



PRUDENTIAL BANK LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2018

(UNAUDITED) STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2018

	2018		2017	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Assets				
Cash and Cash Equivalents	820,372	820,442	287,438	287,683
Loans and Advances to Customers	959,698	959,698	913,446	913,446
Investment	380,788	381,704	393,683	398,632
Investment Securities	1,766	6,882	7,366	222
Property and Equipment	171,568	171,547	94,384	159,230
Intangible Assets	3,750	3,824	5,037	5,074
Current Tax Assets	11,358	11,358	10,858	10,858
Other Assets	48,604	48,592	18,956	19,722
Total Assets	2,397,905	2,404,046	1,731,167	1,794,867
Liabilities				
Deposits from Banks	4,443	4,443	5,398	5,398
Deposits from Customers	1,476,395	1,476,215	1,337,440	1,337,227
Deferred Tax Liabilities	2,493	2,566	2,231	2,239
Other Liabilities	163,003	165,589	74,084	74,560
Borrowings	506,437	506,437	143,604	143,604
Total Liabilities	2,152,771	2,155,249	1,562,757	1,563,029
Equity				
Stated Capital	127,667	127,667	74,670	74,670
Income Surplus	(29,424)	(25,762)	27,439	35,437
Revaluation Reserve	84,988	84,988	29,559	84,988
Statutory Reserve	36,744	36,744	36,743	36,743
Credit Risk Reserve	15,542	15,542	-	-
Deposit for Shares	9,618	9,618	-	-
Total Equity	245,135	248,797	168,410	231,838
Total Liabilities and Equity	2,397,905	2,404,046	1,731,167	1,794,867

(UNAUDITED) STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST MARCH 2018

	2018		2017	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Interest Income	80,322	80,322	64,090	64,090
Interest Expense	(40,919)	(40,919)	(33,097)	(33,097)
Net Interest Income	39,403	39,403	30,993	30,993
Fee and Commission Income	10,298	10,298	9,156	9,156
Fee and Commission Expense	(515)	(515)	(536)	(536)
Net Fee and Commission Income	9,783	9,783	8,620	8,620
Net Trading Income	4,181	4,811	4,509	5,018
Other income	56	98	23	25
Net Trading and Other Income	4,237	4,909	4,532	5,043
Operating Income	53,422	54,095	44,145	44,656
Net Impairment Loss on Financial Asset	(3,006)	(3,006)	(1,147)	(1,147)
Personnel Expenses	(23,242)	(23,389)	(16,980)	(18,996)
Depreciation and Amortisation	(3,828)	(3,836)	(3,367)	(3,375)
Other Expenses	(17,140)	(17,195)	(17,559)	(15,714)
	(47,216)	(47,426)	(39,053)	(39,231)
Profit Before Income Tax	6,206	6,668	5,092	5,425
Income Tax Expense	(1,862)	(1,969)	(1,579)	(1,655)
Profit for the Period	4,344	4,699	3,513	3,770
Other comprehensive income, net of income tax	-	-	-	-
Other comprehensive income for the period (net of income tax)	-	-	-	-
Total comprehensive income for the period	4,344	4,699	3,513	3,770

(UNAUDITED) STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 31ST MARCH 2018

	2018		2017	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Cash Flows from Operating Activities				
Profit/Loss for the period	6,206	6,668	5,092	5,425
Adjustments for:				
Depreciation and Amortisation	3,828	3,836	4,514	4,521
Profit/Loss on Sale of Fixed Assets	584	584	-	-
Provision for Contingent Liabilities	(119)	(119)	161	161
Impairment on Financial Assets	3,006	3,006	1,147	1,147
	13,505	13,975	10,914	11,254
Change in Investments	(6,784)	(6,784)	(16,060)	(16,023)
Change in Loans and Advances to Customers	(36,890)	(36,890)	(1,282)	(1,274)
Change in Other Assets	(5,996)	(5,996)	(8,188)	(8,695)
Change in Deposits from Banks	102,913	102,913	25,184	25,184
Change in Deposits from Customers	9,378	9,378	14,930	16,045
Change in Other Liabilities and Provisions	94,956	96,357	43,022	41,738
	157,577	158,978	57,606	56,975
Interest and Dividends received				
Income Tax paid	(4,378)	(4,271)	(1,276)	(1,352)
	(4,378)	(4,271)	(1,276)	(1,352)
Net cash used in operating activities	166,704	168,683	67,244	66,877
Cash flows from investing activities				
Purchase of investment securities	-	(973)	-	-
Investment in Subsidiaries/Other Companies	-	-	-	(3)
Purchase of property, plant and equipment	(1,425)	(1,440)	(4,211)	(4,211)
Proceeds from the sale of property, plant and equipment	15	15	-	-
Purchase of intangible assets	(1,597)	(1,602)	(109)	(109)
Net cash used in investing activities	(3,007)	(4,000)	(4,320)	(4,323)
Cash flows from financing activities				
Increase in debt securities issued	-	-	12,216	12,216
Net cash from financing activities	-	-	12,216	12,216
Analysis of Changes in Cash and Cash Equivalents				
Cash and cash equivalents at 1 January	859,327	859,327	583,958	589,096
Net increase / (decrease) in cash and cash equivalents	163,698	164,683	75,140	74,770
Cash and cash equivalents at 31st March	1,023,024	1,024,010	659,098	663,866

Notes to the unaudited Financial Statements for the period ended 31st March, 2018

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

	2018		2017	
	BANK	GROUP	BANK	GROUP
(a) Capital Adequacy Ratio (CAR)	10.63%	10.82%	11.84%	11.41%
(b) Non-Performing Loan (NPL) Ratio	18.06%	18.06%	19.58%	19.58%

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

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

The Bank manages credit risk through well structured systems and controls geared to uncover early warning signals of non-performance.

Market risk

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

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

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

Reputational risk

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-2018		Mar-2017	
	BANK	GROUP	BANK	GROUP
a) Default in statutory liquidity(Times)	NIL	NIL	NIL	NIL
b) Sanctions (GH¢)	NIL	NIL	NIL	NIL