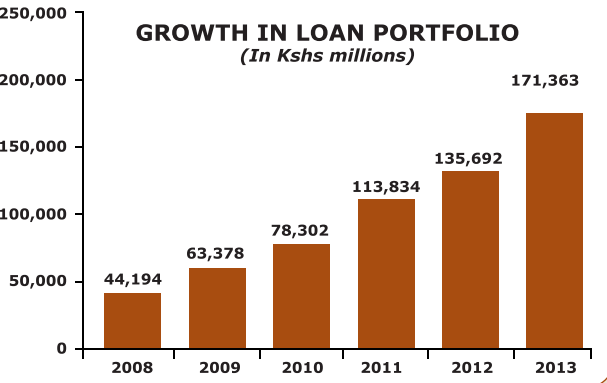
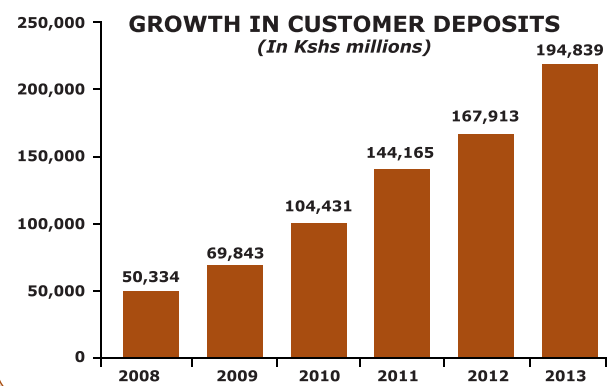
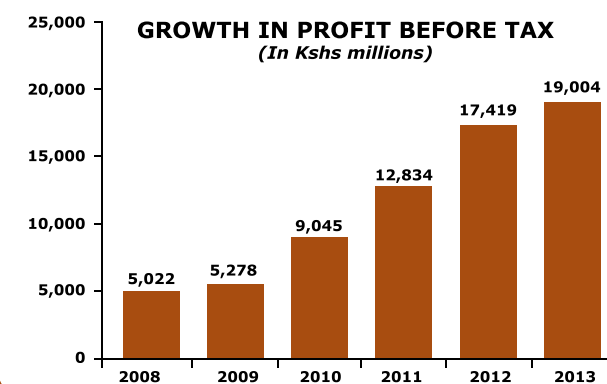
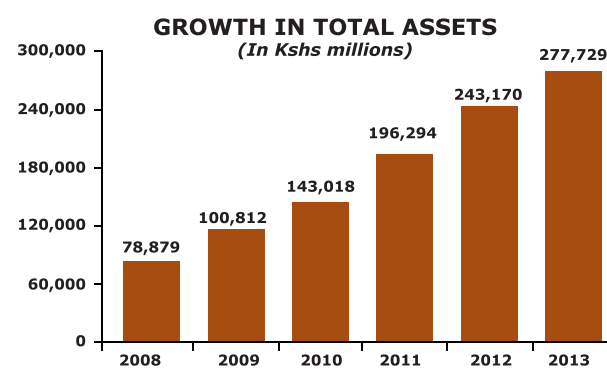


# EQUITY BANK GROUP AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2013



## STATEMENT OF FINANCIAL POSITION

	BANK		GROUP CONSOLIDATED	
	31st Dec 2012 Shs. '000' (Audited)	31st Dec 2013 Shs. '000' (Audited)	31st Dec 2012 Shs. '000' (Audited)	31st Dec 2013 Shs. '000' (Audited)
<b>A. ASSETS</b>				
1. Cash (both Local & foreign)	4,878,652	4,779,647	7,703,654	7,965,319
2. Balances due from central Bank of Kenya	13,395,120	6,228,764	13,395,120	6,228,764
3. Kenya Government and other securities held for dealing purposes	-	-	-	-
4. Financial Assets at fair value through profit and loss	-	-	-	-
<b>5. Investment Securities: (a+b)</b>	<b>32,791,694</b>	<b>32,949,454</b>	<b>41,101,360</b>	<b>44,571,810</b>
<b>a) Held to Maturity: (i+ii)</b>	<b>23,666,217</b>	<b>22,593,951</b>	<b>31,975,883</b>	<b>33,990,146</b>
i. Kenya Government securities	22,798,317	21,726,051	30,803,463	21,726,051
ii. Other securities	867,900	867,900	1,172,420	12,264,095
<b>b) Available for sale: (i+ii)</b>	<b>9,125,477</b>	<b>10,355,503</b>	<b>9,125,477</b>	<b>10,581,664</b>
i. Kenya Government securities	9,125,477	9,125,477	9,125,477	10,372,893
ii. Other securities	-	-	-	208,771
6. Deposits and balances due from local banking institutions	9,941,086	7,019,840	9,997,868	7,059,696
7. Deposits and balances due from banking institutions abroad	7,252,137	3,902,296	14,037,451	13,273,755
8. Tax recoverable	-	469,728	55,330	549,912
9. Loans and advances to customers (net)	122,410,013	152,028,916	135,692,125	171,363,429
10. Balances due from banking institutions in the group	983,421	1,062,693	2,286	122,000
11. Investments in associates	1,113,049	1,113,049	1,456,447	1,574,434
12. Investments in subsidiary companies	8,204,101	10,283,692	-	-
13. Investments in joint ventures	-	-	-	-
14. Investment properties	8,494	8,494	8,494	8,494
15. Property and equipment	6,529,844	6,941,581	9,071,802	9,795,938
16. Prepaid lease rentals	4,138	4,092	292,358	179,870
17. Intangible assets	1,122,641	1,542,421	2,301,522	2,955,178
18. Deferred tax asset	744,341	701,348	819,876	939,063
19. Retirement benefit asset	-	-	-	-
20. Other assets	6,450,569	9,158,339	7,234,765	11,141,156
<b>21. TOTAL ASSETS</b>	<b>215,829,300</b>	<b>238,194,354</b>	<b>243,170,458</b>	<b>277,728,818</b>
<b>B. LIABILITIES</b>				
22. Balances due to Central Bank of Kenya	-	-	-	-
23. Customer deposits	140,285,671	158,527,016	165,812,458	194,620,593
24. Deposits and balances due to Local banking institutions	2,100,325	218,084	2,100,325	218,084
25. Deposits and balances due to Foreign banking institutions	-	-	-	-
26. Other money market deposits	-	5,127	-	318,042
27. Borrowed funds	25,755,053	25,607,185	26,568,809	26,731,049
28. Balances due to group companies	-	-	-	-
29. Tax payable	2,257,874	-	2,365,036	64,210
30. Dividends payable	16,246	20,777	16,246	20,777
31. Deferred tax liability	-	-	38,122	2,148
32. Retirement benefit liability	-	-	-	-
33. Other liabilities	2,742,368	3,129,243	3,353,074	4,198,144
<b>34. TOTAL LIABILITIES</b>	<b>173,157,537</b>	<b>187,507,432</b>	<b>200,254,070</b>	<b>226,173,047</b>
<b>C. SHAREHOLDERS' FUNDS</b>				
35. Paid up/Assigned capital	1,851,388	1,851,388	1,851,388	1,851,388
36. Share premium/ (discount)	12,161,021	12,161,021	12,161,021	12,161,021
37. Revaluation reserve	(731,853)	(730,059)	(1,372,213)	(1,361,730)
38. Retained earnings/ Accumulated losses	24,308,413	31,271,829	25,034,934	32,590,061
39. Statutory Loan Loss reserve	454,323	578,577	566,733	734,945
40. Other Reserves	-	-	-	-
41. Proposed dividends	4,628,471	5,554,166	4,628,471	5,554,166
42. Capital grants	-	-	46,054	25,920
<b>43. TOTAL SHAREHOLDERS' FUNDS</b>	<b>42,671,763</b>	<b>50,686,922</b>	<b>42,916,388</b>	<b>51,555,771</b>
<b>44. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>215,829,300</b>	<b>238,194,354</b>	<b>243,170,458</b>	<b>277,728,818</b>



## STATEMENT OF COMPREHENSIVE INCOME

	BANK		GROUP CONSOLIDATED	
	31st Dec 2012 Shs. '000' (Audited)	31st Dec 2013 Shs. '000' (Audited)	31st Dec 2012 Shs. '000' (Audited)	31st Dec 2013 Shs. '000' (Audited)
<b>1. INTEREST INCOME</b>				
1.1 Loans and advances	25,383,447	24,811,111	27,471,533	27,740,003
1.2 Government securities	2,794,769	3,115,914	3,020,913	3,566,623
1.3 Deposits and placements with banking institutions	311,683	347,590	271,147	399,233
1.4 Other Interest Income	6,626	35,628	84,354	183,765
<b>1.5 Total Interest Income</b>	<b>28,496,525</b>	<b>28,310,243</b>	<b>30,847,947</b>	<b>31,889,624</b>
<b>2. INTEREST EXPENSES</b>				
2.1 Customer deposits	4,736,298	3,212,365	5,166,764	3,970,850
2.2 Deposits and placements from banking institutions	140,999	32,741	258,598	105,110
2.3 Other Interest expense	1,507,610	1,375,373	1,458,452	1,323,073
<b>2.4 Total Interest Expenses</b>	<b>6,384,907</b>	<b>4,620,479</b>	<b>6,883,814</b>	<b>5,399,033</b>
<b>3. NET INTEREST INCOME</b>	<b>22,111,618</b>	<b>23,689,764</b>	<b>23,964,133</b>	<b>26,490,591</b>
<b>4. NON-INTEREST INCOME</b>				
4.1 Fees and commissions income on loans & advances	3,282,313	4,068,517	3,560,952	4,476,134
4.2 Other Fees and commissions income	5,187,917	5,648,491	6,309,445	6,713,988
4.3 Foreign exchange trading income	696,827	897,368	1,900,459	1,866,074
4.4 Dividend Income	180,078	958,302	5,195	882,279
4.5 Other income	415,915	475,068	1,087,295	1,432,222
<b>4.6 Total Non-Interest Income</b>	<b>9,763,050</b>	<b>12,047,746</b>	<b>12,863,346</b>	<b>15,370,697</b>
<b>5. TOTAL OPERATING INCOME</b>	<b>31,874,668</b>	<b>35,737,510</b>	<b>36,827,479</b>	<b>41,861,288</b>
<b>6. OPERATING EXPENSES</b>				
6.1 Loan Loss Provision	1,455,875	1,835,613	1,608,316	2,401,942
6.2 Staff costs	5,884,522	7,386,110	7,145,470	9,024,259
6.3 Directors' emoluments	20,110	18,679	26,887	27,751
6.4 Rental charges	846,935	839,084	1,460,912	1,576,272
6.5 Depreciation on property and equipment	1,734,133	1,783,761	2,028,220	2,203,209
6.6 Ammortisation charges	283,953	316,088	287,775	323,060
6.7 Other operating expenses	5,589,533	5,325,303	7,021,225	7,154,373
<b>6.8 Total Operating Expenses</b>	<b>15,815,061</b>	<b>17,504,438</b>	<b>19,578,805</b>	<b>22,710,866</b>
<b>Profit/(loss) before tax and exceptional items</b>	<b>16,059,607</b>	<b>18,232,872</b>	<b>17,248,674</b>	<b>19,150,422</b>
Exceptional items-share of profit of associate	-	-	170,733	(145,986)
<b>Profit/(loss) after exceptional items</b>	<b>16,059,607</b>	<b>18,232,872</b>	<b>17,419,407</b>	<b>19,004,436</b>
10. Current tax	(5,568,537)	(5,548,044)	(5,878,980)	(5,881,766)
11. Deferred tax	505,769	(42,992)	539,828	155,126
<b>12. Profit / (loss) after tax and exceptional items</b>	<b>10,996,840</b>	<b>12,641,836</b>	<b>12,080,255</b>	<b>13,277,796</b>
<b>13. Other Comprehensive Income</b>				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	(74,000)	(13,810)
13.2 Fair value changes in available for sale financial assets	330,281	1,795	330,281	1,795
13.3 Revaluation surplus on Property, plant and equipment	-	-	(2,298)	-
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	-	-	-	-
<b>14. Other Comprehensive Income for the year net of tax</b>	<b>330,281</b>	<b>1,795</b>	<b>253,983</b>	<b>(12,015)</b>
<b>15. Total comprehensive income for the year</b>	<b>11,327,120</b>	<b>12,643,631</b>	<b>12,334,238</b>	<b>13,265,781</b>
Earnings per Share - (Shs)	2.97	3.41	3.26	3.59
Dividend per Share - (Shs)	1.25	1.50	1.25	1.50

## OTHER DISCLOSURES

	BANK	GROUP CONSOLIDATED
<b>1) NON PERFORMING LOANS AND ADVANCES</b>		
a) Gross non performing loans and advances	4,018,405	8,188,895
b) Less Interest in suspense	1,227,189	1,625,539
<b>c) Total Non-Performing loans and advances (a-b)</b>	<b>2,791,216</b>	<b>6,563,356</b>
d) less Loan loss provision	1,982,429	2,675,579
e) Net non-performing loans(c-d)	808,787	3,887,778
f) Discounted value of securities	630,798	3,251,231
<b>g) Net NPLs Exposure (e-f)</b>	<b>177,989</b>	<b>366,546</b>
<b>2) INSIDER LOANS AND ADVANCES</b>		
a) Directors, shareholders and associates	3,464,360	1,358,461
b) Employees	394,249	4,434,094
<b>c) Total insider Loans and Advances and other Facilities</b>	<b>6,858,609</b>	<b>5,792,555</b>
<b>3) OFF BALANCE SHEET ITEMS</b>		
a) Letter of Credit, guarantees, acceptances	5,166,588	10,900,759
b) Forwards, Swaps and Options	8,873	55,208
c) Other contingent Liabilities	2,294,355	3,108,800
<b>d) Total contingent Liabilities</b>	<b>7,469,816</b>	<b>14,064,767</b>
<b>4) CAPITAL STRENGTH</b>		
a) Core Capital	29,524,772	34,758,600
b) Minimum statutory capital	1,000,000	1,000,000
<b>c) Excess/ (deficiency)</b>	<b>28,524,772</b>	<b>33,758,600</b>
d) Supplementary capital	15,216,709	9,392,601
<b>e) Total Capital (a+d)</b>	<b>44,741,481</b>	<b>44,151,201</b>
<b>f) Total Risk Weighted Assets</b>	<b>148,659,773</b>	<b>187,346,170</b>
<b>Ratios</b>		
g) Core Capital/ Total Deposit Liabilities	20.7%	21.9%
h) Minimum statutory ratio	8.0%	8.0%
<b>i) Excess / (deficiency) (g-h)</b>	<b>12.7%</b>	<b>13.9%</b>
j) Core Capital/ Total Risk Weighted Assets	19.9%	18.6%
k) Minimum statutory Ratio	8.0%	8.0%
<b>l) Excess / (deficiency) (j-k)</b>	<b>11.9%</b>	<b>10.6%</b>
m) Total Capital/ Total Risk Weighted assets	30.1%	23.6%
n) Minimum statutory Ratio	12.0%	12.0%
<b>o) Excess / (deficiency) (m-n)</b>	<b>18.1%</b>	<b>11.6%</b>
<b>5) LIQUIDITY</b>		
a) Liquidity Ratio	46.0%	34.0%
b) Minimum statutory Ratio	20.0%	20.0%
<b>c) Excess / (deficiency) (a-b)</b>	<b>26.0%</b>	<b>14.0%</b>

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](http://www.ke.equitybankgroup.com). They may also be accessed at the institutions head office located at Equity Centre 9th floor Hospital Road Upperhill.

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

Signed: MR. PETER K. MUNGA, CBS  
CHAIRMAN