

Bank of Kigali

INVESTOR PRESENTATION

1H 2017



BANK OF KIGALI
Financially transforming lives



**AFRICAN BANKER
AWARDS 2015**



Disclaimer

This presentation contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives and other statements relating to our business development and financial performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macroeconomic, government policies, legislative and regulatory trends, (2) movements in local and international currency exchange rates, interest rates and securities markets, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (6) management changes and changes to the Bank’s structure and (7) other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including those filed with the National Bank of Rwanda and the Rwanda Stock Exchange.

We are under no obligation (and expressly disclaim any such obligations to) update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.

Key Executives



Marc Holtzman
Chairman of the Board



Flora Nsinga
Chief Human Resources
Officer



Diane Ngendo Karusisi
Chief Executive
Officer



Desire Rumanyika
Chief Operating Officer



Nathalie Mpaka
Chief Finance Officer



Vincent Gatete
Chief Commercial Officer



Eddy Mabano Kayihura
Chief Information
Technology Officer

1. Key Investment Highlights
2. Country Overview Information
3. Banking Sector Overview
4. Bank Overview
5. Corporate Governance
6. Business Overview
7. Review of Financial Performance 30 June 2017
8. Strategic Outlook
9. Contact Information

Key Investment Highlights

1. Best Bank in Rwanda 2013, 2015 & 2016



Sound Macro Fundamentals

2. Best East African Bank 2012 & 2015, 2016



Significant Banking Sector Potential

3. Bank of the Year 2009-2012, 2014, 2015, 2016



Market Leadership

4. Best Bank in Rwanda 2009-2014, 2016



5. Best African Listing 2011

Conservative Business Model

6. AA-/A1+ Credit Rating



The rating reflects the Bank's established domestic franchise value, strong capital position, its systemic importance, strong asset quality and financial performance.

Experienced Management Team



7. Best Financial Reporting Company Rwanda 2012 & 2015



Profitable Growth

- ⊠ Politically stable country with sound governance
- ⊠ Very attractive demographic profile: population of 11.6 million with 83% below the age of 40
- ⊠ Economic growth for 2017 is projected by the IMF at 6.8 percent in Tanzania, 6.2 percent in Rwanda, 5.3 percent in Kenya, 5.0 percent in Uganda and 0.0 percent in Burundi.
- ⊠ Moderate inflation: Inflation rate of 4.8% as at 30 June 2017
- ⊠ The 2016 World Bank Doing Business Report ranked Rwanda as the 62nd out of 189 countries in terms of ease of doing business and 2nd in Africa.

- ⊠ Significant headroom for growth given under-banked and excluded population
- ⊠ Large unbanked population of approximately 28%
- ⊠ Total assets/GDP of 35.8%
- ⊠ Well regulated banking sector: fairly conservative regulator relative to other regulators in the EAC
- ⊠ Strong Market positioning & sustainable leadership by
 - ⊠ Total assets FRw 719.3 billion ; 35.6 % market share as at 1H 2017
 - ⊠ Net Loans FRw 450.5 billion ; 38.5% market share as at 1H 2017
 - ⊠ Customer Deposits FRw 483.8 billion ; 34.6% market share as at 1H 2017
 - ⊠ Shareholders' Equity FRw 115.5 billion ; 38.7% market share as at 1H 2017

- ⊠ Relatively high capital adequacy ratios since 2010 averaging >20%
- ⊠ Manageable level of non-performing loans 4.6% of gross loans as at 1H 2017, down from 19.4% in 2007.
- ⊠ Liquid assets holding (Liquid Assets/Total Deposits) of 43.2% (minimum requirement 20%)

- ⊠ Management team with significant banking sector experience
- ⊠ Complemented by an experienced and diversified Board of Directors
- ⊠ Track record of producing stellar results

- ⊠ Robust asset growth at a CAGR of 24.0% (2010 – 1H 2017) - FRw 719.3 billion as at 30 June 2017
- ⊠ ROAA ranging from 3.4 % - 4.0% between 2011 and 1H 2017

COUNTRY OVERVIEW INFORMATION



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Rwanda – Country Profile

National Facts

Area	26,338 sq km
Population	11.6 million
Official Languages	Kinyarwanda, French, English
Capital	Kigali
Currency	Rwandan Franc (FRw) {830.2 FRw = 1 US\$ as of end June 2017}
Credit Rating	'B +' (Fitch Ratings) 'B+' (Standard & Poors)
Nominal GDP 2016	US\$ 8.1 billion
Nominal GDP Per Capita June 2017	US\$ 738
Nominal GDP 2017P	US\$ 8.0 billion
Nominal GDP Per Capita 2017P	US\$ 724.7

Macro Economic Indicators

Real GDP Growth rate 2016	5.9%
Real GDP Growth rate 2017P	6.2%
Inflation Rate (June 2017)	4.8%
Private Sector Growth(2016)	26.7%
Private Sector Credit (% GDP) 2016	19.7%
Net External Debt (%GDP) 2016	11.8%
Currency Depreciation against USD June 2017	1.3%
Foreign Reserves 2016-2017	3.5-4 Months of Imports

Source: IMF, CIA World Factbook, World Bank, Ministry of Finance and Economic Planning, National Institute of Statistics of Rwanda and National Bank of Rwanda, Standard and Poor's Research Update - March 2016, Fitch Ratings- Feb 2016

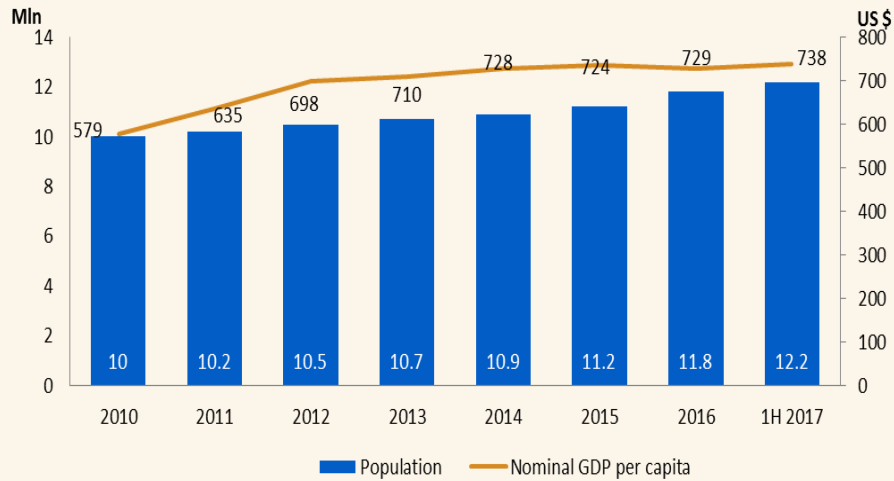
Business Environment

- Ranked Second after Mauritius as the best destination to do business in Africa in the World Bank 2016 Doing Business Report.
- Since 2005, Rwanda has implemented over 22 business regulation reforms in the areas measured by the World Bank Doing Business Index. Today, entrepreneurs can register a new business online in 6 hours
- Ranked first in Africa in the 2014 World Bank Country Policy and Institutional Assessment (CPIA) report. The report shows that Rwanda's economic management and structural policies as the most improved in sub-Saharan Africa. Rwanda was also named the most competitive economy in East Africa and third in Africa by Global Competitiveness Index Report 2014

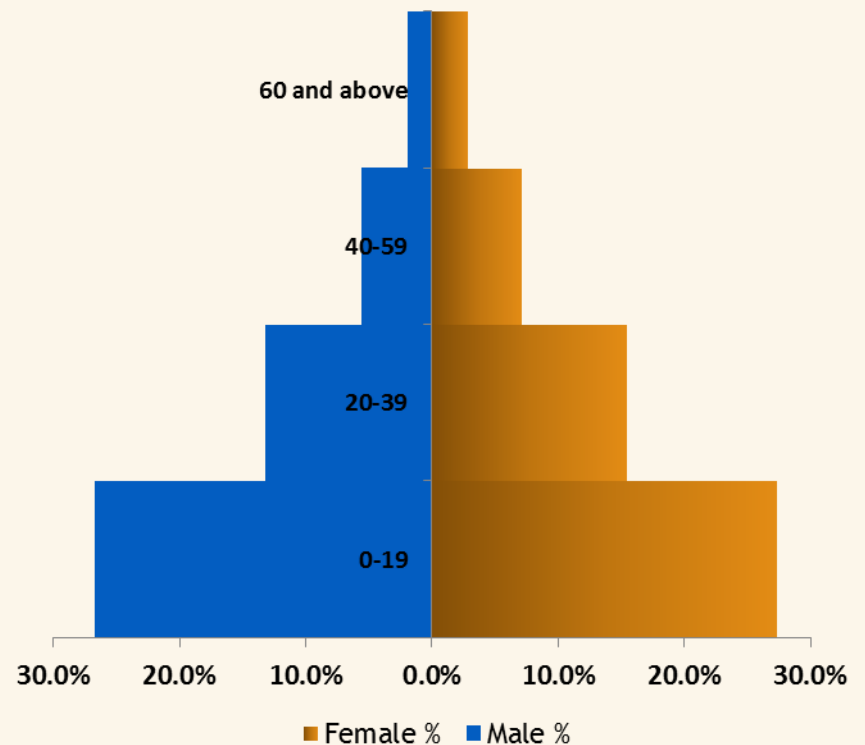


Sound Macro Fundamentals

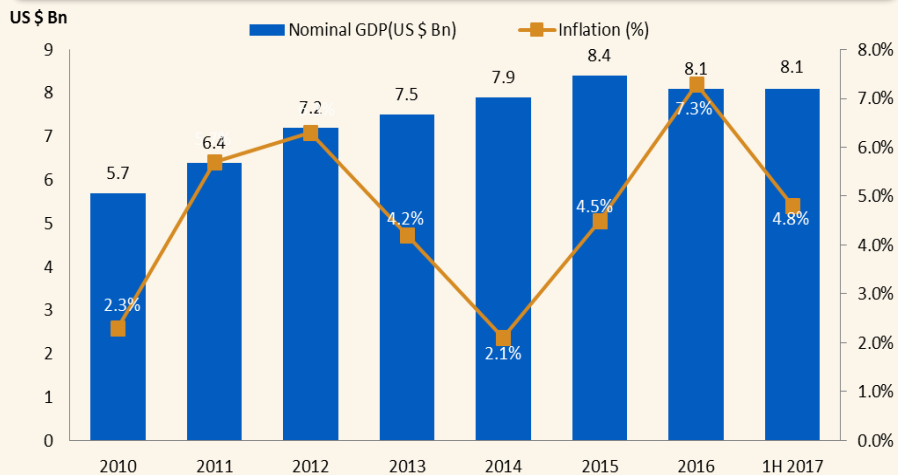
GDP per Capita continues to grow



Population Pyramid for Rwanda



Healthy GDP growth with moderating inflation



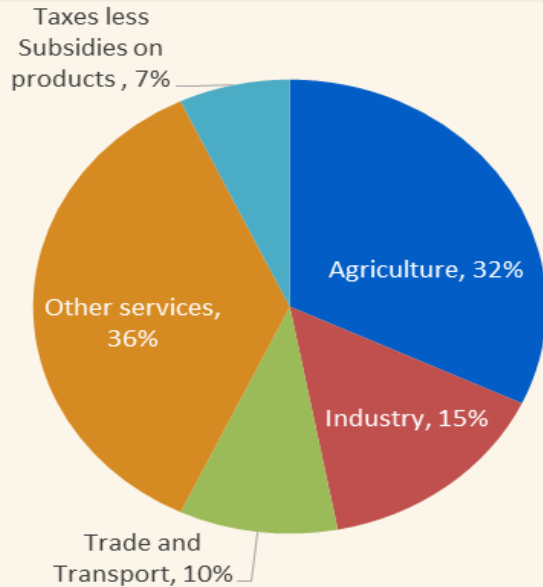
- ☒ 54% of the population is under 19 years.
- ☒ 83% of the population is under 40 years.
- ☒ 3% of the population over 65 years.

Source: Ministry of Finance and Economic Planning, World Bank,

Source: National Institute of Statistics of Rwanda

Macroeconomic Indicators

GDP Breakdown By Economic Activity June 2017



Source: National Institute of Statistics of Rwanda

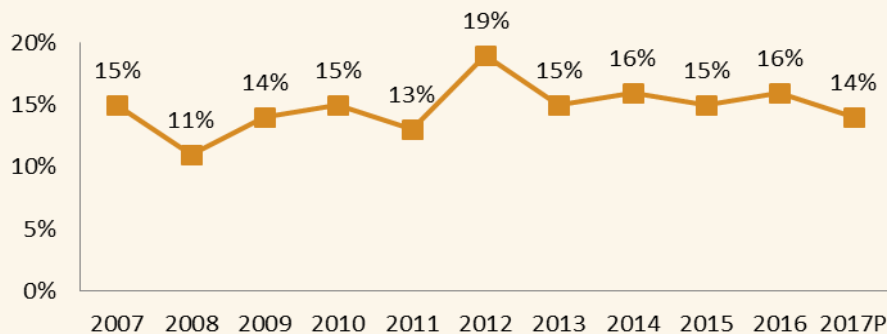
Trade Structure

- Rwanda's formal exports are dominated by coffee, tea, minerals (cassiterite, coltan and wolfram), pyrethrum and hides and skins.
- Rwanda's formal imports are composed of consumer goods, capital goods, intermediary goods as well as energy and lubricants.
- Rwanda's formal trade deficit eased by 25.6 percent in the first half of 2017, from USD 902.3 million to USD 671.2 million, as a result of the 39.8 percent increase in formal exports and 10.6 percent decline in formal imports.

Source: BNR Monetary Policy Statement

Trade Deficit as a % of GDP

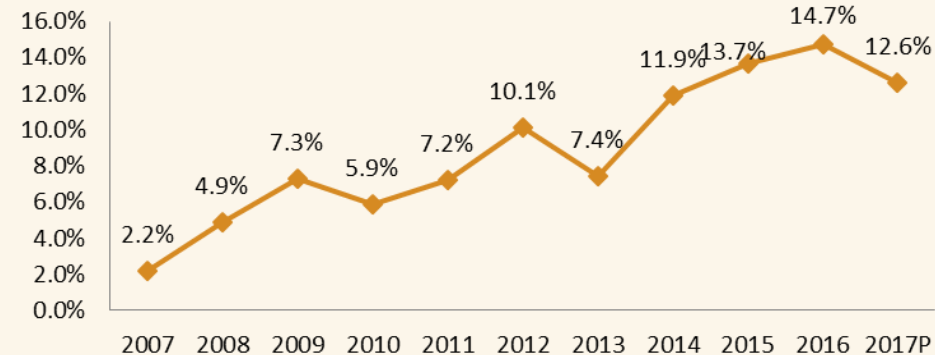
Trade Deficit as a % of GDP



Source: National Institute of Statistics of Rwanda, BNR Monetary Policy and financial stability statement

Aug 2017

Current Account Deficit as a % of GDP



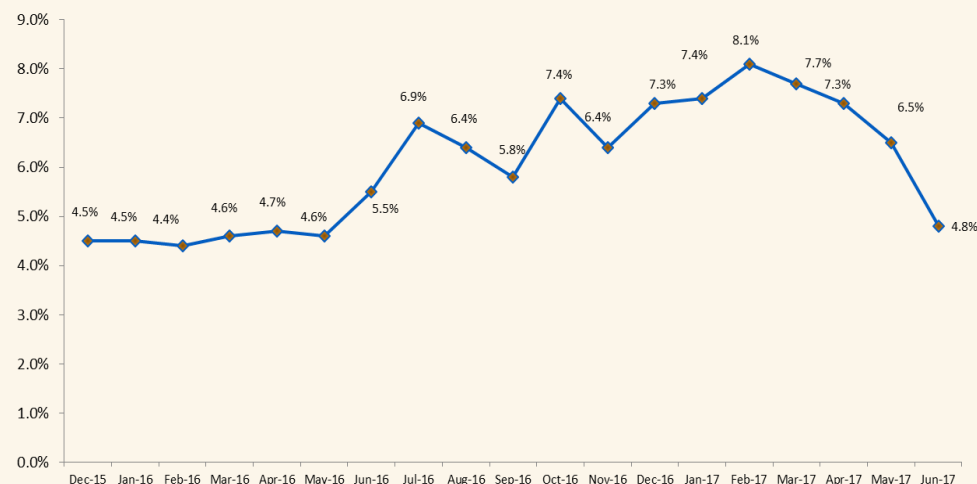
Source: National Institute of Statistics of Rwanda, African Economic Outlook

Review of the Macro Economic Environment

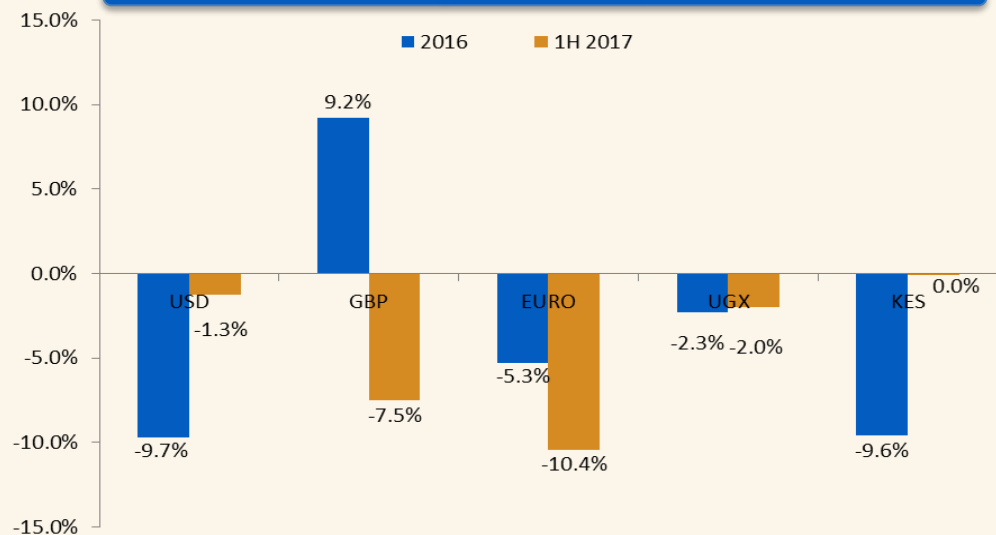
Macro Economic Review

- The Rwandan economy grew by 1.7 percent in 2017Q1, down from 8.9 percent recorded in 2016Q1. This slowdown in economic performance was mainly due to the completion of big construction projects which affected the performance of the industry sector (-1.0 percent in 2017Q1 from 11.0 percent in 2016Q1). Owing to the long spell of the drought, growth of the agriculture sector slowed to 3.0 percent in 2017Q1 from 8.0 percent of the same period of last year.
- The poor performance recorded in the industry sector was mainly due to the decline in the construction sub-sector with a share of 42.2 percent in that sector.
- The reduced performance of the agriculture sector was mainly due to export crops that were negatively affected by unfavorable weather conditions and low international coffee prices.
- Generally, inflation in June 2017 averaged 4.8% compared to 7.3% in Dec 2016, lower than previous three years due to moderate food price inflation and exchange rate depreciation.

Inflationary Environment



Exchange Rate Developments



Source: National Institute of Statistics of Rwanda, BNR Monetary Policy & Research Department
African Economic outlook

BANKING SECTOR OVERVIEW



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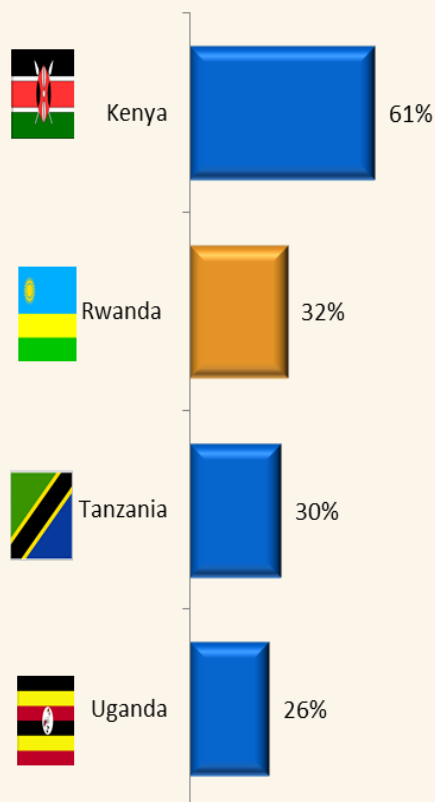


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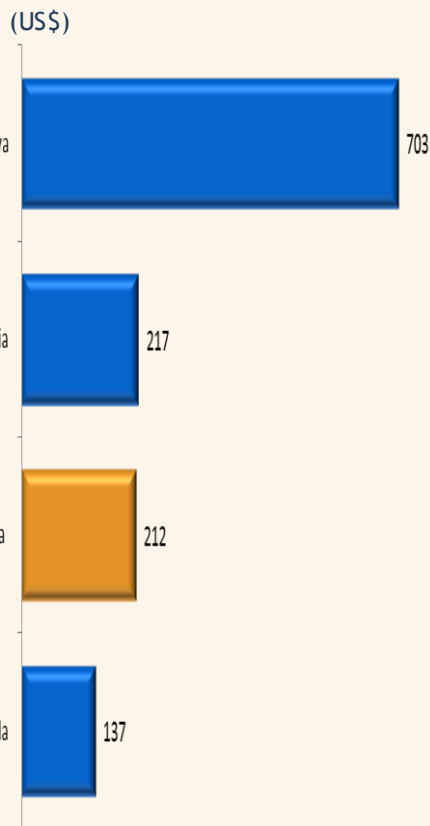


Significant Banking Sector Potential

Banking Assets/GDP



Banking Assets Per Capita⁵



Large Unbanked Population

- Economy is moving away from being cash-based through the various financial inclusion initiatives being undertaken by financial institutions including the launch of agency banking and mobile money transfer services.
- Approximately 72% of the population have or use financial products or mechanisms including those offered by non-bank formal financial institutions such as SACCOs

Source: Finscope Rwanda 2012

Prudential Regulations

CAR (Tier One)	10%
Total CAR	15%
Liquidity Ratio	20%
Cash Reserve Ratio	5% of total deposits
Lending in foreign currency	Restricted to clients generating cash flows in FX

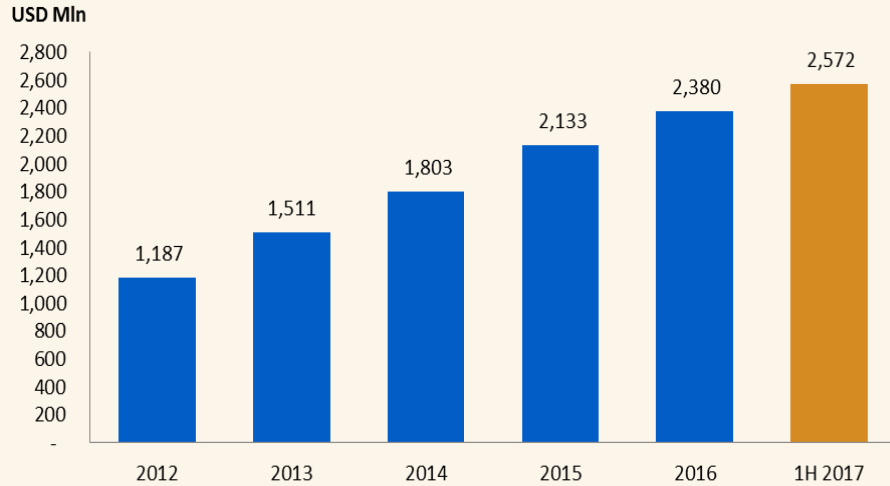
(1) Source: Exotic Frontier Equities

(2) Source: National Bank of Rwanda YE 2013 Monetary Policy Statement

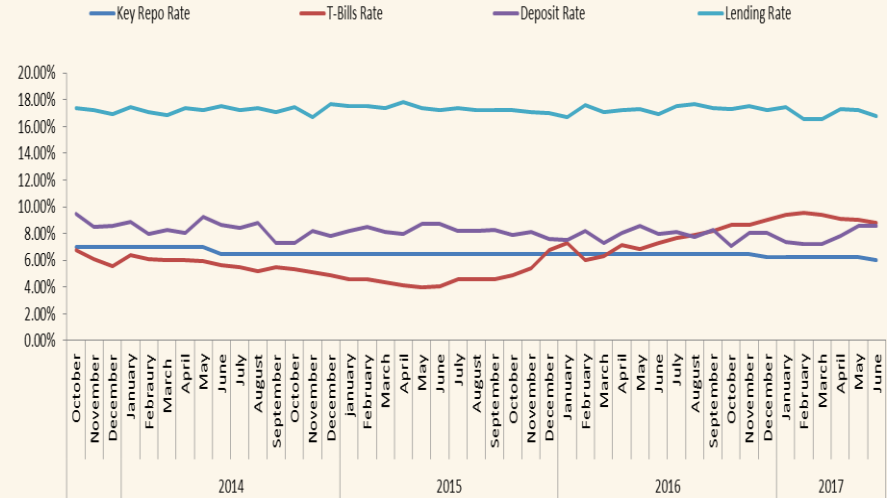
(3) Source: Population stats by World Bank

Banking Sector Overview

Rwanda Banking System Total Assets



Interest Rate Analysis



Source: BNR Supervision Department

Banking Sector Review

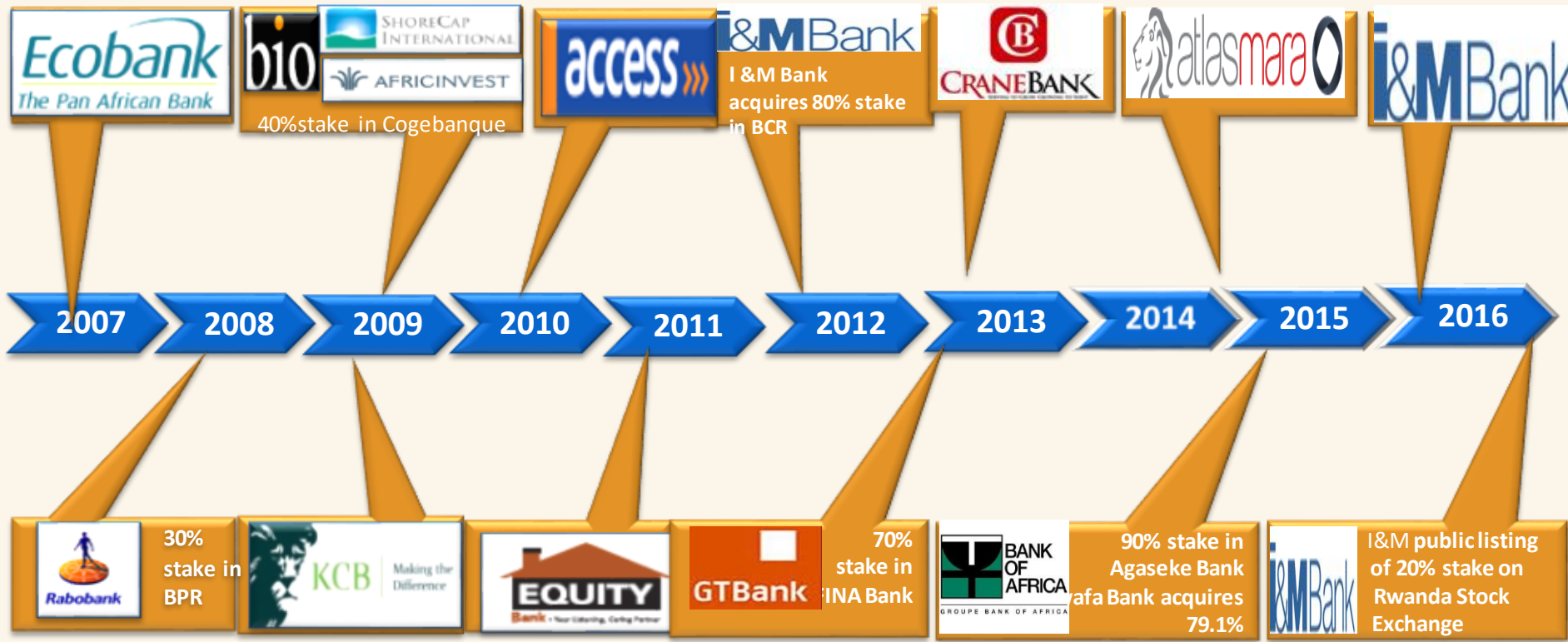
- Total assets of the industry registered growth rate of 8.0% in June 2017, from FRW 2.38 trillion in December 2016 to 2.57 trillion in June 2017.
- The capital adequacy ratio (CAR) stood at 20.7% in June 2017 well above Basel committee benchmark of 13% and the BNR regulatory minimum requirement of 15%
- Profitability indicators slightly increased compared to Dec 2016, Return on Average Assets (ROAA) and Return on Average Equity (ROAE) as at June 2017 was 1.7% and 9.6% respectively from 1.7% and 8.8% as at Dec 2016.
- The asset quality deteriorated further as the rate of nonperforming loans increased from 7% in June 2016 to 8.2% in June 2017 for banks, and from 7.5% in June 2016 to 12.3% in June 2017 for microfinance institutions..

Source : BNR Supervision Department

Recent Regulatory Reforms To Improve Access To Credit

- Regulation governing agents. This regulation establishes new licensing process for agents of banks and payment system providers in a bid to improve efficiency and expand access of financial services;
- Regulation determining Key Facts Statement and disclosure of Annual Percentage Rate for fixed term credit contracts between a financial service provider and a consumer.
- Draft law relating to financial consumer protection.
- Draft law governing credit reporting systems.

Timeline of Foreign Investment In The Rwandan Banking Sector

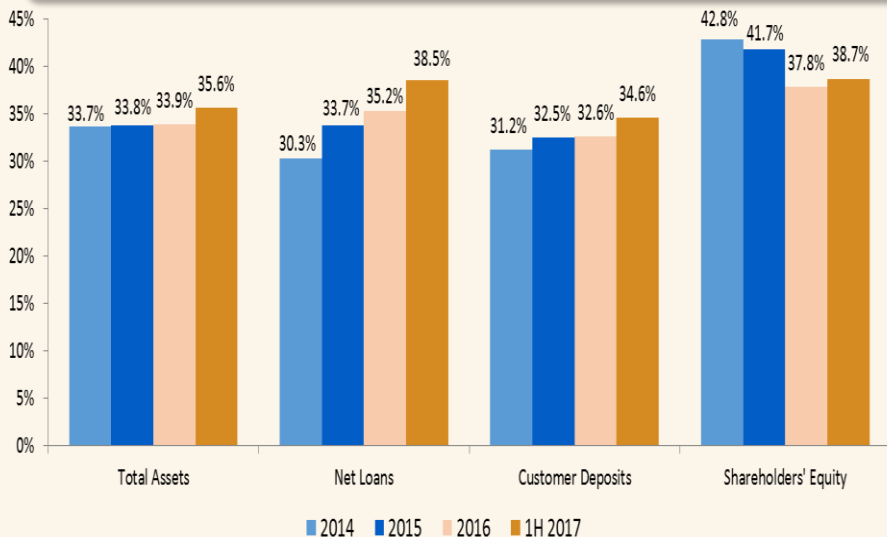


	2011	2012	2013	2014	2015	2016	1H 2017
Bank of Kigali Market Share by Total Assets	32.3%	31.7%	35.8%	33.7%	33.8%	33.9%	35.6%

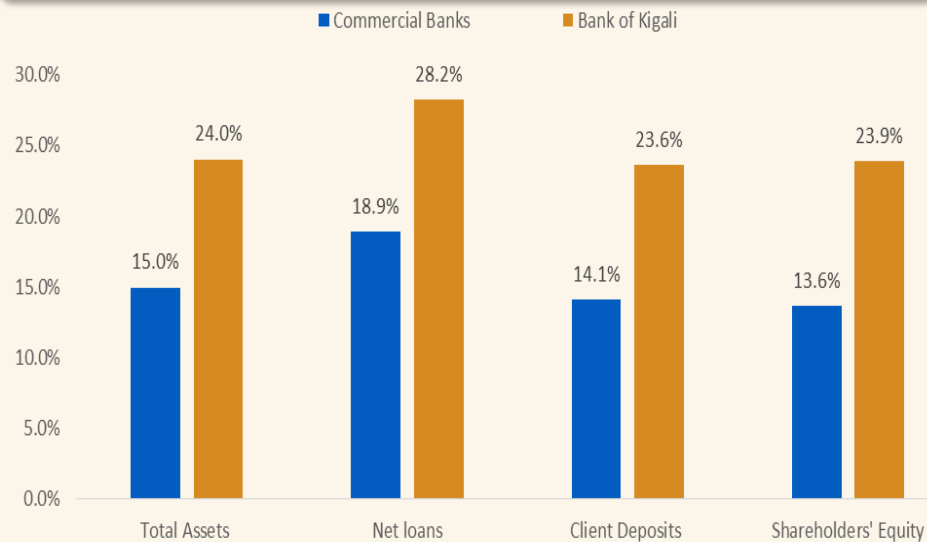
* Market share among commercial banks – BK Analysis

Competitive Landscape

Market Share Dynamics

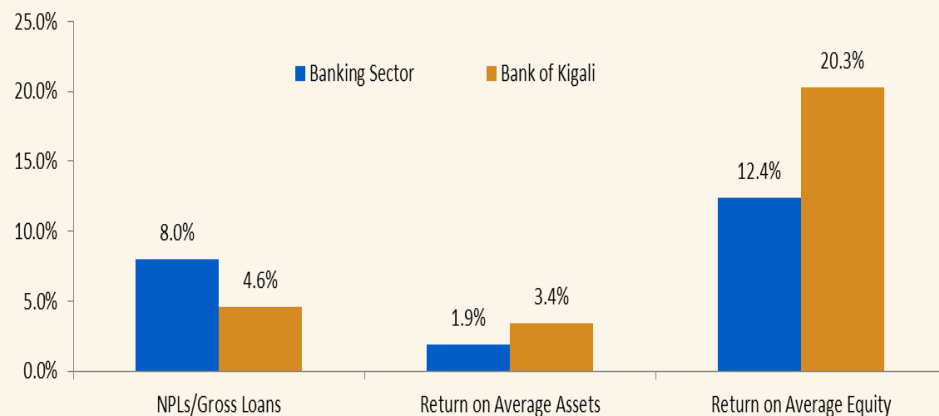


Bank of Kigali Growth vs. Commercial Banks' Growth, CAGR YE 2010 –1H 2017

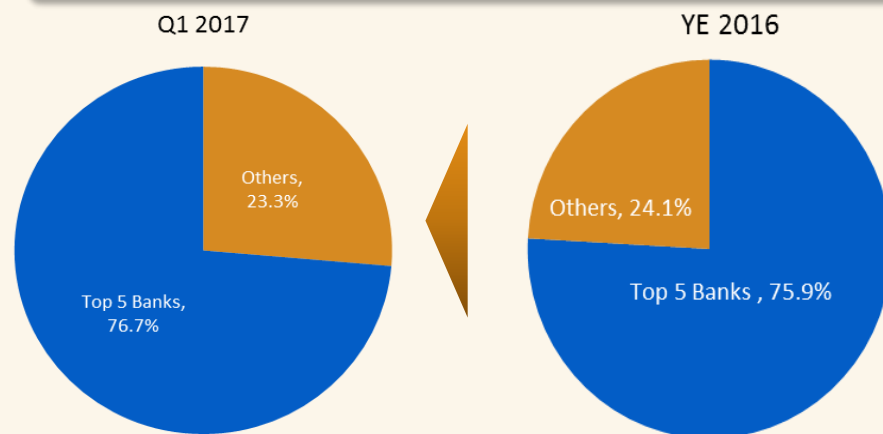


Source: BNR Supervision Department

Selected Indicators 1H 2017











































Concentration of Banking Sector Assets



Source: BNR Supervision Department, BK 1H 2017

Source: 1H 2017 & 2016 Published Financial Statements

Strong Market Leadership –1H 2017

Rank	Total Assets		Net Loans		Customer Deposits		Equity	
1		35.6%		38.5%		34.6%		38.7%
2		13.8%		14.3%		13.0%		13.8%
3		11.1%		10.6%		10.9%		10.6%
4		9.6%		9.7%		8.9%		8.2%
5		7.5%		8.1%		8.4%		8.0%
6		7.3%		7.0%		7.6%		6.9%
7		6.8%		5.1%		7.4%		5.6%
8		4.1%		3.3%		4.8%		4.3%
9		3.9%		3.3%		4.4%		3.2%
10		0.1%		0.0%		0.0%		0.8%

Source: 1H 2017 Published Financial Statements

BANK OVERVIEW



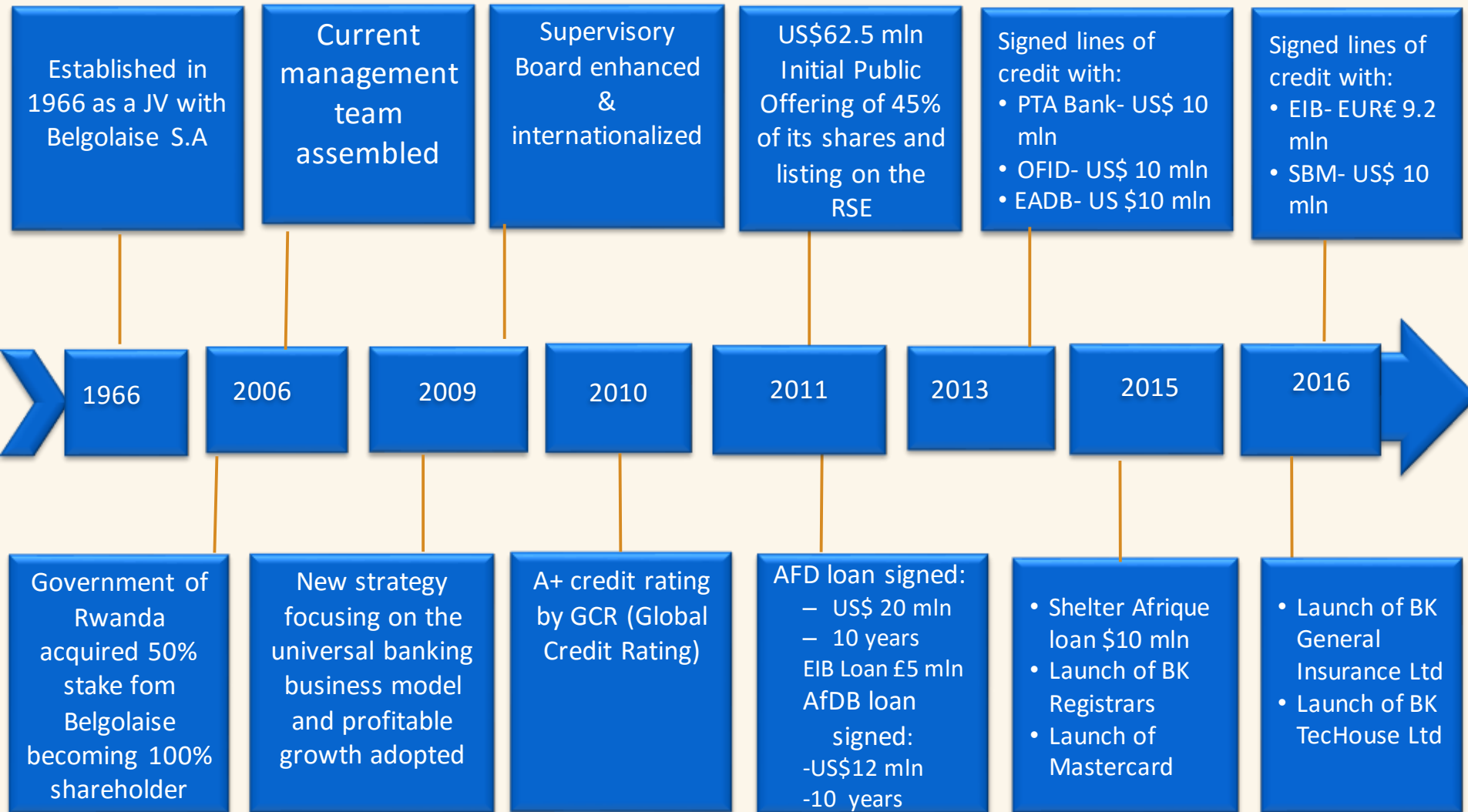
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Background and History



A Snapshot of Bank of Kigali

Key Facts

- █ The leading bank in Rwanda (35.6% market share by Total Assets as at 30 June 2017), offering a wide spectrum of commercial banking services to Corporate, SME and Retail customers
- █ As at 30 June 2017 the Bank had:
 - █ Over 26,000 Corporate clients
 - █ Over 258,000 Retail clients
 - █ 79 branches
 - █ 89 ATMs and 1,082 POS
 - █ 1,233 employees
 - █ 1,356 Agents
- █ Western Union, Money Gram services for International Transfers



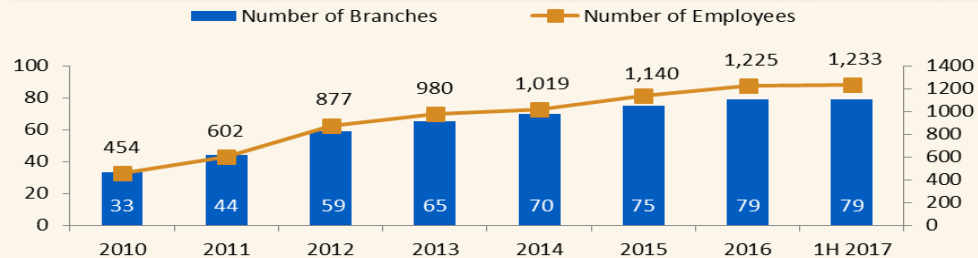
US\$ million	2010	2011	2012	2013	2014	2015	2016	1H 2017	CAGR 2010-1H 2017
FRw/USD Period End rate	594.4	604.4	630.6	670.2	686.1	725.0	807.0	837.6	
Total Assets	332.6	476.3	511.9	630.2	703.4	774.1	791.0	858.7	24.0%
Net Loans	170.6	203.7	293.5	297.0	340.3	433.0	478.1	537.8	28.2%
Client Deposits	228.3	299.5	330.5	418.5	473.1	530.6	519.2	577.6	23.6%
Shareholders' Equity	53.6	101.9	100.1	105.7	130.5	136.9	134.4	137.8	23.9%
Net Income	10.4	14.4	18.5	22.0	26.7	28.2	25.7	11.4	

Growth figures are calculated on FRw Values.

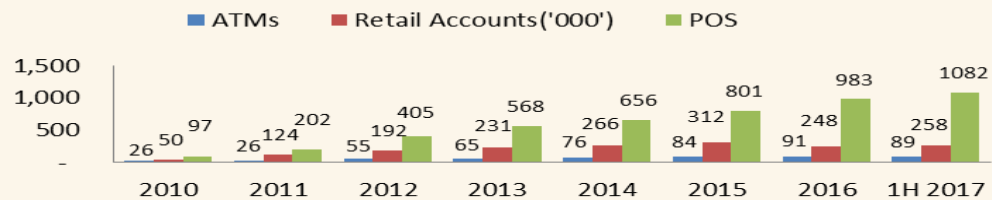
Market Share	2010	2011	2012	2013	2014	2015	2016	1H 2017
Total Assets	27.4%	32.3%	31.7%	35.8%	33.7%	34.1%	33.9%	35.6%
Net Loans	31.5%	29.4%	31.5%	31.5%	30.3%	33.9%	35.5%	38.5%
Client Deposits	25.9%	28.2%	28.1%	32.2%	31.0%	32.6%	32.8%	34.6%
Shareholders' Equity	32.2%	41.9%	41.9%	44.3%	43.0%	43.0%	37.9%	38.7%

Source: : BNR Supervision Department , BK 1H 2017

Branch Network Evolution



Growth in ATMs, POS Terminals and # of Retail Current accounts



CORPORATE GOVERNANCE



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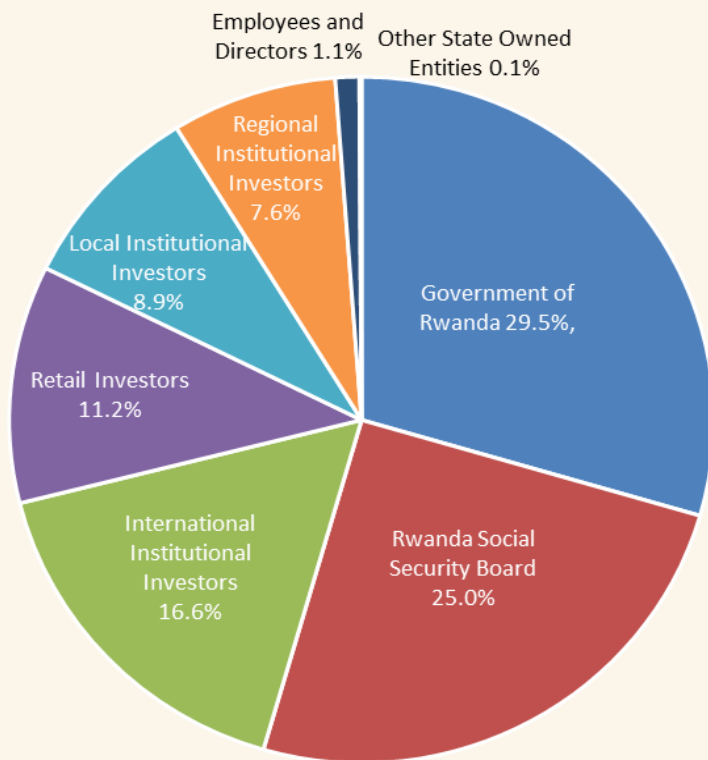


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Shareholding Structure & Corporate Governance

Shareholding Structure as at 30 June 2017



Free float- 45%

Corporate Governance

- ✘ The Board has one executive director, three independent non-executive directors (including one non-resident director with extensive expertise in international banking practices) and two non-independent directors representing shareholders' interest.
- ✘ The Board of Directors is appointed by the shareholders and approved by the Central Bank and meets on a quarterly basis or more frequently as the business demands.
- ✘ The Board sets the strategy and retains full responsibility for the direction and control of the Bank as spelled out in the Memorandum and Articles of Association, the Board Charter and the BNR Corporate Governance guidelines.
- ✘ The Board sub-committees have clear TORs which underscore the scope and context of their mandate and performance as approved by the Board & the BNR Corporate Governance regulation.
- ✘ The Board receives detailed financial information and regular presentations from the management on the Bank's business performance; this enables the Directors to make informed decisions on governance, strategic, financial and operational issues.

Share Trading Performance

30 June 2017

Analyst Coverage



Recommendation: **HOLD**
 Target Price: **FRw 319**
 Last coverage report: February 2016



Recommendation: **BUY**
 Target Price: **FRw 370**
 Last coverage report: June 2016

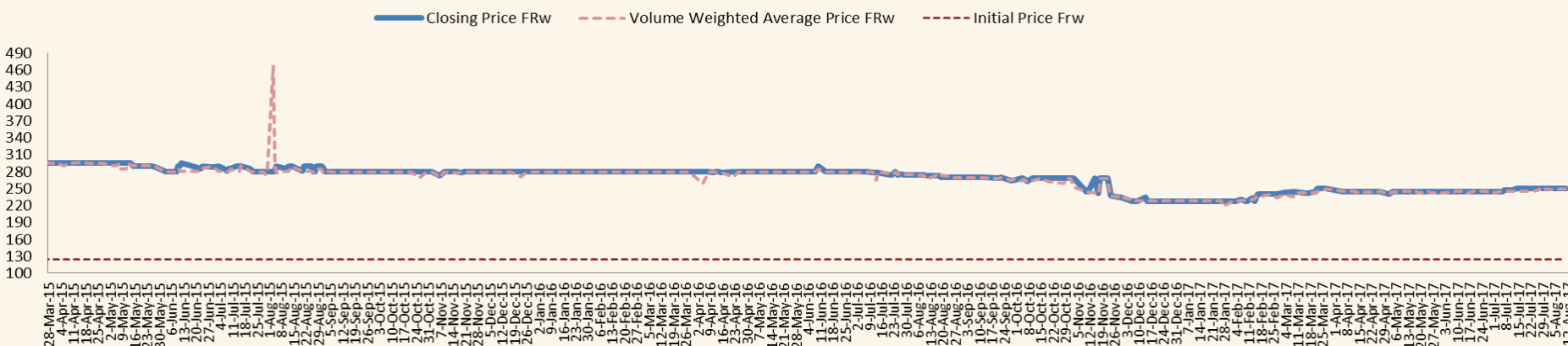
Current price, FRw	245
Market Cap, US\$ mln	198
Free float	45%
Free float in US\$ mln	92.4
Average daily turnover in US\$ mln	0.12
Common shares outstanding, mln shares	673.6
12-month high	275
12-month low	228
P/E 1H 2017 (based on current price)	10.72x
P/BV 1H 2017 (based on current price)	1.15x
Dividend yield, 2016 (based on current price)	5.4%
Basic EPS, June 2017 (annualized)	33.8
Ticker Code	BOK
Bloomberg	BOK.RW

FRw/USD Exchange Rate of 830.2 as at 30 June 2017 (BNR Middle Rate)

***Capital gains on RSE transactions are exempted from Capital Gains Tax**

Share Price Performance

Price



BUSINESS OVERVIEW



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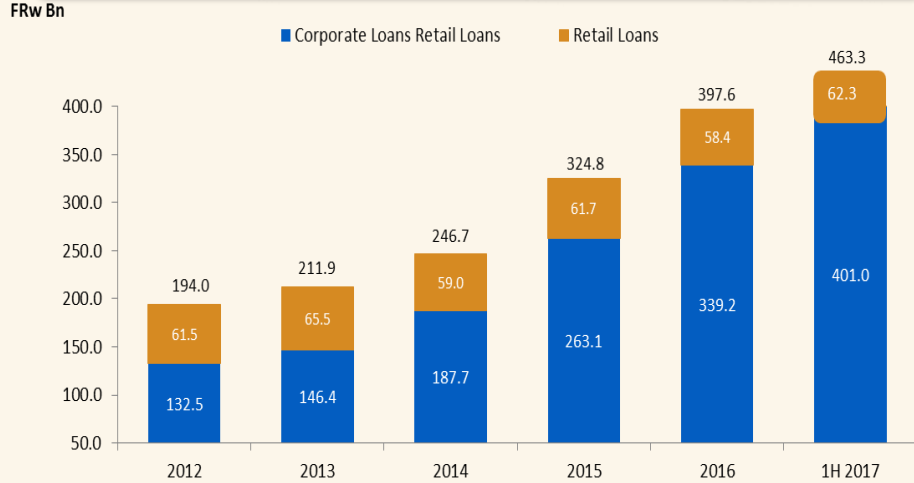


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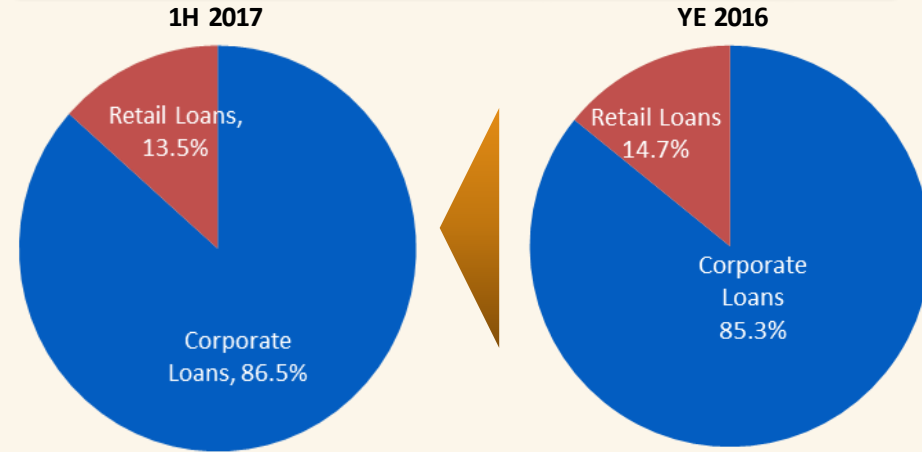


Overview of the Loan Book

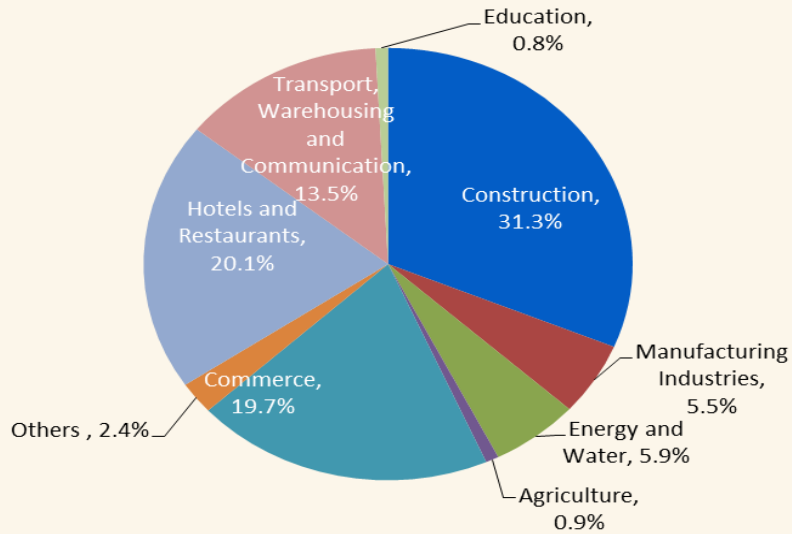
Gross Loan Portfolio



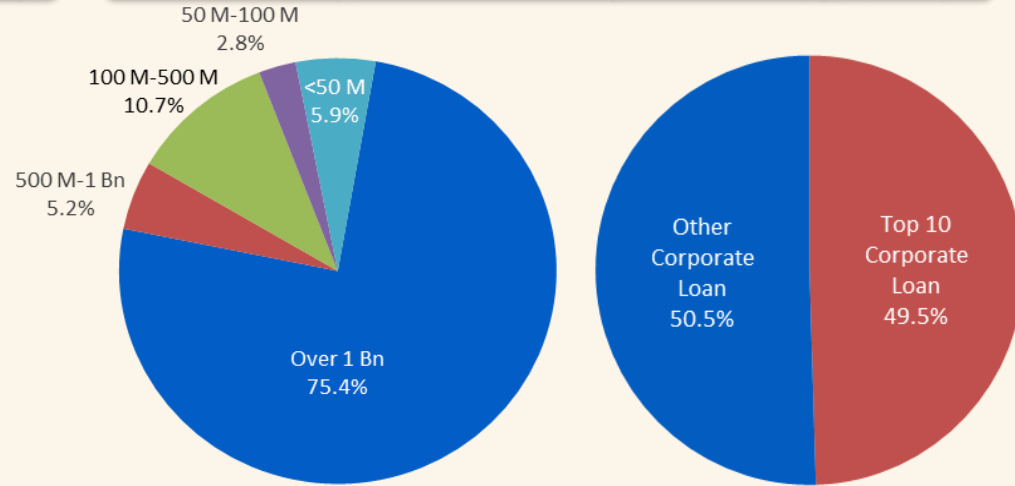
Loan Book Segmentation



Total Loan Book 1H 2017

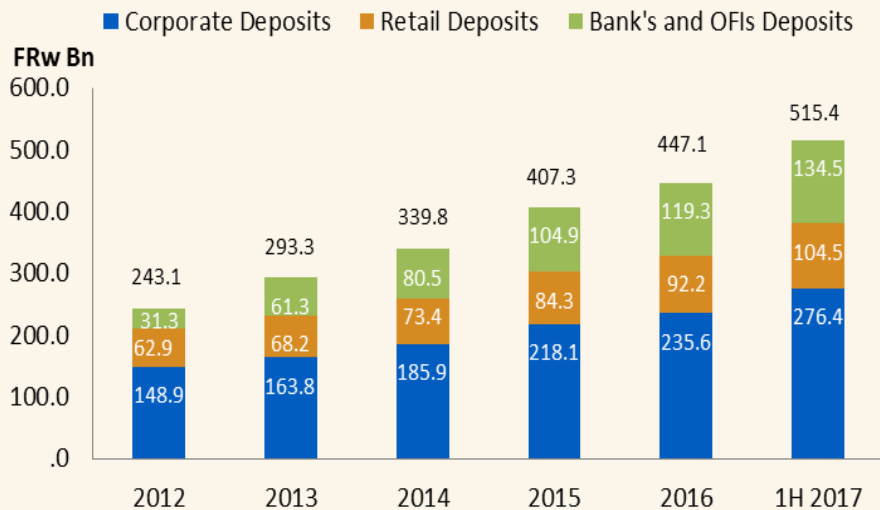


Corporate Loan Book 1H 2017

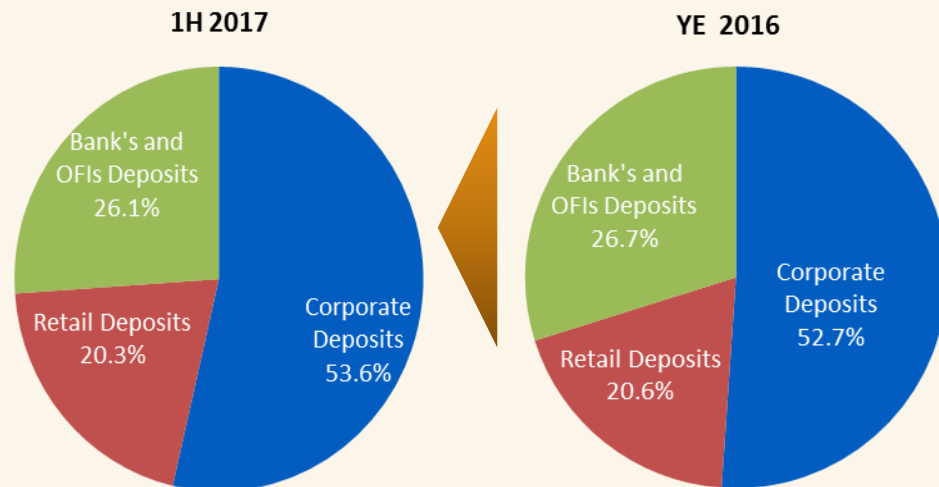


Overview of Deposit Structure

Total Deposits Growth

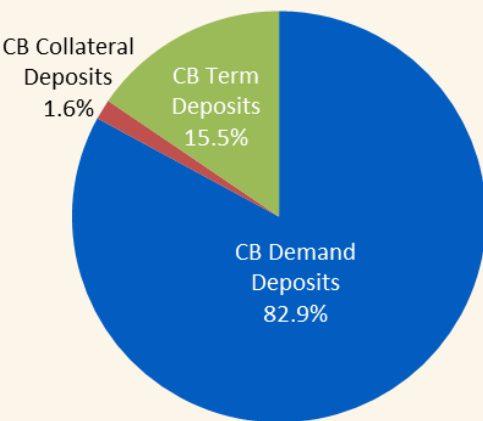


Customer Deposit Segmentation

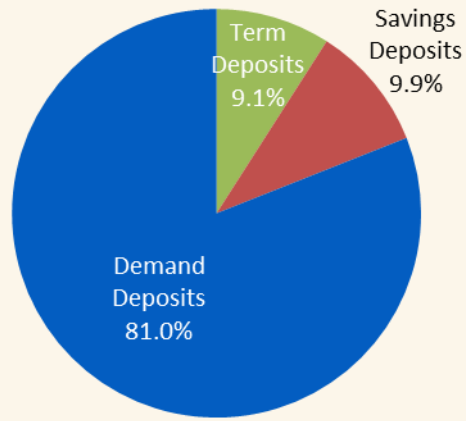


Structure of Deposits, 1H 2017

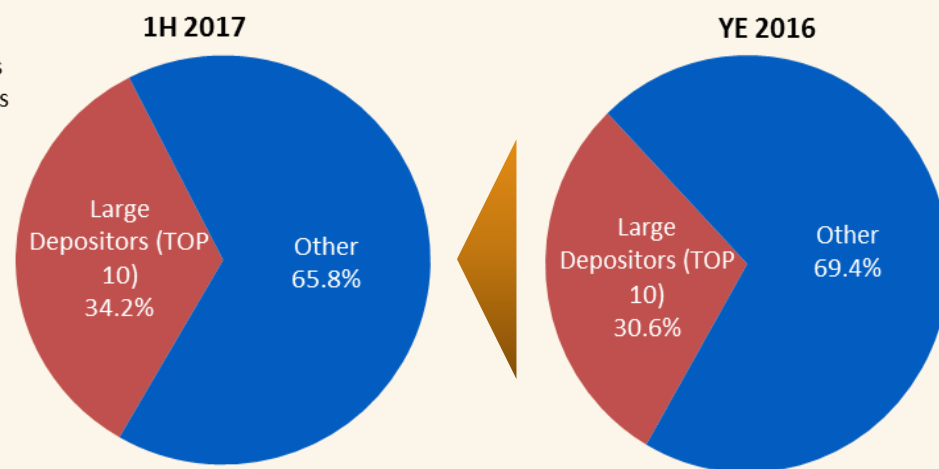
Corporate: FRw 276.4 Bn



Retail: FRw 104.5 Bn



Customer Deposits Concentration



* depositors with total balances above 5% of shareholders' equity

Corporate Banking

Description



☒ Clients include corporate, SMEs and NBAs*



☒ Interest rates are in the 15.0% - 18.5% range.

☒ Key products:



☒ CAPEX loans: long-term loans for investment or expansion of the business



☒ Commercial mortgage loans: typical customer participation at 30% of property value, typical tenor of up to 10 years



☒ Working capital loans: financing business needs to an agreed limit for a short period (usually <1yr)



☒ Overdrafts



☒ Strategy



☒ Introduce new services, integrate client coverage



☒ Grow and consolidate market share



☒ Leverage superior lending capacity

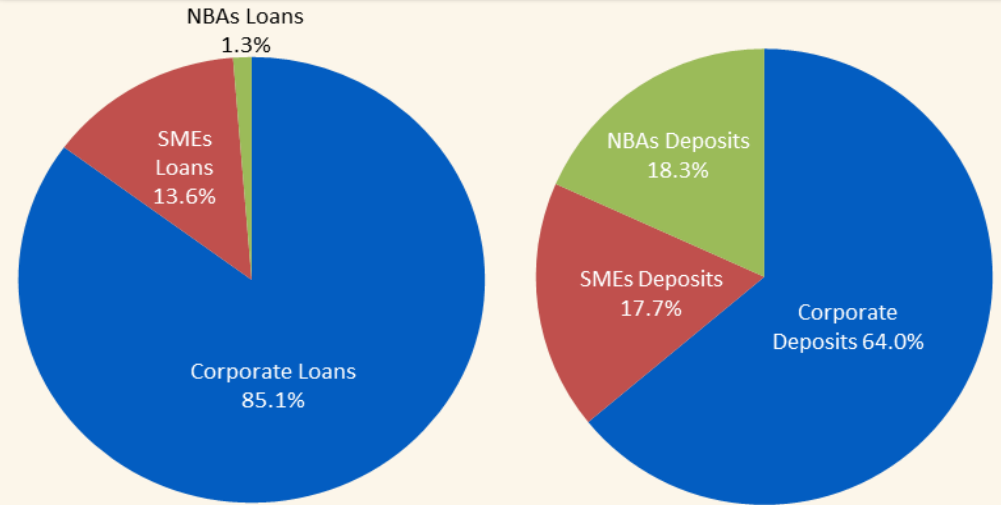


☒ Focus on payroll services

*NBAs (Non Business Associations) include Non-Profit Organizations, Charities, Religious institutions, Educational Institutions, Cooperatives, etc.



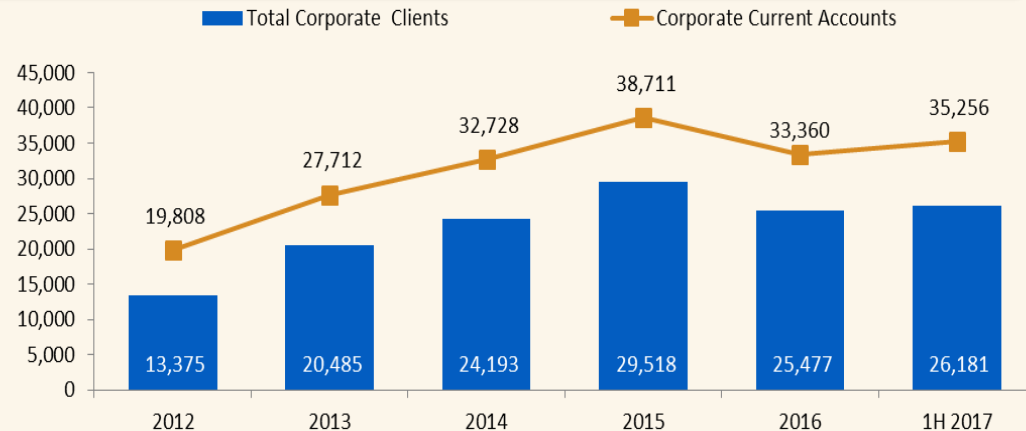
Key Segments at 1H 2017



Corporate Loans: FRw 401.0 Bn

Corporate Deposits: FRw 276.4 Bn

Number of Corporate Accounts



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Executing The Retail Strategy

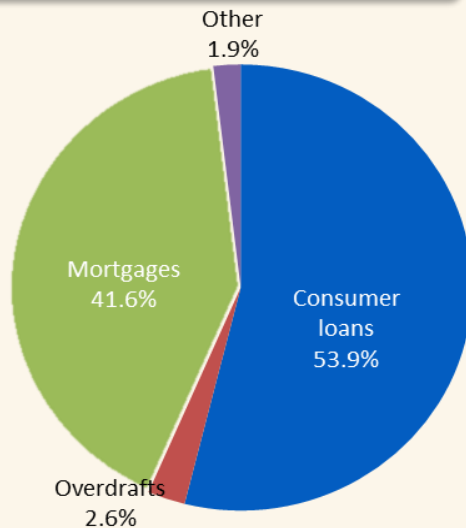


Retail Banking

Description

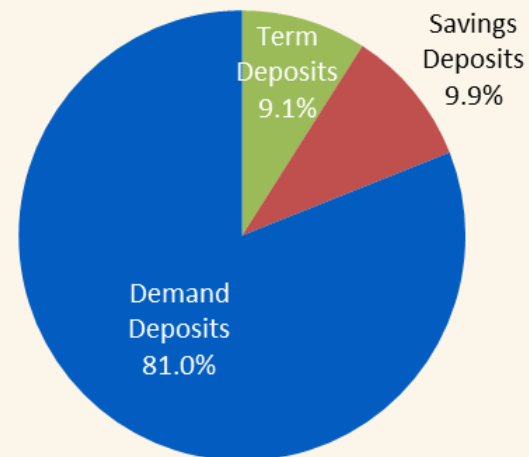
- The Bank's retail business is primarily focused on mortgages and consumer loans with notable share of salary backed overdrafts
- Key products:**
 - Mortgage loan: up to 15 years with typical customer participation at 30% of property value
 - Consumer loan: up to 12x monthly salary and 48 months
 - Overdraft: up to 60% of monthly salary (normally repaid in 30 days)
 - Other products include credit cards and asset based financing
- Strategy:**
 - Build a ubiquitous branch footprint throughout the country
 - Build sufficient channel capacity to be able to service 500,000+ clients
 - Build out the retail product lineup to achieve relevance to the daily lives of the banked population
 - Expand credit/debit card usage

Retail Lending



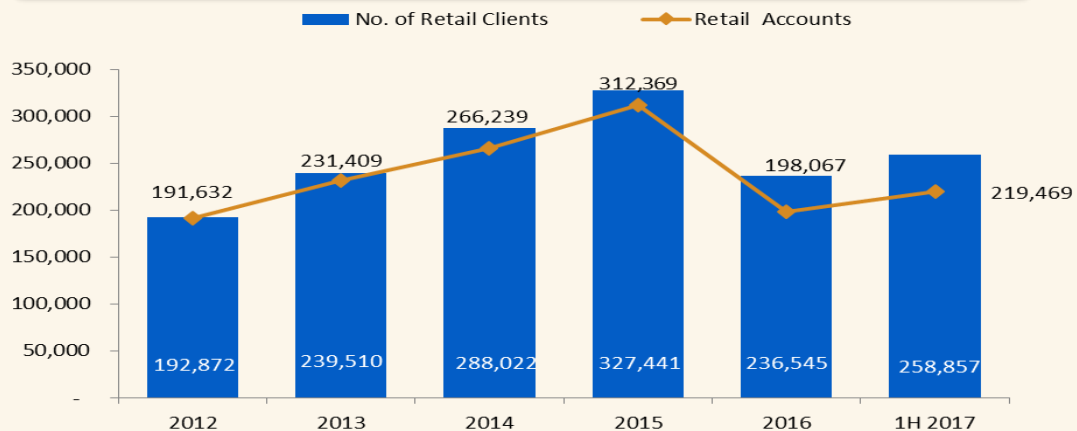
Retail Loans: FRw 62.3 Bn

Retail Deposits



Retail Deposits: FRw 104.5 Bn

Retail Client Accounts



Our Products

BK CASH POINT



Source: Bank of Kigali



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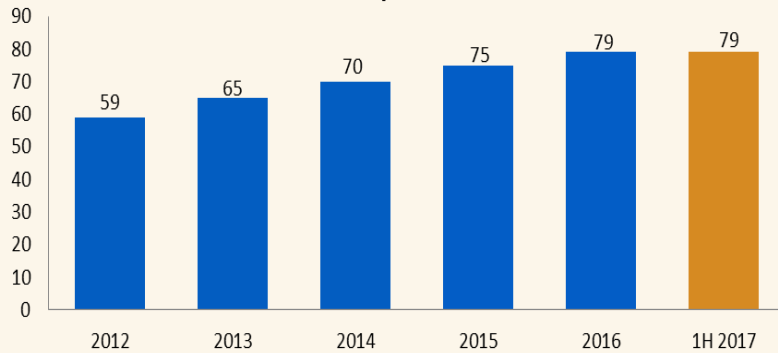
AFRICAN BANKER AWARDS 2015



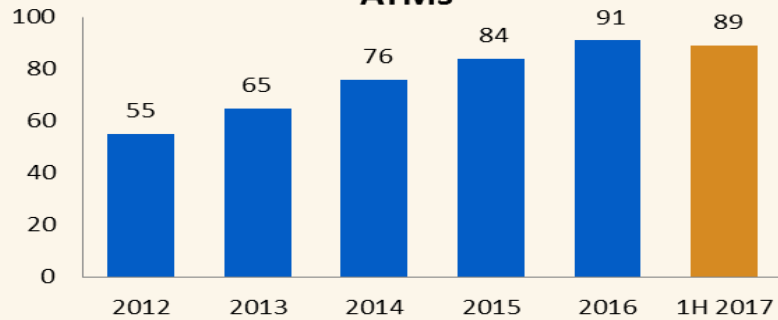
Growing Our Distribution Network

Ubiquitous footprint

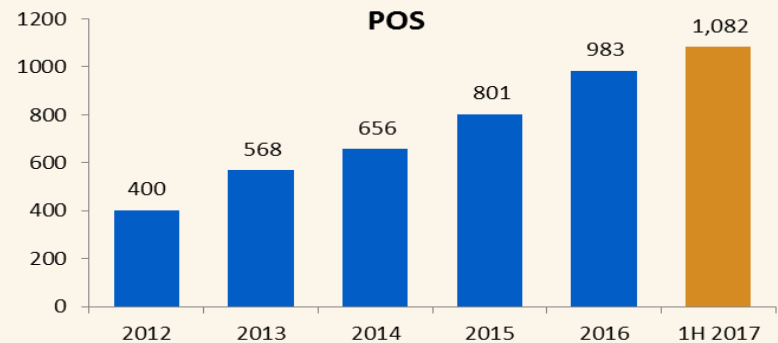
Branch Expansion



ATMs

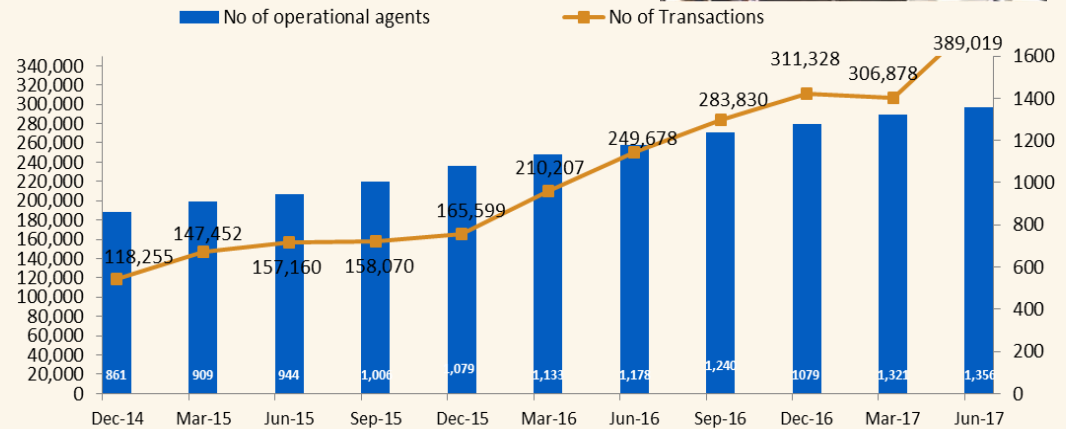


POS



Agency Banking

- Agency Banking platform BK Yacu began operating in Nov 2012.
- Expanded the agency banking network to 1,356 operational agents as at 30 June 2017
- Agents are able to perform cash in and cash out transactions, open customer accounts as well as send and receive money.



Other Initiatives

- A total of 9 mobile vans have been deployed across the country

Expanding Our Self Service Products

Growing our Card Business

Key Achievements

- ☒ Launched MasterCard line of products and continuous growth of VISA cards
- ☒ Launched e-Commerce acquiring
- ☒ Over 200,000 debit & credit cards currently in circulation
- ☒ Union Pay and Diners Club Card Acquiring and Amex ATM acquiring
- ☒ Deposit-taking ATMs



Increasing our Mobile Product Offering

Enhancing our mobile banking service

- ☒ **Our mobile banking service Mobiserve allows customers to perform the following transactions:**
 - ☒ Send money to any mobile phone user regardless of whether they operate a bank account or not
 - ☒ Purchasing prepaid TV, airtime and electricity
 - ☒ Check Balances and Bank information
 - ☒ Order cheque books



Other Services

☒ **Visa Platinum:** “ A premium card for a Premium customer”

- ☒ Higher limit for your convenience,
- ☒ More local and international benefits

☒ **Premier banking:** “ The 5 stars Banking experience”

- ☒ Introducing personal banker experience
- ☒ More convenience for business community
- ☒ Premier services availability across the country
instead of just one branch

☒ **Kid’s savings account:** “ Just because you care”

- ☒ A saving experience for your Kids from the 1st day till
16th years Anniversary
- ☒ The best interest on your savings in the Market 8%.

Savings Campaign



☒ **What does BIGEREHO means ?**

- ☒ BIGEREHO simply means reach your dreams, realize your targets, Get where you want to be
- ☒ Bank of Kigali wants to contribute more on the economic development of Rwandans via this campaign by supporting them to reach their dreams.

☒ **What are we trying to achieve?**

- ☒ Financial literacy mainly to the informal sector for the them to understand what Bank of Kigali can do for them in order to transform their financial lives,
- ☒ Embed the saving culture in the market.

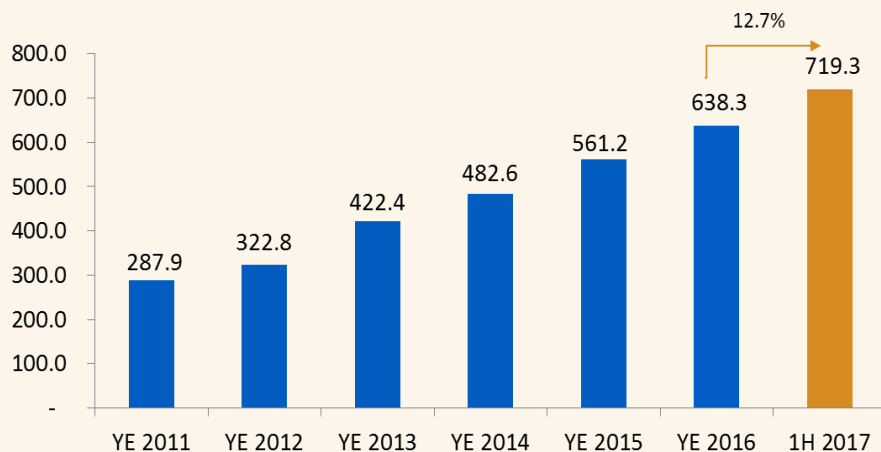
REVIEW OF FINANCIAL PERFORMANCE



Balance Sheet Highlights

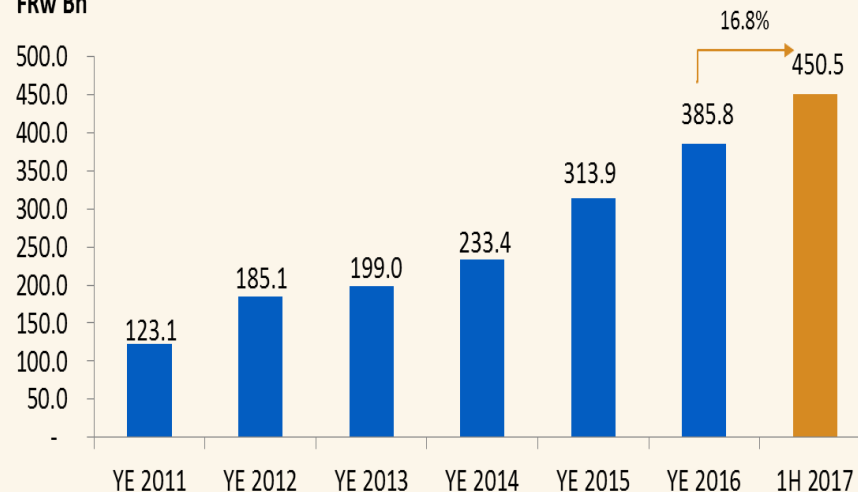
Total Assets

FRw Bn



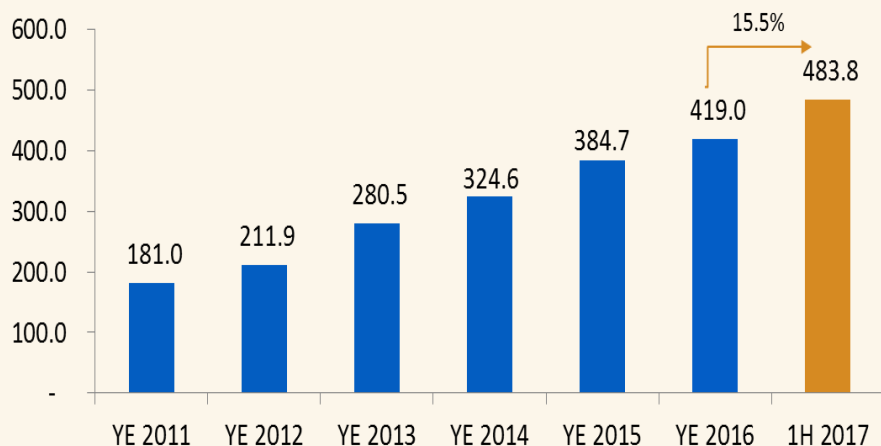
Net Loans and Advances

FRw Bn



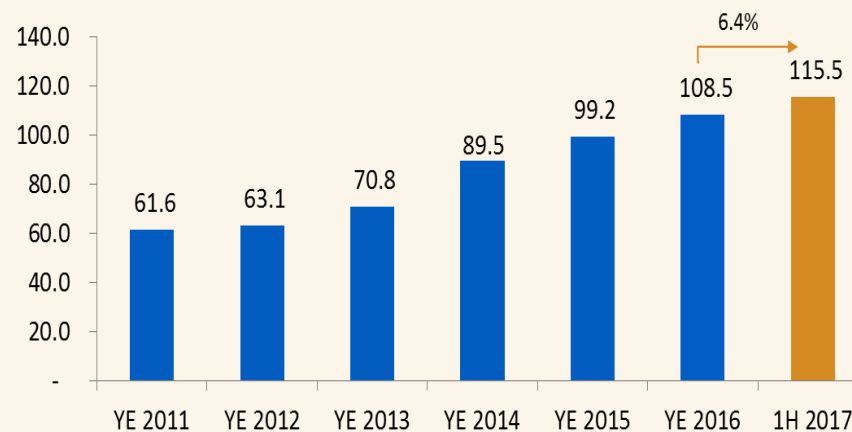
Customer Balances and Deposits

FRw Bn



Shareholder's Equity

FRw Bn



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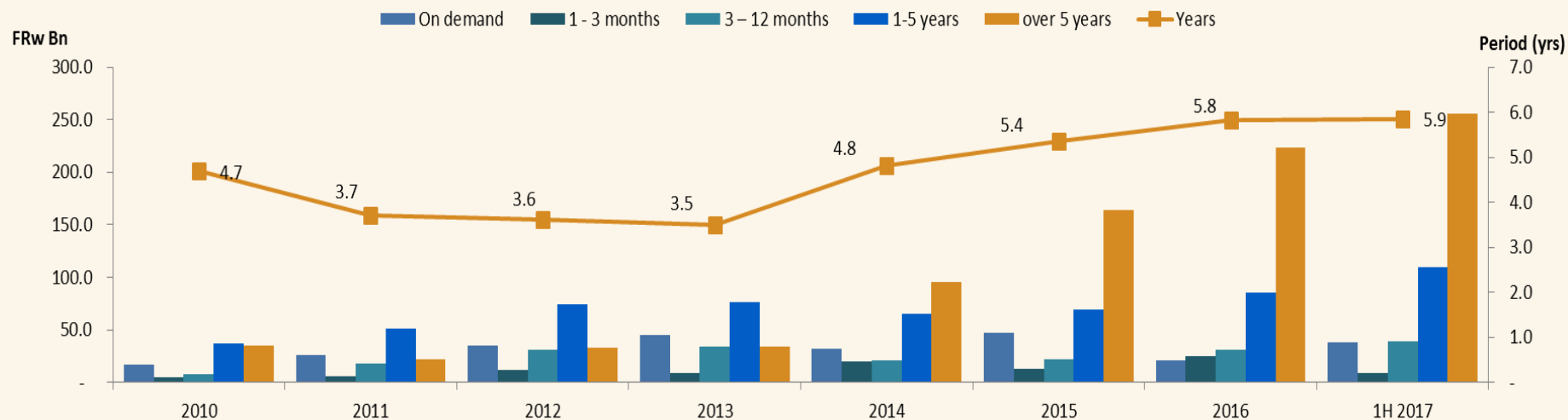


AFRICAN BANKER AWARDS 2015

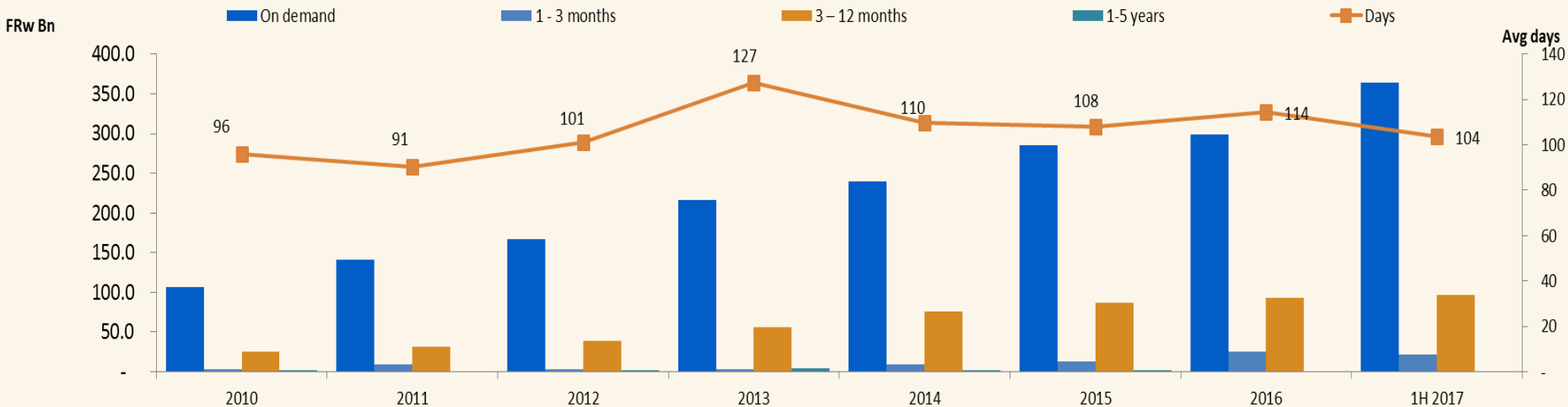


Maturity Profile

Loans and Advances to Clients

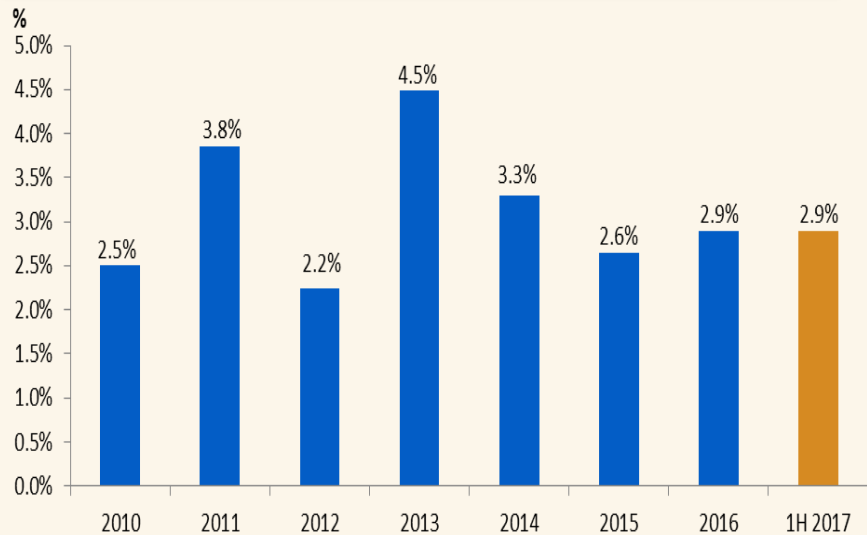


Customer Balances and Deposits



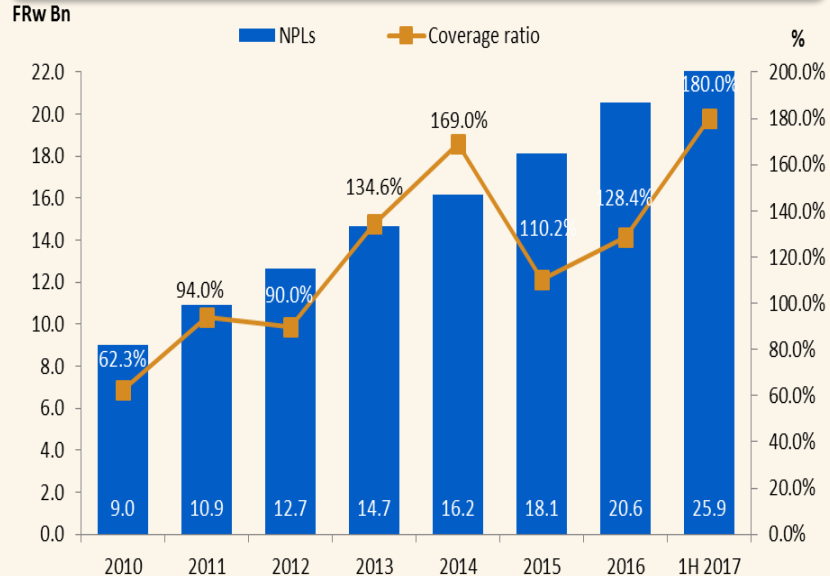
Asset Quality

Cost of Risk**, %



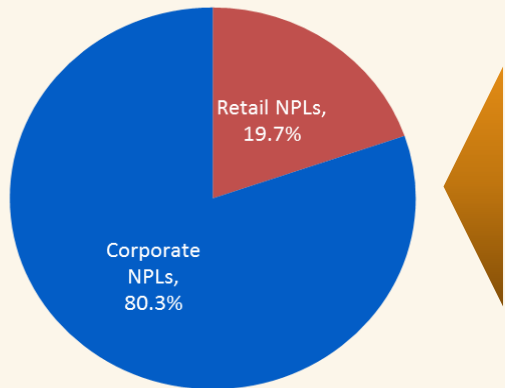
Notes: ** LLP charge / Average gross loans for period

Improving Coverage Ratio

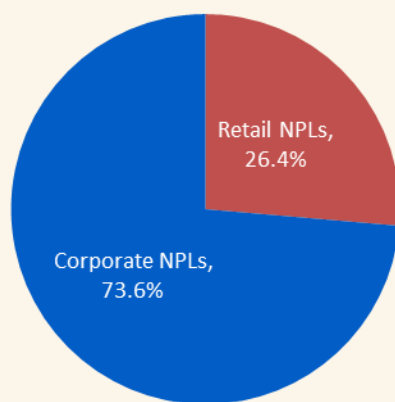


NPLs by segment

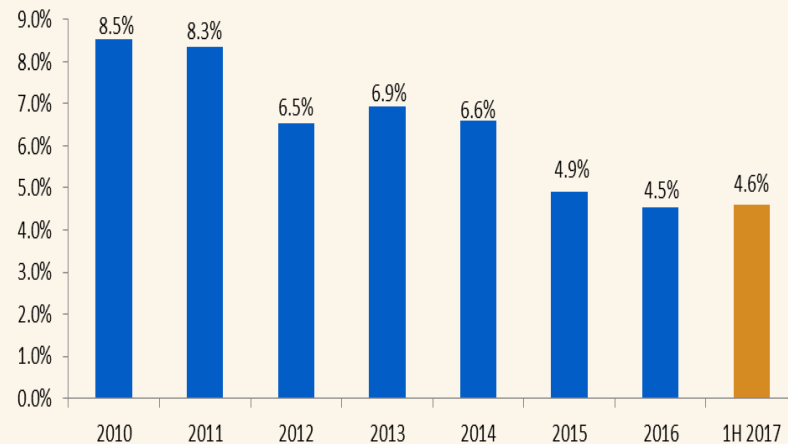
1H 2017



YE 2016



Manageable NPLs Ratio



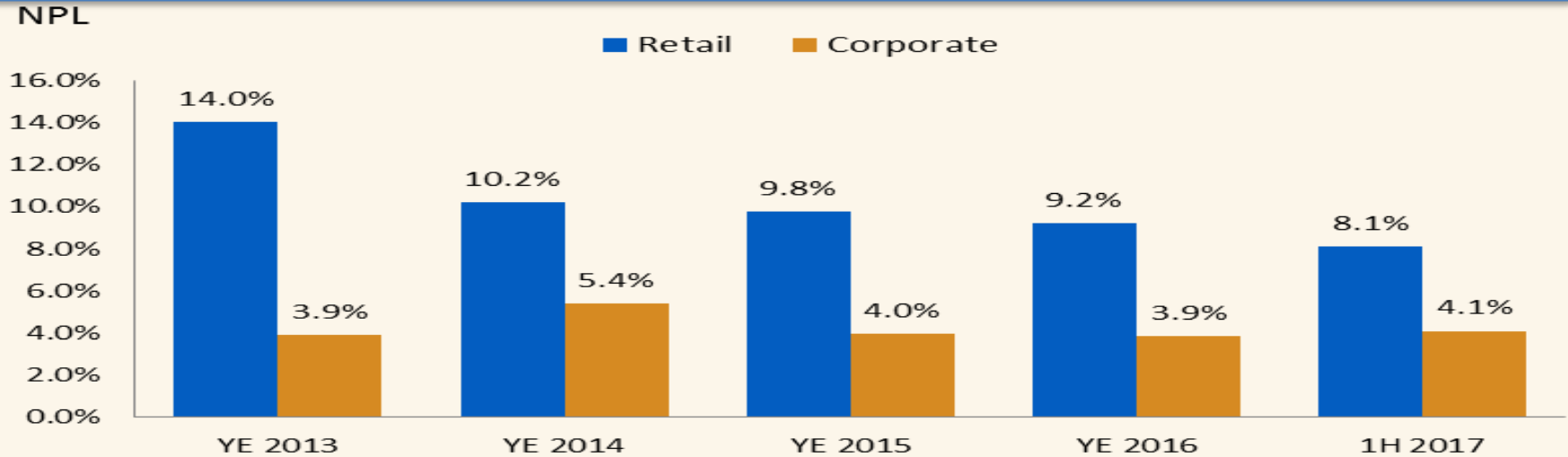
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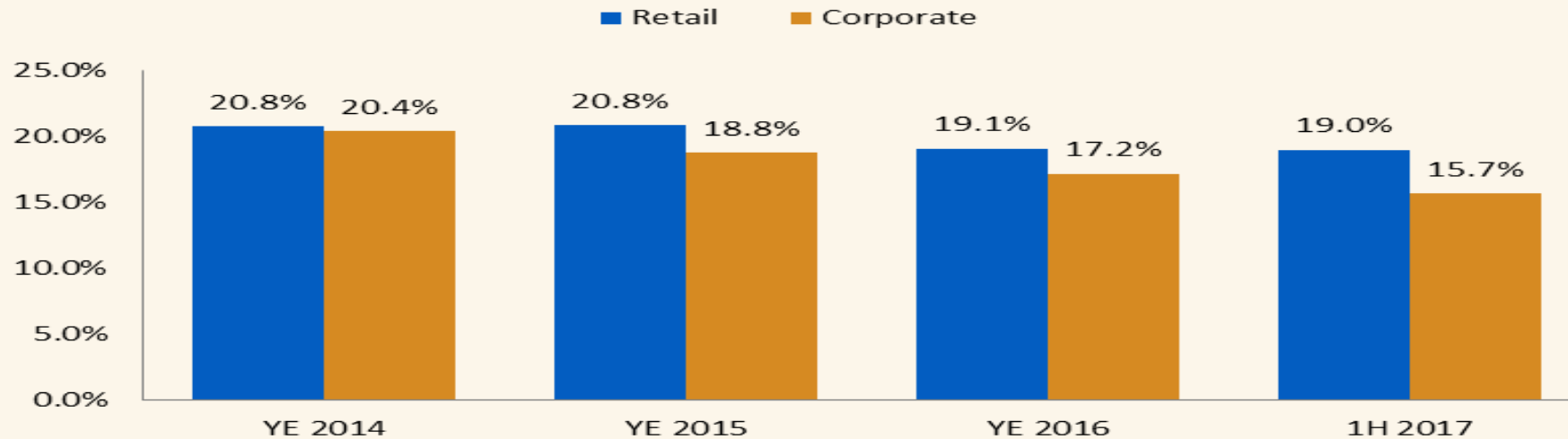
AFRICAN BANKER AWARDS 2015



NPLs by Segment



Gross loan Yield by Segment

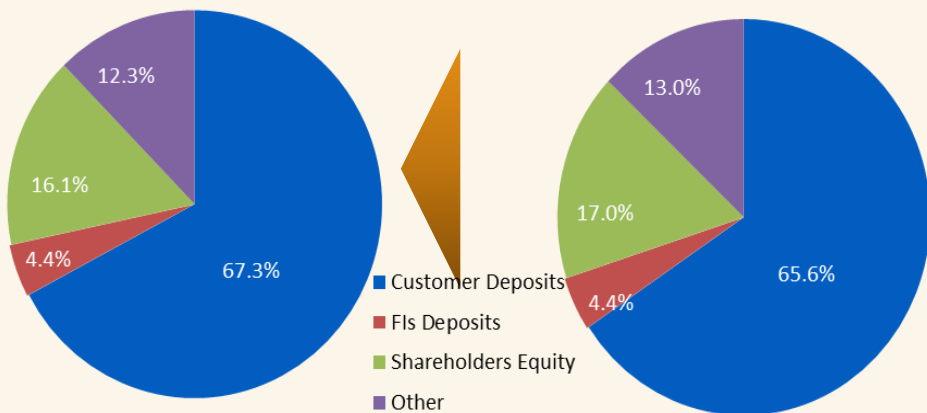


Funding

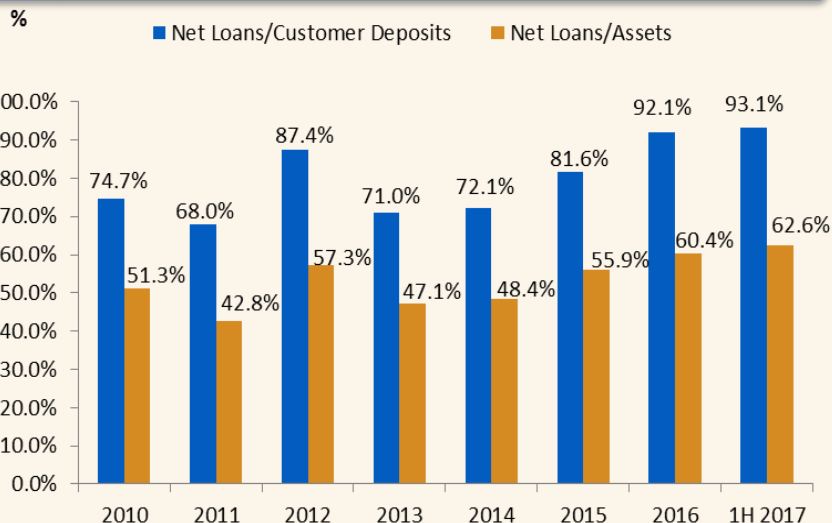
Funding Structure, %

1H 2017

YE 2016



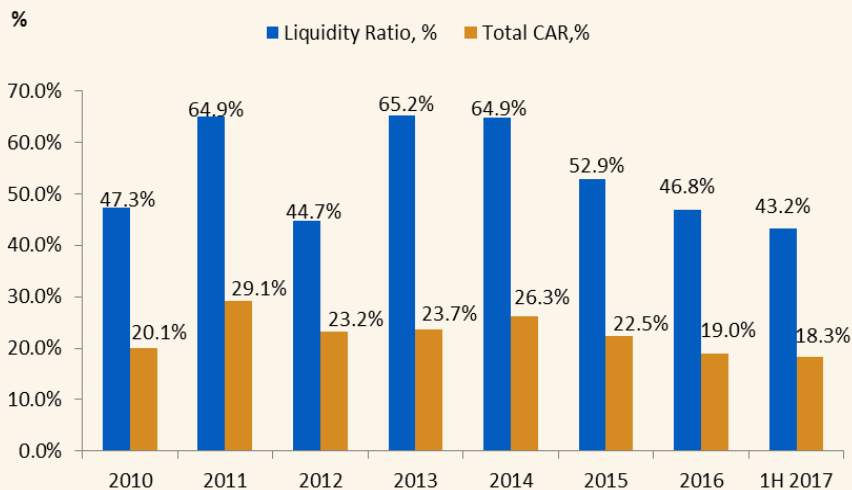
Significant Potential For Growth In Higher Yielding Assets



Highlights

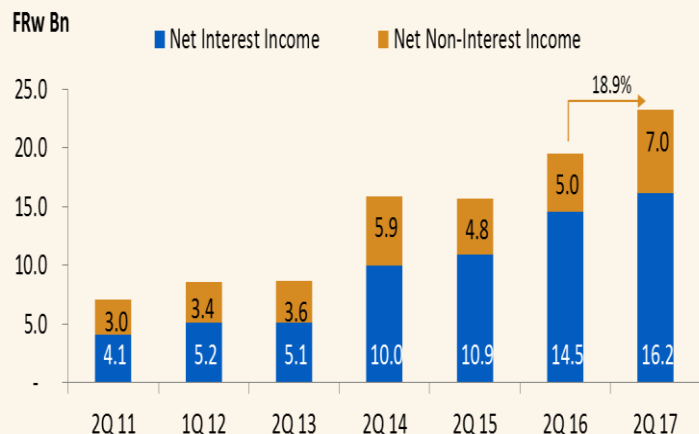
- █ Deposits are the primary source of funding with the share of customer deposits at 67.3% as at 30 June 2017
- █ Strong growth in deposits has been driven by our branch expansion as well as the introduction of various deposit mobilizing initiatives such as mobile vans and agency banking

Strong Capital And Liquidity Position

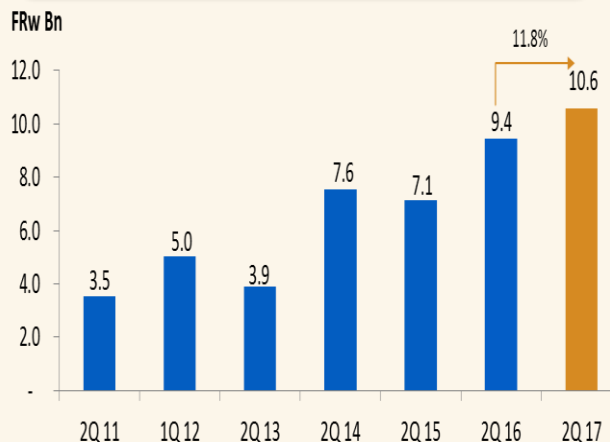


Income Statement Highlights

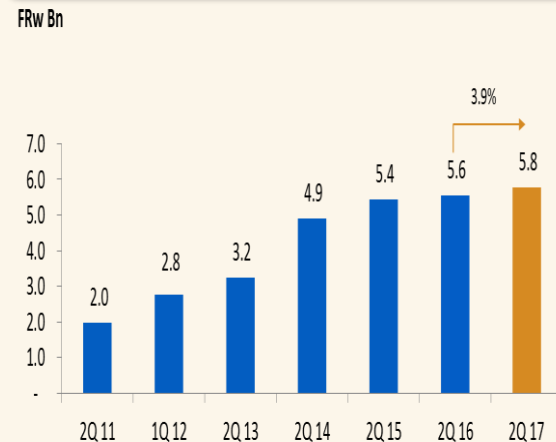
Total Operating Income



Total Recurring Operating Costs



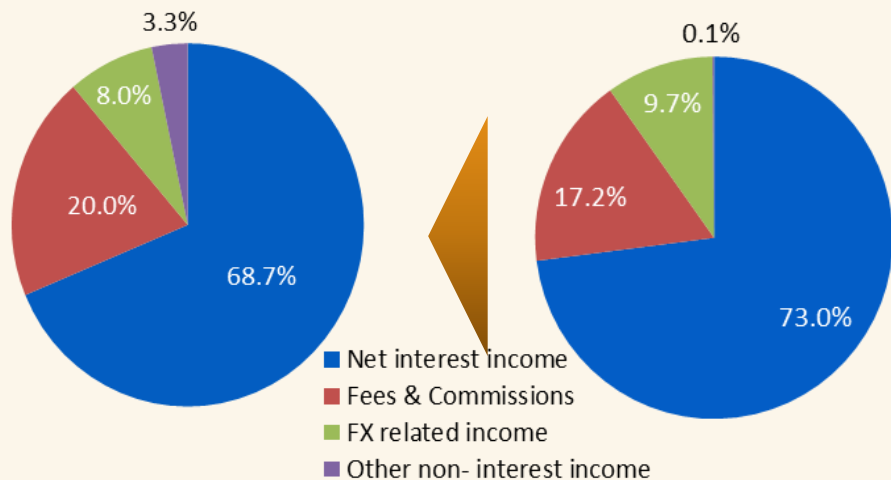
Net Profit



Composition of Total Operating Income

1H 2017

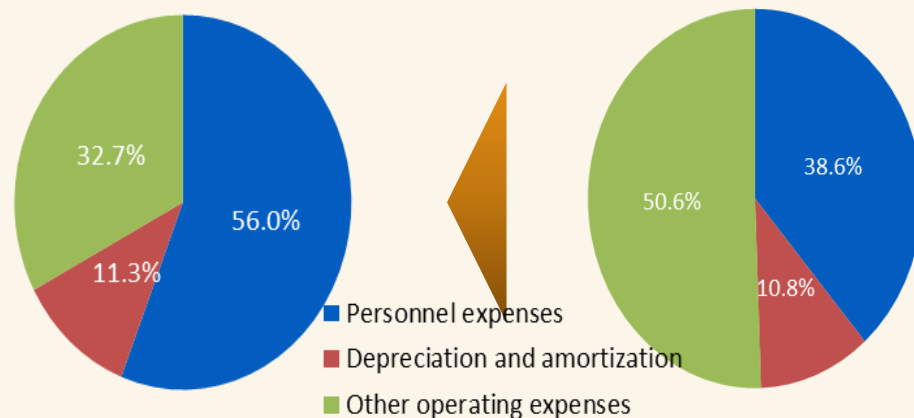
YE 2016



Composition of Total Operating Expenses

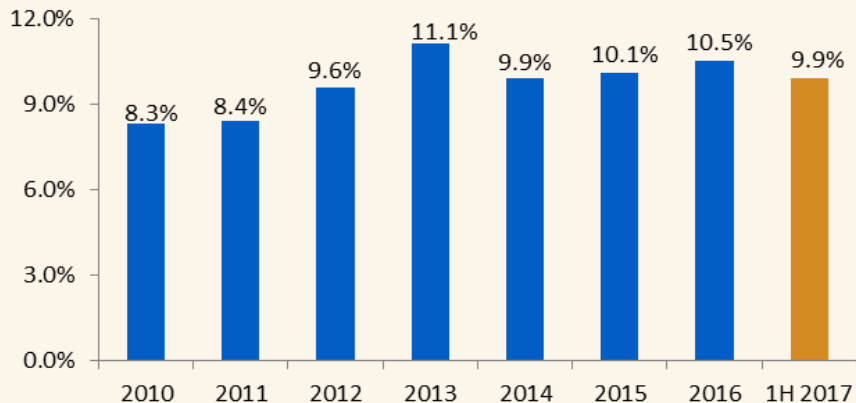
1H 2017

YE 2016

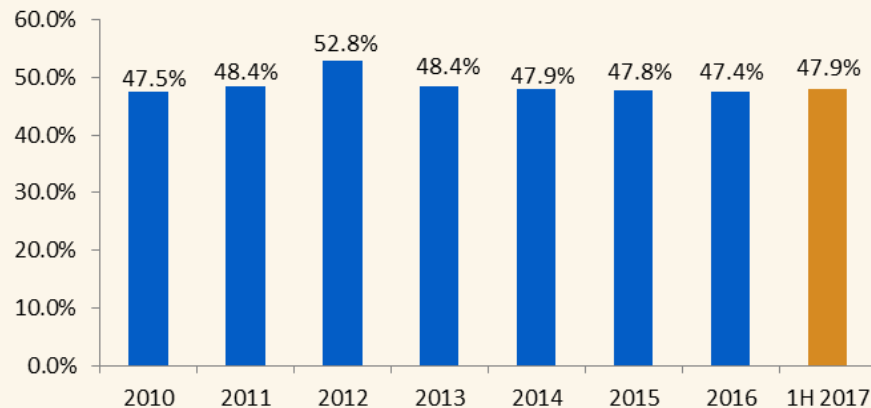


Consistent Profitable Growth

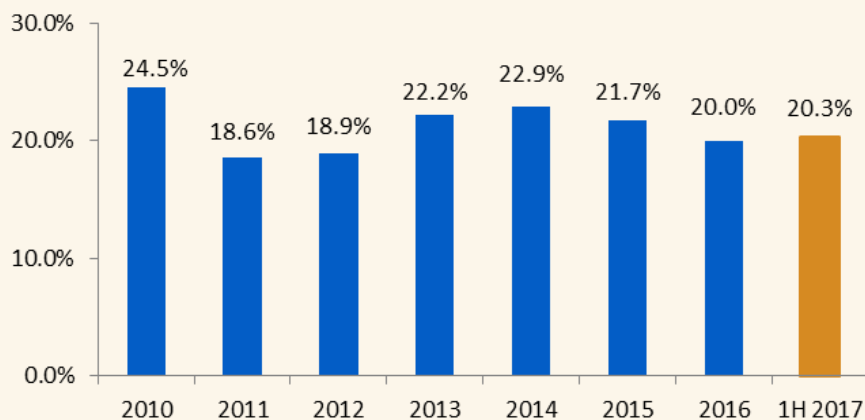
Sustainable Net Interest Margin %



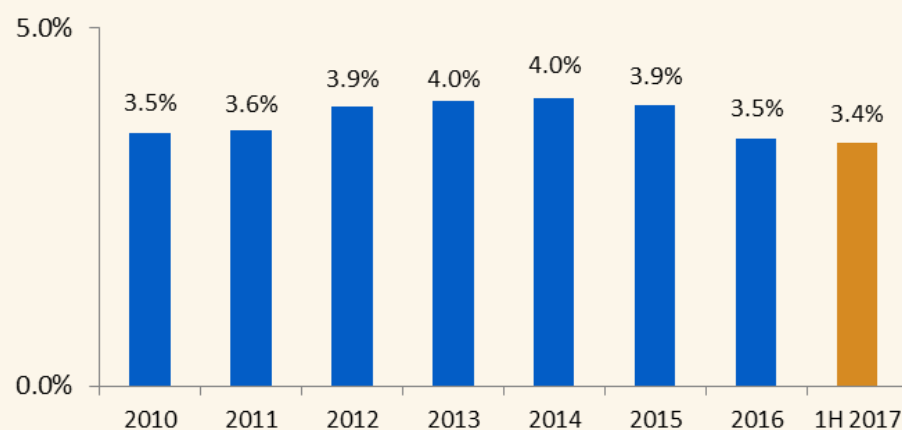
Attractive Cost/Income ratio



Stable Returns To Shareholders %



Strong Return on Average Assets %



Source: Bank of Kigali Audited 2010-2016 IFRS Statements and 1H 2017 published financial statements



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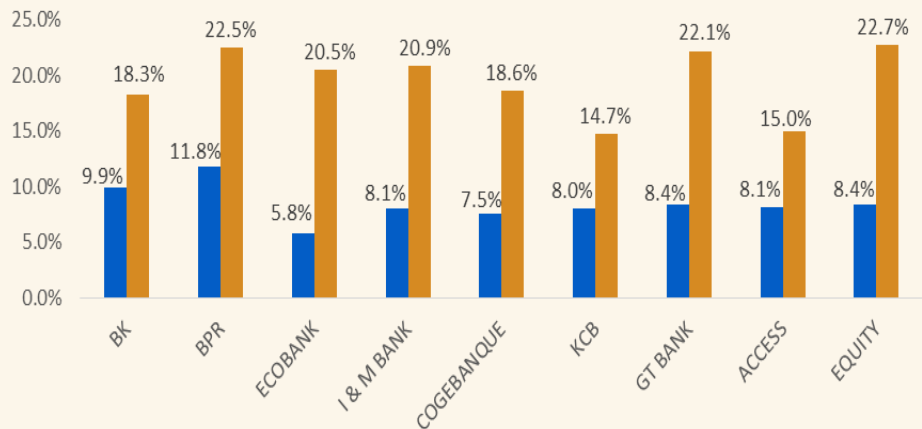


AFRICAN BANKER AWARDS 2015

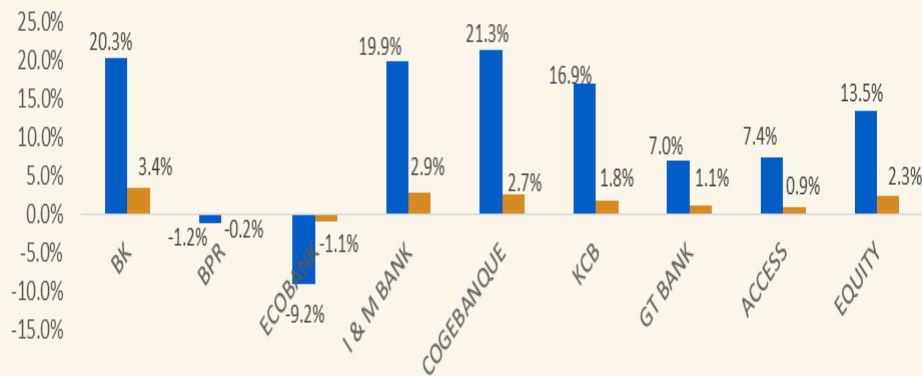


Commercial Banks in Rwanda – 1H 2017

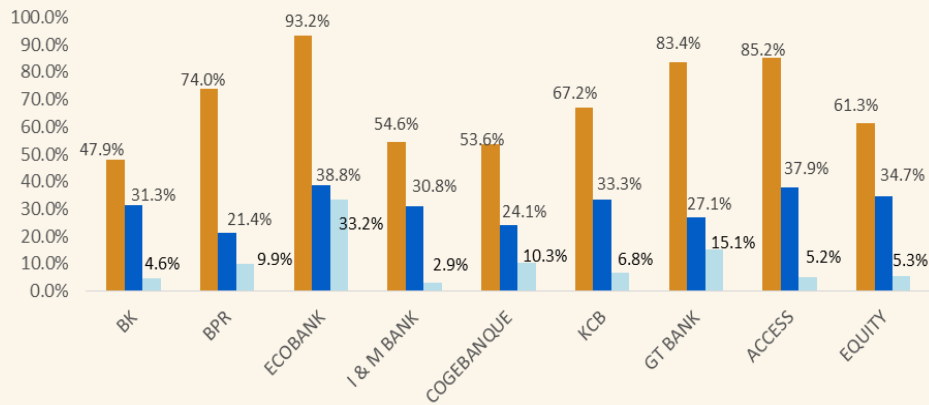
■ NIM ■ Tier 1 Capital



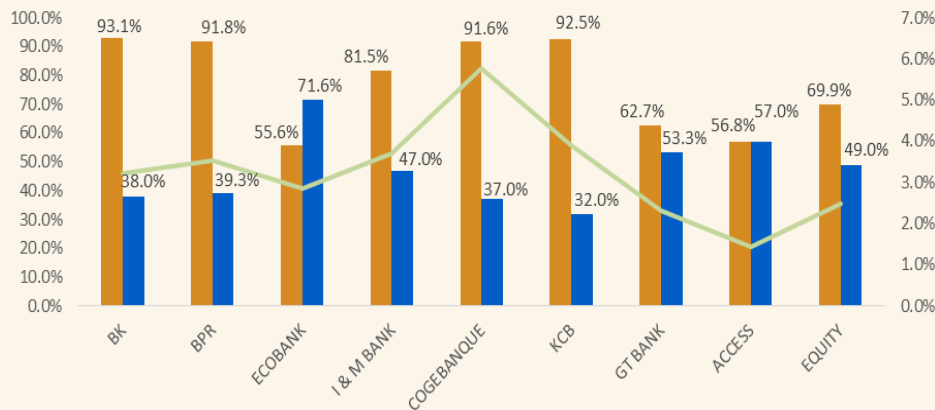
■ RoAE ■ RoAA



■ Cost to Income ■ NFR ■ NPLs



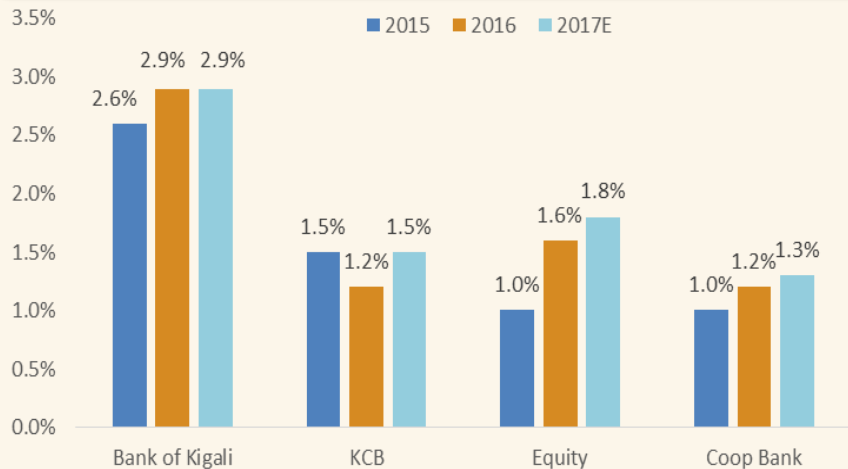
■ Net Loans/Deposits ■ Liquidity ■ Cost of funds



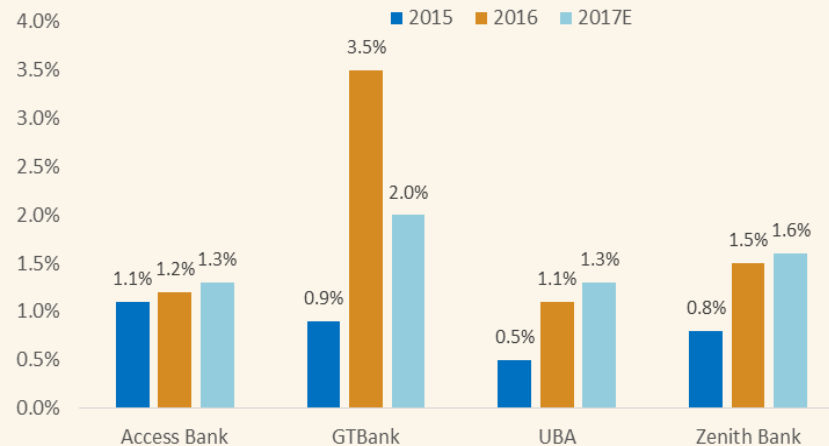
Source: 1H 2017 published financial statements

Regional Landscape

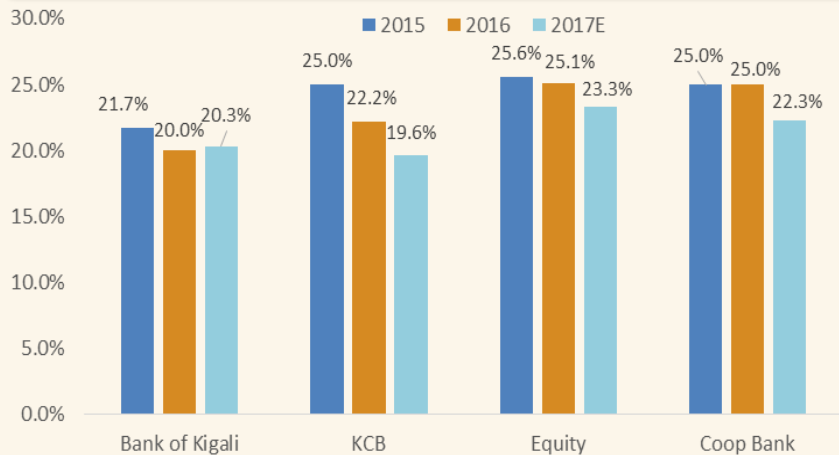
East African Banks - Cost of Risk



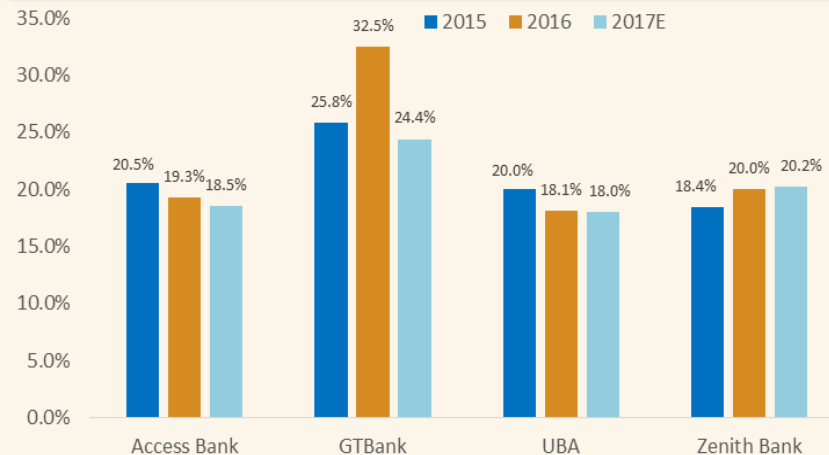
Nigerian Banks - Cost of Risk



East African Banks - ROAE



Nigerian Banks - ROAE



Source: BK 1H 2017 Financials and Renaissance Capital reports

STRATEGIC OUTLOOK



Strategic Outlook

Objectives

Strategies

Action

Outcomes

Customer growth in terms of current accounts – increase current accounts by 100,000 in 2017

Build an ubiquitous branch footprint throughout the country

Build sufficient channel capacity

Expand retail product offering

- ☒ Expand the branch network to 80+ branches by YE 2017
- ☒ Increase the number of ATMs, POS terminals and cards outstanding
- ☒ Build a modern and scalable mobile banking and Internet banking platforms
- ☒ Alternative client acquisition & service channels (retail chains, co-branded cards, utilities, etc)
- ☒ Flexible, offset, variable-rate, etc. mortgages
- ☒ Full range of consumer loan products
- ☒ Revolving credit cards
- ☒ Payroll & pension-backed loans & overdrafts
- ☒ Modern, multi-currency current accounts with debit cards
- ☒ Ubiquity of ATMs and POS terminals in urban centers and reasonable proximity elsewhere
- ☒ Payment & e-wallet solutions
- ☒ Full range of deposit products

- ☒ Benefit from first-mover advantage outside the capital city, making it more difficult for the competitors to follow suit
- ☒ Reach out to the unbanked (but bankable) population
- ☒ Become the bank of choice and convenience for the middle class and youth entering the employment sector
- ☒ Create capacity to service 500,000+ clients
- ☒ Maximize the product-to-client ratio
- ☒ “Grow with clients”
- ☒ Valuable source of retail clients through payroll programs
- ☒ Growth of loan book and F&C income

Healthy structure & CAGR - 5 years for balance sheet >20% growth

Increase the loan to asset ratio to 60%

Increase retail loans penetration

Consolidate the leading position in corporate banking

Increase the maturity profile of liabilities

Create a universal banking platform

- ☒ Integrated client coverage
- ☒ Leverage the superior lending capacity
- ☒ Cross-selling opportunities
- ☒ Documentary operations & trade finance, FX, other solutions
- ☒ Rep offices in EAC

- ☒ Leverage the superior access to wholesale funding to complement the deposit funding base

- ☒ Private Banking, Securities, Insurance

- ☒ Diversification of funding base
- ☒ Expand the share of higher-margin lending
- ☒ Maximize the cross-sell opportunities
- ☒ Grow the share of retail in the loan book up to 30%-40% in the medium term

- ☒ Reduce maturity gap
- ☒ Enable further expansion of long-term lending

- ☒ Further diversification of revenue streams

Earnings CAGR - 5 years >22%
Return on Average Equity > 20%

Maintain profitable growth

- ☒ Continuous improvement of risk management policies & procedures
- ☒ Disciplined capital management, medium term target CAR > 20% and ROAE > 20%, implying ROAA in the 4.0% range

- ☒ No profitability sacrifices for the sake of market share gains
- ☒ Sensible dividend policy as the growth curve flattens out over time



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