NCBA

Q3 2022
Investor Briefing

November 2022

ncbagroup.com

Go for it

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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 <

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FINANCIAL PERFORMANCE Q3 2022 <

JOHN GACHORA

Group Managing Director

Our Purpose and Values

OUR PURPOSE

To be the Financial Services Partner that Inspires Your Growth

OUR VALUES

DRIVEN

OPEN

RESPONSIVE

TRUSTED

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.

Welcome to the bank that banks on your ambition.

Welcome to the bank that says go for it.

Welcome to NCBA

What Makes Us Different

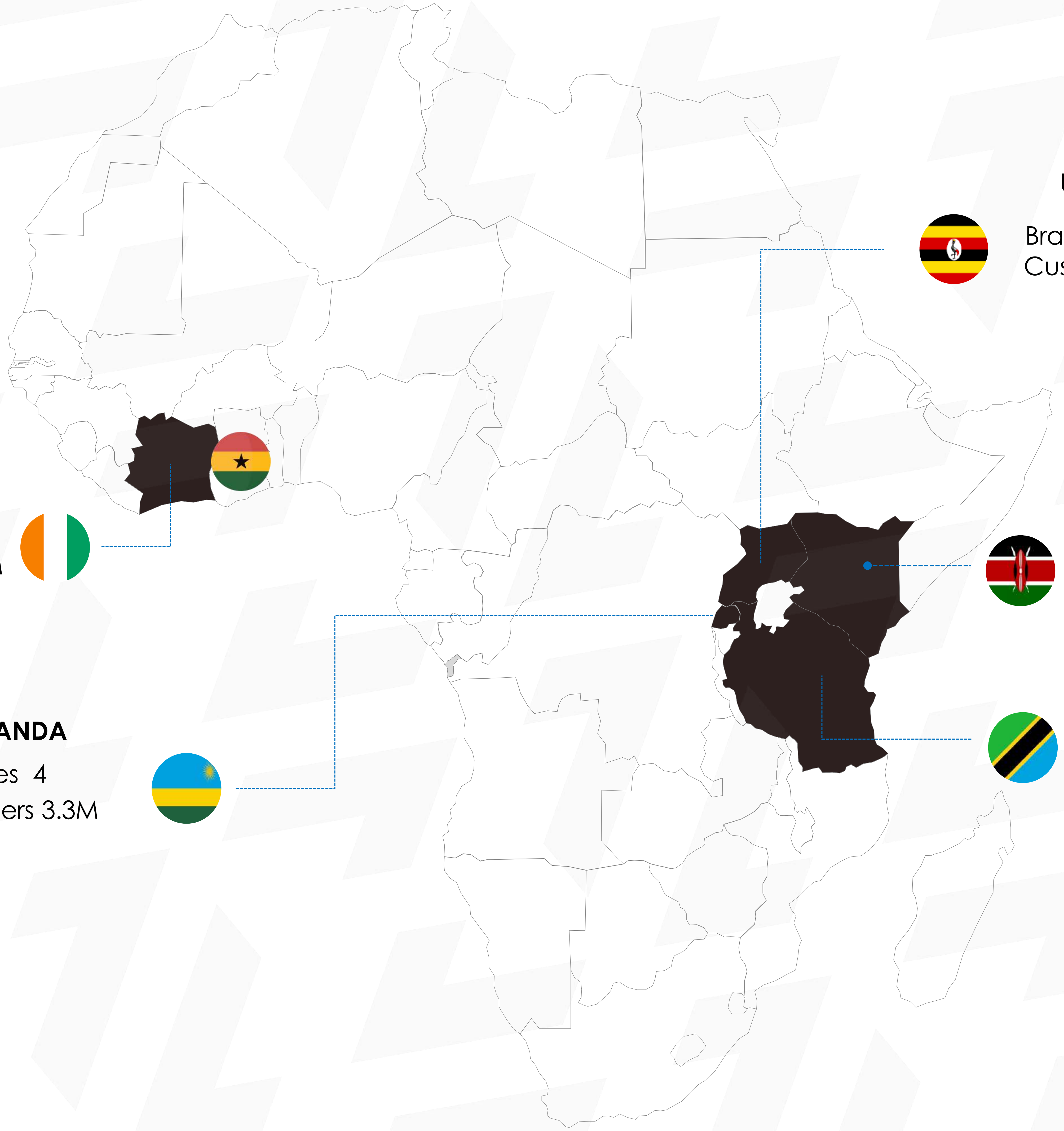
Our customers benefit from the Group's commitment to customer service excellence, superior banking platform and our broad array of products.

What Makes Us Different:

- Customer Centric Culture
- Integrated Core Banking Platform
- Strong Relationship Management
- Digital Leadership
- Innovative and bespoke products
- Regional Market Presence

Enabling customers to bank, borrow, spend, save and invest.

Our Regional Footprint



UGANDA
Branches 4
Customers 12.1M

IVORY COAST
Purely Digital
Customers 5.49M

KENYA
Branches 84
Customers 31M

TANZANIA
Branches 8
Customers 12.5M

RWANDA
Branches 4
Customers 3.3M

KEY GROUP HIGHLIGHTS

CUSTOMERS
> 60M

STAFF
2,899

BRANCHES
100

ATMs
93

CASH DEPOSIT MACHINES
86*

DR & CR CARDS
190K+

* 52 Corporate CDMs

Fitch Rating

In its latest assessment, Fitch affirmed its rating of NCBA Group and NCBA Bank as B+ Negative Outlook

Positive Highlights

Strong Business Profile: Strong franchise and diverse business model: The enlarged post-merger business is expected to contribute to economies of scale, risk diversification, stronger earnings and cheaper funding

Good profitability: Group's operating income/risk-weighted assets improved to 4.3% in 2021 (2020: 1.5%) following a significant reduction in loan impairment charges

Sound capitalization

B+

NEGATIVE OUTLOOK

Areas of Attention

Loan quality: The operating environment risks could pressure asset quality metrics

Deposit structure: Reliance on more-expensive institutional term deposits (45% of deposits)

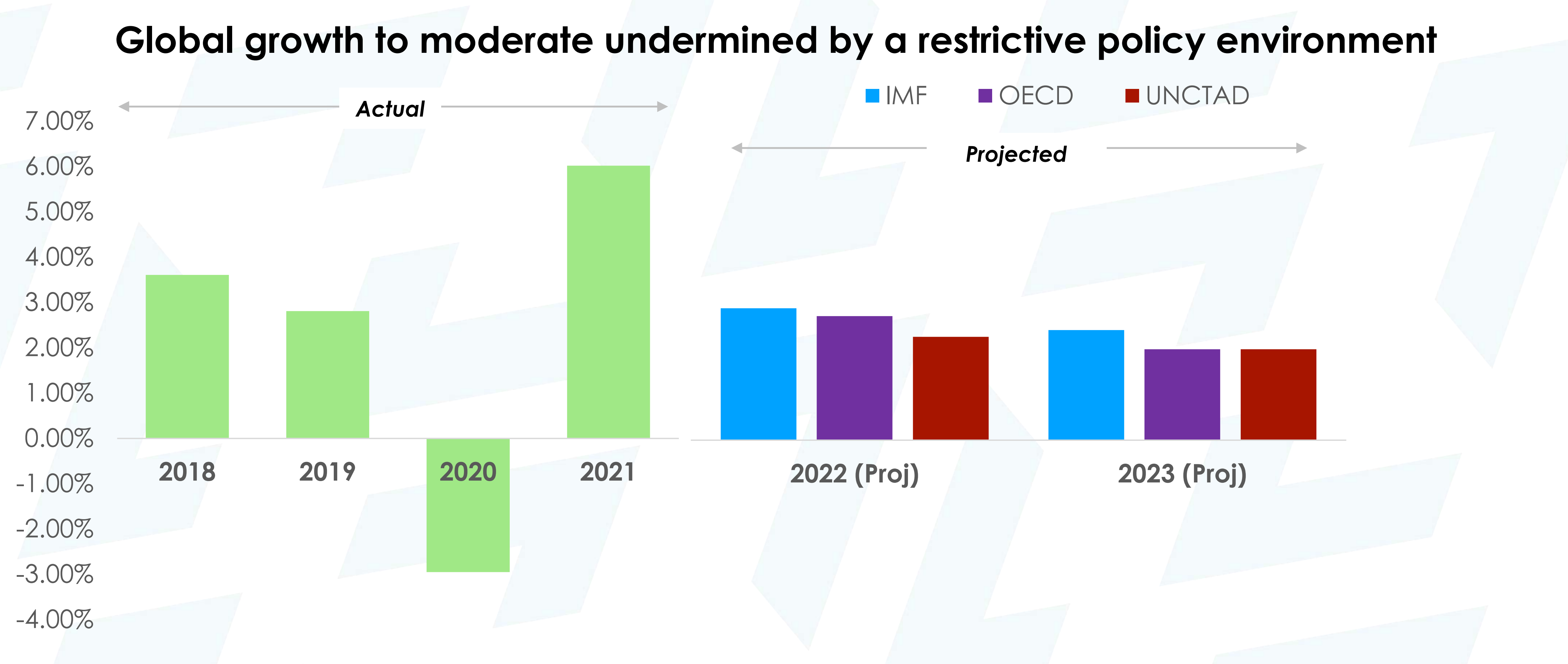
Operating environment risks: Inflationary pressures are likely to lead the CBK to further tighten monetary policy

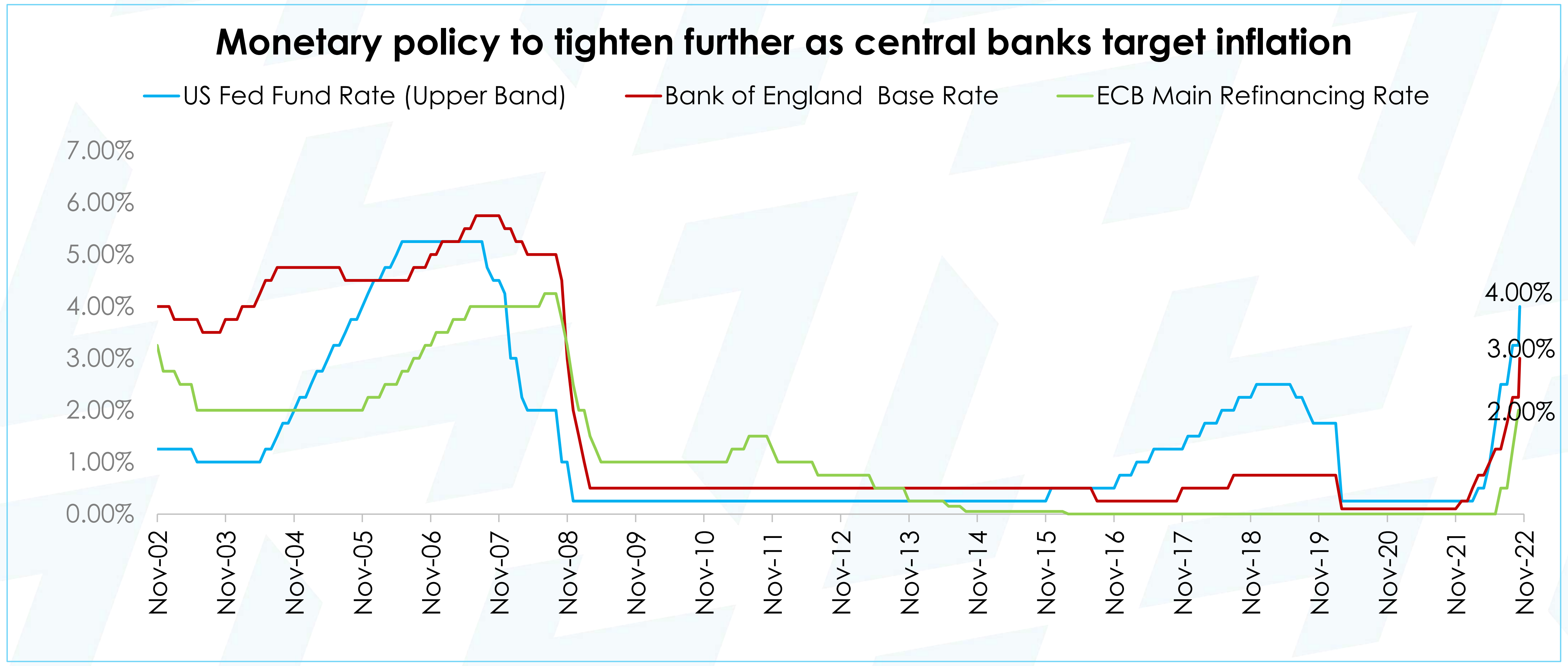
Awards & Accolades - 2022

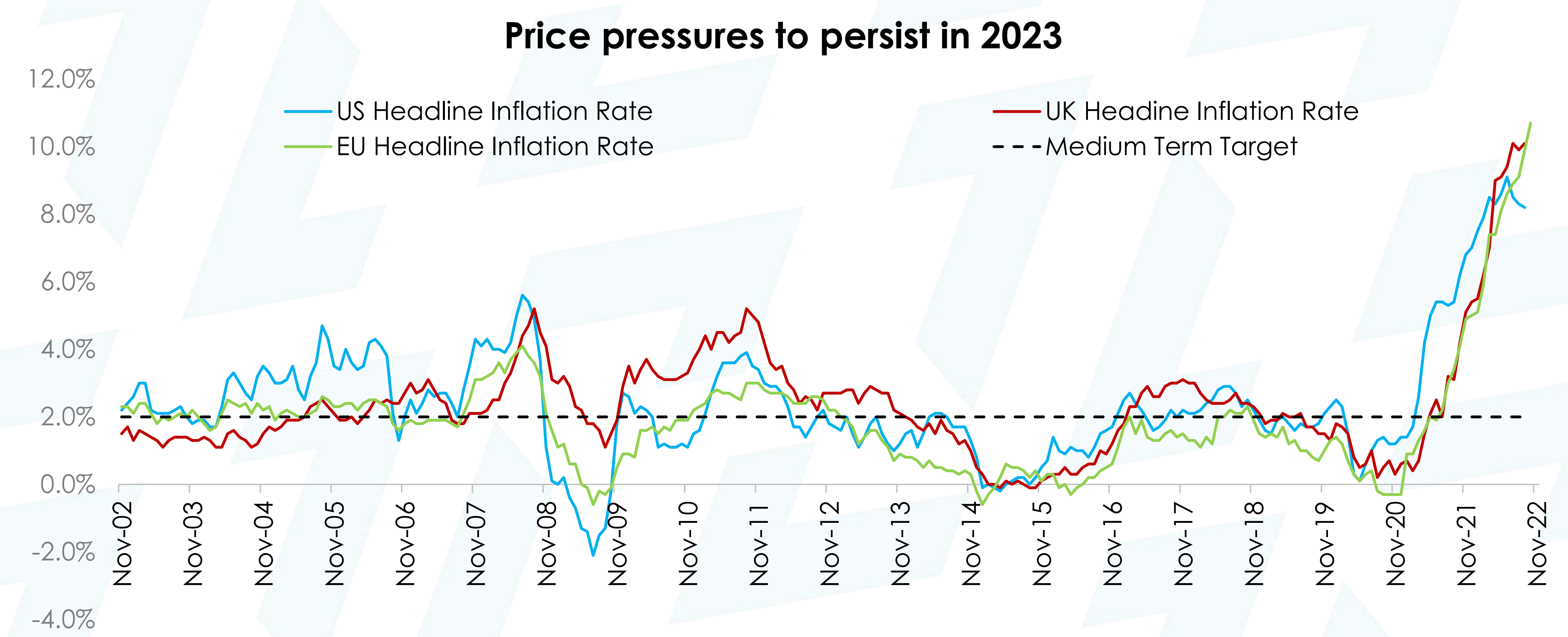
- **Best Financial Services Group East Africa 2022** – Global Banking Finance
- **3rd Best in Customer Experience** - Kenya Bankers Association
- **Best Bank in Kenya 2022** - Global Finance
- Among **Top 10 most valuable brands in Kenya** - Brand Finance
- **5th Best employer** by LinkedIn
- Recognized as **one of the strongest brands in 2022** - Brand Finance Kenya as
- **Most Preferred Asset Finance Bank in Kenya** - Annual Road Safety Awards 2022
- NCBA UGANDA - **Corporate Governance Awards** - The Institute of Corporate Governance Uganda in conjunction with Grant Thornton
- NCBA TZ - **Best Digital Bank in Tanzania -** Global Banking and Finance Review

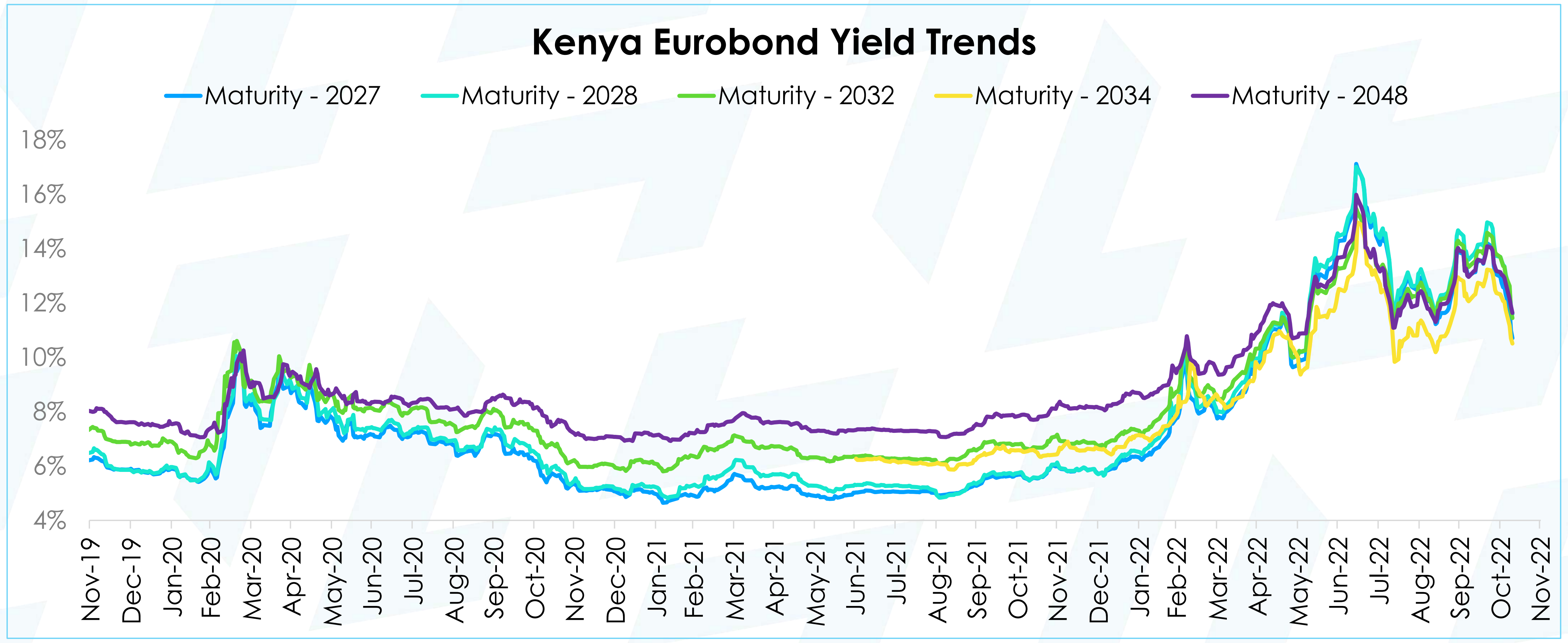
OPERATING ENVIRONMENT

Global: Difficult Policy Choices Amidst a Cost of Living Crisis

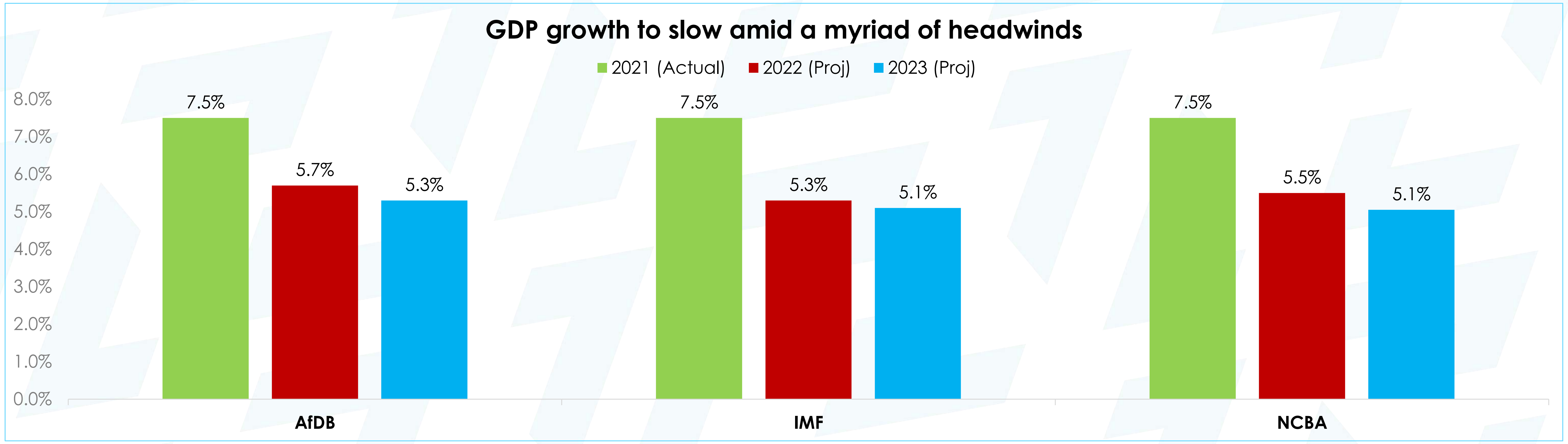


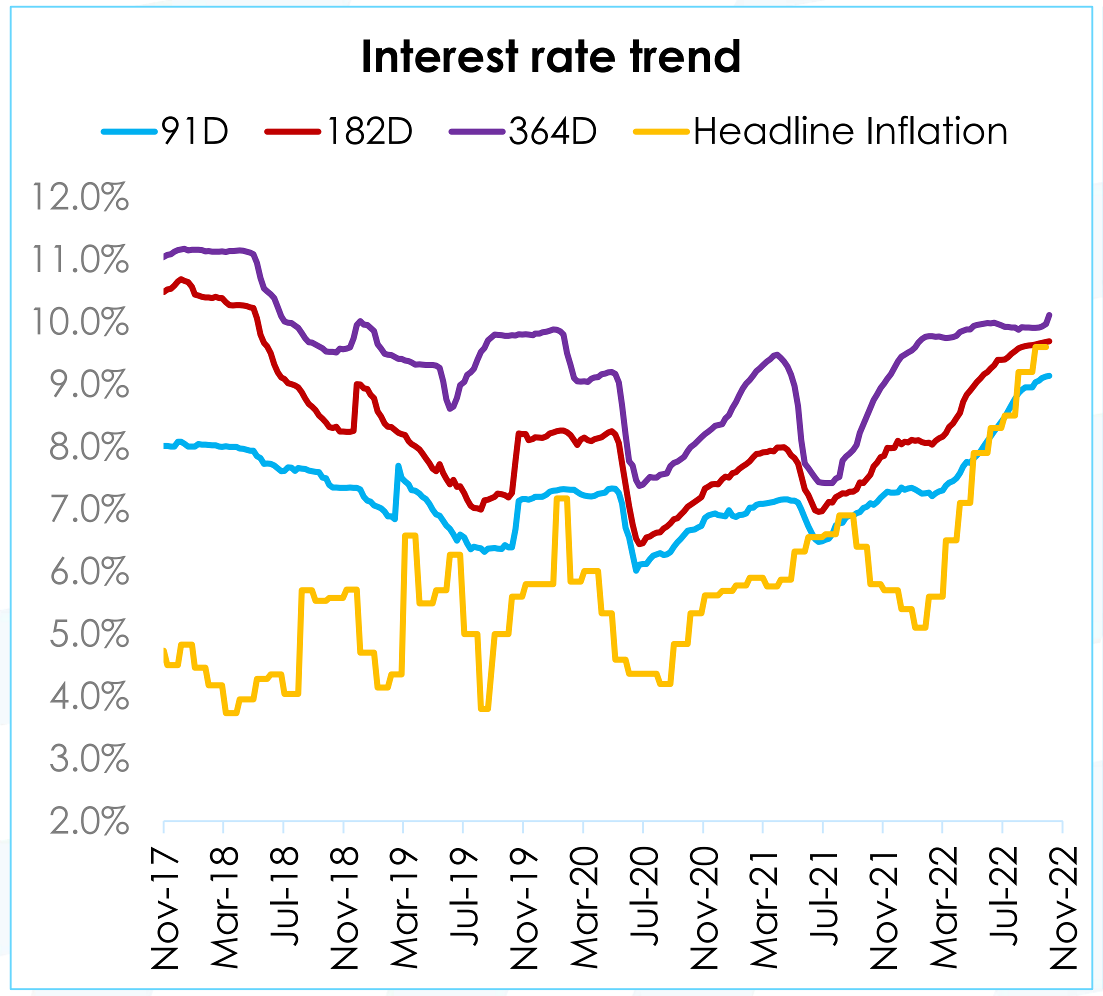


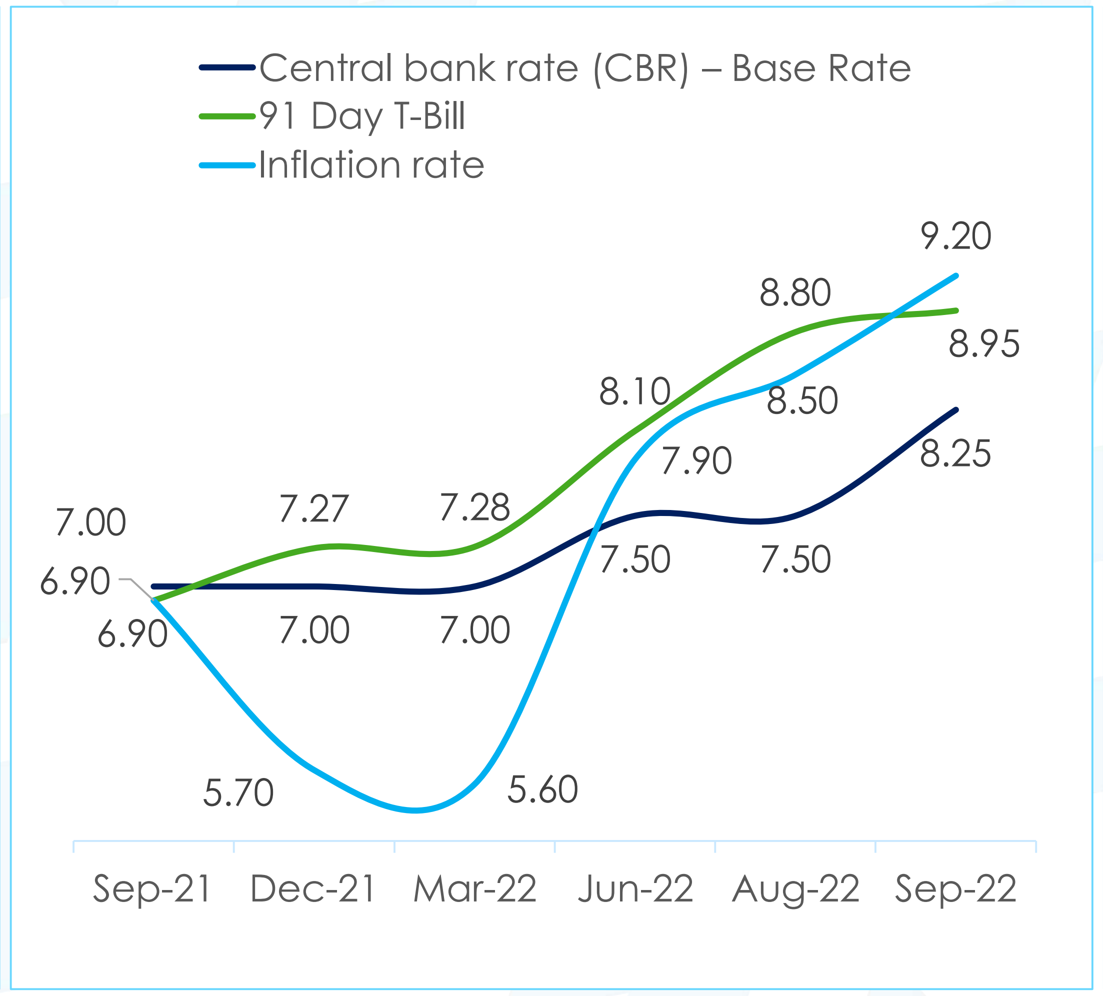


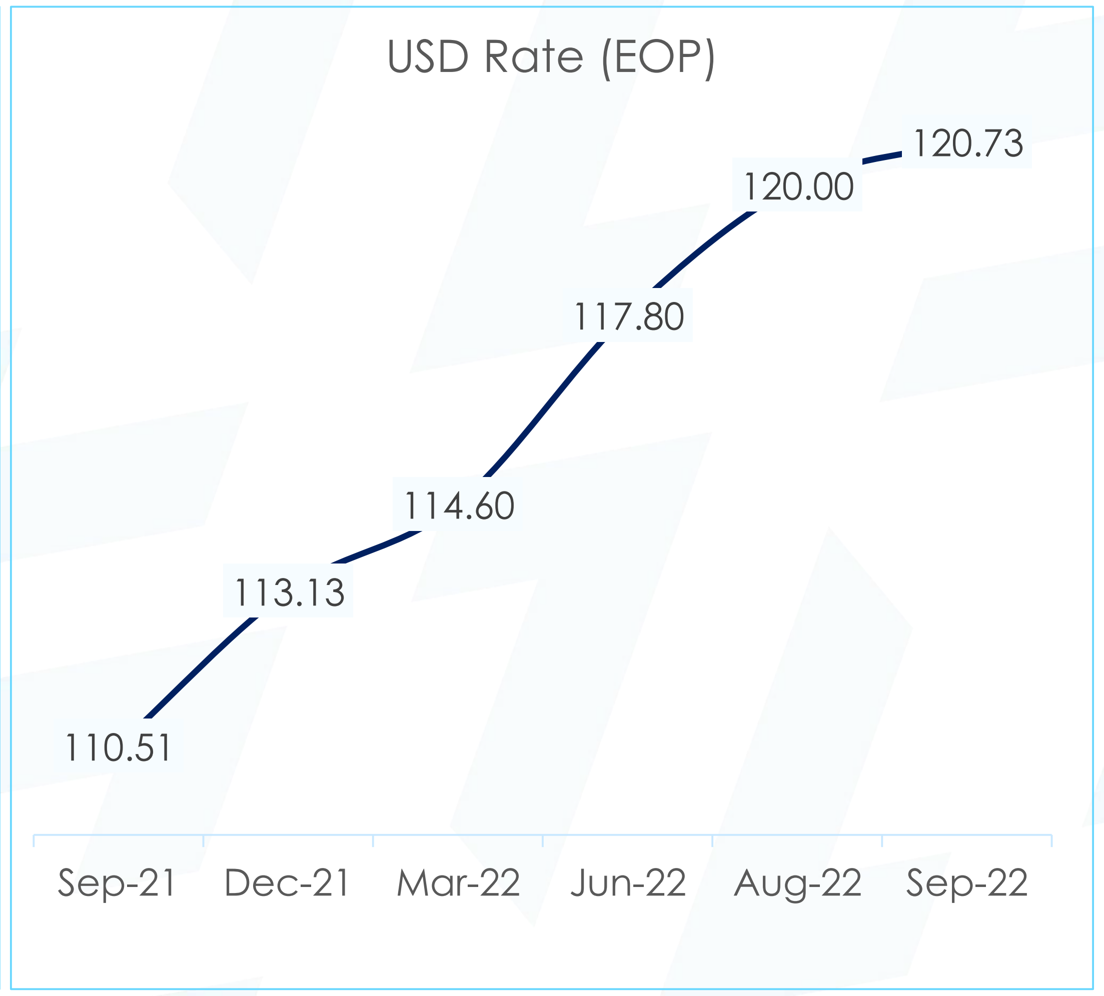


Kenya Macroeconomic Environment: Key Indicators









- **Annual headline inflation rate at 9.6% (Oct. 22), up 390bps YTD,** due to high food and fuel prices resulting from supply and distribution chain disruptions. Increasing demand pressures are indicative of more entrenched, widespread price pressures.

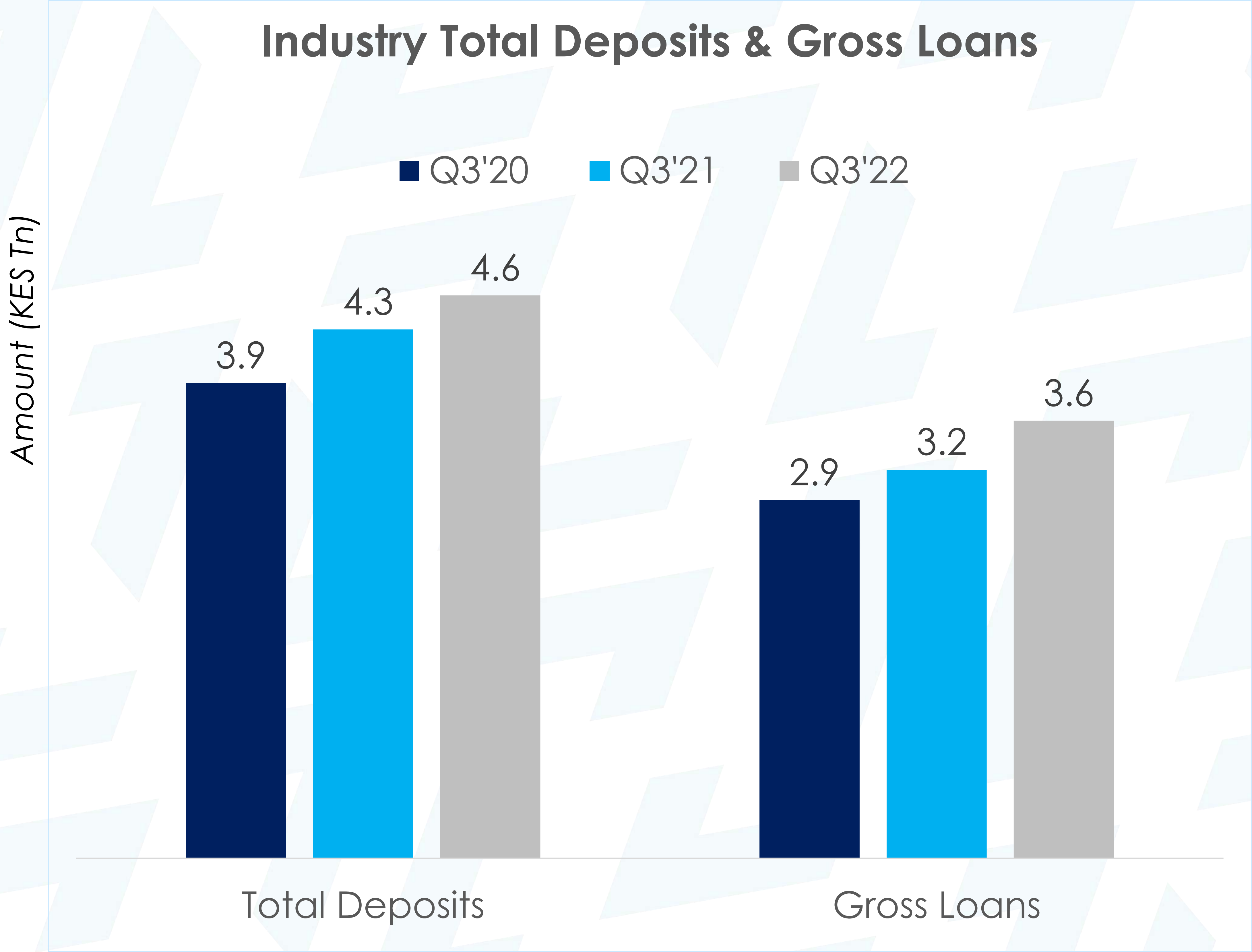
- **CBR at 8.75%, up 175bps YTD,** as CBK seeks not only to normalize monetary policy but also to contain inflationary pressures.

- **NSE-20 Stock Index down 12.41% YTD** largely reflecting a lull in the business climate. In search of safer markets, foreign investors are fleeing frontier and emerging markets. Overall, a decline in the local political risk premium should bode well for fourth-quarter returns.

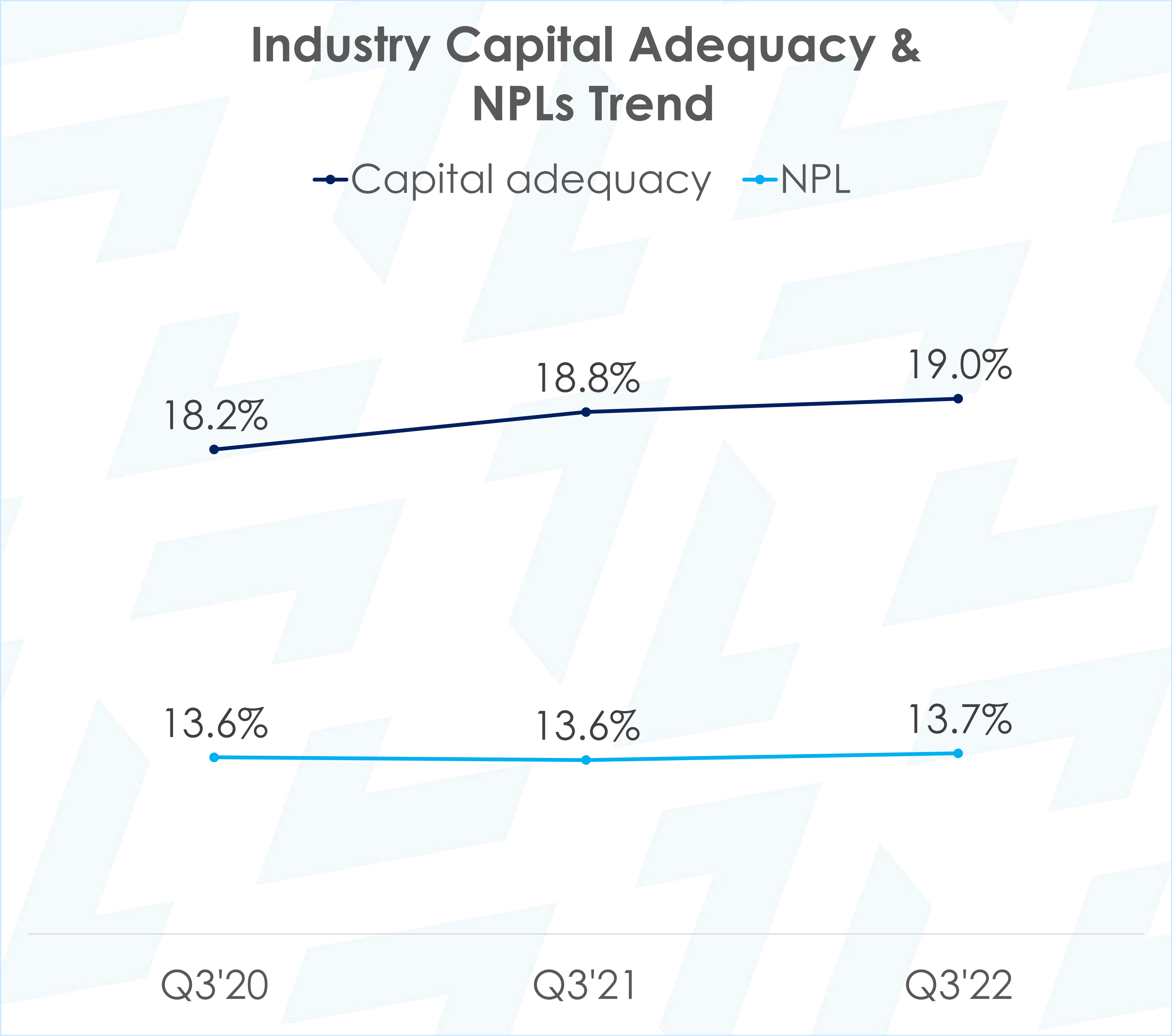
- **91 Day T-bill at 9.173% up 190.2bps YTD.** Higher inflation expectations, a more restrictive monetary policy, and the government's preference for local borrowing will increase yields. However, there are indications that the government is attempting to moderate the rate upturn.

The Banking Sector is healthy with Quarter on Quarter improvements

Total deposits & gross loans on an upward trend



Capital adequacy ratio on an upward trend
While NPL ratios have stabilized



UPDATE ON STRATEGIC PRIORITIES

Our 5 Strategic Priorities: 2020 - 2024

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

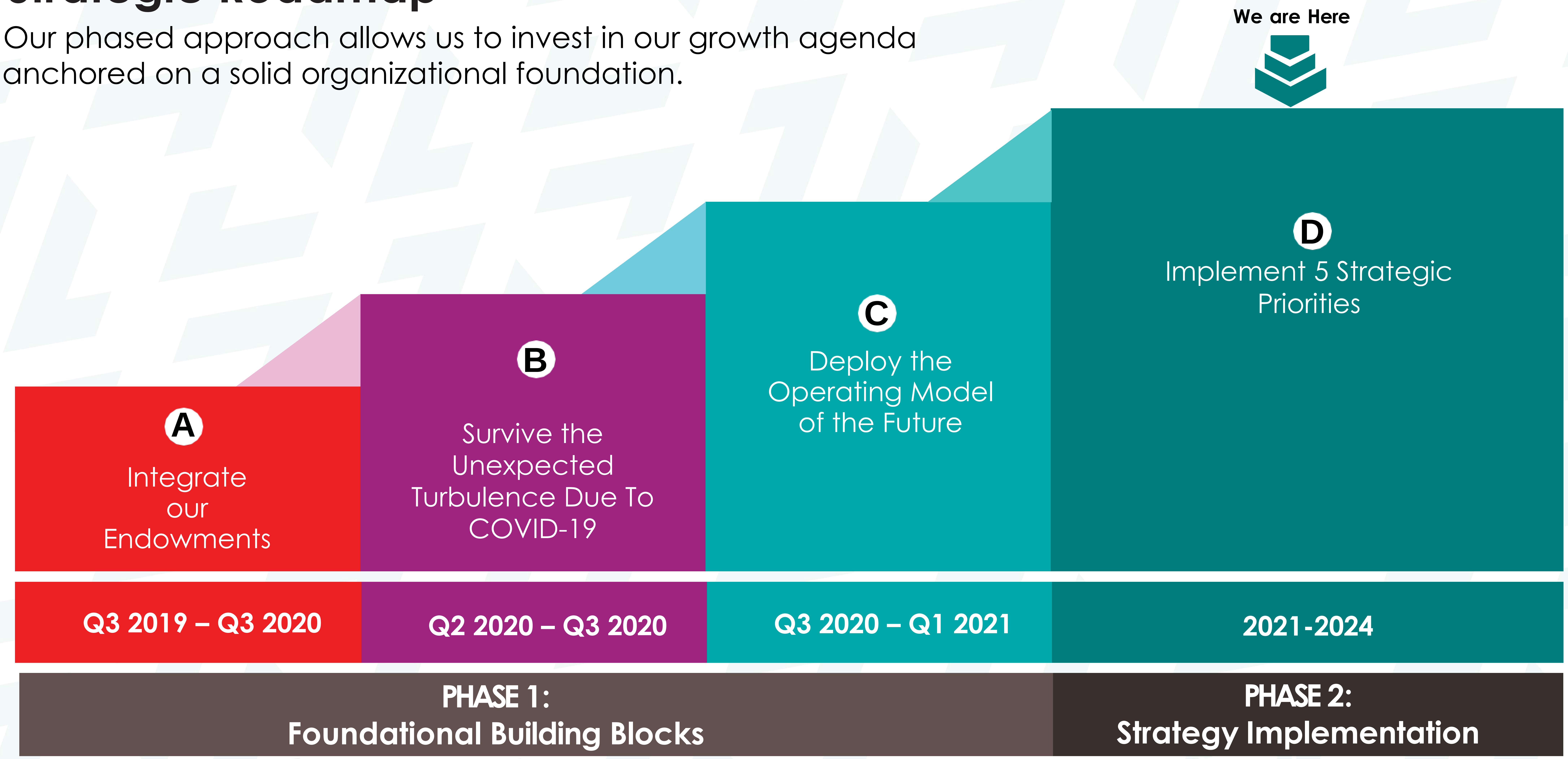
- Digitize the core bank
- Reposition & scale Loop
- Develop a Fintech to capture new markets & opportunities

5 Develop a High Performance Employee Culture

= **Increase Shareholder Value**

Strategic Roadmap

Our phased approach allows us to invest in our growth agenda anchored on a solid organizational foundation.



2022 Priorities

4 Key areas of focus this year across the group.

CUSTOMER EXPERIENCE	BUSINESS GROWTH	CONTROLS	REGIONAL BUSINESS PERFORMANCE
Deliver Brand Love	Enhance top line growth	Implement robust controls	Eliminate drag to Group Performance and create foundation for growth
1	2	3	4

1. Distinguished Brand Known for Customer Experience

As we continue to make intentional investments to position the brand in the mind and hearts of our customers, we have defined clear initiatives to drive our customer experience promise - to **Know You, Back You and Wow You**

Know You	Back You	Wow You
• Intentional Customer Journey Design • Reinforce CX Leadership & Culture • Customer Engagement	• Credit Access	• Digital Channel Experience • Contact Center Transformation • Branch Experience

Brand: Social Impact Highlights

COMMUNITY / CUSTOMER ENGAGEMENTS

Over 3000 Customer: Engagements across the group (One on One meetings and customer forums across the country)

Golf Series

- **16** Golf events across the region – 2 in Uganda 14 in Kenya
- **+1600** golfers playing
- **5 Junior golf tournaments** - Over 300 juniors from 12 nationalities participated.

EDUCATION

- Since 2007, we have partnered with Palmhouse Foundation to support **166** students through their high school education.
- Our staff voluntarily participated in the annual Playhouse Foundation student mentorship sessions that hosted **310** high school students
- Disbursed **KES 170M** to schools through our school bus loans to assist them improve their transport capacity

ENVIRONMENT

Change the Story

- Established a 1 million indigenous tree seedlings nursery at Karura forest and contributed to planting of over 150,000 trees across the country.
- The project has so far supported close to **20** households through labor and seen **25** farmers trained on environment conservation.

Electric vehicles financing

- **KES 2B** fund set up to finance 5,000 electric vehicles.

2. Scale Retail Banking

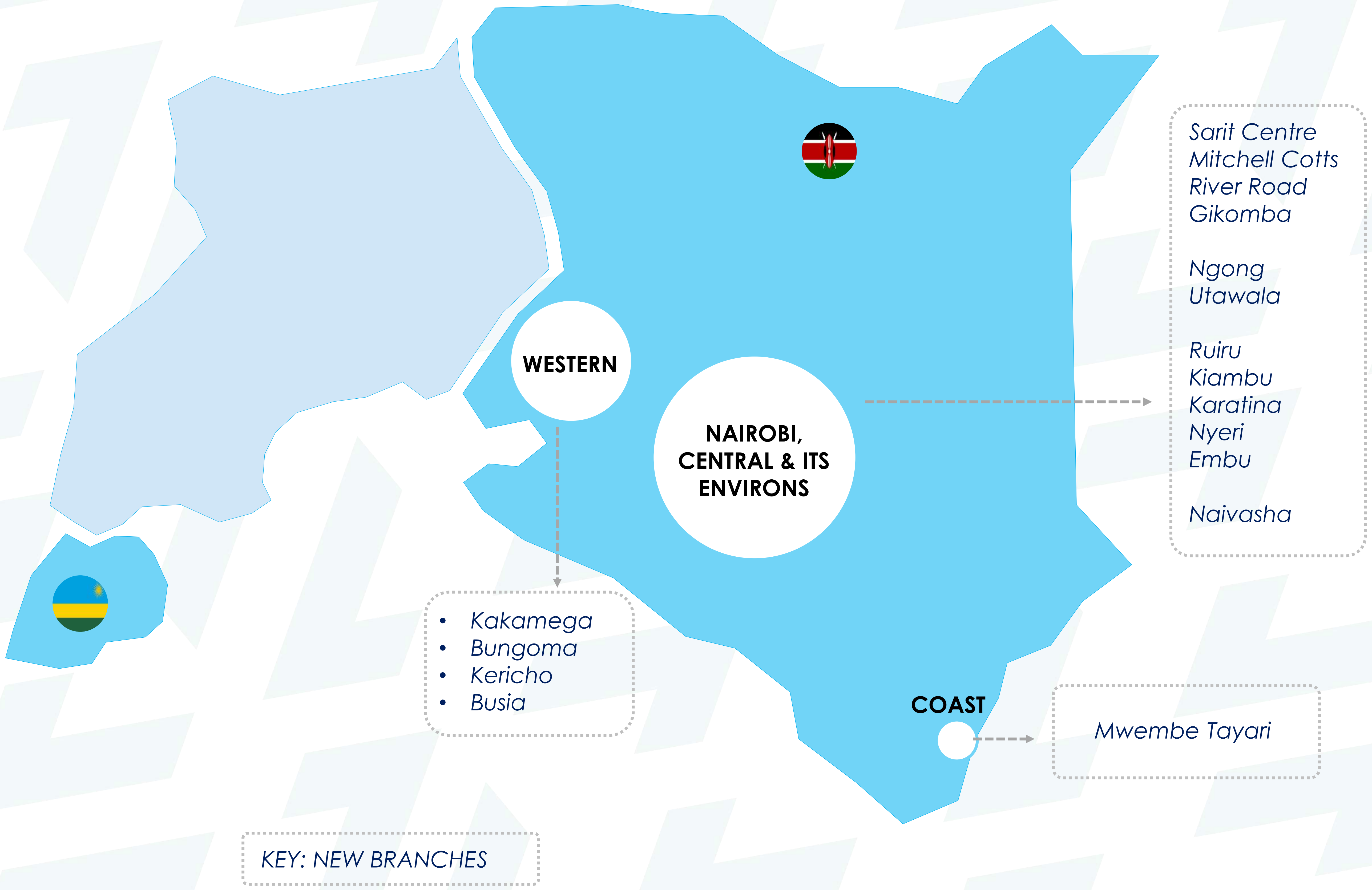
On track to building a bigger and smarter network that gets us closer to our customers and contributes to improving our cost of funding

2022 Update

Branch Expansion:
- **17 branches opened in** Kenya since the implementation of the strategy
- On track to **open 7 additional branches** in the 2022

Branch Rationalization:
- Rationalization of 5 branches due to proximity

- **2 new** branches opened
- On track to open an additional branch by end of H2'2022



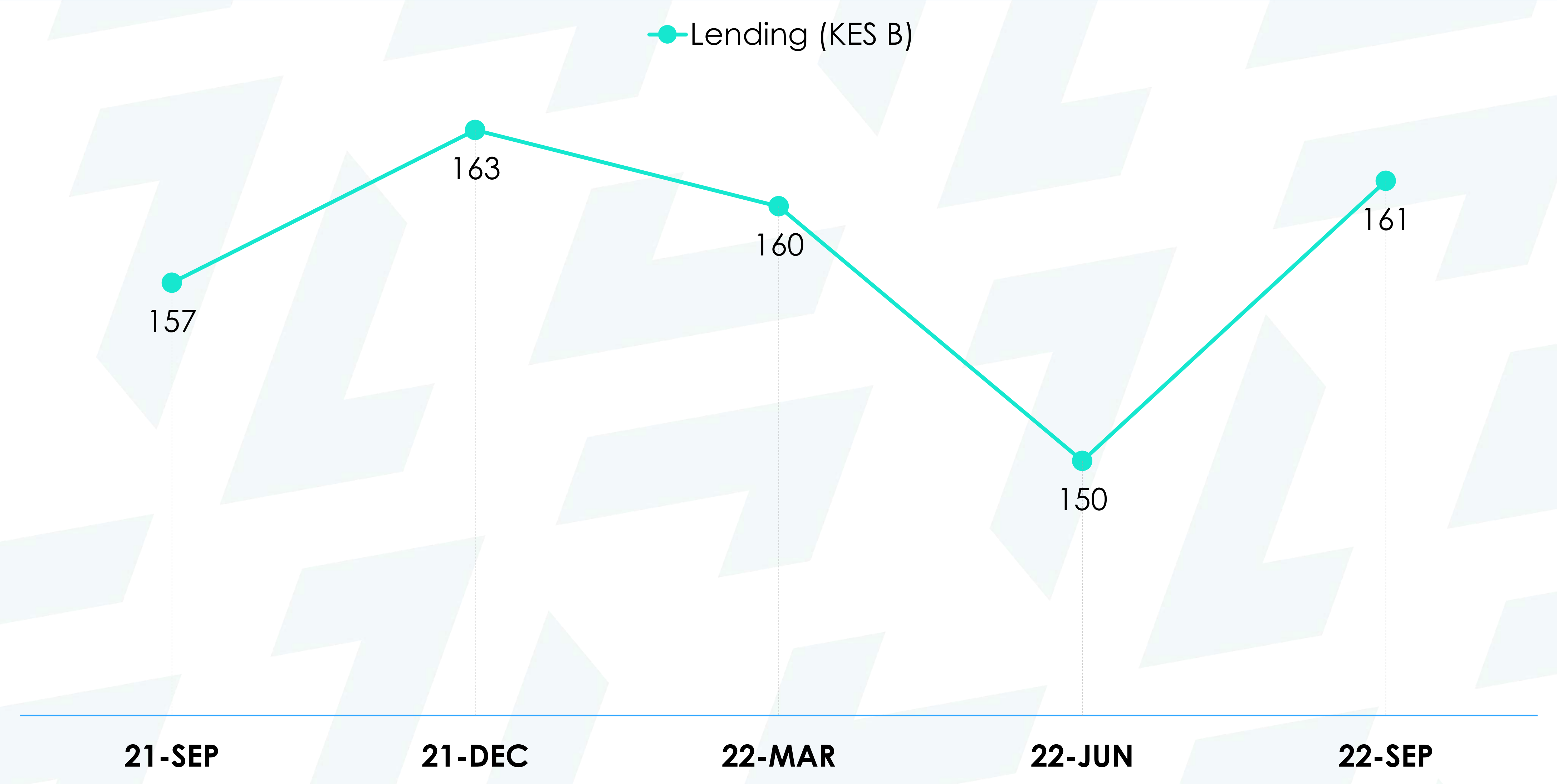
New Branches Performance

- **2 branches have broken even ahead of schedule.** All other new branches are tracking on schedule
- New branches driving rebalancing of the deposit book; improving NIMs
- **CASA/FD Ratio**
  - **Overall: 58:42**
  - **New Branches: 73:27**

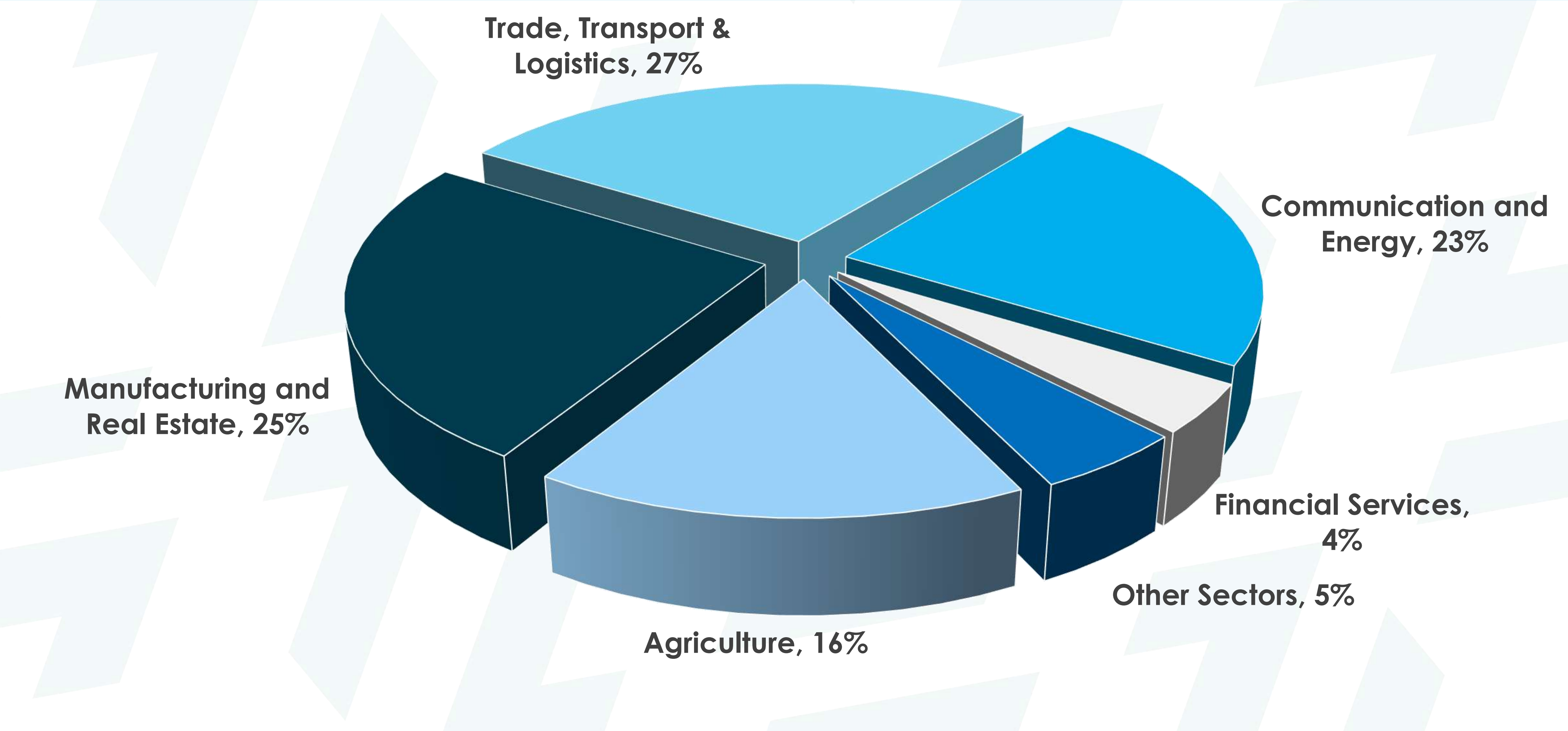
3. Deepening Leadership in Corporate Banking

- **# 1FX Provider** - Reliable provider of foreign currency solutions to our corporate customers
- Following the restructure of the Corporate banking business into a sector focused model, we are **beginning to see meaningful lending growth QoQ**
- Reinforcing our positioning in **thought leadership** by participating in key industry events
- Growth in deposits YOY with >120 **new to bank relationships** on boarded YTD
- >100% YoY **growth in operating income**

Corporate Lending Trend (KES Bn)

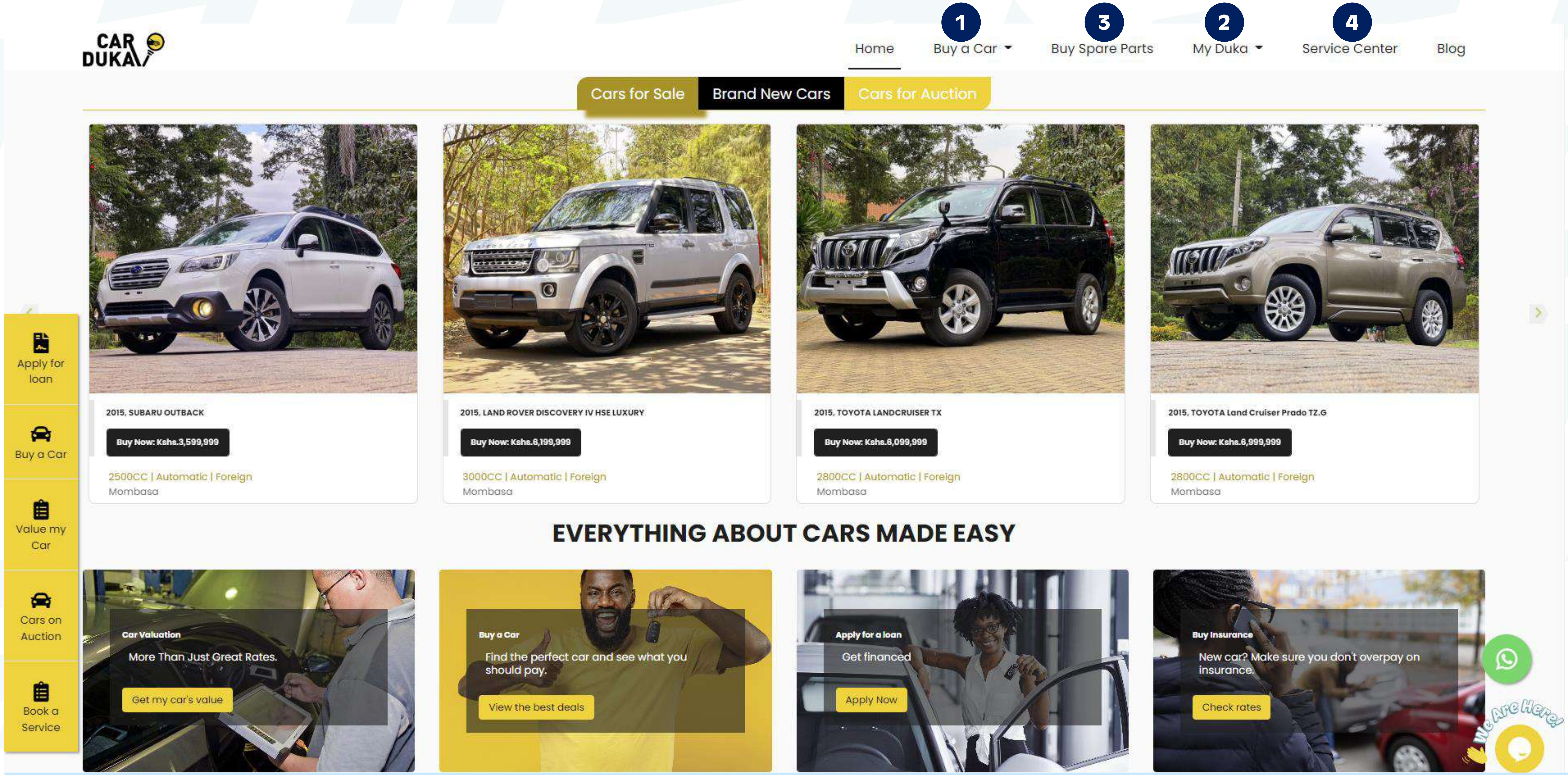


Lending: % Contribution in Q3 2022



3. Deepening Leadership in Asset Finance

As the number 1 Asset finance leader in the market, we continue to invest in capabilities to integrate our propositions across the entire car ownership value chain



1 Buy new, used, Ex leased or cars on auction

2 Apply for Loan, Insurance or Value your Car

3 Buy Spare Parts from a range of service providers

4 Book for car service at a place & time of your convenience

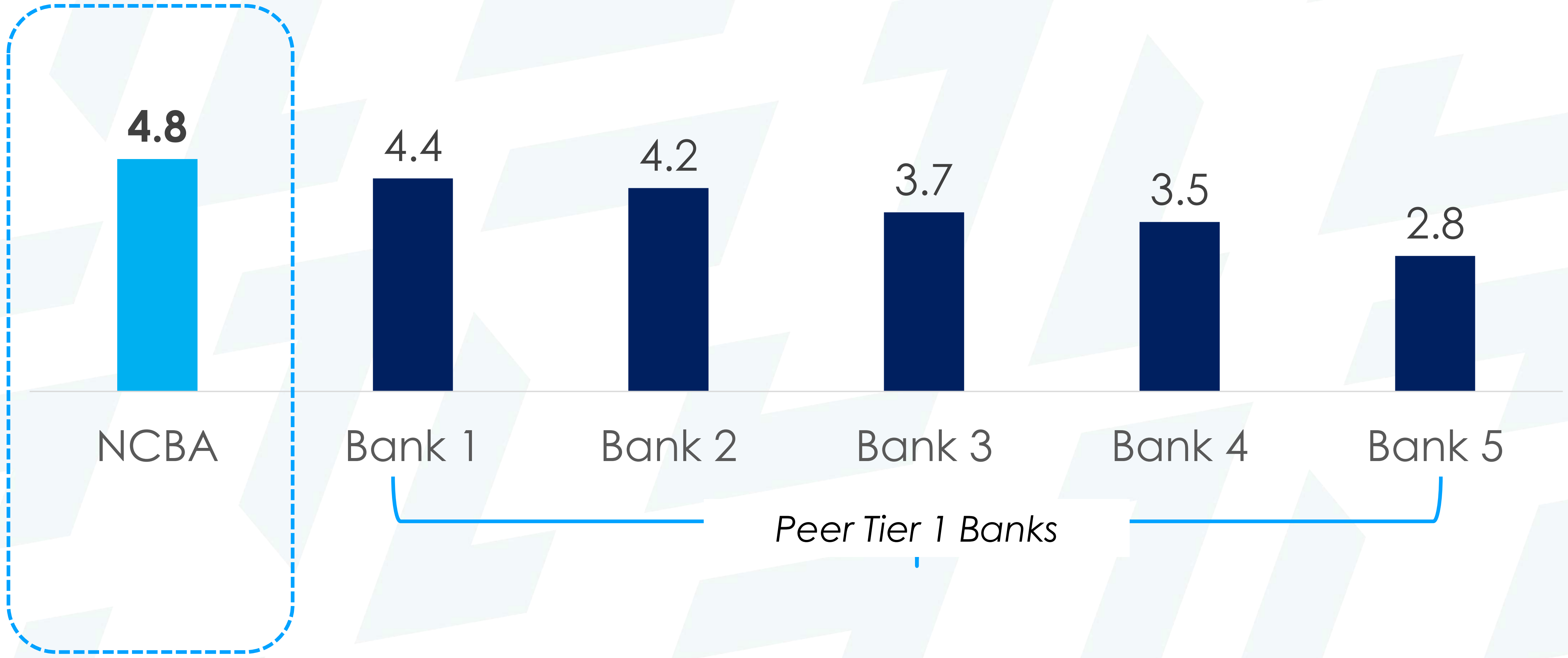
You can now search for a car, apply for car loan, car insurance, buy spare parts and book you car for service at the click of a button

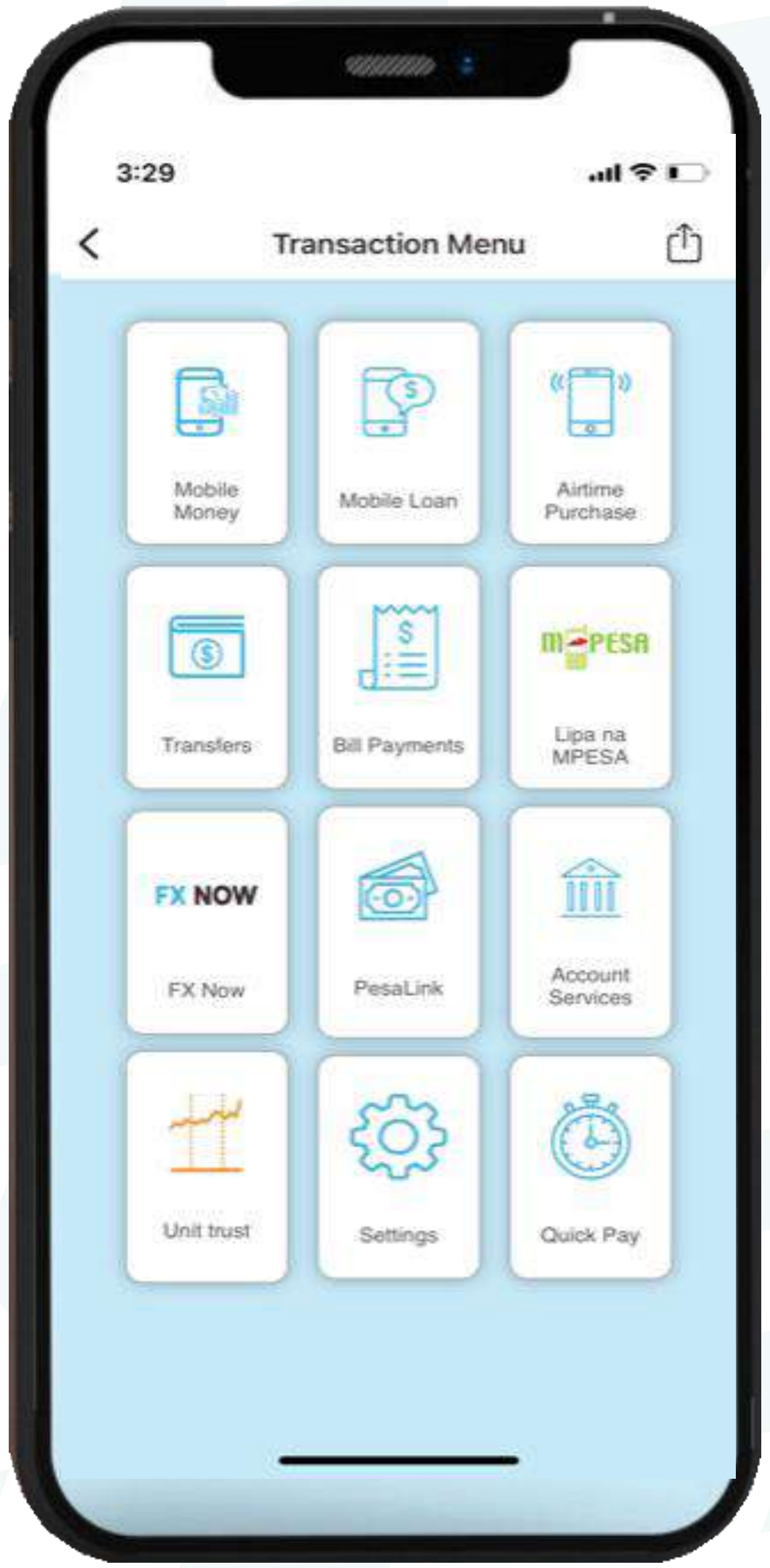
4. Digital Transformation

NCBA Now is ranked 1st on Google play store among peer banking apps. Continued enhancements of the App aimed at unlocking cross-sell opportunities in our universal banking model : Investments, Lending, Payments etc.

- **App stability and crash rate <1%**
- **4.8 rating** on Google Play Store (3.4 average Peer rating)
- Mobile loan application and repayment processing improved **from 18 minutes to 57 seconds**.
- **85%** of all Retail loans originations / applications are done on mobile

App Rating on Play Store - Peer Review



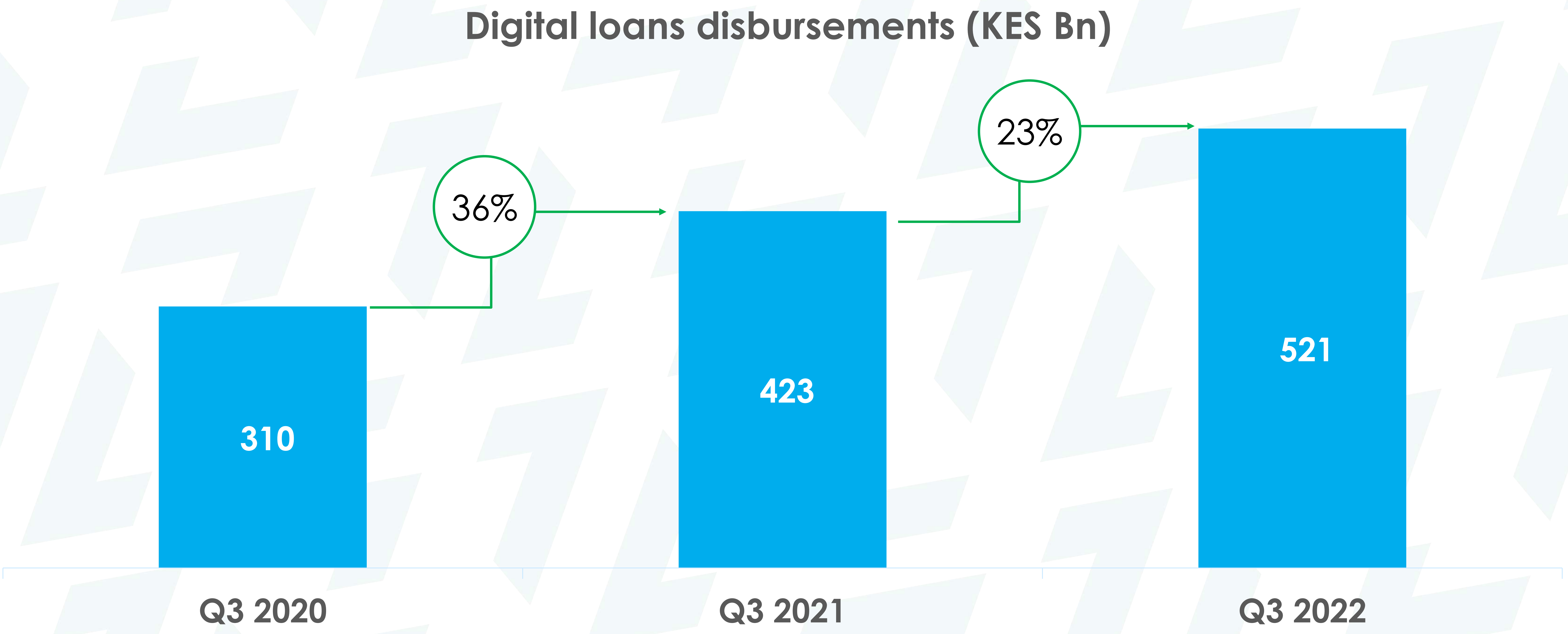


Q3 2022 Enhancements

- ✓ Display Relationship Manager Details
- ✓ Integrated WhatsApp chat servicing
- ✓ Automated FX counter rates upload
- ✓ Integrated Unit Trust Funds
- ✓ Integrated payment to Expressway
- ✓ Enhanced security features on USSD

Our Digital Business

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



Our Digital Business: Credit Repair Mechanism

We have formulated a credit repair mechanism for Fuliza and Mshwari to support Kenyans to re-integrate into the formal regulated credit ecosystem

Objectives

1. Educate customers on digital credit to **improve consumption behavior** and increasing savings.
2. **Re-integrate customers back into formal lending** through positive credit listing on CRB
3. **Consolidate** customer view of their digital credit Products.

How to re-integrate in the formal regulated digital credit ecosystem

Step 1 ✓

Get Reclassified "De-listed" on CRB

Step 2

Pay Discounted Balance*

Step 3

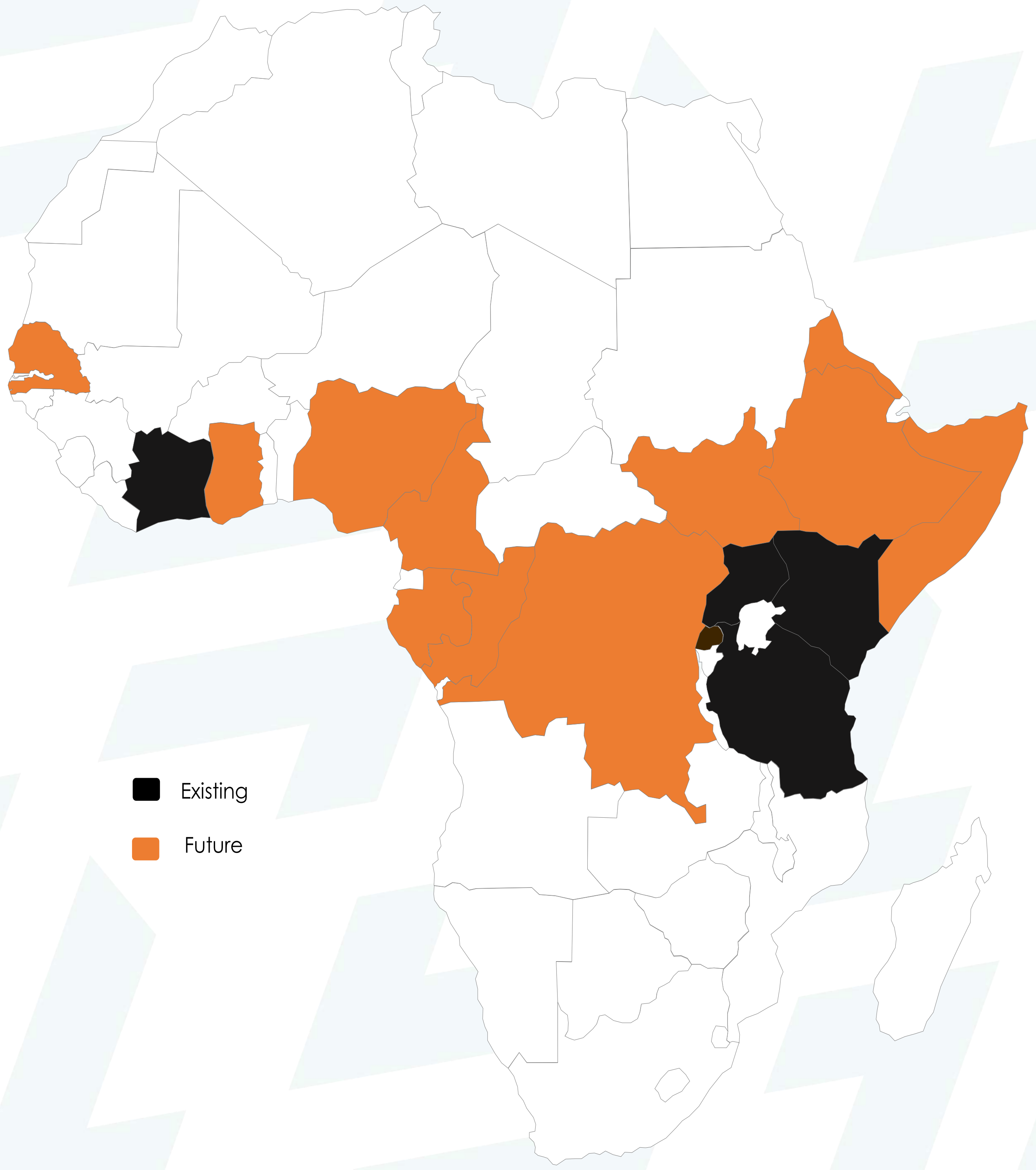
Get evaluated for new credit limits

Those who fail to repay their loans during the offer period, shall be negatively listed.

Digital Business: Loop DFS LTD

By year end, the group will create a standalone entity "LOOP DFS LTD" for its digital business. This will increase NCBA's scalability **to expand into new non-banking business lines and enhance our agility in entering new markets.**

500M Customer Opportunity



Rationale

- Achieve **greater agility when entering new markets and driving innovation**
- **Segregate** the **risks** that are attendant to digital financial services and that are better executed by a Fintech.
- **Create an investible vehicle** that enhances the options and opportunities for existing and new shareholders

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FINANCIAL PERFORMANCE Q3 2022 <

DAVID ABWOGA

Group Director, Finance

The Group's performance supports path to financial targets

64%

KES 18.2B

Profit Before Tax

Income Statement Highlights
(Amounts in KES B)

Operating Profit	27.2	31% ▲
Net Interest Income	23.3	15% ▲
Non Funded Income	22.5	40% ▲
Operating Expenses	18.5	19% ▲
Impairments	8.3	9% ▲
Profit after Tax	12.8	96% ▲

Balance Sheet Highlights
(Amounts in KES B)

Customer Deposits	462	3% ▲
Government Securities	224	6.3% ▲
Gross Loans & Advances	296	6.1% ▲
Digital Disbursements	521	23% ▲

6%

KES 595B

Balance Sheet

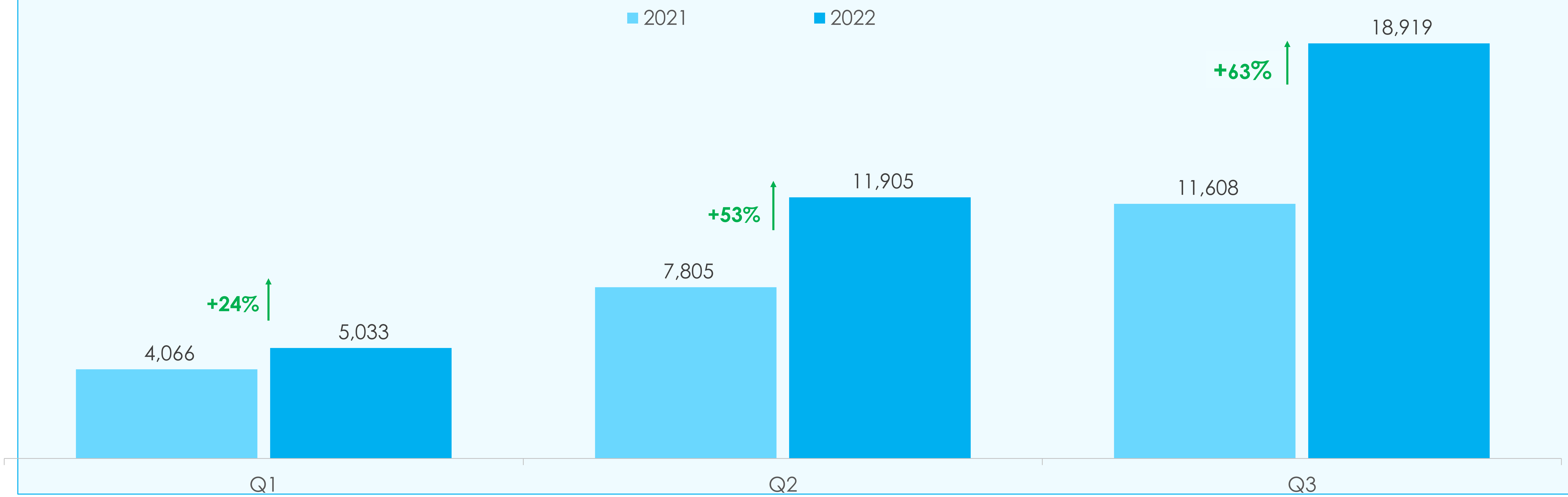
Focused on generating sustainable revenue across all income lines thus sustaining profitability momentum

NCBA Group Consolidated

Amounts KES'B

Q-O-Q Performance

Group PBT (before exceptional items) on an upward trend mainly attributable to growth in net lending as well as incremental non funded income from new customers



The Group has continued to deliver solid results as we record improvements in the performance of our subsidiaries

Amounts KES'M

		Q3 2022	Q3 2021	∆%
Banking Subsidiaries	**Kenya**	**18,650**	**12,486**	**50%** ▲
	Tanzania	(900)	(400)	68% ▼
	Uganda	454	(894)	>100% ▲
	Rwanda	332	43	>100% ▲
	Total Regional Subsidiaries	**(114)**	**(1,251)**	**>100%** ▲
Non Banking Subsidiaries	Investment Bank	278	214	31% ▲
	Insurance Intermediary	159	189	(16%) ▼
	Leasing (LLP)	45	70	(36%) ▼
	NCBA Group (Company)*	(99)	(100)	6% ▲
Group Profit Before Tax		**18,919**	**11,608**	**63%**
Exceptional Items		(725)	(547)	(33%)
Group Profit Before Tax after Exceptional Items		**18,194**	**11,061**	**64%**
Tax		(5,390)	(4,535)	19%
Group Profit after Tax		**12,804**	**6,526**	**96%**

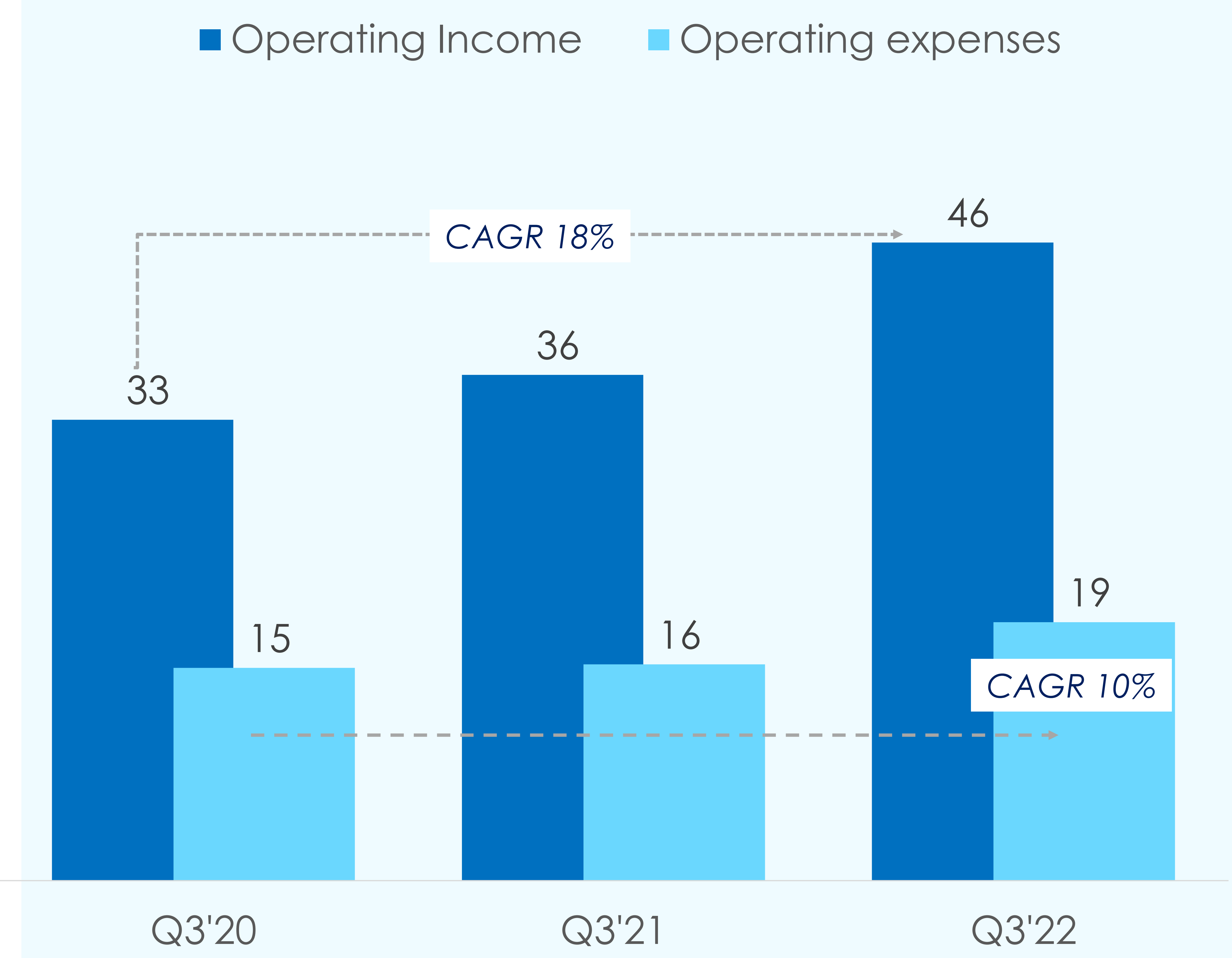
* Net of consolidation adjustments

Enhanced operational efficiency even as we invest to support our growth agenda

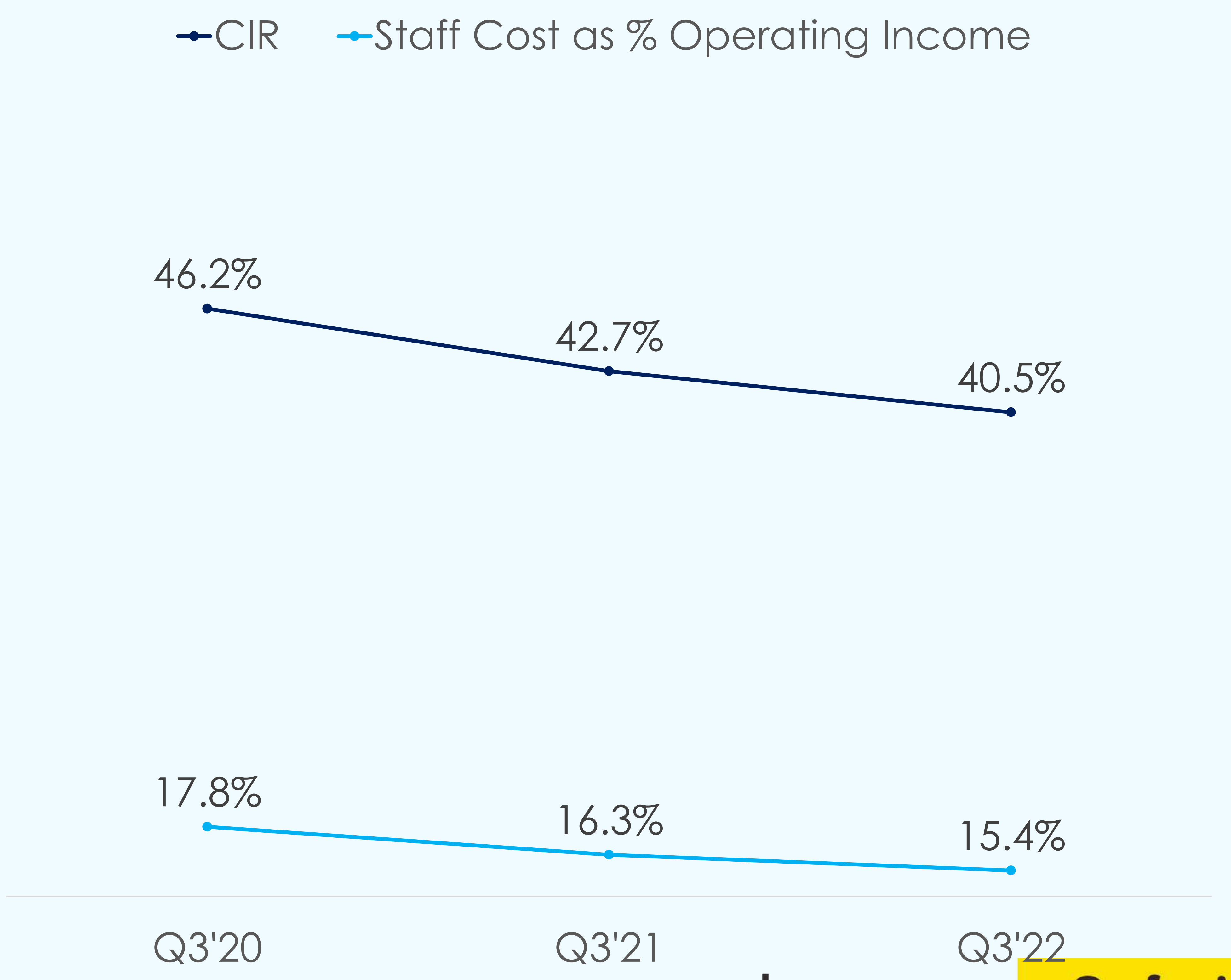
NCBA Group Consolidated

Amounts KES'B

Operating income growing at a faster rate than expenses.



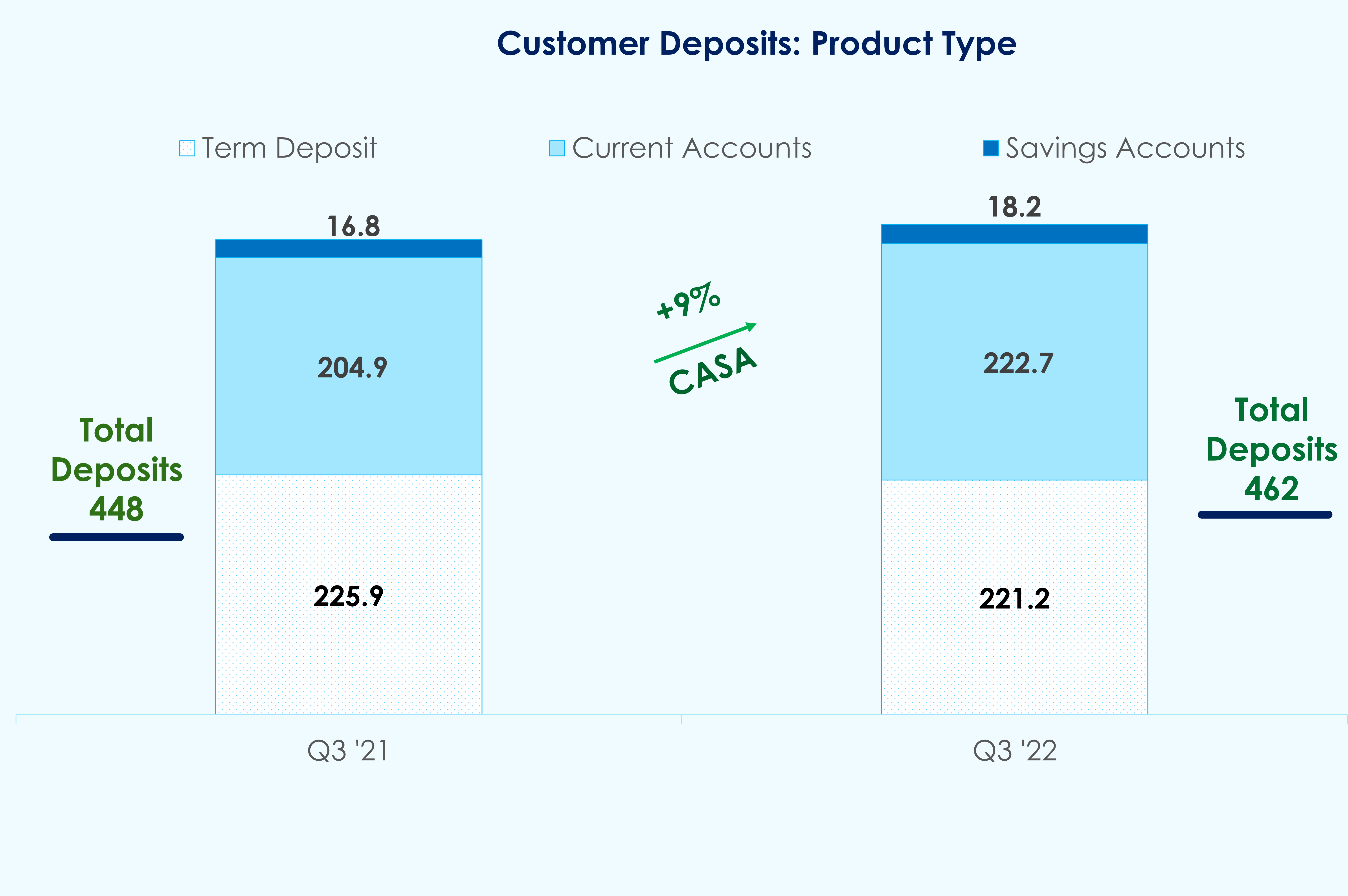
Declining cost to income ratio on the back of staff operating efficiency



Healthy CASA growth driving Balance Sheet expansion

NCBA Group Consolidated

Amounts KES'B



Growth of customer deposit base with focus on CASA (**+KES 20Bn**) largely attributable to customers onboarded via our branch expansion strategy

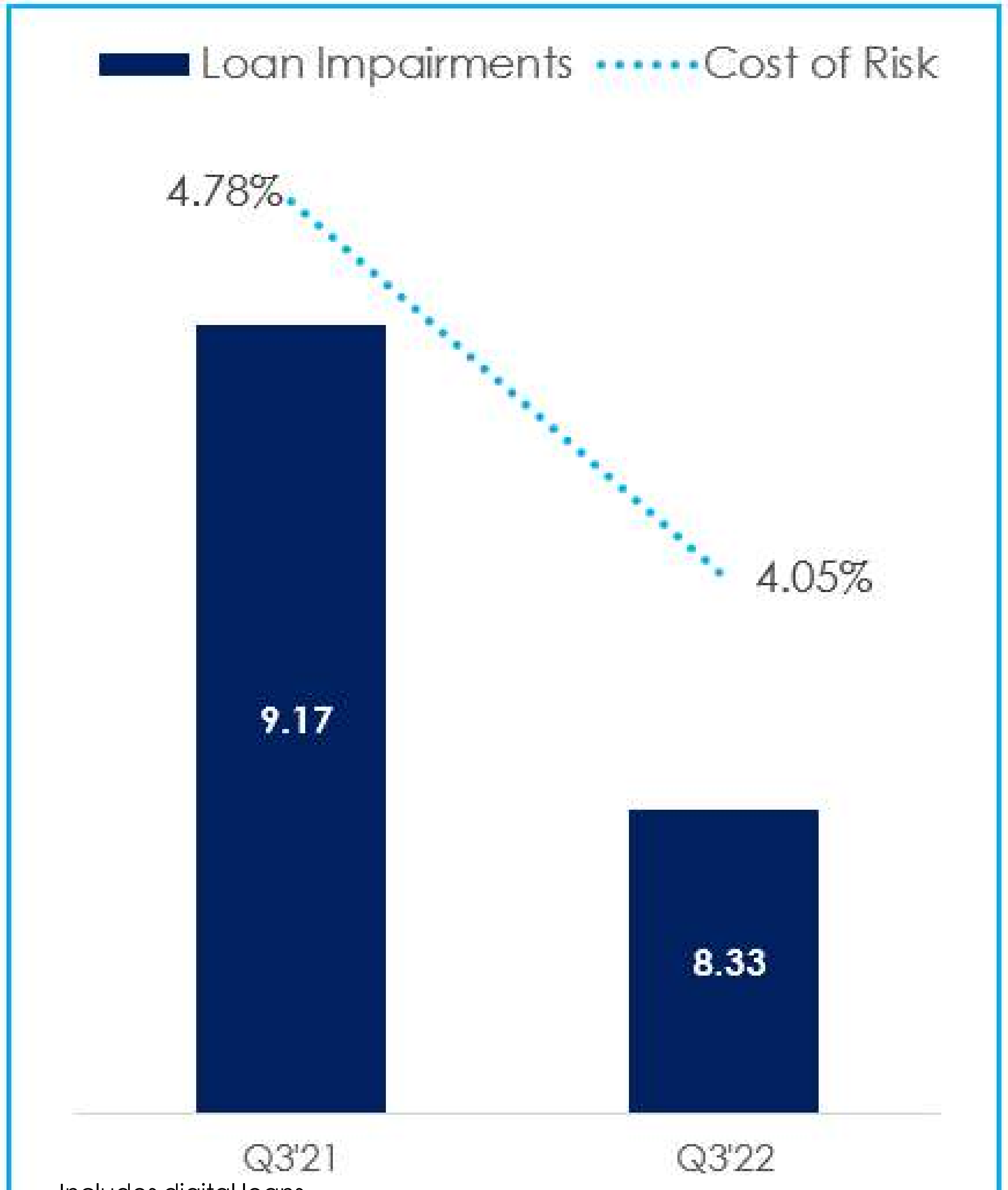
Retail lending book up 19% YoY, increasing contribution to the Group's outcomes

NCBA Group Consolidated

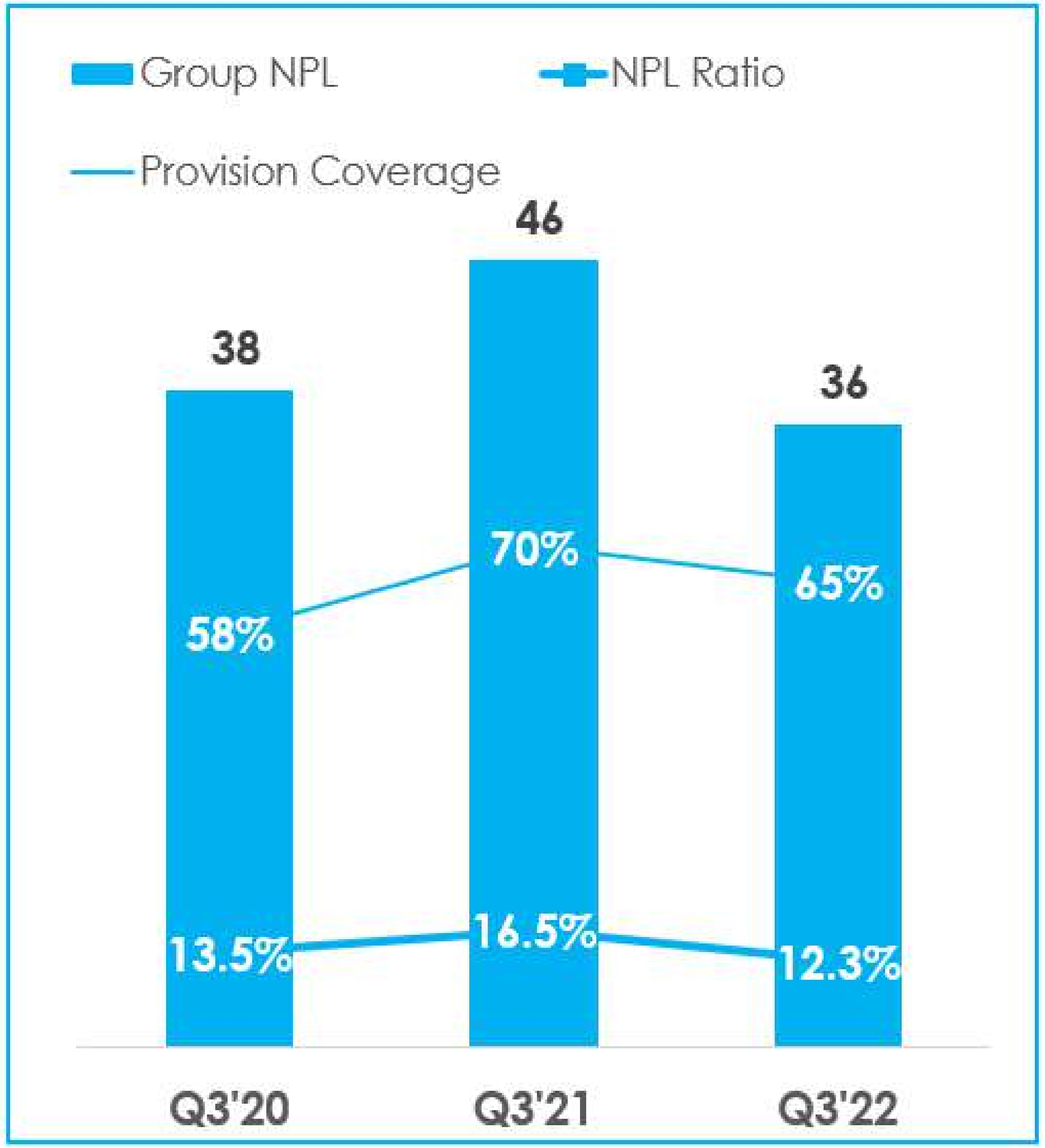
Amounts KES'B

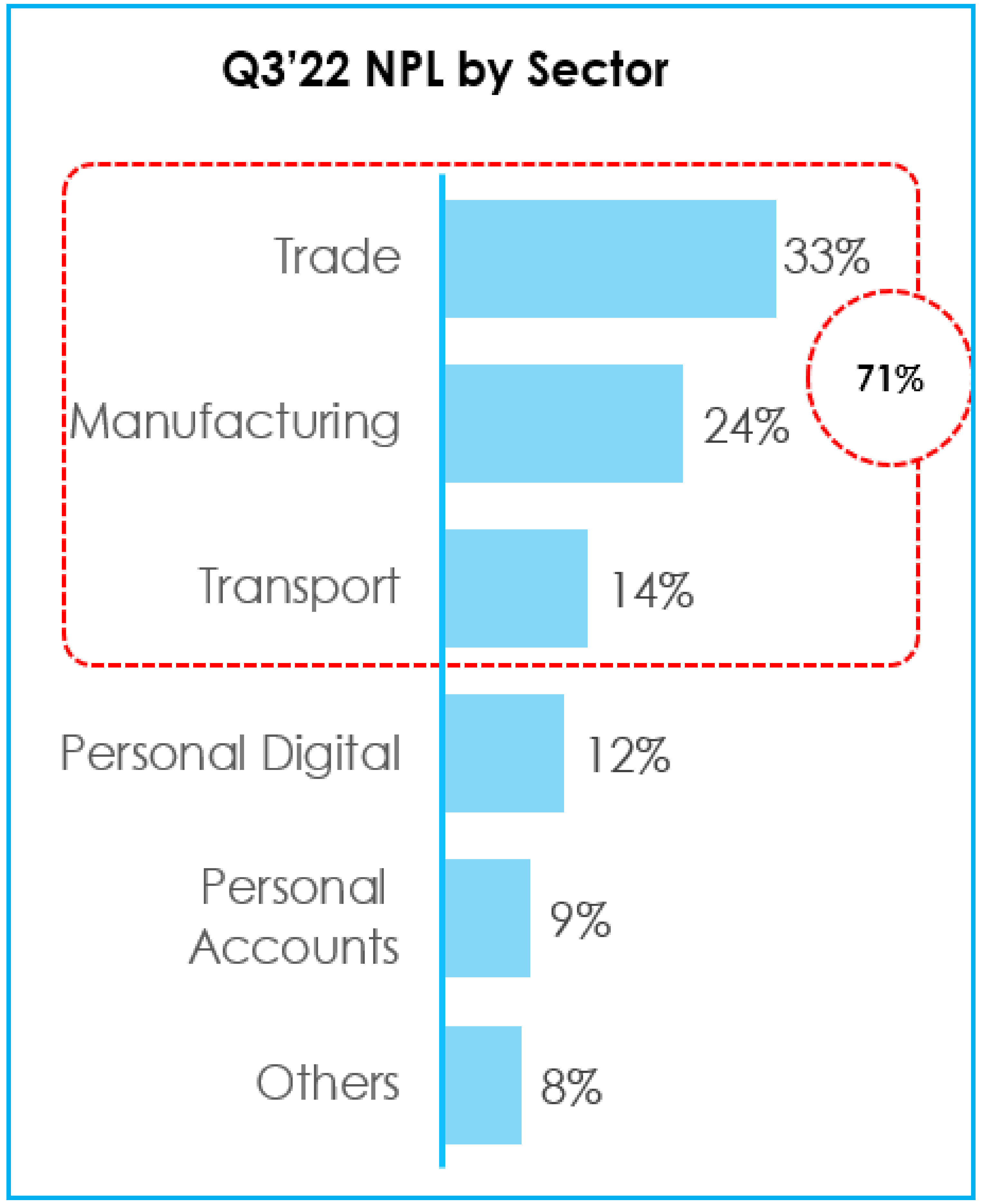
We are focused on improving our cost of risk

Amount KES Billions



Includes digital loans





Sustained Shareholders Returns

Group

Q3'21: 13.8%	21.8%	Return on Equity
Q3'21: 1.88%	2.9%	Return on Assets
2021: KES 1.24Mn	KES 3.29Mn	Dividends Gross (Paid on 30th Sept)
Q3'21: KES 3.96	KES 7.7	Earnings Per Share
2021: KES 0.75	KES 2.0	Interim Dividend Per Share (Paid on 30 Sept)

Bank

Q3'21: KES 62,901Mn	KES 70,663Mn	Core Capital
Q3'21: KES 15,725	KES 17,666Mn	Single Borrower Limit

In H1 2022 NCBA paid an interim dividend of KES 2.0 per share (KES 3.3Bn). The Group guidance is to pay up to 50% of net earnings as dividends

NCBA Bank Kenya
On track to meet financial guidance metrics for FY 2022

	Target	Q1 2022	H1 2022	Q3 2022	
Return on Average Equity	> 15%	21.4%	20.8%	21.5%	✓
NPL ratio	< 15%	16.2%	13.2%	12.2%	✓
Cost to Income Ratio	40-45%	40%	40%	36.9%	✓
Capital Adequacy (Total)	300Bps	359Bps	472Bps	383Bps	✓
Loan to Deposit Ratio	65%	62%	59.7%	63.1%	✓
Core Bank Cost of Risk	1.5% - 2.0%	1.8%	1.9%	2.0%	✓
Liquidity Ratio	~ 60%	60.79%	58%	55%	✓

SUPPLEMENTARY FINANCIAL PERFORMANCE

Q3 2022 Statement of Profit & Loss

Amounts KES'M	NCBA Bank Kenya			NCBA Group Consolidated		
	Q3 2022	Q3 2021	Δ%	Q3 2022	Q3 2021	Δ%
Interest Income	34,793	31,212	11%	38,780	34,225	13%
Interest Expenses	(14,139)	(12,716)	11%	(15,533)	(14,022)	11%
Net Interest Income	**20,654**	**18,496**	12%	**23,247**	**20,203**	15%
FX Income	8,762	3,190	>100%	9,208	3,503	>100%
Other Non- Interest Income	3,707	3,603	(3%)	5,181	4,870	6%
Digital Lending Income	6,911	6,794	2%	8,150	7,710	6%
Operating Income	**40,034**	**32,083**	25%	**45,786**	**36,286**	26%
Operating Expenses	14,762	12,243	21%	18,540	15,509	19%
Operating Profit	**25,272**	**19,840**	27%	**27,245**	**20,777**	31%
Impairments	6,622	7,355	(10%)	8,327	9,169	(9%)
Profit Before Tax And Exceptional Items	**18,650**	**12,485**	49%	**18,918**	**11,608**	63%
Exceptional item	(531)	(547)	(3%)	(725)	(547)	33%
Profit after Exceptional items	**18,119**	**11,938**	52%	**18,193**	**11,061**	64%

Q3 2022 Statement of Financial Position

Amounts in KES Millions	NCBA Bank Kenya			NCBA Group Consolidated		
	Q3 2022	Q32021	Δ%	Q3 2022	Q32021	Δ%
Assets						
Net Loans and Advances	238,315	215,762	10%	266,110	238,166	12%
Government Securities	206,839	189,583	9%	224,075	210,702	6%
Cash and Balances with Banks	51,544	72,873	(29%)	55,318	76,536	(28%)
Other Assets	49,317	42,632	16%	49,914	37,227	34%
Total Assets	**546,015**	**520,850**	5%	**595,417**	**562,631**	6%
Liabilities & Equity						
Customer Deposits	420,397	411,366	2%	462,113	447,623	3%
Borrowings	27,716	20,221	37%	28,985	19,809	46%
Other Liabilities	18,201	14,240	28%	23,394	20,221	16%
Shareholders Equity	79,701	75,023	6%	80,925	74,978	8%
Total Liabilities & Equity	**546,015**	**520,850**	5%	**595,417**	**562,631**	6%

THANK YOU

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