



# Prime Bank

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2019

STATEMENT OF FINANCIAL POSITION	BANK		GROUP	
	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000
<b>ASSETS</b>				
Cash ( both Local & Foreign)	636,216	509,885	638,844	510,764
Balances due from Central Bank of Kenya	8,130,089	5,264,279	8,130,089	5,264,279
Kenya Government and other securities held for dealing purposes				
Financial Assets at fair value through profit and loss				
Investment Securities:				
a) Held to Maturity:	<b>18,866,461</b>	<b>46,299,945</b>	<b>19,730,293</b>	<b>47,279,859</b>
a. Kenya Government securities	18,866,461	46,299,945	19,723,281	47,163,180
b. Other securities	-	-	7,012	116,679
b) Available for sale:	<b>18,868,125</b>	<b>10,094,301</b>	<b>19,368,590</b>	<b>10,784,703</b>
a. Kenya Government securities	14,499,109	6,987,187	14,798,886	7,568,774
b. Other securities	4,369,016	3,107,114	4,569,704	3,215,929
Deposits and balances due from local banking institutions	2,058,428	853,862	2,121,815	931,768
Deposits and balances due from banking institutions abroad	9,527,227	4,706,050	9,527,227	4,706,050
Tax recoverable	22,285	29,570	14,529	57,668
Loans and advances to customers (net)	36,642,825	36,925,060	36,776,526	37,006,358
Balances due from banking institutions in the group			-	-
Investments in associates			-	-
Investments in subsidiary companies	1,337,575	1,395,692	-	-
Investments in joint ventures			-	-
Investment properties			-	-
Property and equipment	1,547,688	1,758,989	1,869,129	2,102,850
Prepaid lease rentals			-	-
Intangible assets	89,279	70,953	733,376	718,413
Deferred tax asset	-		-	-
Retirement benefit asset			-	-
Other assets	808,257	876,941	1,225,541	1,313,387
<b>TOTAL ASSETS</b>	<b>98,534,455</b>	<b>108,785,527</b>	<b>100,135,959</b>	<b>110,676,099</b>
<b>LIABILITIES</b>				
Balances due to Central Bank of Kenya				
Customer deposits	71,422,698	81,331,805	71,075,047	80,982,617
Deposits and balances due to local banking institutions	-	-	-	-
Deposits and balances due to foreign banking institutions	44,744	13,686	44,744	13,686
Other money market deposits			-	-
Borrowed funds	2,086,226	1,692,552	2,086,226	1,692,552
Balances due to banking institutions in the group			-	-
Tax payable	-	-	-	-
Dividends payable			-	-
Deferred tax liability	978,336	570,441	1,039,625	638,671
Retirement benefit liability			-	-
Other liabilities	963,478	721,680	2,056,054	1,892,346
<b>TOTAL LIABILITIES</b>	<b>75,495,482</b>	<b>84,330,164</b>	<b>76,301,696</b>	<b>85,219,872</b>
<b>SHAREHOLDERS' FUNDS</b>				
Paid up /Assigned capital	6,649,390	6,649,390	6,649,390	6,649,390
Share premium/(discount)	5,230,109	5,230,109	5,230,109	5,230,109
Revaluation reserves	3,124,641	2,387,590	3,299,249	2,601,269
Retained earnings/Accumulated losses	7,681,811	9,835,252	8,015,444	10,254,547
Statutory loan loss reserves	353,022	353,022	353,022	353,022
Other Reserves	-	-	-	-
Proposed dividends	-	-	-	30,000
Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>23,038,973</b>	<b>24,455,363</b>	<b>23,547,214</b>	<b>25,118,337</b>
Minority Interest			287,049	337,890
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>98,534,455</b>	<b>108,785,527</b>	<b>100,135,959</b>	<b>110,676,099</b>

OTHER DISCLOSURES	BANK		GROUP	
	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000
<b>NON-PERFORMING LOANS AND ADVANCES</b>				
(a) Gross Non-performing loans and advances	2,820,997	4,554,770	2,820,997	4,554,770
(b) Less: Interest in Suspense	591,298	787,270	591,298	787,270
(c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>2,229,699</b>	<b>3,767,500</b>	<b>2,229,699</b>	<b>3,767,500</b>
(d) Less: Loan Loss Provision	953,461	1,219,718	953,461	1,219,718
(e) <b>Net Non-Performing Loans and Advances (c-d)</b>	<b>1,276,238</b>	<b>2,547,782</b>	<b>1,276,238</b>	<b>2,547,782</b>
(f) Discounted Value of Securities	1,251,220	2,508,188	1,251,220	2,508,188
(g) <b>Net NPLs Exposure (e-f)</b>	<b>25,018</b>	<b>39,594</b>	<b>25,018</b>	<b>39,594</b>
<b>INSIDER LOANS AND ADVANCES</b>				
(a) Directors, Shareholders and Associates	1,657,853	1,606,582	1,657,853	1,606,582
(b) Employees	330,040	336,685	330,040	336,685
(c) <b>Total Insider Loans and Advances and other facilities</b>	<b>1,987,893</b>	<b>1,943,267</b>	<b>1,987,893</b>	<b>1,943,267</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
(a) Letters of credit, guarantees, acceptances	6,795,279	8,042,484	6,795,279	8,042,484
(b) Forwards, swaps and options	8,610,465	14,626,691	8,610,465	14,626,691
(c) Other contingent liabilities	2,641,223	2,524,369	2,641,223	2,524,369
(d) <b>Total Contingent Liabilities</b>	<b>18,046,967</b>	<b>25,193,544</b>	<b>18,046,967</b>	<b>25,193,544</b>
<b>CAPITAL STRENGTH</b>				
(a) Core capital	19,313,389	21,471,831		
(b) Minimum Statutory Capital	1,000,000	1,000,000		
(c) Excess/(Deficiency) (a-b)	18,313,389	20,471,831		
(d) Supplementary Capital	761,022	561,906		
(e) <b>Total Capital (a+d)</b>	<b>20,074,411</b>	<b>22,033,737</b>		
(f) Total risk weighted assets	53,829,261	53,266,941		
(g) <b>Core Capital/Total deposits Liabilities</b>	<b>27.0%</b>	<b>26.4%</b>		
(h) Minimum statutory Ratio	8.0%	8.0%		
(i) Excess/(Deficiency) (g-h)	19.0%	18.4%		
(j) <b>Core Capital / total risk weighted assets</b>	<b>35.9%</b>	<b>40.3%</b>		
(k) Minimum Statutory Ratio	10.5%	10.5%		
(l) Excess (Deficiency) (j-k)	25.4%	29.8%		
(m) <b>Total Capital/total risk weighted assets</b>	<b>37.3%</b>	<b>41.4%</b>		
(n) Minimum statutory Ratio	14.5%	14.5%		
(o) Excess/(Deficiency) (m-n)	22.8%	26.9%		
(p) Adjusted Core Capital/Total Deposit Liabilities*	27.5%	26.5%		
(q) Adjusted Core Capital/Total Risk Weighted Assets*	36.5%	40.4%		
(r) Adjusted Total Capital/Total Risk Weighted Assets*	37.9%	41.4%		
<b>LIQUIDITY</b>				
(a) Liquidity Ratio	71.5%	77.1%		
(b) Minimum Statutory Ratio	20.0%	20.0%		
(c) Excess (Deficiency) (a-b)	51.5%	57.1%		

PROFIT AND LOSS ACCOUNT	BANK		GROUP	
	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000	Dec 2018 (Audited) Shs '000	Dec 2019 (Audited) Shs '000
<b>INTEREST INCOME</b>				
Loans and advances	4,481,865	4,015,497	4,481,865	4,015,497
Government securities	3,244,050	4,842,428	3,244,050	4,842,428
Deposits and placements with banking institutions	212,957	269,643	212,957	269,643
Other Interest Income	68,491	109,020	68,491	109,020
<b>Total interest income</b>	<b>8,007,363</b>	<b>9,236,588</b>	<b>8,007,363</b>	<b>9,236,588</b>
<b>INTEREST EXPENSE</b>				
Customer deposits	4,090,267	4,728,221	4,090,267	4,728,221
Deposits and placement from banking institutions	83,744	47,605	83,744	47,605
Other interest expenses	71,133	71,646	71,133	71,646
<b>Total interest expenses</b>	<b>4,245,144</b>	<b>4,847,472</b>	<b>4,245,144</b>	<b>4,847,472</b>
<b>NET INTEREST INCOME/(LOSS)</b>	<b>3,762,219</b>	<b>4,389,116</b>	<b>3,762,219</b>	<b>4,389,116</b>
<b>NON-INTEREST INCOME</b>				
Fees and commissions on loans and advances	242,183	238,245	242,183	238,245
Other fees and commissions	361,976	371,543	361,976	371,543
Foreign exchange trading income/(Loss)	270,269	346,962	270,269	346,962
Dividend Income	1,973	98,385	1,973	1,524
Other income	12,009	22,369	1,101,410	1,203,904
<b>Total Non-interest income</b>	<b>888,410</b>	<b>1,077,504</b>	<b>1,977,811</b>	<b>2,162,178</b>
<b>TOTAL OPERATING INCOME</b>	<b>4,650,629</b>	<b>5,466,620</b>	<b>5,740,030</b>	<b>6,551,294</b>
<b>OTHER OPERATING EXPENSES</b>				
Loan loss provision	188,109	351,743	188,109	351,743
Staff costs	1,107,850	1,297,943	1,107,850	1,297,943
Directors' emoluments	134,245	123,886	134,245	123,886
Rental charges	134,901	48,924	134,901	48,924
Depreciation charge on property and equipment	146,376	255,525	146,376	255,525
Amortisation charges	74,696	51,244	74,696	51,244
Other operating expenses	775,976	880,860	1,534,796	1,730,190
<b>Total Other Operating Expenses</b>	<b>2,562,153</b>	<b>3,010,125</b>	<b>3,320,973</b>	<b>3,859,455</b>
<b>Profit/(loss) Before Tax and Exceptional Items</b>	<b>2,088,476</b>	<b>2,456,495</b>	<b>2,419,057</b>	<b>2,691,839</b>
Exceptional Items				
Profit/(Loss) After Exceptional Items	2,088,476	2,456,495	2,419,057	2,691,839
Current Tax	140,448	104,919	218,407	166,315
Deferred Tax	(73,298)	(92,016)	(73,402)	(93,824)
Profit/(Loss) After Tax and Exceptional Items	2,021,326	2,443,592	2,274,052	2,619,348
Minority Interest			48,725	52,561
<b>Profit/(loss) after tax, exceptional items and Minority Interest</b>	<b>2,021,326</b>	<b>2,443,592</b>	<b>2,225,327</b>	<b>2,566,787</b>
<b>Other Comprehensive Income</b>				
Gains/(Losses) from translating the financial statements of foreign operations				
Fair value changes in available for sale financial assets	1,227,749	(1,052,930)	1,219,474	(1,006,367)
Revaluation surplus on Property, plant and equipment				
Share of other comprehensive income of associates				
Income tax relating to components of other comprehensive income	(368,325)	315,879	(365,842)	308,387
Other Comprehensive Income for the year net of tax	859,424	(737,051)	853,632	(697,980)
<b>Total comprehensive income for the year</b>	<b>2,880,750</b>	<b>1,706,541</b>	<b>3,078,959</b>	<b>1,921,368</b>
<b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	<b>304</b>	<b>367</b>	<b>342</b>	<b>386</b>
<b>DIVIDEND PER SHARE -DECLARED</b>				

\* 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.

### MESSAGE FROM THE DIRECTORS

These financial statements are extracts from the books of the institution as audited by Deloitte and Touche and received unqualified opinion. The complete set of Audited Group and Bank financial statements, statutory and qualitative disclosures can be accessed on the institution's website [www.primebank.co.ke](http://www.primebank.co.ke).

They may also be accessed at the institution's Head Office, Riverside Drive, Nairobi.

<b>Bharat Jani</b> MANAGING DIRECTOR	<b>Amar Kantaria</b> EXECUTIVE DIRECTOR	<b>S.K. Shah</b> VICE CHAIRMAN	<b>Biniam Yohannes</b> DIRECTOR
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