



CHAIRMAN'S STATEMENT

Orient Bank Limited is delighted to share key milestones that will make you aware of insights into the remarkable and progressive changes that have taken place in the ownership structure of the bank.

In 2014, Keystone Bank, which owned 80% stake in Orient Bank Limited decided to divest its interests in all its subsidiaries to concentrate on its core business in Nigeria. Keystone Bank had acquired the 80% stake in Orient Bank from Bank PHB in 2011.

As one of the industry leaders of the indigenous banks in Uganda, it gives us profound joy to be at the forefront of contributing to the improvement of the banking sector. Despite the fact that Orient Bank recorded a significant loss in 2013, I am glad to report that Orient bank embarked on a disciplined growth strategy which has led to an improvement in the bank's performance for the year ended 2014. The bank continued to receive strong support from its customers.

2014 was characterized by the divestiture process which resulted into changes in the bank's shareholding. The bank also focused on cleaning up its asset portfolio and improving internal processes in order to adequately support its future growth.

The Board and Management of Orient Bank remains steadfast on the implementation of strategies that will further enhance the bank's performance and profitability in the next 5 years.

ECONOMIC OVERVIEW

The Central Bank of Uganda continues to pursue a cautious monetary policy stance aimed at stimulating output. Bank of Uganda reduced the central bank rate (CBR) by 50 basis points and kept the CBR unchanged, largely because of the uncertainty regarding the food prices and shilling depreciation. Inflation has remained subdued, with headline and core inflation averaging 4.6 per cent and 3.1 per cent, respectively. Inflation is expected to be consistent with the 5 per cent target over the next two years. Given this assessment, the monetary policy is appropriately configured to foster sustainable growth in demand and inflation outcomes consistent with the target

The interest rates on average evolved in line with the CBR. Lending rates have continued to edge lower, averaging 21.6 per cent in 2014 compared to an average of 23.4 per cent in 2013. However, the decline has remained relatively sticky. This created a fairly stable environment for Orient Bank and the entire banking industry to operate.

KEY MILESTONES

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Following the divestiture decision by Keystone Bank in FY 2014 and the subsequent conclusion of the process in February 2015, 8 Miles LLP, a Private Equity firm, acquired a 42 percent stake in the bank. The founders' consortium chaired by Dr. Ketan Morjaria a prominent business man with diverse experience in Commerce and property

Chairman's Statement (Continued)

development in Africa, the United Kingdom and the Middle East, upped their stake to 49 percent, making them the majority shareholders. The remaining 9 percent was acquired by two local investors, Mr. Zhong Shuang Quan – 4.5% Mr. Alemayehu Fissecha each taking 4.5 percent.

8 Miles is a Private Equity firm focused exclusively on making private equity investments in Africa. The investments in 8 Miles fund complements parallel investments by the IFC (International Finance Corporation), the CDC (Commonwealth Development Corporation) and the AfDB (African Development Bank). 8 Miles focuses on consumer-driven businesses and service providers with strong growth prospects. Typical sectors supported by the fund include agribusiness, business and financial services, consumer goods and retail, energy and utilities, healthcare and pharmaceutical services, hospitality and real estate, telecom, media and technology, transport and logistics. A core part of their strategy is active ownership - actively participating in transforming businesses in which they invest.

The Management team led by the Managing Director/CEO, Julius Kakeeto and the Executive Director, Bernard Robinson Magulu remain committed to steering the organization to the next level through dedicated customer service.

FUTURE

With the successful completion of the divesture process, Orient Bank is looking towards gaining disciplined growth in the market. We have a lot of confidence that the new strategies and experience brought on board by the new shareholders will increase the profitability of the bank.

Orient Bank continues to increase on its service delivery channels which entails expansion of the bank's network of branches and rolling out a robust e-banking which will enable the bank's customers bank at any time of their convenience.

CONCLUSION

I would like to acknowledge the hard work and professionalism of the management, staff and Board of directors of Orient Bank. We shall continue to ensure the best service to our existing and future customers and remain at the forefront of banking.

A handwritten signature in black ink, appearing to read "Michael Cook".

Michael Cook – Chairman Board of Directors