

# Investor Briefing & Half Year 2014 Performance

July 2014





EQUITY CENTRE



Update on Macroeconomic Environment



# Macroeconomic Environment

- 1 GDP Growth:** Kenya's economy remains resilient in 2014 with **expansion of 4.1 percent** in the first quarter of this year. This growth was marginal due to significant slowing in growth in the farming sector, a 3 percent contraction in the hotels and restaurant businesses and low absorption of the public sector funds. **Continued infrastructure spending and improved absorption of funds by the national and county governments** will support an acceleration of GDP growth.
- 2 Interest Rate and Liquidity:** The **CBR remains unchanged at 8.5 percent** underpinned by a **stable exchange regime** supported by **effective liquidity management and resilient foreign exchange inflows from the Diaspora** for May and June . Government bond yields rose in June as the government sought to fulfill its funding plans but these have started a gradual retracement. The **interbank market remains moderately liquid** with interest rates above the inflation rates.  
**Inflation remained within** the set 2.5%-7.5% range that the CBK and the MPC track. **Kenya's**
- 3 inflation crept up to 7.39 percent** in the year to June from 7.30 percent in the previous month. While the **pace of increase slowed down**, the inflation rate is now on the upper end of the 2.5-7.5% range that the monetary authorities target.



## Cont.õ .Macroeconomic Environment

- 4 Exchange Rate:** The USDKES has for the past 6 months largely been trading in the 85-88 range. While reduced tourism and tea FX receipts as well as the seasonal reduction in horticultural export receipts during the European summer have weighed on the local unit, the KES continues to be **supported by a favorable interest differential, the successful Sovereign Bond issue and the continued foreign interest** in Kenya's capital market.
- 5 Insecurity:** The **economy remains in growth mode** even with some impact of terror attacks on tourism and general business confidence in some parts of the country. **Rising consumer and infrastructure spending** and Kenya's important role as a **hub for East Africa** remain strong drivers of economic resilience.
- 6 FY 2014-2015 National Budget:** A budget that is geared towards increased spending in areas that encourage Growth with **Infrastructure , Energy and ICT** jointly taking **22% of the total budget.**



# Banking Industry Updates



- 1 Increase in credit uptake** reflected by expansion of the private sector in **Manufacturing, trade and energy** sectors.
- 2 Enhanced innovations** in **Mobile and Agency banking** still remain as key drivers of growth.
- 3 Entrenchment of the credit sharing system:** Information sharing has continued to expand with enhancement of the database and now makes use of **both positive and negative credit information.**
- 4 Introduction of the cash lite fare collection policy** in the **Public commuter transport Sector.**
- 5 Central Bank issued the first Kenya Bank Reference Rate (KBRR).**  
KBRR is an average of the central bank rate, currently 8.5 per cent and the average 91-day Treasury Bill rate for the previous six months. The rate was set at 9.13 and will be effective until January 2015.
- 6 Commercial Banks to start issuing Annual Percentage Rate (APR)** in July 2014.  
Banking sector set a migration deadline of May 2014 to move to the **more secure chip and pin technology** for credit and debit cards.
- 7 Licensing of three new providers to offer financial services as virtual operators on mobile networks.**





# The Bank at a Glance

**Regulator**  
Equity Bank is licensed and regulated by **Central Bank of Kenya**

**Subsidiaries**  
5 Banking Subsidiaries & 4 Financial Services Subsidiaries

**Number of Employees**  
8,304

## Channels

**226**  
Branches

**599**  
ATMs

**13,702**  
Agents

**4,518**  
POS

## Market Data

**Total Equity**  
Ksh. 53.3 bn

**Market capitalization**  
Ksh. 170.3 bn  
(June 2014)

**Listings**  
Nairobi Stock Exchange  
Uganda Securities Exchange

## Credit Rating & International Rankings



**Equity Bank Limited**

**Kenya Bank Analysis**

Security class	Rating scale	Rating	Rating outlook
Long term	National	AA <sup>-</sup> <sub>(KE)</sub>	Stable
Short term	National	A1 <sup>+</sup> <sub>(KE)</sub>	

**The Banker TOP 1000 WORLD BANKS 2013** GLOBAL BANKING INSIGHT

**The Banker TOP 1000 WORLD BANKS 2014**

	Tier 1 Capital	Asset Size	Soundness Capital Asset Ratio	Capital Deployment Efficiency	Asset Deployment Efficiency	Tier 1 Capital
Global Rank	999	976	94	12	4	990

## Awards and Recognition

**Best Bank in East Africa 2014**

**Bank with the Lowest Charges 2014**

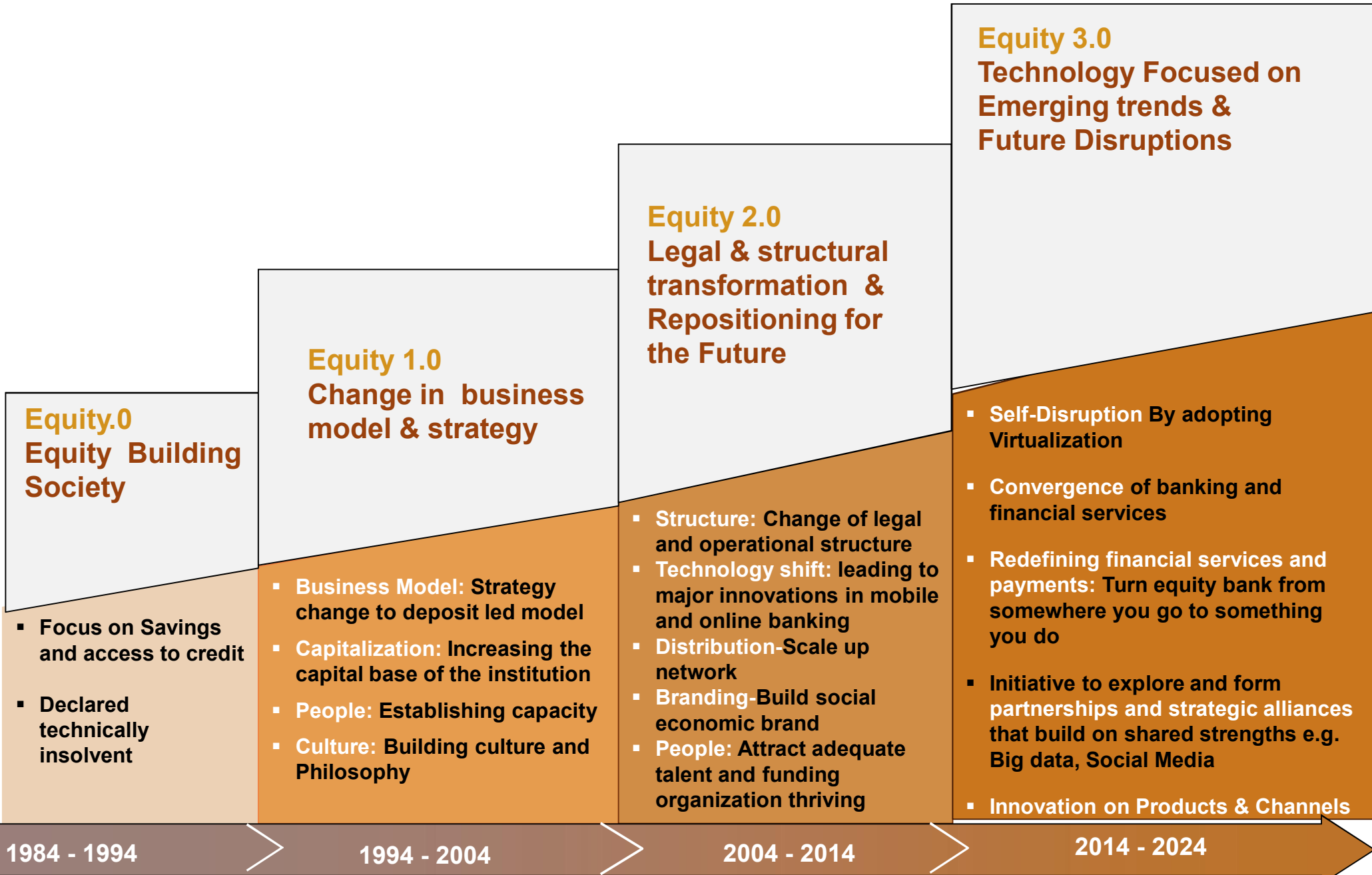
**MF Transparency SEAL of PRICING TRANSPARENCY**  
awarded to **Equity Bank** by [mftransparency.org](http://mftransparency.org)  
Oct. 2013 - Oct. 2014

**2014-Top Banking Brand in Kenya**





# 10 YEAR STRATEGIC EVOLUTION & FOCUS



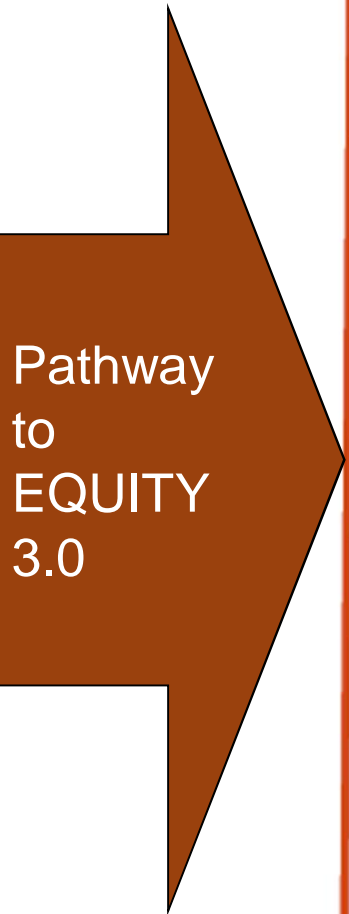


# FUTURE : Equity 3.0

## From "Somewhere You Go" to "Something You Do" Your Lifestyle (Freedom, Choice, Control)



### DEFINING EQUITY 3.0 - SOMETHING YOU DO (LIFESTYLE)



COMPETITION OVER THE YEARS →

1994 - 2004  
Competition → Mattress

2004 - 2014  
Competition → Banks

2014 - 2024  
Competition → Cash

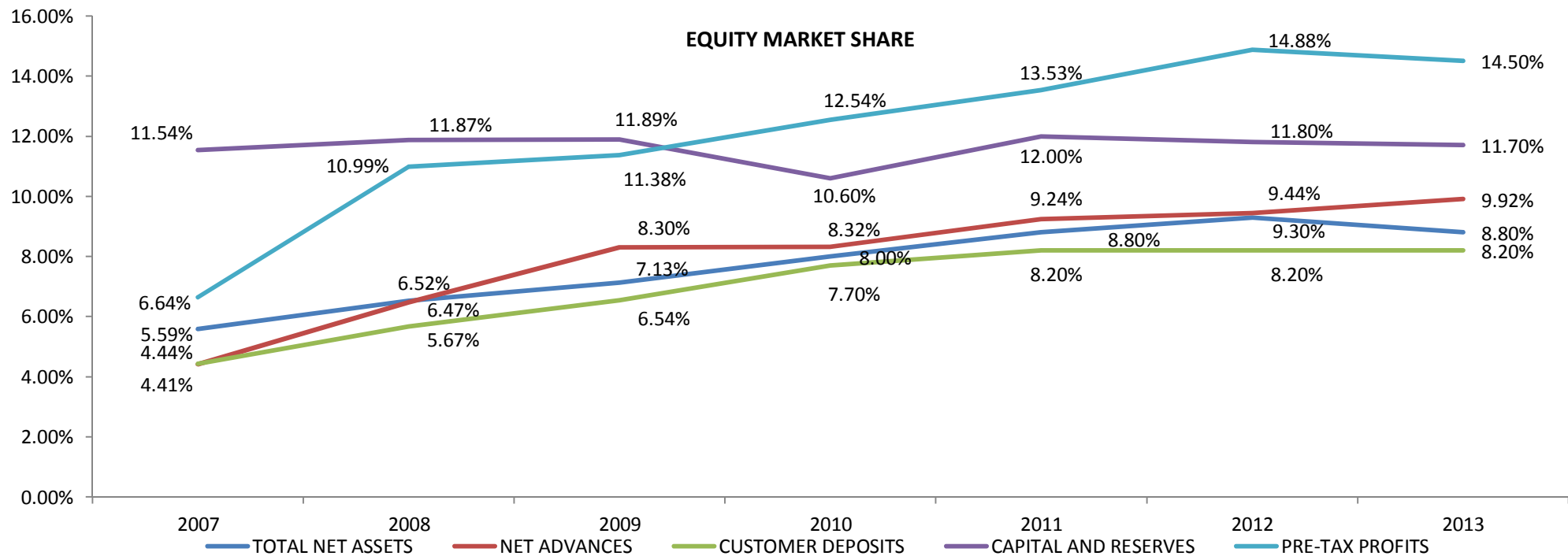




# Equity Bank Market Share Evolution



	2007		2010		2013	
PARAMETER	EBL SHARE	→	EBL SHARE	→	EBL SHARE	
TOTAL NET ASSETS	5.59%		8.00%		8.80%	
NET ADVANCES	4.41%		8.32%		9.92%	
CUSTOMER DEPOSITS	4.44%		7.70%		8.20%	
CAPITAL AND RESERVES	11.54%		10.60%		11.70%	
PRE-TAX PROFITS	6.64%		12.54%		14.50%	



# Experienced Local and International Leadership Team

## Highly Regarded Management and Strong Corporate Governance



### DR. JAMES MWANGI, CBS

#### Chief Executive Officer & Managing Director

- Bachelor of Commerce degree and is a Certified Public Accountant
- Over 25 years of management experience



### JULIUS KIPNG'ETICH

#### Chief Operating Officer

- Masters of Business Administration and Bachelor of Commerce (Accounting Option).
- Over 18 years of management experience. He joined Equity in 2004 as board member and management in 2012.



### MARY WAMAE

#### Director of Corporate Strategy & Company Secretary

- LLB degree, Diploma in Law & Certified Public Secretary
- Over 14 years of experience in legal practice and joined the Bank in 2004



### JOHN STALEY

#### Chief Officer – Finance, Innovation and Technology

- MSc. In Applied & Computational Mathematics, BSc. in Physics; qualified Chartered Accountant
- Over 23 years of experience



### DR. HELEN GICHOHI, MBS

#### Managing Director, Equity Group Foundation

- Ph.D. in Ecology, MSc in Biology, BSc in Zoology
- Helen joined Equity Bank management in 2012



### JUMAANE TAFAWA

#### Director, Strategic Partnerships

- MPA in International Development from Harvard University
- Over 11 years experience. Joined Equity Bank in 2012

## Recent Appointments



### RAPHAEL HUKAI

#### Chief Information Officer

- B.S. degree in Computer Science from the Institute of International Politics of Beijing, China.
- Joined Equity Group in December 2013 after over 16 years of service at IBM Corporation



### REUBEN MBINDU

#### Human Resource Director

- BSc in Computer Science from Germany and is a full member of the Institute of Human Resource management in Kenya
- Expertise in various fields including technology, auditing, communication and human resources having worked at senior management levels in various organizations
- Joined Equity Group from Standard Chartered, where he was the Director of Human Resources for East Africa.



### ROHIT KUMAR SINGH

#### Group Executive Director – Corporate & SME Banking

- IESE Business School, Strategic Leadership Program, Carnegie Mellon University, Boston College, Master of Science (Finance), Cardiff Business School, Cardiff, UK, BTech Civil Engineering from HBTI, India
- Previously worked with Emirates NBD Bank Deputy Head - Group Strategy, Business Development Asia, Private Capital Management in Naples, Managing Director and Country Head of India, McKinsey & Company, Corporate Finance & Strategy Specialist

## Executive Directors



### GERALD WARUI

#### Director of Customer Service, Research & Development

- Certified Public Accountant (CPA K) and a graduate of Advanced Management
- Gerald has served in Equity Bank for 15 years



### ALLAN WAITITU

#### Director Special Projects

- Graduate of Advanced Management Programme
- Over 21 years experience in information technology and banking
- Joined Equity Bank in 2003



### HILDAH MUGO

#### Director of Operations

- MBA - strategic management and a Bachelor of Business Administration
- Over 21 years of banking experience and joined Equity Bank in 2004



### MICHAEL WACHIRA

#### Director of Treasury and Marketing

- Bachelor of Science degree in Economics and a MSC in Investment Management
- Over 16 years of experience and joined Equity Bank in 2009



### ISAAC MWIGE

#### Director of Relationship Banking

- Masters degree in International Business Administration, Bachelors of Business Administration
- Over 16 years of banking experience and joined Equity Bank in 2012



### ELIZABETH GATHAI

#### Director of Credit

- MBA, Bachelor of Commerce (Finance), CPA(K)
- Over 12 years of banking experience and joined Equity Bank in 2001

# Expert Management Teams

## Finserve



### Eng. JOHN WAWERU

#### Executive Chairman- Finserve

- B.Sc in electrical engineering of the University of Nairobi
- Former Director-General of the Communications Commission of Kenya (CCK) between 2005-2008



### ENRICO NORA

#### General Manager, Mobile Innovations

- Holds a Master Degree in Industrial Engineering from the Polytechnic of Milan, Italy and an MBA (with honours) from the University of Chicago, USA
- Was based in Singapore as CFO & COO of DOCOMO Intertouch, a division of NTT DOCOMO of Japan



### JACK NGARE

#### General Manager, IT

- Masters of Science in Information Systems
- Bsc Computer Science (2nd Upper Class Honors) University of Leicester (UK)
- He is a Certified Information Systems Security Professional (CISSP); Certified Information Security Manager (CISM); Certified Information Security Auditor (CISA).



### ELMAR W VAN EMMENIS

- Masters Degree in Business Administration (MBA): Northwest University, South Africa (2006)
- National Diploma: (Dip CMA): Technikon SA / University of South Africa, Cost Management Accounting (1995) Bachelor Degree: (BSc QS): Pretoria University, Quantity Surveying (1993) Project Management Accreditation, PMI certification - Project Management Professional (PMP)



### Dirk-Jan (DJ)

- He has been consulting primarily in telecoms both national and international assignments with all major carriers 2011-2013,
- Former COO for Narrow Minds (Alacarta), a Mobile Virtual Network Enabler (MVNE), Caribbean mobile operator, Vodafone Global and Orange SA in the Netherlands.



### Eric Karobia

- BA in Economics & Mathematics from the University Of Nairobi
- A banking & mobile money expert .Previously worked with Equity, Airtel, Safaricom



### IGNACIO MAS

- PhD in economics from Harvard University.
- Undergraduate degrees in Maths and Economics from MIT
- Currently a Senior Fellow at the Fletcher School's Council on Emerging Market Enterprises at Tufts University, a Senior Research Fellow at the Saïd Business School at the University of Oxford, and an Associate with Bankable Frontier



### MANFRED KUHN

- PhD, focusing on credit risk and best practice financial technologies in the South African micro-finance sector in 2003 at the University of Natal
- Vast experience in of credit risk management and financial technologies

## Regional



### PAUL GITAHI,

#### MANAGING DIRECTOR, EQUITY BANK SOUTH SUDAN

- Paul is a career banker with over 24 years experience and previously worked with ABC Bank and Cooperative Bank.
- He has extensive banking experience in operations, marketing and customer service. Paul served previously as the General Manager in charge of marketing in Equity Bank Kenya before taking up his present position.



### SAMUEL KIRUBI,

#### MANAGING DIRECTOR, EQUITY BANK RWANDA

- Samuel holds a Masters Degree in Business Administration (Finance) from Moi University and a Bachelor of Arts degree in Economics and Statistics from Egerton University. He is a graduate of Advanced Management Programme (Strathmore- IESE Business School, Barcelona Spain).
- Since joining Equity Bank in 2001, Samuel has gained vast experience in operations, marketing and customer service. Samuel was previously the Chief Operations Officer in Equity Bank South Sudan.



### JOSEPH IHA,

#### MANAGING DIRECTOR, EQUITY BANK TANZANIA

- Joseph holds a Bachelor of Education in Accounting and Mathematics from the University of Nairobi and has also attended various professional courses in banking.
- He has over 12 years banking and leadership experience in Credit, Corporate banking and Operations.
- Prior to joining Equity Bank Tanzania, he worked as the General Manager, Credit in Equity Bank Uganda and General Manager, Corporate Banking Division at Equity Bank Kenya. Joseph joined Equity Bank in 2005..



### APOLLO NJOROGE

#### MANAGING DIRECTOR, EQUITY BANK UGANDA

- Apollo holds a Bachelor of Science (Hons) from University of Nairobi in Mathematics and Physics, Masters Degree in International Business Administration in Finance from United States International University and a Diploma in Banking.
- Has wide experience of 17 years in banking. Apollo joined Equity Bank in 2008.



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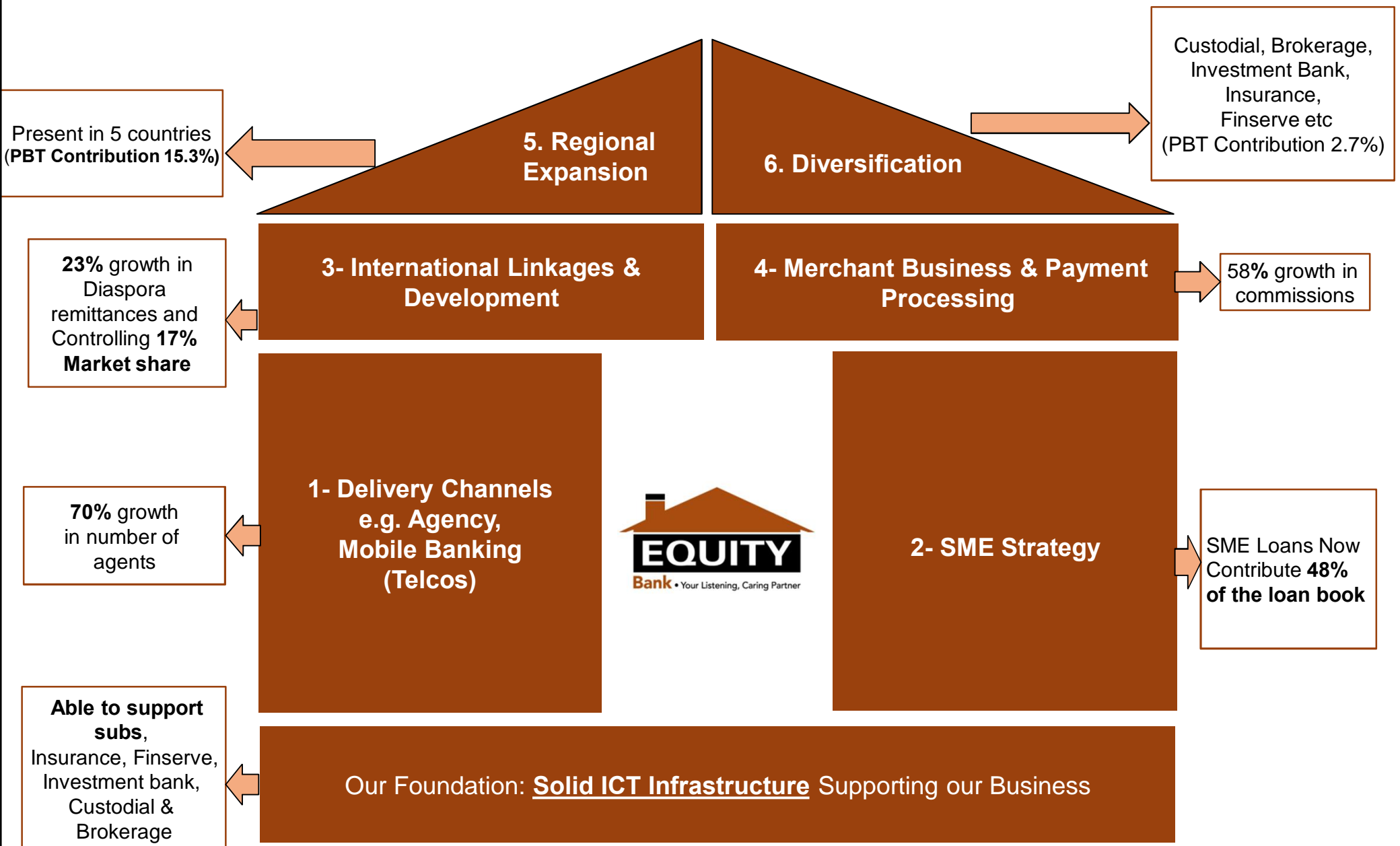
## Update on Strategic Initiatives







# Solid Progress on Core Initiatives



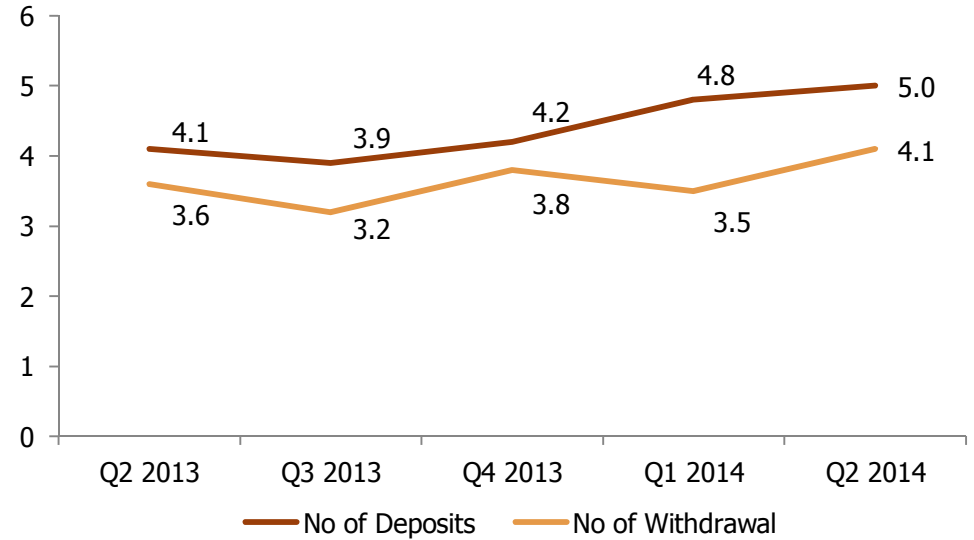


# 1 - Agency Banking Model- 70% growth yoy in numbers

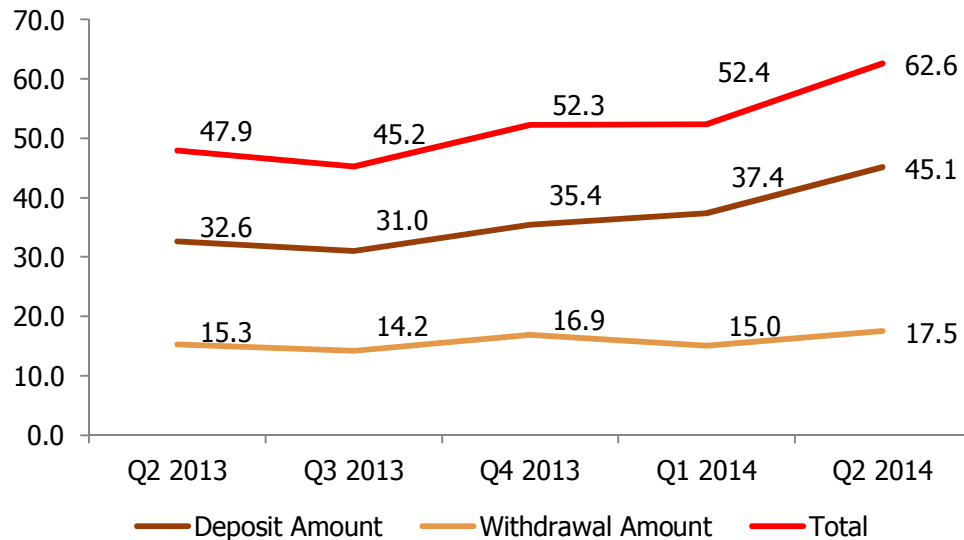
## Key Initiatives

- Number of agents increased to **13,702 agents by June 2014**. Over **70% growth y/y**
- Model has accelerated **Financial inclusion** and **access to banking services**
- Variable cost model:** leverage on 3rd party infrastructure and cash flows
- Currently doing **Account opening origination, cash deposit and withdrawal, balance enquiries** but with Potential to increase product offering to include Insurance sales, Air ticket sales,
- Transactions are real time-online**

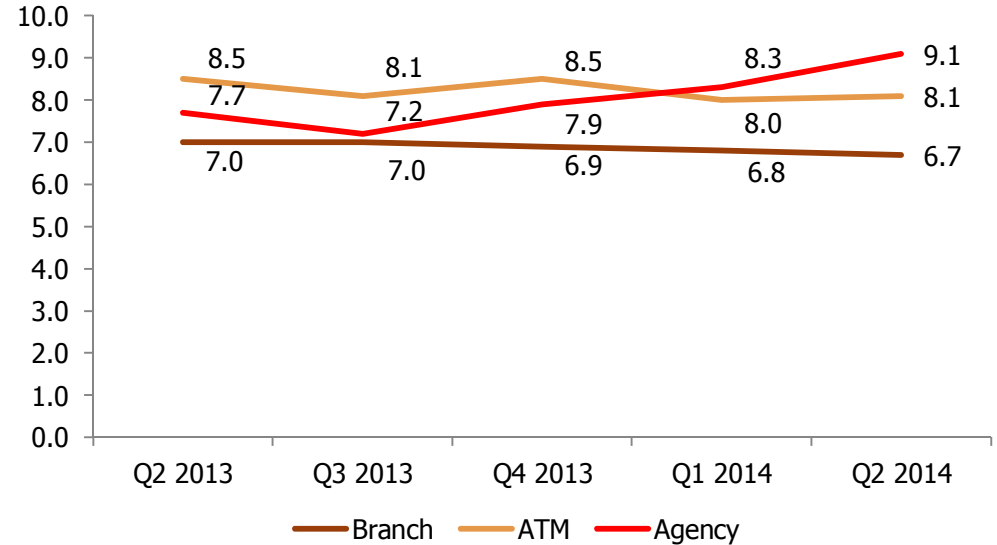
## Transaction volumes in millions at the Agents



## Transaction Volumes in Ksh. Billions through the Agency Channel



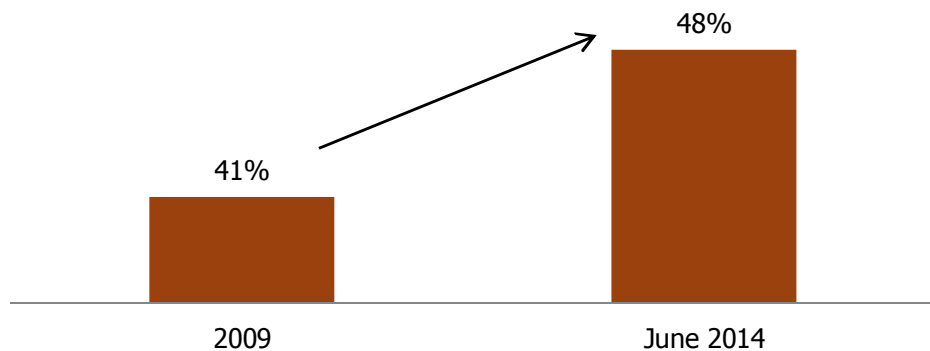
## Cash transactions at the Agency overtakes traditional channels (m)





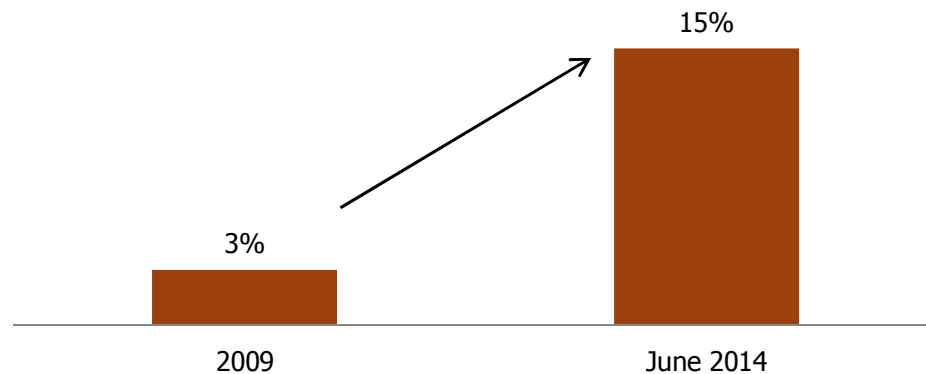
## 2 - SME Banking: Nurturing Client Evolution

### SME



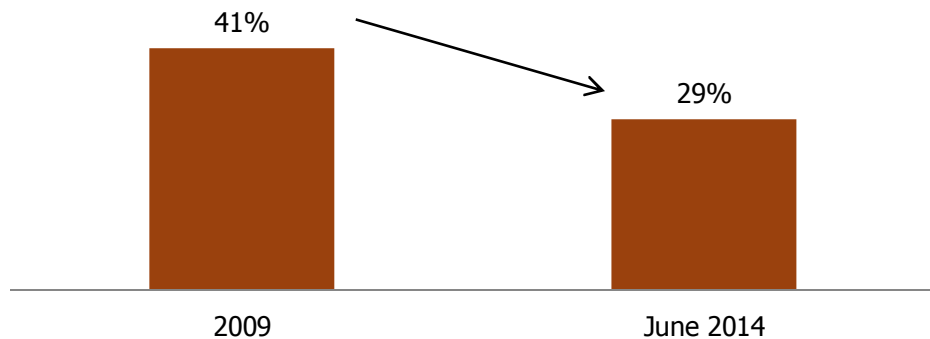
- Increased lending to **SME as a proportion of the loan book**
- Enhancing delivery by hinging on **Value Chains and Clusters**

### Large Enterprises



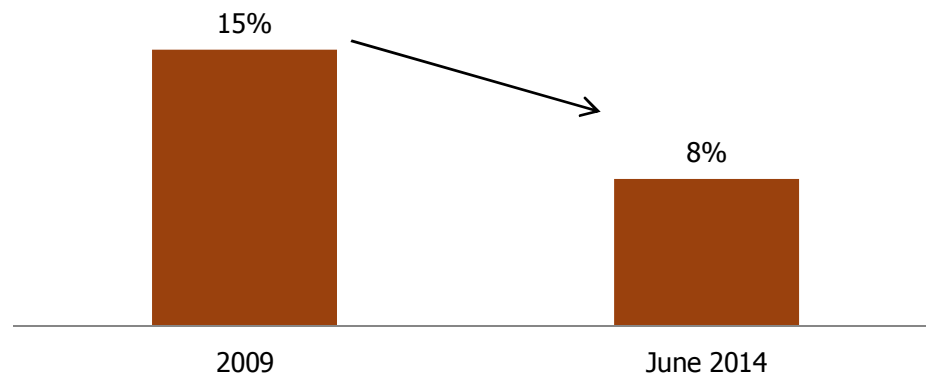
- Focusing on value chain & clusters within large enterprises

### Consumer and Agriculture



- Consumer and agricultural still remain our core areas but contribution now a reduced portion of the loan book

### Micro Enterprises

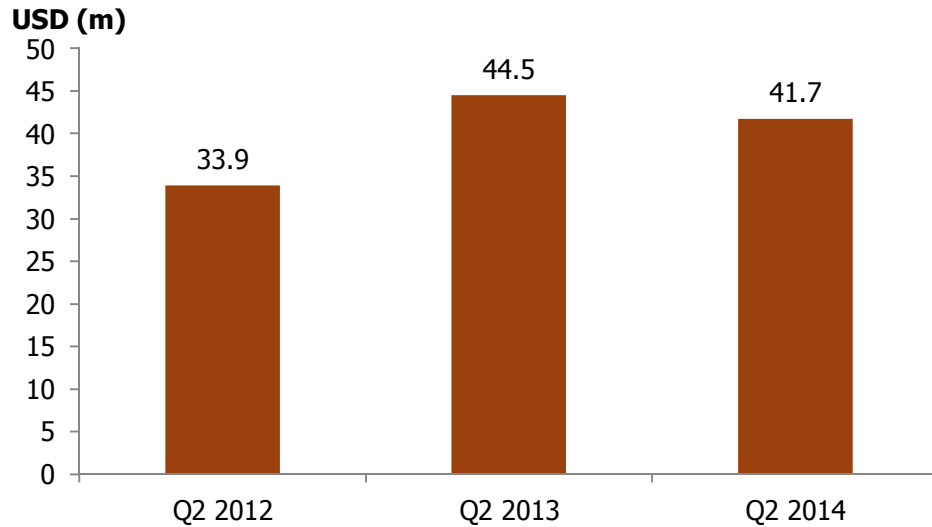


- Microenterprises still our core area but Improving macroeconomic environment driving evolution of micro enterprises into SMEs

*SME now accounts for 48% of loan book*

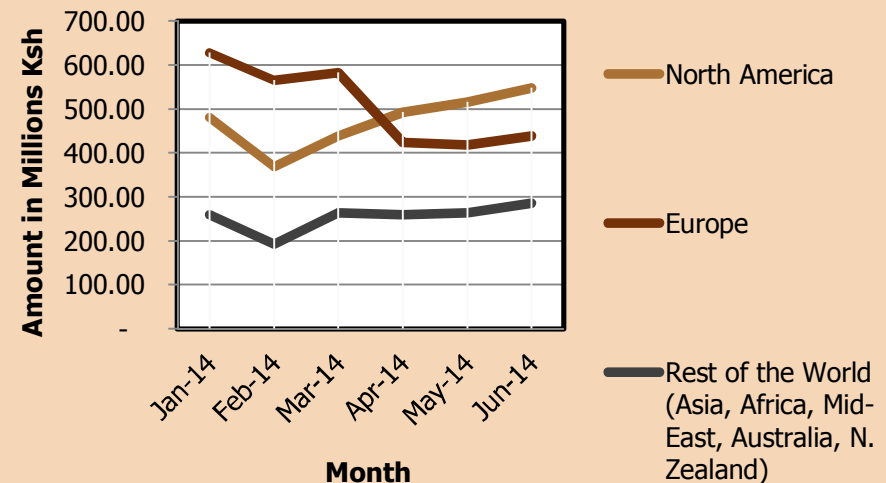
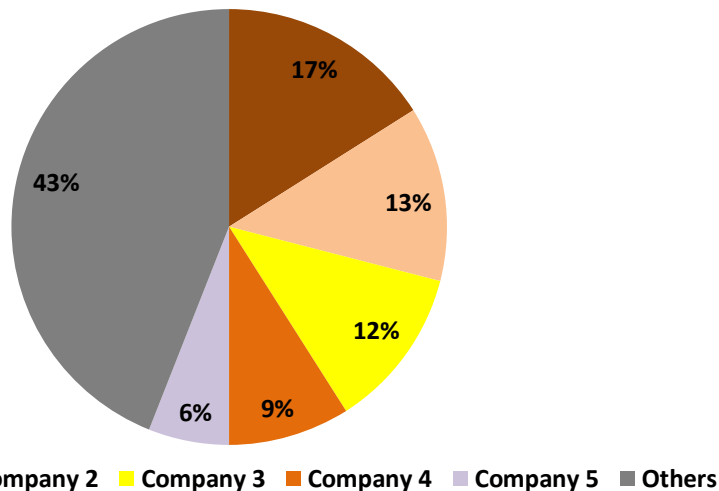
# 3 - Consolidating International Linkages Diaspora remittances

## Equity Bank Currently Leads Monthly Diaspora Remittances (USDm)



- Remittances are a good source of short term FX funding and profitable line of business.
- Market leader with approximately **17% market share**
- Due to the huge sums involved, remittances are now being recognized as an **important contributor to the country's growth and development**. Increased remittances that have continued to flow in to the country will take the space of **declining FDI**

## Market Share / Sources of Remittances

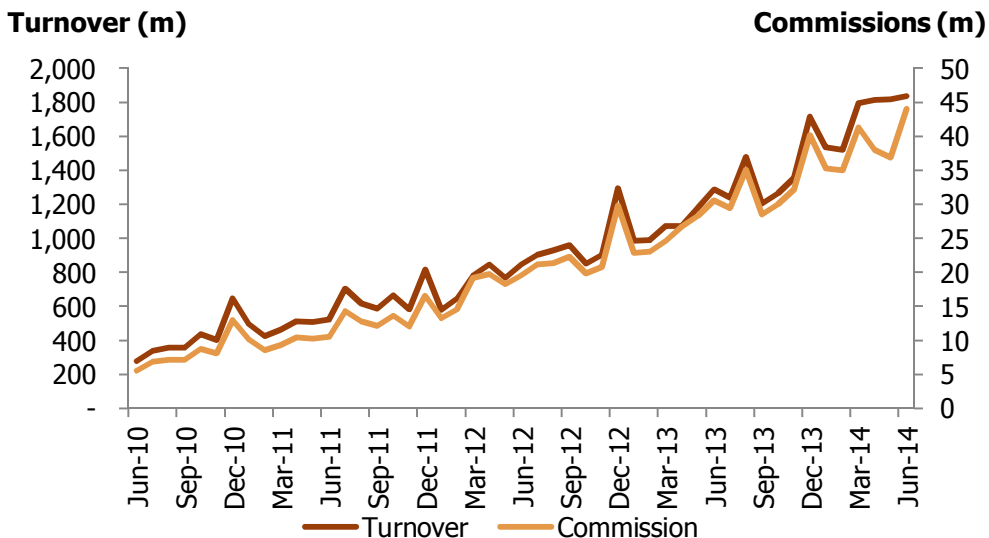


Source: Central Bank of Kenya  
 \* Others includes over 30 institutions



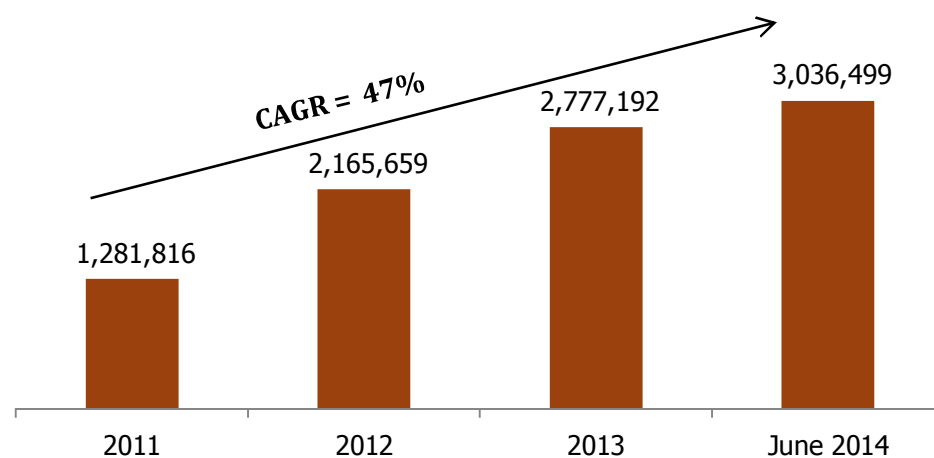
# 4- Payment Processing & Merchant Business - 58% growth

## Turnover and Commissions



- Equity Bank well positioned to significantly increase volumes and commission

## Mobile Banking Customers



- Cash Lite system and ease of transaction processing driving buyer values and customer stickiness

## Partners



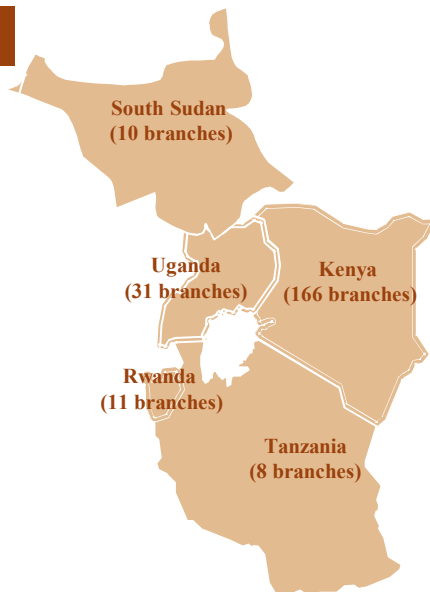
- Strategic partnership with merchants driving mobile banking business
- Best in class payment channel services



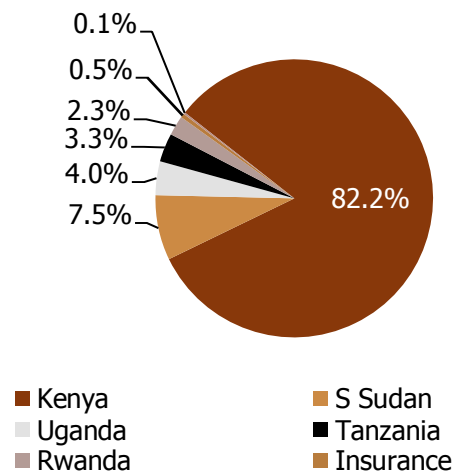
# 5 - Regional Expansion & Diversification

## Equity Bank Presence in East Africa

226 branches

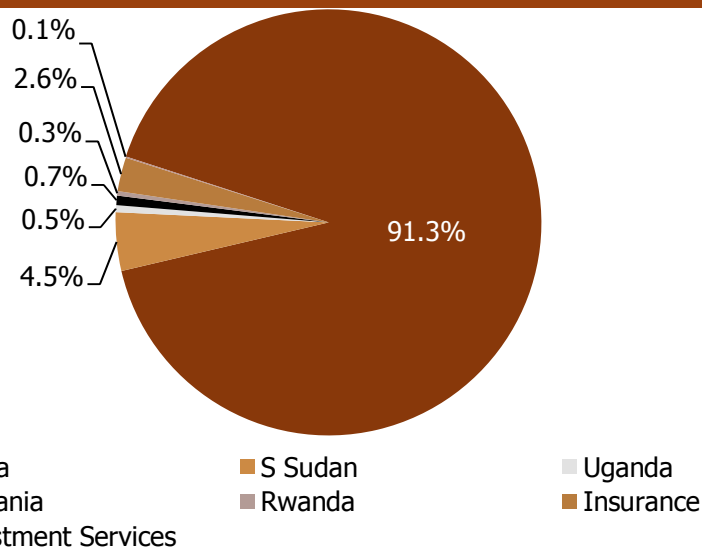


## Total Assets Contribution by Subsidiaries (Total 302.92bn)

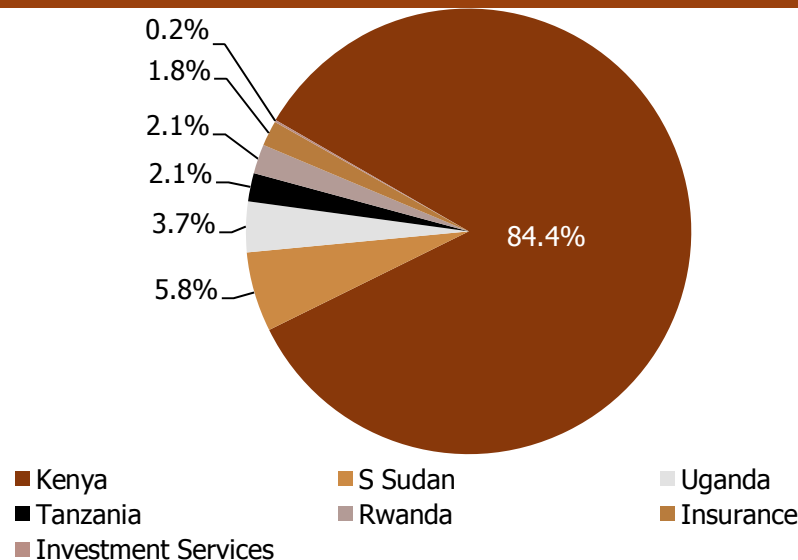


Business Drivers	June 2013	June 2014
No of Customers	948,413	1,118,079
Deposits (Kshs bn)	30.1bn	39.6bn
Loan Book(Kshs bn)	15.5	21.4
No of Branches	57	60

## PBT Contribution (Total 10.82 bn)



## Total revenue Contribution by Subsidiary (Total 22.33bn)





EQUITY CENTRE



## Financial Performance



## H1 2014 Results and Key Financials





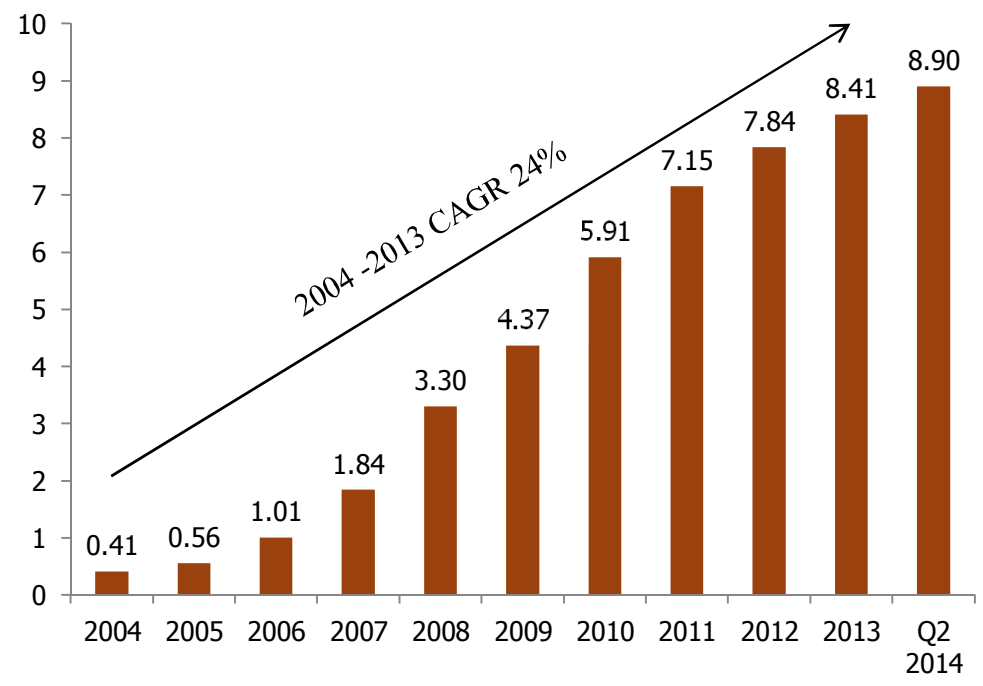


# Business Model Targets Mass Market...

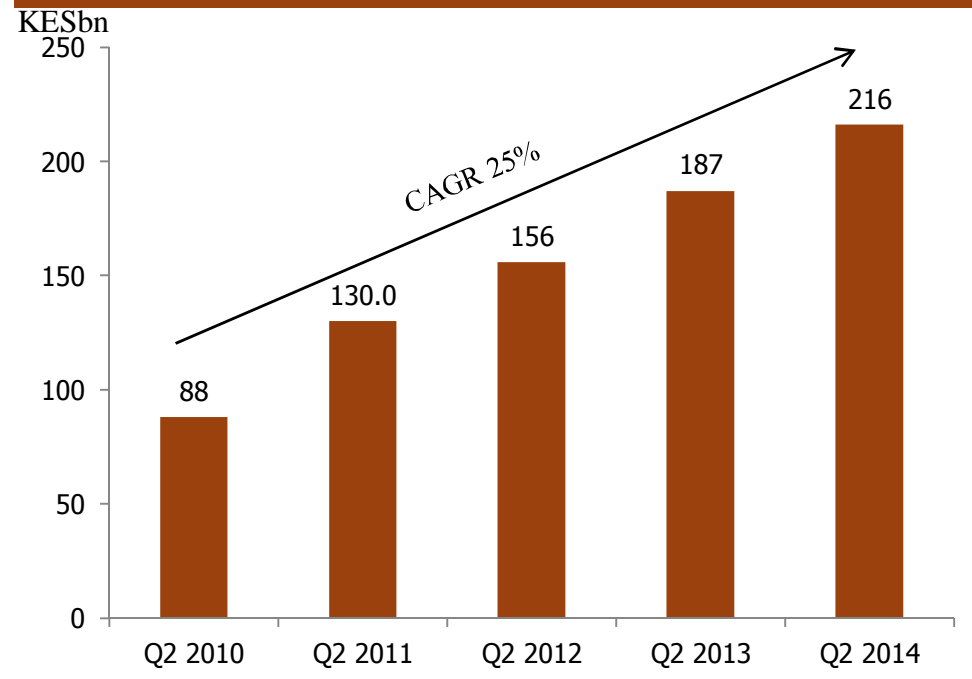
## Financial Inclusion driving Deposits (Customer & Deposit Evolution)

- **Mass market banking model with 8.9 million customers**
- **Over 500,000 new customers since start of 2014**
- Mobilisation of **large volumes of relatively small deposits** resulting in **low cost, stable funding**
- **Diversified** and highly efficient methods of attracting customers
  - Unrivalled **mobile banking service (“EZZY 24/7”)** with multiple instant banking functions available on mobiles
  - Rollout of **agency banking** to get closer to customers in remote areas

### Customer Evolution (m)



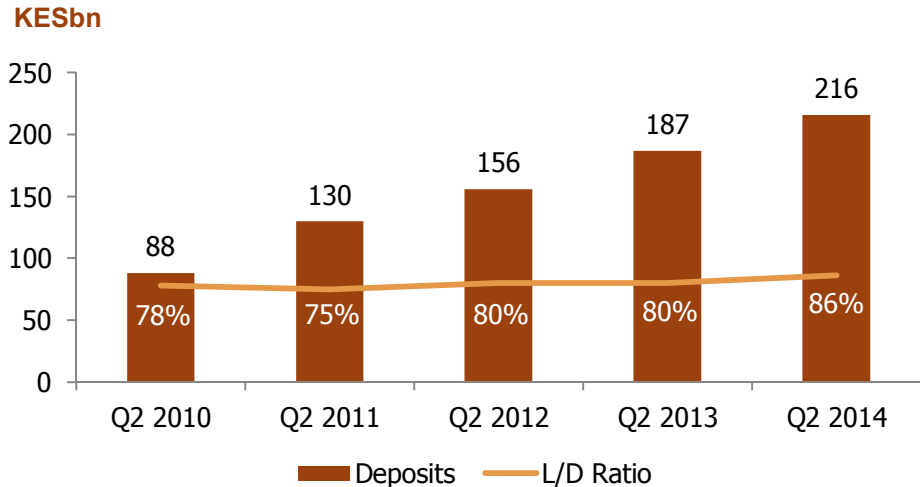
### Deposit Evolution



1. Converted using 31-Dec-2012 USD/KES = 0.01161

# Deposit Mobilisation Remains Stable Overtime

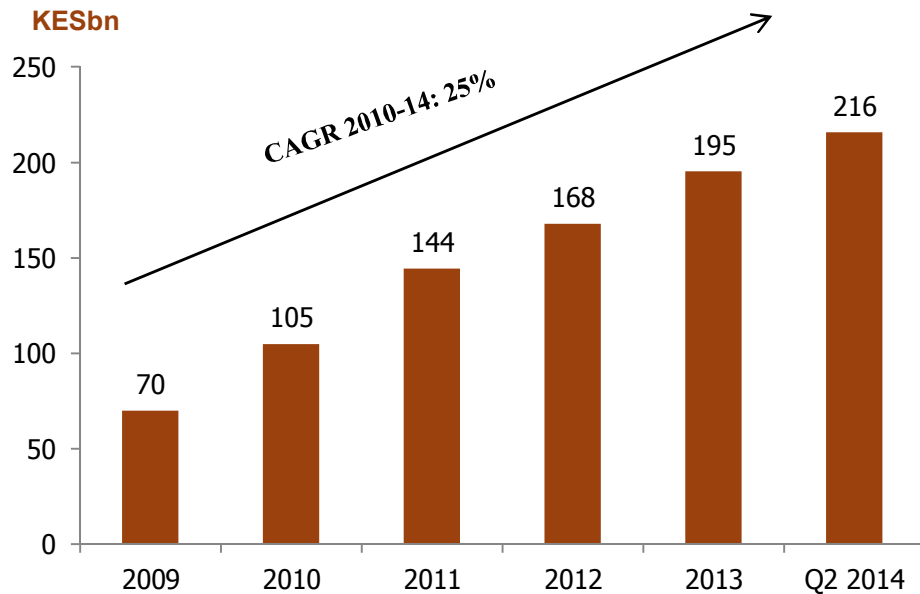
## Deposits Evolution Q/Q



## Highlights

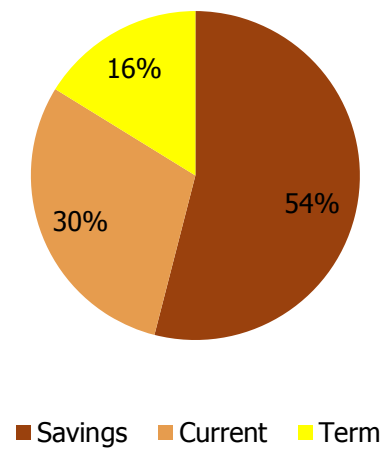
- Group Deposits growth was 15% yoy
- Average deposit per customer is Ksh. 24,271
- Loan/Deposit ratio is at 86% due to increased funding from Borrowed funds and Retained earnings
- Top 20 depositors contribute 10% of total deposits
- Savings constitute 54%, Current 30% and term deposit 16%

## Deposit Evolution Y/Y



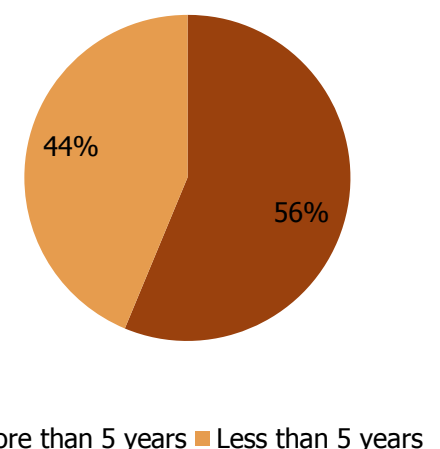
## Q2 2014 Deposits Breakdown

### By Type<sup>1</sup>



Total: KES 212bn

### Funding Breakdown by Maturity<sup>1</sup>



Total: KES 301 bn

1. Split based on Kenya only

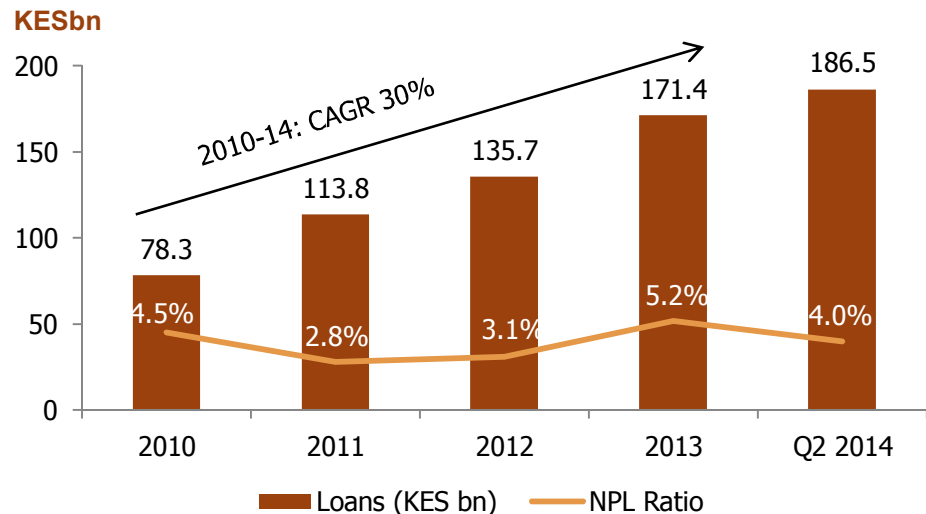


# õ Driving Lending to Key Sectors



# Asset Diversification and Loan Book Quality

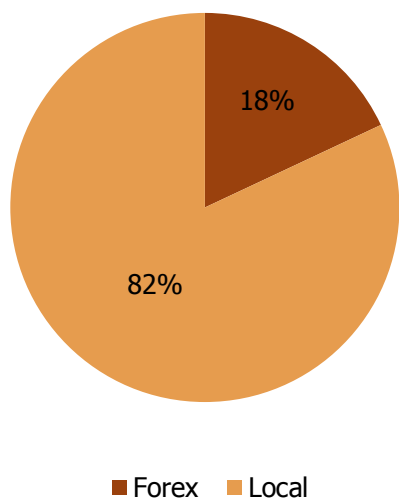
## Net Customer Loans Evolution



## Key Commentary

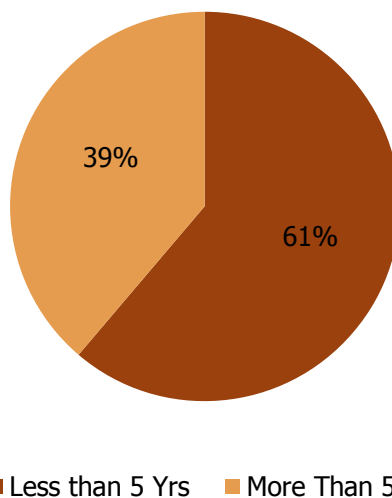
- **Loan book** grew by **24% yoy**
- Short-term small loans **minimise cost of risk** . customers incentivised to repay and up-size
- **Loan accounts** grew by **12% yoy**
- Lending structured around the **Value Chain approach**

## Q2 2014 Loan Book<sup>1</sup> By Currency



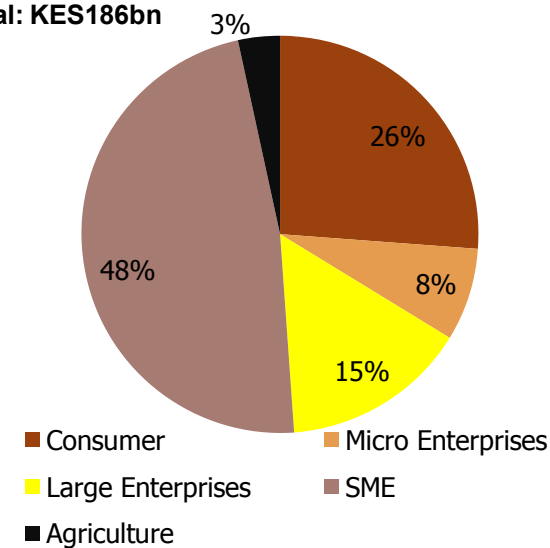
## Q2 2014 Loan Book<sup>1</sup> By Maturity

Total: KES 165 bn



## Q2 2014 Loan Book By Sector

Total: KES186bn

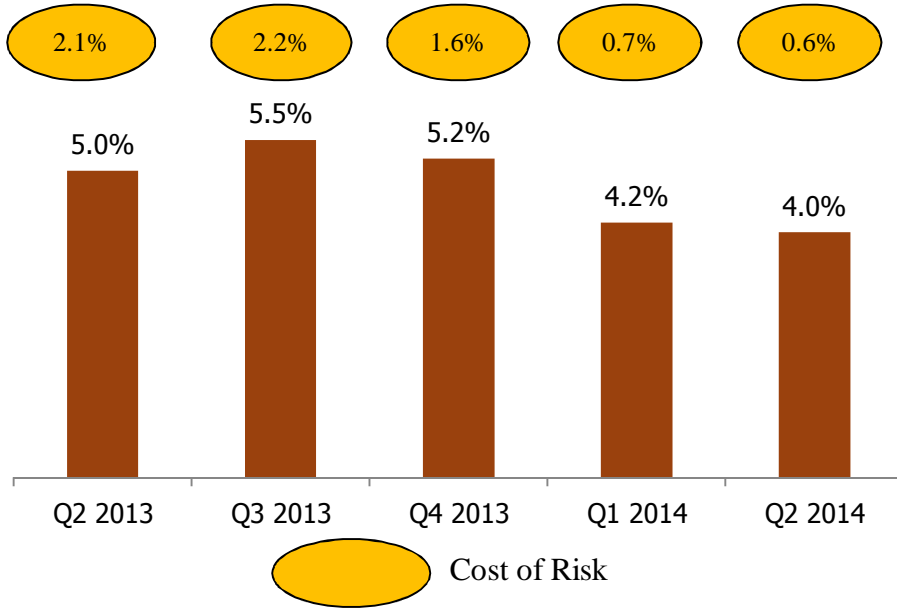


1. Split based on net loans from Kenya only



# Asset Quality Trends Continue To Improve

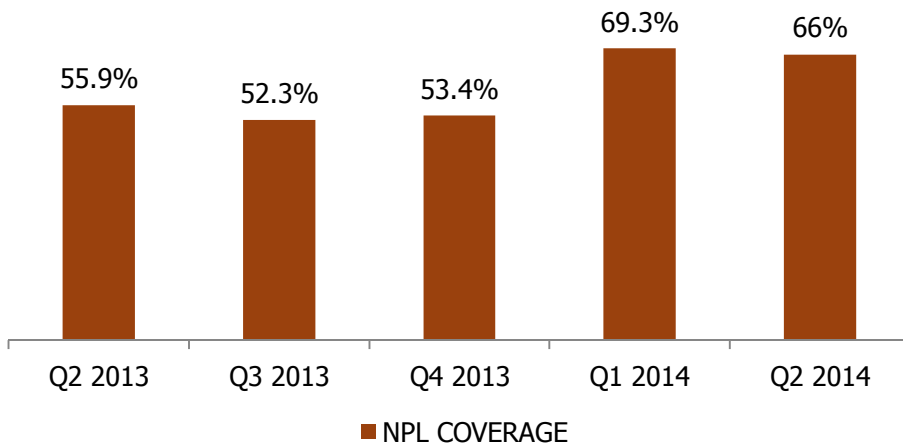
## Gross NPL Ratio – Improved in Q2 2014 (Group)



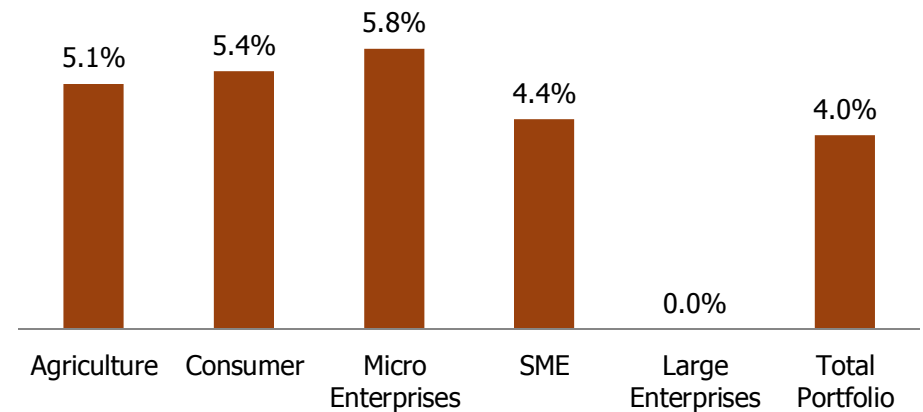
## NPL Ratio Evolution

- **65%** reduction in **Impairment charges** from **1.47bn** Q2d3 to **0.52bn** in Q2d4
- Reduced **cost of risk to 0.6%** from **2.1% yoy**.
- **Risk Management** enhanced through strong monitoring and partnerships across the value chains

## Comfortable Coverage : Coverage Ratio Evolution<sup>1</sup>



## Gross NPL Ratio By Sector Q2 2014 (Bank)

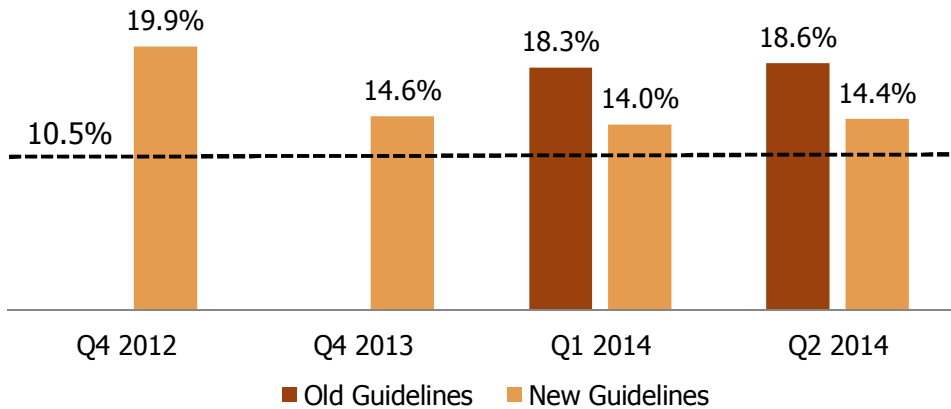


1. Under CBK rules

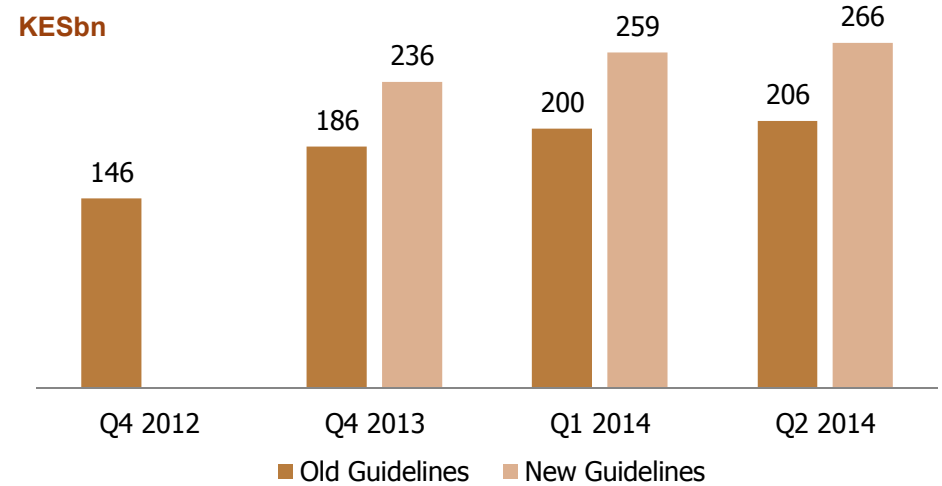


# Capital Management - Balancing Growth, Solvency and Shareholders Returns

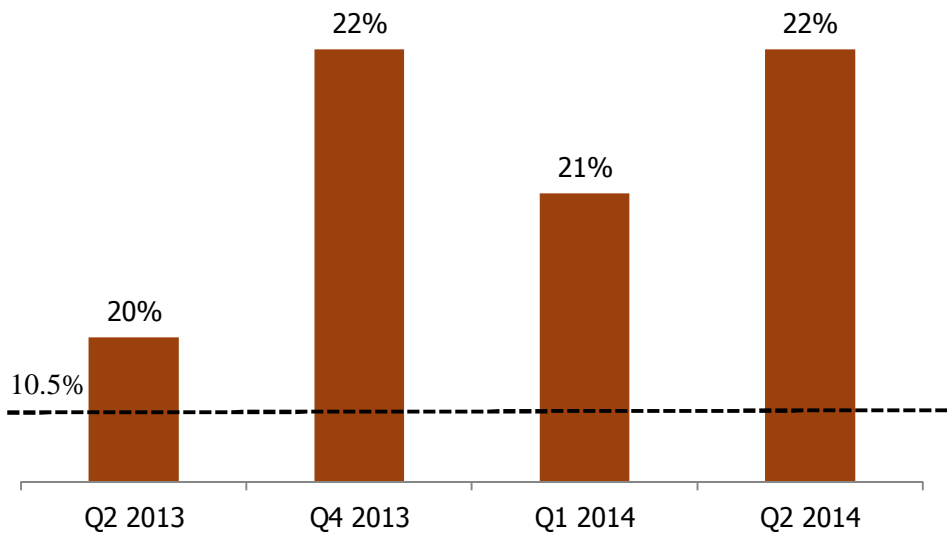
## Core Capital to Risk Weighted Assets



## Total Risk Weighted Assets Evolution (Kenya)



## Core Capital to Total Deposits



## Key Commentary

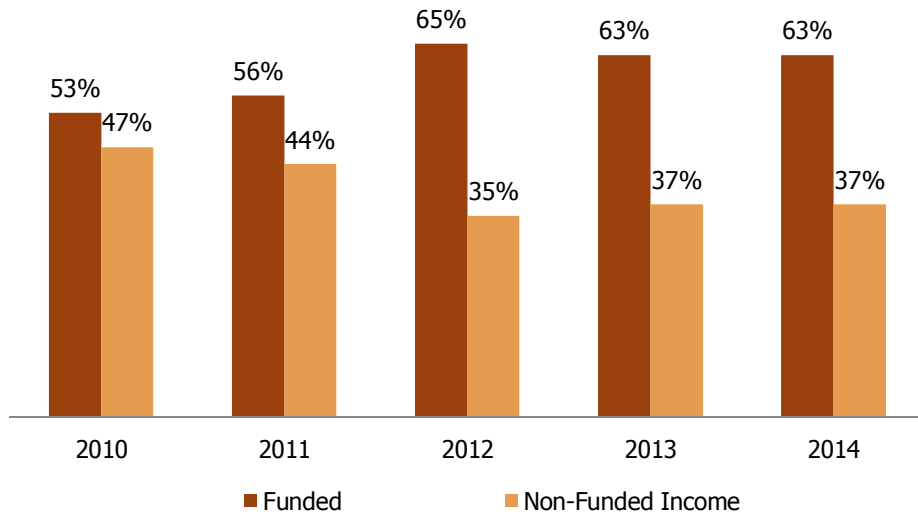
- Strong **internal capital generation and conservative gearing**
- **Total Capital** of over **Ksh. 45.3bn** and **Core Capital** of over **Ksh 36.4bn** leading to a **stable CAR is at 17.3%**
- **Increased profit retention** building enough capital for **operations and organic growth**
- Increase focus on **capital efficiency** by:
  - **Optimizing our portfolio risk weighted assets (RWAs)**
  - **Optimizing our mix of earning and non-earning assets**

1. Split based on Kenya only



# Balanced Revenue Mix and Stable NIMs

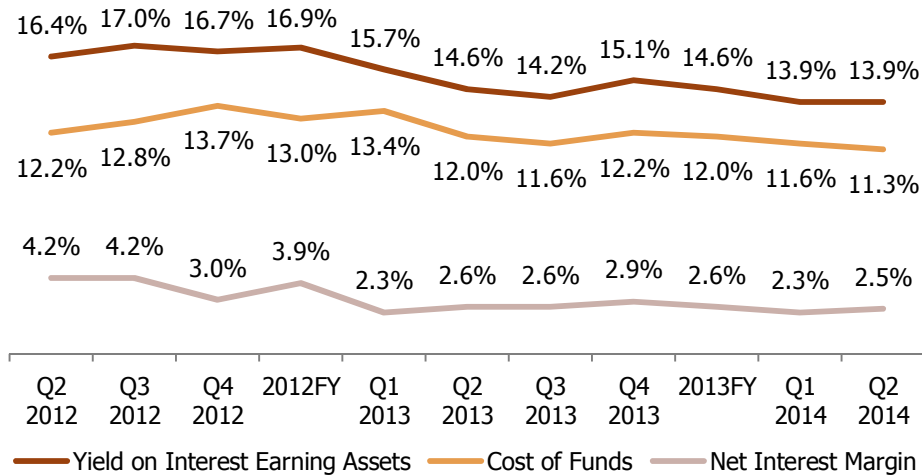
## Funded and Non-funded Income



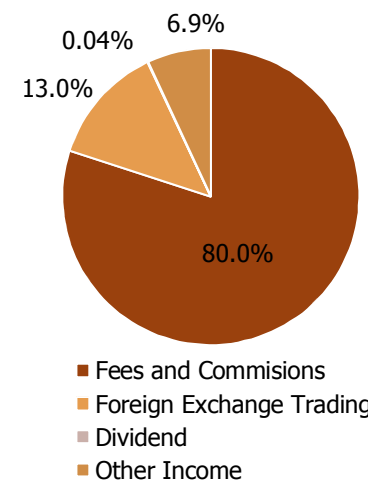
## Highlights

- **Total income grew by 10% yoy**
- **Non Funded Income achieved 17% growth** driven by growth credit related fees, trading income, FX income transaction based fee e.g. Trade Finance & Payment Services
- **Non Funded Income** constitute 37% of the total income, while 63% is Net Interest Income.
- **NIM's** have declined from 11.6% in Q1 2014 to **11.3%** in Q2. This is attributable to re-pricing of interest in Q2 2013
- **Benefits of diversified revenue streams** in subsequent periods with stringent cost control will further improve operating efficiency

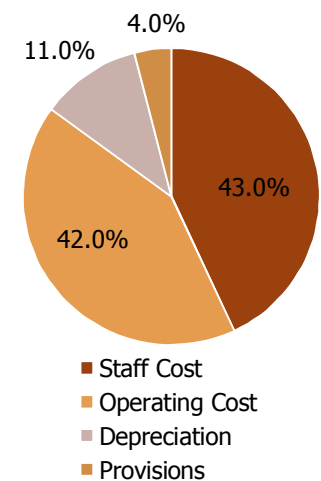
## Net Interest Margin Evolution



## Non Funded Income By Type



## Expenditure by Type

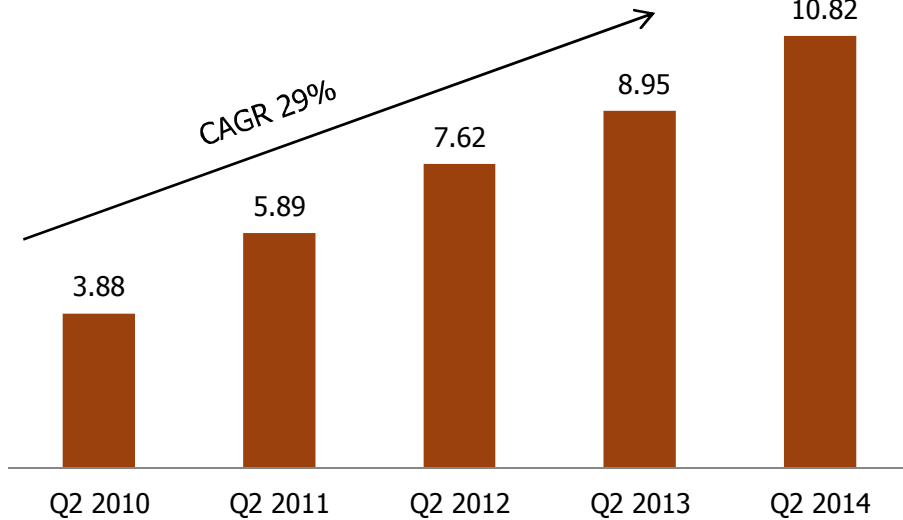




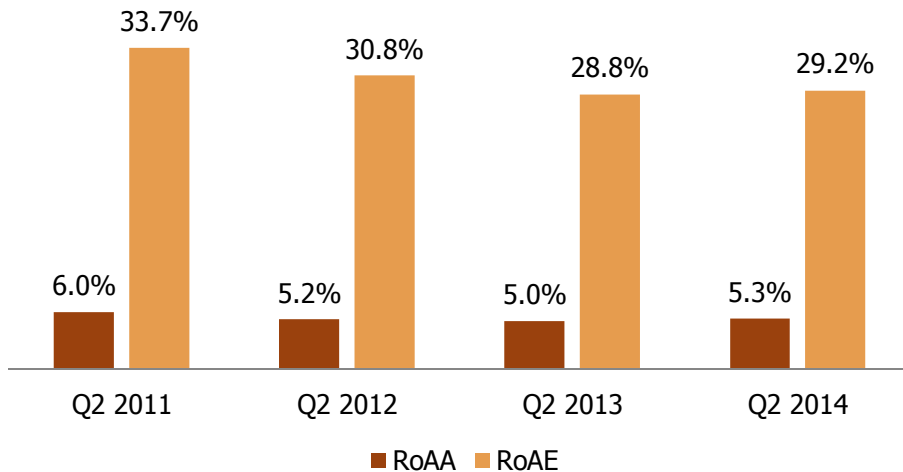
# Profitability & Efficient Cost Management

## PBT Evolution<sup>1</sup>

KESbn



## RoAA / RoAE Evolution



## Key Commentary

- Group **PBT** grew by **21%** yoy to **KES10.82 bn** mainly driven by **Non funded income which grew by 21%**
- **Total costs** increased contained to a marginal **2%** .
- **Cost efficiency** is driven by ;
  - **leveraging shared distribution platforms** across the group,
  - accelerating the deployment and use of **alternative delivery channels** ,maintaining a **staffing structure that is appropriate for its needs**
  - **optimizing procurement and operational spending.**
- **Interest expense** witnessed **21%** growth mainly due to growth of **customers deposits**
- Continued focus on profitability with a **ROE of 29.3%** and **ROA of 5.3%**

1. Profit before tax after exceptional items

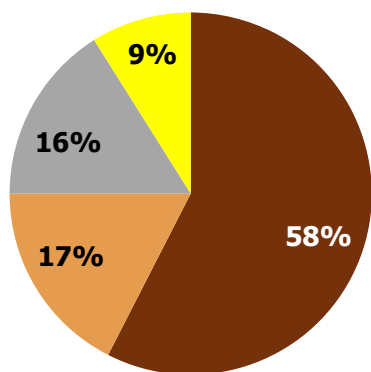


# Asset portfolio & distribution

	Q2 2013	Q2 2014	Growth
Assets (bn)	KES	KES	%
Net Loans	150.48	186.51	24%
Cash & Cash Equivalents	45.68	40.97	(10)%
Government Securities	42.09	45.34	8%
Other Assets	23.33	30.10	29%
<b>Total Assets</b>	<b><u>261.58</u></b>	<b><u>302.92</u></b>	<b><u>16%</u></b>

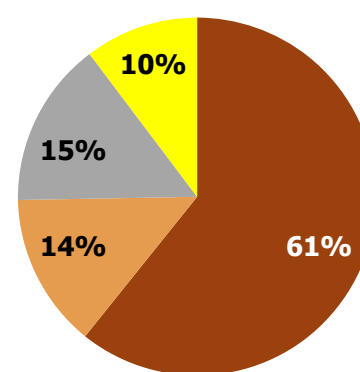
## Asset Distribution

Q2 2013



- Net Loans
- Cash & Cash Equivalents
- Government Securities
- Other Assets

Q2 2014



- Net Loans
- Cash & Cash Equivalents
- Government Securities
- Other Assets

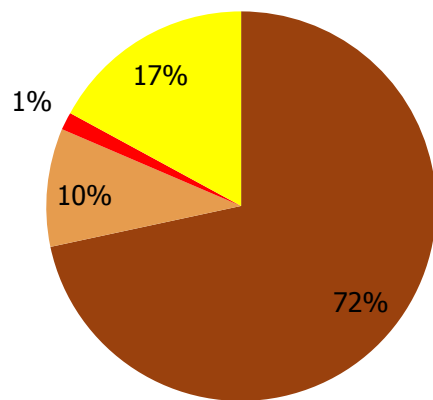


# Broad base liabilities & funding sources

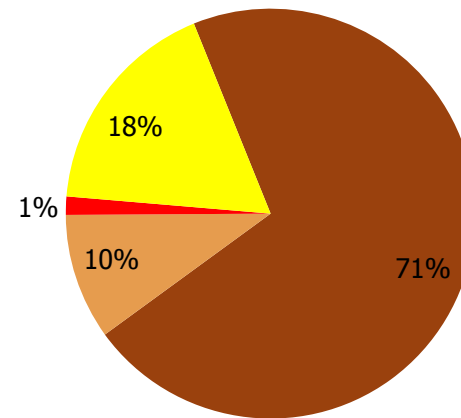
	Q2 2013	Q2 2014	Growth
Liabilities & Capital (Bn)	KES	KES	%
<b>Deposits</b>	187.44	216.05	15%
<b>Borrowed Funds</b>	25.61	29.13	14%
<b>Other Liabilities</b>	3.86	4.43	15%
<b>Shareholders' Funds</b>	44.67	53.31	19%
<b>Total Liabilities &amp; Capital</b>	<b>261.58</b>	<b>302.92</b>	<b>16%</b>

## Funding Distribution

Q2 2013



Q2 2014



■ Deposits ■ Borrowed Funds ■ Other Liabilities ■ Shareholders' Funds

■ Deposits ■ Borrowed Funds ■ Other Liabilities ■ Shareholder's Funds





# Delivering 21% Growth in PBT



KESm	Q2 2013	Q2 2014	Growth
Interest Income	15,712	16,971	8%
Interest Expense	(2,445)	(2,956)	21%
<b>Net Interest Income</b>	<b>13,267</b>	<b>14,015</b>	<b>6%</b>
Other Income	6,975	8,319	19%
<b>Total Income</b>	<b>20,242</b>	<b>22,334</b>	<b>10%</b>
Provisions	(1,469)	(518)	(65)%
Staff Costs	(4,400)	(4,984)	13%
Other Operating Expenses	(5,522)	(6,113)	11%
<b>Total Costs</b>	<b>(11,391)</b>	<b>(11,615)</b>	<b>2%</b>
Exceptional Items	100	106	6%
<b>PBT</b>	<b>8,951</b>	<b>10,825</b>	<b>21%</b>
Tax	(2,643)	(3,164)	20%
<b>PAT</b>	<b>6,308</b>	<b>7,661</b>	<b>21%</b>



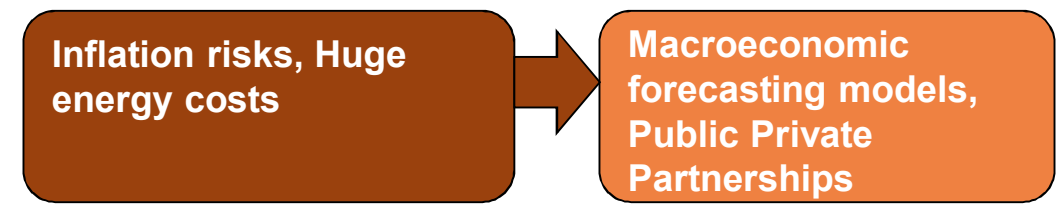
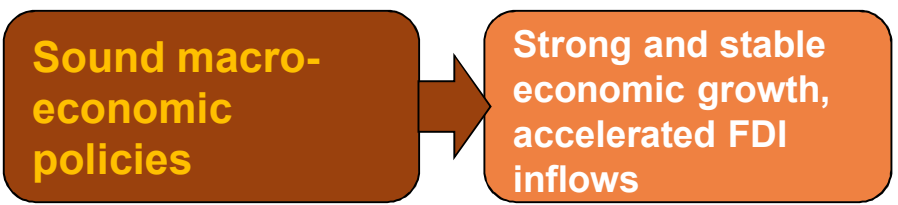
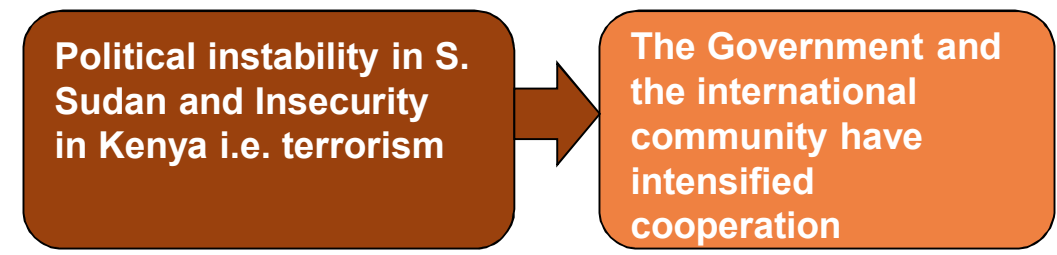
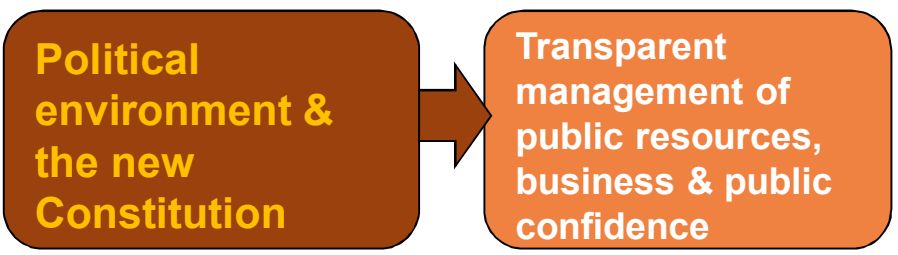
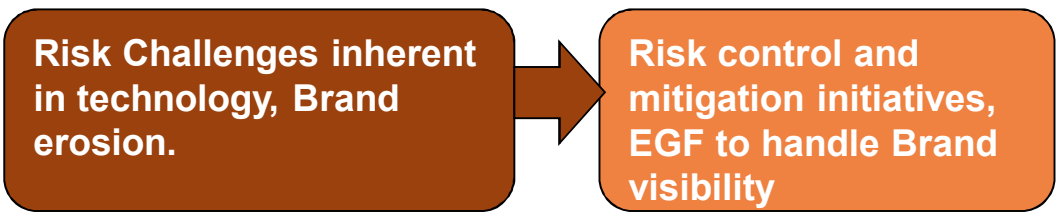
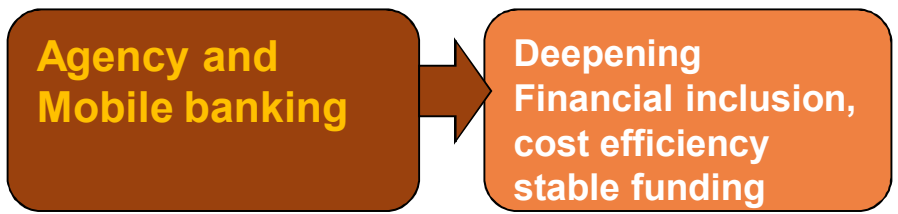
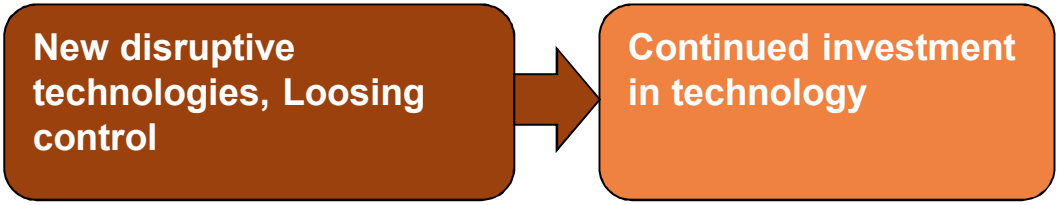
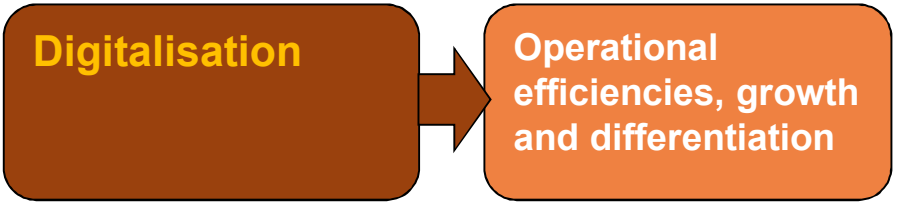
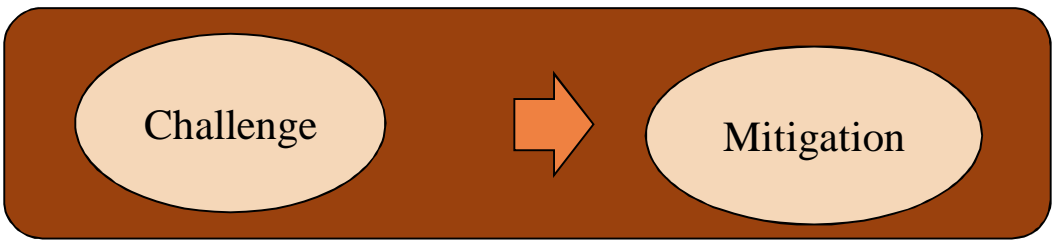
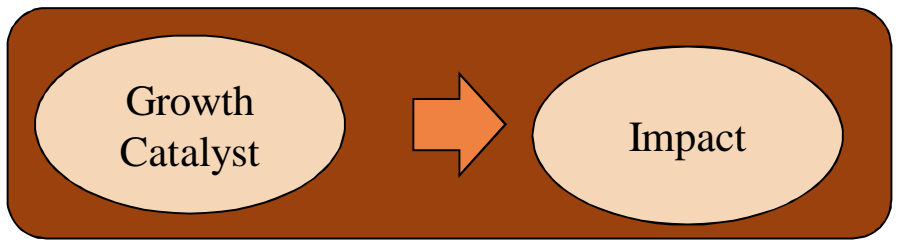
# Positive key financial ratios



	Bank	Bank	Group	Group
	June 2013	June 2014	June 2013	June 2014
<b>Profitability</b>				
<b>NIM</b>	13.3%	12.2%	12.6%	11.3%
<b>Cost to Income Ratio</b>	44.8%	46.0%	49.0%	49.7%
<b>ROE</b>	26.8%	27.0%	28.8%	29.3%
<b>ROA</b>	5.2%	5.5%	5.0%	5.3%
<b>Asset Quality</b>				
<b>NPL Ratio</b>	5.1%	4.0%	5.0%	4.6%
<b>Cost of Risk</b>	1.84%	0.44%	2.05%	0.58%
<b>NPL Coverage</b>	56.9%	66%	55.5%	60%
<b>Liquidity / Leverage</b>				
<b>Loan / Deposit Ratio</b>	85%	93%	80%	86%
<b>Statutory Liquidity Ratio</b>	40.8%	40.8%	40.8%	40.8%
<b>Capital Adequacy Ratios</b>				
<b>Core Capital to Risk Weighted Assets</b>	14.9%	14.4%	14.9%	14.4%
<b>Core Capital to Deposits Ratio</b>	20.2%	21.5%	20.2%	21.5%
<b>Total Capital to Risk Weighted Assets</b>	22.3%	17.4%	22.3%	17.4%



# Key Areas Impacting Future Performance & Operational Efficiency





EQUITY CENTRE



Appendix . Macro Trends



# Macro-Economic Environment

Macro-economic Indicators	Kenya	Uganda	Rwanda	Tanzania
Current Account to GDP Dec 2013	<b>-8.09%</b>	<b>-5.90%</b>	<b>-10.20%</b>	<b>-13.70%</b>
FX Rate (USD/Local currency)	<b>87.70</b>	<b>2660</b>	<b>683.06</b>	<b>1665</b>
Private Sector Credit Growth	<b>24.19%</b> May 2014	<b>10.8%</b> April 2014	<b>14.3%</b> June 2013	<b>13.7%</b> Oct 2013
Real GDP Growth	<b>6.30%</b>	<b>6.90%</b>	<b>7.40%</b>	<b>7.40%</b>
GDP USD Bn	<b>37.23</b>	<b>19.80</b>	<b>7.10</b>	<b>28.25</b>



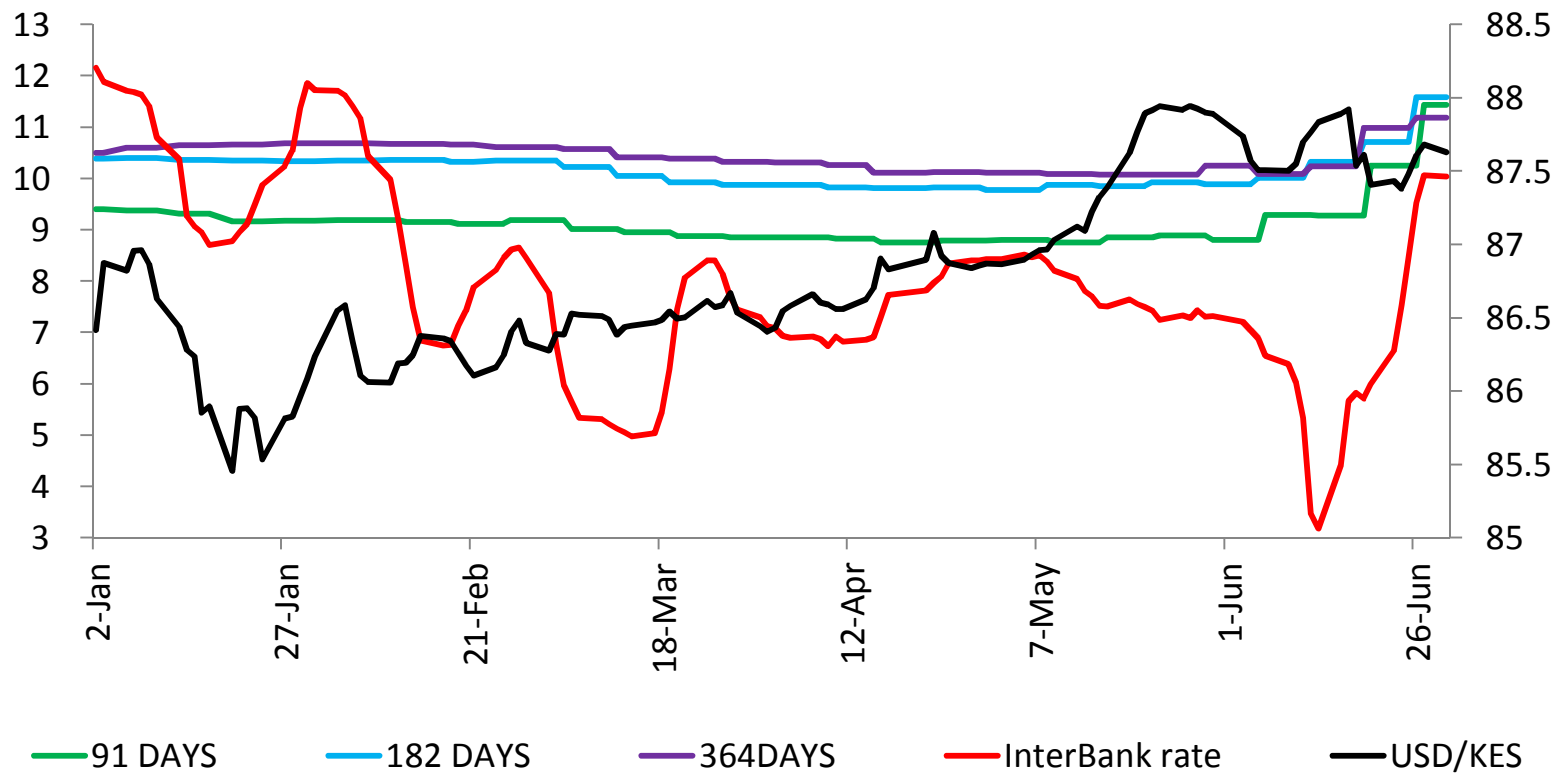


# INTEREST RATES

RATES	Kenya	Uganda	Tanzania	Rwanda
91 Days T-bill	<b>11.403%</b> (EXPECTED ALSO TO DROP)	<b>8.997%</b>	<b>10.56%</b>	<b>4.88%</b>
182 Days T-bill	<b>10.97%</b>	<b>11.043%</b>	<b>13.56%</b>	<b>5.53%</b>
364 Days T-bill	<b>11.16%</b>	<b>11.905%</b>	<b>13.63%</b>	<b>6.538%</b>
Central Bank Rate	<b>8.5%</b>	<b>11.00%</b>	<b>12.0%</b>	<b>6.50%</b>
Inflation (CPI)	<b>7.39%</b>	<b>4.9%</b>	<b>6.40%</b>	<b>1.90%</b>
Interbank rate	<b>7.34%</b>	<b>8.02%</b>	<b>14.72%</b>	<b>5.82%</b>

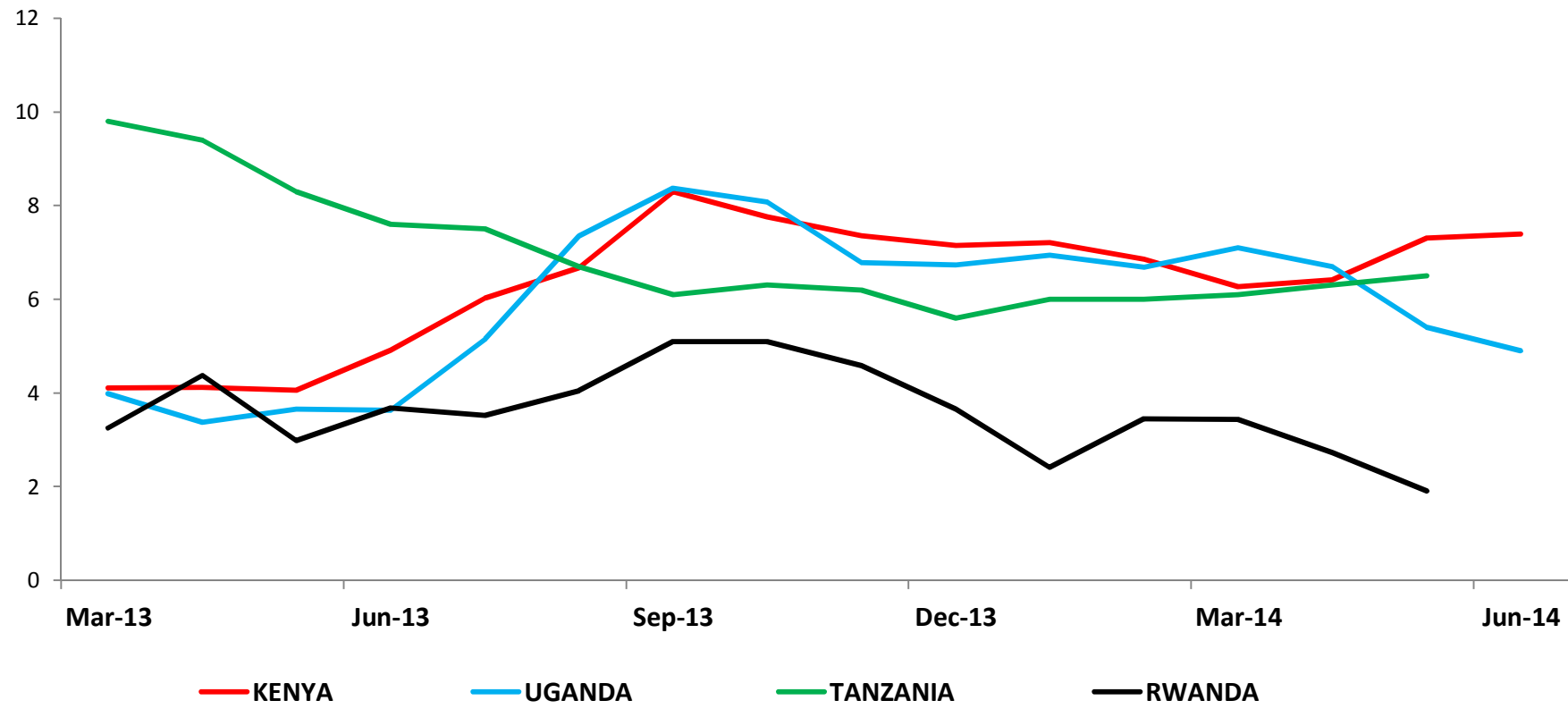


# INTEREST RATES TREND 2014





# INFLATION (CPI)





# THANK YOU

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