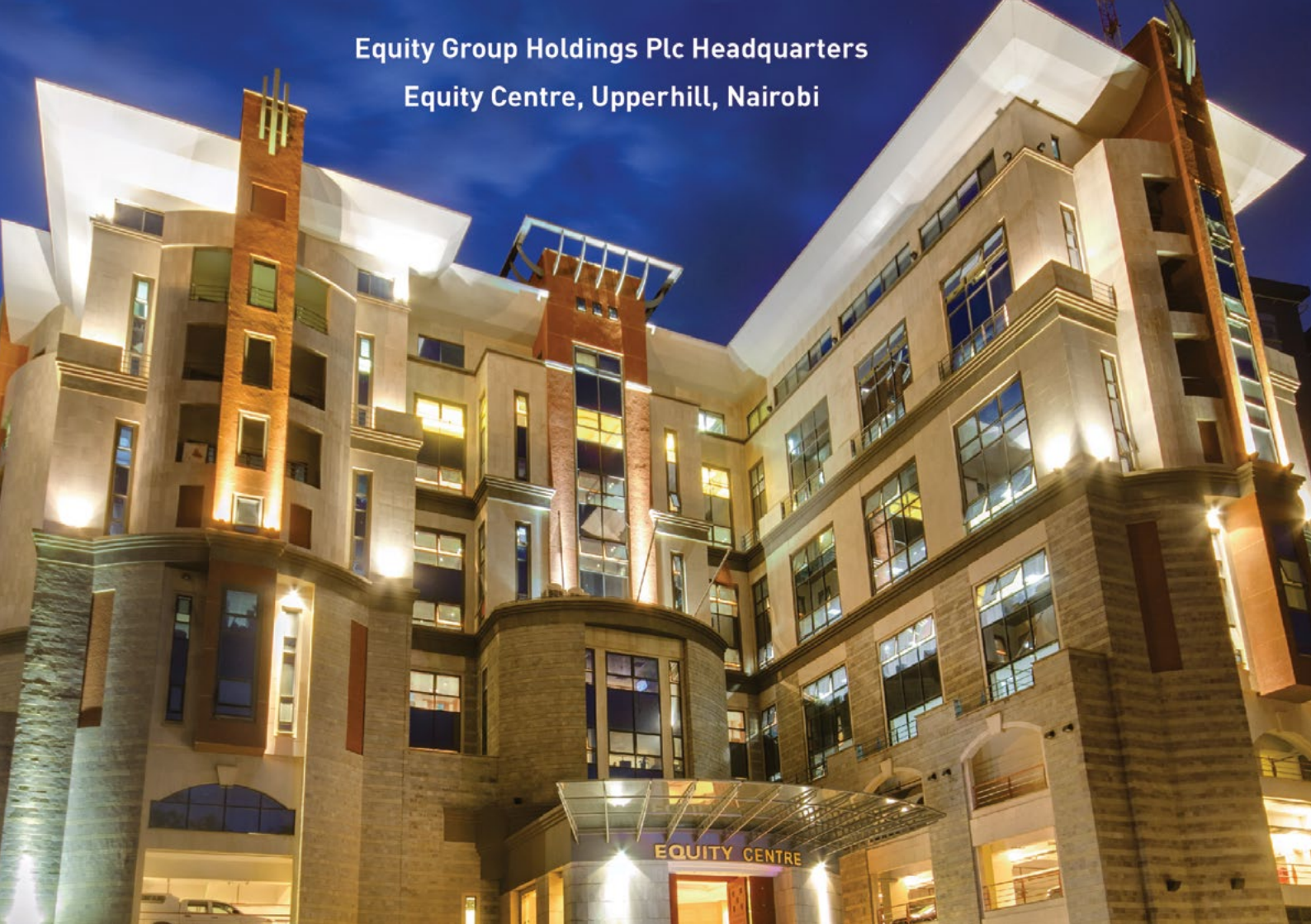




**INVESTOR BRIEFING
H1 2019 PERFORMANCE
1st August 2019**

Equity Group Holdings Plc Headquarters
Equity Centre, Upperhill, Nairobi



Equity Group's Philosophies

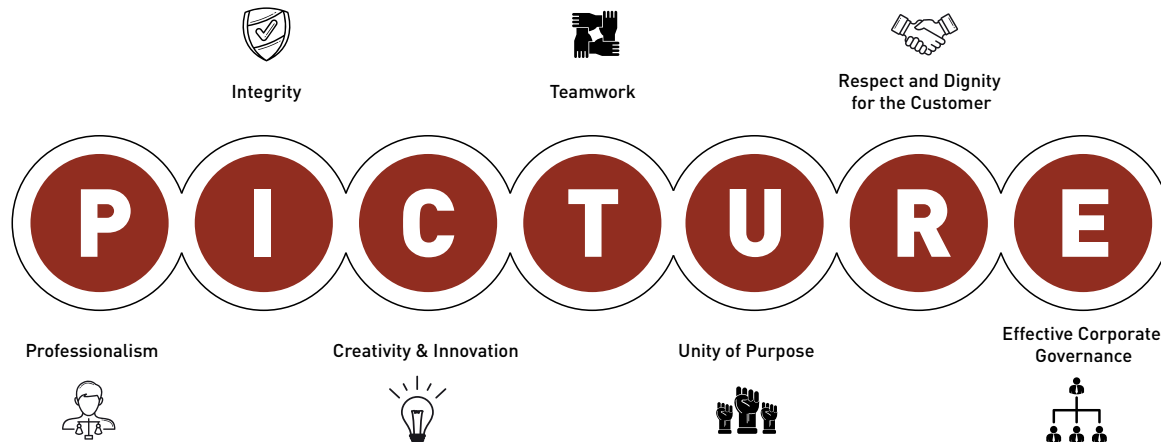
OUR PURPOSE:

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 CORE VALUES:



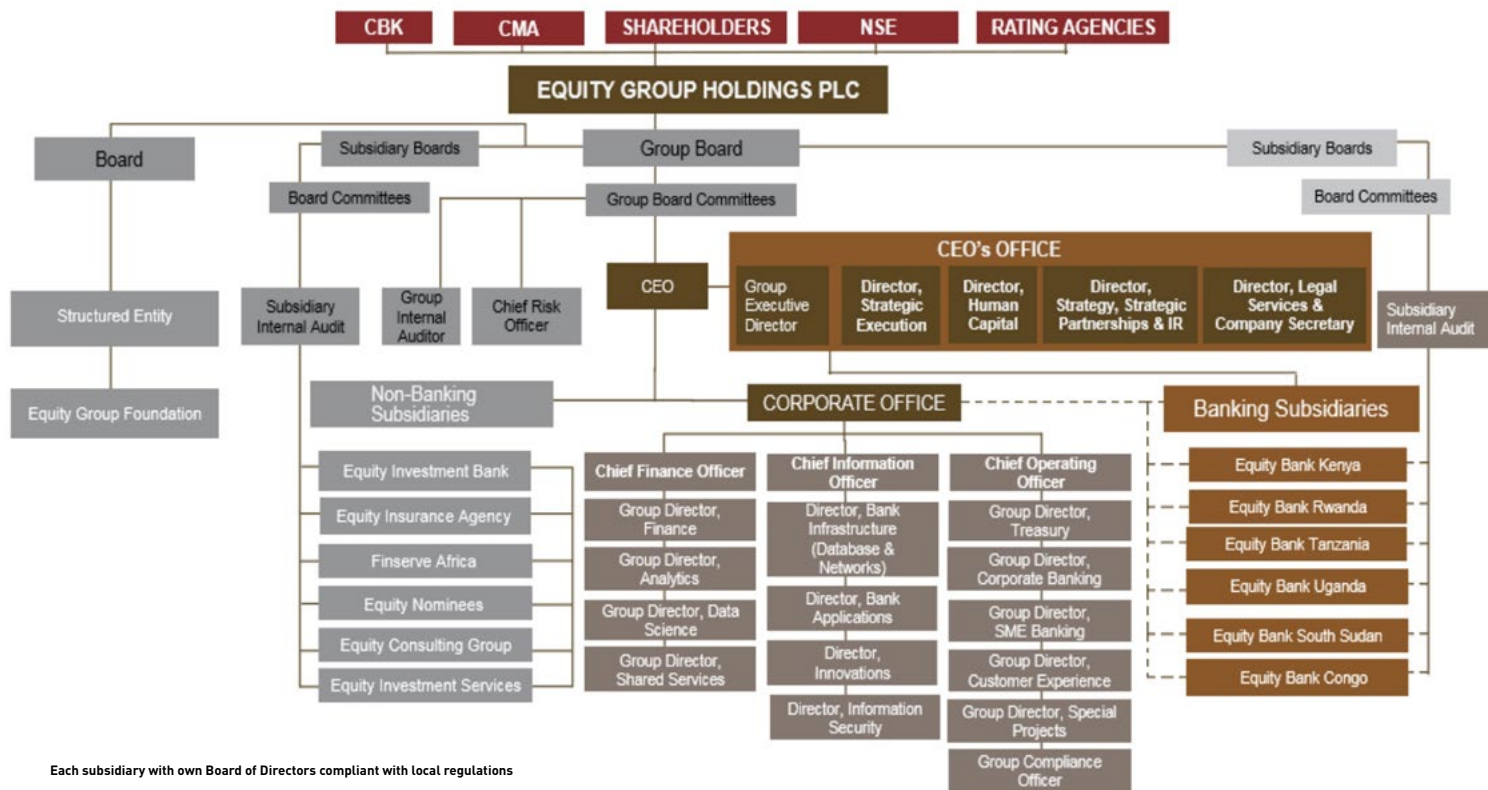
OUR MISSION:

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

POSITIONING STATEMENT:

We provide inclusive financial services that transform livelihoods, give dignity and expand opportunities

Governance & Organizational Structure



Each subsidiary with own Board of Directors compliant with local regulations

Group Executive Management



Dr. 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



Brent Malahay
Group Director Strategy,
Strategic Partnerships and
Investor Relations



David Ngata
Group Finance Director



James Mutuku
Group Director Treasury



Julius Kayoboke
Group Director Customer
Experience and Product
Management



Christine Browne
Group Director Legal
Services
and Company Secretary



Bildard Fwamba
Chief Internal Auditor



Gerald Warui
Director Operations
and Customer Experience



Elizabeth Gathai
Director Credit



Allan Waititu
Director,
Special Projects



John Wamai
Director, ICT-Enterprise
Business Systems and Services



David Nyamu
Director, Marketing

Group Executive Management



Polycarp Igathe
Managing Director,
Equity Bank Kenya



Samuel Kirubi
Managing Director,
Equity Bank Uganda



Anthony Kituka
Executive Director,
Equity Bank Uganda



Addis Ababa Othow
Managing Director,
Equity Bank South Sudan



Hannington Namara
Managing Director,
Equity Bank Rwanda



Robert Kiboti
Managing Director,
Equity Bank Tanzania



Celestin Muntuabu
Managing Director,
Equity Bank Congo

Macroeconomic & Operating Environment

Macro-economic & Operating Environment

	Interest Rates (July 2019)		FX (Local Currency v/s USD)		Inflation	GDP Growth
	CBR	Changes in Central Bank Rate (H1 2018 v H1 2019)	11-Jul-19	Change Year to Date	Jun-18	(2019 Projected)
Kenya	9.0%	0 Basis Points	102.93	-2%	5.7%	6.0%
Tanzania	7.0%	-200 Basis Points	2,300	-1%	3.7%	6.6%
Uganda	10.0%	100 Basis Points	3,687	2%	3.4%	5.5%
Rwanda	5.5%	0 Basis Points	911	-4%	0.9%	7.8%
DRC			1,639	-2%	5.0%	4.5%
S.sudan			159.2	-3%	56.1%	-2.6%

- **Monetary policy supportive of economic growth** – Central bank rates reducing to stable across East Africa
- **Exchange rates** – Marginal depreciation of KE, TZ and RW currencies while UG has strengthened. TZ has been relatively stable compared to the other regional currencies
- **Within target-range inflation** – Low inflation across East Africa
- **Strong economic growth outlook** - East and Central Africa one of the fastest growing regions in the world with economic growth expected to grow above 6 percent
- **World Bank increased confidence in Kenya attractiveness** – Kenya Ease of Doing Business ranking by World Bank improved from position 80 to 61

Macro-economic & Operating Environment

- **UGX strengthening** – UGX has strengthened against USD as compared to other regional currencies that lost ground against the USD. KES depreciated slightly against the USD while RWF was the worst affected with a 4% dip
- **Renewed vigour to fight economic crimes, demonetization** – 1,000 shilling old notes scheduled to be discontinued on 1st October 2019 leading to heightened expectations on compliance for financial institutions
- **Establishment of Kenya Mortgage Refinance Company (KMRC)** – set to bolster liquidity majorly funded by govt. housing levy and also promote the much needed Asset/Liability maturity match by the mortgage financiers.
- **Increased regional infrastructure development** – spending in Uganda, Rwanda and Tanzania expected to anchor growth
- **High court rules against interest capping** – High court rules interest rate capping as unconstitutional and urges parliament to amend section 33 of the 2016 banking Act. Failure to amend the ambiguous section of the Act will mean a reversion to free-floating interest rates regime.
- **Falling LIBOR rates in 2019** – the international debt market's LIBOR rates has been dropping in 2019 as compared to a continued rally in 2018. This is likely to ease the funding costs. 6 month USD LIBOR closed at 2.88 in Dec 2018 and at 2.2 in June 2019

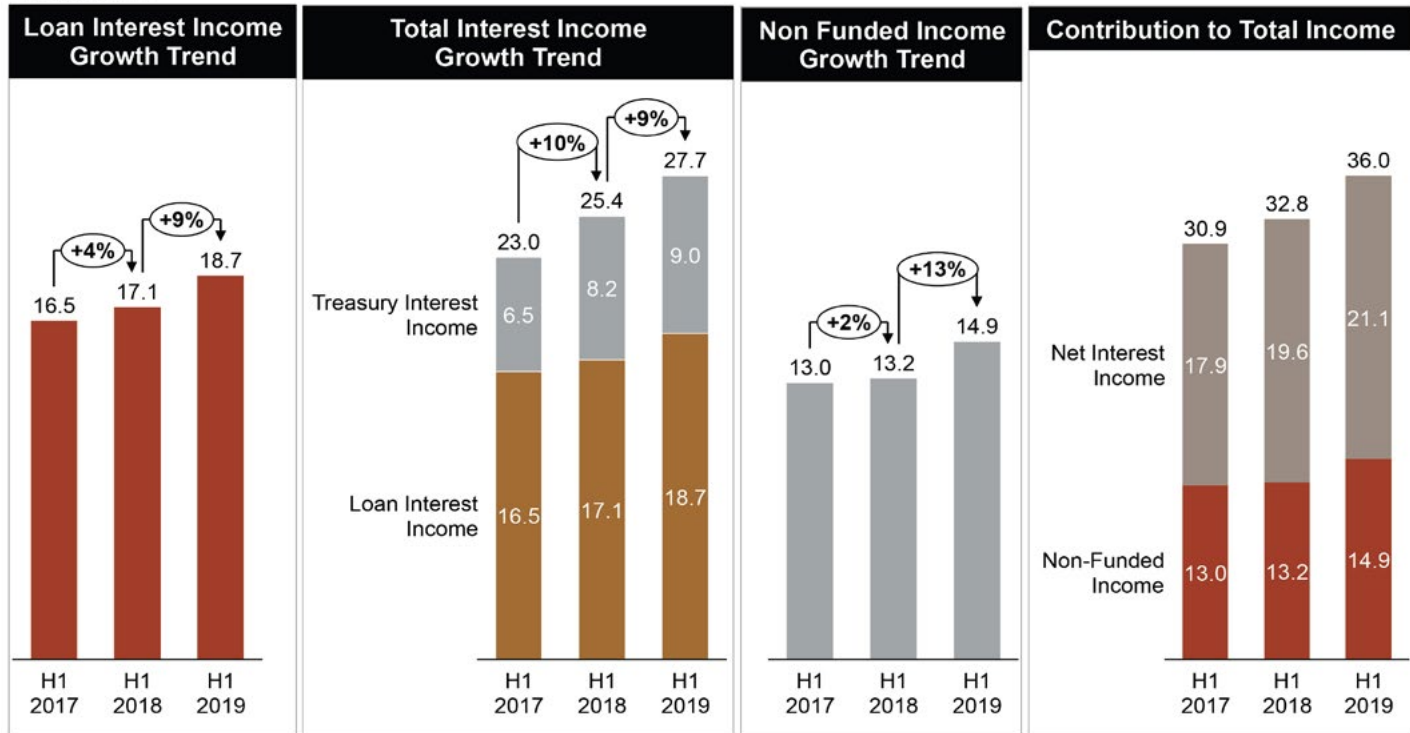
Equity Bank Business Model & Strategy – Post Interest Rate Capping (Adjusting and adapting to the new norm)

Focus areas:

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

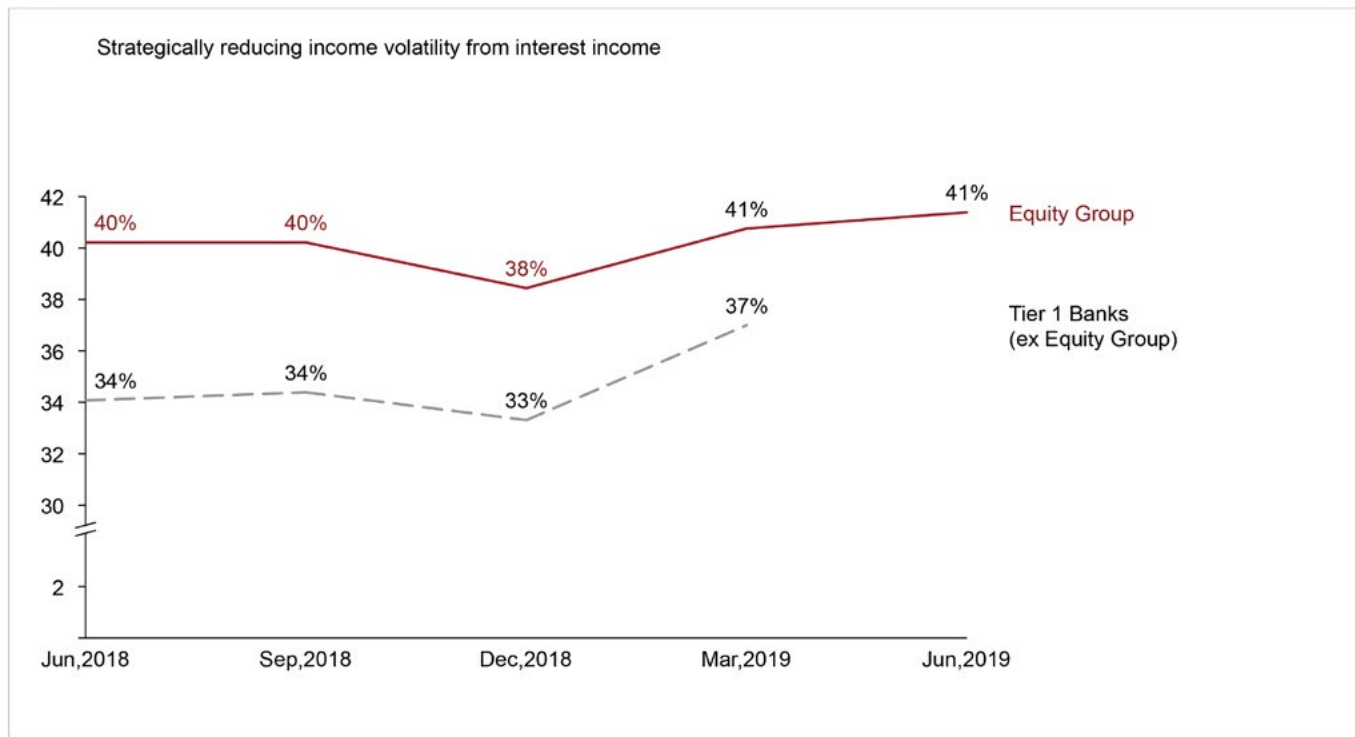
Focus Area 1: Non-funded Income Growth & Contribution

In Kes Billion

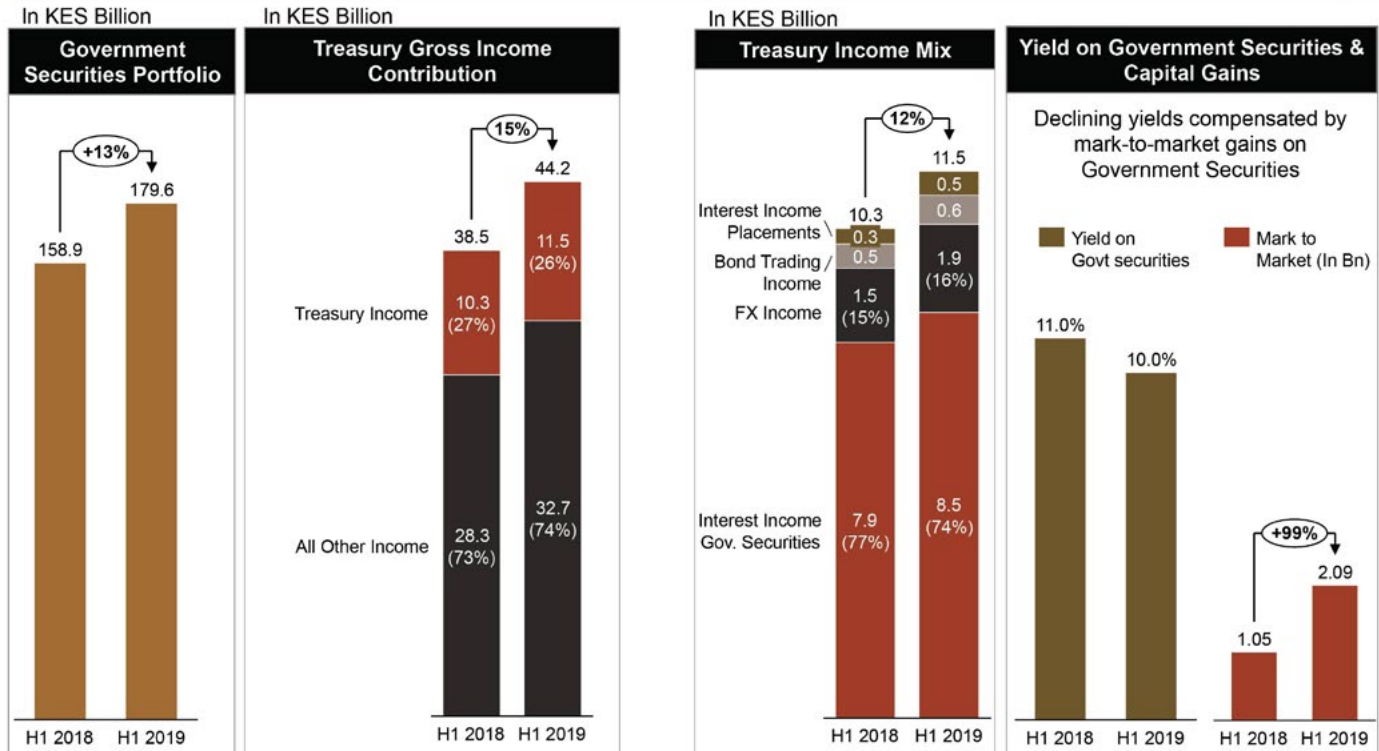


Focus Area 1:NFI Contribution

Equity Group more diversified than the sector



Focus Area 2: Treasury



Note: Income calculation above is before funding costs

Focus Area 3: Geographical & Business Diversification

In KES Billion

H1 2019	TZ	RW	UG	SS	DRCEIA	EIB	Finserve	Subsidiaries Total	EBKL	Subsidiaries Contribution H1 2019	Subsidiaries Contribution H1 2018	
Deposit	16.9	23.3	26.2	5.7	54.3			126.4	356.1	26%	25%	
YoY Growth	-16%	33%	34%	7%	43%			25%	17%			
Loan	13.6	16.4	23.0	0.1	27.1			80.3	240.6	25%	25%	
YoY Growth	-17%	24%	47%	2%	21%			18%	16%			
Assets	25.1	30.9	36.6	9.6	72.1	0.8	0.54	2.14	177.8	482.7	27%	26%
YoY Growth	-12%	30%	30%	11%	45%	6%	-31%	15%	25%	18%		
PBT	0.24	0.68	0.76	0.2	0.81	0.4	-0.01	0.00	3.0	13.9	18%	18%
YoY Growth	-33%	55%	11%	7%	16%	21%	-229%	-101%	12%	10%		
PAT	0.2	0.5	0.6	0.1	0.6	0.3	-0.01	0.00	2.2	9.7	19%	19%
YoY Growth	-33%	55%	-5%	-20%	29%	21%	-284%	-101%	7%	10%		

Focus Area 3: Geographical Diversification

Ratios-Banking subsidiaries

RoAE		
Subsidiary	H1 2018	H1 2019
EBKL	28.3%	28.9%
EBUL	29.6%	23.0%
EBRL	19.1%	24.0%
EBTL	16.5%	12.5%
DRC	16.4%	17.9%
EBSSL	9.0%	7.2%

RoAA		
Subsidiary	H1 2018	H1 2019
EBKL	4.3%	4.2%
EBUL	4.3%	3.4%
EBRL	2.7%	3.3%
EBTL	1.9%	1.4%
DRC	2.1%	1.9%
EBSSL	3.5%	2.6%

Cost-to-Assets Ratio		
Subsidiary	H1 2018	H1 2019
EBKL	5.4%	5.3%
EBUL	7.9%	8.7%
EBRL	6.6%	5.9%
EBTL	5.5%	6.2%
DRC	10.4%	8.2%
EBSSL	8.6%	41.7%

Cost-to-Income Ratio		
Subsidiary	H1 2018	H1 2019
EBKL	45.6%	44.9%
EBUL	58.7%	62.4%
EBRL	54.1%	46.7%
EBTL	61.3%	76.1%
DRC	68.2%	70.9%
EBSSL	71.1%	92.3%

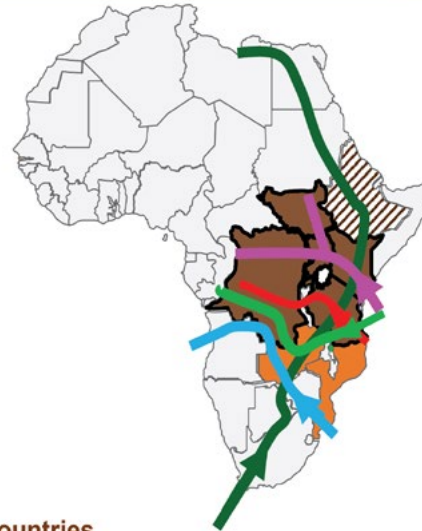
Focus Area 3: Geographical Diversification

Strategic transaction with ATMA announced on 30th April 2019



6 countries in East Africa

- Population of ~265 million
- Nominal GDP of ~USD 231 Bn
- 13.7 million members



9 countries

- 3 new countries and scaling operations in two others
- Population of ~410 million
- Nominal GDP of ~USD 351 Bn
- 14.5 million members

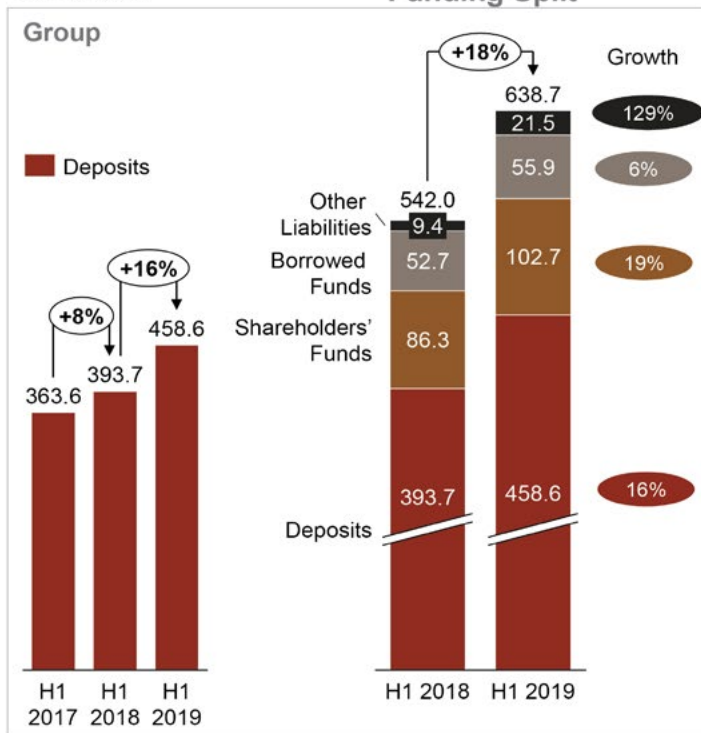
Focus Area 3: Geographical and Business Diversification



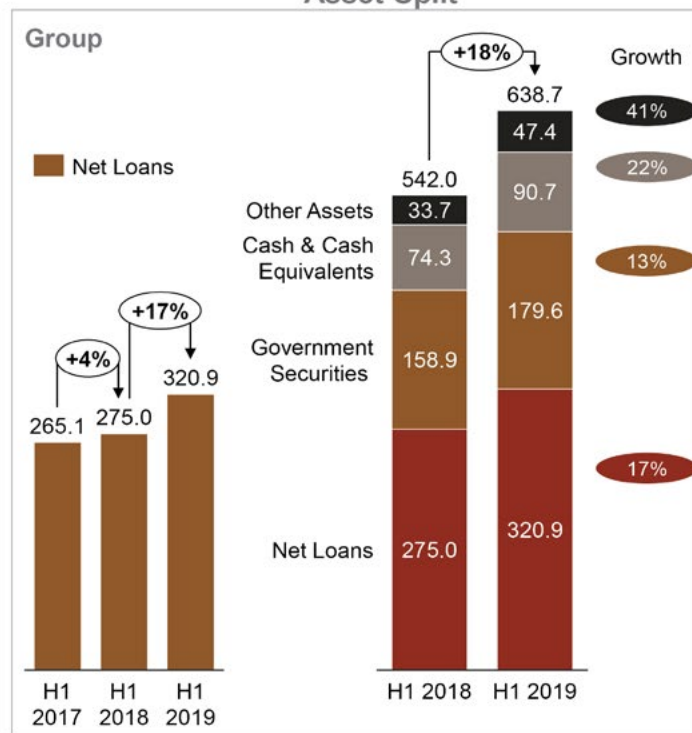
Focus Area 4: Balance Sheet Agility

In KES Billion

Funding Split



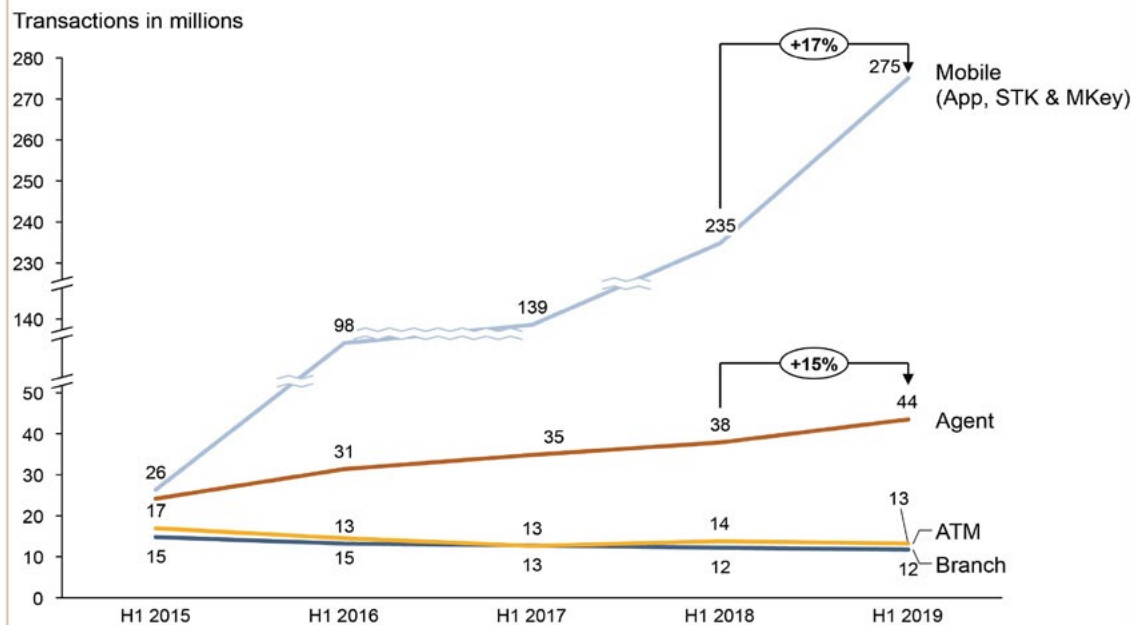
Asset Split



Focus Area 5: Innovation and Digitization

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

- Most transaction are now done using the digital channels which have continued to grow
- Transforming the cost structure of the bank from **fixed cost** to **variable cost** with minimal investments due to use of 3rd party infrastructure

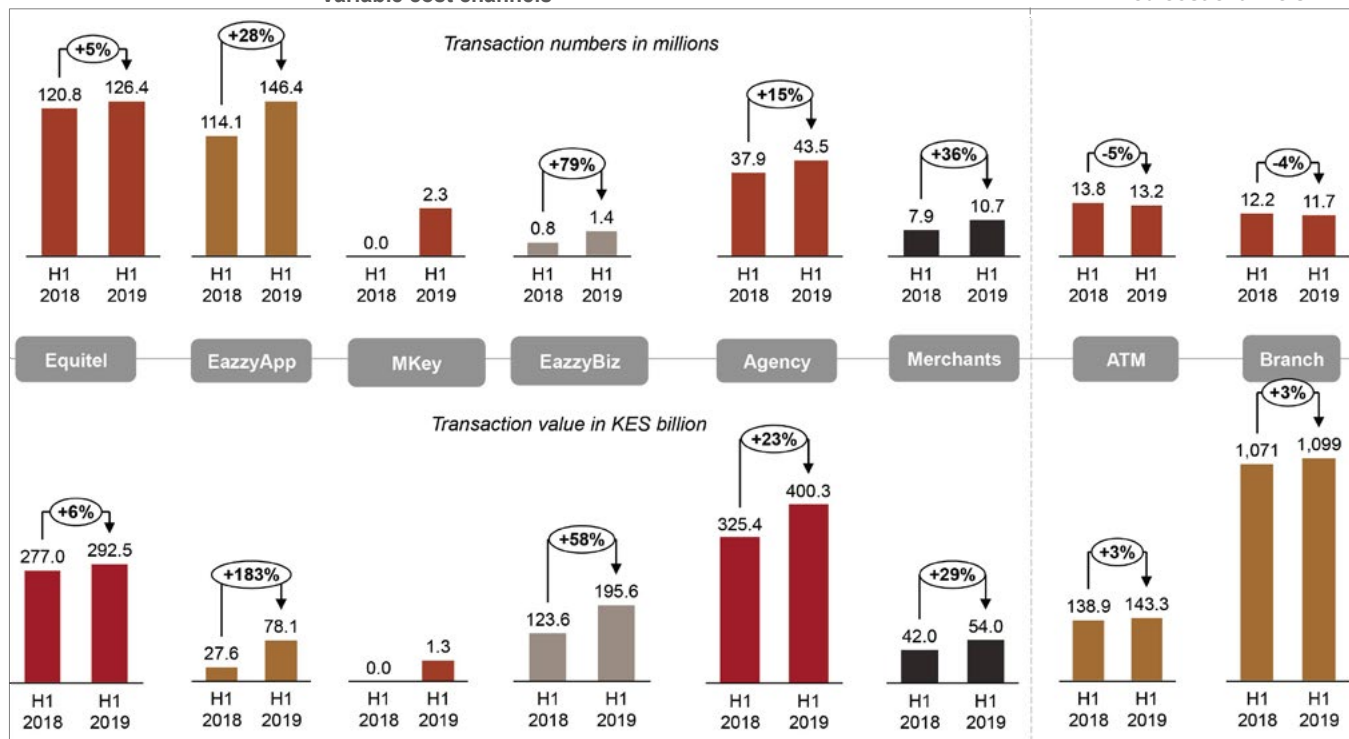


Focus Area 5: Innovation and Digitization

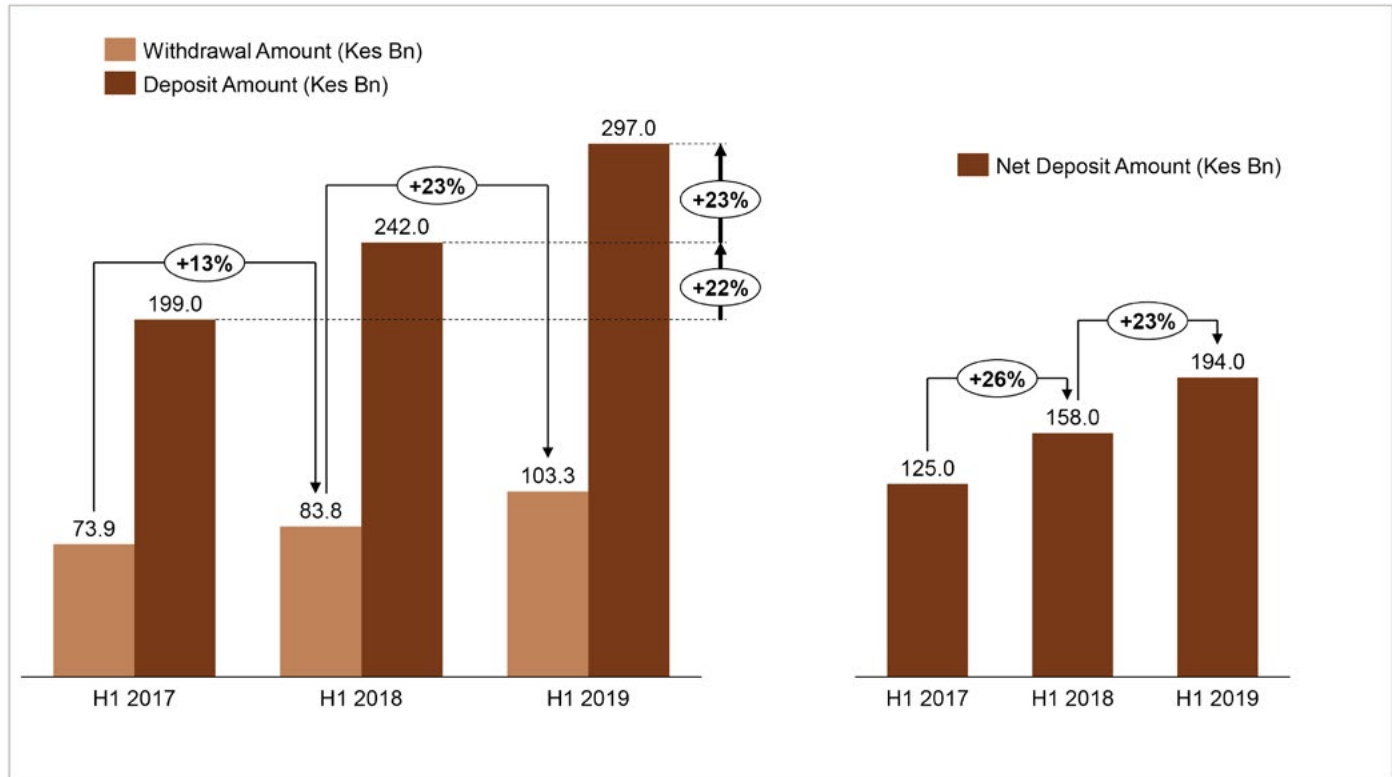
Leveraging off variable cost 3rd party infrastructure

Variable cost channels

Fixed cost channels



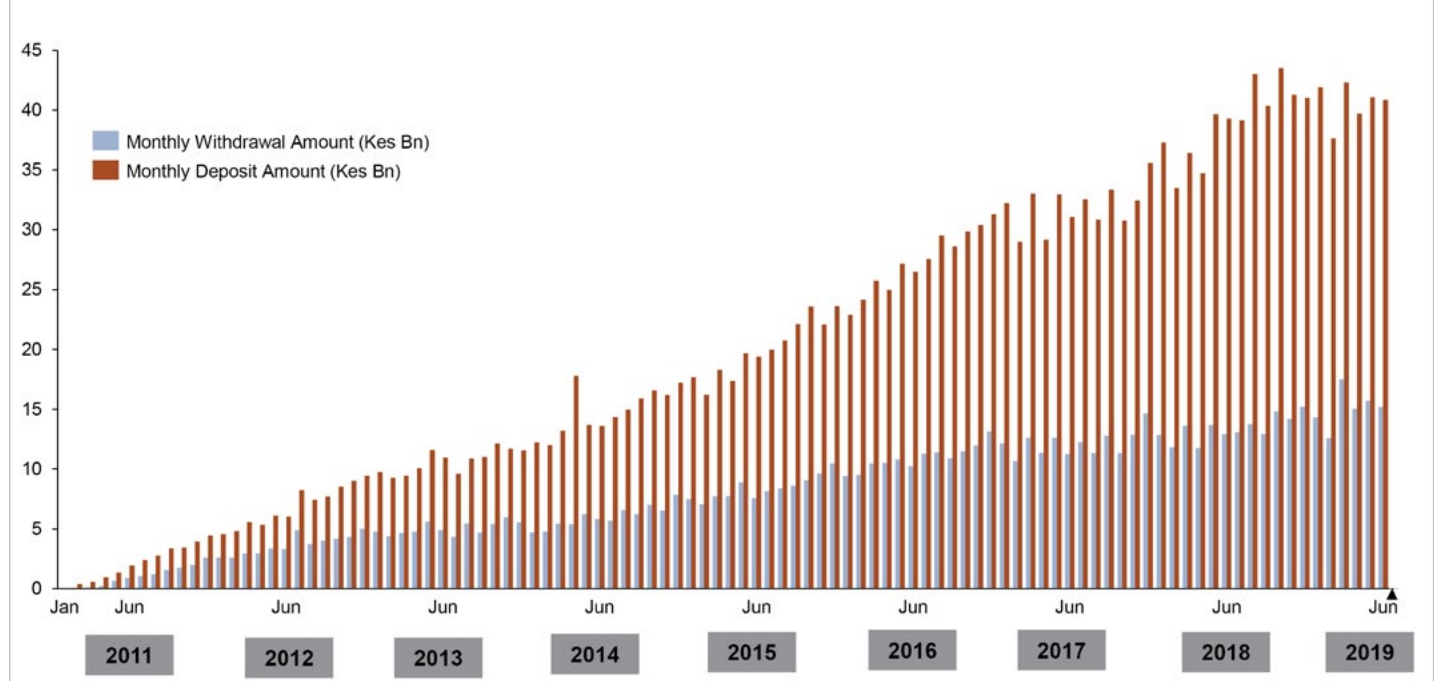
Focus Area 5: Fintech Innovation and Digitization Agency model becoming a net deposit mobilizer



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**

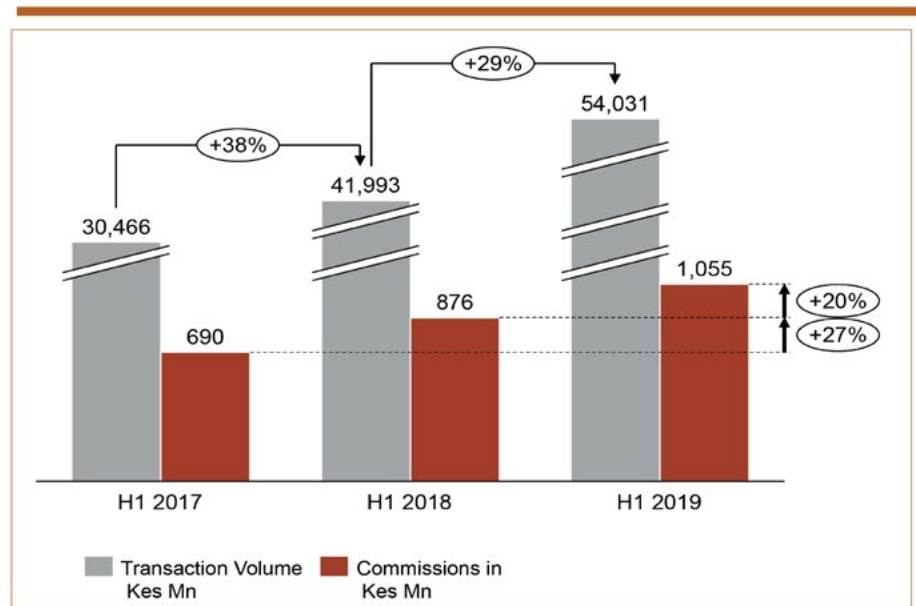


Focus Area 5: Fintech Innovations in Merchant Banking

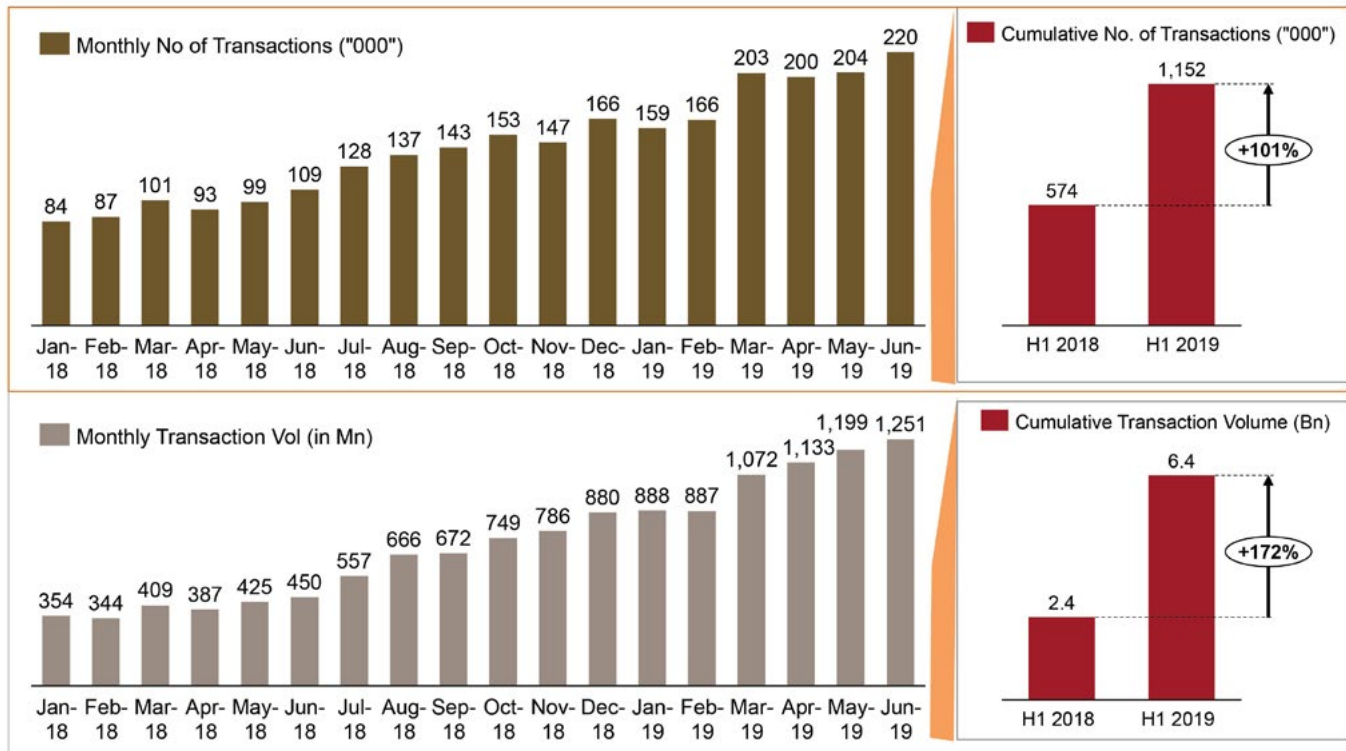
- The use of a Universal POS that converges Mobile Wallets, Cards & Digital payments



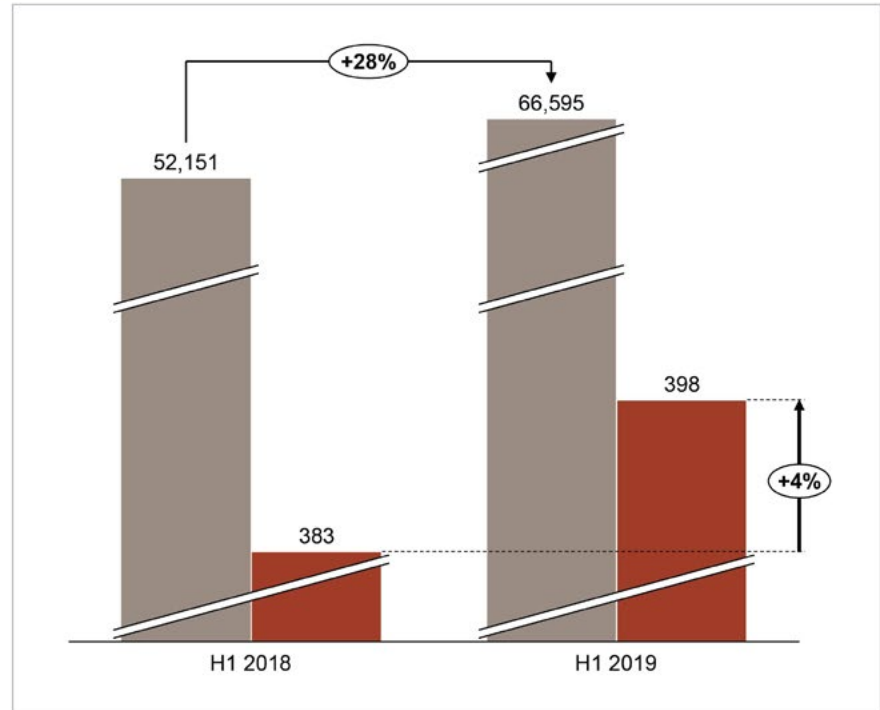
- Equity is leading in **Acquiring and Issuing**
- Best in class payment channel** services work well with merchants



Focus Area 5: Fintech Innovations in EazzyPay



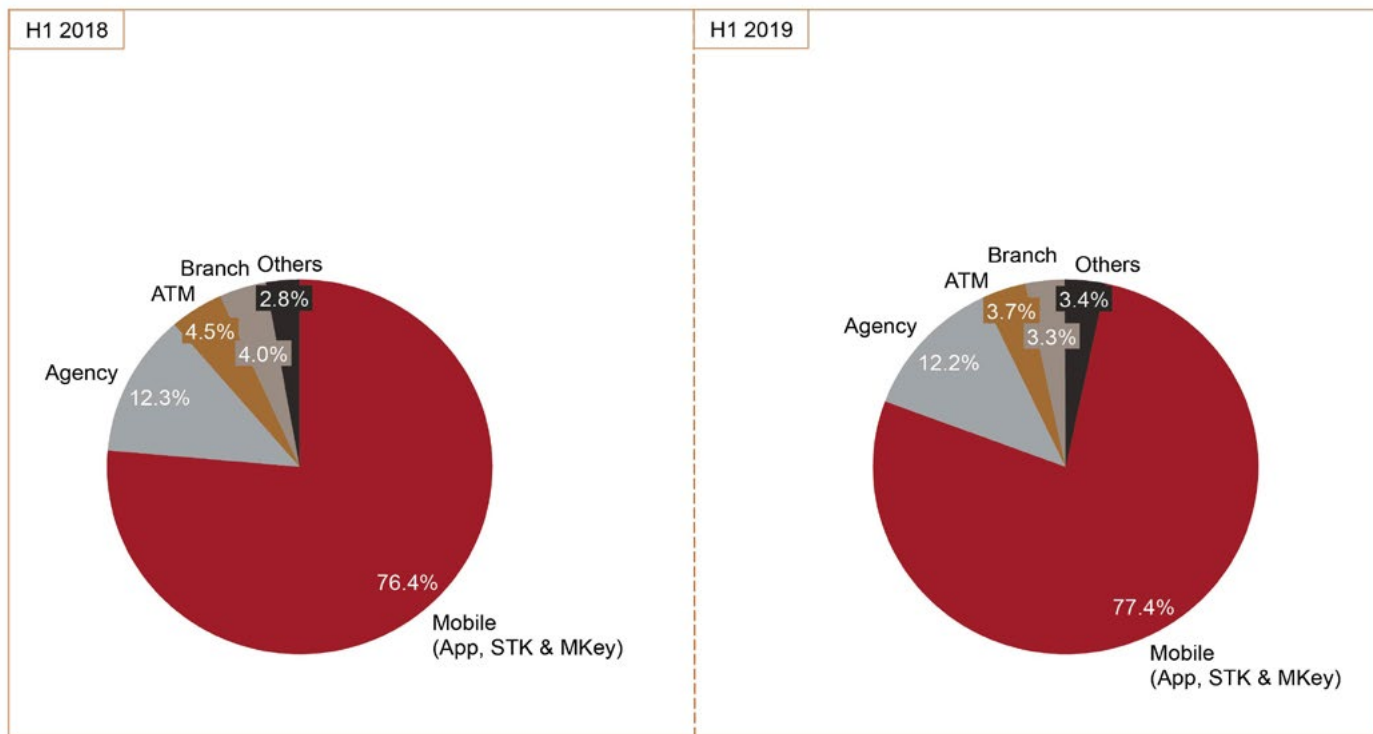
Focus Area 5: Fintech Innovations in Diaspora Remittances (KES millions)



■ Transaction Volumes in Kes Mn ■ Diaspora Commissions in Kes Mn

Focus Area 5: Fintech Innovation and Digitization

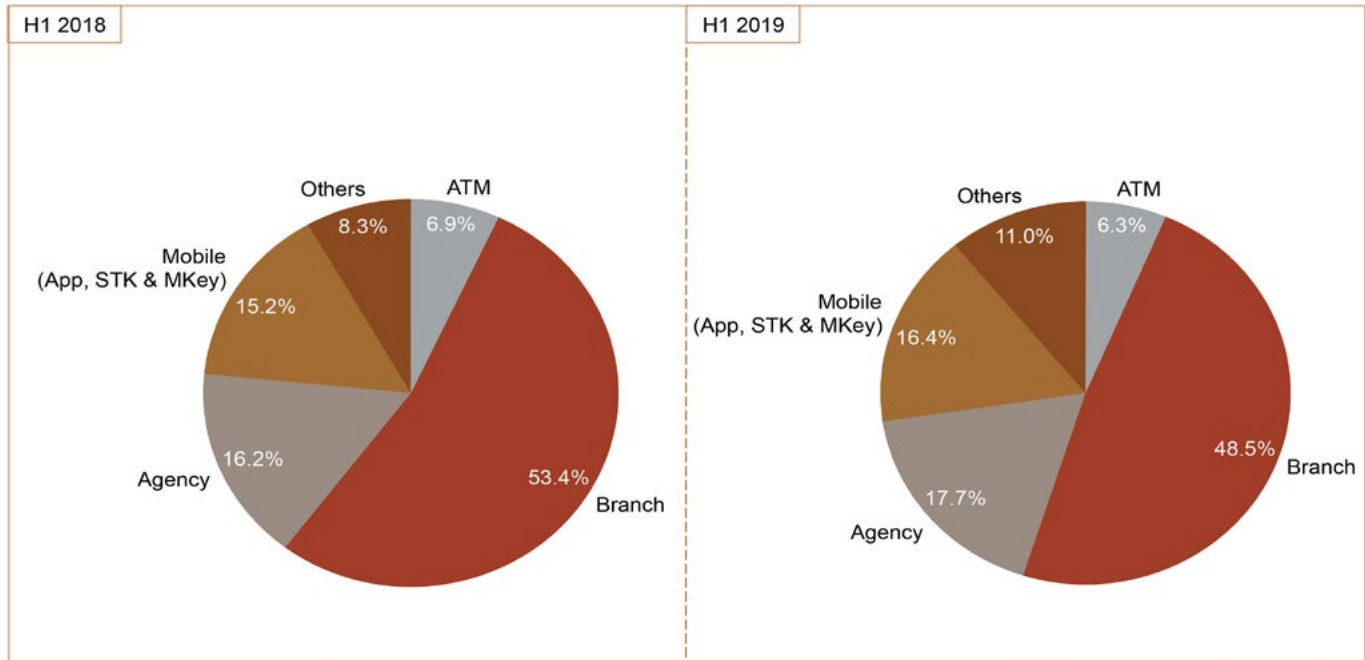
97% of our Transactions outside the branch



Focus Area 5: Fintech Innovation and Digitization

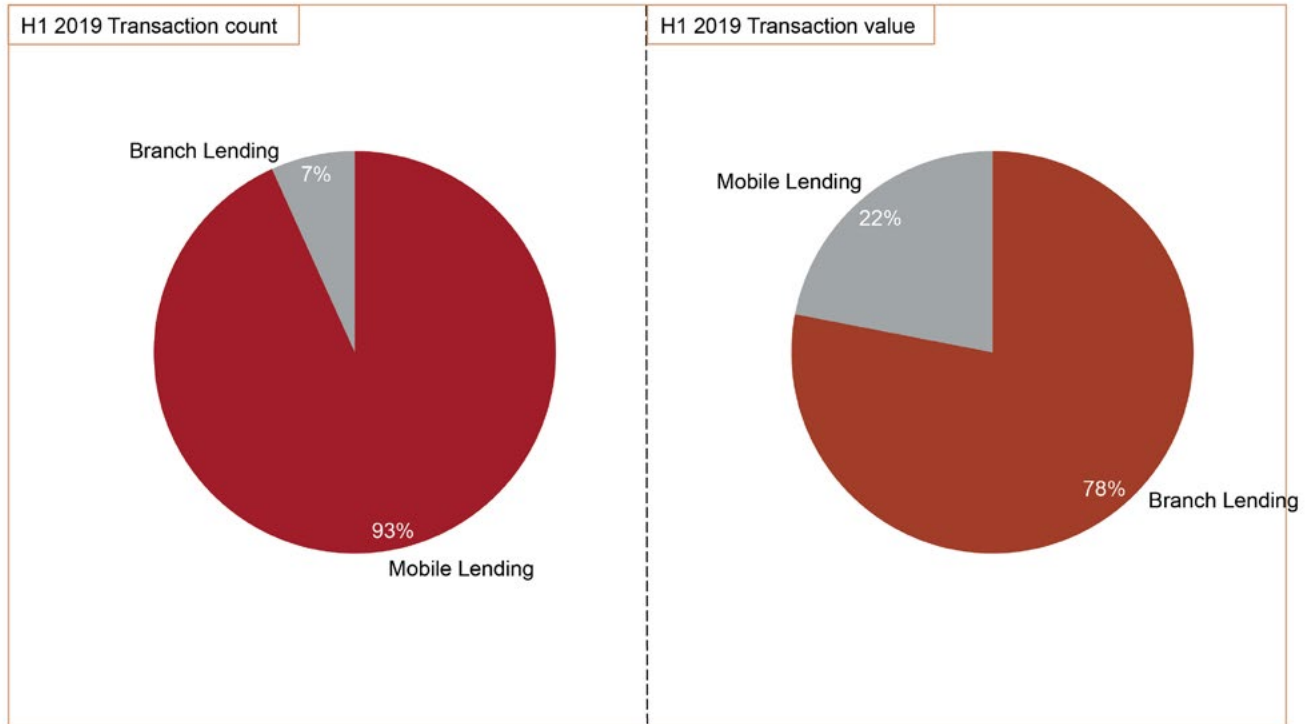
51% of our transactions value outside the branch

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

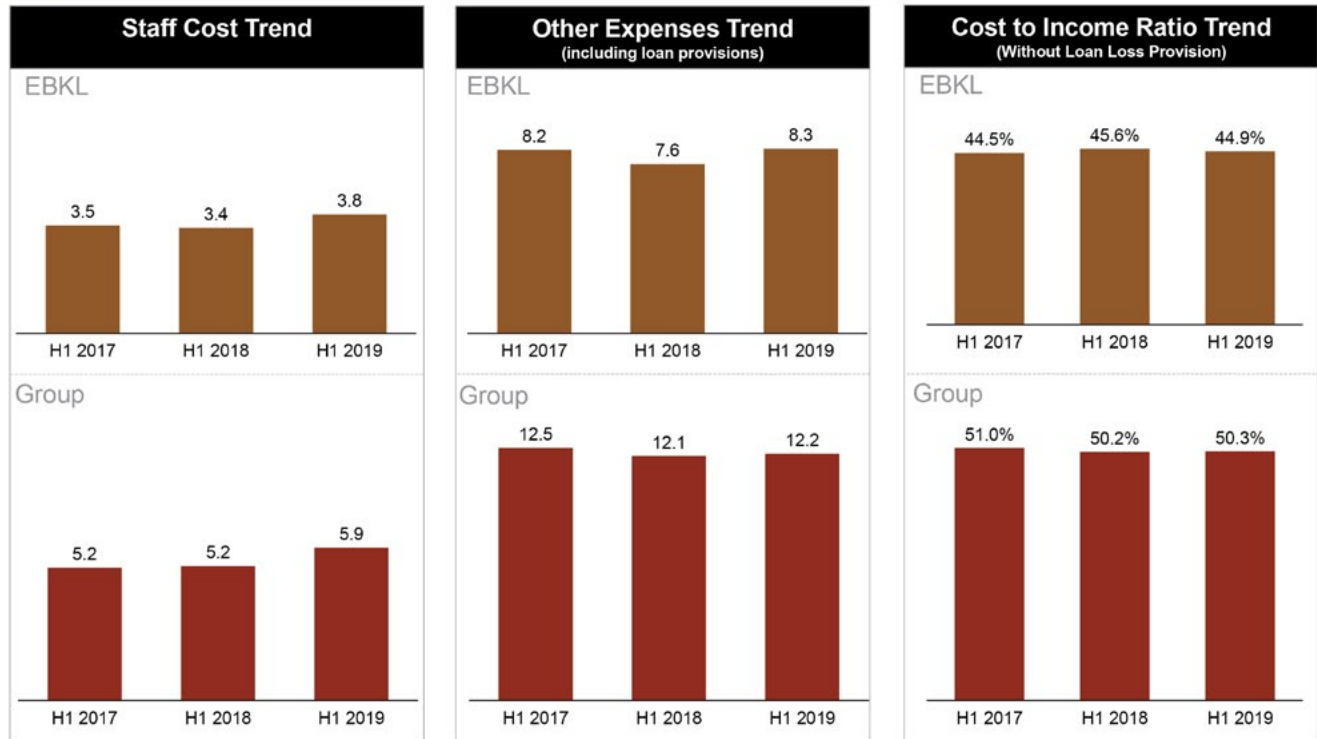


Focus Area 5: Fintech Innovation and Digitization

93% of our loan transactions via mobile channel



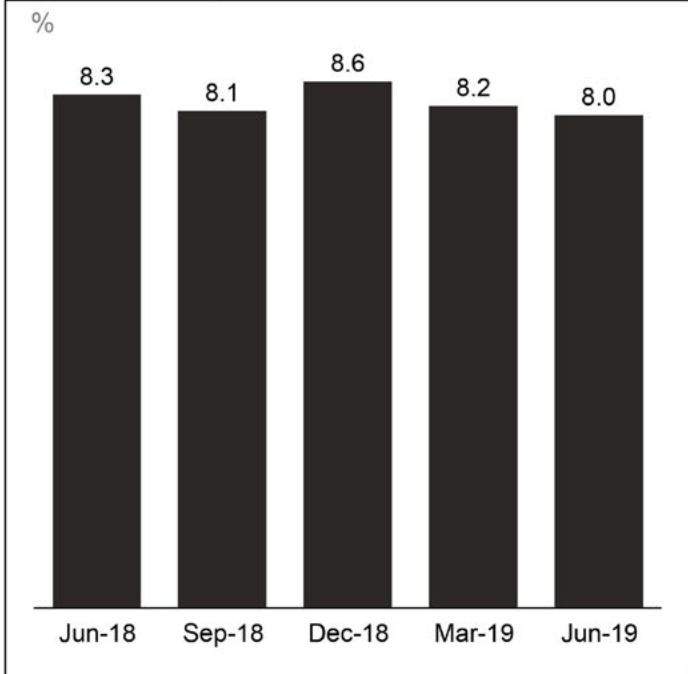
Focus Area 6: Efficiencies and Cost Optimization



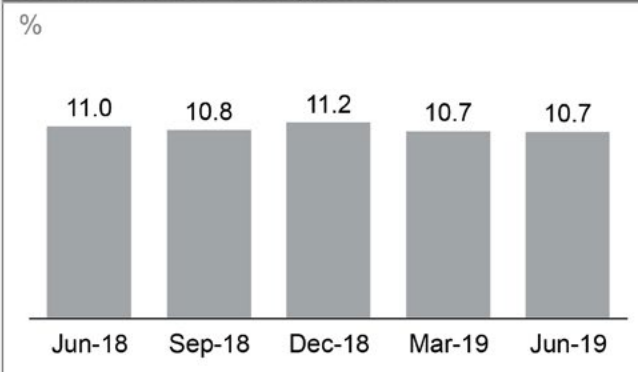
Focus Area 6: Efficiencies and Cost Optimization

Group

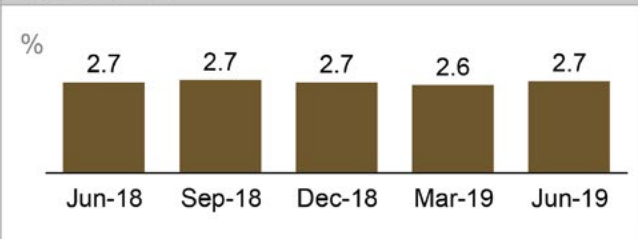
Net Interest Margin



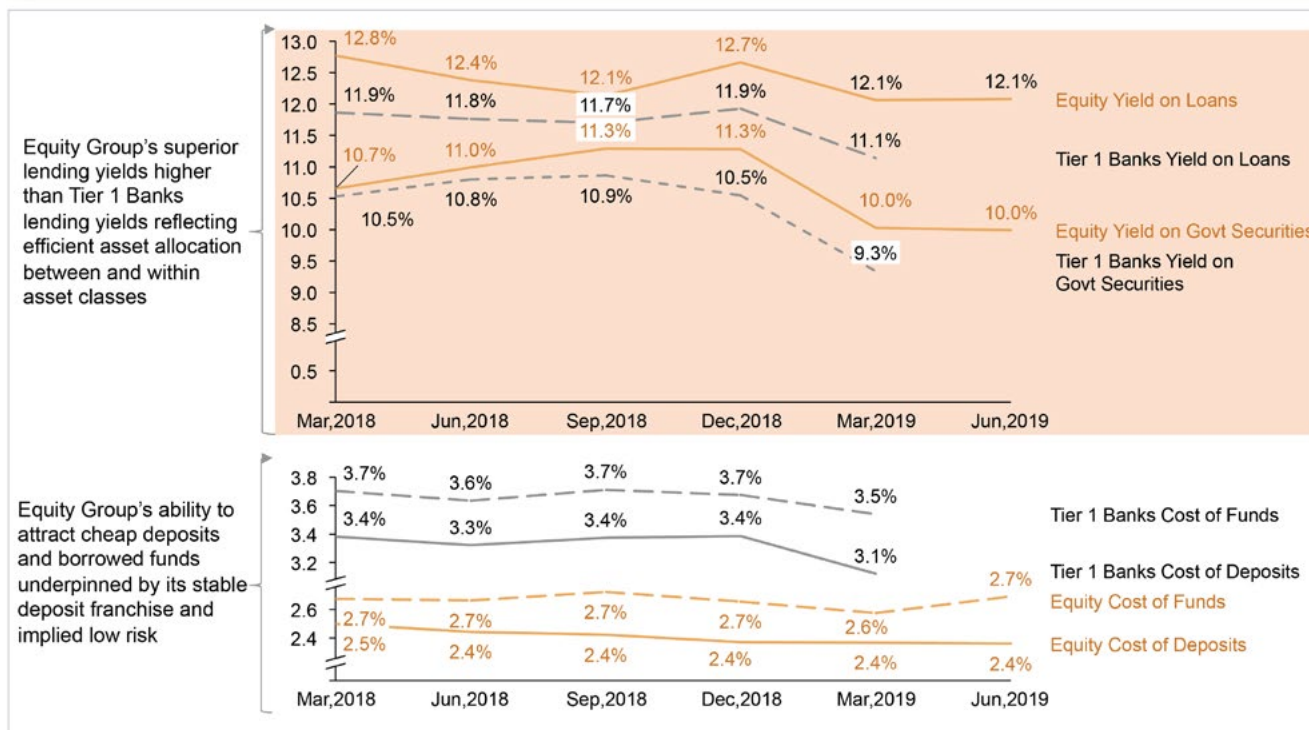
Yield on Interest Earning Assets



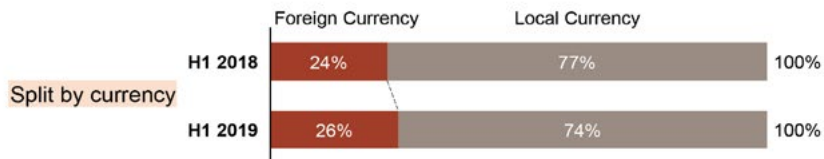
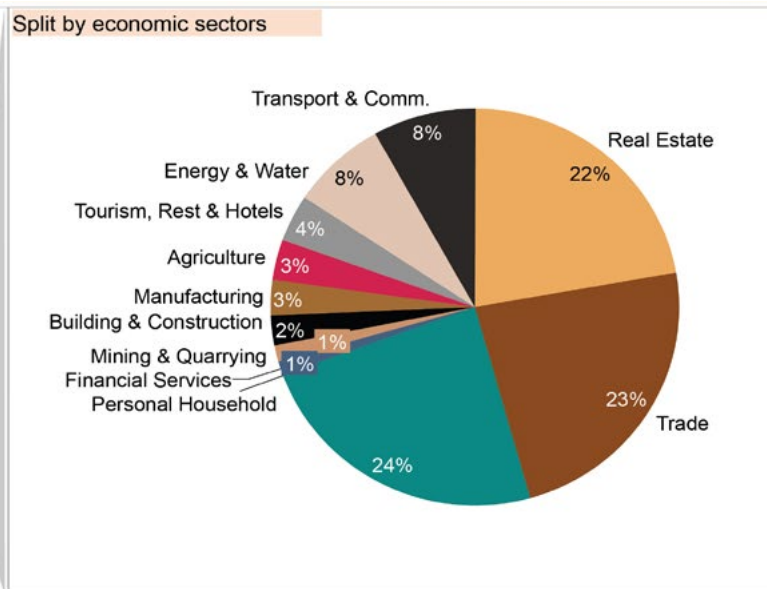
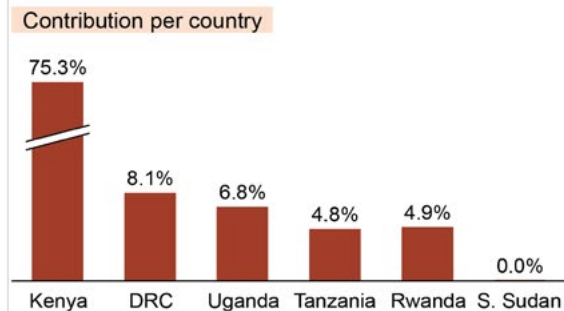
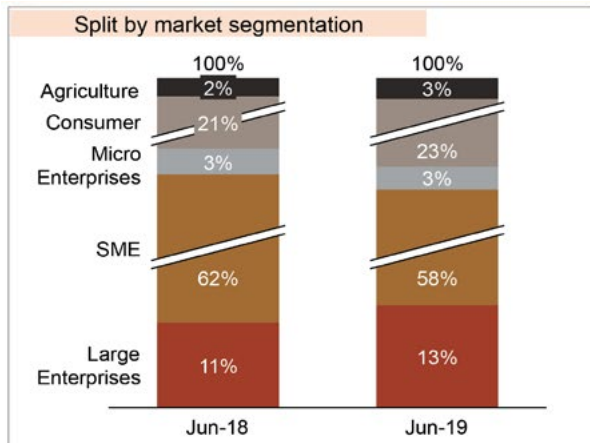
Cost of funds



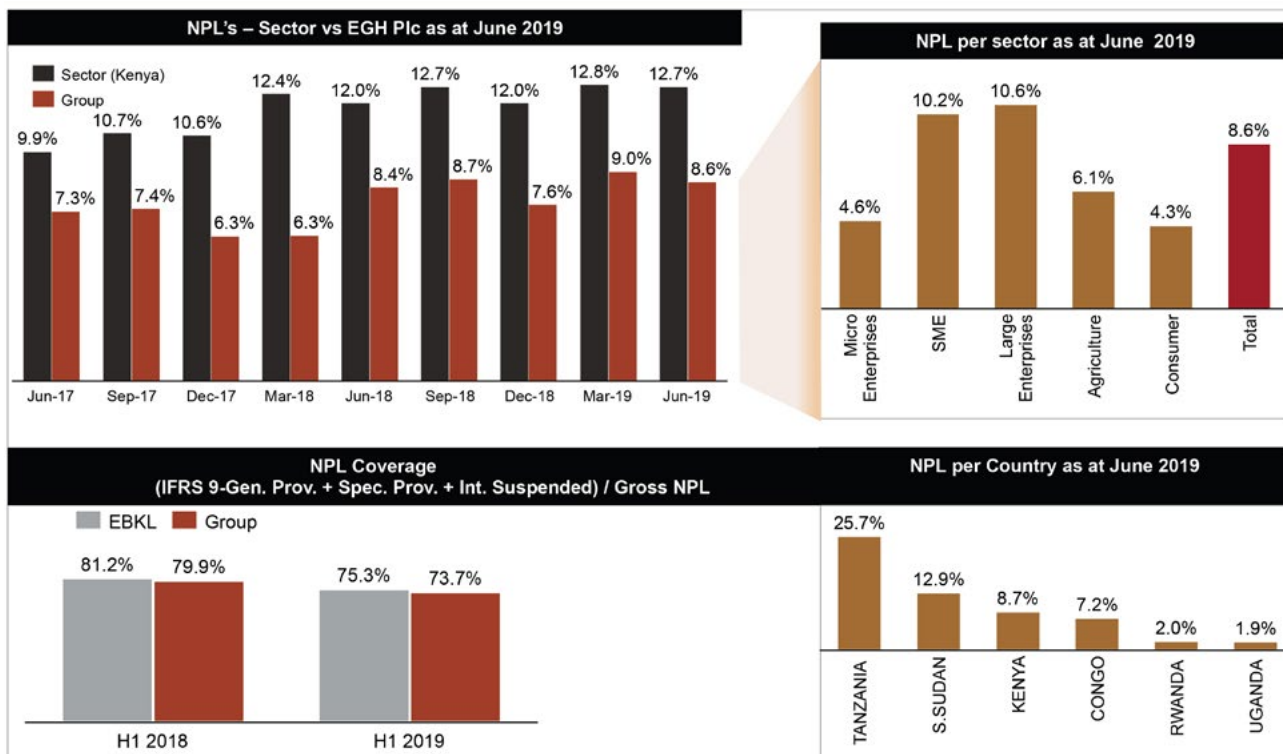
Focus Area 6: Efficient Financial Intermediation



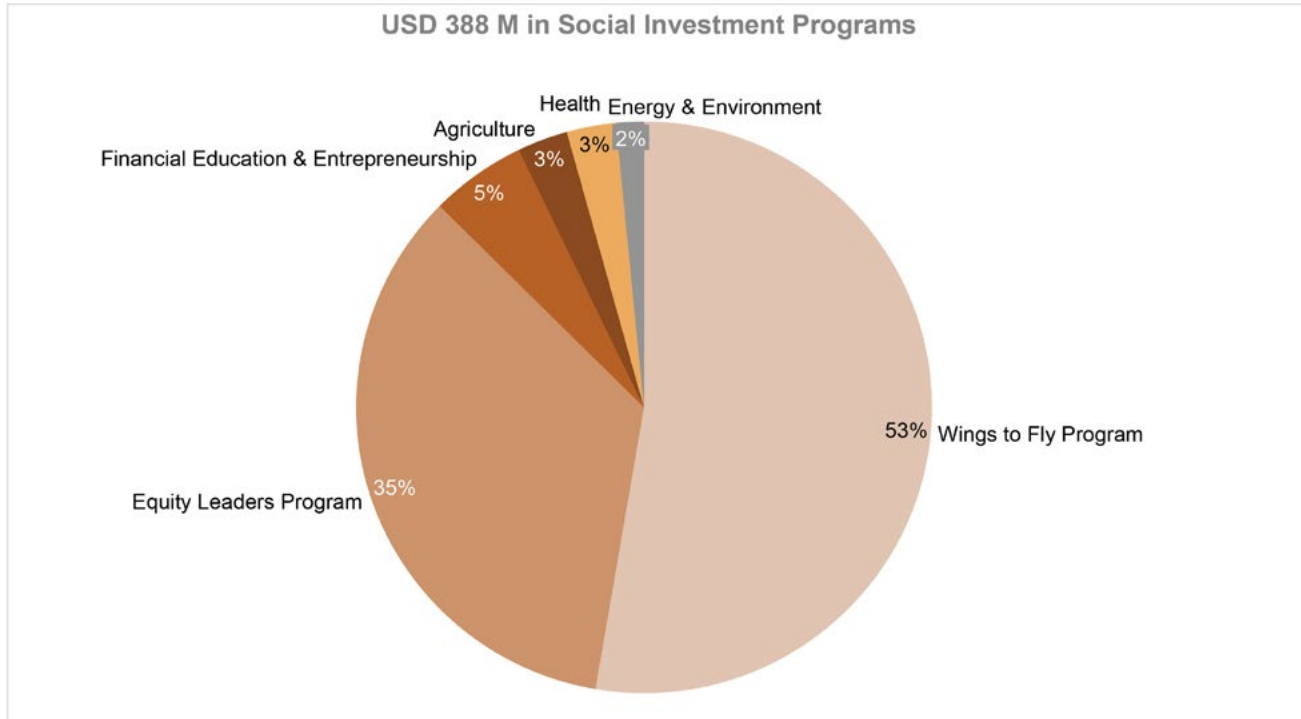
Focus Area 7: Asset Distribution (Group)



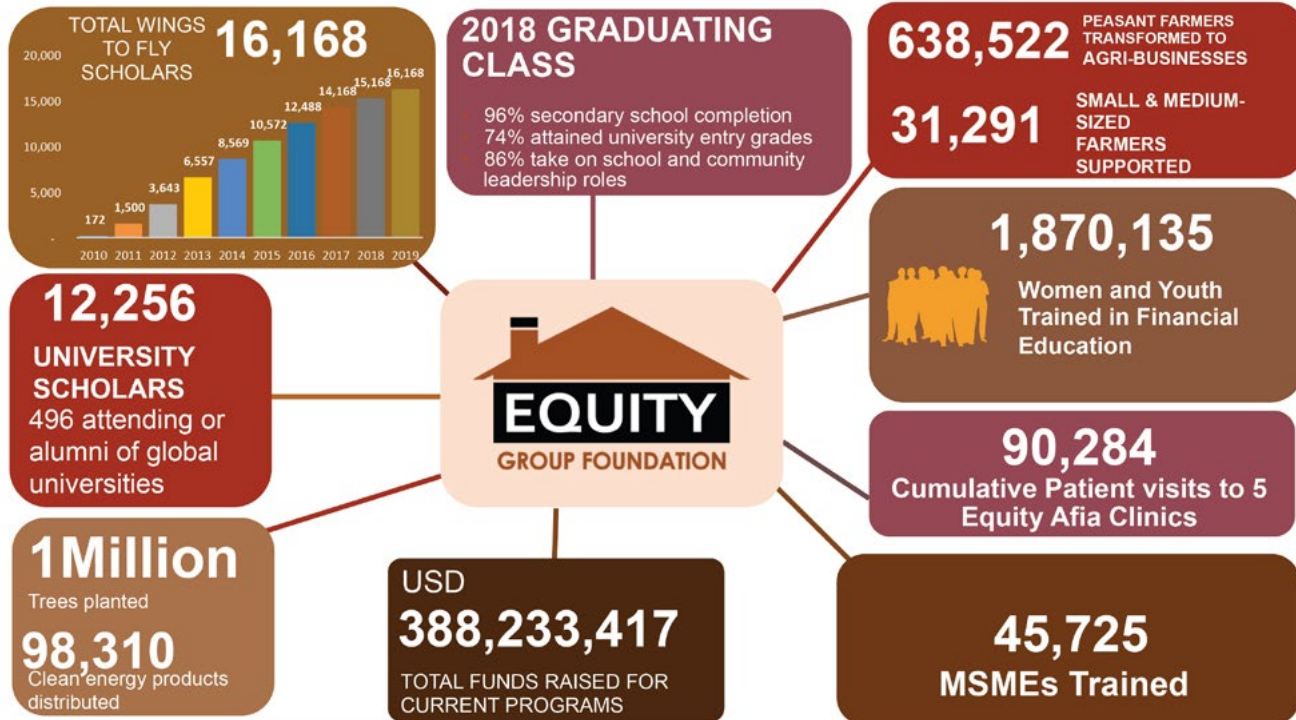
Focus Area 7: Asset Quality (Group)



Focus Area 8: Impact Investment Impact & Social Investment Programs



Focus Area 8: Impact Investment Shared Prosperity Business Model and its Social Impact



Business Validation

Global Ratings and Accolades

MOODY'S

Equity Bank Credit Rating

- National Rating: Aa3.ke/KE-1
- Global Rating: B2
- Rating Outlook: Stable
Same as the sovereign rating

The Banker
TOP 1000
WORLD BANKS 2019

- Position 15 globally on Return on Assets
- Position 75 globally on Soundness (Capital Assets Ratio)
- Position 32 globally on Profits on Capital
- Position 844 globally largest Bank



Africa's Best Digital Bank, 2019



- Equity Bank Credit Rating
- Long Term Rating Scale AA-
- Short Term Rating Scale A1+
- Rating Outlook Stable



- Socially Responsible Bank in Africa, 2019
- African Bank of the Year, 2018
- African Banker of the Year, 2018 (Equity Group Managing Director & CEO, Dr. James Mwangi)
- Best Retail Bank in Africa, 2017

Global Ratings and Accolades



Equity Bank has been recognised for the last 11 years since 2007 as the Top Banking Superbrand in Kenya and in East Africa in 2008 and 2009.



- EABC Chairman's Award - Overall Best Regional Company, 2018
- Best East African Company - CSR, 2018
- Best East African Company - Financial services, 2018 (1st Runners up)



- Banker of the Year 2018, 2017 (Equity Group Managing Director & CEO, Dr. James Mwangi)
- Best Commercial Bank - Kenya, 2018
- Most Innovative Bank - Kenya, 2018
- Best Commercial Bank - East Africa, 2018
- Best Digital Offering - East Africa, 2018
- Best Retail Bank - East Africa, 2017
- Best Retail Bank - Kenya, 2017
- Best Bank in CSR - East Africa, 2017
- Best Digital Bank - Kenya, 2017

2019 National Banking Awards and Accolades



Best Bank in Kenya for the 8th time.

Total awards won in 2019 - 18

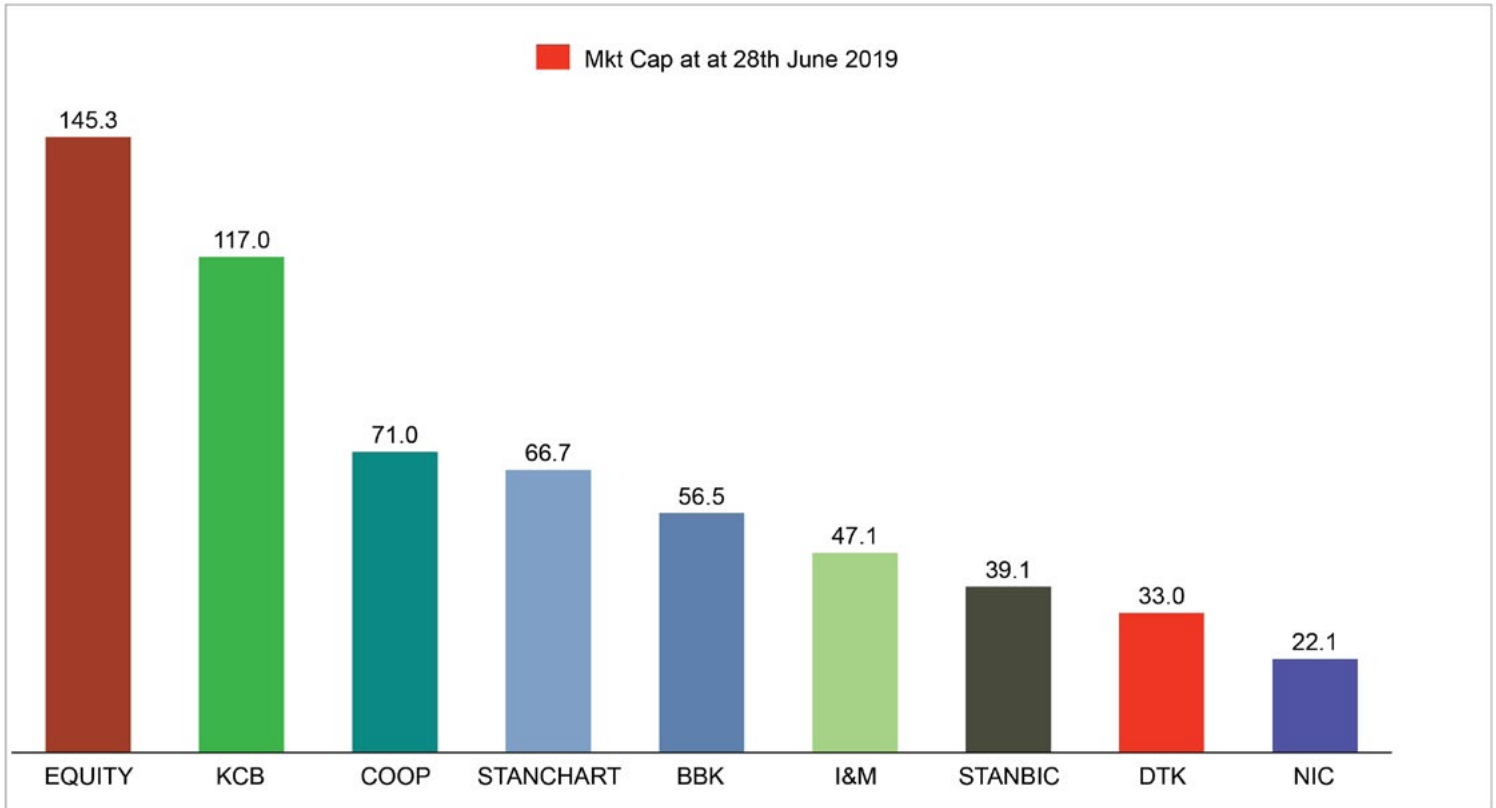
Brand	<ol style="list-style-type: none"> 1. Overall Best Bank in Kenya 2019-8 Years Running 2. The Best Bank in Tier 1 3. Best bank in Sustainable CSR-3 Years Running 4. The Most Customer-centric bank-2 Years Running 5. Bank with the Lowest Charge for Individuals-3 Years Running
Franchise Segmentation	<ol style="list-style-type: none"> 1. Best Bank in SME Banking 2. Best Bank in Retail Banking-1st Runners Up 3. Best Bank in Agency Banking-5 Years Running 4. Best Bank in Mobile Banking-2 Years Running 5. Best Bank in Digital banking 6. Best Bank in Internet Banking-2 Years Running 7. Best Commercial Bank in Micro-Finance-5 Years Running 8. Best Bank in Corporate Banking
Product	<ol style="list-style-type: none"> 1. Best Bank in Product Marketing-2 Years Running 2. Best Bank in Mortgage Finance-1st Runners Up (2 Years Running) 3. Best Bank in Agriculture and Livestock Financing 4. Best Bank in Trade Financing-1st Runners Up (2 Years Running)
Leadership	<p>Chief Executive Officer of the year Dr. James Mwangi, CEO Equity Group Holdings Plc for the third year in a row</p>

National Banking Awards and Accolades



Equity Bank Kenya's Director of Marketing, David Nyamu (2nd left) and Director of Customer Experience and Product Marketing, Julius Kayoboke (extreme right) receive the award for Top Banking Superbrand in Kenya 2018 for the 11th year in a row from Superbrands E.A. Projects Director Jawad Jaffer (2nd right). With them is Bidco Chairman, Vimal Shah (extreme left).

Market Validation Market Capitalization



Intermediation & Financial Performance

Balance Sheet

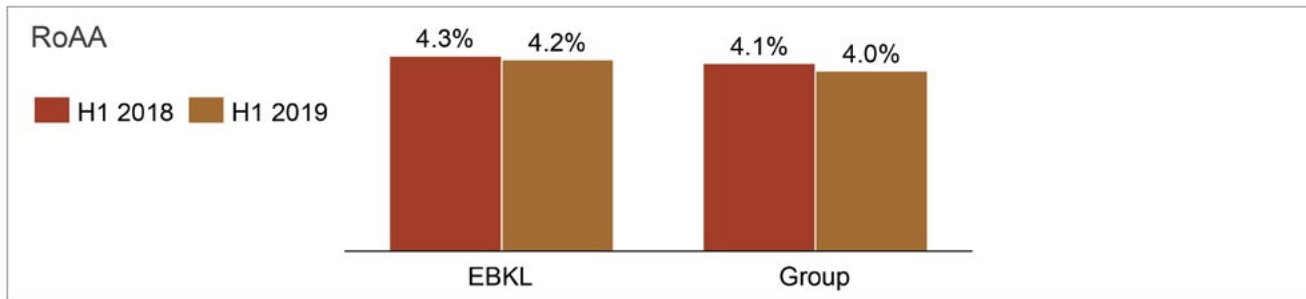
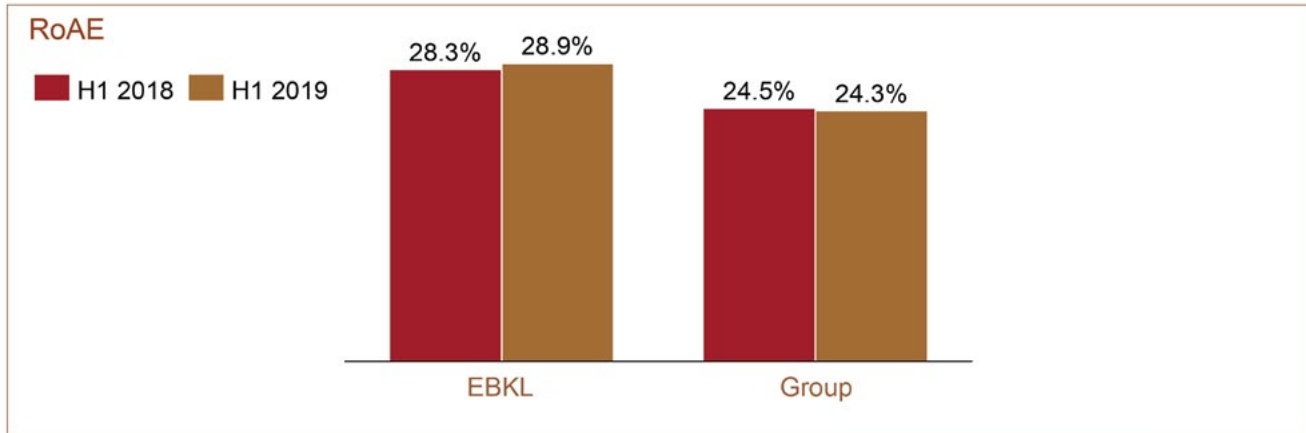
KES (Billion)

	H1 2018	H1 2019	Growth
Assets			
Net Loans	275.0	320.9	17%
Cash & Cash Equivalents	74.3	90.7	22%
Government Securities	158.9	179.6	13%
Other Assets	33.7	47.4	41%
Total Assets	542.0	638.7	18%
Liabilities & Capital			
Deposits	393.7	458.6	16%
Borrowed Funds	52.7	55.9	6%
Other Liabilities	9.4	21.5	129%
Shareholder's Funds	86.3	102.7	19%
Total Liabilities & Capital	542.0	638.7	18%

9% Growth in PAT

<i>KES (Billion)</i>			
	H1 2018	H1 2019	Growth %
Interest Income	25.4	27.7	9%
Interest Expense	-5.8	-6.6	14%
Net Interest Income	19.6	21.1	8%
Non-Funded Income	13.1	14.9	13%
Total Income	32.7	36.0	10%
Loan Loss Provision	-0.8	-0.9	17%
Staff Costs	-5.2	-5.9	14%
Other Operating Expenses	-11.2	-12.2	9%
Total Costs	-17.2	-19.0	11%
Net gain/loss on monetary assets	-0.06	0.04	169%
PBT	15.5	17.0	10%
Tax	-4.5	-5.0	12%
PAT	11.0	12.0	9%

RoAE and RoAA Trend



Financial Ratios

	EBKL	EBKL	Group	Group
	H1 2018	H1 2019	H1 2018	H1 2019
Profitability				
Yield on Loans	11.3%	11.0%	12.4%	12.1%
Yield on Government Securities	11.1%	10.0%	11.0%	10.0%
Yield on Interest Earning Assets	10.9%	10.6%	10.9%	10.7%
Cost of Deposits	2.2%	2.2%	2.4%	2.4%
Cost of Funds	2.6%	2.6%	2.7%	2.7%
Net Interest Margin	8.3%	8.0%	8.3%	8.0%
Cost to Income Ratio with provisions	46.7%	46.6%	52.6%	52.9%
Cost to Income Ratio without provision	45.6%	44.9%	50.2%	50.3%
RoAE	28.3%	28.9%	24.5%	24.3%
RoAA	4.3%	4.2%	4.1%	4.0%
Asset Quality				
PAR	9.1%	8.7%	8.36%	8.59%
Cost of Risk	0.25%	0.39%	0.57%	0.59%
Leverage				
Loan / Deposit Ratio	68.3%	67.6%	69.9%	70.0%
Capital Adequacy Ratios				
Core Capital to Risk Weighted Assets	14.6%	14.3%	18.3%	17.5%
Total Capital to Risk Weighted Assets	14.7%	16.8%	18.4%	19.5%
Liquidity				
Liquidity ratio	59.4%	61.6%	57.1%	56.5%

2019 Outlook – Group

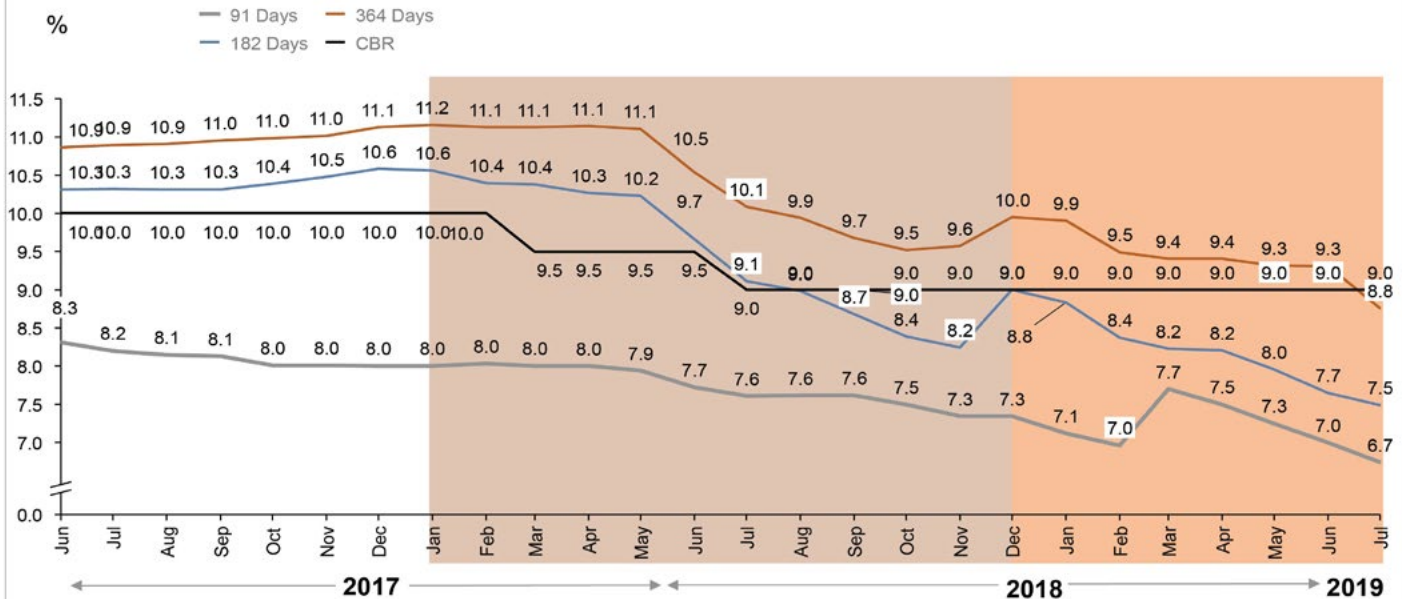
	2019 Outlook	H1 2019 Actual
Loan Growth	10% - 15%	17%
Deposit Growth	10% - 15%	16%
Net Interest Margin	8.5% - 10%	8.0%
Non Funded Income Mix	42% - 45%	41%
Cost to Income Ratio	48% - 52%	50.3%
Return on Equity	23% - 25%	24.3%
Return on Assets	3.8% - 4.5%	4.0%
Cost of Risk	0.8% - 1.2%	0.6%
NPL	4.0% - 5.5%	8.6%
Subsidiaries Contribution (Assets)	25% - 30%	27%
Subsidiaries Contribution (PBT)	20% - 25%	18%

Appendix
Macroeconomic Environment
Indicators & Trends - Kenya

Interest Rates - Kenya

The Monetary Policy Committee (MPC) met on 27th May 2019 and retained the Central Bank Rate (CBR) at 9.0%

Short term rates have since come down due to high liquidity in the banking sector



CBK MPC Press release

Global Interest Rates

LIBOR rate was on a multi-year upward trend until 2018. Since beginning of 2019, this has reversed with the rate declining at 62 bps.

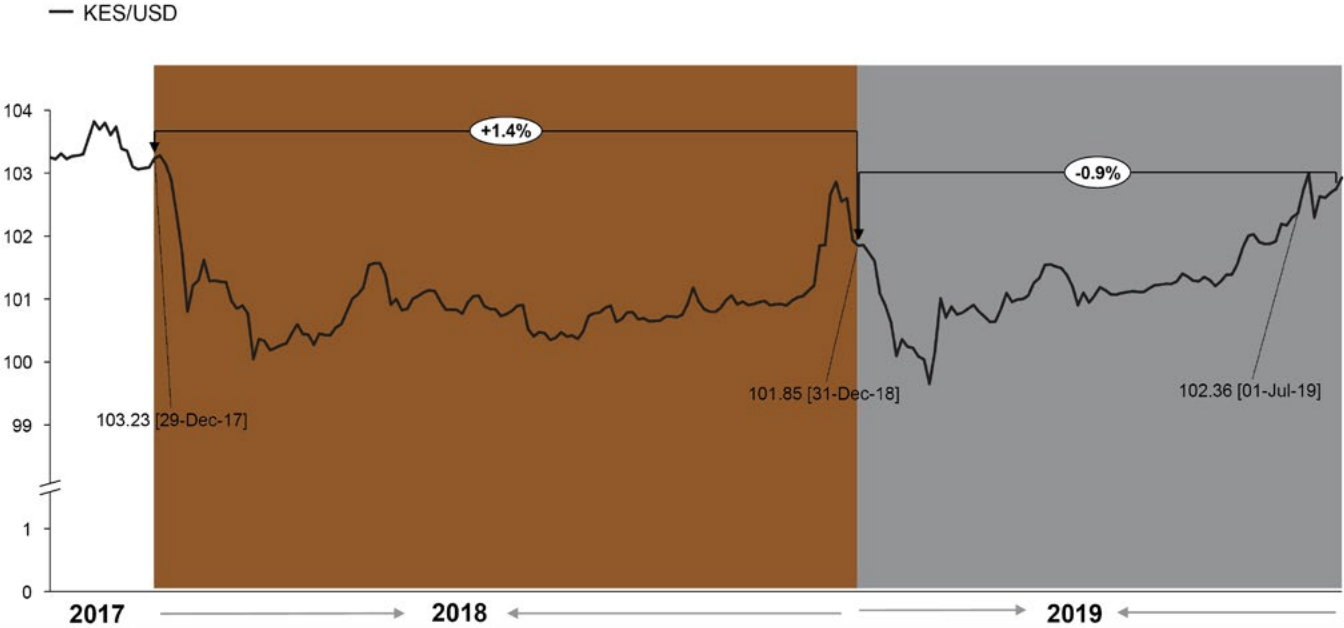
USD 6 Month LIBOR



Source: Website Global-rates

Foreign Exchange – Kenya

The Shilling marginally depreciated against the USD losing 0.9% from the beginning of 2019.

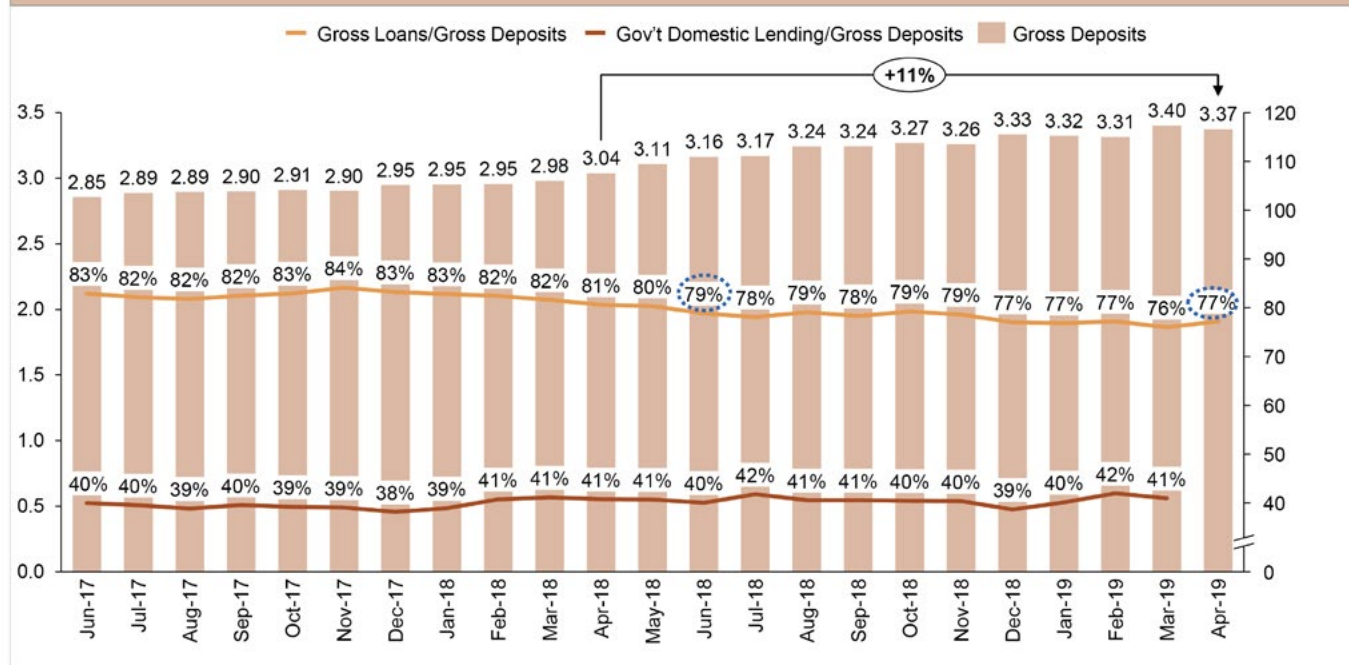


Source: CBK – Forex Rates

Government Crowding Out the Private Sector

The competition for credit

Proportion of private sector credit to total sector deposit declined from 79% to 77%.

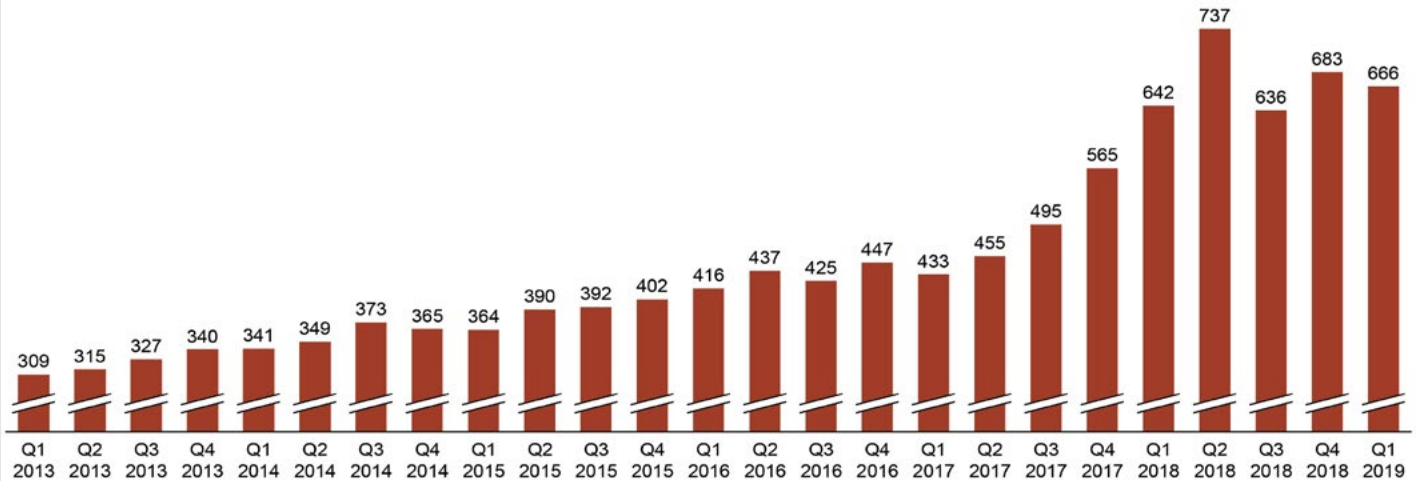


Source: CBK – Monthly Economic Indicators

Diaspora Remittances – Kenya

Kenyan Diaspora remittances on a steady growth supporting FX reserves

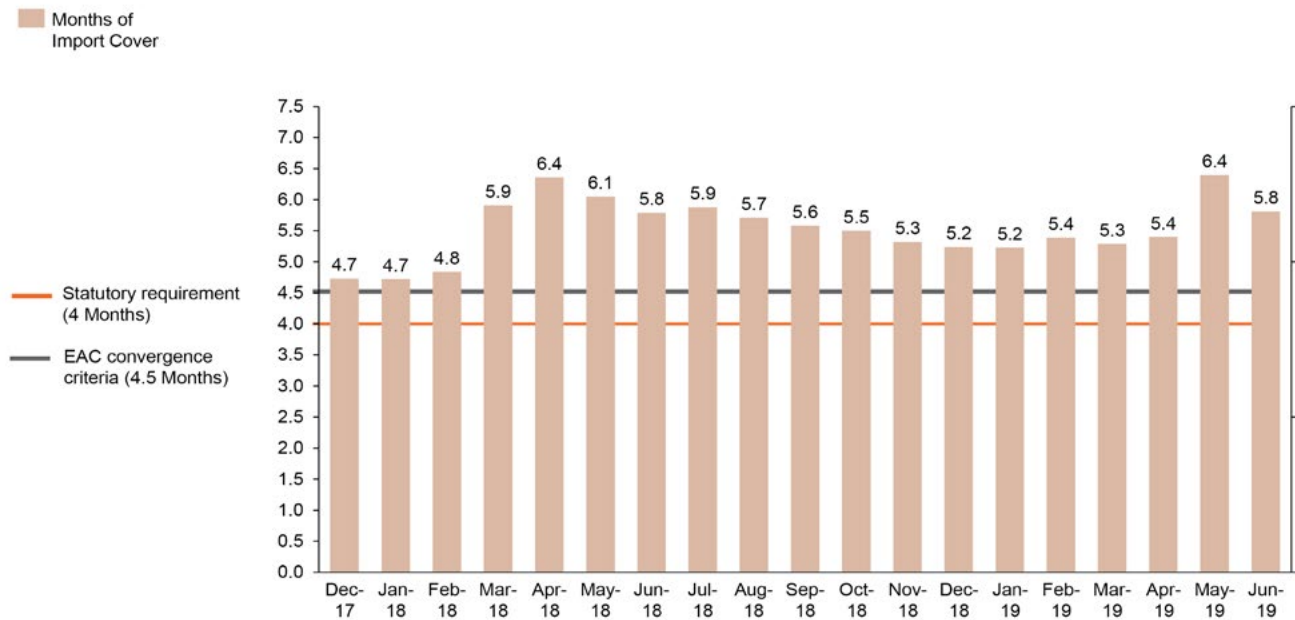
■ Diaspora Quarterly Remittances (USD Mn)



Source: CBK Diaspora Remittances

Foreign Reserves – Kenya

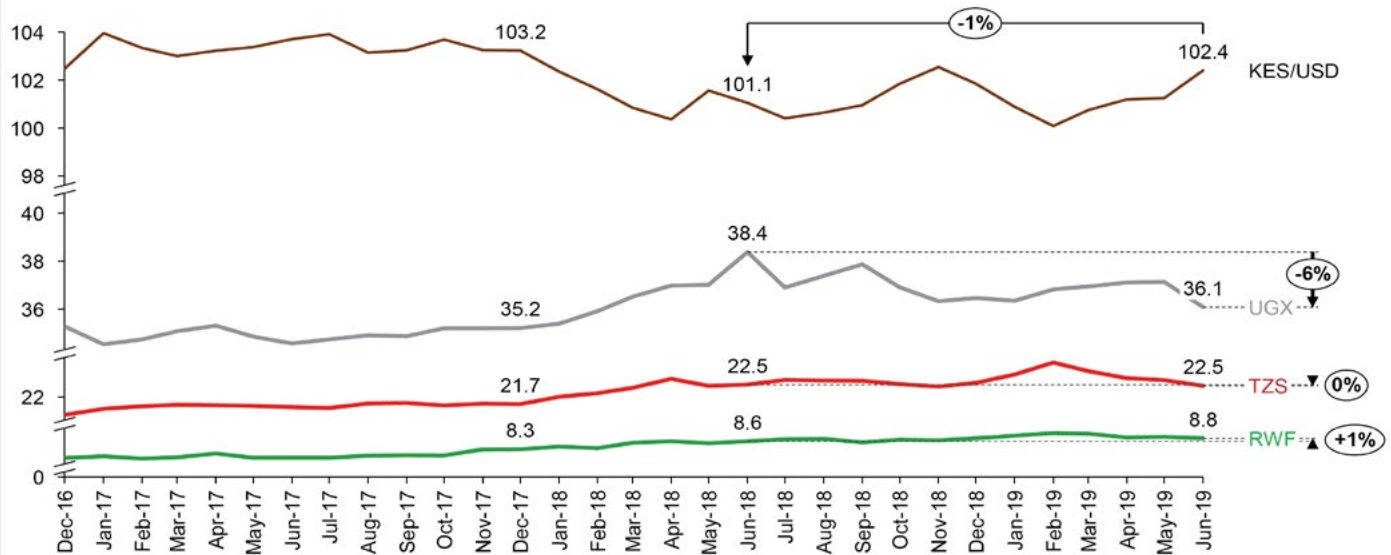
FX reserve at 5.8 months of import cover and above both statutory requirement. In May there was a successful issue of the third Euro bond that covered the 5yr bond which was maturing in June



Source: CBK Weekly Bulletin Key monetary & financial indicators

FX – Selected East Africa Countries

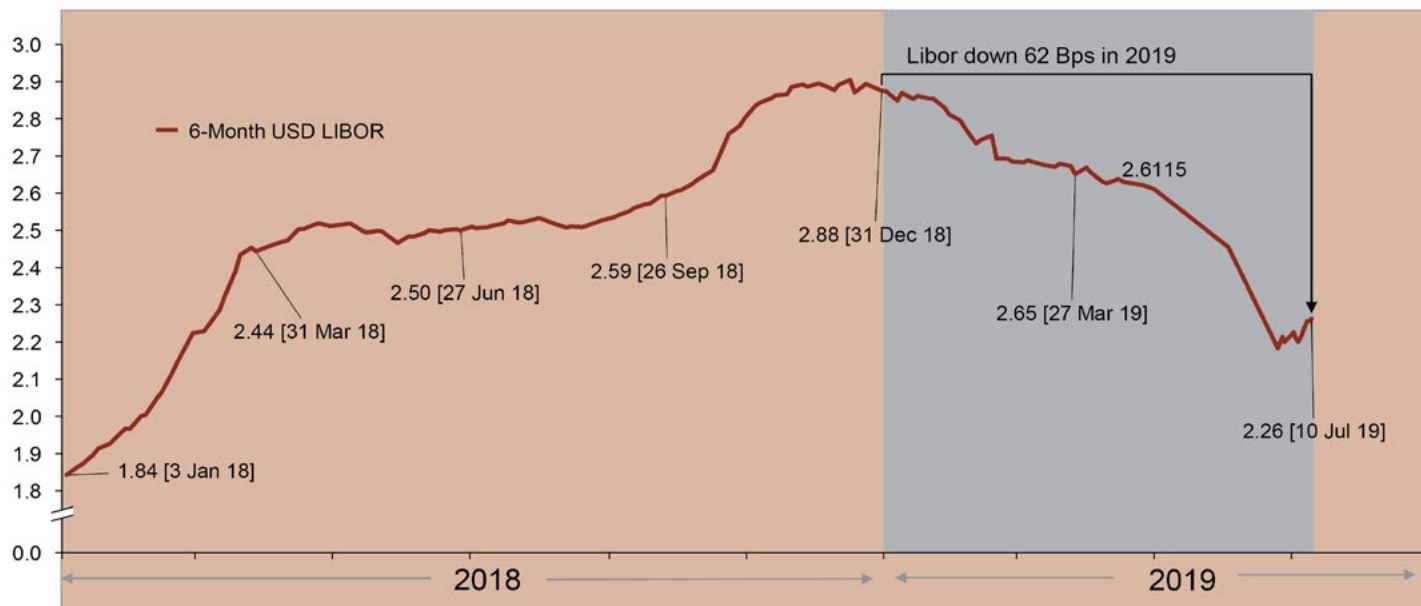
Regional FX rates remain relative stable with UGX appreciating by 6%, while there were marginal changes for KES and RWF.



Source: CBK – Monthly Economic Indicators

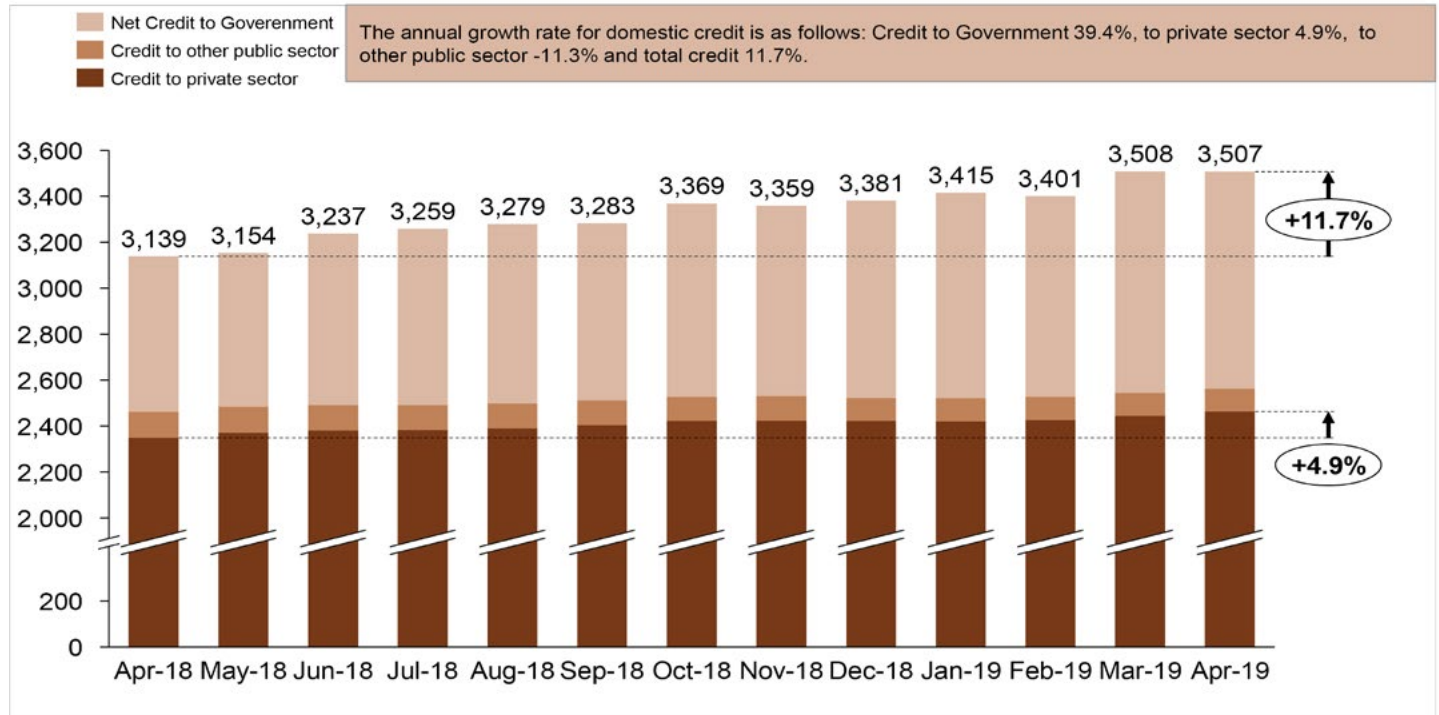
International Debt Market-Overview on USD LIBOR

Libor rate down 62 Bps in 2019 from 2.88% in December 2018 to 2.26% in July 2019.



Source: Website Global rates

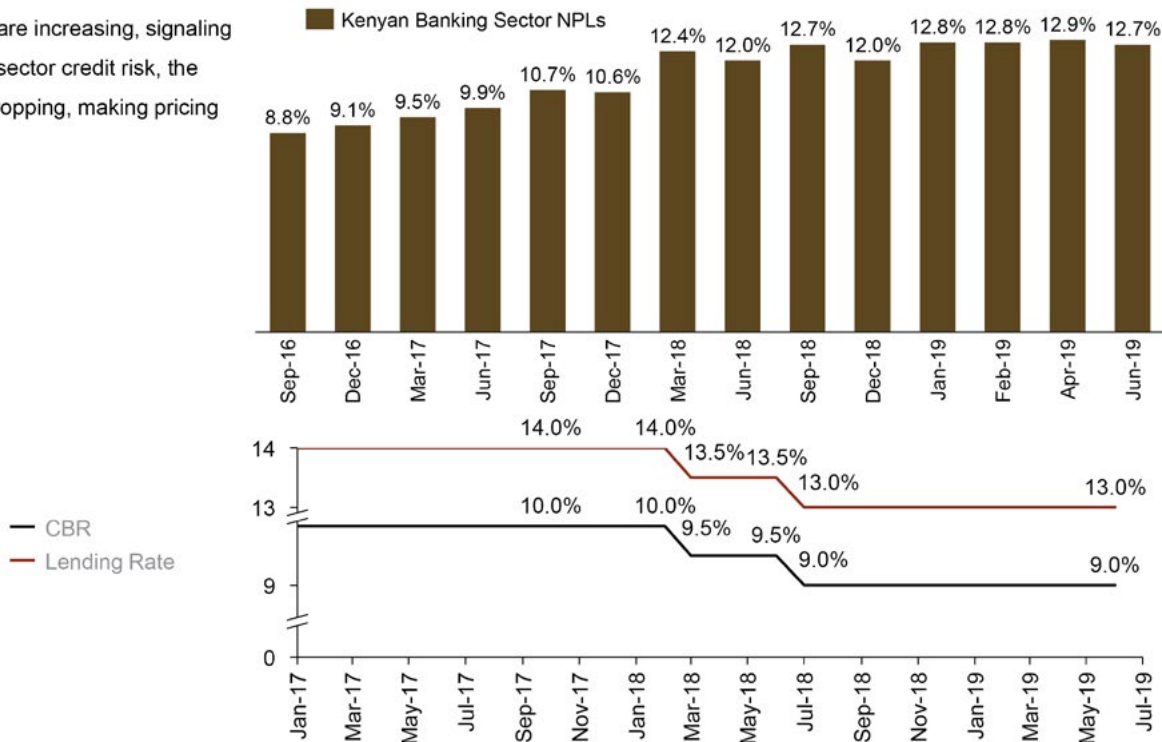
Banking System Domestic Credit KES 'Bn



Source: CBK – Monthly Economic Indicators

Maximum Lending Rates Banks secure refuge in Government lending

While sector NPLs are increasing, signaling heightened private sector credit risk, the interest rates are dropping, making pricing of risk difficult.



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.



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