

H1 2023 Investor Briefing

August 2023

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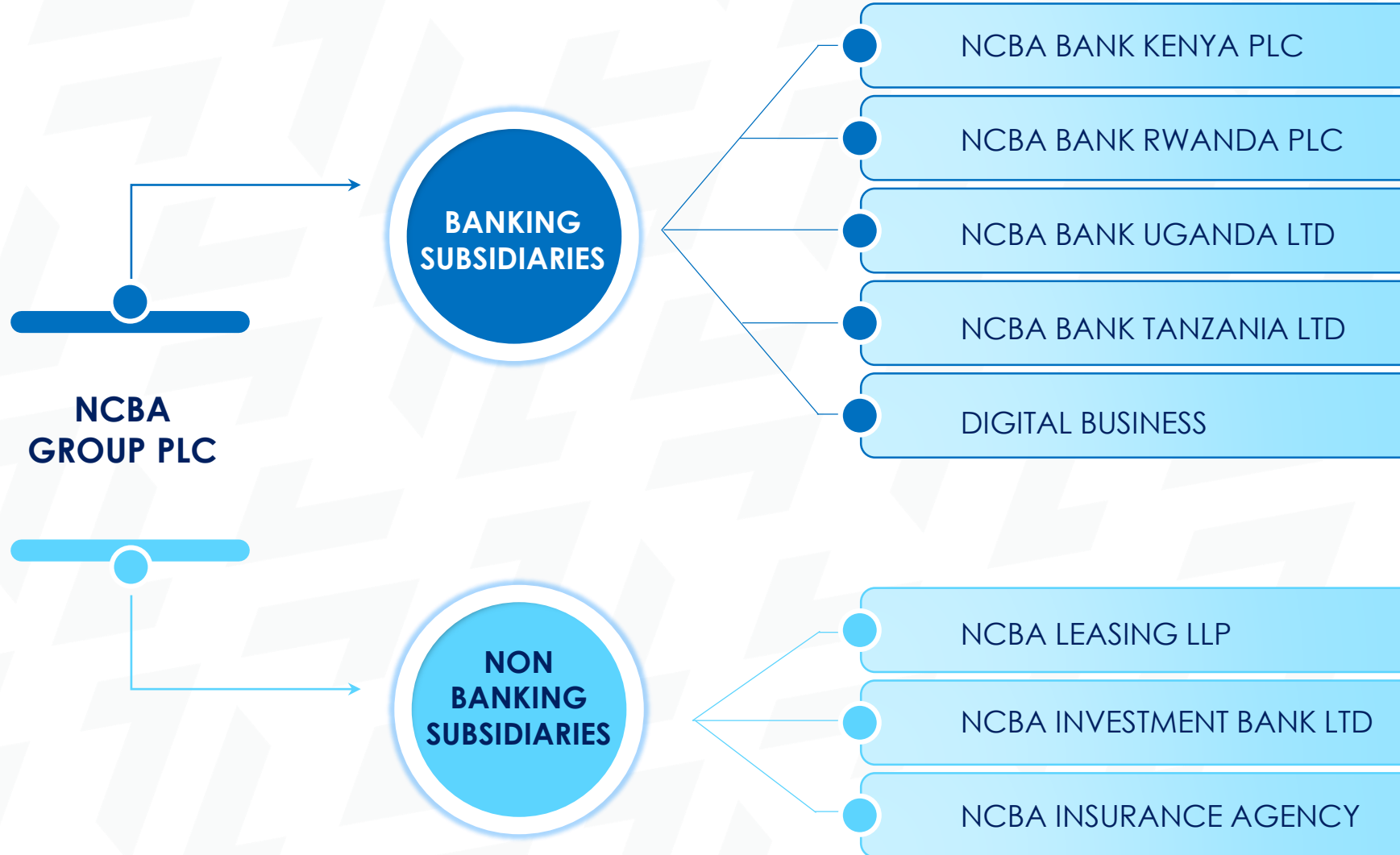
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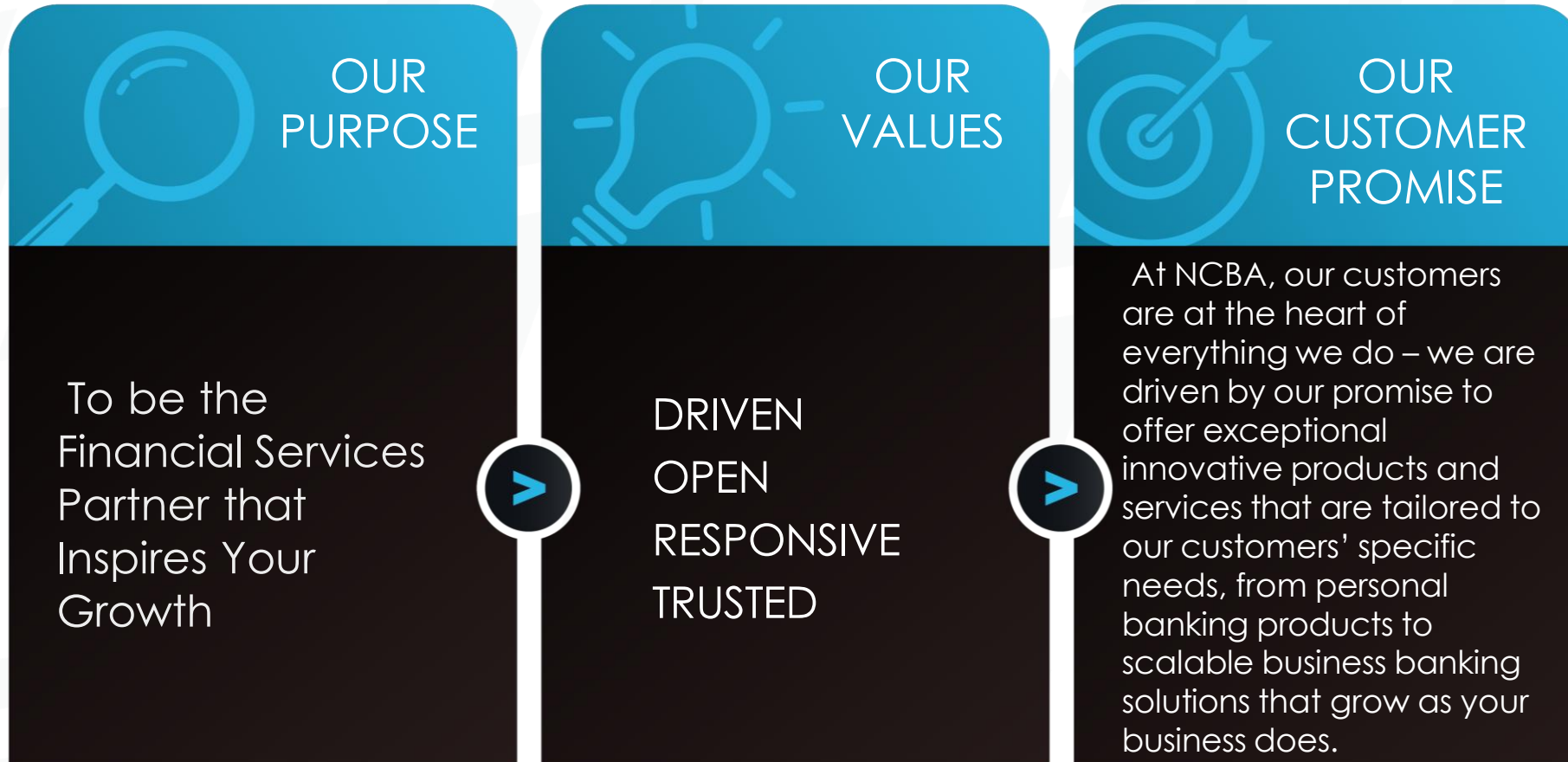
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Our Group Structure



Our Purpose and Values

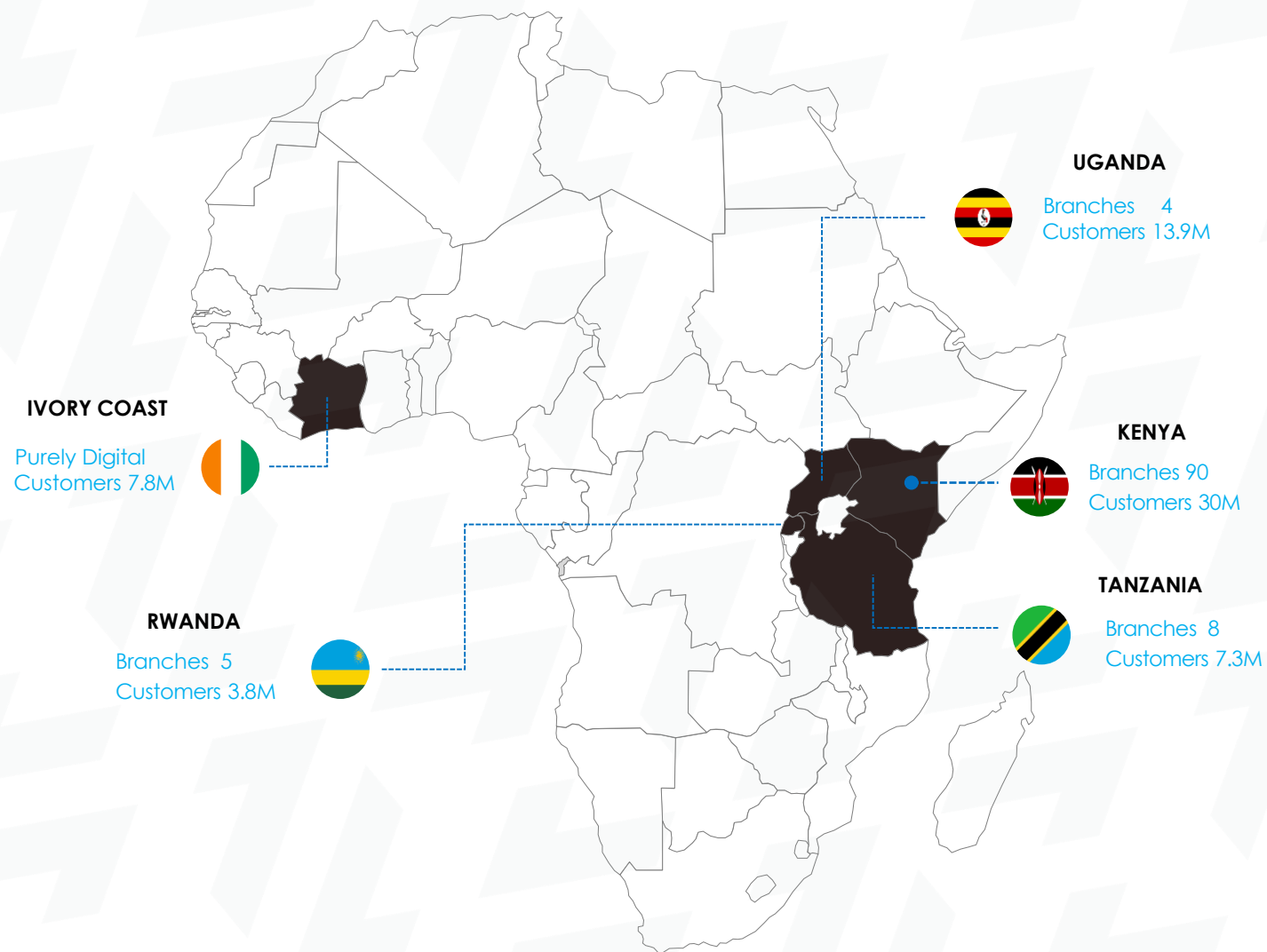


Welcome to the bank that says go for it.

Welcome to the bank that banks on your ambition.

Welcome to NCBA

Our Regional Footprint



KEY GROUP HIGHLIGHTS

CUSTOMERS

 63M

STAFF

 3227

BRANCHES

 107

ATMs

 94

CASH DEPOSIT MACHINES

 98

DR & CR CARDS

 150K+

* 52 Corporate CDMs

Awards & Accolades



Brand and Customer Experience

- **Among Top 10 Most Valuable Brands in Kenya** by Brand Finance
- **Winner of Top 25 Most Customer Obsessed Brands 2023** by Business Monthly East Africa ed.
- **3rd Best in Customer Experience (Tier 1)** - Kenya Bankers Association



ESG

- **Gold Seal Certification in Gender Equality** by Prime Minister's Gender Monitoring Office (Rwanda)
- **Best Bank Corporate Governance** by Institute of Corporate Governance of Uganda
- **Winner, Finance and Investment Sector Category** - Nairobi Legal Awards



Business Units Recognition

- **Most Preferred Asset Finance Bank in Kenya** by Annual Road Safety Awards
- **Preferred Bank in Asset Finance** by Transport & Logistics Excellence Awards
- **Best Digital Bank in Tanzania** by Global Banking and Finance Review

We are led by an exceptional team



John Gachora

Group Managing Director



David Abwoga

Group Director, Finance



Waweru Mathenge

Group Director,
Governance, Legal &
Company Secretary



Monicah Kihia

Group Director,
Human Resources & Culture



Tim Armitage

Group Director,
Risk & Controls



Julius Kamau

Group Director,
Technology & Operations



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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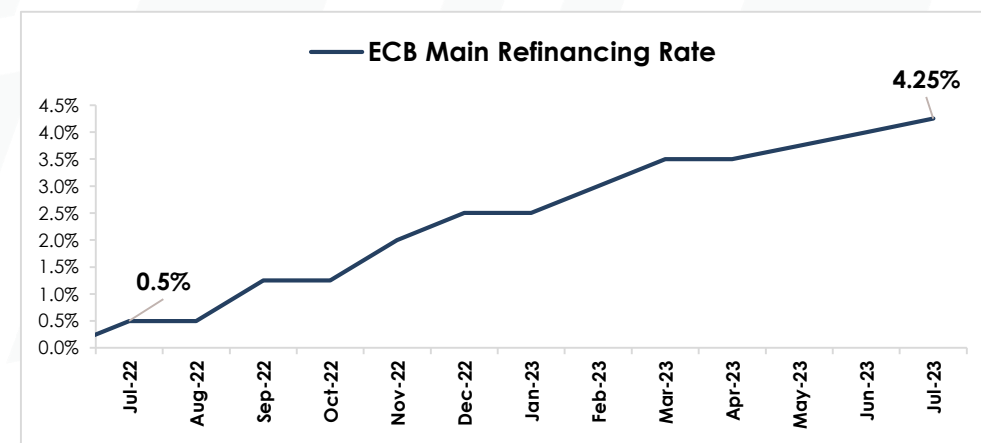
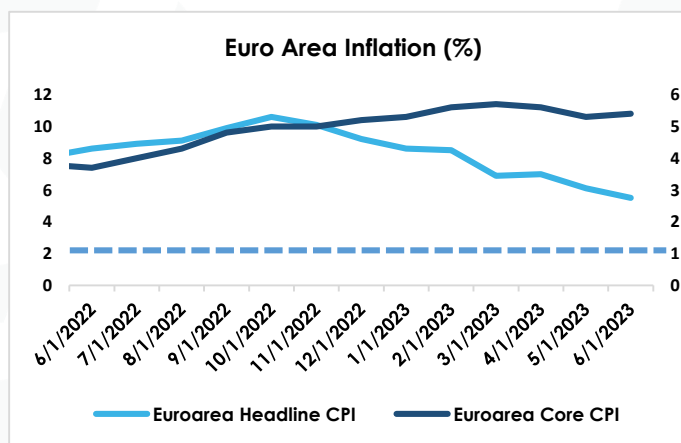
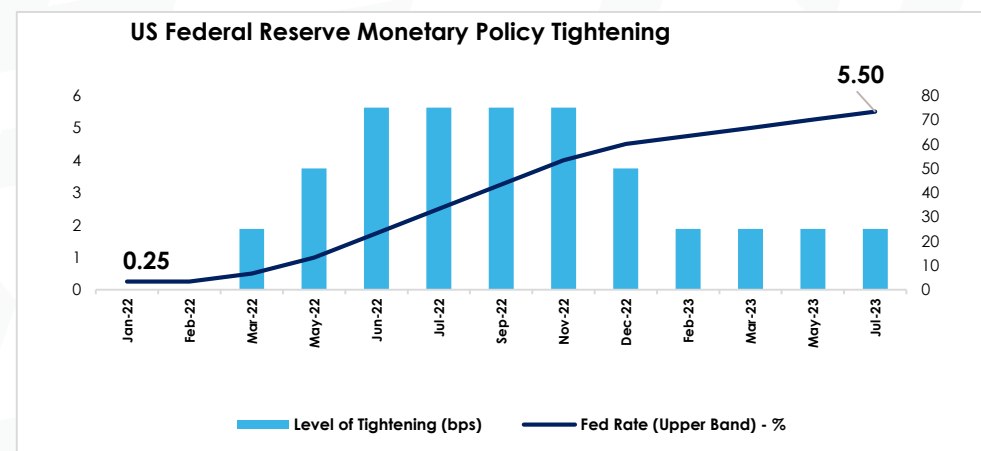
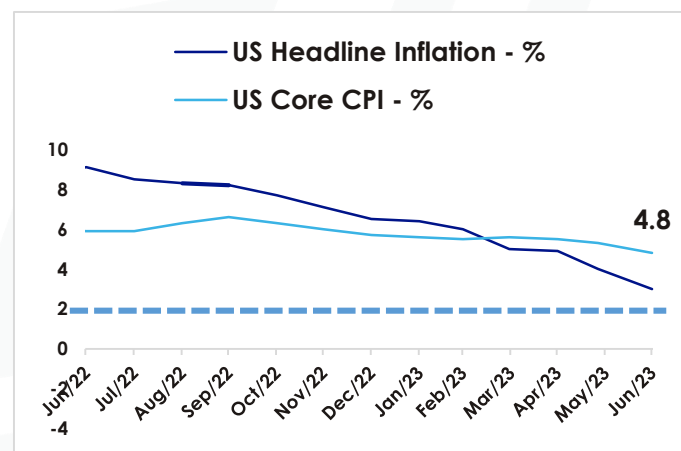
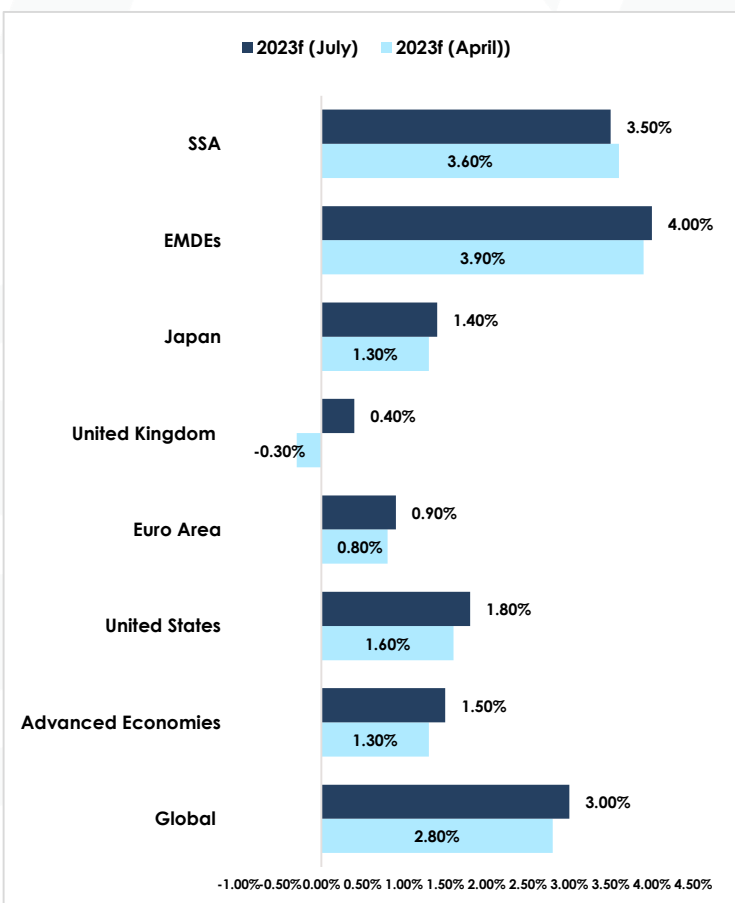
2023 GUIDANCE <

Economic growth forecast for 2023 has been revised upwards to 3.0% from 2.8%

Global growth forecast for 2023 higher in most advanced economies but Sub Saharan African growth has been downgraded

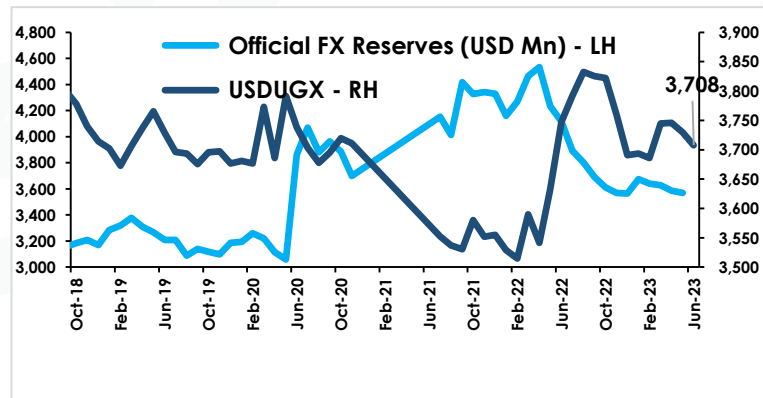
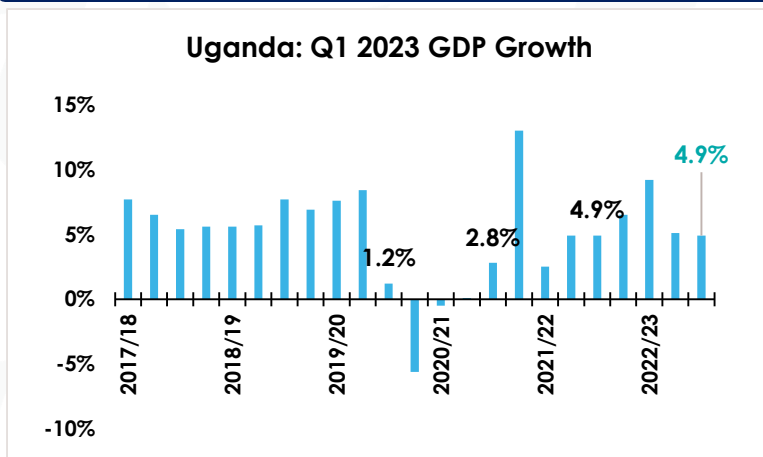
Inflation has remained high across all major economies and above the 2% comfort levels

In response to high inflation, monetary policy has been tightened.

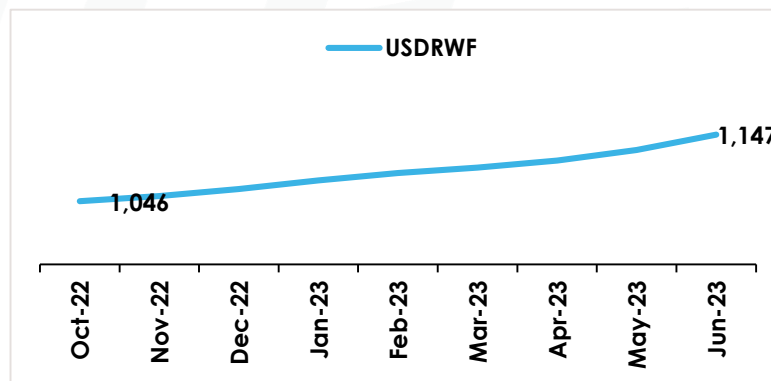
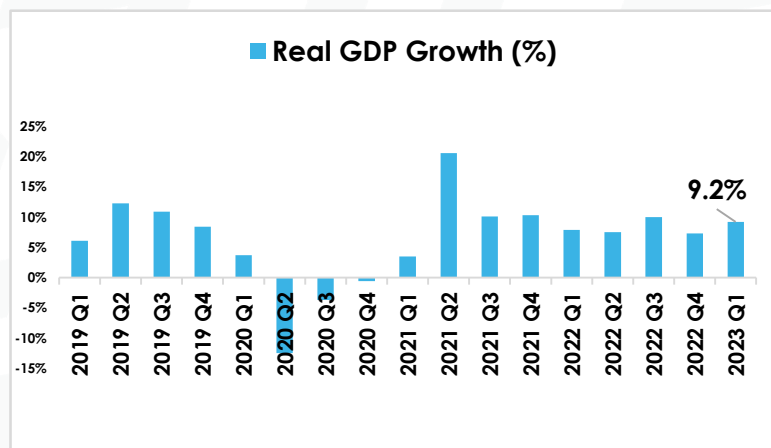


Macroeconomic conditions in our regional business economies have varied

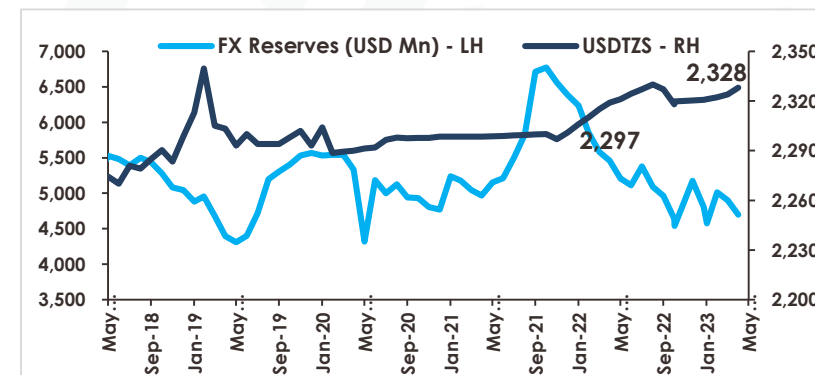
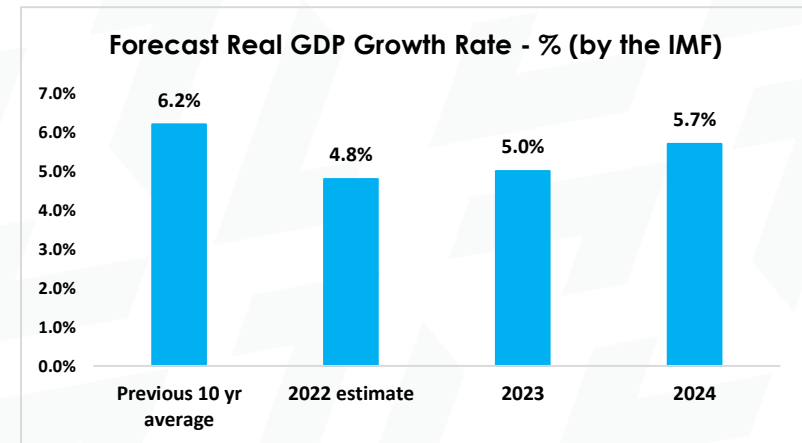
Uganda's economic growth touched 4.9% in 1Q2023. The currency has stabilized in 2023



Rwanda's real GDP expanded by 9.2% in 1Q2023, up from 7.9% in 2022. The RWF saw marginal gradual depreciation



In Tanzania, growth expected to close at 5%.FX reserves have dropped



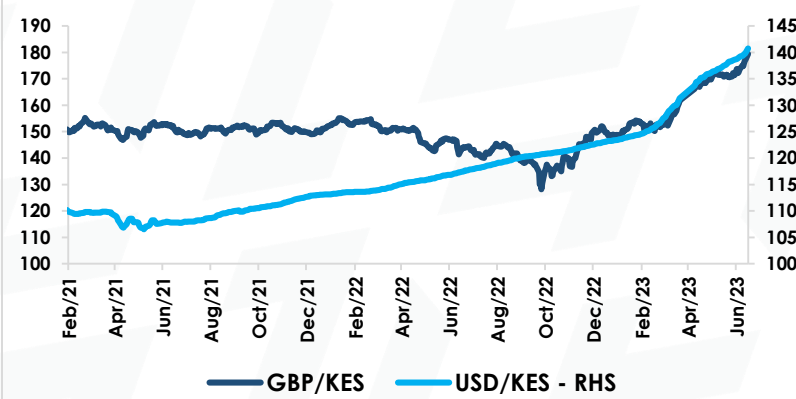
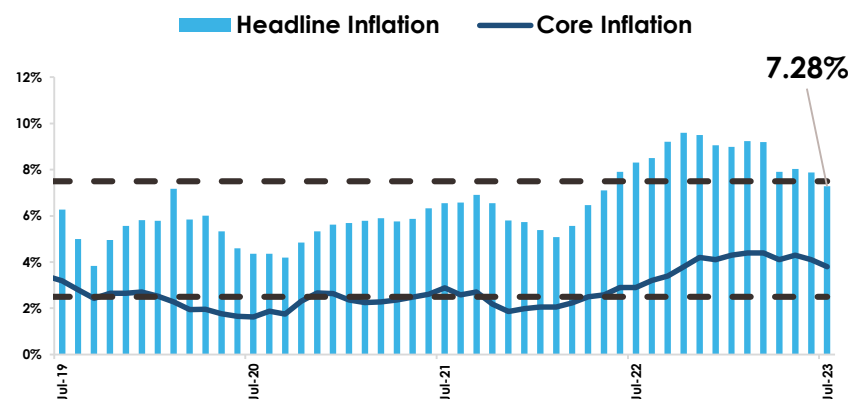
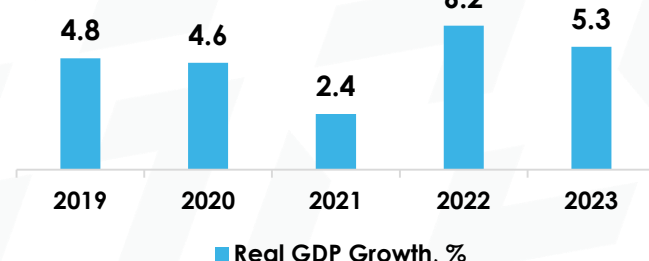
Kenya posting mixed macro signals. Growth expectations holding up, however we see risk of further FX depreciation

Kenya's 1Q2023 real GDP grew at 5.3% on account of positive base effect in Agriculture.

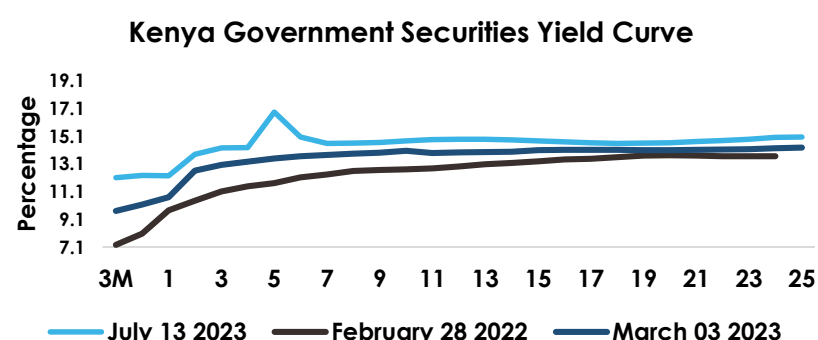
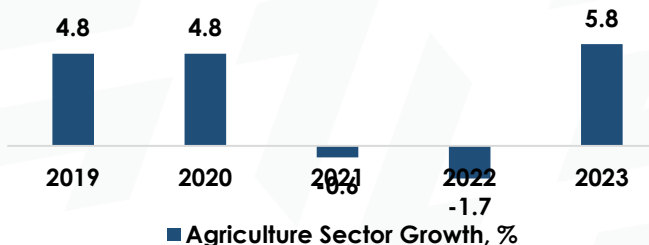
Inflation has moderated down due to a decline in some food prices. In July, headline inflation touched 7.3%. CBK increased CBR to 10.5%. The yield curve has also repriced upwards significantly.

The KES has depreciated in response to supply and demand pressure. In the near-term, we expect further depreciation.

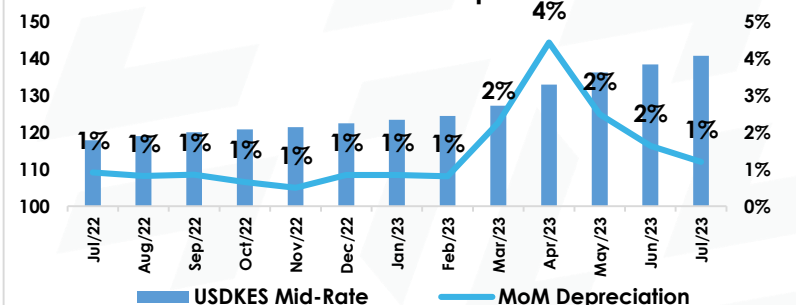
First Quarter GDP Growth Rates (%), 2019 - 2023



First Quarter Agriculture Sector Growth (%), 2019 - 2023



Month-on-month Depreciation



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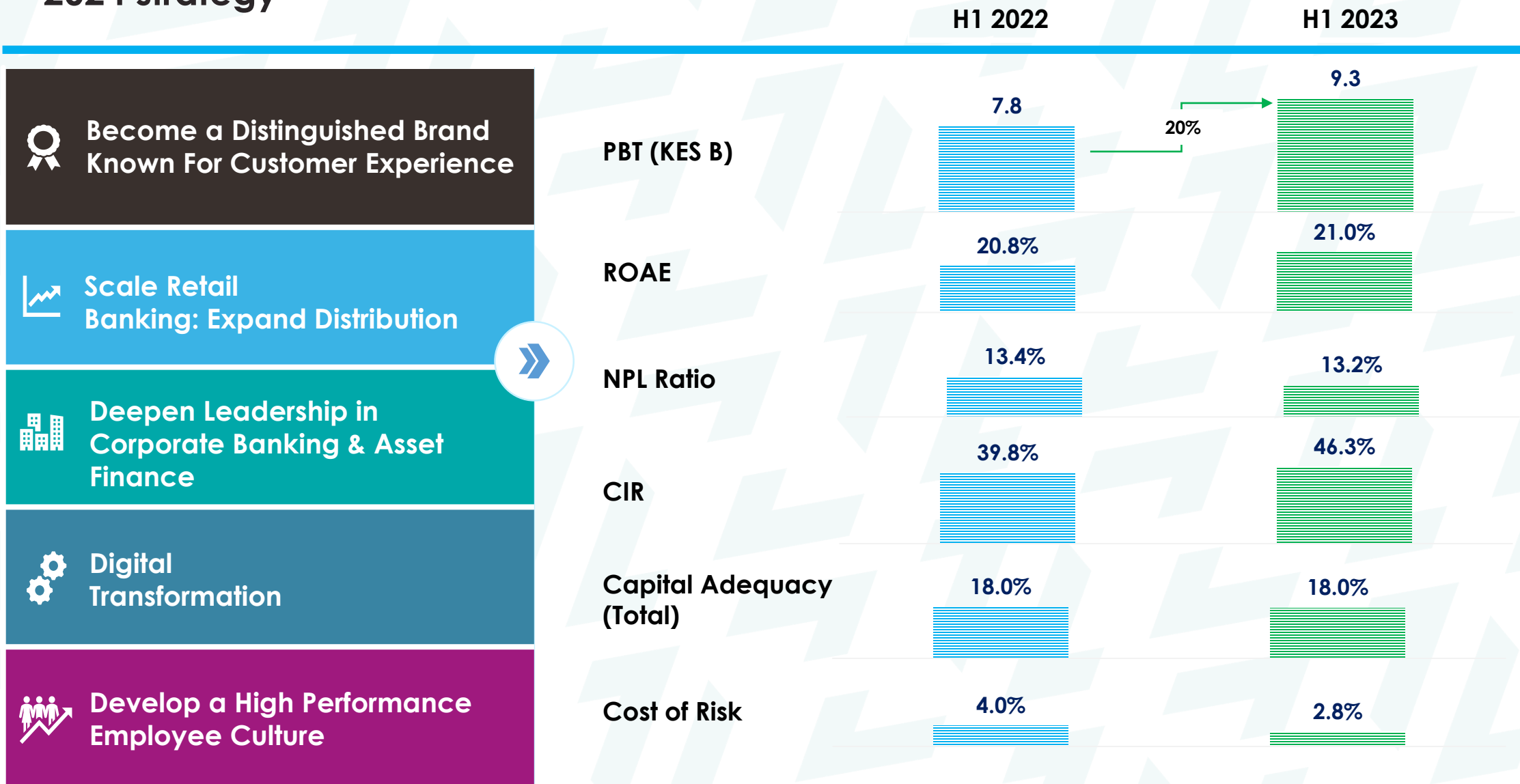
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Positive performance across all key financial metrics for the Group as we execute our 2020 – 2024 strategy



Strong contribution from the regional banking subsidiaries Y-o-Y (Our Tanzanian core bank has had a KES 959M positive swing year on year on the back of the turnaround efforts).

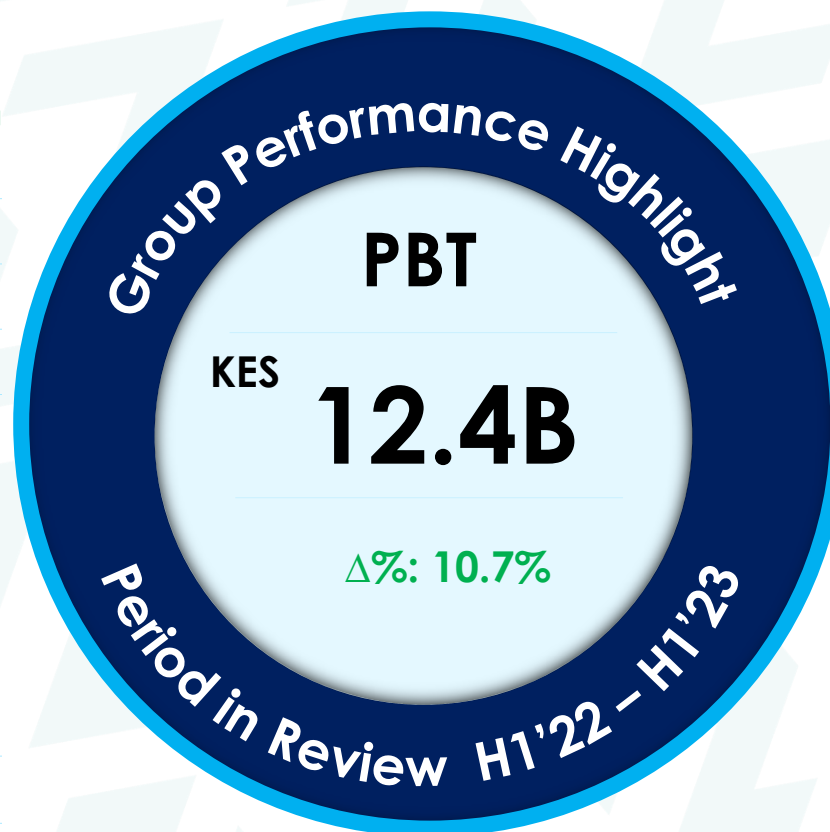
Amount in KES M

Core Bank

| | H1 2022 | %Δ | H1 2023 |
|--------------|--------------|-------------|---------------|
| Kenya | 9,271 | +6% | 9,784 |
| Tanzania | (709) | >100% | 250 |
| Uganda | 61 | >100% | 243 |
| Rwanda | 75 | >100% | 163 |
| Total | 8,698 | +20% | 10,440 |

Non Banking Subsidiaries

| | H1 2022 | %Δ | H1 2023 |
|------------------|------------|-------------|------------|
| Investment Bank | 178 | (11)% | 159 |
| Insurance Agents | 108 | +26% | 136 |
| Leasing LLP | 34 | >100% | 73 |
| Total | 320 | +15% | 368 |



Digital Business

| | H1 2022 | %Δ | H1 2023 |
|-----------------------|--------------|--------------|--------------|
| Digital Business (KE) | 1,817 | (55)% | 821 |
| M-Pawa (TZ) | 45 | +18% | 53 |
| Mokash (UG) | 232 | +84% | 426 |
| Mokash (RW) | 117 | >100% | 289 |
| Total | 2,211 | (28)% | 1,581 |

Our focus on expanding our footprint is driving balance sheet growth and providing us a cheaper funding base

Growing Branch Network



More Cost Efficient Branches



Larger Customer Base



Branches **89** (2020) → **107** (2023)

 Counties Present **15** (2020) → **24** (2023)

79:21¹

CASA ratio (52:48 for NCBA Group)

1.2%

Cost of Funds from New Branches
Aggregated Retail Cost of Funds at 3%

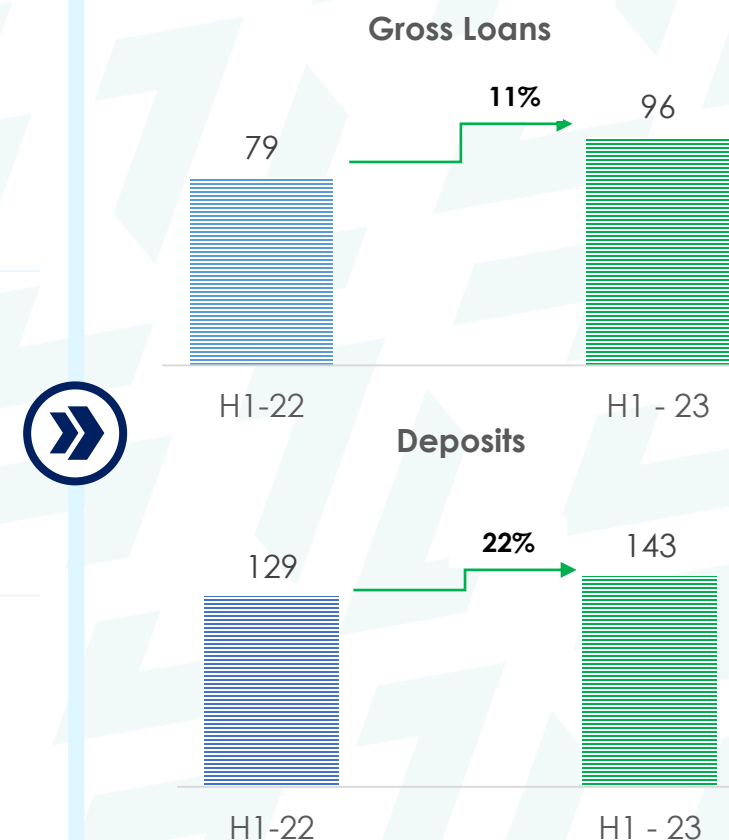
15%

Growth in Retail Customer Base(Kenya)
246K (H1'22) - 283K (H1'23)

1%

New Branch NPL Ratio (Kenya)

KE Retail Banking Balance sheet (KES B)



ncbagroup.com

Go for it

We have maintained 60 years leadership in asset finance through innovating relentlessly and building strategic partnerships



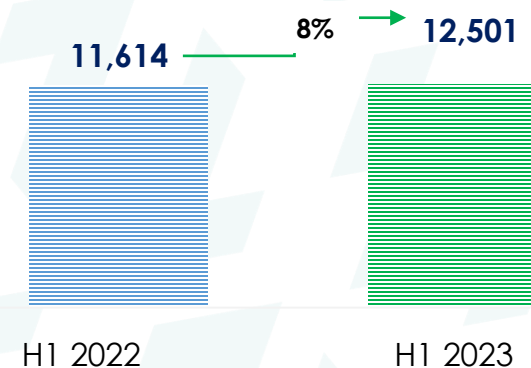
- This September **NCBA** will be the **premier sponsor** of the **largest motor show in Eastern Africa** (20+ motor brands, 10,000+ consumers)



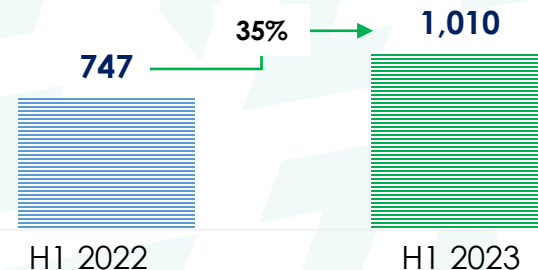
32%

Market Share

Disbursement (KES M)

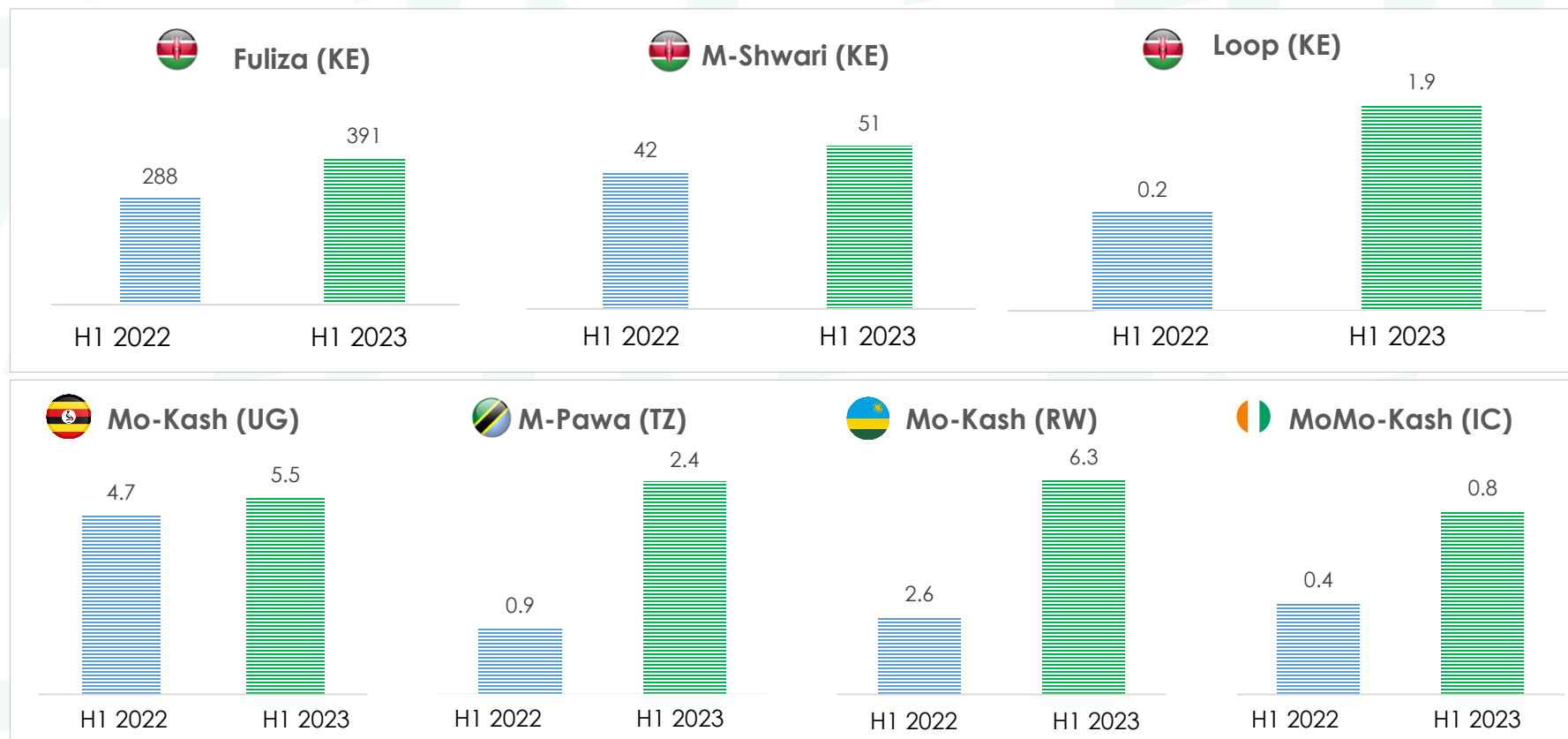
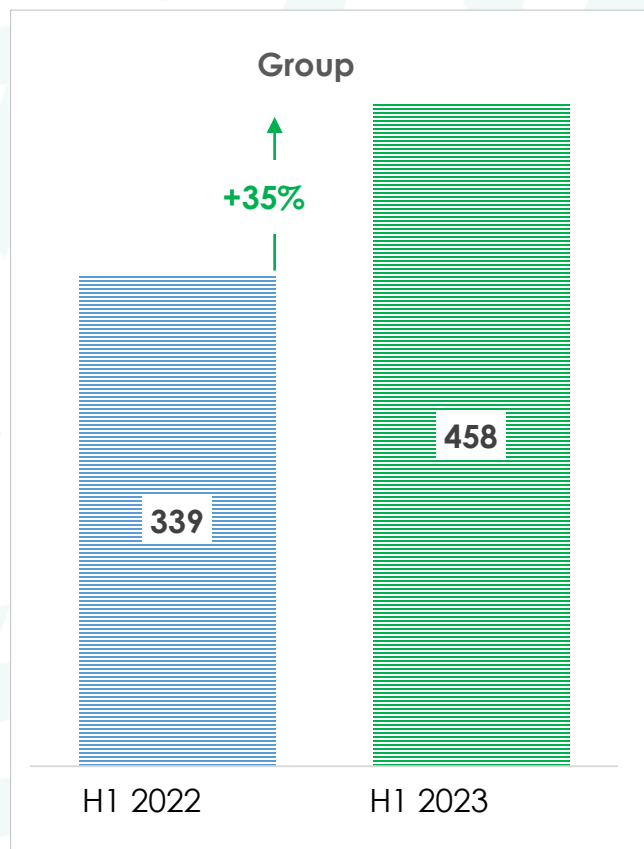


Total Income (KES M)



Our digital disbursements have increased +35% Y-o-Y further enabling financial inclusion

Evolution of digital disbursements (KES B)



We have launched our LOOP Super App

1 One Super APP

LOOP

ONE APP TO PAY THEM ALL.

Link all your bank and mobile money accounts in one place to pay anyone with any account, anytime.

Your Money Made Smarter | loop.co.ke | Download LOOP Today |

LOOP is regulated by the Central Bank of Kenya

The advertisement features a woman sitting on a large, stylized white number '1' against an orange background with white circles and lines.

2 Personalized Discounts

LOOP

IMAGINE YOUR MOBILE WALLET WAS ALSO YOUR OWN, PERSONAL MALL.

The LOOP Digital Smart Wallet gives you personalised discounts based on what you love and where you are.

Your Money Made Smarter | loop.co.ke | Download LOOP Today |

LOOP is regulated by the Central Bank of Kenya

The advertisement features a woman jumping through a large, stylized white number '2' against an orange background with white circles and lines.

3 Smarter credit for you and for your business

LOOP

FOR THE KIND OF SHOPPING THAT CAN'T WAIT.

The LOOP Digital Smart Wallet enables you to BUY those big life items NOW and PAY for them LATER.

Your Money Made Smarter | loop.co.ke | Download LOOP Today |

LOOP is regulated by the Central Bank of Kenya

The advertisement features a woman and a child walking through a large, stylized white number '3' against an orange background with white circles and lines.

LOOP

THE MONEY YOU NEED FOR THE GROWTH YOU WANT.

Introducing the LOOP Digital Smart Till that gives you personalised financing for your business.

Your Money Made Smarter | loop.co.ke | Download LOOP Today |

LOOP is regulated by the Central Bank of Kenya

The advertisement features a man walking through a large, stylized white number '3' against an orange background with white circles and lines.

The digital transformation initiatives are improving process efficiencies, reducing cost and enhancing customer experience

Investing in Robotic Process Automation

Invested in 22 Bots from 6 (2022)

- ✓ Faster reconciliation
- ✓ Quicker Social media responses
- ✓ Automated audit reports
- ✓ Swifter transactions

Upgrading NCBA Now Mobile Platform

2023 Channel Enhancements

- ✓ Invest NOW & Unit Trust Automation
- ✓ Card Control Services
- ✓ KRA Payments
- ✓ Account balance masking
- ✓ **Insurance payments automation**
- ✓ In app MoMo to Bank services

\$10 M Investment

- ✓ Enabled open banking (API Modernization)
- ✓ Cloud adoption for scalability
- ✓ Matured Cybersecurity infrastructure

Modernizing our Infrastructure



#1
Banking App

App
Rating



19,320

Man Hours Saved through RPA

2020

Δ%

2023

3.7

4.8

53

YOY Channel NPS improvement from 45

36%

Growth in mobile transaction volumes

99%

New Accounts opened on Mobile App

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We identified 5 key areas requiring greater attention in 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 |

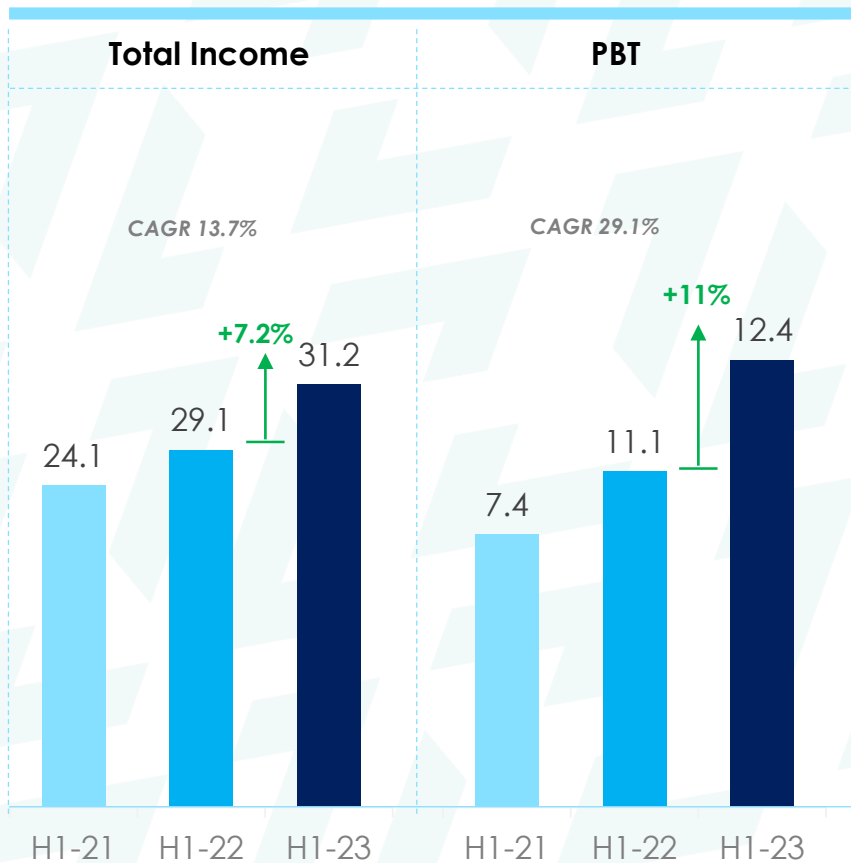


Grow
Shareholders
Returns

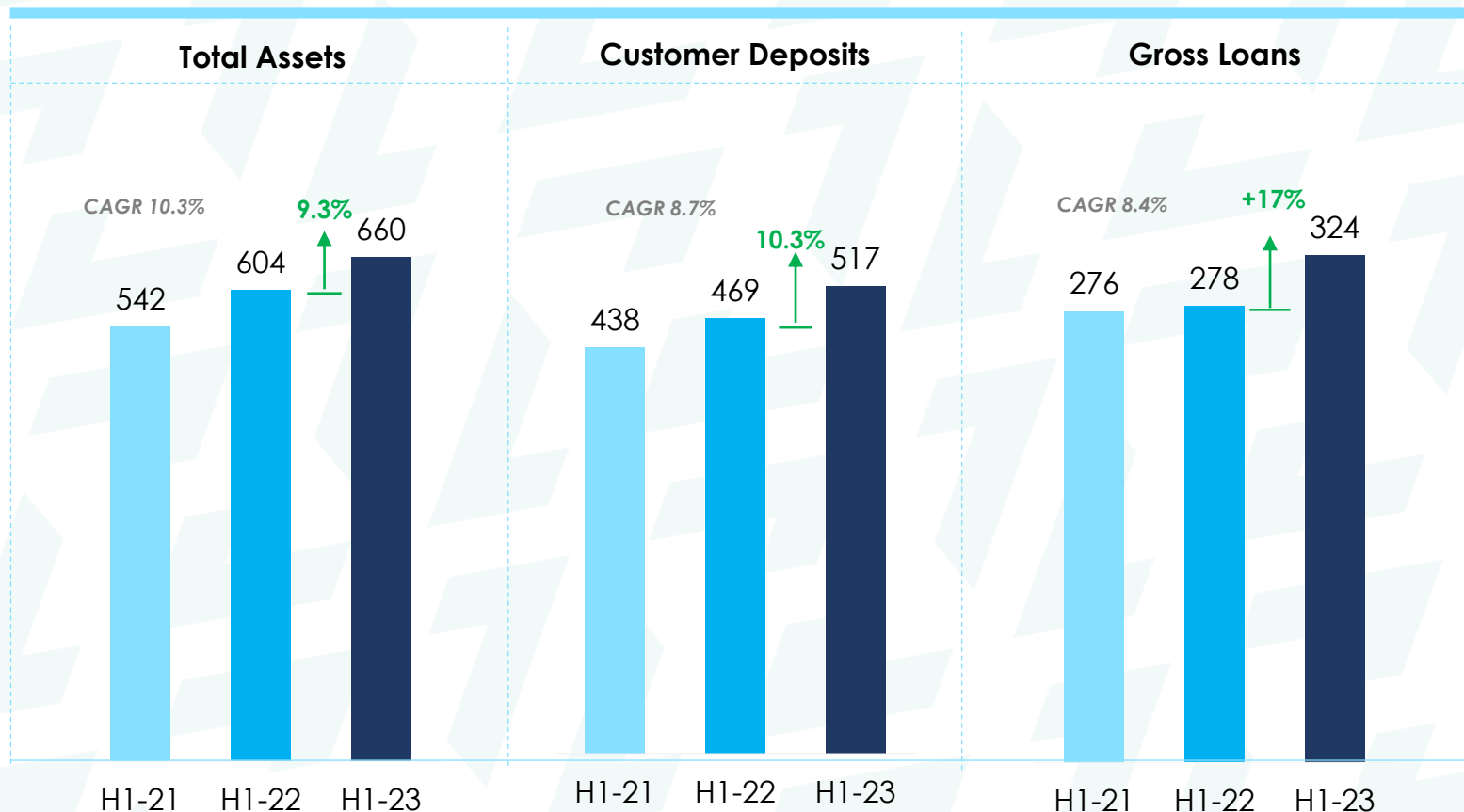
Our Group continues to demonstrate strong fundamentals, 11% growth in PBT Y-o-Y

Amounts in KES B

Income Statement

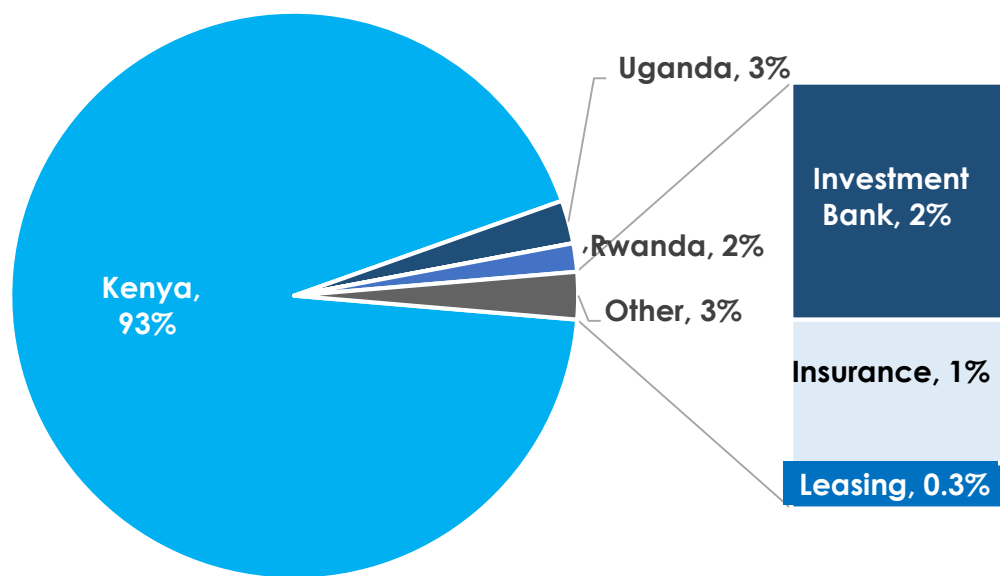


Balance Sheet

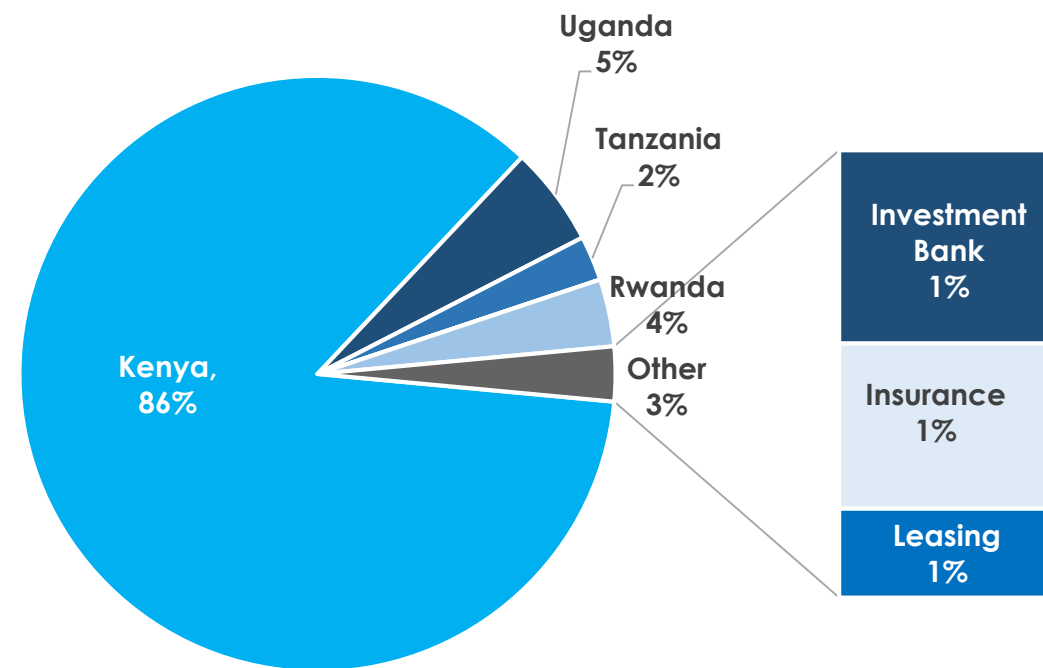


Our focus on enhancing the contribution from our subsidiaries is showing demonstrable success (14% contribution in H1 2023 up from 7% in H1 2022)

Contribution to Group PBT in H1-2022



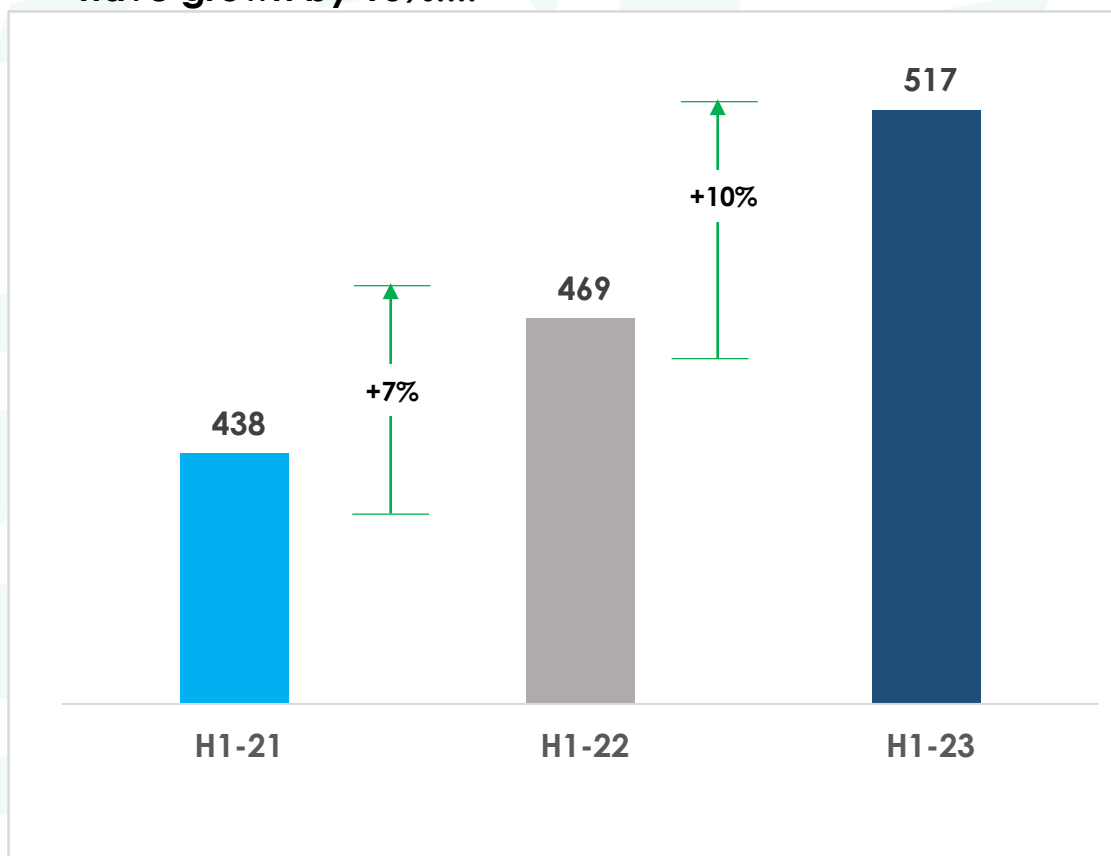
Contribution to Group PBT in H1-2023



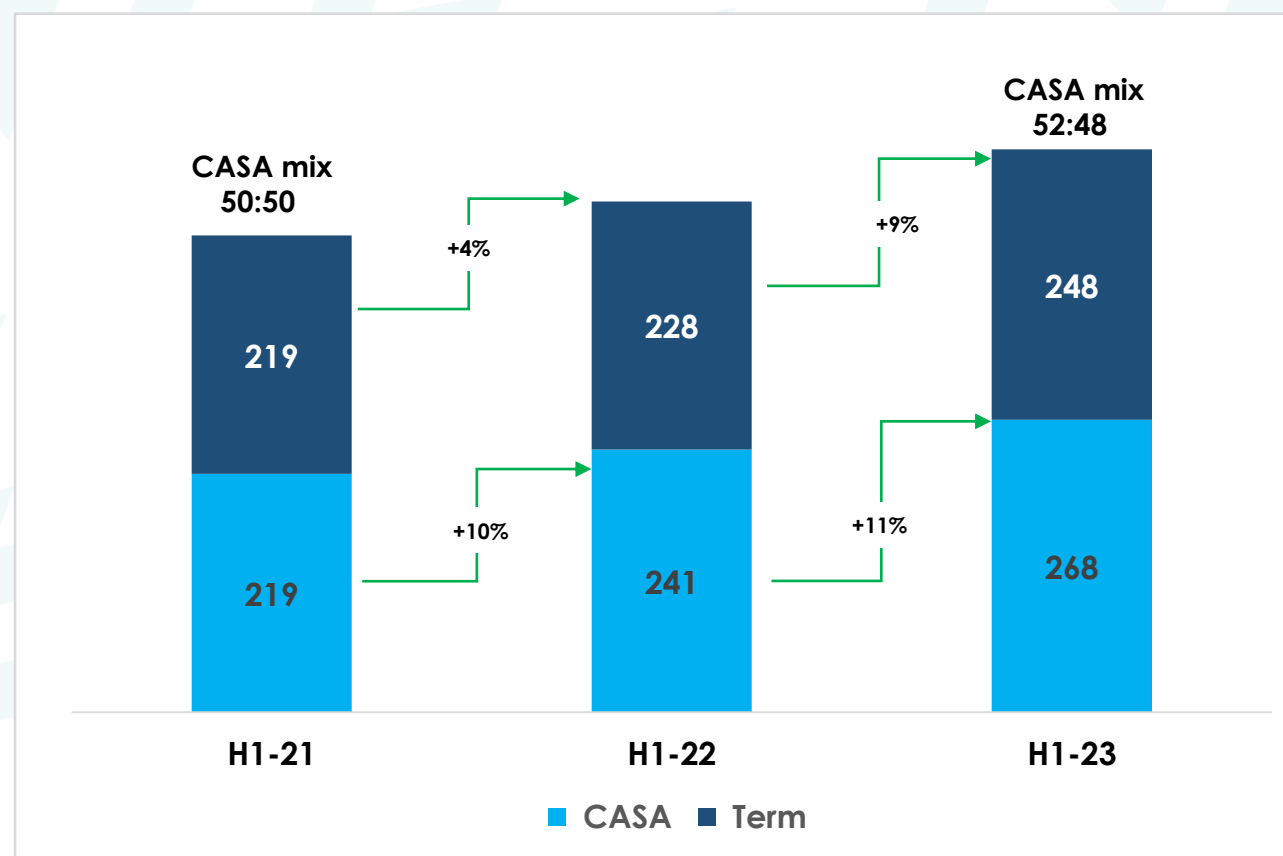
Customer growth and retention efforts are driving deposit mobilization (10% up Y-o-Y), while balance sheet optimization efforts are improving our funding mix

Amounts in KES B

Despite the macro economic conditions our deposits have grown by 10%....



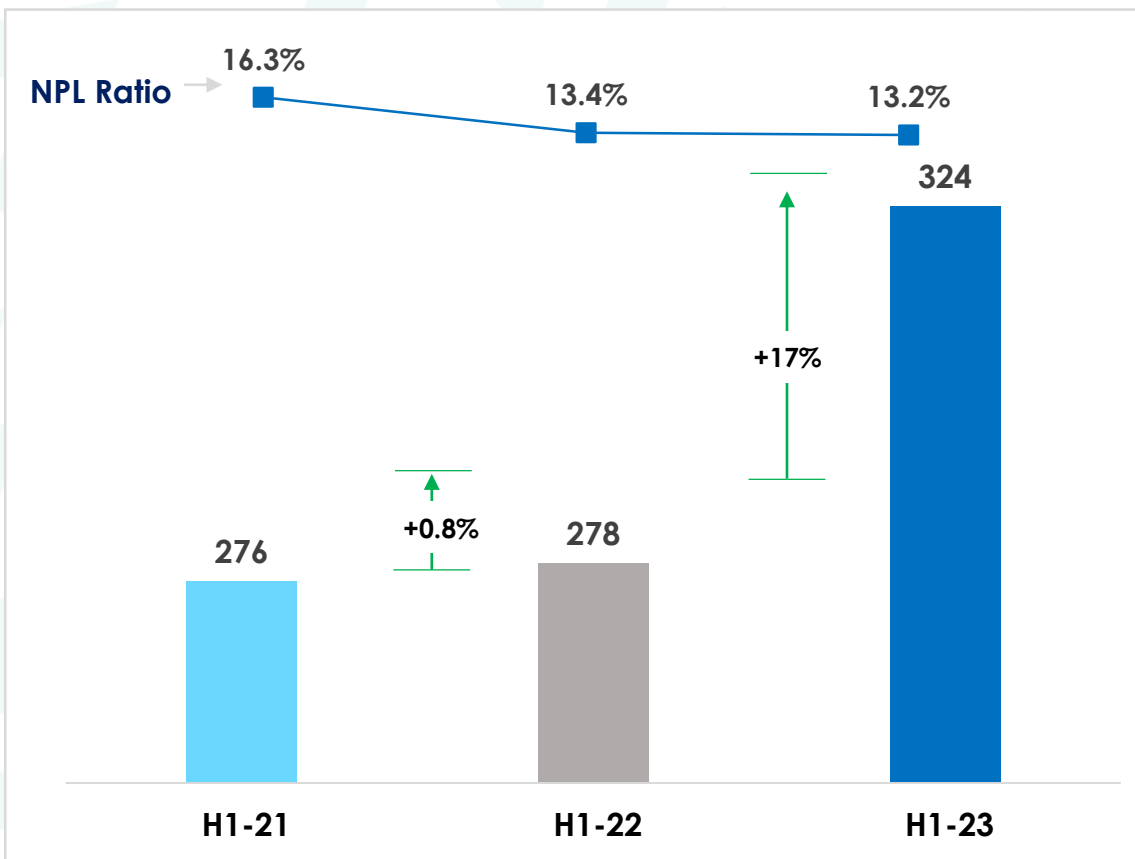
...and we have improved our CASA ratio to 52% from 50%



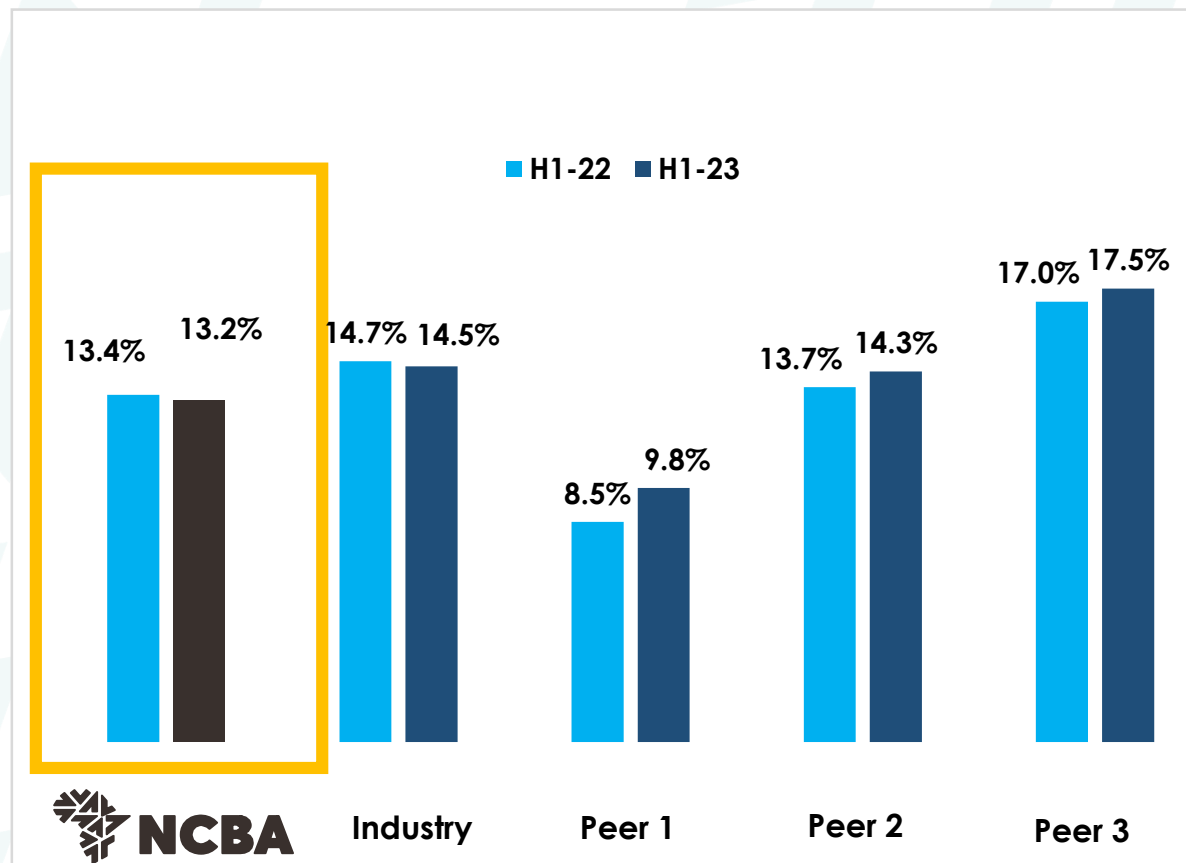
Our customer growth agenda has seen us increase our lending substantially (+17% Y-o-Y) with well controlled credit risk outcomes

Amounts in KES B

NCBA Group Gross Loans accelerated in H1-23 while NPL ratio edged down.....



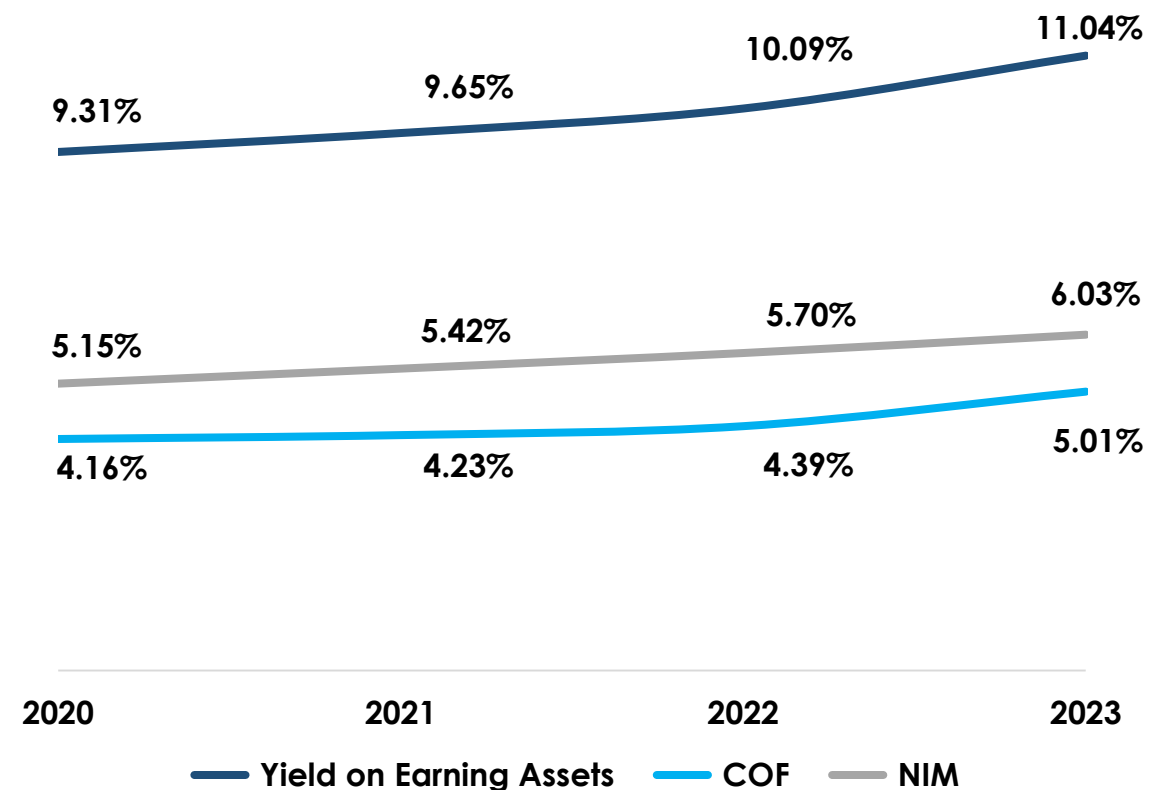
...NCBA Group credit risk outcomes continue to buck industry trends



Our balance sheet optimization efforts have delivered healthy margin expansion and 16% growth in NII

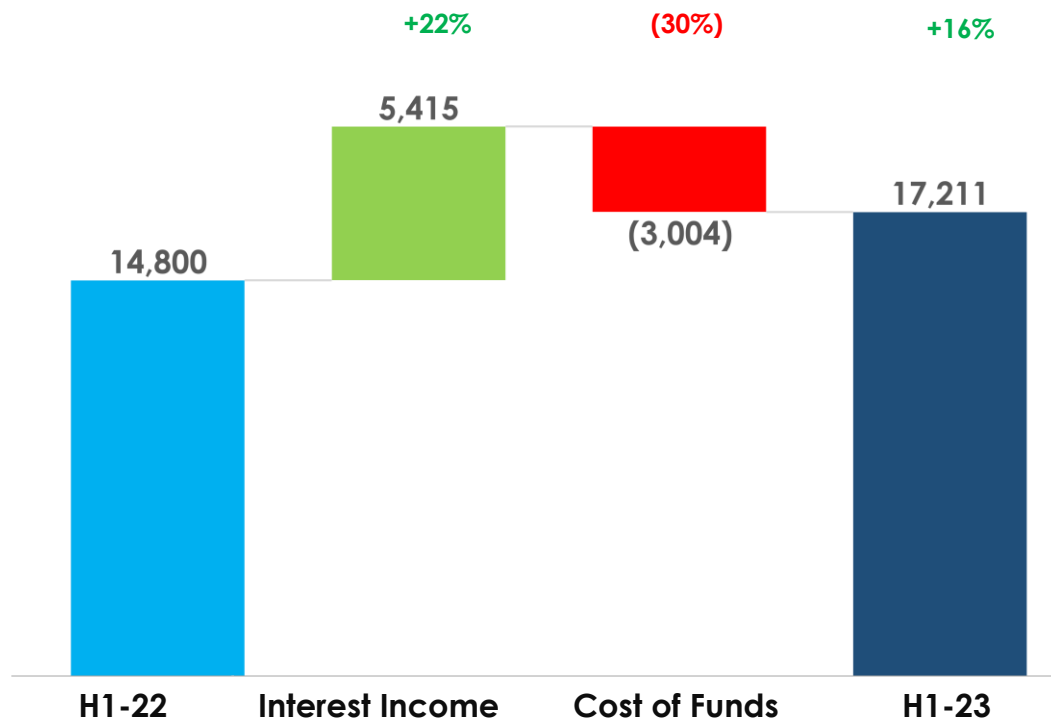
Amounts in KES M

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



Amounts in KES M

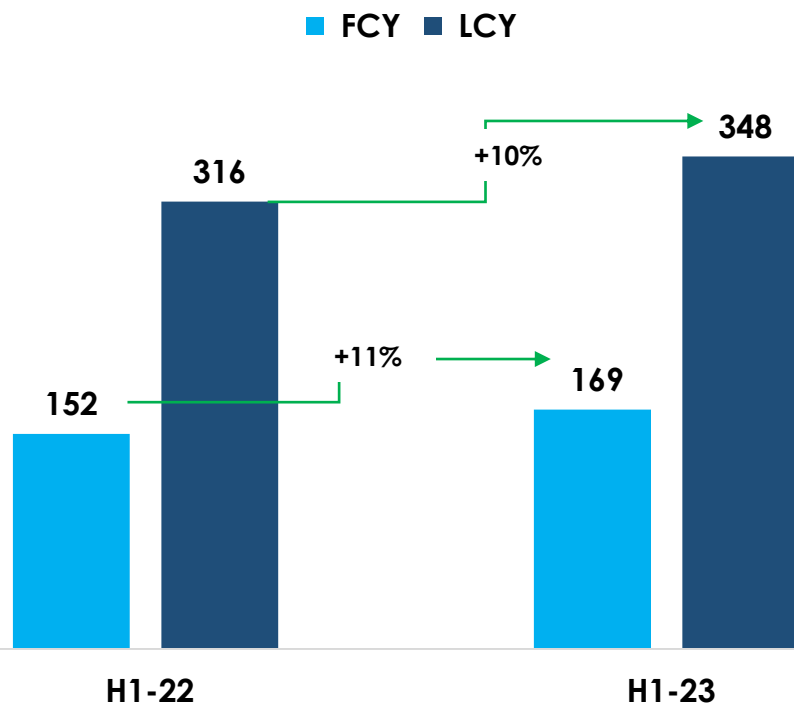
... and subsequently 16% Y-o-Y NII growth



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

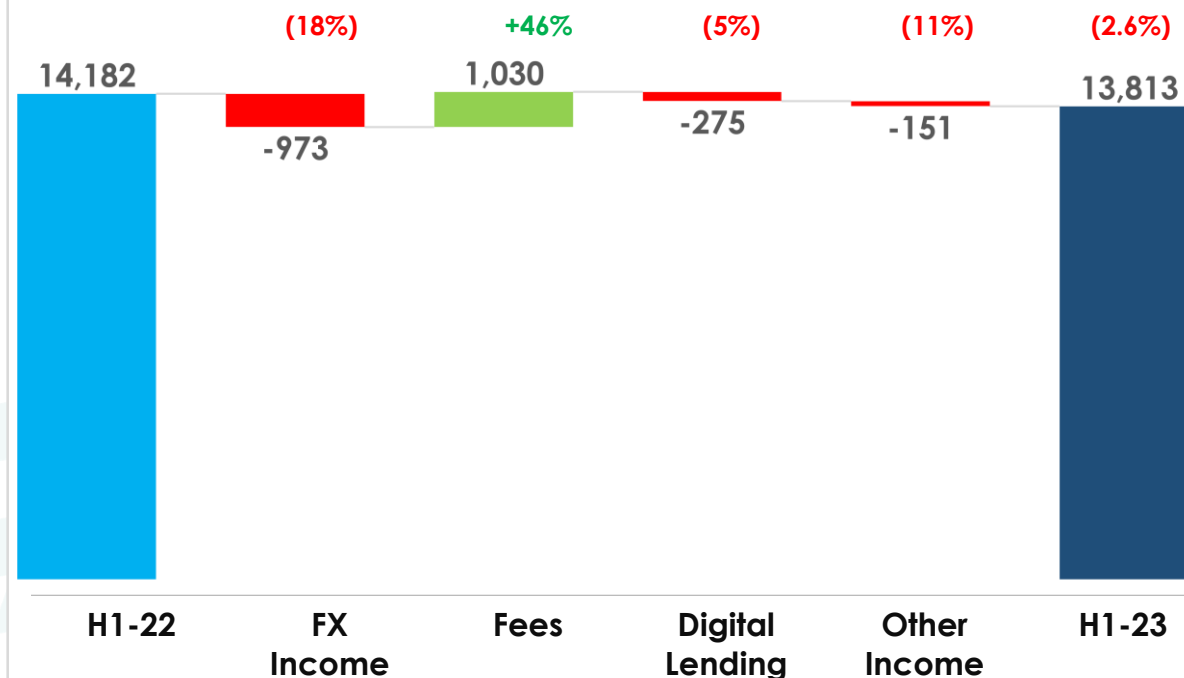
Amounts in KES B

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



Amounts in KES M

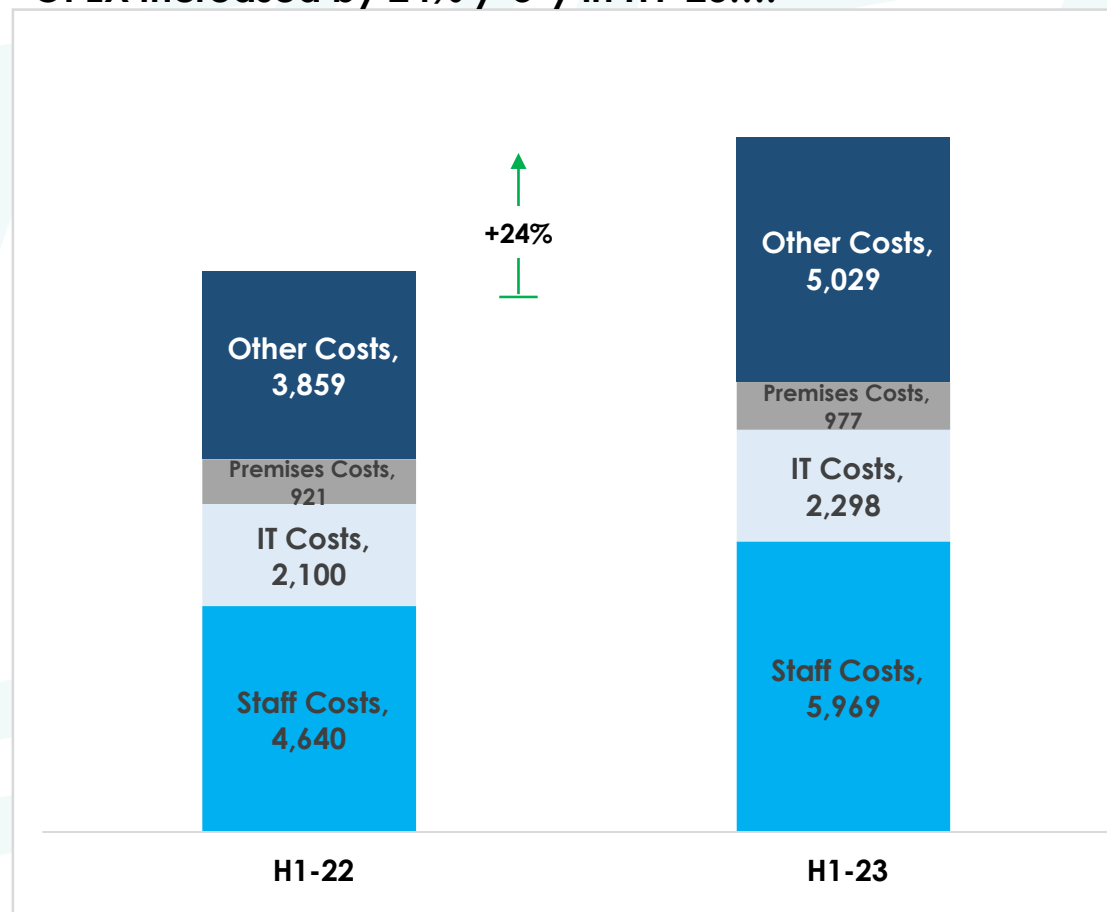
....and our transactional fee generation has boosted NFI as FX declined due to lower volume & compressed margins



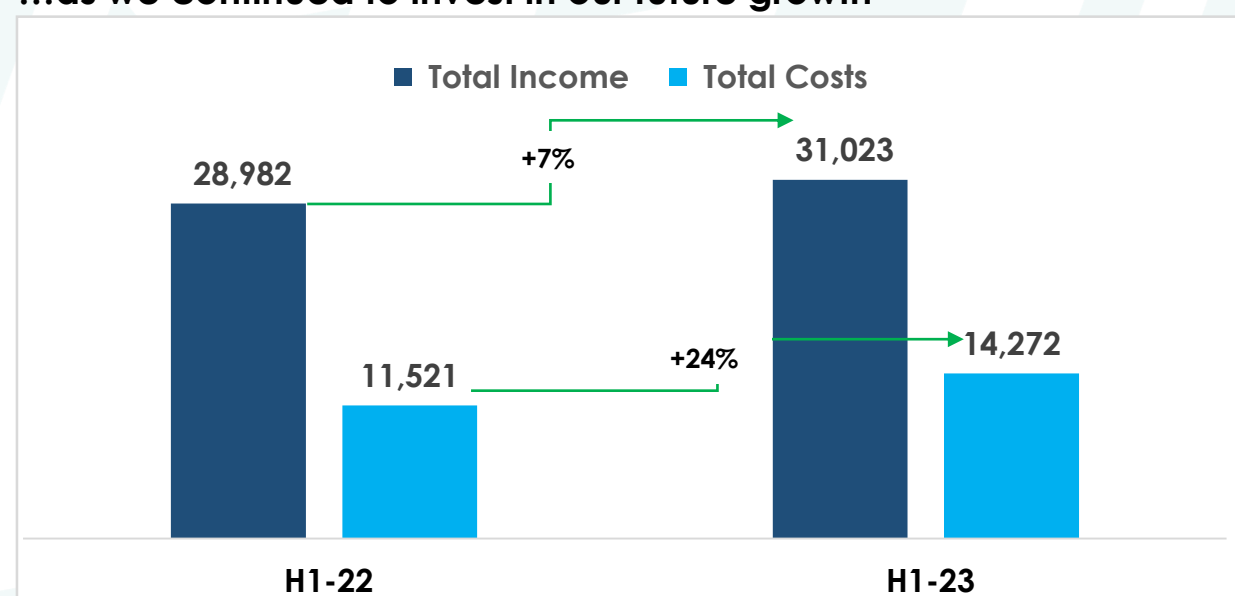
Investment in strategic growth initiatives & inflationary pressures have led to near term pressure on cost efficiency; this will resolve in the medium term as investments break even

Amounts in KES M

OPEX Increased by 24% y-o-y in H1-23....



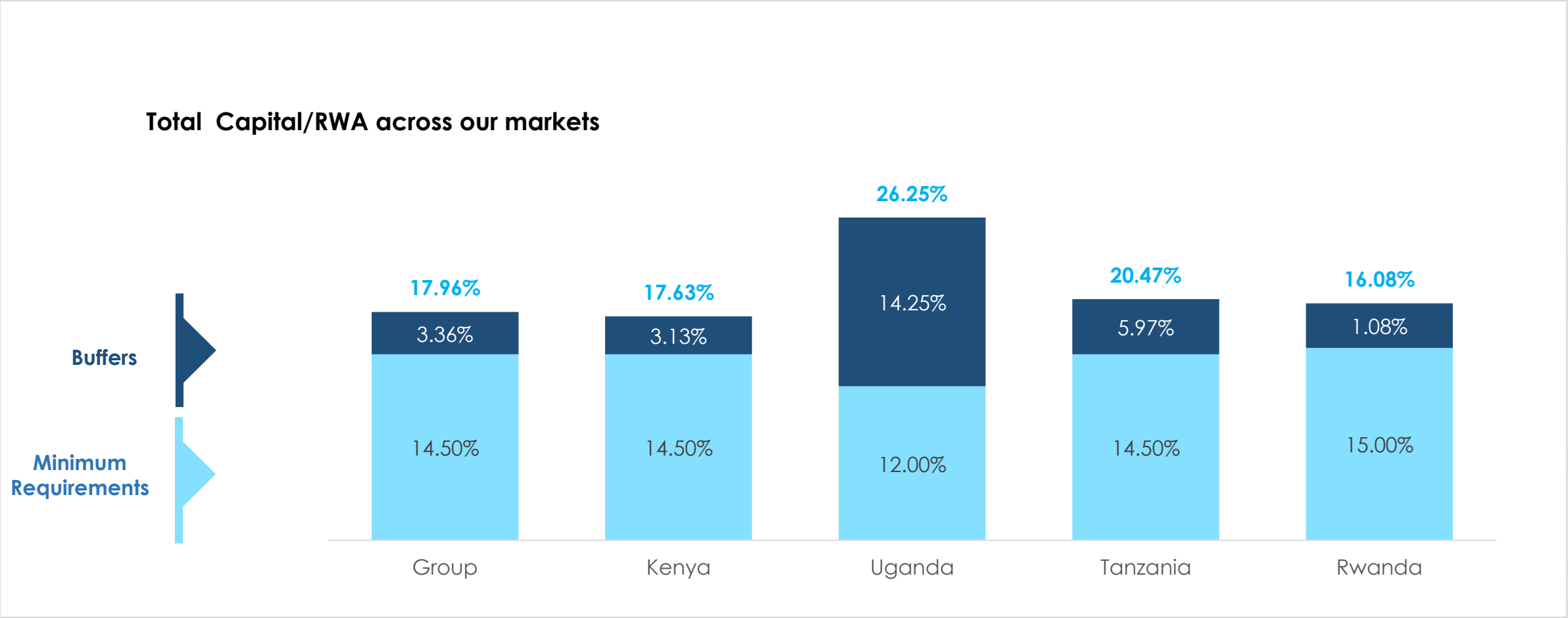
...as we continued to invest in our future growth



| | H1-22 | H1-23 |
|-------------------------------------|-------|-------|
| Cost to Income Ratio | 40% | 46% |
| Cost to Assets | 1.9% | 2.2% |
| Staff Cost Intensity ⁽¹⁾ | 16% | 19.2% |
| IT Cost Intensity ⁽²⁾ | 7.4% | 7.2% |

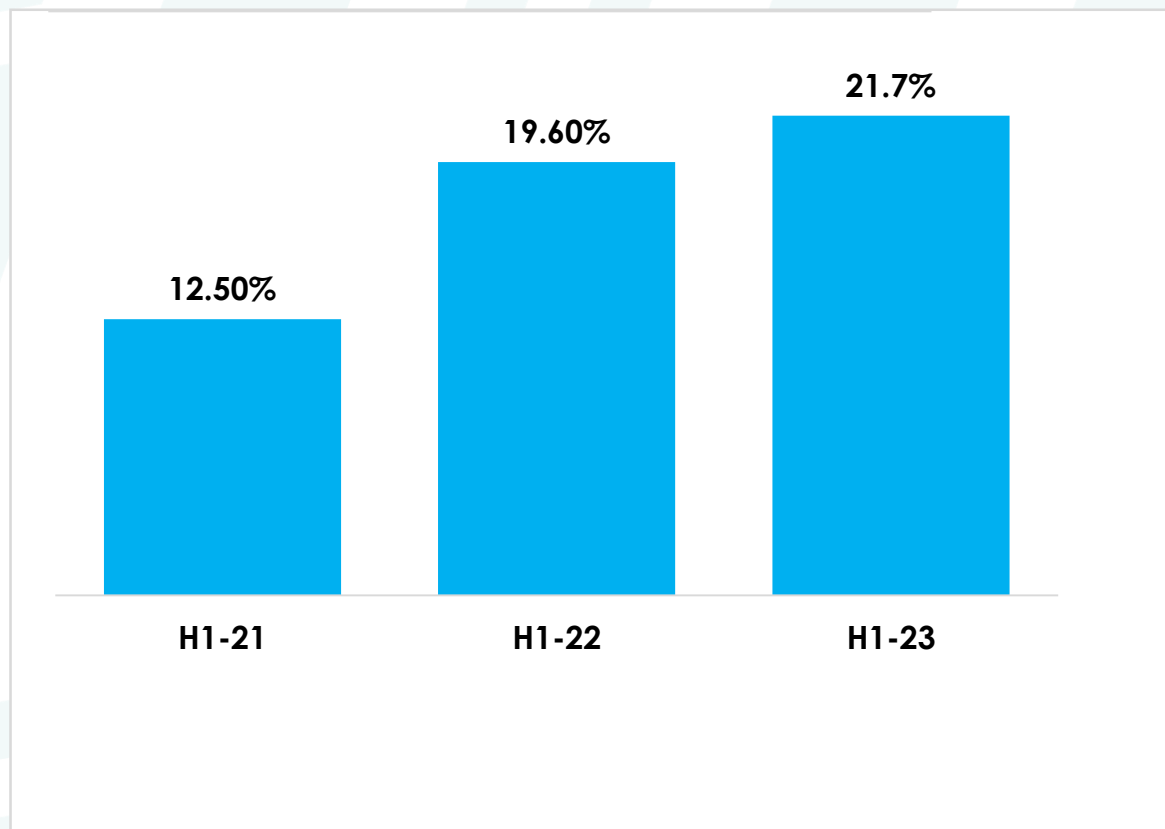
Notes:
 1: Staff Cost Intensity calculated as Staff costs vs. Operating Income
 2: IT Cost intensity calculated as IT OPEX vs. Operating Income

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

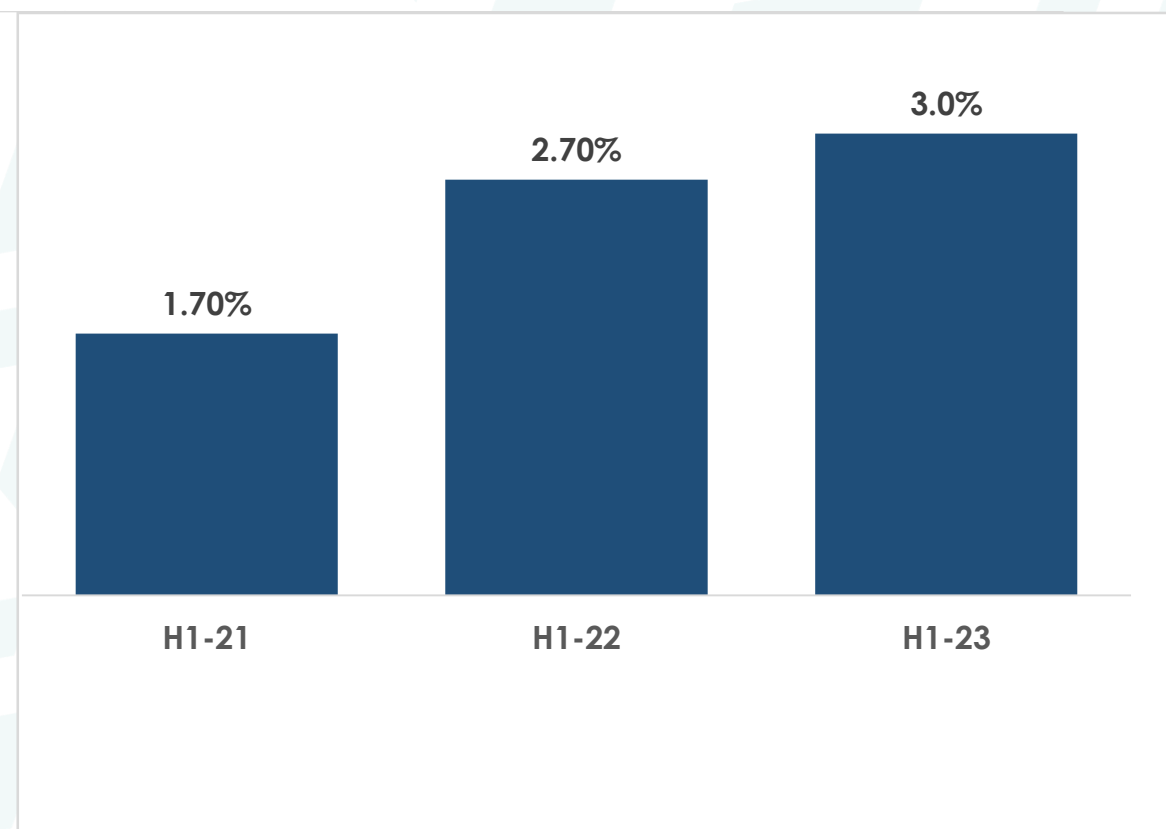


Our strategy is delivering the desired return outcomes for a Tier 1 institution

We are delivering on post merger promises on ROE



...while matching similar sized peers on ROA



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**Our FY 2023
Guidance**

- **Return on Equity** > 17%
- **NPL ratio** < 13%
- **Cost to Income Ratio:** 40-45%.
- **Capital Adequacy:** Maintain a 300Bps buffer above regulatory limits
- **Core Bank Cost of Risk:** 1.5% - 2.0%

THANK YOU



Statement of Profit & Loss

Amounts in KES Millions

| | NCBA Bank Kenya | | | NCBA Group Consolidated | | |
|--|-----------------|---------------|-------|-------------------------|---------------|-------|
| | 1H23 | 1H22 | Δ% | 1H23 | 1H22 | Δ% |
| Interest Income | 27,015 | 22,345 | 21% | 30,346 | 24,931 | 22% |
| Interest Expenses | -11,956 | -9,207 | 30% | -13,135 | -10,131 | 30% |
| Net Interest Income | 15,059 | 13,139 | 15% | 17,211 | 14,800 | 16% |
| FX Income | 3,956 | 4,982 | (21%) | 4,313 | 5,286 | (18%) |
| Other Non- Interest Income | 6,991 | 7,189 | (3%) | 9,500 | 8,897 | 7% |
| Non – Funded Income | 10,946 | 12,171 | (10%) | 13,813 | 14,182 | (3%) |
| Operating Income | 26,005 | 25,310 | 3% | 31,023 | 28,982 | 7% |
| Operating Expenses | -11,281 | -9,078 | 24% | -14,272 | -11,521 | 24% |
| Operating Profit | 14,724 | 16,232 | (9%) | 16,751 | 17,461 | (4%) |
| Impairments | -4,119 | -4,611 | 11% | -4,392 | -5,556 | 21% |
| Profit Before Tax And Exceptional Items | 10,605 | 11,621 | (9%) | 12,359 | 11,905 | 4% |
| Exceptional item | - | -531.1 | 100% | - | -724.6 | 100% |
| Profit after Exceptional items | 10,605 | 11,090 | (4%) | 12,359 | 11,180 | 11% |

Statement of Financial Position

Amounts in KES Millions

Assets

Net Loans and Advances

Investments

Cash and Balances with Banks

Other Assets

Total Assets

Liabilities & Equity

Customer Deposits

Borrowings

Other Liabilities

Shareholders Equity

Total Liabilities & Equity

NCBA Bank Kenya

1H23 1H22 Δ%

257,973 224,828 15%

208,169 212,562 (2%)

71,529 56,733 26%

53,822 50,967 6%

591,492 545,090 9%

NCBA Group Consolidated

1H23 1H22 Δ%

292,380 250,499 17%

231,679 232,082 (0%)

91,008 77,485 17%

45,258 44,231 2%

660,325 604,296 9%

459,465 420,636 9%

29,978 26,136 15%

19,758 19,929 (1%)

82,291 78,389 5%

591,492 545,090 9%

516,638 468,489 10%

28,997 30,023 (3%)

26,374 25,532 3%

88,316 80,251 10%

660,325 604,296 9%