

# CIEL FINANCE BUSINESS MODEL

## INPUT VALUE WE DRAW FROM



### FINANCIAL CAPITAL

Partnership with Amethis Finance with a total investment capacity of USD 530M



### SOCIAL & RELATIONSHIP CAPITAL

Strategic partnerships with Amethis Finance, Proparco, I&M Holdings and Axian Group



### HUMAN CAPITAL

1, 400 employees throughout our portfolio companies



### INTELLECTUAL CAPITAL

Financial services product offering, core banking systems, softwares and processes



### MANUFACTURED CAPITAL

Buildings and IT equipment



### NATURAL CAPITAL

Energy, water, forests

## WHO WE ARE

CIEL Finance regroups all banking and financial services activities of the Group

## OUR ACTIVITIES

Banking (BNI Madagascar and Bank One), Fiduciary (MITCO), Asset Management (IPRO) and Private Equity (Kibo Capital Partners)

## Our Value Proposition

- Value creation for both our customers, employees and partners.

Focus within our portfolio companies on:

- Customer satisfaction and innovation (starting with but not limited to cutting-edge information technology)
- Employee engagement, through a participative approach (up to "intrapreneurship") and based on the effective application of our / each company's values
- Risk management and culture
- Permanent search for higher operational efficiency
- Developing synergies (within each company, within the Group and with our partners)
- Transparent and open governance facilitating the dialogue and interaction with our shareholders and partners
- High priority given to compliance and the community at large through the sustainable development of our activities, within a broad understanding of E&S responsibility

## MAIN OUTPUT DURING THE YEAR



### FINANCIAL CAPITAL

- Revenue: MUR 2.1bn
- Profit after tax: MUR 636M
- Total assets: MUR 21.6bn
- Consistent and solid dividend



### SOCIAL & RELATIONSHIP CAPITAL

- Customer satisfaction and innovation scores
- Regulators inspection reports



### HUMAN CAPITAL

- Recruitment of key executives at the level of BNI and MITCO
- Onboarding of a Transformation team at Bank One
- Opening of 3 new representative offices in Africa for MITCO



### INTELLECTUAL CAPITAL

- New core banking system successfully launched at BNI
- Brand refresh at the level of Bank One with new corporate values



### MANUFACTURED CAPITAL

- Opening of BNI's 61st retail branch in Madagascar
- Bank One HQ fully revamped



### NATURAL CAPITAL

- Energy consumption
- Wastewater
- Paper waste

## MAIN OUTCOMES DURING THE YEAR

- BNI became # 2 in Madagascar at end 2016 on 2 indicators (loan book and size of branch network)
- Successful implementation of the new core banking system at BNI delivered within budget
- Focus on improving customer service at the banks
- Implementation of a risk matrix and risk heat map to monitor the risks faced by our portfolio companies
- Definition of an IT Transformation and Digitalisation roadmap for the cluster

## TARGETS



- Maximising the profitability and value of the existing portfolio of activities, by strengthening their management and enhancing their competitive position
- Promoting business development and cost savings synergies within the CIEL Group and with its partners
- Integration of a unique Mauritius-based platform (Bank One + MITCO + IPRO + Kibo Capital Partners), to serve entrepreneurs and HNWI from Africa and beyond
- Expanding by acquisitions in sub-Saharan Africa as regards banking and related financial services (as well as private equity investments), and in international financial centres as regards the fiduciary business line

# Progress Report

## Last Year's Priorities

Maximising the value of existing investments

Reinforcing synergies within portfolio of companies and with its partners

Strengthening operational excellence

Developing mobile financial services in Madagascar

Increased focus on risk management

## Progress Report

Strategic plan 2020 being implemented at the level of BNI, after having been fully accepted by all stakeholders. Bank One has successfully launched its new corporate values following a brand refresh & new visual identity initiated in early 2016, and has adopted its Vision 2020.

Synergies taking more time than expected to be generated, as managerial & cultural context was not as favourable as expected – but now progressing.

New Core Banking System successfully implemented at BNI in April 2017. Bank One started its transformation journey, including full processes review, integral management of service quality and adopting a new Core Banking System and digital banking platform (end 2018). Reorganisation progressing within MITCO.

First mobile payments services implemented in partnership with Muola. Next step will be launching broader financial services for the unbanked.

The Risks, Compliance and Control Unit has been put in place and now has overall 'supervision' of risks and compliance at the level of the investee companies. Regular reporting done to the Audit & Risks Committee of CIEL Finance Limited.

# 2017 Financial Performance

Income Statement	MUR 'M	MUR 'M	MUR 'M
	2017	2016	Var
<b>Revenue</b>	<b>2,088</b>	1,932	156
<b>EBITDA</b>	<b>789</b>	791	(2)
<b>Non-Recurring Items</b>	<b>-</b>	137	(137)
<b>Profit after Tax</b>	<b>636</b>	792	(156)
<b>Profit attributable to owners of parent</b>	<b>186</b>	315	(128)

- The Finance cluster has posted an 8% revenue increase primarily explained by the continued good performance of its banking activities. Profit after tax, however, has fallen due to one-off exits recorded by the Private Equity arm of the cluster - Kibo Fund - and an increase in the fair value of BNI Madagascar's investment properties in 2016 which were not repeated in 2017.
- Despite adverse foreign exchange fluctuations and a subdued banking market growth over the January to June 2017 period, BNI Madagascar has posted higher revenues compared to prior year. The bank has successfully started to implement its "CAP LEADER 2020" strategy and is endeavouring to deliver more efficient operations following the deployment of a new core banking system during the financial year. A slowdown in the market and increased competition are putting pressure on the bank's commercial dynamism.
- Bank One has achieved improved results as it progressively implements its strategic plan and strengthens its management team. Competition on the domestic front remains fierce but the bank is proactively working on its international and private banking operations and on an upgrade of its banking software to boost efficiency and service quality.
- MITCO's revenue lines have been positively impacted by the recent measures implemented by the new CEO. New representative offices have been set up in Nairobi, Abidjan and Johannesburg to facilitate business flow. Management has devised a new strategic plan and is continuing efforts to provide value-added services to its clients.

# Focus Areas for 2018

## CIEL Finance

- Nurture growth by supporting portfolio companies
- Embrace and facilitate digital transformation, ensure compliance and E&S responsibility
- Facilitate synergies between portfolio companies
- Regionalise activities

CIEL Finance strategic plan is further implemented by its portfolio companies, mainly:

BNI	BANK ONE	MITCO
<ul style="list-style-type: none"><li>• Grow market share and become a leader by 2020, both by profit and volume indicators (number of branches, loan book, number of clients)</li><li>• Develop more aggressively the retail segment, to become one of the leading banks on that market, while nurturing the existing corporate banking franchise</li><li>• Capture the underbanked or unbanked markets, through an asset-light approach (based on mobile banking and agency banking), in partnership with Telma, both for individuals and for SMEs</li></ul>	<ul style="list-style-type: none"><li>• Pursue transformation agenda with a positive and dynamic contribution from all 6 business lines</li><li>• Develop and/or nurture a solution oriented, qualitative service offering approach</li><li>• Increase flexibility, reactivity and use of technologies, streamlining processes</li><li>• Embrace and bring all staff along an ambitious vision, becoming a real service hub for the rest of CIEL Finance and for its partners, in cooperation with other Mauritian CIEL Finance affiliates</li></ul>	<p>Given changing operating environment, reinvent the company via:</p> <ul style="list-style-type: none"><li>• entering new services and markets to reduce MITCO's dependency on Mauritius' tax advantages</li><li>• transforming its culture and organisation, towards sustainable quality and efficiency, as well as more added-value services</li><li>• becoming an international actor through partnerships, representation offices and acquisitions</li></ul>

## Outlook

### Current Market Dynamics

- Low financial services penetration rate in Africa
  - Challenging macro-economic environment
  - Changing regulatory environment
  - Cybersecurity
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- CIEL Finance believes that the strengthening of its different teams will contribute to its affiliates meeting their medium term objectives and achieving their respective growth strategies.
  - CIEL Finance will pursue its banking growth strategy during the next financial year through organic growth whilst targeting potential acquisitions over the medium term. On the trust and corporate front, the management believes that a strategic acquisition notably in Luxembourg/Netherlands or Singapore/Hong Kong, may be timely and thus considering opportunities on that front.

**BANK ONE**

