PRESS RELEASE

EQUITY GROUP REPORTS A RECORD KES 46.1B NET PROFIT AND A DIVIDEND PAYOUT OF KES 15.1B

March 28th 2023……In the midst of a global economic downturn with a global GDP growth rate projected at 2.9% for 2023, with a downside growth outlook as a result of sticky stubborn inflation, elevated interest rates, turbulence in exchange rates, and a financial crisis, Equity Group has reported-:

- A 33% growth in dividend payout of a record KES 15.1B.
- A record Profit Before Tax of KES 59.8B and a net Profit After Tax of KES 46.1B – a 15% Year-on-Year growth.
- A record KES 1.447 trillion balance sheet after an 11% growth in total assets.
- A record deposit base of KES 1.05 trillion customer deposits following a 10% Year- on - Year growth rate.

"The Group's 2022 results reflect the resilience that the business has developed due to deliberate and intentional leadership and management decisions through interest capping period and COVID- 19 pandemic environment, strategically positioning the business to navigate the evolving macroeconomic headwinds and turbulence in the financial and economic sectors" said Dr. James Mwangi, Group Managing Director and CEO as he released the results. Equity Group's differentiated proactive strategy and thought leadership has defensively positioned the Group for the current challenging macroeconomic environment as evidenced by: -

- A strong cash buffer with 16% of the entire balance sheet of KES 1.447 trillion being held in cash and cash equivalents of KES 232.4B
- Strong liquidity buffers of 52.1%
- A high asset quality portfolio with a Non-Performing Portfolio (NPL) of 7.7% against an industry average of 13.3%
- 94% NPL coverage and 123% inclusive of credit risk guarantees.
- Strong shareholder capital buffers of KES 182B with core capital to total risk weighted assets of 15.6% against a minimum legal requirement of 10.5% and total capital to total risk weighted assets of 20.2% (against the minimum legal requirement of 14.5%)
- A strong deposit and liability franchise with a 2.3% and 3% interest cost respectively and an 18 million customer base and a long-term debt funding of KES 157.5B.
- Capital and long-term debt totaling KES 339.7B equivalent to 23.5% of total assets and a low loan to deposit ratio of 67.2%
- Strong growth momentum with non-funded income growing at 33%, net interest income at 25% and total income at 28%
- High quality earnings with non-funded income contributing 40% or KES 58.3B of the KES 144.3B total revenue.
- Strong efficiency evidenced by a cost- income ratio of 48.4%, a return on average Equity of 27.6% and a 3.4% Return on Average Assets.
- A high digital adoption with 97% of all transactions happening on digital platforms, on self-service customer devices and 3rd party infrastructure, offering a strong opportunity for reduction of fixed costs and variable costs.

The Group Profit After Tax grew by 15% to reach KES 46.1B up from KES 40.1B driven by a 28% growth in total income of KES 144.3B, made up of KES 58.3B of non-funded income which grew by 33% and net interest income of KES 86.0B which grew by 25%. A 73% growth in gross trade finance revenue underpinned by a 37% growth in trade finance guarantees and off-balance sheet items drove the growth of non-funded income. Total cost peaked to KES 84.5B after a 39% growth driven by 180% growth on loan loss provision of KES 13.7B up from KES 4.9B to achieve 94% NPL coverage at a 2.4% cost of risk and staff cost growth of 30% to KES 24.8B, up from KES19.1B as the Group hired to strengthen and deepen its executive leadership and management bench while strengthening talent and fortifying organizational governance structure as a platform for takeoff.

Geographical expansion and business diversification continued to strengthen the resilience and risk mitigation of the Group. The Kenyan banking business' dominant performance continued to decline with the strong showing of other subsidiaries which contributed 44% of the Group's assets and an equivalent 44% contribution to total revenue. With its strong efficiency, economies of scale, and maturity, Kenya contributed to 70% or KES 33.4 billion of the Profit After Tax, leaving the other subsidiaries to contribute KES14.7 billion of net profit. The time it takes for a subsidiary to reach a 4% Return on Assets has reduced from 16 years to 12 years and may reduce further as the region consolidates as the fastest growing region in the world.

"The COVID-19 environment acted as a tailwind for business transformation through innovation and digital adoption. 97% of all Group transactions are on customer self-service on own devices driving efficiency gains, ease and convenience to customers and reduction of fixed and variable costs. The Group's latest breakthrough is digital e-Commerce payments through Pay with Equity (PWE) rails following the wave of mobile and internet banking usage by customers" Dr Mwangi added.

Pay With Equity transactions grew by 393% to 131.5 million transactions while the volume of business transacted grew by 281% to KES 524B during the year. Internet banking transactions grew by 212% to 10.7million transactions while the value grew by 136% to KES 311B.

Given the challenging socio-economic environment, the Group stepped up its social impact investments inspired by the need to fulfill its commitment to promote inclusion, transformation of lives and livelihoods, enhancing human dignity, and expanding opportunities in society with a bias for young people and women. Over the last 4 years of COVID- 19 environment, secondary school scholarships offered by the Equity Group Foundation (EGF) and its partners has increased to 57,009 from 16,304 with over 40,000 scholars currently in school concurrently between Form 1 to Form 4. The Equity Leaders Program (ELP) has recorded 17,820 university scholars with 761 being global scholars and 7,482 of the scholars having received paid internships. Additionally, 3,454 scholars have been fully supported to access skills training in TVET institutions. The remarkable success of Equity Group's education and leadership development program is best reflected by student admission to leading global universities as indicated below;

UNIVERSITY	**NUMBER OF SCHOLARS**
Harvard University	37
University of Pennsylvania	30
Yale University	25
Cornell University	23
Dartmouth College	19
Brown University	15
Princeton University	15
Columbia University	13
Duke University	17
Stanford University	13
Massachusetts Institute of Technology	12
TOTAL Percentage of the 761 Global Scholars	**219** **29%**

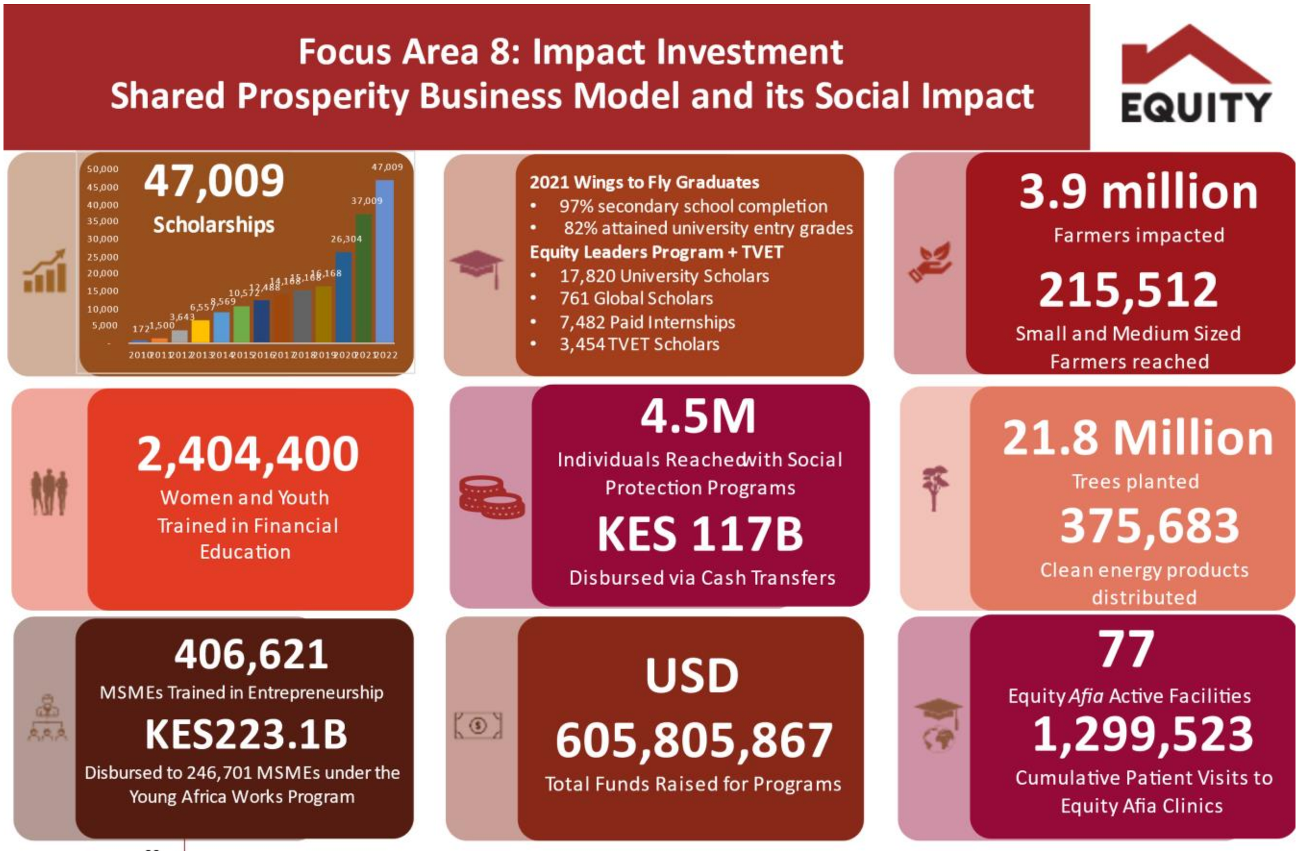
The Equity Afia medical franchise prides itself of having 77 medical centers all owned by ELP scholars who have graduated from university with medical degrees. The franchise which now employs 1,716 medical staff in the 77 medical centers have cumulatively recorded 1,299,523 patient visits, and has established a reputation of quality and affordability through its high volume, low margin model. The proof of commercial viability of the franchise has paved way for rapid expansion plans to reach 300 medical centers by 2025.

Equity's deliberate and intentional focus to offer and create opportunities for women and youth has seen 2,404,400 previously excluded women and youth receive financial literacy training and education. In the last 3 years, 406,621 Micro-, Small and Medium Enterprises (MSMEs) have received training in entrepreneurship and funding to the tune of KES 223.1B and has created 1,266,182 jobs through the Young Africa Works program. Under the agricultural programs, 3.9 million farmers have been impacted to transform to agribusinesses while 215,512 small and medium sized farmers have been reached, mobilized and connected to value chains.

The Group continues to seek to do well while doing good, serving and supporting 4.5 million households under social protection programs aimed at moving them away from reliance to self-sustenance. Bank branches have been opened in all major refugee camps in Kakuma, Kalobeyei, Dadaab and Gulu to integrate refugees and host communities through financing, economic and commercial activities. A sponsorship towards famine relief worth KES 120 million has been extended to the National drought relief efforts to 4.5 million people adversely affected and exposed. Additionally, the Group has funded the planting of 21.8 million trees as part of the ongoing commitment to plant 35 million trees. A total of 375,683 clean energy products have been availed to households to ensure access and use of clean energy for cooking and lighting. A program has been launched to support schools, hospitals and universities to replace their wood fuel cooking that promote cutting of trees with LPG cooking equipment as a transition pathway to cleaner energy. When fully implemented the initiative will see 12 million trees saved from being cut for firewood purpose per year.

At the onset of Covid-19 pandemic, the Group in partnership with Mastercard Foundation, at a cost of USD 1.93million ensured that 13,800 students in the Wings to Fly and Elimu scholarship programs were provided with a solar powered radio, a lamp and a charging unit to access lessons through Government-owned radio and TV stations during the lock down. Additionally, each of the 13,800 secondary school students and 800 alumni of the Wings to Fly scholarship program in Technical and Vocational Education and Training (TVET) received a monthly stipend to cover for the food and personal items. Alongside, in a KES 1.4B program to safeguard healthcare workers, the Group has continued to provide Personal Protective Equipment (PPEs) to a total of 116 Public & faith-based hospitals which enabled the Healthcare workers to continue with their duties in a pandemic period while also contributing towards safeguarding of mental health and psychosocial wellbeing of healthcare practitioners offering frontline Covid-19 hospital care. The total PPEs provided is as below;

PPE Item	Quantities (pieces)
Disposal protective examination Gloves (Nitrile)	50,601,300
Surgical Masks	31,107,900
Respirator N95 Mask	6,405,150
Water Proof Aprons (Disposable)	4,529,300
Medical/ Surgical Protective Gowns	2,108,900
Shoe Covers	481,300
Medical/ Surgical Scrubs	335,900
Head Covers	331,700
Face shields	310,200
Protective Goggles	287,700
Water proof Disposable Coverall	204,700
Water Proof Aprons	14,300
Total Quantities	**96,718,350**



To fuel efficiency and global competitiveness of the entire economy, Equity has opted to support the public and its entire customer base by offering free e-Commerce and digital capabilities through PWE 800,000 mobile payment rails, while retaining free mobile transactions for its customers within the Group. To support its shareholders during the challenging financial and economic environment, the Group has increased its dividend payout from KES 3 per share to KES 4 per share, a growth of 33.3% payout to record a dividend yield of 9% on the 50 cents par value on its shares and a dividend multiple of 8x.

While commenting on the future outlook, Dr. Mwangi said "while the Group's offensive strategy has helped double the size of the balance sheet and increase its market share by 60% over the last 3 years of COVID-19 environment, the defensive aspects of the strategy have strongly positioned the Group to wither the prevailing challenging macroeconomic environment resulting from the evolution of COVID- 19 health pandemic into an economic crisis resulting from disruption of global supply chains and the current macroeconomic headwinds of a stubborn, and sticky inflation, elevated interest rates and turbulence of exchange rates and currency devaluations which have combined to a global perfect financial storm.

The follow through and consistent execution of a delicately balanced offensive and defensive strategy has supported the evolution of the Group into a regional systemic financial services provider ranked the worlds 4th strongest financial brand with a brand value of KES 69B" added Dr. Mwangi.'

Equity Group demonstrating resilience under extreme shocks of interest caping 2016-2019 and Covid-19 pandemic 2020 -2022

Value in KES	1991	1996	2001	2006	2011	2016	2019	2022
Funding- Deposits	29m	302m	1.6b	16.3b	159b	337b	539.5b	1,209.7b
Loans	8.6m	169M	0.8b	10.9b	113.8b	266b	366.4b	706.6b
Total Assets	24m	213m	1.9b	20.0b	196.5b	474b	673.7b	1,447b
Profit Before Tax	(4)m	10.6m	55m	1.1b	12.8b	24.9b	31.5b	59.8b
Shareholder Funds	(18)m	22.5m	238m	2.2b	34.2b	82b	111.8b	182.2b
Customers	9k	26k	105k	1.01m	7.15m	11.1b	14.1m	18m

2

Confidence of governance structural, financial and brand strength, alignment to the operating micro-economic environment and market and complimented by a highly skilled and experienced bench of executives and management, the Group has rolled out an ambitious Africa Recovery and Resilience Plan (ARRP). The plan envisages to finance productivity gains in the primary sectors of agriculture and mineral resources, financing the processing, manufacturing and value addition of the increased output of the productivity gains, financing and promoting trade of the manufactured goods and financing SME's to populate the production value chains. The Group aims to finance use of technology and clean energy to leapfrog and future proof the investments so as to fill the gaps of local, national and regional supply chains. ARRP also aims to position Africa to contribute to the evolution of diversified global supply chains hence reducing over concentration and dependence on limited supply resources. Investments in value addition in strategic green minerals would help in development of alternatives to fossil fuels and reducing carbon emissions through use of electric batteries, while helping transformation and industrialization of Africa.

Overview of "Africa Recovery and Resilience Plan"

The Plan

The Africa Recovery and Resilience Plan is aimed at catalysing a demand complementarity-led transformation of Africa, underpinned by: **(i) capacitating and enhancing productivity of raw material producers, (ii) integrating primary producers to more co-ordinated African productive / manufacturing capacities; and (iii) connecting these primary and secondary sectors to global supply chains (and capital markets) that are now more focused on reducing concentration risks with increased focused on assurance of accessibility.**

Equity Group's execution of the "Africa Recovery and Resilience Plan" will be underpinned by its **Social and Economic Engines** that capacitates value chains (Social Engine) and provide holistic financial solutions to productive ecosystems (Economic Engine).

Equity Group's excess liquidity (currently ~2% of cumulative GDP of east and central Africa) will be redirected to the private sector across various value chains.

6 Pillars of the Plan

The Plan comprises 6 strategic pillars that ensure a systematic, co-ordinated and holistic framework for execution:

- **A more coherent and productive natural resource ecosystem in agriculture and extractives** – more coordinated, connected and capacitated primary supply chains will drive higher productivity and throughput
- **Manufacturing and logistic anchors** – Africa has an opportunity to leverage off its natural endowments to anchor expansion of productive capacities and manufacturing capacity. More importantly, a coherent primary sector which is integrated to pan-African productive capacities will drive demand complementarities across regional blocs over the medium- to long-term
- **Trade and investment to give broader market access and support factor mobility** – expanded markets and access to technology, capital and skills will enhance offtake of African products and services
- **MSMEs** – connectivity of small businesses into formal primary and secondary sector value chains will enrich and drive more integrated domestic value chains / demand complementarities
- **Social and environmental transformation** – capacity building of value chain stakeholders, especially amongst smallholder farmers and MSMEs will drive sustainable productivity gains and improve ease of factor mobility
- **Technology-enabled economy** – online businesses will accelerate connectivity and velocity in ecosystems

Objectives of the Plan

The first phase (end-2025) objectives of the plan include:

1. **Inclusivity of 100 million online businesses and consumers:** Economic and social inclusion of more productive households and financially enabled value chains
2. **Multiplier effect of 5 million borrowing businesses and 25 million borrowing consumers:** borrowing businesses to drive value chain expansion and employment, whilst consumer borrowing to enable household aspirations and livelihoods
3. **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
4. **Additional private sector lending of ~2% of regional GDP:** loan book to be directed towards agriculture (30%), manufacturing (15%), MSMEs (65%)

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 comprises 6 strategic pillars that will be operationalized through a collaborative, deliberate and ecosystem centric approach. The plan was conceived with execution in mind and with no economic and financial assumptions, only targets!

	STRATEGY PYRAMID	2030 OBJECTIVES
1 STRATEGY	Africa Recovery and Resilience Plan	• 100m customers • 5m borrowing businesses • 25m borrowing consumers • 25m direct jobs
2 STRATEGIC PILLARS	Pillar 1(a): Food & Agriculture Pillar 1(b): Extractives Pillar 2: Manufacturing & Logistics Pillar 3: Trade & Investment Pillar 4: MSMEs Pillar 5: Social & Environmental Transformation Pillar 6: Technology enabled ecosystem	• Food & Agriculture loan mix 30% • Catalyse other industries • Manufact. loan mix 15% • #1 Trade finance bank • MSME loan mix 65% • Financially include 100m • Digitally connect 100m