



**EQUITY BANK GROUP**

INVESTORS BRIEFING

2010 PERFORMANCE




**Operating Macroeconomic Environment**

1. REBOUNDED ECONOMY ON BACKDROP OF:

- a) Favourable weather.
- b) Improved public & investor confidence on promulgation of new constitution.
- c) Accelerating implementation of Vision 2030 flagship projects.
- d) Expanding regional opportunities from East African Community Integration.
- e) Recovery of Global Economy.
- f) Impact of stimulus package initiative in response to Global Financial Crisis.

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**Operating Macroeconomic Environment**

2. Favourable Macroeconomic Environment defined by:

- a) Stable and Low Inflation.
- b) Stable exchange rate.
- c) Improved financial access.
- d) Declining interest rates.

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**Operating Macroeconomic Environment**

3. Accelerating GDP growth rate (2.7% to 6%) driven by the following sectors:

- a) Agriculture.
- b) Construction.
- c) Manufacturing.
- d) Tourism.
- e) Financial Sector.

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**Strategic Pursuit in 2010**

a) Consolidation through:

- Strengthening Regional subsidiaries.
- Deepening access through existing branch network.
- Staff capacity building & productivity enhancement.
- Enhancing ICT by transforming it to an enabler.



**Strategic Pursuit in 2010**

b) Pursuit of Partnerships:

- Agra/GOK/IFAD – Kilimo Biashara.
- UNDP – Fanikisha.
- WFP/EABL – Sorghum growing.
- ILRI – Livestock Insurance.
- Safaricom M-PESA.



## Strategic Pursuit in 2010

c) Brand Development & Building:

- A value based customer organization culture- Customer Centric
- Member campaign.
- Equity Group Foundation.
- Focus on customer experience




## Strategic Pursuit in 2010

e) Diversification of Offering:

- Strengthening Treasury and Trade Finance.
- Growing Bank Insurance Agency.
- Growing Custodial Business.
- Growing Mortgage Associate.
- Strengthening Uganda & Sudan Subsidiaries.
- Introduction of Mortgages.
- Introduction of Credit Cards.


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## Strategic Pursuit in 2010

e) Innovation & Diversification of Delivery Channels:


- Collaboration with Telecoms.
  - Safaricom – Mkesho
  - Orange – Orange Money
  - Essar – Yu Cash
- Merchant Acquiring.
- Agency Banking Model.



## Strategic Pursuit in 2010

j) Customer Experience Focus:


- Greater Research & Product Development through innovation.
- Enhanced convenience, access and affordability.
- Customer over the counter experience.



## Strategic Pursuit in 2010


g) Continuous Alignment:

- Business Model.
- Systems, Processes & Procedures.
- Governance Structures.
- Responding to Environment.
- Organisation structure and people.




## Performance Review

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### BUSINESS DRIVERS

	2010	2009	Growth
Number of Customers	5.9m	4.4m	34%
Number of Branches	165	154	7%
Number of ATMs	557	512	9%
Number of Staff	5563	5093	9%
Tel com Connection	3	0	




### FUNDING

	2010 Ksh Billion	2009 Ksh Billion	Growth
Customer Deposits	104.4	69.8	50%
Subordinated debt	7.5	6.5	15%
Shareholders' Funds	27.2	22.9	19%
<b>Total Funding</b>	<b>143.0</b>	<b>100.8</b>	<b>42%</b>




### ASSETS

	2010 Ksh Billion	2009 Ksh Billion	Growth
Loans	78.3	63.3	24%
Government Securities	31.2	11.8	165%
Cash & Bank Deposits	18.5	13.0	42%
<b>Total Assets</b>	<b>143.0</b>	<b>100.8</b>	<b>42%</b>




### INCOME STATEMENT

	2010 Ksh Billion	2009 Ksh Billion	Change
Interest Income on Loans	11.4	9.5	20%
Interest on Govt. Securities & Bank Deposits	2.4	1.3	85%
Fees & Commissions	2.5	2.1	19%
Transaction fee	4.4	3.9	13%
Treasury & Trade Finance	2.7	0.5	440%
<b>Total Interest Income</b>	<b>13.8</b>	<b>10.8</b>	<b>28%</b>
Commission Income	10.4	6.5	60%



### EXPENSE STATEMENT

	2010 Ksh Billion	2009 Ksh Billion	Change
Total Interest Expense	11.7	9.2	27%
Staff Costs	5.2	4.3	21%
Loan Loss Provision	1.9	1.0	90%
<b>Total Operating expenses</b>	<b>13.2</b>	<b>10.5</b>	<b>26%</b>
Cost Income Ratio (With Provisions)	60%	67%	11%
Cost to Income Ratio (Without Provisions)	51%	60%	15%



### ASSET QUALITY

	2010 Ksh. Million	2009 Ksh. Million	Change %
Gross NPL	3,599	5,083	-29%
NPL/Gross Loans	4.5%	7.7%	-42%
Asset Quality	2.2%	4.0%	-45%

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### STABILITY & COMPLIANCE

	2010	Statutory Requirement	Excess
Core Capital/Total Deposit Liabilities	21%	8%	13%
Core Capital/Total Risk Weighted Assets	22%	8%	14%
Total Capital/Total Risk Weighted Assets	28%	12%	16%
Liquidity Ratio	40%	20%	20%

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### PROFIT & LOSS ACCOUNT

	2010	2009	Growth
Profit Before Tax	9.04	5.28	71%
Profit After Tax	7.13	4.23	69%
Proposed Dividend	3.0	1.5	100%
Earnings Per Share	1.93	1.14	69%
Return on Equity	28.5%	20.0%	43%
Return on Assets	5.8%	4.7%	23%

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### Beyond Quantitative Performance

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- 2010 Kenya's Top Brand Synovate

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- 2010 Most Preferred Bank in Kenya  
*InterbrandSampson*

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- 2010 Africa's Best Investment  
Ai 40 Africa Investor



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**EQUITY**  
Bank • Year Listing • Cutting Partner

2010 African Bank of the Year  
African Banker



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**EQUITY**  
Bank • Year Listing • Cutting Partner

Africa Investor CEO of the Year  
Africa Investor



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**EQUITY**  
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- Most Sustainable Bank in Emerging Markets-Africa & Middle East  
*Financial Times & IFC*

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**EQUITY**  
Bank • Year Listing • Cutting Partner

- Best Microfinance in the World  
*JP Morgan*

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**EQUITY**  
Bank • Year Listing • Cutting Partner


- East Africa's Banking Superbrand  
*Superbrand International*

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**EQUITY**  
Bank • Year Listing • Cutting Partner


- African Business of the Year  
*Commonwealth Business Council*

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■ Best Microfinance Bank in Africa  
*African Banker*

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Doing Good to Society

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Wings To Fly Scholarships & Leadership Mentoring

■ Reached to guarantee full 4 years scholarships of 5600 vulnerable and disadvantaged secondary school students including their shopping & pocket money- Kshs 4 billion


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University Sponsorship, Leadership & Mentoring Programme

■ Reached out to 1050 gifted Kenyan students with University scholarships through a pre-university internship sponsorship programme each at Kshs 720,000

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Financial Literacy

■ Reached out to build capacity through financial literacy to 619,500 women & youth- Kshs 1.1 billion

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Women Financing

■ Reached out to 136,000 women through Fanikisha to access credit facilities-Kshs 10 billion


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## Supporting Agriculture

- Reached out to Kenyan farmers to transform them from peasant farmers to small scale commercial farmer
  - Livestock Insurance/Mifugo Biashara
  - Kilimo Biashara
  - Uvuvi Biashara
  - Value chain financing for maize & sorghum


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## HSNP/OVC Programme

- Reached out to vulnerable Kenyans through
  - Hunger Safety Net Programme
  - OVC Payments

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# THANK YOU

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