

# PARAMOUNT BANK LTD

## ANNUAL FINANCIAL STATEMENTS AND DISCLOSURES

I STATEMENT OF FINANCIAL POSITION AS AT 31 <sup>st</sup> DEC 2021	Group		Bank	
	31 <sup>st</sup> Dec 21	31 <sup>st</sup> Dec 20	31 <sup>st</sup> Dec 21	31 <sup>st</sup> Dec 20
	Current Year Shs '000' Audited	Previous Year Shs '000' Audited	Current Year Shs '000' Audited	Previous Year Shs '000' Audited
<b>A ASSETS</b>				
1 Cash (both local & foreign)	115,123	119,126	115,123	119,126
2 Balances due from Central Bank of Kenya	829,648	711,697	829,648	711,697
3 Kenya Government and other securities held for dealing purposes				
4 Financial Assets at fair value through the profit and loss				
5 Investment Securities:				
a) Held to Maturity:				
a. Kenya Government Securities	3,846,964	2,829,030	3,846,964	2,829,030
b. Other Securities				
b) Available for sale				
a. Kenya Government Securities				
b. Other Securities				
6 Deposits and balances due from local banking institutions	2,520	7,074	2,520	7,074
7 Deposits and balances due from banking institutions abroad	626,314	443,394	626,314	443,394
8 Tax Recoverable	1,377	17,632	1,091	17,418
9 Loans and advances to customers (net)	6,564,751	6,827,407	6,564,751	6,827,407
10 Balances due from group companies				
11 Investments in associates				
12 Investments in subsidiary companies			10,000	10,000
13 Investments in joint ventures				
14 Investment properties				
15 Property and Equipment	22,633	33,824	22,633	33,824
16 Prepaid lease rentals / Right of Use Assets	88,463	88,309	88,463	88,309
17 Intangible assets	4,447	5,903	4,410	5,842
18 Deferred Tax asset	165,267	154,340	165,263	154,354
19 Retirement benefit asset				
20 Other assets	176,935	138,589	170,600	130,856
<b>21 TOTAL ASSETS</b>	<b>12,444,442</b>	<b>11,376,325</b>	<b>12,447,780</b>	<b>11,378,331</b>
<b>LIABILITIES</b>				
22 Balances due to Central Bank of Kenya				
23 Customer deposits	10,184,277	9,257,964	10,197,382	9,265,435
24 Deposits and balances due to banking institutions				
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 Lease Obligation	100,631	99,394	100,631	99,394
33 Other liabilities	98,182	106,072	91,208	102,204
<b>34 TOTAL LIABILITIES</b>	<b>10,383,090</b>	<b>9,463,430</b>	<b>10,389,221</b>	<b>9,467,033</b>
<b>SHAREHOLDERS' EQUITY</b>				
35 Paid up/Assigned capital	1,000,000	1,000,000	1,000,000	1,000,000
36 Share premium/(discount)				
37 Fair-value reserve				
38 Retained earnings/Accumulated losses	1,061,352	912,895	1,058,559	911,298
39 Statutory Reserves				
40 Proposed dividends				
41 Capital grants				
<b>42 TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,061,352</b>	<b>1,912,895</b>	<b>2,058,559</b>	<b>1,911,298</b>
<b>43 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>12,444,442</b>	<b>11,376,325</b>	<b>12,447,780</b>	<b>11,378,331</b>

II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 <sup>st</sup> DEC 2021	Group		Bank	
	31 <sup>st</sup> Dec 21	31 <sup>st</sup> Dec 20	31 <sup>st</sup> Dec 21	31 <sup>st</sup> Dec 20
	Current Year Shs '000' Audited	Previous Year Shs '000' Audited	Current Year Shs '000' Audited	Previous Year Shs '000' Audited
<b>1 INTEREST INCOME</b>				
1.1 Loans and advances	979,196	886,870	979,196	886,870
1.2 Government securities	286,055	222,485	286,055	222,485
1.3 Deposits and placements with banking institutions	11,217	3,339	11,217	3,339
1.4 Other Interest Income	1,411	1,058	1,411	1,058
<b>1.5 Total Interest Income</b>	<b>1,277,879</b>	<b>1,113,752</b>	<b>1,277,879</b>	<b>1,113,752</b>
<b>2 INTEREST EXPENSES</b>				
2.1 Customer deposits	705,630	672,799	705,630	672,799
2.2 Deposits and placements from banking institutions				
2.3 Other Interest Expenses				
<b>2.4 Total Interest Expenses</b>	<b>705,630</b>	<b>672,799</b>	<b>705,630</b>	<b>672,799</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>572,249</b>	<b>440,953</b>	<b>572,249</b>	<b>440,953</b>
<b>4 OTHER OPERATING INCOME</b>				
4.1 Fees and commissions on loans & advances	15,653	15,615	10,084	11,666
4.2 Other fees & commissions	13,044	41,935	13,044	41,935
4.3 Foreign exchange trading income/(Loss)	4,768	3,095	4,768	3,095
4.4 Other Income	21,142	56,366	21,142	56,366
<b>4.5 Total Non-Interest Income</b>	<b>54,607</b>	<b>117,011</b>	<b>49,038</b>	<b>113,062</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>626,856</b>	<b>557,964</b>	<b>621,287</b>	<b>554,015</b>
<b>6 OTHER OPERATING EXPENSES</b>				
6.1 Loan loss provisions	89,765	108,165	89,765	108,165
6.2 Staff costs	141,560	137,253	141,560	137,253
6.3 Directors' emoluments	22,596	26,456	22,596	26,456
6.4 Rentals charges	42,764	41,897	42,764	41,897
6.5 Depreciation charge on property and equipment	16,017	15,923	16,017	15,923
6.6 Amortisation charges	3,311	3,006	3,311	3,006
6.7 Other operating expenses	156,856	128,201	152,595	124,761
<b>6.8 Total Other Operating expenses</b>	<b>472,869</b>	<b>460,901</b>	<b>468,608</b>	<b>457,461</b>
<b>7 Profit/(Loss) before tax and exceptional items</b>	<b>153,987</b>	<b>97,063</b>	<b>152,679</b>	<b>96,554</b>
8 Exceptional items				
<b>9 Profit/(Loss) after Exceptional items</b>	<b>153,987</b>	<b>97,063</b>	<b>152,679</b>	<b>96,554</b>
10 Current tax	5,530	(36,387)	5,418	(36,527)
11 Deferred tax				
<b>12 Profit/(Loss) after tax and exceptional items</b>	<b>148,457</b>	<b>133,450</b>	<b>147,261</b>	<b>133,081</b>
13 Other Comprehensive Income :				
13.1 Gains/ (Losses) from translating Financial statements of foreign operations				
13.2 Fair value changes in available for sale financial assets				
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				
14 Other Comprehensive Income for the year net of tax				
<b>15 Total Comprehensive income for the year</b>	<b>148,457</b>	<b>133,450</b>	<b>147,261</b>	<b>133,081</b>

III. OTHER DISCLOSURES	Group		Bank	
	31 <sup>st</sup> Dec 2021	31 <sup>st</sup> Dec 2020	31 <sup>st</sup> Dec 2021	31 <sup>st</sup> Dec 2020
	Current Year Shs '000' Audited	Previous Year Shs '000' Audited	Current Year Shs '000' Audited	Previous Year Shs '000' Audited
<b>1) NON-PERFORMING LOANS AND ADVANCES</b>				
a) Gross Non-Performing loans and advances	1,518,076	1,345,979	1,518,076	1,345,979
Less:				
b) Interest in suspense	810,021	574,567	810,021	574,567
<b>c) Total Non-Performing Loans &amp; Advances (a-b)</b>	<b>708,055</b>	<b>771,412</b>	<b>708,055</b>	<b>771,412</b>
d) Loan loss provisions	270,720	238,961	270,720	238,961
<b>e) Net Non-Performing Loans (c-d)</b>	<b>437,335</b>	<b>532,451</b>	<b>437,335</b>	<b>532,451</b>
f) Realizable Value of Securities	437,335	532,451	437,335	532,451
<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2) INSIDER LOANS AND ADVANCES</b>				
a) Directors, shareholders and associates	773,842	668,991	773,842	668,991
b) Employees	68,992	50,986	68,992	50,986
<b>c) Total Insider loans, advances &amp; Other Facilities</b>	<b>842,834</b>	<b>719,977</b>	<b>842,834</b>	<b>719,977</b>
<b>3) OFF-BALANCE SHEET ITEMS</b>				
a) Letters of credit, guarantees, acceptances	720,414	622,606	720,414	622,606
b) Other contingent liabilities				
<b>c) Total contingent Liabilities</b>	<b>720,414</b>	<b>622,606</b>	<b>720,414</b>	<b>622,606</b>
<b>4) CAPITAL STRENGTH</b>				
a) Core capital	1,877,886	1,746,944	1,877,886	1,746,944
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(Deficiency)	877,886	746,944	877,886	746,944
d) Supplementary capital				
<b>e) Total Capital (a+d)</b>	<b>1,877,886</b>	<b>1,746,944</b>	<b>1,877,886</b>	<b>1,746,944</b>
f) Total risk weighted assets	6,724,346	7,066,411	6,721,142	7,064,333
<b>g) Core capital/total deposit liabilities</b>	<b>18.4%</b>	<b>18.9%</b>	<b>18.4%</b>	<b>18.9%</b>
h) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
i) Excess/(Deficiency)(g-h)	10.4%	10.9%	10.4%	10.9%
<b>j) Core Capital/total risk weighted assets</b>	<b>27.9%</b>	<b>24.7%</b>	<b>27.9%</b>	<b>24.7%</b>
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
l) Excess/(Deficiency)(j-k)	17.4%	14.2%	17.4%	14.2%
<b>m) Total Capital/total risk weighted assets</b>	<b>27.9%</b>	<b>24.7%</b>	<b>27.9%</b>	<b>24.7%</b>
n) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
o) Excess/(Deficiency)(m-n)	13.4%	10.2%	13.4%	10.2%
p) Adjusted Core Capital / total Deposit Liabilities	18.4%	18.9%	18.4%	18.9%
q) Adjusted Core Capital / total Risk Weighted Assets	27.9%	24.7%	27.9%	24.7%
r) Adjusted Total Capital / total Risk Weighted Assets	27.9%	24.7%	27.9%	24.7%
<b>5) Liquidity</b>				
a) Liquidity Ratio	51.7%	44.0%	51.7%	44.0%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/(Deficiency)(a-b)	31.7%	24.0%	31.7%	24.0%

**Notes**  
\*The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9

The financial statements are extracts from the books of the Institution as audited by Deloitte & Touche and received an unqualified opinion. The complete set of annual financial statements, statutory and qualitative disclosures can be accessed on the institutions website on [www.paramountbank.co.ke](http://www.paramountbank.co.ke)

They may also be accessed at the institutions head office at 4<sup>th</sup> Floor Sound Plaza, Woodvale Grove, Westlands, Nairobi

**Ayaz Merali**  
Chief Executive

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