



Investor Briefing & Q3 2016 Performance

November 2016



Equity Group Holdings Limited Headquarters
Equity Centre, Upperhill, Nairobi





Equity Group 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

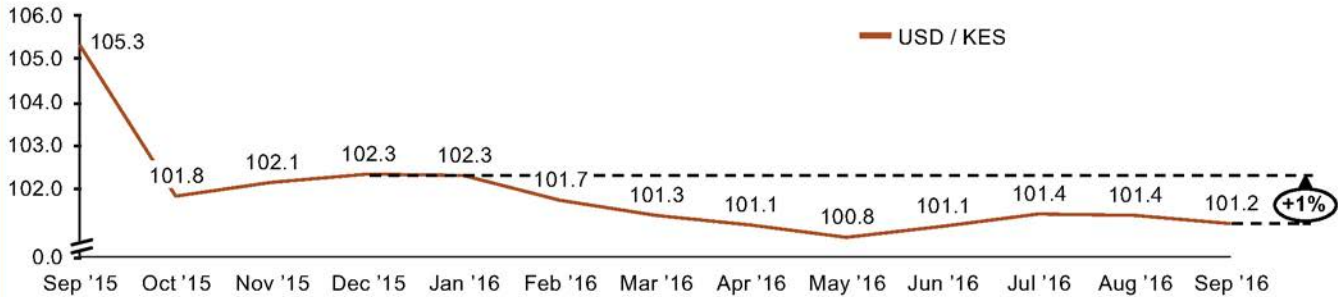
Equity provides inclusive financial services that transform livelihoods, give dignity and expand opportunities.



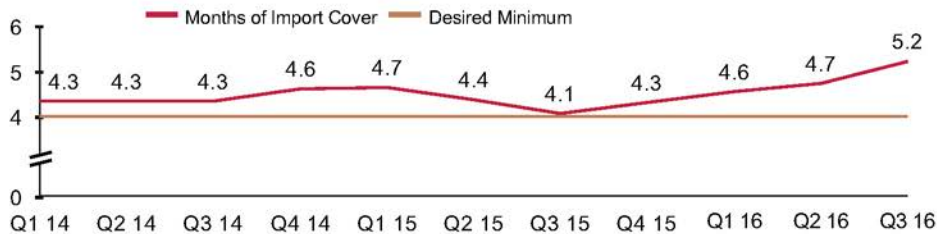
Macro-Economic Overview



Foreign Exchange Rate - Kenya



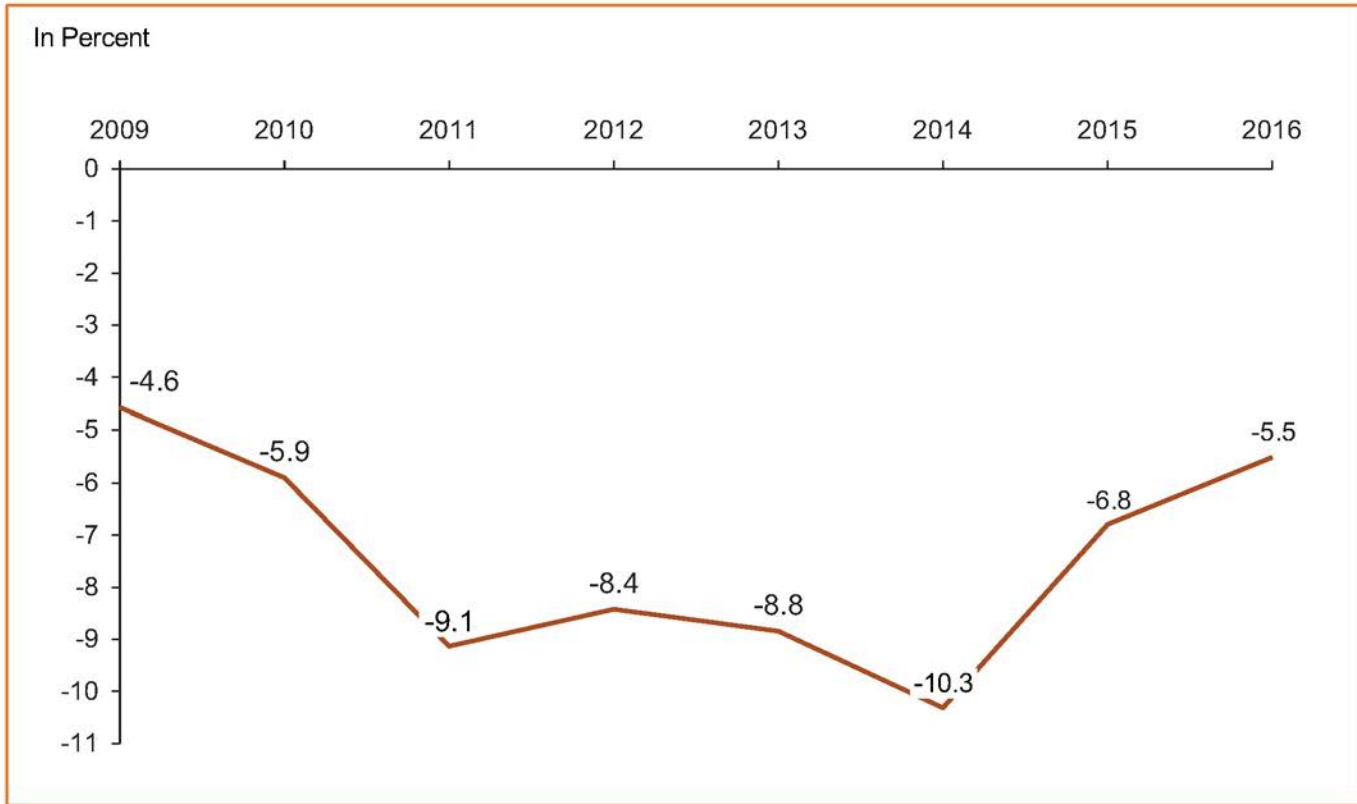
- The Kenya Shilling has appreciated by 1.1% on a YTD basis against the USD
- The Kenya Shilling has been very stable ranging from 101.20-101.45 over the last quarter
- Demand and supply for the dollar has been evenly matched



High FX reserves of Kshs 787billion (US\$ 7.79million) equivalent to 5.2 times the country's monthly import bill as at end of Sep 2016



Current Account Deficit - Kenya

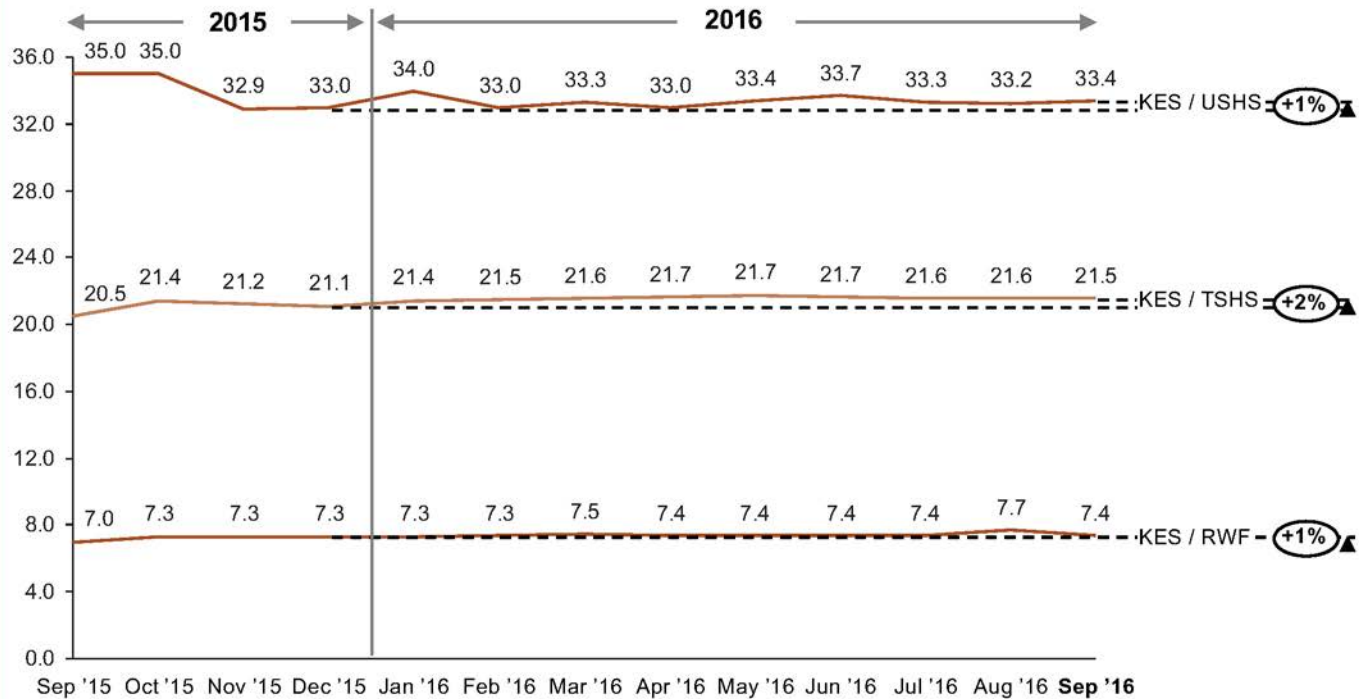


Source: IMF / World Bank / Business Daily



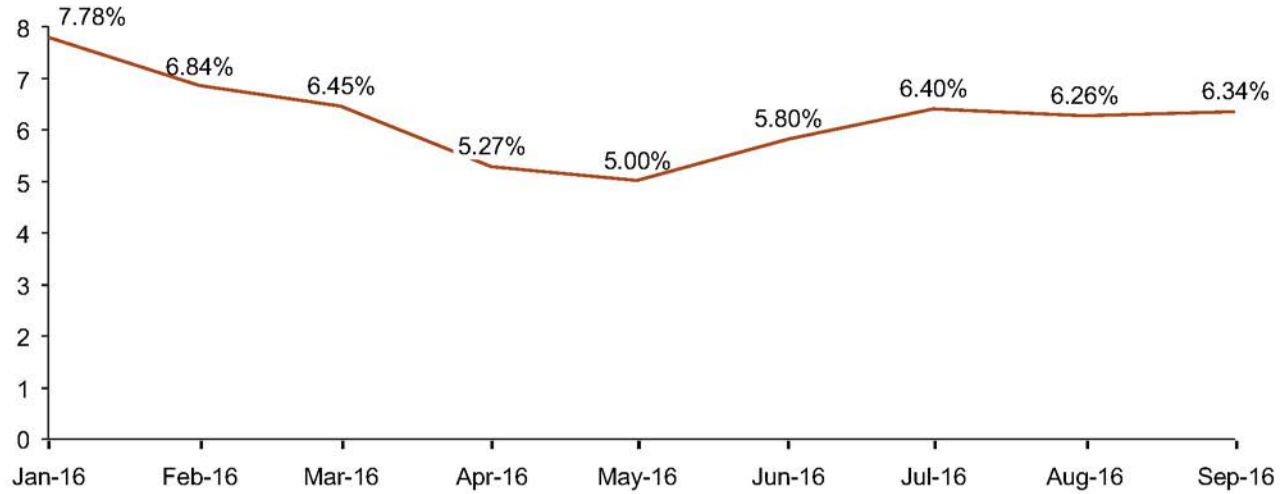
KES vs East African Currencies

The Kenya Shilling has slightly gained on YTD basis against the regional currencies in 2016





Inflation - Kenya



- The latest inflation figure as at end of Sep was 6.3% (down from 8.0% by close of last year)
- Inflation went up mainly as a result of rising food prices as well as base effects from last year.
- Inflation is expected to be within the CBK target of 2.5% - 7.5%



Interest Rates - Kenya



	← 2015 →					← 2016 →						
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Interbank rate	14.87%	8.77%	5.19%	6.13%	4.51%	4.09%	3.88%	3.80%	4.48%	5.70%	5.36%	6.32%
91 Days T. Bill	22.13%	9.21%	10.41%	11.76%	9.32%	8.41%	8.77%	7.71%	7.06%	7.92%	8.61%	7.91%
182 Days T. Bill	22.29%	10.09%	12.34%	14.18%	11.93%	10.66%	10.69%	10.00%	9.24%	10.21%	11.18%	10.66%
364 Days T. Bill	22.36%	11.93%	12.75%	14.92%	13.25%	11.91%	11.80%	11.29%	10.74%	11.03%	11.98%	10.72%

Source: [Central Bank of Kenya](#)

- In Sep 2016 the MPC reviewed CBR downwards by 50 basis points to **10.00%** down from **10.50%**
- The maximum lending rate is now **14.0%** (CBR + 4%)
- The minimum deposit rate is now **7.0%** (70% * CBR)

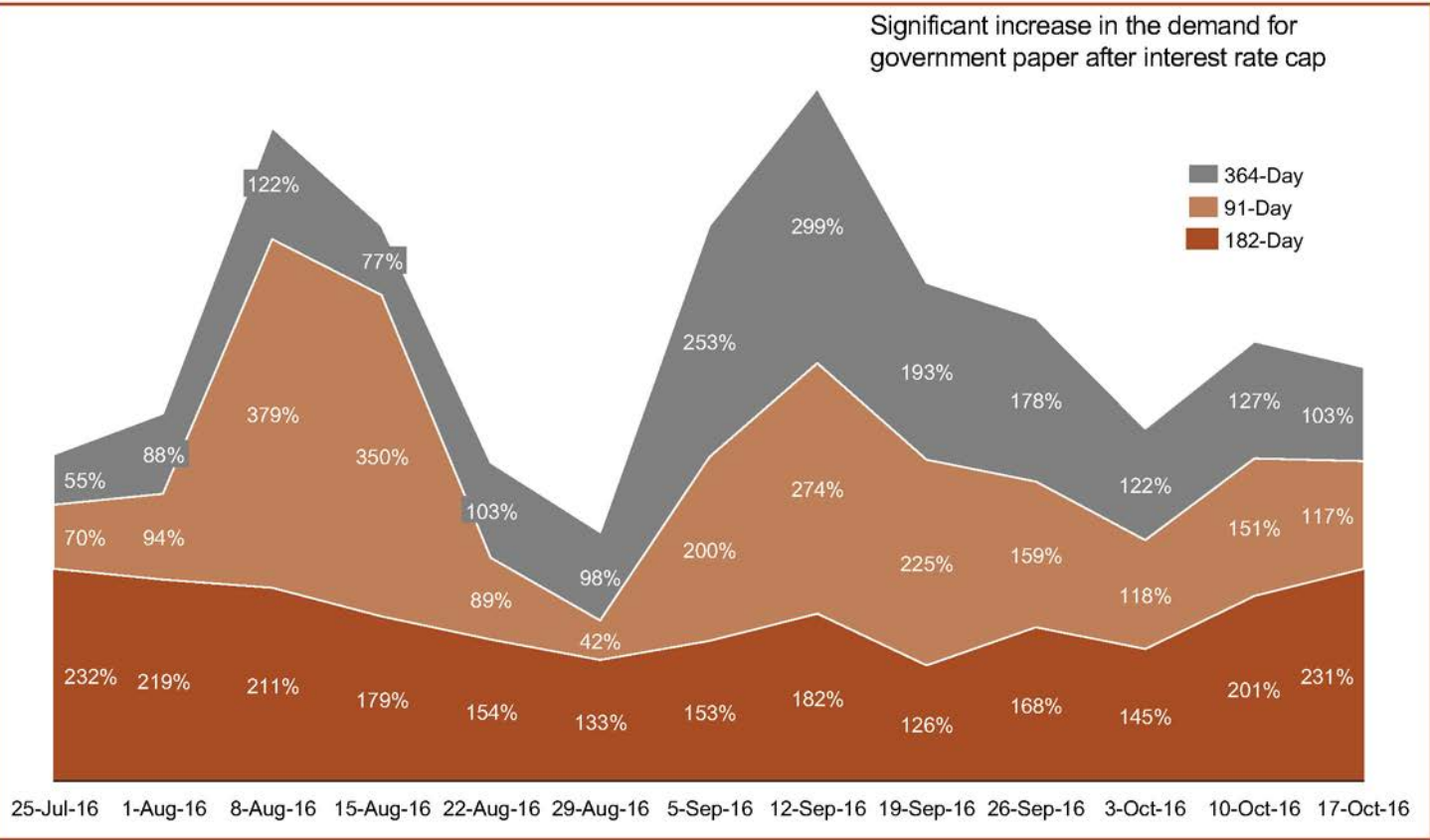


Treasury Bills Subscription Rates - Kenya



Significant increase in the demand for government paper after interest rate cap

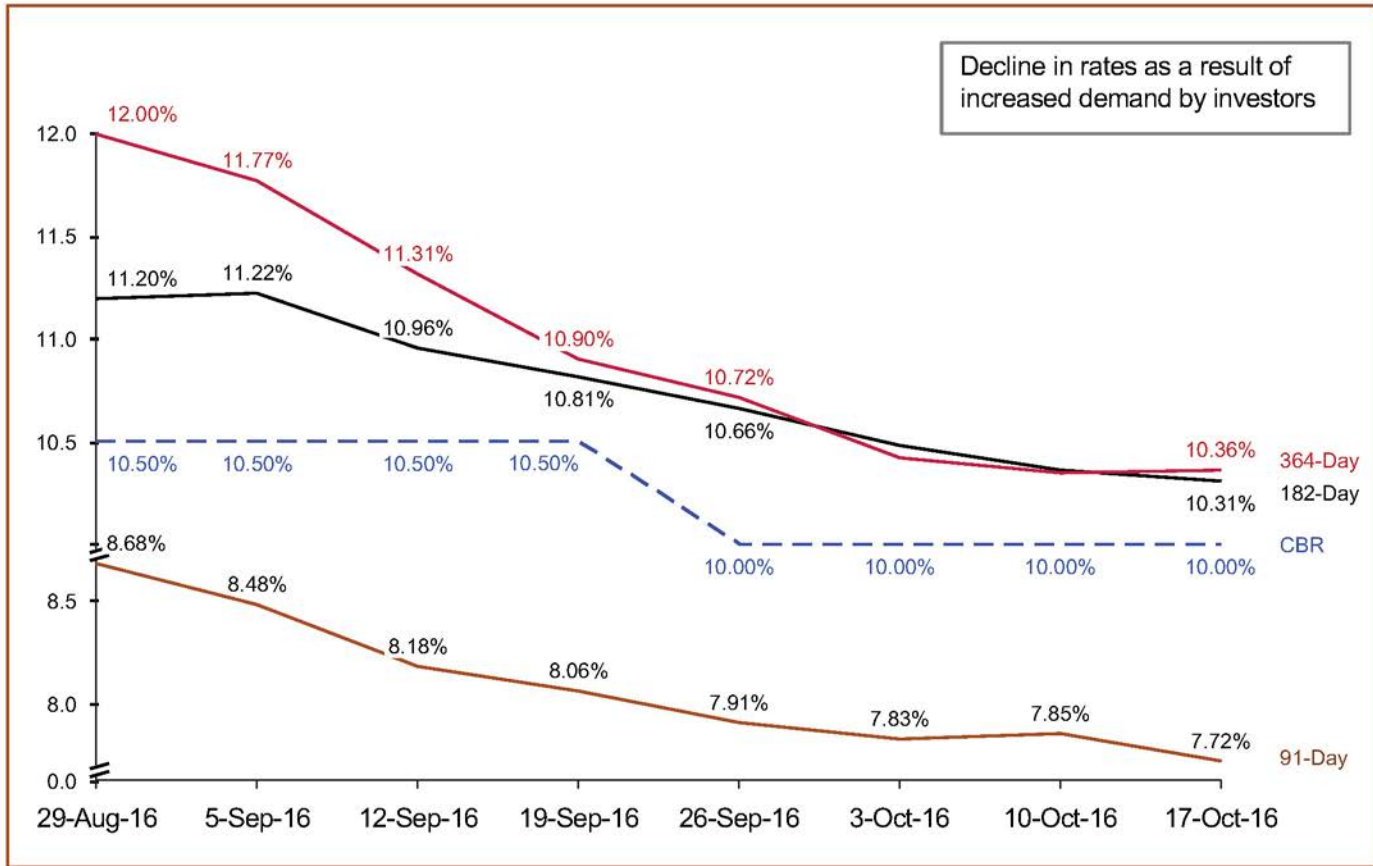
- 364-Day
- 91-Day
- 182-Day



Source: CBK

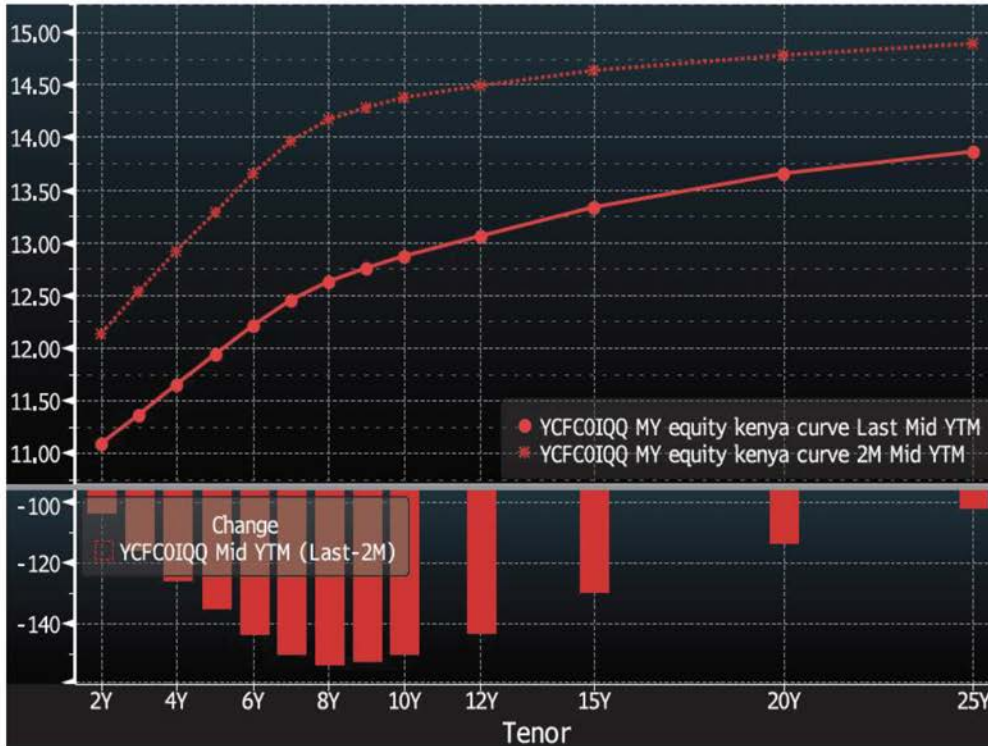


Treasury Bills Rates - Kenya





Yield Curve - Kenya

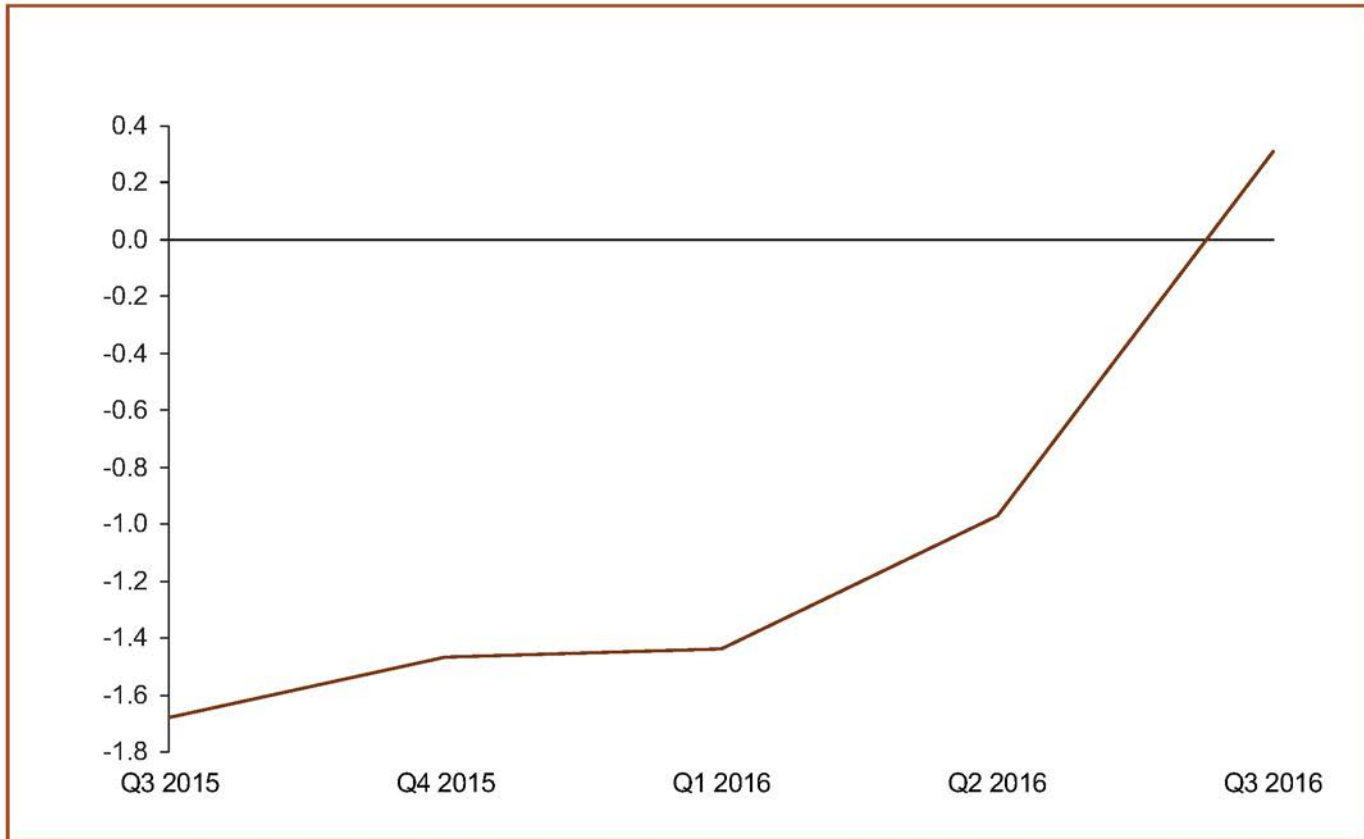


Source: Bloomberg

- Since the signing of the interest rates capping bill on 24th August the yield curve has adjusted downwards
- The top curve (dotted red line) shows the yield curve two months ago (before the signing of the interest rate caps bill)
- The bottom curve (straight red line) shows the current yield curve
- The bar graphs shows the change in each tenor
- The sharpest decline has been on the 5yr - 10yr tenors as banks rushed to these tenors which are commensurate with their commercial lending tenor profile.



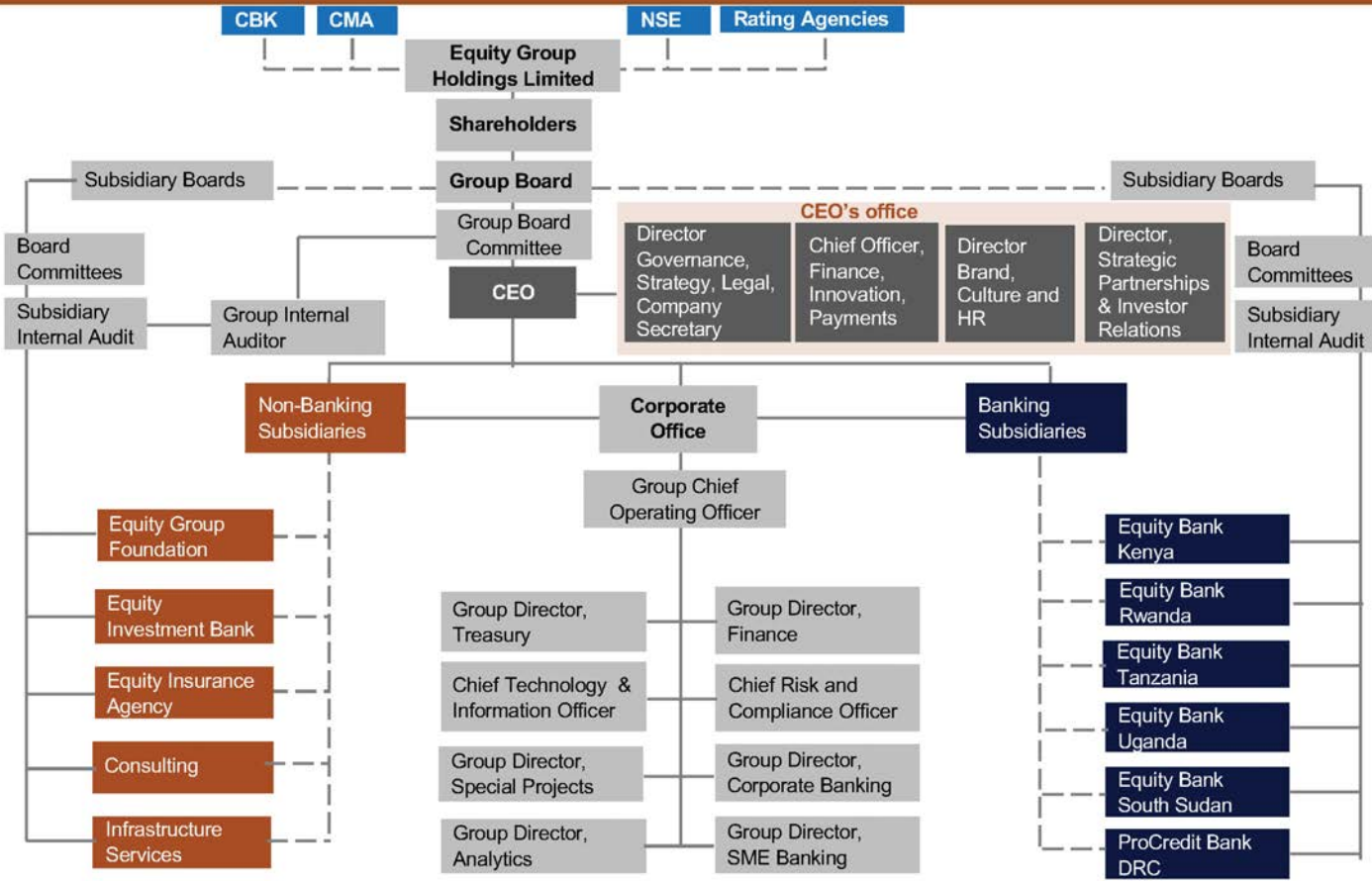
Revaluation Reserve Movement





Governance & Leadership Structure

Strong Governance & Leadership Structure



Each subsidiary with own Board of Directors compliant with local regulations

EQUITY CENTRE



Regional Expansion and Diversification





Extracting Value From Subsidiaries

Key Metrics for Banking Subsidiaries



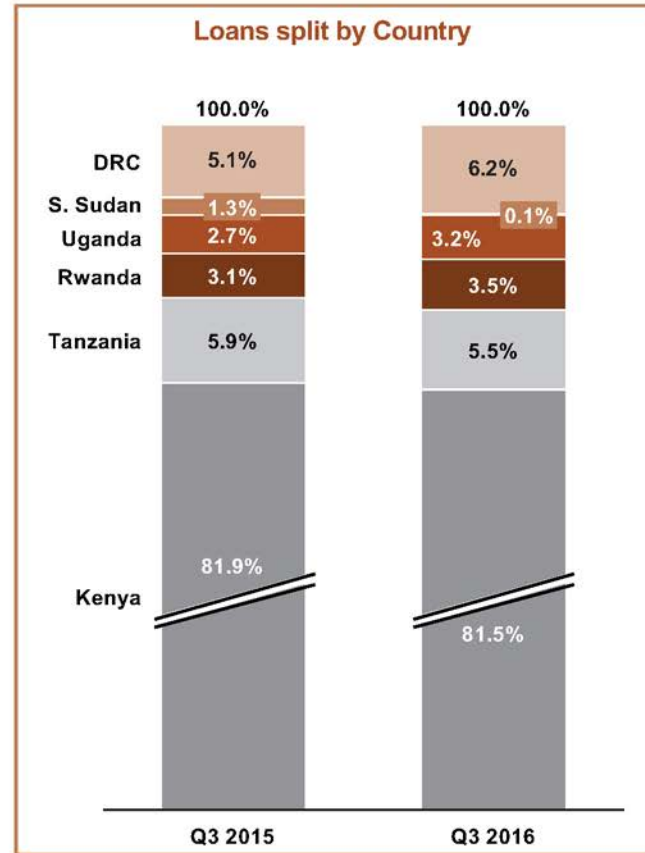
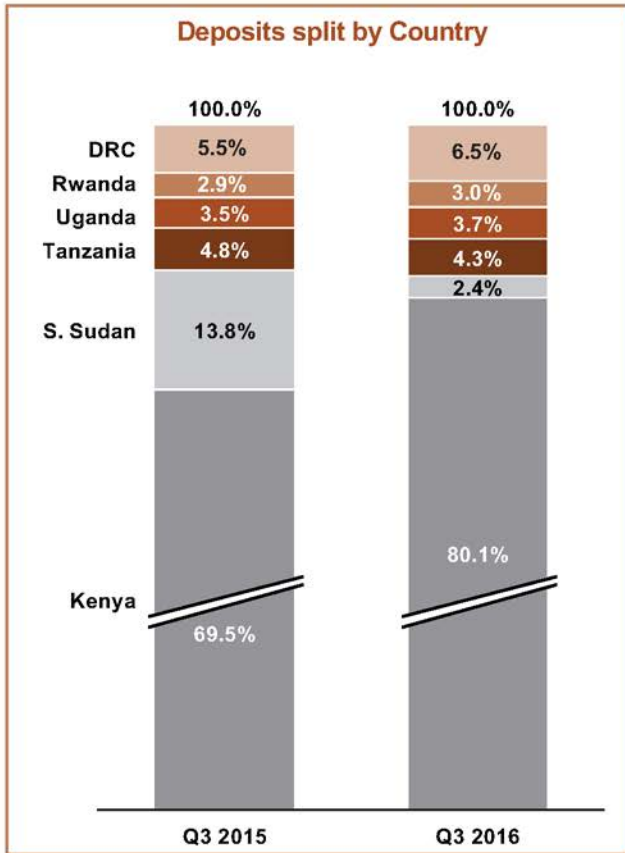
KES "Billion"

								With Sudan		Without Sudan	
	Tanzania	Rwanda	Uganda	S. Sudan	DRC	Regional Total	Kenya	Regional Contribution Q3 2016	Regional Contribution Q3 2015	Regional Contribution Q3 2016	Regional Contribution Q3 2015
Deposit	14.6	10.1	12.5	8.2	22.0	67.4	271.3	20%	30%	18%	19%
<i>Growth</i>	-5%	9%	13%	-81%	25%	-31%	22%				
Loan	15.0	9.5	8.6	0.3	16.9	50.3	221.1	19%	18%	18%	17%
<i>Growth</i>	-4%	16%	21%	-92%	27%	5%	2%				
Assets	23.0	13.6	18.3	11.6	31.4	97.9	383.9	20%	29%	18%	19%
<i>Growth</i>	5%	0%	13%	-79%	26%	-25%	18%				
PBT	0.3	0.3	0.5	-0.1	0.5	1.41	20.1	7%	10%	7%	7%
<i>Growth</i>	6%	-16%	130%	-119%	16%	-27%	19%				

Kenya column above represents all entities in Kenya

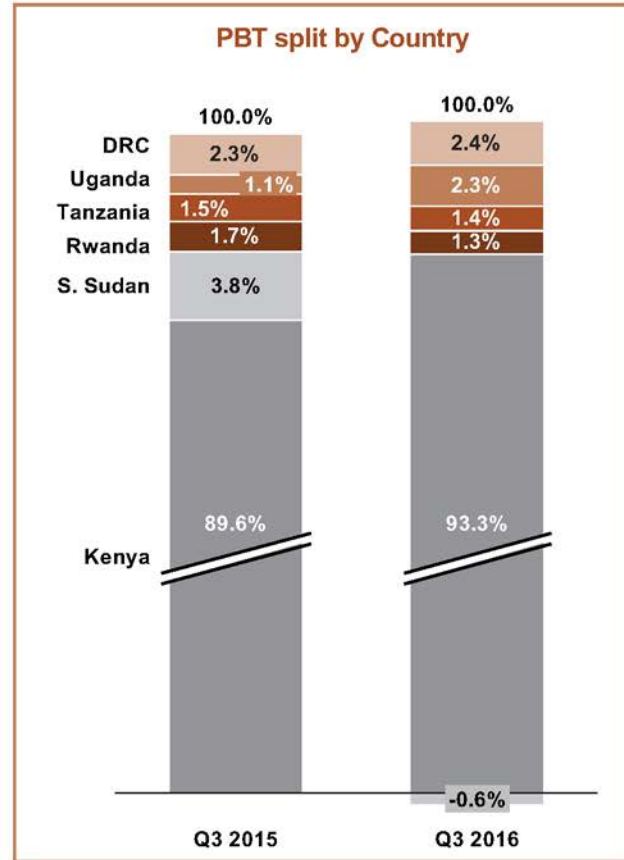
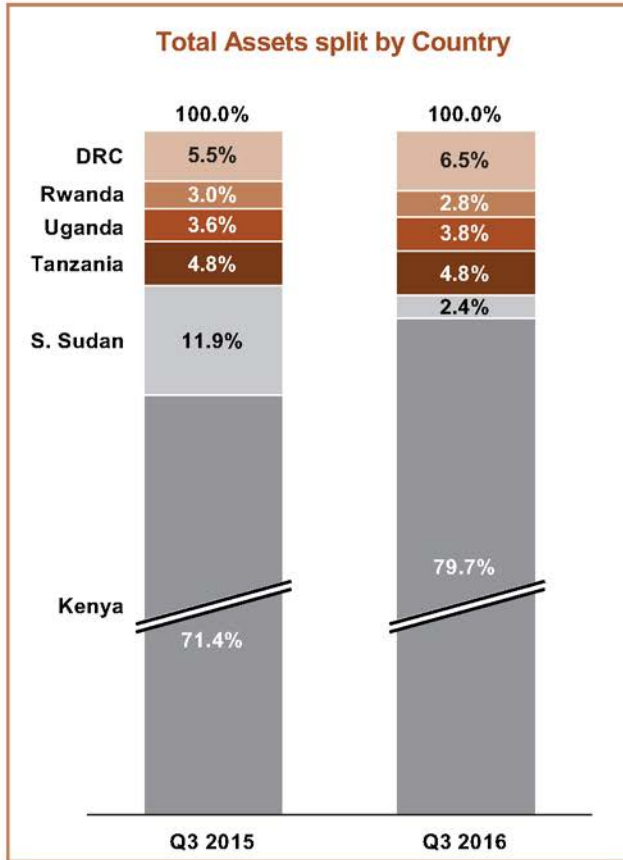


Extracting Value From Subsidiaries (Deposits and Loans contribution by countries)





Extracting Value From Subsidiaries (Assets and PBT contribution by countries)



Kenya column above represents all entities in Kenya



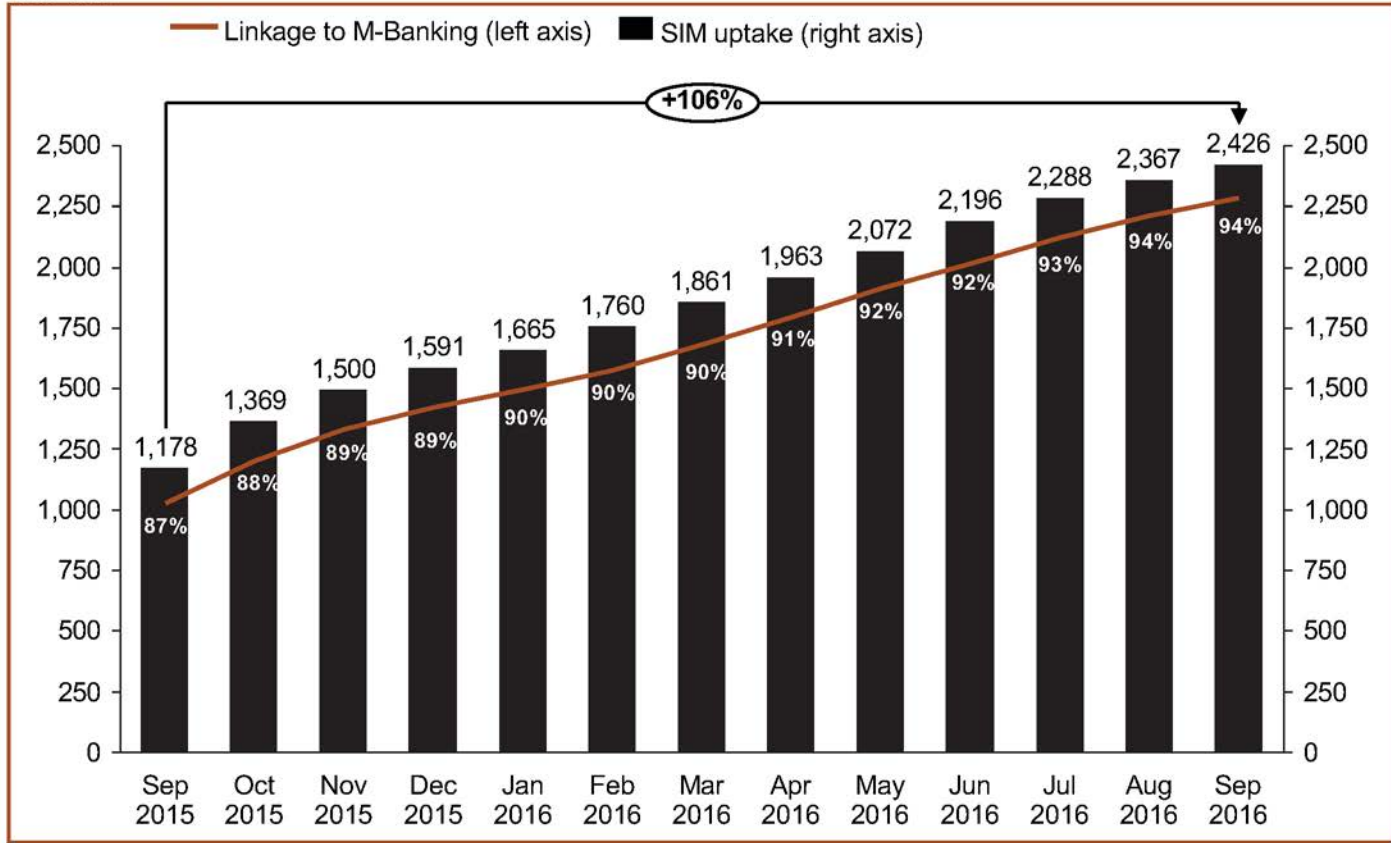
Innovation & Digital Banking



Execution on Digital Banking

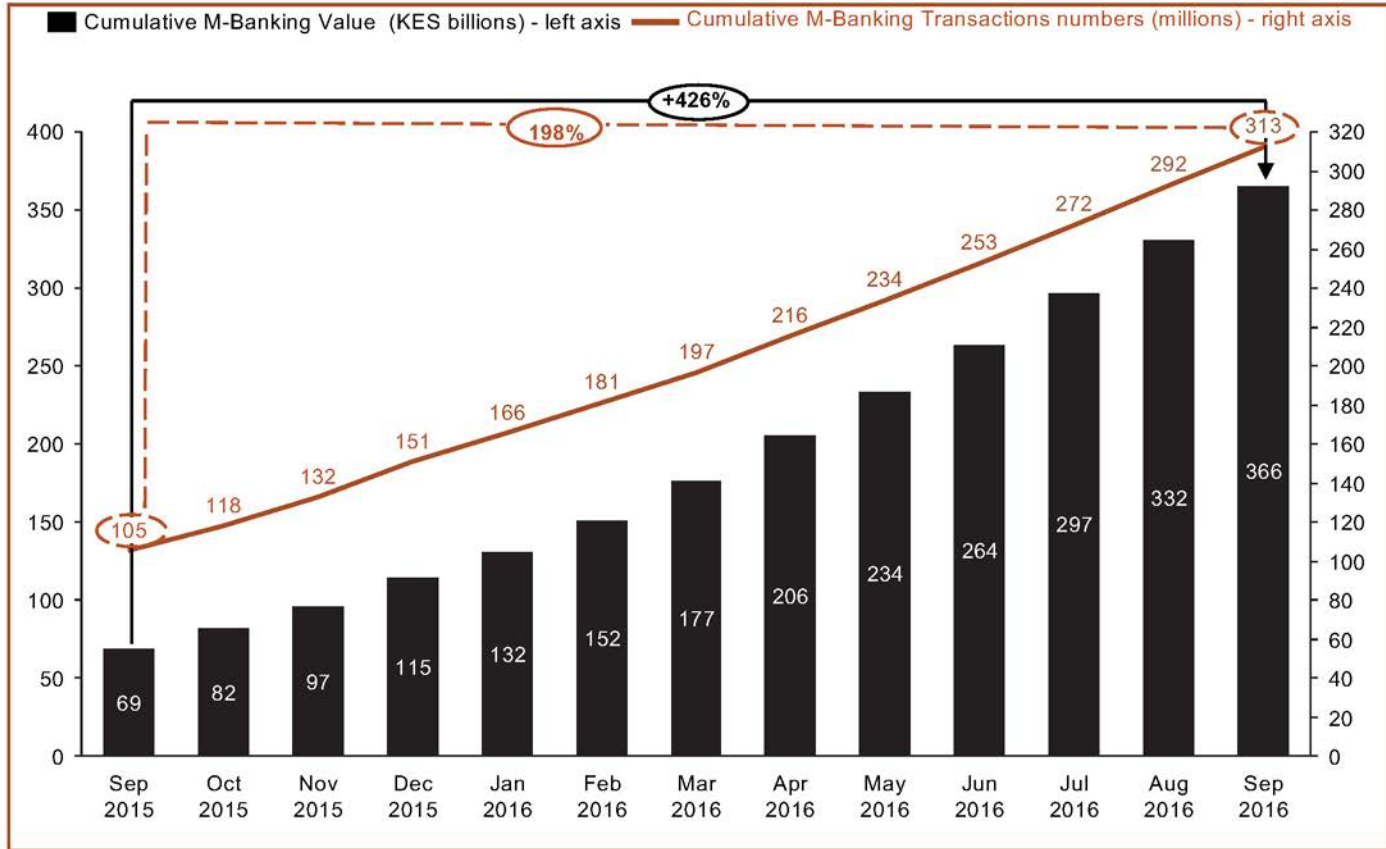
(Equitel customer numbers up 106% growth YoY)

KES "000"



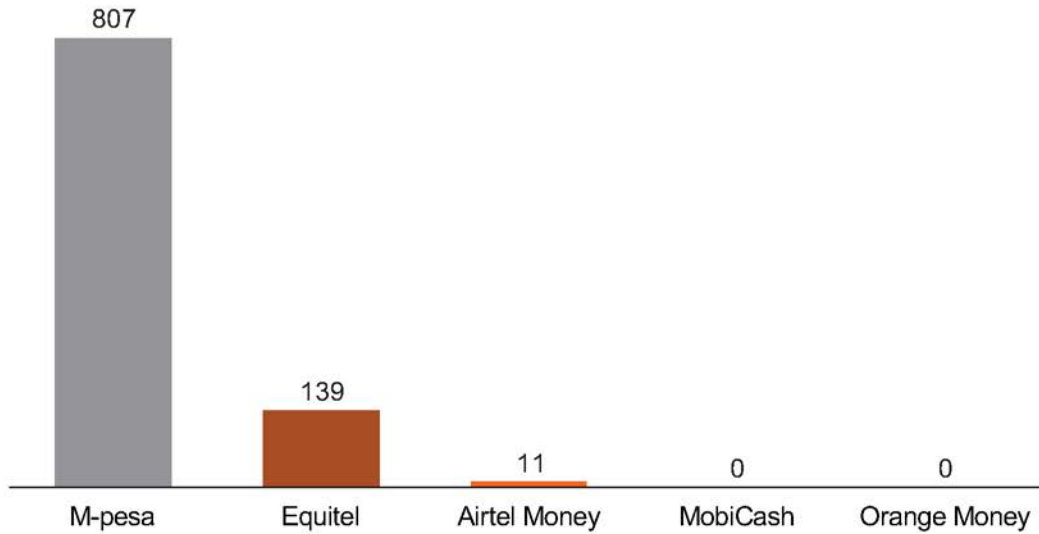


Execution on Digital Banking (Mobile Customer Transaction Numbers & Value Trend)





Execution on Digital Banking (Benchmarking to Industry: Value of Mobile Money Transactions)

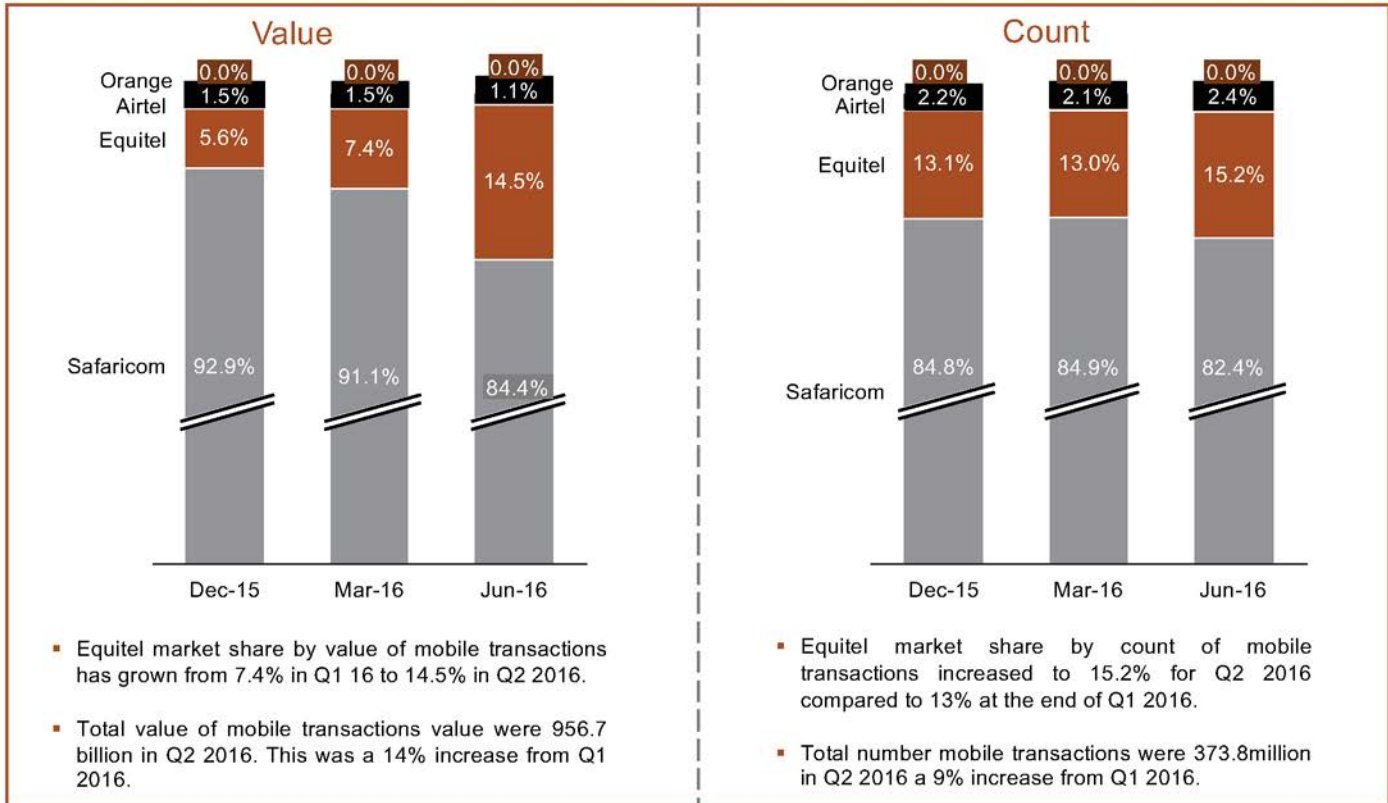


- Equitel moved KES 139 billion via mobile between April and June 2016 (equivalent to 15% of the total value of Mobile money transfers).



Execution on Digital Banking

(Benchmarking to Industry: Counts and Volume of Mobile Transactions)



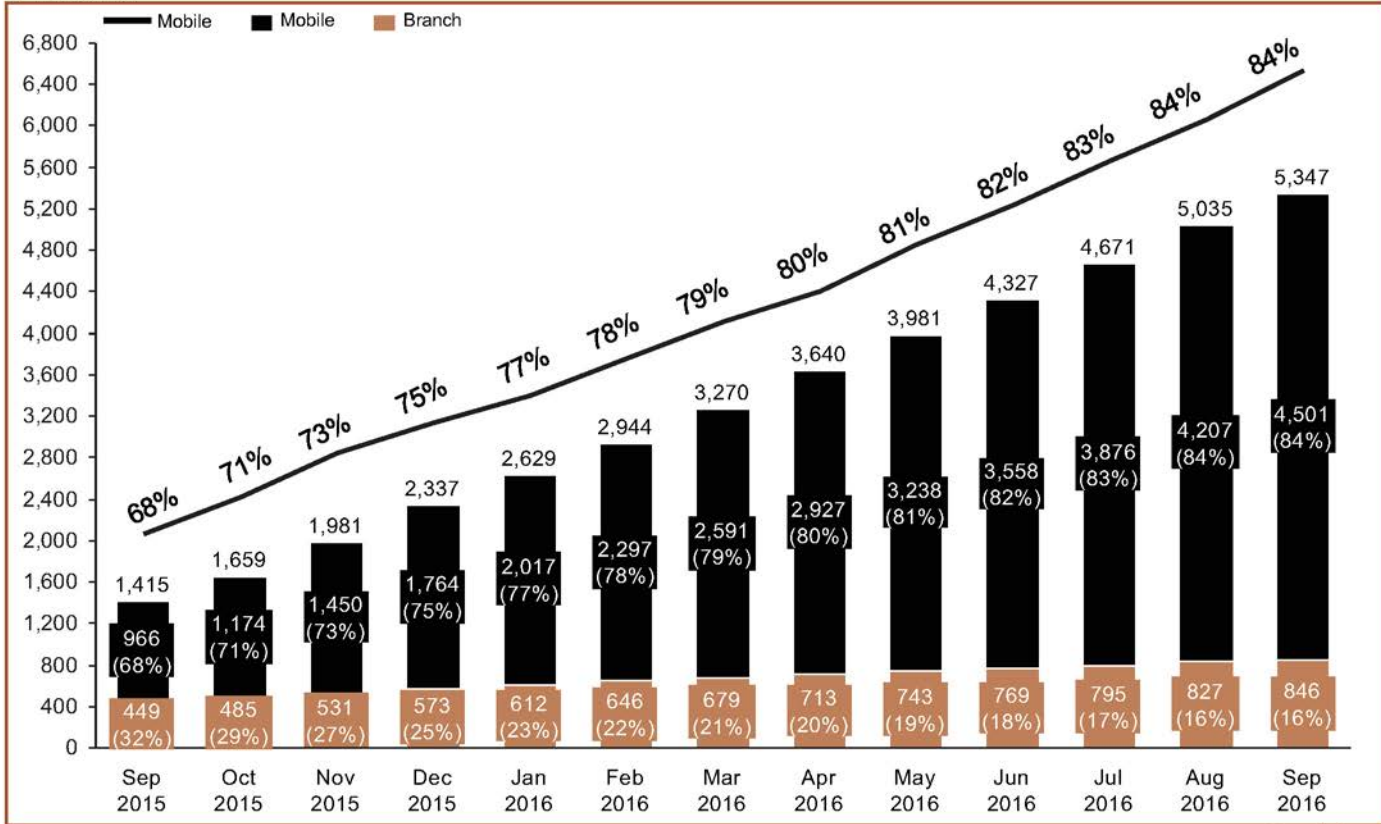
Source: Communications Authority of Kenya Q4 2015/2016 Industry Statistics



Execution on Digital Banking

(Count of loan disbursements through Mobile vs. Branch)

In Thousands

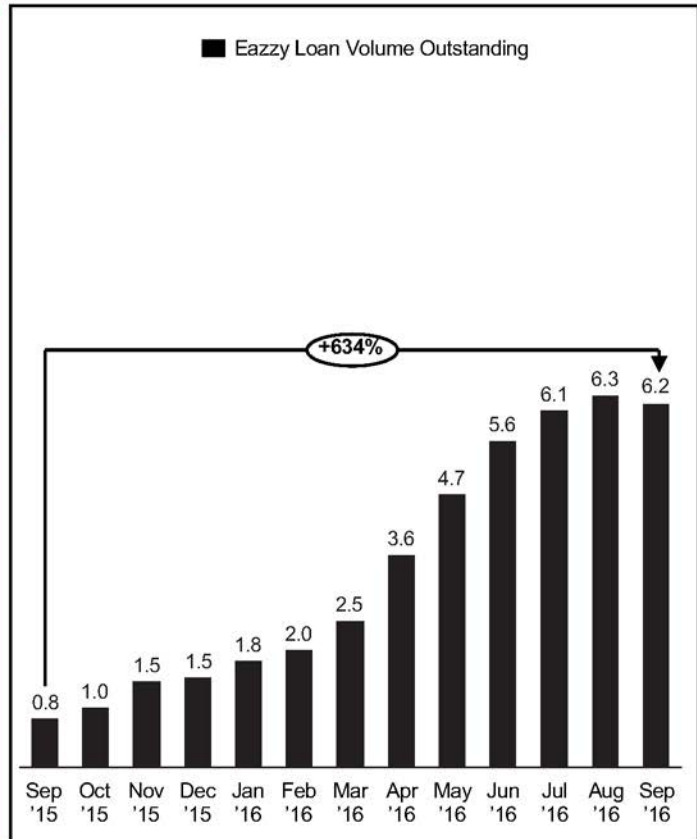
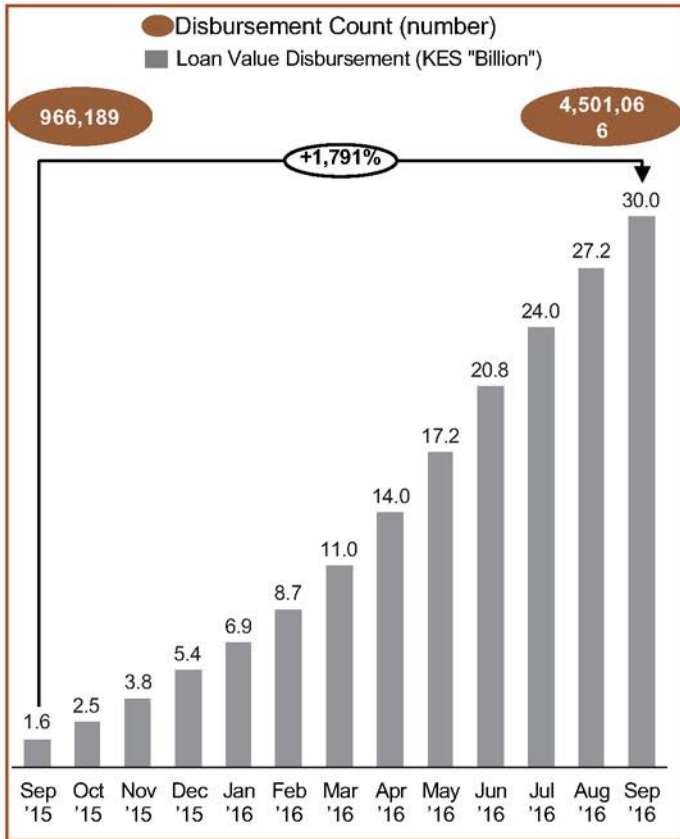


Cumulative



Execution on Digital Banking

(KES 30 billion disbursed through Mobile Channel with KES 6 billion outstanding)



Cumulative figures



Execution on Digital Banking (Loan Repayments)



In Million

BREAKDOWN OF AMOUNT REPAYED PER MONTH AS AT 30TH SEP 2016											
MONTH	DISB AMOUNT	PERIOD 0	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	REPAYMENTS	RECOVERY RATE
JAN	1,529	109	1,209	158	13	6	4	2	2	1,501	98.2%
FEB	1,706	147	1,363	134	16	9	3	2	25	1,699	99.6%
MAR	1,683	209	1,277	138	15	7	3	2		1,651	98.1%
APR	1,882	186	1,441	181	18	8	2			1,836	97.5%
MAY	1,904	222	1,450	161	16	7				1,856	97.5%
JUN	2,008	193	1,551	186	18					1,949	97.0%
JUL	2,146	197	1,683	175						2,056	95.8%
AUG	2,324	249	1,748							1,997	85.9%
SEP	2,222	210								210	9.5%

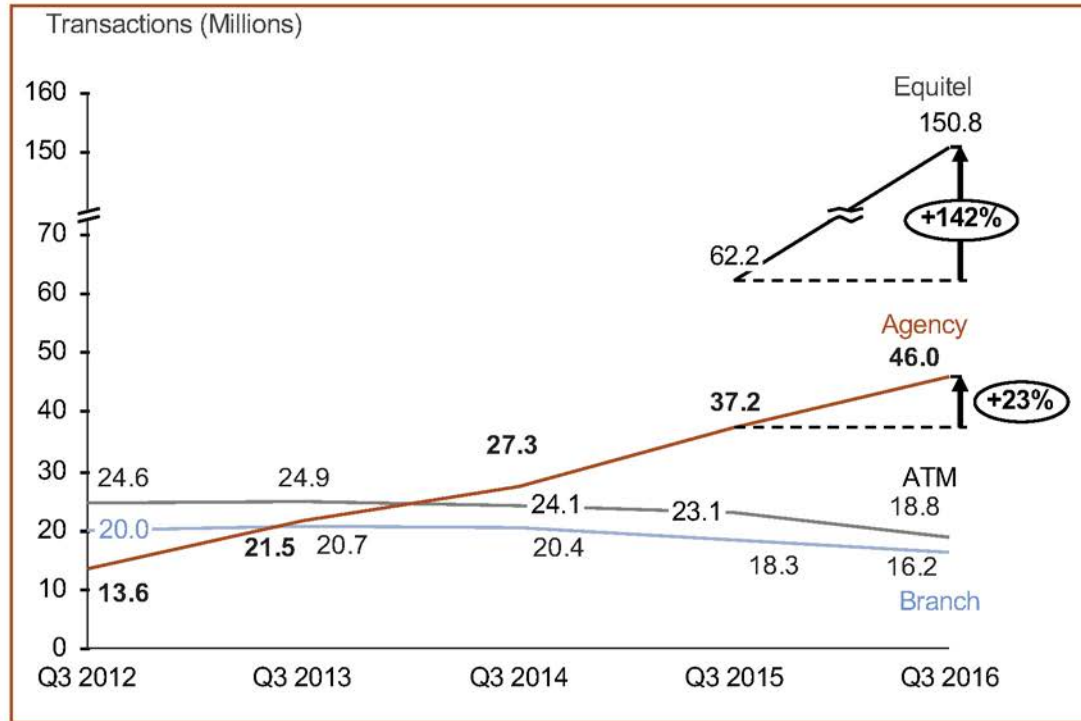


Continuous Growth in 3rd Party Infrastructure Channels

Focus on Variable cost model...

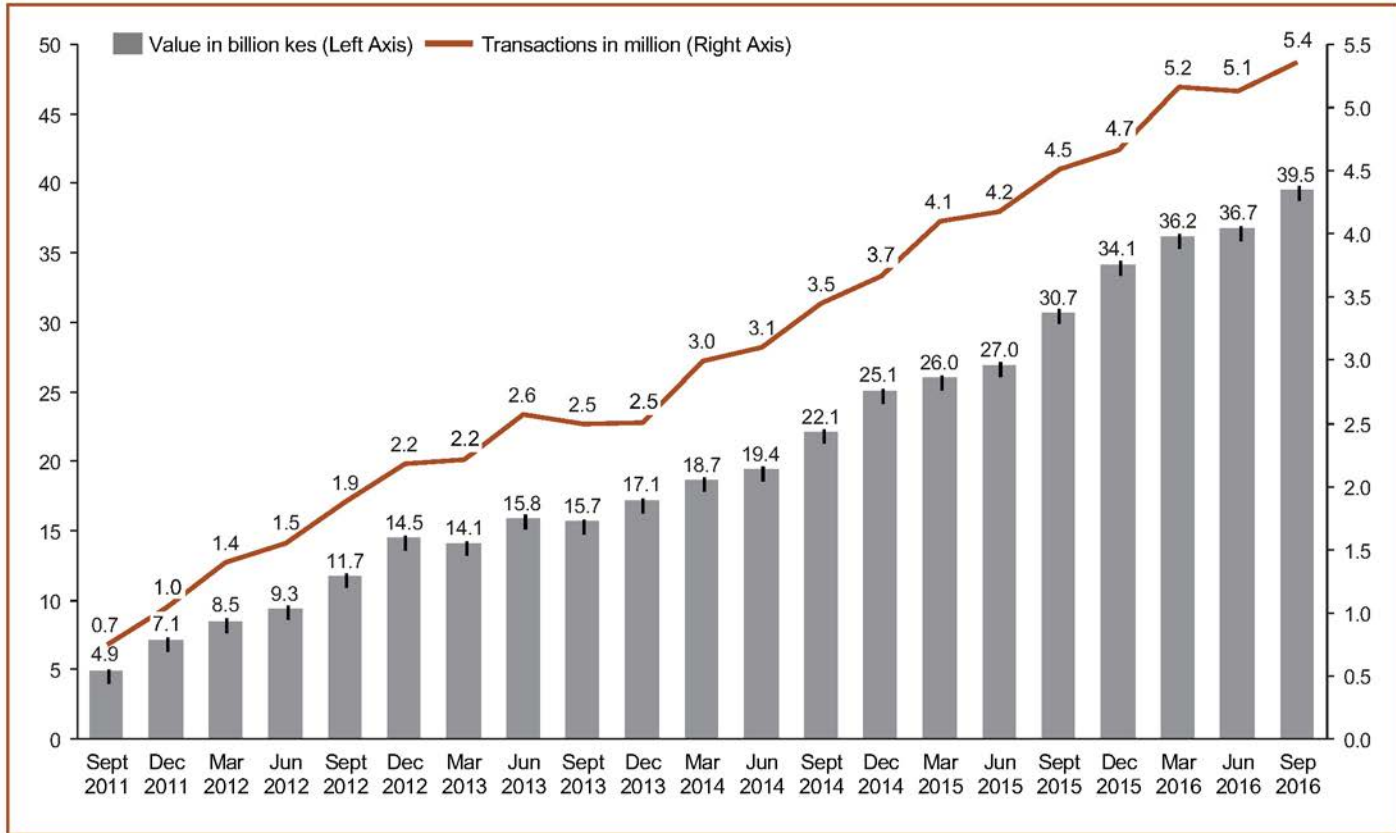
- Number of agents increased to **28,743 agents. 27% growth y/y**
- Agent transactions registered a **23.5% growth y/y**
- More transactions now processed under 3rd party infrastructure

... More transactions now processed under 3rd party infrastructure



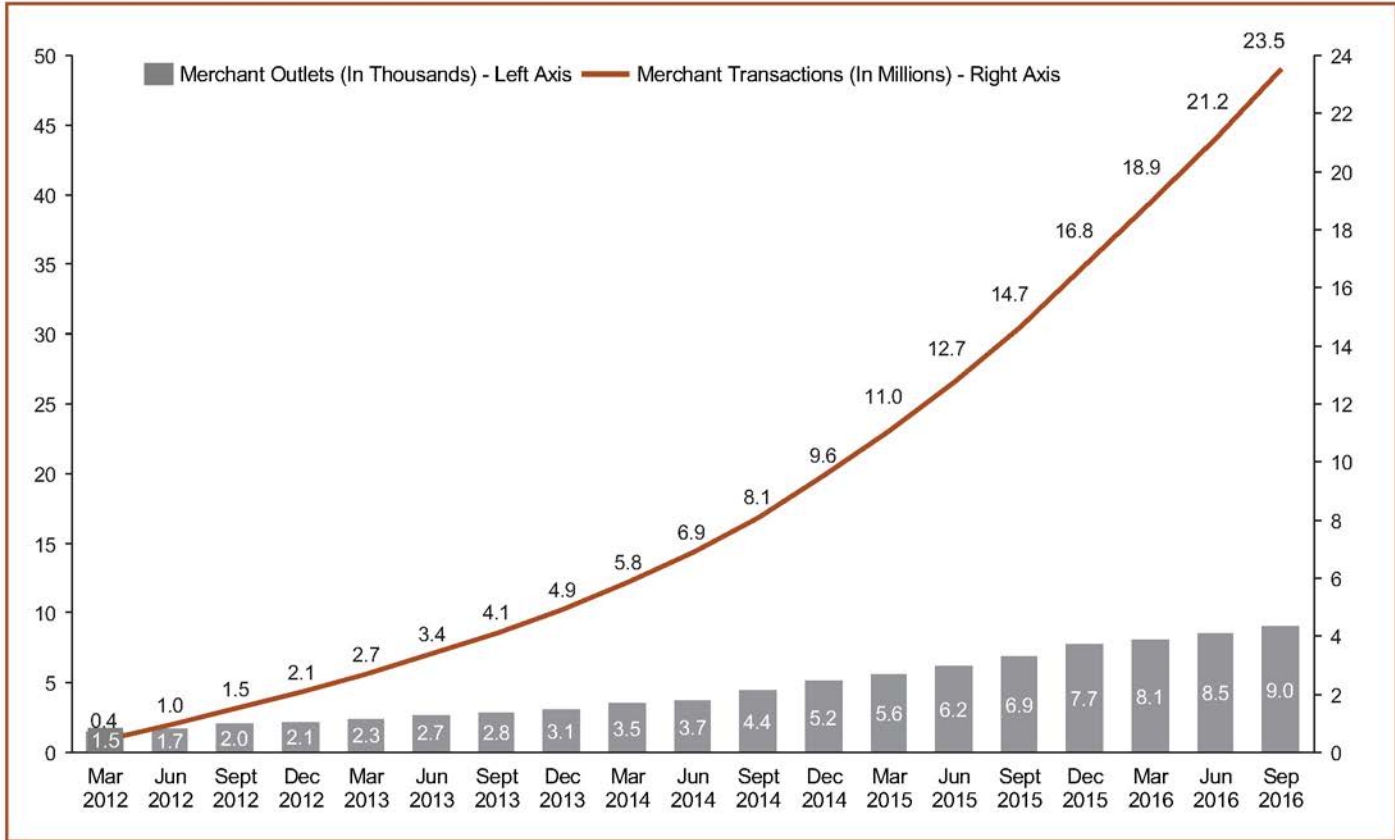


Number and Value of Agents Transactions 2011 - 2016





Merchants Transactions & No. of Merchants Outlets 2012 - 2016





We are building on our momentum in Payment Processing and Merchants...

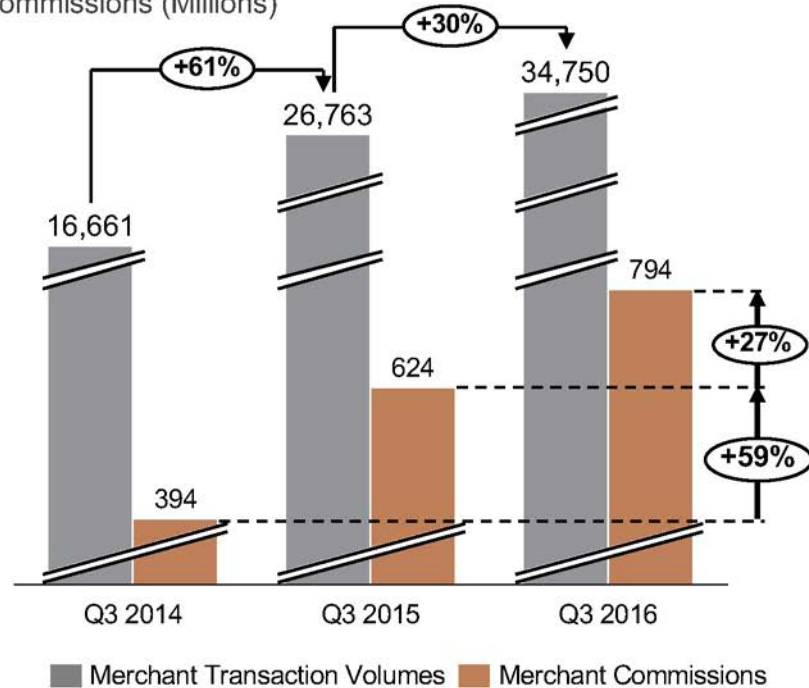
We have partnered with key payment companies...

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



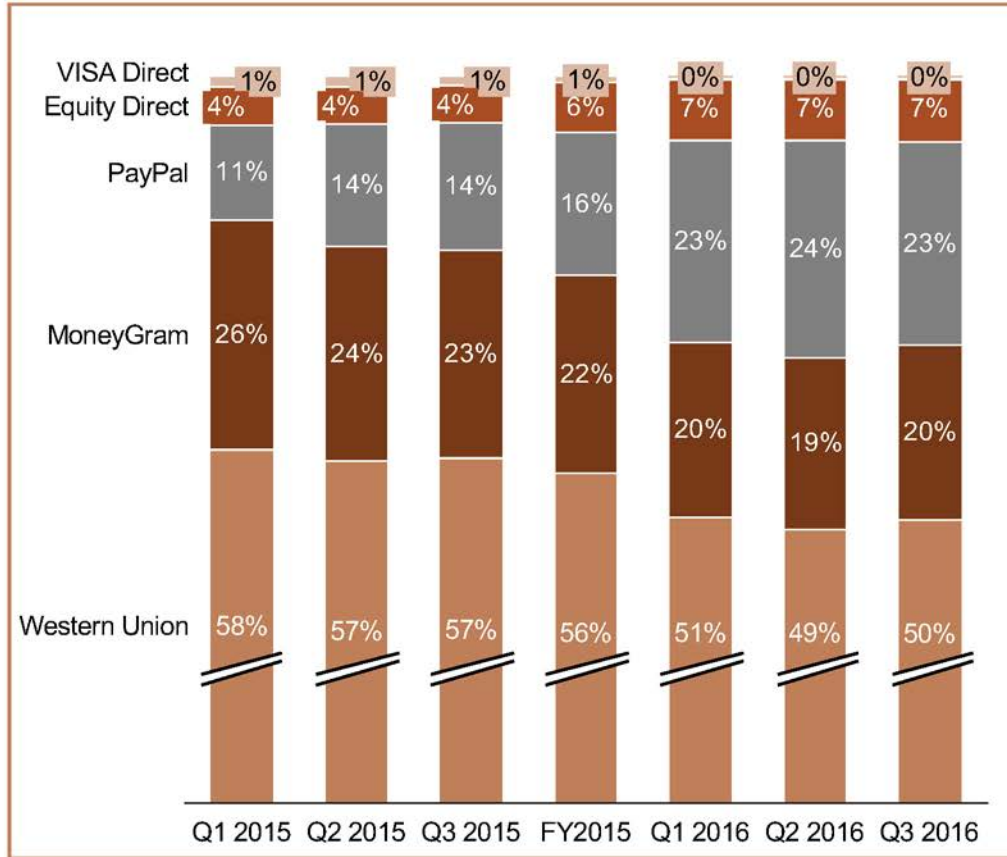
- Equity is leading in **Acquiring and Issuing**
- **Best in class payment channel** services work well with merchants

Volume (Millions)
Commissions (Millions)





Diaspora Remittance Channel Evolution





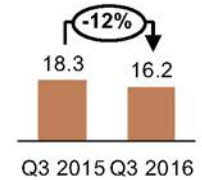
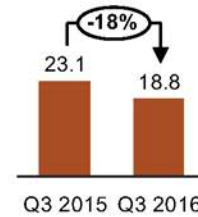
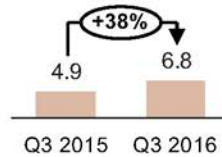
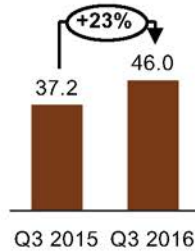
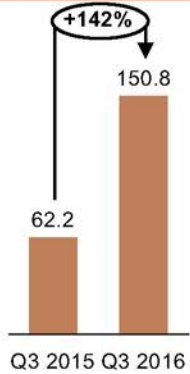
Execution on Digital Banking

(Disruptive shift to variable deliverable channels)

Variable cost channels

Fixed cost channels

Transaction numbers in millions



Equitel

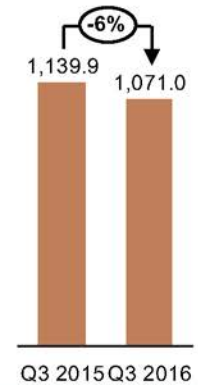
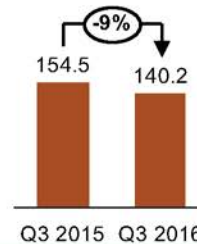
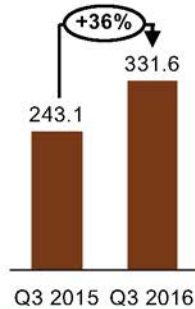
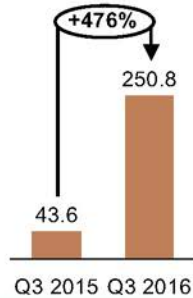
Agency

Merchants

ATM

Branch

Transaction value in KES billion



Q3 2015 Q3 2016

Q3 2015 Q3 2016

Q3 2015 Q3 2016

Q3 2015 Q3 2016

Q3 2015 Q3 2016



Execution on Digital Banking



Banking made Eazzy Channels available to customers....The tools



EazzyNet

Consumer Online Banking accessible on all devices



EazzyBiz

SME and Corporate Online Banking
Cash and liquidity management



EazzyAPI

Exposing Equity Bank's capabilities to all digital ecosystem players



Eazzy Diaspora

Banking for Global Africans



EazzyApp

Most advanced APP on the planet



My Money. My Phone.
My Life.

- Advanced security to protect your transactions – multiple factor authentication
- Only bank in the region to be certified on PCIDSS
- 24/7 monitoring and protection against cyber threats with monitoring locations across 3 continents
- Available on over 15m devices across Kenya
- Secure, open loop systems capable of integrating into ecosystems

Eazzy, Secure and Convenient



Execution on Digital Banking



Banking made Eazzy

Functionalities available across the channelsThe capabilities

- Eazzy Pay
 - Buy goods and services across millions of merchants
 - Convenient and comprehensive till management for the merchants
 - Cost effective

- Eazzy Loans
 - Instant loans to consumers and small businesses – up to KES 3m
 - Loan origination (no visiting the branch) for mortgages, asset finance, SME and corporate loans – up to KES 12.5B
 - Highly advanced and cognitive analytics to assess risk and make credit decisions

- Payments
 - Send money to any bank account in Kenya and across the world instantly
 - Send money to any Mobile number in Kenya, Uganda, Tanzania, Rwanda and DRC
 - Receive money from PayPal and 15 other payment ecosystems across the world



Execution on Digital Banking



Banking made Eazzy

Functionalities available across the channelsThe capabilities

- Trade
 - Issue bank guarantees, bid bonds, LCs and other trade instruments to any institution in the world
 - Automated reconciliations and MIS reporting
 - Pooling funds across different countries

- Savings
 - Set up goals (for rent, school fees, holidays, etc.) and save constantly at attractive interest rates
 - Buy and sell shares and bonds at your convenience
 - Open and withdraw from savings accounts for all needs (school fees, investment clubs, etc)

- Insurance
 - Buy all types of insurance – medical, life, general, etc.
 - Initiate claims against any insurance policy
 - Buy education policies for your children



Execution on Digital Banking



Banking made Eazzy

Functionalities available across the channelsThe capabilities

- Telephony services
 - Voice, data, SMS
 - My life – educational and health content
 - Value added services – news, etc

- Convenience
 - Personal Financial Management – categorize expense, budgeting and scheduling payments
 - Open account without visiting a branch
 - Buy and sell foreign currency at any time

- Investment Club capability
 - Online book keeping for your club – spend more time discussing investments
 - Management of investment club diaries
 - Notification and alerts relating to investment club activities

EQUITY CENTRE

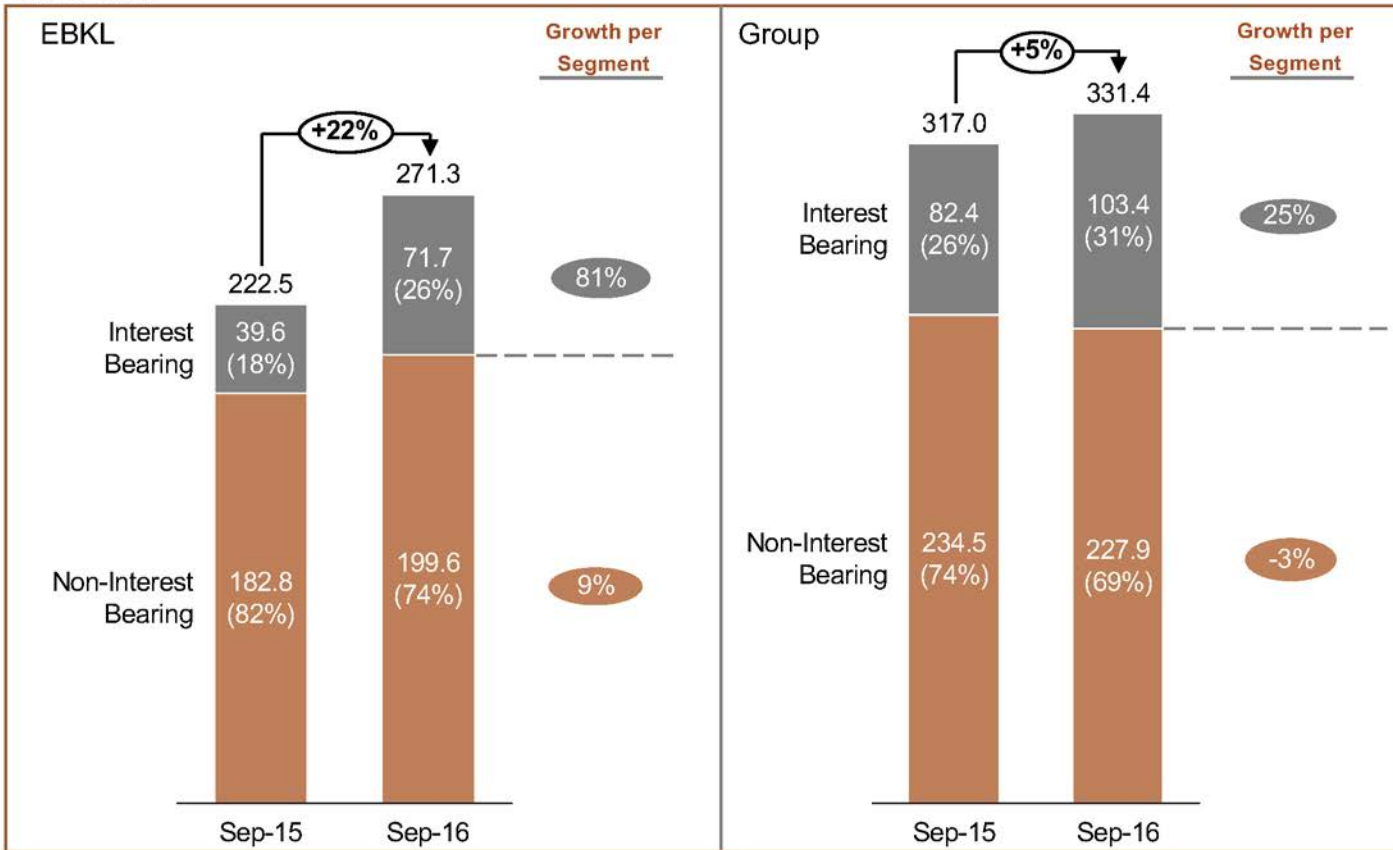
SME Strategy





Deposits Breakdown

In KES billion

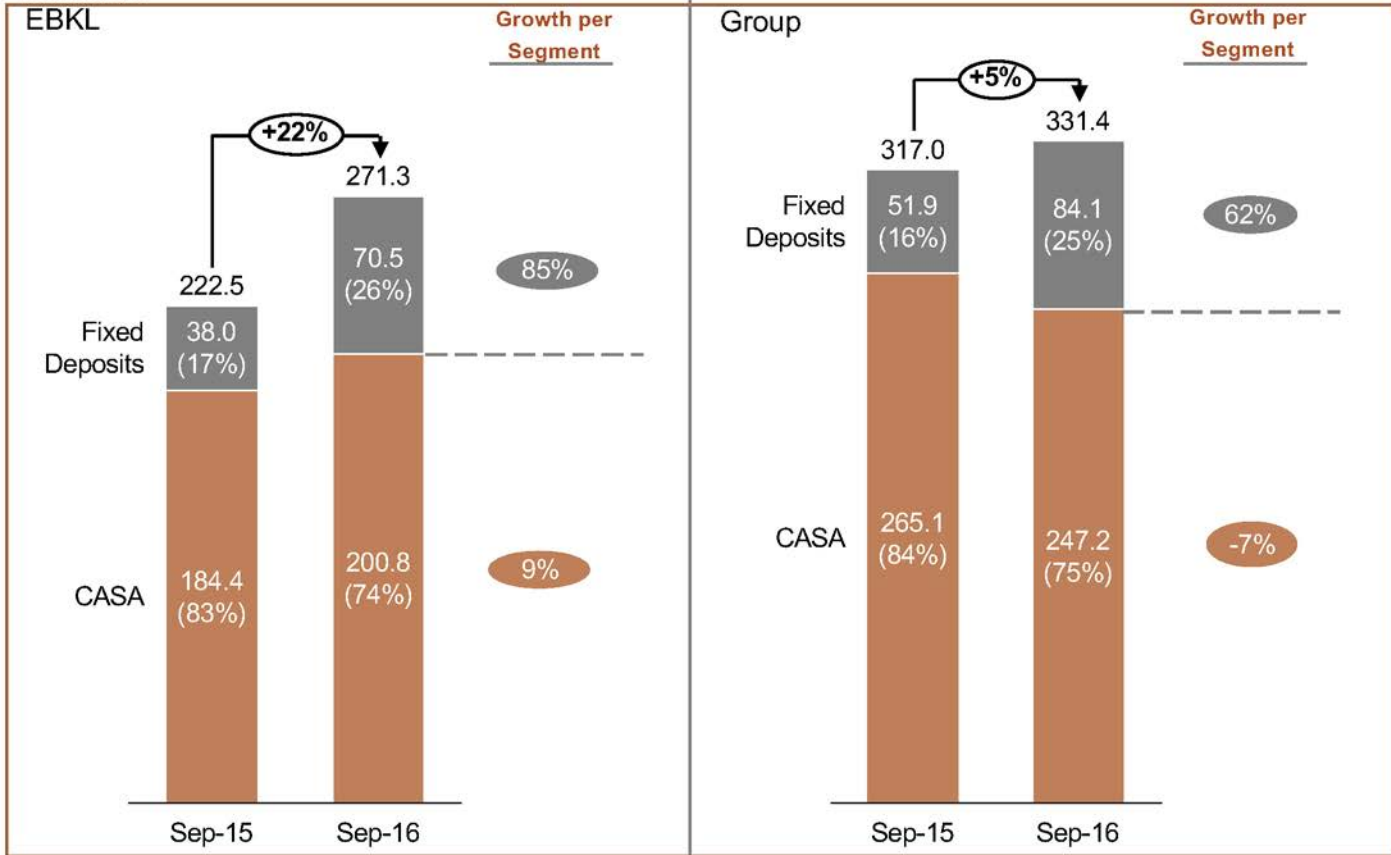




Deposits Breakdown



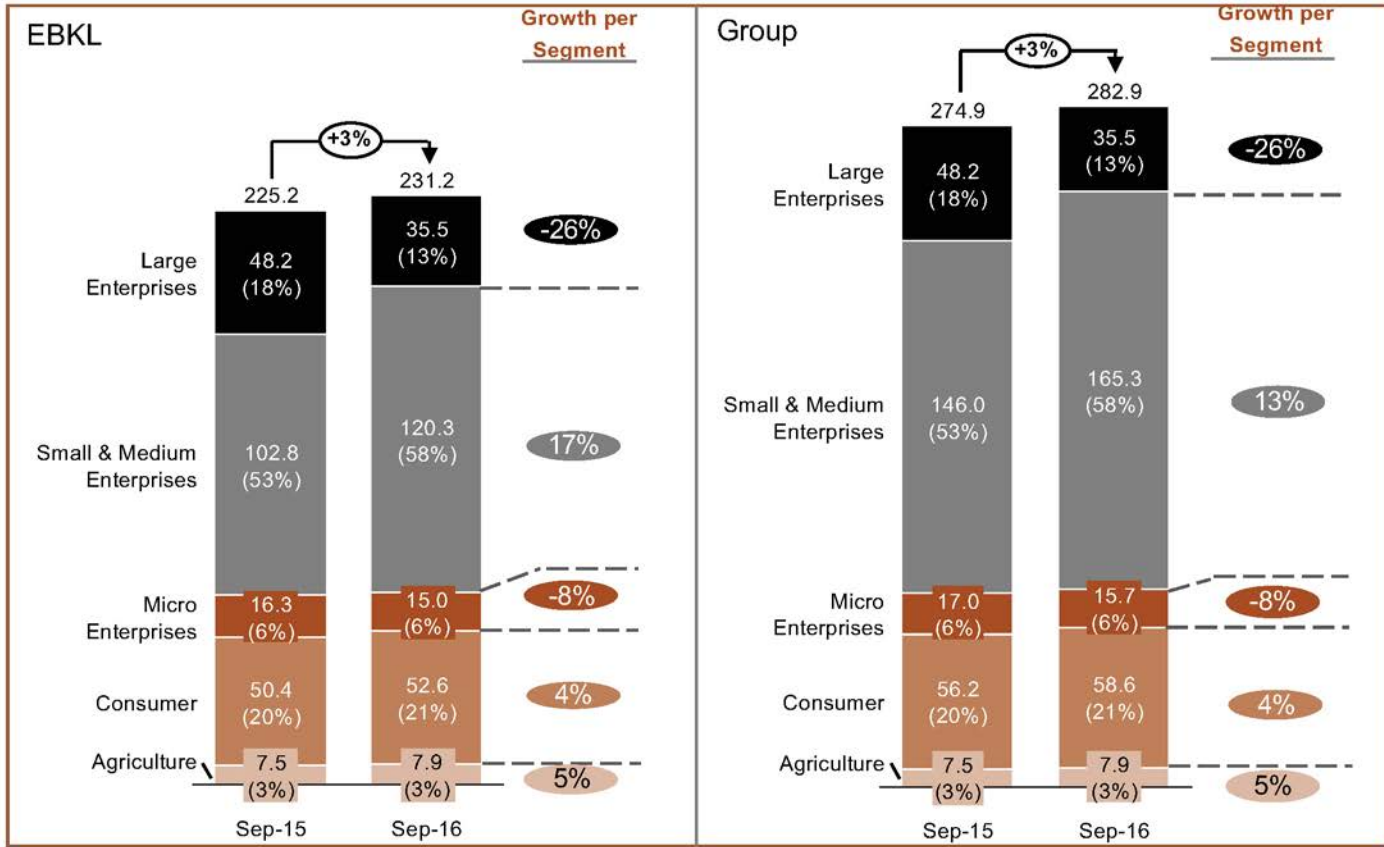
In KES billion





Gross Loans Breakdown

In KES billion





Qualitative Analysis



Equity has earned recognition in 2016

Equity's International Rankings

The Banker
TOP 1000
WORLD BANKS 2016

Equity Bank	<u>Overall</u>	<u>Soundness</u> (Capital Assets Ratio)	<u>Performance</u> (Profits on capital) (Return on assets)	
2016 Global Rank	835	43	34	8
2015 Global Rank	916	88	18	8

Ranked fastest growing large bank in Africa 2016

Equity's Global Credit Rating



GCR GLOBAL CREDIT RATING CO.

Local Expertise • Global Presence

Aug
2016

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



Banker Awards



Most Innovative Bank (2015, 2016) and **Best Mobile Banking Service** – Equitel (2015, 2016) Awards at the Banker Africa, East Africa Awards 2016. We commit and continue innovating products and services that support the expanding and evolving financial needs and aspirations of our people.



Equity has earned recognition in 2016

Think Business Banking Awards Kenya, 2016 Edition



EQUITY BEST BANK IN KENYA FOR 4TH TIME

Category	1st	2nd	3rd
Best Overall Bank	Equity Bank		
Best Bank Tier 1 (Big Banks)	Equity Bank		
Best Bank in SME Banking	Equity Bank		
Best Bank in Retail Banking	Equity Bank		
Best Microfinance Bank	Equity Bank		
Best in Agency Banking	Equity Bank		
Best in Asset Finance		Equity Bank	
Best Bank in Mortgage Finance		Equity Bank	
Product Marketing		Equity Bank	
Best in Internet Banking		Equity Bank	
Best in Mobile Banking			Equity Bank
Fastest Growing Bank			Equity Bank
Best in Customer Satisfaction		Equity Bank	



Think Business Awards





Equity has earned recognition in 2016



2016

Category	1st
Best Performing Broker in Africa	Equity Investment Bank/Exotix Partners



Africa's best bank 2016: Equity Bank



FIRE Awards



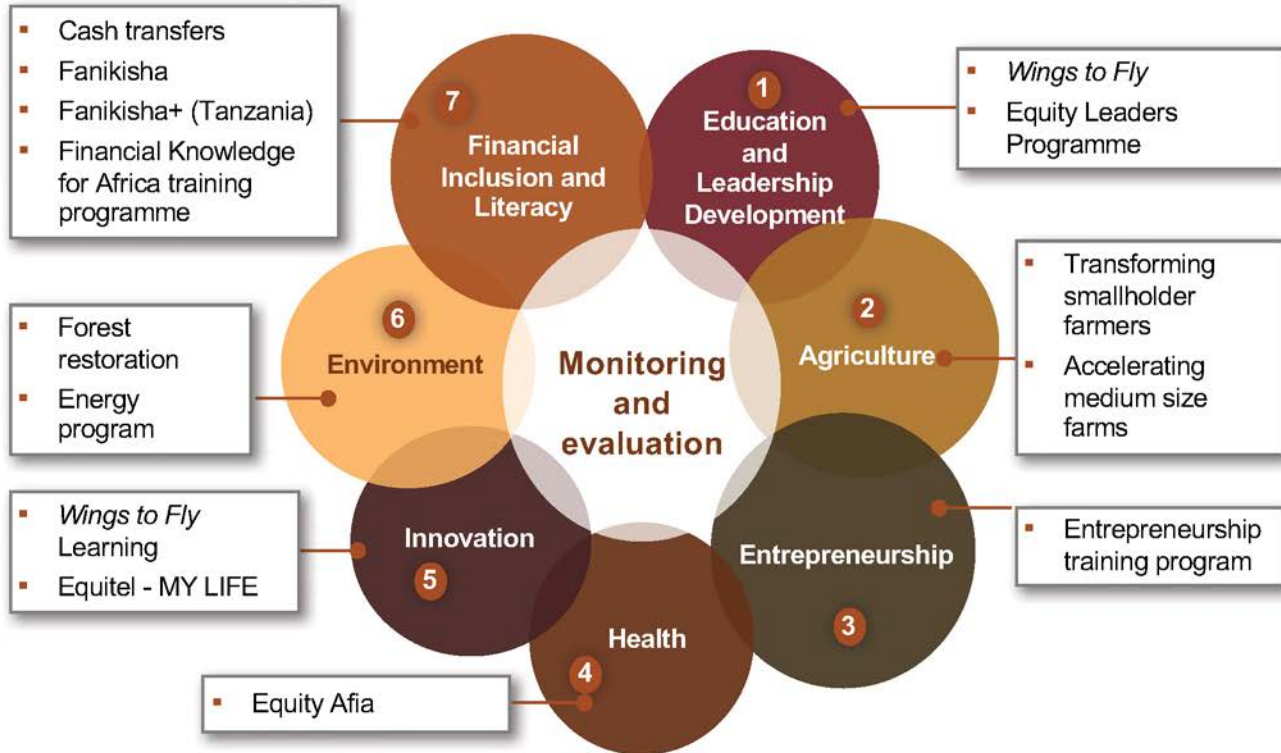
Equity Group awarded the 1st Runners Up - IFRS Category for excellent Financial Reporting Standards



Social Impact



EGF 7 Programmatic Pillars





Championing Social-Economic Revolution



Wings to Fly (WtF) Graduating Performance

- 3,578 WtF Scholar graduate from 2010,2011,2012 Classes
- 98% secondary school completion
- 93% of WtF achieving university grade
- 32% achieving A grade at KCSE
- 86% take on school and community leadership roles

500,000 Peasant farmers transformed to agri-businesses

2,400 Medium-sized farmers supported

25,303 MSMEs trained

14,000 Kenyans reached with Renewable Energy products

Content availed through mobile channels

- Secondary School Revision Content availed WtF scholars
- MAMA for Mothers
- Financial Education
- Wikipedia



1,270,871 **WOMEN & YOUTH**

Kenyan women and youth completed the financial literacy education.

3,405 **UNIVERSITY SCHOLARS**

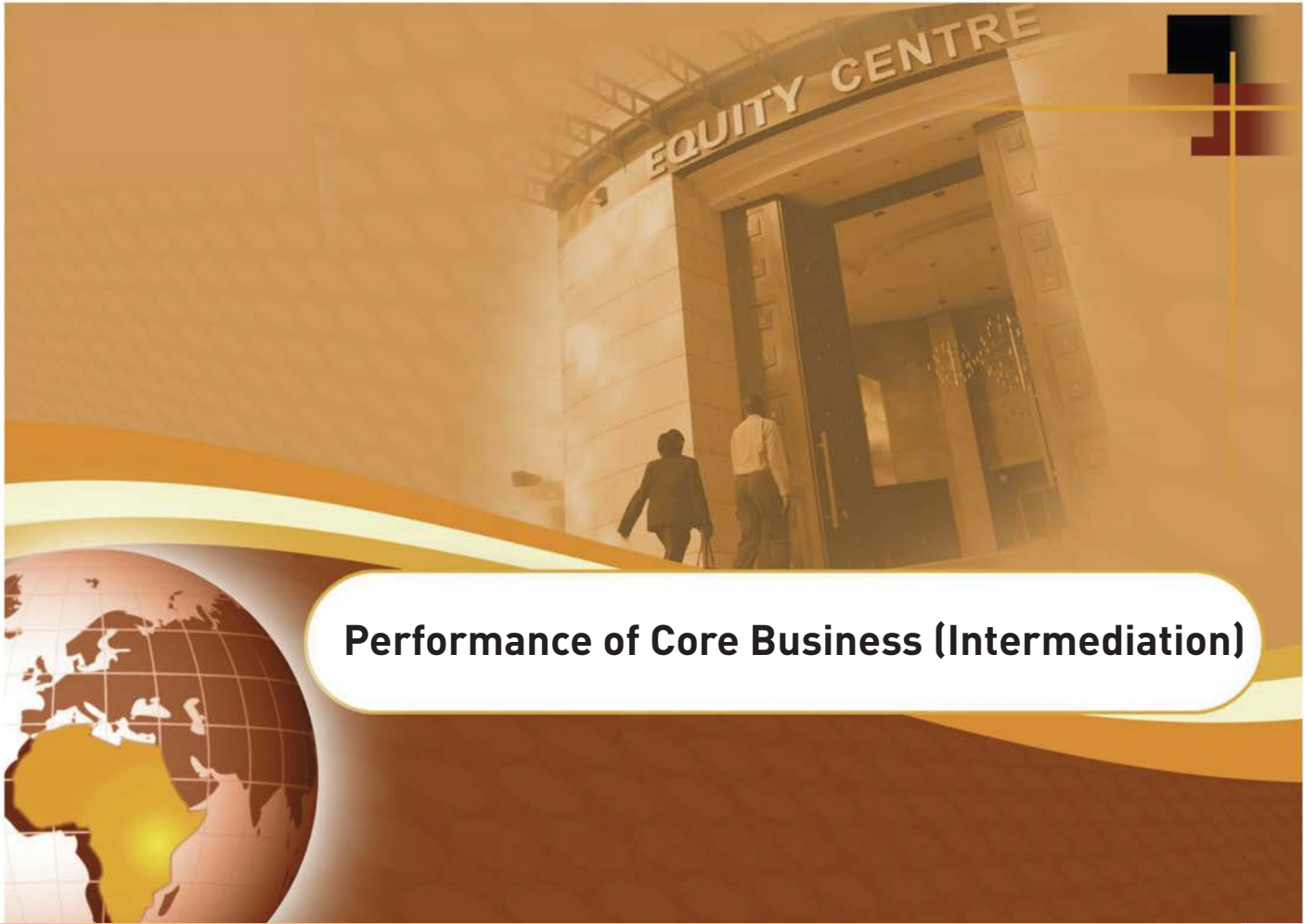
Attending 329 universities globally

USD 221,890,909

Total funds raised since 2010 for programs

KES 32B Loans to empower women under Fanikisha

KES 18B Loans given to empower the youth



Performance of Core Business (Intermediation)

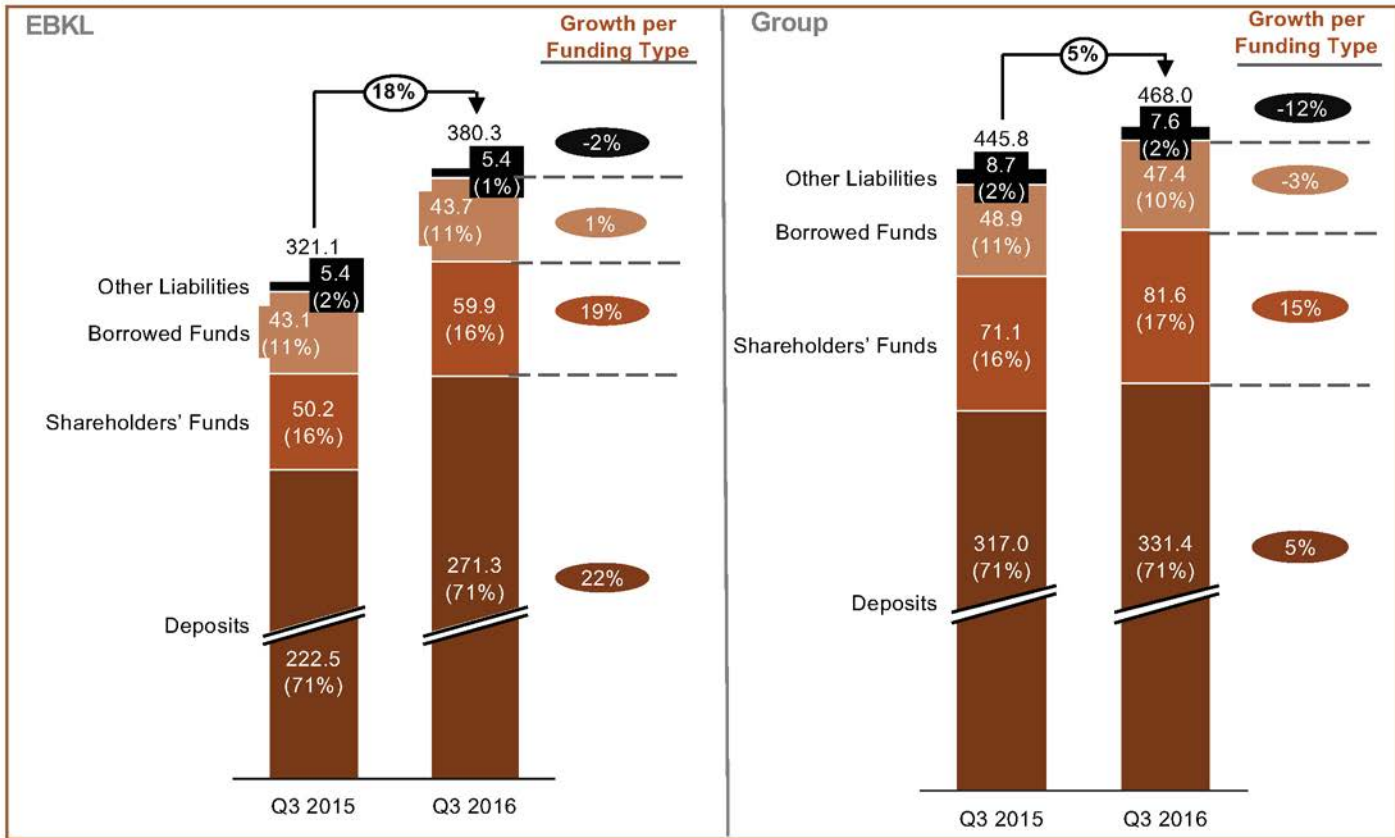


Funding Base of KES 468 Billion

(Proactive management of a quality balance sheet in a challenging environment)



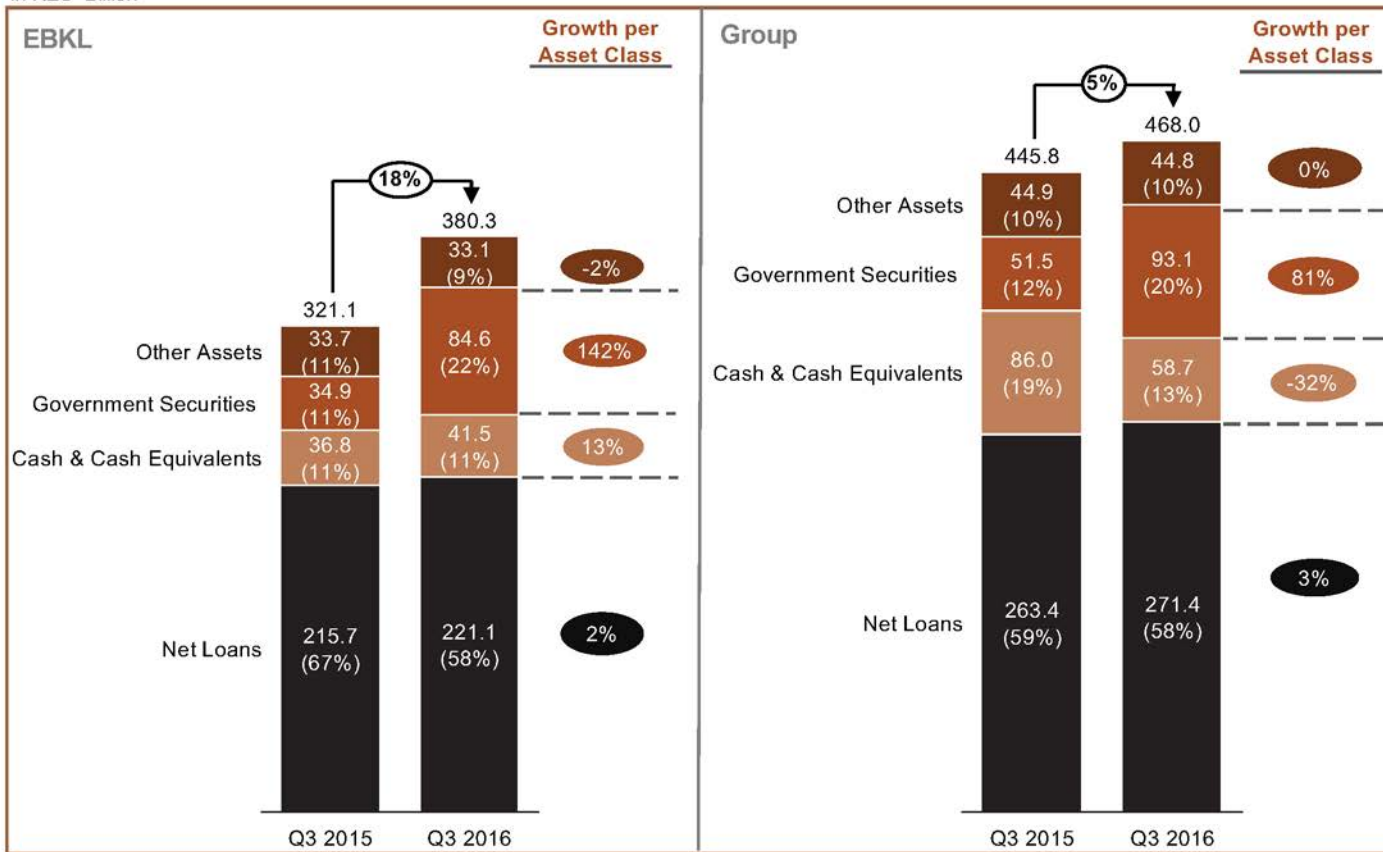
In KES "Billion"





Assets of KES 468 Billion driven by a stable Deposit base

In KES "Billion"



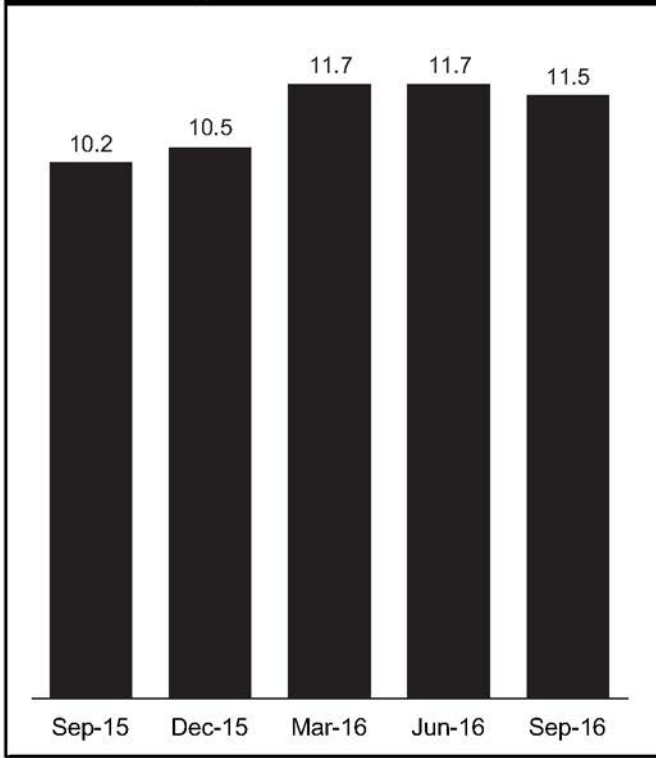


Net Interest Margin



Percentage

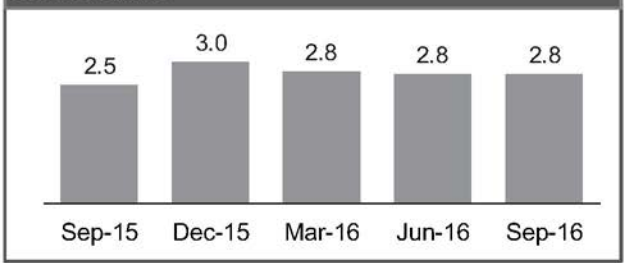
Net Interest Margin



Yield on Interest Earning Assets

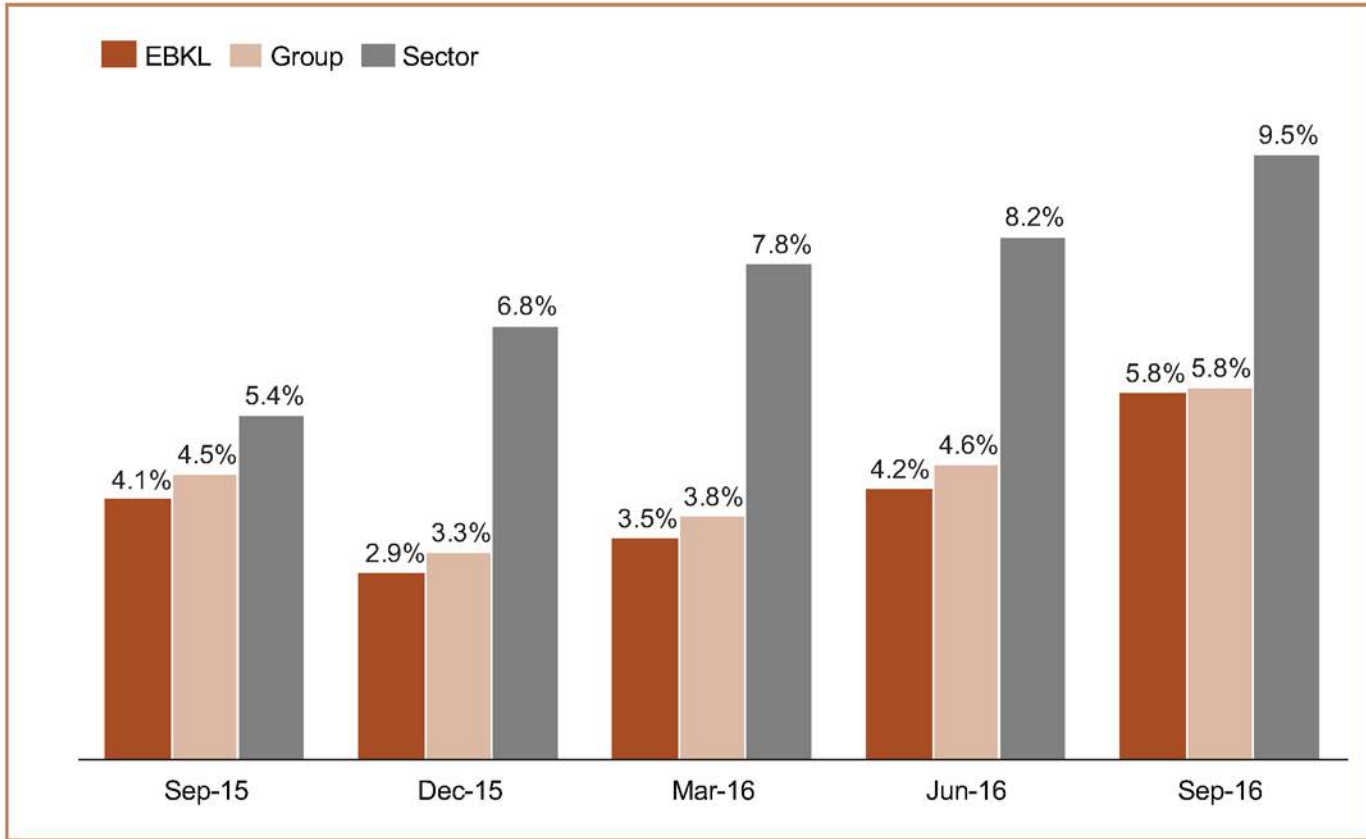


Cost of funds





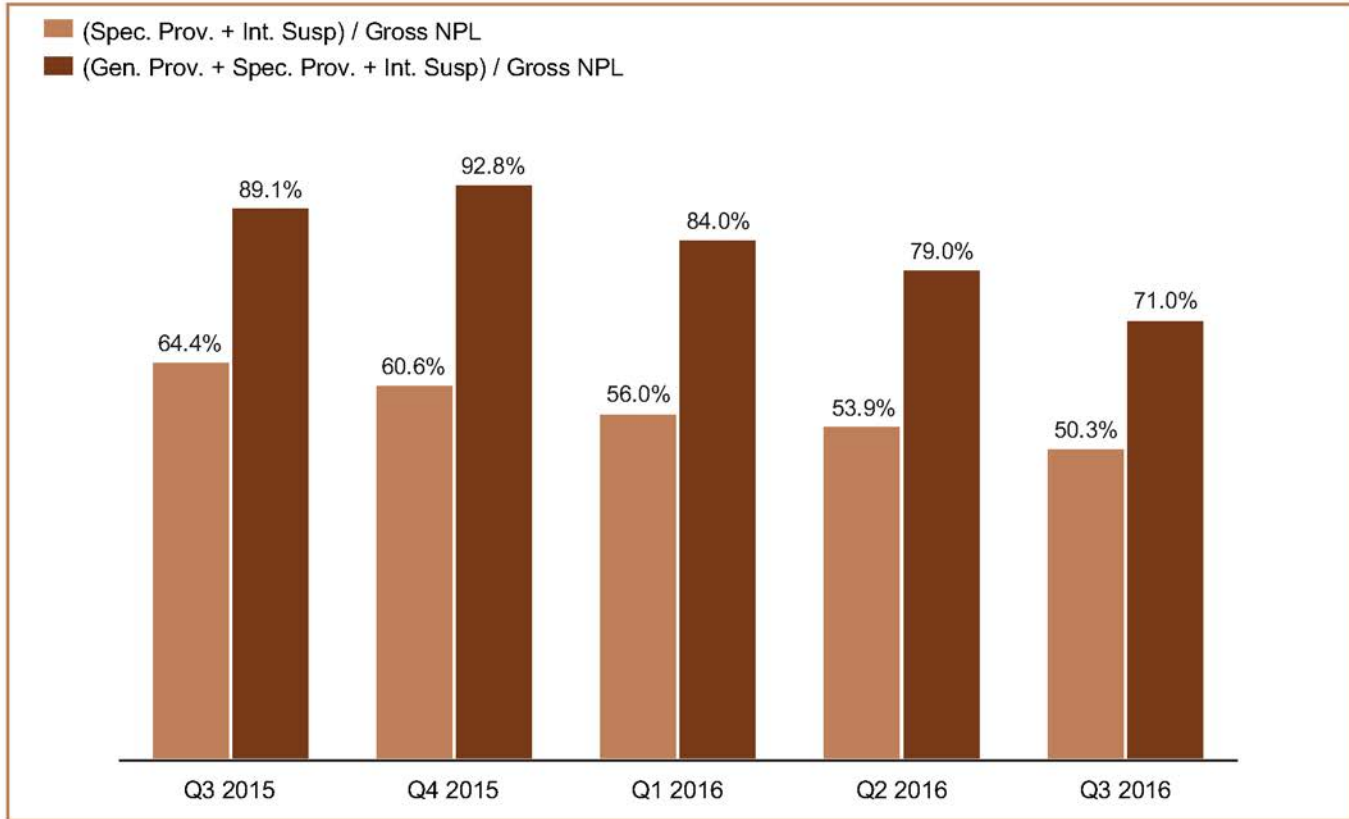
Equity vs Sector NPL Trend over time



Sector data for Q3 is as at August 2016

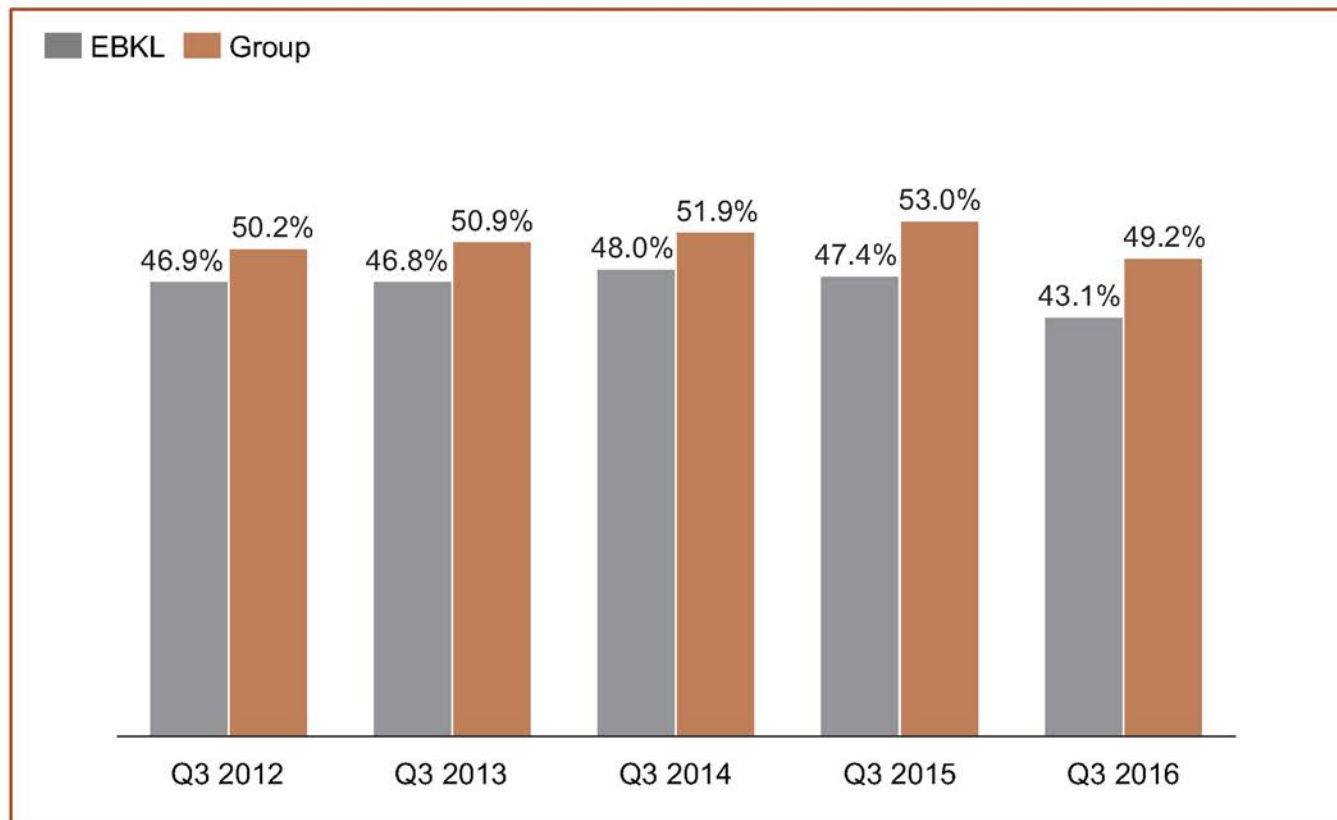


Coverage Levels





Cost to Income Ratio Trend (YoY)



EQUITY CENTRE

Financial Performance





Balance Sheet



KES (Billion)	EBKL			Group		
	Q3 2015	Q3 2016	Growth	Q3 2015	Q3 2016	Growth
Assets						
Net Loans	215.7	221.1	2%	263.4	271.4	3%
Cash & Cash Equivalents	36.8	41.5	13%	86.0	58.7	-32%
Government Securities	34.9	84.6	142%	51.5	93.1	81%
Other Assets	33.7	33.1	-2%	44.9	44.8	0%
Total Assets	321.1	380.3	18%	445.8	468.0	5%
Liabilities & Capital						
Deposits	222.5	271.3	22%	317.0	331.4	5%
Borrowed Funds	43.1	43.7	1%	48.9	47.4	-3%
Other Liabilities	5.4	5.4	0%	8.7	7.6	-12%
Shareholder's Funds	50.2	59.9	19%	71.1	81.6	15%
Liabilities & Capital	321.1	380.3	18%	445.8	468.0	5%



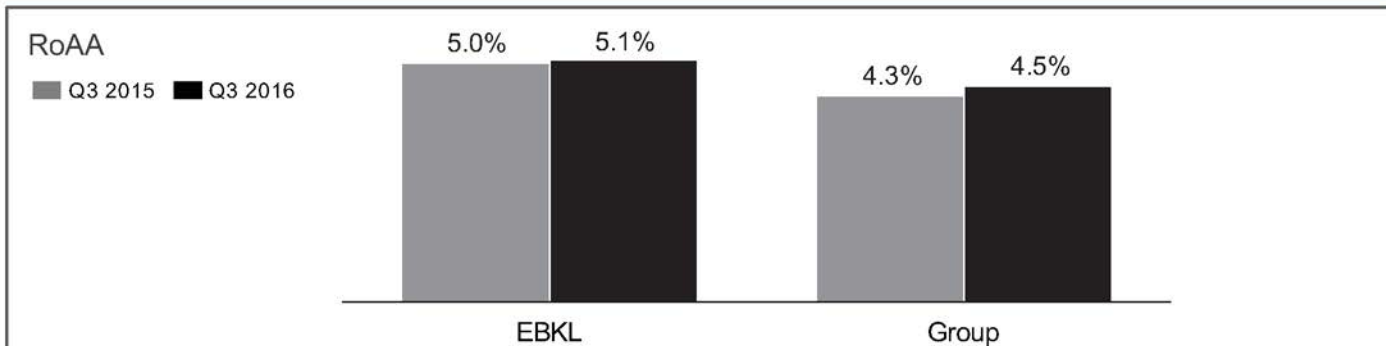
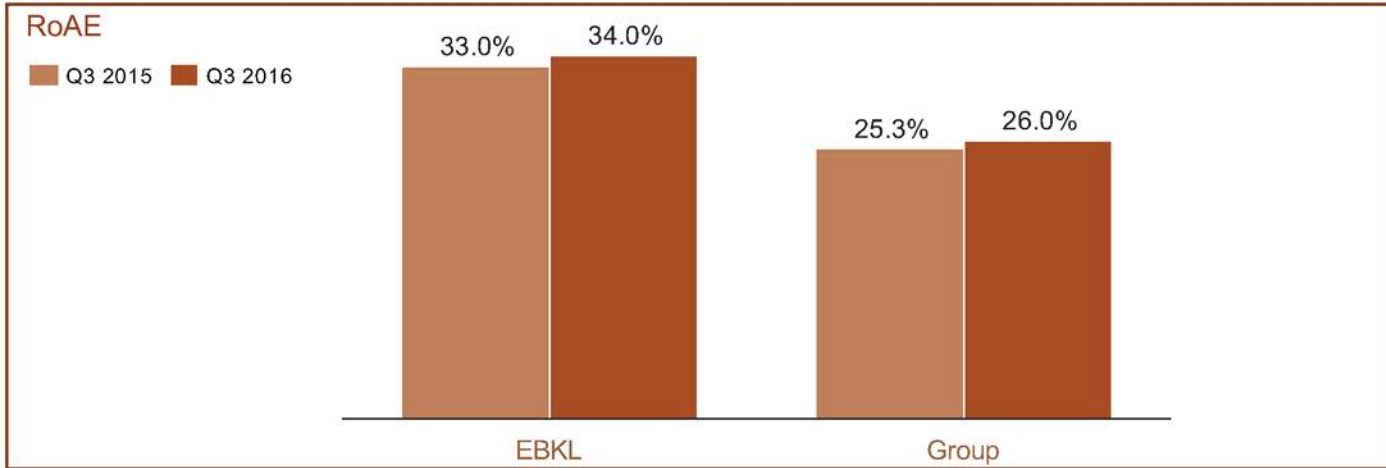
Delivering 18% growth in PAT



<i>KES (Billion)</i>	Q3 2015	Q3 2016	Growth
Interest Income	31.6	39.8	26%
Interest Expense	(6.0)	(7.5)	25%
Net Interest Income	25.6	32.3	26%
Non-Funded Income	16.8	16.6	-1%
Total Income	42.4	48.9	15%
Loan Loss Provision	(1.7)	(3.3)	95%
Staff Costs	(8.4)	(8.7)	4%
Other Operating Expenses	(14.1)	(15.4)	9%
Total Costs	(24.2)	(27.4)	13%
PBT	18.2	21.5	18%
Tax	(5.4)	(6.4)	19%
PAT	12.8	15.1	18%



RoAA and RoAE Trend





Positive Financial Ratios

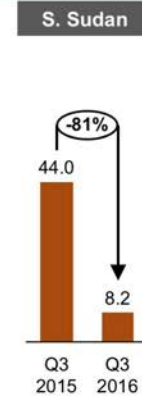
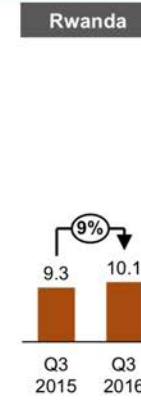
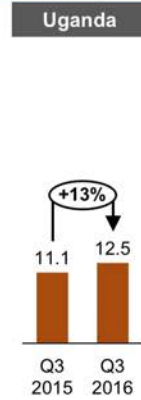
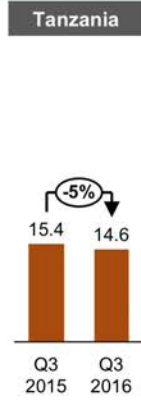
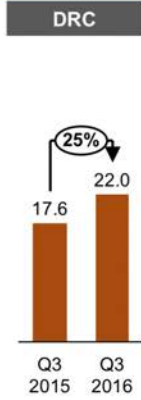
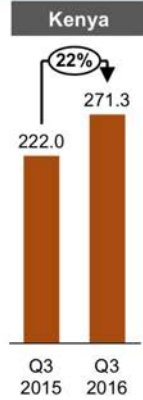
	EBKL	EBKL	Group	Group
	Q3 2015	Q3 2016	Q3 2015	Q3 2016
Profitability				
NIM	11.1%	12.2%	10.2%	11.5%
Cost to Income Ratio (with provisions)	50.9%	49.3%	57.0%	56.0%
Cost to Income Ratio (without provision)	47.4%	43.1%	53.0%	49.2%
RoAE	33.0%	34.0%	25.3%	26.0%
RoAA	5.0%	5.1%	4.3%	4.5%
Asset Quality				
Cost of Risk	0.75%	1.41%	0.95%	1.63%
Liquidity / Leverage				
Loans / Deposits	97.0%	81.5%	83.2%	81.9%
Loans / (Deposits + Borrowed Funds)	81.2%	70.2%	72.0%	71.6%
Loans / (Deposits + Borrowing Funds + S/H Funds)	68.3%	59.0	60.3%	58.9%
Liquidity	26.4%	44.8%	31.0%	42.7%
Capital Adequacy Ratios				
Core Capital to Risk Weighted Assets	14.8%	14.7%	17.7%	18.0%
Total Capital to Risk Weighted Assets	16.6%	15.7%	18.3%	19.0%
Core Capital to Deposits Ratio	20.5%	19.0%	20.4%	22.5%



Deposits Growth



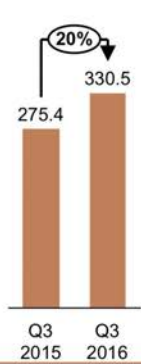
In KES billions



Total with South Sudan



Total without South Sudan

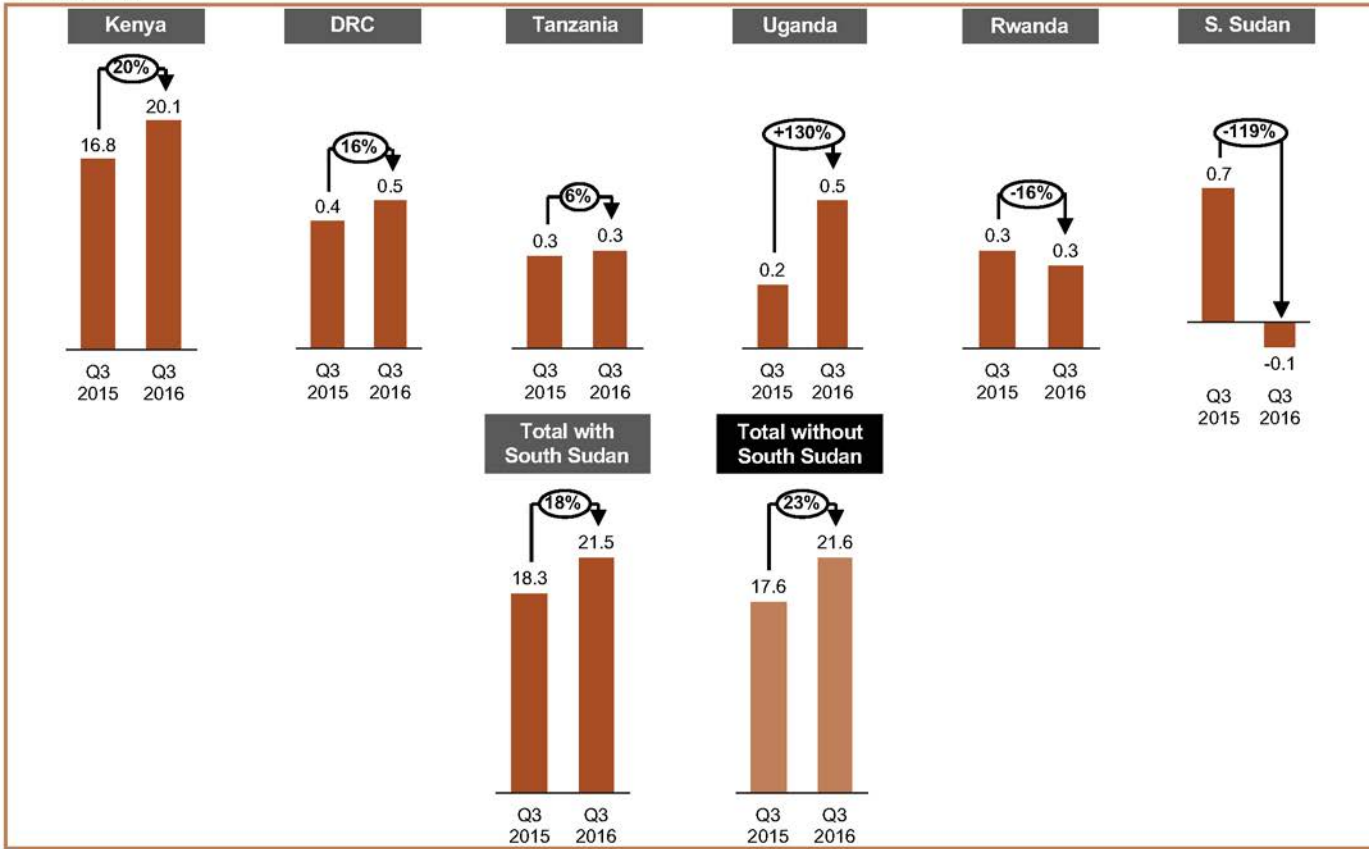




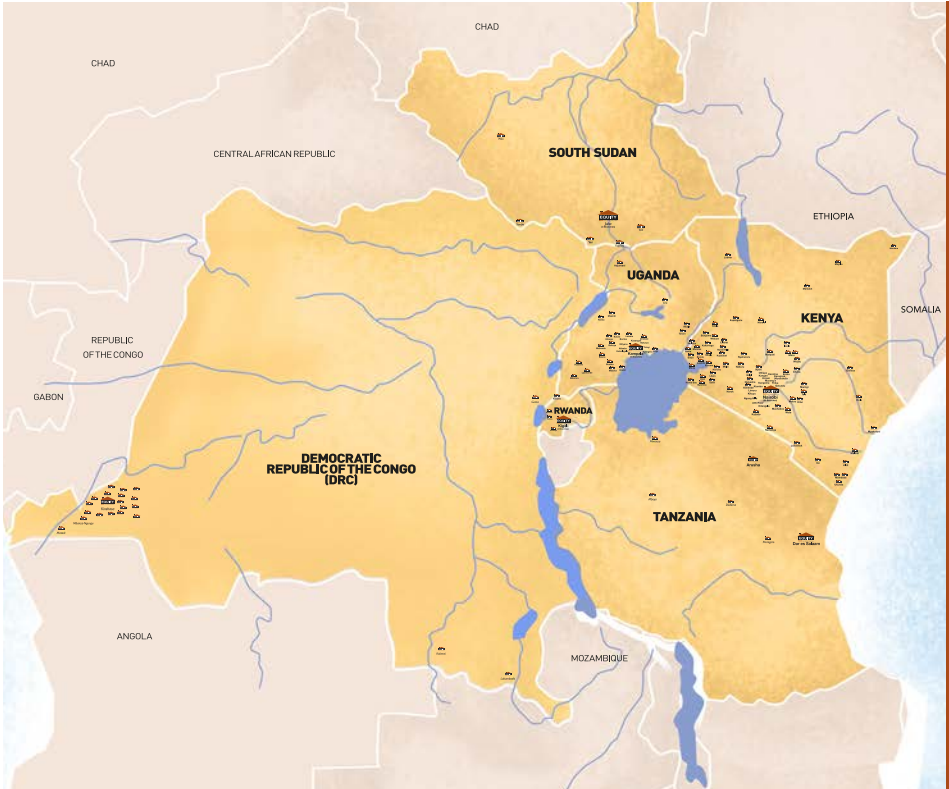
PBT Growth



In KES billions



REGIONAL FOOTPRINT



Transforming lives in Africa, one branch at a time

BRANCHES		264
(a) Branches in Kenya	175, Nairobi	49
(b) Branches in Uganda	28, Kampala	15
(c) Branches in South Sudan	11, Juba	6
(d) Branches in Tanzania	13, Dar es Salaam	8
(e) Branches in Rwanda	12, Kigali	6
(f) Branches in DRC	25, Kinshasa	20

Agent Outlets	26,593
Point of Sale Terminals (POS)	12,019
ATMs	684



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