

Equity Group Holdings Plc

The Board of Directors of Equity Group Holdings Plc is pleased to announce the unaudited results of the Group for the six months period ended 30 June 2019



Condensed directors' remuneration report

For the	6 months ended 30.06.2019 Unaudited	6 months ended 30.06.2018 Unaudited	Year ended 31.12.2018 Audited
	Shs' 000	Shs' 000	Shs' 000
Aggregate directors' emoluments	96,539	41,599	121,968

For the	6 months ended 30.06.2019 Unaudited	6 months ended 30.06.2018 Unaudited	Year ended 31.12.2018 Audited
	Shs' millions	Shs' millions	Shs' millions
Net interest income	21,079	19,583	41,422
Net fee and commission income	8,234	7,586	15,271
Other income	6,061	3,921	6,820
Provision for impairment losses on loans and advances	(466)	(586)	(2,936)
Net operating income	34,908	30,504	60,577
Operating expenses	(17,919)	(15,033)	(32,114)
Profit before income tax	16,989	15,471	28,463
Income tax expense	(4,981)	(4,461)	(8,639)
Profit for the period	12,008	11,010	19,824

Condensed consolidated statement of other comprehensive income

For the	6 months ended 30.06.2019 Unaudited	6 months ended 30.06.2018 Unaudited	Year ended 31.12.2018 Audited
	Shs' millions	Shs' millions	Shs' millions
Profit for the period	12,008	11,010	19,824
Other comprehensive income:			
FVOCI investment securities	3,324	226	(634)
Exchange differences on translation of foreign operations	(3)	(948)	(1,035)
Other comprehensive income for the period	3,322	(722)	(1,669)
Total comprehensive income for the period, net of tax	15,330	10,288	18,155
Earnings per share (basic and diluted) (Shs)	3.18	2.90	5.25

Condensed consolidated statement of financial position

As at	30 June 2019	30 June 2018 Unaudited	31 Dec 2018 Audited
	Shs' millions	Shs' millions	Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	90,733	74,324	74,619
Derivative financial asset	156	167	225
Investment securities	179,619	158,940	160,952
Due from related parties	-	-	24
Current income tax	153	120	632
Loans and advances to customers	320,886	275,037	297,227
Other assets	20,609	9,893	12,395
Property and equipment	10,170	10,489	10,276
Intangible assets (including goodwill)	10,175	10,110	10,466
Deferred income tax	6,080	2,830	6,117
Prepaid leases	82	106	451
Total assets	638,663	542,016	573,384
Liabilities			
Deposits from customers	458,595	393,686	422,758
Borrowed funds	55,877	52,652	45,101
Due to related parties	77	70	-
Other liabilities	20,471	8,547	10,343
Dividend payable	-	64	-
Current income tax	844	623	185
Deferred income tax	59	62	40
Total liabilities	535,923	455,704	478,427
Equity			
Share capital	1,887	1,887	1,887
Share premium	16,063	16,063	16,063
Retained earnings and other reserves	83,819	67,544	76,124
Equity attributable to owners of the Company	101,769	85,494	94,074
Non-controlling interests	971	818	883
Total equity	102,740	86,312	94,957
Total equity and liabilities	638,663	542,016	573,384

Condensed consolidated statement of changes in equity

	Share capital	Share premium	Attributable to owners of the parent Retained earnings and other reserves	Total	Non-controlling interests	Total equity
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
6 months period ended 30 June 2019						
At start of period	1,887	16,063	76,124	94,074	883	94,957
Profit for the 6 months period	-	-	11,920	11,920	88	12,008
Other comprehensive income	-	-	3,322	3,322	-	3,322
Final 2018 dividend declared	-	-	(7,547)	(7,547)	-	(7,547)
At end of period	1,887	16,063	83,820	101,769	971	102,740
6 months period ended 30 June 2018						
At start of period	1,887	16,063	74,442	92,392	750	93,142
Profit for the 6 months period	-	-	10,942	10,942	68	11,010
Other comprehensive income	-	-	(722)	(722)	-	(722)
Final 2017 dividend declared	-	-	(7,547)	(7,547)	-	(7,547)
Changes on initial application of IFRS 9, net of tax	-	-	(9,571)	(9,571)	-	(9,571)
At end of period	1,887	16,063	67,544	85,494	818	86,312
Year ended 31 December 2018						
At start of year	1,887	16,063	74,442	92,392	750	93,142
Changes on initial application of IFRS 9, net of tax	-	-	(8,809)	(8,809)	-	(8,809)
Changes on initial application of IFRS 15, net of tax	-	-	16	16	-	16
Profit for the year	-	-	19,691	19,691	133	19,824
Other comprehensive income	-	-	(1,669)	(1,669)	-	(1,669)
Final 2017 dividend declared and paid	-	-	(7,547)	(7,547)	-	(7,547)
At end of year	1,887	16,063	76,124	94,074	883	94,957

Condensed consolidated statement of cash flows

For the	6 months ended 30.06.2019 Unaudited	6 months ended 30.06.2018 Unaudited	Year ended 31.12.2018 Audited
	Shs' millions	Shs' millions	Shs' millions
Cash generated from operations	39,079	35,556	50,499
Income taxes paid	(3,899)	(2,050)	(6,723)
Net cash generated from operating activities	35,180	33,506	43,776
Net cash used in investing activities	(17,176)	(34,473)	(38,775)
Net cash generated from/(used in) financing activities	(312)	(4,547)	(13,010)
Net increase/(decrease) in cash and cash equivalents	17,692	(5,514)	(8,009)
At start of period	60,573	68,582	68,582
At end of period	78,265	63,068	60,573

Performance highlights

The Group registered an 18% growth in total assets to reach Shs 638.7 billion up from Shs 542.02 billion registered the same period previous year. Interest earning assets grew by 15% to Shs 500.5 billion up from Shs 433.9 billion driven by a 17% growth in net loan book to Shs 320.9 billion up from Shs 275 billion and a 13% growth in government securities to Shs 179.6 billion up from Shs 158.9 billion.

Total liabilities grew by 18% to reach Shs 535.9 billion driven by a growth of 16% in customer deposits from Shs 393.7 billion to Shs 458.6 billion. The Group has a cost-effective funding comprising of 72% customer deposits, 17% shareholders' funds and 9% long-term borrowings.

Total income grew by 10% to Shs 36.0 billion up from Shs 32.7 billion driven by growth in Treasury income of 12% from Shs 10.3 billion to Shs 11.5 billion. Interest income grew by 9% to Shs 27.7 billion up from Shs 25.4 billion while non-funded income registered a 13% growth to reach Shs 14.9 billion up from Shs 13.1 billion. Non-funded income contribution to total income was 41.4% up from 40.2% recorded the previous year driven mainly by a 20% growth in merchant commissions from Shs 876 million to Shs 1.055 billion, SWIFT and RTGS commissions which grew from Shs 358 million to Shs 413 million, a growth of 15%. Diaspora remittance volumes grew by 28% from Shs 52.1 billion to Shs 66.5 billion, resulting to forex trading income growing by 27% to Shs 1.9 billion up from Shs 1.5 billion. Unrealized capital gains on mark to market on government securities grew by 99% to Shs 2.09 billion up from Shs 1.05 billion due to declining yields. Total expenses grew by 11% to Shs 19.0 billion up from Shs 17.2 billion. The cost to income ratio was maintained at 50.3%.

Profit before tax grew by 10% to reach Shs 17.0 billion up from Shs 15.5 billion while profit after tax increased by 9% to reach Shs 12 billion up from Shs 11 billion. While the regional subsidiaries contribution to the Group profits remained at 18%, they increased their total group asset contribution to 27% up from 26% and their total Group deposits contribution to 26% up from 25%. The stability in profit contribution by the Kenya subsidiary at 82% of Group profits was driven by improved cost income ratio that declined from 45.6% to 44.9%.

The convenience of virtualization and digitization saw the number of loans disbursed reach 2 million out of which 1.9 million loans (93%), worth Shs 20.0 billion were disbursed through the Equitel mobile channel while 100,000 loans (7%) worth Shs 70.9 billion were disbursed through the branch.

97% of all banking transactions were done outside the branch with Eazzy app transactions growing by 28% to reach 146 million up from 114 million transactions; Equitel transactions grew by 5% from 121 million to 126 million transactions; agent banking transactions grew by 15% from 38 million to 44 million transactions; Eazzy biz transactions grew by 79% from 800,000 to 1.4 million transactions; Eazzy pay transactions grew by 101% from 574,000 to 1.15 million transactions; Merchant transactions grew by 36% to reach 10.7 million up from 7.9 million transactions.

The Group has supported the strengthening of the balance sheet by enhancing the Group core capital to total deposits to 20.1% against a regulatory minimum requirement of 8% while core capital to total risk weighted assets stood at 17.5% against a regulatory minimum requirement of 10.5%.

Dividends

The Board of Directors does not recommend the payment of dividend for the first half of the year 2019.

Explanatory notes

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 31 December 2018 annual financial statements. The above financial statements are extracts from the records of the Group.

They were approved for issue by the Board of Directors on 31st July 2019 and signed on its behalf by:

Dr. James Mwangi
Group Managing Director & CEO

Prof. Isaac Macharia
Director



Euromoney 2019
Africa's Best Digital Bank

The Banker
TOP 1000
WORLD BANKS 2019

The Top 1000 World Banks 2019

- Position 16 globally on Return on Assets
- Position 32 globally on Profits on Capital Position
- Position 75 globally on Soundness (Capital Assets Ratio)



Think Business 2019
Overall Best Bank in Kenya
(8 years running)

