Fintech Capabilities, Innovation and Execution Culture and Continued Success of a Differentiated Business Model Lifts Equity Group's Profitability by a Growth of 22% Year on Year for the First Quarter of 2018 with an ROE of 27%

Nairobi……..17th May 2018. Equity Group Holdings culture of serial innovation, strong execution and customer centricity that constantly results in review of business model has continued to deliver a strong operating performance. The Group reported a 22% growth in profit after tax of Kshs.5.9 billion up from Kshs.4.9 billion the previous year. The 22% profit after tax growth reaffirms a differentiated strategy and business model, and strong execution leadership. These results reflect an acceleration in the momentum demonstrated in 2017 when the Group registered 14% profit after tax growth in a challenging environment where its peers reported negative earnings growth.

The Group's new business model which focuses on customer centricity to deliver value and convenience, attracted a million new clients to reach a customer base of 12.2 million. Customers' deposits grew by 9% to reach Kshs.382.4 billion up from Kshs.349.3 billion, boosting the balance sheet to top half a trillion shillings. A major objective of the new business model is to enhance the quality of earnings and this saw non-funded income contribute 41% of the Group's first quarter total income of Kshs.16.5 billion. Non-funded income streams saw trade finance income grow by 32%, merchant commissions by 23%, mobile banking commissions by 75%, Bond trading income by 152%, Swift & RTGS income by 45% and Diaspora Remittances by 183%. Geographical and business diversification saw the subsidiaries significantly increase their profit contribution from 14% to 19% of the Group's total profit, delivering on the Group's objective of de-risking concentration. Sustained execution of the new business model resulted in subsidiaries growing their profit contribution by 65% to Kshs.1.5 billion with Equitel's profitability growing by 204%, Equity Bank South Sudan by 291%, Equity Investment Bank by 481%, Tanzania by 68%, DRC by 78%, Rwanda by 58% and Uganda by 28%.

The Group's re-engineering of its value chain is translating into operational leverage with digitization enabling customers to process 97% of all their transactions outside the high fixed cost brick and mortar branches. Customers interact with the bank on self-service channels of mobile and internet devices or on the 3rd party low variable cost infrastructure of 36,000 agents and 42,000 merchants. Digital mobile lending saw 92% of all loans processed online, making banking intermediation what you do on devices rather than the place you go to. By virtualizing banking, the Group has delivered on 24-hour banking services resulting in the convenience of compressing geography and time and allowing customers to access their money anytime and anywhere, ushering in lifestyle banking that empowers customers with freedom, choice and control. Total income grew by 9% even with interest rates capping whilst total costs reduced by 1% and resulted in the Group's cost income ratio improving to 47.5% from 49.4% the previous year. The Group sustained a high-quality loan book, with NPLs remaining at 6.3% against an industry average of 12%. IFRS 9 provisions enabled the Group to achieve a 105% NPL coverage.

While the high-volume transactions activity moved from the branches to alternate channels, branch productivity was enhanced with branch staff focused more on higher value-added services and cross selling the Group's products and services to SMEs and Corporates while enhancing client relationship management and customer experience.

Fintech capabilities and innovations saw the Group disrupt Diaspora remittances processing that grew the volume processed within the quarter to Kshs.18.6 billion up from Kshs.3.2 billion the previous year, an increase of 474%. This increased diaspora remittance processing income by 183% from Kshs.42 million to Kshs.117 million within a period of 3 months. Fintech innovation in merchant banking through the introduction of Eazzy Pay mobile point of sale (POS) that converges payments through cards and mobile wallets in addition to introduction of a merchant POS able to process all major credit cards in the market, saw the merchant banking volume grow by 36% to Kshs.17.203 billion up from Kshs.12.651 billion with merchant commissions growing by 24%.

The operating environment is showing signs of recovery across the region with the Group's key market, Kenya, done with its elections and business activity starting to pick up. At the same time Kenya is planning to scrap interest rates capping that was introduced in September 2016. Across the region economic growth is expected to improve with Kenya's GDP growth rate projected at 5.5% up from 4.8%. Uganda's GDP projected to grow at 5.9% up from 4.8%, Rwanda's GDP growth rate expected to reach 7.2% up from 6.1%.

The Group, which is well capitalized, fully compliant with IFRS 9 provisions and with an agile, flexible balance sheet characterized by a 56% liquidity and a strong brand, is strategically positioned to exploit and optimize on the positive economic outlook.

With a strong brand complemented by a deliberate social brand strengthened through a shared prosperity model with social impact investment, Equity Group is strategically positioned with a very positive outlook. The market has validated the Group's differentiated strategic positioning, business model and strong leadership, which have paid off by catapulting the bank to the top position in Nairobi Securities Exchange and 2nd largest company in market capitalization in excess of Kshs.200 billion.

The Group's focus on sustainable and innovative impact investments along the seven thematic areas has created a strong social brand founded on a shared prosperity model. To date, through the social investment arm Equity Group Foundation, the Group has benefitted 15,168 Wings to Fly Scholars in Partnership with Mastercard Foundation and additional support from USAID, UKAID, KfW and other partners. 600,000 small scale farmers have been transformed to agribusinesses while 2,616 medium sized farmers have been supported. 1.6 million women and youth have gone through financial literacy education for free with the aim of helping them manage their finances and their businesses effectively and 37,785 entrepreneurs have been trained.

The Group's strategy has been validated through local and international awards and recognitions.
Moody's rated the bank with Stable outlook with a global rating of B2 similar to the sovereign rating of the Kenya Government. With a national Scale of Aa3, Moody's rating of the bank is the highest credit within Kenya and has cited strong brand recognition, solid liquidity buffers and resilient funding profile, established domestic franchise and extensive adoption of digital and alternative distribution channels.
Global Credit Rating Co. (GCR) rated the Bank with an AA- for long-term and A1+ for short term with a stable outlook. These ratings reflect the Group's strong competitive position in Kenya's banking industry which is underpinned by a favorable market reputation as well as a resilient and innovative financial services business, spread across East Africa and the Democratic Republic of Congo.

The Banker Top 1000 World Banks ranked Equity Bank position 11 globally on Return on Assets, position 45 on Profits on Capital and position 37 on soundness or Capital Assets Ratio. Overall, the bank improved from position 999 in the world in 2014 to position 806 in 2017.

In 2018, The Bank was recognized by the Banker Awards as the Best Commercial Bank in Kenya and East Africa, the bank with the Best Digital offering in East Africa and the Most Innovative Bank in Kenya. Dr. James Mwangi was for the second year in a row awarded the Banker of the Year.

For ten years in a row, the Superbrand ranked Equity Bank as the Top banking Superbrand in Kenya and in East Africa in 2008 and 2009. The East African Business Council awarded Equity Group Holdings the overall Best Regional Company in East Africa, 2018.

The Bank emerged the Overall Best Bank in Kenya in the 2018 Think Business Banking Awards for the 7th year in a row. It also won Best Bank in Tier I, Best Bank in Corporate Banking - 2nd Runners Up, Best Bank in SME Banking, Best Bank in Retail Banking, Best Commercial Bank in Micro-Finance, Best Bank in Agency Banking, Best Bank in Mobile Banking, Best Bank in Digital Banking, Best Bank in Internet Banking, Best Bank in Product Innovation - 1st Runners Up, Best

Bank in Asset Finance, Best Bank in Mortgage Finance - 1st Runners Up, Best Bank in Trade financing - 1st Runners Up, Best Bank in Agriculture and Livestock Financing - 2nd Runners Up, The Bank with the Lowest Charges for Individuals, Best Bank in Product Marketing, The Most Customer-centric Bank, Best bank in Sustainable Corporate Social Responsibility, Special Judges Awards for Product Innovation - Equity Afia, Outstanding Young Banker of the Year: Daniel Gachau while Dr. James Mwangi won the Chief Executive Officer of the Year for the 2nd year in a row.

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