

# PARAMOUNT BANK LTD

## QUARTERLY FINANCIAL STATEMENTS AND DISCLOSURES

| 1 STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>th</sup> SEPT 2016 | Previous Year     |                   | 31 <sup>st</sup> Dec 15 |                  | 1 <sup>st</sup> Quarter |             | 2 <sup>nd</sup> Quarter |             | 3 <sup>rd</sup> Quarter |             |
|--|-------------------|-------------------|-------------------------|------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
|  | Same Quarter      |                   | Previous Year           |                  | Current Year            |             | Current Year            |             | Current Year            |             |
|  | Shs '000          | Un -Audited       | Shs '000                | Audited          | Shs '000                | Un -Audited | Shs '000                | Un -Audited | Shs '000                | Un -Audited |
| <b>A ASSETS</b>  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 1 Cash (both local & foreign)                                      | 138,372           | 73,166            | 144,582                 | 129,432          | 129,432                 | 106,485     |                         |             |                         |             |
| 2 Balances due from Central Bank of Kenya                          | 721,557           | 934,707           | 870,867                 | 453,275          | 453,275                 | 700,866     |                         |             |                         |             |
| 3 Kenya Government and other securities held for dealing purposes  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 4 Financial Assets at fair value through the profit and loss       | 355,976           | 1,521,596         | 1,285,346               | 1,055,916        | 1,055,916               | 41,161      |                         |             |                         |             |
| 5 Investment Securities:   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| a. Held to Maturity -  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| a. Kenya Government Securities                                     | 3,257,492         | 1,375,057         | 1,154,606               | 1,141,211        | 1,141,211               | 2,101,042   |                         |             |                         |             |
| b. Other Securities  | 180,018           | 155,701           | 158,416                 | 134,905          | 134,905                 | 137,356     |                         |             |                         |             |
| b. Available for sale  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| a. Kenya Government Securities                                     |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| b. Other Securities  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 6 Deposits and balances due from local banking institutions        | 1,104             | 133,952           | 636                     | 186,546          | 186,546                 | 131,146     |                         |             |                         |             |
| 7 Deposits and balances due from banking institutions abroad       | 292,222           | 244,990           | 122,933                 | 255,270          | 255,270                 | 133,729     |                         |             |                         |             |
| 8 Tax Recoverable  | 1,219             | 3,195             | 2,503                   | 16,678           | 16,678                  | 22,685      |                         |             |                         |             |
| 9 Loans and advances to customers (net)                            | 5,746,660         | 5,871,717         | 5,905,413               | 5,866,468        | 5,866,468               | 5,983,050   |                         |             |                         |             |
| 10 Balances due from group companies                               |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 11 Investments in associates                                       |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 12 Investments in subsidiary companies                             |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 13 Investments in joint ventures                                   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 14 Investment properties   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 15 Property and Equipment  | 78,402            | 76,384            | 73,943                  | 72,600           | 73,885                  |             |                         |             |                         |             |
| 16 Prepaid lease rentals   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 17 Intangible assets   | 5,098             | 4,573             | 4,192                   | 3,810            | 3,429                   |             |                         |             |                         |             |
| 18 Deferred Tax asset  | 2,679             | 4,758             | 4,758                   | 4,758            | 4,758                   |             |                         |             |                         |             |
| 19 Retirement benefit asset  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 20 Other assets  | 134,147           | 125,913           | 125,522                 | 134,783          | 143,290                 |             |                         |             |                         |             |
| <b>21 TOTAL ASSETS</b>   | <b>10,914,946</b> | <b>10,525,709</b> | <b>9,853,717</b>        | <b>9,455,656</b> | <b>9,582,882</b>        |             |                         |             |                         |             |
| <b>B LIABILITIES</b>   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 22 Balances due to Central Bank of Kenya                           |                   | 199,522           | 99,934                  | 99,801           | 99,801                  | 134,147     |                         |             |                         |             |
| 23 Customer deposits   | 9,042,511         | 8,067,107         | 7,558,140               | 7,586,960        | 7,795,134               |             |                         |             |                         |             |
| 24 Deposits and balances due to banking institutions               | 346,674           | 684,515           | 581,792                 | 134,845          | 121,648                 |             |                         |             |                         |             |
| 25 Deposits and balances due to foreign banking institutions       |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 26 Other money market deposits                                     |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 27 Borrowed funds  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 28 Balances due to group companies                                 |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 29 Tax payable   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 30 Dividends payable   |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 31 Deferred Tax liability  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 32 Retirement Benefit liability                                    |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 33 Other liabilities   | 37,063            | 38,280            | 38,720                  | 28,223           | 42,098                  |             |                         |             |                         |             |
| <b>34 TOTAL LIABILITIES</b>  | <b>9,426,248</b>  | <b>8,989,424</b>  | <b>8,278,586</b>        | <b>7,849,829</b> | <b>7,958,880</b>        |             |                         |             |                         |             |
| <b>C SHAREHOLDERS' EQUITY</b>                                      |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 35 Paid up/Assigned capital  | 1,000,000         | 1,000,000         | 1,000,000               | 1,000,000        | 1,000,000               |             |                         |             |                         |             |
| 36 Share premium/(discount)  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 37 Revaluation reserves  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 38 Retained earnings/Accumulated losses                            | 405,998           | 454,588           | 504,329                 | 533,470          | 547,268                 |             |                         |             |                         |             |
| 39 Statutory Reserves  | 82,700            | 81,697            | 70,802                  | 72,357           | 76,734                  |             |                         |             |                         |             |
| 40 Proposed dividends  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| 41 Capital grants  |                   |                   |                         |                  |                         |             |                         |             |                         |             |
| <b>42 TOTAL SHAREHOLDERS' EQUITY</b>                               | <b>1,488,698</b>  | <b>1,536,285</b>  | <b>1,575,131</b>        | <b>1,605,827</b> | <b>1,624,002</b>        |             |                         |             |                         |             |
| <b>43 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>               | <b>10,914,946</b> | <b>10,525,709</b> | <b>9,853,717</b>        | <b>9,455,656</b> | <b>9,582,882</b>        |             |                         |             |                         |             |

| II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD END 30 <sup>th</sup> SEPT 2016 | Previous Year  |                  | 31 <sup>st</sup> Dec 15 |                | 1 <sup>st</sup> Quarter |                | 2 <sup>nd</sup> Quarter |             | 3 <sup>rd</sup> Quarter |             |
|--|----------------|------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|-------------|-------------------------|-------------|
|  | Same Quarter   |                  | Previous Year           |                | Current Year            |                | Current Year            |             | Current Year            |             |
|  | Shs '000       | Un -Audited      | Shs '000                | Audited        | Shs '000                | Un -Audited    | Shs '000                | Un -Audited | Shs '000                | Un -Audited |
| <b>1 INTEREST INCOME</b>   |                |                  |                         |                |                         |                |                         |             |                         |             |
| 1.1 Loans and advances   | 650,912        | 945,037          | 275,973                 | 524,377        | 524,377                 | 780,828        |                         |             |                         |             |
| 1.2 Government securities  | 268,288        | 346,667          | 65,453                  | 118,796        | 118,796                 | 167,984        |                         |             |                         |             |
| 1.3 Deposits and placements with banking institutions                              | 34,254         | 36,223           | 789                     | 2,889          | 2,889                   | 8,150          |                         |             |                         |             |
| 1.4 Other Interest Income  | 9,850          | 12,775           | 2,732                   | 5,251          | 5,251                   | 7,711          |                         |             |                         |             |
| 1.5 Total Interest Income  | <b>963,304</b> | <b>1,341,202</b> | <b>344,947</b>          | <b>650,713</b> | <b>650,713</b>          | <b>964,673</b> |                         |             |                         |             |
| <b>2 INTEREST EXPENSES</b>   |                |                  |                         |                |                         |                |                         |             |                         |             |
| 2.1 Customer deposits  | 608,987        | 757,044          | 251,739                 | 469,289        | 469,289                 | 752,823        |                         |             |                         |             |
| 2.2 Deposits and placements from banking Institutions                              | 6,055          | 27,276           | 9,216                   | 15,605         | 15,605                  | 17,229         |                         |             |                         |             |
| 2.3 Other Interest Expenses  |                |                  |                         |                |                         |                |                         |             |                         |             |
| 2.4 Total Interest Expenses  | <b>615,042</b> | <b>784,770</b>   | <b>260,955</b>          | <b>484,894</b> | <b>484,894</b>          | <b>770,052</b> |                         |             |                         |             |
| <b>3 NET INTEREST INCOME/(LOSS)</b>  | <b>348,262</b> | <b>556,432</b>   | <b>83,992</b>           | <b>165,819</b> | <b>165,819</b>          | <b>194,621</b> |                         |             |                         |             |
| <b>4 OTHER OPERATING INCOME</b>  |                |                  |                         |                |                         |                |                         |             |                         |             |
| 4.1 Fees and commissions on loans & advances                                       | 6,723          | 9,806            | 2,692                   | 5,216          | 5,216                   | 7,827          |                         |             |                         |             |
| 4.2 Other fees & commissions   | 23,581         | 38,686           | 9,592                   | 16,461         | 16,461                  | 22,600         |                         |             |                         |             |
| 4.3 Foreign exchange trading income/(Loss)   | 9,277          | 13,251           | 3,105                   | 6,418          | 6,418                   | 10,263         |                         |             |                         |             |
| 4.4 Other Income   | (22,398)       | (105,904)        | 38,252                  | 61,899         | 61,899                  | 134,641        |                         |             |                         |             |
| 4.5 Total Non-Interest Income  | 17,183         | (44,161)         | 53,641                  | 89,994         | 89,994                  | 175,331        |                         |             |                         |             |
| <b>5 TOTAL OPERATING INCOME</b>  | <b>365,445</b> | <b>512,271</b>   | <b>137,633</b>          | <b>255,813</b> | <b>255,813</b>          | <b>369,952</b> |                         |             |                         |             |
| <b>6 OTHER OPERATING EXPENSES</b>  |                |                  |                         |                |                         |                |                         |             |                         |             |
| 6.1 Loan loss provisions   | 5,187          | 12,345           | 6,280                   | 6,320          | 6,320                   | 6,681          |                         |             |                         |             |
| 6.2 Staff costs  | 93,111         | 126,210          | 33,059                  | 67,379         | 67,379                  | 102,397        |                         |             |                         |             |
| 6.3 Directors' emoluments  | 15,429         | 21,407           | 6,448                   | 12,896         | 12,896                  | 19,344         |                         |             |                         |             |
| 6.4 Rentals charges  | 33,584         | 46,701           | 11,191                  | 19,355         | 19,355                  | 28,778         |                         |             |                         |             |
| 6.5 Depreciation charge on property and equipment                                  | 15,470         | 20,546           | 5,288                   | 10,576         | 10,576                  | 15,864         |                         |             |                         |             |
| 6.6 Amortisation charges   | 1,181          | 1,574            | 381                     | 763            | 763                     | 1,144          |                         |             |                         |             |
| 6.7 Other operating expenses   | 76,010         | 114,612          | 35,448                  | 75,352         | 75,352                  | 116,848        |                         |             |                         |             |
| 6.8 Total Other Operating expenses   | <b>239,972</b> | <b>343,395</b>   | <b>98,095</b>           | <b>192,641</b> | <b>192,641</b>          | <b>291,056</b> |                         |             |                         |             |
| <b>7 Profit/(Loss) before tax and exceptional items</b>                            | <b>125,473</b> | <b>168,876</b>   | <b>39,538</b>           | <b>63,172</b>  | <b>63,172</b>           | <b>78,896</b>  |                         |             |                         |             |
| <b>8 Exceptional items</b>   |                |                  |                         |                |                         |                |                         |             |                         |             |
| <b>9 Profit/(Loss) after Exceptional items</b>                                     | <b>125,473</b> | <b>168,876</b>   | <b>39,538</b>           | <b>63,172</b>  | <b>63,172</b>           | <b>78,896</b>  |                         |             |                         |             |
| 10 Current tax   | 14,907         | 10,851           | 692                     | (6,371)        | (6,371)                 | (8,822)        |                         |             |                         |             |
| 11 Deferred tax  |                |                  |                         |                |                         |                |                         |             |                         |             |
| <b>12 Profit/(Loss) after tax and exceptional items</b>                            | <b>110,566</b> | <b>158,025</b>   | <b>38,846</b>           | <b>69,543</b>  | <b>69,543</b>           | <b>87,718</b>  |                         |             |                         |             |
| <b>13 Other Comprehensive Income :</b>   |                |                  |                         |                |                         |                |                         |             |                         |             |
| 13.1 Gains/ (Losses) from translating Financial statements of foreign operations   |                |                  |                         |                |                         |                |                         |             |                         |             |
| 13.2 Fair value changes in available for sale financial assets                     | 0              |                  |                         |                |                         |                |                         |             |                         |             |
| 13.4 Revaluation Surplus on Property, plant and equipments                         |                |                  |                         |                |                         |                |                         |             |                         |             |
| 13.5 Share of other comprehensive income of associates                             |                |                  |                         |                |                         |                |                         |             |                         |             |
| 13.6 Income tax relating to components of other comprehensive income               |                |                  |                         |                |                         |                |                         |             |                         |             |
| <b>14 Other Comprehensive Income for the year net of tax</b>                       |                |                  |                         |                |                         |                |                         |             |                         |             |
| <b>15 Total Comprehensive income for the year</b>                                  | <b>110,566</b> | <b>158,025</b>   | <b>38,846</b>           | <b>69,543</b>  | <b>69,543</b>           | <b>87,718</b>  |                         |             |                         |             |

| III. OTHER DISCLOSURES                                    | Previous Year  |                | 31 <sup>st</sup> Dec 15 |                | 1 <sup>st</sup> Quarter |                | 2 <sup>nd</sup> Quarter |             | 3 <sup>rd</sup> Quarter |             |
|---|----------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|-------------|-------------------------|-------------|
|   | Same Quarter   |                | Previous Year           |                | Current Year            |                | Current Year            |             | Current Year            |             |
|   | Shs '000       | Un -Audited    | Shs '000                | Audited        | Shs '000                | Un -Audited    | Shs '000                | Un -Audited | Shs '000                | Un -Audited |
| <b>1) NON-PERFORMING LOANS AND ADVANCES</b>               |                |                |                         |                |                         |                |                         |             |                         |             |
| a) Gross Non-Performing loans and advances                | 782,401        | 814,626        | 964,033                 | 999,230        | 999,230                 | 991,054        |                         |             |                         |             |
| Less:   |                |                |                         |                |                         |                |                         |             |                         |             |
| b) Interest in suspense                                   | 477,543        | 509,735        | 244,995                 | 292,430        | 292,430                 | 302,813        |                         |             |                         |             |
| <b>c) Total Non-Performing Loans &amp; Advances (a-b)</b> | <b>304,858</b> | <b>304,891</b> | <b>719,038</b>          | <b>706,800</b> | <b>706,800</b>          | <b>688,240</b> |                         |             |                         |             |
| Less:   |                |                |                         |                |                         |                |                         |             |                         |             |
| d) Loan loss provisions                                   | 97,160         | 103,692        | 109,972                 | 107,935        | 107,935                 | 91,339         |                         |             |                         |             |
| e) Net Non-Performing Loans (c-d)                         | 207,698        | 201,199        | 609,066                 | 598,865        | 598,865                 |                |                         |             |                         |             |