EQUITY GROUP ASSETS GROW BY 14% TO SURPASS THE HALF A TRILLION MARK AND DELIVERS KSHS 13.3 BILLION IN PRE-TAX PROFIT

The growth in assets is attributed to the Bank's innovative, diversified, and transformative business model against the backdrop of a challenging operating environment.

Nairobi, August 22nd 2017…… Equity Group Holdings Plc posted a 14% growth in assets to reach Kshs 504.9B up from Kshs 444.4B for the period ended 30th June 2017. This was largely driven by growth in deposits which went up by 13% to Kshs.363.6B up from Kshs 320.8B in the same period last year. This growth comes at a time when the banking industry growth rate has almost flattened out.

The Group's deposit mobilization was boosted by growth in customer numbers which reached 11.7 million, a keen focus in adoption of the alternate delivery channels that include the Eazzy banking suite of products, agency banking model, mobile banking, and internet banking.

Equity's superior performance enabled it to achieve a pre-tax profit of Kshs 13.3B for the period ended 30th June 2017. This was in part due to increased revenue from non-interest income and growing regional banking subsidiaries' contribution to profits before tax. This saw the Group outperform the industry to register a Return on Equity of 22.3% and a Return on Asset of 3.8% despite a 12% reduction in interest income.

Speaking during the Investor Briefing, Equity Bank CEO, Dr. James Mwangi said "The Group's business continues to demonstrate resilience. 2017 is proving to be an extension of the tough operating environment witnessed in 2016 but as a Group we have already developed and adopted a sustainable business model to cushion the business as well as boost value creation for shareholders. Innovation has proved to be a great enabler in driving growth. We are already registering efficiency gains from digitization."

The Group continued to evolve its business model to weather the interest capping effects by focusing on growing the non-funded Income which constitutes 42% of the Group's total income. This grew from Kshs. 10.8B to Kshs. 13B representing a 20% rise from the same period last year. This was mainly driven by mobile banking commissions which grew by 337% to Kshs.649.7M from Kshs 148.8M. Trade Finance grew by 25% to hit Kshs 532.8M from Kshs 426.3M, Merchant commissions grew by 12% to Kshs 579.6M from Kshs 519.4M while Agency revenue grew by 27% to Kshs 424.5M up from Kshs. 333.8M in the same period last year.

The Group also reaped benefits of regional diversification and saw the regional banking subsidiaries' contribution to the Group's pre-tax profit double from 5% to 10% with Uganda PBT growth of 139%, Rwanda 75%, Tanzania 55%, and DRC 20%.

Through cost optimization the Group continues to transform its cost structure especially on the delivery channels from fixed to variable cost channels with the bulk of transactions being processed via mobile, agency and merchants' outlets. This has led to a cost income ratio of 44.5% for Kenya. The Group's total costs reduced to Kshs. 17.6B down from 17.9B for the same period last year. Equitel platform Group's MVNO banking transactions grew by 42% to 138.7M from 97.8M, Agency banking transactions grew by 10% to 33M from 29.9M while merchants transactions grew by 20% to 5.3M from 4.4M for the period under review showing the customers growing preference of alternate delivery channels.

The Group's consistent pursuit of a sustainable business model that is heavily focused on innovation has seen Equitel market share grow to nearly 25% of the value of mobile banking transactions in Kenya. The successful implementation of the digitization strategy is bearing fruits with Eazzy Banking products demonstrating a phenomenal uptake. EazzyBiz has hit Kshs11.1B per month in value of transactions, EazzyPay is moving Kshs 319.5M per month and now accounts for 30% of the mobile commerce market share, and EazzyBanking App's transactional value stands at Kshs 6.5B per month after only six months of launch.

The Group also continues to concentrate on Asset Quality that has seen it achieve NPLs of 7.3% against an industry average of 9.9%. It has positioned itself for the future by increasing its liquidity to 54% and creating an agile balance sheet with government securities contributing 23% of the total balance sheet.

These results have been achieved during a very challenging period when inflation has been high above the target for the operating period. The Kenya shilling depreciated against the US Dollar from USD-KES 101.1 in H1'2017 to close at USD-KES 103.7 driven by increased food and oil imports. Interest rate was also capped by law at a maximum of 14% for loans and a minimum of 7% on deposits. Private sector credit in Kenya declined from a 18% high at the beginning of 2016 to almost 0% to date. The GDP growth projected by IMF and World Bank has reduced from 5.8% to 5.4%. In the social and political environment, there was uncertainty due to the general elections.

The Group's performance is validated by the ranking by the Banker as the 37th Most Solid Bank of the Top 1000 large banks in the world and ranked 11th on Return in Assets.

Moody's Investor's Service in its latest assessment assigned Equity Bank Kenya first time ratings with a stable outlook based on the Bank's strength. The global local currency rating captured the Bank's strong credit profile which is closely aligned with the B1 (stable) rating of the Kenyan government due to the Bank's strong brand recognition, solid liquidity buffers and resilient funding profile, established domestic franchise and extensive adoption of digital and alternative distribution channels. At the same time, Moody's has assigned a national scale rating of Aa1 which ranks Equity Bank Kenya the best credit rated bank in Kenya.

Equity Bank was also awarded Super brand status in 2017 for the 10th year in a row by Super Brands East Africa. A recognition which the financial institution owes to its loyal customers as well as shareholders. This affirms the Bank's commitment to offering customer focused products and services to its diversified clientele base.

According to the latest Global Credit Rating, Equity maintained its investment grade AA- with a stable outlook. Euromoney Awards of excellence also named Equity as Africa's Best Bank in 2016 and Kenya's Best SME Bank.

Going forward the Group will focus on enhancing an agile balance sheet with strong liquidity and improved asset quality, brand investment and visibility as well as digitization and innovation for increased efficiency and customer convenience.

Ends.

For more information, please contact:

Alex Muhia Equity Bank Group **T:** 0763 618871 **Office** 0763 026007 **E**: Alex.Muhia@equitybank.co.ke **E:** corporatecommunications@equitybank.co.ke	Carol Wairugu Ogilvy Public Relations Ltd **T**. 0764515797 **E**. Carol.Wairugu@ogilvy.co.ke

EQUITY
Group Holdings Limited