



PRUDENTIAL BANK LIMITED

(UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2019

(UNAUDITED) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Sep-19		Sep-18	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Interest Income	255,086	254,189	241,833	241,833
Interest Expense	(128,772)	(128,613)	(128,262)	(128,234)
Net Interest Income	126,314	125,576	113,571	113,599
Fee and Commission Income	41,430	41,425	37,076	37,075
Fee and Commission Expense	(1,782)	(2,678)	(1,355)	(1,355)
Net Fee and Commission Income	39,649	38,747	35,721	35,720
Net Trading Income	26,704	26,712	20,744	20,744
Other income	4,740	6,061	2,142	4,028
	31,444	32,773	22,885	24,772
Operating Income	197,407	197,096	172,177	174,091
Net Impairment on Financial Asset	(20,350)	(20,350)	(12,486)	(12,486)
Personnel Expenses	(78,172)	(78,690)	(70,371)	(70,824)
Depreciation and Amortisation	(11,710)	(11,732)	(11,767)	(11,797)
Other Expenses	(54,331)	(53,600)	(50,213)	(50,379)
	(164,564)	(164,372)	(144,838)	(145,485)
Profit Before Income Tax	32,843	32,724	27,339	28,606
Income Tax Expense	(9,853)	(9,859)	(8,202)	(8,522)
Profit for the Period	22,990	22,865	19,137	20,084
Other comprehensive income for the period (net of income tax)	-	-	-	-
Total comprehensive income for the period	22,990	22,865	19,137	20,084

(UNAUDITED) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Sep-19		Sep-18	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Assets				
Cash and Cash Equivalents	437,231	437,231	939,270	939,270
Investment securities	848,130	853,772	178,111	183,859
Loans and Advances to Customers	1,389,620	1,382,495	1,047,538	1,047,538
Property and Equipment	222,921	222,942	170,273	170,299
Intangible Assets	7,047	7,107	2,434	2,495
Investment in Subsidiaries	1,766	259	1,766	281
Current Tax Assets	4,246	4,415	7,587	7,603
Other Assets	67,198	67,057	47,857	47,736
Total Assets	2,978,160	2,975,277	2,394,837	2,399,083
Liabilities				
Deposits from Banks	3,572	3,572	3,336	3,336
Deposits from Customers	1,888,957	1,879,902	1,616,084	1,613,615
Deferred Tax Liabilities	14,239	14,237	2,493	2,493
Current Tax Liabilities	-	-	-	176
Other Liabilities	56,761	59,982	170,219	172,576
Borrowings	390,017	390,017	352,393	352,393
Total Liabilities	2,353,546	2,347,711	2,144,526	2,144,589
Equity				
Stated Capital	402,431	402,431	127,667	127,667
Income Surplus	(9,737)	(6,785)	(14,328)	(10,145)
Capital Surplus/Revaluation Reserve	120,914	120,914	84,988	84,988
Statutory Reserve	54,035	54,035	36,744	36,744
Credit Risk Reserve	56,971	56,971	15,240	15,240
Total Equity	624,614	627,566	250,311	254,494
Total Liabilities and Equity	2,978,160	2,975,277	2,394,837	2,399,083

(UNAUDITED) CONSOLIDATED STATEMENT OF CASHFLOW

	Sep-19		Sep-18	
	BANK GH¢'000	GROUP GH¢'000	BANK GH¢'000	GROUP GH¢'000
Cash Flows from Operating Activities				
Profit for the period	32,843	32,724	27,339	28,606
Adjustments for:				
Depreciation and Amortisation	11,710	11,732	11,767	11,797
Profit/Loss on Sale of Fixed Assets	(167)	(167)	(1,651)	(1,651)
Impairment on Financial Assets	20,350	20,350	12,486	12,486
Bad Debt written off	(2,342)	(2,342)	(36,877)	(36,877)
Bad Debt written back	(3,000)	(3,000)	-	-
	59,395	59,297	13,064	14,360
Change in Investments	(397,666)	(397,434)	(6,758)	(7,535)
Change in Loans and Advances to Customers	(293,697)	(300,836)	(97,614)	(97,614)
Change in Other Assets	(24,320)	(11,165)	(5,249)	(5,222)
Change in Deposits from Banks	665	665	(2,461)	(2,461)
Change in Deposits from Customers	144,492	137,989	150,422	151,950
Change in Other Liabilities and Borrowings	(171,780)	(172,150)	51,204	49,051
	(398,746)	(398,630)	89,544	88,169
Income Tax paid	(9,894)	(9,890)	(6,947)	(6,947)
Income Tax refund	8,565	8,565	-	-
	(1,328)	(1,324)	(6,947)	(6,947)
Net cash used in operating activities	(340,680)	(340,658)	95,661	95,582
Cash flows from investing activities				
Purchase of property, plant and equipment	(18,265)	(18,265)	(7,009)	(6,994)
Proceeds from the sale of property, plant and equipment	349	349	2,836	2,836
Purchase of intangible assets	(2,466)	(2,487)	(1,927)	(1,863)
Net cash used in investing activities	(20,382)	(20,403)	(6,099)	(6,021)
Cash flows from financing activities				
Proceeds from Shares Issued	250,764	250,764	-	-
Refund of Deposit for shares	-	-	(9,618)	(9,618)
Net Cash flows from financing activities	250,764	250,764	(9,618)	(9,618)
Net (decrease)/increase in cash and cash equivalents	(110,298)	(110,297)	79,944	79,944
Cash and cash equivalents at 1 January	547,529	547,529	859,326	859,326
Cash and cash equivalents at 30th September	437,231	437,231	939,270	939,270

(UNAUDITED) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE BANK	Stated Capital	Income Surplus	Statutory Reserve	Capital Surplus	Credit Risk Reserve	Deposit for Shares	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance 1st January, 2019	127,667	(23,852)	42,540	120,914	59,591	24,000	350,860
Total Comprehensive Income, net of Tax	-	22,990	-	-	-	-	22,990
	127,667	(862)	42,540	120,914	59,591	24,000	373,850
Transfers from Income Surplus to Reserves and Transaction with Owners:							
Issues of Shares	250,764	-	-	-	-	-	250,764
Transfer from Credit Risk Reserve	-	2,620	-	-	(2,620)	-	-
Transfer to Statutory Reserve	-	(11,495)	11,495	-	-	-	-
Transfer to Stated Capital	24,000	-	-	-	-	(24,000)	-
Balance at 30th September, 2019	402,431	(9,737)	54,035	120,914	56,971	-	624,614
Comparative Figures - 2018							
Balance 1st January, 2018	127,667	(31,790)	36,744	84,988	13,564	9,618	240,791
Total Comprehensive Income net of Tax	-	19,137	-	-	-	-	19,137
	127,667	(12,653)	36,744	84,988	13,564	9,618	259,929
Transfers from Income Surplus to Reserves and Transaction with Owners:							
Refund of deposit for shares	-	-	-	-	-	(9,618)	(9,618)
Transfer to Credit Risk Reserve	-	(1,676)	-	-	1,676	-	-
Total Transfers	-	(1,676)	-	-	1,676	(9,618)	(9,618)
Balance 30th September, 2018	127,667	(14,328)	36,744	84,988	15,240	-	250,311

(UNAUDITED) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Stated Capital	Income Surplus	Statutory Reserve	Capital Surplus	Credit Risk Reserve	Deposit for Shares	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance 1st January, 2019	127,667	(20,499)	42,540	120,914	59,591	24,000	354,213
Prior period adjustment	-	(276)	-	-	-	-	(276)
Balance 1st January, 2019 (Restated)	127,667	(20,775)	42,540	120,914	59,591	24,000	353,937
Total Comprehensive income net of Tax	-	22,865	-	-	-	-	22,865
	127,667	2,090	42,540	120,914	59,591	24,000	376,802
Transfers from Income Surplus to Reserves and Transaction with Owners:							
Issues of Shares	250,764	-	-	-	-	-	250,764
Transfer from Credit Risk Reserve	-	2,620	-	-	(2,620)	-	-
Transfer to Statutory Reserve	-	(11,495)	11,495	-	-	-	-
Transfer to Stated Capital	24,000	-	-	-	-	(24,000)	-
Balance at 30th September, 2019	402,431	(6,785)	54,035	120,914	56,971	-	627,566
Comparative Figures - 2018							
Balance 1st January, 2018	127,667	(28,553)	36,744	84,988	13,564	9,618	244,028
Total Comprehensive Income net of Tax	-	20,084	-	-	-	-	20,084
	127,667	(8,469)	36,744	84,988	13,564	9,618	264,112
Transfers from Income Surplus to Reserves and Transaction with Owners:							
Refund of deposit for shares	-	-	-	-	-	(9,618)	(9,618)
Transfer to Credit Risk Reserve	-	(1,676)	-	-	1,676	-	-
Balance 30th September, 2018	127,667	(10,145)	36,744	84,988	15,240	-	254,494

Notes to the Unaudited Financial Statements

- 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.
- Quantitative Disclosures**

	Sep - 2019		Sep - 2018	
	BANK	GROUP	BANK	GROUP
(a) Capital Adequacy ratio (CAR)%	20.34	20.57	10.45	10.66
(b) Non-Performing Loan (NPL) Ratio %	16.58	16.58	15.22	15.22
(c) Liquid Ratio %	121.90	123.35	128.48	129.51

- 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.
- Defaults in Statutory Liquidity and accompanying sanctions (if any)**

	Sep-2019		Sep-2018	
	BANK	GROUP	BANK	GROUP
a) Default in statutory liquidity(Times)	NIL	NIL	NIL	NIL
b) Sanctions (GH¢)	NIL	NIL	NIL	NIL