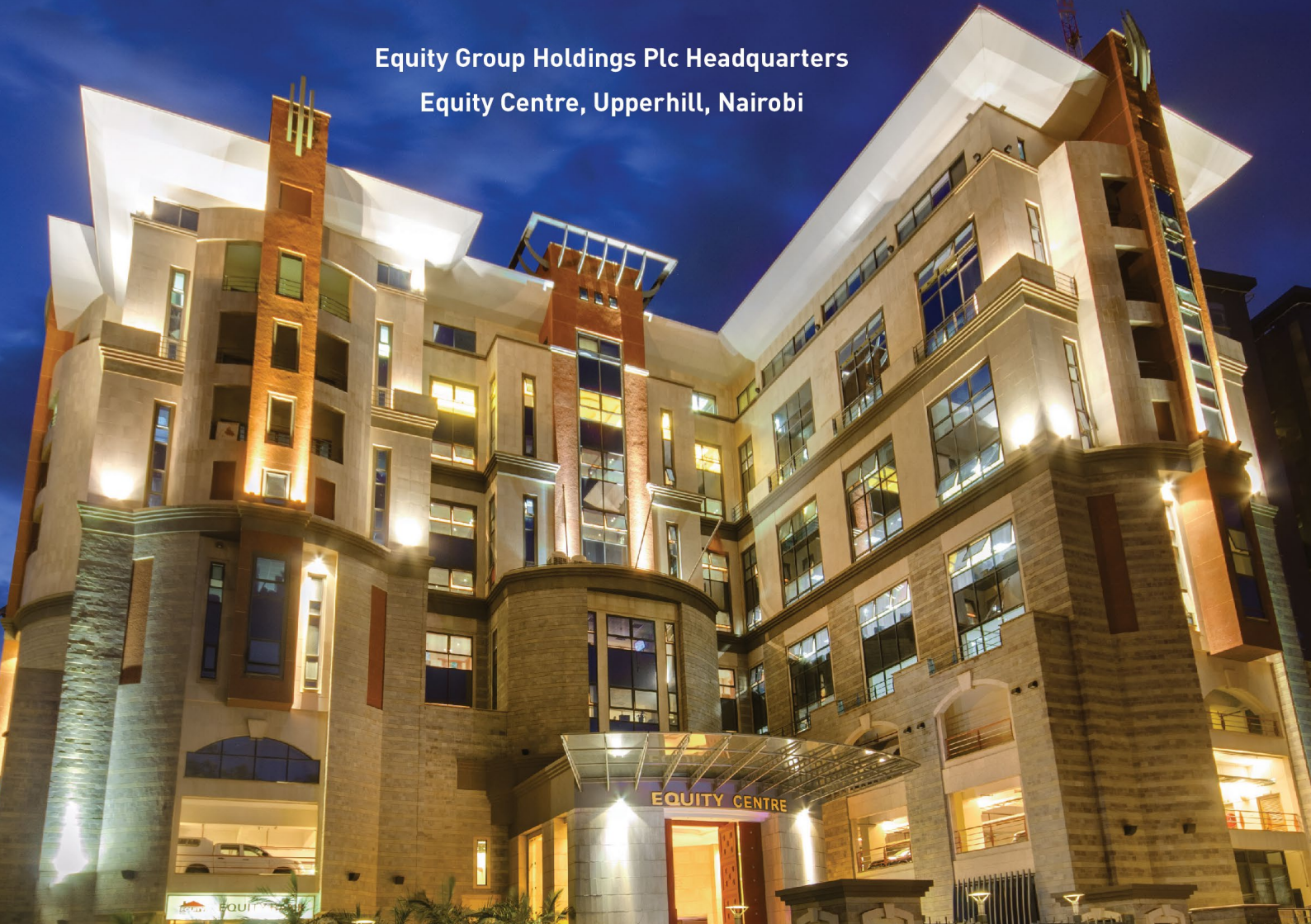


# **INVESTOR BRIEFING FULL YEAR 2021 PERFORMANCE**



Equity Group Holdings Plc Headquarters  
Equity Centre, Upperhill, Nairobi



## Equity Group's Philosophies

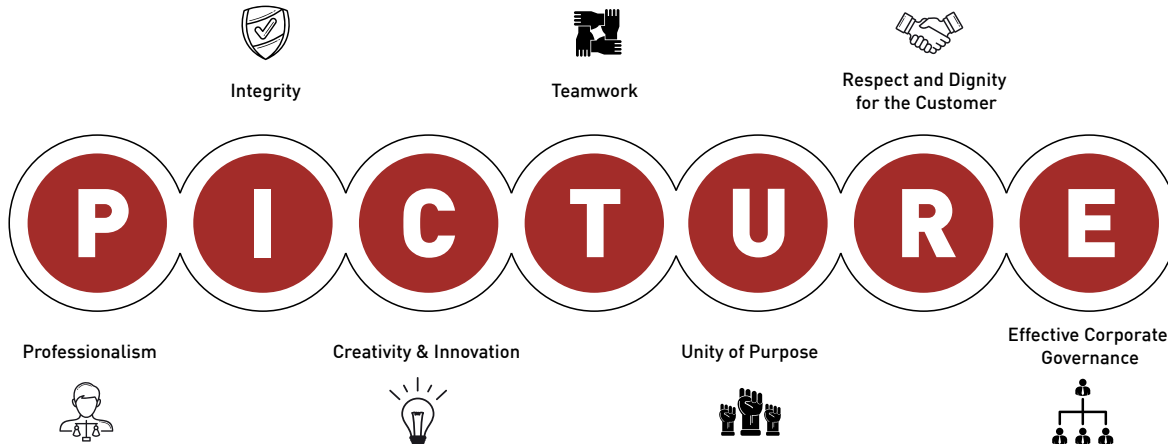
### Our Purpose:

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

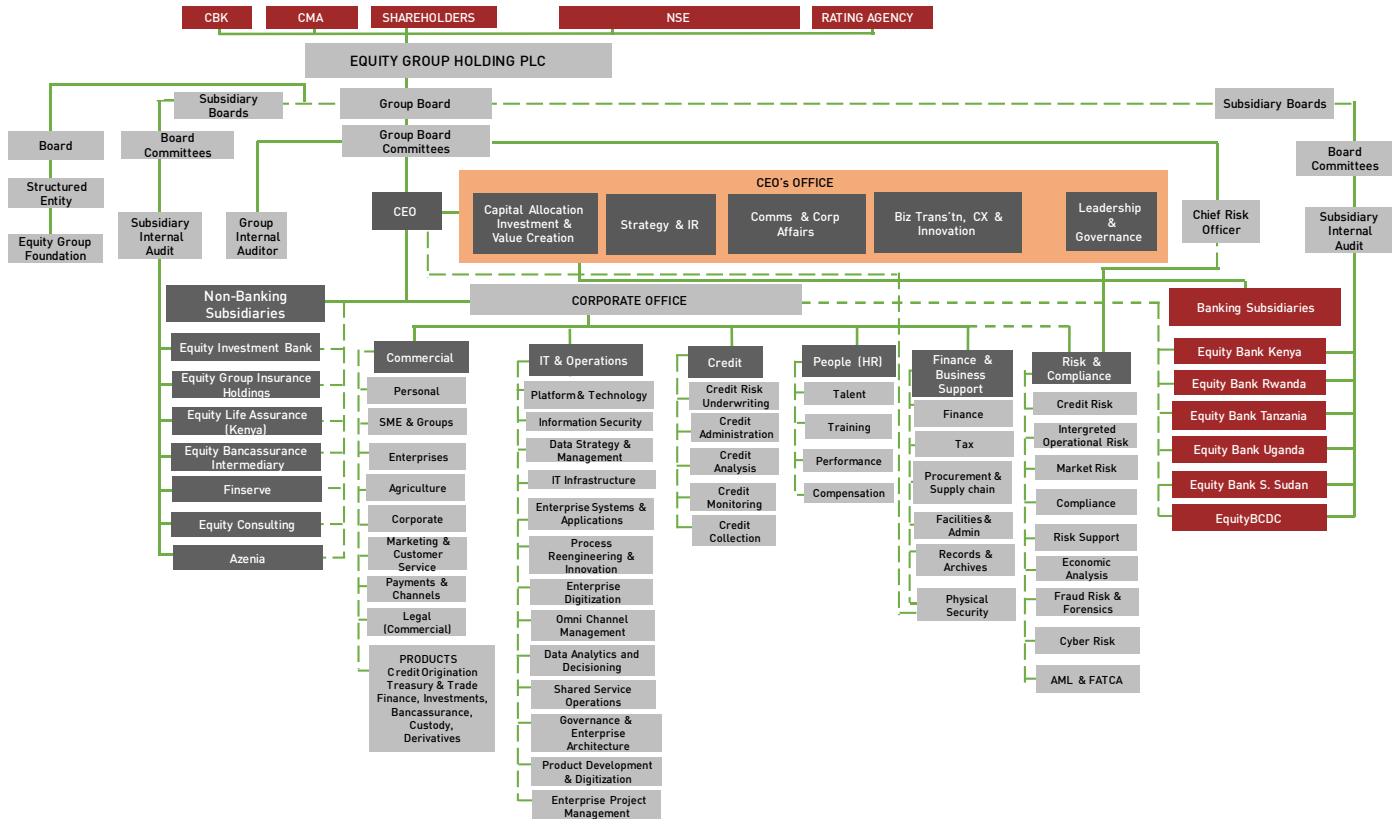
### Positioning Statement:

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



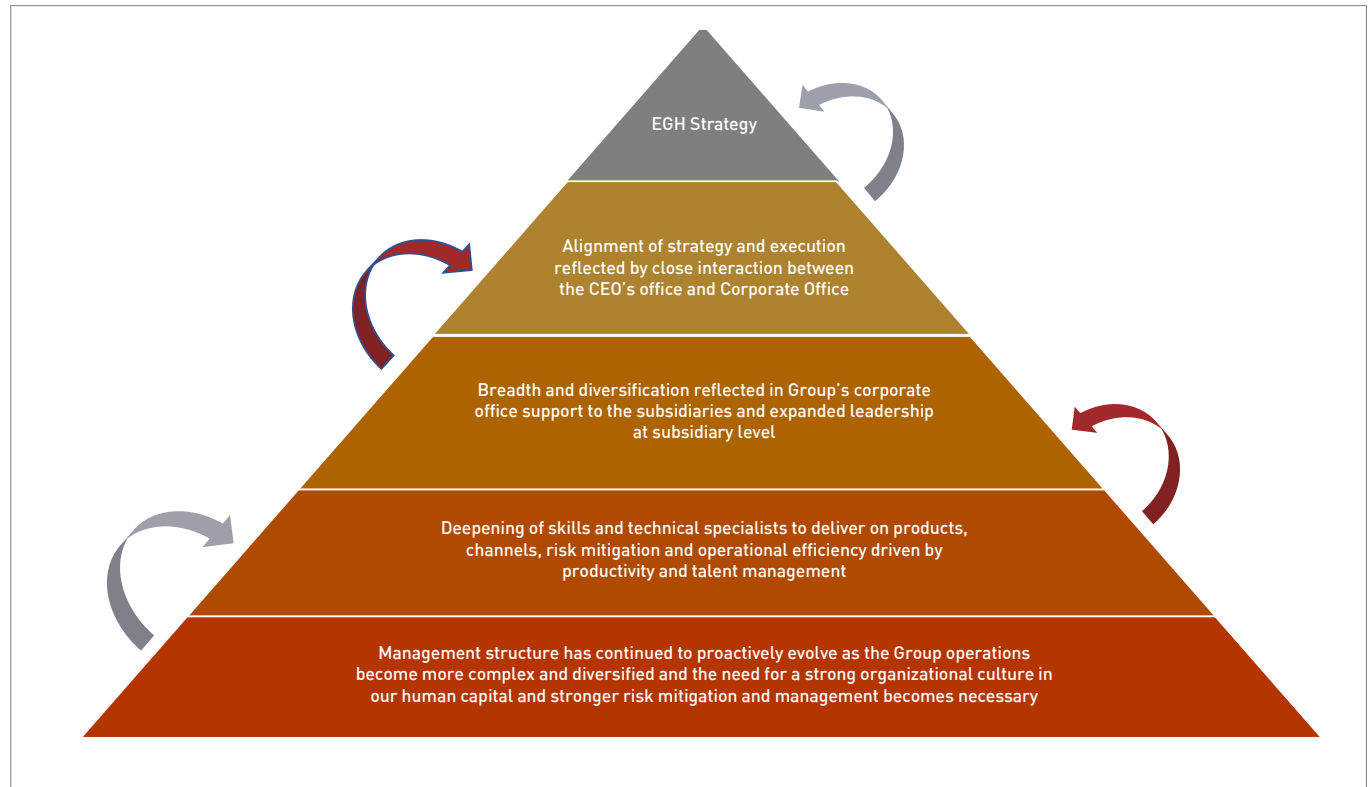
## **Governance and Organizational Structure**

# Governance and Organizational Structure



## Governance and Organizational Structure

### 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



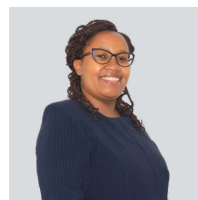
**Polycarp Igathe**  
Group Chief Commercial  
Officer



**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



**Isabella Maganga**  
Acting Managing 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



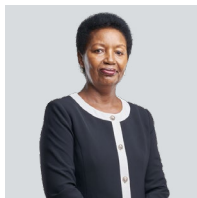
**Dr. James Mwangi**  
Group Managing Director  
and Chief Executive  
Officer



**Mary Wamae**  
Group Executive Director



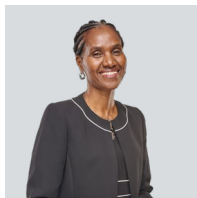
**Dr. Edward Odundo**  
Non-Executive Director



**Evelyn Rutagwenda**  
Non-Executive Director



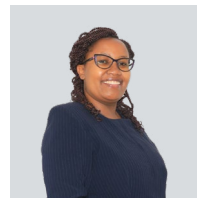
**Vijay Gidoomal**  
Non-Executive Director



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



**Jonas Mushosho**  
Non-Executive Director



**Lydia Ndirangu**  
Group Company Secretary



**Press Release**

## Press Release

### IT'S A RECORD PERFORMANCE FOR EQUITY GROUP

- 29% growth in Balance Sheet to Kshs 1.305 trillion from Kshs 1.015 trillion
- 29% growth in customer deposits to Kshs 959 billion from Kshs 740.8 billion
- Emerges the largest bank in Kenya and in the region by all key parameters: balance sheet, profitability, market capitalisation and customer base
- Improvement in NPLs from 11% to 8.3% and increase of provision coverage from 89% to 98%
- 99% growth in Profit After Tax to Kshs 40.1 billion from Kshs 20.1 billion
- 98% growth in earnings per share to Kshs 10.40 from Kshs 5.20
- Record dividend pay-out of Kshs 11.3 billion, a 50% increase from last dividend pay-out for 2018

**Nairobi, Equity Centre 22<sup>nd</sup> March 2022** – “When COVID-19 struck, Equity Group sought its true north, its purpose and commitment to support its members. The Board and Management decided to focus on saving lives and livelihoods, giving dignity, and expanding opportunities for wealth creation while keeping the lights of the economies on.

Against a backdrop of uncertainty, the Group focused on supporting customers and in the process increased and accelerated loan disbursements and growth by over 29% and 23% for the two years respectively while the economy was plummeting to a GDP growth rate of negative 0.1% from a high of 5.8%. Equity was committed to save the businesses of its customers while maintaining livelihoods. As the COVID-19 pandemic mutated into a social, humanitarian, and economic crisis, Equity Group rolled out social investments of Kshs 5.8 billion to complement Government's health and social responses in the East and Central Africa region. Equity Group MD and CEO Dr. James Mwangi served on the Kenya National Emergency Response Fund for COVID-19 Board as Chairman of the Health Committee.

## Press Release (Continued)

Equity Group Chairman Professor Isaac Macharia served as the Chairman of the Board's Health Technical Advisory Committee while Dr. Joanne Korir, Equity Group Foundation's Head of Health, served as the Committee Secretary. The Group leveraged on its Equity Afia clinic network to spearhead a COVID- 19 health awareness campaign for staff and customers, keeping the doors of its 51 clinics open and cumulatively recording over 701,000 patient visits. The Group, jointly with Mastercard Foundation and Dr. Mwangi's family contributed Kshs 1.7 billion of which Kshs 1.3 billion went into the COVID-19 health response focused on building capacity, including repurposing and funding local manufacturers to establish PPE manufacturing facilities, and supporting 116 National Referral, County and faith-based hospitals with free PPEs and comprehensive supplies in Kenya. This was accomplished over the last 2 years in collaboration with the Kenya COVID-19 Emergency Response Fund Board.

Under the coordination of the Kenya Medical Association, the funding also helped to scale up the psychosocial wellness and case management program for frontline medical workers. In Rwanda, Equity Group supported the Government in its COVID- 19 testing and tracking measures through a Ksh100 million initiative to provide testing kits, while in Uganda, the Group presented logistics support to the national emergency response centre. In the Democratic Republic of Congo (DRC), 41 hospitals received Kshs100million in PPE support to safeguard healthcare workers. Kshs 428 million went into supporting 14,600, Wings to Fly and Elimu scholars in Secondary Schools and TVET scholars through provision of a monthly allowance of between Kshs 3,500 to Kshs 4,000 for the 9 months that schools were closed while also providing them with a solar panel, a radio and a charger to enable them to continue their studies and to charge their phones which kept them engaged with their teachers, classmates, and the educational broadcast programs.

To strengthen resilience and expand economic opportunities for young people and women, Equity Group Foundation (EGF) scaled up capacity building for Micro, Small and Medium Enterprises (MSMEs) through provision of Financial Literacy, Entrepreneurship Training and Digital Literacy under the Young Africa Works (YAW) program in partnership

## Press Release (Continued)

with Mastercard Foundation. This resulted in 436,000 MSMEs being enrolled into the program, with over 316,000 of these MSMEs cumulatively trained, 200,000 MSMEs accessing Kshs 136 billion in loans and 1.2 million jobs created. To date EGF has provided Financial Literacy training to over 2.3 million youth and women to enhance their financial inclusion.

Our initiatives in Energy and Environment kept young people gainfully engaged in tree nurseries where Equity sourced seedlings to plant 12 million trees to date. More than 329,000 households were reached with clean energy solutions, domestic water harvesting and storage as well as household water purifier initiatives. In the mission to transform agriculture, over 2.2 million farmers and micro small and medium agriculture enterprises were supported with various interventions and partnerships, to access financing to expand their scope, scale, resourcefulness, and capacity in Food & Agriculture production. To cushion small holder farmers from access challenges presented by COVID-19 restrictions, the bank collaborated with like-minded partners to distribute inputs through a digital technology innovation - the E-Voucher system. Cumulatively Kshs 1.9 billion worth of inputs have been distributed to 91,000 farmers through agro dealers enrolled in the system. In leveraging partnerships to expand Social Protection, Equity worked with Governments, development partners and global foundations to extend safety net payments reaching 3.5 million people cumulatively.

EGF is scaling its initiatives in the subsidiaries. In education, to cement the objective of creating the next generation of leaders, the Equity Leadership Program (ELP) was rolled out in the Democratic Republic of Congo, DRC and Rwanda with 131 scholars and 32 scholars respectively on boarded for internship, coaching, and mentorship. This marked the regionalization of the ELP program.

In social protection, through Cash Transfer Programmes, the Group provided inclusive financial services through fully fledged bank accounts and biometric smart cards to millions of marginalized and vulnerable households living in Uganda, Rwanda, and South Sudan. Equity leveraged innovative delivery models to co-create enrolment and payment

## Press Release (Continued)

solutions for Elderly Persons, Orphans, Persons with Severe Disabilities, Persons living in ASALs, Internally Displaced Persons, Refugees and other vulnerable segments.

EGF under its Enterprise Development & Financial Inclusion pillar is replicating its MSMEs capacity building initiatives across the region to enhance Financial Inclusion. Under the YAW-Uganda program, Equity bank Uganda trained 18,341 MSMEs in financial education and disbursed loans worth Kshs 420 million to over 3,700 youth ventures. EquityBCDC, under the Mastercard Foundation (MCF) and Financial Sector Deepening (FSD) Fund for Financial Inclusion program, trained over 1200 women owned MSMEs.

To enhance regional expansion into Rwanda, Uganda, DRC and Tanzania, EGF scaled up its operations in Food & Agriculture and started establishing private public partnerships jointly with various development partners to drive the growth of the sector.

In support of the economy during the COVID-19 crisis, the Group waived mobile banking transaction fees amounting to Kshs 2.9 billion and Kshs 1.2 billion of loan rescheduling fees to enhance disposable income of clients while easing cost of living pressure to low-income households. The Group rescheduled loans amounting to 32% of all client loans to support businesses to survive, and households to realign to new and emerging opportunities. The shareholders paid the price for two consecutive years foregoing dividends to backstop the risk of uncertainty and enable the Group to enhance its capital buffers. International financial and development partners worked with Equity to strengthen its capital buffers through USD 265 million of Tier 2 capital, and partial credit guarantees in a credit risk sharing mechanism for sectors adversely affected by COVID - 19. "This fortified our capital buffers and increased our ability to support our customers, enhanced liquidity buffers to 64% while mitigating cashflow risk during the uncertain times," said Dr. James Mwangi while releasing the results.

## Press Release (Continued)

After 2 years of operating in a COVID-19 environment, Equity has emerged as the regional financial sector market leader as defined by financial parameters; balance sheet, asset size, profitability, customer base and market capitalisation at the Nairobi Securities Exchange. Equity has emerged stronger, transformed, and registered record financial performance and has strengthened its social contract with society, remaining focused on its purpose while learning valuable lessons;

- Human resilience through innovation and creativity; humanity has in a record time developed a COVID-19 vaccine giving hope to overcome the health crisis.
- Sustainability is built on social contract of shared prosperity.
- You can do good while doing well and the two are not mutually exclusive; purpose can be profitable if executed sustainably on an appropriate business model.
- Business can be a force for development if it operates with a twin economic and social engine and can achieve sustainability and harmony with society when the two engines are in sync and parity.
- The power of a compelling and inspiring purpose helped to rally the staff, customers, and other stakeholders against adversity. The Equity Group family has an excellent track record in this regard and was able to overcome the fear of uncertainty and COVID-19 related deaths to carry on the purpose of saving and transforming lives, giving dignity while expanding opportunities for wealth creation and keeping the lights of the economies on.
- A crisis is an opportunity to innovate and act expeditiously to facilitate and support customers; never waste a crisis.

Equity Group has recorded superior performance for the year ended 31st December 2021 despite the challenging operating environment characterised by a global COVID-19 pandemic.

## Press Release (Continued)

Profit After Tax increased by 99% to Kshs 40.1 billion from Kshs 20.1 billion with Profit Before Tax recording a growth of 134% to Kshs 51.9 billion up from Kshs 22.2 billion the previous year. The Group has recommended a record dividend pay-out of Kshs 3 per share totalling Kshs 11.3 billion which is a 50% jump from previous dividend pay-out after earnings per share grew by 98% to Kshs 10.40 up from Kshs 5.20 the previous year.

Net interest income grew by 25% to Kshs 68.8 billion up from Kshs 55.1 billion. This was driven by a 23% growth in loan book to Kshs 587.8 billion up from Kshs 477.8 billion and an 81% growth in investment in Government securities to Kshs 394.1 billion up from Kshs 217.4 billion. Non funded income grew by 15% to Kshs 43.6 billion up from Kshs 37.8 billion driven mainly by trade finance, payment channels and foreign exchange trading income. Trade finance registered a 55% growth in revenue to Kshs 3.2 billion up from Kshs 2.1 billion.

Despite zero rating mobile transaction offerings, transaction income grew by 37% to Kshs 10.4 billion up from Kshs 7.6 billion on the back of E-commerce and Merchant banking business. Foreign exchange trading income grew by 33% to Kshs 8.3 billion up from Kshs 6.2 billion driven by diaspora inflows that grew 37% to reach Kshs 383.5 billion up from Kshs 279.4 billion.

Total income grew by 21% to surpass the psychological USD 1 billion mark to record Kshs 112.4 billion up from Kshs 92.9 billion the previous year. Despite a 24% growth in staff costs to Kshs 19.1 billion, growth in other operating costs to Kshs 36.5 billion up from the Kshs 30.6 billion, total costs recorded a decline of 16% to Kshs 60.5 billion down from Kshs 71.9 billion driven by an 81% decline in loan loss provision to Kshs 4.9 billion down from Kshs 25.9 billion the previous year. Portfolio at risk declined to 8.3% down from 11% with non-performing loan coverage increasing to 98% up from 89%. In absolute terms, total non-performing loans declined to Kshs 44.5 billion down from Kshs 50.6 billion.

## Press Release (Continued)

Total Assets grew by 29% to Kshs 1.305 trillion up from Kshs 1.015 trillion driven by a corresponding 29% growth in customer deposits to Kshs 959 billion up from Kshs 740.8 billion resulting in excess cash being deployed in low yielding government securities at 9.6 %, while cost to income remained fairly constant at 49.1% up from 48.5%. Return on Average Equity expanded to 26.1% up from 15.3% while Return on Average Assets grew to 3.5% up from 2.3% on the back of benefits of economies of scale and efficiencies of digitisation and a shift of business model from fixed costs to variable cost resulting in the enhanced returns.

The bulk of customers' engagement and consumption of banking products and services is now on digital channels of internet and mobile on self-service devices delivering 24-hour banking experience and convenience. Banking has largely shifted from where you go to what you on do on your devices compressing geography and distance.

The Group's offensive and defensive strategy has led to achievement of the twin objective of securing the future while securing market gains of customer consolidation. Equity Group has now strategically positioned itself as a systemic regional diversified business in six countries with the dominant market in Kenya contributing only 59% and 63% of the Assets and Revenues respectively. Strict adherence to IFRS 9 has led to full recognition of lifetime risk in the Asset portfolio with provisions for portfolio at risk being 98% and at 128% with credit risk guarantees.

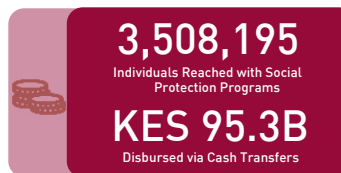
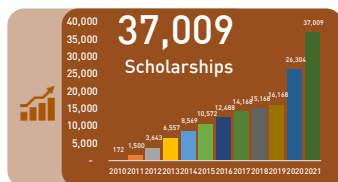
"We have strengthened our business model to achieve an embedded shared value concept in our twin engine of social and economic aspirations and deliverables. We have scaled our social and environmental impact investments in capacity building and enhancement through education, health, and entrepreneurship training," said Dr. Mwangi, adding, "We have strengthened our participation in formalising and integrating the informal sector in the real economy with the formal supply chains and ecosystems of agriculture, micro, small and medium enterprises. To strengthen the social contract of shared prosperity, Equity is celebrating the strong social brand and exceptional performance by offering

## Press Release (Continued)

2,000 comprehensive Wings to Fly scholarships for 4 years at an anticipated cost of Kshs 2 billion representing shared prosperity with host communities.”

### Impact Investment

Shared Prosperity Business Model and its Social Impact



## Press Release (Continued)

The Group has a positive outlook of the future. We have launched a Marshall Plan 'Africa Recovery and Resilience Plan' with a seed fund of USD 6 billion equivalent to Kshs 690 billion to act as a stimulus for the private sector. The 'Africa Recovery and Resilience Plan' is built on a platform of collaboration and cooperation for Public Private Partnerships to transform the region through value addition and ecosystem development in 5 key areas:

- Primary sectors of Food and Agriculture, and extractive sectors
- Manufacturing and Logistics
- Trade and Investments
- Micro Small and Medium Enterprises
- Social and Environmental impact investments

The strategy aims at funding and financing 5 million businesses and 25 million households to reach 100 million people in Africa and to create 50 million jobs both directly and indirectly. By offering its rails and capability to drive this ambition, Equity hopes to be equally transformed to sustain its growth trajectory that has led it to sustain 10-fold growth every five years and to exponentially grow value for its shareholders.

## Press Release (Continued)

### Performance Trend Analysis - Growing Tenfold Every 5 Years

Value in KES	1991	1996	2001	2006	2011	2016	2021
<b>Funding</b>	<b>29m</b>	<b>302m</b>	<b>1.6b</b>	<b>16.3b</b>	<b>159b</b>	<b>337b</b>	<b>959.0b</b>
<b>Loans</b>	<b>8.6m</b>	<b>169m</b>	<b>0.8b</b>	<b>10.9b</b>	<b>113.8b</b>	<b>266b</b>	<b>587.8b</b>
<b>Total Assets</b>	<b>24m</b>	<b>213m</b>	<b>1.9b</b>	<b>20.0b</b>	<b>196.5b</b>	<b>474b</b>	<b>1,304.9b</b>
<b>Profit Before Tax</b>	<b>(4)m</b>	<b>10.6m</b>	<b>55m</b>	<b>1.1b</b>	<b>12.8b</b>	<b>24.9b</b>	<b>51.9b</b>
<b>Shareholder Funds</b>	<b>(18)m</b>	<b>22.5m</b>	<b>238m</b>	<b>2.2b</b>	<b>34.2b</b>	<b>82b</b>	<b>176.2b</b>
<b>Customers</b>	<b>9k</b>	<b>26k</b>	<b>105k</b>	<b>1.01m</b>	<b>7.15m</b>	<b>11.1m</b>	<b>16.2m</b>

## Press Release (Continued)

## 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%
2021 Jan 10 <sup>th</sup>	600	52.75	31,650	158,250%

“We are optimistic that the ‘Africa Recovery and Resilience Plan’ holds great promise for Africa’s socio-economic prosperity and Equity Group is well positioned to catalyse this outcome,” concluded Dr Mwangi.



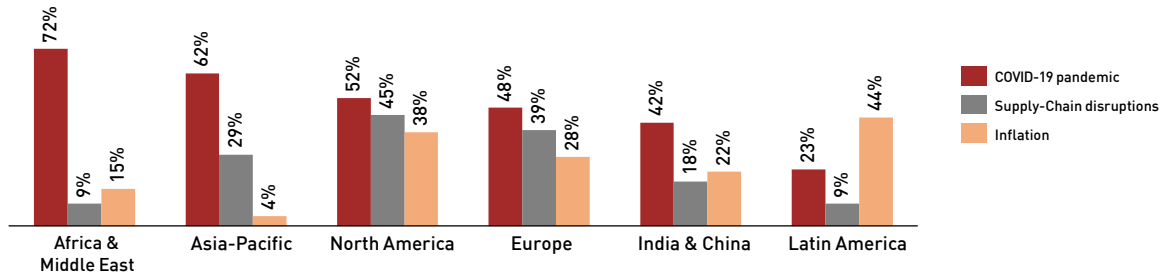
## **Macroeconomic and Operating Environment**

# The Great Multi Crises - COVID-19

## Economic Crisis



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



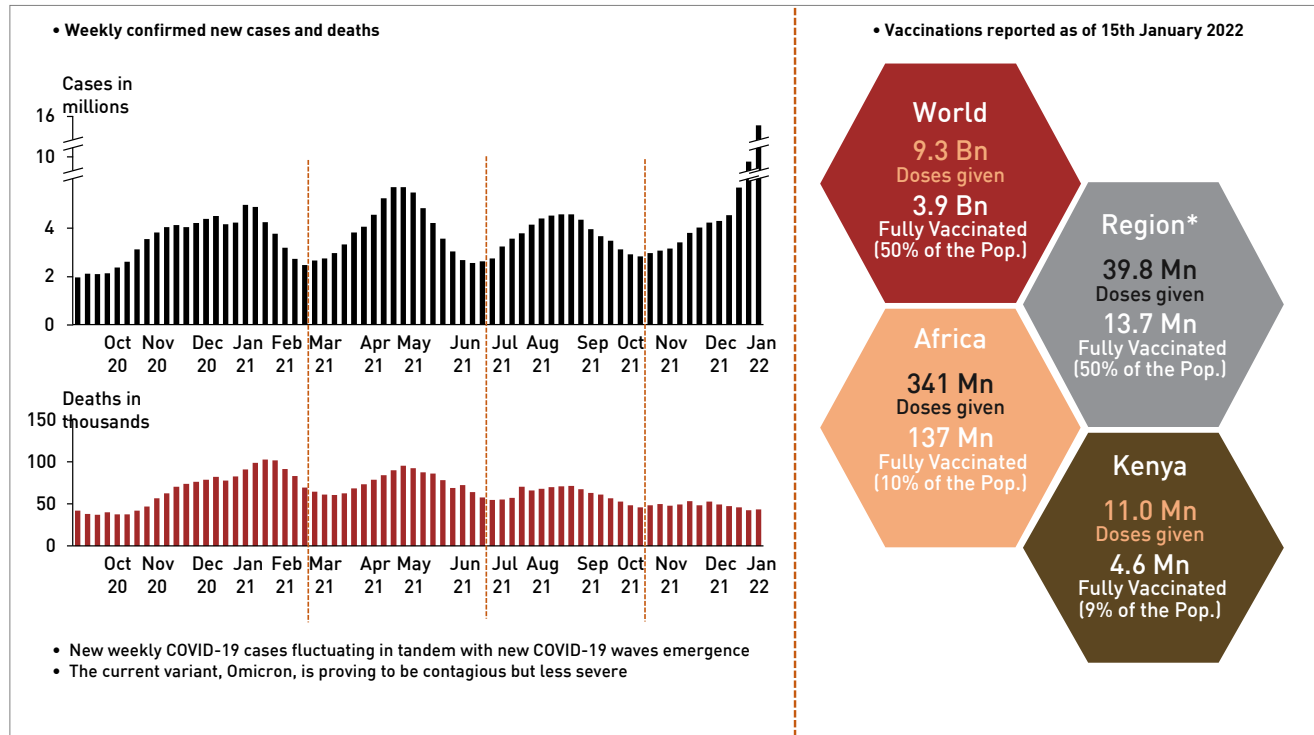
The World Bank - Global Economic growth is expected to slow to 4.1% in 2022 and 3.2% in 2023 as more nations start unwinding unprecedented levels of fiscal and monetary policy support and cautioned that a rise in inflation, debt and income inequality could jeopardize the recovery in emerging and developing economies



International Labour Org. (ILO) - The International Labour Organization (ILO) has downgraded its forecast for labour market recovery in 2022, projecting a deficit in hours worked globally equivalent to 52 million full-time jobs, relative to the fourth quarter of 2019. The previous FY 2022 estimate in May 2021 projected a deficit of 26 million full-time equivalent jobs

# The Great Multi Crises - COVID-19

## Health crisis

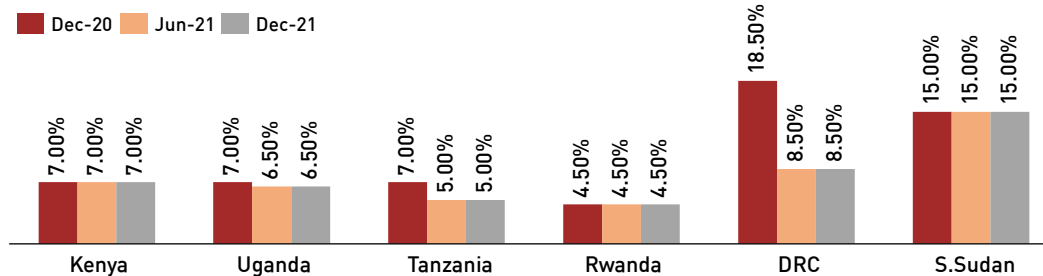


Source: John Hopkins, Africa CDC &amp; WHO

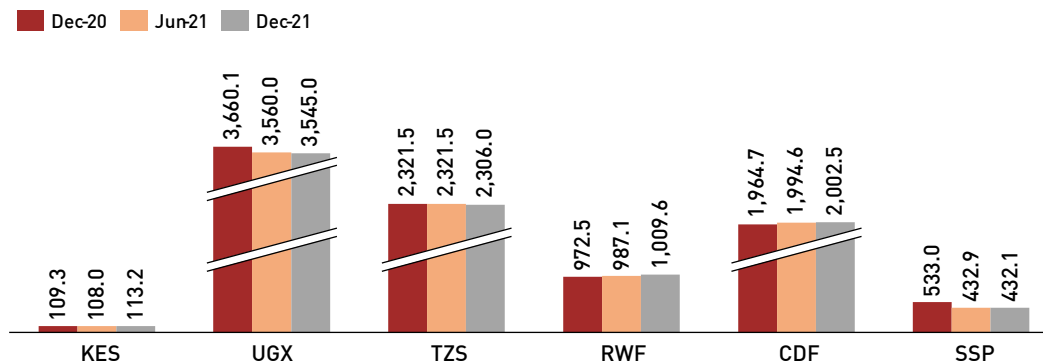
\*Region - countries we have operations

## Regional CBR and Currency Depreciation

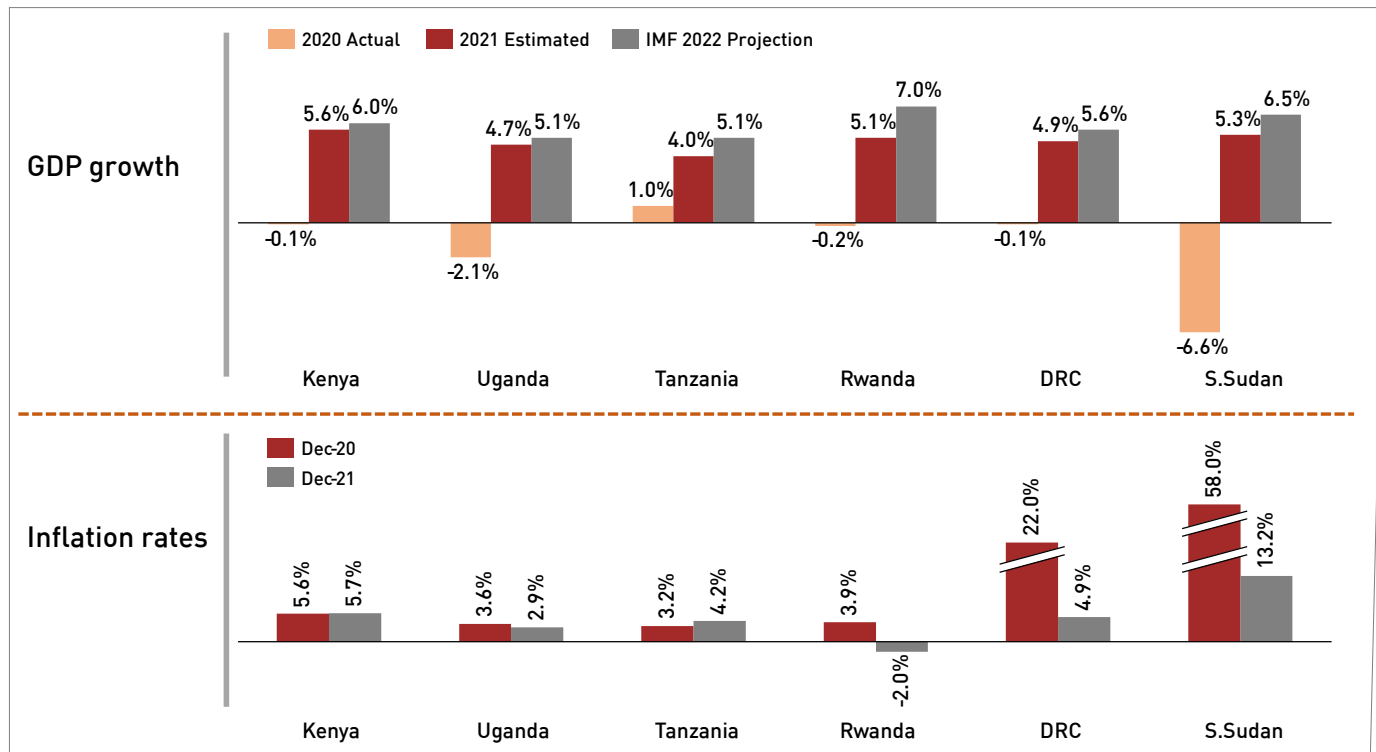
### Regional CBR



### 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 5.8 billion to complement Government's health and social responses as well as support our customers



### Health Response

Equity waived fees on mobile banking transactions to discourage use of cash and leveraged off our Equity Afia health clinics to support educational awareness. Transaction fee foregone amounted to Kes 2.9 billion.



### Social Response

Equity Group Foundation, Mastercard Foundation and Dr. James Mwangi family contributed to the Kenya COVID-19 Emergency Fund Board Kes 1.7 Billion



### Loan restructuring

In response to the challenging operating environment, Equity identified borrowers impacted by COVID-19 who account for 32% of our loan portfolio. Equity waived Loan restructuring fees amounting to Kes 1.2 billion.



### Capital buffers

In response to the global and regional uncertain operating environment, Equity 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 265 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

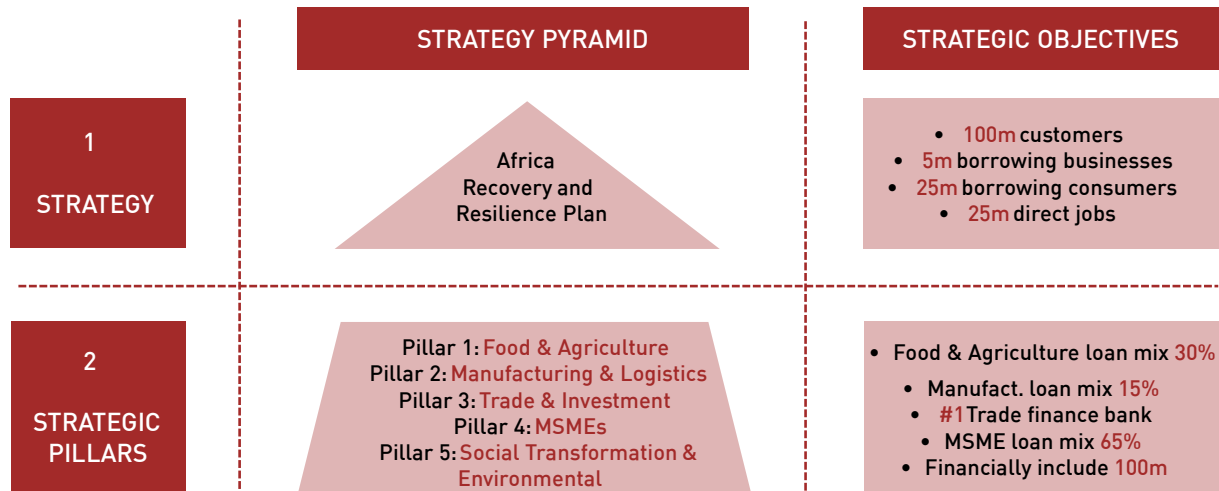
In response to the potential liquidity risk arising from accommodation of our customers and the challenging environment, the Group secured DFI funding amounting to USD 380 million in FY 2020 and USD 361m in 2021 to strengthen liquidity; liquidity levels now rising to 64% from 59%

## Overview of “Africa Recovery and Resilience Plan”

Background	The Plan	5 Pillars of the Plan	Objectives of the Plan
<p>Africa remains a continent of significant but nascent economic opportunities underpinned by secular growth drivers of:</p> <ul style="list-style-type: none"> <li>Productivity gains from improving access to finance, infrastructure and technology</li> <li>Growing Consumption - driven by large, young, urbanizing and growing population</li> <li>Natural resources - to fund the future but more importantly catalyse inclusive growth and support comparative advantages for industrialisation</li> <li>Rising cross - border trade - that expands market opportunities and access to technology and skills</li> <li>Improving value chains - from enhanced coordination and integration resulting in deeper and richer ecosystems. In addition, Post COVID - 19 supply chain disruption, Africa provides alternate supply chains</li> </ul> <p>However, social and economic constraints persist with policymaking tools constrained, especially post the global COVID -19 stimulus.</p> <p>Therefore, private sector will need to play a more prominent role in the recovery and inclusive growth</p>	<p>The Africa Recovery and Resilience Plan is aimed at catalysing a natural resources - led industrialization of Africa, led by agriculture and renewable energy related commodities. The primary sector will catalyse and accelerate Africa towards middle-income status.</p> <p>Equity Group's execution of the “Africa Recovery and Resilience Plan” will be underpinned by its Social and Economic Engines that capacitates business value chains (Social Engine) and provide financial solutions to productive ecosystems (Economic Engine).</p> <p>Equity Group's excess liquidity (currently 1.5% of cumulative GDP of east and central Africa) will be redirected to the private sector across various value chains.</p>	<p>The Plan comprises 5 strategic pillars that ensure a systematic framework of execution:</p> <ul style="list-style-type: none"> <li>Ecosystems of natural resources in agriculture (and renewable energy) - more coordinated value chains will catalyse and lead an inclusive industrialization of Africa</li> <li>Manufacturing and logistics ecosystem - increased utilization of installed and differentiated productive capacities will drive complementing manufacturing hubs across Africa</li> <li>Trade and investment - access to new markets, technology, capital and skills will enrich and enhance throughput of Africa value chains</li> <li>MSMEs - inclusivity of small businesses in formal value chains will drive inclusive growth</li> <li>Social transformation and environmental - capacity building of value chain stakeholders will drive productivity gains of African value chains</li> </ul>	<p>2025 objectives include:</p> <ol style="list-style-type: none"> <li>Inclusivity of 100 million: financial inclusion of households and banking entire value chains</li> <li>Multiplier effect of 5 million borrowing businesses and 25 million borrowing consumers: borrowing businesses to expand productive capacities to drive value chain expansion and employment, whilst consumer borrowing to enable household aspirations</li> <li>Employment of 50 million: 25 million direct jobs to be created as businesses grow and a further 25 million indirect jobs created as value chains expand and deepen</li> <li>Additional private sector lending in excess of almost 2% of regional GDP: loan book to be directed to agriculture (30%), manufacturing</li> </ol>

## 2025 Strategy Framework

Equity Group's 2025 strategy is a multi-pronged and holistic solution to achieve social and economic transformation of Africa. The strategy is articulated in a 3-part document "Africa Recovery and Resilience Plan". The strategy comprises 5 strategic pillars that will be operationalized through a collaborative and ecosystem-centric approach with intention





## **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

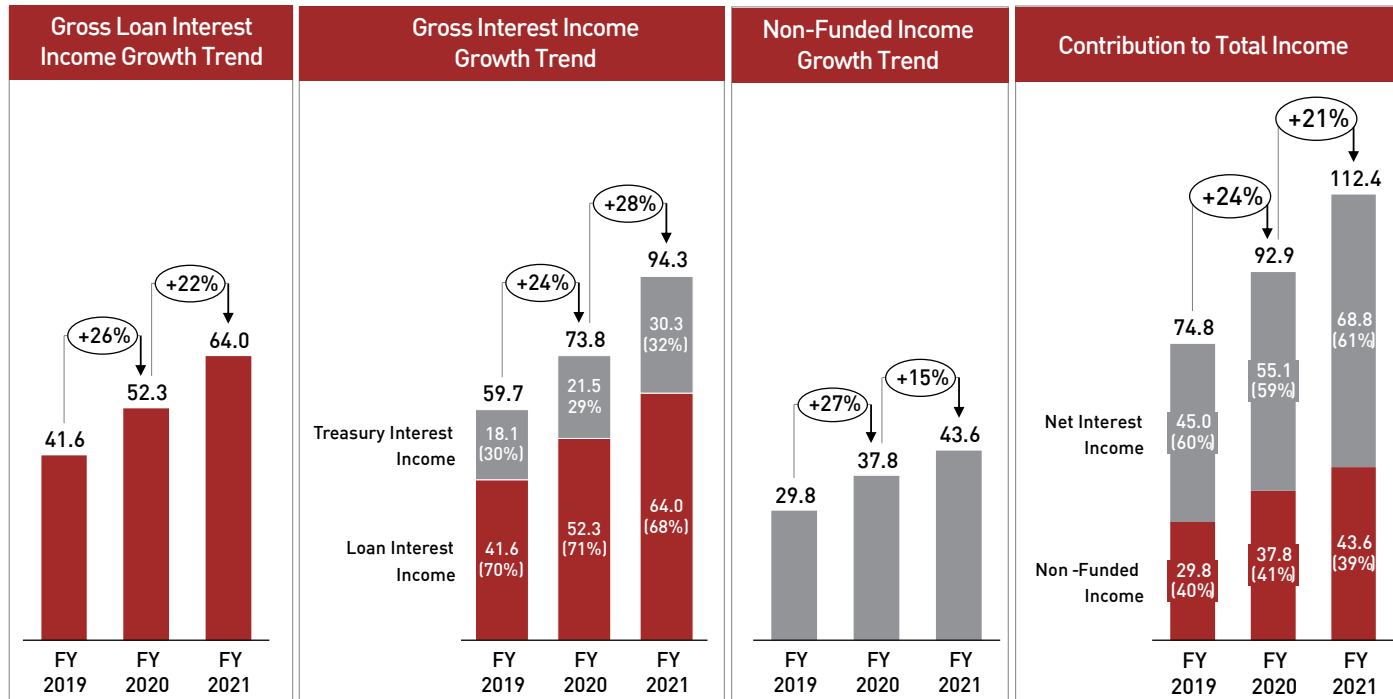
**5.** Business Transformation - Innovation and Digitization

**6.** Asset Quality, Distribution and Risk Mitigation

**7.** Efficiency and Cost Optimization

## Focus Area 1: Non-Funded Income Growth

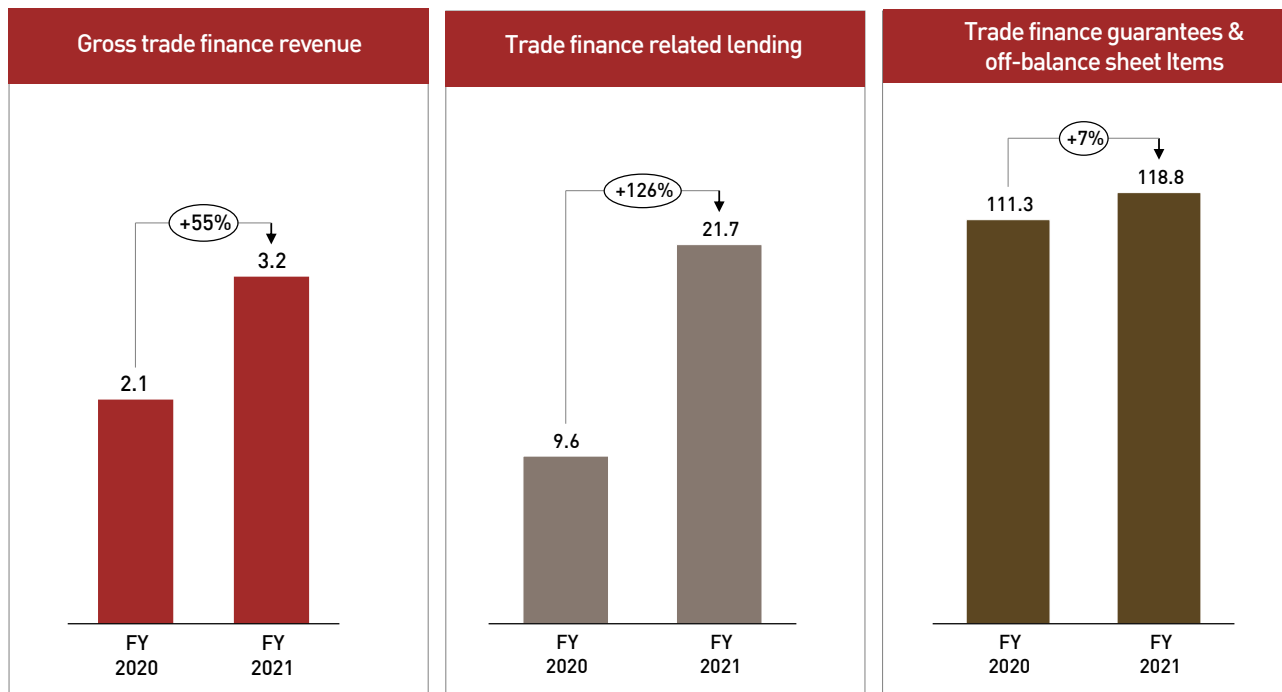
Kes Billion



## Focus Area 1: Non-Funded Income

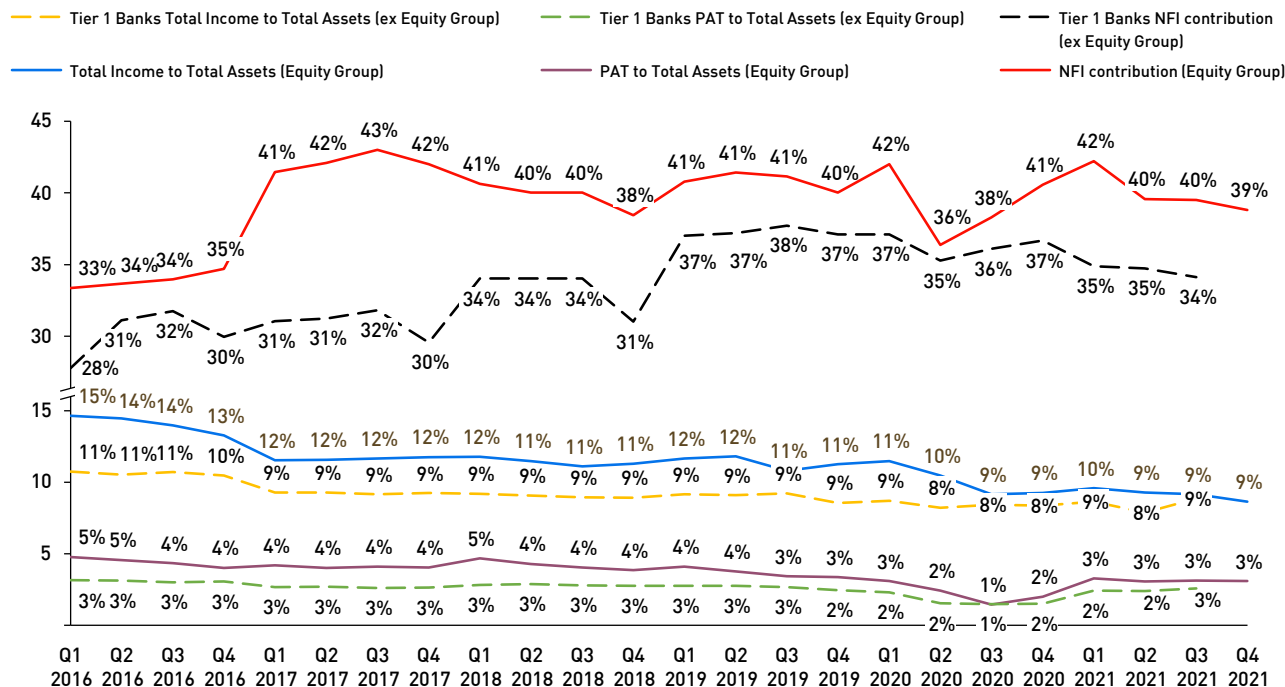
### Trade Finance Performance

Kes Billion



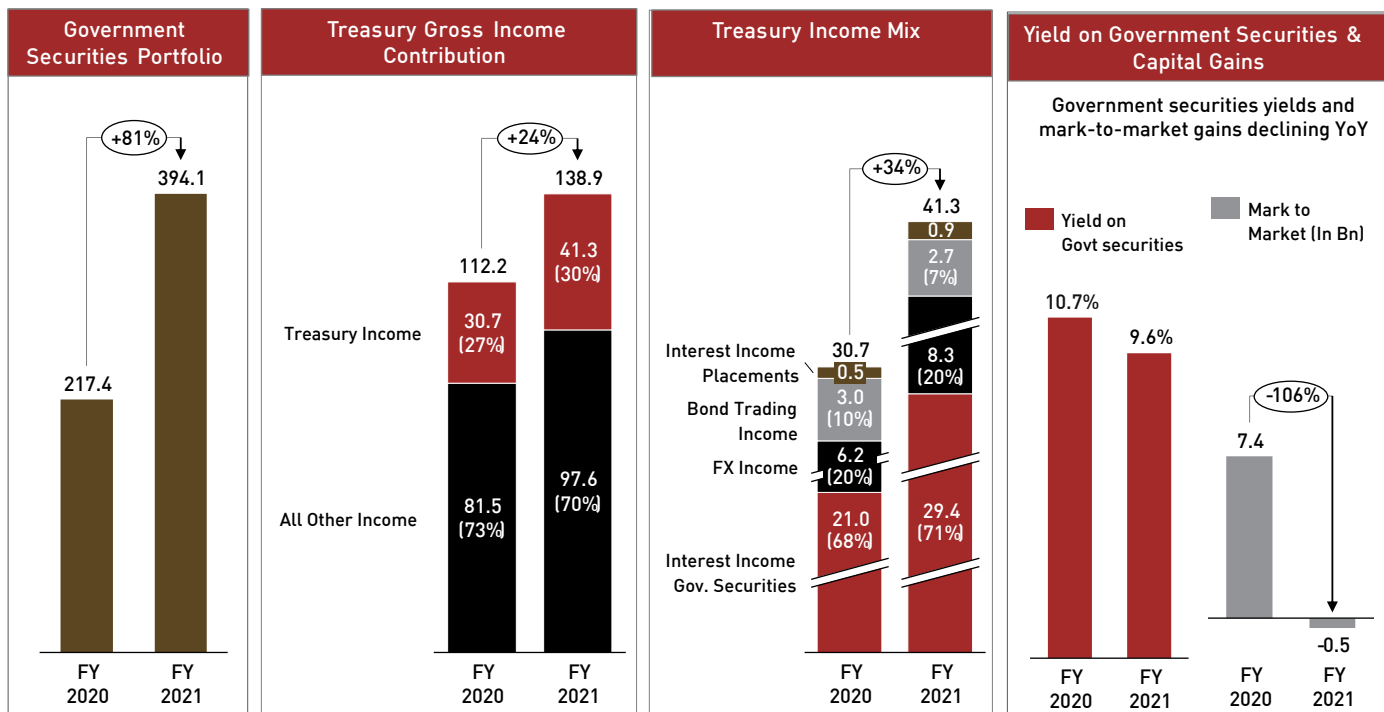
## Focus Area 1: NFI Contribution

Equity Group still more diversified than the sector's average as at Q3 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

FY 2021	EBTL	EBRL	EBUL	EBSS	Equity BCDC	EBIL	EIB	Finserve	Other Subs Total [% Contribution]	EBKL [% Contribution]	Group [% growth]	Other Subs Contribution FY 2021	Other Subs Contribution FY 2020
<b>Deposit</b>	26.0	36.9	72.9	7.9	361.4				505.2	648.5	959.0	44%	44%
<i>YoY Growth</i>	46%	37%	51%	40%	54%				44%	56%	29%		
<b>Loan</b>	20.3	24.8	49.3	0.2	111.5				206.0	381.7	587.8	35%	34%
<i>YoY Growth</i>	33%	16%	31%	249%	23%				35%	65%	23%		
<b>Assets</b>	36.1	51.2	90.0	12.4	419.8	0.4	0.5	3.3	613.7	877.4	1,304.9	41%	39%
<i>YoY Growth</i>	27%	32%	46%	26%	47%	-18%	-6%	51%	41%	59%	29%		
<b>Revenue</b>	3.3	4.7	9.2	0.2	21.5	0.9	0.3	2.5	42.7	71.8	112.4	37%	33%
<i>YoY Growth</i>	40%	19%	30%	-92%	71%	3%	1522%	79%	37%	63%	21%		
<b>Cost before provisions</b>	2.2	2.0	4.8	0.6	15.7	0.3	0.1	2.1	27.6	28.9	55.6	49%	44%
<i>YoY Growth</i>	26%	2%	19%	-52%	57%	-18%	26%	121%	49%	51%	21%		
<b>PBT before provisions</b>	1.1	2.7	4.4	-0.4	5.8	0.6	0.2	0.4	15.1	42.9	56.8	26%	22%
<i>YoY Growth</i>	77%	36%	44%	-134%	125%	15%		-9%	26%	74%	18%		
<b>PBT</b>	0.1	2.0	3.6	-0.3	4.9	0.7	0.2	0.4	11.6	41.0	51.9	22%	34%
<i>YoY Growth</i>	132%	18%	56%	-131%	204%	10%	379%	7%	22%	78%	134%		
<b>PAT</b>	0.1	1.4	2.6	-0.2	4.0	0.5	0.1	0.3	8.8	32.2	40.1	21%	28%
<i>YoY Growth</i>	129%	18%	59%	-122%	211%	3%	441%	1%	21%	79%	99%		
<b>RoAE</b>	1.6%	20.8%	24.2%	-5.2%	14.9%	235.9%	33.0%	27.2%	16.2%	33.2%	26.1%		
<b>Cost of Capital</b>	20%	19%	19%	>25%	22%	18%	18%	18%	21%	18%	19%		

### Focus Area 3: Geographical and Business Diversification

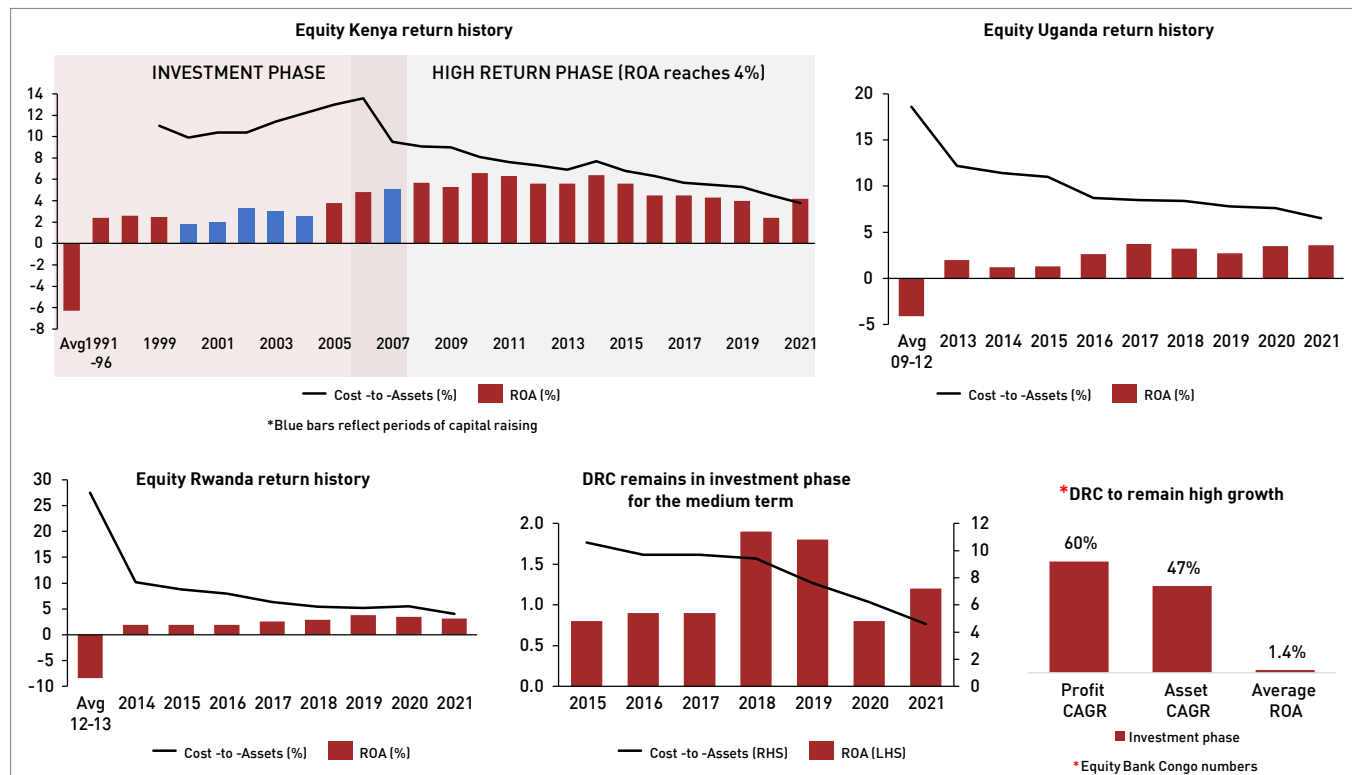
RoAE			RoAA		
Subsidiary	FY 2020	FY 2021	Subsidiary	FY 2020	FY 2021
EBKL	17.9%	33.2%	EBKL	2.4%	4.2%
EBUL	22.0%	24.2%	EBUL	3.1%	3.6%
EBRL	22.0%	20.8%	EBRL	3.4%	3.1%
EBTL	-7.9%	1.6%	EBTL	-1.1%	0.3%
EquityBCDC	8.8%	14.9%	EquityBCDC	0.8%	1.2%
EBSSL	10.6%	-5.2%	EBSSL	9.3%	-1.6%

Cost-to-Assets Ratio			Cost-to-Income Ratio		
Subsidiary	FY 2020	FY 2021	Subsidiary	FY 2020	FY 2021
EBKL	4.5%	3.8%	EBKL	41.5%	40.0%
EBUL	7.5%	6.5%	EBUL	56.5%	51.7%
EBRL	5.7%	4.0%	EBRL	49.6%	42.3%
EBTL	6.4%	6.1%	EBTL	72.1%	64.8%
EquityBCDC	6.2%	4.6%	EquityBCDC	79.2%	72.6%
EBSSL	13.4%	4.7%	EBSSL	52.1%	295.7%

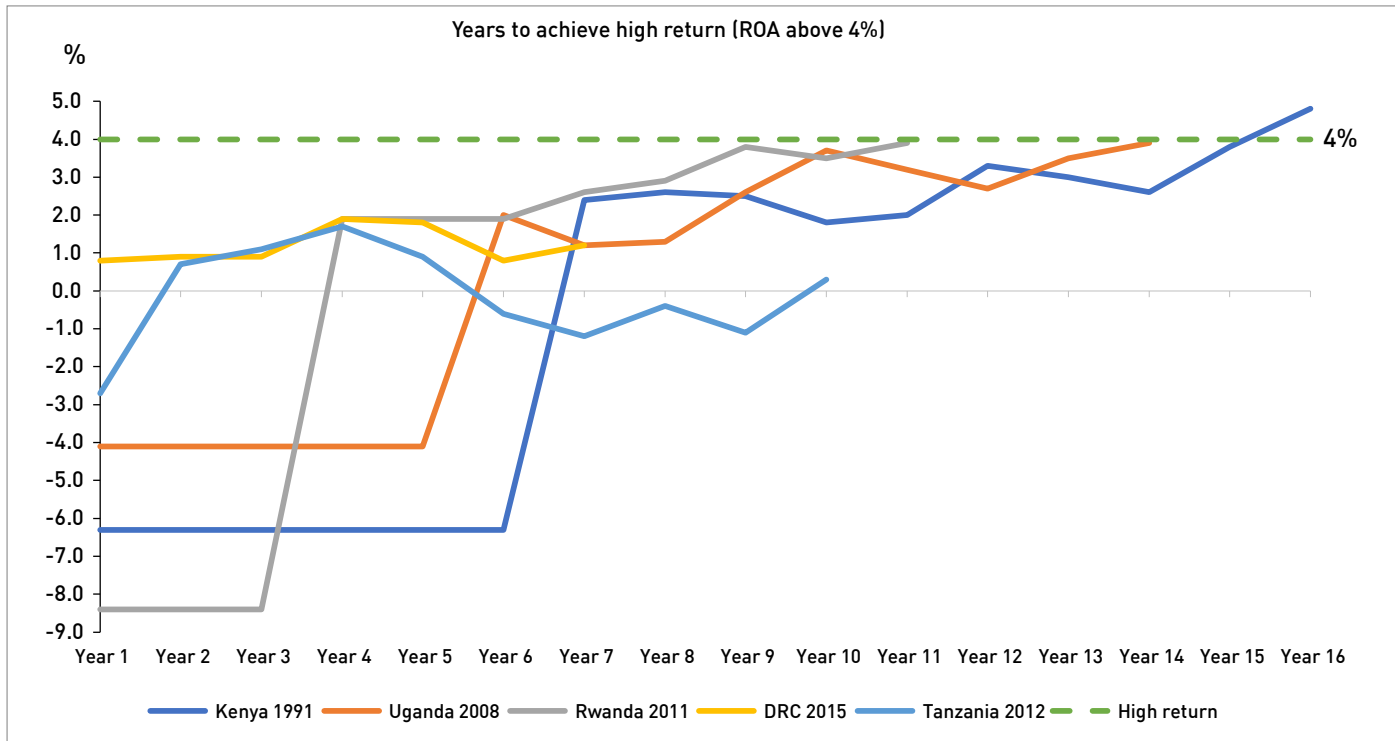
## Focus Area 3: Geographical Expansion and Business Diversification

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

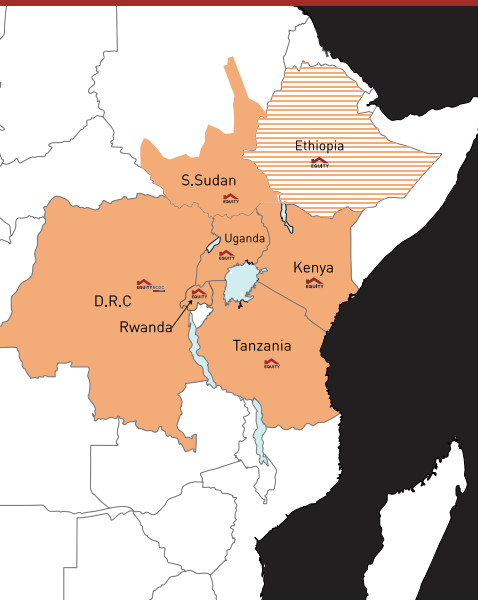


## Focus Area 3: Geographical Expansion and Business Diversification

Subsidiaries achieving high returns in shorter periods



## Focus Area 3: Geographical and Business Diversification



<b>BRANCHES</b>	<b>337</b>	<b>CAPITAL CITY</b>	<b>132</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	7
Branches in Rwanda	15	Kigali	9
Branches in DRC	70	Kinshasa	39

<b>AGENT OUTLETS</b>	<b>61, 061</b>
<b>POINT OF SALE TERMINALS (POS)</b>	<b>36, 133</b>
<b>ATM</b>	<b>695</b>

## 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

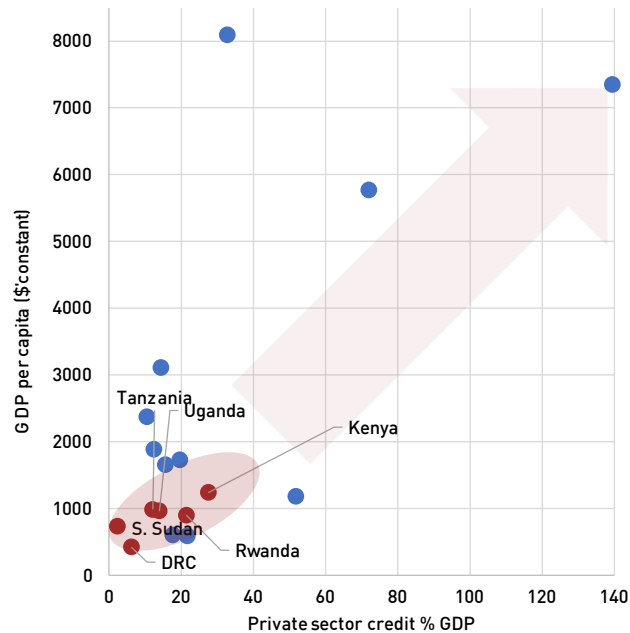


Source: World Bank

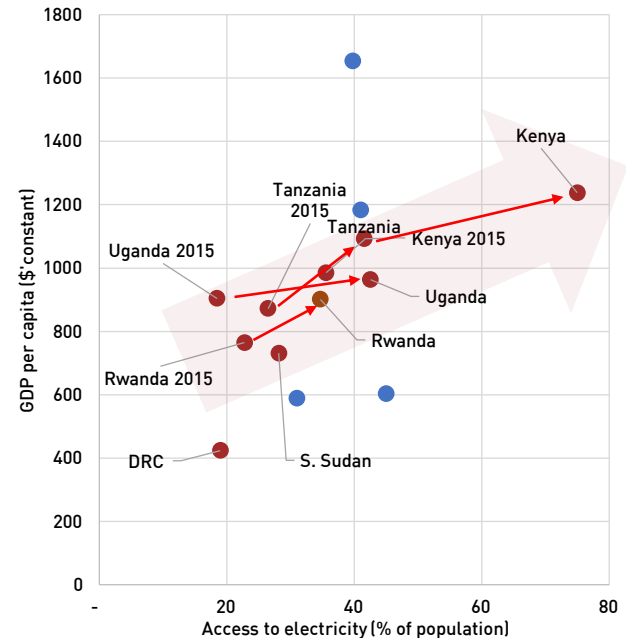
## Focus Area 3: Geographical Expansion and Business Diversification

Productivity gains coming from improving access to credit and infrastructure

**Low credit penetration highlights significant productivity gains in funding value chains**



**Improving access to infrastructure will support productivity gains**

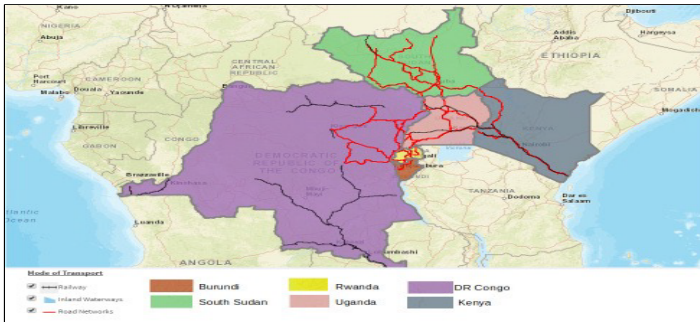


Source: World Bank

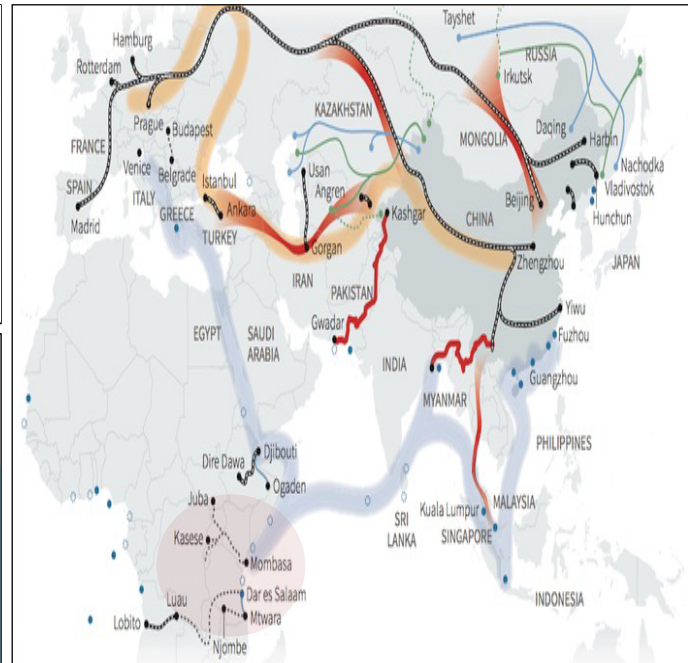
## Focus Area 3: Geographical Expansion and Business Diversification

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

### East and Central Africa increasing infrastructure connectivity



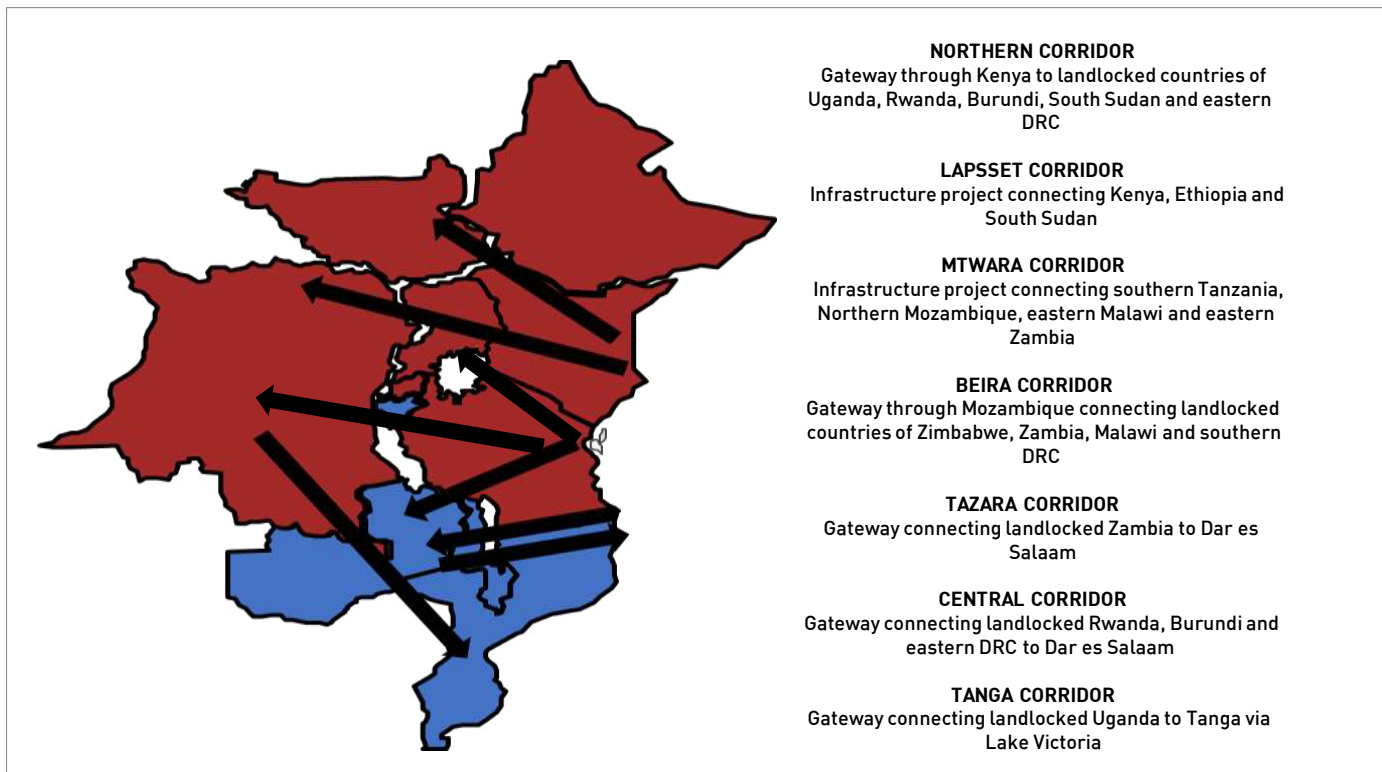
### Growing linkages to global trade and commerce



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
- 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 application to join East Africa Community - On December 22, 2021, EAC Heads of state received recommendation by the EAC Council of Ministers to admit DRC to the EAC and directed the Council of Ministers to begin and conclude the process of admission. This is expected to be concluded by March 2022
- DRC has a large young population, ~93 million, with 45% of the population in urban centres presenting consumption opportunities
- On December 15, 2021, the IMF executive board approved the first disbursement of US\$212.3 million as part of the 1.52 billion 3-year Extended Credit Facility to reinforce international reserves given downside risks to the domestic and global economy outlook and recovery



## Focus Area 3: 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
- On December 9, 2021, Uganda Parliament passed the East African Crude Oil Pipeline (EACOP, Special provisions) bill into act of Parliament to domesticate the treaty between Uganda and Tanzania before the EACOP Company can embark on the pipeline construction
- On February 2, 2022, TotalEnergies, China National Offshore Oil Corporation (CNOOC) and the Uganda National Oil Company finalized the terms for Oil drilling and pipeline construction
- 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 2021 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. The two governments signed a deal to revive plans to export gas to Mombasa from Dar es Salaam via a new pipeline
- On 20 May 2021 Tanzania 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 issuance of work permits and land acquisition stage
- The on-going process of admitting Democratic Republic of Congo (DRC) to 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
- On December 10, 2021, the Tanzanian and Kenyan presidents directed line ministries to remove the remaining non-tariff barriers (NTBs) that were undermining trade and investment between the two countries
- 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:
  - Exemption from income tax, interest derived from all Government bonds
  - 5% depreciation allowance for assets used in the EACOP
  - VAT exemptions on imported raw materials, supply of goods and services to EACOP and NGOs, cold rooms, insurance on livestock and artificial grass
  - Removal of the requirement of 15% refundable additional import duty deposit on sugar for industrial use

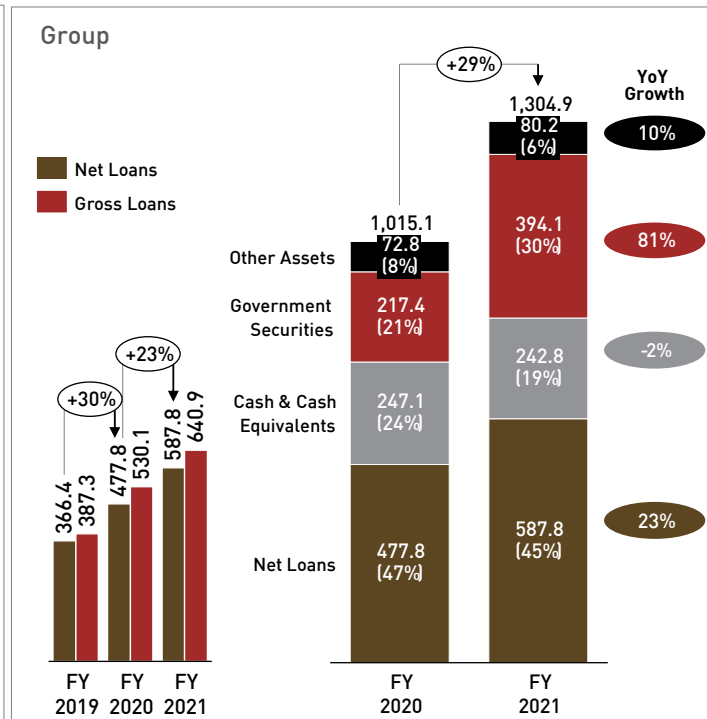
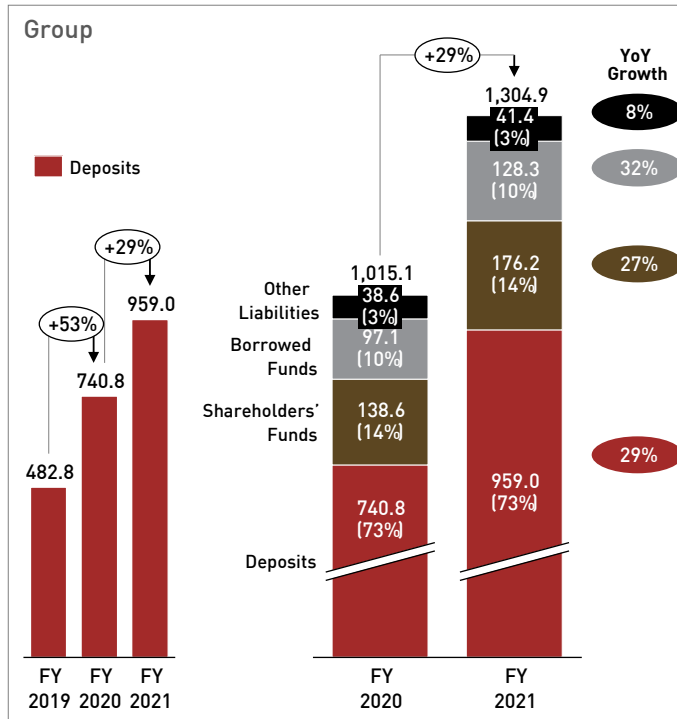


## Focus Area 4: Balance Sheet Efficiency, Optimization and Agility

Kes Billion

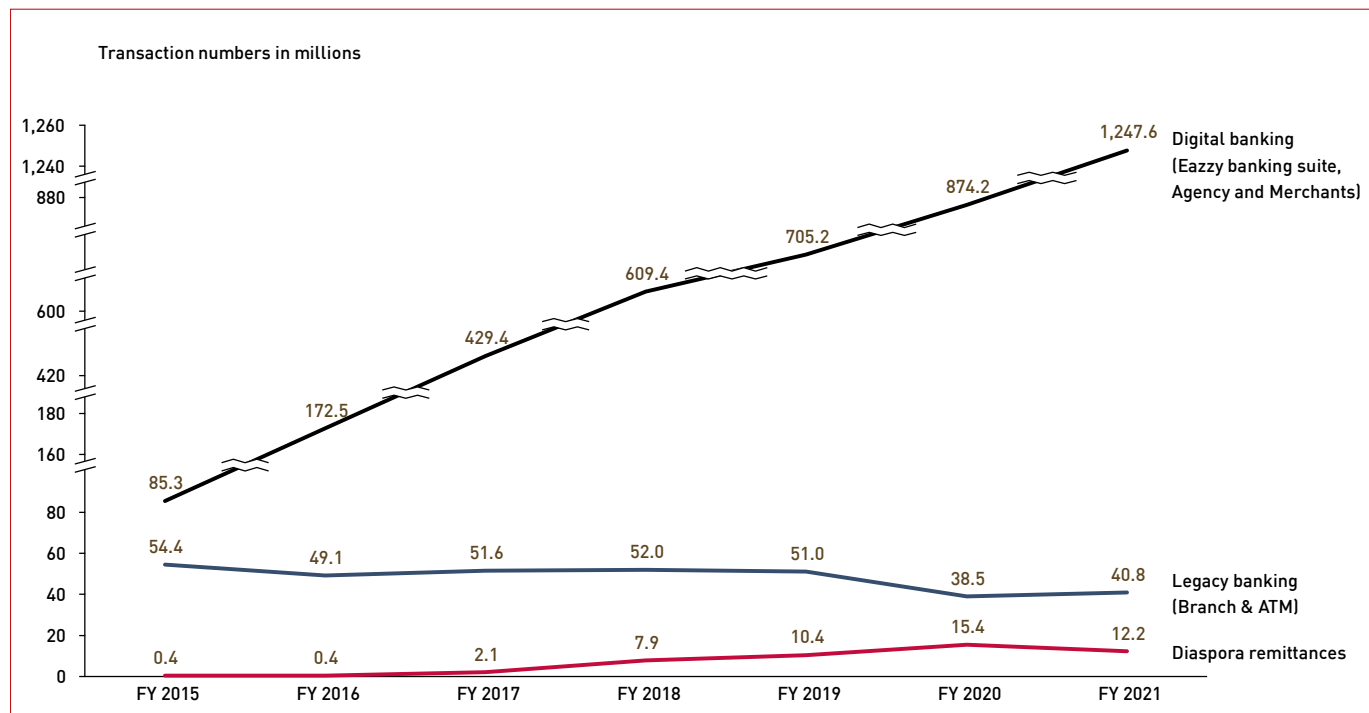
Funding Structure and Leverage

Asset Mix



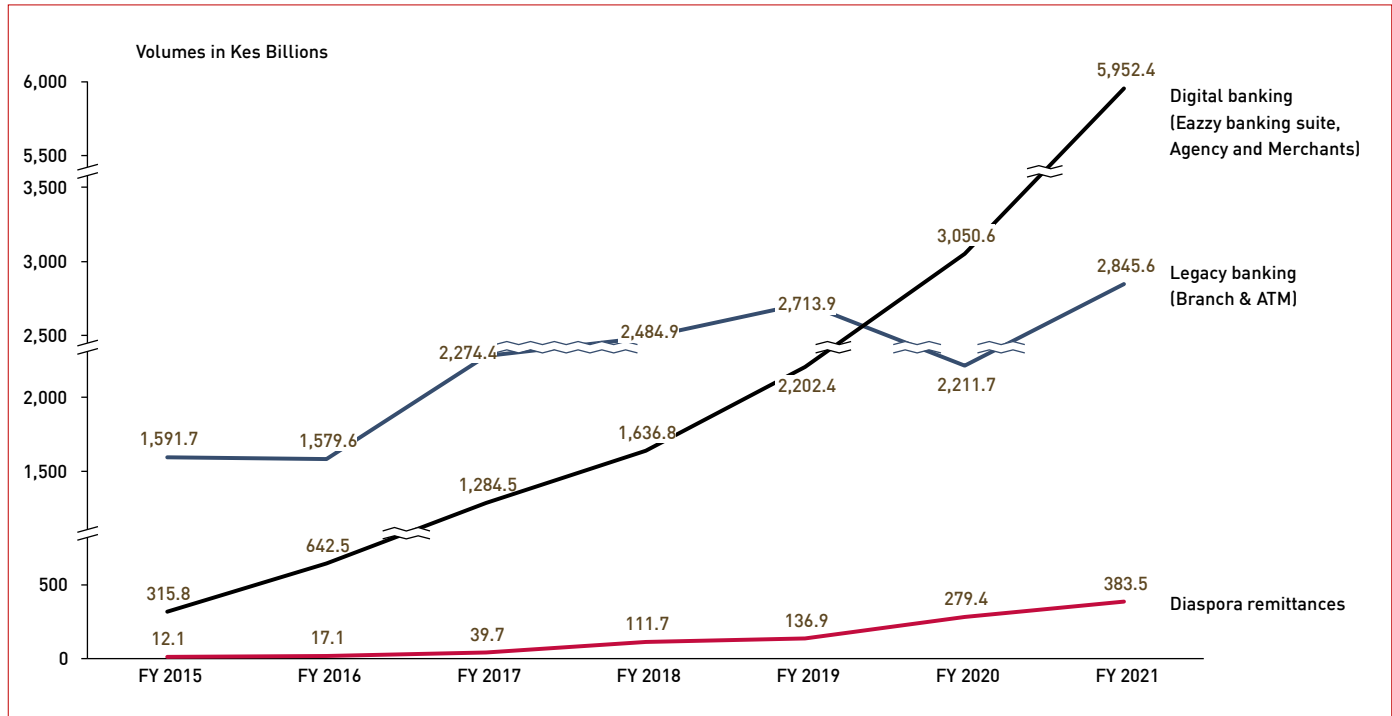
## Focus Area 5: Business Transformation - Innovation and Digitization

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



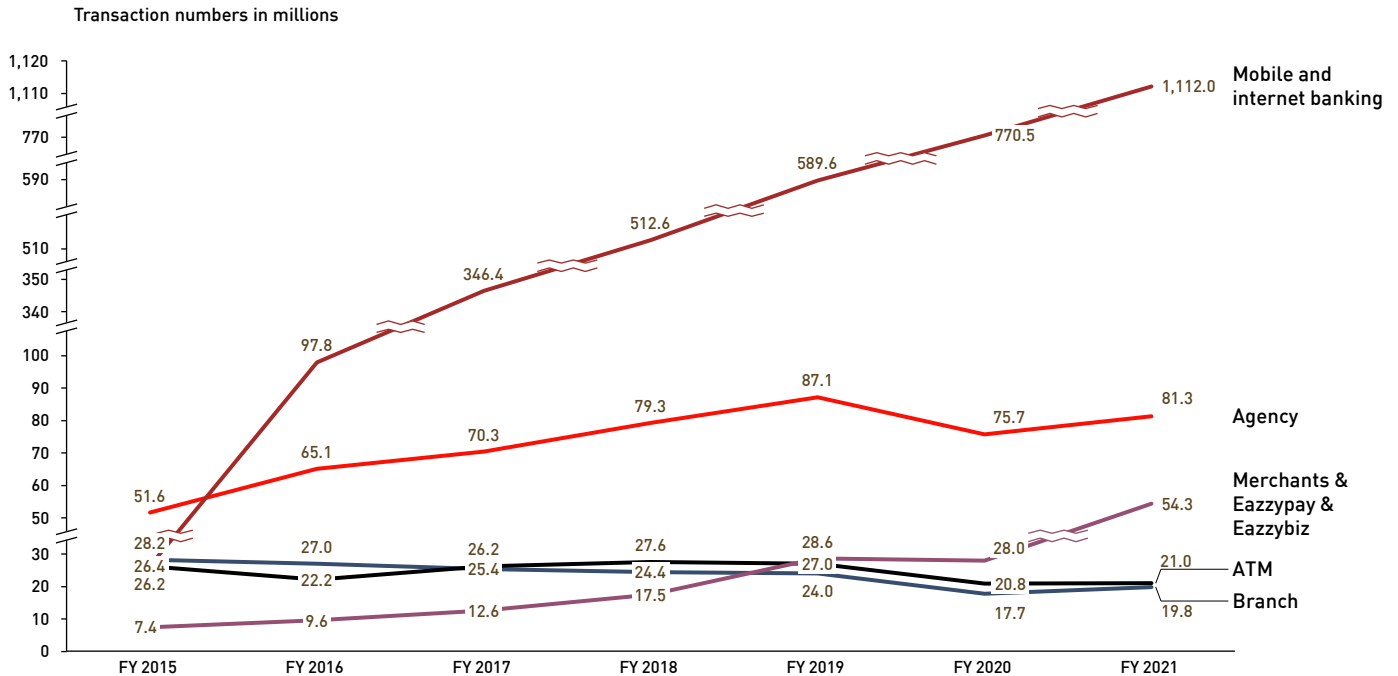
## Focus Area 5: Business Transformation - Innovation and Digitization

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



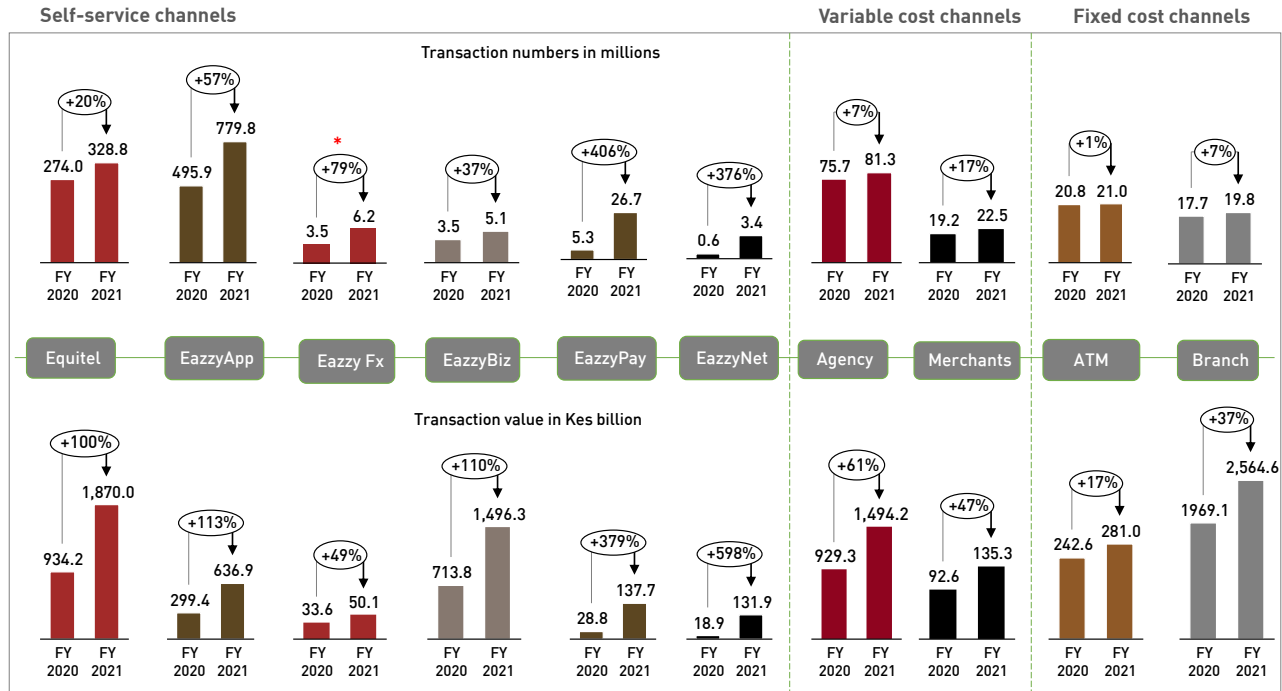
## Focus Area 5: Business Transformation - Innovation and Digitization

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



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

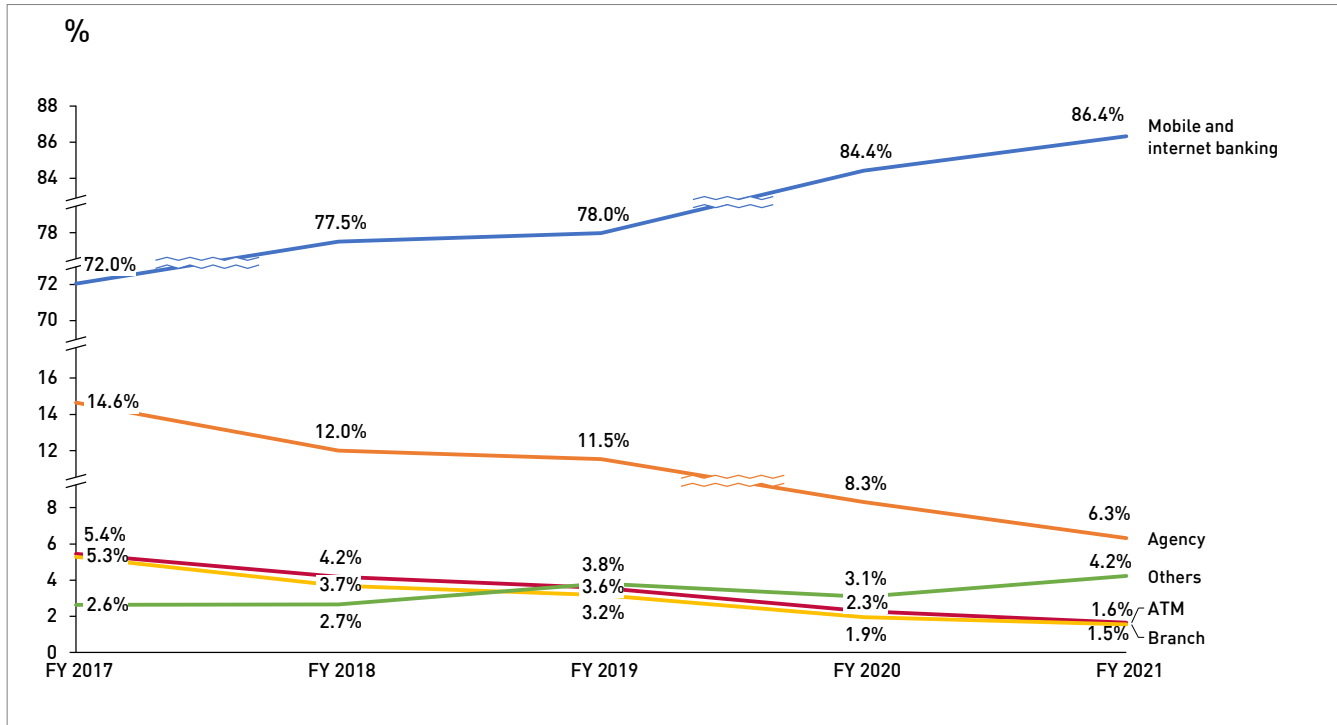
Migrating from Fixed and variable cost channels to self-service channels



\* Eazzy Fx transaction numbers in thousands

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

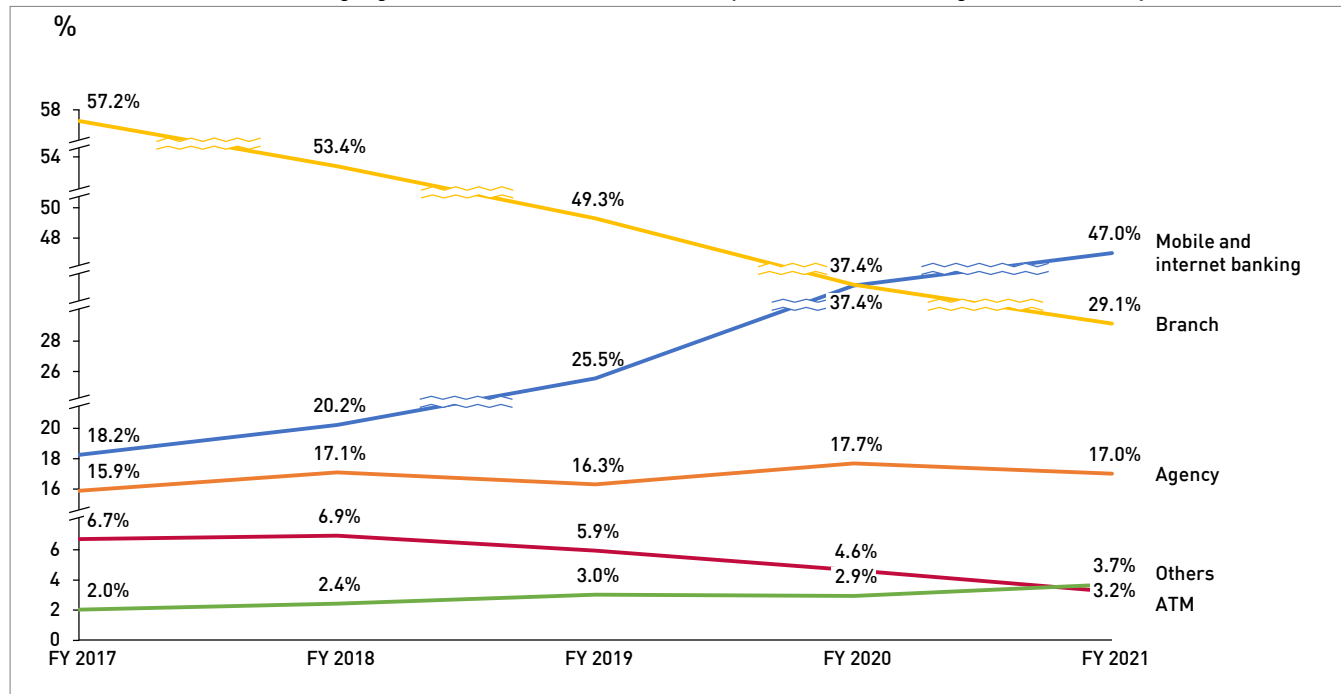
98% of our Transactions outside the branch



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

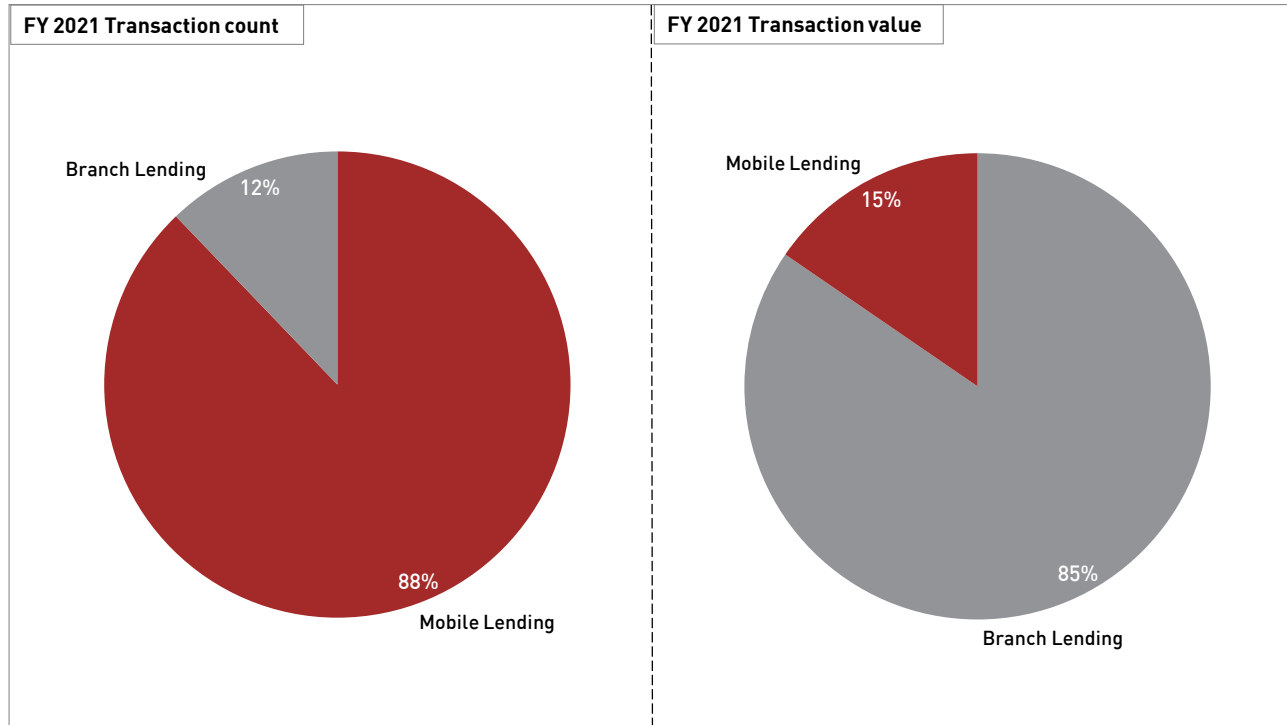
71% of our Transactions Value outside the branch

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



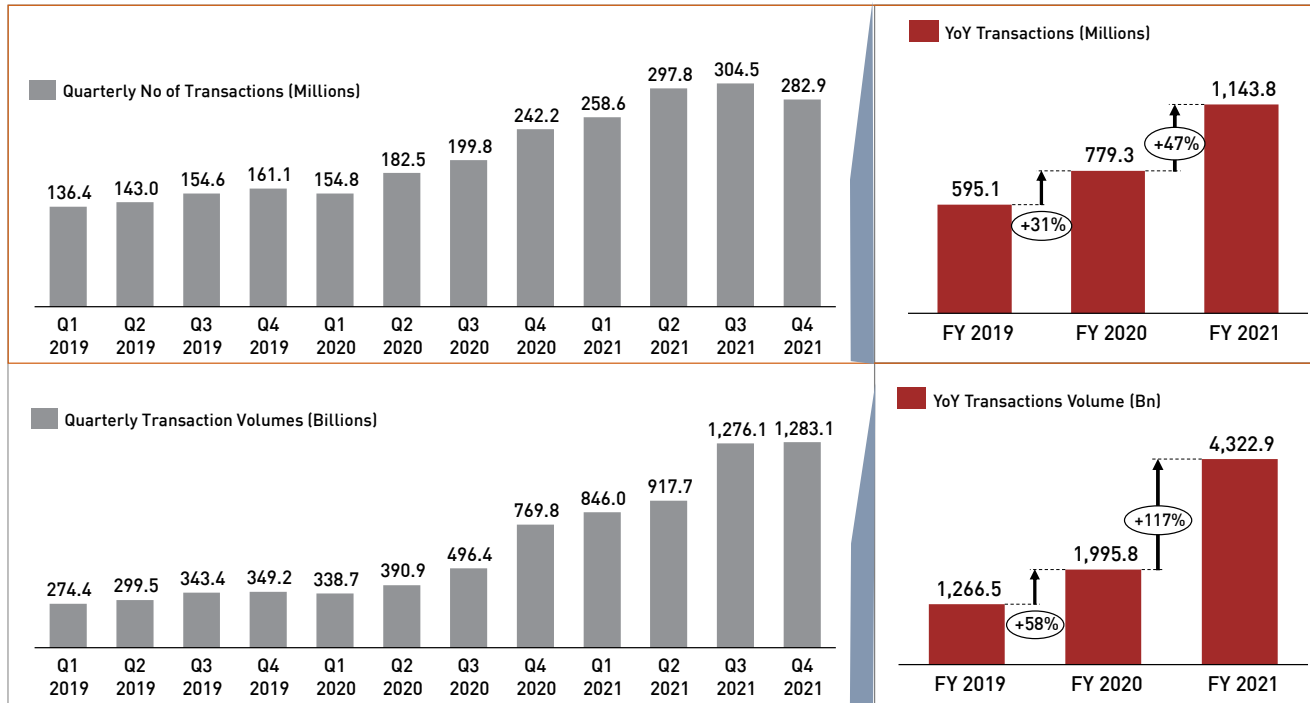
## Focus Area 5: Business Transformation - Fintech Capabilities: Data Strategy, Decision Science and Analytics

88% of our Loan Transactions via Mobile Channel



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

### Payments Processing Capabilities

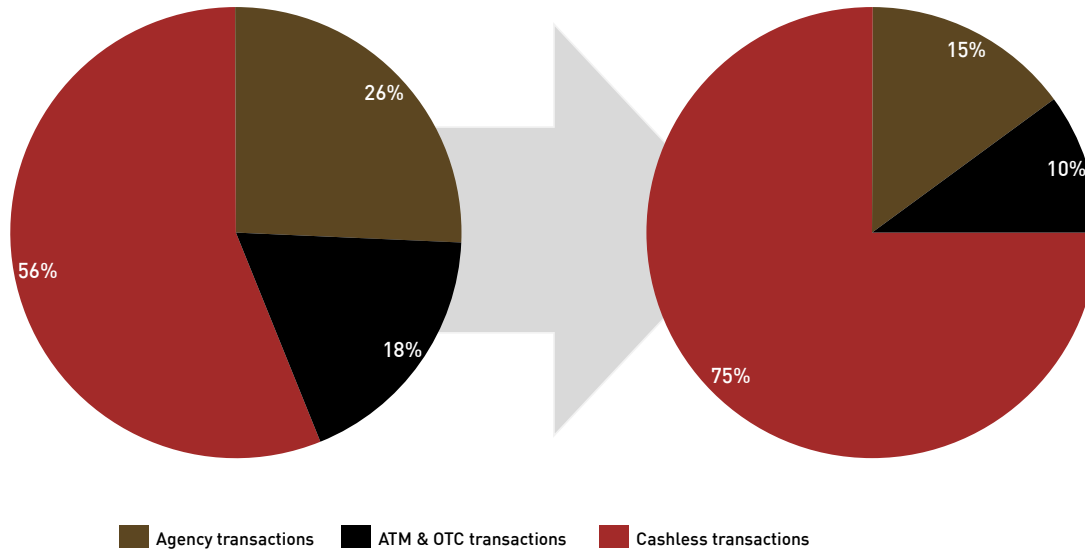


## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support Payments Processing Capabilities – Promoting a Cashless Economy

75% of our customers using cashless payment capabilities rather than transacting in cash

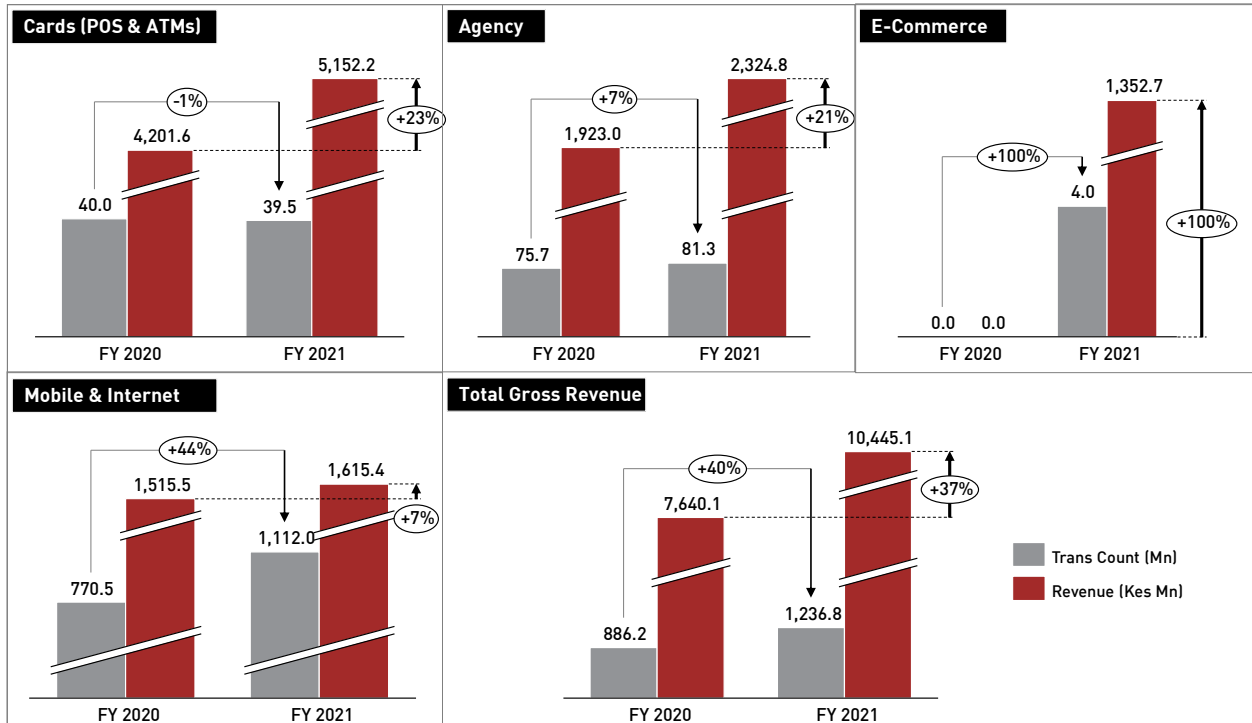
FY 2020

FY 2021



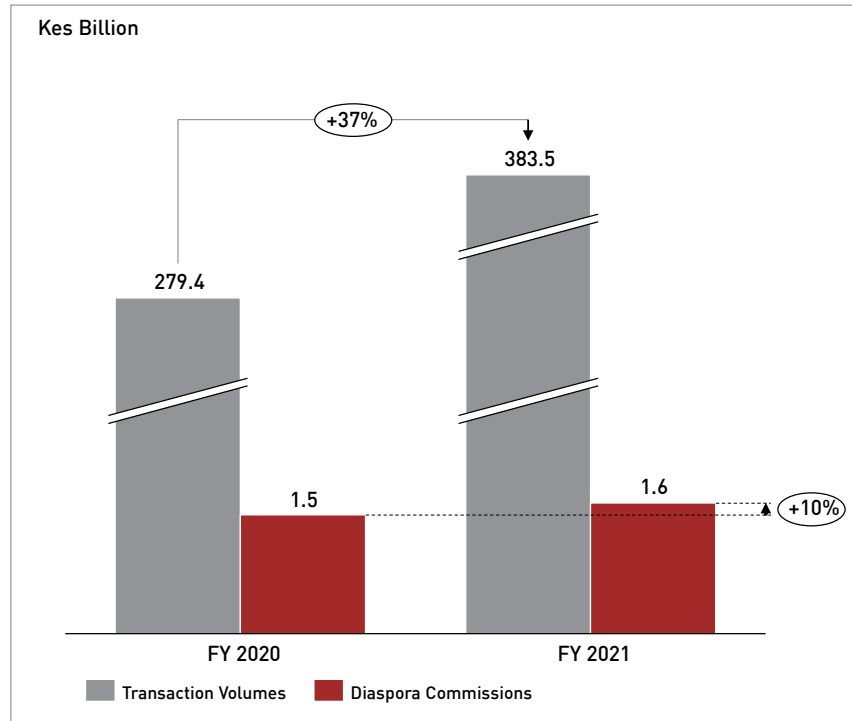
## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support

### Payments Processing Capabilities



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

### Remittances Processing



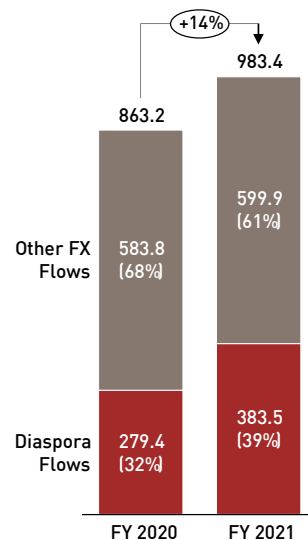
## Focus Area 5: Business Transformation - Fintech Capabilities: Global Presence

### FX Trading – Enabling Global Trade



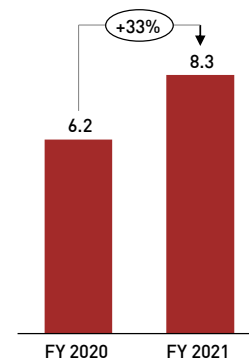
#### Kes Billion

- The diaspora flows account for 39% of all client Fx volumes



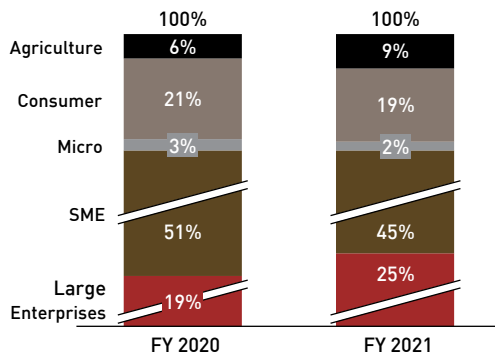
#### Kes Billion

Fx Trading Income

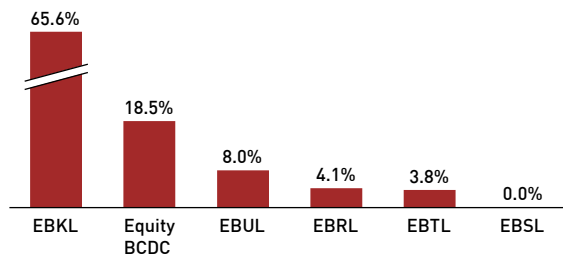


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

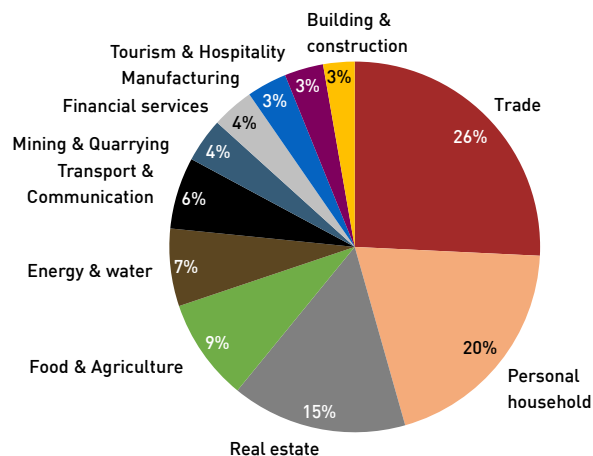
### Risk mitigation via diversification of market segments



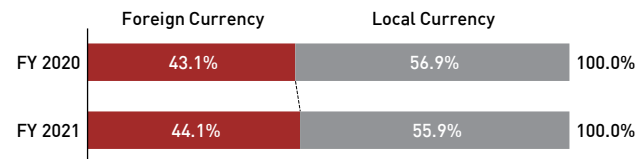
### Geographical sovereign risk diversification



### Risk mitigation via diversification of economic sectors

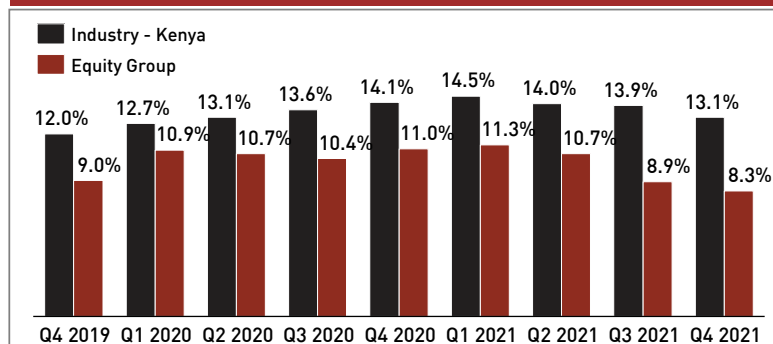


### Diversification by currency

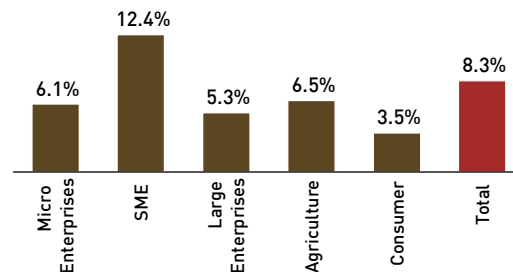


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

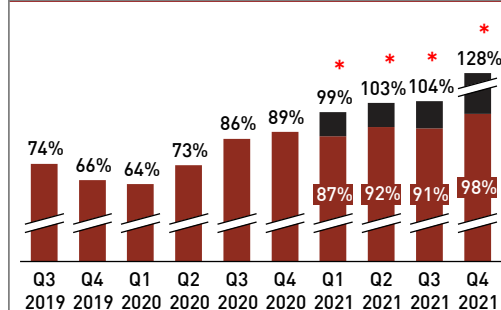
### NPL's –Industry vs EGH Plc



### NPL per sector as at FY 2021

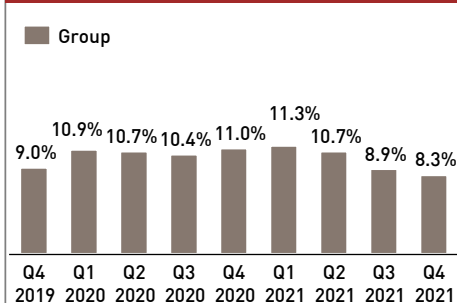


### NPL Coverage

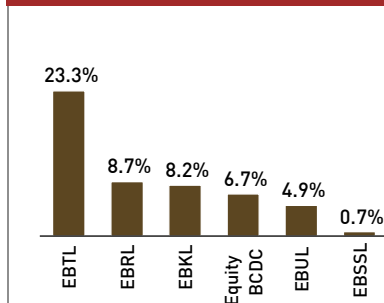


\*NPL Coverage inclusive of credit risk guarantees

### NPL Ratios

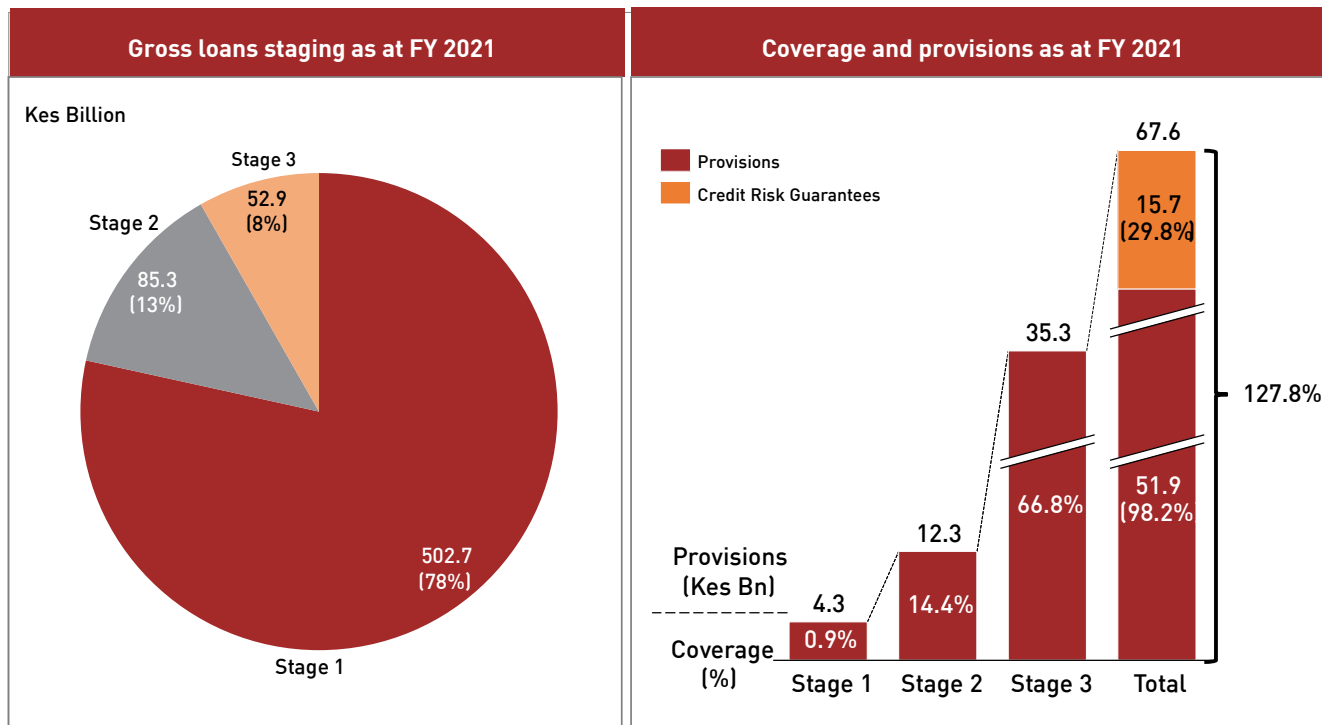


### NPL per Subsidiary as at FY 2021



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

Prudent approach to credit risk management

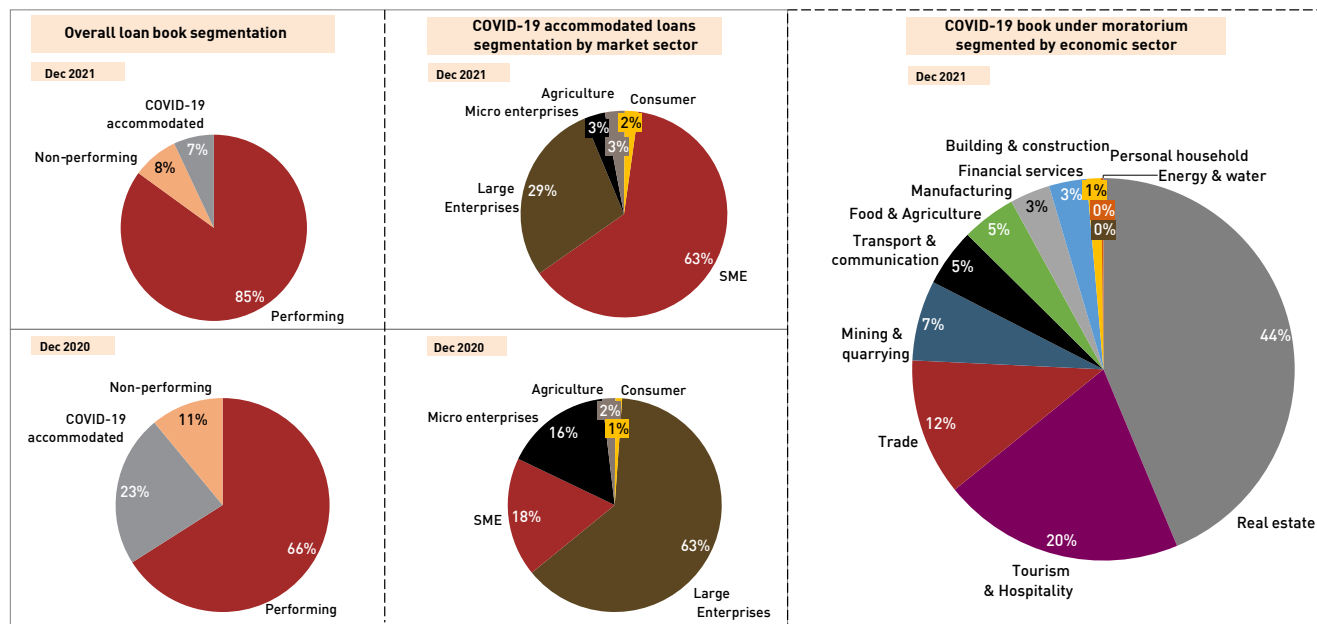


\*Credit risk guarantees providing additional Kes 15.7 Billion NPL coverage

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

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

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 27% of the Group's gross loan book of Kes 641 billion. However, as at the end of December 2021, Kes 125 billion had resumed repayment. Kes 45 billion therefore remains under moratorium constituting 7% of the loan book.

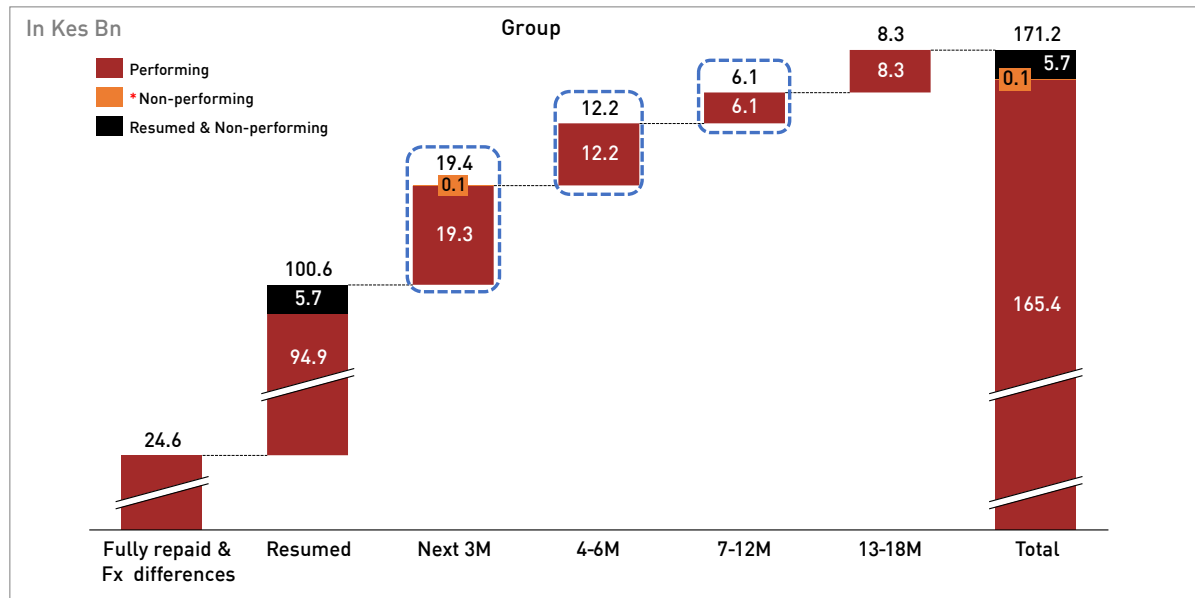


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

### – Proactive Prudent Management

COVID-19 accommodated loans (Kes 171 Bn); Kes 125B resumed repayment, additional Kes 38B expected to resume in 12 Months

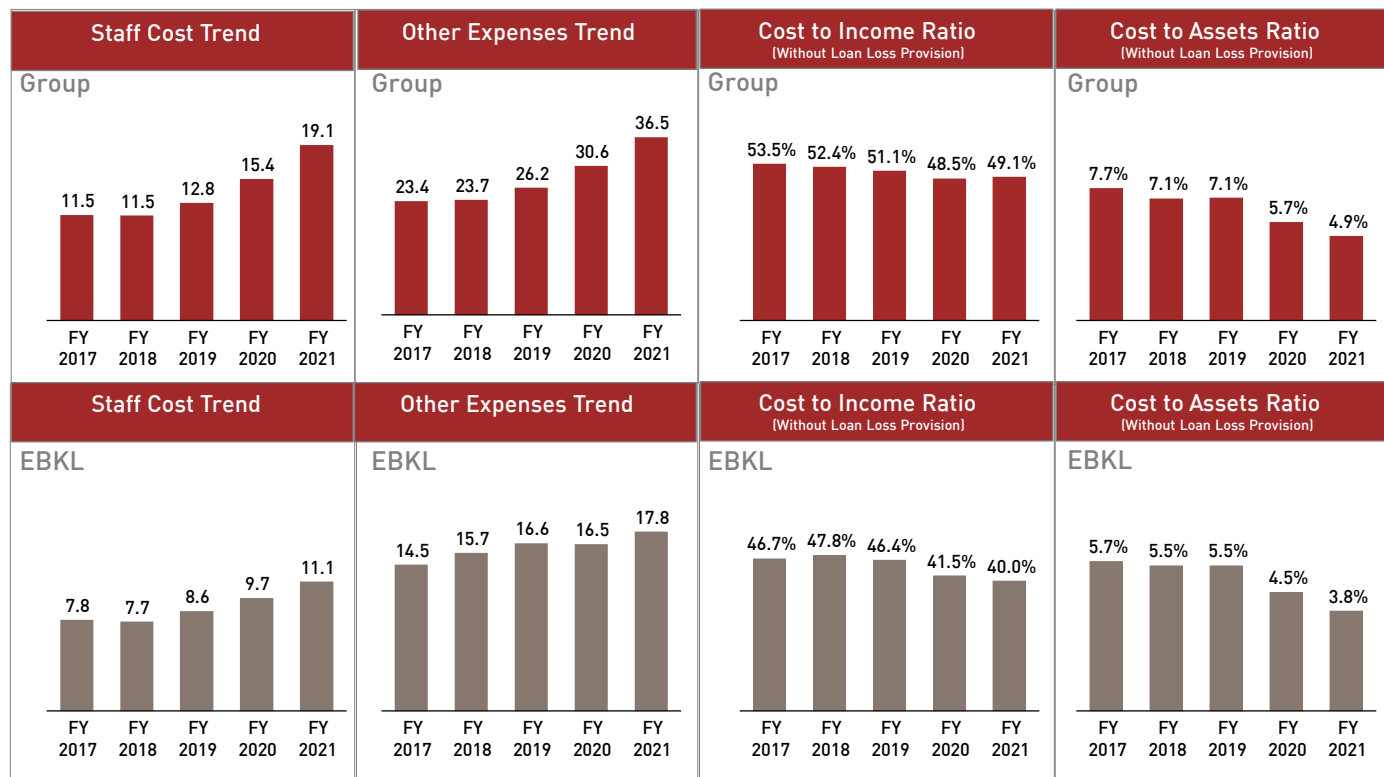
Moratorium expires in the next 18 Months



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

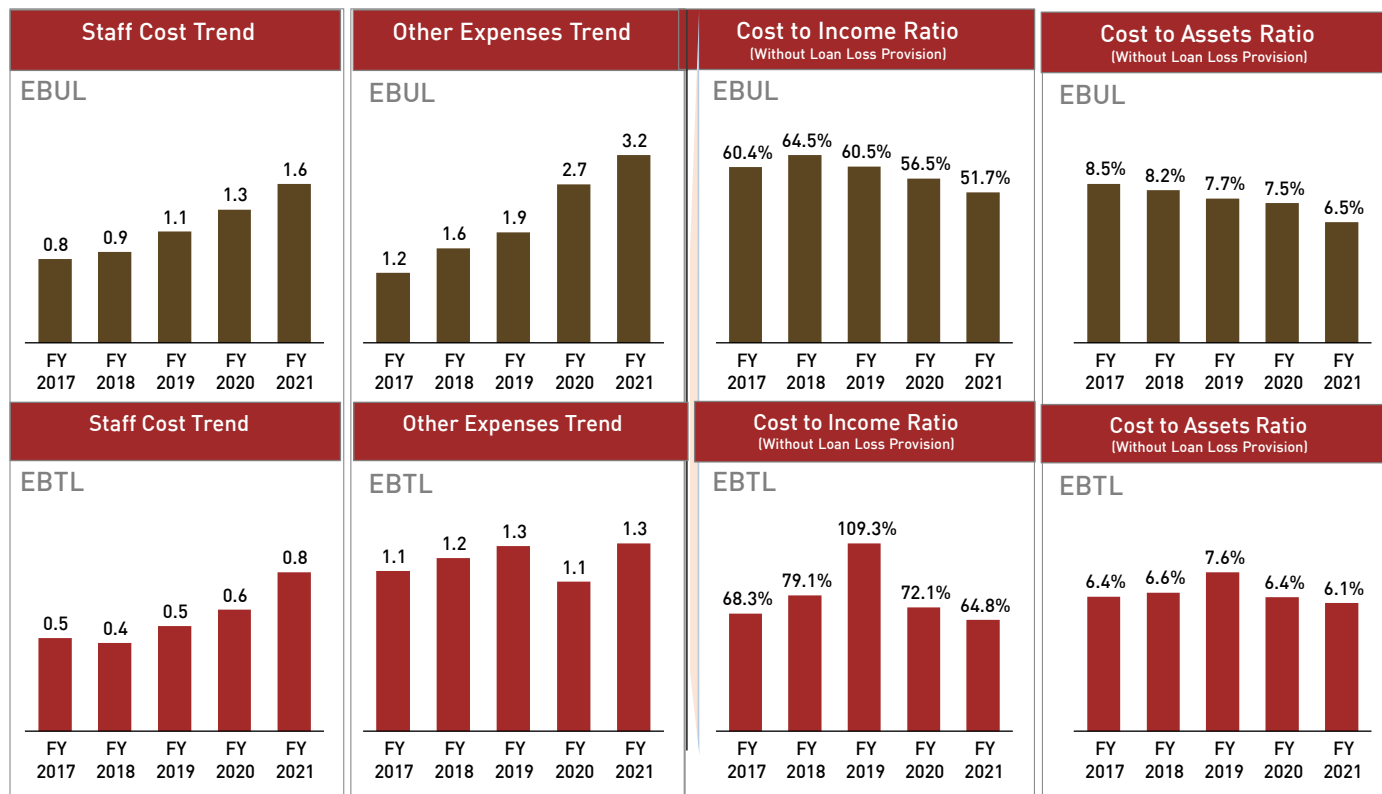
## Focus Area 7: Efficiency and Cost Optimization

Kes Billion



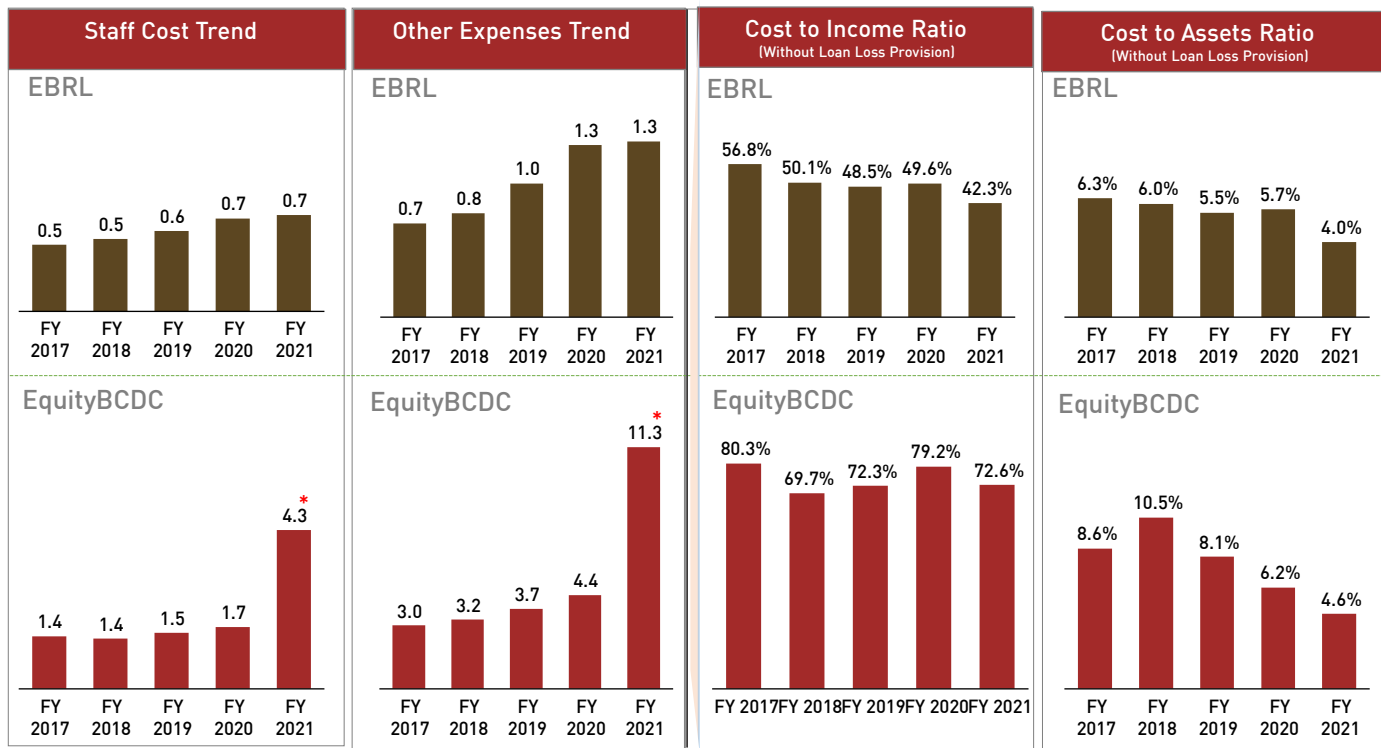
## Focus Area 7: Efficiency and Cost Optimization

Kes Billion



## Focus Area 7: Efficiency and Cost Optimization

Kes Billion

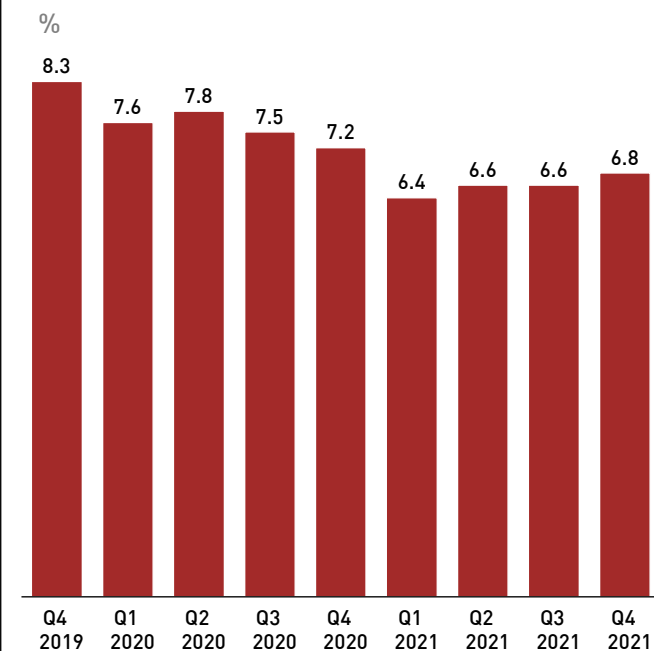


\*The increase is as a result of acquisition and merger of ex-BCDC and ex-EBCL

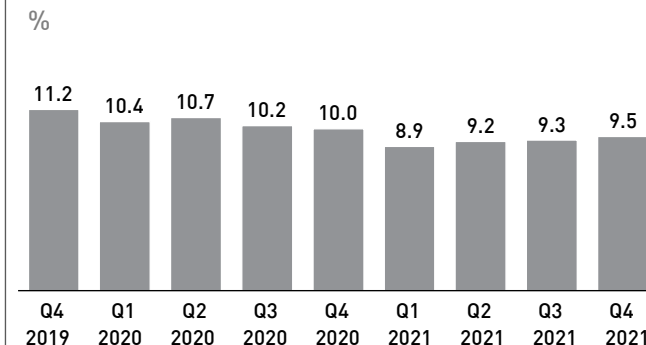
## Focus Area 7: Efficiency and Cost Optimization

Group

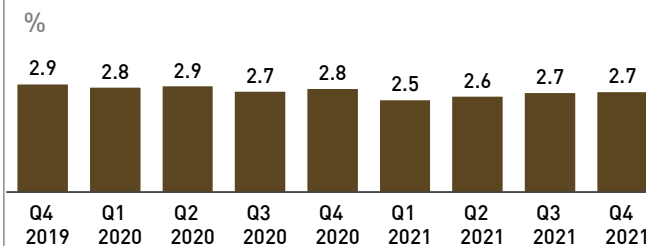
### Net Interest Margin



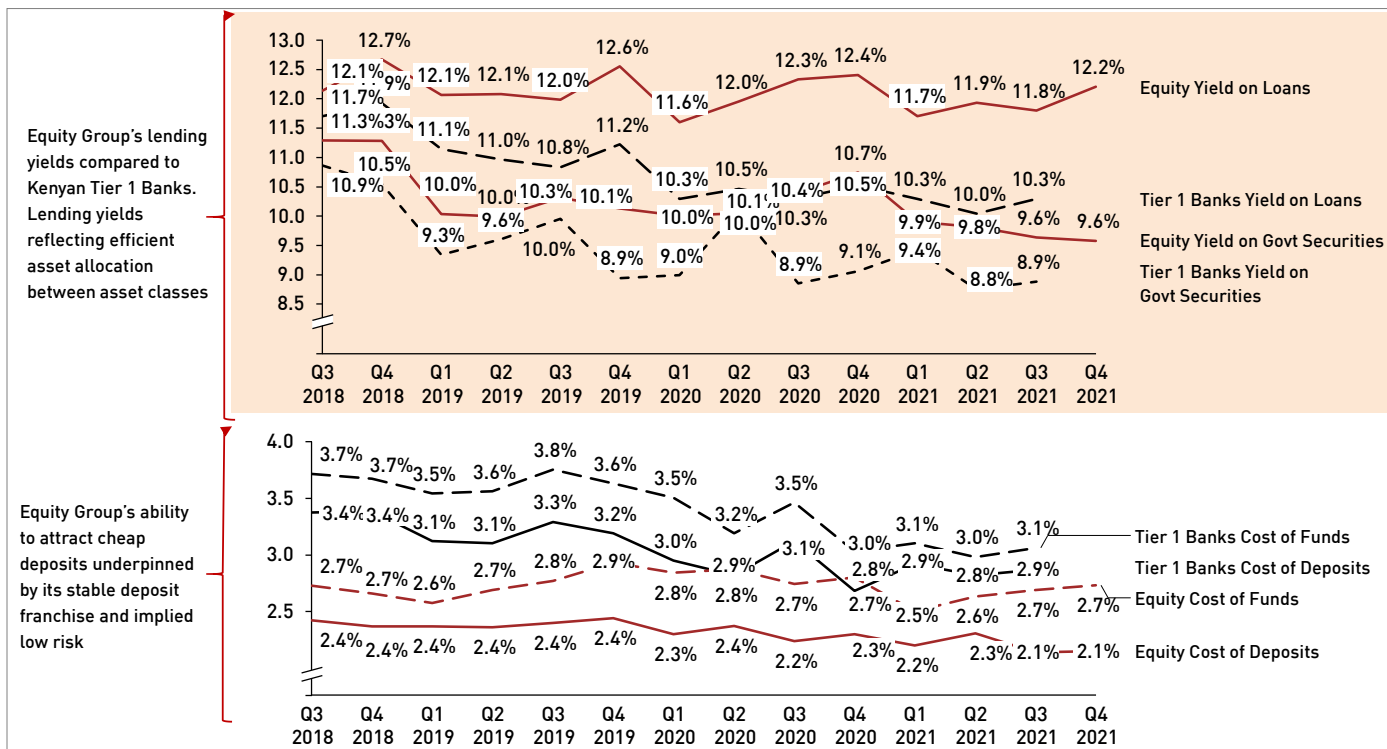
### Yield on Interest Earning Assets



### Cost of Funds



## Focus Area 7: Efficient Financial Intermediation

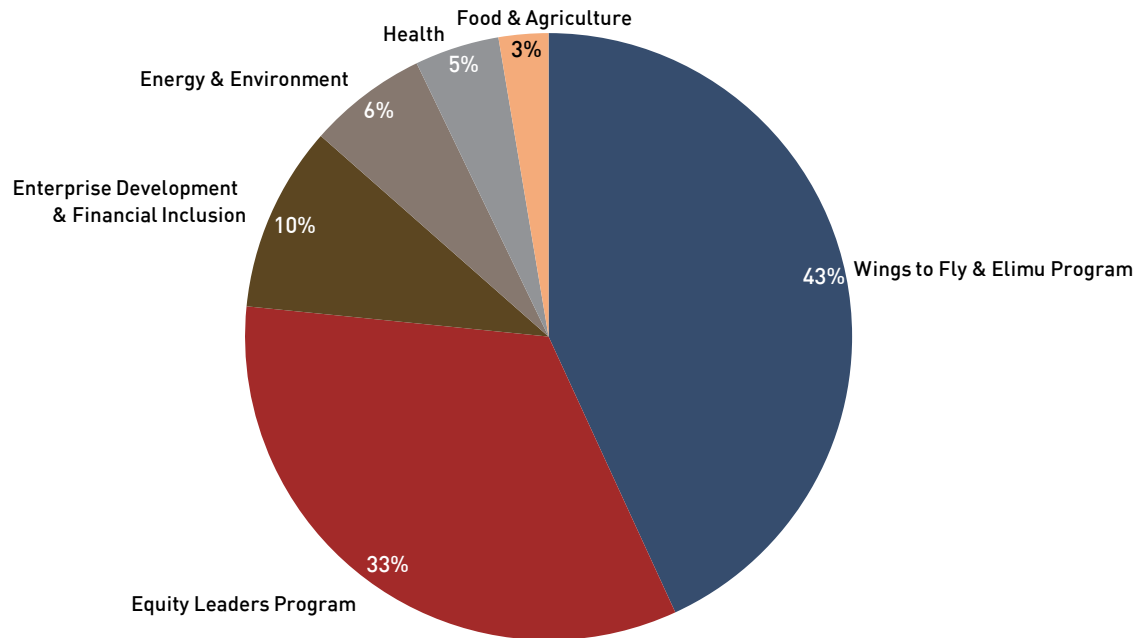


Tier 1 Banks excludes Equity Group. Industry data available up to Q3 2021

## Focus Area 8: Impact Investment

### Impact & Social Investment Programs

USD 523M in Social Investment Programs



## Focus Area 8: Impact Investment

### Shared Prosperity Business Model and its Social Impact



**2021 Wings to Fly Graduates**

- 98% secondary school completion
- 86% attained university entry grades

**Equity Leaders Program + TVET**

- 17,040 University Scholars
- 688 Global Scholars
- 6,873 Paid Internships
- 3,262 TVET Scholars

**2.28M**  
Farmers impacted

**173,012**  
Small and Medium Sized  
Farmers reached

**2,318,585**  
Women and Youth Trained  
in Financial Education

**3,508,195**  
Individuals Reached with Social  
Protection Programs

**KES 95.3B**  
Disbursed via Cash Transfers

**12 Million**  
Trees planted

**329,421**  
Clean energy products  
distributed

**316,969**  
MSMEs Trained in Entrepreneurship

**KES135.8B**  
Disbursed to 197,291 MSMEs under the  
Young Africa Works Program

**USD**  
**523,216,554**  
Total Funds Raised for Programs

**51**  
EquityAfia Active Facilities

**701,760**  
Cumulative Patient Visits to  
Equity Afia Clinics



**Business Validation**

## Global Ratings and Accolades

**MOODY'S**

Equity Bank Credit Rating

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

Same as the sovereign rating

**Brand Finance®**

World's strongest banking brands 2022

- Position 5 - in the world
- Brand Strength Rating (BSR) of AAA+

World's top 500 most valuable banking brands 2022

- Position 338 - in World
- Position 1 - in Sub-Saharan Africa

**The Banker  
TOP 1000  
WORLD BANKS 2021**

- Position 22nd in Africa;
- Position 761 largest bank globally,
- Position 149th in soundness (Capital Assets to Assets ratio),
- Position 71st Profits on Capital
- Position 39th on Return on Assets.



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



**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



**Global SME  
Finance  
Awards**

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



- Africa best bank for SMEs 2021
- Best Bank in Africa
- Best Digital Bank in Africa
- Excellence in Leadership in Africa 2020



**GCR  
2020**

**GLOBAL CREDIT RATING CO.**  
Local Expertise • Global Presence

Equity Bank Credit Rating

- Long Term Rating: AA-
- Short Term Rating: A1+
- Rating Outlook: Stable

## Global Ratings and Accolades



- Socially Responsible Bank in Africa, 2020
- Best Regional Bank - East Africa - Equity Bank 2021
- 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



VISA



- 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

- Visa Top Acquiring Award 2021
- Visa E-Commerce (Acquiring) Award 2021
- Top Acquirer Award 2019

Finserve named Best in Banking/Financial and Insurance Services



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



- Mary Wamae - Winner Women on Board Awards 2021
- Equity Group Foundation - 2nd runners up Women on Board Awards Organization of the year

## 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>

## Global Ratings and Accolades

**Banking  
500  
2022**

**Brand Finance®**  
The Most Valuable and Strongest Banking Brands



Equity Group, East, and Central Africa's largest financial services Group, has been named the 5th strongest banking brand in the world. The Group is the only new entrant among the top ten leading banking brands and has entered the arena with an impressive Brand Strength Index (BSI) of 90.8 compared to the strongest banking brand that scored a BSI index of 94

### **Worlds strongest banking brands 2022**

- Position 5 - in the World
- Brand Strength Rating (BSR) of AAA+

### **Worlds top 500 most valuable banking brands 2022**

- Position 338 - in the World
- Position 1 - in Sub-Saharan Africa

David Haigh, the Chairman and CEO of Brand Finance during the release of the report said, "As banks continue to battle the fallout from the COVID-19 pandemic, the importance of a solid brand is more significant than ever. Banking products are becoming commoditised, and banks will need to continue differentiating themselves from other competitors in the market through the use of their brand, particularly in the face of an emerging threat from challenger brands and decentralised finance in the future."

## Global Ratings and Accolades



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

## Global Ratings and Accolades

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

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

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



# Kenya/DRC 2021 Trade Mission

## Mission Activities and Statistics

- To deepen trade relations between Kenya and DRC, the Government of Kenya (GoK) and DRC Government, in partnership with Equity Group, convened a 15-day Business Trade Mission in 4 DRC, between 29th November and 13th December 2021
- The Trade Mission attracted approximately 5,551 investors, business owners and public participants from Kenya, the DRC and other international countries
- The activities included trade exhibitions, business forums, and site visits in four of DRC's largest cities - Kinshasa, Lubumbashi, Goma, and Mbuji Mayi

**4**  
Cities Visited

**5,551**  
Participants

**161**  
Exhibitions

**24**  
Clients Visited

**USD1.6**  
Billion  
Deals Identified

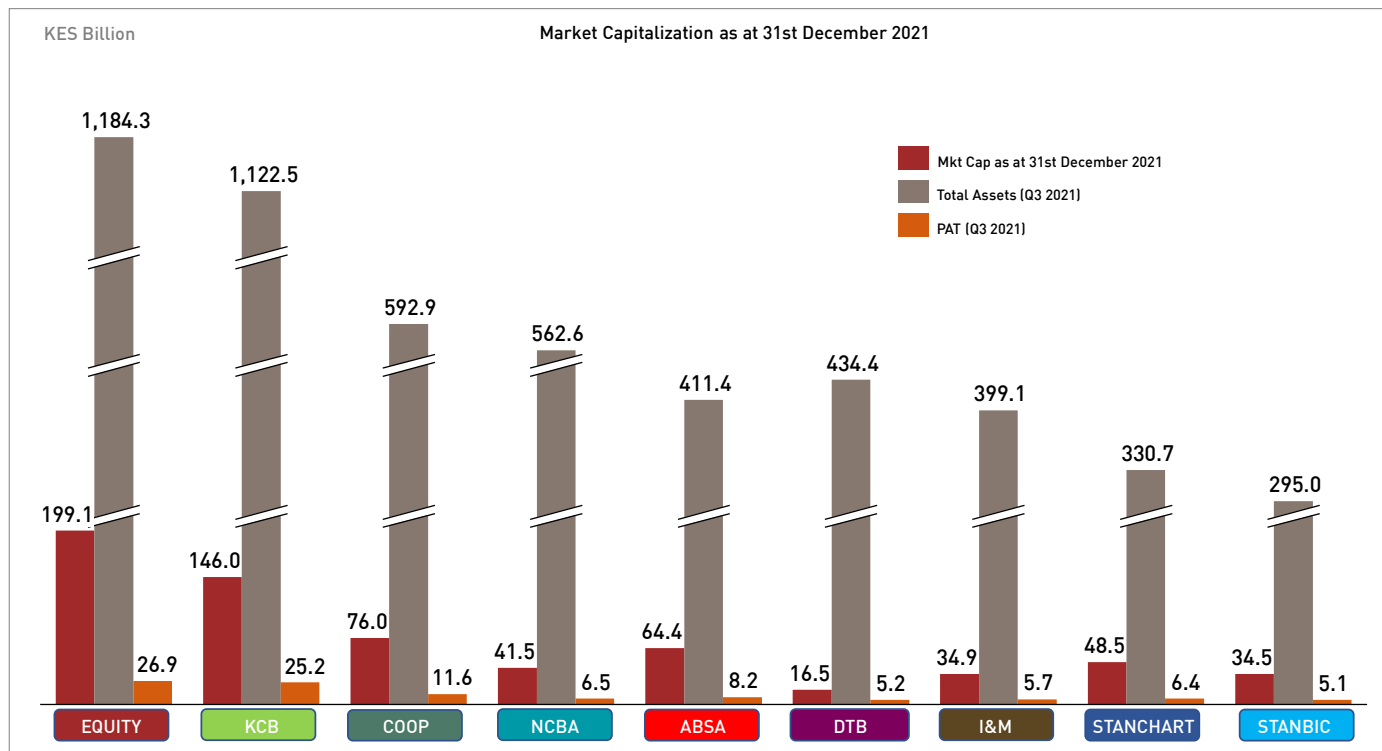


## DRC Business Trade Mission

Delegates participating during the 14-day mission



## Market Validation



Source: Business Daily January 3, 2022, individual bank websites



## **Intermediation and Financial Performance**

## Balance Sheet

KES Billion	FY 2020	FY 2021	Growth
<b>Assets</b>			
Cash & Cash Equivalents	247.1	242.8	-2%
Government Securities	217.4	394.1	81%
Net Loans	477.8	587.8	23%
Other Assets	72.8	80.2	10%
<b>Total Assets</b>	<b>1,015.1</b>	<b>1,304.9</b>	<b>29%</b>
<b>Liabilities &amp; Capital</b>			
Deposits	740.8	959.0	29%
Borrowed Funds	97.1	128.3	32%
Other Liabilities	38.6	41.4	8%
Shareholders' Funds	138.6	176.2	27%
<b>Total Liabilities &amp; Capital</b>	<b>1,015.1</b>	<b>1,304.9</b>	<b>29%</b>

## Income Statement

KES Billion

	FY 2020	FY 2021	Growth
Interest Income	73.8	94.3	28%
Interest Expense	18.7	25.5	37%
Net Interest Income	55.1	68.8	25%
Non-Funded Income	37.8	43.6	15%
Total Income	92.9	112.4	21%
Loan Loss Provision	25.9	4.9	-81%
Staff Costs	15.4	19.1	24%
Other Operating Expenses	30.6	36.5	19%
Total Costs	71.9	60.5	-16%
Gain on bargain purchase	1.2	-	-100%
PBT	22.2	51.9	134%
Tax	2.1	11.8	470%
PAT	20.1	40.1	99%
Earnings per share	5.2	10.4	98%

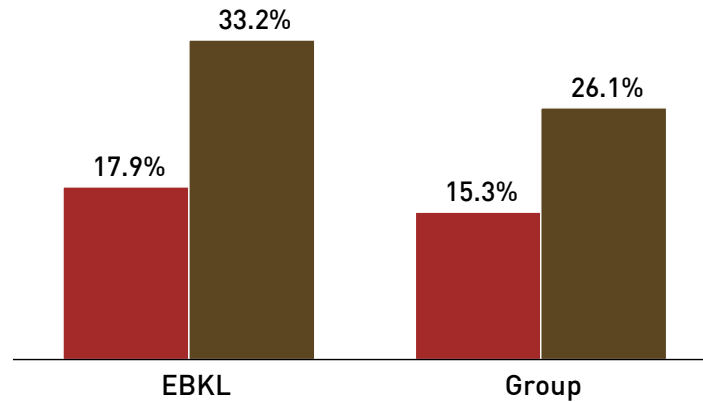
\*Loan loss provision has been presented net of recoveries. In the CBK publication Loan Loss Provision is presented as a gross amount. The gross provisions and recoveries are as follows;

KES Bn	FY 2020	FY 2021
Gross loan loss provision	26.6	5.8
Loan recoveries	[0.7]	[0.9]
Net loan loss provision	25.9	4.9

## RoAE and RoAA Trend

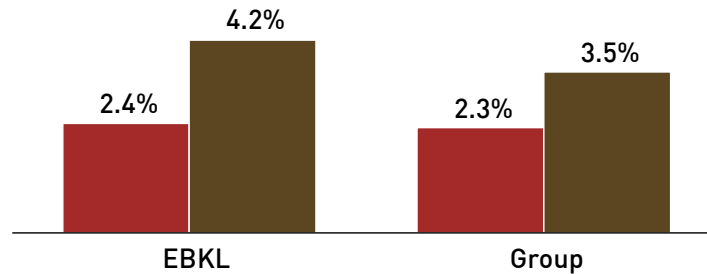
### RoAE

FY 2020  
FY 2021



### RoAA

FY 2020  
FY 2021



## Financial Ratios

	EBKL	EBKL	Group	Group
	FY 2020	FY 2021	FY 2020	FY 2021
<b>Profitability</b>				
Yield on Loans	11.6%	11.7%	12.4%	12.2%
Yield on Government Securities	10.9%	9.6%	10.7%	9.6%
Yield on Interest Earning Assets	10.3%	9.8%	10.0%	9.5%
Cost of Deposits	2.4%	2.3%	2.3%	2.1%
Cost of Funds	2.8%	2.7%	2.8%	2.7%
Net Interest Margin	7.5%	7.1%	7.2%	6.8%
Cost to Income Ratio with provisions	77.5%	43.2%	76.4%	54.2%
Cost to Income Ratio without provisions	41.5%	40.0%	48.5%	49.1%
RoAE	17.9%	33.2%	15.3%	26.1%
RoAA	2.4%	4.2%	2.3%	3.5%
<b>Asset Quality</b>				
PAR	11.5%	8.2%	11.0%	8.3%
NPL Coverage	99.4%	110.5%	89.4%	98.2%
Cost of Risk	7.9%	0.7%	6.1%	1.1%
<b>Leverage</b>				
Loan / Deposit Ratio	63.0%	58.9%	64.5%	61.3%
<b>Capital Adequacy Ratios</b>				
Core Capital to Risk Weighted Assets	12.4%	13.3%	14.8%	12.9%
Total Capital to Risk Weighted Assets	16.2%	18.8%	18.9%	17.7%
<b>Liquidity</b>				
Liquidity ratio	73.1%	92.4%	59.3%	63.4%

## 2021 Guidance Vs Actual - Group

	2021 Guidance	FY 2021 Actual
<b>Loan Growth</b>	20% - 25%	23%
<b>Deposit Growth</b>	20% - 25%	29%
<b>Net Interest Margin</b>	7.0% - 8.0%	6.8%
<b>Non Funded Income Mix</b>	40% - 43%	38.8%
<b>Cost to Income Ratio</b>	40% - 45%	49.1%
<b>Return on Equity</b>	25% - 30%	26.1%
<b>Return on Assets</b>	3.6% - 4.3%	3.5%
<b>Cost of Risk</b>	1.5% - 2.5%	1.1%
<b>NPL</b>	7% - 10%	8.3%
<b>Subsidiaries Contribution (Assets)</b>	40% - 45%	41%
<b>Subsidiaries Contribution (PBT)</b>	25% - 30%	22%

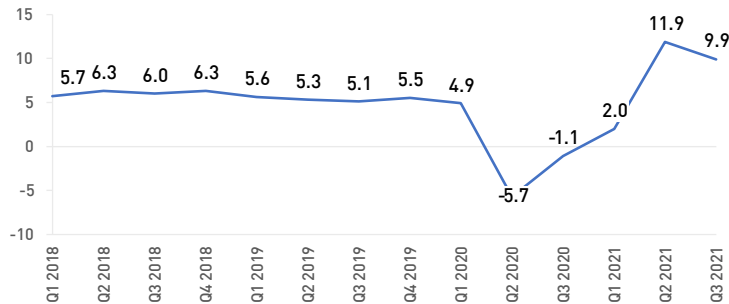
## 2022 Guidance - Group

	2022 Guidance
<b>Loan Growth</b>	<b>25% - 30%</b>
<b>Deposit Growth</b>	<b>25% - 30%</b>
<b>Net Interest Margin</b>	<b>7.0% - 8.0%</b>
<b>Non Funded Income Mix</b>	<b>40% - 43%</b>
<b>Cost to Income Ratio</b>	<b>40% - 45%</b>
<b>Return on Equity</b>	<b>25% - 30%</b>
<b>Return on Assets</b>	<b>3.6% - 4.3%</b>
<b>Cost of Risk</b>	<b>0.5% - 1.0%</b>
<b>NPL</b>	<b>5% - 7%</b>
<b>Subsidiaries Contribution (Assets)</b>	<b>40% - 45%</b>
<b>Subsidiaries Contribution (PBT)</b>	<b>25% - 30%</b>



## Macroeconomic Environment Indicators & Trends

## Macroeconomic Environment Indicators & Trends



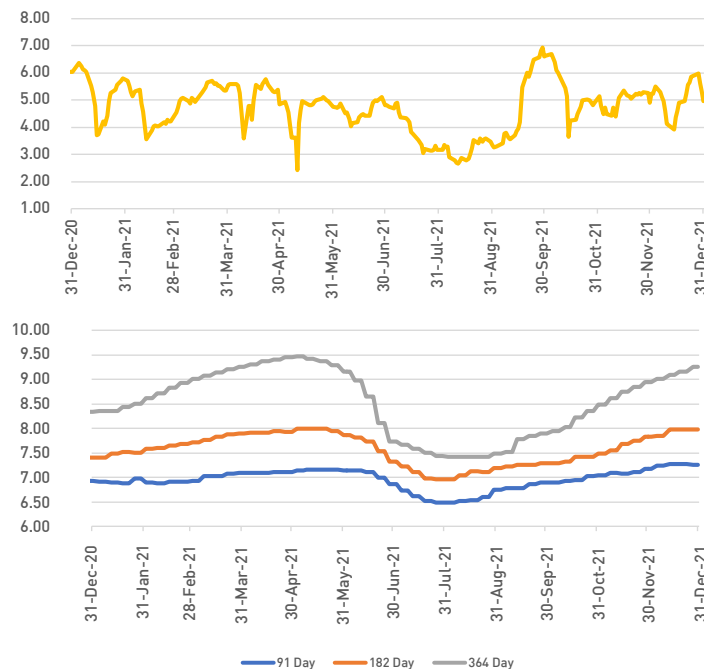
- QUARTERLY GDP GROWTH** – The strong performance in Q2 and Q3 2021 was supported by continued recovery in manufacturing, construction, transport and storage, education, food and accommodation services as well as wholesale and retail trade.



- USD/KES** – The local currency continued to weaken against the US dollar as the demand continued to outweigh supply pushing the prices up.

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

## Macroeconomic Environment Indicators & Trends (continued)

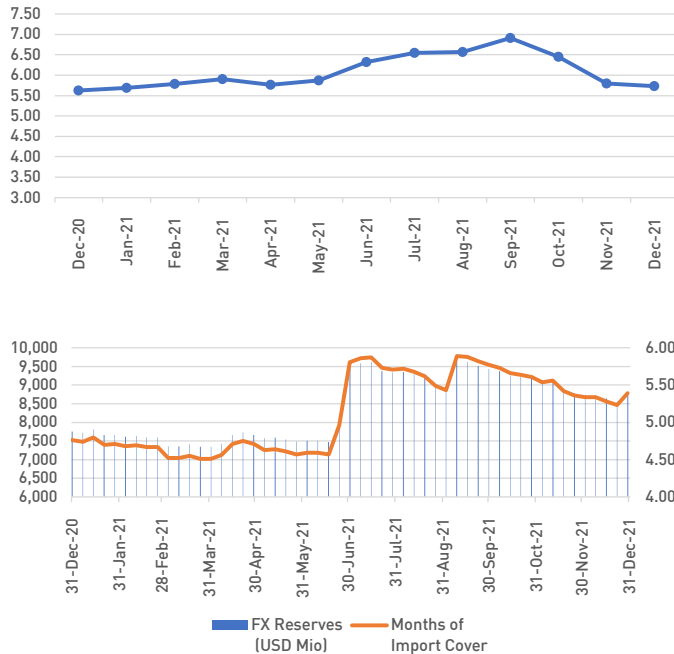


• **Interbank Rates** – The money market was relatively liquid towards the end of Q4 2021 partly reflecting tax remittances, which offset government payments. Payroll taxes are now above pre-COVID levels.

• **T-Bill Rates** – Rates on the Treasury bills increased marginally towards the end of the year. This led to mark to market losses on the trading book.

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

## Macroeconomic Environment Indicators & Trends (continued)

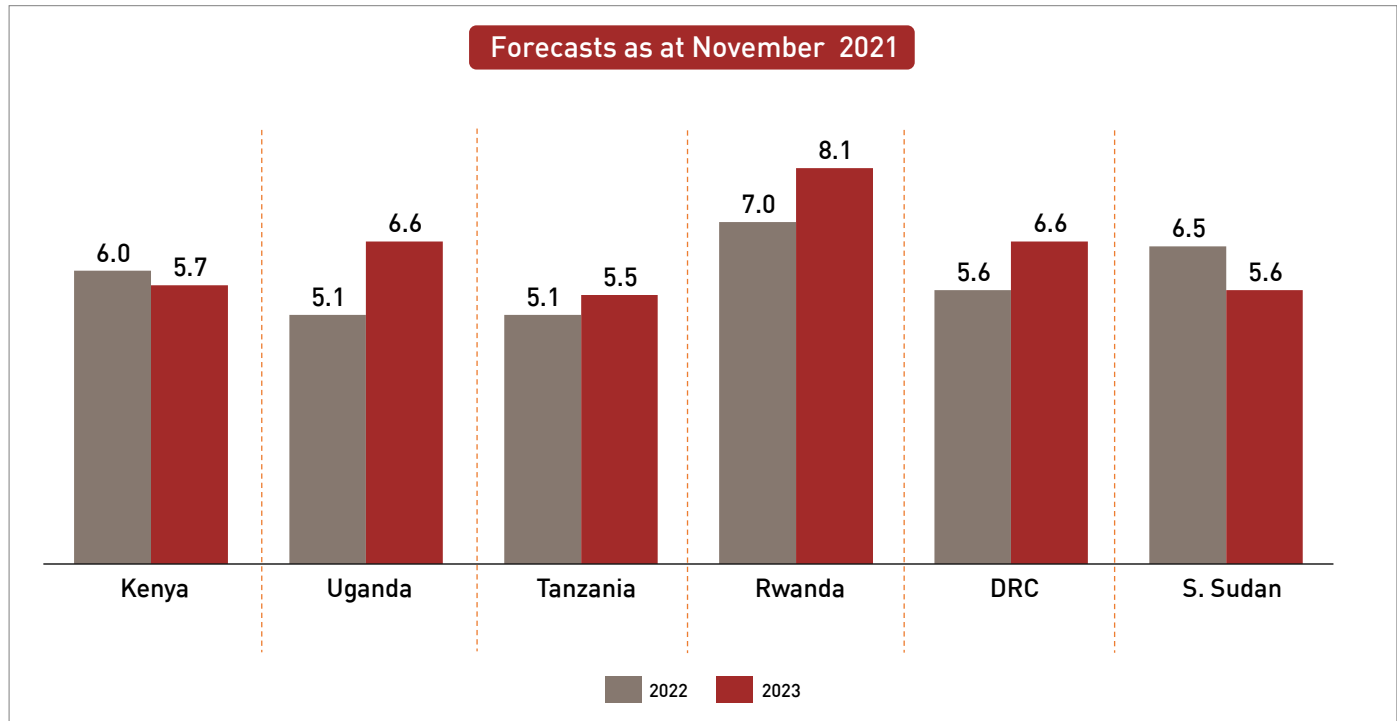


- **Inflation** – The inflation remained steady but declined marginally from 5.8% in November to 5.7% in December as a result of easing food prices and stable pump prices.

- **FX Reserves** – The usable foreign exchange reserves remained adequate at USD 8,817 million (5.4 months of import cover) as of December 2021.

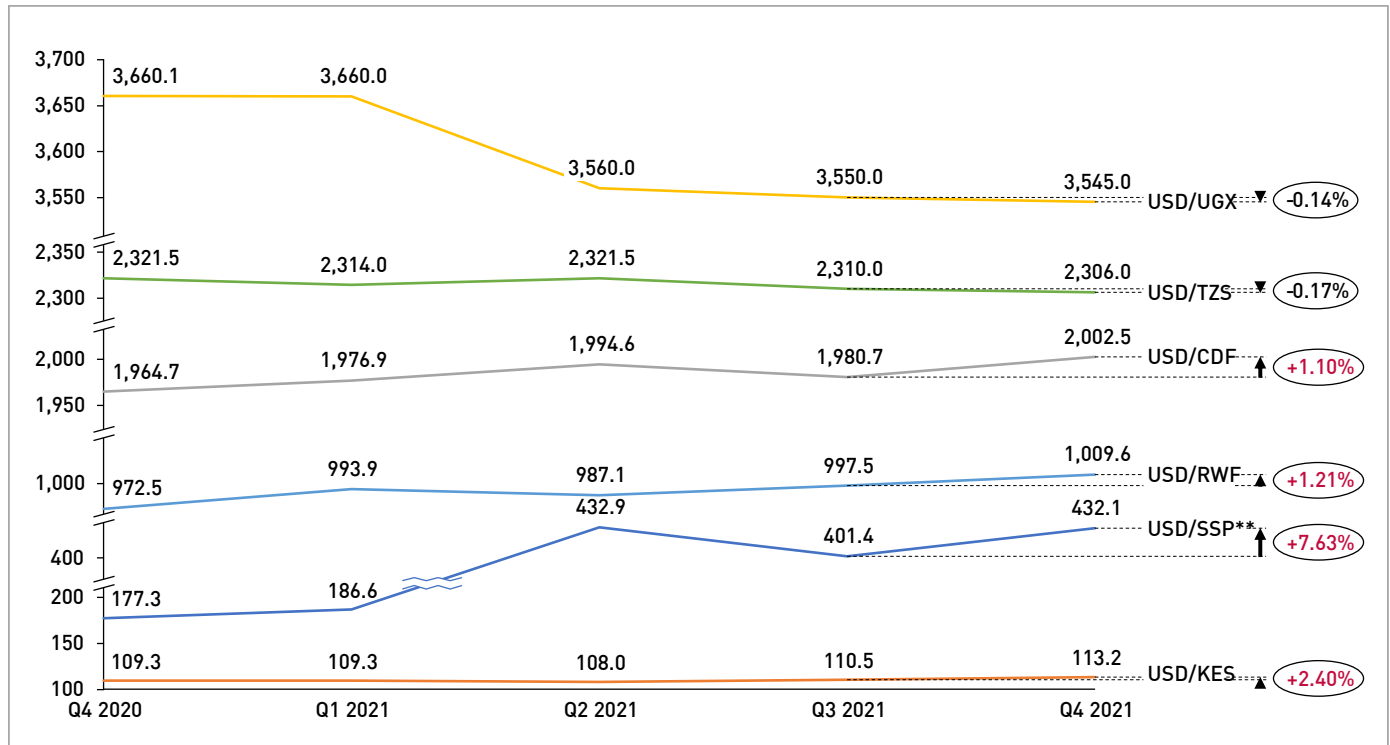
Source: CBK Weekly Bulletin Key monetary & financial indicators and the Kenya National Bureau of Statistics, Monthly CPI rates

## Projected Regional GDP Growth



Source: IMF

## Regional Currencies Depreciation against USD



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

\*\*USD/SSP rates are as per Bank of South Sudan(BOSS)

## Regional Outlook

### Uganda

- At the end of the year, activity growth accelerated in annual terms, pointing to a robust economic footing at the outset of Q4. Moreover, the private-sector PMI averaged significantly higher in October - November compared to Q3.
- November's reading showed the first increase in employment levels in six months, while firms remained optimistic over future activity, which should support investment ahead.

### Tanzania

- Merchandise exports increased at a quicker pace on average in Q3 compared to the prior quarter, pointing to healthier foreign demand dynamics. Exports growth continued in October, albeit at a slower pace.
- In November, the IMF approved and disbursed two thirds of the country's Special Drawing Rights quota -around USD 372 million- in emergency financial assistance to enable the implementation of its COVID-19 relief plans.

*Source: World Bank, IMF & Focus Economics.*

## Regional Outlook (continued)

### Rwanda

- The country's debt distress was raised from low to moderate by the International Monetary Fund and World Bank in June 2021. Urgent fiscal measures are required to reduce debt ratio to 65% of GDP.
- The planned transition to private sector-led growth, the use of blended finance and derisking strategies to fund infrastructure projects, drawing on reserves, and renegotiating debt will help avoid overburdening the public balance sheet.

### DR Congo

- Growth in output of cobalt accelerated and production of zinc skyrocketed in the first six months of the year, while copper production kept pace.
- Stronger economic growth will be facilitated by the continued expansion of the Kamo-a-Kakula copper mine, driving up investment. The global recovery should further support activity through greater demand for exports.
- The country's is seeking to be admitted to the East African Community a move that will increase Foreign Direct Investments and expand trade with the member states.

*Source: World Bank, IMF & Focus Economics.*

## Regional Outlook (continued)

### South Sudan

- The oil sector continues to dominate the country's economy, but the price instabilities in 2021 and delayed investment highlight the need to diversify sources of growth and revenue.
- The country continues to experience hyper inflation increasing from -1.0% in November to 13.2% in December 2021.
- The main priority for the government is to address the underlying causes of the conflict and stabilize the economy. The authorities have accelerated dialogue on key reforms intended to cushion the economy amidst a double health and economic crisis.
- The current reform dialogue has centered on public financial management reforms. These include the formation of an oversight committee for Public Financial Management Reform Strategy (PFMRS) and its governance structures, as well as a technical committee on the economy whose role is to advise on ways to diversify both sources of growth and revenue.

*Source: World Bank, IMF & Focus Economics.*

# 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 bench-marking exposure visits.

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

[equitygroupholdings.com/knowledge-resource/#tab\\_case-studies](https://equitygroupholdings.com/knowledge-resource/#tab_case-studies)

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





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