

# Un-audited financial results of the Bank for the quarter ended 30th June 2012

## BALANCE SHEET

	30th June, 2011 Un-audited Shs '000	31st Dec, 2011 Audited Shs '000	31st March, 2012 Un-audited Shs '000	30th June, 2012 Un-audited Shs '000
<b>ASSETS</b>				
Cash ( both Local & Foreign)	135,546	161,337	134,396	152,937
Balances due from Central Bank of Kenya	688,976	820,098	463,012	695,238
Kenya Government securities	3,693,532	3,630,868	3,610,578	2,940,110
Foreign Currency Treasury Bills & Bonds	-	-	-	-
Deposits and balances due from local banking institutions	119,346	92,199	82,176	140,163
Deposits and balances due from banking institutions abroad	99,421	61,351	133,536	38,102
Kenya Government and other securities held for dealing purposes	-	-	-	-
Tax recoverable	-	-	-	-
Loans and advances to customers (net)	5,230,168	6,635,194	6,928,888	7,093,993
Investment securities	335,240	-	-	-
Balances due from group companies	454,396	498,462	508,627	513,390
Investments in associates	128,101	191,378	191,378	191,378
Investments in subsidiary companies	-	-	-	-
Investments in joint ventures	-	-	-	-
Investment properties	-	-	-	-
Property and equipment	212,549	274,280	308,085	327,009
Prepaid lease rentals	-	-	-	-
Intangible assets	14,064	13,712	13,712	13,712
Deferred tax asset	417,361	423,200	479,313	527,978
Retirement benefit asset	-	-	-	-
Other assets	121,878	124,823	210,897	425,632
<b>TOTAL ASSETS</b>	<b>11,650,578</b>	<b>12,926,902</b>	<b>13,064,600</b>	<b>13,059,642</b>
<b>LIABILITIES</b>				
Balances due to Central Bank of Kenya	320,000	-	-	-
Customer deposits	8,442,975	9,833,985	10,576,010	10,121,195
Deposits and balances due to local banking institutions	1,853,929	1,586,232	1,064,697	1,040,876
Deposits and balances due to foreign banking institutions	-	-	-	-
Other money market deposits	-	-	-	-
Borrowed funds	-	200,415	200,415	717,687
Balances due to group companies	-	-	-	-
Tax payable	-	-	-	-
Dividends payable	1,731	1,731	1,730	1,730
Deferred tax liability	-	-	-	-
Retirement benefit liability	-	-	-	-
Other liabilities	104,517	100,285	112,594	143,771
<b>TOTAL LIABILITIES</b>	<b>10,723,151</b>	<b>11,722,648</b>	<b>11,955,446</b>	<b>12,025,259</b>
<b>SHAREHOLDERS' FUNDS</b>				
Paid up /Assigned capital	1,503,238	1,723,238	1,723,238	1,723,238
Share premium	-	-	-	-
Revaluation reserves	-	-	-	-
Retained earnings	-683,396	-672,143	-801,962	-912,457
Statutory loan reserves	107,585	153,159	187,879	223,603
Proposed dividends	-	-	-	-
Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>927,426</b>	<b>1,204,254</b>	<b>1,109,154</b>	<b>1,034,383</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>11,650,578</b>	<b>12,926,902</b>	<b>13,064,600</b>	<b>13,059,642</b>

## STATEMENT OF COMPREHENSIVE INCOME

	30th June, 2011 Un-audited Shs '000	31st Dec, 2011 Audited Shs '000	31st March, 2012 Un-audited Shs '000	30th June, 2012 Un-audited Shs '000
<b>INTEREST INCOME</b>				
Loans and advances	330,538	804,769	320,517	700,226
Government securities	115,506	246,007	64,910	124,337
Deposits and placements with banking institutions	707	1,713	1,956	2,976
Other Interest Income	20,063	23,552	-	-
<b>Total interest income</b>	<b>466,813</b>	<b>1,076,040</b>	<b>387,383</b>	<b>827,539</b>
<b>INTEREST EXPENSE</b>				
Customer deposits	209,018	535,107	337,394	717,666
Deposits and placement from banking institutions	32,669	142,938	84,330	136,651
Other interest expenses	-	6,391	5,996	11,992
<b>Total interest expenses</b>	<b>241,687</b>	<b>684,436</b>	<b>427,720</b>	<b>866,309</b>
<b>NET INTEREST INCOME</b>	<b>225,126</b>	<b>391,604</b>	<b>-40,337</b>	<b>-83,770</b>
<b>OTHER OPERATING INCOME</b>				
Fees and commissions on loans and advances	20,842	23,754	15,939	12,484
Other fees and commissions	34,601	96,261	6,739	33,964
Foreign exchange trading income	31,773	95,379	26,328	39,908
Dividend Income	2,336	2,343	-	9,679
Other income	27,207	134,962	4,974	1,393
<b>Total non-interest income</b>	<b>116,760</b>	<b>352,700</b>	<b>53,981</b>	<b>97,427</b>
<b>TOTAL OPERATING INCOME</b>	<b>341,886</b>	<b>744,304</b>	<b>13,644</b>	<b>58,657</b>
<b>OPERATING EXPENSES</b>				
Loan loss provision	20,107	192	16,040	29,152
Staff costs	125,256	289,145	83,475	166,597
Directors' emoluments	7,962	17,487	4,434	8,783
Rental charges	57,319	134,646	33,108	70,964
Depreciation charge on property and equipment	16,509	29,905	13,045	23,327
Amortisation charges	2,678	4,513	-	-
Other operating expenses	68,796	207,235	50,546	109,019
<b>Total operating expenses</b>	<b>298,627</b>	<b>673,122</b>	<b>200,649</b>	<b>407,841</b>
Profit before tax and exceptional items	43,260	71,182	-187,004	-349,184
Exceptional items	-	8,299	-47	-78
<b>PROFIT AFTER EXCEPTIONAL ITEMS</b>	<b>43,260</b>	<b>79,480</b>	<b>-187,051</b>	<b>-349,262</b>
Current tax	-	-	-	-
Deferred tax	-12,978	-7,139	56,113	104,779
<b>PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>30,282</b>	<b>72,341</b>	<b>-130,938</b>	<b>-244,483</b>
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	<b>0.10</b>	<b>0.23</b>	<b>-0.38</b>	<b>-0.71</b>
<b>DIVIDEND PER SHARE - DECLARED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<b>OTHER DISCLOSURES</b>				
<b>1. NON-PERFORMING LOANS AND ADVANCES</b>				
(a) Gross Non-performing loans and advances	958,078	589,038	771,013	818,719
(b) Less interest in Suspense	113,281	113,233	147,514	186,351
<b>(c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)</b>	<b>844,797</b>	<b>475,805</b>	<b>623,500</b>	<b>632,368</b>
(d) Less Loan Loss Provision	357,651	247,685	207,387	210,425
<b>(e) NET NON-PERFORMING LOANS AND ADVANCES(c-d)</b>	<b>487,146</b>	<b>228,120</b>	<b>416,113</b>	<b>421,943</b>
(f) Discounted Value of Securities	487,146	228,120	416,113	421,943
<b>(g) NET NPLS EXPOSURE (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. INSIDER LOANS AND ADVANCES</b>				
(a) Directors, Shareholders and Associates	41,943	41,608	52,653	47,130
(b) Employees	55,129	72,714	89,422	112,502
<b>(c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES</b>	<b>97,072</b>	<b>114,322</b>	<b>142,075</b>	<b>159,632</b>
<b>3. OFF-BALANCE SHEET ITEMS</b>				
(a) Letters of credit, guarantees, acceptances	613,387	681,091	235,255	231,534
(b) Other contingent liabilities	343,602	216,520	148,354	98,837
<b>(c) TOTAL CONTINGENT LIABILITIES</b>	<b>956,989</b>	<b>897,611</b>	<b>383,609</b>	<b>330,370</b>
<b>4. CAPITAL STRENGTH</b>				
(a) Core capital	804,701	1,051,095	921,275	810,781
(b) Minimum Statutory Capital	500,000	700,000	700,000	700,000
<b>(c) Excess (a-b)</b>	<b>304,701</b>	<b>351,095</b>	<b>221,275</b>	<b>110,781</b>
(d) Supplementary Capital	81,499	100,920	104,605	309,673
<b>(e) TOTAL CAPITAL (a+d)</b>	<b>886,200</b>	<b>1,152,015</b>	<b>1,025,881</b>	<b>1,120,454</b>
<b>(f) TOTAL RISK WEIGHTED ASSETS</b>				
(g) Core Capital / Total deposits liabilities	9.53%	10.69%	8.71%	8.01%
(h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
<b>(i) Excess (g-h)</b>	<b>1.53%</b>	<b>2.69%</b>	<b>0.71%</b>	<b>0.01%</b>
(j) Core Capital / Total risk weighted assets	12.34%	13.02%	11.01%	9.28%
(k) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
<b>(l) Excess (j-k)</b>	<b>4.34%</b>	<b>5.02%</b>	<b>3.01%</b>	<b>1.28%</b>
(m) Total Capital / Total risk weighted assets	13.59%	14.27%	12.26%	12.82%
(n) Minimum statutory ratio	12.00%	12.00%	12.00%	12.00%
<b>(o) Excess (m-n)</b>	<b>1.59%</b>	<b>2.27%</b>	<b>0.26%</b>	<b>0.82%</b>
<b>5. LIQUIDITY</b>				
(a) Liquidity Ratio	30.36%	32.33%	31.76%	28.91%
(b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
<b>(c) Excess (a-b)</b>	<b>10.36%</b>	<b>12.33%</b>	<b>11.76%</b>	<b>8.91%</b>

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<b>MESSAGE FROM THE DIRECTORS</b>				
Overall the Bank recorded a year on year growth of 12% on total assets and total liabilities. This growth was underpinned by the steady build up of advances as well as customer deposits. The financial performance in the first half was however impacted by the negative movement of interest rates and dynamics of the interbank market. The increased cost of liquidity saw the first half of the year record a 258% surge in interest expense compared to the same period last year despite the 77% growth in total interest income over the same period.				
This notwithstanding, Management and the Board see market conditions normalising and the Bank working its way to return to a profitable position. The Board and Shareholders are currently arranging for an increase in equity capital to create capacity for future growth.				
We thank our Customers, Staff, Directors and Shareholders for their continued confidence and support, and we remain committed to realizing our potential.				
<b>Signed on behalf of the board of directors by:</b>				
<b>D Ameyo, MBS</b> Chairman		<b>P Harris</b> Managing Director		

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<b>ECB</b> Equatorial Commercial Bank				