business and society remain uncertain. As such, the NCBA Group remains cautious and observant as the Board focuses on the Group's priorities and continues to re-assess and re-align operations to match the economic environment. The Board is confident that NCBA Group has the capital strength to withstand any anticipated shocks and will achieve its long-term objectives and goals notwithstanding these challenging times.

These financial statements are extracts from the books of NCBA Group PLC as audited by PricewaterhouseCoopers and have received an unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Group 's website www.ncbagroup.com. They may also be accessed at the Group's head office located at NCBA Centre, Mara and Ragati Roads, Upper Hill.

BY ORDER OF THE BOARD
WAWERU MATHENGE
GROUP COMPANY SECRETARY
NCBA GROUP PLC
26 MARCH 2021