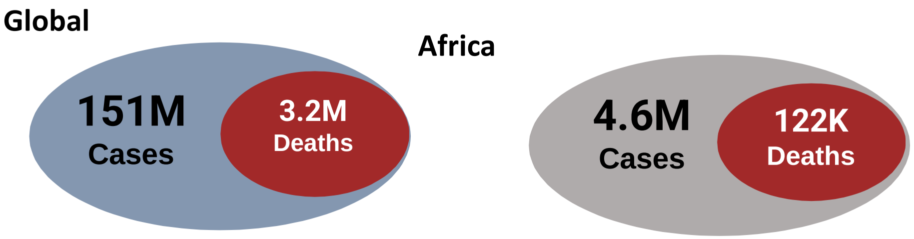
EGH 17th Annual General Meeting Presentation

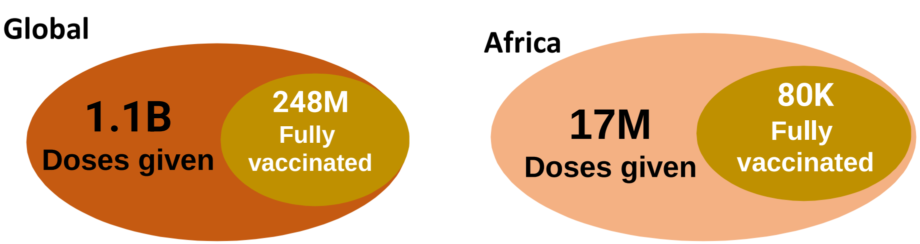
The Great Multi Crises - COVID-19

Global Health crisis

- **Cases reported as of 30 April 2021**



- **Vaccinations as of 30 April 2021**



- New COVID-19 variants in India, Brazil, UK and South Africa are fuelling more contagious and dangerous waves across the globe

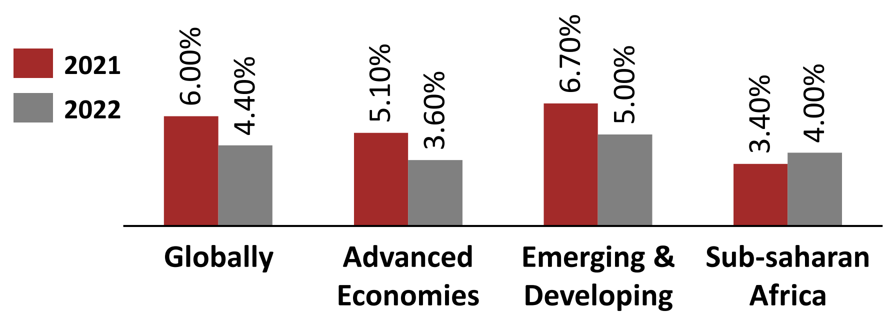
Source: John Hopkins, Africa CDC & WHO

Humanitarian and Economic crisis

IMF - Approximately 107 million people will fall below the poverty line by end of 2021 due to Covid-19

World Bank forecasts global activity is to expand 4% 2021, below previous expectations amid a sharp resurgence of new COVID-19 cases

IMF - Optimistic GDP growth forecasts after vaccines



International Labour Organisation – Projects that at least 36 million jobs will be lost in 2021

COVID-19 Risk Exposure to the Group

Quality of Asset	• Leading to provisions and write offs
Capital Erosion	• Leading to licence risk of non-compliance
Liquidity Strain	• Disrupted cash flows • Resource allocation
Brand Reputation	• Inability to keep the promise- purpose to our stakeholders

Management Strategy in Responding to COVID-19 Risk

EQUITY

Defensive strategy

- **Strengthened capital buffers** - Growing retained earnings by halting dividend pay-out Ksh 20B/tier 2 capital raising Ksh 17B
- **Strengthened liquidity** position by raising long term funding and growing deposits
- Focussed on **strengthening leadership** with strong market presence/visibility
- Making **adequate provisions** using IFRS 9 to assess and quantify the life-long risk of default on the loan book Ksh 27B
- **Building resilience** by building and strengthening our trust reputation and brand. Investing Ksh 1.7B to protect and support community
- **Adopting a crisis leadership style** of leadership visibility to offer confidence

Management Strategy in Responding to COVID-19 Risk

EQUITY

Offensive strategy

- **Capitalising on human behavioural changes, to reposition the business model of adopting digital channels:**
  - This transforms the bank from a place you visit to what you do on devices, reducing in-branch transactions to only 2% and reducing group cost income ratio by 300 basis points
  - Moving from a fixed cost model to a variable cost model and self service or 3rd party infrastructure model
- **Monetizing the brand trust** by positioning the Group as the safe harbour during a stormy weather leading to increasing customer deposits by 53% growing total assets by 51%
- **Converting the crisis into an opportunity** by utilising the strength and enhanced capabilities to seize opportunities such as acquisition of BCDC (in the DRC) and enhancing economies of scale.

COVID-19 Regulators and Partners response

Key government and banks' regulator interventions across the region

- Encouraged financial institutions to accommodate loan restructuring for their clients
- Promotion of the use of e-payments to reduce risk of contaminated bank notes
- Reduced the Cash Reserve Ratio (CRR) to boost banks liquidity
- Formulating stimulus packages to support most affected sectors like tourism
- Imposing travel bans from countries with Covid-19 resurgence
- Acquisition and administering of Covid-19 vaccines for the population

Regional COVID-19 Financial Assistance (Rapid Financing Instrument) from IMF

Kenya	**USD 1,316 million**
Uganda	**USD 492 million**
Rwanda	**USD 268 million**
DRC	**USD 363 million**
South Sudan	**USD 226 million**

Equity Social Investments Complements Government Efforts against COVID-19 Pandemic

EQUITY

Kes 4.4 billion to complement Government's health and social responses as well as support our customers

Health Response

Waived fees on mobile banking transactions to discourage use of cash and leveraged off our health clinics to support educational awareness. Transaction fee foregone amounted to Kes 1.5 billion.

Social Response

Equity Group Foundation, Mastercard Foundation and Dr. James Mwangi family contribution to the Covid 19 fund totalling Kes 1.7 Billion

Loan restructuring

In response to the challenging operating environment for customers, we have identified borrowers impacted by Covid-19 who account for 31% of our loan portfolio. Loan restructuring fees waived amounted to Kes 1.2 billion.

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, not recommending a dividend payment in 2020 and raised USD 100 million of Tier 2 capital

Risk management

In response to a challenging operating outlook, we partnered with development institutions to obtain partial credit guarantee on select borrowers and enhanced our provisioning intensity to proactively manage emerging risks

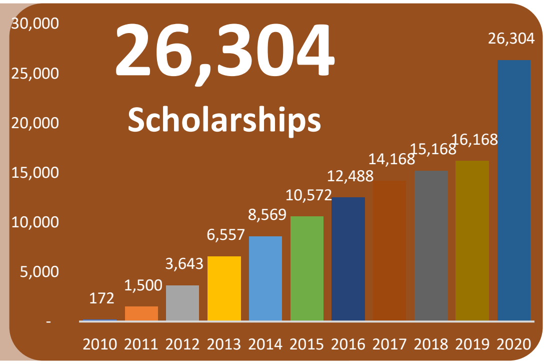
Liquidity buffers

In response to the potential liquidity risk arising from accommodation of our customers and the challenging environment, the Group secured DFI funding amounting to USD 380 million in FY 2020 to strengthen liquidity; liquidity levels now rising to 61% from 52%

Impact Investment
Shared Prosperity Business Model and its Social Impact

EQUITY

26,304
Scholarships



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

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

2M
Farmers impacted

39,589
Small and Medium Sized Farmers Supported

2,182,615
Women and Youth Trained in Financial Education

3,330,195
Households Reached with Social Protection Programs

KES 77.4B
Disbursed via Cash Transfers

3.12 Million
Trees planted

243,903
Clean energy products distributed

121,478
MSMEs Trained in Entrepreneurship

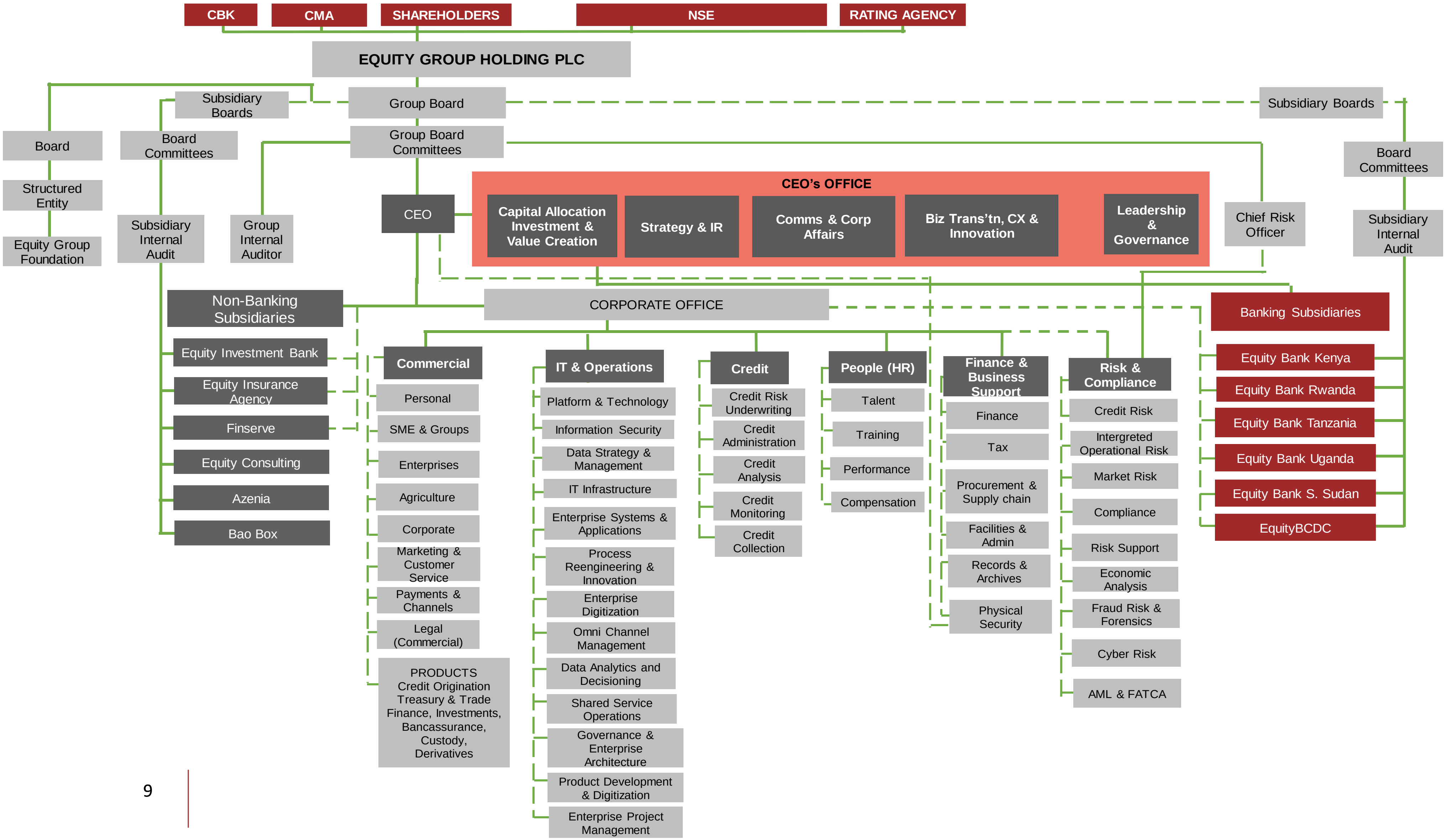
KES57.5B
Disbursed to 141,106 MSMEs under the Young Africa Works Program

USD 464,512,524
Total Funds Raised for Programs

33
Equity *Afia* Active Facilities

305,560
Cumulative Patient Visits to Equity Afia Clinics

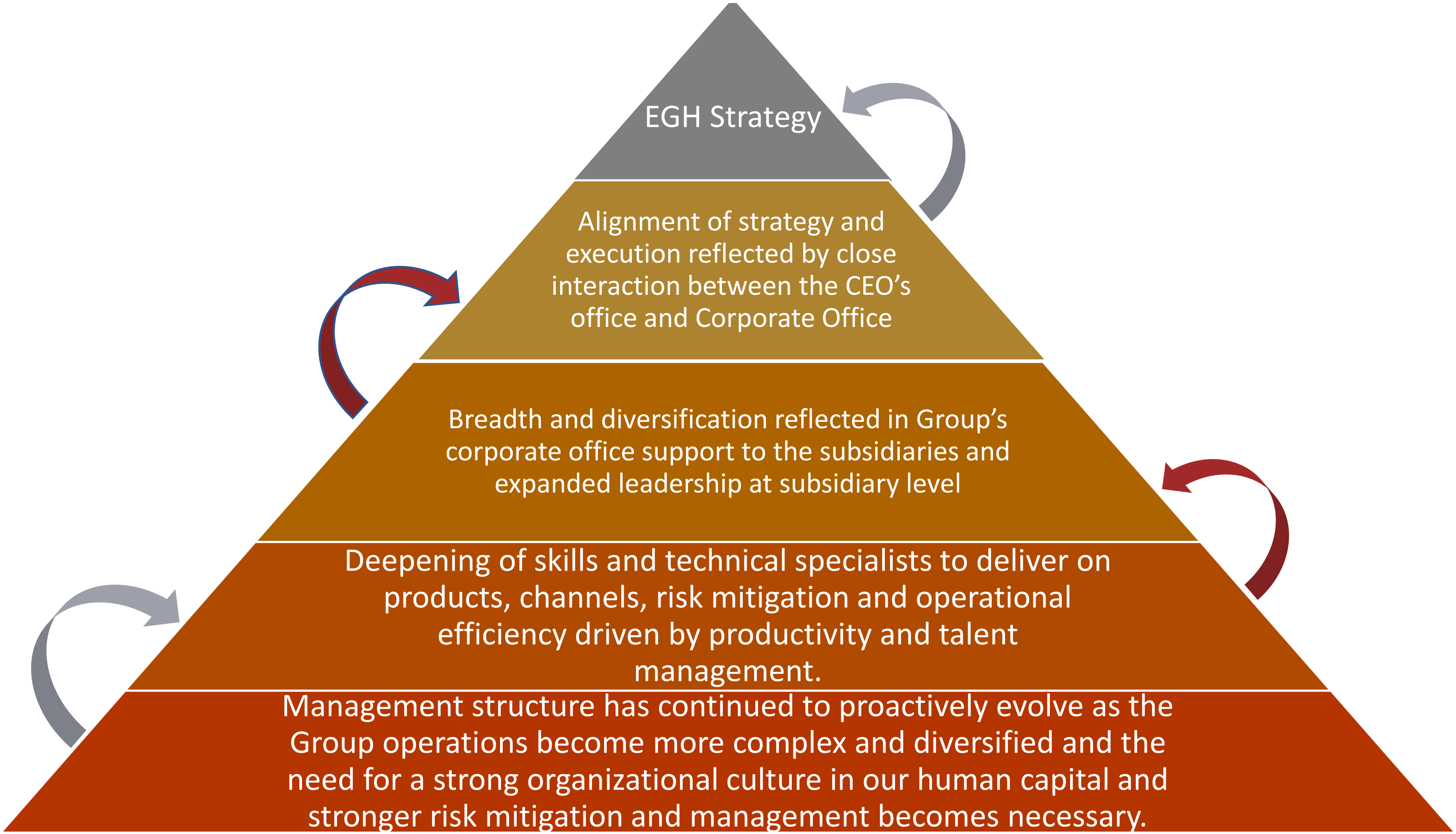
Governance and Organizational Structure



Governance and Organizational Structure

Breadth and Depth of the Management Team

EQUITY



Geographical Expansion 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 5 in three other markets
- Population of ~385 million
- Nominal GDP of ~USD 359 Bn
- EBC and BCDC operations merged effective 31 December 2020 to create Equity BCDC
- Equity BCDC is the second largest subsidiary of Equity Group Holdings

Geographical and Business Diversification Ratios - Banking Subsidiaries

EQUITY

RoAE		
Subsidiary	FY 2019	FY 2020
EBKL	28.7%	17.9%
EBUL	19.0%	22.0%
EBRL	24.9%	22.0%
EBTL	-13.1%	-7.9%
EquityBCDC	17.0%	8.8%
EBSSL	14.4%	10.6%

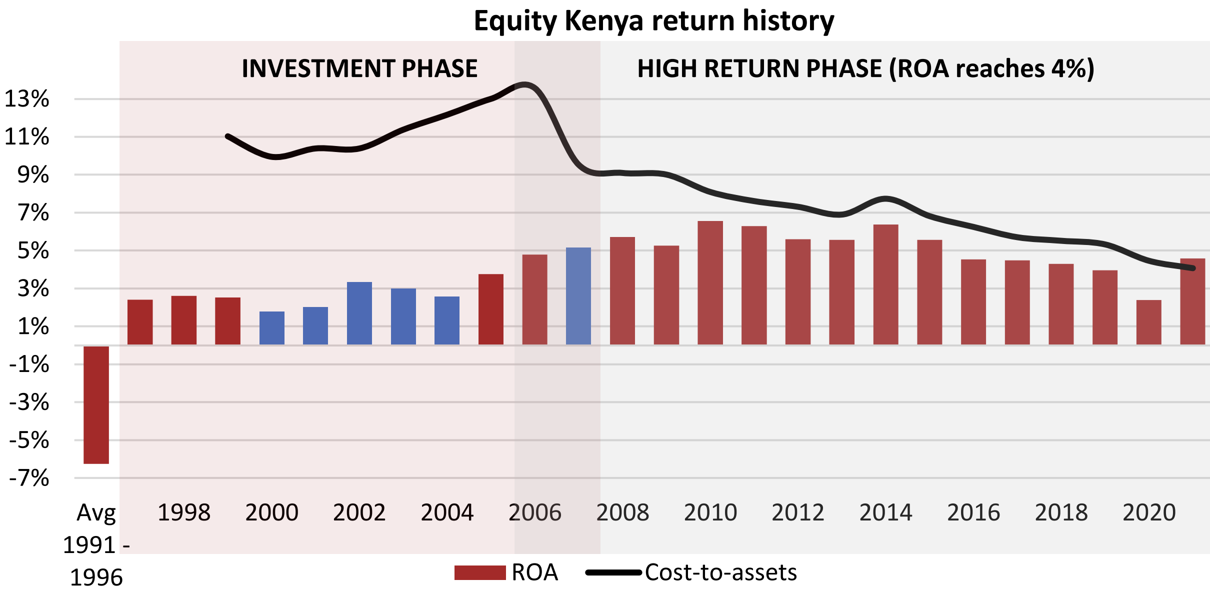
RoAA		
Subsidiary	FY 2019	FY 2020
EBKL	4.0%	2.4%
EBUL	2.6%	3.1%
EBRL	3.6%	3.4%
EBTL	-1.3%	-1.1%
EquityBCDC	1.8%	0.8%
EBSSL	5.4%	9.3%

Cost-to-Assets Ratio		
Subsidiary	FY 2019	FY 2020
EBKL	4.6%	4.5%
EBUL	6.4%	7.5%
EBRL	4.8%	5.7%
EBTL	6.9%	6.4%
EquityBCDC	7.0%	6.2%
EBSSL	12.2%	13.4%

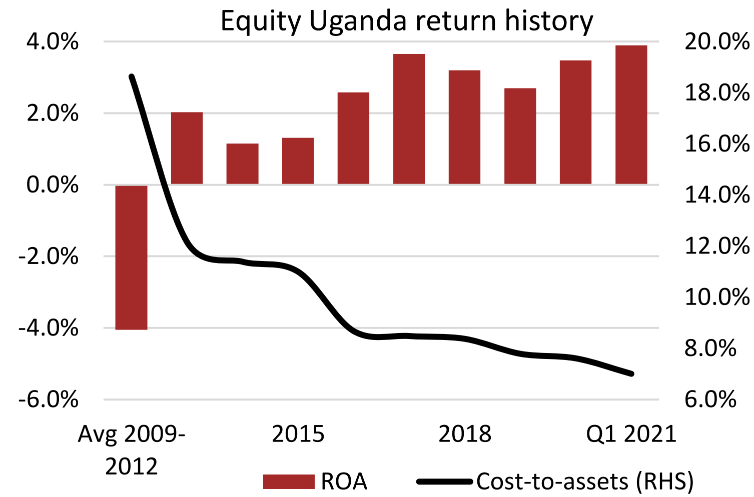
Cost-to-Income Ratio		
Subsidiary	FY 2019	FY 2020
EBKL	46.4%	41.5%
EBUL	60.5%	56.5%
EBRL	48.5%	49.6%
EBTL	109.3%	72.1%
EquityBCDC	72.3%	79.2%
EBSSL	65.0%	52.1%

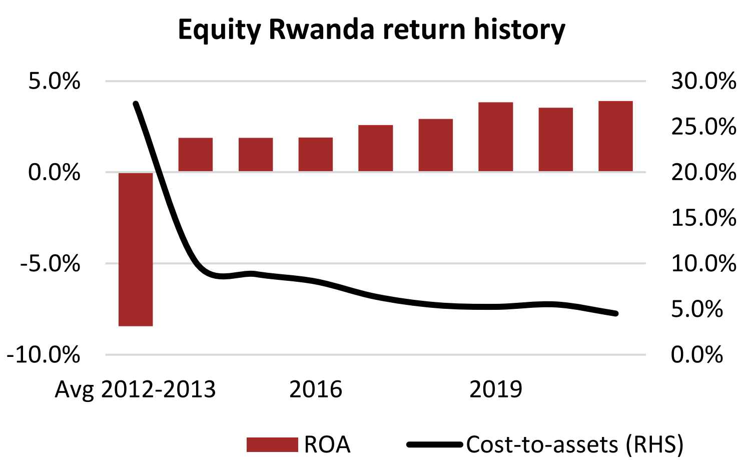
Geographical Expansion and Business Diversification

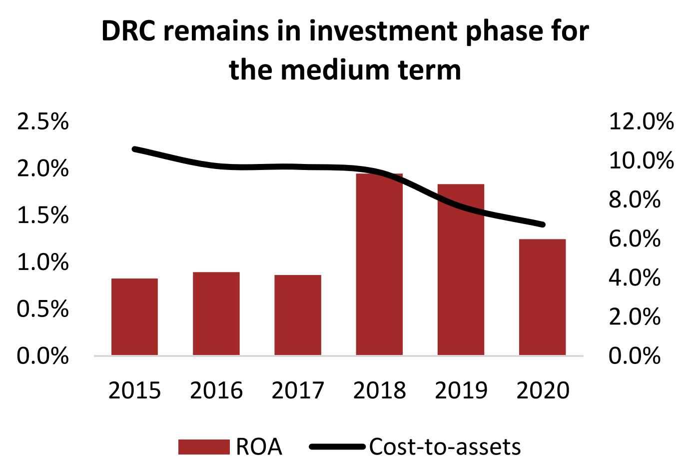
Regional subsidiaries are high-growth assets, with UG and RW becoming high-return subsidiaries as well

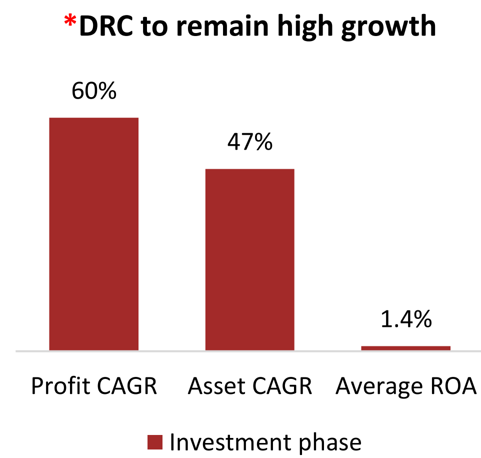


*Blue bars reflect periods of capital raising





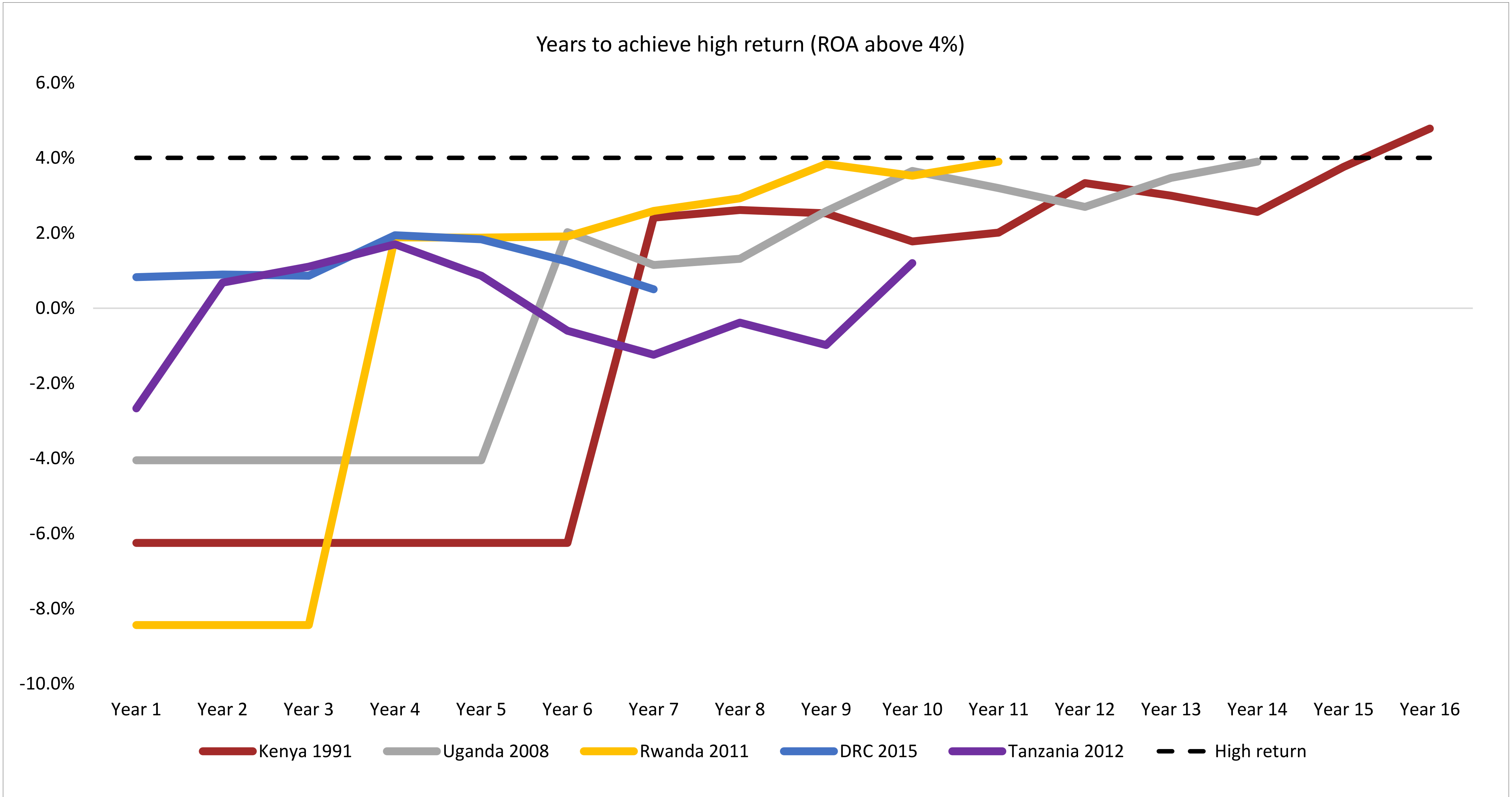




*Equity Bank Congo numbers

Geographical Expansion and Business Diversification

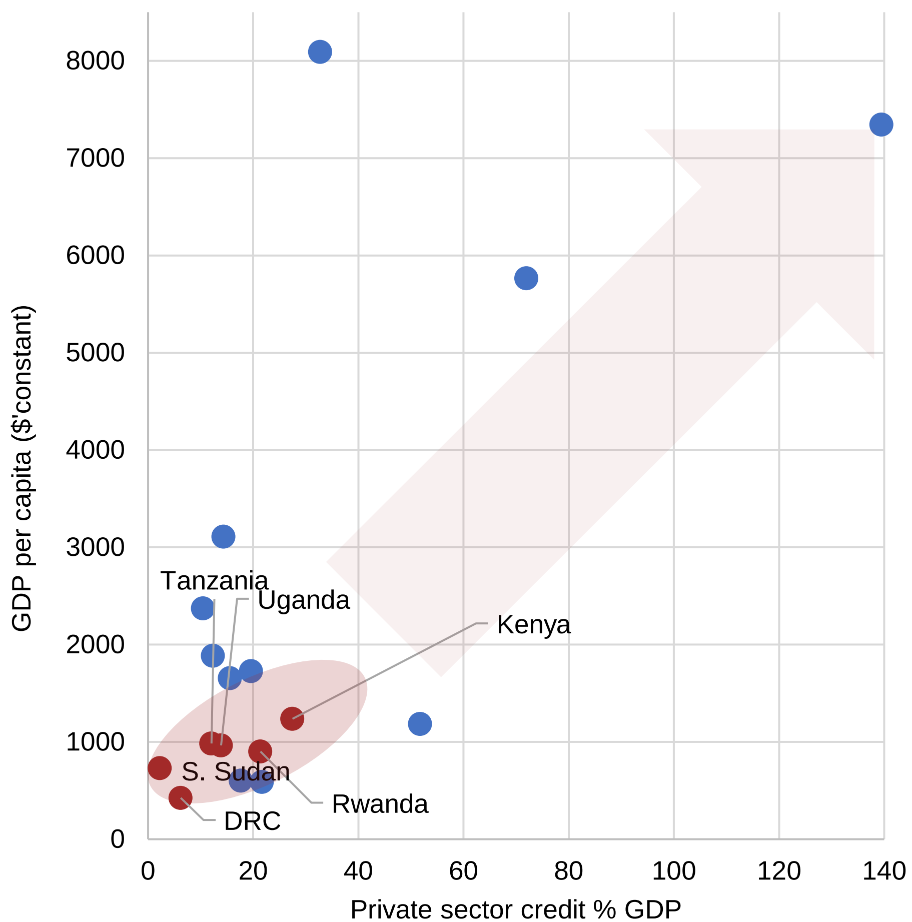
Subsidiaries achieving high returns in shorter periods



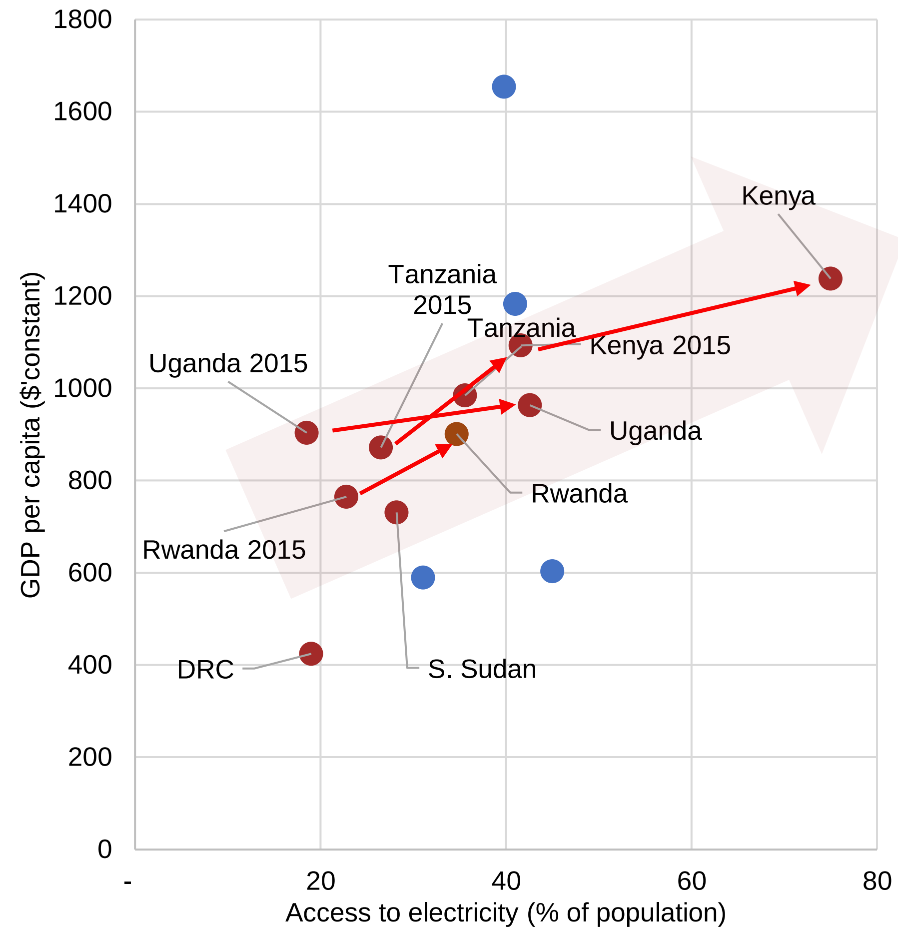
Geographical Expansion and Business Diversification

Productivity gains coming from improving access to credit and infrastructure

Low credit penetration highlights significant productivity gains in funding value chains



Improving access to infrastructure will support productivity gains



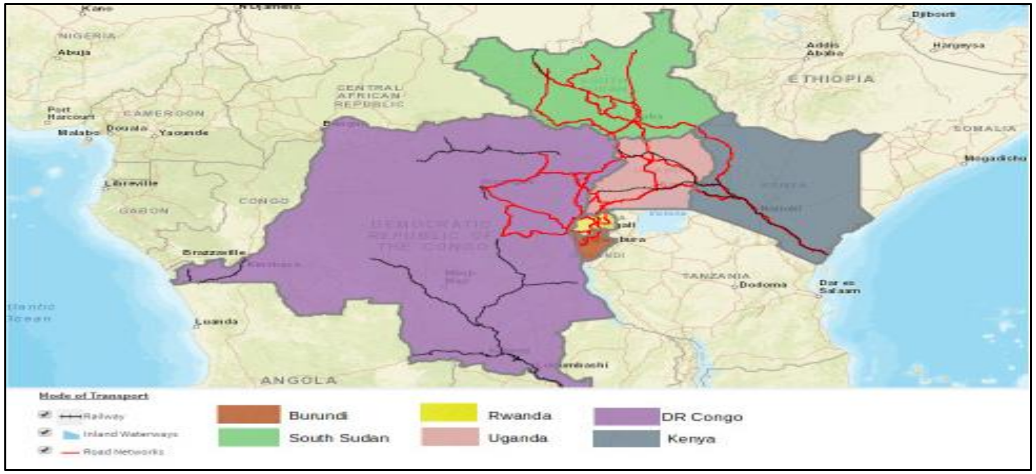
Source: World Bank

Geographical Expansion and Business Diversification

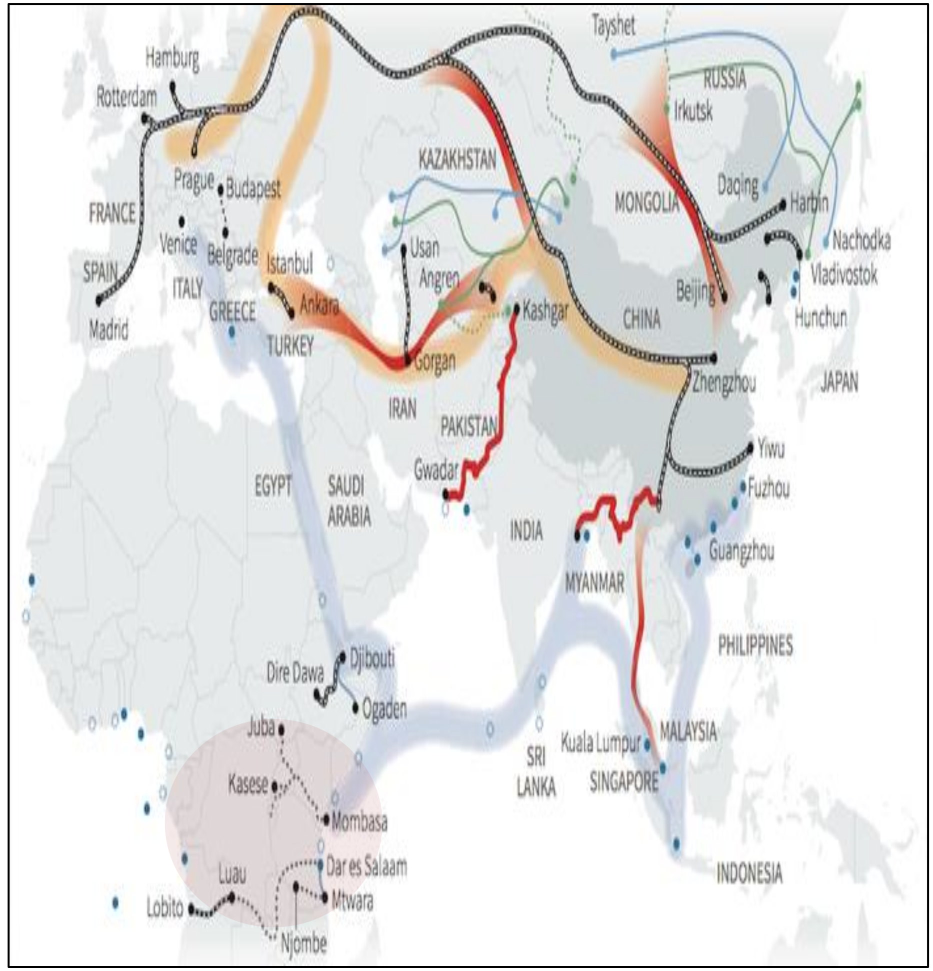
Regional trade and growing connectivity to global trade underpinned by expanding trade corridors

EQUITY

East and Central Africa increasing infrastructure connectivity



Growing linkages to global trade and commerce

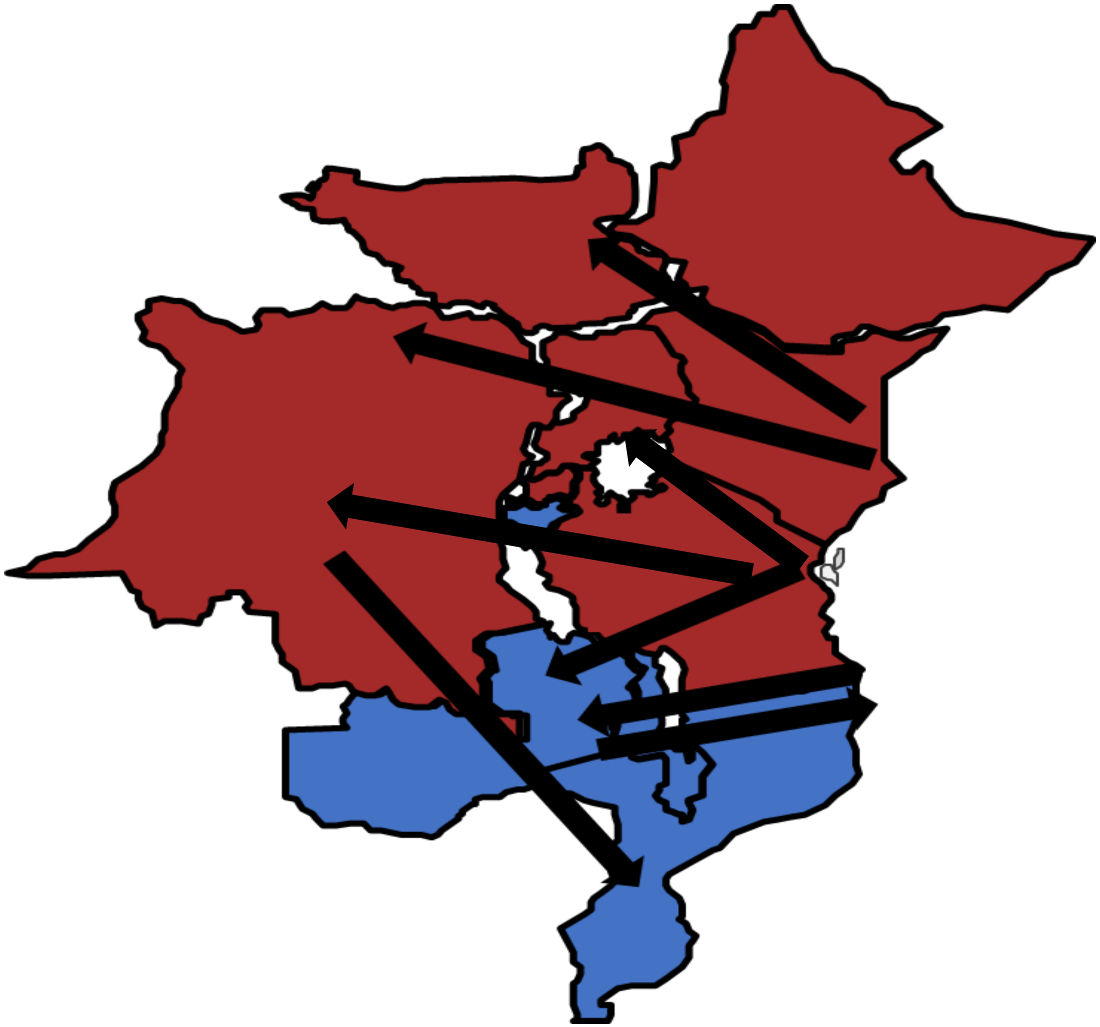


Source: World Bank, Reuters, "Rail in Ethiopia Riding High while Kenya Still Lagging Behind," The Nairobi Network, March 25, 2014, http://www.thehabarinetwork.com/wp-content/uploads/2014/03/Kenya-RegionalTransportation-Map.jpg. , UNCTAD, Northern Corridor Transit and Transport Coordination Authority

Geographical Expansion and Business Diversification

Equity Group regional presence to drive cross-border trade and support informal traders

EQUITY



NORTHERN CORRIDOR
Gateway through Kenya to landlocked countries of Uganda, Rwanda, Burundi, South Sudan and eastern DRC

LAPSSET CORRIDOR
Infrastructure project connecting Kenya, Ethiopia and South Sudan

MTWARA CORRIDOR
Infrastructure project connecting southern Tanzania, Northern Mozambique, eastern Malawi and Eastern Zambia

BEIRA CORRIDOR
Gateway through Mozambique connecting landlocked countries of Zimbabwe, Zambia, Malawi and southern DRC

TAZARA CORRIDOR
Gateway connecting landlocked Zambia to Dar es Salaam

CENTRAL CORRIDOR
Gateway connecting landlocked Rwanda, Burundi and eastern DRC to Dar es Salaam

TANGA CORRIDOR
Gateway connecting landlocked Uganda to Tanga via Lake Victoria

Geographical Expansion and Business Diversification

DRC significant resource endowment

- DRC has the largest reserves of Coltan/tantalite (estimated at 60-80% of global reserves). Coltan is used in many electronic devices including mobile phones

- DRC also has huge copper and cobalt reserves. Copper and cobalt demand will be accelerated by increased usage of electric vehicles and charging stations (5x more than gas car), renewable energy and storage systems, 5G base stations

- DRC has a large young population, ~93 million, with 45% of the population in urban centres presenting consumption opportunities

- President Felix Tshisekedi has instituted governance reforms to ensure political stability of the Nation.

- The president has committed to a review of all the existing mining contracts to ensure they are beneficial for the Nation and its people.

- DRC has made an application to join the East African Community which will foster trade in the region.

Geographical Expansion and Business Diversification

Landmark Oil Pipeline deal signed by Uganda and Tanzania

- Tripartite East African Crude Oil Pipeline project agreement (EACOP) signed off on 11 April 2021 between Uganda, Tanzania and large oil companies
- The deal paves way for:
  - US$ 15Bn investment (c.40% of Uganda GDP)
  - Construction of 1,440km ($3.55bn) electrically heated crude oil pipeline from Ugandan Albertine region to Tanzanian seaport of Tanga
  - Creation of c.10,000 plus jobs
  - Possible peak production of 230,000 barrels per day

Geographical Expansion and Business Diversification

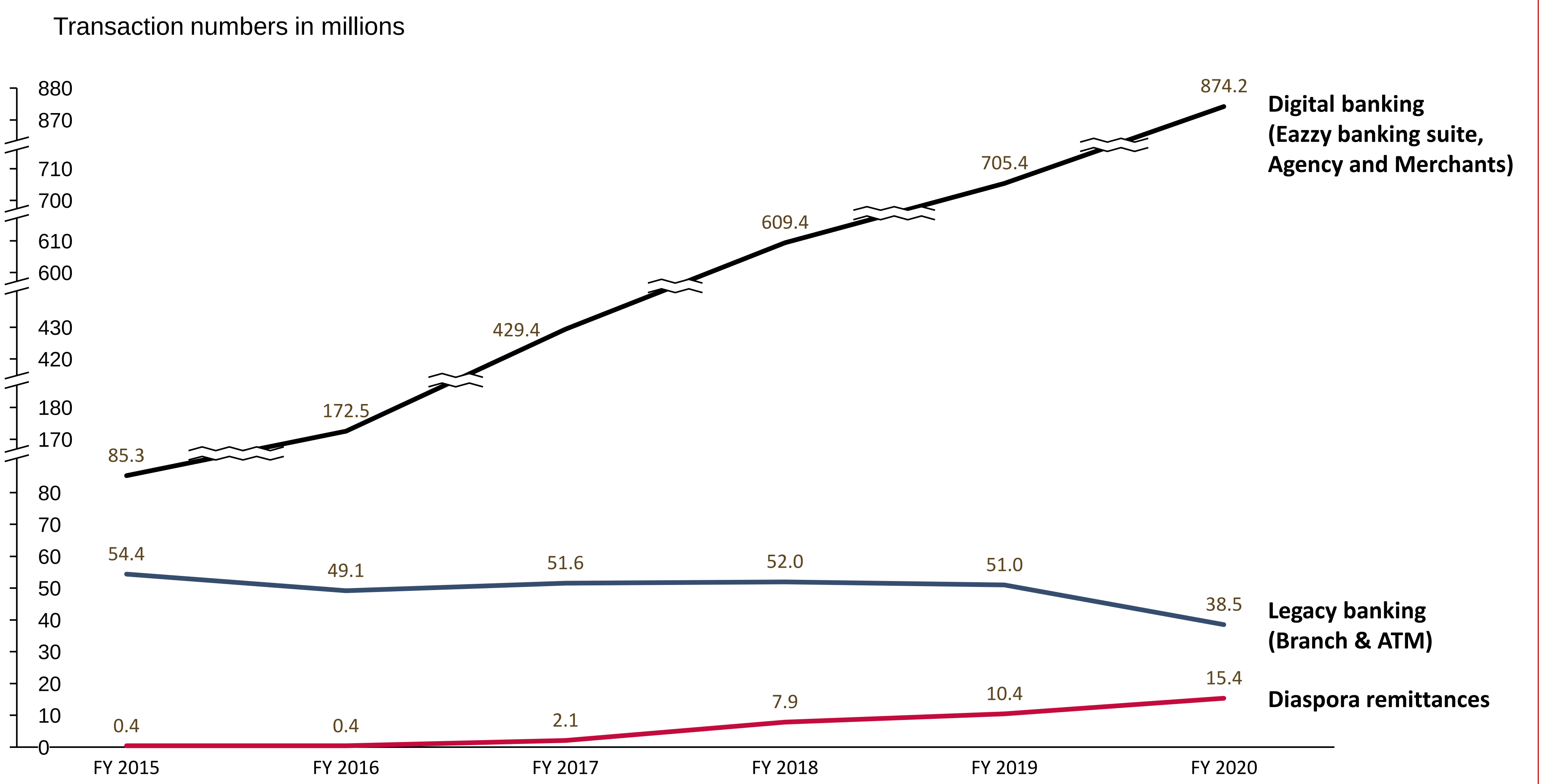
Promising Tanzania Operating Environment

- The newly sworn in Tanzania president, Samia Suluhu Hassan's, visit to Kenya in early May eased bilateral relations the two trade partners. The two countries agreed to eliminate trade barriers which began in 2016 and aggravated by conflicting COVID-19 protocols in 2020
- Tanzania, on 20 May 2021 signed the host country EACOP agreement with Total and the Ugandan government for the construction of a $3.55 billion oil pipeline which will see Tanzania earn $12.7 for each barrel transported
- The Tanzanian and Kenyan governments have entered into an agreement to build a gas pipeline from Dar es Salaam to Mombasa which will increase trade between the two countries
- The application by Democratic Republic of Congo (DRC) to join the East African Community presents a huge opportunity to Tanzania due to its proximity to DRC and its reliance on neighboring countries for agricultural resources. DRC has approximately 93 million population and is rich natural resources

Innovation and Digitization

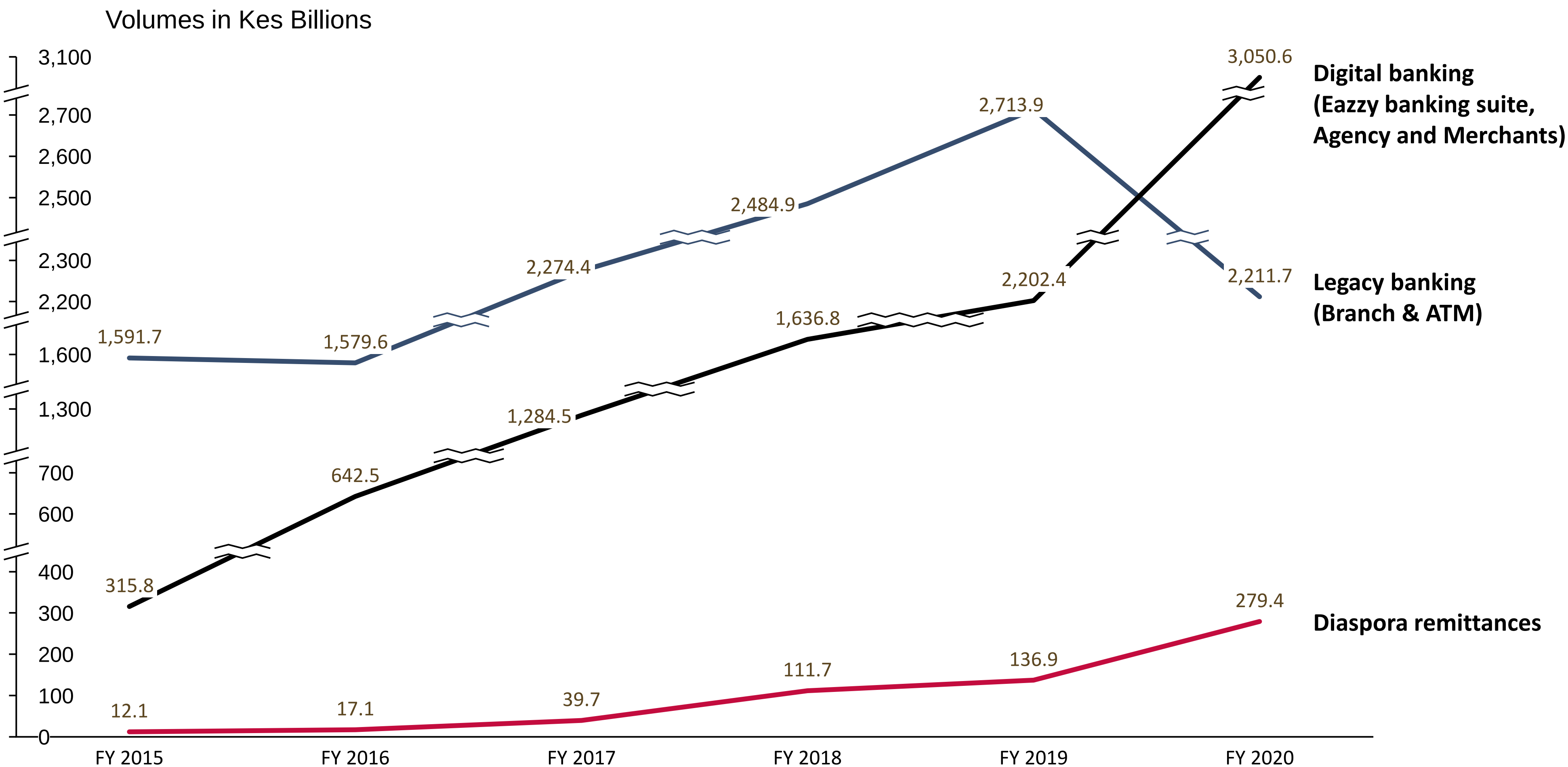
EQUITY

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



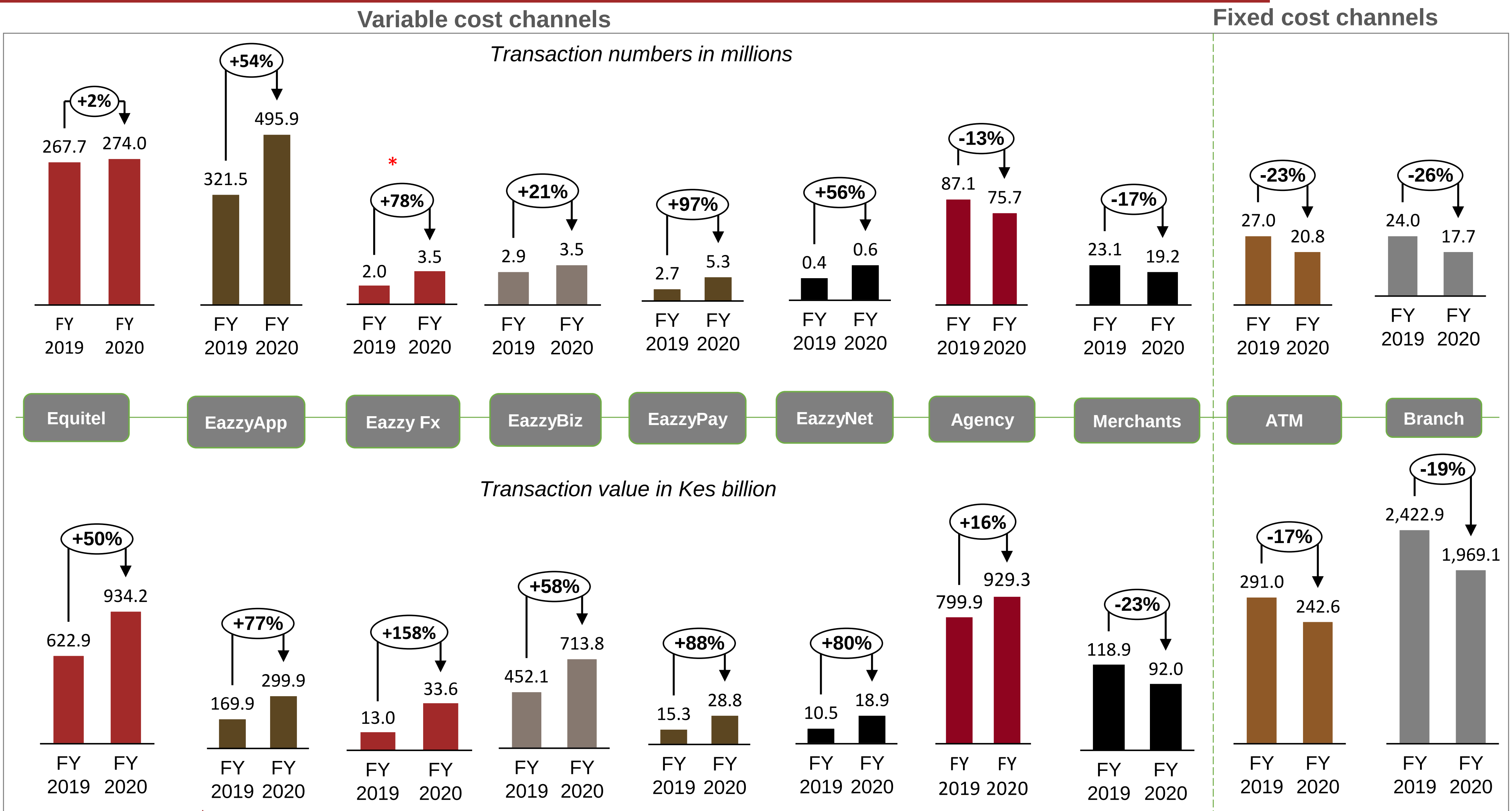
Innovation and Digitization

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



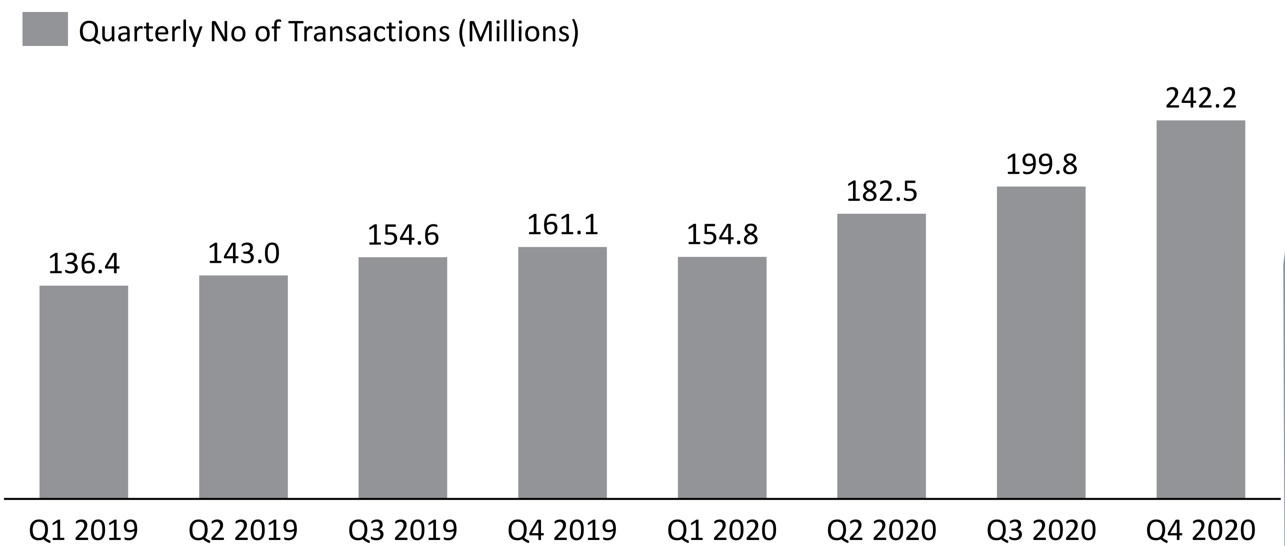
Innovation and Digitization
Migrating from Fixed to Variable Cost Delivery Infrastructure

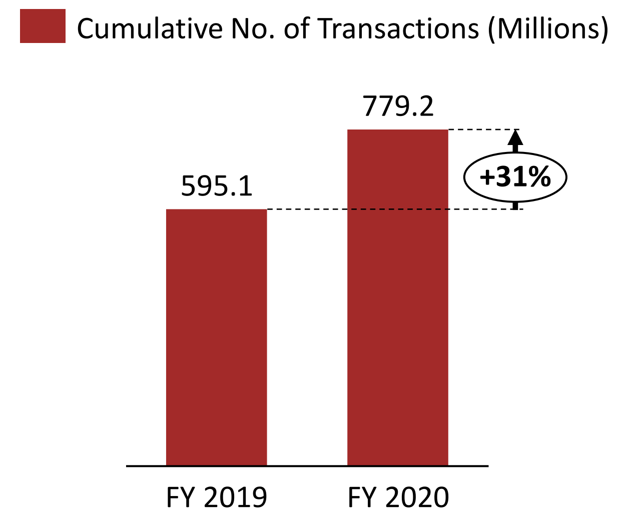
EQUITY

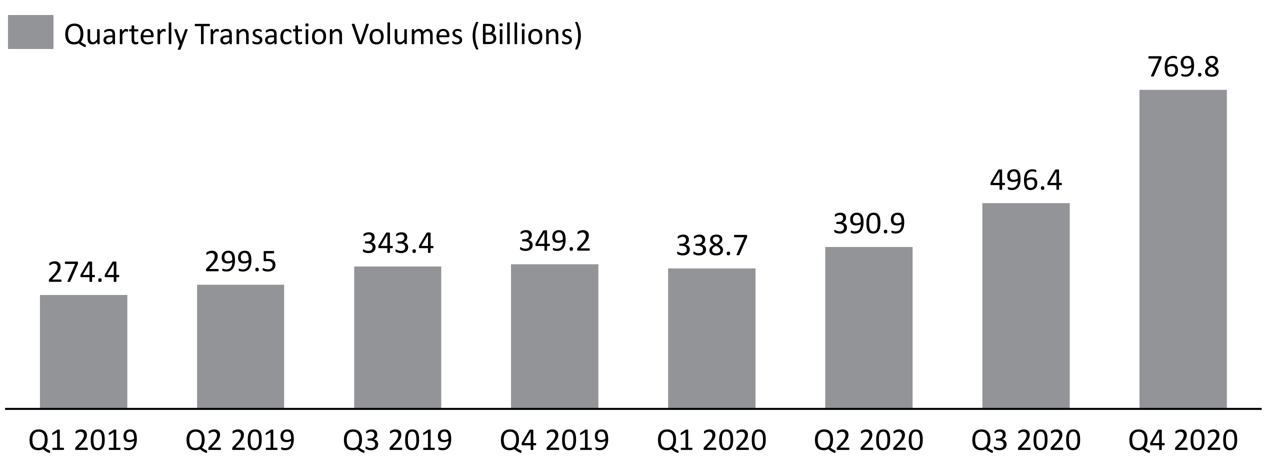


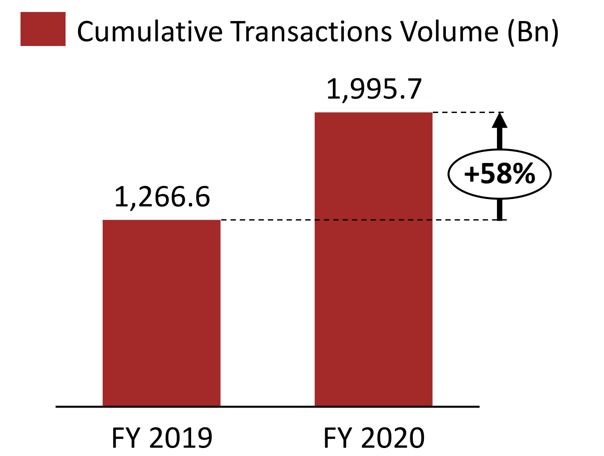
* Eazzy Fx transaction numbers in thousands

Fintech Innovations in Digital Payments
Steady adoption of Eazzy banking solutions

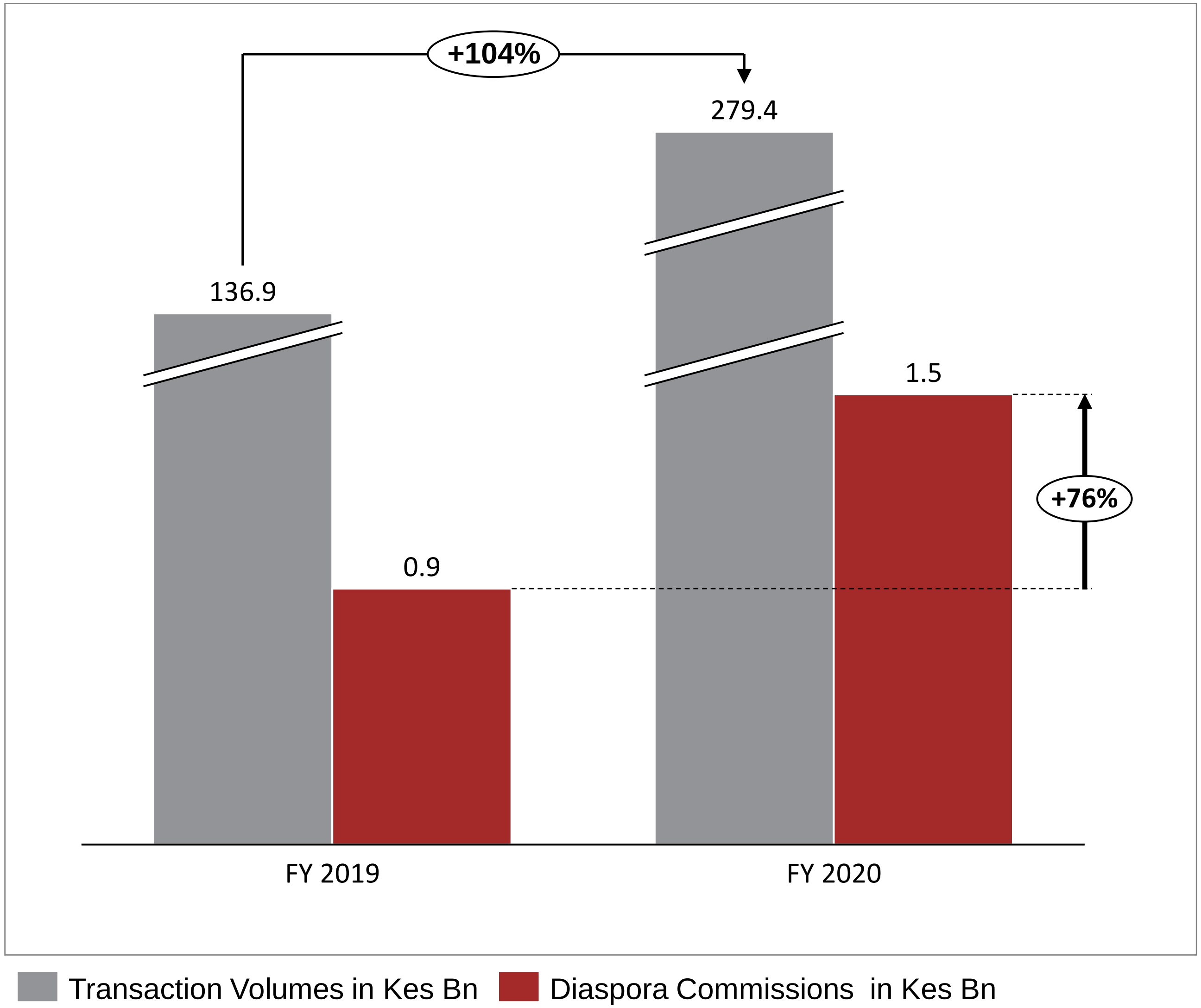








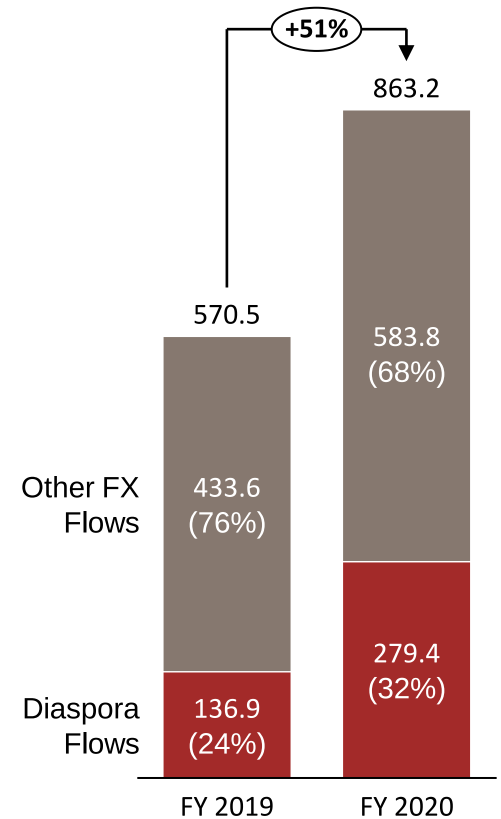
Fintech Innovations in Diaspora Remittances

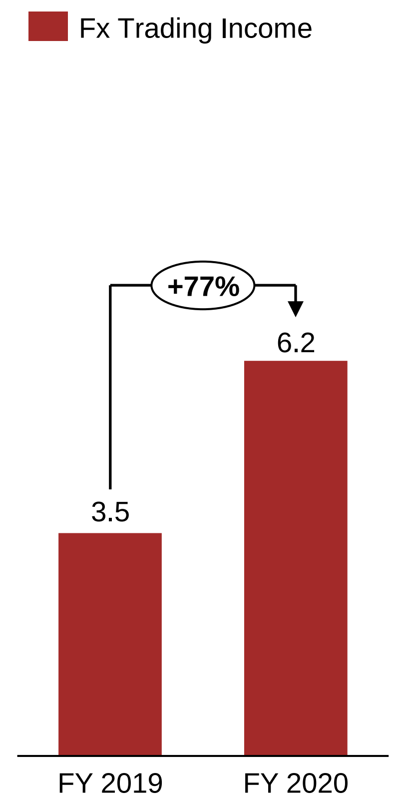


Fintech Innovations in Fx Trading

Kes Billion

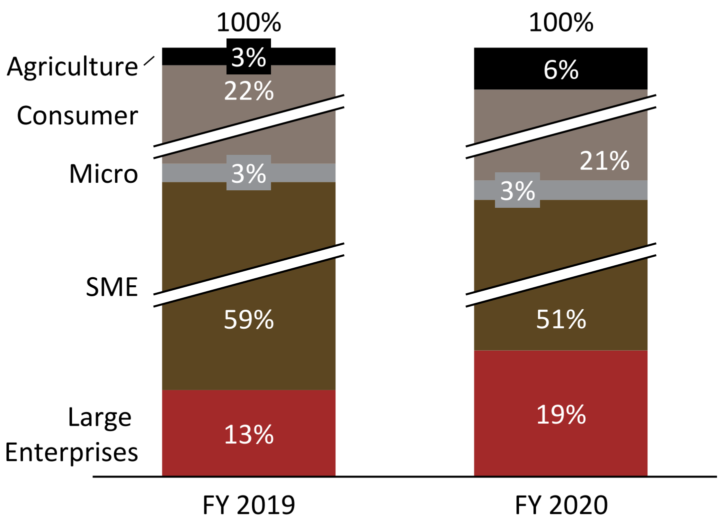
- The diaspora flows account for 32% of all client Fx volumes



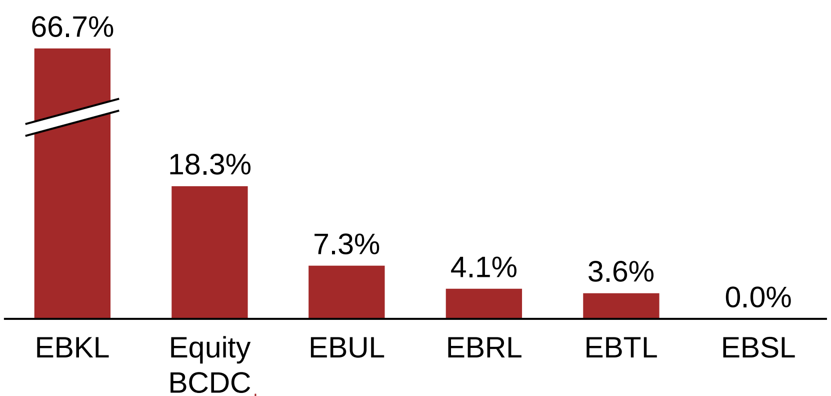


Asset Quality

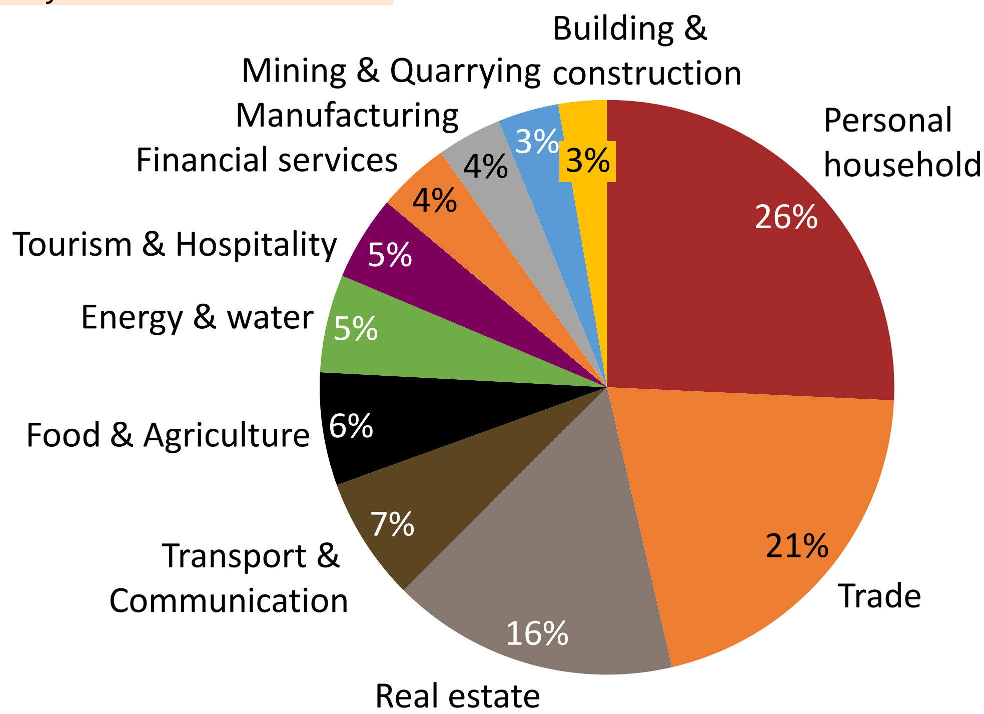
Split by market segmentation



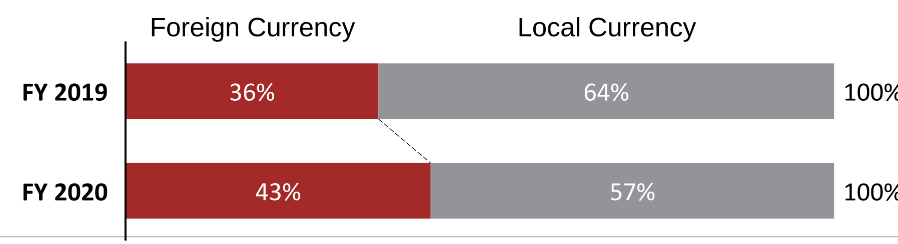
Contribution per Subsidiary



Split by economic sectors

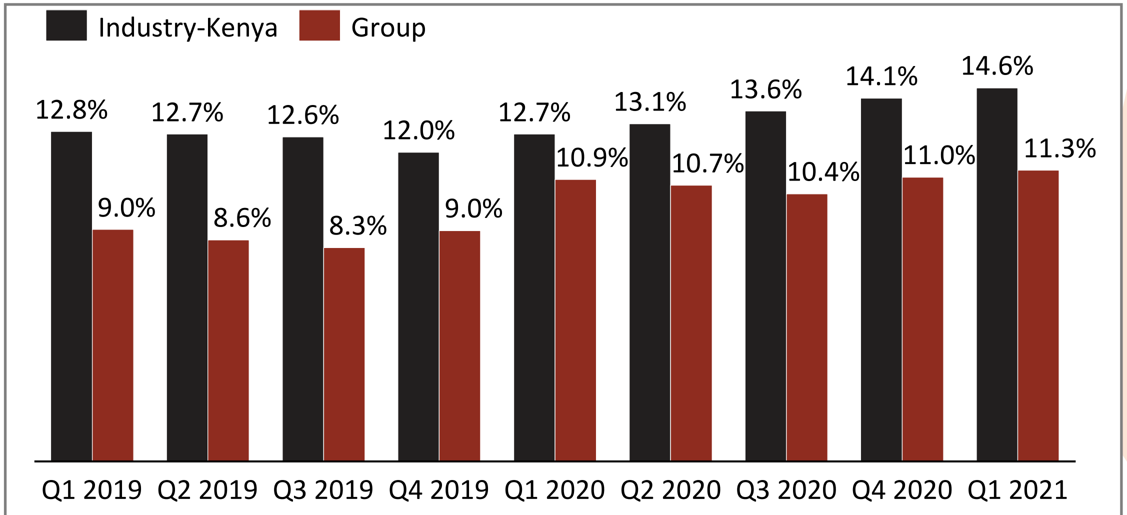


Split by currency

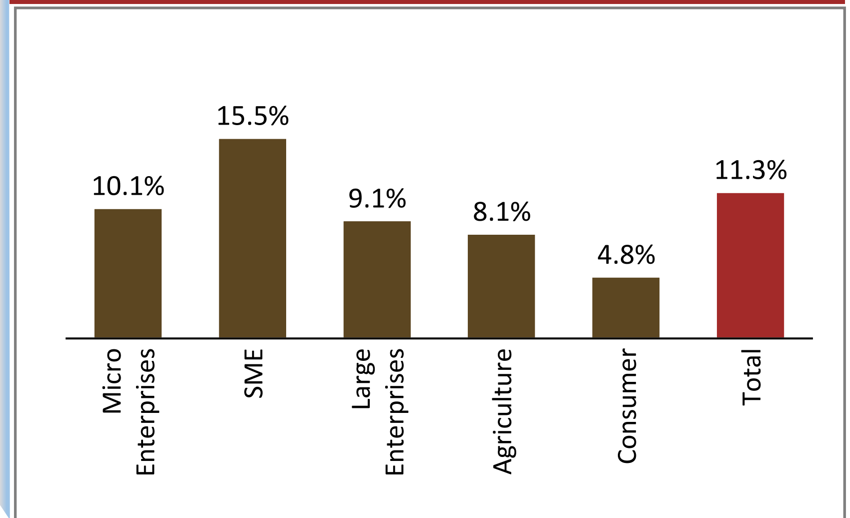


Asset Quality, Distribution and Risk Mitigation

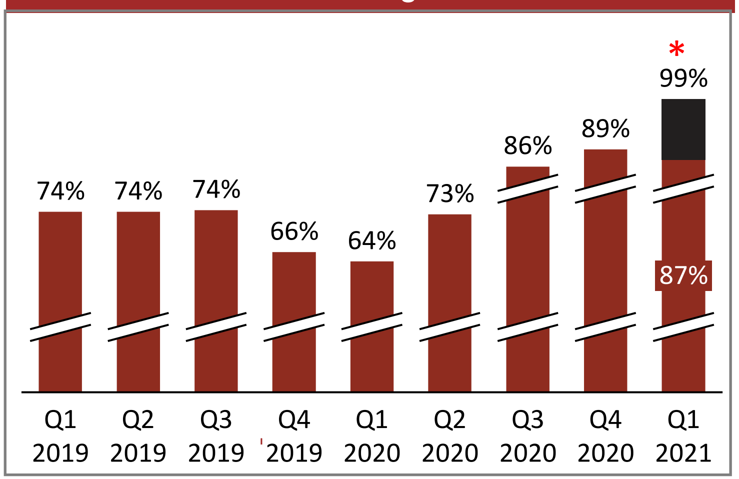
NPL's –Industry vs EGH Plc as at Q1 2021



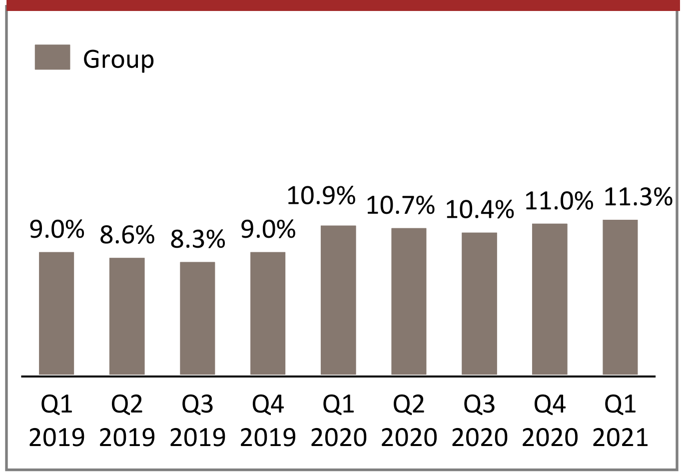
NPL per sector as at Q1 2021



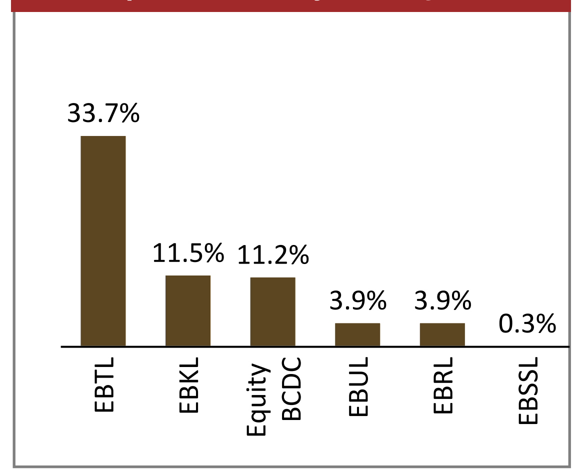
NPL Coverage



NPL Ratios



NPL per Subsidiary as at Q1 2021

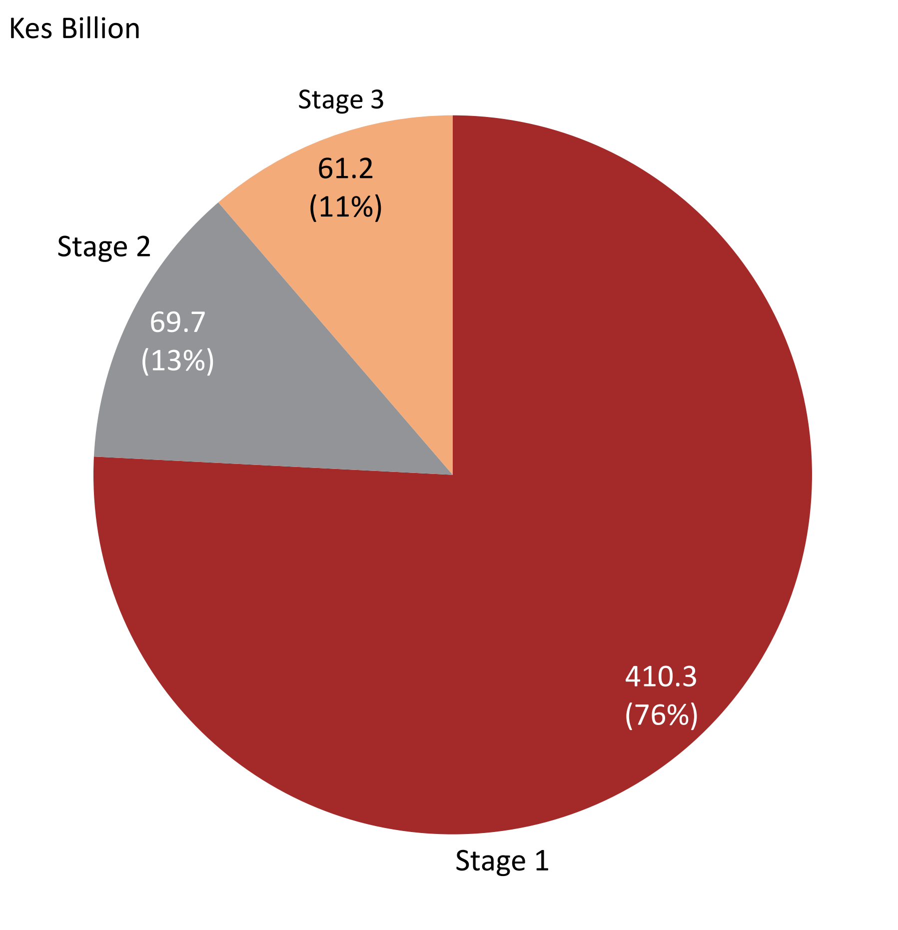


* Q1 2021 NPL Coverage inclusive of credit risk guarantees

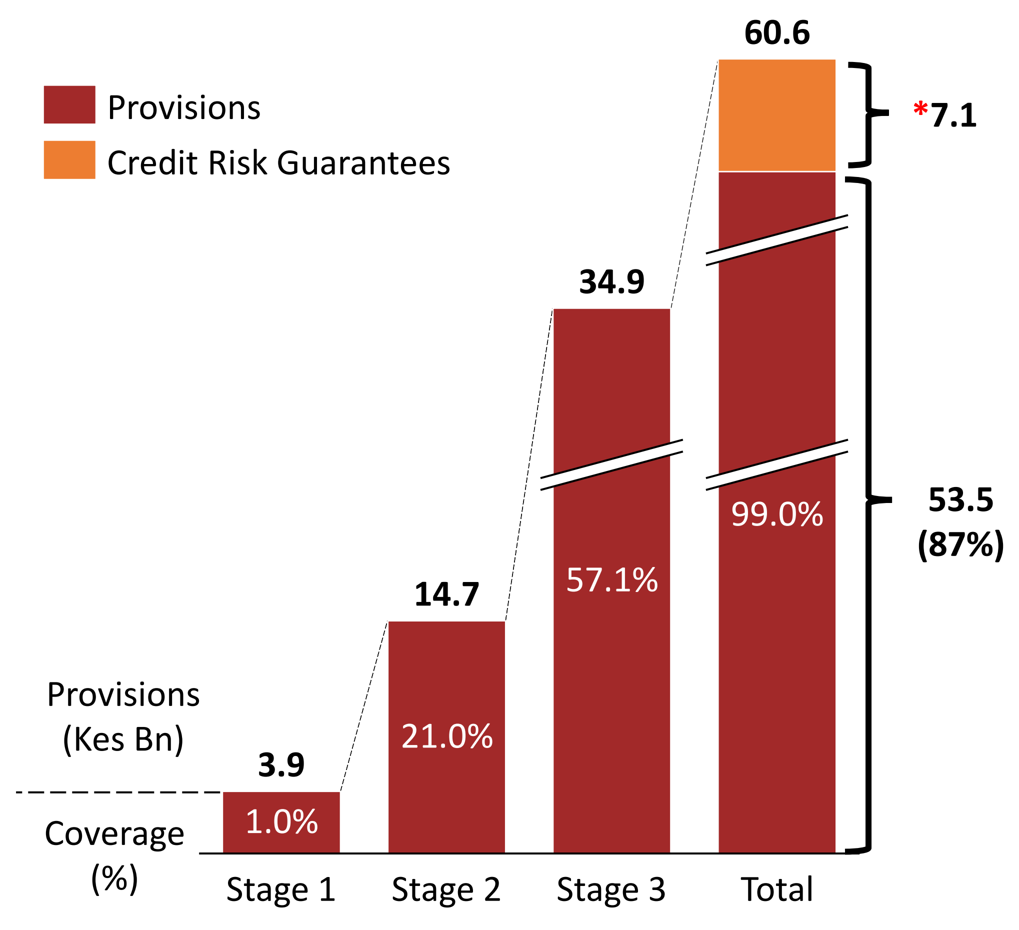
Asset Quality, Distribution and Risk Mitigation

Prudent approach to credit risk management

Gross loans staging as at Q1 2021



Coverage and provisions as at Q1 2021



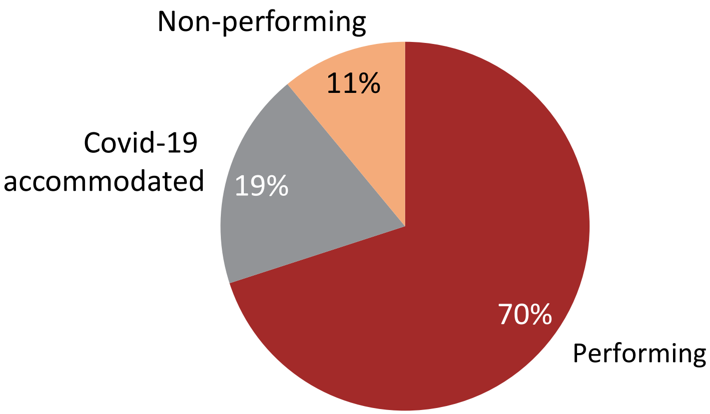
* Credit risk guarantees providing additional Kes 7.1 Billion NPL coverage

Asset Quality, Distribution and Risk Mitigation

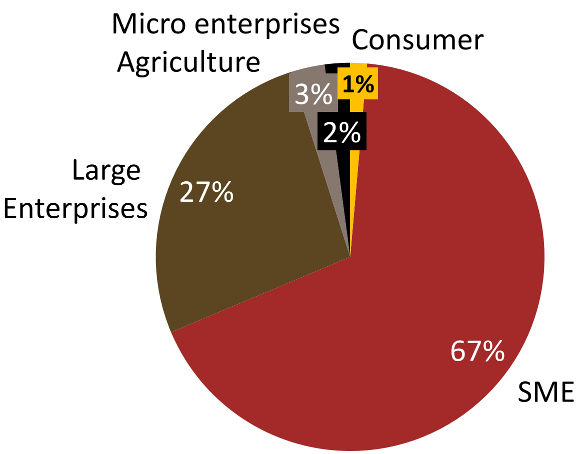
Long-term and Prudent approach driven by deep knowledge and understanding of the Bank's customers

As part of the Group's commitment to support lives and livelihoods and keeping the lights of the economy on, the Group accommodated Kes 171 billion of loans. The group's gross loan book is Kes 541 billion, so this represents 31% of the loan portfolio. However, as at the end of March 2021, Kes 59 billion had resumed repayment and Kes 9 billion had been downgraded to NPL (Stage 3). Kes 103 billion therefore remains under moratorium constituting 19% of the loan book analysed as below:

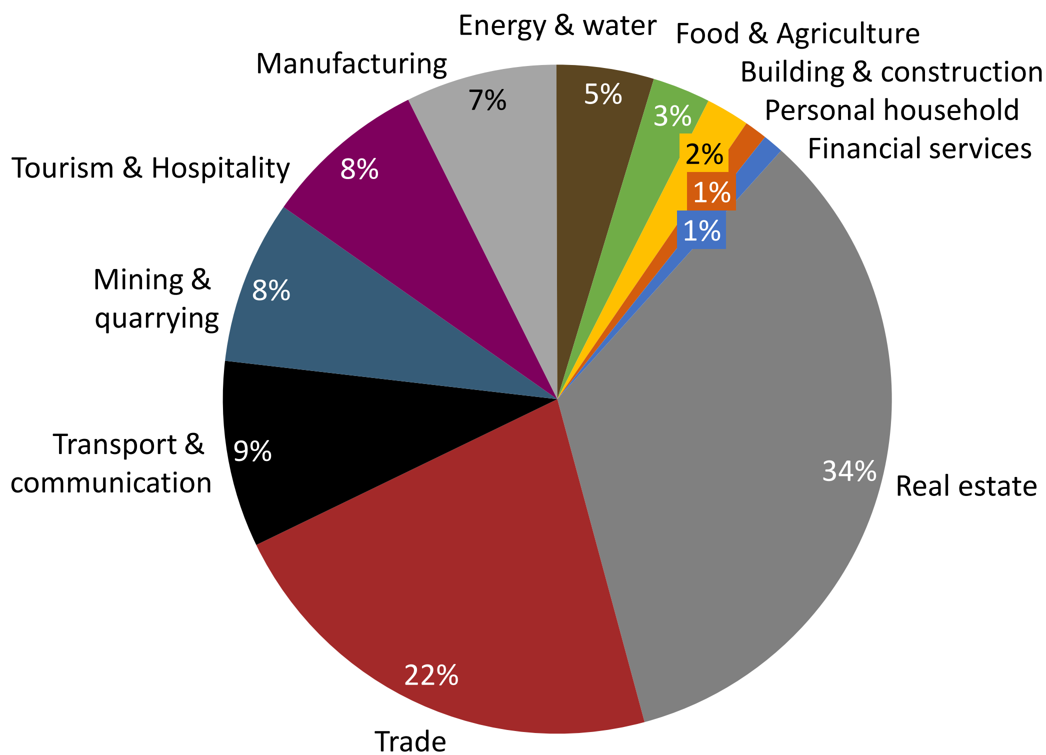
Overall loan book segmentation



Covid-19 accommodated loans segmentation by market sector



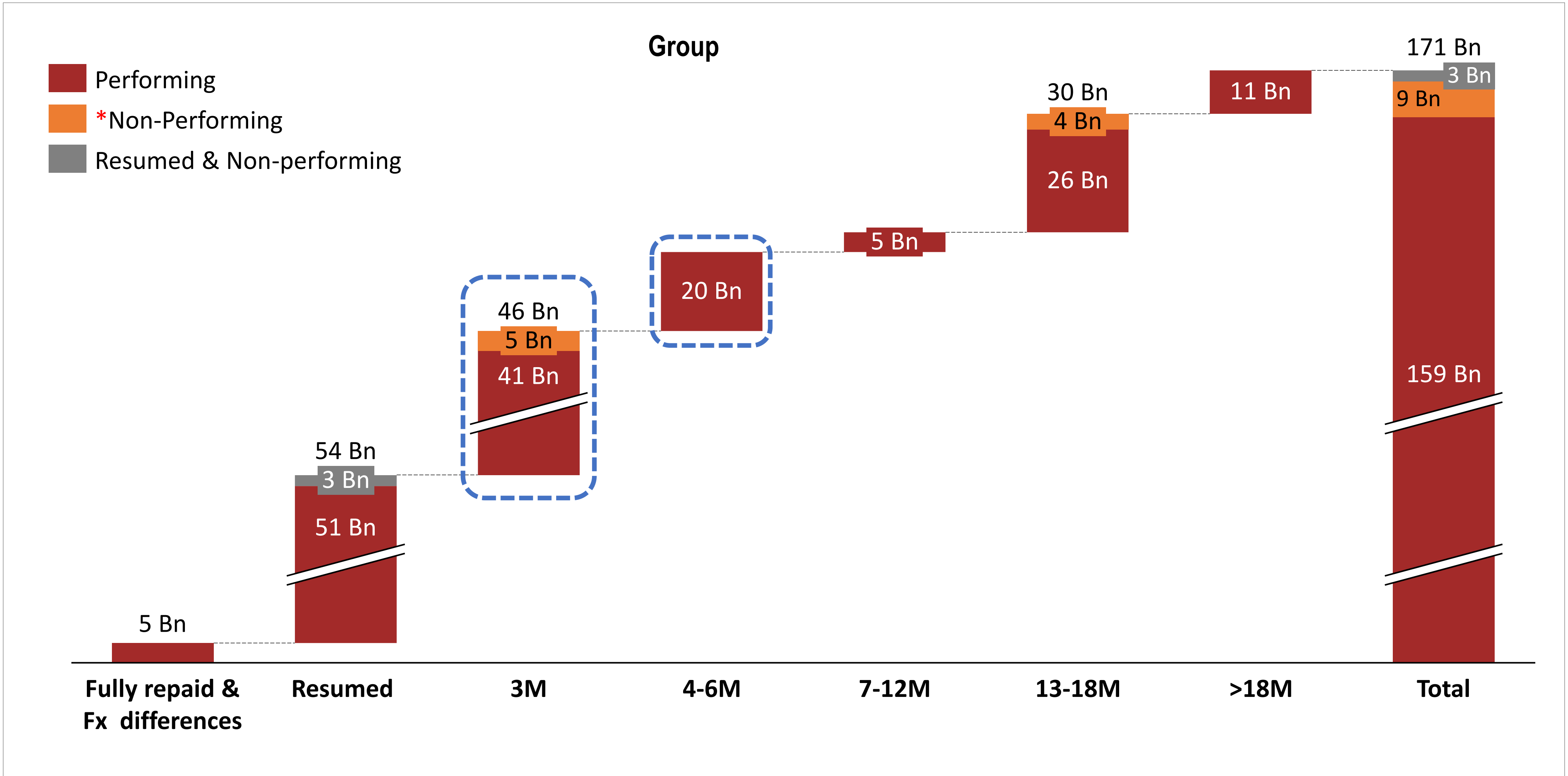
Covid-19 accommodated loans segmentation by economic sector



Asset Quality, Distribution and Risk Mitigation – Proactive Prudent Management

Covid-19 accommodated loans (Kes 171 Bn); Kes 59B resumed repayment, additional Kes 66B expected to resume in 6 Months

Moratorium expiry intensifies within the next 6 Months



*Non-performing refers to proactively downgraded loans pre-expiry of moratorium

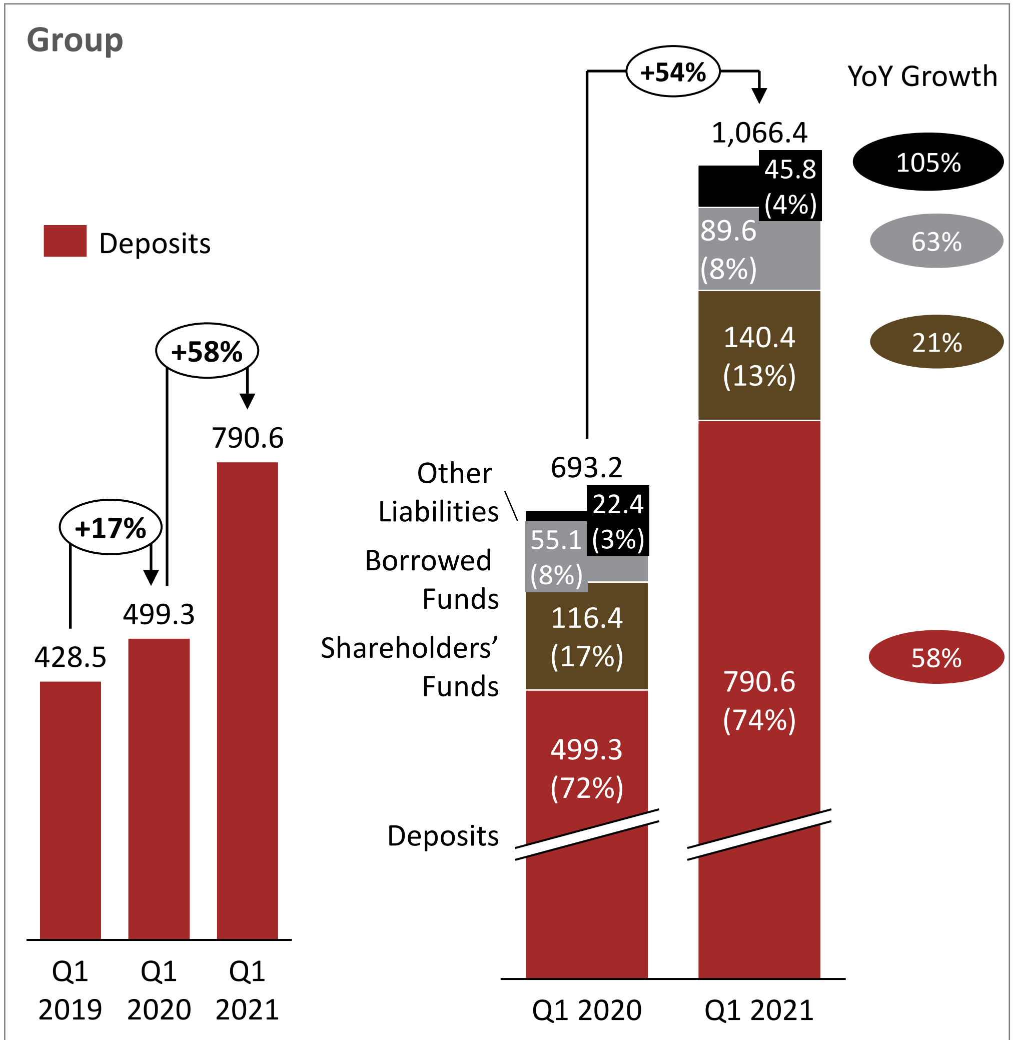
Balance Sheet

Kes Billion	FY 2019	FY 2020	Growth
Assets			
Cash & Cash Equivalents	86.4	247.1	186%
Government Securities	172.2	217.4	26%
Net Loans	366.4	477.8	30%
Other Assets	48.7	72.8	50%
Total Assets	**673.7**	**1,015.1**	**51%**
Liabilities & Capital			
Deposits	482.8	740.8	53%
Borrowed Funds	56.7	97.1	71%
Other Liabilities	22.4	38.6	72%
Shareholders' Funds	111.8	138.6	24%
Total Liabilities & Capital	**673.7**	**1,015.1**	**51%**

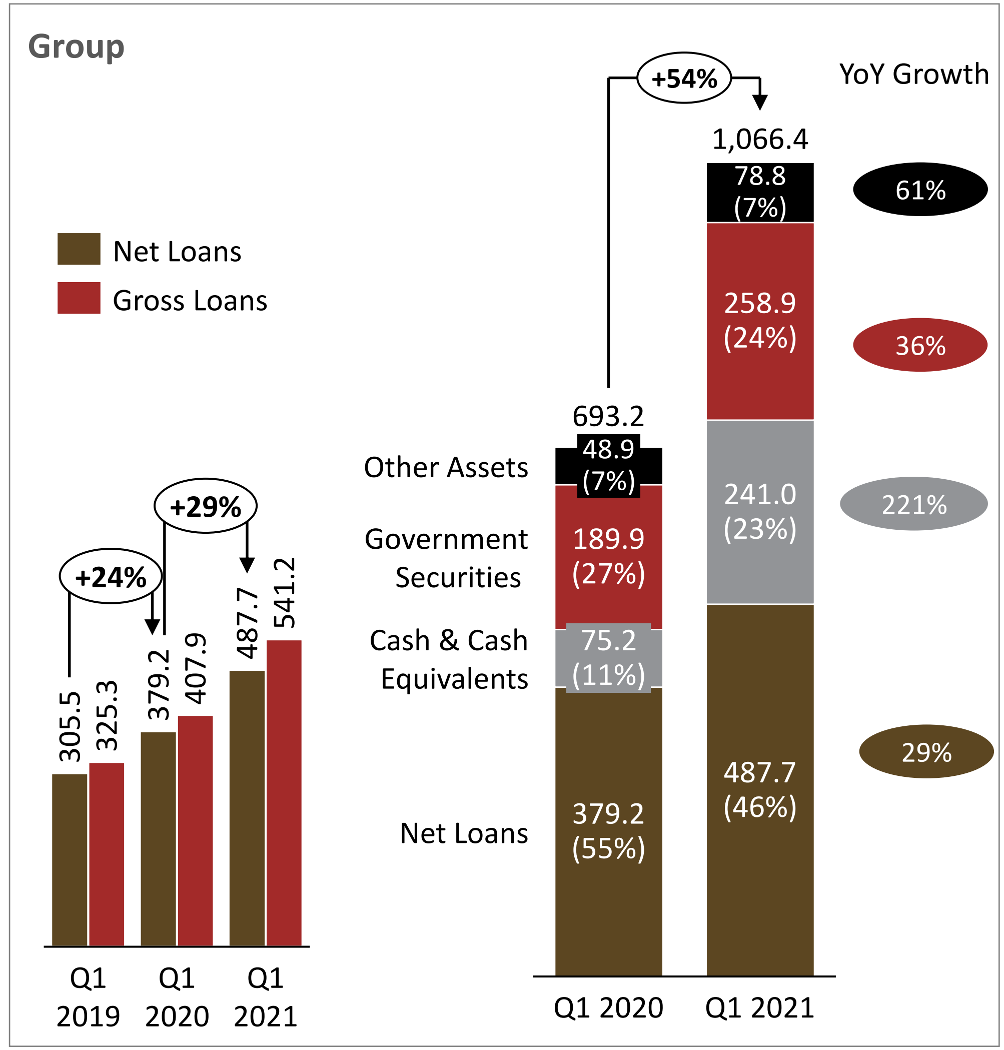
Balance Sheet Efficiency, Optimization and Agility

Kes Billion

Funding Structure and Leverage



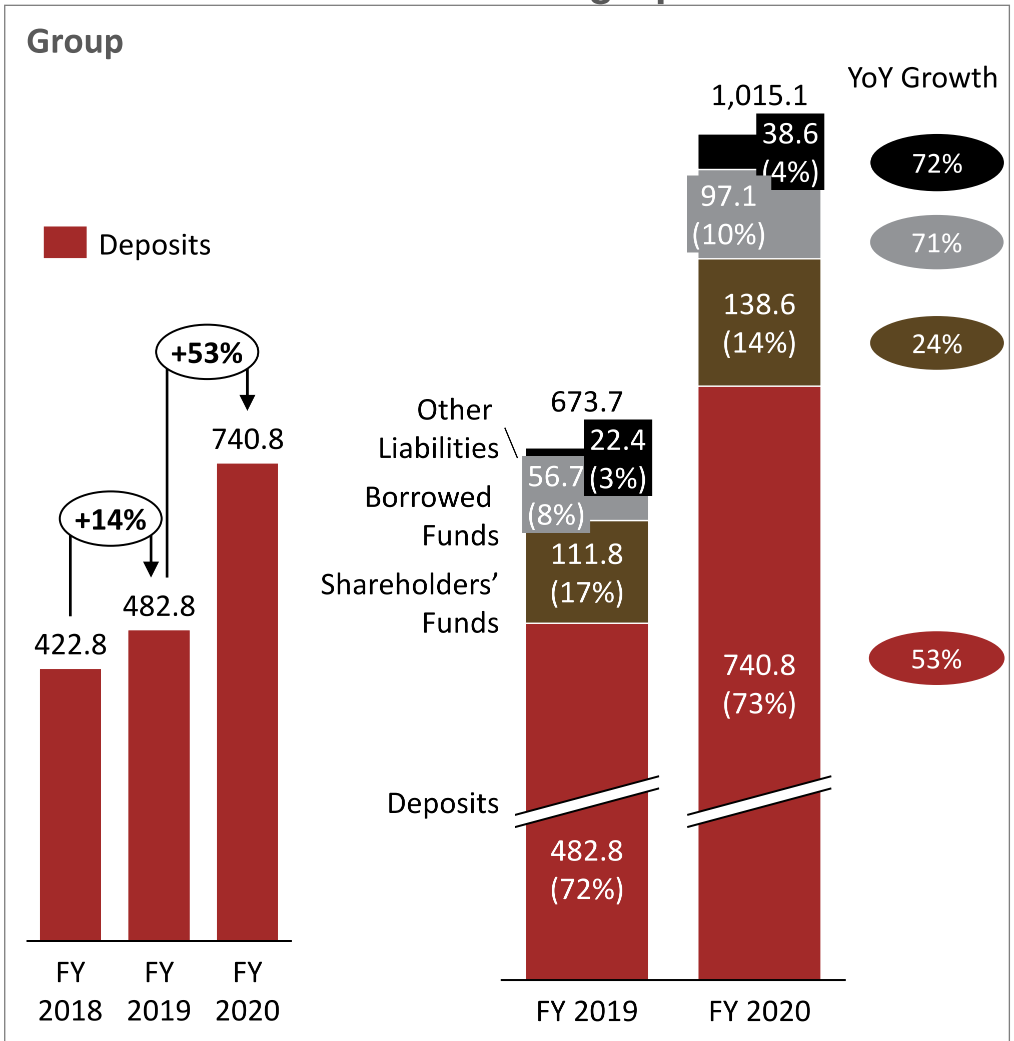
Asset Mix



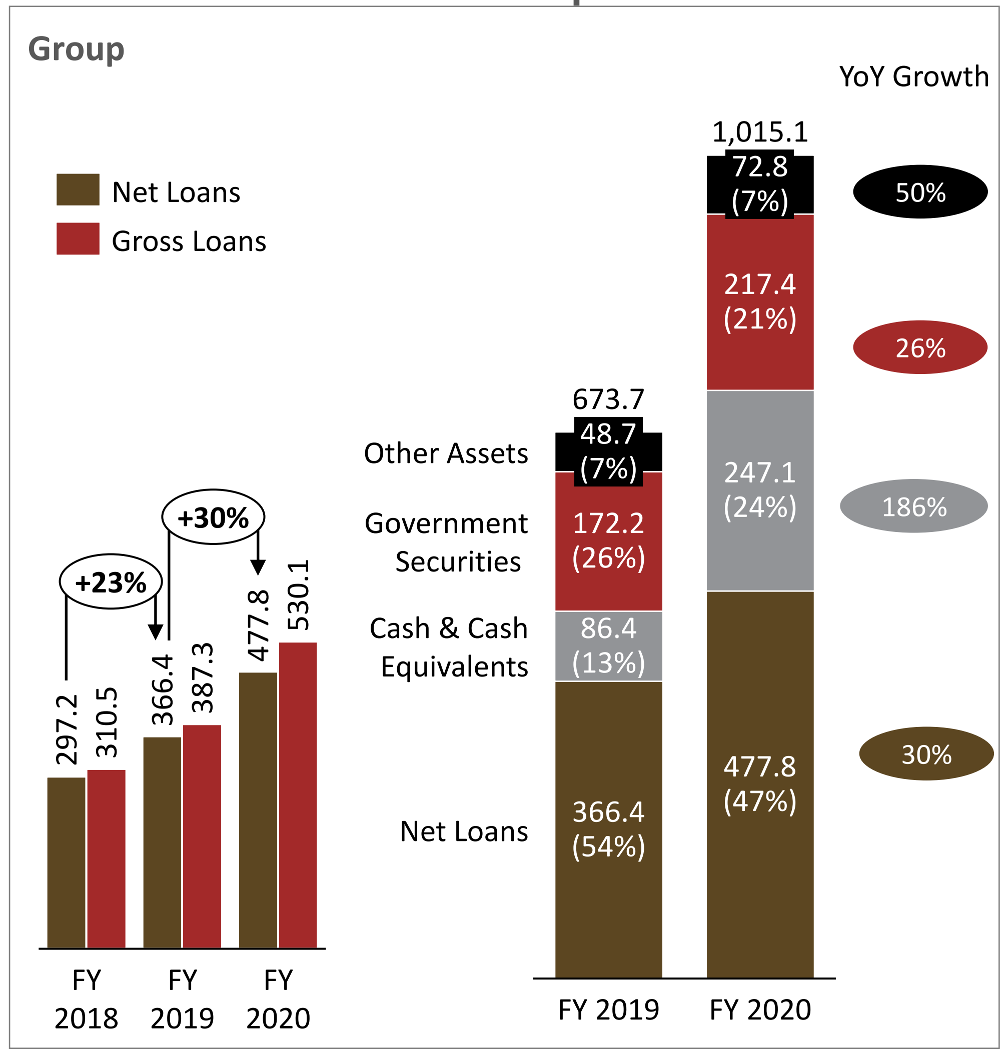
Balance Sheet Resilience and Agility

Kes Billion

Funding Split



Asset Split



Income Statement

EQUITY

Kes Billion

	FY 2019	FY 2020	Growth
Interest Income	59.7	73.8	24%
Interest Expense	14.7	18.7	26%
Net Interest Income	**45.0**	**55.1**	**23%**
Non-Funded Income	29.8	37.8	27%
Total Income	**74.8**	**92.9**	**24%**
*Loan Loss Provision	4.3	25.9	496%
Staff Costs	12.8	15.4	20%
Other Operating Expenses	25.4	29.7	17%
Total Costs	**42.5**	**71.0**	**67%**
Net Loss on Monetary Assets	0.8	0.9	24%
Gain on bargain purchase	-	1.2	100%
PBT	**31.5**	**22.2**	**-30%**
Tax	8.9	2.1	-77%
PAT	**22.6**	**20.1**	**-11%**
Earnings per share	**5.9**	**5.2**	**-12%**

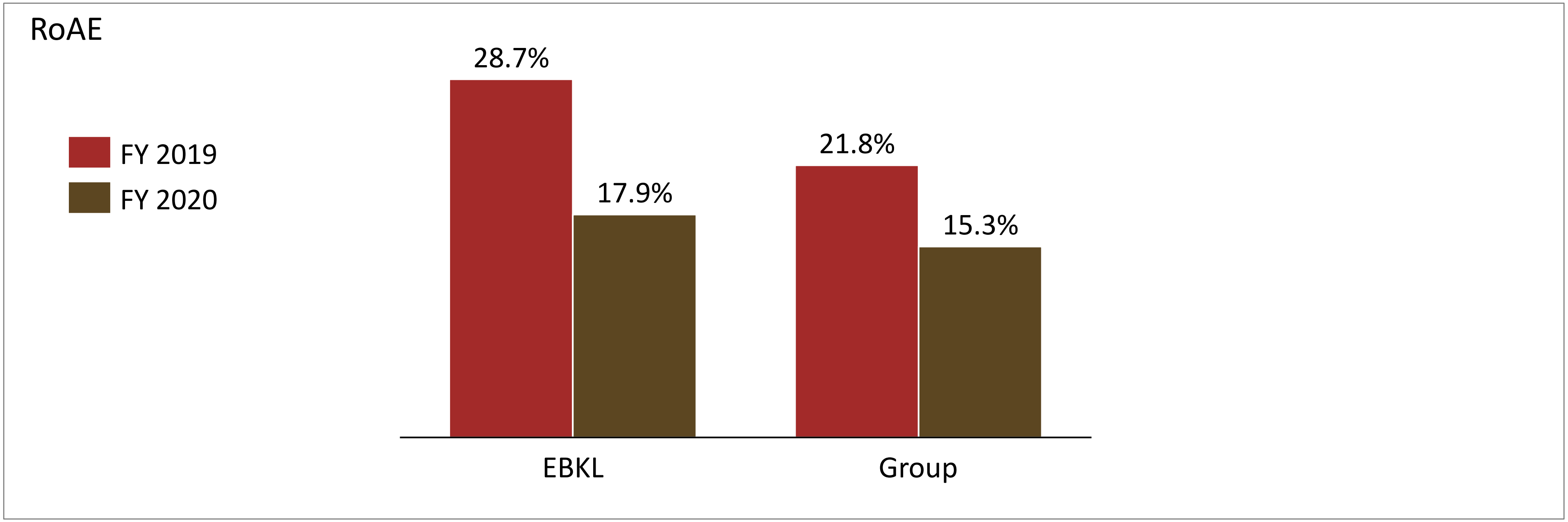
*Loan loss provision has been presented net of recoveries. In the CBK publication Loan Loss Provision is presented as a gross amount. The gross provisions and recoveries are as follows;

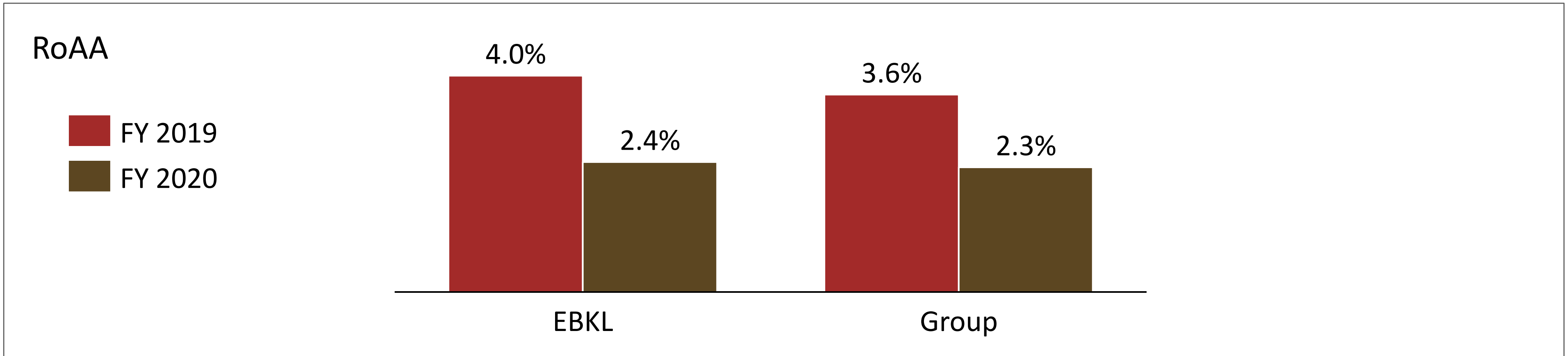
KES Bn	FY 2019	FY 2020
Gross loan loss provision	5.3	26.6
Loan recoveries	1.0	0.7
Net loan loss provision	4.3	25.9

Financial Ratios

	EBKL FY 2019	EBKL FY 2020	Group FY 2019	Group FY 2020
Profitability				
Interest Yield from Loans & Advances	11.6%	11.6%	12.6%	12.4%
Interest Yield from Gov't Securities	10.2%	10.9%	10.1%	10.7%
Yield from Earning Assets	11.0%	10.3%	11.2%	10.0%
Cost of Deposits	2.2%	2.4%	2.4%	2.3%
Cost of Funds	2.8%	2.8%	2.9%	2.8%
Net Interest Margin	8.2%	7.5%	8.3%	7.2%
Cost to Income Ratio with Provisions	52.2%	77.5%	57.0%	76.4%
Cost to Income Ratio without Provisions	46.4%	41.5%	51.1%	48.5%
Return on Average Equity	28.7%	17.9%	21.8%	15.3%
Return on Average Assets	4.0%	2.4%	3.6%	2.3%
Asset Quality				
PAR	8.1%	11.5%	9.0%	11.0%
NPL Coverage	72.1%	99.4%	66.0%	89.4%
Cost of Risk	1.3%	7.9%	1.3%	6.1%
Leverage				
Loan / Deposit Ratio	72.7%	63.0%	75.9%	64.5%
Capital Adequacy Ratios				
Core Capital to Risk Weighted Assets	13.1%	12.4%	16.3%	14.8%
Total Capital to Risk Weighted Assets	17.4%	16.2%	19.8%	18.9%
Liquidity				
Liquidity ratio	54.7%	73.1%	52.1%	59.3%

RoAE and RoAA Trend





Revised 2021 Outlook – Group

	2021 Outlook	Revised 2021 Outlook	Q1 2021 Actual
Loan Growth	25% - 30%	20% - 25%	29%
Deposit Growth	20% - 25%	20% - 25%	58%
Net Interest Margin	7.0% - 8.0%	7.0% - 8.0%	6.4%
Non Funded Income Mix	38% - 43%	40% - 43%	42%
Cost to Income Ratio	40% - 45%	40% - 45%	49.8%
Return on Equity	22% - 27%	25% - 30%	25.1%
Return on Assets	3.0% - 4.0%	3.6% - 4.3%	3.3%
Cost of Risk	2.0% - 3.0%	1.5% - 2.5%	1.0%
NPL	7% - 10%	7% - 10%	11.3%
Subsidiaries Contribution (Assets)	40% - 45%	40% - 45%	40%
Subsidiaries Contribution (PBT)	25% - 30%	25% - 30%	23%

Performance Trend Analysis

EQUITY

Value in KES	1991	1996	2001	2006	2011	2016	2020
Funding	29m	302m	1.6b	16.3b	159b	337b	740.8b
Loans	8.6m	169m	0.8b	10.9b	113.8b	266b	477.8b
Total Assets	24m	213m	1.9b	20.0b	196.5b	474b	1015.1b
Profit Before Tax	(4)m	10.6m	55m	1.1b	12.8b	24.9b	22.2b
Shareholder’s fund	(18)m	22.5m	238m	2.2b	34.2b	82b	138.6b
Customers	9k	26k	105k	1.01m	7.15m	11.1m	14.2m

Wealth Creation for Shareholders

Share Change	# of Shares	Price (KSH)	Value	Value Change
2000: Before split	1	20.00	20	0
2000: 1:3 Split	4	50.00	200	1,000%
2004: Bonus 1:5	20	50.00	1,000	5,000%
2007: Bonus 1:3	60	84.50	5,070	25,350%
2009: Split 1:10	600	12.50	7,500	37,500%
2020 31st Dec	600	36.25	21,750	108,750%
2021 24th June 2021	600	45.55	27,330	136,650%

THANK YOU

Dr James Mwangi, CBS

Group Managing Director & CEO

KeEquityBank

@KeEquityBank

Email: info@equitybank.co.ke

Website: www.equitybankgroup.com