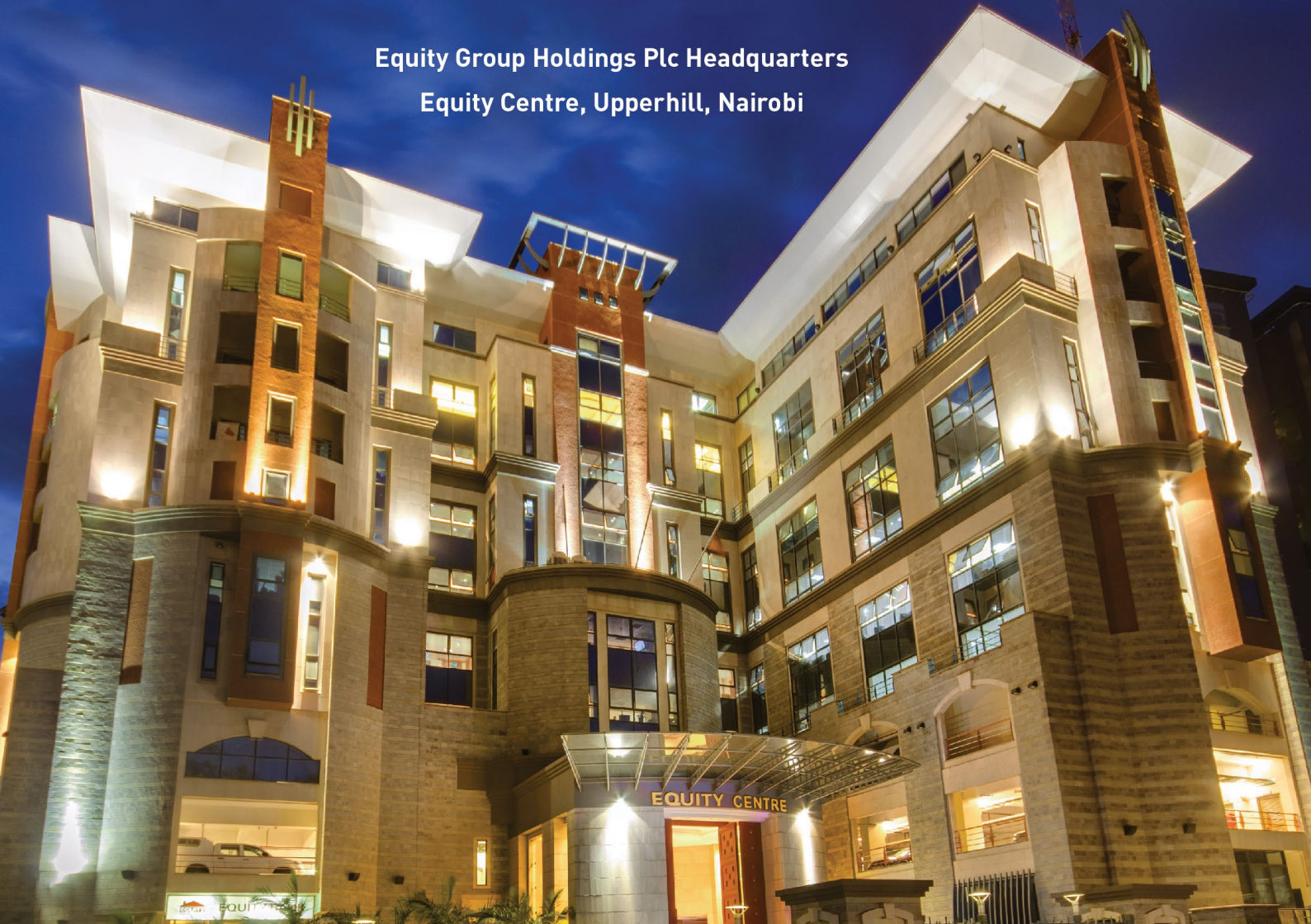


# **INVESTOR BRIEFING Q3 2021 PERFORMANCE**



Equity Group Holdings Plc Headquarters  
Equity Centre, Upperhill, Nairobi



## Equity Group's Philosophies

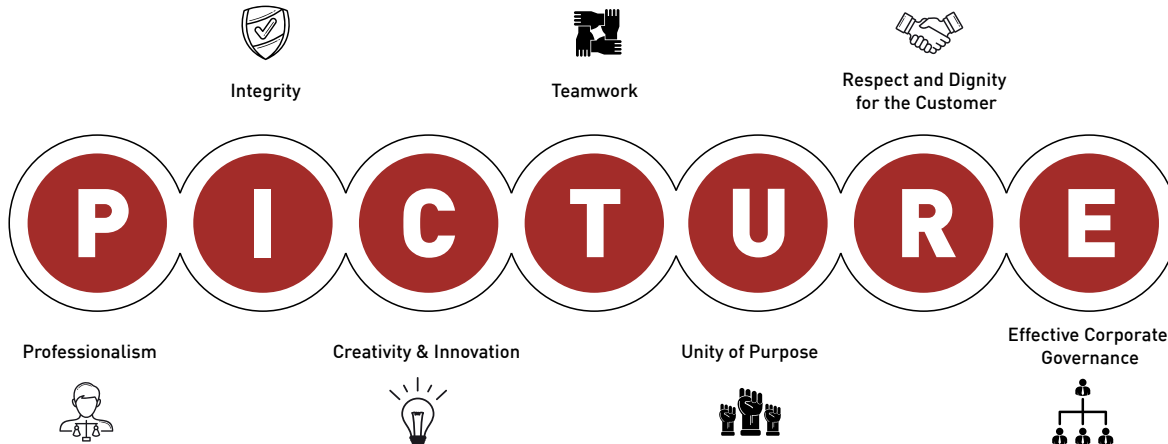
### Our Purpose:

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:

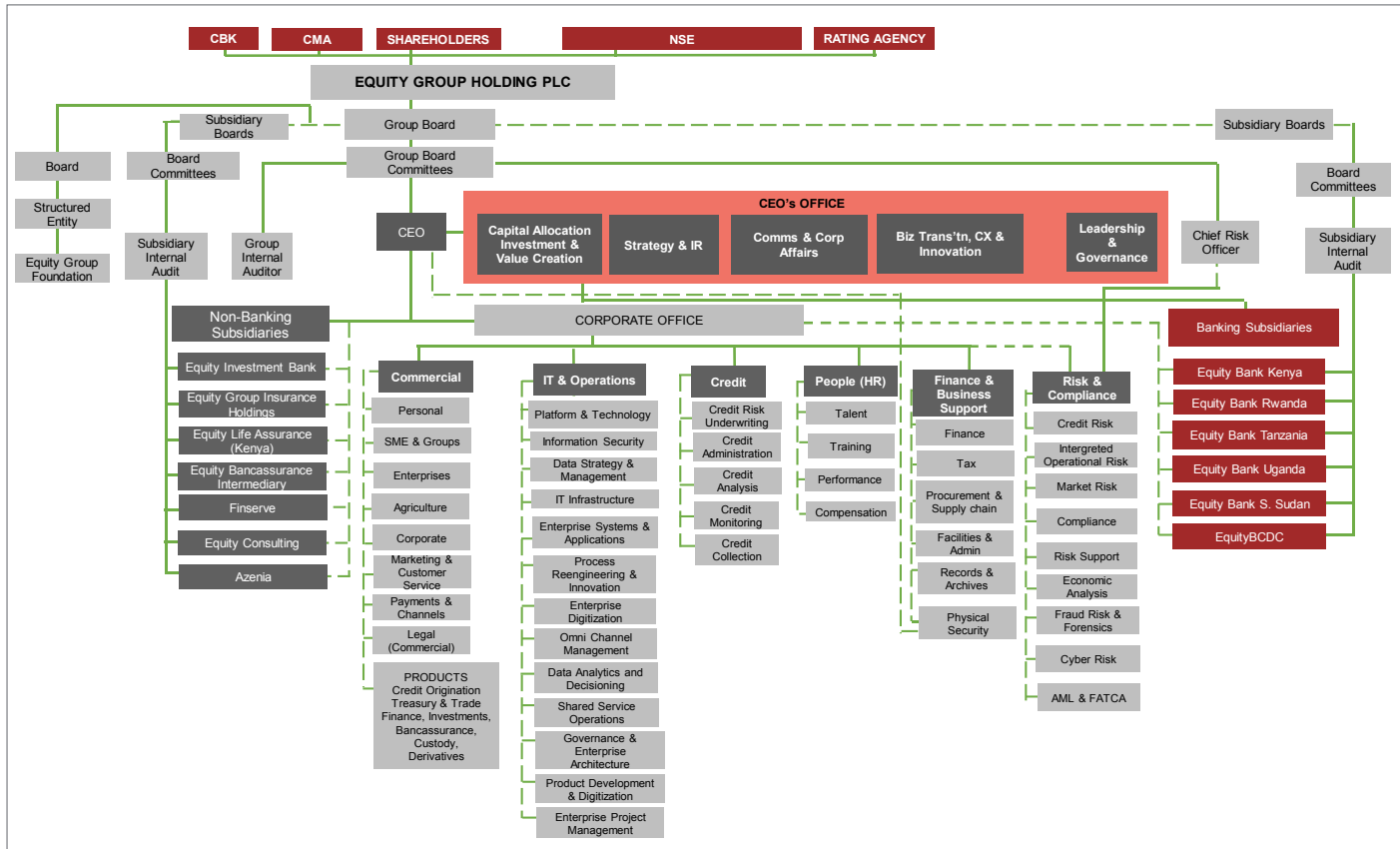
We provide inclusive financial services that transform livelihoods, give dignity and expand opportunities



## **Governance and Organizational Structure**

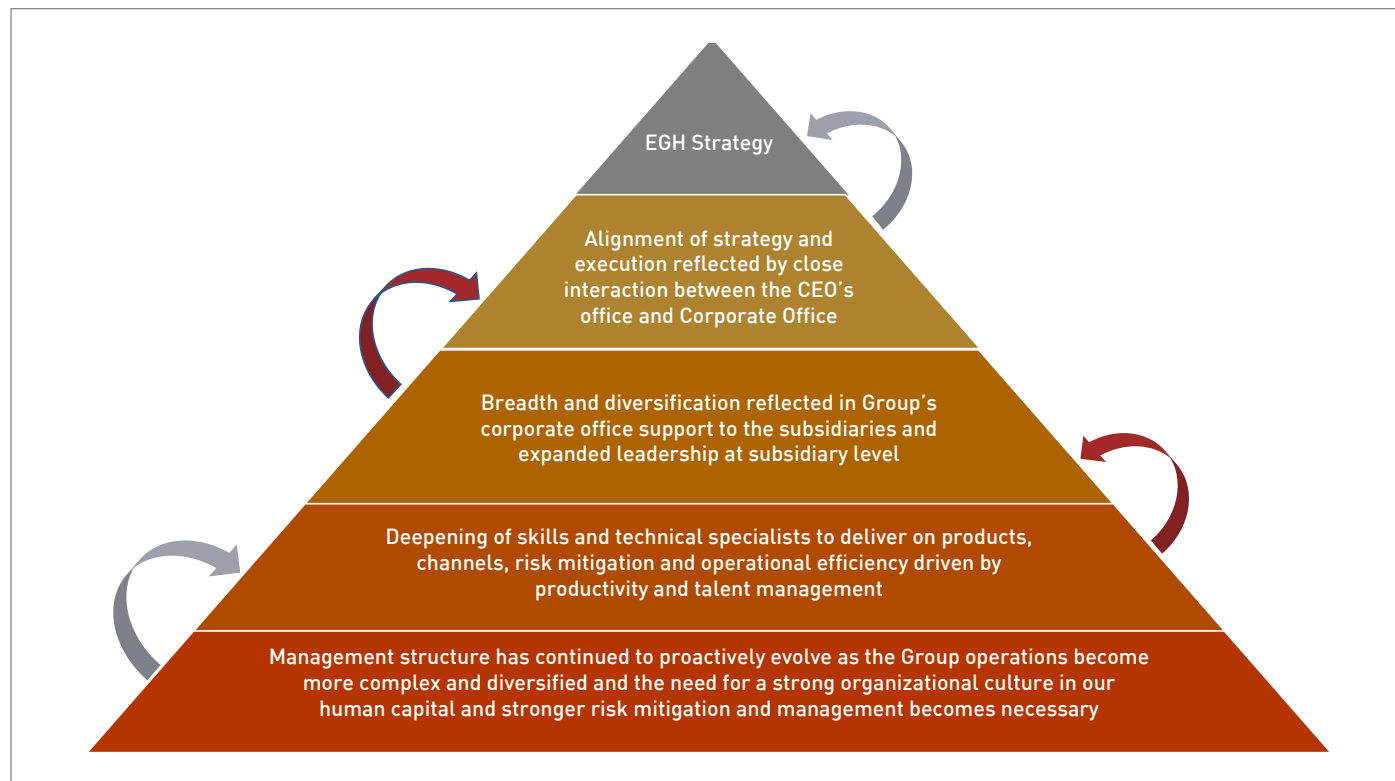


# Governance and Organizational Structure



## Governance and Organizational Structure (continued)

### Breadth and Depth of the Management Team



## Group Executive Management



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



**Mary Wamae**  
Group Executive Director



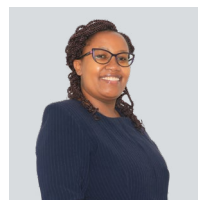
**Polycarp Igathe**  
Group Chief Commercial  
Officer



**Olanrewaju Bamisebi**  
Group Director,  
IT and Operations



**Sam Gitwekere**  
Group Director,  
Enterprise Risk



**Lydia Ndirangu**  
Group Company Secretary



**Brent Malahay**  
Group Director Strategy,  
Strategic Partnerships and  
Investor Relations



**Elizabeth Gathai**  
Director Digitization and  
Automation



**David Ngata**  
Group Finance Director



**Christine Browne**  
Group Director Legal  
Service



**Joy DiBenedetto**  
Group Director  
Communications



**Bildard Fwamba**  
Chief Internal Auditor

## Group Executive Management



**Gerald Warui**  
Managing Director,  
Equity Bank Kenya



**Emmanuel Deh**  
Executive 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,  
EquityBCDC S.A.



**Jean-Claude Tshipama**  
Deputy Managing Director,  
EquityBCDC S.A.



**Angela Okinda**  
Managing Director, Equity  
Life Insurance (Kenya)  
Limited



**Janet Maingi**  
Managing Director, Azenia

## Group Board of Directors



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



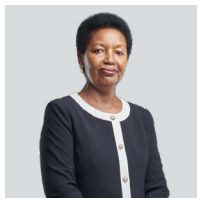
**Dr. James Mwangi**  
Group Managing Director  
and Chief Executive  
Officer



**Mary Wamae**  
Group Executive Director



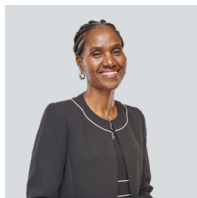
**Dr. Edward Odundo**  
Non-Executive Director



**Evelyn Rutagwenda**  
Non-Executive Director



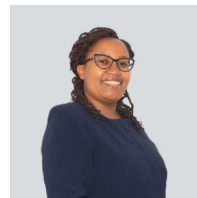
**Vijay Gidoomal**  
Non-Executive Director



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



**Jonas Mushosho**  
Non-Executive Director



**Lydia Ndirangu**  
Group Company Secretary





**Press Release**

## Press Release

### **RESILIENT, VERSATILE BUSINESS MODEL, LEADERSHIP AGILITY, INNOVATION, DIVERSIFICATION, EFFICIENCY AND STRATEGY DRIVES EQUITY GROUP HOLDINGS Plc TO RECORD:**

- 85% growth in Profit Before Tax
- 79% growth in Profit After Tax
- 27% growth in Total Assets
- 25% growth in Total Income as it launches a Half Trillion Kenya Shillings drive to support post COVID-19 business recovery

**Nairobi 8th November 2021...** Against a background of COVID-19 pandemic and its consequent disruption of global economic activities with the resultant social disruptions, Equity Group Holdings has demonstrated a resilient, versatile business model, leadership agility, innovation and diversification capability and strength of strategy to report an 85 % growth in profit before tax, a 27% growth in total assets and a 25% growth in total income.

Resilience in execution of an offensive and defensive strategy saw regional subsidiaries grow their Group contribution to deposits to 42% up from 40%, revenue to 37% up from 30% and profit before tax and provisions to 26% up from 21%. Agility saw the 27% growth in total funding deployed into public and private sectors resulting in 36% growth in lending.

Diversification driven by a regional approach with operations in 6 countries helped in diversifying sovereign risks and a currency mix risk of 56.6% local currency and 43.4% foreign currency risk mitigating exchange and translation risks. An inclusive business model for all market segments and sectors of the economy and segments and class of the population demography helped to mitigate loan book quality and performance leading to an NPL of 8.9% compared to Kenya industry performance of 13.9% NPLs.

The offensive growth strategy has seen a 23% growth in net loans and advances and a 62% growth in investment in Government securities resulting into a 29% growth in interest income. The growth in earning assets have been funded by a 48% growth in long-term funds of Kshs.104.8 billion up from Kshs.70.7 billion and a 27% growth in customer deposits of Kshs.875.7 billion up from Kshs.691 billion driving total assets growth of 27% to Kshs.1.184 trillion up from Kshs.933.9 billion.

Higher quality non funded income grew faster at 29% to Kshs.31.4 billion up from Kshs.24.3 billion than net interest income which recorded a 23% growth to Kshs.48.5 billion up from Kshs.39.3 billion. FX-trading income grew by 40% to Kshs.5.6 billion up from Kshs.4 billion. E-commerce revenue grew to Kshs.953.5 million up from zero. Bond trading income increased to Kshs.2.6 billion up from Kshs.2.2 billion.

The Group is increasingly shifting from its legacy brick and mortar model of fixed cost structure of branches and ATMs to variable cost, self-service model of client's own electronic devices or third-party infrastructure. Out of the 975.1 million transactions processed for the 9 months of the year, only 30.1 million transactions or 3% of all transactions were handled at the legacy bank by branches and ATMs with the digital bank handling and processing 945 million transactions or 97% of all the transactions with the self-service customers' own device mobile channel handling and processing 90% of digital transactions. "Increasingly mobile internet and e-commerce are becoming the preferred channels of choice for payment processing and lifestyle fulfillment with 74% of customers opting for cashless transactions," said Dr. Mwangi the Group CEO while releasing the results.

## Press Release (continued)

Merchants digital payments 'Pay with Equity' (PWE) transactions grew by 408% from 3.1 million transactions to 15.8 million transactions while the value of the transactions grew by 392% from Kshs.17.1 billion to 84.1 billion. Retail personal internet (Eazzy Net) transactions grew by 287% from 400,000 transactions to 1.5 million transactions with value transacted growing by 404% from Kshs.16.6 billion to Kshs.83.5 billion. Corporate internet banking transactions grew by 42% while the value of transaction grew by 77%. Eazzy App transactions grew by 82% while the volume transacted grew 153%. "Covid has acted as a tail wind to the adoption of digital banking making us transform into a Big Tech in the financial services sector" added Dr. Mwangi.

The Group has continued to closely manage the COVID-19 accommodated loans of Kshs.171 billion. Loans worth Kshs.122 billion have resumed repayment, Kshs.4 billion has been downgraded to NPL and provided for (Under stage 3) with Kshs.45 billion constituting 7% of the total outstanding gross loan book of Kshs.608 billion remaining under Covid-19 moratorium. "We are glad we accommodated our customers to adapt to the COVID-19 environment, to adjust, repurpose and retool their businesses to be fit for purpose in the new normal. This not only kept the lights of our economies on, but helped a lot of businesses survive, retain their employees, support their families and reduce transition of a health pandemic into a social an economic meltdown" added Dr. Mwangi.

Close management of the loan book and strong customer relationship management saw improvement of the PAR (Portfolio at Risk) to 8.9% down from 10.7% with NPL (Non-performing loan) provision coverage improving to 91.2% up from 86% and a coverage of 104% with loan credit guarantee facilitation. The improvement in quality of the loan book and its management had a significant impact on the financial performance of the Group driven by reduction of cost of risk from 4.8% to 1.4% to record a 68% reduction of loan loss provisions to Kshs.4.6 billion down from Kshs.14.3 billion helped record a 3% decline in total operating expenses.

The growth of Group total funding grew by 27% driven by growth in customer deposits by 27% up from Kshs.875.7 billion from Kshs.691.0 billion was matched with a slower pace of growth of loan book of 23% up to Kshs.559 billion from Kshs.453.9 billion. Liquidity ratios strengthened to 59.5% up from 55.7% as a result of increased investment in Government securities which grew by 62% to Kshs.361.3 billion up from Kshs.222.8 billion.

"The strong liquidity position puts us in a pole position to take advantage of market opportunities while deployment into higher yielding asset class with a revenue growth opportunity and better yields and margins.

Efficiency gains resulted in improved cost to asset ratios and cost to income ratio despite the lag in deployment of growth funds to high yielding assets. Best improvements were noted in the more mature subsidiaries of Kenya, Uganda and Rwanda.

Subsidiary	Cost to Assets Ratio		Cost to income Ratio	
	Q32020	Q32021	Q32020	Q32021
<b>EB Kenya</b>	7.6%	3.7%	42%	39.8%
<b>EB Uganda</b>	9.2%	6.4%	57.5%	51.1%
<b>EB Rwanda</b>	6.3%	4.3%	49.0%	39.8%

## Press Release (continued)

Efficiency gains enhanced Group return on Equity to 24% up from 16.9% while return on assets improved to 3.2% up from 2.5%.

Equity BCDC in DRC continued to offer confidence of good investment decision. Deposits grew by 51%, assets by 47%, revenue by 94%, profit before tax 150%. Cost to asset ratio improved from 7.7% to 4.5% while return on Equity improved to 11.1% up from 10%. Giving us strong confidence in our DRC story. We continue to confront the challenges of our subsidiaries in Tanzania and South Sudan

“We are releasing these results at a time that we have taken lessons from our business model of economic and social twin engine. We have confirmed that a shared value business model is economically viable and sustainable. Doing well can go hand in hand with doing good. Our corporate social arm, Equity Group Foundation has scaled its operations to reach a spend of US\$513 million in social investment programs, reaching 37,000 secondary school Wings to Fly scholarships, 17,000 University scholarship under the Equity Leadership Program, 3,000 TVET scholarships and 700 Global university scholarships, while 46 Equity Afia clinics are now operational with 572,707 patients visits. To support global initiatives to combat climate change, we have planted 7.1 million trees and financed and distributed 303,000 clean energy products,” said Dr. Mwangi.

“To help build back better and support the world’s focus on purpose we have scaled our financial inclusion programs reaching 2.3 million women and youth with an 11-week financial training programs. We have supported 2.24 million small scale farmers to convert into agri-businesses trained 317,000 MSMEs in entrepreneurship and accessed them Ksh.111.5 billion in credit facilities while offering our Group infrastructure to support disbursement of Kshs.92.7 billion in cash transfers to over 3.4 million households,” added Dr. Mwangi.

Inspired by the work of the Equity Group Foundation and the success of the COVID-19 response programmes, where we contributed US\$1.7 million to support public and faith based hospital with Personal Protection Equipment’s (PPEs) and accommodating our borrowers with principal plus interest repayment breaks of up to 3 years. We are launching an ambitious US\$5 billion business and private sector COVID-19 recovery program.

The audacious post Covid-19 recovery program entails supporting 5 million SMEs with loans up to Kshs.0.5 trillion to accelerate recovery and growth and growth post COVID-19 with a view of creating 25 million direct jobs and another 25 million indirect jobs. The initiative is in partnership with governments of the 6 countries we have operations in and will centre on promotion of cross border trade under the East African community and African Continental Free Trade Area protocols. The program has won the support of United Nations (UN) under the sustainable development goals template, Development Banks, Mastercard Foundation under our Young Africa Works partnership and the Private Sector business actors” added Dr. Mwangi.



## **Macroeconomic and Operating Environment**

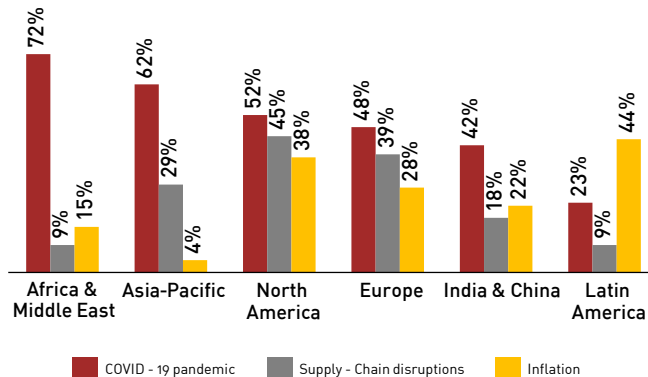


# The Great Multi Crises - COVID-19

## Economic crisis



McKinsey & Co survey on potential risks to economic growth shows that the COVID-19 pandemic still poses the biggest threat to domestic growth followed by supply chain disruptions and inflation

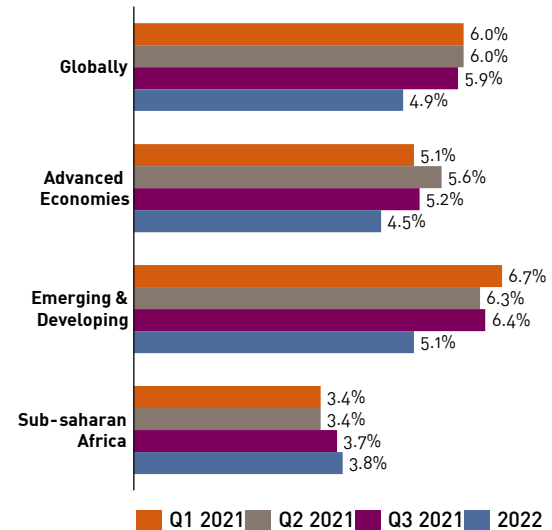


International Labour Org. (ILO) - Employment growth will not make up for COVID-19 losses suffered until at least 2023 with jobs gap projected to reach 75 million in 2021 before falling to 23 million in 2022



International Monetary Fund (IMF) - Global recovery continues, but the momentum has weakened as COVID-19 uncertainty increases

### Forecasted % GDP growth

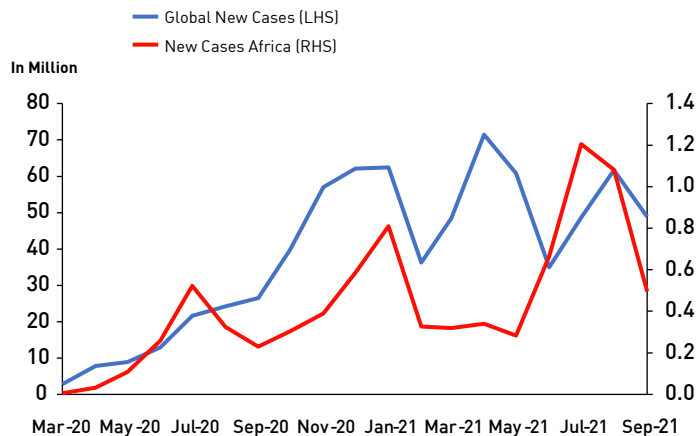


# The Great Multi Crises - COVID-19

## Health crisis

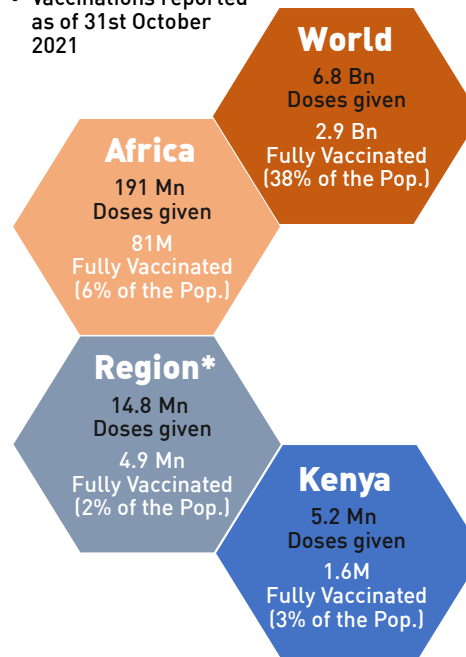
- Monthly confirmed new cases

New monthly COVID-19 cases fluctuating in tandem with new COVID-19 waves emergence



Source: John Hopkins, Africa CDC & WHO

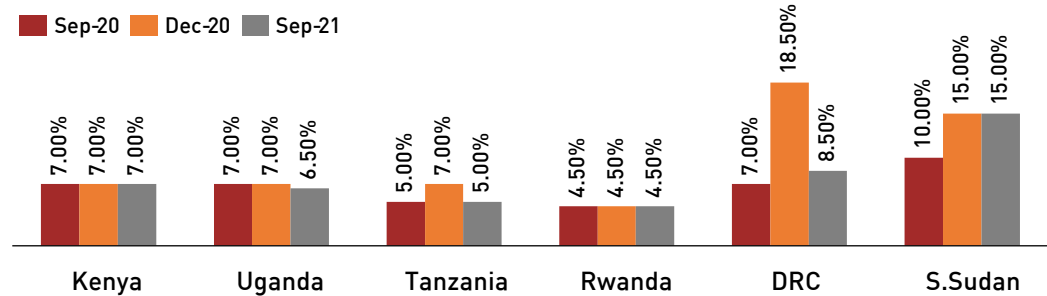
- Vaccinations reported as of 31st October 2021



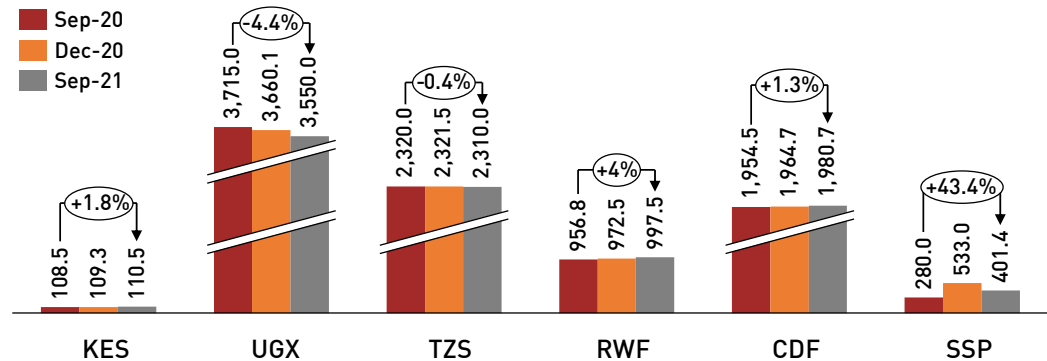
\*Region - countries we have operations

## Regional CBR and Currency Depreciation

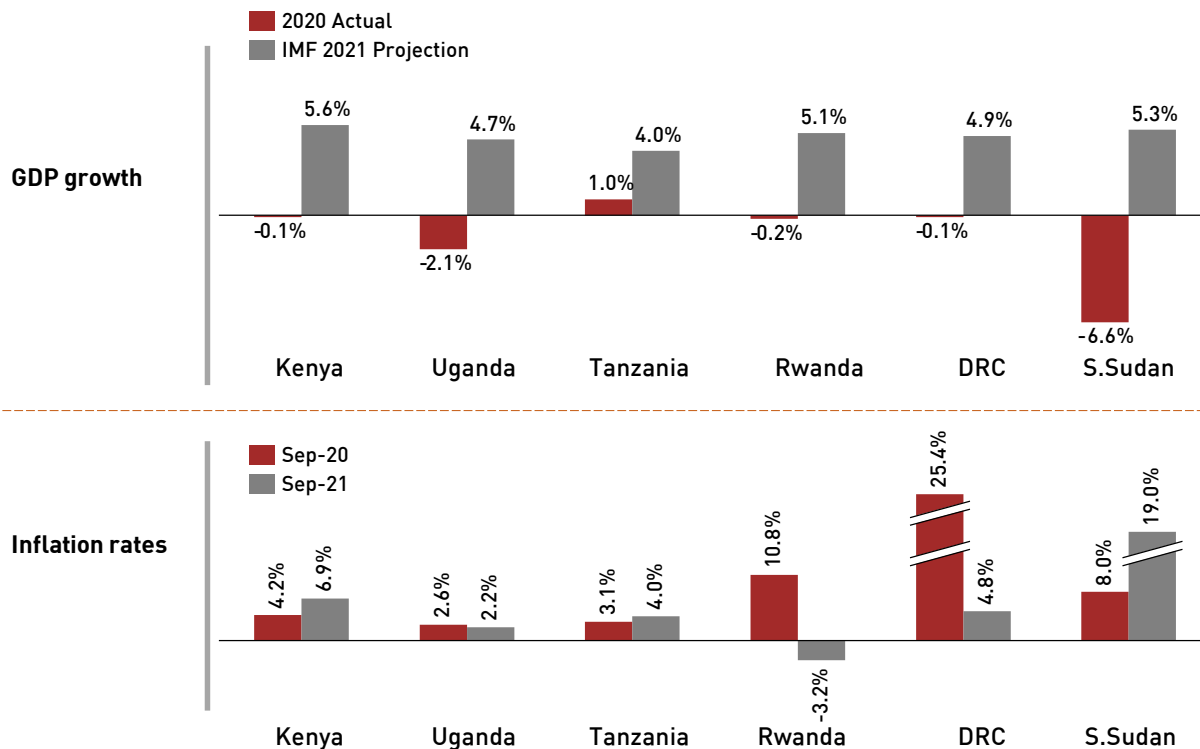
### Regional CBR



### Regional Currency Depreciation to USD



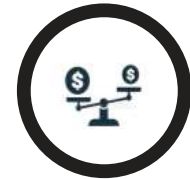
## Real GDP growth projected to improve across the region



Source: IMF &amp; CBK

# Equity Social Investments Complements Government Efforts against COVID-19 Pandemic

Kes 5.3 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 2.4 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 28% 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 and USD 150m in 2021 to strengthen liquidity; liquidity levels now rising to 60% from 56%



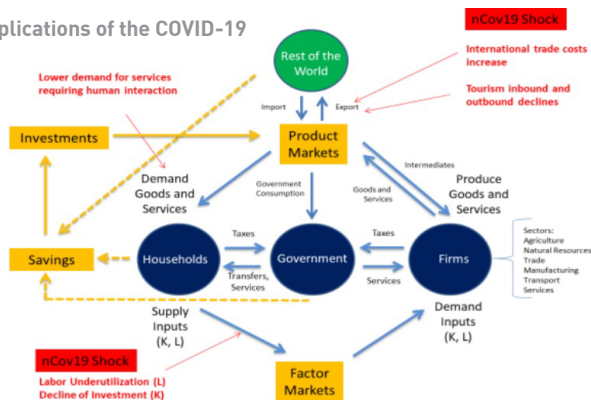
# Africa Post COVID-19 Recovery and Resilience Plan

## Social and economic transformation plan

### Background

1. Africa remains a continent of opportunities driven by secular growth drivers of:
  - Productivity gains from access to finance and infrastructure
  - Consumption opportunities driven by large, young and urbanizing population
  - Natural resources to fund future growth and drive industrialisation
2. Challenges persist with COVID exacerbating both economic and social challenges
3. Private sector will need to play a more meaningful role to recovery from COVID and more importantly to sustain growth and ensure resilience into the future

### Implications of the COVID-19



Source: World Bank

### The Plan

1. Leverage off the Social Engine and Economic Engine of the Group to capacitate business value chains and lend to productive ecosystems
2. Redirect Equity Group's excess liquidity (~\$4.5bn) to the private sector across the region
3. Support cross-border trade through the Group's regional and systemic presence
4. Catalyse investment into the region given the Group's track record with various investment and funding partners

# Africa Post COVID-19 Recovery and Resilience Plan

## Social and economic transformation plan

### Strategic pillars

#### Food and agriculture

Catalyze food & agriculture-led industrialization in the region through an ecosystem approach that capacitates, scales and increases value addition

#### Manufacturing

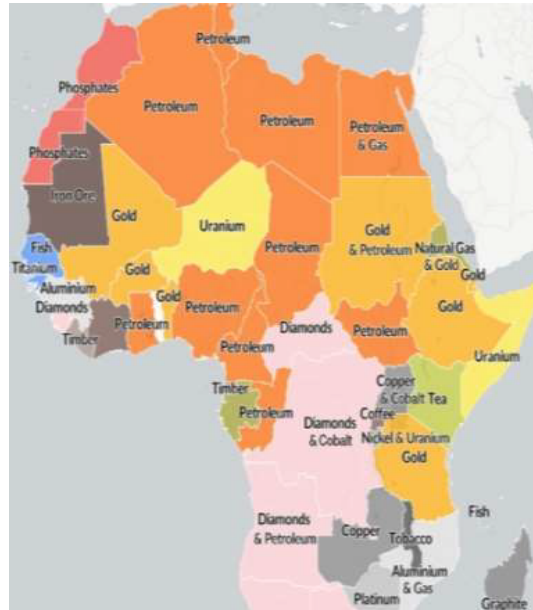
Leverage off productive capacities of the region to support manufacturing clusters

#### Trade and investment

Champion intra-continental trade & investment

#### Capacity building of value chains

Enhance capacity of value chains across the region



### Strategic objectives

1. Lend to 5 million businesses and bank 100 million customers by 2025
2. Support the creation of 25 million direct jobs by 2025
3. Strategically direct lending towards food and agriculture, manufacturing and trade



## **Equity Bank Business Model and Strategy**

## Equity Bank Business Model & Strategy Focus

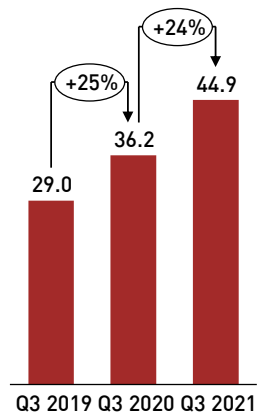
Inclusive, High volume, Low Margin, Digital and Experiential, Agile and Quality-Driven Business Model

1. Non-Funded Income Growth
2. Treasury efficiency
3. Geographical expansion and Business Diversification
4. Balance Sheet Efficiency, Optimization and Agility
5. Business Transformation - Innovation and Digitization
6. Asset Quality, Distribution and Risk Mitigation
7. Efficiency and Cost Optimization
8. Impact Investment & Social Brand Development

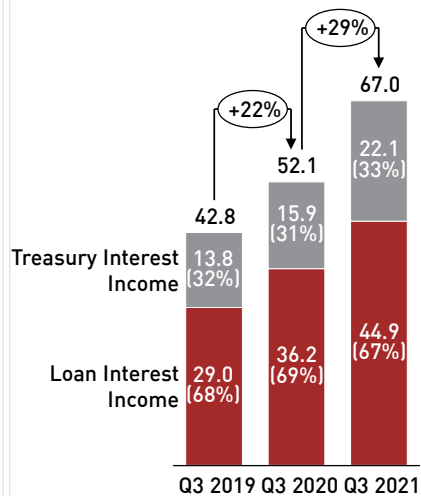
## Focus Area 1: Non-Funded Income Growth

Kes Billion

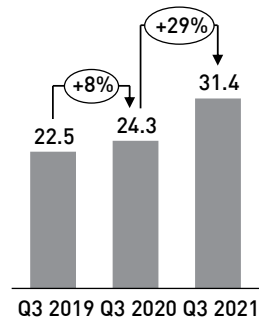
Gross Loan Interest  
Income Growth Trend



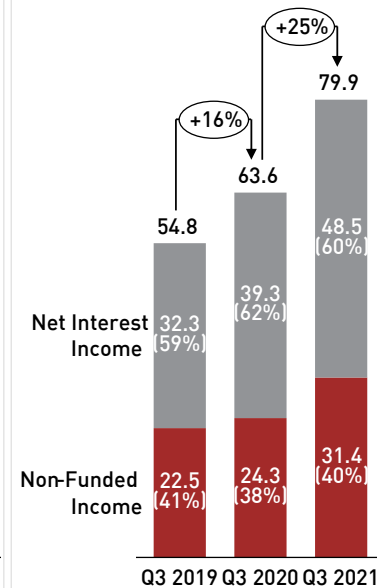
Gross Interest Income  
Growth Trend



Non-Funded Income  
Growth Trend

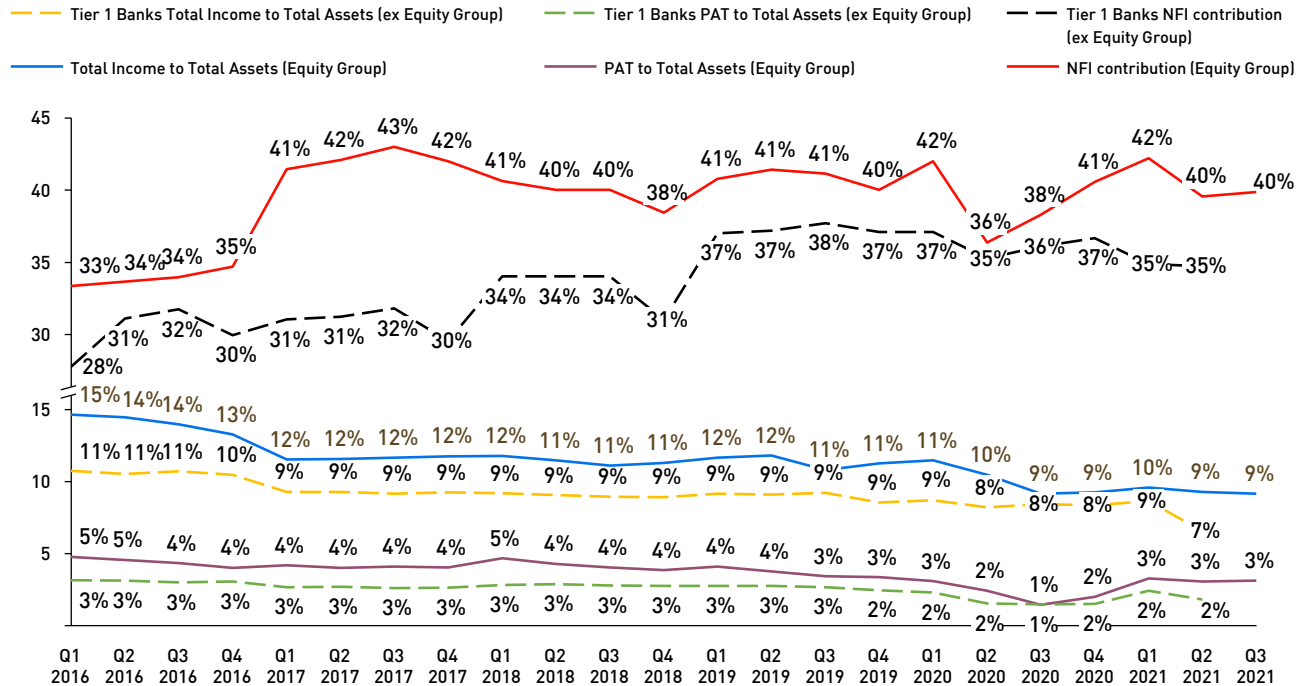


Contribution to Total Income



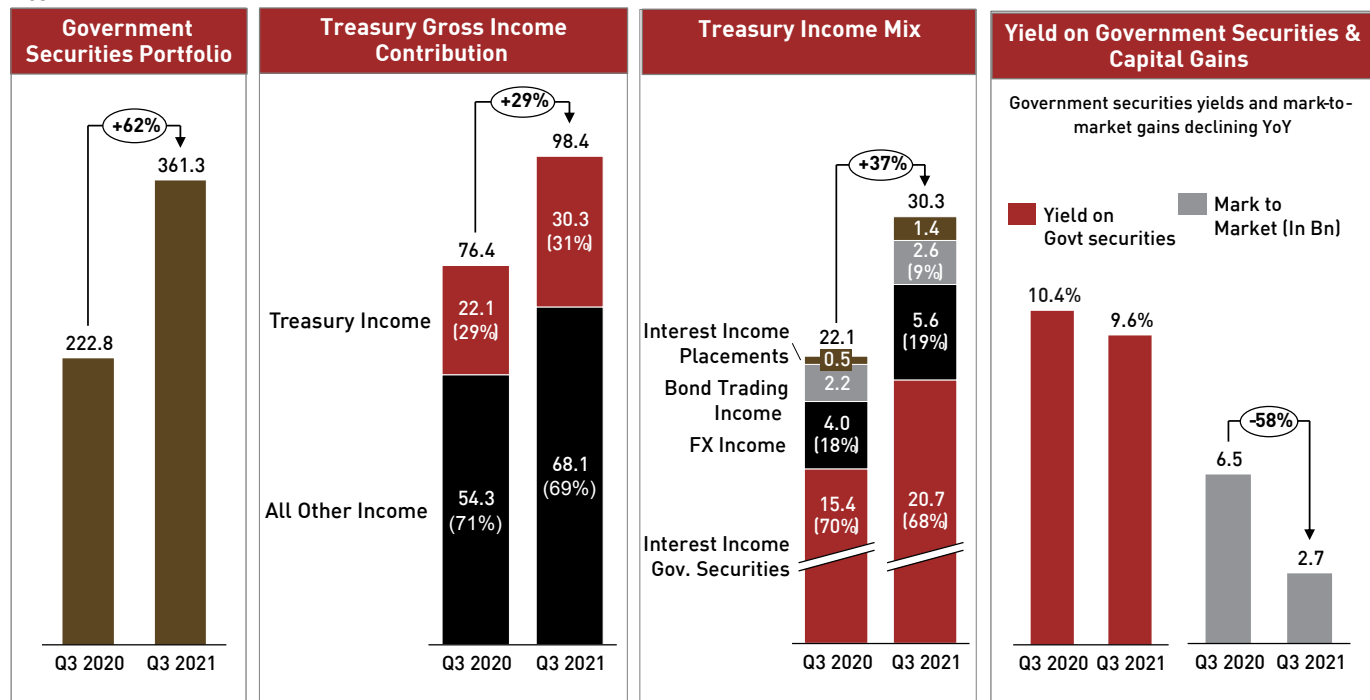
## Focus Area 1: NFI Contribution

Equity Group still more diversified than the sector's average as at Q2 2021. Equity's focus on NFI has led to superior returns compared to the market with higher income and profitability on total assets



## Focus Area 2: Treasury Efficiency

Kes Billion



Note: Income calculation above is before funding costs

## Focus Area 3: Subsidiaries Performance and Contribution

Kes Billion

Q3 2021	EBTL	EBRL	EBUL	EBSS	Equity BCDC	EIA	EIB	Finserve	Other Subs Total (% Contribution)	EBKL (% Contribution)	Group (% growth)	Other Subs Contribution Q3 2021	Other Subs Contribution Q3 2020
<b>Deposit</b>	22.1	34.9	64.3	8.3	304.6				434.1	604.1	875.7	42%	40%
<i>YoY Growth</i>	32%	37%	47%	25%	51%				42%	58%	27%		
<b>Loan</b>	19.8	24.8	45.7	0.1	101.0				191.5	367.5	559.0	34%	33%
<i>YoY Growth</i>	47%	26%	32%	109%	21%				34%	66%	23%		
<b>Assets</b>	34.0	48.8	80.7	12.7	356.0	1.0	0.7	2.4	536.3	800.3	1,184.3	40%	39%
<i>YoY Growth</i>	25%	33%	43%	23%	47%	25%	10%	4%	40%	60%	27%		
<b>Revenue</b>	2.2	3.4	6.6	0.4	14.9	0.8	0.2	1.1	29.7	51.5	79.9	37%	30%
<i>YoY Growth</i>	40%	23%	34%	-24%	94%	17%	5369%	9%	37%	63%	25%		
<b>Cost before provisions</b>	1.5	1.3	3.4	0.4	11.0	0.2	0.1	0.8	18.6	20.6	38.7	47%	39%
<i>YoY Growth</i>	22%	0%	19%	22%	98%	7%	18%	2%	47%	53%	27%		
<b>PBT before provisions</b>	0.8	2.1	3.2	0.03	3.9	0.5	0.2	0.4	11.1	30.9	41.2	26%	21%
<i>YoY Growth</i>	92%	46%	54%	-88%	83%	22%	383%	27%	26%	74%	21%		
<b>PBT</b>	0.3	1.7	2.8	0.03	3.2	0.5	0.2	0.4	9.0	28.2	36.6	24%	25%
<i>YoY Growth</i>	224%	41%	91%	-88%	150%	22%	383%	27%	24%	76%	85%		
<b>PAT</b>	0.2	1.2	2.1	0.02	2.2	0.4	0.1	0.3	6.4	21.0	26.9	23%	23%
<i>YoY Growth</i>	189%	41%	104%	-88%	125%	14%	298%	16%	23%	77%	79%		
<b>RoAE</b>	5.5%	24.2%	26.7%	0.8%	11.1%	132.5%	32.7%	20.8%	16.4%	29.7%	24.0%		
<i>Cost of Capital</i>	20%	19%	19%	>25%	22%	18%	18%	18%	21%	18%	19%		



## Focus Area 3: Geographical and Business Diversification

### Performance Trend - Banking Subsidiaries: Value creation and growth

RoAE			RoAA		
Subsidiary	Q3 2020	Q3 2021	Subsidiary	Q3 2020	Q3 2021
EBKL	18.4%	29.7%	EBKL	2.6%	3.8%
EBUL	19.1%	26.7%	EBUL	2.7%	4.0%
EBRL	21.6%	24.2%	EBRL	3.3%	3.7%
EBTL	-8.8%	5.5%	EBTL	-1.2%	0.9%
EquityBCDC	10.0%	11.1%	EquityBCDC	1.0%	0.9%
EBSSL	7.2%	0.8%	EBSSL	2.6%	0.2%

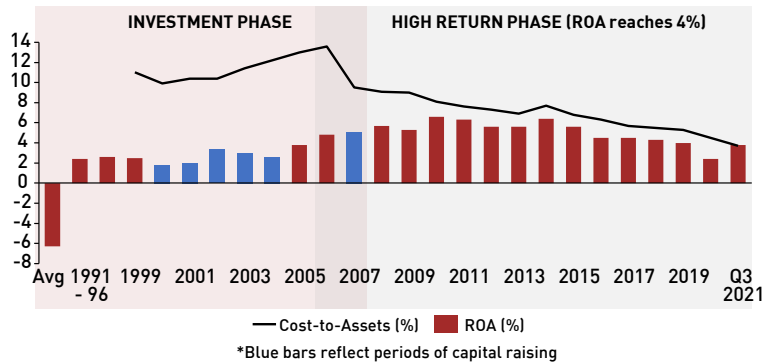
  

Cost-to-Assets Ratio			Cost-to-Income Ratio		
Subsidiary	Q3 2020	Q3 2021	Subsidiary	Q3 2020	Q3 2021
EBKL	7.6%	3.7%	EBKL	42.0%	39.8%
EBUL	9.2%	6.4%	EBUL	57.5%	51.1%
EBRL	6.3%	4.3%	EBRL	49.0%	39.8%
EBTL	9.7%	6.4%	EBTL	73.9%	64.4%
EquityBCDC	7.7%	4.5%	EquityBCDC	70.6%	73.5%
EBSSL	4.5%	4.4%	EBSSL	58.3%	93.5%

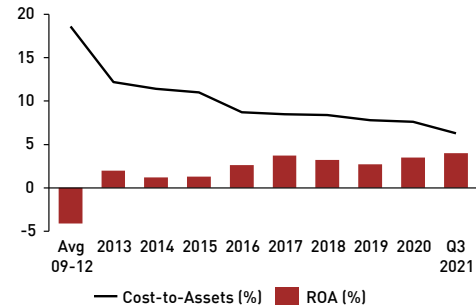
## Focus Area 3: Geographical Expansion and Business Diversification

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

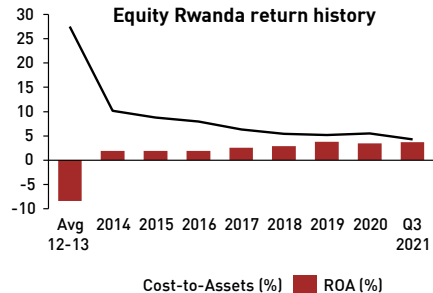
Equity Kenya return history



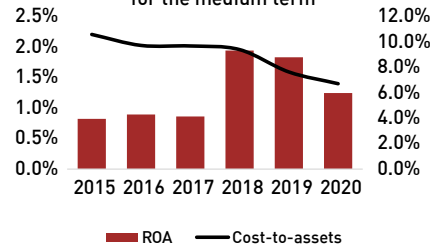
Equity Uganda return history



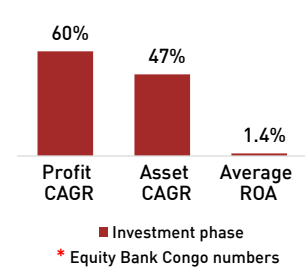
Equity Rwanda return history



DRC remains in investment phase for the medium term

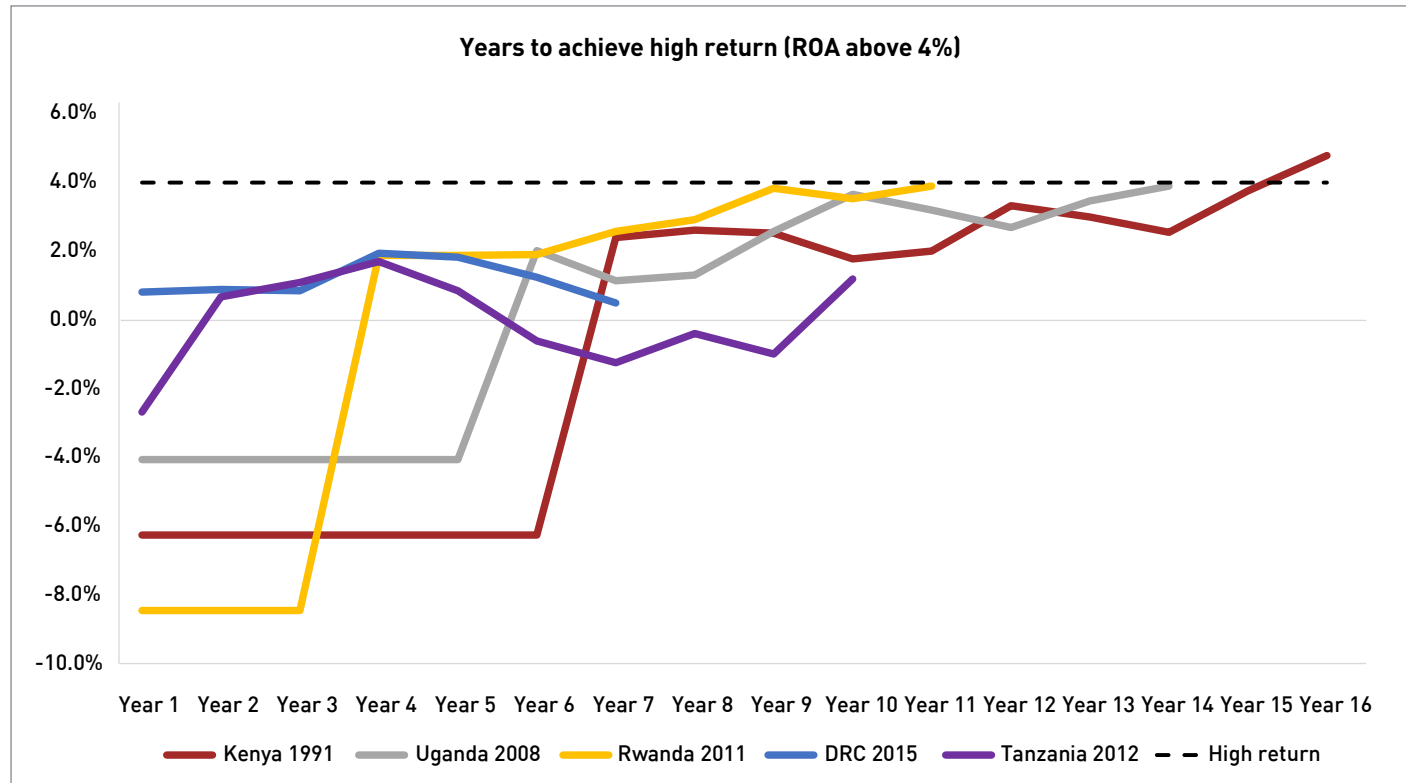


\* DRC to remain high growth



## Focus Area 3: Geographical Expansion and Business Diversification

Subsidiaries achieving high returns in shorter periods



## Focus Area 3: 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 ~387 million
  - Nominal GDP of ~USD 378 Bn
- EBC and BCDC operations merged effective 31 December 2020 to create EquityBCDC
- EquityBCDC is the second largest subsidiary of Equity Group Holdings

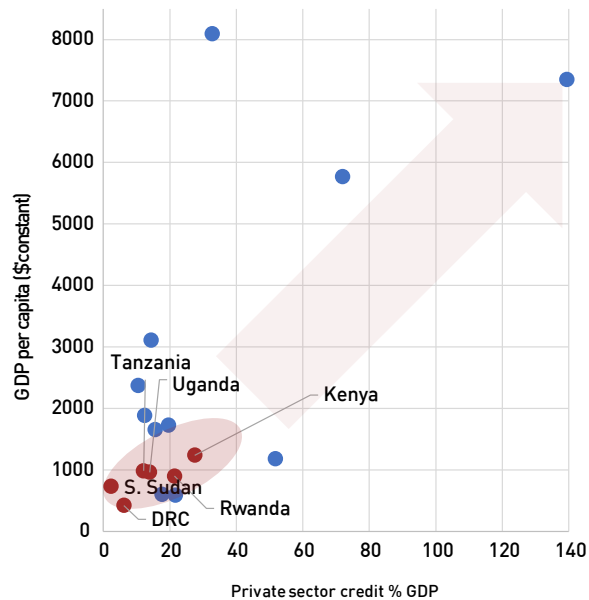
Source: World Bank



## Focus Area 3: Geographical Expansion and Business Diversification

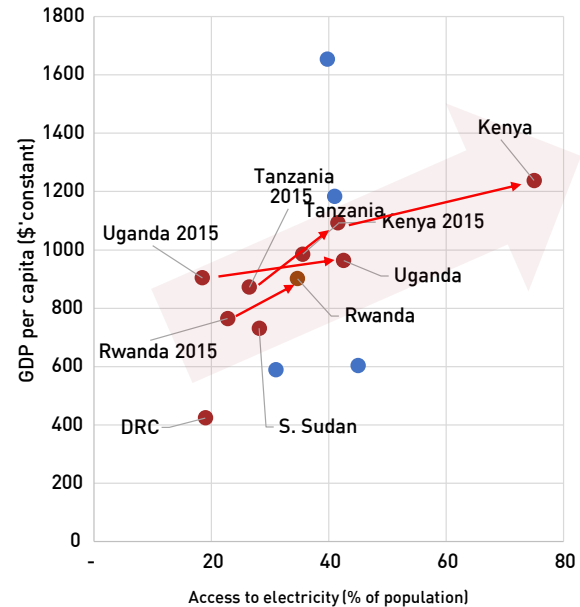
Productivity gains coming from improving access to credit and infrastructure

Low credit penetration highlights significant productivity gains in funding value chains



Source: World Bank

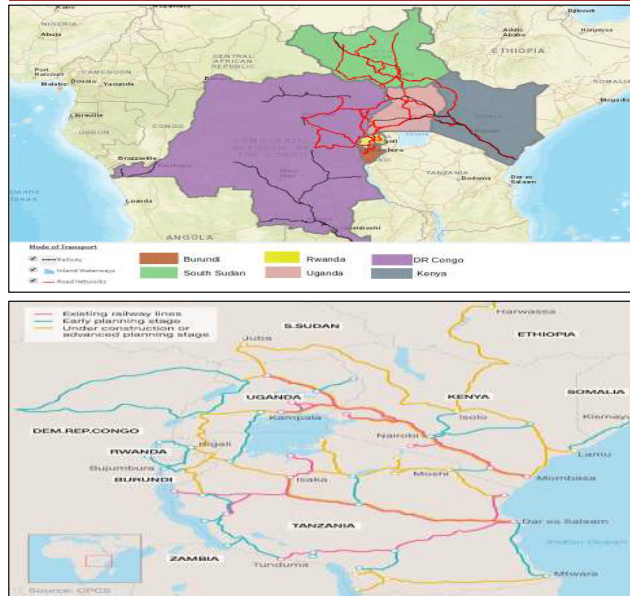
Improving access to infrastructure will support productivity gains



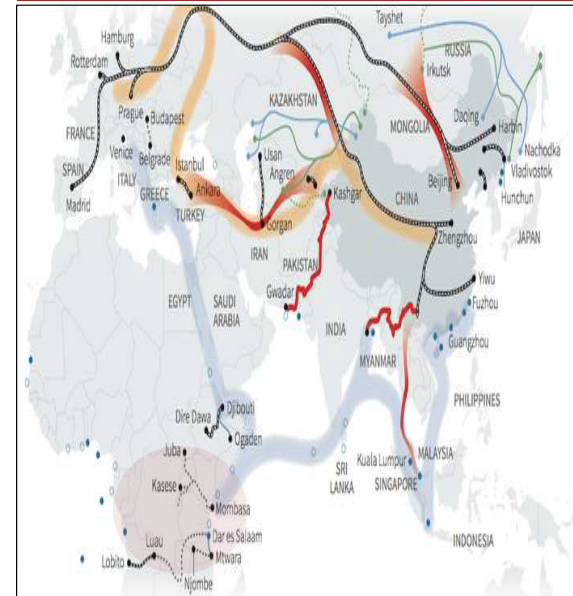
## Focus Area 3: Geographical and Business Diversification

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

### East and Central Africa increasing infrastructure connectivity



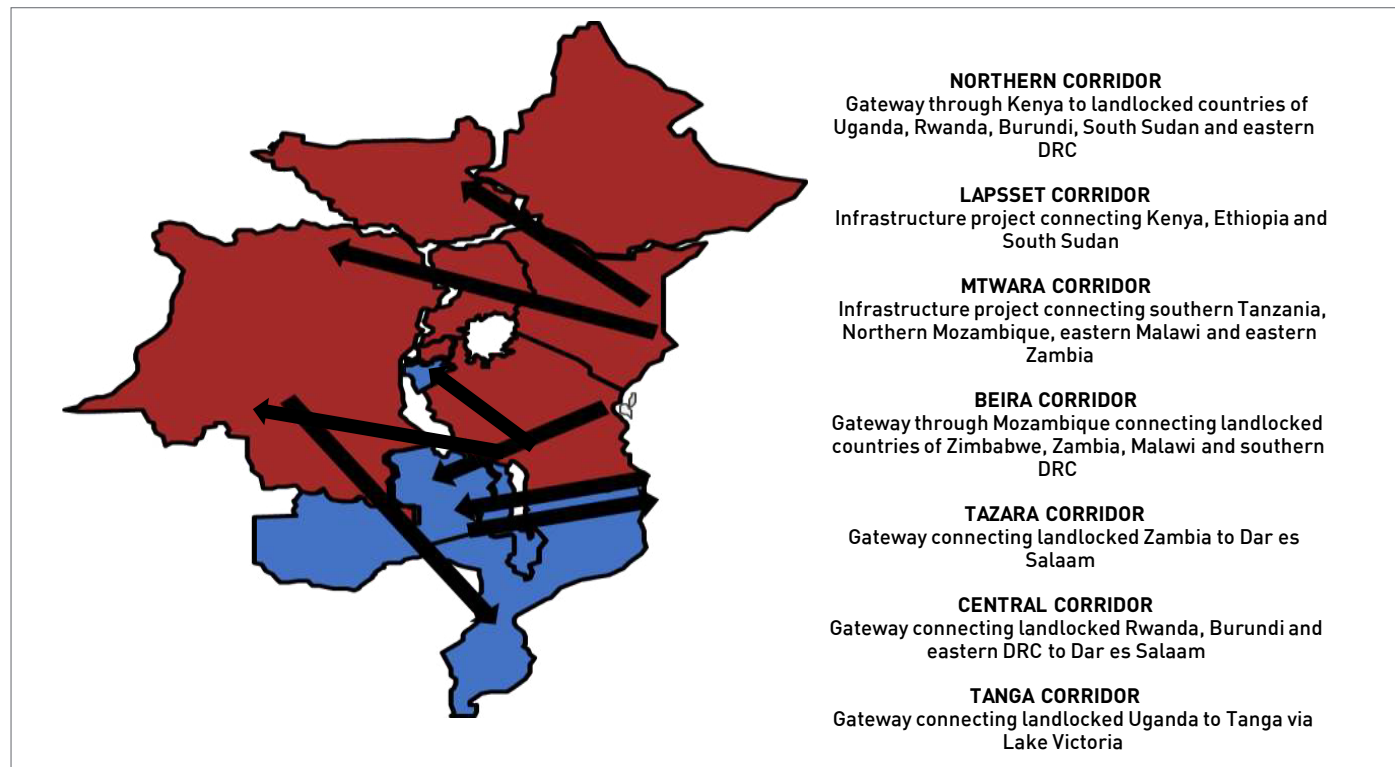
### Growing linkages to global trade and commerce



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

## Focus Area 3: Geographical Expansion and Business Diversification

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



## Focus Area 3: 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
- On July 15, 2021, DRC and IMF entered in a 3-year arrangement under the Extended Credit Facility (ECF) worth US\$1.52 billion aimed at maintaining macroeconomic stability, increasing fiscal space, and promoting a sustainable and private sector-led economic growth





## Focus Area 3: Geographical 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



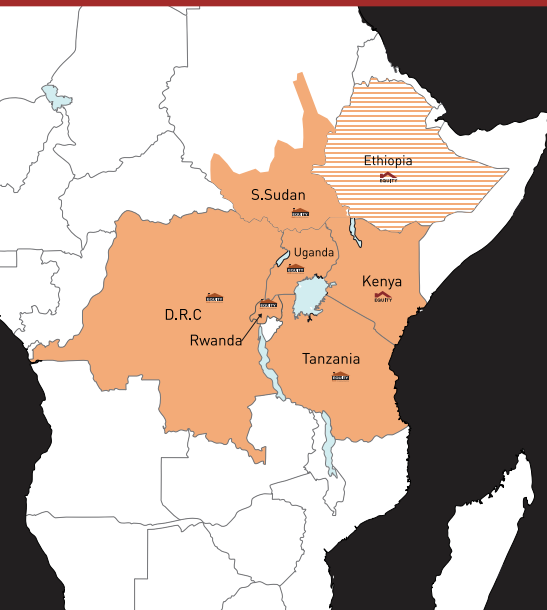
## Focus Area 3: Geographical Expansion and Business Diversification

### Promising Tanzania Operating Environment

- Tanzania president, Samia Suluhu Hassan's, visit to Kenya in early May eased bilateral relations between 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 TotalEnergies 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 project is at Land acquisition stage
- 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 in natural resources
- Tanzania FY 2021/2022 budget proposes tax measures that create a conducive investment climate that is suitable for local and foreign direct investment which include:
  - o Exemption from income tax, interest derived from all Government bonds
  - o 5% depreciation allowance for assets used in the EACOP
  - o VAT exemptions on imported raw materials, supply of goods and services to EACOP and NGOs, cold rooms, insurance on livestock and artificial grass
  - o Removal of the requirement of 15% refundable additional import duty deposit on sugar for industrial use



## Focus Area 3: Geographical and Business Diversification



<b>BRANCHES</b>	<b>337</b>	<b>CAPITAL CITY</b>	<b>126</b>
Branches in Kenya	190	Nairobi	52
Branches in Uganda	43	Kampala	21
Branches in S. Sudan	5	Juba	4
Branches in Tanzania	14	Dar es Salaam	1
Branches in Rwanda	15	Kigali	9
Branches in DRC	70	Kinshasa	39

<b>AGENT OUTLETS</b>	<b>58,756</b>
<b>POINT OF SALE TERMINALS (POS)</b>	<b>34,941</b>
<b>ATM</b>	<b>691</b>

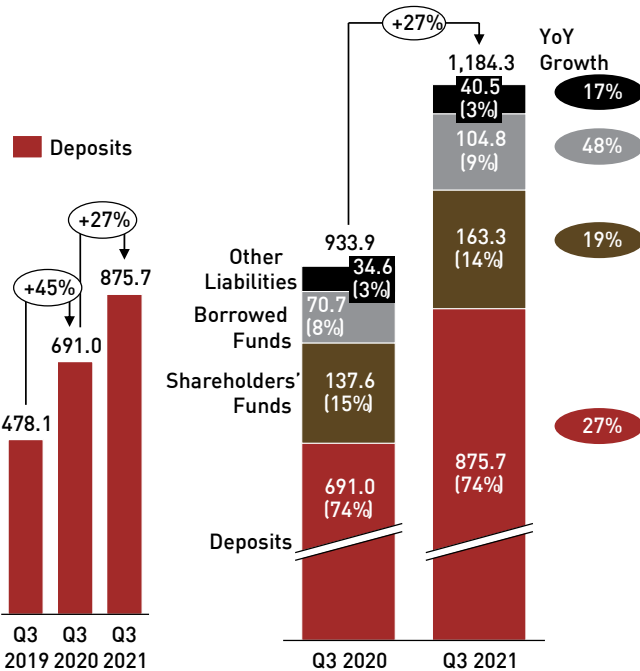
## Focus Area 4: Balance Sheet Efficiency, Optimization and Agility

Kes Billion

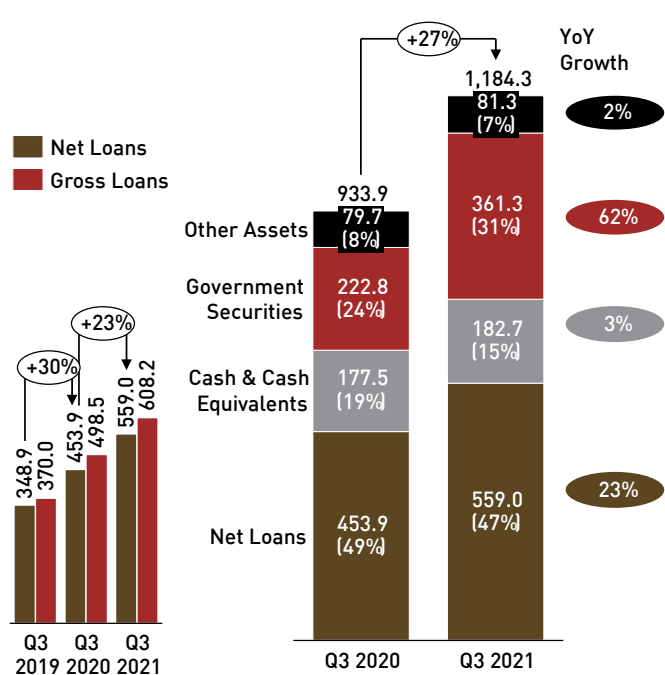
Funding Structure and Leverage

Asset Mix

Group



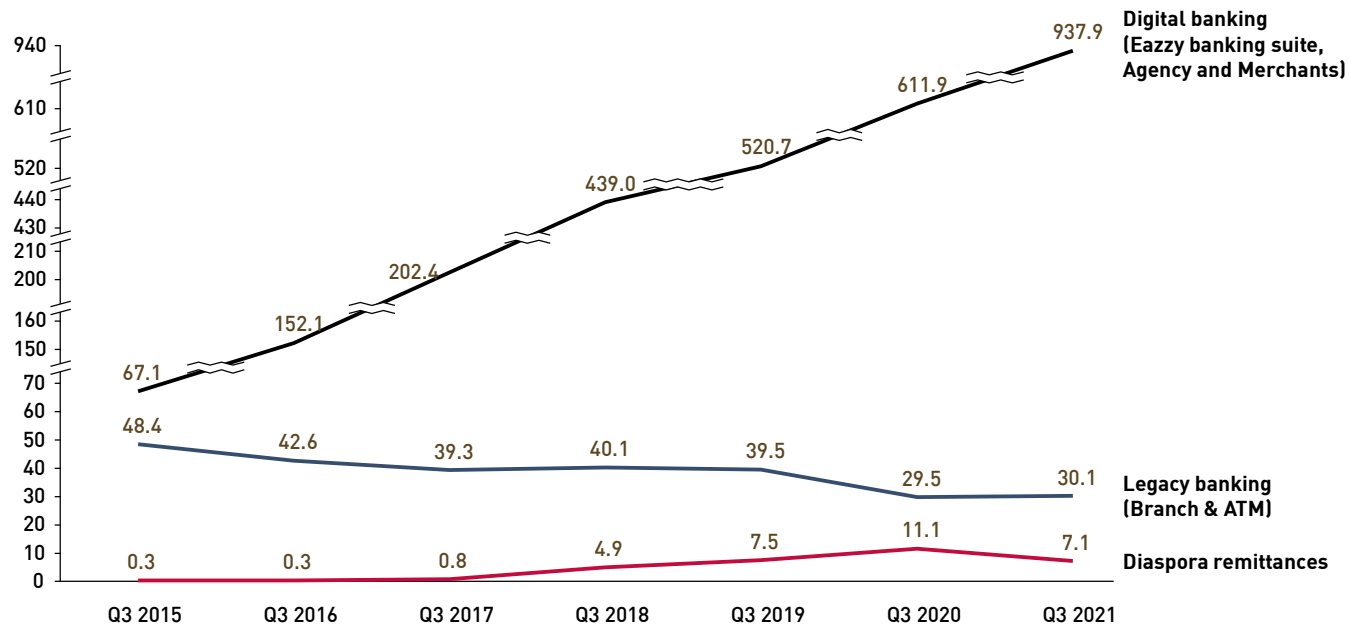
Group



## Focus Area 5: Business Transformation - Innovation and Digitization

Digital business: Enabling transition from fixed cost to 3rd party variable cost channels and self-service platforms

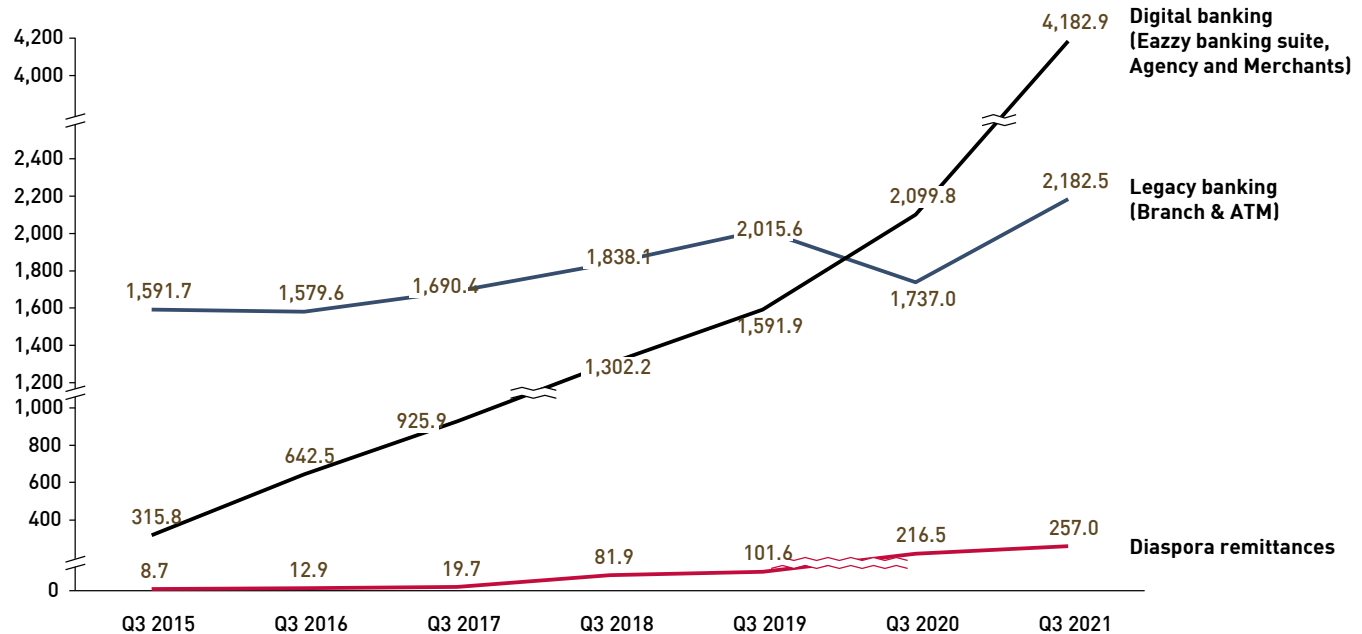
Transaction numbers in millions



## Focus Area 5: Business Transformation - Innovation and Digitization

Digital business: Enabling transition from fixed cost to 3rd party variable cost channels and self-service platforms

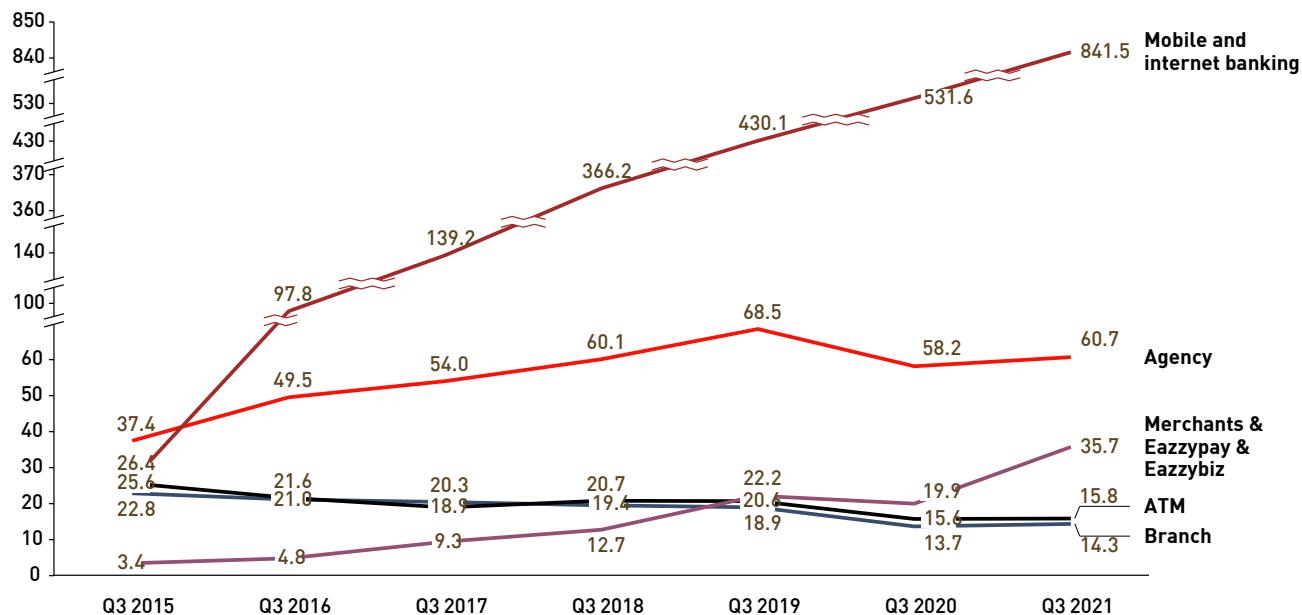
Volumes in Kes Billions



## Focus Area 5: Business Transformation - Innovation and Digitization

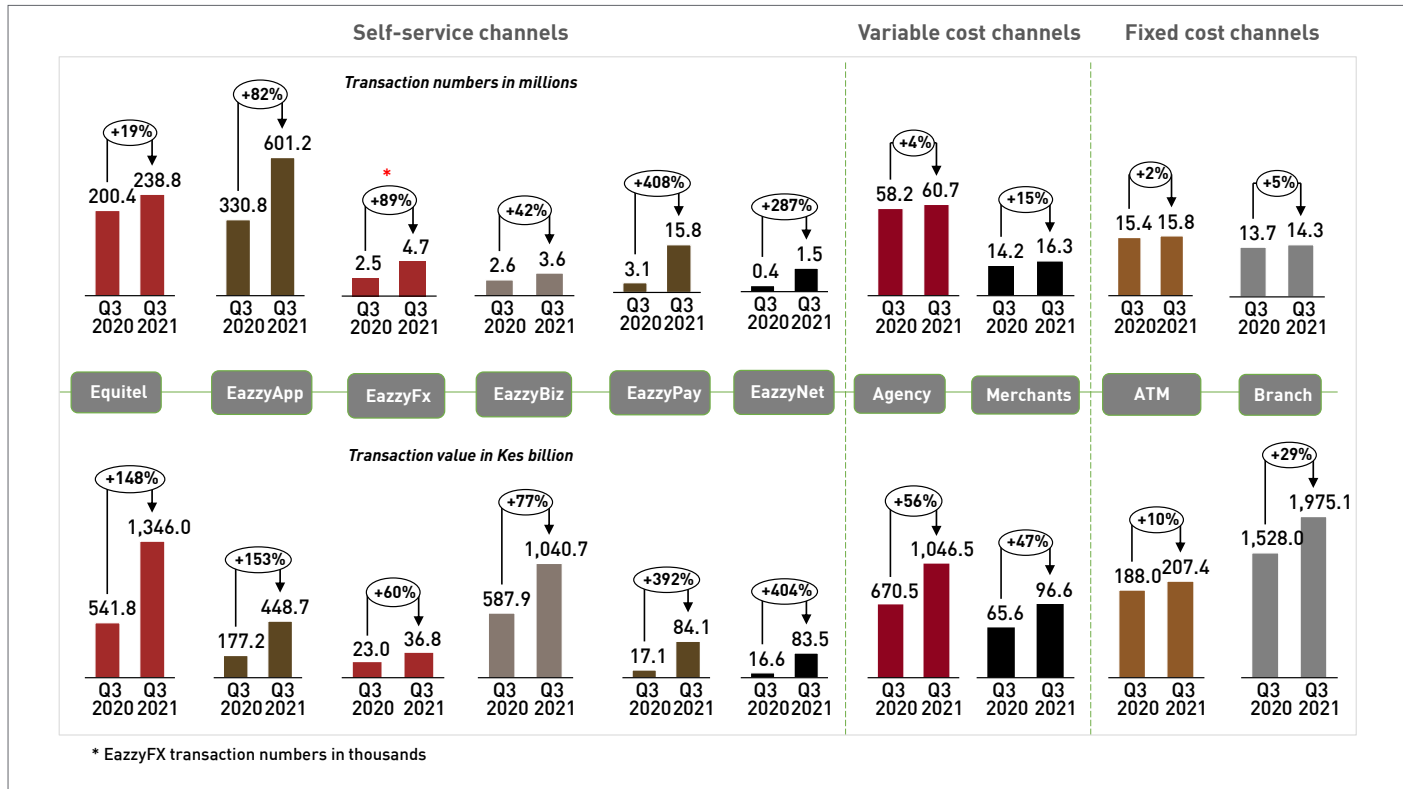
Digital business: Enabling transition from fixed cost to 3rd party variable cost channels and self-service platforms

Transaction numbers in millions



## Focus Area 5: Business Transformation - Innovation and Digitization

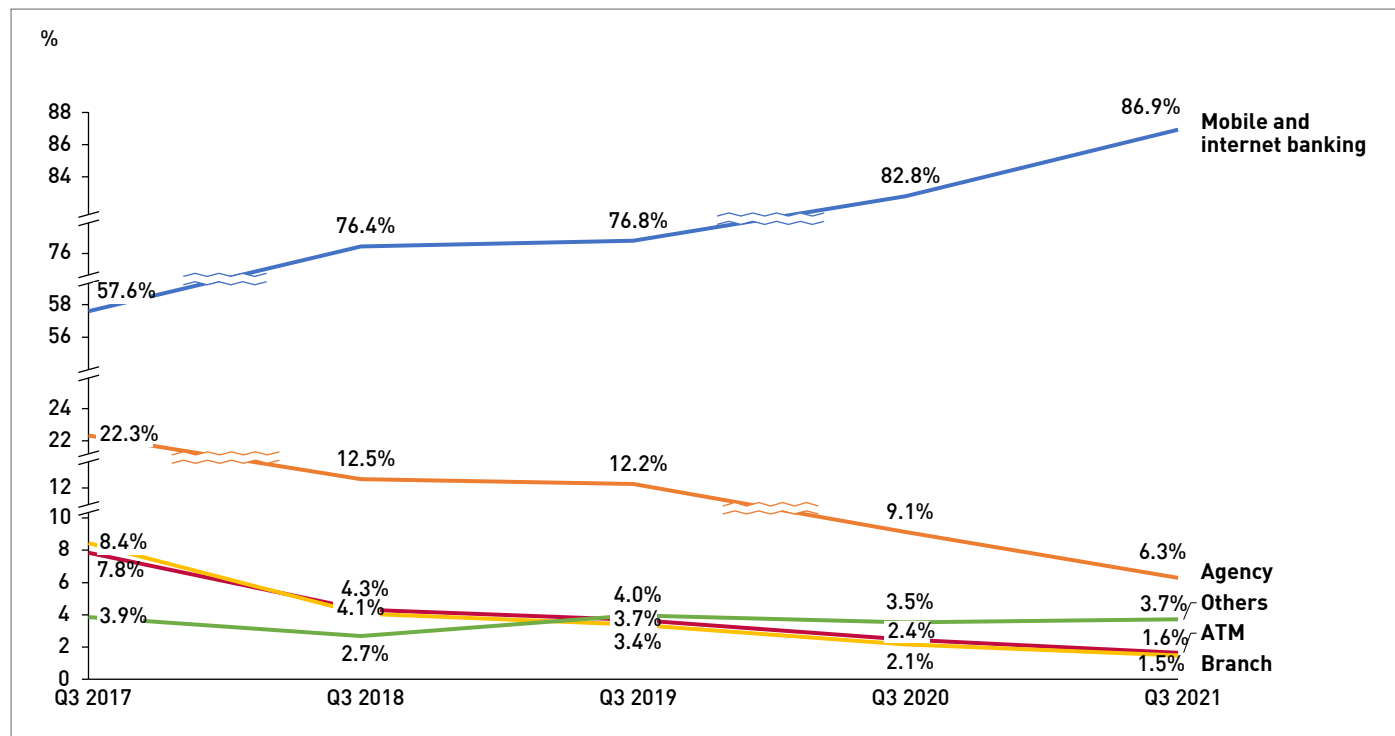
Migrating from Fixed and variable cost channels to self-service channels





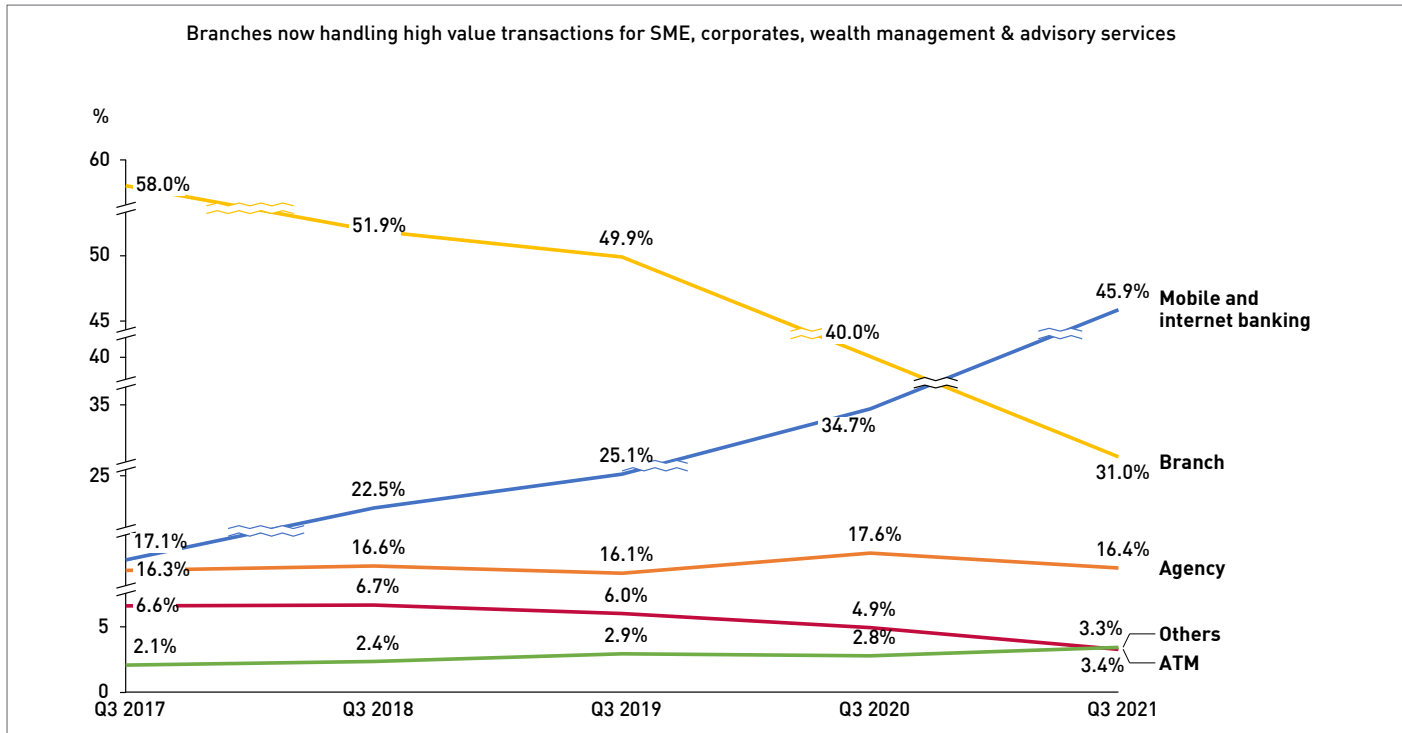
## Focus Area 5: Business Transformation - Fintech Capabilities: Digital Business

98% of our Transactions outside the branch



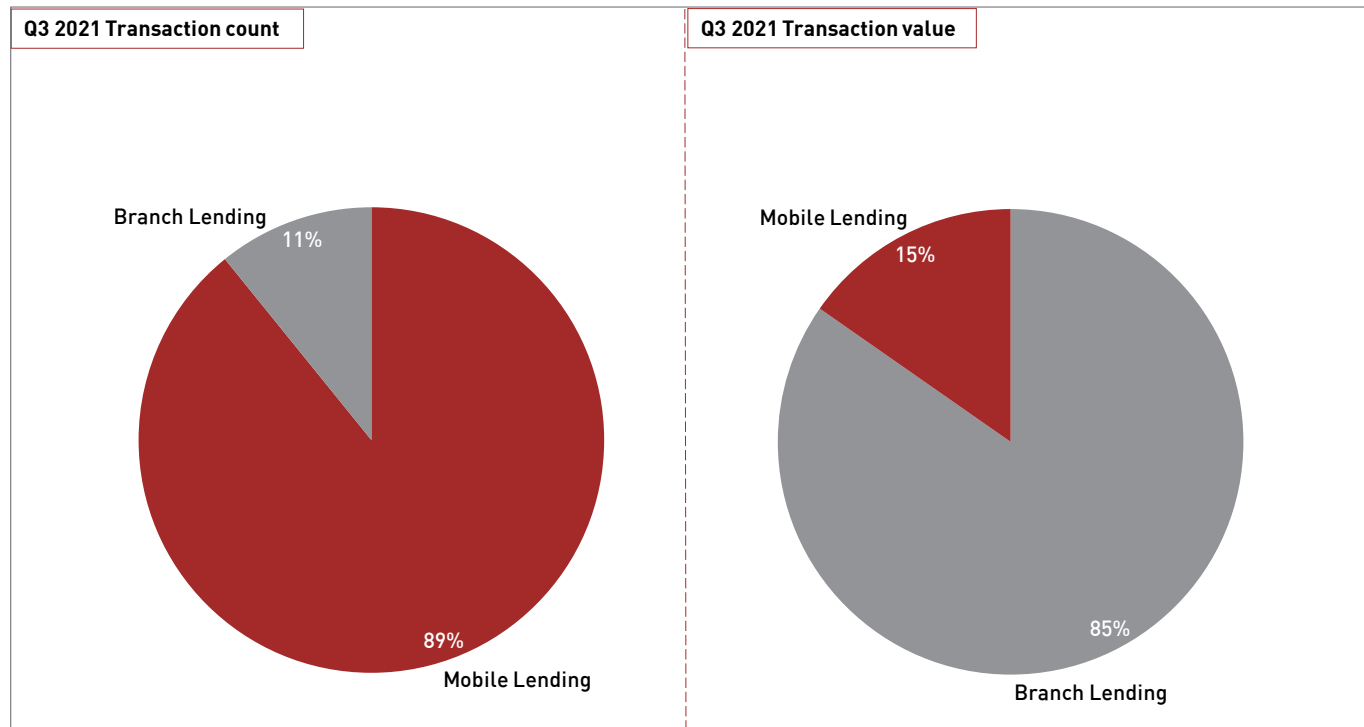
## Focus Area 5: Business Transformation - Fintech Capabilities: Self-Service Channels

69% of our Transactions Value outside the branch



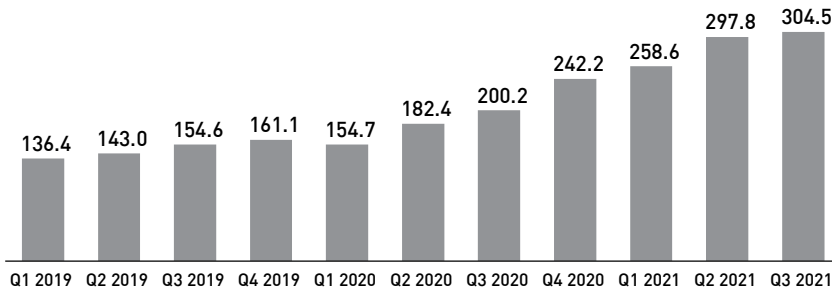
## Focus Area 5: Business Transformation - Fintech Capabilities: Data Strategy, Decision Science and Analytics

89% of our Loan Transactions via Mobile Channel

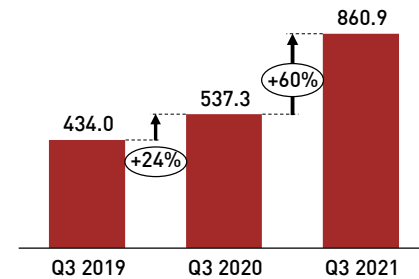


## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support Payments Processing Capabilities

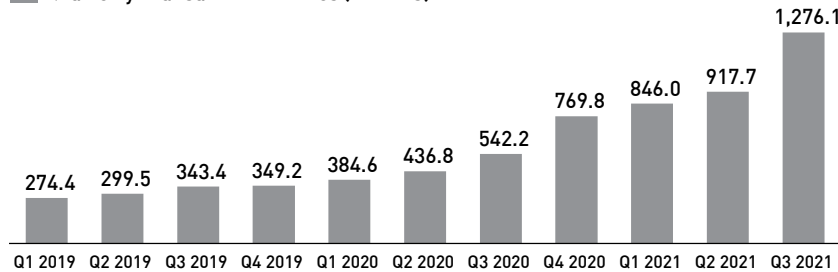
Quarterly No of Transactions (Millions)



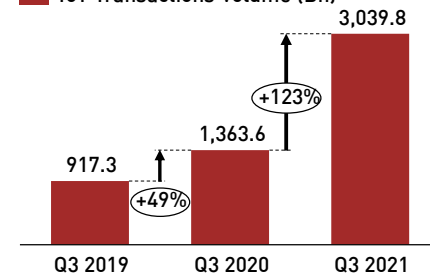
YoY Transactions (Millions)



Quarterly Transaction Volumes (Billions)



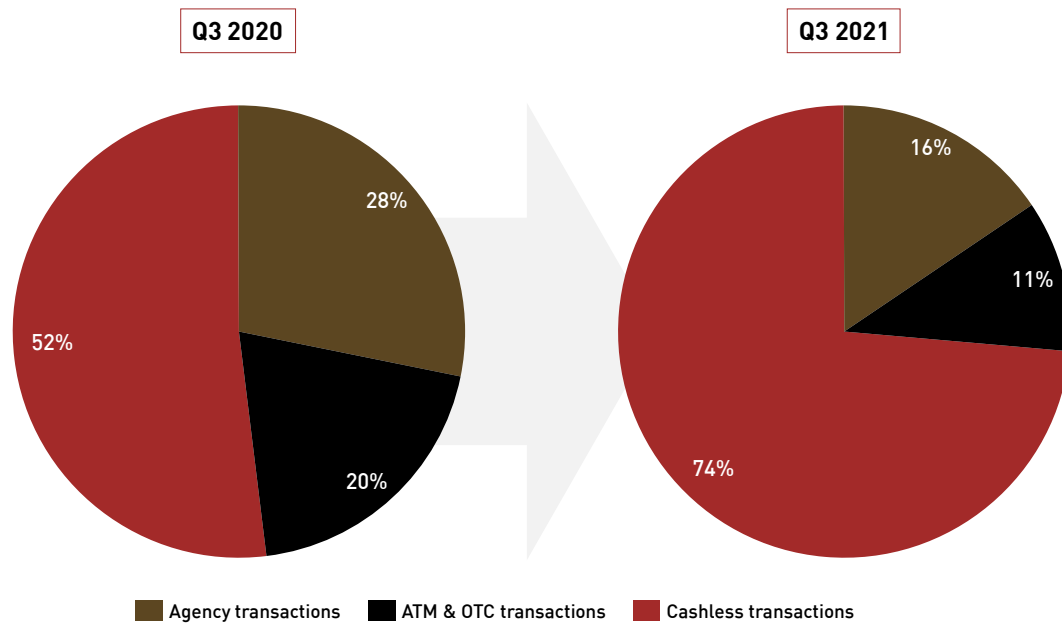
YoY Transactions Volume (Bn)



## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support

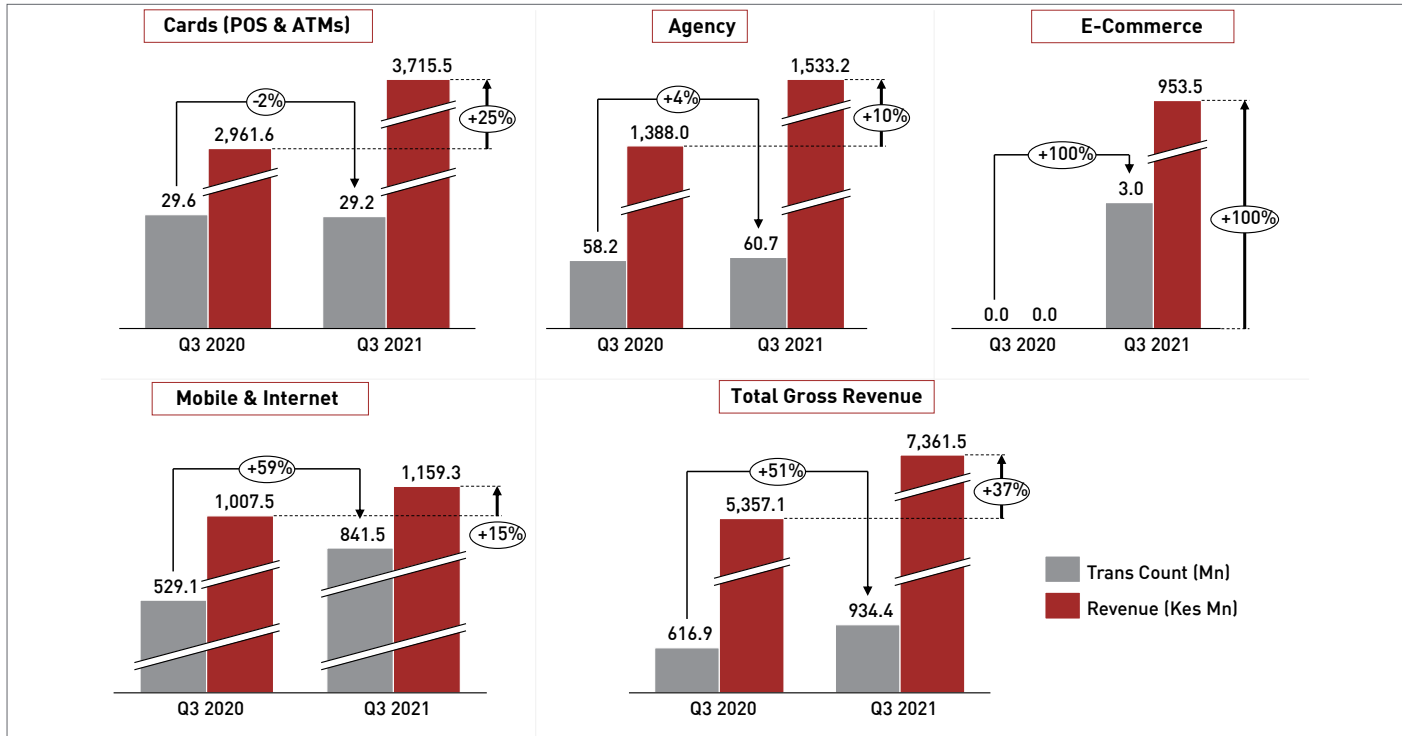
### Payments Processing Capabilities – Promoting a Cashless Economy

74% of our customers using cashless payment capabilities rather than transacting in cash



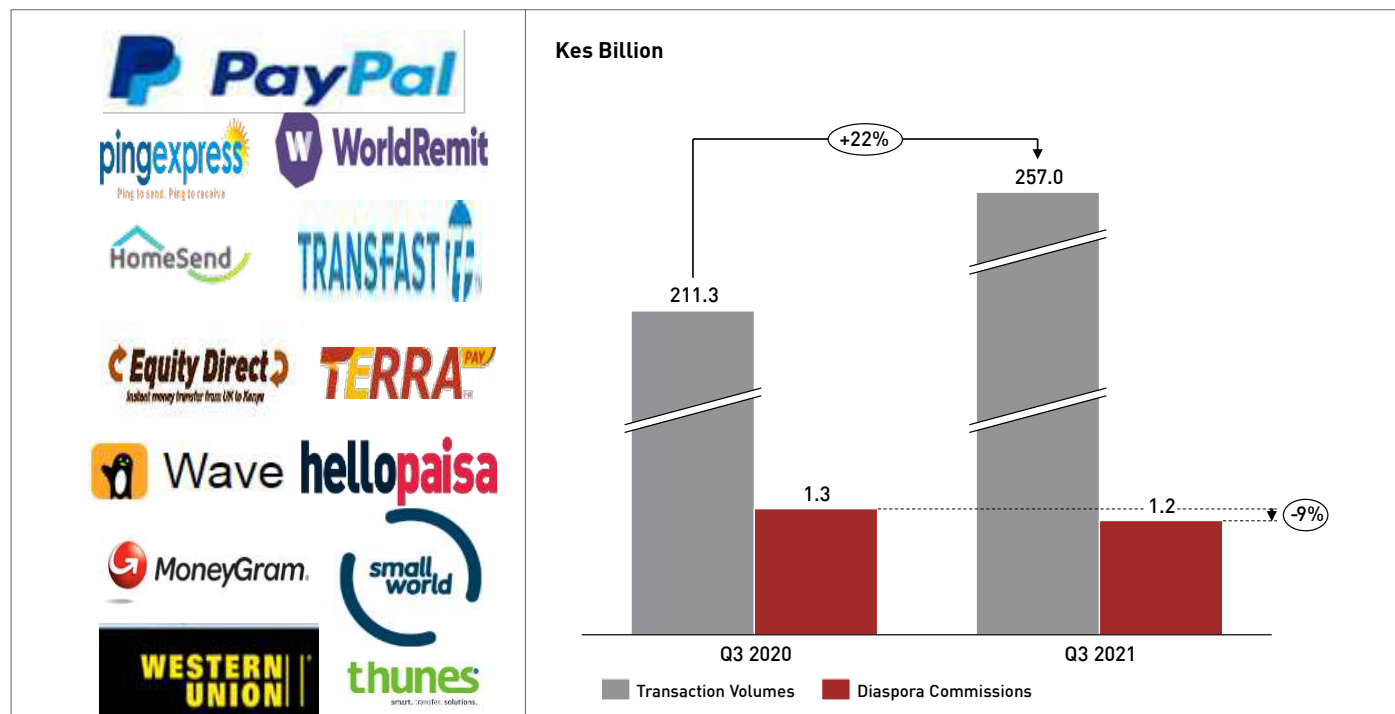
## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support

### Payments Processing Capabilities



## Focus Area 5: Business Transformation – Fintech Capabilities: Compressing Time and Geography

### Remittances Processing



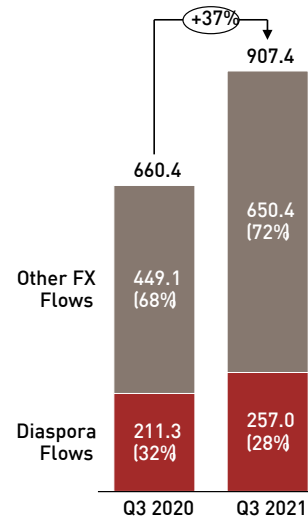
## Focus Area 5: Business Transformation - Fintech Capabilities: Global Presence

### FX Trading – Enabling Global Trade



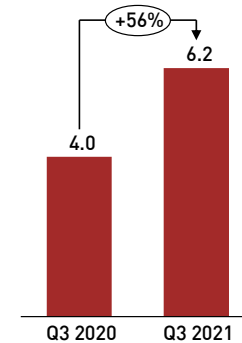
#### Kes Billion

- The diaspora flows account for 28% of all client Fx volumes



#### Kes Billion

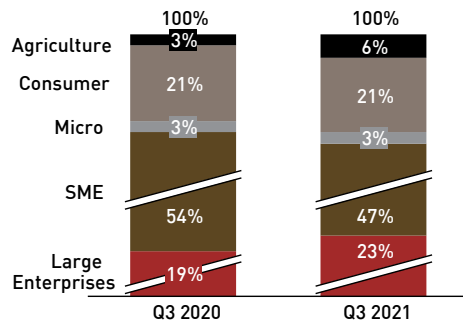
■ Fx Trading Income



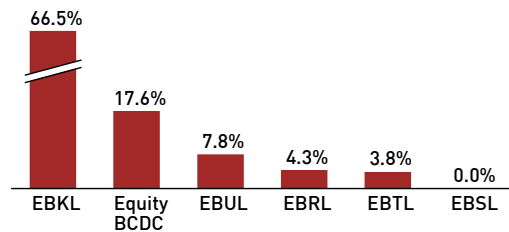


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

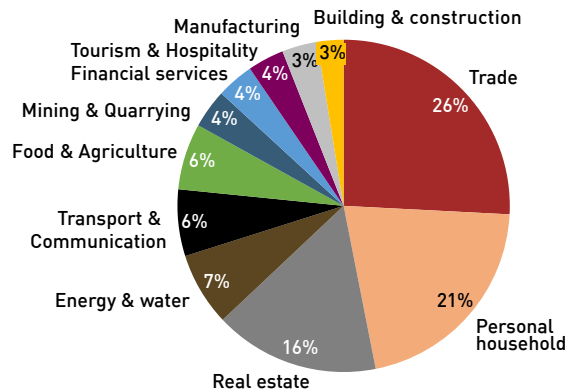
**Risk mitigation via diversification  
of market segments**



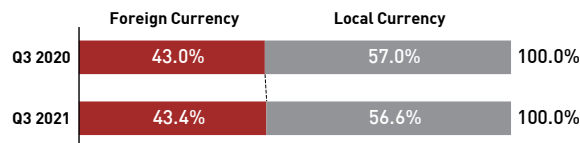
**Geographical sovereign risk diversification**



**Risk mitigation via diversification  
of economic sectors**

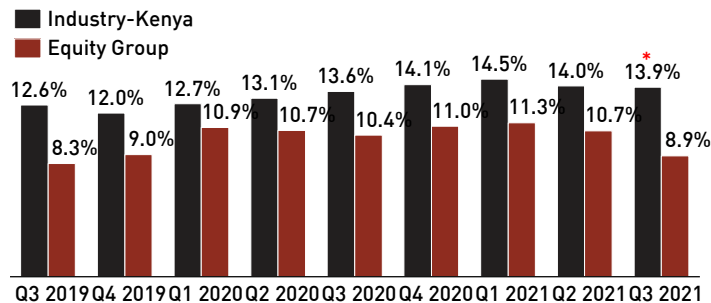


**Diversification by currency**



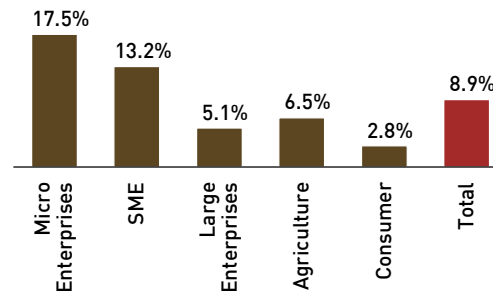
## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

### NPL's - Industry vs EGH Plc

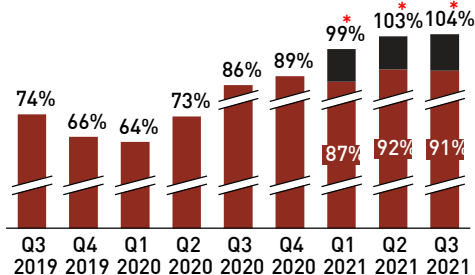


\* Q3 2021 Industry NPL figure is as at August 2021

### NPL per sector as at Q3 2021

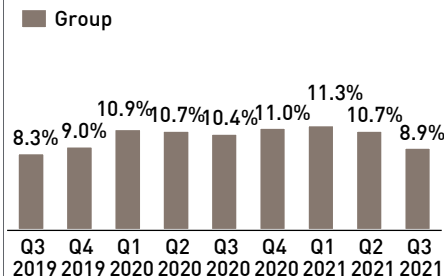


### NPL Coverage

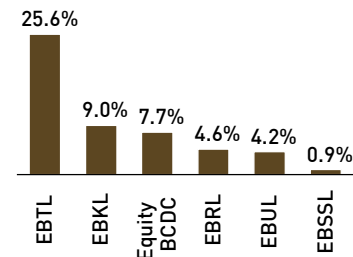


\* NPL Coverage inclusive of credit risk guarantees

### NPL Ratios



### NPL per Subsidiary as at Q3 2021

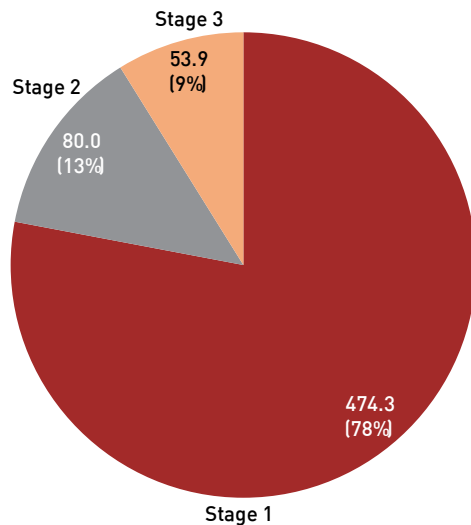


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

Prudent approach to credit risk management

Gross loans staging as at Q3 2021

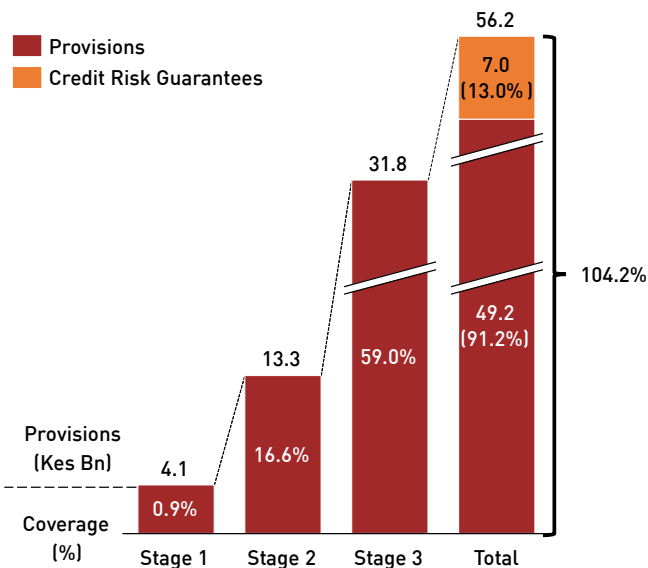
Kes Billion



Coverage and provisions as at Q3 2021

Provisions

Credit Risk Guarantees



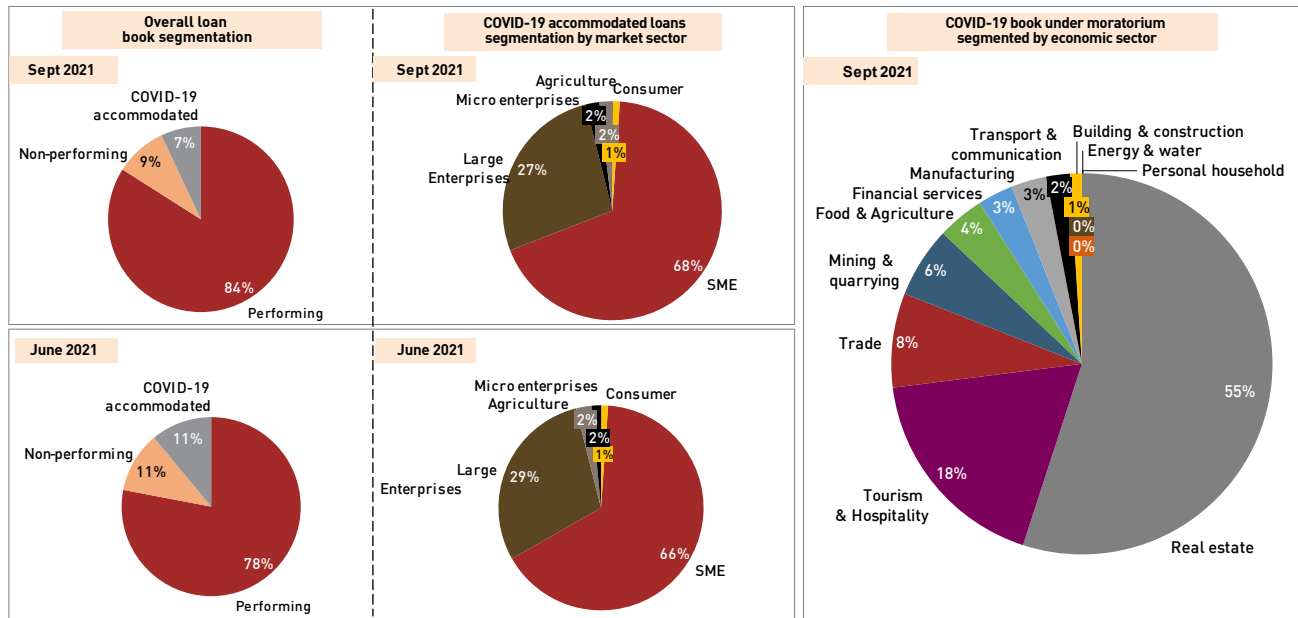
\*Credit risk guarantees providing additional Kes 7.0 Billion NPL coverage

## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

**Overall asset quality is improving as evidenced by growth in performing book and reduction in COVID-19 accommodated and NPL portfolios.**

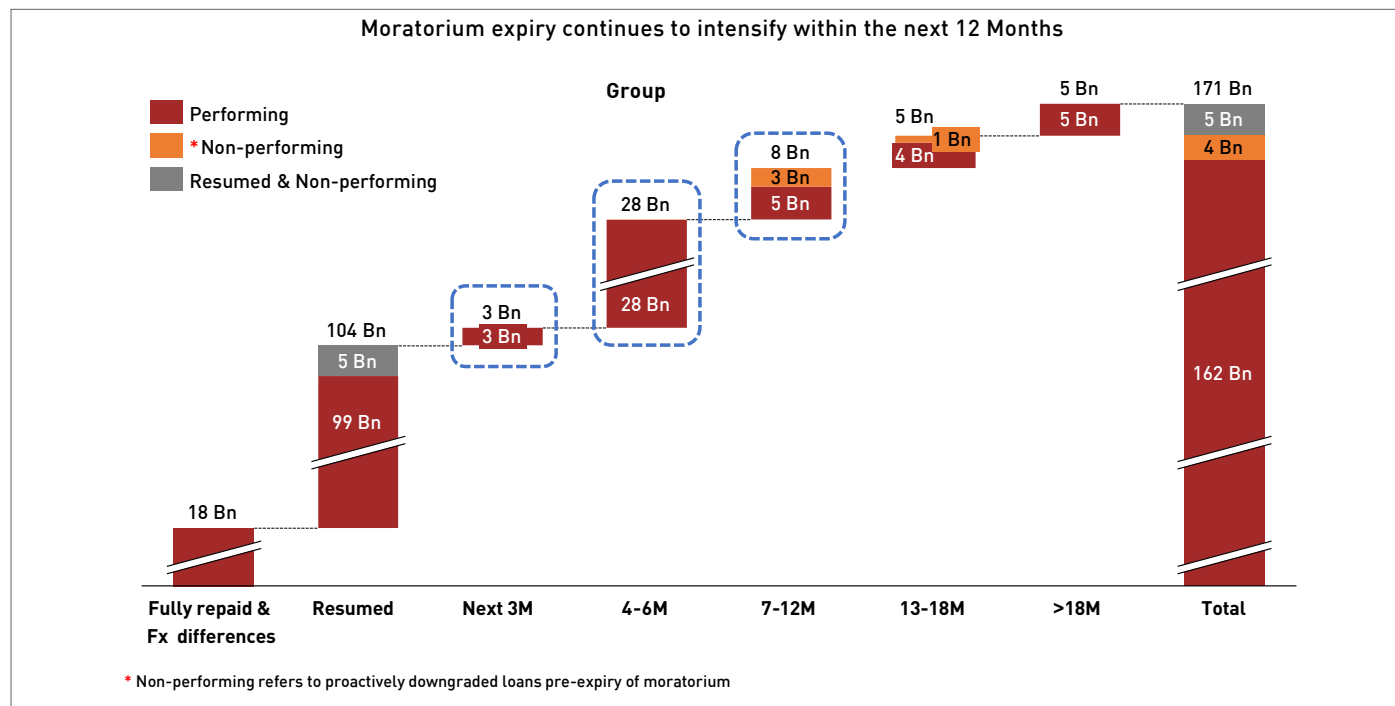
SMEs and Large Enterprises comprise the bulk of COVID-19 accommodated portfolio.

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 which represents 28% of the Group's gross loan book of Kes 608 billion. However, as at the end of September 2021, Kes 122 billion had resumed repayment and Kes 4 billion remains downgraded to NPL (Stage 3). Kes 45 billion therefore remains under moratorium constituting 7% of the loan book.



## Focus Area 6: Asset Quality, Distribution and Risk Mitigation – Proactive Prudent Management

COVID-19 accommodated loans (Kes 171 Bn); Kes 122B resumed repayment, additional Kes 39B expected to resume in 12 Months

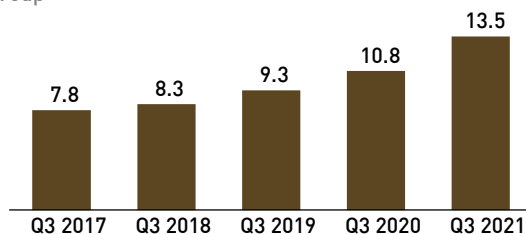


## Focus Area 7: Efficiency and Cost Optimization

Kes Billion

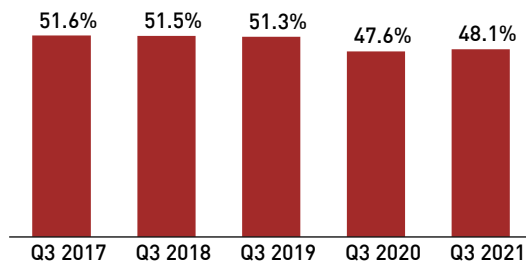
**Staff Cost Trend**

Group



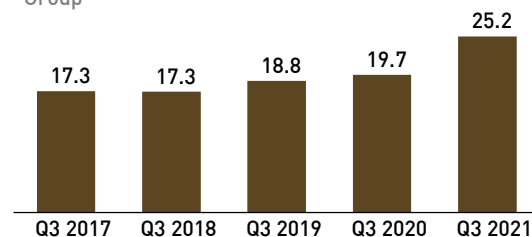
**Cost to Income Ratio**  
(Without Loan Loss Provision)

Group



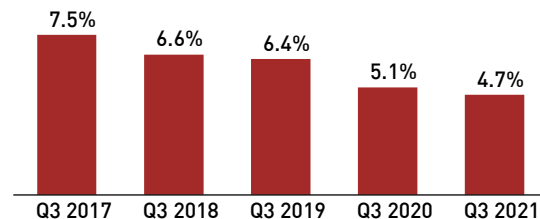
**Other Expenses Trend**

Group



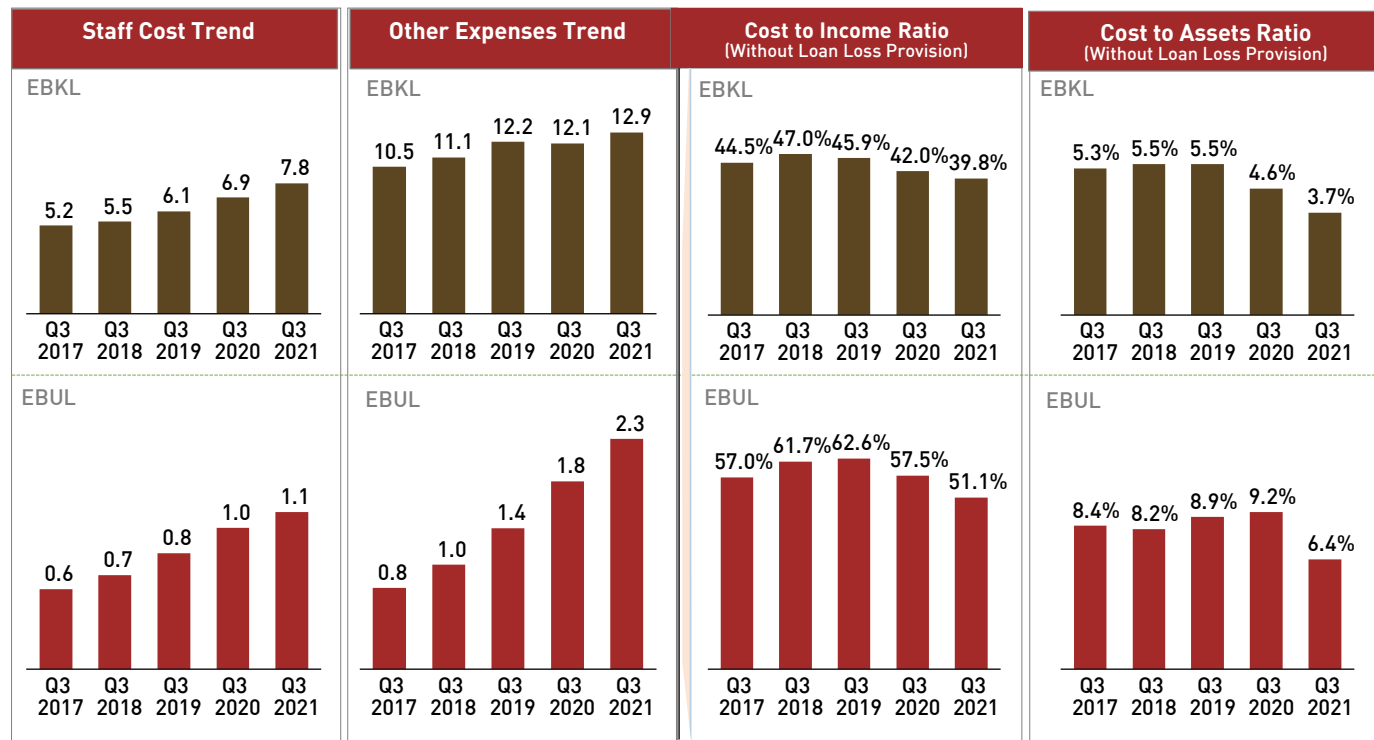
**Cost to Assets Ratio**  
(Without Loan Loss Provision)

Group



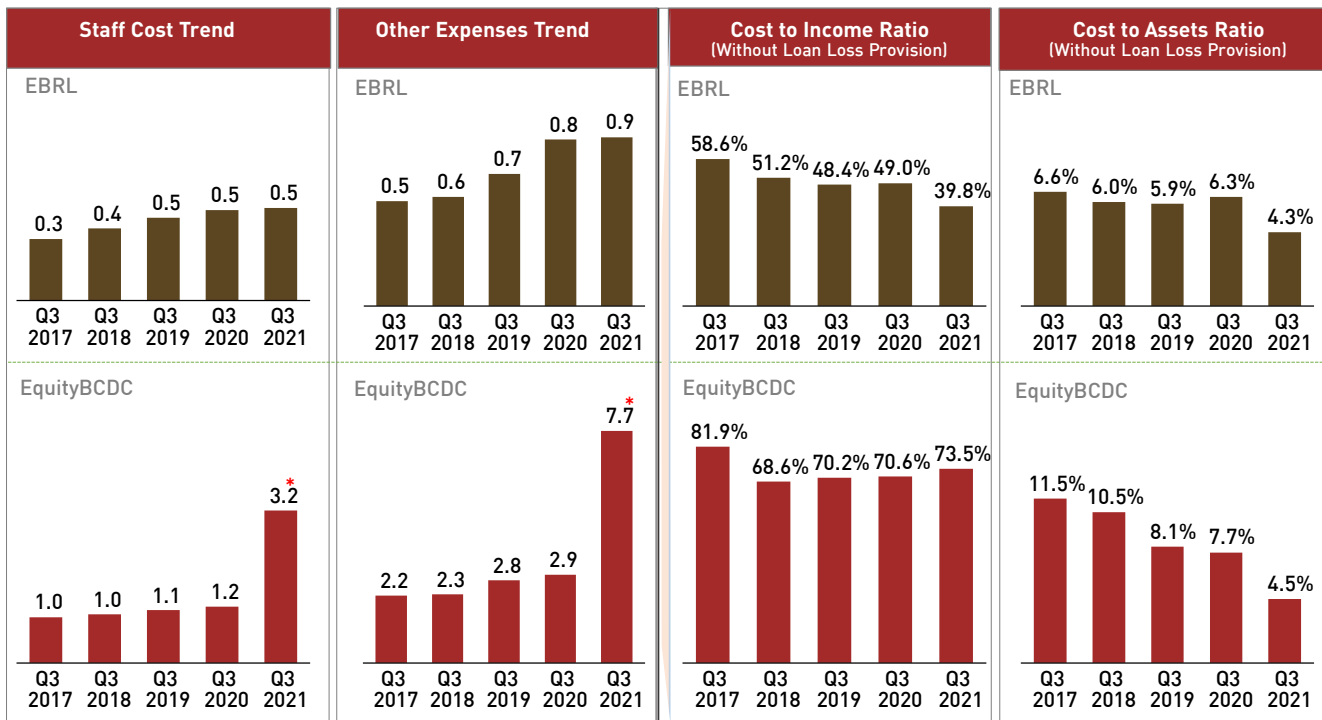
## Focus Area 7: Efficiency and Cost Optimization

### Kes Billion



## Focus Area 7: Efficiency and Cost Optimization

### Kes Billion



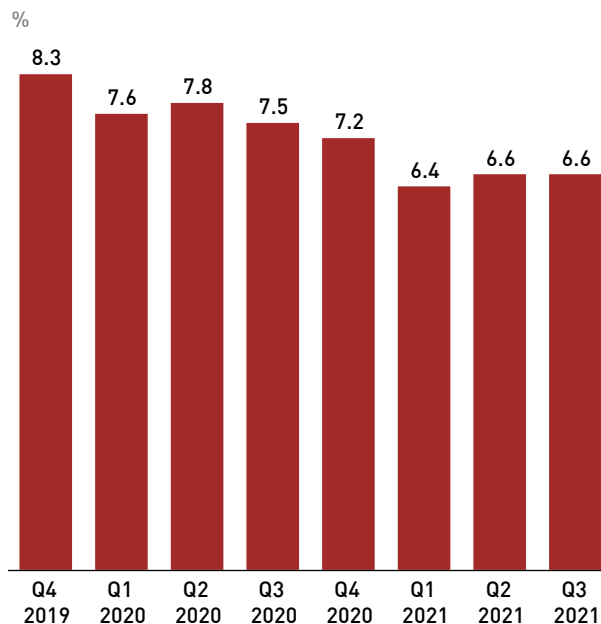
\* The increase is as a result of acquisition and merger of ex-BCDC and ex-EBCL



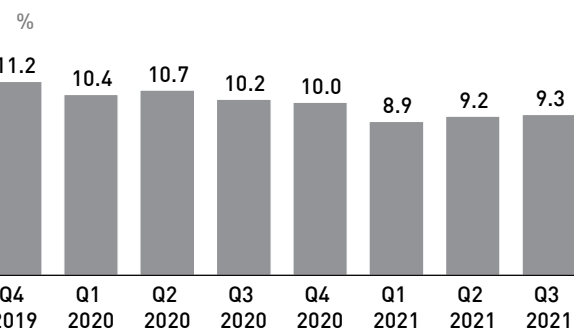
## Focus Area 7: Efficiency and Cost Optimization

### Group

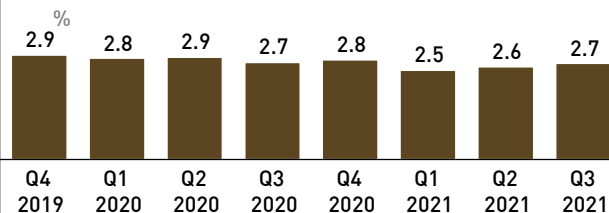
#### Net Interest Margin



#### Yield on Interest Earning Assets

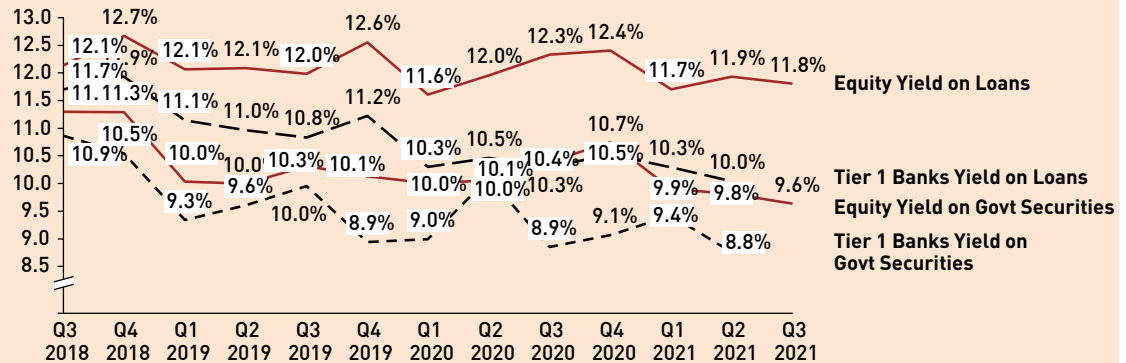


#### Cost of Funds

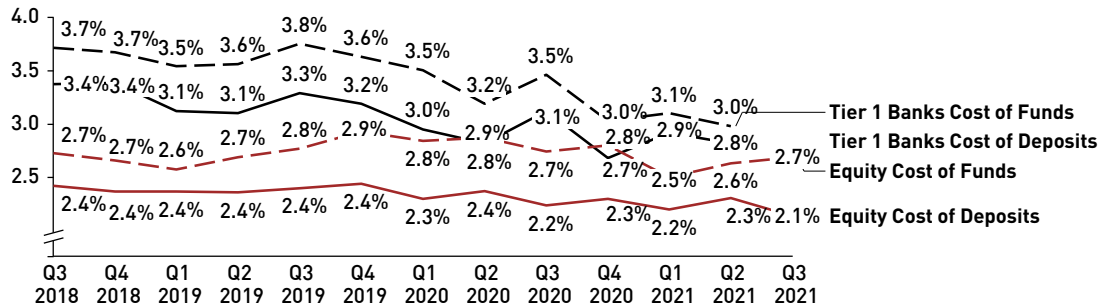


## Focus Area 7: Efficient Financial Intermediation

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



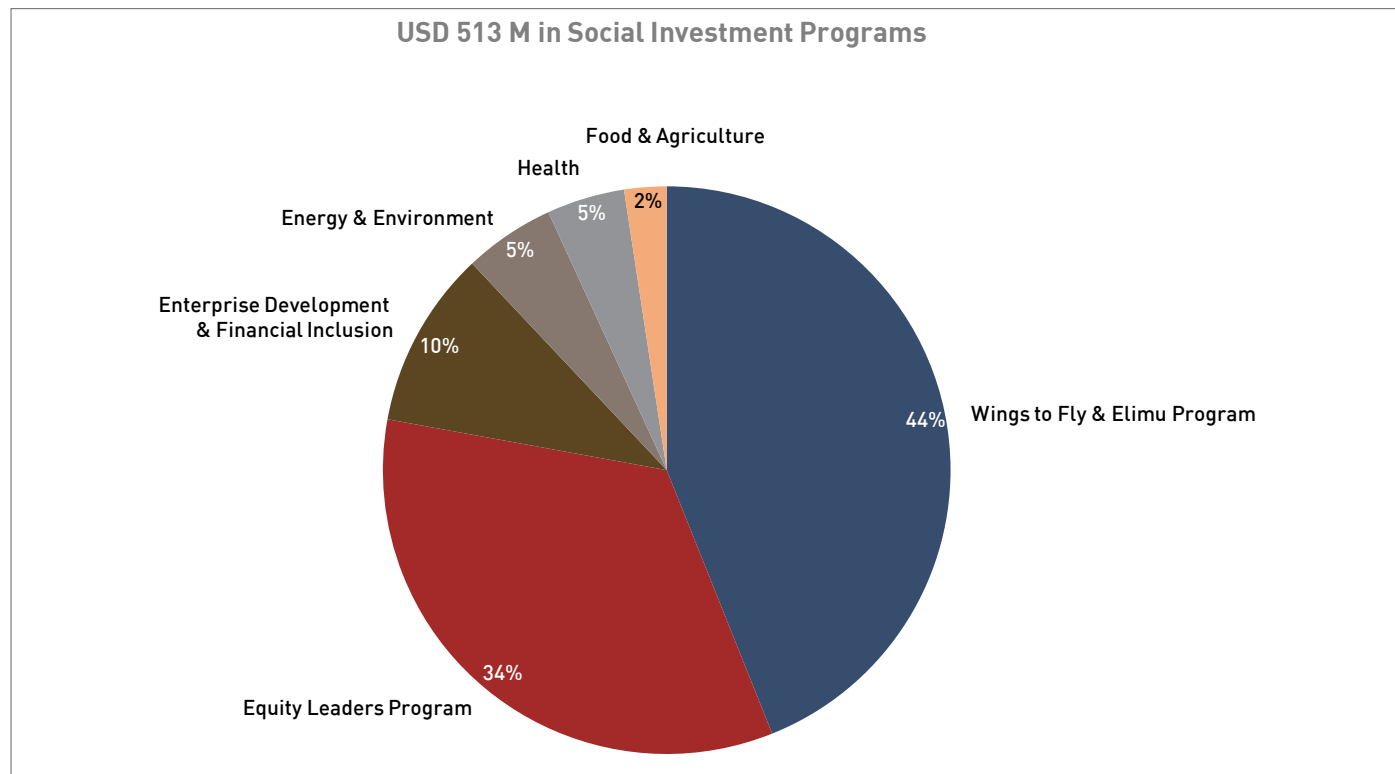
Equity Group's ability to attract cheap deposits underpinned by its stable deposit franchise and implied low risk



Tier 1 Banks excludes Equity Group. Industry data available up to Q2 2021

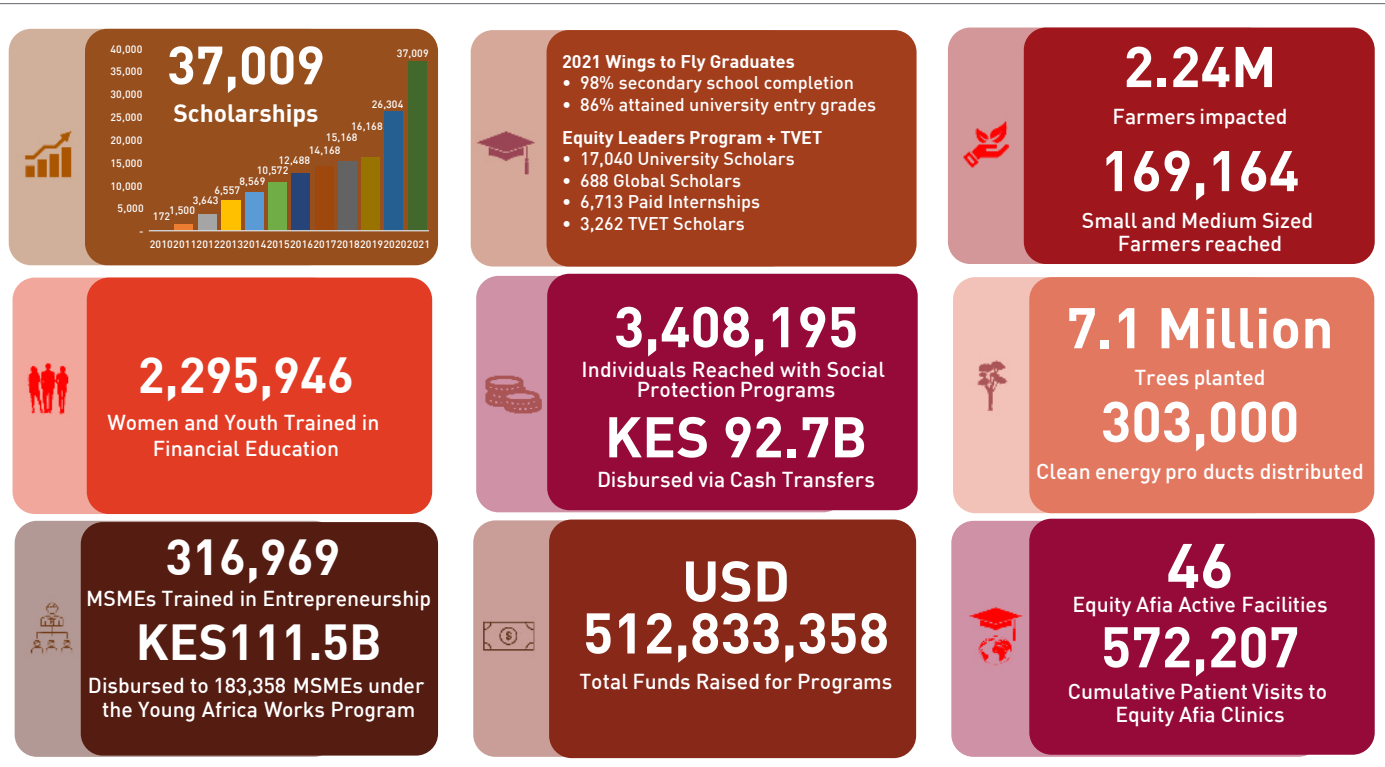
## Focus Area 8: Impact Investment

### Impact & Social Investment Programs



## Focus Area 8: Impact Investment

### Shared Prosperity Business Model and its Social Impact



## Collaborative approach has enabled Equity Group to catalyse and crowd-in investment flows and capacity building into the region





**Business Validation**

## Global Ratings and Accolades

**MOODY'S**

Equity Bank Credit Rating

- National Rating: B2
- Global Rating: Aa3.ke/KE-1
- Rating Outlook: Negative

Same as the sovereign rating

**The Banker**  
**TOP 1000**  
WORLD BANKS 2021

- Position 39 globally on Return on Assets
- Position 149 globally on Soundness (Capital Assets Ratio)
- Position 71 globally on Profits on Capital
- Position 761 largest bank globally



Global SME  
Finance  
Awards

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



African Business Leadership Awards 2020

- African CEO of the Year - Dr. James Mwangi



Dr. James Mwangi Recognized Among 50 Most  
Reputable Bank CEOs in Africa

**Brand Finance®**

Africa's top 150 most valuable brands

- Position 2 - in Kenya
- Position 69 - in Africa



BUSINESS  
FOR PEACE  
FOUNDATION

2020 Oslo Business for Peace Award  
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



- Africa's best bank for SMEs 2021



**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



- Best Regional Bank - East Africa - Equity Bank 2021
- Socially Responsible Bank in Africa, 2020
- Best Regional Bank - East Africa - Equity Bank 2020
- African Bank of the Year, 2018
- African Banker of the Year, 2018 (Dr. James Mwangi)
- Best Retail Bank in Africa, 2017



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)



Dr. James Mwangi, named to the 3rd Annual 2019 Bloomberg 50 list

The Banker



Bank of the Year 2019, 2020 & 2021

- Bank of the Year- Kenya 2019
- Bank of the Year - Uganda 2019 & 2021
- Bank of the Year - Rwanda 2020 & 2021
- Bank of the Year - DRC 2020
- Bank of the Year- South Sudan 2019, 2020 & 2021



Customer Satisfactory Survey 2020

- Best Tier 1 (3rd place) - Customer Responsiveness and Satisfactory Digital Experience



Top Acquirer 2019 Award



Finserve named Best in Banking / Financial and Insurance Services - 2021



- Best Overall Winner – 1st Runners Up, 2019
- Most Innovative Bank – Winner, 2019
- Best in Sustainable Finance – 2nd Runners Up, 2019



## 2021 National Banking Awards and Accolades

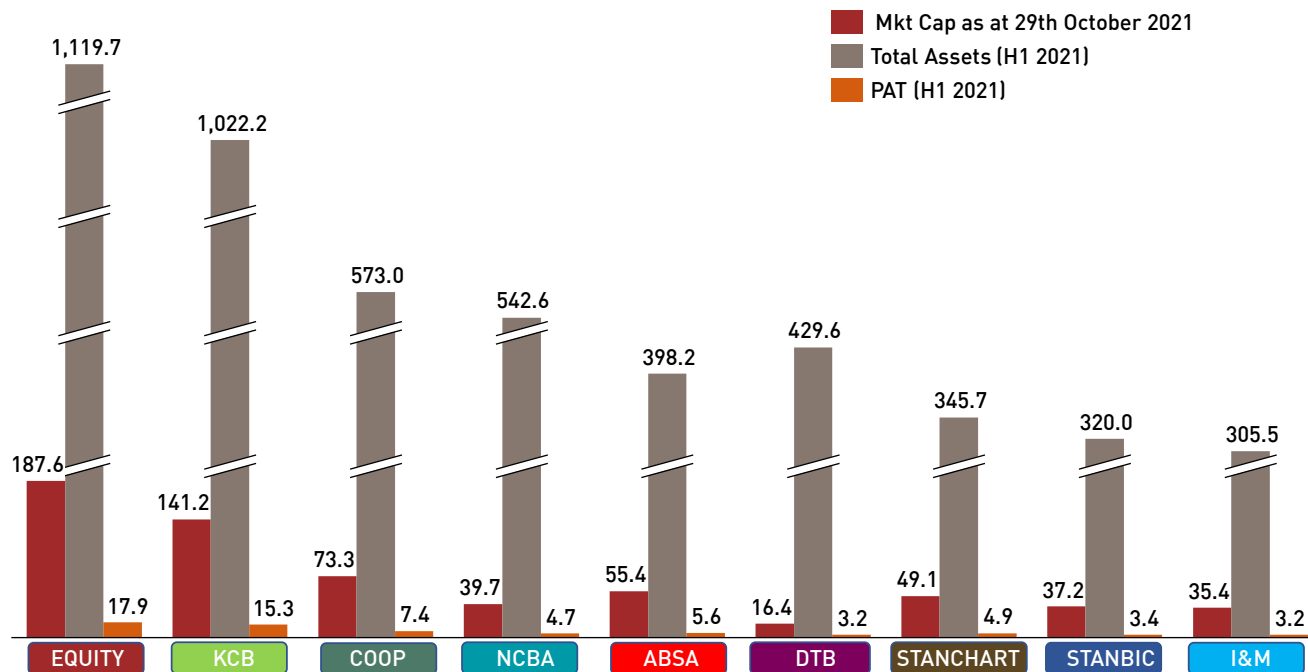


Brand	<ol style="list-style-type: none"> <li>1. Best Overall Bank – 10 years running</li> <li>2. Best Bank in Tier 1 – 7 years running</li> <li>3. Best Bank in Sustainable CSR – 5 years running</li> <li>4. Best Bank with the Lowest Charge for Individuals – 5 years running</li> <li>5. Most Customer Centric Bank – 2nd runners up</li> <li>6. Most Customer Centric Bank in Tier 1 – 2nd runners up</li> </ol>
Franchise Segment	<ol style="list-style-type: none"> <li>1. Best Bank in Mobile Banking</li> <li>2. Best Bank in Product Innovation</li> <li>3. Best Bank in Agency Banking</li> <li>4. Best Bank in Internet Banking</li> <li>5. Best Commercial Bank in Microfinance</li> <li>6. Best Retail Bank – 2nd runners up</li> <li>7. Best Bank to Borrow from – 1st runners up</li> <li>8. Best Bank in SME Banking – 1st runners up</li> </ol>
Product	<ol style="list-style-type: none"> <li>1. Best Bank in Trade Finance</li> <li>2. Best Bank in Agriculture and Livestock Financing</li> <li>3. Best Bank in Asset Finance</li> <li>4. Special Judges award for Product Innovation – 1st runners up</li> <li>5. Best Bank in digital banking – 2nd runners up</li> <li>6. Best Bank in mortgage finance – 1st runners up</li> </ol>
Leadership	<ol style="list-style-type: none"> <li>1. CEO of the Year Award – Dr. James Mwangi</li> <li>2. Outstanding Young Banker of the Year- Edwin Njoroge Kiburu</li> </ol>

## Market Validation

KES Billion

### Market Capitalization as at 29th October 2021



Source: Business Daily November 1, 2021



## **Intermediation and Financial Performance**

## Balance Sheet

KES Billion	Q3 2020	Q3 2021	Growth
<b>Assets</b>			
Cash & Cash Equivalents	177.5	182.7	3%
Government Securities	222.8	361.3	62%
Net Loans	453.9	559.0	23%
Other Assets	79.7	81.3	2%
<b>Total Assets</b>	<b>933.9</b>	<b>1,184.3</b>	<b>27%</b>
<b>Liabilities &amp; Capital</b>			
Deposits	691.0	875.7	27%
Borrowed Funds	70.7	104.8	48%
Other Liabilities	34.6	40.5	17%
Shareholders' Funds	137.6	163.3	19%
<b>Total Liabilities &amp; Capital</b>	<b>933.9</b>	<b>1,184.3</b>	<b>27%</b>

## Income Statement

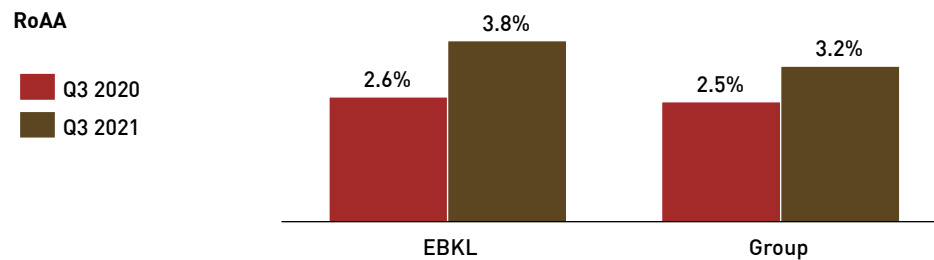
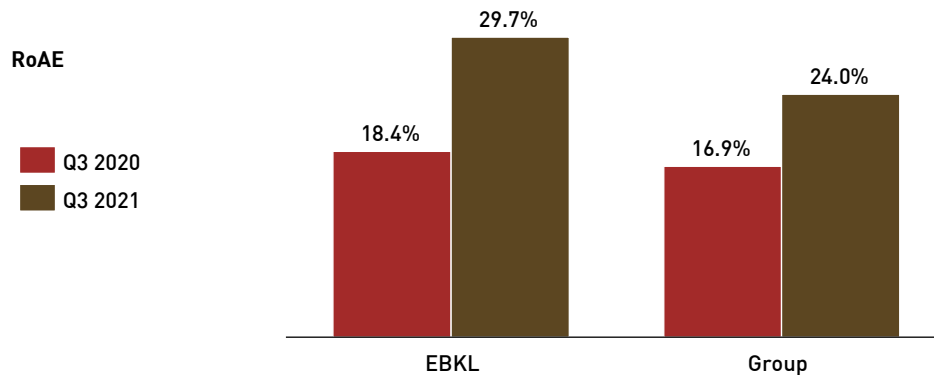
KES Billion

	Q3 2020	Q3 2021	Growth
Interest Income	52.1	67.0	29%
Interest Expense	12.8	18.5	45%
<b>Net Interest Income</b>	<b>39.3</b>	<b>48.5</b>	<b>23%</b>
Non-Funded Income	24.3	31.4	29%
<b>Total Income</b>	<b>63.6</b>	<b>79.9</b>	<b>25%</b>
Loan Loss Provision	14.3	4.6	-68%
Staff Costs	10.8	13.5	25%
Other Operating Expenses	19.7	25.2	28%
<b>Total Costs</b>	<b>44.8</b>	<b>43.3</b>	<b>-3%</b>
Gain on bargain purchase	0.9	-	-100%
<b>PBT</b>	<b>19.7</b>	<b>36.6</b>	<b>85%</b>
Tax	4.7	9.7	107%
<b>PAT</b>	<b>15.0</b>	<b>26.9</b>	<b>79%</b>
<b>Earnings per share</b>	<b>3.9</b>	<b>7.0</b>	<b>78%</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;

KES Bn	Q3 2020	Q3 2021
Gross loan loss provision	14.8	5.1
Loan recoveries	(0.5)	(0.5)
Net loan loss provision	14.3	4.6

## RoAE and RoAA Trend



## Financial Ratios

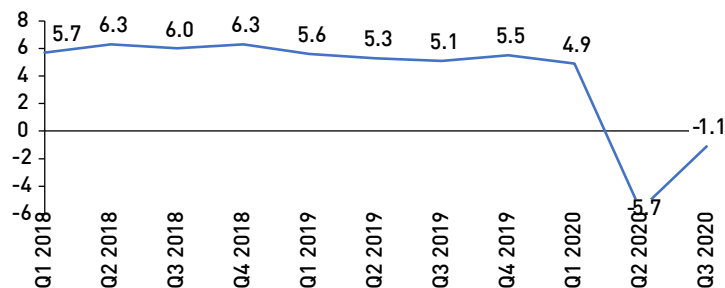
	EBKL	EBKL	Group	Group
	Q3 2020	Q3 2021	Q3 2020	Q3 2021
<b>Profitability</b>				
Yield on Loans	11.2%	11.4%	12.3%	11.8%
Yield on Government Securities	10.5%	9.7%	10.4%	9.6%
Yield on Interest Earning Assets	10.6%	9.5%	10.2%	9.3%
Cost of Deposits	2.5%	2.3%	2.2%	2.1%
Cost of Funds	2.9%	2.6%	2.7%	2.7%
Net Interest Margin	7.8%	6.9%	7.5%	6.6%
Cost to Income Ratio with provisions	69.2%	45.3%	70.6%	54.5%
Cost to Income Ratio without provisions	42.0%	40.1%	47.6%	48.1%
RoAE	18.4%	29.7%	16.9%	24.0%
RoAA	2.6%	3.8%	2.5%	3.2%
<b>Asset Quality</b>				
PAR	9.9%	9.0%	10.4%	8.9%
NPL Coverage	96.2%	101.0%	86.0%	91.2%
Cost of Risk	5.7%	1.2%	4.8%	1.4%
<b>Leverage</b>				
Loan / Deposit Ratio	67.9%	60.8%	65.7%	63.8%
<b>Capital Adequacy Ratios</b>				
Core Capital to Risk Weighted Assets	11.9%	11.9%	14.5%	13.5%
Total Capital to Risk Weighted Assets	15.8%	15.0%	17.5%	16.8%
<b>Liquidity</b>				
Liquidity ratio	61.6%	83.2%	55.7%	59.5%

## 2021 Outlook - Group

	2021 Outlook	Revised 2021 Outlook	Q3 2021 Actual
Loan Growth	25% - 30%	20% - 25%	23%
Deposit Growth	20% - 25%	20% - 25%	27%
Net Interest Margin	7.0% - 8.0%	7.0% - 8.0%	6.6%
Non Funded Income Mix	38% - 43%	40% - 43%	39.7%
Cost to Income Ratio	40% - 45%	40% - 45%	48.1%
Return on Equity	22% - 27%	25% - 30%	24.0%
Return on Assets	3.0% - 4.0%	3.6% - 4.3%	3.2%
Cost of Risk	2.0% - 3.0%	1.5% - 2.5%	1.4%
NPL	7% - 10%	7% - 10%	8.9%
Subsidiaries Contribution (Assets)	40% - 45%	40% - 45%	40%
Subsidiaries Contribution (PBT)	25% - 30%	25% - 30%	24%



## Macroeconomic Environment - Kenya



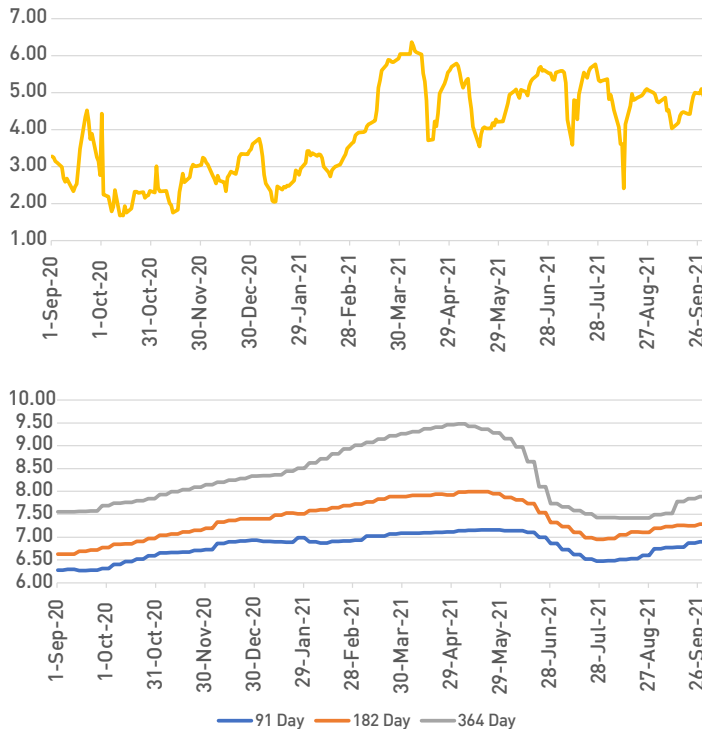
**Quarterly GDP Growth** – The economy is bouncing back albeit slowly, as domestic and foreign demand eases off the pandemic's damage, in line with rising vaccination rates globally.



**USD/KES** – FX liquidity is still a challenge in the market with demand outweighing the supply. Potential upside risks on the Kenya shilling as demand pressure into Q3 2021 leads to a rally.

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

## Macroeconomic Environment - Kenya (continued)

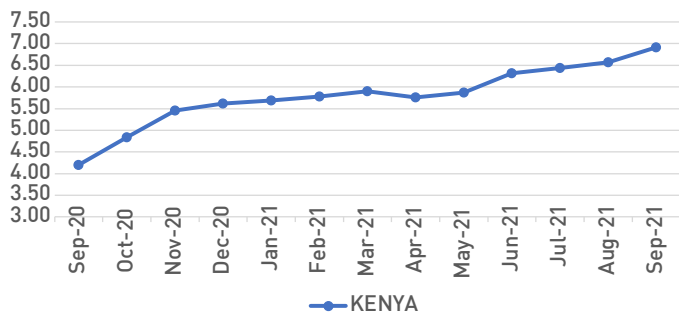


**Interbank Rates** – Spike in rates seen in September on account of aggressive government securities purchases, as well as payment of the September installment tax.

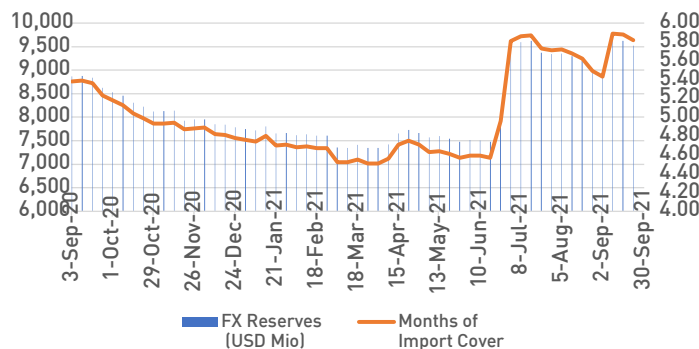
**T-Bill Rates** – The short-dated instruments have seen increased volatility in the market with the anticipation of the yield curve rising on the longer end.

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

## Macroeconomic Environment - Kenya (continued)



**Inflation** – With commodity (seed oil, wheat and maize) and pump prices on the rise, inflation is expected to go higher on account of increased transport and food prices.

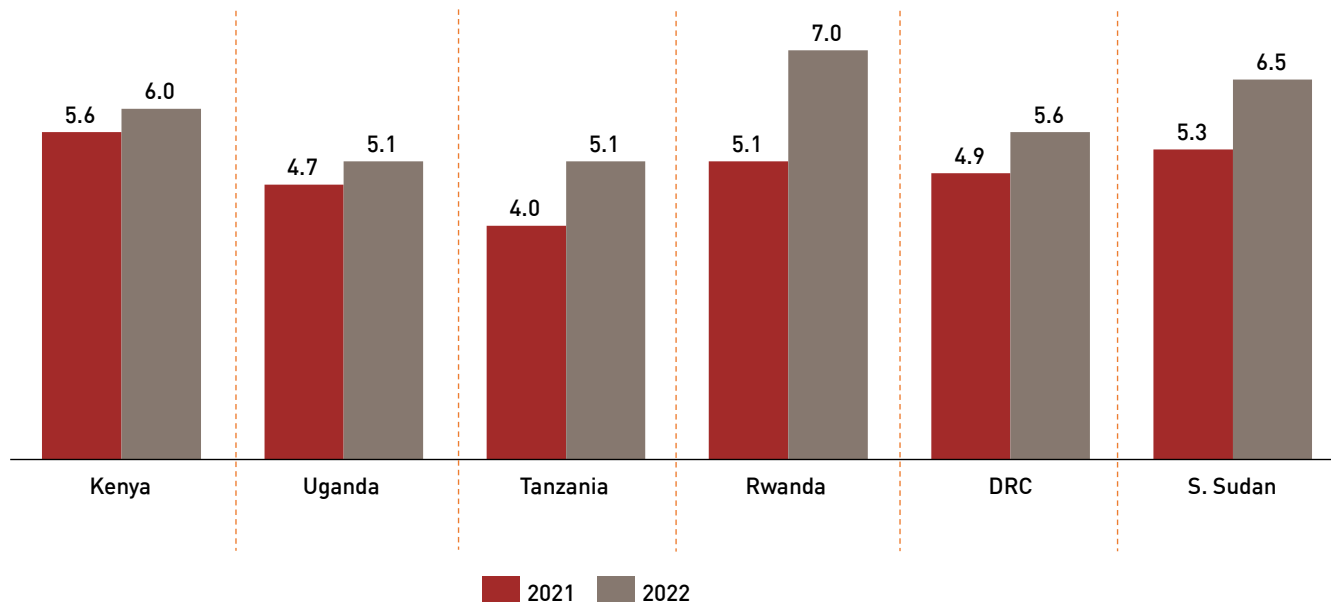


**FX Reserves** – FX reserves adequate. This meets the CBK's statutory requirement of maintaining at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

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

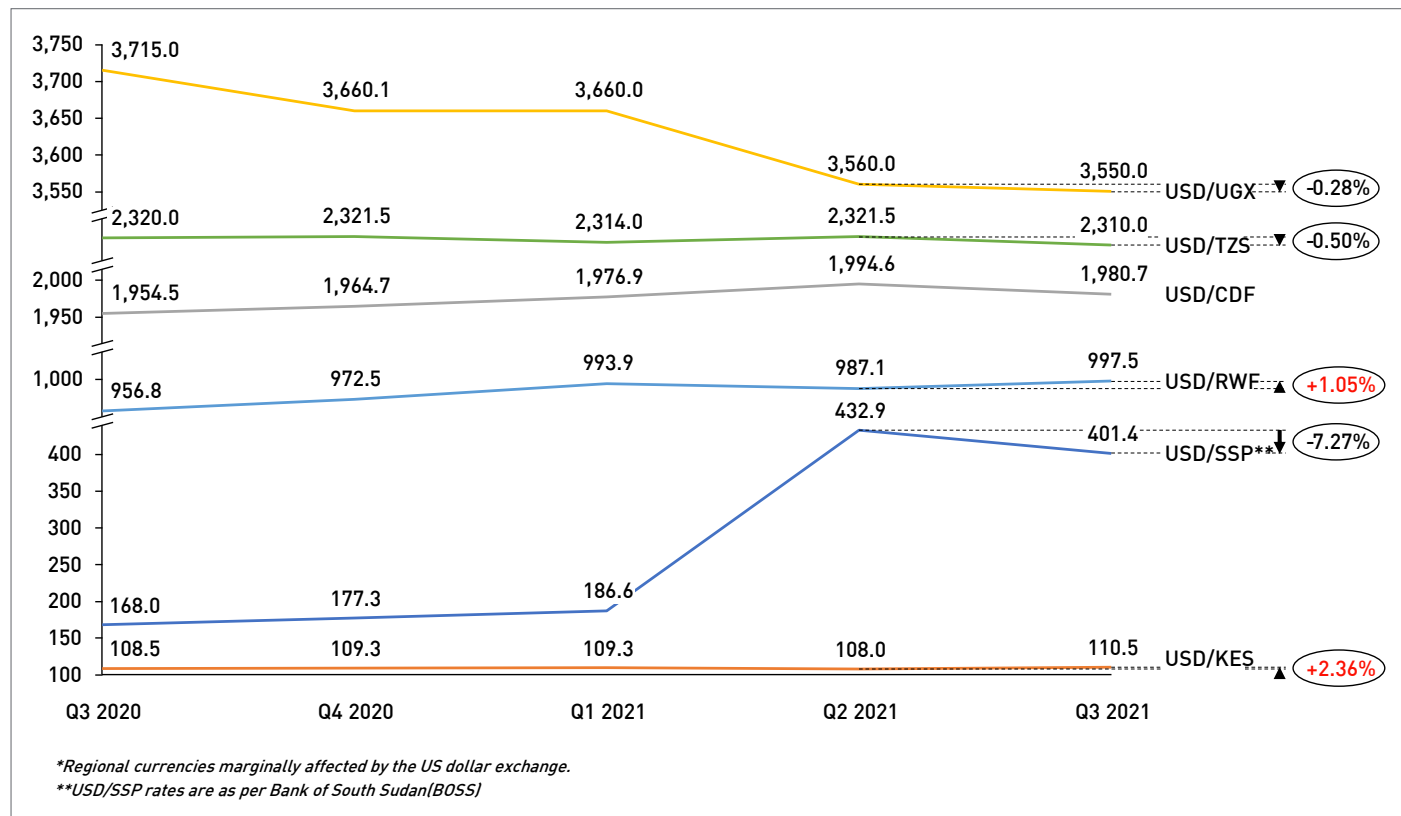
## Projected Regional GDP Growth

Forecasts as at October 2021



Source: IMF & World bank.

## Regional Currencies Depreciation against USD



## Regional Outlook

### Uganda

- Economic growth is projected to return this year and accelerate in 2022, recovering some of the ground lost in 2020, helped by strengthening domestic demand and firming exports. However, the slow vaccine rollout and lingering restrictions could temper growth, while social tensions and growing debt stocks could affect the outlook.
- Failure to conclude the IMF-ECF (Extended Credit Facilities) program reviews could dent investor confidence leading to reversals and sudden stop in portfolio flows with consequent volatility and tightening of financing conditions amidst limited domestic fiscal buffers.

### Tanzania

- Annual growth of credit to the Private Sector was at 3.2% in August, down from 3.6% in June 2021 and 6.8% in August 2020. Credit growth maintained a slow recovery pace despite the liquidity easing monetary policy stance, reflecting low demand for new loans following adverse effects of the pandemic on some economic activities.
- Overnight TZS interbank lending/borrowing rates declined in Q3-21 as volumes grew over the period indicating easing of liquidity in the market over the period.
- In September, the IMF approved two loans totaling around USD 567 million to help finance the authorities' response to the pandemic.

## Regional Outlook (continued)

### Rwanda

- Rwanda's economy continues to recover from the impacts of the Covid-19 pandemic. The recovery is being supported by sizeable monetary and fiscal policy measures, as well as the ease of the containment measures.
- Headline inflation is projected at an average of 0.7% in 2021, before picking up to around 5% in 2022.

### DR Congo

- Economic growth is forecast to pick up this year and accelerate further next year, amid the gradual lifting of domestic and foreign lockdowns. Upbeat commodity prices and firming mineral output should further support activity.
- The country continues to suffer from an extremely low vaccination rate, which threatens to prolong the health crisis.
- President Tshisekedi recently called for a review of mining contracts with China for the mutual benefit of the countries.

## Regional Outlook (continued)

### South Sudan

- The International Monetary Fund granted South Sudan USD 334 Million under its general allocation of Special Drawing Rights (SDR). The finance secured from the IMF address budget support and the economic effects of the Covid-19 pandemic.
- Economic stabilization efforts in Q3-2021 is also supported by the significant recovery of oil prices helping to increase Foreign Currencies reserves. Current Oil production is 154,000 bpd. Current prices end of Q3-2021 \$78.12 from Q2-2021 \$ 73.47 per barrel.
- The country anticipates economic recovery from public financial management reforms and the recovery of global oil prices.



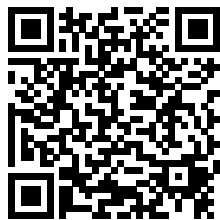
## Case Studies

The Equity business model is a leading case study in many business schools around the world. In addition, many business schools, organizations and institutions regularly visit the Group to learn firsthand about the brand, its evolution and business strategy. Many financial institutions from around the world make benchmarking exposure visits.

**Online:** Click link below to read Equity case studies:

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**Print:** Scan QR code below to read Equity case studies:



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## This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.



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