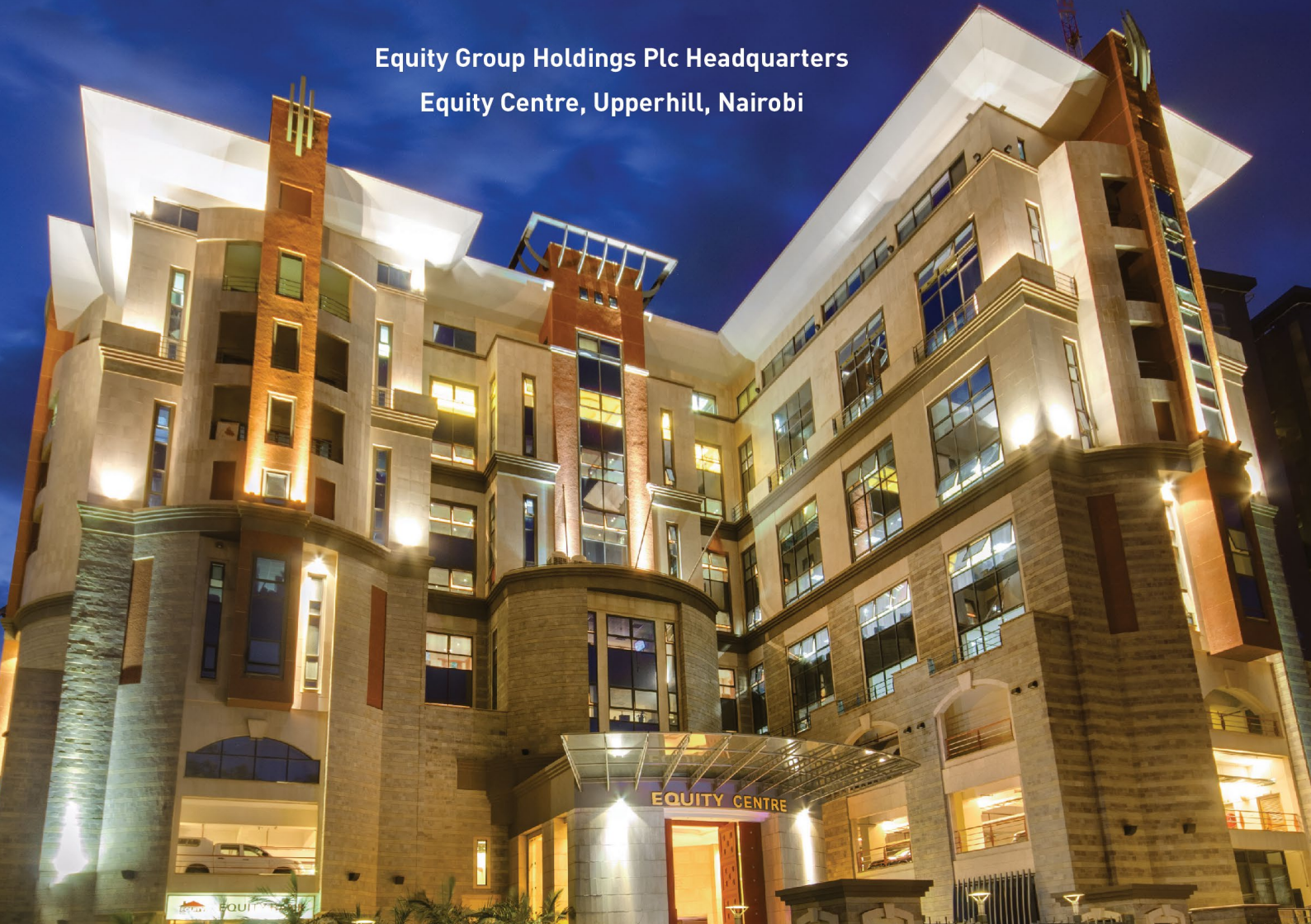


# **INVESTOR BRIEFING Q1 2022 PERFORMANCE**



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

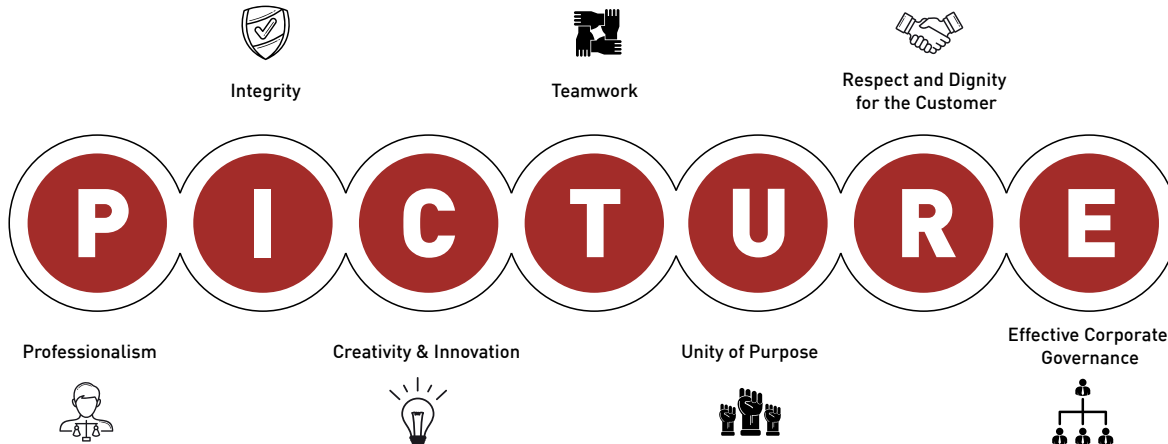
### Our Core Values:

### 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

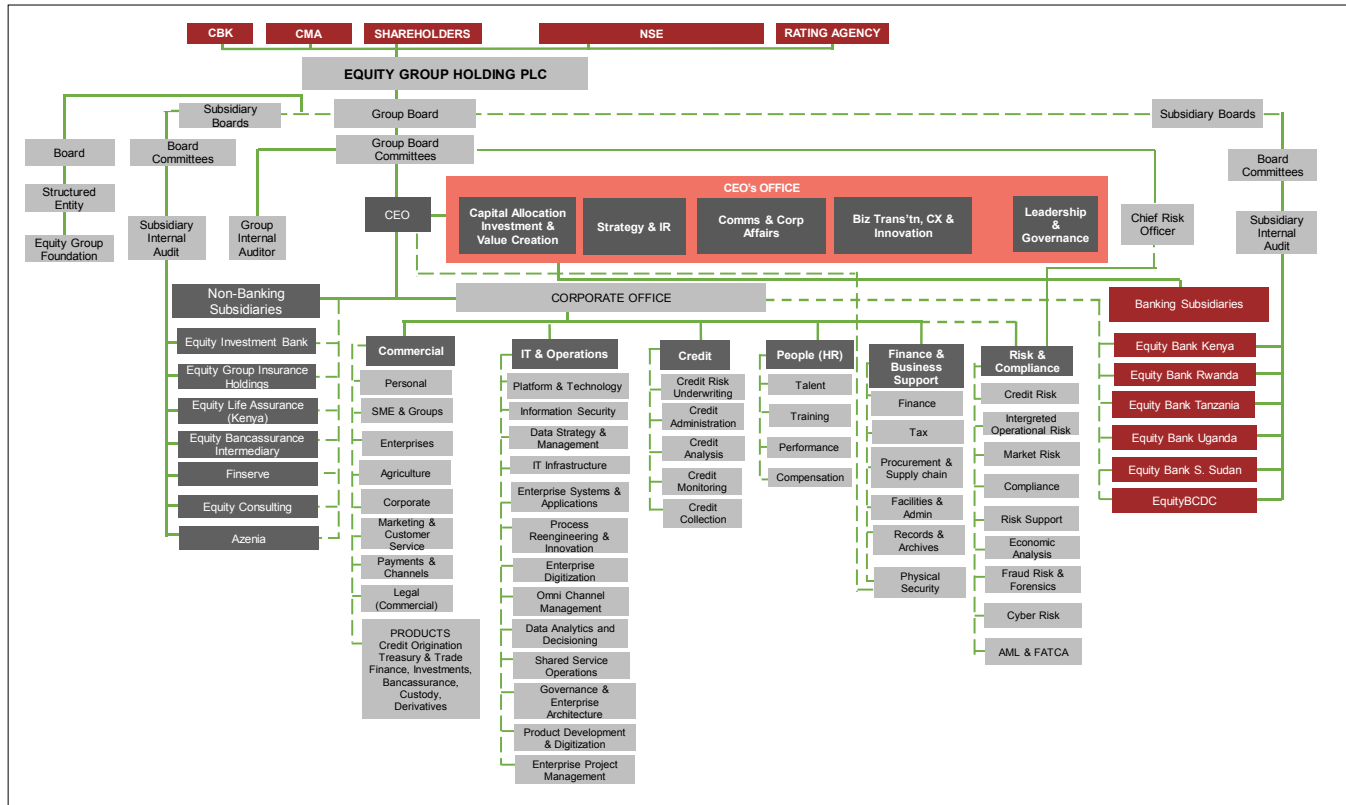




## **Governance and Organizational Structure**

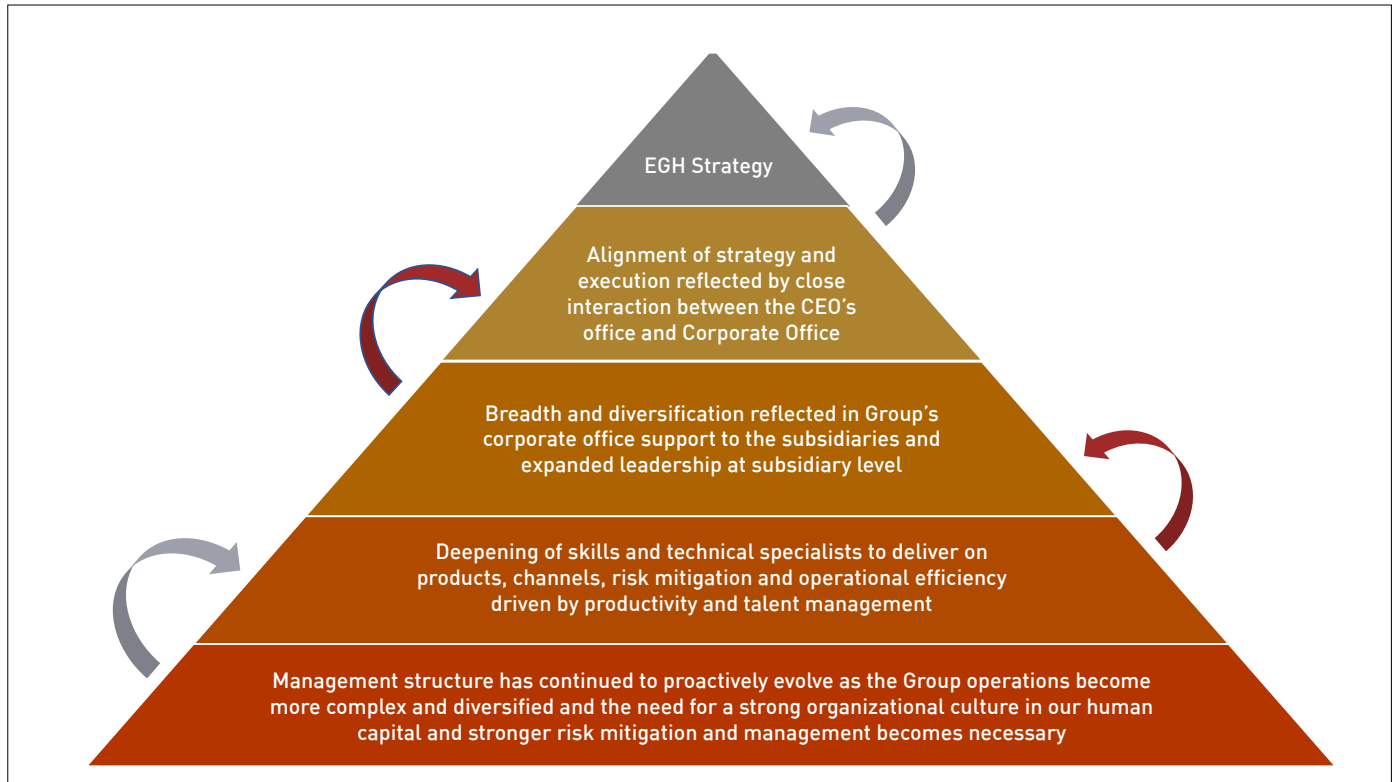


# Governance and Organizational Structure



## Governance and Organizational Structure

### Breadth and Depth of the Management Team



## Group Executive Management



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



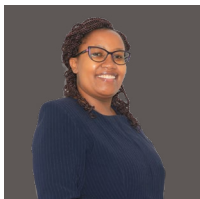
**Mary Wamae**  
Group Executive Director



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



**Sam Gitwekere**  
Group Director,  
Enterprise Risk



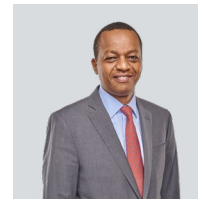
**Lydia Ndirangu**  
Group Company Secretary



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



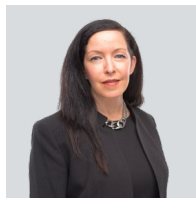
**Elizabeth Gathai**  
Director Digitization and  
Automation



**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



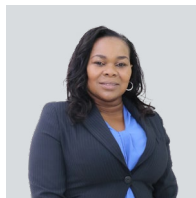
**Isabella Maganga**  
Acting Managing Director,  
Equity Bank Tanzania



**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



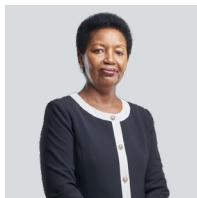
**Dr. James Mwangi**  
Group Managing Director  
and Chief Executive  
Officer



**Mary Wamae**  
Group Executive Director



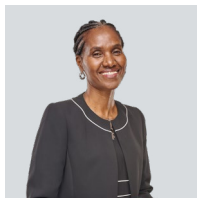
**Dr. Edward Odundo**  
Non-Executive Director



**Evelyn Rutagwenda**  
Non-Executive Director



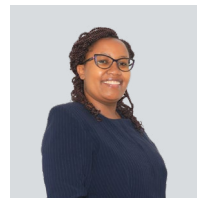
**Vijay Gidoomal**  
Non-Executive Director



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



**Jonas Mushosho**  
Non-Executive Director



**Lydia Ndirangu**  
Group Company Secretary





## **Macroeconomic and Operating Environment**

# Economic Recovery Outlook

## Recovery being hampered by myriad of challenges

### World Economic recovery dimmed by Russia-Ukraine Conflict

International Monetary Fund(IMF) reports that the war in Ukraine has triggered a costly humanitarian crisis and economic damage. Global Economic growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. Sub-Saharan Africa economies also projected to slow down to 3.8% in 2022 from 4.5% in 2021

Source: IMF; <https://www.imf.org/en/Publications/WE0/Issues/2022/04/19/world-economic-outlook-april-2022>

The World Bank reported that the Russian war with Ukraine has triggered a catastrophic humanitarian crisis and threatened the stability of geopolitical relations. Economic output in the Europe and Central Asia region is forecast to contract by more than 4.1% in 2022 - the second major shock and regional recession in two years. Across the wider developing world, the economic and social impacts are spreading through multiple channels, including commodity markets, trade, financial flows, and market confidence

Source: World Bank; <https://www.worldbank.org/en/country/ukraine/overview#3>

Africa Development Bank (AfDB) indicated that the war in Ukraine threatens to lead to food riots, political upheaval and turn back the clock in years of progress in Africa. Since the beginning of the war, the price of wheat has gone up by 6%, the price of maize up by 36%, the price of soya beans up by 29% and the price of fertilisers, which are very critical for food productions, has gone up by 300%

Source: AfDB; <https://www.afdb.org/en/news-and-events/press-releases/africa-must-prepare-inevitability-global-food-crisis-says-african-development-bank-president-akinwumi-adesina-51173>

### Regional currencies continue to depreciate against the US dollar

The COVID-19 crisis has generally weakened the region's exchange rates. The tightening of global financial conditions in recent months has further intensified exchange rate pressures and left most countries with limited reserve buffers

Source: IMF; <https://reliefweb.int/sites/reliefweb.int/files/resources/text.pdf>

# Economic Recovery Outlook

## Recovery being hampered by myriad of challenges

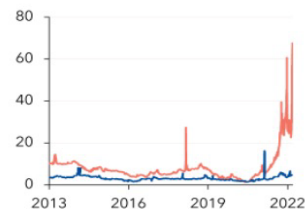
### Growing pressures on main economic drivers

Global prices for energy, grains and metals have been increasing since the invasion of Ukraine by Russia leading to imported inflation in the region

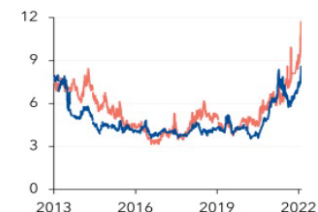
**Brent Crude Oil**  
(\$US/barrel)



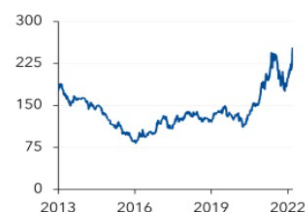
**European & US Natural Gas\***  
(\$US/MMBtu)



**Corn, Wheat**  
(\$US/bushel)



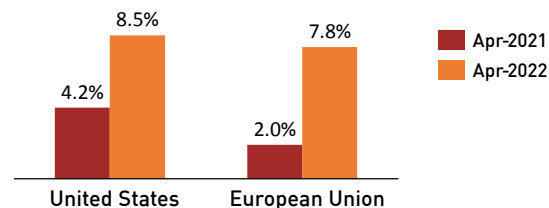
**Metals Index\*\***  
(2016=100)



Source: IMF; <https://blogs.imf.org/wp-content/uploads/2022/03/CHART-1-commodities-chart-panel-1.jpg>

### US and Europe experiencing unprecedented inflation rates

Increasing inflation rates in the US has led the US FED to respond by raising the interest rates for the first time since 2018, a move likely to drive risk-off position to frontier market investments



Source: Trading Economics; <https://tradingeconomics.com/united-states/inflation-cpi>

### Resurging COVID-19 variants in China

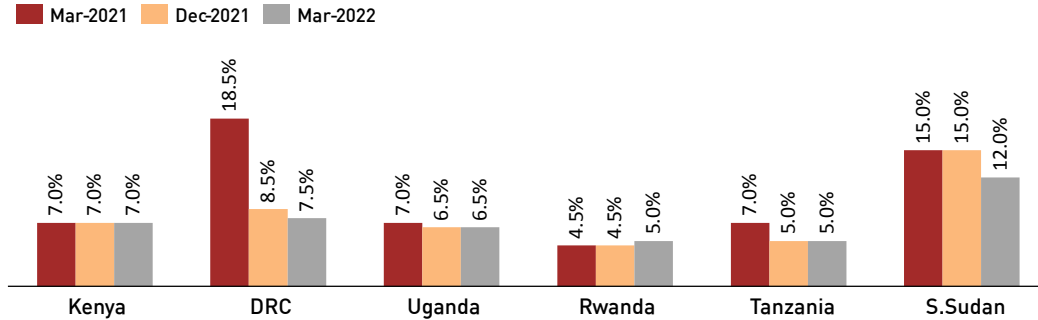
China has reported spike in COVID-19 cases in the recent months prompting lockdowns in major cities of Shanghai and Beijing. This has led to supply chains disruptions hence curtailing World Economic recovery.

Source: Bloomberg;  
<https://www.bloomberg.com/news/articles/2022-03-15/world-economy-braces-for-supply-hit-as-china-battles-covid-again>

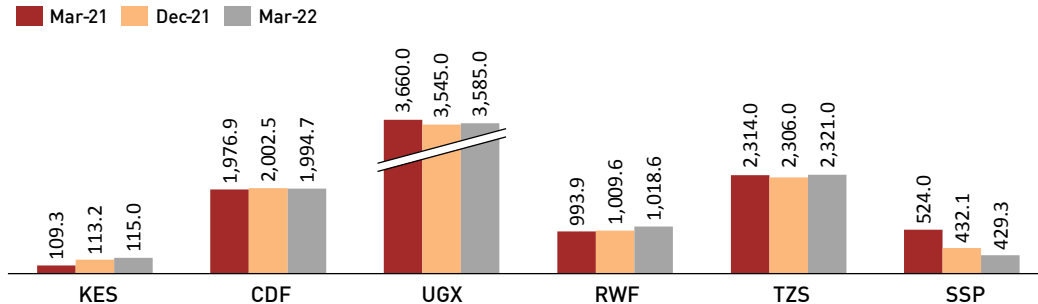
## Economic Recovery Outlook

### Regional CBR and Currency Depreciation

#### Regional CBR

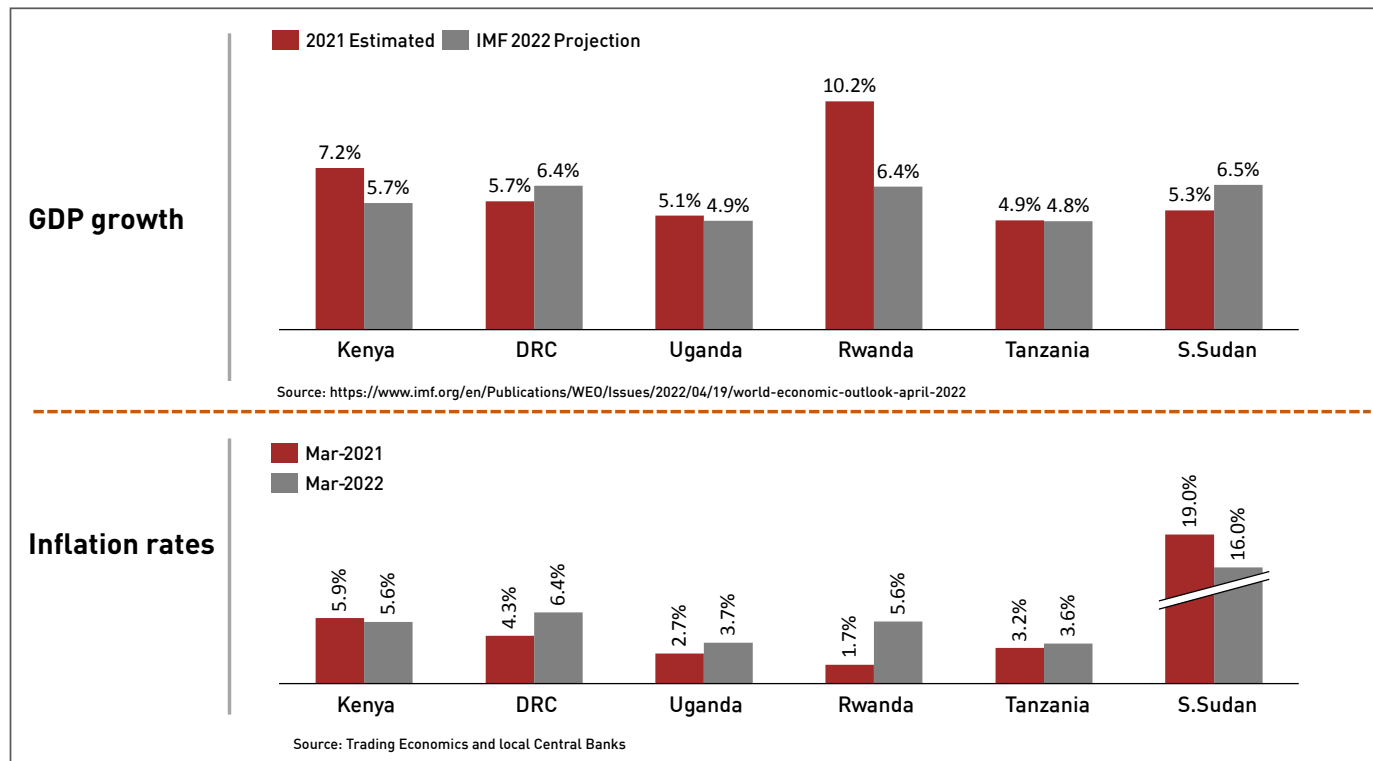


#### Regional Currency Depreciation to USD



## Economic Recovery Outlook

GDP growth projected to slow down in majority of the regional countries



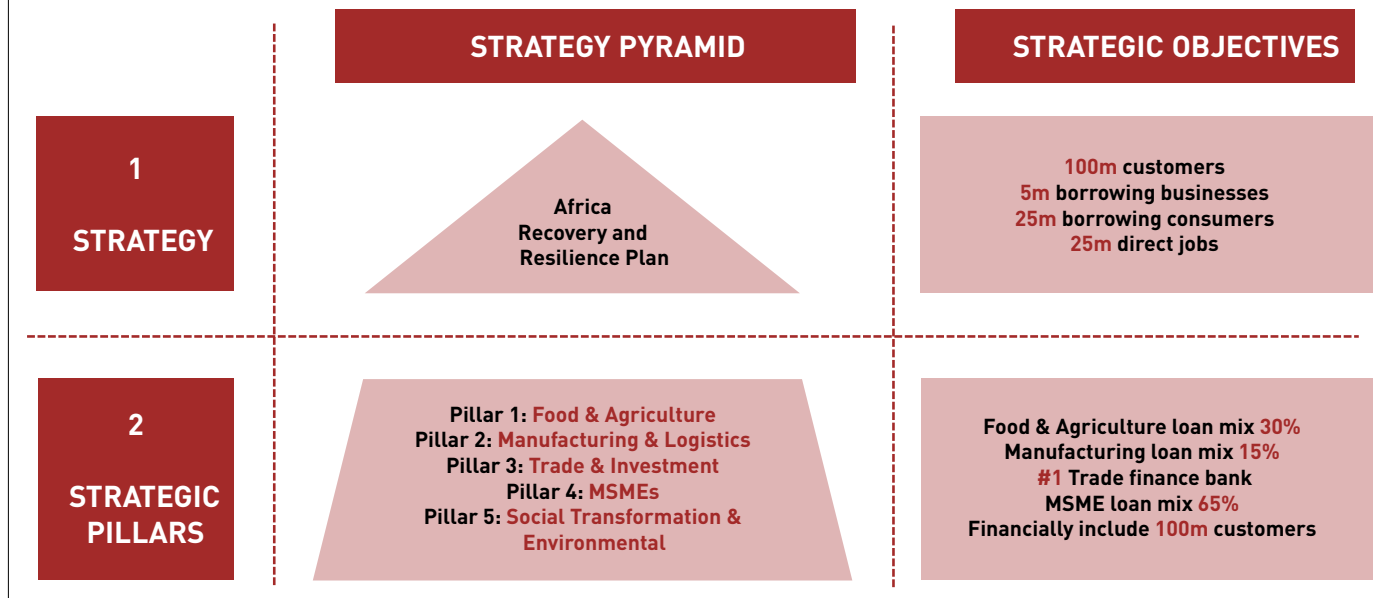


# Overview of “Africa Recovery and Resilience Plan”

Background	The Plan	5 Pillars of the Plan	Objectives of the Plan
<p>Africa remains a continent of <b>significant but nascent economic opportunities</b> underpinned by secular growth drivers of:</p> <ul style="list-style-type: none"> <li>• <b>Productivity gains</b> – from improving access to finance, infrastructure and technology</li> <li>• <b>Growing Consumption</b> – driven by large, young, urbanizing and growing population</li> <li>• <b>Natural resources</b> – to fund the future but more importantly catalyse inclusive growth and support comparative advantages for industrialisation</li> <li>• <b>Rising cross-border trade</b> – that expands market opportunities and access to technology and skills</li> <li>• <b>Improving value chains</b> – 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, <b>social and economic constraints persist with policymaking tools constrained</b>, especially post the global COVID-19 stimulus. Therefore, <b>private sector</b> 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 <b>natural resources-led industrialization of Africa, led by agriculture and renewable energy-related commodities</b>. 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 <b>Social and Economic Engines</b> that capacitates business value chains (Social Engine) and provide financial solutions to productive ecosystems (Economic Engine).</p> <p><b>Equity Group’s excess liquidity (currently 1.5% of cumulative GDP of east and central Africa)</b> 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>• <b>Ecosystems of natural resources in agriculture (and renewable energy)</b> – more coordinated value chains will catalyse and lead an inclusive industrialization of Africa</li> <li>• <b>Manufacturing and logistics ecosystem</b> – increased utilization of installed and differentiated productive capacities will drive complimenting manufacturing hubs across Africa</li> <li>• <b>Trade and investment</b> – access to new markets, technology, capital and skills will enrich and enhance throughput of Africa value chains</li> <li>• <b>MSMEs</b> – inclusivity of small businesses in formal value chains will drive inclusive growth</li> <li>• <b>Social transformation and environmental</b> – 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>1. <b>Inclusivity of 100 million:</b> financial inclusion of households and banking entire value chains</li> <li>2. <b>Multiplier effect of 5 million borrowing businesses and 25 million borrowing consumers:</b> borrowing businesses to expand productive capacities to drive value chain expansion and employment, whilst consumer borrowing to enable household aspirations</li> <li>3. <b>Employment of 50 million:</b> 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>4. <b>Additional private sector lending in excess of almost 2% of regional GDP:</b> loan book to be directed to agriculture (30%), manufacturing (15%), MSMEs (65%)</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.**

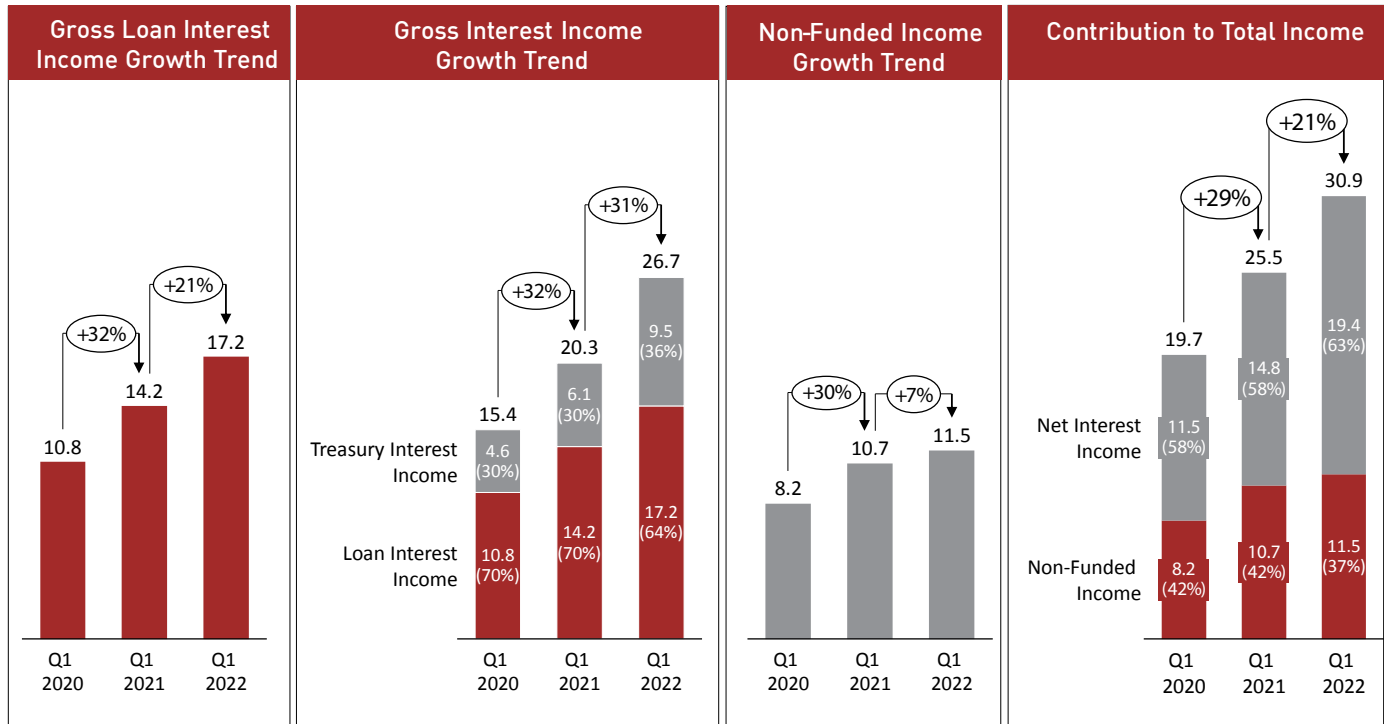
Efficiency and Cost Optimization

**8.**

Impact Investment & Social Brand Development

## Focus Area 1: Non-Funded Income Growth

Kes Billion

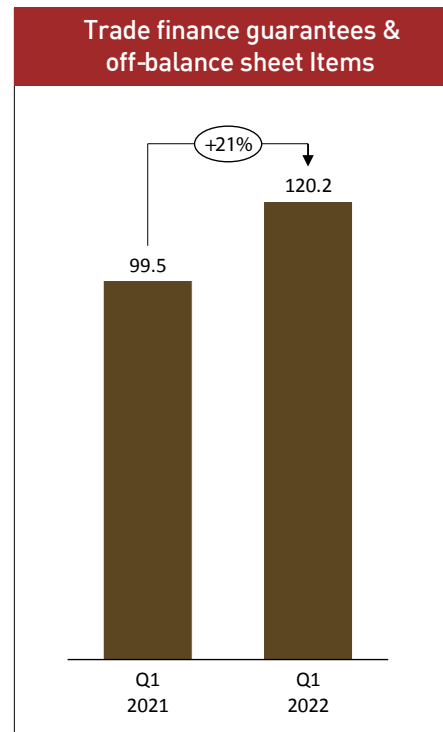
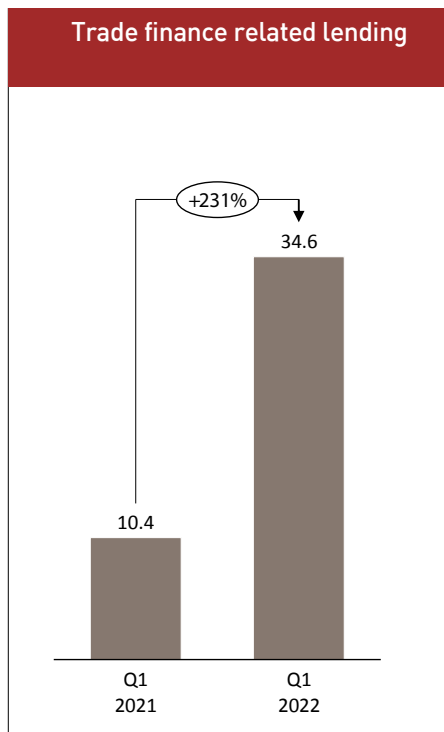
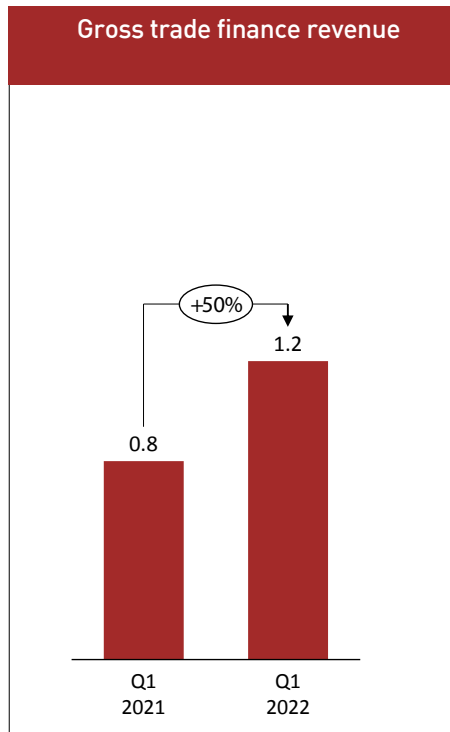




## Focus Area 1: Non-Funded Income

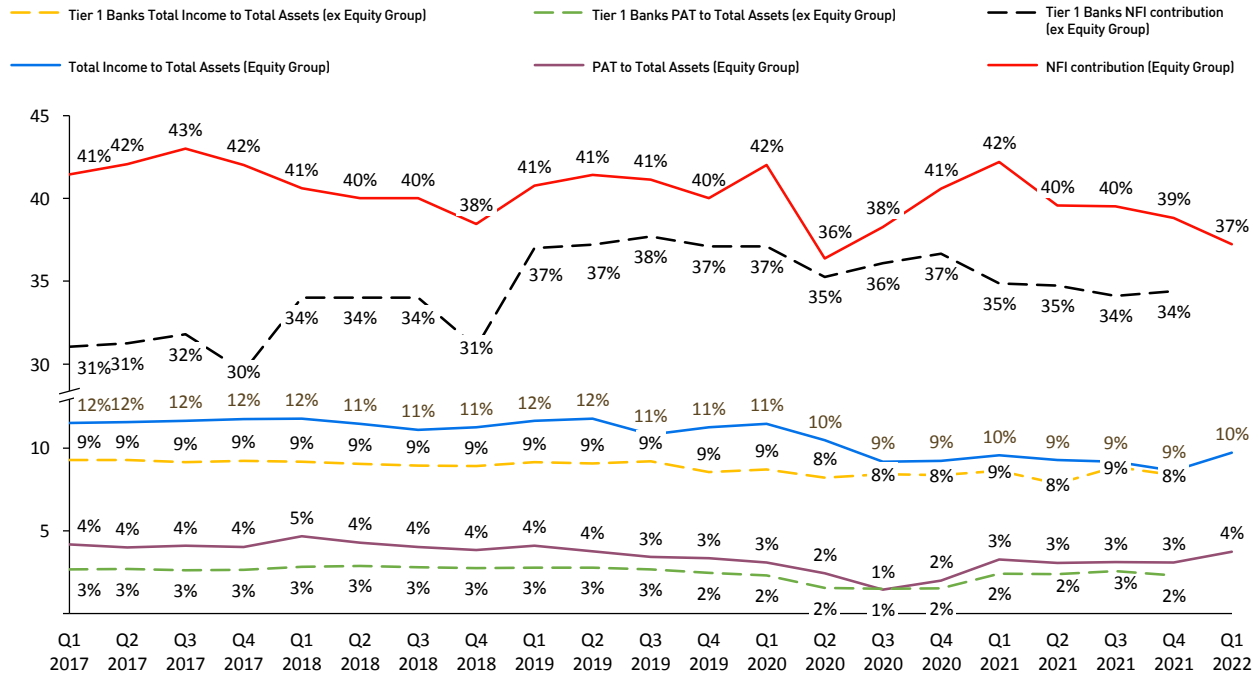
### Trade Finance Performance

Kes Billion



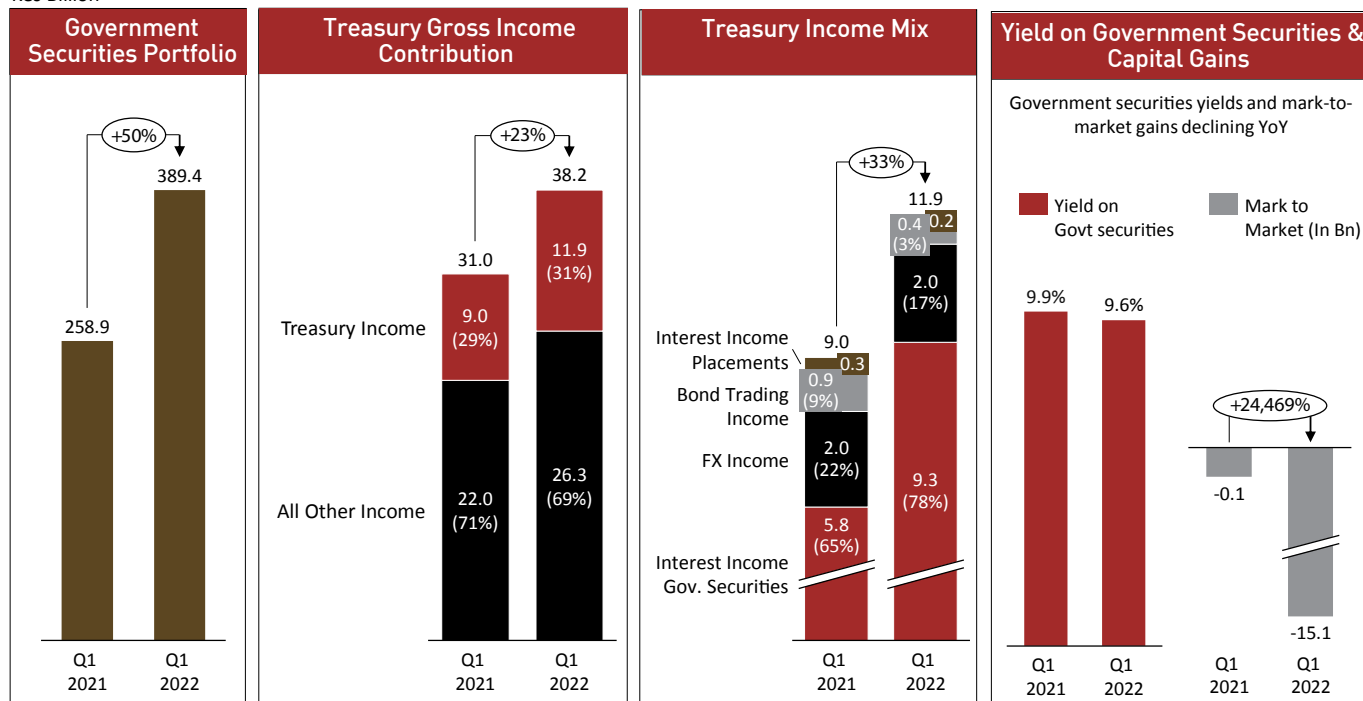
## Focus Area 1: NFI Contribution

Equity Group still more diversified than the sector's average as at Q4 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

Q1 2022	EBTL	EBRL	EBUL	EBSS	Equity BCDC	EBIL	EIB	Finserve	ELAK	Other Subs Total (% Contribution)	EBKL (% Contribution)	Group (% growth)	Other Subs Contribution Q1 2022	Other Subs Contribution Q1 2021
<b>Deposit</b> <i>YoY Growth</i>	26.3 45%	40.1 47%	71.1 39%	9.2 16%	300.1 13%					446.8 42%	605.7 58%	900.9 14%	42%	46%
<b>Loan</b> <i>YoY Growth</i>	19.8 25%	27.6 23%	49.8 23%	0.3 -32%	123.4 44%					221.0 35%	402.6 64%	623.6 28%	36%	34%
<b>Assets</b> <i>YoY Growth</i>	36.0 23%	55.4 36%	89.9 35%	14.0 14%	361.3 13%	1.3 50%	0.6 -9%	3.1 34%	2.2	563.7 40%	842.0 60%	1,269.5 19%	40%	40%
<b>Revenue</b> <i>YoY Growth</i>	1.0 56%	1.5 35%	2.8 34%	0.4 91%	6.2 29%	0.38 0%	0.04 -47%	0.39 16%	0.13	12.8 40%	18.9 60%	30.9 21%	40%	37%
<b>Cost before provisions</b> <i>YoY Growth</i>	0.6 26%	0.6 25%	1.3 17%	0.1 103%	4.0 2%	0.08 6%	0.03 43%	0.28 11%	0.11	7.2 50%	7.3 50%	14.2 12%	50%	50%
<b>PBT before provisions</b> <i>YoY Growth</i>	0.4 164%	0.9 42%	1.5 55%	0.3 84%	2.2 160%	0.30 -1%	0.01 -80%	0.11 30%	0.02	5.6 32%	11.6 68%	16.7 30%	32%	24%
<b>PBT</b> <i>YoY Growth</i>	0.2 143%	0.8 46%	1.2 40%	0.3 84%	1.8 176%	0.30 -1%	0.01 -80%	0.11 30%	0.02	4.7 31%	10.7 69%	15.3 31%	31%	23%
<b>PAT</b> <i>YoY Growth</i>	0.2 79%	0.6 46%	0.9 50%	0.2 96%	1.4 269%	0.21 -1%	0.01 -80%	0.08 30%	0.02	3.6 30%	8.5 70%	11.9 36%	30%	21%
<b>RoAE</b>	11.8%	30.9%	28.1%	20.4%	19.0%	250.5%	12.2%	30.1%	5.2%	23.6%	32.7%	27.4%		
<b>Cost of Capital</b>	20%	19%	19%	> 25%	22%	18%	18%	18%	18%	21%	18%	19%		

## Focus Area 3: Geographical Expansion and Business Diversification

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

RoAE			RoAA		
Subsidiary	Q1 2021	Q1 2022	Subsidiary	Q1 2021	Q1 2022
EBKL	32.8%	32.7%	EBKL	4.2%	4.0%
EBUL	25.9%	28.1%	EBUL	3.9%	4.1%
EBRL	25.3%	30.9%	EBRL	3.9%	4.3%
EBTL	6.9%	11.8%	EBTL	1.2%	1.7%
EquityBCDC	6.2%	19.0%	EquityBCDC	0.5%	1.4%
EBSSL	12.0%	20.4%	EBSSL	3.7%	6.1%

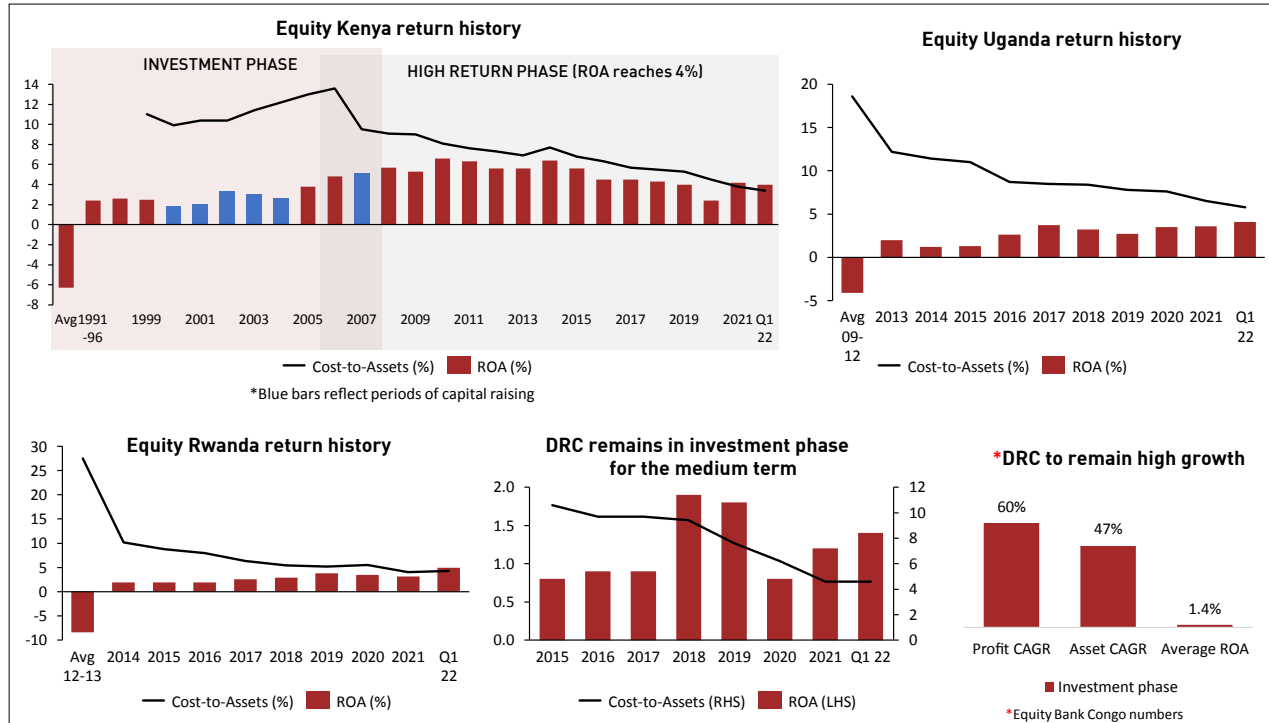
  

Cost-to-Assets Ratio			Cost-to-Income Ratio		
Subsidiary	Q1 2021	Q1 2022	Subsidiary	Q1 2021	Q1 2022
EBKL	3.7%	3.4%	EBKL	38.7%	38.5%
EBUL	7.0%	5.8%	EBUL	54.5%	47.6%
EBRL	4.5%	4.3%	EBRL	40.8%	37.6%
EBTL	6.7%	6.9%	EBTL	78.2%	63.1%
EquityBCDC	5.3%	4.6%	EquityBCDC	82.8%	65.3%
EBSSL	3.0%	5.1%	EBSSL	37.4%	39.7%



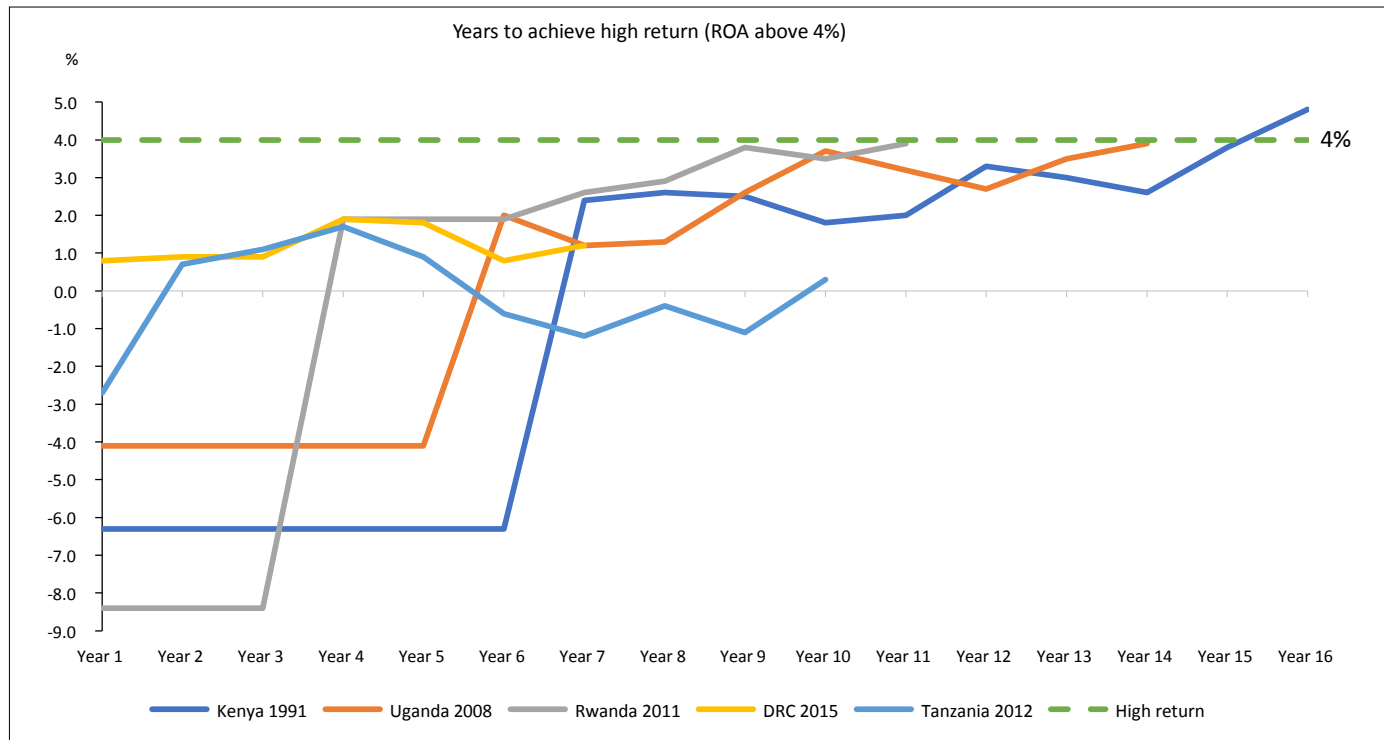
## Focus Area 3: Geographical Expansion and Business Diversification

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 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 ~388 million
- Nominal GDP of ~USD 380 Bn
- EBC and BCDC operations merged effective 31 December 2020 to create EquityBCDC
- EquityBCDC is the second largest subsidiary of Equity Group Holdings

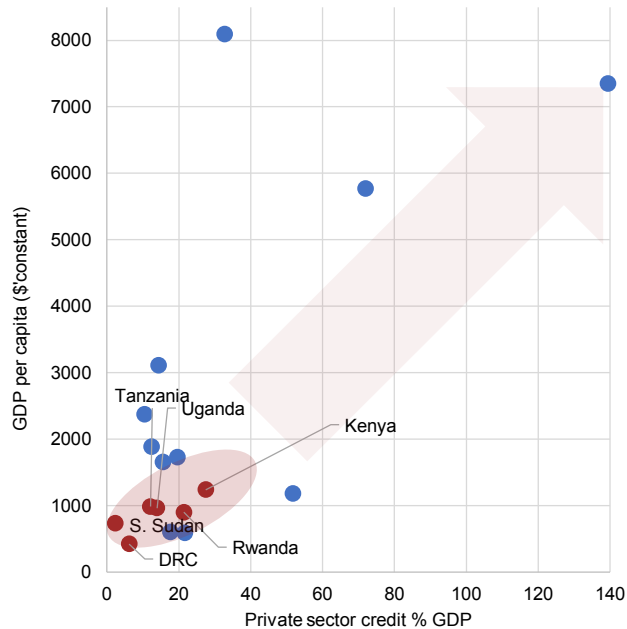
Source: World Bank



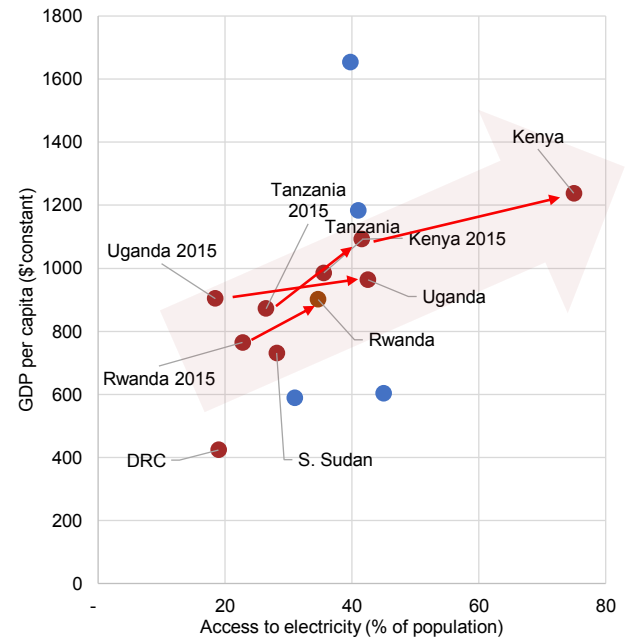
## Focus Area 3: Geographical Expansion and Business Diversification

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

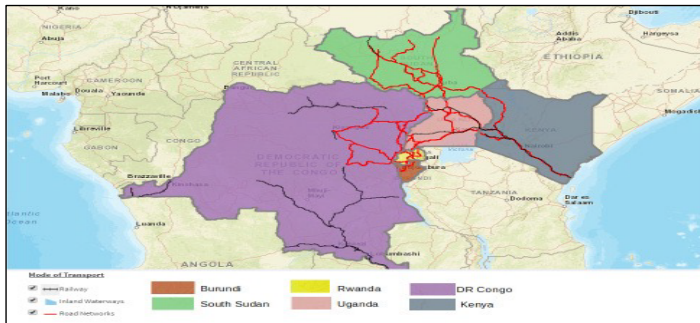


Source: World Bank

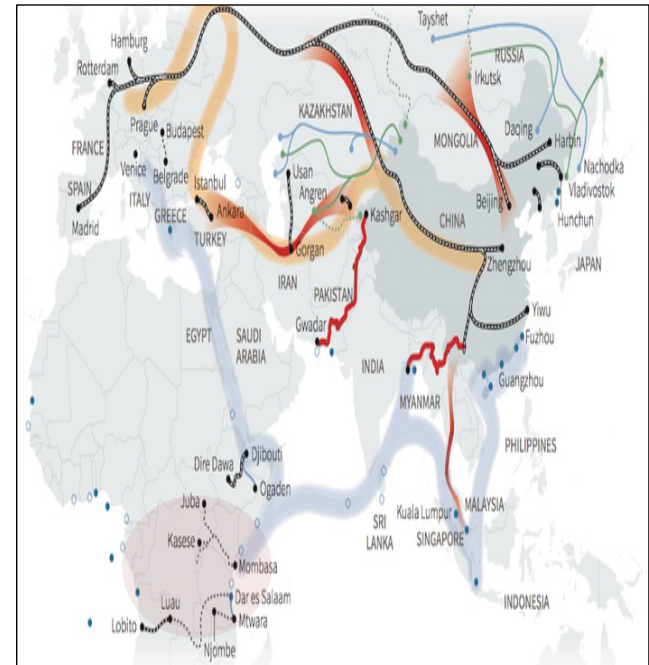
## Focus Area 3: Geographical Expansion and Business Diversification

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

### East and Central Africa increasing infrastructure connectivity



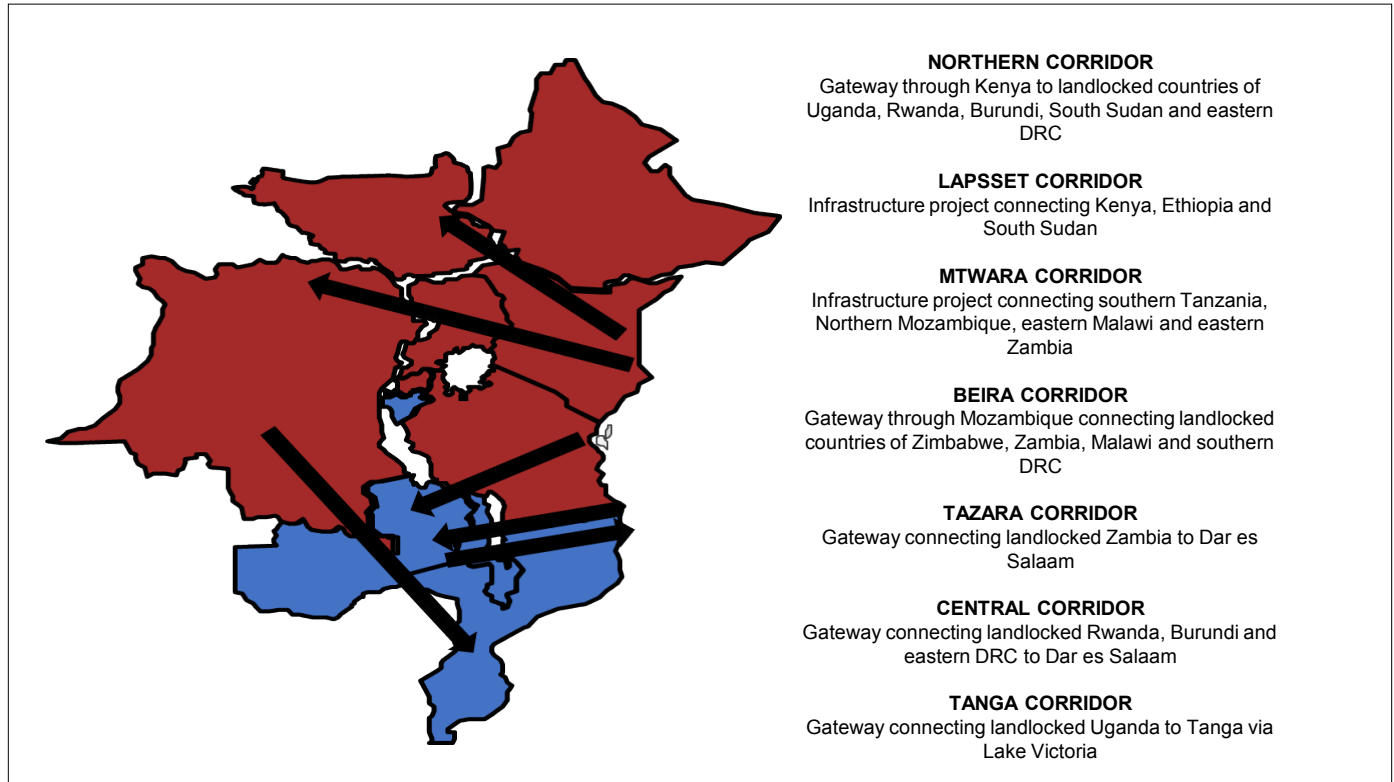
### Growing linkages to global trade and commerce



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

- On March 29, 2022, DRC was admitted to the East Africa Community following recommendation by the Council of Ministers opening trade and investment opportunities in the region
- 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
- 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. Copper prices are increasing and Kamo-a-Kakula copper mine continue to expand which should spur economic growth
- 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 has a large young population, ~93 million, with 45% of the population in urban centres presenting consumption opportunities



## 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 1, 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

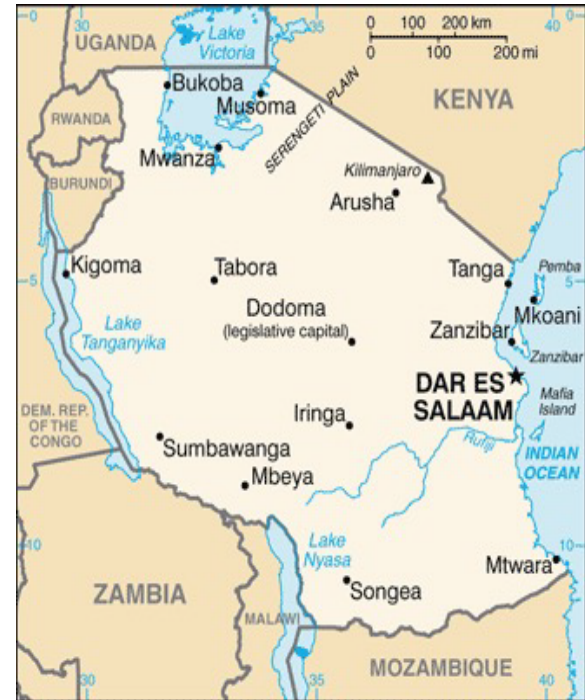




## Focus Area 3: Geographical Expansion and Business Diversification

### Promising Tanzania Operating Environment

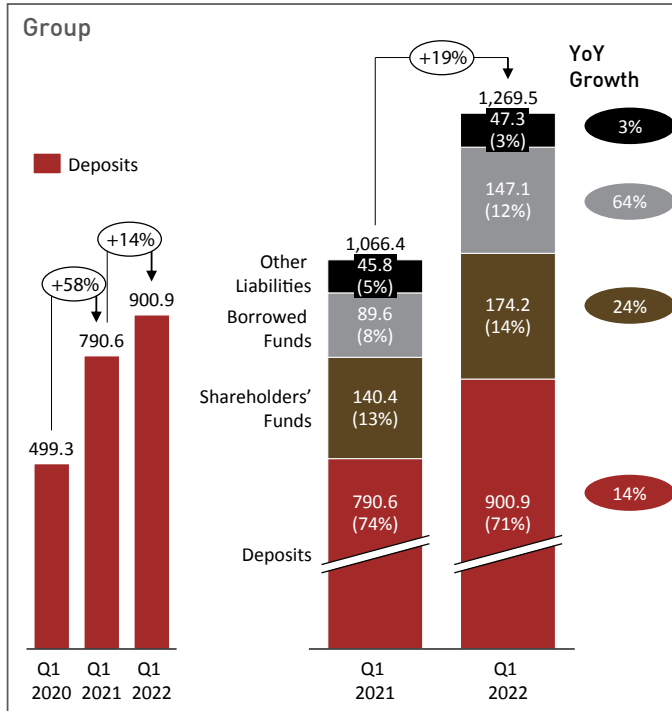
- On 20 May 2021 Tanzania signed the host country EACOP agreement with TotalEnergies and the Ugandan government for the construction of a \$3.55 billion oil pipeline which will see Tanzania earn \$12.7 for each barrel transported. The Final Investment Decision was signed between Total and its partners on February 1, 2022
- The admission of 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



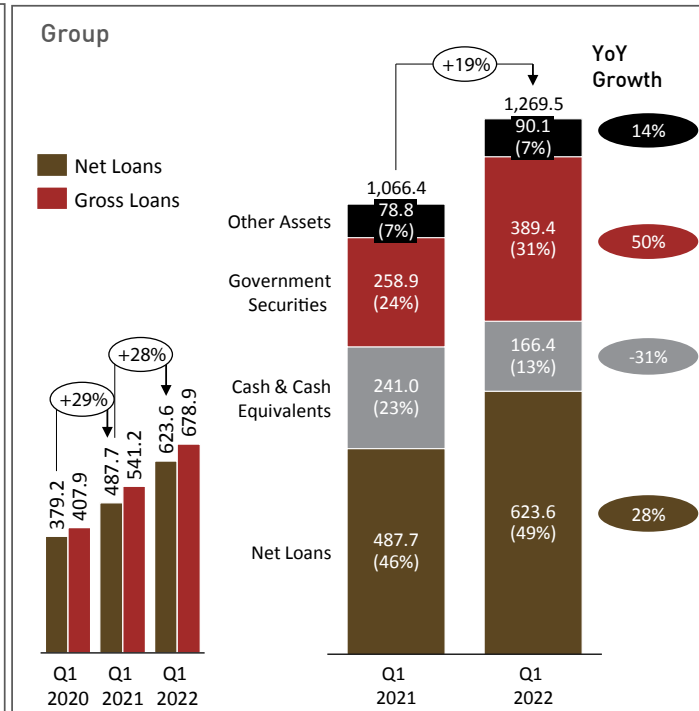
## Focus Area 4: Balance Sheet Efficiency, Optimization and Agility

Kes Billion

### Funding Structure and Leverage

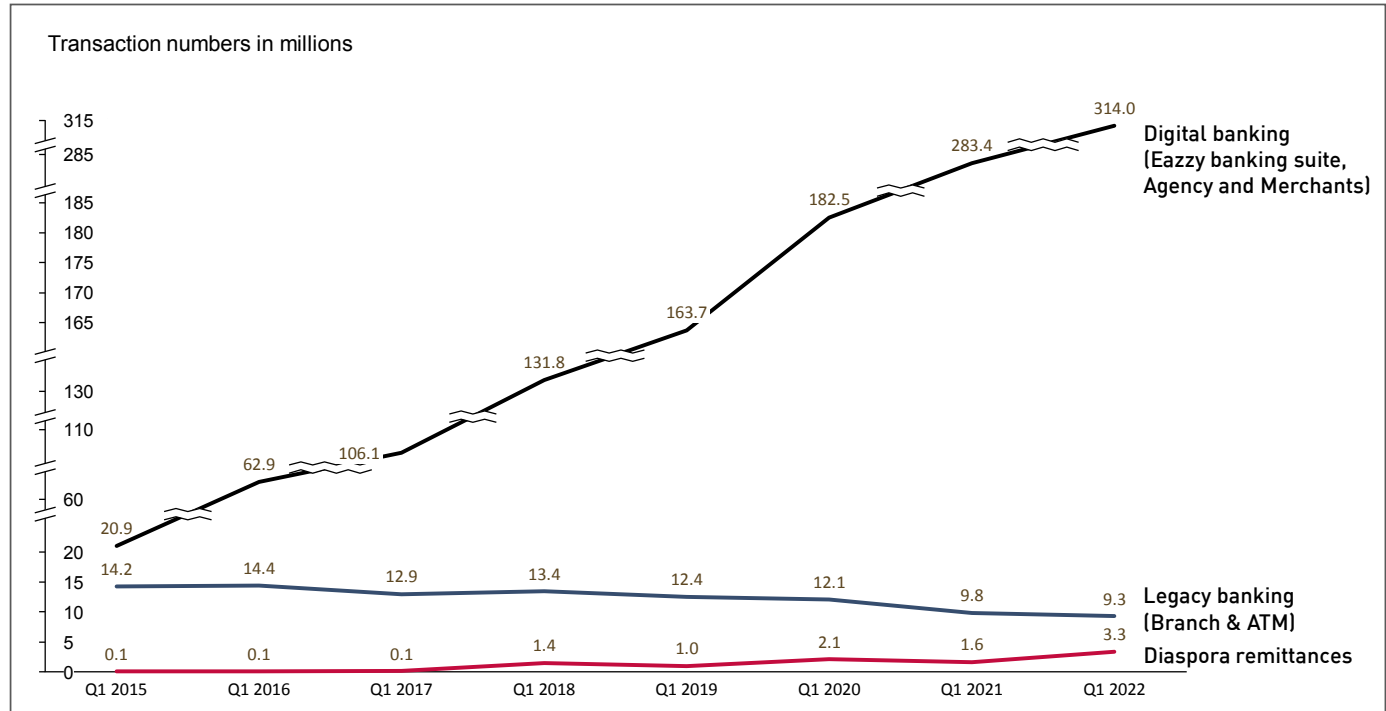


### Asset Mix



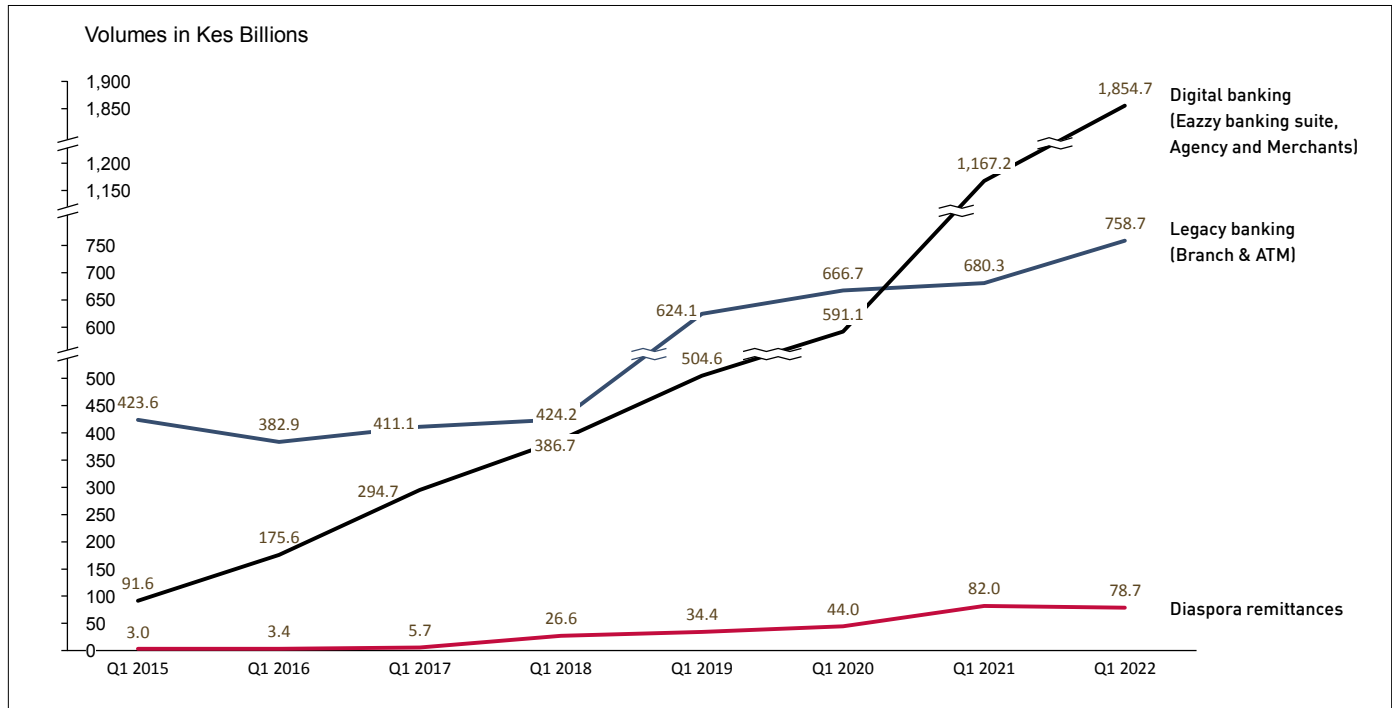
## Focus Area 5: Business Transformation - Innovation and Digitization

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



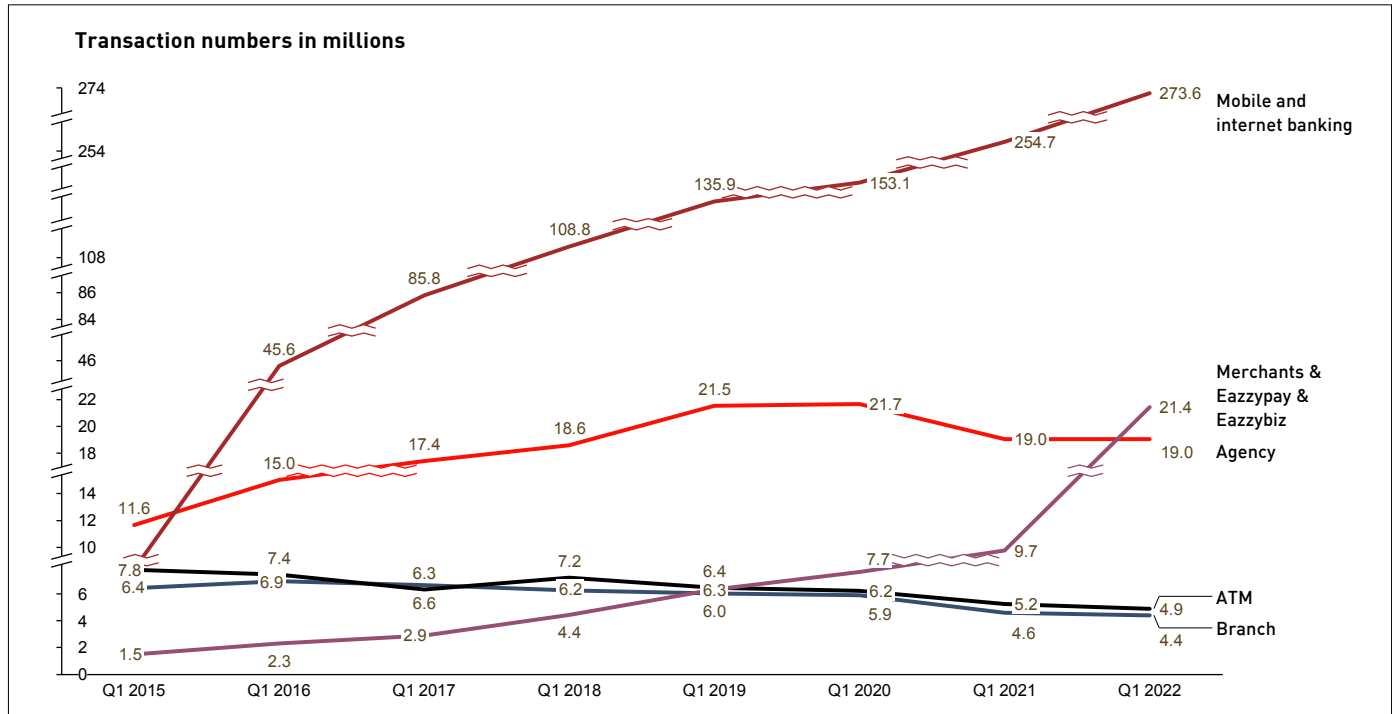
## Focus Area 5: Business Transformation - Innovation and Digitization

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



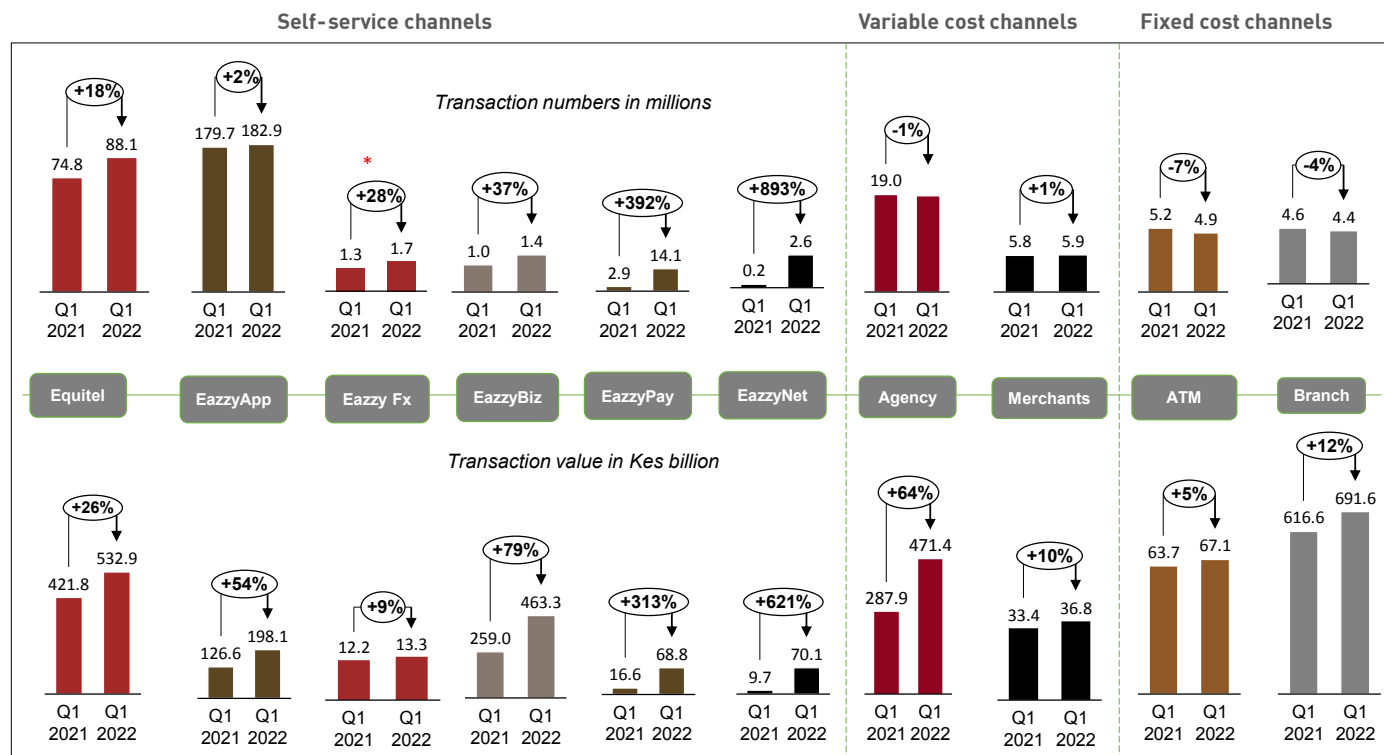
## Focus Area 5: Business Transformation - Innovation and Digitization

**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

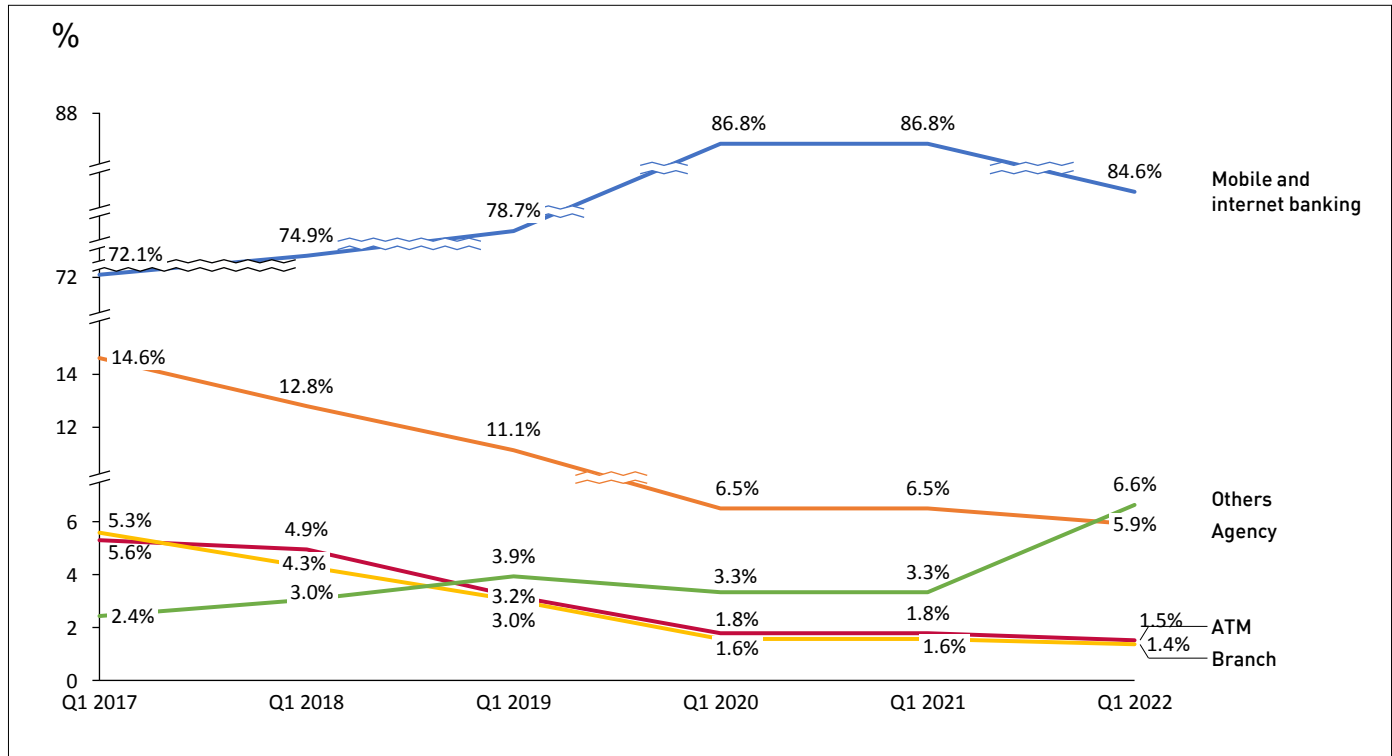
### Migrating from Fixed and variable cost channels to self-service channels



\* Eazzy Fx transaction numbers in thousands

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

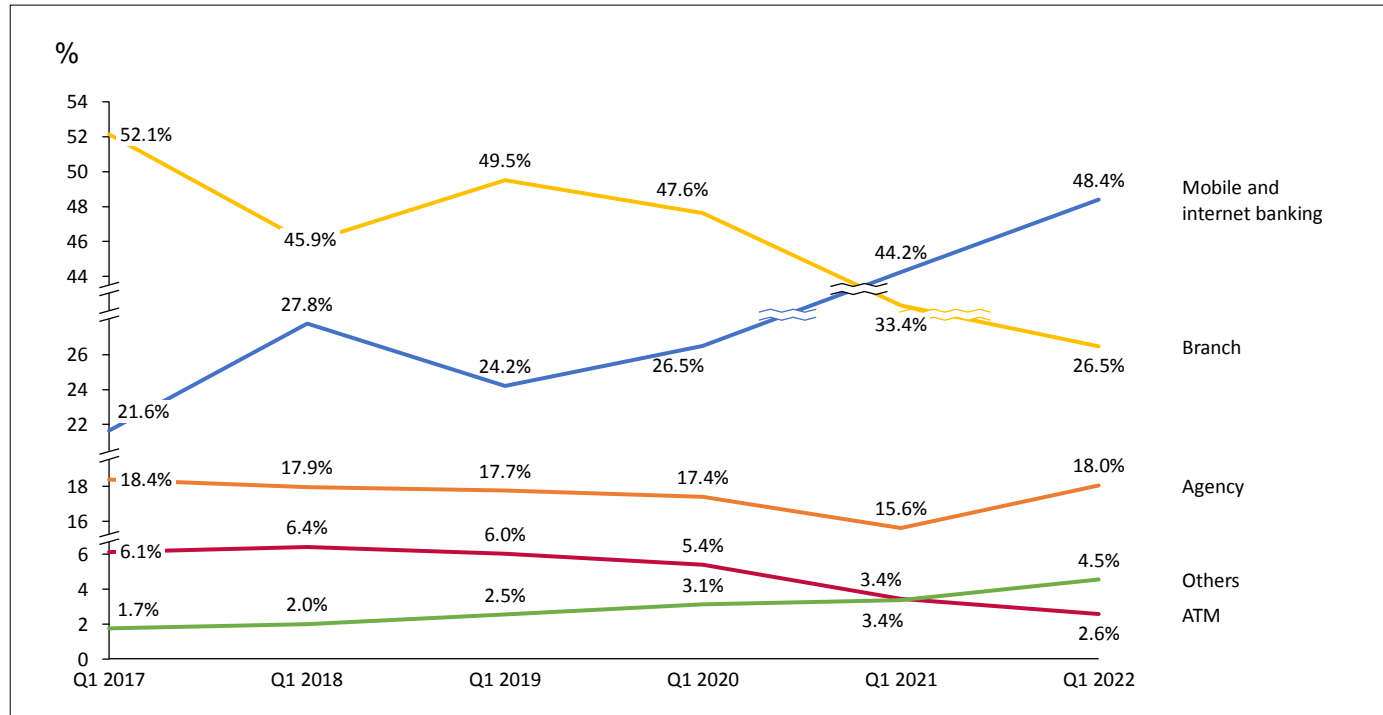
98% of our Transactions outside the branch



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

### 73% of our Transactions Value outside the branch

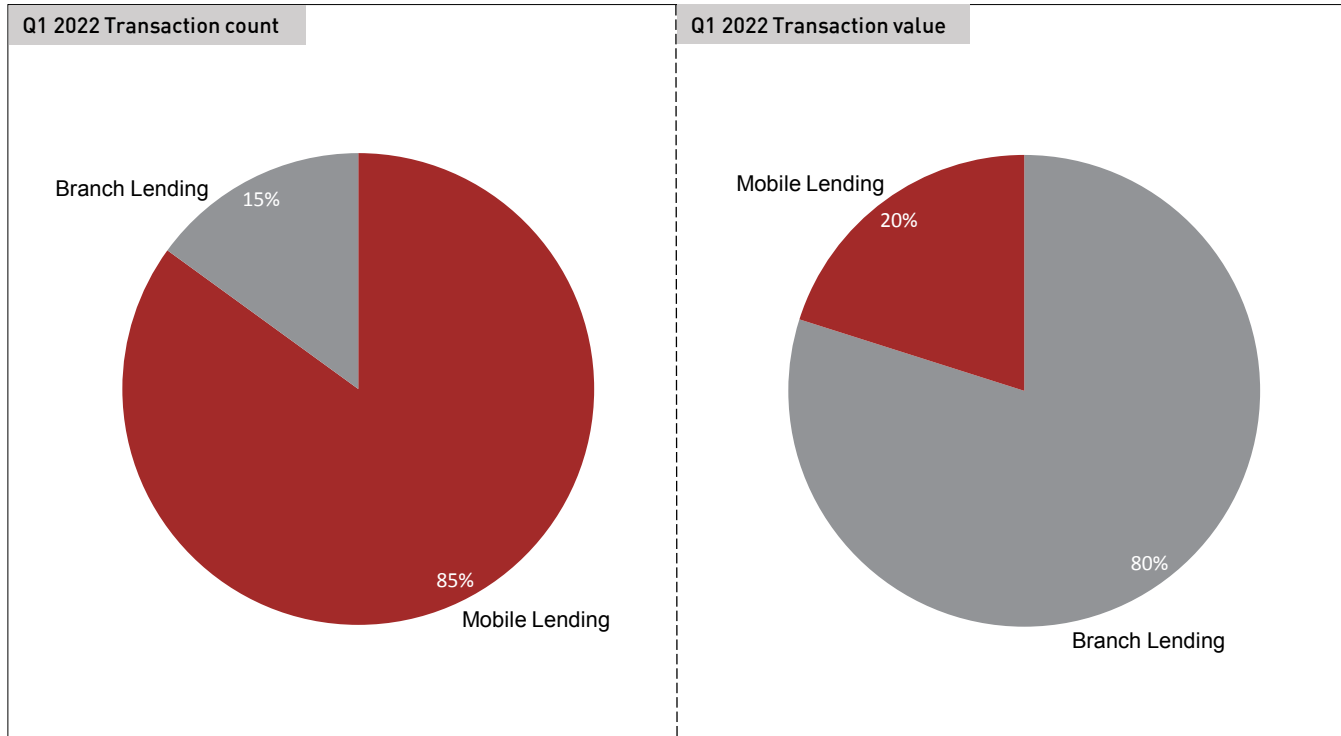
Branches now handling high value transactions for SME, corporates, wealth management & advisory services





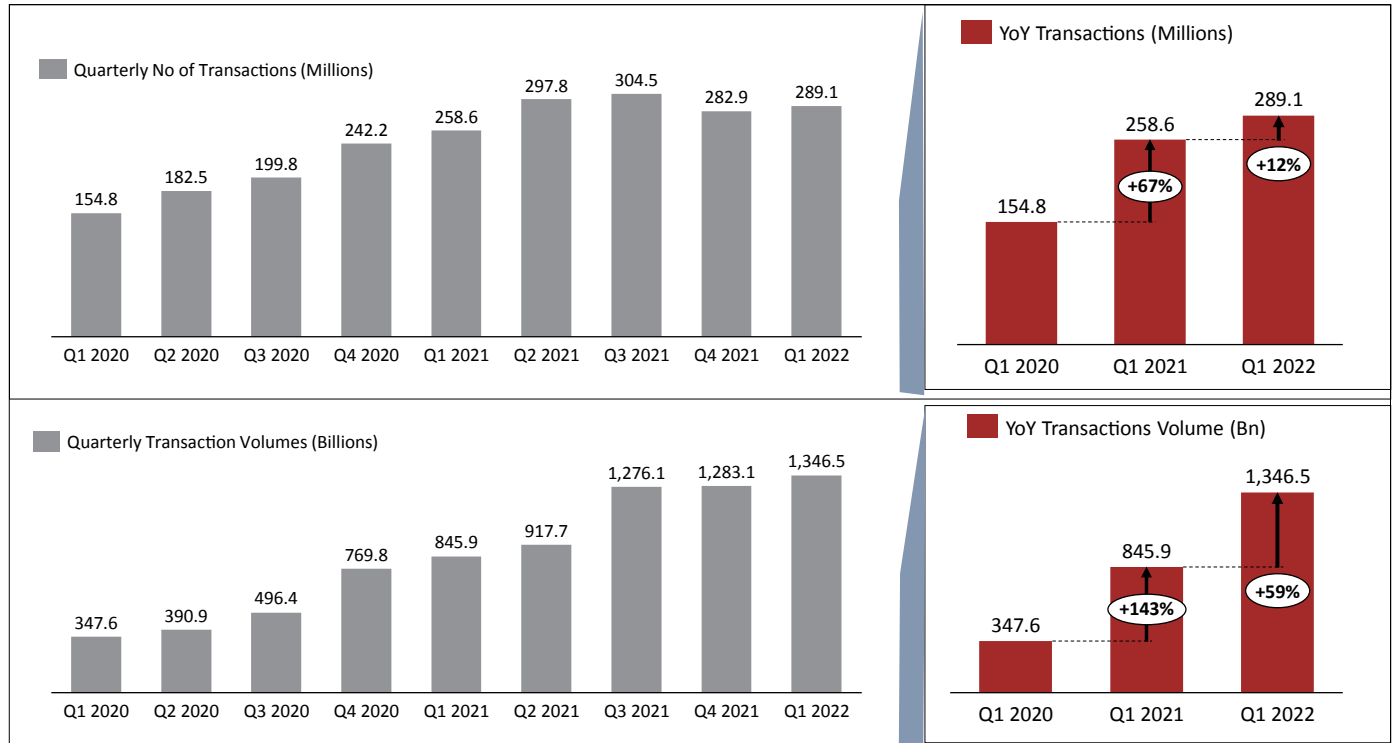
## Focus Area 5: Business Transformation - Fintech Capabilities: Data Strategy, Decision Science and Analytics

85% of our Loan Transactions via Mobile Channel



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

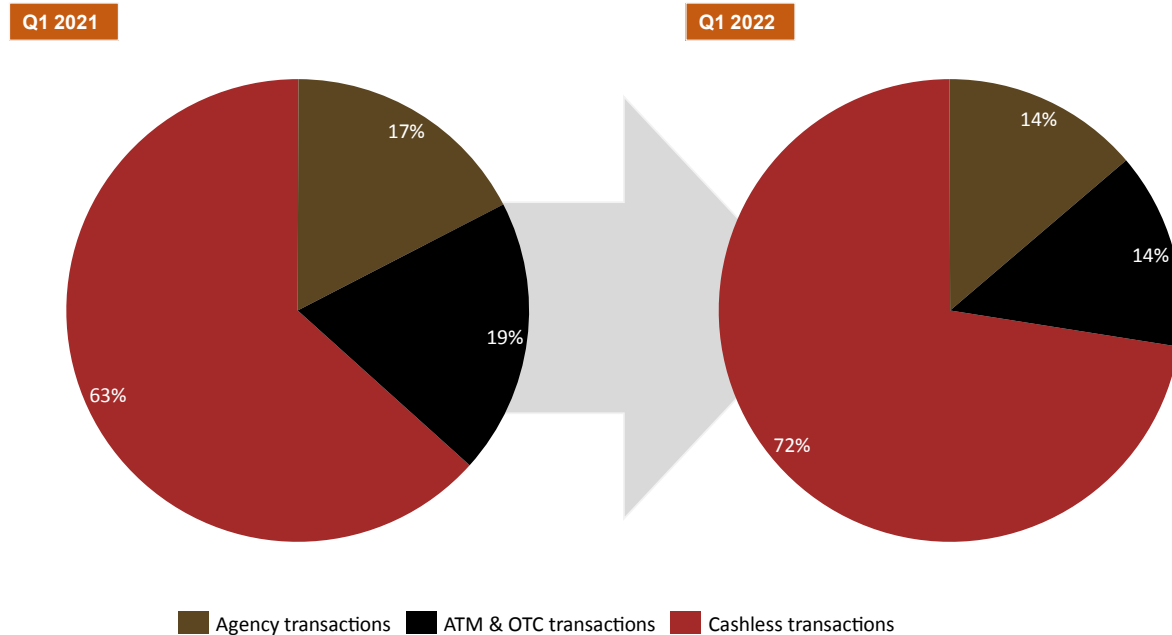
### Payments Processing Capabilities



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

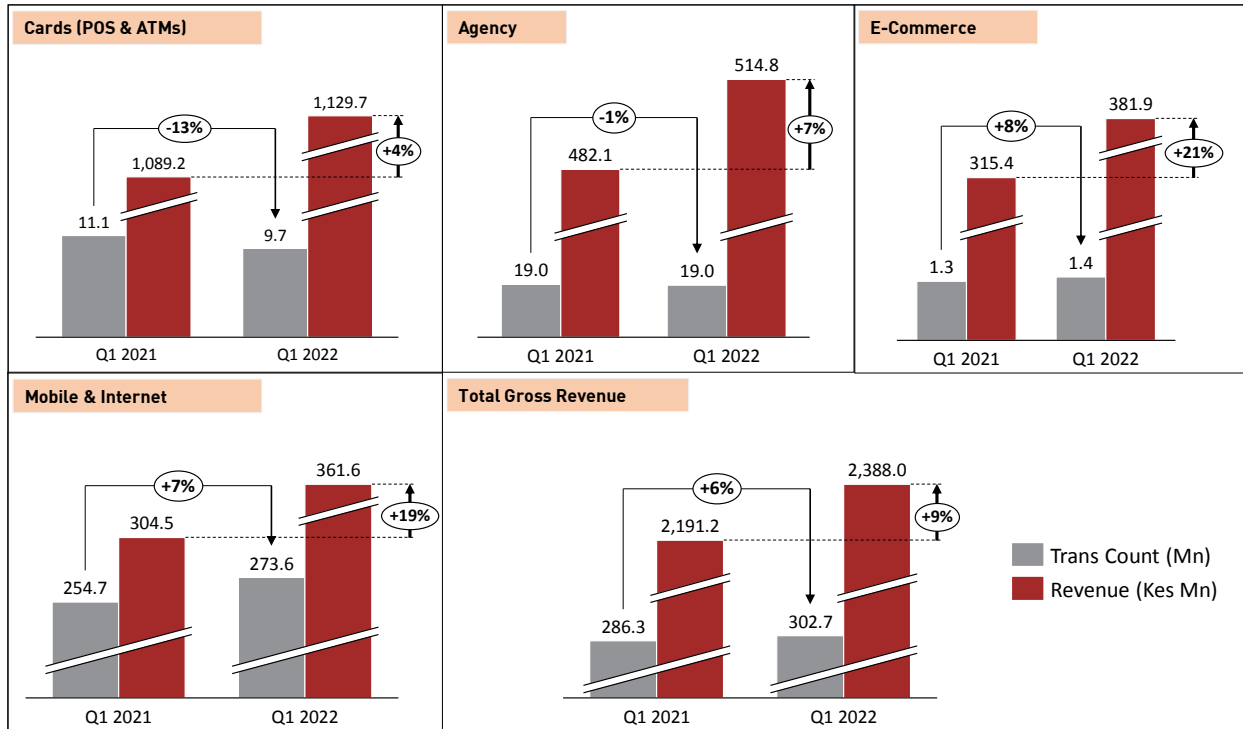
### Payments Processing Capabilities – Promoting a Cashless Economy

72% of our customers using cashless payment capabilities rather than transacting in cash



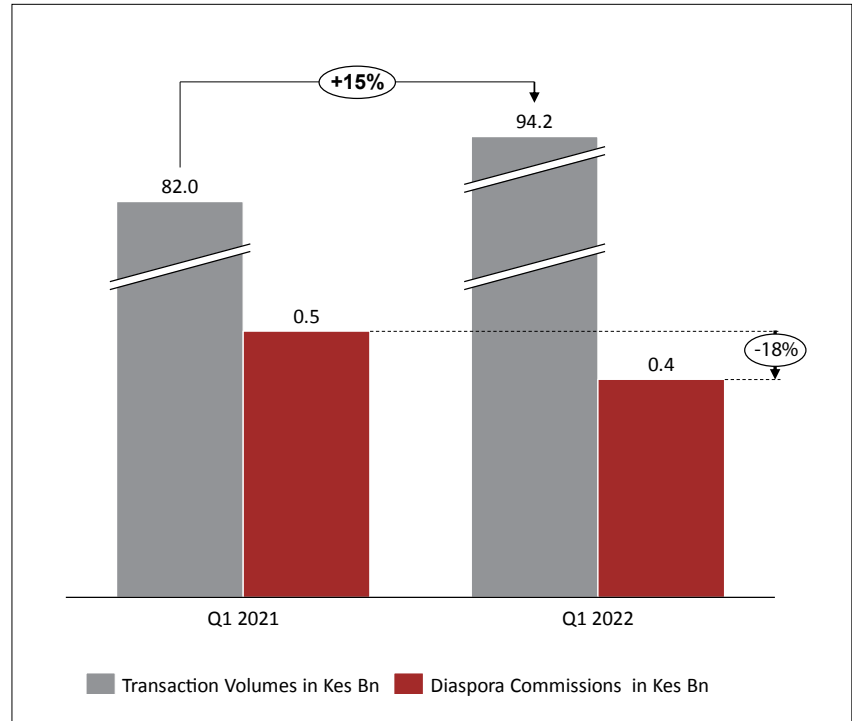
## Focus Area 5: Business Transformation - Fintech Capabilities: Lifestyle Support

### Payments Processing Capabilities



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

### Remittances Processing



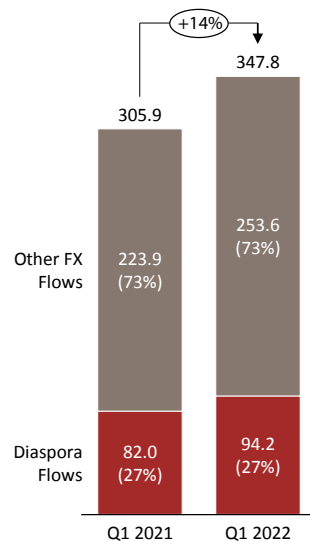
## Focus Area 5: Business Transformation - Fintech Capabilities: Global Presence

### Trading – Enabling Global Trade



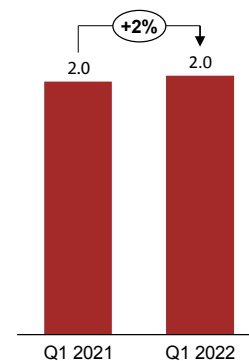
Kes Billion

The diaspora flows account for 27% of all client Fx volumes



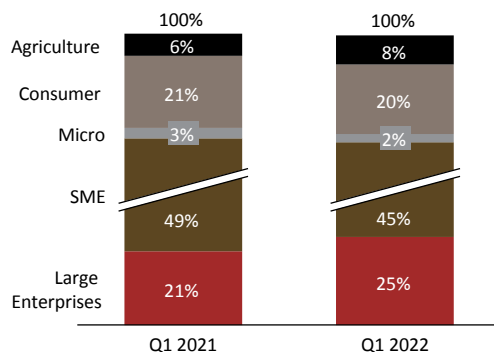
Kes Billion

Fx Trading Income

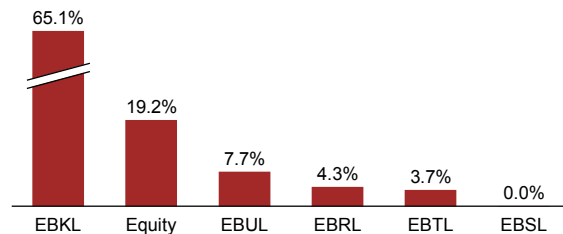


## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

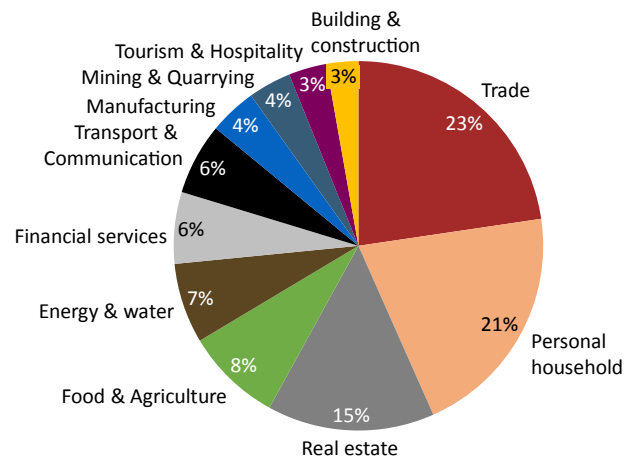
### Risk mitigation via diversification of market segments



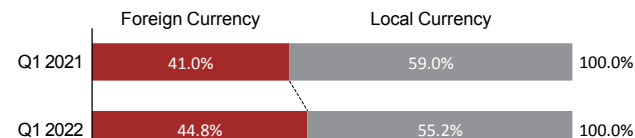
### Geographical sovereign risk diversification



### Risk mitigation via diversification of economic sectors



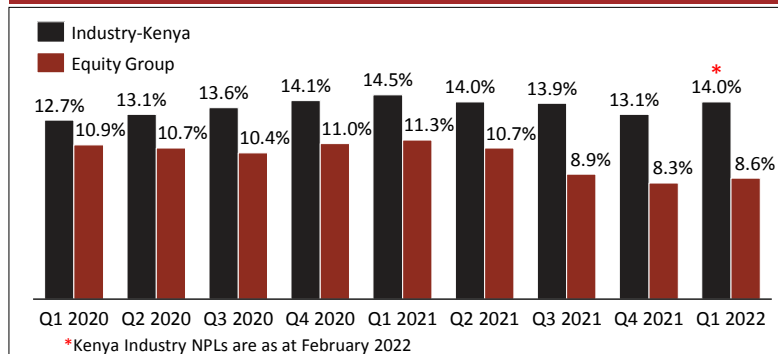
### Diversification by currency



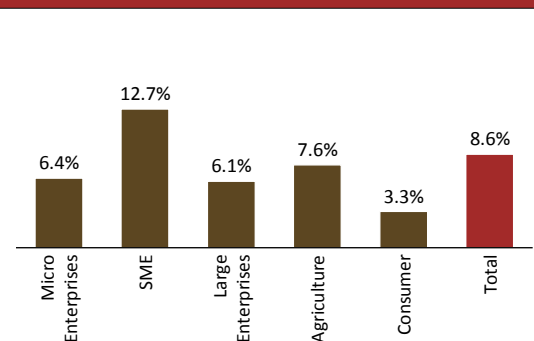
## Focus Area 6: Asset Quality, Distribution and Risk Mitigation

### Trading – Enabling Global Trade

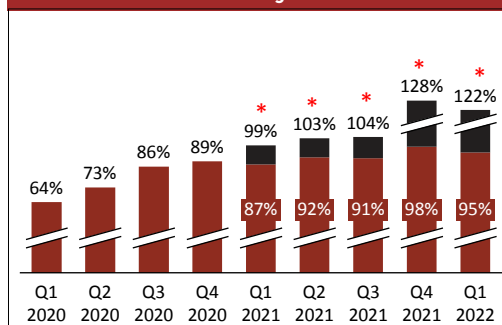
NPL's - Industry vs EGH Plc



NPL per sector as at Q1 2022

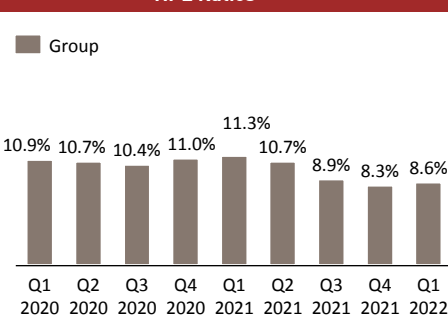


NPL Coverage

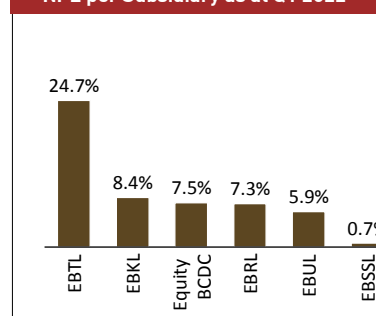


\* NPL Coverage inclusive of credit risk guarantees

NPL Ratios



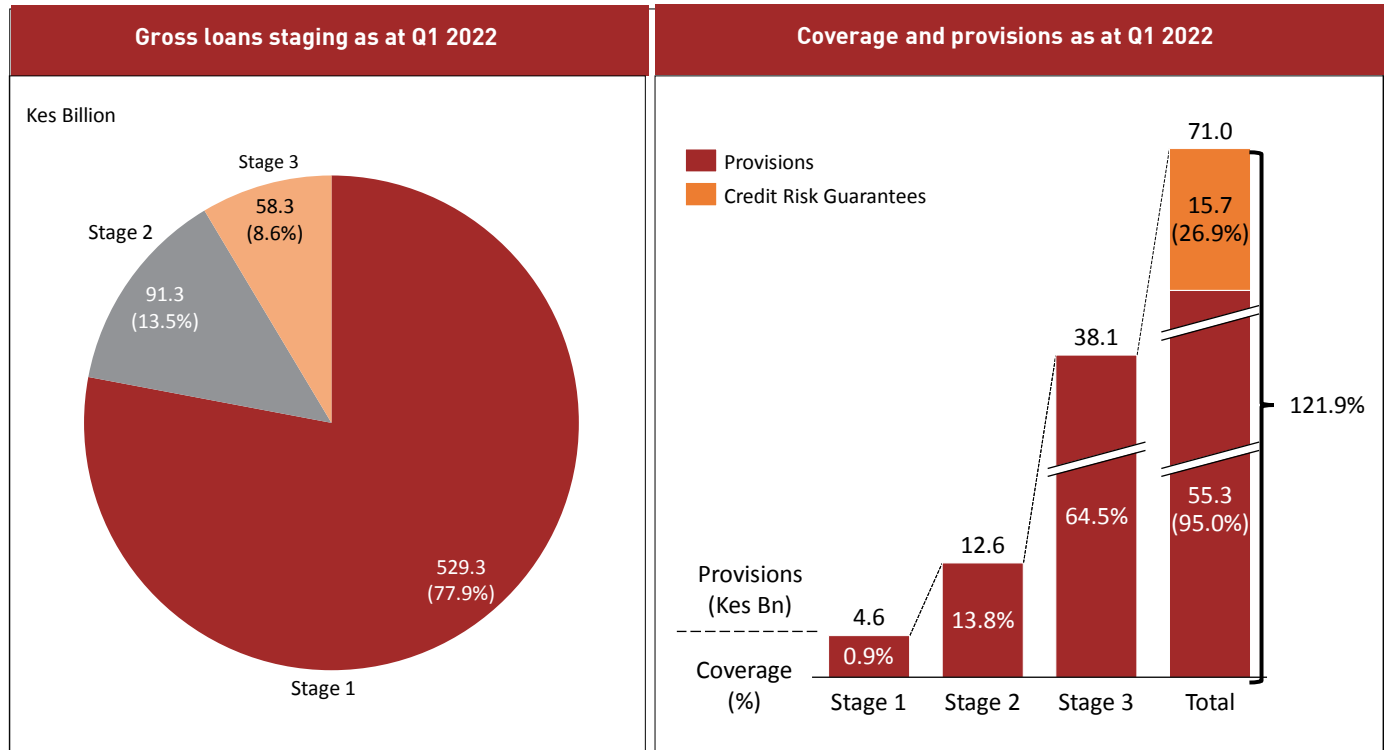
NPL per Subsidiary as at Q1 2022





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

### Prudent approach to credit risk management

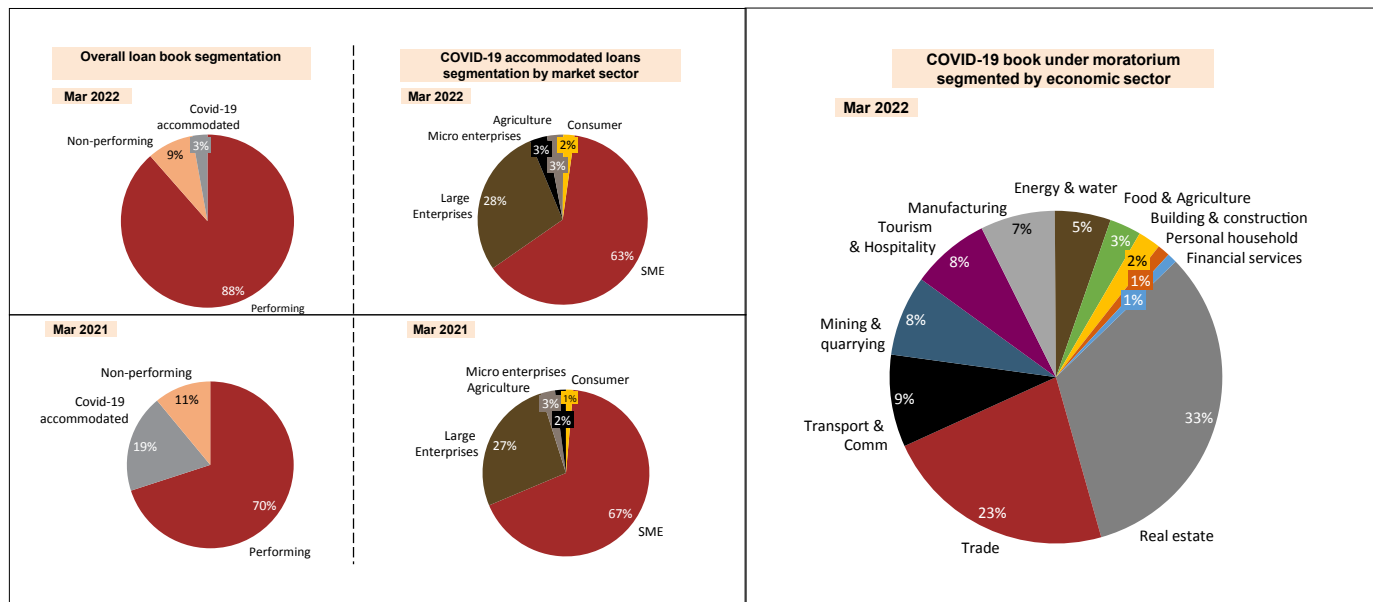


\* Credit risk guarantees providing additional Kes 15.7 Billion NPL coverage

## 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.

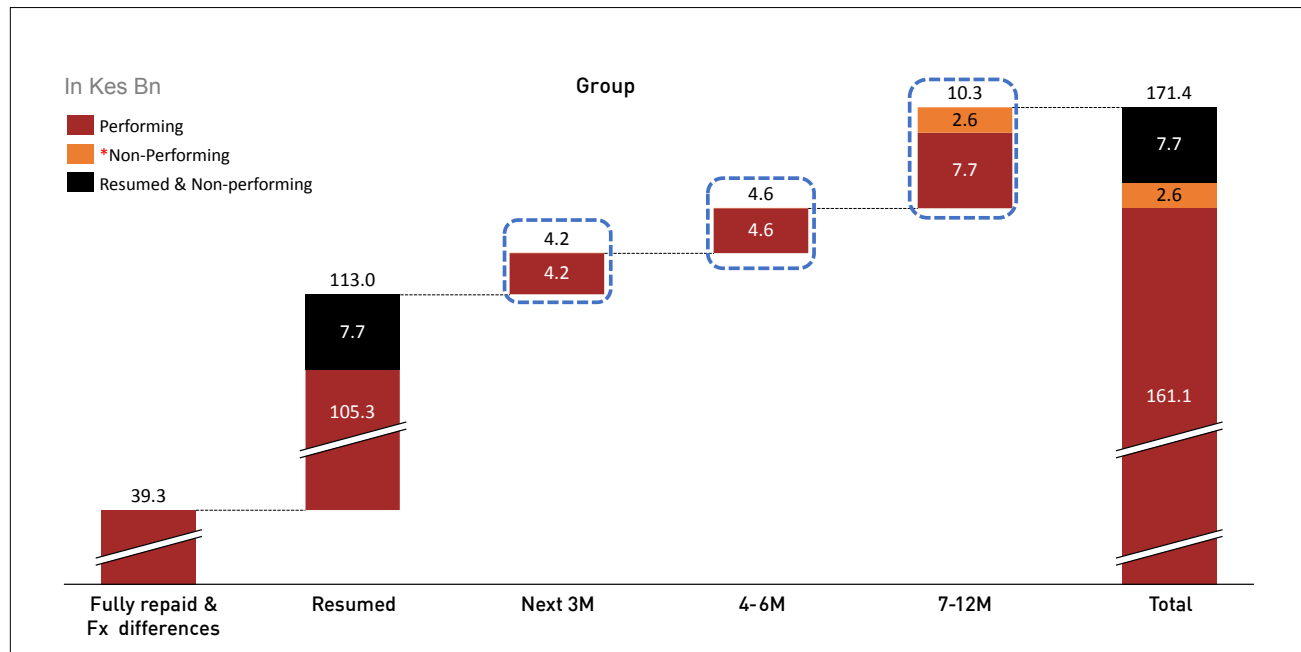
As part of the Group's commitment to support lives and livelihoods and keeping the lights of the economy on, the Group accommodated Kes 171 billion of loans which represents 25% of the Group's gross loan book of Kes 679 billion. However, as at the end of March 2022, Kes 152 billion had resumed repayment. Kes 19 billion therefore remains under moratorium constituting 3% of the loan book.



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

**COVID-19 accommodated loans (Kes 171 Bn); Kes 152B resumed repayment, additional Kes 19B expected to resume in 12 Months**

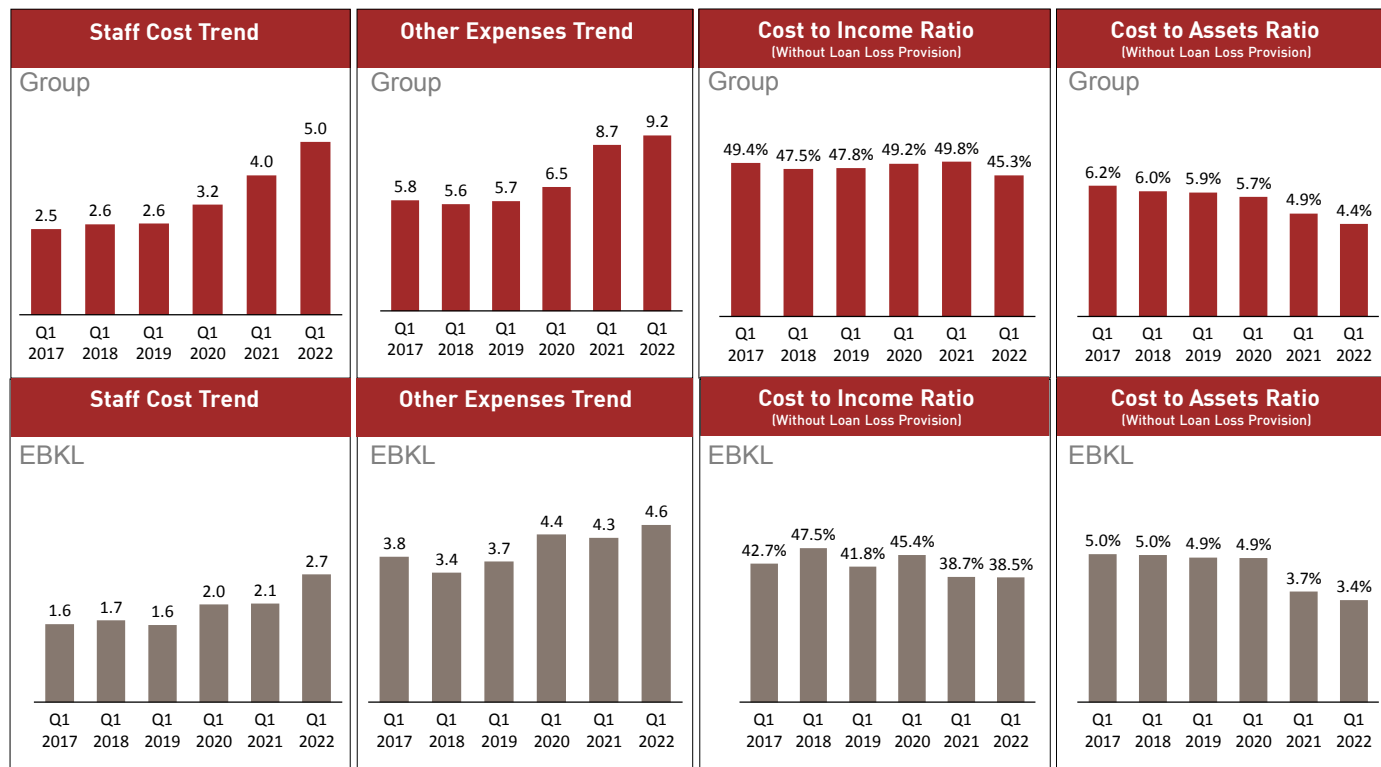
Moratorium expires in the next 12 Months



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

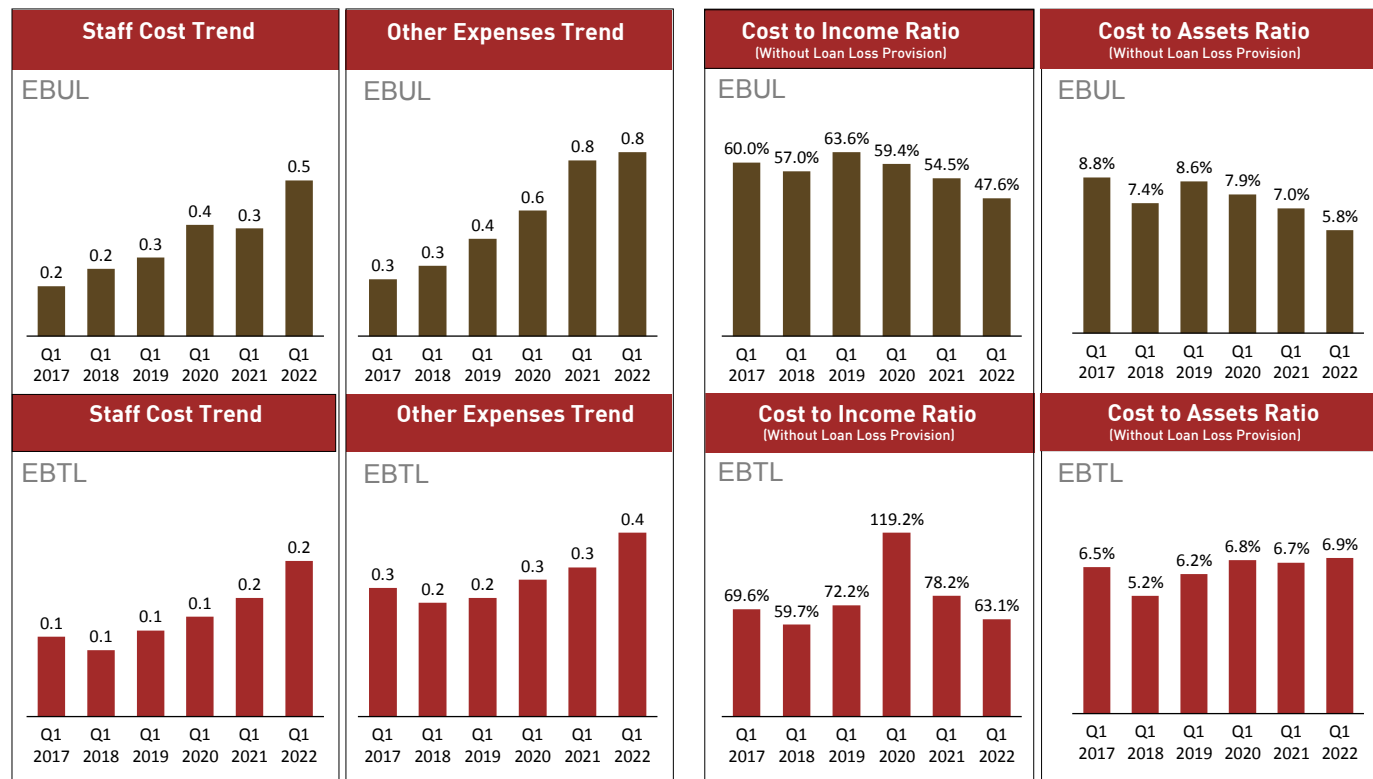
## Focus Area 6: Efficiency and Cost Optimization

Kes Billion



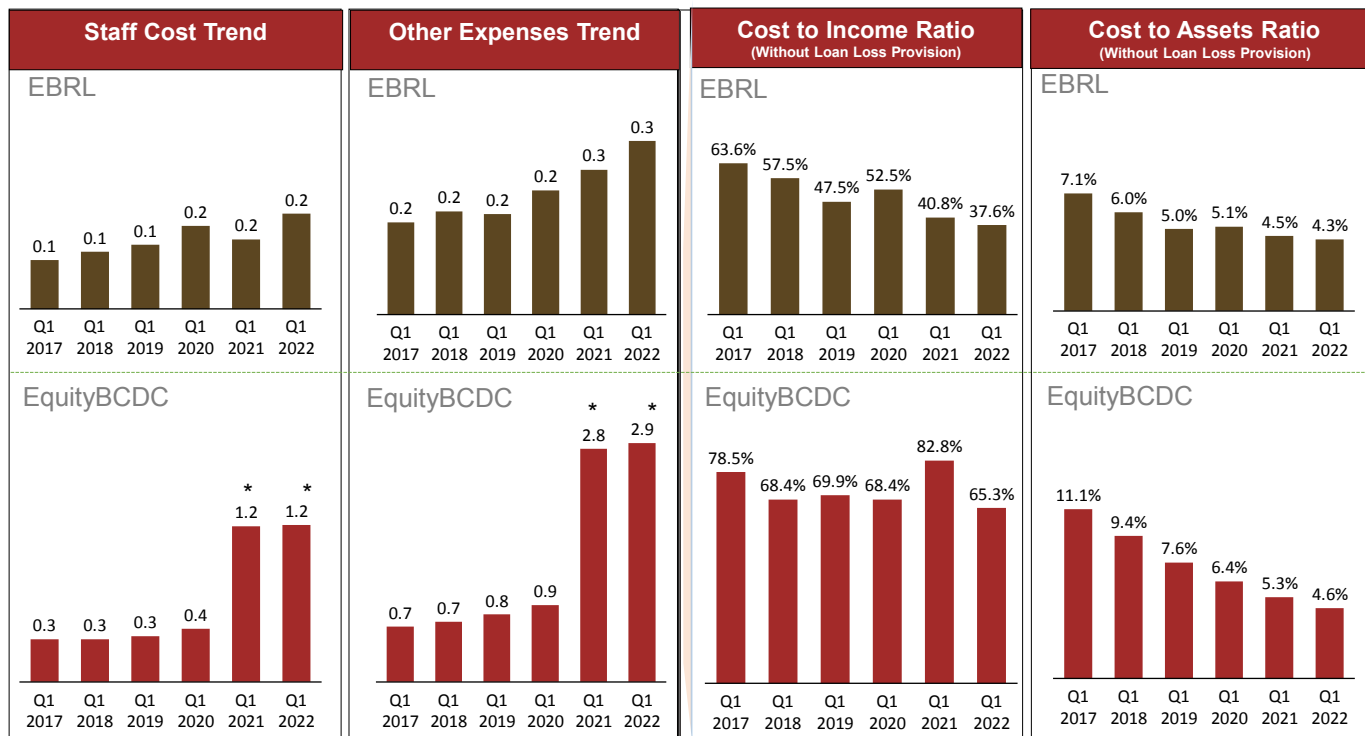
## Focus Area 6: Efficiency and Cost Optimization

Kes Billion



## Focus Area 6: Efficiency and Cost Optimization

Kes Billion

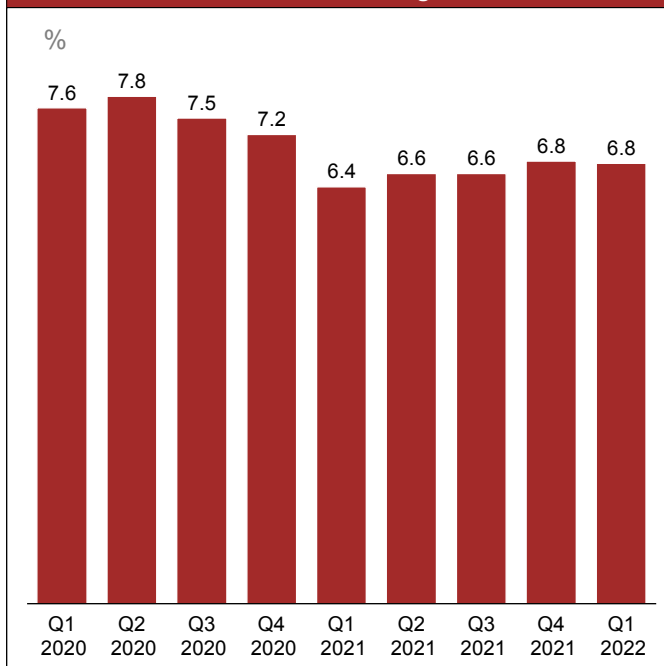


\*The increase is as a result of acquisition and merger of ex-BCDC and ex-EBCL in 2020

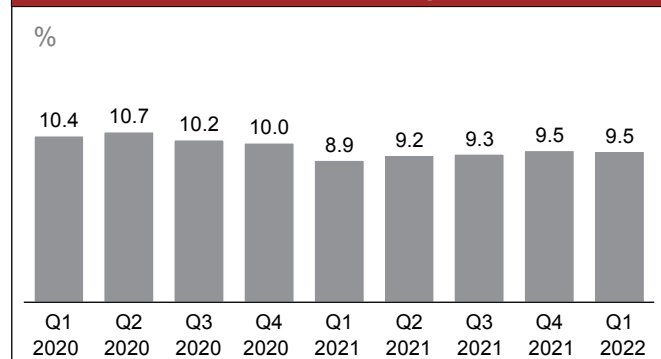
## Focus Area 6: Efficiency and Cost Optimization

Group

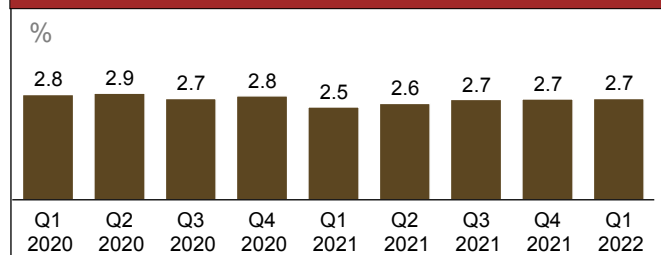
### Net Interest Margin



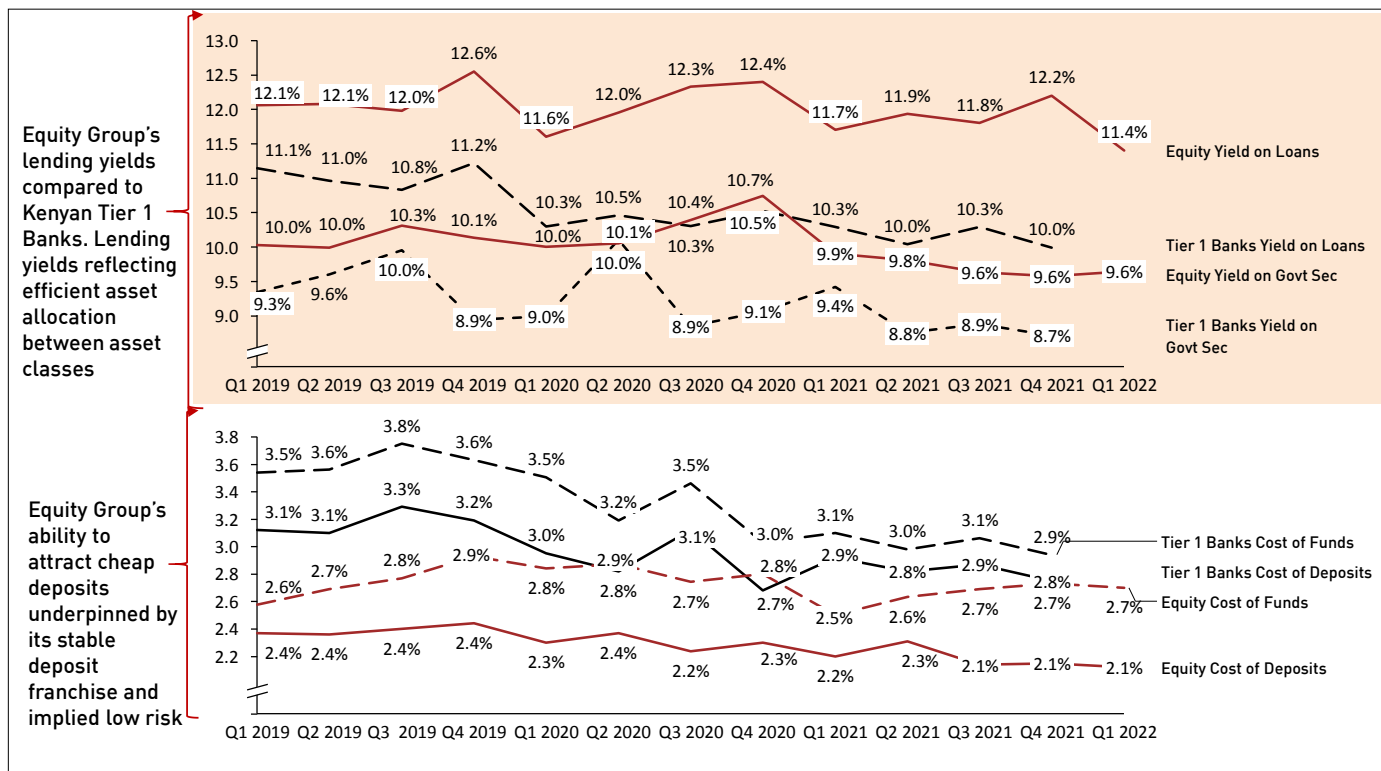
### Yield on Interest Earning Assets



### Cost of Funds



## Focus Area 7: Efficient Financial Intermediation



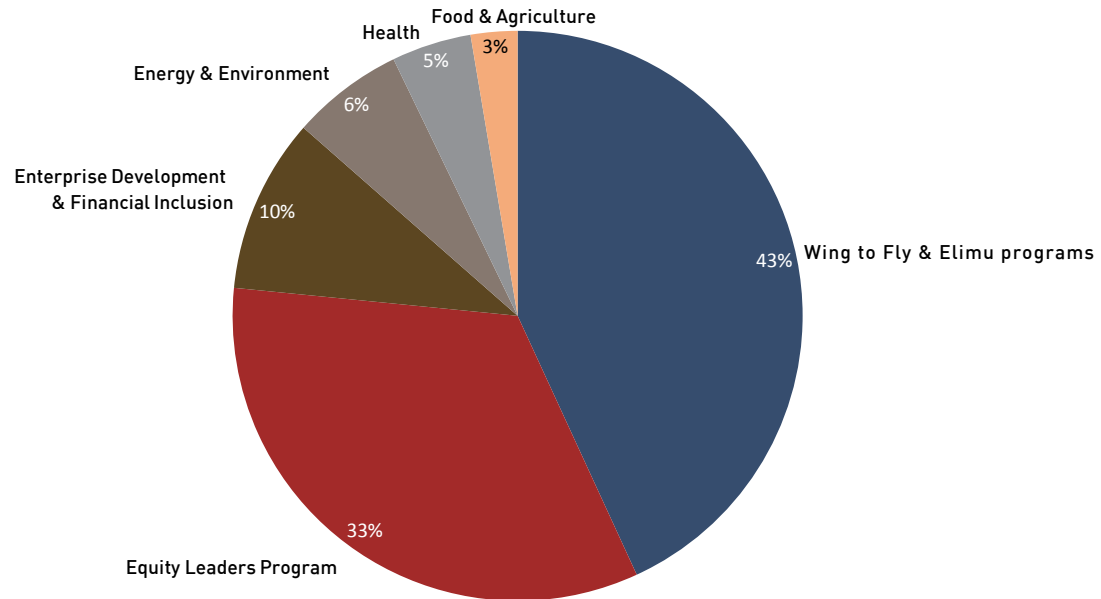
Tier 1 Banks excludes Equity Group. Industry data available up to Q4 2021



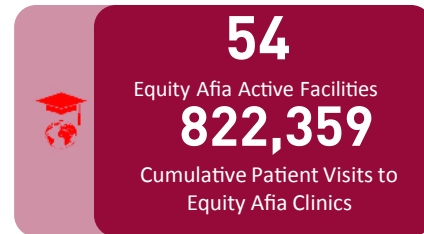
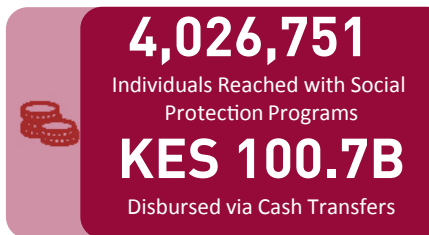
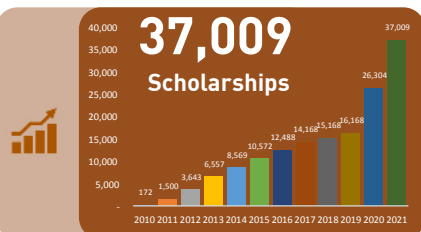
## Focus Area 8: Impact Investment

### Impact & Social Investment Programs

USD 524 M in Social Investment Programs



## Focus Area 8: Impact Investment Shared Prosperity Business Model and its Social Impact





**Business Validation**

## Global Ratings and Accolades

**MOODY'S**

Equity Bank Credit Rating

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

Same as the sovereign rating

**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



- 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. Bank with the Lowest Charge for Individuals - 5 years running</li> <li>5. Most Customer-Centric Bank - 2nd Runner Up</li> <li>6. Most Customer-Centric Bank in Tier 1 - 2nd Runner 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 Runner Up</li> <li>7. Best Bank to Borrow from – 1st Runner Up</li> <li>8. Best Bank in SME Banking – 1st Runner 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 Runner Up</li> <li>5. Best Bank in Digital Banking – 2nd Runner Up</li> <li>6. Best Bank in Mortgage Finance – 1st Runner Up</li> </ol>
Leadership	<ol style="list-style-type: none"> <li>1. CEO of the Year – Dr. James Mwangi - 4 years running</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

### **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 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 Trade Mission

### Business dinner hosted by Equity Group to celebrate the signing of the accession treaty by DRC after admission into the East African Community (EAC)

- 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 cities between 29th November and 13th December 2021
- On 8th April 2022, Equity hosted DRC's President His Excellency Felix Tshisekedi and participants of the 2021 Kenya-DRC Trade Mission for a business dinner to celebrate the signing of the accession treaty by DRC after admission into the East African Community (EAC) and in furtherance of the Kenya-DRC Trade relations
- The Group announced a total of USD 1.6Billion investment by 26 Kenyan companies in the DRC market
- Equity also committed a USD 100M capital injection in EquityBCDC to enhance the Group's capacity to fund development projects and large mining & manufacturing companies in DRC



H.E. Felix Tshisekedi, President of the Democratic Republic of Congo (right) receives a memento from Prof. Isaac Macharia, Equity Group Board Chairman (left) and Dr. James Mwangi Equity Group Managing Director and CEO (center).



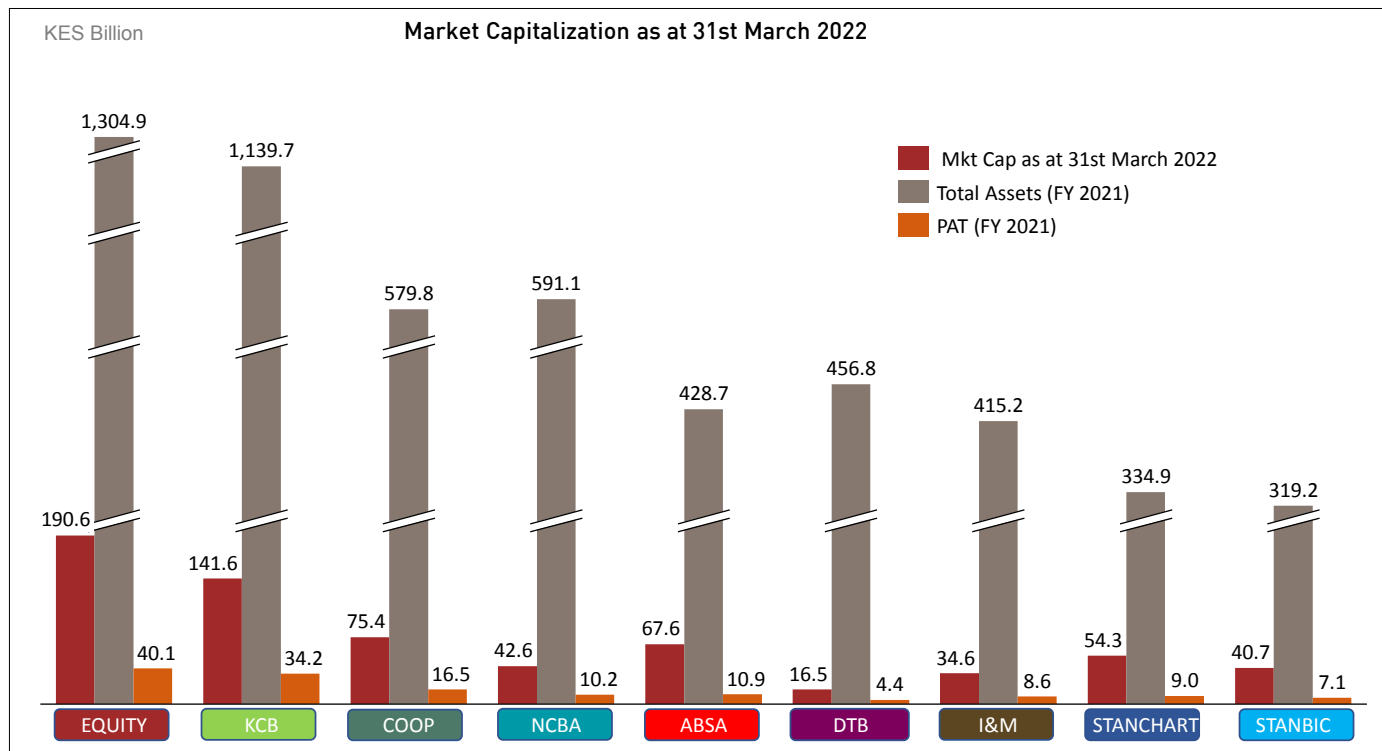
Dr. James Mwangi Equity Group Managing Director & CEO (left) engages with Dr. Kevit Desai, Principal Secretary in the State Department of East Africa Community (2nd left), Sailesh Rach, Healthy U Director/Founder (2nd right) and Vimal Shah Board Chairman BIDCO (right).

## Kenya - DRC Trade Mission (continued)

**Business dinner hosted by Equity Group to celebrate the signing of the accession treaty by DRC after admission into the East African Community (EAC)**



## Market Validation



Market Cap Source: Business Daily April 1, 2022



## **Intermediation and Financial Performance**

## Balance Sheet

<i>KES Billion</i>	Q1 2021	Q1 2022	Growth
<b>Assets</b>			
Cash & Cash Equivalents	241.0	166.4	-31%
Government Securities	258.9	389.4	50%
Net Loans	487.7	623.6	28%
Other Assets	78.8	90.1	14%
<b>Total Assets</b>	<b>1,066.4</b>	<b>1,269.5</b>	<b>19%</b>
<b>Liabilities &amp; Capital</b>			
Deposits	790.6	900.9	14%
Borrowed Funds	89.6	147.1	64%
Other Liabilities	45.8	47.3	3%
Shareholders' Funds	140.4	174.2	24%
<b>Total Liabilities &amp; Capital</b>	<b>1,066.4</b>	<b>1,269.5</b>	<b>19%</b>

## Income Statement

*KES Billion*

	Q1 2021	Q1 2022	Growth
<b>Interest Income</b>	<b>20.3</b>	<b>26.7</b>	<b>31%</b>
<b>Interest Expense</b>	<b>5.5</b>	<b>7.3</b>	<b>33%</b>
<b>Net Interest Income</b>	<b>14.8</b>	<b>19.4</b>	<b>31%</b>
<b>Non-Funded Income</b>	<b>10.7</b>	<b>11.6</b>	<b>7%</b>
<b>Total Income</b>	<b>25.5</b>	<b>30.9</b>	<b>21%</b>
<b>Loan Loss Provision*</b>	<b>1.1</b>	<b>1.4</b>	<b>25%</b>
<b>Staff Costs</b>	<b>4.0</b>	<b>5.0</b>	<b>24%</b>
<b>Other Operating Expenses</b>	<b>8.7</b>	<b>9.2</b>	<b>6%</b>
<b>Total Costs</b>	<b>13.8</b>	<b>15.6</b>	<b>13%</b>
<b>PBT</b>	<b>11.7</b>	<b>15.3</b>	<b>31%</b>
<b>Tax</b>	<b>3.0</b>	<b>3.4</b>	<b>15%</b>
<b>PAT</b>	<b>8.7</b>	<b>11.9</b>	<b>36%</b>
<b>Non-Controlling Interest</b>	<b>0.1</b>	<b>0.3</b>	<b>239%</b>
<b>Profit attributable to shareholders</b>	<b>8.6</b>	<b>11.6</b>	<b>34%</b>
<b>Earnings per share</b>	<b>2.3</b>	<b>3.1</b>	<b>34%</b>

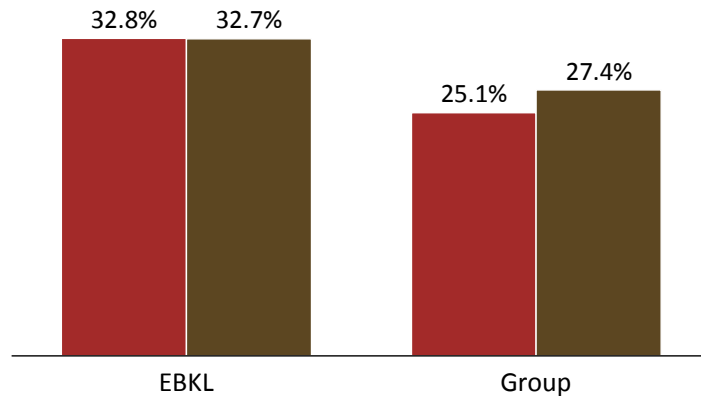
\*Loan loss provision has been presented net of recoveries. In the CBK publication Loan Loss Provision is presented as a gross amount. The gross provisions and recoveries are as follows;

<i>KES Bn</i>	Q1 2021	Q1 2022
<b>Gross loan loss provision</b>	<b>1.3</b>	<b>1.8</b>
<b>Loan recoveries</b>	<b>(0.2)</b>	<b>(0.4)</b>
<b>Net loan loss provision</b>	<b>1.1</b>	<b>1.4</b>

## RoAE and RoAA Trend

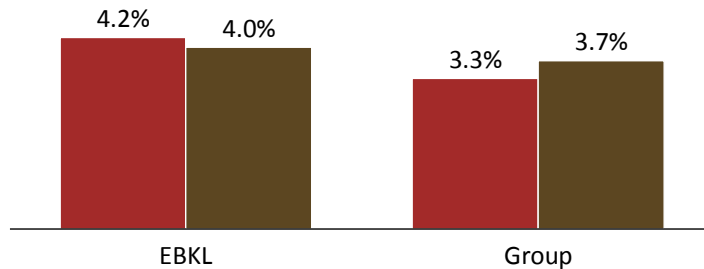
### RoAE

■ Q1 2021  
■ Q1 2022



### RoAA

■ Q1 2021  
■ Q1 2022





## Financial Ratios

	EBKL	EBKL	Group	Group
	Q1 2021	Q1 2022	Q1 2021	Q1 2022
<b>Profitability</b>				
Yield on Loans	11.1%	10.7%	11.7%	11.4%
Yield on Government Securities	9.7%	9.6%	9.9%	9.6%
Yield on Interest Earning Assets	9.3%	9.7%	8.9%	9.5%
Cost of Deposits	2.1%	2.4%	2.2%	2.1%
Cost of Funds	2.4%	2.9%	2.5%	2.7%
Net Interest Margin	6.9%	6.8%	6.4%	6.8%
Cost to Income Ratio with provisions	43.5%	43.5%	54.1%	51.1%
Cost to Income Ratio without provisions	38.7%	38.5%	49.8%	45.3%
RoAE	32.8%	32.7%	25.1%	27.4%
RoAA	4.2%	4.0%	3.3%	3.7%
<b>Asset Quality</b>				
PAR	11.5%	8.4%	11.3%	8.6%
NPL Coverage	98.4%	106.9%	87.4%	95.0%
Cost of Risk	1.1%	1.0%	1.0%	1.2%
<b>Leverage</b>				
Loan / Deposit Ratio	58.3%	58.9%	61.7%	61.3%
<b>Capital Adequacy Ratios</b>				
Core Capital to Risk Weighted Assets	12.0%	13.1%	14.3%	14.0%
Total Capital to Risk Weighted Assets	15.5%	18.5%	18.1%	18.7%
<b>Liquidity</b>				
Liquidity ratio	81.5%	75.6%	60.6%	56.9%

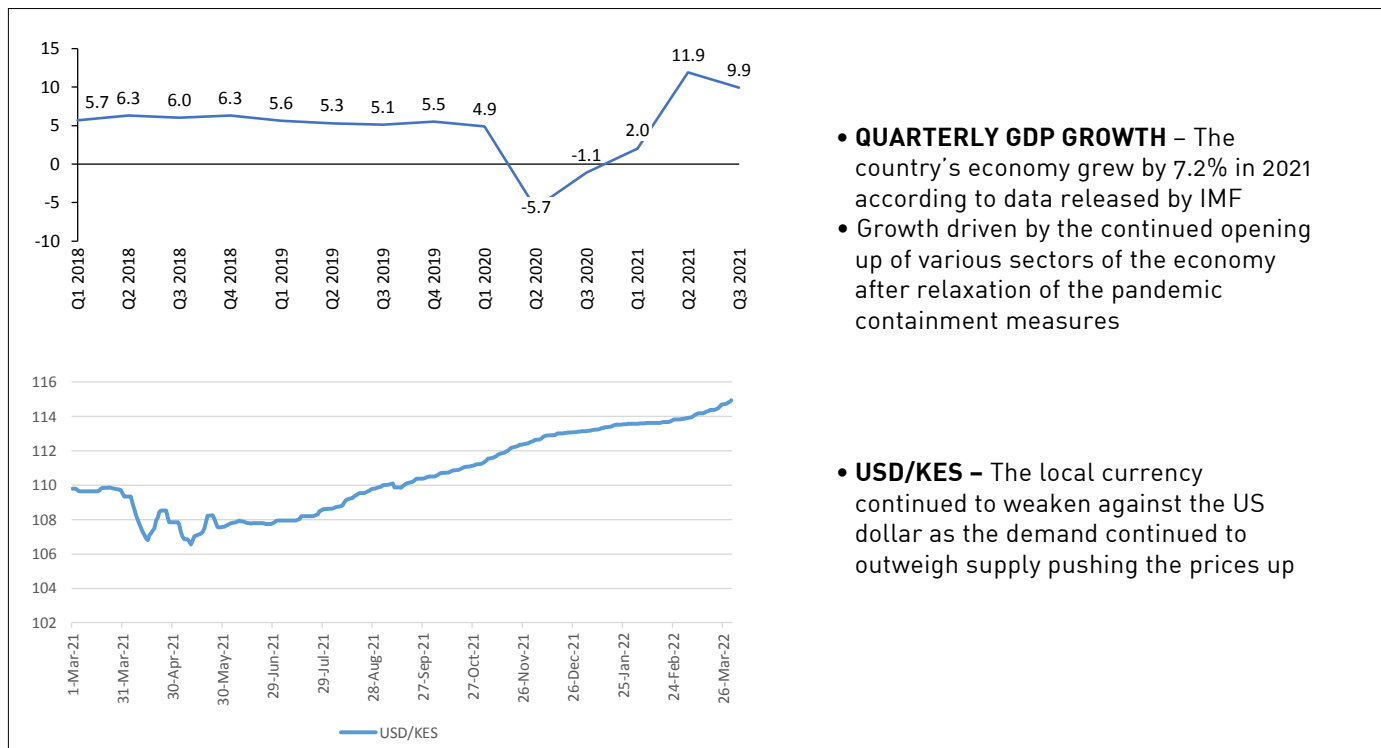
## 2022 Guidance Vs Actual - Group

	2022 Guidance	Q1 2022 Actual
<b>Loan Growth</b>	25% - 30%	28%
<b>Deposit Growth</b>	25% - 30%	14%
<b>Net Interest Margin</b>	7.0% - 8.0%	6.8%
<b>Non Funded Income Mix</b>	40% - 43%	37.2%
<b>Cost to Income Ratio</b>	40% - 45%	45.3%
<b>Return on Equity</b>	25% - 30%	27.4%
<b>Return on Assets</b>	3.6% - 4.3%	3.7%
<b>Cost of Risk</b>	0.5% - 1.0%	1.2%
<b>NPL</b>	5% - 7%	8.6%
<b>Subsidiaries Contribution (Assets)</b>	40% - 45%	40%
<b>Subsidiaries Contribution (PBT)</b>	25% - 30%	31%



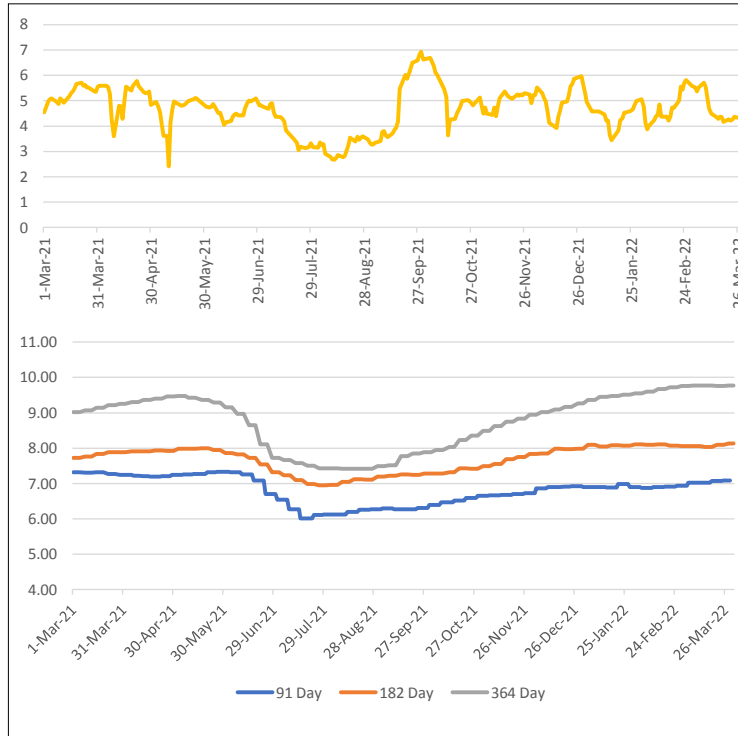
## Macroeconomic Environment Indicators & Trends

## Macroeconomic Environment - Kenya



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

## Macroeconomic Environment - Kenya (continued)

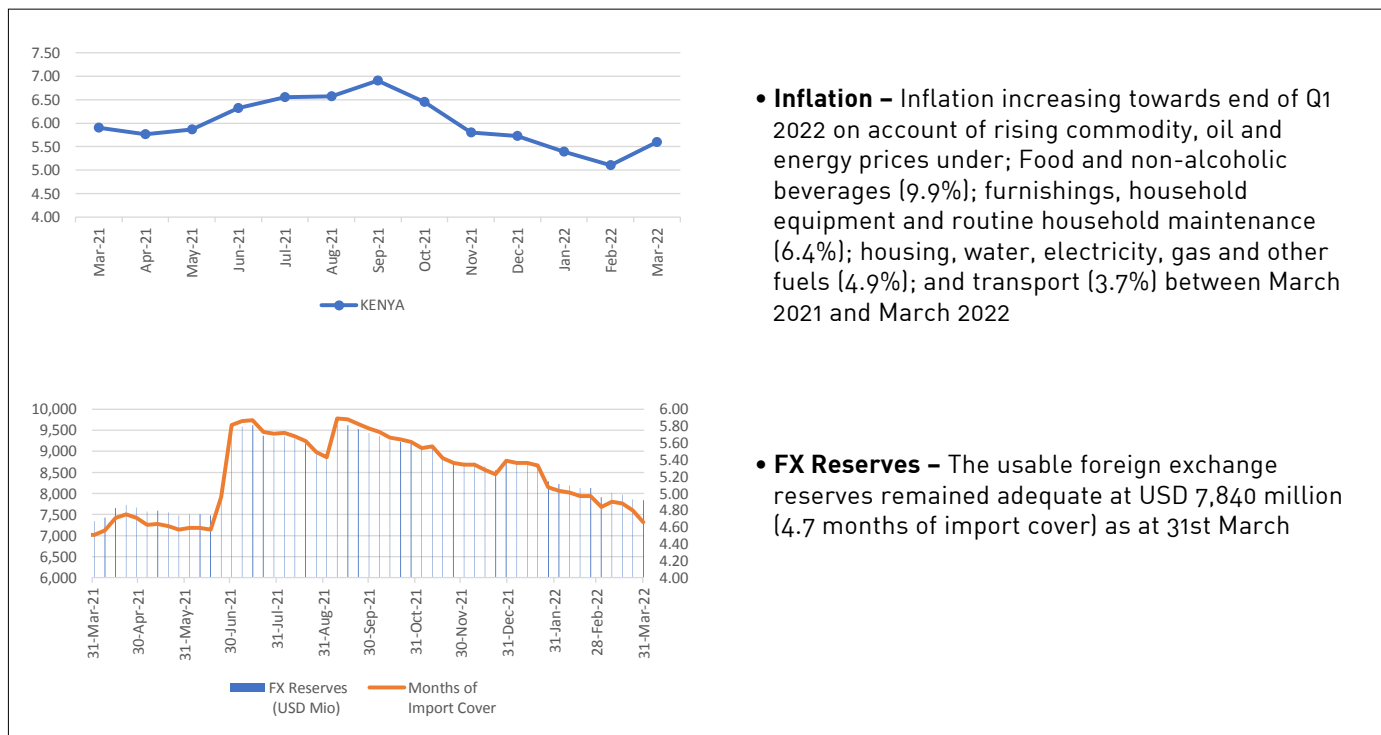


- **Interbank Rates** – The money market remained liquid during Q1 2022 partly reflecting government payments which offset tax remittances

- **T-Bill Rates** – Short-term rates stabilized in Q1 2022 with the longer end of the curve experiencing an upward shift on the rates

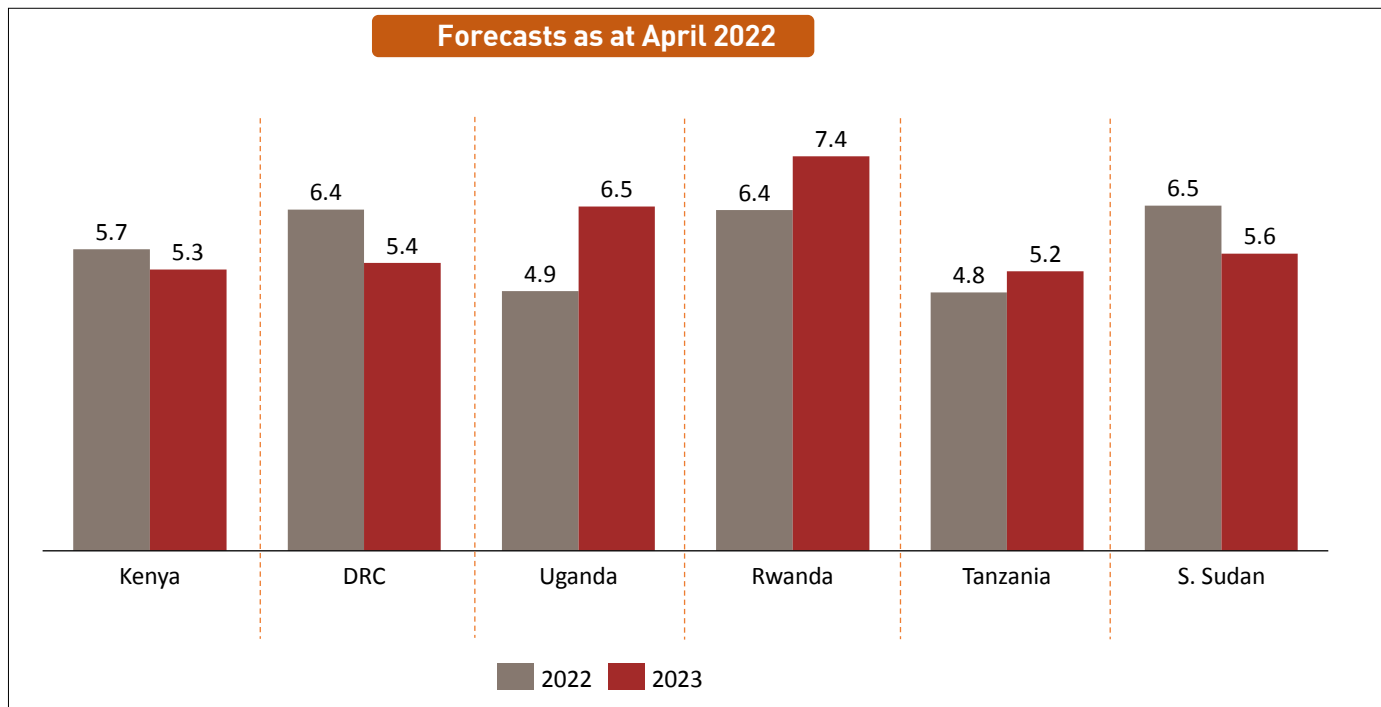
Source; CBK Statistics, Rates, Interbank rates and Treasury rates.

## Macroeconomic Environment - Kenya (continued)



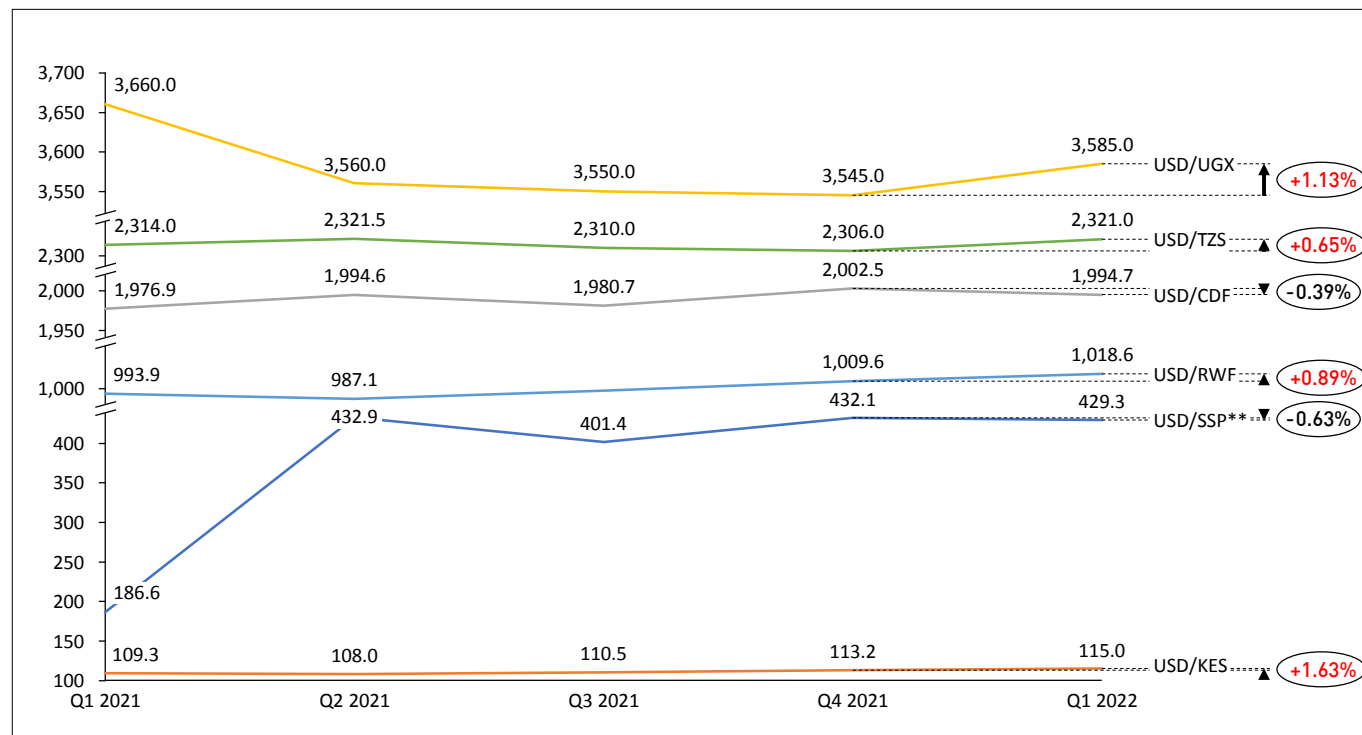
Source: CBK Weekly Bulletin Key monetary & financial indicators and the Kenya National Bureau of Statistics, Monthly CPI rates

## Projected Regional GDP Growth



Source: International Monetary Fund(IMF) & Focus Economics

## 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

- The economy started the new year on a strong footing, aided by the removal of pandemic-related restrictions
- The sharp increase in commodity prices linked to the outbreak of the Russia-Ukraine war, ongoing supply chain disruptions, and the drought are reducing consumers' purchasing power
- The development of oil sector projects will bolster both investment and employment.
- The international monetary fund(IMF) disbursed approximately USD 125 million in budget support in the first quarter of 2022

### Tanzania

- Prices for key agricultural imports surged following Russia's invasion of Ukraine. Prices for gold, a key export and source of foreign currency are also rising
- The World Bank upgraded the risk of debt distress to moderate from low, largely due to the collapse in tourism because of Covid-19 restrictions
- Economic growth should accelerate this year, supported by large infrastructure projects that will bolster employment levels and help strengthen domestic demand

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

## Regional Outlook (continued)

### Rwanda

- The Russia-Ukraine war brought more uncertainty, posing an upside risk for Rwanda's inflation, as well as additional pressures on the external sector
- In February 2022, growing pressures on Rwanda's inflation were experienced resulting from domestic and imported costs
- Full reopening of the economy with the lifting of COVID 19 containment measures is expected to enhance performance of the sectors hardest hit by the pandemic and alleviate credit risks

### DR Congo

- There was sustained foreign sales of copper, cobalt, cocoa and cement in Q1 2022. Increasing copper prices and the continued expansion of the Kamo-a-Kakula copper mine should spur investment
- Inflation likely to increase following increasing oil and gas prices amid fears of a global economic shock from Russia's sanctions
- In March 2022 DRC officially joined the East Africa Community (EAC) opening the more trade opportunities with the region

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

## Regional Outlook (continued)

### South Sudan

- The country has realized some form of rebound of growth in services and trade anchored on improving macro economic conditions coupled with relative peace
- Floods in 2021 affected both oil production and agricultural sector performance and constrained the country's ability to achieve higher growth
- The national legislature passed the long-awaited national budget of SSP 338 Billion (\$786 Million) for the year 2021/2022 with an increase of more than 50 billion South Sudanese pounds from previous proposal of SSP 287 Billion (\$667 Million)

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

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## 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:

[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:



## Africa Recovery and Resilience Plan

Equity Group launched a private sector focused stimulus package to accelerate economic recovery and resilience in the Eastern and Central Africa region as it recovers from the devastating health, social, humanitarian, and economic impacts of the COVID-19 pandemic.

**Online:** Click link below to read the Africa Recovery and Resilience Plan:

<https://equitygroupholdings.com/wp-content/uploads/2022/05/Africa-Recovery-and-Resilience-Plan-Equity-Group-Social-and-Economic-Transformation-Plan.pdf>

**Print:** Scan QR code below to read the Africa Recovery and Resilience Plan



## Kenya - DRC Trade Mission

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 cities between 29th November and 13th December 2021.

**Online:** Click link below to view videos on the Kenya DRC Trade Mission:

[https://www.youtube.com/watch?v=Gy\\_KvFlqsNU&list=PLHHcW9hOqNqLLC441LJYcK3-VswXowAhL](https://www.youtube.com/watch?v=Gy_KvFlqsNU&list=PLHHcW9hOqNqLLC441LJYcK3-VswXowAhL)

**Print:** Scan QR code below to view videos on the Kenya DRC Trade Mission





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