



Condensed directors' remuneration report

For the	3 months ended 31.03. 2021 Unaudited Shs' 000	3 months ended 31.03. 2020 Unaudited Shs' 000	Year ended 31.12.2020 Audited Shs' 000
Aggregate directors' emoluments	52,949	21,715	123,778

Condensed consolidated statement of profit or loss

For the	3 months ended 31.03.2021 Unaudited Shs' millions	3 months ended 31.03.2020 Unaudited Shs' millions	12 months ended 31.12.2020 Audited Shs' millions
Net interest income	14,818	11,545	61,770
Net fee and commission income	4,678	4,241	10,101
Other income	4,106	2,802	15,070
Fair value loss on loan notes at FVTPL	-	-	(3,239)
Gain from bargain purchase	-	-	1,177
Provision for impairment losses on loans and advances	(1,078)	(3,009)	(22,626)
Net operating income	22,524	15,579	62,253
Operating expenses	(10,819)	(8,575)	(40,083)
Profit before income tax	11,705	7,004	22,170
Income tax expense	(2,981)	(1,679)	(2,070)
Profit for the period	8,724	5,325	20,100

Condensed consolidated statement of other comprehensive income

For the	3 months ended 31.03.2021 Unaudited Shs' millions	3 months ended 31.03.2020 Unaudited Shs' millions	12 months ended 31.12.2020 Audited Shs' millions
Profit for the period	8,724	5,325	20,100
Other comprehensive income:			
FVOCI investment securities, net of tax	(7,462)	(1,097)	2,964
Re-measurement of defined benefit obligation, net of tax	-	-	(445)
Exchange differences on translation of foreign operations	535	399	221
Other comprehensive income for the period	(6,927)	(698)	2,740
Total comprehensive income for the period, net of tax	1,797	4,627	22,840
Earnings per share (basic and diluted) (Shs)	2.29	1.41	5.24

Condensed consolidated statement of financial position

At	31.03.2021 Unaudited Shs' millions	31.03.2020 Unaudited Shs' millions	31.12.2020 Audited Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	240,991	75,167	247,093
Derivative financial assets	358	111	438
Investment securities	258,948	189,878	217,408
Due from related parties	15	-	-
Current income tax	249	116	279
Loans and advances to customers	487,736	379,215	477,847
Other assets	25,861	12,193	19,660
Property and equipment	15,906	11,375	15,904
Right-of-use assets	6,292	6,844	6,090
Investment properties	5,466	10,817	5,576
Intangible assets (including goodwill)	11,512	7,470	11,591
Deferred income tax	13,108	-	13,207
Total assets	1,066,442	693,186	1,015,093
Liabilities			
Deposits from customers	790,557	499,329	740,801
Borrowed funds	89,553	55,107	97,148
Due to related parties	-	75	114
Other liabilities	31,666	10,939	26,316
Employee benefits obligations	2,407	-	2,405
Lease liabilities	6,244	7,024	6,688
Current income tax	4,236	4,169	1,641
Deferred income tax	1,341	139	1,339
Total liabilities	926,004	576,782	876,452
Equity			
Share capital	1,887	1,887	1,887
Share premium	15,325	16,063	15,325
Retained earnings and other reserves	116,667	97,356	114,964
Equity attributable to owners of the company	133,879	115,306	132,176
Non-controlling interests	6,559	1,098	6,465
Total equity	140,438	116,404	138,641
Total equity and liabilities	1,066,442	693,186	1,015,093

Condensed consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
3 months period ended 31 March 2021						
At start of period	1,887	15,325	114,964	132,176	6,465	138,641
Profit for the 3 months period	-	-	8,630	8,630	94	8,724
Other comprehensive income	-	-	(6,927)	(6,927)	-	(6,927)
At end of period	1,887	15,325	116,667	133,879	6,559	140,438

Condensed consolidated statement of changes in equity (continued)

	Share capital	Share premium	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
3 months period ended 31 March 2020						
At start of period	1,887	16,063	92,769	110,719	1,058	111,777
Profit for the 3 months period	-	-	5,285	5,285	40	5,325
Other comprehensive income	-	-	(698)	(698)	-	(698)
At end of period	1,887	16,063	97,356	115,306	1,098	116,404
12 months period ended 31 December 2020						
At start of year	1,887	16,063	92,769	110,719	1,058	111,777
Profit for the year	-	-	19,790	19,790	310	20,100
Non-controlling interests acquired from business combinations	-	-	-	-	5,759	5,759
Other comprehensive income	-	-	2,740	2,740	-	2,740
Equity transactions with Non-controlling interests	-	-	(335)	(335)	(662)	(997)
Other adjustments	-	(738)	-	(738)	-	(738)
At end of year	1,887	15,325	114,964	132,176	6,465	138,641

Condensed consolidated statement of cash flows

For the	3 months ended 31.03.2021 Unaudited Shs' millions	3 months ended 31.03.2020 Unaudited Shs' millions	12 months ended 31.12.2020 Audited Shs' millions
Cash generated from operations	51,456	15,376	111,381
Income taxes paid	-	-	(10,393)
Net cash generated from operating activities	51,456	15,376	100,988
Net cash (used in) / generated from investing activities	(50,622)	(21,139)	22,999
Net cash (used in) / generated from financing activities	(7,595)	(4,007)	32,145
Net (decrease) / increase in cash and cash equivalents	(6,761)	(9,770)	156,132
Cash and cash equivalents at the start of period	226,912	70,780	70,780
Cash and cash equivalents at the end of period	220,151	61,010	226,912

Performance highlights

During the multi-crisis year, Equity focused on social impact investment in health investing Shs 1.7 billion in social response to society, forgoing Shs 1.5 billion in waived mobile transaction fees, waiving Shs 1.2 billion in loan rescheduling fees and accommodating Shs 171 billion (or 31%) of the loan book for up to 3 years of principal and interest repayment breaks to enable businesses to survive.

The Group also adopted a two-pronged strategy of being offensive and defensive. On the defensive strategy, the Group strengthened its capital buffers by retaining profits and withholding dividend payouts, took long-term loan facilities that strengthened the liquidity buffers, supported host communities and clients to mitigate the impact of the crisis on them by waiving fees and rescheduling their loans to match loan repayments to new cashflow patterns.

Operationally, the Group focused on generating and growing non-funded income, treasury efficiency, geographical expansion and business diversification, business transformation through innovation and digitization, balance sheet optimization and agility, asset quality and risk mitigation while pursuing efficiencies and brand development through social impact investment underscoring the performance of the Group.

The Group balance sheet expanded by 54% to reach Shs 1.07 trillion driven by a 58% growth in customer deposits, underpinned by Shs 140 billion shareholders' funds. Interest income grew by 32% while non-funded income grew by 30% to contribute 42% of total income. Regional subsidiaries contributed 40% of total deposits and total assets and 23% of profit before tax with Rwanda and Uganda delivering above cost of capital returns.

On asset quality, the Group reported a Non-Performing Loan (NPL) book of 11.3% compared to the industry average of 14.6% with a NPL coverage of 99% from a mix of provisions at 87% and 12% of credit risk guarantees. Of the Shs 171 billion COVID-19 accommodated loan book, Shs 59 billion has resumed repayment with Shs 5 billion fully repaid and Shs 3 billion behind schedule in repayment. Shs 66 billion is expected to resume repayment within 6 months by 30th September 2021.

On efficiency and cost optimization, the regional subsidiaries continued to gain momentum with marked improvement in cost to asset ratio and cost to income ratio and significant balance sheet and revenue growth.

Outlook

The Group reviewed its 2021 performance outlook upward to a return on equity of between 25% to 30% and return on assets of between 3.6% to 4.3%. This was boosted by its market leadership position in terms of balance sheet; market capitalization; customer base; capital base; and reinforced by the accelerated adoption of technologies by customers, a society seeking multi-sensory engagement, shared prosperity and purpose-first business models.

Dividends


The Board of Directors does not recommend the payment of dividend for the first quarter of the year 2021.

Explanatory notes

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 31 December 2020 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 25th May 2021 and signed on its behalf by:


Dr. James Mwangi , CBS
Group Managing Director & CEO


Mary Wamae
Group Executive Director

