2022

INTEGRATED REPORT AND
FINANCIAL STATEMENTS

EQUITY

Our core values

- P Professionalism
- I Integrity
- C Creativity & innovation
- T Teamwork
- U Unity of purpose
- R Respect & dignity for the customer
- E Effective corporate governance

Navigating our report

- Online information
- Linked information
- Supplementary information

Our Capitals

- HC Human capital
- SRC Social and relationship capital
- MC Manufactured capital
- FC Financial capital
- NC Natural capital
- IC Intellectual capital

Our strategic focus areas

- FA1 Non-funded income growth
- FA2 Treasury efficiency
- FA3 Geographical expansion and business diversification
- FA4 Balance sheet efficiency, optimisation and agility
- FA5 Business transformation through innovation and digitisation
- FA6 Asset quality, distribution and risk mitigation
- FA7 Efficiency and cost optimisation
- FA8 Impact investment and social brand development

Our stakeholder groups

- S01 Shareholders and investors
- S02 Our customers
- S03 Our employees
- S04 Society and communities
- S05 Regulators and policy-makers

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ABOUT THIS REPORT

Our reporting scope and boundary

Our Integrated Report is the primary report to the stakeholders of Equity Group Holdings Plc who, together with its subsidiaries are known as the Group. It covers the financial year from 1 January 2022 to 31 December 2022. In this report, we update our stakeholders on both our financial and non-financial performance over the past year. The report details our strategy and how we put it into practice to generate value for our stakeholders and showcases our commitment to our shareholders, customers, employees, and communities.

We also apply the principle of integrated thinking to our business activities and reporting, enabling us to align with long-term value creation and the role we play as a financial services organisation in society. This is further strengthened by our purpose of transforming lives, giving dignity, and expanding opportunities for wealth creation, while upholding internationally accepted banking standards.

This report therefore outlines matters relating to our operating context, strategy, business model, performance, governance, and the material risks that we have identified in line with our responsible and transparent approach to compliance and adherence to globally recognized ethical standards. As such, the report demonstrates the ways in which we create and deliver value in the short-, medium- and long-term, which we define as one year, two years, five years and beyond, respectively.

Materiality

We consider a material matter to be any issue that has the capacity to affect the Group's ability to create value. Through both research and analysis, and our engagement with stakeholders, we strive to identify the environmental, social and governance (ESG) aspects that present significant risks, and or provide opportunities to our business, and which enhance our ability to create and deliver value for our stakeholders. Our process of determining the material matters that pertain to our activities is thus central in guiding our decision-making as it provides the basis for a broader understanding of the risks and opportunities inherent in our business while underpinning our strategy.

Key Concepts

Defining value

Value creation is the consequence of how we apply and leverage our capital to deliver financial performance (outcomes) and value (outcomes and outputs) for stakeholders while making trade-offs. Our value creation process is embedded in our purpose and is described as part of our business model and integrated into the way we think and make decisions.

Materiality and material matters

We apply the principle of materiality in assessing which information is to be included in our Integrated Report. This report focuses particularly on those issues, opportunities and challenges that impact materially on the Group and its ability to be a sustainable business that consistently delivers value to shareholders, prospective investors, and our key stakeholders. Our material matters influence the Group's strategy and inform the content of this report.

The Capitals

Our relevance as a Group today and in the future, and our ability to create long-term value is interrelated and fundamentally dependent on the forms of capital available to us (inputs), how we use these capitals (value-adding activities), our impact on them and the value we deliver (outputs and outcomes).

ABOUT THIS REPORT

Our approach to the preparation of our Integrated Report

We apply the principle of integrated thinking in preparing our integrated report. This requires a collaborative process across the Group to prepare the content that is presented in the report. Information provided in the report is drawn from several sources including Board papers and minutes, various internal and external reports, stakeholder interviews and internally generated management data.

Responsible members of our management team frame and guide the process by making proposals to the report structure and concepts and also providing information and drafts. The report produced is systematically reviewed and updated. Overall oversight for this process is provided by the Executive Management and the Board

Our reporting frameworks

Our integrated reporting is guided by the principles and requirements of the International Integrated Reporting Framework, IFRS and the Code of Corporate Governance for Issuers of Securities in Kenya.

As a Kenyan-domiciled Group, we are a licensee of the Central Bank of Kenya (CBK), and are listed on the Nairobi Securities Exchange (NSE), the Uganda Securities Exchange (USE) and the Rwanda Stock Exchange (RSE). As such, in drawing up this integrated report, we are also guided by, and comply with:

- The Banking Act and all prudential guidelines and directions given by the CBK and other regional regulators,
- The Companies Act 2015, (the Act) its regulations and amendments,
- The Capital Markets Act and all subsidiary legislation,
- The NSE's rules and guidelines issued by the capital markets authorities and securities exchanges in the three markets where the Group is listed, together with any requirements, decisions, or directions given by these authorities and the exchanges in, and
- The Insurance Act , its supporting regulations
- The Retirement Benefits Act, as well as its supporting regulations
- All other applicable laws and regulations governing the various lines of businesses in which we are engaged.

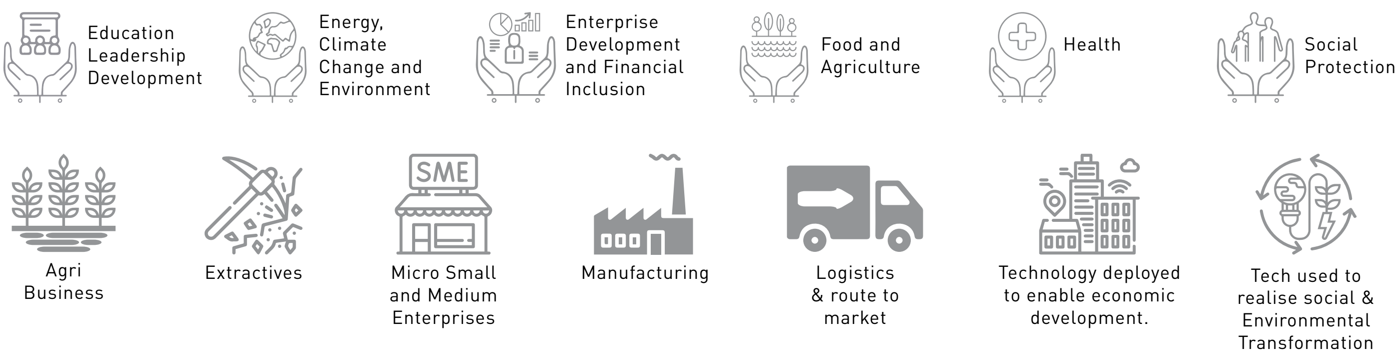
Forward-looking statements

This report contains certain forward-looking statements in respect of the Group strategy, performance, and operations as well as other geopolitical or macro-economic conditions. These forward-looking statements involve risk and uncertainty as they relate to future events and circumstances which are difficult to predict. They are thus by definition beyond the Group's control, and could cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Assurance

The Board of Directors ensures the integrity of the integrated report through our integrated reporting process, with various approvals and signoffs by both the management team and the Board, with oversight from the Board Audit Committee. These assurances are provided by management and the Board through rigorous internal reporting governed by our enterprise risk management framework (ERMF) and internal audit. Our annual financial statements are assured by our external auditors PricewaterhouseCoopers LLP.

Icons used in this report



DIRECTORS' STATEMENT OF RESPONSIBILITY

Our directors have a statutory duty to promote the success of the Group for the benefit of its stakeholders. In promoting the success of the Group, directors must have due regard for the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and others, the impact of our operations on the community and the environment, and our desire to maintain our reputation for high standards of business conduct.

The Board is committed to ensuring that the Group complies with all laws, regulations and standards applicable to it. The Board ensures high standards and practices in corporate governance, and more specifically, that the principles, practices and recommendations set out under the Code of Corporate Governance for Issuers of Securities in Kenya (the Code) as well as the Act, are adhered to. The Board has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards. The Board is also supported by duly qualified legal and compliance professionals to guide and focus the Group's compliance efforts.

The Board has overall responsibility for good corporate governance across the Group and ensures that its governance policies and mechanisms are appropriate to its structure, business and risks. The Board has ensured that there exists comprehensive governance documents and regular review and development of new and suitable ones that define the appropriate corporate governance principles that will provide fitting incentives for the Group to pursue objectives that are in its best interests, as well as those of its shareholders and other stakeholders, whilst protecting their interests. The Board further believes that this report fairly represents the Group's material matters and that it offers a balanced view of the Group's strategy, business model and their implementation.

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Prof. Isaac Macharia
Chairman
Equity Group Holdings Plc

H.E Paul Kagame, President of the Republic of Rwanda (centre), Dr. James Mwangi, Equity Group Managing Director and CEO (3rd Left) and other senior Rwanda government officials during the official groundbreaking of the Kigali Financial Square.

H.E Samia Suluhu, President of the United Republic of Tanzania (front) engages with media during her visit to Equity Bank's stand at the Nane Nane Festival. Equity was a key sponsor for the festival.

WHO WE ARE

WHO WE ARE

Overview of Equity

Equity Group Holdings Plc. is a Pan-African financial services holding company listed at the Nairobi Securities Exchange, Uganda Securities Exchange, and Rwanda Stock Exchange.

The Group has banking subsidiaries in Kenya, DRC, Rwanda, Uganda, Tanzania, South Sudan, and a Commercial Representative Office in Ethiopia. It has other subsidiaries in investment banking, insurance, telecom, fintech and social impact investments.

Equity Group is a leading bank in the region with market capitalization of Shs 171bn (USD 1.38bn), total assets at Shs 1.45 trillion (USD 11.7bn) and a customer base of 17.7 million.

The Group has a footprint of 358 branches, 64,021 Agents, over 662,580 Pay With Equity (PWE) Merchants, 42,755 POS Merchants, 680 ATMs and an extensive adoption of digital and mobile banking channels.

The Banker Top 1000 World Banks 2021 index ranked Equity Bank 22nd in Africa and 761 overall in its global ranking, 149th in soundness (Capital Assets to Assets ratio), 71st in terms of Profits on Capital and 39th on Return on Assets.

Brand Finance 2022 ranked Equity Group the 4th strongest banking brand in the world and 338 overall among the top 500 banking brands, with a Brand Strength Index (BSI) of 90.8 and a brand ranking score of AAA+, the highest rating that a brand can attain.

In the same year, Moody's gave the Bank a global rating of B2, the same as the sovereign rating of the Kenyan Government due to the Bank's strong brand recognition, solid liquidity buffers, resilient funding profile, established domestic franchise and extensive adoption of digital and alternative distribution channels.

	2022	2021	2020
Deposits (Shs)	1,052bn	959bn	740.8bn
Loans (Shs)	706.6bn	587.8bn	477.8bn
Total revenue (Shs)	145.9bn	113.4bn	93.7bn
Profit Before Tax (Shs)	59.8bn	51.9bn	22.2bn
Shareholders' Funds (Shs)	182.2bn	176.2bn	138.6bn
EPS (Shs)	11.9	10.4	5.2
Market capitalisation (Shs)	171bn	199.1bn	136.8bn
Social Investment spend (Shs)	72.7bn	59.2bn	50.8bn
Equity Afia clinic outlets	77	51	33
Number of customers	17.7m	16.2m	14.3m
Number of employees	13,065	9,677	8,307
Countries of operations	6	6	6

WHO WE ARE

Corporate philosophies

Purpose
Transforming lives, giving dignity, and expanding opportunities for wealth creation

Vision
To be the champion of the socio-economic prosperity of the people of Africa

Mission
We offer integrated financial services that socially and economically empower consumers, businesses, and communities

Positioning
We provide inclusive financial services that transform livelihoods, give dignity, and expand opportunities

Tagline
Your Listening, Caring Partner

Motto
Growing Together in Trust

OUR CORE VALUES

P I C T U R E

[PROFESSIONALISM]

[INTEGRITY]

[CREATIVITY AND INNOVATION]

[TEAMWORK]

[UNITY OF PURPOSE]

[RESPECT AND DIGNITY FOR THE CUSTOMER]

[EFFECTIVE CORPORATE GOVERNANCE]

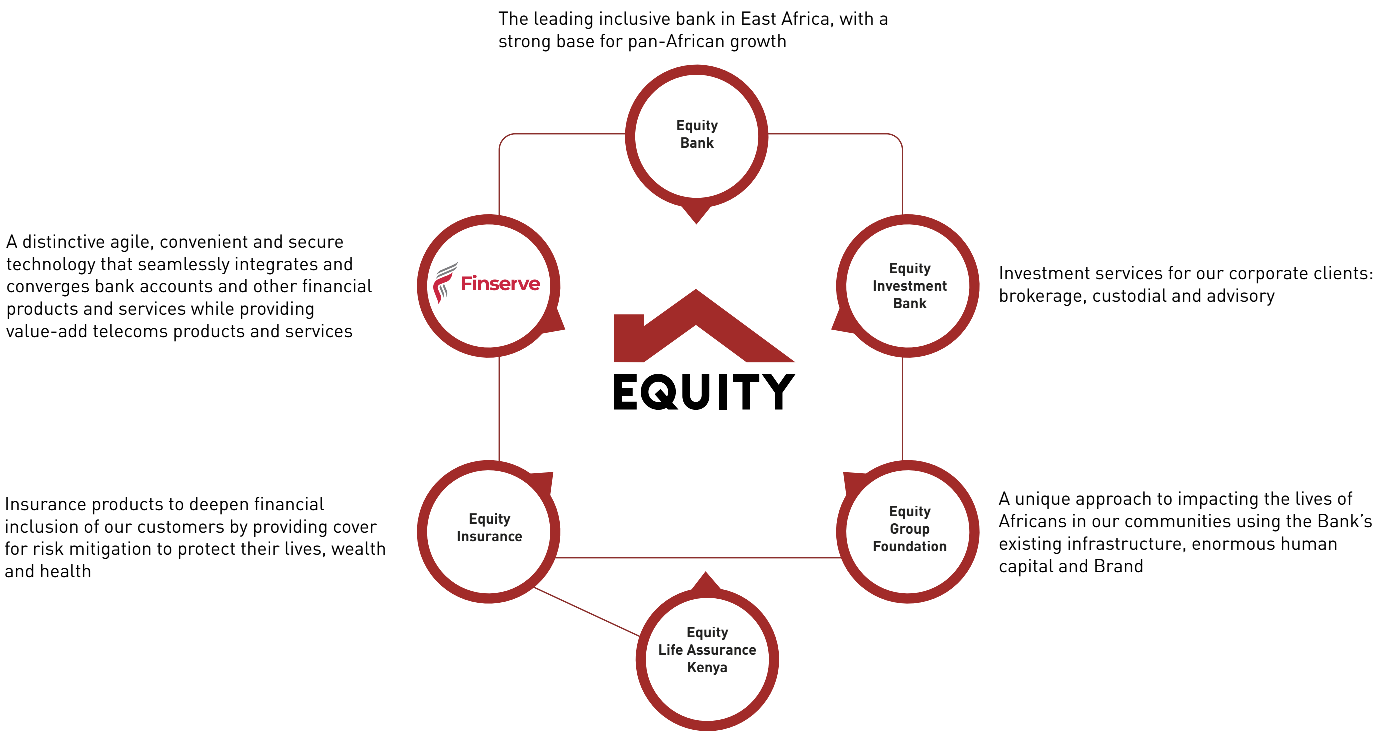
Our inspiration

That when years turn our vision dim and gray, we shall still see beauty in the tired wrinkles of our faces and shall take comfort out of the fact and knowledge that when we were given the opportunity we did all we could to empower our people to exploit opportunities and realise their full potential on the road to economic prosperity.

WHO WE ARE

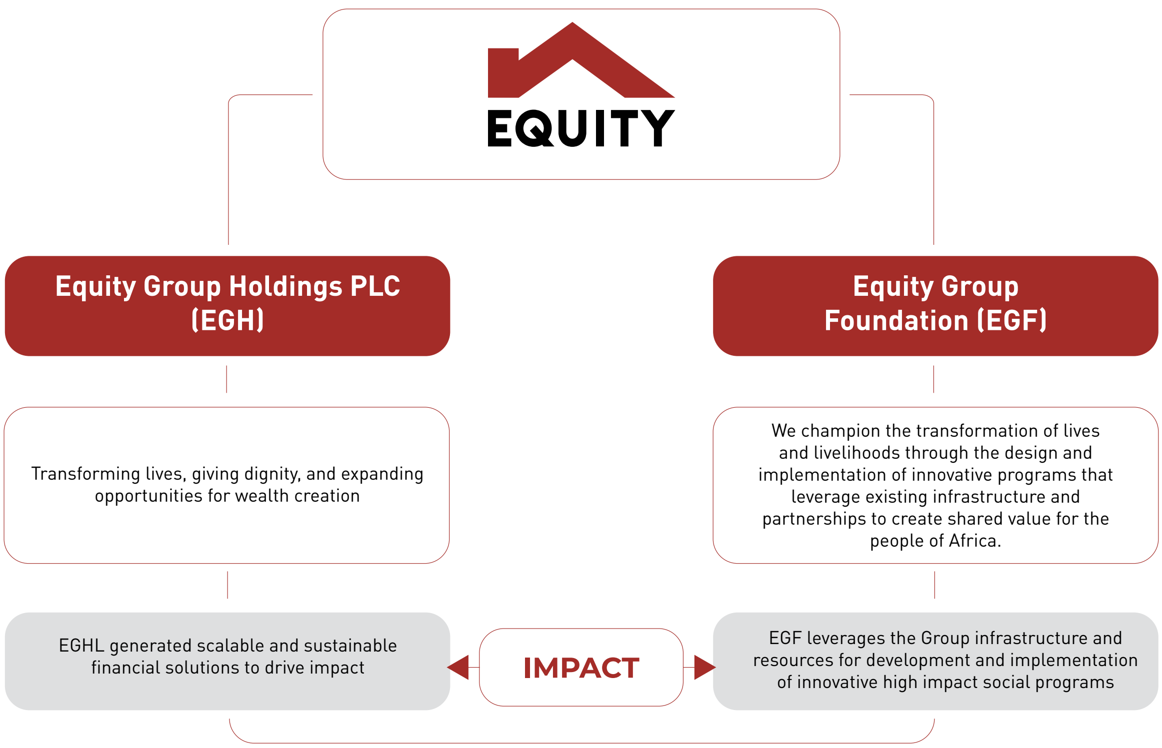
Equity at a glance

We offer integrated financial services that socially and economically empower consumers, businesses, and communities.



Twin Engine Business Model

We operate through a twin engine model that focuses on commercial and social value creation.

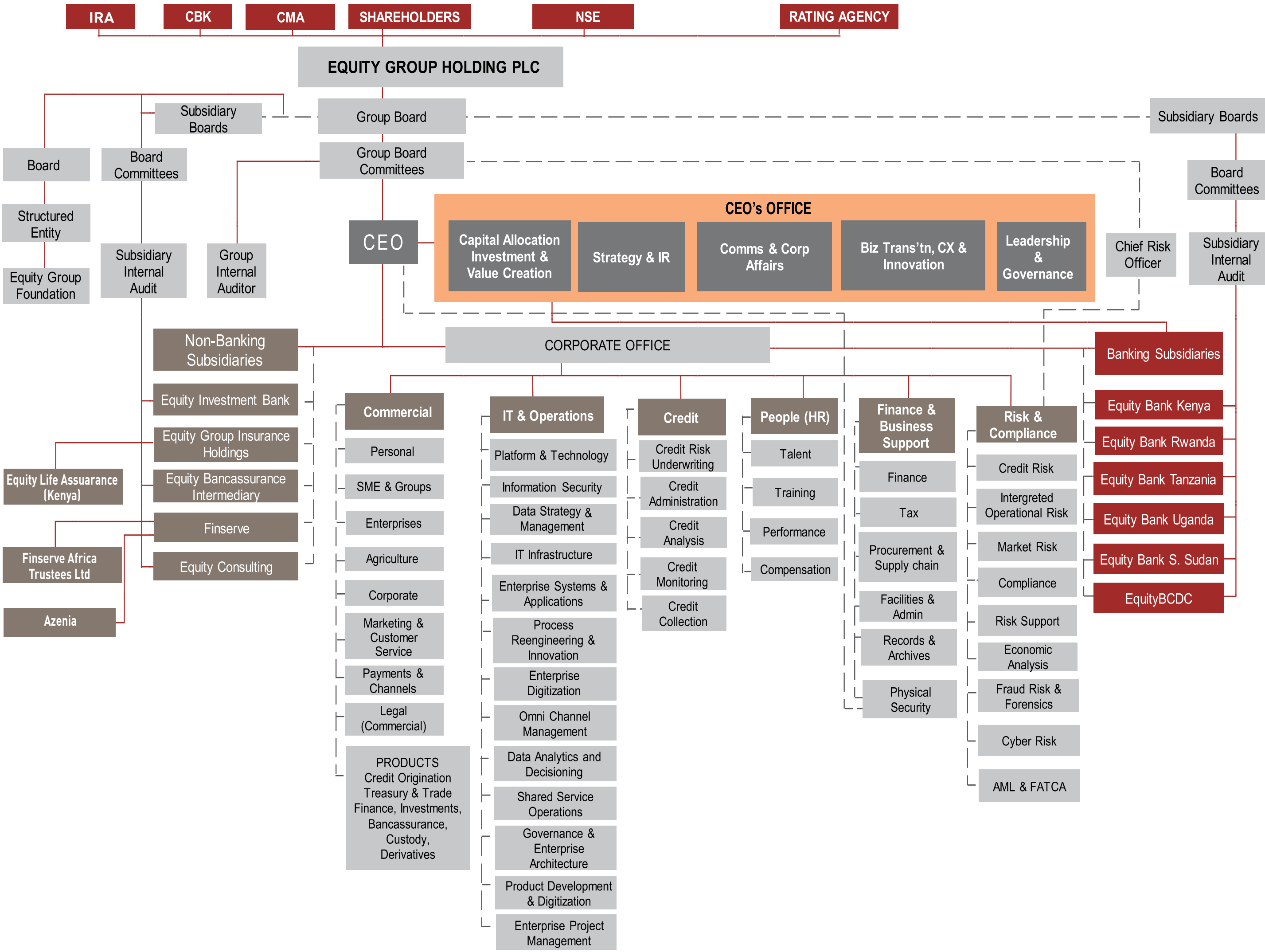


WHO WE ARE

Group structure

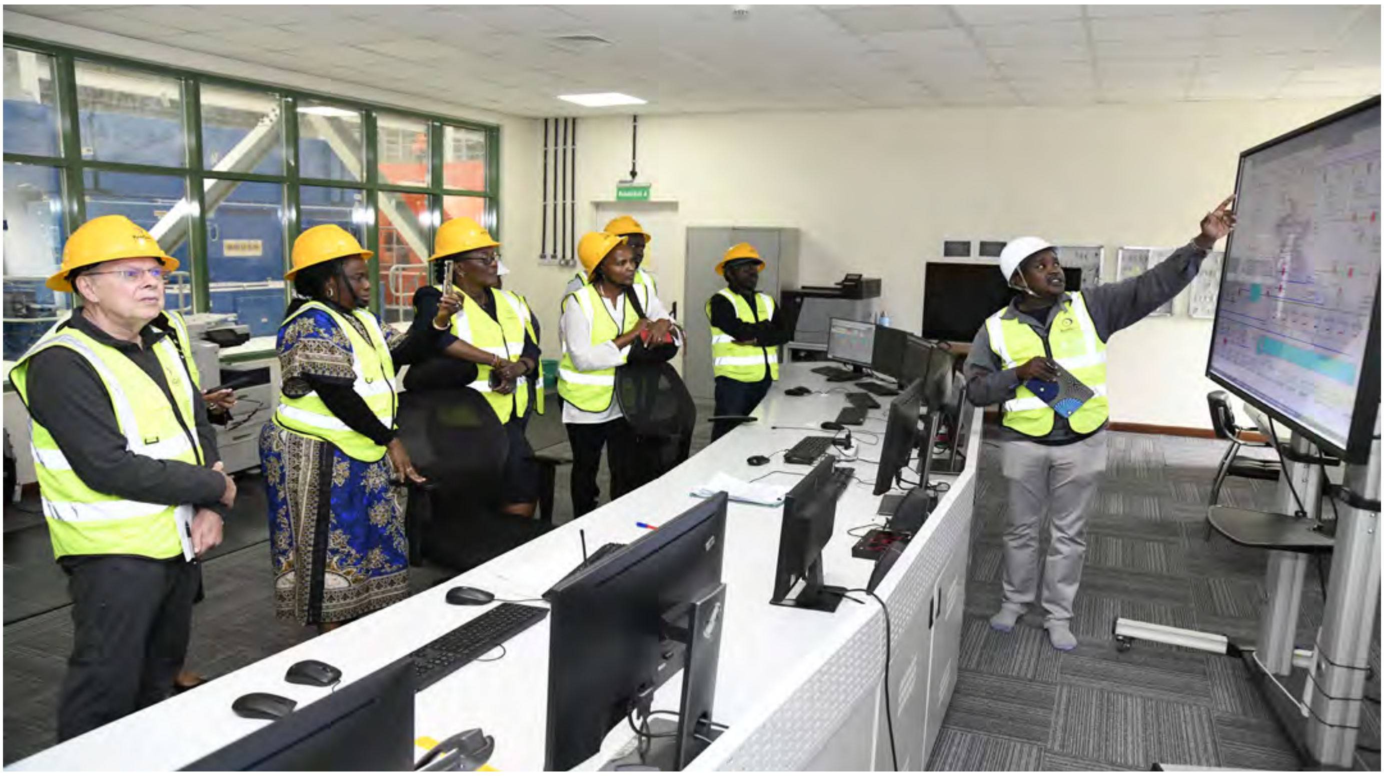
We conduct our operations through strategically located subsidiaries in Kenya, Uganda, Tanzania, South Sudan, Rwanda, and the Democratic Republic of the Congo, and a commercial representative office in Ethiopia. Our goal is to establish ourselves as the leading provider of financial services in Africa.

Governance and Organizational Structure



Information on the Group Ownership can be found on page 105

WHO WE ARE



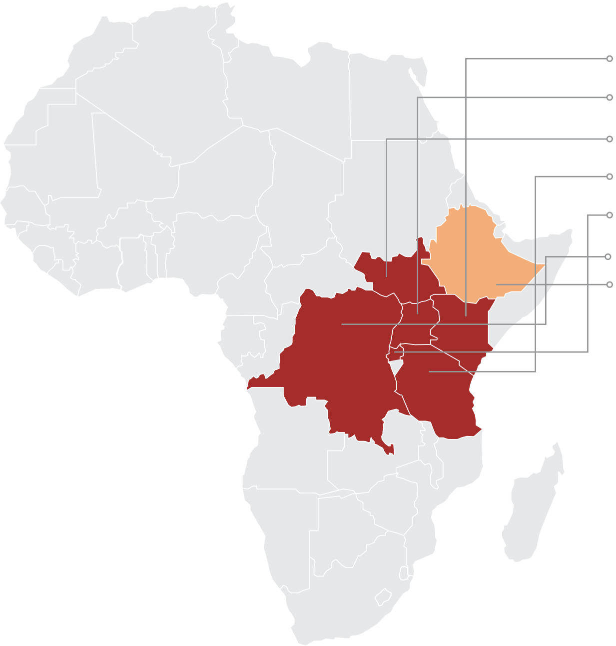
Delegates participating in the USA Trade Mission to Kenya and Tanzania visit the Olkaria Power Station plant to enable them to appreciate and understand the operations of local businesses. The trade mission, organized by Equity Bank Kenya and partners, brought together delegates representing various institutions in corporate America to engage with over 500 local entrepreneurs, MSMEs and corporates in pursuit of partnerships and investment opportunities in the EAC.

Deputy President of the Republic of Kenya H.E Rigathi Gachagua (right) hands over the Best Bank Stand trophy to Equity Bank Kenya Managing Director Gerald Warui (left) alongside Nairobi City County Governor H.E Johnson Sakaja (behind left) during the 2022 Nairobi International Trade Fair official opening ceremony.

WHO WE ARE

Our footprint

Physical channels



Distribution of Branches (358)

Country		Capital City	
1. Kenya	191	Nairobi	52
2. Uganda	50	Kampala	24
3. South Sudan	5	Juba	4
4. Tanzania	15	Dar es Salaam	7
5. Rwanda	16	Kigali	9
6. DRC	81	Kinshasa	40
7. Ethiopia (Representative Office)	1	Addis Ababa	1

Agent outlets	Point of sale terminals (POS)	ATMs	PWE Merchants
64,021	42,755	680	662,580
2021: 61,061	2021: 36,133	2021: 695	

Products and services

Products	Services
18	16
2021: 18	2021: 16

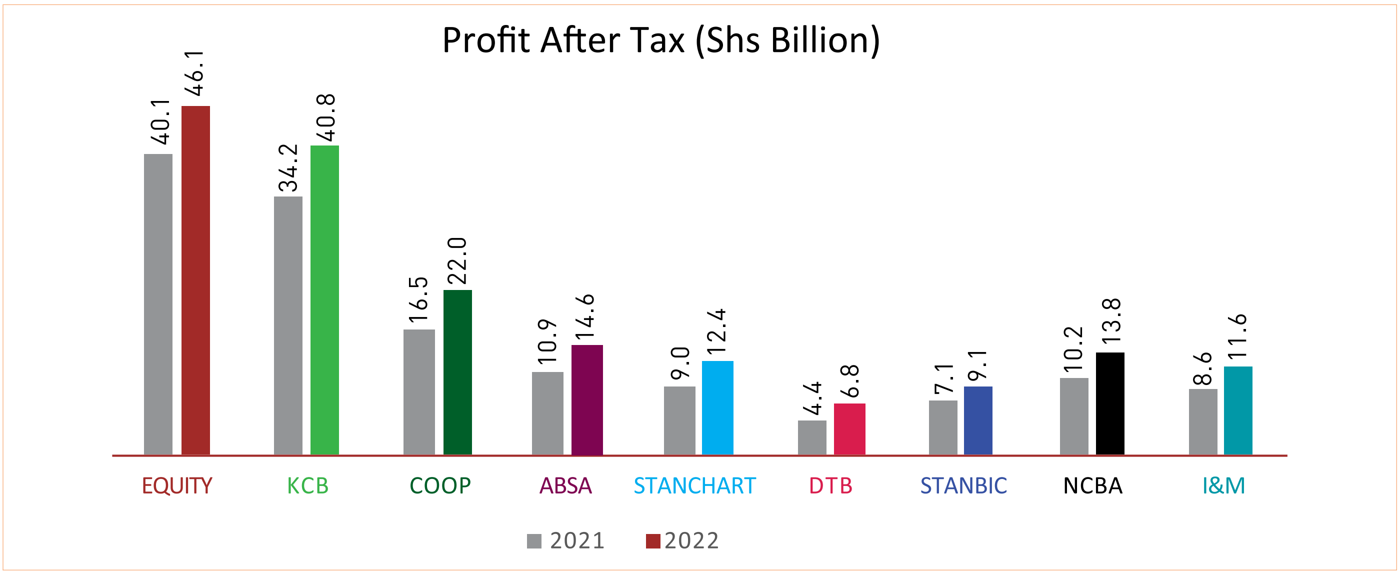
Digital channels	
Equity Mobile App	EazzyBiz (Business online)
Pay With Equity	Equitel (STK)
*247# EQUITY USSD	Acquiring (POS)
Equity Online (Consumer Online)	

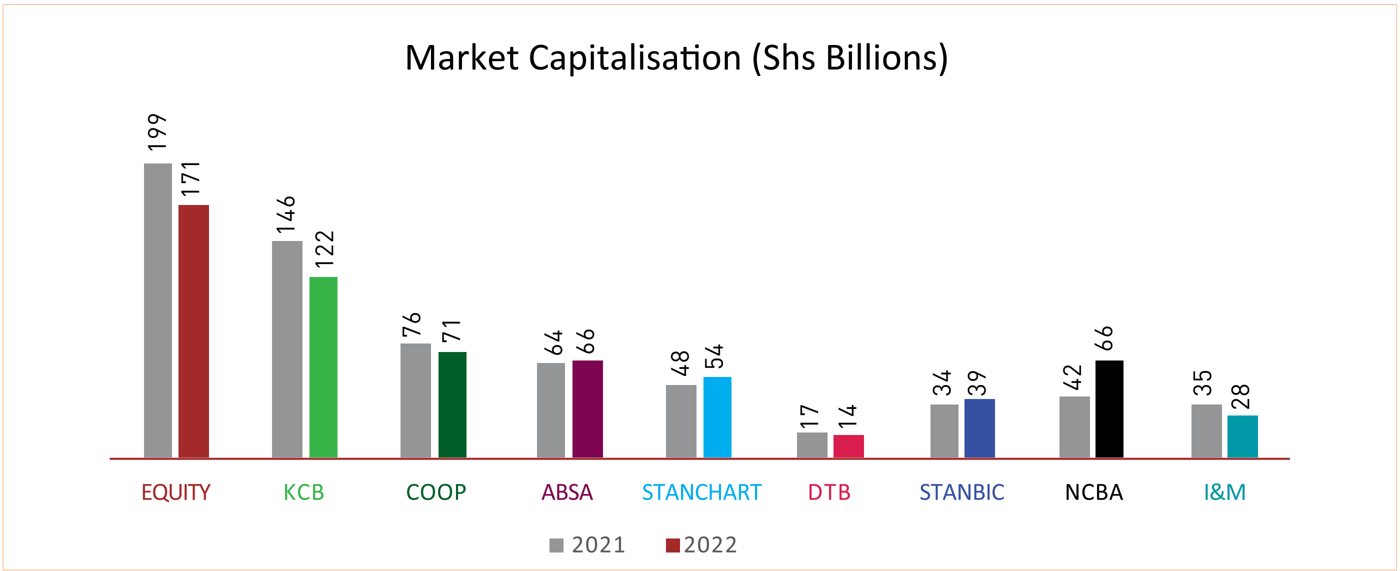
Digital products
EazzyLoan
EazzyChama
eCommerce EazzyAPI
Eazzy FX

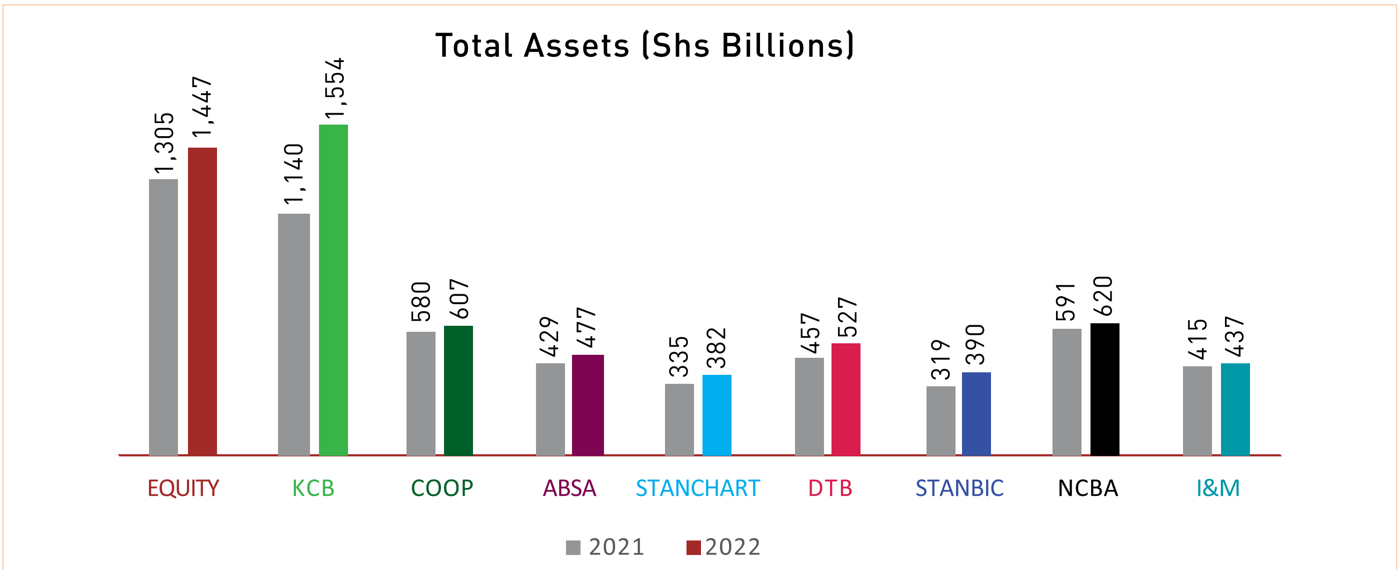
WHO WE ARE

Benchmarking against peers

Market share







WHO WE ARE

Global ratings and accolades

The efforts made by the Group in advancing financial inclusion and socio-economic prosperity, specifically the focus and commitment towards empowering businesses and individuals across the regional footprint, has been recognised by global rating agencies. These are summarised as follows:

Brand Finance 2022

- Ranked Equity Group the 4th strongest banking brand in the world.
- Ranked Equity Group with a Brand Strength Index (BSI) of 90.8 and a brand ranking score of AAA+, the highest rating that a brand can attain.

Global SME Awards 2022

- SME Financier of the Year -Africa – Silver
- Best Financier for Women Entrepreneurs - Platinum

Other national banking awards and accolades demonstrate the recognition within the Group's markets for the work being done to promote levels of financial inclusion, through leadership and the advancement of financial services in the region. These are summarised as follows:

Kenya e-Commerce Awards

- Finserve Africa – Fintech Company of the Year
- Payment Solutions of the Year – Winner

Quality Healthcare Awards

- Dr James Mwangi, Group Managing Director and CEO - Healthcare Leadership Award
- Equity Group Foundation - Honorary mention for Excellence in Response to COVID-19

Sustainable Finance Initiative (SFI) Catalysts Awards

- Best Overall Winner – 1st Runners Up
- Most Innovative Bank – Winner
- Best Bank in Sustainable Finance – 2nd Runners Up

Visa E-commerce Awards

- Visa E-Commerce (Acquiring) Award 2022
- Visa Top Acquiring Award 2021
- Top Acquirer Award 2019

Insurance Awards

- Group Life Company of the Year Award 2022
- Group Life Innovation Award 2022
- Group Life Best Loss Ratio Award 2022
- Group Life Best Practice Award

Oslo Business for Peace Award

- Honouree Dr James Mwangi 2020

Think Business Awards

- Best Overall Bank – 11 years running
- Best Bank in Tier 1 – 8 years running
- Best Bank in Sustainable CSR – 6 years running
- Best Bank with the Lowest Charge for Individuals – 6 years running
- Most Customer-Centric Bank – 1st runner up
- Best Bank in Retail Banking
- Best Bank in SME Banking
- Best Bank in Agency Banking
- Best Bank in Mobile Banking
- Best Bank in Corporate Banking – 1st runner up
- Best Bank in Internet Banking – 1st runner up
- Best Bank to Borrow from – 2nd runner up
- Best Bank in Product Innovation – 2nd runner up
- Best Bank in Trade Finance
- Best Bank in Agriculture and Livestock Financing
- Best Bank in Product Marketing
- Special Judges Awards for Product Innovation – winner
- Best Bank in Asset Finance – 1st runner up
- Best Bank in Mortgage Finance – 1st runner up
- CEO of the Year – Dr James Mwangi – 5 years running
- Outstanding Young Banker of the Year
- Leader in Customer Satisfaction Index (CSI)

WHO WE ARE

Global ratings and accolades

Equity Bank Kenya team receive a trophy and certificate during the 2022 Think Business Banking Awards. Equity Bank bagged 22 awards reflecting Equity's commitment to offering all Kenyans an opportunity to grow through the shared prosperity model.

WHO WE ARE

Our key alliances and memberships

As the largest financial services organisation in the region, we are proud to be members of leading like-minded associations and organisations including:

Association of Microfinance Institutions (AMFI)	Kenya Bankers Association (KBA)
African Leadership Network (ALN)	Kenya Healthcare Federation
Agenda Council on new models of economic thinking of the World Economic Forum (WEF)	Kenya Private Sector Alliance (KEPSA)
Aspen Network of Development Entrepreneurs (ANDE)	Micro Finance Network (MFN)
Association of Kenya Insurers (AKI)	Small Business Banking Network (SBBN)
Clinton Global Initiative	Smart Communities Coalition
East Africa Humanitarian Private Partnership Platform	Tent Partnership for Refugees
G8 New Alliance for Food Security & Nutrition	UN Economic and Social Council
Global Agenda Council on Emerging Multinationals 2010	UN Global Compact
Global Network for Banking Innovation (GNBI)	Women's World Banking (WWB)
Invest in Africa (IIA)	World Economic Forum

Mohamed Gouled, IFC Vice President, Risk and Finance (left) and Dr. James Mwangi, Equity Group Managing Director & CEO (right) during the signing of a partnership that will see IFC and its partners support Equity's lending to MSMEs under the 'Africa Recovery and Resilience Plan' from all sectors of the economy including climate-smart businesses and women and youth owned businesses.

WHO WE ARE

Our capitals

Financial Capital	Financial capital is composed of the financial resources available and allocated to Equity, our own or third parties' in the form of products and services provided to our customers, such as: loan operations, financial investments, deposits and funding, investments and other operations that generate fees and commissions.
Human Capital	This is composed of our employees and their skills and experiences, as well as their motivations to innovate and develop better products and services, in an ethical and responsible way, by means of their capabilities for management, leadership and cooperation.
Intellectual Capital	This is composed of the reputation obtained by our brand, by technical knowledge and intellectual property and by the ability to develop new technologies, products and services for the sustainability of the business.
Manufactured Capital	This is composed of the equipment and physical installations, such as branches, ATMs, platforms, applications and systems that are used by the organization in the provision of products and services.
Social & Relationship Capital	This is mainly composed of ethical and transparent relationships with our customers, shareholders, investors, suppliers, regulatory agencies, government and society. This also includes the ability to share value with our stakeholders to enhance individual and collective well-being.
Natural Capital	These are the renewable and non-renewable environmental resources, consumed or affected by our businesses, for the prosperity of the organization. We are particularly talking about water, soil, ores, forests and biodiversity.

WHO WE ARE

Our twin engine value creation process

We run a twin-engine model comprising a commercial and social arm integrated through our business approach and operations. Both commercial and social imperatives are integral to our purpose and the objectives we intend to achieve. We view this as a singular approach that is interrelated and synergistic, working collaboratively to create value for stakeholders.

Our commercial engine is focused on five distinct elements:

- Move (Payments)
- Borrow (Lending)
- Save (Deposits)
- Invest (Wealth Management)
- Insure

By providing these financial services, we encompass our customers' entire lifestyle and lifecycle and enable them to pursue their financial aspirations, create, grow, preserve and protect wealth. In tandem, our social engine through its programmatic pillars provides support and tools that empowers individuals and communities to join the financial system and access the resources that unlock their dreams. Our intention is to equip and strengthen marginalised and deserving members of society, in the countries we operate, with the necessary empowerment to participate in productive economic ventures and benefit from catalytic financing. In this way, we achieve our purpose of transforming lives, giving dignity, and expanding opportunities for wealth creation.

Members of Equity Bank Uganda, UECCC and the Hon. Ruth Nankabirwa Minister of Energy and Mineral Development at the launch of the Equi-Green Loan

WHO WE ARE

Commercial Engine

Banking Services

Move | Borrow | Save | Invest | Insure

Equity Group Foundation's Core Programme Pillars

Social Engine

Education and Leadership Development	EGF seeks to break the cycle of poverty and develop the next generation of leaders through increased access to secondary and tertiary education.
Energy, Climate Change and Environment	EGF promotes the conservation and smart use of natural resources by expanding forest cover, improving water security and promoting the use of renewable energy and energy-efficient technologies.
Enterprise Development and Financial Inclusion	EGF stimulates job creation and economic growth by providing Micro, Small and Medium Enterprises [MSMEs] with advice, mentorship and entrepreneurship training. Additionally, EGF improves financial capability and individual and household financial security by connecting people at the Bottom of Pyramid to expert financial education training as well as expanding access to financial services and products.
Food and Agriculture	EGF helps create jobs, improve market access, and expand agricultural production by working in partnership with small and medium-sized farmers to increase their production capabilities, business acumen, and access to technology and financial services.
Health	EGF increases access to comprehensive health financing and private sector-led, affordable, high-quality, and standardized health services.
Social Protection	EGF is committed to reduce social and economic risk and vulnerability, and to alleviate extreme poverty and deprivation through cash transfer programs.

Innovation – EGF is committed to fostering innovation that leads to new ideas, solutions and technologies that increase impact and scale.

Monitoring, Evaluation, Reporting, Learning and Finance

Commercialisation of opportunities identified
Responding to community needs

WHO WE ARE

Our value creation business model

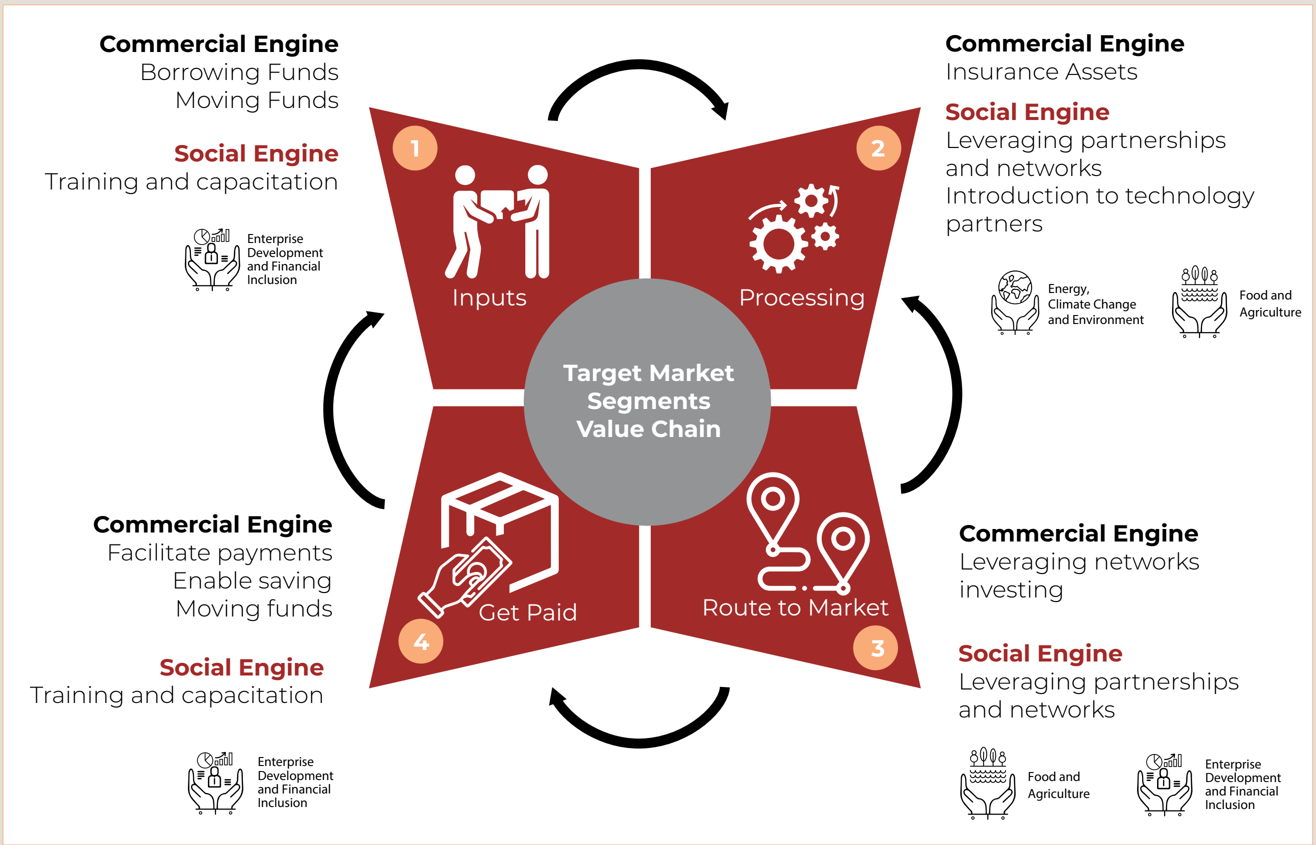
Our Inputs

Financial capital Our assets and reserve of funds	• Total assets Shs 1,447bn • Deposits Shs 1,052bn • Shs 182.2bn shareholders funds
Human capital Our employees, together with their individual and collective competencies, abilities, experience, and expertise	• Highly skilled and experienced leadership • Motivated and competent employees • High performance culture • A highly diversified staff complement
Intellectual capital Our proprietary procedures and intellectual property (IP), knowledge, policies, vision, mission, purpose and the value of our positioning, brand, and reputation	• Dual engine model • Africa Recovery and Resilience Plan • Deployment of 9 Digital channels • Proprietary technology • Strong governance structure • Management systems • 16 products • 18 services
Manufactured Capital Our buildings, properties, vehicles, and physical infrastructure that underpin our operations	• Presence in 6 countries • Representative Office in Ethiopia • 358 branches • 680 ATMs • 42,755 POS machines • 64,021 Agent Outlets • 77 Equity Afia clinics
Social and relationship capital The partnerships and associations we build with third parties, providers and suppliers, our communities and stakeholders, and the mutual benefit that this brings	• Shs 5.5bn spend on social investment • Leveraging our extensive partnership network • USD 170m provided by risk share partners • USD 445m provided by social and technical partners
Natural capital Our social and community projects that help to sustain the environment in which we work and live	• Leveraging our extensive partnership network

WHO WE ARE

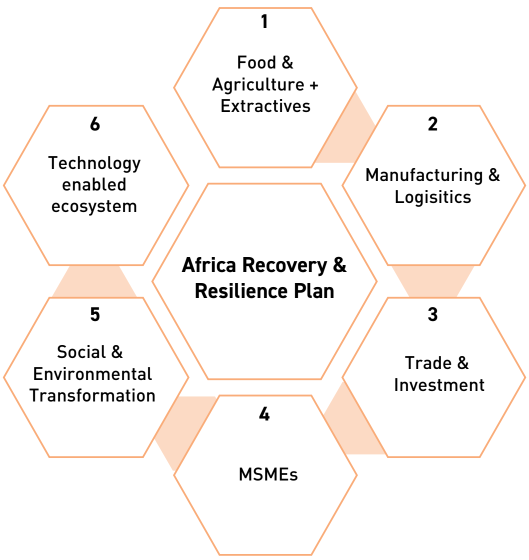
Business processes and outputs

The activities we undertake to create sustainable value in the short, medium, and long term, aligned to the needs of our customers along their value chain



Business strategy

Our overarching strategy which underpins the objectives we seek to achieve as we pursue our purpose and create stakeholder value



WHO WE ARE

Outcomes

Financial capital
- Total revenue Shs 145.9bn
- Profit Before tax Shs 59.8bn
- Loans disbursed Shs 455 bn
- Employee Net Promoter Score (eNPS) Shs 11.9
- Shs 72.7bn on social impact interventions
- Shs 16.5bn spend on procurement
- Shs 117 bn spend on social protection

Manufactured capital
- 17.7m customers 10% growth YoY
- 16 new branches opened
- 64,021 agents
- 79 new ATMs installed
- 7,712 new POS machines deployed
- 26 additional Equity Afia clinics opened

Human capital
- 13,065 permanent and temporary employees
- 97% staff retention rate
- eNPS score 33%
- Shs 24.7bn spend on employees
- 650,234 cumulative training hours attained
- Enhanced performance management
- Workforce with enhanced skills capacity

Social and relationship capital
- 47,009 scholarships issued through Wings to Fly and Elimu Scholarship
- 3,454 TVET scholars enrolled from inception
- 1,266,182 jobs created
- 93,885 MSMEs mentored and coached in entrepreneurship education and digital literacy.
- 406,621 MSMEs benefitted from training, mentorship, coaching and access to finance
- 4,774 MSMEs mentored through the Business Development Services program
- 1,299,523 cumulative patient visits to Equity Afia clinics
- 3.98m farmers reached through trainings, mentorship, and linkage to markets and financial services
- 4.5m beneficiaries reached through social protection

Intellectual capital
- Shs 134.1bn disbursed through digital lending
- 4,237,014 Loans disbursed through digital channels
- 48.4% cost-to-income ratio
- Treating customer fairly score 84%
- 2.15m active customers on Equitel
- 1.95m transaction conducted on Jenga API

Natural capital
- 21.8m trees planted
- 390,000 metric tons of CO_2 reduced through clean energy products
- 100,000 clean energy products financed

WHO WE ARE

Dr. James Mwangi, Equity Group MD and CEO (left) and H.E Wamkele Mene, AfCFTA Secretary General (right) display signed partnership documents during the official launch of the partnership. Equity Group has invested USD 7 billion to agriculture, extractives, manufacturing & logistics, trade and investments, social impact, health and environmental investments, as well as champion technology enabled economies in the African continent.

Dr. James Mwangi, Equity Group MD & CEO (left) officially hands over a copy of the Africa Recovery and Resilience Plan to Dr. Peter Mathuki, East African Community Secretary General (right). Equity has set aside USD 7 Billion to support productivity enhancement of key economic sectors of agriculture, mining, manufacturing and trade.

CHAIRMAN'S STATEMENT

DURING THE YEAR UNDER REVIEW WE REMAINED COMMITTED TO GOOD, TRANSPARENT AND COMPLIANT CORPORATE GOVERNANCE.

PROF. ISAAC MACHARIA
CHAIRMAN
EQUITY GROUP HOLDINGS PLC

CHAIRMAN'S STATEMENT

At the close of 2021, the global economy appeared poised for a strong recovery. Most of the major economies signalled improved performance for the first time since the onset of the Covid-19 pandemic. However, vulnerabilities in global economic systems exacerbated by the pandemic and, the Russia-Ukraine war resulted in an economic downturn, placing the world at risk of recession amidst marked inflationary pressures – last experienced 40 years ago. Global growth slowed down to 3.4% from 6% in 2021, the weakest growth since 2001.

Economic performance in the region we operate in reflected this global context through marked increases in the cost of living due to inflation with average annual inflation estimated at 8.9% in 2022 as compared to 4.8% in 2021, currency depreciation and uplift in interest rates as regulators pursued monetary policies to ease price increments.

Thriving Through Challenges

Equity's legacy of resilience, agility and self-disruption has seen the institution thrive in different operating environments. By providing relevant and innovative products and services, proactively engaging our stakeholders, and utilizing new ways of working, we have continued to bolster the value we create for our customers and stakeholders thus enhancing our relevance and resilience. Our purpose of transforming lives, giving dignity, and expanding opportunities for wealth creation has continuously proven to be relevant and has been a clear rallying point for why we exist. It is a reminder of the aspirations we have committed ourselves to achieving.

Anchoring our business on our purpose, we continue to support the day-to-day lives of our customers. This gives credence to our dual-engine approach that offers both commercial and social value enabling us to create impact across vast segments of society. Our performance in the year under review displays our customers' confidence in the brand, demonstrated by the growth in customer numbers and deposits in a year that saw a decline in disposable incomes. We have noted improvements in performance across our subsidiaries with Equity BCDC, Equity Bank Rwanda and Equity Bank Tanzania making strong strides. We remain committed to South Sudan as seen in our offering of new lending products while bolstering our Uganda entity which has gained strong traction in market share and significance.

Pursuing our Aspirations for Africa as an African financial services provider, we view the continent as ready for transformational change. Despite its challenges, we have opted to think big and boldly, envisaging a continent that is delivering on primary sector opportunities and driving shared value creation through additive manufacturing, mining processing, and refining and supporting the growth of Micro, Small and Medium businesses and the promotion of trade and investments. These factors, in addition to our social and environmental interventions and our use of innovative technologies, form the pillars of our ambitious strategy called the `Africa Recovery and Resilience Plan' (ARRP).

The central focus of the Board is therefore providing oversight of the actualisation of this Plan (ARRP). We have applied ourselves to its delivery including identification of interventions required to grow our customer base to 100 million by 2030. We also seek to extend credit to 5 million businesses which will translate to the creation of 25 million direct jobs and a similar number of indirect jobs. The Plan aims at supporting primary producers, particularly small holder farmers and artisanal miners to increase their productivity, by becoming collaborators in supply chains which help them expand their commercial activities. To catalyse maximum economic value from our deployed resources, we support customers to adopt suitable technology allowing them to scale. In addition, we have partnered with national governments, trading blocks, investors, and partners from across the globe to enhance cross border trade and investment in the continent. Overall, the ARRP is premised on Africa's potential to harness its comparative advantage to catalyse sustainable economic growth across the continent. Equity's leadership role in this pursuit is consistent with our purpose and informed by the current socio-economic context and the increased potential for the continent to leverage its competitive advantage to create jobs, improve livelihoods and grow its economy.

Board Matters

The Board of Directors continued to apply itself to its mandate of providing oversight and leadership to the Group and its subsidiaries. In the year, we gained an additional shareholder, the International Finance Corporation (IFC), a development finance institution that forms part of the World Bank Group.

The Group scored highly on corporate governance review by the regulator with full compliance on key aspects, which also provided us with insights on areas we will enhance in the coming year. In the year, the Board approved a revamped Enterprise Risk Management Framework (ERMF), including the development of the requisite policies. This refresh on risk was necessitated by emerging risk trends and the need to align our risk framework to our overarching strategy and our growing complexity.

2022 saw the creation of two Board committees. First, in line with the ARRP and the Group's technology drive, the Board established the Information Technology and Innovation Committee. This committee is charged with providing stewardship on the vast technology-based interventions and innovations that the Group intends to roll out as part of extending our scope to deliver enhanced accessibility and convenience for customers. The board is cognisant that achieving customer growth numbers under the ARRP and maintaining a high level of customer experience will require extensive investments in technology, digital products, services, and channels necessitating strong technical oversight by the Board.

The Sustainability Committee was also established to provide leadership to the environmental, social and governance (ESG) aspects of our operations and offerings. As a Group, we have impeccable social and environmental credentials. From the onset, our dual-engine approach aimed at ensuring our commercial operations were underpinned by environmental and social considerations as we sought to create societal impact and transformation. To enhance these aspects, the sustainability committee will provide oversight to ensure that all our activities are compliant from an ESG perspective and that we capitalize on opportunities presented by this strategy.

Impacting on Society

Our social engine is domiciled in the Equity Group Foundation (EGF) and works in tandem with our commercial arm. These strongly interrelated components of our business continue to collaborate seamlessly to provide opportunities and shared value for stakeholders. All our programmes have continued to grow and create impact in our six pillars of Education and Leadership Development; Health; Food and Agriculture; Enterprise Development and Financial Inclusion; Energy, Environment, and Climate Change; and Social Protection.

A key agenda of the Group is to deliver these social interventions across the countries in which we operate. We extended the Equity Leaders Program to our subsidiaries in Rwanda, DRC, and Uganda. In addition, in 2021, we extended the Young Africa Works program to Uganda. In 2023, we are aligned to deliver Equity Afia Medical Centres in the DRC.

Looking Forward

Financial services will remain an area of dynamic change with consistent potential for disruptive technologies and services.

Our market contexts are highly competitive with both banking and non-banking entities contending for significant market share with our newly established insurance subsidiary showing great promise.

Critically important to us is the ability to remain true to our purpose and ensure our value creation model delivers impact, enabling stakeholders to grow with us, whilst also competing effectively.

The key human, technological and operational capabilities that Equity has invested in over the years have provided a solid foundation, creating a competitive advantage. Our strong brand and relevant propositions have positioned us to deliver on our strategic focus areas and the ARRP. Deliberate and systematic strides in achieving our strategic objectives are bearing fruit and we expect increased momentum in delivering on our ambitions.

Acknowledgements

Henry Ford stated, "If everyone is moving forward together, then success takes care of itself." Equity Group's success is truly a result of strong and visionary leadership, collaboration with stakeholders including staff, customers, investors, regulators and partners, and legitimacy accorded to us by the communities that we serve.

Our gratitude goes to management and staff of the Group, who tirelessly commit themselves to ensuring that we deliver shared value to customers and stakeholders through exemplary service and dedication. The Boards – both Group and Subsidiary Boards – showed impeccable integrity and devotion to their leadership roles, giving invaluable insight and counsel.

Our regulators continue to support us by providing us with clarity on compliance and governance and remain key stakeholders of the Group. We cannot achieve the extensive impact we have attained and continue to pursue without the invaluable support of our partners and financiers.

CHAIRMAN'S STATEMENT

The communities we serve show trust and confidence in our ability to deliver on our interventions for empowerment and thus build value for them. By delivering on this mandate, we continue to build our own social license to operate while extending benefits to society.

Equity Group Company Secretary Lydia Ndirangu (centre) confers with Group Chairman Prof. Isaac Macharia (left) and Group Managing Director and CEO Dr. James Mwangi (right) during the 18th Annual General Meeting.

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

DR. JAMES MWANGI, CBS
GROUP MANAGING DIRECTOR AND CEO
EQUITY GROUP HOLDINGS PLC

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

The year 2022 was characterised by unusual volatility across financial, commodity and consumer markets. Despite this context, we are pleased to report that the Group performed well, reflecting a continued trajectory of growth and shared value creation. Global pressures, including impacts of the Russian-Ukraine war on commodity markets, the lagging effects of the Covid-19 pandemic, weak recovery of leading economies, and an elections-related economic slowdown in our leading market, had a broad-based impact on our key stakeholders.

In the face of unprecedented volatility marked by inflation, widespread currency depreciation, and interest rate hikes, Equity has adapted with agility and responsiveness to mitigate the challenging market conditions across the region. This reflects the strength of our leadership, the resilience of our employees, the anchored nature of our twin-engine business model, and the relevance of our strategy. This is also manifested in Equity being feted as the fourth-strongest banking brand globally by Brand Finance Banking 500.

In the post-pandemic season, we are focused on rebuilding and enabling economic and social recovery across East and Central Africa. In this regard, we have supported businesses with loan repayment extensions, credit guarantees, advisory support, and additional funding, where required. Our commitment is to support the "Building Back Better" efforts of our customers across the region using our integrated approach of providing both commercial and social interventions.

Group Performance

The Group performance remained robust through the year under review, reflecting the resilience that the business has developed due to deliberate and intentional leadership and management decisions strategically positioning the business to the evolving macroeconomic headwinds and turbulence in the financial and economic sector.

The Group Profit After Tax grew by 15% to reach Shs 46.1 billion up from Shs 40.1 billion in the prior year and driven by a 29% growth in total income of Shs 145.9 billion. This growth was made up of Shs 59.9 billion of non-funded income which grew by 34% and net interest income of Shs 86 billion 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 Shs 86.1 billion after a 40% growth driven by 164% growth on loan loss provision of 15.4 billion up from 4.9 billion to achieve 94% NPL coverage, and staff cost growth of 30% to Shs 24.8 billion, up from 19.1 billion as the Group strengthened its executive leadership and management bench. The loan book quality remained above the industry average, with NPLs at 7.7% against an industry average of 13.3%. Loans accommodated during the pandemic period have shown strong recovery, with 35% being fully repaid, 58.6% resuming payment and performing, and only 5.9% categorised as non-performing.

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

Subsidiary Performance

Geographical expansion and business diversification continued to strengthen the resilience and risk mitigation of the Group. The Kenyan banking business' dominance of the Group's performance continued to decline with the strong showing of other subsidiaries which contributed 44% of the Group's assets and equivalent 44% contribution to the Group's total revenue. With its strong efficiency, economies of scale, and maturity, Kenya contributed to 70% of the Group's Profit After Tax.

In the year, we launched Equity Life Assurance Kenya ('ELAK'), which seeks to offer inclusive, affordable, innovative, and accessible insurance products, powered by technology, to a majority of Kenyans who can now utilise insurance solutions to secure the much needed protection of their lives, health, and wealth. By providing life insurance solutions to underserved markets, ELAK is contributing towards the vision of Equity Group to transform lives and expand opportunities for wealth creation.

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

As part of our rationalisation approach, we engaged in the physical separation of the Kenyan banking subsidiary from the Group. Over the years, the two entities have shared both physical and human resources, blurring the lines between them and often impacting effective decision-making and delivery. This separation has enabled greater clarity in the operational aspects, allowing for increased accountability and better interactions. Furthermore, the Kenyan entity continued with strong growth, with Pay With Equity experiencing a six-fold growth from 50,000 customers at the close of 2021 to over 600,000 customers. The subsidiary accounts for almost 56% of total revenues and remains the market leader in terms of asset size.

EquityBCDC was created following the merger of our two entities in the Democratic Republic of Congo in 2020. A large part of the last two years has been occupied by the alignment of the subsidiary through the integration of processes, procedures, policies, and systems. In 2022, we reinforced these aspects through the inculcation of culture and stabilising systems. As a result of these interventions, we are pleased to note growth in the subsidiary's key metrics, including customer numbers, revenues, and profit.

South Sudan continues its gradual recovery as political conditions improve. With increased stability, we are slowly extending our offerings, transitioning from being a purely transactional bank to include short-term lending. We have launched digital solutions, including USSD supported services, to enable access to our wide suite of offerings.

Our Tanzania business provides proof of the benefits of resilience as it resurged into profit-making in the year, anchored by enhanced customer engagement and responsiveness. There was significant improvement with revenue growth of 33% compared to the prior year, with 53% of this revenue generated from non-funded income, underscoring the benefits of digitisation. NPLs continue to be a focus area, and we are committed to exploring various avenues to improve this position, which currently stands at 19%.

We saw a 50% increase in client numbers in Uganda. With 1.8 million customers, we are the fifth largest bank in the country and the fastest-growing. In 2022, we opened seven new branches and increased our headcount by 30%. We have the market's best digital lending product, with strong capital lines for the Fast Moving Consumer Goods (FMCG) and agriculture value chains.

Pursuing an African Renaissance

In 2022, we launched the Africa Recovery and Resilience Plan (ARRP), a Marshall Plan intent on capitalising on the African moment to drive sustainable transformation and progress on the continent. Our Plan is focused on the primary sectors of agriculture and extractives, with the aim of improving productivity three-to-four-fold by pursuing scale and value addition. This will require supporting manufacturing, trade, and investments, by working with partners and investors from across the globe. We have already committed USD 6 billion for investments and are working to enhance this through support from development financiers. Cross-border trade within the continent is a key imperative that has driven our pursuit of agreements with trade blocks including the Africa Continental Free Trade Area (AfCFTA) and the East African Community (EAC) as well as national governments in the region.

The attainment of the ARRP will require tailored interventions focused on the Micro, Small and Medium-sized Enterprise (MSME) sectors. This will include initiatives to de-risk the sector and also strengthen capacity to enable their participation in the productive opportunities created by the Plan. In addition, technology will play a crucial role in enabling customer access to propositions created to deliver on our strategy. Our aim is to drive the Plan through digital tools and channels to onboard, support and engage customers, enabling us to realise a wider reach and scope.

We have made progress through the year on our key objectives under this strategy. At the close of 2022, we had increased our customer base from 16.2 million in 2021 to 17.7 million, bringing us closer to our goal of reaching 100 million customers by 2025. Borrowing businesses increased to 265,868 against a target of 475,000, while borrowing customers stood at 779,724 compared to a target of 1.9 million. Agriculture constitutes 6.1% of our portfolio, with the aim of increasing this to 30% by 2025. With these gains, we have set the stage for rapid attainment of our targets and anticipate increased momentum in the coming year.

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Our overarching intent is not to rebuild or reconstruct the old global order, but instead to 'Build Back Better' for purpose and sustainability. We aim to tap the potential of the African continent, epitomised by 60% of available arable land globally, a bold and dynamic youth population, and a strong entrepreneurial culture. Both our social and commercial engines are intertwined in achieving these objectives, working synergistically to drive strategy and create sustainable shared value.

Driving Performance Through Technology

Technology underpins the way we run our operation and deliver value. We have revamped our efforts to become a truly technology driven digital bank by deploying system digitisation, particularly in the lending space, which has enabled us to provide loans with a faster turnaround time. We are transforming our customer relationship management tools, which support us to onboard, transact, and engage customers through increased digital capabilities. We realise that many customers are intimidated by digital channels, assuming that they are more susceptible to social engineering challenges. We therefore continue to educate and assure our clients of our consistent vigilance and investments to deter fraud and protect them adequately.

Importantly, our digital channels provide us with significant data that we are increasingly using to support key decisions around customer engagement and experience, risk and opportunity detection, and product innovation. Although processing and analysis of our data is at an inception stage, there is acceptance within the Group of the immense potential this form of data analytics holds. We are focusing on converting data into information and using the insights gained to create tailored propositions that deliver on our strategy. By leveraging data, we also intend to support our customers in pursuing and attaining their goals as we are better able to understand them and their aspirations and to anticipate their future needs. Overall, our focus is to embed a culture where data insights are used on a consistent basis in the Group.

One of the areas in which we have made substantial progress in using data is in ecosystem banking. Our value chains operate as ecosystems, enabling the flow of goods, services, and money across diverse firms. With our understanding of ecosystems, we have created new, exciting products that address the liquidity needs of businesses proactively. With targeted lending, we have seen businesses growing faster due to improved turnaround times and productivity.

Enhancing Social Impact

Our social engine, the Equity Group Foundation (EGF), continues to expand its initiatives across the region. The Equity Leaders Program has been launched in the Democratic Republic of Congo (DRC), Uganda and Rwanda with plans to expand into Tanzania in 2023. In 2022, we offered 10,000 scholarships, bringing the cumulative total of scholarships issued under the Wings to Fly and Elimu Scholarship to 47,009. Equity Afia, Equity Group Foundation's flagship program in Health expanded its network from 51 clinics in 2021 to 77 in 2022, with an additional growth of 120 Medical Centres planned for Kenya by the close of 2023 and a further 30 Medical Centres slated for launch in the DRC as part of EGF's regional expansion strategy. In total, cumulative patient visits to Equity Afia Medical Centres stood at 1,299,523 in 2022.

Agriculture is a mainstay of our social interventions, as we support farmer communities with various solutions, including weather information, access to inputs, training, access to insurance and access to finance, credit guarantees, markets access and financial education. 3.98 million farmers have been impacted through our interventions, with 215,512 small and medium-sized agro-businesses reached. We continue to support MSMEs through entrepreneurship and financial literacy education to build their business capabilities. The Young Africa Works programme is a key part of this effort focused on creating five million jobs, including 100,000 in Uganda. In the year, we were able to support over 246,701 SMEs with training and provide financial services valued at Shs 223.1 billion.

The use of wood fuel, particularly by learning institutions and rural households, has decimated trees in our region. For several years, we have championed the transition to cleaner energy for these groups, providing finance for sustainable sources of energy focused on solar and LPG. Additionally, tree planting to restore lost forest cover has continued, and we have now cumulatively planted 21.8 million trees.

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER’S STATEMENT

We are reinforcing these gains by building our internal capacity around Environmental, Social and Governance (ESG) initiatives with a fully-fledged department, experienced talent and greater monitoring and evaluation of our processes and compliance with our annual Sustainability report being inaugurated. ESG provides us with an avenue for enhancing our environmental credentials and ensuring that our work with stakeholders, at a minimum, does not harm the environment. We are focusing on creating green products as a key part of the ARRP and supporting innovative ideas that enhance levels of environmental protection.

Our People

In 2022, we chose to revert to working from the office after determining that the effects of the pandemic had waned, and the Group and its employees would perform better within our premises. Our immediate concern was to ensure the wellbeing of our employees while enhancing employee engagement and a sense of connectedness. In the year, our headcount increased by 3,388 employees, and we noted a need for increased integration of teams across the Group. Building a high-performance culture remains a key priority for our teams, and over the year, we reviewed our performance management approach, creating a balanced scorecard model and personal digital dashboards to facilitate employee assessments. Through the dedicated service of our employees and our visionary leadership, the Group continues to receive accolades. In 2022, we were named the fourth-strongest banking brand in the world, with a brand strength of AAA+.

Looking Forward

Africa has reached a watershed moment with immense opportunity for rapid development. The ARRP is an invitation to individuals and institutions to converge around a common agenda and support transformational change on the continent. It is clear from our learnings that businesses anchored on purpose and values will benefit from inbuilt long-term sustainability, enabling them to thrive even in the most challenging context. The ARRP is therefore a rallying call to all to support the much-anticipated rise of the continent.

Acknowledgements

I express my sincere gratitude to the Board, whose stewardship and counsel have held us in good stead through the years. The executive team has provided sound day-to-day leadership of the Group and Subsidiaries, enabling us to achieve first-rate results and consolidate our position on the continent.

Our customers have shown trust and loyalty even in the most difficult of times, showcasing the brand loyalty we have created, and giving us the encouragement to innovate and strive for more.

I also thank the regulators and policymakers with whom we have maintained a mutually respectful and cordial relationship, and to reaffirm our commitment to continuous compliance and responsiveness.

To our staff, I express my profound appreciation for your steadfast commitment to delivering best-in-class value in pursuit of our vision of championing the social economic prosperity of the people of Africa. I salute your fortitude and enthusiasm, which have enabled the Group to achieve milestone after milestone while transforming lives and livelihoods.

GROUP BOARD OF DIRECTORS

Prof. Isaac Macharia
Non-Executive Chairman

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

Mary Wamae
Group Executive Director

Dr. Edward Odundo
Non-Executive Director

Evelyn Rutagwenda
Non-Executive Director

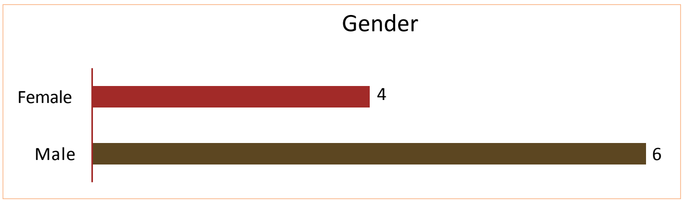
Vijay Gidoomal
Non-Executive Director

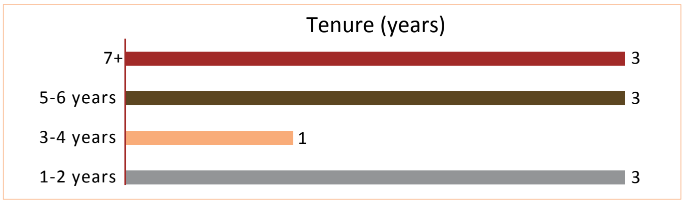
Jonas Mushosho
Non-Executive Director

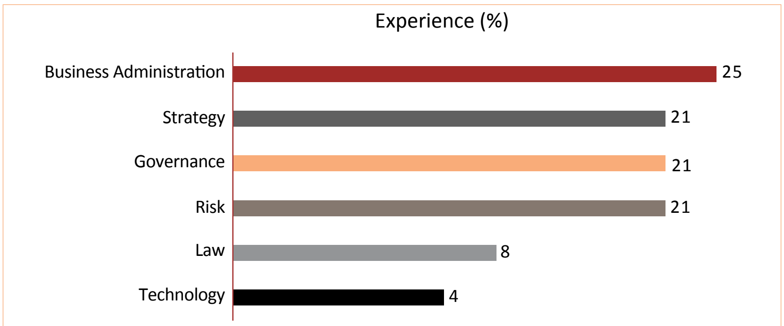
Dr. Helen Gichohi
Non-Executive Director

Dr. Evans Baiya
Non-Executive Director

Lydia Ndirangu
Group Company Secretary







GROUP BOARD OF DIRECTORS

VIJAY GIDOOMAL
NON-EXECUTIVE DIRECTOR

DR. EVANS BAIYA
NON-EXECUTIVE DIRECTOR

EVELYN RUTAGWENDA
NON-EXECUTIVE VICE CHAIRPERSON

LYDIA NDIRANGU
GROUP COMPANY SECRETARY

PROF. ISAAC MACHARIA
NON-EXECUTIVE CHAIRMAN

DR. JAMES MWANGI, CBS
GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

MARY WAMAE
GROUP EXECUTIVE DIRECTOR

DR. HELEN GICHOHI
NON-EXECUTIVE DIRECTOR

JONAS MUSHOSHO
NON-EXECUTIVE DIRECTOR

DR. EDWARD ODUNDO
NON-EXECUTIVE DIRECTOR

GROUP BOARD OF DIRECTORS

Name	Executive/ Non-Executive Director	Skills	Qualifications	Gender	Age	Year of appointment	Nationality
Prof. Isaac Macharia	Chairperson Independent Non-Executive Director	• Medical • Strategic planning • Leadership • Business development	• Bachelor of Medicine • Bachelor of Surgery • Master of Medicine in Otorhinolaryngology (University of Nairobi) • Fellow of the College of Surgeons of East, Central and Southern Africa (COSECSA)	Male	64	2017	Kenyan
Evelyn Rutagwenda	Vice-Chairperson Independent Non-Executive Director	• Accounting • Auditing • Leadership • Management	• BComm (Makerere University, Kampala) • Certified Public Accountant (CPA) • Member of the Institute of Certified Public Accountants of Rwanda (ICPAR)	Female	64	2015	Rwandese
Dr. James Mwangi, CBS	Group Managing Director and Chief Executive Officer Non-Independent	• Banking and finance • Leadership • Management of financial institutions	• BComm (University of Nairobi) • Certified Public Accountant (CPA) • Doctor of Business Administration (Kenya Methodist University) • Doctor of Humane Letters (Kenyatta University) • Doctor of Entrepreneurship (Jomo Kenyatta University of Agriculture and Technology) • Doctor of Business Management (Honours Causa) (Meru University of Science and Technology) • Doctorate of Letters (Africa Nazarene University)	Male	60	2014	Kenyan
Mary Wamae	Executive Director Non-Independent	• Legal, • Company secretarial • Strategic planning • Leadership • Business development	• Masters in Leading Innovation and Change (York St. John University) • LLB (University of Nairobi) • Diploma in Law (Kenya School of Law) • Graduate of the Advanced Management Programme (Strathmore – IESE Business • School, Barcelona, Spain) • Advanced Management Programme (Harvard Business School) • Post-graduate Diploma in Gender and Development	Female	54	2017	Kenyan
Vijay Gidoomal	Independent Non-Executive Director	• Finance • Operations • Strategic planning • Business development	• BA (University of Warwick) • LLB (University of Warwick)	Male	55	2017	Kenyan
Dr. Helen Gichohi MBS, OGW	Independent Non-Executive Director	• Leadership • International management of social impact and transformational programmes	• PhD in Ecology (University of Leicester) • MSc (Biology of Conservation) (University of Nairobi) • B.Ed (Sc) in Zoology (Kenyatta University)	Female	62	2015	Kenyan
Dr. Edward Odundo	Independent Non-Executive Director	• Strategic management • Marketing • Finance • Accounting • Pension • Tax	• PhD in Business Administration (Strategic Management) (University of Nairobi) • MBA in Strategic Management and Marketing (USIU, San Diego) • BSc in Finance and Accounting (USIU, San Diego)	Male	64	2018	Kenyan
Jonas Mushosho	Independent Non-Executive Director	• Strategic management • Change management • Organisational transformation • Innovation	• Bachelor of Accounting Science (University of South Africa) • Bachelor's Degree in Accounting (University of Zimbabwe) • MBA (University of Zimbabwe) • University of Cape Town (Graduate School of Business) • London Business School • Harvard Business School	Male	64	2021	Zimbabwean
Dr. Evans Baiya	Independent Non-Executive Director	• Inventor • Science, technology, engineering, and innovation leadership • New product development and management • Business transformation using digital technologies and big data • Technology transfer and commercialization	• Doctor of Philosophy; Engineering and Technology Management Northcentral University, Arizona, USA • Executive Program; Business Strategy and Intellectual Property, Harvard Business School, Massachusetts, USA • Postgraduate studies in Electrical Engineering (ABT); Boise State University, Idaho, USA • Postgraduate studies in Chemistry (ABT); Idaho State University, Idaho, USA • Master of Business Administration; Northwest Nazarene University, Idaho, USA • Bachelor of Science in Chemistry; Idaho State University, Idaho, USA	Male	48	2022	Kenyan
Lydia Ndirangu	Company Secretary	• Corporate governance regulatory and compliance • Tax • Accounting • nvestment • Analysis • Business relationship management	• Master of Laws (LLM) – Public Finance (University of Nairobi); • Postgraduate Diploma (Law), (Kenya School of Law); • Bachelor of Laws (LLB) (University of Nairobi) • CPA, CS, CISA	Female	37	2021	Kenyan

GROUP EXECUTIVE MANAGEMENT

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

Mary Wamae
Group Executive Director

Samuel Kirubi
Group Chief Operating Officer

Lydia Ndirangu
Group Company Secretary

Sam Gitwekere
Group Chief Risk & Compliance
Officer

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

Gerald Warui
Managing Director,
Equity Bank Kenya

Emmanuel Deh
Group Director Credit Risk

Anthony Kituuka
Managing Director,
Equity Bank Uganda

Victor Omondi
Acting Managing Director,
Equity Bank South Sudan

Hannington Namara
Managing Director,
Equity Bank Rwanda

Isabella Maganga
Managing Director,
Equity Bank Tanzania

Célestin Muntuabu
Managing Director,
Equity BCDC S.A.

Jean-Claude Tshipama
Deputy Managing Director,
Equity BCDC S.A.

Angela Okinda
Managing Director, Equity Life
Assurance (Kenya) Limited

UNPACKING OUR VALUE CREATION STRATEGY

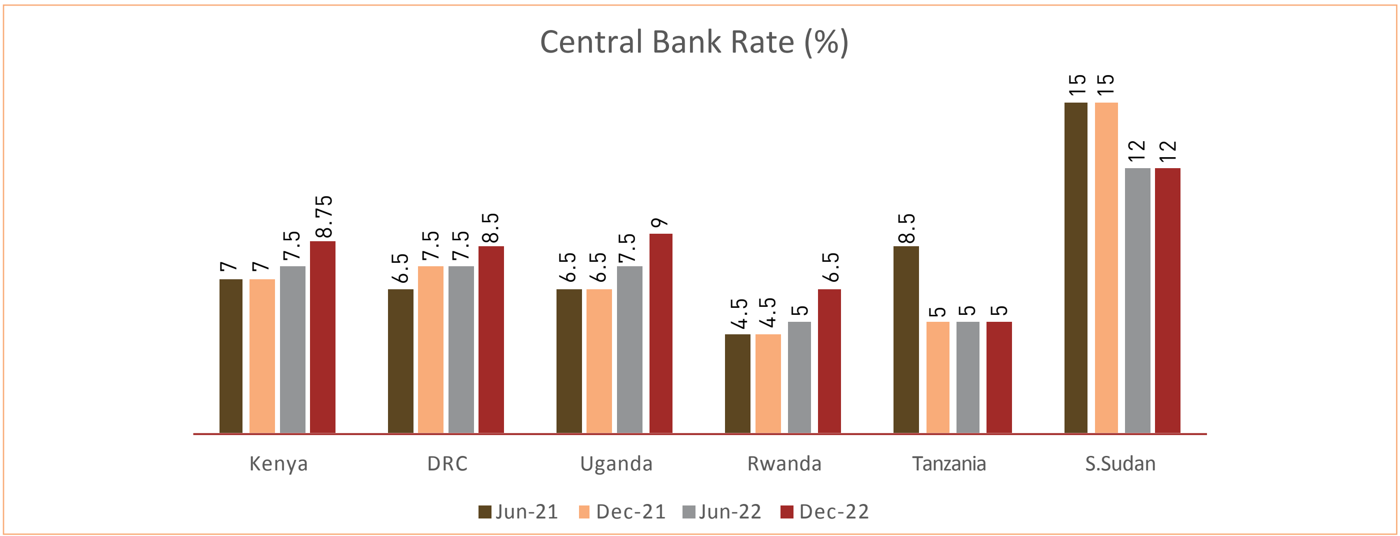
OPERATING CONTEXT[1]

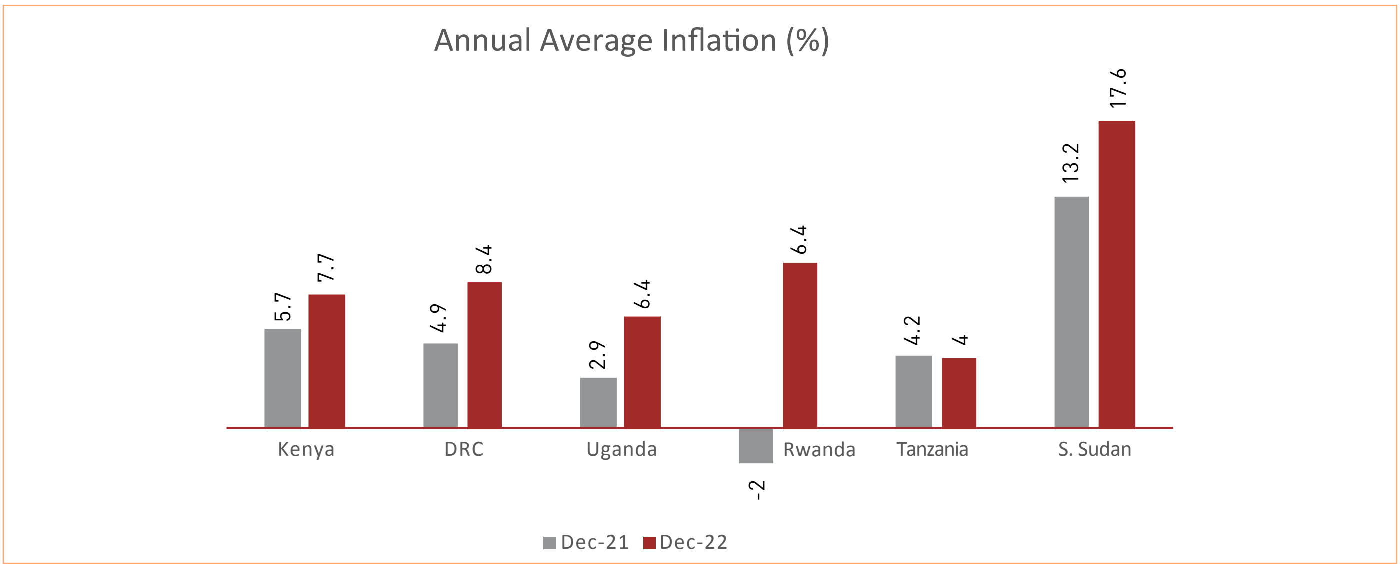
Our material issues

2022 was initially forecasted as a year of recovery as the Covid-19 pandemic waned and measures placed to curb its spread were lifted across the globe. As economic performance ramped up in 2021 with global GDP growth at 6%, projections favoured a strong performance in the 2022–2023 horizon. However, global economic activity experienced a sharper than expected slowdown as the combined effects of the Russia-Ukraine conflict, weak supply chain recovery and continued lockdowns in China, resulted in increasing global prices for energy and grains, commodity market volatility and shortages in key manufactured products.

To stem runaway inflation and subsequently sharp increases in cost-of-living, regulators resorted to monetary tightening, triggering an increase in the cost of credit and foreign currency volatility. The US Federal Reserve responded by gradually raising the federal funds rate from 0.25% in March 2022 to 4.75% in February 2023, almost a five-percentage point increase in one year. This increase is driving a risk-off position to frontier investments, strengthening the dollar against other currencies.

Sub-Saharan Africa was impacted by this slowdown in economic activity, rising inflation, weakening of currencies, rising interest rates and adverse weather conditions. This was experienced as a decline in GDP growth on the continent from 4.1% in 2021 to 3.3% in 2022. The region is faced with several challenges including 123 million people with acute food insecurity, rising risk of sovereign debt distress, weakened fiscal space and escalation in the cost-of-living.





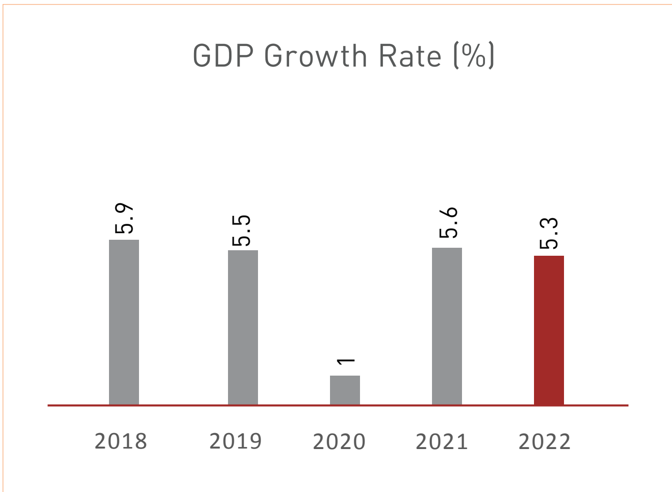
[1] Information and data used in the Operating Context has been sourced from publications by the World Bank, International Monetary Fund, African Development Bank and Trading Economics.

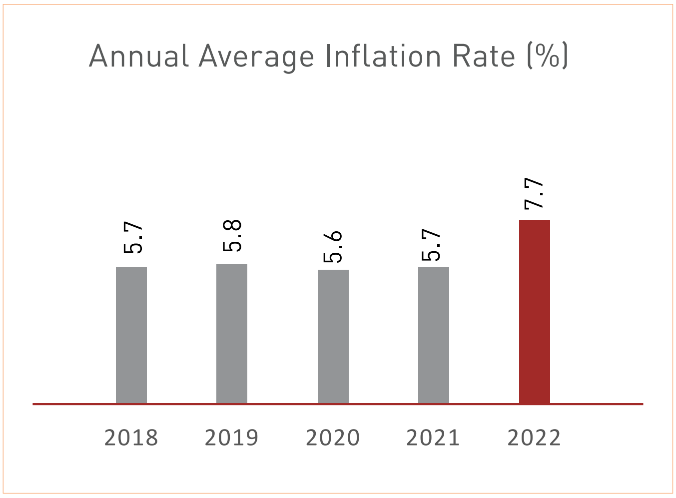
OPERATING CONTEXT

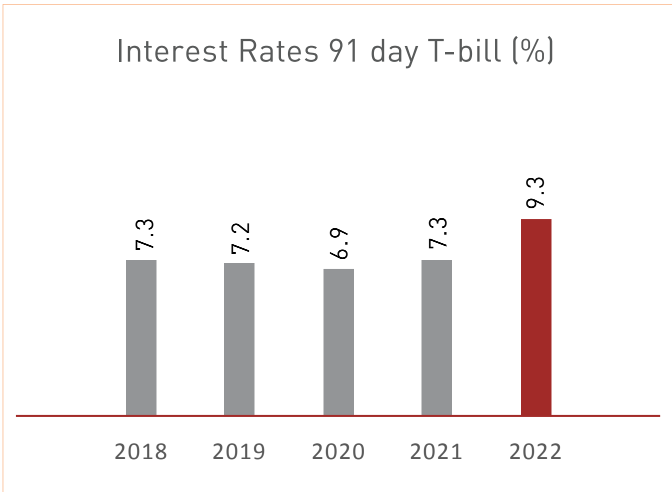
Country Context

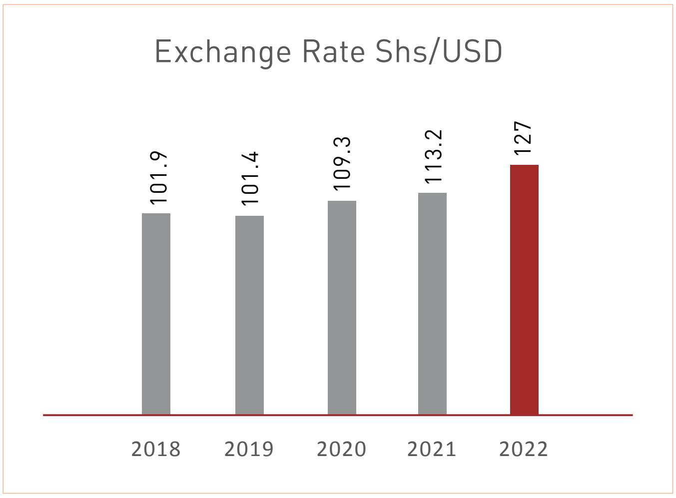
In general, all the countries in which we operate were impacted by this global geo-political and economic context to varying degrees. In addition, these countries also displayed country-specific circumstances that impacted on economic performance.

Kenya









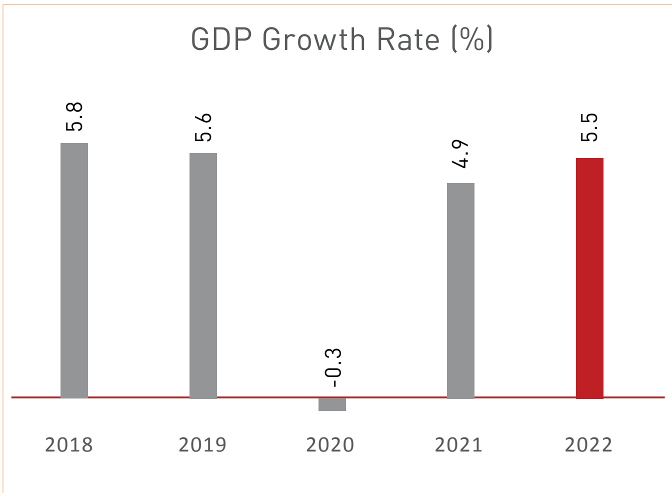
Kenya's economy experienced a slowdown in 2022 occasioned by global headwinds, drought, and a prolonged election period. Gross Domestic Product grew at 5.3% compared to 5.6% in 2021. Cost-of-living pressures were exacerbated by imported inflation due to global commodity price increases and four seasons of failed rains, with inflation rising to a monthly high of 9.6% in October. The Kenya shilling depreciated almost 10% to close the year at Shs 127 to the US dollar. Monetary policy tightening by the Central Bank of Kenya Monetary Policy Committee (MPC) saw the CBR rise from 7% at the onset of the year to 8.75% at years end.

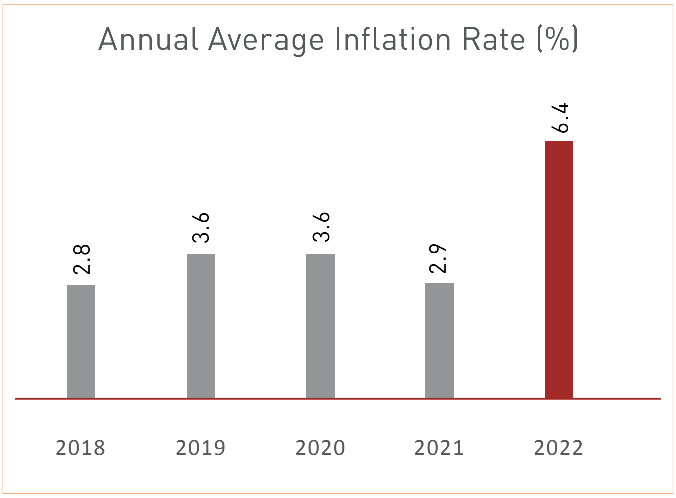
The peaceful conclusion of the national election held in August resolved uncertainty in the country but growth in the last quarter, at 4.7% was the weakest expansion since the first quarter of 2021. The new government has committed to fiscal consolidation to ensure debt sustainability and a bottom-up economic transformation agenda focused on five sectors, Agriculture, Micro, Small and Medium Enterprises (MSMEs), Housing and Settlement, Healthcare, Digital Superhighway and Creative Industry.

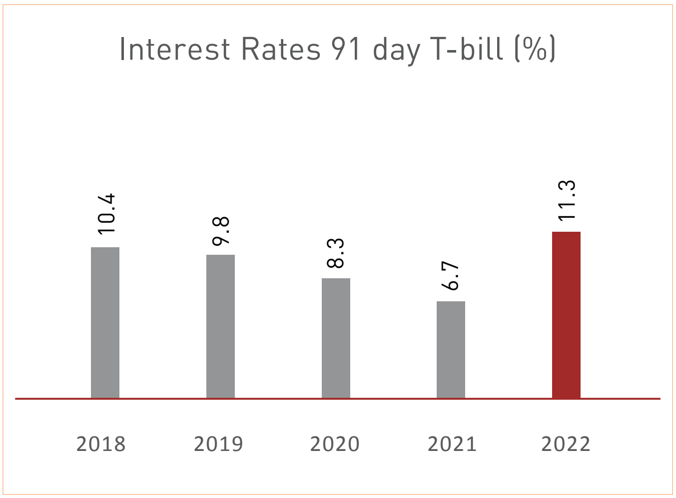
Economic growth is projected at 5.2% in 2023 and 6% in 2024.

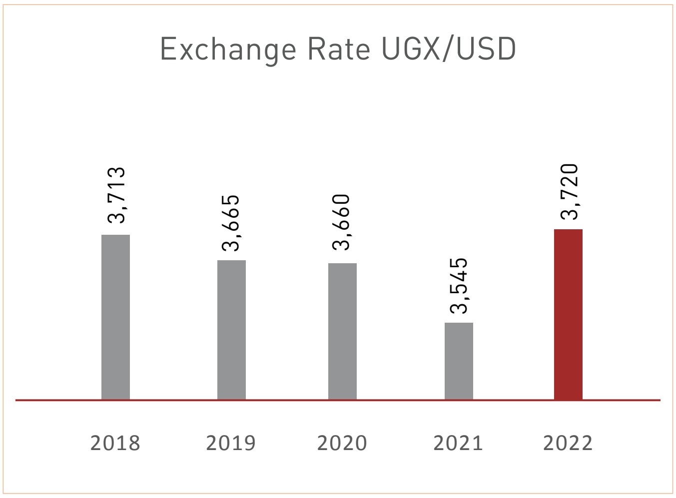
OPERATING CONTEXT

Uganda









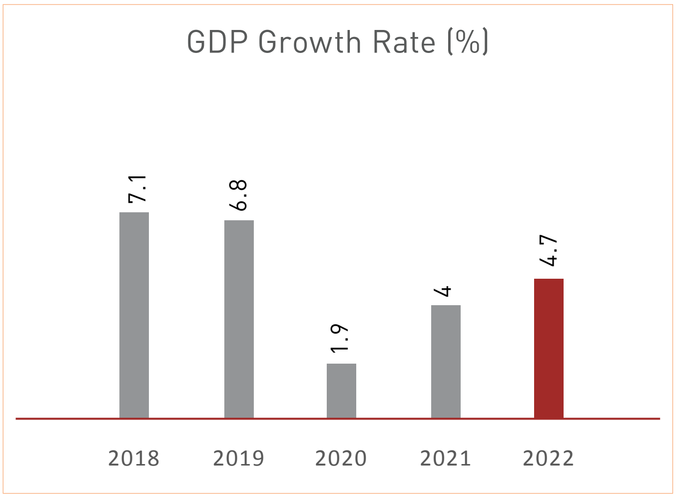
Uganda removed most of the pandemic measures in early 2022 allowing for the re-opening of the economy and return to normalcy including schooling. The economy continued to rally after the repressed growth during the pandemic owing to a strong performance in the services and industrial sectors, increased private consumption and private investment growth. GDP growth was estimated at 5.5% in 2022.

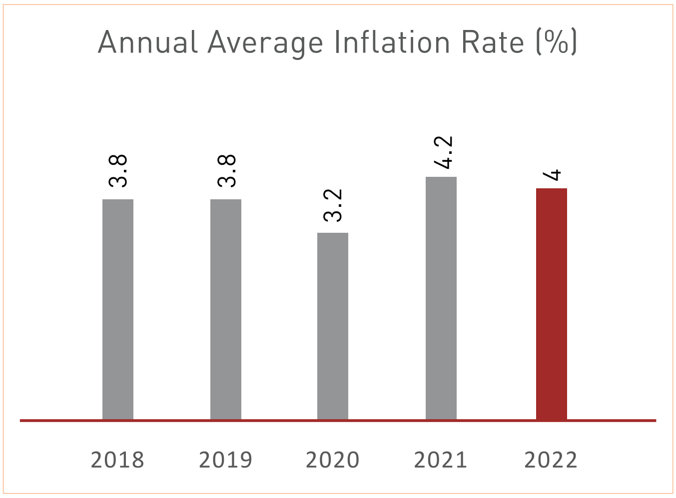
Stable prices in 2020 and 2021 led the Bank of Uganda to reduce its policy rate from 9% to 6.5% over these two years. However, the country's reliance on imports resulted in increased inflation from a low of 2.9% in 2021 to 6.4% in 2022 due to international commodity price hikes. The regulator responded with regulatory measures increasing the central bank rate from 6.5% to 9% at the close of the year. The Ugandan Shilling, which has remained relatively stable against major currencies over the previous two years (2020-2021) depreciated from UGX 3,545 to the US dollar in 2021 to UGX 3,720 to the dollar in 2022.

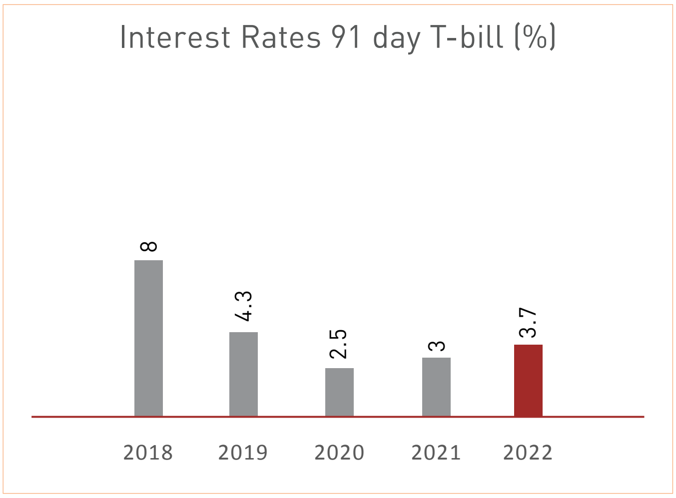
Growth in the nation's economy is however still expected to accelerate, anchored on infrastructure construction and heavy investment in oil production. Uganda is a key proponent of the East Africa Crude Oil Pipeline (EACOP), a 1,443 Kilometre pipeline connecting its oil fields in Hoima to Tanga Port, Tanzania at a cost of USD 4 billion. Economic recovery is projected to continue with GDP projected to grow at 5% in 2023 and 6.2% in 2024.

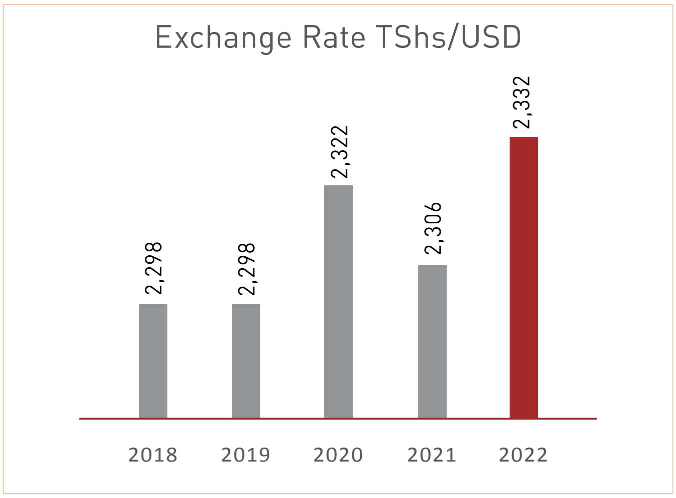
OPERATING CONTEXT

Tanzania









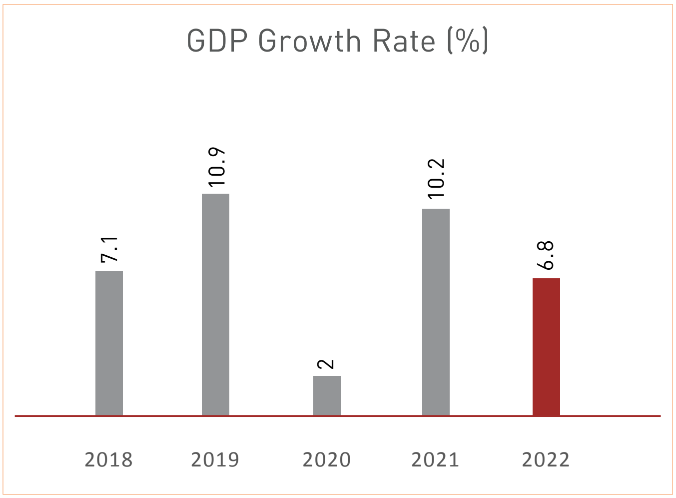
Despite challenges due to the global economic conditions, Tanzania is recovering economically from the pandemic's effects. Key industries, such as mining, tourism, and other services, showed signs of recovery in 2022. GDP growth is estimated at 4.7%, hampered by the effects of the global economic downturn and a lack of rainfall that affected agriculture and energy production.

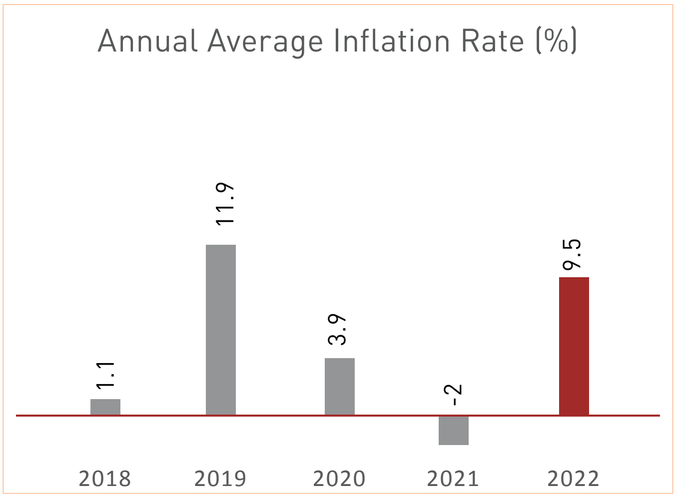
Inflation reached a peak of 4.9% approaching the Bank of Tanzania's (BoT) 5% upper limit. To address increases in the cost-of-living, the government provided price subsidies on fuel and fertiliser. In addition, the regulator pursued monetary tightening to mop up excess liquidity. The Tanzanian shilling remained stable against the US dollar, depreciating mildly by 0.6% in the course of the year.

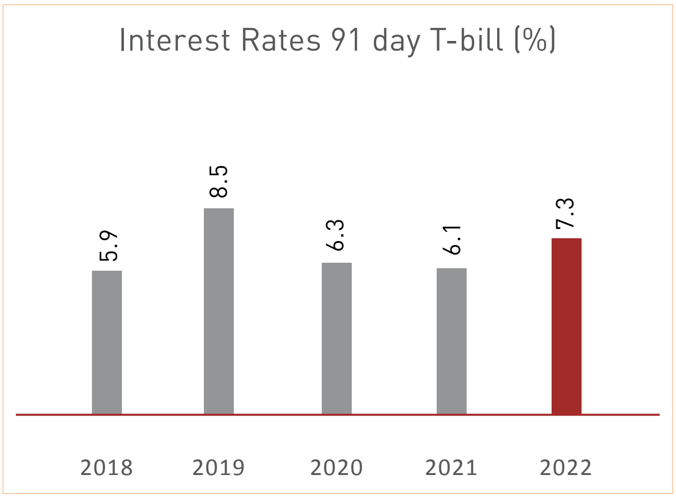
GDP growth is projected at 5.6% in 2023 anchored on improvements in the service sector particularly tourism and revamp in trade.

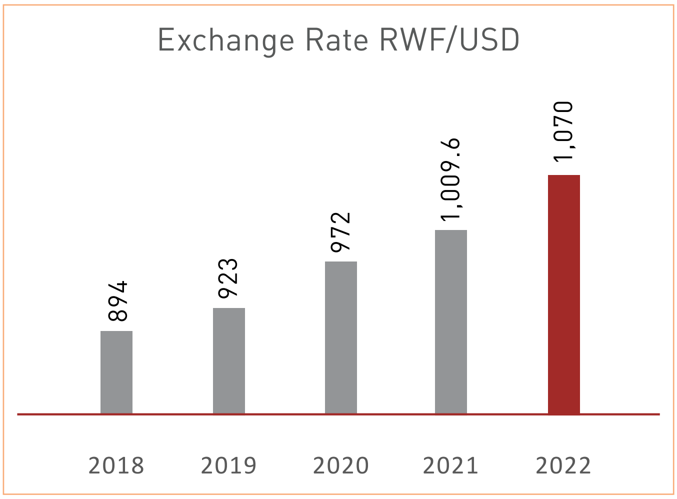
OPERATING CONTEXT

Rwanda









Rwanda's GDP grew by 6.8% in 2022, after reaching 10.9% in 2021. This was in part due to lower-than expected agricultural production due to poor weather conditions. Growth was spurred on by the services sector, especially the revival of tourism, leading to the improvement of employment indicators to levels similar to those at the beginning of the Covid-19 pandemic in early 2020.

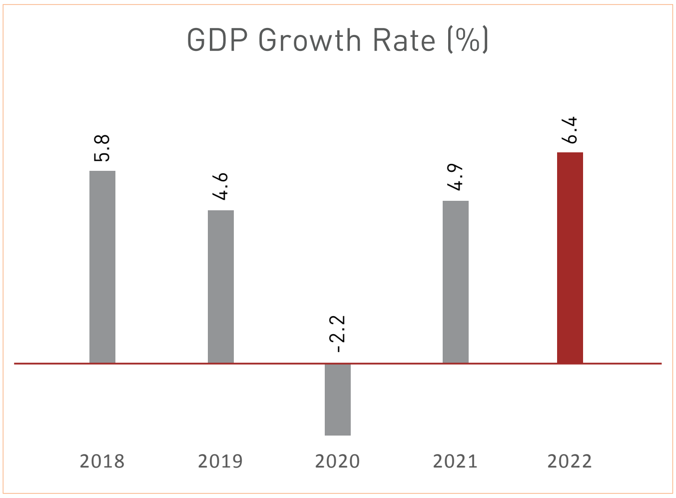
Inflation continued to rise averaging 9.5% and is projected to persist in this range, as global prices remain elevated. This was due to increasing energy and food prices. The current account deficit is estimated to improve moderately to around 10.5% of GDP despite high energy prices, but a slowdown in foreign financing put pressure on the currency, with the Rwandan Franc closing the year at 1070 RWF to the US Dollar as compared to 1009.6 RWF to the dollar in 2021.

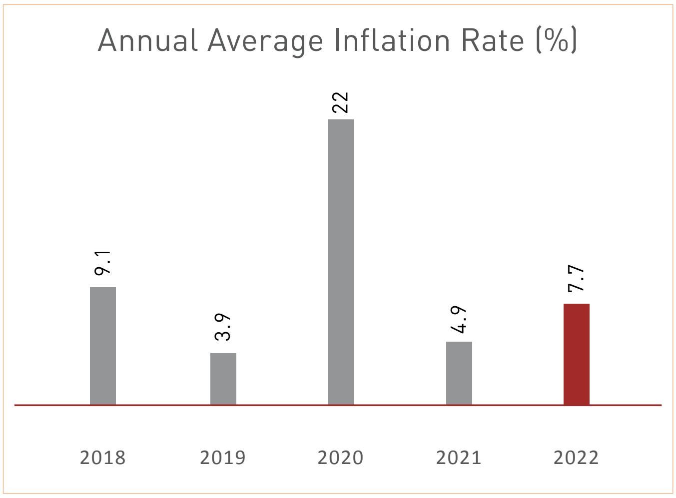
The FY21/22 budget deficit came in smaller than projected at 7.6% of GDP, due to higher grants. Public debt is estimated to have decreased to 71% of GDP at end-2022, from 73% at end-2021.

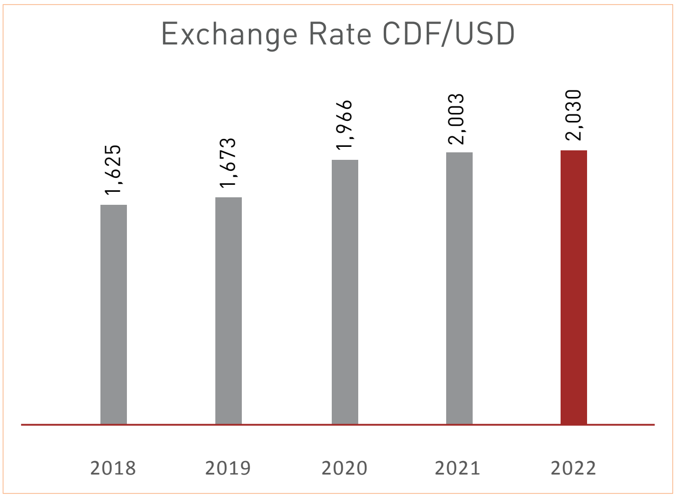
The IMF is projecting that Rwanda's economy will grow by 6.2% in 2023, and by 7.5% in 2024.

OPERATING CONTEXT

Democratic Republic of the Congo







The Democratic Republic of the Congo (DRC) is the largest country in Sub-Saharan Africa and endowed with exceptional natural resources, including minerals, significant arable land, immense biodiversity, water resources and the world's second-largest rainforest.

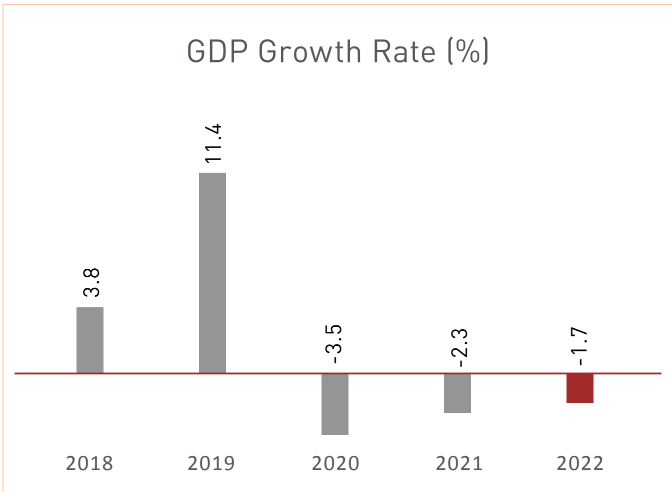
The economy of the DRC performed well in 2022, with GDP growth estimated at 8.5%, continuing the trend of the prior year's growth of 6.2%. Mining exports were the key contributor to growth supported by improvement of mineral prices. Like other countries in the region, economic performance in the DRC is vulnerable to commodity price volatility and the growth performance of major economies. Inflation increased from 4.9% in 2021 to 7.7% in 2022 primarily due to higher global energy and food prices and supply chain bottlenecks.

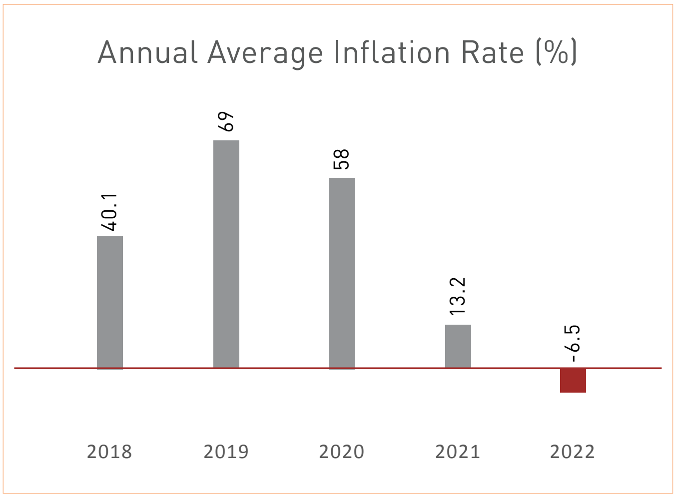
The current account recorded a surplus of around 3.5% of GDP, instead of the deficit that was projected, due to strong export earnings. Foreign exchange reserves improved more than expected to USD 4.6 billion in 2022, which is supportive of the currency. The budget came under pressure from arrears repayment, and an increase in security expenditure related to the instability in eastern DRC. However, strong revenue performance countered these pressures implying the deficit is likely to be lower than projected at 2-3% of GDP. Public debt remains low at 22% of GDP.

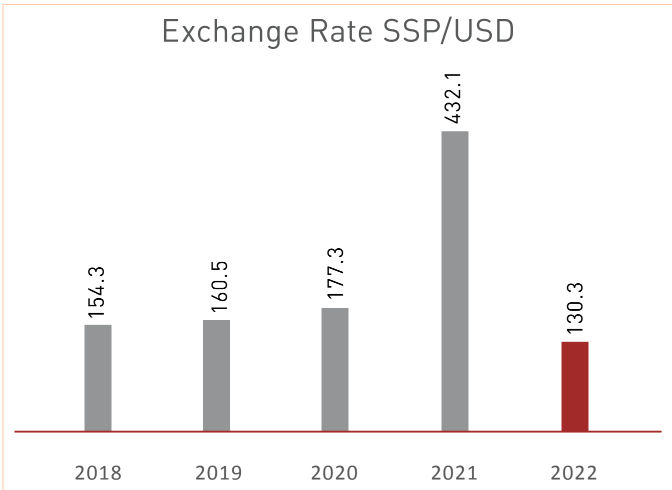
DRC will hold presidential and parliamentary elections in December 2023. This leads to uncertainity as to achievement of the projected GDP amid fears of conflict that usually accompanies elections.

OPERATING CONTEXT

South Sudan







Since the emergence of the Covid-19 pandemic in 2020, South Sudan has had to deal with flooding and effects of the war in Ukraine. This aggravated an already challenging economic situation. The economy is estimated to have contracted by 1.7% in 2022 by the IMF, following a 3.9% decline in 2021. Efforts at implementing the Revitalised Peace Agreement of 2018 were energised when parties agreed to a two-year extension for conclusion of key pending milestones by February 2025.

The South Sudan economy is reliant on oil which accounts for 70% of GDP and 90% of government revenue. The increase in the oil price in 2022 helped counter the effect of lower oil production and helped sustain foreign exchange reserves. The current account balance turned positive in 2022, from a deficit in 2021. This helped ease some of the depreciation pressure on the currency. South Sudan experienced deflation in 2022, which was in part due to the restoration of fiscal restraint and the curbing of monetary financing.

One of the major changes in the year was the removal of foreign exchange restrictions and closure of the multiple exchange rate system, which allowed businesses to purchase and sell foreign currencies at predictable rates. This has also stabilised the South Sudan Pound.

A key agenda item of the South Sudan government is to diversify the economy from its over reliance on oil proceeds particularly into agriculture. These efforts and a peaceful conclusion of the transition arrangement are expected to support mid-term growth.

GDP growth is projected at 4.6% in 2023.

Jean-Claude Tshipama EquityBCDC Deputy Managing Director (left) and Celestin Mukeba, EquityBCDC Managing Director (2nd left) and representatives from Schneider Electric sign a partnership agreement that will see EquityBCDC offer solar equipment financing in DRC.

Equity Bank South Sudan Ag. Managing Director Victor Omondi (right) engages with customers during the launch of the Member brand campaign. The initiative was a reminder of the various financial opportunities that individuals, MSMEs, Development Agencies and Corporates in South Sudan can tap into through the Bank's network.

THE AFRICA RECOVERY AND RESILIENCE PLAN (ARRP)

Equity Group's 2025 strategy is a multi-pronged and holistic solution to achieve social and economic transformation of Africa. The strategy comprises six strategic pillars that will be operationalized through a collaborative, deliberate and an ecosystem-centric approach.

The Group has provided a seed fund of USD 6 billion to act as a stimulus for the private sector. The *'Africa Recovery and Resilience Plan'* is built on a platform of collaboration and cooperation for Public Private Partnerships to transform the region through value addition and ecosystem development. The strategy aims at funding and financing 5 million businesses and 25 million households to reach 100 million people in Africa and to create 50 million jobs both directly and indirectly.

The Plan	Six pillars of the Plan	Objectives of the Plan
The Africa Recovery and Resilience Plan is aimed at catalysing a demand complementarity-led transformation of Africa, underpinned by: • Capacitating and enhancing productivity of raw material producers, • Integrating primary producers to more co-ordinated African productive / manufacturing capacities; and • Connecting these primary and secondary sectors to global supply chains (and capital, skills and technology) 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	The Plan comprises 6 strategic pillars that ensure a systematic, co-ordinated and holistic framework for execution and regional-wide impact: • **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 off-take 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	The first phase (end-2025) objectives of the plan include: • **Inclusivity of 100 million online businesses and consumers:** Economic and social inclusion of more productive youthful households and financially enabled value chains • **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 • **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 • **Additional private sector lending of ~2% of regional GDP:** Loan book to be directed towards agriculture (30%), manufacturing (15%), MSMEs (65%)

THE AFRICA RECOVERY AND RESILIENCE PLAN (ARRP)

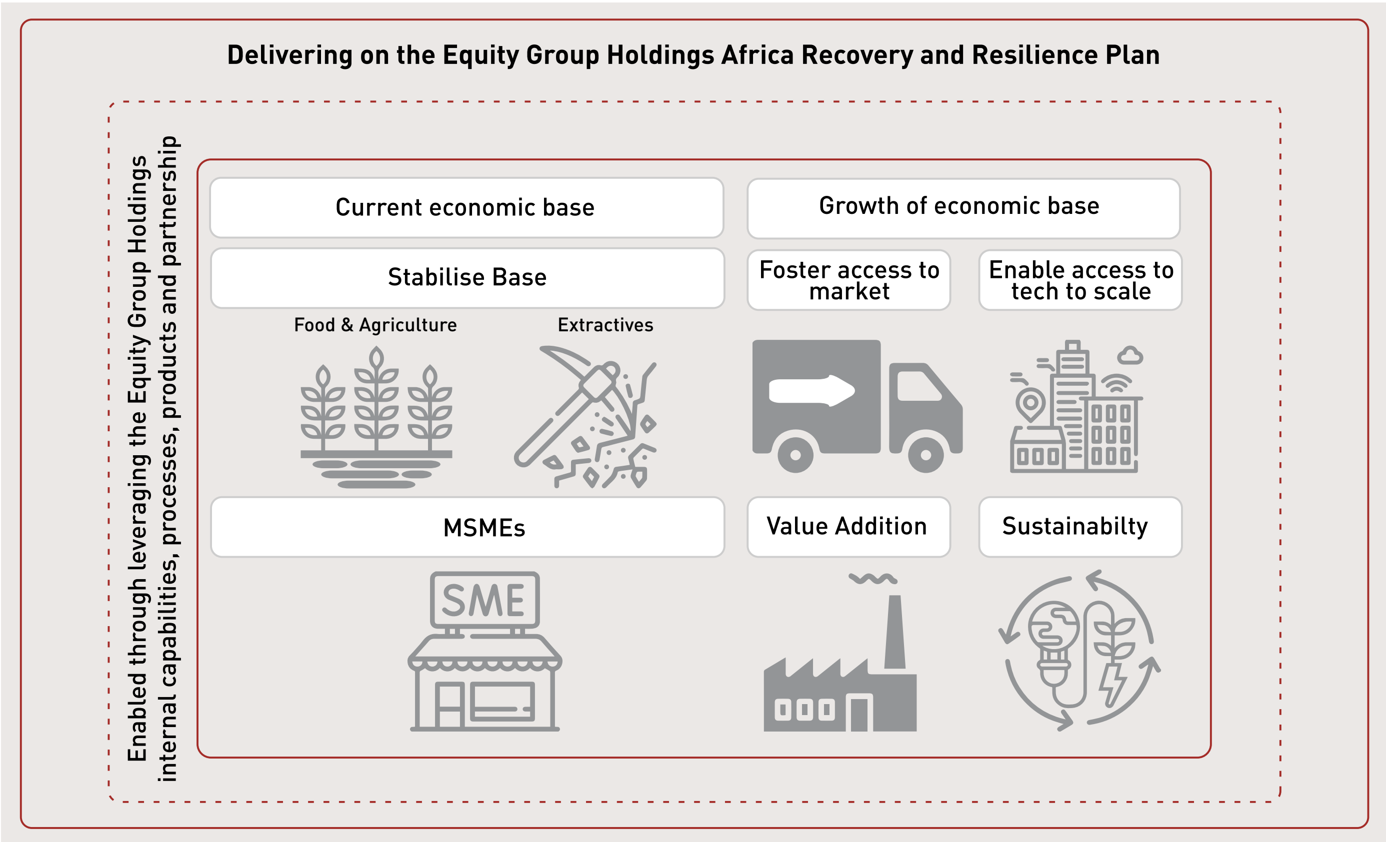
Strategy Focus

The `*Africa Recovery and Resilience Plan'* provides the overarching ambition of the Group to deliver transformational development on the continent. This Plan is further buttressed by strategic focus areas that enable the Group to deliver on its commercial and social bottom line. These eight Focus Areas are:

1. Non-funded income growth
2. Treasury Efficiency
3. Geographical Expansion and Business Diversity
4. Balance Sheet Efficiency, Optimisation and Agility
5. Business Transformation – Innovation and Digitisation
6. Asset Quality, Distribution and Risk Management
7. Efficiency of Cost Optimisation
8. Impact Investment

Key achievements on these focus areas are provided on Page 58 - 72

Unpacking the six pillars



The `*Africa Recovery and Resilience Plan'* gives priority focus to primary production in agriculture and the extractive sector. The aim is to convert smallholder farmers and artisanal miners into formal businesses though financial literacy and entrepreneurship training.

In addition, the strategy seeks to address the fragmented nature of these sectors through improved connection, coordination, and financing. Equity brings its extensive internal capabilities, processes, products, and partnerships in working with individual, micro, small and medium sized businesses with the intent to grow and transform the economic base, foster market access and trade, and enable access to technology for scale while mitigating for social and environmental challenges.

THE AFRICA RECOVERY AND RESILIENCE PLAN (ARRP)

<table>
<tr><th>Pillar</th><th>Context</th><th>Focus</th><th>Support provided</th></tr>
<tr><td>Pillar 1a: Agriculture</td><td>Africa's primary economic sector, largely populated by smallholder producers with limited capacity.</td><td rowspan="2">Drive natural resource led industrialisation.</td><td rowspan="2">• Value chain co-ordination and value addition.
• Market access.</td></tr>
<tr><td>Pillar 1b: Extractives</td><td>Africa's primary economic sector, fragmented and sub-scale and challenged by market structure deficiencies.</td></tr>
<tr><td rowspan="2">Pillar 2 Manufacturing & Logistics</td><td>Value addition of Africa's resources will drive wealth transformation and resultant demand complementarities will deepen and broaden African value chains.</td><td rowspan="2">Support value added ecosystems.</td><td rowspan="2">• Scaling value chain anchors and enhancing linkages.
• Facilitating manufacturing hubs.</td></tr>
<tr><td>Clustering of manufacturing and services will drive regional economies of scale and comparative advantages.</td></tr>
<tr><td rowspan="2">Pillar 3 Trade and Investment</td><td>African countries have significant potential to complement each other, and regional trade will underpin a coordinated and integrated Africa.</td><td rowspan="2">Stimulate intracontinental trade.</td><td rowspan="2">• Trade missions and conducive policies.
• Champion foreign direct investment.</td></tr>
<tr><td>Wealth transformation of Africa will require significant investment, technological advances, and specialised skills.</td></tr>
<tr><td rowspan="2">Pillar 4 MSMEs</td><td>MSMEs and the informal sector are significant contributors to African economies.</td><td rowspan="2">Catalyse entrepreneurship.</td><td rowspan="2">• Linkage of MSMEs to formal value chains.
• Capacity Building.</td></tr>
<tr><td>African MSMEs disenfranchised due to fragmented and disorganized value chains.</td></tr>
<tr><td rowspan="3">Pillar 5 Social and environmental transformation</td><td>African households and businesses productivity levels remain low due to economic and social constraints.</td><td rowspan="3">Champion social transformation.</td><td rowspan="3">• Capacity Building and Financial Inclusion.
• Community Support.</td></tr>
<tr><td>As the world looks towards a more sustainable future, households and businesses will need to adapt and mitigate risks associated with climate change.</td></tr>
<tr><td>Many African households continue to be marginalized when it comes to basic necessities adversely impacting productivity.</td></tr>
<tr><td>Pillar 6
Technology-enabled ecosystems</td><td>Technology is a key enabler connecting households, businesses and individuals to critical services cost effectively and with expansive reach.</td><td>Use technology for reach and ease of access</td><td>• Technology investment
• Technology empowerment</td></tr>
</table>

THE AFRICA RECOVERY AND RESILIENCE PLAN (ARRP)

In line with the `*Africa Recovery and Resilience Plan,*' we are focusing on deployment of specific products and services into tailored market segments to ensure we can reach our target of impacting 100 million lives by 2025. In addition to focusing on key economic sectors, we also recognise the vital, enabling role that technology, trade and investment and the social and environmental transformation play. The market segments we are targeting and enabling roles leveraged are summarised as follows:

Food and Agriculture
Move, Borrow, Save, Invest, Insure

Extractives
Move, Borrow, Save, Invest, Insure

Micro Small and Medium Businesses
Move, Borrow, Save, Invest, Insure

Logistics
Move, Borrow, Save, Invest, Insure

Manufacturing
Move, Borrow, Save, Invest, Insure

Technology Enabled
Borrow, Insure

Social and Environmental Transformation
Borrow, Insure

Trade and Investment
Invest, Insure

MATERIAL MATTERS

A matter is considered material if it can substantively affect our ability to create value in the short, medium and long term. Our materiality process identifies our key material matters and the collective themes under which they fall. We apply integrated thinking to identify these matters which in turn, they inform our strategy as well as our approach to managing risk and maximising opportunities.

We use a three-step materiality process to determine matters that affect our value creation:

Identify	Prioritise	Integrate
In the identification phase, we evaluate significant issues in our operating environment that may impact our ability to create value and deliver our strategy. These issues could be financial, operational, reputational, environmental, social, strategic, or legislative. Our evaluation considers three key aspects: 1) How these issues affect the accessibility, availability, and affordability of our capitals. 2) Legitimate stakeholder feedback 3) Recent events as well as potential issues that could have a short, medium, or long-term impact on our Group.	Using the outcomes of this assessment, we prioritize matters that are most important to our ability to generate sustained value over time while considering key risks and opportunities.	We incorporate identified material matters into our strategic approach.

Equity Group Chief Operations Officer Samuel Kirubi (standing) speaks to staff at Equity Centre in Nairobi

STAKEHOLDERS

Stakeholder engagement is critical for the achievement of our strategy and delivery of sustainable value. Not all stakeholder concerns are deemed material to the Group, and do not always carry the same weight with respect to implementation. Materiality is determined based on whether the concern raised can impact on the long-term sustainability of the business. As a Group, we pride ourselves with our long-standing tradition of proactively engaging our stakeholders.

Stakeholder definition	Manner of engagement	Frequency of Engagement
Shareholders and investors These constitute the initial providers of financial capital, and we disclose to them relevant information to make informed investment decisions in addition to seeking their perspectives on our financial performance and strategy	• Through publications • Through reporting • Through AGM • Investor Roadshows • Regular investor briefings • Investor calls.	Monthly
Our customers These constitute the largest source of our deposits, which enable us to fund lending activities. We safeguard their deposits through responsible and sustainable banking practices, sound governance and robust risk management.	• Radio / TV Shows • Marketing and campaigns • Through Branch Employees • Through agents • Internet • Social Media • Outreach campaigns by the foundation • During the onboarding process • Relationship management	Monthly
Our employees These are the motivated and skilled people, who enable us to offer value to our customers, and who, as part of society, contribute materially to the communities in which they live and work.	• Induction / Orientation • Conventions • Performance appraisals • Publications • Intranet • One on One engagements • Content posts • Learning platforms • Recurring education	Monthly
Society and communities Society and communities grant us the license to operate. Mindful of their interests we engage with our various host communities as part of understanding and identifying areas of sustainable social impact that we can invest in to empower them socially and economically.	• Radio and TV Shows • Newsletters • Face to face meetings in the branch • Social media • Regular meetings customer dinners and lunches • Various publications. • Outreach campaigns by the foundation	Monthly
Regulators and policymakers These constitute a wide spectrum of bodies and people who regulate our industry across the various territories in which we operate, with whose laws, rules, and regulations we are committed to comply transparently and openly.	• Through publications • Through reporting • One on One engagements	Quarterly

MATERIAL THEMES

Through identification of material concerns raised by our stakeholders during the year, we are able to respond to shifts in their needs. The concerns raised and our response are summarised as follows:

Stakeholder	Stakeholder concerns raised in 2022	Our Response
Shareholders and Investors	• Sound capital allocation to deliver on strategy • Sustainable growth and payment of dividends • Impact of rising interests on borrowers including NPL risk • Role in society including managing Environmental and Social risks • Remaining abreast with market trends and delivering relevant solutions • Compliance in a context of evolving regulatory requirements • Customer responsiveness and resolution	• Communication is provided to shareholders on progress made in these areas of concern through annual reporting, AGMs, impact reporting, quarterly reporting and regular investor briefings, investor calls • Maintained adequate provisions and a high coverage to cater for NPLs • Proactively engaging customers impacted by cost of credit increases • Enhanced our ESG credentials through the development of an environmental and social management plan and key recruits for the function • We have extended our reporting suite to include an annual Sustainability Report, specifically to unpack our approach to ESG risks across the organisation • Environmental indicators have been identified and are monitored weekly, both on internal metrics and based on portfolio quality • Established Board committees on IT and Sustainability including requisite technical capacity • We are in the process of developing position papers on climate risk, and further alignment as required to meet expectations of key investors including the IFC and DEG requirements
Our Customers	• Speedy resolution of issues raised • Turnaround time for loan requests • Protection of funds in a context of high levels of fraud • Wealth and lifestyle protection • How will E&S reviews required prior to onboarding affect me • Streamlining and ease of banking • Support for business growth	• Enhancing our offerings especially in payments, investment, and insurance • We have launched new digital loans that include built-in covenants, based on previous customer behaviour allowing for automatic loan issuance up to a defined limit • Using technology to deter fraud and safeguard customer accounts in addition to several other fraud prevention mechanisms • Provide ongoing communication to customers to prevent them from being victims of social engineering related activities • We engage and educate customers during the onboarding process • Run trade missions for customers further offering them platforms to engage with other businesses in the region and globally • Launching our insurance subsidiary (ELAK) providing inclusive, innovative, and affordable customer protection • Creating green finance products for our customers to allow them to walk a sustainability journey with us • Using business meetings to disseminate information to customers • Continuing to provide customer trainings and skills enhancements to better manage their financial resources and businesses

MATERIAL THEMES

Stakeholder	Stakeholder concerns raised in 2022	Our Response
Our Employees	• Understanding changes made in the approved medical cover and first line provider and whether services availed will be at par with and not worse than the previous services • Adjusting to returning to work in the office and whether work from home remains an option • Understanding of the ARRP and what is required to deliver on it • Need to be upskilled on changing operational structure and new products being launched • Need more training on E&S risks and how to engage customers on this aspect	• Communicated advantages of the new medical cover and provider including cost benefits and access to high quality care. • Provided for wellness concerns on return to office. Also communicated the preference to working in the office to enable performance, collaboration, and engagement. An appropriate Remote working/Work from Home/Hybrid workplace policy developed. • Utilising the induction process to sensitize employees on our strategy and approach to business and community sustainability. • Ongoing articulation of our strategic intent as an organisation • Make use of regional conventions and Subsidiary Executive Roadshows to communicate, employee can engage with the CEO and leadership. • Improving employee performance management including a revamped balanced score card approach • Engage with employee during performance appraisals • Make use of publications and the intranet to disseminate information. • Making use of learning platforms. • Communicate ways to contribute and participate in EGF activities. • Building skills set to ensure we education our customers on the need for E&S screening. • Rolled out specialised ESG training programme. • Continued training and development programme focused on women, especially in management.
Society and Communities	• Information and opportunities to participate in EGF activities • Empowerment of supply chains	• We communicate activities through our newsletters, radio / tv shows, face to face meetings in the branch, social media, regular meetings, customer dinners and lunches, various publications • We have a clear mechanism for identifying participants to our projects • We make use of customer testimonials to demonstrate our contribution to society • We have partnered with the UN Global Compact to adopt and roll out a curriculum to empower our supply chain
Regulators and Policy Makers	• Management of emerging risks • Collaboration to enhance levels of financial inclusion • Collaboration to accelerate the performance to contribute to the SDGs	• Updated our Enterprise Risk Management Framework and cascading through the Group to identify and respond to emerging and new risks • Regular and consistent engagement with regulators on issues of interest to them • Providing thought leadership to the regulator to enhance broader sector performance • Signed partnership with the United Nations to accelerate regional governments contributions to achieving the goals set under the SDGs • In supporting the SDGs, we are leveraging our network and broad footprint, and continue to focus on financial inclusion and economic development pre country of operation

RISK STATEMENT

Executing on the vision and mission of the Group to achieve the set objectives entails effective identification and management of a wide range of risks spanning strategic and operational as well as financial and non-financial.

During 2022 we continued to implement the Group's Enterprise Risk Management Framework (ERMF) to identify, assess and manage risks in every subsidiary, business segment and country in which we operate. The ERMF sets out the Group's approach to identification, assessment, monitoring, mitigation, and reporting risks that can positively or negatively impact achievement of the Group's Strategic Plan and/or the continuing operations. The ERMF enables forward-looking risk management and risk-informed decisions across all levels of the Group, thereby maximizing gains while avoiding unnecessary losses, and is anchored on a risk culture cultivated by the Board, that encourages open communication and transparency on all aspects of risk management. The Group applies the Three Lines of Defense model to the day-to-day risk management activities.

The Group acts in accordance with its risk appetite statement to achieve its strategic goals and objectives in pursuit of its purpose to become "the champion of the socio-economic prosperity of the people of Africa." The Group strives for a sound risk culture and adherence to its values and principles to effectively manage risks, promote a culture of integrity, high ethical standards and achieve compliance with internal policies and risk appetite as well as laws and regulations.

The ERMF is supported by frameworks covering the risk management approach for individual principal risk types (PRTs), and policies and standards aligned to the PRTs. Policies set out the key control requirements for the management of risks while standards set out the approach for meeting the core requirements in policies. The ERMF, PRT frameworks, policies and procedures together comprise the Group's control framework.

Principal Risk Types

The Group's activities are exposed to various risks of which the principal ones are the following:

- Strategic risks due to ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment
- Capital risks resulting in insufficient capital to carry out the bank's strategy and satisfy regulatory capital adequacy requirements
- Liquidity and funding risks resulting in insufficient stable or diverse sources of funding to meet financial obligations as they fall due, without raising funds at unfavorable rates or resorting to distressed sale of assets or central bank support
- Country risks due to adverse political or economic events in a country
- credit and counterparty risks due to failure of a borrower or counterparty in a transaction to meet its agreed payment obligations to the Group
- Market and structural risks caused by adverse movements in market factors such as interest and exchange rates, or other prices affecting activities undertaken by the Group
- Operational risks due to inadequate or failed internal processes, people, and systems or from external events including legal risks
- technology risks relating to failure of the Group's technology to deliver the expected services due to inadequate or deficient systems/process developments and performance or inadequate resilience or security
- Information and cybersecurity risks relating to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems
- Model risks resulting in adverse consequences including financial loss, poor business and strategic decision-making, or damage to the Group's reputation arising from decisions based on incorrect or misused model outputs and reports
- Compliance risks resulting in negative impact to business activities, adverse impact to customers and other stakeholders, or regulatory relationships through failure on our part to comply with laws or regulations

- Financial crime risks leading to legal or regulatory penalties, material financial loss or reputational damage due to failure to comply with applicable laws and regulations relating to anti-money laundering, and international and domestic sanctions
- Conduct risks resulting in detriment to the Group or its customers, investors, shareholders and other stakeholders from inappropriate supply of financial services or through willful or negligent misconduct
- Reputational risk due to negative perceptions on the part of customers, counterparties, investors, debtholders, regulators and other stakeholder, whether justified or not, regarding the Group's business practices, actions, or inactions, will adversely affect the Group's ability to maintain existing, or establish new business relationships and continued access to sources of funding leading to a decline in the institution's value, brand, liquidity, or customer base
- ESG/climate risks due to failure to identify and manage climate change risks including extreme weather events, long-term progressive shifts of climate, transition towards a lower-carbon economy and activities having negative environmental impacts
- Fraud risks due to the intentional acts, misstatements, or omissions of internal or external parties, including misrepresentations that knowingly or recklessly mislead or attempt to mislead, with a view to obtaining a financial or other benefit or to avoid an obligation
- Insurance risks due to actual experience emerging differently from the expected in insurance product pricing or reserving occasioned by adverse fluctuations in timing, actual size, and/or frequency of claims mortality, morbidity, policyholders' behavior, or associated expenses incurred or other causes

Each of the above-mentioned Principal Risk Types is managed through distinct Risk Type Frameworks (RTFs) that document the overall risk management approach for their respective PRT to ensure resilience to risk events. Senior experienced risk officers appointed and designated as Risk Framework Owners are responsible for maintaining the Risk Type Frameworks and policies and providing second line oversight and challenge of risk management activities performed by the First Line of Defense.

Risk Governance

The Board of Directors has ultimate responsibility for risk management. It is supported and advised by the Risk & ALCO Committee which oversees the management of current and future risks in line with the risk appetite approved by the Board.

Key developments in 2022

During 2022 we enhanced our risk management to ensure timely and appropriate responses to the effects of major external events and ensure operational resilience. The events included rising inflation and interest rates, Russia/ Ukraine war, global and regional geopolitical tensions, continuing COVID-19 impacts, drought across Eastern Africa and weakening domestic currencies caused by volatility in international financial markets. These challenges look set to continue during 2023 with adverse impact on future economic growth and subsequently on the Group's customers.

1. We enhanced monitoring of financial risks considering the rising inflation and significant volatility in domestic and international financial markets. Stress tests and portfolio reviews were used to identify vulnerable borrowers, industry sectors and segments impacted by the sharp rise in inflation and interest rates, rapid depreciation of local currencies, supply chain disruptions and commodity volatility and foreign exchange shortages. These exposures continue to be tracked through the Watchlists monitoring process. Review of the treasury portfolio led to a revised risk appetite and reduced limits where appropriate, as well as new qualitative and quantitative risk triggers and exposure management strategies. We are focused on diversifying funding sources and further strengthening liquidity buffers. The Group remains resilient because of these actions as evidenced by the strong asset quality and liquidity and capital buffers.

RISK STATEMENT

2. In the face of rapid changes in the cyber security landscape globally we increased focus on the security of our technology systems and the data they contain. Furthermore, we continued to improve the stability and availability of IT systems to support the rapid growth in customer transaction volumes as digital products and services continued to be rolled out. The Board approved a new Group Technology, Information and Cybersecurity (TICS) Risk Framework as well as a multi-year cybersecurity program to strengthen the prevention and protection, monitoring and detection, response and recovery, as well as governance, risk and control. Furthermore, substantial investments were approved to modernize and expand the core IT infrastructure and applications and improve resilience. The Board is regularly updated regarding the progress of this program and other key IT change initiatives as well as the results of cyber security testing exercises, internal controls testing, vulnerability assessments and penetration testing. The cyber security training and awareness program was enhanced and rolled out for all employees during 2022 including mandatory eLearning and phishing exercises

3. We strengthened our capacity in the fight against financial crime by increasing the bench of technical experts, rollout of revised risks frameworks and policies as well as procedures, ramping up training and enhancing automated systems for customer and transaction screening, customer risk rating and transaction monitoring. We continue to enhance the safety and security of digital and third-party channels to control risks associated with AML & CFT and sanctions as well as external and internal frauds. Furthermore, we are automating back-office operations and strengthening internal controls.

4. We increased focus on third party risk management and business continuity management. We identify, assess and control the risks presented throughout the lifecycle of the relationship with third parties, in particular the providers of technology and other services necessary to support delivery of the Africa Recovery and Resilience Plan.

5. The Group ESG & Climate Risk Framework and associated policies were approved by the Board during 2022 and a Group Director Sustainability appointed in the First Line of Defense to:

   - Ensure ESG & Climate risk is considered during development of the strategic plan, and formulate strategies for meeting the Group's strategic goals and objectives ensuring that risks and opportunities are taken into consideration.
   - Provide guidance on change initiatives required to implement the Group's ESG & Climate risk plans.
   - Provide advice and support on opportunities and options that may be pursued for the Group's sustainability development and continuous improvement.
   - Support subsidiaries, business divisions and functions in management of ESG & climate risks

   The Group identifies and manages ESG and climate risks using a risk-based approach. Borrowing customers are subjected to environmental and social (E&S) risk reviews if their activities and/or transactions fall within the scope of the E&S Risk Policy and Standards. Those presenting increased ESG and climate risks are further assessed to understand the customers' willingness and capacity to manage the risks. Significant ESG and climate risks are escalated to the Board for approval prior to permitting transactions. Customers are subjected to enhanced monitoring and reporting where their activities present material ESG and climate risks, to ensure the risk is controlled at acceptable levels. Activities assessed to carry very high E&S risk are specifically avoided. The "Exclusion List" is periodically reviewed, updated and communicated internally and relevant controls are in place to ensure compliance.

6. We rolled out the Model Risk Framework and recruited experienced personnel. We have commenced internal validation of existing models with priority being given to material models used for business and regulatory purposes.

DELIVERING VALUE THROUGH OUR STRATEGY

ARRP PROGRESS SCORECARD

	Strategic Pyramid	Strategic Objectives	Achievements
Strategy	Africa recovery and resilience plan	• 100 million customers • 5 million borrowing business • 25 million borrowing customers • 25 million direct jobs	• 17.7 million customers (9% increase from 2021) • 265,868 borrowing businesses (106% increase from 2021) • 779,724 borrowing customers (1% increase from 2021)
Strategic Pillars	Pillar 1a – Food and Agriculture Pillar 1b – Extractives Pillar 2 – Manufacturing and logistics Pillar 3 – Trade and investment Pillar 4 – MSMEs Pillar 5 – Social and Environmental Transformation Pillar 6 – Technology-enabled ecosystems	• Food and Agriculture loan mix 30% • Catalyse other industries manufacturing loan mix 15% • #1 Trade finance bank • MSME loan mix 65% • Financially include 100 million • Digitally connect 100 million	• Food and Agriculture loan mix 6.1% (slightly higher than the 6% in 2021) • Manufacturing loan mix 5.1% (up from 3% in 2021) • Top 5 Trade finance bank • MSME loan mix 46.1% (down from 48% in 2021) • Customers 17.7 million (up from 16.2 million in 2021)
Operational Initiatives	Initiatives that internally enable EGH to execute its strategy	• Cost to income <40% • Non-funded income >50% • Top 3 banks (Countries> 5 years)	• Cost to income 48.4% (down from 49.1% in 2021) • Non-funded income 40.4% (up from 38.8% in 2021) • In 2022 Equity ranked among the top 3 big banks by Asset base in 3 of the 6 countries we operate in

Hon. Mudrick Soragha Minister of State, President Office, Labour, Economic Affairs and Investment (left) receives a copy of the Africa Recovery and Resilience Plan from Isabela Maganga Equity Bank Tanzania Managing Director (right) during the Zanzibar leg of the US Trade Mission to Tanzania and Kenya.

FINANCIAL REVIEW

Financial Highlights

Profit Before Tax (Shs) 59.8bn 2021: 51.9bn	Total Revenue (Shs) 145.9bn 2021: 113.4bn	Revenue Growth 29% 2021: 21%	Market capitalisation (Shs) 171bn 2021: 199.1bn
Total Assets (Shs) 1,447bn 2021: 1,305bn	Deposits (Shs) 1,052bn 2021: 959bn	Return on Equity 27.6% 2021: 26.1%	Cost-to-income ratio 48.4% 2021: 49.1%
Cost of funds 3% 2021: 2.7%	Loans (Shs) 706.6bn 2021: 587.8bn	NPL 7.7% 2021: 8.3% Industry average 13.3%	NPL Coverage 123% 2021: 98.2% Inclusive of credit risk guarantees
Shareholders' Funds (Shs) 182.2bn 2021: 176.2bn	Earnings per share (Shs) 11.9 2021: 10.4	Core capital/TRWA 15.6% 2021: 12.9% Statutory minimum: 10.5%	Total Capital/TRWA 20.2% 2021: 17.7% Statutory minimum: 14.5%

Overview

Despite the challenging operating context, the Group has continued to display resilience, innovation, strong leadership, and business model agility posting Profit Before Tax (PBT) of Shs 59.8bn, an 11% growth in total balance sheet to close at Shs 1.447 trillion and 10% growth year-on-year in customer deposits to Shs 1.05 trillion. This performance showcases continued responsiveness of our strategy to our context and the relevance of our purpose as customers continue to display their confidence in us.

The Group's financial capital sources, which include shareholder funds, debt investors, and revenue reserves, remain highly diverse. As of 2022, financial capital consisted of paid up and assigned capital (Shs 1.9 billion), share premium (Shs 15.3 billion), retained earnings (Shs 189.6 billion), and a minority interest of Shs 6 billion. The Group is committed to raising funds from a variety of sources and deploying them in the most efficient and prudent manner in order to create long-term stakeholder value. Tier 2 capital and senior debt facilities increased in the year as Development Finance Institutions (DFIs) provided USD 361 million in long-term facilities.

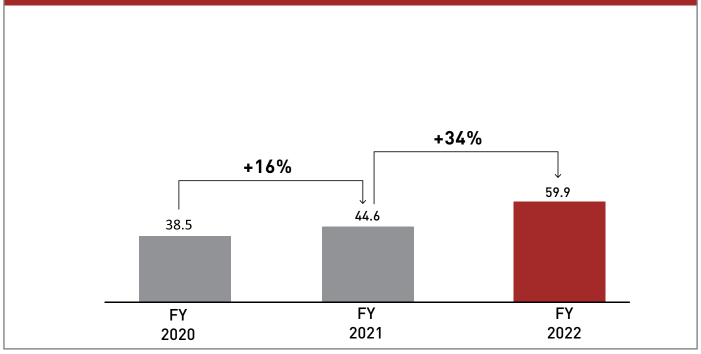
We are concerned with how we raise, control, administer, and deploy our funds in order to manage risks, costs, and control while remaining profitable. The Internal Capital Adequacy Assessment Process (ICAAP) ensures we have adequate capital resources while paying close attention to all material risks and capital adequacy requirements. This approach also guides cost-cutting measures, as we carefully monitor how financial resources are used in the Bank's operations. Overall, capital allocation focuses on supporting value creation and ensuring high returns on deployed financial capital.

FINANCIAL REVIEW

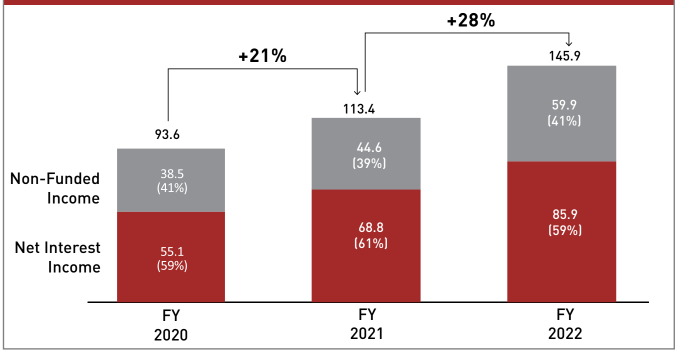
Non-funded income

Shs Billions

Non-Funded Income Growth Trend



Contribution to Total Income



Non-funded income growth is a critical component of our strategy that seeks to diversify revenue streams, improve our income mix, and improve the quality of earnings. This income stream which includes bank charges, transaction fees, monthly account charges, mobile banking fees and insurance earnings is more sustainable since it has a variable cost component and does not include risk-weighted assets. Non-funded income for the year totalled Shs 59.9bn up from Shs 44.6 billion in 2021, representing a 34% increase over the previous year and accounting for 41% of total revenue. This performance was supported by key non-funded income propositions as indicated:

Mobile and Internet Banking
- Shs 2,065Mn Gross revenue
- 1,052Mn transactions
- -6% growth in transactions

Merchant & Card
- Shs 6,711Mn Gross revenue
- 30% growth in revenue

Trade Finance
- Shs 5,711Mn Gross revenue
- 73% growth in revenue

Agency Banking
- Shs 2,352Mn Gross revenue
- 14% growth in revenue

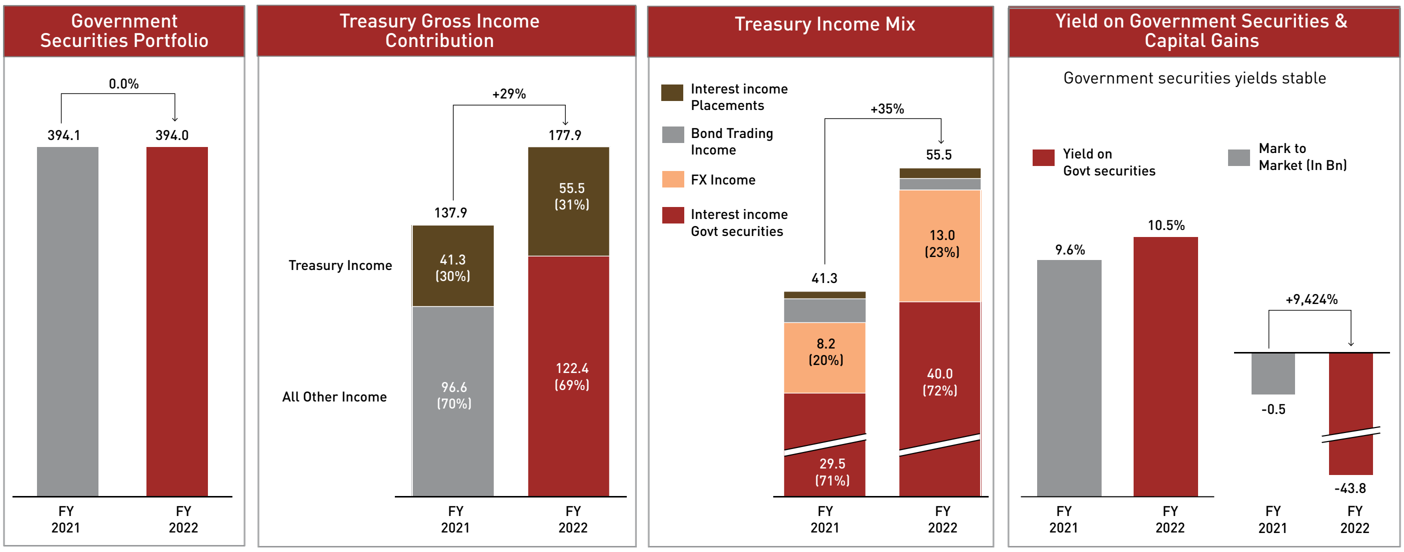
Diaspora Banking
- Shs 1,949Mn Gross revenue
- 18% growth in revenue

Insurance
- Shs 2,113Mn revenue
- 127% growth in revenue

FINANCIAL REVIEW

Treasury operations

Shs Billions



Note: Income calculation above is before funding costs

Treasury is a strategic business function that adds value to the Company's operating divisions by leveraging technology to generate returns based on excess liquidity. This is a highly specialised division in the Bank, which seeks to meet institutional and corporate customers investment and risk coverage needs. We continued to explore and capitalise on cross-sell, investment, and collaboration opportunities by providing a complete range of services to clients who require treasury products. This pillar's development has been primarily driven by interest income from trading in government securities.

Geographic Expansion and Business Diversification

Geographic expansion

The Group's regional diversification strategy includes replication of capabilities and the creation of a financial services powerhouse across the continent. We use established trade corridors across the continent to achieve this expansion.

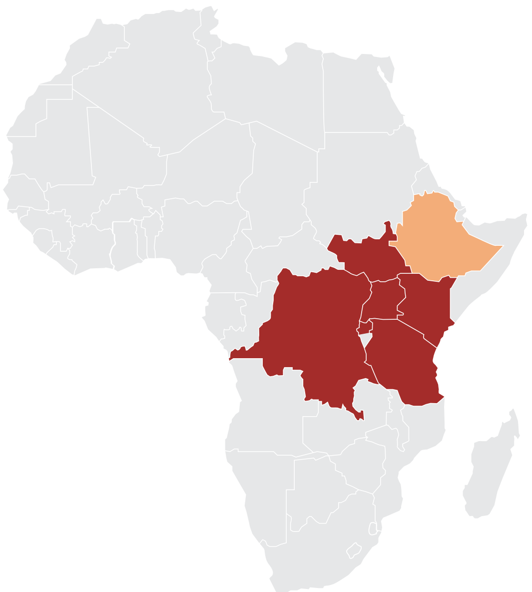
According to the UNCTAD Handbook of Statistics 2022 on international Merchandise Trade, Intra-regional trade is most pronounced in Europe. In 2021, 68% of all European exports went to trading partners on the same continent while in Asia, this rate was 59%. In Africa, intra-regional trade was below 15% of all trade, meaning the continent predominantly trades with external markets.

A key agenda of the *`Africa Recovery and Resilience Plan'* is to encourage intra-Africa trade. We are active in existing continental frameworks that seek to enhance trade on the continent. Using physical and digital tools, we drive regional trade by growing connectivity to global markets. This is underpinned by expanding trade corridors and cross border trade.

FINANCIAL REVIEW

Northern Corridor	Gateway through Kenya to landlocked countries of Uganda, Rwanda, Burundi, South Sudan and Eastern DRC
Lapsset Corridor	Infrastructure project connecting Kenya, Ethiopia and South Sudan
Mtwara Corridor	Infrastructure project connecting southern Tanzania, northern Mozambique, eastern Malawi and eastern Zambia
Beira Corridor	Gateway through Mozambique connecting landlocked countries of Zimbabwe, Zambia, Malawi and southern DRC
Tazara Corridor	Gateway connecting landlocked Zambia to Dar es Salaam
Central Corridor	Gateway connecting landlocked Rwanda, Burundi and eastern DRC to Dar es Salaam
Tanga Corridor	Gateway connecting landlocked Uganda to Tanga via Lake Victoria

Subsidiary presence



Distribution of Branches (358)			
Kenya	191	Nairobi	52
Uganda	50	Kampala	24
South Sudan	5	Juba	4
Tanzania	15	Dar es Salaam	7
Rwanda	16	Kigali	9
DRC	81	Kinshasa	40
Ethiopia (Representative Office)	1	Addis Ababa	1

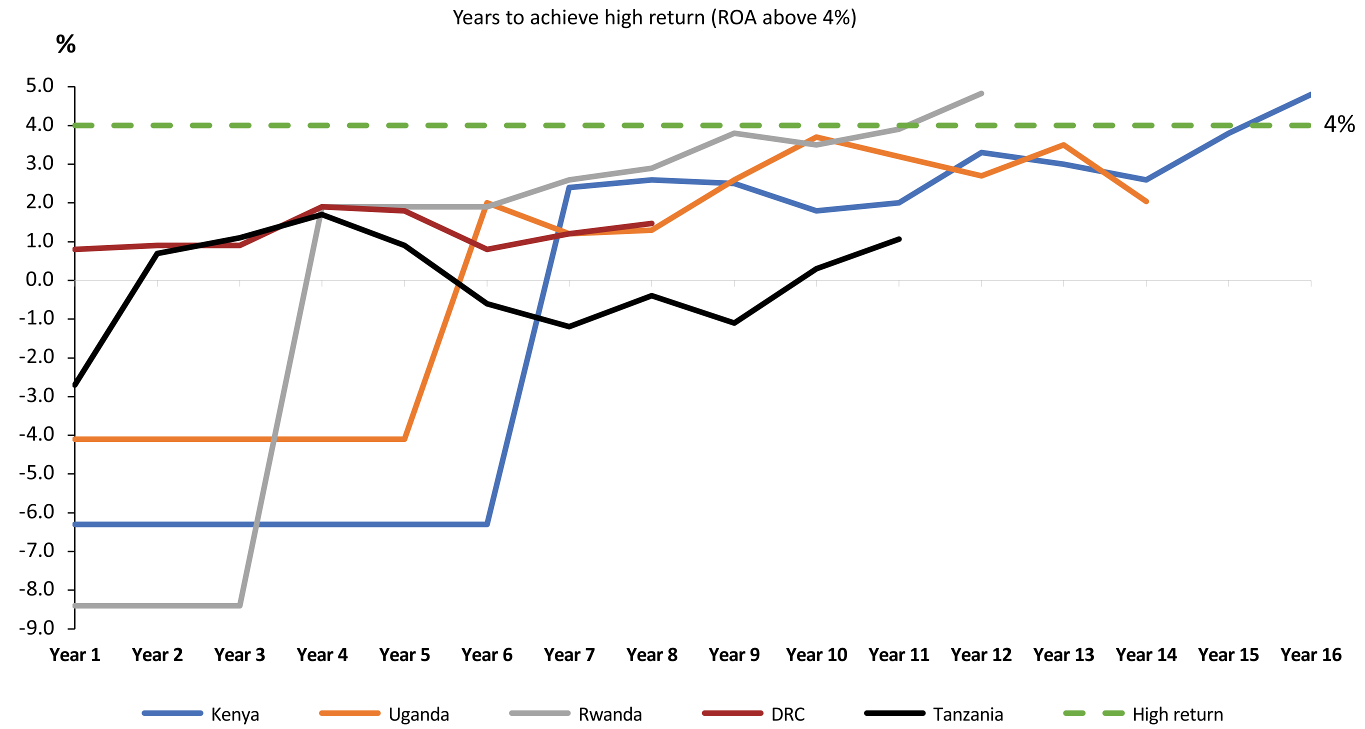
FINANCIAL REVIEW

Subsidiary performance and contribution

Subsidiary performance and contribution to the Group continues to grow

FY 2022 in Shs Billion	EBTL	EBRL	EBUL	EBSS	Equity BCDC	EBIL	EIB	Finserve & Azenia	ELAK	Other Subs Total (% Contribution)	EBKL (% Contribution)	Group (% growth)	Other Subs Contribution FY 2022	Other Subs Contribution FY 2021
Deposits	34.3	50.8	91.4	12.0	367.7					**556.2**	**647.4**	**1,052.2**	46%	52%
YoY Growth	32%	38%	25%	51%	2%					**46%**	**54%**	**10%**		
Loans	22.8	27.9	54.9	0.5	170.7					**276.8**	**429.8**	**706.6**	39%	35%
YoY Growth	13%	13%	11%	100%	53%					**39%**	**61%**	**20%**		
Assets	45.6	66.3	112.2	16.9	443.4	0.91	0.60	5.28	5.51	**696.6**	**894.0**	**1,447.0**	44%	41%
YoY Growth	26%	29%	25%	36%	6%	131%	25%	60%		**44%**	**56%**	**11%**		
Revenue	4.3	7.4	11.6	3.8	32.3	1.03	0.27	4.92	1.09	**66.6**	**85.2**	**144.3**	44%	37%
YoY Growth	33%	56%	25%	1800%	50%	10%	4%	95%		**44%**	**56%**	**28%**		
Cost before provisions	2.6	2.8	6.7	0.9	20.9	0.31	0.14	4.23	0.68	**39.2**	**36.2**	**70.8**	52%	49%
YoY Growth	21%	40%	41%	47%	34%	11%	36%	101%		**52%**	**48%**	**27%**		
PBT before provisions	1.7	4.6	4.9	2.9	11.4	0.72	0.13	0.69	0.41	**27.4**	**49.0**	**73.5**	36%	26%
YoY Growth	54%	68%	8%	848%	93%	10%	-18%	64%		**36%**	**64%**	**30%**		
PBT	0.5	4.0	2.4	3.0	8.1	0.72	0.13	0.68	0.41	**19.9**	**42.0**	**59.8**	32%	22%
YoY Growth	240%	104%	-34%	1013%	65%	10%	-19%	57%		**32%**	**68%**	**15%**		
PAT	0.4	2.8	2.0	2.3	5.8	0.50	0.10	0.47	0.28	**14.6**	**33.4**	**46.1**	30%	21%
YoY Growth	409%	104%	-25%	1318%	45%	10%	-19%	34%		**30%**	**70%**	**15%**		
RoAE	7.2%	36.0%	15.1%	54.8%	15.7%	216.6%	24.0%	49.1%	31.9%	**19.8%**	**33.5%**	**27.6%**		
Cost of Capital	20%	19%	19%	→25%	22%	18%	18%	18%	18%	**21%**	**18%**	**19%**		

In addition, subsidiaries are achieving higher returns in shorter periods. This can be attributed to the fact that we have optimised our approach to entering new markets, achieving higher levels of return quicker as we learn, and improve on our understanding of banking needs, regulatory requirements, selection of appropriate partnerships and how to position our product offerings in the market.



FINANCIAL REVIEW

Equity Bank (Kenya) Limited Board


Amb. Erastus Mwencha
Non-Executive Chairman


Gerald Warui
Managing Director


Jane Ngige
Non-Executive Director


Prof. Timothy Waema
Non-Executive Director


Adema Sangale
Non-Executive Director


Prof. Gideon Maina
Non-Executive Director


Mary Wamae
Non-Executive Director


Fredrick Muchoki
Non-Executive Director


Samuel Onyango
Non-Executive Director


Lydia Ndirangu
Company Secretary

Commentary

The Kenyan banking subsidiary continues to perform strongly contributing almost 70% of income to the Group. In the year, the subsidiary physically separated operations from Group leading to improved operational efficiency and monitoring of performance. In addition, the subsidiary focused on scaling up customer uptake of digital products. 2022 witnessed a strong uptake of the Pay With Equity solution with numbers growing from 50,000 users in 2021 to over 600,000. Improved system stability has enabled the Bank to offer higher volumes of transactions seamlessly. The landscape remains highly competitive with new fintech's entering the market. Focus in 2023 will be on enhancing client experience, increasing digital uptake, ecosystem banking and employee value proposition to deliver on the ARRP.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	72,296	85,951
Customer deposits	648,453	647,371
Total assets	877,415	894,012
PBT	41,042	42,002
Other metrics		
Customer numbers	11,965,088	12,286,124
Employee numbers	5,897	8,160
ATM's	379	347
Branches	190	191
Agents	43,987	41,581

Equity Bank (Uganda) Limited Board


Mark Ocitti
Non-Executive Chairman


Anthony Kituuka
Managing Director


Dr. Norah Bwaya
Non-Executive Director


Simon Lugoloobi
Non-Executive Director


Paul Sine
Non-Executive Director


Allen Ssebugwano
Non-Executive Director


Mary Wamae
Non-Executive Director

Commentary

Equity Bank Uganda is ranked fifth out of 25 commercial banks in the country. The Bank currently serves 1.8 million customers up from 1.34 million in 2021. It is the leading agency and digital Bank in Uganda. It is the fastest growing bank in the market and continues to gain market share which increased by 9% in the year. Approximately 94% of transactions and 66% of value is transacted outside the branches through digital channels, agents, and ATMs. In 2022, employee numbers increased by 30% and the Bank opened seven new branches. Digital lending performed well especially working capital lines for FMCG and value chains. ARRP focus areas are agriculture, manufacturing, ecosystem banking, trade, and investment, MSME, energy and environment, technology, oil and gas and social interventions. Equity Bank Rwanda is ISO 20000 certified.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	9,236	11,559
Customer deposits	72,944	91,433
Total assets	89,966	112,151
PBT	3,614	2,396
Other metrics		
Customer numbers	1,341,275	1,789,881
Employee numbers	1,154	1,430
ATM's	48	52
Branches	42	50
Agents	5,572	7,727

FINANCIAL REVIEW

Equity Bank (Tanzania) Limited Board


Eng. Raymond Mbilinyi
Non-Executive Chairman


Isabella Maganga
Managing Director


Dino Stengel
Non-Executive Director


Evelyn Rutagwanda
Non-Executive Director


George Theobald
Non-Executive Director


Dr. Aggrey Mlimuka
Non-Executive Director


John Wilson
Non-Executive Director


Prof. Ahmed Ame
Non-Executive Director


Mary Wamae
Non-Executive Director

Commentary

Equity Bank Tanzania made marked progress in 2022, moving into profit making and recording growth in key metrics including revenue, up 24%, asset growth by 19%, Profit Before Tax increased 240% and customer numbers up 84%, with the addition of 100,000 new customers. Top line earnings were recorded at Shs 4,325 million compared to Shs 3,257 million in 2021. Non-Funded Income accounts for 56% of total income and is attributed to digitisation, growing ecosystems and increase in asset. The subsidiary focus on ARRP is to drive agriculture production, ecosystem banking, support trade and investment and financing of MSMEs anchored on technology, digital products and services. Finance to agriculture moved from 1% to 6% of portfolio in 2022, while SMEs improved to 26% compared to 15% in 2021.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	3,257	4,325
Customer deposits	26,021	34,320
Total assets	36,134	45,595
PBT	138	470
Other metrics		
Customer numbers	482,981	575,862
Employee numbers	427	447
ATM's	21	20
Branches	14	15
Agents	4,133	5,137

Equity Bank (Rwanda) Plc Board


Col(Rtd) Eugene Haguma
Non-Executive Chairman


Hannington Namara
Managing Director


Belinda Bwiza
Non-Executive Director


Dr. Patrick Uwizeye
Non-Executive Director


Amb. William Kayonga
Non-Executive Director


Andrew Rugege
Non-Executive Director


Mary Wamae
Non-Executive Director

Commentary

Equity Rwanda marked its tenth year in operation in 2022. The subsidiary continues to experience growth and expansion. Through the year, the subsidiary ran the "Ikarita ikora hose" campaign to deepen awareness about the different Visa Cards. Focus on the agriculture sector is a key aspect of the subsidiary's agenda with the launching in 2022 of a micro-loan product offered to dairy farmers and a partnership with Land O Lakes Venture 37 on supporting financial service markets from small livestock value chains. Additionally, a partnership with Money Phone will enable Equity Rwanda to extend digital loans to horticulture crop farmer cooperatives. The subsidiary is ISO 20000 and 270001 certified.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	4,713	7,363
Customer deposits	36,875	50,752
Total assets	51,213	66,252
PBT	1,978	4,027
Other metrics		
Customer numbers	916,325	1,085,449
Employee numbers	429	454
ATM's	24	24
Branches	15	16
Agents	3,331	3,450

FINANCIAL REVIEW

Equity Banque Commerciale Du Congo (Equity EBCDC) Board


Nestor Ankiba
Non-Executive Chairman


Célestin Muntuabu
Managing Director


Jean-Claude Tshipama
Deputy Managing Director


Dr. James Mwangi, CBS
Non-Executive Director


Brent Malahay
Non-Executive Director


Mabanza Meti
Non-Executive Director


John Wilson
Non-Executive Director


Louis Watum
Non-Executive Director


Wolfgang Bertelsmier
Non-Executive Director


Lambert Kandala
Non-Executive Director


Mary Wamae
Non-Executive Director

Commentary

Equity BCDC is the second largest subsidiary after Kenya. The Bank has focused on standardisation of systems, operations, culture, processes, and delivery following the merger between Equity Bank Congo and BCDC in 2020. In 2022, the subsidiary's customer numbers grew from 1.2 million to 1.7 million, a 50% increment with Profit Before Tax (PBT) closing at Shs 8.1billion. Loan book growth was at 53% while asset growth, in similarity to the trend in the industry, was muted. The subsidiary has integrated all mobile money providers in the country enabling widespread offering of mobile banking. Equity BCDC runs the Equity Leaders Program (ELP) which currently has 147 students. In 2023, the subsidiary will launch 30 Equity Afia clinics throughout the country to offer affordable, high-quality healthcare.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	21,544	32,263
Customer deposits	361,378	367,673
Total assets	419,796	443,425
PBT	4,924	8,118
Other metrics		
Customer numbers	1,236,059	1,742,953
Employee numbers	1,140	1,404
ATM's	203	217
Branches	70	81
Agents	3,999	6,084

Equity Bank (South Sudan) Limited Board


Prof. Shem Migot-Adholla
Non-Executive Chairman


Victor Omondi
Ag. Managing Director


Mary Wamae
Non-Executive Director


Allan Waititu
Non-Executive Director


Mary Ajith
Non-Executive Director

Commentary

Equity South Sudan has been operational for fourteen years. The subsidiary currently has 5 branches in Juba and one at Nimule, on the border with Uganda. The Bank focuses on transactional banking due to the operating context. In 2022, the subsidiary began short term credit to salaried individuals and working capital loans for businesses. It also supports humanitarian and international organisations in the country. As part of the digitisation drive, the subsidiary has launched several digital products and services including use of USSD codes to access bank services. This includes rolling out a mobile app that enables agents to deliver money to people outside Juba. The main focus in delivering the ARRP will be social interventions and supporting businesses (trade and investment).

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	201	3,819
Customer deposits	7,946	11,997
Total assets	12,370	16,850
PBT	(328)	2,997
Other metrics		
Customer numbers	171,912	180,578
Employee numbers	122	127
ATM's	20	20
Branches	5	5
Agents	39	42

FINANCIAL REVIEW

Equity Life Assurance Kenya Limited Board

Dr. Edward Odundo
Non-Executive Chairman

Ms. Angela Okinda
Managing Director

Dr. Eva Njenga
Non-Executive Director

Joshua Njiru
Non-Executive Director

Prof. Agnes Wausi
Non-Executive Director

Commentary

In 2022, we launched the Equity Life Assurance (Kenya) [ELAK], the first underwriting insurance subsidiary to offer life insurance and retirement solutions to all categories of consumers. We provide innovative insurance and retirement solutions driven by the needs of customers and powered by technology. Our aim is to ensure that individuals, families, and communities are covered for risk events and can optimise their financial wellbeing using our insurance and retirement solutions.

Performance	2022 (Shs Millions)
Gross Written premium	3,993
Total Income	1,087
PBT	405
Deposit Administration funds	388.30
Total Assets	5,507.45

Finserve Africa Limited Board

Dr. Patrick Uwizeye
Non-Executive Chairman

Dr. James Mwangi, CBS
Non-Executive Director

Brent Malahay
Non-Executive Director

Mary Wamae
Non-Executive Director

Commentary

Finserve Limited is the fintech subsidiary of Equity Group, established to inspire and prosper people and businesses by connecting today's potential with tomorrow's innovative opportunities. Finserve addresses complex financial and lifestyle obstacles by employing a data and insight driven culture to build products that enrich customer experience.

Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total number of active equitel users	1,920,771	2,141,321
Number of Equitel customers active on telephony	408,979	474,058
Number of Equitel customers active on m-banking	1,137,480	1,221,627
Other metrics		
Volume of transactions on Jenga API	1,098,428	1,952,468
Volume of transactions via the Jenga Gateway	2,140	1,918

Equity Investment Bank Limited Board

Vijay Gidoomal
Non-Executive Director

Dr. James Mwangi, CBS
Non-Executive Director

Mary Wamae
Non-Executive Director

Daniel Szlapak
Non-Executive Director

Commentary

Equity Investment Bank provides wealth creation and preservation products to customers enabling them to create long-term value and benefit from product differentiation. We are a one-stop shop for financial and investment services and at the forefront in providing brokerage services that enable our diverse portfolio of local and international clients invest in capital markets. The long run aim is to create employment opportunities, new avenues for investment and boost economic growth in general.

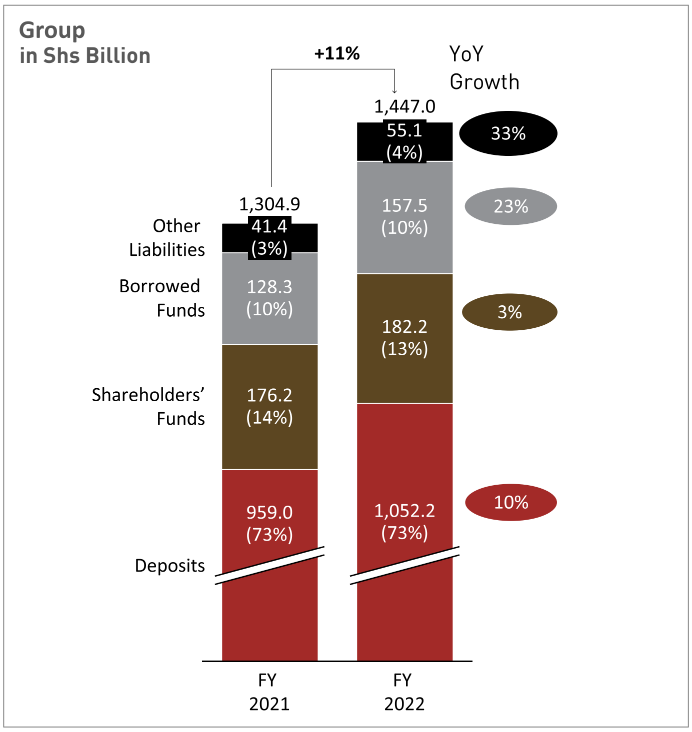
Performance	2021 (Shs Millions)	2022 (Shs Millions)
Total revenue	256	265
Total assets	481	600
PBT	157	127
Other metrics		
Customer numbers	780	1,167

FINANCIAL REVIEW

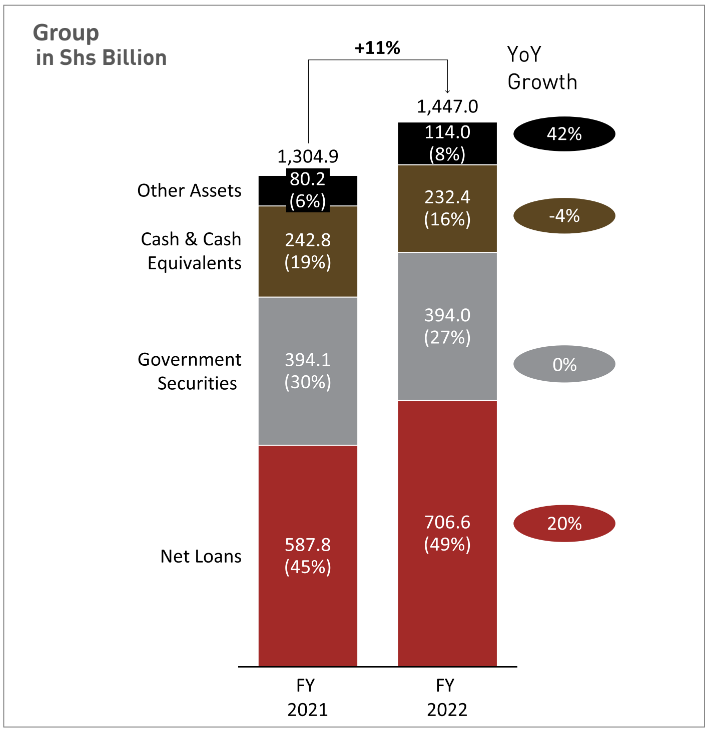
Balance sheet efficiency, optimisation, and agility

Our balance sheet has improved year on year, giving investors assurance that they can anticipate a return on their investments. This enables the Board to use the balance sheet to raise additional funds, enabling the Group to expand through the introduction of new products and ongoing geographic spread. Throughout the year under review, our balance sheet stayed nimble, allowing us to retain extra liquidity for investment purposes as opportunities presented themselves.

Funding Structure and Leverage



Asset Mix

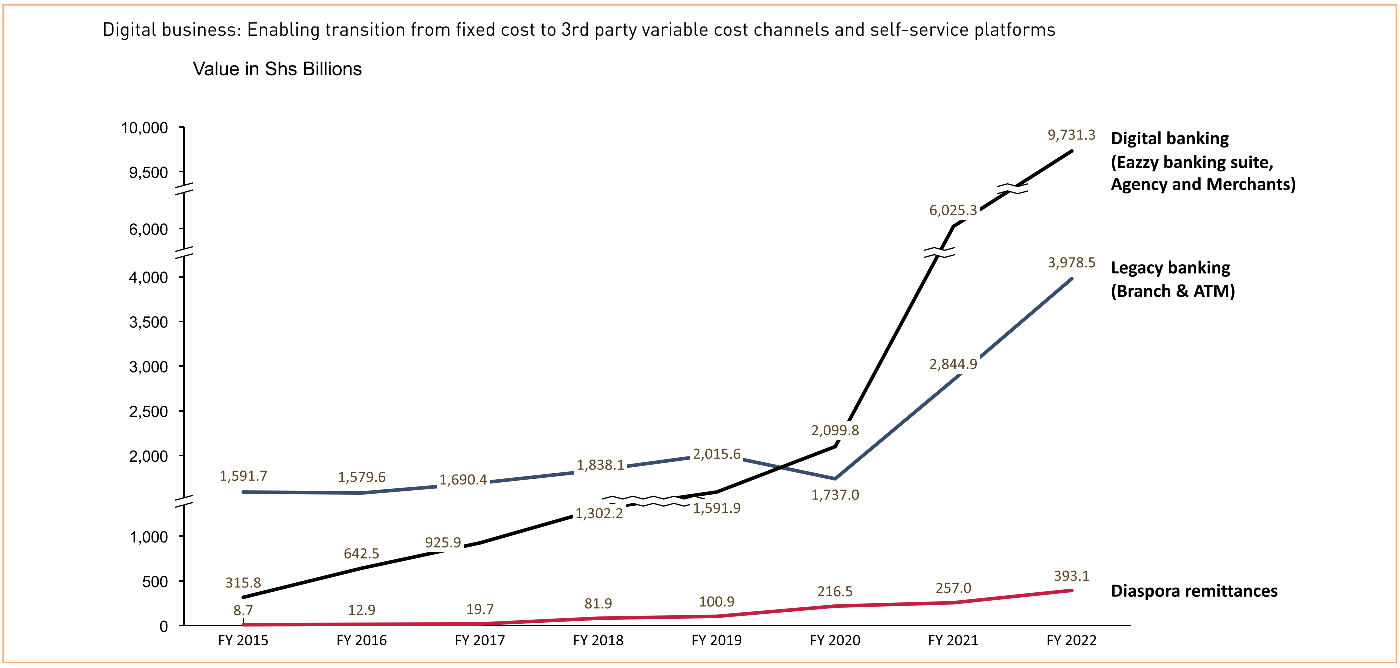


Our liquidity ratio stood at 52.1% against a banking sector average of 50.8%. We are therefore able to provide financing as we drive our strategy and support the financial needs of our customers. We are committed to deploying this strong liquidity to achieve the ARRP strategy in pursuit of our vision of championing the social economic prosperity of the people of Africa.

Kenyan investors arrive at N'djili International Airport in Kinshasa where they are welcomed by Kenyan Ambassador to DRC, George Masafu. He is flanked by Equity Group Managing Director and CEO, Dr. James Mwangi and EquityBCDC Managing Director Célestin Mukeba.

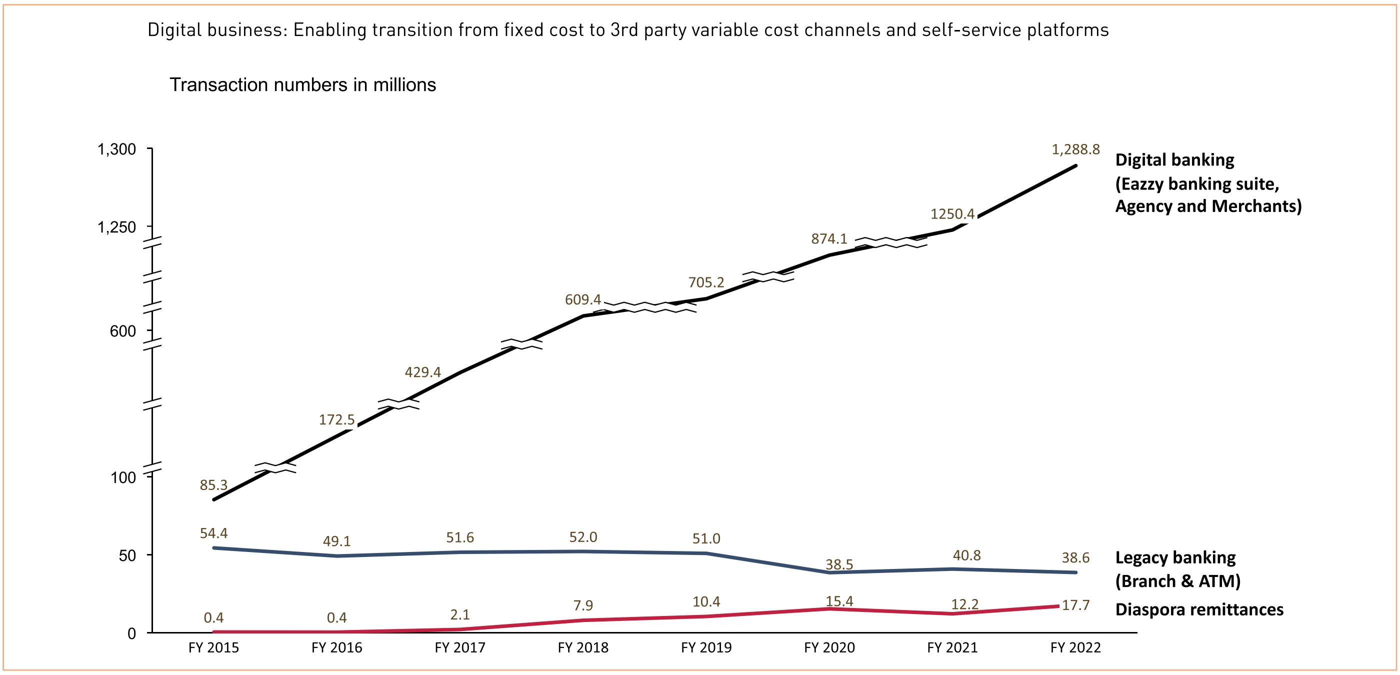
FINANCIAL REVIEW

Business transformation through innovation and digitisation

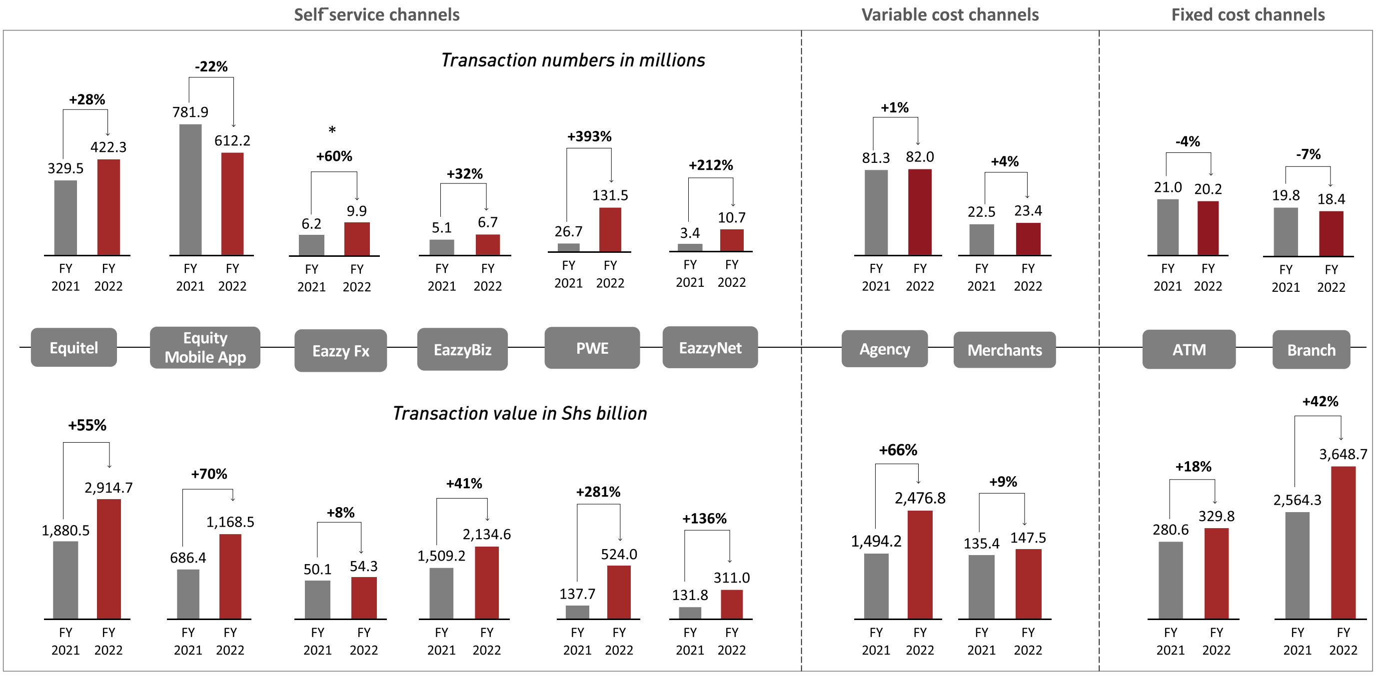


Technology is a key aspect of how we manage our business and deliver value for stakeholders. In line with the ARRP, we are committed to advancing digitisation and delivering innovative solutions that enable us to reach last mile customers across our expansive geography. Building on the momentum developed during the pandemic that drove adoption and utilisation of our digital channels, we have continued to improve our digital offerings. For example, 40% of our lending in 2022 was done digitally and 97% of all Group transactions are on customer self-service channels using their own devices. Our aim is to move all our products and services onto digital channels. Our digital channels have surpassed legacy banking channels in use by transaction volumes.

Mobile banking and internet banking are the most preferred means of transacting for Equity customers. Transaction volumes increased by 62% in 2022 using mobile, merchant, Pay With Equity (PWE) EazzyNet and EazzyBiz channels.

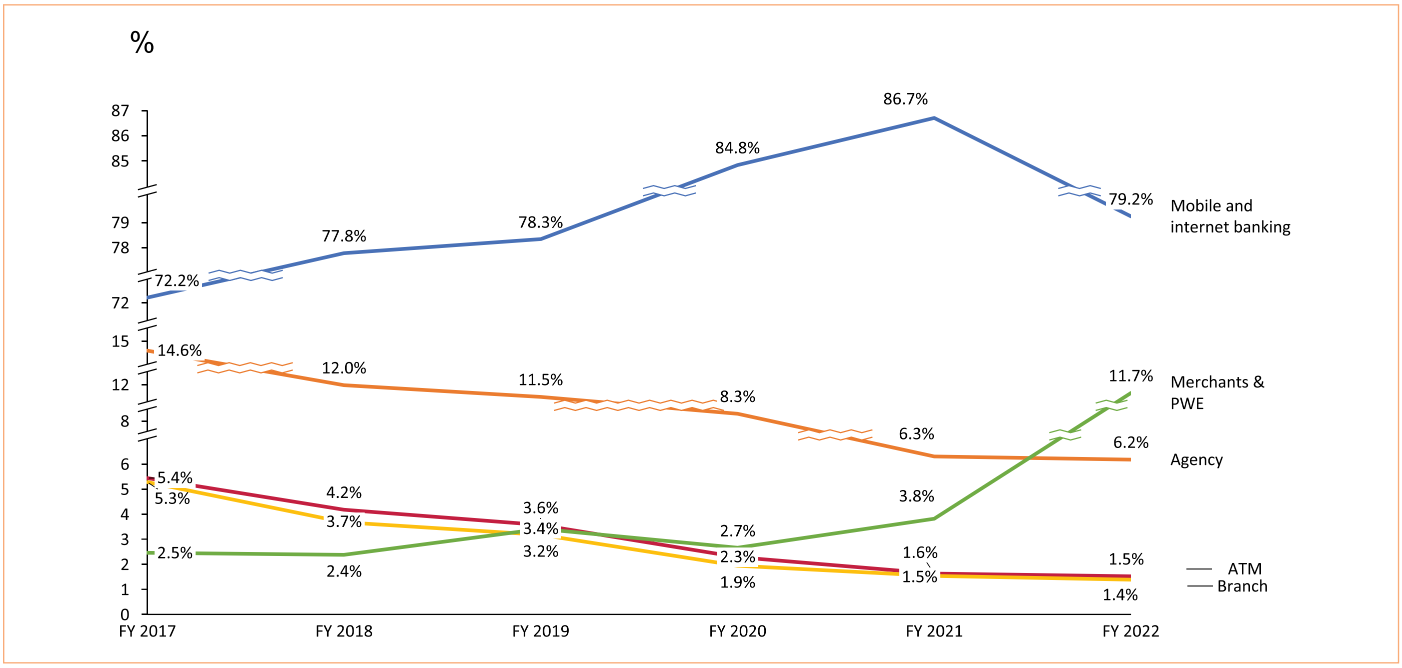


Further, the trend of transactions moving from fixed cost channels such as branches to variable cost channels continues supporting the growth of non-funded income.



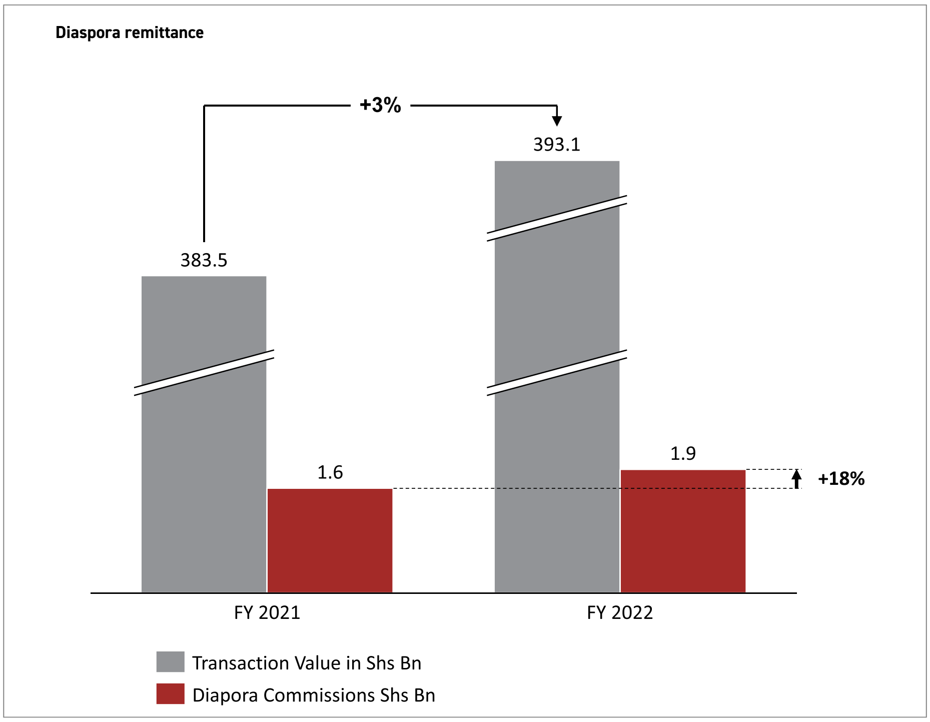
* Eazzy Fx transaction numbers in thousands

Significantly, 99% of transactions are outside branches.

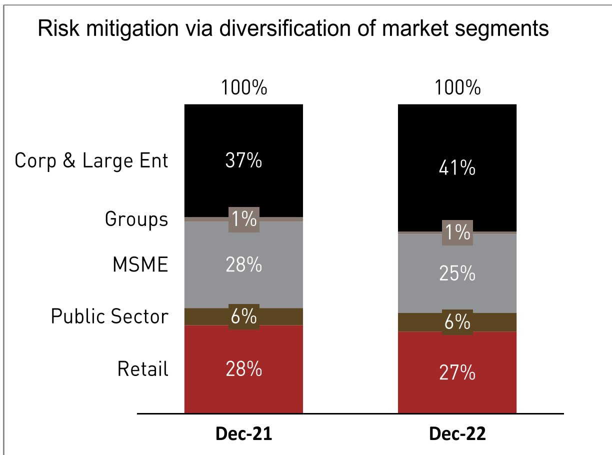


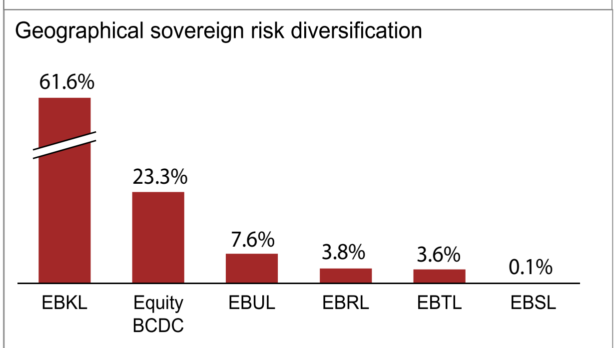
Remittance processing also increased with the launch in 2021 of new propositions through tailored products. This has resulted in an 3% increase in transaction volumes. We have maintained strong relationships with remittance partners enabling ease of transacting for customers.

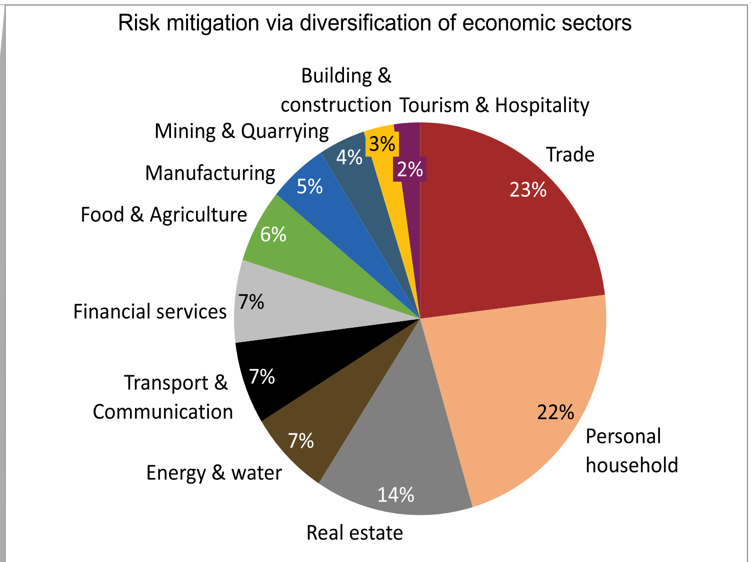
FINANCIAL REVIEW

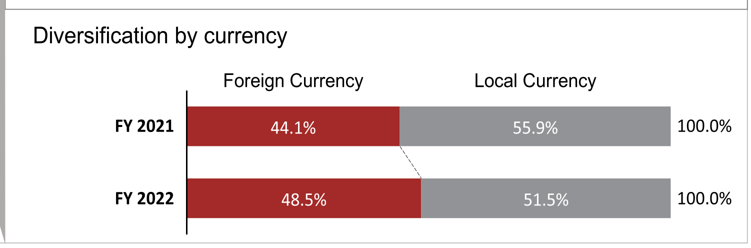


Asset quality, distribution, and risk mitigation





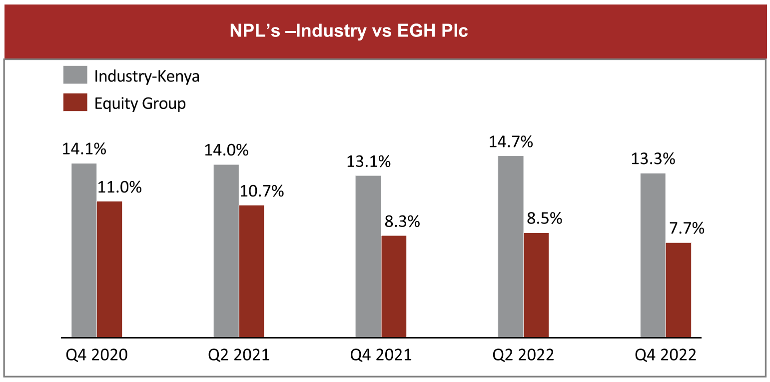


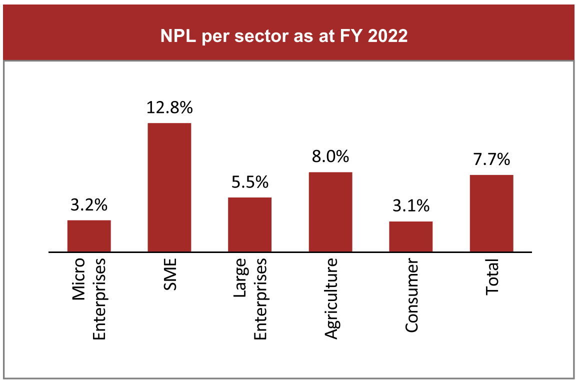


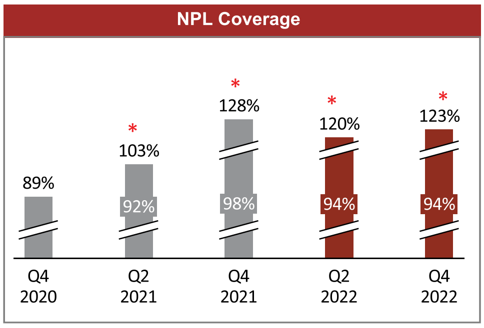
Asset quality improved with most customers accommodated during the pandemic having regularised. Diversification of our portfolio in terms of market segments, geography, economic sector, and currency was well balanced ensuring that the Group was not unduly exposed through concentration.

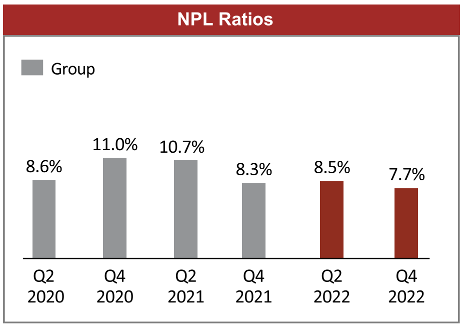
FINANCIAL REVIEW

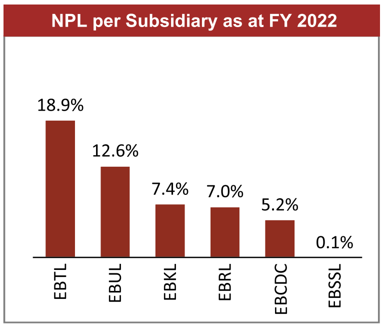
Our NPLs at 7.7% remained well below the industry average of 13.3%. NPL challenges for our Tanzania subsidiary continued to improve with NPLs down from 23.3% in 2021 to 18.9% in 2022.







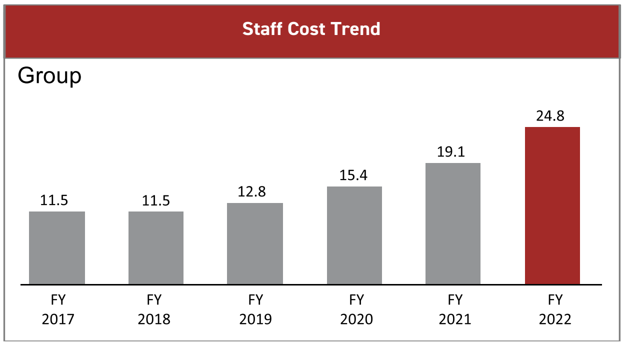


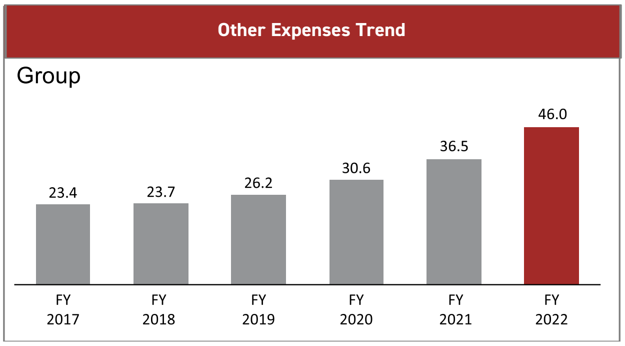


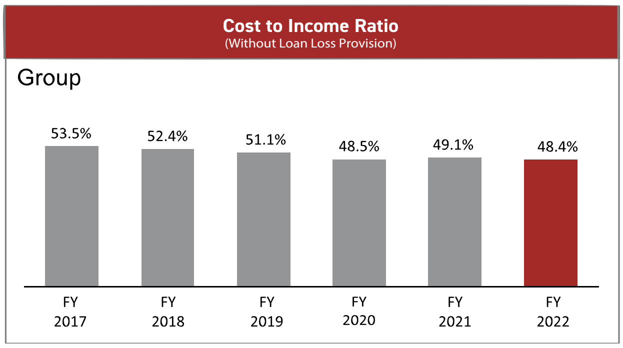
*NPL Coverage inclusive of credit risk guarantees

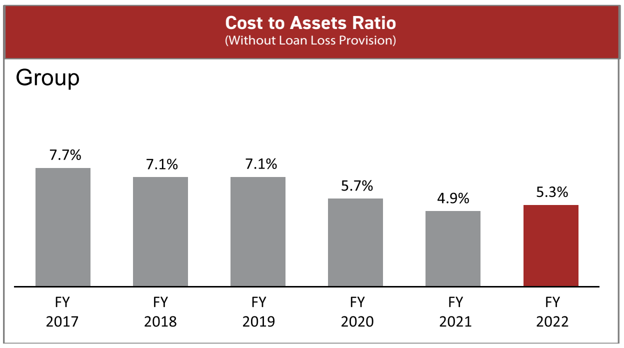
Efficiency and Cost Optimisation

Shs Billion









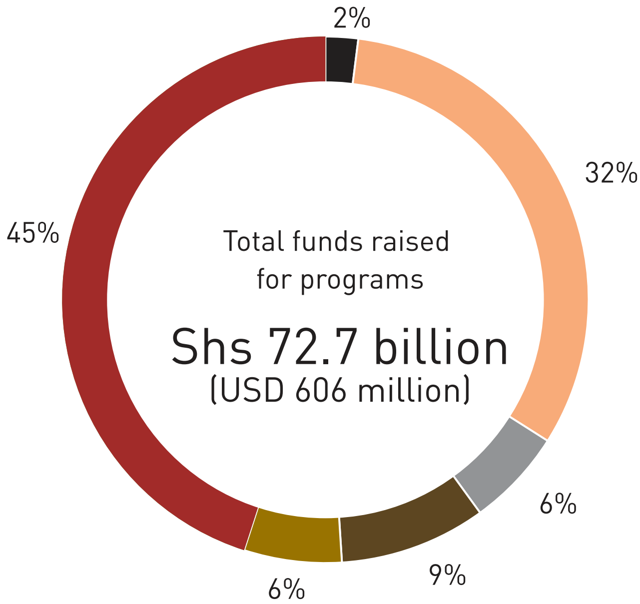
Our strategy is based on disciplined operational efficiency, with a strong emphasis on cost reduction. Overall, we want to transform our cost structure to better manage discretionary costs and incur those costs that add value to stakeholders and the business. Employee costs have risen in line with the Group's ongoing expansion into the DRC, as well as an increase in employee recruitment in Kenya and Uganda. Other expenses at the Bank have increased due to ongoing provisions made to protect employees, with additional costs incurred associated with the roll out of enabling infrastructure, training, provision of PPE, and delivery of employee wellness programs. However, our cost-to-income ratio decreased, indicating that we have managed overhead costs efficiently. The cost-to-asset ratio demonstrated that we are making the best use of our assets to drive profitability and efficiency in how we deploy them.

Social Impact Investment

We drive social impact through the Equity Group Foundation (EGF). Established in 2008, EGF executes the Group's vision to transform lives and livelihoods through the design and implementation of innovative programs that leverage the Group's infrastructure and partnerships to create shared value for the people of Africa. We believe that EGF has a critical role to play in ensuring the overall success of the Group by improving society's quality of life by addressing societal needs and challenges while at the same time supporting the business - essentially Creating Shared Value [CSV]. EGF was funded to the tune of Shs 72.7 billion (US$ 606 million) in 2022 with these funds distributed in support of promoting financial inclusion through Education and Leadership Development, as well as the upliftment of certain segments of the economy including Food and Agriculture; Health; Energy, Environment and Climate Change; Financial Inclusion and Enterprise Development; and Social Protection as follows:

Social Investment Programs Investment % Breakdown by Focus Pillar

- Food and agriculture
- Education and leadership development
- Energy and environment
- Enterprise development and financial inclusion
- Health
- Social protection



Equity Rwanda team and FSD Africa launch a program that will extend the levels of financial inclusion among refugees.

HUMAN CAPITAL

Headcount	Women employed	Women in senior leadership	Employee Turnover
13,065	41%	33%	12%
2021: 9,677	2021: 43%	2021: 32%	2021: 16%

Spend on employees	Training Spend	Average learning hours
24.7bn	Shs 373.8Mn	33
2021: 19.2	2021: 200.5Mn	2021: 53.4

The Equity Group's Human Resources Strategy has Four Strategic Thrusts for the next 18 – 36 months:

1. Organising ourselves for growth through a market-focused target operating model and structure.
2. Delivering superior sustainable value creation for our stakeholders through a robust Productivity and Performance Management Framework.
3. Harnessing high employee engagement and retention through a competitive employee value proposition (including Total Rewards).
4. Building robust succession plans for key positions and career development pathways for our key talent.

Culture and connectivity to the Equity Group essence (Purpose) continued to be the core foundations for our Human Resources strategic intent.

In 2022, we launched a Talent Management Framework based on our BUY, BORROW, BUILD and BIND strategy. To deliver a long-term sustainable talent strategy, we believe that we need to manage a delicate balance of interventions to deliver decent results today and future-proof our business against the escalating war for talent as well as the Volatility, Uncertainty, Complexity and Ambiguity (VUCA) headwinds. We are leveraging market talent maps, our Young Bankers, and Equity Leaders Programs to build the pipeline bottom-up while hiring world-class mid-career recruits against our ambitious growth plans.

The year continued to focus on enhancing performance management approaches as we adopted a balanced score card model for employee appraisals. We now have productivity matrixes and a Group wide digital dashboard. This is in line with our commitment to promote a high-performance culture that focuses on delivering value for stakeholders while ensuring employee wellbeing.

We have focused our attention on talent pool management, succession planning and career development for top talent. Learning and development and enhancing a high-performance culture is key. During the year, we reverted to working in the office. Over the past two years, we have had rapid growth in employee numbers which has required co-ordinated re-integration of employees as they returned to the office.

The priority of the human capital function is to have the right organisation and talent to deliver the *`Africa Recovery and Resilience Plan.'* This means organising employees to deliver and particularly to be market focused with clarity on how to create value for stakeholders. Importantly, employees must have the right skills and right tools to deliver on their mandates. Enabler functions also need to understand the market facing teams and support them with relevant interventions.

One of the key decisions in the year was the physical separation of the Kenya subsidiary from the Group. . This also required the rationalising of staff deployment between the two entities. Conclusion of this aspect is expected in 2023 with key recruits to be sourced thereafter.

We are strengthening our capabilities to extend employee benefits across our footprint, by ensuring legislative requirements are met, and are steadily rolling out additional benefits to the remaining subsidiaries. We value our employees and believe that taking care of their needs and wellbeing is essential to leveraging their full potential. The benefits provided across our subsidiaries are summarised as follows:

HUMAN CAPITAL

Benefits provided	DRC	Kenya	Rwanda	South Sudan	Tanzania	Uganda
Competitive Remuneration	✓	✓	✓	✓	✓	✓
Parental leave*	✓	✓	✓	✓	✓	✓
Medical and Family leave*	✓	✓	✓	✓	✓	✓
Medical Aid*	✓	✓	✓	✓	✓	✓
Pension*	✓	✓	✓	✓	✓	✓
Work Injury Benefits		✓	✓		✓	✓
Wellness Programme	✓	✓	✓	✓	✓	✓
Work from home options	✓	✓	✓	✓	✓	✓
Preferential lending rates	✓	✓	✓	✓	✓	✓
Group Life Assurance	✓	✓	✓	✓	✓	✓
Critical Illness	✓	✓	✓	✓	✓	✓

*Equity provides enhanced benefits beyond the statutory provisions

Employee wellness

Wellness is a critical component of the Group's engagement with employees. The Group uses a 3600 Wellness Wheel approach that covers the diverse aspects of wellness including physical, emotional, and mental wellbeing. A robust wellness scheme was developed that will see staff presented with an offering that encompasses all dimensions of wellness. The Group further maintained an internally managed medical scheme with Equity Afia medical facilities designated as the first point of call for outpatient medical services. Equity Afia continues to extend high quality, accessible care at reasonable costs.

Equity men's handball team celebrate their win after they clinched the 1st overall position at the 36th edition of the 2022 Kenya Institute of Bankers Sports competition.

Diversity and inclusion

The Group considers diversity as a strategic imperative providing an expanse of skills, knowledge, experience, and backgrounds that enriches the team. We are leveraging the power of diversity within our portfolio of countries and building into our recruitment and development processes the desired diversity agendas especially on gender, race, and languages amongst other elements.

Succession planning for key roles

Our talent management framework has necessitated the identification of critical roles against which we are identifying talent internally to be developed. We have identified talent who are ready now and who can be developed over time to occupy key feeder roles, ensuring we develop a much-needed succession pipeline.

Career pathways for top talent

Our talent review process is managed through talent committees/councils. This allows us to segment our talent pools and identify our Top/High Potential performers. This also allows us to plan to replace this talent as they progress into more senior and leadership positions.

HUMAN CAPITAL

Learning and development

We provide ongoing training for all our employees so as to equip them for work and life. In the year, employees had an average of 53.4 hours of training and our overall Group training spend stood at Shs 221 million. Apart from the general induction training programs, we conducted sessions on:

- ESG, sustainability and climate related risk management
- Mental health awareness
- Employee benefits including retirement benefits, medical cover
- Ecosystem approach
- Insurance and Bancassurance
- Infosec
- Data protection regulation
- Occupational health and safety
- Anti-money laundering
- Anti-fraud awareness
- Executive leadership training with Ivy League and notable global universities

The EQUIP programme which aims to develop a strong pipeline of women, continued with mentorship programs including the book club with 766 participants engaged in the year.

The success of this programme has spurred our male employees to create their own mentorship club including a book club in 2023. MANDATE is a programme focused on supporting men to become the best version of themselves.

The EQUIP ladies had a close out session for the different book clubs that participated in reading the book Lean In by Sheryl Sandberg. In picture is, Guest Speaker at the webinar, Founder and Chairperson of Women on Boards Network Catherine Musakali (3rd right) and EQUIP Book Club founding patron, Group Executive Director Mary Wamae (2nd right) cut cake with (L- R) Group Director of Sustainability Reshma Shah, Equity Bank Kenya HR Director Dr. Dorcas Kiai, Regional Academic Director at Strathmore Business School, Irene Kinuthia, Group Director, Strategic Human Capital, Dr. Beth Waweru, and Lavington Supreme BGDM Florence Muthama

MANUFACTURING AND INTELLECTUAL CAPITAL

Manufactured capital consists of equipment, physical facilities, and digital channels such as ATMs, applications and operational systems that are made available by the organization for use and offer of products and services. Intellectual capital refers to the Bank's intangible assets and can be broadly defined as the collection of all informational resources the Group has at its disposal that can be used to create value, gain new customers, create new products, or otherwise improve the business.

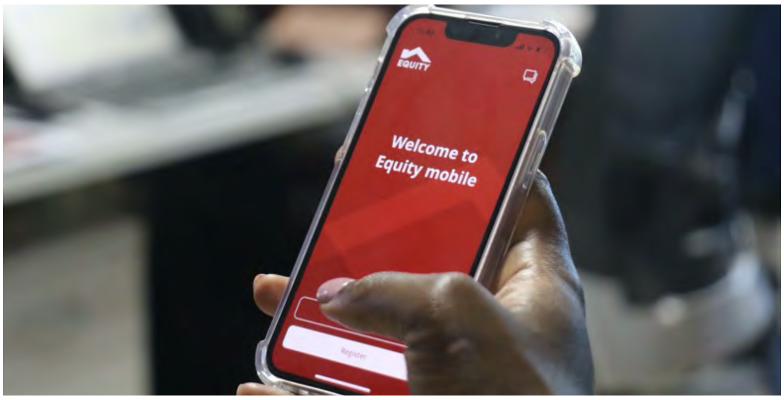
Manufactured capital

Branches	ATMs	Agents	POS
358	680	64,021	42,755
2021: 335	2021: 695	2021: 61,061	2021: 36,133

We have a diverse array of channels through which we deliver products and services including physical channels such as branches, ATMs, agent and point of sales (POS) terminals across the Group's geography. Digital channels therefore have the leading role in the acquisition and servicing of customers. In addition, we are digitising our physical channels to provide a wider range of self-service options for customers. These include, Mobile Banking, Agency Banking, PayPal, Online Banking, Pay With Equity, Visa Direct, Equity Cash Back, Self-service portal and Equitel.

Digital banking

Leveraging on technology, the Group provides digital offerings to local and diaspora customers. These include cards, payment services and money transfer services for personal, SME, corporate, Groups and diaspora customers.



Shs 2,065Mn revenue through mobile and internet offerings
Shs 1,052Mn transactions conducted through mobile and internet channels

Agency banking

Agency banking brings banking services closer to our customers. It enables financial inclusion by offering services in areas where banking services are unavailable or not easily accessible. It creates business opportunities for service providers allowing them to diversify their revenue.

Number of agents: 64,021	Monthly value of transactions: Shs 2,163bn

MANUFACTURING AND INTELLECTUAL CAPITAL

Card and merchant

We have a widely recognized range of card-based payment products, including debit cards, credit cards and the pre-paid cards, as well as cash-free payment solutions. Our debit and credit cards are also enabled for online e-commerce transactions.

Merchant turnover: Shs 148bn	**Merchant commission: Shs 2bn**
POS terminals: 42,755	

Diaspora banking

Diaspora banking offers a wide range of services to suit the banking needs of our target clientele that ranges from banking services for individuals and groups (to confirm if indeed we have group based products for diaspora) , payment cards, , mobile and online banking, credit facilities, investment solutions and insurance products.

Transaction volumes: Shs 393bn	**Diaspora Commissions: Shs 1.9bn**

MANUFACTURING AND INTELLECTUAL CAPITAL

Manufactured capital

Information Technology forms a key part of our intellectual capital, and it serves to facilitate the Group's implementation of both its economic and social strategic engines. Our IT objectives in the medium-term, framed in alignment with the Group's `*Africa Recovery and Resilience Plan*' are founded on 12 pillars.

Pillar	Objective	Outcome
Reliability	To meet our customers' expectations of a seamless customer experience, by always ensuring the availability of efficient and reliable services, as well as production resilience and operational excellence.	Running and building business
Legacy	To streamline legacy issues that affect service offerings and decision-making: i.e., systems; people; buy vs build.	
Customer experience	To address all customer-experience pain-points, ensure system accessibility, availability, and stability, and to digitise operations.	
Process efficiency	To achieve and maintain process efficiency across the Group to improve both customer and user experience, save costs, grow revenue, and optimally manage resources.	
Telco and convergence; Financial inclusion	To build end-state capabilities to deliver the capacity needed for telco (B2B) business, and to identify opportunities for Equitel, the Group's mobile MVNO.	Transforming business
Tech acquisition	To identify, acquire and scale up businesses that can assist the Group with its strategic objectives.	
Data as an asset	To use data insights to drive day-to-day decision-making, improve personalisation offers to customers, boost employee productivity and drive innovation.	
Agility	To be agile enough to anticipate, prepare and respond to the ever-changing and evolving challenges and to quickly adapt to the new, rapid, and ongoing forces of change.	Driving delivery
Talent management	To implement strategies that attract and retain top talent in order to achieve and sustain all other strategic initiatives.	
Architecture, governance, and compliance	To develop a scalable governance framework that provides transparency and controls in delivering value to business within agreed levels of assurance and compliance.	Assuring business
Cybersecurity	To enhance existing controls to provide assurance to stakeholders, customers, and internal staff, to achieve optimal delivery and business value.	
Innovation culture	To develop an environment – people, process, technology, and controls – that inculcates innovation as a way of delivering value and sustaining technology business.	

MANUFACTURING AND INTELLECTUAL CAPITAL

IT key performance indicators include:

Performance area	Attainment
Reliability	• 99% service availability • 100% BCP coverage with 70% pass rate • Implementation of IT service management (ITSM) and application performance monitoring (APM) • Application uptime • Disaster recovery (DR) testing at 100% • High Availability (HA) for all critical systems
Customer experience	• Same-day processing of all work at GPC • Timely resolution of customer complaints • 70% net promotor score (NPS) • Process harmonisation across subsidiaries
Technology acquisition	• Board approval of framework for technology acquisition • Acquisition of technology company aligned to Group strategic objectives
Governance and compliance	• Maintaining of ISO 20000 and 27000 for Kenya, and ISO 20000 certifications for Uganda and Rwanda • PCI DSS and SWIFT compliance certifications
Cybersecurity	• Implementation of multi-factor authentication for Windows server access • In-tune installation on staff personal devices to reduce attack surface • Rollout of security awareness to all staff

Robert Kiboti, Equity Group Associate Director International Banking and Payments (left) and Benjamin Fernandes, NALA CEO (right) during the launch of the partnership between NALA money and Equity Bank Kenya. Equity continues to build linkages with like-minded partners such as NALA to ensure that Kenyans have access to seamless and most competitive remittance services.

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital

Customers

Our customers were estimated at 17.7 million at the close of 2022. We have had a steady growth in customer numbers despite the challenging context with our ambition to increase customer numbers to 100 million by 2025. This requires that we invest to ensure that the Group is able to deliver consistent high quality value to our customers and maintain a superior customer proposition and customer experience.

Customer experience

Customer experience NPS by geography							
Year	Tanzania	South Sudan	DRC	Kenya	Rwanda	Uganda	Group subsidiaries' Average
2022	53%	38%	-8%	65%	85%	47%	47%
2021	52%	44%	-23%	44%	32%	41.5%	32%
2020	52%	-	-	38%	-	38.5%	43%
Customer experience (CSAT) by geography							
2022	80%	74%	63%	90%	89%	66%	77%
2021	84%	-	61%	84%	75.5%	53%	68%
2020	-	-	-	77%	88%	29%	65%

Customer Experience (CX) is critically success factor for the Group. Investments across digitisation and technology are primarily aimed at improving customer experience by ensuring the availability of efficient and reliable services at all times. Increasingly, we are using data to appreciate our customers' needs and respond to them actively. Fundamentally, Equity is committed to addressing identified customer pain points and accompanying them on their wealth creation journeys. We use the Net Promoter Score (NPS) which rates the likelihood that a customer would recommend us, our products, or services to others. Additionally, we consider the client satisfaction score (CSAT) when measuring customer.

Overall, there has been an improvement in NPS and CSAT scores from 2021 to 2022 noted across most subsidiaries within the Group. As noted earlier, DRC continued post-merger processes which created challenges that included different bank practices (EBL and BCDC), network challenges and unavailability of key tools. The subsidiary has performed well in 2022 to stabilize the network and harmonization of processes. Scores for Kenya improved as the subsidiary instituted several initiatives to improve customer experience including:

- Quarterly thematic trainings for the branches covering soft skills training on customers experience management
- Foot fall reduction through floor manager in branches who support and direct customers to use alternative channels
- Increased uptake of digital products hence reducing the customer visits to branches.

In addition, the Group customer experience team has designed a Group Customer Experience Policy, and Standards as well as a customer feedback plan for standardisation with the ability to localise to subsidiary nuances. Equity further expanded the Group customer experience structure with more resources including CX Partner Channel Excellence, CX Partner Product Excellence and CRM Manager to drive service excellence across the Group.

Equity call centre in Uganda

SOCIAL AND RELATIONSHIP CAPITAL

Society

Education & Leadership Development	47,009 Scholarships issued	97% secondary completion rate 82% attained university entry grade 2022 Wings to Fly graduates	17,820 university scholars 761 global scholars 7,482 paid internships 3,454 TVET scholars Equity Leaders Program + TVET
Food and Agriculture	3.9 million Farmers impacted	215,512 Small & Medium sized famers reached	
Health	77 Equity Afia active facilities	1,299,523 Cumulative patient visits to Equity Afia clinics	
Enterprise Development & Financial Inclusion	2,404,400 Women and youth trained in financial education	406,621 MSMEs trained in entrepreneurship	Shs 223.1Bn Disbursed to MSMEs under Young Africa Works program
Energy and Environment	375,683 Clean energy products distributed	21.8 million Trees planted	
Social Protection	4.5 million Individuals reached	Shs 117 Bn Disbursed via cash transfers	
Finance & programs office	USD 605,805,867 Total funds raised for programs		

The Equity Group Foundation was established in 2008 as a not-for-profit implementing foundation to serve as the Group's social impact investment vehicle. The Foundation champions the efforts of low-income people to transform their lives and livelihoods. It connects women, farmers, small-business owners, and youth to much needed educational, health and economic opportunities, tools and technologies that enable personal progress and wealth-creation in the face of the challenges of poverty.

EGF programmes utilise the Group's banking infrastructure – its digital platforms, and its extensive network of bank branches and personnel. Social and economic change is further advanced by means of strategic partnerships with local and international development organisations, government, and the private sector. Based in Nairobi, Kenya, and with a fundraising operation in the United States, EGF currently operates programmes in Kenya, Uganda, Rwanda, South Sudan, Tanzania, and the DRC. Over the past 13 years, 46.2 million people have benefited from the foundation's projects and initiatives, and in tandem with the Group's `*Africa Recovery and Resilience Plan*', the aim is to impact 100 million people by 2025.

EGF implements social impact programs along six thematic areas ,which guide its projects and initiatives:

- Education and Leadership Development
- Food and Agriculture
- Health
- Enterprise Development and Financial Inclusion
- Energy, Environment, and Climate Change
- Social Protection

A detailed evaluation of the performance against these pillars is available in the Sustainability Report and Social Impact Investment Report, which forms part of the suite of reports published along with this Integrated Annual Report each year.

SOCIAL AND RELATIONSHIP CAPITAL

Our 2022 commitments and performance

EGF's performance indicators provide a focus for measuring and reporting Creating Shared Value. This section provides a performance summary of our strategic program pillars.

Pillar	Program	2022	Cumulative
Education and Leadership Development	Secondary School Scholarships – Wings to Fly and Elimu	10,000	47,009
	Wings to Fly scholars qualified to join university	780	11,771
	Equity Leaders Program Global Scholars		761
	Equity Leaders Program Interns	778	7,482
	Technical and Vocational Education Training Scholars	192	3,454
Food and Agriculture	Medium Sized farmers	42,500	215,512
	Farmers Impacted	1,580,000	3,980,000
Health	Equity Afia out-patient clinics	26	77
	Clients reached through Equity Afia	597,943	1,299,523
Enterprise Development and Financial Inclusion	Micro, Small and Medium Enterprises trained	112,131	406,621
	Financial Inclusion	92,516	2,411,105
Energy, Environment and Climate Change	Clean Energy products distributed	46,262	375,683
	Trees planted	12,800,000	21,800,000
	Carbon credits	Reduced carbon emission by 390,000 metric tonnes	
Social Protection	Number of individuals reached with Social Protection Programs	1,100,000	4,500,000
	Value of Disbursements via Cash Transfers	21.7 billion	117 billion

Dr. James Mwangi, Equity Group Foundation Executive Chairman (3rd left) together with the 73 Equity Leaders Program (ELP) scholars who joined 48 universities around the globe in 2022. With him from left is Florence Kariuki, General Manager Food & Agriculture, Dr. Beth Waweru, Group Director Strategic Human Capital, Dr. Joanne Korir, Associate Director Health, Margaret Muhoro, General Manager Education and Leadership Development and Penny Kimani, Associate Director Finance & Programme Office

SOCIAL AND RELATIONSHIP CAPITAL

Pillar 1: Education and Leadership Development

The goal of the Equity's Education and Leadership Development pillar is to develop and inspire a generation of young leaders to support the social transformation and economic growth of their communities, countries, and beyond.

Wings to Fly: This is a flagship scholarship program that supports deserving, high performing students from vulnerable and poor families to undertake secondary, university and vocational education by providing school fess, scholastic materials, mentorship, career guidance, leadership training and medical and psychosocial support.

15,507 cumulative students
97% completion rate

82% qualify for university admisison against a national average of 21%

3,454 enrolled to TVET

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

Jamila Martha, Elimu scholarship program beneficiary residing in Kiandutu slums in Thika was visited at her home for the purpose of verification.

Elimu Scholarship

Elimu: This is a scholarship scheme that is funded by the Ministry of Education with support from the World Bank and administered by Equity Bank, to support needy and vulnerable students to acquire decent secondary education.

9,000 students supported in 2022

27,000 cumulative students

53%: Female beneficiaries

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

Supported by THE WORLD BANK

EQUITY

SOCIAL AND RELATIONSHIP CAPITAL

Equity Leaders Programme (ELP) is a rigorous leadership development program for top-performing students with the aim of creating a community of transformative leaders who work together across borders and various sectors to drive sustainable economic growth and social progress in Africa.

2022: 7,482 cumulative beneficiaries
KEN: 487 DRC: 137 RW: 32 UG: 122
18,725 Cumulative ELP Scholars
761 Global University Scholars
47%: Female beneficiaries

Pillar 2: Food and Agriculture

The aim of the Food and Agriculture pillar is to accelerate economic growth by commercialising agriculture to help create jobs, improve market access, and expand agricultural production through partnership with farmers and other key players. A key objective is to enable the creation of employment and enhancement of incomes, particularly for the smallholder farmers, which in turn will support the economy through foreign exchange, and ultimately the manufacturing sector through increased production, which is a strategic pillar within our *`Africa Recovery and Resilience Plan'*.

Impacting smallholder farmers

We endeavour to build smallholder farmer capacity so that they can run their enterprises through:

- Training on Good Agricultural Practices (GAP)
- Incorporation of technology
- Financial education and information
- Climate-aware practices including conservation agriculture
- Market linkages
- Input supplier linkages
- Access to financial service including credit guarantee
- Agribusiness where they can scale
- Providing weather information

- 3.98 million farmers and 7,908 agricultural MSMEs reached with trainings, mentorship, linkages to markets and finance
- 50,791 farmers trained on financial education, agribusiness and Good Agricultural Practices (GAP)
- 44,914 farmers enabled to access financial services
- 46,016 farmers linked to markets

1 NO POVERTY | 2 ZERO HUNGER | 13 CLIMATE ACTION | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Partners IFAD International Fund for Agricultural Development | United Nations | Norad | Bill & Melinda Gates foundation | European Union

SOCIAL AND RELATIONSHIP CAPITAL

Pillar 3: Health

Our goal is to expand access to affordable and high-quality healthcare services, and our initiatives in the year under review were all aligned to that objective. During the year under review, we also supported the health sector by assisting those practitioners who needed to access credit.

Equity Afia: This is a flagship healthcare network of franchised medical out-patient center's run by qualified and experienced doctors with the aim of providing high quality, affordable and accessible healthcare. In 2022, the total number of clinics stood at 77, a 51% increase from the prior year serving a total of 1,299,523 patients. In 2023, outlet growth is anticipated to reach 120 in Kenya, covering every county and 30 facilities in the DRC.

Outlets	
2018	5
2019	11
2020	33
2021	51
2022	77

Equity Afia Thika Medical Centre Nurse In-charge Sabina Kagwi (centre) explains to pupils from ACK Thika Memorial School how to wash their hands properly during the 2022 Global Handwashing Day. Looking on is Equity Afia Administrative Assistant Kessy Njeri (right) and Equity Afia Registered Nurse Caroline Njeri (left).

SOCIAL AND RELATIONSHIP CAPITAL

Pillar 4: Enterprise Development and Financial Inclusion

Foundational to this pillar is entrepreneurship, financial and digital literacy training, and business development services for the MSME sector so as to stimulate job-creation, promote financial inclusion for marginalised and excluded groups and migrate businesses into the digital space.

Young Africa Works: This is a five year project in partnership with Mastercard Foundation that seeks to catalyse 810,000 jobs in Kenya by facilitating 150,000 MSMEs and 100,000 jobs in Uganda. .The program has cumulatively reached 1.2 million people and onboarded 406,621 MSMEs with cumulative loans amounting to about Shs 223.1 billion.

246,701 MSMEs supported

Shs 223.1 billion disbursed

In addition, under the entrepreneurship component of this pillar, the following results were achieved in the year:

- 1,266,182 jobs created
- 493,759 jobs retained
- 93,885 MSMEs mentored and coached in entrepreneurship and digital literacy
- 4,774 businesses mentored through BDS program
- 406,621 MSMES benefitted from training, mentorship, coaching and access to finance.

SOCIAL AND RELATIONSHIP CAPITAL

Pillar 5: Energy, Environment, and Climate Change

There is a strong link between energy, the environment and climate change. By focusing on clean energy access and environmental protection, we aim to positively impact on climate change. The Equity Group Foundation is the main driver of these initiatives, which has also realised business growth in these sectors. By utilising the Banks' infrastructure to access customers, and by deploying our balance sheet we have initiated various marketing drives to increase awareness of these issues in society.

Programs	• EcoMoto, a digital loan to finance clean energy • Energy efficiency solutions for households, industries, and institutions • Support for clean biomass fuels production • Distribution of clean energy products to households • Water efficiency • Tree planting

Equity Bank Rwanda Managing Director, Hannington Namara plants a tree during the tree planting activity in Ayabaraya site.

Energy transition:

Equity supports transition to clean energy that reduces reliance on wood fuel, charcoal, and fossils fuels like kerosene as a source of energy and offers the EcoMoto loan, which is available digitally, to avail financing for clean energy. Over Shs 15 billion has been disbursed for mitigation and adaptation in energy and agriculture.

Clean energy

- 100,000 clean energy products financed
- Shs 2 billion finance availed
- 375,683 households reached
- Over 1.5 million people impacted
- Shs 4.5 billion savings for households
- Over 376,122 trees saved through cooking energy transition

Climate impact

390,000 metric tons of CO_2 reduced

At the close of 2022, the Group had planted 21.8 million trees cumulatively

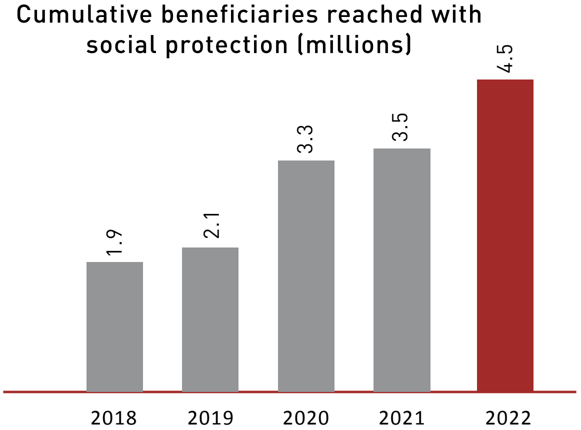
SOCIAL AND RELATIONSHIP CAPITAL

Pillar 6: Social Protection

In partnership with Governments, Humanitarian and Development agencies, Equity provides inclusive financial services to thousands of marginalized and vulnerable households living in Kenya, Uganda, Rwanda, and South Sudan through Cash Transfer Programs.

The programs are delivered through Equity Bank's vast distribution network (Branches, Agents, Merchants, ATMs). The Bank leverages innovative delivery models to co-create enrolment and payment solutions for Elderly Persons, Orphans, Persons with Severe Disabilities, Persons living in ASALs, Internally Displaced Persons, Refugees, and other Vulnerable Persons.

- 4.5 million individuals reached
- Shs. 117 billion disbursements via Cash Transfer



Equity Bank staff onboarding customers during the enrolment of Inua Jamii program.

NATURAL CAPITAL

We are committed to having a positive impact on the natural environment. In this regard, we have expanded our internal capacity to handle environmental and social (E&S) aspects of our business. We have established a sustainability committee within the Group Board to provide oversight on the E&S aspects. Internally, we have established a substantive function to cover Environmental, Social and Governance (ESG) risks and opportunities including improving our sustainability credentials.

We are currently assessing the environmental considerations of everything that Equity Group does. This includes our lending processes, how we interact with our customers, how we engage with our suppliers and how we run our facilities. Internal focus areas aim to:

- Improve our operations.
- Enhance efficiencies in energy and water usage.
- Assess use of back up energy supplies such as use of generators.
- Change the way we consume services in the Bank.

External focus areas include:

- Encouraging suppliers to transition to greener forms of production.

We are currently undertaking supplier assessments of new suppliers using environmental criteria, to identify negative impacts in our supply chain and if any actions need to be taken to reduce this. We have identified four areas of focus to reduce our environmental footprint, these are summarised as follows:

Energy	Water	Carbon	Waste
Consumption in the organisation	Consumption at facility level	Scope 1 Emissions	Assessment per type
Consumption outside the organisation		Assessment of GHG emission intensity	
Assessment of energy Intensity	Assessment of water reduction options		Assessment by disposal method
Assessment of energy reduction options		Assessment of GHG reduction options	

For more details on our approach and outcomes associated with the management of environmental, social and governance risks in the business the reader is encouraged to read the 2022 Equity Group Holdings Sustainability Report.

PROTECTING AND PRESERVING VALUE

CORPORATE GOVERNANCE STATEMENT

Our governance structures

"Our corporate governance forms a critical part of our financial, human, intellectual and social and relationship capitals, and impacts every aspect of the Group's structure and operations. The Board recognises that sound corporate governance principles are the foundation upon which stakeholder trust is built. Board members therefore take their responsibility for the corporate governance agenda within the Group seriously and continue to focus on maintaining the highest standards of corporate governance and business ethics in the Group's operations in order to meet the needs and objectives of, and create value for, the various stakeholders."

The Group is diverse and as such has established a Corporate Governance Framework which sets out a schedule of matters with the objective of ensuring effective governance across the Group and furthering the value of the common brand.

During the year under review, the Group complied with all the aspects of the 2015 Capital Markets Authority (CMA) Code of Corporate Governance as highlighted under the following broad topics:

- Board operations and control
- Rights of shareholders
- Stakeholder relations
- Ethics and social responsibility
- Accountability, risk management and internal control
- Transparency and disclosure.

The CMA Code of Corporate Governance has been made available to directors and senior management by upload on the Group's Board portal (eBoard).

Board operations and control

The Group observes the various principles set out in the CMA Code of Corporate Governance with regard to Board operations and control:

Appointment, composition, number and qualifications of Board members

Appointments to each of the Group boards is made in line with the Board Appointments Policy and Procedure through an organised and effective process that ensures the appointment of a diverse and balanced mix of proficient individuals. Such appointments consider academic qualifications, technical expertise, experience, nationality, age, gender, integrity and ethical standards.

Recommendations for new nominees for appointment to the Board are made by the Group Board Governance, Nominations and Compensation Committee. In order to make it effective, the Board's size, diversity and demographics are taken into consideration when electing Board members. The Group has in place a comprehensive Board Diversity Policy and Skills Matrix.

Diversity applies to academic qualifications, technical expertise, relevant banking knowledge, experience, nationality, age and gender so as to ensure a balanced Board that fairly reflects the Group's shareholders and other stakeholders and provides a mechanism for the representation of minority shareholders.

The Board as currently constituted reflects broad diversity through variation in directors' age, gender, professional qualifications, experience as well as nationality. The majority of the directors are members of professional bodies.

A Board Succession Policy and Plan is also in place to ensure the smooth transition of Board members.

CORPORATE GOVERNANCE STATEMENT

Structure of the Board

Based on the current Articles of Association, the Board is required to comprise a minimum of seven directors, with the maximum set at 12.

There exist different Board committees with established terms of reference to provide guidance on broad functions of the Group such as audit, finance, strategy and investment, risk management, governance and remuneration. The Board ensures that the constitution of these committees is appropriate, with its members having the necessary skills and expertise to fulfil the respective committee mandates.

Functions of the Board

In offering strategic guidance, leadership and oversight of the company while ensuring accountability to the Group's shareholders, the Board is required to act in the best interest of the Group and its stakeholders, keeping in mind its fiduciary duties while performing its role and responsibilities.

The Board has thus ensured that:

- Roles reserved for the Board and those delegated to management are clearly distinguished;
- The functions of the Chairperson and the CEO are exercised by separate individuals;
- The Chairperson of the Board is an independent non-executive director;
- There are established procedures to allow directors access to relevant, accurate and complete information and professional advice in order to discharge their duties effectively;
- The Group's strategy promotes its sustainability;
- There exist policies on related-party transactions and conflict of interest;
- The Board is assisted by a suitably qualified and competent Company Secretary; and
- IT-related matters and innovation.

Board independence

The Board has clearly distinguished between its independent and non-independent members. To ensure independence, the tenure of an independent Board member may not exceed a cumulative term of nine years. However, where an independent Board member attains a cumulative term of nine years, that member may continue to serve on the Board subject to re-designation as a non-independent member. The Board assesses the independence of its members on an annual basis to mitigate the risks arising from potential conflicts of interest or undue influence from interested parties.

Age limit for Board members

The age limit for directors has been set at 70 years. Any director who attains the age of 70 years will resign from the office of director at the following Annual General Meeting (AGM), and shareholders are informed of the resignation at each AGM. If any such director wishes to continue serving in the office of director, he/she must seek the approval of the shareholders at the AGM.

Board tools

The Board has established various tools to enable it to discharge its mandate effectively. The Board has formalised its ethical standards through the Code of Conduct and Ethics, and set out the key values, principles and mode of operation in an approved Board Charter.

The Board annually approves a Work Plan to guide its activities for the year with a Board evaluation carried out. To enhance its effectiveness, the Board uses an online paperless platform – eBoard by an independent third-party consultant, to assess its performance and effectiveness.

The Board Charter and Code of Conduct and Ethics have been published in the Group's website.

CORPORATE GOVERNANCE STATEMENT

Insider dealings/trading

As a publicly listed entity, and in strict adherence to its continuing listing obligations, the Group prohibits insider trading in order to restrict anyone who has access to non-public information from potentially profiteering or avoiding loss unfairly. In this regard, the Group has in place an insider-trading and market-abuse policy which has been made available to all staff to ensure compliance.

Board induction, continuous skills development, and training

The Group is committed to ensuring that newly- appointed Board members are inducted into their role as soon as possible following their appointment, and that Board members have access to continuous development programmes on relevant issues, as well as to additional business-awareness sessions to enable them to maintain, deepen and update their knowledge and skills to effectively fulfil their responsibilities as Board members. The Group has an established Board induction and development policy.

The Group held one Board induction session in November 2022. New directors were duly inducted during this session.

Training

Board members are provided with regular updates on matters relevant to legal reforms, corporate governance, the corporate environment, regulatory obligations, business and commercial risks and other matters that may be of interest in the execution of their role.

While the restrictions arising out of the Covid-19 pandemic meant o n l y limited physical training could be carried out during the year under review, the Group embraced the requisite technology and undertook virtual trainings and induction sessions. In addition to the Leadership and Immersion Programme, the training programmes provided to directors in the year 2022 included:

- Risk Training Program by Risk Experts (7 hours)
- Credit Risk Training by Risk & Credit Experts (6 hours)
- Treasury & Liquidity Management / Balance Sheet Optimization by Arise BV (2 hours)
- Becoming Future Ready: Leading Organizational Change, Innovation, and Digitalization Training by Harvard Business School (28 hours)
- Model Risk Management by Arise BV (2 hours)

The Group recognises that no matter how diligently candidates have been prepared for Board roles, nothing replaces formal orientation for new Board members. The Group is therefore committed to ensuring that its Board members are inducted into their role as soon as they are appointed, and that they remain up-skilled and capable of delivering on their role and responsibilities.

During the year, new directors underwent extensive induction in line with the Group Board Induction and Development Policy.

Annual Board evaluation

The Board undertakes an annual assessment of its own performance, the performance of its chairperson, that of its committees, individual members, the Group CEO and Managing Director (MD), Group Executive Director and the Company Secretary.

Following the evaluation exercise, which is led by an independent consultant, the Board deliberates on the evaluation results and subsequently implements their recommendations.

The 2022 Board evaluation was duly conducted during the year under review, and the results noted for action.

As required by the regulations within their respective jurisdiction of operation, the reports were filed with the regulators.

Division of role of chairperson and Chief Executive Officer

The Chairperson

The Board is led by an Independent Non-Executive Chairperson to bolster its independent oversight. The role of the Chairperson is to:

- provide leadership to the Board;
- ensure that effective corporate governance practices and processes are embedded within the Group; and
- ensure that the Board is functioning as required and playing its role effectively.

In order to provide effective oversight, the Chairperson is not involved in the day-to-day running of the Group, and acts as the liaison between the Board and executive management.

The Chairperson also ensures that there is effective engagement between the Group and its stakeholders.

The Chief Executive Officer

The Group Chief Executive Officer (GCEO) is a member of the Board and is responsible for:

- the operations and management of day-to-day affairs of the Group:
- ensuring that the Group remains purpose-driven and achieves the strategic objectives set by the Board;
- providing leadership to senior management and staff;
- overseeing the implementation of the decisions of the Board;
- ensuring the preparation of strategy, annual budgets and business plans for approval by the Board;
- establishing appropriate risk-management frameworks and internal controls; and
- ensuring that the Group's operations are consistent with its risk appetite.

The GCEO is also tasked with:

- implementing a system of employment that is fair, safe, challenging and rewarding;
- building a culture of trust, team spirit, integrity, collaboration, excellence and accountability; and
- implementing appropriate processes for staff succession planning

Rights of shareholders

The Group is committed to serving the legitimate interests of all shareholders and remains accountable to them. Shareholders are accorded the right to receive any information that would materially affect their shareholding, participate in any meeting of shareholders, and to be facilitated to fully participate in all resolutions of interest to them as shareholders.

In addition to their basic voting rights, shareholders are involved in approving major strategic and corporate decisions of the Group which have a material impact on the equity or economic interests or share ownership rights of existing shareholders. The Group has set up an investor relations docket, headed by the Group Director for Strategy, Strategic Partnerships and Investor Relations, and engagement with all shareholders is continuous. In addition to engagement during General meetings, the management conducts at a minimum, quarterly investor briefings, as well as one-on-one shareholder meetings/calls when requested.

Our shareholders generally enjoy the right to:

- Participate and vote in shareholder meetings
- Inspect corporate documents
- Elect directors
- Be sufficiently informed
- Registration of ownership

CORPORATE GOVERNANCE STATEMENT

Information on the Group's performance and other material public information is made available through the distribution of integrated reports and investor briefings, as well as on the Company's website.

For more on our shareholders, see page 105.

Stakeholder relations

The Board recognises that the Group is accountable to various stakeholders including shareholders, employees, customers/depositors, suppliers, development partners, financiers, governments, regulators and the communities in which we operate. In order to promote effective relationships with its stakeholders, the Group has set and expects the highest standards of conduct within its operations, based on our established core values.

The Group is committed to building mutually beneficial relationships with all its stakeholders and to ensuring that a balance is maintained between the individual interests of stakeholders and those of the Group. In particular, the Group:

- promotes fair, just and equitable employment policies;
- promotes and is sensitive to the preservation and protection of the natural environment;
- is sensitive to and conscious of gender interests and concerns;
- promotes and protects the rights of children and other vulnerable groups;
- enhances and promotes the rights and participation of host communities; and
- supports staff and customer sensitisation.

The Group encourages feedback from all stakeholders via various channels including but not limited to general meetings, investor briefings, customer surveys, whistleblowing and feedback forms. This feedback in turn informs the Board on the issues that stakeholders are most concerned with, and these are considered when formulating the Group's strategy.

For more on our stakeholders, see page 50.

Compliance with laws and regulations

As a licensee of the CBK and listed on the Nairobi Securities Exchange (NSE), the Uganda Securities Exchange (USE) and the Rwanda Stock Exchange (RSE), the Group is bound by and complies with:

- the Banking Act and all prudential guidelines and directions given by the CBK and other regional regulators;
- the Companies Act 2015, its regulations and amendments;
- the Capital Markets Act and all subsidiary legislation;
- the NSE's rules and guidelines issued by the capital markets authorities in the three markets where the Group is listed, together with any requirements, decisions, or directions given by these authorities and the exchanges; and
- all other applicable laws and regulations governing the various lines of businesses in which it is engaged.

Transparency and disclosure

We have consistently practised balanced disclosure of all material information concerning the Group. We publish on our website important company information including, but not limited to, financial statements, investor briefings, particulars of shareholding, Group Notices and AGM material, our Group Board Charter, our Group Corporate Governance Framework, code of ethics and key Group policies including the Group Transparency and Disclosure Policy.

Ethics and social responsibility

We believe that corporate governance is not just about ensuring that the Group complies with applicable laws, regulations, codes and the highest standards of corporate governance, but that it does so in a transparent and ethical manner. We are cognisant of the fact that it is in the interest of the Group to operate within the mandate entrusted to it by society, and to remain socially responsible. For this reason, we undertake our business in a manner that does not harm, and is respectful to, our beneficiaries and or customers.

CORPORATE GOVERNANCE STATEMENT

A Code of Ethics and Conduct has been developed and disclosed on our website. The Code of Ethics has also been cascaded to all directors and employees, noting that it is to be strictly adhered to, so as to ensure that the highest ethical standards are achieved. To foster compliance with the code, it is factored into the performance evaluation, weighted with respect to the significance of our values as a measure in the overall scorecard of each employee.

For more on HR, see page 73 - 75.

The Group remains a leading player, through the EGF, in innovative social payment solutions that are humane and offer dignity to beneficiaries. Our flagship social programmes in youth and education, Wings to Fly and the Equity Leaders Programme are highly acclaimed for their transformational impact. Other programmes on energy, environment, and climate change, such as the Kenya off- grid solar access programme, the water harvesting and storage project, and clean energy for learning institutions and tree-planting, add both social and business value.

For more on the EGF and our social impact strategies and programmes, see page 80 - 88.

Policy on conflict of interest

The Board has established a Conflict-of-Interest Policy to offer guidance on how to mitigate the risk of activities and access to information that may lead to actual or potential conflicts of interest between the interests of the Group and those of its relevant persons.

This is in recognition of the fact that it is not possible to foresee every situation that could give rise to real, apparent or potential conflicts of interest. The policy identifies the activities which may compete or conflict with the Group's interests and outlines the steps to manage any conflicts of interest, should they arise.

Whistleblowing policy

The purpose of the Whistleblowing Policy is to foster an environment and culture of information-sharing, both positive and negative, without fear of retaliation. The policy and procedure manual is designed to enable stakeholders to speak up on, among others, their experiences, observations and opinions on products, service delivery, expectations, and challenges. It also encourages employees and other relevant stakeholders to report any perceived act of impropriety based on knowledge of facts.

Policy on procurement

The Board has developed a Group Procurement Policy, in order to:

- promote best practices, transparency and professionalism in all acquisition processes within the Group;
- ensure that suppliers of goods and services are subjected to a competitive tendering process in order to achieve quality, price competitiveness and reliability;
- ensure that all expenditure is in accordance with prior approved budget and procurement plans; and
- ensure compliance with applicable regulations and legislations.

Accountability, risk management and internal control

In order to help manage risks we have developed a risk- intelligent culture that is founded on:

- The Group's core values
- Risk-based incentives
- Group risk governance structure
- Risk-management tools and framework
- Accountability

In the context of the prevailing regulatory and economic environment, we assume various kinds of risks in our business and we support activities in pursuit of the attainment of our strategic objectives. We recognise that sound risk management contributes to the Group's long- term financial stability.

The Group Integrated Risk Management Policy outlines our risk management framework, risk appetite- setting framework, risk evaluation and reporting, and harmonises risk policies across the Group.

CORPORATE GOVERNANCE STATEMENT

Assurance is guaranteed through the risk department, internal audit, compliance and enforcement teams, external audit, Central Bank inspection, CMA and NSE reviews and cross-border supervisory colleges, as well as by credit rating agencies' reviews.

In addition, in line with the Equity 3.0 strategy, we continue to leverage technology and innovation to review risks through a holistic approach, and which is reported to our stakeholders.

For more on risk management, see page 53 - 55.

Directors' remuneration report

The Board reviews and recommends the remuneration structure of directors annually, subject to shareholders' approval. While directors' remuneration is linked to performance, it is competitively structured to attract and retain the best talent to effectively develop the Group's business.

Executive directors

The Executive Directors' remuneration package comprises core fixed elements (base salary, pension and other benefits). Executive directors are eligible to participate in the Group's bonus scheme which is anchored on the achievement of KPIs, but they are not entitled to earn fees or sitting allowances.

Non-executive directors

Non-executive directors are appointed for a renewable term of three years, subject to requisite regulatory and shareholder approval. They are obligated to act reasonably, in good faith and in the best interests of the Group and its shareholders. Non-executive directors are vested with the key responsibilities of:

- constructively challenging and contributing to the development of strategy, and extending the business of the Group;
- monitoring the performance of management in meeting agreed goals and objectives, and the reporting of performance; and
- ensuring that financial information is accurate, and that financial controls and systems of risk management are robust, scalable and defensible.

Non-Executive Directors are entitled to sitting allowances for attending Board and committee meetings, as well as an out-of-station per diem for attending to Group business outside their usual place of business or residence. Non- executive directors do not earn a salary and they do not participate in the Group's bonus schemes or the Group's pension plan. Upon retirement or termination, non-executive directors are entitled to any accrued but unpaid directors' fees or reasonably incurred expenses, but not to any other compensation.

Insurance

The Group provides Directors' and Officers' Liability Insurance for all directors during the entire duration of their tenure. Except in instances of negligence, the Group indemnifies its directors against all and any liabilities, losses and claims arising from their position as directors, including all legal and other professional expenses incurred in defending any civil or criminal action against themselves or the Group in connection with their bona fide conduct of its affairs. We have put in place a Directors and Officers Insurance Cover to cover the discharge of their obligations as directors.

Share options

There are currently no share options issued by the Group to executive and the non-executive directors.

Particulars of compensation of directors and key personnel are disclosed to the public in our audited financial statements in our remuneration report on page 114.

CORPORATE GOVERNANCE STATEMENT

Board Meetings

The Board meetings were held on a quarterly basis in the months of March, May, August and November. During the year, there were five ad hoc meetings, one in January, one in May, two in June and one in September. The Committee meetings on the other hand were held on a quarterly basis in March, May, August and November

The key areas of focus during the Board meetings were reviews of:

- the macro-economic environment and developments in the banking industry;
- financial and management performance and approval of accounts;
- the Group Corporate Governance Framework;
- the Business Continuity management in view of the Covid-19 pandemic;
- the Board Evaluation Report;
- the subsidiaries' performance; and
- Group strategy and proposed strategic investments.

Board meeting attendance FY 2022

Nine Board meetings were held during the year under review, which were attended as follows:

Director	Designation/Role	Attendance
Prof. Isaac Macharia	Non-Executive Chairman	9/9
Mrs. Evelyn Rutagwenda	Non-Executive Vice Chairperson	9/9
Dr. James Mwangi	Group Managing Director	9/9
Dr. Edward Odundo	Non-Executive Director	9/9
Dr. Helen Gichohi	Non-Executive Director	9/9
Mr. Vijay Gidoomal	Non-Executive Director	8/9
Mrs. Mary Wamae	Executive Director	9/9
Mr Jonas Mushosho	Non-Executive Director	9/9
Dr Evans Baiya**	Non-Executive Director	2/9

**Appointed to the Board 16 August 2022

Board evaluation

Board evaluation is performed on an annual basis, as required by the CBK, regional regulators and the CMA. For the year under review, Board evaluation was conducted by an independent consultant, with evaluation made of the Chairperson, Board members including the GCEO, Board committees and the Company Secretary, using a customised board evaluation toolkit.

The board evaluation process is intended to assess the effectiveness of the Board and contains recommendations from the consultants based on global best-practice as well as legal and regulatory requirements.

The Board evaluation questionnaire focused on the evaluation of the:

- Performance of the Board by its members
- Chairperson by other Board members
- Individual Board members by other members
- Company Secretary by the Board
- Effectiveness of Committees in conducting their mandate

The action points arising from the Board evaluations are consolidated in an action tracker to ensure full and timely implementation.

CORPORATE GOVERNANCE STATEMENT

Our Board committees

The Group Board has six committees which support it in discharging its responsibilities:

- Audit Committee
- Governance, Nominations and Compensation Committee
- Strategy and Investments Committee
- Risk and Assets and Liabilities Management Committee
- Information Technology and Innovation Committee
- Sustainability Committee

The secretary to each Board Committee is the head of the relevant function within the Group and Company.

In addition, the Board has established Board committees in each of the subsidiaries. These are governed by charters and aligned to the Group's delivery of its vision and mission

The Board Audit Committee

The committee is responsible for providing independent oversight on:

- The integrity of the financial statements of the Group
- The effectiveness of the Group's financial reporting, internal control, and risk-management systems
- The effectiveness of the Group internal audit function
- The external auditors' qualifications, independence and performance

The Committee comprises four Independent and Non- Executive Directors, two of whom are Certified Public Accountants (CPAs). The committee met four times during the year under review.

Membership and attendance of committee meetings:

Mrs. Evelyn Rutagwenda	Chairperson	(4/4)
Dr. Edward Odundo	Member	(4/4)
Dr. Helen Gichohi	Member	(4/4)
Mr. Vijay Gidoomal	Member	(4/4)

Key focus areas – FY 2022

- Review of the External Audit Plan for the year ending 31 December 2022
- Review, consideration and recommendation of financial statements for Board approval
- Status of issues raised in previous Internal Audit reports, management letters and regulatory onsite examination reports
- Significant internal audit findings and coverage of audit plans
- Consideration and approval of the Group Internal Audit Plan
- Consideration and recommendation of the Board Audit Committee Charter

Governance, Nominations and Compensation Committee

The committee's responsibilities are to:

- Recommend to the Board the remuneration packages offered to its Executive Directors, including bonuses, deferred awards and long-term incentive awards, pension rights and any compensation arrangements, while taking into account the Group's compensation and risk framework and appraisal structures
- Recommend general staff remuneration and human resource-related practices
- Periodically review the completeness and effectiveness of the Group's corporate governance initiatives and policies
- Regularly review the required mix of skills and experience, in order to determine the effectiveness of the Board, and to make recommendations to the Board for new appointments
- Review and monitor Human Capital productivity

The Committee comprises eight members, six of whom are Independent Non-Executive Directors. The Chairperson of the Committee is an Independent Non- Executive Director. All Committee members have extensive experience in business management in key positions and have an adequate understanding of the impact of compensation practices on the Group's risk profile. The committee met four times during the year under review.

Membership and attendance of committee meetings:

Mr. Jonas Mushosho	Chairperson	(4/4)
Prof. Isaac Macharia	Member	(4/4)
Dr. James Mwangi	Member	(4/4)
Mrs. Mary Wamae	Member	(4/4)
Dr. Edward Odundo	Member	(4/4)
Dr. Helen Gichohi	Member	(4/4)
Mrs. Evelyn Rutagwenda*	Member	(3/4)
Mr Vijay Gidoomal*	Member	(3/4)

* Retired from the Committee during the year

Key focus areas – FY 2022

- Review and recommendation of the appointment of new Board directors for nomination
- Board evaluation
- Development, review and approval of the Group Corporate Governance Framework and Board Manual
- Guidance of HR Strategy
- Review and monitoring of Human Capital productivity
- Guidance on compensation and remuneration of Board directors and staff

Strategy and Investment Committee

The committee's role is to consider the various strategic options available to the Group and make recommendations to the Board regarding the development of the Group's long-term strategic plans.

The committee, in liaison with the Group's senior management, is responsible for:

- Regularly reviewing, discussing, and suggesting, revisions to the Group's vision and mission
- Establishing procedural guidelines with senior management for the development of the Group's corporate and investments strategy and its implementation, and clearly identifying the goals and expectations for the Group's strategic planning process
- Providing ongoing critical evaluation of, and accountability for, performance within the corporate and investments strategy, financial limits and operating objectives, as approved by the Board
- Understanding, identifying and discussing key issues, assumptions, risks and opportunities that impinge upon the development and implementation of appropriate corporate and investments strategies
- Ensuring that Group-wide risk discussion and management remain key components of the strategic planning process, including the consideration of, among others, risk and opportunities relating to
- the economy, the environment, ethics, finance, leadership, operations, politics, reputation, strategy, competition and technology

The Committee comprises nine members, seven of whom are non-executive, with five being Independent. The committee met four times during the year under review.

CORPORATE GOVERNANCE STATEMENT

Membership and attendance of committee meetings:

Mr. Vijay Gidoomal	Chairperson	(4/4)
Dr. James Mwangi	Member	(4/4)
Dr. Helen Gichohi	Member	(4/4)
Prof. Isaac Macharia	Member	(4/4)
Dr. Edward Odundo	Member	(4/4)
Mrs. Mary Wamae	Member	(4/4)
Mrs. Evelyn Rutagwenda	Member	(4/4)
Mr. Jonas Mushosho	Member	(4/4)
Dr Evans Baiya*	Member	(1/4)

* Appointed to the committee 11 November 2022

Key focus areas – FY 2022

- Group acquisitions
- Organisational change and culture
- General funding needs
- Proposal on expansion
- Impact of COVID-19
- Strategic initiatives and investments

Risk, Compliance, Assets and Liabilities Committee

The committee's responsibilities are:

- Reviewing and assessing the quality, reliability and integrity of risk management
- Ensuring that Group risk is effectively managed
- Ensuring the optimisation of the Group's assets and liabilities
- Ensuring compliance with statutory and legal requirements and Group's policies and procedures
- Reviewing on an annual basis the effectiveness of the Group's risk management practices

The Committee consists of six members, four of whom are non-executive, with three being independent. The committee met four times during the year under review.

Membership and attendance of committee meetings:

Dr. Edward Odundo	Chairperson	(4/4)
Dr. James Mwangi	Member	(4/4)
Mrs. Evelyn Rutagwenda	Member	(4/4)
Mr. Vijay Gidoomal	Member	(4/4)
Mrs. Mary Wamae	Member	(4/4)
Dr. Evans Baiya*	Member	(1/4)

* Appointed to the committee on11November 2022

Key focus areas – FY 2022

- The review of the Business Continuity Plan (BCP) for the Group
- The review of leading risk issues as defined in the Group Risk Management Policy
- Enterprise information, risk and security

- Cybersecurity strategy
- The review of BCM Strategy
- The review of global and regional macro-economic outlook
- The review of the ICAAP
- The review of compliance with AML/CTF laws, regulations and standards

Information Technology and Innovation Committee

The committee's responsibilities are:

- overseeing IT, Innovation and Cybersecurity activities across Equity Group, including matters on strategy, investment and strategic risk.

The Committee comprises nine members, seven of whom are non-executive, with five being Independent. The committee held its inaugural meeting in November during the year under review.

Membership and attendance of committee meetings:

Dr. Evans Baiya	Chairperson	(1/1)
Dr. James Mwangi	Member	(1/1)
Dr. Helen Gichohi	Member	(1/1)
Prof. Isaac Macharia	Member	(1/1)
Dr. Edward Odundo	Member	(1/1)
Mrs. Mary Wamae	Member	(1/1)
Mrs. Evelyn Rutagwenda	Member	(1/1)
Mr. Jonas Mushosho	Member	(1/1)
Mr. Vijay Gidoomal	Member	(1/1)

Key focus areas – FY 2022

- Reviewing the quarterly Technology Strategy update
- Reviewing and noting Essential Tech Trends Disrupting Financial Services and Technology Innovation Landscape
- Reviewing the IT Projects Update
- Reviewing the cyber security posture and security governance, risk and compliance

Sustainability Committee

The committee's responsibilities are:

- Reviewing the strategies, policies and performance of the Group in relation to Sustainability matters, ensuring alignment with the Group's overall strategy and suggesting ways to drive improvement in these areas as appropriate;
- Ensuring that appropriate frameworks are put in place to establish and maintain good governance of the Group's activities in Sustainability matters;
- Reviewing and assessing the quality, integrity and reliability of sustainability risk management and ensure that risk policies and strategies in the Group are effectively managed.
- Ensuring compliance with statutory and legal requirements and Group's policies and procedures regarding sustainability

The Committee consists of seven members, five of whom are non-executive. The committee held its inaugural meeting in November during the year under review

CORPORATE GOVERNANCE STATEMENT

Membership and attendance of committee meetings:

Dr. Helen Gichohi	Chairperson	(1/1)
Prof. Isaac Macharia	Member	(1/1)
Dr. James Mwangi	Member	(1/1)
Dr. Evans Baiya	Member	(1/1)
Mr. Vijay Gidoomal	Member	(1/1)
Mrs. Mary Wamae	Member	(1/1)
Mr Jonas Mushosho	Member	(1/1)

Key focus areas – FY 2022

- Review of the Equity Group Sustainability Framework
- Review of the Sustainability Dashboard
- Adoption of the Equity Group Sustainability Performance & Targets
- Adoption of the Equity Group Sustainability Framework Implementation Schedule

Management committees

The Group has established the following Management Committees:

Management Credit Risk Committee

The responsibilities of the Management Credit Risk Committee are to:

- Periodically monitor concentrations in credit portfolio and assess efficacy of thresholds and action plans in case of threshold breach in the Group
- Review and monitor the credit portfolio quality
- Review credit vintages
- Ensure implementation and adherence to credit policies

Management Assets and Liability Committee (ALCO)

The responsibilities of the Management ALCO are to:

- Monitor and ensure optimal composition of assets and liabilities within the Group
- Monitor the liquidity positions for the banking and non-banking subsidiaries against regulatory requirements, and to conduct stress tests
- Ensure effective management of a high-quality loan portfolio
- Review and ensure that the Group's capital adequacy is within the regulatory requirements

The Group Management ALCO meets quarterly whilst the specific subsidiary Compliance and Operational Risk Committees (CORCs) meet monthly.

Compliance and Operational Risk Committee (CORC)

The responsibilities of the Compliance and Operational Risk Committee is to:

- Ensure implementation of operational policies
- Monitor compliance with internal policies and procedures and the regulatory environment
- Review operation risk management tools, procedures, methodologies, and to understand and discuss emerging trends in operational risk profile

- Review and ensure effective implementation of a robust Business Continuity (BC) and Disaster Recovery (DR) framework
- Review and discuss operational risk appetite, trends and the composition of operational risk loss data, risk-control self-assessment results, and key risk indicator breaches

The Group Management CORC meets quarterly whilst the specific subsidiary CORCs meet monthly.

Our Company Secretary

Mandate and role

Our Company Secretary is Lydia Ndirangu, and she assists the Board as a suitably qualified, competent and experienced Company Secretary who is not a member of the Board.

The Company Secretary is appointed by the Board for the term of service, at the remuneration and on the conditions that the Board deems fit. During the year under review, the Company Secretary remained at all times in good professional standing in accordance with applicable laws, regulations and professional requirements.

The principal duties of the Company Secretary include:

- Providing guidance to the Board and Board members individually on their duties, responsibilities and powers, in particular on compliance with applicable laws and, if applicable, stock exchange requirements, and how these should be exercised in the best interest of the Company
- Ensuring that Board procedures are followed and reviewed regularly and that the Board complies with applicable laws, rules, regulations and Government policies
- Assisting the Chairperson and the Executive Director in organising general meetings and Board activities, including providing information, preparing agenda, issuing notices and preparing for meetings, Board evaluations, governance audits, Board induction and development programmes, Board succession planning, regularly reviewing the Board and the Group's governance processes with a view to ensuring that they are fit-for-purpose and recommending or developing initiatives to strengthen the governance of the Group
- Providing secretarial services to the Board, including ensuring that the Board Work Plan is prepared and adhered to, circulating Board papers in advance of meetings, keeping a record of attendance at meetings, keeping safe custody of the seal and a record of its usage, ensuring that the minutes of the Board and its Committees are promptly prepared and circulated, updating the Board and Committee charters and ensuring that relevant returns are promptly filed with the relevant authorities
- Ensuring governance regulatory compliance including the filing of any required returns, the updating of statutory registers and Articles of Association as well as ensuring adherence to continuous listing requirements
- Facilitating effective communication between the Group and shareholders and coordinating the publication and distribution of the annual report and financial statements
- Arranging and managing the process of conducting the AGM or extraordinary general meetings and advising of concerns to be raised at the Board meetings for shareholders' support and votes
- Monitoring share movements on the Register of Shareholders to identify any apparent "stake- building" in the Group's shares, including making appropriate enquiries of shareholders as to the beneficial ownership of holdings

Our shareholders

We employ diverse channels and mechanisms to communicate and disseminate information to its various stakeholders, including shareholders. These channels and mechanisms include the collection of investor feedback and communication via the investor relations function.

Financial information on the Group is available on our website and financial results are provided quarterly across a number of national publications. In addition, we facilitate interaction with senior management at the regular investor briefing sessions. Shareholders also have access to senior management during the AGM, and at any other time on request.

CORPORATE GOVERNANCE STATEMENT

Particulars of shareholding

We comply with the provisions of the Capital Markets Act and all its rules, regulations and guidelines. As required by law, we make monthly reports to the CMA and the NSE on the particulars of our shareholders.

Our top ten largest shareholders as at 31 December 2022

Shareholder	No. of shares	% Shareholding
ARISE B.V.	481,581,275	12.76
STANDARD CHARTERED NOMINEES NON RESD A/C KE11752	164,521,735	4.35
STANBIC NOMINEES LTD A/C NR3530153-1	150,473,755	3.98
MWANGI, JAMES NJUGUNA	127,809,180	3.38
EQUITY BANK EMPLOYEE SHARE OWNERSHIP PLAN	116,496,500	3.08
STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004667	109,430,800	2.89
FORTRESS HIGHLANDS LIMITED	101,010,000	2.67
AIB NIMINEE A/C SOLIDUS HOLDINGS LTD	90,114,910	2.38
STANDARD CHARTERED KENYA NOMINEES LTD A/C KE005073	88,588,626	2.34
STANDARD CHARTERED KENYA NOMINEES LTD A/C KE002596	73,758,700	1.95
OTHER SHAREHOLDERS	2,269,889,321	60.15
TOTAL	3,773,674,802	100%

** The ESOP is not a Group-sponsored scheme*

Equity Group Holdings Plc director shareholding as at 31 December 2022

Director	No. of shares	% Shares held
Prof. Isaac Macharia	346,950	0.0092
Dr. James Mwangi[1]	127,809,180	3.38
Dr. Helen Gichohi	131,400	0.0035
Mrs. Evelyn Rutagwenda	Nil	Nil
Mr. Vijay Gidoomal	Nil	Nil
Mr. Christopher Newson	Nil	Nil
Mrs. Mary Wamae	Nil	Nil
Dr. Edward Odundo	Nil	Nil
Mr Jonas Mushosho	Nil	Nil
Dr. Evans Baiya	Nil	Nil

[1]By virtue of his units in the Employee Share Ownership Plan (ESOP), Dr. James Mwangi's total direct and indirect shareholding is 3.39%

Our shareholding structure as at 31 December 2022

Shareholding	No. of shareholders	No. of shares	% Shares held
1 to 500	11,639	2,715,799	0.07
501–5,000	11,421	20,806,665	0.55
5,001–10,000	1,749	13,413,603	0.35
10,001–100,000	2,260	66,074,294	1.75
100,001–1,000,000	522	185,433,285	4.91
1,000,001 and above	297	3,485,231,156	92.35
TOTAL	27,888	3,773,674,802	100

CORPORATE GOVERNANCE STATEMENT

Our largest shareholders

Arise B.V

Arise is a leading African investment company that partners with sustainable, locally-owned Financial Services Providers (FSPs) in sub-Saharan Africa. The company was founded by four cornerstone investors – Rabobank, Norfund, NorFinance and FMO, is operational in nine countries, and manages assets in excess of USD950 million.

Their company's vision is to contribute to economic growth in Africa and the prosperity of its people by increasing financial inclusion and employment, strengthening rural development, and alleviating poverty.

Arise takes and manages minority stakes in sub-Saharan African FSPs with the core aim of building strong and stable institutions that will serve retail, SMEs, the rural sector, and clients who have not previously had access to financial services.

The company supports the growth and development of FSPs by providing, among others, technical assistance, and management services in the field of banking development, governance, management, marketing, innovation, compliance and risk management. Arise aims to increase the availability of financial services to MSMEs and to provide a platform for people in sub-Saharan Africa to empower themselves by opening bank accounts, taking loans, and in turn building a better life for their families.

Rabobank

Rabobank is a Dutch cooperative bank founded by farmers in the late 19th century. In the Netherlands, where it serves in excess of 7.4 million clients, Rabobank is an all-finance bank with a strong local presence, providing a variety of products and services to individuals and companies.

Norfund

Norfund, the Norwegian Investment Fund for Developing Countries, was established by the Norwegian Parliament in 1997. Norfund's objective is to contribute to reducing global poverty by contributing to the growth of sustainable commercial enterprises in developing countries. It offers equity, venture capital and other loans to companies in selected countries and business areas where the private sector lacks sufficient capital to grow and develop viable businesses.

FMO

FMO is the Dutch development bank. As a leading impact investor, FMO supports sustainable private-sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs.

FMO believes that a strong private sector leads to economic and social development and has a proven track-record of empowering people to employ their skills and improve their quality of life.

IFC

IFC is the largest global development institution focused on the private sector in developing countries.

IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries. IFC applies its financial resources, technical expertise, global experience, and innovative thinking to help its partners overcome financial, operational, and other challenges.

IFC achieves this by investing in impactful projects, mobilizing other investors, and sharing expertise. In doing so, IFC creates jobs and raises living standards, especially for the poor and vulnerable. IFC's work supports the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.

IFC acquired shares in the Group through nominee accounts.

From Left: Equity Group Non-Executive Director Dr. Edward Odundo, Group Managing Director and CEO Dr. James Mwangi, Group Chairman Prof. Isaac Macharia and Group Executive Director Mary Wamae go over the 2021 Integrated Report and Financial Statements at the 18th Annual General Meeting.

FINANCIAL STATEMENTS

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GROUP AND COMPANY INFORMATION

REGISTERED OFFICE

9th Floor, Equity Centre
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Off Eldama Ravine Road, Westlands
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South Sudan Associated Advocates
Chamber of Commerce Complex
Summer Palace Business Hotel Close
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Cabinet Kalongo Mbikayi
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Kinshasa, Democratic Republic of Congo

GROUP AND COMPANY INFORMATION

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P.O. Box 531
Kigali, Rwanda

Bank of South Sudan (BOSS)
P.O. Box 136
Juba, South Sudan

Bank of Tanzania
P.O. Box 2939
Dar es Salaam, Tanzania

Central Bank of Congo
P.O. Box 2627
Kinshasa, Democratic Republic of Congo

Bank of Uganda
P.O. Box 7120
Kampala, Uganda

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
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Nairobi, Kenya

COMPANY SECRETARY

Lydia Ndirangu
9th Floor, Equity Centre
P.O. Box 75104 - 00200
Nairobi, Kenya

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of Equity Group Holdings Plc (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of Equity Group Holdings Plc are:

a) To carry on the business of a non-operating holding company as defined under the Banking Act;
b) To employ the funds of the Group in the development and expansion of the business of the Group and all or any of its subsidiaries; and
c) To co-ordinate the administration of and to provide advisory, administrative, management and other services in connection with the activities of its subsidiaries.

RESULTS AND RECOMMENDED DIVIDEND

Profit for the year of Shs 46,103 million (2021: Shs 40,072 million) has been added to retained earnings. The directors recommend payment of a dividend of Shs 4 per share (2021: Shs 3 per share).

BUSINESS REVIEW

Equity Group Holdings has showcased a robust business model, adaptable leadership, innovation, diversification, capability, and strong strategic abilities in a Volatile, Uncertain, Complex and Ambiguous business environment. This has resulted in a 15% increase in profit before tax, an 11% increase in total assets, and a 15% increase in net operating income. Regional subsidiaries saw a growth in their contribution to the group for deposits to 46%, while revenue growth increased to 44% from 37%.

The Group's efficiency in executing both offensive and defensive strategies led to a 20% growth in net loans and advances, while maintaining zero percent growth in investment in government securities, as the group implements social inclusivity. Borrowed funds grew by 23% to Shs157.5 billion, and customer deposits grew by 10% to Shs 1.052 trillion, driving total assets growth of 11% to Shs1.447 trillion.

The Group has implemented a more flexible and cost-effective strategy in its Africa Resilience Recovery Plan, allowing clients to conduct self-service transactions through their own electronic devices or third-party infrastructure. This has resulted in a significant increase in customer activity, with third-party channels contributing over 79% of transaction volumes. The Eazzy Mobile App saw transaction volumes decline by 22% YoY from 781.9 million to 612.2 million, however transaction value grew by 70% to Shs 1,168 billion from Shs 686.4 billion YoY. Likewise, Eazzy Biz, a cash management solution for SMEs, has seen a rapid adoption rate, resulting in a 32% YoY growth in transactions and a transaction value of Shs 2,134.6 billion from Shs 1,509.2 billion. The transaction value has increased to Shs 3,648.7 billion from Shs 2,564.3 billion, indicating high net worth transactions at the branches.

Equitel recorded impressive growth in both transaction value and volume, with the former increasing by 55% to reach Shs 2,914.7 billion, up from Shs 1,880.5 billion, while the latter increased to 422.3 million from 329.5 million. The agency network, which now boasts over 60,000 agents, contributed to this growth, with the transaction value increasing by 66% to Shs 2,476.8 billion from Shs 1,494.2 billion, and transaction volume growing by 1% from 81.3 million to 82 million. Diaspora remittances also experienced an increase of 3% to Shs 393.1 billion from Shs 383.5 billion, thanks to strategic partnerships with payment partners like PayPal, Equity Direct, Western Union, MoneyGram, Wave, and Swift. Meanwhile, income from treasury operations rose by 34% to Shs 55.5 billion from Shs 41.3 billion, mainly driven by investment securities worth Shs 394 billion, with interest income on investment securities contributing to 72% of the total treasury income.

Equity Group Foundation has made significant strides in its corporate social responsibility initiatives, with a spend of US$ 606 million in social investment programs. These efforts have resulted in 47,009 secondary school Wings to Fly scholarships, 18,735 university scholarships under the Equity Leadership Program, 3,454 TVET scholarships, and 761 Global university scholarships. In addition, the Foundation has opened 77 Equity Afia clinics, with a total of 1,299,523 patient visits to date. As part of our commitment to combat climate change, we have planted 21.8 million trees and financed and distributed 375,683 clean energy products.

To aid in building back better and supporting global initiatives with a purpose, the Equity Group Foundation has expanded its financial inclusion programs, providing an 11-week financial training program to 2.4 million women and youth. We have also supported 3.98 million small-scale farmers in converting to agri-businesses, trained 406,621 MSMEs in entrepreneurship, and provided them with access to Shs 223.1 billion in credit facilities. Furthermore, the Group has established infrastructure to support the disbursement of Shs117 billion in cash transfers to over 4.5 million households.

DIRECTORS' REPORT

The Group's business model has received validation from various rating agencies and earned recognition at local, regional, and global levels. Moody's awarded the Group a national rating of B2 and a global rating of Aaa.ke/KE-1 with a negative outlook, reflecting the same as the sovereign rating of the Kenyan government. Meanwhile, the Global Credit Rating (GCR) affirmed Equity's investment-grade AA- on long-term and A1+ on short-term with a negative outlook. In addition, the Bank was ranked fifth in the world's strongest banking brands 2022 by Brand Finance, with a Brand Strength Rating (BSR) of AAA+.

The directors who served during the year and to the date of this report were:

Prof. Isaac Macharia	Chairman
Mrs. Evelyn Rutagwenda**	Vice Chairperson
Dr. James Mwangi*	Group Chief Executive Officer & Managing Director
Dr. Helen Gichohi	
Mr. Vijay Gidoomal	
Mrs. Mary Wamae*	
Dr. Edward Odundo	
Mr. Jonas Mushosho***	
Dr. Evans Baiya	Appointed on 16.08.2022

* Executive Directors
** Rwandese
*** Zimbabwean

Article 100 of the Memorandum and Articles of Association of the Company provides for retirement of directors by rotation. Clause 2.5 of the Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 provides for retirement of directors on attaining the age of seventy years.

a) To approve the appointment of Mrs. Evelyn Rutagwenda, who in accordance with Article 100 of the Company's Articles of Association, retires from office by rotation and being eligible, offers herself for re-election.
b) To approve the appointment of Dr. Edward Odundo, who in accordance with Article 100 of the Company's Articles of Association, retires from office by rotation and being eligible, offers himself for re-election; and
c) To approve the appointment of Dr. Evans Baiya, who having been appointed to the Board on 10.03.2022, retires from office by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election.

STATEMENT AS TO DISCLOSURE TO THE GROUP'S AUDITOR

With respect to each director at the time this report was approved:

a) there is, so far as the director is aware, no relevant audit information of which the Group's auditor is unaware; and
b) the director has taken all the steps that the director ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 721 of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity, and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the Board

Lydia Ndirangu
Secretary
27th March 2023

DIRECTORS' REMUNERATION REPORT

Information not subject to audit

The Board reviews and recommends the remuneration structure of Directors annually, subject to Shareholder's approval. Directors' remuneration is linked to performance and is competitively structured to attract and retain the best talent to effectively develop the Group's business.

Executive Directors

The Executive Directors remuneration package comprises core fixed elements (base salary, pension and other benefits). Executive Directors are eligible to participate in the Group's bonus scheme which is anchored on achievement of key business performance indicators, but are not entitled to earn fees or other allowances.

Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years, subject to regulatory approval and shareholder ratification. They are obligated to act reasonably, in good faith and in the best interests of the Group and its shareholders. Non-Executive Directors are vested with the following key responsibilities:

a) to constructively challenge and contribute to the development of strategy and extend the business of the Group;
b) to monitor the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance; and
c) to ensure that the financial information is accurate, and that financial controls and systems of risk management are robust and defensible.

Non-Executive Directors are entitled to fees for attending Board and Committee meetings, as well as an out of station per diem for attending to Group's business outside their usual place of business. Non-Executive Directors do not earn a salary and they do not participate in the Group's bonus schemes nor the Group's pension plan.

Upon retirement or termination, Non-Executive Directors are entitled to any accrued but unpaid Director's fees or reasonably incurred expenses but not to any other compensation.

Insurance

The Group provides Directors' and Officers' Liability Insurance for all Directors of the Group during the entire duration of their tenure.

Share Options

There are currently no share options issued by the Group to the Executive and the Non-Executive Directors. Particulars of compensation of Directors and key personnel are disclosed in Note 32.

DIRECTORS' REMUNERATION REPORT

Audited information

The following table shows a single figure remuneration for the Chairman, Non-Executive Directors (NEDs) and Executive Directors in respect of qualifying services for the year ended 31 December 2022 together with the comparative figures for 2021. The aggregate Directors' emoluments are shown on Note 32 (e).

Year ended 31 December 2022	Salary Shs' 000	Fees Shs' 000	Pension Shs' 000	Bonus Shs' 000	Other allowances Shs' 000	Gratuity Shs' 000	Leave pay Shs' 000	Estimated value for non-cash benefits Shs' 000	Total Shs' 000
Dr. James Mwangi*	106,080	-	2	53,040	9,198	31,824	8,358	5,137	213,639
Mrs. Mary Wamae*	50,400	-	5,042	-	-		12	335	55,789
Prof. Isaac Macharia	-	13,354	-	-	-	-	-	-	13,354
Mrs. Evelyn Rutagwenda	-	10,947	-	-	-	-	-	-	10,947
Dr. Helen Gichohi	-	5,683	-	-	-	-	-	-	5,683
Mr. Vijay Gidoomal	-	4,980	-	-	-	-	-	-	4,980
Dr. Edward Odundo	-	6,029	-	-	-	-	-	-	6,029
Mr. Jonas Mushosho	-	5,736	-	-	-	-	-	-	5,736
Dr. Evans Baiya	-	5,499	-	-	-	-	-	-	5,499
	156,480	**52,228**	**5,044**	**53,040**	**9,198**	**31,824**	**8,370**	**5,472**	**321,656**

*Executive Directors: Executive Directors are not entitled to receive fees or allowances for attending meetings of the Company's Board and those of any subsidiary company of which they may be a director.

DIRECTORS' REMUNERATION REPORT

Audited information (continued)

Year ended 31 December 2022	Salary Shs' 000	Fees Shs' 000	Pension Shs' 000	Bonus Shs' 000	Other allowances Shs' 000	Gratuity[1] Shs' 000	Leave pay Shs' 000	Estimated value for non-cash benefits Shs' 000	Total Shs' 000
Dr. James Mwangi*	78,000	-	2	-	5,000	42,148	12,804	5,070	143,024
Mrs. Mary Wamae*	45,080	-	4,089	-	-	-	12	255	49,436
Prof. Isaac Macharia	-	10,282	-	-	-	-	-	-	10,282
Mrs. Evelyn Rutagwenda	-	9,856	-	-	-	-	-	-	9,856
Dr. Helen Gichohi	-	4,165	-	-	-	-	-	-	4,165
Mr. Vijay Gidoomal	-	3,946	-	-	-	-	-	-	3,946
Dr. Edward Odundo	-	4,603	-	-	-	-	-	-	4,603
Mr. Christopher Newson	-	660	-	-	-	-	-	-	660
Mr. Jonas Mushosho	-	2,003	-	-	-	-	-	-	2,003
	123,080	**35,515**	**4,091**	**-**	**5,000**	**42,148**	**12,816**	**5,325**	**227,975**

*Executive Directors: Executive Directors are not entitled to receive fees or allowances for attending meetings of the Company's Board and those of any subsidiary company of which they may be a director.

[1] Gratuity paid in lieu of pension contribution over the past 2 years of service

On behalf of the Board

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Mary Wamae
Group Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and the Company; disclose with reasonable accuracy at any time the financial position of the Group and the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i) designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) selecting suitable accounting policies and applying them consistently; and

iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of directors on 27 March 2023 and signed on its behalf by:

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

Prof. Isaac Macharia
Group Chairman

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Equity Group Holdings Plc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Equity Group Holdings Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 123 to 246, which comprise the consolidated statement of financial position at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2022 and the Company statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of Equity Group Holdings Plc give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Equity Group Holdings Plc

Key audit matters (contnued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances at amortised cost	
Loans and advances to customers comprise a significant portion of the Group's total assets. The estimation of expected credit losses (ECL) on loans and advances requires management judgment in the assumptions that are applied in the models used to calculate ECL. The policies for estimating ECL are explained in notes 2 (i), 3 and 4 (b) of the financial statements. The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include: • the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments; • the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of *Significant Increase in Credit Risk ("SICR")* and *Default* requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used. Specific assumptions have been applied by management in determining the staging, PD and LGD for certain segments of the loan book; • the relevance of forward-looking information used in the models; • for certain individually assessed loans and advances, judgement is exercised in the consideration of quantitative and qualitative factors, and the mapping of these loans to external ratings. Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.	We obtained the Group's methodology for determining ECL, including enhancements in the year, and evaluated this against the requirements of IFRS 9. We tested how the banking subsidiaries extract 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model. In addition, we assessed the qualitative information applied by the Group in determining the appropriate staging. We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and re-calculated the same on a sample basis. We reviewed the approach used to estimate LGD at each point during the life of the exposure including time to realisation and the recovery rate calculations. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports. We tested, on a sample basis, the reasonableness of EAD for both on and off-balance sheet exposures. For forward-looking information, we assessed the appropriateness of the model, including assumptions applied; we corroborated the data using publicly available information; and assessed the reasonableness of the weightings applied to different scenarios to reflect the impact of current developments. For the loans whose PDs are derived from external ratings, we discussed with management and reviewed the appropriateness of their assessment and mapping to external ratings. We assessed whether the disclosures in the financial statements on the key judgements and assumptions were adequate.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Equity Group Holdings Plc

Other information

The other information comprises the Group and Company information, Directors' report, Directors' remuneration report and Statement of directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the Integrated Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Integrated Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Equity Group Holdings Plc

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Equity Group Holdings Plc

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion, the information given in the Directors' report on pages 112 to 113 is consistent with the financial statements.

Directors' remuneration report

In our opinion, the auditable part of the directors' remuneration report on pages 115 to 116 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

27th March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2022 Shs' millions	2021 Shs' millions
Interest income	6	128,528	102,065
Interest expense	6	(33,635)	(25,534)
Net interest income		**94,893**	**76,531**
Fee and commission income	7 (a)	28,127	21,625
Fee and commission expense	7 (b)	(8,477)	(7,039)
Net fee and commission income		**19,650**	**14,586**
Net foreign exchange income	8	12,970	8,187
Insurance net premium income	9	569	-
Other operating income	11	6,951	5,605
Fair value loss on loan notes at FVTPL	22 (d)	(385)	(128)
Credit impairment losses	13	(13,352)	(4,783)
		6,753	8,881
Net operating income		**121,296**	**99,998**
Insurance net claims payable	10	(288)	-
Employee benefits	14	(24,777)	(19,108)
Depreciation and amortisation	12	(7,371)	(7,228)
Other operating expenses	18	(29,767)	(22,286)
Gain on net monetary position	40	751	505
Operating expenses		**61,452**	**48,117**
Profit before income tax		**59,844**	**51,881**
Income tax expense	20	(13,741)	(11,809)
Profit for the year		**46,103**	**40,072**
Profit attributable to:			
Owners of the parent		44,894	39,175
Non-controlling interest		1,209	897
		46,103	40,072
Earnings per share (basic and diluted) (Shs)	34	**11.90**	**10.38**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2022 Shs' millions	2021 Shs' millions
Profit for the year		**46,103**	**40,072**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value losses on investments in financial instruments measured at FVOCI	23	(41,545)	(10,126)
Deferred income tax	26	12,526	3,028
		(29,019)	(7,098)
Exchange differences on translation of foreign operations		2,936	4,173
Items that may not be reclassified to profit or loss:			
Re-measurement of defined benefit obligation	30	(797)	1,124
Deferred income tax	26	224	(337)
		(573)	787
		(26,656)	(2,138)
Total comprehensive income for the year, net of tax		**19,447**	**37,934**
Total comprehensive income attributable to:			
Owners of the parent		19,040	37,237
Non-controlling interest		407	697
		19,447	**37,934**

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 Shs' millions	2021 Shs' millions
Interest income	6	702	603
Interest expense	6	(814)	(570)
Net Interest income		**(112)**	**33**
Dividend income	32 (h)	22,140	8,703
Other operating income	11	(549)	(95)
		21,591	8,608
Operating income		**21,479**	**8,641**
Credit impairment credit	13	-	1
Employee benefits	14	(93)	(10)
Depreciation and amortisation	16 (a)	(2)	(2)
Other operating expenses	18	(313)	(191)
Operating expenses		**(408)**	**(202)**
Profit before income tax		**21,071**	**8,439**
Income tax credit/(expense)	20	206	(138)
Profit for the year		**21,277**	**8,301**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**21,277**	**8,301**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 Shs' millions	2021 Shs' millions
Assets			
Cash, deposits, and balances due from financial institutions	21 (a)	232,369	242,782
Derivative financial assets	38	873	313
Investment securities	23	393,984	394,101
Due from related parties	32 (f)	101	160
Current income tax	20	1,728	562
Loans and advances to customers	22	706,588	587,775
Policy holders' assets	25 (a)	1,485	-
Other assets	24	34,710	22,607
Investment properties	16 (d)	6,115	5,581
Property and equipment	16 (a)	18,899	15,200
Right-of-use assets	16 (b)	8,173	8,090
Intangible assets	17	14,741	12,803
Deferred income tax	26	27,244	14,940
Total assets		**1,447,010**	**1,304,914**
Liabilities			
Deposits from customers	27	1,052,162	958,977
Borrowed funds	29	157,542	128,340
Other liabilities	28	37,705	29,341
Employee benefit obligations	30	1,856	1,269
Lease liabilities	16 (c)	9,127	8,900
Insurance contract liabilities	25 (b)	2,935	-
Current income tax	20	1,830	925
Deferred income tax	26	1,642	971
Total liabilities		**1,264,799**	**1,128,723**
Equity			
Share capital	31 (a)	1,887	1,887
Share premium	31 (b)	15,325	15,325
Retained earnings		189,573	158,103
FVOCI reserve	31 (c)	(30,033)	(1,243)
Statutory reserve	31 (d)	1,582	171
Foreign currency translation reserve	31 (f)	(2,191)	(5,127)
Other reserves	31 (e)	52	52
Equity attributable to owners of the Company		**176,195**	**169,168**
Non-controlling interests		6,016	7,023
Total equity		**182,211**	**176,191**
Total equity and liabilities		**1,447,010**	**1,304,914**

The financial statements on pages 123 to 246 were approved for issue by the Board of directors on 27 March 2023 and signed on its behalf by:

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

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Prof. Isaac Macharia
Group Chairman

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2022 Shs' millions	2021 Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	21	14,410	11,103
Due from related parties	32 (f)	3	203
Other assets	24	1,724	7,105
Current income tax	20	147	-
Property and equipment	16 (a)	9	10
Investments in subsidiary companies	19 (a)	93,433	81,235
Deferred income tax	26	319	113
Total assets		**110,045**	**99,769**
Liabilities			
Due to related parties	32 (g)	547	1,345
Borrowed funds	29	12,629	11,461
Current income tax	20	-	62
Other liabilities	28	14	2
Total liabilities		**13,190**	**12,870**
Equity			
Share capital	31 (a)	1,887	1,887
Share premium	31 (b)	15,325	15,325
Retained earnings		79,643	69,687
Total equity		**96,855**	**86,899**
Total equity and liabilities		**110,045**	**99,769**

The financial statements on pages 123 to 246 were approved for issue by the Board of directors on 27 March 2023 and signed on its behalf by:

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

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Prof. Isaac Macharia
Group Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Parent									
Year ended 31 December 2022	**Notes**	**Share capital Shs' millions**	**Share premium Shs' millions**	**Retained earnings Shs' millions**	**Statutory reserve Shs' millions**	**FVOCI Reserve Shs' millions**	**Foreign currency translation reserve Shs' millions**	**Other Reserves Shs' millions**	**Total Shs' millions**	**Non-controlling interests Shs' millions**	**Total equity Shs' millions**
At start of year		**1,887**	**15,325**	**158,103**	**171**	**(1,243)**	**(5,127)**	**52**	**169,168**	**7,023**	**176,191**
Other adjustments		-	-	(581)	-	-	-	-	(581)	-	(581)
Rights issue		-	-	(150)	-	-	-	-	(150)	-	(150)
Equity transactions with non-controlling interests	19	-	-	39	-	-	-	-	39	(1,414)	(1,375)
		1,887	**15,325**	**157,411**	**171**	**(1,243)**	**(5,127)**	**52**	**168,476**	**5,609**	**174,085**
Total comprehensive income:											
Profit for the year		-	-	44,894	-	-	-	-	44,894	1,209	46,103
Other comprehensive income		-	-	-	-	(28,790)	2,936	-	(25,854)	(802)	(26,656)
		-	**-**	**44,894**	**-**	**(28,790)**	**2,936**	**-**	**19,040**	**407**	**19,447**
Loan loss reserve transfers	31 (d)	-	-	(1,411)	1,411	-	-	-	-	-	-
Dividends declared and paid	31 (g)	-	-	(11,321)	-	-	-	-	(11,321)	-	(11,321)
At end of year		**1,887**	**15,325**	**189,573**	**1,582**	**(30,033)**	**(2,191)**	**52**	**176,195**	**6,016**	**182,211**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Parent									
Year ended 31 December 2021	**Notes**	**Share capital Shs' millions**	**Share premium Shs' millions**	**Retained earnings Shs' millions**	**Statutory reserve Shs' millions**	**FVOCI Reserve Shs' millions**	**Foreign currency translation reserve Shs' millions**	**Other Reserves Shs' millions**	**Total Shs' millions**	**Non-controlling interests Shs' millions**	**Total equity Shs' millions**
At start of year		**1,887**	**15,325**	**118,767**	**577**	**5,478**	**(9,300)**	**(558)**	**132,176**	**6,465**	**138,641**
Equity transactions with non-controlling interests	19	-	-	(245)	-	-	-	-	(245)	(139)	(384)
		1,887	**15,325**	**118,522**	**577**	**5,478**	**(9,300)**	**(558)**	**131,931**	**6,326**	**138,257**
Total comprehensive income:											
Profit for the year		-	-	39,175	-	-	-	-	39,175	897	40,072
Other comprehensive income		-	-	-	-	(6,721)	4,173	610	(1,938)	(200)	(2,138)
		-	**-**	**39,175**	**-**	**(6,721)**	**4,173**	**610**	**37,237**	**697**	**37,934**
Loan loss reserve transfers	31 (d)	-	-	406	(406)	-	-	-	-	-	-
At end of year		**1,887**	**15,325**	**158,103**	**171**	**(1,243)**	**(5,127)**	**52**	**169,168**	**7,023**	**176,191**

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022	Notes	Share capital Shs' millions	Share premium Shs' millions	Retained earnings Shs' millions	Total equity Shs' millions
At start of year		1,887	15,325	69,687	86,899
Total comprehensive income:					
Profit for the year		-	-	21,277	21,277
Dividends paid	31 (g)	-	-	(11,321)	(11,321)
At end of year		**1,887**	**15,325**	**79,643**	**96,855**
Year ended 31 December 2021					
At start of year		1,887	15,325	61,386	78,598
Total comprehensive income:					
Profit for the year		-	-	8,301	8,301
At end of year		**1,887**	**15,325**	**69,687**	**86,899**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 Shs' millions	2021 Shs' millions
Cash generated from operations	33	10,792	137,219
Income taxes paid	20	(12,692)	(12,195)
Net cash flows (used in)/ generated operating activities		**(1,900)**	**125,024**
INVESTING ACTIVITIES			
Purchase of property and equipment	16 (a)	(5,704)	(1,770)
Proceeds from sale of property and equipment		48	7
Purchase of investment properties	16 (d)	(210)	(39)
Purchase of intangible assets	17 (a)	(3,814)	(3,270)
Purchase of investment securities (Amortised cost & FVOCI)	23	(244,318)	(376,066)
Proceeds from sale / maturity of investment securities (Amortised cost & FVOCI)	23	207,730	191,752
Net cash flows used in investing activities		**(46,268)**	**(189,386)**
FINANCING ACTIVITIES			
Dividends paid to ordinary shareholders	31 (g)	(11,321)	-
Proceeds from long-term borrowings	29	68,617	94,852
Repayment of long-term borrowings	29	(42,282)	(60,443)
Interest paid on term borrowings	29	(6,833)	(4,176)
Interest expense on leases	16 (c)	(1,016)	(554)
Principal elements of lease payments	16 (c)	(1,560)	(1,864)
Net cash flows from financing activities		**5,605**	**27,815**
Net increase in cash and cash equivalents		(42,563)	(36,547)
Cash and cash equivalents at start of year		190,365	226,912
Cash and cash equivalents at end of year	21 (a)	**147,802**	**190,365**

COMPANY STATEMENT OF CASH FLOWS

	Notes	2022 Shs' millions	2021 Shs' millions
OPERATING ACTIVITIES			
Profit before income tax		21,071	8,439
Adjustments for:			
Depreciation on property and equipment	16 (a)	2	2
Interest expense on term borrowings	29	814	570
Dividends received		(19,674)	(1,703)
Foreign exchange differences on borrowings		1,029	389
Operating loss before changes in operating assets and liabilities		**3,242**	**7,697**
Other assets		5,381	(6,592)
Related party balances		(598)	739
Other liabilities		12	2
Cash generated (used in) / from operations		8,037	1,846
Income taxes paid	20	(210)	(45)
Net cash flows from operating activities		**7,827**	**1,801**
INVESTING ACTIVITIES			
Investment in subsidiaries		(12,198)	(783)
Purchase of property and equipment	16 (a)	1	-
Dividends received		19,674	1,703
Net cash flows from investing activities		**7,477**	**920**
FINANCING ACTIVITIES			
Interest paid on borrowed funds	29	(676)	(436)
Dividends paid		(11,321)	-
Net cash flows from financing activities		**(11,997)**	**(436)**
Net (decrease) / increase in cash and cash equivalents		**3,307**	**2,285**
Cash and cash equivalents at start of year		11,103	8,818
Cash and cash equivalents at end of year	21	**14,410**	**11,103**

NOTES

1 Corporate information

Equity Group Holdings Plc (the "Company") is incorporated under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The Company is licensed under the Kenyan Banking Act (Chapter 488). The Company has subsidiaries in Kenya, Uganda, South Sudan, Rwanda, Tanzania and Democratic Republic of Congo. It also has a representative office in Ethiopia. Its shares are listed on the Nairobi Securities Exchange, Uganda Securities Exchange and Rwanda Securities Exchange.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments, derivatives and loan notes at fair value through profit or loss which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group and Company

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 January 2022:

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group and Company (continued)

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Impact

The Group has transitioned all assets to Alternative Reference Rates. Communication to customers has been completed with an acceptance of over 80% at year end.

Engagement to transition long term borrowings to Alternative Reference Rates is expected to conclude by 30 June 2023.

The Group stopped offering new LIBOR linked products as at 31 December 2021.

The Group has conducted trainings to its staff.

The above changes have not had a significant impact on the Group's financial statements.

The following table contains details of all of the financial instruments that the Group is yet to transition as at 31 December 2022 to Alternative Reference Rates.

	Group	
	2022 Shs' millions	2021 Shs' millions
Cash, deposits, and balances due from financial institutions	-	49,379
Loans and advances to customers	71,968	139,854
Borrowed funds	(86,579)	(78,996)
Net assets	(14,611)	110,237
Off balance sheet commitments	-	8,207

NOTES

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group

Title	Key requirements	Effective date
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The Group is in the process of assessing its impact in the financial statements.	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group (continued)*

Title	Key requirements	Effective date
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	n/a **
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.	1 January 2023

Management is in the process of assessing the impact of the above standards on the Group's financial statements. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES

2 Significant accounting policies (continued)

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

If the purchase consideration paid is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital reserve. Any cost directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(c) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings, which is the Company's Functional and Presentation currency.

2 Significant accounting policies (continued)

(c) Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities at their respective Functional Currency prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the Functional Currency at the spot rate of exchange at the reporting date. All differences arising from non-trading activities are taken to other operating income in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition.

(ii) Group companies

On consolidation, the assets and liabilities in foreign operations whose functional currencies are not the currency of a hyperinflationary currency are translated into Kenya Shillings at the spot rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at average rates. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(iii) Hyperinflationary economies

The Group considers an economy to be hyperinflationary if the cumulative inflation rate over three years is approaching, or exceeds, 100%. The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated from historical cost into the measuring unit current at the end of the reporting period by applying a general price index.

The corresponding figures for the previous period and any information in respect of earlier periods is also stated in terms of the measuring unit current at the end of the reporting period. The restatement is based on conversion factors derived from Consumer Price Indices (CPI) (refer to note 40).

For the purpose of consolidation, the results and financial position of a subsidiary whose functional currency is the currency of a hyperinflationary economy are translated into Kenya Shillings at the spot rate of exchange prevailing at the reporting date. However, the comparative amounts are those that were presented in the prior year financial statements.

(d) Recognition of interest income, dividend and interest expense

Revenue is recognised as control is passed, either over time or at a point in time. The Group recognises revenue over time after each performance obligation is fulfilled.

Interest income and expense are recognised in profit or loss on the Effective Interest Rate (EIR) method. Interest income and expense presented in the statement of profit or loss include:

- Interest on financial assets and liabilities measured at amortised cost and debt instruments classified as FVOCI, calculated using the effective interest rate (EIR). The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- Dividend income is recognised when the Company's right to receive that payment is established.

NOTES

2 Significant accounting policies (continued)

(e) Fee and commission income and expense

Fees and commissions charged for services provided or received by the Group are recognised as the services are provided or received, for example on completion of an underlying transaction.

(f) Net foreign exchange income

Net foreign exchange income arises from both the sale and purchase of investment securities, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates and other market variables.

Gains or losses on assets or liabilities are included in profit or loss under net foreign exchange income.

(g) Leases

(i) Determination

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(ii) Group as a lessee

The Group leases various offices and are typically made for fixed periods of 6 months to 10 years but may have extension options. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the group is a lessee, it has elected to separate lease and non-lease components and instead accounted for them as separate component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received;

2 Significant accounting policies (continued)

(g) Leases (continued)

(ii) Group as a lessee (continued)

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(iii) Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES

2 Significant accounting policies (continued)

(h) Income tax (continued)

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Financial assets and liabilities

(i) Classification and subsequent measurement

Financial assets

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price.

The Group classifies its financial assets into three principal classification categories based on the cash flow characteristics of the asset and the business model assessment:

- Measured at amortised cost;
- FVOCI; and
- FVTPL.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group recognises cash, deposits and balances due from financial institutions including items in the course of collection, amounts due from related parties, loans and advances to customers, certain investment securities, and other assets at amortised cost.

The carrying amount of these assets is measured at amortised cost using the effective interest rate method and is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Fair Value through Other Comprehensive Income (FVOCI) – Debt

A financial asset which is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies certain investments it has in government securities at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair Value through Other Comprehensive Income (FVOCI) – Equity

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. The Group currently has no equity investments held at FVOCI.

Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group classifies derivative financial assets and loan notes at FVTPL.

A financial asset is classified into one of these categories on initial recognition. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

To determine whether a financial asset should be classified as measured at amortised cost or FVOCI, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity may apply the OCI election.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The definition of principal reflects the economics of the financial asset from the perspective of the current holder. This means that an entity assesses the asset's contractual cash flow characteristics by comparing the contractual cash flows to the amount that it actually invested.

'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of its financial assets. The Group, through the Credit, Finance and Treasury departments will from time to time review the contractual terms of existing instruments and also review contractual terms of new products the Group develops or invests in going forward. This includes assessing whether the financial asset contained a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group shall consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Contractual features that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, give rise to contractual cash flows that do not meet the SPPI criterion.

The prevailing rates are generally based on a regulator's rate and include a discretionary spread (Margin). In these cases, the Group will assess whether the discretionary feature is consistent with the SPPI criterion by considering a number of factors, including whether:

- the borrowers are able to prepay the loans without significant penalties;
- the market competition ensures that interest rates are consistent between banks; and
- any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

Interest rate on loans made by other banking subsidiaries within the Group are based on the prevailing market rates depending on the specific country of operation.

Some of the Group's loans may contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

De minimis

A contractual cash flow characteristic may not affect the classification of a financial asset if it could have only a de minimis effect on the financial asset's contractual cash flows. To make this determination, the Group considers the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial asset.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Business model assessment (continued)

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The table below summarises the key features of each type of business model and the resultant measurement category:

BUSINESS MODEL	KEY FEATURES	CATEGORY
Held to collect	The objective of the business model is to hold assets to collect contractual cash flows. • Sales are incidental to the objective of the model. • This model typically involves the lowest level of sales in comparison with other business models (in frequency and volume).	Amortised cost (1)
Both held to collect and for sale	Both collecting contractual cash flows and sales are integral to achieving the objective of the business model. This model typically has more sales (in frequency and volume) than the held-to-collect business model.	FVOCI (1)
Other business models, including: • Trading, • managing assets on a fair value basis and • maximising cash flows through sale	• The business model is neither held-to-collect nor held to collect and for sale. • The collection of contractual cash flows is incidental to the objective of the model.	FVTPL (2)
Notes 1. Subject to meeting the SPPI criterion. 2. The SPPI criterion is irrelevant - i.e. assets in all business models are measured at FVTPL.		

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Deposits from customers, borrowed funds and other liabilities are also classified at amortised cost.

Reclassification

The Group only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent, and are determined by the Group's senior management as a result of external or internal changes.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Derecognition and contract modification

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Group has recalculated the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Write-off

The Group writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity; and
- Where the Group's recovery method is foreclosing on collateral and the value of the collateral is such there is no reasonable expectation of recovering in full.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Interest income recognition

According to IFRS 9 paragraph 5.4.1 interest revenue shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition; and
- Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

NOTES

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Interest income recognition (continued)

According to IFRS 9 paragraph 5.4.2 an entity that, in a reporting period, calculates interest revenue by applying the effective interest method to the amortised cost of a financial asset in accordance with paragraph 5.4.1(b) (see (b) above), shall, in subsequent reporting periods, calculate the interest revenue by applying the effective interest rate to the gross carrying amount if the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the requirements in paragraph 5.4.1(b) were applied (such as an improvement in the borrower's credit rating). In the context of the Central Bank regulations, credit impaired accounts would refer to the substandard, doubtful and loss risk classifications, and interest on these accounts is calculated on the gross carrying amount and not recognised in profit or loss but rather suspended in the statement of financial position.

Assets that are credit-impaired on initial recognition

According to IFRS 9 (7A.8.340) Purchased or Originated Credit Impaired (POCI) assets are assets that are credit-impaired on initial recognition. An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract - e.g. a default or past-due event
- A lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event that caused the asset to be credit-impaired. Instead, the combined effect of several events may cause financial assets to become credit-impaired.

Measurement on initial recognition

On initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate.

Subsequent measurement

The expected credit losses (ECLs) for POCI assets are always measured at an amount equal to lifetime ECLs. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset. Favourable changes in lifetime ECLs are recognised as an impairment gain, even if the favourable changes are more than the amount, if any, previously recognised in profit or loss as impairment losses.

Modifications

When the contractual cash flows of a POCI asset are modified and the modification does not result in derecognition, the calculation of the modification gain or loss is the difference between:

- the gross carrying amount of the asset before the modification and
- the recalculated gross carrying amount.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Assets that are credit-impaired on initial recognition (continued)

Modifications (continued)

The recalculated gross carrying amount is the present value of the estimated future cash payments or receipts through the expected life of the modified financial asset discounted using the credit-adjusted effective interest rate before the modification.

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts

The impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments – this applies to the Group's loans and advances to customers, Investment in Government securities measured at amortised cost and FVOCI, balances due to group companies and other assets;
- lease and trade receivables – this applies to the Group's finance lease and trade receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets) - this applies to the Group's off balance sheet exposures where credit intervention is not required for the counterparty to access the credit facility.

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group has recognised loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date. The Group has considered a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade and lease receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and have been measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

For purposes of IFRS 9 there will generally be no difference between credit impaired and non-performing financial loans as defined by the regulator.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, an entity needs to follow one of the approaches below:

- The general approach
- The simplified approach

The simplified approach is applied for trade receivables or contract assets resulting from transactions in the scope of IFRS 15 Revenue from customer contracts or lease receivables resulting from transactions in the scope of IFRS 16 Leases. The Group has therefore applied the general approach.

The General Approach

Under the general approach, at each reporting date, an entity recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss. Essentially, an entity must make the following assessment at each reporting date:

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

The General Approach (continued)

Stage 1 - For credit exposures where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month ECLs, i.e., the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date (12-month ECL as per formula below).

ECL12m = PD12m x LGD12m x EAD12m x D12m

Stage 2 - For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime (LT) ECLs, i.e., ECLs that result from all possible default events over the expected life of a financial instrument (ECL LT as per formula below).

ECL LT = LT∑T=1 PDt x LGDt x EADt x Dt

Stage 3 – For credit exposures that are credit impaired and in default. Similar to stage 2 assets a loss allowance is required for lifetime ECLs. However, the probability of default for these assets is presumed to be 100% less any determined recovery and cure rate.

Where: **D** – discounting factor and **t** - time

The table below shows the link between the regulator risk classifications, internal grading and the IFRS 9 stage allocation for assets for banking subsidiaries in the Group.

Central Banks Guidelines	Days past due	Internal grading	Stage allocation
Normal	0-30	1	1
Watch	31-90	2	2
Substandard	91-180	3	3
Doubtful	181 - 365	4	3
Loss	Over 365 or considered uncollectible	5	3

Definition of default

The Group will consider a financial asset to be in default when:

- the borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or
- if it meets the definition of the local regulator of default, if in the future the local regulator prescribe the criteria of default for IFRS 9 purposes.

This definition is largely consistent with the regulator definition that will be used for regulatory purposes. In assessing whether a borrower is in default, the Group will consider indicators that are:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Definition of default (continued)

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The Group has not rebutted the 90 Days Past Due (DPD) rule for identifying defaults.

Significant increase in credit risk (SICR)

The Group in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group identifies a significant increase in credit risk where

- exposures have a regulatory risk rating of 'WATCH';
- an exposure is greater than 30 days past due – this is in line with the IFRS 9 30 DPD rebuttable presumption;
- an exposure has been restructured in the past due to credit risk related factors or which was NPL and is now regular (subject to the regulatory cooling off period); or
- by comparing an exposures:
  - credit risk quality at the date of reporting; with
  - the credit risk quality on initial recognition of the exposure.

The Group has not followed an overall blanket approach to the ECL impact of COVID-19 (where COVID-19 is seen as a significant increase in credit risk (SICR) trigger that will result in the entire portfolio of advances moving into their respective next staging bucket). The Group incorporated qualitative factors to assess significant increase in credit risk on these loans as below:

- All loans whose business activity, in our assessment, was significantly lower than the pre-COVID period as at 31 December 2021, was considered to have a significant increase in credit risk and downgraded to Stage 2.
- Loans in high risk industry segments (see the section "Restructuring" below) were assessed for significant increase in credit risk.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

Credit risk classification

The Group allocates each exposure to a credit risk classification based on the regulatory requirements of the regulator which requires the prediction of the risk of default and applying experienced credit judgement. The Group shall use these classifications in identifying significant increases in credit risk under IFRS 9. The risk classifications are defined using the regulator's guidance, days past due, management assessment, qualitative and quantitative factors that are indicative of the risk of default.

These factors may vary depending on the nature of the exposure and the type of borrower. The Group shall undertake a thorough credit appraisal process and determine the credit quality of each exposure on initial recognition based on available information about the borrower. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk classification.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Determining whether credit risk has increased significantly

The Group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework has been aligned with the Group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies by portfolio and will include a backstop based on delinquency (30 DPD presumption).

Quantitative factors

The Group deems the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being in arrears for a period of 31 to 90 days in accordance with IFRS 9 paragraph 5.5.11. The Group has developed an internal rating model going forward and movement in rating grades between the reporting period and initial recognition date/ the date of initial application of IFRS 9 of the loan will form the basis of significant increase in credit risk.

Qualitative factors

In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. The management view and judgement has included the following assessments:

- Classification of exposures by any other Banks and Financial institutions or local Credit Reference Bureau (CRB).
- Unavailable/inadequate financial information/financial statements;
- Qualified report by external auditors;
- Significant contingent liabilities;
- Loss of key staff in the organization;
- Increase in operational risk and higher occurrence of fraudulent activities;
- Continued delay and non-cooperation by the borrower in providing key relevant documentation; and
- Deterioration in credit worthiness due to factors other than those listed above.

As a backstop, and as required by IFRS 9, the Group will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group will determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Backward transitions

Backward transitions define the criteria for moving a financial asset back from Stage 2 to Stage 1 or Stage 3 to Stage 2. The Group applies the considerations of the Central Bank prudential guidelines to determine whether a financial asset should be upgraded from Stage 3 to Stage 2 and then Stage 1. Where an account in Stage 3 is regularised (i.e. all past due principal and interest is repaid in full) it may be upgraded to Stage 2 subject to observation of the cooling off period as defined by prudential guidelines. A facility which meets the above condition and has been classified as Stage 2 may be reclassified to Stage 1 if a sustained record of performance is maintained for a period of six (6) months.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

Restructuring

The Group renegotiates loans to customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Group's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. The Group's Credit Committee regularly reviews reports on restructuring activities.

Generally, restructuring is a qualitative indicator of default and credit impairment and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

However, on the onset of the COVID-19 pandemic, the impact of the containment measures on the economy made it imperative for the Group to support its customers. The Group's view is that the economic impacts of the pandemic will be felt for a period of three to five years before there is full recovery. The Group therefore accommodated its customers to cushion them from the economic downturn by rescheduling their loan facilities for a period of 6 months to 36 months. The length of the period of accommodation depended on the impact of the pandemic on the industry in which the customer operates. The Group segregated the loan book into low risk, medium risk and high risk based on the industry. For example, Agriculture was rated as low risk, Mining as medium risk and Tourism and Hospitality and Real Estate as High Risk. The Group then accommodated for different periods depending on the level of risk.

The accommodation given to customers was given due to a macro economic issue that was facing customers in impacted industries. This was not an issue of an individual customer exhibiting significant increase in credit risk or default. These accommodations were therefore exempted from the general policy of a restructure being necessarily an indicator of significant increase in credit risk or default. This is fully compliant with the requirements of IFRS 9 and the Central Bank prudential guidelines. These loans are however monitored under a more stringent credit risk framework and judgmental factors are considered in the IFRS 9 provision methodology for these loans.

The Group applies the requirements of the Central Bank prudential guidelines where an account in Doubtful or Sub-standard category (Stage 3) will be upgraded to Watch if principal and interest payments are fully regularised at the point of restructure, the account is re-classified to Watch (Stage 2) and observed for six (6) months. Where the account continues to perform appropriately for an additional six (6) months the account is upgraded to normal and the Group reverts to measuring 12-month ECLs.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Restructuring (continued)

Where the account is restructured with the customer having not regularized overdue principal and interest, the account shall remain in Substandard for six (6) months or if in Doubtful category, twelve (12) months for observation. If the restructured account performs as per the new contract during the observation period, the account can be then upgraded to Watch (stage 2) and observed for another six (6) months where it can be further upgraded to Normal (stage 1) if good performance is sustained.

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

ECL model

Segmentation

In order to determine the ECL by modelling the PD, LGD and EAD for different loan accounts, the Group has segmented the loan book into twelve industries namely Building & Construction, Energy & Water, Financial Services, Food and Agriculture, ICT and Telecommunications, Manufacturing, Mining and Quarrying, Personal Household, Real Estate, Tourism and Hospitality, Trade and Transport & logistics. The PDs are determined at industry level, LGD at customer or industry level (based on collateral and collections respectively) and EAD at account level. Where a borrower has been in several industries historically the Group uses the borrower's current segmentation.

In addition to the on-balance sheet facilities, the Group considered treasury products (investment securities and placements with other banking institutions) and the off balance sheet facilities offered by the Group such as guarantees, letters of credit, overdrafts and credit cards where an exposure is present. The EAD for these facilities is based on whether there is a commitment by the Group to fund a customer and the rate of conversion of such facilities (Credit Conversion Factor – CCF).

Risk parameters in measurement of ECLs

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- PD;
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

These parameters has been derived from internally developed statistical models and other historical data that leverage regulatory models. They have been adjusted to reflect forward-looking information as described below.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Probability of default

Probability of Default ("PD") refers to the likelihood of a default occurring and is a measure of the risk of default. In order to calculate IFRS 9 PD, there is a need to develop a PD term structure for calculating ECL (forward looking and lifetime PDs). PD estimates for loans and advances are estimates at a certain date, which has been calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time and has been assessed at portfolio level for portfolios of assets that have similar characteristics. PDs have been estimated based on the theory of Markov Chain process. The method requires information regarding transitions among credit states. Credit states are defined by rating classes. The Group reviews and updates the portfolio PDs on a semi-annual basis.

The Group has drawn yearly transition matrix of ratings to compute a value or transaction-based PD over the one year horizon for the past 3-5 years. The Group has built data to 5 years and update every year thereafter for new data. The PDs are approved by the relevant Board committees for them to take effect. Transition probabilities are determined from the actually observed number of transitions over the observed period of time. These PDs have been classified as per stage 1 and 2 which is driven by the central bank risk classifications, management view and DPD. This rating migration captures the movement of obligors into default at yearly intervals.

An average default rate of 5 years is used. Based on the transitions of counterparties within the stages in value terms, the default estimation is done by the transition matrix.

Probability of default (continued)

PD estimates for other exposures are estimates at a certain date, which will be calculated based on statistical rating tools and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data has also been used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. Lifetime PDs will be estimated considering the contractual maturities of exposures and estimated prepayment rates. Lifetime PDs are calculated using the Matrix Multiplication method utilising the Markov Chain method.

LGD

LGD is the forecast of the magnitude of the likely loss if there is a default. The Group has estimated LGD parameters based on collateral available for secured debt instruments against exposures and the history of recovery rates of claims against defaulted counterparties for unsecured portfolios.

LGD by collateral

The LGD models have considered the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. The Group will consider the eligibility of collateral. Collateral is eligible if the following can be demonstrated:

- Legal certainty and enforceability; and
- History of enforceability and recovery

LGD estimates have been calibrated for different collateral types. To reflect possible changes in property prices, the forced sale value (FSV) shall be considered for all collateral types.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

The collateral values to consider have been calculated on a discounted cash flow basis using the effective interest. The table below highlights the Group's acceptable collateral types;

No	Collateral Type
1	Cash Under Lien
2	Corporate Guarantees
3	Debenture/Land
4	Government Guarantee
5	Hire Purchase Agreement
6	Land & Buildings-Commercial
7	Land & Buildings-Residential
8	Logbooks
9	Shares
10	Treasury Bonds/Bills

LGD by Collections

For the purpose of LGD estimation on its non-collateralized portfolio, the Group shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 3- 5 years prior to the assessment date. To determine this recovery rate, the Group has identified the point in time when accounts first go into default in half year periods, filter out any non-performing loan (NPL) accounts that cure and for the remaining accounts obtain data on amounts collected. The difference between the value of the NPL accounts that do not cure and the collections from these accounts as a percentage of the original NPL accounts (NPL accounts that cured and did not cure) is determined as the LGD. For individually assessed unsecured accounts, the LGD is assessed based on the circumstances of the facility.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group has derived the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is measured as:

EAD = Outstanding exposure + (CCF*Undrawn portion)

For lending commitments and financial guarantees, the EAD has considered the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on behavioural study of historical patterns and forward-looking forecasts.

For revolving off-balance sheet positions, the CCF to be applied to the undrawn commitments have been derived from a behavioural study of historical patterns. In the case of undrawn commitments (i.e. undrawn portions of the Group's commitments for off-balance sheet items), if the terms of the contract clearly state that the commitment is unconditionally cancellable for any reason, the committed amounts for such arrangements has not be considered as EAD.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Term of loan in calculating Lifetime ECL and determining the EAD

As described previously in this document, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group will measure ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group will consider a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Group will measure ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

Forward-looking information

Under IFRS 9, the Group has incorporated forward-looking information in its measurement of ECLs. The Group has formulated a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group's Executive Risk Committees (ALCO & CORC) and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in East Africa, supranational organisations such as the World Bank and the International Monetary Fund and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios will represent more optimistic and more pessimistic outcomes. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic consequences of COVID-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include, among others, inflation rates, GDP forecasts, balance of trade, unemployment rates and interest rates. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets shall be developed based on analysing historical data over the previous 5 years. The economic scenarios used have been approved by the Group's Credit and Risk Committees.

(iii) Fair value measurement

The Group measures financial instruments such as derivatives, loan notes at FVTPL and FVOCI investment securities at fair value at each reporting date. Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(iii) Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets at the reporting date without any deduction for transaction costs.

Gains or losses on valuation of FVOCI are recognised in other comprehensive income.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The table below shows the various asset classes.

NOTES

2 Significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

(iii) Fair value measurement (continued)

<table>
<tr><th></th><th>Class (as determined by the Group)</th><th>Subclasses</th></tr>
<tr><td colspan="3">Financial assets</td></tr>
<tr><td rowspan="5">Financial assets at fair value through profit or loss (FVTPL)</td><td>Financial assets held for trading</td><td>Derivative financial assets</td></tr>
<tr><td rowspan="4">Financial assets designated at fair value through profit or loss</td><td>Loan notes at FVTPL</td></tr>
<tr><td>Investment securities designated at FVTPL</td></tr>
<tr><td>Policy holders assets</td></tr>
<tr><td>Insurance contract liabilities</td></tr>
<tr><td rowspan="12">Amortised cost</td><td>Deposits and balances due from financial institutions</td><td></td></tr>
<tr><td>Due from group companies</td><td></td></tr>
<tr><td rowspan="6">Loans and advances to customers</td><td>Term loans</td></tr>
<tr><td>Mobile loans</td></tr>
<tr><td>Credit cards</td></tr>
<tr><td>Mortgages</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td>Others</td></tr>
<tr><td>Settlement and clearing accounts</td><td></td></tr>
<tr><td>Cash balances with central banks</td><td></td></tr>
<tr><td>Other assets</td><td></td></tr>
<tr><td>Investment securities</td><td></td></tr>
<tr><td rowspan="2">Financial assets at fair value through other comprehensive income (FVOCI)</td><td colspan="2">Investment securities</td></tr>
<tr><td colspan="2">Employee benefit obligations</td></tr>
<tr><td colspan="3">Financial liabilities</td></tr>
<tr><td rowspan="6">Financial liabilities at amortised cost</td><td colspan="2">Deposits due to other financial institutions</td></tr>
<tr><td colspan="2">Deposits from customers</td></tr>
<tr><td colspan="2">Other liabilities</td></tr>
<tr><td colspan="2">Borrowed funds</td></tr>
<tr><td colspan="2">Lease liabilities</td></tr>
<tr><td colspan="2">Due to group companies</td></tr>
<tr><td colspan="3">Off-balance sheet financial instruments</td></tr>
<tr><td colspan="3">Loan commitments</td></tr>
<tr><td colspan="3">Guarantees, acceptances and other financial liabilities</td></tr>
<tr><td colspan="3">Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in Note 5 to the financial statements.</td></tr>
</table>

2 Significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and bank balances held with central banks in the countries in which the Group operates and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are classified and carried at amortised cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks, unrestricted balances with central banks in the countries in which the Group operates and money market placements.

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost includes any other costs directly attributable to bringing the asset to a working condition for its intended use and the present value of the estimated costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. After initial recognition, property and equipment are measured at cost less accumulated depreciation and impairment losses.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as they are incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment in order to write down the carrying amount over its useful life to its residual value. Freehold land is not depreciated.

The annual rates of depreciation (2.5% - 33.3%) in use are as follows:

Buildings	2.5%
Motor vehicles and Village cell banking vans	25%
Office equipment, furniture and fittings	12.5%
Computer hardware	33.3%
ATM machines, core banking hardware	20%

Leasehold improvements are written off over their estimated useful lives or the lease period, whichever is shorter. The assets' residual values, useful lives and methods of depreciation are reassessed at each financial year-end and adjusted prospectively, as a change in an estimate, if appropriate. Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in profit or loss in the year the asset is derecognised.

2 Significant accounting policies (continued)

(l) Intangible assets

The Group's intangible assets include the value of computer software. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are amortised over the useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The intangible assets have a maximum useful life of ten years.

Acquired intangible assets

The customer relationship and core deposit intangible asset (''acquired intangible assets'') were acquired as part of a business combination (Note 15 (a)). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. Separately 'acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group amortises intangible assets with a limited useful life, using the straight-line method over 1 period of 3 years. For brand name, this is not amortised since it has an indefinite useful life but assessed for impairment on an annual basis.

(m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

2 Significant accounting policies (continued)

(m) Impairment of non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(n) Provisions

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(o) Employee benefits

(i) Defined contribution schemes

The Group contributes to statutory defined contribution pension schemes (the National Social Security Fund (NSSF)), for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the schemes are held in a separate trustee administered funds, which are funded by contributions from both the Group and employees.

(ii) Defined benefit plan

The Group has an unfunded defined benefit scheme for employees in DRC. The benefits provided by the defined benefit scheme are based on a formula taking into account years of service and remuneration levels, whilst the benefits provided by the defined contribution scheme are determined by accumulated contributions and returns on investments.

For the defined benefit plan, the liability recognised in the statement of financial position is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate equal to the yield on government securities that have a term to maturity approximating to the term of the related pension liability.

Actuarial gains and losses that arise are recognised in shareholders' equity and presented in the statement of other comprehensive income in the period they arise. The Group determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in the income statement. When the defined benefit calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The Group contributions to both schemes are charged to the statement of comprehensive income in the year to which they relate.

2 Significant accounting policies (continued)

(o) Employee benefits (continued)

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement (Note 29).

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus and leave if the group has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Group Strategy and Investment Committee that makes strategic decisions.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

(r) Dividends

Dividends are recognised as a liability and deducted from equity in the year in which they are declared when they are approved by the Company' Shareholders. Proposed dividends are disclosed as part of Note 30 (g).

(s) Deposits from customers

Deposits from customers are recognized and accounted for on receipt basis as liabilities. Interest expense is accrued on the deposits on a daily basis.

(t) Work in progress

Work-in-progress includes assets paid for but are not yet ready for the intended use and include software, computers and equipment. These are not depreciated and are capitalized when they get in the location and condition necessary for them to be capable of operating in the manner intended by management.

(u) Fiduciary assets

The Group entities provide trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of the Group (note 37).

2 Significant accounting policies (continued)

(v) Derivative financial assets and liabilities

The Group enters into derivatives (currency forwards and swaps) for trading purposes. At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. The Group may take positions with the expectation of profiting from favourable movement in prices, rates or indices. The Group's exposure under derivative contracts is closely monitored as part of the overall management of its market risk. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income.

The Group uses the following derivative instruments:

Currency forwards - Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. The Group has credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and result in market risk exposure.

Currency swaps - *Swaps* are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as a foreign currency rate. In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency.

Currency spots - Spot contracts are contractual agreements between two parties to exchange streams with immediate settlement (payment and delivery) on the spot date, which is normally two business days after the trade date.

(w) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions, and others on behalf of customers to secure loans, overdrafts, and other banking facilities. Financial guarantees contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of loss allowance and;
- The premium received on initial recognition less recognition in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(x) Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and /or capital appreciation and are not occupied by the Group are classified as investment property and are non-current assets. Investment property is carried at fair value, representing open market value determined every three years by external valuers. Properties under construction and development sites with projected use as investment properties are valued at projected fair values considering current market conditions. Changes in fair values are included in investment income in the income statement.

2 Significant accounting policies (continued)

(y) Insurance and investment contracts

i) Long-term insurance contracts

Classification

The Group issues contracts that transfer insurance risk or financial risk or both.

An insurance contract is a contract under which the group (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder or, in the case of life annuities, the lifespan of the policyholder is greater than that assumed. Such contracts may also transfer financial risk. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Long term insurance business includes insurance business of all or any of the following classes, namely, ordinary life, Group life, credit life, Annuities, Unit-linked products and pension and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for term dependent upon human life.

Recognition and measurement

Premium income

For long term insurance business, premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Claims and insurance contract liabilities

For long term insurance business, claims are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

A margin for adverse deviations is included in the assumptions. Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid.

Outstanding claims are not discounted.

2 Significant accounting policies (continued)

(y) Policyholders' insurance contracts (Continued)

Incurred but not reported claims (IBNR)

Provision is made in policyholders' assets and liabilities for the estimated cost at the end of the year of claims incurred but not reported at that date. IBNR provisions for the main categories of business are calculated using run-off triangle techniques.

These liabilities are not discounted due to the short-term nature of IBNR claims. Outstanding claims and benefit payments are stated gross of reinsurance.

Commissions payable and deferred acquisition costs ("DAC")

Commissions payable are recognised in the period in which relevant premiums are written. A proportion of commissions' payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss as part of claims incurred.

Amounts received and claims incurred on investment contracts

Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities, whereas claims incurred are recorded as deductions from investment contract liabilities.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet the classification requirements are classified as financial assets.

Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsures (receivables arising out of reinsurance arrangements), as well as longer term receivables (reinsurers' share of insurance liabilities) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Reinsurance receivables arise from claims already paid that will be recovered from the reinsurers. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment at a minimum on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for receivables. The impairment loss is also calculated under the same method used for these financial assets.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings for a forward-looking scenarios for each type of product / market and associated ECL;
- Establishing groups of similar assets for the purposes of measuring ECL; and
- Determining LGDs of individually assessed loan accounts.

The expected credit loss allowance on loans and advances is disclosed in more detail in Notes 13 and 22 (b).

(b) Uncertain tax positions

Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(c) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Group establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Group's financial instruments is based on observable market prices or derived from observable market parameters. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 Financial risk management

(a) Introduction and overview

The Group and Company have exposure to the following risks from its financial instruments:

- credit risk
- liquidity risk
- market risk
- capital risk

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. There were no changes in the risk and capital management policies during the current financial year.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Board Risk Management Committee, which is responsible for developing and monitoring Group risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Risk Management Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Risk Management Committee is assisted in these functions by Risk Management Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Risk Management Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks, and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to Group management through the Chief Executive Officer. Management has delegated this responsibility to head office and branch credit committees as prescribed in the Group's credit charter.

A separate Group Credit Committee, reporting to the Chief Executive Officer, is responsible for oversight of the Group's credit risk, including:

- Formulating credit policies in consultation with business units;
- Covering collateral requirements;
- Credit assessment;
- Risk grading and reporting;
- Documentary and legal procedures; and
- Compliance with regulatory and statutory requirements.

4 Financial risk management (continued)

(b) Credit risk (continued)

Management of credit risk (continued)

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to head office and branch credit committees as stipulated in the Group's Credit Charter.
- *Reviewing and assessing credit risk* - The Group Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the branch concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for investment securities).
- *Developing and maintaining the Group's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by Group's credit risk department.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Group Credit department on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to branches to promote best practice throughout the Group in the management of credit risk.

Each branch is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit committee. Each branch has a credit risk manager who reports on all credit related matters to local management who report to Group management and the Group Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of branches and Group credit processes are undertaken by internal audit.

4 Financial risk management (continued)

(b) Credit risk (continued)

Management of credit risk (continued)

The maximum exposure to credit risk for the components of the statement of financial position at 31 December is their carrying amount as illustrated in the tables below:

Regular audits of branches and Group credit processes are undertaken by internal audit.

Group

Credit exposures	Note	2022 Shs' millions	%	2021 Shs' millions	%
On – balance sheet items					
Balances and deposits due from financial institutions*	21	203,928	15%	180,044	15%
Derivative financial assets	38	873	0%	313	0%
Investment securities	23	393,984	30%	394,101	33%
Due from related parties	32 (f)	101	0%	160	0%
Loans and advances to customers at amortised cost	22 (a)	705,169	53%	586,470	51%
Loans and advances to customers at FVTPL	22 (d)	1,419	0%	1,305	0%
Other assets**	24	20,721	2%	13,441	1%
		1,326,195		**1,175,834**	
Off-balance sheet items					
Guarantees and standby letters of credit	35	94,580		77,261	
Letters of credit, acceptances and other credits	35	82,248		41,626	
		176,828		118,887	
		1,503,023		**1,294,721**	

Company

Credit exposures	Note	2022 Shs' millions	%	2021 Shs' millions	%
On – balance sheet items					
Balances and deposits due from financial institutions	21	14,410	89%	11,103	60%
Due from related parties	32 (f)	3	0%	203	1%
Other assets	24	1,724	11%	7,105	39%
		16,137		**18,411**	

*Balances and deposits due from financial institutions excludes cash at hand as disclosed under Note 19 (a) as this does not pose a credit risk. The credit risk on balances and deposits due from financial institutions, investment securities and derivative financial assets is limited as the counterparties are all recognised financial institutions with good reputation. None of the balances are past due or impaired and no collateral is held for these balances. ECL has been assessed using a 12 month ECL and is disclosed in Note 24.

NOTES

4 Financial risk management (continued)

(b) Credit risk (continued)

**Other assets are made up of settlement and clearing accounts, refundable deposits and other receivable balances. Prepayments are excluded as they do not pose a credit risk. The balances are settled no more than 12 months after the reporting date. All the balances are non-interest bearing. None of the other assets and balances due from related parties are past due or impaired. No collateral is held for these assets. Management has established a related entity risk management framework including mandatory credit checks with counter parties. The arising ECL and remeasurement in the year is shown in Note 24.

Letters of credit, acceptances, guarantees and performance bonds are issued by the Group, on behalf of customers, to guarantee performance by customers to third parties. The Group will only be required to meet these obligations in the event of default by the customers. The off-balance sheet items have been assessed for impairment and resulting ECL booked as part of the total provisions held for loans and advances.

Exposure to credit risk – Loans and advances

	2022			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Amortised cost	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Individually and collectively impaired				
Grade 3: Substandard	-	-	13,309	13,309
Grade 4: Doubtful	-	-	30,892	30,892
Grade 5: Loss	-	-	14,464	14,464
Gross amount	-	-	**58,665**	**58,665**
Provision for impairment losses	-	-	(36,225)	(36,225)
Carrying amount	**-**	**-**	**22,440**	**22,440**
Individually and collectively impaired				
Grade 1: Normal	599,576	-	-	599,576
Grade 2: Watch	-	97,118	-	97,118
Gross amount	**599,576**	**97,118**	**-**	696,694
Provision for impairment losses	(6,446)	(7,519)	-	(13,965)
Carrying amount	**593,130**	**89,599**	**-**	**682,729**
Total carrying amount				**705,169**
Fair value through profit or loss				
Loan note				6,172
Fair value loss				(4,753)
				1,419
Total carrying amount				**706,588**

4 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk – Loans and advances

	2021			
Amortised cost	**Stage 1 12-month ECL Shs' millions**	**Stage 2 Lifetime ECL Shs' millions**	**Stage 3 Lifetime ECL Shs' millions**	**Total Shs' millions**
Individually and collectively impaired				
Grade 3: Substandard	-	-	11,521	11,521
Grade 4: Doubtful	-	-	28,794	28,794
Grade 5: Loss	-	-	11,590	11,590
Gross amount	-	-	51,905	51,905
Provision for impairment losses	-	-	(33,980)	(33,980)
Carrying amount	**-**	**-**	**17,925**	**17,925**
Individually and collectively impaired				
Grade 1: Normal	495,302	-	-	495,302
Grade 2: Watch	-	85,705	-	85,705
Gross amount	495,302	85,705	-	581,007
Provision for impairment losses	(4,684)	(7,778)	-	(12,462)
Carrying amount	**490,618**	**77,927**	**-**	**568,545**
Total carrying amount				586,470
Fair value through profit or loss				
Loan note				5,672
Fair value loss				(4,367)
				1,305
Total carrying amount				**587,775**

4 Financial risk management (continued)

(b) Credit risk (continued)

Grade 1 and grade 2 represent loans and advances that are not impaired. Grade 3, grade 4 and grade 5 refer to loans and advances that have been impaired in line with the Group's credit policy and internal model. These represent the loans and advances that the Group cannot collect according to contractual terms of the loan agreements.

Impaired loans

Impaired loans are loans which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Group.

Allowances for impairment

The loss allowance recognised in the period is impacted by a variety of factors as follows:

- Transfers between Stages 1, 2 and 3 reflective of significant increases (or decreases) of credit risk or loans and advances becoming credit impaired in the period, and the consequent "step up" or "step down" between 12-month and lifetime ECL;
- Allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis.

Write-off policy

The Group writes off a loan balance when the credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral have failed to cover the entire facility outstanding. For smaller balance standardised loans, write-off decisions are generally based on a product specific past due default history.

Collateral on loans and advances

The Group routinely obtains collateral and security to mitigate credit risk. The Group ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Before attaching value to collateral, the business holding approved collateral must ensure that they are legally perfected and devoid of any encumbrances. Security structures and legal covenants are subject to regular review, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The principal collateral types held by the Group for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Valuation of collateral taken is within agreed parameters. The valuation is performed on origination, periodically in line with the Group policy and in the course of enforcement actions. Collateral for impaired loans is reviewed regularly to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation.

4 Financial risk management (continued)

(b) Credit risk (continued)

Collateral on loans and advances (continued)

The Group has considered all relevant factors, including local market conditions and practices, before any collateral is realized.

The collateral held by the Group against loans and advances is as below;

	Group	
	2022 Shs' millions	2021 Shs' millions
Property	564,655	558,609
Equities	8	84
Other*	69,840	62,226
Total	**634,503**	**620,919**

*Other includes log-books, cash cover, debentures and directors' guarantees.

The Group monitors concentration of credit risk by industry. An analysis of concentrations of credit risk at the reporting date is shown below:

	Group	
	2022 Shs' millions	2021 Shs' millions
Concentration by sector		
Gross loans and advances (overall – amortised and fair value)		
Personal household	179,572	142,122
Trade	176,266	154,704
Real estate	106,846	101,623
Financial services	52,274	39,704
Transport and logistics	49,882	43,171
Energy and water	49,596	41,683
Manufacturing	37,353	23,792
Mining & Quarrying	31,195	24,644
Food and agriculture	28,088	25,889
Tourism and Hospitality	22,755	21,789
Building and construction	19,980	17,908
ICT and Telecommunication	1,552	1,555
	755,359	**638,584**

Exposure to credit risk – investment securities

Investment securities comprise treasury bills and bonds held with various governments in the Group. No collateral is held for these assets. None of the other financial assets are either past due or impaired. The balances have been assessed for impairment using a 12 month ECL and the arising ECL is shown in Note 23.

NOTES

4 Financial risk management (continued)

(c) Liquidity risk

The definition of liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for customer lending, trading activities and investments. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan draw-downs. This risk is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events which can result in: – an inability to support normal business activity; and – a failure to meet liquidity regulatory requirements.

During periods of market dislocation, the Group's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and the increasing costs of raising funding will affect the earnings of the Group. In illiquid markets, the Group may decide to hold assets rather than securitising, syndicating or disposing of them. This could affect the Group's ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

The efficient management of liquidity is essential to the Group in retaining the confidence of the financial markets and ensuring that the business is sustainable. Liquidity risk is managed through the Liquidity Risk Framework, which is designed to meet the following objectives:

- Maintain liquidity resources that are sufficient in amount and quality and a funding profile that is appropriate to meet the liquidity risk framework as expressed by the Board;
- maintain market confidence in the Group;
- set limits to control liquidity risk within and across lines of business;
- accurately price liquidity costs, benefits and risks and incorporate those into product pricing and performance measurement;
- set early warning indicators to identify immediately the emergence of increased liquidity risk or vulnerabilities including events that would impair access to liquidity resources;
- project fully over an appropriate set of time horizons cash flows arising from assets, liabilities and off-balance sheet items; and
- maintain a contingency funding plan ("CFP") that is comprehensive and proportionate to the nature, scale and complexity of the business and that is regularly tested to ensure that it is operationally robust.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk.

This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs.

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Management of liquidity risk (continued)

In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short–term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and borrowings due to mature within the next month.

The Group stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year.

Treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Board Risk Management Committee.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

Details of the reported Group ratios of net liquid assets to deposits at the reporting date and during the reporting period were as follows:

At 31 December 2022	Kenya	Uganda	South Sudan	Rwanda	Tanzania	DRC
At 31 December	68%	29%	132%	289%	38%	143%
Average for the year	69%	30%	148%	274%	35%	151%
Maximum for the year	83%	37%	222%	411%	41%	176%
Minimum for the year	64%	24%	122%	193%	27%	140%
Minimum statutory requirement	20%	*20%*	20%	100%	20%	100%
At 31 December 2021						
At 31 December	93%	26%	172%	346%	35%	168%
Average for the year	76%	26%	162%	499%	30%	189%
Maximum for the year	93%	32%	172%	216%	35%	247%
Minimum for the year	56%	23%	146%	100%	25%	160%
Minimum statutory requirement	20%	*20%*	20%	100%	20%	100%

NOTES

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at 31 December.

Group 2022	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	More than 5 years Shs' millions	Totals Shs' millions
Financial assets						
Balances and deposits due from financial institutions	232,369	-	-	-	-	232,369
Loans and advances to customers	141,009	62,810	89,748	323,423	343,664	960,654
Investment securities	49,804	14,166	29,996	169,044	479,692	742,702
Derivative financial assets	873	-	-	-	-	873
Other assets	29,423	-	-	-	-	29,423
Amounts due to related parties	101	-	-	-	-	101
Total financial assets	**453,579**	**76,976**	**119,744**	**492,467**	**823,356**	**1,966,122**
Financial liabilities						
Deposits from customers	522,845	72,459	91,287	370,143	599	1,057,333
Borrowed funds	50,693	2,211	5,558	94,911	16,579	169,952
Insurance contract liabilities	2,935	-	-	-	-	2,935
Other liabilities	18,043	-	-	-	-	18,043
Lease liabilities	4,711	5,728	6,465	10,568	6,796	34,268
Total financial liabilities	**599,227**	**80,398**	**103,310**	**475,622**	**23,974**	**1,282,531**
Liquidity gap at 31 December 2022	**(145,648)**	**(3,422)**	**16,434**	**16,845**	**799,382**	**683,591**

	0 - 3 months Shs' millions	3 - 6 months Shs' millions	6 - 12 months Shs' millions	1 - 5 years Shs' millions	Total Shs' millions
Off-balance sheet items					
Guarantees and standby letters of credit	25,436	12,052	26,289	30,804	94,581
Letters of credit, acceptances and other documentary credits	19,886	32,377	28,576	1,408	82,247
Capital commitments	17	-	5,336	-	5,353
Loans approved but not disbursed	3,226	174	27	131	3,558
Total commitments and guarantees	**48,565**	**44,603**	**60,228**	**32,343**	**185,739**

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Group 2021	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	More than 5 years Shs' millions	Totals Shs' millions
Financial assets						
Balances and deposits due from financial institutions	242,782	-	-	-	-	242,782
Loans and advances to customers	106,086	27,548	60,252	300,674	265,929	760,489
Investment securities	59,025	30,347	32,851	115,317	442,012	679,552
Derivative financial assets	313	-	-	-	-	313
Other assets	13,441	-	-	-	-	13,441
Amounts due to related parties	160	-	-	-	-	160
Total financial assets	**421,807**	**57,895**	**93,103**	**415,991**	**707,941**	**1,696,737**
Financial liabilities						
Deposits from customers	310,811	52,975	58,645	539,894	584	962,909
Borrowed funds	3,849	6,115	5,940	82,889	43,887	142,680
Insurance contract liabilities	23,375	-	-	-	-	23,375
Lease liabilities	568	444	878	5,976	2,660	10,526
Total financial liabilities	**338,603**	**59,534**	**65,463**	**628,759**	**47,131**	**1,139,490**
Liquidity gap at 31 December 2021	**83,204**	**(1,639)**	**27,640**	**(212,768)**	**660,810**	**557,247**

	0 - 3 months Shs' millions	3 - 6 months Shs' millions	6 - 12 months Shs' millions	1 - 5 years Shs' millions	Total Shs' millions
Off-balance sheet items					
Guarantees and standby letters of credit	17,290	8,801	24,299	26,871	77,261
Letters of credit, acceptances and other documentary credits	31,961	6,510	1,596	1,558	41,625
Capital commitments	30	96	3,332	-	3,458
Loans approved but not disbursed	8,728	2,982	2,426	2,819	16,955
Total commitments and guarantees	**58,009**	**18,389**	**31,653**	**31,248**	**139,299**

NOTES

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Company 2022	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	Over 5 years Shs' millions	Totals Shs' millions
Financial assets						
Balances and deposits due from financial institutions	14,410	-	-	-	-	14,410
Amounts due from related parties	3	-	-	-	-	3
Other assets	1,724	-	-	-	-	1,724
Total financial assets	**16,137**	**-**	**-**	**-**	**-**	**16,137**
Financial liabilities						
Amounts due to related parties	547	-	-	-	-	547
Borrowed funds	-	396	396	7,945	3,892	12,629
Other liabilities	14	-	-	-	-	14
Total financial liabilities	**561**	**396**	**396**	**7,945**	**3,892**	**13,190**
Liquidity gap at 31 December 2022	**15,576**	**(396)**	**(396)**	**(7,945)**	**(3,892)**	**2,947**

Company 2021	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	Over 5 years Shs' millions	Totals Shs' millions
Financial assets						
Balances and deposits due from financial institutions	11,103	-	-	-	-	11,103
Amounts due from related party	203	-	-	-	-	203
Other assets	7,105	-	-	-	-	7,105
Total financial assets	**18,411**	**-**	**-**	**-**	**-**	**18,411**
Financial liabilities						
Amounts due to related parties	1,345	-	-	-	-	1,345
Borrowed funds	-	293	293	7,945	5,895	14,426
Other liabilities	2	-	-	-	-	2
Total financial liabilities	**1,347**	**293**	**293**	**7,945**	**5,895**	**15,773**
Liquidity gap at 31 December 2021	**17,064**	**(293)**	**(293)**	**(7,945)**	**(5,895)**	**2,638**

4 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk includes non-traded market risk which is the risk of the Group being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates. Non-trading portfolios also consist of foreign exchange and price risks arising from the Group's amortised and FVOCI financial assets.

Exposure to market risks – trading portfolios

Market Risk exposures arising from the trading book are managed by the Treasury department whilst those arising from the non-trading activities are managed through the ALM (Asset and Liability Management) and ICAAP processes.

Management of market risks

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Group's Treasury is responsible for the development of detailed market risk management policies and for day-to-day implementation of those policies.

Furthermore, it includes the protection and enhancement of the statement of financial position and statement of profit or loss and other comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

All foreign exchange risk within the Group is managed by the Treasury department. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes (refer to note 35).

Overall authority for market risk management is vested in the Board Risk Management Committee. The Finance and Treasury departments in collaboration with the Risk Management department are responsible for the development of detailed market risk management policies (subject to review and approval by Board Risk Management Committee) and for the day-to-day review of their implementation.

The Group's robust risk management framework continues to be applied across the various risk areas introduced by financial instruments and the various risk owners continue to monitor the impact of COVID-19 on the Group's risk profile.

NOTES

4 Financial risk management (continued)

(d) Market risk (continued)

Market risk measurement techniques

(i) Value at risk

The Group applies a 'value at risk' (VAR) methodology to its foreign currency trading to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for each banking subsidiary, which are monitored on a daily basis by the Treasury department of each banking subsidiary.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the banking subsidiary might lose, but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (1 day). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 1-day periods in the past. The Group's assessment of past movements is based on data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Group's market risk control regime. VAR limits are established by the Board annually for all trading portfolio operations and allocated to business units. Actual exposure against limits is reviewed daily by the Treasury department of each banking subsidiary and centrally by Group Treasury. The result of the VAR testing in the year were within the acceptable thresholds. The Group continues to monitor the impact of COVID-19 on VAR across its subsidiaries.

(ii) Stress tests

The Group applies a 'stress test' methodology to its non-trading book. Interest rate risk in the non-trading book is measured through the use of interest rate repricing gap analysis. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by heads of business unit and by the Board. The stress testing is tailored to the business and typically uses scenario analysis. The Group's test results in the year were within the expected threshold. Management continue to monitor the stress levels especially in light of COVID-19 to ensure the Group's risk profile is robust.

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Board Risk Management Committee is the monitoring body for compliance with these limits and is assisted by Treasury back office and Finance department in the day-to-day monitoring activities, while Risk Management department carries out regular reviews. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

4 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Financial assets and liabilities subject to interest rate fluctuations.

Included in the table below are financial assets and financial liabilities at carrying amount categorised by earlier of contractual repricing or maturity date.

31 December 2022	Carrying amount	Non-interest bearing	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Assets							
Balances and deposits due from financial institutions	232,369	203,411	28,958	-	-	-	-
Loans and advances to Customers	706,588	-	706,588	-	-	-	-
Investment securities	393,984	-	43,630	6,398	3,106	45,287	295,563
	1,332,941	**203,411**	**779,176**	**6,398**	**3,106**	**45,287**	**295,563**
Liabilities							
Deposits from customers	1,052,162	637,090	198,582	67,911	77,206	69,010	2,363
Borrowed funds	157,542	-	51,871	2,214	5,454	85,366	12,637
Lease liabilities	9,127	1,406	546	448	950	4,169	1,608
Insurance liabilities	2,935	2,935	-	-	-	-	-
	1,221,766	641,431	250,999	70,573	83,610	158,545	16,608
Interest rate sensitivity gap	**111,175**	**(438,020)**	**528,177**	**(64,175)**	**(80,504)**	**(113,258)**	**278,955**

NOTES

4 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

31 December 2021	Carrying amount	Non-interest bearing	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Assets							
Balances and deposits due from financial institutions	242,782	186,473	56,309	-	-	-	-
Loans and advances to Customers	587,775	-	587,775	-	-	-	-
Investment securities	394,101	-	54,240	22,586	11,876	42,661	262,738
	1,224,658	**186,473**	**698,324**	**22,586**	**11,876**	**42,661**	**262,738**
Liabilities							
Deposits from customers	958,977	594,182	151,021	47,352	61,268	104,570	584
Borrowed funds	128,340	-	7,532	6,014	5,817	68,454	40,523
Lease liabilities	8,900	-	900	841	1,276	5,173	710
	1,096,217	594,182	159,453	54,207	68,361	178,197	41,817
Interest rate sensitivity gap	**128,441**	**(407,709)**	**538,871**	**(31,621)**	**(56,485)**	**(135,536)**	**220,921**

The Group closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities carried on the statement of financial position. Assets and Liabilities Committee (ALCO) monitors compliance with the set interest rate gaps.

4 Financial risk management (continued)

(d) Market risk (continued)

Market risk measurement techniques

Company interest rate risk

31 December 2022	Carrying amount Shs' millions	Less than 3 months Shs' millions	1-5 years Shs' millions	More than 5 years Shs' millions
Assets				
Cash and cash equivalents	14,410	14,410	-	-
Liabilities				
Borrowed funds	(12,629)	-	(12,629)	-
Interest rate sensitivity gap	**1,781**	**14,410**	**(12,629)**	**-**
31 December 2021				
Assets				
Cash and cash equivalents	11,103	11,103	-	-
Liabilities				
Borrowed funds	(11,461)	-	(5,786)	(5,675)
Interest rate sensitivity gap	**(358)**	**11,103**	**(5,786)**	**(5,675)**

During the year, a 5% increase / decrease (2021: 3%) of the annual interest rate would have the following effect on profit or loss and equity:

	Sensitivity	Group impact on profit or loss Shs' millions	Company impact on profit or loss Shs' millions	Group impact on equity Shs' millions	Company impact on equity Shs' millions
2022	+/-5%	+/- 5,559	+/- 89	+/- 3,891	+/- 62
2021	+/-3%	+/-1,203	+/-1	+/-842	+/-1

Exposure to other market risks – non-trading portfolios

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and price risk is subject to regular monitoring by Board Risk Management Committee. Currently, the exposure to other market risks on non-trading portfolio is not significant in relation to the overall results and financial position of the Group.

Foreign currency exposure

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board of directors has set limits on foreign currency positions. The foreign currency positions are monitored on daily basis and strategies used to ensure that positions are maintained within the established limits. The amounts below summarize the foreign currency exposure position as at 31 December.

NOTES

4 Financial risk management (continued)

(d) Market risk (continued)

Foreign currency exposure (continued)

Group	US$ Shs' millions	GBP Shs' millions	Euro Shs' millions	ZAR Shs' millions	Others Shs' millions	Total Shs' millions
31 December 2022						
Cash and cash equivalents	12,773	277	4,644	25	79,176	96,895
Loans and advances to customers	372,371	75	2,328	-	52,092	426,866
Investment securities	142,296	-	5	-	29,754	172,055
Other assets	31,598	104	1,681	-	13,916	47,299
Total assets	**559,038**	**456**	**8,658**	**25**	**174,938**	**743,115**
Customer deposits	339,821	-	8,718	1	126,011	474,551
Borrowed funds	133,715	-	-	4	2,394	136,113
Other liabilities	103,067	32	181	-	19,989	123,269
Total liabilities	**576,603**	**32**	**8,899**	**5**	**148,394**	**733,933**
Net financial position	**(17,565)**	**424**	**(241)**	**20**	**26,544**	**9,182**
31 December 2021						
Cash and cash equivalents	103,546	266	4,557	82	440	108,891
Loans and advances to customers	320,661	113	1,383	-	-	322,157
Investment securities	125,918	-	5	-	772	126,695
Other assets	23,354	146	866	-	5	24,371
Total assets	**573,479**	**525**	**6,811**	**82**	**1,217**	**582,114**
Customer deposits	425,680	465	7,875	683	139	434,842
Borrowed funds	96,824	-	96	-	801	97,721
Other liabilities	32,985	24	53	-	6	33,068
Total liabilities	**555,489**	**489**	**8,024**	**683**	**946**	**565,631**
Net financial position	**17,990**	**36**	**(1,213)**	**(601)**	**271**	**16,483**

4 Financial risk management (continued)

(d) Market risk (continued)

Foreign currency exposure (continued)

Company	2022 US$ Shs' millions	2022 Total Shs' millions	2021 US$ Shs' millions	2021 Total Shs' millions
Cash and cash equivalents	4	4	9,187	9,187
Total assets	4	4	9,187	9,187
Borrowed funds	12,629	12,629	11,461	11,461
Total liabilities	12,629	12,629	11,461	11,461
Net financial position	**(12,625)**	**(12,625)**	**(2,274)**	**(2,274)**

Group		Effect on profit before income tax Shs' millions	Effect on equity Shs' millions
	Changes in EUR		
2022	+/-3%	+/-11	+/-8
2021	+/-4%	+/-49	+/-34
	Changes in US$		
2022	+/-9%	+/-1,581	+/-1,107
2021	+/-4%	+/-720	+/-503
	Changes in GBP		
2022	+/-3%	+/-7	+/-5
2021	+/-2%	+/-1	+/-1
Company			
	Changes in US$		
2022	+/-9%	+/-1,136	+/-795
2021	+/-4%	+/-91	+/-64

The analysis calculates the effect of a reasonably possible movement of the currency rate against other currencies profit or loss and equity. A negative amount in the table reflects a potential net reduction in profit or equity, while a positive amount reflects a net potential increase.

NOTES

4 Financial risk management (continued)

(e) Capital management

Capital risk is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or to meet regulatory requirements. Changes to credit ratings, could result in increased costs or reduced capacity to raise funding.

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. This is done by the Board of Directors. The Group Board manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group Board may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. Primary objectives and core practices are:

- Provide a viable and sustainable business offering by maintaining adequate capital to cover the Group's current and forecast business needs and associated risks;
- Meet minimum regulatory requirements;
- Ensure the Group maintains adequate capital to withstand the impact of the risks that may arise under the stressed conditions;
- Perform internal and regulatory stress tests;
- Maintain capital buffers over regulatory minimum;
- Develop contingency plans for severe (stress management actions) to support the Group's and Company's growth and strategic options; and
- Maintain a capital plan on a short-term and medium-term basis aligned with strategic objectives.

We adopt a forward-looking, risk-based approach to capital risk management. Capital demand and supply is actively managed taking into account the regulatory, economic and commercial environment in which Group operates.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised, and the Group and the Company recognises the need to maintain a balance between the higher returns that might be possible with higher leverage and the advantages and security afforded by a sound capital position.

Insurance entities in Kenya are governed by the Insurance Act and as such are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. The Company manages capital in accordance with these rules.

The Group insurance subsidiaries have complied with the regulatory risk-based capital requirements. Capital adequacy is monitored regularly by the Company's Management and submitted quarterly to the Insurance Regulatory Authority. The capital structure of the Company consists of issued capital, share premium and retained earnings.

The Group has complied with all externally imposed capital requirements throughout the year .

4 Financial risk management (continued)

(e) Capital management (continued)

The regulatory capital position at 31 December was as follows:

	EBKL Shs' millions	Equity BCDC Shs' millions	EBTL Shs' millions	EBUL Shs' millions	EBRPLC Shs' millions	EBSSL Shs' millions
31 December 2022						
Risk Weighted Assets	764,664	269,317	26,257	67,336	43,390	2,736
Core Capital	121,034	31,671	4,552	11,516	7,231	3,697
Total Capital	158,267	36,218	4,552	12,927	7,231	3,697
Deposits	647,371	367,673	34,320	91,433	50,752	11,997
Core capital / TRWA	15.8%	11.8%	17.3%	17.1%	16.7%	135.1%
Statutory minimum	10.5%	7.5%	12.5%	10.0%	10.0%	8.0%
Excess	5.3%	4.3%	4.8%	7.1%	6.7%	127.1%
Total capital / TRWA	20.7%	13.4%	17.3%	18.1%	16.7%	135.1%
Statutory minimum	14.5%	10.0%	14.5%	12.0%	15.0%	12.0%
Excess	6.2%	3.4%	2.8%	6.1%	1.7%	123.1%
Core capital / deposits	18.7%	8.6%	13.3%	12.6%	14.2%	30.8%
Statutory minimum	8.0%	8.0%	8.0%	10.0%	8.0%	8.0%
Excess	10.7%	0.6%	5.3%	2.6%	6.2%	22.8%

31 December 2021	EBKL	Equity BCDC	EBTL	EBUL	EBRPLC	EBSSL
Risk Weighted Assets	704,636	216,190	22,246	61,580	36,162	1,424
Core Capital	93,843	20,041	3,314	12,162	7,211	4,035
Total Capital	132,496	23,666	3,460	12,162	7,211	4,035
Deposits	648,453	361,378	26,021	72,944	36,875	7,946
Core capital / TRWA	13.3%	9.3%	14.9%	19.7%	19.9%	283.3%
Statutory minimum	10.5%	7.5%	12.5%	10.0%	10.0%	8.0%
Excess	2.8%	1.8%	2.4%	9.7%	9.9%	275.3%
Total capital / TRWA	18.8%	10.9%	15.6%	20.8%	19.9%	283.3%
Statutory minimum	14.5%	10.0%	14.5%	12.0%	15.0%	12.0%
Excess	4.3%	0.9%	1.1%	8.8%	4.9%	271.3%
Core capital / deposits	20.0%	5.5%	9.9%	16.7%	10.5%	50.8%
Statutory minimum	8.0%	8.0%	8.0%	10.0%	8.0%	8.0%
Excess	12%	(2.5%)	1.9%	6.7%	2.5%	42.8%

4 Financial risk management (continued)

(e) Capital management (continued)

The regulatory capital position at 31 December was as follows:

	Insurance
	2022
Capital Adequacy ratio	122.0%
Minimum statutory requirement	100.0%
Excess	22.0%
Claims ratio	50.6%
Expense ratio	53.5%
Incurred claims ratio	17.0%

	Group	
	2022 Shs' millions	2021 Shs' millions
Total risk-weighted assets	1,134,400	1,051,432
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	22.5%	17.7%
Total tier 1 capital expressed as a percentage of risk-weighted Assets	18.0%	12.9%

(ii) Managing Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and number of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4 Financial risk management (continued)

4(ii) Managing insurance risk (continued)

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as dietary, smoking, exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

These risks are monitored closely, and reinsurance arrangements are in place to protect the impact of severity of claims and frequency from one event. There is an underwriting policy in place which is strictly followed.

The underwriting strategy adopted is intended to ensure that the risks underwritten are well diversified in terms of type of risk and level of insured benefits. Medical selection is also included in underwriting procedures with premiums varied to reflect the health condition and family medical history of the insured. The Group has retention limit for standard risks (from a medical point of view). The Group has a reinsurance arrangement to cover risks above its retention limit. Insurance risk for contracts disclosed in this note is also affected by policyholder's right to pay reduced premiums or no future premiums or terminate the contract completely.

(ii) Sources of uncertainty in the estimation of future claim payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written.

The process and assumptions for long-term contracts to determine liabilities are decided by the appointed actuary and are contained in the Statutory Actuarial Valuation Report as at 31 December 2022. The actuarial method and basis used are those set out in the Insurance Act.

(iii) Reinsurance

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

5 Financial assets and liabilities

The fair value of financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Non-performance risk refers to the risk that the obligation will not be fulfilled and affects the value at which the liability is transferred. The fair value of cash and cash equivalents, loans and advances, customer deposits and borrowed funds are evaluated by the Group based on parameters such as interest rates, specific country factors and individual creditworthiness of the customer. The valuation is performed on a discounted cash flow basis. Based on this evaluation, allowances are taken to account for the expected losses of the receivables.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values. The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair values of loans and advances, borrowed funds and other financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of remaining FVOCI financial assets are derived from quoted market prices in active markets. There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2022 (2021: Nil).

The table below shows certain financial assets and financial liabilities that have been measured at either fair value, or for which fair value has been disclosed in the financial statements, analysed by the level of valuation method.

	Valuation Technique	Significant observable input	Range (Weighted average)	
Level 2			**2022**	**2021**
FVOCI investment securities	Fair value at closing rate	Quoted yields	9.5%-15%	7%-11%
Amortised cost investment Securities	Fair value at closing rate	Quoted yields	9%-13%	9.5%-11.5%
FVTPL investment securities	Fair value at closing rate	Quoted yields	6%-10.5%	6%-10.5%
Level 3				
Currency swaps and forwards	Forward pricing model	Interest curve	2%-5%	1.8%-3.3%
Loans note at FVTPL	*			
Deposits from customers-fixed deposits	Discounted cash flow	Fixed rate and period	2%-11%	4%-8%
Borrowed funds	Discounted cash flow	Expected cashflows	4%-11%	4%-6%

*The Group holds a loan note that contains an embedded derivative and has therefore been measured at fair value through profit or loss. For this, the fair value is composed of two key cashflow components, being the interest receivable on the mandatorily convertible component of the loan note and valuation of the shares upon whose sale the principal debt amount will be realised. Any shortfall from the above cashflow streams is covered, albeit partially, by a government guarantee.

In valuing the hybrid instrument, management has only considered the Government guarantee as there is significant uncertainty in relation to the future recovery of interest and recovery of amounts from sale of shares. In particular, the original borrower company is loss making, is in a significant shareholders' deficit position and has been significantly adversely impacted by the COVID-19 pandemic.

5 Financial assets and liabilities

Valuation methods and assumptions (continued)

Fair value measurement hierarchy

Group	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions	Total Shs' millions
At 31 December 2022				
Financial assets fair value disclosures:				
Investment securities – FVOCI	-	359,216	-	359,216
Loan note at FVTPL	-	-	1,419	1,419
Derivative financial assets	-	873	-	873
Investment securities - FVTPL	-	5,311	-	5,311
Total financial assets at fair value	**-**	**365,400**	**1,419**	**366,819**
At 31 December 2021				
Financial assets fair value disclosures				
Investment securities – FVOCI	-	377,153	-	377,153
Loan note at FVTPL	-	-	1,305	1,305
Derivative financial assets	-	313	-	313
Investment securities - FVTPL	-	3,242	-	3,242
Total financial assets at fair value	**-**	**380,708**	**1,305**	**382,013**

The movement in the loan note at FVTPL is attributable to exchange and fair value changes.

The following summarises the carrying amount of those assets and liabilities not held at fair value. Except for amortised cost investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

NOTES

5 Financial assets and liabilities

Valuation methods and assumptions (continued)

Fair value measurement hierarchy (continued)

Group	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions
At 31 December 2022					
Cash balances and deposits in financial institutions	232,369	232,369	-	-	232,369
Investment securities – amortised cost	22,894	14,257	-	14,257	-
Amounts due from related parties	101	101	-	-	101
Loans and advances at amortised cost	705,168	705,168	-	-	705,168
Other assets	22,437	22,437	-	-	22,437
Total financial assets	**982,969**	**974,332**	**-**	**14,257**	**960,075**
Deposits from customers	1,052,162	1,052,162	-	-	1,052,162
Borrowed funds	157,542	157,542	-	-	157,542
Lease liabilities	9,127	9,127	-	-	9,127
Other liabilities	37,705	37,705	-	-	37,705
Total liabilities	**1,256,536**	**1,256,536**	**-**	**-**	**1,256,536**

	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions
At 31 December 2021					
Cash balances and deposits in financial institutions	242,782	242,782	-	-	242,782
Investment securities – amortised cost	13,706	12,711	-	12,711	-
Amounts due from related parties	160	160	-	-	160
Loans and advances at amortised cost	586,470	586,470	-	-	586,470
Other assets	13,441	13,441	-	-	13,441
Total financial assets	**856,559**	**855,564**	**-**	**12,711**	**842,853**
Deposits from customers	958,977	958,977	-	-	958,977
Borrowed funds	128,340	128,340	-	-	128,340
Lease Liabilities	8,900	8,900	-	-	8,900
Other liabilities	29,341	29,341	-	-	29,341
Total liabilities	**1,125,558**	**1,125,558**	**-**	**-**	**1,125,558**

NOTES

5 Financial assets and liabilities

Valuation methods and assumptions (continued)

Fair value measurement hierarchy (continued)

Company	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions
At 31 December 2022					
Cash balances and deposits in financial institutions	14,410	14,410	-	-	14,410
Due from related parties	3	3	-	-	3
Other assets	1,724	1,724	-	-	1,724
Total financial assets	**16,137**	**16,137**	**-**	**-**	**16,137**
Borrowed funds	12,629	12,629	-	-	12,629
Due to related parties	547	547	-	-	547
Other liabilities	14	14	-	-	14
Total liabilities	**13,190**	**13,190**	**-**	**-**	**13,190**

	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions
At 31 December 2021					
Cash balances and deposits in financial institutions	11,103	11,103	-	-	11,103
Due from related parties	203	203	-	-	203
Other assets	7,105	7,105	-	-	7,105
Total financial assets	**18,411**	**18,411**	**-**	**-**	**18,411**
Borrowed funds	11,461	11,461	-	-	11,461
Due to related parties	1,345	1,345	-	-	1,345
Other liabilities	2	2	-	-	2
Total liabilities	**12,808**	**12,808**	**-**	**-**	**12,808**

NOTES

6 Net Interest income

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Interest income				
Loans and advances to customers	78,577	64,074	-	-
Cash and cash equivalents	1,186	942	702	603
Credit related fees	8,705	7,595	-	-
Investment securities at amortised cost	3,702	3,347	-	-
Investment securities at FVOCI	36,358	26,107	-	-
	128,528	**102,065**	**702**	**603**
Interest expense				
Deposits from banks	(1,714)	(2,198)	-	-
Deposits from customers	(22,397)	(17,859)	-	-
Borrowed funds (Note 29)	(8,712)	(4,851)	(814)	(570)
Lease liabilities (Note 16)	(812)	(626)	-	-
	(33,635)	(25,534)	(814)	(570)
Net interest income	**94,893**	**76,531**	**(112)**	**33**

Included within interest income is Shs 1,296 million (2021: Shs 1,456 million) in respect of credit-impaired financial assets.

7 Net fee and commission income

	Group	
(a) Fee and commission income	2022 Shs' millions	2021 Shs' millions
Recognised at a point in time		
Service fees and commission	27,860	21,494
Custodial fee income	267	131
	28,127	21,625
(b) Fee and commission expense		
Fee and commission expense	(8,477)	(7,039)
Net fee and commission income	**19,650**	**14,586**

The service fees largely relate to fees earned from transactions with customers and commissions earned on facilitation of remittances.

8 Net foreign exchange income

	Group	
	2022 Shs' millions	2021 Shs' millions
Net foreign exchange gain	**12,970**	**8,187**

9 Net Premiums earned

	Group	
	2022 Shs' millions	2021 Shs' millions
Gross earned premiums:		
Credit Life	341	-
Group Life	717	-
Total	**1,058**	**-**
Premiums ceded to reinsurers		
Credit Life	(230)	-
Group Life	(259)	-
Total	**(489)**	**-**
Net	**569**	**-**

Section 29 (1) of the Insurance Act requires all registered underwriters to have in place appropriate reinsurance arrangements which are approved by the Commissioner of Insurance in respect of Insurance business underwritten during the business. The Insurance Regulatory Authority requires all reinsurance treaties in respect of long-term insurance business written in Kenya be locally placed. The Company has complied with this regulation.

10 Insurance net claim payable

	Group	
	2022 Shs' millions	2021 Shs' millions
Claims and surrenders		-
Credit Life	220	-
Group Life	68	-
	288	**-**

NOTES

11 Other operating income

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Realised gain on investment securities	1,524	2,951	-	-
Profit on disposal of property and equipment	25	-	-	-
Rental income	318	339	-	-
Insurance brokerage income	1,019	898	-	-
Re-insurance commission	120	-	-	-
Other income*	3,945	1,417	(549)	(95)
	6,951	5,605	(549)	(95)

*Other income includes unrealised foreign exchange gain on monetary assets and liabilities as well as fee income from government social payments and other programmes.

12 Depreciation and amortisation – Group

	Group	
	2022 Shs' millions	2021 Shs' millions
Depreciation on property and equipment (Note 16 (a))	3,381	3,338
Amortisation of intangible assets - Software (Note 17 (a))	2,080	1,987
Depreciation of right-of-use assets (Note 16 (b))	1,910	1,903
	7,371	7,228

13 Credit impairment losses

		Group		Company	
		2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Movements during the year:					
Increase in other assets	24	69	71	-	-
(Decrease)/increase / in money market	19 (a)	59	(146)	-	(1)
Increase in investment securities	21	14	71	-	-
Loans and advances:					
(Decrease) / increase in Stage 1	22 (b)	1,762	308	-	-
(Decrease) / increase in Stage 2	22 (b)	(259)	(971)	-	-
Increase in Stage 3	22 (b)	13,406	6,383	-	-
Net increase in impairment losses		**15,051**	**5,716**	**-**	**(1)**
Loan recoveries		(1,699)	(933)	-	-
		13,352	**4,783**	**-**	**(1)**

14 Employee benefits

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Salaries and other staff costs	22,042	17,700	38	10
Defined contribution plans	1,508	1,260	-	-
Defined benefit plans (Note 30)	1,227	148	55	-
	24,777	**19,108**	**93**	**10**

The average number of permanent staff in the Group for the year was 8,226 (2021: 7,688).

15 Lease expenses

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
VAT & service charge	110	158	-	-

Lease expenses relate to VAT and service charge which are excluded in the assessment of lease liability and right-of-use asset.

16 (a) Property and equipment – Company

Equipment, furniture & fittings	2022 Shs' millions	2021 Shs' millions
Cost		
At start of year	14	14
Additions	1	-
At end of year	**15**	**14**
Accumulated depreciation		
At start of year	4	2
Charge for the year	2	2
At end of year	**6**	**4**
Net book value at end of year	**9**	**10**

16 (a) Property and equipment – Group

31 December 2022	Freehold land & buildings Shs' millions	Leasehold improvements Shs' millions	Motor vehicles Shs' millions	Equipment, furniture & fittings Shs' millions	Computers Shs' millions	Work-in-progress Shs' millions	Total Shs' millions
Cost							
At start of year	6,979	13,563	1,197	10,207	16,552	875	49,373
Translation differences	494	(433)	(72)	1,855	(1,063)	172	953
Additions	-	625	26	896	346	3,811	5,704
Transfers	-	6	48	163	1,103	(1,320)	-
Disposals	-	(12)	(8)	(621)	(2,390)	-	(3,031)
At end of year	**7,473**	**13,749**	**1,191**	**12,500**	**14,548**	**3,538**	**52,999**
Accumulated depreciation							
At start of year	1,187	10,378	1,028	7,317	14,262	1	34,173
Translation differences	5	(318)	(111)	732	(754)	-	(446)
Charge for the year	413	817	99	965	1,087	-	3,381
Disposals	-	(12)	(8)	(603)	(2,385)	-	(3,008)
At end of year	**1,605**	**10,865**	**1,008**	**8,411**	**12,210**	**1**	**34,100**
Net book value at end of year	**5,868**	**2,884**	**183**	**4,089**	**2,338**	**3,537**	**18,899**

16 (a) Property and equipment – Group

31 December 2021	Freehold land & buildings Shs' millions	Leasehold improvements Shs' millions	Motor vehicles Shs' millions	Equipment, furniture & fittings Shs' millions	Computers Shs' millions	Work-in-progress Shs' millions	Total Shs' millions
Cost							
At start of year	6,213	12,972	1,205	9,620	17,535	849	48,394
Translation differences	738	298	39	1,080	(383)	(140)	1,632
Additions	35	350	36	231	320	798	1,770
Transfers	13	330	-	70	219	(632)	-
Disposals	(20)	(387)	(83)	(794)	(1,139)	-	(2,423)
At end of year	**6,979**	**13,563**	**1,197**	**10,207**	**16,552**	**875**	**49,373**
Accumulated depreciation							
At start of year	947	9,579	967	6,650	14,347	-	32,490
Translation differences	(1)	160	46	641	(123)	-	723
Charge for the year	248	1,014	98	812	1,165	1	3,338
Disposals	(7)	(375)	(83)	(786)	(1,127)	-	(2,378)
At end of year	**1,187**	**10,378**	**1,028**	**7,317**	**14,262**	**1**	**34,173**
Net book value at end of year	**5,792**	**3,185**	**169**	**2,890**	**2,290**	**874**	**15,200**

NOTES

16 (b) Right-of-use assets – Group

	Group 2022 Shs' millions	2021 Shs' millions
Cost		
At start of year	13,084	9,619
Remeasurements	1,490	3,006
Disposals	(233)	(220)
Translation differences	216	679
At end of year	**14,557**	**13,084**
Accumulated depreciation		
At start of year	4,994	3,529
Remeasurements	(82)	118
Charge for the year	1,910	1,903
Disposals	(191)	(220)
Translation differences	(248)	(336)
	6,383	4,994
Net book value at end of year	**8,173**	**8,090**

(c) Lease liabilities – Group

	2022 Shs' millions	2021 Shs' millions
Current	2,342	3,017
Non-current	6,785	5,883
	9,127	**8,900**
Movement during the year:		
At start of year	8,900	6,688
Disposals	(46)	-
Remeasurements	1,490	3,006
Interest expense	812	626
Interest paid	(1,016)	(554)
Principal elements of lease payments	(1,560)	(1,864)
Translation differences	547	998
	9,127	**8,900**
Amounts recognised in the statement of profit or loss:		
Depreciation charge of right-of-use assets – branches and ATMs	1,910	1,903
Interest expense	812	626
	2,722	**2,529**

16 (c) Lease liabilities – Group (continued)

Amounts recognised in the statement of cash flows:

	Group 2022 Shs' millions	Group 2021 Shs' millions
The total cash outflow for leases was as follows:		
Financing cash flows from leases	2,572	2,418

16 (d) Investment properties

(i) Measuring investment property at fair value

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in other income.

The Group's investment properties are held in Democratic Republic of Congo (DRC) were valued by ImmoAf, the Group's external qualified professional valuer who has experience in the location and category of the respective investment property.

(ii) Non-current assets - at fair value

	Group 2022 Shs' millions	Group 2021 Shs' millions
At start of the year	5,581	5,576
Additions	210	39
Translation differences	324	(34)
At 31 December	**6,115**	**5,581**

(iii) Amounts recognised in profit or loss for investment properties

	2022	2021
Rental income from operating leases	500	200
Direct operating expenses from property that generated rental income	133	(123)

(iv) Fair value hierarchy

Investment Properties	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions	Total Shs' millions
31 December 2022	-	-	6,115	6,115
31 December 2021	-	-	5,581	5,581

The following are the main inputs**:**

- Average occupancy rate: 90% (2021: 91% to 94%))
- Weighted average rent of Shs 1,852 (2021: Shs 1,647) per square metre
- Risk-adjusted discount rates (Weighted average 4.2% (2021: 4.2%))
- Market rental growth (Weighted average of between 2.3% to 2.7% (2021: 2.3% to 2.7%)

NOTES

17 Intangible assets – Group

	2022 Shs' millions	2021 Shs' millions
Software & acquired intangible assets	12,528	10,738
Goodwill	2,213	2,065
	14,741	**12,803**

17 (a) Software & acquired intangible assets

Group 31 December 2022	Software Shs' millions	Acquired intangible asset Shs' millions	Work in progress Shs' millions	Total Shs' millions
Cost				
At start of year	16,350	1,882	2,670	20,902
Translation differences	(145)	-	(0)	(145)
Additions	228	-	3,586	3,814
Transfers	1,061		(1,061)	-
Disposals	(118)		-	(118)
At end of year	**17,376**	**1,882**	**5,195**	**24,453**
Amortisation				
At start of year	9,587	577	-	10,164
Translation differences	(209)	-	-	(209)
Amortisation	1,512	568		2,080
Disposals	(110)	-	-	(110)
At end of year	**10,780**	**1,145**	**-**	**11,925**
Net book value at end of year	**6,596**	**737**	**5,195**	**12,528**
31 December 2021				
Cost				
At start of year	14,940	1,882	1,114	17,936
Translation differences	(146)		(107)	(253)
Additions	83	-	3,187	3,270
Transfers	1,524	-	(1,524)	-
Disposals	(51)	-	-	(51)
At end of year	**16,350**	**1,882**	**2,670**	**20,902**
Amortisation				
At start of year	8,315	-	-	8,315
Translation differences	(87)	-	-	(87)
Amortisation	1,410	577	-	1,987
Disposals	(51)	-	-	(51)
At end of year	**9,587**	**577**	**-**	**10,164**
Net book value at end of year	**6,763**	**1,305**	**2,670**	**10,738**

17 (a) Software & acquired intangible assets (continued)

The Group's intangible assets include the value of computer software.

The work-in-progress is composed of software in development. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has the intention and ability to complete and use the software and the costs can be measured reliably. The transfers relate to projects completed in the course of the year.

Acquired intangibles assets relate to core deposits (Shs 735 million), customer relations, (Shs 649 million) and Brand (Shs 498 million) arising from the acquisition of EBCDC (formerly BCDC) in 2020. These were valued as follows;

Core deposits

The fair value of the core deposit intangible was determined using the cost savings method. It's calculated as the after-tax present values of; (i) net cost of funding and; (ii) net service fees earned on deposits. Net cost of funding is the difference between interest expense on acquired low cost saving and demand deposit and cost of alternative funding over the useful life of the deposit.

Customer relationships

The fair value of customer relationships was valued using replacement cost method. The value is calculated as the estimated cost of acquiring new customers multiplied by the unique number of customers acquired in the transaction. This is adjusted with the profit mark up and opportunity cost

Brand

The fair value of brand was determined using relief-from-royalty (RFR). The RFR method values the intangibles by reference to the amount the acquirer would pay in arm's length transaction. The royalty rate is applied to the estimated income stream attributable to the brand to determine the amount of royalty savings, which is then discounted at the applicable discount rate to arrive at the estimated fair value.

17 (b) Goodwill

	Carrying amount at 1 January Shs' millions	Effect of exchange rate changes Shs' millions	Carrying amount at 31 December Shs' millions
Year ended 31 December 2022			
Equity Bank Uganda Limited	769	30	799
Equity BCDC	1,296	118	1,414
	2,065	**148**	**2,213**
Year ended 31 December 2021			
Equity Bank Uganda Limited	719	50	769
Equity BCDC	1,251	45	1,296
	1,970	**95**	**2,065**

17 (b) Goodwill (continued)

Equity Bank Uganda Limited

The goodwill arose from the acquisition of Equity Bank Uganda Limited (formerly Uganda Microfinance Limited) in April 2008, which was determined in accordance with IFRS 3. It represents the difference between the total purchase consideration (including acquisition costs) paid to acquire 100% stake in Equity Bank Uganda Limited and the fair value of the net tangible assets and the separable identifiable intangible assets.

Equity BCDC

The goodwill arose from the acquisition of 79% stake in Equity Bank Congo S.A (now merged with BCDC to form EquityBCDC) in September 2015, which was determined in accordance with IFRS 3.

The goodwill arising from acquisition consists largely of the synergies and economies of scale expected from combining the operations of Equity Group Holdings Plc and Equity Bank Congo S.A, as well as Equity Bank Uganda Limited.

Management carried out an impairment assessment in respect of goodwill at year end. Since the goodwill arose on purchase of Equity Bank Uganda Limited and Equity Bank Congo S.A as subsidiaries, the whole amount is allocated to the subsidiaries which the Group considers as a cash generating unit (CGU). The table below shows the various variables used in management's impairment assessment:

	Equity Bank Uganda Limited		Equity BCDC	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Value in use	118,801	86,432	195,901	80,560
Projected growth in net interest income – 2023/2022	18%	12%	16%	52%
Projected growth in net interest income – 2024/2023	18%	28%	15%	66%
Projected growth in non-interest income – 2023/2022	35%	48%	35%	73%
Projected growth in non-interest income – 2024/2023	31%	28%	34%	16%
Weighted average cost of capital	18.5%	22%	36%	25%

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

- Budgeted PAT – Budgeted PAT has been based on values achieved in the past five years adjusted for efficiencies expected from implementation of Group initiatives.
- Long term growth rate is based on projected GDP growth rate for each subsidiary.
- Weighted average cost of capital is the pre-tax risk adjusted discount rate based on the risk-free rate of government securities in the respective country adjusted for a risk premium to reflect the increased risk of investing in equities and the systemic risk of the specific Group operating company.
- An assumed terminal value based on a historical performance of the CGUs and Pre-tax risk adjusted discount rate.

Sensitivity analysis

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

18 Other operating expenses

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Software licencing and other IT related costs	5,727	5,001	-	-
Consultancy, legal and professional fees	2,600	1,964	161	113
Electricity, water, repairs and maintenance	1,841	1,483	-	-
Travel and accommodation	2,613	1,560	11	4
Marketing, advertising and sponsorship	2,686	1,272	21	2
Publications, stationery and communications	1,672	1,002	7	2
Lease expenses (Note 13)	110	158	5	-
Deposit fund protection expenses	2,948	2,567	-	-
Auditors' remuneration	81	75	2	2
Insurance commission expenses	88	-	-	-
Other expenses	9,401	7,204	106	68
	29,767	**22,286**	**313**	**191**

19 (a) Investment in subsidiary companies

	Country of incorporation	Shareholding 2022	2022 Shs' millions	2021 Shs' millions
Banking				
Equity Bank (Kenya) Limited	Kenya	100%	40,733	40,733
EquityBCDC	DRC	84.1%	27,354	17,388
Equity Bank (South Sudan) Limited	South Sudan	100%	5,712	5,712
Equity Bank Uganda Limited	Uganda	100%	6,908	6,053
Equity Bank Tanzania Limited	Tanzania	100%	7,377	6,200
Equity Bank Rwanda PLC	Rwanda	100%	2,807	2,807
Telecommunication				
Finserve Africa Limited	Kenya	100%	1,001	1,001
Investment banking				
Equity Investment Bank Limited	Kenya	100%	420	420
Insurance				
Equity Group Insurance Holdings Limited	Kenya	100%	600	400
Insurance brokerage				
Equity Bancassurance Intermediary Limited	Kenya	100%	100	100
Consultancy				
Equity Consulting Group Limited	Kenya	100%	0.5	0.5
Equity Investment Services Limited	Kenya	100%	420	420
Custodial services				
Equity Nominees Limited	Kenya	100%	0.1	0.1
Total			**93,433**	**81,235**

NOTES

19 (a) Investment in subsidiary companies (continued)

On 28 July 2021, Equity Group Insurance Holdings Limited (EGHIL), a fully owned subsidiary of EGH Plc was incorporated with a share capital of Shs 400 million. The subsidiary holds the insurance line of business for the Group. In 2022, the Group converted the working capital of Shs 200 million in EGHIL into equity in the subsidiary.

Equity Life Assurance (Kenya) Limited is a fully owned subsidiary of EGHIL.

On 30 December 2021, EGH Plc received regulatory approval to acquire shares previously held by Equity Bank Congo S.A ESOP in EquityBCDC at a consideration of Shs 383 million, increasing EGH Plc's shareholding in EquityBCDC to 77.5% (2020; 75.5%). On 25th August 2022, EGH acquired a further 36,469 shares, representing 2.3% of total shares issued from minority owners at a consideration of USD 6.2 million (Shs 740 million).

Through a rights issue, EGH Plc increased its shareholding in EquityBCDC by acquiring 452,659 shares for a consideration of USD 70.5 million (Shs 8.5 billion). The new shares acquired through rights issue, in addition to shares acquired from minority, resulted to an increase in EGH Plc's shareholding in EquityBCDC to 84.1% (2021; 77.5%).

In June 2022, the Group injected an additional capital of USD 10 million (Shs 1,177 million) in Equity Bank (Tanzania) Limited. On 22 December 2022, the Group also capitalized retained earnings of UGX 25,752 million (Shs 855 million) in Equity Bank Uganda Limited. This led to an increase in Uganda's share capital from UGX 94,248 million (Shs 6,053 million) to UGX 120,000 million (Shs 6,908 million).

19 (b) Non-controlling interests (NCI)

Set out below is the summarised financial information of EquityBCDC which has non-controlling interest that is material to the Group.

	Group	
	2022 Shs' millions	**2021 Shs' millions**
Summarised statement of financial position		
Total assets	64,740	419,796
Total liabilities	58,234	388,688
Equity	6,506	31,108
Accumulated NCI	6,016	7,023
Summarised statement of comprehensive income		
Operating income	3,866	18,694
Profit for the period	842	3,989
Other comprehensive income	(502)	(890)
Total comprehensive income	340	3,099
Profit allocated to NCI	1,209	897
Summarised statement of cash flows		
Cash flows from operating activities	(65,739)	94,006
Cash flows to investing activities	(5,799)	(20,437)
Cash flows from financing activities	2,885	4,351
Net decrease / increase in cash and cash equivalents	**(68,653)**	**77,920**

19 (b) Non-controlling interests (NCI)

Equity Group Holdings Plc does not consolidate the results of Equity Group Foundation (the "Foundation") which was incorporated on 12 February 2008 under the Companies Act (Cap 486) as a company limited by guarantee. It is a charitable organization set up to provide a platform to development partners, government, the private sector as well as local and international organizations for the implementation of high impact development programs which include Wings to Fly Scholarship Program.

The programs of the Foundation are primarily funded by third party donors under donor agreements. The Group's contributions to the Foundation are both in monetary terms but mainly in-kind in the form of utilising the Group's extensive branch network and staff in driving the achievement of the goals/activities of the Foundation in communities. On the basis that the donors provide majority of the funding and direct the activities of the Foundation through the donor agreements, the Group does not control the Foundation. The table below summarises EGF's source of funding:

	2022 Shs' millions	2021 Shs' millions
Donors	4,703	3,755
Equity Group Holdings Plc	259	28
Total donations income	**4,962**	**3,783**

The Group does not earn income from EGF and is not exposed to loss arising from its involvement with the Foundation..

Consistent with previous years, the Group will continue providing support to the Foundation primarily as regards the use of the Group's branch network and staff to carry out its program activities.

20 Income tax

Recognised in profit or loss	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Current income tax:				
Current year charge	12,086	11,486	-	161
Prior year understatement / (overstatement)	1	1	-	-
Deferred income tax (Note 26):				
Current year charge/ (credit)	1,654	322	(206)	(23)
Income tax expense/ credit)	**13,741**	**11,809**	**(206)**	**138**

Where there's uncertainty in the tax treatment, the Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. The Group did not have any significant area of uncertainty in the year.

The Group's tax related contingencies are disclosed in Note 35.

NOTES

20 Income tax (continued)

Reconciliation of effective tax rate:

The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Profit before income tax	**59,844**	**51,881**	**21,127**	**8,439**
Income tax using the enacted corporation tax rate	17,953	15,564	6,338	2,532
The effect of differential tax rate in South Sudan (30% (2021: 25%))	150	33	-	-
Prior year understatement	135	1	-	-
Income not subject to tax	(5,006)	(3,941)	(6,659)	(2,611)
Other differences	509	152	115	217
	13,741	**11,809**	**(206)**	**138**

Current income tax liability/ (asset)

	Group 2022	Group 2021	Company 2022	Company 2021
At start of year	363	1,361	62	(54)
Charge for the year	11,977	11,486	-	161
Prior year understatement	16	1	-	-
Translation differences	438	(290)	-	-
Paid during the year	(12,692)	(12,195)	(209)	(45)
At end of year	**102**	**363**	**(147)**	**62**
Made up of:				
Tax payable	1,830	925	-	62
Tax recoverable	(1,728)	(562)	(147)	-
	102	**363**	**(147)**	**62**

20 Income tax (continued)

Tax rates are as follows:

31 December 2022	Group Shs' millions	EGH Plc Shs' millions	EBKL Shs' millions	EBUL Shs' millions	EquityBCDC Shs' millions	EBRPLC Shs' millions	EBIL Shs' millions	EBTL Shs' millions	EBSSL Shs' millions	Others* Shs' millions
Profit before tax	**59,844**	**21,071**	**42,002**	**2,396**	**8,118**	**4,027**	**717**	**470**	**2,995**	**1,216**
Enacted tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Income tax using the enacted corporation tax rate	**17,953**	**6,321**	**12,601**	**719**	**2,435**	**1,208**	**215**	**141**	**899**	**365**
31 December 2021										
Profit before tax	**51,881**	**8,439**	**41,042**	**3,614**	**4,924**	**1,978**	**931**	**138**	**(327)**	**627**
Enacted tax rate	30%	30%	30%	30%	30%	30%	30%	30%	25%	30%
Income tax using the enacted corporation tax rate	**15,564**	**2,532**	**12,313**	**1,084**	**1,477**	**593**	**279**	**41**	**(82)**	**188**

EGH Plc – Equity Group Holdings Plc, EBKL – Equity Bank Kenya Limited, EBUL – Equity Bank Uganda Limited, EBRPLC – Equity Bank Rwanda PLC, EBIL – Equity Bancassurance Intermediary Limited, EBTL – Equity Bank Tanzania Limited, EBSSL – Equity Bank South Sudan Limited, EquityBCDC – Equity Banque Commerciale Du Congo.

*Others relate to Equity Life Assurance Limited, Equity Investment Bank Limited, Finserve Africa Limited, Equity Nominees Limited, Equity Investment Services Limited and Equity Consulting Group Limited.

21 (a) Cash, deposits and balances due from financial institutions

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Cash in hand	28,441	62,738	-	-
Unrestricted balances with central banks	3,388	498	-	-
Money market placements	47,573	70,005	-	-
Cash balances with banks	68,928	57,590	14,412	11,105
	148,330	**190,831**	**14,412**	**11,105**
12-month ECL:				
At 1 January	(466)	(511)	(2)	(3)
Re-measurement during the year	(47)	(146)	-	1
Translation differences	(15)	191	-	-
At 31 December	**(528)**	**(466)**	**(2)**	**(2)**
Included in cash and cash equivalents	147,802	190,365	14,410	11,103
Restricted balances with central banks	84,567	52,417	-	-
Net carrying amount	**232,369**	**242,782**	**14,410**	**11,103**
Movement in restricted balances:				
At start of year	52,417	20,181	-	-
Movement during the year	32,150	32,236	-	-
At end of year	**84,567**	**52,417**	**-**	**-**

The restricted funds with the central banks in Kenya, Uganda, Tanzania, Rwanda, South Sudan and Democratic Republic of Congo are not interest earning and are based on the value of deposits as adjusted by central banks' requirements from time to time. These funds (restricted balances with central banks) are not available for use by the Group in its day-to-day operations.

21 (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Group	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Cash and cash equivalents (Note 21(a))	147,802	190,365	14,410	11,103
Liquid investments:				
FVOCI and FVTPL investment securities (Note 23)	368,527	380,395	-	-
Borrowed funds - repayable within one year (Note 29)	(58,424)	(19,363)	-	-
Borrowed funds - repayable after one year (Note 29)	(99,118)	(108,977)	(12,629)	(11,461)
Lease liabilities (Note 16 (c))	(3,539)	(8,900)	-	-
Net cash	**355,248**	**433,520**	**1,781**	**(358)**
Cash and liquid investments	516,329	570,760	14,410	11,103
Gross debt - fixed interest rates	(69,038)	(47,311)	-	-
Gross debt - variable interest rates	(92,043)	(89,929)	(12,629)	(11,461)
	355,248	**433,520**	**1,781**	**(358)**

22 Loans and advances to customers

	2022 Shs' millions	2021 Shs' millions
Loans and advances at amortised cost	705,169	586,470
Loans and advances at fair value through profit or loss	1,419	1,305
	706,588	**587,775**

a) Loans and advances at amortised cost

At 31 December 2022	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' Millions
Gross loans and advances	599,576	97,118	58,665	755,359
Loss allowance	(6,446)	(7,519)	(36,225)	(50,190)
Net loans and advances	**593,130**	**89,599**	**22,440**	**705,169**

22 Loans and advances to customers (continued)

a) Loans and advances at amortised cost (continued)

At 31 December 2021	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' millions
Gross loans and advances	495,302	85,705	51,905	632,912
Loss allowance	(4,684)	(7,778)	(33,980)	(46,442)
Net loans and advances	**490,618**	**77,927**	**17,925**	**586,470**

	Gross		Net	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Current portion	204,805	292,289	191,196	270,841
Non-current portion	550,554	340,623	513,973	315,629
	755,359	**632,912**	**705,169**	**586,470**

(b) Impairment on financial assets	2022			
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total ECL Shs' millions
Loss allowance as at 1 January	4,684	7,778	33,980	46,442
Transfer to 12 months ECL	958	(563)	(395)	-
Transfer to lifetime ECL not credit impaired	(768)	1,164	(396)	-
Transfer to lifetime ECL credit impaired	(303)	(499)	802	-
Net remeasurement	(1,038)	43	8,800	7,805
Net financial assets originated	3,805	925	5,124	9,854
Financial assets derecognised	(1,113)	(1,351)	(915)	(3,379)
Translation differences	221	22	386	629
	1,762	(259)	13,406	14,909
Write offs	-	-	(11,161)	(11,161)
Loss allowance as at 31 December	**6,446**	**7,519**	**36,225**	**50,190**

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

	2021			
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' millions
Loss allowance as at 1 January	4,376	8,748	34,880	48,004
Transfer to 12 months ECL	3,309	(2,986)	(323)	-
Transfer to lifetime ECL not credit impaired	(167)	3,853	(3,686)	-
Transfer to lifetime ECL credit impaired	(1,264)	(359)	1,623	-
Net remeasurement	(2,514)	(1,391)	6,870	2,965
Net financial assets originated	2,278	549	2,001	4,828
Financial assets derecognised	(1,390)	(692)	(414)	(2,496)
Translation differences	56	56	310	422
	308	(970)	6,381	5,719
Write offs	-	-	(7,281)	(7,281)
Loss allowance as at 31 December	**4,684**	**7,778**	**33,980**	**46,442**

NOTES

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

	2022			
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' millions
Gross carrying amount as at 1 January	495,302	85,705	51,905	632,912
Movements during the year:				
Transfer to 12 months ECL	13,913	(13,039)	(874)	-
Transfer to lifetime ECL not credit impaired	(32,856)	33,205	(349)	-
Transfer to lifetime ECL credit impaired	(11,822)	(9,249)	21,071	-
Net remeasurement	(27,464)	7,295	(3,933)	(24,102)
Net financial assets originated	285,399	13,145	6,757	305,301
Financial assets derecognised	(125,894)	(17,388)	(16,654)	(159,936)
Translation differences	2,998	(2,556)	742	1,184
Gross carrying amount as at 31 December	**599,576**	**97,118**	**58,665**	**755,359**

	2021			
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' millions
Gross carrying amount as at 1 January	393,416	72,710	58,459	524,585
Movements during the year:				
Transfer to 12 months ECL	21,010	(18,976)	(2,034)	-
Transfer to lifetime ECL not credit impaired	(26,344)	34,660	(8,316)	-
Transfer to lifetime ECL credit impaired	(7,526)	(4,630)	12,156	-
Net remeasurement	(26,377)	(555)	(2,117)	(29,049)
Net financial assets originated	245,858	12,092	5,303	263,253
Financial assets derecognised	(110,953)	(10,487)	(14,890)	(136,330)
Translation differences	6,218	891	3,344	10,453
Gross carrying amount as at 31 December	**495,302**	**85,705**	**51,905**	**632,912**

22 Loans and advances to customers (continued)

(c) Movements per sector

31 December 2022	Building and construction Stage 1 12-month ECL	Building and construction Stage 2 Lifetime ECL	Building and construction Stage 3 Lifetime ECL	Building and construction Total	Energy and water Stage 1 12-month ECL	Energy and water Stage 2 Lifetime ECL	Energy and water Stage 3 Lifetime ECL	Energy and water Total	Financial services Stage 1 12-month ECL	Financial services Stage 2 Lifetime ECL	Financial services Stage 3 Lifetime ECL	Financial services Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	10,183	2,866	4,859	**17,908**	29,983	4,158	7,542	**41,683**	35,943	2,663	1,098	**39,704**
Transfer to 12 months ECL	966	(853)	(113)	**-**	-	-	-	**-**	74	(24)	(50)	**-**
Transfer to Lifetime ECL not credit impaired	(1,666)	1,682	(16)	**-**	(322)	324	(2)	**-**	(491)	491	-	**-**
Transfer to Lifetime ECL credit impaired	(271)	(101)	372	**-**	(27)	-	27	**-**	(528)	265	263	**-**
Net remeasurement	(1,385)	154	(250)	**(1,481)**	5,834	(2,064)	659	**4,429**	2,588	7	(62)	**2,533**
Net financial assets originated	6,630	1,962	209	**8,801**	8,257	244	84	**8,585**	13,808	590	194	**14,592**
Financial assets derecognised	(2,431)	(1,658)	(827)	**(4,916)**	(4,873)	(302)	(9)	**(5,184)**	(4,119)	(260)	(536)	**(4,915)**
Translation differences	(235)	(24)	(73)	**(332)**	56	25	2	**83**	211	53	96	**360**
Gross carrying amount as at 31 December	**11,791**	**4,028**	**4,161**	**19,980**	**38,908**	**2,385**	**8,303**	**49,596**	**47,486**	**3,785**	**1,003**	**52,274**
Loss allowance as at 1 January	212	264	2,823	**3,299**	303	1,157	7,538	**8,998**	330	87	756	**1,173**
Transfer to 12 months ECL	86	(69)	(17)	**-**	-	-	-	**-**	2	10	(12)	**-**
Transfer to Lifetime ECL not credit impaired	(85)	85	-	**-**	(2)	2	-	**-**	(4)	4	-	**-**
Transfer to Lifetime ECL credit impaired	(3)	(11)	14	**-**	-	(5)	5	**-**	(5)	1	4	**-**
Net remeasurement of loss allowance	(61)	137	632	**708**	91	(638)	539	**(8)**	107	(35)	30	**102**
Net financial assets originated	90	56	48	**194**	119	12	7	**138**	256	46	50	**352**
Financial assets derecognised	(29)	(54)	46	**(37)**	(40)	(30)	(4)	**(74)**	(39)	(9)	(326)	**(374)**
Write offs	-	-	(390)	**(390)**	-	-	(1)	**(1)**	-	-	(186)	**(186)**
Translation differences	(24)	(27)	225	**174**	2	3	1	**6**	13	3	67	**83**
Loss allowance as at 31 December	**186**	**381**	**3,381**	**3,948**	**473**	**501**	**8,085**	**9,059**	**660**	**107**	**383**	**1,150**
Net loans and advances	**11,605**	**3,647**	**780**	**16,032**	**38,435**	**1,884**	**218**	**40,537**	**46,826**	**3,678**	**620**	**51,124**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2022	Food and agriculture				ICT and Telecommunication				Manufacturing			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	18,259	4,450	3,180	**25,889**	1,552	3	-	**1,555**	10,213	11,186	2,393	**23,792**
Transfer to 12 months ECL	729	(705)	(24)	**-**	-	-	-	**-**	22	(22)	-	**-**
Transfer to Lifetime ECL not credit impaired	(1,518)	1,543	(25)	**-**	(9)	9	-	**-**	(4,154)	4,155	(1)	**-**
Transfer to Lifetime ECL credit impaired	(463)	(651)	1,114	**-**	(3)	-	3	**-**	(24)	(4)	28	**-**
Net remeasurement	(2,135)	(1,840)	(123)	**(4,098)**	(34)	(3)	-	**(37)**	2,885	3,525	8	**6,418**
Net financial assets originated	15,062	2,934	303	**18,299**	97	9	-	**106**	8,968	689	101	**9,758**
Financial assets derecognised	(9,062)	(1,347)	(1,616)	**(12,025)**	(112)	(3)	-	**(115)**	(2,137)	(600)	(129)	**(2,866)**
Translation differences	(107)	94	36	**23**	43	-	-	**43**	762	(529)	18	**251**
Gross carrying amount as at 31 December	**20,765**	**4,478**	**2,845**	**28,088**	**1,534**	**15**	**3**	**1,552**	**16,535**	**18,400**	**2,418**	**37,353**
Loss allowance as at 1 January	161	277	823	**1,261**	7	-	-	**7**	109	587	2,156	**2,852**
Transfer to 12 months ECL	49	(45)	(4)	**-**	-	-	-	**-**	-	-	-	**-**
Transfer to Lifetime ECL not credit impaired	(11)	18	(7)	**-**	-	-	-	**-**	(410)	410	-	**-**
Transfer to Lifetime ECL credit impaired	(76)	(88)	164	**-**	-	-	-	**-**	(11)	-	11	**-**
Net remeasurement of loss allowance	(2)	54	674	**726**	(1)	-	1	**-**	401	579	(1,786)	**(806)**
Net financial assets originated	355	180	118	**653**	-	-	-	**-**	118	9	38	**165**
Financial assets derecognised	(161)	(128)	388	**99**	-	-	-	**-**	(27)	(12)	(78)	**(117)**
Write offs	-	-	(782)	**(782)**	-	-	-	**-**	-	-	(47)	**(47)**
Translation differences	67	5	115	**187**	-	-	-	**-**	20	(38)	18	**-**
Loss allowance as at 31 December	**382**	**273**	**1,489**	**2,144**	**6**	**-**	**1**	**7**	**200**	**1,535**	**312**	**2,047**
Net loans and advances	**20,383**	**4,205**	**1,356**	**25,944**	**1,528**	**15**	**2**	**1,545**	**16,335**	**16,865**	**2,106**	**35,306**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2022	Mining and quarrying				Personal household				Real estate			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	21,085	3,503	56	**24,644**	134,856	2,707	4,559	**142,122**	79,242	13,608	8,773	**101,623**
Transfer to 12 months ECL	-	-	-	-	1,306	(1,064)	(242)	**-**	1,904	(1,723)	(181)	**-**
Transfer to Lifetime ECL not credit impaired	-	-	-	-	(2,532)	2,668	(136)	**-**	(16,306)	16,869	(563)	**-**
Transfer to Lifetime ECL credit impaired	(1,314)	(297)	1,611	**-**	(1,832)	(534)	2,366	**-**	(742)	(1,252)	1,994	**-**
Net remeasurement	(3,437)	1,056	1	**(2,380)**	(16,719)	(411)	(197)	**(17,327)**	(5,691)	60	(723)	**(6,354)**
Net financial assets originated	11,485	5	128	**11,618**	99,428	2,637	1,900	**103,965**	18,328	1,335	287	**19,950**
Financial assets derecognised	(2,730)	(2)	(55)	**(2,787)**	(46,709)	(1,004)	(2,371)	**(50,084)**	(5,752)	(597)	(1,880)	**(8,229)**
Translation differences	70	25	5	**100**	533	254	109	**896**	611	(823)	68	**(144)**
Gross carrying amount as at 31 December	**25,159**	**4,290**	**1,746**	**31,195**	**168,331**	**5,253**	**5,988**	**179,572**	**71,594**	**27,477**	**7,775**	**106,846**
Loss allowance as at 1 January	18	323	51	**392**	1,025	208	2,131	**3,364**	427	1,043	5,141	**6,611**
Transfer to 12 months ECL	-	-	-	-	109	(54)	(55)	**-**	144	(56)	(88)	**-**
Transfer to Lifetime ECL not credit impaired	-	-	-	-	(28)	120	(92)	**-**	(118)	201	(83)	**-**
Transfer to Lifetime ECL credit impaired	(1)	(9)	10	**-**	(118)	(52)	170	**-**	(9)	(54)	63	**-**
Net remeasurement of loss allowance	3	2	2	**7**	(40)	7	2,090	**2,057**	(155)	776	1,490	**2,111**
Net financial assets originated	7	-	62	**69**	1,247	143	1,010	**2,400**	257	44	51	**352**
Financial assets derecognised	(1)	-	(53)	**(54)**	(370)	(64)	408	**(26)**	(28)	(65)	620	**527**
Write offs	-	-	(38)	**(38)**	-	-	(2,675)	**(2,675)**	-	-	(2,070)	**(2,070)**
Translation differences	(7)	1	5	**(1)**	(67)	11	164	**108**	66	(121)	156	**101**
Loss allowance as at 31 December	**19**	**317**	**39**	**375**	**1,758**	**319**	**3,151**	**5,228**	**584**	**1,768**	**5,280**	**7,632**
Net loans and advances	**25,140**	**3,973**	**1,707**	**30,820**	**166,573**	**4,934**	**2,837**	**174,344**	**71,010**	**25,709**	**2,495**	**99,214**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

	Tourism and hospitality				Trade				Transport and logistics			
31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	3,116	17,668	1,005	**21,789**	122,249	17,873	14,582	**154,704**	28,621	5,020	3,858	**37,499**
Transfer to 12 months ECL	(1,212)	1,214	(2)	**-**	9,892	(9,648)	(244)	**-**	232	(214)	(18)	**-**
Transfer to Lifetime ECL not credit impaired	(37)	47	(10)	**-**	(4,888)	4,134	754	**-**	(933)	1,283	(350)	**-**
Transfer to Lifetime ECL credit impaired	(983)	104	879	**-**	(5,778)	(6,046)	11,824	**-**	143	(733)	590	**-**
Net remeasurement	1,835	(1,430)	11	**416**	(6,279)	8,966	(4,257)	**(1,570)**	(4,926)	(725)	1,000	**(4,651)**
Net financial assets originated	988	913	364	**2,265**	80,209	(120)	3,142	**83,231**	22,139	1,947	45	**24,131**
Financial assets derecognised	(267)	(660)	(241)	**(1,168)**	(41,992)	(10,784)	(7,469)	**(60,245)**	(5,710)	(171)	(1,521)	**(7,402)**
Translation differences	382	(938)	9	**(547)**	536	(587)	197	**146**	136	(106)	275	**305**
Gross carrying amount as at 31 December	**3,822**	**16,918**	**2,015**	**22,755**	**153,949**	**3,788**	**18,529**	**176,266**	**39,702**	**6,301**	**3,879**	**49,882**
Loss allowance as at 1 January	64	1,801	655	**2,520**	1,733	1,606	9,543	**12,882**	295	425	2,363	**3,083**
Transfer to 12 months ECL	64	(64)	-	**-**	484	(269)	(215)	**-**	20	(16)	(4)	**-**
Transfer to Lifetime ECL not credit impaired	(33)	41	(8)	**-**	(55)	41	14	**-**	(22)	242	(220)	**-**
Transfer to Lifetime ECL credit impaired	(18)	(2)	20	**-**	(55)	(262)	317	**-**	(7)	(17)	24	**-**
Net remeasurement of loss allowance	(17)	(373)	49	**(341)**	(1,307)	(434)	4,065	**2,324**	(57)	(32)	1,014	**925**
Net financial assets originated	17	64	16	**97**	1,060	99	3,707	**4,866**	279	272	17	**568**
Financial assets derecognised	(4)	(732)	117	**(619)**	(348)	(248)	(1,975)	**(2,571)**	(66)	(9)	(58)	**(133)**
Write offs	-	-	(435)	**(435)**	-	-	(3,869)	**(3,869)**	-	-	(668)	**(668)**
Translation differences	41	(30)	14	**25**	47	268	(451)	**(136)**	63	(53)	72	**82**
Loss allowance as at 31 December	**114**	**705**	**428**	**1,247**	**1,559**	**801**	**11,136**	**13,496**	**505**	**812**	**2,540**	**3,857**
Net loans and advances	**3,708**	**16,213**	**1,587**	**21,508**	**152,390**	**2,987**	**7,393**	**162,770**	**39,197**	**5,489**	**1,339**	**46,025**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2021	Building and construction				Energy and water				Financial services			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	6,508	2,971	4,928	**14,407**	18,379	4,997	5,844	**29,220**	16,407	1,938	3,216	**21,561**
Transfer to 12 months ECL	641	(837)	196	**-**	22	(22)	-	**-**	161	(209)	48	**-**
Transfer to Lifetime ECL not credit impaired	(199)	910	(711)	**-**	(396)	1,220	(824)	**-**	(434)	342	92	**-**
Transfer to Lifetime ECL credit impaired	(489)	(18)	507	**-**	(47)	(277)	324	**-**	(1,307)	(91)	1,398	**-**
Net remeasurement	(653)	198	207	**(248)**	2,518	(1,760)	2,884	**3,642**	(4,770)	(121)	(3,918)	**(8,809)**
Net financial assets originated	6,006	417	261	**6,684**	11,301	-	-	**11,301**	25,911	783	158	**26,852**
Financial assets derecognised	(5,184)	(734)	(242)	**(6,160)**	(2,378)	(254)	(1,498)	**(4,130)**	(9,178)	(366)	(276)	**(9,820)**
Translation differences	3,553	(41)	(287)	**3,225**	584	254	812	**1,650**	9,153	387	380	**9,920**
Gross carrying amount as at 31 December	**10,183**	**2,866**	**4,859**	**17,908**	**29,983**	**4,158**	**7,542**	**41,683**	**35,943**	**2,663**	**1,098**	**39,704**
Loss allowance as at 1 January	76	194	2,591	**2,861**	56	1,273	4,434	**5,763**	161	105	2,957	**3,223**
Transfer to 12 months ECL	22	(25)	3	**-**	1	(1)	-	**-**	2	(14)	12	**-**
Transfer to Lifetime ECL not credit impaired	(4)	480	(476)	**-**	(1)	19	(18)	**-**	(10)	18	(8)	**-**
Transfer to Lifetime ECL credit impaired	(13)	(18)	31	**-**	(1)	(9)	10	**-**	(21)	(3)	24	**-**
Net remeasurement of loss allowance	(6)	(316)	623	**301**	137	(112)	3,154	**3,179**	(73)	(43)	(2,698)	**(2,814)**
Net financial assets originated	109	15	78	**202**	102	-	-	**102**	241	26	36	**303**
Financial assets derecognised	(104)	(78)	149	**(33)**	(23)	(10)	(38)	**(71)**	(136)	(17)	(203)	**(356)**
Write offs	-	-	(118)	**(118)**	-	-	(16)	**(16)**	-	-	(4)	**(4)**
Translation differences	132	12	(58)	**86**	32	(3)	12	**41**	166	15	640	**821**
Loss allowance as at 31 December	**212**	**264**	**2,823**	**3,299**	**303**	**1,157**	**7,538**	**8,998**	**330**	**87**	**756**	**1,173**
Net loans and advances	**9,971**	**2,602**	**2,036**	**14,609**	**29,680**	**3,001**	**4**	**32,685**	**35,613**	**2,576**	**342**	**38,531**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2021	Food and agriculture Stage 1 12-month ECL	Food and agriculture Stage 2 Lifetime ECL	Food and agriculture Stage 3 Lifetime ECL	Food and agriculture Total	ICT and Telecommunication Stage 1 12-month ECL	ICT and Telecommunication Stage 2 Lifetime ECL	ICT and Telecommunication Stage 3 Lifetime ECL	ICT and Telecommunication Total	Manufacturing Stage 1 12-month ECL	Manufacturing Stage 2 Lifetime ECL	Manufacturing Stage 3 Lifetime ECL	Manufacturing Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	19,096	6,872	1,854	**27,822**	3,323	60	247	**3,630**	6,863	6,342	6,196	**19,401**
Transfer to 12 months ECL	518	(513)	(5)	**-**	6	(6)	-	**-**	191	(285)	94	**-**
Transfer to Lifetime ECL not credit impaired	(1,403)	1,643	(240)	**-**	-	-	-	**-**	(459)	4,805	(4,346)	**-**
Transfer to Lifetime ECL credit impaired	(393)	(640)	1,033	**-**	-	-	-	**-**	(31)	(481)	512	**-**
Net remeasurement	(2,169)	(4,138)	(114)	**(6,421)**	(143)	(1)	(216)	**(360)**	(689)	1,009	4	**324**
Net financial assets originated	13,339	2,794	1,148	**17,281**	1,120	-	-	**1,120**	4,123	1,138	16	**5,277**
Financial assets derecognised	(11,065)	(1,639)	(602)	**(13,306)**	(447)	(24)	(8)	**(479)**	(1,415)	(1,252)	(125)	**(2,792)**
Translation differences	336	71	106	**513**	(2,307)	(26)	(23)	**(2,356)**	1,630	(90)	42	**1,582**
Gross carrying amount as at 31 December	**18,259**	**4,450**	**3,180**	**25,889**	**1,552**	**3**	**-**	**1,555**	**10,213**	**11,186**	**2,393**	**23,792**
Loss allowance as at 1 January	152	2,513	560	**3,225**	12	12	154	**178**	4	87	4,066	**4,157**
Transfer to 12 months ECL	29	(29)	-	**-**	-	-	-	**-**	2	(4)	2	**-**
Transfer to Lifetime ECL not credit impaired	(11)	133	(122)	**-**	-	-	-	**-**	-	2,368	(2,368)	**-**
Transfer to Lifetime ECL credit impaired	(8)	(52)	60	**-**	-	-	-	**-**	-	(35)	35	**-**
Net remeasurement of loss allowance	(48)	(2,321)	269	**(2,100)**	(2)	(3)	(2)	**(7)**	(26)	(1,877)	429	**(1,474)**
Net financial assets originated	128	131	110	**369**	(1)	(1)	(134)	**(136)**	59	32	9	**100**
Financial assets derecognised	(114)	(99)	63	**(150)**	3	-	-	**3**	(27)	(18)	87	**42**
Write offs	-	-	(182)	**(182)**	-	-	-	**-**	-	-	(90)	**(90)**
Translation differences	33	1	65	**99**	(5)	(8)	(18)	**(31)**	97	34	(14)	**117**
Loss allowance as at 31 December	**161**	**277**	**823**	**1,261**	**7**	**-**	**-**	**7**	**109**	**587**	**2,156**	**2,852**
Net loans and advances	**18,098**	**4,173**	**2,357**	**24,628**	**1,545**	**3**	**-**	**1,548**	**10,104**	**10,599**	**237**	**20,940**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2021	Mining and quarrying				Personal household				Real estate			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	16,402	34	1,754	**18,190**	123,746	5,606	7,038	**136,390**	63,937	12,319	9,979	**86,235**
Transfer to 12 months ECL	1,251	-	(1,251)	**-**	2,602	(2,415)	(187)	**-**	5,950	(5,797)	(153)	**-**
Transfer to Lifetime ECL not credit impaired	(3,044)	3,044	-	**-**	(1,129)	1,297	(168)	**-**	(6,893)	8,252	(1,359)	**-**
Transfer to Lifetime ECL credit impaired	(7)	(1)	8	**-**	(1,203)	(526)	1,729	**-**	(1,295)	(405)	1,700	**-**
Net remeasurement	919	157	(1,560)	**(484)**	(12,008)	(264)	(16)	**(12,288)**	4,524	(774)	(385)	**3,365**
Net financial assets originated	7,511	272	2	**7,785**	80,735	1,180	1,292	**83,207**	17,834	965	242	**19,041**
Financial assets derecognised	(6,070)	-	(120)	**(6,190)**	(38,142)	(1,615)	(3,921)	**(43,678)**	(6,117)	(1,042)	(1,676)	**(8,835)**
Translation differences	4,123	(3)	1,223	**5,343**	(19,745)	(556)	(1,208)	**(21,509)**	1,302	90	425	**1,817**
Gross carrying amount as at 31 December	**21,085**	**3,503**	**56**	**24,644**	**134,856**	**2,707**	**4,559**	**142,122**	**79,242**	**13,608**	**8,773**	**101,623**
Loss allowance as at 1 January	1,740	-	1,122	**2,862**	611	674	3,952	**5,237**	377	913	5,467	**6,757**
Transfer to 12 months ECL	1	-	(1)	**-**	186	(69)	(117)	**-**	346	(261)	(85)	**-**
Transfer to Lifetime ECL not credit impaired	-	-	-	**-**	(12)	78	(66)	**-**	(39)	453	(414)	**-**
Transfer to Lifetime ECL credit impaired	(257)	252	5	**-**	(13)	(324)	337	**-**	(5)	(48)	53	**-**
Net remeasurement of loss allowance	(101)	63	37	**(1)**	(305)	96	458	**249**	(333)	11	883	**561**
Net financial assets originated	4	8	2	**14**	655	80	699	**1,434**	99	39	34	**172**
Financial assets derecognised	(15)	-	(42)	**(57)**	(392)	(158)	916	**366**	(33)	(66)	188	**89**
Write offs	-	-	-	**-**	-	-	(3,419)	**(3,419)**	-	-	(1,076)	**(1,076)**
Translation differences	(1,354)	-	(1,072)	**(2,426)**	295	(169)	(629)	**(503)**	15	2	91	**108**
Loss allowance as at 31 December	**18**	**323**	**51**	**392**	**1,025**	**208**	**2,131**	**3,364**	**427**	**1,043**	**5,141**	**6,611**
Net loans and advances	**21,067**	**3,180**	**5**	**24,252**	**133,831**	**2,499**	**2,428**	**138,758**	**78,815**	**12,565**	**3,632**	**95,012**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

31 December 2021	Tourism and hospitality				Trade				Transport and logistics			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Gross carrying amount as at 1 January	9,797	14,057	1,465	**25,319**	89,183	11,986	9,189	**110,358**	19,775	5,528	6,749	**32,052**
Transfer to 12 months ECL	(1,547)	1,649	(102)	-	7,029	(6,418)	(611)	-	4,186	(4,123)	(63)	-
Transfer to Lifetime ECL not credit impaired	(2,833)	3,652	(819)	-	(6,230)	6,176	54	-	(3,324)	3,319	5	-
Transfer to Lifetime ECL credit impaired	(52)	765	(713)	-	(2,342)	(2,029)	4,371	-	(360)	(927)	1,287	-
Net remeasurement	(1,429)	(2,811)	1,212	**(3,028)**	(14,424)	7,128	2,021	**(5,275)**	1,947	822	(2,236)	**533**
Net financial assets originated	509	503	53	**1,065**	64,529	3,075	2,047	**69,651**	12,940	965	84	**13,989**
Financial assets derecognised	(246)	(178)	(129)	**(553)**	(26,324)	(2,675)	(4,199)	**(33,198)**	(4,387)	(708)	(2,094)	**(7,189)**
Translation differences	(1,083)	31	38	**(1,014)**	10,828	630	1,710	**13,168**	(2,156)	144	126	**(1,886)**
Gross carrying amount as at 31 December	**3,116**	**17,668**	**1,005**	**21,789**	**122,249**	**17,873**	**14,582**	**154,704**	**28,621**	**5,020**	**3,858**	**37,499**
Loss allowance as at 1 January	100	1,800	328	**2,228**	914	728	4,419	**6,061**	173	449	4,830	**5,452**
Transfer to 12 months ECL	76	(55)	(21)	-	2,535	(2,455)	(80)	-	109	(73)	(36)	-
Transfer to Lifetime ECL not credit impaired	(46)	116	(70)	-	(34)	178	(144)	-	(10)	10	-	-
Transfer to Lifetime ECL credit impaired	-	(8)	8	-	(880)	(109)	989	-	(66)	(5)	71	-
Net remeasurement of loss allowance	(41)	(57)	488	**390**	(1,616)	3,202	4,359	**5,945**	(100)	(34)	(1,130)	**(1,264)**
Net financial assets originated	6	15	-	**21**	748	155	1,026	**1,929**	128	49	141	**318**
Financial assets derecognised	(1)	(15)	(85)	**(101)**	(497)	(190)	(1,204)	**(1,891)**	(51)	(41)	(245)	**(337)**
Write offs	-	-	(3)	**(3)**	-	-	(1,273)	**(1,273)**	-	-	(1,100)	**(1,100)**
Translation differences	(30)	5	10	**(15)**	563	97	1,451	**2,111**	112	70	(168)	**14**
Loss allowance as at 31 December	**64**	**1,801**	**655**	**2,520**	**1,733**	**1,606**	**9,543**	**12,882**	**295**	**425**	**2,363**	**3,083**
Net loans and advances	**3,052**	**15,867**	**350**	**19,269**	**120,516**	**16,267**	**5,039**	**141,822**	**28,326**	**4,595**	**1,495**	**34,416**

22 Loans and advances to customers (continued)

(c) Movements per sector (continued)

The terms and conditions normally provided for the loans and advances to customers are as follows:

Retail loans – Retail loans are comprised of consumer loans, micro-enterprises and agriculture. These are interest bearing facilities to retail customers. Collateral is required except for scheme loans to salaried customers. On average, the contractual tenor is between 6 months and 5 years. These loans are charged processing fees.

Corporate loans - Consist of small and medium enterprises and large enterprises - These are loans to small medium and large customers, and they are all interest bearing. Collateral is a requirement for all facilities. The contractual tenor is between 6 months and 10 years. These loans are charged processing fees.

Overdrafts - These are short-term facilities to customers with urgent need of cash. Collateral is required for all these facilities and the tenor is 6 to 12 months. The only charge on these facilities is the overdraft arrangement fee.

(d) Financial asset at fair value through profit or loss

	Group	
	2022 Shs' millions	2021 Shs' millions
Loan note	6,172	5,672
Fair value loss	(4,753)	(4,367)
Non-current	1,419	1,305
Movement in fair value loss:		
At 1 January	(4,368)	(4,240)
Fair value loss in current year	(385)	(128)
At 31 December	(4,753)	(4,368)

The financial asset at fair value through profit or loss relates to long term note issued to the Group in 2017 following a restructure of facilities to a customer in the airline industry (original borrower company). The loan note earns a coupon rate of interest, is partly guaranteed by the Government of Kenya and is secured by shares held by the issuer in the original borrower company. The ultimate amount recoverable on the loan note will depend on the value realised when the underlying shares are disposed of (including any upswing) and any guarantee called in the event of loss. The instrument is considered a loan instrument with an embedded derivative and has therefore been classified as an asset at fair value through profit or loss.

The use of the discounted cash flow approach is no longer considered appropriate as it is unclear what the long term effects of the COVID-19 pandemic and Government actions will be on the cash flows of the original borrower company. In valuing the hybrid instrument at 31 December, management has therefore only taken into account the Government guarantee as there is significant uncertainty in relation to the future recovery of interest and recovery of amounts from sale of shares. In particular, the original borrower company is loss making, is in a significant shareholders' deficit position and has been significantly adversely impacted by the COVID-19 pandemic.

NOTES

23 Investment securities – Group

	2022 Shs' millions	2021 Shs' millions
Investment securities at amortised cost		
At start of year	13,712	15,855
Purchase of securities	16,849	3,031
Maturity of securities	(4,851)	(5,189)
Translation differences	(228)	15
At end of year	**25,482**	**13,712**
12-month ECL:		
At 1 January	(6)	(11)
Re-measurement during the year	(19)	5
At 31 December	(25)	(6)
Net carrying amount	**25,457**	**13,706**
Investment securities at FVOCI		
At start of year	377,311	201,163
Purchase of investment securities	227,469	373,035
Sale / maturity of investment securities	(202,879)	(186,563)
Net gain/(loss) on fair valuation	(41,545)	(10,126)
Translation differences	2,916	(198)
At end of year	**363,272**	**377,311**
12-month ECL:		
At 1 January	(158)	(83)
Re-measurement during the year	(41)	(76)
Translation differences	(2)	1
At 31 December	(201)	(158)
Net carrying amount	**363,071**	**377,153**
Investment securities at FVTPL		
At start of year	3,242	484
Purchase of investment securities	6,749	6,561
Sale of investment securities	(4,343)	(4,178)
Net gain on fair valuation	(11)	66
Translation differences	(181)	309
Net carrying amount	**5,456**	**3,242**
Total investment securities	**393,984**	**394,101**
Current	74,922	89,063
Non-current	319,062	305,038
Total	**393,984**	**394,101**

The weighted average effective interest rate at 31 December 2022 was 10.5% (2021: 9.63%).

24 Other assets

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Settlement and clearing accounts	2,457	2,412	-	-
Prepaid expenses	13,989	9,166	-	18
Refundable deposits	803	733	-	-
Sundry debtors	4,488	2,898	1,999	362
Receivables on insurance contracts	374	-	-	-
Other assets	13,130	7,935	-	7,000
	35,241	**23,144**	**1,999**	**7,380**
12-month ECL:				
At 1 January	(537)	(435)	(275)	(275)
Re-measurement during the year	(17)	(71)	-	-
Translation differences	23	(31)	-	-
At 31 December	(531)	(537)	(275)	(275)
Net carrying amount	**34,710**	**22,607**	**1,724**	**7,105**

Other assets are settled no more than 12 months after the reporting date. All the balances are non-interest bearing. Other assets (2021) for the Company includes the dividend receivable from EBKL.

25 (a) Insurance policyholder assets

	Group	
	2022 Shs' millions	2021 Shs' millions
Assets from:		
Group life	98	-
Credit life	1,387	-
	1,485	**-**

25 (b) Insurance contract liabilities

	Group 2022 Shs' millions		
	Gross	Reinsurance	Net
Increase during the year	3,992	1,531	2,461
Release during the year	(1,057)	(488)	(569)
Balance at the end of the year	**2,935**	**1,043**	**1,892**

NOTES

26 Deferred income tax

The net deferred income tax movement computed at the enacted tax rates, is attributable to the following items:

Group For the year ended 31 December 2022	At start of year Shs' millions	Recognised in profit or loss Shs' millions	Translation differences Shs' millions	Recognised in OCI Shs' millions	At end of Year Shs' millions
Property, equipment and software	(457)	313	(261)	-	(405)
Loan impairment provision	14,305	(57)	163	-	14,411
Provision for accrued leave	111	23	128	-	262
Other temporary differences	840	(1,845)	365	-	(640)
Deferred income	(1,207)	2	(2)		(1,207)
FVOCI reserves	488	-	107	12,526	13,121
Other reserves (Defined benefit obligation)	(111)	(90)	37	224	60
	13,969	**(1,654)**	**537**	**12,750**	**25,602**
Company – 31 December 2022					
Loan impairment provision	113	206	-	-	319
Group					
For the year ended 31 December 2021					
Property, equipment and software	187	(292)	(352)	-	(457)
Loan impairment provision	13,654	(366)	1,017	-	14,305
Provision for accrued leave	109	11	(9)	-	111
Other temporary differences	938	530	(628)	-	840
Deferred income	(802)	(205)	(200)	-	(1,207)
FVOCI reserves	(2,403)	-	(137)	3,028	488
Other reserves (Deferred benefit obligation)	185	-	41	(337)	(111)
	11,868	**(322)**	**(268)**	**2,691**	**13,969**
Company – 31 December 2021					
Loan impairment provision	90	23	-	-	113

26 Deferred income tax (continued)

The deferred tax asset and deferred tax liability at group level in the statement of financial position have been separated as required by IAS 12, since they relate to different tax jurisdictions.

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
The balance at 31 December is made up of:				
Deferred income tax asset	27,244	14,940	319	113
Deferred income tax liability	(1,642)	(971)	-	-
	25,602	**13,969**	**319**	**113**

The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to continue generating taxable income.

27 Deposits from customers

Deposits from customers are analysed below:

	Group	
	2022 Shs' millions	2021 Shs' millions
Retail customers		
Savings deposits	64,814	46,022
Current deposits	107,611	79,417
Term deposits	91,538	44,911
Transactional deposits	166,779	151,807
	430,742	**322,157**
Corporate customers		
Savings deposits	21,730	19,697
Current deposits	314,541	350,123
Term deposits	251,453	232,556
Transactional deposits	30,986	32,130
Margin on guarantees	2,710	2,314
	621,420	636,820
	1,052,162	**958,977**
Current	422,152	435,142
Non-current	630,010	523,835
Total	**1,052,162**	**958,977**

The weighted average effective interest rate on interest bearing customer deposits at 31 December 2022 was 5.8% (2021: 5.3%). The carrying value of customer deposits approximates their fair value. The summary of terms and conditions for the various categories of deposits are below:

(a) Term deposits - These are high interest-bearing accounts that are opened for a specific period of time at a fixed rate of interest. Funds are fixed on the account for specified term periods of time. Interest is calculated daily and paid only on maturity of the deposits. Interest rates are offered at competitive and attractive rates.

(b) Current accounts - These are non-interest-bearing accounts that are due on demand. They are operated by both individuals and institutions with the use of a cheque book. They are subject to transaction activity fees and/or monthly maintenance charges.

(c) Savings accounts - These are deposits accounts designed for the average income earner that enables one to save some money and earn interest. The more one saves, the higher the interest. Interest on minimum monthly balances is paid into the account bi-annually.

(d) Transaction deposits - These are non-interest-bearing accounts that can be used directly as cash without withdrawal limits or restrictions.

NOTES

28 Other liabilities

Deposits from customers are analysed below:

	Group 2022 Shs' millions	Group 2021 Shs' millions	Company 2022 Shs' millions	Company 2021 Shs' millions
Short term employee benefits	-	542	-	-
Settlement and clearing accounts	14,854	3,042	-	-
Accounts payable and sundry creditors	9,901	14,813	-	-
Accrued expenses	6,445	4,978	14	2
Deferred income	6,505	5,966	-	-
	37,705	**29,341**	**14**	**2**
Current	19,104	24,565	14	2
Non-current	18,601	4,776	-	-
	37,705	**29,341**	**14**	**2**

29 Borrowed funds

	Group 2022 Shs' millions	Group 2021 Shs' millions	Company 2022 Shs' millions	Company 2021 Shs' millions
Equity Bank (Kenya) Limited (EBKL)				
International Finance Corporation (IFC)	27,687	33,355	-	-
KFW DEG	12,348	11,539	-	-
Proparco	11,225	11,453	-	-
DEG-CDC-FMO	11,224	11,368	-	-
CDC Group PLC	6,173	5,666	-	-
African Development Bank (AfDB)	1,827	5,087	-	-
European Investment Bank	16,192	16,806	-	-
KFW (Ministry of Finance) – SIPMK	12	18	-	-
Overnight Borrowings	45,336	3,793	-	-
Equity Group Holdings Plc (EGH Plc)				
African Development Bank (AfDB)	12,629	11,461	12,629	11,461
Inter-bank money market borrowings:				
Equity Bank (Kenya) Limited *(EBUL)*	-	50	-	-
EBUL				
European Investment Bank	902	1,257	-	-
Uganda Energy Credit Capitalisation Company	160	153	-	-
ABi Finance	566	-	-	-
Centenary Rural Development Bank	664	-	-	-
Finance Trust Uganda	333	-	-	-
Exim Bank Uganda	199	-	-	-
EBTL				
European Investment Bank	3,466	3,813	-	-
EBRPLC				
National Bank of Rwanda	3,820	5,101	-	-
EquityBCDC				
European Investment Bank	1,428	5,617	-	-
ECO Bank	1,242	-	-	-
International Finance Corporation (IFC)	-	1,591	-	-
BCC	109	212	-	-
	157,542	**128,340**	**12,629**	**11,461**

29 Borrowed funds (continued)

	Group 2022 Shs' millions	Group 2021 Shs' millions	Company 2022 Shs' millions	Company 2021 Shs' millions
Current	21,562	19,363	-	-
Non-current portion	135,980	108,977	12,629	11,461
	157,542	**128,340**	**12,629**	**11,461**
Movement during the year:				
At 1 January	128,340	97,148	11,461	10,938
Proceeds from borrowed funds	68,617	94,852	-	-
Repayment of borrowed funds	(42,282)	(60,443)	-	-
Interest charged on borrowed funds	8,712	4,851	814	570
Interest paid on borrowed funds	(6,833)	(4,176)	(690)	(436)
Translation differences	988	(3,892)	1,044	389
	157,542	**128,340**	**12,629**	**11,461**

29 Borrowed funds (continued)

Company

Lender	Type of loan	Loan balance Shs' millions	Security	Currency	Interest rate	Maturity date	Finance cost recognised in the year Shs' millions
31 December 2022							
African Development Bank	Long term loan	**12,629**	Unsecured	USD	6-month LIBOR+4.9%	24 December 2027	**814**
31 December 2021							
African Development Bank	Long term loan	**11,461**	Unsecured	USD	6-month LIBOR+4.9%	24 December 2027	**570**

29 Borrowed funds (continued)

31 December 2022 – Group

Lender	Type of loan	Loan balance Shs' millions	Security	Currency	Interest rate	Maturity date	Finance cost recognised in the year Shs' millions
International Finance Corporation (IFC), *EBKL*	Long term loan	12,348	Unsecured	USD	LIBOR+ 5.30%	15 March 2026	852
International Finance Corporation (IFC), EBKL	Long term loan	1,142	Unsecured	USD	LIBOR +3.15%	15 March 2023	97
	Long term loan	14,197	Unsecured	USD	LIBOR+ 5.6%	15 Dec 2028	1,050
CDC Group PLC, EBKL	Long term loan	6,173	Unsecured	USD	LIBOR+ 4.85%	15 Dec 2028	409
KFW-DEG, *EBKL*	Long term loan	12,348	Unsecured	USD	LIBOR+5.00%	15 August 2026	852
Proparco, *EBKL*	Long term loan	11,225	Unsecured	USD	LIBOR+5.30%	15 July 2027	484
Africa Development Bank, *EGH Plc*	Long term loan	12,629	Unsecured	USD	LIBOR+ 4.9%	24 December 2027	814
African Development Bank, *EBKL*	Long term loan	1,827	Unsecured	USD	LIBOR +2.85%	1 February 2023	125
European Investment Bank, *EBKL*	Long term loan	3,089	Unsecured	SHS	6.97%	1 Oct 2027	229
European Investment Bank, *EBKL*	Long term loan	3,041	Unsecured	SHS	7.74%	1 Apr 2028	204
European Investment Bank, *EBKL*	Long term loan	10,063	Unsecured	SHS	6.31%	1 Oct 2027	771
KFW (Ministry of Finance) – SIPMK, *EBKL*	Long term loan	12	Unsecured	SHS	4.00%	30 December 2024	1
DEG-CDC-FMO-Facility A, *EBKL*	Long term loan	7,015	Unsecured	USD	LIBOR+ 2.85%	15 November 2027	361
DEG-CDC-FMO-Facility B, *EBKL*	Long term loan	4,209	Unsecured	USD	LIBOR+ 2.65%	15 November 2027	206
Overnight Borrowings by EBKL	Short term loan	45,335	Unsecured	Various	Various	Various	1,329
National Bank of Rwanda, *EBRPLC*	Medium term loan	728	Unsecured	RWF	8.00%	13 August, 2023	58
National Bank of Rwanda, *EBRPLC*	Medium term loan	1,153	Unsecured	RWF	8.00%	12 August, 2024	92
National Bank of Rwanda, *EBRPLC*	Medium term loan	769	Unsecured	RWF	8.00%	13 October, 2024	62
						05 November 2025	
National Bank of Rwanda-(COVID-19 Economic Recovery Fund), *EBRPLC*	Short term	1,810	Unsecured	RWF	0% to 2%	16 October, 2035	12
Uganda Energy Credit Capitalisation Company, EBUL	Medium term loan	160	Unsecured	USHS	5%	21 November 2026	20
European Investment Bank, *EBUL*	Medium term loan	902	Unsecured	USHS	10.83%	20 October 2024	113
ABi Finance, EBUL	Medium term loan	566	Unsecured	USHS	11.2%	22 December 2027	71
Overnight Borrowings by EBUL	Short term loan	1,195	Unsecured	Various	Various	Various	151
European Investment Bank, *EBTL*	Medium term loan	3,127	Unsecured	USD	LIBOR +4.5%	20 October 2027	212
European Investment Bank, *EquityBCDC*	Medium term loan	1,128	Unsecured	USD	Between 4.67 % to 5.23%	20 April 2027	113
ECO Bank	Medium term loan	1,242	Unsecured	USD	4%		20
International Finance Corporation (IFC), *EquityBCDC*	Medium term loan	-	Unsecured	USD	6%	07 October 2024	
Central Bank of Congo, *EquityBCDC*	Medium term loan	109	Unsecured	USD	3%	24 April 2024	4
		157,542					**8,712**

29 Borrowed funds (continued)

31 December 2021 – Group

Lender	Type of loan	Loan balance Shs' millions	Security	Currency	Interest rate	Maturity date	Finance cost recognised in the year Shs' millions
International Finance Corporation (IFC), *EBKL*	Long term loan	11,488	Unsecured	USD	LIBOR+ 5.30%	15 March 2026	578
International Finance Corporation (IFC) COVID-19, *EBKL*	Long term loan	5,663	Unsecured	USD	LIBOR+1.90%	30 June 2022	62
International Finance Corporation (IFC),*EBKL*	Long term loan	3,170	Unsecured	USD	LIBOR +3.15%	15 March 2023	136
IFC B1 & C - Subordinated Debt, EBKL	Long term loan	13,034	Unsecured	USD	LIBOR+ 5.6%	15 Dec 2028	20
CDC Group PLC, EBKL	Long term loan	5,666	Unsecured	USD	LIBOR+ 4.85%	15 Dec 2028	8
KFW-DEG, *EBKL*	Long term loan	11,538	Unsecured	USD	LIBOR+5.00%	15 August 2026	610
Proparco, *EBKL*	Long term loan	11,453	Unsecured	USD	LIBOR+5.30%	15 July 2027	295
Africa Development Bank, *EGH Plc*	Long term loan	11,461	Unsecured	USD	LIBOR+ 4.9%	24 December 2027	570
African Development Bank, *EBKL*	Long term loan	5,087	Unsecured	USD	LIBOR +2.85%	1 February 2023	186
European Investment Bank, *EBKL*	Long term loan	3,398	Unsecured	SHS	6.97%	1 Oct 2027	217
European Investment Bank, *EBKL*	Long term loan	10,063	Unsecured	SHS	7.74%	1 Apr 2028	425
European Investment Bank, *EBKL*	Long term loan	3,345	Unsecured	SHS	6.31%	1 Oct 2027	122
KFW (Ministry of Finance) – SIPMK, *EBKL*	Long term loan	18	Unsecured	SHS	4.00%	30 December 2024	2
DEG-CDC-FMO-Facility A, *EBKL*	Long term loan	7,106	Unsecured	USD	LIBOR+ 2.85%	15 November 2027	215
DEG-CDC-FMO-Facility B, *EBKL*	Long term loan	4,262	Unsecured	USD	LIBOR+ 2.65%	15 November 2027	188
Overnight Borrowings by EBKL	Short term loan	3,793	Unsecured	Various	Various	Various	320
National Bank of Rwanda, *EBRPLC*	Medium term loan	1,414	Unsecured	RWF	8.00%	13 August, 2023	113
National Bank of Rwanda, *EBRPLC*	Medium term loan	2,787	Unsecured	RWF	8.00%	13 October, 2023	142
						05 November 2025	
National Bank of Rwanda-(COVID-19 Economic Recovery Fund), *EBRPLC*	Short term	901	Unsecured	RWF	0% to 2%	16 October, 2035	60
Uganda Energy Credit Capitalisation Company, EBUL	Medium term	153	Unsecured	USHS	5%	21 November 2026	2
European Investment Bank, *EBUL*	Medium term loan	1,257	Unsecured	USHS	10.83%	20 October 2024	52
Overnight Borrowings by EBUL	Short term loan	50	Unsecured	Various	Various	Various	21
European Investment Bank, *EBTL*	Medium term loan	3,813	Unsecured	USD	LIBOR +4.5%	20 October 2027	250
European Investment Bank, *EquityBCDC*	Medium term loan	1,591	Unsecured	USD	Between 4.67 % to 5.23%	20 April 2027	75
International Finance Corporation (IFC), *EquityBCDC*	Medium term loan	5,617	Unsecured	USD	6%	07 October 2024	161
Central Bank of Congo, *EquityBCDC*	Medium term loan	212	Unsecured	USD	3%	24 April 2024	5
FPM, *EquityBCDC*	Medium term loan	-	Unsecured	USD	6%	16 September 2021	16
		128,340					**4,851**

30 Retirement benefits obligation – Defined benefit plan

The Group has an unfunded defined benefit plan for the employees in DRC.

	2022 2022 Shs' millions	2021 2021 Shs' millions
Movement in retirement benefit obligations:		
At 01 January	1,269	2,405
Interest cost	83	86
Past service cost	68	62
Benefits paid by the plan	(175)	(448)
Recognised actuarial (losses)/gains	495	(1,124)
Translation differences	116	288
Present value of unfunded obligations	**1,856**	**1,269**
The net charge recognised in the income statement / other comprehensive income is as follows:		
Interest cost (profit or loss)	83	86
Recognised actuarial cost (OCI)	797	1,124
Past service cost (profit or loss)	68	62
The movement in the retirement benefit obligations in the statement of financial position is as follows:		
At 01 January	1,269	2,405
Employer contributions	-	(448)
Charge to income statement	151	148
Charge to the OCI	797	(1,124)
Translation differences	(361)	288
At 31 December	**1,856**	**1,269**
Summary of benefit and contribution structure		
Eligible and active members (Number)	1,401	1,140
Normal retirement age (Years)	65	65

Key assumptions

The principal actuarial assumptions used at the reporting date were:	2022 % pa	2021 % pa
Discount rate	6	6
Expected rate of salary increase	3	6
Inflation	3	3
Mortality rate	0.98	0.98

These assumptions are likely to change in the future and this will affect the value placed on the liabilities.

Impact	**Shs' millions**
Discount rate (+/-1% movement)	+/-65
Inflation rate (+/-2% movement)	+/-58

Although this analysis does not look at simultaneous changes in the assumptions, it does provide an approximation of the sensitivity to the main assumptions. While changes in other assumptions would also have an impact, the effect would not be as significant.

31 Share capital and reserves

(a) Share capital

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Authorised - 4,114,196,688 (2021: 4,114,196,688) ordinary shares of Shs 0.5 each	2,057	2,057	2,057	2,057
Issued and fully paid - 3,773,674,802 (2021: 3,773,674,802) ordinary shares of Shs 0.5 each	**1,887**	**1,887**	**1,887**	**1,887**
Movement in ordinary shares				
At start and end of year (3,773,674,802)	**3,774**	**3,774**	**3,774**	**3,774**
In monetary terms:				
At start and end of year	**1,887**	**1,887**	**1,887**	**1,887**

The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Share premium

Share premium arose from the issue of shares at a price higher than the par value of the shares.

(c) FVOCI reserve

The fair value through other comprehensive income (FVOCI) reserve is attributable to marking to market of investment securities classified under the FVOCI category. All unrealised gains and losses are recognised in other comprehensive income and credited to FVOCI reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the FVOCI reserve to profit or loss.

(d) Statutory loan loss reserve

The loan loss reserve represents excess of the loans and advances impairment provision determined in accordance with the Central Banks of Rwanda and Uganda prudential guidelines compared with the requirements of *IFRS 9 - Financial instruments: Recognition and measurement*. This amount is not available for distribution.

(e) Other reserves

The other reserves represent pre-acquisition reserves from Equity Bank Uganda Limited and actuarial gains/ losses from revaluation of defined benefit obligation. This amount is not available for distribution.

(f) Foreign currency translation reserve

The foreign exchange translation reserve represents translation of the financial statements of the subsidiaries from respective currencies to Kenya Shillings. This amount is not available for distribution.

NOTES

31 Share capital and reserves (continued)

(g) Dividends

The following dividends were declared and/or paid by the Company. Cash dividends on ordinary shares declared and paid:

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
2021 dividend declared and paid: Shs (3 per share) (2021: Nil)	**11,321**	**-**	**11,321**	**-**

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

There is no income tax consequence arising from the retention or distribution of the retained earnings during the year (2021: Nil).

32 Related parties and related party transactions

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group (including subsidiaries) and its employees. The Group considers the Board of Directors, executive and non-executive Directors, to be key management personnel for the purposes of IAS 24 - related party disclosures.

The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business.

	Group	
	2022 Shs' millions	2021 Shs' millions
At start of year	2,554	1,651
Interest charged	149	134
Loans disbursed	1,128	1,325
Repayments	(940)	(575)
Translation differences	97	19
At end of year	**2,988**	**2,554**
Current	206	160
Non – current	2,782	2,394
Total	**2,988**	**2,554**

32 Related parties and related party transactions (continued)

(b) Loans to employees

	Group 2022 Shs' millions	2021 Shs' millions
At start of year	9,838	7,274
Interest charged	653	518
Loans disbursed	6,565	5,034
Repayments	(3,558)	(3,086)
Translation differences	120	98
At end of year	**13,618**	**9,838**
Current	1,014	368
Non – current	12,604	9,470
Total	**13,618**	**9,838**

The loans are secured by property mortgage and are repayable in a period of up to 25 years at an average interest rate of 6% to 10% per annum.

(c) Loans to associates of key management personnel

	Group 2022 Shs' millions	2021 Shs' millions
At start of year	5,318	4,523
Interest charged	1,143	70
Loans disbursed	661	1,025
Repayments	(828)	(300)
Translation differences	794	-
At end of year	**7,088**	**5,318**
Current	160	91
Non – current	6,928	5,227
Total	**7,088**	**5,318**

These are loans to associates of executive and non-executive directors. The total amount of loans and advances granted was in ordinary course of business. There were no provisions for doubtful debts related to the amount of outstanding balances and no expense was recognised during the year in respect of bad or doubtful debts due from related parties.

NOTES

32 Related parties and related party transactions (continued)

(d) Loans to employees

	Group 2022 Shs' millions	Group 2021 Shs' millions
Remuneration to executive directors:		
Company*	269	192
Group**	1,600	1,102
Remuneration to key management	5,679	4,201
	7,548	**5,495**

* Remuneration to the executive directors of the parent Company, Equity Group Holdings Plc

** Remuneration to the executive directors of the subsidiary companies in the Group.

	Group 2022 Shs' millions	Group 2021 Shs' millions
Remuneration to key management:		
Salaries and short-term benefits	5,241	4,014
Pension	438	187
	5,679	**4,201**

(e) Directors' emoluments

	Group 2022 Shs' millions	Group 2021 Shs' millions	Company 2022 Shs' millions	Company 2021 Shs' millions
Directors of EGH Plc				
As executives	269	192	-	-
Fees for non-executive directors	55	36	55	36
	324	**228**	**55**	**36**
Directors of subsidiaries who are not directors of EGH Plc:				
As executives	465	739	-	-
Fees for non-executive directors	133	132	-	-
	598	**871**	**-**	**-**

32 Related parties and related party transactions (continued)

(e) Directors' emoluments (continued)

In addition to their salaries, the Group also contributes to a post-employment defined contribution plan and the national social security fund for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan.

(f) Amounts due from related parties

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Equity Group Foundation	101	160	-	-
Equity Investment Bank Limited	-	-	3	3
Equity Insurance Group Holdings Ltd	-	-	-	200
	101	**160**	**3**	**203**

(g) Amounts due to related parties

	Group 2022	Group 2021	Company 2022	Company 2021
Equity Bank (Kenya) Limited	-	-	127	925
Equity Investment Services Limited	-	-	420	420
	-	**-**	**547**	**1,345**

(h) Dividend income from subsidiaries

	Company 2022	Company 2021
Equity Bank (Kenya) Limited	18,000	7,000
Equity Bancassurance Intermediary Limited	500	400
Equity Bank (South Sudan) Limited	679	303
Equity Investment Bank Limited	35	150
Finserve Africa Limited	460	850
Equity Bank Uganda Limited*	854	-
Equity Bank Rwanda Plc	1,612	-
	22,140	**8,703**

Related parties are only the subsidiary companies in addition to Equity Group Foundation, which is a related party by virtue of common directorship. Transactions with related parties are carried out in the normal course of business. The outstanding balances as at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. For the year ended 31 December 2022, the Group has not recorded any impairment loss on receivables relating to the amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

*relates to scrip dividend received as a result of capitalising EBUL retained earnings (Note 19 a)

NOTES

33 Cash generated/(used) in operations

		Group	
		2022 Shs' millions	2021 Shs' millions
Profit before income tax		59,844	51,881
Adjustments for:			
Depreciation and amortisation	10	7,371	7,228
(Gain) / loss on disposal of property and equipment		(25)	38
Loss on disposal of intangible assets		110	-
(Gain) /loss on disposal of right-of-use assets		(3)	215
Credit impairment charges	13	15,051	5,716
Fair value loss	22(d)	385	128
Interest expense on term borrowings	6	8,712	4,851
Interest expense on lease liabilities	6	812	626
Defined benefit plan costs	30	151	148
Loss / (Gain) on fair valuation of investment securities	23	11	(66)
Revaluation of derivatives	38	(560)	125
Effect of foreign exchange differences		(3,947)	62
Operating profit before changes in operating assets and liabilities		**87,912**	**70,952**
Movements in:			
Investment securities at FVTPL	23	(2,406)	(2,383)
Loans and advances	22	(134,106)	(115,644)
Other assets	24	(12,103)	(2,947)
Policy holders assets	25a	(1,485)	-
Deposits from customers	27	93,185	218,176
Related party balances	32b	59	(274)
Insurance contract liabilities	25b	2,935	-
Other liabilities	28	8,363	3,025
Employee benefit obligations	28	588	(1,450)
Movement in restricted cash balances	21a	(32,150)	(32,236)
Cash (used in)/ generated from operations		**10,792**	**137,219**

34 Earnings per share

The calculation of basic earnings per share for the Group at 31 December 2022 is based on the profit attributable to ordinary shareholders of Shs 44,894 million (2021: Shs 39,175 million) and the weighted average number of ordinary shares outstanding of 3,774 million (2021: 3,774 million).

	Group	
	2022 Shs' millions	2021 Shs' millions
Profit for the year attributable to equity shareholders	44,894	39,175
Number of shares: (in millions)		
Issued and weighted average number of ordinary shares at start and end of year: 3,773,674,802 (2021: 3,773,674,802))	3,774	3,774
Basic and diluted earnings per share (in Kenya Shillings)	**11.90**	**10.38**

35 Off-balance sheet contingencies and commitments

Group

In the ordinary course of business, the Group conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	Group		Company	
	2022 Shs' millions	2021 Shs' millions	2022 Shs' millions	2021 Shs' millions
Guarantees and standby letters of credit	94,580	77,261	-	-
Letters of credit, acceptances and other documentary credits	82,248	41,625	-	-
	176,828	**118,886**	**-**	**-**

Commitments contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2022 Shs' millions	2021 Shs' millions
Capital commitments	5,353	3,458
Loans approved but not disbursed	3,558	16,955
	8,911	**20,413**

35 Off-balance sheet contingencies and commitments (continued)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Group – 2022	0 - 3 months Shs' millions	3 - 6 months Shs' millions	6 - 12 months Shs' millions	1 - 5 Years Shs' millions	Total Shs' millions
Guarantees and standby letters of credit	25,436	12,052	26,289	30,804	94,581
Letters of credit, acceptances and other documentary credits	19,886	32,377	28,576	1,409	82,248
Capital commitments	17	-	5,336	-	5,353
Loans approved but not disbursed	3,226	174	27	132	3,559
Total commitments and guarantees	**48,565**	**44,603**	**60,228**	**32,345**	**185,741**
Group – 2021					
Guarantees and standby letters of credit	17,290	8,801	24,299	26,871	77,261
Letters of credit, acceptances and other documentary credits	31,961	6,510	1,596	1,558	41,625
Capital commitments	30	96	3,332	-	3,458
Loans approved but not disbursed	8,728	2,982	2,426	2,819	16,955
Total commitments and guarantees	**58,009**	**18,389**	**31,653**	**31,248**	**139,299**

Contingent liabilities – Litigation

The Group has established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes provisions to account for any adverse effects which the claim may have on its financial standing.

Contingent tax liabilities

The Group has unresolved tax disputes with the Kenya Revenue Authority currently pending at the Tax Appeals Tribunal. Based on professional advice received, the directors are of the opinion that no significant loss will arise from these matters.

36 Retirement benefit obligations – Defined contribution schemes

The Group contributes to statutory defined contribution pension schemes (the National Social Security Fund (NSSF)), for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan.

	Group 2022 Shs' millions	Group 2021 Shs' millions
National Social Security Fund	232	196
Pension Scheme	1,188	1,064
	1,420	**1,260**

37 Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

i) Operating segments

The Group provides financial services to individuals, small and medium sized enterprises and large enterprises in each of the banking subsidiaries. For management purposes, the results of each business unit (entity) is reviewed separately for the purpose of making decisions.

The Group operates in six geographical markets that is Kenya, Uganda, South Sudan, Rwanda, Tanzania and Democratic Republic of Congo. The table below shows the distribution of the Group's total assets, net interest income, total operating income, total expenses and profit before income tax.

Group	Kenya Shs' millions	Uganda Shs' millions	South Sudan Shs' millions	Rwanda Shs' millions	Tanzania Shs' millions	DRC Shs' millions	Total Shs' millions
At 31 December 2022							
Total assets	777,902	112,151	1,685	66,252	45,595	443,425	1,447,010
Total liabilities	599,099	97,729	71,174	58,616	39,318	398,863	1,264,799
Net interest income	66,162	7,837	100	4,909	2,137	13,748	94,893
Total operating income	73,858	8,997	3,010	6,217	2,731	26,483	121,296
Depreciation and amortisation	3,503	823	782	228	350	1,685	7,371
Total expenses including impairment of financial assets	32,022	6,601	15	2,189	2,261	18,365	61,453
Profit before income tax	41,837	2,396	2,995	4,027	470	8,118	59,843
Additions to property and equipment	776	428	34	154	124	254	1,770
Additions to intangible assets	3,014	28	-	8	99	44	3,193

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37 Segment information (continued)

(i) Operating segments (continued)

Group	Kenya	Uganda	South Sudan	Rwanda	Tanzania	DRC	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
At 31 December 2021							
Total assets	695,436	89,966	12,370	51,213	36,134	419,796	1,304,915
Total liabilities	579,463	77,397	8,334	43,909	30,931	388,688	1,128,722
Net interest income	56,391	6,406	51	3,144	1,940	8,599	76,531
Total operating income	67,637	8,267	(239)	3,651	1,989	18,694	99,999
Depreciation and amortisation	4,286	717	195	221	360	1,449	7,228
Total expenses including impairment of financial assets	26,082	4,653	89	1,672	1,850	13,770	48,116
Profit before income tax	41,555	3,614	(328)	1,978	138	4,924	51,881
Additions to property and equipment	774	428	34	155	124	254	1,769
Additions to intangible assets	3,012	29	-	8	100	45	3,194

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. No revenue from transactions with a single external customer or counter party amounted to 10% or more of the Group's total revenue in 2022 or 2021. The Group's operating segments are reported based on financial information provided to the Strategy and Investment Committee which is the key management committee and represents the decision making organ.

38 Derivative financial assets and liabilities

The table below shows the fair values of currency forwards and swaps recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a currency forward or swap's underlying off balance sheet asset / liability and is the basis upon which changes in the fair values of currency forwards and swaps are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

	2022				2021			
Group	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Forward exchange contracts	13,872	13,033	13,862	12,919	28,988	28,988	28,880	28,568
Swaps	1,430	1,528	1,827	1,898	2,987	2,987	2,738	2,737
Spot	225	225	224	223	234	234	233	233
	15,527	**14,786**	**15,913**	**15,040**	**32,209**	**32,209**	**31,851**	**31,538**

The Group has netting agreements in place with counterparties to manage the associated credit risks. These netting agreements and similar arrangements generally enable the counterparties to off-set liabilities against available assets received in the ordinary course of business and / or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus reducing credit exposure.

The table below summarises the currency forwards and swaps subject to offsetting and enforceable netting agreements whose net amounts are presented in other assets.

	2022			2021		
	Fair value of asset	Fair value of liability	Net amount presented	Fair value of asset	Fair value of liability	Net amount presented
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Forward exchange contracts	13,862	12,919	943	28,880	28,568	312
Swaps	1,827	1,898	(71)	2,739	2,738	1
Spot	224	223	1	234	234	-
	15,913	**15,040**	**873**	**31,853**	**31,540**	**313**

NOTES

39 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These financial instruments comprise deposits with financial institutions, government securities and quoted and unquoted securities, among others. Those assets that are held in a fiduciary capacity are not included in these financial statements. Some of these arrangements involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care. These services give rise to the risk that the Group will be accused of maladministration or under-performance. with a value of Shs 211.465 billion (2021: Shs 200.191 billion). The income for the period for custodial services was Shs173,726 million (2021: Shs 158.833 million) while the expenses amounted to Shs 45.817 million (2021: Shs 43.047 million).

40 Hyperinflation accounting

With effect from 2016, the South Sudanese economy is considered to be hyperinflationary in accordance with the criteria in IAS 29. Accordingly, adjustments and reclassifications for the purposes of presentation of financial statements include restatements in accordance with IAS 29, for changes in general purchasing power of the South Sudanese Pound.

The financial statements are based on historical cost approach. The standard requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of measuring unit current at the reporting date.

On the application of IAS 29, the Group used conversion coefficients derived from the consumer price index (CPI) in the Republic of South Sudan. CPIs and the corresponding conversion coefficients are presented below:

Year	CPI	Conversion coefficient
31 December 2022		
2016	2,799	4.9
2017	4,502	3.0
2018	6,306	2.2
2019	10,656	1.3
2020	16,840	0.8
2021	15,405	0.9
2022	13,622	1.0
31 December 2021		
2016	2,799	5.5
2017	4,502	3.4
2018	6,306	2.0
2019	10,657	2.0
2020	16,841	0.9
2021	15,405	1

39 Hyperinflation accounting (continued)

The application of IAS 29 resulted in an adjustment for the loss of purchasing power of the South Sudanese Pound recorded in profit or loss. In the current year, Equity Bank South Sudan was holding excess of monetary assets over monetary liabilities which resulted in a loss on the net monetary position. The movement is shown as below:

	2022 Shs' millions	2021 Shs' millions
Monetary liabilities at 1 January	7,432	7,316
Increase in net monetary liabilities during the year	5,423	116
Monetary liabilities at 31 December	12,855	7,432
Restated monetary liabilities at 31 December	(15,129)	(8,230)
(Loss) on monetary liabilities (a)	(2,274)	(798)
Monetary assets at 1 January	10,866	11,614
Increase in net monetary assets during the year	1,353	(748)
Monetary assets at 31 December	12,219	10,866
Restated monetary assets at 31 December	(15,244)	(12,169)
(Gain) on monetary assets (b)	(3,025)	(1,303)
Net monetary position gain/ (loss) (a - b)	751	505

Monetary liabilities and assets at 1 January are based on opening CPI as of that date.

Monetary liabilities and assets at 31 December have been restated using the conversion coefficient of 1.0 (2021: 0.9).

See also Note 2 (c) (iii).

41 Events after the reporting period

On 31 Jan 2023, Equity Bank (Kenya) Limited a fully owned subsidiary of Equity Group Holdings Plc acquired certain assets and assumed certain liabilities of Spire Bank Limited following the completion of all regulatory approvals. The transaction involved acquisition of loans and advances of Shs 945 million and assumption of deposit liabilities of Shs 1.32 billion. The deficit, being the difference between loans and deposits acquired was paid in cash and placed in an escrow account.

The transaction did not award any equity ownership to Equity Bank (Kenya) Limited in Spire Bank Limited.

Equity Group Foundation Associate Director of Energy and Environment, Eric Naivasha and Colonel Samson Kasura of Kahawa Garrison Camp Commandant plant a tree session in the camp.

Equity Bank in collaboration with Novartis, the Machakos County Government, Davis & Shirtliff and the Rotary Club, successfully revived three boreholes in Kyaani, Nguu Nyumu and Mitaboni in Machakos County.

BOARD OF DIRECTORS PROFILES

PROFILES OF THE BOARD OF DIRECTORS

PROF. ISAAC MACHARIA

Boards: Non-Executive Chairman, Equity Group Holdings Plc

Isaac holds a Master of Medicine in Otorhinolaryngology, Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi and is a Fellow of the College of Surgeons of East, Central and Southern Africa (COSECSA). He is a Professor of ENT, Head and Neck Surgery at the University of Nairobi. Isaac is the East African regional advisor for CBM in Ear and Hearing Care as well as being the immediate past Regional Secretary for Africa and the Middle East for the International Federation of Otorhinolaryngological Societies (IFOS). He is a past President of the Pan African Federation of Otorhinolaryngological Societies (PAFOS) and is a member of The Starkey Hearing Foundation Global Initiative Advisory Board. Prof Macharia was the founder Chairman of the Allergy Society of Kenya and the Cochlear Implant Group of Kenya (CIGOK). He is Chairman of Savannah Informatics, Jadala Investments and Co-founder as well as Chairman, Otolaryngology Associates and Nairobi ENT Clinic

EVELYN RUTAGWENDA

Boards: Non-Executive Vice Chairperson, Equity Group Holdings Plc, Non-Executive Director, Equity Bank Tanzania Limited

Evelyn holds a Bachelor of Commerce degree from Makerere University, Kampala. She is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Rwanda (ICPAR). She previously worked as the Auditor General for the Republic of Rwanda; as the Secretary-General of Uganda National Chamber of Commerce and Industry (UNCCI); consultant/project accountant for Decentralization Secretariat (Institutional Capacity Building Project); Ministry of Local Government, Uganda and also as Chief Auditor at UCA Auditing Services among others. Evelyn spearheaded the formation of the Institute of Certified Public Accountants of Rwanda (ICPAR) and subsequently served the Institute in various capacities including, Chairperson of the Interim Governing Council, Ex Officio and elected member of the Governing Council. In 2009, she received an ACCA Achievements Award for her outstanding contribution to developing the accountancy and finance profession. She is currently a Non-Executive Director of Equity Bank Uganda Limited, Chair of the Boards of MTN Rwanda and Crystal Telecom Limited, Vice-Chair, Rwanda Development Board, and previously served on the Boards of Total Uganda Limited and Victoria Motors Rwanda Limited.

DR. JAMES MWANGI, CBS

Boards: Managing Director and Chief Executive Officer, Equity Group Holdings Plc;

James holds six honorary doctorate degrees in recognition of his positive impact on the Kenyan society. He holds a Bachelor of Commerce degree and is a Certified Public Accountant. He has been honored thrice with National Presidential Awards: The First-Class Chief of the Order of the Burning Spear (CBS), the Moran of the Burning Spear (MBS) and Head of State Commendation (HSC).

On the global front, he has won several awards including the G8 Global Vision Award, 2007. He was named among the Top 50 Emerging Market Business Leaders and the 20 most influential people in Africa in 2011; the World Entrepreneur of the Year by Ernst & Young in 2012; the Forbes Africa Person of the Year in 2012 and was recently named in the Bloomberg 50 list of people who defined 2019 globally. He is an honoree of the 2020 Oslo Business for Peace Award, also described as the 'Nobel Prize for Business'.

On the regional front, James was also recognized as the Africa Investor Awards, CEO of the Year in 2009 and 2015; Innovation Leader of the Year in 2012; African Business Leader of the Year in 2013 and African Banker of the Year in 2010, 2011 and 2017 at the African Banker Awards. He was also named the Banker of the Year during the Banker Africa (East Africa) Awards in 2017 and 2018 and named African CEO of the year by the African Business Leadership 2020 Awards. Locally, he has received the Think Business CEO of the Year award for the last 5 years.

James has served on board and advisory roles at the Global Advisory Council for VISA Inc., the Clinton Global Initiative, The G8 New Alliance for Food Security and Nutrition, US President Barack Obama's Initiative for Global Development, the G20 Advisory Board of Agriculture and Initiative for Global Development and The Global Agenda Council on New Economic Thinking of the World Economic Forum from 2003-2007. He also served as the Founding Chair of Kenya's Vision 2030 from inception in 2007 to 2019.

He currently serves on several international bodies as an advisor and was appointed to the Nairobi Advisory Board of Columbia Global Centres. He is a member of the continent-wide PACT initiative, a Board member of the Economic Advisory Board of the International Finance Corporation (IFC), The Mastercard MEA Advisory Board, the Africa Leadership Academy in South Africa, the Global Alliance for Food Security and Nutrition. He is also a guest lecturer at Stanford, Columbia, MIT, Harvard, IESE and Lagos Business School where Equity Bank Business Model is a case study. Locally, he is the Chancellor of Meru University College of Science and Technology and the Chairman of the Health Committee of Kenya COVID-19 Fund Board.

PROFILES OF THE BOARD OF DIRECTORS

MARY WAMAE

Boards: Executive Director, Equity Group Holdings Plc; Non – Executive Director, Equity Bank (Kenya) Limited, Equity Bank South Sudan Limited, Equity Bank Rwanda PLC, Equity Bank Uganda Limited, Equity Bank Tanzania Limited, EquityBCDC Congo S.A, Finserve Africa Limited, Equity Investment Bank Limited, Equity Bancassurance Intermediary Limited, Equity Group Foundation

Mary holds a Masters degree in Leading Innovation and Change from York St. John University, UK, a Bachelor of Laws degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. She is a graduate of the Advanced Management Programme (Strathmore - IESE Business School, Barcelona Spain) and the Advanced Management Programme at Harvard Business School. She is a Certified Public Secretary (Kenya) and member of The Institute of Certified Secretaries of Kenya (ICPSK), Law Society of Kenya, Women Corporate Directors and the Kenya Section of International Commission of Jurists. She is an Advocate of the High Court of Kenya and holds a Post Graduate Diploma in Gender and Development and has over 15 years' experience in private legal practice. She is the overall winner of the 2021 Angaza Award: Women to Watch in Banking & Finance as well as overall winner of the 2021 Women on Board Award held by the Women on Board Network (WOBN). She was recognized for her efforts in demonstrating purpose, authenticity, resilience, innovation, and sustainable contribution in economic and social-impact initiatives.

VIJAY GIDOOMAL

Boards: Non-Executive Director, Equity Group Holdings Plc, Non–Executive Chairman, Equity Investment Bank Limited

Vijay holds a Bachelor of Arts– LLB (law) degree from the University of Warwick, UK and qualified as a lawyer from Clifford Chance in the UK in 1992. He has worked in various capacities with Car & General and has seen the company grow regionally with representation in Kenya, Uganda, Tanzania, Rwanda, Burundi, Seychelles, Eritrea, Ethiopia, Djibouti and Somalia. The Company is a listed entity and has investments in automotive and equipment distribution, financial services, real estate, manufacturing and agriculture. Aside from Equity Group Holdings Plc Board, Vijay is also a board member at Cummins C&G Holdings Ltd; Watu Credit Limited; Ole Pejeta Conservancy; Fincom Ltd among others. He is a member of the Cummins Global Advisory Council and is the Chairman Cummins Middle East & Africa Advisory Council. He is an active member of the Young Presidents Association and is its former Chairman (Kenya Chapter) and former regional board member.

DR. HELEN GICHOHI, MBS, OGW

Boards: Non-Executive Director, Equity Group Holdings Plc

Helen holds a PhD. in Ecology from the University of Leicester in the UK, MSc (Biology of Conservation) from the University of Nairobi and a B.Ed(Sc) in Zoology from Kenyatta University respectively. Helen is currently serving as the Ambassador for Conservation in Africa for Fauna and Flora International. She has held various positions including Managing Director of Equity Group Foundation, president of African Wildlife Foundation and Managing Director of African Conservation Center. She is a recipient of the Charlotte Wyman Trust's Women in Conservation Program, the Order of Great Warrior (OGW) and two awards of the Moran of the Order of the Burning Spear (MBS). She won the Giai Environmental Award in 2012 at The WIFTs Foundation International Visionary Awards. Helen serves on the boards of Bamburi Cement Limited and Ol Pejeta Conservancy and on the Advisory Board of the School of Wildlife Conservation, African Leadership University. She previously served on the boards of Global Africa Wildlife Foundation and Kenya Wildlife Service Boards.

DR. EDWARD ODUNDO, PhD, MBS

Boards: Non-Executive Director, Equity Group Holdings Plc, Non-Executive Chairman, Equity Life Assurance (Kenya) Limited

Edward holds a PhD in Business Administration (Strategic Management) from The University of Nairobi, an MBA degree in Strategic Management and Marketing and a BSc Degree in Finance and Accounting. He is also an alumnus of Harvard University, John F. Kennedy School of Government (HSB), London School of Economics (LSE) and holds membership in several professional bodies (FCPA, FCPS, FKIM, ICIFA). He is the former Chief Executive Officer of Retirement Benefits Authority (Kenya), former Chairman of the Public Service Superannuation Scheme, Kenya (PSSS), former President of International Organization of Pension Supervisors, former Director of Insurance Regulatory Authority, former Commissioner of VAT at Kenya Revenue Authority and former Director, Nairobi Securities Exchange.

He is the Director, School of Pension and Retirement Studies (SPRS), Non-Executive Chairman Equity Life Assurance Kenya Limited (ELAK) –a subsidiary of Equity Group Holdings Plc, Chairman of Tangaza University Board of Trustees, Chairman of Management University of Africa Council and a lecturer at the University of Nairobi, School of Business as well as a Consultant in Pensions, Tax, Corporate Governance and Financial Services. He is a recipient of the Moran of the Order

PROFILES OF THE BOARD OF DIRECTORS

of The Burning Spear (MBS). He is a published author having authored books titled 'The Doctrine of Strategic Planning' and 'The Doctrine of Entrepreneurship'.

JONAS MUSHOSHO

Boards: Non-Executive Director, Equity Group Holdings Plc

Jonas holds a Bachelor of Accounting Science from University of South Africa, Bachelor's Degree in Accounting and an MBA from the University of Zimbabwe. He also has postgraduate qualifications from the University of Cape town, Graduate School of Business, London Business School and Harvard Business School among others. He is a Chartered Accountant and a Fellow of the Institute of Chartered Secretaries and Administrators.

He previously served in senior leadership positions in both the private and public sectors. He has led multi-national portfolios in different lines of business, particularly in financial services. He served as the Chief Executive Officer at Old Mutual Zimbabwe Limited between 2012 and 2019. He also doubled up as the Managing Director for Old Mutual Rest of Africa, where he was responsible for strategy implementation, stakeholder management, investment performance management, governance and compliance and functional effectiveness of the Old Mutual Business in 12 countries in the continent.

He is currently a Director at Brooks & Oracle, a council member at Zimbabwe Open University and serves as a non-executive director at Delta Corporation.

DR. EVANS BAIYA

Boards: Non-Executive Director, Equity Group Holdings Plc

Dr. Baiya is a globally recognized consultant and a professional with over 25 years of extensive experience in areas of ITC, innovation, strategy, leadership, fundraising, consultancy, training, strategic partnerships, technology transfer and commercialization, and digital transformation in North America, Europe, Asia and Africa serving financial services, technology, agriculture, healthcare and pharmaceutical, semiconductor, academia, and government sectors. He has co-authored the books, The Innovators Advantage, and Optimizing Strategy for Results, and many articles that appear in international publications such as Success Magazine®, Fast Company®, Innovation Management®, and more.

Dr. Baiya has served in board of directors at Venatrust Corporation, College of Business in Northwest Nazarene University, Idaho Global Entrepreneurial Mission, Peace Mentors Inc, and as Chair and President of Expansion International Inc, USA.

He is currently the Chief Innovation Officer and MD at Evastrategics, Inc (IT Development and Data Intelligence studio) and the MD and Business advisor at Innovator's Advantage, LLC (Innovation consultancy and Training Hub).

Dr. Baiya holds a Doctor of Philosophy in Engineering and Technology Management from Northcentral University, Master of Business Administration from Northwest Nazarene University, Postgraduate courses in Electrical Engineering and chemistry, Bachelor of Science in Chemistry from Idaho State University. He is a graduate of the Executive Program in Business Strategy and Intellectual Property from Harvard Business School.

LYDIA NDIRANGU

Boards: Company Secretary, Equity Group Holdings Plc

Lydia is a seasoned and accomplished professional with over eleven (11) years of local and international experience in Tax, Regulatory and Compliance Services.

She holds a Law Degree from the University of Nairobi and is an Advocate of the High Court. She also holds a Masters in Law in Public Finance from the University of Nairobi and is a Certified Secretary and a Certified Public Accountant. Lydia is also a member of the Law Society of Kenya (LSK), the Institute of Certified Secretaries of Kenya (ICS) and the Institute of Certified Public Accountants of Kenya (ICPAK).

Prior to her appointment, she was the Group Head of Tax for Equity Group Holding PLC. Prior to joining EGH, Lydia served as a Senior Manager at Ernst and Young (EY) and prior to that as a Manager at KPMG. Her role as the principal advisor for local and international organizations has equipped her to contribute substantively to the Group's regulatory compliance.

AMB. ERASTUS MWENCHA, EGH

Boards: Non-Executive Chairman, Equity Bank (Kenya) Limited

Erastus holds an MA in Economics from the University of York and a B.A. (Hons) in Economics from the University of Nairobi. He was decorated by the President of the Republic of Kenya with the highest State commendation, "Elder of the Order of the Golden Heart" (EGH), in recognition of his contribution to national and regional development. He is the Chairperson of the Africa Capacity Building Foundation (ACBF) and TradeMark East Africa. In January 2008, he was elected as Deputy Chairperson of the African Union Commission by the Heads of State and Governments of the 55 Member States of the African Union and was re-elected in July 2012. Previously, he served for 10 years as Secretary-General for the 21 Member States of the Common Market for Eastern and Southern Africa (COMESA), the first Regional Economic Community to establish a Free Trade Area. Prior to his regional and continental assignments, Erastus served in

PROFILES OF THE BOARD OF DIRECTORS

the Government of Kenya in various senior positions. He is also a board member of Brenthurst Foundation and Coalition for Dialogue on Africa (CoDA).

GERALD WARUI

Boards: Managing Director, Equity Bank (Kenya) Limited

Gerald holds an Executive Master of Business Administration degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He is a Certified Public Accountant CPA(K) and a graduate of Advanced Management Program from Strathmore- IESE Business School, Barcelona Spain and a career banker. Gerald has vast experience in operations and customer service. Prior to his current position, he served as the Director of Operations. Before that, he served as the Director of Human Resource and Customer Experience. He joined Equity Bank in 1998.

JANE NGIGE

Boards: Non-Executive Director, Equity Bank (Kenya) Limited

Jane Ngige holds a Food and Agriculture Biotechnology Master's Degree: University of Reading - UK; a post-graduate certificate in International Food Laws: University of Michigan State-USA; Higher Diploma in Food Science and Technology; Kenya Polytechnic and Postgraduate Diploma: Food Processing, Quality Assurance & Marketing from the University of Wageningen. Jane's professional experience spans the civil service, private sector, NGO's as well as development agencies. She is the former Chief Executive of the Kenya Flower Council and the Kenya Horticulture Council over a period of 15 years. Prior to venturing into horticulture, Jane worked with the hospitality, food processing and manufacturing industries in several countries. Currently, she is a consultant and sits on various boards locally and internationally.

PROF. GIDEON MAINA

Boards: Non-Executive Director, Equity Bank (Kenya) Limited;

Prof. Gideon Maina is currently the Vice Chancellor of Pioneer International University (PIU), a position he has held since 2014. Prof. Gideon holds a Bachelor of Arts in Political Science from Maseno University, an MA in Political Science, and International Law from The Harvard Kennedy School (HKS) and a PhD in Political Science/International Law from University of Cape Town, South Africa.

He is scholar in Political Science and International Law with over 17 years of academic research, institutional and administrative expertise in local and international institutions, boards, and task teams. He is a great mentor, an institutional builder, an organisational change strategist and a transformative leadership coach. Prof. Gideon has served in top management positions of regional universities as a Dean and later DVC students' affairs-Catholic University of Eastern Africa (CUEA), acting Vice-Chancellor at Catholic University of Eastern Africa, Vice Chancellor of Pioneer International University (PIU), President of Rotary international and Director at Africa Policy Institute Resources and Environmental Governance Programme.Prof Gideon is the current Chair of the Alliance High School Parents Association.

Currently, he is a consultant on governance, arbitration, bilateral and multilateral negotiations, foreign policy, International Humanitarian Law at the Kenya Foreign Service Institute, the International Peace Support Training Centre (IPSTC) and the Kenya delegation of ICRC. He is a key consultant at the International Trade Centre, a UN agency that deals with trade enhancement across the globe. Prof. Gideon is also is a member of globethics.net, an organisation that works to equip individuals and institutions for ethical thinking,decision making and policy engagement from a cross-cultural and global perspectives.

ADEMA SANGALE

Boards: Non-Executive Director, Equity Bank (Kenya) Limited

Adema graduated top of her class at USIU and went on to receive post-graduate degrees from some of the world's top universities. As a Chevening Scholar, she obtained a Master of Business Administration from Oxford University, UK, and thereafter, a Master's in Public Administration & Public Policy from Harvard Kennedy School of Government, US, as an Edward S. Mason Fellow. She has worked mainly in the private sector for the past 23 years, starting out at Procter & Gamble East Africa where, at 27, she was the youngest regional CEO of a blue-chip company. She subsequently rose to senior leadership positions across Africa, Europe & North America. She has worked at UNEP as Chief of Brand and as a Senior Vice President Africa for a social impact organization. Most recently she worked in New York as a consultant with UN Women. She is currently the Managing Partner at C.Suite Africa, a management consultancy firm. Adema has received several nominations and recognitions. In 2012, she was recognized as a New Generation Leader by the African Leadership Network and has been honoured three times as "Top 40 Under 40" by Business Daily. In 2016, she was invited to the Paris-based Institut Choiseul's as one of Africa's top 100 emerging leaders. In 2018 she received the Distinguished Women's Leadership

PROFILES OF THE BOARD OF DIRECTORS

Award and has recently been featured in The Journeys of Women Trailblazers in Kenya, a publication of the Kenya Government. She is passionate about Africa and sits on the Boards of several private and public sector organizations on the continent across various sectors.

FREDRICK MUCHOKI, OGW

Boards: Non-Executive Director, Equity Bank (Kenya) Limited

Fredrick is a businessman with vast commercial experience. He is the Managing Director of Continental Business Systems, Presta and Office Equipment Limited and Mugumo Coffee Ltd.

PROF. TIMOTHY WAEMA

Boards: Non-Executive Director, Equity Bank (Kenya) Limited

Prof. Waema holds a PhD degree in Strategic Management of Information Systems from the University of Cambridge (UK) and a Bachelor's Honours Degree in Electrical and Electronics Engineering from the University of Bath (UK). He is a Certified Formal Axiologist, Professional Driving Forces Analyst (CPDFA), Professional Behaviours Analyst (CPBA), Professional TriMetrix HD Analyst (CPHDA) and Professional Emotional Quotient Analyst (CPEQA). He is also a certified faculty for The Complete Leader Program and corporate governance trainer. He is a Professor of Information Systems in the School of Computing and Informatics in the University of Nairobi. He has consulted widely in Africa on ICT, strategy development and execution and has been involved in developing national policy and strategy documents relating to ICT and Science, Technology, and Innovation. He has also been key in leading the innovation agenda of the University of Nairobi and has carried out innovation training for numerous organizations in Kenya. He sits in the Council of Strathmore University and is a member of the Advisory Board of the Carnegie Mellon University – Africa in Rwanda, which is the educational anchor tenant for the Kigali Innovation City in Rwanda. He is a Professional Member of the Association for Computing Machinery (ACM), the largest association of IT professionals globally.

SAMUEL ONYANGO

Boards: Non-Executive Director, Equity Bank (Kenya) Limited

Sammy is a former CEO of Deloitte East Africa. He has extensive audit and advisory experience, having served for over 38 years in various audit and advisory roles and has contributed to the development of the accounting profession in East, Central and Southern Africa through past roles; including as Chair of the Institute of Certified Public Accountants of Kenya and President of the then East, Central and Southern Africa Federation of Accountants (ECSAFA), which he also represented in the International Federation of Accountants (IFAC).

Sammy holds a Bachelor of Commerce, Accounting Option (First Class Honors) from the University of Nairobi and is a Fellow of the Institute of Certified Public Accountants of Kenya (FCPA), a Fellow of the Institute of Chartered Accountants in England & Wales (FCA), Institute of Company Secretaries (ICS) and a Member of the Institute of Certified Public Accountants of Uganda (ICPAU). He also obtained training on Arbitration and Mediation at the International Law Institute, George Town University, Washington DC.

He is a Non-Executive Director at British American Tobacco Kenya PLC and a Director at Jadala Investments Ltd. Non-Executive Director, Kenya Hospitals Association - The Nairobi Hospital

NESTOR ANKIBA

Boards: Non-Executive Chairman, EquityBCDC S.A.

Nestor holds a Bachelor's degree in Business Administration from Kinshasa University in DRC, an MBA in Marketing Communications from Leicester University in the UK and has attended several Executive Leadership courses at INSEAD in France, Harvard Business School in the US. Nestor has held various senior positions with ExxonMobil and in the international development field, overseeing high impact and complex projects with NGOs (ACMS, ACAMS, ASF) in Cameroun, Central Africa Republic, and DRC.

In ExxonMobil, he served as Managing Director leading large scale fuels marketing operations, and Executive board member in countries such as Togo, Zambia, Zimbabwe, Cameroon, Chad and Equatorial Guinea. He also served as Assistant Lecturer at Kinshasa University in DRC and is the current Chairman of the National Refinery Company (SOCIR). Nestor also provides consultancy services in Risk Management and Compliance, while pursuing a Doctorate program of Business Administration (DBA).

CÉLESTIN MUNTUABU

Boards: Managing Director, EquityBCDC S.A.

Célestin is a Harvard Business School Alumni and holds a Master's degree in Business Administration and Management from the Protestant University in Congo. Besides his leadership training, he also holds a degree in Banking Administration from ProCredit Academy – Germany.

He has contributed significantly in establishing and introducing Equity brand in the Democratic Republic of Congo after the acquisition of the German bank

PROFILES OF THE BOARD OF DIRECTORS

ProCredit Bank Congo that He was leading. Previously He has served that bank for Six years in the capacity of Deputy CEO.

Prior to joining the banking sector, he worked with the International Training Center, a consulting cabinet specialized in the training of business executives in internal audit and strengthening of the systems of internal control for companies. He has acted as Permanent Secretary and Clerk Trainer at the International Training Center.

He has gotten various awards of which listed him 27th among the Top 100 Young African leaders by Choiseul for two consecutive years (2017 and 2018).

Celestin is also the current Chairman of the United Nations Global Compact DRC Network and the Chairman of the Board of Directors of the German Congolese Academy – AGC.

JEAN-CLAUDE TSHIPAMA

Boards: Executive Director, EquityBCDC S.A.

Jean-Claude holds an Executive Master's in Business Administration (MBA) from McGill University and HECMontreal. He also has a Master's degree in Economics from the Protestant University in Congo. He has worked in various capacities with Celtel in the DRC, Digicel Group, Microsoft Corporation and Canal+ (a Pay TV company), Zympala. In his last assignment with EUTELSA, he headed EUTELSAT Broadband in Africa, ensuring that their broadband business is successfully deployed across Africa to connect the unconnected.

WOLFGANG BERTELSMEIER

Boards: Non-Executive Director, EquityBCDC S.A.

Wolfgang holds a degree in Business Administration from Frankfurt University. He also has a degree in Banking as well as executive education courses at Harvard Business School, INSEAD and Stanford University. He has worked in various capacities with Deutsche Bank, DEG, the World Bank and the IFC. He has also held various Board Directorships in agribusiness and hospitality companies in Africa. He is at present a non-executive director in financial institutions in Europe, Africa and Asia.

JOHN WILSON

Boards: Non-Executive Director, EquityBCDC S.A,
Non-Executive Director, Equity Bank Tanzania Ltd

John is a graduate of the Swedish Military Academy and holds a Master of Arts in Economics from Uppsala University and a Master of Public Affairs from Woodrow Wilson School at Princeton University. John began his career at McKinsey & Co in Europe and the former Soviet Union, focusing on manufacturing, transportation and infrastructure companies. He then joined the World Bank Private Sector Development Department working on privatization in Cameroon, Ghana, Malawi, Russia and Ukraine, and was thereafter seconded to the IFC Global Capital Markets Department. Returning to his native Sweden, John built the Export & Project Finance department at Swedbank, and then headed up Structured Finance, Equity Capital Markets, Investor Relations and Corporate Strategy. In 2006, he joined Kaupthing Bank as Head of Investment Banking and then returned to IFC in 2008.

Prior to joining Equity Group in August 2019 as Group Chief Operating Officer, and subsequently Group Chief Risk & Compliance Officer, John was a Manager in the financial sector in Sub-Saharan Africa for IFC. Before that, he was responsible for IFC's banking experts and risk management advisory services as global Head of Banking, and before that a Principal Banking Specialist covering sub-Saharan Africa, stationed in Nairobi since 2008.

BRENT MALAHAY

Boards: Non-Executive Director, EquityBCDC S.A

Brent holds a Master's degree in Economics and a Bachelor's degree in Commerce from the University of KwaZulu-Natal, South Africa. He has over 17 years' experience in financial services with competencies ranging from commercial banking, credit ratings, investment banking and fund management. He has previously worked at Standard Bank, Fitch Ratings, J.P. Morgan and Investec Asset Management.

Brent has worked at Equity Group since 2016.

MABANZA METI

Boards: Non-Executive Director, EquityBCDC S.A.

Ignace holds Master of Business Administration and Diploma in Political and Administrative Sciences. He attended his studies in Belgium. He has extensive experience as a senior bank executive, financial expert and consultant, project developer, business creator, company manager and trainer. He has over 34 years of experience in Management and Leadership of in leading banks, mainly in the DRC and in West African Countries (Niger, Senegal and Nigeria).

LOUIS WATUM

Boards: Non-Executive Director, EquityBCDC S.A.

Louis holds a Msc in Chemical Engineering from University of Lubumbashi. He has also attended several trainings and short courses on legal, interview skills for supervisors, business preparedness program, project management, Management Development Program and Board Leadership Program.

PROFILES OF THE BOARD OF DIRECTORS

He is a Chemical Engineer with extensive experience in the mining industry. He has held management positions in various companies including Plant Metallurgist in Pyrometallurgy of Copper and Cobalt at Shituru Plant, Gecamines (Likasi, DRC), Assistant Plant Superintendent at Kleinkopje Colliery, Anglo American Coal Division (Witbank, South Africa), Divisional Metallurgist at Research Laboratory, Anglo American Research & Development (Johannesburg, South Africa), Project Plant Manager at AngloGold Ashanti Corporate Office (Johannesburg, South Africa), Operation Manager at Yatela Gold Mine, AngloGold Ashanti (Mali, West Africa), Executive Director and General Manager at Moto Gold Mines (DRC) and General Manager at Randgold Resources Limited Kibali Gold Project (DRC). He is currently the General Manager of Kipushi Corporation SA (DRC) and President of Chamber of Mines (DRC).

LAMBERT KANDALA

Boards: Non-Executive Director, EquityBCDC S.A.

Mr. Kandala holds a Degree in Applied Economics - Foreign Trade Option from the National University of ZAIRE "NUZA" - Kinshasa Campus. He has been involved in special projects including: Implementation of Public-Private Partnerships (PPP) by CETEAM in Kinshasa - Financial evaluation of companies by Forthom Institute in Kinshasa (2013), Setting up of concession projects in public-private partnership organized by "METRATECH" in Kinshasa (2013), Privatization and / or scission of companies: Asset valuation techniques and asset management organized by the African Center for Improvement and Recycling "CAPER" in Paris (2011), Strategic Management of MIBA organized by Management for Performance in Mbuji-Mayi (1997), Workshop on Cocoa Marketing, Management and Trading conducting by the International Trade Center UNCTAD / GATT in Geniva & London (1988) and Professional development course in Management organized by the Inter University Institute for Training and Development in Brussels in 1987.

He has served in the International Tin Council" ITC "And International Tin Research Institute as Deputy Representative of Zaire (monitoring of the work of international agreements on tin and copper in the world, Gecamines Holding as the Authorized Officer in charge of financial studies and monitoring of the Marketing of the Group's subsidiaries in Kinshasa, Zaire Office Of Coffee "Ozacaf" as the Coordinating Director of the Office of the Chief Executive Officer in Kinshasa, General Of Quarries And Mines "Gecamines" as the Assistant to the President Director General in charge of 'economic and regional cooperation based at the Kinshasa Representation with the participation ò of several works of SADEC, COMESA and the ACP in Africa and Europe. He has also occupied the position of Deputy Representative then Representative of the Brussels Representation Executive Officer at the Mining Bakwanga Company Miba, Mining Project Manager in the Steering Committee of Public Enterprises "Copirep" In Kinshasa and currently serves as the Deputy Chief of Staff, Cabinet of Madam, The Minister of State, Minister of Portfolio.

COL (RTD) EUGENE HAGUMA

Boards: Non-Executive Chairman, Equity Bank Rwanda Plc

Eugene holds a MSc in Financial Management from the University of London and a B. Com (Marketing) degree from Makerere University-Kampala. He is a Chartered Financial Analyst (CFA) charter holder and is a Certified Sustainable Investment Professional from John Molson Business School Concordia University, Canada. Eugene has served in leadership positions both in the Public Sector and the Private Sector. He was the Permanent Secretary, Ministry of Defence in Rwanda from 2002-2005 before being posted as Defence Attaché to the Republic of South Africa from 2005-2010. He joined Horizon Group Rwanda as CEO from 2010 until 2018. Since retiring from the Rwanda Defence Force, Eugene is currently working as a private consultant.

HANNINGTON NAMARA

Boards: Managing Director, Equity Bank Rwanda Plc

Hannington is the Managing Director of Equity Bank Rwanda. He holds a degree in Business Administration (Finance option) from Makerere University Business School, a graduate of Advanced Management Programme from Strathmore Business School. He is a Fellow of the Africa Leadership Initiative-East Africa and a member of the Aspen Global Leadership Network. He has over 20 years work experience in banking and Private Sector Development with extensive knowledge and a track record in Strategic Leadership, Banking and Finance, Management and Communications. He has held various leadership positions while working with different reputable organizations in the past including TradeMark East Africa, Rwanda Private Sector Federation, Commercial Bank of Rwanda (BCR), Rwanda Investment Export Promotion Agency (RIEPA-now known as Rwanda Development Board). He holds several positions of responsibility in Boards of corporates and parastatals.

DR. PATRICK UWIZEYE

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Patrick holds a degree of Doctor of Business Administration (DBA) from the Heriot-Watt University, UK, a Master of Science (MSc) in Strategic Planning from the same University, MBA in Financial Management from the University of Hull, UK and Master's in Communications Management (MCM) from Coventry University, UK. He is a Certified Public Accountant (CPA) and a member of both Institutes of CPA Kenya and Rwanda; a Certified Member of the Institute of Risk Management (CMIRM), UK and Associate Member of Kenya Institute of Management. Patrick has over 28 years of working experience in business management and worked for MTN Rwanda and AACC in Nairobi. Dr. Uwizeye is currently the President of the Institute of CPA Rwanda, and a former board member of Pan Africa Federation of Accountants (PAFA). Patrick currently serves as the Managing Director of BPU Consulting Ltd, a company he founded more than seven years ago.

AMB. WILLIAM KAYONGA

Boards: Non-Executive Director, Equity Bank Rwanda Plc

George holds a Master's degree in Diplomacy and International studies and Bachelor of Commerce Degree-Finance. He is an Independent Trade and Development Consultant; Director in the Equity Bank Rwanda Board and Member, Governing Board One Acre Fund. He has had a 16 year career in the Public Service as High Commissioner of Rwanda to Kenya, Non-Resident Ambassador to Somalia, Permanent Representative of Rwanda to UNEP and UNHABITAT, Permanent Secretary Ministry of East African Community and CEO National Agricultural Export Development Board. George has also had a 12 year career in the Private sector managing own supply chain and logistics companies.

ANITA UMUHIRE

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Anita holds an MBA in Leadership and Sustainability from the University of Cumbria (Robert Kennedy College), UK, a Higher Diploma in Accountancy and a Bachelor of Commerce both from The University of The Witwatersrand, SA.

She is a Chartered Accountant with over 15 years' experience in Finance gained in various sectors: banking, audit, not-for-profit and the Fast-Moving Consumer Goods industry; spanning over South Africa, Rwanda and Kenya. She is currently the Deputy MD of Inyange Industries and has previously served in senior management positions at KCB Bank Rwanda; Regional Centre on Small Arms (RECSA), Kenya; Urwego Opportunity Bank; Guaranty Trust Bank (GTB) Rwanda (ex. FINA Bank); FINA Bank Rwanda (now GBT) and Ernst & Young, South Africa. She presently holds board positions in CIMERWA, Intare Investments Ltd and Giheke Dairy Ltd.

Anita is a member of the South African Institute of Chartered Accountants and the Institute of Certified Public Accountants of Rwanda. She has completed CFA, Level 1 and is working towards Level 2.

BELINDA BWIZA

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Belinda Bwiza holds a Bachelor of Business Administration, Finance from Brock University, St. Catharines, Ontario, an MBA and a Chartered Professional Accountant Designation from Wilfrid Laurier University, Toronto, Ontario.

Belinda Bwiza is currently the Managing Director of Tubura by One Acre Fund, an organisation that serves over 750,000 smallholder farmers across all rural districts in Rwanda. Prior to this, Ms. Bwiza spearheaded the creation of a retail franchise with 8 outlets across Kigali. Prior to that, Ms. Bwiza worked for the Ministry of Education in Canada in financial policy. Prior to that, Ms. Bwiza held various roles in the financial services sector in Ontario, Canada including, investor relations, custodian banking and hedge fund administration. Ms. Bwiza has served on boards such as Rwanda National Investment Trust and Earthenable.

ANDREW RUGEGE

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Andrew Rugege holds a Master of Science Degree in Computer Information Systems and Business Administration from Marist College, Poughkeepsie, New York and Master of Science in Electrical Engineering from University of Aberdeen in Scotland, UK. He also holds a Bachelor of Science degree in Engineering Science from Aberdeen University in Scotland, UK. He is an accomplished executive with over 30 years of global, regional, and national experience in business strategy, project planning, risk management, and definition of scope for strategic enterprise-wide projects.

He has a proven success record in directing cross functional, multi-national teams of business and technical experts analyzing systems and business processes. Until 2021, he served as the Regional Director for Africa, International Telecommunication Union (ITU), and its representative to African Union and United Nations Economic Commission (UNECA). He was also the Chief Operating Officer of MTN Rwanda ((2006 – 2011) responsible for planning, budgeting, and implementation of initiatives to contain costs and he was also in charge of direct operations strategies for marketing, branding, sales and distribution. He has also served as the CEO of ARTEL Rwanda and the Director of International Business Development for ABS Interactive, Virginia (USA).

PROFILES OF THE BOARD OF DIRECTORS

CAMILLE KARAMAGA

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Camille holds holds a Master's Degree in Business Administration (MBA) from Maastricht School of Management MsM of The Netherlands, Undergraduate degree in B Com (from Makerere University, and Post Graduate Diploma in Tax Administration obtained from the Institute of Finance Management in Dar es Salaam. He is an accomplished executive with over 35 years of economic development and financial governance experience.

He has served as a governance and public financial management expert in the African Development Bank (AFDB) designing public sector operations including general and sector budget support operations, institutional support projects, technical assistance and training, supporting generation of knowledge products as well portfolio management.

ENG. RAYMOND MBILINYI

Boards: Non-Executive Chairman, Equity Bank (Tanzania) Limited

Raymond holds a BSc Engineering and an MBA (Marketing). He is a professional engineer, a certified project manager, transportation specialist and a professional marketer with over 20 years' experience in Africa. Prior to being appointed as Executive Secretary of TNBC, he was the Acting – Executive Director of Tanzania Investment Centre (TIC), first Project Director of Dar Rapid Transit (DART) at Dar es Salaam City Council, Network Development Manager – Retail of BP (T) Ltd and Vice President of World Investment Promotion Agencies Association (WAIPA). He is a Board Member in Swiss Port Tanzania PLC, Tanga Cement PLC, Tanzania Industries Licensing Board – BRELA and Tanzania Private Sector Foundation (TPSF). Raymond is also Vice Chairman of the National Hunting Block Allocation Advisory Committee under the Ministry of Natural Resources and Tourism.

ISABELA MAGANGA

Boards: Managing Director, Equity Bank (Tanzania) Limited

Isabela is a career banker with over fifteen years of experience. She holds a Master of Science in Finance and Investments from Coventry University, a Bachelor's degree in Environmental Science and Management from Sokoine University of Agriculture. She also holds a high Diploma in Banking from Milpark Business School. Certified Expert on SME Finance from Frankfurt Business school. Prior to her appointment, Isabela Maganga was the Head of Commercial at the Bank.

PROF. AHMED AME

Boards: Non-Executive Director, Equity Bank (Tanzania) Limited

Ahmed holds a Doctor of Philosophy (PhD) in Business Administration from the University of Dar es Salaam; a Licentiate in Business Administration from UMEA University in Sweden; an MBA from the University of Dar es Salaam and a B.A –Statistics (Hons) from the University of Dar es Salaam. He also holds a Statistical training Diploma, with specialization in computer programming and data processing from the International Statistical Education Centre in Calcutta, India. He is an Associate Professor in Business Administration at the University of Dar es Salaam Business School (UDBS). He has undertaken various research projects in the area of banking and is a member of various local and international committees.

DINO STENGEL

Boards: Non-Executive Director, Equity Bank (Tanzania) Limited

Dino holds a Bachelor of Commerce Degree from Rhodes University. He joined Achelis in Bremen, Germany in 1997 and is currently the Managing Director of Achelis (Tanganyika) and Managing Partner of Joh Achelis & Söhne in Germany. He has over 25 years of cross-functional experience within the group in Eastern and Southern Africa. In Tanzania, he is the Chairman of the Young Presidents Organisation, has chaired the German Business Association and founded the European Union Business Group in 2012. He is also a member of various local and international committees.

GEORGE THEOBALD

Boards: Non-Executive Director, Equity Bank (Tanzania) Limited

George holds a Bachelors Degree in Economics (BA) from The University of Exeter and prior to living in Africa he served in The British Army and worked in The City of London.

He has served as a Director in various Boards including, Chairman of The Tatepa Group (the largest smallholder tea producer in Tanzania), Chairman of The Marginpar Group (a group of flower farms) based in Kenya, Ethiopia and The Netherlands (and in that capacity holds Directorships in Holland and Switzerland) and the Chairman of the Nomad Group (a chain of safari lodges in Tanzania). He is also Chairman of FTG Holdings (a GEMS Listed Company in Kenya), Domino Ltd, Pamoja Ltd, and Chanzi Ltd. Finally he serves as a Director of Wakulima Tea Co. Ltd and The Muthaiga Club.

PROFILES OF THE BOARD OF DIRECTORS

George has been the driving force behind the growth of a number of East African companies spread out across various sectors and has lived in East Africa since 1983.

DR. AGGREY MLIMUKA

Boards: Non-Executive Director, Equity Bank (Tanzania) Limited

Dr. Mlimuka holds a Bachelor of Laws Degree, LL.B (Hons) from the University of Dar es Salaam and Masters in Law (LL.M) from the same University. Additionally, he has a Postgraduate Diploma in International Law and Organisation for Development from the Institute of Social Studies, The Hague. He has an LL.M (magna cum laude) and Doctor Juris (magna cum laude) both from the University of Hamburg. He is an Advocate of the High Court of Tanzania since December 1989. He is a member of the Tanganyika Law Society and the East African Law Society.

He has worked as a Journalist at Shirika la Magazeti ya Chama Ltd. Publishers of Uhuru/Mzalendo Newspapers, State Attorney at the Tanzania Attorney General Chambers, Tutorial Assistant, Assistant lecturer, lecturer and eventually as a senior lecturer at the University of Dar es Salaam Faculty of Law. Dr. Mlimuka has also served as the National Project Coordinator, ILO/Strengthening Labour Relations in East Africa (SLAREA) in Tanzania. The Project dealt with labour law reform in East Africa and the strengthening of the capacities of social partners. In addition to coordinating project activities in Tanzania, he frequently oversaw regional project activities in the absence of the Chief Technical Adviser (CTA). He held the position of Executive Director and Chief Executive Officer, Association of Tanzania Employers (ATE) where he retired in 2021. He is a member of the Labour, Economic and Social Council (LESCO) under the Ministry of Labour and Employment,

Dr. Mlimuka is also the author of the book titled 'The Eastern African States and the Exclusive Economic Zone: The Case of EEZ Proclamations, Maritime Boundaries and Fisheries' as well as several articles in various journals.

MARK OCITTI

Boards: Non-Executive Chairman, Equity Bank Uganda Limited

Mark is currently the Managing Director of Kenya Breweries Limited, a member of the East African Breweries group. He holds a Bachelor of Statistics degree from Makerere University in Uganda, a Masters in Business Administration degree from the Heriot-Watt University, Edinburgh, UK and an Advanced Management Program certificate from the London Business School. He is a distinguished C-Suite executive with 30 years of operational and strategic experience gained from working in blue-chip companies in the Downstream Oil, Telecoms and FMCG sectors.

ANTHONY KITUUKA

Boards: Ag. Managing Director, Equity Bank Uganda Limited

Anthony holds an MBA in Oil and Gas from Middlesex University, London and a Bachelors Degree in Statistics and Applied Economics from Makerere University, Uganda. He is a Fellow of the Association of Chartered Certified Accountants Certificate (FCCA) and has completed an Advanced Management Program from Strathmore, Lagos and IESE (Spain) Business Schools as well as several other executive leadership programs at Gordon Institute of Business and INSEAD. He has over 15 years of banking experience and has previously worked with Kenya Commercial Bank (KCB) and Barclays Bank Uganda Limited. He joined Equity Bank in 2014 and was previously the Group Executive Director for Regional Subsidiaries.

SIMON LUGOLOOBI

Boards: Non-Executive Director, Equity Bank Uganda Limited

Simon holds a Bachelors Degree in Statistics and an MBA (Edinburgh Business School, Herriot – Watt University, Scotland). He is a Fellow, Association of Chartered Certified Accountants and member of the Institute of Certified Public Accountants of Uganda. He is currently Director and majority shareholder of GVZ Investments Limited. He was the Chief Executive Officer at Crown Beverages Limited for eight years after having served in the capacity of Finance Director. He also worked with Uganda Breweries Limited, rising from Assistant Internal Auditor to Head of Internal Audit and then as Finance Director.

ALLEN SSEBUGWAWO

Boards: Non-Executive Director, Equity Bank Uganda Limited

Allen holds a Bachelor of Commerce degree from Makerere University. She is a Fellow of the Association of Chartered Certified Accountants (FCCA-UK), a member of the Institute of Certified Public Accountants of Uganda (CPA – U) and holds an MBA from the University of New England, Australia. She is a strategist and business performance leader with a strong commercial, finance and execution background.

She started her career as an external auditor for Deloitte and Ernst & Young and thereafter obtained experience across diverse industries such as financial services (JP Morgan and Royal Bank of Canada in Australia) and consumer goods in Uganda and Kenya (EABL and Unga Millers Uganda). She is currently the General Manager

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and a Director for G4S Secure Solutions Uganda Ltd and previously founded Zynamics (U) Limited. Prior to that, she held the position of General Manager in Unga Millers, Uganda and spent eight years in EABL/ UBL – DIAGEO in several senior and executive roles in finance and general management, her last role in UBL being Route to Consumer Director. She is also a Trustee of the Duke of Edinburgh's Award in Uganda.

DR. NORAH BWAYA

Boards: Non-Executive Director, Equity Bank Uganda Limited

Norah is a Certified Executive Coach, Organization Development and Change Consultant, and Facilitator/ trainer with working experience across 4 careers (Accountancy, Marketing, Insurance, Coaching) in 22 countries across 3 continents (Africa, Europe, America). As a coach, she has served top executives in over 100 organizations. She is the Founder of the first coaching firm in Eastern Africa - Coach Africa Ltd.

Driven by her passion for African Excellence, she founded the Institute of Work Culture and Ethics; she is a Facilitator of the Pan-African Cohort of the Breakfast Club Africa (In-coming CEOs); is a member of the League of East African Directors (LEAD) and a co-founded the African Excellence Summit (April 2021).

Norah has served at a number of Boards including: Equity Bank Uganda, Alliance Africa General Insurance Ltd., Majestic Brands Limited, Institute of Work Culture and Ethics, Coach Africa Ltd., and previously, and Lion Insurance Company.

She holds a holds a Doctorate in Executive Performance from Middlesex University, UK., and a Bachelor's Degree in Commerce (Accounting) Hons. from Makerere University. She is a credentialed Professional Certified Coach (PCC) – International Coaching Federation.

PAUL SINE

Boards: Non-Executive Director, Equity Bank Uganda Limited

Paul holds a Bachelor of Laws Degree from Makerere University, a Diploma in Legal Practice, as well as professional qualifications in Administration and certifications in Finance. He has demonstrated experience in leading teams and working across different functions such as finance, law, operations, and marketing. He is the current CEO of PMTS Ltd., a distributorship company for four blue chip companies: Bharti Airtel, Unilever Uganda, Coca-Cola Beverages Africa and Uganda breweries. He has previously worked for British American Tobacco in Uganda, Kenya, Nigeria and Turkey.

Paul has served on the boards of Willis Towers Watson Uganda Insurance Brokers Ltd (Former Chairman), Guarantee Trust Bank Uganda (Non-Exec Director and Chair of Audit Committee) and BAT (as Finance Director 2011-2017). He has also served as a trustee of the SOS Children's Village and a Trustee licensed by the Uganda Retirement Benefits.

PROF. SHEM MIGOT-ADHOLLA

Boards: Non-Executive Chairman, Equity Bank South Sudan Limited

Shem holds a PhD in Sociology of Development and a Master of Arts in Sociology from the University of California, Los Angeles. He was a Special Graduate Student in Agricultural Economics at Michigan State University and holds a Bachelor of Arts degree from the University of East Africa. He is a private consultant on agriculture and rural development, land policy reform and environmental issues based in Nairobi. Previously he was the Lead Specialist on Land Policy and Administration in the Agriculture Research Unit, World Bank, Washington. He also served in the Government of Kenya (on secondment from the World Bank) as Permanent Secretary, Ministry of Agriculture and Rural Development. He served as Associate Research Professor at the Institute for Development Studies (IDS) University of Nairobi, and has numerous publications to his name focusing on land issues, pastoralism, farmers' institutions and rural development. He has working experience in many African countries as well as Haiti, Kyrgyz Republic and several Asian countries. He is currently the Chairman of Equity Bank South Sudan, Chairman of the Council of Kenyatta University and a member of the Universities Funding Board. He has also served as Chairman of the Council of Kibabii University, Chairman of the Board Centre for Corporate Governance, was a Director of Housing Finance Company of Kenya Ltd and Vice-Chairman Board of Directors, Kenya Wildlife Service.

MARY AJITH

Boards: Non-Executive Director, Equity Bank South Sudan Limited

Mary holds an LL.B. degree from EL-Neelian University, Khartoum, Sudan, Certificate in Law from LDC Uganda and a Post Graduate Diploma in Human Rights from the University of Juba. Mary has worked with various Gender and Child-Related Organizations and holds a Certificate in Skill for Communicating with Children, Certificate in Gender and Development and an Advanced Certificate in Women, Peace and Security Council Resolution 1325. She serves on the board of the Ethicapl University, Juba and is a member of South Sudan Revenue Authority Board of Directors. She is currently the Head of Directorate of

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Legislation, Ministry of Justice and Constitutional Affairs for the Republic of South Sudan and holds certificates of Legislative drafting and Bills Scrutiny training with over 16 years' experience.

ALLAN WAITITU

Boards: Non-Executive Director, Equity Bank South Sudan Limited

Allan holds a Bachelor's Degree in Business Information Technology and is a graduate of Advanced Management Programme (Strathmore- IESE Business School, Barcelona Spain). He has a Master's in Business Administration from Strathmore University Business School. He has over 34 years' experience in information technology, operations and in Social Impact having previously served as Equity Bank's General Manager, Operations; and as Director - ICT and Innovations and, Director, Special Projects. He is a member of the World Economic Forum's (WEF) Global Future Council on the Resilience and Fragility 2021/2022 and also served on the WEF Council for The Future Humanitarian System 2019/2020. He is currently serving as the Director, Operations & IT in Equity BCDC in Congo DRC.

ZAINAB JAFFER

Board: Non-Executive Director, Equity Group Foundation

Zainab holds a Bachelor of Science Degree (Honours) in Management with Law from the London School of Economics and Political Science. She is a Director of MJ Group, a leading African port service provider based out of Kenya. She oversees the implementation of the Social Economic Development Initiative for Kenya (SEDIK), which has been launched under the guidance of the Kenyan Government to support Kenya's Vision 2030. She serves as Director, Principal and/or Advisor to IFG Port Holdings, a New York-based global investment firm. Zainab is also a Board Member of the Coast General Hospital and leads the Jaffer Foundation which focuses on health, education and water services in the Coastal region of Kenya.

SAMSON BWAYA

Board: Non-Executive Director, Equity Group Foundation

Sam is an ICF Certified Coach, a Certified Public Accountant, and a Certified MBTI Practitioner. He holds a Bachelor of Laws (LLB) degree from Makerere University and a Masters in Accounting and Management Science degree; University of Southampton, UK. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and member of the Institute of Certified Accountants of Uganda (ICPAU) and holds various certificates from the Harvard Business School.

He has extensive experience in legal, finance, auditing, business management and leadership. He is currently the Executive Director of the Institute of Work Culture and Ethics, an Organizational Development company focusing on organizational culture change and enhancing organizational and individual performance by fostering an ethical work culture at personal and organizational levels. He is an experienced facilitator and team builder and a Facilitator Coach with UFacilitate, a global organization that exists to coach leaders. He has over 20 years' working experience at top management level and over 25 years' audit and assurance experience gained in the UK and Uganda. He has provided audit oversight in Uganda, Kenya, Tanzania, South Sudan, Rwanda, Burundi and the Democratic Republic of Congo.

PROF. AGNES WAUSI

Board: Non–Executive Director, Equity Life Assurance (Kenya) Limited

Prof. Agnes holds a B.Sc. (Hons) in Mathematics from Kenyatta University, Kenya, a post graduate diploma in Computer Science from the University of Nairobi, Kenya, an M.Sc in Computer Science from Vrije Universitiet Brussels, Belgium and a PhD in Information Systems from the University of Nairobi, Kenya.

She currently is an Associate Professor at the leading Department of Computing and Informatics, Faculty of Science and Technology, University of Nairobi. She carried out functions of Director, School of Computing, Deputy Director ICT Centre, University of Nairobi. She served in various boards and committees including Centre for Self-Sponsored Programmes (CESSP), the Joint Admissions Board and College of Biological and Physical sciences at the University of Nairobi.

JOSHUA NJIRU

Board: Non–Executive Director, Equity Life Assurance (Kenya) Limited

Joshua holds a BA Land Economics degree from the University of Nairobi, an MBA Finance from the University of Nairobi and is a Qualified Accountant after completing CPA III and awardee of the CFA Charter.

He is currently the Founder and CEO of Henzo Limited and previously held senior management positions at Madison Insurance Company (K) Limited, Madison Asset Management Services Limited, Corporate Finance at First Africa EA Limited (Later Standard Chartered Securities), Corporate Finance, Deloitte & Touche - East Africa and College of Insurance, Nairobi. He has served in various boards including Madison Insurance Company Limited as Managing Director and Association of Kenya Insurers as a member, and is currently the Chairman

PROFILES OF THE BOARD OF DIRECTORS

of Center of Creativity Services Limited (CCSL) and a member of the PR & LIASON Committee of the Insurance Training & Education Trust (ITET).

Joshua is a member of the CFA Institute, Institute of Certified Public Accountants of Kenya- ICPAK, Institute of Certified Investment and Financial Analysts, Kenya-ICIFA and the Institute of Surveyors of Kenya (ISK) – Valuation and Estate Management Chapter.

Dr. EVA NJENGA

Board: Non-Executive Director, Equity Life Assurance (Kenya) Limited

Dr. Eva Njenga, MBS, is a well-respected and world-renowned endocrinologist with a vast experience and knowledge in tropical medicine, Social Medicine and Medical Anthropology. She holds a MMed from the University of Nairobi, has a certificate in Endocrinology from the University of New Castle Upon Tyne-UK and is a Social Medicine and Medical Anthropology Fellow at Harvard University.

She has been practicing medicine for over 30 years and has worked in several hospitals in the country offering specialized care in diabetes and endocrine conditions management. She has also been a lecturer at the University of Nairobi (School of Medicine) for more than 10 years and continues to share her expertise with post-graduate students in various private university hospitals in the country.

Dr. Njenga is the Founder Director of Diabetes Management and Information Centre; the Chairperson of the Kenya NCD Alliance and also the first female Chair of the Kenya Medical Practitioners and Dentists Council. She Co- Chairs the NCD Intersectoral Coordinating Committee, sits on the advisory Board of Diabetes Africa, is an advisor of the African Research Universities Alliance, and is a member of the Centre of Excellence in Non-Communicable Diseases, the Kenya Diabetes Study Group, Kenya Medical Association Kenya Association of Physicians among others.

She has been very instrumental in matters healthcare in the country, so much so that her exemplary work and commitment has seen her gain recognition and conferred State Honours by the President for her distinguished and outstanding services to the nation and was bestowed upon the title, Moran of the Order of the Burning Spear (MBS).

ANGELA OKINDA

Boards: Managing Director, Equity Life Assurance (Kenya) Limited

Angela holds a Bachelor of Science degree in Actuarial Science from the University Nairobi and is a Certified Financial Analyst (CFA) finalist. She is also a certified Bullet-Proof Manager from Crestcom International, Colorado, USA.

Prior to her appointment, she was the Director for Pensions in Africa for Zamara Group across six (6) countries, Divisional Head of Umbrella Solutions Zamara Actuaries, Administrators & Consultants Kenya, Executive Director for Zamara Actuaries, Administrators & Consultants Uganda and Director for Corporate and Pension Services Limited. She also successfully served as the Chairperson of the inaugural Alexander Forbes Junior Board, served in the Innovations Committee and Enterprise-Wide Risk Management Committee for the business as well as served as a member of Finance and Investments Committees and the Governance, Benefits & Communications Committees for the Zamara Fanaka Retirement Fund.

Angela serves as the National Coordinator, East African Community – Financial Services Providers Council and has served as a Judge for the Institute of Retirement Funds for South Africa over the last 4 years. She is a member of the Insurance Institute of Kenya (IIK), the Chartered Financial Analyst Institute as well as The Actuarial Society of Kenya (TASK).

She is celebrated as amongst the Top 40 under 40 women in Kenya as ranked by Business Daily in their most recent ranking and was the finalist of Financial Services Industry Champion of the CFC Stanbic Africa Rising Star Awards.

DANIEL SZLAPAK

Board: Non-Executive Director, Equity Investment Bank

Daniel holds Master of Business Administration from Kellogg Graduate School of Management at Northwestern University, Certification in Strategic Management from Cornell University School of Hotel Management and a Bachelor of Arts in Economics (Magna Cum Laude) from Tufts University. He has extensive experience in business management, strategy, finance, business restructuring, customer support and sales & marketing. He is currently an investor and was previously the Head of Global operations at Branch International where he was responsible for Kenya, Nigeria, India, Mexico and a member of the San Francisco-based senior leadership team. He has previously served as CEO, Fairview Hotel, Country Lodge & City Lodge East Africa, Nairobi, Product Manager of RIVIO in Santa Clara, CA and Financial Analyst at J.P. Morgan Securities Inc in New York.

SHAREHOLDER INFORMATION

EQUITY GROUP HOLDINGS PLC
NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

Notice is hereby given to Shareholders that the **Nineteenth Annual General Meeting ("AGM")** of **Equity Group Holdings PLC ("the Company")** will be held on **Wednesday, 28th June 2023 at 10.00 a.m. by electronic means**, for the purpose of considering and, if thought fit, passing the resolutions set out below.

Resolutions number 2(i) to (vi), 3(a)(i), (ii) and (iii)(A) will be proposed as ordinary resolutions and resolutions number 3(a)(iii)(B), 3(b)(i) and 3 (b)(ii) will be proposed as special resolutions.

AGENDA

1. CONSTITUTION OF THE MEETING

To read the notice convening the meeting, table proxies received and confirm the presence of a quorum.

2. ORDINARY BUSINESS

i. Consideration of the Audited Financial Statements for the financial year ended 31st December 2022.

To receive, consider and adopt the audited financial statements of the Company for the year ended 31st December 2022 together with the Chairman's, Directors', and Auditors' reports thereon.

ii. Dividend

To declare a first and final dividend of Shs 4/- per share in respect of the financial year ended 31st December 2022, to be paid on or about 30th June 2022 to the Shareholders on the register of members as at the close of business on 19th May 2023.

iii. Remuneration of Directors

To receive, consider and approve the Directors' Remuneration Report and the remuneration paid to the Directors for the financial year ended 31st December 2022.

iv. Election of Directors

a. To approve the appointment of Dr. Edward Odundo as a Director, who in accordance with Article 100 of the Company's Articles of Association, retires from office by rotation and being eligible, offers himself for re-election;

b. To approve the appointment of Dr. Evanson Baiya as a Director, who having been appointed by the Board on 10th March 2022, retires from office in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for election;

c. To approve the appointment, subject to receipt of applicable regulatory approvals, of Mr. Samuel Kirubi as a Director, who having been appointed by the Board on 12th May 2023, retires from office in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for election; and

d. To note the retirement of Mrs. Evelyn Rutagwenda from the office of Director, who in accordance with Article 100 of the Company's Articles of Association, retires from office by rotation and has not offered herself for re-election.

v. Appointment of Directors to the Board Audit Committee

In accordance with the provisions of Section 769 of the Companies Act, 2015, to approve the appointment of the Directors listed below to the Board Audit Committee of the Company:

(i) Dr. Edward Odundo;

(ii) Mr. Vijay Gidoomal;

(iii) Dr. Helen Gichohi; and

(iv) Dr Evanson Baiya.

vi. Appointment of Auditors

To appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company until the conclusion of the next Annual General Meeting in accordance with Section 721 of the Companies Act, 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year in accordance with Section 724 (1) of the Companies Act, 2015.

3. SPECIAL BUSINESS

a) ORDINARY RESOLUTION

i. Incorporation of a Non-Operating Holding Company and its subsidiaries

A. To approve the incorporation of:

- A non-operating holding company (the "IT Holding Company"), as a subsidiary of the Company to be the holding company for all the subsidiaries within the Equity Group (comprising the Company and its subsidiaries) that undertake information technology business ("IT Business"); and,
- subsidiaries of the IT Holding Company, the IT Holding Company and its subsidiaries together referred to as the "IT Companies".

B. To authorize the board of directors of the company to take all actions necessary to:

- Effect the incorporation of the IT Companies, including but not limited to executing and filing all necessary documents and agreements, and paying all associated fees and expenses; and,
- subject to receipt of any relevant regulatory approvals, effect an internal re-organization of the IT Business, with the intent that the IT Holding Company, as a subsidiary of the Company, will following completion of such re-organization, be the holding company for all IT Business within Equity Group and for this purpose, to take all actions necessary to transfer the shares held by the Company in Finserve Africa Limited to the IT Holding Company on such terms and subject to such conditions as the Board of Directors of the Company may deem appropriate (the IT Business Re-organization).

Noting that:

- The incorporation of the IT Companies and the IT Business Reorganization are in the best interests of the Company and its Shareholders; and,
- the Board of Directors of the Company has approved the incorporation of the IT Companies and the IT Business Re-organization subject to the approval of the Shareholders and recommends that the Shareholders of the Company approve the incorporation of the IT Companies and the IT Business Re-organization.

ii. Incorporation of a General Insurance Subsidiary

A. To approve and/or ratify (as the case may be), subject to obtaining the requisite regulatory approvals, the incorporation of a general insurance company in Kenya (the "General Insurance Company") as a subsidiary of the Company, through the Company's insurance holding company, Equity Group Insurance Holdings Limited (the Insurance Holding Company), to conduct and undertake general insurance business in Kenya, including the Company providing a loan to the Insurance Holding Company of a sum of Kenya Shillings eight hundred million (Shs 800,000,000) for the initial share capital of the General Insurance Company as required under the Insurance Act (Chapter 487, Laws of Kenya) and the initial operating expenses of the General Insurance Company.

B. To authorize the Board of Directors of the Company to take all actions necessary to:

- Effect the incorporation of the General Insurance Company, including but not limited to providing all approvals required from the Company as the sole shareholder in the Insurance Holding Company, executing and filing all necessary documents and agreements, and paying all associated fees and expenses; and,
- put in place all the necessary corporate, operating and organisation structures, commercial arrangements and any ancillary arrangements relating to the conduct and undertaking of general insurance business in Kenya.

Noting that:

- The incorporation of the General Insurance Company is in the best interests of the Company and its Shareholders; and,
- the Board of Directors of the Company has approved the incorporation of the General Insurance Company subject to the approval of the Shareholders and the procurement of requisite regulatory approvals and recommends that the Shareholders of the Company approve the incorporation of the General Insurance Company.

iii. Employee Share Ownership Plan

The Board of Directors of the Company is recommending the establishment of an employee share ownership plan for the benefit of the employees of Equity Group (the EGH Group ESOP). Further details of the EGH Group ESOP are provided in the circular annexed to this Notice.

The Board of Directors also recommends that the Shareholders approve the creation of a maximum of one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each in the Company (the New Shares) which amounts to five percent (5%) of the share capital of the Company as at the date of this Notice plus the New Shares (the Increased Share Capital) and further that the Shareholders grant the Board of Directors the power to allot the New Shares to the EGH Group ESOP over the next ten (10) years noting that in compliance with Section 329(3) of the Companies Act, 2015, the Directors will seek renewal of the approval of the shareholders of the Company to allot and issue the New Shares that remain unissued as at the expiry of five (5) years from the date of this resolution:

The text of the relevant ordinary and special resolutions are set out below:

A. **Ordinary Resolution to create the EGH Group Employee Share Ownership Plan**

__THAT__ subject to any requisite regulatory approvals, the establishment of the Equity Group Holdings Plc Employee Share Ownership Plan (EGH Group ESOP) be and is hereby approved as recommended by the Board of Directors, and the Board of Directors of the Company be and are hereby authorised to do all acts and things necessary to establish and implement the EGH Group ESOP.

B. **Special Resolution to increase in the share capital of the Company**

Pursuant to section 22 of the Companies Act, 2015, the text of the proposed special resolutions is set out below:

Increase in the share capital of the Company

__THAT__, pursuant to Article 46 of the Articles of Association of the Company, the maximum share capital of the Company be and is hereby increased from Kenya Shillings one billion, eight hundred and eighty six million, eight hundred and thirty seven thousand, four hundred and one (Shs 1,886,837,401) up to Kenya Shillings one billion, nine hundred and eighty six million, one hundred and forty four thousand, six hundred and thirty two and fifty cents (Shs 1,986,144,632.50) by the creation of an additional one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each, representing approximately five

EQUITY GROUP HOLDINGS PLC
NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

percent (5%) of the increased issued share capital of the Company, such shares, on allotment and issuance, to rank pari passu with existing issued shares.

***THAT** the Directors of the Company be and are hereby authorized to allot and issue up to one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each to the EGH Group ESOP over a period of five (5) years from the date of this resolution in tranches and on such terms and conditions as the Directors may deem fit, provided always that in compliance with Section 329(3) of the Companies Act, 2015, the Directors will seek renewal of the approval of the shareholders of the Company to allot and issue the New Shares that remain unissued as at the expiry of five (5) years from the date of this resolution, over the following five (5) year period.*

***THAT**, pursuant to Article 47 of the Articles of Association of the Company, the shareholders hereby waive the pre-emption rights granted to them under the Articles of Association of the Company with respect to the allotment and issuance of the one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each to the EGH Group ESOP.*

b) ADDITIONAL SPECIAL RESOLUTIONS

(i) Amendment of the Articles of Association of the Company

In compliance with the provisions of the Companies Act, 2015, the Board of Directors also recommend to the shareholders the amendment of the Articles of Association of the Company to clarify the issued share capital of the Company as at the date of this Notice.

Pursuant to Section 22 of the Companies Act, 2015 the text of the special resolution is set out below:

***THAT** the Articles of Association of the Company be and are hereby amended by deleting the existing Article 5 in its entirety and replacing it with the following new Article 5:*

"The issued share capital of the Company is Kenya Shilling one billion, eight hundred and eighty six million, eight hundred and thirty seven thousand, four hundred and one (Shs 1,886,837,401) divided into three billion seven hundred and seventy three million, six hundred and seventy four thousand, eight hundred and two (3,773,674,802) ordinary shares of fifty cents (Shs 0.50) each."

(ii) Increase in the maximum number of Directors

To amend Article 79 of the Articles of Association of the Company to increase the maximum number of Directors from twelve (12) to fourteen (14).

Pursuant to Section 22 of the Companies Act, 2015 the text of the special resolution is set out below:

*"**THAT**, by way of special resolution, Article 79 of the Articles of Association of the Company be and is hereby amended by deleting the current Article 79 and replacing it with the following new Article 79:*

Unless and until otherwise from time to time determined by a special resolution of the Company, the number of Directors (excluding alternates) shall not be less than seven (7) nor more than fourteen (14) in number. If at any time the number of Directors falls below the minimum number fixed by or in accordance with these Articles, the remaining Directors may act for the purpose of convening a general meeting or for the purpose of bringing the number of Directors to such minimum, and for no other purpose.

4. ANY OTHER BUSINESS

To transact any other business that may legally be transacted at an annual general meeting, of which notice will have been duly received.

BY ORDER OF THE BOARD

Lydia N. Ndirangu
Group Company Secretary
P.O. BOX 75104-00200
NAIROBI.
6th June, 2023

NOTES

1. The Company has convened and will be conducting the AGM by electronic means in accordance with Article 54A of its Articles of Association.
2. Registration for the AGM shall open on Tuesday 6th June 2023 at 9:00 am and will close on Monday, 26th June 2023 at 10:00 am.
3. Shareholders wishing to participate in the AGM should register for the AGM by dialling *370# on their Equitel mobile telephone lines or *483*084# on their Safaricom, Airtel or Telkom mobile telephone lines; and following the prompts, or sending an email request to be registered to EquityAGM@image.co.ke. Shareholders with email addresses will receive a registration link via email which they can use to register.
4. To complete the registration process, Shareholders will need to have their ID/Passport Numbers which they used when purchasing their shares and/or their CDSC Account Number at hand. For assistance, Shareholders should dial the following helpline numbers: (+254) (0) 709 170 037/ 709 170 000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any Shareholder outside Kenya should dial the helpline number to be assisted to register.
5. A notification (by email and SMS) shall be sent to shareholders domiciled outside Kenya who have registered to attend the AGM as well as to all

Shareholders 1 hour before the AGM reminding them about the AGM. This notification will also include the link to stream the proceedings. For voting, the shareholder will receive a verification code via the mobile telephone number provided. The link shared to stream the AGM contains a voting tab. Once the Shareholder elects to vote, s/he shall key in the code received via SMS and follow the prompts.

6. In accordance with Section 670 of the Companies Act, 2015, the Company's Audited Financial Statements for the year ended 31st December 2022 may be viewed on the Company's website https://equitygroupholdings.com/investor-relations/.

   The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

7. The Circular to Shareholders is an annexure to this Notice and provides more details on Agenda item 3(a)(i) to 3(a)(iii).

8. A copy of this Notice, the Proxy form and the Circular to Shareholders may also be viewed on the Company's website https://equitygroupholdings.com/investor-relations/ or by dialling the USSD codes above.

9. Shareholders wishing to raise any questions or seek clarifications regarding the resolutions proposed to be passed at the AGM may do so by:

   a. Sending their written questions by email to EGHAGM2023@equitygroupholdings.com; or

   b. To the extent possible, physically delivering their written questions with a return physical address to the registered office of the Company situated at Equity Centre, 9th Floor, Hospital Road, Upper Hill, Nairobi; or

   c. Sending their written questions with a return physical address or email address by registered post to the Company's postal address at P. O. Box 75104-00200 Nairobi.

   Shareholders who will have registered to participate in the AGM shall also be able to ask questions via SMS by dialing the USSD code above and selecting the option (Ask Question) on the prompts.

   Shareholders must provide their full details (full name, Kenyan national identity card/Passport Number/CDSC Account Number) when submitting their questions and clarification requests.

   All questions and clarification requests must reach the Company on or before Friday, 23rd June 2023 at 1:00 pm for those requiring responses ahead of the AGM, but Shareholders can continue forwarding questions thereafter and responses will be provided during and after the AGM.

   Following receipt of the questions and clarification requests, the Directors of the Company shall provide written responses to the questions and clarification requests received to the return physical addresses or email addresses provided by the shareholders no later than 10:00 am on Tuesday, 27th June 2023. A full list of all questions received, and the answers thereto, will be published on the Company's website not later than 10:00 am on Tuesday, 27th June 2023.

10. In accordance with Section 298(1) of the Companies Act, 2015, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy/proxies to vote on their behalf. A proxy need not be a member of the Company. The appointed proxy will need to have access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website https://equitygroupholdings.com/investor-relations/. A proxy form must be signed by the appointor, or his/her attorney duly authorized in writing, or if the appointor is a company, under the hand of an officer or attorney duly authorized by that company. The completed proxy form should be emailed to EGHAGM2023@equitygroupholdings.com or lodged with the Company Secretary at the Company's Head Office situated at Equity Centre, 9th Floor, Hospital Road, Upper Hill, Nairobi, or to Image Registrars Ltd's offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; postal address at P.O. Box 9287- 00100 GPO, Nairobi, email address EquityAGM@image.co.ke not later than 10.00 am on Monday, 26th June 2023. Any person appointed as a proxy should submit his/her mobile telephone number to the Company not later than 10.00 am on Monday, 26th June 2023. Any proxy registration that is rejected shall be communicated to the Shareholder concerned no later than 10.00 am on Tuesday, 27th June 2023 to allow time to address any issues.

11. The AGM will be streamed live via a link which will be provided to all Shareholders and proxies who will have registered to participate in the AGM. Duly registered Shareholders and proxies will receive a short message service (SMS)/USSD prompt via their registered mobile telephone numbers or email addresses 24 hours prior to the start of the AGM acting as a reminder of the AGM. A second SMS/USSD prompt or email will be sent 1 hour before the AGM start time, reminding duly registered Shareholders and proxies that the AGM will begin in an hour's time and providing a link to the livestream.

12. Duly registered Shareholders and proxies may follow the proceedings of the AGM using the livestream platform and may access the resolutions and vote (when prompted by the Chairman) via the SMS/USSD prompts or web link provided through the email prompt.

13. Results of the AGM voting shall be published within 24 hours following conclusion of the AGM.

14. Time indicated on this Notice is East African Time (EAT).

EQUITY GROUP HOLDINGS PLC PROXY FORM

THE GROUP COMPANY SECRETARY,
EQUITY GROUP HOLDINGS PLC,
EQUITY CENTRE, 9TH FLOOR,
HOSPITAL ROAD, UPPER HILL,
P.O BOX 75104-00200,
NAIROBI.

I/We,____

____

CDSA/CNo____________________________________

____

of(Address)__________________________________

____

TelephoneNumber____________________and/oremailaddress____________________

____

____

being a shareholder(s) of Equity Group Holdings Plc ("the Company") hereby, appoint

____

of(address)__________________________________

Of____

____

Telephone Number:____________________ and email address ____________________

____

or, failing him, the duly appointed Chairman of the meeting to be my/our proxy, to vote on my/ our behalf at the virtual Annual General Meeting of the Company to be held electronically and chaired froj the Company's Head Office situated at EQUITY CENTRE, 9TH FLOOR, Hospital Hill Road, Upper Hill, Nairobi on 28th June, 2023 at 10:00 am or at any adjournment thereof.

I/We direct my/our proxy to vote on the following resolutions as I/We have indicated by marking the appropriate box with an "X". If no

indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/We authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the Meeting.

Please clearly mark the boxes below to instruct your proxy how to vote;

1. ORDINARY BUSINESS

i. Consideration of the Audited Financial Statements for the financial year ended 31st December 2022.

To receive, consider and if thought fit, adopt the Audited Financial Statements for the year ended 31st December 2022, together with the Chairman's, Directors' and Auditors' reports thereon.

For:	
Against:	
Withheld:	

ii. Dividends

To declare a first and final dividend of Shs 4/- per share with respect of the financial year ended 31st December 2022.

For:	
Against:	
Withheld:	

EQUITY GROUP HOLDINGS PLC PROXY FORM

iii. Remuneration of Directors

To approve the report of the remuneration of the Directors for the year ended 31st December 2022.

For: ☐

Against: ☐

Withheld: ☐

iv. Election of Directors

a. To approve the appointment of Dr. Edward Odundo as a Director, who in accordance with Article 100 of the Company's Articles of Association, retires from office by rotation and being eligible, offers himself for re-election.

For: ☐

Against: ☐

Withheld: ☐

b. To approve the appointment of Dr. Evanson Baiya as a Director, who having been appointed by the Board on 10th March 2022 retires from office by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election

For: ☐

Against: ☐

Withheld: ☐

c. To approve the appointment of Mr. Samuel Kirubi, subject to applicable regulatory approvals, having been appointed by the Board on12th May 2023 in accordance with Article 101 of the Company's Articles of Association.

v. In accordance with the provisions of section 769 of the Companies Act, 2015, to approve the election of the Directors listed below, to the Board Audit Committee of the Company:

(i). Dr. Edward Odundo;

For: ☐

Against: ☐

Withheld: ☐

(ii). Mr. Vijay Gidoomal;

For: ☐

Against: ☐

Withheld: ☐

(iii). Dr. Helen Gichohi;

For: ☐

Against: ☐

Withheld: ☐

(iv). Dr. Evanson Baiya.

For: ☐

Against: ☐

Withheld: ☐

v. To pass an ordinary resolution pursuant to section 721 of the Companies Act, 2015 to appoint PricewaterhouseCoopers as auditors of the Company taking note that the auditors have expressed their willingness to continue in office and to authorize the Directors to fix their remuneration.

For: ☐

Against: ☐

Withheld: ☐

EQUITY GROUP HOLDINGS PLC PROXY FORM

SPECIAL BUSINESS

a. Ordinary Resolution

(i) Incorporation of a Non-Operating Holding Company and its subsidiaries

To approve the incorporation of:

- a non-operating holding company (the "IT holding Company"), as a subsidiary of the Company to be the holding company for all the subsidiaries within Equity Group (comprising the Company and its subsidiaries) that undertake information technology business ("IT Business"); and
- subsidiaries of the IT Holding Company, the IT Holding Company and subsidiaries together referred to as the "IT Companies".

To authorize the Board of Directors of the Company to take all actions necessary to:

- effect the incorporation of the IT Companies, including but not limited to executing and filing all necessary documents and agreements, and paying all associated fees and expenses; and
- subject to receipt of any relevant regulatory approvals, effect an internal re-organization of the IT Business, with the intent that the IT Holding Company, as a subsidiary of the Company, will following completion of such re-organization, be the holding company for all IT Business within Equity Group and for this purpose, to take all actions necessary to transfer the shares held by the Company in Finserve Africa Limited to the IT Holding Company on such terms and subject to such conditions as the Board of Directors of the Company may deem appropriate (the IT Business Re-organization).

For:	
Against:	
Withheld:	

(ii) Incorporation of a General Insurance Subsidiary

A. To approve, subject to obtaining the requisite regulatory approvals, the incorporation of a general insurance company in Kenya (the "General Insurance Company") as a subsidiary of the Company, through the Company's insurance holding company, Equity Group Insurance Holdings Limited (the Insurance Holding Company), to conduct and undertake general insurance business in Kenya, including the provision by the Company of a loan to the Insurance Holding Company of a sum of Kenya Shillings eight hundred million (Shs 800,000,000) for the initial share capital of the General Insurance Company as required under the Insurance Act (Chapter 487, Laws of Kenya) and the initial operating expenses of the General Insurance Company.

B. To authorize the Board of Directors of the Company to take all actions necessary to:

- effect the incorporation of the General Insurance Company, including but not limited to providing all approvals required from the Company as the sole shareholder in the Insurance Holding Company, executing and filing all necessary documents and agreements, and paying all associated fees and expenses; and
- put in place all the necessary corporate, operating and organisation structures, commercial arrangements and any ancillary arrangements relating to the conduct and undertaking of general insurance business in Kenya.

For:	
Against:	
Withheld:	

(iii) Employee Share Ownership plan

A. Ordinary Resolution to create the EGH Group Employee Share Ownership Plan

***THAT** subject to any requisite regulatory approvals, the establishment of the Equity Group Holdings Plc Employee Share Ownership Plan (EGH roup ESOP) and creation of a maximum of one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198, 614, 463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each in the Company (the New Shares) which amounts to five percent (5%) of the share capital of the Company plus the New Shares (the Increased Share Capital) and further grant the Board of Directors the power to allot the New Shares to the EGH Group ESOP over the next ten (10) years noting that in compliance with Section 329(3) of the Companies Act, 2015, the Directors will seek renewal of the approval of the shareholders of the Company to allot and issue the New Shares that remain unissued as at the expiry of five (5) years from the date of this resolution, be and is hereby approved as recommended by the Board of Directors, and the Board of Directors of the Company be and is hereby authorised to do all acts and things necessary to establish and implement the EGH Group ESOP.*

For:

Against:

Withheld:

B. Special Resolution to increase in the share capital of the Company

Increase in the share capital of the Company

***THAT**, pursuant to Article 46 of the Articles of Association of the Company, the maximum share capital of the Company be and is hereby increased from Kenya Shillings one billion, eight hundred and eighty six million, eight hundred and thirty seven thousand, four hundred and one (Shs 1,886,837,401) up to Kenya Shillings one billion, nine hundred and eighty six million, one hundred and forty four thousand, six hundred and thirty two nd fifty cents (Shs 1,986,144,632.50) by the creation of an additional one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each, representing approximately five percent (5%) of the increased issued share capital of the Company, such shares, on allotment and issuance, to rank pari passu with existing issued shares.*

***THAT** the Directors of the Company be and are hereby authorized to allot and issue up to one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each to the EGH Group ESOP over a period of five (5) years from the date of this resolution in tranches and on such terms and conditions as the Directors may deem fit, provided always that in compliance with Section 329(3) of the Companies Act, 2015, the Directors will seek renewal of the approval of the shareholders of the Company to allot and issue the New Shares that remain unissued as at the expiry of five (5) years from the date of this resolution, over the following five (5) year period.*

***THAT**, pursuant to Article 47 of the Articles of Association of the Company, the shareholders hereby waive the pre-emption rights granted to them under the Articles of Association of the Company with respect to the allotment and issuance of the one hundred and ninety eight million, six hundred and fourteen thousand, four hundred and sixty three (198,614,463) ordinary shares of Kenya Shillings fifty cents (Shs 0.50) each to the EGH Group ESOP.*

For:

Against:

Withheld:

C Additional Special Resolutions

i. Amendment of the Articles of Association of the Company

***THAT** the Articles of Association of the Company be and are hereby amended by deleting the existing Article 5 in its entirety and replacing it with the following new Article 5:*

"The issued share capital of the Company is Kenya Shilling one billion, eight hundred and eighty six million, eight hundred and thirty seven thousand, four hundred and one (Shs 1,886,837,401) divided into three billion seven hundred and seventy three million, six hundred and seventy four thousand, eight hundred and two (3,773,674,802) ordinary shares of fifty cents (Shs 0.50) each"

For:

Against:

Withheld:

ii. Increase in the maximum number of Directors

*"**THAT**, by way of special resolution, Article 79 of the Articles of Association of the Company be and is hereby amended by deleting the current Article 79 and replacing it with the following new Article 79:*

Unless and until otherwise from time to time determined by a special resolution of the Company, the number of Directors (excluding alternates) shall not be less than seven (7) nor more than fourteen (14) in number. If at any time the number of Directors falls below the minimum number fixed by or in accordance with these Articles, the remaining Directors may act for the purpose of convening a general meeting or for the purpose of bringing the number of Directors to such minimum, and for no other purpose.

For:

Against:

Withheld:

EQUITY GROUP HOLDINGS PLC PROXY FORM

As witness o my/our hands this ____ day of _______________________2023

Signature(s)____

ELECTRONIC REGISTRATION CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of member(s): ....

....

....

Address: ....

....

....

Mobile Number .... Date: ....

Signature: ....

Please tick the boxes below and return to Image Registrars at P.O. Box 9287 – 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street or the email address provided under Note 3 below:

Consent to Registration

I/WE consent to registration to participate in the virtual Annual General Meeting for Equity Group Holdings Plc to be held on 28th June 2023. ☐

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of electronic voting at the AGM. ☐

This form is to be used *in favour of/*against/*withheld the resolution (*Strike out whichever is not desired)

NOTES:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes and in the notes to the Annual General Meeting Notice.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person and vote, your proxy appointment will automatically be terminated.
3. This proxy form should be completed and signed and sent or delivered by email to EGHAGM2023@equitygroupholdings.com or lodged with and received by the Company Secretary at the Company's Head Office situated at EQUITY CENTRE, 9TH FLOOR, Hospital Road, Upper Hill, Nairobi, or to image Registrars Ltd, offices, 5th Floor, Absa Towers (formerly Barclays Plaza, Loita Street, P.O. Box 9287-00100, Nairobi, email address EquityAGM@image.co.ke not later than 10:00 a.m. on Monday, 26th June, 2023, failing which it will be invalid.
4. A proxy form must be in writing and in case of an individual shall be signed by the Shareholder or by his attorney, and in the case of a Company, the proxy must be either under the hand of an officer or attorney duly authorized by the Company.
5. Any person appointed as a proxy should submit his/her mobile telephone number to the Company not later than 5:00 pm on Monday, 26th June 2023. Any proxy registration that is rejected shall be communicated to the Shareholder concerned no later than 10:00 am Tuesday, 27th June 2023 to allow time to address any issues.

Notes

In 2019, Equity Group Foundation (EGF) launched an ambitious plan to plant 35 million trees in its efforts to support the Government attain 10% forest cover by the year 2022. Through its Energy and Environment Pillar, EGF continues to catalyze and promote environmental conservation through various social impact initiatives including tree planting, promotion of clean energy transition at the household, institutional and industrial levels, championing climate smart agricultural practices, water resource management and waste management.

Dr. James Mwangi, Equity Group Foundation Executive Chairman (left) plants a tree seedling at Pangani Girls High School. Looking on is Prof. George Magoha former Cabinet Secretary Ministry of Education (right) and Pangani Girls High School Chief Principal Florence Ngarari (centre). So far Equity has planted over 21.1 million trees as part of the 35 million tree planting exercise

Equity Bank Kenya Managing Director Gerald Warui (right) plants a tree seedling at Mara Primary School in Kipipiri in 2021 during a partnership that saw the Bank partner with Kipipiri Constituency to support farmers and institutions by planting 60,000 tree seedlings in Nyandarua County

Former Machakos County Deputy Governor Eng. Francis Maliti (left) and Equity Group Foundation Associate Director Energy and Environment Eric Naivasha (right) hold copies of a signed MoU between Equity Group, Novartis Kenya Limited, Davis & Shirtliff, the Rotary Club of Kenya and Machakos County Government. The partners have over the last year implemented a multi-dimensional program encompassing Water, Environment and Community Health Projects improving the livelihoods of community members in three regions in Machakos County - Kyaani, Nguu Nyumu and Mitaboni.

Former Cabinet Secretary Ministry of Education Prof. George Magoha (right), former Principal Secretary Ministry of Environment Dr. Chris Kiptoo (2nd right) and Dr. James Mwangi Equity Group Foundation Executive Chairman (2nd left), are taken through a kitchen fitted with clean energy for cooking by the former Alliance High School Principal William Mwangi (left). To date over 200 schools and institutions have transitioned to use of clean energy through support from Equity.

Equity Bank Kenya Director Corporate Banking, Moses Ndirangu (2nd right), Equity Bank Kenya Sector Head Pamoja Banking, Benignas Muema (2nd left), Equity Bank Kenya Business Analyst Business, Banking Simon Gitau (left) and Equity Group Foundation Manager Energy and Environment, Anne Kitelesi (right) display award trophies at the 2022 Kenya Bankers Association SFI Catalyst Awards. Equity Bank ranked 2nd best overall at the awards.

Left to right: Equity Bank Kibwezi Branch Manager Moses Gitonga, Maendeleo Ya Wanawake Organization (MYWO) National Chairlady Rahab Muiu, Exodus Women's Group Vice-Chairlady Maggie Kisilu, Exodus Women's Group Chairlady Grace Mulei and Makueni County MYWO County Chairperson Rose Mutinda during a tank handover ceremony in Kibwezi where 15 members of the Exodus Women's Group received tanks financed by Equity Bank.

EQUITY CENTRE, 9TH FLOOR, HOSPITAL ROAD, UPPER HILL, NAIROBI
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