

NCBA GROUP PLC
FULL YEAR 2021 PRESENTATION TO
INVESTORS AND ANALYSTS



March 2022

Contents

1. Who We Are
2. Business Overview
3. Financial Performance
4. 2022 Focus & Outlook



Disclaimer and Note on Forward-Looking Financial Projections



- NCBA Group PLC and its subsidiaries (collectively “NCBA Group” or “the Group”) may periodically provide oral and/or written forward-looking financial projections to the Group’s stakeholders who include but are not limited to investors, financial analysts and the media. Forward-looking projections may include but are not limited to statements outlining the strategic objectives, business plans and expected financial performance of the Group during a current financial year of business operation and/or subsequent financial or reporting periods.
- In order to arrive at forward-looking financial projections, the Group relies on assumptions derived from past experiences, actual historical financial performance and economic indicators obtained from Government policy statements and pronouncements among other sources of information deemed reliable and relevant to the Group’s operations. Consequently and by their nature, the Group’s forward-looking financial projections and the underlying assumptions used thereof are subject to factors beyond the control of the Group, which may significantly alter the actual financial performance. Such factors include but are not limited to direct and indirect inherent risks affecting the financial, economic, regulatory, national and international environments in which the Group operates.
- While the Group’s Management team applies due care in preparing the forward-looking financial projections, consumers of these reports are advised to treat them as observations made as at the time of communication, which should not be relied upon as statements of fact and/or guarantees of future performance. Consumers of these reports are further advised to exercise caution in attempting to rely on the information contained therein and to carry out further research for the purposes of making informed conclusions and decisions regarding their investment decisions, including conducting due diligence or seeking expert opinion thereof. Neither the Group nor its Directors and employees will be held responsible for any decision made on the basis of the forward-looking financial projections, which the Group is under no obligation to update if circumstances or Management’s estimates or opinions should change except as may be required by law. These projections should not be circulated to third parties and requests for copies or clarifications should be directed to the Group Managing Director, NCBA Group PLC.

Who We Are



Our Purpose and Values



OUR PURPOSE: To be the Financial Services Partner that **Inspires Your Growth**

OUR CUSTOMER PROMISE

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.

**WE ARE
DRIVEN**

**WE ARE
OPEN**

**WE ARE
RESPONSIVE**

**WE ARE
TRUSTED**

**Welcome to the bank that banks on your ambition.
Welcome to the bank that says Go For It.
Welcome to NCBA.**

Our History



NCBA Group PLC, officially started operations on Tuesday, 1st October 2019 following the merger of NIC Group PLC (NIC) and Commercial Bank of Africa Limited (CBA)



- First incorporated as National Industrial Credit 60 years ago
- Started as a hire purchase organisation to enable Kenyans to finance asset acquisition
- Renamed NIC Bank in 2005
- Remained the undisputed market leader in Asset Financing. This heritage has continued into NCBA Bank



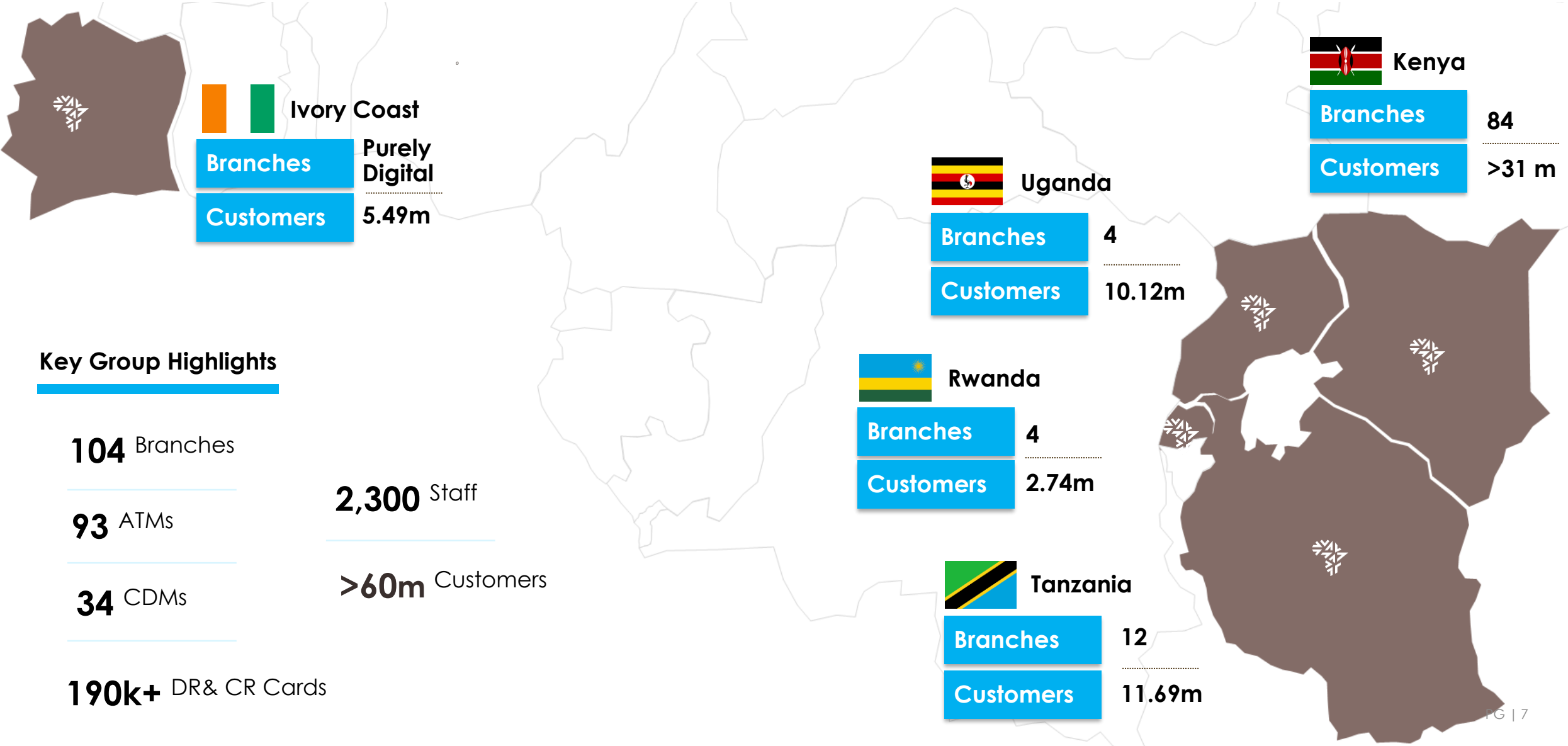
- Opened it's doors 59 years ago and was the largest privately owned bank in Eastern Africa
- Developed reputation as the go-to provider for large corporations, institutions, businesses and high net worth individuals
- A truly innovative Bank, first to market with
 - Fully digital banking platform - LOOP
 - M-Shwari and Fuliza
 - 105% mortgage offering

NCBA is anchored on a 60 year heritage of best-in class relationship management coupled with cutting-edge digital banking

Our Regional Footprint



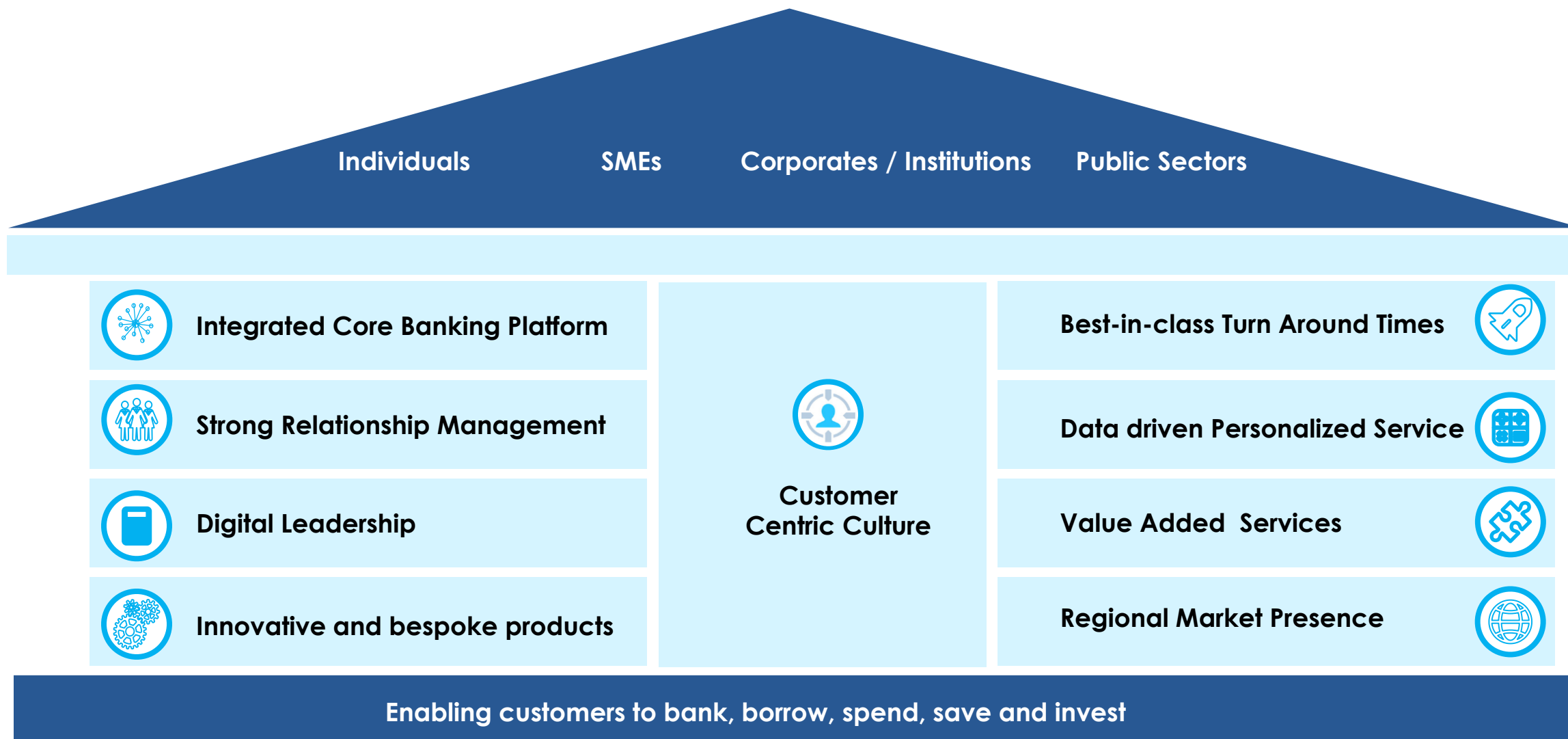
Present in 5 African Countries, Headquartered in Kenya



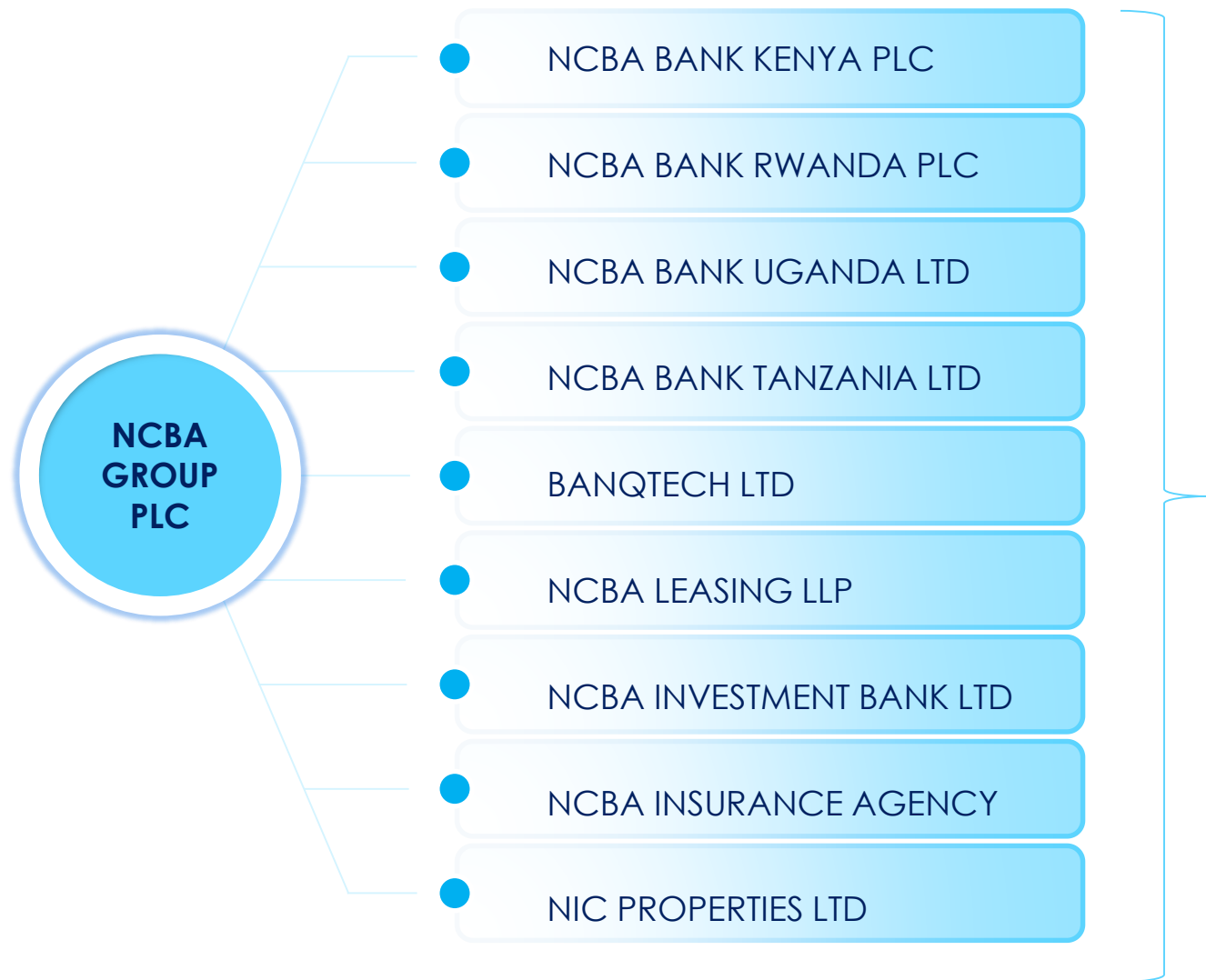
What Makes Us Different



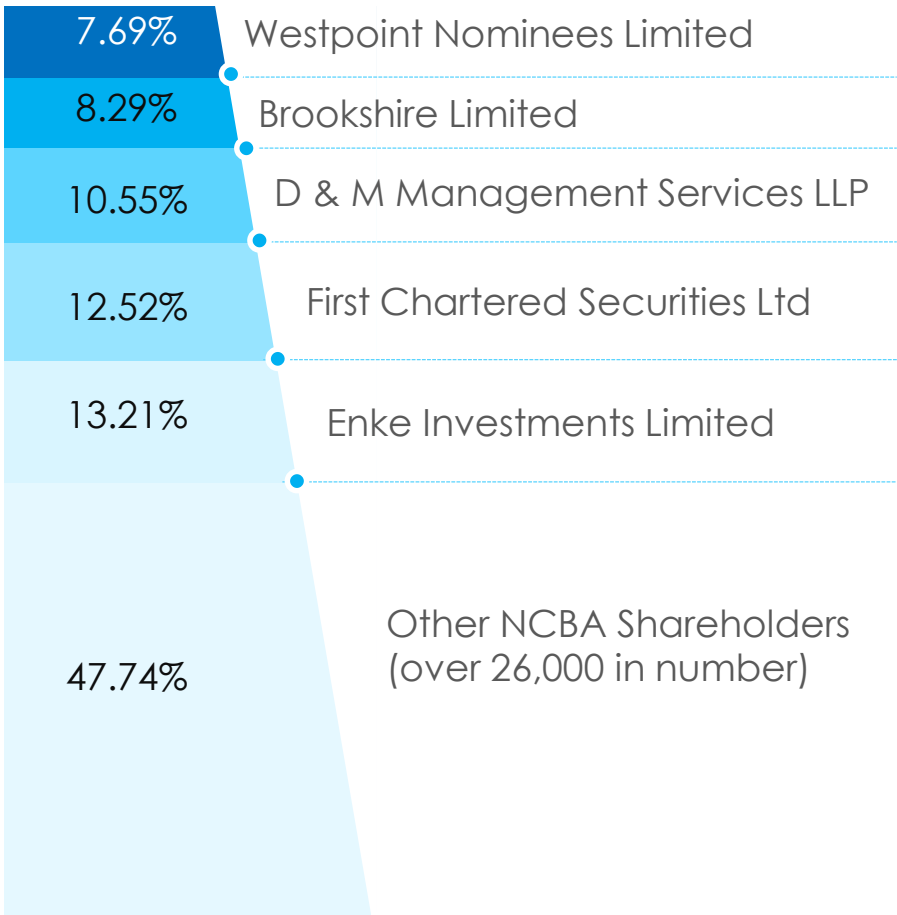
Our customers benefit from the Group's commitment to customer service excellence, superior digital banking platform and our broad array of products



Our Group Structure



The Significant Shareholders of NCBA Group PLC



Business Overview

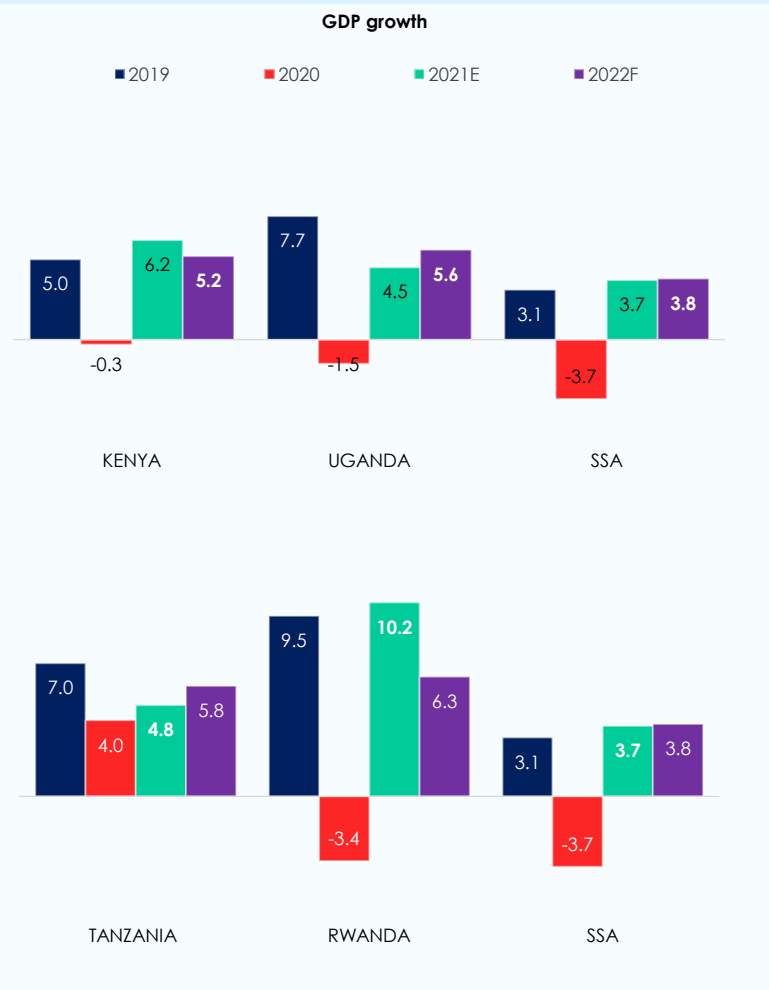


Operating Environment

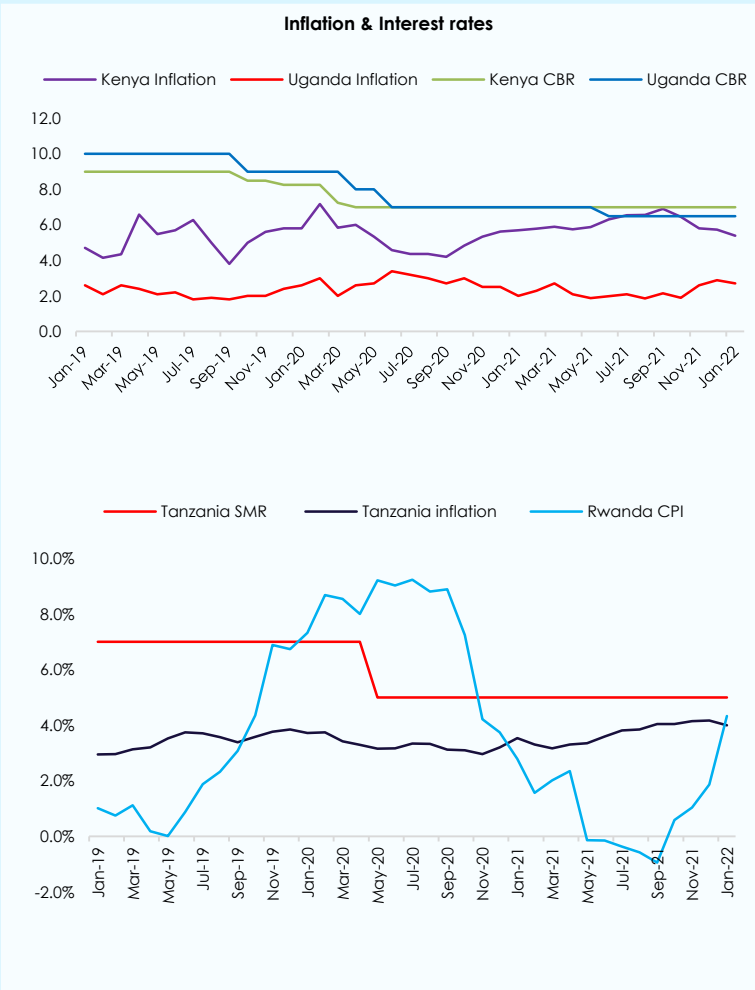


Recovery to continue but elevated downside risks will make for a volatile macro-environment

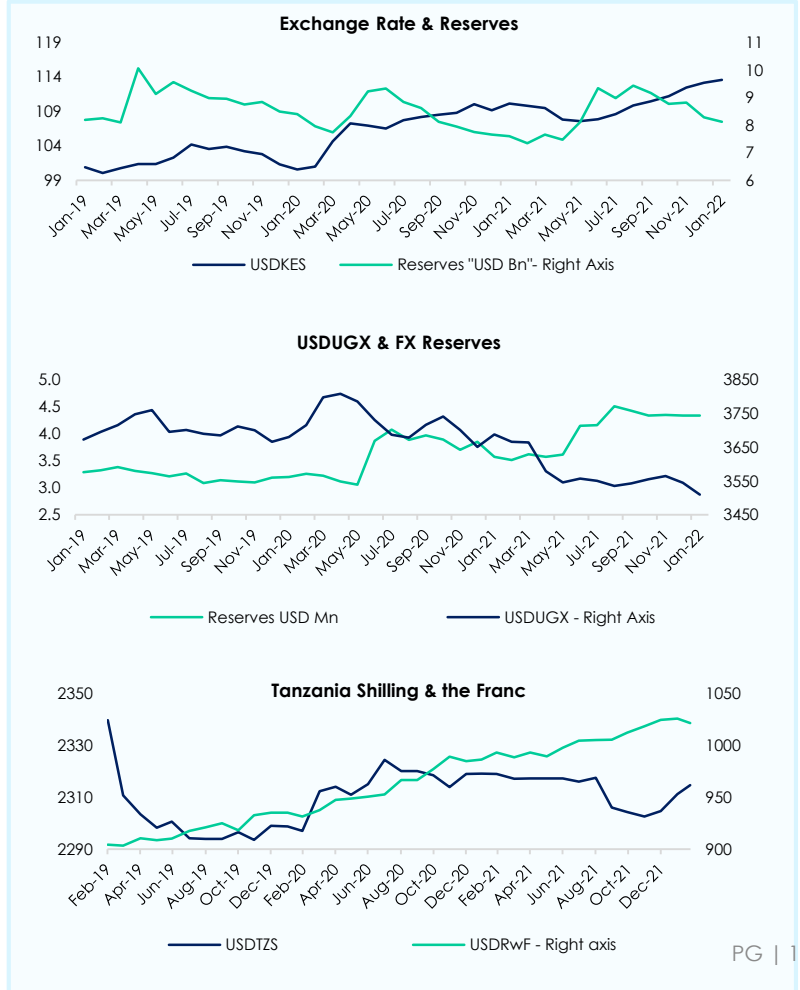
Strengthening external headwinds to slow down growth momentum



Low interest regime will be tested in 2022



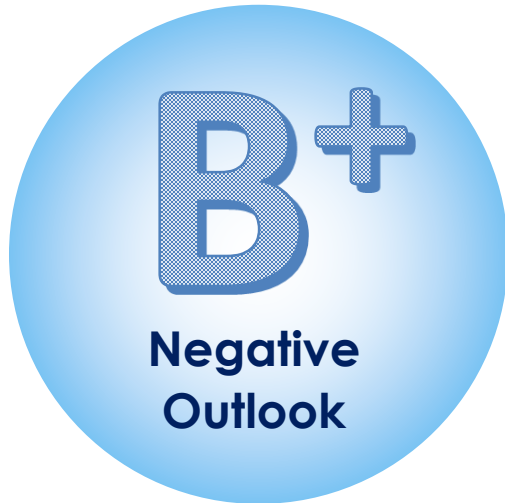
Currency performance broadly positive



Group and Bank Kenya – Fitch Credit Rating



NCBA Group PLC



NCBA Bank Kenya

Credit rating affirms NCBA's:

- Standalone creditworthiness
- Enlarged post-merger business which has realized economies of scale, risk diversification, stronger and diversified earnings, and access to cheaper funding
- Outsized strength in digital banking (Mshwari & Fuliza)

Our 5 Strategic Priorities: 2020 -2024



We will emerge as a major financial player in Africa by investing in and prioritizing 5 key areas

1 Become a Distinguished Brand Known For Customer Experience

2 Scale Retail Banking: Expand Distribution



- Thoughtfully grow our retail footprint to increase customer accessibility and gain relevance

3 Deepen Leadership in Corporate Banking & Asset Finance



- Build industry expertise in key growth sectors
- Diversify and differentiate our Products
- Develop strategic partnerships with key enablers

4 Digital Transformation



- Digitize the core bank
- Reposition & scale Loop
- Develop a Fintech to capture new markets & opportunities

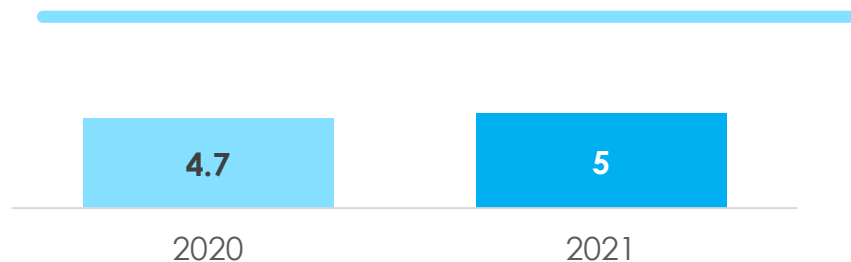
5 Develop a High Performance Employee Culture

1 Distinguished Brand Known for Customer Experience



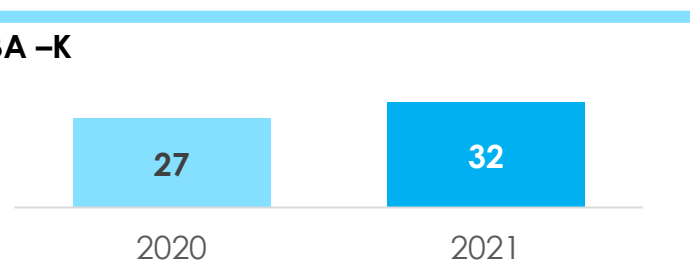
We are building brand recognition & consideration through intentional and bold marketing campaigns and the investments we are making to simplify our system architecture are elevating customer experience

Brand Power Score

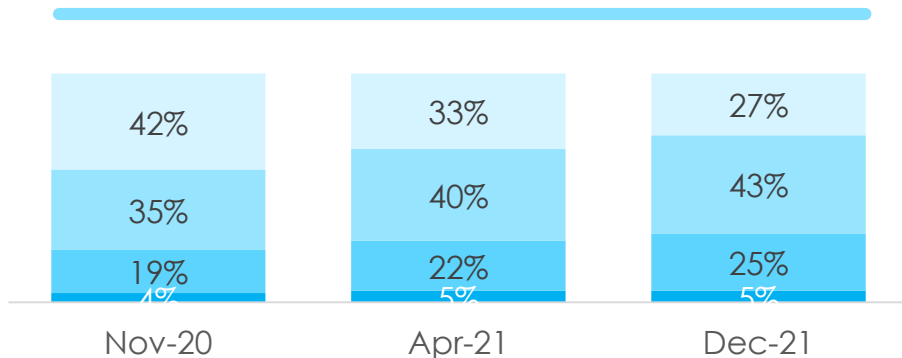


Net Promoter Score (NPS)

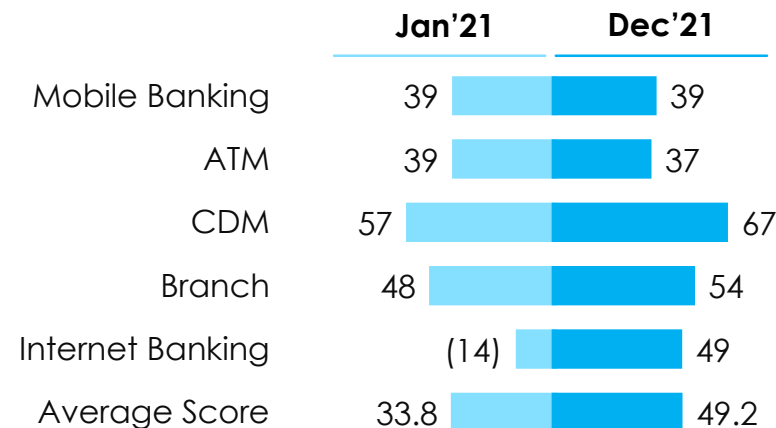
NCBA –K



Brand Consideration



Channel NPS



KBA Customer Experience Award

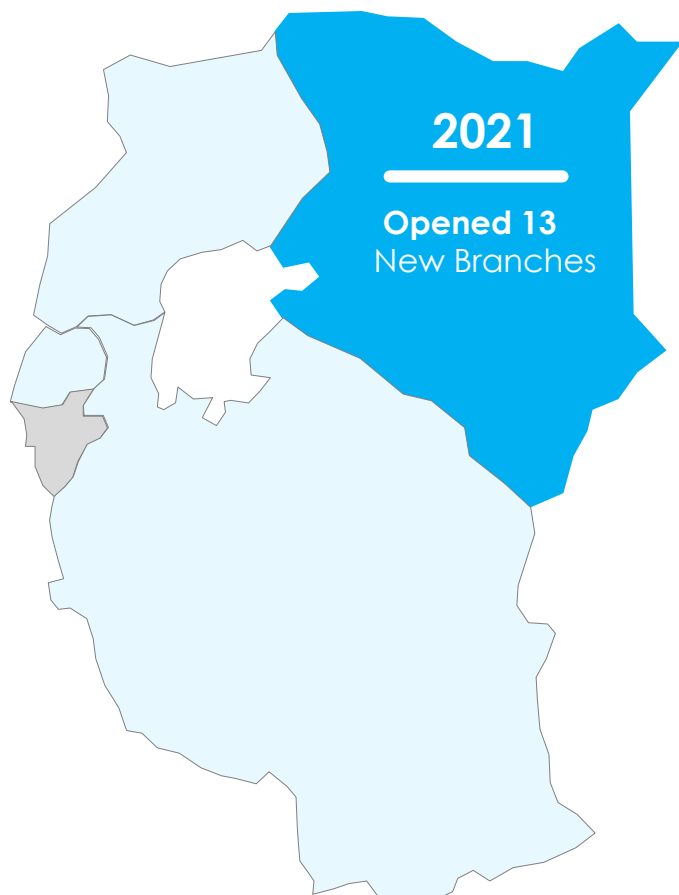
2 Scaling Retail Banking



The new branches are already delivering an improved CASA:FD ratio and are on track to break even before plan

New Branches Performance

- 98% of the Deposit target
- >100% Accounts target
- **CASA/FD Ratio**
 - **Overall: 52:48**
 - **New Branches: 85:15**
- In <6months of operation, Grown our loan book ~KES 500m and KES 400m in deposits
- **5 of the new branches on track to break even in 2022**
- 65% of the loans sold in the new branches are asset finance



2022

- **Open 12** new branches
 - Close 5 due to proximity
 - Optimize agency banking
-
- Open **2** new branches





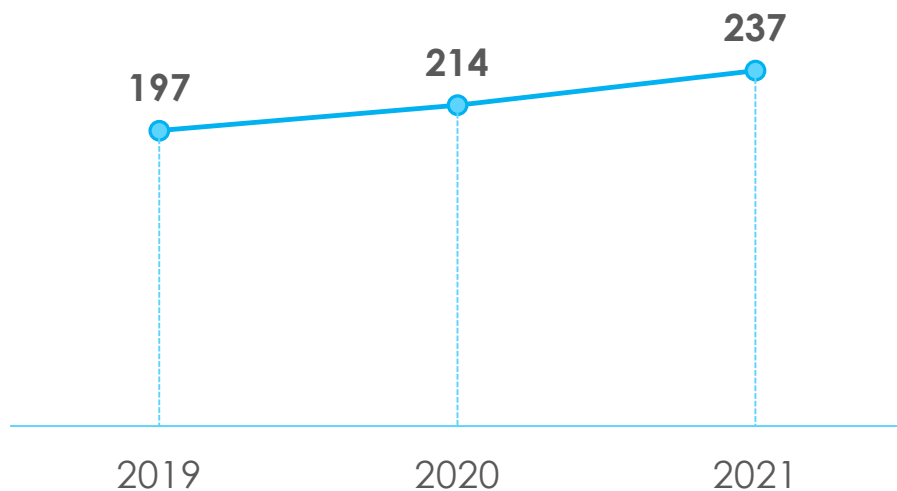
3 Deepening Leadership in Corporate Banking

We continue to protect and grow our position as the corporate banker of choice



- Lead arranger for the proposed KMRC Corporate Bond issuance
- Custodian of the Public Service Superannuation Fund
- H2H integration with Key Clients
- Thought Leadership: Economic forums
- 21% growth Public Sector YoY (2021)

Customer Deposits (KES Bn)



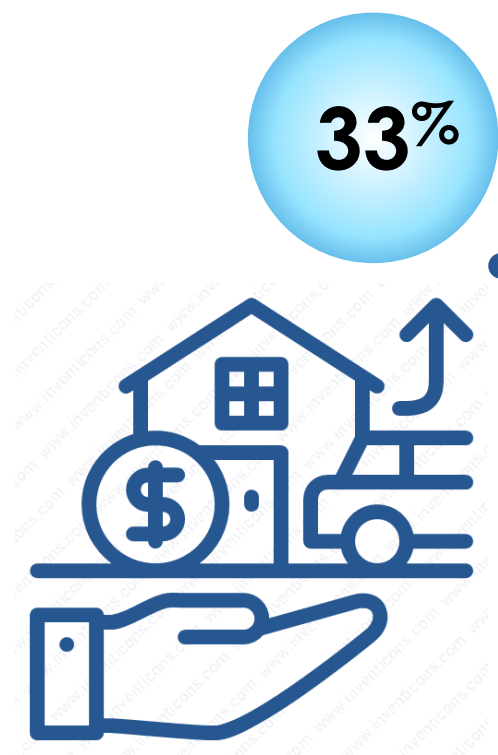
Lending: % Contribution in 2021





3 Deepening Leadership in Asset Finance

...and have built a moat around our Asset Finance business to retain market leadership



33%

Market Share



Launched **15 Seconds conditional approval** for online Asset Finance loan application



Launched **Auto Equity / Log Book loans**



Digitized online Insurance Premium Financing; reducing TAT to 3hrs

21%

Growth in full year disbursements (2021)

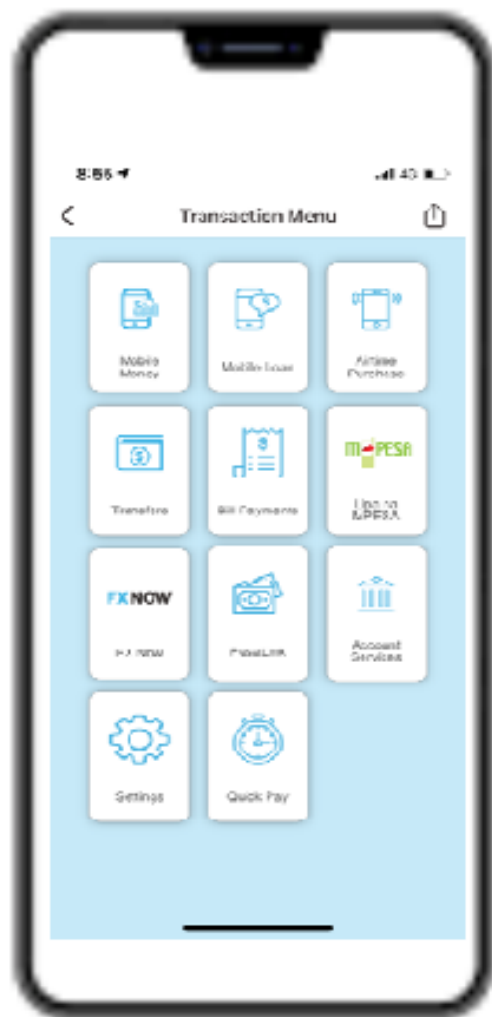
87%

Customer Retention Rate – Bancassurance (Avg. market rate 60%)



4 Digital Transformation

Consolidated our mobile apps and enhanced features to include M-pesa Buy Goods, Mobile Loans, Biometric log-ins and so much more.....



New Features	New For Ex CBA Customers	New For Ex- NIC Customers
Trusted Device Authentication	✓	✓
Biometric Log- In	✓	✓
Direct Payment to M-Pesa Buy Goods	✓	✓
Direct Payment to M-Pesa Paybill	✓	✓
Automatic Read of OTPs	✓	
Access to NCBA Sasa Mobile Loans	✓	
FX Now	✓	
Transfer to M-Shwari		✓
Transfer to Loop		✓
KRA Payments		✓



88%

Mobile Banking Setups

96%

Mobile Loans








13%

B2C & C2B
Payment volumes
on the unified app

Our Digital Business



We are the market leader in digital financial services and we continue to expand our regional reach and grow our disbursements

Product	Country	Partner
M-Shwari		Safaricom
Loop		
Fuliza		Safaricom
M-PAWA		Vodacom
MoKash		MTN
MoKash		MTN
MoMokash		MTN

Product	Customer No.	Loans Disbursed (Inception to Date)	
		Volume	Value
M-Shwari	31.9Mn	181Mn	\$5.85Bn
Fuliza	17.1Mn	2.25Bn	\$9.12Bn
M-PAWA	11.9Mn	14.4Mn	\$115.9Mn
MoKash (U)	10.9Mn	25.2Mn	\$327.5 Mn
MoKash (R)	2.9Mn	4.6Mn	\$ 64.7Mn
MoMokash	5.8 Mn	0.7Mn	\$23.7Mn
		2.47Bn	15.50Bn

Digital Business Financial Contribution



This business has steadily increased its contribution to Group PBT, while providing significant cost efficiencies



Disbursements

YoY+34% (KES 434Bn)



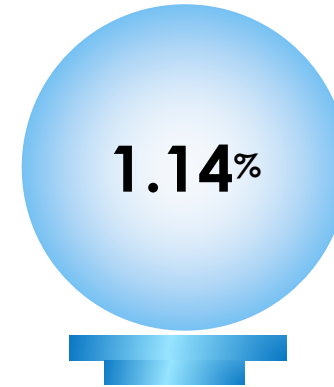
Deposits

YoY+24% (KES27.3Bn)



Revenues

YoY+3.5% (KES 12.2Bn)



Impairments

YoY+0.79% (1.93%)

Digital Business: Big Bet



We will become more essential to our customers by **establishing a payments platform business** that addresses their need for simplicity. In turn, this will increase the scalability of our Business and **create new incentives to “enter and remain in the NCBA ecosystem”**.



Target Strategic Outcomes



1,000,000 consumers
50,000 merchants



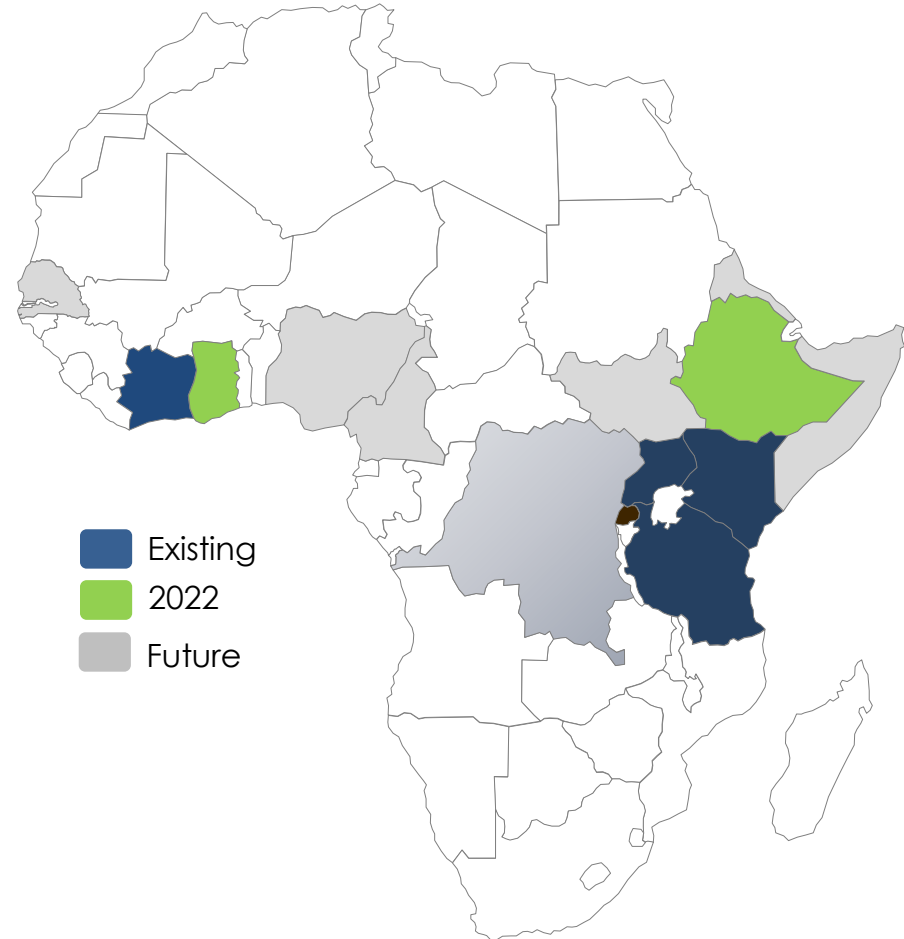
25% CAGR
YoY Revenue



Most valued digital
platform for Financial
Services in Africa

Digital Business: Regional Expansion

We see an opportunity for NCBA to be relevant to ~500M customers across Africa



Horn of Africa Cluster



- Pursuing partnership with local telco players to support NCBA Group's market entry into Ethiopia, Africa's last frontier market.
- Addressable market: **102M**

East Africa Cluster



- We continue to expand our strategic partnership with MNO **Safaricom**, **Vodacom** and **MTN**, to offer relevant MSL product to our customers and to expand our current business revenue lines.
- Addressable market: **171M**

Western Africa Cluster



- Expanding our strategic partnership with **MTN**, to offer relevant MSL product to our customers and to expand our current business revenue lines.
- Established a JV subsidiary to offer consumer and merchant propositions together with strategic partners. Expand MSL product offering and launch LOOP proposition in key West Africa markets.
- Addressable market: **200M**



5 Develop a High Performance Culture

Launched the Go-Getter Culture and provided 443 opportunities for career growth

Career Growth



201	Promotions
126	Appointments
66	Additional Responsibilities

Learning & Development



400	Leaders trained
>107K	Learning hours achieved <ul style="list-style-type: none">• E- learning hr: >35k• Class room learning hr: > 72k

Employee Wellness



70%	Staff vaccinated
1,750	Covid-19 vaccines administered on site

Culture



	<ul style="list-style-type: none">• Launched NCBA Culture• Staff completed the culture immersion training
2,300	

2021 FY Financial Performance



Press Release (1/3)



NCBA Group PLC reports a profit of KES 15.03 billion in 2021

Nairobi, March 24th 2022: NCBA Group PLC has posted a profit before tax of KES 15.03 billion for the financial year ending December 31, 2021.

The Group registered a full year **profit after tax of KES 10.22 billion** representing **124% growth** up from KES 4.57 billion reported in 2020. Growth in profitability was attributed to an increase in operating income of KES 2.7 billion and a significant decline in loan impairment charges of KES 7.7 billion.

John Gachora, Group Managing Director, NCBA Group said, “I am extremely proud of the financial results that the Group delivered in 2021. While there is still much more to do, it is clear that our merger is paying dividends. The results are a reflection that we are delivering on our strategy despite the headwinds introduced by COVID-19.”

“We now have a strong balance sheet with total assets up KES 63.1 billion to close at KES 591.1 billion and customer deposits up by KES 48.4 billion to close at KES 469.9 billion. We remain well capitalized with core capital at KES 70.9 billion and have a robust liquidity of 61.7%. This foundation has allowed us to continue serving our customers effectively through-out the pandemic.” John Gachora added.

Key Summary Highlights

- Asset base rose to KES 591.1 billion, 12% up year on year
- Customer deposits closed at KES 469.9 billion, 11% up year on year
- The Group disbursed KES 584 billion in digital loans, 35% increase year on year in line with its digitization agenda
- Operating income of KES 49.2 billion, 6% up year on year
- Cost to income ratio of 42.18%, flat year on year
- Operating profit before loan loss provisions of KES 28.4 billion, 6% up year on year
- Loan impairments charges for the period at KES 12.7 billion, 38% down year on year
- Non-Performing loans coverage ratio increased to 73.6%, from 60.9% in the same period last year
- Profit before tax of KES 15.03 billion, 202% up year on year
- Profit after tax of KES 10.2 billion, 124% up year on year

Proposed Dividend

For the year 2021, the Board has resolved to recommend to the shareholders for their approval at the Annual General Meeting scheduled for 4th May 2022, the payment of a final dividend for the year of KES 2.25 per share which together with the interim dividend paid of KES 0.75 per share brings the **total dividend for the year 2021 to KES 3 per share**. The dividend will be payable to the shareholders registered on the Company's register at the close of business on 13th April 2022 (closing date for determination of entitlement to dividend).

Press Release (2/3)



NCBA Group PLC reports a profit of KES 15.03 billion in 2021

A Strategy That Delivers

In this strategic cycle, the Group has committed to investing in initiatives that build a Distinguished Brand Known for Customer Experience, Scale Retail Banking, Deepen its Market Leadership in Corporate Banking & Asset Finance, enable Digital Transformation and Develop a High-Performance Culture.

In 2021, **NCBA had the fastest growing branch network in the country.** During the year, the bank in Kenya opened 13 new branches across Mombasa, Nyeri, Karatina, Ruiru, Bungoma, Embu, Kakamega, Kericho, Ngong, Naivasha and Kiambu. This contributed to growth in the deposit base for the bank resulting in 11% growth of the Group's deposits. In 2022, NCBA will launch 12 additional branches to **continue bringing its services closer to its customers.**

During the year, **NCBA finalized the post-merger consolidation of its mobile banking channels under the NCBA Now mobile app.** This exercise was intended to deliver merger cost synergies and to provide a unified platform from which to elevate customer experiences. All NCBA customers now have the ability to pay directly to M-Pesa tills, the ability to borrow up to KES 70,000 in unsecured digital loans and the ability to make FX trades digitally. The new and improved app has also incorporated biometric log-in to further secure customer transactions.

The Group was proud to have been **awarded the 2021 KBA 3rd Place Customer Experience –Tier 1 Banks Award.** This award is a reflection that the concerted efforts across the Group to deliver more seamless and delightful experiences are bearing fruit.

Citizenship

In line with its **promise to Inspire Greatness**, NCBA invested throughout the year in initiatives that supported the protection of the environment and furthered education.

Under the environmental campaign dubbed #ChangeTheStory, NCBA invested KES 4.3 million towards reforestation efforts, planting 46,000 trees around the country. This was part of its commitment to support a national target of 10% tree cover by 2022.

Under education, NCBA invested KES 8 million towards educational sponsorship with a goal of ensuring that no child misses out on the opportunity for greatness. The Group was proud to partner with Palmhouse Foundation, Edumed Trust, Mpesa Foundation, Dr. Choksey Albinism Foundation and SOS Children's Villages Kenya to deliver the sponsorship programmes. Incrementally, NCBA also partnered with Junior Achievement Kenya, under its job shadow programme, to educate over 40 students and youth on entrepreneurship, work readiness and financial literacy through experiential programs.

In 2021, the Group launched the inaugural NCBA Golf Series, attracting over 3000 golfers to participate in tournaments across 16 golf clubs countrywide. This year, the Series expands across the Region with 18 tournaments in Kenya, Uganda and Tanzania.

"Our NCBA Golf Series has the objective of growing and supporting the sport not only for adults but also for our juniors. Last year we were very proud that over 40 of our junior golfers qualified to play at the Rome Classic and the Big 5 tournament in South Africa. Their strong show in these world-class events affirmed that we are well on our way to developing the future stars of the sport, not just locally but globally," Gachora said.

Press Release (3/3)



NCBA Group PLC reports a profit of KES 15.03 billion in 2021

Outlook

While reflecting on the 2022 outlook, John Gachora added: "NCBA has successfully adjusted to a new normal in this Covid-era. Our business is more resilient than ever before and is on a strong path for growth. I am very excited that our branch expansion and digitization plans are making us more relevant to a wider base of customers and enabling us to serve them better."

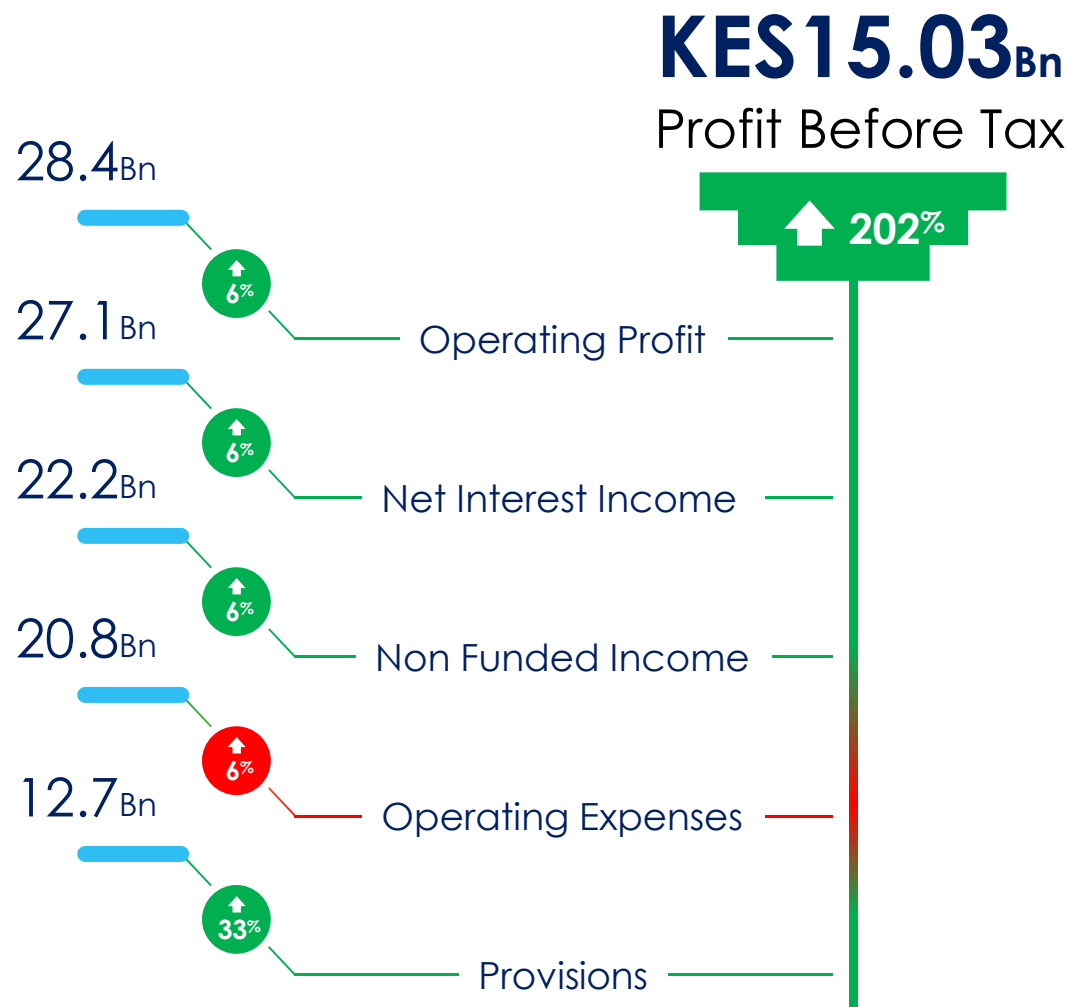
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Jacquie Muhati Jacquie.Muhati@ncbagroup.com

Group Performance Highlights



Group PBT up three fold compared to 2020



Group Profit Before Tax: Summary



Strong performance of the Kenyan Bank subdued by losses in Tanzania and Uganda

Amounts in KES Millions

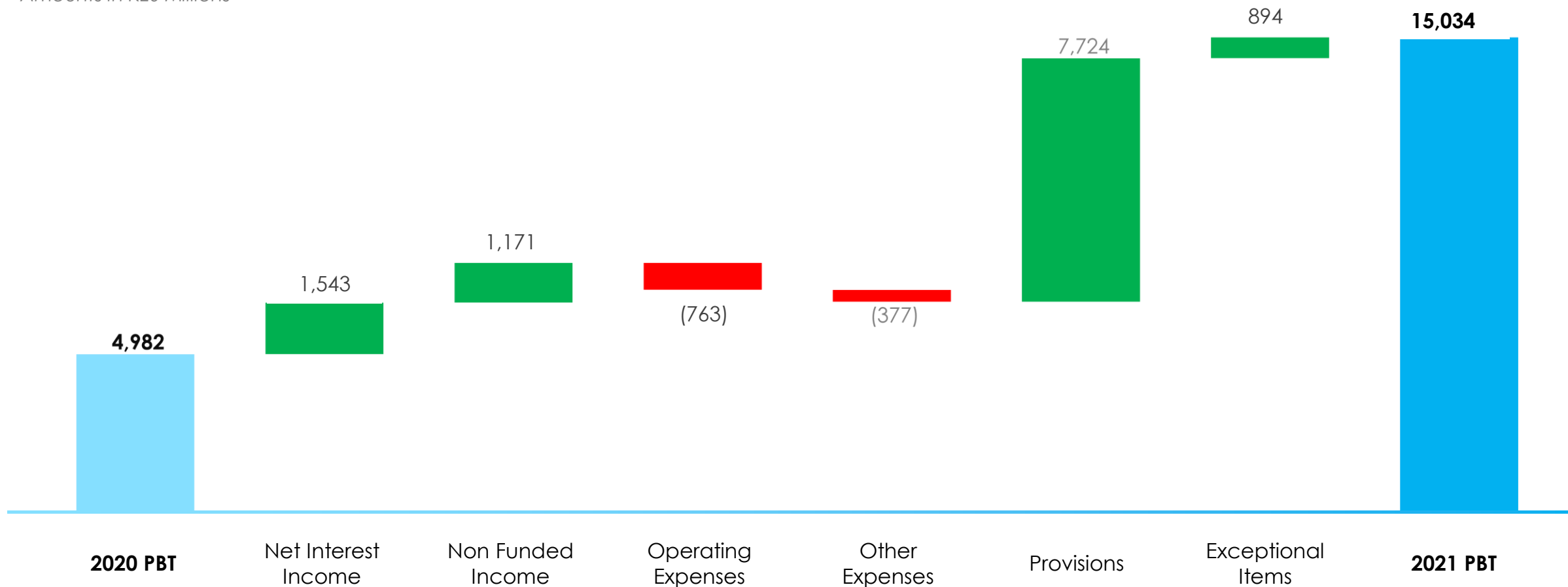
		FY 2021	FY 2020	Δ%
Banking Subsidiaries	Kenya	16,820	6,954	>100% ▲
	Tanzania	(940)	(677)	39% ▲
	Uganda	(765)	(230)	>100% ▲
	Rwanda	54	(108)	>100% ▲
Non Banking Subsidiaries & associates	NCBA Group (Company)	(58)	(16)	>100% ▲
	NCBA Investment Bank	340	216	57% ▲
	NCBA Insurance Agents	215	251	14% ▲
	NCBA Leasing	104	91	14% ▲
	BanqTech	(18)	(5)	>100% ▲
	Share of profit from associates(Net)**	39	85	(54%) ▲
Group PBT before Exceptional Items		15,790	6,562	141% ▲
Exceptional Items		(756)	(1,580)	52% ▼
Group PBT after Exceptional Items		15,034	4,982	>100% ▲
Tax		(4,811)	(411)	
PAT		10,223	4,570	

Group Profit Before Tax: Contribution Y-O-Y



NFI and interest income are the key contributors to the performance growth coupled by a significant decline in provisions

Amounts in KES Millions



Statement of Profit & Loss



Operating profit up 6% year on year against declining loan impairments

Amounts in KES Millions

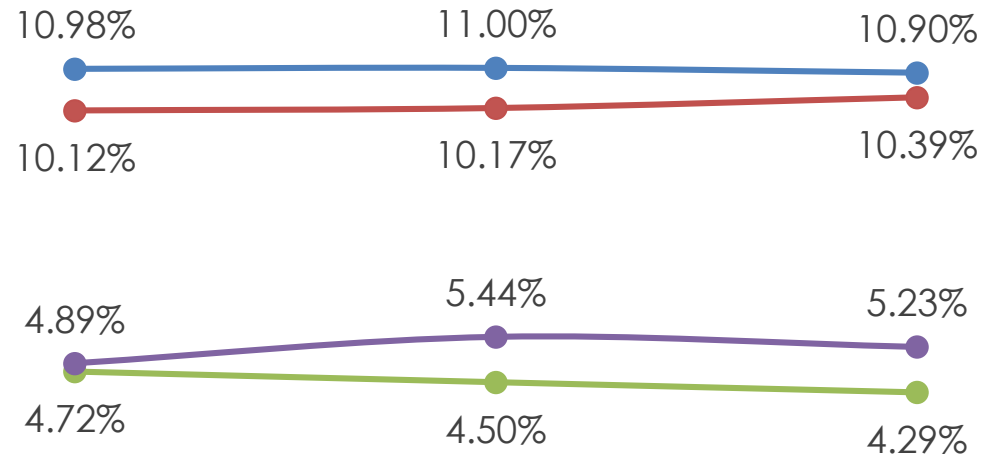
	NCBA Bank Kenya			NCBA Group Consolidated		
	FY 2021	FY 2020	Δ%	FY 2021	FY 2020	Δ%
Interest Income	42,196	39,473	7%	46,514	44,245	5%
Interest Expense	17,621	16,946	3.98%	19,477	18,751	3.87%
Net Interest Income (NII)	24,575	22,527	9.09%	27,037	25,494	6.05%
Non-Funded Income	19,131	18,706	2.27%	22,114	20,943	5.59%
Operating Income	43,706	41,233	6.00%	49,151	46,437	5.84%
Operating Expenses	16,575	15,349	7.99%	20,733	19,593	5.82%
Operating Profit	27,131	25,884	5%	28,418	26,844	5.8%
Provisions	10,312	18,930	(45.5%)	12,717	20,441	(37.8%)
Profit Before Tax and Exceptional Items	16,819	6,954	>100%	15,701	6,403	>100%
Share of profit from associate				89	159	44%
Exceptional Items	756	1,510	(49.90%)	756	1,580	(52.15%)
Profit after Exceptional Items	16,063	5,444	>100%	15,035	4,982	>100%

Net Interest Income



Net Interest income grew by 6% and represents 55% of Total operating income

—●— Yield on Securities —●— Yield on Loans —●— Cost of Funds —●— NIM



2019

2020

2021

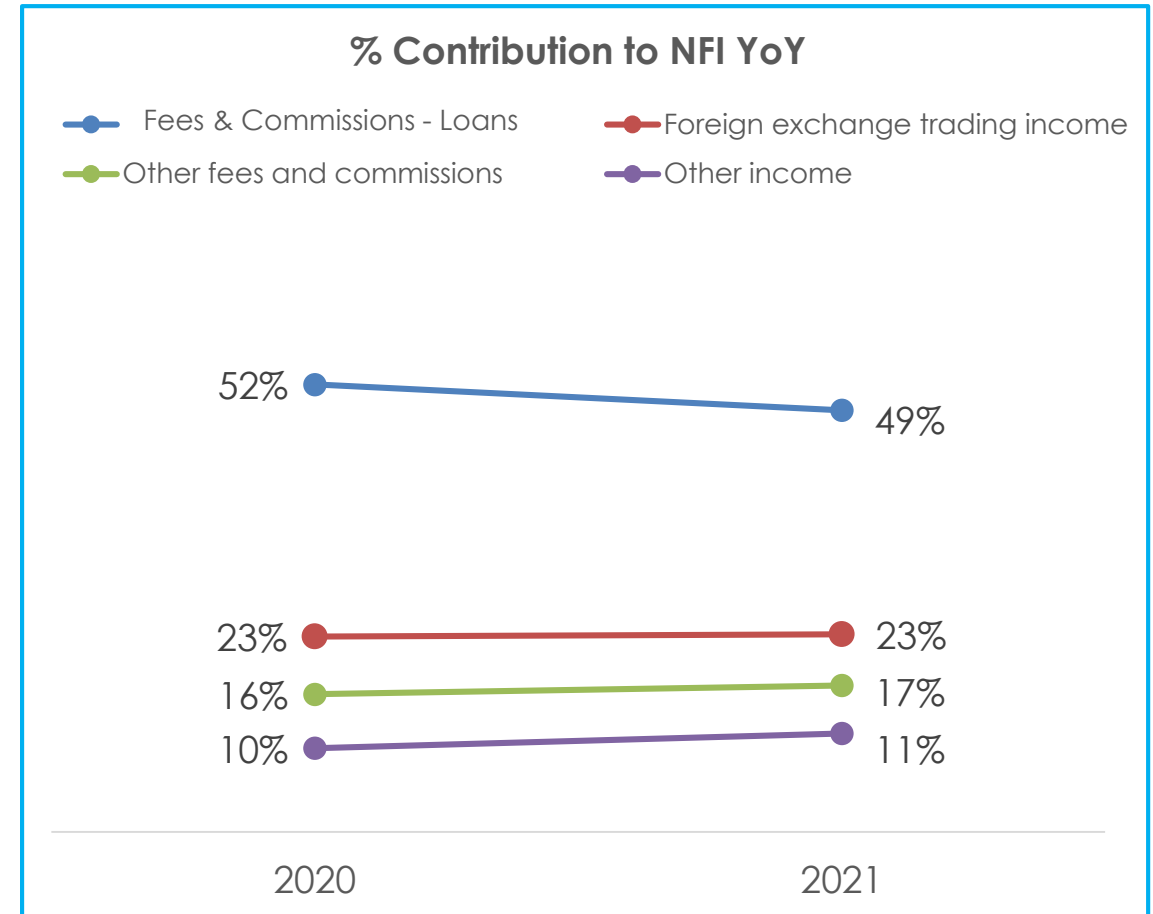
- Decline in interest on loan and advances due to lower lending Net by KES 5bn and suspended interest on New NPL names
- Increase in income from investment securities driven by volume growth KES 55bn and slightly higher yields
- Interest expense increase of KES 0.7bn is due to deposits increase of KES 48bn, mainly towards CASA offset by lower cost of funding on term deposits, repayment of the MTN in 2020 and repayment of DFI facilities.

Non Funded Income



FX income and card income growth offset by lower transaction volumes

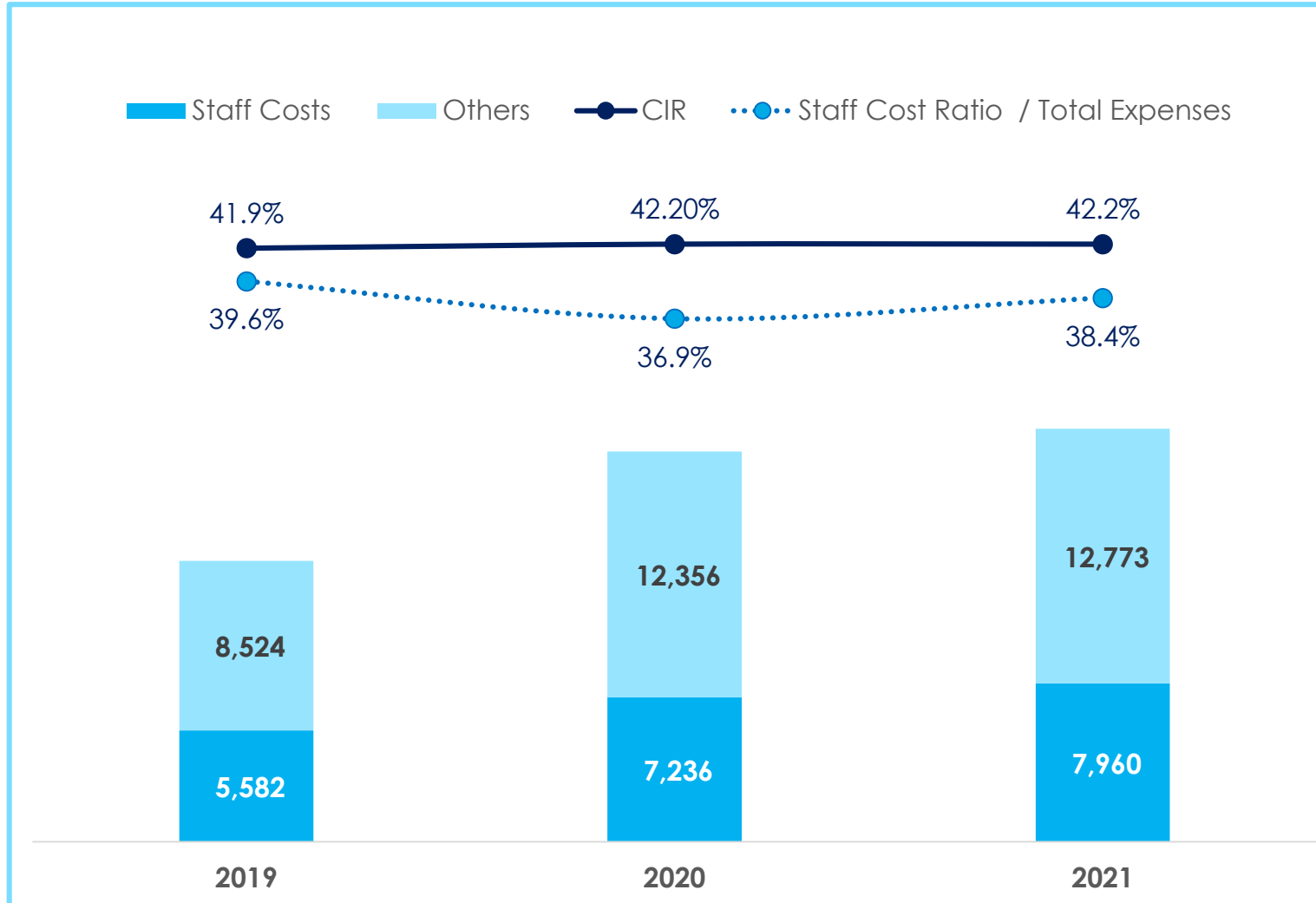
	2020	2021	Δ %
Fees & Commissions – Loans & Advances	10,840	10,788	(0.5%)
Foreign exchange trading income	4,735	5,057	6.4%
Other fees and commissions	3,338	3,747	10.9%
Other income	2,030	2,523	19.5%
Total NFI	20,943	22,114	5.3%



Operating Expenses



With the integration and growth of our operations we continue to focus on efficiency



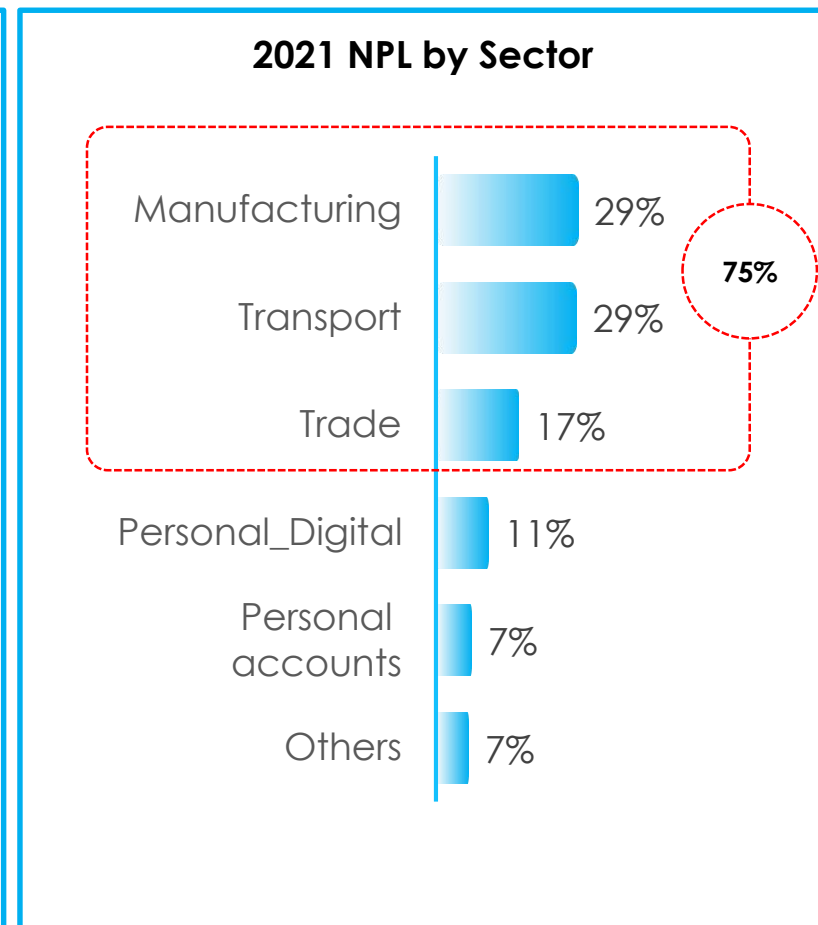
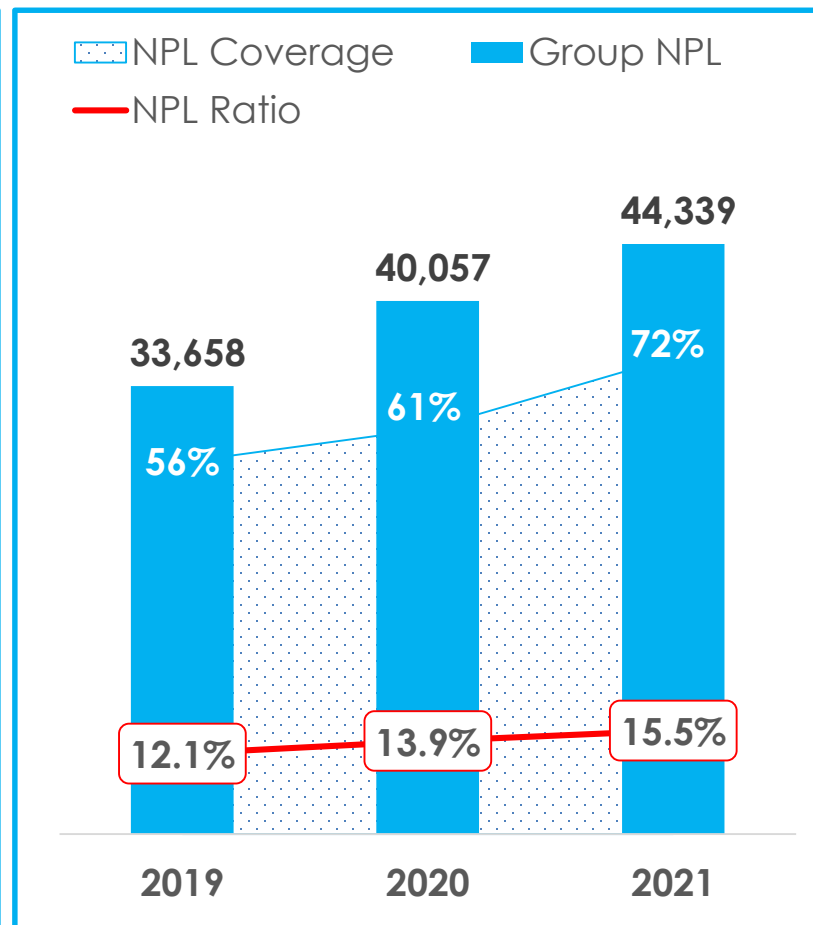
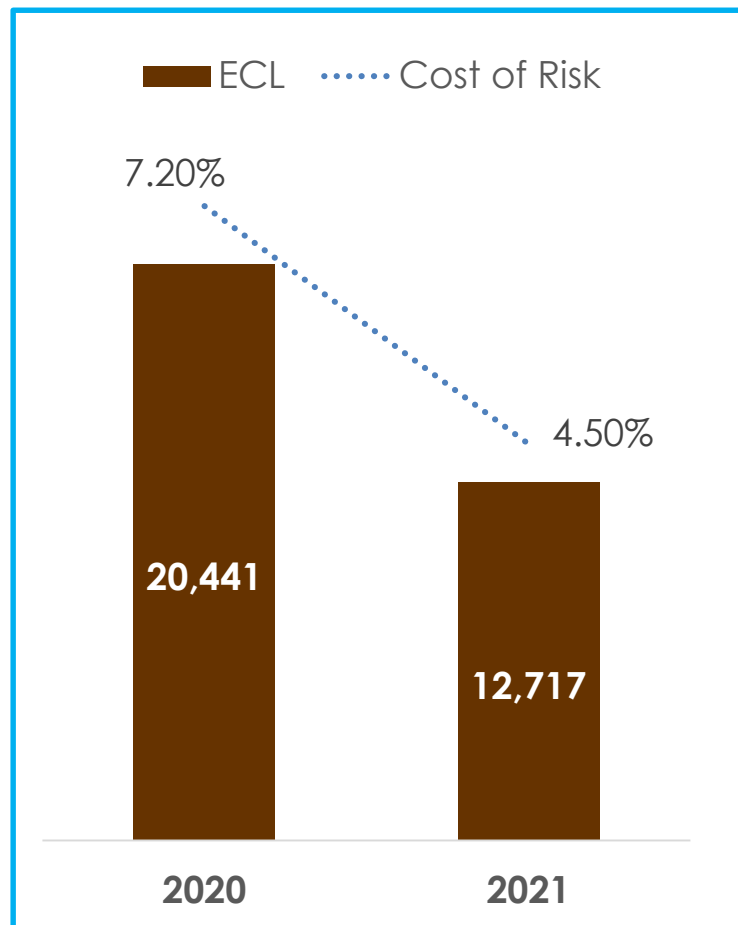
- Growth in operating expenses + 6% reflects the impact of our integration, investments in branches & technology and inflation.
- Largely driven by staff costs + 10% (KES 0.7bn) as a result of a variable pay in 2021, increased staff due to branch network expansion, offset by impact of the staff voluntary exit program in 2021
- Investments in IT capability with the focus of improving customer experience and to support digitization, offset by system consolidations and merger efficiencies
- Accordingly cost to income ratio remained flat at 42%

Asset Quality



We have significantly improved our cost of risk and built our NPL coverage ratio

Amount KES Millions



Exceptional Items



- We recognized KES 2.3Bn at the merger being the intangible asset as a result of valuation of customer relationships and customer deposits.
- To date, we have amortized KES 1.8Bn (2021 KES 0.8Bn) and have a residual balance of KES 0.5Bn
- The un amortized amount will be fully expensed by 30th September 2022

Statement of Financial Position



Group consolidated balance sheet, 12% growth over last year

Amounts in KES Millions

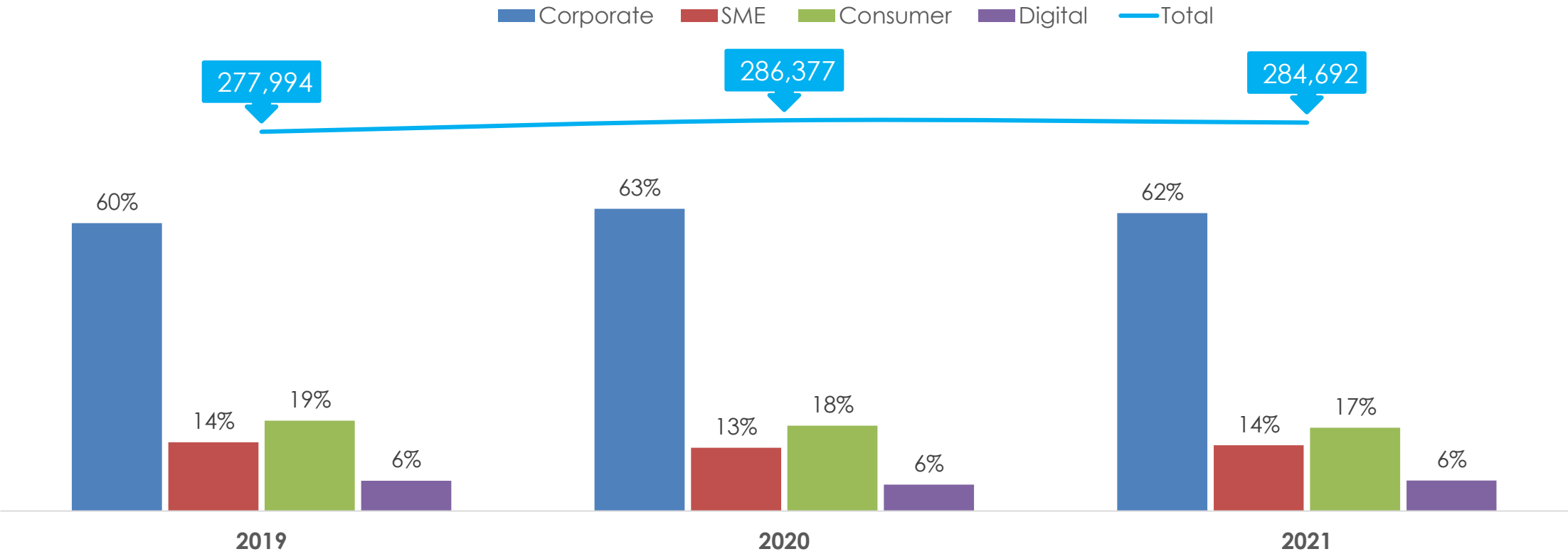
	NCBA Bank Kenya			NCBA Group Consolidated		
	FY 2021	FY 2020	Δ%	FY 2021	FY 2020	Δ%
Assets						
Net Loans and Advances	220,020	224,421	(2%)	244,038	248,498	(1.8%)
Cash & Balances with Banks	84,052	73,342	15%	88,274	76,204	15.8%
Government Securities	196,052	148,752	32%	218,809	163,547	33.8%
Other Assets	46,609	45,099	3%	39,967	39,706	0.7%
Total Assets	546,733	491,614	11%	591,088	527,954	12.0%
Liabilities & Equity						
Customer Deposits	431,214	388,020	11%	469,890	421,504	11.5%
Borrowed Funds	19,776	19,429	2%	20,872	19,623	6.4%
Other Liabilities	17,101	12,136	41%	22,339	14,278	56.5%
Shareholders Equity	78,642	72,028	9%	77,987	72,548	7.5%
Total Liabilities and Equity	546,733	491,614	11%	591,088	527,954	12.0%

Gross Loans and Advances



Corporate business remains a key contributor to the lending book while SME increased its contribution year on year driven by the increased footprint

Amounts in KES Millions



Investment in Government Securities



Solid Investments growth backed by growth in customer deposits as we continue to build our customer base

Amounts in KES Millions

Bank Kenya

Group Consolidated

—●— Average Yield

10.98%

11%

10.90%

137,967

7%

148,752

24%

196,052

2019

2020

2021

146,119

11%

163,547

25%

218,809

2019

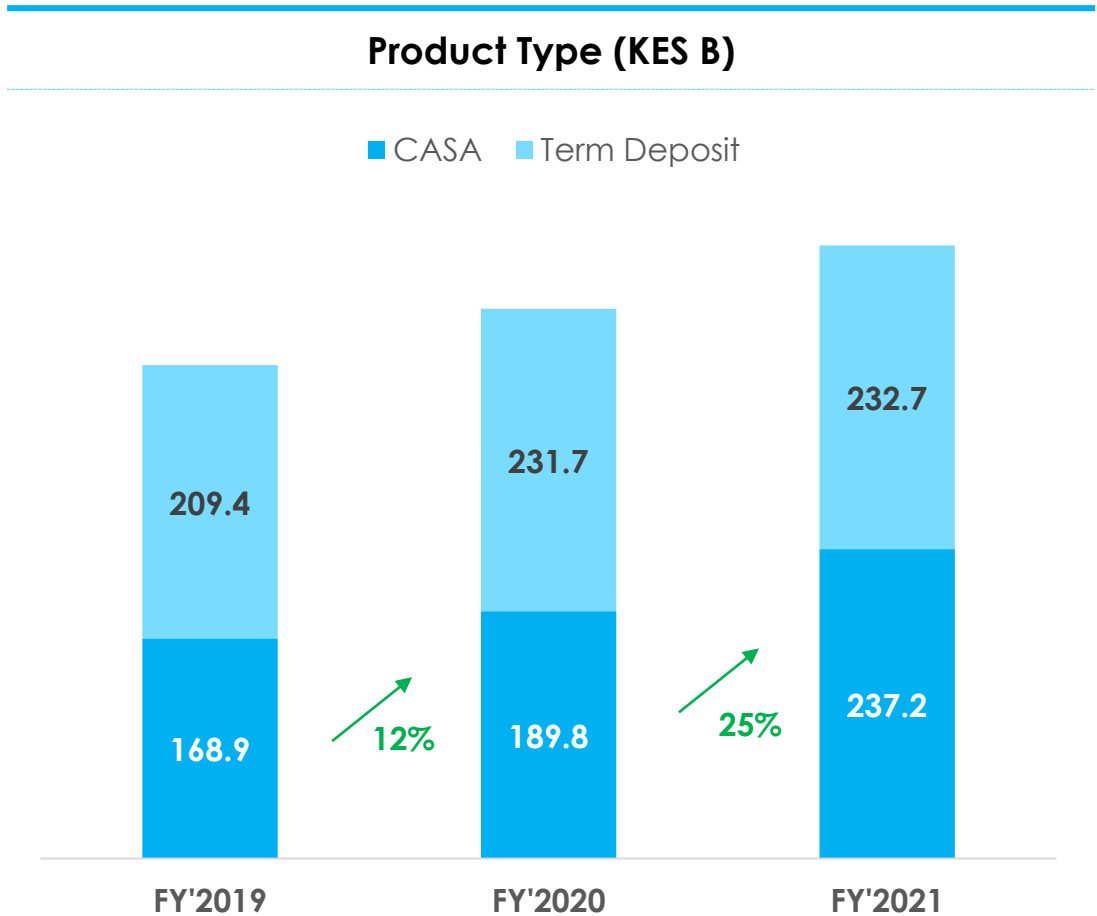
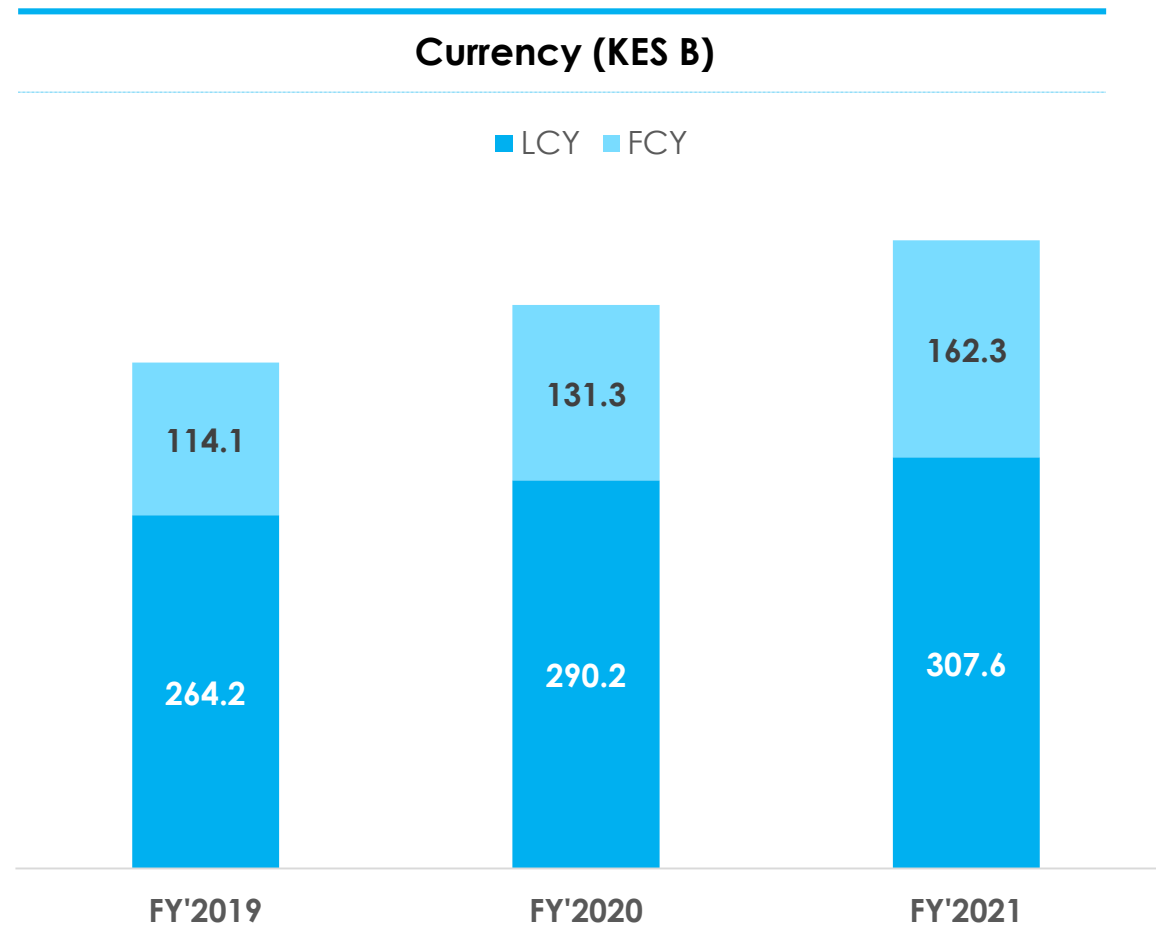
2020

2021

Customer Deposits



We have made progressive improvement on our deposit mix with deliberate low cost deposit mobilization



Shareholder Returns



Sustained return to share holders with ROE doubling year on year

2020:
6.30%

13.58%

Return on Equity

2020:
KES 2.8

KES 6.2

Earnings Per Share

2020:
5.6%

12.0%

Dividend Yield

2020:
0.90%

1.80%

Return on Assets

2020:
KES 1.5

KES 3.0

Dividend Per Share

2020:
KES
64,833
Mn

KES 64,567^{Mn}

Core Capital (Bank)

2020:
KES
2,500Mn

KES 4,941^{Mn}

Dividends Gross

2020:
9.6X

4.1^x

Price Earning Ratio

2020:
KES
15,176

KES 16,142^{Mn}

SBL (Bank)

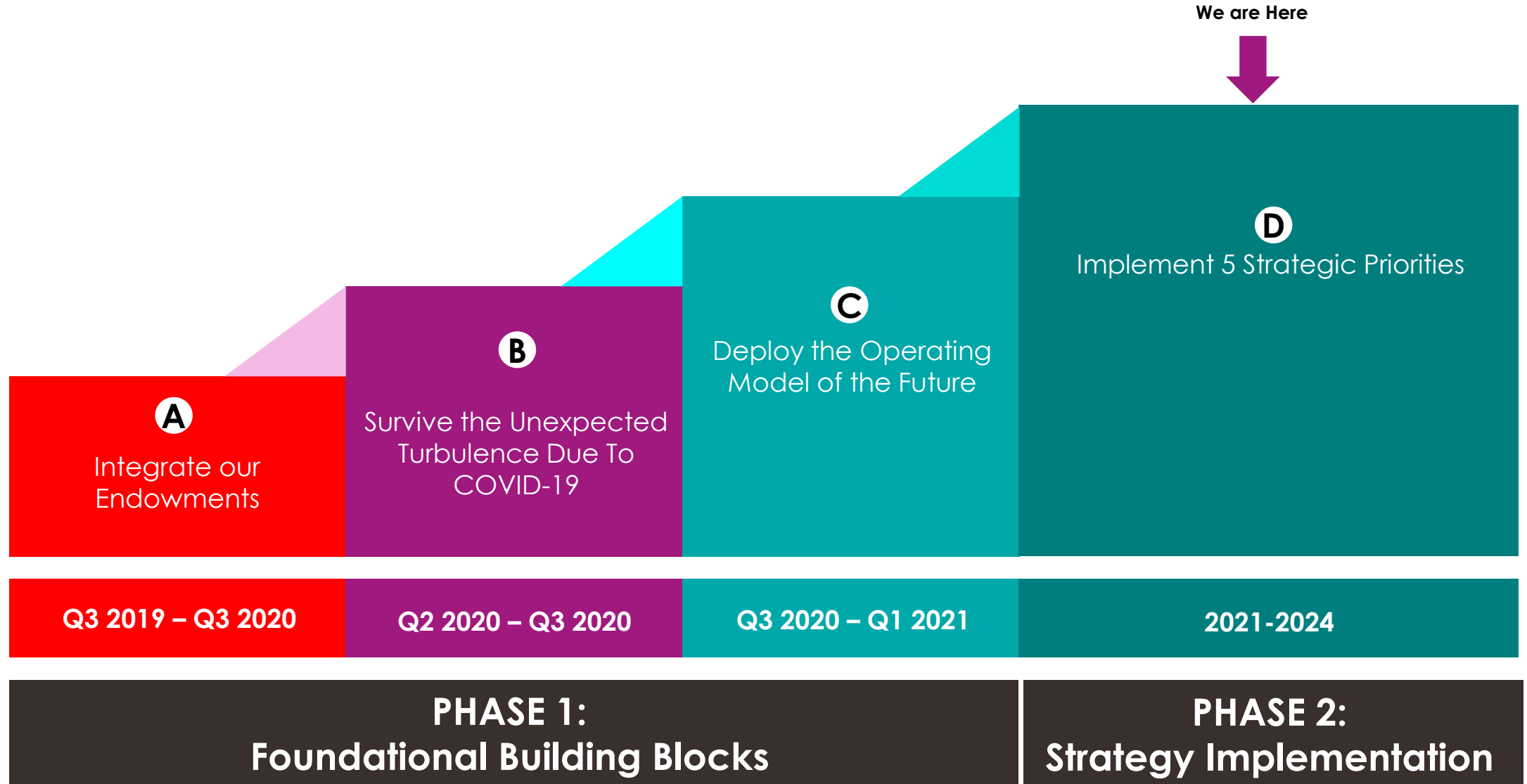
Business Outlook



Strategic Roadmap



We have taken a phased approach to deliver on our strategy



2021 – 2024 Priorities



Strategic priorities of the 2021 – 2024 strategic plan aim to unlock 3 measures of success by 2024;

1

Gain brand relevance and consideration

2

Enhance our financial outcomes

3

Foster a customer centric and performance culture

- In implementing the Strategy, we have and will continue to invest in people, technology and operations to drive our growth agenda and achieve our target metrics for the strategic period.

1

**Bank Kenya Market
Share (WMSI) of 12% by
2024 (from 9.7% in
2020)**

The Merger: Delivered Benefits



Our merger has delivered on key 3 benefits that will ultimately result in an improved return for shareholders

1

MARKET LEADERSHIP

Enhance market share, distribution points and product ranges



- **Product range** – Increased product per customer from 1.7 to 2
- **Distribution** – Scaled Kenya branches to 84 from CBA-38, NIC - 44
- **Market Share** – We are now a Tier 1 bank with a combined market share of 9.82% from 4-5% each as individual banks

2

ECONOMIES OF SCALE

Grow balance sheet to pursue bigger ticket opportunities



- We have grown our balance sheet and now have capacity to pursue larger ticket opportunities
- **Enhanced Customer Deposits Limits**
 - **Larger lending capacity** (Single Borrower Limited has increased to 16B from KES 6-8bn)
 - **Participation in large Government Tenders**

3

COST SYNERGIES

Efficiencies from consolidation of technology and staff

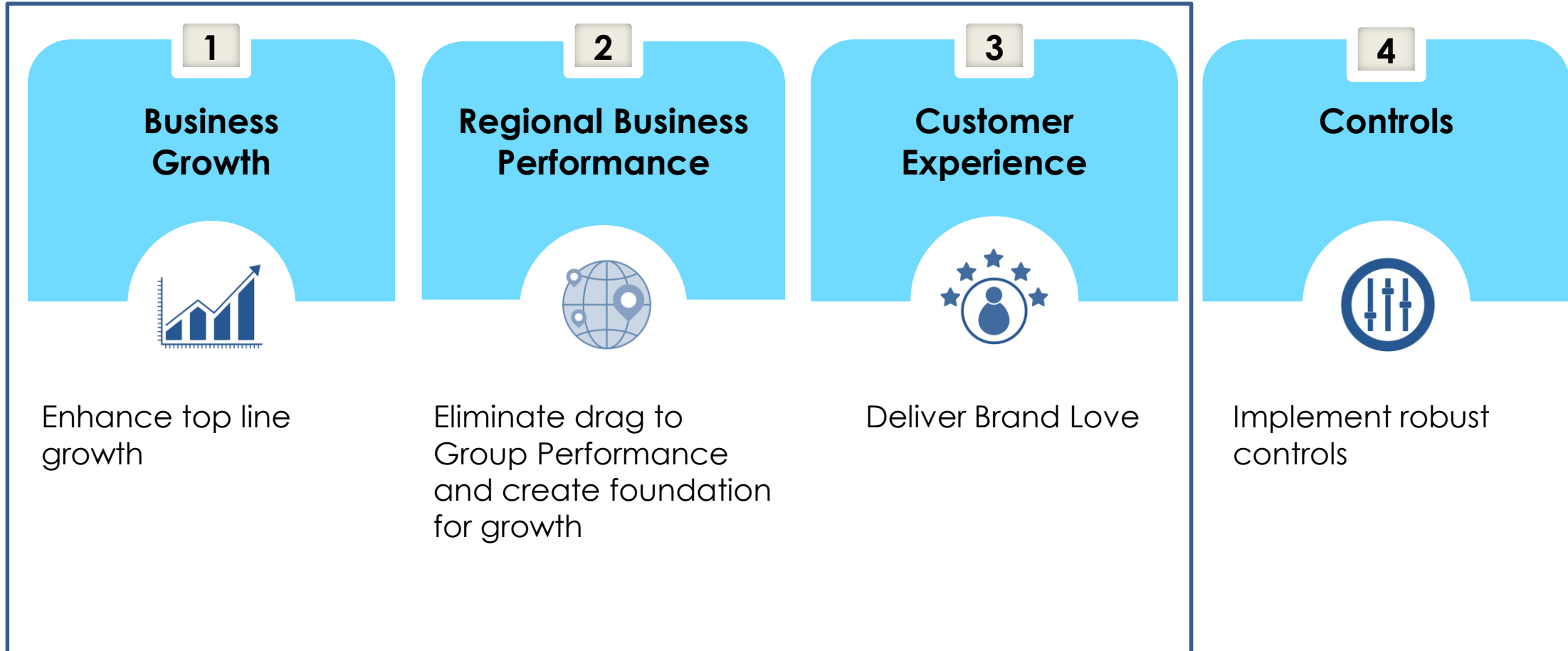


- **Technology** - Consolidated 13 systems and terminated 12 duplicate systems saving annually KES 140M in cost savings. Incremental KES 190M to be realized in 2022
- **Premises** - Closed close-proximity branches (13 in Kenya and 1 in UG) and Collocated TZ & UG HQs
- **Staff** – implemented the VEP exercise in Kenya

2022 Priorities



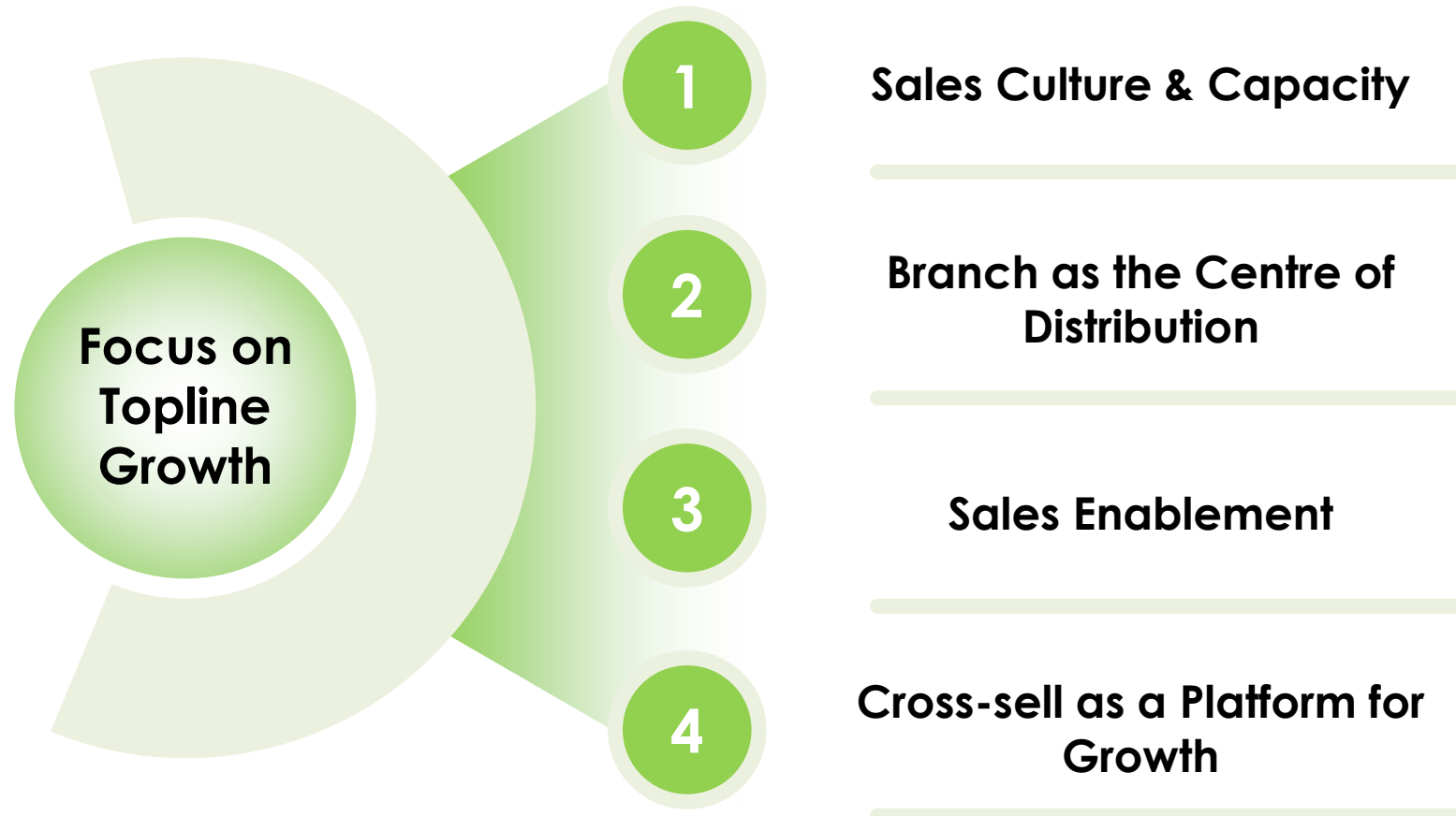
4 key areas of focus this year across the Group



2022 Priorities: Business Growth



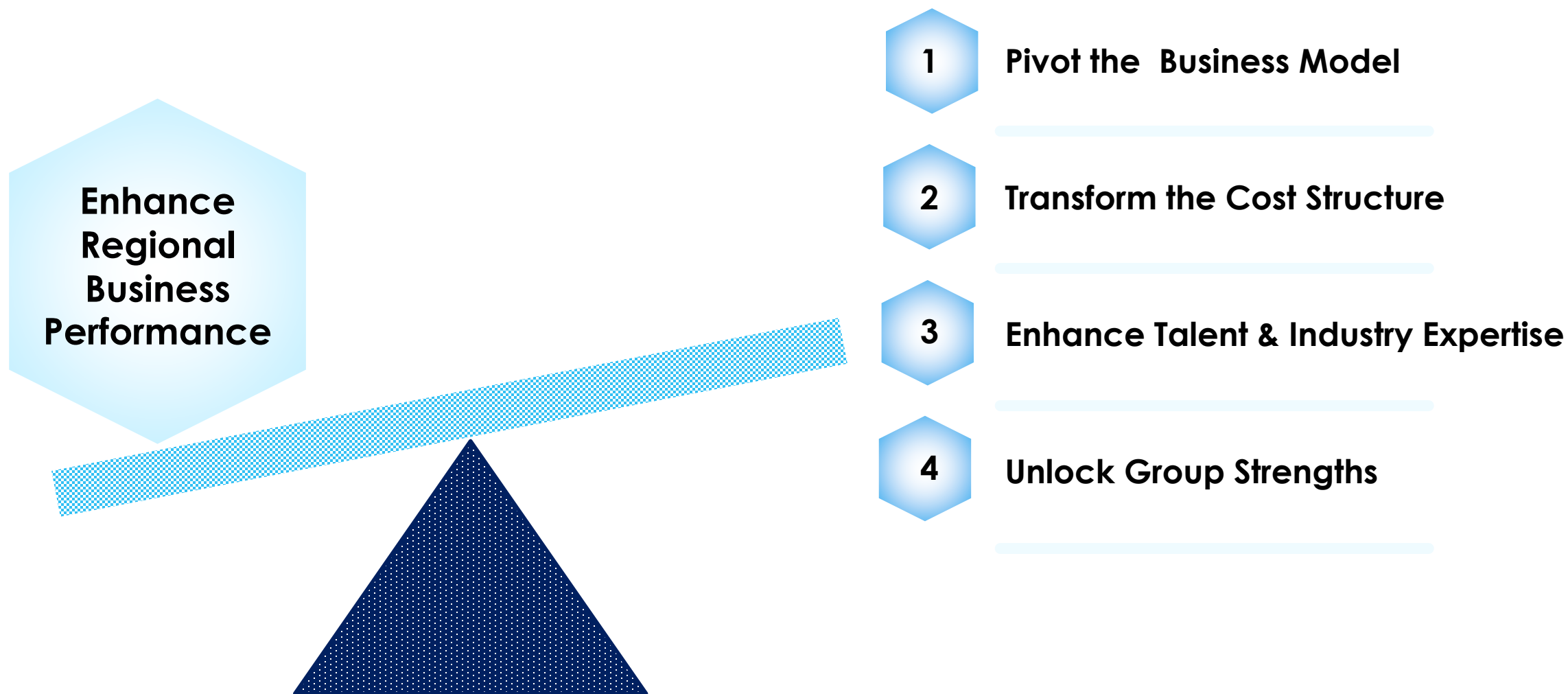
We will enhance top line growth by transforming our distribution model to more aggressively cross-sell and unlock the strengths of the collective business



2022 Priorities: Regional Business Performance



We have a clear strategy to pivot the business model of our regional businesses to eliminate the drag to Group performance and create a foundation for growth



2022 Priorities: Customer Experience



We will enhance brand love by delivering a modern and intuitive banking experience and embedding a CX culture

1

New Digital Platforms

2

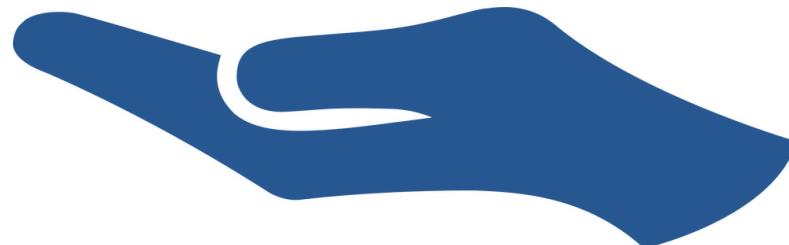
Intentional Customer Journey Design

3

Business Process Reengineering and Automation

4

Reinforce CX Leadership & Culture





In terms of our outlook and financial targets for 2022

- We will expect our **net interest margins to be well above 5%**. We are confident in the momentum that we have built and are excited about delivering on our vision.
- **Net interest income is expected to be up year over year** attributable to the expansion of both of our core business lines across key existing as well as new asset categories, the redeployment of excess liquidity into higher yielding lending assets and the expectation of cost of funds continuing to trend lower over the course of the year.
- **Non-interest expense is expected to grow year over year** as a function of the additional investment in support of expanding the Bank's technology and Branch network .

Our FY 2022 Guidance

- **Return on Equity** > 15%
- **NPL ratio** < 15%
- **Cost to Income Ratio:** 40-45%.
- **Capital Adequacy:**
Maintain a 300Bps buffer above regulatory limits
- **Loan to Deposit ratio** ~ 65%,
- **Core Bank Cost of Risk:** 1.5% - 2.0%
- **Liquidity Ratio** > 60%

THANK YOU

