



Summary directors’ remuneration report

For the	3 months ended 31.03.2022 Unaudited Shs’ 000	3 months ended 31.03.2021 Unaudited Shs’ 000	Year ended 31.12.2021 Audited Shs’ 000
Aggregate directors’ emoluments	30,476	52,949	227,975

Summary consolidated statement of profit or loss

For the	3 months ended 31.03.2022 Unaudited Shs’ millions	3 months ended 31.03.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Net interest income	19,352	14,818	76,531
Net fee and commission income	5,746	4,678	14,586
Other income	3,475	4,106	13,792
Fair value loss on loan notes at FVTPL	-	-	(128)
Credit impairment losses	(1,360)	(1,078)	(4,783)
Net operating income	27,213	22,524	99,998
Operating expenses	(11,929)	(10,819)	(48,117)
Profit before income tax	15,284	11,705	51,881
Income tax expense	(3,421)	(2,981)	(11,809)
Profit for the period	11,863	8,724	40,072

Summary consolidated statement of other comprehensive income

For the	3 months ended 31.03.2022 Unaudited Shs’ millions	3 months ended 31.03.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Profit for the period	11,863	8,724	40,072
Other comprehensive income:			
FVOCI investment securities, net of tax	(13,301)	(7,462)	(7,098)
Re-measurement of defined benefit obligation, net of tax	-	-	787
Exchange differences on translation of foreign operations	34	535	4,173
Other comprehensive income for the period	(13,267)	(6,927)	(2,138)
Total comprehensive income for the period, net of tax	(1,404)	1,797	37,934
Earnings per share (basic and diluted) (Shs)	3.06	2.29	10.38

Summary consolidated statement of financial position

At	31.03.2022 Unaudited Shs’ millions	31.03.2021 Unaudited Shs’ millions	31.12.2021 Audited Shs’ millions
Assets			
Cash, deposits and balances due from financial institutions	166,377	240,991	242,782
Derivative financial assets	7,248	358	313
Investment securities	389,414	258,948	394,101
Due from related parties	-	15	160
Current income tax	200	249	562
Loans and advances to customers	623,561	487,736	587,775
Other assets	18,146	25,861	22,607
Property and equipment	16,032	15,906	15,200
Right-of-use assets	8,276	6,292	8,090
Investment properties	5,827	5,466	5,581
Intangible assets (including goodwill)	14,098	11,512	12,803
Deferred income tax	20,279	13,108	14,940
Total assets	1,269,458	1,066,442	1,304,914
Liabilities			
Deposits from customers	900,924	790,557	958,977
Borrowed funds	147,051	89,553	128,340
Due to related parties	14	-	-
Other liabilities	32,603	31,666	29,341
Employee benefits obligations	1,289	2,407	1,269
Lease liabilities	8,708	6,244	8,900
Current income tax	3,755	4,236	925
Deferred income tax	908	1,341	971
Total liabilities	1,095,252	926,004	1,128,723
Equity			
Share capital	1,887	1,887	1,887
Share premium	15,325	15,325	15,325
Retained earnings and other reserves	149,995	116,667	151,956
Equity attributable to owners of the company	167,207	133,879	169,168
Non-controlling interests	6,999	6,559	7,023
Total equity	174,206	140,438	176,191
Total equity and liabilities	1,269,458	1,066,442	1,304,914

Summary consolidated statement of changes in equity

	Attributable to owners of parent					
	Share capital Shs’ millions	Share premium Shs’ millions	Retained earnings and other reserves Shs’ millions	Total Shs’ millions	Non- controlling interests Shs’ millions	Total equity Shs’ millions
3 months period ended 31 March 2022						
At start of period	1,887	15,325	151,956	169,168	7,023	176,191
Other adjustment	-	-	(581)	(581)	-	(581)
Profit for the 3 months period	-	-	11,544	11,544	319	11,863
Other comprehensive income	-	-	(12,924)	(12,924)	(343)	(13,267)
At end of period	1,887	15,325	149,995	167,207	6,999	174,206

Summary consolidated statement of changes in equity (continued)

	Attributable to owners of parent					
	Share capital Shs’ millions	Share premium Shs’ millions	Retained earnings and other reserves Shs’ millions	Total Shs’ millions	Non- controlling interests Shs’ millions	Total equity 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
12 months period ended 31 December 2021						
At start of year	1,887	15,325	114,964	132,176	6,465	138,641
Profit for the year	-	-	39,175	39,175	897	40,072
Other comprehensive income	-	-	(1,938)	(1,938)	(200)	(2,138)
Equity transactions with non-controlling interests	-	-	(245)	(245)	(139)	(384)
At end of year	1,887	15,325	151,956	169,168	7,023	176,191

Summary consolidated statement of cash flows

For the	3 months ended 31.03.2022 Unaudited Shs’ millions	3 months ended 31.03.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Cash generated from operations	(49,352)	15,376	137,219
Income taxes paid	(249)	-	(12,195)
Net cash (used in)/generated from operating activities	(49,601)	15,376	125,024
Net cash (used in) / generated from investing activities	(18,373)	(21,139)	(189,386)
Net cash generated from financing activities	18,711	(4,007)	27,815
Net (decrease) / increase in cash and cash equivalents	(49,263)	(9,770)	(36,547)
Cash and cash equivalents at the start of period	190,365	70,780	226,912
Cash and cash equivalents at the end of period	141,102	61,010	190,365

Performance highlights

In the first quarter of 2022, Equity Group Holdings Plc eased its defensive strategy that had been deployed during the economic uncertainty and returned to its growth strategy. The defensive strategy involved internally generated cash being retained, while forgoing dividend payouts for two consecutive years to build capital buffers.

As a result, the Group’s total assets and balance sheet grew by 19% from Kshs.1,066.4 billion to Kshs.1,269.5 billion year on year while cash and cash equivalents declined by 31% from Kshs. 241 billion down to Kshs.166.4 billion as the Group resumed aggressive lending.Net loans grew 28% to Kshs. 623.6 billion up from Kshs.487.7 billion while investments in Government securities grew by 50% to Kshs.389.4 billion up from Kshs.258.9 billion. Net interest income grew by 31% to Kshs.19.4 billion up from Kshs.14.8 billion with a yield on earning assets growing to 9.5% up from 8.9%.

Regional subsidiaries continued to gain market share with their total revenue contribution to the Group growing to 40% (Kshs.12.8 billion) up from 37% (Kshs.9.6 billion). The subsidiaries increased their profit after tax contribution to 30% (Kshs.3.6 billion) of the Group’s profit after tax up from 21% (Kshs 1.9 billion).

Non-performing loans declined to 8.6% down from 11.3% with cost of risk normalizing at 1.2% and non-performing loan coverage rising to 95% up from 87.4%. On innovation, digital channels of mobile, internet and third-party channels handled 97.1% of all transactions. Pay With Equity universal mobile retail payment is revolutionizing retail business by enabling efficiency of digital payment to contribute significantly to economic efficiency.

Net interest margin grew to 6.8% up from 6.4% as a result of efficient asset allocation, improved performance of the subsidiaries, declining cost of credit risk, and cost efficiencies of digitization, resulting in total income growth of 21%. Cost income ratio declined to 45.3% down from 49.8%. Profit after tax grew by 36% to Kshs.11.9 billion up from Kshs.8.7 billion the previous year.

Return on average assets improved to 3.7% up from 3.3% with return on average equity growing to 27.4% up from 25.1%. Earnings per share grew by 34% to Kshs.3.06 up from Kshs.2.29.

On account of the strong strategic position of the Group and improving socio-economic environment, the Group has rolled out the `Africa Recovery and Resilience Plan` aimed at supporting the private sector quick recovery, repurpose and thrive by building back better by enhancing resilience. Equity Group has seeded the Plan with Kshs.700 billion to lend to 5 million Micro, Small and Medium Enterprises (MSMEs) while partnering with national Governments to provide the enabling micro economic and policy environment to enable private sector to thrive.

Outlook

Our outlook on our business performance is positive on account of improved prospects for regional integration and economic growth, opportunity for balance sheet optimization from high group liquidity ratio at 56.9%, improving interest yields from ability to price risk, normalizing cost of risk and efficiency gains from cost optimization and process digitization.

Dividends

The Board of Directors does not recommend payment of dividend for the first quarter of the year 2022.

Explanatory notes

The accounting policies used in preparing these financial statements are consistent with those used for the Group’s 31 December 2021 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 12th May 2022 and signed on its behalf by:

  
Dr. James Mwangi, CBS  
Group Managing Director & CEO

  
Prof. Isaac Macharia  
Group Chairman

