

**INVESTOR BRIEFING  
Q3 2020 PERFORMANCE**



Equity Group Holdings Plc Headquarters  
Equity Centre, Upperhill, Nairobi



## Equity Group's Philosophies

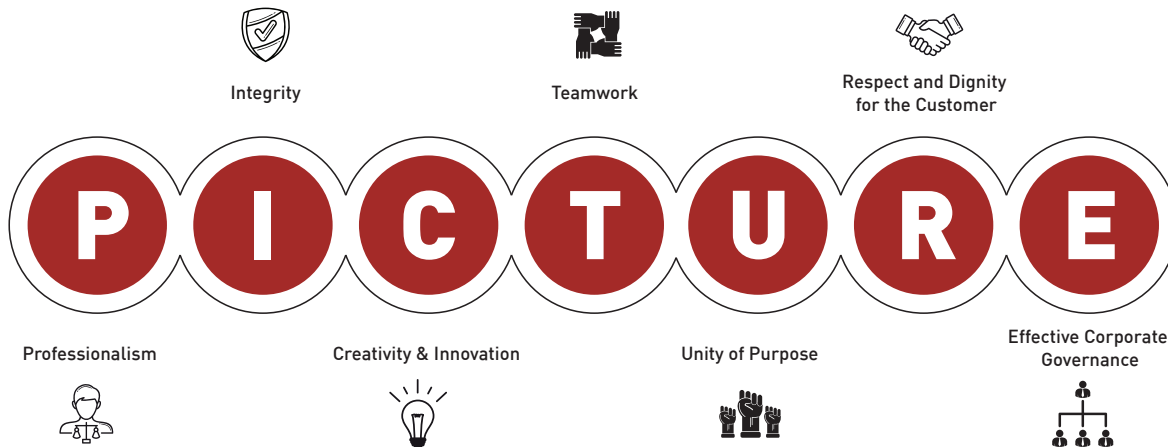
### OUR PURPOSE:

Transforming lives, giving dignity and expanding opportunities for wealth creation

### OUR VISION:

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

### OUR CORE VALUES:



### OUR MISSION:

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

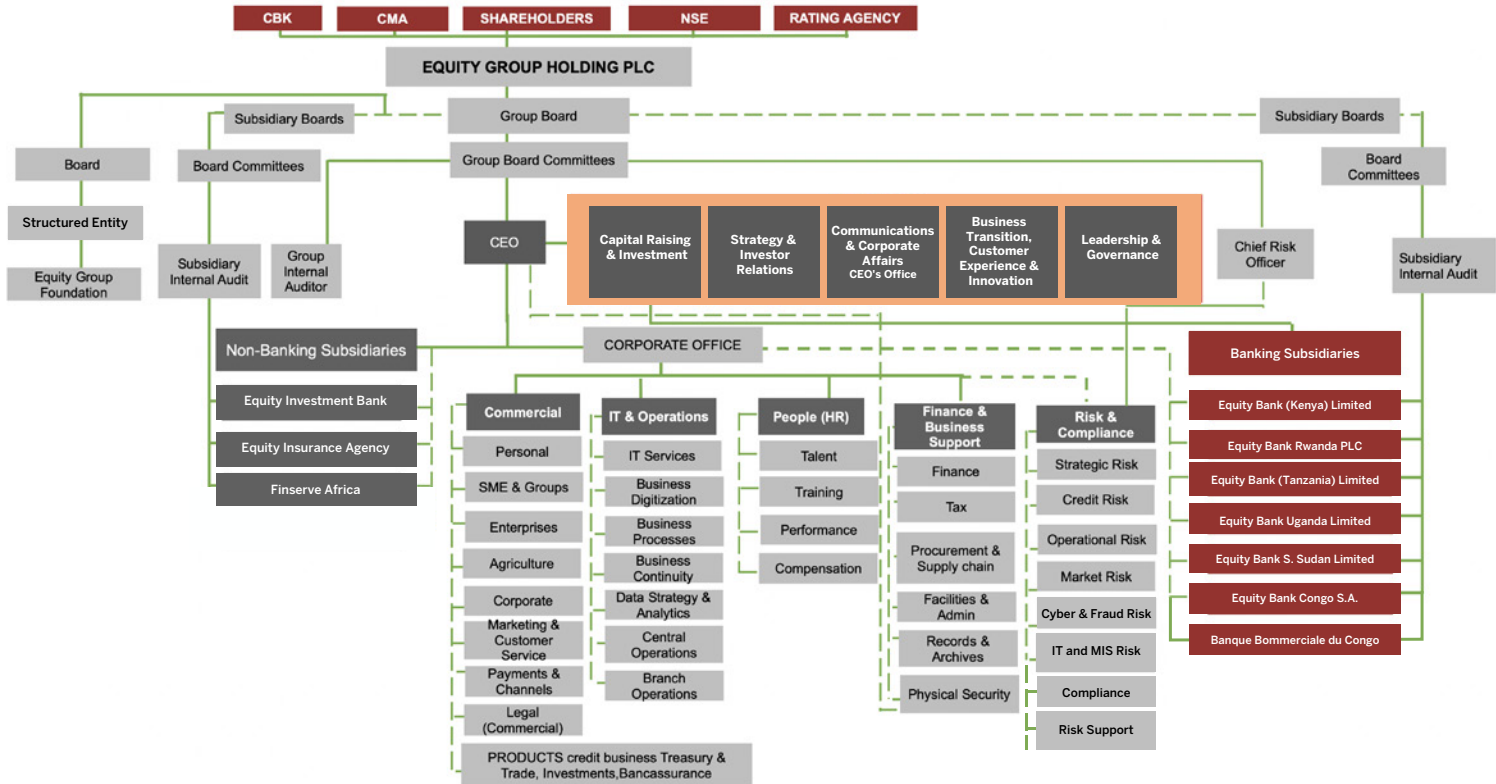
### POSITIONING STATEMENT:

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



## **GOVERNANCE AND ORGANIZATIONAL STRUCTURE**

# 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



**Polycarp Igathe**  
Group Chief Commercial  
Officer



**David Ngata**  
Group Finance Director



**Olanrewaju Bamisebi**  
Group Chief Information  
Officer



**Christine Browne**  
Group Director Legal  
Services and Company  
Secretary



**James Mutuku**  
Group Director, Treasury  
and Trade Finance



**Gloria Byamugisha**  
Group Chief Human  
Resources Officer



**Joy DiBenedetto**  
Group Director  
Communications



**John Wilson**  
Chief Risk & Compliance  
Officer



**Bildard Fwamba**  
Chief Internal Auditor

## Group Executive Management (continued)



**Reuben Mbindu**  
Executive Director, Equity  
Group Foundation



**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



**Esther Kitoka**  
Executive Director,  
Equity Bank Tanzania



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



**Yves Cuypers**  
Managing Director,  
BCDC



## Group Board of Directors



**Prof. Isaac Macharia**  
Non-Executive Chairman



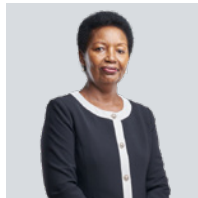
**Dr. James Mwangi**  
Managing Director and  
Chief Executive Officer



**Mary Wamae**  
Executive Director



**Dr. Edward Odundo**  
Non-Executive Director



**Evelyn Rutagwenda**  
Non-Executive Director



**Vijay Gidoomal**  
Non-Executive Director



**Dr. Helen Gichohi**  
Non-Executive Director



**Christopher Newson**  
Non-Executive Director





**PRESS RELEASE**

## Press Release

### Equity grows loan book by 30% to support customers and keep the economy lights on.

**Nairobi 12<sup>th</sup> November 2020.....** Equity Group has reported a 30% growth in its loan book from Kshs 348.9 billion in September 2019 to Kshs 453.9 billion as at 30th September 2020.

While releasing the results for Q3 2020, Dr. James Mwangi, Group Managing Director and CEO said, “We grew our loan book by 30% year on year in order to support our customers who saw opportunities of green shoots and diversification in the COVID-19 environment. Most of the new opportunities we funded were in manufacturing of PPE’s, logistics, online businesses, agro-processing, fast moving consumer goods and agriculture value chains.”

Execution of Equity Group’s twin strategy of being defensive and offensive has proven to be effective despite the challenging environment. Customer deposits registered a 45% growth from Kshs478 billion to Kshs 691 billion driven by 51% growth in Uganda, 21% growth in Kenya and an additional Kshs130 billion from the acquisition of BCDC in DRC. Loans to customers grew by 30% driven by 37% growth in Uganda, 19% growth by Equity Bank Congo, 15% growth in Rwanda, 15% growth in Kenya and an additional Kshs 48.5 billion from the acquisition of BCDC in DRC. The growth in capital weighted loan book and capital geared customer deposits was on the back of a 27% growth in shareholders’ funds following withdrawal of Equity Group Holdings’ 2019 dividend payout. The balance sheet of the Group grew by 38% from Kshs 677.1 billion to reach Kshs 934 billion.

Regional expansion and business diversification efforts have reduced dependence on Kenya for Group performance making the Group truly a regional financial services provider. Regional subsidiaries now contribute 40% of customer deposits, 39% of Group total assets, 33% of the loan book, 30% of the Group’s revenue and 25% of the Group’s profit before tax.

On the defensive strategy the Group increased its capital base by 27% to Kshs 137.6 billion from Kshs 108.7 billion to fortify the balance sheet.

The Group’s liquidity position strengthened to 55.7% driven by a 61% growth in cash and cash equivalents and a 34% growth in Government securities. Maintaining its conservative and prudent approach and in recognition of the challenging operating environment, the Group increased its loan book provision eleven-fold from Kshs1.3 billion to Kshs14.3 billion compared to the same period last year, registering a cost of risk of 4.8% up from 0.8% the corresponding period last year. To further consolidate liquidity, the Group increased its long-term funding by 7% to Kshs 70.7 billion from Kshs 66.3 billion as shareholders funding grew by 27%.

## Press Release

In its defensive strategy, Equity has worked to support the larger society, communities and customers to weather and mitigate the adverse effects of COVID-19, Equity Group boosted government efforts of containing the pandemic by:

- (1) Waiving fees on mobile banking transactions to discourage the use of cash while incentivizing the use of digital channels;
- (2) Utilizing the expertise of Equity Afia medical team to screen body temperature of customers and staff accessing physical premises including bank branches while supporting COVID-19 health education;
- (3) Leading nationwide initiatives to safeguard frontline health workers through the provision of PPEs and mental wellness and psychosocial support training by the Equity Group Foundation at a cost of Kshs1.3 billion;
- 4) Providing loan repayment accommodation and rescheduling for up to 45% of the customers whose cashflows were deemed likely to be negatively impacted by government set COVID-19 containment measures;
- (5) Supporting staff to cope with the challenges associated with COVID-19 while maintaining a conducive working environment to comply with health protocols and offering choice of working from home were possible.

Equity Group has endeavored to leverage on the opportunities that present within the COVID- 19 crisis, especially for customers. We chose to seize the opportunities which have presented themselves through the pandemic, most notably for our societies and the world to build back better, and to build a more ethical and equal operating environment for all in Africa who have been left out of the established systems. In this way we are opting to pursue the silver lining in the crisis.

The COVID-19 prevention protocols that underpin mitigation measures including: social distancing, hand hygiene, maintaining clean surfaces and avoiding unnecessary exposure including working from home as much as possible - have served as a tail wind to the Group's digitization. There is a significant customer shift to the use of internet and mobile channels with a remarkable reduction in use of brick and mortar outlets. 98% of the transactions are off physical premises, with 87% taking place online.

Equity's business model has migrated from being based on fixed cost channels to self-service and third-party variable cost channels.

## Press Release

The business has transformed from the 'place you go' to 'what you do' on devices, thus removing and compressing time and geography making business 24-hours, whatever time, wherever you are. Staff teams have been availed the flexibility of working from the office and many are now working from home while the customers now enjoy unparalleled freedom and control of their accounts and unprecedented convenience.

For the first time, the digital bank has overtaken the legacy bank in both the number of transactions and value of transactions handled on a daily basis. Staff jobs have been enriched by a shift from transaction banking to more high value and non-manual customer engagements. Online banking products and services have experienced the greatest growth with digital transaction values growing by 34%. The volume of diaspora remittances grew by 88%, while Forex online trading income grew by 41%. Customer engagement has increased as reflected by 45% growth in their deposits and customer loyalty is reflected by resilience in honoring their loan repayment obligations as signified by a stable 10% non-performing loan portfolio at a ratio of 300 basis points below the industry average despite the challenging business operating environment under COVID-19.

The business model transformation to digital banking and variable cost channel models have paved the way for efficiency and cost optimization gains. Cost income ratio has declined from 51.3% to 47.6% while the platform enhancement of Equity's IT capability to allow digitization has enabled massive growth in transaction processing volume without growing operational costs. This has allowed Equity to maintain a low-cost funding of transaction float, which serves as a major competitive advantage of low cost of funding at 2.7% that protects margins in the intermediation business.

On the socio-economic front, visibility of Equity's impact investments through the Equity Group Foundation has strengthened the Equity brand, particularly by the empathy reflected from the Kshs1.3 billion investment to boost government efforts in managing the COVID-19 crisis. The provision of a monthly stipend for Wings to Fly, Elimu and TVET scholars, the delivery of solar powered lights and radios with mobile charging devices to the scholars has helped them to bridge the digital divide and allow them to keep learning over the prolonged school closure in partnership with our long-time partner Mastercard Foundation. These efforts have solidified the brand's commitment to society's welfare in times of need.

The waiver of mobile transaction fees for the customers speaks of empathy and care beyond relationships. The Young Africa Works Kenya programme we launched in June 2019 with Mastercard Foundation to create 5 million jobs resonates with the needs of the times.

## Press Release

Financial literacy and entrepreneurship training have become critical in making customers and their businesses resilient, while social safety net cash transfers and payments have positively projected the brand and served society, as has the contribution of Equity Afia health clinics and our efforts to conserve the environment.

With the execution of the twin strategy of being defensive and offensive the business has registered strength and resilience. Net Interest Income has grown by 22% to Kshs 39.3 billion from Kshs 32.3 billion, while non-funded income has grown by 11% to Kshs 24.4 billion from Kshs 22 billion with total income growing by 17% to Kshs 63.7 billion from Kshs 54.3 billion. Operating costs before provision grew by 8.16% with profit before provisions growing by 30.65%. Loan loss provisions grew by 11-fold from Kshs 1.3 billion to Kshs 14.3 billion increasing NPL coverage to 86%. Profit after tax declined by 14% from Kshs 17.5 billion to Kshs 15 billion reducing return on average equity from 22.9% to 16.9% and return on average assets from 3.7% to 2.5%.

The Group maintained healthy capital buffers with core capital to risk weighted asset standing at 14.5% while total capital to risk weighted assets stood at 17.5%.

Equity Group continued to gain global accolades and recognition. The Group maintained its Moody's sovereign rating B2 for National Rating and Global Rating Aaa.ke/KE1. Global Credit Rating (GCR), long-term rating AA- and a short-term rating A1. During the year the African Banker Awards named Equity the Best Regional Bank-East Africa while Global SME Finance Awards named Equity the Best SME Bank in Africa. The Banker named Equity as the 7th Best Bank in Africa while Equity Group's CEO Dr. Mwangi was named to the Bloomberg 50 list and was honored with the 2020 Oslo Business for Peace Awards.

While uncertainty remains, Equity Group is holding an optimistic outlook of the future. Prompt focus to protect and sustain customer businesses in early days of COVID-19 with a long-term view, has helped build resilience and survival of majority of micro, small and medium enterprises saving lives and boosting livelihoods. The Group's proactive approach to conserve capital liquidity while protecting quality of balance sheet through aggressive provisioning of loan portfolio and enhancement of NPL coverage the Group well to weather the challenges of COVID-19. Efforts of enhancing customer relationship management, training on how to cope with the evolving challenges and financial support to diversify business and align to emerging opportunities have provided optimism to continued growth.

"We are focused on increasing the chances of our customers surviving the COVID-19 challenges, transforming themselves by walking with them and hand-holding them with our knowledge, skills and Group resources. During these extra-ordinary times our performance measures has changed from numbers to lives and livelihoods supported, changed, enhanced and transformed," concluded Dr. Mwangi.



## MACROECONOMIC AND OPERATING ENVIRONMENT

## The Great Multi Crises - COVID-19



### Global Health crisis

#### Globally;

- ❖ 49 Mn Cases
- ❖ 1.2 Deaths

#### Africa;

- ❖ 1.8Mn Cases
- ❖ 45k Deaths



Source: John Hopkins & AFRICA CDC, as at 6 Nov 2020



### Humanitarian crisis



**IMF** - Close to 90 million people could fall below the \$1.90 a day income due to Covid-19



**Food and Agriculture Organisation** - number of undernourished people could increase by 132 million by the end of the year



**World Health Organisation** - 30 Measles vaccination campaigns were cancelled or risk to be cancelled due to Covid-19

## \$ Global Economic crisis

### 2020 Growth forecasts improving after the Great Lockdown;

- Global growth at -4.4% as at Oct 2020 (-4.9% at June 2020)
- Advanced economies growth at -5.8% (-8% at June 2020)
- Emerging and developing economies growth at -3.3% (-3% at June 2020)
- Sub-Saharan Africa growth at -3.0% (-3.2% at June 2020)

Source: IMF

### Consumer spending contracting

- Total consumer spending to contract by \$2.4 trillion in 2020

Source: World Data Lab

### Significant job losses predicted

- Nearly 50% of the world's 3.3 billion global workforce are at risk of losing their livelihoods
- Working-hour losses in Q4 2020 are expected to amount to 8.6 %, or 245 million FTE jobs

Source: International Labour Organisation (ILO)



## Government COVID-19 Management and Responses

### Kenya

- Banks to accommodate loan restructuring for their clients
- Promotion of the use of e-payments to reduce risk of contaminated bank notes
- Government allocation of initial Kes 40 Bn for health & social protection
- Reduced Income tax from 30% to 25%, corporate tax from 30% to 25%, turnover tax from 3% to 1% and VAT from 16% to 14%
- FY2020/21 budget set additional Kes 53.7Bn economic stimulus package

### Uganda

- Banks to accommodate loan restructuring
- Promotion of the use of e-payments to reduce risk of contaminated bank notes
- Allocation of USD 1.3 Mn contingency health fund, supplementary budgets of \$ 80 Mn and \$288 Mn. Securing \$491.5 Mn emergency assistance from IMF
- Delayed payment of corporate tax, deferred payment of PAYE, tax exemption for medical supplies and waiver of tax arrears
- FY2020/21 budget pledged support for recovery of critical sectors

### Rwanda

- Banks to accommodate loan restructuring for their clients
- A fund of Rwf 50 Billion for banks with liquidity challenges
- Suspension of payments of outstanding tax, slowed collection of tax arrears, extension of filing and paying Corporate Income Tax, VAT refunds to SMEs
- Secured a \$109.4 Mn financing from IMF to fight the pandemic

### DRC

- Removed reserve requirements for local currency demand deposits and postponed the new minimum capital requirements
- Encouraged banks to restructure non performing loans
- Promotion of the use of e-payments to reduce risk of contaminated bank notes
- Set a budget of \$ 135 million to combat COVID-19
- VAT exemption on pharmaceuticals and basic goods, suspension of companies' tax audits, tax deductibility for donations to COVID-19

### Tanzania

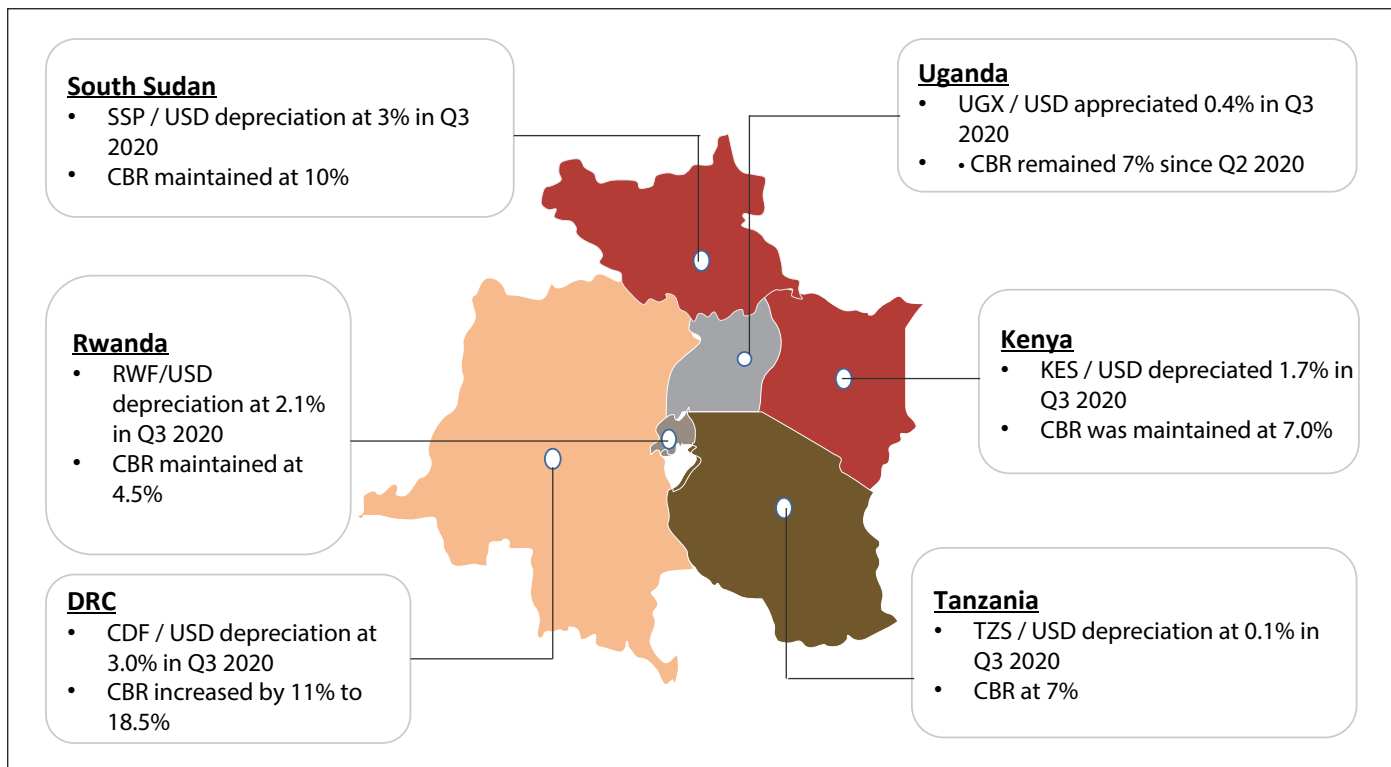
- Encouraged non performing loans restructuring
- Reduced collateral haircuts requirements on government securities; from 10% to 5% for Treasury bills and from 40% to 20% for Treasury bonds
- Promotion of the use of e-payments to reduce risk of contaminated bank notes
- Spent \$8.4 Mn specifically to deal with COVID-19 effects and will create a contingency reserve of \$3.2 Mn to fund additional health spending

### South Sudan

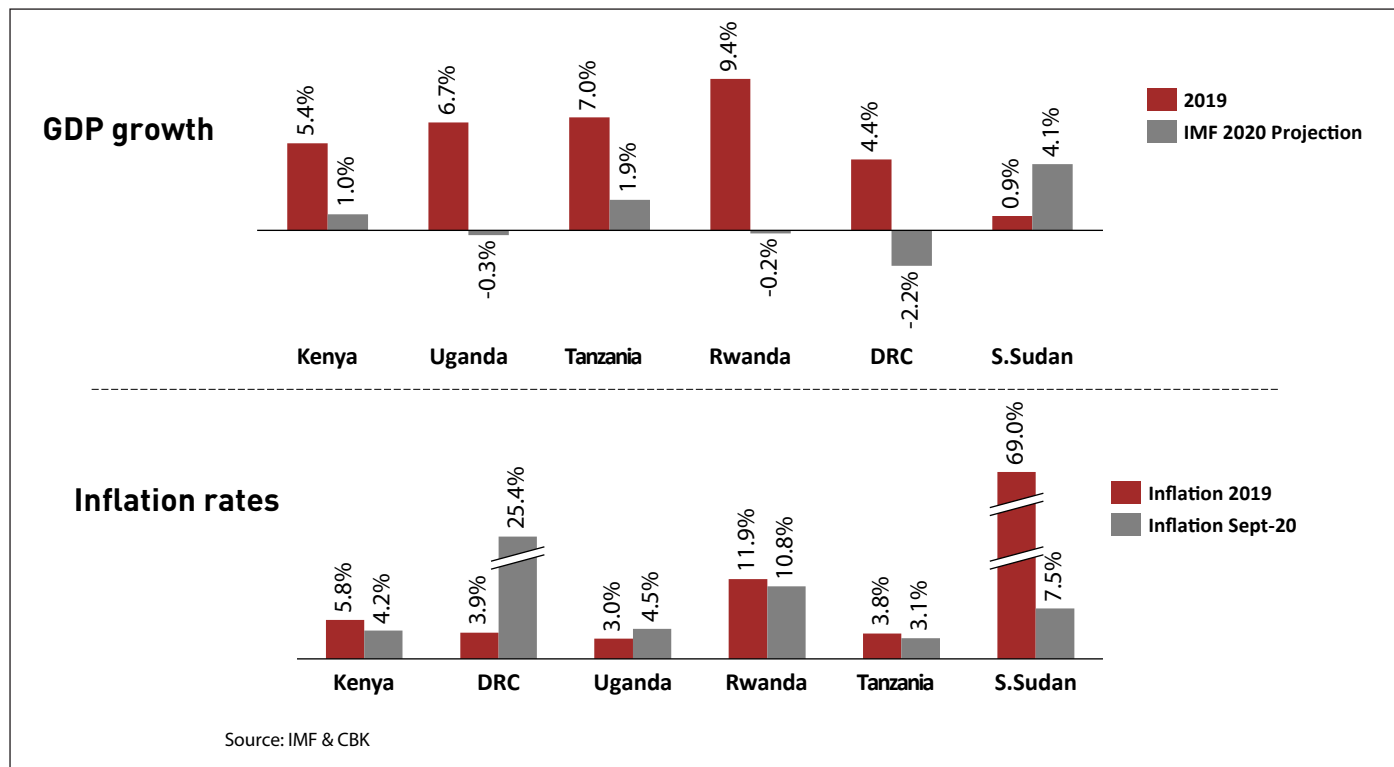
- Reduced the CBR by 200bps and further by 300bps from 15% to 10%
- Reduced CRR from 20% to 18% and further to 10% and encouraged non-performing loans restructuring
- Allocated a COVID-19 fund of USD 8.0 million of which, USD 5.0 million was allocated to the Ministry of Health
- Redirected USD 7.6 million from the World Bank's grant of \$105 million to purchase items for pandemic prevention and treatment

Source: IMF

## CBR, CRR and Currency Depreciation



## GDP growth projected to slow down across the region



## Equity Boosts Government Efforts against COVID-19 Pandemic



### Health Response

Waived fees on mobile banking transactions to discourage use of cash; leveraged of our health clinics to support educational awareness



### Social Response

Equity Group Foundation, Mastercard and Dr. James Mwangi family contribution to the COVID-19 fund totalling Kshs 1.4 Billion



### Loan restructuring

In response to the challenging operating environment for customers we have identified borrowers impacted by COVID-19 who account for 45% of our loan portfolio



### Capital buffers

In response to the global and regional uncertain operating environment, we have enhanced core capital buffers by withdrawal of 2019 dividend amounting to Kshs 9.5 Billion



### Risk management

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



**EQUITY BANK BUSINESS MODEL AND  
STRATEGY**

## Equity Bank Business Model & Strategy Focus

**1.**

Non-Funded Income Growth

**2.**

Treasury

**3.**

Geographical and Business Diversification

**4.**

Balance Sheet Agility

**5.**

Innovation and Digitization

**6.**

Asset Quality

**7.**

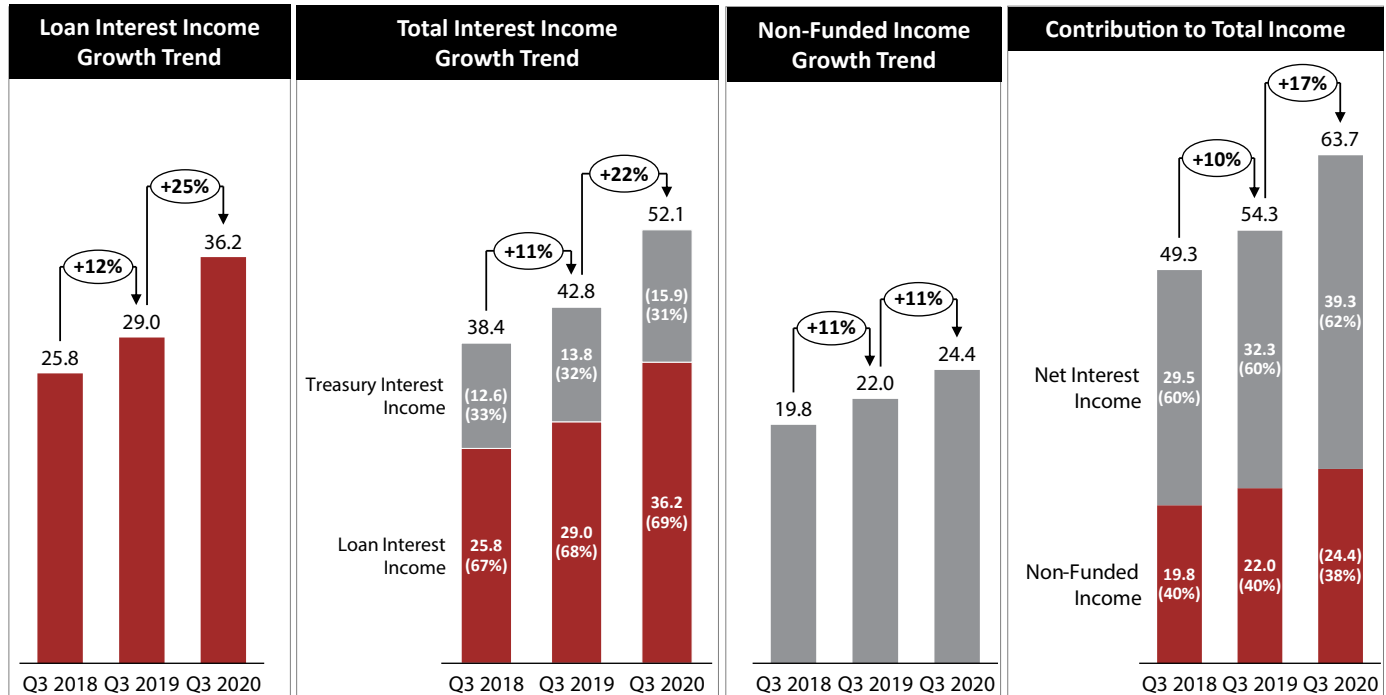
Efficiency and Cost Optimization

**8.**

Impact Investment &amp; Social Brand Development

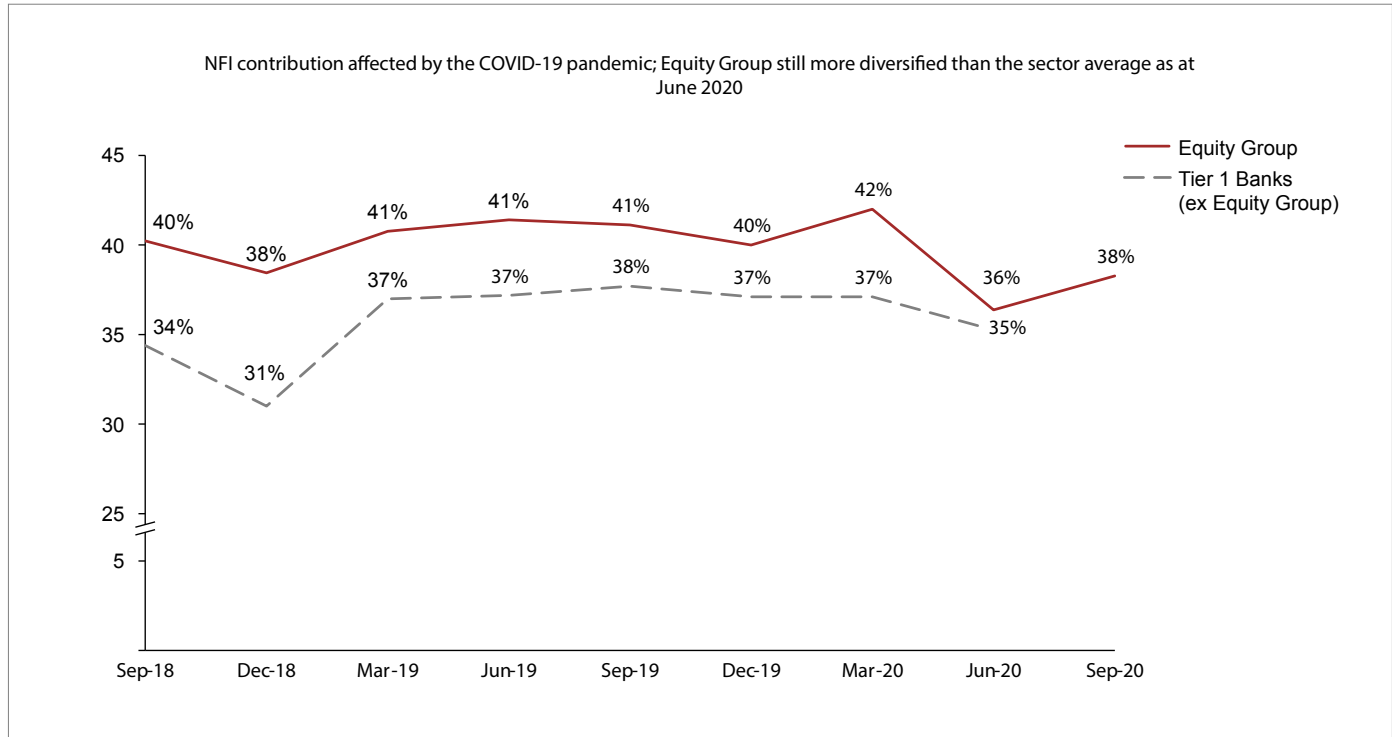
## Focus Area 1: Non-Funded Income Growth

In Kes Billion



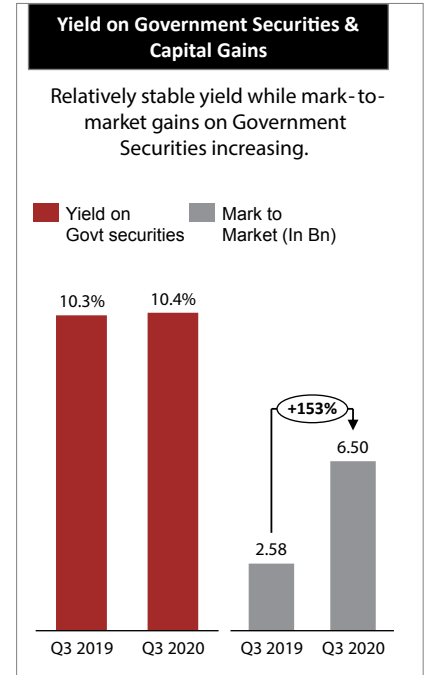
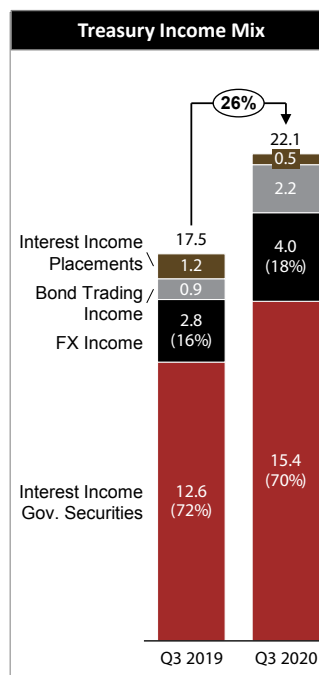
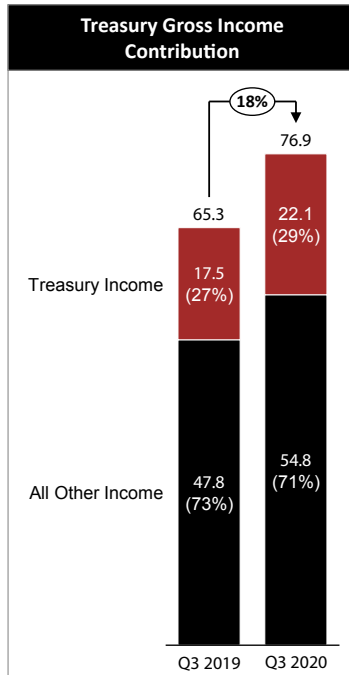
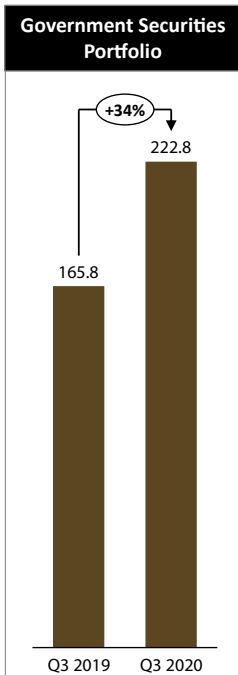


## Focus Area 1: NFI Contribution



## Focus Area 2: Treasury

In KES Billion



Note: Income calculation above is before funding costs

## Focus Area 3: Subsidiaries Performance and Contribution

In KES Billion

Q3 2020	EBTL	EBRL	EBUL	EBSS	EBCL	BCDC	EIA	EIB	Finserve	Other Subs Total	EBKL	Group	Other Subs Contribution Q3 2020	Other Subs Contribution Q3 2019	
Deposit	16.7	25.6	43.7	6.63	71.9	130.0					<b>294.6</b>	<b>445.3</b>	<b>691.0</b>	40%	27%
<i>YoY Growth</i>	-2%	11%	51%	12%	16%	-					<b>40%</b>	<b>60%</b>	<b>100%</b>		
Loan	13.4	19.7	34.6	0.1	35.1	48.5					<b>151.5</b>	<b>302.4</b>	<b>453.9</b>	33%	25%
<i>YoY Growth</i>	-1%	15%	37%	13%	19%	-					<b>33%</b>	<b>67%</b>	<b>100%</b>		
Assets	27.2	36.7	56.5	10.3	88.9	154.0	0.8	0.6	2.3		<b>377.2</b>	<b>598.9</b>	<b>933.9</b>	39%	27%
<i>YoY Growth</i>	8%	17%	40%	4%	10%	-	-22%	12%	13%		<b>39%</b>	<b>61%</b>	<b>100%</b>		
Revenue	1.6	2.7	4.9	0.5	5.8	1.8	0.7	0.0	1.0		<b>19.1</b>	<b>45.0</b>	<b>63.7</b>	30%	27%
<i>YoY Growth</i>	15%	17%	41%	10485%	7%	-	-13%	-91%	-5%		<b>30%</b>	<b>70%</b>	<b>100%</b>		
Cost before provisions	1.2	1.4	2.9	0.3	4.1	1.4	0.2	0.1	0.8		<b>12.3</b>	<b>19.1</b>	<b>30.5</b>	39%	36%
<i>YoY Growth</i>	-8%	19%	29%	-37%	7%	-	2%	5%	-26%		<b>39%</b>	<b>61%</b>	<b>100%</b>		
<i>PBT before provisions</i>	0.4	1.4	2.1	0.2	1.7	0.4	0.4	-0.1	0.3		<b>7.0</b>	<b>26.3</b>	<b>34.5</b>	21%	19%
<i>YoY Growth</i>	294%	17%	59%	70%	5%	-	-19%	549%	327%		<b>21%</b>	<b>79%</b>	<b>100%</b>		
PBT	-0.2	1.2	1.5	0.2	1.0	0.3	0.4	-0.1	0.3		<b>4.6</b>	<b>14.0</b>	<b>19.8</b>	25%	17%
<i>YoY Growth</i>	-331%	13%	31%	70%	-25%	-	-19%	549%	4165%		<b>25%</b>	<b>75%</b>	<b>100%</b>		
PAT	-0.2	0.8	1.0	0.2	0.6	0.3	0.3	-0.1	0.2		<b>3.3</b>	<b>10.6</b>	<b>15.0</b>	24%	18%
<i>YoY Growth</i>	-415%	13%	23%	81%	-34%	-	-13%	549%	3385%		<b>24%</b>	<b>76%</b>	<b>100%</b>		
<i>RoAE</i>	-8.8%	21.6%	19.1%	7.2%	10.0%		139.7%	-16.6%	23.7%		<b>13.3%</b>	<b>18.4%</b>	<b>16.9%</b>	13.3%	19.1%
<i>Cost of Capital</i>	20.0%	19.0%	19.0%	-	22.0%	22.0%	18.0%	18.0%	18.0%		<b>20.5%</b>	<b>18.0%</b>	<b>19.0%</b>	20.5%	20.5%

## Focus Area 3: Geographical and Business Diversification

### Ratios-Banking Subsidiaries

RoAE		
Subsidiary	Q3 2019	Q3 2020
EBKL	27.6%	18.4%
EBUL	21.2%	19.1%
EBRL	23.9%	21.6%
EBTL	3.7%	-8.8%
EBCL	17.7%	10.0%
EBSSL	4.9%	7.2%

RoAA		
Subsidiary	Q3 2019	Q3 2020
EBKL	4.0%	2.6%
EBUL	3.1%	2.7%
EBRL	3.4%	3.3%
EBTL	0.4%	-1.2%
EBCL	1.8%	1.0%
EBSSL	1.5%	2.6%

Cost-to-Assets Ratio		
Subsidiary	Q3 2019	Q3 2020
EBKL	5.5%	7.6%
EBUL	8.9%	9.2%
EBRL	5.9%	6.3%
EBTL	6.9%	9.7%
EBCL	8.1%	7.7%
EBSSL	7.3%	4.5%

Cost-to-Income Ratio		
Subsidiary	Q3 2019	Q3 2020
EBKL	45.9%	42.0%
EBUL	62.6%	57.5%
EBRL	48.4%	49.0%
EBTL	92.4%	73.9%
EBCL	70.2%	70.6%
EBSSL	79.0%	58.3%

## Focus Area 3: Geographical and Business Diversification

- Present in 6 countries and a commercial representative office in Ethiopia
- We are a Top 2 bank in our two largest markets and in the Top 10 in three other markets
- Population of ~367 million
- Nominal GDP of ~USD 314 Bn
- BCDC acquisition completed on 7 August 2020
- BCDC contributes 200,000 customers and 29 branches to our DRC operations



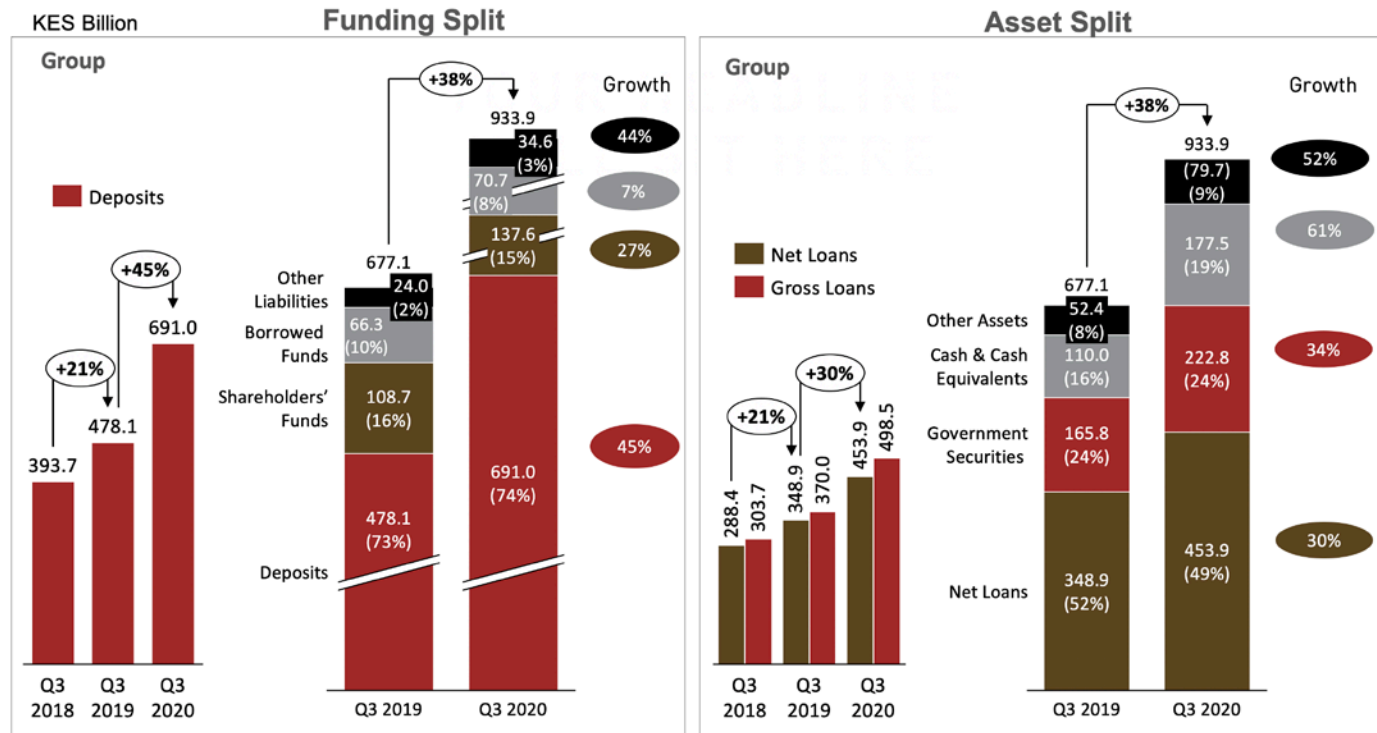
## Focus Area 3: Geographical and Business Diversification



<b>BRANCHES</b>	<b>335</b>	<b>CAPITAL CITY</b>	<b>124</b>
Branches in Kenya	190	Nairobi	52
Branche in Uganda	42	Kampala	20
Branches in S. sudan	5	Juba	4
Branches in Tanzania	14	Dar es Salaam	1
Branches in Rwanda	14	Kigali	8
Branches in DRC	70	Kinshasa	39

<b>AGENT OUTLETS</b>	<b>52, 742</b>
<b>POINT OF SALE TERMINALS (POS)</b>	<b>35, 386</b>
<b>ATM</b>	<b>720</b>

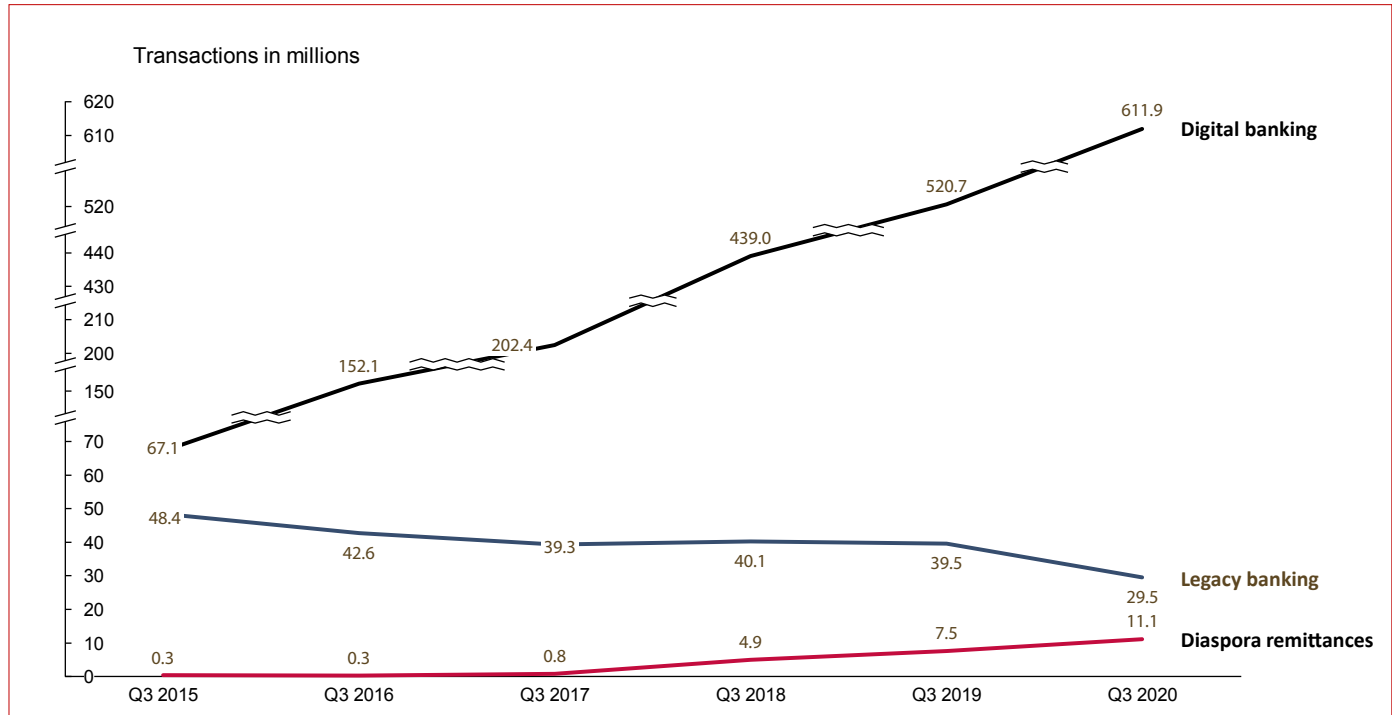
## Focus Area 4: Balance Sheet Resilience and Agility





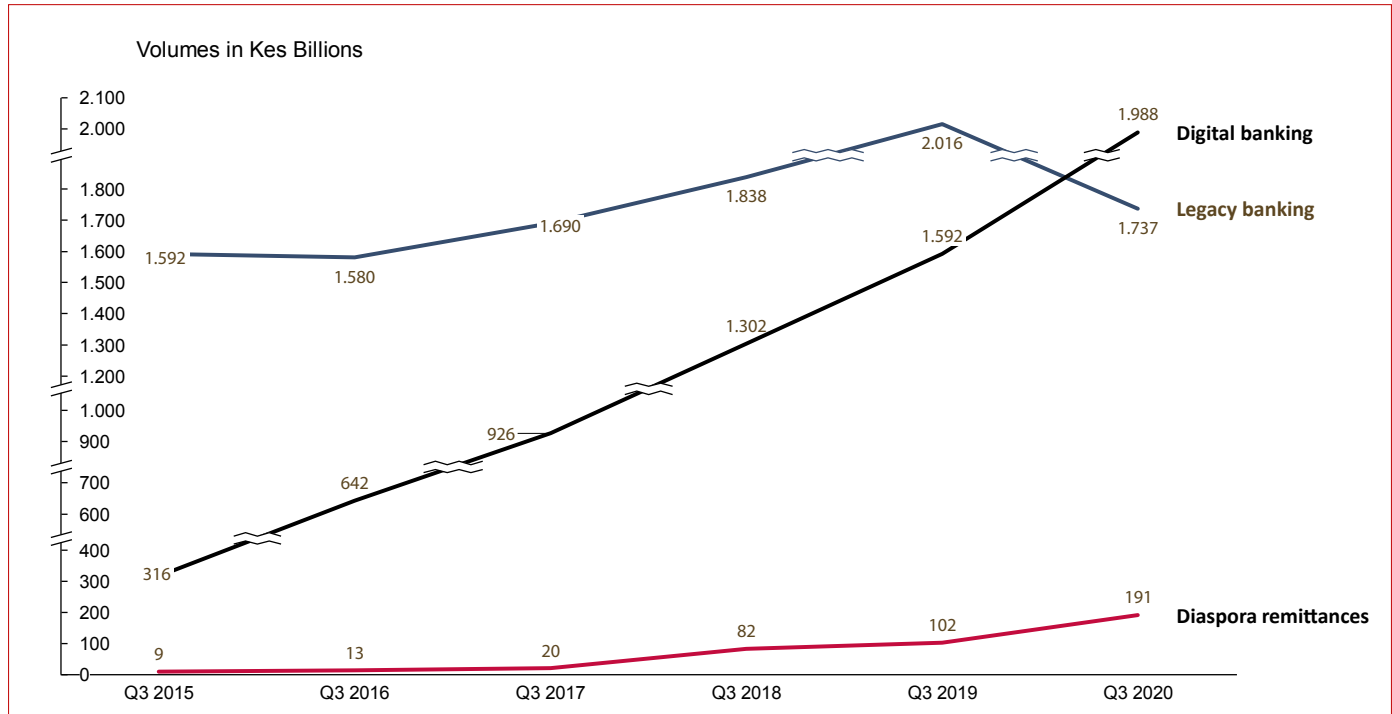
## Focus Area 5: Innovation and Digitization

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



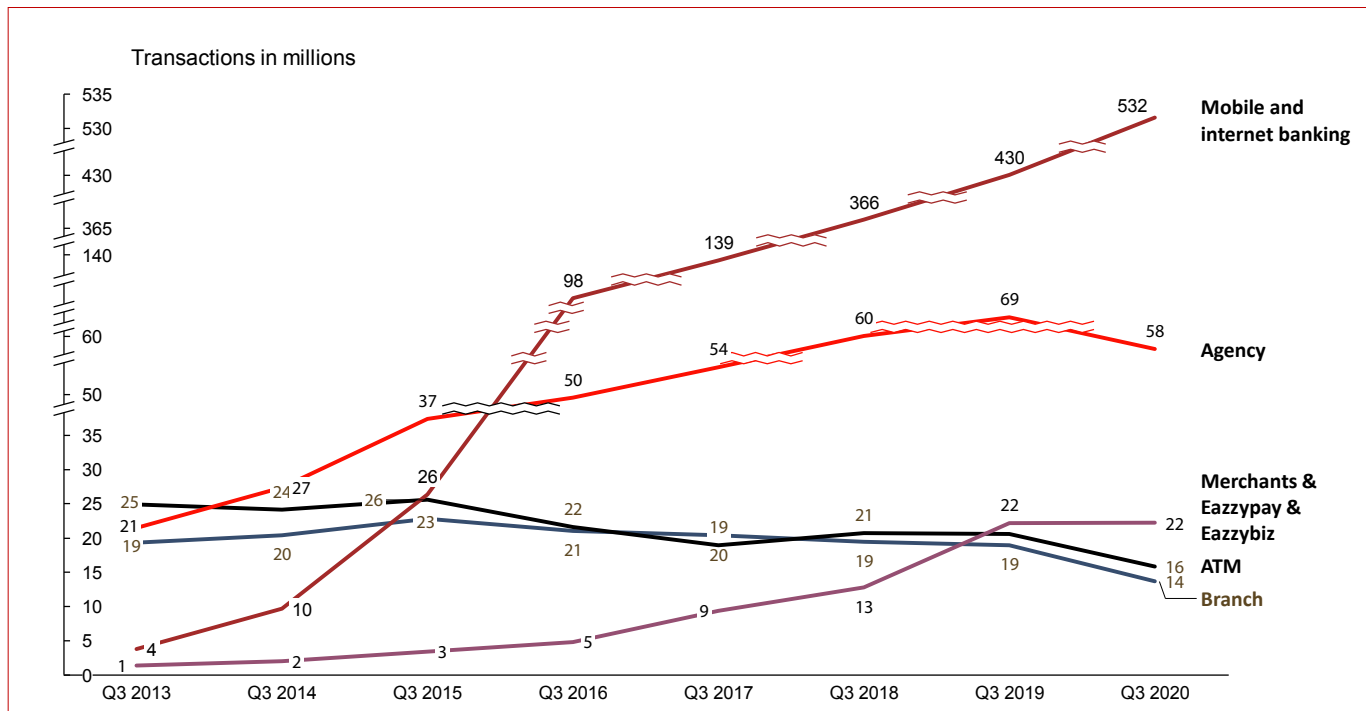
## Focus Area 5: Innovation and Digitization

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



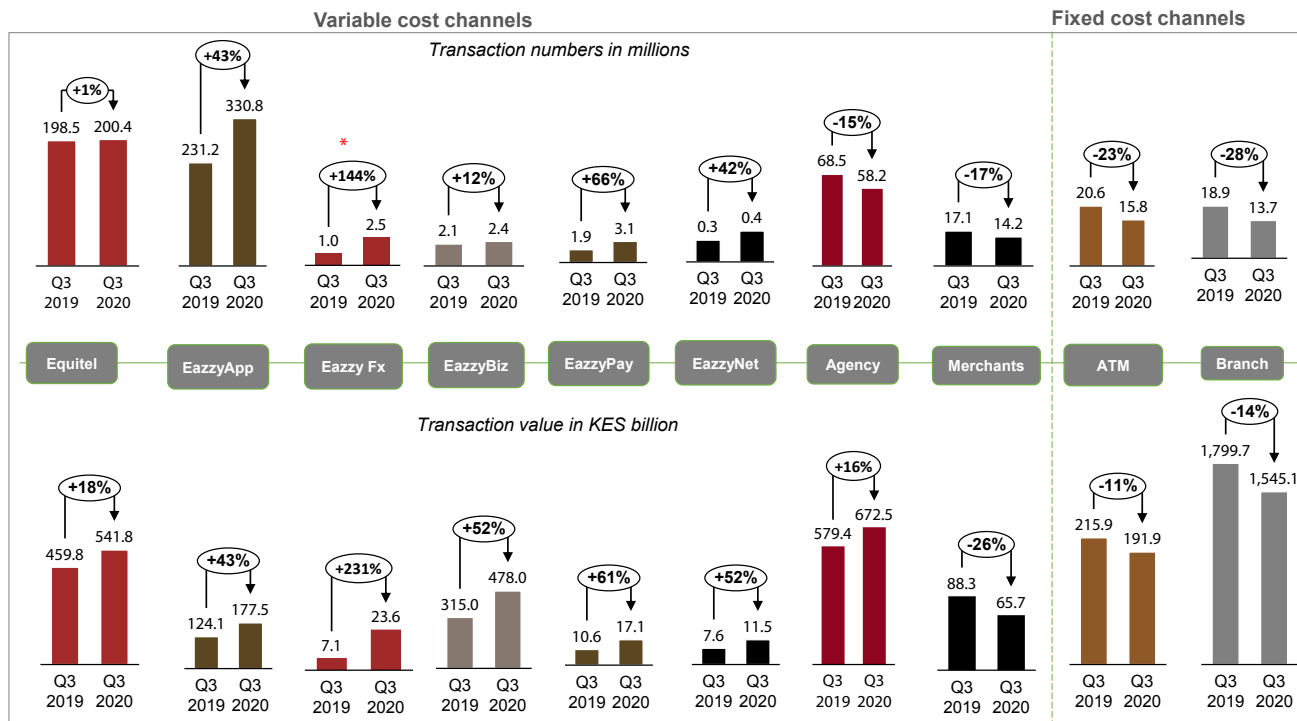
## Focus Area 5: Innovation and Digitization

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

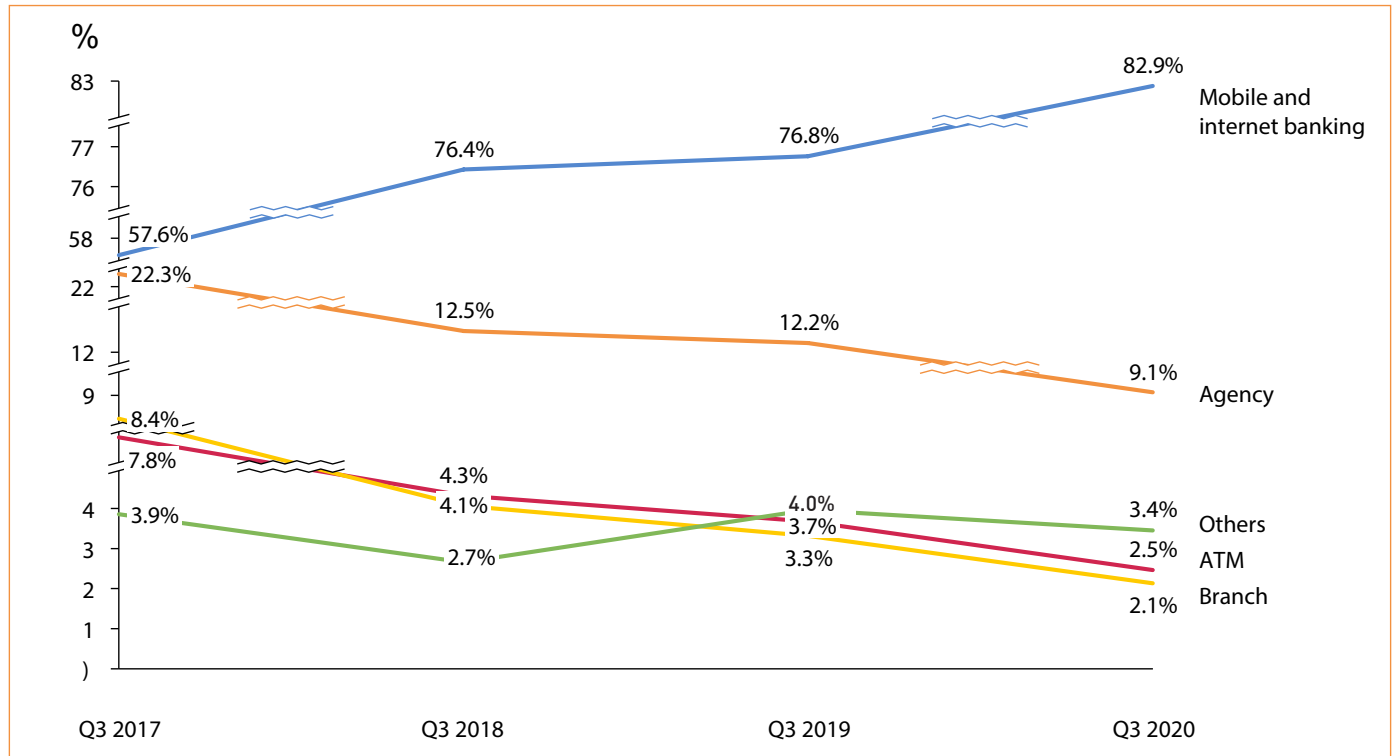
### Migrating from Fixed to Variable Cost Delivery Infrastructure



\*Q3 2020, Eazzy Fx transactions in thousands

## Focus Area 5: Fintech Innovation and Digitization

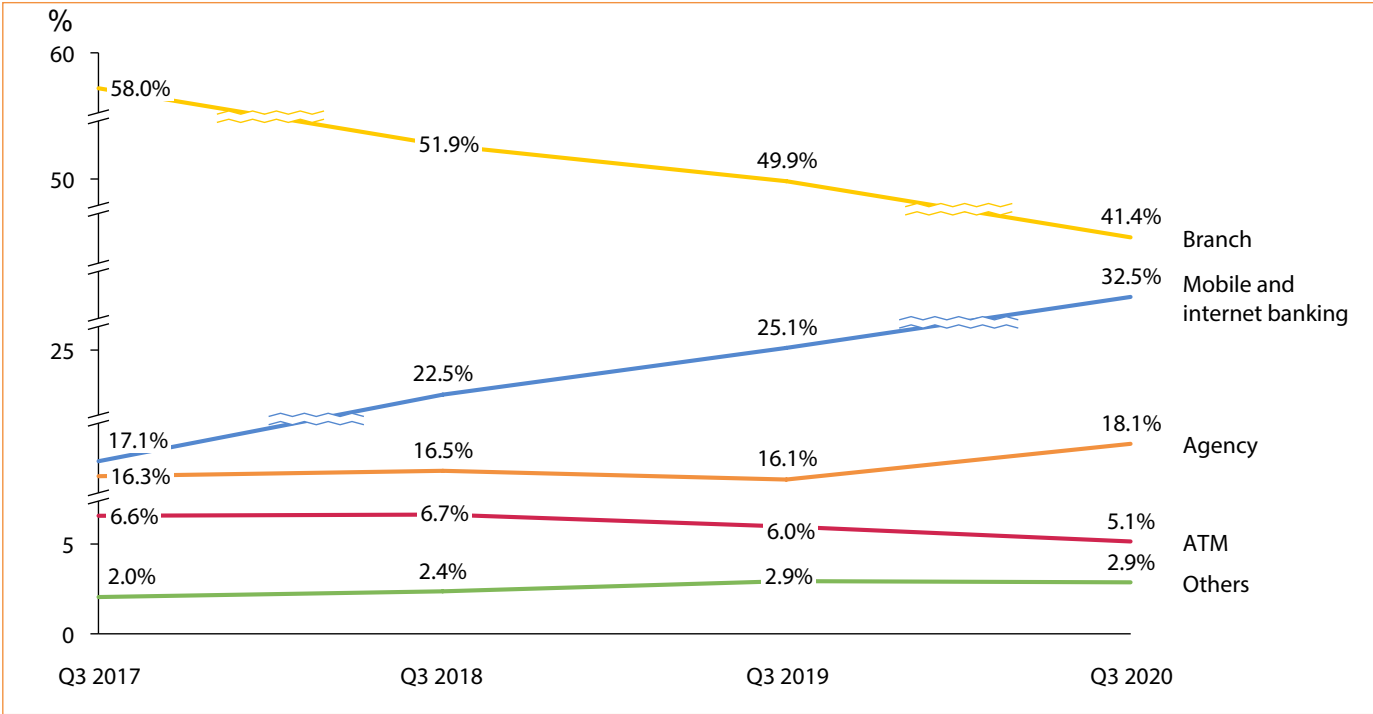
98% of our Transactions outside the Branch



# Focus Area 5: Fintech Innovation and Digitization

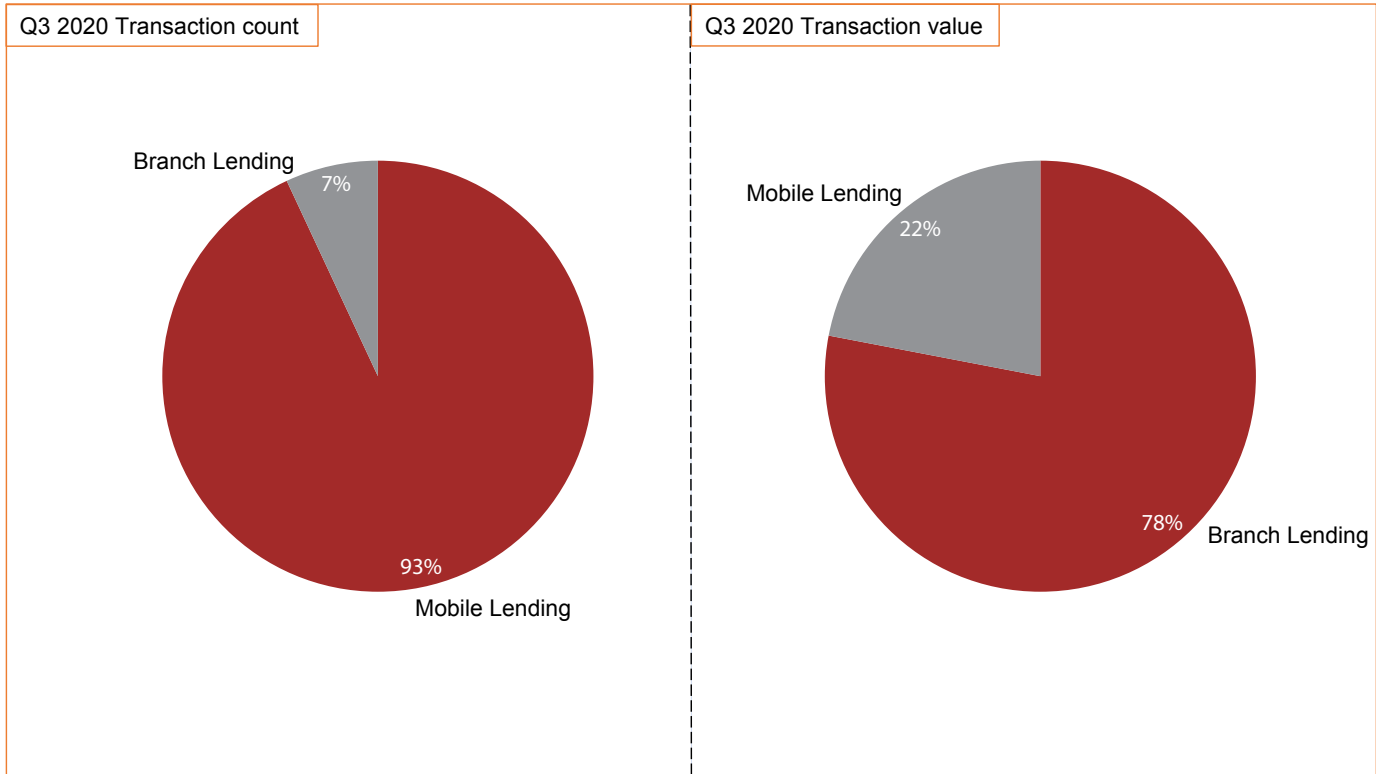
59% of our Transactions Value outside the Branch

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



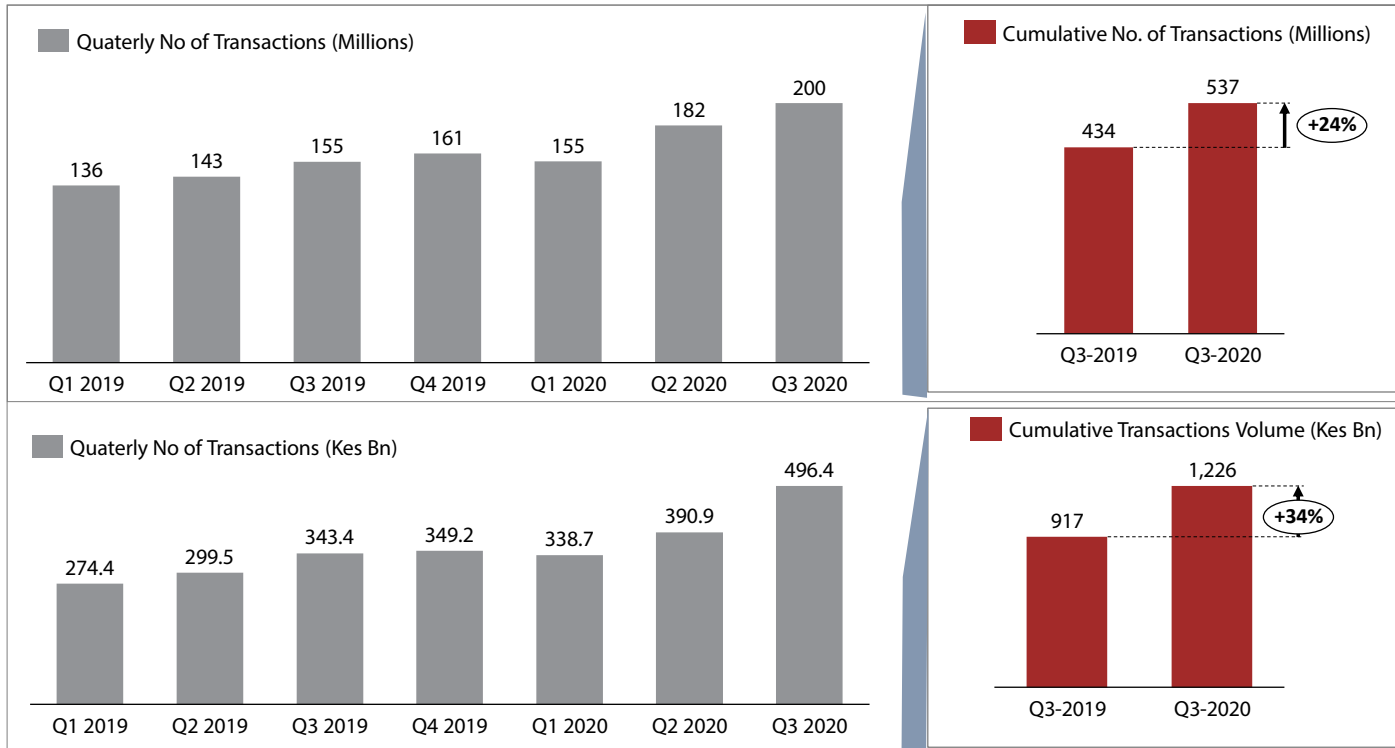
## Focus Area 5: Fintech Innovation and Digitization

93% of our Loan Transactions via Mobile Channel

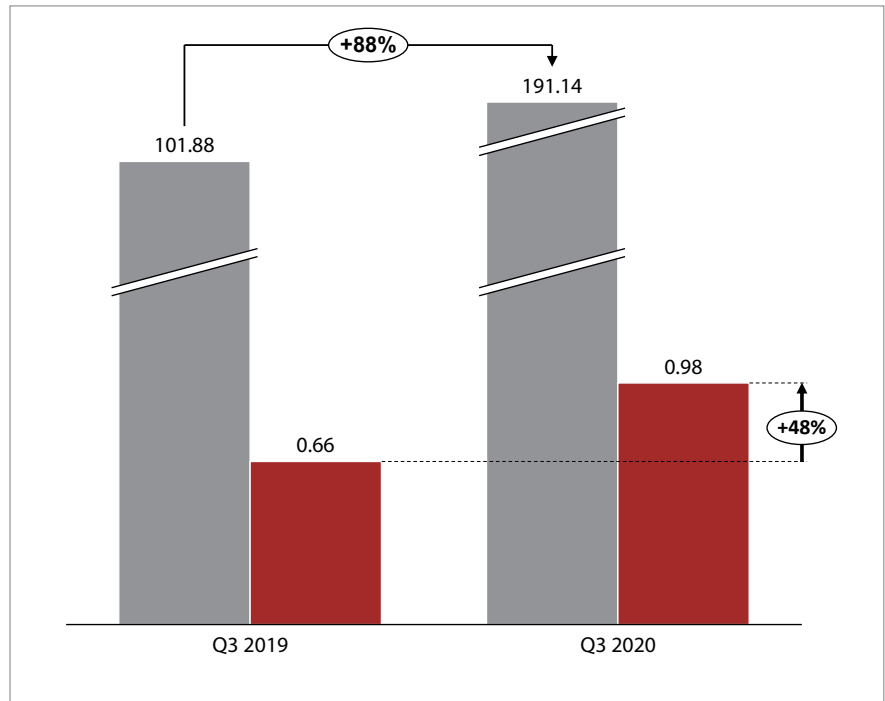




## Focus Area 5: Fintech Innovations in Digital Payments

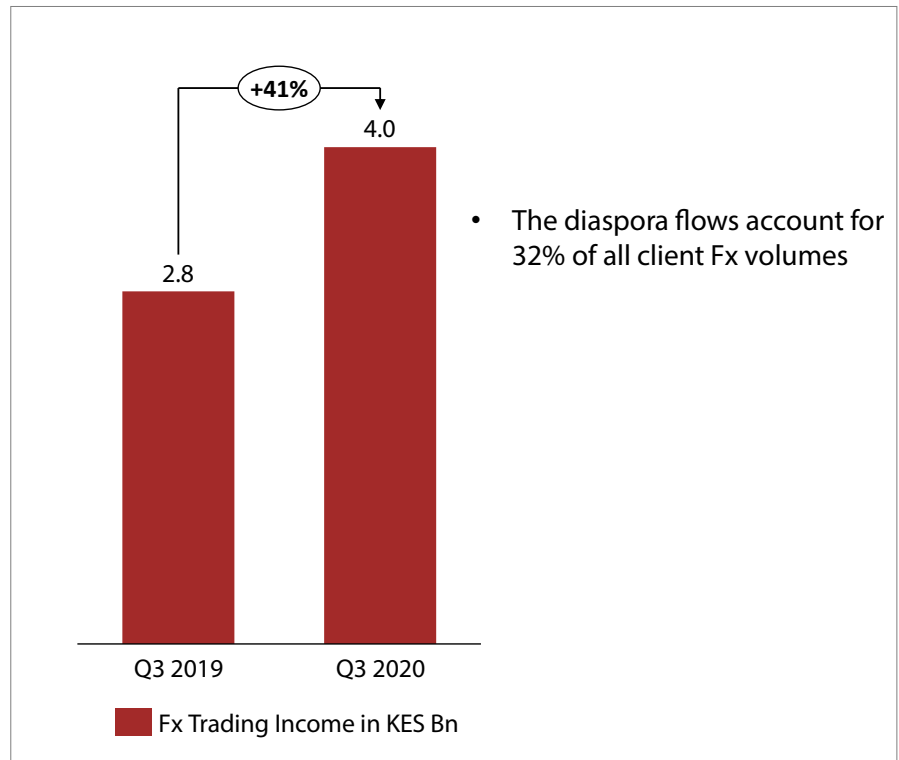
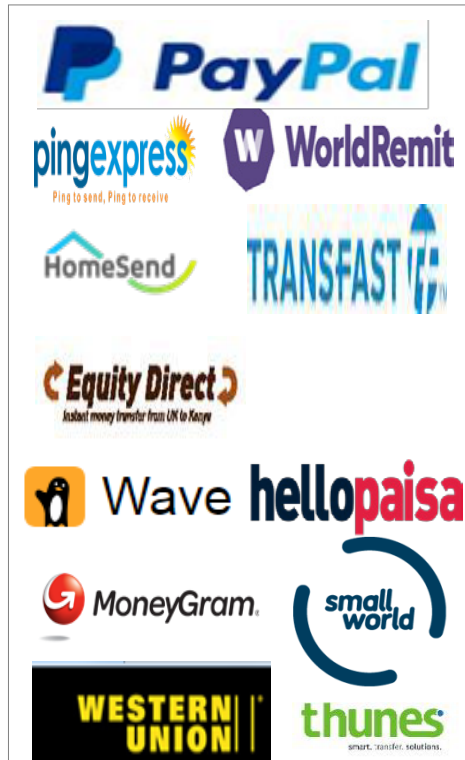


## Focus Area 5: Fintech Innovations in Diaspora Remittances

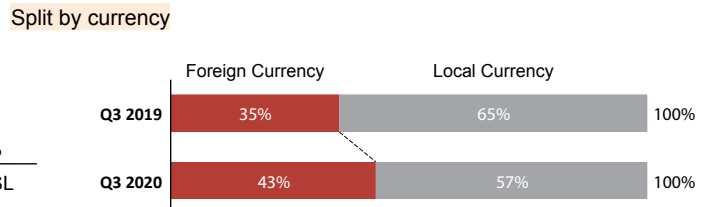
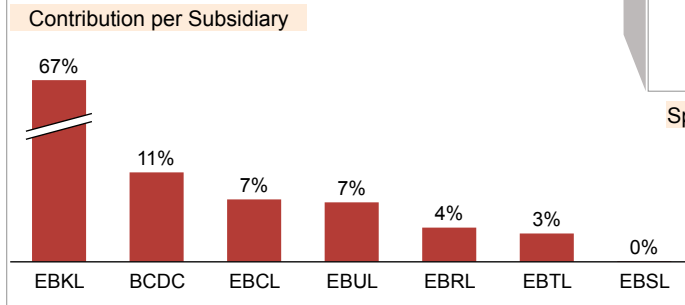
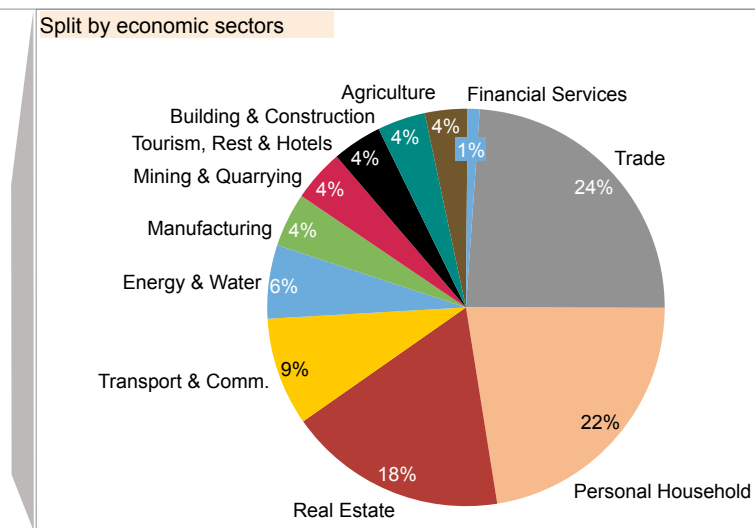
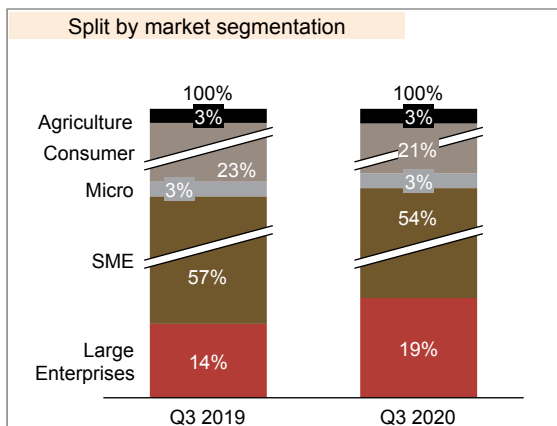


■ Transaction Volumes in Kes Bn ■ Diaspora Commissions in Kes Bn

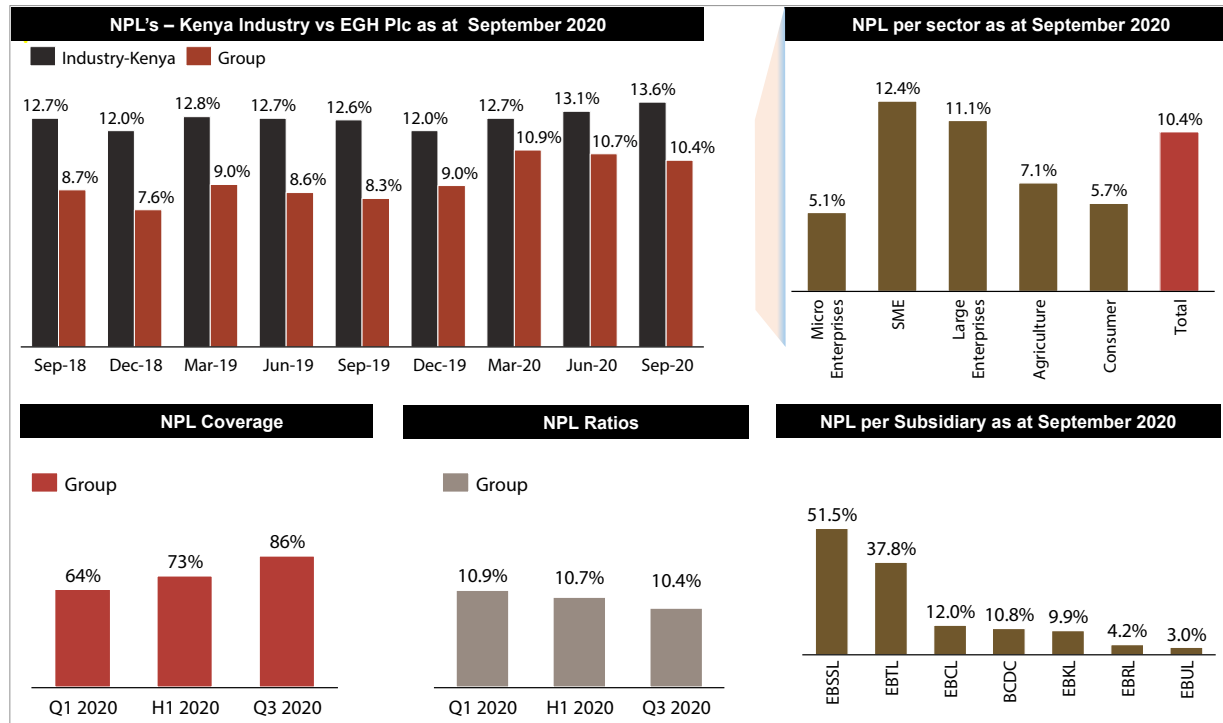
## Focus Area 5: Fintech Innovations in Fx Trading



## Focus Area 6: Asset Quality



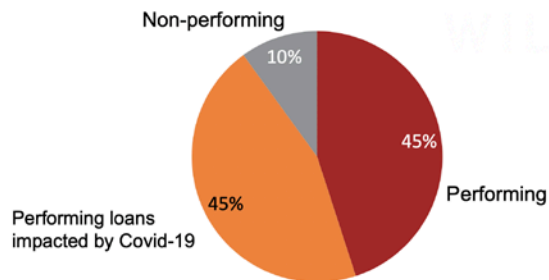
## Focus Area 6: Asset Quality



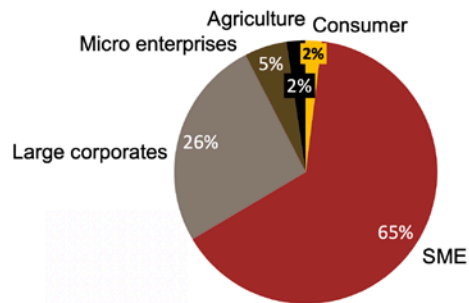
## Focus Area 6: Asset Quality

As part of the Bank's commitment to support lives and livelihoods and keeping the lights of the economy on, the Bank has identified 45% of the loan book as requiring accommodation for COVID-19 purposes, analysed as below:

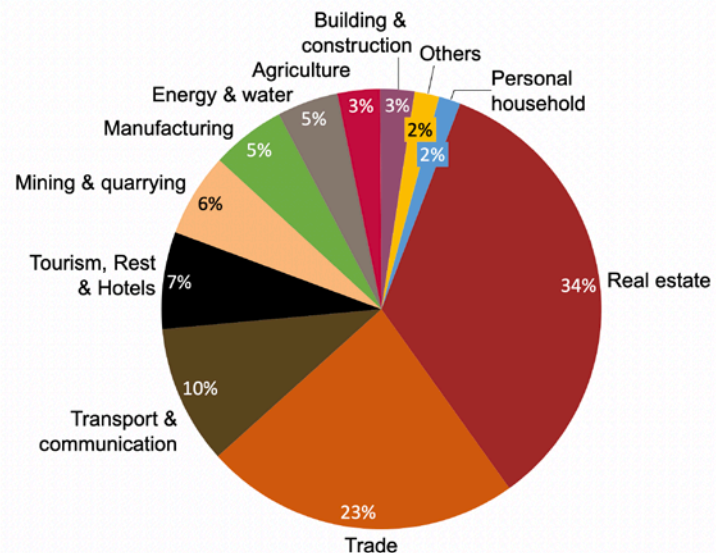
Overall loan book split



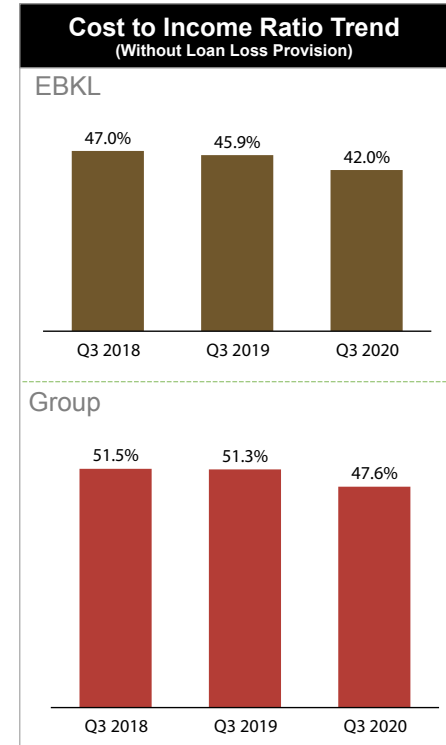
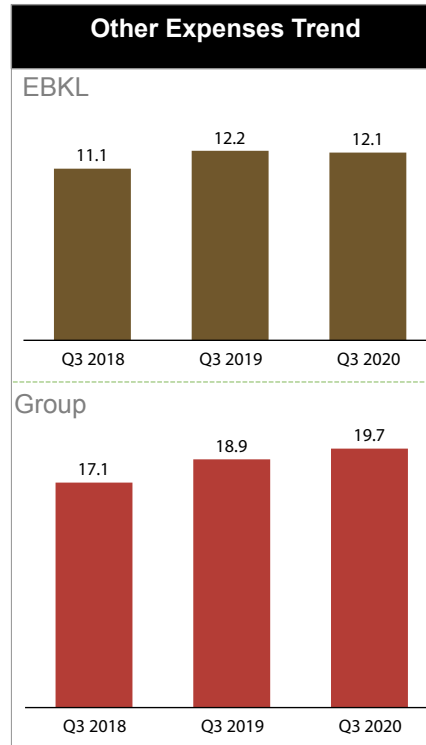
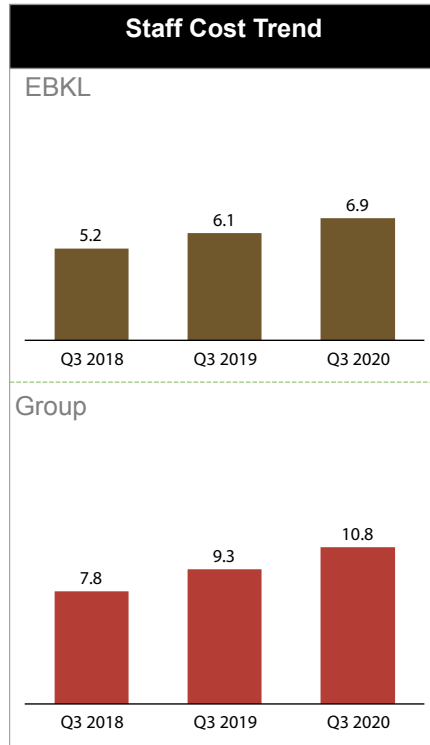
Performing loans impacted by Covid-19 split by customer segment



Performing loans impacted by Covid-19 split by economic sector



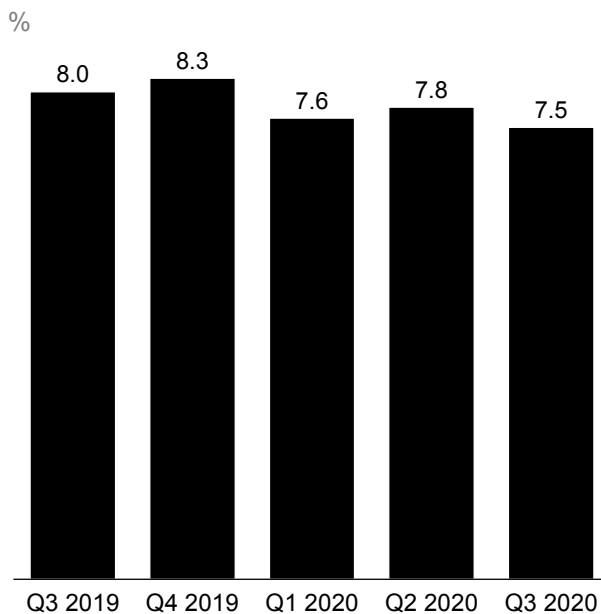
## Focus Area 7: Efficiency and Cost Optimization



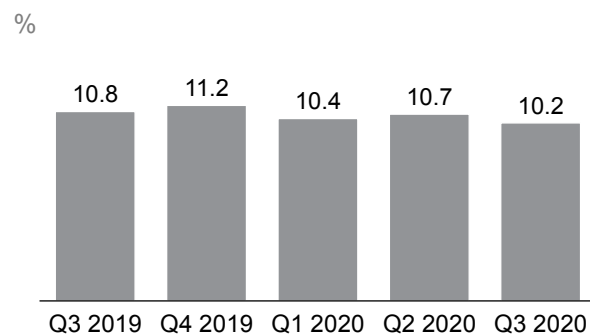
## Focus Area 7: Efficiency and Cost Optimization

Group

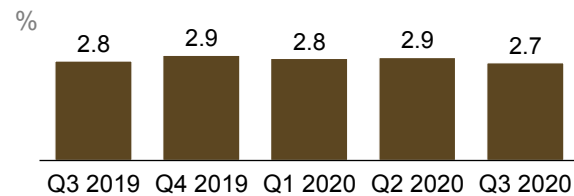
### Net Interest Margin



### Yield on Interest Earning Assets

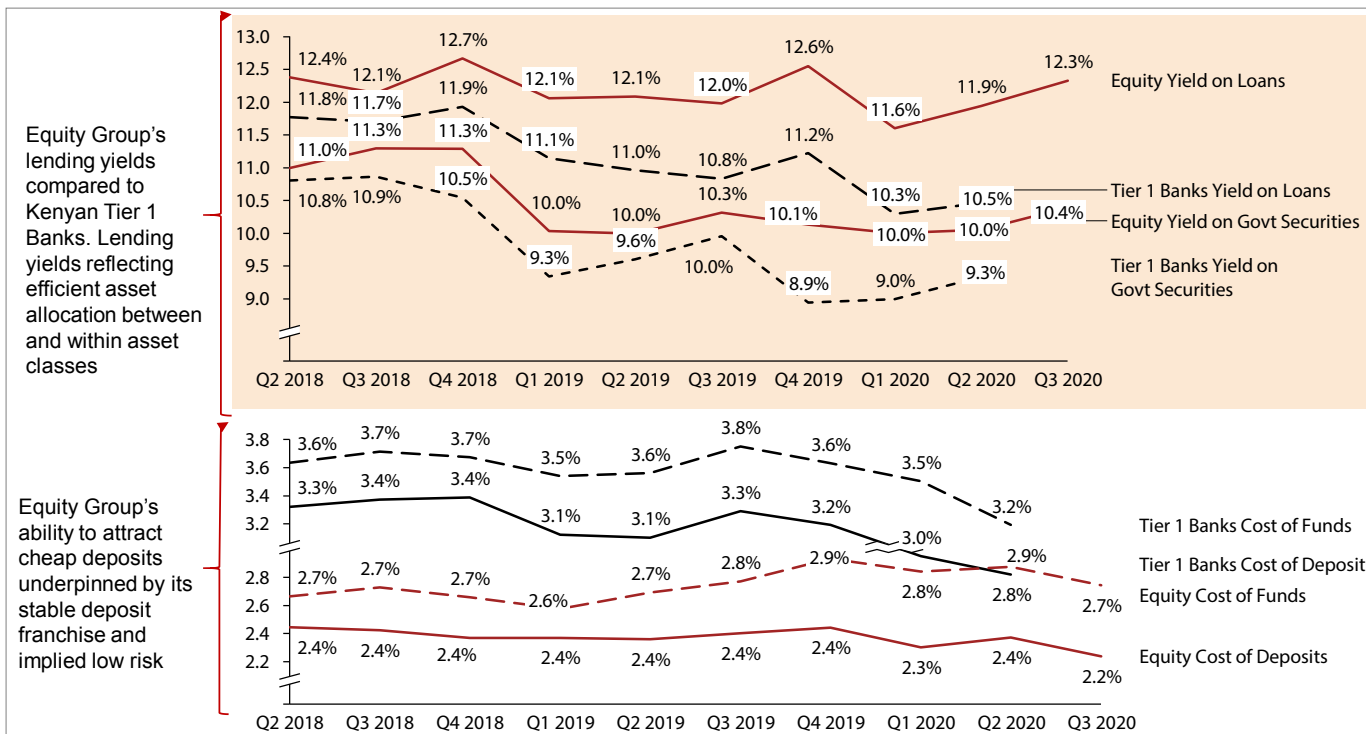


### Cost of funds





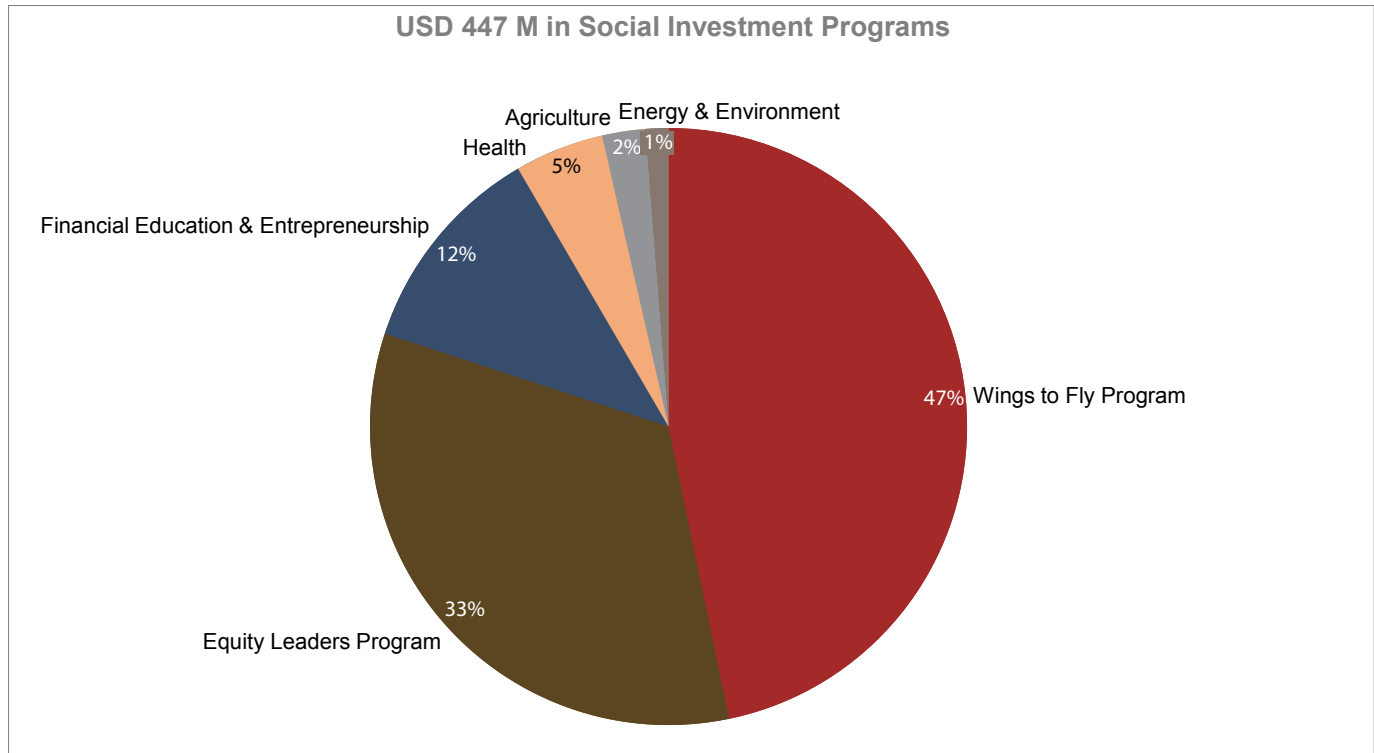
# Focus Area 7: Efficient Financial Intermediation



Tier 1 Banks excludes Equity Group. Industry data available up to June 2020

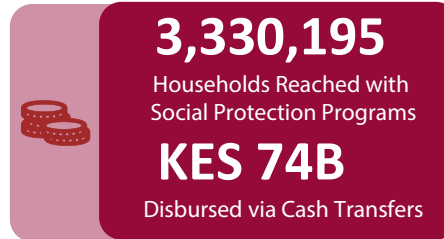
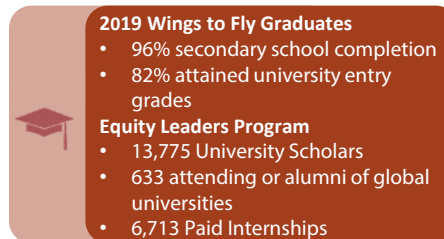
## Focus Area 8: Impact Investment

### 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: B2
- Global Rating: Aaa.ke/KE-1
- Rating Outlook: Negative

Same as the sovereign rating

**The Banker**  
**TOP 1000**  
**WORLD BANKS 2020**

- Position 20 globally on Return on Assets
- Position 62 globally on Soundness [Capital Assets Ratio]
- Position 55 globally on Profits on Capital
- Position 754 largest bank globally



Africa's SME Bank of the Year, 2018, 2019 & 2020



African Business Leadership Awards 2020

- African CEO of the Year - Dr. James Mwangi

**The Banker**  
**TOP 100**  
**AFRICAN BANKS 2020**

- Position 7 overall
- Position 5 on soundness
- Position 9 on growth performance
- Position 8 on return on risk
- Position 6 on leverage category
- Position 6 on profitability



- Best Bank in Africa
- Best Digital Bank in Africa
- Excellence in Leadership in Africa



**GCR**  
**2020**

**GLOBAL CREDIT RATING CO.**

Local Expertise • Global Presence

Equity Bank Credit Rating

- Long Term Rating: AA-
- Short Term Rating: A1
- Rating Outlook: Negative

## Global Ratings and Accolades



- Socially Responsible Bank in Africa, 2020
- 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
- Best Regional Bank - East Africa - Equity Bank 2020



Equity Bank has been recognised for the last 13 Years since 2007 as the Top Banking Superbrand in Kenya.



- 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

The Banker



Bank of the Year 2015

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



- 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



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



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

## 2020 National Banking Awards and Accolades



Brand	<ol style="list-style-type: none"> <li>1. Best Overall Bank - 9 years running</li> <li>2. Best Bank in Tier 1 - 6 years running</li> <li>3. Best Bank in Sustainable CSR - 4 years running</li> <li>4. Most customer-centric bank - 3 years running</li> <li>5. Bank with the lowest charge for individuals - 4 years running</li> </ol>
Franchise Segment	<ol style="list-style-type: none"> <li>1. Best Bank in SME Banking - 2 years running</li> <li>2. Best Bank in Retail</li> <li>3. Best Bank in Agency Banking - 6 years running</li> <li>4. Best Bank in Mobile Banking- 3 years running</li> <li>5. Best Commercial Bank in Microfinance - 6 years running</li> <li>6. Best Bank in Internet Banking - 1st Runner Up</li> <li>7. Best Bank in Corporate Banking - 1st Runner Up</li> <li>8. Bank with the lowest charge for loans - 1st Runner Up</li> </ol>
Product	<ol style="list-style-type: none"> <li>1. Best Bank in Mortgage Finance</li> <li>2. Best Bank in Agriculture and Livestock Financing - 2 years running</li> <li>3. Special Judges Award for Product Innovation - Elimu Scholarship</li> <li>4. Best Bank in Product Marketing - 1st Runner Up</li> <li>5. Best Bank in Product Innovation - 1st Runner Up</li> <li>6. Best Bank in Trade Finance - 1st Runner Up - 3 years running</li> </ol>
Leadership	<ol style="list-style-type: none"> <li>1. CEO of the Year - Dr. James Mwangi - 4 years running</li> <li>2. Corporate Banker of the Year - Moses Ndirangu</li> <li>3. Outstanding Young Banker - Dennis Maranga</li> </ol>

## Global Ratings and Accolades



Equity Group's MD and CEO, Dr. James Mwangi, was honoured in the 2019 Bloomberg 50 list. This is an honorary list of fifty innovators, entrepreneurs, and leaders who have impacted the global business landscape in measurable ways. Dr. Mwangi was lauded for his contribution in steering Equity Bank to have presence in the greater Central and Southern Africa region. He was honored alongside environmental activist Greta Thunberg, New Zealand Prime Minister Jacinda Ardern, CNN President and Warner Media Chairman Jeff Zucker, Singer and entrepreneur Rihanna, among others.



## Global Ratings and Accolades

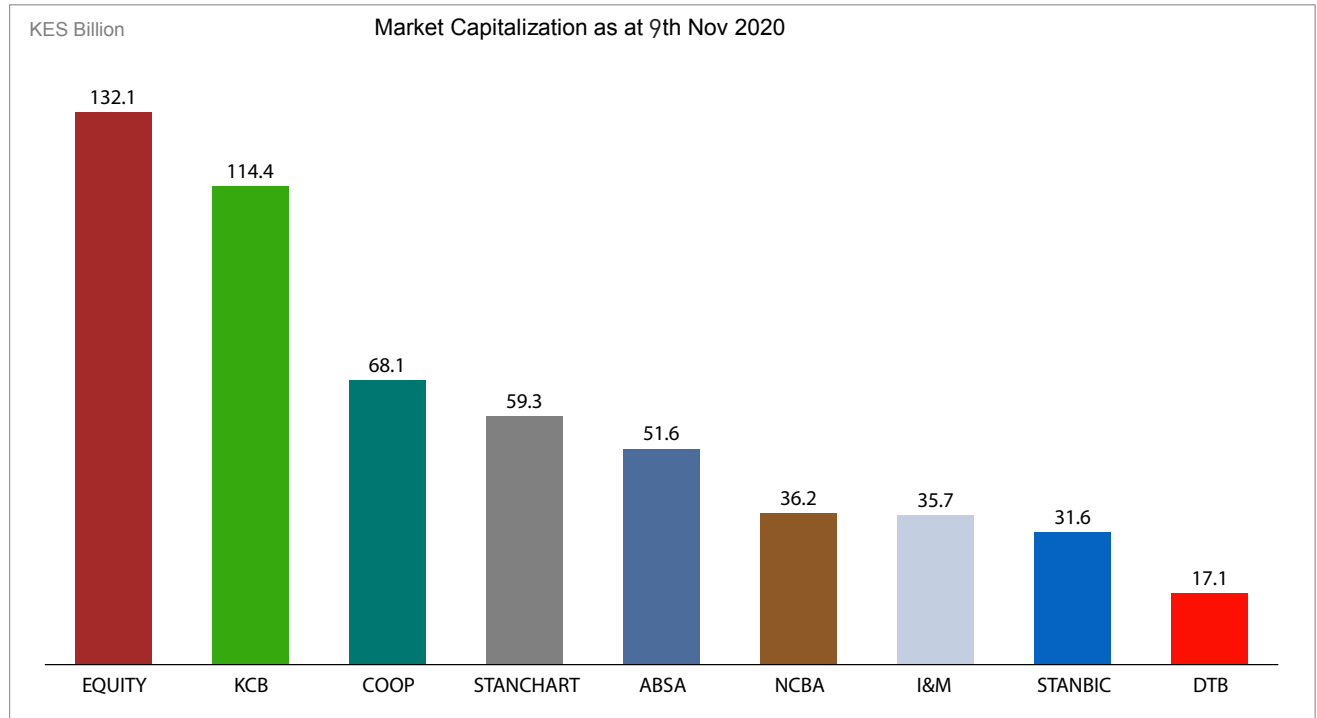
### **Dr. James Mwangi Honouree, 2020 Oslo Business for Peace Award**

Honourees are chosen by a prestigious Award committee consisting of past Nobel Prize winners in Peace Economics.

“Dr. James Mwangi receives the Award for his businessworthy values in championing financial inclusion for all in East and Central Africa. Dr. Mwangi helped achieve a social revolution by bringing banking services to people who previously had limited access to them bolstering Kenya’s GDP. Dr. Mwangi is an exceptional entrepreneur and humanitarian. The committee sees him as a shining example of how business leaders can accelerate change and help solve the world’s problems,” said Per Saxegaard, Founder of the Oslo Business for Peace Awards.



## Market Validation



Source: Business Daily November 9th 2020



## INTERMEDIATION AND FINANCIAL PERFORMANCE

## Balance Sheet

<i>KES Billion</i>	<b>Q3 2019</b>	<b>Q3 2020</b>	<b>Growth</b>
<b>Assets</b>			
<b>Cash &amp; Cash Equivalents</b>	<b>110.0</b>	<b>177.5</b>	<b>61%</b>
<b>Government Securities</b>	<b>165.8</b>	<b>222.8</b>	<b>34%</b>
<b>Net Loans</b>	<b>348.9</b>	<b>453.9</b>	<b>30%</b>
<b>Other Assets</b>	<b>52.4</b>	<b>79.7</b>	<b>52%</b>
<b>Total Assets</b>	<b>677.1</b>	<b>933.9</b>	<b>38%</b>
<b>Liabilities &amp; Capital</b>			
<b>Deposits</b>	<b>478.1</b>	<b>691.0</b>	<b>45%</b>
<b>Borrowed Funds</b>	<b>66.3</b>	<b>70.7</b>	<b>7%</b>
<b>Other Liabilities</b>	<b>24.0</b>	<b>34.6</b>	<b>44%</b>
<b>Shareholders' Funds</b>	<b>108.7</b>	<b>137.6</b>	<b>27%</b>
<b>Total Liabilities &amp; Capital</b>	<b>677.1</b>	<b>933.9</b>	<b>38%</b>

## Income Statement

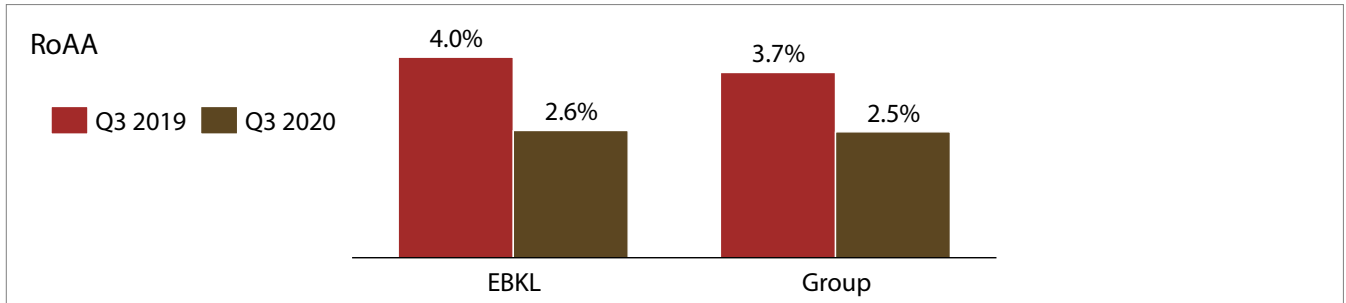
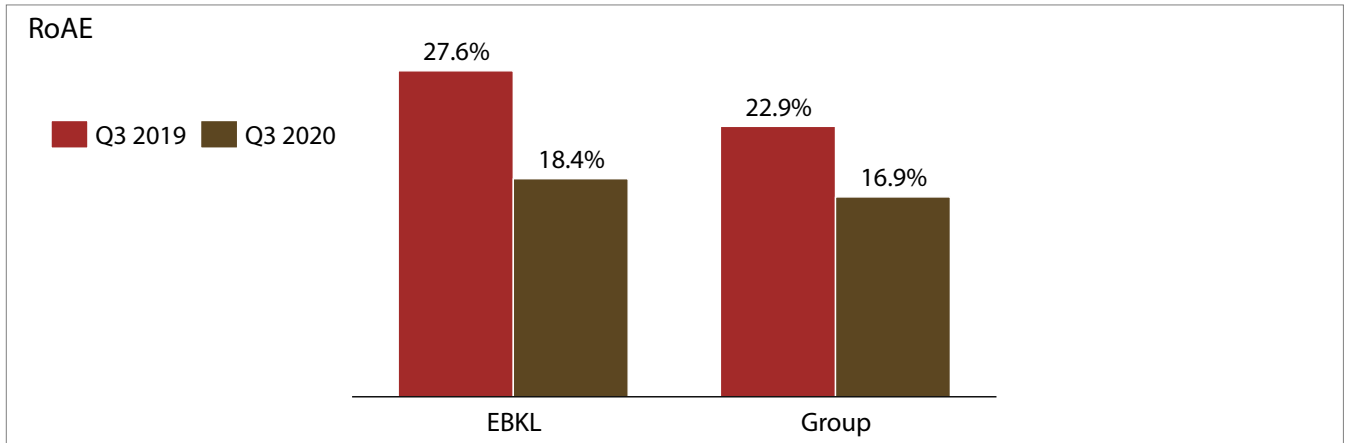
*KES Billion*

	Q3 2019	Q3 2020	Growth
<b>Interest Income</b>	<b>42.8</b>	<b>52.1</b>	<b>22%</b>
<b>Interest Expense</b>	<b>10.5</b>	<b>12.8</b>	<b>22%</b>
<b>Net Interest Income</b>	<b>32.3</b>	<b>39.3</b>	<b>22%</b>
<b>Non Funded Income</b>	<b>22.0</b>	<b>24.4</b>	<b>11%</b>
<b>Total Income</b>	<b>54.3</b>	<b>63.7</b>	<b>17%</b>
<b>Loan Loss Provision</b>	<b>1.3</b>	<b>14.3</b>	<b>1015%</b>
<b>Staff Costs</b>	<b>9.3</b>	<b>10.8</b>	<b>16%</b>
<b>Other Operating Expenses</b>	<b>18.9</b>	<b>19.7</b>	<b>4%</b>
<b>Total Costs</b>	<b>29.5</b>	<b>44.8</b>	<b>52%</b>
<b>Gain on bargain purchase</b>	<b>-</b>	<b>0.9</b>	<b>100%</b>
<b>PBT</b>	<b>24.8</b>	<b>19.8</b>	<b>-20%</b>
<b>Tax</b>	<b>7.3</b>	<b>4.8</b>	<b>-36%</b>
<b>PAT</b>	<b>17.5</b>	<b>15.0</b>	<b>-14%</b>
<b>Earnings per share(EPS)</b>	<b>4.6</b>	<b>3.9</b>	<b>-14%</b>

\*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;

<i>KES Bn</i>	Q3 2019	Q3 2020
<b>Gross loan loss provision</b>	<b>1.9</b>	<b>14.8</b>
<b>Loan recoveries</b>	<b>0.6</b>	<b>0.5</b>
<b>Net loan loss provision</b>	<b>1.3</b>	<b>14.3</b>

## RoAE and RoAA Trend



## Financial Ratios

	EBKL	EBKL	Group	Group
	Q3 2019	Q3 2020	Q3 2019	Q3 2020
<b>Profitability</b>				
Yield on Loans	10.9%	11.2%	12.0%	12.3%
Yield on Government Securities	10.3%	10.5%	10.3%	10.4%
Yield on Interest Earning Assets	10.6%	10.6%	10.8%	10.2%
Cost of Deposits	2.2%	2.5%	2.4%	2.2%
Cost of Funds	2.6%	2.9%	2.8%	2.7%
Net Interest Margin	8.0%	7.8%	8.1%	7.5%
Cost to Income Ratio with provisions	48.6%	69.2%	52.9%	70.6%
Cost to Income Ratio without provisions	45.9%	42.0%	51.3%	47.6%
RoAE	27.6%	18.4%	22.9%	16.9%
RoAA	4.0%	2.6%	3.7%	2.5%
<b>Asset Quality</b>				
PAR	8.0%	9.9%	8.3%	10.4%
Cost of Risk	0.6%	5.7%	0.8%	4.8%
<b>Leverage</b>				
Loan / Deposit Ratio	71.7%	67.9%	73.0%	65.7%
<b>Capital Adequacy Ratios</b>				
Core Capital to Risk Weighted Assets	13.9%	11.9%	16.7%	14.5%
Total Capital to Risk Weighted Assets	18.5%	15.8%	20.5%	17.5%
<b>Liquidity</b>				
Liquidity ratio	59.1%	61.6%	54.2%	55.7%

## 2020 Outlook - Group

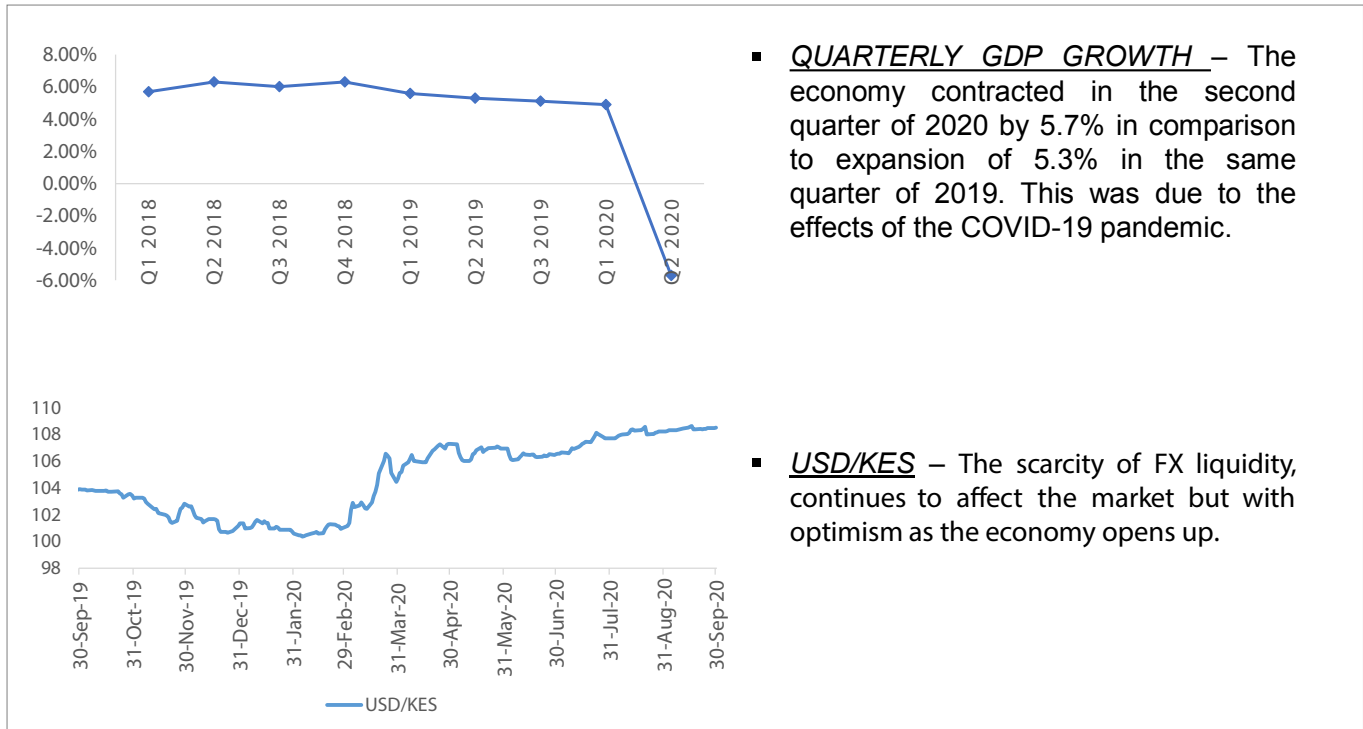
	2020 Outlook	Q3 2020 Actual
<b>Loan Growth</b>	5% - 15%	30%
<b>Deposit Growth</b>	6% - 12%	45%
<b>Net Interest Margin</b>	8.5% - 9.5%	7.5%
<b>Non Funded Income Mix</b>	40% - 45%	38%
<b>Cost to Income Ratio</b>	49% - 52%	47.6%
<b>Return on Equity</b>	20% - 22%	16.9%
<b>Return on Assets</b>	3.3% - 3.7%	2.5%
<b>Cost of Risk</b>	1.0% - 1.8%	4.8%
<b>NPL</b>	7.5% - 9.0%	10.4%
<b>Subsidiaries Contribution (Assets)</b>	25% - 30%	39%
<b>Subsidiaries Contribution (PBT)</b>	18% - 22%	25%





**MACROECONOMIC ENVIRONMENT  
INDICATORS & TRENDS - KENYA**

## Macroeconomic Environment

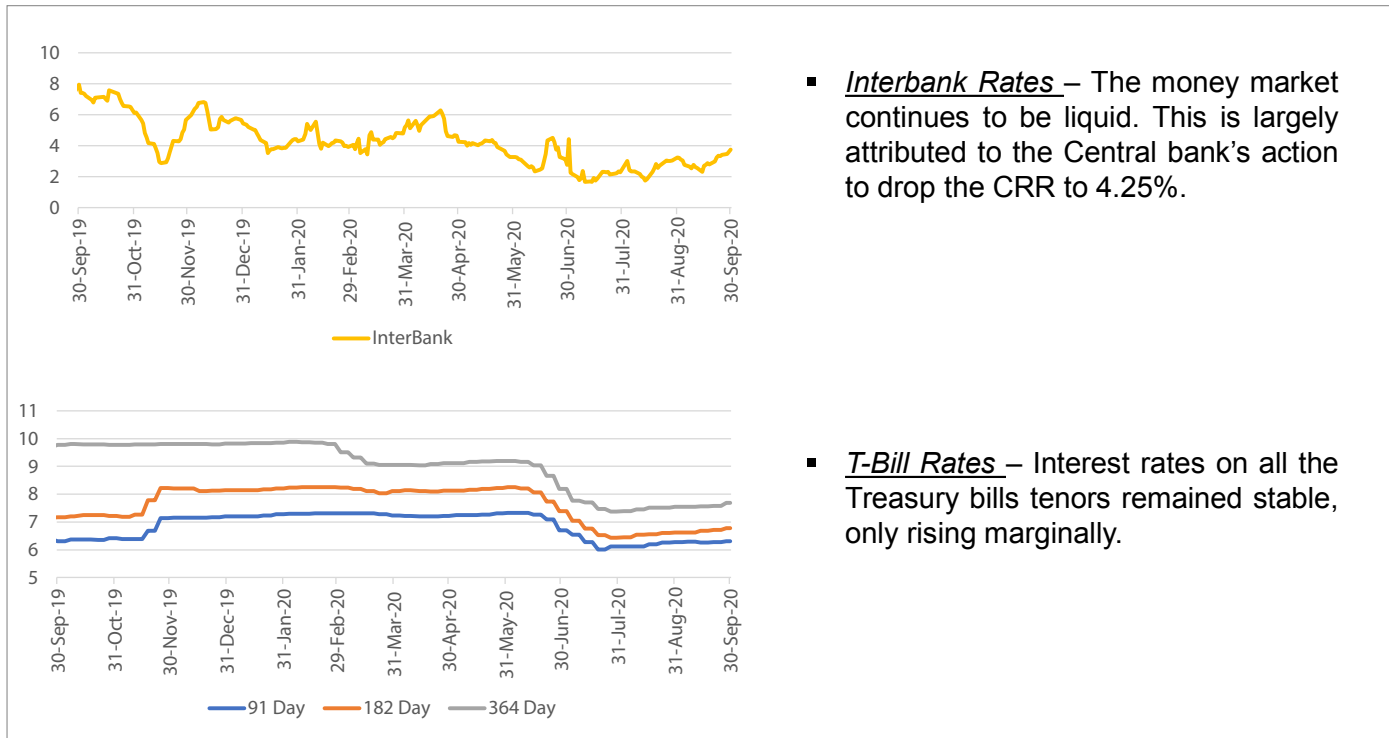


- **QUARTERLY GDP GROWTH** – The economy contracted in the second quarter of 2020 by 5.7% in comparison to expansion of 5.3% in the same quarter of 2019. This was due to the effects of the COVID-19 pandemic.

- **USD/KES** – The scarcity of FX liquidity, continues to affect the market but with optimism as the economy opens up.

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

## Macroeconomic Environment (continued)

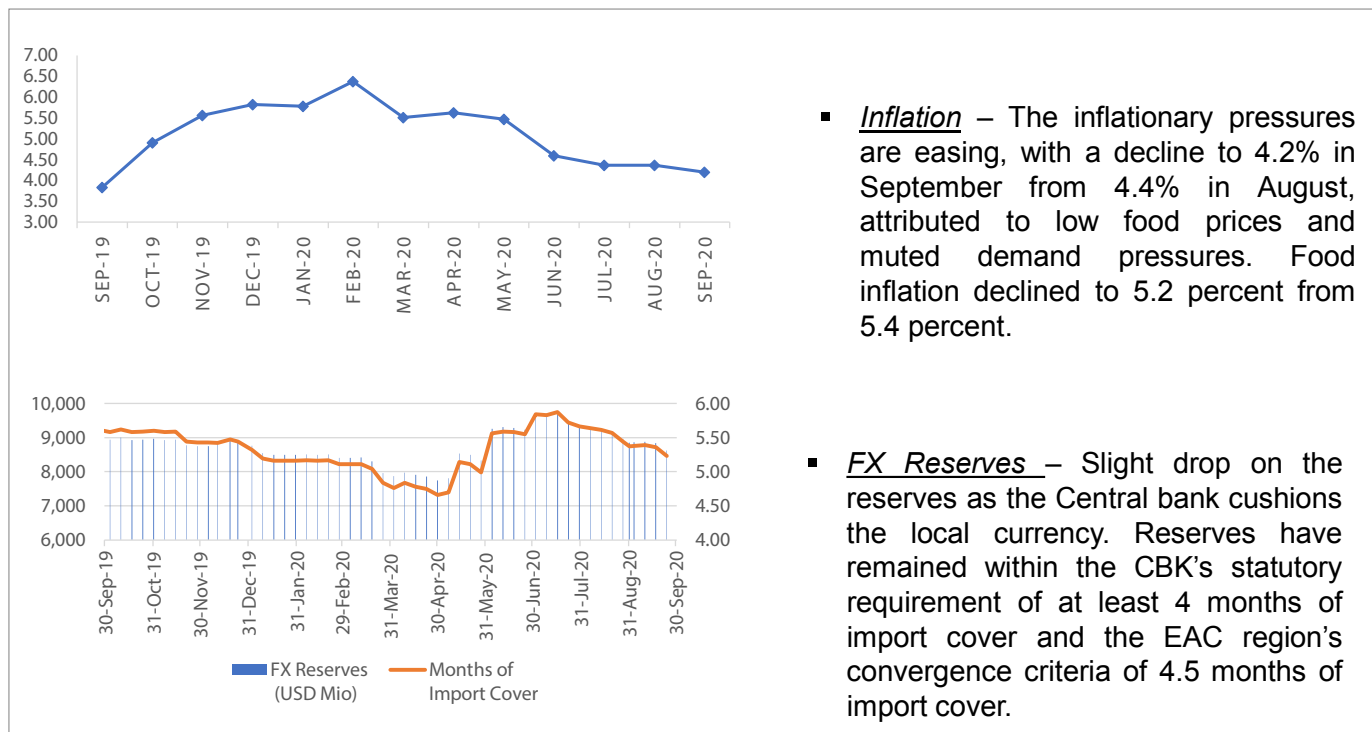


- **Interbank Rates** – The money market continues to be liquid. This is largely attributed to the Central bank’s action to drop the CRR to 4.25%.

- **T-Bill Rates** – Interest rates on all the Treasury bills tenors remained stable, only rising marginally.

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

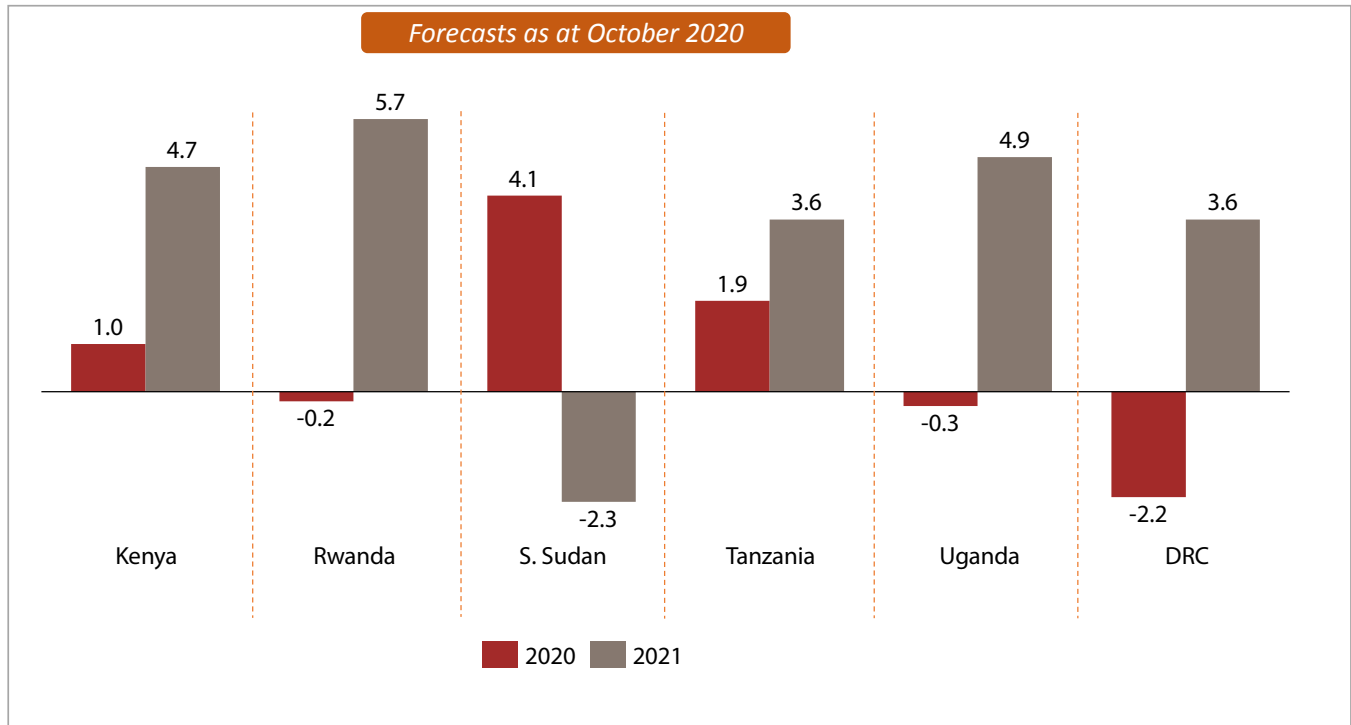
## Macroeconomic Environment (continued)



- Inflation** – The inflationary pressures are easing, with a decline to 4.2% in September from 4.4% in August, attributed to low food prices and muted demand pressures. Food inflation declined to 5.2 percent from 5.4 percent.
- FX Reserves** – Slight drop on the reserves as the Central bank cushions the local currency. Reserves have remained within the CBK's statutory requirement of at least 4 months of import cover and the EAC region's convergence criteria of 4.5 months of import cover.

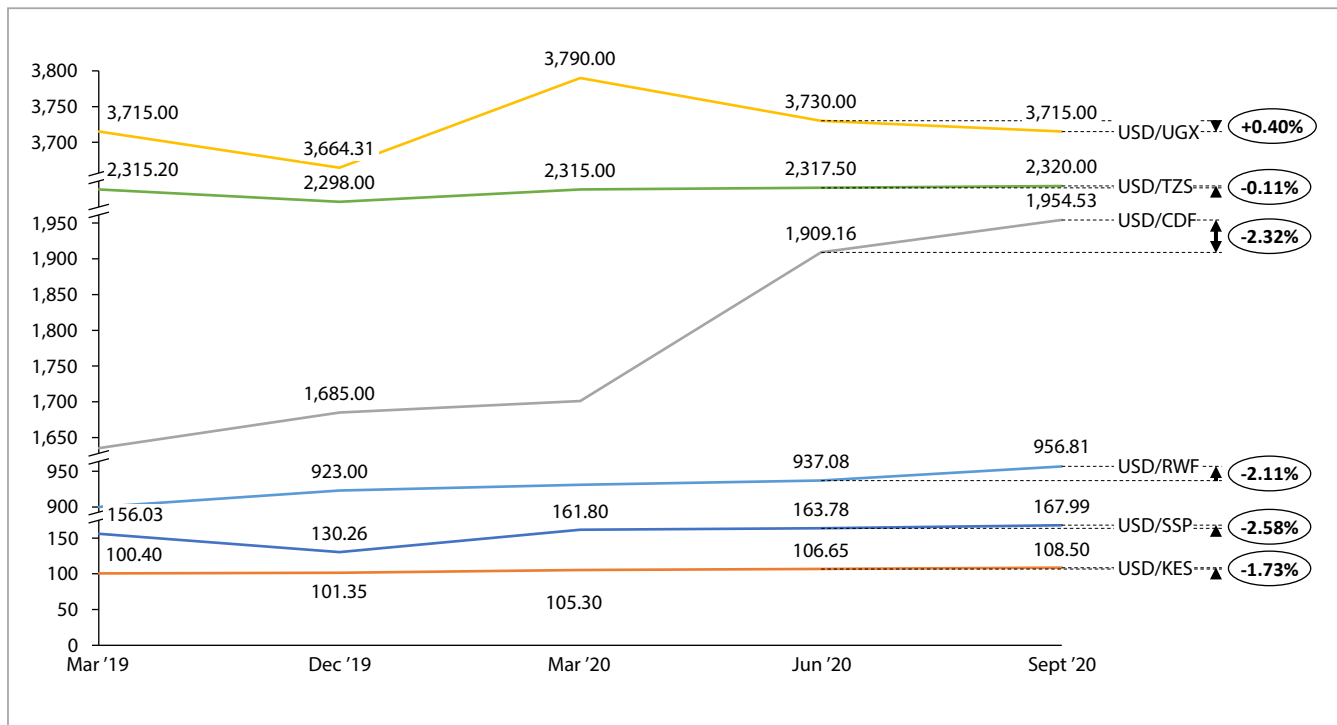
Source; CBK Weekly Bulletin Key monetary & financial indicators and the Kenya National Bureau of Statistics, Monthly CPI rates.

## Projected Regional GDP Growths



Source: IMF

## Regional Currencies Depreciation against USD



\*Regional currencies marginally affected by the US dollar exchange rate.

## Regional Outlook

### South Sudan

- On the financial year 2018/19 it had an estimated growth rate of 3.2%, the first positive GDP growth in five years. The economic growth is estimated at -2.3% for 2020. To ensure economic recovery, the government will need to implement comprehensive macroeconomic reforms, including measures to reduce inflation, address foreign exchange distortions, as well as longer term action to diversify the economy.
- Foreign investment is expected to reach \$30 million in 2020.
- The gap between the official exchange rate and the parallel market rate remains high and was estimated at 103% in June 2020.

### Tanzania

- Exports plunged in annual terms in August, largely on a drop in service receipts as tourist arrivals halted due to global travel restrictions. Additionally, imports also decreased-albeit at a slower pace than exports-suggesting frail domestic demand.
- The IMF has approved a second tranche of debt service relief to the country to help cope with the pandemic.
- In 2021, growth is expected to accelerate on the back of recovering global and domestic demand.

## Regional Outlook (continued)

### Uganda

- Revised national accounts data showed the economy contracted 6.0% on an annual basis in the second quarter.
- The country saw its international commercial flights resume on 1 October and land borders reopened, boding well for the external sector.
- Authorities have warned that another wave of locusts is possible in November, which would weigh on agricultural production and likely derail recently regained momentum.

### Rwanda

- Rwanda's current account deficit widened to over 9% of GDP in 2019 and we expect a further deterioration to 14% in 2020 amid a sharp downturn in remittances and tourism receipts.
- Government gross debt (at face value) rose to about 63% of GDP in 2020, up from about 55% in 2019.
- Macroeconomic stability is underpinned by a moderate degree of exchange rate flexibility and a developing monetary policy framework. The Rwandan franc/US dollar exchange rate depreciated by 2% this year and 14% in 2017-2019.

Source: World Bank, Fitch Ratings & Focus Economics.



## Regional Outlook (continued)

### DR Congo

- GDP is expected to contract for the first time in nearly two decades this year as Covid-19 weighs on activity. The mining sector's resilience lessened the effects.
- Copper production lost some stride in July–August, while cobalt output declined in the same period after growing solidly during H1.
- In 2021, the gradual recovery in global demand, particularly for minerals, coupled with the start of production at the Kamo-a-Kakula copper mine, should help the economy return to growth. Political instability remains a key risk to the outlook.
- In October 2020, the IMF approved a six-month extension of debt service relief in support of the country's fight against the Covid-19 pandemic.





Equity Centre, 9<sup>th</sup> Floor, UpperHill  
P.O.Box 75104, Nairobi.  
Tel: 0763 063 000

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