

FY 2023 Investor Briefing

March 2024

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1

Growth YoY despite tightening macro-economic conditions

- **FY 2023 PAT KES 21.5B** (+56% YoY)
- **24.1% ROAE**
- **Subsidiary contribution to Group PBT has** materially improved **to KES ~4B (KES 0.5B in 2023)**
- **Full Year Dividend Proposal** of KES 4.75 per share

2

Significant momentum in our underlying financial drivers

- **Bigger balance sheet** (KES 579B deposits, +15% YoY)
- **Increased lending** (KES 369B, +20% YoY) while improving credit risk outcomes
- **Digital disbursements continue to accelerate** (KES 930B, +27% YoY)
- **Well controlled credit risk;** 12% NPL ratio

3

We have delivered on our 2020-2024 strategic ambitions

- **A bigger branch network** (109 branches group wide, +8 in 2023)
- **Retained our market leadership position:** #1 Asset Finance, # 1 Digital Lender, #2 Corporate Bank, # 2 Wealth Manager
- Investment in **CX** & modernized technology infrastructure **earned us 4 awards**
- **On course to deliver on our sustainability agenda; Signed \$50M of Sustainability Linked Funding**

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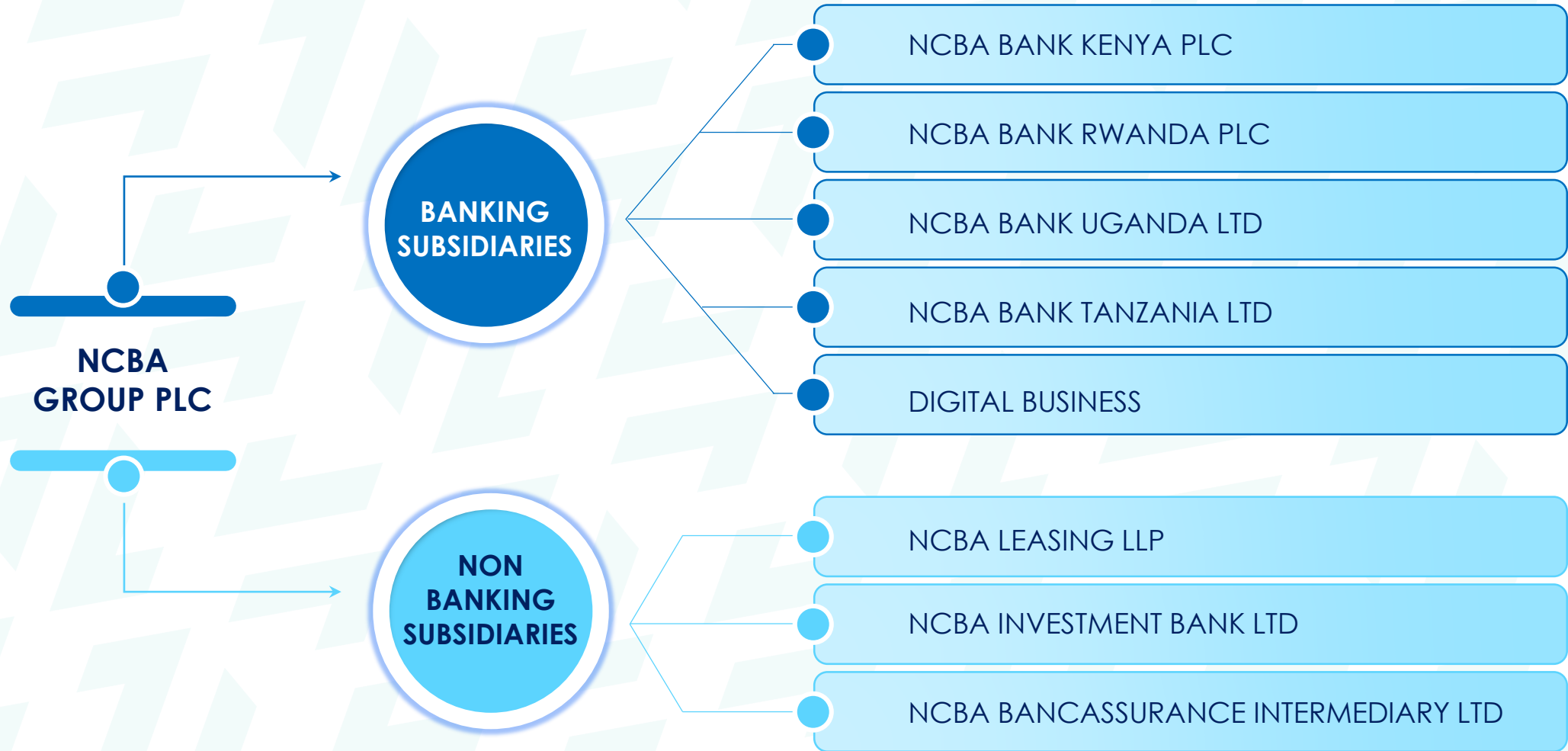
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Our Group Structure



Welcome to the bank that says go for it, Welcome to the bank that banks on your ambition, Welcome to NCBA

Our Purpose

To be the **Financial Partner** that Inspires your Growth

Our Values

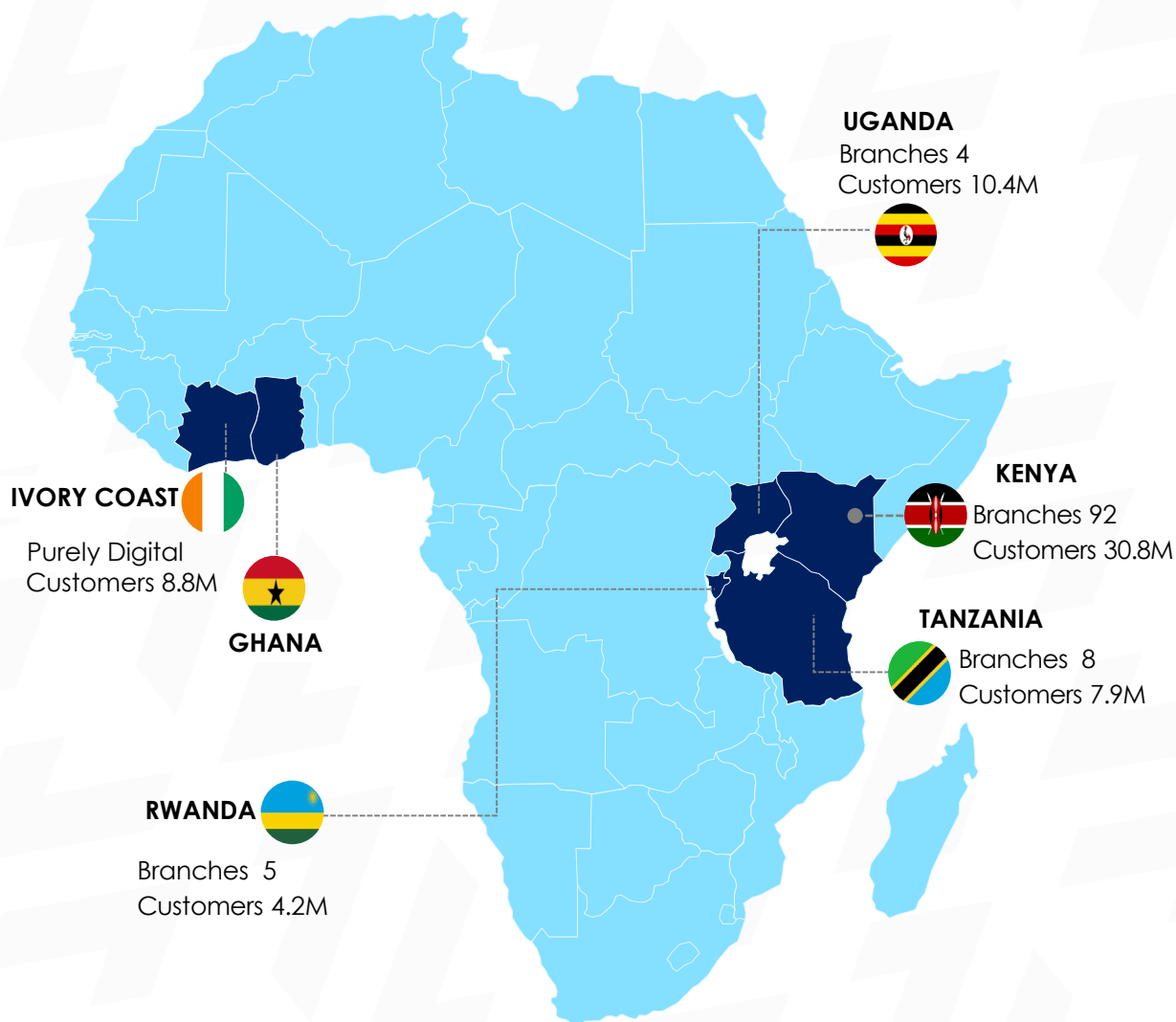
We are **Driven**, **Open**, **Responsive** and **Trusted**

Our Customer Promise

- We **Know** You
- We **Back** You
- We **Wow** You

- At NCBA, our customers are at the **heart** of **everything we do**;
- We are **driven** by our **promise** to offer exceptional innovative products and services that are tailored to our **customers' specific needs**;
- From personal banking products to scalable business banking solutions that grow as your business does

Our Regional Footprint




+3,000 Staff


109 Branches


>60M Customers

Banking Business

KES
100Bn
Capital
~USD 637M

KES
579Bn
Deposits
~USD 4B

KES
370Bn
Lending
~USD 2B

KES **930Bn**
Digital Disbursements
~USD 6B

Non-Banking Business

KES **52Bn**
AUM
~USD 331M

KES **3Bn**
Insurance Premium
~USD 19M

KES **5Bn**
Leased Assets
~USD 32M

Awards & Accolades



Brand and Customer Experience

- **Top 25, Most Influential CEOs Impacting Business, John Gachora** – Business Monthly Magazine
- **Winner, Best Customer Experience Strategy** – Institute of Customer Experience
- **Winner, Best Customer Service Week Innovation** – Institute of Customer Experience



ESG

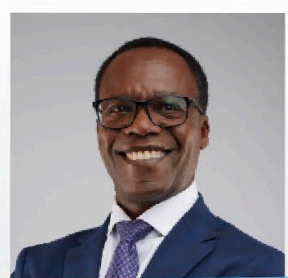
- **Best Bank Corporate Governance** - Institute of Corporate Governance of Uganda
- **Gold Seal Certification in Gender Equality** - Prime Minister's Gender Monitoring Office (Rwanda)
- **Sustainability Signatories** - UN Global Compact



Business Units Recognition

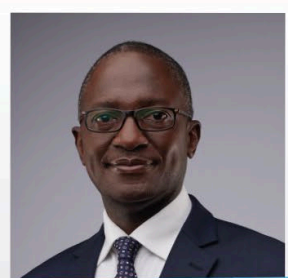
- **Winner, Private Sector Legal Department of the Year** - Nairobi Legal Awards
- **Best Digital Bank in Tanzania** - Global Banking and Finance Review
- **Winner, Company Secretary of the Year** - The Institute of Certified Public Secretaries of Kenya

We are led by an exceptional team which has demonstrated resilience in managing our business



John Gachora

Group Managing Director



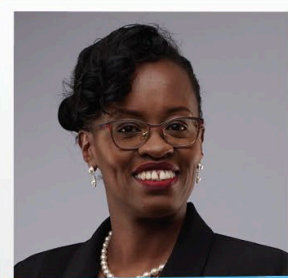
David Abwoga

Group Director, Finance



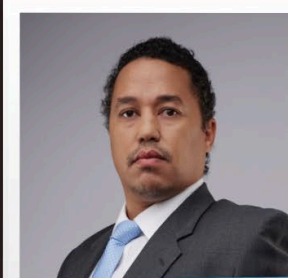
Kathryne Maundu

Group Company Secretary



Monicah Kihia

Group Director,
Human Resources & Culture



Tim Armitage

Group Director,
Risk & Controls



Louisa Wandabwa

Director of Strategy
& Chief of Staff



Lennox Mugambi

Group Director,
Asset Finance & Business
Solutions



Eric Muriuki

Group Director,
Digital Business



Tirus Mwithiga

Group Director,
Retail Banking



Pauline Ndote

Group Director,
Credit Risk Management



Gift Shoko

Group Director,
Regional Business



Nelly Wainaina

Group Director,
Marketing, Communication
& Citizenship

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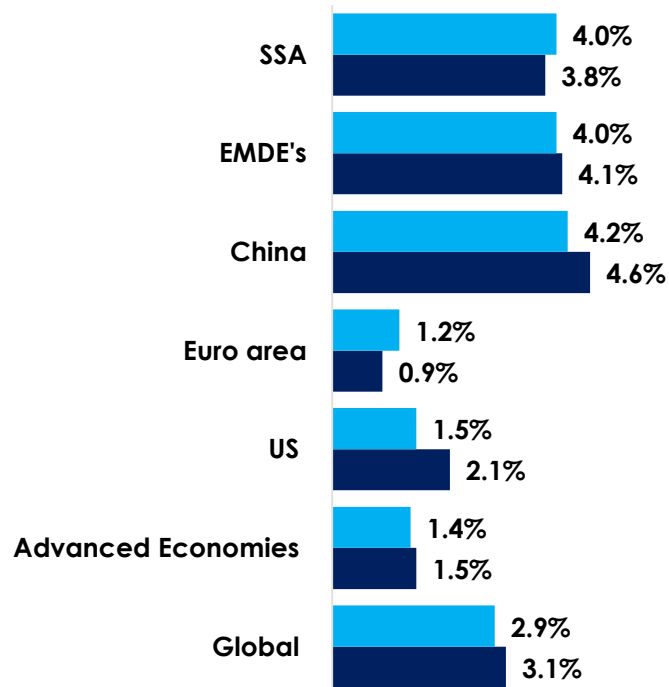
2024 GUIDANCE <

Global economic growth is forecasted at 3.1% in 2024 reflecting uncertainty in geopolitics, China's growth trajectory and US economic resilience

1 Accelerating global growth expectations

IMF World Economic Outlook

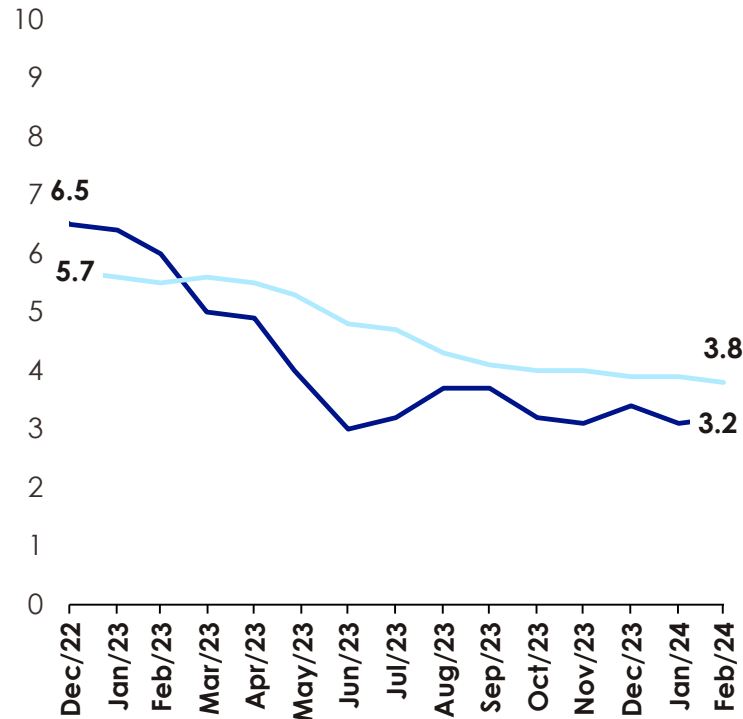
■ 2024f(Oct-23) ■ 2024f(Jan-24)



2 Receding inflationary expectations

US Inflation, %

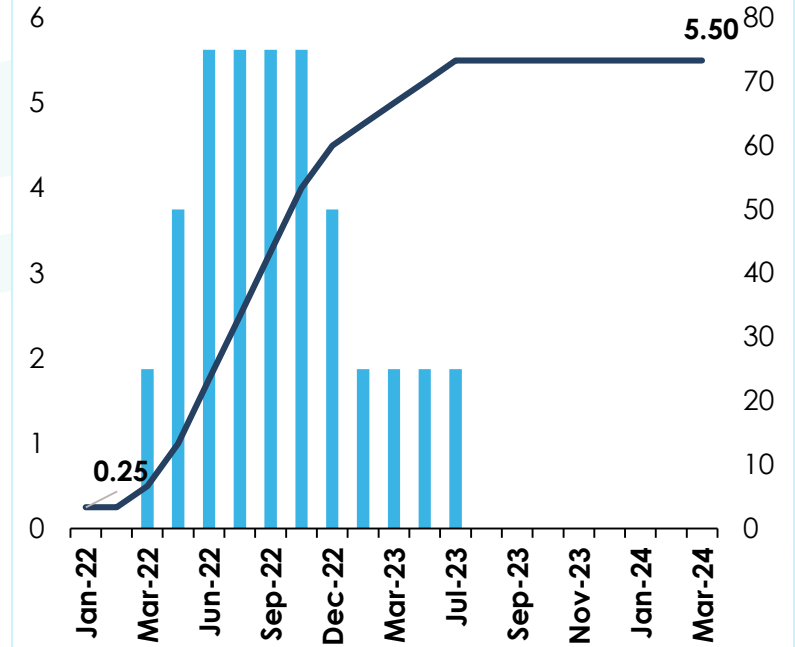
— US Headline Inflation - % — US Core CPI - %



3 End of monetary tightening cycle

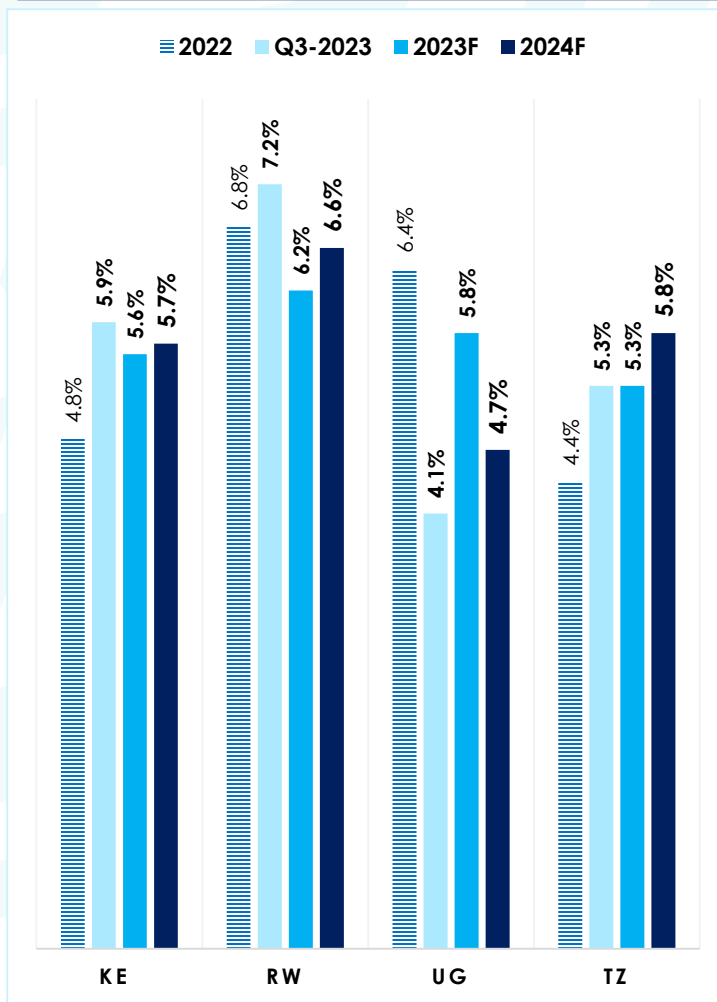
US Federal Reserve Monetary Policy Tightening

■ Level of Tightening (bps) — Fed Rate (Upper Band) - %

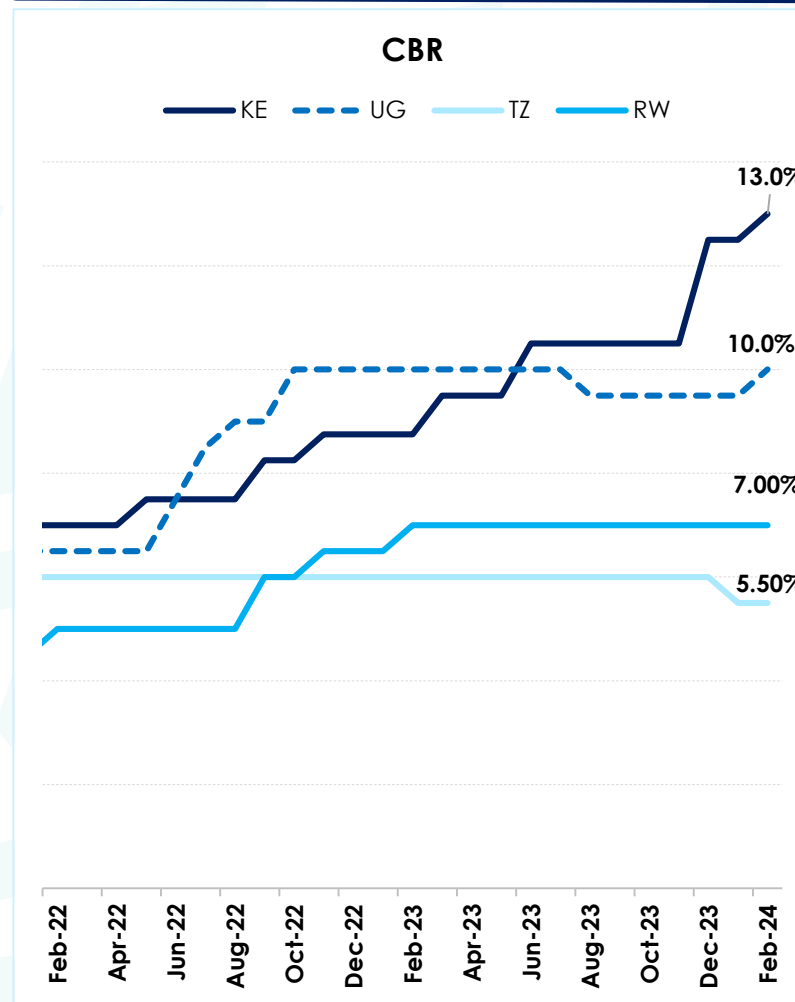


Our banking business markets remain resilient to both global and domestic challenges

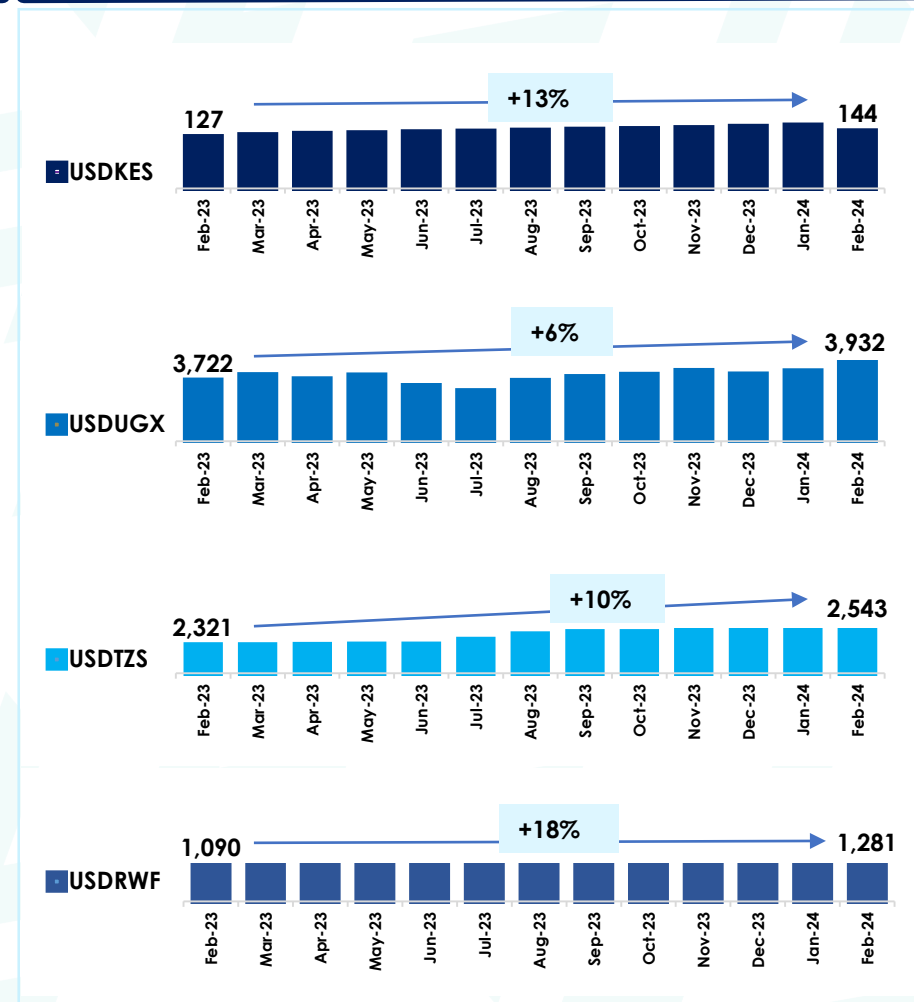
1 Divergent growth forecasts



2 Policy rate hikes in Kenya and UG



3 Regional currency depreciation



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Our strategy continues to deliver with all our metrics in line with targets, with our Group ROAE registering at 24.1%



**Become a Distinguished Brand
Known For Customer Experience**



**Scale Retail
Banking: Expand Distribution**



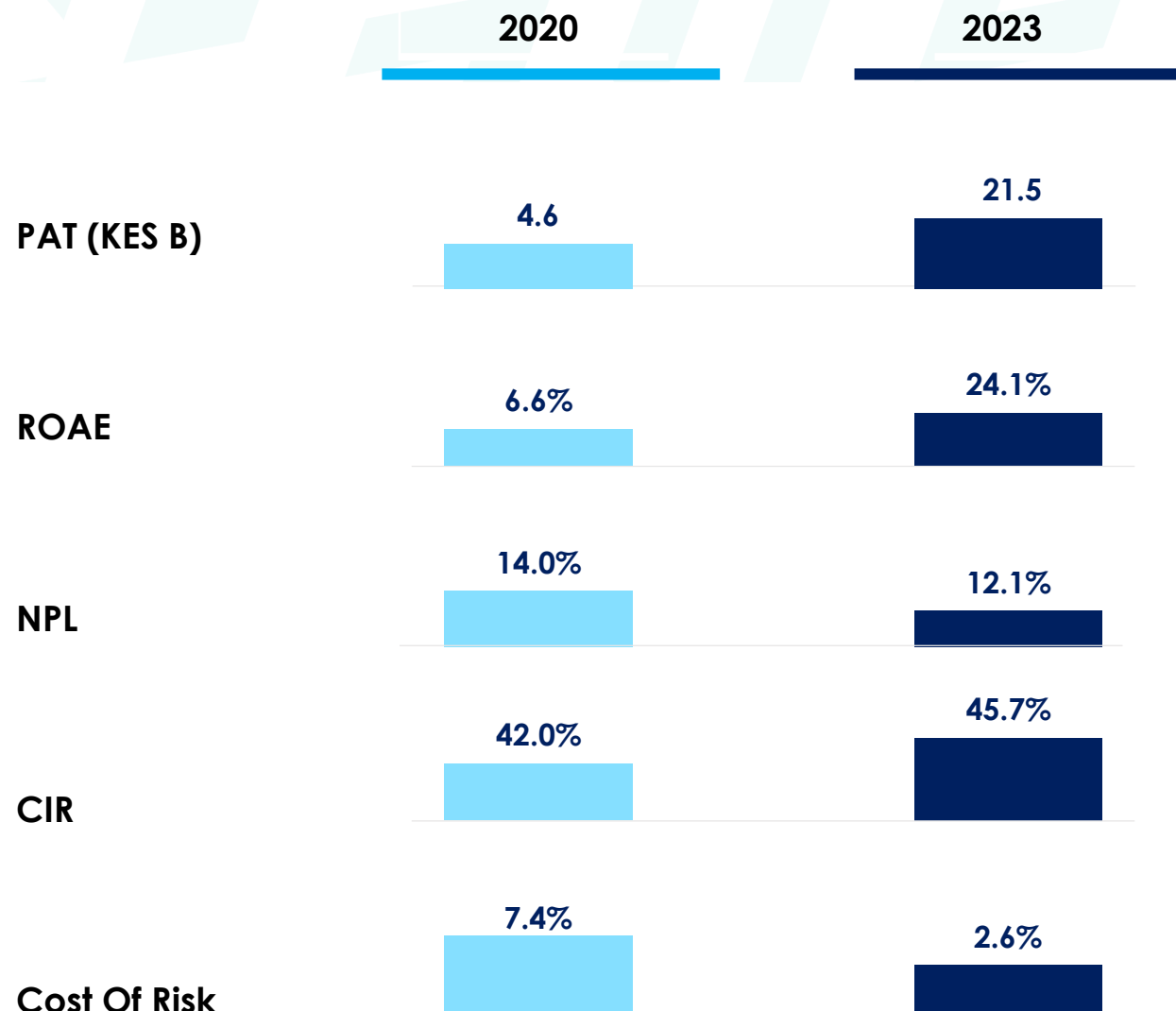
**Deepen Leadership in
Corporate Banking & Asset
Finance**



**Digital
Transformation**

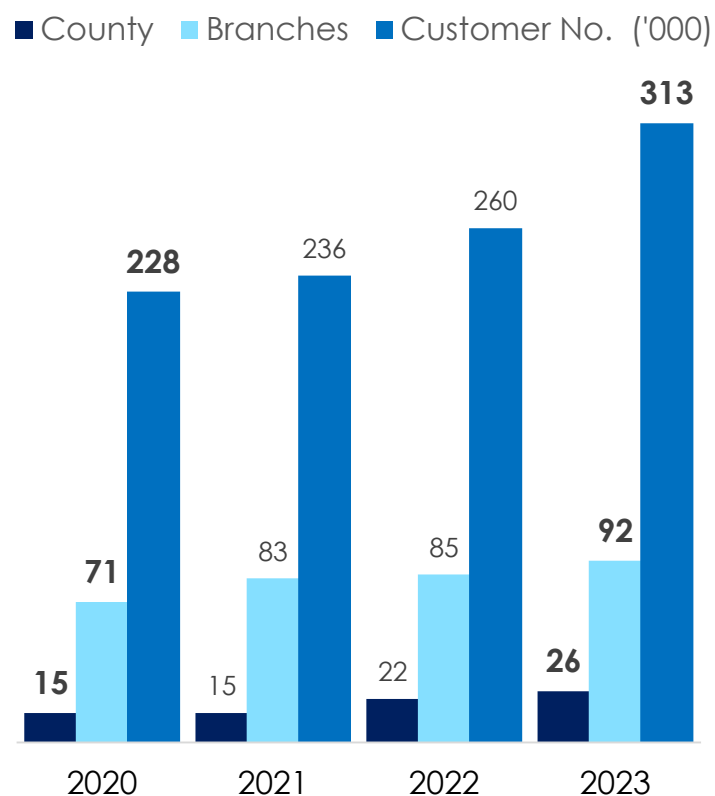


**Develop a High Performance
Employee Culture**

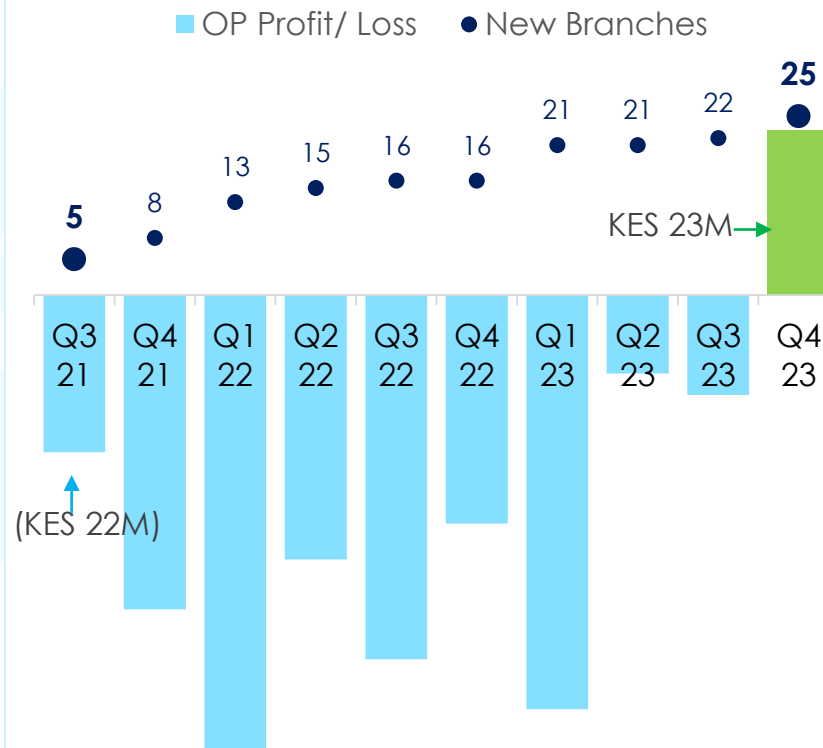


Our focus on expanding our branch footprint has grown our retail banking customer base and delivered tangible balance sheet growth

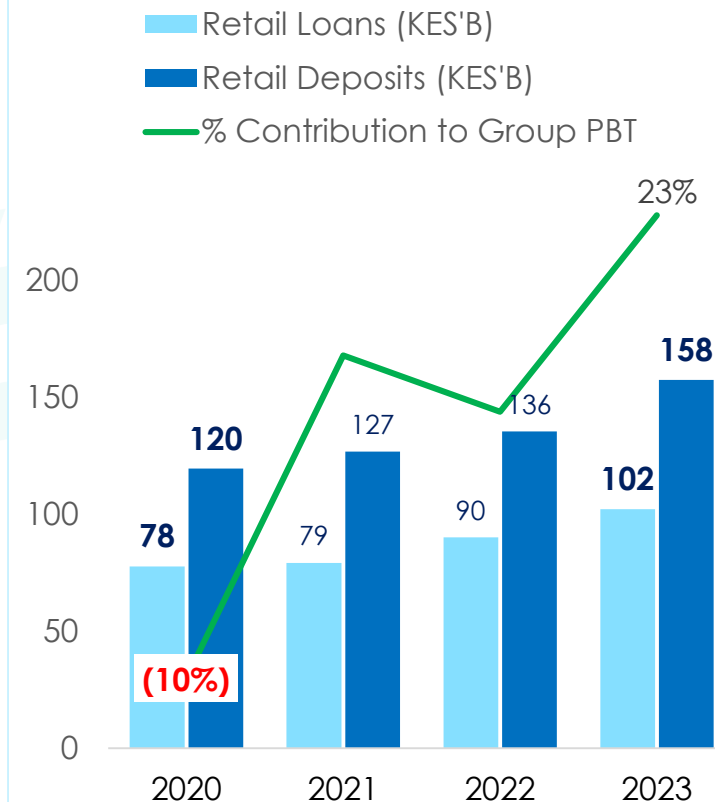
Increased our footprint in Kenya & acquired more customers...



...Our 25 new branches have collectively broken even

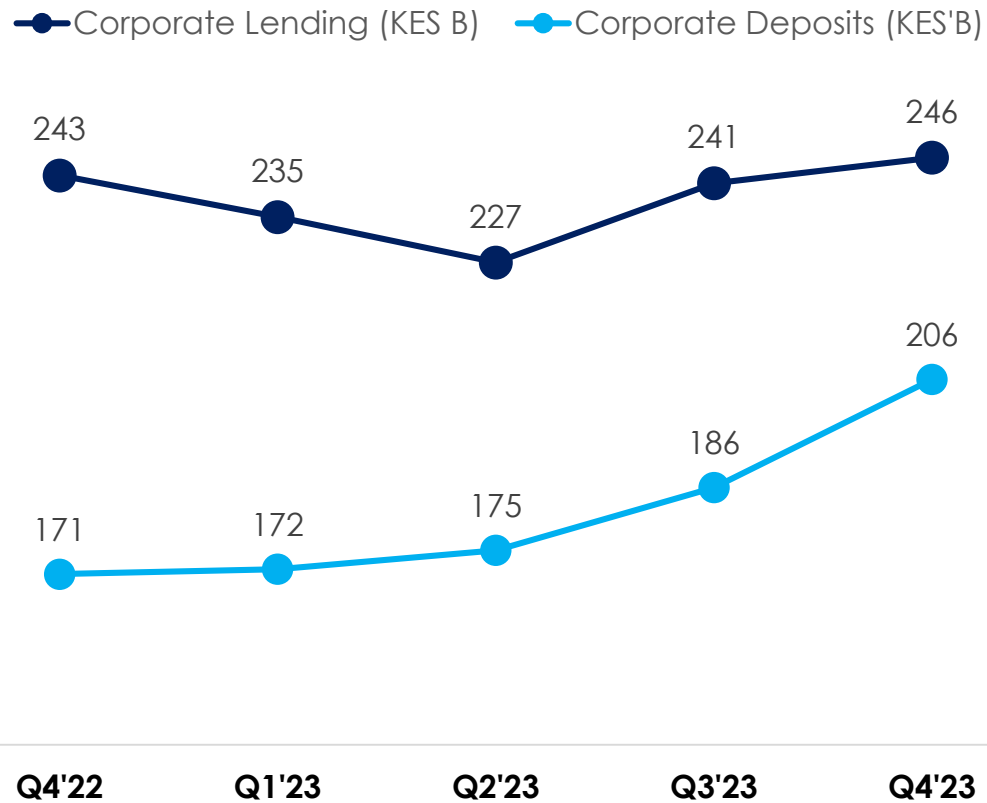


...the network effects have made our retail business a more significant contributor



We are the #2 Corporate Bank in East Africa with a substantial deposit base of KES 206B (20% YoY Growth) and growing cross border relationships

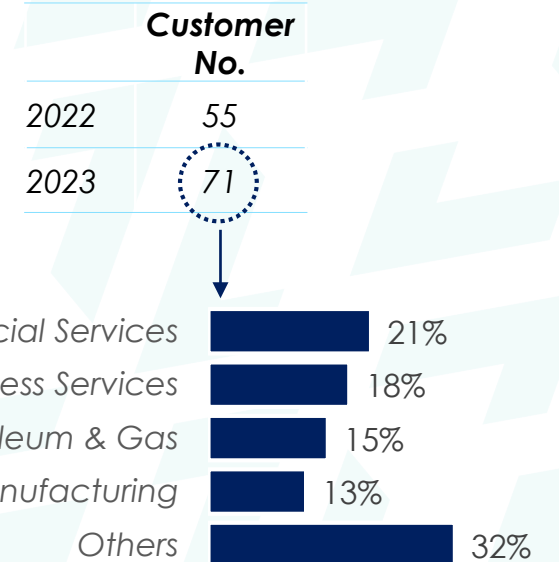
A large and growing deposit base



With impact across the East African Region



Cross Border Relationships

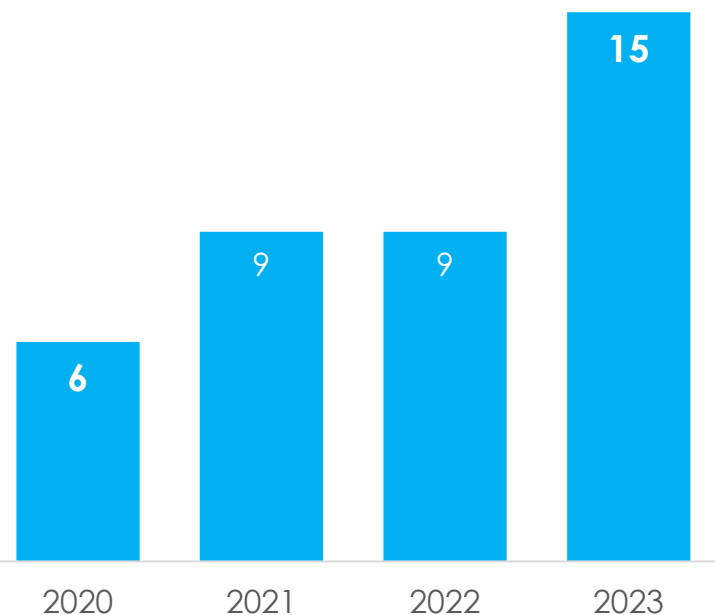


We have maintained our leadership in asset finance through innovating relentlessly and building strategic partnerships

Asset Finance Ecosystem

■ No. of Schemes ●●● Market Share

33% 33% 36% 34%



Diverse Asset Finance portfolio

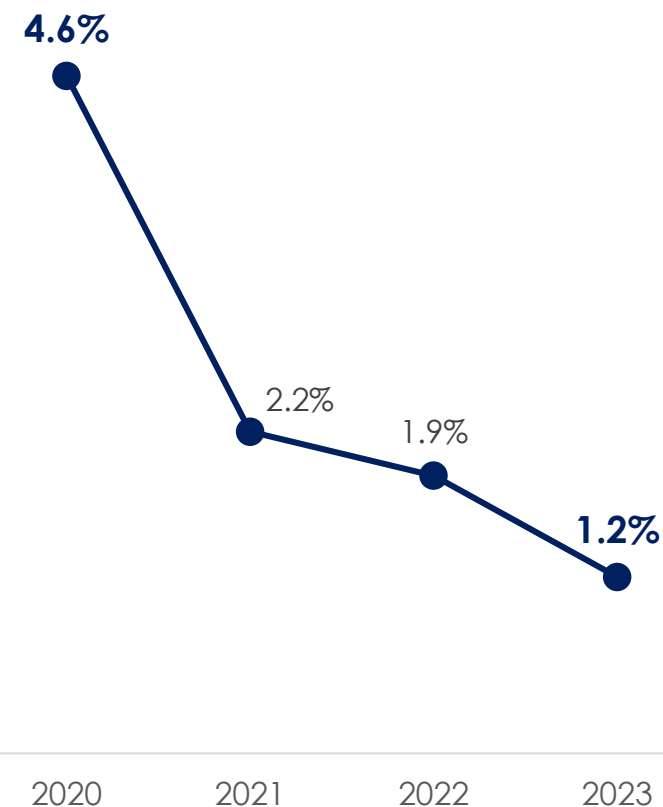
● Income (KES'B)

○ Avg. Disbursement (KES'B)



Controlled Risks

Cost of Risk



Our core bank digital investments have improved process efficiencies, reduced cost and enhanced customer experience

Modernize Our Infrastructure

Investment ~ USD 18M

- **Upgrading our IT Infrastructure Upgrade**
 - ✓ Cloud Migration
 - ✓ Data Quality Management
 - ✓ Server Upgrade
 - ✓ Patch Management Tools

Enhance our Cyber Security Protections

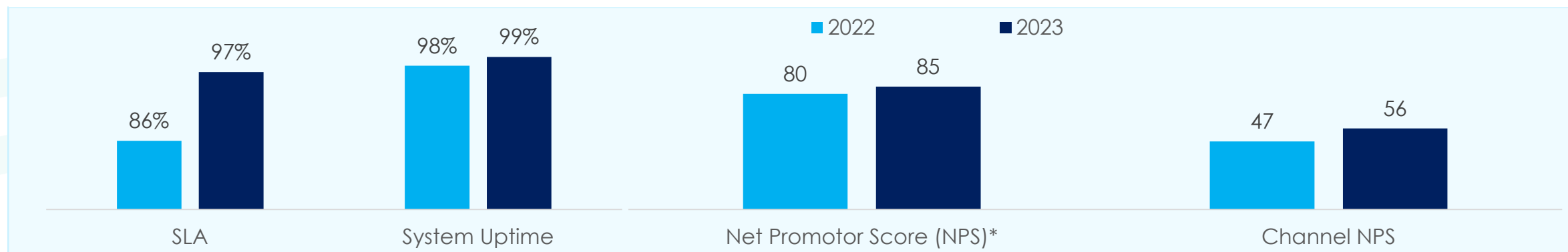
Investment ~ USD 3M

- **Enhanced protection**
 - ✓ SOC
 - ✓ Patch Management Tools
 - ✓ Security Assurance
 - ✓ Information Security Awareness Programs,
 - ✓ Vendor/ third Party Security Control
 - ✓ Data Security Controls
 - ✓ Fraud management system Firewalls

Deliver an Improved Customer Experience

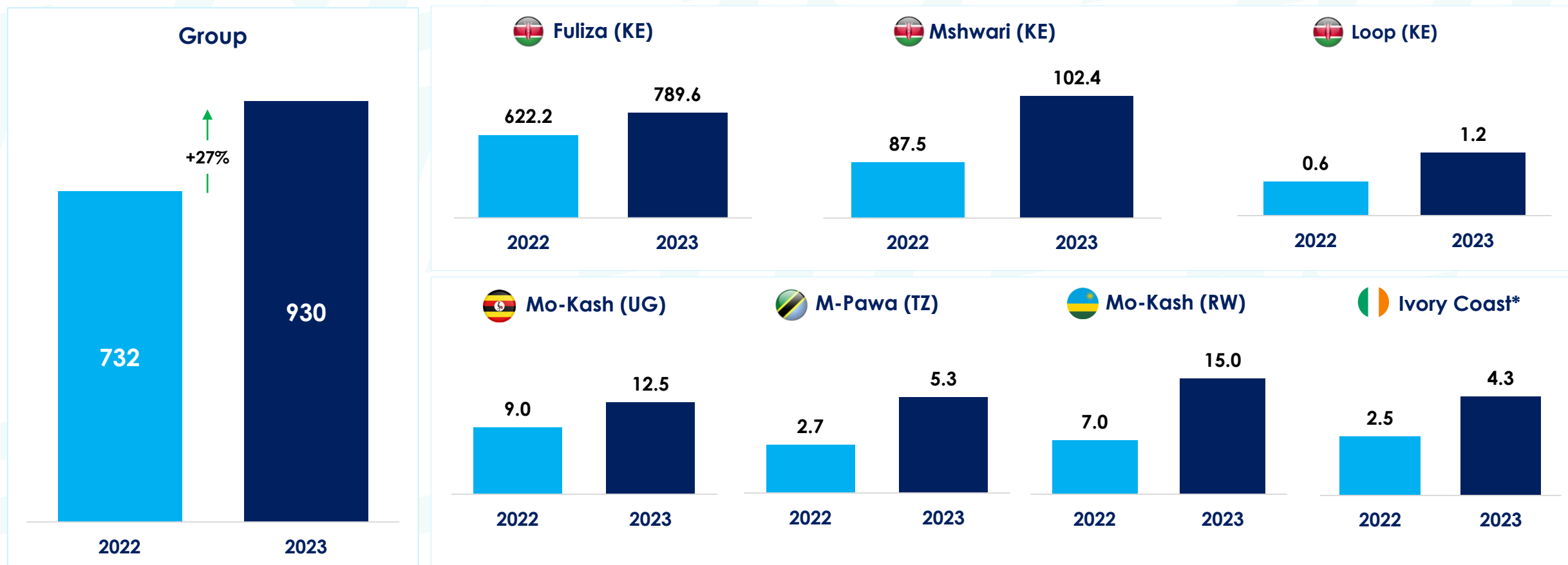
Investment ~ USD 10M

- New Retail Internet Banking & Corporate Internet Banking platform
- Leasing LLP Automation
- **Awards & Accolades**
 - 🏆 **Ranked** as a Market leader in Corporate Banking, **CSR & Digital Solutions by Euromoney Market Leaders**
 - 🏆 2nd Runners Up: **Best Use of Technology** at the **ICX Awards**.
 - 🏆 1st : **Best Customer Experience Strategy**,
 - 🏆 1st: **Best Customer Service Week Innovation**,



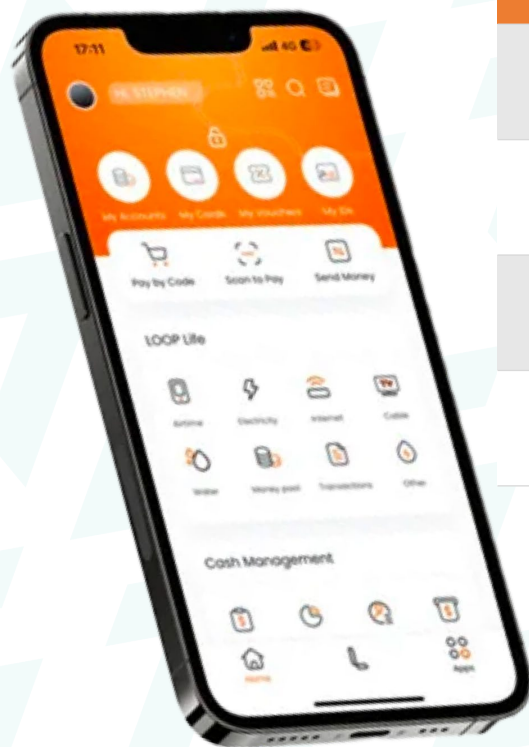
Our investment in Digital Banking enabled us to disburse KES 930Bn digitally in 2023 (up 27% YoY), supporting our financial inclusion agenda and diversifying our customer base across Sub Saharan Africa

Evolution of digital disbursements (KES B)



*Investment in Associate: Bridge Micro Finance

Leveraging on our heritage in digital payments, we launched our LOOP Super App, delivering unparalleled features for merchants and consumers backed by strong comparative unit economics



	2022	2023	Market Leader
Buyers Count	269,000	304,000	32,100,000
Merchants Count	-	10,000	252,000
Payment ARPU (\$)	20	20	2.1*
Credit ARPU (\$)	118	200	0.2*

* Figures from recently published full year financial statements

We launched our Sustainability agenda and are on course to implement our 'Change The Story' Commitments



Our Environmental, Social & Governance (ESG) Mandate

Our Pillars

1. Minimize Our Direct Impact On the Climate and Amplify Our Tree Planting Program
2. Ignite Our Customers Transition to a Low Carbon Operating Model
3. Mitigate the Impact of Climate Related Risks to Our Long Term Performance
4. Enhance the Impact of our Community Engagement Model
5. Optimize our Corporate Governance



Scaling Our Impact...

- ✓ **344K** Cumulative trees Planted
- ✓ **34%** Waste recycled at HQs and pilot branches
- ✓ **76.3%** Reduction in plastic used in gifting
- ✓ **KES 2B EV** Loan Portfolio
- ✓ **4 EV Charging Stations** installed (3 Nairobi & 1 Kigali)
- ✓ **100+** Scholarships offered (KES 12 M)
- ✓ **7000+** Players from NCBA Golf Series & Golf Activations Golfers
- ✓ **3000+** NCBA Staff upskilled
- ✓ **3000+ Women** and **Youth mentored**
- ✓ **5000+** Families benefitted

We have signed a USD 50M facility with Proparco to mobilize funding towards sustainable financing

Our 2030 Commitment

We will support the Climate Transition by mobilizing KES 30Bn in sustainable financing by 2030



40%
Green Projects

30%
Women Related Projects

30%
SME Projects

NCBA inks Sh6.75b deal with French firm to finance SMEs

Enterprise | By Sofia Ali | Mar 30, 2024

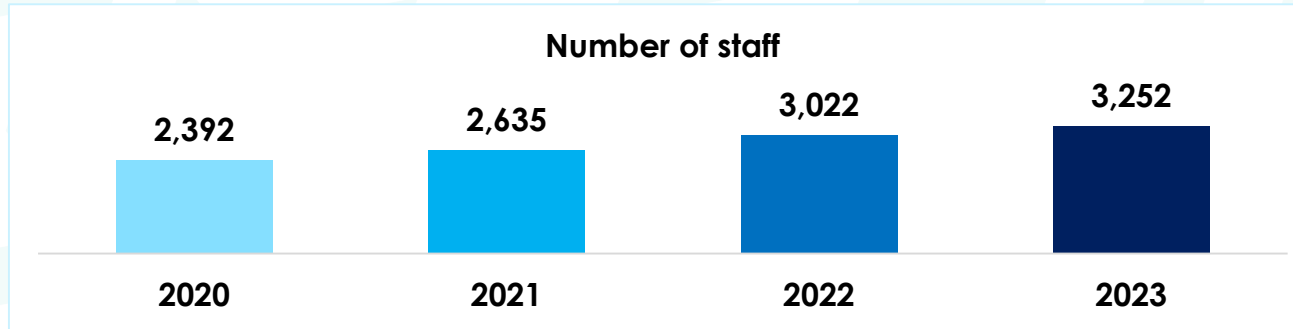


NCBA Group MD, John Gachora and Regional Head of Proparco, East Africa, Audrey Maignan shake hands on USD 50m partnership deal as Ambassador of France to Kenya and Somalia H.E. Arnaud Suquet and NCBA Group Chairman, James Ndegwa look on at Serena Hotel, Nairobi. [Courtesy NCBA, Standard]

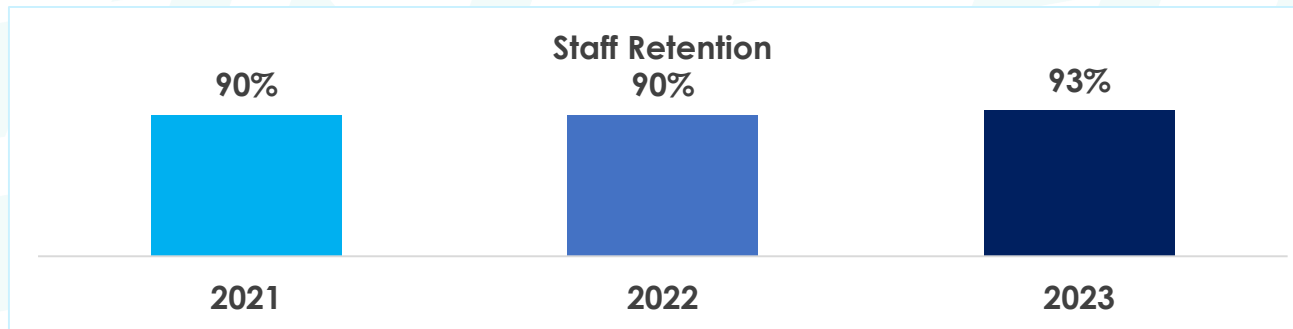
Women-led small and medium enterprises (SME's) are set to benefit from a Sh6.5 million deal between NCBA Bank and Proparco, a French firm. The lender will offer up to 60 per cent of the funding to SMEs, mostly women-led businesses and 40 per cent towards green financing.

We have maintained a high-performance culture, with high levels of employee satisfaction, positioning us as an employee of choice

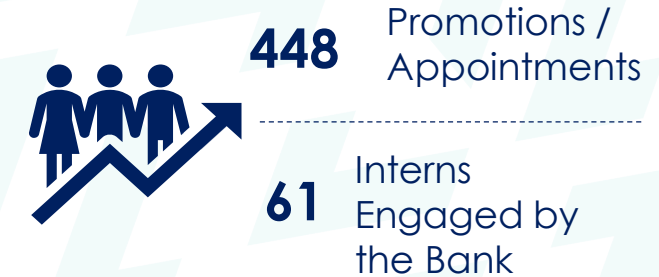
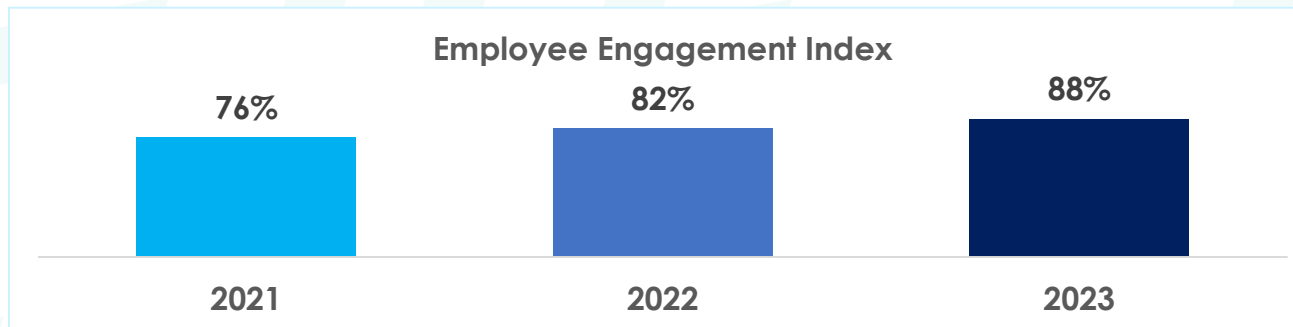
We have grown our staff compliment...



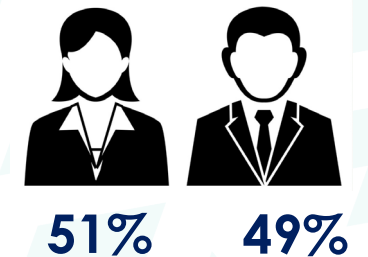
...and invested in growth opportunities



...which has enhanced employee morale and cemented our position as a great place to work



Gender Split



Our announced acquisition of AIG Kenya Insurance is on track and is underpinned by 4 strategic

01

Universal Business Model

- Full service financial group in 6 markets
- >60M banking customers

02

Scale Distribution

- >100 branches across Kenya
- >200 Relationship Managers

03

Own Motor Ecosystem

- #1 Asset Finance Provider
- #2 Corporate Bank in Kenya

04

Digitize Insurance

- #1 Digital micro lender
- LOOP Marketplace integration

We identified five key thematic areas of focus for the year 2023

Thematic Area	Objective
Balance Sheet Optimization	<ul style="list-style-type: none">Enhance the value generated from our substantial balance sheet
Customer Growth	<ul style="list-style-type: none">Increase the number of customers we attract and retain across NCBA
Controls	<ul style="list-style-type: none">Embed the right risk culture and routines to secure our business operationsEnhance Credit Risk Monitoring
Subsidiaries Contribution	<ul style="list-style-type: none">Diversify our revenue sources and increase the bottom line contribution of all our business lines
Sustainability	<ul style="list-style-type: none">Define our sustainability agenda and begin to retool our business



**Grow
Shareholders
Returns**

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Our diversified business model continues to demonstrate growth and resilience, with strong contribution from our regional banking subsidiaries YoY

Amount in KES Millions(PBT)

Core Banking Subsidiaries

	2022	%Δ	2023
Kenya	18,112	+5%	19,107
Tanzania	(1,678)	>100%	432
Uganda	112	>100%	545
Rwanda	237	+40%	331
Total	16,783	+22%	20,415

Non Banking Subsidiaries

	2022	%Δ	2023
Investment Bank	382	+19%	454
Insurance Agents	160	+83%	292
Leasing LLP	104	+41%	147
Total	646	+40%	893



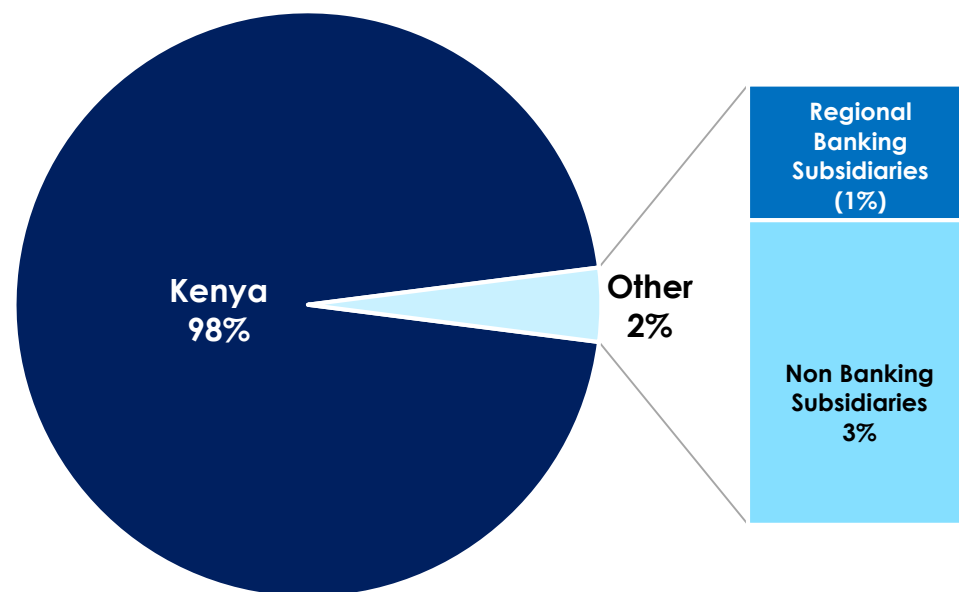
Amount in KES Millions(PBT)

Digital Banking Subsidiaries

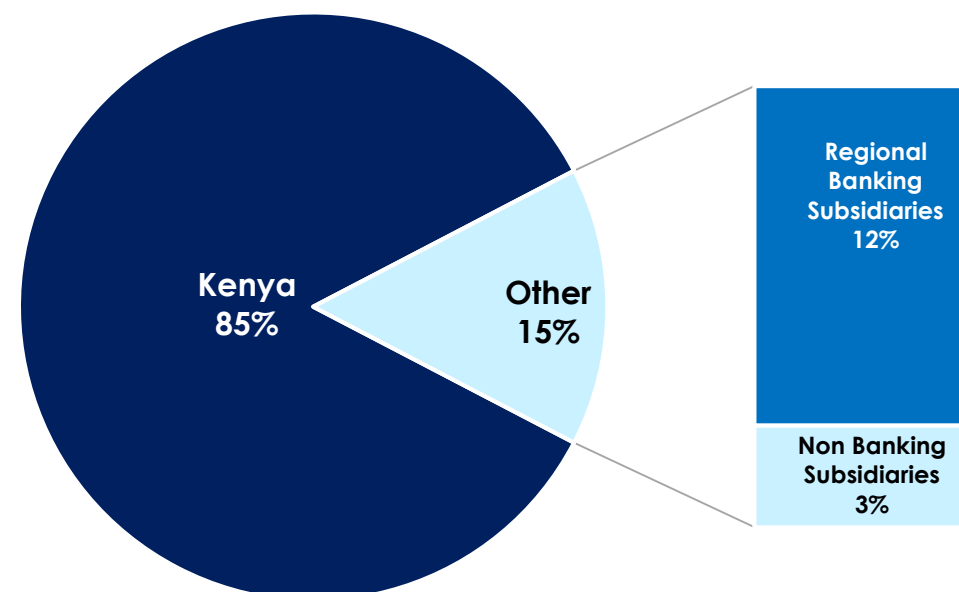
	2022	%Δ	2023
Digital Business (KE)	3,919	(34%)	2,593
Loop DFS	65	(100%)	0
Digital Ghana	(22)	+41%	(31)
M-Pawa (TZ)	113	>100%	317
Mo-Kash (UG)	614	>11%	680
Mo-Kash (RW)	315	>100%	711
Total	5,004	(15%)	4,270

Our focus on enhancing the contribution from our subsidiaries has demonstrated success with our subsidiaries contributing 15% from 2% in 2022

Contribution to Group PBT in FY 2022



Contribution to Group PBT in FY 2023



All subsidiaries across our operating markets contributed positively to growth and returns

		REVENUE	% CONTRIBUTION	EFFICIENCY	RETURNS
		TOTAL INCOME		COST TO INCOME RATIO	RETURN ON AVERAGE EQUITY
Banking Subsidiaries	NCBAK	KES 53Bn ▼ (-1%)	83%	43.3%	▲ 22.0%
	NCBAU	KES 3Bn ▲ +33%	5%	56.3%	▲ 11.3%
	NCBAT	KES 3Bn ▲ +40%	5%	69.9%	▲ 39.0%
	NCBAR	KES 3Bn ▲ +60%	4%	47.0%	▲ 21.1%
Non-Bank Subsidiaries		KES 2Bn ▲ +5%	3%	47.8%	▲ 77.2%
Group		KES 64Bn ▲ +5%		45.7%	▲ 24.1%

Our Group continues to demonstrate strong fundamentals with positive CAGR over the strategy period

Amounts in KES Bn

Balance Sheet

Income Statement

Total Assets

Customer Deposits

Gross Loans

Total Income

PBT

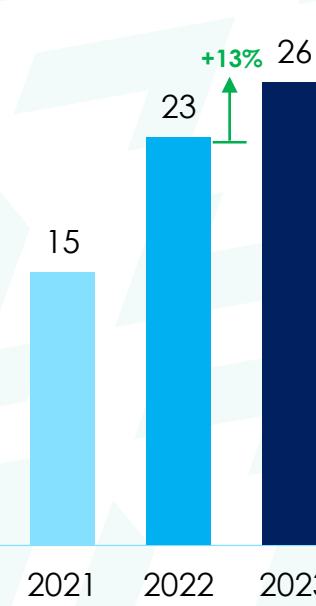
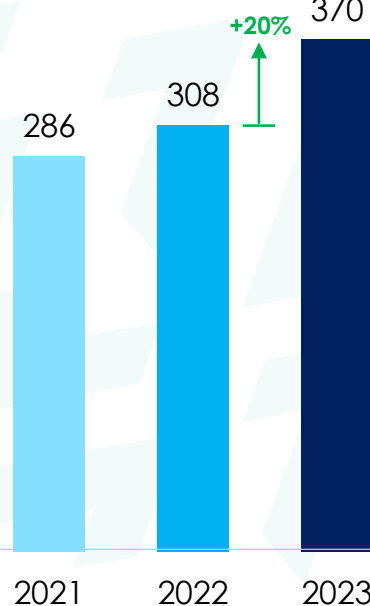
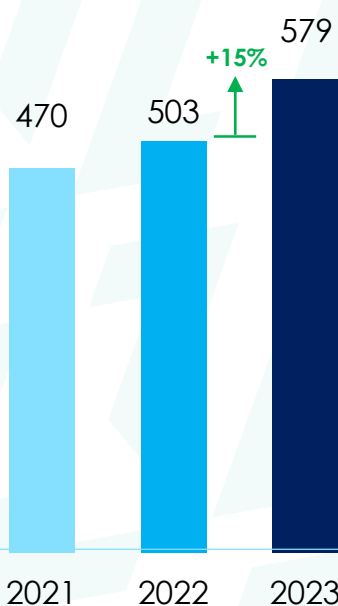
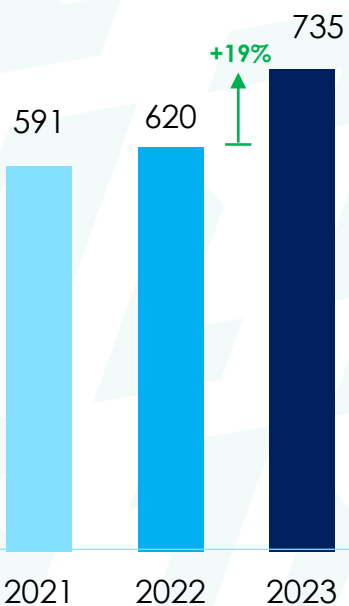
CAGR 11.5%

CAGR 11.0%

CAGR 22.9%

CAGR 13.8%

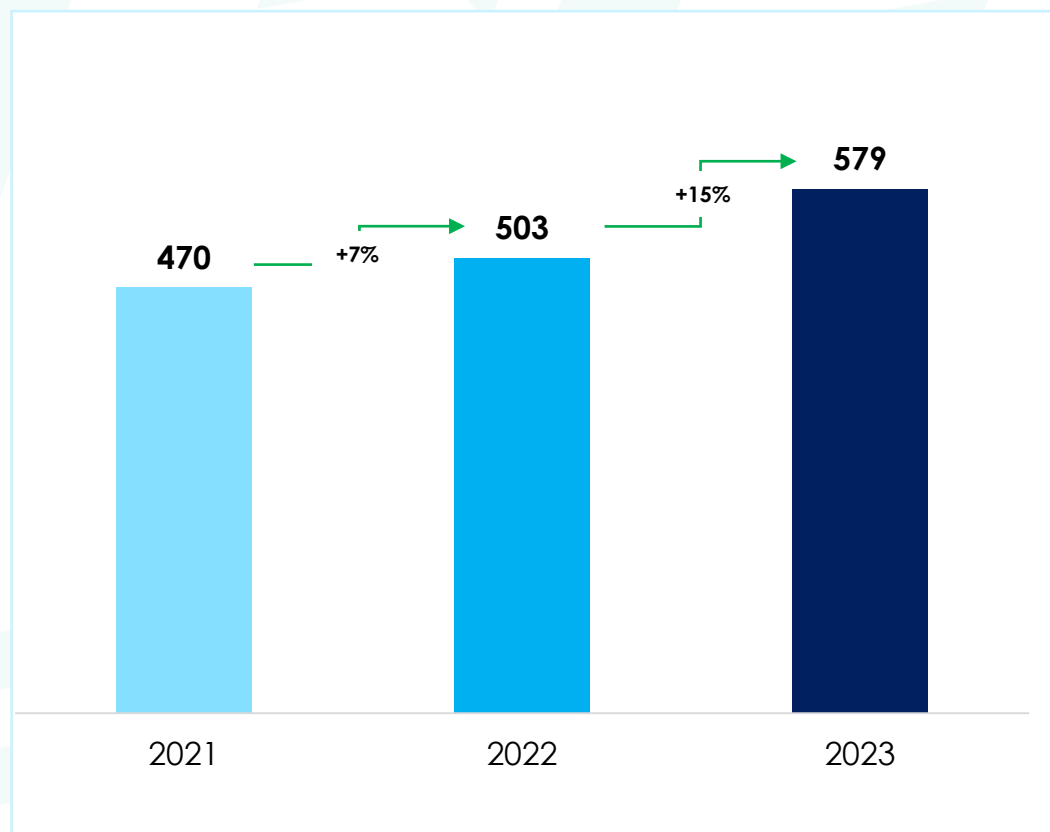
CAGR 30.3%



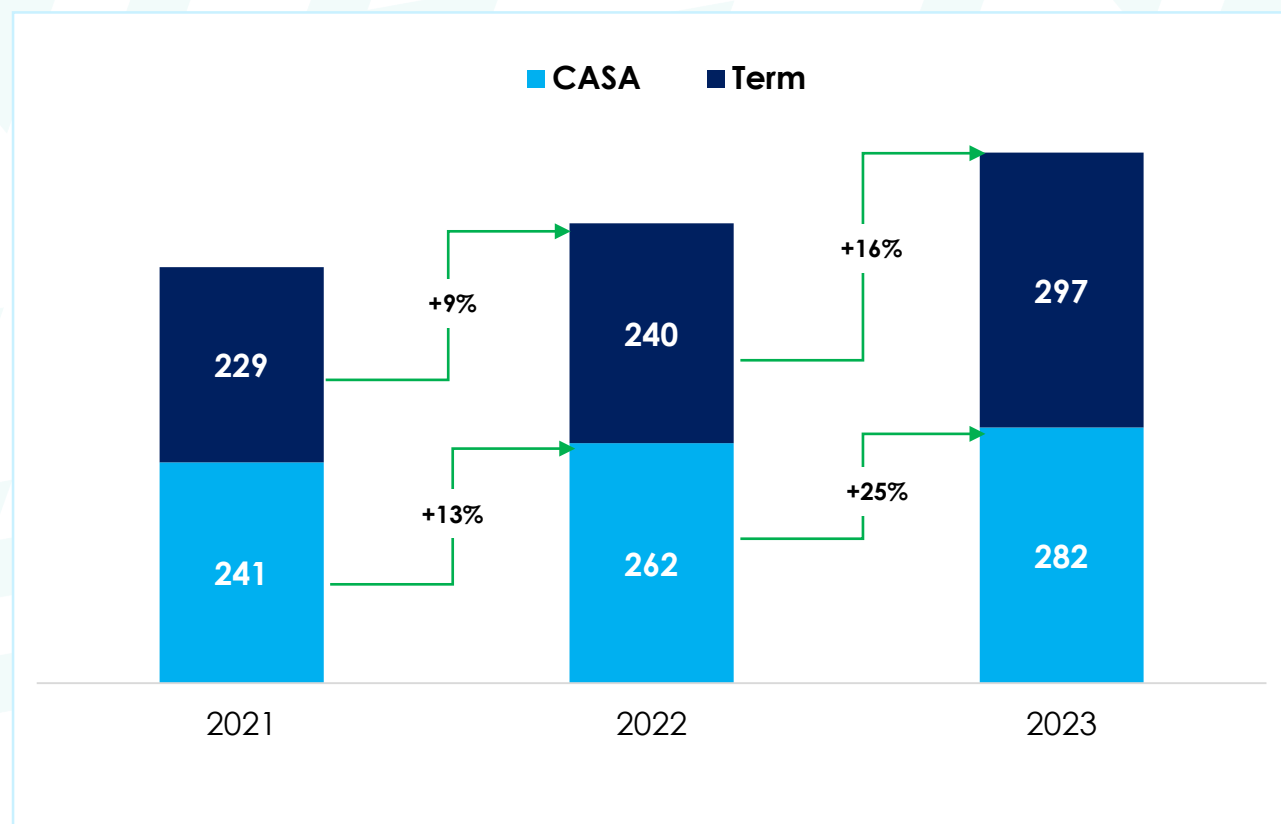
Customer growth and retention efforts are driving deposit mobilization (15% up YoY), while balance sheet optimization efforts are growing our CASA base (25% up YoY)

Amounts in KES Bn

Despite the macro economic conditions our deposits have grown by 15%

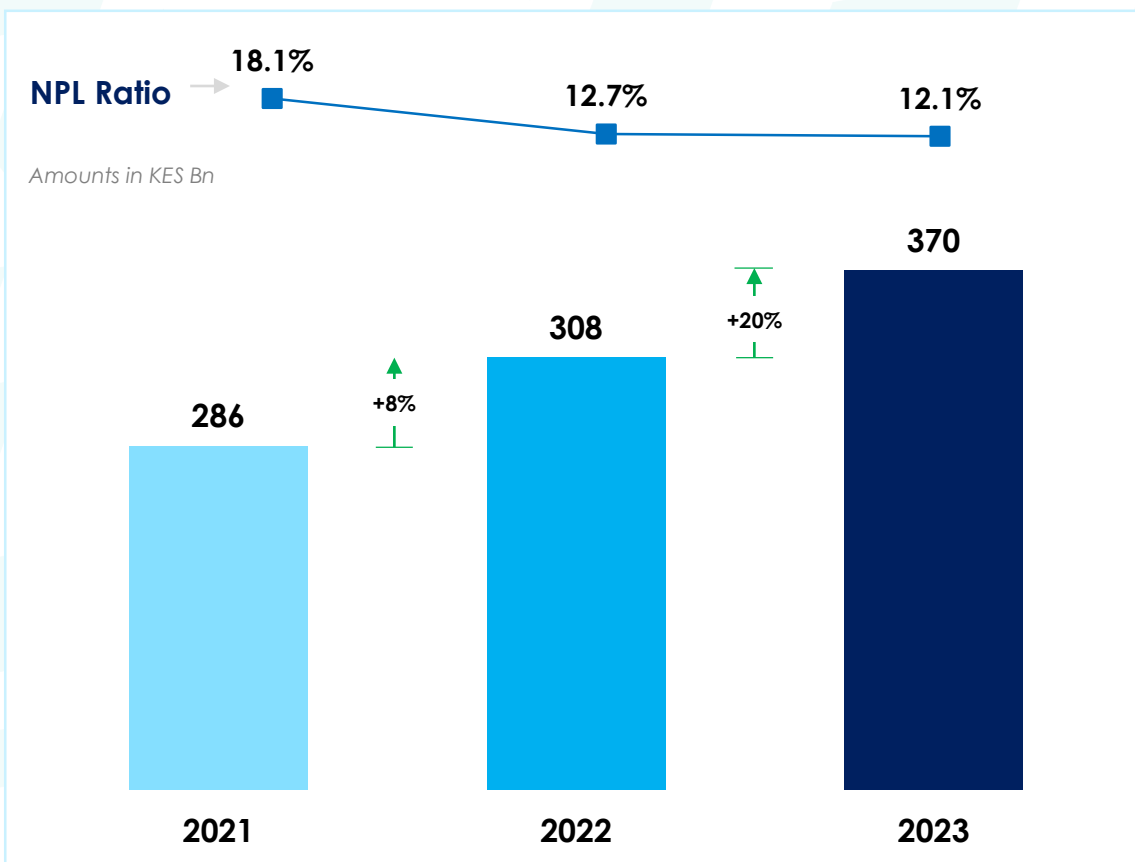


We now have KES 282Bn in CASA Deposits

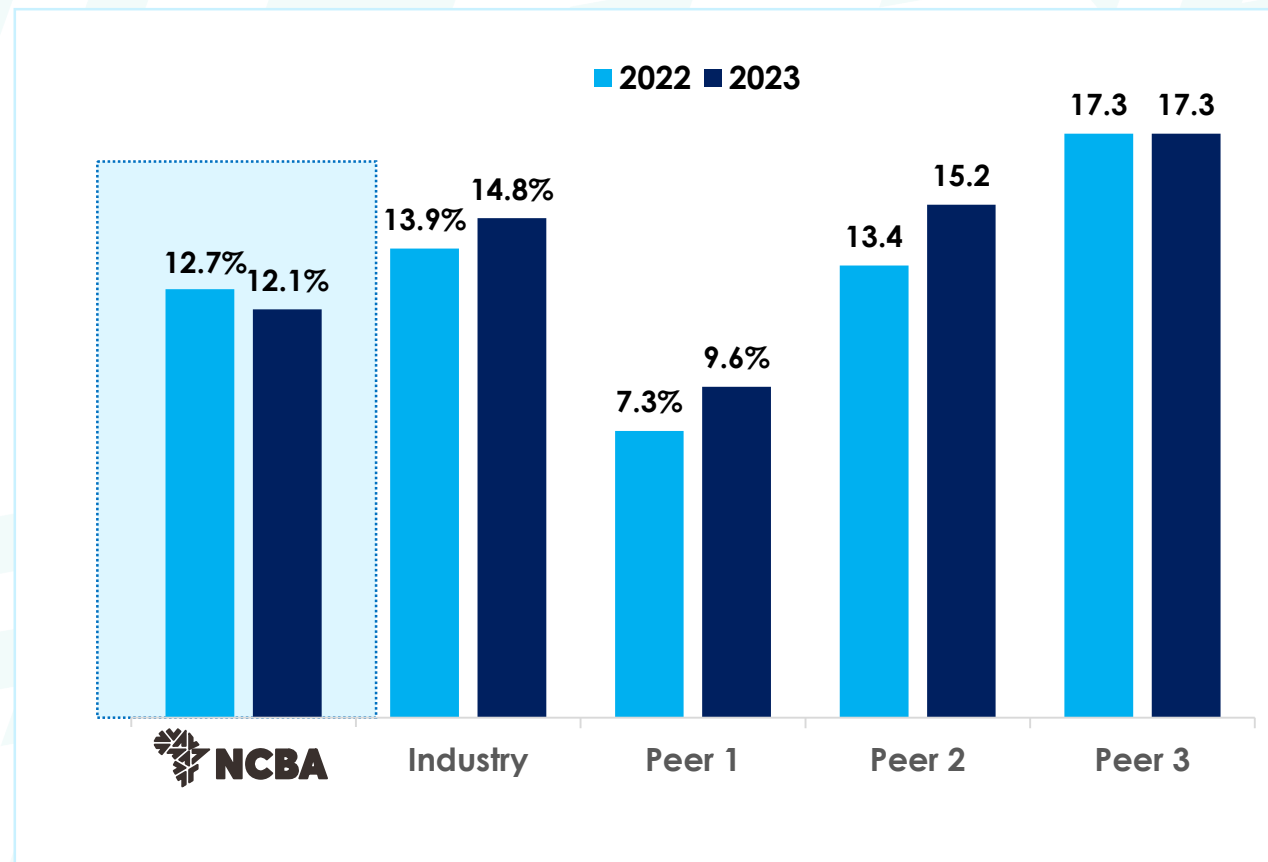


Our customer growth agenda has seen us increase our lending substantially (20% up YoY) with well controlled credit risk outcomes

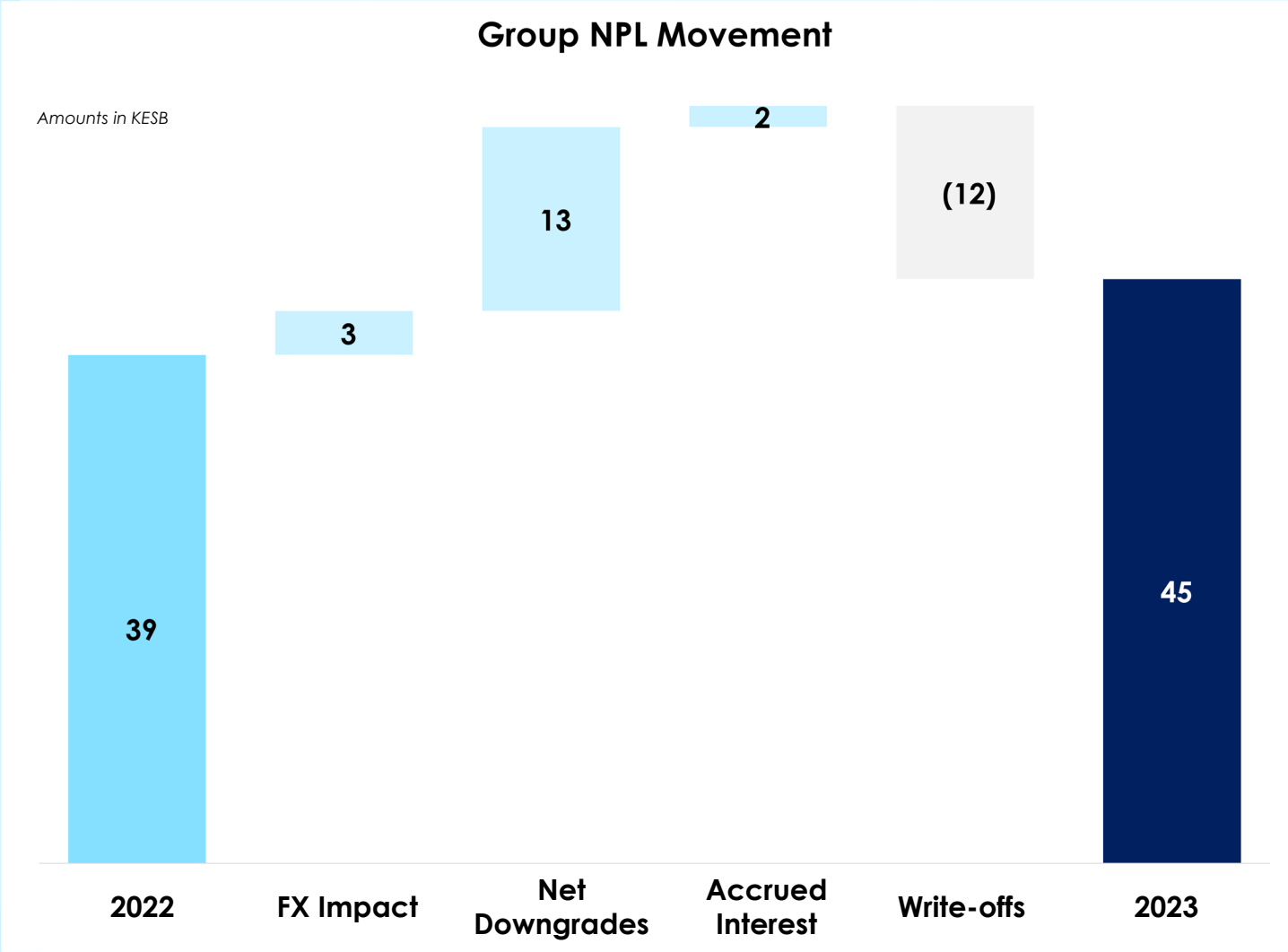
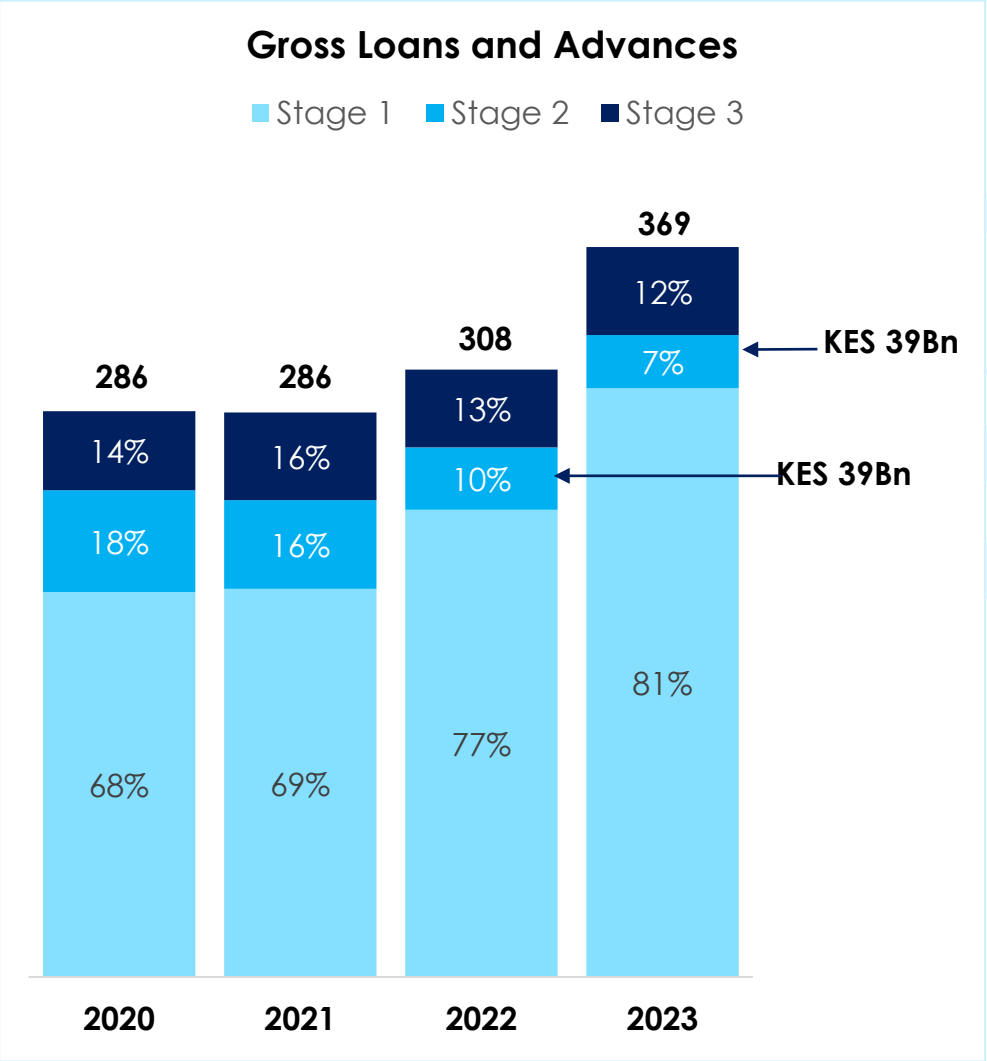
NCBA Group Gross Loans accelerated in 2023 while NPL ratio edged down.....



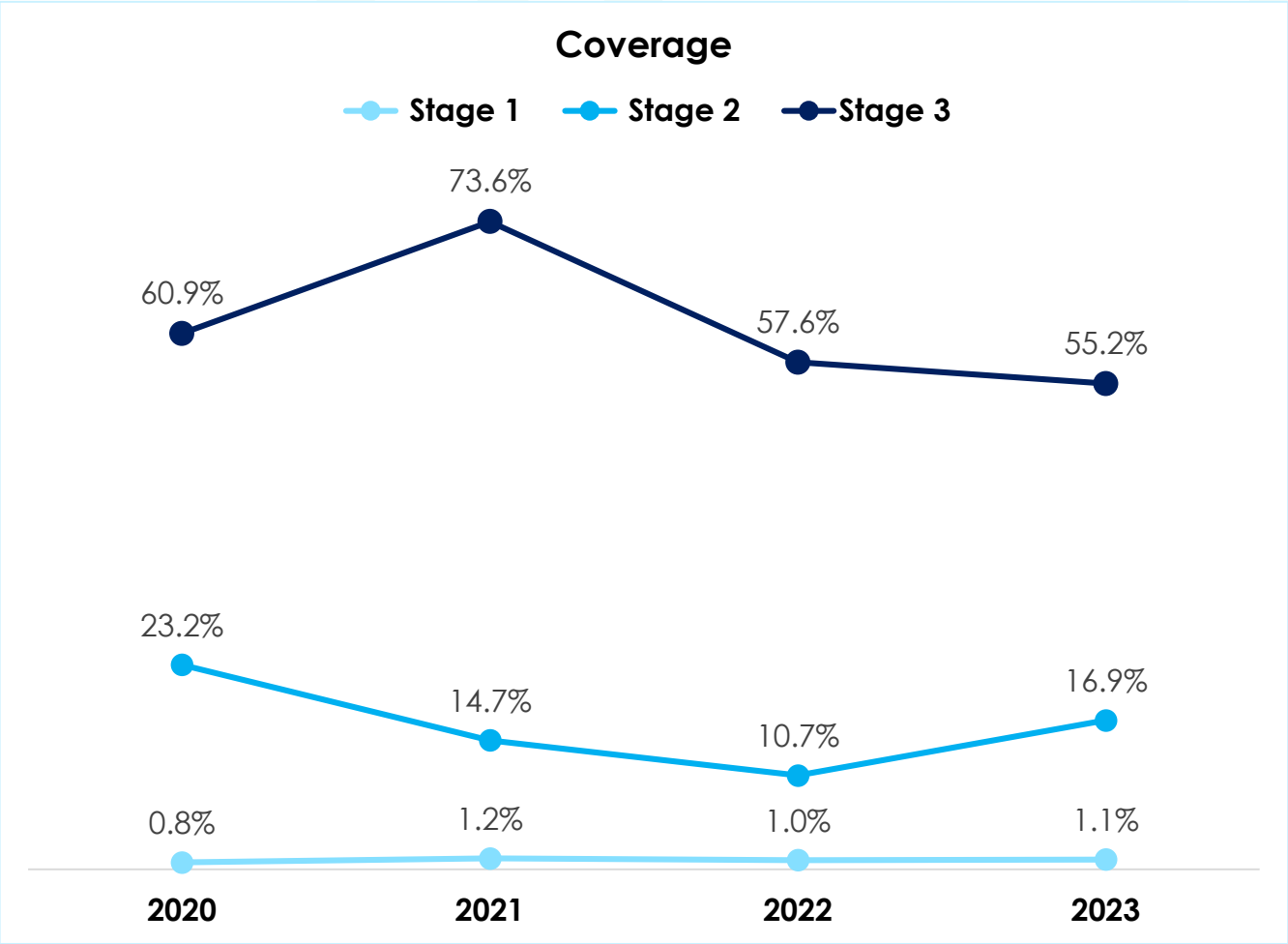
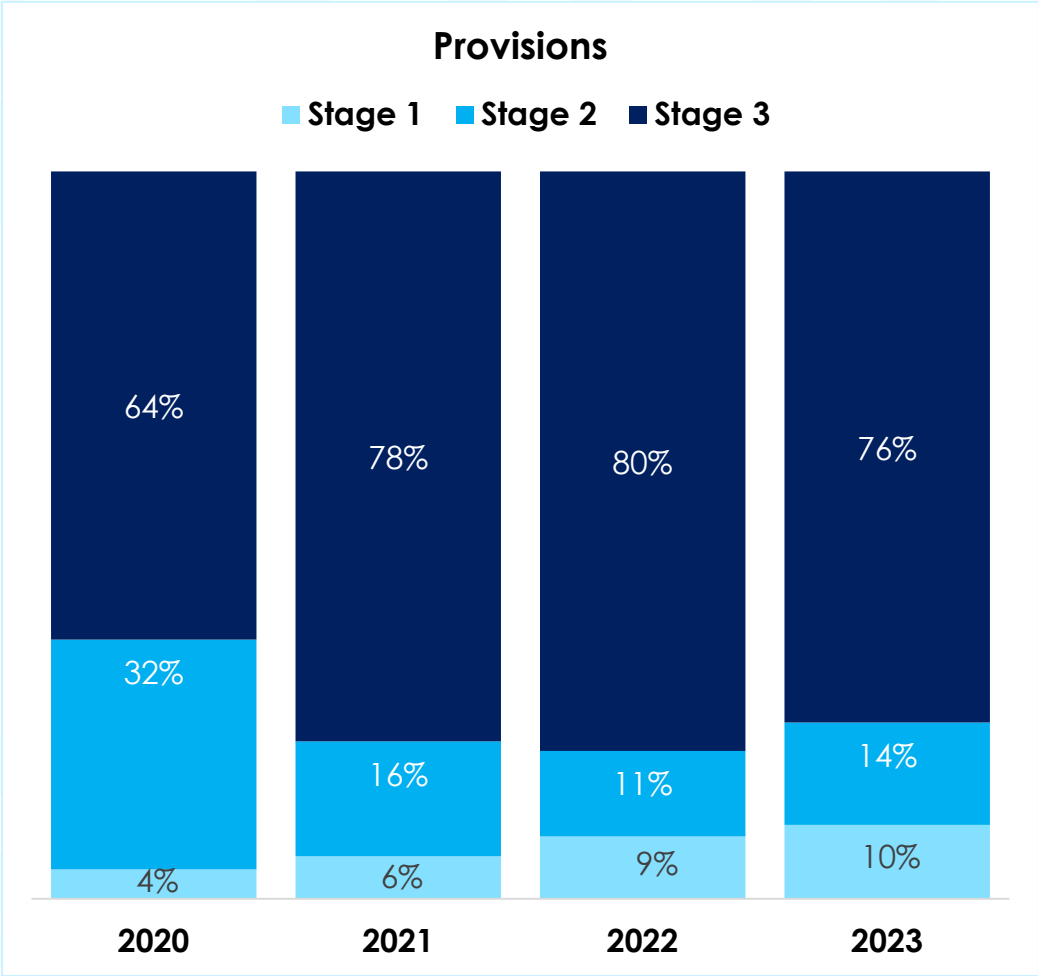
...NCBA Group credit risk outcomes continue to buck industry trends...



88% of our credit portfolio is performing and the YoY movement in NPL has been nominal



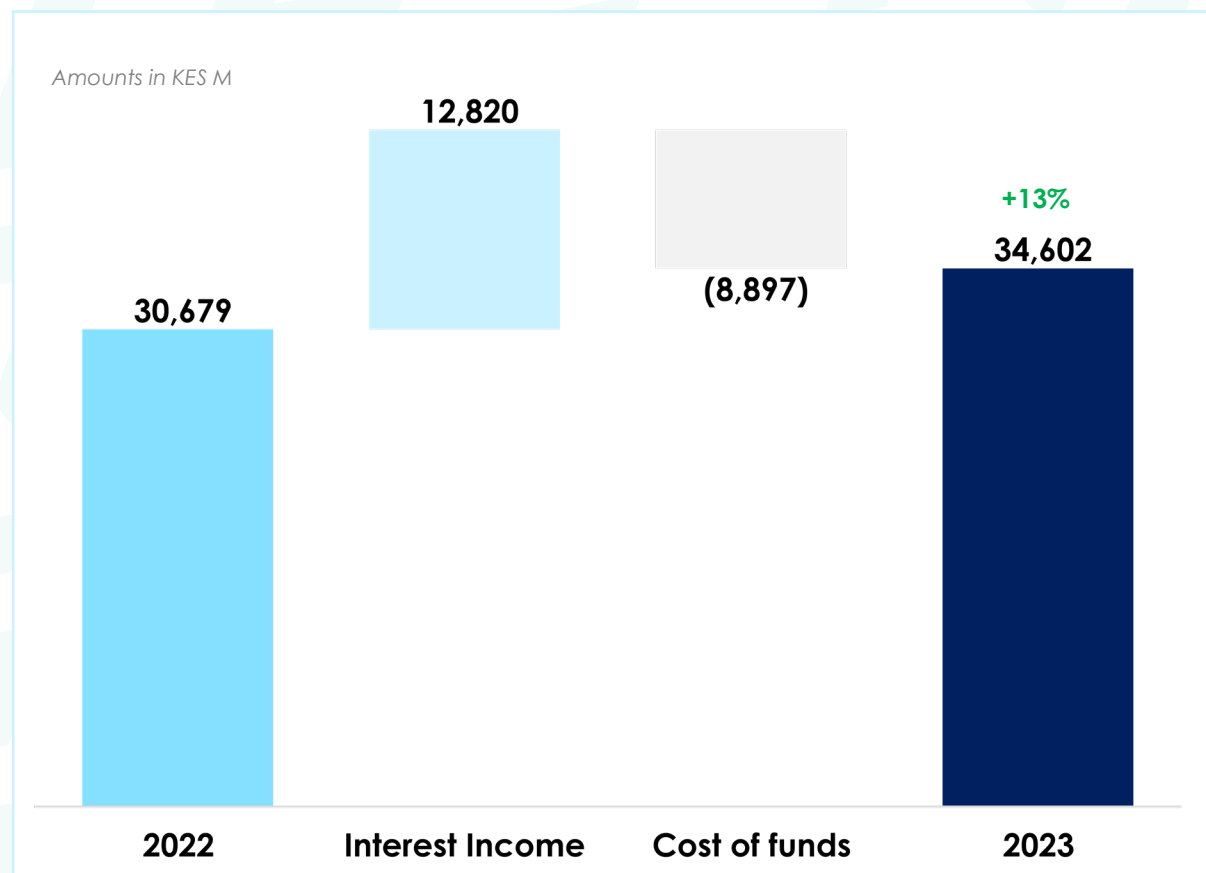
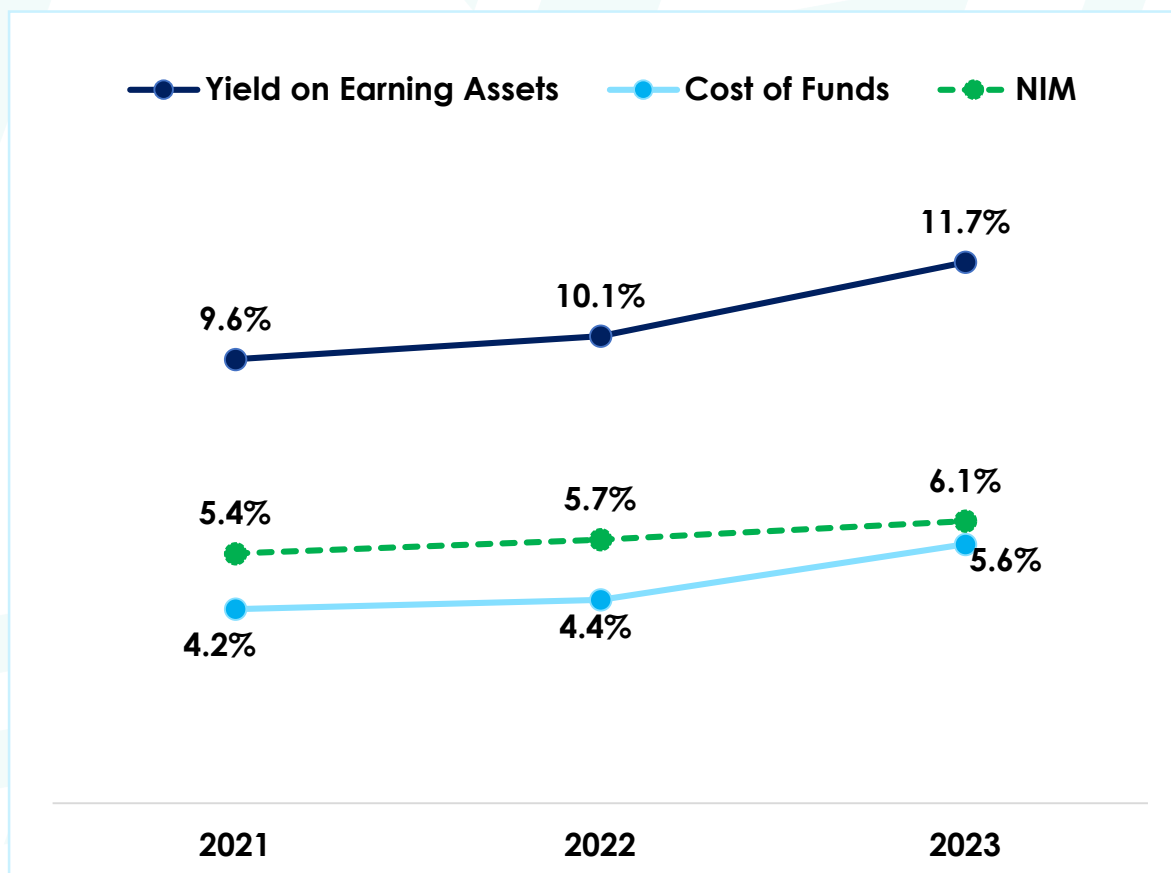
We are adequately provisioned with sufficient coverage across our loan classification buckets



Our balance sheet optimization efforts have delivered healthy margin expansion and 13% growth in NII

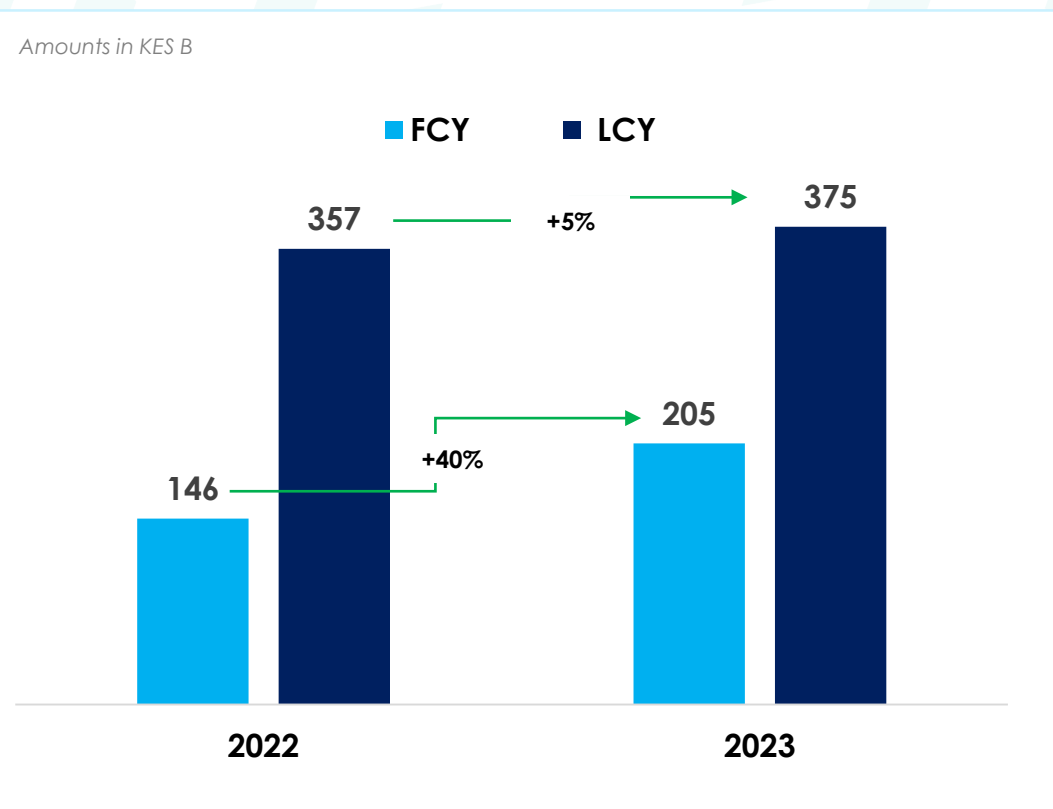
Optimization of our balance sheet has seen us deliver NIM uplift despite the pressure on cost of funding...

... and subsequently 13% YoY NII growth

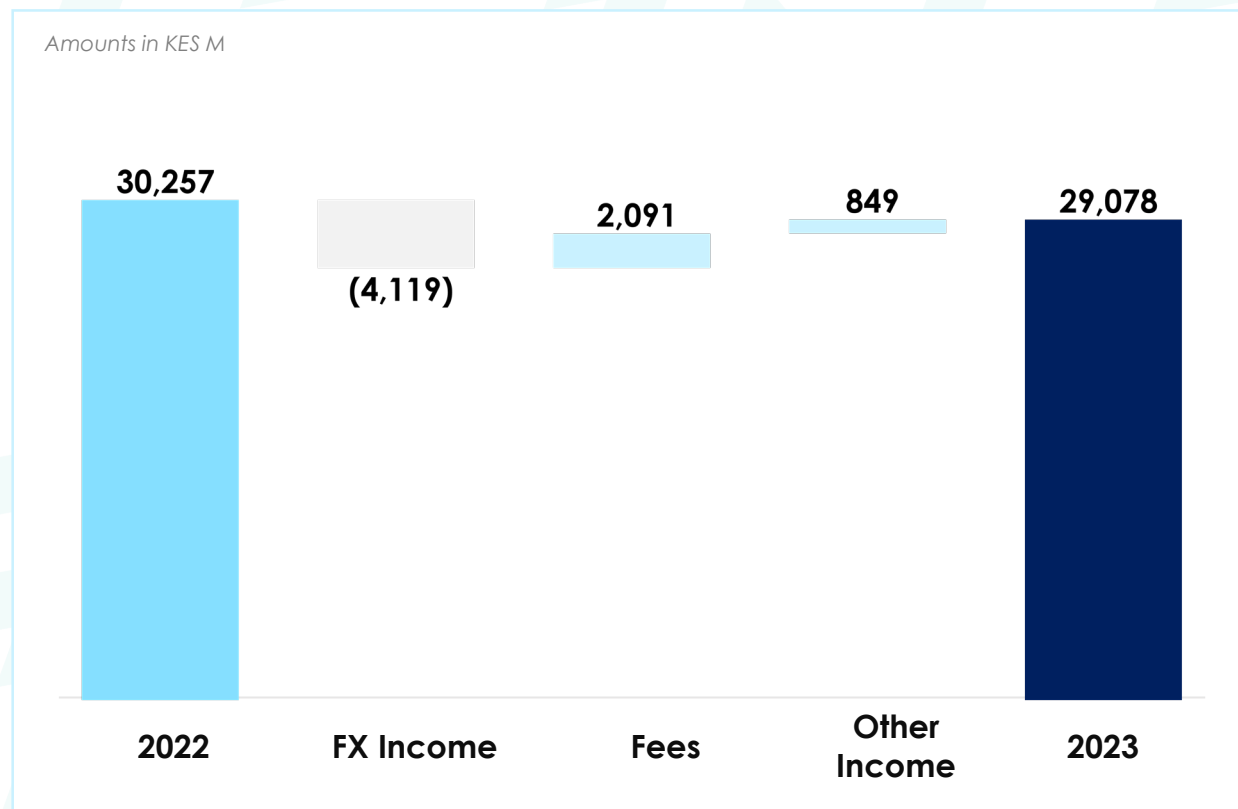


Our franchise strengths have supported growth in our foreign currency deposits and transactional volume growth has shored up our NFI outcomes as FX margins moderated

We continue growing our market leading FCY deposit book...



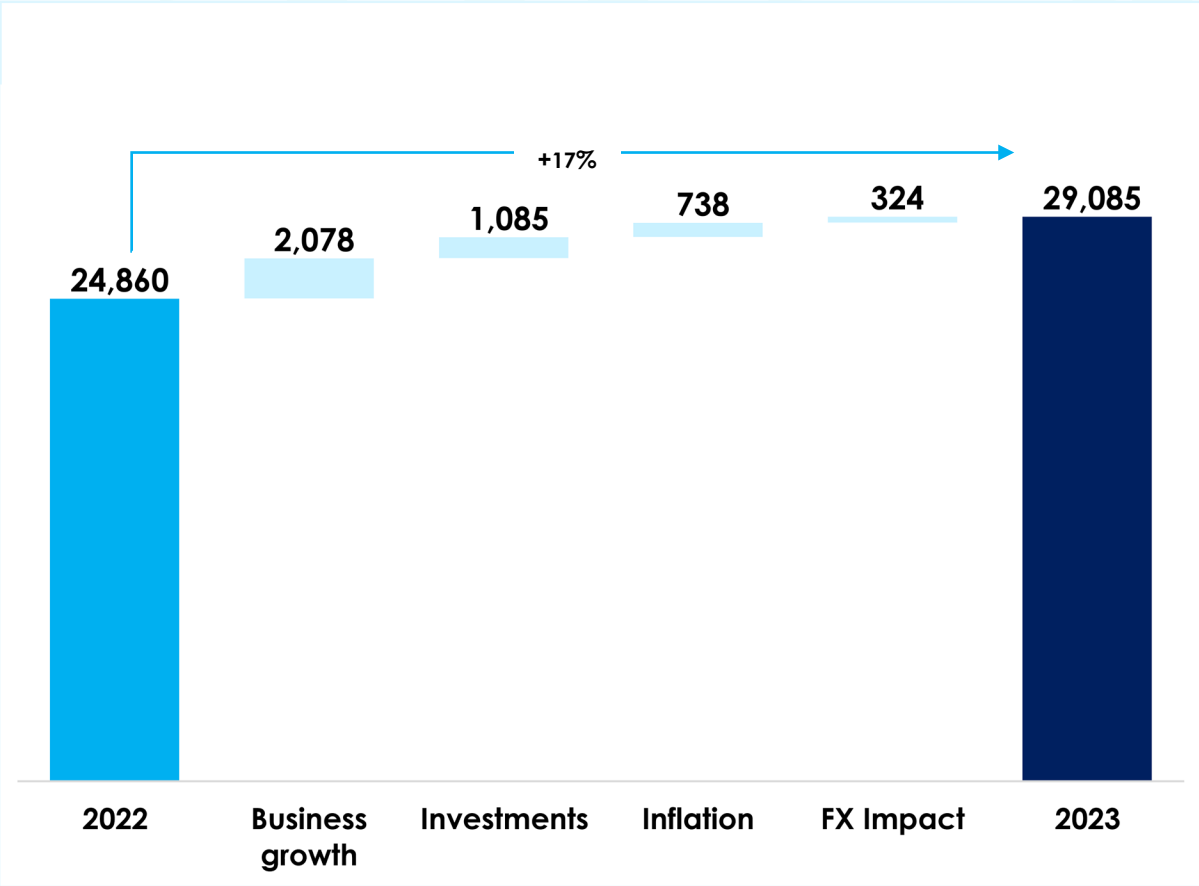
...and our transactional fee generation has boosted NFI as FX declined due to lower volume & compressed margins



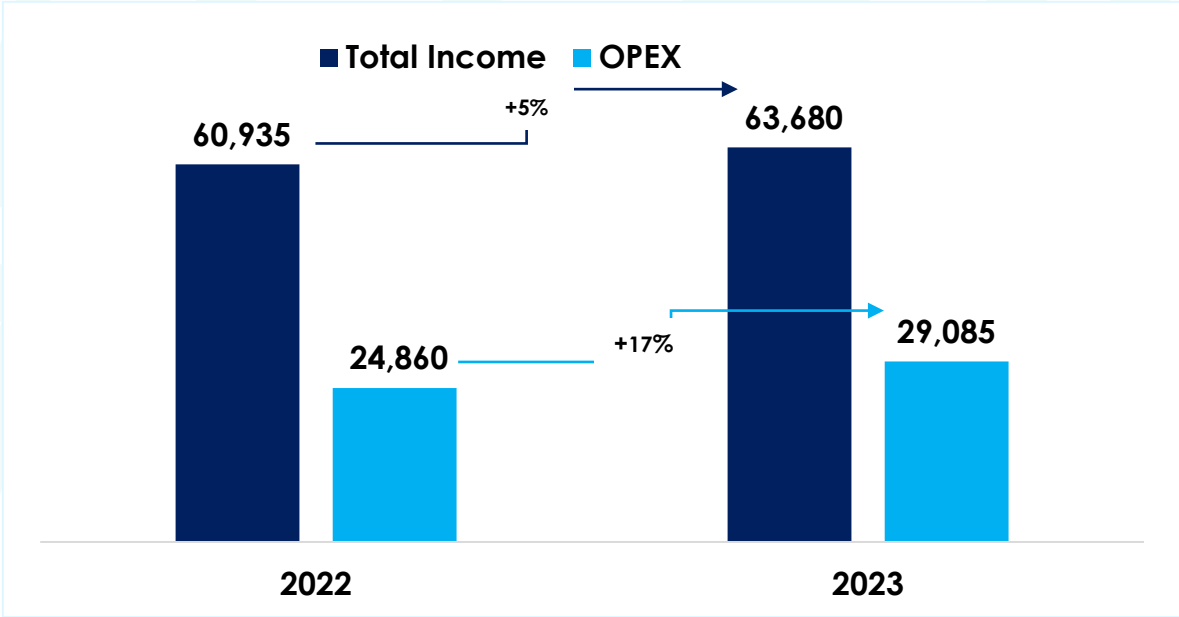
Strategic investments and inflationary pressures have impacted our CIR; expect to abate as investments break even

Amounts in KES M

OPEX Increased by 17% in 2023...



...putting pressure on our CIR

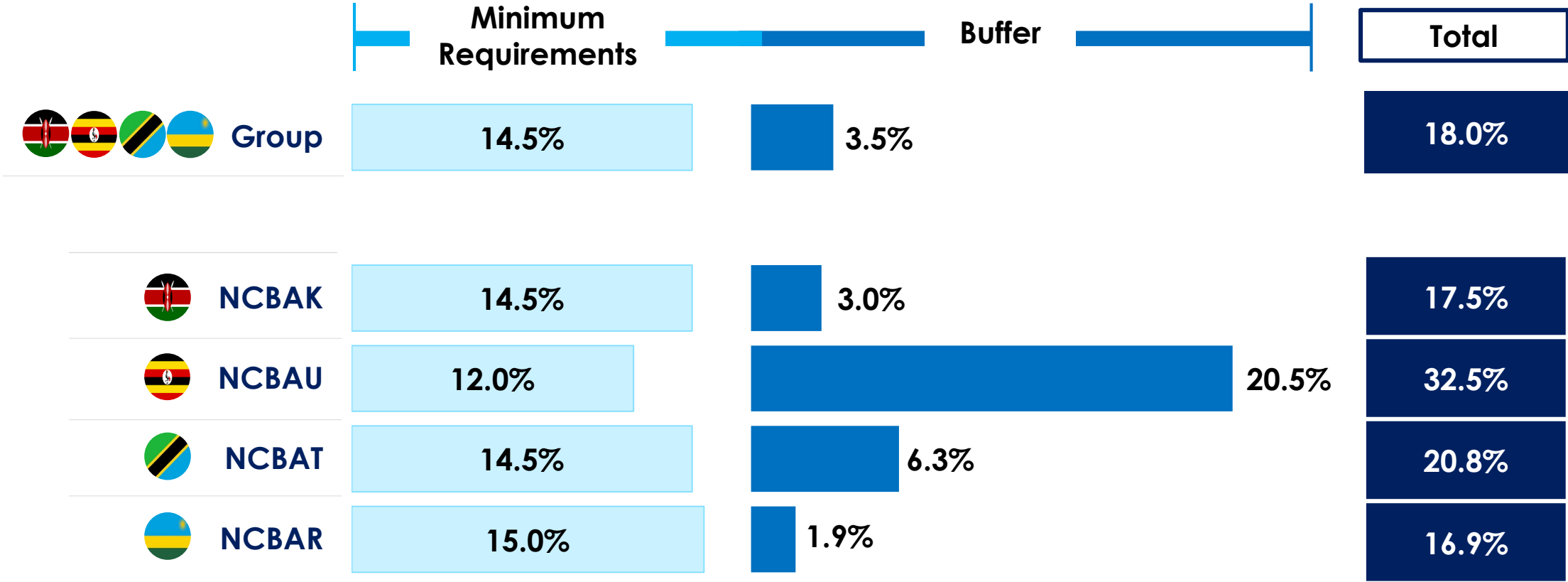


	2022	2023
Cost to Income Ratio	40.8%	45.7%
Cost to Assets	4.0%	4.0%
Staff cost Intensity ⁽¹⁾	16.9%	19.5%
IT Cost Intensity ⁽²⁾	6.8%	7.2%

Notes:
1: Staff Cost Intensity calculated as Staff costs vs. Operating Income
2: IT Cost intensity calculated as IT OPEX vs. Operating Income

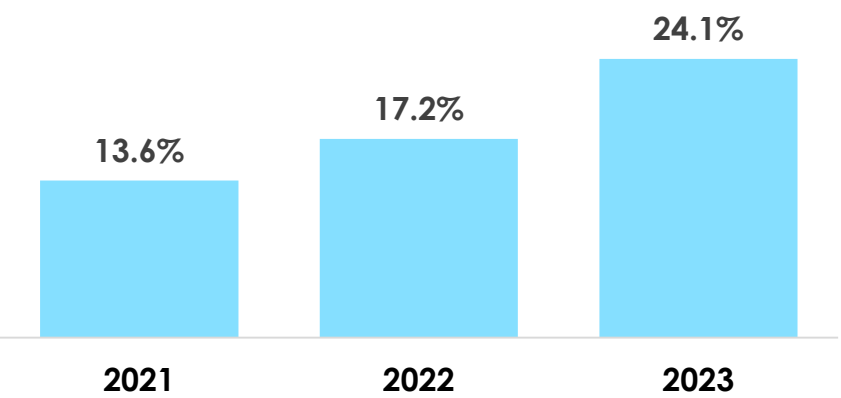
The Group remains effectively capitalized across our core markets providing ample room to invest in growth

TOTAL CAPITAL/RWA ACROSS OUR MARKETS

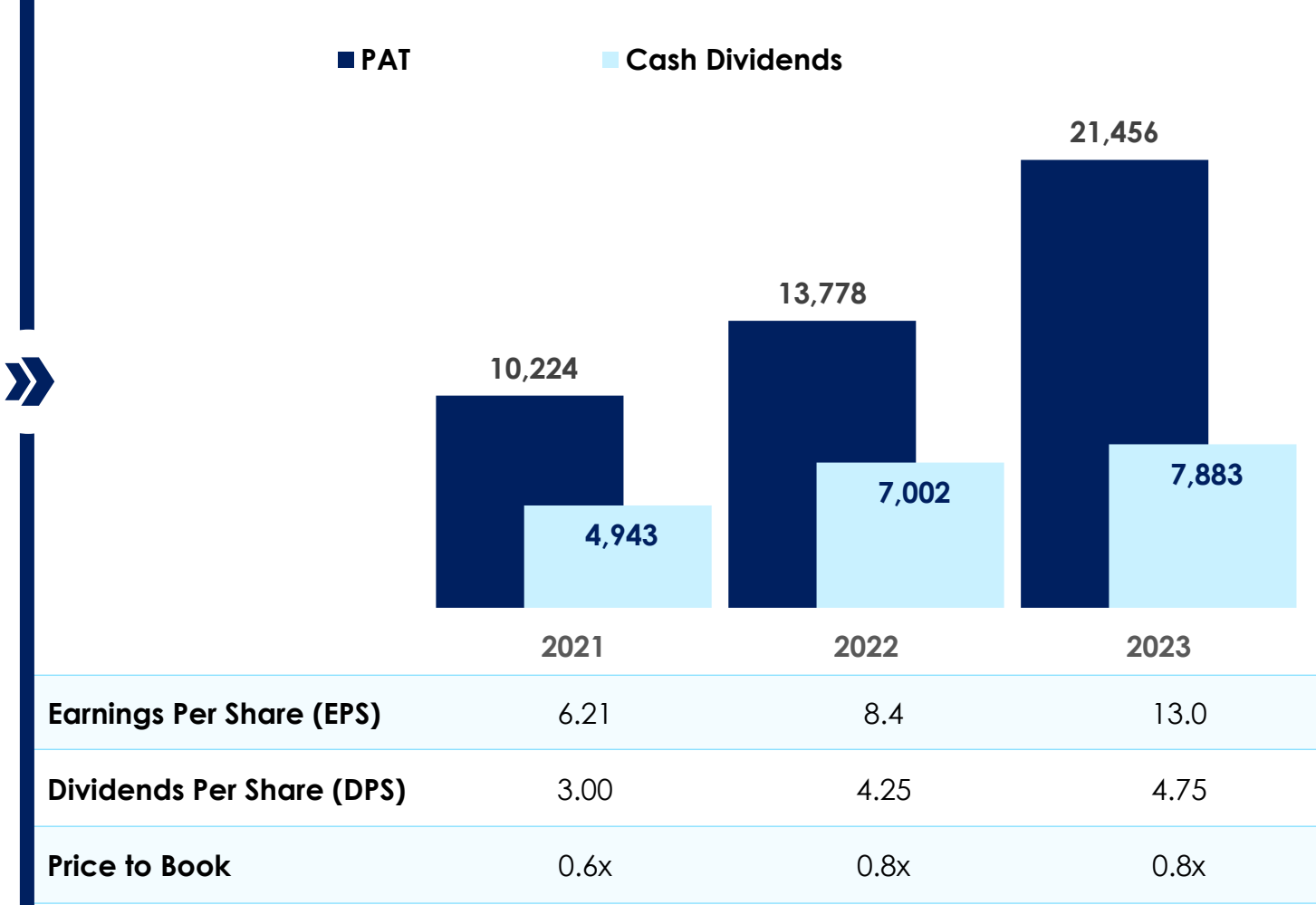
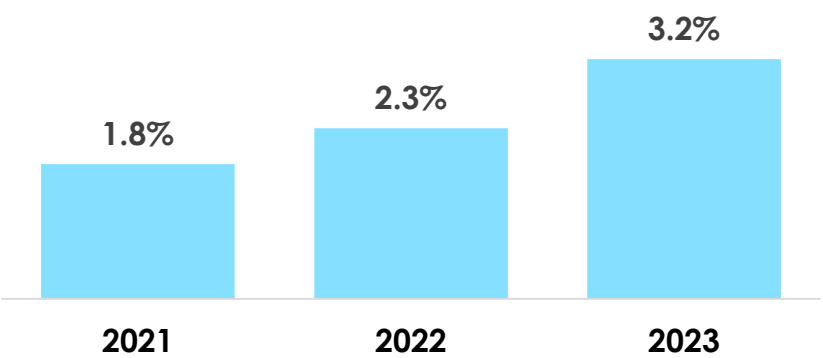


Our strategy is delivering the desired return outcomes for a Tier 1 Bank and we are delivering consistent cash returns to our >27,000 shareholders over the last 3 years

We are delivering on post merger promises on ROE



...while matching similar sized peers on ROA



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1

Growth YoY despite tightening macro-economic conditions

- **FY 2023 PAT KES 21.5B** (+56% Y-o-Y)
- **24.1% ROAE**
- **Subsidiary contribution to Group PBT has** materially improved **to KES ~4B (KES 0.5B in 2023)**
- **Full Year Dividend Proposal** of KES 4.75 per share

2

Significant momentum in our underlying financial drivers

- **Bigger balance sheet** (KES 579B deposits, +15% YoY)
- **Increased lending** (KES 369B, +20% YoY) while improving credit risk outcomes
- **Digital disbursements continue to accelerate** (KES 930B, +27% YoY)
- **Well controlled credit risk;** 12% NPL ratio

3

We have delivered on our 2020-2024 strategic ambitions

- **A bigger branch network** (109 branches group wide, +8 in 2023)
- **Retained our market leadership position:** #1 Asset Finance, # 1 Digital Lender, #2 Corporate Bank, # 2 Wealth Manager
- Investment in **CX** & modernized technology infrastructure **earned us 4 awards**
- **On course to deliver on our sustainability agenda; Signed \$50M of Sustainability Linked Funding**

What is guiding our view for 2024

Tailwinds



- **Macro economic uplift;** GDP growth, strengthening shilling, reduced inflationary expectations



- **Reversion to a normal yield curve**



- **Increase pay-off from our investments;** new businesses, branches, systems, brand and people



Headwinds



- **Deposit Pricing Pressure**
- **Muted consumer sentiment reducing demand for credit**
- **Further tightening of monetary policy**
- **Increasing cost of compliance**



We expect a continued and strong underlying growth trajectory across the following metrics

Metric	FY24 Guidance	Commentary
Return on Equity	>22%	<ul style="list-style-type: none">Create value for our shareholders and re-invest internal capital generated to foster growth
NPL Ratio	< 13%	<ul style="list-style-type: none">Unlock more capital allocation to new underwritings and enhance profitability
Cost to Income Ratio	~45%	<ul style="list-style-type: none">Continue to run a highly efficient business as we onboard strategic investments and manage inflationary pressures
Capital Adequacy	300Bps above regulatory limits	<ul style="list-style-type: none">The business to remain adequately capitalised across our core markets enabling asset growth
Core Bank Cost of Risk	1.5% - 2.0%	<ul style="list-style-type: none">Maintain high standards in credit onboarding and proactive management of our loan portfolio

THANK YOU

