CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPARABLE INCOME

31-Dec-18 | 31-Dec-17
---|---

M'000s | M'000s
---|---
Interest Income | 760,882 | 611,107
Interest Expense | (5,798) | (7,125)
Net Interest Income | 755,084 | 603,982
Other operating income | 203,556 | 202,205
Total operating income | 958,630 | 806,187
Other operating expenses | (23,844) | (25,366)
Net operating income | 934,786 | 780,821
Non-operating income | 68,558 | 62,965
Net income before income tax | 1,003,344 | 843,786
Income tax | (77,672) | (72,005)
Net income after income tax | 925,672 | 771,781
Other comprehensive income/(loss) | (4,354) | (244)
Total comprehensive income/(loss) | 921,318 | 771,537

CONSOLIDATED BALANCE SHEET

31-Dec-18 | 31-Dec-17
---|---

M'000s | M'000s
---|---
Assets | | |
Banking | | |
Net cash on hand | 404,963 | 403,375
Cash in process for loan and advances | 2,948,376 | 2,880,578
Loans and advances to customers | 8,245,824 | 8,060,284
Credit risk allowances | (1,018,481) | (976,825)
Total loans and advances | 7,227,343 | 7,083,459
Other loans | 1,392 | 1,449
Total assets | 10,483,420 | 10,274,583
 |
Commercial Banking | | |
Real estate | 1,060,724 | 1,060,724
Other | 4,037 | 3,945
Total real estate | 1,064,761 | 1,064,669
 |
Private Banking | | |
Real estate | 235,680 | 235,680
Other | 1,388 | 1,388
Total real estate | 236,068 | 236,068
 |
Total other assets | 3,207,629 | 3,197,387
 |
Equity | | |
Share capital | 7,053,712 | 7,053,712
Share premium | 137,506 | 137,506
Retained earnings | 232,914 | 232,914
Total equity | 7,424,133 | 7,424,133
 |
Total liabilities and equity | 10,483,420 | 10,274,583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31-Dec-17 | 31-Dec-18
---|---
Share | P'000s | P'000s | P'000s
---|---|---|---
Adjustments for: | | | |
Share premium | (8) | (8) | (8)
Retained earnings | (16,556) | (15,033) | (15,033)
Total adjustments for changes in equity | (16,564) | (15,041) | (15,041)
Equity at 31 December 2017 | 7,424,133 | 7,424,133 | 7,424,133
Equity at 31 December 2018 | 7,408,572 | 7,412,092 | 7,412,092

CONSOLIDATED SEGMENTAL REPORTING

31-Dec-18 | 31-Dec-17
---|---

M'000s | M'000s
---|---
Commercial Banking | | |
Operating income | 503,712 | 488,205
Operating expenses | (206,138) | (206,629)
Operating profit | 297,574 | 281,576
Other operating income 1 | 5,742 | 5,742
Other operating expenses 1 | (5,742) | (5,742)
Other income and expenses 2 | 3,077,290 | 3,077,290
Other operating income | 3,077,290 | 3,077,290
Other operating expenses | (3,077,290) | (3,077,290)
Other income and expenses | 0 | 0

Notes:
1. Includes business segment revenue.

2. Includes non-comparable income and expenses.

RISK MANAGEMENT

The Bank manages risk through a disciplined and effective risk management framework. This framework allows the Bank to effectively identify, measure and control risk for the purpose of sustaining long-term earnings and capital growth. The Bank has established a range of risk management processes and systems that provide comprehensive risk management and control environment.

The Bank’s key risks include: market risk, credit risk, strategic risk, operational risk, liquidity risk, and reputational risk. The Bank monitors and manages these risks through a combination of quantitative and qualitative tools and methodologies. The Bank believes that these provide a comprehensive means of monitoring and managing risk.

The Bank’s risk management framework includes the use of financial instruments to manage risk exposure and capital management. Financial instruments used to manage risk include: derivatives (forward, futures, option, and swaps), cash investments, and cash equivalents.

In December 2018, the Bank entered into a forward contract with a notional amount of P250,000,000 (P 5.00) payable on 31 March 2019. The purpose of the note is to manage adverse fluctuations in interest rates. The forward contract will mature on 31 March 2019, and will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2018. The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2019.

The forward contract will be marked-to-market at fair value and any gains or losses on the contract will be recognised in the income statement. The Bank has designated the forward contract as a hedge of cash flows. The Bank will continue to evaluate the effectiveness of the hedge at each reporting date.

The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2018. The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2019.

The forward contract will be marked-to-market at fair value and any gains or losses on the contract will be recognised in the income statement. The Bank has designated the forward contract as a hedge of cash flows. The Bank will continue to evaluate the effectiveness of the hedge at each reporting date.

The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2018. The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2019.

The forward contract will be marked-to-market at fair value and any gains or losses on the contract will be recognised in the income statement. The Bank has designated the forward contract as a hedge of cash flows. The Bank will continue to evaluate the effectiveness of the hedge at each reporting date.

The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2018. The forward contract will reduce interest rate risk from P1,108,372,000 (P0.00) to P586,260,000 (P0.00) during March 2019.