



# PRUDENTIAL BANK LTD

## (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

### (UNAUDITED) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST MARCH 2021

	2021		2020	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Interest Income	140,531	140,277	108,472	108,101
Interest Expense	(52,438)	(52,431)	(46,965)	(46,956)
<b>Net Interest Income</b>	<b>88,093</b>	<b>87,846</b>	<b>61,507</b>	<b>61,145</b>
Fee and Commission Income	17,443	17,443	15,870	15,870
Fee and Commission Expense	(2,500)	(2,500)	(1,163)	(1,163)
<b>Net Fee and Commission Income</b>	<b>14,943</b>	<b>14,943</b>	<b>14,707</b>	<b>14,707</b>
Net Trading Income	5,806	5,806	7,943	7,943
Other income	1,253	3,467	428	874
	<b>7,059</b>	<b>9,273</b>	<b>8,371</b>	<b>8,817</b>
<b>Operating Income</b>	<b>110,095</b>	<b>112,062</b>	<b>84,585</b>	<b>84,669</b>
Net Impairment on Financial Asset	(19,666)	(19,666)	(5,777)	(5,777)
Personnel Expenses	(36,600)	(36,819)	(36,516)	(36,726)
Depreciation and Amortisation	(6,160)	(6,175)	(5,010)	(5,018)
Other Expenses	(17,545)	(17,566)	(20,694)	(20,746)
	<b>(79,971)</b>	<b>(80,226)</b>	<b>(67,997)</b>	<b>(68,267)</b>
<b>Profit Before Income Tax</b>	<b>30,124</b>	<b>31,836</b>	<b>16,588</b>	<b>16,402</b>
Income Tax Expense	(13,556)	(13,988)	(5,308)	(5,308)
<b>Profit/(loss) for the Period</b>	<b>16,568</b>	<b>17,848</b>	<b>11,280</b>	<b>11,094</b>
Other comprehensive income for the period (net of income tax)	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,568</b>	<b>17,848</b>	<b>11,280</b>	<b>11,094</b>

### (UNAUDITED) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2021

	2021		2020	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
<b>Assets</b>				
Cash and Cash Equivalents	924,731	924,731	397,023	397,023
Investment securities	1,117,060	1,124,401	689,324	697,271
Investments (Other than securities)	1,766	253	1,766	260
Loans and Advances to Customers	1,699,679	1,692,849	1,715,757	1,703,112
Current Tax Assets	-	-	2,595	2,587
Other Assets	52,397	55,961	70,475	78,434
Intangible Assets	14,130	14,157	6,460	6,512
Property and Equipment	243,664	243,810	229,938	229,953
<b>Total Assets</b>	<b>4,053,427</b>	<b>4,056,162</b>	<b>3,113,338</b>	<b>3,115,152</b>
<b>Liabilities</b>				
Deposits from Banks	1,408	1,408	7,600	7,600
Deposits from Customers	2,593,575	2,589,797	1,939,150	1,934,155
Deferred Tax Liabilities	13,922	13,935	10,498	10,498
Current Tax Liabilities	2,471	2,638	-	-
Other Liabilities	93,612	96,525	84,089	89,154
Borrowings	675,432	675,432	432,454	432,454
<b>Total Liabilities</b>	<b>3,380,420</b>	<b>3,379,735</b>	<b>2,473,791</b>	<b>2,473,861</b>
<b>Equity</b>				
Stated Capital	402,431	402,431	402,431	402,431
Income Surplus	39,377	42,797	10,167	11,911
Revaluation Reserve	120,914	120,914	120,914	120,914
Statutory Reserve	72,298	72,298	55,862	55,862
Credit Risk Reserve	37,987	37,987	50,173	50,173
<b>Total Equity</b>	<b>673,007</b>	<b>676,427</b>	<b>639,547</b>	<b>641,290</b>
<b>Total Liabilities and Equity</b>	<b>4,053,427</b>	<b>4,056,162</b>	<b>3,113,338</b>	<b>3,115,152</b>

### (UNAUDITED) STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2021 - BANK

	Stated Capital GH¢'000	Income Surplus GH¢'000	Statutory Reserve GH¢'000	Capital Surplus GH¢'000	Credit Risk Reserve GH¢'000	Total Equity GH¢'000
<b>Balance 1st January, 2021</b>	402,431	21,985	72,298	120,914	38,811	656,439
Total Comprehensive Income, net of Tax	-	16,568	-	-	-	16,568
	<b>402,431</b>	<b>38,553</b>	<b>72,298</b>	<b>120,914</b>	<b>38,811</b>	<b>673,007</b>
<b>Transfers from Income Surplus to Reserves and Transaction with Owners:</b>						
Transfer from Credit Risk Reserve	-	824	-	-	(824)	-
<b>Balance at 31st March, 2021</b>	<b>402,431</b>	<b>39,377</b>	<b>72,298</b>	<b>120,914</b>	<b>37,987</b>	<b>673,007</b>
<b>Comparative Figures - 2020</b>						
<b>Balance 1st January, 2020</b>	<b>402,431</b>	<b>(1,740)</b>	<b>55,862</b>	<b>120,914</b>	<b>50,800</b>	<b>628,267</b>
Total Comprehensive Income net of Tax	-	11,280	-	-	-	11,280
	<b>402,431</b>	<b>9,540</b>	<b>55,862</b>	<b>120,914</b>	<b>50,800</b>	<b>639,547</b>
<b>Transfers from Income Surplus to Reserves and Transaction with Owners:</b>						
Transfer to Credit Risk Reserve	-	627	-	-	(627)	-
<b>Balance 31st March, 2020</b>	<b>402,431</b>	<b>10,167</b>	<b>55,862</b>	<b>120,914</b>	<b>50,173</b>	<b>639,547</b>

### (UNAUDITED) STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2021 - GROUP

	Stated Capital GH¢'000	Income Surplus GH¢'000	Statutory Reserve GH¢'000	Capital Surplus GH¢'000	Credit Risk Reserve GH¢'000	Total Equity
<b>Balance 1st January, 2021</b>	402,431	24,077	72,298	120,914	38,811	658,531
Total Comprehensive income net of Tax	-	17,848	-	-	-	17,848
Prior Year adjustment	-	49	-	-	-	49
	<b>402,431</b>	<b>41,973</b>	<b>72,298</b>	<b>120,914</b>	<b>38,811</b>	<b>676,427</b>
<b>Transfers from Income Surplus to Reserves and Transaction with Owners</b>						
Transfer from Credit Risk Reserve	-	824	-	-	(824)	-
<b>Balance at 31st March, 2021</b>	<b>402,431</b>	<b>42,797</b>	<b>72,298</b>	<b>120,914</b>	<b>37,987</b>	<b>676,427</b>
<b>Comparative Figures - 2020</b>						
<b>Balance 1st January, 2020</b>	402,431	199	55,862	120,914	50,800	630,206
Total Comprehensive Income net of Tax	-	11,094	-	-	-	11,094
Prior Year adjustment	-	(9)	-	-	-	(9)
	<b>402,431</b>	<b>11,283</b>	<b>55,862</b>	<b>120,914</b>	<b>50,800</b>	<b>641,290</b>
<b>Transfers from Income Surplus to Reserves and Transaction with Owners:</b>						
Transfer to Credit Risk Reserve	-	627	-	-	(627)	-
<b>Balance 31st March, 2020</b>	<b>402,431</b>	<b>11,911</b>	<b>55,862</b>	<b>120,914</b>	<b>50,173</b>	<b>641,290</b>

### (UNAUDITED) CONSOLIDATED STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 31ST MARCH 2021

	2021		2020	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
<b>Cash Flows from Operating Activities</b>				
Profit/Loss for the period	30,124	31,836	16,588	16,402
Adjustments for:				
Depreciation and Amortisation	6,160	6,175	3,881	3,888
Profit on Sale of Fixed Assets	84	84	(9)	(9)
Impairment on Financial Assets	19,666	19,666	5,777	5,777
	<b>56,034</b>	<b>57,761</b>	<b>26,236</b>	<b>26,058</b>
Change in Investments	95,006	94,593	143,113	143,132
Change in Loans and Advances to Customers	(1,160)	(1,160)	(58,287)	(59,767)
Change in Other Assets	(9,403)	(9,307)	(7,695)	(5,628)
Change in Deposits from Customers	124,289	122,611	(151,585)	(155,178)
Change in Other Liabilities and Borrowings	(59,876)	(59,349)	57,875	61,044
Bad Debt written off	-	-	(6,098)	(6,098)
	<b>148,856</b>	<b>147,340</b>	<b>(22,677)</b>	<b>(22,495)</b>
Income Tax paid	(9,089)	(9,089)	-	-
Tax Credit (Tax Withheld on Income)	-	(210)	-	-
	<b>(9,089)</b>	<b>(9,299)</b>	<b>-</b>	<b>-</b>
<b>Net cash used in operating activities</b>	<b>195,801</b>	<b>195,802</b>	<b>4,689</b>	<b>4,693</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,723)	(1,724)	(9,640)	(9,644)
Proceeds from the sale of property, plant and equipment	40	40	9	9
Purchase of intangible assets	(920)	(920)	(490)	(490)
<b>Net cash used in investing activities</b>	<b>(2,603)</b>	<b>(2,604)</b>	<b>(10,121)</b>	<b>(10,125)</b>
<b>Cash flows from financing activities</b>				
	-	-	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>193,198</b>	<b>193,198</b>	<b>(5,432)</b>	<b>(5,432)</b>
Cash and cash equivalents at 1 January	731,533	731,533	402,455	402,455
<b>Cash and cash equivalents at 30th March</b>	<b>924,731</b>	<b>924,731</b>	<b>397,023</b>	<b>397,023</b>

### NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

#### 1. Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG) and are consistent with those applied in the preparation of the annual consolidated financial statements.

#### 2. Quantitative Disclosures

- Capital Adequacy Ratio (CRD) %
- Common Equity Tier 1
- Non-Performing Loan (NPL) Ratio %
- Liquid Ratio

March - 2021		March - 2020	
BANK	GROUP	BANK	GROUP
18.60	18.76	18.70	18.88
16.60	16.76	16.70	16.88
16.64	16.64	8.85	8.85
165.71	166.82	121.36	122.94

## FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

### 3. Qualitative Disclosures

#### Dominant Risks and Methods of Measurement

The nature of the Bank's operations as a financial intermediary exposes it to credit, market, liquidity, operational, compliance and reputational risks.

**Liquidity risk** is the potential loss to the Bank arising from either its inability to meet its maturing short term obligations as they fall due or to fund increases in assets without incurring unacceptable costs. The Bank's liquidity risk management framework is designed to maintain sufficient liquidity to ensure safe and sound operations. Liquidity risk is measured using liquidity gap analysis.

**Credit Risk** arises where a borrower defaults in repaying a credit facility in full or counter-party is unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in financial loss to the Bank. The Bank manages credit risk through well structured systems and controls geared to uncover early warning signals of non-performance.

**Market risk** is the potential for losses arising from movements in interest rates, exchange rates, equity prices and commodity prices. The Bank is currently exposed to interest rate and foreign exchange rate risks.

**Interest rate risk** arises when there is a mismatch between asset and liability positions which are subject to interest rate adjustment within a specified period. The Bank employs a variety of tools such as interest rate sensitivity model to measure and monitor interest rate sensitive assets and liabilities. It also uses variable (floating) interest rate pricing policy in managing its interest rate risk.

**Exchange rate risk** is the potential loss of income and capital arising from movements in exchange rates of currencies in which the Bank has positions or commitments. The Bank manages foreign exchange risk inherent in its operations by:

- Matching assets and liabilities denominated in the same currency to ensure that the impact of exchange rate movement on the Bank is largely positive.
- Keeping foreign currency holdings in more stable currencies.

**Operational risk** is the potential for loss arising from inadequate or failed processes, people and systems, staff misconduct or from uncontrolled external events. Operational risks are identified, monitored and controlled in the Bank through well designed operating procedures and controls, insurance policies, business continuity planning, internal audit and timely and reliable management reporting.

**Compliance risk** is the risk of legal or regulatory sanctions, material financial loss or damage to PBL's reputation as a result of failure to comply with relevant laws, regulations, rules, internal management directives and other codes of

conduct applicable to the banking industry.

The Bank has embedded clear and accessible policies and procedures in its operations to forestall possible compliance failures.

**Reputational risk** refers to the potential reputational damage that PBL could suffer from any adverse or negative publicity about the Bank. Reputational risk may result from internal operational issues (system failures, employee errors, and employee fraud), unnecessary litigation and dealing with customers who engage in illegal business activities.

The Bank's reputational risk management revolves around effective communication between the Bank and its stakeholders (customers, employees, regulators, shareholders etc).

#### Risk Management objectives, policies and processes

The Bank has established a comprehensive risk management framework for managing the risks inherent in its operations. The risk management framework ensures the identification, measurement and control of the risks at all levels in the Bank with a view to safeguarding its integrity, reputation and financial strength. The Bank uses the 'Three Lines of Defence Model' to manage risks inherent in its operations. The model provides a clear allocation of responsibilities for the ownership and management of risks at all levels of the Bank's operations.

The risk management framework also contains details of the Bank's risk governance system which is multi-faceted, involving the Board of Directors, Management Committees and Risk Management Department. The Board determines the risk strategy, policy, limits and appetite for the Bank. The Risk Management Department assists Management in the formulation of the overall policies and strategies regarding risk management and control. The Risk Management Department coordinates risk management in the Bank and is primarily responsible for ensuring that the Bank's risk profile is consistent with its financial resources and the risk appetite set by the Board.

### 4. Defaults in Statutory Liquidity and accompanying sanctions (if any)

		Mar-2021		Mar-2020	
		BANK	GROUP	BANK	GROUP
a)	Default in statutory liquidity (Times)	NIL	NIL	NIL	NIL
b)	Sanctions (GH¢)	NIL	NIL	NIL	NIL