



# Investor Briefing Q1 2018 Performance

Date: 17<sup>th</sup> May, 2018



**Equity Group Holdings Plc Headquarters**  
**Equity Centre, Upperhill, Nairobi**





# Equity Group's Philosophies



## **Our Purpose**

We exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximise their opportunities.

## **Our Vision**

To be the champion of the socio-economic prosperity of the people of Africa.

## **Our Mission**

We offer inclusive, customer-focused financial services that socially and economically empower our clients and other stakeholders.

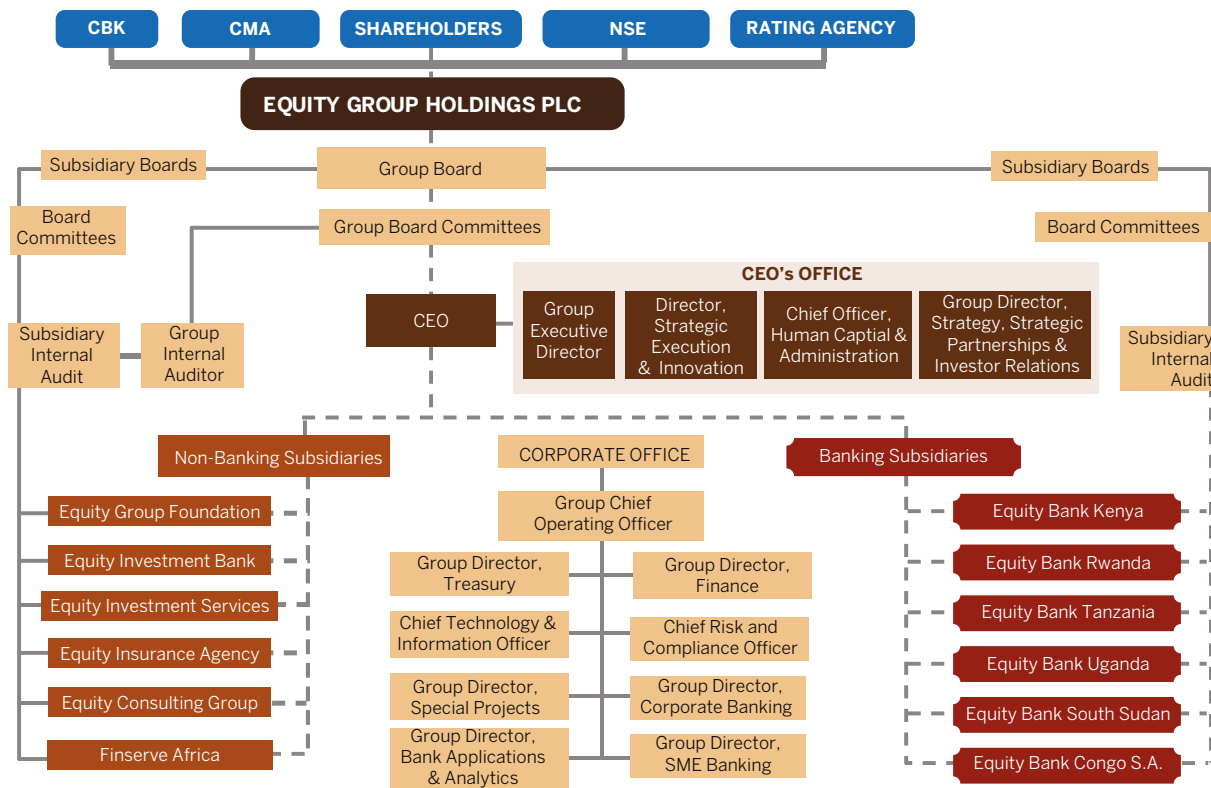
## **Core Values**

- Professionalism
- Integrity
- Creativity & Innovation
- Teamwork
- Unity of Purpose
- Respect & Dignity for Customers
- Effective Corporate Governance

## **Positioning Statement**

Equity provides inclusive financial services that transform livelihoods, give dignity and expand opportunities.

# Strong Governance & Leadership Structure





# Group Executive Management



**James Mwangi, CBS**  
Group Managing Director &  
Chief Executive Officer



**Mary Wamae**  
Group Executive Director



**Bhartesh Shah**  
Chief Operations Officer



**Reuben Mbindu**  
Chief Officer, Human  
Capital and Administration



**James Mutuku**  
Group Director, Treasury



**Brent Malahay**  
Group Director, Strategy,  
Strategic Partnerships and  
Investor Relations



**John Wamai**  
Director, ICT—Enterprise Business  
Systems and Services



**Bildard Fwamba**  
Chief Internal Auditor



**Gerald Warui**  
Director, Operations  
and Customer Experience



**Elizabeth Gathai**  
Director, Credit



**Allan Waititu**  
Director,  
Special Projects



**Festus Njuki**  
Director, Enterprise  
Infrastructure and ICT Services



# Group Executive Management



**David Nyamu**  
Director, Marketing



**Samuel Kirubi**  
Managing Director,  
Equity Bank Uganda



**Anthony Kituuka**  
Executive Director,  
Equity Bank Uganda



**Addis Ababa Othow**  
Managing Director,  
Equity Bank South Sudan



**Hannington Namara**  
Managing Director,  
Equity Bank Rwanda



**Joseph Iha**  
Managing Director,  
Equity Bank Tanzania



**Célestin Muntuabu**  
Managing Director,  
Equity Bank Congo



**Philip Sigwart**  
Executive Director,  
Equity Bank Congo



**Jack Ngare**  
Managing Director,  
Finserve Africa



**Eric Karobia**  
Executive Director,  
Finserve Africa





EQUITY CENTRE



## **Macroeconomic Environment-Eastern Africa**



### **Uganda**

- a) Economic performance generally remained strong in 2017 and is projected to reach 5.9% in 2018, up from 4.8% in 2017.
- b) Both headline and core inflation declined to 2.1% and 1.7% respectively.
- c) The Bank of Uganda CBR rate has been trending down for the last 2 years.
- d) Private sector credit which remained subdued throughout FY2016/17 is beginning to show some signs of recovery.
- e) The rate of non-performing loans across the banking sector has dropped from a high of 10.5% in December 2016 to a low of 5.6% in December 2017.

### **Rwanda**

- a) Rwanda's economy is expected to grow by 7.2 per cent in 2018 riding on the services sector, agriculture and a rebound in construction activities (IMF) up from 6.1 in 2017.
- b) Inflation is expected to be around 5.0 percent in 2018, slightly up from 4.9 percent in 2017.





## **Tanzania**

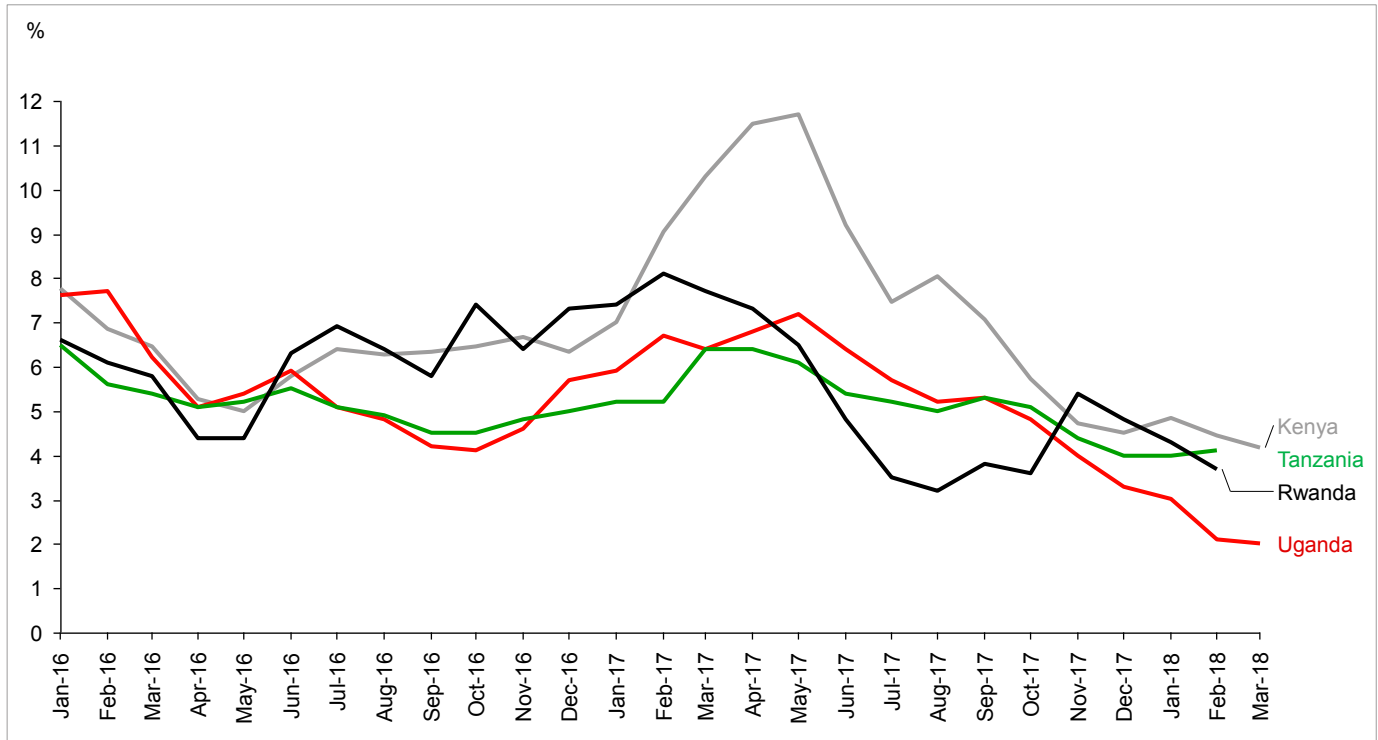
- a) Tanzania's GDP growth slowed to 6.8 percent in the first half of 2017 from a 7.7 percent expansion in the same period in 2016.
- b) Inflation in Tanzania remains moderate and foreign exchange reserves have increased substantially.
- c) In January 2018, the IMF stepped up its warnings against economic slowdown in Tanzania, saying the government needs to take urgent measures to reverse the downward trend.
- d) GDP data shows strong growth, but other high frequency data suggest a weakening of economic activity
- e) Tax revenue collections are lower than expected and credit growth has stagnated reflecting in part banks' rising non-performing loans (NPLs).
- f) Low budget implementation, a challenging business environment.

## **DRC**

- a) The economy is on track for a mild recovery. Economic growth is forecast growth of 3.3% in 2018.
- b) Mining output for key commodities including copper and cobalt expanded at a sharper pace in the January–February period.
- c) High inflation and political uncertainty may weigh down on investment, consumption and output levels.

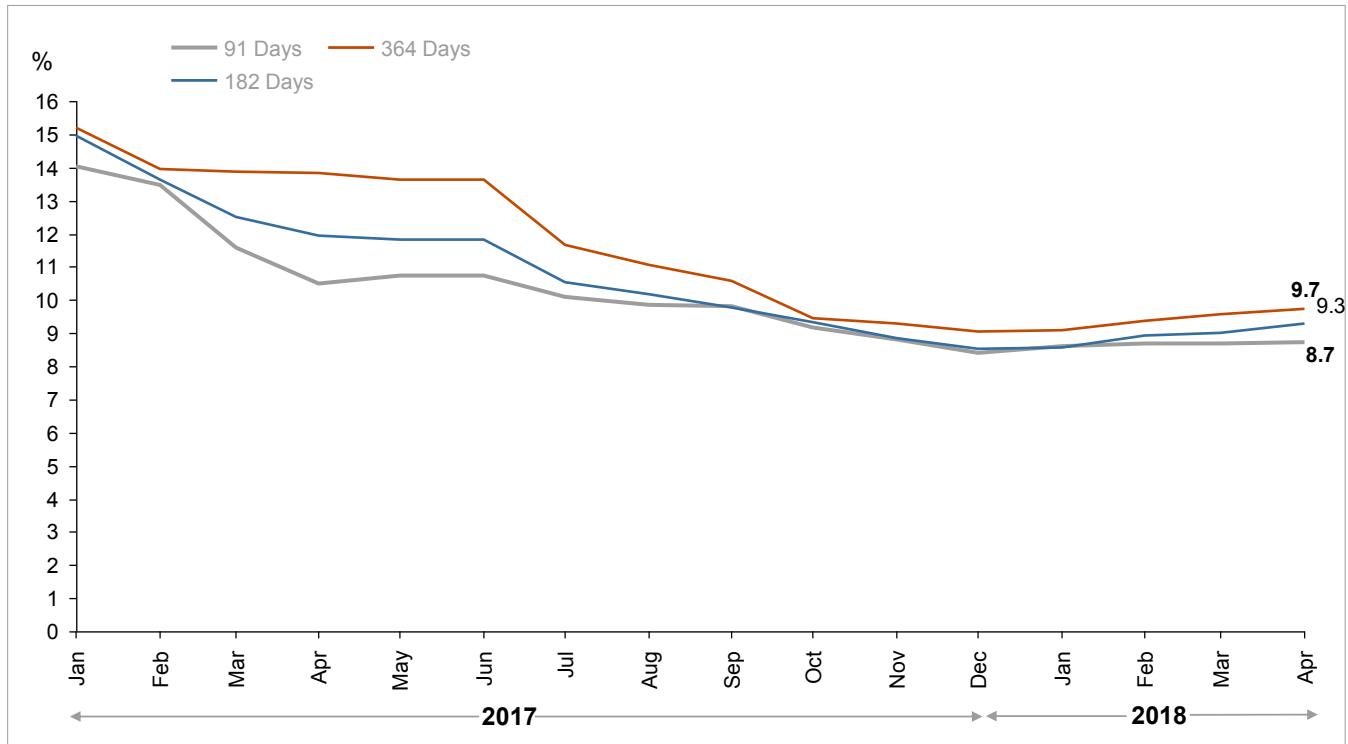


# Inflation – Selected East Africa Countries



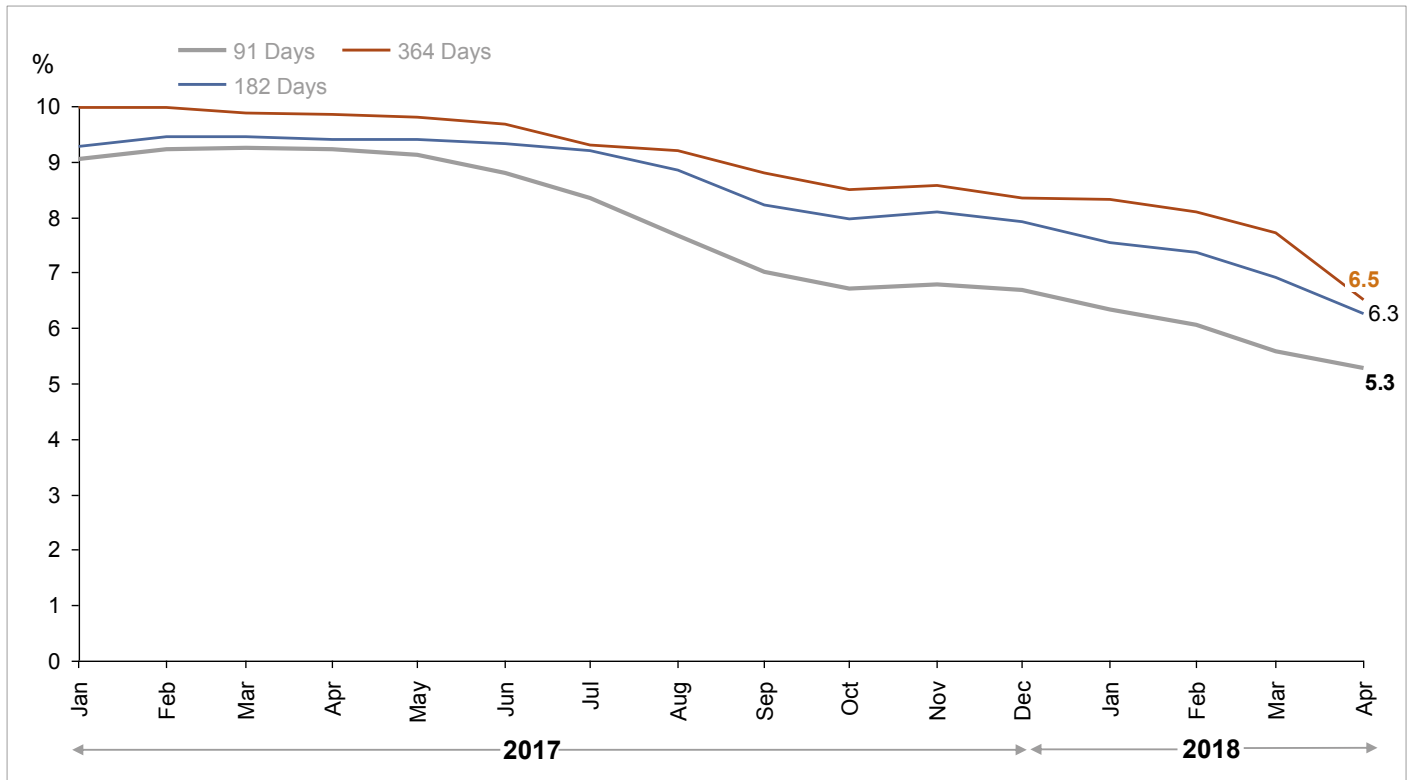


# Interest Rates - Uganda





# Interest Rates - Rwanda



EQUITY CENTR

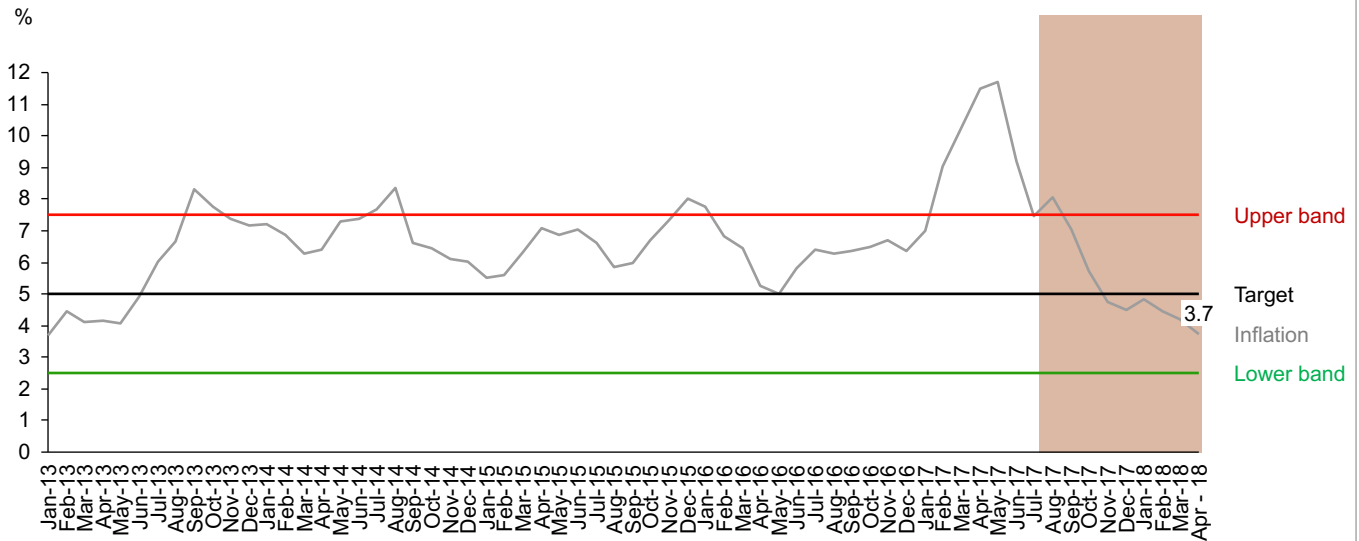


**Macroeconomic Environment  
Indicators & Trends - Kenya**



# Inflation – Kenya

- Inflation has been on a sustained recovery since mid 2017. Inflationary pressure now **restrained** and currently **within the targeted range**, inflation rate at a new low level of 3.73%
- Inflation is expected to remain subdued due to the improved weather conditions in the country



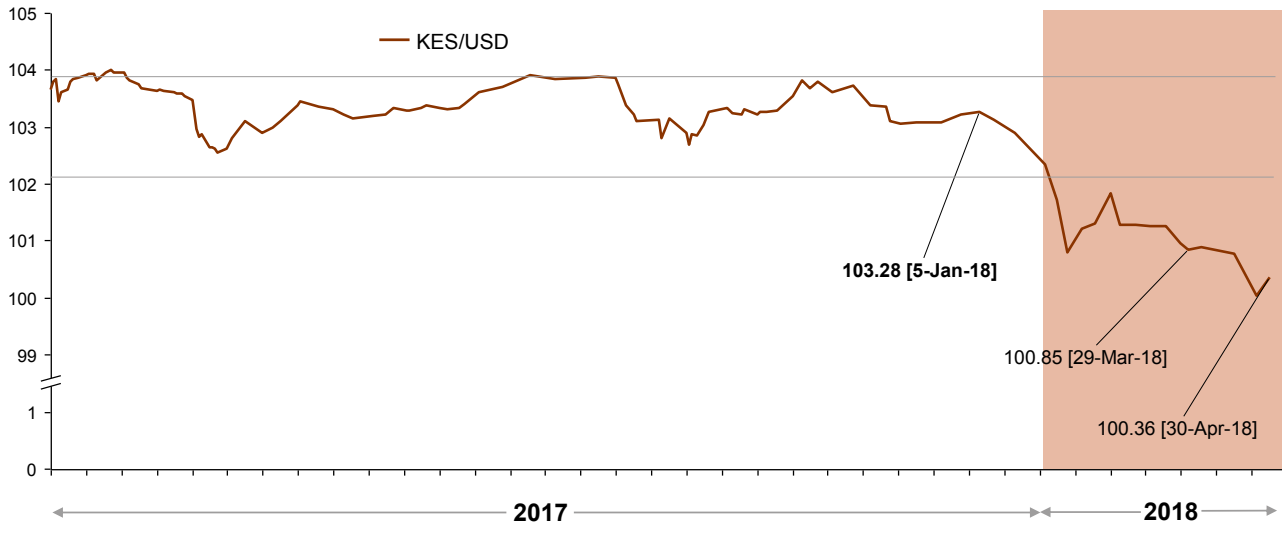




# Foreign Exchange – Kenya



The Kenya Shilling **appreciated by 2.3%** against the US Dollar during the **quarter** and **2.8% by end of Apr 2018**, to close at Kshs 100.36, from Kshs 103.2 as at the end of December 2017, mainly driven by positive sentiments strengthened by **receding political risk** and **increased hard currency inflows**. The shilling is expected to **remain relatively stable** against the dollar due to **improved diaspora remittances**





# Foreign Reserves – Kenya

Although average prices of Crude Oil in the international markets have significantly recovered since Jun 2017 Q1 2018 has registered a slow growth resulting to:

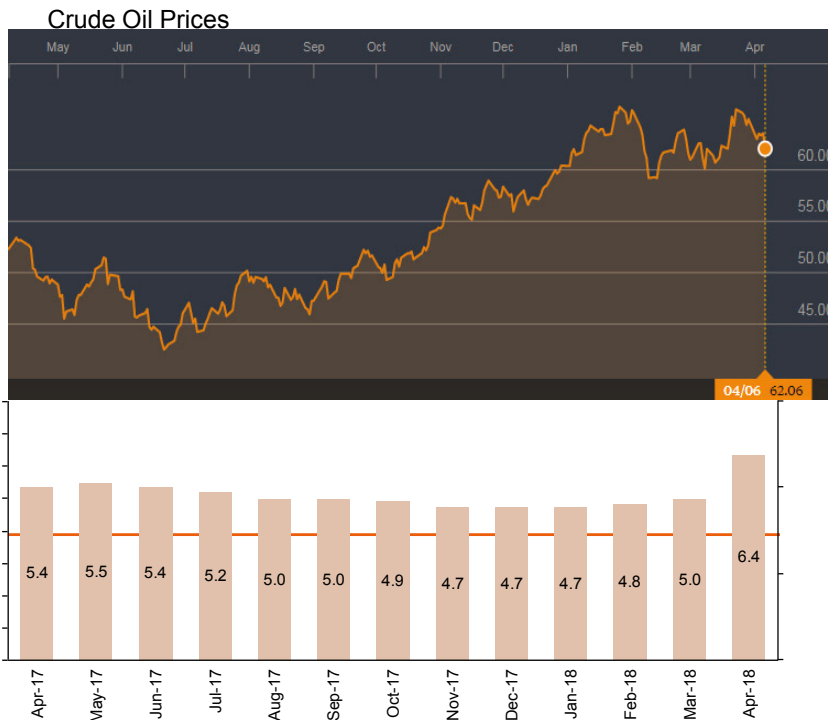
- Improving the FX reserves
- Aiding the Shilling to strengthen

Kenya issued its second set of Eurobonds in an issue that was 7 times subscribed with bids received at USD 14.0Bn against the USD 2Bn target further boosting the reserves.

FX reserves remain stable level against the recommended 4 months.



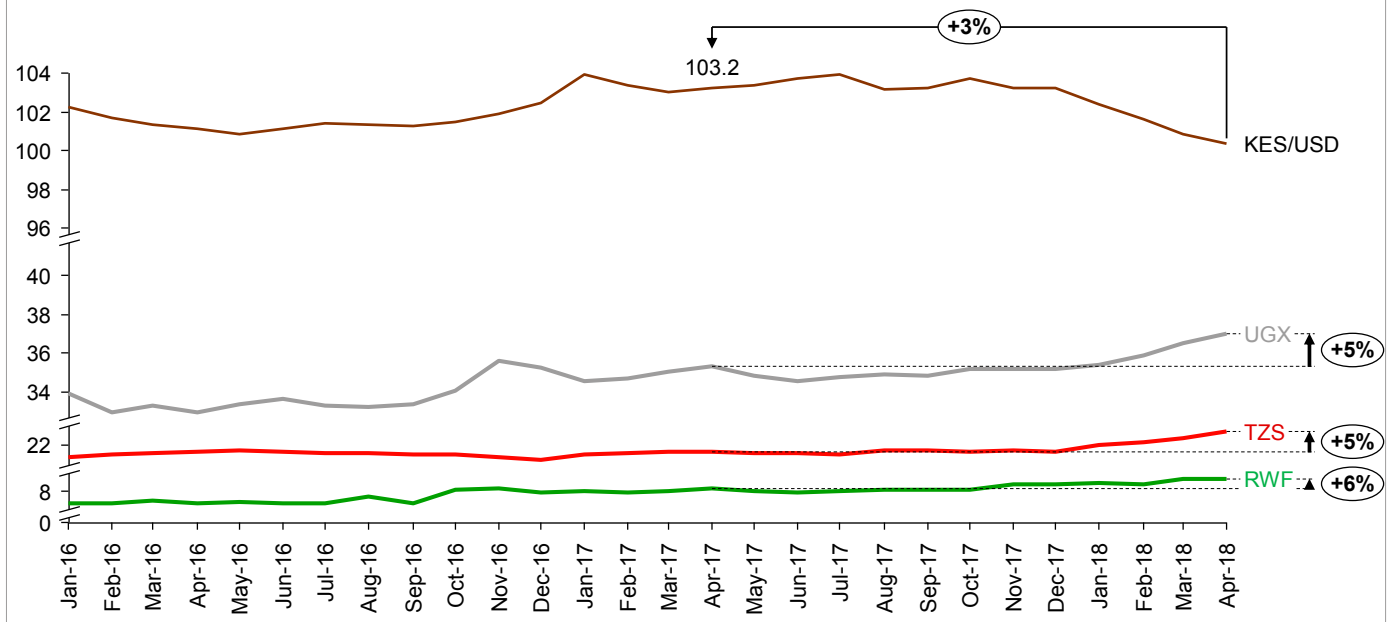
Source: CBK





# FX – Selected East Africa Countries

**KES has gained** ground against her East African peers and **against the USD** YoY

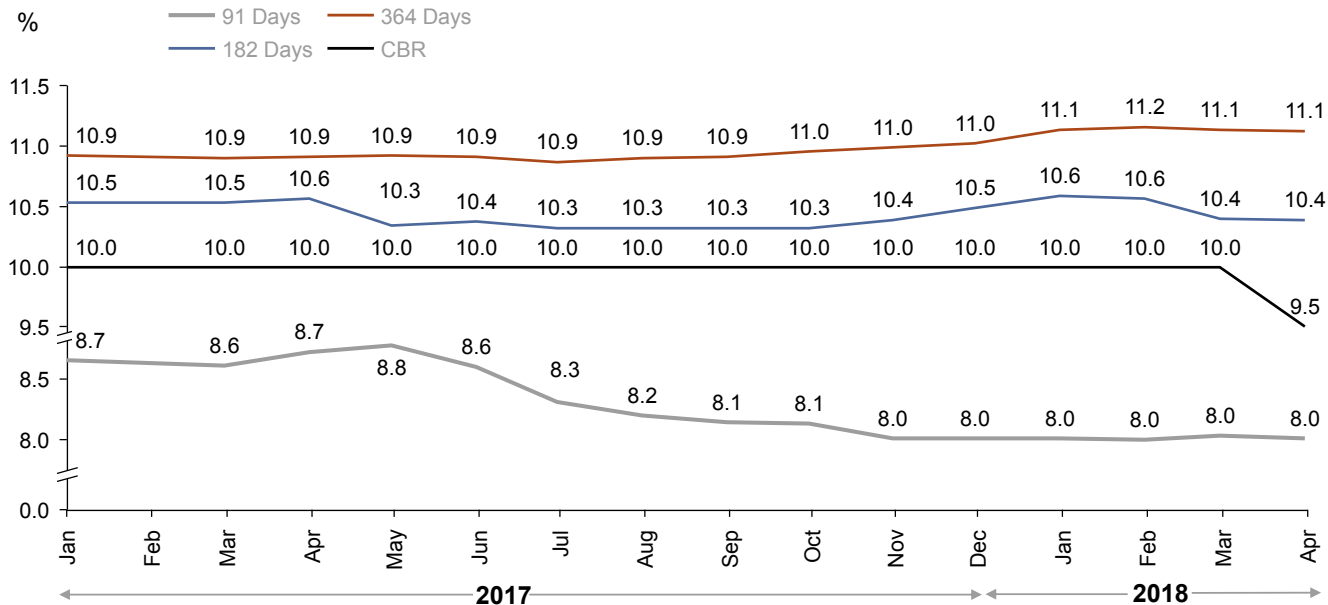




# Interest Rates - Kenya

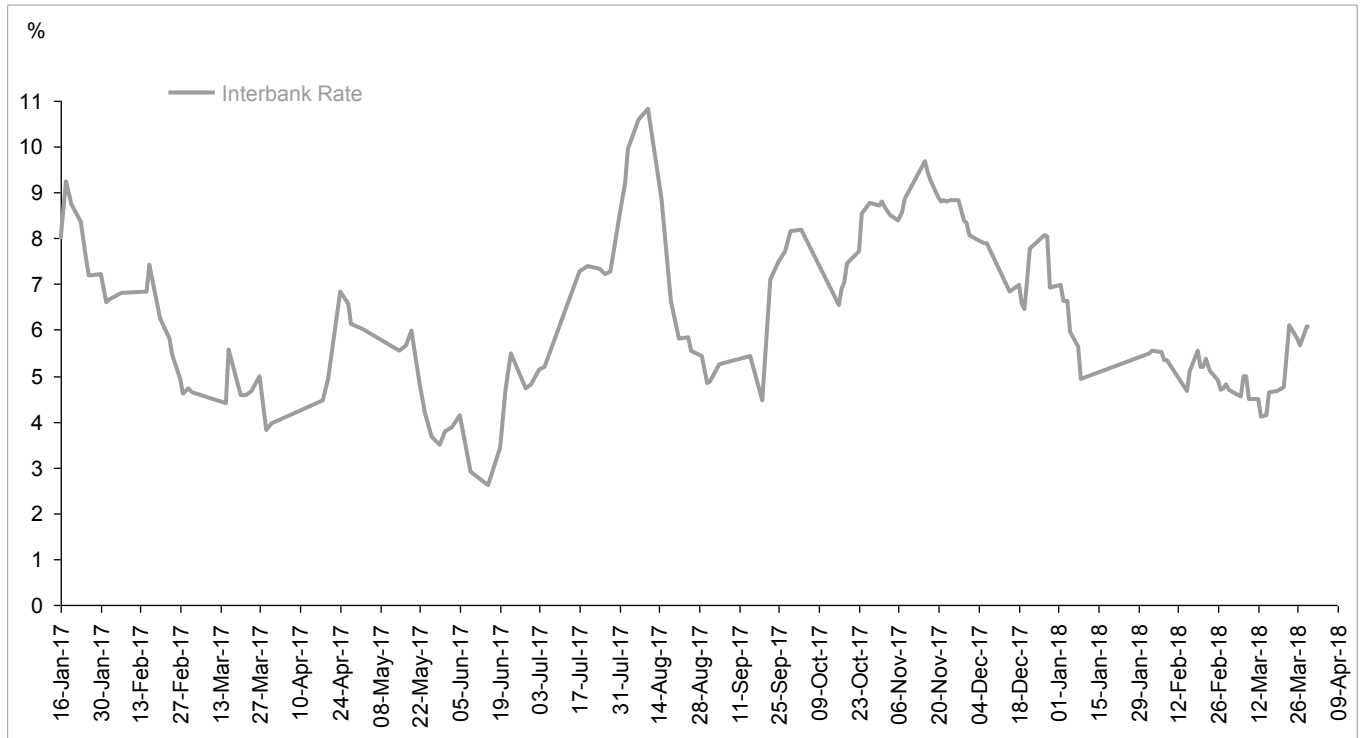


The Monetary Policy Committee (MPC) met on 19<sup>th</sup> March and reduced the Central Bank Rate (CBR) by 50 basis point to 9.5% from 10.0% in a bid to support economic activity in the country and given the low inflation.



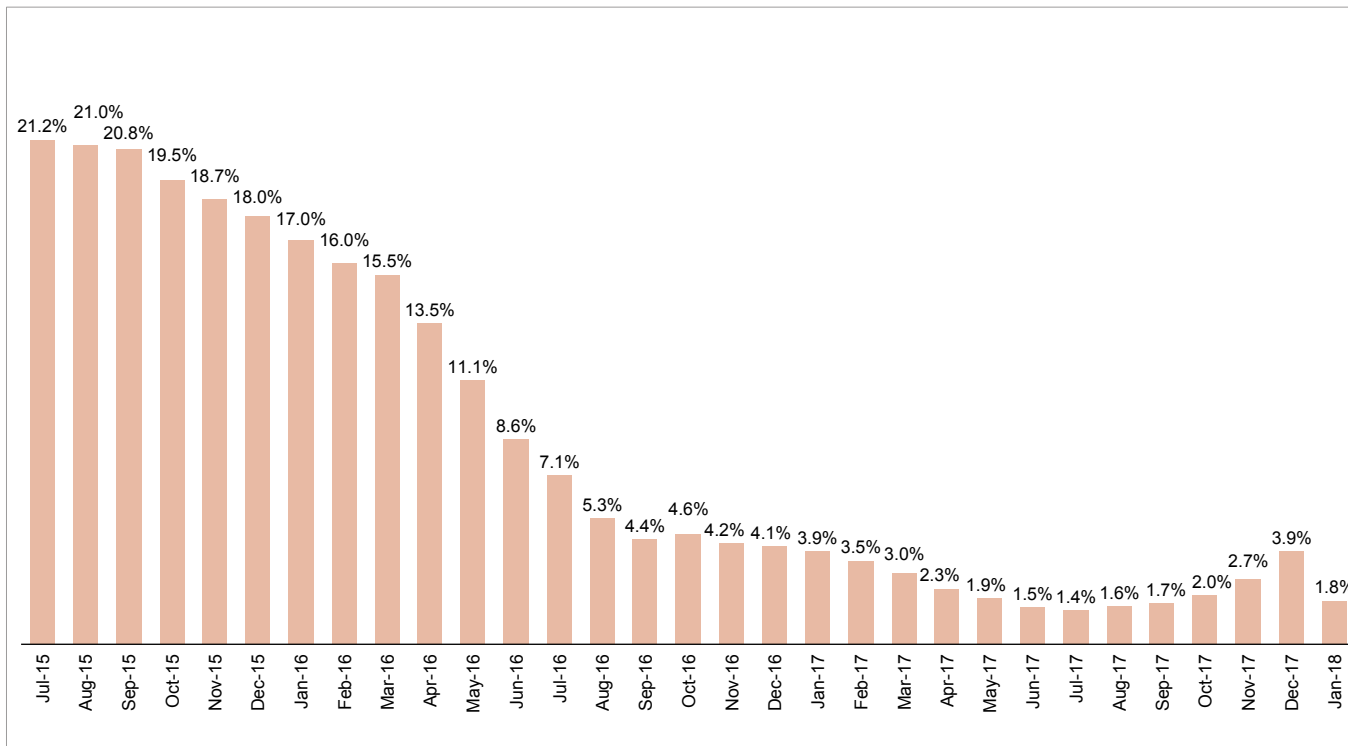


# Interbank Rates - Kenya





# Private Sector Credit Growth Trend



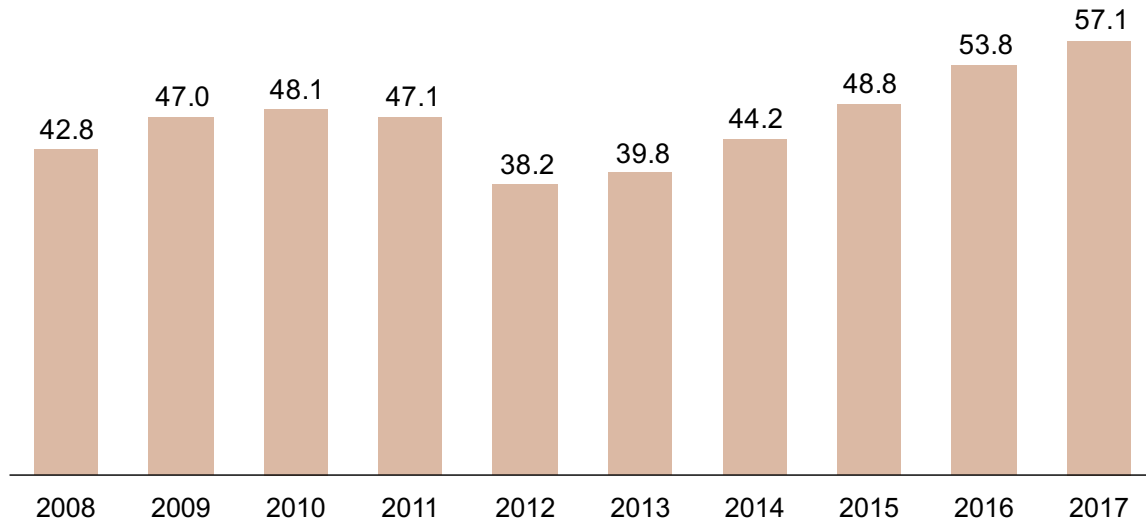




# Debt to GDP



Kenya recorded a government debt equivalent to 57.1 percent of the country's Gross Domestic Product in 2017.



Source: Trading Economics



## **Inflation**

- Kenya's year-on-year inflation dropped to 3.73% in April from 4.18% in March, on the back of improved food production due to good rains and also the strengthening of the shilling against the dollar. Economists forecast inflation to average 5.4% in 2018.

## **Foreign exchange rate**

- The Kenyan shilling shot up in value against the USD amid renewed political stability, which has led to a resurgence in strong capital inflows; increased flow in Diaspora remittances & growth in tourism.

## **Interest Rates**

- Interest rate capping has resulted in low interest rates and subdued private sector credit growth
- Proposed amendments to interest rate cap
- The Monetary Policy Committee (MPC) cut the Bank Rate by 50 basis points, to 9.50% from 10.00% on 19 March. This was the first rate cut in 18 months.

## **GDP**

- The macro-economic environment has improved with economists projecting GDP growing at 5.5% in 2018, up from 4.8% in 2017



# 2018 Economic Outlook



## **Political climate**

- a) Positive political environment after the President and the leader of the opposition agreed to work together
- b) Enhanced and improved security after all travel advisories lifted
- c) Government focus on Big Four; low cost housing, manufacturing, food security & affordable universal health

## **Financial markets**

- a) Long term investors re-entering the market to take advantage of the valuations which are still historically low
- b) Improved investor expectations due to a macro economic environment characterized by low inflation & stable exchange rate

## **Africa Agenda 2063 which holds a great opportunity for the continent's transformation**

- a) Africa Continental Free Trade Area
- b) Free movement of persons supported by Africa open sky space
- c) Plan for accelerated industrialization of Africa
- d) The joint development of infrastructure ( cross border roads, railways, energy pool strategy and communications)
- e) Processing and value addition of natural resources and minerals in the continent



## Ring Fencing of the Budget Allocation for the Big Four



- Manufacturers will be allowed an effective deduction of 130% on electricity costs.
- Repealing of Section 33B of the Banking (Amendment Act) 2016.
- Collaboration and co-operation between the President and the Opposition to defeat corruption, negative ethnicity, tribalism and divisive politics



# Equity Bank Business Model & Strategy – Post Interest Rate Capping (Adjusting and adapting to the new norm)



## Focus areas:

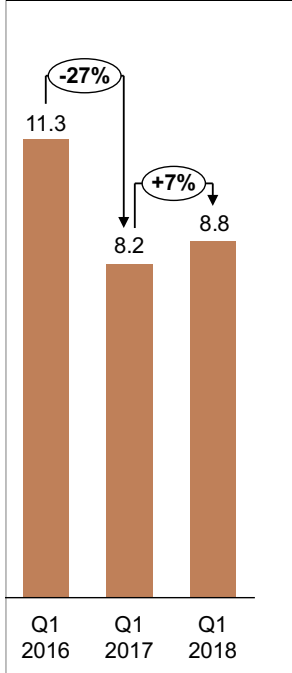
1. Non-funded income growth
2. Treasury
3. Geographical and business diversification
4. Strengthening liquidity and balance sheet agility
5. Innovation and digitization
6. Efficiencies and cost optimization
7. Asset quality
8. Impact Investment & Social Brand Development



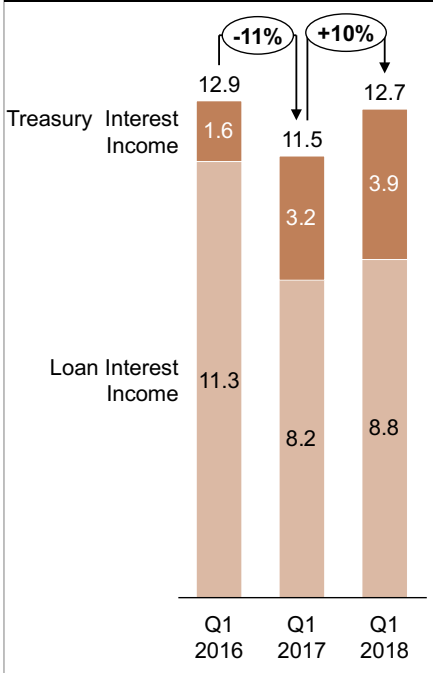
# Focus Area 1: Non-funded Income Growth

In Kes Billion

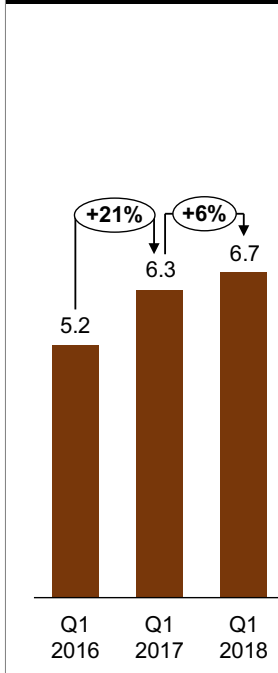
### Loan Interest Income Growth Trend



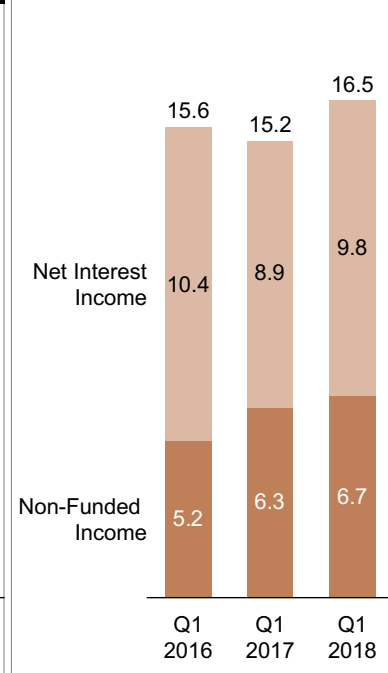
### Total Interest Income Growth Trend



### Non-Funded Income Growth Trend



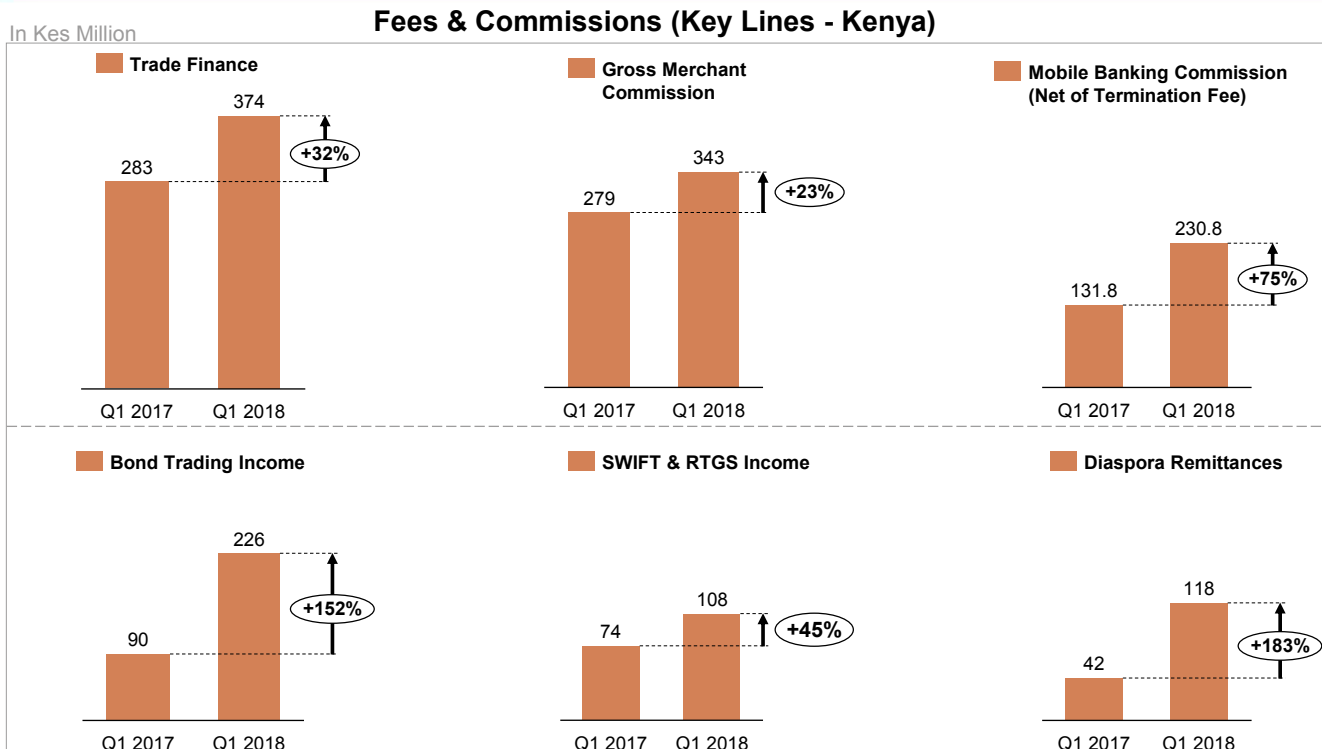
### Contribution to Total Income



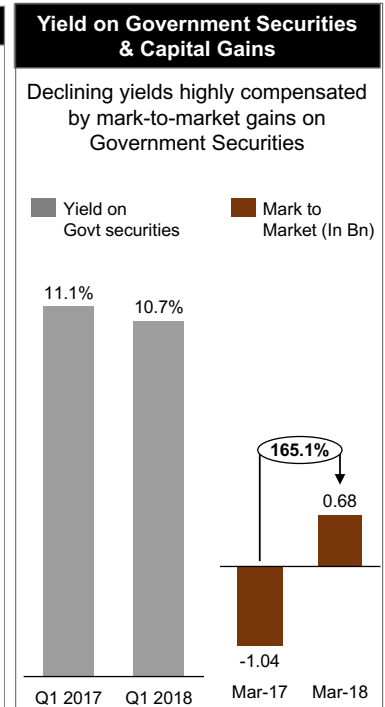
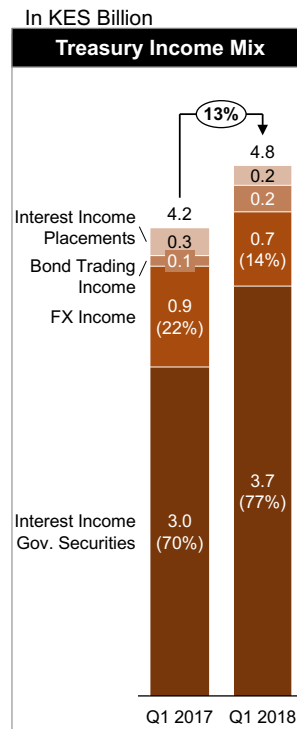
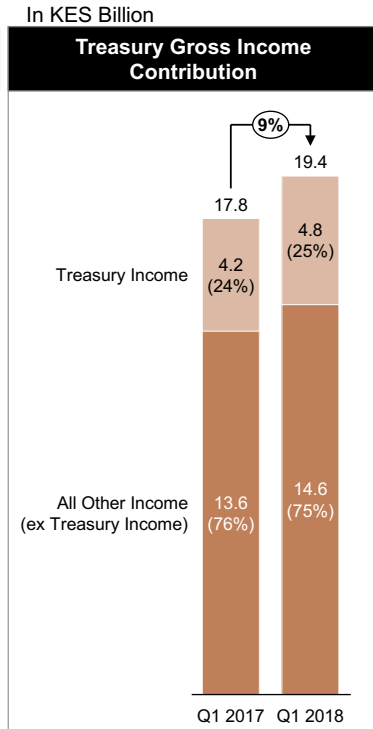
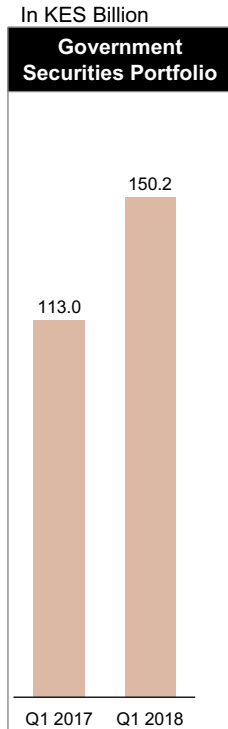




# Focus Area 1: Growth of Diversified streams of Non-Funded Income



# Focus Area 2: Treasury



Note: Income calculation above is before funding costs

## Focus Area 3: Geographical & Business Diversification

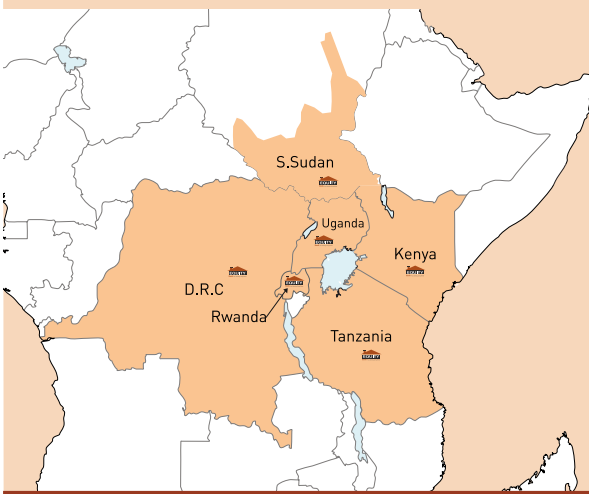
- Double digit growth in profitability across subsidiaries
- Enhanced PBT contribution to Group from 14% to 19%

In KES Billion

	Uganda	DRC	Rwanda	Tanzania	S. Sudan	EIA	Finserve	EIB	Total	EBKL	Contribution Q1 2018	Contribution Q1 2017
<b>Deposit</b>	20.3	34.9	17.3	20.7	4.6	-	-	-	<b>97.8</b>	301.6	24%	20%
<i>Growth</i>	52%	34%	28%	38%	-27%				32%	5%		
<b>Loan</b>	14.2	21.7	12.1	16.0	0.1	-	-	-	<b>64.2</b>	206.9	24%	20%
<i>Growth</i>	49%	21%	20%	1%	-26%				20%	-1%		
<b>Assets</b>	28.3	46.6	23.1	25.2	7.9	0.6	2.6	0.9	<b>135.2</b>	402.2	25%	22%
<i>Growth</i>	48%	23%	39%	7%	-21%	-34%	40%	2%	22%	2%		
<b>PBT</b>	0.33	0.38	0.20	0.20	0.08	0.21	0.11	0.01	<b>1.5</b>	6.7	19%	14%
<i>Growth</i>	28%	78%	58%	68%	291%	-2%	204%	481%	65%	14%		



# Focus Area 3: Geographical & Business Diversification

### Transforming lives in Africa one Branch at a time

<b>BRANCHES</b>	<b>283</b>	
(a) Branches in Kenya	177	Nairobi 51
(b) Branches in Uganda	<b>32</b>	Kampala <b>17</b>
(c) Branches in South Sudan	5	Juba 4
(d) Branches in Tanzania	15	Dar es Salaam 8
(e) Branches in Rwanda	13	Kigali 7
(f) Branches in DRC	41	Kinshasa 28
<b>AGENT OUTLETS</b>		<b>36,623</b>
<b>POINT OF SALE TERMINALS (POS)</b>		<b>20,342</b>
<b>ATMs</b>		<b>695</b>

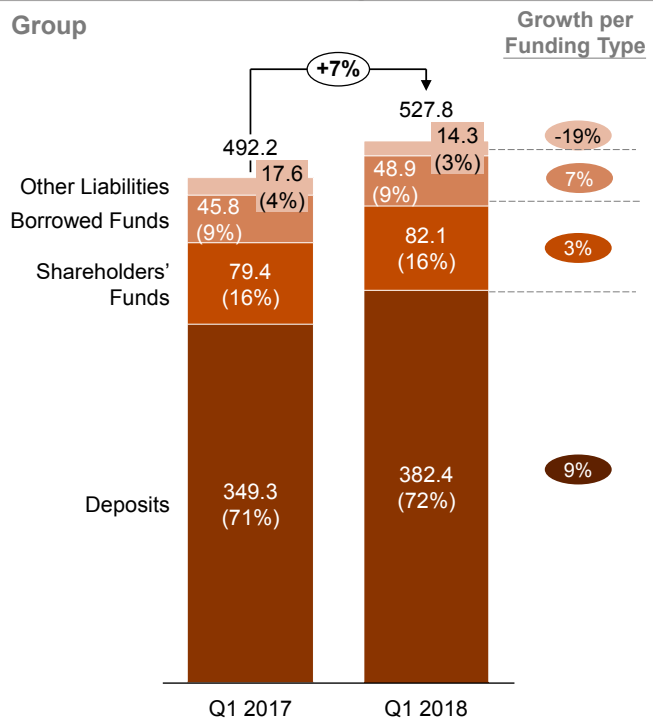


# Focus Area 4: Strengthening Liquidity Position while Enhancing Balance Sheet Agility

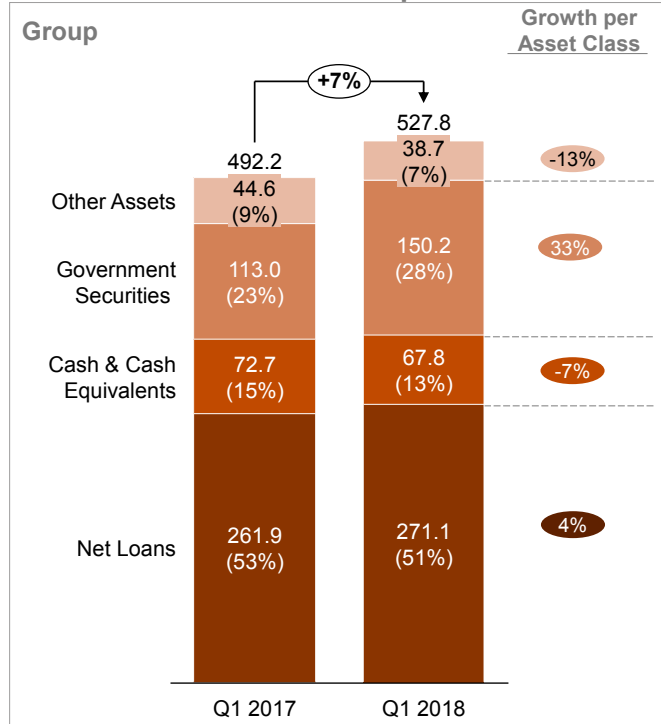


In KES Billion

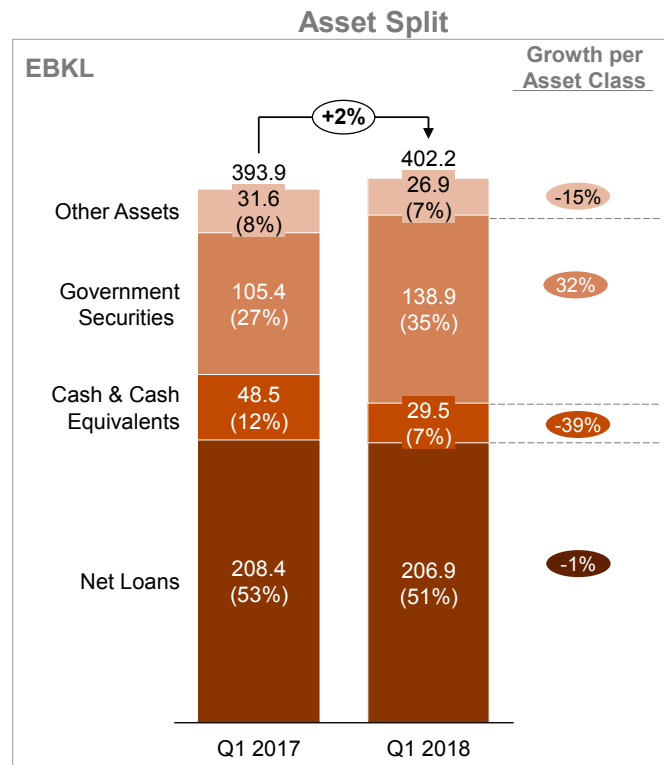
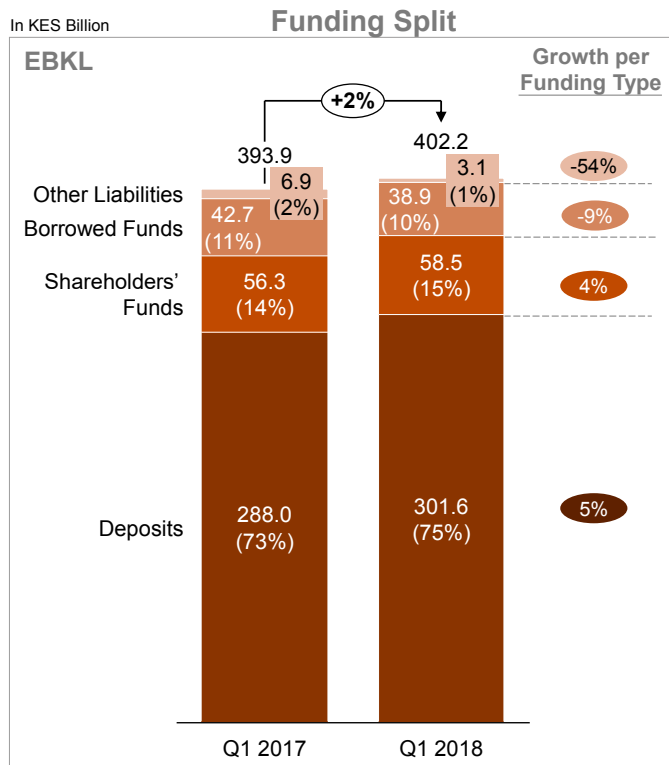
## Funding Split



## Asset Split



# Focus Area 4: Strengthening Liquidity Position while Enhancing Balance Sheet Agility



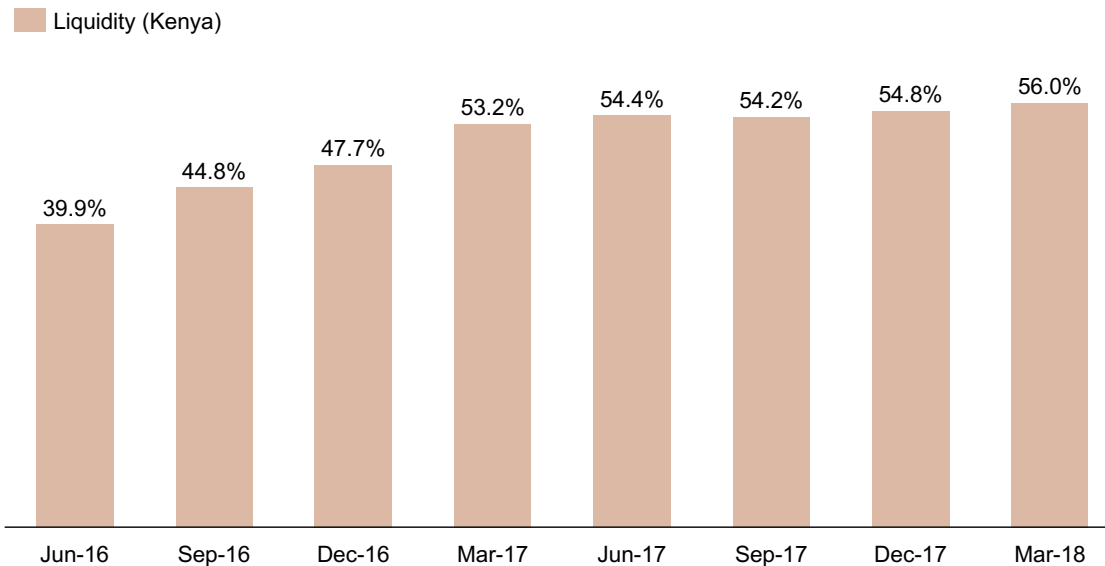




## Focus Area 4: Strengthening Liquidity for future positioning



56% of liquidity ratio makes the balance sheet agile for opportunistic growth & diversification strategies in case of change in the operating environment



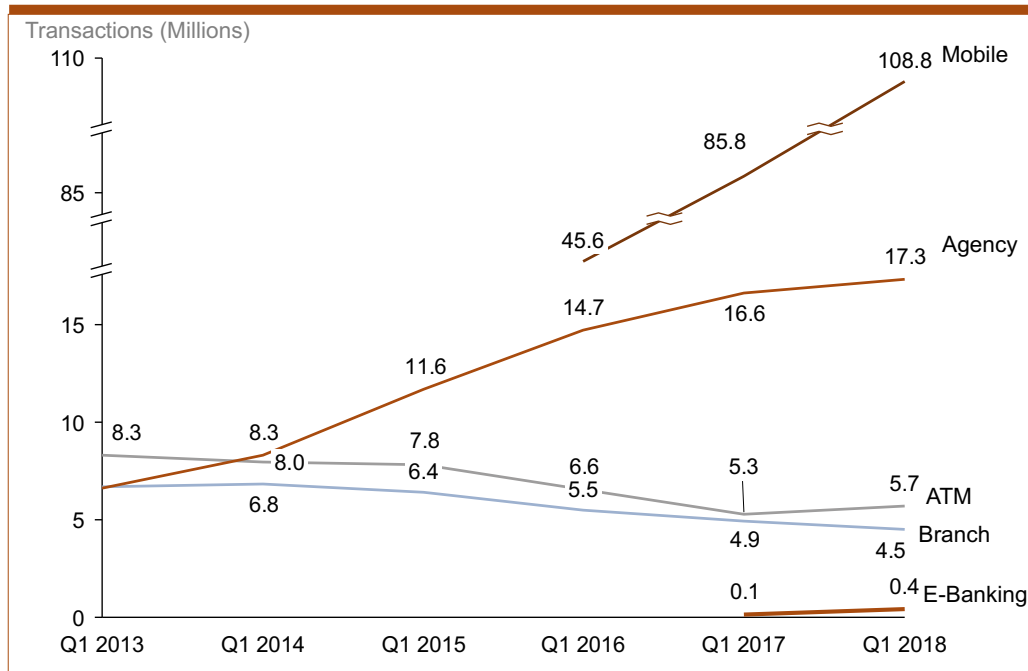


# Focus Area 5: Innovation and Digitization



Transformation from a place you go to; to something you do

- Agency acting as a bridge between mobile and brick & mortar
- Transforming the cost structure of the bank from **fixed cost** to **variable cost** with minimal investments due to use of 3<sup>rd</sup> party infrastructure



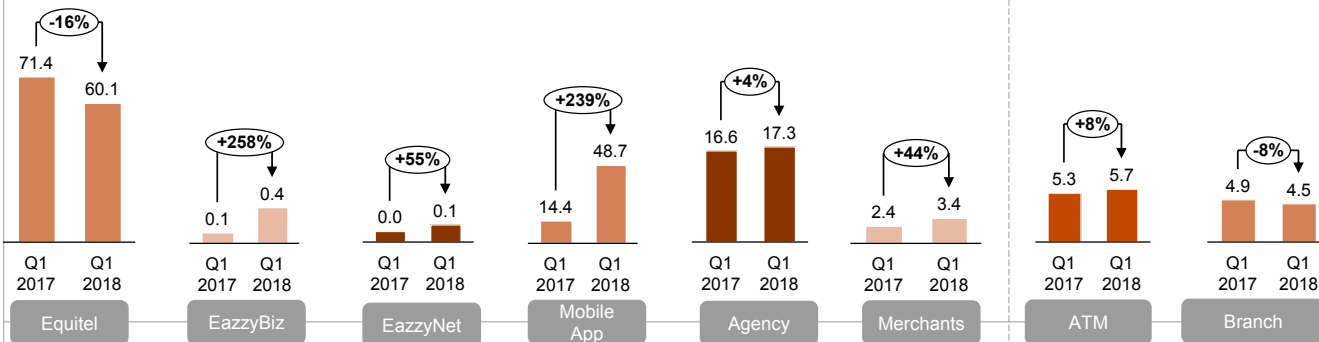


# Focus Area 5: Innovation and Digitization Leveraging off Variable Cost 3rd Party Infrastructure

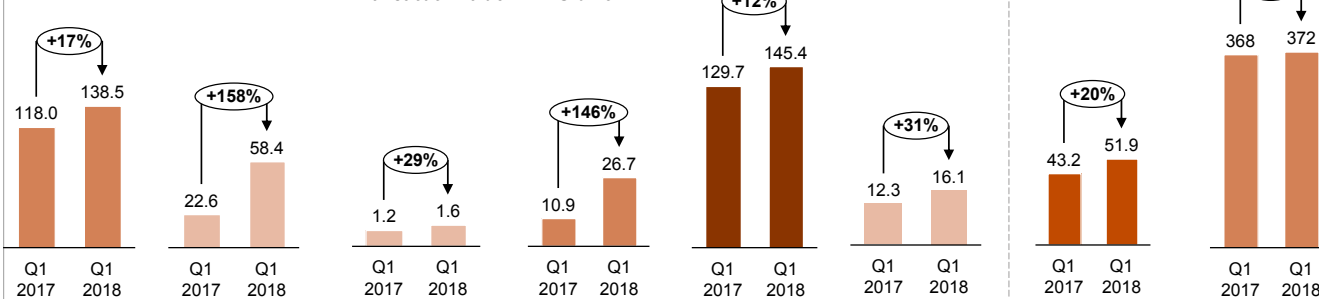
Variable cost channels

Fixed cost channels

Transaction numbers in millions



Transaction value in KES billion

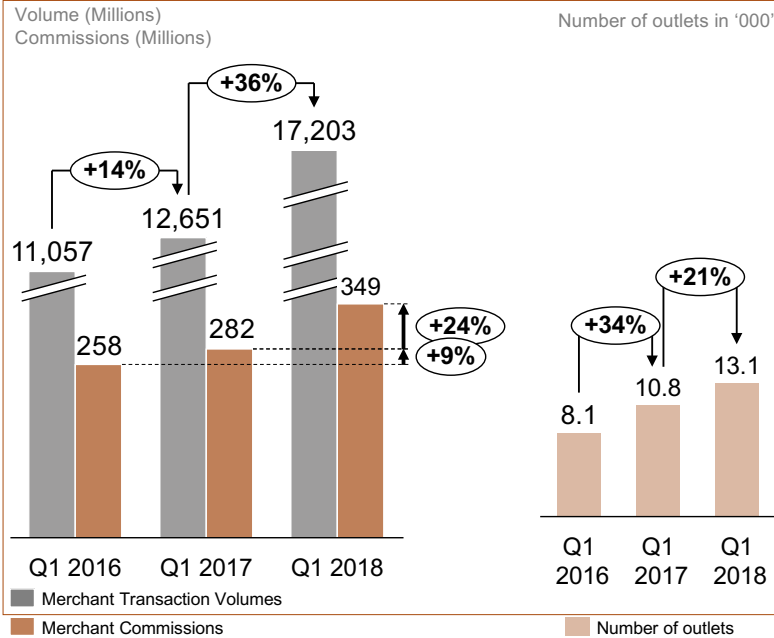


# Focus Area 5: Innovations in Merchant Banking

- The use of a Universal POS that converges Mobile Wallets, Cards & Digital payments

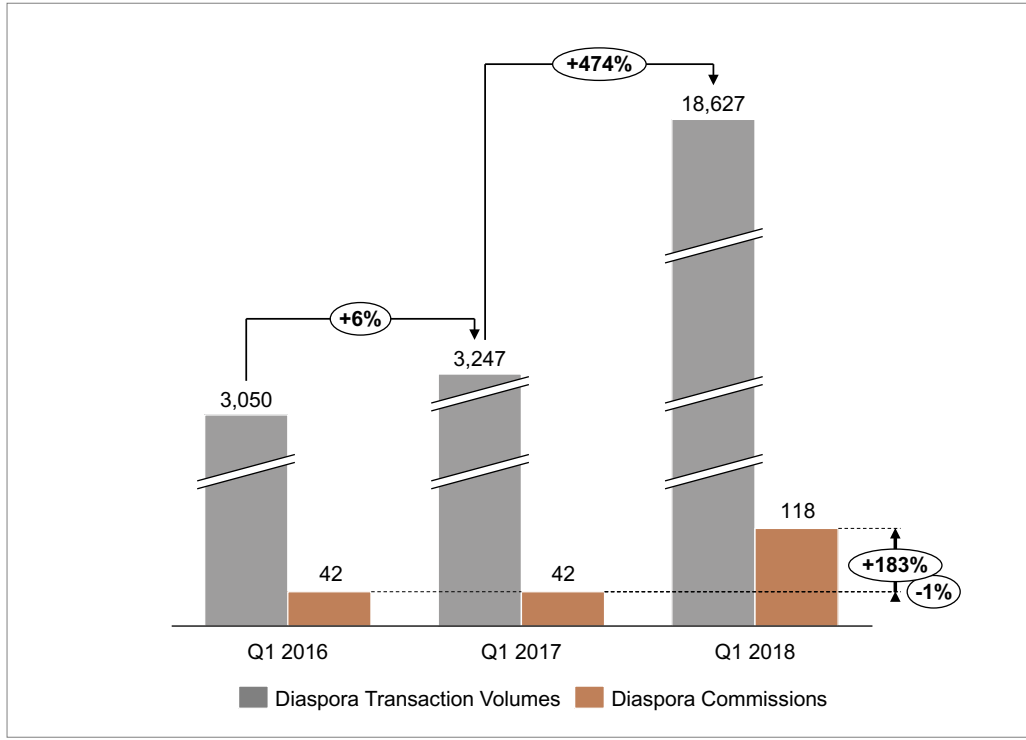


- Equity is leading in **Acquiring and Issuing**
- Best in class payment channel** services work well with merchants



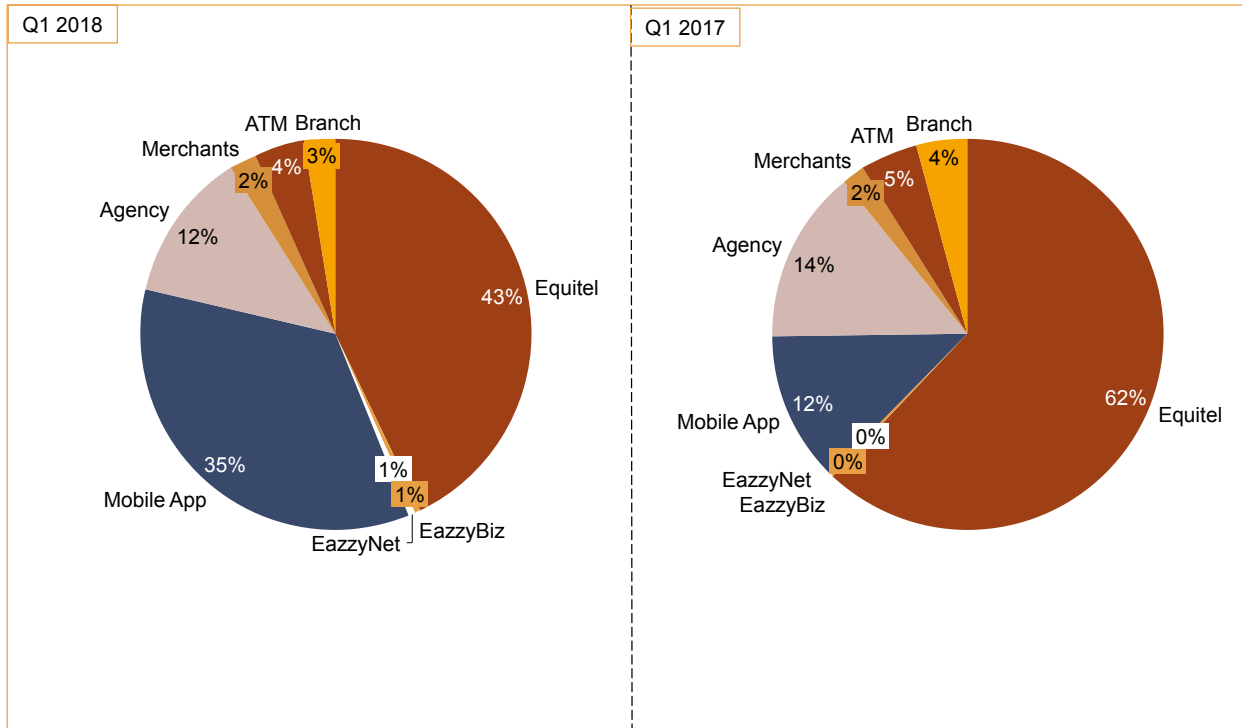


# Focus Area 5: Fintech Innovations in Diaspora Remittances





# Focus Area 5: Innovation and Digitization 97% of our Transactions Count Outside the Branch

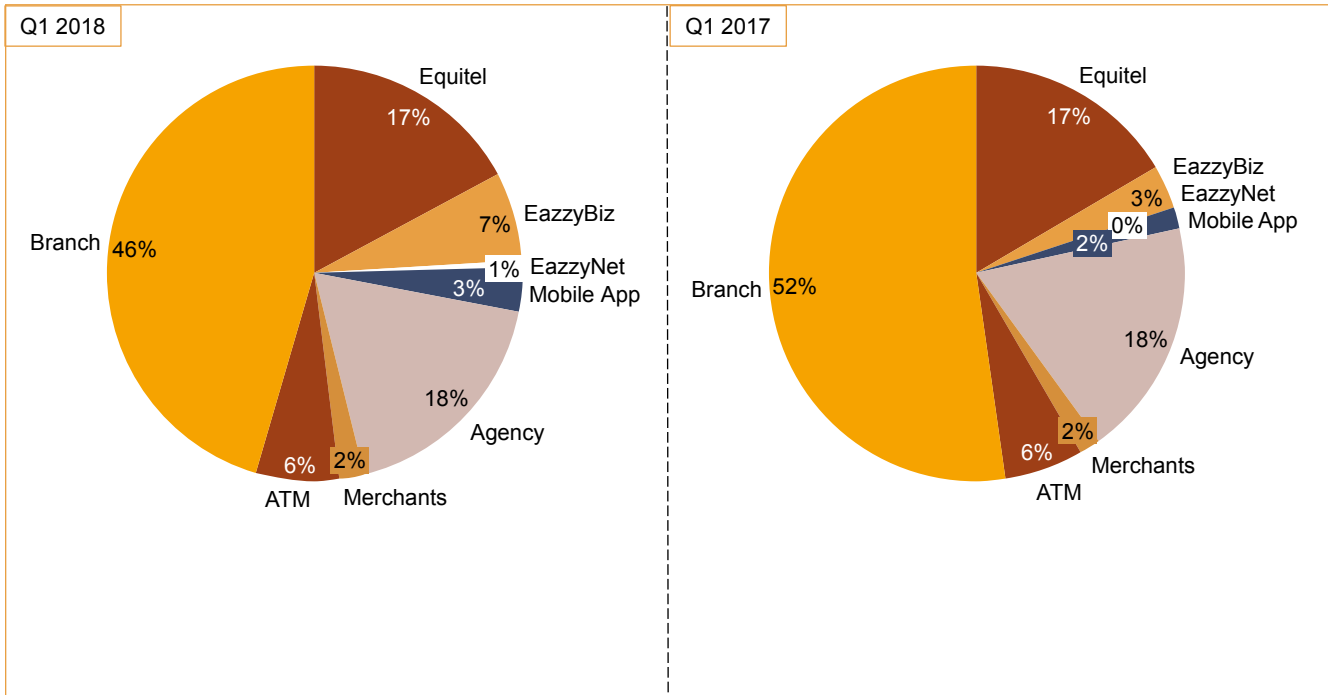




# Focus Area 5: Innovation and Digitization 54% of our Transactions Value outside the branch



Branches now handling high value transactions for SME, corporates, wealth management & advisory services

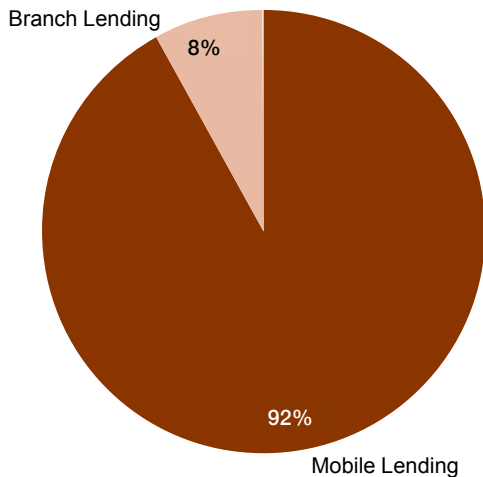




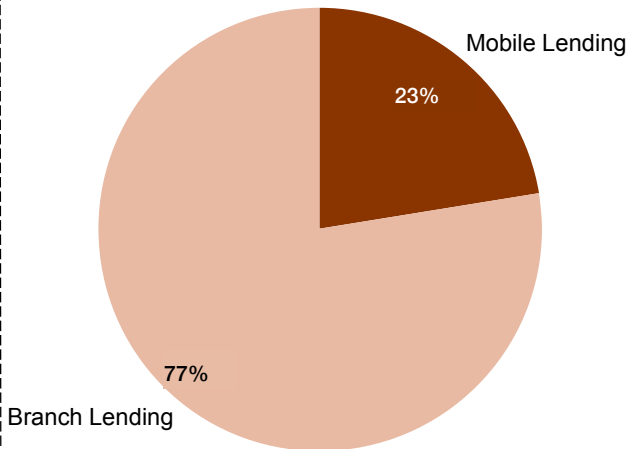
# Focus Area 5: Fintech Innovation and Digitization 92% of our Loan Transactions via Mobile Channel



Q1 2018 Transaction Count



Q1 2018 Transaction Value



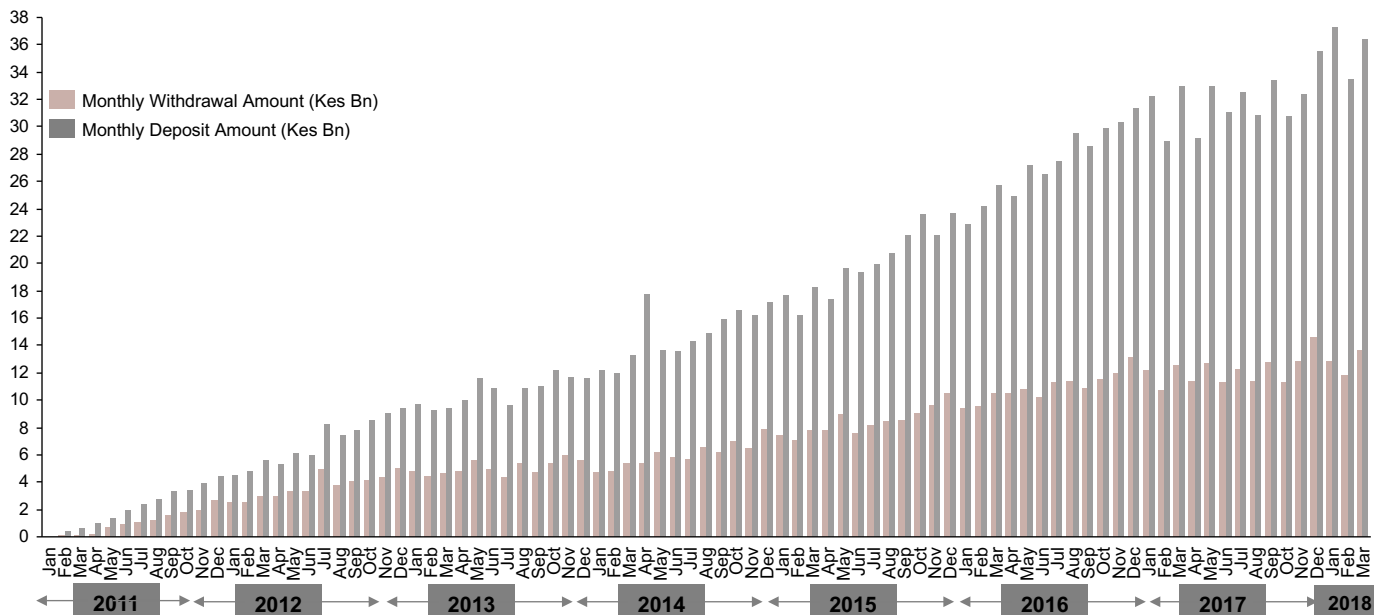




# Focus Area 5: Fintech Innovation and Digitization Agency Model Becoming a Net Deposit Mobilizer

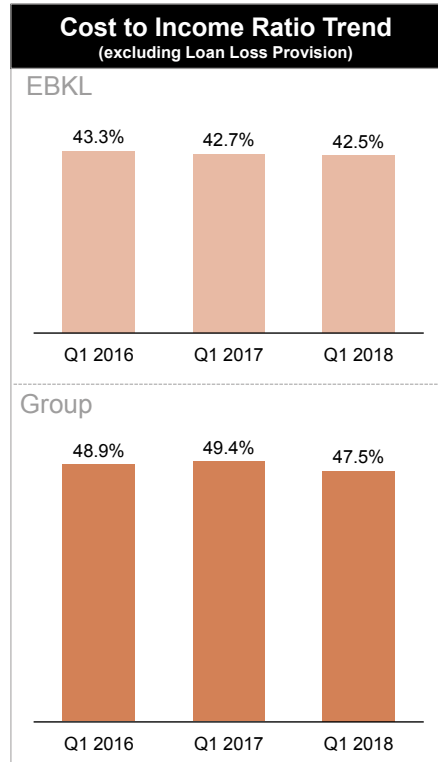
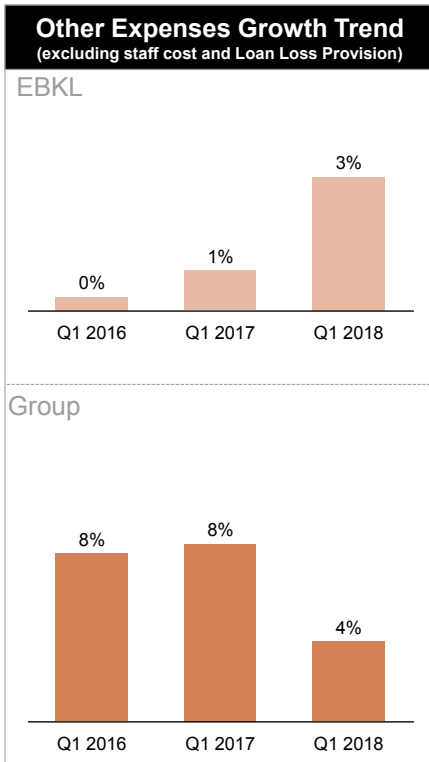
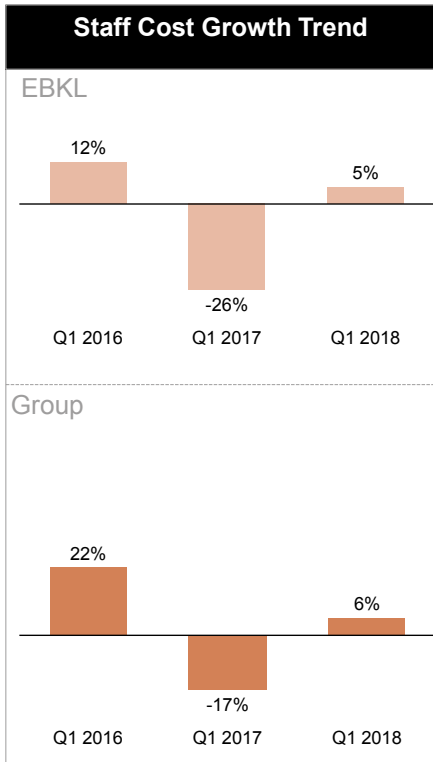


**Agent Deposits** growing an increasingly higher rate than **Agent Withdrawals** thus creating an **exponential growth in Net Cash Deposited**





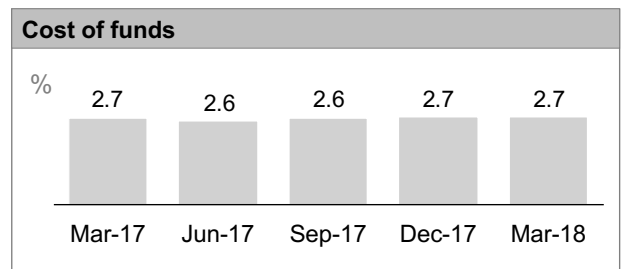
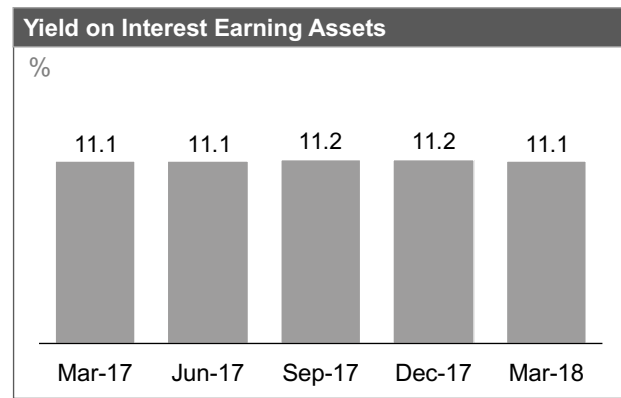
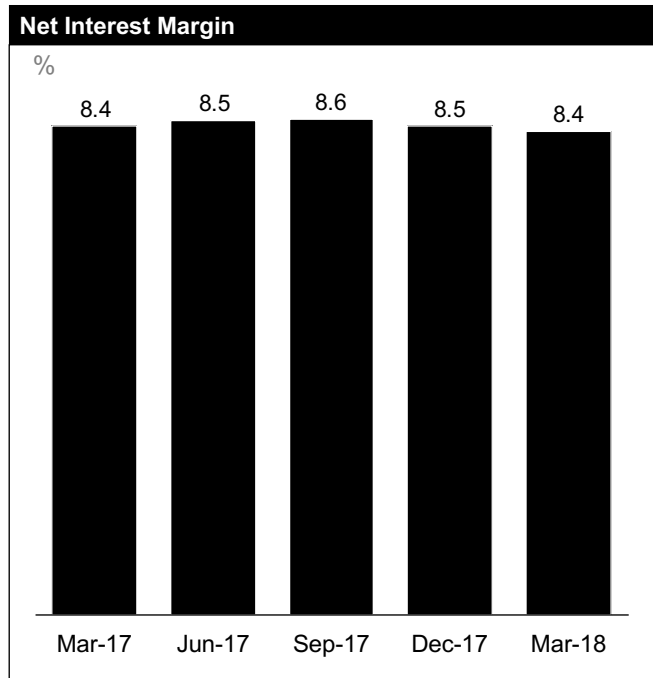
# Focus Area 6: Efficiencies and Cost Optimization





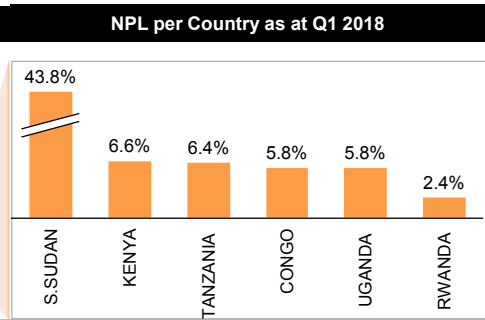
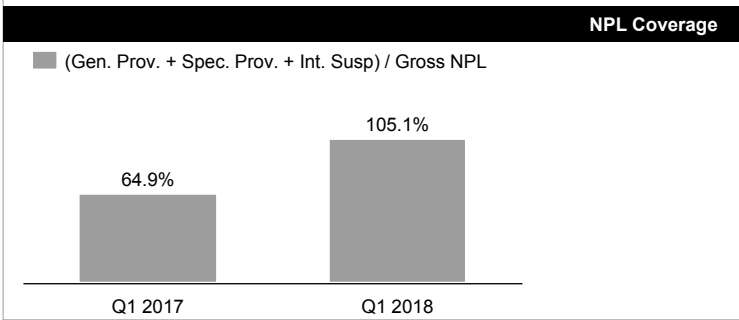
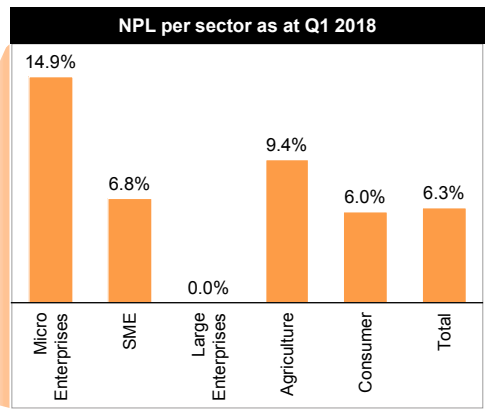
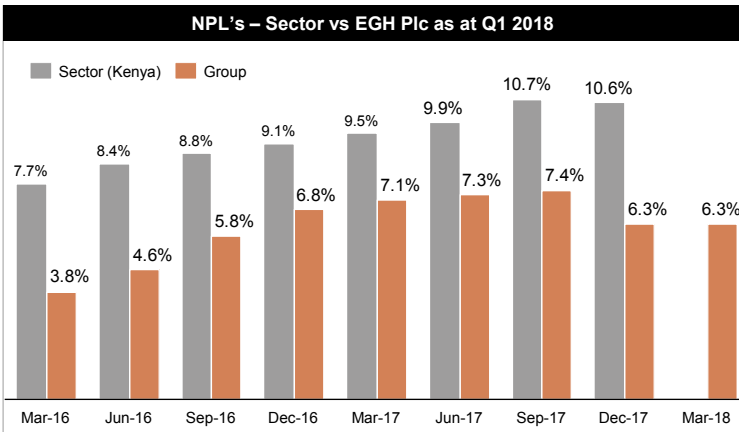
# Focus Area 6: Efficiencies and Cost Optimization

Group



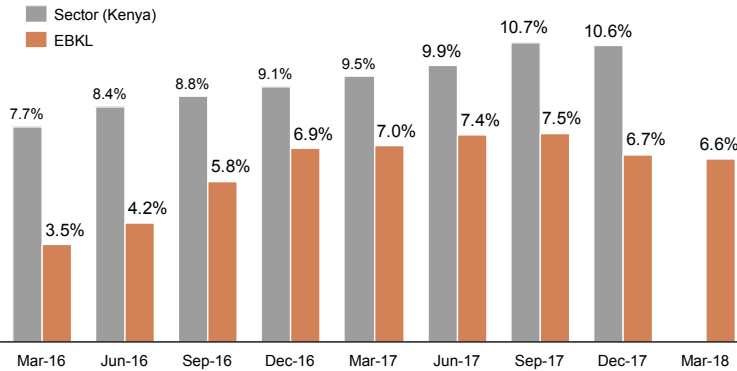


# Focus Area 7: Asset Quality (Group)

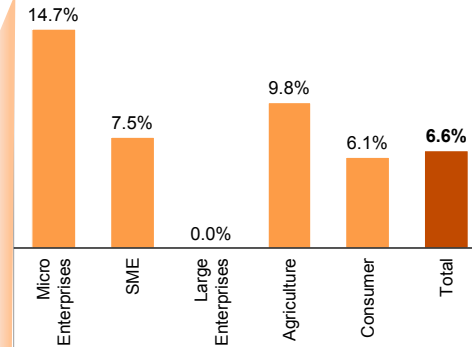


# Focus Area 7: Asset Quality (Kenya)

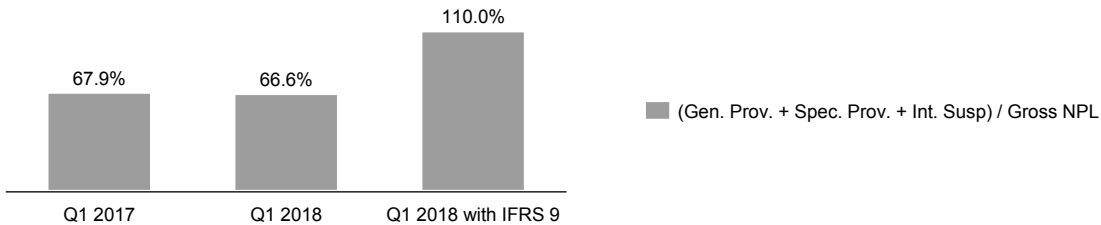
NPL's – Sector vs EBKL as at Q1 2018



NPL per sector as at Q1 2018



NPL Coverage





## Focus Area 7: Asset Quality Adoption of IFRS 9



Subsidiary	Dec-17			
	Loan Balances in Bn	Provisions in Bn	IFRS 9 IFRS 9/Loans	Coverage per Subsidiary
Kenya	221.0	8.91	4.0%	110.0%
Uganda	14.5	0.20	1.4%	83.1%
Tanzania	17.8	0.43	2.4%	91.2%
Rwanda	11.8	0.21	1.8%	143.4%
S. Sudan	0.3	0.002	0.9%	42.9%
<b>Total</b>	<b>265.3</b>	<b>9.8</b>	<b>3.7%</b>	<b>105.1%</b>



# Focus Area 7: Asset Quality Impact of IFRS 9 on Capital



RATIOS	Equity Bank (Kenya) Limited			Equity Group Holdings Plc		
	BANK			GROUP		
	Before IFRS 9	With IFRS 9	Movement	Before IFRS 9	With IFRS 9	Movement
Core capital / total risk weighted assets	15.9%	14.4%	-1.5%	20.2%	18.7%	-1.6%
Total capital/ total risk weighted assets	16.6%	14.5%	-2.1%	20.9%	18.7%	-2.1%

## CBK Capital Ratios with IFRS 9 Adjustment

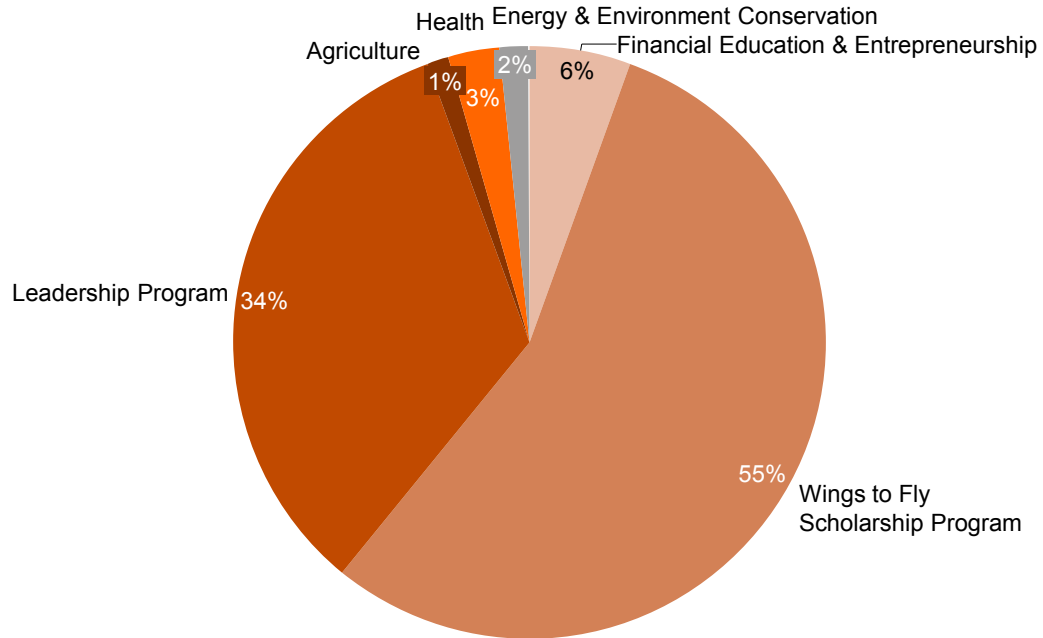
RATIOS	Equity Bank	Equity Group Holdings Plc
	BANK	GROUP
	31-Mar-18	31-Mar-18
<b>Using IFRS standards</b>		
Core capital / total risk weighted assets	14.4%	18.7%
Total capital/ total risk weighted assets	14.5%	18.7%
<b>Using 5-Year Amortization as per CBK Guideline</b>		
Adjusted Core capital / total risk weighted assets	16.1%	20.2%
Adjusted Total capital/ total risk weighted assets	16.2%	20.3%



# Focus Area 8: Impact & Social Investment Programs



USD 334 M in Social Investment Programs

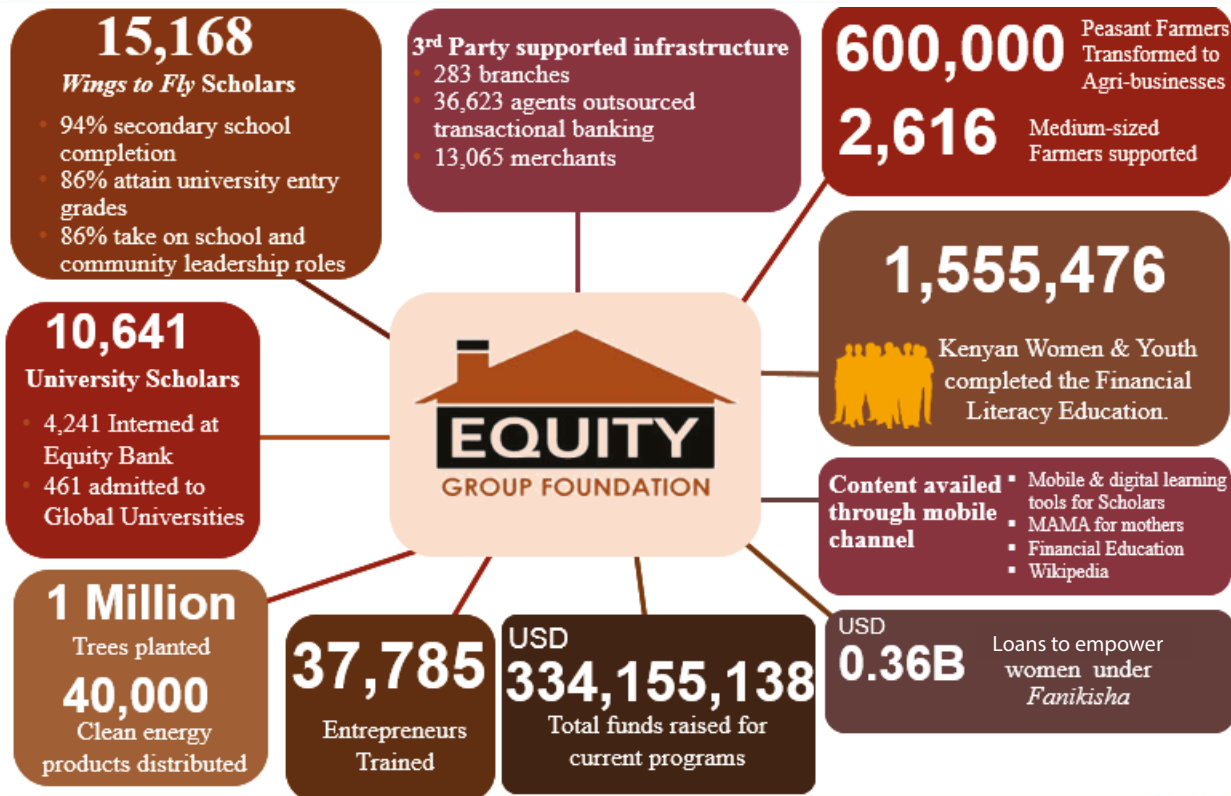






# Focus Area 8: Impact Investment

## Shared Prosperity Business Model and its Social Impact



EQUITY CENTRE



## **Business Validation**



# Global Ratings and Accolades

	<p><b>Brand</b></p>	<p><b>Equity Bank Credit Rating</b>          National Rating: Aa3.ke/KE-1          Global Rating: B2          Rating Outlook: Stable.          Same as the sovereign rating</p>
	<p><b>Brand</b></p>	<p><b>Equity Bank Credit Rating</b>          Long Term Rating Scale AA- Short          Term Rating Scale A1+          Rating Outlook: Stable</p>
	<p><b>Brand</b></p>	<p><b>Position 11 globally on Return on Assets</b>  <b>Position 37 globally on Soundness (Capital Assets Ratio)</b>  <b>Position 45 globally on Profits on Capital</b>  <b>Position 806 globally Largest Bank</b></p>
	<p><b>Brand</b></p>	<p><b>African Bank of the Year</b></p>
	<p><b>Leadership</b></p>	<p><b>African Banker of the Year</b> -Dr. James Mwangi,          CEO Equity Group Holdings Plc</p>
	<p><b>Brand</b></p>	<p><b>Africa's Best Bank 2016: Equity Bank</b></p> <ul style="list-style-type: none"> <li>• Africa's Best SME Bank</li> <li>• Kenya's Best SME Bank</li> </ul>



# Regional Awards and Accolades



	<b>Brand</b>	Equity Bank has been recognised for the last 10 years consecutive since 2007 as the Top Banking Superbrand in Kenya and in East Africa in 2008 and 2009
	<b>Brand</b>	EABC Chairman's Award- Overall Best Regional Company Best East African Company- CSR Best East African Company- Financial services (1st Runners up)
	<b>Brand</b>	Best Commercial Bank – East Africa Best Commercial Bank – Kenya Most Innovative Bank – Kenya
	<b>Product</b>	Best Digital Offering – East Africa
	<b>Leadership</b>	Banker of the Year – Dr. James Mwangi CEO Equity Bank for the second year in a row



# 2018 National Banking Awards and Accolades



Best Bank in Kenya for the 7th time.

Total Awards won in 2018 - 22

<b>Brand</b>	<ol style="list-style-type: none"> <li>1. Overall Best Bank in Kenya 2018</li> <li>2. Best Bank in Tier 1</li> <li>3. Best bank in Sustainable Corporate Social Responsibility</li> <li>4. The Most Customer-centric Bank</li> <li>5. The Bank with the Lowest Charges for Individuals</li> </ol>
<b>Franchise Segmentation</b>	<ol style="list-style-type: none"> <li>1. Best Bank in SME Banking</li> <li>2. Best Bank in Retail Banking</li> <li>3. Best Bank in Agency Banking</li> <li>4. Best Bank in Mobile Banking</li> <li>5. Best Bank in Digital Banking</li> <li>6. Best Commercial Bank in Micro-Finance</li> <li>7. Best Bank in Corporate Banking - 2nd Runners Up</li> </ol>
<b>Product</b>	<ol style="list-style-type: none"> <li>1. Best Bank in Internet Banking</li> <li>2. Best Bank in Asset Finance</li> <li>3. Best Bank in Product Marketing</li> <li>4. Best Bank in Product Innovation - 1st Runners Up</li> <li>5. Best Bank in Mortgage Finance - 1st Runners Up</li> <li>6. Best Bank in Trade Financing - 1st Runners Up</li> <li>7. Best Bank in Agriculture and Livestock Financing - 2nd Runners Up</li> <li>8. Special Judges Awards for Product Innovation - Equity Afia</li> </ol>
<b>Leadership</b>	<ol style="list-style-type: none"> <li>1. Chief Executive Officer of the Year: Dr. James Mwangi for the second year in a row</li> <li>2. Outstanding Young Banker of the Year: Daniel Gachau for the second year in a row from Equity Bank</li> </ol>



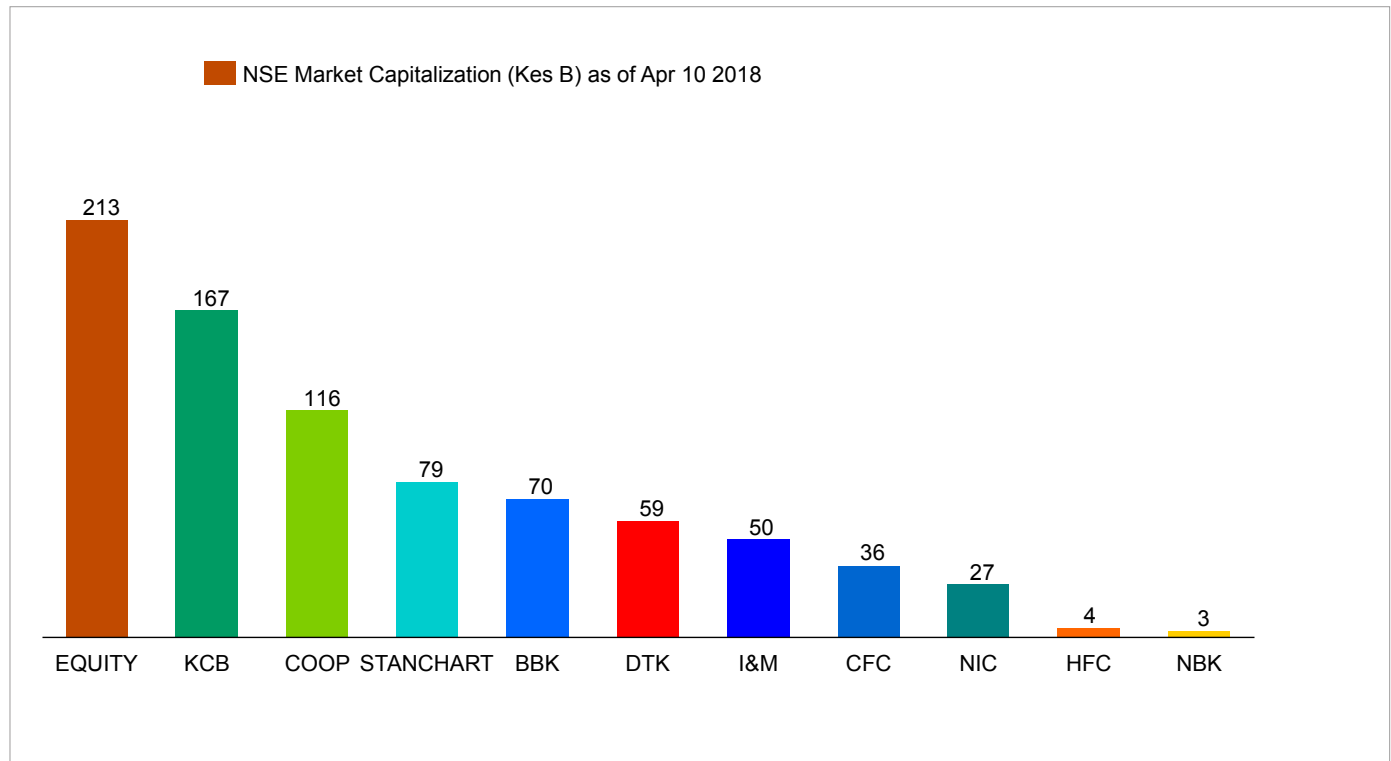
# 2018 National Banking Awards and Accolades







# Market Validation



A photograph of a modern building entrance with the words "EQUITY CENTRE" in large, metallic letters above the doorway. Two people are walking away from the camera into the building. The scene is bathed in a warm, orange light. In the top right corner, there is a decorative graphic consisting of overlapping squares in black, dark red, and orange.

EQUITY CENTRE

A stylized globe showing the continents of Africa and Europe, rendered in a dark orange color with a grid pattern. It is positioned in the bottom left corner of the slide.

## **Intermediation & Financial Performance**



# Balance Sheet

KES (Billion)	EBKL			Group		
	Q1 2017	Q1 2018	Growth	Q1 2017	Q1 2018	Growth
<b>Assets</b>						
Net Loans	208.4	206.9	-1%	261.9	271.1	4%
Cash & Cash Equivalents	48.5	29.5	-39%	72.7	67.8	-7%
Government Securities	105.4	138.9	32%	113.0	150.2	33%
Other Assets	31.6	26.9	-15%	44.6	38.7	-13%
<b>Total Assets</b>	<b>393.9</b>	<b>402.2</b>	<b>2%</b>	<b>492.2</b>	<b>527.8</b>	<b>7%</b>
<b>Liabilities &amp; Capital</b>						
Deposits	288.0	301.6	5%	349.3	382.4	9%
Borrowed Funds	42.7	38.9	-9%	45.8	48.9	7%
Other Liabilities	6.9	3.1	-54%	17.6	14.3	-19%
Shareholder's Funds	56.3	58.5	4%	79.4	82.1	3%
<b>Liabilities &amp; Capital</b>	<b>393.9</b>	<b>402.2</b>	<b>2%</b>	<b>492.2</b>	<b>527.8</b>	<b>7%</b>



## 22% Growth in PAT (Group)

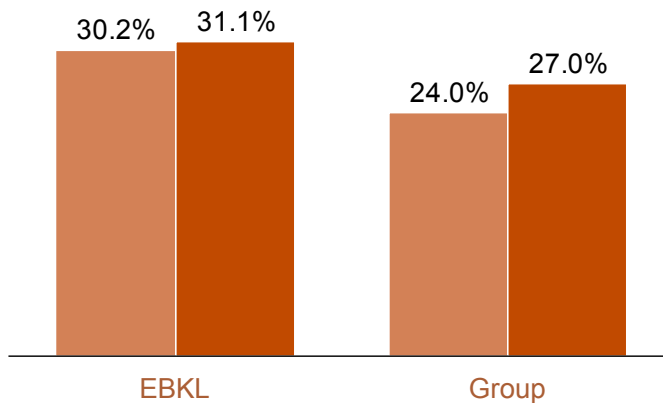
<i>KES (Billion)</i>	Q1 2017	Q1 2018	Growth
<b>Interest Income</b>	<b>11.5</b>	<b>12.7</b>	<b>10%</b>
<b>Interest Expense</b>	<b>(2.6)</b>	<b>(2.9)</b>	<b>11%</b>
<b>Net Interest Income</b>	<b>8.9</b>	<b>9.8</b>	<b>10%</b>
<b>Non-Funded Income</b>	<b>6.3</b>	<b>6.7</b>	<b>6%</b>
<b>Total Income</b>	<b>15.2</b>	<b>16.5</b>	<b>9%</b>
<b>Loan Loss Provision</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>-55%</b>
<b>Staff Costs</b>	<b>(2.5)</b>	<b>(2.6)</b>	<b>6%</b>
<b>Other Operating Expenses</b>	<b>(5.0)</b>	<b>(5.2)</b>	<b>4%</b>
<b>Total Costs</b>	<b>(8.3)</b>	<b>(8.2)</b>	<b>-1%</b>
<b>PBT</b>	<b>6.9</b>	<b>8.3</b>	<b>21%</b>
<b>Tax</b>	<b>(2.1)</b>	<b>(2.4)</b>	<b>18%</b>
<b>PAT</b>	<b>4.9</b>	<b>5.9</b>	<b>22%</b>



# RoAE and RoAA Trend

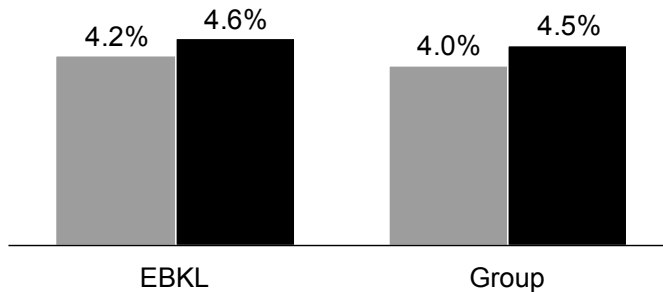
## RoAE

■ Q1 2017 ■ Q1 2018



## RoAA

■ Q1 2017 ■ Q1 2018



## Ratios - Banking Subsidiaries

RoAE		
Subsidiary	Q1 2017	Q1 2018
EBKL	30.2%	31.1%
EBUL	41.1%	28.9%
EBRL	12.5%	17.6%
EBTL	11.3%	18.7%
DRC	8.8%	18.0%
EBSSL	-4.9%	7.6%

RoAA		
Subsidiary	Q1 2017	Q1 2018
EBKL	4.2%	4.6%
EBUL	5.1%	4.2%
EBRL	2.2%	2.5%
EBTL	1.4%	2.2%
DRC	1.4%	2.4%
EBSSL	-1.6%	3.1%

Cost-to-Income Ratio		
Subsidiary	Q1 2017	Q1 2018
EBKL	42.7%	42.5%
EBUL	60.0%	57.0%
EBRL	63.6%	57.5%
EBTL	69.6%	59.7%
DRC	78.5%	68.4%
EBSSL	136.9%	66.8%

Cost-to-Assets Ratio		
Subsidiary	Q1 2017	Q1 2018
EBKL	5.7%	5.1%
EBUL	9.2%	8.3%
EBRL	8.3%	6.8%
EBTL	7.3%	5.6%
DRC	11.9%	10.4%
EBSSL	6.1%	8.2%

# Financial Ratios

	EBKL	EBKL	Group	Group
	Q1 2017	Q1 2018	Q1 2017	Q1 2018
<b>Profitability</b>				
Yield on Loans	11.6%	11.7%	12.4%	12.8%
Yield on Government Securities	11.0%	10.7%	11.1%	10.7%
Yield on Interest Earning Assets	10.7%	10.9%	11.1%	11.0%
Cost of Deposits	2.2%	2.3%	2.4%	2.5%
Cost of Funds	2.5%	2.6%	2.7%	2.7%
Net Interest Margin	8.2%	8.3%	8.5%	8.4%
Cost to Income Ratio (with provisions)	48.3%	43.4%	54.7%	49.6%
Cost to Income Ratio (without provision)	42.7%	42.5%	49.4%	47.5%
RoAE	30.2%	31.1%	24.0%	27.0%
RoAA	4.2%	4.6%	4.0%	4.5%
<b>Asset Quality</b>				
Cost of Risk	1.20%	0.21%	1.21%	0.52%
NPL Coverage (Gen. Prov. + Spec. Prov. + Int. Susp.)/Gross NPL	67.9%	110.0%	64.9%	105.1%
<b>Leverage</b>				
Loan / Deposit Ratio	72.3%	68.6%	75.0%	70.9%
<b>Capital Adequacy Ratios</b>				
Core Capital to Risk Weighted Assets	14.9%	14.4%	19.3%	18.7%
Total Capital to Risk Weighted Assets	15.8%	14.5%	20.2%	18.7%
<b>Liquidity</b>				
Liquidity ratio	53.2%	56.0%	50.6%	55.2%



## 2018 Outlook – Group

	<b>Group</b>	
	<b>2018 Outlook</b>	<b>Q1 2018 Actual</b>
<b>Loan Growth</b>	10% - 15%	4%
<b>Deposit Growth</b>	5% - 15%	9%
<b>Net Interest Margin</b>	8.5% - 10%	8.4%
<b>Non Funded Income Mix</b>	42% - 45%	41%
<b>Cost to Income Ratio</b>	48% - 52%	47.5%
<b>Return on Equity</b>	22% - 25%	27.0%
<b>Return on Assets</b>	3.8% - 4.5%	4.5%
<b>Cost of Risk</b>	0.8% - 1.2%	0.53%
<b>NPL</b>	4% - 5.5%	6.3%
<b>Subsidiaries Contribution (Assets)</b>	25% - 30%	25%
<b>Subsidiaries Contribution (PBT)</b>	20% - 25%	19%

## **OUR INSPIRATION**

That when years turn our vision dim and gray,  
we shall still see beauty in the tired wrinkles  
of our faces and shall take comfort out of the fact and knowledge  
that when we were given the opportunity we did all we could  
to empower our people to exploit opportunities and  
realise their full potential on the road to economic prosperity.





Equity Centre, Hospital Road, Upper Hill,

P.O. Box 75104-00200 Nairobi,

Tel: + 254763 063 000, Fax: + 254-020-2737276,

[Info@equitygroupholdings.com](mailto:Info@equitygroupholdings.com), [www.equitygroupholdings.com](http://www.equitygroupholdings.com)

 @KeEquityBank  KeEquityBank

Equity Group Holdings Plc and Equity Bank (Kenya) Limited are regulated by the Central Bank of Kenya.