



Investor Briefing & Q3 2017 Performance

30th October, 2017

**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 maximize 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.

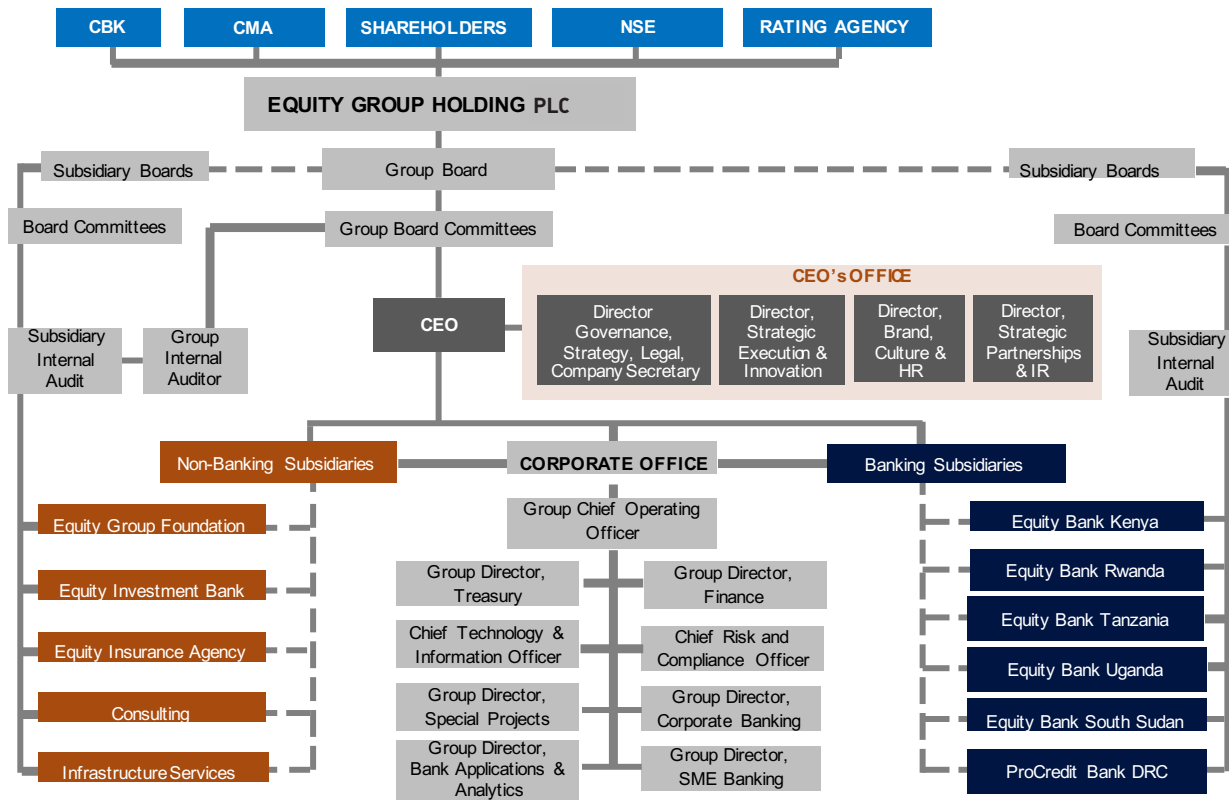
Core Values

- 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
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER



BHARTESH SHAH
CHIEF OPERATIONS
OFFICER



MARY WAMAE
DIRECTOR OF CORPORATE
STRATEGY AND
COMPANY SECRETARY



REUBEN MBINDU
CHIEF OFFICER, HUMAN
CAPITAL AND ADMINISTRATION



ANTHONY EMEKA OGBECHIE
GROUP FINANCE DIRECTOR



BILDARD FWAMBA
CHIEF INTERNAL AUDITOR



BRENT MALAHAY
GROUP DIRECTOR,
STRATEGIC PARTNERSHIPS,
COLLABORATIONS & INVESTOR
RELATIONS



JAMES MUTUKU
DIRECTOR, TREASURY



ROHIT KUMAR SINGH
CHIEF OFFICER, CORPORATE
AND SME BANKING



GERALD WARUI
DIRECTOR, OPERATIONS
& CUSTOMER EXPERIENCE



ELIZABETH GATHAI
DIRECTOR, CREDIT



ALLAN M. WAITITU
DIRECTOR, SPECIAL
PROJECTS

Group Executive Management



SAMUEL KIRUBI
MANAGING DIRECTOR,
EQUITY BANK UGANDA



ANTHONY KITUUKA
EXECUTIVE DIRECTOR
EQUITY BANK UGANDA



CELESTIN MUKEBA MUNTUABU
MANAGING DIRECTOR,
PROCREDIT BANK (DRC)



PHILIP SIGWART
EXECUTIVE DIRECTOR,
PROCREDIT BANK (DRC)



HANNINGTON NAMARA
MANAGING DIRECTOR,
EQUITY BANK RWANDA



JOSEPH IHA
MANAGING DIRECTOR,
EQUITY BANK TANZANIA



ADDIS ABABA OTHOW
EXECUTIVE DIRECTOR
EQUITY BANK SOUTH SUDAN



JACK NGARE
MANAGING DIRECTOR,
FINSERVE AFRICA



ERIC GIKONYO KAROBIA
EXECUTIVE DIRECTOR
FINSERVE AFRICA



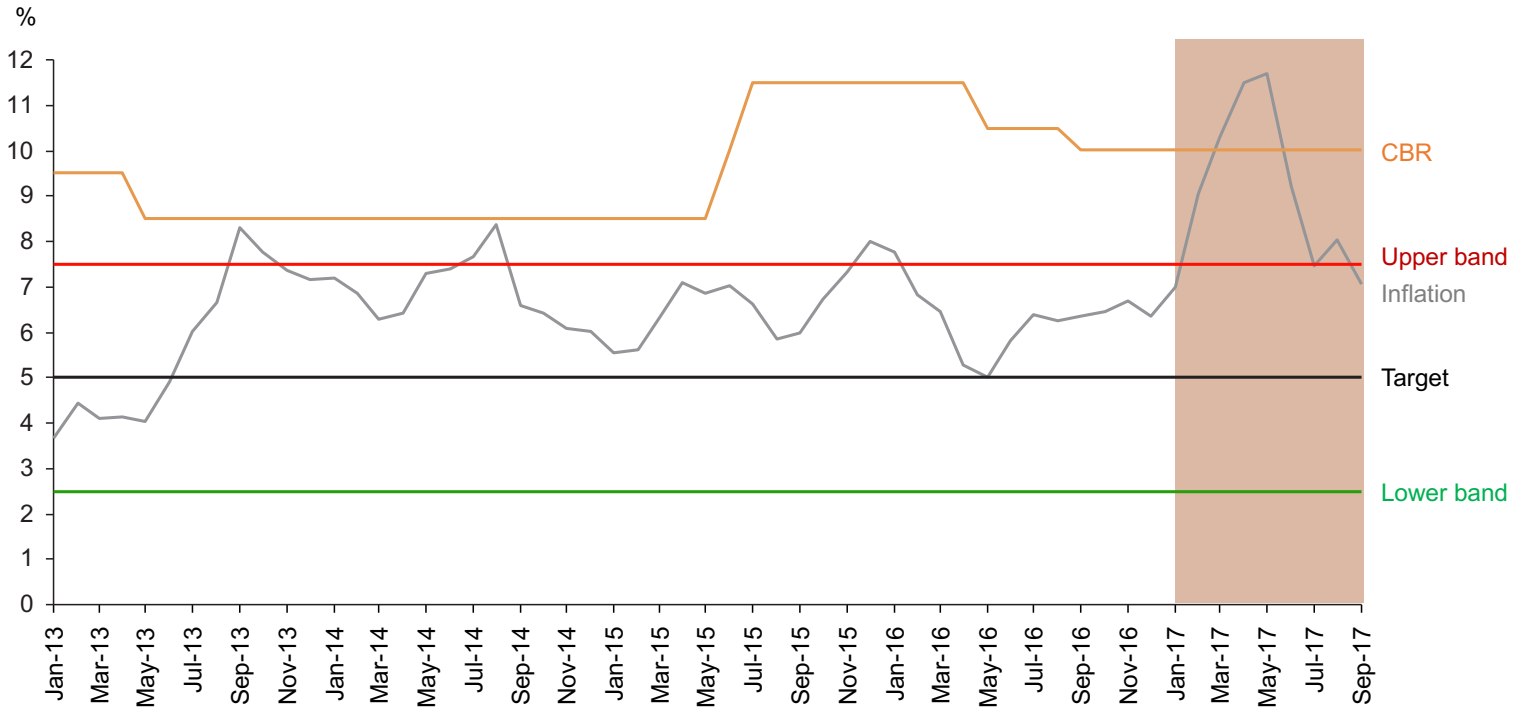
EQUITY CENTRE



Macroeconomic Environment Indicators & Trends

Inflation - Kenya

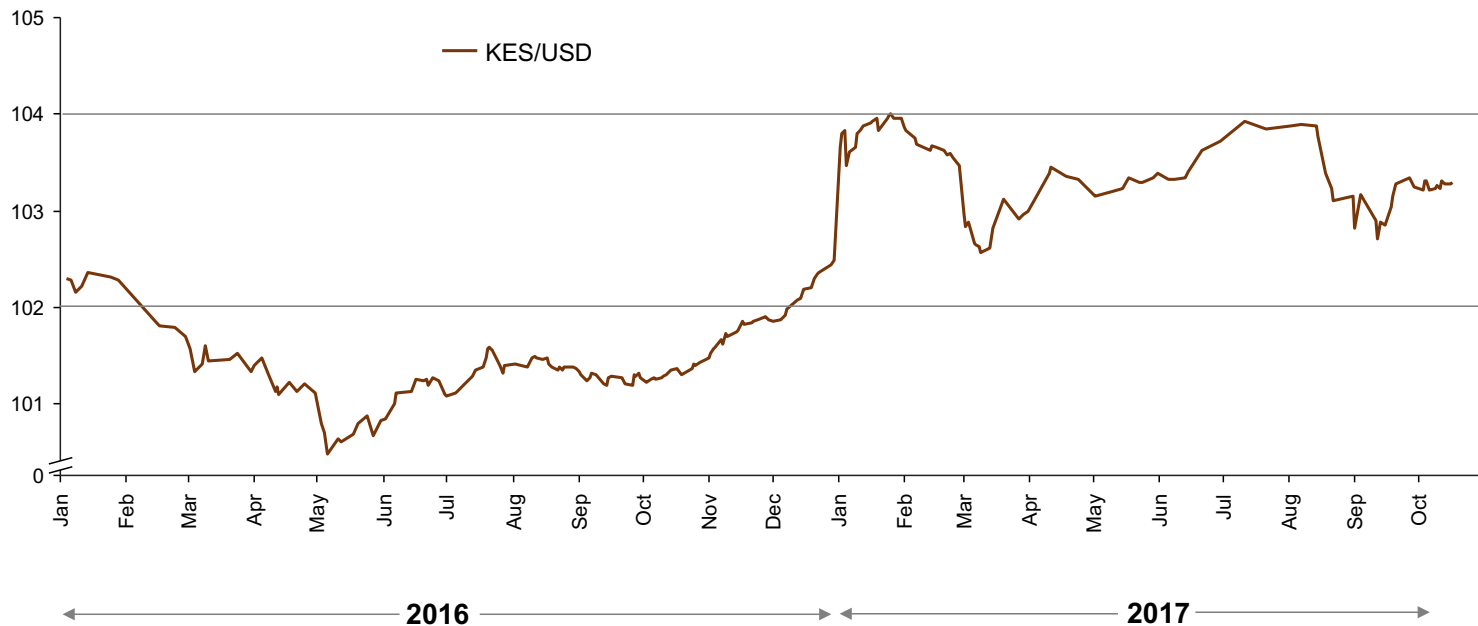
2017 Inflationary pressure now **restrained** and currently **within the targeted range**, inflation rate now on a **downward trend** with Q3'2017 declining to 7.1%





Foreign Exchange – Kenya

The Kenyan Shilling has fluctuated against the dollar in 2017 within the range of Kes 102 and 104 to the USD, **depreciating mostly in Jan – Mar** mostly due to increased importation of food and has **significantly been recovering since Aug**

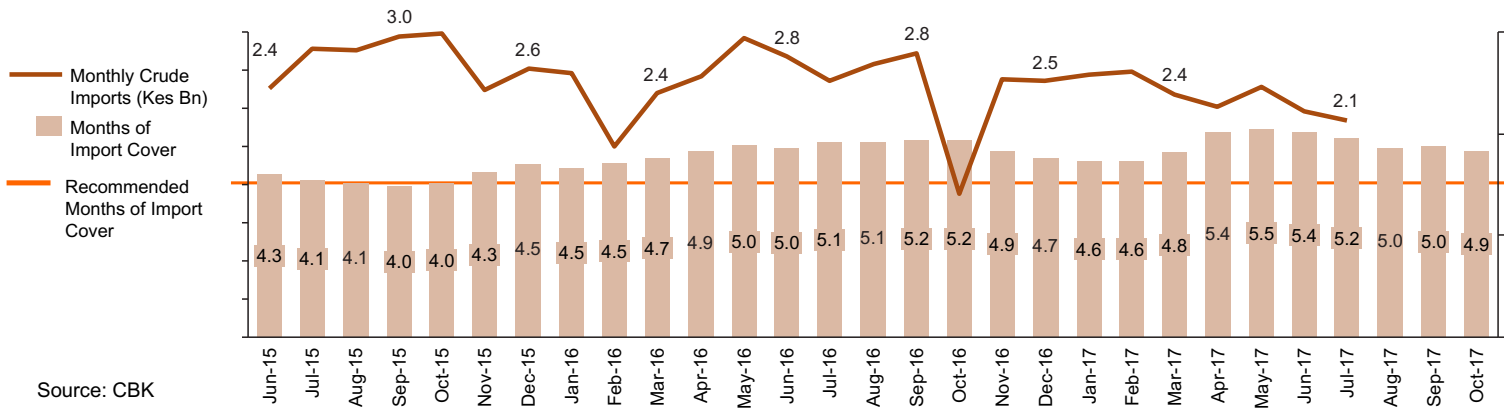


Foreign Reserves – Kenya

Average prices of Crude Oil in the international markets have registered a short term recovery since Jun 2017

FX reserves remain stable at 5 months of Import Cover against the recommended 4 months.

The recovery in global oil prices has however slowed down reserves accumulation

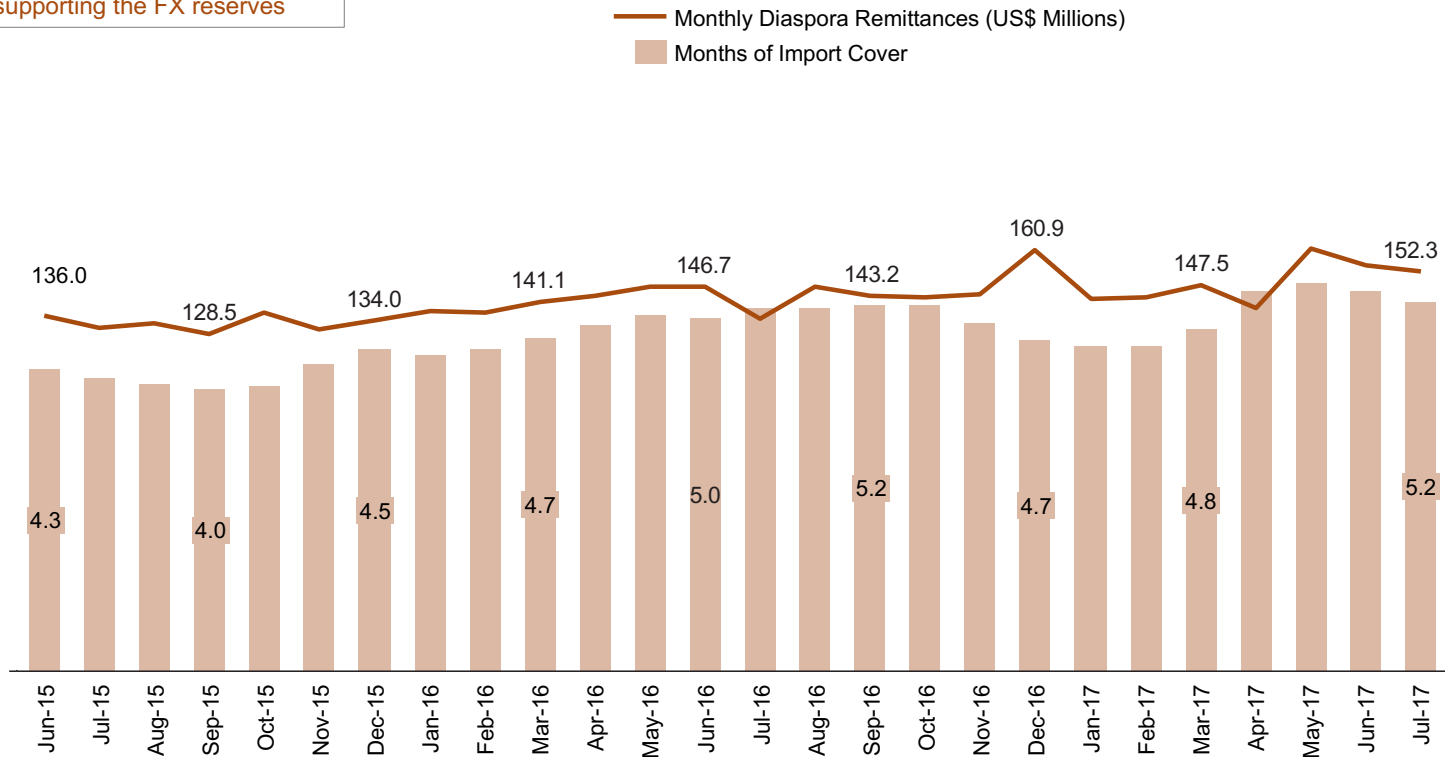


Source: CBK



Foreign Reserves – Kenya

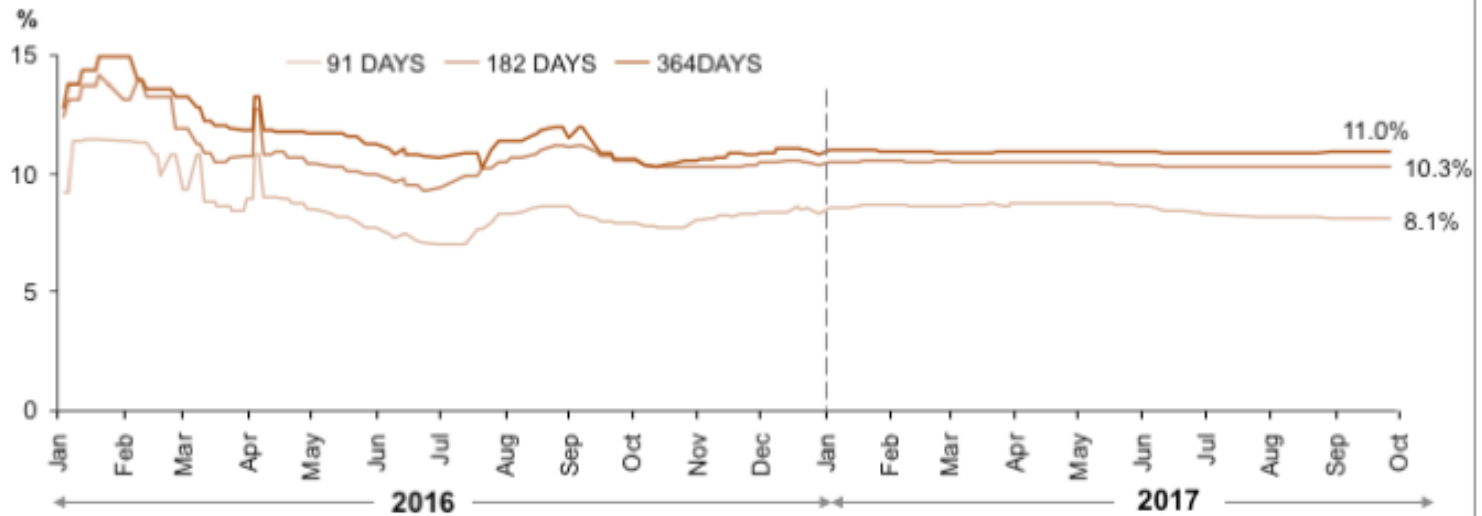
Growing Diaspora remittances supporting the FX reserves



Interest Rates – Kenya

The CBK has maintained the **CBR at 10.0%** for the last 1 year as a result of:

- A relatively **stable foreign exchange market**, despite the current account deficit widening to 6.4% of GDP in July, from 6.2% in May
- Expectations that **inflation and the current account deficit will decline** supported by lower food and steady flow of diaspora remittances and expected favorable weather conditions





EQUITY CENTRE



Economic Environment





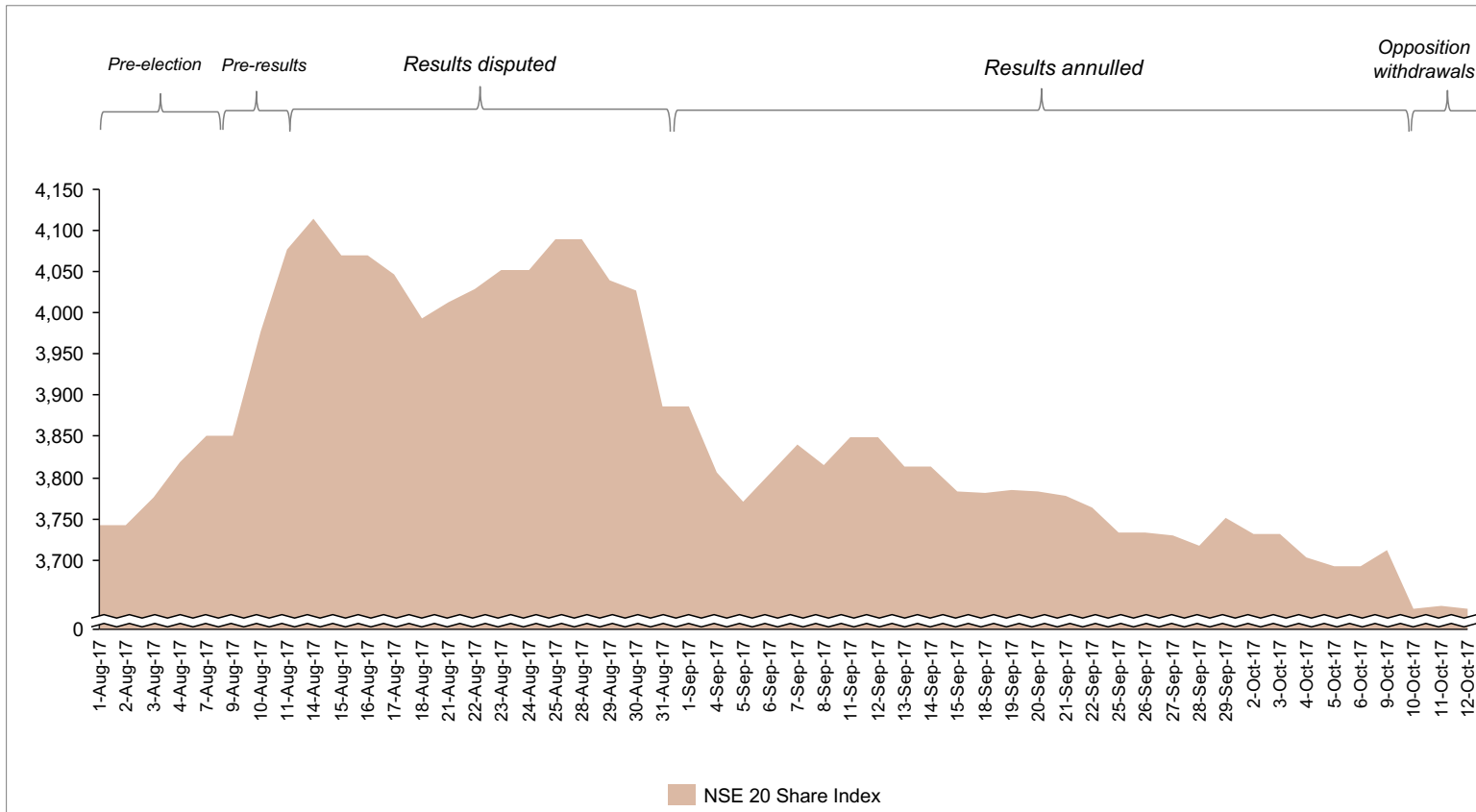
Temporary Headwinds Tempers Economic Growth Momentum

The strong economic indicators of low and stable interest rates, inflation within target, stable exchange rate and high forex reserves have not reflected in high GDP growth as a result of the following temporary headwinds:

1. Protracted Presidential elections causing political uncertainty with adverse effect on the NSE and tourism bookings
2. Prolonged devastating drought affecting food inflation & disposable income for low income families
3. Adverse effect of interest rate capping with negative impact on private sector credit growth
4. Turbulence impacting banking industry reflected by low asset quality, liquidity challenges, solvency and sustainability challenges, business model challenges and contracting cash circulation

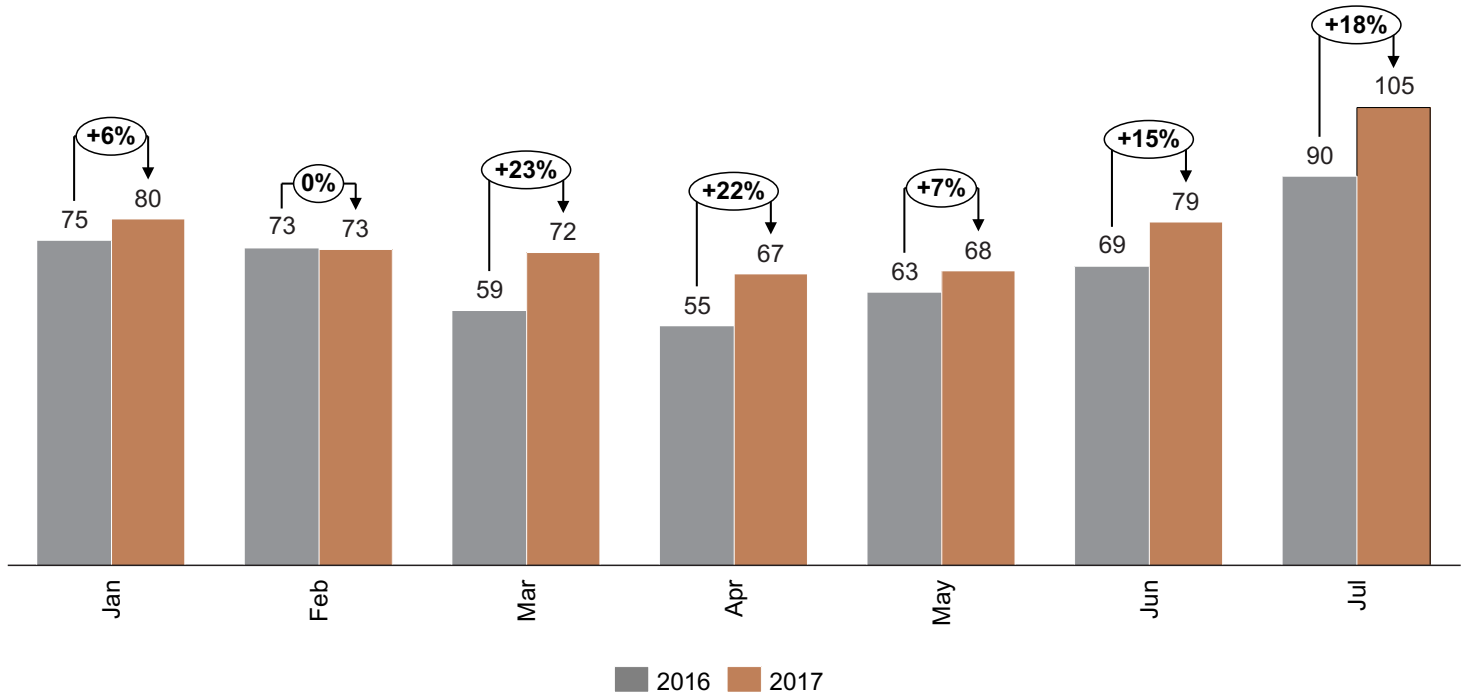


Protracted Presidential Election Impacting NSE



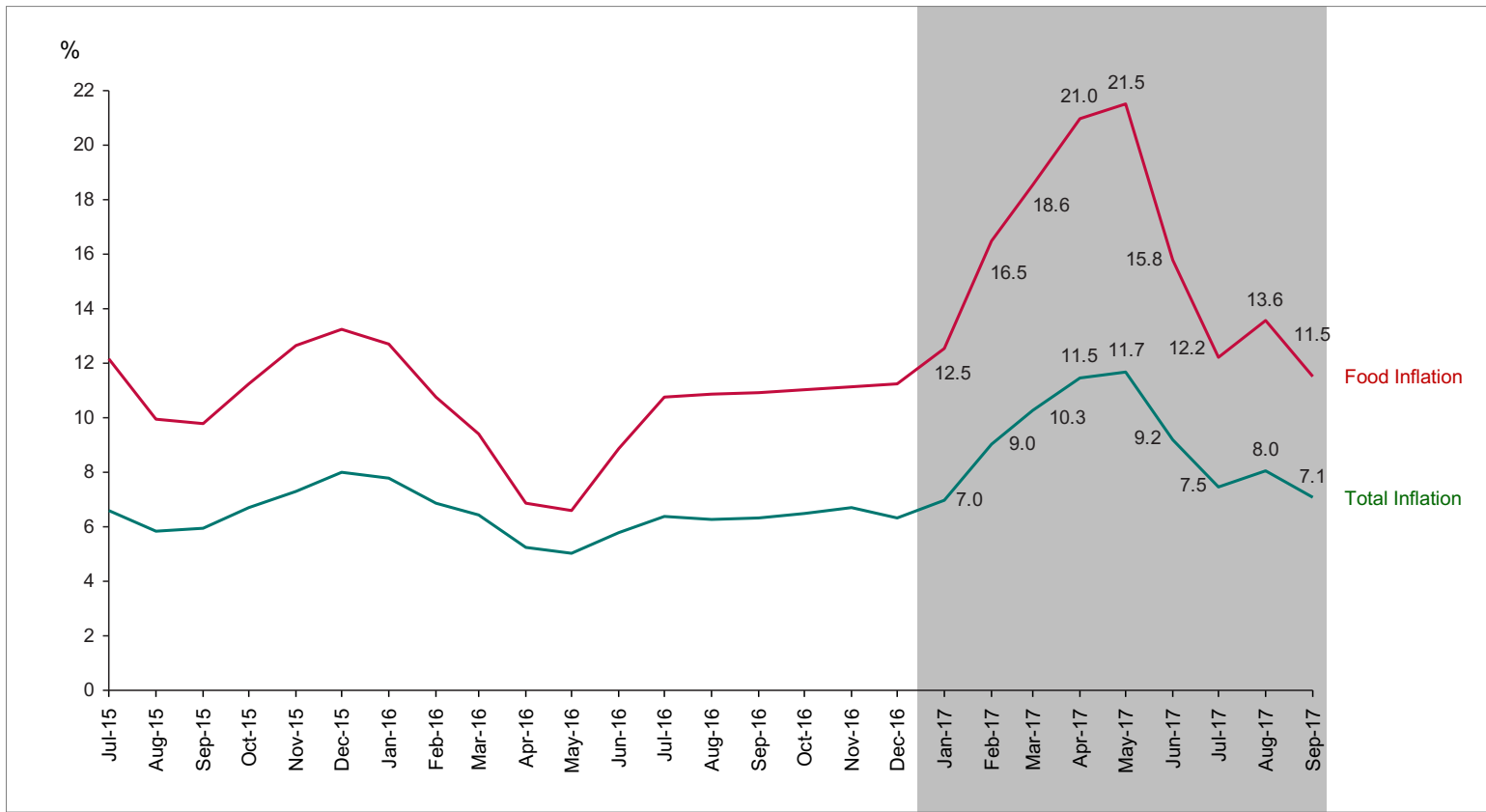
Tourist Arrivals – Kenya

In thousands

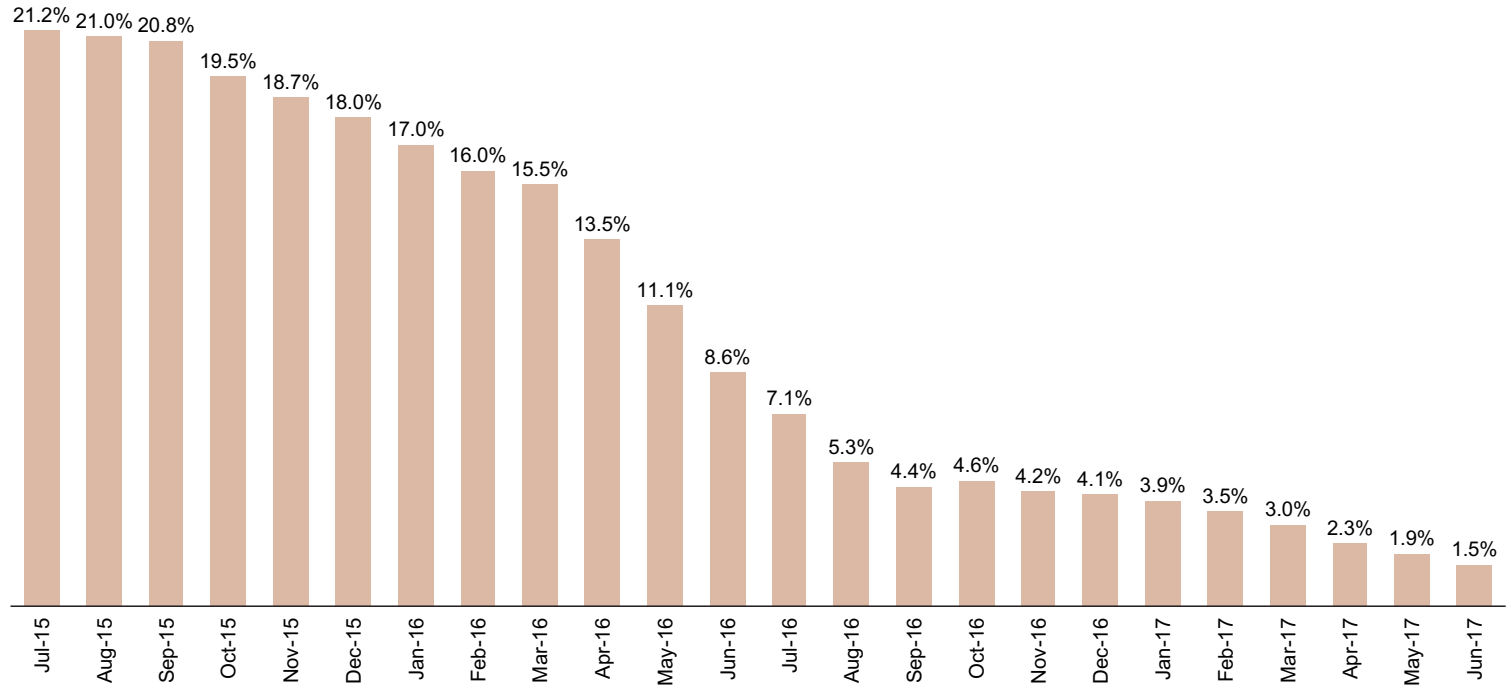




Food Inflation – Kenya

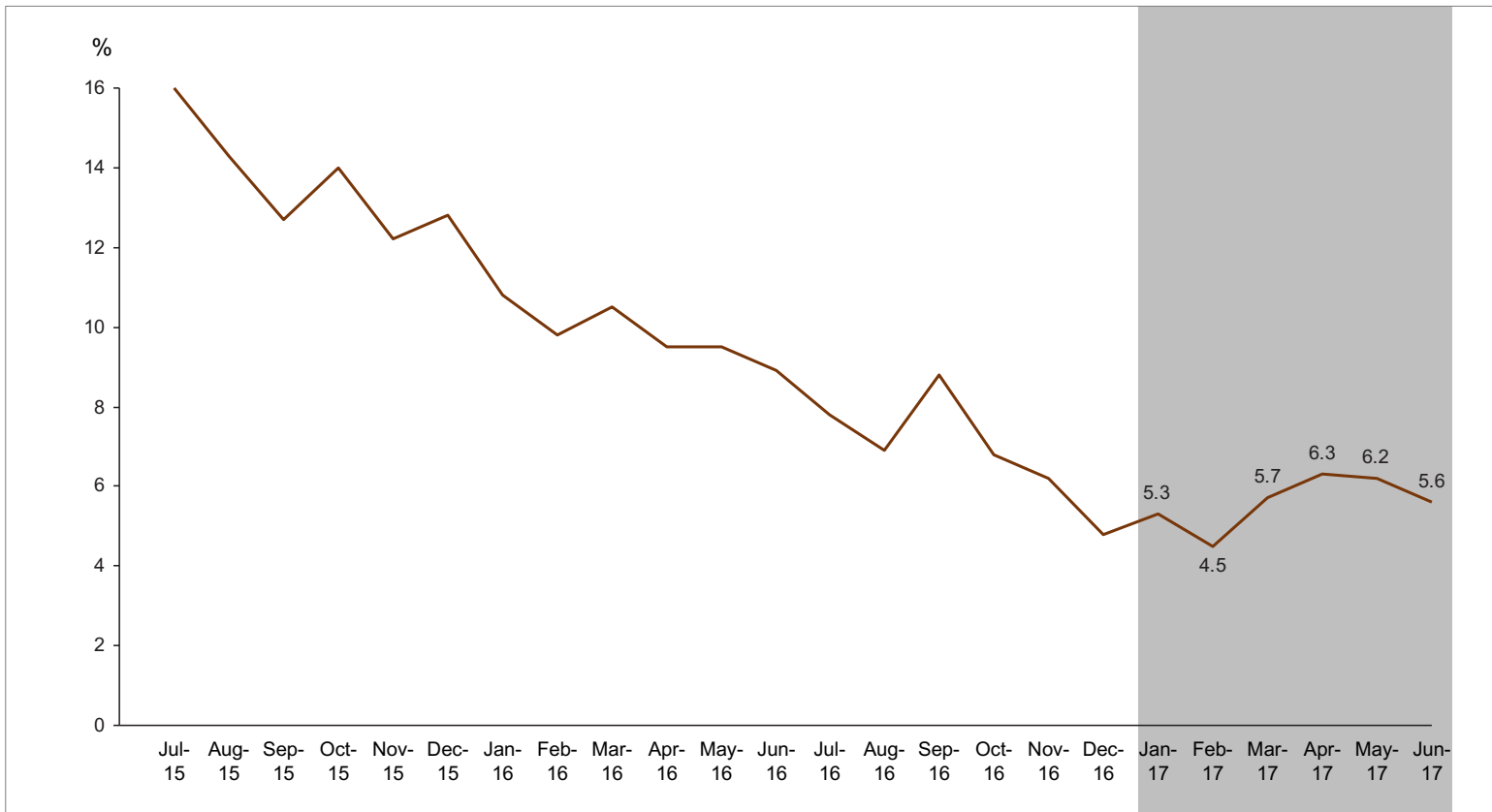


Private Sector Credit Growth Trend



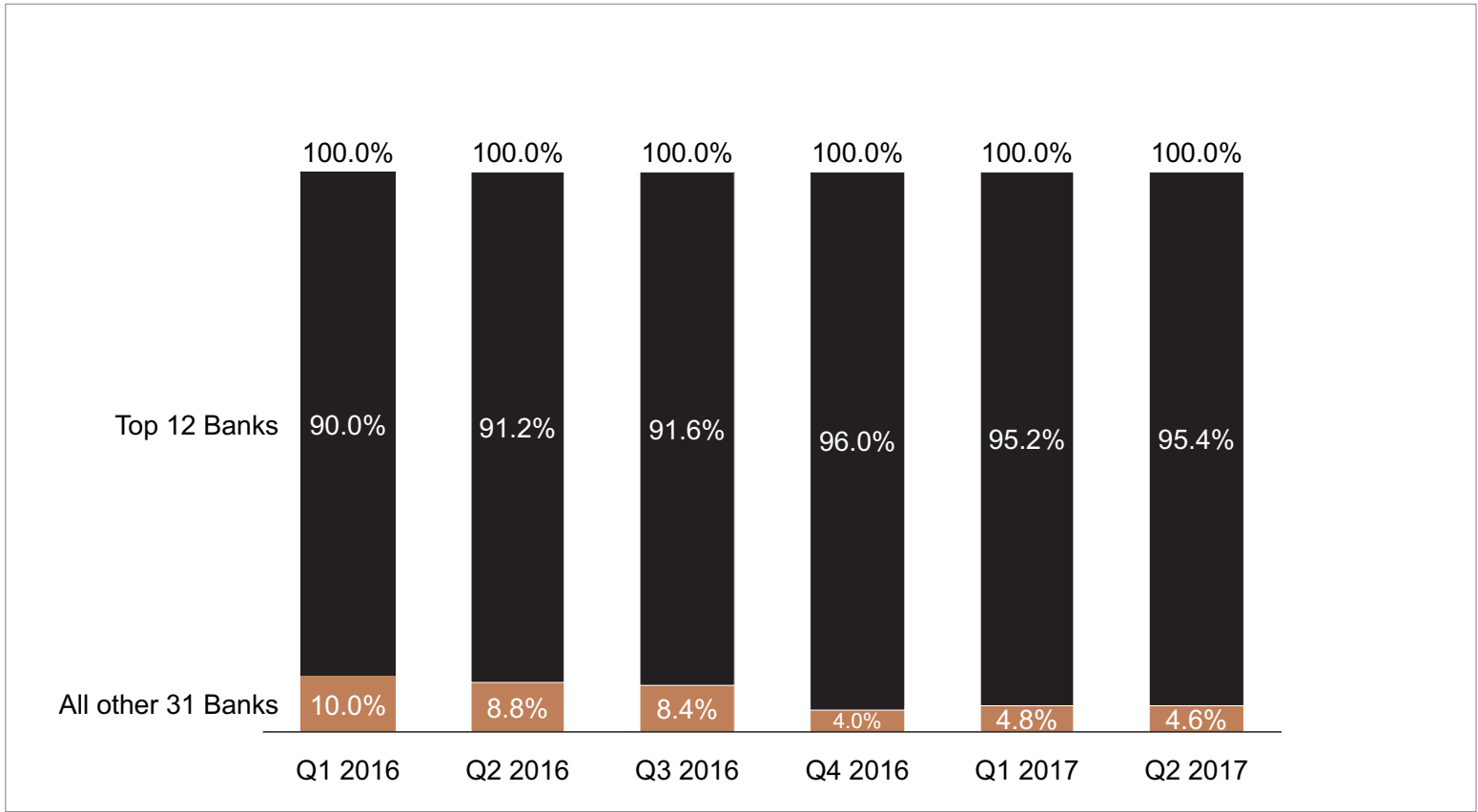


Money Supply (M2) Growth Trend



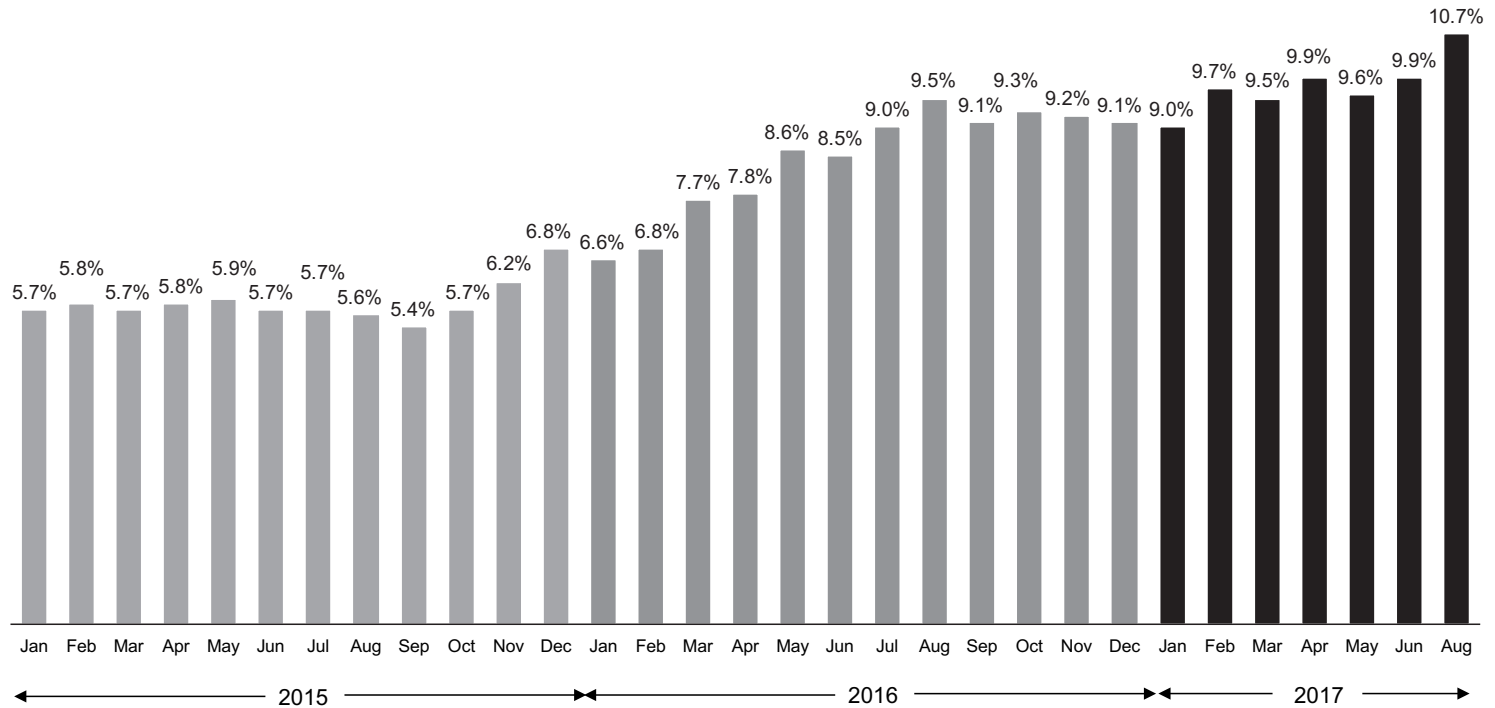


Banking Industry - Profit Market Share Trend



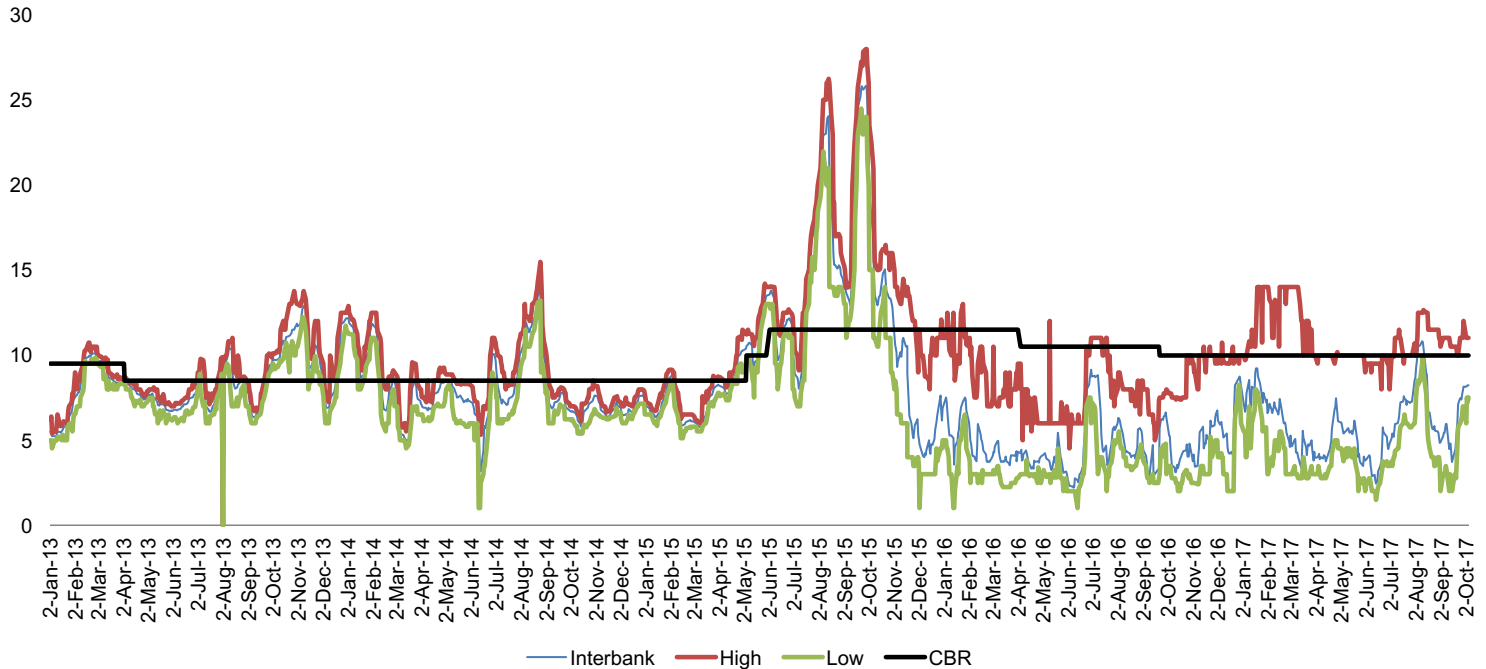


Sector Asset Quality Deterioration Poses Risks to the Banking Sector



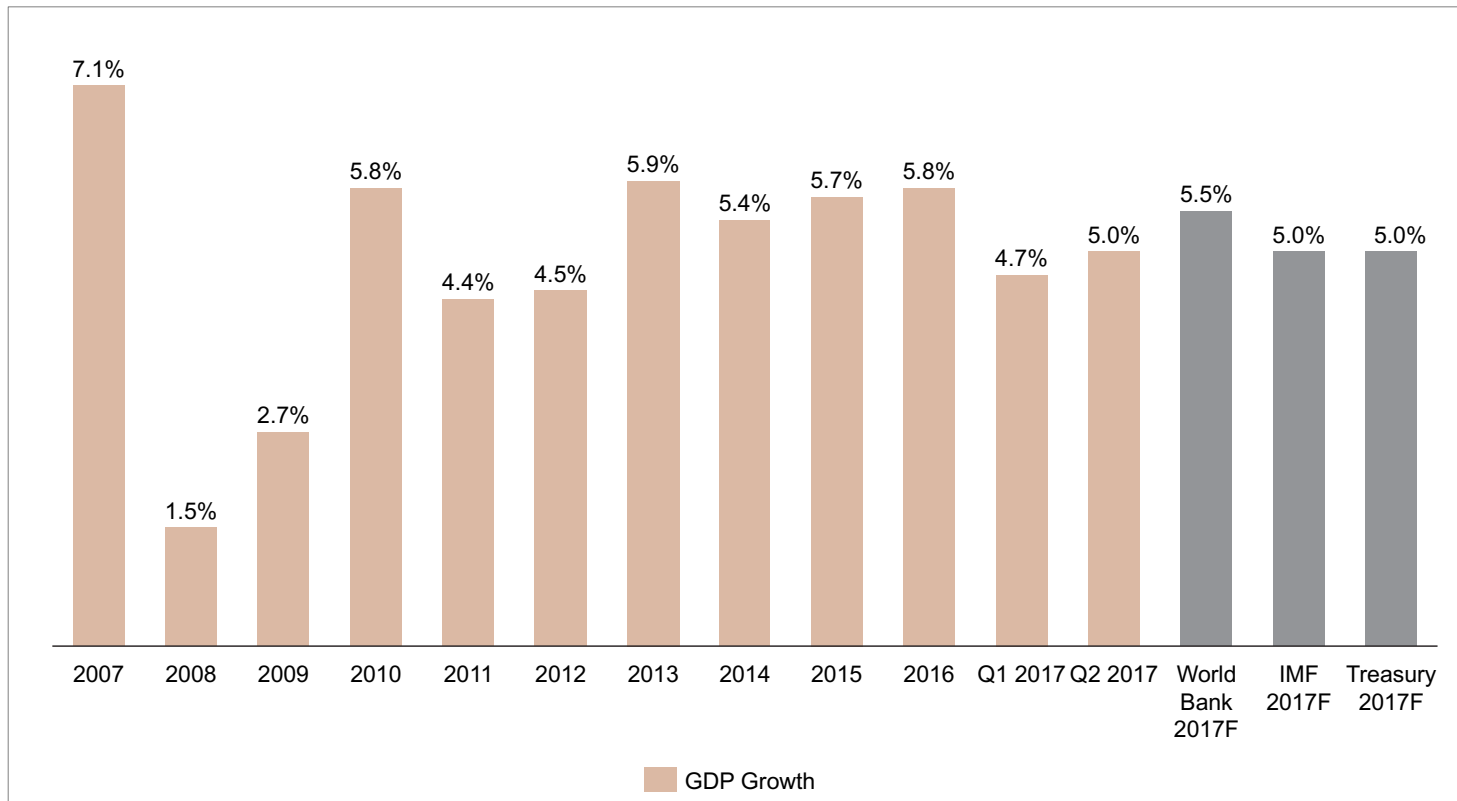
Disaggregating Interbank Rates Reflect Continued Risk Aversion Between Banks

Skewed liquidity - significant variance in interbank rates reflect varying liquidity positions and risk aversion between banks





Near-term Headwinds Impacting GDP Growth Rate





EQUITY CENTRE



Equity Group Business Model – Post Capping



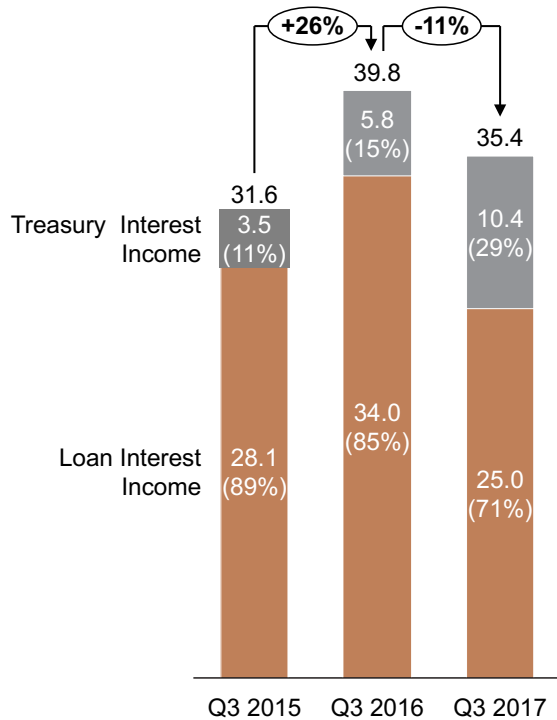
Equity Bank Business Model – Post Capping (Adjusting and Adapting to the New Norm)

Focus areas:

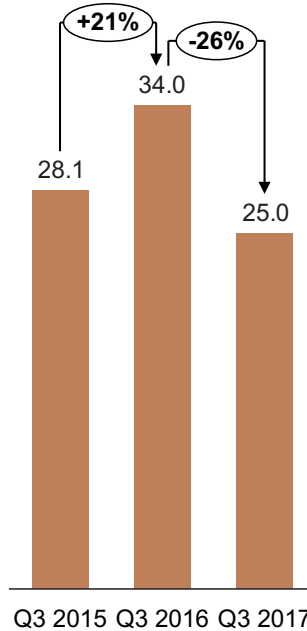
1. Non-funded income growth
2. Treasury operations
3. Regional and business diversification
4. Strengthening liquidity and balance sheet agility
5. Asset quality
6. Innovation and digitization
7. Efficiencies and cost optimization

Focus Area 1: Non-funded Income Growth

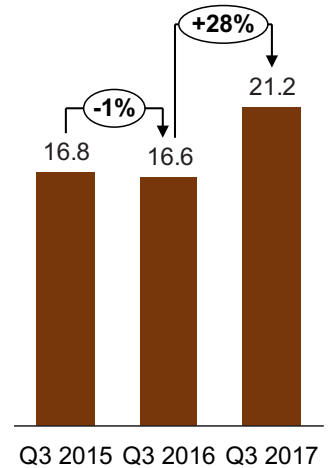
Total Interest Income Growth Trend



Loan Interest Income Growth Trend



Non Funded Income Growth Trend

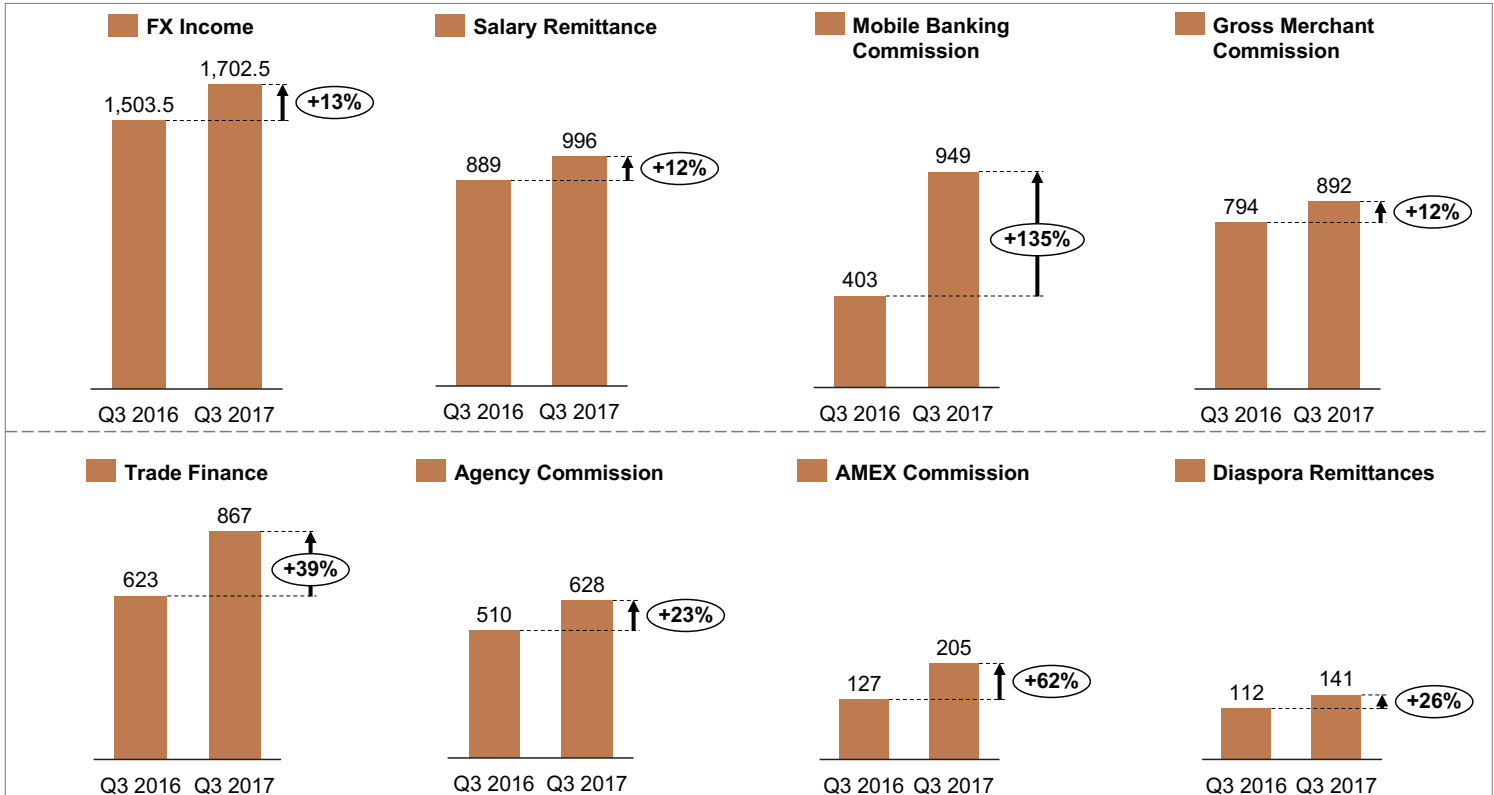




Focus Area 1: Non-funded Income Growth

In Kes Million

Fees & Commissions (Key Lines - Kenya)



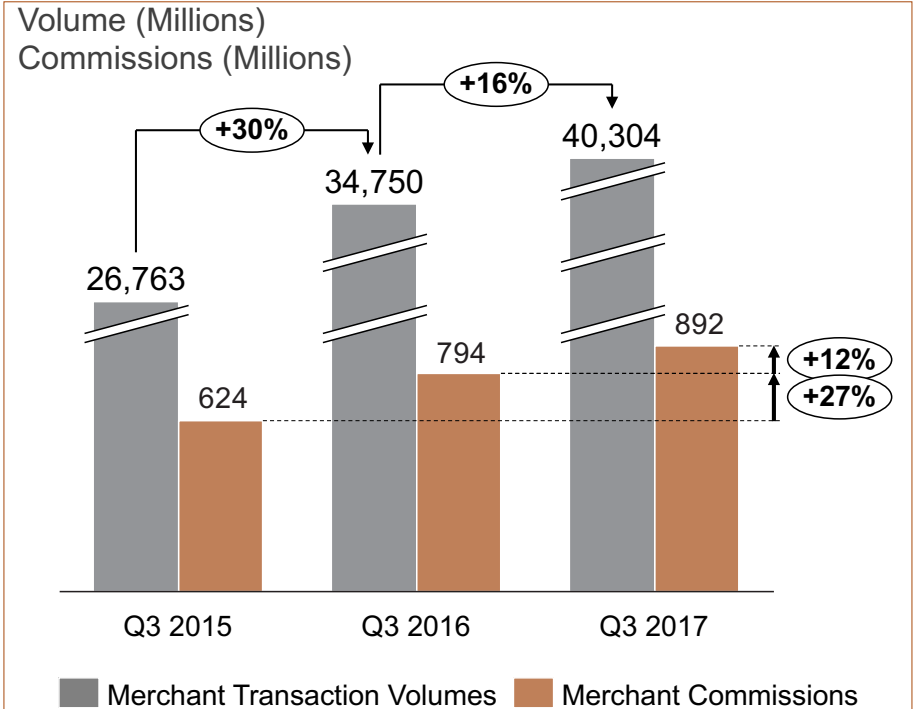
Focus Area 1: Non-funded Income Growth

We have partnered with key payment companies...



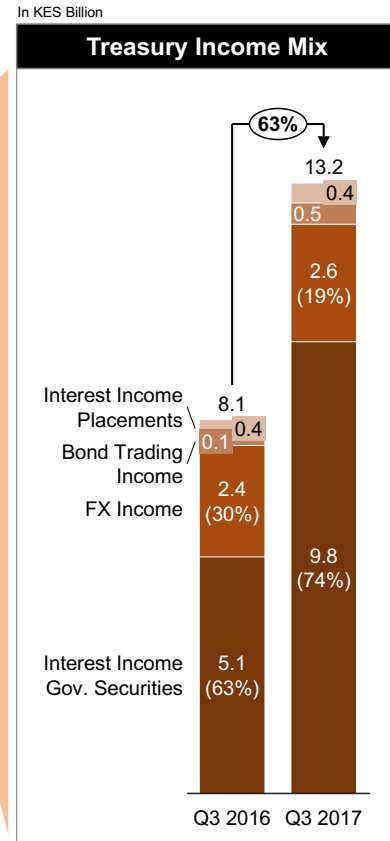
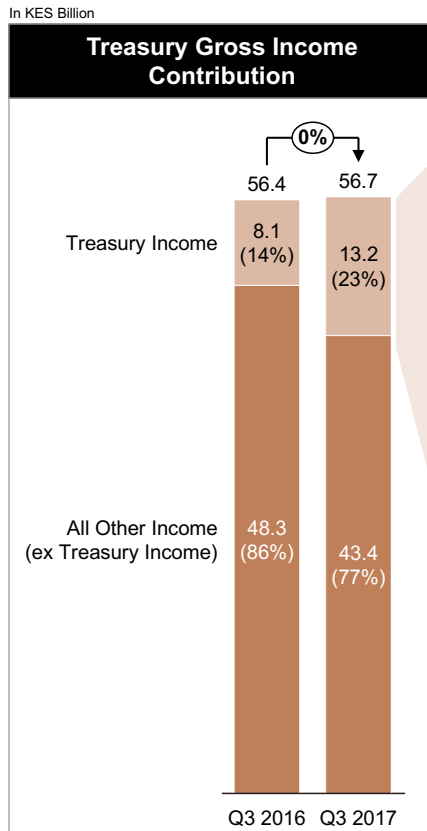
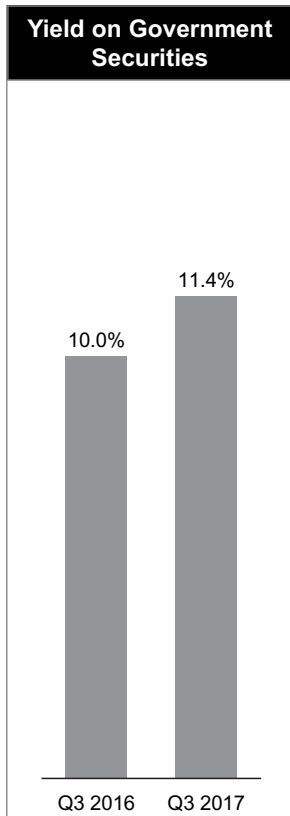
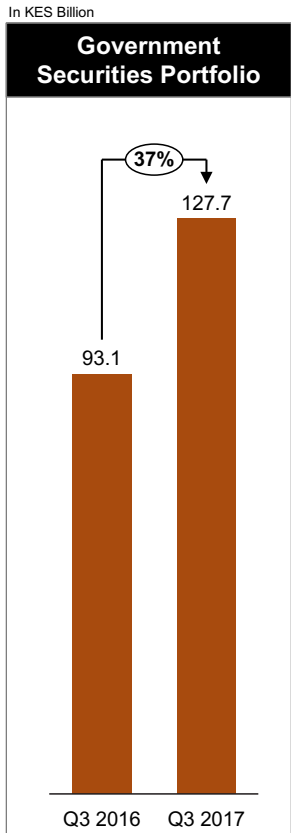
- Equity is leading in **Acquiring and Issuing**
- **Best in class payment channel** services work well with merchants

...which has allowed us to grow our number of transactions and commissions





Focus Area 2: Treasury Operations



Note: Income calculation above is before funding costs

Focus Area 3: Regional & Business Diversification

- Double digit growth in profitability across most subsidiaries
- Enhanced PBT contribution to Group from 7% to 10%

In KES Billion

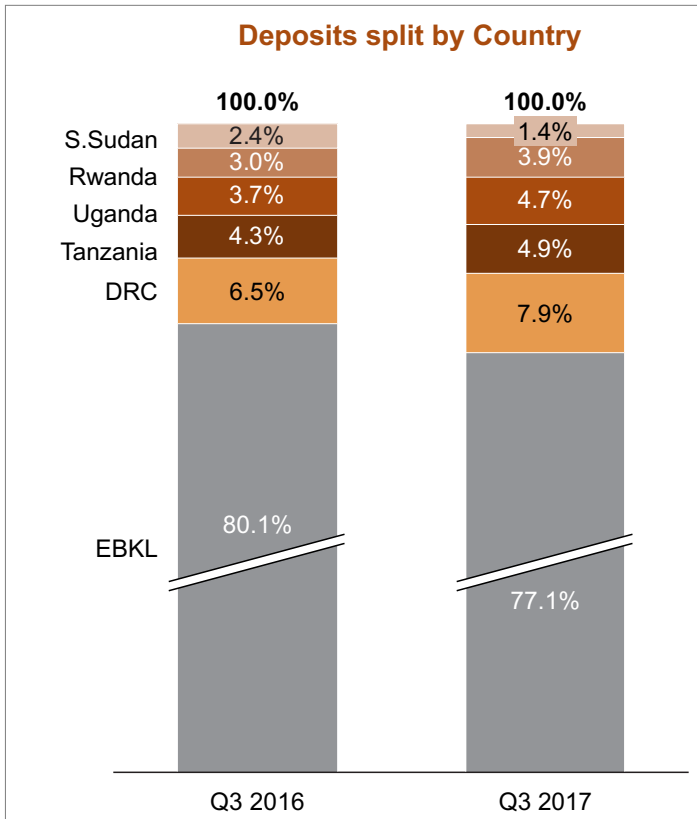
	Uganda	Tanzania	Rwanda	S. Sudan	DRC	Regional Total	Kenya	Regional Contribution Q3 2017	Regional Contribution Q3 2016
Deposit	17.8	18.3	14.7	5.3	29.5	85.6	289.0	23%	20%
<i>Growth</i>	42%	25%	45%	-35%	34%	27%	7%		
Loan	12.3	16.8	10.0	0.1	20.2	59.3	206.2	22%	19%
<i>Growth</i>	43%	11%	4%	-59%	20%	18%	-7%		
Assets	25.2	24.7	19.3	8.6	41.2	119.0	409.4	23%	20%
<i>Growth</i>	38%	8%	41%	-26%	31%	22%	7%		
PBT	0.7	0.4	0.5	0.2	0.5	2.2	18.4	10%	7%
<i>Growth</i>	37%	38%	72%	229%	-9%	53%	-8%		

Kenya column above represents all entities in Kenya

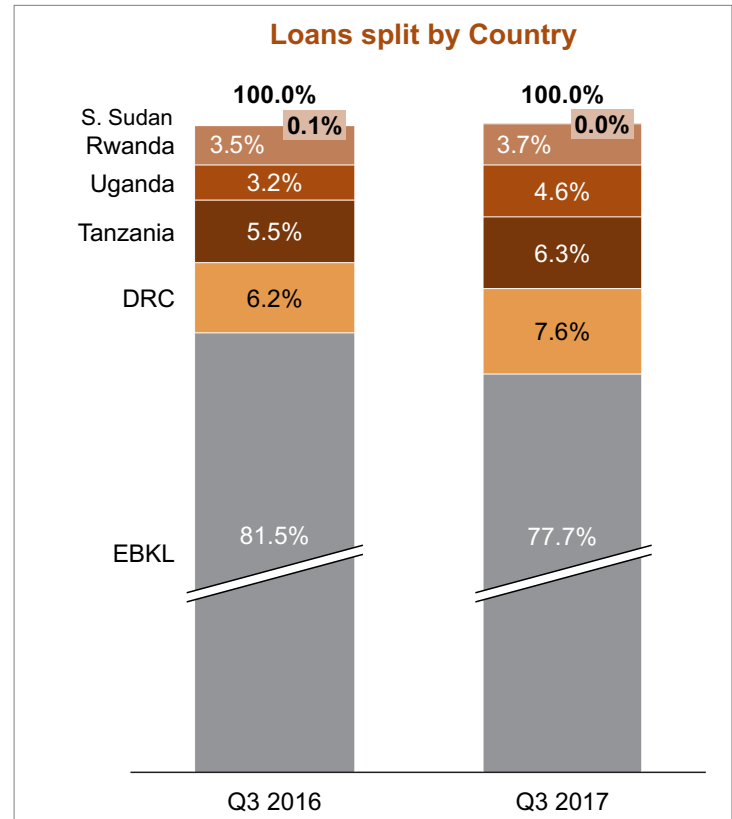


Focus Area 3: Regional & Business Diversification

Deposits split by Country

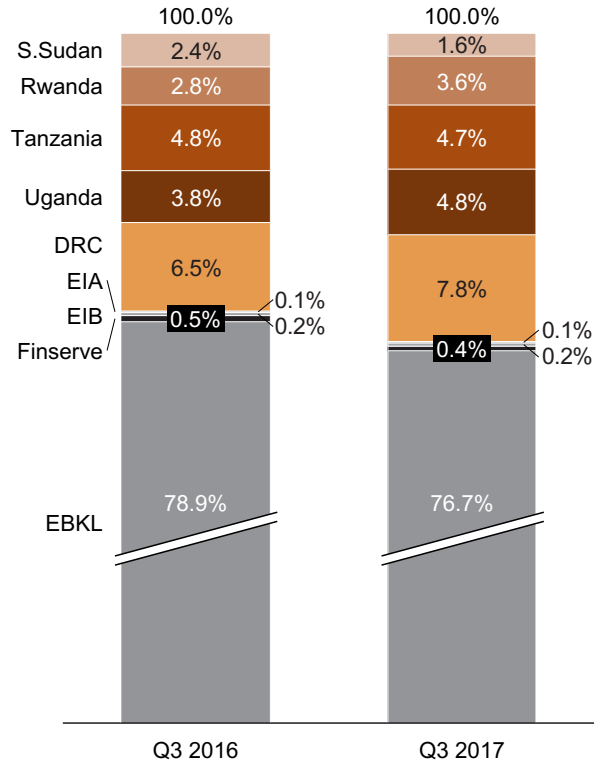


Loans split by Country

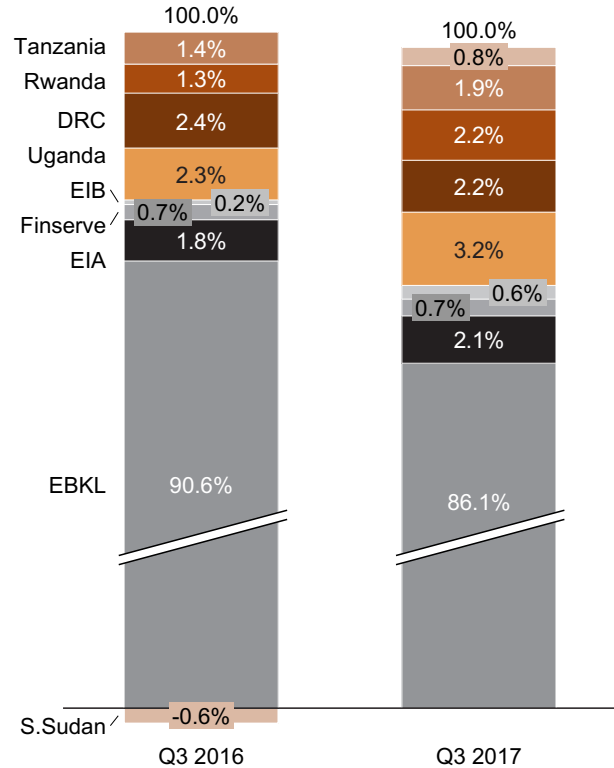


Focus Area 3: Regional & Business Diversification

Total Assets split by Entity



PBT split by Country

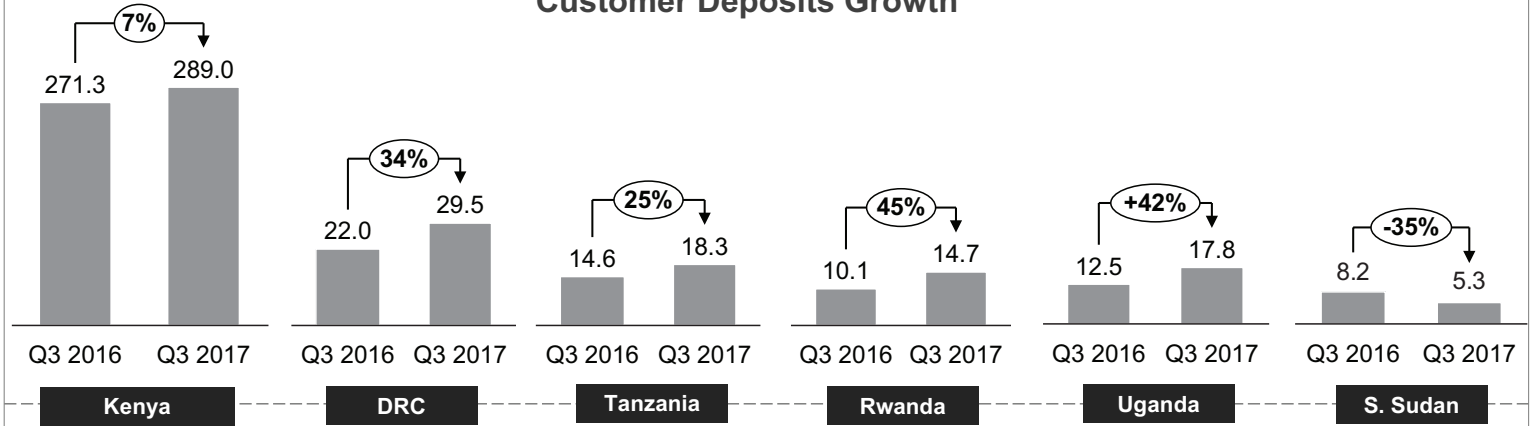




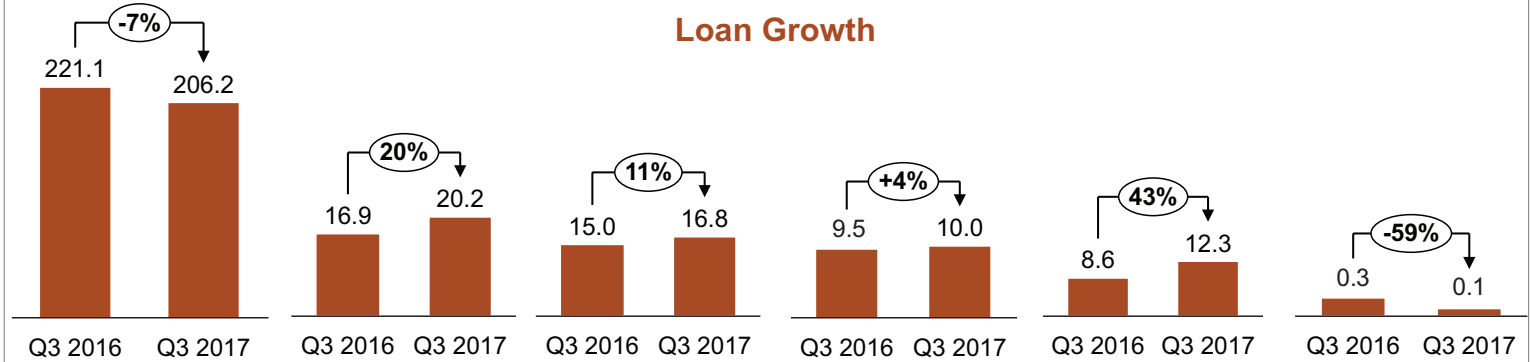
Focus Area 3: Regional & Business Diversification

KES billions

Customer Deposits Growth

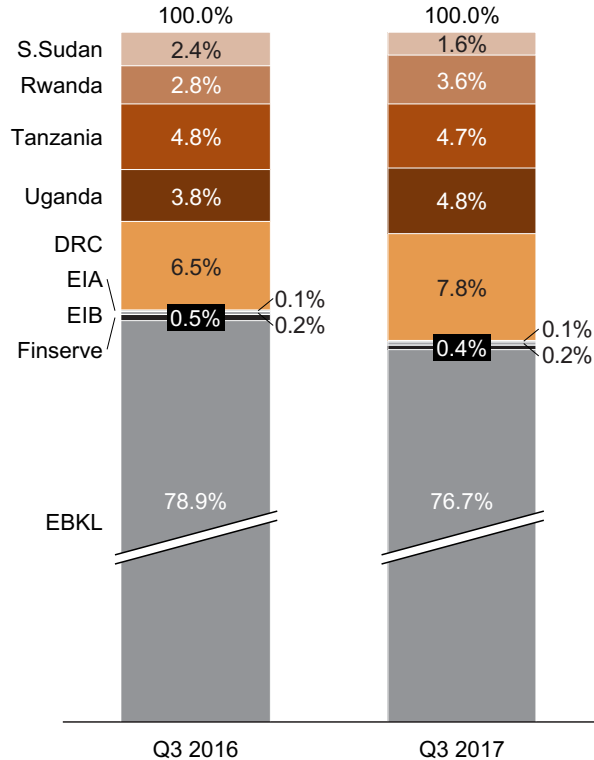


Loan Growth

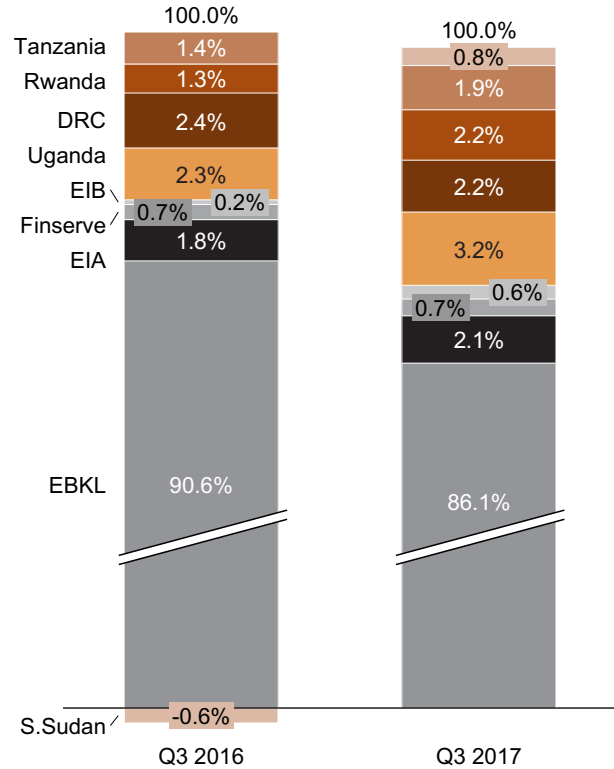


Focus Area 3: Regional & Business Diversification

Total Assets split by Entity



PBT split by Country

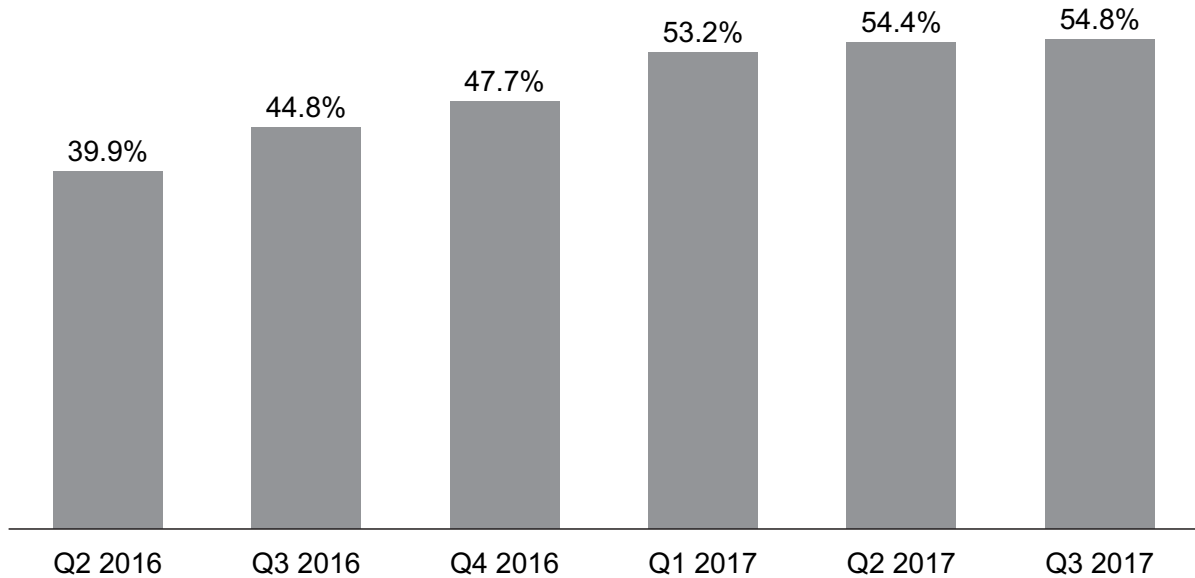




Focus Area 4: Strengthening Liquidity Position and Agile Balance Sheet

....to mitigate economic uncertainty and shocks and to support responsiveness and agility

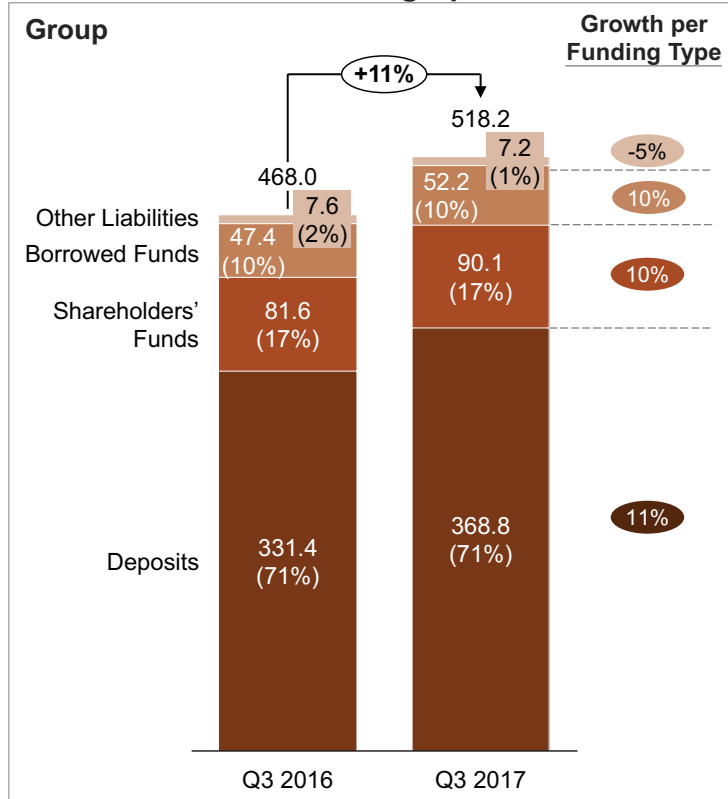
■ Liquidity Ratio (Kenya)



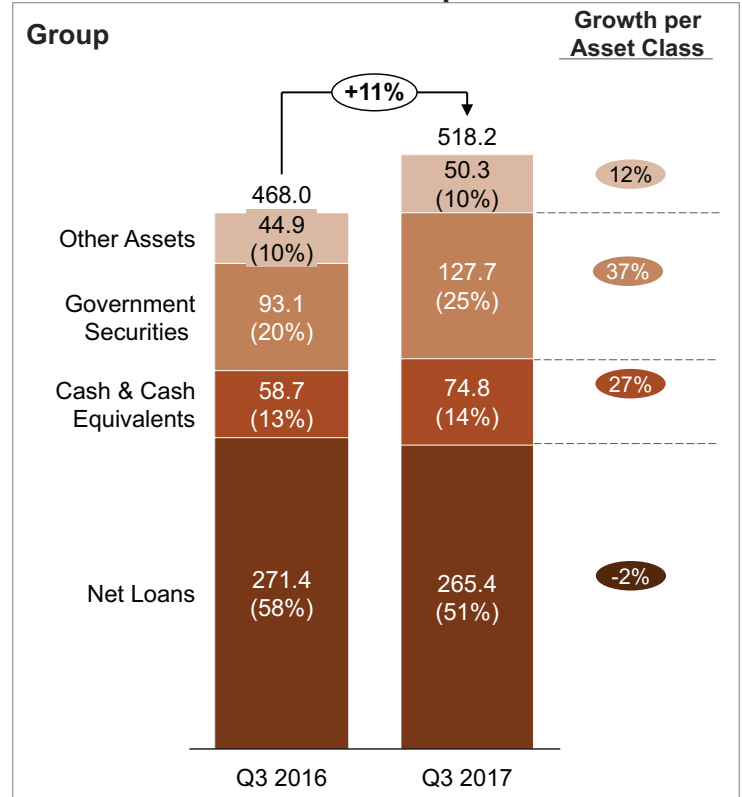
Focus Area 4: Strengthening Liquidity Position and Agile Balance Sheet

In KES Billion

Funding Split



Asset Split

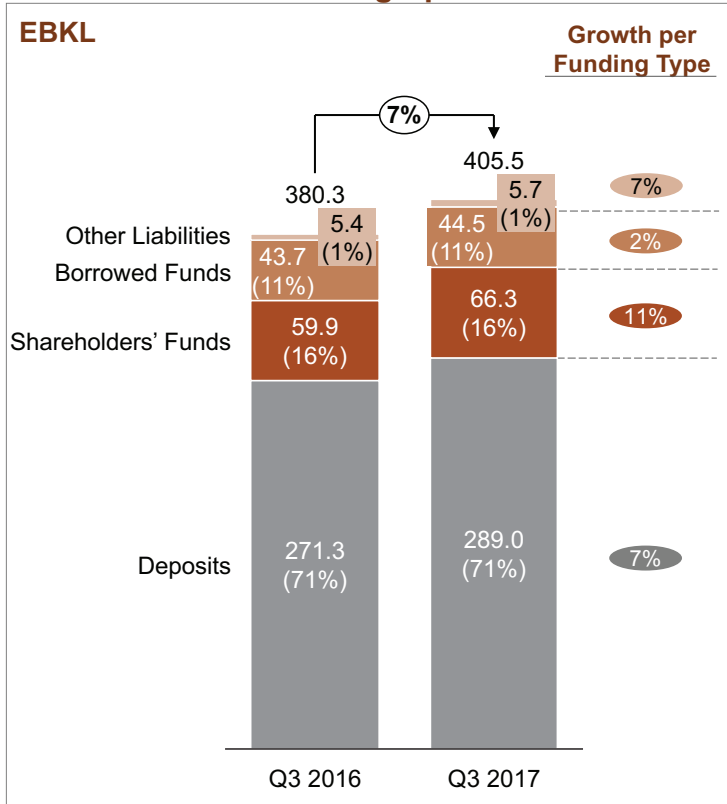




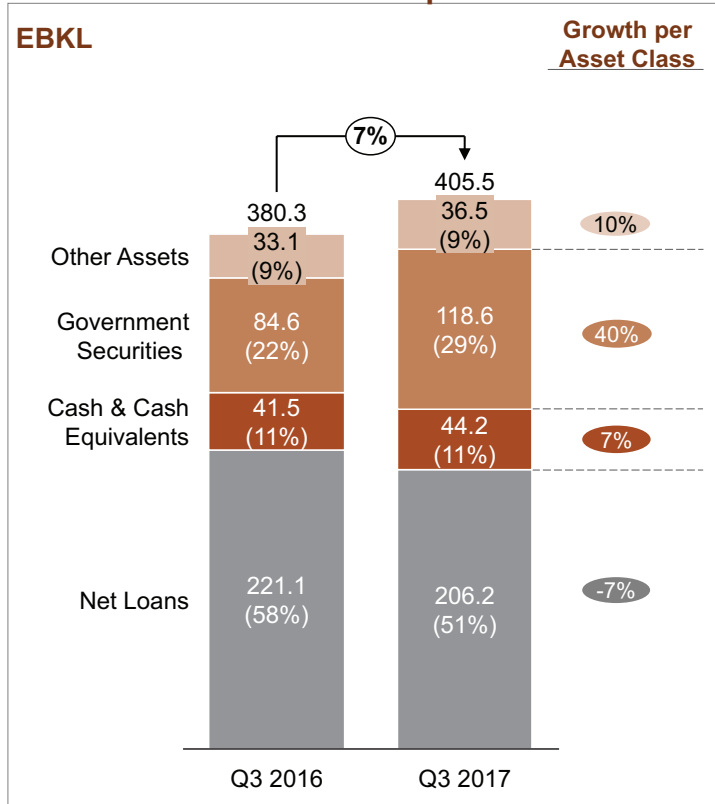
Focus Area 4: Strengthening Liquidity Position and Agile Balance Sheet

In KES Billion

Funding Split

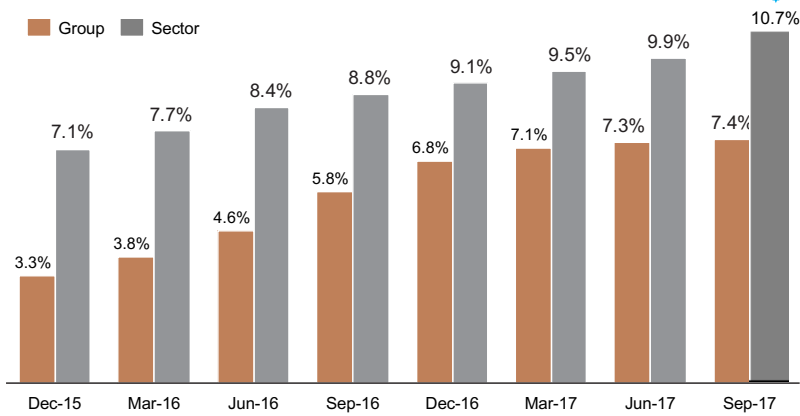


Asset Split

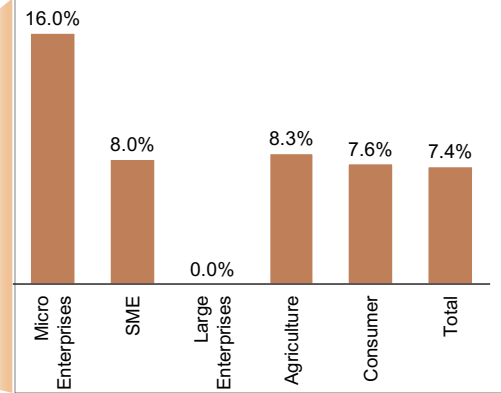


Focus Area 5: Asset Quality

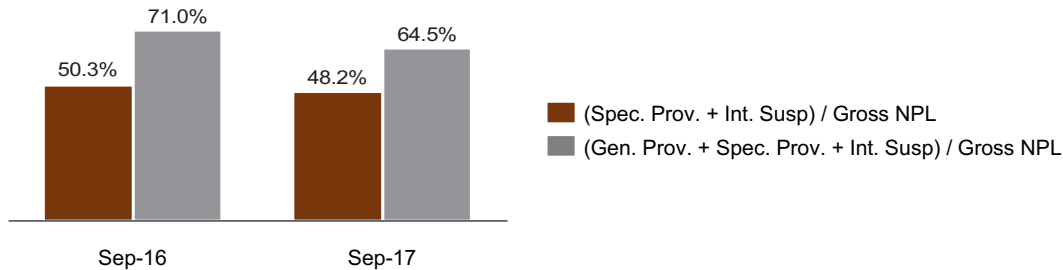
NPL's – Sector vs EGH Plc as at Q3 2017



NPL per sector as at Q3 2017



NPL Coverage



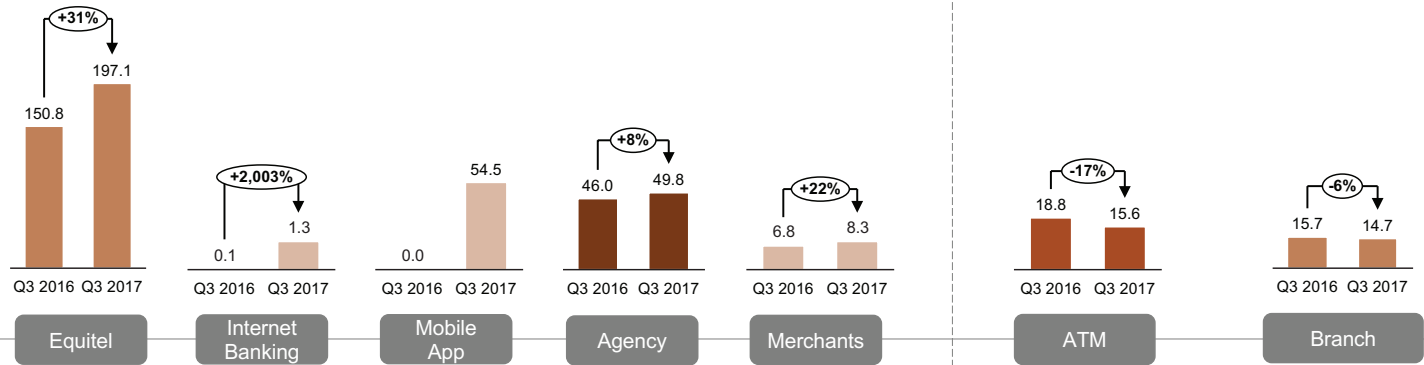


Focus Area 6: Innovation and Digitization 3rd Party Infrastructure

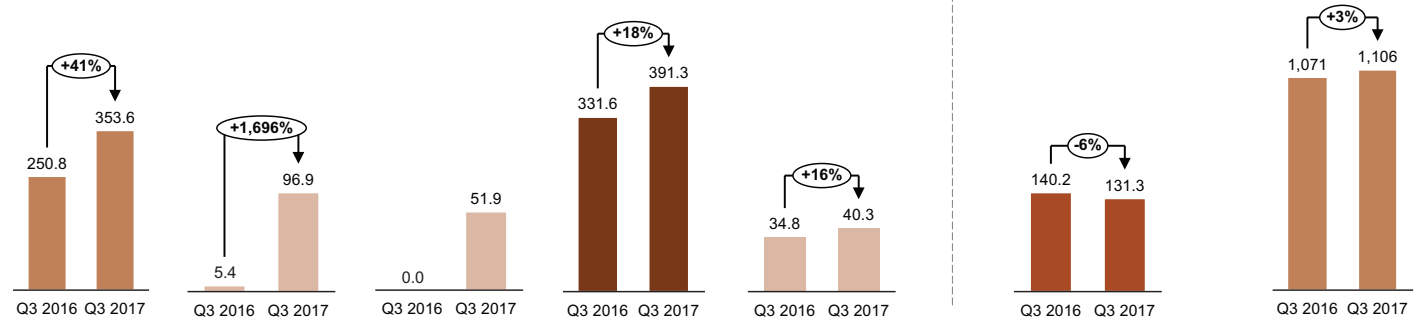
Variable cost channels

Fixed cost channels

Transaction numbers in millions

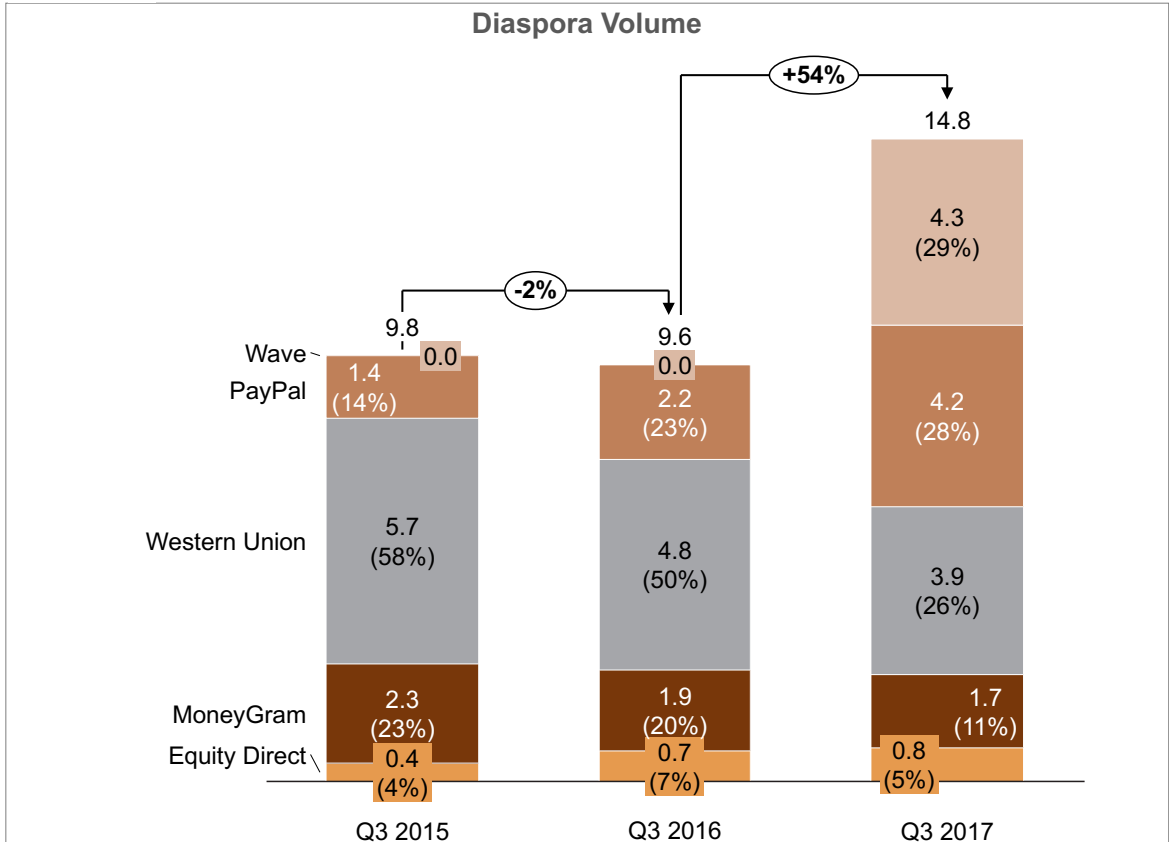
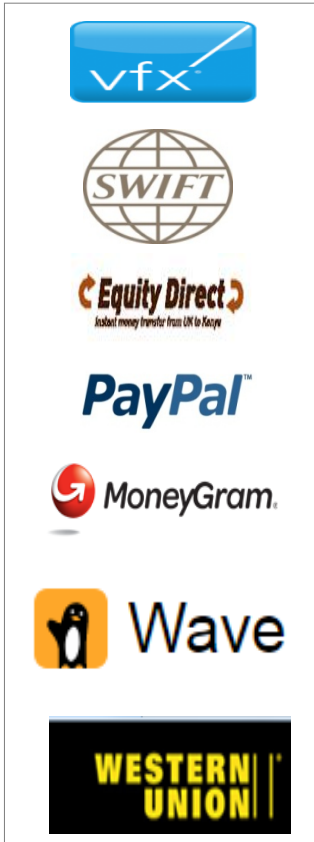


Transaction value in KES billion



Focus Area 6: Innovation and Digitization – Diaspora

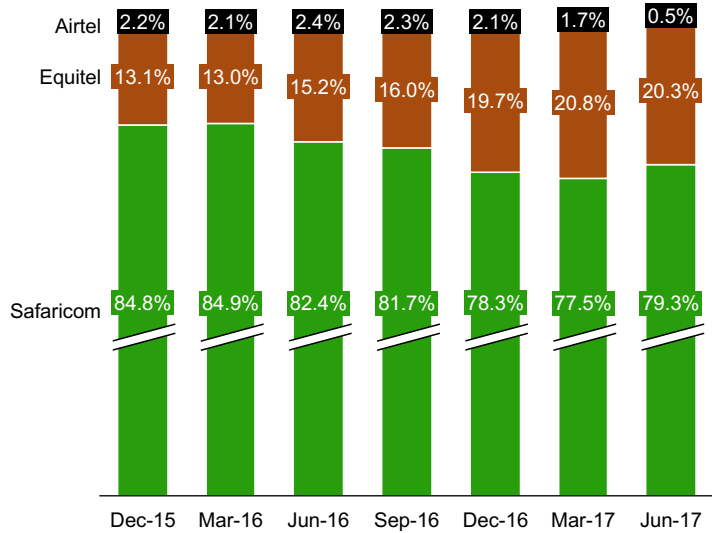
In KES Billion





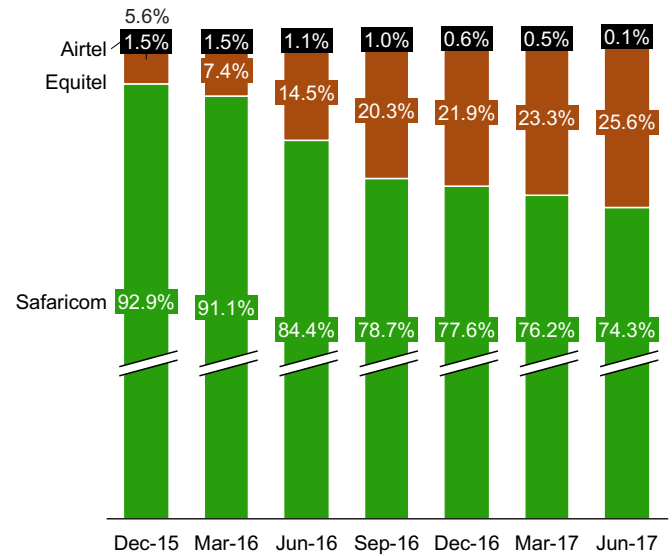
Focus Area 6: Innovation and Digitization (Market Share of National Money Transfer)

Count



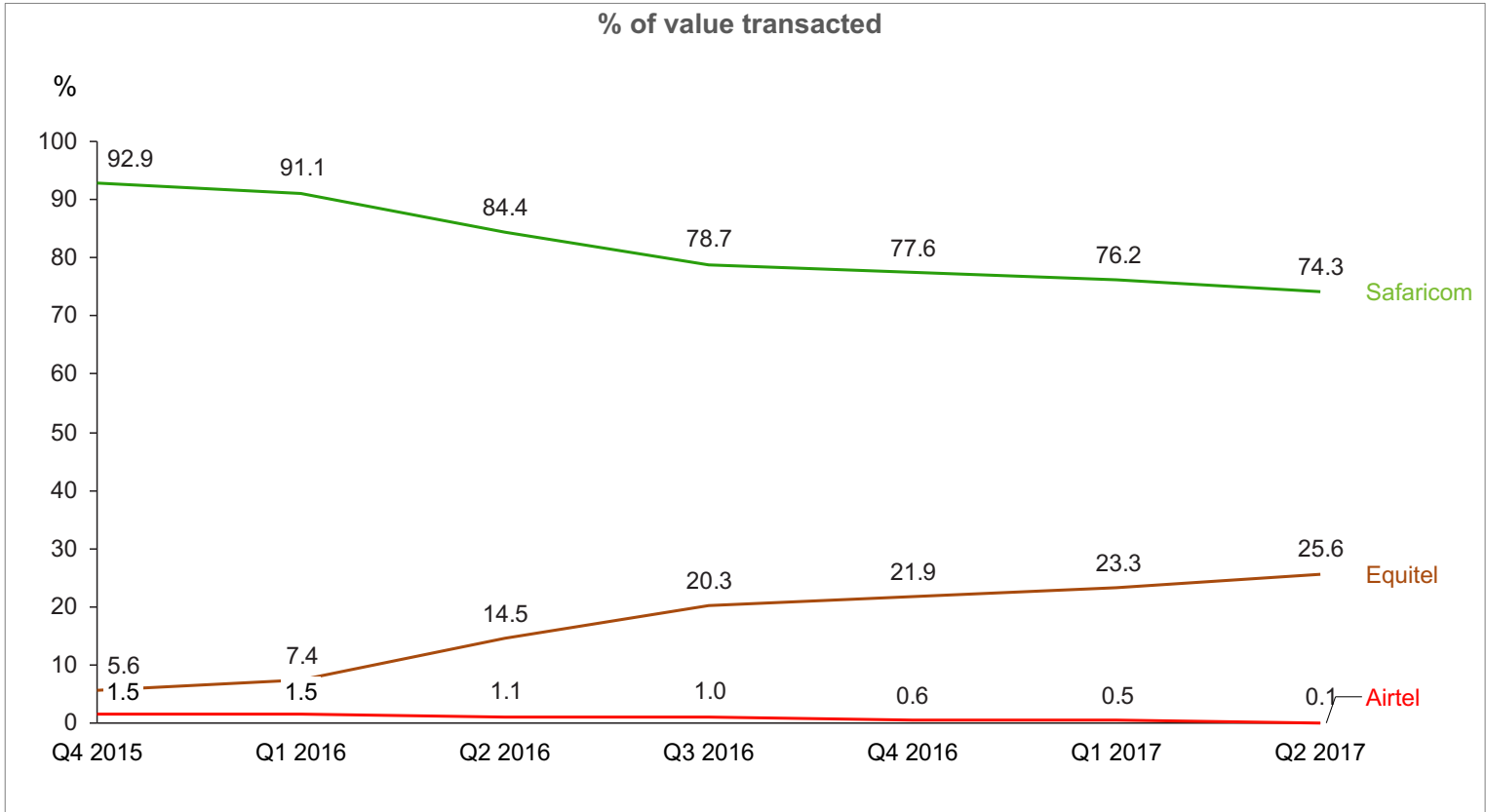
- Total sector number of mobile transactions were 479.4 million in Q2 2017 a 2% increase from Q1 2017.

Value



- Total sector value of mobile transactions were 1.22 trillion in Q2 2017. This was a 4% increase from Q1 2017.

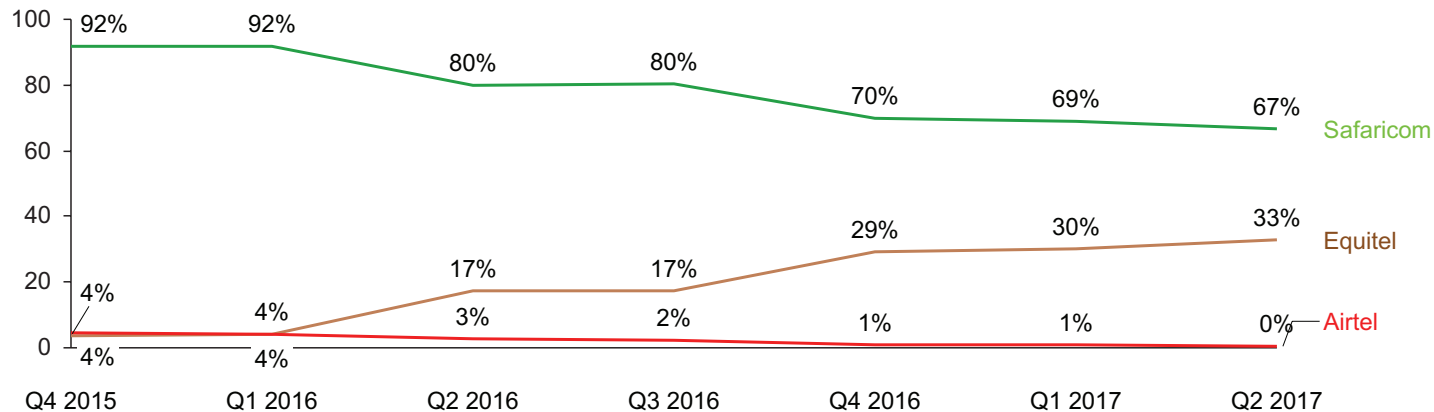
Focus Area 6: Innovation and Digitization (Market Share of National Money Transfer)



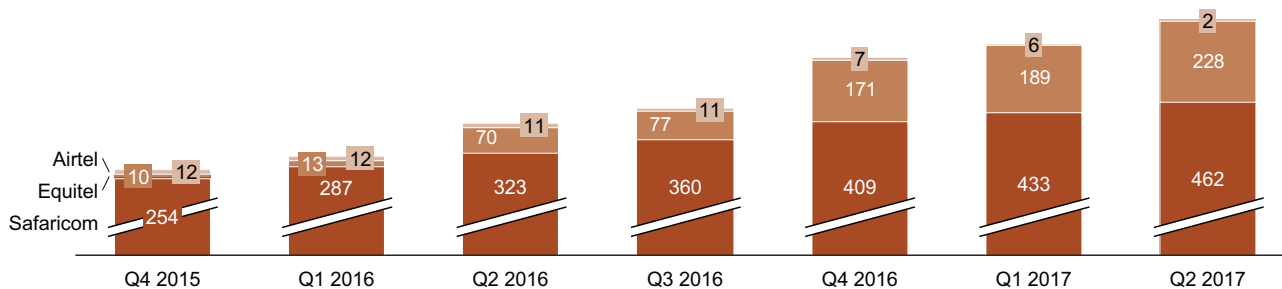


Focus Area 6: Innovation and Digitization

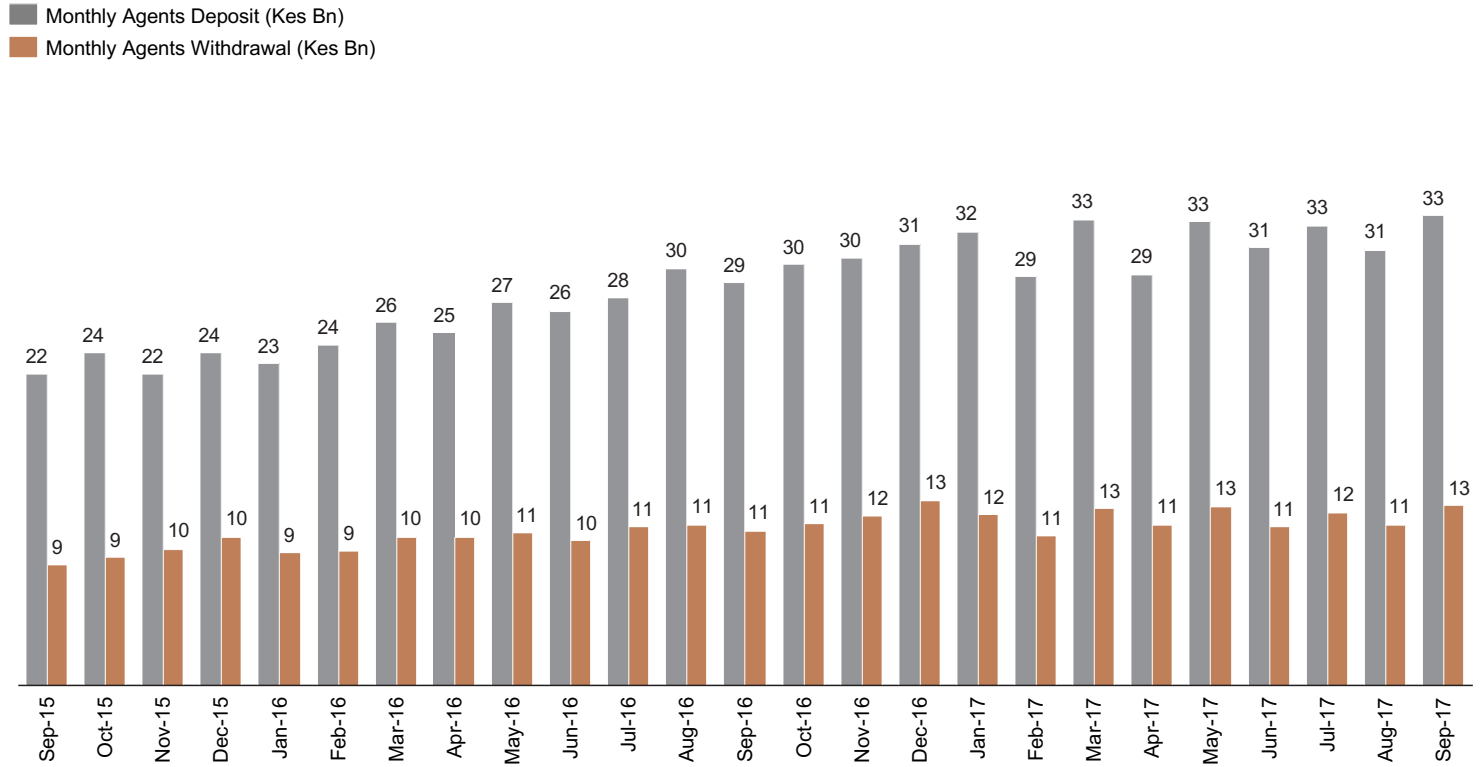
Market Share of M-Commerce



Value of M-Commerce

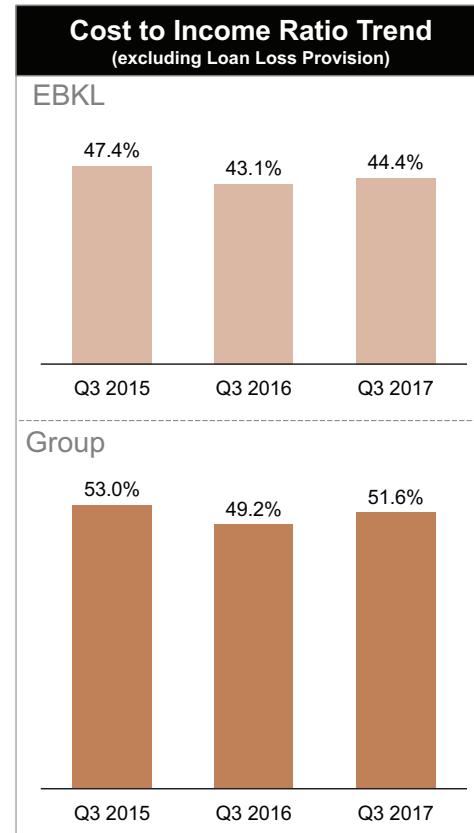
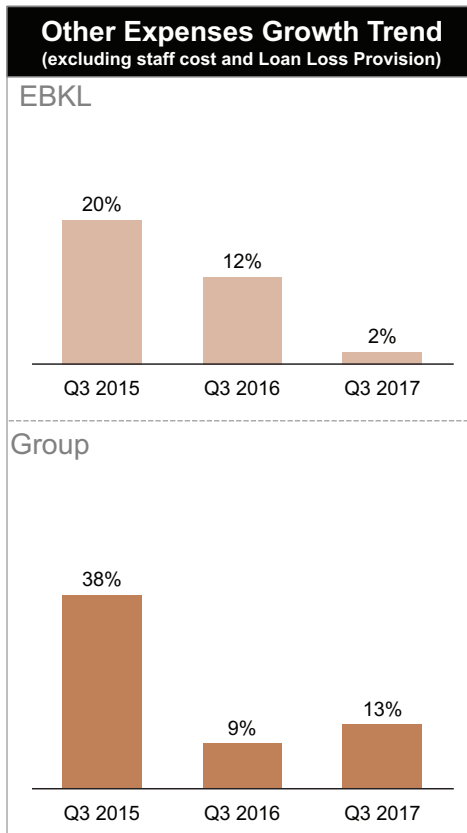
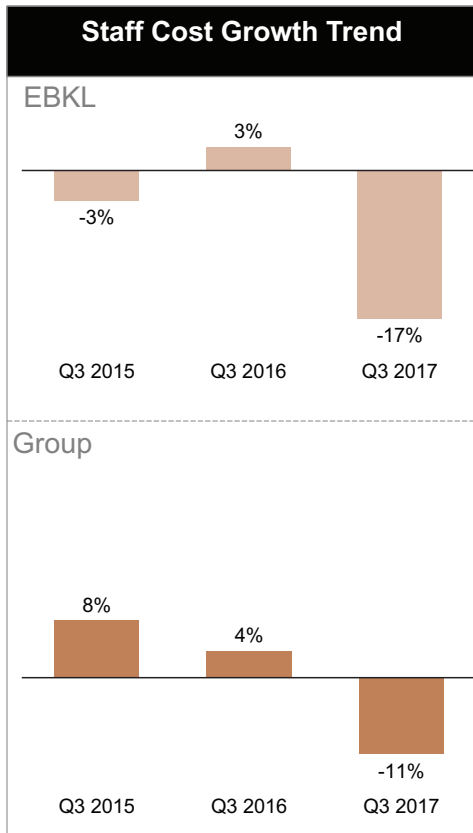


Focus Area 6: Innovation & Digitization (Agency Banking)





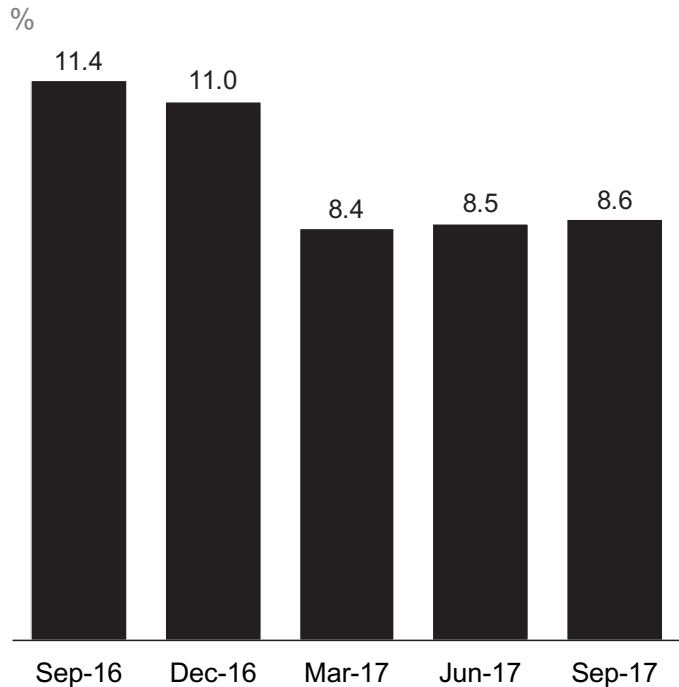
Focus Area 7: Efficiencies and Cost Optimization



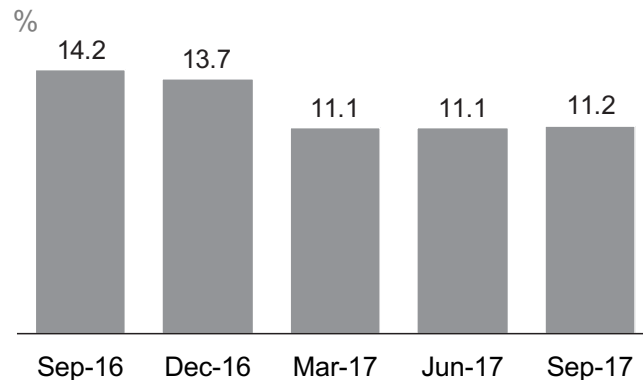
Focus Area 7: Efficiencies and Cost Optimization

Group

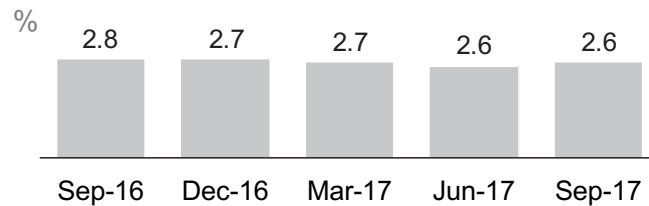
Net Interest Margin



Yield on Interest Earning Assets



Cost of funds





EQUITY CENTRE



Business Validation



Moody's Investor Service Rates Equity Bank Kenya Best Credit in Kenya

Equity Bank Limited

Rating Scale	Rating	Rating Outlook
National	Aa1.ke/KE-1	Stable
Global	B1	

- Strong investor interest has resulted in Moody's Investor Service rating and assigning Equity Bank Kenya a global and national scale credit rating
- Moody's rate Equity Bank Kenya the same as Kenya Government on a **Global Rating of B1, Stable Outlook**
- Moody's rate Equity Bank the **highest credit within Kenya** with a **National Scale Rating of Aa1**
- Moody's credit ratings affirm Equity Bank Kenya's:
 - Strong brand recognition
 - Solid liquidity buffers and resilient funding profile
 - Established domestic franchise
 - Extensive adoption of digital and alternative distribution channels
- Moody's highlights that this compares with the bank's peers that have a "more aggressive loan growth strategy despite the challenging environment"

Equity's Global Credit Rating



GCR GLOBAL CREDIT RATING CO.

Local Expertise • Global Presence

September 2017

Equity Bank Limited			
Kenya Bank Analysis			
Security Class	Rating Scale	Rating	Rating Outlook
Long term	National	AA-(KE)	Stable
Short term	National	A1+(KE)	

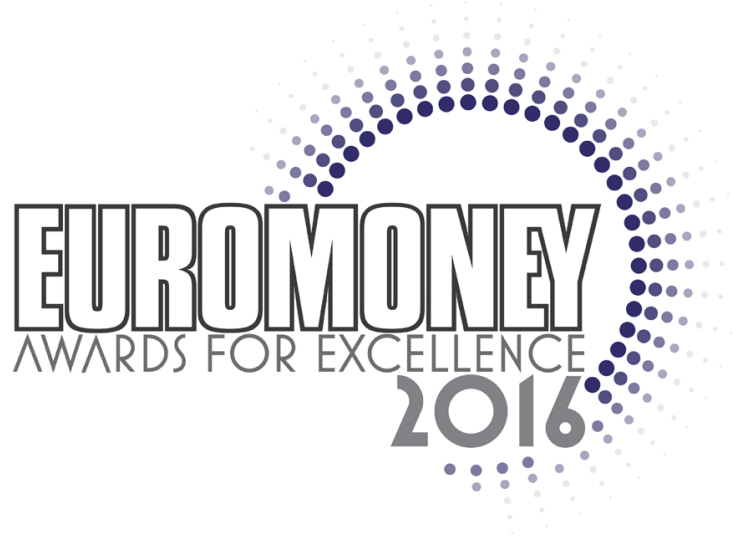
- GCR has affirmed the national scale ratings assigned to Equity Group Holdings Plc of AA-(KE) and A1+(KE) in the long term and short term respectively; with the outlook accorded as Stable.
- The accorded ratings assigned to EGH Plc reflects its strong competitive position in Kenya's banking industry, which is underpinned by a favorable market reputation, as well as a resilient and innovative financial services business, spread across East Africa and the Democratic Republic of Congo.
- The rating is also as a result of its Robust internal capital generation and strong Profitability which remained resilient in FY16 despite challenging operating conditions, characterized by economic and political uncertainty and unfavorable banking developments in Kenya.

High and Improving Global Ranking

The Banker **TOP 1000** WORLD BANKS

Equity Bank	<u>Overall</u>	<u>Soundness</u> <i>(Capital Assets Ratio)</i>	<u>Performance</u> <i>(Profits on capital) (Return on assets)</i>	
2017 Global Rank	806	37	45	11
2016 Global Rank	835	43	34	8
2015 Global Rank	916	88	18	8
2014 Global Rank	999	112	8	4

Note: Lower Profits on Capital and Return on Assets ranking in 2016 and 2017 are driven by investments in DRC, the effect of the currency devaluation in South Sudan, and additive capital injection in Uganda, Tanzania and Rwanda.



Africa's Best Bank 2016: Equity Bank

- **Africa's Best SME BANK**
- **Kenya's Best Bank**

2017 African Banker Awards

Equity Bank has been named as the:

- Best Retail Bank in Africa
- Best Digital Bank in Kenya
- Best CSR East Africa

Equity Bank CEO, Dr James Mwangi, named Banker of the Year in East Africa



Equity has Earned Recognition in 2017 Think Business Awards



EQUITY BEST BANK IN KENYA FOR THE 6TH TIME

Category	1st	2nd	3rd
Best Bank Overall	Equity Bank		
Best Bank Tier 1 (Big Banks)	Equity Bank		
Best Bank in Retail Banking	Equity Bank		
Best Commercial Bank in Micro Finance	Equity Bank		
Best Bank in Agency Banking	Equity Bank		
Best Bank in Mortgage Finance	Equity Bank		
Best Bank in Product Innovation	Equity Bank		
Bank with the Lowest Charges – Individuals	Equity Bank		
Best Bank in Integrated Digital Marketing	Equity Bank		
Best Bank in Trade Financing	Equity Bank		
Best Bank in Sustainable Corporate Social Responsibility	Equity Bank		
Best Bank in Agriculture and Livestock Financing	Equity Bank		
Chief Executive of the Year	Dr James Mwangi (Equity Bank)		
Outstanding Young Banker of the Year	Gakii Mwongera (Equity Bank)		
Best Bank in Product Marketing		Equity Bank	
Best Bank in Internet Banking		Equity Bank	
Best Bank in Corporate Banking		Equity Bank	
The Most Customer – Centric Bank		Equity Bank	
Best Bank in Mobile Banking			Equity Bank

Banking Superbrand

Equity Bank has been recognised for the last 10 years since 2007 as the Top Banking Super-brand in Kenya and in East Africa in 2008 & 2009

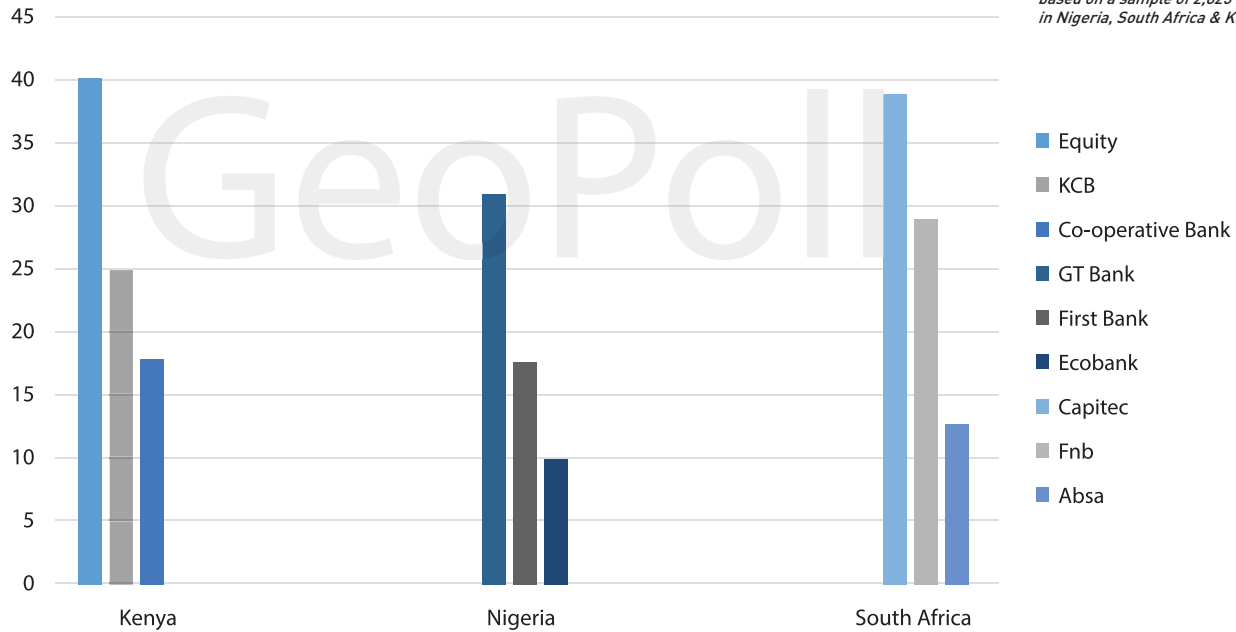




Geopoll Survey Ranks Equity Bank as Most Preferred Lender in Kenya

Equity Bank, GT Bank and Capitec are among the most preferred banks in Kenya, Nigeria and South Africa respectively

Customer Satisfaction Straw Poll Survey based on a sample of 2,825 respondents in Nigeria, South Africa & Kenya





Brand Building through Social & Impact Investment

1. Scholarships & Sponsorships

1. 14,168 Wings to Fly secondary school scholars in partnership with The MasterCard Foundation
2. 5,060 Equity Leadership University Scholars
3. 403 Equity Leadership Airlift (Global Universities) Scholars

2. FIKA financial literacy & Entrepreneurship Training

1. 1,455,759 youth and women entrepreneurs trained for 13 weeks with loans of over Kshs 50bn disbursed.
2. 37,402 enterprises receive 3 years entrepreneurship training and mentorship

3. Agricultural Transformation

1. 600,000 peasant farmers transformed into agri-business through training
2. Specific loan products rolled out for farmers – Kilimo Biashara and loans worth Kshs 7.5bn disbursed.
3. 180 agriculture extension officers/specialists offering training and extension service
4. 2,000 medium size farms supported through training, building capacity and market linkages.
5. In partnership with government and development partners rolled out a subsidy programme, Kenya Cereals Enhancement Program targeting 40,000 farmers



Social Payments

SECTORS

- Social Protection
- Refugees – Urban & Refugee Settlements
- Agriculture input subsidies
- Education
- Water

926,901
Bank Accounts/
Households

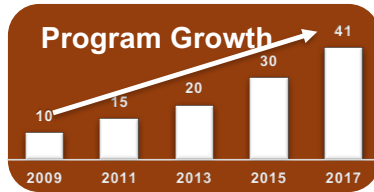
Geographical reach

- Kenya
- Rwanda
- South Sudan

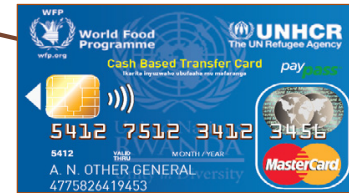
Social Payments

Payment Model

- Biometric and PIN
- Bio POS
- Branch Hubs
- Bank Agents



KES 41.7 Billion
Disbursed



Powering the digital economy & creating opportunities



25 Start-up business from all over Kenya in the Pilot Program

40 developers from innovation hubs trained on use of the EazzyAPIs



2,000 new opportunities for the youth in the digital economy by December 2018



3 Technical Incubation environments created

156 SME businesses

received payments from the API Platform on e-commerce by Sept 2017



Target:
500

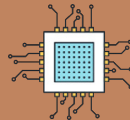
Developers,

2,000 SMEs, Startups & 6 Innovation hubs in East, Central & Southern Africa by December 2018



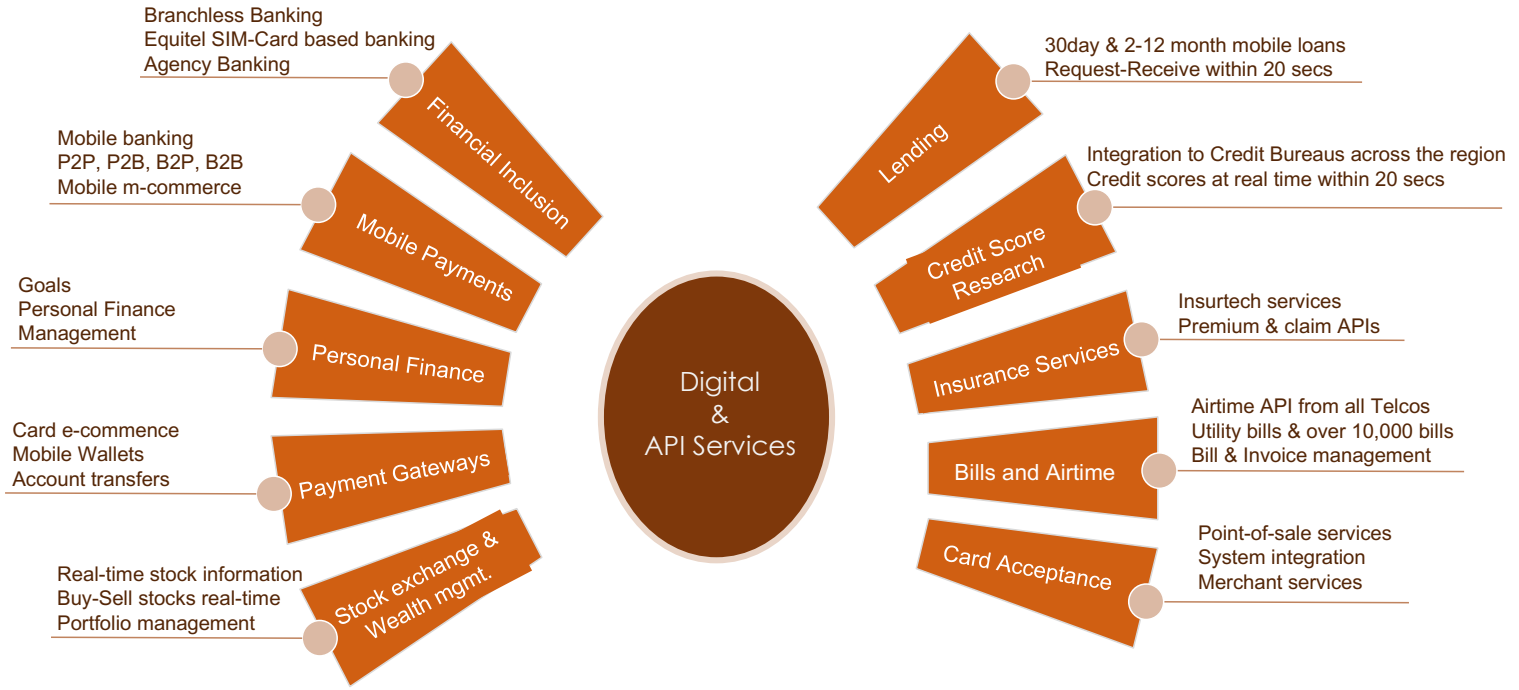
Partnerships:

Google Cloud, Microsoft Azure, Amazon Cloud Services, MasterCard Fintech Initiative, BelCash Ethiopia etc





API and Digital (cont.)





EQUITY CENTRE



Intermediation & Financial Performance



Balance Sheet

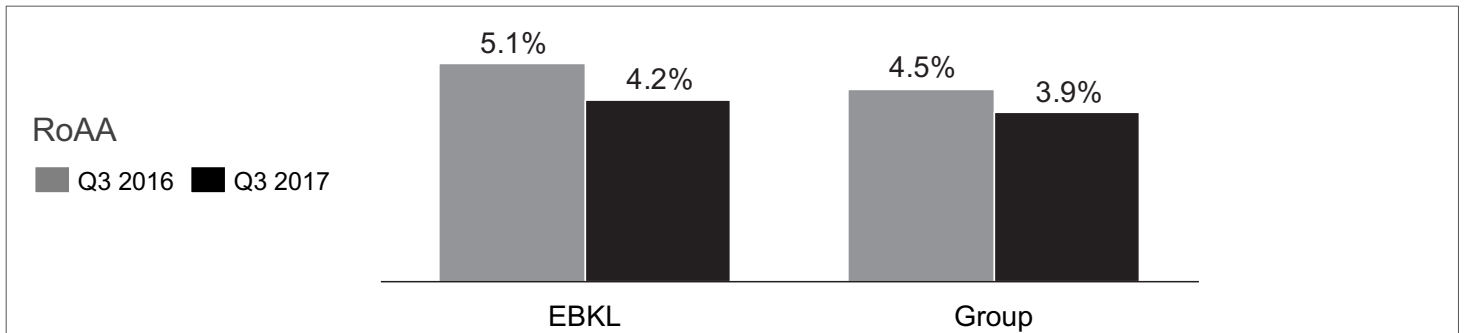
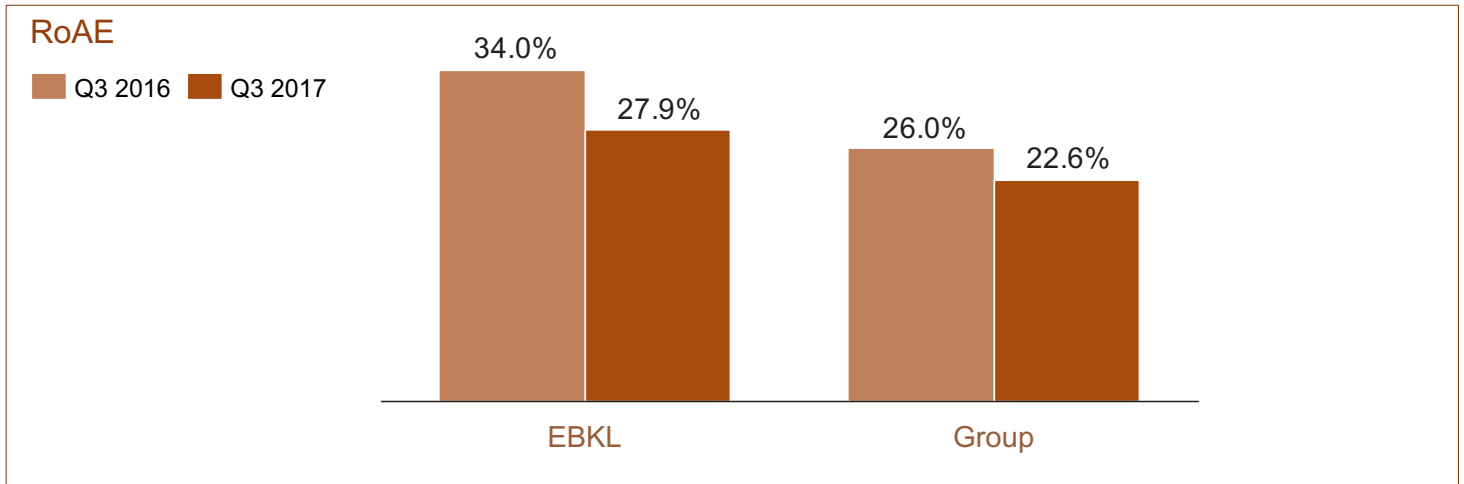
KES (Billion)	EBKL			Group		
	Q3 2016	Q3 2017	Growth	Q3 2016	Q3 2017	Growth
Assets						
Net Loans	221.1	206.2	-7%	271.4	265.4	-2%
Cash & Cash Equivalents	41.5	44.2	7%	58.7	74.8	27%
Government Securities	84.6	118.6	40%	93.1	127.7	37%
Other Assets	33.1	36.5	10%	44.9	50.3	12%
Total Assets	380.3	405.5	7%	468.0	518.2	11%
Liabilities & Capital						
Deposits	271.3	289.0	7%	331.4	368.8	11%
Borrowed Funds	43.7	44.5	2%	47.4	52.2	10%
Other Liabilities	5.4	5.7	7%	7.6	7.2	-6%
Shareholder's Funds	59.9	66.3	11%	81.6	90.1	10%
Liabilities & Capital	380.3	405.5	7%	468.0	518.2	11%

-3% growth in PAT (Group)

<i>KES (Billion)</i>	Q3 2016	Q3 2017	Growth
Interest Income	39.8	35.4	-11%
Interest Expense	7.5	7.9	6%
Net Interest Income	32.3	27.5	-15%
Non-Funded Income	16.6	21.3	28%
Total Income	48.9	48.7	0%
Loan Loss Provision	3.3	2.9	-13%
Staff Costs	8.7	7.8	-11%
Other Operating Expenses	15.4	17.3	13%
Total Costs	27.4	28.0	2%
PBT	21.5	20.7	-4%
Tax	(6.4)	(6.1)	
PAT	15.1	14.6	-3%



RoAA and RoAE Trend



Financial Ratios

	EBKL	EBKL	Group	Group
	Q3 2016	Q3 2017	Q3 2016	Q3 2017
Profitability				
Yield on Loans	17.0%	11.6%	16.8%	12.6%
Yield on Government Securities	9.5%	11.3%	10.0%	11.4%
Yield on Interest Earning Assets	14.8%	10.9%	14.2%	11.2%
Cost of Deposits	2.4%	2.3%	2.5%	2.4%
Cost of Funds	2.6%	2.6%	2.8%	2.6%
Net Interest Margin	12.2%	8.3%	11.5%	8.6%
Cost to Income Ratio (with provisions)	49.3%	49.9%	56.0%	57.5%
Cost to Income Ratio (without provision)	43.1%	44.4%	49.2%	51.6%
RoAE	34.0%	27.9%	26.0%	22.6%
RoAA	5.1%	4.2%	4.5%	3.9%
Asset Quality				
PAR	5.8%	7.5%	5.8%	7.4%
Cost of Risk	1.41%	1.23%	1.63%	1.44%
Leverage				
Loan / Deposit Ratio	81.5%	71.3%	81.9%	72.0%
Capital Adequacy Ratios				
Core Capital to Risk Weighted Assets	14.7%	15.5%	18.0%	19.8%
Total Capital to Risk Weighted Assets	15.7%	16.2%	19.0%	20.5%
Liquidity				
Liquidity ratio	44.8%	54.8%	42.7%	52.1%



Outlook – Kenya & Group

	Group	
	2017 Outlook	Actual
Loan Growth	-5% – 0%	-2%
Deposit Growth	12% – 17%	11%
Net Interest Margin	8% – 9%	8.6%
Non Funded Income Mix	40% – 45%	44%
Cost to Income Ratio	47% – 50%	51.6%
Return on Equity	22% - 25%	22.6%
Return on Assets	3.5% - 4.0%	3.9%
Cost of Risk	1.50% – 1.75%	1.44%
NPL	7% – 10%	7.4%
Regional Contribution (Assets)	30%	22%
Regional Contribution (PBT)	10% – 12%	10%



EQUITY CENTRE



Appendix





Ratios - Banking Subsidiaries

RoAE		
Subsidiary	Sep-16	Sep-17
EBKL	34.0%	27.9%
EBUL	23.6%	25.3%
EBRL	9.1%	14.6%
EBTL	9.3%	11.9%
EBSSL	-35.6%	6.9%
DRC	10.0%	5.9%

RoAA		
Subsidiary	Sep-16	Sep-17
EBKL	5.1%	4.2%
EBUL	2.6%	3.5%
EBRL	1.9%	2.4%
EBSSL	-1.2%	2.4%
EBTL	1.2%	1.5%
DRC	1.4%	0.9%

Cost-to-Income Ratio		
Subsidiary	Sep-16	Sep-17
EBKL	43.1%	44.4%
EBUL	59.7%	57.0%
EBRL	70.7%	58.6%
EBTL	67.6%	66.9%
DRC	73.0%	81.9%
EBSSL	121.3%	90.1%

Cost-to-Assets Ratio		
Subsidiary	Sep-16	Sep-17
EBKL	7.0%	6.0%
EBTL	6.7%	7.1%
EBRL	9.3%	7.9%
EBUL	10.6%	10.7%
DRC	12.9%	12.5%
EBSSL	6.6%	21.5%



Notes





Notes

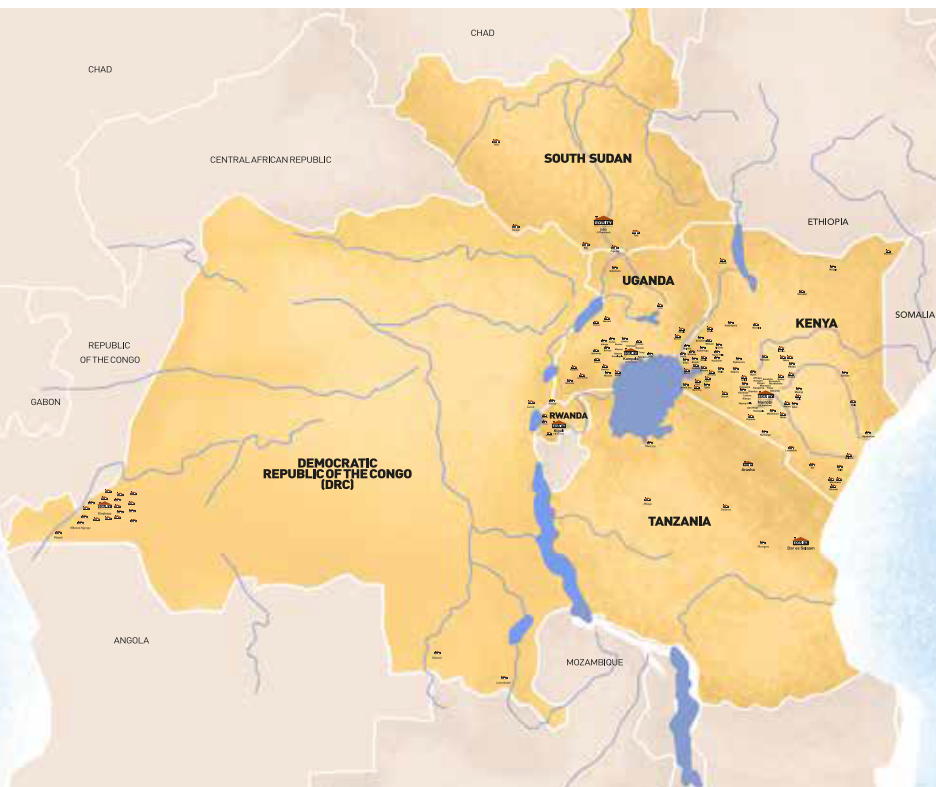


Notes





REGIONAL FOOTPRINT



Transforming lives in Africa, one branch at a time

BRANCHES 279

(a) Branches in Kenya	177, Nairobi	51
(b) Branches in Uganda	33, Kampala	19
(c) Branches in South Sudan	5, Juba	4
(d) Branches in Tanzania	14, Dar es Salaam	8
(e) Branches in Rwanda	12, Kigali	6
(f) Branches in DRC	38, Kinshasa	27

Agent Outlets 29,561

Point of Sale Terminals (POS) 17,791

ATMs 697



Equity Centre, Hospital Road, Upper Hill,
P.O. Box 75104-00200 Nairobi,
Tel: + 254763 063 000, Fax: + 254-020-2737276,
Info@equitygroupholdings.com, www.equitygroupholdings.com
 @KeEquityBank  KeEquityBank