EQUITY GROUP HOLDINGS LIMITED



15th March, 2017

The Chief Executive Officer Nairobi Securities Exchange The Exchange 55 Westlands Road NAIROBI

Attn: Mr. Geoffrey Odundo

Dear Sir,



RE: AUDITED FINANCIAL STATEMENTS OF EQUITY GROUP HOLDINGS LIMITED AND SUBSIDIARIES FOR THE PERIOD ENDED 31ST DECEMBER 2016

We wish to publish our audited financial statements for the year ended 31st December, 2016. The financial statements have been duly approved by the Central Bank of Kenya and the Group Board of Directors.

Subject to approval of shareholders at the Annual General Meeting scheduled for the 28th April, 2017 at Safari Park Hotel, Nairobi at 10 am, the Directors have recommended a first and final dividend of Kshs. 2.00/= per each ordinary share of Kshs. 0.50/= for the year ended 31st December, 2016. The proposed dividend will be paid to shareholders on the register of members of the Company at the close of business on the 14th April, 2017. The Dividend will be paid on or about 2nd June, 2017.

The following documents are enclosed for your information;

- a) A copy of audited financial statements for the year ended 31st December, 2016.
- b) Consolidated statement of changes in equity for the year ended 31st December, 2016.
- c) Statement of changes in equity for the year ended 31st December, 2016.
- d) Consolidated statement of cash flows for the year ended 31st December, 2016.

We take this opportunity to express our appreciation for your support and cooperation.

Yours faithfully,

EQUITY GROUP HOLDINGS LIMITED

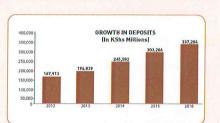
Dr. James Mwangi, (CBS)

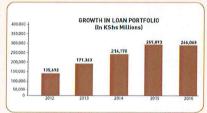
GROUP MANAGING DIRECTOR & CEO

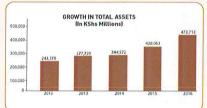
EQUITY GROUP HOLDINGS LIMITED AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2016

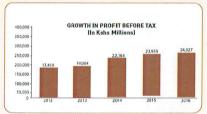


	EQUITY BANK KENYA LIMITED BANK		COMPANY		GROUP		
STATEMENT OF FINANCIAL POSITION	31" Dec 2016 Shs. '000 (Audited)	31" Dec 2015 Shs. '000'	31 st Dec 2016 Shs. '000' [Audited	31 st Dec 2015 Shs. '000 (Audited)	31**Dec 2016 Shs. '000	31" Dec 201! Shs. '00!	
ASSETS Cash (both Local & foreign)	(Audited) 4,840,798	(Audited) 6,284,864	[Audited 8,012,137	(Audited) 1,890,232	(Audited) 11,854,456	[Audited 10,540,43	
Balances due from central Bank of Kenya Kenya Government and other securities held for dealing purposes	11,537,111	24,422,525	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,070,102	11,537,111	24,313,83	
Financial Assets at fair value through profit and loss							
Investment Securities: Held to Maturity:	93,097,439 21,655,268	34,330,074 20,430,871			100,588,954 26,291,502	42,775,489 28,465,519	
a. Kenya Government Securities b. Other Securities Available for sale:	19,452,277 2,202,991 71,442,171	18,227,880 2,202,991 13,899,203			19,452,277 6,839,225 74,297,451	18,227,880 10,237,639 14,309,970	
a. Kenya Government securities b. Other securities	71,442,171	13,899,203			71.442.171	13,916,445	
Deposits and balances due from local banking institutions Deposits and balances due from banking institutions abroad	5,000,000 20,767,981	2,193,439 14,360,868			2,855,280 5,316,369 35,738,191	2,074,349 33,241,361	
Tax recoverable Loans and advances to customers (net) Balances due from Group Companies	213,805,548 3,369,966	293,547 225,036,662 3,303,119	7,807 704,110		150,494 266,068,089	838,894 269,892,943	
Investments in associates	3,364,466	3,303,119	64,721,117	8,318,078 59,345,161	382,615	271,751	
Investments in subsidiary companies Investments in joint ventures Investment properties	8,494	8,494			8,494	8,494	
Property and equipment Prepaid Lease Rentals	7,334,622 3,953	8,844,622 3,999			13,754,329 114,898	14,056,498 28,040	
Intangible Assets Deferred Tax Asset Retirement Benefit Asset	5,606,711 2,938,970	3,824,242 2,783,284			6,406,911 3,260,243	4,584,782 3,019,546	
Other Assets TOTAL ASSETS	11,437,403 379,748,996	15.639.579 341.329.318	1,074 73,446,245	33,459 69,586,931	18,531,981 473,713,133	22,416,093 428,062,514	
LIABILITIES Balances due to Central Bank of Kenya							
Customer deposits Deposits and balances due to Local banking institutions	277,274,668 5,193	236,609,649 565,208			337,198,618 5,193	302,168,588 1,037,200	
Deposits and balances due to foreign banking institutions Other money market deposits		8,577,750			198,920	8,577,750	
Balances due to group Companies	43,726,761	33,587,610 8,108,043	2,558,355	2,475,408	45,770,072	34,316,937	
Tax payable Dividends payable Deferred tax (tability	313,642			137,251	506,774 177,522	269,459 - 59,486	
Retirement benefit liability Other Liabilities	6,087,692	6,441,445	748	11,080	7.878.937	9,496,679	
TOTAL LIABILITIES SHAREHOLDERS' FUNDS	327,407,956	293,889,704	2,559,103	2,623,738	391,736,036	355,926,099	
Paid up/Assigned capital Share premium discount	30,000,000 9,984,132	30,000,000 9,964,132	1,886,837 16,062,607	1,886,837 16.062,607	1,886,837 16,062,607	1,886,837 16,062,607	
Revaluation reserve Retained earnings/Accumulated losses Statutory Loan Loss Reserve	(785,889) 11,284,120	(1,469,084) 7,695,203	45,390,349	41,466,399	(7,051,002) 60,550,117	(7,836,506) 52,217,024	
Other Reserves	1,878,677	1,249,363			2,280,654	1,615,305	
Proposed dividends Non Controlling Interests TOTAL SHAREHOLDERS' FUNDS	52.2/1.020	47 (20 412	7,547,350	7,547,350	7,547,350 700,533	7,547,350 643,798	
TOTAL SHAREHOLDERS' FUNDS TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	52.341.039 379.748.996	47.439.613 341,329,318	70.887.143 73.446,245	66.963.193	81.977.096 473,713,133	72,136,415 428,062,514	
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				18 24			
INTEREST INCOME Loans and advances Government securities	35,175,592	32,940,737 3,582,938			43,065,889	37,909,498	
Deposits and placements with banking institutions Other Interest Income	6,699,995 1,002,446 194,517	3,582,938 676,359 71,773	68,754	200,817	7,882,239 538,904 353,572	4,380,863 1,054,122 109,984	
Total Interest income	43,072,550	37,271,807	68,754	200,817	51,840,604	43,454,466	
INTEREST EXPENSES Customer deposits	6,115,253	5,669,197			7,883,466	6,898,327	
Deposits and placements from banking institutions Other Interest Expense Total Interest Expenses	60,970 1,836,594 8,012,818	153,336 1,962,392 7,784,925			220,719 1,922,526	291,498 2,141,077	
NON-INTEREST INCOME	35,059,732	29,486,882	68,754	200,817	10,026,712 41,813,893	9,330,902 34,123,565	
Fees and commissions income on loans & advances Other fees and commissions income	3,831,268 8,418,842	4,747,473 7,992,535			4,416,234 11,364,858	5,199,653 11,147,606	
Foreign exchange trading income Dividend Income	1,910,435	1,901,177	11,300,000	8,300,000	3,307,113	2,946,453	
Other income Total Non-Interest Income	1,103,549 15,264,095	589,009 15,230,193	97,214 11,397,214	18,078 8.318.078	3,130,579 22,218,783	2,645,347 21,939,059	
TOTAL OPERATING INCOME OPERATING EXPENSES	50,323,827	44.717.076	11.465.968	8.518.896	64,032,676	56.062.624	
Loan Loss Provision Staff costs	5,010,763 8,096,990	1,273,638 7,692,337			6,645,641 11,628,908	2,433,181 10,291,398	
Directors' emoluments Rental charges Depreciation on property and equipment	17,276 1,262,656	24,977 1,186,734	13,372		11,628,908 65,117 2,039,919	58,727 2.270,136	
Ammortisation charges	2,816,348 705,012 9637,211	2,641,453 573,255 8,936,728	75.494	104 700	3,764,250 974,707	3,257,131 683,148	
Other Operating Expenses Total Operating Expenses ——————————————————————————————————	27.546.255 22.777.572	22.329.123 22.387.953	75,474 88,866 11,377,102	696,722 696,722 7,822,174	13,987,251 39,105,794 24,926,883	13,111,215 32,104,935 23,957,689	
Profit loss before tax and exceptional items Exceptional items-share of profit of associate Profit loss) after exceptional items	22,777,572	22,387,953	11,377,102	7,822,174	24,926,883	23,957,689	
Current tax Deferred tax	(7,715,023) 155,686	(6,726,532) 513,933	94,197	(60,731)	(8,582,349) 257,995	(7,272,542) 641,853	
Profit loss after tax and exceptional items Minority Interest Profit loss after tax and exceptional items and minority interest	15,218,234 15,218,234	16,175,353	11,471,299	7,761,443	16,602,529 56,735 16,545,794	17,327,000 23,562 17,303,438	
Other Comprehensive Income	19,619,634	19.1/9.393	Пальст	7.701.443	10.349,774	17.303.438	
Gains Losses from translating the financial statements of foreign operations					99,102	(5,752,592)	
Fair value changes in available for sale financial assets Revaluation surplus on property, plant and equipment Share of other comprehensive income of associates	683,195	(1,083,947)			686,403	(1,107,796)	
income tax relating to components of other comprehensive income							
Other comprehensive Income for the year net of Tax Fotal comprehensive Income for the year	683,195 15,901,429	(1.083,947) 15,091,407	11,471,299	7,761,443	785,505 17,388,034	[6,860,388] 10,466,613	
EARNINGS PER SHARE- BASIC & DILUTED DIVIDEND PER SHARE - DECLARED	507.27 366.67	539.18 266.67	3.04 2.00	2.06 2.00	4,38 2.00	4.59 2.00	
OTHER DISCOSURES						2.00	
NON PERFORMING LOANS AND ADVANCES Bross non performing loans and advances	15,457,320	6,832,277			18,754,023	9,078,750	
Less Interest in suspense [otal Non-Performing loans and Advances (a-b)	1,816,643 13,640,677	1,591,160 5,241,117	:		2,036,824	1,751,088 7,327,662	
ess Loan loss provision Net Non - performing loans (c-d)	5,416,636 8,224,041	2,766,282 2,474,835			6,959,640 9,757,559	3,746,234 3,581,428	
liscounted value of securities let NPLs Exposure (e-f)	7,296,995 927,046	2,099,497 375,338			8,829,046 928,513	3,146,485 434,943	
NSIDER LOANS AND ADVANCES Directors, shareholders and associates	2,712,762	1,726,191		Burger of	2,712,762	1,726,191	
Employees Fotal Insider Loans and Advances and Other Facilities	5,084,658 7,797,420	5,846,883 7,573,075			6.005.984 8.718.747	6,281,162 8,007,354	
OFF BALANCE SHEET ITEMS Letter of Credit, guarantees, acceptances	32,733,625	17,740,598					
orwards, Swaps and Options Ither Contigent Liabilities	7,749,424	27,888,620 5,609,818			35,676,398 7,749,424 410,344	20,435,598 27,991,164 5,609,818	
otal Contigent Liabilities	40,483,049	51,239.036			43.836.164	54.036.581	
fore Capital finimum statutory capital	51,248,255 1,000,000	47,659,335 1,000,000			78,499,561 4,173,124 74,326,437	70,166,468 3,679,718	
xcess defficiency upptementary capital	50,248,255 3,846,788	46,659,335 5,227,536			4,248,766	66,486,750 5,593,479	
otal Capital (a+d) otal Risk Weighted Assets	55,095,043 356,087,595	52,886,871 325,483,654			82,748,327 420,890,802	75,759,947 375,684,698	
tATIOS ore CapitaV Total Deposit Liabilities	18.5%	20.1%			23.3%	23.1%	
Minimum statutory ratio Excess defficiency (g-h)	10.5% 8.0%	10.5% 9.6%			10.5% 12.8%	23.1% 10.5% 12.6%	
Core Capital Total Risk Weighted Assets Minimum statutory Ratio	14.4% 10,5%	14.6% 10.5%			18.7% 10.5%	18.7% 10.5%	
Excess defficiency (jk) fotal Capital/ Total Risk Weighted Assets dinimum statutory Ratio	3.9% 15.5% 14.5%	4.1% 16.2%			8.2% 19.7%	8.2% 20.2%	
Excess defficiency (m-n)	14.5%	14.5%			14.5% 5.2%	14.5% 5.7%	
JQUIDITY Jquidity Ratio	47.7%	29.1%			47.6%	33.2%	
Minimum statutory Ratio Excess defficiency (a-b)	20.0% 27.7%	20.0% 9.1%			20.0%	20.0%	









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

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.equitybankgroup.com

They may also be accessed at the institutions Head Office located at Equity Centre $9^{\rm th}$ (floor Hospital Road Upper Hill.



Signed: Dr James Mwangi
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Signed: Dr. Peter Munga







EQUITY GROUP HOLDINGS LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Group In millions of Kenya Shillings

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For the year ended 31 December 2016	Share capital	Share premium	Retained earnings	Loan loss reserve	Available- for-sale reserve	Foreign currency translation reserve	Other reserves	Total	Non- controlling interests	Total equity
At 1 January 2016 Total comprehensive income:	1,887	16,063	59,763	1,615	(1,465)	(6,258)	(113)	71,492	644	72,136
Profit for the year	-	*	16,546	-		-		16,546	57	16,603
Other comprehensive income	-	-		-	686	98	-	784	-	784
Loan reserve transfers	-		(665)	665	-		-	-	-	-
Final dividend for 2015 paid			(7,547)					(7,547)		(7,547)
At 31 December 2016	<u>1,887</u>	16,063	68,097	2,280	_(779)	(6,160)	(113)	81,275	<u>701</u>	81,976
For the year ended 31 December 2015										
At 1 January 2015	1,851	12,161	49,720	1,020	(357)	(506)	(113)	63,776	-	63,776
Total comprehensive income:		-	-	-	-	-		-	-	-
Profit for the year	-	-	17,303	-	-	-	-	17,303	24	17,327
Other comprehensive income	-	-	-	-	(1,108)	(5,752)	-	(6,860)		(6,860)
Loan reserve transfers	-	-	(595)	595	-		-	•	-	-
Issue of additional shares	36	3,134	-	-	-	-		3,170	8	3,170
Loan loss transfers	-	768	-		-	-	-	768	4	768
Non- controlling interests from										
business acquisition	11	-	1-	-	-		-	-	620	620
Final dividend for 2014 paid	-		(6,665)					(6,665)		(6,665)
At 31 December 2015	1,887	16,063	59,763	1,615	(1,465)	(6,258)	(113)	71,492	644	72,136

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EQUITY GROUP HOLDINGS LIMITED AND SUBSIDIARIES STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31DECEMBER 2016

Company

In millions of Kenya Shillings

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For the year ended 31 December 2016	Share capital	Share premium	Retained earnings	Loan loss reserve	Available for sale reserve	Total equity
At 1 January 2016	1,887	16,063	49,014	-	-	66,964
Total comprehensive income: Profit for the year Dividends:	-		11,470	·-	-	11,470
Final for 2015 paid			(7,547)	-		(7,547)
At 31 December 2016	1,887	16,063	52,937	-		70,887
For the year ended 31 December 2015						
As at 1 January 2015 Total comprehensive income:	1,851	12,161	47,918	768	(385)	62,313
Profit for the year	-	-	7,761	-	-	7,761
Other comprehensive income	-	-	-	-	-	
Transfer to EBKL	-	-	-	-	385	385
Issue of additional shares	36	3,134	-	-	-	3,170
Loan reserve transfers Dividends:	-	768	-	(768)	-	-
Final for 2014 paid	-		(6,665)		-	(6,665)
At 31 December 2015	1,887	16,063	49,014			66,964

^{*}EBKL - Equity Bank Kenya Limited

EQUITY GROUP HOLDINGS LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

TOR THE TEAR ENDED 31 DECEMBER 2010	C=	oup Comp			
In millions of Kenya Shillings	2016	2015	Comp 2016	2015	
,					
OPERATING ACTIVITIES					
Net profit before taxation	24,927	23,958	11,377	7,822	
Adjustments for:					
Depreciation on property and equipment	3,764	3,297	-	-	
Amortisation of intangible assets	825	686	=	-	
Amortisation of prepaid leases	150	145	-7	-	
(Cain) / loss on disposal of property and assistment	(62)	26			
(Gain) / loss on disposal of property and equipment Loss on disposal of intangible assets	(63) 57	26 102	-	-	
Provision for non-performing loans	6,646	2,433	-	_	
Dividend received	-	-	(19,600)	-	
Net interest expense on term borrowings	_1,890	2,142			
Operating profit / (loss) before changes in operating assets and liabilities	38,196	32,789	(8,223)	7,822	
assets and nabilities	38,190	32,169	(6,223)	1,022	
Loans and advances	(2,821)	(42,382)	-	-	
Other assets	3,884	(1,475)	34	(35)	
Customer deposits	33,998	38,926		-	
Related parties Other liabilities	(111)	(83)	7,697	(5,878)	
Other habilities	(1,617)	4,439	<u>(10)</u>	(12)	
Cash generated from / (used in) operations	71,529	32,214	(502)	1,897	
Income taxes paid	(7,420)	(7,926)	(53)	(384)	
Net cash generated from / (used in) operating activities	64,109	24,288	(555)	1,513	
INVESTING ACTIVITIES	(0.704)	(4 (70)			
Purchase of property, equipment Purchase of intangible assets	(2,736) (2,664)	(4,673)		-	
Prepaid leases	(2,664)	(2,258) (67)	-	-	
Proceeds from sale of property and equipment	85	2	-	-	
Proceeds from disposal of intangible assets	-	-	-	Ε.	
Hyper inflation adjustment	(788)	-	-	-	
Acquisition of a subsidiary, net of cash acquired	-	3,211	-	(4,546)	
Dividend received	-	-	19,600		
Purchase of investment securities	(101,337)	(23,961)	-		
Proceeds from sale of investment Securities	44,209	28,247			
Net cash (used in) / from investing activities	(63,468)	501	19,600	(4,546)	
FINANCING ACTIVITIES					
Dividend paid	(7,547)	(6,665)	(7,547)	(6,665)	
Proceeds from long term borrowings	16,016	20,527	-	(0,000)	
Repayment of long term borrowings	(12,942)	(10,517)	-		
Interest paid on term borrowings	(1,890)	(2,142)	-	-	
Additional capital injected into subsidiaries	-	-	(5,376)	-	
Proceeds from issue of shares		3,170	-	3,170	
Net cash (used in) / from financing activities	_(6,363)	4,373	(12,923)	(3,495)	
docum, i manining detivities	(0,303)	-4,515	(11,723)	(3,473)	
Net (decrease) / increase in cash and cash equivalents	(5,722)	29,162	6,121	(6,528)	
Effect of foreign exchange differences	(2)	547	-	-	
Movement in restricted cash	(4,117)	(3,617)		-	
Cash acquired	-	(7,757)			
Cash and cash equivalents at the beginning of the year	65,374	47,039	1,890	8,418	
Cash and cash equivalents at the end of the year	<u>55,533</u>	65,374	<u>8,012</u>	1,890	