



Summary directors’ remuneration report

For the	6 months ended 30.06.2022 Unaudited Shs’ 000	6 months ended 30.06.2021 Unaudited Shs’ 000	Year ended 31.12.2021 Audited Shs’ 000
Aggregate directors’ emoluments	77,874	106,161	227,975

Summary consolidated statement of profit or loss

For the	6 months ended 30.06.2022 Unaudited Shs’ millions	6 months ended 30.06.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Net interest income	39,804	31,155	76,531
Net fee and commission income	12,425	9,205	14,586
Other income	8,190	7,308	13,792
Fair value loss on loan notes at FVTPL	-	-	(128)
Credit impairment losses	(3,312)	(2,592)	(4,783)
Net operating income	57,107	45,076	99,998
Operating expenses	(26,189)	(21,245)	(48,117)
Profit before income tax	30,918	23,831	51,881
Income tax expense	(6,488)	(5,887)	(11,809)
Profit for the period	24,430	17,944	40,072

Summary consolidated statement of other comprehensive income

For the	6 months ended 30.06.2022 Unaudited Shs’ millions	6 months ended 30.06.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Profit for the period	24,430	17,944	40,072
Other comprehensive income:			
FVOCI investment securities, net of tax	(38,945)	(2,446)	(7,098)
Re-measurement of defined benefit obligation, net of tax	-	-	787
Exchange differences on translation of foreign operations	637	935	4,173
Other comprehensive income for the period	(38,308)	(1,511)	(2,138)
Total comprehensive income for the period, net of tax	(13,878)	16,433	37,934
Earnings per share (basic and diluted) (Shs)	6.29	4.65	10.38

Summary consolidated statement of financial position

At	30.06.2022 Unaudited Shs’ millions	30.06.2021 Unaudited Shs’ millions	31.12.2021 Audited Shs’ millions
Assets			
Cash, deposits and balances due from financial institutions	214,433	219,491	242,782
Derivative financial assets	18	574	313
Investment securities	365,023	315,497	394,101
Due from related parties	-	-	160
Current income tax	693	261	562
Loans and advances to customers	650,556	504,849	587,775
Other assets	27,023	27,191	22,607
Property and equipment	16,490	15,048	15,200
Right-of-use assets	7,664	6,269	8,090
Investment properties	5,937	5,380	5,581
Intangible assets (including goodwill)	14,112	11,775	12,803
Deferred income tax	31,911	13,403	14,940
Total assets	1,333,860	1,119,738	1,304,914
Liabilities			
Deposits from customers	970,943	820,286	958,977
Borrowed funds	162,601	102,301	128,340
Due to related parties	-	-	-
Other liabilities	36,375	30,236	29,341
Dividend payable	2,171	-	-
Employee benefits obligations	1,272	2,300	1,269
Lease liabilities	8,339	6,998	8,900
Current income tax	849	1,137	925
Deferred income tax	923	1,407	971
Total liabilities	1,183,473	964,665	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	126,501	131,001	151,956
Equity attributable to owners of the company	143,713	148,213	169,168
Non-controlling interests	6,674	6,860	7,023
Total equity	150,387	155,073	176,191
Total equity and liabilities	1,333,860	1,119,738	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
6 months period ended 30 June 2022						
At start of period	1,887	15,325	151,956	169,168	7,023	176,191
Other adjustment	-	-	(605)	(605)	-	(605)
Profit for the 6 months period	-	-	23,745	23,745	685	24,430
Other comprehensive income	-	-	(37,274)	(37,274)	(1,034)	(38,308)
Final dividend declared	-	-	(11,321)	(11,321)	-	(11,321)
At end of period	1,887	15,325	126,501	143,713	6,674	150,387

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
6 months period ended 30 June 2021						
At start of period	1,887	15,325	114,964	132,176	6,465	138,641
Profit for the 6 months period	-	-	17,549	17,549	395	17,944
Other comprehensive income	-	-	(1,512)	(1,512)	-	(1,512)
At end of period	1,887	15,325	131,001	148,213	6,860	155,073
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	6 months ended 30.06.2022 Unaudited Shs’ millions	6 months ended 30.06.2021 Unaudited Shs’ millions	12 months ended 31.12.2021 Audited Shs’ millions
Cash generated from operations	(7,785)	75,570	137,219
Income taxes paid	(6,895)	(6,771)	(12,195)
Net cash (used in)/generated from operating activities	(14,680)	68,799	125,024
Net cash (used in) / generated from investing activities	(32,976)	(103,212)	(189,386)
Net cash generated from financing activities	25,111	5,153	27,815
Net (decrease) / increase in cash and cash equivalents	(22,545)	(29,260)	(36,547)
Cash and cash equivalents at the start of period	190,365	226,912	226,912
Cash and cash equivalents at the end of period	167,820	197,652	190,365

Performance highlights

Equity Group Holdings has reported a 26% growth in total income, 36% growth in profit after tax and a 19% growth in total assets, to demonstrate a resilient, versatile business model, leadership agility, innovation and diversification capability and strength of strategy.

Through its strategy dubbed “The Africa Recovery and Resilience Plan” the Group has seen a 29% growth in net loans and advances and a 16% growth in investment in Government securities resulting into a 29% growth in interest income.The growth in earning assets have been funded by a 22% growth in long-term funds of Kshs.120.5 billion up from Kshs.98.6 billion and a 18% growth in customer deposits of Kshs.970.9 billion up from Kshs.820.3 billion driving total assets growth of 19% to Kshs.1.3 trillion up from Kshs.1.1 billion.

The Group strategically opted to focus on becoming a leading Trade Finance regional bank to ease the cost of financing trade while facilitating cross border trade in the East African common market and the African Continental Free Trade Area. This has resulted to Gross trade finance revenue growth of 64% to Kshs 2.6 billion up from Kshs 1.6 billion while trade finance related lending grew by 106% to Kshs 34.4 billion up from Kshs 16.7 billion as trade finance guarantees and off-balance sheet items grew by 62% to Kshs 158.4 billion up from Kshs 97.7 billion.

Focus on payments and trade finance saw non-funded income grow by 23% to Kshs 25 billion up from Kshs 20.4 billion to compare with the 28% growth of Net Interest Income of Kshs 39.8 billion up from Kshs 31.2 billion. The non-funded income, a higher quality class of income, constitutes 38.6% of the total income despite the 29% growth in both the loan book and interest income.

The Group’s digital banking transactions through mobile and internet channels, Agency and Merchant infrastructure doubled from 330 million to 663.9 million while transactions on the Group’s own infrastructure of branches and ATMs declined from 25.3 million to 19.2 million transactions delivering an online self-service business model with 99% of banking transactions being outside the branch and a corresponding 74% of the value of transactions, leaving branches to do high value transactions.

Outlook

The Group’s growth of business, economies of scale, pursuit of efficiencies and optimisation of the balance sheet, and efficiencies of business transformation through digitisation have positioned the bank strategically to take advantage of market opportunities while deploying resources into higher yielding asset class with a revenue growth opportunity, as such the Group has seen cost to income ratio improve to 46.7% down from 48.5% and cost to asset ratio has improved to 4.7% down from 5.4% on a 19% expanded balance sheet of Kshs 1,333.9 billion up from Kshs 1,119.7 billion. Group return on average equity has increased to 28.9% up from 25% while Group return on average assets has risen to 3.8% up from 3.3%.

Dividends

The Board of Directors does not recommend the payment of dividend for the first half 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 22 August 2022 and signed on its behalf by:


Dr. James Mwangi, CBS
Group Managing Director & CEO


Prof. Isaac Macharia
Group Chairman

