

# EQUITY BANK GROUP

## UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

### AS AT 30TH JUNE 2011



	GROUP 6/30/10 Shs. 000	GROUP 12/31/10 Shs. 000	GROUP 3/31/11 Shs. 000	GROUP 6/30/11 Shs. 000	BANK 6/30/10 Shs. 000	BANK 12/31/10 Shs. 000	BANK 3/31/11 Shs. 000	BANK 6/30/11 Shs. 000
<b>BALANCE SHEET</b>								
<b>A. ASSETS</b>	<b>(Un-audited)</b>	<b>Audited</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>Audited</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>
1. Cash (both Local & foreign)	7,950,821	8,500,359	12,853,550	17,487,063	4,751,136	3,635,336	4,797,360	5,378,359
2. Balances due from Central Bank of Kenya	4,020,309	4,802,374	5,598,916	9,520,590	4,020,309	4,802,374	5,598,916	9,520,590
3. Kenya Government securities	5,102,283	5,116,019	5,090,646	21,054,686	5,102,283	5,116,019	5,090,646	21,054,686
4. Foreign Currency Treasury Bills and Bonds	90,575	17,268	18,961	15,556	-	-	-	-
5. Deposits and balances due from banking institutions	789,441	2,387,849	2,403,217	1,067,254	658,243	2,029,967	2,020,517	707,061
6. Deposits and balances due from banking institutions abroad	1,327,247	2,812,514	1,162,207	2,325,236	456,148	1,279,027	836,988	926,567
7. Government and other securities held for dealing purposes	21,197,854	26,794,659	24,517,543	6,386,233	21,197,854	26,794,659	24,499,085	6,369,996
8. Tax recoverable	28,004	85,638	27,781	35,241	-	-	-	926
9. Loans and advances to customers (net)	68,251,013	78,301,921	86,192,719	97,711,984	65,176,064	72,902,021	80,358,109	90,851,088
10. Investment securities	62,760	29,260	307,120	346,068	-	-	-	-
11. Balances due from group companies	48,995	106,499	181,250	106,499	601,685	1,238,580	2,053,550	2,988,991
12. Investments in associates	1,249,816	1,259,696	1,289,568	1,319,859	1,249,816	1,259,696	1,289,568	1,319,859
13. Investments in subsidiary companies	-	-	-	-	4,880,691	5,084,191	5,084,191	6,128,191
14. Investments in joint ventures	-	-	-	-	-	-	-	-
15. Investment properties	8,494	8,494	8,494	8,494	8,494	8,494	8,494	8,494
16. Property and equipment	6,628,279	6,970,525	6,802,962	6,979,640	5,432,428	5,693,536	5,637,146	5,824,989
17. Prepaid lease rentals	4,007	29,260	21,242	25,556	4,007	4,019	4,219	4,207
18. Intangible assets	1,808,550	1,927,409	1,931,205	1,940,150	631,062	754,491	770,822	785,929
19. Deferred tax asset	5,536	61,061	61,061	61,061	5,536	61,061	61,061	61,061
20. Retirement benefit asset	-	-	-	-	-	-	-	-
21. Other assets	3,925,111	3,776,926	5,020,267	4,961,249	3,402,505	3,226,526	4,403,997	4,393,893
<b>22. TOTAL ASSETS</b>	<b>122,499,096</b>	<b>143,018,114</b>	<b>153,488,711</b>	<b>171,352,419</b>	<b>117,578,261</b>	<b>133,889,997</b>	<b>142,514,670</b>	<b>156,324,887</b>
<b>B. LIABILITIES</b>								
23. Balances due to Central Bank of Kenya	-	-	-	-	-	-	-	-
24. Customer deposits	85,900,924	97,763,896	108,527,477	123,987,006	80,175,758	88,536,998	97,990,749	109,558,260
25. Deposits and balances due to local banking institutions	1,915,898	6,666,691	5,772,613	5,500,733	1,915,898	6,666,691	5,772,613	5,500,733
26. Deposits and balances due to foreign banking institutions	-	499,840	770,469	591,576	-	-	-	-
27. Other money market deposits	-	-	-	-	-	-	-	-
28. Borrowed funds	6,466,750	7,463,654	7,088,540	8,441,490	6,451,492	7,463,654	7,081,973	8,343,728
29. Balances due to group companies	-	-	-	-	-	-	-	-
30. Tax payable	870,593	701,365	1,186,781	-	849,622	657,341	1,186,781	-
31. Dividends payable.	70,874	9,523	1,246,787	7,492	70,874	9,523	1,246,787	7,492
32. Deferred tax liability	-	4,754	-	5,537	-	-	-	-
33. Retirement benefit liability	-	-	-	-	-	-	-	-
34. Other liabilities	1,548,659	2,704,478	2,308,815	3,735,497	1,294,913	2,248,244	1,638,932	3,266,930
<b>35. TOTAL LIABILITIES</b>	<b>96,773,697</b>	<b>115,814,201</b>	<b>126,901,482</b>	<b>142,269,331</b>	<b>90,758,556</b>	<b>105,582,451</b>	<b>114,917,835</b>	<b>126,677,143</b>
<b>C. SHAREHOLDERS' FUNDS</b>								
36. Paid up/Assigned capital	1,851,388	1,851,388	1,851,388	1,851,388	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	12,161,021	12,161,021	12,161,021	12,161,021
38. Revaluation reserve	1,173,211	(1,388,013)	(1,427,186)	(1,498,738)	1,643,308	(990,285)	(886,406)	(918,462)
39. Retained earnings/ Accumulated losses	10,141,783	11,203,578	13,617,785	16,185,043	10,827,463	11,940,868	14,088,500	16,171,465
40. Statutory Loan Loss reserve	397,996	413,717	384,222	384,374	336,525	382,332	382,332	382,332
41. Proposed dividends	-	2,962,222	-	-	-	2,962,222	-	-
42. Capital grants	-	-	-	-	-	-	-	-
<b>43. TOTAL SHAREHOLDERS' FUNDS</b>	<b>25,725,400</b>	<b>27,203,913</b>	<b>26,587,229</b>	<b>29,083,088</b>	<b>26,819,705</b>	<b>28,307,546</b>	<b>27,596,834</b>	<b>29,647,744</b>
<b>44. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>122,499,096</b>	<b>143,018,114</b>	<b>153,488,711</b>	<b>171,352,419</b>	<b>117,578,261</b>	<b>133,889,997</b>	<b>142,514,670</b>	<b>156,324,887</b>
<b>PROFIT AND LOSS ACCOUNT</b>								
<b>INTEREST INCOME</b>								
1.1 Loans and advances	5,528,025	11,361,393	3,262,355	6,969,301	5,112,092	10,497,539	2,984,651	6,387,678
1.2 Government securities.	855,593	2,302,919	730,118	1,308,313	847,660	2,292,340	729,776	1,307,528
1.3 Deposits and placements with banking institutions	36,865	110,841	16,818	31,661	75,865	95,417	14,036	27,120
1.4 Other	-	-	368	1,278	-	-	150	543
<b>1.5 Total Interest income</b>	<b>6,420,483</b>	<b>13,775,153</b>	<b>4,009,658</b>	<b>8,310,553</b>	<b>6,035,617</b>	<b>12,885,296</b>	<b>3,728,613</b>	<b>7,722,869</b>
<b>INTEREST EXPENSES</b>								
2.1 Customer deposits	681,786	1,448,427	285,771	728,874	584,402	1,270,299	236,863	618,685
2.2 Deposits and placements from banking institutions	4,009	12,698	14,641	46,473	2,409	6,608	2,113	28,284
2.3 Other Interest expense	321,968	600,684	123,901	269,341	321,968	551,863	123,901	269,341
<b>2.4 Total interest Expenses</b>	<b>1,007,763</b>	<b>2,061,809</b>	<b>424,313</b>	<b>1,044,687</b>	<b>908,779</b>	<b>1,828,771</b>	<b>362,877</b>	<b>916,310</b>
<b>NET INTEREST INCOME</b>	<b>5,412,720</b>	<b>11,713,344</b>	<b>3,585,346</b>	<b>7,265,865</b>	<b>5,126,838</b>	<b>11,056,525</b>	<b>3,365,736</b>	<b>6,806,559</b>
<b>OTHER OPERATING INCOME</b>								
4.1 Fees and commissions income on loans & advances	1,139,828	2,537,581	743,044	1,574,012	1,092,028	2,422,234	700,271	1,467,579
4.2 Other Fees and commissions income	2,138,665	4,433,164	1,317,832	2,698,994	2,010,312	4,078,493	1,172,972	2,333,348
4.3 Foreign exchange trading income	290,316	878,079	390,695	683,406	116,831	390,053	208,032	312,299
4.4 Dividend Income	-	2,267	4,873	21,991	-	-	-	-
4.5 Other income.	1,140,162	2,587,535	476,859	906,771	959,165	2,246,361	376,422	579,097
<b>4.6 Total Non-Interest Income</b>	<b>4,708,971</b>	<b>10,438,626</b>	<b>2,933,303</b>	<b>5,885,174</b>	<b>4,178,336</b>	<b>9,137,141</b>	<b>2,457,697</b>	<b>4,692,323</b>
<b>TOTAL OPERATING INCOME</b>	<b>10,121,691</b>	<b>22,151,970</b>	<b>6,518,649</b>	<b>13,151,039</b>	<b>9,305,174</b>	<b>20,193,666</b>	<b>5,823,433</b>	<b>11,498,882</b>
<b>OPERATING EXPENSES</b>								
6.1 Loan Loss Provision	920,457	1,904,578	695,873	1,153,687	642,191	1,558,311	682,797	1,124,947
6.2 Staff costs	2,428,369	5,236,735	1,310,343	2,635,241	2,038,923	4,433,990	1,131,836	2,274,833
6.3 Directors' emoluments	12,201	28,881	5,087	11,717	9,450	21,150	3,690	8,715
6.4 Rental charges	328,628	608,507	180,912	406,977	262,850	547,051	144,151	303,120
6.5 Depreciation on property and equipment	664,542	1,343,539	348,088	739,410	560,138	1,132,863	296,550	623,295
6.6 Ammortisation charges	70,253	145,434	44,855	79,764	60,342	125,476	35,760	71,137
6.7 Other operating expenses	1,853,600	3,934,005	1,064,790	2,288,600	1,484,954	3,063,008	881,449	1,879,793
<b>6.8 Total Operating Expenses</b>	<b>6,278,050</b>	<b>13,201,681</b>	<b>3,649,949</b>	<b>7,315,396</b>	<b>5,058,847</b>	<b>10,881,849</b>	<b>3,176,234</b>	<b>6,285,840</b>
<b>Profit/(loss) before tax and exceptional items</b>	<b>3,843,641</b>	<b>8,950,289</b>	<b>2,868,700</b>	<b>5,835,643</b>	<b>4,246,327</b>	<b>9,311,817</b>	<b>2,647,199</b>	<b>5,213,042</b>
Exceptional items-share of profit of associate	35,881	94,503	29,873	60,164	35,881	94,503	29,873	60,164
<b>Profit/(loss) after exceptional items</b>	<b>3,879,522</b>	<b>9,044,792</b>	<b>2,898,572</b>	<b>5,895,807</b>	<b>4,282,208</b>	<b>9,406,320</b>	<b>2,677,072</b>	<b>5,273,206</b>
Current tax	(869,127)	(1,964,238)	(569,914)	(1,158,182)	(849,265)	(1,907,469)	(529,440)	(1,042,608)
Deferred tax	-	50,771	-	-	-	55,525	-	-
<b>Profit / (loss) after tax and exceptional items</b>	<b>3,010,396</b>	<b>7,131,325</b>	<b>2,328,658</b>	<b>4,737,625</b>	<b>3,432,943</b>	<b>7,554,376</b>	<b>2,147,632</b>	<b>4,230,598</b>
<b>OTHER DISCLOSURES</b>								
<b>1. NON PERFORMING LOANS AND ADVANCES</b>								
a) Gross non performing loans and advances	4,337,279	3,598,748	3,967,450	4,070,101	3,878,866	3,470,580	3,824,318	3,901,700
b) Less Interest in suspense	500,812	471,145	564,339	636,366	500,812	471,145	564,339	636,366
<b>c) Total Non-Performing loans and advances (a-b)</b>	<b>3,836,467</b>	<b>3,127,603</b>	<b>3,403,111</b>	<b>3,433,735</b>	<b>3,378,054</b>	<b>2,999,435</b>	<b>3,259,980</b>	<b>3,265,334</b>
d) less Loan loss provision	1,263,602	915,279	1,552,672	1,459,100	981,620	891,236	1,491,236	1,367,205
e) Net non-performing loans(c-b)	2,572,865	2,212,324	1,850,440	1,974,635	2,396,434	2,108,199	1,768,744	1,898,129
f) Discounted value of securities	2,572,865	2,212,324	1,850,440	1,974,635	2,396,434	2,108,199	1,768,744	1,898,129
g) Net NPLs Exposure (e-f)	-	-	-	-	-	-	-	-
<b>2. INSIDER LOANS AND ADVANCES</b>								
a) Directors, shareholders and associates	2,506,866	2,650,734	3,846,222	4,145,716	2,506,767	2,650,734	3,846,222	4,145,716
b) Employees	1,601,236	1,840,790	2,039,040	2,339,723	1,517,830	1,741,775	1,940,364	2,235,065
<b>c) Total insider Loans and Advances and other Facilities</b>	<b>4,108,102</b>	<b>4,491,524</b>	<b>5,885,262</b>	<b>6,485,439</b>	<b>4,024,597</b>	<b>4,392,509</b>	<b>5,786,587</b>	<b>6,380,781</b>
<b>3. OFF BALANCE SHEET ITEMS</b>								
a) Letter of Credit, guarantees, acceptances	2,359,227	4,256,029	2,974,056	3,072,928	2,278,857	4,116,711	2,876,778	2,812,822
b) Other contingent Liabilities	47,364	271,280	1,718,846	2,024,260	47,364	247,998	1,718,846	2,024,260
<b>c) Total contingent Liabilities</b>	<b>2,406,592</b>	<b>4,527,309</b>	<b>4,692,902</b>	<b>5,097,188</b>	<b>2,326,221</b>	<b>4,364,709</b>	<b>4,595,623</b>	<b>4,837,082</b>
<b>4. CAPITAL STRENGTH</b>								
a) Core Capital	-	-	-	-	17,110,593	19,930,590	20,974,533	20,941,725
b) Minimum statutory capital	-	-	-	-	350,000	500,000	500,000	500,000
<b>c) Excess/ (deficiency)</b>					<b>16,760,593</b>	<b>19,430,590</b>	<b>20,474,533</b>	<b>20,441,725</b>
d) Supplementary capital	-	-	-	-	5,365,017	5,389,823	5,442,877	5,581,039
<b>e) Total Capital (a+d)</b>					<b>22,475,610</b>	<b>25,320,413</b>	<b>26,417,411</b>	<b>26,522,764</b>
f) Total Risk Weighted Assets	-	-	-	-	76,588,357	90,804,610	98,713,123	110,063,458
<b>RATIOS</b>								
g) Core Capital/ Total Deposit Liabilities	-	-	-	-	21%	21%	20%	18%
h) Minimum statutory ratio	-	-	-	-	8%	8%	8%	8%
<b>i) Excess / (deficiency) (g-h)</b>					<b>13%</b>	<b>13%</b>	<b>12%</b>	<b>10%</b>
j) Core Capital								