

Summary directors' remuneration report

For the	9 months ended 30.09.2022 Unaudited Shs' 000	9 months ended 30.09.2021 Unaudited Shs' 000	Year ended 31.12.2021 Audited Shs' 000
Aggregate directors' emoluments	188,823	140,818	227,975

Summary consolidated statement of profit or loss

For the	9 months ended 30.09.2022 Unaudited Shs' millions	9 months ended 30.09.2021 Unaudited Shs' millions	12 months ended 31.12.2021 Audited Shs' millions
Net interest income	59,844	48,485	76,531
Net fee and commission income	20,898	10,899	14,586
Other income	14,416	10,614	13,792
Fair value loss on loan notes at FVTPL	-	-	(128)
Credit impairment losses	(8,598)	(4,576)	(4,783)
Net operating income	86,560	65,422	99,998
Operating expenses	(42,235)	(28,798)	(48,117)
Profit before income tax	44,325	36,624	51,881
Income tax expense	(9,950)	(9,750)	(11,809)
Profit for the period	34,375	26,874	40,072

Summary consolidated statement of other comprehensive income

For the	9 months ended 30.09.2022 Unaudited Shs' millions	9 months ended 30.09.2021 Unaudited Shs' millions	12 months ended 31.12.2021 Audited Shs' millions
Profit for the period	34,375	26,874	40,072
Other comprehensive income:			
FVOCI investment securities, net of tax	(44,998)	(3,261)	(7,098)
Re-measurement of defined benefit obligation, net of tax	-	-	787
Exchange differences on translation of foreign operations	764	1,084	4,173
Other comprehensive income for the period	(44,234)	(2,177)	(2,138)
Total comprehensive income for the period, net of tax	(9,859)	24,697	37,934
Earnings per share (basic and diluted) (Shs)	8.84	6.98	10.38

Summary consolidated statement of financial position

At	30.09.2022 Un-audited Shs' millions	30.09.2021 Un-audited Shs' millions	31.12.2021 Audited Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	212,190	182,658	242,782
Derivative financial assets	173	418	313
Investment securities	366,455	361,305	394,101
Due from related parties	684	-	160
Current income tax	159	1,536	562
Loans and advances to customers	673,913	559,013	587,775
Other assets	29,036	26,793	22,607
Property and equipment	17,384	15,343	15,200
Right-of-use assets	8,004	6,266	8,090
Investment properties	6,064	5,492	5,581
Intangible assets (including goodwill)	14,814	11,999	12,803
Deferred income tax	34,872	13,449	14,940
Total assets	1,363,748	1,184,272	1,304,914
Liabilities			
Deposits from customers	1,007,338	875,716	958,977
Borrowed funds	151,609	104,786	128,340
Due to related parties	-	-	-
Other liabilities	38,286	28,711	29,341
Employee benefits obligations	1,303	2,333	1,269
Lease liabilities	8,877	6,921	8,900
Current income tax	1,801	1,109	925
Deferred income tax	458	1,358	971
Total liabilities	1,209,672	1,020,934	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	130,298	139,126	151,956
Equity attributable to owners of the company	147,510	156,338	169,168
Non-controlling interests	6,566	7,000	7,023
Total equity	154,076	163,338	176,191
Total equity and liabilities	1,363,748	1,184,272	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
9 months period ended 30 September 2022						
At start of period	1,887	15,325	151,956	169,168	7,023	176,191
Other adjustment	-	-	(605)	(605)	-	(605)
Equity transactions with non-controlling interests	-	-	450	450	(780)	(330)
Profit for the 9 months period	-	-	33,350	33,350	1,025	34,375
Other comprehensive income	-	-	(43,532)	(43,532)	(702)	(44,234)
Final dividend declared	-	-	(11,321)	(11,321)	-	(11,321)
At end of period	1,887	15,325	130,298	147,510	6,566	154,076
9 months period ended 30 September 2021						
At start of period	1,887	15,325	114,964	132,176	6,465	138,641
Profit for the 9 months period	-	-	26,339	26,339	535	26,874
Other comprehensive income	-	-	(2,177)	(2,177)	-	(2,177)
At end of period	1,887	15,325	139,126	156,338	7,000	163,338
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	9 months ended 30.09.2022 Unaudited Shs' millions	9 months ended 30.09.2021 Unaudited Shs' millions	12 months ended 31.12.2021 Audited Shs' millions
Cash generated from operations	19,177	88,259	137,219
Income taxes paid	(9,964)	(10,549)	(12,195)
Net cash generated from operating activities	9,213	77,710	125,024
Net cash used in investing activities	(46,657)	(152,252)	(189,386)
Net cash generated from financing activities	11,952	7,638	27,815
Net decrease in cash and cash equivalents	(25,492)	(66,904)	(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	164,873	160,008	190,365

Performance highlights

Equity Group Holdings COVID-19 environment management strategies positioned the Group to steadily steer through volatile, uncertain economic and financial environment characterized by supply shocks, broken supply chains, high inflation and interest rates and slow and declining economic growth. This saw the Group report KShs.34.4 billion profit after tax representing a year on year growth of 28%. Assets grew by 15% to KShs.1,363.7 billion, driven by 15% growth in customer deposits of KShs.1,007.3 billion while loans and advances grew to 673.9 billion representing a 21% growth.

Non-funded income grew faster at 31% compared to 26% growth rate for total gross interest income increasing contribution of non-funded income to 41% of total income. Trade Finance revenue grew at 60% to KShs.3.9 billion up from KShs.2.5 billion. Trade Finance lending grew at 84% to KShs. 36.2 billion up from KShs. 19.7 billion while Trade Finance guarantees and off-balance sheet items grew 39% to KShs.156.2 billion up from KShs.112.3 billion. Treasury income contributed 32% of the total gross income at KShs.40.4 billion out of the total gross income of KShs.123.3 billion.

Pursuit of business and geographical regional diversification saw subsidiaries enhance their significance contributing 44% of Group deposits, 37% of Group loans, 42% of Group assets, 43% of Group revenues and 32% of the Group's profit before tax respectively, recording better return on average equity, return on average asset and cost to income ratio. Strong efficiency gains with digitization, greater use of third-party infrastructure and self-service platforms saw the business witness strong off take of innovative online products with Pay with Equity "PWE" growing transaction numbers by 379% while internet banking "Equity Online" grew its transactions by 556% delivering greater use of self service on own devices and enhanced transaction processing on Fintech capabilities on cards, ATMs, Agency, E-commerce, Mobile and Internet channels.

Outlook

Equity Group brand is at an all-time high with a rating of "Triple AAA" and ranked as the 5th strongest finance brand globally by Brand Finance. Equity Group's track record of social impact investments, inclusion, transforming lives, giving dignity and expanding opportunities is now a business acquisition driver. The Group is now realigning people, systems, processes, business, business risk through strong governance structures as it rolls out the African Recovery and Resilience Plan envisaged to grow the customer base to 100 million with 5 million businesses and 25 million households and individual borrowers.

Dividends

The Board of Directors does not recommend the payment of dividend for the third 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 21 November 2022 and signed on its behalf by:



Dr. James Mwangi, CBS
Group Managing Director & CEO



Prof. Isaac Macharia
Group Chairman

