



**EQUATORIAL COMMERCIAL BANK LIMITED**

BALANCE SHEET	BANK			
	30th June, 2009 Un-audited Shs '000	31st Dec, 2009 Audited Shs '000	31st March, 2010 Un-audited Shs '000	30th June 2010 Un-audited Shs '000
<b>ASSETS</b>				
Cash ( both Local & Foreign)	111,649	91,210	86,132	152,771
Balances due from Central Bank of Kenya	354,484	214,834	358,808	556,885
Kenya Government securities	810,198	692,051	539,493	2,412,803
Foreign Currency Treasury Bills & Bonds	-	-	-	-
Deposits and balances due from local banking institutions	279,193	121,132	161,321	218,787
Deposits and balances due from banking institutions abroad	148,539	286,979	251,744	483,355
Kenya Government and other securities held for dealing purposes	-	-	-	-
Tax recoverable	4,395	-	-	-
Loans and advances to customers (net)	2,337,145	1,953,296	1,944,889	4,184,316
Investment securities	-	235,400	247,573	340,723
Balances due from group companies	-	-	-	-
Investments in associates	78,101	104,056	104,056	134,056
Investments in subsidiary companies	-	-	-	-
Investments in joint ventures	-	-	-	-
Investment properties	-	163,749	214,753	163,620
Property and equipment	170,113	217,734	188,550	300,972
Prepaid lease rentals	-	12,788	12,788	12,788
Intangible assets	2,522	7,374	7,006	16,961
Deferred tax asset	174,066	313,339	310,185	382,384
Retirement benefit asset	-	-	-	-
Other assets	422,389	77,430	49,558	159,167
<b>TOTAL ASSETS</b>	<b>4,892,794</b>	<b>4,491,372</b>	<b>4,476,856</b>	<b>9,519,588</b>
<b>LIABILITIES</b>				
Balances due to Central Bank of Kenya	-	-	-	-
Customer deposits	4,247,744	4,307,696	3,780,120	7,353,786
Deposits and balances due to local banking institutions	9,039	15,000	640,475	1,108,112
Deposits and balances due to foreign banking institutions	-	-	-	-
Other money market deposits	-	-	-	-
Borrowed funds	-	-	-	-
Balances due to group companies	-	-	-	-
Tax payable	-	-	-	-
Dividends payable	-	1,731	1,731	1,731
Deferred tax liability	3,660	-	-	-
Retirement benefit liability	-	-	-	-
Other liabilities	154,834	171,886	87,748	122,057
<b>TOTAL LIABILITIES</b>	<b>4,415,277</b>	<b>4,496,313</b>	<b>4,510,074</b>	<b>8,585,687</b>
<b>SHAREHOLDERS' FUNDS</b>				
Paid up /Assigned capital	461,622	461,622	461,622	1,503,237
Share premium	-	-	-	-
Revaluation reserves	29,835	47,412	47,412	47,412
Retained earnings	(13,940)	(592,324)	(617,174)	(731,181)
Statutory loan reserves	-	78,349	74,922	114,433
Proposed dividends	-	-	-	-
Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>477,517</b>	<b>(4,941)</b>	<b>(33,218)</b>	<b>933,901</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>4,892,794</b>	<b>4,491,372</b>	<b>4,476,856</b>	<b>9,519,588</b>

PROFIT AND LOSS ACCOUNT	BANK			
	30th June, 2009 Un-audited Shs '000	31st Dec, 2009 Audited Shs '000	31st March, 2010 Un-audited Shs '000	30th June, 2010 Un-audited Shs '000
<b>INTEREST INCOME</b>				
Loans and advances	198,501	358,883	73,551	165,512
Government securities	26,250	68,173	22,746	35,607
Deposits and placements with banking institutions	6,361	11,230	740	2,230
Other Interest Income	-	2,332	499	15,682
<b>TOTAL INTEREST INCOME</b>	<b>231,112</b>	<b>440,618</b>	<b>97,536</b>	<b>219,031</b>
<b>INTEREST EXPENSE</b>				
Customer deposits	145,259	300,349	69,660	143,484
Deposits and placement from banking institutions	8,730	8,785	1,586	6,997
Other interest expenses	-	-	-	-
<b>TOTAL INTEREST EXPENSE</b>	<b>153,989</b>	<b>309,134</b>	<b>71,246</b>	<b>150,481</b>
<b>NET INTEREST INCOME</b>	<b>77,123</b>	<b>131,484</b>	<b>26,290</b>	<b>68,550</b>
<b>OTHER OPERATING INCOME</b>				
Fees and commissions on loans and advances	16,115	34,231	17,323	22,555
Other fees and commissions	20,521	42,783	9,759	26,222
Foreign exchange trading income	114,181	314	25,886	8,404
Dividend Income	-	-	-	1,693
Other income	21,489	148,411	33,469	79,426
<b>TOTAL NON-INTEREST INCOME</b>	<b>172,306</b>	<b>225,739</b>	<b>86,437</b>	<b>138,300</b>
<b>TOTAL OPERATING INCOME</b>	<b>249,429</b>	<b>357,223</b>	<b>112,727</b>	<b>206,851</b>
<b>OPERATING EXPENSES</b>				
Loan loss provision	42,406	623,370	11,135	28,316
Staff costs	97,763	196,067	47,883	101,299
Directors' emoluments	12,444	19,600	1,033	5,542
Rental charges	28,093	33,610	16,417	33,656
Depreciation charge on property and equipment	13,828	30,375	5,815	13,972
Amortisation charges	702	3,684	1,188	-
Other operating expenses	44,036	180,067	41,150	96,792
<b>TOTAL OPERATING EXPENSES</b>	<b>239,272</b>	<b>1,086,773</b>	<b>124,621</b>	<b>279,578</b>
Profit before tax and exceptional items	10,157	(729,550)	(11,894)	(72,727)
Exceptional items	-	-	-	(66,926)
<b>PROFIT AFTER EXCEPTIONAL ITEMS</b>	<b>10,157</b>	<b>(729,550)</b>	<b>(11,894)</b>	<b>(139,653)</b>
Current tax	3,657	(159,592)	(3,568)	(41,895)
Deferred tax	6,500	(569,958)	(8,326)	(97,758)
<b>PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>6,500</b>	<b>(569,958)</b>	<b>(8,326)</b>	<b>(97,758)</b>

OTHER DISCLOSURES	BANK			
	30th June, 2009 Un-audited Shs '000	31st Dec, 2009 Audited Shs '000	31st March, 2010 Un-audited Shs '000	30th June, 2010 Un-audited Shs '000
<b>1. NON-PERFORMING LOANS AND ADVANCES</b>				
(a) Gross Non-performing loans and advances	714,806	982,325	768,108	1,000,930
(b) Less Interest in Suspense	76,637	126,112	116,696	190,761
(c) <b>TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)</b>	<b>638,169</b>	<b>856,213</b>	<b>651,412</b>	<b>810,169</b>
(d) Less Loan Loss Provision	127,545	346,723	207,127	290,043
(e) <b>NET NON-PERFORMING LOANS AND ADVANCES (c-d)</b>	<b>510,624</b>	<b>509,490</b>	<b>444,285</b>	<b>520,126</b>
(f) Discounted Value of Securities	510,624	341,599	444,285	520,126
(g) <b>NET NPLS EXPOSURE (e-f)</b>	<b>-</b>	<b>167,891</b>	<b>-</b>	<b>-</b>
<b>2. INSIDER LOANS AND ADVANCES</b>				
(a) Directors, Shareholders and Associates	32,299	14,971	11,913	50,051
(b) Employees	38,286	30,793	26,071	51,439
(c) <b>TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES</b>	<b>70,585</b>	<b>45,764</b>	<b>37,984</b>	<b>101,490</b>
<b>3. OFF-BALANCE SHEET ITEMS</b>				
(a) Letters of credit, guarantees, acceptances	187,847	356,597	161,314	612,203
(b) Other contingent liabilities	89,954	-	-	1,259,625
(c) <b>TOTAL CONTINGENT LIABILITIES</b>	<b>277,801</b>	<b>356,597</b>	<b>161,314</b>	<b>1,871,829</b>
<b>4. CAPITAL STRENGTH</b>				
(a) Core capital	444,430	(118,057)	(155,552)	772,775
(b) Minimum Statutory Capital	250,000	350,000	350,000	350,000
(c.) Excess (a-b)	194,430	(468,057)	(505,552)	422,774
(d) Supplementary Capital	29,835	29,378	34,304	83,233
(e) <b>TOTAL CAPITAL (a+d)</b>	<b>474,266</b>	<b>(88,679)</b>	<b>(121,248)</b>	<b>856,007</b>
(f) <b>TOTAL RISK WEIGHTED ASSETS</b>	<b>2,600,255</b>	<b>2,350,265</b>	<b>2,744,340</b>	<b>6,658,608</b>
(g) Core Capital / Total deposits liabilities	10.46%	-2.74%	-4.12%	10.51%
(h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
(i) Excess (g-h)	2.46%	-10.74%	-12.12%	2.51%
(j) Core Capital / Total risk weighted assets	17.09%	-5.02%	-5.67%	11.61%
(k) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
(l) Excess (j-k)	9.09%	-13.02%	-13.67%	3.61%
(m) Total Capital / Total risk weighted assets	18.24%	-3.77%	-4.42%	12.86%
(n) Minimum statutory ratio	12.00%	12.00%	12.00%	12.00%
(o) Excess (m-n)	6.24%	-15.77%	-16.42%	0.86%
<b>5. LIQUIDITY</b>				
(a) Liquidity Ratio	38.20%	40.00%	23.00%	37.66%
(b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
(c) Excess (a-b)	18.20%	20.00%	3.00%	17.66%

**EQUATORIAL COMMERCIAL HOLDING LIMITED**

BALANCE SHEET	30th June, 2010 Un-audited Shs '000
	<b>ASSETS</b>
Cash ( both Local & Foreign)	170,309
Balances due from Central Bank of Kenya	556,885
Kenya Government securities	2,412,803
Foreign Currency Treasury Bills & Bonds	-
Deposits and balances due from local banking institutions	260,770
Deposits and balances due from banking institutions abroad	441,372
Kenya Government and other securities held for dealing purposes	-
Tax recoverable	0
Loans and advances to customers (net)	4,184,316
Investment securities	340,723
Balances due from group companies	-
Investments in associates	134,056
Investments in subsidiary companies	-
Good will	279,075
Investment properties	163,620
Property and equipment	300,972
Prepaid lease rentals	12,788
Intangible assets	16,961
Deferred tax asset	382,384
Retirement benefit asset	-
Other assets	159,167
<b>TOTAL ASSETS</b>	<b>9,816,201</b>
<b>LIABILITIES</b>	
Balances due to Central Bank of Kenya	-
Customer deposits	7,353,786
Deposits and balances due to local banking institutions	1,108,112
Deposits and balances due to foreign banking institutions	-
Other money market deposits	-
Borrowed funds	-
Balances due to group companies	-
Tax payable	17,538
Dividends payable	-
Deferred tax liability	-
Retirement benefit liability	-
Other liabilities	123,788
<b>TOTAL LIABILITIES</b>	<b>8,603,224</b>
<b>SHAREHOLDERS' FUNDS</b>	
Paid up /Assigned capital	973,713
Share premium	-
Revaluation reserves	-
Retained earnings	193,222
Statutory loan reserves	-
Proposed dividends	-
Minority Interest	46,041
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,212,976</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>9,816,201</b>

PROFIT AND LOSS ACCOUNT	30th June, 2010 Un-audited Shs '000
	<b>INTEREST INCOME</b>
Loans and advances	194,592
Government securities	56,452
Deposits and placements with banking institutions	2,605
Other Interest Income	8,196
<b>TOTAL INTEREST INCOME</b>	<b>261,844</b>
<b>INTEREST EXPENSE</b>	
Customer deposits	105,013
Deposits and placement from banking institutions	11,227
Other interest expenses	-
<b>TOTAL INTEREST EXPENSE</b>	<b>116,241</b>
<b>NET INTEREST INCOME</b>	<b>145,603</b>
<b>OTHER OPERATING INCOME</b>	
Fees and commissions on loans and advances	17,560
Other fees and commissions	8,444
Foreign exchange trading income	22,184
Dividend Income	-
Other income	100,191
<b>TOTAL NON-INTEREST INCOME</b>	<b>148,379</b>
<b>TOTAL OPERATING INCOME</b>	<b>293,982</b>
<b>OPERATING EXPENSES</b>	
Loan loss provision	6,721
Staff costs	98,445
Directors' emoluments	3,525
Rental charges	30,025
Depreciation charge on property and equipment	8,642
Amortisation charges	1,219
Other operating expenses	41,731
<b>TOTAL OPERATING EXPENSES</b>	<b>190,308</b>
Profit before tax and exceptional items	103,674
Exceptional items	(10,000)
<b>PROFIT AFTER EXCEPTIONAL ITEMS</b>	<b>93,674</b>
Current tax	23,405
Deferred tax	5,875
<b>PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>64,394</b>

**COMMENT FROM THE DIRECTORS**

Subsequent to the merger with Southern Credit Banking Corporation, Equatorial Commercial Holding Limited is now the holding company for the enlarged group, whose principal operating companies are: Equatorial Commercial Bank Limited (banking business), and its associates; Fidelity Shield Insurance Company (general insurance) and Equatorial Investment Bank (investment banking).

The amalgamated banking business is carried on in the name of Equatorial Commercial Bank Limited, now a wholly-owned subsidiary of Equatorial Commercial Holding Limited. Equatorial Commercial Bank Limited is the only entity within the group now licensed by the Central Bank of Kenya as a commercial bank.

The above results are extracts from the financial statements and records of the Bank and the Holding company.

**Bank**

The comparative figures for periods prior to June 2010 are based on former Southern Credit Banking Corporation financials. The June 2010 figures, relate to five months cumulative results for former Southern Credit Banking Corporation and one month of the merged entity Equatorial Commercial Bank. The profit for former Equatorial Commercial Bank in the first five months of Kshs 69 million before tax was capitalized into the merged entity.

**Holding company**

The June 2010 figures, relate to five months cumulative results for former Equatorial Commercial Bank (renamed Equatorial Commercial Holding Limited) and one month of the acquired subsidiary, Equatorial Commercial Bank.

Signed on behalf of the Board of directors by:

**D. Ameyo, MBS**  
Chairman

**P. Harris**  
Managing Director