INVESTOR BRIEFING
Q1 2020 PERFORMANCE
28TH MAY 2020

EQUITY

Equity Group Holdings Plc Headquarters

Equity Centre, Upperhill, Nairobi

Equity Group's Philosophies

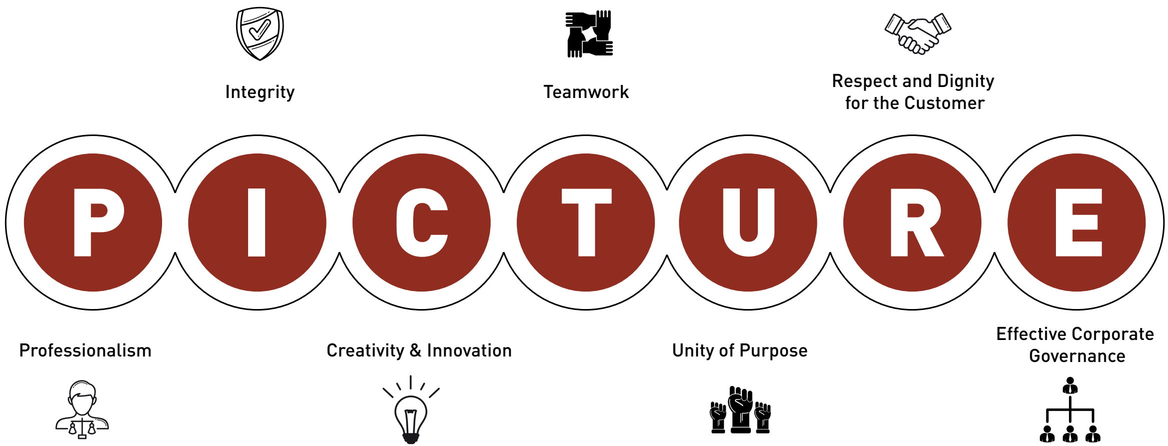
OUR PURPOSE:
Transforming lives, giving dignity and expanding opportunities for wealth creation

OUR MISSION:
We offer integrated financial services that socially and economically empower consumers, businesses and communities

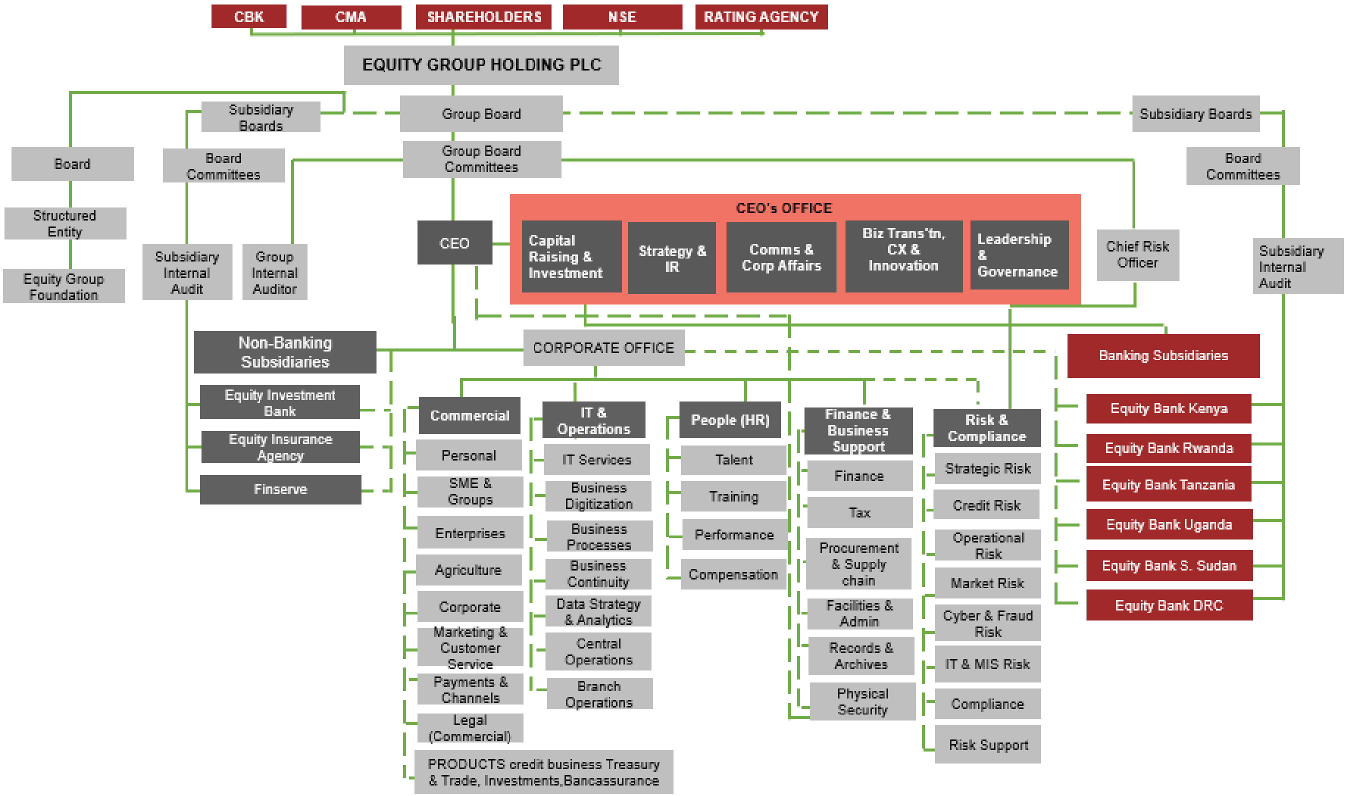
OUR VISION:
To be the champion of the socio-economic prosperity of the people of Africa

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

OUR CORE VALUES:



Governance & Organizational Structure



Group Executive Management

Dr.James Mwangi,CBS
Group Managing Director & Chief Executive Officer

Mary Wamae
Group Executive Director

Brent Malahay
Group Director Strategy, Strategic Partnerships and Investor Relations

Christine Browne
Group Director Legal Services and Company Secretary

Polycarp Igathe
Group Chief Commercial Officer

James Mutuku
Group Director, Treasury and Trade Finance

David Ngata
Group Finance Director

Olanrewaju Bamisebi
Group Chief Information Officer

Joy DiBenedetto
Group Director Communications

Gloria Byamugisha
Group Chief Human Resources Officer

John Wilson
Group Chief Risk Officer

Bildard Fwamba
Chief Internal Auditor

Gerald Warui
Managing Director, Equity Bank Kenya

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

Robert Kiboti
Managing Director, Equity Bank Tanzania

Célestin Muntuabu
Managing Director, Equity Bank Congo

Reuben Mbindu
Executive Director Equity Group Foundation

Group Board of Directors

David Ansell
Non-Executive Chairman

Prof. Isaac Macharia
Non-Executive
Vice- Chairman

Dr. James Mwangi
Managing Director and
Chief Executive Officer

Mary Wamae
Executive Director

Dr. Edward Odundo
Non-Executive Director

Evelyn Rutagwenda
Non-Executive Director

Vijay Gidoomal
Non-Executive Director

Deepak Malik
Non-Executive Director

Dr. Helen Gichohi
Non-Executive Director

Macroeconomic & Operating Environment

The Great Multi-Crises

I. **Global Health crises:** Covid-19 cases has reached 5.8m cases and 360k deaths globally in less than 6-months and has overtaken most outbreaks in terms of deaths reported in the last century with the exception of the Spanish Flu (40-50m), AIDS (up to 35m), Asian Flu (1m) and Hong Kong (1m). About 1.6bn children and young people are currently out of school due to lockdown closures

II. **Humanitarian crises:** The World Food Programme estimates an additional 130m people will face starvation as a result of the impact of Covid-19. UNICEF expects Covid-19 to disrupt immunization in at least 68 counties and affecting 80m children under the age of 1 in these countries

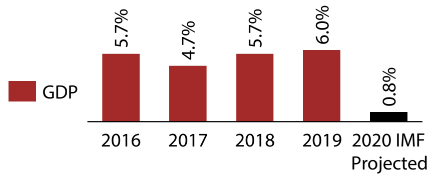
III. **Global Economic crises:** IMF revised its global growth forecast for 2020 from 3.3% growth expected as recent as March to 3% contraction, as revised in April. More important is the level of uncertainty and fluidity of the operating environment-within a week of the IMF revising its projections it highlighted its forecasts were still too optimistic, China has for the first time opted not to provide its outlook, with the Chinese government not providing a target growth for 2020. The International Labour Organization (ILO) expects global working hours to reduce 10.5% in Q2 2020 vs. Q1 2020 and is equivalent to losing 305m full time jobs (ILO estimated in Q1 2020 global working hours had reduced 4.5% / 130m full time jobs). The US FED is expecting US unemployment to peak above Great Depression levels and reach 25%. The World Tourism Organization is expecting international travel to decline by as much as 80% and result in 100 - 120m jobs in the tourism sector to be at risk. The IMF now estimates global stimulus has reached $9tn and central bank balance sheets have reach levels higher than the global financial with the US Fed crises balance sheet now $7tn and almost double 2019 levels. Within 2 months of the "Great Lockdown" fiscal stimulus amongst the G20 economies (3.5% of GDP) is already almost double the peak year during the global financial crises (2% in 2009).

Macro-economic & Operating Environment

The Covid-19 pandemic, whose effects have largely been felt in Africa from March 2020, has affected the economies and livelihoods of people in the countries in which the Group operates. The following are macroeconomic highlights and the measures that have been taken by different countries to mitigate the effects of Covid-19 pandemic

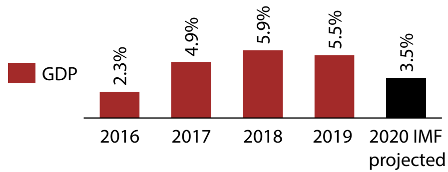
KENYA

- KES has depreciated by 3.75% against the USD in Q1 2020
- Measures taken by CBK on Covid-19 pandemic; reduced CBR by 100bps and CRR by 100bps, banks to accommodate loan restructuring for their clients, extended tenor for REPOS and encouraged waiving of mobile cash transfers charges
- Allocation of Kes 40 Bn for health & social protection. Enactment of tax measures such as reduced tax rates for the employed from 30% to 25%, corporate tax from 30% to 25%, turnover rate from 3% to 1 % and VAT reducing from 16% to 14%



UGANDA

- UGX has depreciated by 3.32% against the USD in Q1 2020
- Measures taken by BOU on Covid-19 pandemic ; reduced CBR by 100bps to 8%, banks to defer payments of bonus & dividend, provide liquidity assistance to banks in distress, purchase of treasury bonds held by financial institution, banks to accommodate loan restructuring for their clients, reduction of mobile money transactions and issue of reverse REPOS
- Allocation of USD 1.3 Mn contingency fund in health and food distribution, additional supplementary budget of USD 80 Mn
- Affordable credit by government bank UDB, deferment of tax payment for some sectors, tax exemption for medical supplies

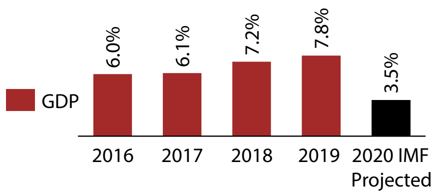


Source: IMF

Macro-economic & Operating Environment

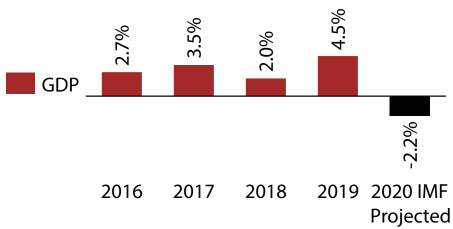
RWANDA

- RWF has depreciated by 0.86% against the USD in Q1 2020
- Measures taken by BNR on Covid-19 pandemic (reduced CBR by 50bps to 4.5% and CRR by 100bps from 5% to 4%), purchase of treasury bonds & banks to accommodate loan restructuring for their clients and waive electronic money transfers charges
- A fund of Rwf 50 Billion for banks with liquidity challenges
- Suspension of down payments on outstanding tax, slowed enforcement for tax arrears collection, extension for filing and paying Corporate Income Tax, VAT refunds to SMEs, Personal Income Tax exemption for private school teachers and hospitality employees earning less than RWF 150,000/month & VAT exemption for locally produced masks



DRC

- CDF has depreciated by 0.94% against the USD in Q1 2020
- The government pledged USD 135 million (about 0.3% of GDP) in additional healthcare spending, while also suspending VAT for certain goods and deferring business taxes, suspension of companies tax audit, tax deductibility for donations to Covid-19 fund
- Reduced CBR by 150bps to 7%, removal of reserve requirements for local currency demand deposits, available funding for banks and encouraging restructuring of loans
- Postponement of the adoption of new minimum capital requirements

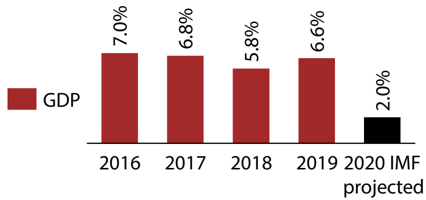


Source: IMF

Macro-economic & Operating Environment

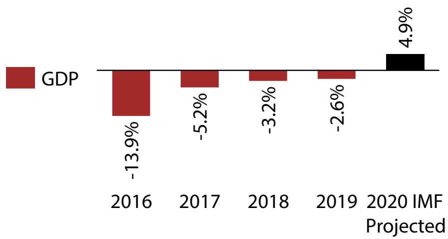
TANZANIA

- TZS has depreciated by 0.73% against the USD in Q1 2020
- The Bank of Tanzania (BoT) reduced discount rate 7% to 5%, reduced collateral haircuts requirements on government securities; from 10 percent to 5 percent for Treasury bills and from 40 percent to 20 percent for Treasury bonds, reduced CRR 7% to 6% and encouraged loan restructuring
- The daily transactions limit for mobile money operators was raised from about US$1,300 to US$2,170 and the daily balance limit was raised from US$2,170 to US$4,340
- Government spending on health USD 302 Million, payment of arrears to private sector and VAT exemption on medical supplies



S.SUDAN

- SSP has depreciated by 19.49% against the USD in Q1 2020
- The government has allocated a Covid-19 fund of USD 8.0 million. Of which, USD 5.0 million was allocated to the Ministry of Health to combat the pandemic. The government has also redirected USD 7.6 million from the World Bank's grant of USD 105 million for the UNICEF and ICRC, a third party implementing agency of the grant, to purchase items for pandemic prevention and treatment



Source: IMF

Equity Boosts Government Efforts against Covid-19 Pandemic

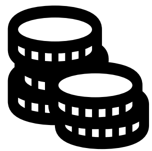
Health Response
23 March: Waived fees on mobile banking transactions to discourage use of cash; leveraged of our health clinics to support educational awareness

Social Response
29 April: Equity Group Foundation, Mastercard and Dr James Mwangi family contribution to the Covid-19 fund totalling KES 1.1 Billion

Economic Response
21 May: In response to the challenging operating environment for customers we have accommodated borrowers with aggregate loan value of KES 92Billion

26 May: In response to the global and regional uncertain operating environment, we have enhanced core capital buffers by withdrawal of dividend

Q1 2020: In response to a challenging operating outlook we have enhanced our provisioning intensity to proactively manage emerging risks



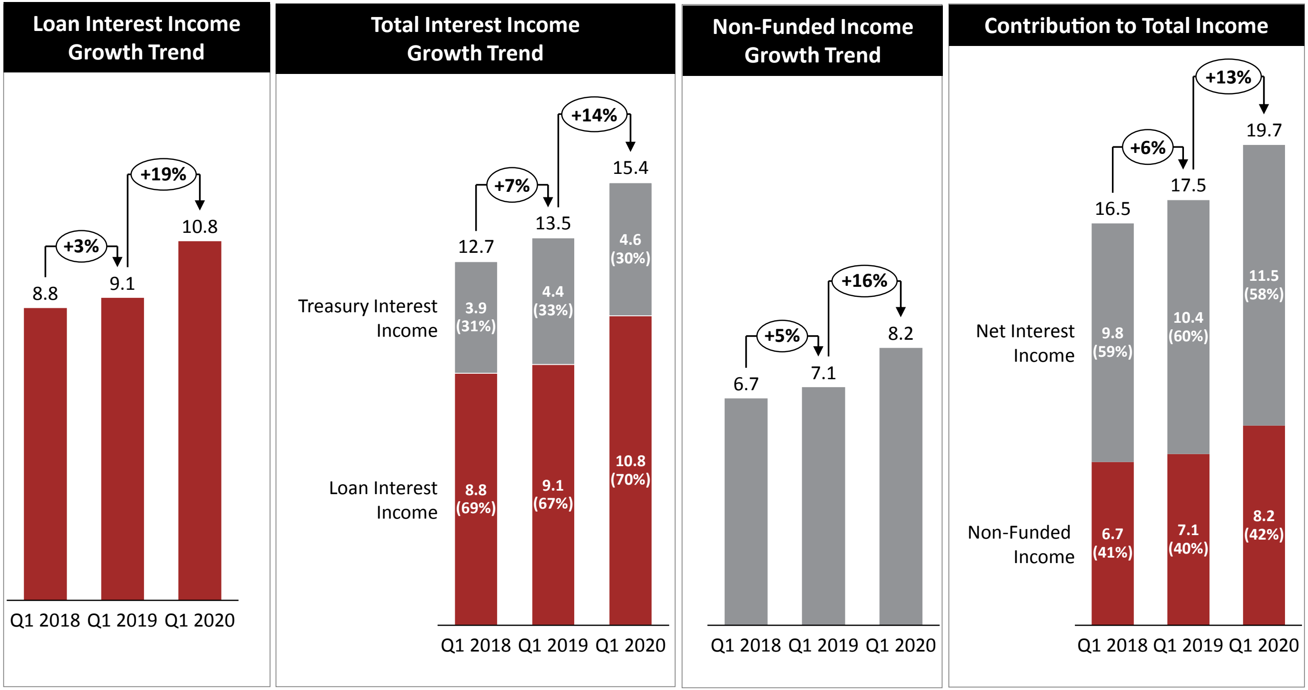
Equity Bank Business Model & Strategy

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

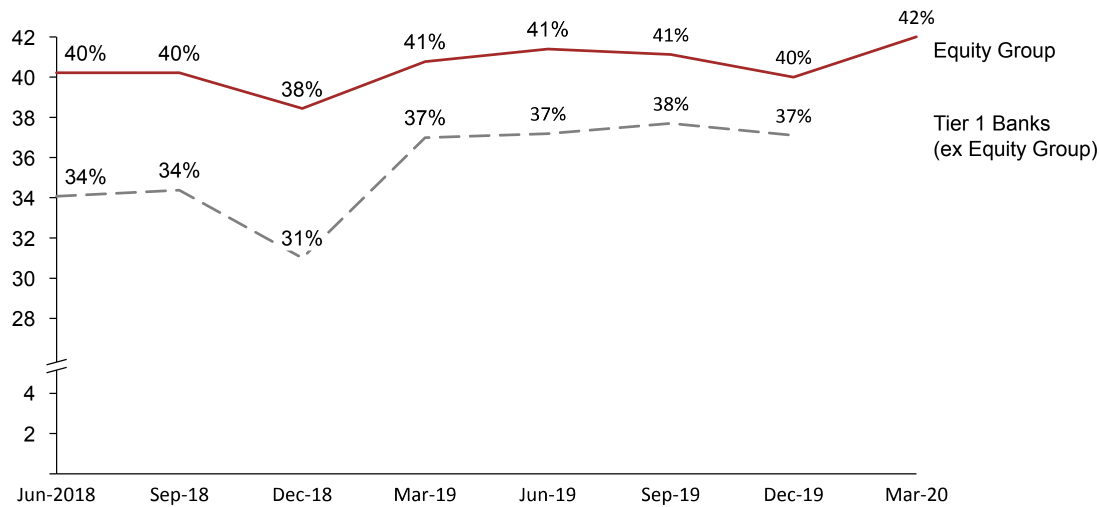
Focus Area 1: Non-Funded Income Growth & Contribution

In Kes Billion

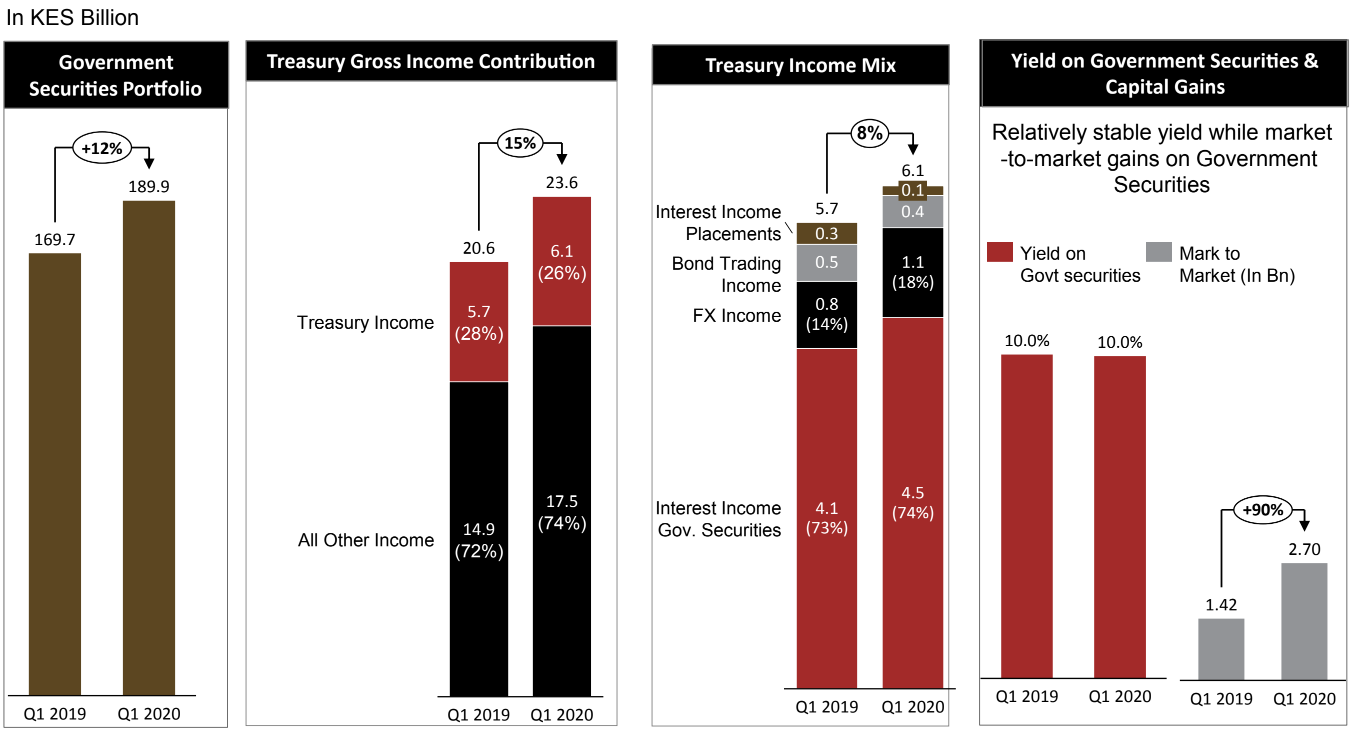


Focus Area 1: NFI Contribution
Equity Group More Diversified than the Sector

Strategically reducing income volatility from interest income



Focus Area 2: Treasury



Note: Income calculation above is before funding costs

Focus Area 3: Geographical and Business Diversification

Subsidiaries Contribution

In KES Billion

Q1 2020	TZ	RW	UG	SS	DRC	EIA	EIB	Finserve	Other Subsidiaries Total	EBKL	Group	Other Subsidiaries Contribution Q1 2020	Other Subsidiaries Contribution Q1 2019
Deposit	15.9	24.8	34.2	5.81	71.5				**152.3**	**399.4**	**499.3**	28%	25%
YoY Growth	3%	19%	51%	8%	47%				**35%**	**16%**	**17%**		
Loan	13.3	18.0	29.9	0.08	33.7				**95.0**	**284.2**	**379.2**	25%	25%
YoY Growth	-10%	13%	45%	-33%	36%				**25%**	**24%**	**24%**		
Assets	26.6	33.9	47.5	9.68	85.9	0.49	0.51	2.1	**206.6**	**530.7**	**693.2**	28%	26%
YoY Growth	11%	20%	40%	7%	35%	-10%	-9%	-4%	**27%**	**14%**	**14%**		
Revenue	0.36	0.84	1.54	0.54	1.99	0.35	-0.10	0.36	**5.9**	**14.03**	**19.86**	30%	28%
YoY Growth	-30%	17%	43%	217%	20%	8%	-490%	-1%	**21%**	**11%**	**13%**		
Cost before provisions	0.43	0.44	0.92	0.12	1.33	0.10	0.02	0.27	**3.6**	**6.40**	**9.74**	36%	37%
YoY Growth	16%	30%	34%	-17%	15%	38%	15%	-20%	**16%**	**21%**	**16%**		
PBT before provisions	-0.07	0.40	0.62	0.42	0.66	0.26	-0.11	0.09	**2.3**	**7.62**	**10.12**	23%	19%
YoY Growth	-148%	6%	59%	1621%	32%	0%	-1377%	291%	**31%**	**3%**	**9%**		
PBT	-0.07	0.33	0.52	0.42	0.35	0.26	-0.11	0.09	**1.8**	**4.99**	**7.00**	26%	17%
YoY Growth	-148%	5%	43%	1621%	-16%	1%	-1377%	1341%	**17%**	**-31%**	**-21%**		
PAT	-0.07	0.23	0.39	0.41	0.22	0.18	-0.11	0.06	**1.3**	**3.85**	**5.32**	25%	18%
YoY Growth	-169%	5%	55%	2158%	-28%	1%	-1925%	969%	**22%**	**-24%**	**-14%**		
RoAE	-7.9%	19.3%	24.0%	48.9%	10.9%	301.0%	-105.4%	20.0%	**18.8%**	**21.6%**	**19.5%**	18.8%	17.7%
Cost of Capital	20.0%	19.0%	19.0%	>22%	22.0%				**20.5%**	**18.0%**	**19.0%**	20.5%	20.5%

Focus Area 3: Geographical and Business Diversification
Ratios-Banking Subsidiaries

RoAE		
Subsidiary	Q1 2019	Q1 2020
EBKL	31.4%	21.6%
EBUL	20.8%	24.0%
EBRL	23.0%	19.3%
EBTL	14.5%	-7.9%
DRC	17.8%	10.9%
EBSSL	2.3%	48.9%

RoAA		
Subsidiary	Q1 2019	Q1 2020
EBKL	4.5%	3.0%
EBUL	3.1%	3.4%
EBRL	3.2%	2.9%
EBTL	1.7%	-1.1%
DRC	2.0%	1.1%
EBSSL	0.8%	17.8%

Cost-to-Assets Ratio		
Subsidiary	Q1 2019	Q1 2020
EBKL	4.9%	7.0%
EBUL	8.6%	8.8%
EBRL	5.9%	6.4%
EBTL	6.2%	6.8%
DRC	8.2%	7.9%
EBSSL	6.6%	5.3%

Cost-to-Income Ratio		
Subsidiary	Q1 2019	Q1 2020
EBKL	41.8%	45.6%
EBUL	63.6%	59.4%
EBRL	47.5%	52.5%
EBTL	72.2%	119.2%
DRC	69.9%	66.8%
EBSSL	85.7%	22.5%

Focus Area 3: Geographical and Business Diversification

- Present in 7 countries.
  Ethiopia is currently a rep office
- Scaling operations in DRC
- Population of ~367 million
- Nominal GDP of ~USD 314 Bn

Focus Area 3: Geographical and Business Diversification

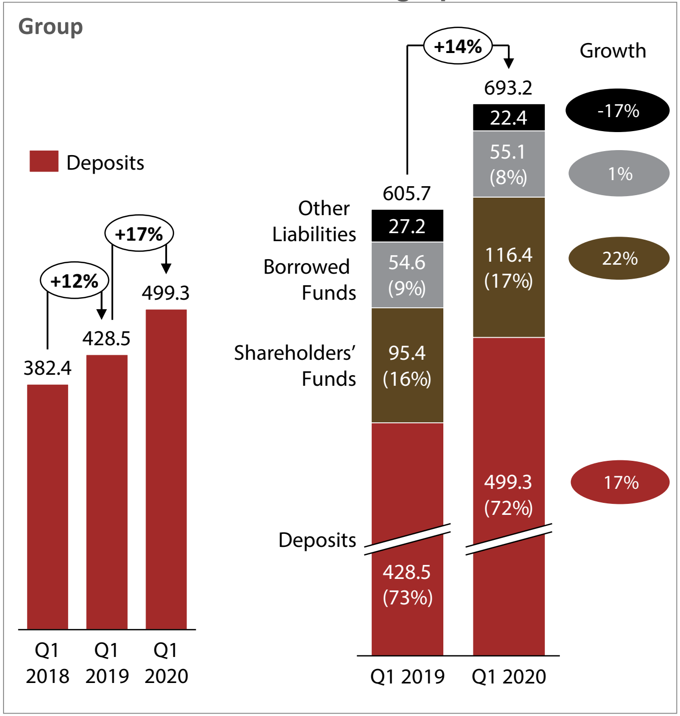
BRANCHES	300	CAPITAL CITY	122
Branches in Kenya	184	Nairobi	52
Branche in Uganda	39	Kampala	20
Branches in S. sudan	5	Juba	4
Branches in Tanzania	14	Dar es Salaam	8
Branches in Rwanda	14	Kigali	8
Branches in DRC	44	Kinshasa	30

AGENT OUTLETS	**50,622**
POINT OF SALE TERMINALS (POS)	**30,561**
ATM	**624**

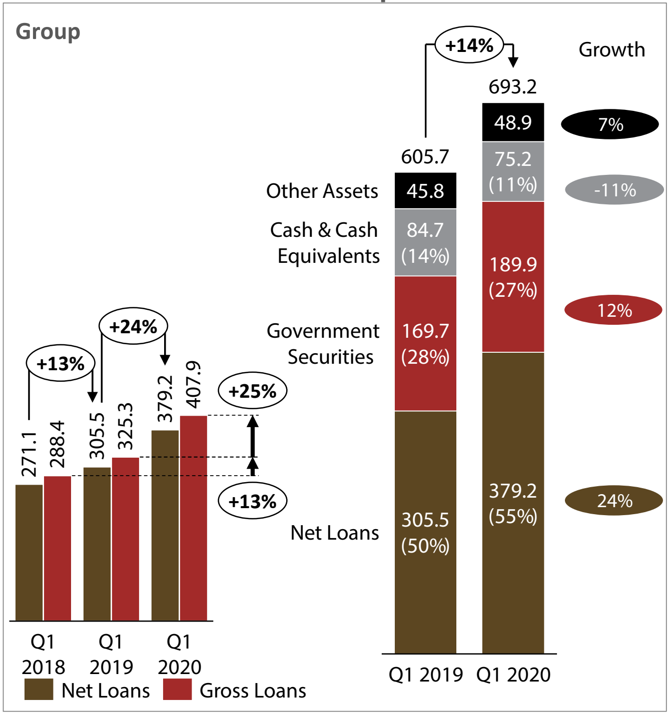
Focus Area 4: Balance Sheet Agility

In KES Billion

Funding Split

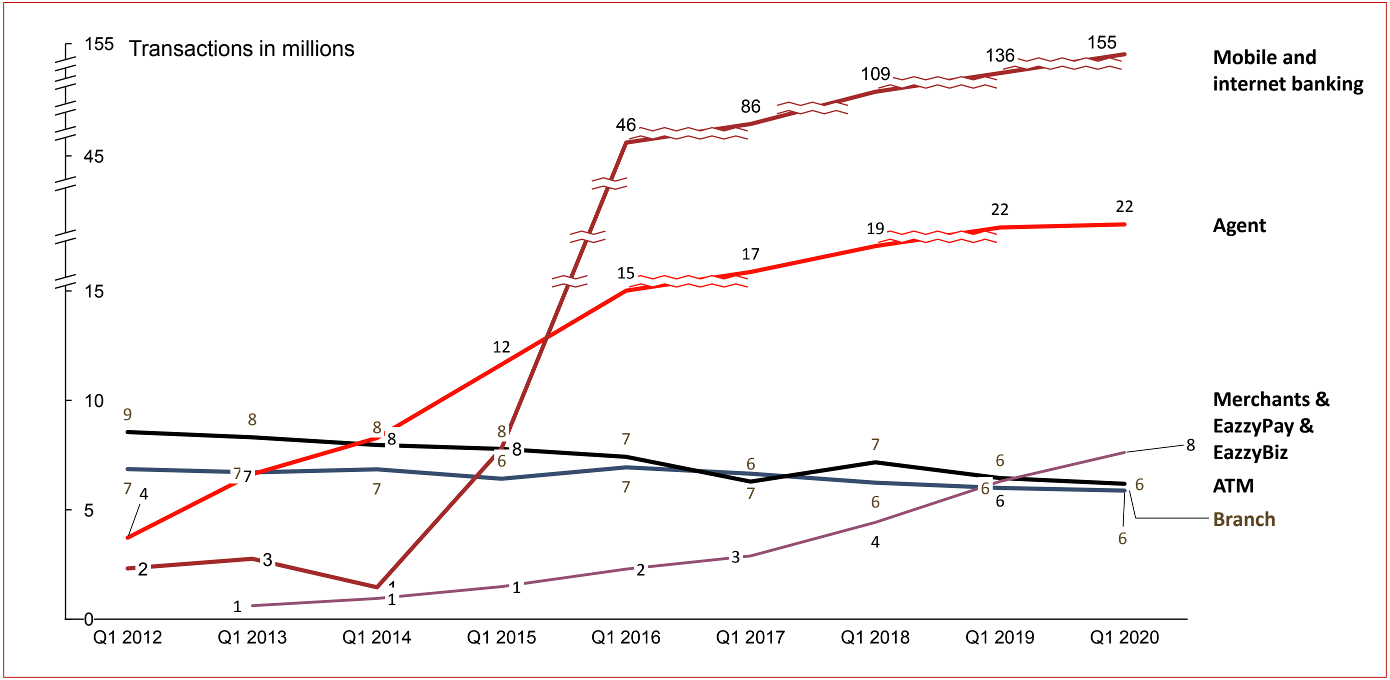


Asset Split

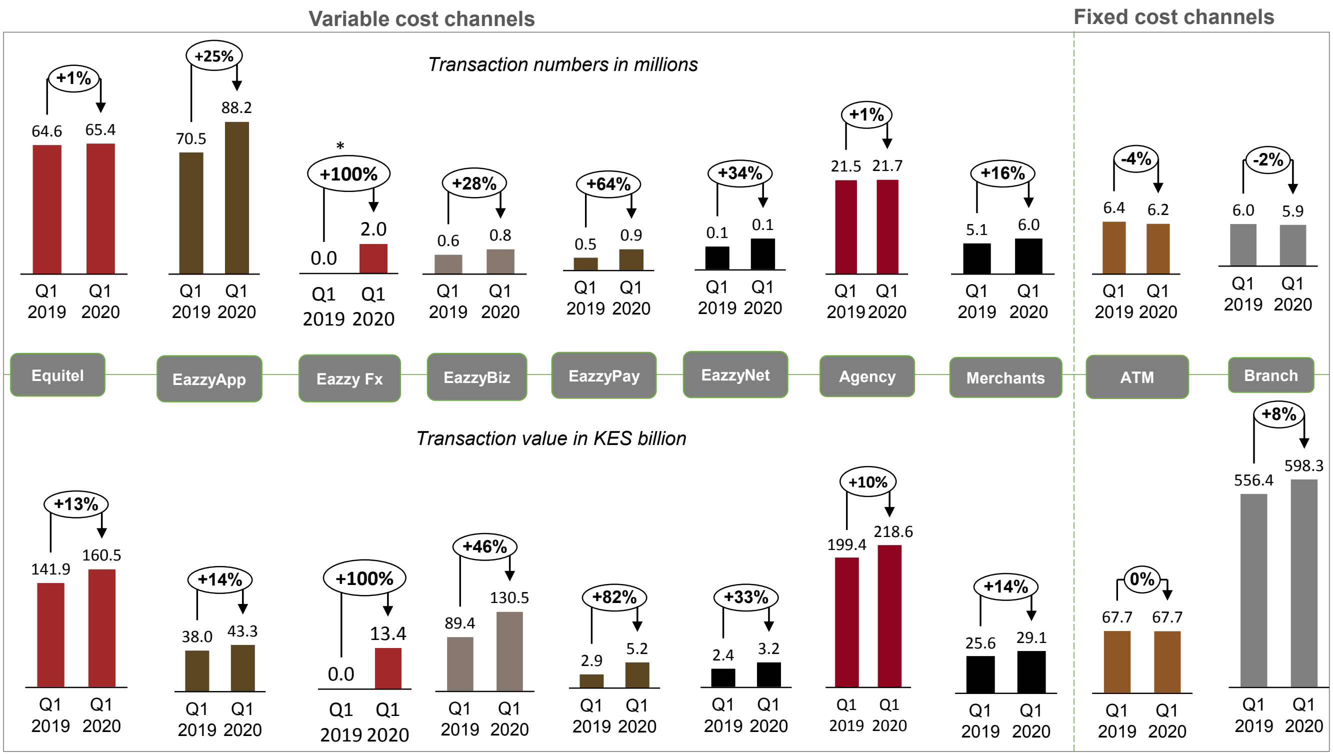


Focus Area 5: Innovation and Digitization

Transformation from **a place you go to**; to **something you do.** Digitized Banking – Moving from fixed cost to variable cost



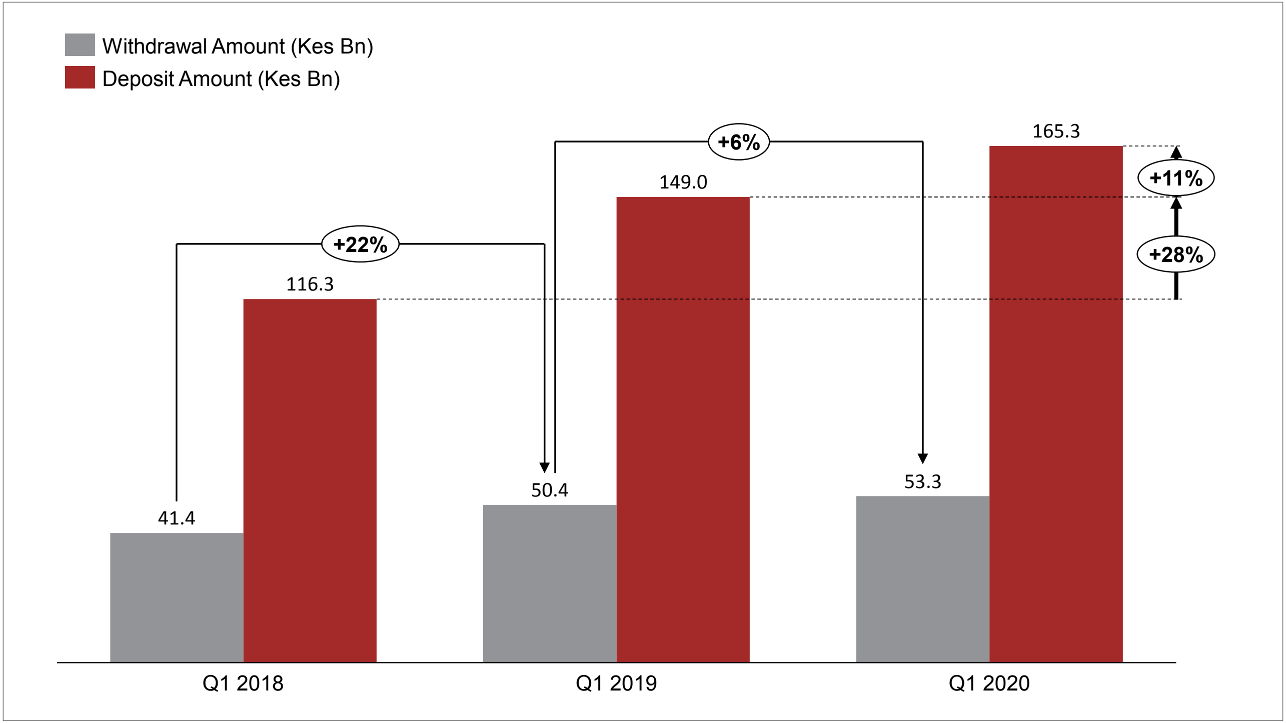
Focus Area 5: Innovation and Digitization
Leveraging off Variable Cost 3rd Party Infrastructure



*Q1 2020, Eazzy Fx transactions in thousands

Focus Area 5: Fintech Innovation and Digitization

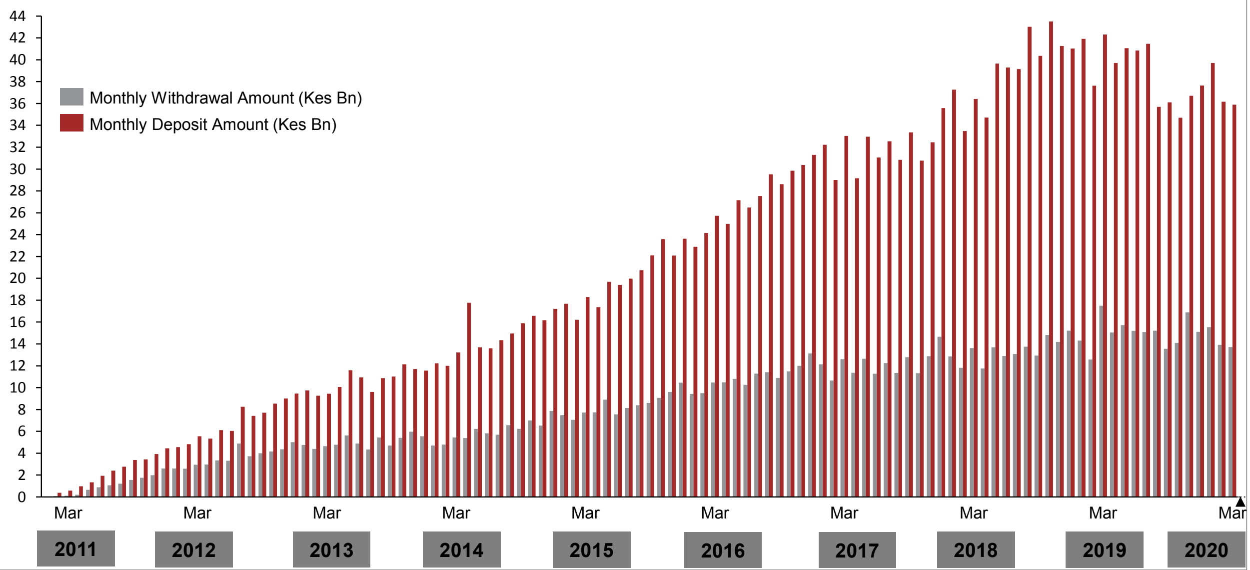
Agency Banking Volumes



Focus Area 5: Fintech Innovation and Digitization

Agency Model Enhancing Payments Digitization

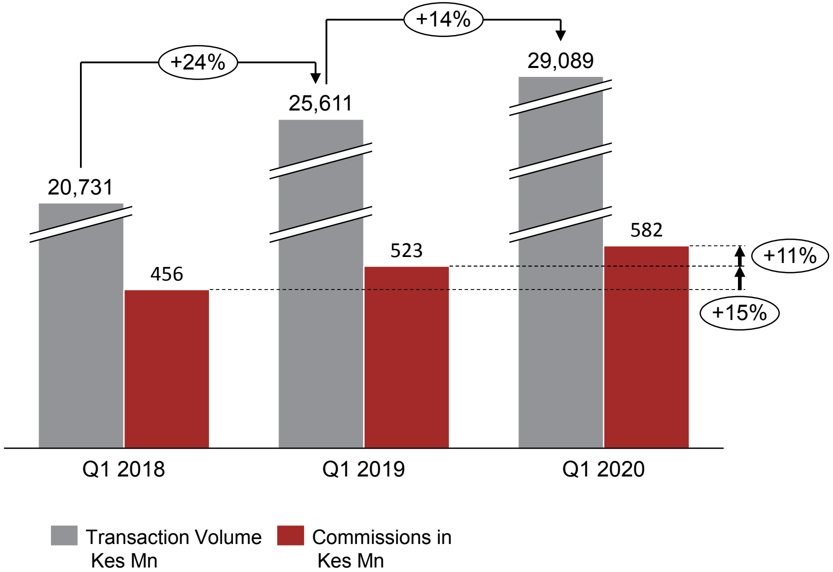
Agent Deposits growing at an increasingly higher rate than **Agent Withdrawals** hence supporting deposit mobilization and digitization of payments



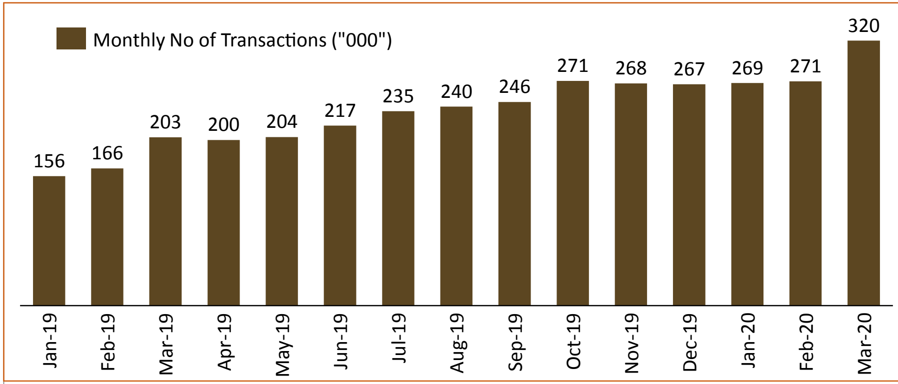
Focus Area 5: Fintech Innovations in Merchant Banking

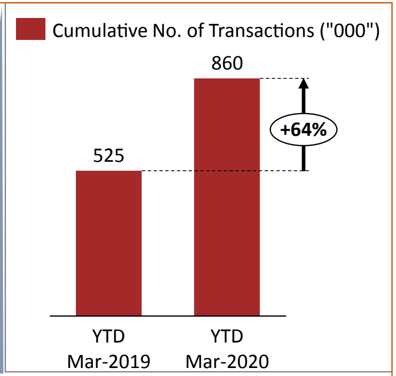
Using a universal POS that converges Mobile Wallets, Cards & Digital payments

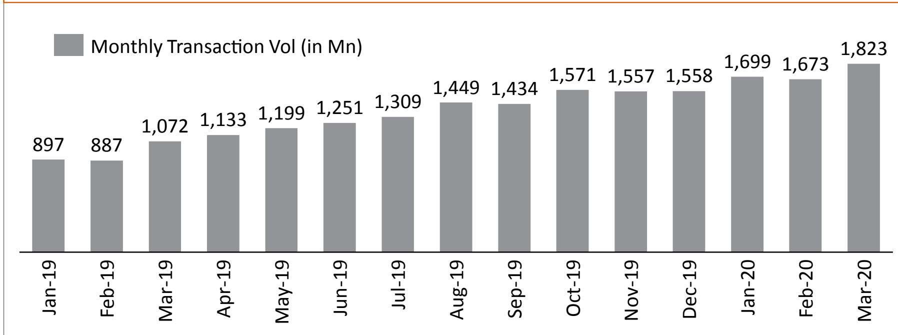
- Equity is leading in **Acquiring and Issuing**
- **Best in class payment channel** services work well with merchants

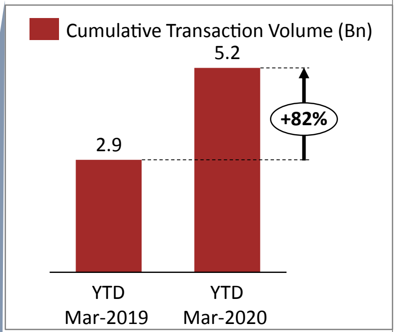


Focus Area 5: Fintech Innovations in EazzyPay



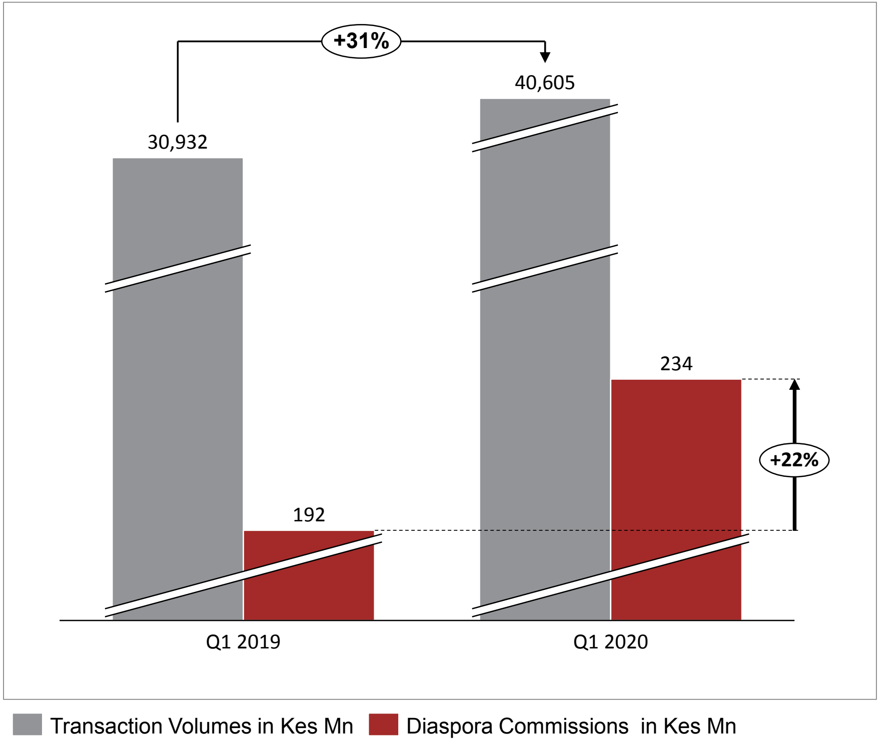




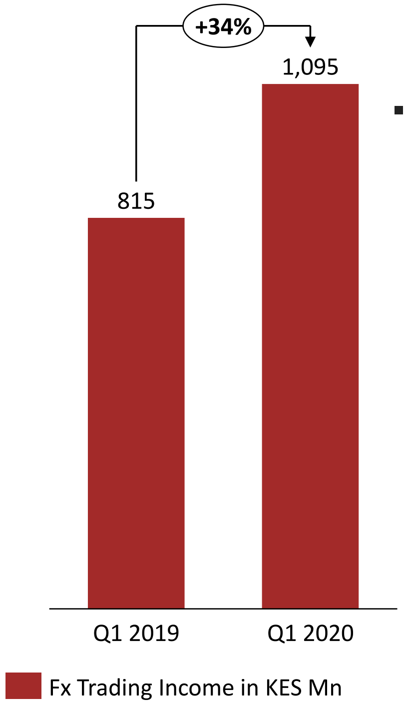


Focus Area 5: Fintech Innovations in Diaspora

Remittances



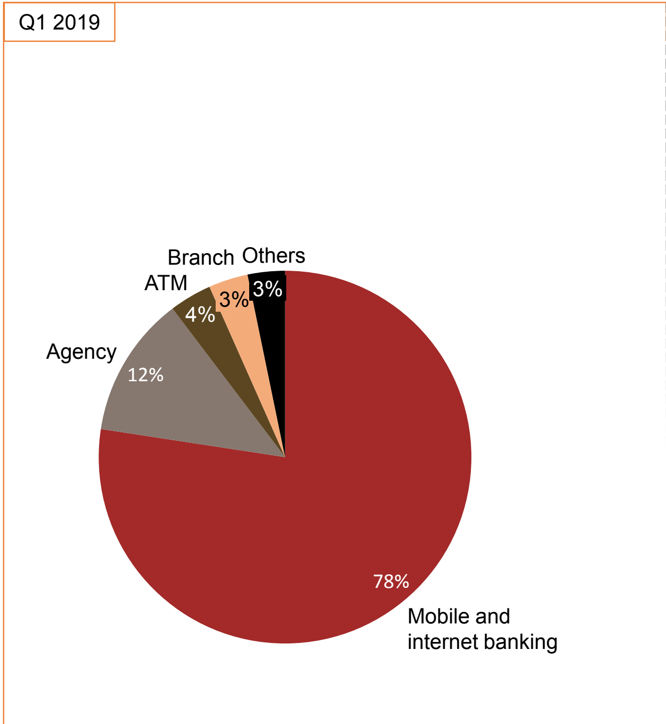
Focus Area 5: Fintech Innovations in FX Trading

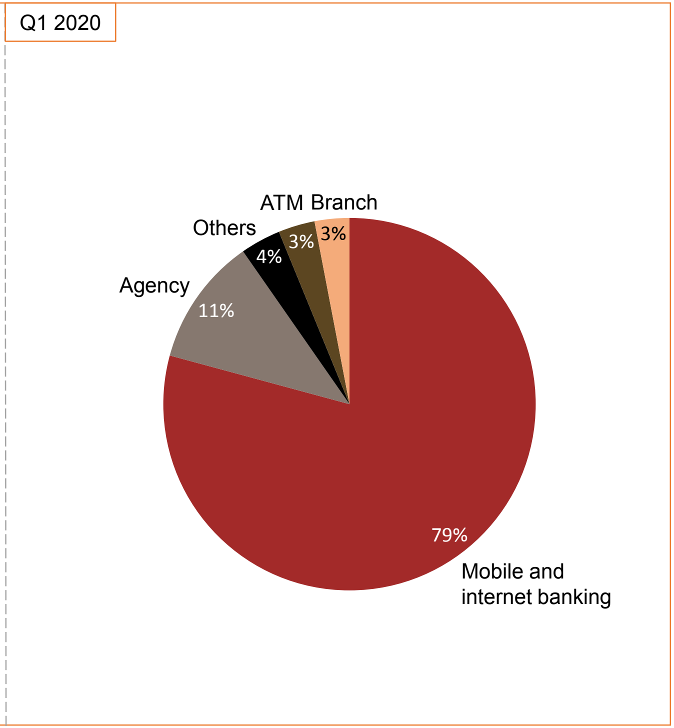


- The diaspora flows account for 26.53% of all client Fx volumes

Focus Area 5: Fintech Innovation and Digitization

97% of our Transactions Outside the branch

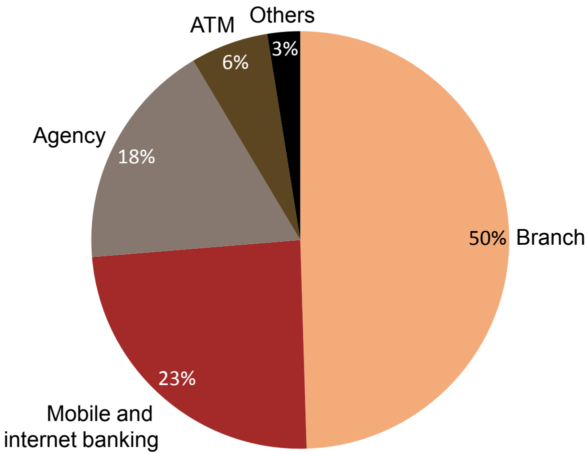




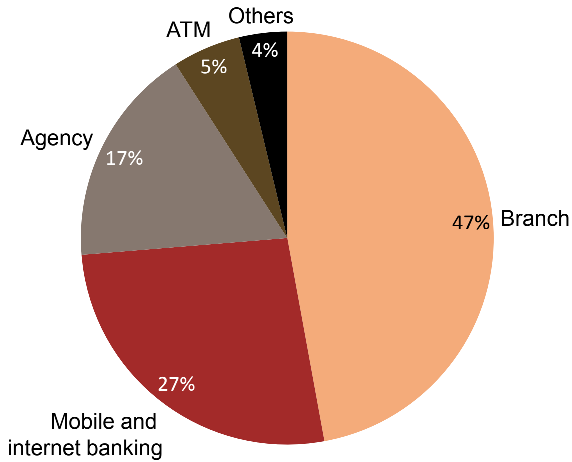
Focus Area 5: Fintech Innovation and Digitization
53% of our Transactions Value Outside the branch

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

Q1 2019



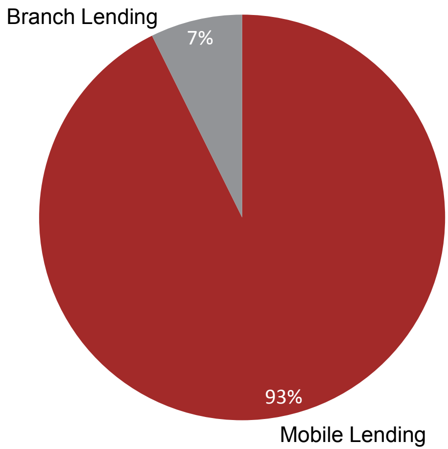
Q1 2020



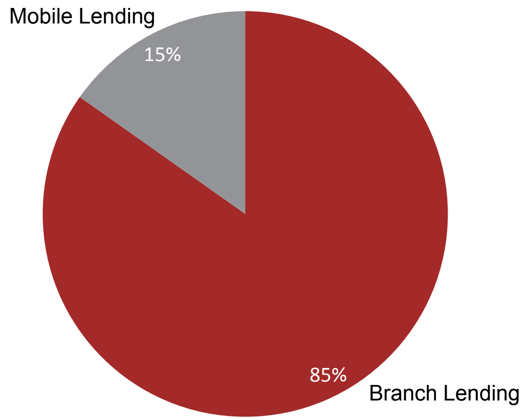
Focus Area 5: Fintech Innovation and Digitization

93% of our Loan Transactions via Mobile Channel

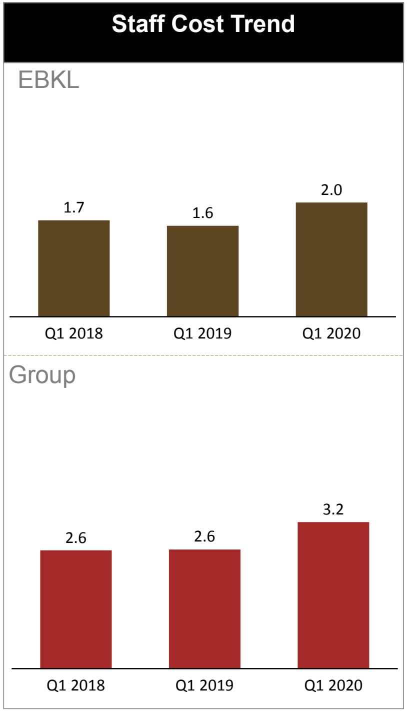
Q1 2020 Transaction count

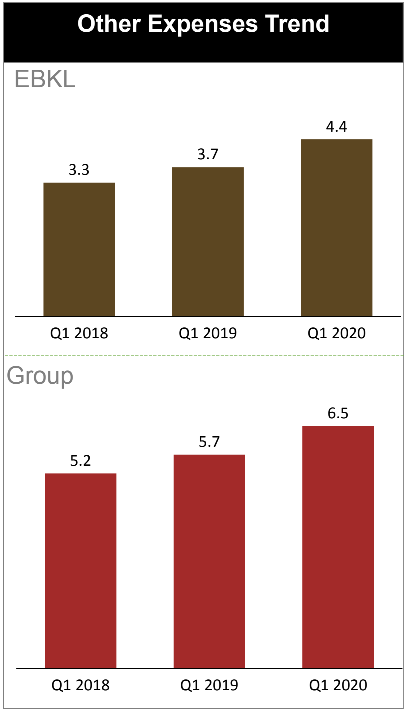


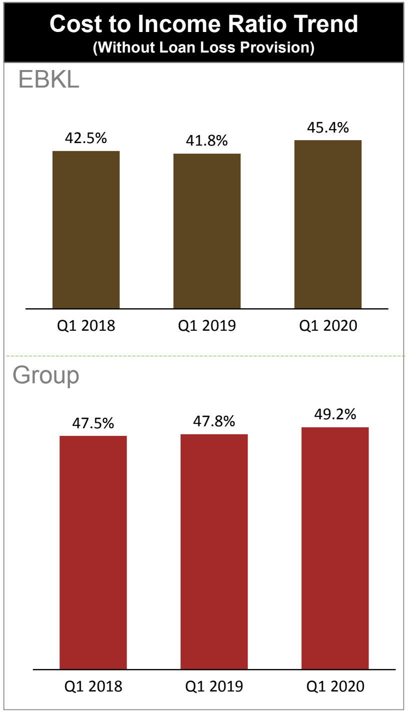
Q1 2020 Transaction value



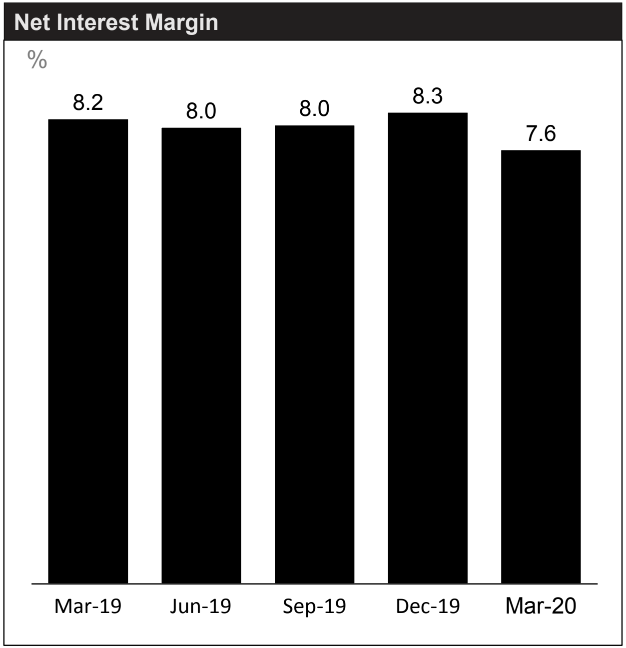
Focus Area 6: Efficiency and Cost Optimization

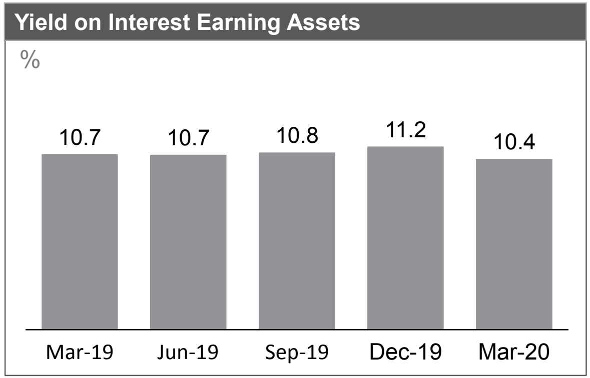


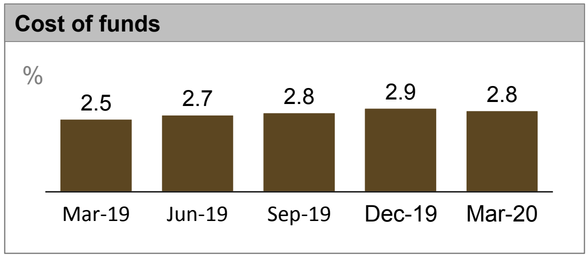




Focus Area 6: Efficiency and Cost Optimization
Net Interest Margin

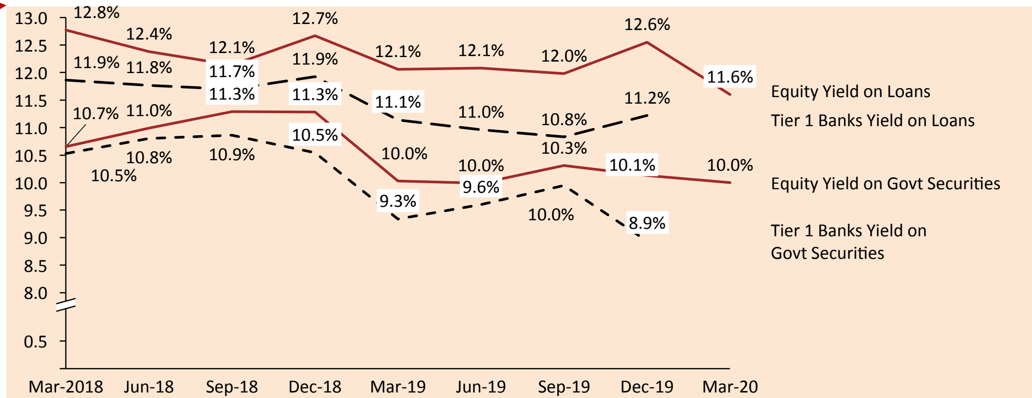




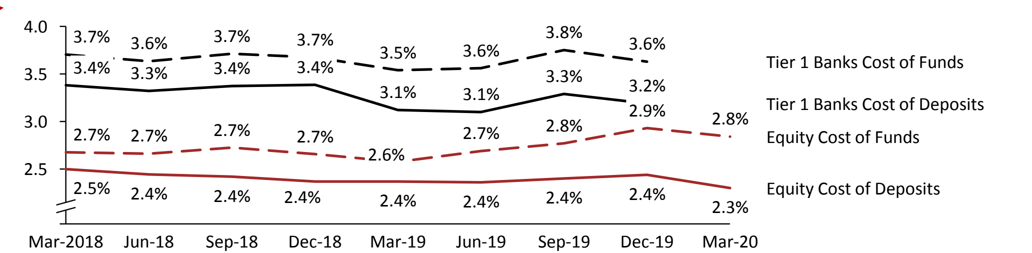


Focus Area 6: Efficient Financial Intermediation

Equity Group's lending yields compared to Tier 1 Banks. Lending yields reflecting efficient asset allocation between and within asset classes



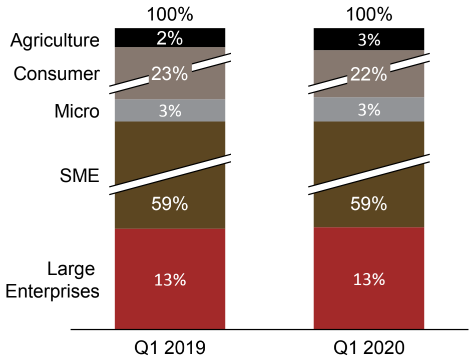
Equity Group's ability to attract cheap deposits underpinned by its stable deposit franchise and implied low risk



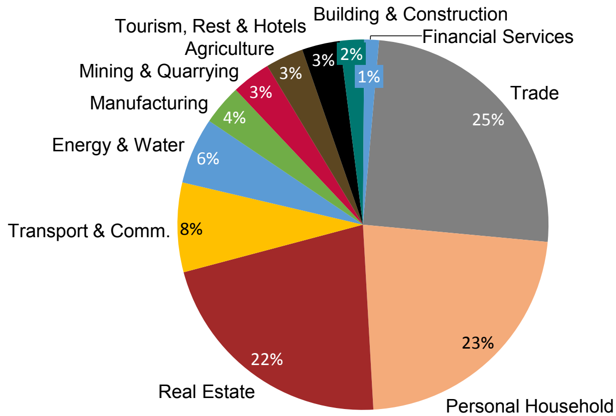
Tier 1 Banks excludes Equity Group. Industry data available upto Dec 2019

Focus Area 7: Asset Distribution (Group)

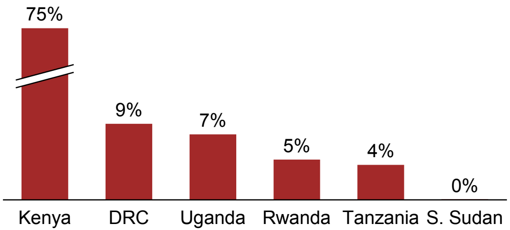
Split by market segmentation



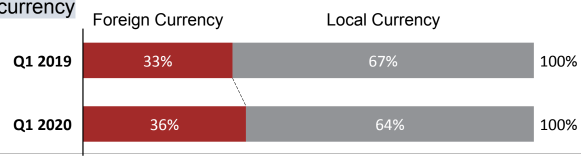
Split by economic sectors



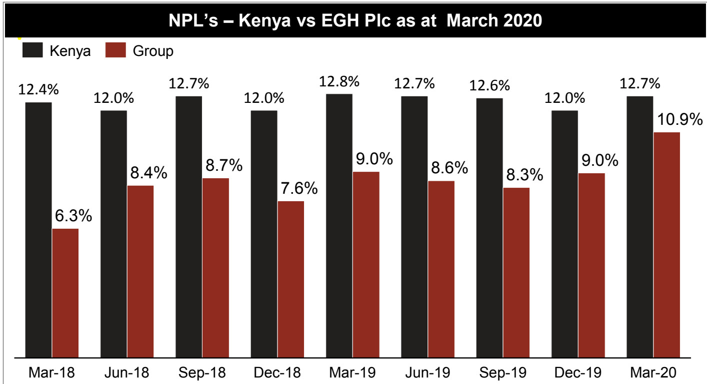
Contribution per country

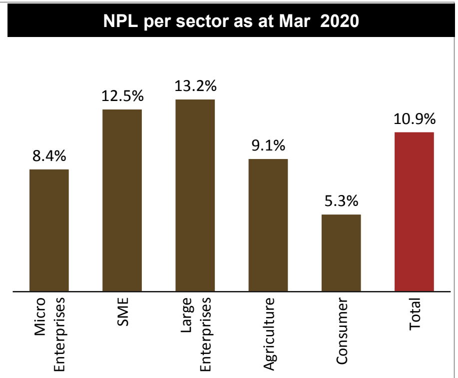


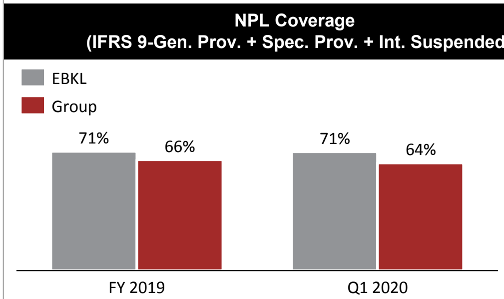
Split by currency

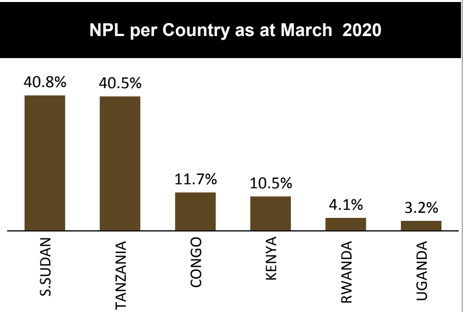


Focus Area 7: Asset Quality



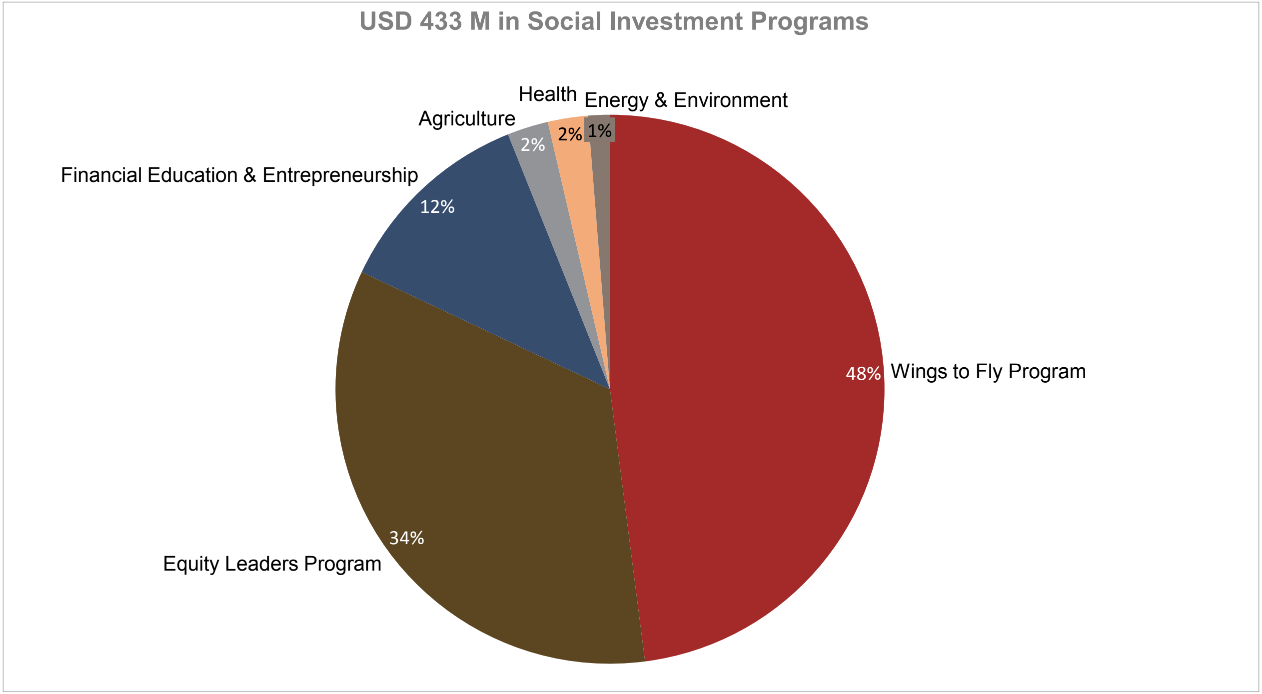






Focus Area 8: Impact Investment

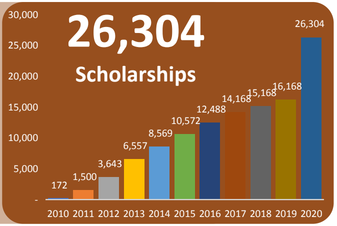
Impact & Social Investment Programs



Focus Area 8: Impact Investment

Shared Prosperity Business Model and its Social Impact

26,304
Scholarships



2019 Wings to Fly Graduates
- 96% secondary school completion
- 82% attained university entry grades

Equity Leaders Program
- 13,775 University Scholars
- 604 attending or alumni of global universities
- 6,713 Paid Internships

638,522
Peasant Farmers transformed to Agribusiness
35,813
Small and Medium Sized Farmers Supported

2,021,182
Women and Youth Trained in Financial Education

2,646,218
Households Reached with Social Protection Programs
KES 67B
Disbursed via Cash Transfers

1.08 Million
Trees planted
137,501
Clean energy products distributed

64,299
MSMEs Trained in Entrepreneurship
KES18.8
Disbursed to 45,578 MSMEs under the Young Africa Works Program

USD 432,636,416
Total Funds Raised for Programs

191,764
Cumulative Patient Visits to Equity Afia Clinics

Business Validation

Global Ratings and Accolades

Moody's

Equity Bank Credit Rating
- National Rating: Aa1-
- Global Rating: B1
- Rating Outlook: Stable

GCR GLOBAL CREDIT RATING CO. 2018 Local Expertise • Global Presence

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

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

AFRICAN BANKER AWARDS

- 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 SME Finance Awards

Africa's SME Bank of the Year, 2018 & 2019

EUROMONEY AWARDS FOR EXCELLENCE 2019

Africa's Best Digital Bank, 2019

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)

Top Acquirer 2019 Award

Dr. James Mwangi, Managing Director and CEO Equity Group named to the 3rd Annual 2019 Bloomberg 50 list

- Bank of the Year- Kenya
- Bank of the Year - Uganda
- Bank of the Year- South Sudan

- Customer Service Survey 2019
- Best Overall- 2nd place
- Recognised for Dignity & Respect and Satisfactory Digital experience

- 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

- Best Overall Winner – 1st Runners Up
- Most Innovative Bank – Winner
- Best in Sustainable Finance – 2nd Runners Up

2019 National Banking Awards and Accolades

Think Business Banking Awards 2019

Best Bank in Kenya for the 8th time.

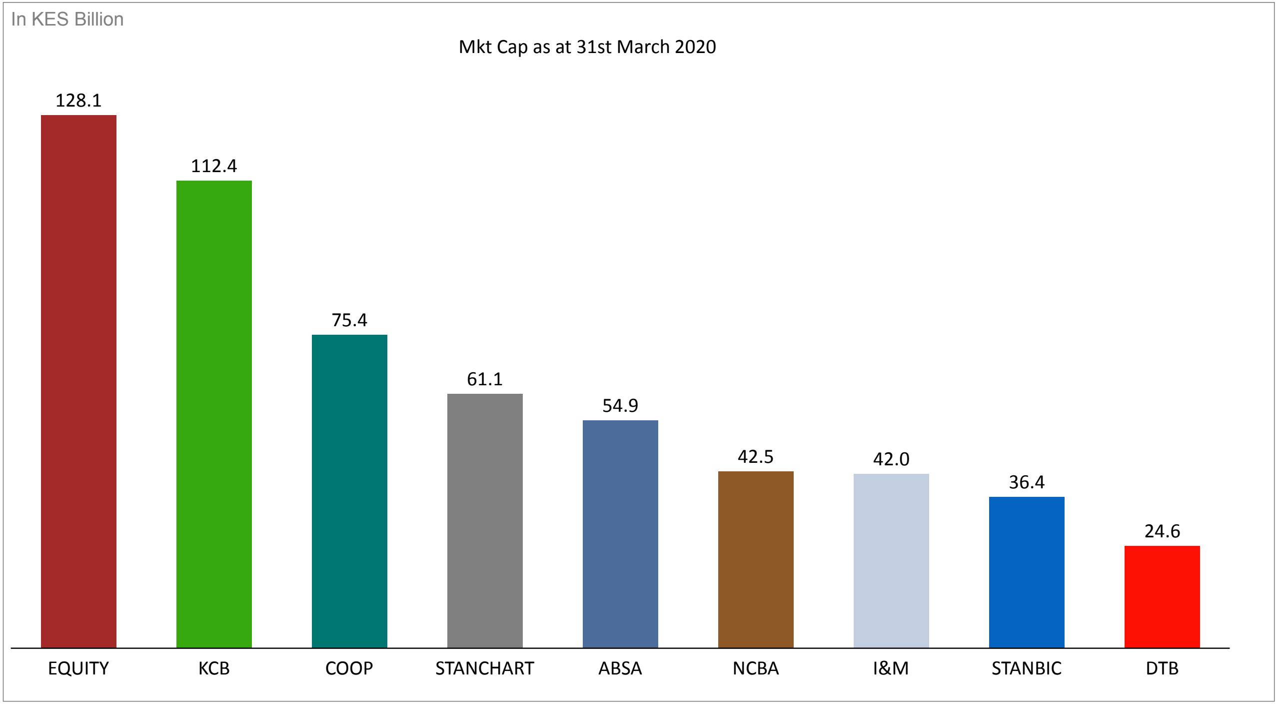
Total awards won in 2019 - 18

Brand	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	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	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	Chief Executive Officer of the year Dr. James Mwangi, CEO Equity Group Holdings Plc for the third year in a row

Global Ratings and Accolades

Equity Group Director of Strategy, Strategic Partnerships and Investor Relations Brent Malahay, (centre) receives awards on behalf of Equity Bank at the 2019 Banker's Bank of the Year Awards held in London. The Bank won 3 awards namely Bank of the Year- Kenya; Bank of the Year- Uganda and Bank of the Year- South Sudan. Equity Bank Kenya was awarded Kenya's top bank for the second year running, while Uganda and South Sudan received the awards for the first time. The award reaffirms Equity's position as the lender of choice having scored highly after a comprehensive analysis of its earnings, asset and tier 1 capital growth, and return on equity.

Market Validation
Market Capitalization



Source: Business Daily April 1st 2020

Macro-economic & Operating Environment

Intermediation & Financial Performance

Balance Sheet

KES Billion

	Q1 2019	Q1 2020	Growth
Assets			
Cash & Cash Equivalents	84.7	75.2	(11%)
Government Securities	169.7	189.9	12%
Net Loans	305.5	379.2	24%
Other Assets	45.8	48.9	7%
Total Assets	605.7	693.2	14%
Liabilities & Capital			
Deposits	428.5	499.3	17%
Borrowed Funds	54.6	55.1	1%
Other Liabilities	27.2	22.4	(17%)
Shareholders' Funds	95.4	116.4	22%
Total Liabilities & Capital	605.7	693.2	14%

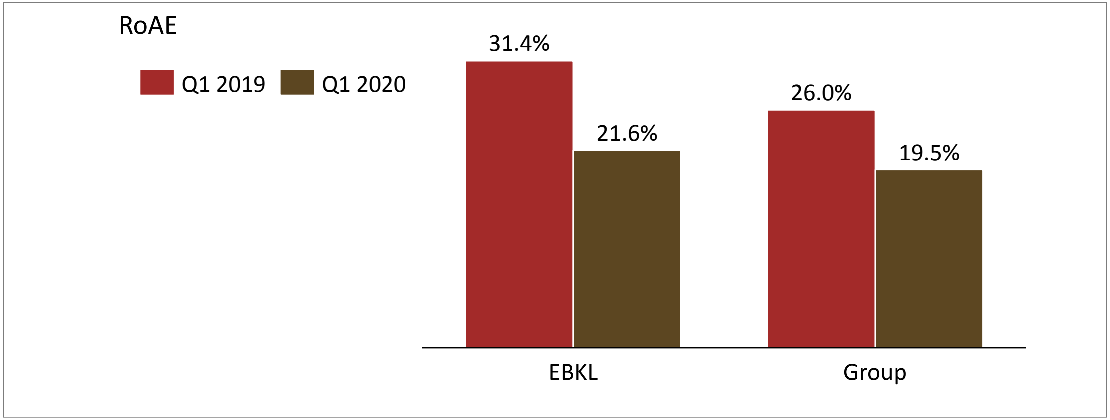
-14% PAT Growth

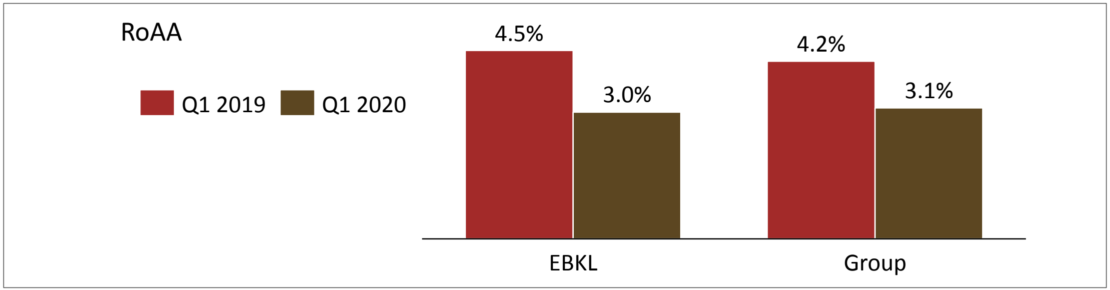
KES Billion	Q1 2019	Q1 2020	Growth
Interest Income	13.5	15.4	14%
Interest Expense	3.1	3.9	27%
Net Interest Income	10.4	11.5	11%
Non Funded Income	7.1	8.2	16%
Total Income	17.5	19.7	13%
*Loan Loss Provision	0.3	3.0	983%
Staff Costs	2.6	3.2	23%
Other Operating Expenses	5.7	6.5	13%
Total Costs	8.6	12.7	48%
Net gain/loss on monetary assets	(0.01)	(0.01)	(3%)
PBT	8.8	7.0	(21%)
Tax	2.6	1.7	(36%)
PAT	6.2	5.3	(14%)
PBT before Provisions	9.1	10.0	10%

*Loan loss provision has been presented net of recoveries. In the CBK publication Loan Loss Provision is presented as a gross amount. The gross provisions and recoveries are as follows;

KES Bn	Q1 2019	Q1 2020
Gross loan loss provision	0.4	3.1
Loan recoveries	(0.1)	(0.1)
Net loss loss provision	0.3	3.0

RoAE and RoAA Trend





Financial Ratios

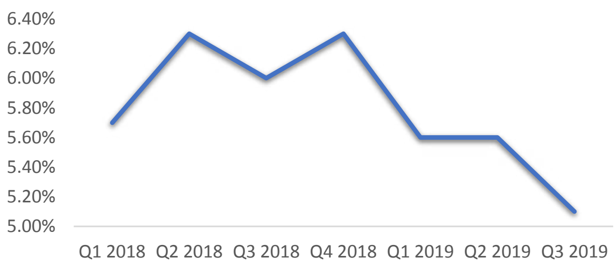
	EBKL Q1 2019	EBKL Q1 2020	Group Q1 2019	Group Q1 2020
Profitability				
Yield on Loans	11.0%	10.4%	12.1%	11.6%
Yield on Government Securities	10.0%	10.1%	10.0%	10.0%
Yield on Interest Earning Assets	10.4%	10.2%	10.7%	10.4%
Cost of Deposits	2.2%	2.5%	2.4%	2.3%
Cost of Funds	2.4%	3.0%	2.5%	2.8%
Net Interest Margin	8.0%	7.2%	8.2%	7.6%
Cost to Income Ratio with provisions	43.3%	49.6%	49.4%	64.5%
Cost to Income Ratio without provision	41.8%	45.4%	47.8%	49.2%
RoAE	31.4%	21.6%	26.0%	19.5%
RoAA	4.5%	3.0%	4.2%	3.1%
Asset Quality				
PAR	8.5%	10.5%	9.0%	10.9%
Cost of Risk	0.33%	3.75%	0.37%	3.24%
Leverage				
Loan / Deposit Ratio	66.4%	71.2%	71.3%	76.5%
Capital Adequacy Ratios				
Core Capital to Risk Weighted Assets	14.0%	12.6%	17.4%	17.5%
Total Capital to Risk Weighted Assets	16.4%	16.8%	19.3%	21.0%
Liquidity				
Liquidity ratio	61.3%	54.9%	57.4%	51.6%

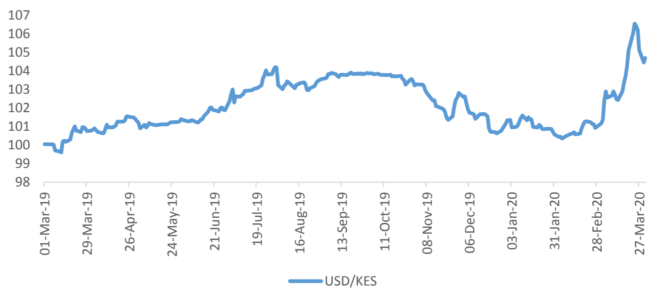
2020 Outlook - Group

	2020 Organic Outlook	Q1 2020 Actual
Loan Growth	5% - 15%	24%
Deposit Growth	6% - 12%	17%
Net Interest Margin	8.5% - 9.5%	7.6%
Non Funded Income Mix	40% - 45%	42%
Cost to Income Ratio	49% - 52%	49.2%
Return on Equity	20% - 22%	19.5%
Return on Assets	3.3% - 3.7%	3.1%
Cost of Risk	1.0% - 1.8%	3.24%
NPL	7.5% - 9.0%	10.9%
Subsidiaries Contribution (Assets)	25% - 30%	28%
Subsidiaries Contribution (PBT)	18% - 22%	26%

Appendix
Macroeconomic Environment Indicators & Trends - Kenya

Macroeconomic Environment



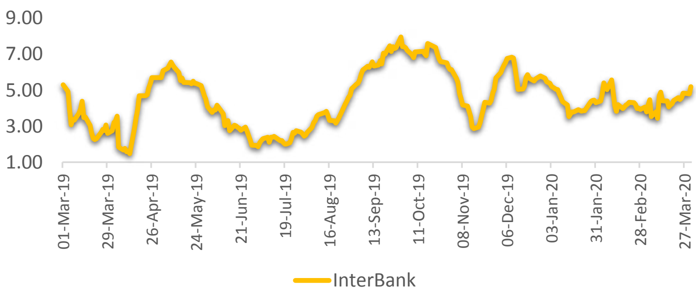


- *GDP GROWTH –* The economic growth has remained above 5% for some years. 2019 growth posted 5.3%, lower than the 6% projection. However, this year the projections have been reviewed to 1.0% owing to the economic meltdown expected across the globe due to the Covid-19 pandemic.

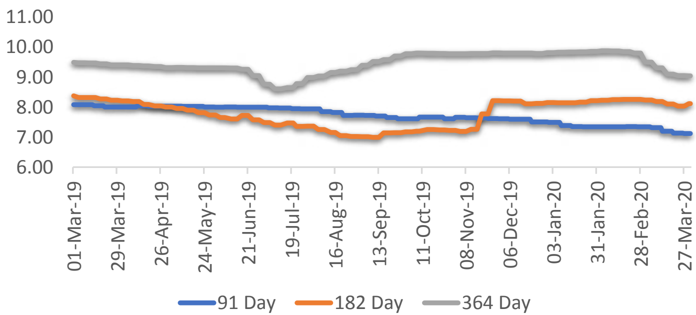
- *USD/KE* - With dimming remittance inflows and tourism greatly impacted by the Covid-19 pandemic, the local currency remains subdued by the demand for the greenback sliding from the January high of 100.40 to lows of 107.50 in April.

Source: CBK Rates, foreign exchange rates and the Kenya National Bureau of Statistics, Quarterly GDP rates.

Macroeconomic Environment (continued)



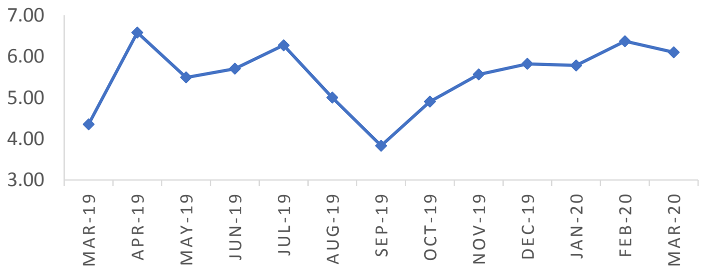
- *Interbank Rates* – The money market was liquid at the end of March as has been over Q1 2020 supported by government payments. It was also boosted by a reduction in the CRR by 100bps in the month of March.



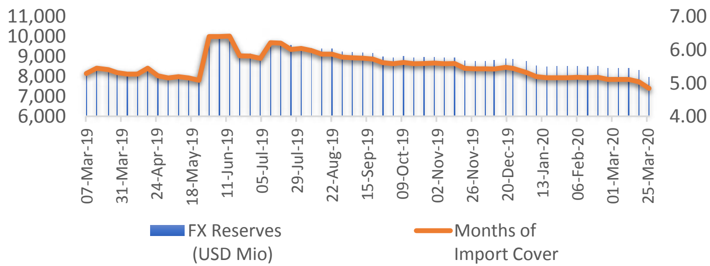
- *T-Bill Rates -* Interest rates on all the Treasury bill tenors eased moderately in the quarter.
- Largest move was in the 364-day T bill that dropped from highs of 9.80% to levels of 9.10%

Source: CBK Statistics, Rates, Interbank rates and Treasury rates.

Macroeconomic Environment (continued)



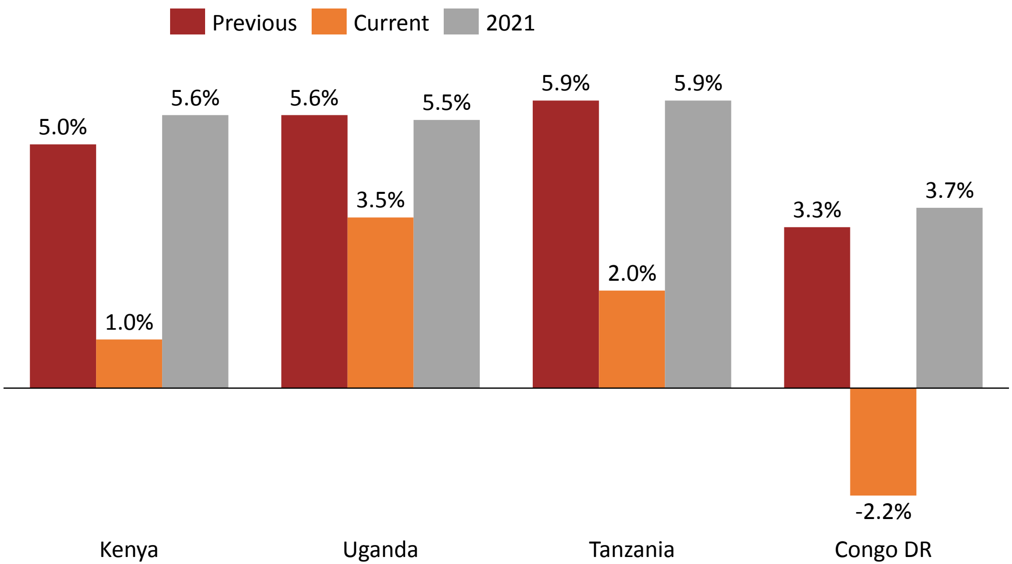
- *<u>Inflation</u>* - Has remained largely within the medium-term target band set by the Government of +/- 2.50% of the 5.00%.
- Pressure is expected to push the inflation numbers to the upper band



- *<u>IFX Reserves</u>* – They have been within the statutory requirement and the EAC region's convergence criteria of 4.5 months of import cover offering adequate cover for FX fluctuations

Source: CBK Weekly Bulletin Key monetary & financial indicators and the Kenya National Bureau of Statistics, Monthly CPI rates.

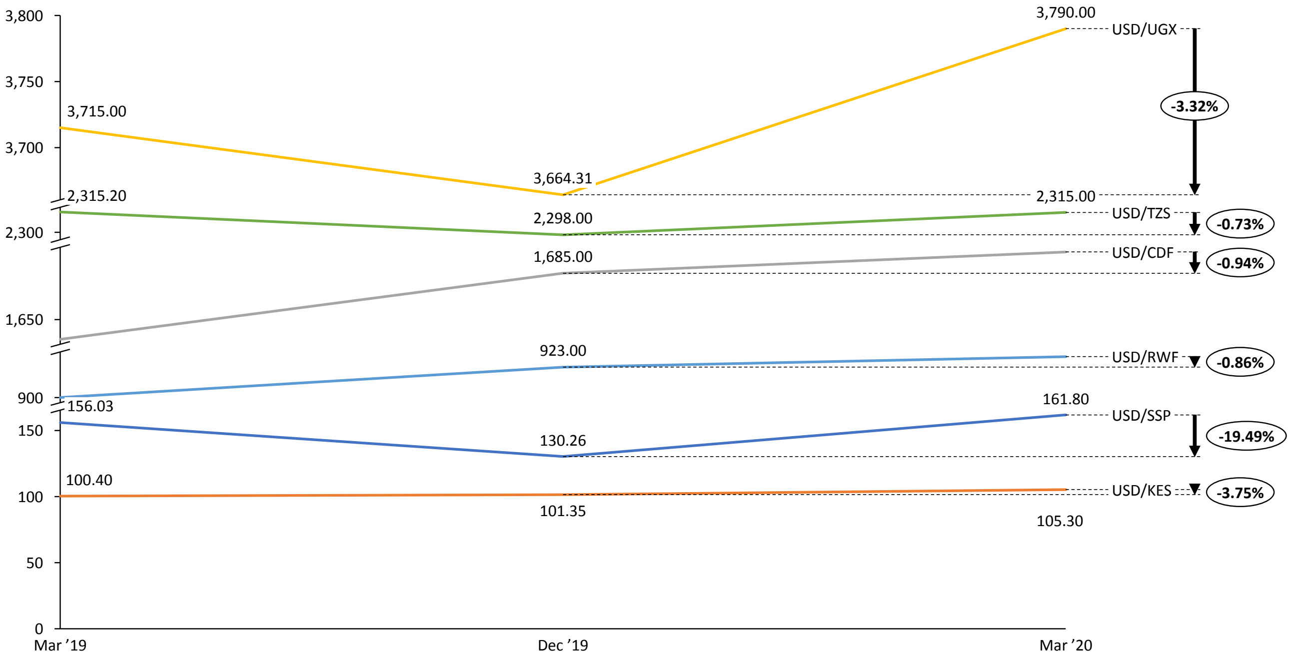
Projected Regional GDP Growths



**These are the projected regional GDP growths (previous was before pandemic, current is considering the pandemic and 2021 is assuming we will be out of the crisis.*
Source: Focuseconomics, AFDB, IMF

Source: CBK Statistics, Rates, Interbank rates and Treasury rates.

Regional Currencies Depreciation against USD



**Regional currencies weakened against the US dollar in Q1 2020, worst hit being the South Sudan Pound.*

Regional Outlook

Congo DR

- As a result of the Covid-19, the economy has suffered as social distancing measures restrain domestic demand, while exports shrivel on plummeting global demand for raw materials. The government pledged USD 135 million (about 0.3% of GDP) in additional healthcare spending, while also suspending VAT for certain goods and deferring business taxes. International lenders supported with the IMF approving a USD 363.3 million loan and the World Bank a USD 47 million disbursement
- Falling global demand for base metals is set to hammer the mining sector through weaker investment and lower exports, while movement restriction measures should restrain private consumption

Tanzania

- Started the year strong on the premise of robust credit supply growth and rising merchandise exports. Its tourism sector has been greatly affected forming part of its major FX earners in the economy affecting its manufacturing, exports and fixed investment

Regional Outlook (continued)

Uganda

- As a result of Covid-19, disrupted inflows of raw materials is taking a toll on construction and manufacturing activity. To mitigate the fallout, the authorities have allocated about 20% of their USD 1.3 million Contingency Fund from the FY 2019-2020 budget towards increased health spending, food distribution, and moratorium of tax payments
- Uncertainty over the duration of the pandemic and heightened debt levels pose downside risks

Rwanda

- The fiscal space to finance development narrowed recently with a steep decline in aid from10% of GDP in 2010 to 4.9% in 2018. Despite the country's vision and bold strategy for economic transformation, the huge amounts needed for future growth will require blended financing to de-risk and crowd in private capital
- The economic growth is expected to be supported by continuing large-scale investments such as the Bugesera airport, Hakan Peat plant, and electricity infrastructure

Regional Outlook (continued)

South Sudan

- Before the Covid-19 pandemic, oil exports were expected to reach 180,000 barrels a day, which would boost foreign reserves, currently standing at 0.2 month of imports
- Education, mobile money, and water infrastructure are expected to improve. If peace holds, these improvements could give confidence to private investors. Foreign investment is expected to reach $30 million in 2020
- The government expects to increase non oil revenue collection through the single treasury block account it has created for the National Revenue Authority

Regional Central Banks' Responses to Covid-19

Central Bank of Kenya(CBK)

- Lowering of the Central Bank Rate (CBR) to 7% in effect for commercial banks to lower their lending rates
- Lowering of the Cash Reserve Ratio (CRR) to 4.25% to provide additional liquidity in the market
- Extending the maximum tenor of Repurchase Agreements (REPOs) from 28 to 91 days to enable banks access longer term liquidity
- Flexibility to banks for loan classiffication and provisioning for loans that were performing on March 2, 2020 and whose repayment period was extended or were restructured due to the pandemic

Bank of Uganda(BOU)

- Directed Supervised Financial Institutions (SFIs) to defer the payments of all discretionary distributions such as dividends and bonus payments for at least 90 days
- Provide exceptional liquidity assistance to commercial banks that are in liquidity distress for a period of up to one year
- Provide liquidity to commercial banks for a longer period through issuance of reverse REPOs of up to 60 days at the CBR, with opportunity to roll over
- Grant exceptional permission to SFIs to restructure loans of corporate and individual customers including a moratorium on loan repayment for borrowers that have been affected by the pandemic

Regional Central Banks' Responses to Covid-19 (continued)

National Bank of Rwanda(BNR)

- Reducing the Central Bank Rate (CBR) from 5 to 4.5%
- Reduces the reserve requirement ratio from 5 to 4%
- Eased prudential requirements to exceptionally allow banks to restructure outstanding loans of borrowers facing temporary cash flow challenges arising from the Covid-19 pandemic
- Cap of RWF 1 million for over the counter transactions to encourage online transactions
- Review of Treasury Bonds has been done for the next six months; BNR has offered to buy back bonds at the prevailing market rate
- The regulator also reduced the waiting period if one fails to sell the bond at the secondary market from the current 30 days to 15 days
- To facilitate the private sector borrowers, a fund close to RWF 50 Billion has been earmarked to bridge liquidity challenges and commercial banks could access the facility at the central bank rate

Bank of Tanzania(BOT)

The Bank of Tanzania (BoT), conducted a consultative session with bankers through Tanzania Bankers Association, encouraging cashless transactions and other alternative payment channels


TRANSFORMING
35
YEARS
LIVES

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