



# FY 2022 Investor Briefing

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April 2023

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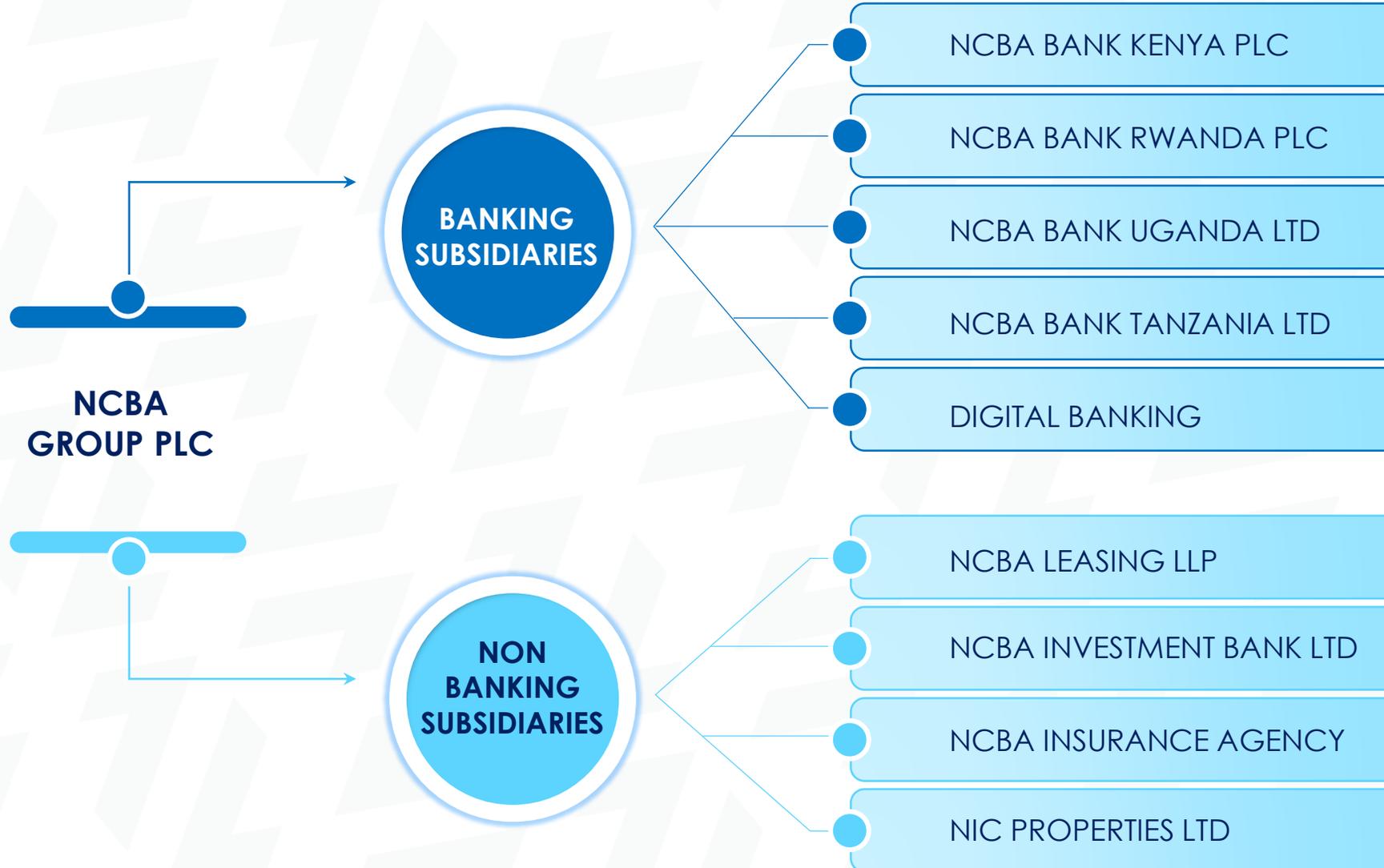
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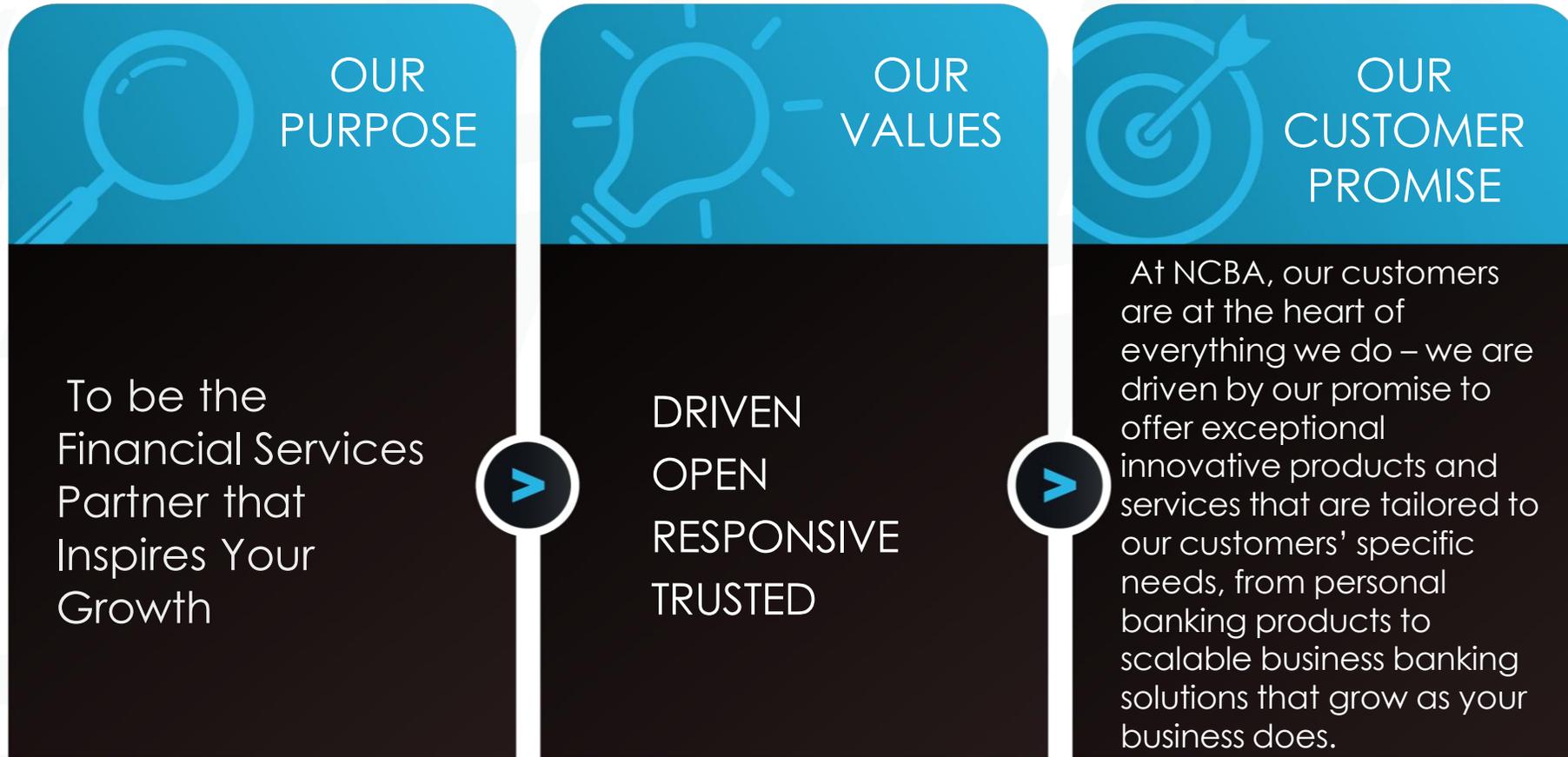
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# Our Group Structure



## 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**

## What Makes Us Different

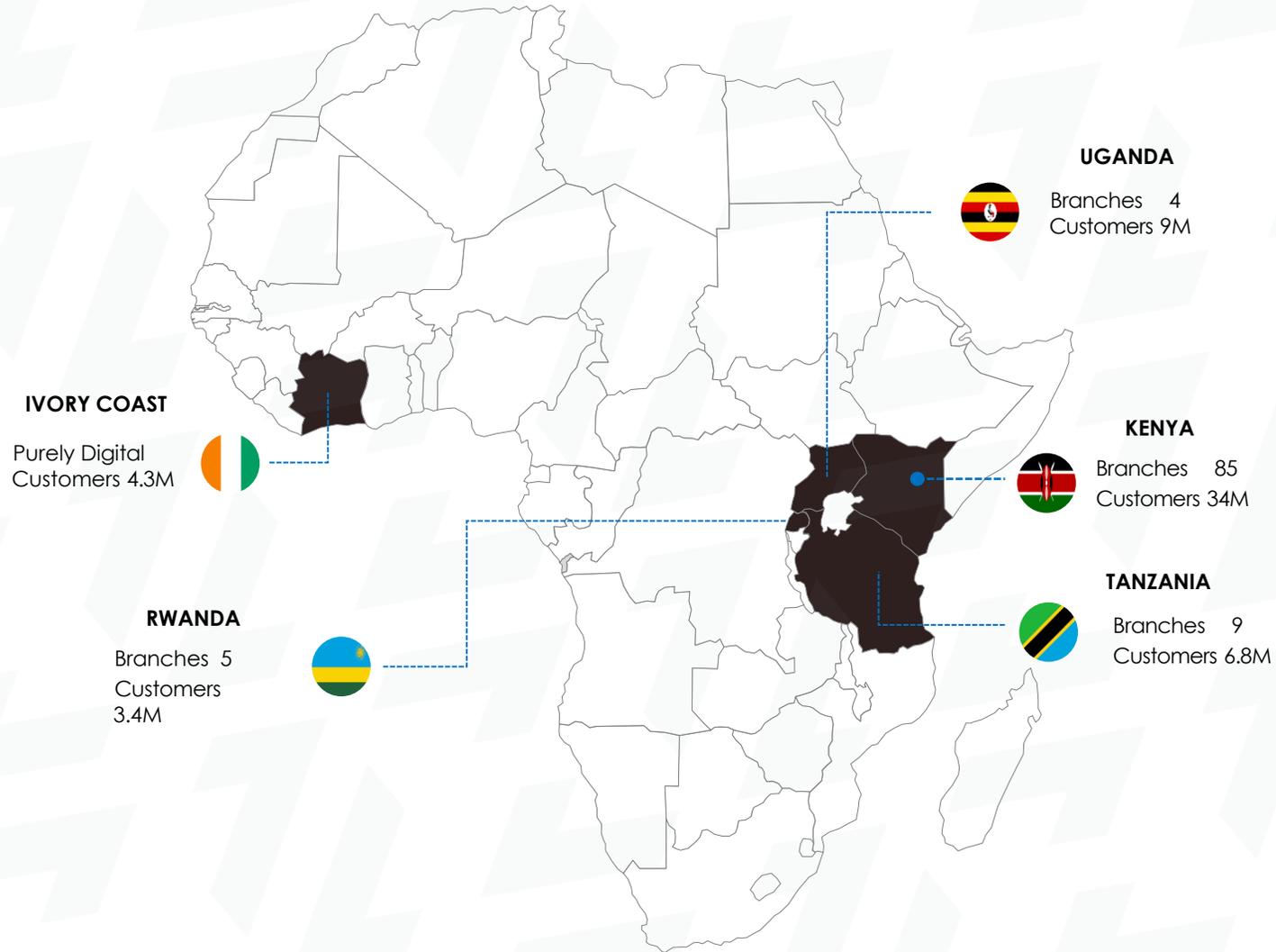
Our customers benefit from the Group's commitment to customer service excellence, a superior banking platform and our broad array of products.



- Customer Centric Culture
- Integrated Core Banking Platform
- Strong Relationship Management
- Digital Leadership
- Innovative and bespoke products
- Best-in-class Turn Around Times
- Data driven Personalized Service
- Value Added Services
- Regional Market Presence

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

# Our Regional Footprint



## KEY GROUP HIGHLIGHTS

### CUSTOMERS



### STAFF



### BRANCHES



### ATMs



### CASH DEPOSIT MACHINES



### DR & CR CARDS



\* 52 Corporate CDMs

## 2022 Awards & Accolades



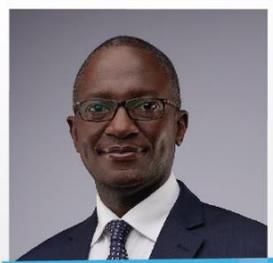
- **3rd Best in Customer Experience (Tier 1)** - Kenya Bankers Association
- **Among Top 10 Most Valuable Brands** in Kenya - Brand Finance
- **Best Bank in Kenya** 2022 - Global Finance magazine
- **Best Bank in Kenya** 2022 - Abojani Investments
- One of Kenya's **Top 5 best workplaces** to grow your career - LinkedIn
- **Most Preferred Asset Finance Bank** in Kenya - Annual Road Safety Awards
- **Preferred Bank in Asset Finance** - Transport & Logistics Excellence Awards
- **Best Digital Bank** in Tanzania - Global Banking and Finance Review.
- **2<sup>nd</sup> 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 Ndoté

Group Director,  
Credit Risk Management



John Okulo

Group Director,  
Corporate Banking



Gift Shoko

Group Director,  
Regional Business



Michael Wachira

Group Director,  
Global Markets



Nelly Wainaina

Group Director,  
Marketing, Communication  
& Citizenship

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# Global headwinds result in currency depreciation and increase in interest rates

**GDP:** Growth prospects continue to be undermined by debt sustainability concerns

**Central Banks in tactical “wait and see”** - Tighter monetary policy stance is expected in the first half of 2023

**Regional currencies continue to roil under pressure** - Sustained demand for USD continues to ravage KES, UGX, TZS and RWF.



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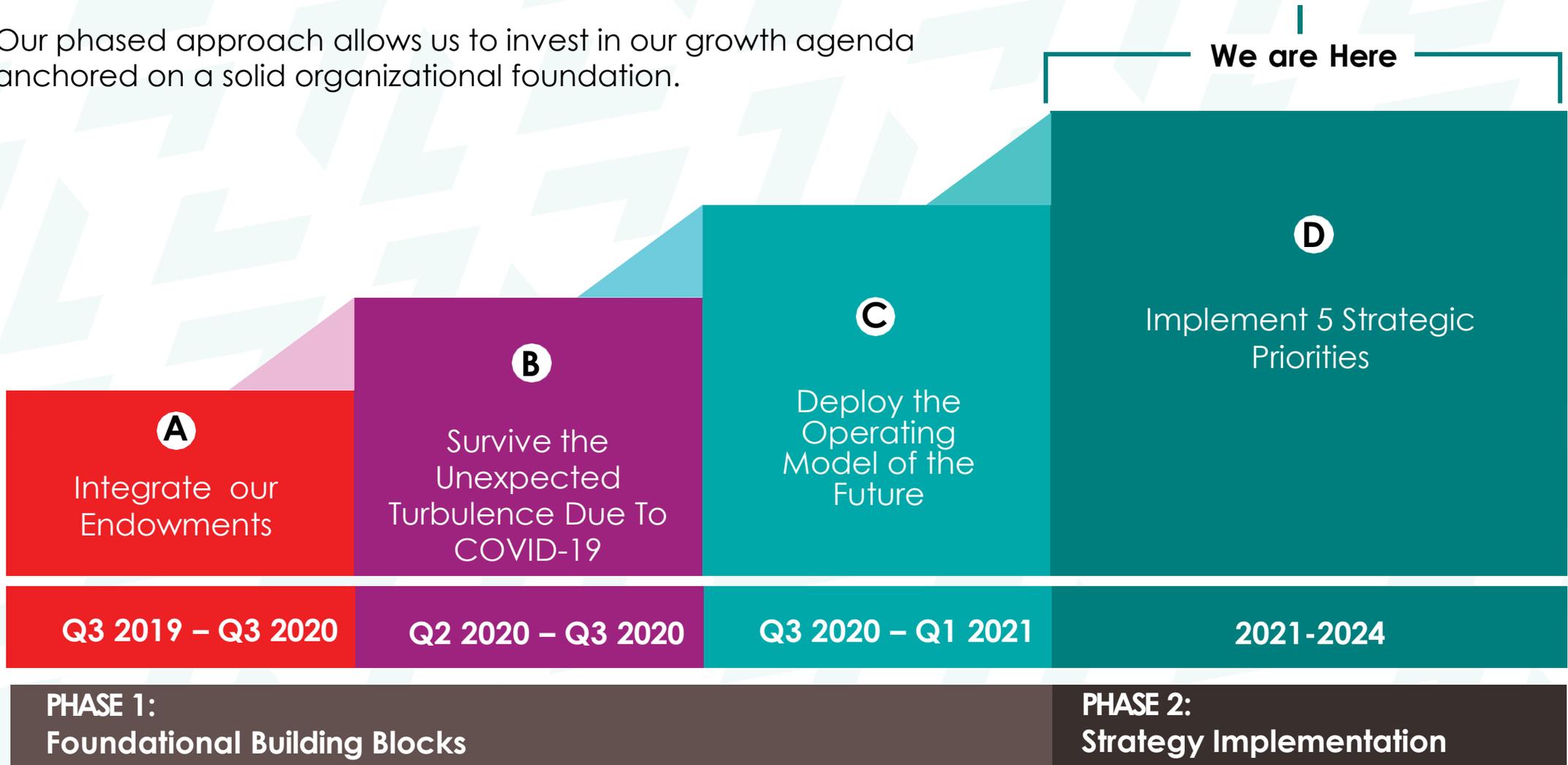
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## Our 5 Strategic Priorities: 2020 - 2024



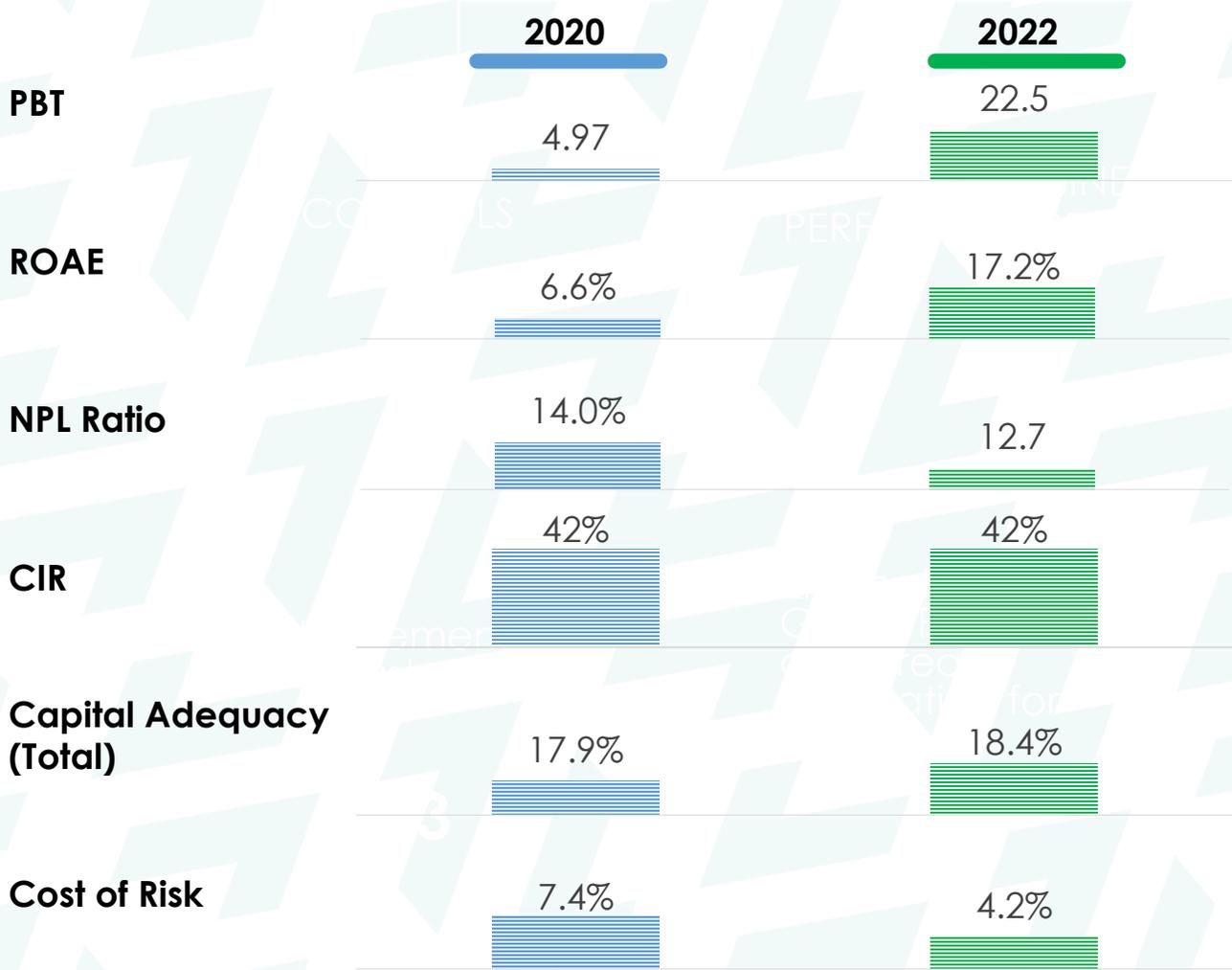
## Strategic Roadmap

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



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

	2020	CAGR	2022
Kenya	3,097	>100%	18,112
Tanzania	84	<100%	(1,678)
Uganda	(372)	>100%	112
Rwanda	(174)	>100%	237
<b>Total</b>	<b>2,635</b>	<b>&gt;100%</b>	<b>16,783</b>

#### Non Banking Subsidiaries

	2020	CAGR	2022
Investment Bank	216	+33%	382
Insurance Agents	251	(20)%	160
Leasing LLP	91	+7%	104
<b>Total</b>	<b>558</b>	<b>+8%</b>	<b>646</b>



#### Digital Banking

	2020	CAGR	2022
Digital Business (KE)	2,277	+31%	3,919
Loop DFS	(5)	>100%	65
Digital Ghana	N/A		(21)
M-Pawa (TZ)	(761)	>100%	113
Mokash (UG)	142	>100%	614
Mokash (RW)	66	>100%	315
<b>Total</b>	<b>1,719</b>	<b>+71%</b>	<b>5,005</b>

# Our bigger and smarter retail network is delivering tangible balance sheet growth

**Growing Branch Network**



**More Cost Efficient Branches**



**Larger Customer Base**



**Branches** **103** (2022) **118** (2023)  
104 in 2021

**Counties Present** **22** (2022) **36** (2023)  
15 in 2021

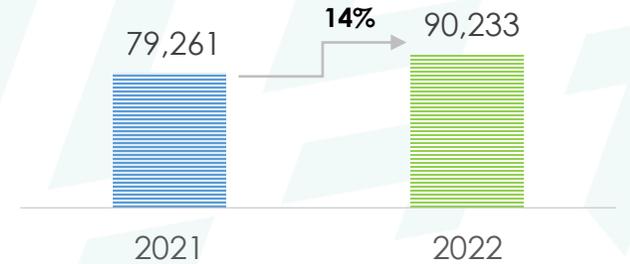
**33%**  
Smaller branches  
Average Branch Size (Sqft) 1,653 from 2,434

**59:41**  
CASA ratio (74:26 for new branches)

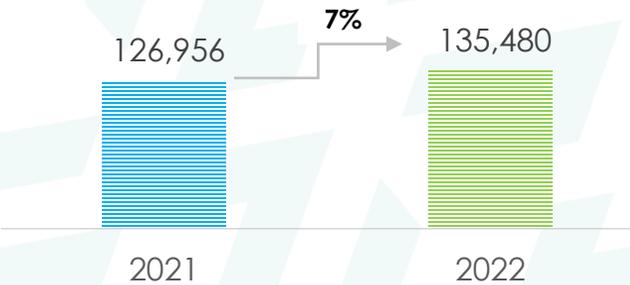
**10%**  
Growth in Retail Customer Base (Kenya)  
236K (2021) - 260K (2022)

## KE Retail Banking Balance sheet (KES M)

Gross Loans



Deposits



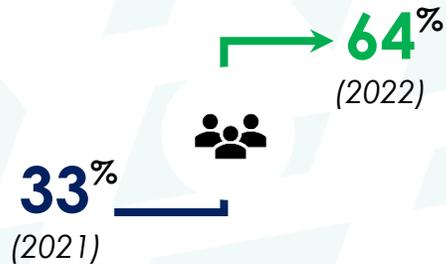
# Our unique combination of heritage and innovation in Corporate Banking has allowed us to continue to grow our business and market share



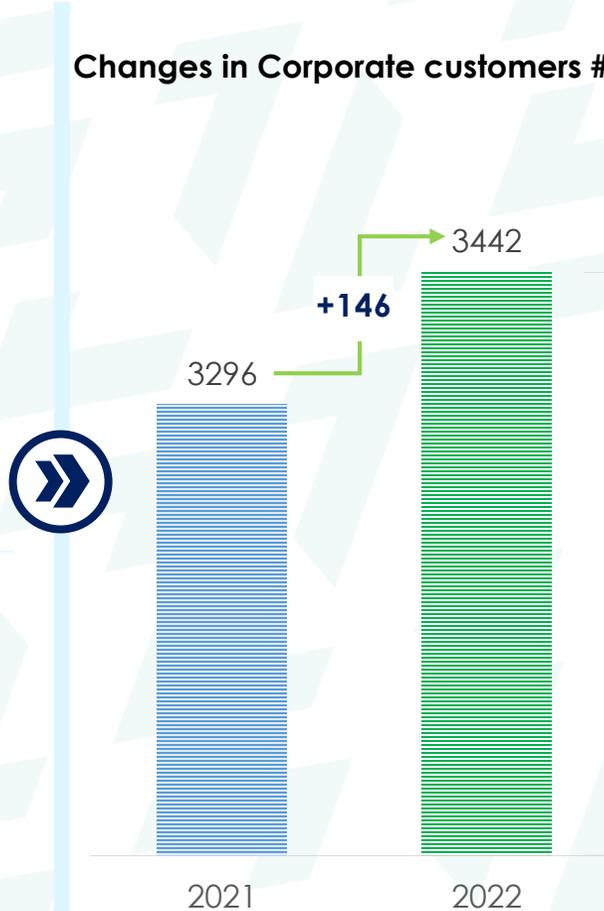
- Better corporate customer growth outcomes in 2022 following **reorganization** to develop sectoral expertise

## Bigger & More Skilled Relationship Management Team

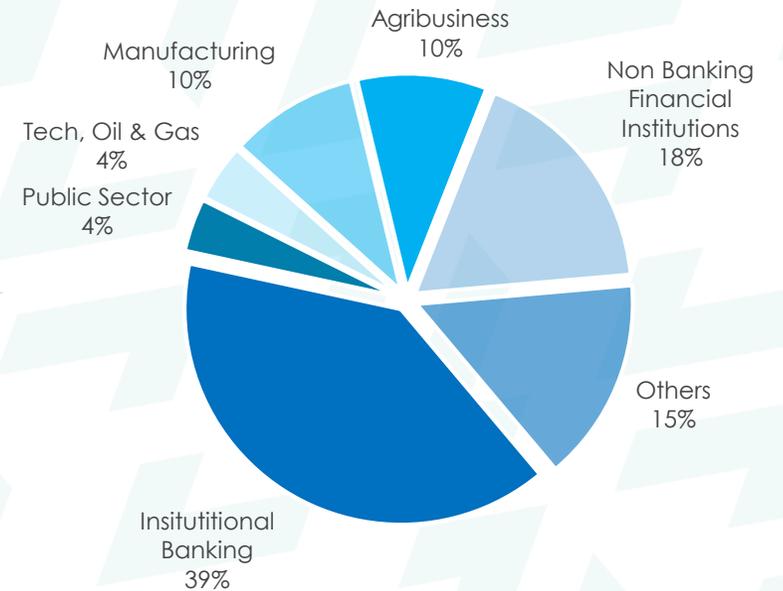
Relationship managers as % of the total staff complement



Changes in Corporate customers #



#Corporate Customers by Sector



# We have maintained 60 years of market leadership in Asset Finance by relentlessly innovating; we are now leaning forward to fund the transportation models that address our pressing climate risk issues



We have increased our distribution network



**1st** to provide **electric vehicle financing**.

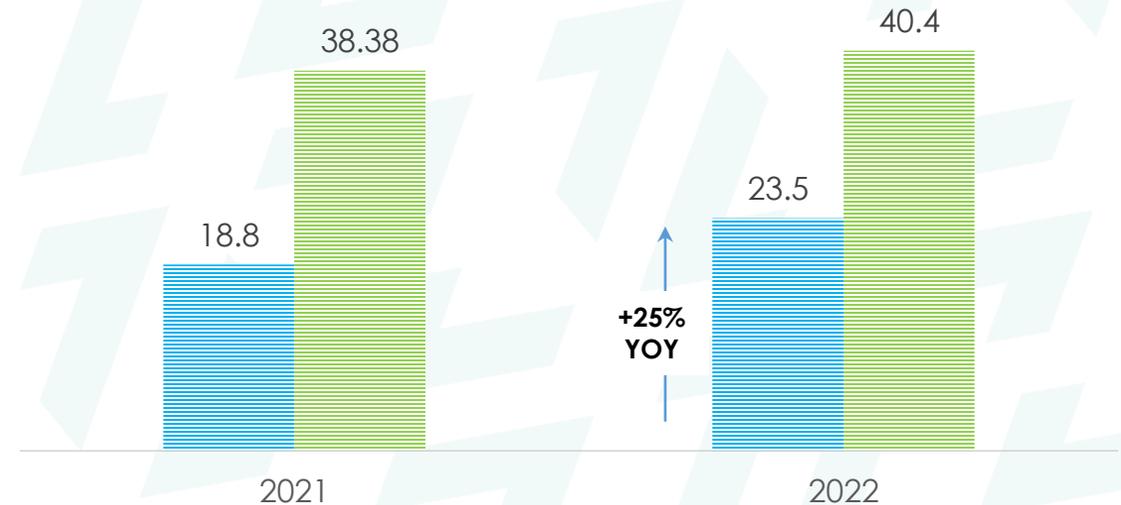
Set aside KES 2Bn towards financing of electric vehicles



Reduced **conditional approval process** to 15 seconds

**36%**  
Market Share (33% 2021)

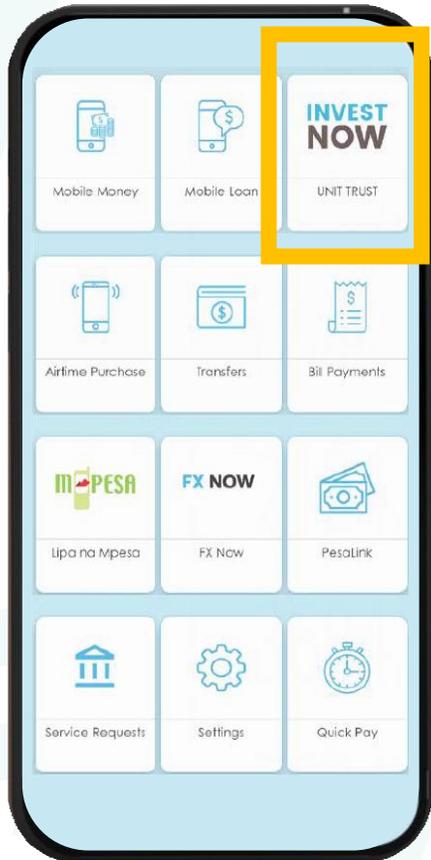
Yearly Disbursements (KES bn's)    Total Asset Finance Book (KES bn's)



Notes:

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

# We consolidated our mobile banking applications into a unified platform and the **NCBA Mobile Banking app is one of the highest rated in Kenya**



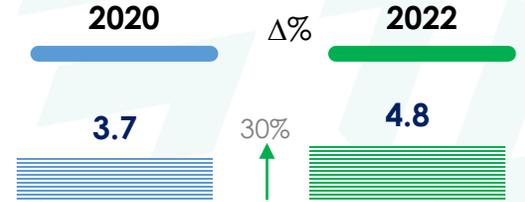
## 2022 Channel Enhancements

- ✓ Silent OTP - removed reliance on Telcos for SMS delivery
- ✓ Pesalink enhancement
- ✓ Expressway service upload
- ✓ Automated FX counter rates
- ✓ Customizable menus
- ✓ Transaction advices & messaging
- ✓ **Invest NOW**
- ✓ WhatsApp link to contact options
- ✓ USSD security questions



## App Rating

(on Google Play Store 3.4 avg Peer rating)



## Mobile Banking

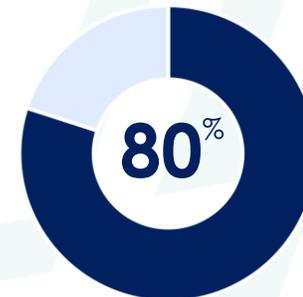
6 Month active Customers ('000)



Transaction Volume (M)



Transactions Value

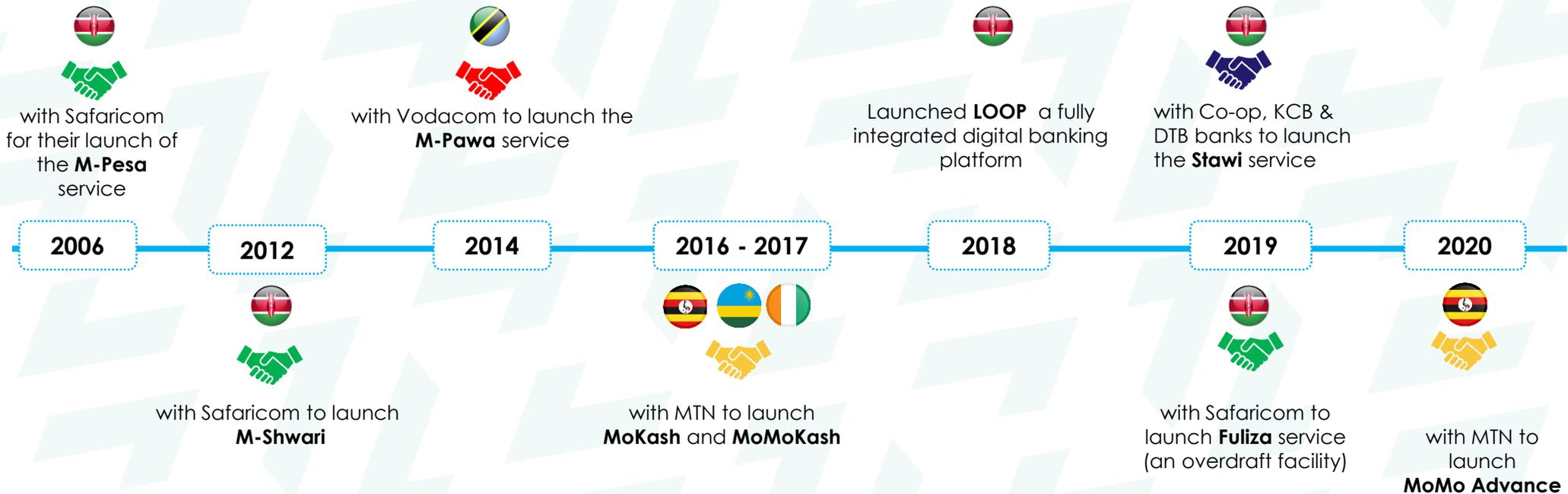


of payment transactions processed through mobile banking (2022)

# We pioneered organized digital mobile money solutions and have enhanced financial inclusion for 60mn customers across Sub Saharan Africa...

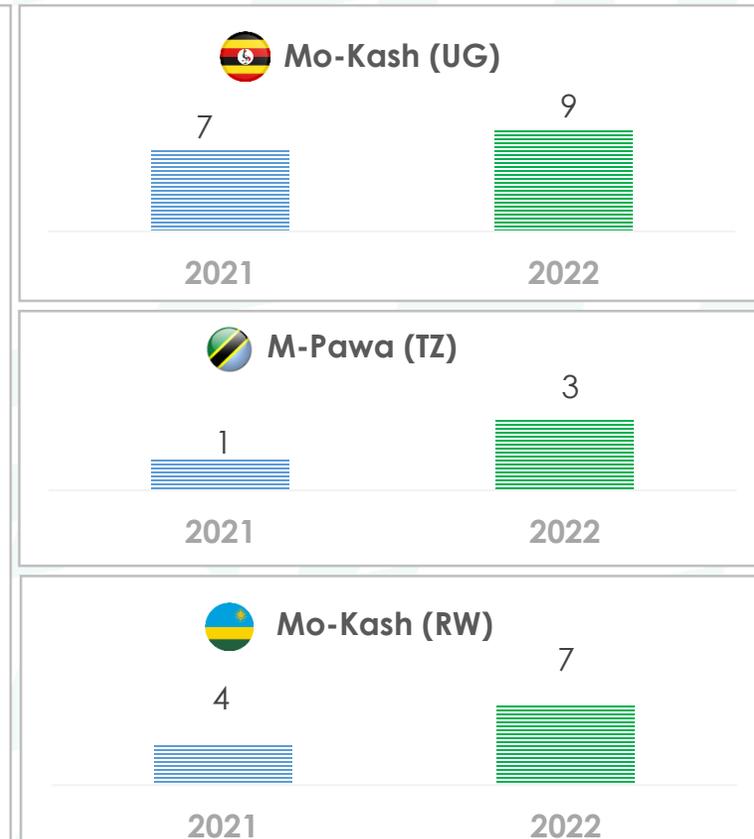
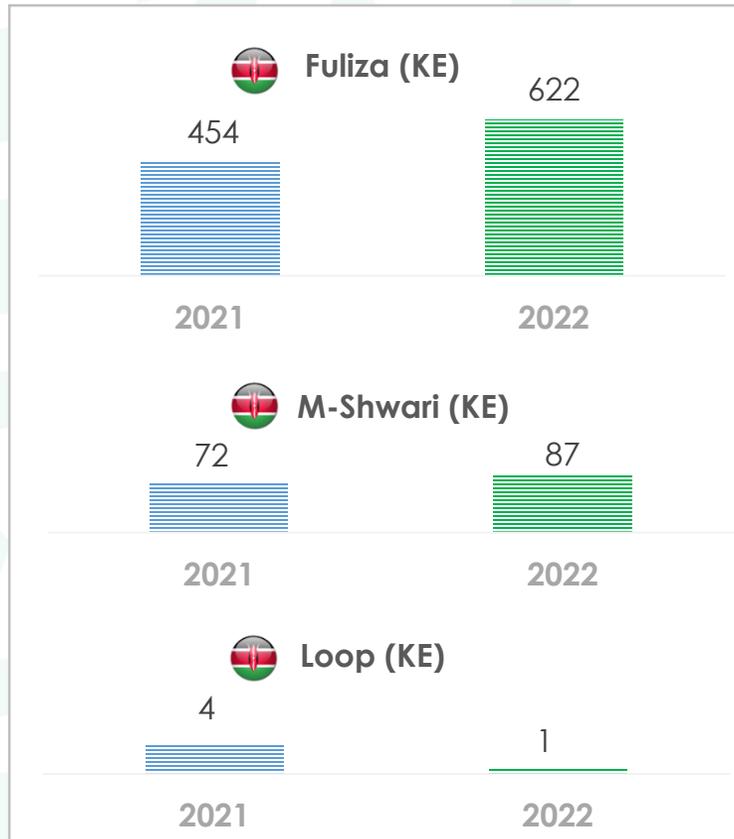
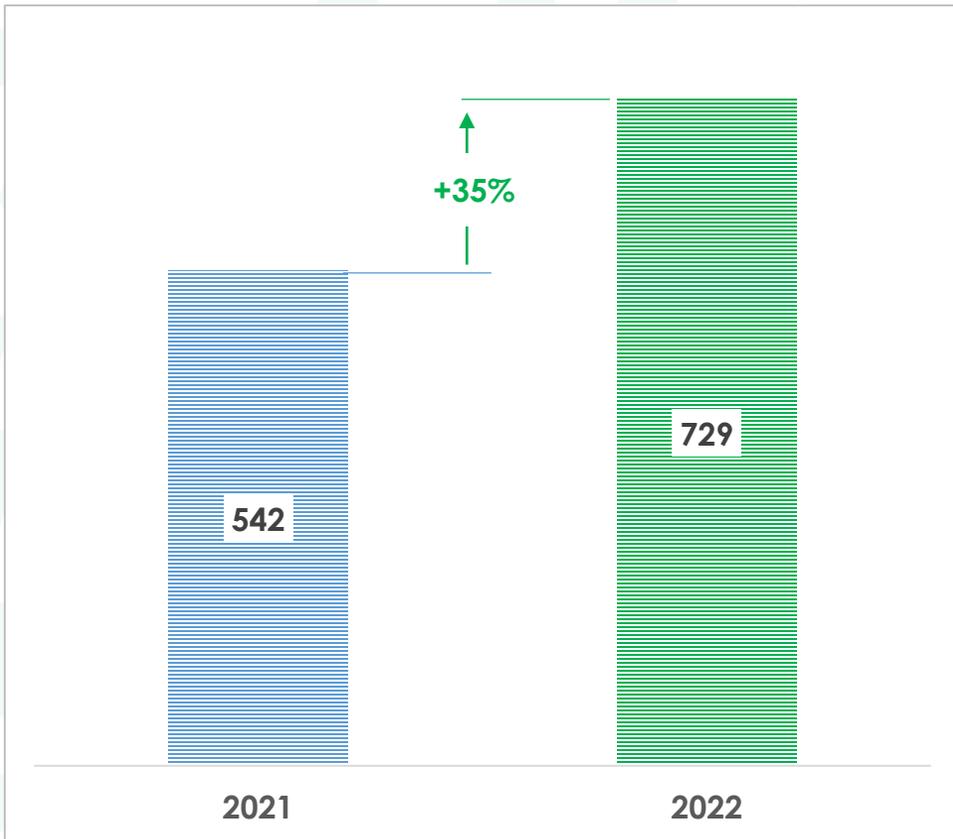
## Our Contribution to Financial Inclusion

- Designed the regulatory model that birthed mobile money.
- Anchor settlement bank for M-Pesa.
- Designed and operates mobile lending in the region including Mshwari, MoKash, Momo Kash, Loop, Stawi



...we are continuing to grow our digital disbursements while diversifying our business across the region

Evolution of digital disbursements (KES B)



**Significant improvement in our key customer experience metrics** as we make intentional investments to drive our customer promise - to **Know You, Back You and Wow You**

**Know Me**



- Intentional Customer Journey Design
- Reinforce CX Leadership & Culture
- Customer Engagement

**Back Me**



- Credit Access

**Wow Me**



- Digital Channel Experience
- Contact Center Transformation
- Branch Experience



NPS Overall

2020

40

Δ%

>100%

2022

80

Product NPS

55

+13%

62

Customer Satisfaction

85%

+11%

94%

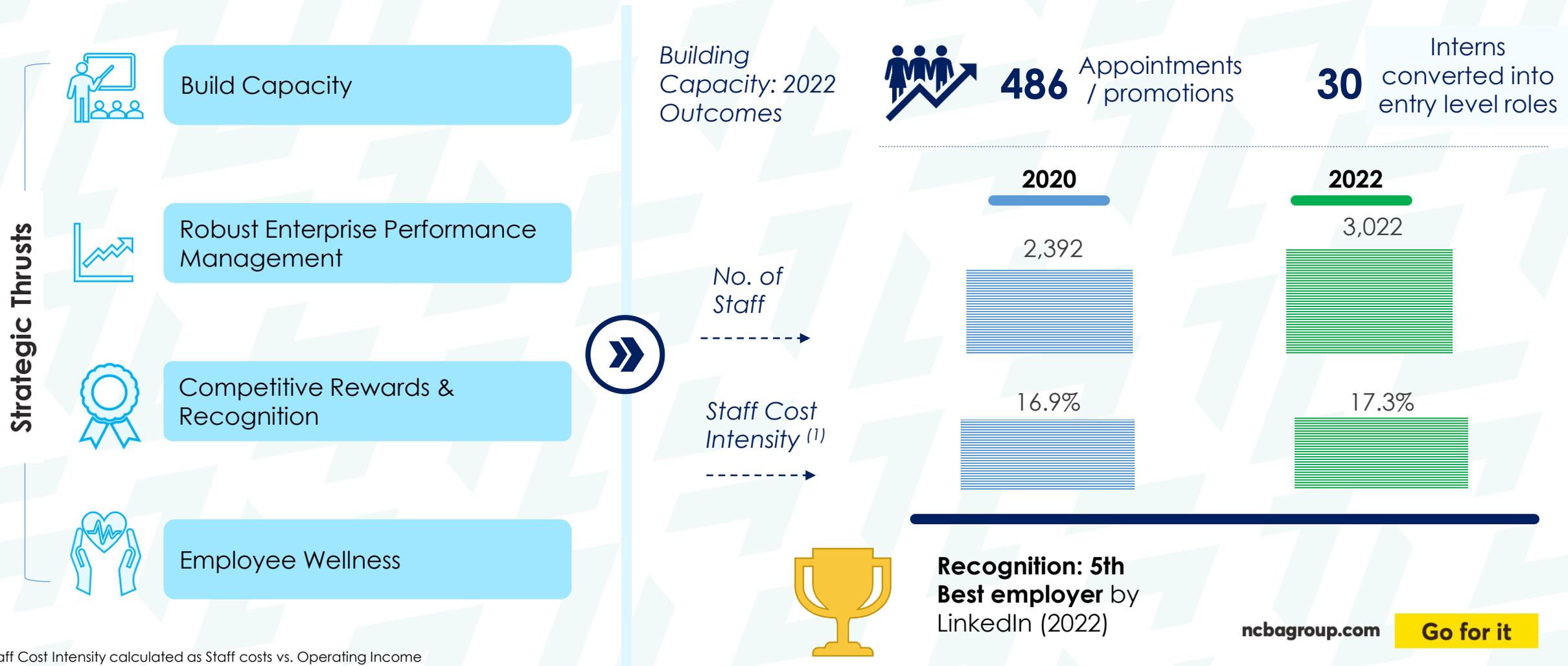
Brand Power

4.7

5.4

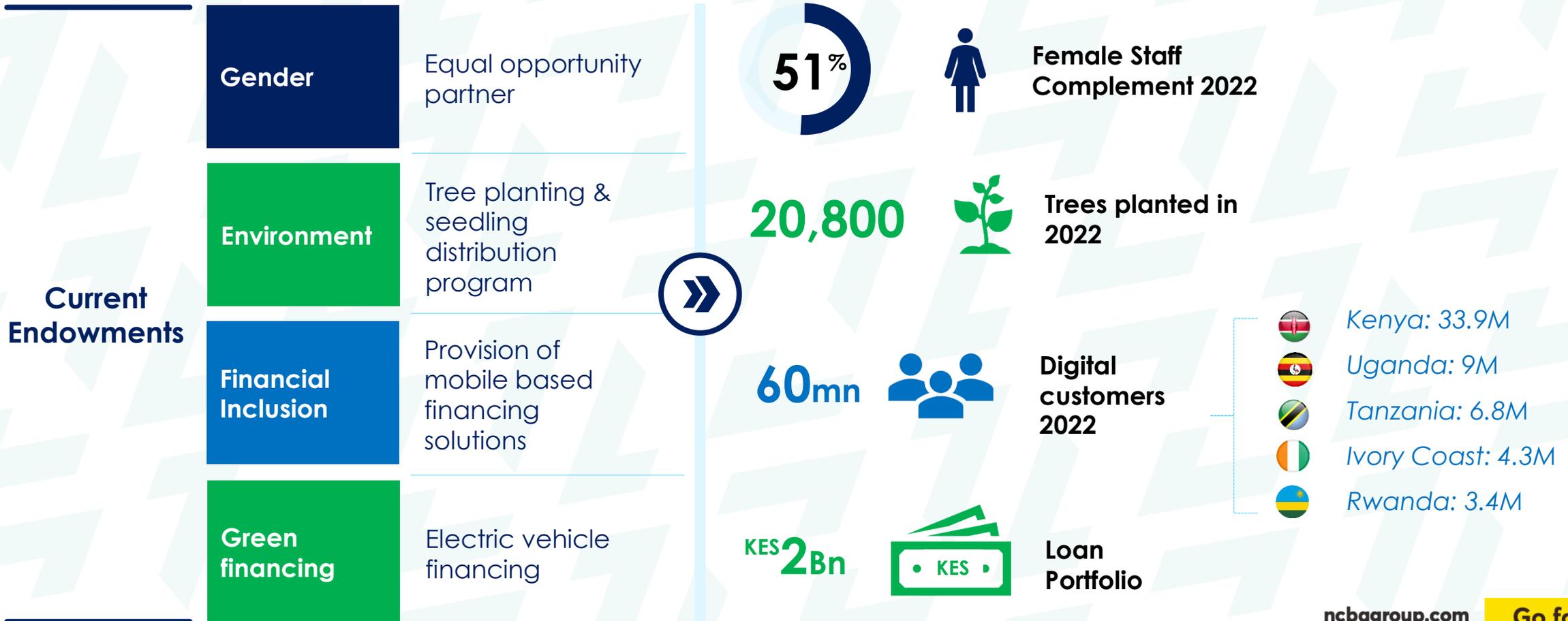


**While the Group has grown in size (3,022 staff as of FY 2022), we have maintained our market leadership in productivity and provided growth opportunities for our colleagues**



1: Staff Cost Intensity calculated as Staff costs vs. Operating Income

# We are building on our strengths & re-tooling our business to move towards a more sustainable future for ourselves and our communities



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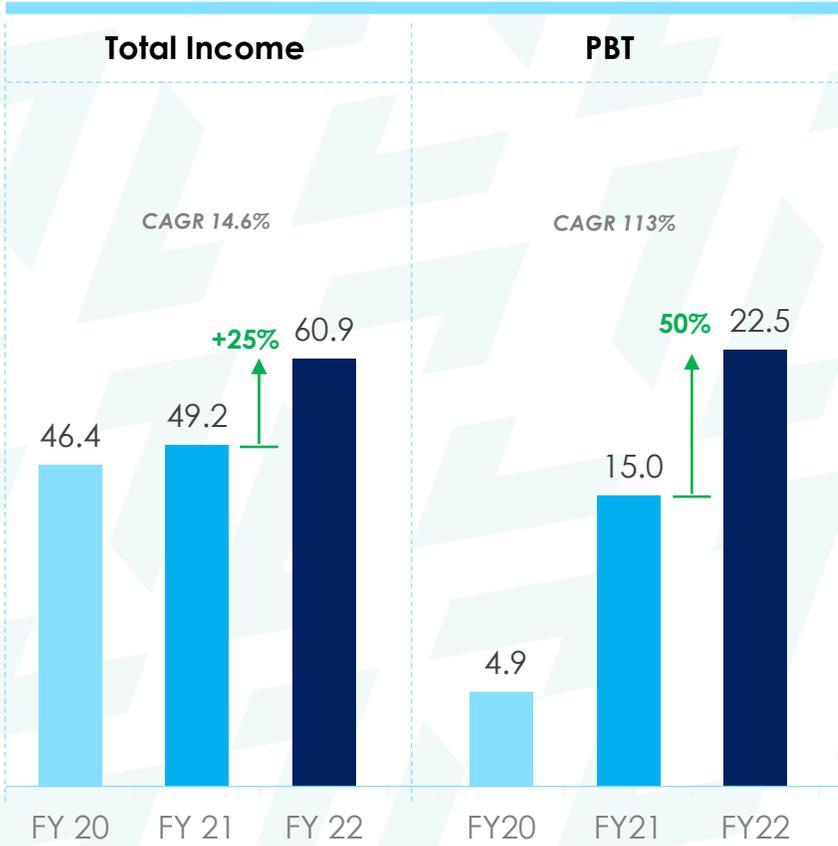
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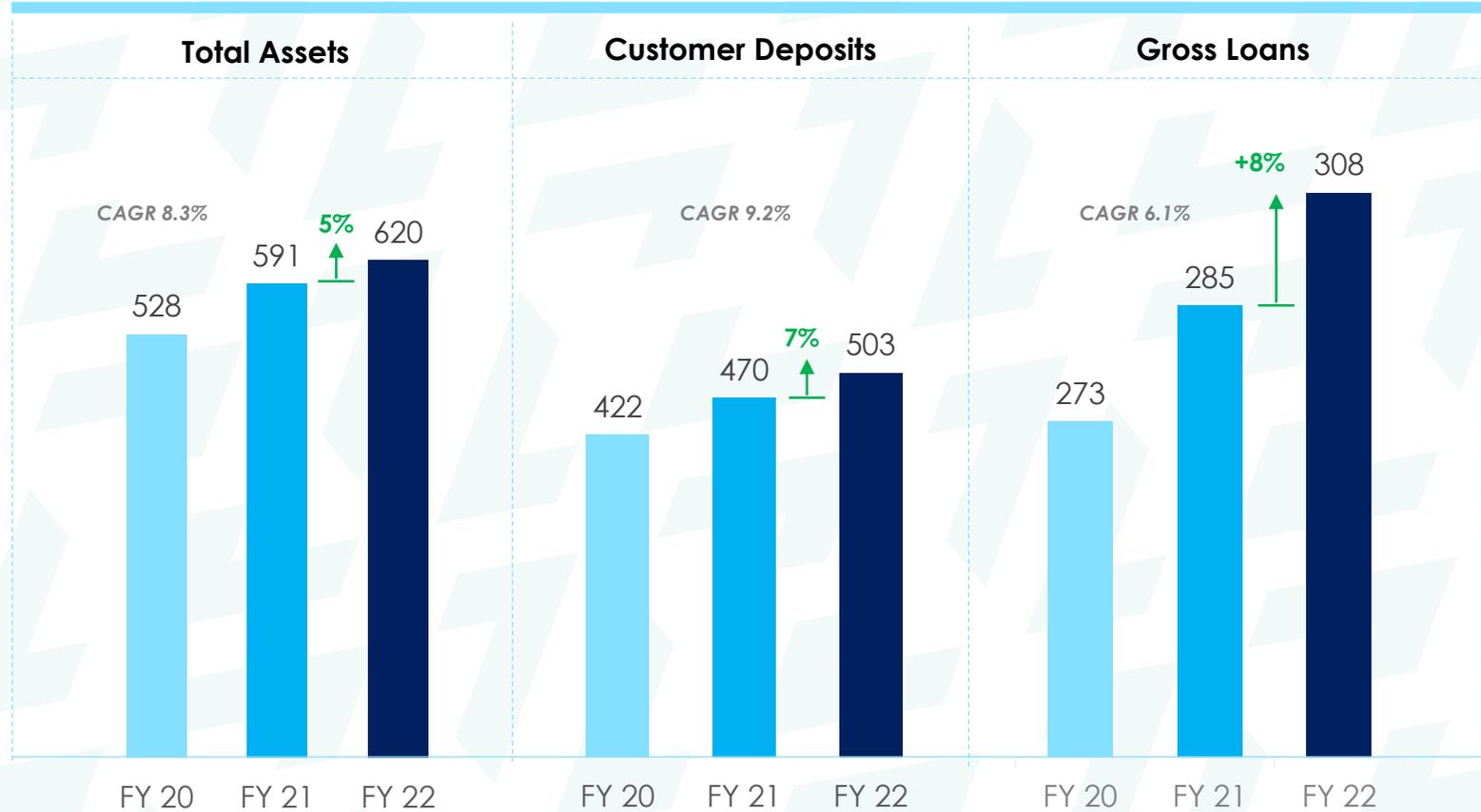
# Our Group continues to demonstrate strong fundamentals with positive CAGR over the strategy period

Amounts in KES B

## Income Statement

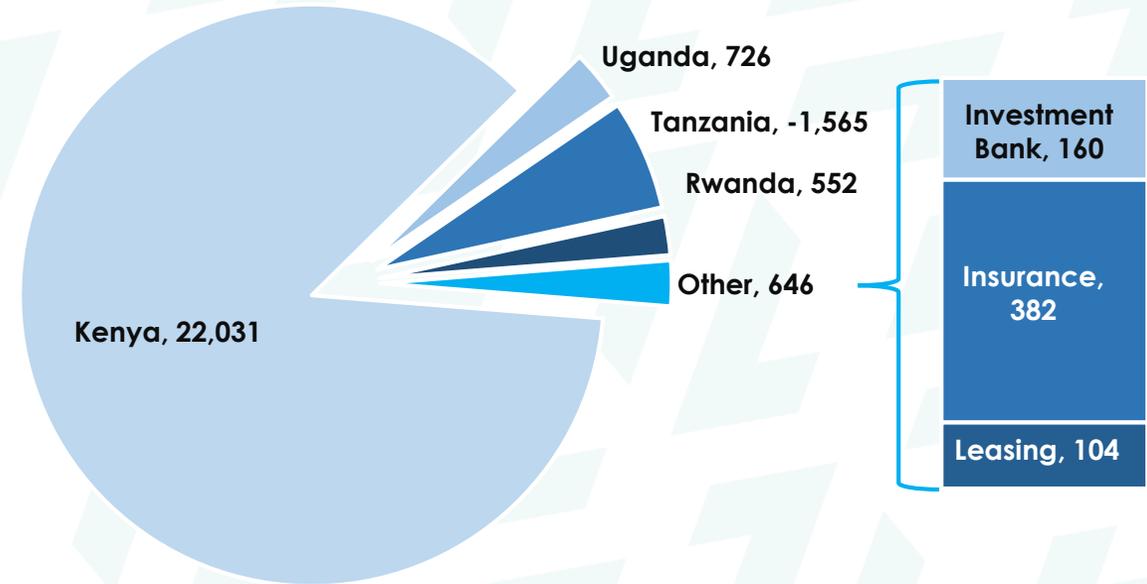
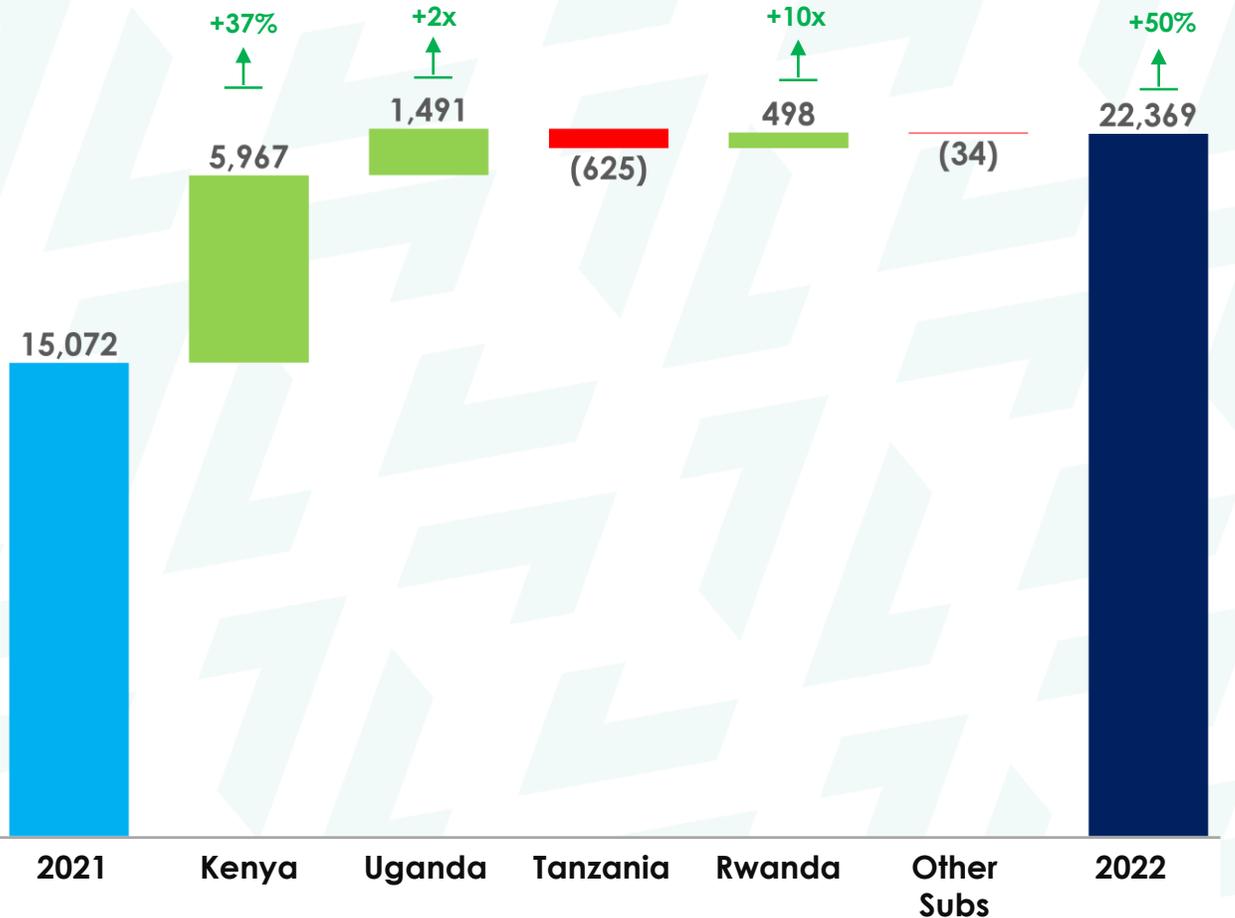


## Balance Sheet



**Significant year on year profitability growth in our Kenya, Uganda and Rwanda Businesses. Tanzania loss making position has been stabilized with expectation of positive turnaround in 2023**

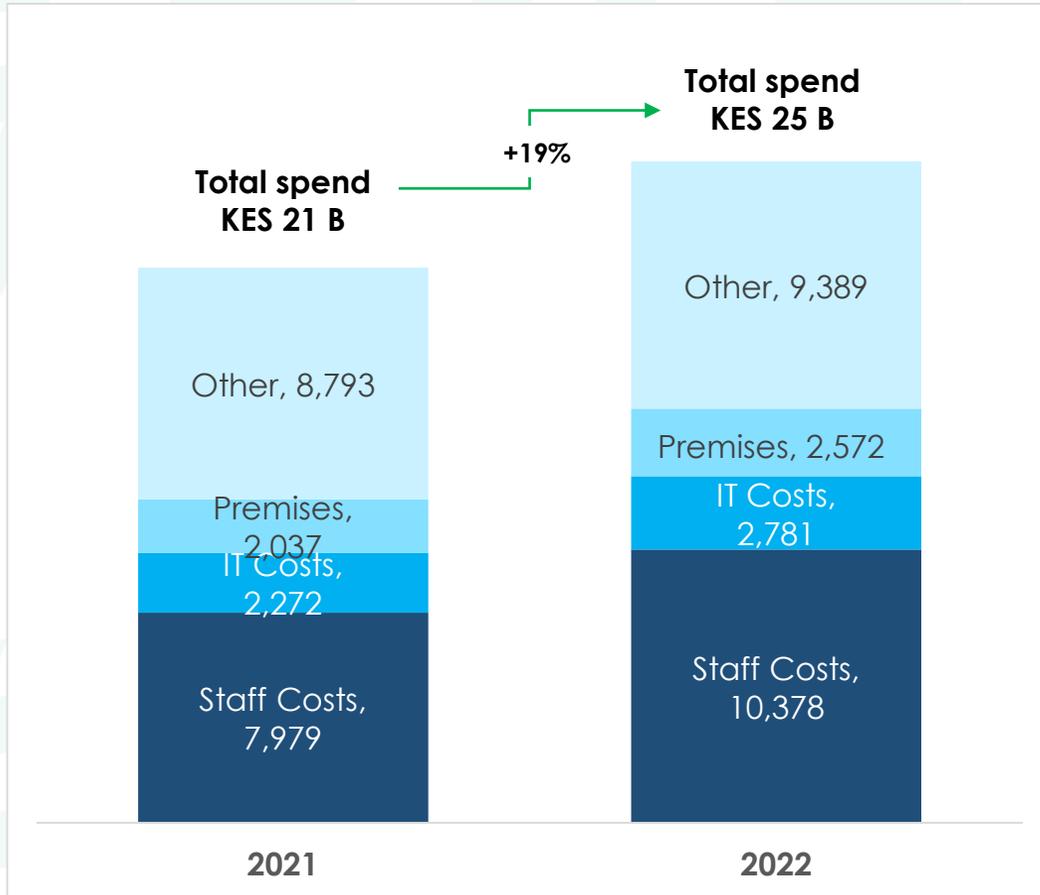
PBT (KES B)



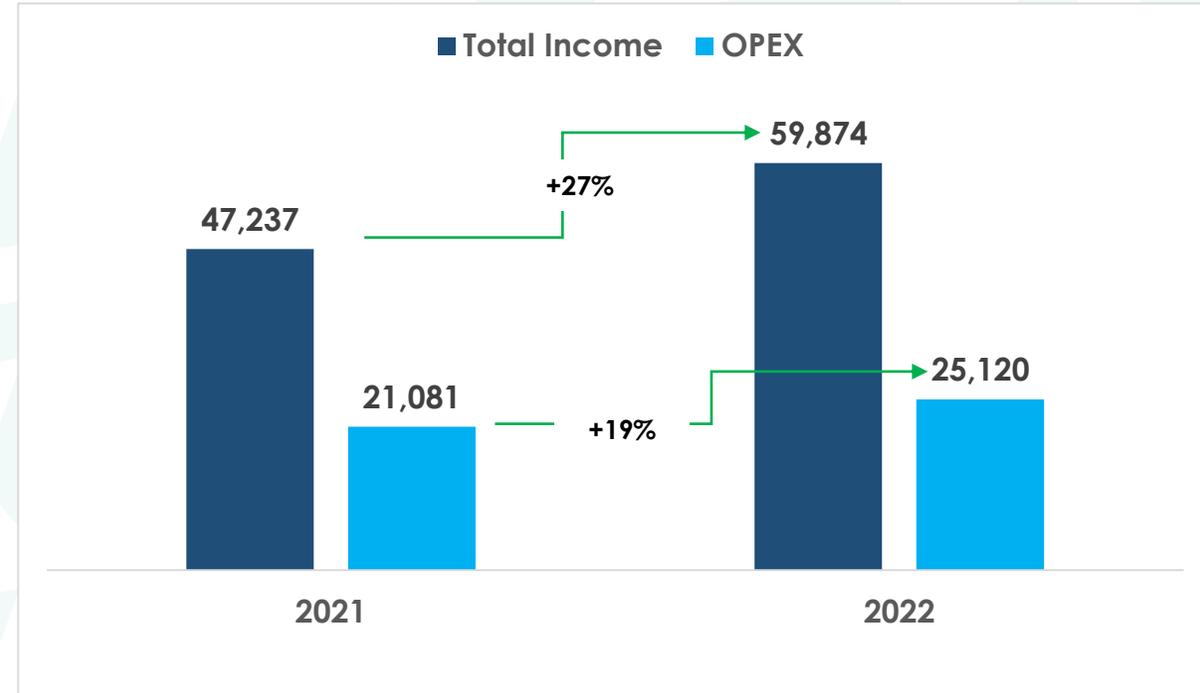
# Despite strategic investments and inflationary pressures, we continue to run a highly efficient business, with a CIR of 42%

Amounts in KES M

**OPEX Increased by 19% in 2022....**



**...with better outcomes in a lower CIR**

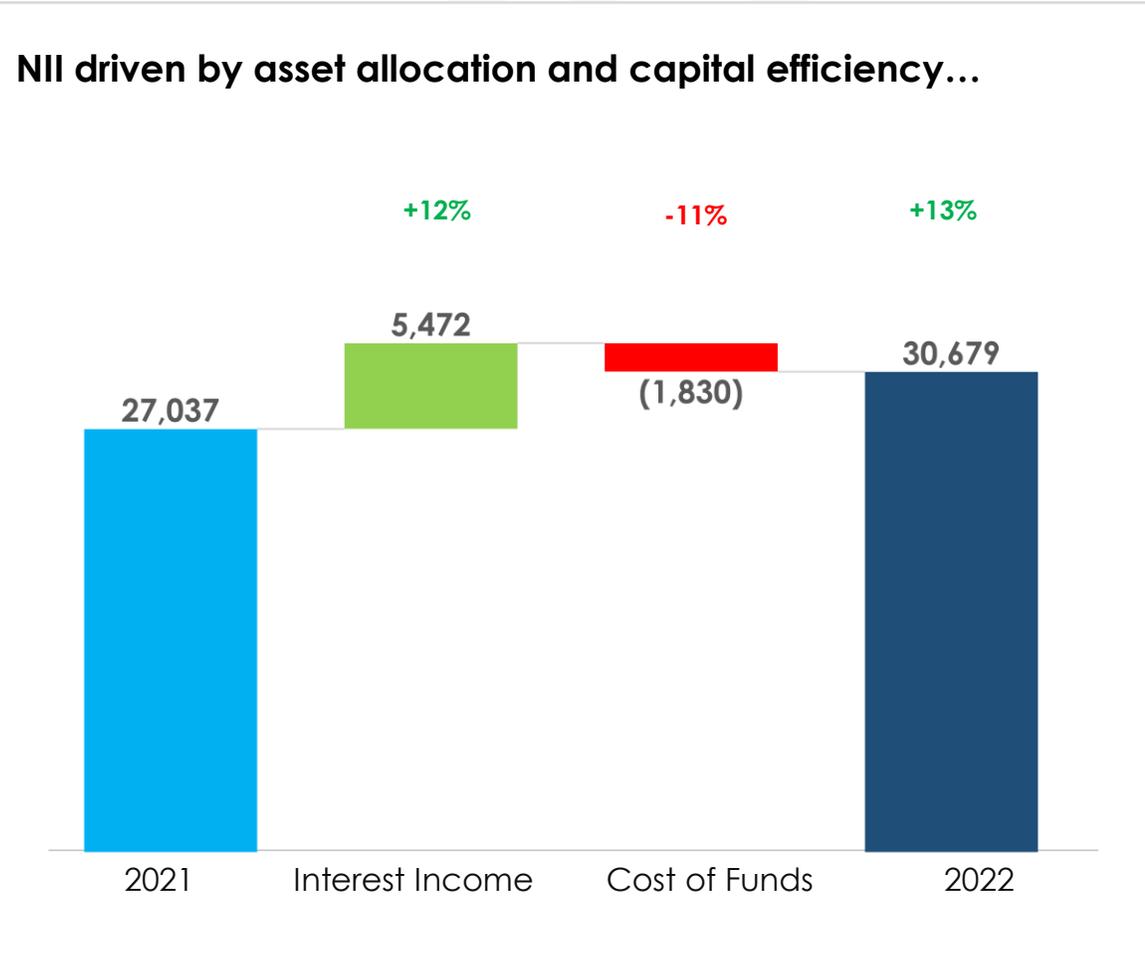


	2021	2022
<b>Cost to Income Ratio</b>	<b>44.6%</b>	<b>42.0%</b>
<b>Staff cost Intensity (1)</b>	16.9%	17.3%
<b>IT Cost Intensity (2)</b>	10.8%	11.1%

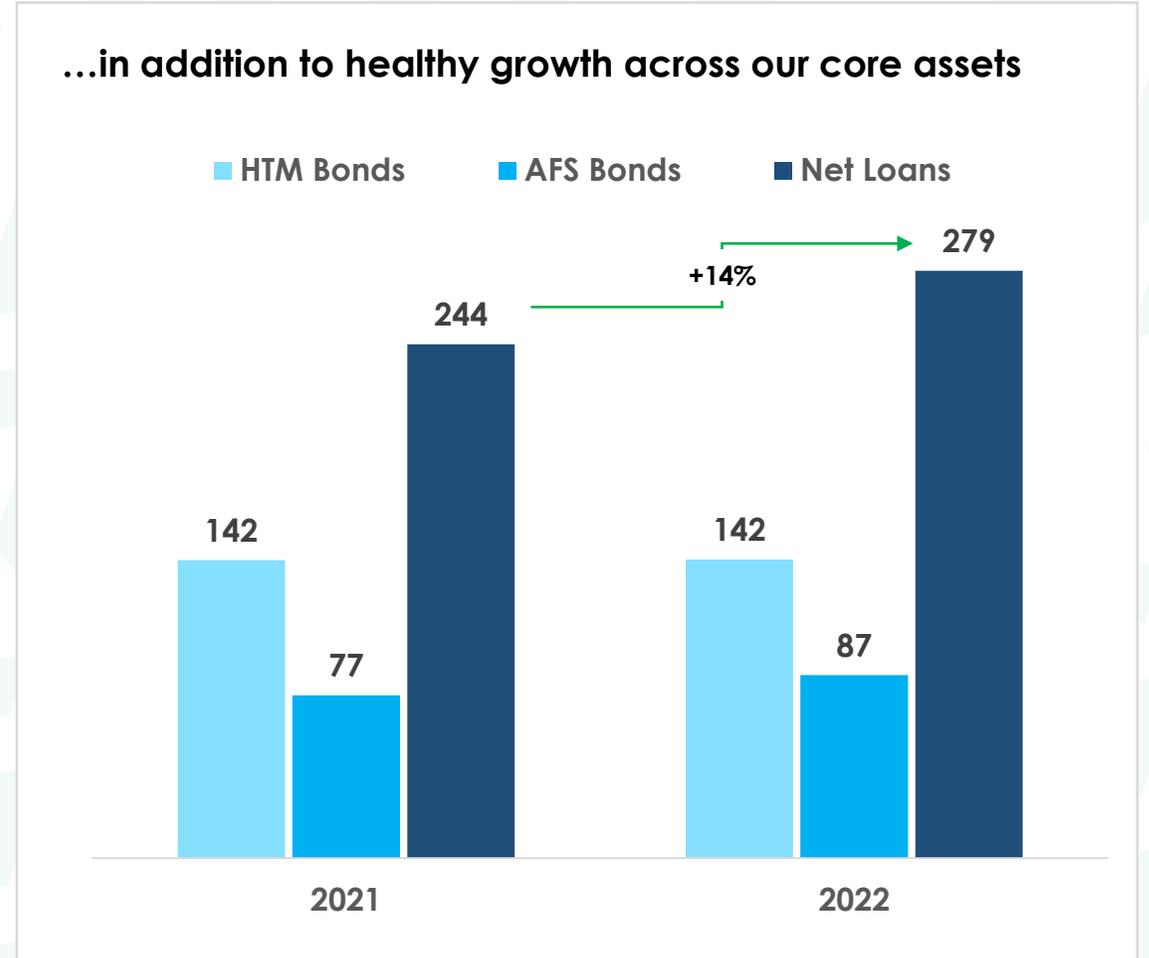
Notes:  
 1: Staff Cost Intensity calculated as Staff costs vs. Operating Income  
 2: IT Cost intensity calculated as IT OPEX vs. Operating Income

# The growing lending book and asset allocation enhanced our top line

Amounts in KES M



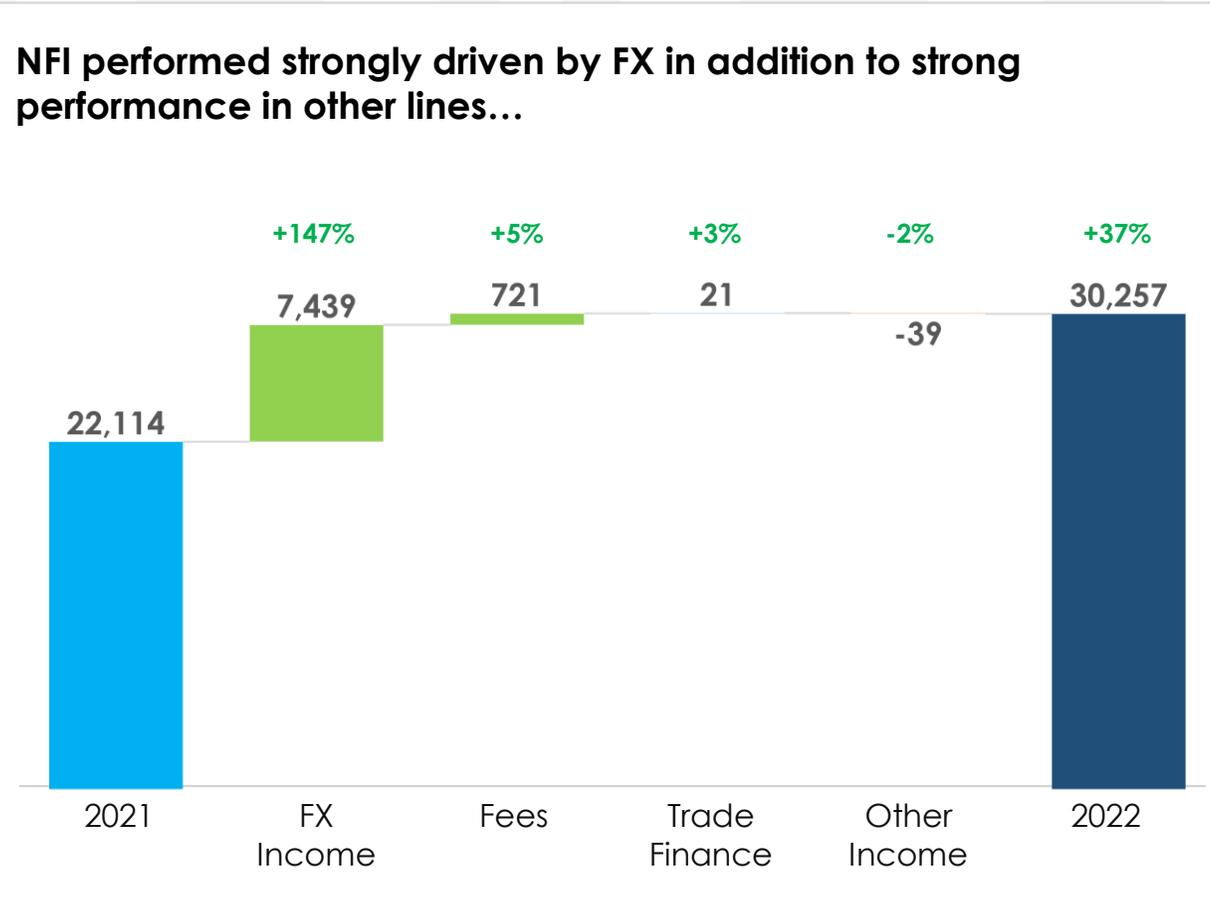
Amounts in KES B



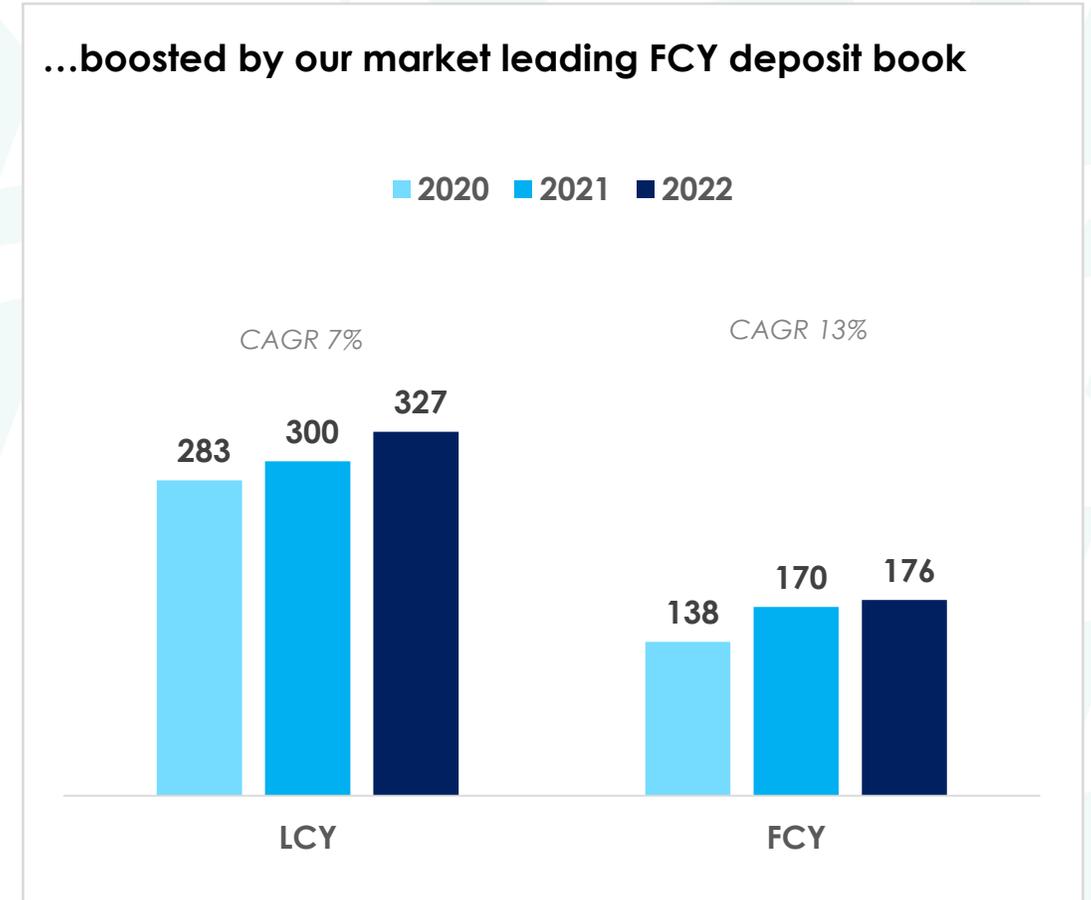
Note:  
 HTM: Hold to Maturity  
 AFS: Available for Sale

# Our market leading dollar book & currency risk management unlocked strong FX growth in a volatile market environment

Amounts in KES M

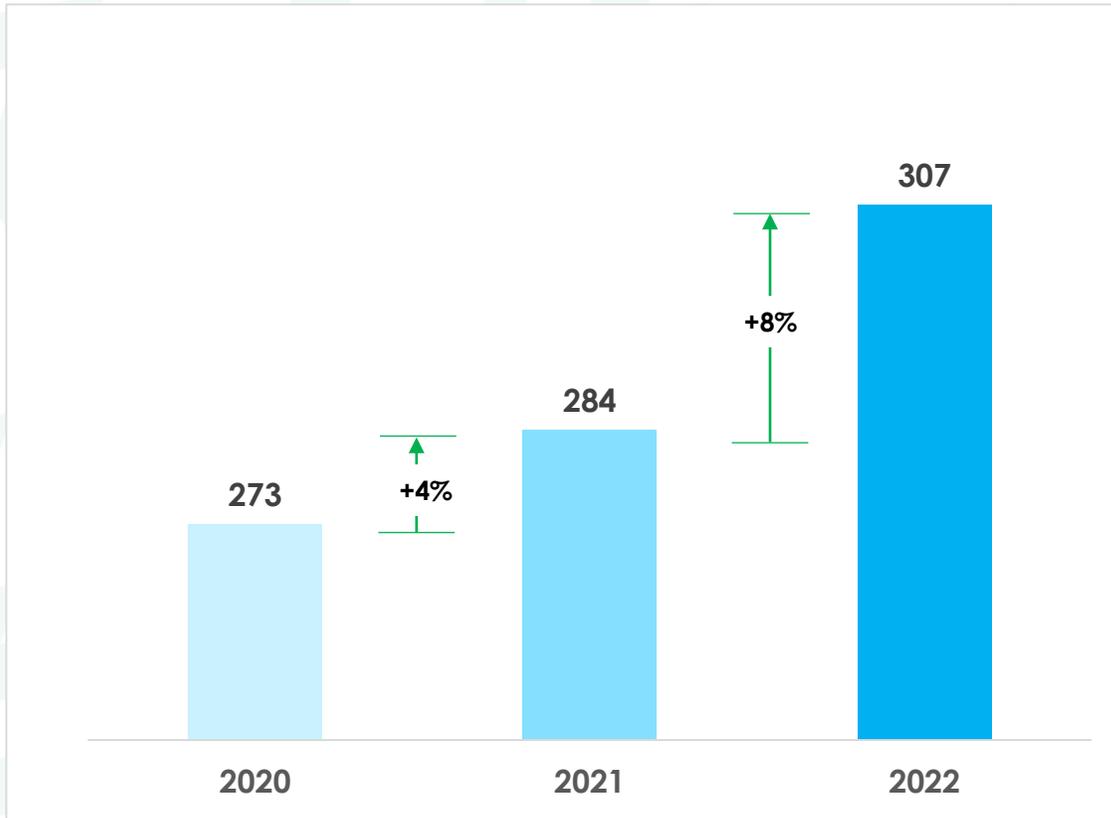


Amounts in KES B

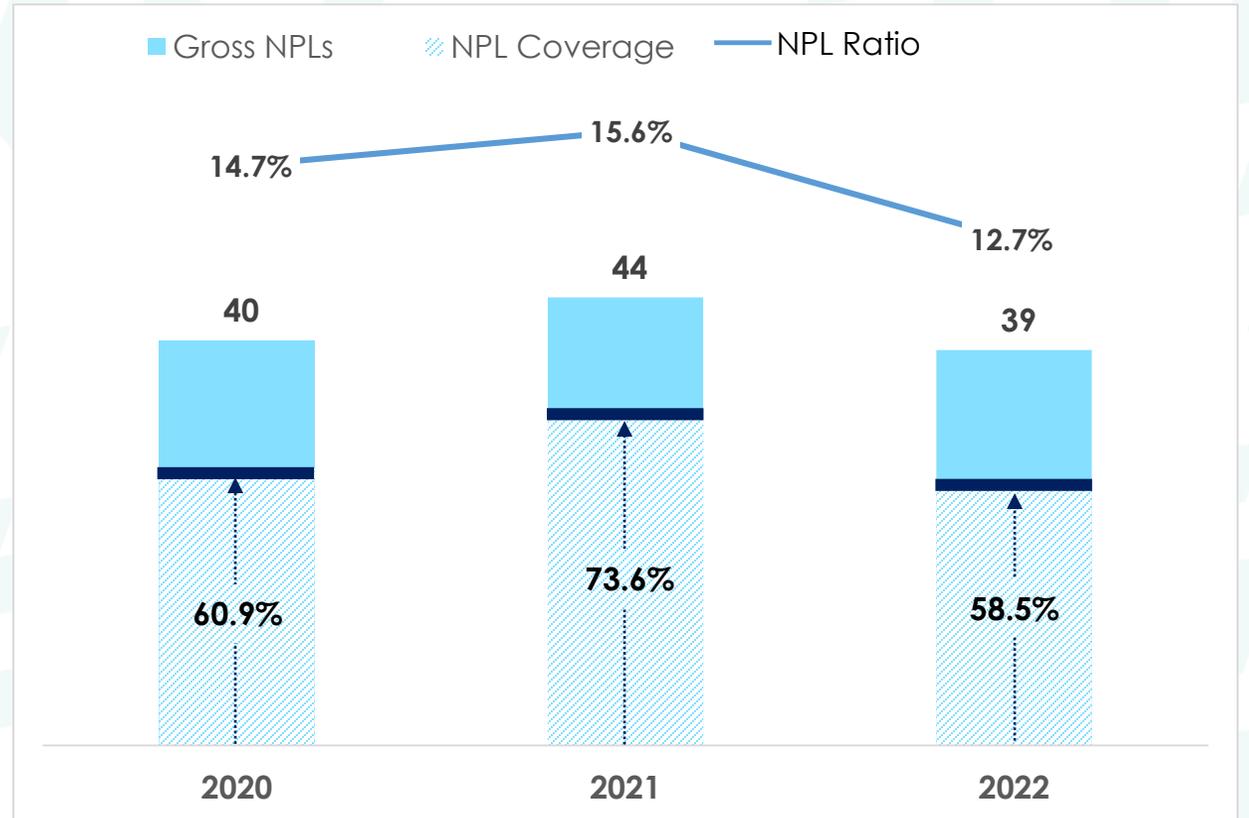


# Underpinning our profitability growth is a sustained focus in managing credit risk

NCBA Group Gross Loans accelerated in 2022 (KES B)



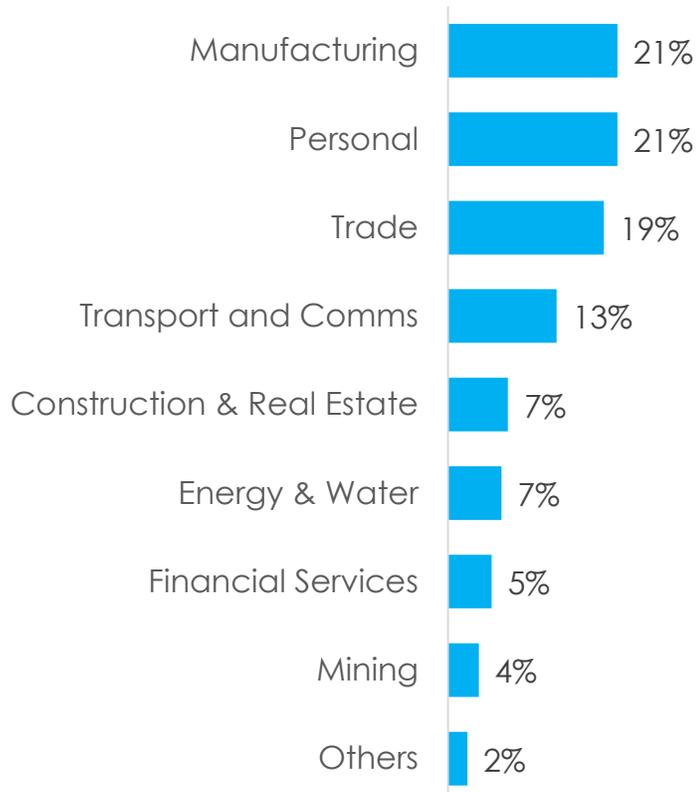
...while our NPL ratio reduced to 12.7% from 15.6%



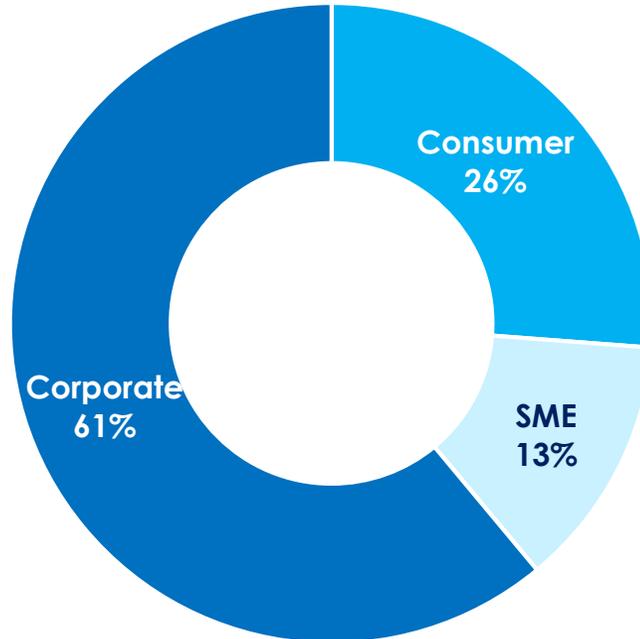
# Our loan book is well diversified across product, currency and industry

## 2022 Loan Book

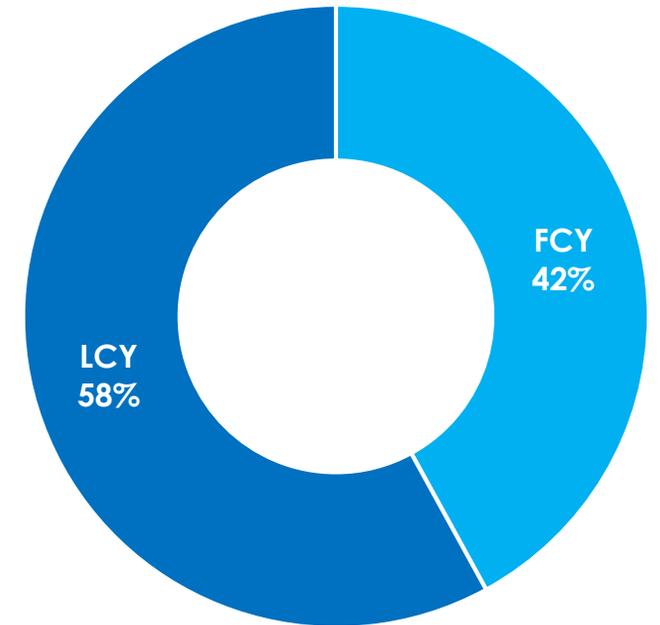
Loan Book by Sector



Loan Book by Segment



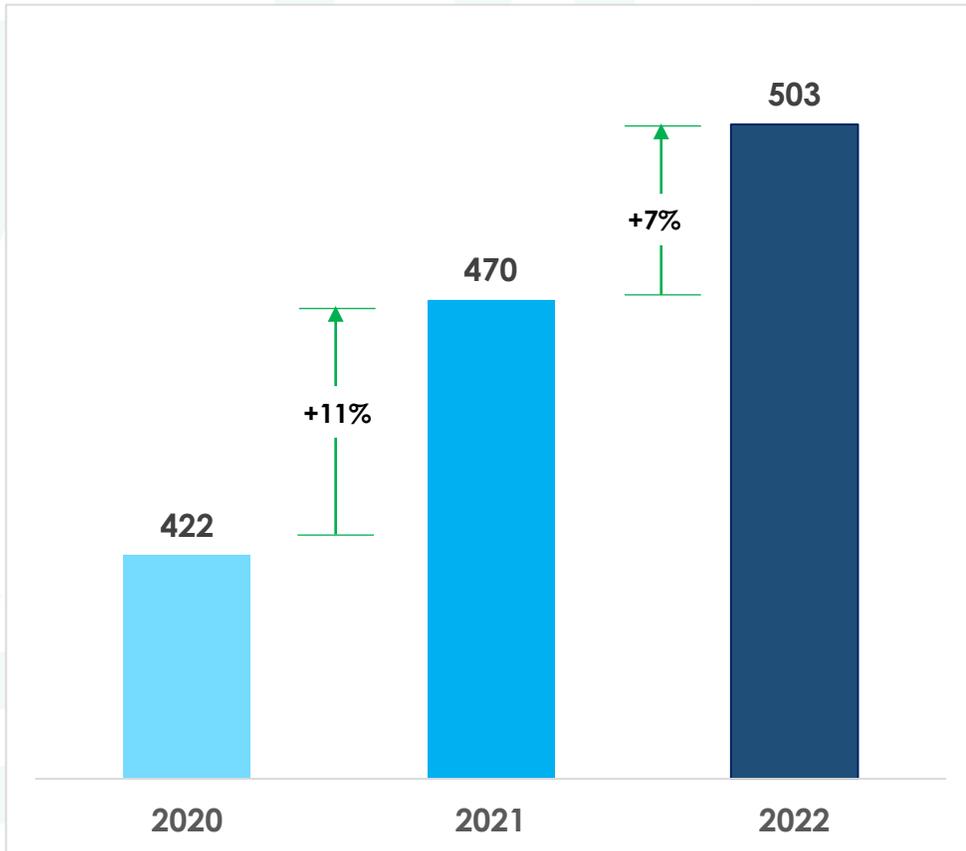
Loan Book by Currency



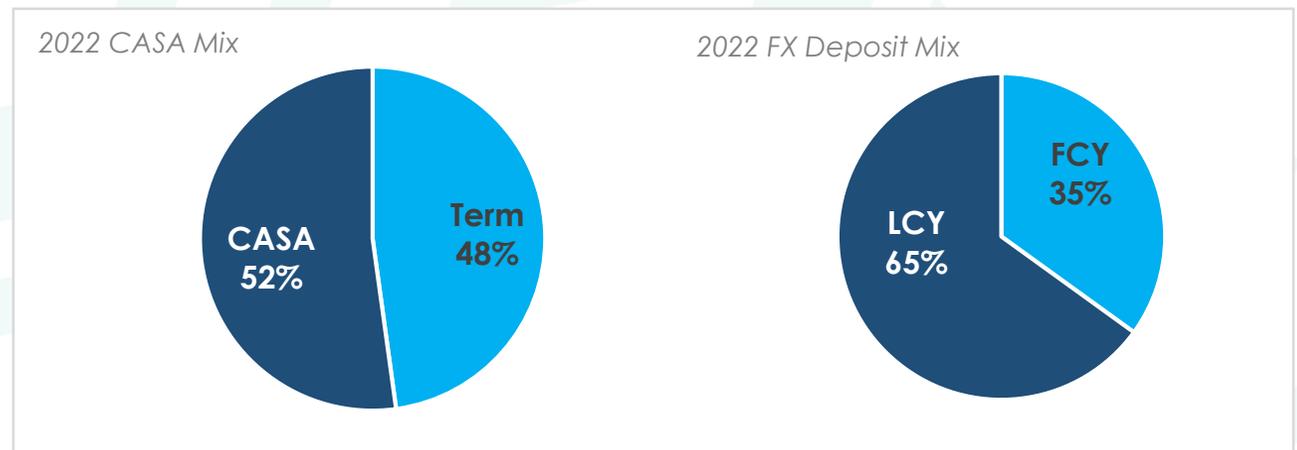
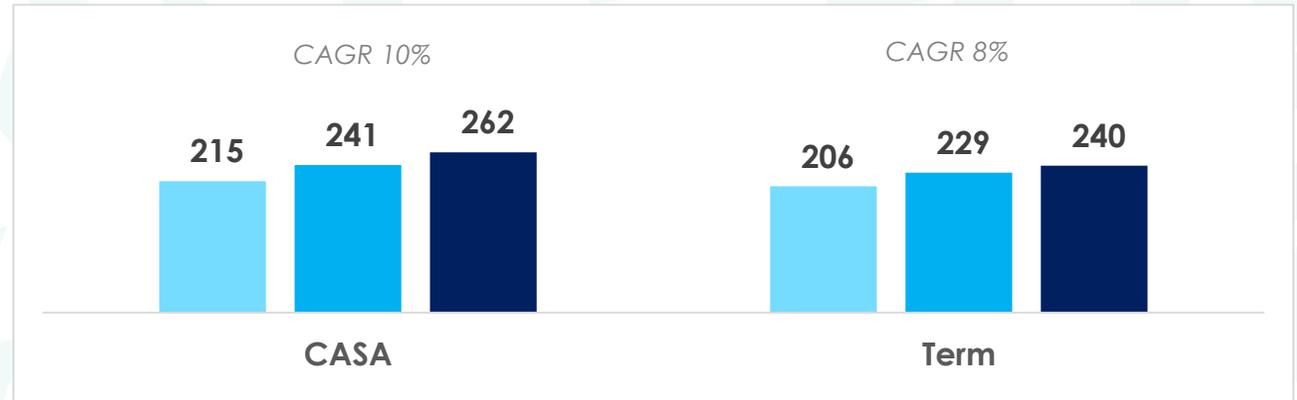
# Our increased footprint supported growth in deposit mobilization while also enhancing our funding mix

Amounts in KES B

## NCBA Group deposit mobilization

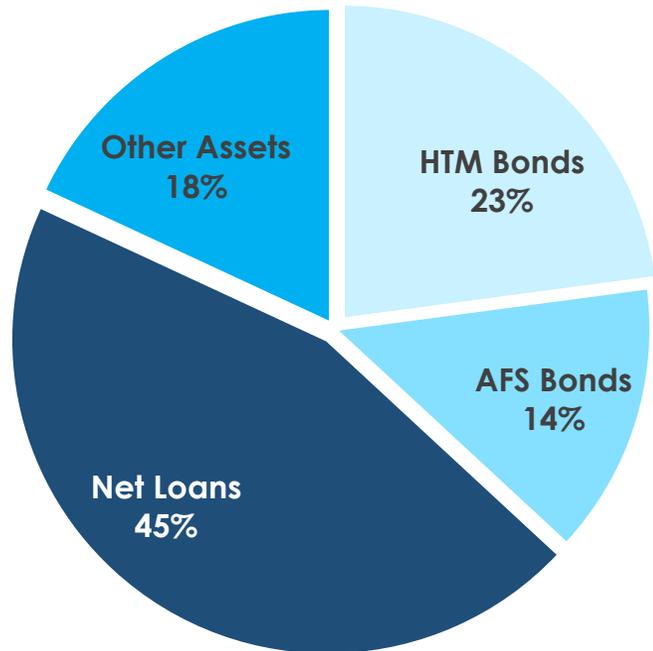


## ...while increasing our CASA ratio & FX mix



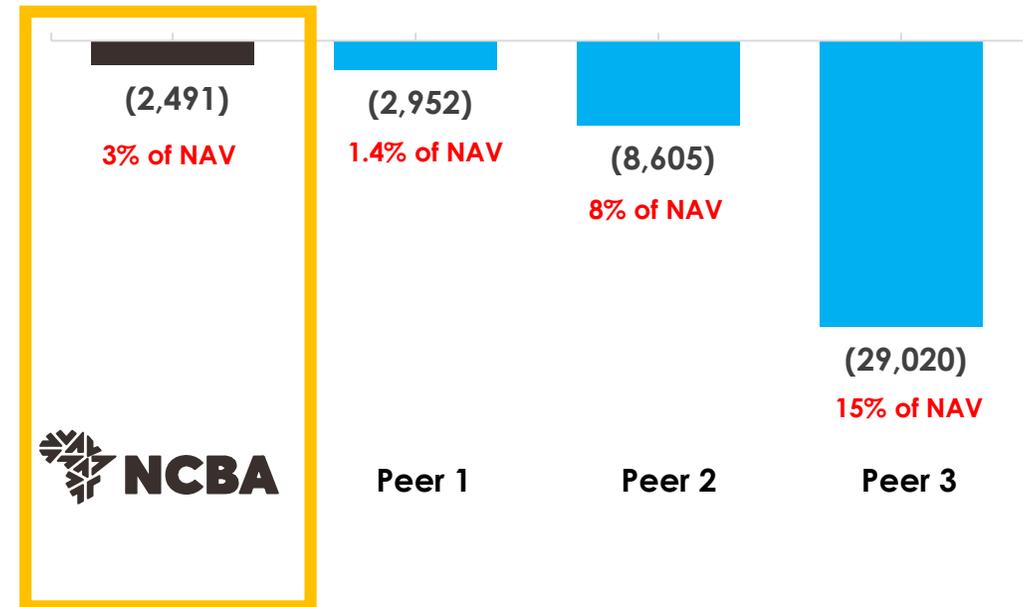
## Our approach to investment in government securities effectively balanced return considerations while protecting the bank from mark to market losses

Our asset mix is well diversified with Govt Securities making up 37% of our assets...



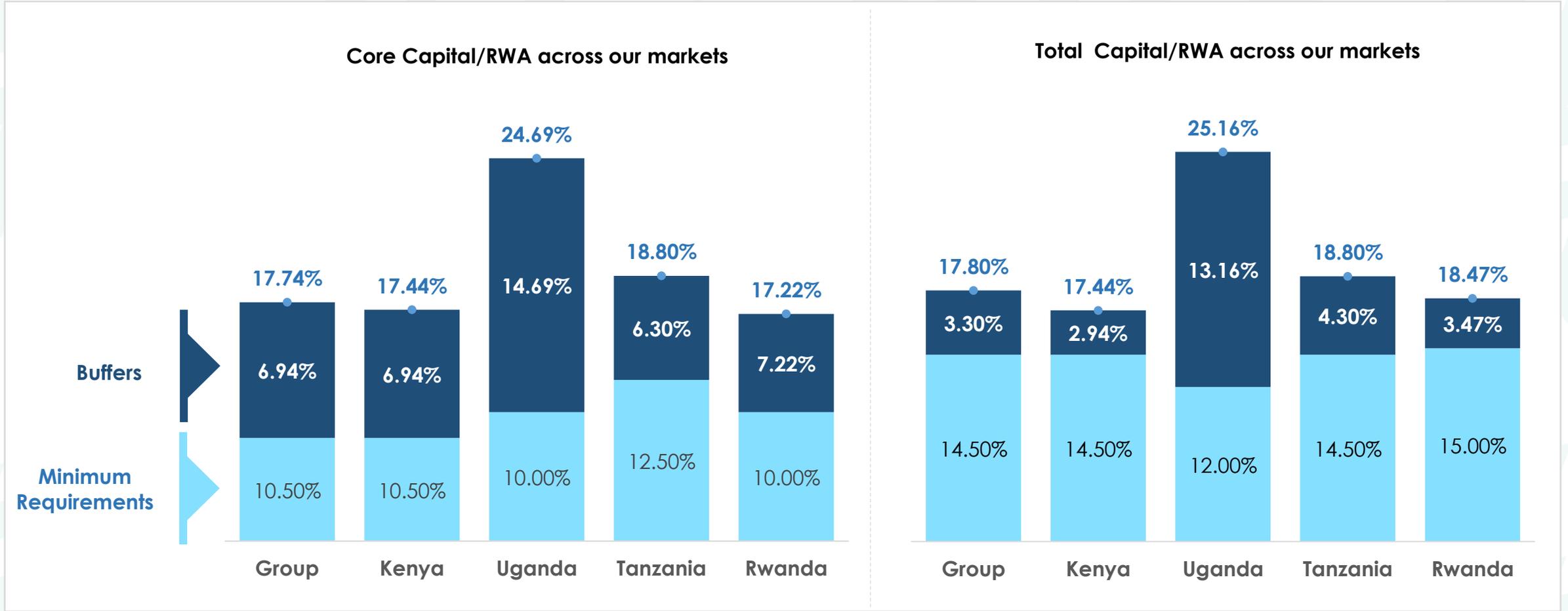
...however our risk management has yielded comparatively reduced fair value impact

Amounts in KES B



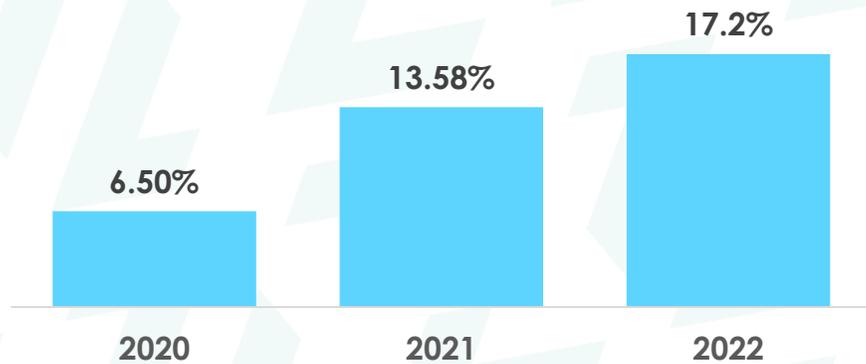
Note:  
 HTM: Hold to Maturity Bonds (24% in 2021)  
 AFS: Available for Sale Bonds (13% in 2021)

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

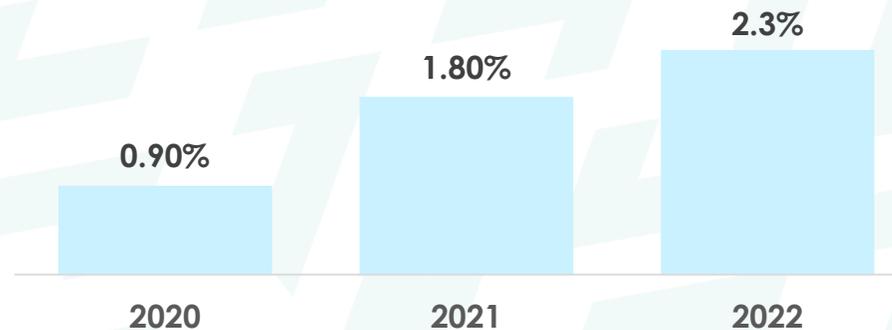


**Our strategy is delivering the desired return outcomes for a Tier 1 bank and we are delivering consistent cash returns to our >27,000 shareholders with an average dividend payout of 50% in the last 3 years**

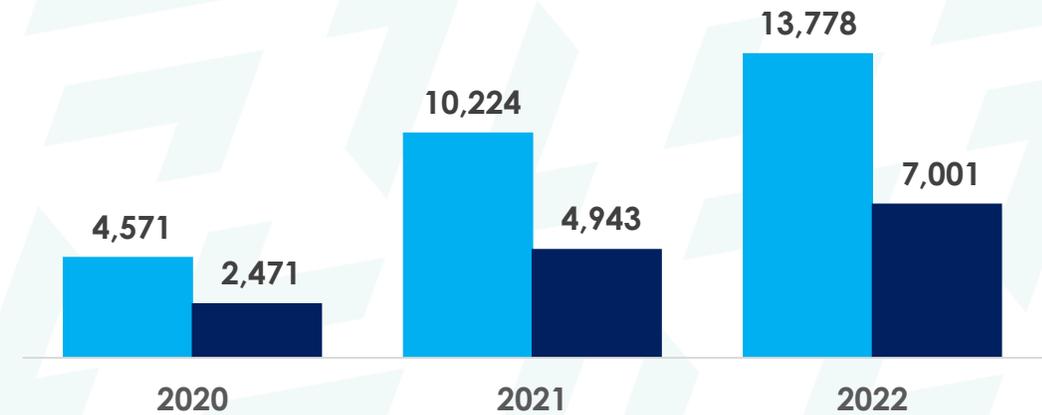
**We are delivering on post merger promises on ROE**



**...while matching similar sized peers on ROA**



■ Profit After Tax (KES M) ■ Cash Dividends (KES M)



EPS	2.77	6.21	8.4
Dividend Pay-out Ratio	54%	48%	50.8%
Share Price Change (YoY)	(27.4%)	(5.8%)	56%
Number of issued shares	1,647,520	1,647,520	1,647,520

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## We have 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**

**THANK YOU**



## 2022 Statement of Profit & Loss

### NCBA Bank Kenya

### NCBA Group Consolidated

Amounts in KES Millions

	2022	2021	Δ%	2022	2021	Δ%
Interest Income	46,896	42,196	11%	52,404	46,514	13%
Interest Expenses	(19,469)	(17,621)	10%	(21,726)	(19,477)	12%
<b>Net Interest Income</b>	<b>27,427</b>	<b>24,575</b>	<b>12%</b>	<b>30,678</b>	<b>27,037</b>	<b>13%</b>
FX Income	11,905	4,658	>100%	12,496	5,057	>100%
Other Non- Interest Income	5,343	5,305	1%	7,420	6,875	8%
Digital Lending Income	8,785	9,168	(4%)	10,341	10,272	1%
<b>Non – Funded Income</b>	<b>26,033</b>	<b>19,131</b>	<b>36%</b>	<b>30,256</b>	<b>22,204</b>	<b>36%</b>
<b>Operating Income</b>	<b>53,460</b>	<b>43,706</b>	<b>22%</b>	<b>60,935</b>	<b>49,151</b>	<b>24%</b>
Operating Expenses	(19,878)	(16,574)	20%	(24,859)	(20,733)	20%
<b>Operating Profit</b>	<b>33,582</b>	<b>27,132</b>	<b>24%</b>	<b>36,076</b>	<b>28,418</b>	<b>27%</b>
Impairments	(11,020)	(10,312)	7%	(13,063)	(12,717)	3%
<b>Profit Before Tax And Exceptional Items</b>	<b>22,562</b>	<b>16,819</b>	<b>34%</b>	<b>23,013</b>	<b>15,701</b>	<b>47%</b>
Exceptional item	(531)	(756)	30%	(724)	(756)	4%
<b>Profit after Exceptional items</b>	<b>22,031</b>	<b>16,063</b>	<b>37%</b>	<b>22,492</b>	<b>15,034</b>	<b>50%</b>

## 2022 Statement of Financial Position

Amounts in KES Millions

	NCBA Bank Kenya			NCBA Group Consolidated		
	2022	2021	Δ%	2022	2021	Δ%
<b>Assets</b>						
Net Loans and Advances	249,899	220,020	14%	278,921	244,038	14%
Investments	211,228	204,884	3%	228,778	218,808	5%
Cash and Balances with Banks	49,753	76,868	(35%)	64,319	88,274	(27%)
Other Assets	56,398	44,962	25%	47,644	39,968	19%
<b>Total Assets</b>	<b>576,278</b>	<b>546,734</b>	<b>5%</b>	<b>619,662</b>	<b>591,088</b>	<b>5%</b>
<b>Liabilities &amp; Equity</b>						
Customer Deposits	458,619	431,214	6%	502,676	469,890	7%
Borrowings	10,811	19,776	(45%)	10,121	20,872	(52%)
Other Liabilities	18,815	17,101	10%	24,443	22,339	9%
Shareholders Equity	79,033	78,643	-	82,422	77,987	6%
<b>Total Liabilities &amp; Equity</b>	<b>576,278</b>	<b>546,734</b>	<b>5%</b>	<b>619,662</b>	<b>591,088</b>	<b>5%</b>

## NCBA Bank Kenya delivered the key financial metrics set for FY 2022

	FULL YEAR 2022 TARGET	FULL YEAR 2022 ACHIEVED	
Return on Average Equity	> 15%	17.2%	✓
NPL ratio	< 15%	12.8%	✓
Cost to Income Ratio	40-45%	38.2%	✓
Capital Adequacy (Total)	300Bps	344Bps	✓
Loan to Deposit Ratio	65%	59.2%	✓
Core Bank Cost of Risk	1.5% - 2.0%	2.7%	✗
Liquidity Ratio	~ 60%	55.6%	✓