

# EQUATORIAL COMMERCIAL BANK AUDITED FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2014



## I STATEMENT OF FINANCIAL POSITION

	BANK 31st Dec 2013 Audited Shs '000	BANK 31st Dec 2014 Audited Shs '000
<b>A ASSETS</b>		
1 Cash ( both Local & Foreign)	232,387	239,458
2 Balances due from Central Bank of Kenya	593,843	755,016
3 Kenya Government and other securities held for dealing purposes	-	436,158
4 Financial Assets at fair value through profit and loss	-	-
5 Investment Securities:	-	-
<b>a) Held to Maturity:</b>	<b>2,758,508</b>	<b>2,747,436</b>
a. Kenya Government securities	2,758,508	2,747,436
b. Other securities	-	-
<b>b) Available for sale:</b>	-	-
a. Kenya Government securities	-	-
b. Other securities	-	-
6 Deposits and balances due from local banking institutions	1,050,041	78,650
7 Deposits and balances due from banking institutions abroad	134,676	214,461
8 Tax recoverable	-	-
9 Loans and advances to customers (net)	9,029,000	10,067,792
10 Balances due from banking institutions in the group	-	-
11 Investments in associates	234,663	270,292
12 Investments in subsidiary companies	-	-
13 Investments in joint ventures	-	-
14 Investment properties	-	-
15 Property and equipment	710,637	300,752
16 Prepaid lease rentals	-	-
17 Intangible assets	28,730	43,143
18 Deferred tax asset	540,101	674,268
19 Retirement benefit asset	-	-
20 Other assets	249,890	761,933
<b>21 TOTAL ASSETS</b>	<b>15,562,476</b>	<b>16,589,359</b>
<b>B LIABILITIES</b>		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	13,856,428	14,305,575
24 Deposits and balances due to local banking institutions	-	544,232
25 Deposits and balances due to foreign banking institutions	-	-
26 Other money market deposits	-	-
27 Borrowed funds	200,415	400,000
28 Balances due to banking institutions in the group	-	-
29 Tax payable	-	-
30 Dividends payable	1,730	1,730
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	132,421	182,875
<b>34 TOTAL LIABILITIES</b>	<b>14,190,994</b>	<b>15,434,412</b>
<b>C SHAREHOLDERS' FUNDS</b>		
35 Paid up /Assigned capital	2,316,756	2,420,035
36 Share premium/(discount)	-	3,203
37 Revaluation reserves	-	3,414
38 Retained earnings/Accumulated losses	(1,101,070)	(1,489,663)
39 Statutory loan loss reserves	155,796	217,958
40 Other Reserves	-	-
41 Proposed dividends	-	-
42 Capital grants	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,371,482</b>	<b>1,154,947</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>15,562,476</b>	<b>16,589,359</b>

## II STATEMENT OF COMPREHENSIVE INCOME

	BANK 31st Dec 2013 Audited Shs '000	BANK 31st Dec 2014 Audited Shs '000
<b>1.0 INTEREST INCOME</b>		
1.1 Loans and advances	1,498,768	1,807,634
1.2 Government securities	202,886	234,387
1.3 Deposits and placements with banking institutions	14,929	25,023
1.4 Other Interest Income	28,708	16,478
<b>1.5 TOTAL INTEREST INCOME</b>	<b>1,745,291</b>	<b>2,083,522</b>
<b>2.0 INTEREST EXPENSE</b>		
2.1 Customer deposits	876,582	1,124,786
2.2 Deposits and placement from banking institutions	16,154	19,623
2.3 Other interest expenses	24,050	19,836
<b>2.4 TOTAL INTEREST EXPENSE</b>	<b>916,786</b>	<b>1,164,245</b>
<b>3.0 NET INTEREST INCOME</b>	<b>828,505</b>	<b>919,277</b>
<b>4.0 OTHER OPERATING INCOME</b>		
4.1 Fees and commissions on loans and advances	100,942	66,377
4.2 Other fees and commissions	74,767	151,866
4.3 Foreign exchange trading income/(Loss)	46,478	69,009
4.4 Dividend Income	21,506	7,260
4.5 Other Income	6,584	180,792
<b>4.6 TOTAL NON-INTEREST INCOME</b>	<b>250,277</b>	<b>475,304</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>1,078,782</b>	<b>1,394,581</b>
<b>6.0 OPERATING EXPENSES</b>		
6.1 Loan loss provision	86,810	880,787
6.2 Staff costs	319,899	409,511
6.3 Directors' emoluments	20,733	23,317
6.4 Rental charges	168,255	141,083
6.5 Depreciation charge on property and equipment	45,558	48,211
6.6 Amortisation charges	7,125	11,434
6.7 Other operating expenses	277,949	340,836
<b>6.8 TOTAL OPERATING EXPENSES</b>	<b>926,329</b>	<b>1,855,179</b>
<b>7.0 Profit before tax and exceptional items</b>	<b>152,453</b>	<b>(460,598)</b>
8.0 Exceptional items	39,644	-
<b>9 PROFIT / (LOSS) AFTER EXCEPTIONAL ITEMS</b>	<b>112,809</b>	<b>(460,598)</b>
10.0 Current tax	-	-
11.0 Deferred tax	57,159	134,167
<b>12.0 PROFIT / (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>55,650</b>	<b>(326,431)</b>
<b>13.0 OTHER COMPREHENSIVE INCOME</b>		
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	-	3,414
13.5 Income tax relating to components of other comprehensive income	-	-
<b>14.0 Other comprehensive income for the year net of tax</b>	-	<b>3,414</b>
<b>15.0 TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>55,650</b>	<b>(323,017)</b>

## III OTHER DISCLOSURES

	BANK 31st Dec 2013 Audited Shs '000	BANK 31st Dec 2014 Audited Shs '000
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>		
(a) Gross Non-performing loans and advances	1,371,225	3,027,971
(b) Less Interest in Suspense	294,967	502,645
<b>(c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)</b>	<b>1,076,258</b>	<b>2,525,326</b>
(d) Less Loan Loss Provision	237,422	984,415
<b>(e) NET NON-PERFORMING LOANS AND ADVANCES(c-d)</b>	<b>838,836</b>	<b>1,540,911</b>
(f) Discounted Value of Securities	501,351	1,540,911
<b>(g) NET NPLS EXPOSURE (e-f)</b>	<b>337,485</b>	-
<b>2.0 INSIDER LOANS AND ADVANCES</b>		
(a) Directors, Shareholders and Associates	167,478	287,107
(b) Employees	182,019	263,542
<b>(c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES</b>	<b>349,497</b>	<b>570,649</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>		
(a) Letters of credit, guarantees, acceptances	1,092,951	866,139
(b) Forwards, swaps and options	178,770	-
(c) Other contingent liabilities	8,199	23,329
<b>(c) TOTAL CONTINGENT LIABILITIES</b>	<b>1,279,920</b>	<b>889,468</b>
<b>4.0 CAPITAL STRENGTH</b>		
(a) Core capital	1,215,686	933,575
(b) Minimum Statutory Capital	1,000,000	1,000,000
<b>(c.) Excess (a-b)</b>	<b>215,686</b>	<b>(66,425)</b>
(d) Supplementary Capital	269,623	508,211
<b>(e) TOTAL CAPITAL (a+d)</b>	<b>1,485,309</b>	<b>1,441,786</b>
<b>(f) TOTAL RISK WEIGHTED ASSETS</b>	<b>12,124,486</b>	<b>13,456,863</b>
(g) Core Capital / Total deposits liabilities	8.77%	6.53%
(h) Minimum statutory ratio	8.00%	8.00%
<b>(I) Excess (g-h)</b>	<b>0.77%</b>	<b>-1.47%</b>
(j) Core Capital / Total risk weighted assets	10.03%	6.94%
(k) Minimum statutory ratio	8.00%	8.00%
<b>(I) Excess (j-k)</b>	<b>2.03%</b>	<b>-1.06%</b>
(m) Total Capital / Total risk weighted assets	12.25%	10.71%
(n) Minimum statutory ratio	12.00%	12.00%
<b>(o) Excess (m-n)</b>	<b>0.25%</b>	<b>-1.29%</b>
<b>5.0 LIQUIDITY</b>		
(a) Liquidity Ratio	34.61%	27.82%
(b) Minimum statutory ratio	20.00%	20.00%
<b>(c) Excess (a-b)</b>	<b>14.61%</b>	<b>7.82%</b>

### MESSAGE FROM THE DIRECTORS

The above results are extracts from the financial statements and records of the bank. These financial statements were audited by KPMG Kenya and received an unqualified opinion. The complete set of Audited financial statements, statutory and qualitative disclosures can be accessed on the Bank's website.

They may also be accessed at the Bank's Head Office located at Equatorial Fidelity Centre

Signed on behalf of the board of directors by:

**D. Ameyo, MBS**  
Chairman

**Shamira Dostmohamed**  
Ag. Managing Director

website: [www.equatorialbank.co.ke](http://www.equatorialbank.co.ke)