

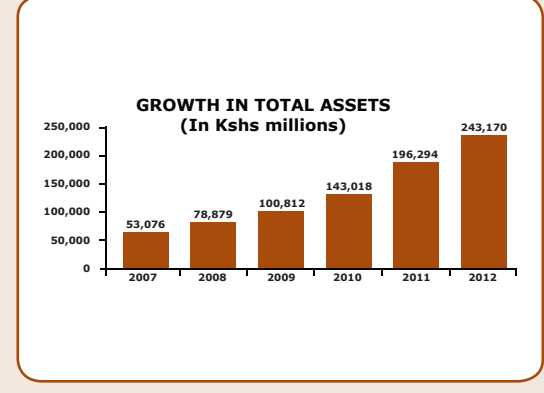
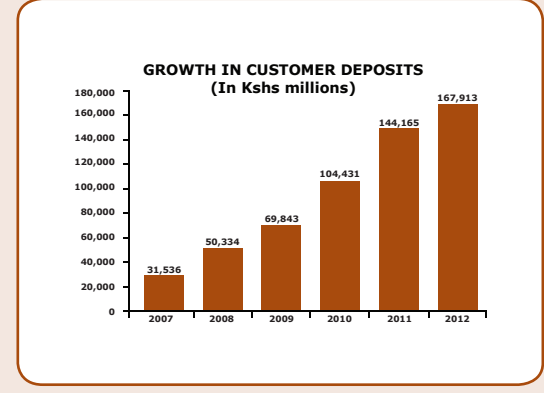
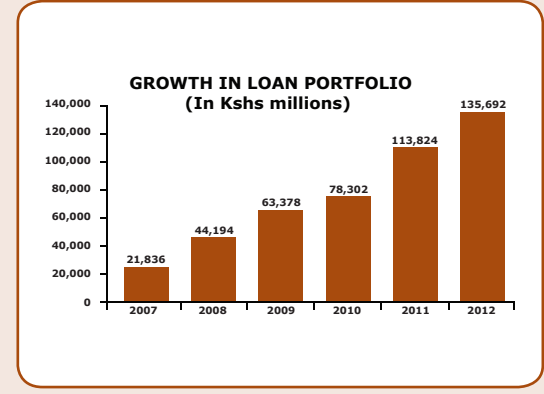
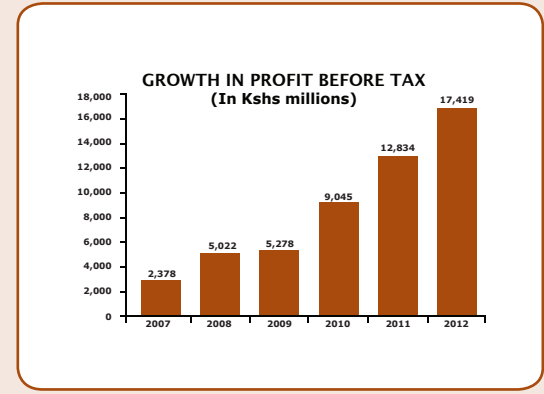
EQUITY BANK GROUP

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2012



STATEMENT OF FINANCIAL POSITION

| | BANK | | GROUP CONSOLIDATED | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 31/12/11 Shs. 000 Audited | 31/12/12 Shs. 000 Audited | 31/12/11 Shs. 000 Audited | 31/12/12 Shs. 000 Audited |
| A. ASSETS | | | | |
| 1. Cash (both Local & foreign) | 4,507,264 | 4,878,652 | 7,166,639 | 7,703,654 |
| 2. Balances due from central Bank of Kenya | 8,565,694 | 13,395,120 | 8,565,694 | 13,395,120 |
| 3. Kenya Government securities | 22,604,042 | 22,798,317 | 22,616,694 | 22,844,379 |
| 4. Foreign Currency Treasury Bills and Bonds | - | - | 26,301 | 7,959,084 |
| 5. Deposits and balances due from banking institutions | 1,734,925 | 9,941,086 | 1,734,925 | 9,997,868 |
| 6. Deposits and balances due from banking institutions abroad | 4,322,572 | 7,252,137 | 17,814,951 | 14,037,451 |
| 7. Government and other securities held for dealing purposes | 7,594,887 | 9,993,377 | 7,594,887 | 9,993,377 |
| 8. Tax recoverable | - | - | 53,484 | 55,330 |
| 9. Loans and advances to customers (net) | 106,486,367 | 122,410,013 | 113,823,792 | 135,692,125 |
| 10. Investment securities | - | - | 264,588 | 304,520 |
| 11. Balances due from group companies | 1,318,595 | 983,421 | 123,080 | 2,286 |
| 12. Investments in associates | 1,259,696 | 1,113,049 | 1,365,892 | 1,456,447 |
| 13. Investments in subsidiary companies | 6,672,186 | 8,204,101 | - | - |
| 14. Investments in joint ventures | - | - | - | - |
| 15. Investment properties | 8,494 | 8,494 | 8,494 | 8,494 |
| 16. Property and equipment | 6,044,159 | 6,529,844 | 7,593,617 | 9,071,802 |
| 17. Prepaid lease rentals | 4,184 | 4,138 | 28,661 | 292,358 |
| 18. Intangible assets | 1,075,697 | 1,122,641 | 2,237,346 | 2,301,522 |
| 19. Deferred tax asset | 238,571 | 744,341 | 243,546 | 819,876 |
| 20. Retirement benefit asset | - | - | - | - |
| 21. Other assets | 4,473,664 | 6,450,569 | 5,031,306 | 7,234,765 |
| 22. TOTAL ASSETS | 176,910,996 | 215,829,300 | 196,293,896 | 243,170,458 |
| B. LIABILITIES | | | | |
| 23. Balances due to Central Bank of Kenya | - | - | - | - |
| 24. Customer deposits | 121,774,061 | 140,285,671 | 140,446,501 | 165,812,458 |
| 25. Deposits and balances due to Local banking institutions | 3,718,360 | 2,100,325 | 3,718,360 | 2,100,325 |
| 26. Deposits and balances due to Foreign banking institutions | - | - | - | - |
| 27. Other money market deposits | - | - | - | - |
| 28. Borrowed funds | 13,768,876 | 25,755,053 | 14,792,277 | 26,568,809 |
| 29. Balances due to group companies | - | - | - | - |
| 30. Tax payable | 417,108 | 2,257,874 | 487,452 | 2,365,036 |
| 31. Dividends payable. | 17,265 | 16,246 | 17,265 | 16,246 |
| 32. Deferred tax liability | - | - | 536 | 38,122 |
| 33. Retirement benefit liability | - | - | - | - |
| 34. Other liabilities | 2,167,906 | 2,742,368 | 2,545,957 | 3,353,074 |
| 35. TOTAL LIABILITIES | 141,863,576 | 173,157,537 | 162,008,349 | 200,254,070 |
| C. SHAREHOLDERS' FUNDS | | | | |
| 36. Paid up/Assigned capital | 1,851,388 | 1,851,388 | 1,851,388 | 1,851,388 |
| 37. Share premium / (discount) | 12,161,021 | 12,161,021 | 12,161,021 | 12,161,021 |
| 38. Revaluation reserve | (1,062,134) | (731,853) | (1,712,012) | (1,372,213) |
| 39. Retained earnings / Accumulated losses | 17,974,523 | 24,308,413 | 17,715,214 | 25,034,934 |
| 40. Statutory Loan Loss reserve | 419,845 | 454,323 | 567,159 | 566,733 |
| 41. Proposed dividends | 3,702,777 | 4,628,471 | 3,702,777 | 4,628,471 |
| 42. Capital grants | - | - | - | 46,054 |
| 43. TOTAL SHAREHOLDERS' FUNDS | 35,047,420 | 42,671,763 | 34,285,547 | 42,916,388 |
| 44. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 176,910,996 | 215,829,300 | 196,293,896 | 243,170,458 |
| STATEMENT OF COMPREHENSIVE INCOME | | | | |
| INTEREST INCOME | | | | |
| 1.1 Loans and advances | 15,266,771 | 25,383,447 | 16,580,710 | 27,471,533 |
| 1.2 Government securities. | 2,664,817 | 2,794,769 | 2,669,330 | 3,020,913 |
| 1.3 Deposits and placements with banking institutions | 444,422 | 311,683 | 84,202 | 271,147 |
| 1.4 Other | - | 6,626 | 5,329 | 84,354 |
| 1.5 Total Interest income | 18,376,010 | 28,496,525 | 19,339,570 | 30,847,947 |
| INTEREST EXPENSES | | | | |
| 2.1 Customer deposits | 1,849,599 | 4,736,298 | 2,131,451 | 5,166,764 |
| 2.2 Deposits and placements from banking institutions | 159,867 | 140,999 | 179,068 | 258,598 |
| 2.3 Other interest expense | 806,015 | 1,507,610 | 806,014 | 1,458,452 |
| 2.4 Total interest Expenses | 2,815,480 | 6,384,907 | 3,116,533 | 6,883,814 |
| NET INTEREST INCOME | 15,560,530 | 22,111,618 | 16,223,036 | 23,964,133 |
| OTHER OPERATING INCOME | | | | |
| 4.1 Fees and commissions income on loans & advances | 3,140,853 | 3,282,313 | 3,353,706 | 3,560,952 |
| 4.2 Other Fees and commissions income | 4,913,791 | 5,187,917 | 5,923,170 | 6,309,445 |
| 4.3 Foreign exchange trading income | 821,075 | 696,827 | 1,969,830 | 1,900,459 |
| 4.4 Dividend Income | 188,196 | 180,078 | 23,269 | 5,195 |
| 4.5 Other income | 842,557 | 415,915 | 1,177,033 | 1,087,295 |
| 4.6 Total Non-Interest Income | 9,906,472 | 9,763,050 | 12,447,008 | 12,863,346 |
| TOTAL OPERATING INCOME | 25,467,002 | 31,874,668 | 28,670,045 | 36,827,479 |
| OPERATING EXPENSES | | | | |
| 6.1 Loan Loss Provision | 1,533,233 | 1,455,875 | 1,629,648 | 1,608,316 |
| 6.2 Staff costs | 5,164,421 | 5,884,522 | 5,988,598 | 7,145,470 |
| 6.3 Directors' emoluments | 20,986 | 20,110 | 26,085 | 26,887 |
| 6.4 Rental charges | 687,361 | 846,935 | 927,935 | 1,460,912 |
| 6.5 Depreciation on property and equipment | 1,338,748 | 1,734,133 | 1,581,625 | 2,028,220 |
| 6.6 Ammortisation charges | 144,918 | 283,953 | 163,723 | 287,775 |
| 6.7 Other operating expenses | 4,473,821 | 5,589,533 | 5,673,288 | 7,021,225 |
| 6.8 Total Operating Expenses | 13,363,488 | 15,815,061 | 15,990,902 | 19,578,805 |
| Profit/(loss) before tax and exceptional items | 12,103,514 | 16,059,607 | 12,679,143 | 17,248,674 |
| Exceptional items-share of profit of associate | - | - | 154,876 | 170,733 |
| Profit/(loss) after exceptional items | 12,103,514 | 16,059,607 | 12,834,019 | 17,419,407 |
| Current tax | (2,507,167) | (5,568,537) | (2,696,218) | (5,878,980) |
| Deferred tax | 177,510 | 505,769 | 187,356 | 539,828 |
| Profit / (loss) after tax and exceptional items | 9,773,857 | 10,996,839 | 10,325,157 | 12,080,255 |
| Earnings Per Share (Shs) | 2.64 | 2.97 | 2.79 | 3.26 |
| Dividend Per Share (Shs) | 1.00 | 1.25 | 1.00 | 1.25 |
| OTHER DISCLOSURES | | | | |
| 1) NON PERFORMING LOANS AND ADVANCES | | | | |
| a) Gross non performing loans and advances | 3,091,732 | 4,018,405 | 3,250,727 | 4,312,567 |
| b) Less Interest in suspense | 543,124 | 1,227,189 | 561,970 | 1,257,238 |
| c) Total Non-Performing loans and advances (a-b) | 2,548,608 | 2,791,216 | 2,688,757 | 3,055,329 |
| d) less Loan loss provision | 1,086,410 | 1,982,429 | 1,118,456 | 2,099,320 |
| e) Net non - performing loans (c-d) | 1,462,198 | 808,787 | 1,570,301 | 956,009 |
| f) Discounted value of securities | 1,294,321 | 630,798 | 1,570,301 | 778,019 |
| g) Net NPLs Exposure (e-f) | 167,877 | 177,989 | - | 177,990 |
| 2) INSIDER LOANS AND ADVANCES | | | | |
| a) Directors, shareholders and associates | 3,279,331 | 3,464,360 | 3,279,331 | 3,464,360 |
| b) Employees | 2,809,179 | 3,394,249 | 2,895,314 | 3,541,462 |
| c) Total insider Loans and Advances and other Facilities | 6,088,510 | 6,858,609 | 6,174,645 | 7,005,822 |
| 3) OFF BALANCE SHEET ITEMS | | | | |
| a) Letter of Credit, guarantees, acceptances | 4,900,656 | 5,166,588 | 5,415,359 | 6,029,673 |
| b) Forwards, Swaps and Options | 826 | 8,873 | 826 | 8,873 |
| c) Other contingent Liabilities | 2,334,733 | 2,294,355 | 2,336,846 | 2,294,355 |
| d) Total contingent Liabilities | 7,236,216 | 7,469,816 | 7,753,031 | 8,332,901 |
| 4) CAPITAL STRENGTH | | | | |
| a) Core Capital | 19,589,322 | 29,524,772 | - | - |
| b) Minimum statutory capital | 700,000 | 1,000,000 | - | - |
| c) Excess / (deficiency) (g-h) | 18,889,322 | 28,524,772 | - | - |
| d) Supplementary capital | 8,044,140 | 15,216,709 | - | - |
| e) Total Capital (a+d) | 27,633,462 | 44,741,481 | - | - |
| f) Total Risk Weighted Assets | 127,548,066 | 148,659,773 | - | - |
| Ratios | | | | |
| g) Core Capital / Total Deposit Liabilities | 16% | 21% | - | - |
| h) Minimum statutory ratio | 8% | 8% | - | - |
| i) Excess / (deficiency) (g-h) | 8% | 13% | - | - |
| j) Core Capital / Total Risk Weighted Assets | 15% | 20% | - | - |
| k) Minimum statutory Ratio | 8% | 8% | - | - |
| l) Excess / (deficiency) (j-k) | 7% | 12% | - | - |
| m) Total Capital / Total Risk Weighted assets | 22% | 30% | - | - |
| n) Minimum statutory Ratio | 12% | 12% | - | - |
| o) Excess / (deficiency) (m-n) | 10% | 18% | - | - |
| 5) LIQUIDITY | | | | |
| a) Liquidity Ratio | 37% | 46% | - | - |
| b) Minimum statutory Ratio | 20% | 20% | - | - |
| c) Excess / (deficiency) (a-b) | 17% | 26% | - | - |



These financial statements are extracts from the books of the institution as audited by **Ernst & Young** and received unqualified opinion.

The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Institution's Website: www.ke.equitybankgroup.com

They may also be accessed at the institutions head office located at Equity Centre, 9th floor, Hospital Road, Upper Hill, after approval by members at the Annual General Meeting.

Signed: **DR. JAMES MWANGI, CBS**
CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

Signed: **MR. PETER K. MUNGA, CBS**
CHAIRMAN