

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



STATEMENT OF FINANCIAL POSITION	EQUITY BANK KENYA LIMITED		EQUITY GROUP HOLDINGS LIMITED			
	BANK		COMPANY		GROUP	
	31 st Dec 2015 Shs. '000 (Audited)	31 st Dec 2016 Shs. '000 (Audited)	31 st Dec 2015 Shs. '000 (Audited)	31 st Dec 2016 Shs. '000 (Audited)	31 st Dec 2015 Shs. '000 (Audited)	31 st Dec 2016 Shs. '000 (Audited)
A. ASSETS						
1. Cash (both Local & foreign)	4,840,799	6,286,884	8,012,137	1,890,232	11,854,458	10,540,438
2. Balances due from central Bank of Kenya	11,537,111	24,422,526	-	-	11,537,111	24,313,838
3. Kenya Government and other securities held for dealing purposes	-	-	-	-	-	-
4. Financial Assets at fair value through profit and loss	-	-	-	-	-	-
5. Investment Securities:						
a. Held to Maturity:	93,097,437	34,330,074	-	-	100,588,754	42,775,689
b. Kenya Government Securities	21,855,248	20,430,871	-	-	26,291,502	28,465,519
c. Other Securities	19,452,277	18,227,880	-	-	19,452,277	18,227,880
d. Other Securities	2,202,991	2,202,991	-	-	4,839,225	10,237,639
e. Available for sale:	71,442,171	13,899,203	-	-	74,277,451	14,309,770
f. Kenya Government securities	71,442,171	13,899,203	-	-	71,442,171	12,164,645
g. Other securities	-	-	-	-	2,835,280	393,525
6. Deposits and balances due from local banking institutions	5,000,000	2,193,489	-	-	5,316,349	2,074,349
7. Deposits and balances due from banking institutions abroad	20,747,981	14,348,868	-	-	30,738,191	33,231,841
8. Tax recoverable	-	293,547	7,807	-	150,474	838,894
9. Loans and advances to customers (net)	213,805,548	220,038,462	704,110	8,318,078	246,688,089	249,892,942
10. Balances due from Group Companies	3,269,764	3,381,119	-	-	382,415	271,751
11. Investments in associates	-	-	64,721,117	59,345,161	-	-
12. Investments in subsidiary companies	-	-	-	-	-	-
13. Investments in joint ventures	-	-	-	-	-	-
14. Investment properties	8,474	8,474	-	-	8,474	8,474
15. Property and equipment	7,354,422	8,844,422	-	-	13,754,327	14,056,478
16. Prepaid Lease Rentals	3,953	3,999	-	-	114,498	28,640
17. Intangible Assets	5,688,711	3,824,242	-	-	6,408,911	4,584,782
18. Deferred Tax Asset	2,138,970	2,783,284	-	-	3,240,243	3,019,546
19. Retirement Benefit Asset	-	-	-	-	-	-
20. Other Assets	11,437,403	15,479,572	1,076	33,459	18,531,581	22,416,073
21. TOTAL ASSETS	379,748,978	341,327,318	73,466,245	67,586,921	473,713,133	428,042,514
B. LIABILITIES						
22. Balances due to Central Bank of Kenya	-	-	-	-	-	-
23. Customer deposits	272,724,448	236,469,449	-	-	337,198,418	302,168,588
24. Deposits and balances due to local banking institutions	5,193	545,208	-	-	5,193	1,037,200
25. Deposits and balances due to foreign banking institutions	-	-	-	-	-	-
26. Other money market deposits	-	8,577,750	-	-	198,920	8,577,750
27. Borrowed funds	43,724,761	32,057,410	-	-	45,770,072	34,316,937
28. Balances due to group Companies	-	8,188,043	2,558,355	2,475,408	-	-
29. Tax payable	313,642	-	137,251	506,774	-	269,459
30. Dividends payable	-	-	-	-	-	59,486
31. Deferred tax liability	-	-	-	-	177,522	59,486
32. Retirement benefit liability	-	-	-	-	-	-
33. Other Liabilities	4,087,492	4,441,445	748	11,080	7,828,537	9,484,479
34. TOTAL LIABILITIES	377,407,956	272,889,704	2,559,103	2,623,738	371,736,024	355,726,077
C. SHAREHOLDERS' FUNDS						
35. Paid up/Assigned capital	30,000,000	30,000,000	1,888,837	1,888,837	1,888,837	1,888,837
36. Share premium discount	9,944,132	16,067,407	16,067,407	16,067,407	7,822,239	11,147,404
37. Revaluation reserve	(785,889)	(1,449,084)	(7,051,027)	(7,051,027)	(7,051,027)	(7,834,504)
38. Retained earnings/Accumulated losses	11,284,120	7,695,203	45,390,349	41,466,399	40,550,117	52,217,024
39. Statutory Loan Loss Reserve	1,879,677	1,249,343	-	-	2,180,854	1,415,355
40. Other Reserves	-	-	-	-	-	-
41. Proposed dividends	-	-	7,547,350	7,547,350	7,547,350	7,547,350
42. Non Controlling Interests	-	-	-	-	700,333	643,298
43. TOTAL SHAREHOLDERS' FUNDS	52,341,039	47,429,613	66,963,193	61,977,076	81,977,076	72,136,415
44. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	379,748,978	341,327,318	73,466,245	69,586,921	473,713,133	428,042,514
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
1. INTEREST INCOME						
1.1 Loans and advances	35,175,592	32,940,727	-	-	43,065,889	37,909,498
1.2 Government securities	6,897,928	6,897,928	-	-	7,822,239	8,080,843
1.3 Deposits and placements with banking institutions	1,002,444	674,359	68,754	200,817	538,904	1,054,122
1.4 Other Interest Income	156,517	71,773	-	-	353,772	107,986
1.5 Total Interest Income	43,072,580	37,271,807	68,754	200,817	51,849,464	49,456,444
2. INTEREST EXPENSES						
2.1 Customer deposits	4,115,253	5,649,197	-	-	7,853,444	6,898,327
2.2 Deposits and placements with banking institutions	60,970	153,336	-	-	220,719	291,498
2.3 Other Interest Expense	1,838,276	1,924,272	-	-	1,872,528	2,141,077
2.4 Total Interest Expenses	6,014,500	7,726,805	-	-	9,946,691	9,330,902
3. NET INTEREST INCOME	36,957,732	29,466,882	68,754	200,817	41,912,873	39,125,542
4. NON-INTEREST INCOME						
4.1 Fees and commissions income on loans & advances	3,831,248	4,747,473	-	-	4,416,234	5,199,653
4.2 Other fees and commissions income	1,910,435	1,992,235	-	-	1,946,857	1,946,857
4.3 Foreign exchange trading income	-	1,901,177	-	-	3,307,113	2,944,453
4.4 Dividend Income	-	-	11,300,000	8,300,000	-	-
4.5 Other Income	1,103,549	589,009	72,214	19,078	3,130,579	2,445,347
4.6 Total Non-Interest Income	16,244,052	15,220,152	11,372,214	8,319,078	22,218,783	21,237,057
5. TOTAL OPERATING INCOME	50,321,827	44,717,076	11,445,748	8,518,876	64,027,476	56,627,424
6. OPERATING EXPENSES						
6.1 Loan Loss Provision	5,018,763	1,273,638	-	-	6,445,441	2,433,181
6.2 Staff costs	8,096,990	7,692,337	-	-	11,628,908	10,291,398
6.3 Directors' emoluments	17,276	24,977	13,372	-	65,117	58,727
6.4 Rental charges	1,242,456	1,186,734	-	-	1,283,919	2,270,136
6.5 Depreciation on property and equipment	2,816,348	2,641,453	-	-	3,744,250	3,357,131
6.6 Amortisation charges	705,012	574,255	-	-	974,707	883,148
6.7 Other Operating Expenses	9,872,121	9,872,121	75,494	496,722	11,213,255	11,213,255
6.8 Total Operating Expenses	27,546,255	22,321,122	88,846	696,722	39,105,714	32,104,935
7.0 Profit loss before tax and exceptional items	22,777,572	22,397,954	11,377,102	7,822,174	24,921,883	24,921,883
7.1 Exceptional items - share of profit of associate	-	-	-	-	-	-
9.0 Profit loss after exceptional items	22,777,572	22,397,954	11,377,102	7,822,174	24,921,883	24,921,883
10. Current tax	(7,715,023)	(6,724,521)	94,197	(60,731)	(8,382,349)	(7,272,521)
11. Deferred tax	155,865	313,923	-	-	257,959	441,853
12. Profit loss after tax and exceptional items	15,218,214	16,177,356	11,471,299	7,761,443	16,602,529	17,320,600
13. Minority Interest	-	-	-	-	28,725	22,542
13.1 Profit loss after tax and exceptional items and minority interest	15,218,214	16,177,356	11,471,299	7,761,443	16,649,714	17,308,058
14. Other Comprehensive Income						
14.1 Gains/Losses from translating the financial statements of foreign operations	-	-	-	-	99,102	(5,752,592)
14.2 Fair value changes in available for sale financial assets	683,195	(1,083,947)	-	-	684,403	(1,107,796)
14.3 Revaluation surplus on property, plant and equipment	-	-	-	-	-	-
14.4 Share of other comprehensive income of associates	-	-	-	-	-	-
14.5 Income tax relating to components of other comprehensive income	-	-	-	-	-	-
15. Other comprehensive income for the year net of Tax	683,195	(1,083,947)	-	-	783,505	(6,860,388)
16. Total comprehensive income for the year	15,901,409	15,093,409	11,471,299	7,761,443	17,388,024	16,447,670
EARNINGS PER SHARE - BASIC & DILUTED						
Dividend per share - Declared	364.67	246.67	2.00	2.00	2.00	2.00
OTHER DISCLOSURES						
1) NON PERFORMING LOANS AND ADVANCES						
a) Gross non performing loans and advances	15,457,320	6,832,277	-	-	18,754,023	9,078,750
b) Less Interest in suspense	(1,816,643)	(1,591,149)	-	-	(2,036,824)	(1,751,088)
c) Total Non-Performing Loans and Advances (a-b)	13,640,677	5,241,128	-	-	16,717,199	7,327,662
d) Less Loan loss provision	(5,416,846)	(2,746,282)	-	-	(6,959,640)	(3,744,254)
e) Net Non - performing loans (c-d)	8,223,831	2,494,846	-	-	9,757,559	3,583,408
f) Discounted value of securities	7,296,995	2,099,497	-	-	8,829,856	3,146,485
g) Net NPLs Exposure (e-f)	926,836	395,349	-	-	927,703	436,923
2) INSIDER LOANS AND ADVANCES						
a) Directors, shareholders and associates	2,712,762	1,726,191	-	-	2,712,762	1,726,191
b) Employees	5,084,858	5,844,881	-	-	4,809,984	4,281,167
c) Total Insider Loans and Advances and Other Facilities	7,797,620	7,571,072	-	-	7,522,746	6,007,358
3) OFF BALANCE SHEET ITEMS						
a) Letter of Credit, guarantees, acceptances	32,733,625	17,740,598	-	-	35,676,976	20,435,598
b) Forwards, Swaps and Options	7,749,424	27,888,820	-	-	7,749,424	27,991,164
c) Other Contingent Liabilities	-	5,009,818	-	-	410,765	5,009,818
d) Total Contingent Liabilities	40,483,049	51,237,036	-	-	43,836,165	54,026,581
4) CAPITAL STRENGTH						
a) Core Capital	51,248,255	47,659,335	-	-	78,499,561	70,166,488
b) Minimum statutory capital	1,000,000	1,000,000	-	-	4,172,121	3,496,718
c) Excess deficiency	50,248,255	46,659,335	-	-	74,327,440	66,669,770
d) Supplementary capital	8,248,785	5,227,354	-	-	8,248,784	5,974,479
e) Total Capital (a+d)	59,497,040	52,886,689	-	-	86,748,345	76,140,957
f) Total Risk Weighted Assets	356,089,595	325,483,454	-	-	428,890,802	375,484,499
RATIOS						
g) Core Capital/ Total Deposit Liabilities	18.5%	20.1%	-	-	23.3%	23.1%
h) Minimum statutory ratio	10.5%	10.5%	-	-	10.5%	10.5%
i) Excess deficiency (g-h)	8.0%	9.6%	-	-	12.8%	12.6%
j) Core Capital/ Total Risk Weight						

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

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	1,887	16,063	59,763	1,615	(1,465)	(6,258)	(113)	71,492	644	72,136
Total comprehensive income:										
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>	<u>16,063</u>	<u>68,097</u>	<u>2,280</u>	<u>(779)</u>	<u>(6,160)</u>	<u>(113)</u>	<u>81,275</u>	<u>701</u>	<u>81,976</u>
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	-	3,170
Loan loss transfers	-	768	-	-	-	-	-	768	-	768
Non- controlling interests from business acquisition	-	-	-	-	-	-	-	-	620	620
Final dividend for 2014 paid	-	-	(6,665)	-	-	-	-	(6,665)	-	(6,665)
At 31 December 2015	<u>1,887</u>	<u>16,063</u>	<u>59,763</u>	<u>1,615</u>	<u>(1,465)</u>	<u>(6,258)</u>	<u>(113)</u>	<u>71,492</u>	<u>644</u>	<u>72,136</u>

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

Company

In millions of Kenya Shillings

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	-	-	11,470	-	-	11,470
Dividends:						
Final for 2015 paid	-	-	(7,547)	-	-	(7,547)
At 31 December 2016	<u>1,887</u>	<u>16,063</u>	<u>52,937</u>	<u>-</u>	<u>-</u>	<u>70,887</u>
For the year ended 31 December 2015						
As at 1 January 2015	1,851	12,161	47,918	768	(385)	62,313
Total comprehensive income:						
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	-	768	-	(768)	-	-
Dividends:						
Final for 2014 paid	-	-	(6,665)	-	-	(6,665)
At 31 December 2015	<u>1,887</u>	<u>16,063</u>	<u>49,014</u>	<u>-</u>	<u>-</u>	<u>66,964</u>

*EBKL - Equity Bank Kenya Limited

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

<i>In millions of Kenya Shillings</i>	Group		Company	
	2016	2015	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	-	-
(Gain) / loss on disposal of property and equipment	(63)	26	-	-
Loss on disposal of intangible assets	57	102	-	-
Provision for non-performing loans	6,646	2,433	-	-
Dividend received	-	-	(19,600)	-
Net interest expense on term borrowings	<u>1,890</u>	<u>2,142</u>	-	-
Operating profit / (loss) before changes in operating assets and liabilities	38,196	32,789	(8,223)	7,822
Loans and advances	(2,821)	(42,382)	-	-
Other assets	3,884	(1,475)	34	(35)
Customer deposits	33,998	38,926	-	-
Related parties	(111)	(83)	7,697	(5,878)
Other liabilities	<u>(1,617)</u>	<u>4,439</u>	<u>(10)</u>	<u>(12)</u>
Cash generated from / (used in) operations	71,529	32,214	(502)	1,897
Income taxes paid	<u>(7,420)</u>	<u>(7,926)</u>	<u>(53)</u>	<u>(384)</u>
Net cash generated from / (used in) operating activities	<u>64,109</u>	<u>24,288</u>	<u>(555)</u>	<u>1,513</u>
INVESTING ACTIVITIES				
Purchase of property, equipment	(2,736)	(4,673)	-	-
Purchase of intangible assets	(2,664)	(2,258)	-	-
Prepaid leases	(237)	(67)	-	-
Proceeds from sale of property and equipment	85	2	-	-
Proceeds from disposal of intangible assets	-	-	-	-
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	<u>44,209</u>	<u>28,247</u>	-	-
Net cash (used in) / from investing activities	<u>(63,468)</u>	<u>501</u>	<u>19,600</u>	<u>(4,546)</u>
FINANCING ACTIVITIES				
Dividend paid	(7,547)	(6,665)	(7,547)	(6,665)
Proceeds from long term borrowings	16,016	20,527	-	-
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	-	<u>3,170</u>	-	3,170
Net cash (used in) / from financing activities	<u>(6,363)</u>	<u>4,373</u>	<u>(12,923)</u>	<u>(3,495)</u>
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	<u>65,374</u>	<u>47,039</u>	<u>1,890</u>	<u>8,418</u>
Cash and cash equivalents at the end of the year	<u>55,533</u>	<u>65,374</u>	<u>8,012</u>	<u>1,890</u>