The Board of Directors of Equatorial Commercial Bank Limited is pleased to announce the Un-audited financial results of the Bank for the quarter ended 31st March, 2016.

STATEMENT OF FINANCIAL POSITION

	BANK 31st March 2015 Un-audited Shs '000	BANK 31st December 2015 Audited Shs '000	BANK 31st March 2016 Un-Audited Shs '000
ASSETS			
1. Cash (both Local & Foreign)	228,614	257,228	257,903
2. Balances due from Central Bank of Kenya	804,664	530,319	1,000,046
3. Kenya Government and other securities held for dealing purposes	489,230	640,236	367,071
4. Financial Assets at fair value through profit and loss	-	-	-
5. Investment Securities:	-	-	-
a) Held to Maturity:	**3,037,800**	**2,601,815**	**2,444,441**
a. Kenya Government securities	3,037,800	2,601,815	2,444,441
b. Other securities	-	-	-
b) Available for sale:	-	-	-
a. Kenya Government securities	-	-	-
b. Other securities	-	-	-
6. Deposits and balances due from local banking institutions	615,414	46,610	53,800
7. Deposits and balances due from banking institutions abroad	186,771	133,758	229,696
8. Tax recoverable	-	-	-
9. Loans and advances to customers (net)	9,506,443	8,321,620	8,748,256
10. Balances due from banking institutions in the group	-	-	-
11. Investments in associates	-	-	-
12. Investments in subsidiary companies	270,292	261,970	261,971
13. Investments in joint ventures	-	-	-
14. Investment properties	-	-	-
15. Property and equipment	296,551	344,885	354,473
16. Prepaid lease rentals	-	-	-
17. Intangible assets	44,049	111,681	110,072
18. Deferred tax asset	673,170	843,156	901,117
19. Retirement benefit asset	-	-	-
20. Other assets	647,657	376,284	378,875
21 TOTAL ASSETS	**16,800,655**	**14,469,562**	**15,107,721**
B LIABILITIES			
22 Balances due to Central Bank of Kenya	-	997,707	878,029
23 Customer deposits	14,200,865	10,377,933	11,151,382
24 Deposits and balances due to local banking institutions	323,257	354,614	499,297
25 Deposits and balances due to foreign banking institutions	-	-	-
26 Other money market deposits	-	-	-
27 Borrowed funds	400,000	400,000	400,000
28 Balances due to banking institutions in the group	-	-	-
29 Tax payable	-	-	-
30 Dividends payable	1,730	133	109
31 Deferred tax liability	-	-	-
32 Retirement benefit liability	-	-	-
33 Other liabilities	155,972	270,330	245,300
34 TOTAL LIABILITIES	**15,081,824**	**12,400,717**	**13,174,117**
C SHAREHOLDERS' FUNDS			
35 Paid up /Assigned capital	2,981,356	3,820,315	3,820,315
36 Share premium/(discount)	3,203	3,203	3,203
37 Revaluation reserves	3,414	3,414	3,414
38 Retained earnings/Accumulated losses	(1,487,100)	(2,195,960)	(2,339,128)
39 Statutory loan loss reserves	217,958	437,873	445,800
40 Other Reserves	-	-	-
41 Proposed dividends	-	-	-
42 Capital grants	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	**1,718,831**	**2,068,845**	**1,933,604**
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**16,800,655**	**14,469,562**	**15,107,721**

II STATEMENT OF COMPREHENSIVE INCOME

	BANK 31st March 2015 Un-audited Shs '000	BANK 31st December 2015 Audited Shs '000	BANK 31st March 2016 Un-Audited Shs '000
1.0 INTEREST INCOME			
1.1 Loans and advances	404,373	1,373,048	321,206
1.2 Government securities	89,115	284,619	60,905
1.3 Deposits and placements with banking institutions	3,635	30,687	429
1.4 Other interest income	5,474	22,897	1,232
1.5 TOTAL INTEREST INCOME	**502,597**	**1,711,251**	**383,772**
2.0 INTEREST EXPENSE			
2.1 Customer deposits	263,358	1,019,454	230,934
2.2 Deposits and placement from banking institutions	3,524	48,520	6,655
2.3 Other interest expenses	8,312	30,827	42,672
2.4 TOTAL INTEREST EXPENSE	**275,194**	**1,098,801**	**280,261**
3.0 NET INTEREST INCOME	**227,403**	**612,450**	**103,511**
4.0 OTHER OPERATING INCOME			
4.1 Fees and commissions on loans and advances	9,332	48,113	22,409
4.2 Other fees and commissions	38,569	140,805	31,539
4.3 Foreign exchange trading income/(Loss)	12,665	58,606	14,095
4.4 Dividend Income	-	11,007	-
4.5 Other income	3,425	(75,631)	40,041
4.6 TOTAL NON-INTEREST INCOME	**63,991**	**182,900**	**108,084**
5.0 TOTAL OPERATING INCOME	**291,394**	**795,350**	**211,595**
6.0 OPERATING EXPENSES			
6.1 Loan loss provision	49,980	359,266	152,029
6.2 Staff costs	107,199	441,478	98,604
6.3 Directors' emoluments	6,069	24,214	8,655
6.4 Rental charges	35,348	180,257	42,778
6.5 Depreciation charge on property and equipment	12,258	51,083	12,934
6.6 Amortisation charges	3,500	18,380	7,626
6.7 Other operating expenses	73,379	375,942	82,171
6.8 TOTAL OPERATING EXPENSES	**287,733**	**1,450,620**	**404,797**
7.0 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**3,661**	**(655,270)**	**(193,202)**
8.0 Exceptional items	-	-	-
9 PROFIT / (LOSS) AFTER EXCEPETIONAL ITEMS	**3,661**	**(655,270)**	**(193,202)**
10.0 Current tax	-	-	-
11.0 Deferred tax	1,098	(168,888)	(57,961)
12.0 PROFIT / (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS	**2,563**	**(486,382)**	**(135,241)**
13.0 OTHER COMPREHENSIVE INCOME			
13.1 Gains/ (Losses) from translating the financial statements of foreign operations	-	-	-
13.2 Fair value changes in available-for-sale financial assets	-	-	-
13.3 Revaluation Surplus on Property, Plant and equipment ion	-	-	-
13.4 Share of other comprehensive income of associates	-	-	-
13.5 Income tax relating to components of other comprehensive income	-	-	-
14.0 OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	-	-	-
15.0 TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,563**	**(486,382)**	**(135,241)**
16.0 EARNINGS PER SHARE- BASIC & DILUTED	**-**	**(0.78)**	**-**
17.0 DIVIDEND PER SHARE - DECLARED	**-**	**-**	**-**

OTHER DISCLOSURES

	BANK 31st March 2015 Un-audited Shs '000	BANK 31st December 2015 Audited Shs '000	BANK 31st March 2016 Un-Audited Shs '000
1.0 NON-PERFORMING LOANS AND ADVANCES			
(a) Gross Non-performing loans and advances	3,752,753	3,387,828	3,281,878
(b) Less Interest in Suspense	640,072	615,391	634,628
(c)TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)	**3,112,681**	**2,772,437**	**2,647,250**
(d) Less Loan Loss Provision	1,029,479	1,463,476	1,599,122
(e) NET NON-PERFORMING LOANS AND ADVANCES(c-d)	**2,083,202**	**1,308,961**	**1,048,128**
(f) Discounted Value of Securities	2,083,202	1,830,670	1,615,140
(g) NET NPLS EXPOSURE (e-f)	-	(521,709)	(567,012)
2.0 INSIDER LOANS AND ADVANCES			
(a) Directors, Shareholders and Associates	85,359	56,460	231,482
(b) Employees	289,912	271,765	269,442
(c)TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES	**375,271**	**328,225**	**500,924**
3.0 OFF-BALANCE SHEET ITEMS			
(a) Letters of credit,guarantees, acceptances	856,663	612,852	541,339
(b) Forwards, swaps and options	0	0	-
(c)Other contingent liabilities	11,021	24,857	18,225
(c)TOTAL CONTINGENT LIABILITIES	**867,684**	**637,709**	**559,564**
4.0 CAPITAL STRENGTH			
(a) Core capital	1,496,178	1,627,558	1,484,390
(b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000
(c.) Excess (a-b)	**496,178**	**627,558**	**484,390**
(d) Supplementary Capital	483,378	405,615	396,746
(e) TOTAL CAPITAL (a+d)	**1,979,556**	**2,033,173**	**1,881,136**
(f)TOTAL RISK WEIGHTED ASSETS	**13,070,235**	**11,649,222**	**12,539,685**
(g) Core Capital / Total deposits liabilities	10.54%	15.68%	13.31%
(h) Minimum statutory ratio	8.00%	8.00%	8.00%
(I) Excess (g-h)	**2.54%**	**7.68%**	**5.31%**
(j) Core Capital / Total risk weighted assets	11.45%	13.97%	11.84%
(k) Minimum statutory ratio	10.50%	10.50%	10.50%
(l) Excess (j-k)	**0.95%**	**3.47%**	**1.34%**
(m) Total Capital / Total risk weighted assets	15.15%	17.45%	15.00%
(n) Minimum statutory ratio	14.50%	14.50%	14.50%
(o) Excess (m-n)	**0.65%**	**2.95%**	**0.50%**
5.0 LIQUIDITY			
(a) Liquidity Ratio	35.49%	27.50%	26.68%
(b) Minimum statutory ratio	20.00%	20.00%	20.00%
(c) Excess (a-b)	**15.49%**	**7.50%**	**6.68%**

MESSAGE FROM THE DIRECTORS

The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the institutions website. They may also be accessed at the institutions head office located at Equatorial Fidelity Center.

Signed on behalf of the board of directors by:

D. Ameyo, MBS — **Chairman**

Tim Gitonga — **Managing Director**

Business Commentary

The ongoing strategy to improve the bank's asset quality has resulted in a drop in the non-performing loans and advances by 13% in first quarter. We expect this trend to continue driven by tightened operating environment and a new business development strategy.

The 2016 plan envisioned in the "turn around and growth strategy" and the injection of Ksh 1 billion capital by anchor shareholders positions the Bank for growth centered on customer focused solutions, investing in modern banking technology and improving operational efficiency.

Our priority is to continue to strengthen the capital position of the bank and support business segments that will contribute positively towards our growth.

By Timothy Gitonga
Managing Director

Website: www.equatorialbank.co.ke