



Q1 2023 Investor Briefing

May 2023

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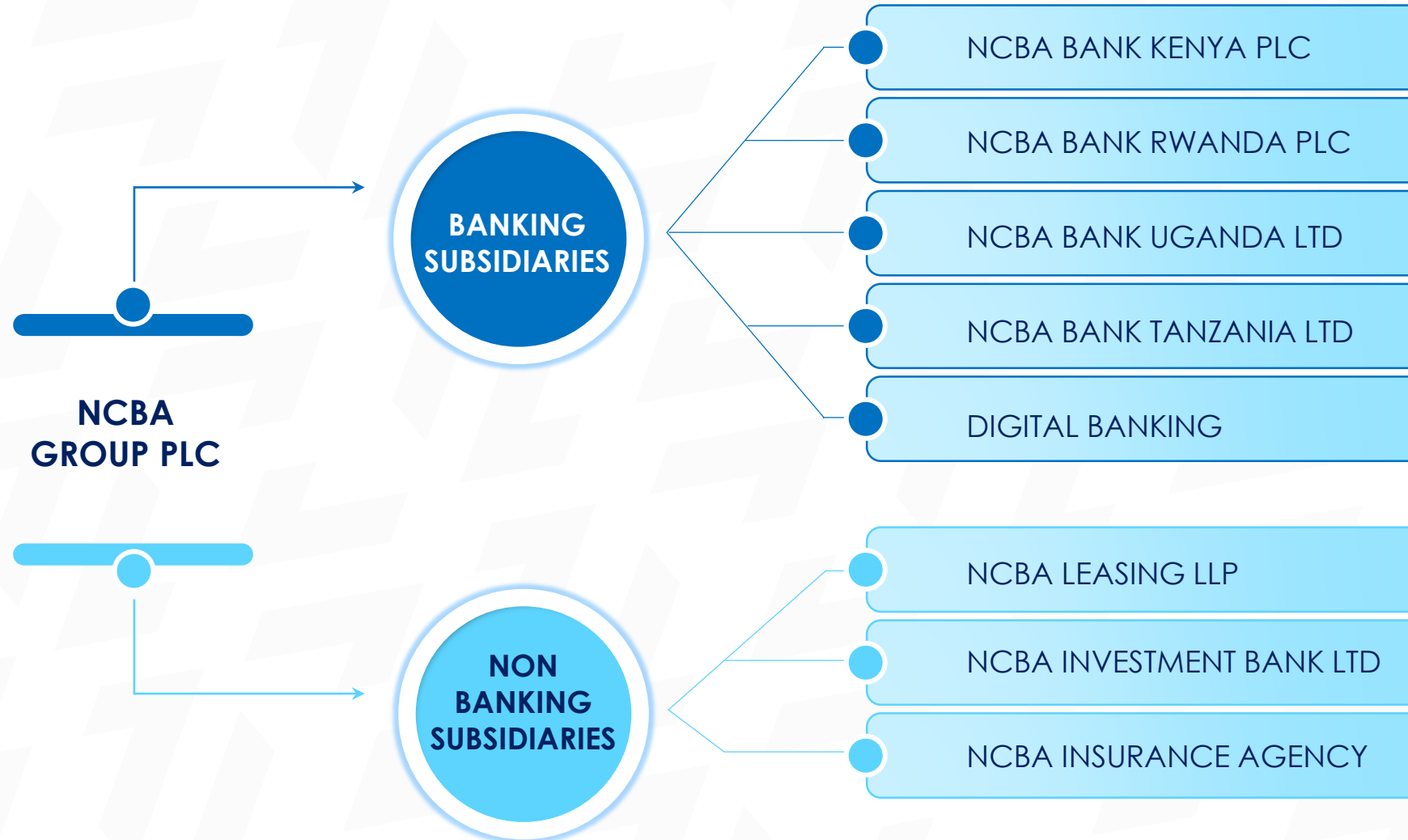
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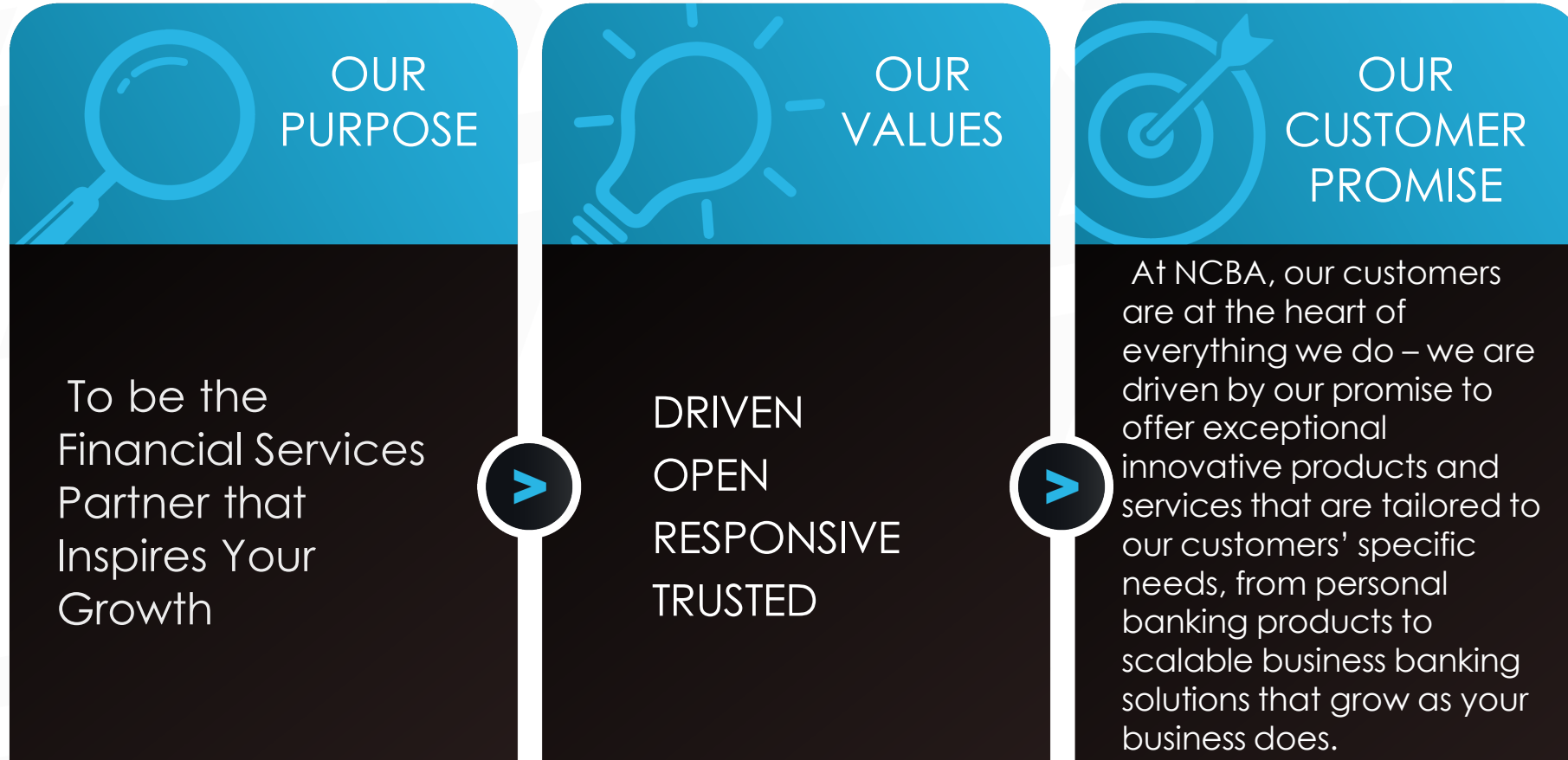
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Our Group Structure



Our Purpose and Values

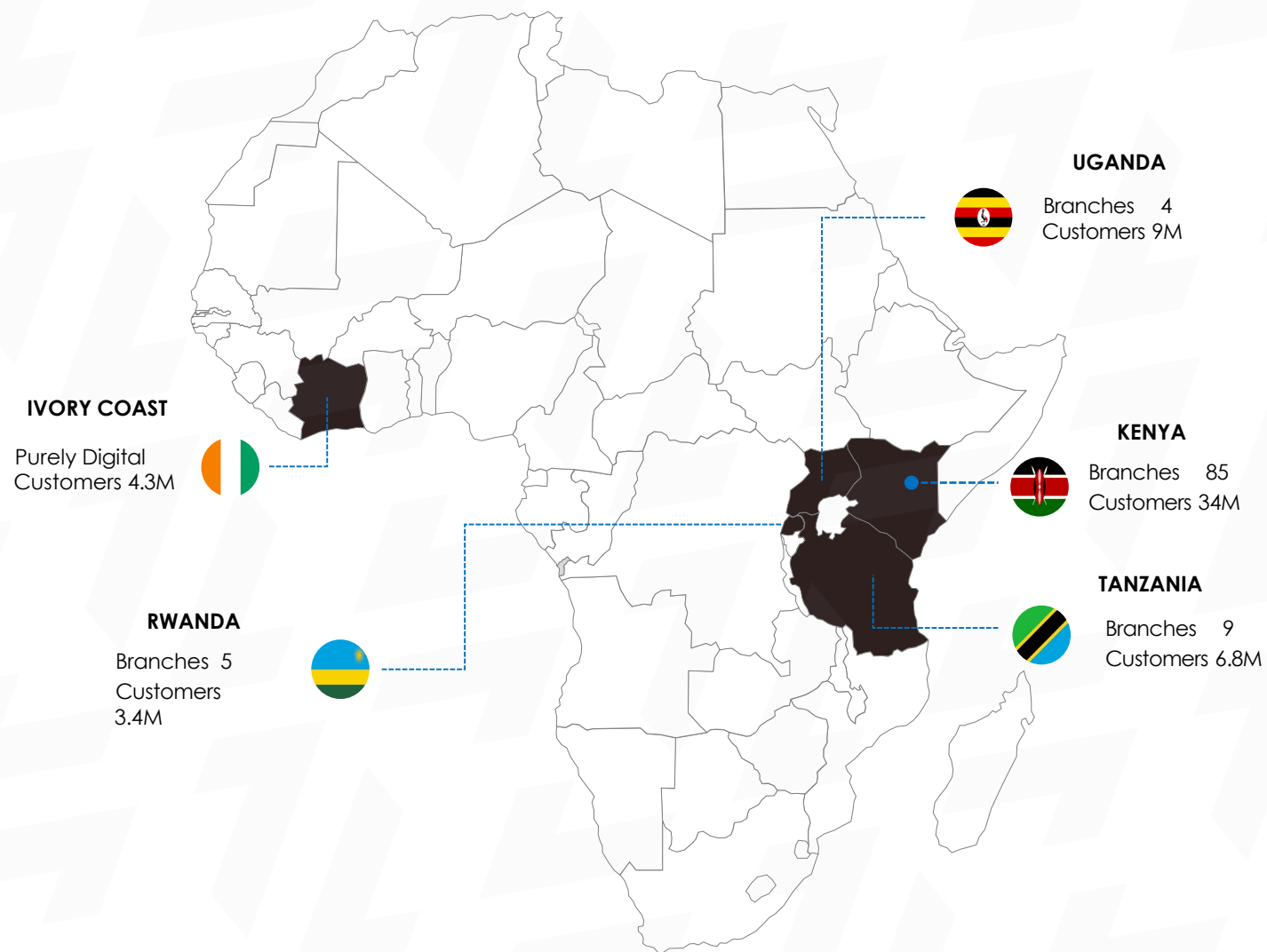


Welcome to the bank that says go for it.

Welcome to the bank that banks on your ambition.

Welcome to NCBA

Our Regional Footprint



KEY GROUP HIGHLIGHTS

CUSTOMERS

 > 60M

STAFF

 3,152

BRANCHES

 103

ATMs

 93

CASH DEPOSIT MACHINES

 86*

DR & CR CARDS

 190K+

* 52 Corporate CDMs

Awards & Accolades



- ❑ **Best Bank in Kenya 2022** - Global Finance Magazine & Abojani Investments
- ❑ **Among Top 10 Most Valuable Brands in Kenya** - Brand Finance
- ❑ **Best Digital Bank in Tanzania** - Global Banking and Finance Review
- ❑ **3rd Best in Customer Experience (Tier 1)** - Kenya Bankers Association
- ❑ One of Kenya's **Top 5 best workplaces to grow your career** - LinkedIn
- ❑ **Most Preferred Asset Finance Bank in Kenya** - Annual Road Safety Awards
- ❑ **Preferred Bank in Asset Finance** - Transport & Logistics Excellence Awards
- ❑ **2nd Runner Up Corporate Legal Department** - Nairobi Legal Awards (NALA)
- ❑ **Winner, Finance and Investment Sector Category** - Nairobi Legal Awards (NALA)

We are led by an exceptional team which has ensured we deliver on post-merger promises and has demonstrated resilience in managing our business



John Gachora

Group Managing Director



David Abwoga

Group Director, Finance



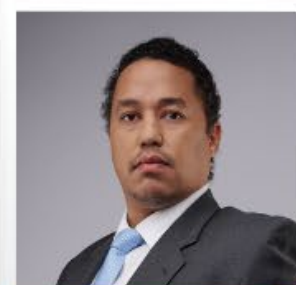
Waweru Mathenge

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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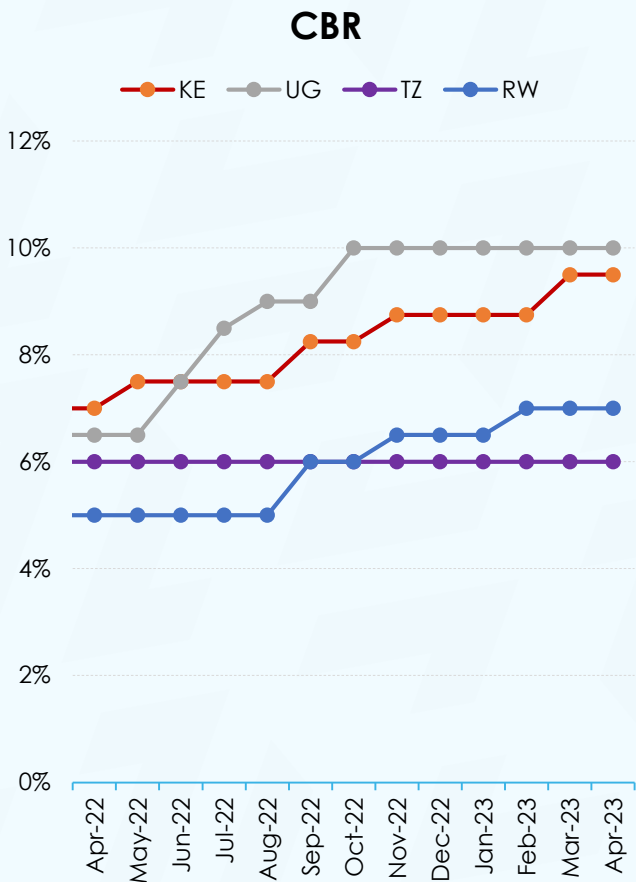
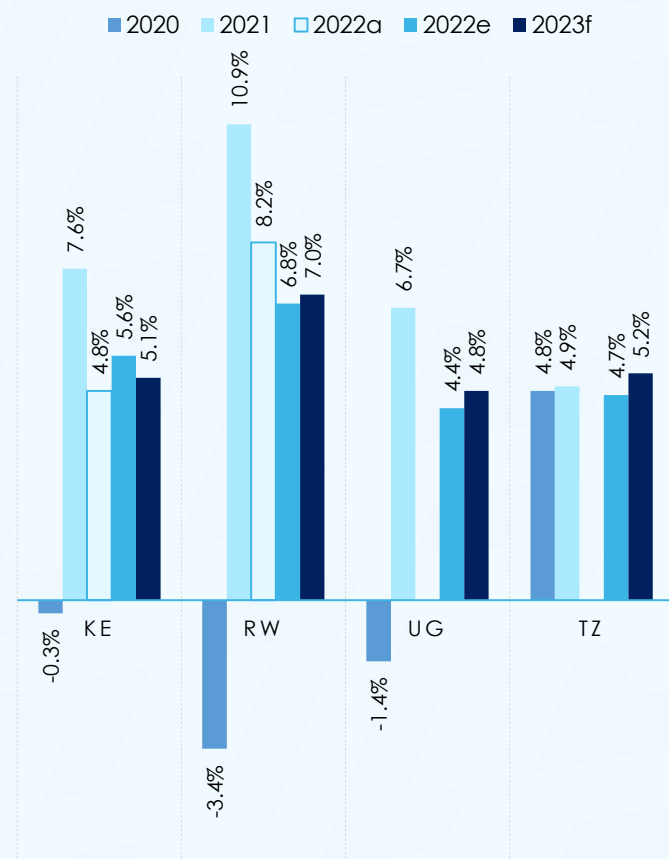
2023 PRIORITIES & GUIDANCE <

Growth forecast revisions globally and some Sub-Saharan economies points to uncertainty

GDP: Growth forecasted to fall in Kenya while the rest of EAC to remain resilient due to absence of agricultural production shocks in these countries.

Central Banks stay the course on rates – quantum of raises however tamer

Regional currencies in sustained weakness– KES leads broad depreciation on the back of dollar liquidity strains



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



Become a Distinguished Brand Known For Customer Experience




Scale Retail Banking: Expand Distribution



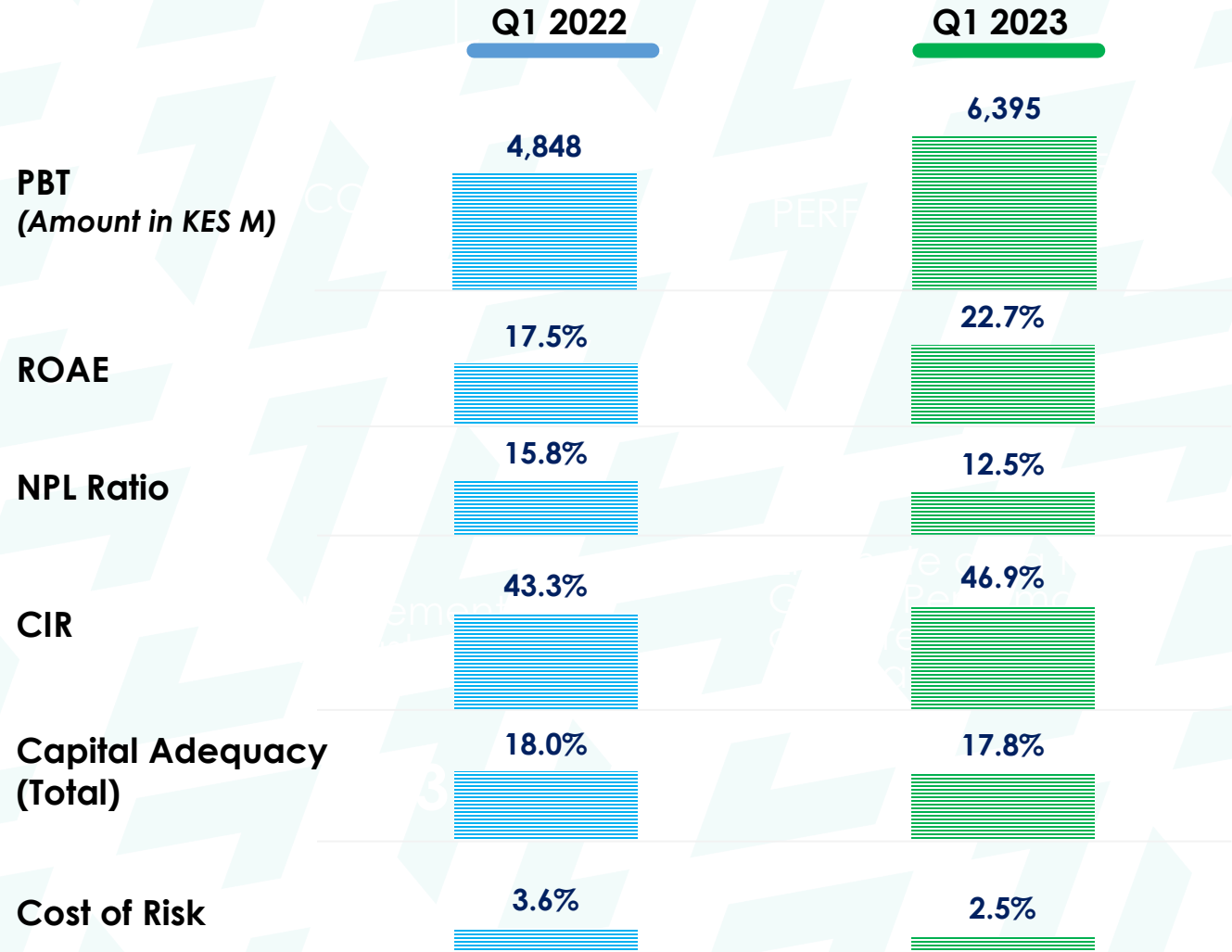
Deepen Leadership in Corporate Banking & Asset Finance



Digital Transformation



Develop a High Performance Employee Culture



Our diversified business model is demonstrating growth and resilience

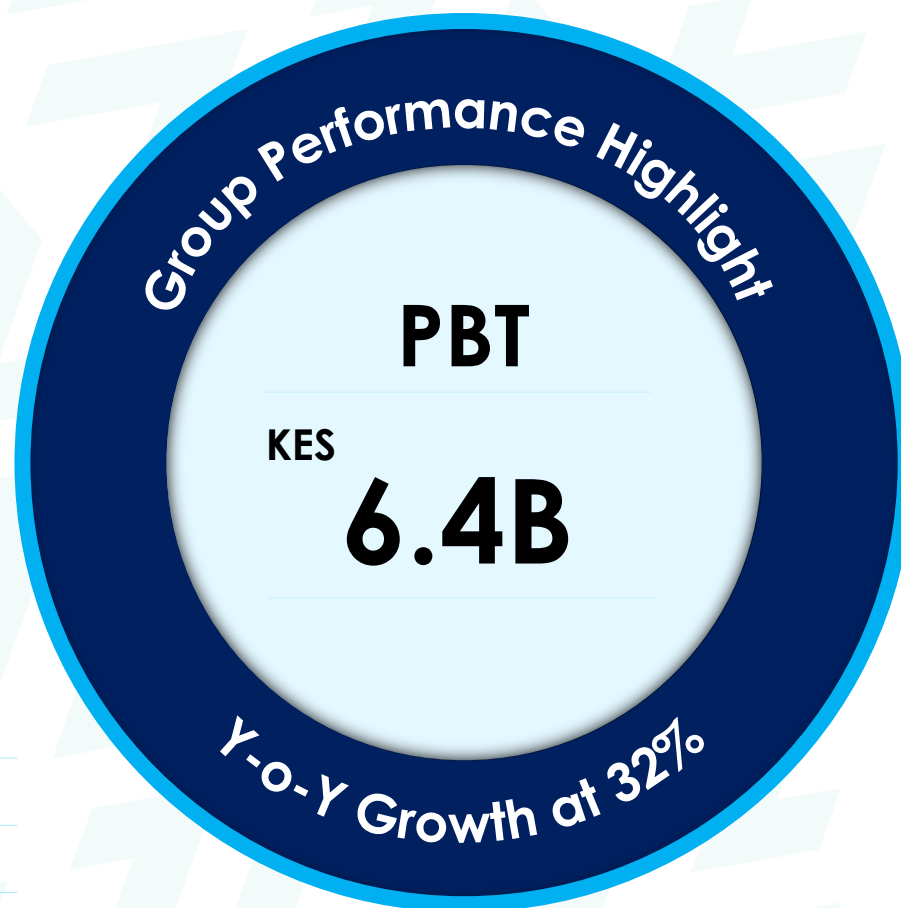
PBT (KES M)

Core Banking Segment

	Q1-22	Y-o-Y	Q1-23
Kenya	3,891	+28% →	4,976
Tanzania	(139)	+>100% →	161
Uganda	139	+72% →	239
Rwanda	39	+>100% →	138
Total	3,930	+40% →	5,514

Non Banking Subsidiaries

	Q1-22	Y-o-Y	Q1-23
Investment Bank	81	-23% →	62
Insurance Agents	46	+52% →	70
Leasing LLP	17	+>100% →	52
Total	144	+28% →	184



Digital Banking

	Q1-22	Y-o-Y	Q1-23
Digital Business (KE)	878	-45% →	483
Loop DFS	0	n/m →	(2)
Digital Ghana	N/A	>100% →	11
M-Pawa (TZ)	15	+27% →	19
Mokash (UG)	139	+72% →	239
Mokash (RW)	38	+>100% →	132
Total	1,070	-18% →	882

Our focus on expanding our footprint across Kenya is delivering both on customer numbers and balance sheet growth

Growing Branch Network



More Cost Efficient Branches



Larger Customer Base



Branches **103** (2022) → **118** (2023)

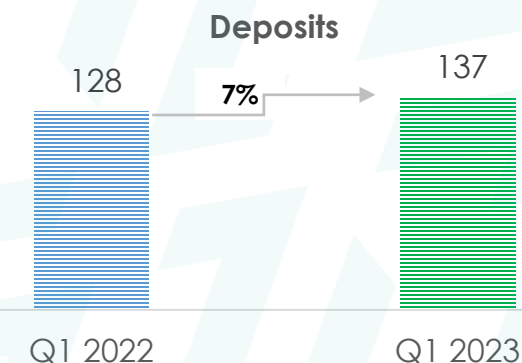
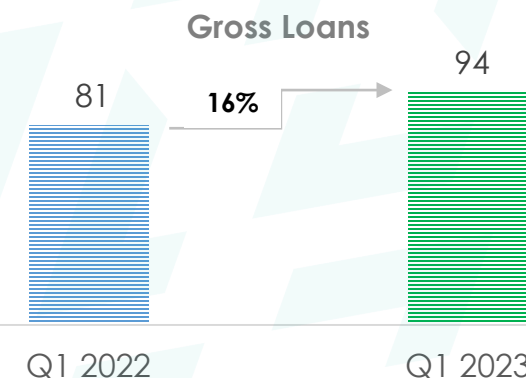
 Counties Present **22** (2022) → **36** (2023)

33%
Smaller branches
Average Branch Size (Sqft) 1,653 from 2,434

58:42
CASA ratio (74:26 for new branches)

6%
Growth in Retail Customer Base(Kenya)
259K (Q1'22) - 274K (Q1'23)

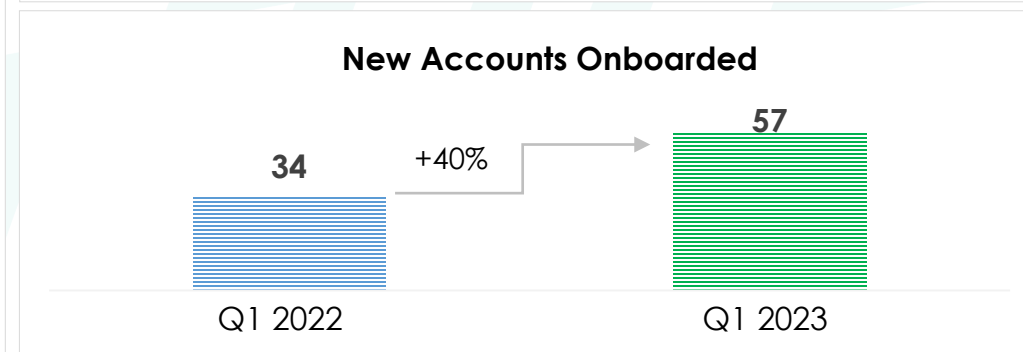
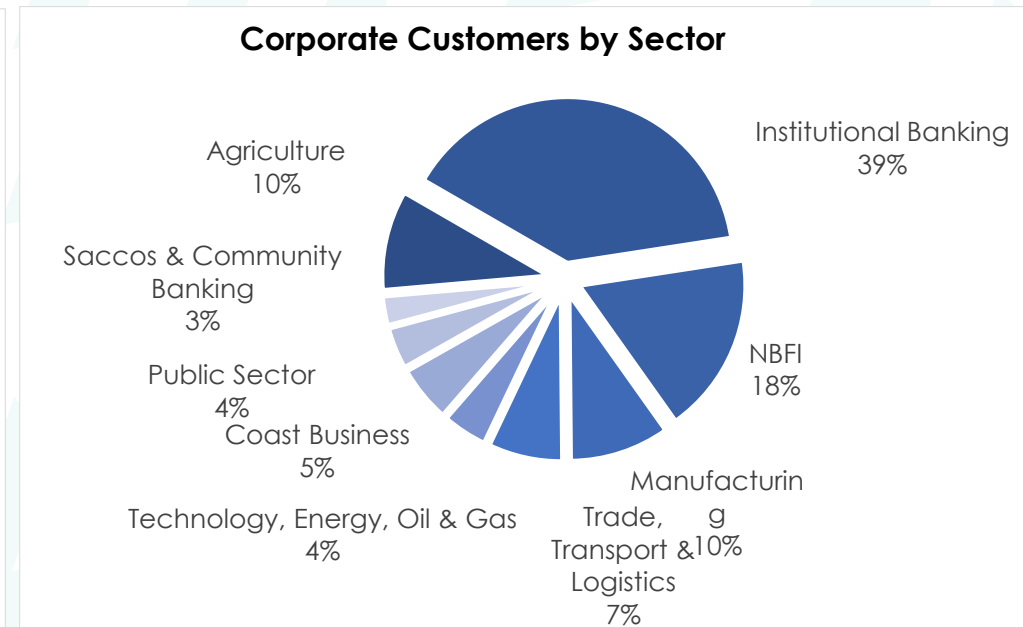
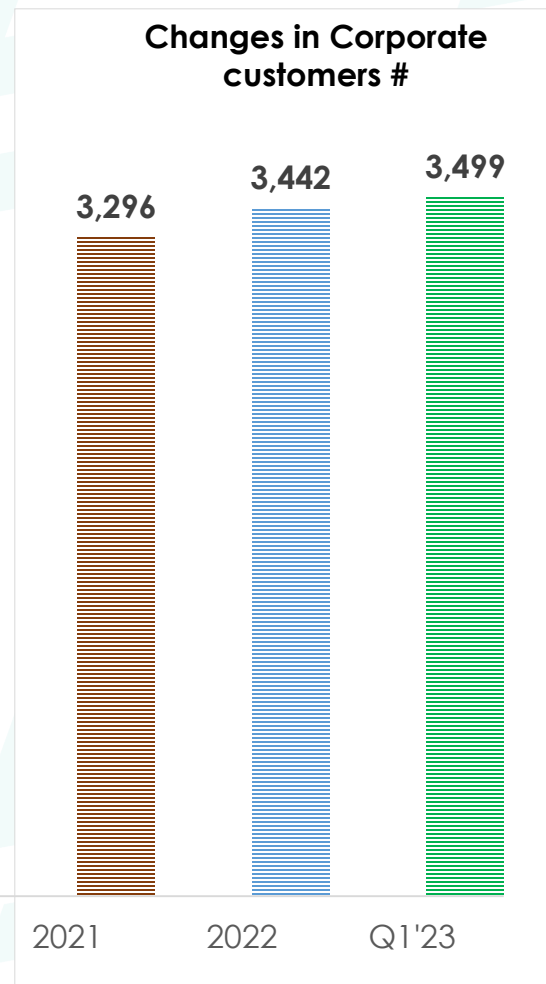
KE Retail Banking Balance sheet (KES B)



An enhanced sectoral approach to relationship management has allowed us to continue to grow and diversify our corporate client base in 2023

Strengthen Relationship Management

- Participation in key Industry events.
 - Leveraging on sponsorship & partnerships
- 57 New Accounts on boarded in Q1 '23
 - New Names contribution to business; Deposits KES 1.5B, Loans KES 1.3B



We have maintained 60 years leadership in asset finance by relentless innovation and strategic partnerships



Scaling Dealers Agency Network

- Renewed 7 of the existing schemes
- Signed new schemes with Ashok Leyland, Sinotruck Ltd and Roam for electric buses



Deepening access to credit by leveraging on logbook Loans - Reviewed the logbook loan product offering with enhanced offering.



Leveraging on CarDuka Ecosystem to drive Asset finance loans - On-boarded 10 strategic partners.



37%

Market Share
(37% Q1'22)

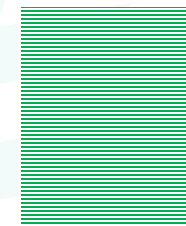
Disbursement (KES M)

6,313



Q1 2022

6,334



Q1 2023

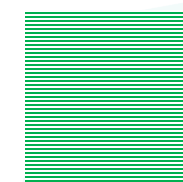
Total Income (KES M)

383



Q1 2022

510



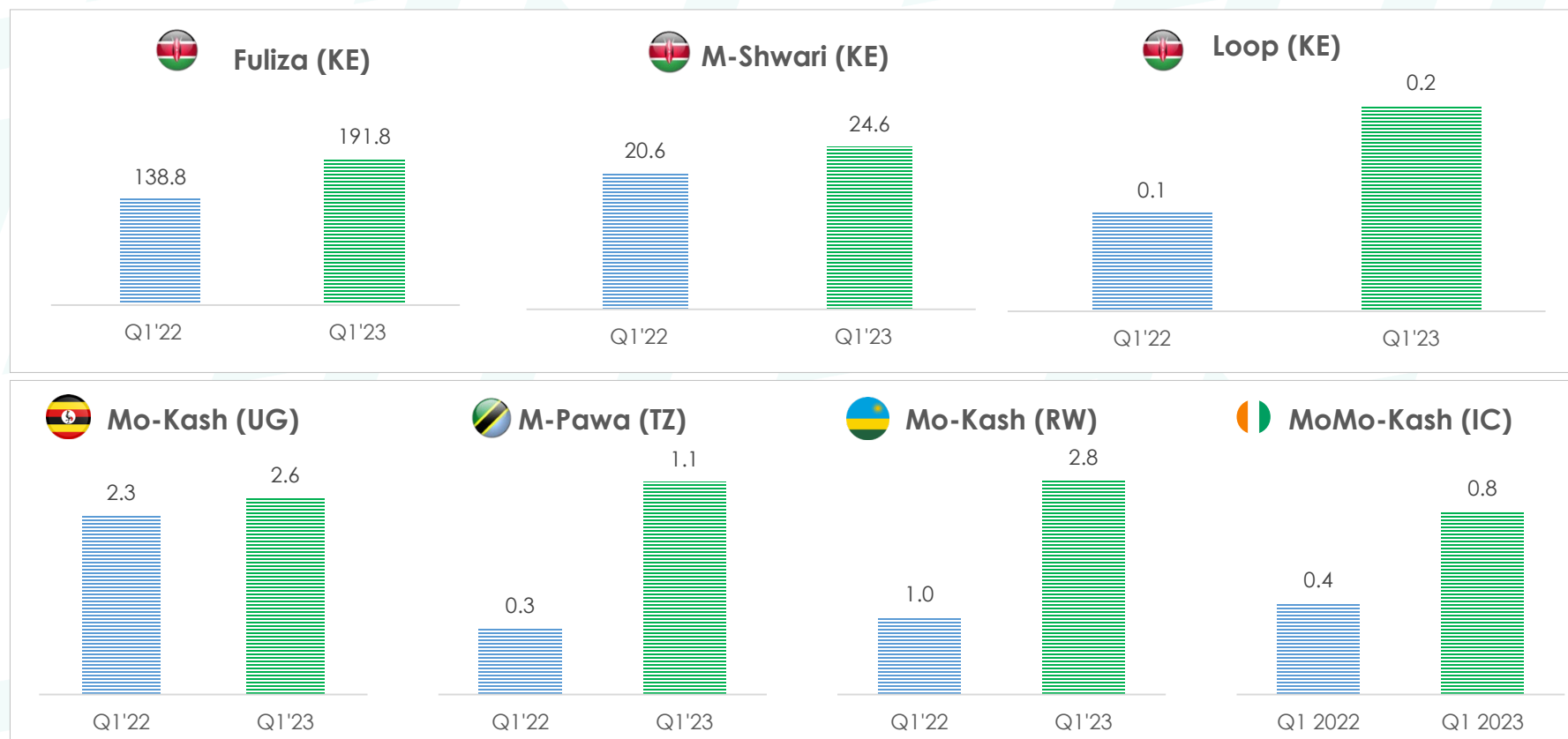
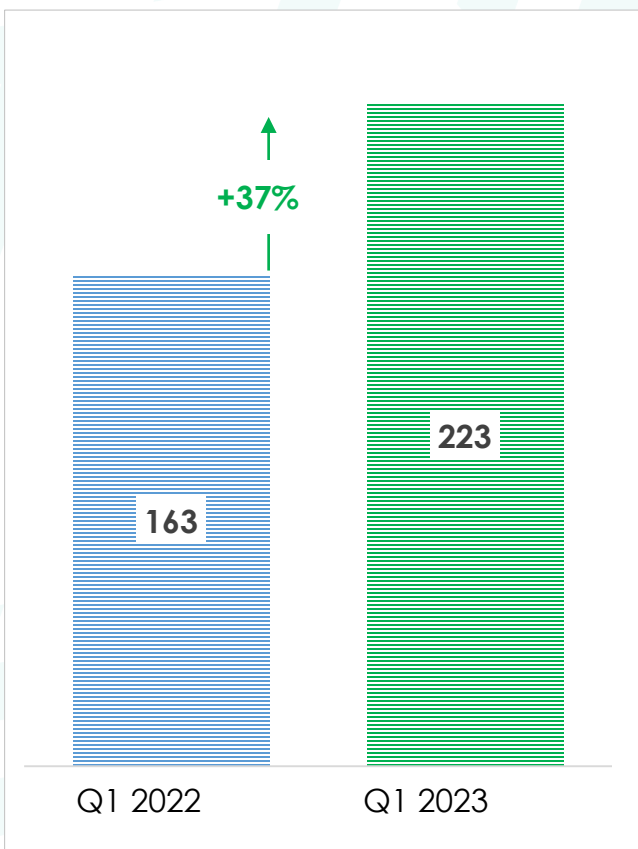
Q1 2023

Notes:

1: Distribution schemes denote partnerships with corporates where we offer solutions to their ecosystem of stakeholders including customers and employees

We are continuing to grow our digital disbursements while diversifying into new markets

Evolution of digital disbursements (KES B)



We have made progress in defining our Sustainability Strategy to address our objective to inspire greatness and catalyze action towards a Greener & More Sustainable Future. For the communities that we serve and for NCBA

Material Themes

Environmental

- Climate Change
 - Energy Use
 - Supply Chain Screening
 - Emissions (Carbon Footprint Assessment)

Social

- Environmental Management
- Community Engagement
- Innovation and Technology
- Training & Education

Governance

- Diversity & Inclusion
- Cyber Security
- Data Privacy
- Consumer Protection
- Labour & Working Conditions
- Human Rights
- Health & Safety
- Ethics & Compliance
- Corporate Governance
- Anti-corruption

- 1 Minimize Our Direct Impact On the Climate
- 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 Optimise our Corporate Governance

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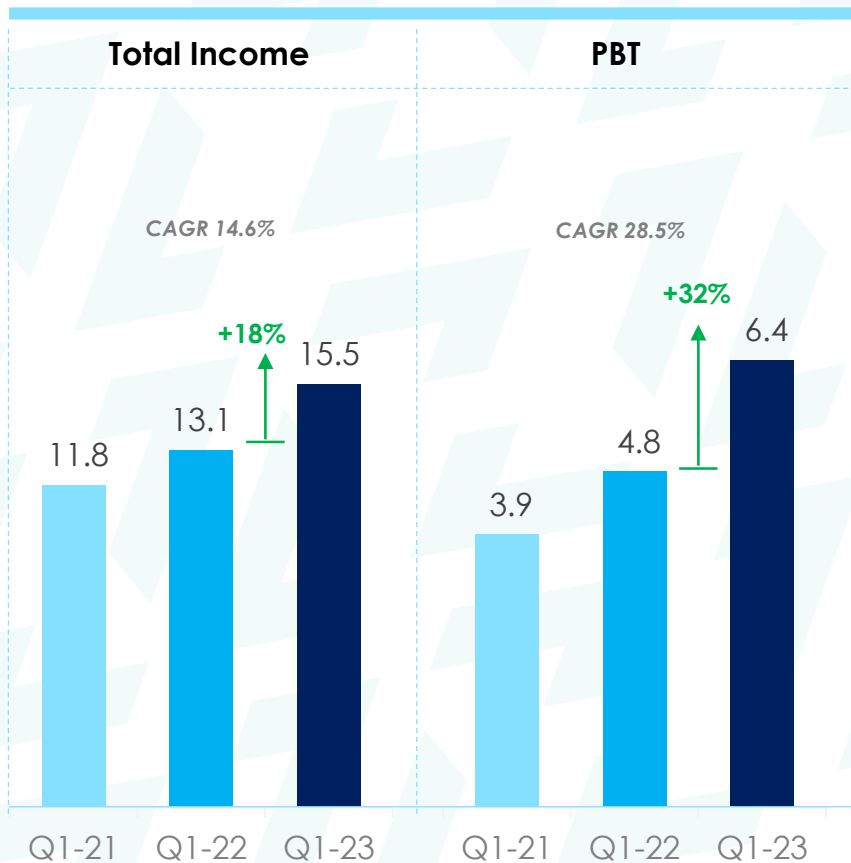
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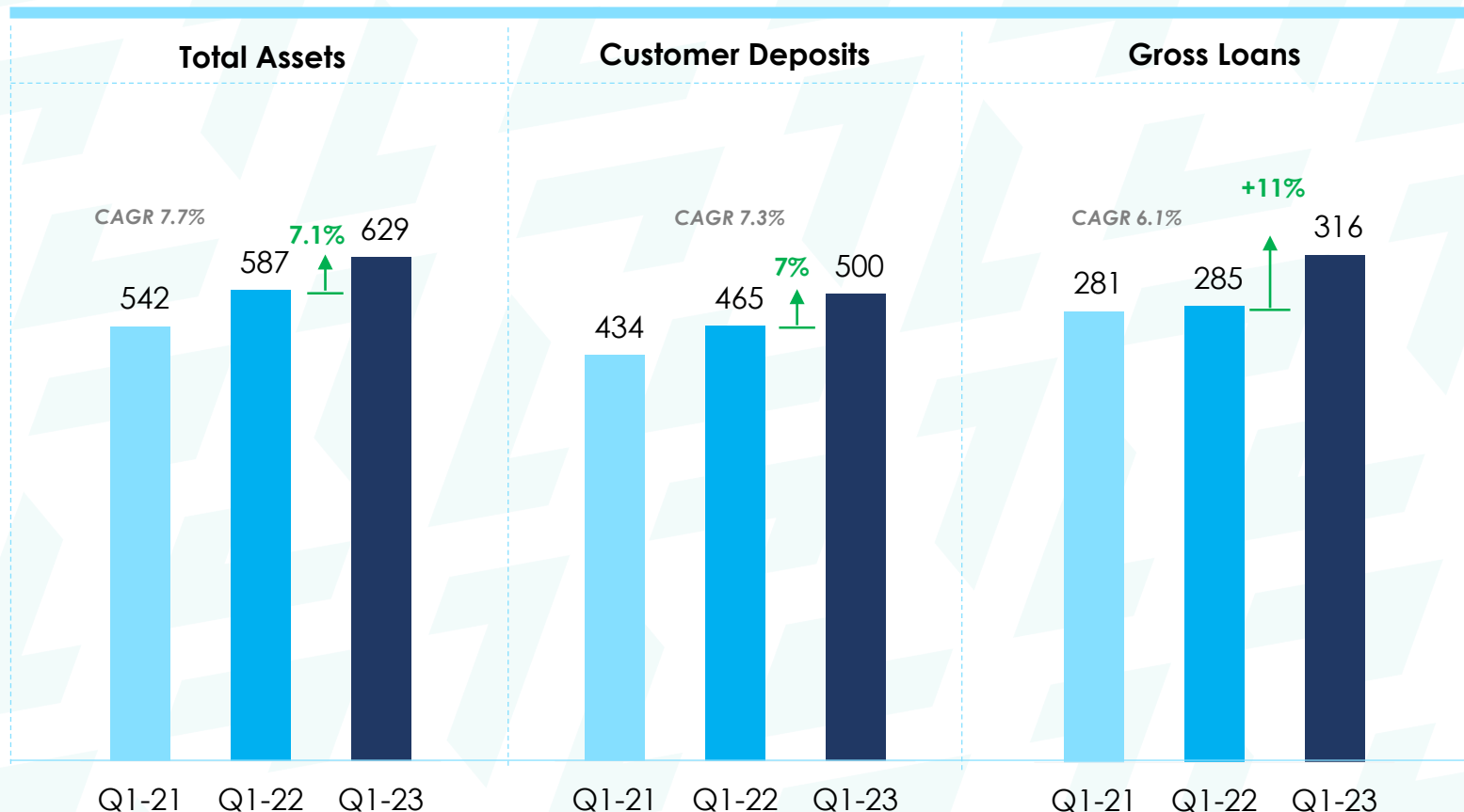
Our Group continues to demonstrate strong fundamentals with positive CAGR over the strategy period

Amounts in KES B

Income Statement

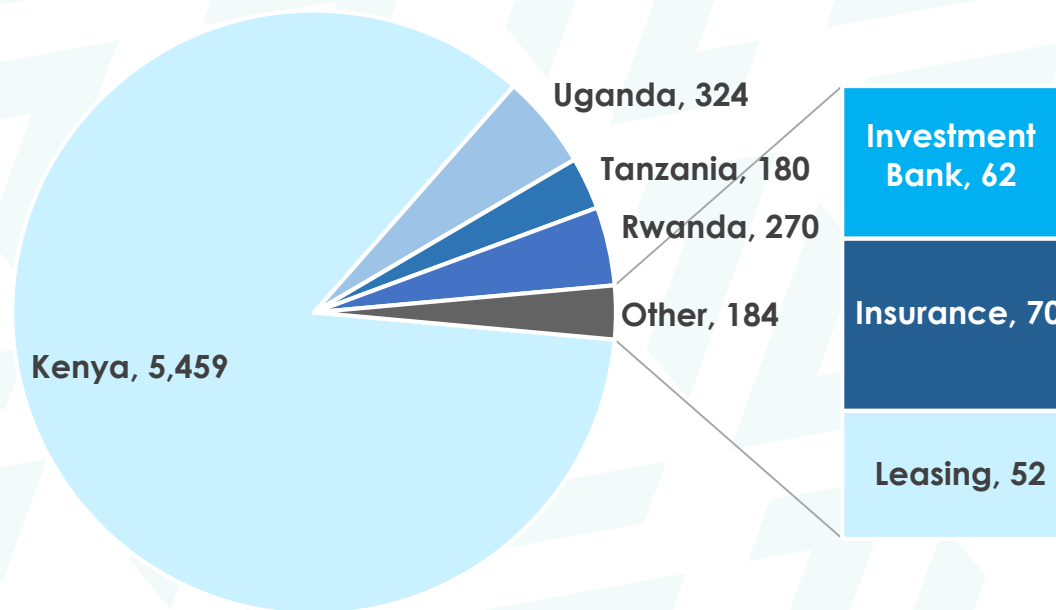
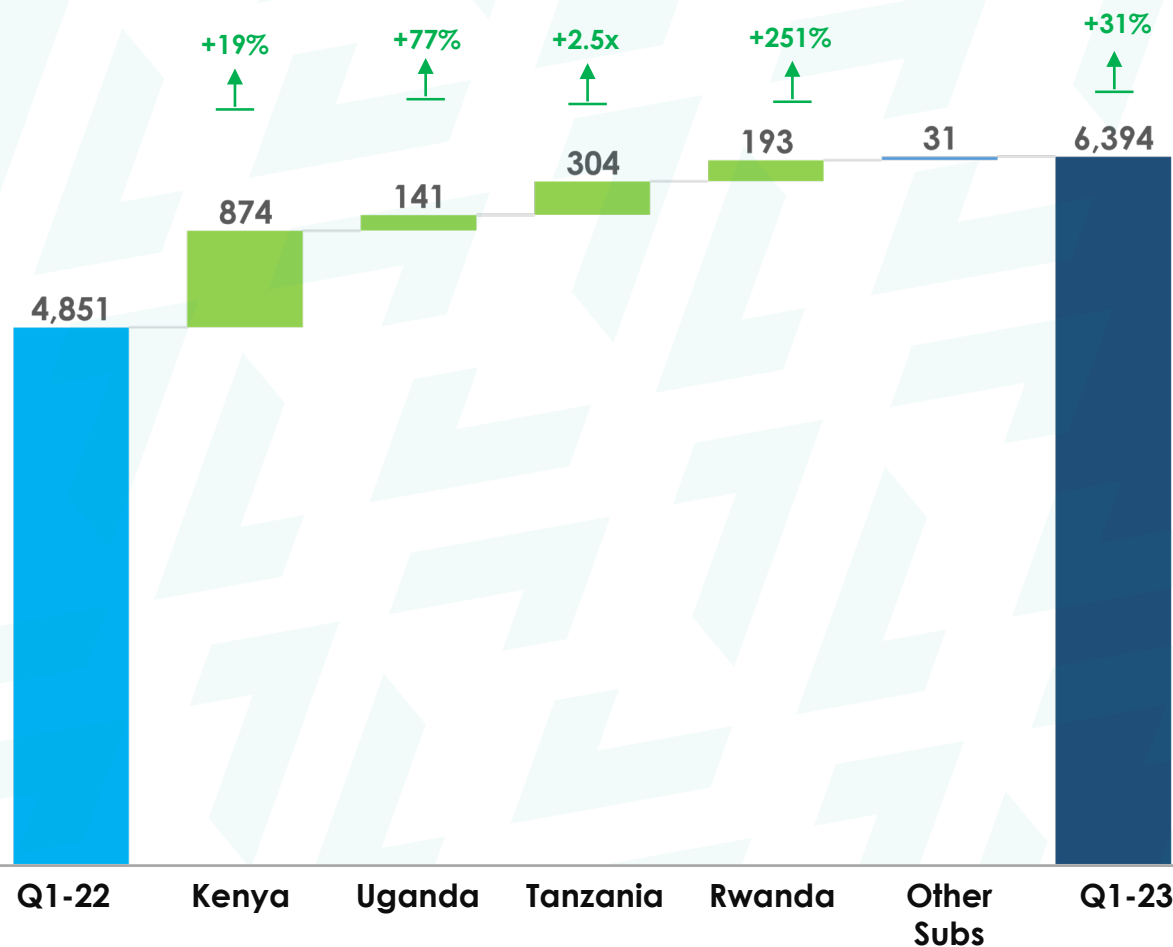


Balance Sheet



Our 2023 focus on delivering performance from our subsidiaries is showing demonstrable success

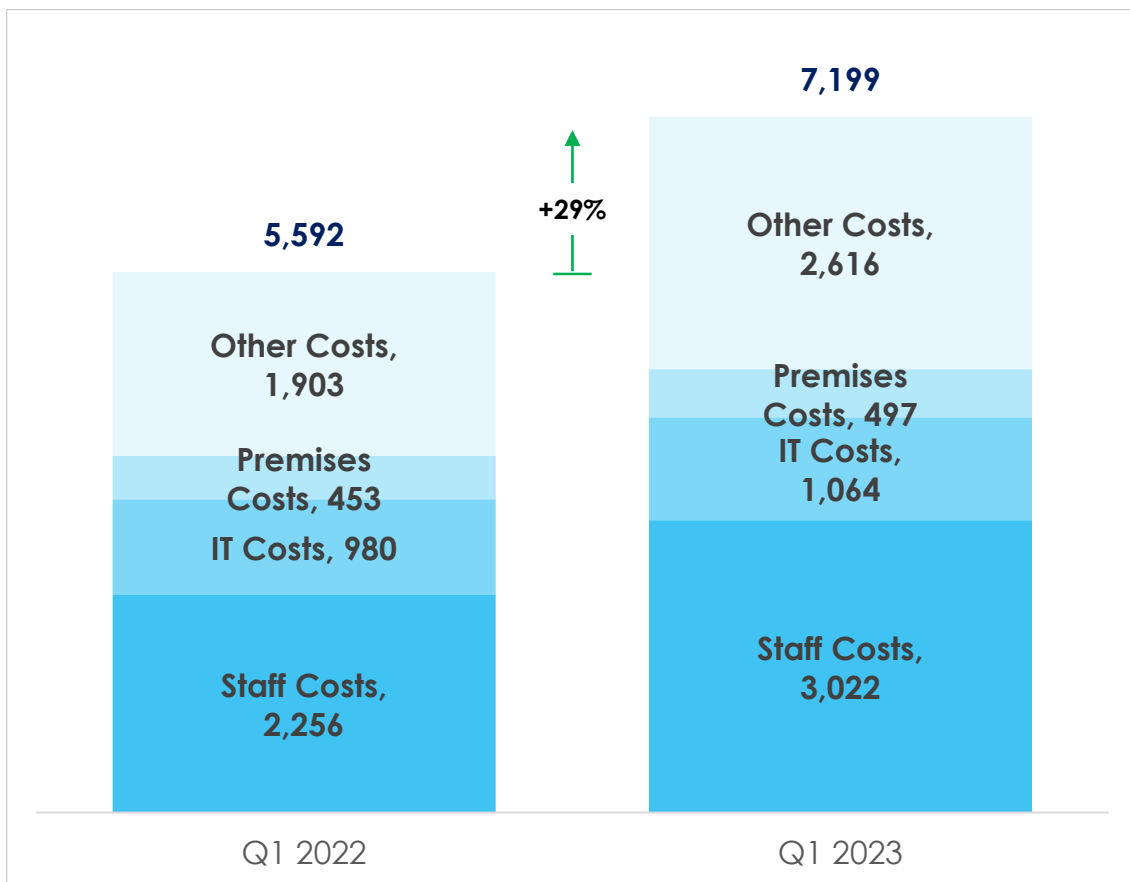
PBT (KES B)



Despite strategic investments and inflationary pressures, we continue to run a highly efficient business with a CIR of 47%

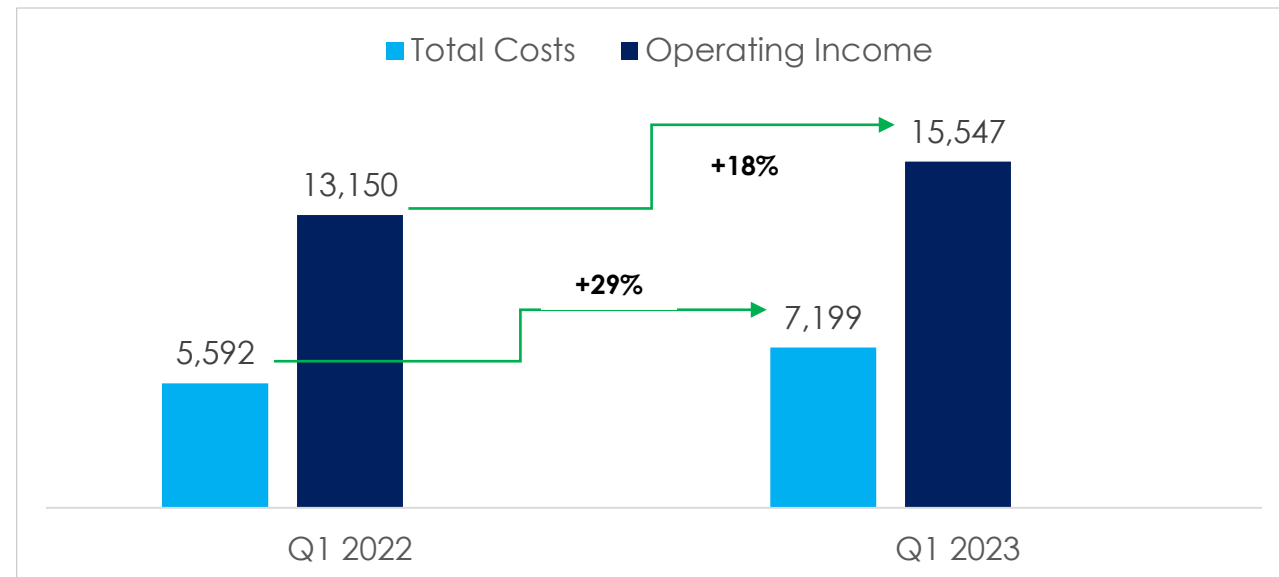
Amounts in KES M

OPEX Increased by 29% y-o-y in Q1-23....



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

...investing for the future

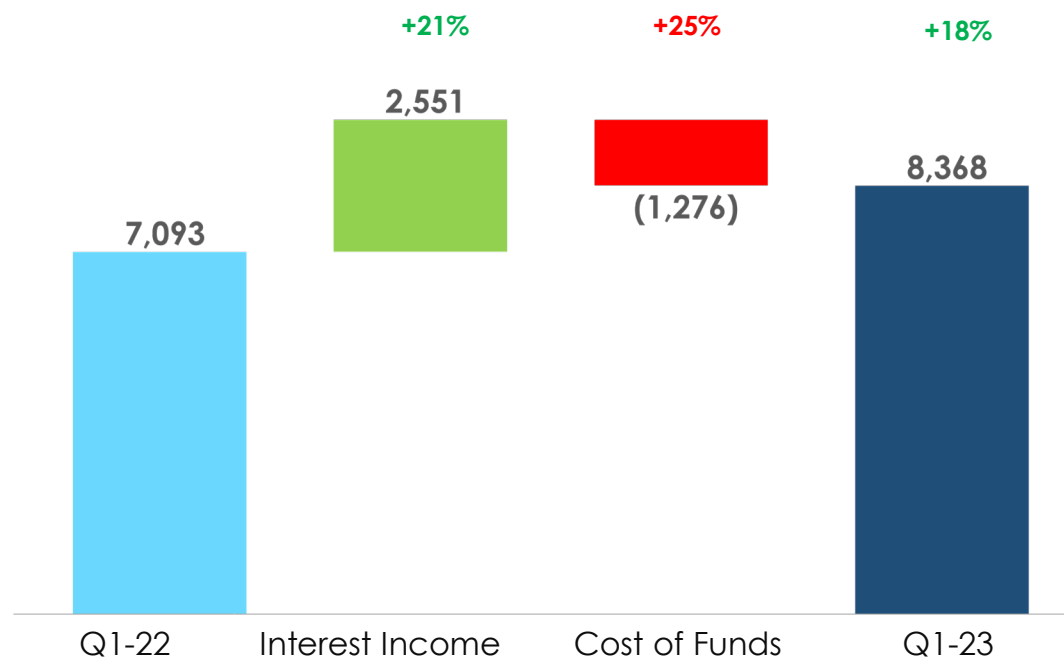


	Q1-22	Q1-23
Cost to Income Ratio	43%	47%
Staff Cost Intensity ⁽¹⁾	17.2%	19.4%
IT Cost Intensity ⁽²⁾	7.5%	6.8%

Our customer growth efforts are visible in balance sheet expansion & NII

Amounts in KES M

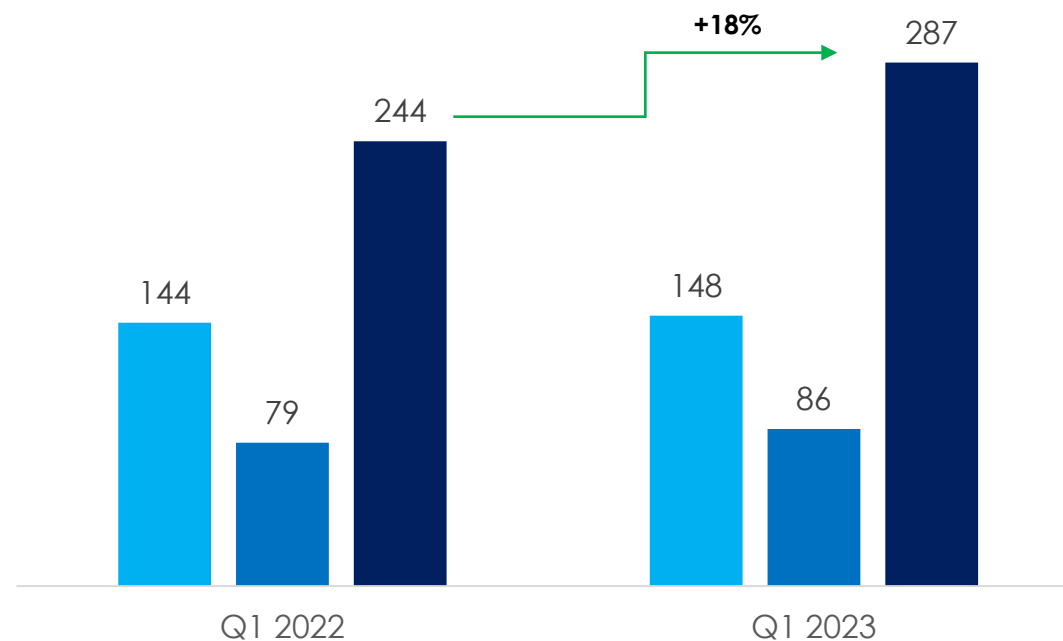
NII driven by asset allocation and capital efficiency...



Amounts in KES B

...in addition to healthy growth across our core assets

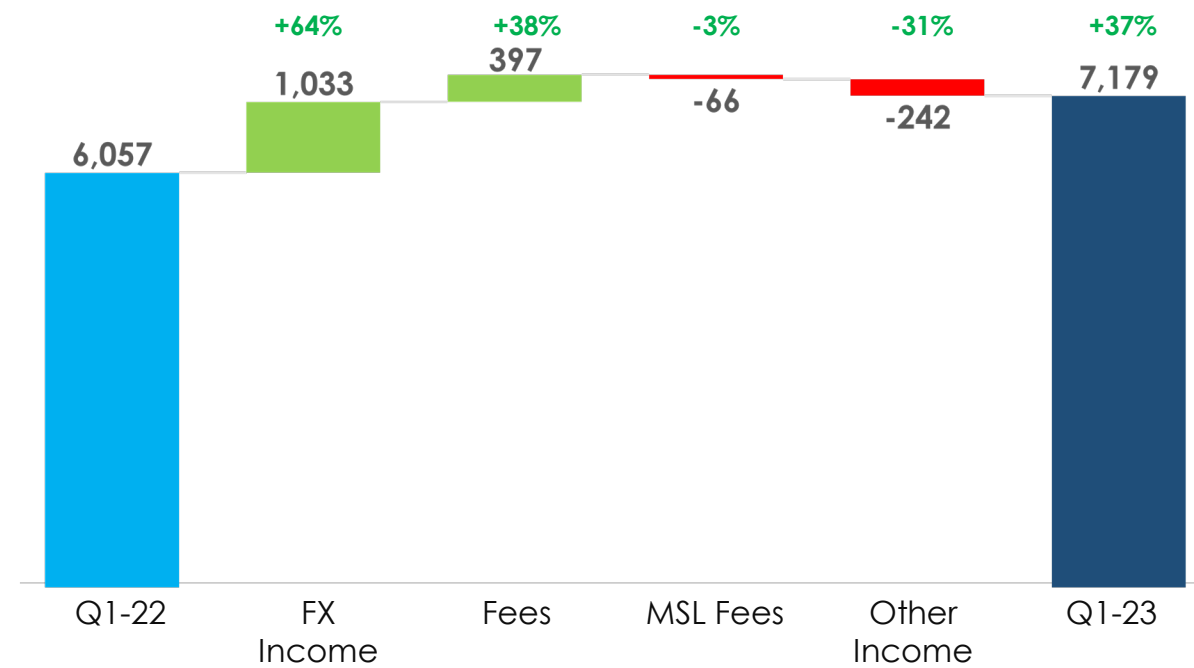
■ Held to Maturity ■ Available For Sale ■ Net Loans



We continue to see strong results arising from our market leading dollar book and our efforts in currency risk management in the current volatile environment

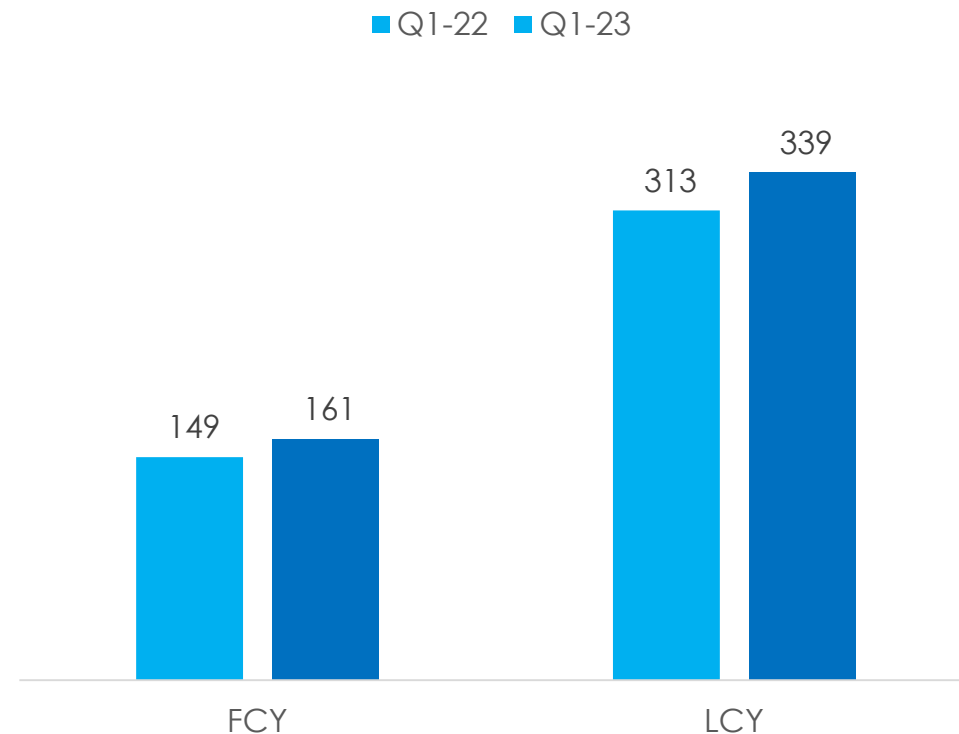
Amounts in KES M

NFI performed strongly driven by FX in addition to strong performance in other lines...



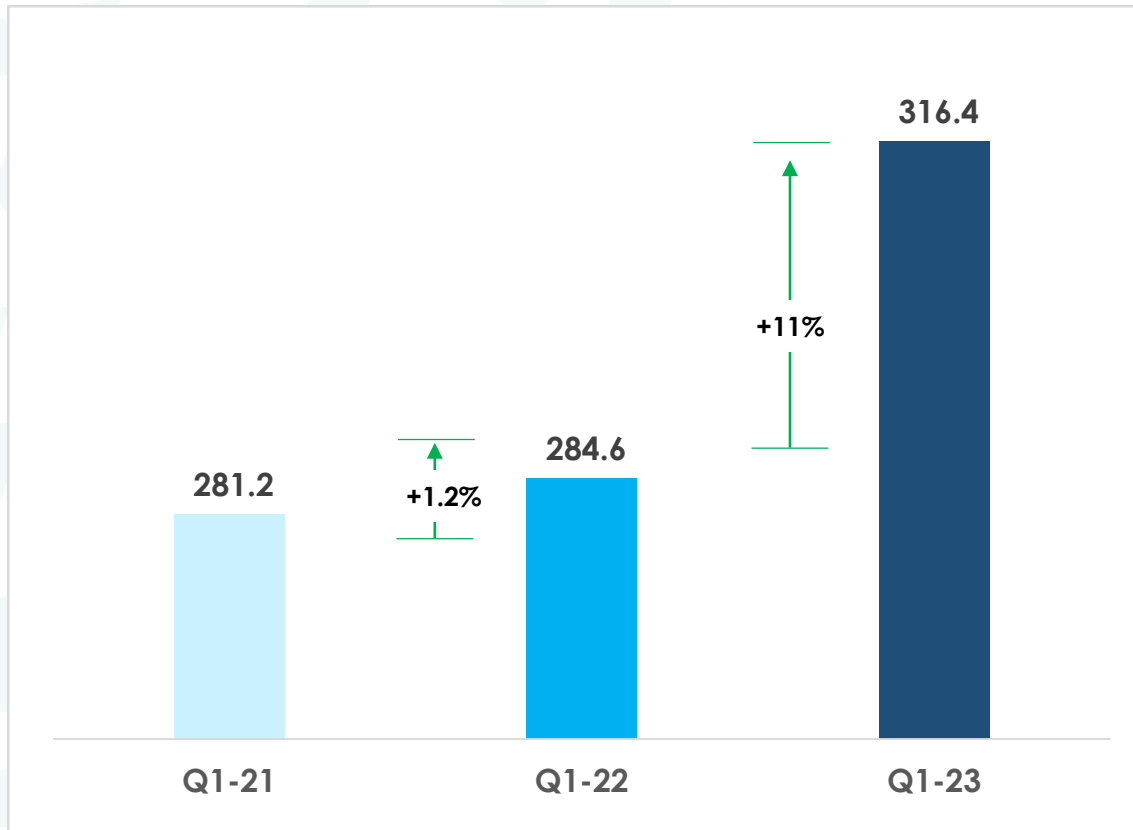
Amounts in KES B

...boosted by our market leading FCY deposit book

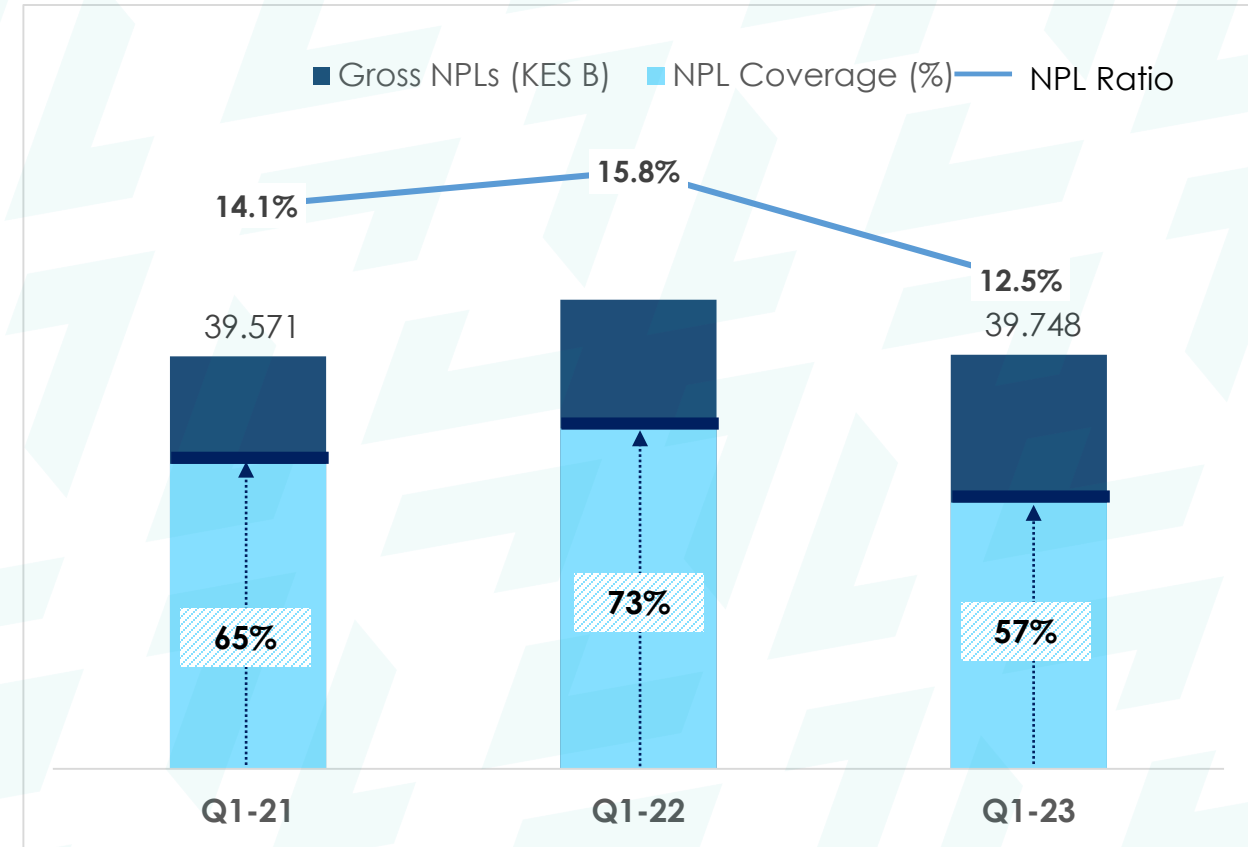


We doubled down on our 2022 efforts to enhance controls with consequent results in our asset quality.....

NCBA Group Gross Loans accelerated in Q1-23 (KES B)

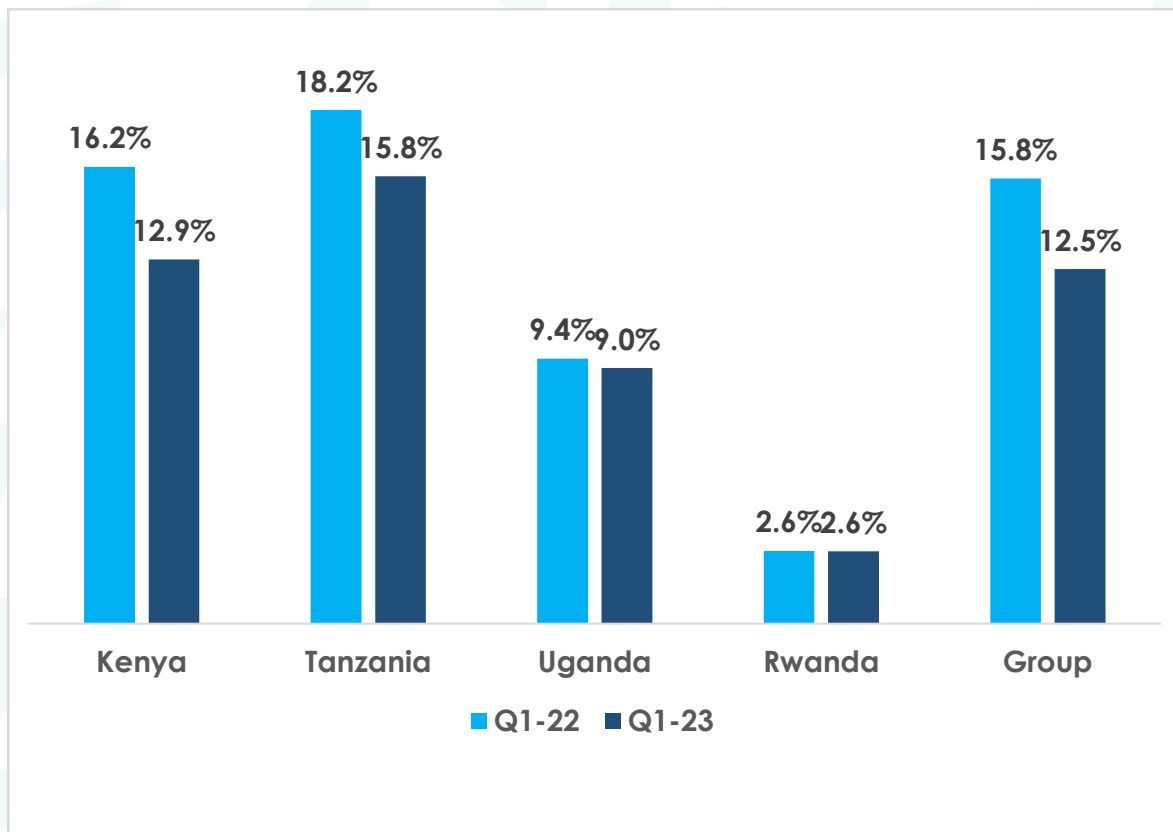


....while our NPL ratio reduced to 12.5% from 15.8%

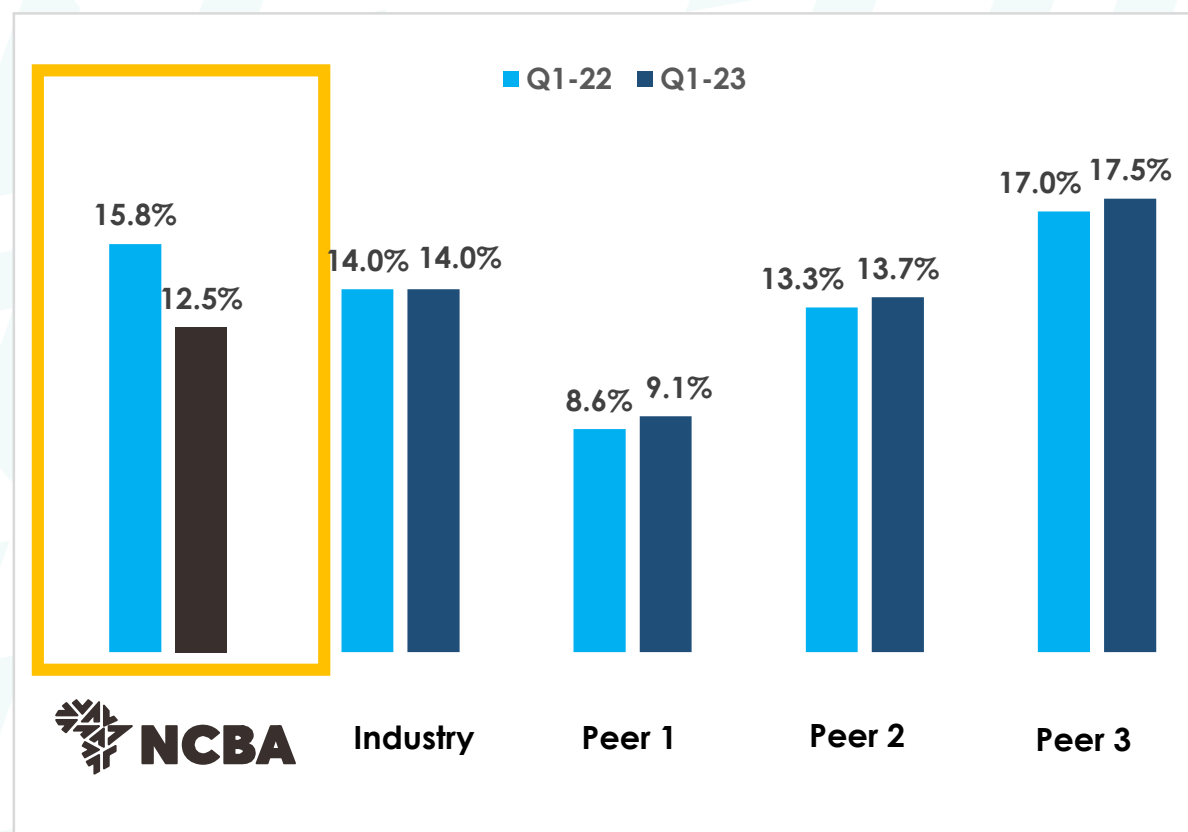


...and these credit quality results are visible across all our banking businesses and are bucking the industry trend

Improved asset quality (NPL Ratio) across all our subsidiaries...



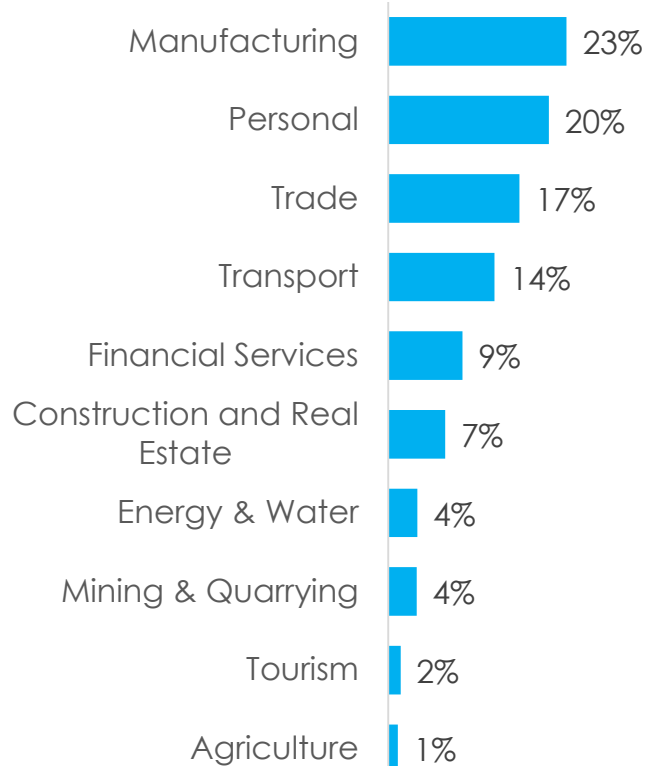
...while NCBA Group continues to buck the industry trend



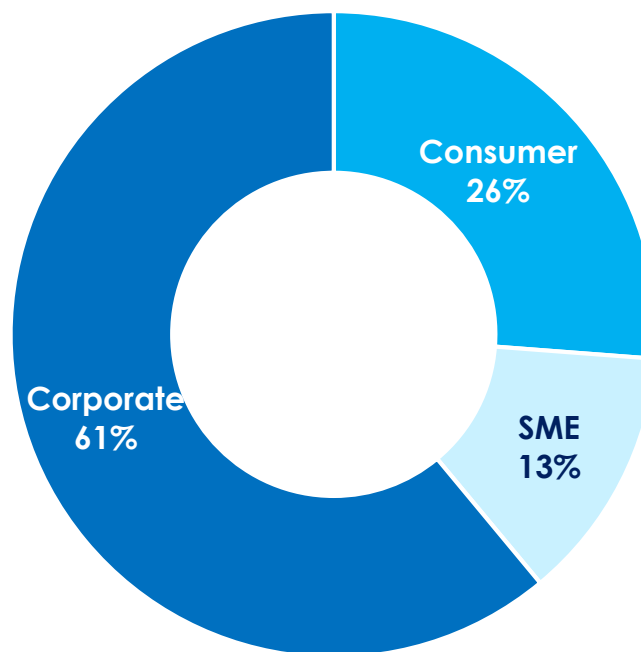
Our loan book is well diversified across product, currency and industry

Q1 2023 Loan Book

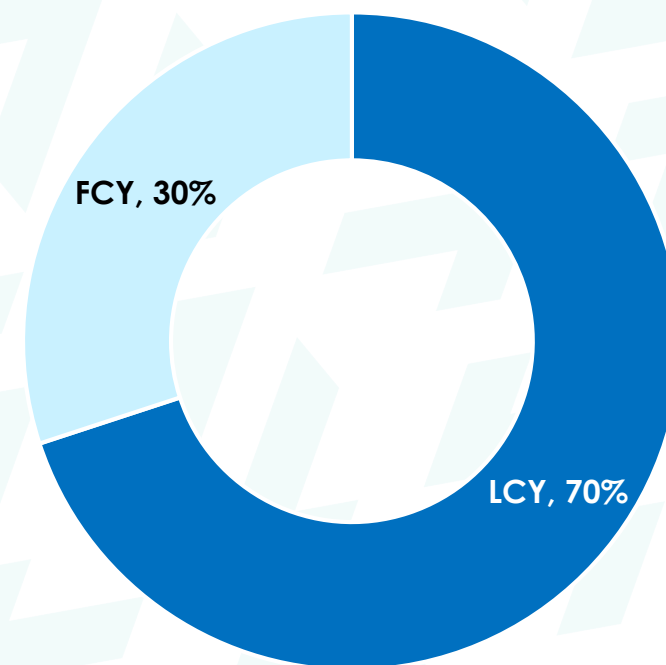
Loan Book by Sector



Loan Book by Segment



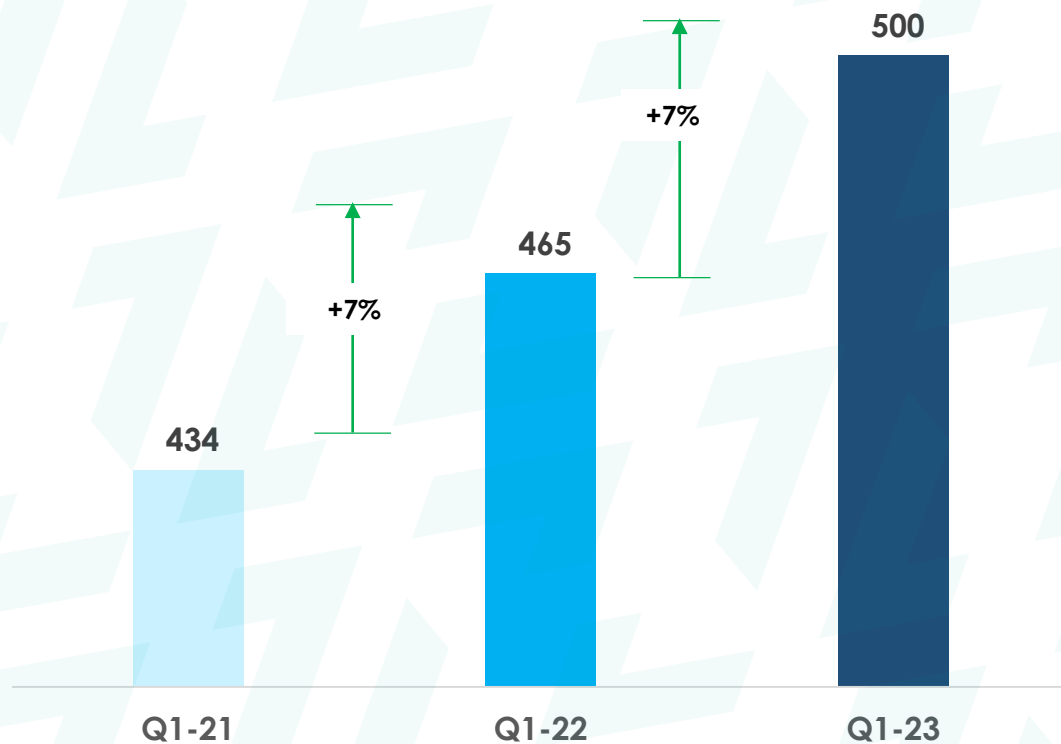
Loan Book by Currency



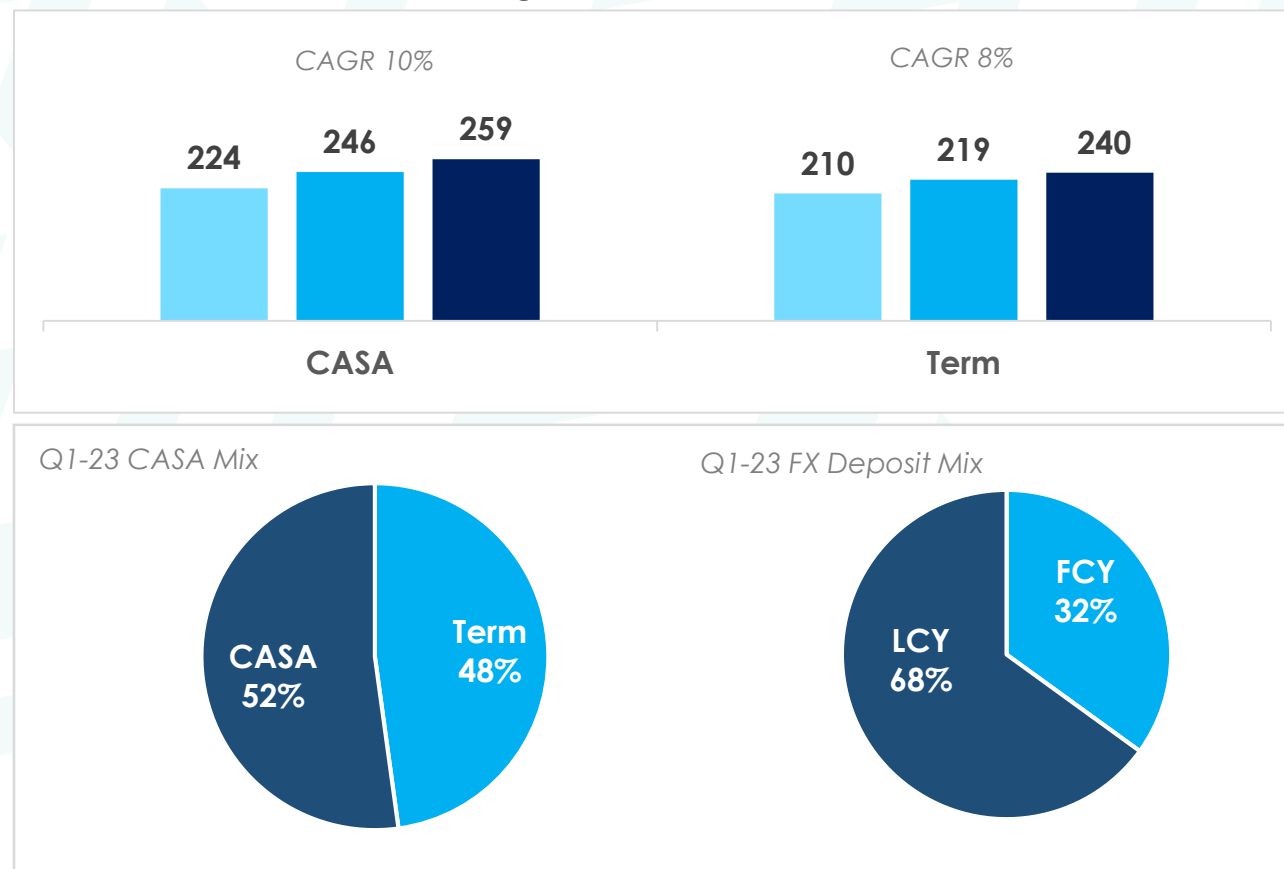
Our increased footprint supported growth in deposit mobilization while also enhancing our funding mix

Amounts in KES B

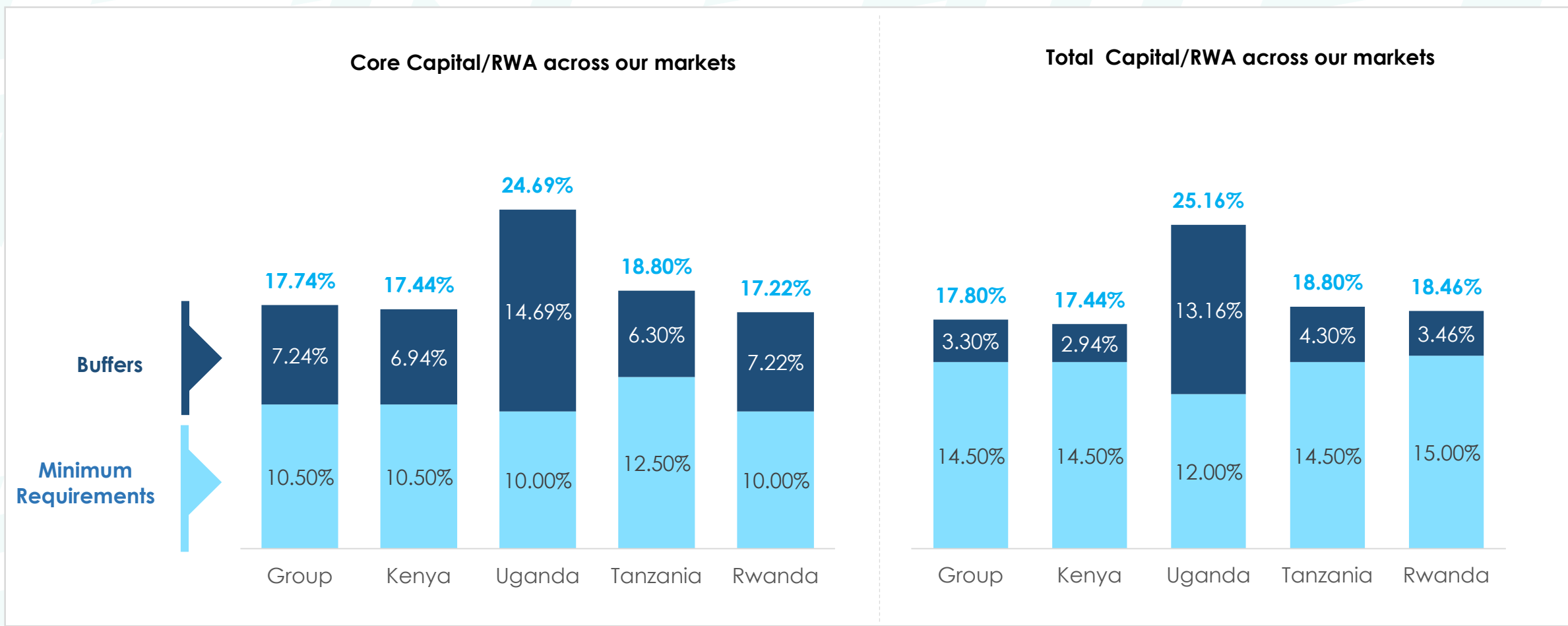
NCBA Group deposit mobilization is on track



....while increasing our CASA ratio & FX mix

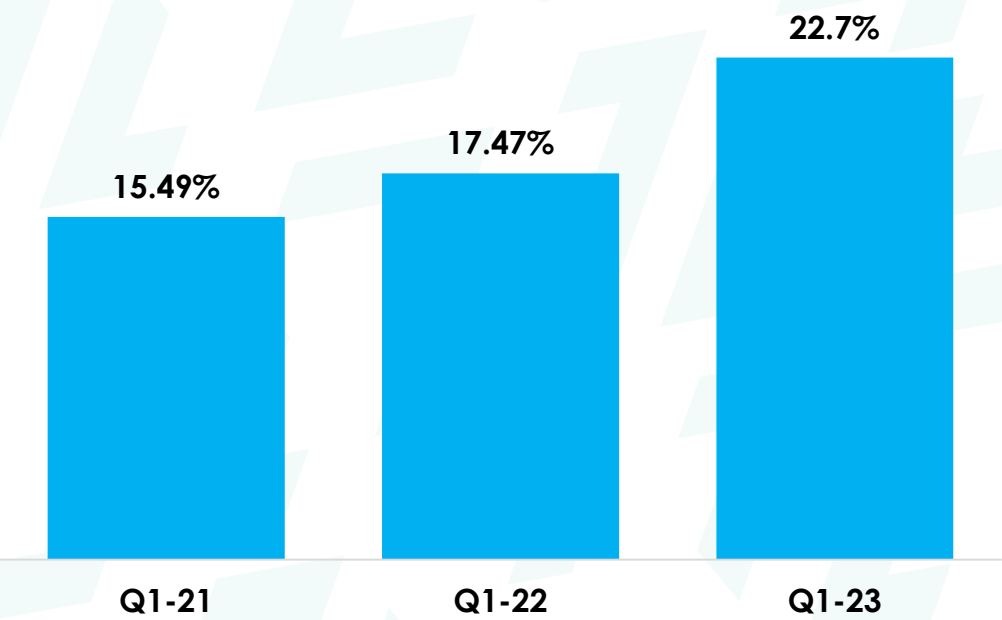


The Group remains effectively capitalized across our core markets providing ample room to invest in growth

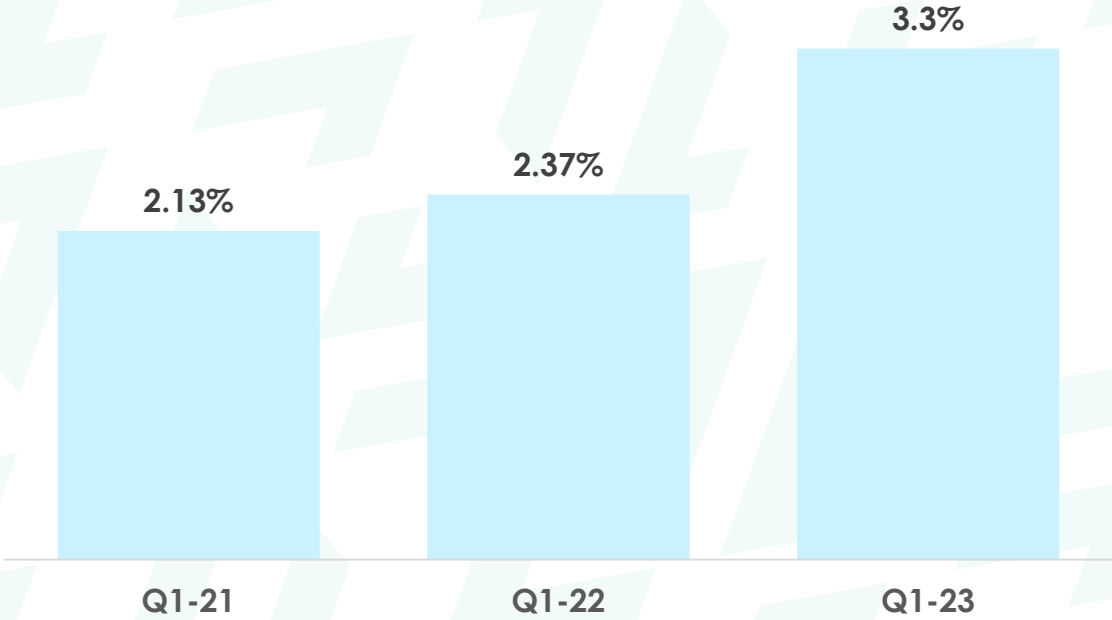


Our strategy is delivering the desired return outcomes for a Tier 1 bank

We are delivering on post merger promises on ROE



...while matching similar sized peers on ROA



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We identified 5 key areas requiring greater attention in 2023

Thematic Area

Objective

Balance Sheet Optimization

- Enhance the value generated from our substantial balance sheet

Customer Growth

- Increase the number of customers we attract and retain across NCBA

Controls

- Embed the right risk culture and routines to secure our business operations
- Enhance Credit Risk Monitoring

Subsidiaries Contribution

- Diversify our revenue sources and increase the bottom line contribution of all our business lines

Sustainability

- Define our sustainability agenda and begin to retool our business



**Grow
Shareholders
Returns**

**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		
	1Q'23	1Q'22	Δ%	1Q'23	1Q'22	Δ%
Interest Income	13,127	10,953	20%	14,714	12,163	21%
Interest Expenses	(5,785)	(4,556)	27%	(6,346)	(5,070)	25%
Net Interest Income	7,342	6,398	15%	8,368	7,093	18%
FX Income	2,521	1,449	74%	2,653	1,620	64%
Other Non- Interest Income	3,328	3,622	(8%)	4,526	4,437	2%
Non – Funded Income	5,849	5,071	15%	7,179	6,057	19%
Operating Income	13,191	11,469	15%	15,547	13,150	18%
Operating Expenses	(5,790)	(4,485)	29%	(7,199)	(5,592)	29%
Operating Profit	7,401	6,984	6%	8,349	7,558	10%
Impairments	(1,942)	(2,215)	12%	(1,954)	(2,525)	23%
Profit Before Tax And Exceptional Items	5,459	4,769	14%	6,395	5,033	27%
Exceptional item	0	(185)	100%	0	(185)	100%
Profit after Exceptional items	5,459	4,584	19%	6,395	4,848	32%

Statement of Financial Position

Amounts in KES Millions

	NCBA Bank Kenya			NCBA Group Consolidated		
	1Q23	1Q22	Δ%	1Q23	1Q22	Δ%
Assets						
Net Loans and Advances	254,291	218,406	16%	287,154	243,899	18%
Investments	212,870	203,936	4%	234,317	223,158	5%
Cash and Balances with Banks	47,149	63,925	(26%)	61,931	78,429	(21%)
Other Assets	51,028	46,256	10%	45,425	41,891	8%
Total Assets	565,339	532,523	6%	628,826	587,377	7%
Liabilities & Equity						
Customer Deposits	447,741	418,665	7%	499,736	465,536	7%
Borrowings	16,309	11,743	39%	16,804	15,146	11%
Other Liabilities	21,919	27,172	(19%)	24,379	26,390	(8%)
Shareholders Equity	79,370	74,943	6%	87,907	80,305	9%
Total Liabilities & Equity	565,339	532,523	6%	628,826	587,377	7%