

# 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 30th September, 2012

## STATEMENT OF FINANCIAL POSITION

|   | 30th Sep, 2011<br>Un-audited<br>Shs '000 | 31st Dec, 2011<br>Audited<br>Shs '000 | 31st Mar, 2012<br>Un-audited<br>Shs '000 | 30th Jun, 2012<br>Un-audited<br>Shs '000 | 30th Sep, 2012<br>Un-audited<br>Shs '000 |
|---|--|---------------------------------------|--|--|--|
| <b>ASSETS</b>   |  |                                       |  |  |  |
| Cash ( both Local & Foreign)                                    | 146,944                                  | 161,337                               | 134,396                                  | 152,937                                  | 129,254                                  |
| Balances due from Central Bank of Kenya                         | 920,666                                  | 820,098                               | 463,012                                  | 695,238                                  | 893,530                                  |
| Kenya Government securities                                     | 3,631,056                                | 3,630,868                             | 3,610,578                                | 2,940,110                                | 2,917,221                                |
| Foreign Currency Treasury Bills & Bonds                         | -  | -                                     | -  | -  | -  |
| Deposits and balances due from local banking institutions       | 196,696                                  | 92,199                                | 82,176                                   | 140,163                                  | 315,722                                  |
| Deposits and balances due from banking institutions abroad      | 429,906                                  | 61,351                                | 133,536                                  | 38,102                                   | 48,625                                   |
| Kenya Government and other securities held for dealing purposes | -  | -                                     | -  | -  | -  |
| Tax recoverable   | -  | -                                     | -  | -  | -  |
| Loans and advances to customers (net)                           | 6,028,467                                | 6,635,194                             | 6,928,888                                | 7,093,993                                | 7,154,178                                |
| Investment securities   | -  | -                                     | -  | -  | -  |
| Balances due from group companies                               | 442,532                                  | 498,462                               | 508,627                                  | 513,390                                  | 514,536                                  |
| Investments in associates                                       | 108,101                                  | 191,378                               | 191,378                                  | 191,378                                  | 191,378                                  |
| Investments in subsidiary companies                             | -  | -                                     | -  | -  | -  |
| Investments in joint ventures                                   | -  | -                                     | -  | -  | -  |
| Investment properties   | -  | -                                     | -  | -  | -  |
| Property and equipment  | 234,123                                  | 274,280                               | 308,085                                  | 327,009                                  | 310,738                                  |
| Prepaid lease rentals   | -  | -                                     | -  | -  | -  |
| Intangible assets   | 14,174                                   | 13,712                                | 13,712                                   | 13,712                                   | 21,603                                   |
| Deferred tax asset  | 422,308                                  | 423,200                               | 479,313                                  | 527,978                                  | 572,347                                  |
| Retirement benefit asset  | -  | -                                     | -  | -  | -  |
| Other assets  | 123,371                                  | 124,823                               | 210,897                                  | 425,632                                  | 473,562                                  |
| <b>TOTAL ASSETS</b>   | <b>12,698,344</b>                        | <b>12,926,902</b>                     | <b>13,064,600</b>                        | <b>13,059,642</b>                        | <b>13,542,693</b>                        |
| <b>LIABILITIES</b>  |  |                                       |  |  |  |
| Balances due to Central Bank of Kenya                           | -  | -                                     | -  | -  | -  |
| Customer deposits   | 9,068,327                                | 9,833,985                             | 10,576,010                               | 10,121,195                               | 11,060,765                               |
| Deposits and balances due to local banking institutions         | 1,612,651                                | 1,586,232                             | 1,064,697                                | 1,040,878                                | 1,149,677                                |
| Deposits and balances due to foreign banking institutions       | -  | -                                     | -  | -  | -  |
| Other money market deposits                                     | -  | -                                     | -  | -  | -  |
| Borrowed funds  | 202,392                                  | 200,415                               | 200,415                                  | 717,687                                  | 200,415                                  |
| Balances due to group companies                                 | -  | -                                     | -  | -  | -  |
| Tax payable   | -  | -                                     | -  | -  | -  |
| Dividends payable   | 1,731                                    | 1,731                                 | 1,730                                    | 1,730                                    | 1,730                                    |
| Deferred tax liability  | -  | -                                     | -  | -  | -  |
| Retirement benefit liability                                    | -  | -                                     | -  | -  | -  |
| Other liabilities   | 651,726                                  | 100,285                               | 112,594                                  | 143,771                                  | 167,872                                  |
| <b>TOTAL LIABILITIES</b>  | <b>11,536,826</b>                        | <b>11,722,648</b>                     | <b>11,955,446</b>                        | <b>12,025,259</b>                        | <b>12,580,459</b>                        |
| <b>SHAREHOLDERS' FUNDS</b>                                      |  |                                       |  |  |  |
| Paid up /Assigned capital                                       | 1,723,238                                | 1,723,238                             | 1,723,238                                | 1,723,238                                | 1,723,238                                |
| Share premium   | -  | -                                     | -  | -  | -  |
| Revaluation reserves  | -  | -                                     | -  | -  | -  |
| Retained earnings   | (710,368)                                | (672,143)                             | (801,962)                                | (912,457)                                | (1,011,922)                              |
| Statutory loan reserves   | 148,649                                  | 153,159                               | 187,879                                  | 223,603                                  | 250,918                                  |
| Proposed dividends  | -  | -                                     | -  | -  | -  |
| Capital grants  | -  | -                                     | -  | -  | -  |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                                | <b>1,161,518</b>                         | <b>1,204,254</b>                      | <b>1,109,154</b>                         | <b>1,034,383</b>                         | <b>962,234</b>                           |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>                | <b>12,698,344</b>                        | <b>12,926,902</b>                     | <b>13,064,600</b>                        | <b>13,059,624</b>                        | <b>13,542,693</b>                        |

## STATEMENT OF COMPREHENSIVE INCOME

|  | 30th Sept, 2011<br>Un-audited<br>Shs '000 | 31st Dec, 2011<br>Audited<br>Shs '000 | 31st Mar, 2012<br>Un-audited<br>Shs '000 | 30th Jun, 2012<br>Un-audited<br>Shs '000 | 30th Sept, 2012<br>Un-audited<br>Shs '000 |
|--|---|---------------------------------------|--|--|---|
| <b>INTEREST INCOME</b>   |   |                                       |  |  |   |
| Loans and advances   | 533,041                                   | 804,769                               | 320,517                                  | 700,226                                  | 1,163,199                                 |
| Government securities  | 181,625                                   | 246,007                               | 64,910                                   | 124,337                                  | 174,842                                   |
| Deposits and placements with banking institutions                | 1,154                                     | 1,713                                 | 1,956                                    | 2,976                                    | 3,457                                     |
| Other Interest Income  | 23,552                                    | 23,552                                | -  | -  | 16,121                                    |
| <b>TOTAL INTEREST INCOME</b>                                     | <b>739,371</b>                            | <b>1,076,040</b>                      | <b>387,383</b>                           | <b>827,539</b>                           | <b>1,357,620</b>                          |
| <b>INTEREST EXPENSE</b>  |   |                                       |  |  |   |
| Customer deposits  | 315,400                                   | 535,107                               | 337,394                                  | 717,666                                  | 1,050,084                                 |
| Deposits and placement from banking institutions                 | 100,657                                   | 142,938                               | 84,330                                   | 136,651                                  | 169,755                                   |
| Other interest expenses  | -   | 6,391                                 | 5,996                                    | 11,992                                   | 18,054                                    |
| <b>TOTAL INTEREST EXPENSE</b>                                    | <b>416,057</b>                            | <b>684,436</b>                        | <b>427,720</b>                           | <b>866,309</b>                           | <b>1,237,893</b>                          |
| <b>NET INTEREST INCOME</b>                                       | <b>323,314</b>                            | <b>391,604</b>                        | <b>(40,337)</b>                          | <b>(38,770)</b>                          | <b>119,728</b>                            |
| <b>OTHER OPERATING INCOME</b>                                    |   |                                       |  |  |   |
| Fees and commissions on loans and advances                       | 21,609                                    | 23,754                                | 15,939                                   | 12,484                                   | 24,048                                    |
| Other fees and commissions                                       | 62,556                                    | 96,261                                | 6,739                                    | 33,964                                   | 54,206                                    |
| Foreign exchange trading income                                  | 49,808                                    | 95,379                                | 26,328                                   | 39,908                                   | 58,049                                    |
| Dividend Income  | 2,343                                     | 2,343                                 | -  | -  | 9,679                                     |
| Other income   | 51,705                                    | 134,962                               | 4,974                                    | 1,393                                    | (14,022)                                  |
| <b>TOTAL NON-INTEREST INCOME</b>                                 | <b>188,022</b>                            | <b>352,700</b>                        | <b>53,981</b>                            | <b>97,427</b>                            | <b>131,961</b>                            |
| <b>TOTAL OPERATING INCOME</b>                                    | <b>511,336</b>                            | <b>744,304</b>                        | <b>13,644</b>                            | <b>58,658</b>                            | <b>251,688</b>                            |
| <b>OPERATING EXPENSES</b>  |   |                                       |  |  |   |
| Loan loss provision  | 17,520                                    | 192                                   | 16,040                                   | 29,152                                   | 40,845                                    |
| Staff costs  | 198,336                                   | 289,145                               | 83,475                                   | 166,597                                  | 253,486                                   |
| Directors' emoluments  | 11,943                                    | 17,487                                | 4,434                                    | 8,783                                    | 14,033                                    |
| Rental charges   | 88,526                                    | 124,646                               | 33,108                                   | 70,964                                   | 114,483                                   |
| Depreciation charge on property and equipment                    | 26,316                                    | 29,905                                | 13,045                                   | 23,327                                   | 37,229                                    |
| Amortisation charges   | 4,051                                     | 4,513                                 | -  | -  | -   |
| Other operating expenses   | 137,874                                   | 207,235                               | 50,546                                   | 109,019                                  | 182,637                                   |
| <b>TOTAL OPERATING EXPENSES</b>                                  | <b>484,566</b>                            | <b>673,122</b>                        | <b>200,649</b>                           | <b>407,841</b>                           | <b>642,713</b>                            |
| Profit before tax and exceptional items                          | 26,770                                    | 71,182                                | (187,004)                                | (349,184)                                | (391,025)                                 |
| Exceptional items  | -   | 8,299                                 | (47)                                     | (78)                                     | (140)                                     |
| <b>PROFIT AFTER EXCEPTIONAL ITEMS</b>                            | <b>26,770</b>                             | <b>79,480</b>                         | <b>(187,051)</b>                         | <b>(349,261)</b>                         | <b>(391,165)</b>                          |
| Current tax  | -   | -                                     | -  | -  | -   |
| Deferred tax   | (8,031)                                   | (7,139)                               | 56,113                                   | 104,779                                  | 149,147                                   |
| <b>PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>                    | <b>18,739</b>                             | <b>72,341</b>                         | <b>(130,938)</b>                         | <b>(244,482)</b>                         | <b>(242,018)</b>                          |
|  | Shs                                       | Shs                                   | Shs                                      | Shs                                      | Shs                                       |
| <b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>                   | <b>0.05</b>                               | <b>0.23</b>                           | <b>(0.38)</b>                            | <b>(0.56)</b>                            | <b>(0.70)</b>                             |
| <b>DIVIDEND PER SHARE - DECLARED</b>                             | <b>-</b>                                  | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                  |
| <b>OTHER DISCLOSURES</b>   |   |                                       |  |  |   |
|  | 30th Sept, 2011<br>Un-audited<br>Shs '000 | 31st Dec, 2011<br>Audited<br>Shs '000 | 31st Mar, 2012<br>Un-audited<br>Shs '000 | 30th Jun, 2012<br>Un-audited<br>Shs '000 | 30th Sept, 2012<br>Un-audited<br>Shs '000 |
| <b>1. NON-PERFORMING LOANS AND ADVANCES</b>                      |   |                                       |  |  |   |
| (a) Gross Non-performing loans and advances                      | 645,279                                   | 589,038                               | 771,013                                  | 818,719                                  | 828,767                                   |
| (b) Less Interest in Suspense                                    | 110,697                                   | 113,233                               | 147,514                                  | 186,351                                  | 229,325                                   |
| <b>(c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)</b>         | <b>534,582</b>                            | <b>475,805</b>                        | <b>623,500</b>                           | <b>632,368</b>                           | <b>599,442</b>                            |
| (d) Less Loan Loss Provision                                     | 227,709                                   | 247,685                               | 207,387                                  | 210,425                                  | 217,076                                   |
| <b>(e) NET NON-PERFORMING LOANS AND ADVANCES (c-d)</b>           | <b>306,873</b>                            | <b>228,120</b>                        | <b>416,113</b>                           | <b>421,943</b>                           | <b>382,366</b>                            |
| (f) Discounted Value of Securities                               | 306,873                                   | 228,120                               | 416,113                                  | 421,943                                  | 382,366                                   |
| <b>(g) NET NPLS EXPOSURE (e-f)</b>                               | <b>-</b>                                  | <b>-</b>                              | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                  |
| <b>2. INSIDER LOANS AND ADVANCES</b>                             |   |                                       |  |  |   |
| (a) Directors, Shareholders and Associates                       | 40,430                                    | 41,608                                | 52,653                                   | 47,130                                   | 47,974                                    |
| (b) Employees  | 68,261                                    | 72,714                                | 89,422                                   | 112,502                                  | 124,608                                   |
| <b>(c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES</b> | <b>108,691</b>                            | <b>114,322</b>                        | <b>142,075</b>                           | <b>159,632</b>                           | <b>172,582</b>                            |
| <b>3. OFF-BALANCE SHEET ITEMS</b>                                |   |                                       |  |  |   |
| (a) Letters of credit, guarantees, acceptances                   | 712,521                                   | 681,091                               | 235,255                                  | 231,534                                  | 261,252                                   |
| (b) Other contingent liabilities                                 | 1,132,201                                 | 216,520                               | 148,354                                  | 98,837                                   | 87,894                                    |
| <b>(c) TOTAL CONTINGENT LIABILITIES</b>                          | <b>1,844,721</b>                          | <b>897,611</b>                        | <b>383,609</b>                           | <b>330,370</b>                           | <b>349,146</b>                            |
| <b>4. CAPITAL STRENGTH</b>                                       |   |                                       |  |  |   |
| (a) Core capital   | 1,003,500                                 | 1,051,095                             | 921,275                                  | 810,781                                  | 711,316                                   |
| (b) Minimum Statutory Capital                                    | 500,000                                   | 700,000                               | 700,000                                  | 700,000                                  | 700,000                                   |
| (c.) Excess (a-b)  | <b>503,500</b>                            | <b>351,095</b>                        | <b>221,275</b>                           | <b>110,781</b>                           | <b>11,316</b>                             |
| (d) Supplementary Capital  | 95,944                                    | 100,920                               | 104,605                                  | 309,673                                  | 303,207                                   |
| <b>(e) TOTAL CAPITAL (a+d)</b>                                   | <b>1,099,444</b>                          | <b>1,152,015</b>                      | <b>1,025,881</b>                         | <b>1,120,454</b>                         | <b>1,014,522</b>                          |
| <b>(f) TOTAL RISK WEIGHTED ASSETS</b>                            | <b>7,675,531</b>                          | <b>8,073,636</b>                      | <b>8,368,438</b>                         | <b>8,740,664</b>                         | <b>9,024,998</b>                          |
| (g) Core Capital / Total deposits liabilities                    | 11.07%                                    | 10.69%                                | 8.71%                                    | 8.01%                                    | 6.43%                                     |
| (h) Minimum statutory ratio                                      | 8.00%                                     | 8.00%                                 | 8.00%                                    | 8.00%                                    | 8.00%                                     |
| <b>(i) Excess (g-h)</b>  | <b>3.07%</b>                              | <b>2.69%</b>                          | <b>0.71%</b>                             | <b>0.01%</b>                             | <b>-1.57%</b>                             |
| (j) Core Capital / Total risk weighted assets                    | 13.07%                                    | 13.02%                                | 11.01%                                   | 9.28%                                    | 7.88%                                     |
| (k) Minimum statutory ratio                                      | 8.00%                                     | 8.00%                                 | 8.00%                                    | 8.00%                                    | 8.00%                                     |
| <b>(l) Excess (j-k)</b>  | <b>5.07%</b>                              | <b>5.02%</b>                          | <b>3.01%</b>                             | <b>1.28%</b>                             | <b>-0.12%</b>                             |
| (m) Total Capital / Total risk weighted assets                   | 14.32%                                    | 14.27%                                | 12.26%                                   | 12.82%                                   | 11.24%                                    |
| (n) Minimum statutory ratio                                      | 12.00%                                    | 12.00%                                | 12.00%                                   | 12.00%                                   | 12.00%                                    |
| <b>(o) Excess (m-n)</b>  | <b>2.32%</b>                              | <b>2.27%</b>                          | <b>0.26%</b>                             | <b>0.59%</b>                             | <b>-0.76%</b>                             |
| <b>5. LIQUIDITY</b>  |   |                                       |  |  |   |
| (a) Liquidity Ratio  | 40.94%                                    | 32.33%                                | 31.76%                                   | 28.91%                                   | 28.52%                                    |
| (b) Minimum statutory ratio                                      | 20.00%                                    | 20.00%                                | 20.00%                                   | 20.00%                                   | 20.00%                                    |
| <b>(c) Excess (a-b)</b>  | <b>20.94%</b>                             | <b>12.33%</b>                         | <b>11.76%</b>                            | <b>8.91%</b>                             | <b>8.52%</b>                              |

## MESSAGE FROM THE DIRECTORS

The Board and Management are pleased to announce that the Bank has confirmed its capital injection plans and that the funds are expected to be received by end of November. Subject to regulatory approval, this capital injection will significantly boost the Bank's core capital by KShs 1.3 billion and create capacity for future growth. This investment enables the Bank to comply with the new CBK regulatory requirements on core capital, and is also expected to improve the Bank's performance for the coming year.

As the Bank continues to augment and transcend into a new phase of profitable growth, we would like to thank our Customers, Staff, Directors and Shareholders for their continued confidence and support, and assure them that we remain committed to realizing our potential.

Signed on behalf of the board of directors by:

D Ameyo, MBS  
Chairman

R Shibusse  
Executive Director

