ANNUAL REPORT 2019

PRUDENTIAL BANK LIMITED

CONTENTS

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OVERVIEW

This section gives information about the Bank, provides a summary of performance over the last five (5) years and presents the Chairperson's Statement.

ABOUT US

Prudential Bank Limited (PBL) opened for business on 15th August 1996

The main areas of the Bank's operations are domestic and international banking, project financing, SME financing, e-banking services, international money transfer and funds management.

The Bank has a network of 43 business locations complemented by a number of electronic channels.

PBL has consistently won several prestigious awards in banking since its inception.

Corporate Mission

To provide domestic and international banking services with a strategic focus on project financing, trade financing, export development and SME financing. PBL is committed to playing a positive and innovative role in the financial intermediation process and, most importantly, to offer the best banking services.

Vision

To be a successful indigenous and the preferred bank in Ghana offering the most remunerative banking services to the public.

Subsidiary Companies

Prudential Bank has two subsidiary companies – Prudential Securities Limited and Prudential Stockbrokers Limited.

Prudential Securities Limited

is engaged in fund management, corporate finance and business advisory services.

Prudential Stockbrokers Limited

is engaged in stockbrokerage, equity and economic research and advisory services.

www.prudentialbank.com.gh

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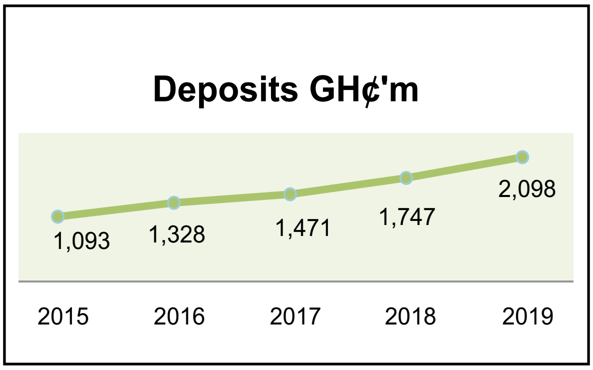
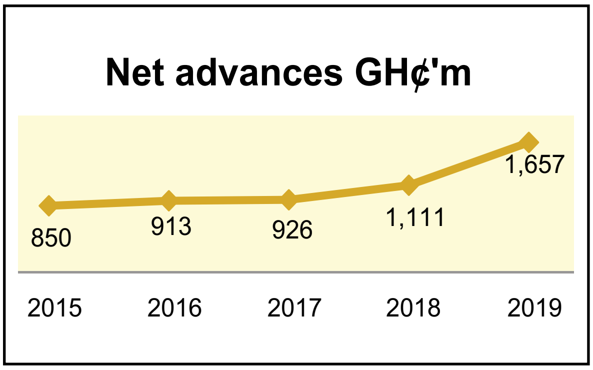
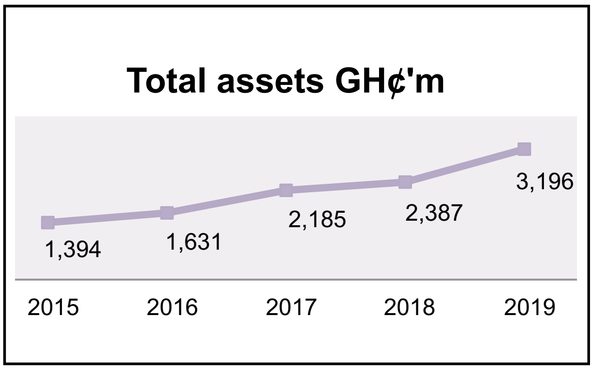
E-mail:	headoffice@prudentialbank.com.gh
Website:	www.prudentialbank.com.gh

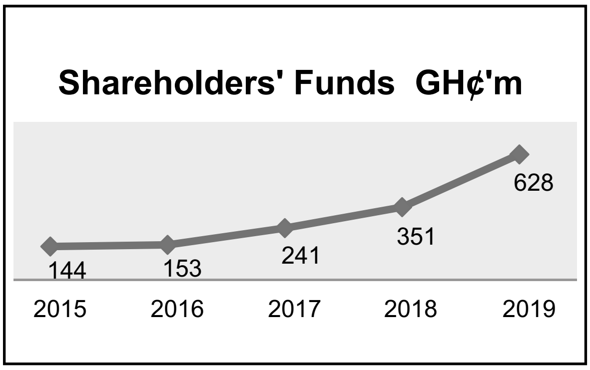
AUDITORS:
Morrison & Associates
Chartered Accountants, Tax & Management Consultants
2nd Floor, Trinity House
Ring Road East
P.O. Box CT 2890
Cantonments, Accra

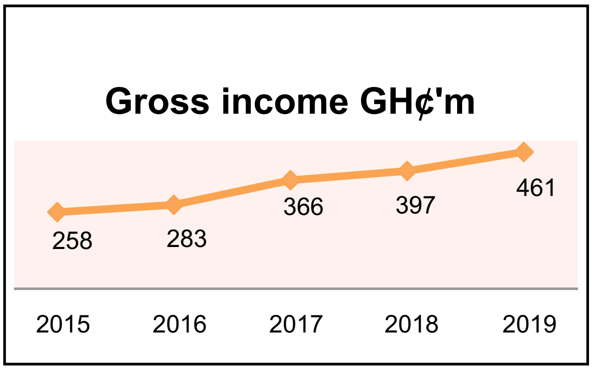
FINANCIAL HIGHLIGHTS

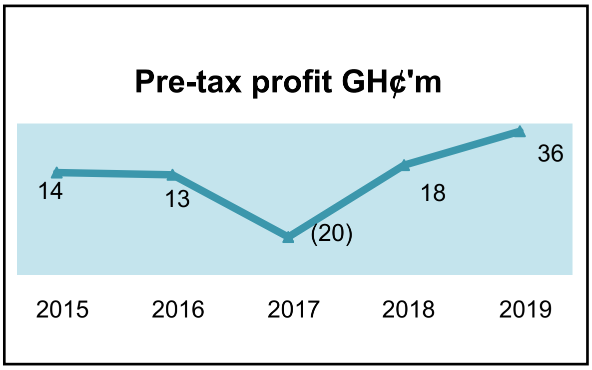


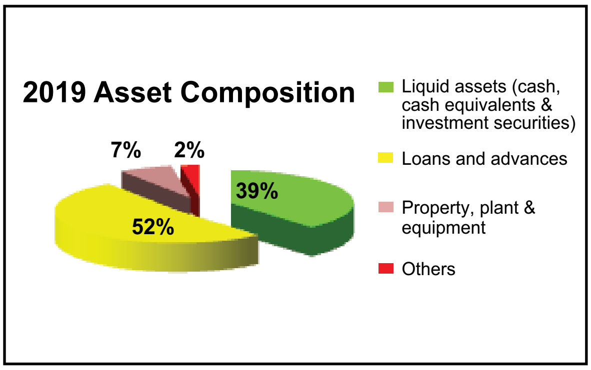


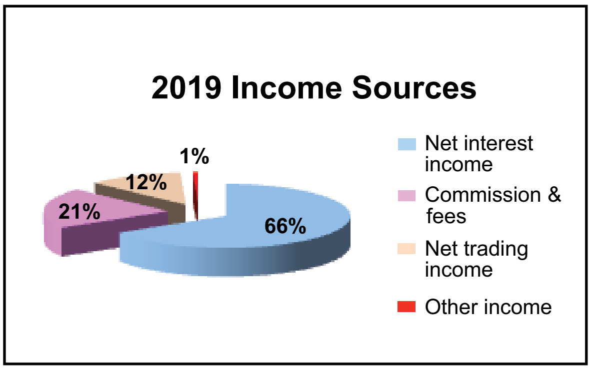












FIVE YEARS SUMMARY OF BANK'S PERFORMANCE (2015 - 2019)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in thousands of Ghana cedis	2019	2018	2017	2016	2015
Interest income	367,123	317,694	311,794	235,750	204,560
Interest expense	(182,775)	(169,737)	(157,962)	(118,462)	(102,297)
Net interest income	**184,348**	**147,957**	**153,832**	**117,288**	**102,263**
Net fee and commission income	57,280	47,768	35,477	32,497	35,204
Net trading and other operating income	36,631	29,658	17,221	13,131	17,139
Operating income	**278,260**	**225,383**	**206,530**	**162,916**	**154,606**
Net impairment loss on financial assets	(34,196)	(27,242)	(67,144)	(17,388)	(30,483)
Operating expenses	(208,133)	(180,415)	(159,470)	(132,648)	(110,063)
Profit/ (loss) before tax	**35,931**	**17,725**	**(20,084)**	**12,880**	**14,060**
Income tax expense	(9,287)	(6,134)	(6,732)	(4,249)	(4,261)
PROFIT/ (LOSS) FOR THE YEAR	**26,644**	**11,591**	**(26,816)**	**8,631**	**9,799**
Other comprehensive income (net of tax)	–	35,926	–	–	24,059
TOTAL COMPREHENSIVE INCOME	**26,644**	**47,517**	**(26,816)**	**8,631**	**33,858**
RETAINED EARNINGS					
Balance at 1st January	(23,852)	(31,790)	23,925	17,452	10,586
Profit/ (loss) for the year	26,644	11,591	(26,816)	8,631	9,799
	2,792	**(20,199)**	**(2,891)**	**26,083**	**20,385**
Transfer to statutory reserve	(13,322)	(5,796)	–	(2,158)	(2,450)
Transfer to credit risk reserve	8,790	2,142	(13,564)	–	2,517
Dividend paid	–	–	–	–	(3,000)
Transfer to stated capital	–	–	(20,000)	–	–
Accumulated profit on merger	–	–	4,665	–	–
Balance at 31st December	**(1,740)**	**(23,852)**	**(31,790)**	**23,925**	**17,452**

FIVE YEARS SUMMARY OF BANK'S PERFORMANCE (2015 - 2019)

STATEMENT OF FINANCIAL POSITION

in thousands of Ghana cedis

	2019	2018	2017	2016	2015
Assets					
Cash and cash equivalents	402,455	547,431	859,320	230,130	224,985
Investment securities	832,437	450,562	171,359	359,788	203,680
Loans and advances to customers	1,657,080	1,110,957	925,815	913,471	849,648
Taxation	7,904	12,771	7,243	11,161	8,828
Investments (other than securities)	1,766	1,766	1,766	7,366	7,366
Intangible assets	6,586	6,136	2,931	5,781	9,019
Property, plant & equipment	223,563	214,994	173,792	92,688	83,207
Other assets	63,910	42,877	42,609	10,766	7,202
Total assets	**3,195,699**	**2,387,495**	**2,184,835**	**1,631,151**	**1,393,935**
LIABILITIES AND SHAREHOLDERS' FUNDS					
Liabilities					
Deposits from banks	4,550	2,907	5,797	2,901	1,779
Deposits from customers	2,093,786	1,744,465	1,465,665	1,325,008	1,091,682
Deferred tax liabilities	10,498	14,238	2,493	2,231	1,975
Borrowings	423,846	162,797	403,524	117,273	127,485
Other liabilities	34,752	112,230	66,566	31,057	26,964
Total liabilities	**2,567,432**	**2,036,637**	**1,944,045**	**1,478,470**	**1,249,885**
Shareholders' Funds					
Stated capital	402,431	127,666	127,666	62,453	62,453
Deposit for shares	–	24,000	9,618	–	–
Retained earnings	(1,740)	(23,852)	(31,790)	23,925	17,452
Statutory reserve	55,862	42,540	36,744	36,744	34,586
Revaluation reserve	120,914	120,914	84,988	29,559	29,559
Credit risk reserve	50,800	59,590	13,564	–	–
Total equity and reserves	**628,267**	**350,858**	**240,790**	**152,681**	**144,050**
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	**3,195,699**	**2,387,495**	**2,184,835**	**1,631,151**	**1,393,935**

CHAIRPERSON'S STATEMENT

1.0 INTRODUCTION

Mrs. Muriel Susan Edusei

Distinguished Shareholders, Directors, Ladies and Gentlemen, it is my pleasure to welcome you to the 23rd Annual General Meeting of Prudential Bank Limited and to report on the position and performance of your Bank for the year ended 31st December 2019.

Let me start by giving an overview of the economic environment in which the Bank operated.

2.0 THE GLOBAL ECONOMIC ENVIRONMENT

Global economic growth, after experiencing a sharp decline in the last three quarters of 2018, stabilised in the first half of 2019, albeit, at a weak level. The weak recovery was mainly due to a protracted period of high trade tensions between the U.S. and China, which undermined confidence, growth and job creation. In addition, rising geopolitical tensions and Brexit negotiations took their toll on investment decisions and global trade. An assessment by the International Monetary Fund (IMF) showed that although economic activities showed stronger signs of recovery in the last quarter of 2019, it was not enough to counter the negative effects experienced earlier. The overall global economic growth is estimated to have declined from 3.6% in 2018 to 2.9% in 2019, the lowest growth rate since the global financial crisis in 2008/2009.

3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2019

3.1 Overall Performance

The growth momentum of the Ghanaian economy since 2017 was sustained into 2019. Provisional GDP estimates for 2019 released by the Ghana Statistical Service in April 2020 indicate that real GDP growth rate for 2019 was 6.5% (including oil) compared to 6.3% in 2018. Non-oil annual GDP growth rate for the same period was 5.8%, down from 6.5% in 2018. The finance and insurance subsector rebounded with a growth rate of 1.6% in 2019 compared to a contraction of 8.2% in 2018. The rebound could be attributed to the completion of the banking sector clean-up exercise at the end of 2018. The fiscal deficit (excluding financial and energy sector related costs) at the end of 2019 was provisionally estimated at 4.7% of GDP on a cash basis against a target of 4.5% and a deficit of 3.7% in 2018.

3.2 Inflation, Monetary Policy and Interest Rates

The inflation rate continued its steady decline from 9.4% at the end of December 2018 to 7.9% at the end of December 2019. According to the Bank of Ghana, the decline was mainly driven by lower food prices and stable non-food prices.

The Monetary Policy Committee (MPC) of the Bank of Ghana reduced the Monetary Policy Rate (MPR) by 100 basis points from 17% at the end of December 2018 to 16% in January 2019 and it remained at 16% up to the end of the year 2019.

On the money market, the inter-bank overnight interest rate which reflects the rate at which commercial banks borrow from and lend to each other, reduced from 16.1% at the end of December 2018 to 15.2% at the end of December 2019 in line with the downward trend of the Monetary Policy Rate. The average lending rates of banks marginally declined from 24.0% at the end of December 2018 to 23.6% at the end of December 2019.

Interest rates of government securities on the money market increased marginally across the various maturities of the yield curve. The 91-day and 182-day Treasury Bill rates increased from 14.6% and 15.0% in December 2018 to 14.7% and 15.2% respectively at the end of December 2019. On the other hand, there was a marginal decline of yields on the secondary bond market with the yields on the 7-year and 15-year bonds decreasing from 21.04% and 21.4% at the end of December 2018 to 21.02% and 19.9%, respectively at the end of December 2019. The yield on the 10-year bond, however, increased marginally from 21.2% at the end of December 2018 to 21.3% at the end of December 2019. The government in August 2019 issued the first 20-year bond at a coupon rate of 19.5%. The yield on this bond at the end of December 2019 was 22.1%.

3.3 Exchange Rates

The cedi recorded a cumulative depreciation of 12.9% against the US dollar from GH¢4.82 to the dollar at the end of 2018 to GH¢5.53 at the end of 2019. The cedi depreciation against the U.S. dollar was 8.4% in the previous year. The Bank of Ghana attributed the higher rate of depreciation in 2019 to the adverse impact of global conditions, particularly, the trade war between US and China, which also affected other emerging market and frontier economies negatively.

4.0 THE BANKING SECTOR

4.1 Banking Sector Reforms

Following the completion of the banking sector clean up in 2018, the Bank of Ghana in 2019 also cleaned up the specialised deposit-taking institutions.This led to the revocation of licenses and placement under receivership of 409 insolvent and dormant specialised deposit-taking institutions comprising 386 microfinance institutions, 15 savings and loans companies and 8 finance house companies.

4.2 Key Policies

The Ghana Deposit Protection Scheme became operational at the end of September 2019 pursuant to the Ghana Deposit Protection Act 2016 (Act 931) as amended by the Ghana Deposit Protection (Amendment) Act, 2018, (Act 968). The Scheme seeks to protect small depositors from losses incurred as a result of the occurrence of an insured event such as a bank failure. This seeks to safeguard the savings of small depositors in order to build trust in the formal banking sector and to contribute to the stabilisation and development of the financial system in Ghana.

The central bank also introduced the Corporate Governance Directive 2018, which has ushered in new board members, including myself while those who have completed their terms under the Directive have had to say good bye to their respective banks. On behalf of the new Board, I wish to express profound gratitude to our retired board members and warmly welcome the new board members.

4.3 Banking Sector Performance

The banking sector reports indicate that significant gains have been made following the banking sector reforms, which have resulted in a well-capitalised, solvent, liquid and profitable banking sector with improved financial soundness indicators.

The sector posted a strong growth in total assets which increased by 22.8% from GH¢105.1 billion at the end of 2018 to GH¢129.1 billion at the end of 2019. The total assets growth in 2018 was 12.3%.

The total assets were funded mainly by deposits which grew by 22.2% from GH¢68.3 billion at the end of December 2018 to GH¢83.5 billion at the end of December 2019. The growth in deposits in the previous year was 17.3%. The Bank of Ghana attributed the increase in deposits to renewed confidence in the banking sector following the banking sector clean up.

The increased deposits as well as increased capital levels gave impetus to strong credit growth during the period under review. Gross loans and advances grew by 23.8% from GH¢36.5 billion at the end of 2018 to GH¢45.2 billion at the end of December 2019. Gross loans and advances in 2018 contracted by 3.5%.

Profitability also improved with the industry’s profit after tax increasing by 37.7% to GH¢3.31 billion compared to the growth of 12.5% at the end of year 2018.

5.0 PRUDENTIAL BANK LIMITED IN YEAR 2019

5.1 Update on the Bank’s Capital Position and Capitalization Plan

The Bank received additional equity of GH¢250.8 million from the Ghana Amalgamated Trust (GAT) on the 24th July 2019. This brought the stated capital of the Bank to GH¢402 million and has contributed to easing the capital constraints of the Bank. Consequently, the Bank has the capacity to attract more business and improve profitability.

5.2 Update on the Implementation of the Bank's *Five-Year Strategic Plan, 2019 to 2023.*

The year 2019 marked the first year of the implementation of the Bank's Five-Year Strategic Plan, 2019 to 2023. In pursuit of the strategies outlined in the Plan, your Bank undertook a number of projects and initiatives to enhance its operations. These included:

i. The completion of the acquiring phases of Union Pay, VISA and Mastercard projects. This has enabled customers from other banks to conduct transactions on PBL identified ATMs using these cards. The Bank is due to complete the issuing phases by the end of 2020. The roll out of these cards would ultimately position the Bank to compete for business and customers that were hitherto constrained from doing card-enabled transactions with the Bank.

ii. Entering into an agency agreement with Unity Link Financial Services Limited as part of the Bank's strategy to increase income from money transfer services and improve the inflow of foreign currency and commission income. The Bank now has seven money transfer products in its portfolio, namely: Western Union, Vigo, MoneyGram, RIA, Xpress Money, Trans Fast and Unity Link.

iii. Opening of two new branches at Airport City and Cantonments to bring the number of business locations to 43. This has brought the Bank's services closer to its customers and increased the Bank's customer base.

iv. The commencement of a number of projects, particularly in the information technology and digital banking space. These ongoing projects include:

- the development of the Bank's mobile banking app;
- the deployment of the existing USSD Mobile Banking service on a dedicated short code;
- the setting up of a modern customer experience centre that would provide customers with unlimited access to banking services and solutions to customer requests, complaints and enquiries and;
- the re-development of the Bank's website to make it responsive to mobile devices and more appealing to customers and the general public.

These projects and initiatives are intended to make the Bank more competitive and well positioned to offer enhanced digital banking experience to complement its branch operations.

5.3 Mobilization of Resources

During the year under review, your Bank mobilized GH¢351 million in deposits to increase its deposit base from GH¢1,747 million at the end of 2018 to GH¢2,098 million at the end of 2019, an increase of 20.1%. A significant proportion of the deposits were mobilized from private entities and individuals.

Shareholders' funds increased by 78.9% from GH¢351 million at the end of December 2018 to GH¢628 million at the end of December 2019. The growth was mainly as a result of the additional capital injection by GAT and from retained profits.

5.4 Allocation of Resources

The total assets of your Bank grew by 33.9% from GH¢2,387 million at the end of 2018 to GH¢3,196 million at the end of 2019. The growth was funded by deposits, borrowings and shareholders' funds.

Gross loans and advances increased by 39.5% from GH¢1,260 million at the end of 2018 to GH¢1,758 million at the end of December 2019 while net loans and advances increased by 49.1% from GH¢1,111 million to GH¢1,657 million within the same period.

The Bank's portfolio of investment securities stood at GH¢832 million at the end of 2019, reflecting an increase of 84.5% over the 2018 end of year position of GH¢451 million. The portfolio mainly comprised Government of Ghana and Bank of Ghana securities.

5.5 Results of Operations

Distinguished Shareholders and Directors, your Bank recorded a pre-tax profit of GH¢35.9 million in the year 2019, which is 102.8% above the 2018 pre-tax profit of GH¢17.7 million. The after-tax profit for the year was GH¢26.6 million and this is 129.3% above the 2018 after-tax profit of GH¢11.6 million. The average return on assets (ROA) and return on equity (ROE) for 2019 were 1.3% and 5.4% compared to 0.8% and 3.9%, respectively for 2018.

5.6 Dividend

Distinguished Shareholders, the Directors are unable to recommend the payment of dividends due to the need to improve earnings to strengthen the capital base. Moreover, the Bank of Ghana has issued a directive suspending dividend payments for the financial years 2019 and 2020.

5.7 Corporate Social Responsibility

Your Bank continued to give back to society as part of its corporate social responsibility, which continues to be a key aspect of your Bank's core values. Support for education and other social needs amounted to GH¢527,243 in year 2019 compared to GH¢540,424 in year 2018. The institutions that received support from your Bank during the year included the following:

- ✦ Ministry of Education 2019 National Best Teacher Award;
- ✦ Valley View University;
- ✦ University for Development Studies SRC;
- ✦ University of Cape Coast SRC;

- University of Ghana Alumni Association;
- Wesley Girls' High School;
- African Plant Breeders Association;
- Pamela Bridgewater Project;
- Office of the National Chief Imam, Ghana;
- Presbyterian Church of Ghana;
- Ghana Police Service;
- Immigration Ladies Association;
- Football for Humanity;
- Ghana Amputee Football Association; and
- Panafest Foundation.

5.8 Corporate Governance

The Bank continued to commit itself to sound and effective corporate governance practices which ensured effective oversight and management of the Bank. During the year under review, the Board and its Audit & Risk Management Sub-Committee continued to perform their supervisory obligations satisfactorily. The two bodies held regular scheduled meetings to deliberate on key operational issues by reviewing quarterly performance reports, Internal Control, Risk Management, Compliance and Bank of Ghana reports to ensure effective control and direction of the Bank. The Board also regularly reviewed the Bank's risk exposure to inform its risk-related decisions and ensured that the Bank continued to comply with all relevant laws and regulations.

Distinguished Shareholders and Directors, at the end of the year 2019, Mr. Stephen Sekyere-Abankwa retired as the Managing Director of our esteemed Bank, bringing an end to his executive role in the Bank. As you are already aware, Mr. Sekyere-Abankwa has been appointed as Advisor to the Board of Directors. The Board Secretary, Lawyer Osei Yaw Osafo also retired from the services of the Bank at the end of the year 2019. In their place, the Board with the approval of the Bank of Ghana has appointed Mr. John Kpakpo Addo and Lawyer James Allen K. Abban as Managing Director and Board Secretary, respectively effective 1st January 2020. Please join me in expressing our profound gratitude to Mr. Sekyere-Abankwa and Lawyer Osei Yaw Osafo for their meritorious services to the Bank. Please also join me in welcoming Mr. John Addo and Lawyer James Abban to the positions of Managing Director and Board Secretary, respectively. We wish them success and I assure them on behalf of the Board of Directors that we will offer them our fullest support in their new roles.

As you are already aware, we have new members of the Board:

- Mrs. Muriel Susan Edusei (that is, myself as the new Board Chairperson);
- Mrs. Juliana Addo-Yobo;
- Mrs. Victoria Barth;
- Mr. Daniel Larbi-Tieku; and
- Mr. Yaw Opoku Atuahene.

Consequently,

- Mr. Kwaku Agyei-Gyamfi (the former Board Chairman)
- Mr. Samuel Nkansa-Boadi
- Dr. Nortey Kwashie Omaboe
- Miss Joana Felicity Dickson and
- Miss Aretha Duku

retired from the board in April 2020.

We again congratulate the retired directors for their invaluable services to the Bank and warmly welcome the newcomers.

6.0 OUTLOOK FOR THE YEARS 2020 AND 2021

6.1 The Global Economy

The Coronavirus disease (COVID-19), which was first reported in December 2019 was declared a global pandemic on 11th March 2020 by the World Health Organisation (WHO). The pandemic has caused not only a global health crisis but also a major disruption to global and national economies leading to an economic crisis on a scale worse than the global financial crisis of 2008/2009. The global rate of infection seems to be abating and many countries are making plans to reopen their economies. The virus has clearly caused an existential threat to a number of industries and businesses. Most economic sectors have been severely affected including the aviation, hospitality, tourism and educational sectors. Global supply chains including manufacturing and distribution have likewise been greatly affected. Commodity prices have generally plummeted due to a decline in aggregate demand. According to the IMF, the global economy is projected to enter into a recession and contract sharply by 3% in 2020 thus giving a negative outlook. A global economic recovery is, however, projected in 2021 with a growth rate projection of 5.8% over the 2020 level.

6.2 The Ghanaian Economy

Preliminary analysis by the Ministry of Finance & Economic Planning of the fiscal impact of the Coronavirus pandemic indicates that although there is likely to be a significant deceleration of economic activities, economic growth would still remain positive with GDP growth projected at 1.5% in 2020 in a worst-case scenario. This is projected to pick up to 4.0% in the year 2021.

6.3 The Banking Sector

The banking industry is expected to play a major role to cushion the impact of the COVID-19 pandemic on affected businesses and customers. For this reason, the Bank of Ghana has instituted measures to enable the universal banks provide the necessary support to customers as part of a broader effort to sustain the economy. Among these measures are:

1. Reduction of the Monetary Policy Rate by 150 basis points from 16% to 14.5% per annum.
2. Reduction of the Primary Reserve Requirement from 10% to 8% to provide liquidity to commercial banks to enable them support critical sectors of the economy.
3. Reduction of the Capital Adequacy Ratio from 13.0% to 11.5% to enable universal banks provide more credit support to the economy.
4. Reduction of OLEM provisioning from 10% to 5% as a policy response to loans that may experience difficulty in repayments due to the slowdown in economic activity.
5. Suspension of dividend payments and other forms of earning distributions to shareholders for the financial years 2019 and 2020.

6.4 Prudential Bank Limited

6.4.1 PBL Response to COVID-19

The Bank at the onset of the pandemic triggered its business continuity and disaster recovery plan to ensure that work proceeded uninterrupted. The Bank also activated safety protocols to minimize the threat of infection on its premises. This includes the provision of running water using Veronica buckets for handwashing, purchase of hand sanitizers and other cleansing agents, the provision of nose masks and gloves to front-desk and other staff and monitoring of temperature of all staff, customers and visitors to our premises.

In addition, PBL paid an amount of GH¢416,667 as its contribution to the collective donation by the Ghana Association of Bankers (GAB) to support government's efforts at fighting the pandemic. The Bank has also complied with the decision by GAB that member banks reduce interest rates by up to 2% and waive or reduce charges on the use of alternate channels for banking transactions. Other donations made by the Bank include:

i. An amount of GH¢50,000 and GH¢3,000 to the Ghana Tourism Authority and the Central Regional Directorate of the Ghana Health Services, respectively for the purchase of personal protective equipment; and

ii. GH¢30,000 worth of personal protective equipment to Ghana Immigration Service to support its frontline staff.

Two additional donations to be made are:

iii. GH¢200,000 to the Covid-19 National Trust Fund.

iv. GH¢100,000 to the Noguchi Memorial Institute for Medical Research.

Going forward, the Bank will review the economic opportunities provided by the pandemic and adapt or design appropriate products to meet the needs of businesses.

6.4.2 Other Key Actions

The Bank's business will continue to be guided broadly by its Five-Year Strategic Plan, 2019 to 2023. In pursuit of the Plan, the Bank will accelerate its digital transformation agenda and complete the following projects that were initiated in 2019:

- Deployment of mobile banking app;
- Transfer of USSD mobile banking service to a dedicated short code;
- Establishment of a modern customer experience centre; and
- Launching of the Bank's services on social media namely; Facebook, Whatsapp and Instagram.

Additional projects to be initiated in year 2020 are:

- Upgrade of the internet banking application to provide improved user-friendly features and security for online transactions.
- Roll out of intranet to improve internal information sharing in the Bank.
- Replacement of obsolete data centre equipment.
- Implementation of the Document Management System (DMS) and Business Process Management System (BPMS) to digitize documents and automate work flow processes with a consequent reduction of costs and improvement in operational efficiency.
- Implementation of the Enterprise Resource Planning (ERP) system to improve back office processes and enhance efficiency.

- Implementation of cost control measures to improve profitability.

The Bank has also modified its organizational structure to place business development at the core of activities so as to deepen customer acquisition, improve mobilization of cheaper deposits and increase revenue generation.

It is expected that the implementation of these strategies will propel the Bank onto an era of significantly improved and sustainable performance leading to the delivery of good value to shareholders and the other stakeholders.

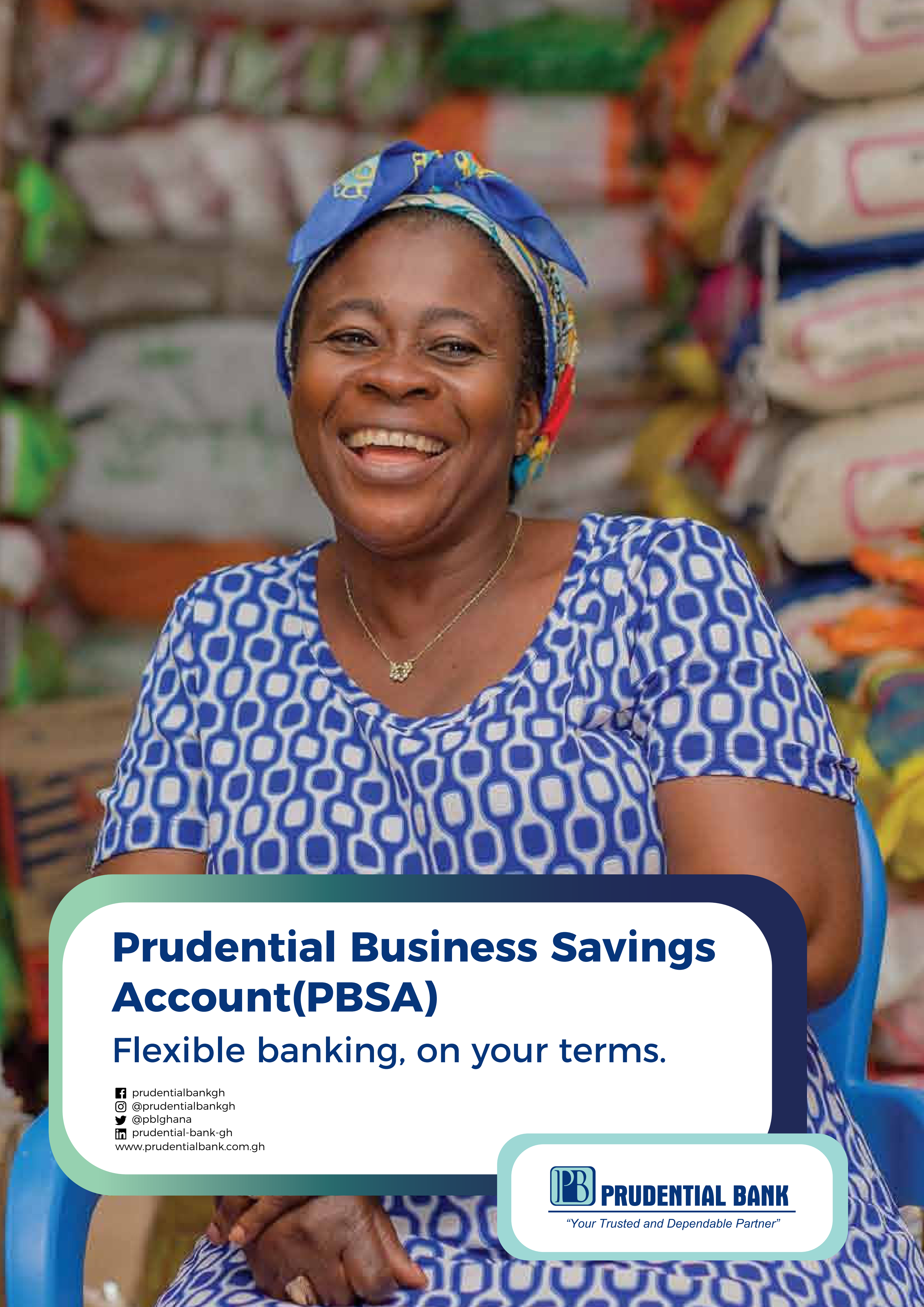
7.0 ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our deepest gratitude to all our customers whose continued patronage and loyalty have contributed to the success of the Bank. I also commend the Management and Staff of the Bank for their dedicated services and professionalism in the midst of the numerous challenges experienced in the period under review.

Finally, I wish to thank you Shareholders and colleague Board members for your continuous support and contributions to the success of the Bank.

Thank you.

MURIEL SUSAN EDUSEI (MRS.)
CHAIRPERSON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CORPORATE GOVERNANCE

This section contains the profiles of the members of the Board of Directors, the statement of corporate governance and the report of the directors.

BOARD PROFILE

Muriel Susan Edusei
Chairperson

Mrs. Muriel Susan Edusei was appointed as the new board chairperson in April 2020 following an earlier approval by the Bank of Ghana in July 2019. She brings extensive banking, finance, business, corporate governance and boardroom experience to the role.

Mrs. Edusei worked with National Investment Bank in various positions for 18 years and retired as Head of Foreign Operations in 1995. She subsequently joined Oikocredit International, a development finance institution with its headquarters in the Netherlands, as Regional Manager for Anglophone West Africa, where she established the regional office in Ghana to serve Ghana, Gambia and Sierra Leone. She retired from Oikocredit in December 2010 after a successful 15-year tenure.

Mrs. Edusei served as board chair of HFC Bank, now Republic Bank PLC and on other boards including, Fidelity Equity Fund II, Opportunity International Savings and Loans Company Limited, Ghana National Petroleum Corporation and Nestlé Ghana Ltd.

Mrs. Edusei holds a Bachelor of Science degree in Administration (Accounting Option) and a Master of Business Administration degree (Finance option) both of which were obtained from the University of Ghana Business School. Mrs. Edusei is a Hubert Humphrey Fellow and during her fellowship program in the United States, she undertook an MBA Finance and Banking non-degree awarding course at Boston University. Additionally, she did attachments in Banking Supervision at the Federal Reserve Bank of Boston and in international trade and finance at Chemical Bank, New York, U.S.A.

She is a Fellow of the Ghana Institute of Directors and previously served as a Council Member.

John Kpakpo Addo
Managing Director

Mr. John K. Addo has over 30 years corporate experience in banking and finance, having worked with reputable institutions both in the United Kingdom and Ghana. He is a Chartered Accountant by training and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Addo holds a degree in Applied Economics from the University of East London, in the United Kingdom (UK).

Mr. Addo joined Prudential Bank in 2009 and has held various senior and executive management positions within the Bank. He was appointed Head of Corporate Planning and Research in 2009 and was responsible for Corporate Strategy, Budgeting and Research. In January 2017, he was appointed Head of the Bank's Credit Administration Division with responsibility for four (4) key functions: Credit Appraisal, Credit Control, Customer Accounts Management and Small and Medium Enterprises/Non-Traditional Exports (SME/NTE).

In October 2018, Mr. Addo was appointed Deputy Managing Director for Finance, Administration and Credit Administration, a position he held until his appointment as the Managing Director and a member of the Board of Directors of the Bank in January 2020.

Prior to joining Prudential Bank, Mr. Addo worked in the professional and commercial accounting sector in the United Kingdom; first as an Auditor at Landau Morley Chartered Accountants (UK) for 9 years and then as a Management Accountant and Financial Controller at Drivers Jonas (now Drivers Jonas Deloitte) for 13 years.

Kwame Kwakye-Mintah
Non-Executive Director

Mr. Kwame Kwakye-Mintah is a banker with over forty (40) years experience in project financing, strategic planning and budgeting. He is the Deputy Managing Director and Chief Operating Officer of Lifeforms Ltd, a position he has held for the past 11 years.

Mr, Kwakye-Mintah worked for 20 years with the then Bank for Housing and Construction first, as Project Officer and rose to become the Manager of the Research and Corporate Planning Department. He later worked as a project, financial and investment consultant with Enterprise Development Associates for two years before working for the then Export Development and Investment Fund (EDIF) where he was Assistant Director, Credit and Projects for four years and the Acting Director, Credit and Projects for three years.

Mr. Kwakye-Mintah was an adjunct lecturer at the National Banking College between 1998 and 2009 where he lectured on Financial Analysis and Financial Projections. He was appointed to the Board of Prudential Bank Ltd in August 2011.

Mr. Kwakye-Mintah holds a Bachelor of Arts (Honours) degree in Economics and an Executive MBA degree in Finance, both from the University of Ghana.

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Fred Kwasi Boateng
Non-Executive Director

Mr. Fred Kwasi Boateng graduated from Ghana Institute of Management and Public Administration (GIMPA) with a Bachelor of Marketing Degree in November 2009 and a Masters Degree in Marketing from University of Durham in 2011.

He worked at Tess Lodge, Kumasi, as Manager from March 1998 to October 1998 and as Director of Operations at West African Hardware Limited from January 2006 to January 2008. He has been the General Manager of West African Décor since March 2008.

Mr. Boateng was appointed to the Board of Prudential Bank Ltd in September 2013.

Mr. Daniel Asah Kissiedu holds a Master of Business Administration (Finance) from the University of Leicester, U.K. and a Bachelor of Science (Honours) in Planning obtained from the Kwame Nkrumah University of Science & Technology, Kumasi in July 2000.

Mr. Kissiedu is currently the Managing Director and Chief Executive Officer of Trade and Logistics Africa Ltd. a position he has held since October 2011. Prior to this role, he was the Chief Operating Officer of Osam Energy Company Ltd for two years. Mr. Kissiedu also worked for Zenith Bank (Ghana) Ltd. for nearly four years, first as a relationship manager and later as Business Manager.

Mr. Kissiedu was appointed to the Board of Prudential Bank Ltd in June 2018.

Daniel Asah Kissiedu
Non-Executive Director

Yaw Opoku Atuahene
Independent Non-Executive Director

Mr. Yaw Opoku Atuahene is a seasoned banking professional with over thirty-five (35) years of experience in the banking and finance sector. Mr. Atuahene served as the Deputy Managing Director of Agricultural Development Bank from 2001 to 2008 and the Managing Director of the same bank from 2008 to 2009. He also worked in various managerial capacities at National Investment Bank and Prudential Bank.

Mr. Atuahene is a product of Adisadel College. He has the following degrees from Oregon State University in the USA: BSc. Agricultural and Resource Economics (1976), MSc. Poultry Science (1979), MA. Economics, Statistics and Extension Methods (1980).

He has served on several boards including, Agricultural Development Bank; Ghana International Bank, UK; Fidelity Bank Ghana; Global Access Savings and Loans; Ghana Postal Service and Jei River Farms.

Mr. Atuahene was appointed to the Board of Prudential Bank Ltd in April 2020 following an earlier approval by the Bank of Ghana in July 2019.

Mr. Daniel Larbi-Tieku is a chartered accountant with over thirty (30) years of experience in the accounting and finance sector. He is a Fellow of the Association of Chartered Certified Accountants, UK (FCCA) and a member of the Institute of Chartered Accountants, Ghana (ICAG). He also possesses a Bachelor of Science degree in Administration (Accounting option) which he obtained from the University of Ghana Business School in 1988.

Daniel Larbi-Tieku
Independent Non-Executive Director

Mr. Larbi-Tieku is currently the Deputy Chief Executive Officer of the Enterprise Group and serves on several boards of the Group including the boards of Enterprise Funeral Services Limited and Enterprise Life Assurance, Nigeria. Mr. Larbi-Tieku joined Enterprise Life Assurance Company Limited in March 2011 as the General Manager. Prior to that, he had worked for 11 years as the Finance Director of The Coca-Cola Bottling Company of Ghana Limited. He also worked for the same company for a year as the Management Accountant.

Mr. Larbi-Tieku was appointed to the Board of Prudential Bank Ltd in April 2020.

Mrs. Juliana Addo-Yobo is a private legal practitioner based in Accra. She has worked in diverse managerial capacities at various organizations including Ghana Customs, Excise and Preventive Service (CEPS) now GRA, Ghana National Procurement Agency, Attorney General's Department in Ghana, Leadership Regional Network for Southern Africa (LEARN) based at the University of Pretoria and the Legal Aid Board in South Africa.

Mrs.Addo-Yobo is a SSNIT Representative on the Board of Directors of Hotel Investments Limited (Labadi Beach Hotel) and has also served as a member of the Ghana Revenue Authority (GRA) Board. Additionally, she has been the Vice Chairperson of the Committee on Women and Minors' Rights of the Ghana Bar Association for several years. She is the Assistant Secretary of the Women's Forum of the Ghana Bar Association.

Juliana Addo-Yobo
Independent Non-Executive Director

Mrs. Addo-Yobo was appointed to the Board of Prudential Bank Ltd in April 2020.

Victoria Barth
Non-Executive Director

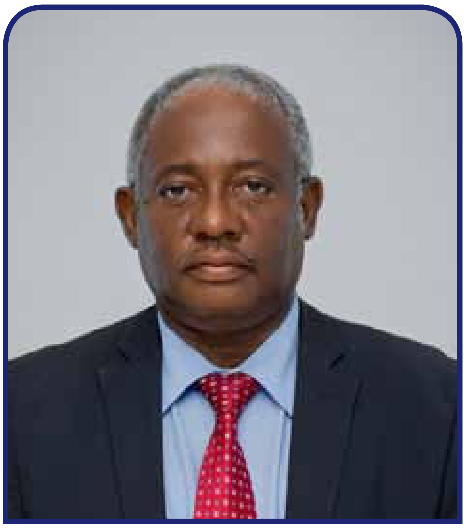
Mrs. Victoria Barth is a lawyer with seventeen (17) years of experience in legal practice. She is the Managing Partner of Sam Okudzeto and Associates, a Ghanaian tier one law firm. She is a member of the Ghana Bar Association, International Bar Association and Commonwealth Lawyers Association and sits on a number of International Chamber of Commerce sub-committees. She also teaches Advocacy and Ethics at the Ghana School of Law.

Mrs. Barth was appointed to the Board of Prudential Bank Ltd in April 2020.

Mr. James A.K Abban is a lawyer with over twenty-five (25) years experience at the Bar. He graduated from the University of Ghana (Legon) in 1987 with B.A. (Hons) Combined Degree in Classical Civilization & History. He obtained the Qualified Certificate in Law (Q.C.L) from the Ghana School of Law in 1994.

He joined the Judicial Service of Ghana in 1989 as a Circuit Court Registrar and rose to become the Registrar of the Court of Appeal in 1998.

He joined Prudential Bank Limited in 2002 as a Deputy Manager. He is currently the General Manager and Head of the Loan Recovery Department of the Bank. Lawyer Abban has also been the Company Secretary of the Bank since January 2020.



James Allen Kwasi Abban
Company Secretary

STATEMENT OF CORPORATE GOVERNANCE

The Bank recognizes sound and effective corporate governance practices as essential for the attainment of its business objectives and long-term success. The corporate governance system of the Bank comprises the board of directors, key management personnel and internal control systems. The Bank's governance framework seeks to promote checks and balances and also ensure that internal control systems are in place to enable the Board of Directors and key management personnel adhere to corporate governance best practices.

Board of Directors

The Board of Directors is the final authority in the governance of the Bank.

The Bank's Regulation has been amended to fix the minimum number of Directors on the Board at five (5) and a maximum number of thirteen (13). However, the Board currently has nine directors and two substitute directors. The Board comprises the Managing Director, four independent non-executive directors (one of whom is the chairperson) and four non-executive directors.

The board members are collectively responsible for the overall supervision, direction and long term success of the Bank. The role of the Board is to provide leadership of the Bank within a framework of prudent and effective controls which enables risks to be assessed and managed.

Capacity Building of Board members

The Board in line with section 136 of the Companies Act 2019 (Act 992) had training sessions on the Anti-Money Laundering, Financing of Terrorist and Proliferation of Weapons of Mass Destruction Laws and Corporate Governance during the year.

Meetings

The Board holds regular meetings not less than four times in a year. The Board may also hold emergency meetings when required. Directors are expected to attend and participate in all Board meetings and meetings of committees on which they serve. In addition, directors are expected to devote the time needed to discharge their responsibilities. The Board acting through its Chairman convenes Annual General Meeting once a year to receive the annual report from the Chairman and the Auditors.

The attendance record of members of the Board of Directors at Board meetings in 2019 is shown below:

	Name of Board Member	Status	Scheduled meeting	Ad-hoc Meeting	Remarks
1	Mr. K Agyei-Gyamfi	Acting Chairman	5/5	2/2	Retired in April 2020
2	Mrs. Muriel Susan Edusei	Chairperson	n/a	n/a	Appointed in April 2020
3	Mr. S. Sekyere Abankwa	Managing Director	5/5	2/2	Retired on 31st Dec. 2019
4	Mr. John K. Addo	Managing Director	n/a	n/a	Appointed in Jan. 2020
5	Mr. S. Nkansa-Boadi	Director	0/5	0/2	Retired on 31st Dec. 2019
6	Dr. N.K. Omaboe/ Nana Kwaku Duah	Director/ Substitute	4/5	2/2	Retired on 31st Dec. 2019
7	Ms. Joana F. Dickson	Director	5/5	2/2	Retired on 31st Dec. 2019
8	Ms. Aretha Duku	Director	3/5	1/2	Retired on 31st Dec. 2019
9	Mr. K. Kwakye-Mintah	Director	5/5	1/2	
10	Mr. Fred K. Boateng	Director	4/5	1/2	
11	Mr. Daniel Asah-Kissiedu	Director	5/5	2/2	
12	Mr. Samuel P. Larbi	Director	3/5	2/2	Substitute Director since April 2020
13	Mr. Yaw Opoku Atuahene	Director	n/a	n/a	Appointed in April 2020
14	Mr. Daniel Larbi-Tieku	Director	n/a	n/a	Appointed in April 2020
15	Mrs. Juliana Addo-Yobo	Director	n/a	n/a	Appointed in April 2020
16	Mrs. Victoria Barth	Director	n/a	n/a	Appointed in April 2020

Code of Conduct

Each director on the Board is required to act in good faith in what he or she reasonably believes are in the best interest of the Bank, including its customers, shareholders and employees. When making decisions, directors may rely on reports from sources such as Committees of the Board, Management of the Bank, and any external information that may be relevant to the issues under consideration.

With regard to employees, the Bank has in place policies which prescribe the code of conduct for all employees. The contents of the Bank's personnel policies, which embody the code of conduct, have been communicated to all employees to enable them discharge their functions professionally. The policies set out the rules regarding employees' general conduct, compliance with relevant laws, conflicts of interest, confidentiality and adherence to approved policies and procedures of the Bank.

Code of Ethics

The directors are required to maintain the confidentiality of information entrusted to them by the Bank and any other confidential information about the Bank that comes to them, except when they are authorized by the Chairman or legally mandated to disclose.

The directors are not permitted to engage in any conduct or activities that are inconsistent with the Bank's best interest or that disrupt or impair the Bank's relationship with any person or entity with which the Bank has or proposes to enter into a business or contractual relationship.

Conflict of Interest

Each director is required to disclose to the Board promptly the holding of any office or the possession of property in respect of which the director has, or may have, an interest or duty that may create (directly or indirectly) a conflict with the director's duties as a director of the Bank. The disclosure must include full details of the nature, character and extent of the conflict or potential conflict and be made as soon as the director becomes aware of the conflict or potential conflict.

A director who has an interest directly or indirectly in a matter being considered at a directors' meeting shall not take part in the deliberations and decisions on the matter. Directors who are suspected to have violated the provision of Conflict of Interest shall be reported to the Chairman of the Board, who shall cause investigations to be conducted. Directors who are found after the investigations to have violated the Code of Conflict of Interest shall be subject to sanctions and depending on the gravity of the violation shall be subject to one of the following sanctions:

a. Written caution

b. Suspension from the Board for three sittings

c. Request to resign from the Board

External Directorship and Other Business Engagements of Directors

The Bank of Ghana's *Corporative Governance Directive 2018*, states that, "no director shall hold more than five (5) directorship positions at a time in both financial and non-financial companies (including offshore engagements) subject to the restriction against concurrent directorships in banks". Before committing to an additional role, directors are required to confirm that no conflicts will arise. They must also provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfill their role as director of the Company.

Remuneration of Directors

The Board members are paid a monthly director's fee and a sitting allowance on attendance at meetings. The remuneration is based on recommendation to the Annual General Meeting for a resolution by the Shareholders. The basis for the recommendation depends on the following:

a. Number of Board meetings;

b. Volume of work; and

c. The Bank's performance

Board Sub-committees

In order to provide effective supervision, the Board has established two sub-committees with specific responsibilities. The sub- committees are: Audit & Risk Management Sub-Committee and Credit Sub-Committee.

Audit and Risk Management Sub-committee

The Audit & Risk Management Sub-committee is responsible for reviewing the Bank's accounting policies, financial reports, compliance with regulatory and financial reporting requirements and the adequacy and scope of external and internal audit functions.

The Audit & Risk Management Sub-committee currently has eight scheduled meetings in a year and could meet more times to cater for work overflow. The Committee assists the Board of Directors to effectively fulfill its oversight responsibilities by performing the following functions:

i) To review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank.

ii) Review internal audit and inspection reports and discuss any control concerns with the Internal Controller and Management.

iii) Review and monitor Management's responsiveness to Internal Audit's findings and recommendations.

iv) To review the external auditor's Management letter and Management's response.

v) To consider Management's response to any major external or internal audit recommendations.

vi) To receive written reports on alleged fraud cases and complaints that have been reported and investigated by the Internal Controller.

vii) To receive quarterly written reports from the Chief Risk Officer and Chief Compliance Officer for deliberation and recommendation to the full Board.

The Committee after deliberating on the branch and departmental reports as well as Bank of Ghana Reports on the Bank submits its findings and decisions to the full Board for further discussion and adoption.

The Credit Sub-committee

The Credit Sub-committee is responsible for approving credit facilities which are above the limit of the executive management. In addition, the Committee is responsible for reviewing all credit related policies of the Bank and also considers any other credit related matter referred to it by the Board.

Internal Control System

The Board of Directors is responsible for the system of internal controls that is designed to maintain effective and efficient operations compliant with applicable laws and regulations. The system of internal controls is designed to manage or mitigate risk to an acceptable residual level. The system of internal controls provides reasonable assurance against material misstatement, fraud and error.

The effectiveness of the Bank's internal controls is reviewed regularly by the Audit & Risk Management Sub-Committee of the Board. Internal Control Division undertakes independent assurance activities and provides reports to the Board and executive management on the quality and effectiveness of governance, risk management and internal controls to manage and mitigate risks inherent in the Bank's activities.

Anti-Money Laundering (AML) Matters

Money Laundering, the Financing of Terrorist and Proliferation of Weapons of Mass Destruction have negative effects on the financial system and societies. It is therefore the policy of the Bank to take all reasonable and appropriate measures to prevent persons engaged in such crimes from using the Bank's products and services to launder proceeds from crime. The Bank is committed to ensuring compliance with both the spirit and letter of the Anti-Money Laundering Act, 2008, (Act 749) as amended by Anti-Money Laundering Amendment Act 2014 (Act 874) and related regulations in Ghana.

The Bank has in place AML compliance systems and controls to enable its employees detect and report money laundering activities. The elements of the Bank's AML Compliance System include:

- A Board approved AML/CFT Risk Assessment Framework
- The appointment of the Anti-Money Laundering Reporting Officer (AMLRO)
- Customer Acceptance Policy
- Customer Identification Procedures
- Transaction Monitoring and Reporting of Suspicious Transactions

Assessment of Board Members and Board Performance

The Board at the end of each year and at the end of the tenure of office of each Board member assesses each individual Director based on performance, attendance at board meetings, contributions as a board member, commitment to the board and knowledge and experience they bring to the board. The assessment is used to determine whether the board member qualifies to be re-elected to the Board.

The Board also holds a special meeting at the end of each year to assess the performance of the Audit Sub-Committee of the Board and the Board as a whole.

External Auditor

The External Auditors of the Bank, Morrison & Associates remained in office as the auditor of the Group and its components. The external auditor had interaction with the Bank's audit committee in the performance of its duties. Morrison & Associates will continue in office as auditor of the Group and its subsidiaries.

Management

To ensure balanced decision-making and active participation of key management staff in the administration of the Bank, the following committees form part of the Bank's governance structure:

- Executive Committee;
- Credit Facilities Review Committee;
- Asset and Liability Management Committee;
- Treasury Committee;
- IT Steering Committee;
- Procurement Committee;
- Business Strategy & Risk Management Committee;
- Finance and Budget Committee; and
- Disciplinary Committee.

The committees are created to identify, measure, and make recommendations on risks inherent in the operations of the Bank. They ensure that approved policies and procedures of the Board are implemented effectively. The committees meet regularly to take actions and decisions within their authority.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to the Members their 23rd annual report together with the audited financial statements of the Bank and its subsidiaries for the year ended 31st December 2019 as follows:

a. Subsidiaries

The subsidiary companies of the Bank at the reporting date of 31st December 2019 are:

i. Prudential Securities Limited: Generally engaged in fund management, corporate finance, and business advisory services, and

ii. Prudential Stockbrokers Limited: Generally engaged in stockbrokerage, equity and economic research and advisory services.

The subsidiaries are incorporated in Ghana and wholly owned by the Bank.

b. Principal Activities

The principal activities carried out by the Bank during the year under review were within the limits permitted by its regulations and its banking licence and also consistent with its strategic focus. There were no changes in the principal activities of the Bank during the year.

c. Results and Dividends

The results of operations for the year ended 31st December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the financial statements from pages 49 – 113.

The Directors are unable to recommend the payment of dividend in respect of the year ended 31st December 2019.

d. The consolidated statement of financial position and this report have been signed by two directors indicating the Board's approval of the consolidated statement of financial position, annexed consolidated financial statements and the notes.

e. The Bank spent an amount of GH¢527,243 in 2019 (2018: GH¢540,424) on corporate social responsibility in the areas of education, health, social, cultural and export development activities. The board of directors in line with Section 136 of the Companies Act, 2019 (Act 992) had training sessions on Anti-Money Laundering and Combating the Financing of Terrorism Laws and Corporate Governance during the year.

f. An amount of GH¢236,250 (inclusive of tax) is payable as audit fees. There were no entries in the Interest Register during the period under review.

A summary of the results is as follows:

	2019		2018	
	Bank	Group	Bank	Group
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Retained earnings balance as at 1st January	**(23,852)**	**(20,497)**	**(31,790)**	**(28,554)**
IFRS 9 transition adjustment	–	–	48,168	48,168
Transfer to credit risk reserve due to IFRS 9	–	–	(48,168)	(48,168)
Prior-year adjustment	–	(277)	–	15
Restated balance as at 1st January 2019	**(23,852)**	**(20,775)**	**(31,790)**	**(28,539)**
Net profit for the year	26,644	25,506	11,591	11,695
	2,792	**4,731**	**(20,199)**	**(16,844)**
The following transfers have been made:				
Credit risk reserve	8,790	8,790	2,142	2,142
Statutory Reserve	(13,322)	(13,322)	(5,796)	(5,796)
	(4,532)	**(4,532)**	**(3,654)**	**(3,654)**
Retained earnings as at 31st December	**(1,740)**	**199**	**(23,852)**	**(20,497)**
TOTAL ASSETS	**3,195,699**	**3,198,094**	**2,387,495**	**2,390,870**

g. Directors' Assessment of the State of the Group's Affairs

The Directors consider the Group's state of affairs to be satisfactory. They have a reasonable expectation that the Bank and the Group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing these financial statements.

The Bank in July 2019 received an amount of GH¢250,763,998 from Ghana Amalgamated Trust PLC (GAT) as equity injection to meet the new minimum capital of GH¢400 million as directed by Bank of Ghana.

BY ORDER OF THE BOARD

…………………………………	…………………………………
Director	**Director**
KWAKU AGYEI-GYAMFI	**JOHN KPAKPO ADDO**

18TH MARCH 2020

FINANCIALS

This section contains the statement of directors' responsibilities, report of the independent auditor and the financial statements with supporting notes

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Companies Act, 2019, (Act 992) requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank and its subsidiaries and of their profit or loss for the year.

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) requires every bank to prepare annually as at 31st December of each year financial statements and returns in accordance with that Act.

In preparing these financial statements, the Directors are required to:

a. Select accounting policies, which comply with the Companies Act 2019, (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), Securities Industry Act, 2016 (Act 929) and in accordance with International Financial Reporting Standards and to apply them consistently.

b. Make judgements and estimates that are reasonable and prudent.

c. Ensure applicable accounting standards have been followed and any material departures disclosed.

d. Ensure the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and ensuring that the Bank and its subsidiaries keep accounting records which disclose with reasonable accuracy the financial position of the Bank and its subsidiaries and which enable them to ensure that the financial statements comply with the Companies Act 2019, (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Securities Industry Act, 2016 (Act 929) and the Anti-Money Laundering Act, 2008 (Act 749) as amended by the Anti-Money Laundering (Amendment) Act, 2014 (Act 874). They are also responsible for safeguarding the assets of the Bank and its subsidiaries and hence taking steps for the prevention and detection of fraud and other irregularities, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

The above statement, which should be read in conjunction with the report of the auditors, is made with the view to distinguishing for shareholders the respective responsibilities of the Directors and the auditors in relation to these financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRUDENTIAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Prudential Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31st December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year ended on that date and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion, the accompanying consolidated financial statements show a true and fair view of the consolidated financial position of the Group as at 31st December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Anti-Money Laundering Act, 2008 (Act 749) as amended by the Anti-money Laundering Act, 2014 (Act 874), the Securities Industry Act, 2016 (Act 929) and the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (Including International Independence Standards)* (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Loan Impairment Loss

Prudential Bank Limited assesses its loans and advances for impairment using the Expected Credit Loss Method in compliance with IFRS 9 *Financial Instruments*. In using this method, the bank applies significant judgements and assumptions in determining the amount of impairment loss that is expected to occur. The key assumptions which were used in the calculation of the expected credit losses for 2019 included the use of probabilities of default, exposures at default and loss given defaults.

Based on our risk assessment and industry knowledge, we examined the key judgements/ assumptions made by management including, inter alia:

- Forward-looking economic base case scenarios
- Significant increase or decrease in credit risks
- Probabilities of default, exposures at default and loss given defaults.

We also reviewed, on a sample basis, material retail and corporate portfolio of financial assets and evaluated the effectiveness of the IFRS impairment model which was used in determining the expected credit loss (ECL).

Our review of the assumptions resulted in additional IFRS impairment provision and recommended same for adjustment by the Bank.

Responsibilities of Directors for the Consolidated Financial Statements

As described on Page 38, the Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 2019, (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Securities Industry Act, 2016 (Act 929), and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we report on the following:

We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion proper books of account have been kept by the Bank and its subsidiaries, so far as appears from our examination of those books, and proper returns adequate for the purposes of the audit have been received from branches not visited by us.

iii. The consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity of the Bank and its subsidiaries are in agreement with the books of account.

iv. We are independent of the Group pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) requires that we state certain matters in our report. We hereby certify that:

i. The financial statements give a true and fair view of the state of affairs as at 31st December 2019 of the Bank and its subsidiaries and the results for the year ended on that date.

ii. We obtained all the information and explanation required for the efficient performance of our audit.

iii. The transactions of the Bank and its subsidiaries are within their powers; and

iv. The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930); the Anti-Money Laundering Act, 2008 (Act 749) as amended by the Anti-Money Laundering (Amendment) Act, 2014 (Act 874) and the Anti-Terrorism Act, 2008 (Act 762).

The engagement partner on the audit resulting in this independent auditor's report is: **Samuel Wilfred Yaw Inkoom** (Practising Certificate Number: ICAG/P/1118)

Particulars of the Auditor:

Signature: Morrison & Associates ....

Name:	Morrison & Associates Chartered Accountants
Licence Number:	ICAG/F/2019/097
Address:	2nd Floor Trinity House, Ring Road East P.O. Box CT 2890 Cantonments - Accra, Ghana

25TH MARCH
.... **2020**
Accra, Ghana

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2019		2018	
	Note	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Interest income	8.1	367,123	365,552	317,694	317,381
Interest expense	8.2	(182,775)	(182,747)	(169,737)	(169,703)
Net interest income		184,348	182,805	147,957	147,677
Fee and commission income	9.1	59,958	59,958	49,632	49,632
Fee and commission expense	9.2	(2,678)	(2,678)	(1,864)	(1,864)
Net fee and commission income		**57,280**	**57,280**	**47,768**	**47,768**
Net trading income	10	34,449	34,461	27,514	27,518
Other operating income	11	2,182	4,000	2,144	3,448
		36,631	38,461	29,658	30,966
Total operating income		278,260	278,546	225,383	226,411
Net impairment loss on financial assets	18.3	(34,196)	(34,196)	(27,242)	(27,242)
Personnel expenses	12	(111,358)	(112,071)	(94,660)	(95,263)
Depreciation and amortisation	20,21	(15,568)	(15,597)	(15,467)	(15,506)
Other expenses	13	(81,207)	(81,884)	(70,288)	(70,572)
		(242,328)	(243,748)	(207,658)	(208,583)
Profit/(loss) before income tax		35,931	34,798	17,725	17,829
Income tax expense	14.3	(9,287)	(9,292)	(6,134)	(6,134)
Profit/(loss) for the year		**26,644**	**25,506**	**11,591**	**11,695**
Other comprehensive income					
Revaluation of property (net of tax)		–	–	35,926	35,926
Total comprehensive income for the year		**26,644**	**25,506**	**47,517**	**47,621**
Basic earnings per share	15	0.0302	0.0289	0.0276	0.0278
Diluted earnings per share		0.0302	0.0289	0.0276	0.0278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
ASSETS					
Cash and cash equivalents	16	402,455	402,455	547,431	547,431
Investment securities	17	832,437	840,364	450,562	450,562
Loans and advances to customers	18	1,657,080	1,642,955	1,110,957	1,096,694
Investments (other than securities)	19	1,766	260	1,766	6,132
Current tax asset	14	7,904	8,079	12,771	12,949
Intangible assets	21	6,586	6,642	6,136	6,186
Other assets	23	63,910	73,760	42,877	55,892
Property, plant & equipment	20	223,563	223,578	214,994	215,024
Total assets		**3,195,699**	**3,198,094**	**2,387,495**	**2,390,870**
LIABILITIES					
Deposits from banks	24	4,550	4,550	2,907	2,907
Deposits from customers	25	2,093,786	2,092,382	1,744,465	1,741,913
Deferred tax liabilities	22	10,498	10,497	14,238	14,237
Other liabilities	26.1	34,752	36,613	112,230	114,803
Borrowings	26.2	423,846	423,846	162,797	162,797
Total Liabilities		**2,567,432**	**2,567,888**	**2,036,637**	**2,036,657**
EQUITY					
Stated capital	27	402,431	402,431	127,666	127,666
Deposit for shares	27	–	–	24,000	24,000
Retained earnings		(1,740)	199	(23,852)	(20,497)
Statutory reserve	27	55,862	55,862	42,540	42,540
Capital surplus/Revaluation reserve	27	120,914	120,914	120,914	120,914
Credit risk reserve	27	50,800	50,800	59,590	59,590
Total equity attributable to equity holders of the Bank		**628,267**	**630,206**	**350,858**	**354,212**
TOTAL LIABILITIES AND EQUITY		**3,195,699**	**3,198,094**	**2,387,495**	**2,390,870**

BY ORDER OF THE BOARD

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)
) **DIRECTORS**
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ACCRA

18TH MARCH **2020**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
Cash flows from operating activities					
Profit/(loss) before tax		35,931	34,798	17,725	17,829
Adjustments for:					
Depreciation and amortisation	20,21	15,568	15,597	15,467	15,506
Impairment on financial assets	18.3	34,196	34,196	27,242	27,242
Bad debt written off		(83,575)	(83,575)	(36,877)	(36,877)
(Profit)/loss on disposal of property, plant & equipment	20.3	(59)	(59)	(1,854)	(1,854)
Change in equity investments (other than securities)	17	–	5,872	–	(880)
Change in loans and advances to customers	18	(496,753)	(496,891)	(128,394)	(114,131)
Change in other assets	23	(21,033)	(17,870)	(268)	(13,360)
Change in deposits from banks	24	1,643	1,643	(2,890)	(2,890)
Change in deposits from customers	25	349,321	350,470	278,800	280,248
Change in other liabilities	26	(77,467)	(78,457)	46,896	45,282
Change in borrowings	26	261,049	261,049	(240,727)	(240,727)
Tax refund received	14	8,565	8,565	6,291	6,291
Income tax paid	14	(16,725)	(16,725)	(18,183)	(18,373))
Net cash used in operating activities		**10,662**	**18,614**	**(36,771)**	**(36,693)**
Cash flows from investing activities					
Purchase of investment securities	17	(381,875)	(389,802)	(279,380)	(279,380)
Purchase of property, plant & equipment	20	(22,361)	(22,362)	(7,047)	(7,066)
Proceeds from the sale of property, plant & equipment	20	430	430	3,170	3,170
Purchase of intangible assets	21	(2,597)	(2,618)	(6,243)	(6,302)
Net cash used in investing activities		**(406,403)**	**(414,352)**	**(289,500)**	**(289,578)**
Cash flows from financing activities					
Deposit for shares		–	–	24,000	24,000
Refund of deposit for shares		–	–	(9,618)	(9,618)
Proceeds from issue of equity shares		250,765	250,765	–	–
Net cash flows from financing activities		**250,765**	**250,765**	**14,382**	**14,382**
Net (decrease)/increase in cash and cash equivalent		(144,976)	(144,975)	(311,889)	(311,889)
Cash and cash equivalents at 1st January		547,431	547,431	859,320	859,320
Cash and cash equivalents at 31st December		**402,455**	**402,455**	**547,431**	**547,431**
Composition of cash and cash equivalents					
Cash in hand		91,098	91,098	70,393	70,393
Balances with Bank of Ghana		159,989	159,989	311,290	311,290
Balances with foreign banks		53,943	53,943	109,546	109,546
Items in the course of collection		8,597	8,597	10,457	10,457
Balances with other local banks		941	941	-	-
Money at short notice (Gross)		-	-	5,249	5,249
Government securities		48,386	48,386	6,245	6,245
Foreign time deposits		39,501	39,501	34,250	34,250
		402,455	**402,455**	**547,431**	**547,431**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – BANK

	Stated Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Revaluation Reserve GH¢'000	Credit Risk Reserve GH¢'000	Deposit for Shares GH¢'000	Total Equity GH¢'000
Balance at 1st January 2019	**127,666**	**(23,852)**	**42,540**	**120,914**	**59,590**	**24,000**	**326,858**
Profit for the year	–	26,644	–	–	–	–	26,644
Other comprehensive income (net of tax)	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**26,644**	**–**	**–**	**–**	**–**	**26,644**
Transactions with owners, recorded directly in equity							
Issue of shares to new shareholdes	250,765						250,765
Captalisation of deposit for shares	24,000					(24,000)	–
Transfer to statutory reserve	–	(13,322)	13,322	–	–	–	–
Transfer to credit risk reserve	–	8,790	–	–	(8,790)	–	–
Total transactions with owners	**274,765**	**(4,532)**	**13,322**	**–**	**(8,790)**	**(24,000)**	**250,765**
Balance at 31st December 2019	**402,431**	**(1,740)**	**55,862**	**120,914**	**50,800**	**–**	**628,267**
Comparative figures - 2018							
Balance at 1st January 2018	**127,666**	**(31,790)**	**36,744**	**84,988**	**13,564**	**9,618**	**231,172**
IFRS 9 transition adjustment	–	48,168	–	–	–	–	48,168
Transfer to credit risk reserve due to IFRS 9	–	(48,168)	–	–	48,168	–	–
Restated balance as at 1st January 2018	**127,666**	**(31,790)**	**36,744**	**84,988**	**61,732**	**9,618**	**279,341**
Total comprehensive income							
Profit for the year	–	11,591	–	–	–	–	11,591
Other comprehensive income (net of tax)	–	–	–	35,926	–	–	35,926
Total comprehensive income for the year	**–**	**11,591**	**–**	**35,926**	**–**	**–**	**47,517**
Transactions with owners recorded directly in equity							
Issue of shares to new shareholders:							
Rights issue	–	–	–	–	–	24,000	24,000
Refund of deposit for shares	–	–	–	–	–	(9,618)	(9,618)
Transfer to statutory reserve	–	(5,796)	5,796	–	–	–	–
Transfer to credit risk reserve	–	2,142	–	–	(2,142)	–	–
Total transactions with owners	**–**	**(3,654)**	**5,796**	**–**	**(2,142)**	**14,382**	**14,382**
Balance at 31st December 2018	**127,666**	**(23,852)**	**42,540**	**120,914**	**59,590**	**24,000**	**350,857**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – GROUP

	Stated Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Revaluation Reserve GH¢'000	Credit Risk Reserve GH¢'000	Deposit for Reserve GH¢'000	Total Equity GH¢'000
Balance at 1st January 2019	**127,666**	**(20,497)**	**42,540**	**120,914**	**59,590**	**24,000**	**354,212**
Prior-year adjustment on tax	–	(277)	–	–	–	–	(277)
Restated balance as at 1st January 2019	**127,666**	**(20,775)**	**42,540**	**120,914**	**59,590**	**24,000**	**353,935**
Total comprehensive income							
Profit for the year	–	25,506	–	–	–	–	25,506
Other comprehensive income (net of tax)	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**25,506**	**–**	**–**	**–**	**–**	**25,506**
Transactions with owners recorded directly in equity							
Issue of shares to new shareholders	250,765	–	–	–	–	–	250,765
Captalisation of deposit for shares	24,000	–	–	–	–	(24,000)	–
Transfer to statutory reserve	–	(13,322)	13,322	–	–	–	–
Transfer to credit risk reserve	–	8,790	–	–	(8,790)	–	–
Total transactions with owners	**274,765**	**(4,532)**	**13,322**	**–**	**(8,790)**	**-24,000**	**250,765**
Balance at 31st December 2019	**402,431**	**199**	**55,862**	**120,914**	**50,800**	**–**	**630,206**
Comparative figures – 2018							
Balance at 1st January 2018	**127,666**	**(28,554)**	**36,744**	**84,988**	**13,564**	**9,618**	**244,026**
Prior-year adjustment on tax	–	15	–	–	–	–	15
IFRS 9 transition adjustment	–	48,168	–	–	–	–	48,168
Transfer to credit risk reserve due to IFRS 9	–	(48,168)	–	–	48,168	–	–
Restated balance as at 1st January 2018	**127,666**	**(28,539)**	**36,744**	**84,988**	**61,732**	**9,618**	**292,209**
Total comprehensive income							
Profit for the year	–	11,695	–	–	–	–	11,695
Other comprehensive income (net of tax)	–	–	–	35,925	–	–	35,925
Total comprehensive income for the year	**–**	**11,695**	**–**	**35,925**	**–**	**–**	**47,621**
Transactions with owners recorded directly in equity							
Issue of shares to new shareholders:							
Rights issue	–	–	–	–	–	24,000	24,000
Refund of deposit for shares	–	–	–	–	–	(9,618)	(9,618)
Transfer to statutory reserve	–	(5,796)	5,796	–	–	–	–
Transfer to credit risk reserve	–	2,142	–	–	(2,142)	–	–
Total transactions with owners	**–**	**(3,654)**	**5,796**	**–**	**(2,142)**	**14,382**	**14,382**
Balance at 31st December 2018	**127,666**	**(20,497)**	**42,540**	**120,913**	**59,590**	**24,000**	**354,212**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

1. REPORTING ENTITY

The "Bank" is a company domiciled in Ghana. The address of the Bank's registered office is No. 8, John Harmond Street, Ring Road Central, Accra. The consolidated financial statements of the Group as at the year ended 31st December 2019 comprise those of the Bank and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in corporate, retail and investment banking.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated 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 in the *Guide for Financial Publications for Banks & BOG Licensed Financial Institutions*. These consolidated financial statements were approved by the Board of Directors on 18th March 2020.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

i. Financial instruments at fair value through profit or loss are measured at fair value.

ii. Financial instruments at fair value through other comprehensive income are measured at fair value.

iii. Investment property is measured at fair value.

iv. Property, plant & equipment are re-valued to reflect the fair value option.

2.3 Functional and Presentation Currency

The financial statements are presented in Ghana Cedi (GH¢), which is the functional and presentation currency of the Group.

2.4 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Minor discrepancies between some of the sums of constituent figures and the totals shown are due to rounding off of figures.

3. ACCOUNTING POLICIES

A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group adopted IFRS 16 *Leases* for the first time with effect from 1st January 2019. A number of other new standards are also effective from 1st January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 *Leases*

The IASB in January 2016 issued IFRS 16 *Leases* as the new standard for accounting for leases to replace IAS 17 *Leases* effective annual periods beginning on or after 1st January 2019.

The key difference between IFRS 16 and IAS 17 is that IFRS 16 eliminates the classification of leases as either operating leases or financial leases for a lessee. Instead, all leases are treated in a similar way to finance leases under IAS 17. That is, a single model of accounting for every lease for the lessee has been introduced by IFRS 16.

Lessees are required to apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognized leases is similar to the finance lease accounting method under IAS 17, with interest and depreciation expense recognized separately in the statement of profit or loss. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

Lessor accounting under IFRS 16 is substantially unchanged from that of IAS 17. Lessors are required to continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

Recognition and Measurement

Leases are capitalised by recognising the present value of the lease payments and showing them either as leased assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a financial liability is recognised representing the Bank's obligation to make future lease payments.

Impact on the Consolidated Financial Statements

The adoption of IFRS 16 did not have significant impact on the Group's financial statements. Most of the Group's assets were either leased for a short-term, the lease payments were immaterial, or payments were made in advance in acquisition of right-of-use over the lease period. All the lease payments made in advance during the year were treated as rent prepayments (current assets).

B. SIGNIFICANT ACCOUNTING POLICIES

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and if the entity is exposed or has rights to the variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investees returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.1.2 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date (closing rate). The foreign currency gain or loss on monetary items is the difference between amortised cost at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in Other Comprehensive Income (OCI).

3.3 Interest

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the organisation and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement. Interest income and expense are, however, generally recognised in profit or loss on straight-line basis using the effective interest method. The Effective Interest Rate (EIR) is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability.

The calculation of the EIR includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss include:

i. Interest on financial assets and financial liabilities at amortised cost on an effective interest rate basis.

ii. Interest on securities is computed on effective interest rate basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.4 Fees and Commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.5 Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

3.6 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss/other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.7 Financial Assets and Liabilities

3.7.1 Recognition

The Group initially recognises loans and advances, deposits and debt securities issued on the date that they are originated. All other financial assets and financial liabilities (including financial assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3.7.2 De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3.7.3 Offsetting

Financial assets and liabilities are set off and the net amount presented in the financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.7.4 Classification and Measurement

The Group classifies its financial assets based on the business model within which they are managed and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets whose contractual terms give rise on specified dates to collect cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding are initially measured at fair value and subsequently measured at amortised cost. A greater portion of the Bank's financial assets (loans and advances and debt securities) and financial liabilities (deposits from customers and borrowings) fall into this classification.

3.7.5 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.7.6 Fair Value Measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The fair value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

3.7.7 Designation of Fair Value through Profit or Loss

The Group has designated financial assets and liabilities at fair value through profit or loss when either:

i. The assets or liabilities are managed, evaluated and reported internally on a fair value basis;

ii. The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Note 7 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

3.7.8 Identification and Measurement of Impairment

At each reporting date, the Group determines whether there is significant increase in credit risk since initial recognition of the financial asset or no significant increase in credit risk since initial recognition. In assessing whether a significant increase in credit risk has occurred, the Group applies a multifactor approach using quantitative measures (e.g. changes in probability of default or credit score since origination), and qualitative factors such as macro-economic developments and changes in specific business environments. There is a rebuttable presumption that all financial assets that are 30 days past due are considered to have experienced a significant increase in credit risk.

A financial asset will only be considered credit impaired if there is objective evidence of impairment, including financial assets that are defaulted or 90 days past due. Loans are considered defaulted where the borrower is in breach of contract, is bankrupt, or experiences other significant financial difficulties which are expected to have a detrimental impact on their ability to pay interest or principal on the loan.

Where there is significant increase in credit risk since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses. In the case of no significant increase in credit risk, the Group measures the loss allowance for a financial instrument at an amount equal to 12-month expected credit losses.

The Group considers evidence of impairment at both an individual and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised on the unimpaired portion through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

The Group's Expected Credit Loss Model

The Group follows a three-stage approach to impairment for its financial assets.

i. Stage 1: When a significant increase in credit risk since initial recognition has not occurred, a 12-month expected credit loss (ECL) is recognised for all Stage 1 financial assets. Stage 1 financial assets are considered performing.

ii. Stage 2: When a significant increase in credit risk since initial recognition has occurred, a lifetime ECL is recognised. Stage 2 financial assets are underperforming but not yet defaulted.

iii. Stage 3: There is significant increase in credit risk reflecting 90 days past due and considered credit impaired at the reporting date.

The Group's expected credit loss (ECL) model uses three key input parameters for the calculation of the expected credit losses. These are:

- probability of default (PD),
- exposure at default (EAD), and
- loss given default (LGD).

The probability of default (PD) is the estimate of the likelihood of default over a given time horizon. Key drivers include customer characteristics which are adjusted with forward-looking macroeconomic scenarios which are likely to impact the risk of default.

In estimating our PDs, a historical default analysis was carried out over a six-year period.

Exposure at default (EAD) represents the expected balance at default after taking into account any projected repayment of principal and interest together with any expected draw downs of committed facilities until the default event occurs. The EAD will be discounted back to the reporting date using the effective interest rate (EIR) determined at initial recognition. Discounting is calculated over a 12-month period for Stage 1 loans or over either the behavioural life or the remaining term life, whichever is shorter, for Stage 2 loans.

Loss given default (LGD) represents the expected losses on the EAD after taking into account cash recoveries, including the value of collateral discounted over the time it is expected to be realized. Expected cash recoveries are discounted at the original EIR of the loan, back to the default date.

3.8 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

3.9 Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.10 Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognized within loans and advances.

When the Group purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the Group's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Group chooses to carry the loans and advances at fair value through profit or loss.

3.11 Investments

These are initially measured at fair value plus incremental direct transaction costs. They are subsequently accounted for depending on their classification as either fair value through profit or loss, or fair value through other comprehensive income.

3.11.1 Fair Value through Profit or Loss

The Group carries its investment securities at fair value, with fair value changes recognised immediately in profit or loss.

3.11.2 Fair Value through Other Comprehensive Income

The Group carries its investments (other than securities) at fair value through other comprehensive income, with fair value changes recognized immediately in other comprehensive income.

3.12 Property, Plant & Equipment

3.12.1 Recognition and Measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When components of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant or equipment.

3.12.2 Subsequent Costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant & equipment are recognised in profit or loss as incurred.

3.12.3 Revaluation Model

After recognition of an asset, an item of property, plant & equipment whose fair value can be measured reliably shall be carried at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group's policy is to revalue its properties, plants and equipment between three to five years depending on the economic conditions.

Revaluation model is used for only property and surpluses on such revaluations are restricted to tier-two capital with respect to capital adequacy ratio computation.

3.12.4 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant & equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Computer hardware	25.0%
• Furniture and fittings	20.0%
• Motor vehicle	20.0%
• Office equipment	12.5%

- Plant & machinery 12.5%
- Branch development 12.5%
- Buildings 3.0%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3.13 Intangible Assets

An intangible asset is generally considered as an identifiable non-monetary asset without physical substance. It is recognised when future economic benefits will flow to the Group and it can be reliably measured. The useful life may be finite or indefinite depending on the nature and legal framework underpinning the transaction. Impairment assessment is made of all indefinite intangible assets at each reporting date and the appropriate adjustments made.

3.13.1 Goodwill

Goodwill/Negative Goodwill arises on the acquisition of subsidiaries and other businesses. Goodwill subsequent to initial recognition is measured at cost less accumulated impairment losses.

3.13.2 Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over their useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is four years.

3.14 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.16 Employee Benefits

3.16.1 Short-term Benefits

Short-term employee benefits are amounts payable to employees that fall due wholly within 12 months after the end of the year in which the employee renders the related service.

The cost of short-term employee benefits is recognised as an expense in the year when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting year are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayment to the extent that it will lead to a future cash refund or a reduction in future cash payment.

Wages and salaries payable to employees are recognised as an expense in profit or loss at gross amount. The Group's contribution to Tier 1, 2, and 3 of the National Pensions Scheme are also charged as expenses.

3.16.2 Social Security and National Insurance Trust (SSNIT)

Under a national defined benefit pension scheme, the Group contributes amounts equivalent to 13% of employees' basic salary to Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which are settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

3.16.3 Provident Fund

The Group has a Provident Fund Scheme for all permanent employees. Employees contribute 5% of their basic salary to the Fund with the Group also contributing amounts equivalent to 5% of the employee's basic salary. The Group's obligation under the Fund is limited to the relevant contribution which is invested at interest rates agreed by the Trustees of the Scheme and the Group.

3.17 Share Capital and Reserves

3.17.1 Perpetual Bonds/Irredeemable Preference Shares

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The Bank's perpetual bonds are not redeemable by holders, and bear an entitlement to distributions that is non-cumulative and at the discretion of the directors. Accordingly, they are presented as a component of issued capital within equity. Where the perpetual bonds or preference shares are irredeemable but cumulative in terms of dividend then the unpaid portion of the dividend is obligatory and is treated as a liability whilst the principal is classified as equity.

3.17.2 Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.18 Earnings per Share

The Group presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period/year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.19 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or service (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments

3.20 Dividends

Dividends are recognised as a liability in the year in which they are declared.

3.21 Sale and Repurchase Agreements

Securities sold under sale and repurchase agreements (Repos) are retained in the financial statements with the counterparty liability included in amounts due to banking institutions. Securities purchased from the central bank (Bank of Ghana) under agreement to resell (reverse Repos), are disclosed as Treasury bills as they are held to maturity after which they are repurchased and are not negotiable or discounted during the tenure.

3.22 Acceptances, Letters of Credit, Financial Guarantees and Commitments

Acceptances, letters of credit, financial guarantees and commitments are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefits is remote.

3.23 Borrowings (Liabilities to Banks and Customers)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings. Borrowings and other forms of financial liabilities are de-recognised from the books only when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires.

3.24 Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.25 Events after the Reporting Date

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

3.26 Standards Issued but not yet Effective

As at the date of the issuance of the financial statements, the following standard has been issued but not yet effective. It is, however, not applicable to the Group and would therefore not be adopted when it becomes effective.

IFRS 17 *Insurance contracts*

This requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. It supersedes IFRS 4 *Insurance Contracts* and is applicable for annual reporting periods on or after 1st January 2021.

4. RISK MANAGEMENT

4.1 Introduction and Overview

Risk management is fundamental to the long term profitability and survival of the Group. The Group manages risk through a continuous process of identifying, measuring and controlling risks inherent in its operations.

4.1.1 Categories of Risk

Risk is inherent in every material business activity of the Group. The nature of the Group's operations exposes it to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Compliance risk;
- Strategic risk; and
- Reputational risk.

To ensure that the Group takes only measured risks, the Group has integrated effective risk management in its daily business activities, processes and procedures.

4.2 Risk Management Framework

The Group has established a comprehensive risk management framework for managing the risks inherent in its operations at all times and levels throughout the Group. The risk management framework ensures the identification, measurement and control of the risks at all levels in the Group with a view to safeguarding its integrity, reputation and financial strength. The risk management framework also contains details of the Group's risk governance structure.

The Group maintains a risk governance structure geared towards strengthening risk identification, measurement, management and control whilst positioning the Group to manage the changing regulatory environment in an efficient and effective manner. The risk governance structure ensures oversight of and accountability for, the effective management of risks inherent in the Group's operations.

The Group uses the Three Lines of Defence Model for managing risks. The model ensures that risk management is performed at all levels of the Group's operations. This approach provides a clear allocation of responsibilities for the ownership and management of risks as follows:

4.2.1 First Line of Defence

In the first line of defence, heads of divisions, departments and branch managers are primarily responsible for managing risks inherent in their business units. These departments and branches continuously assess and evaluate risks associated with their day-to-day operations. The process ensures strict adherence to the Group's operational policies, procedures and controls.

4.2.2 Second Line of Defence

The second line of defence consists of dedicated risk management committees well structured to assist the first line of defence in the implementation of risk management procedures approved by the Board.

4.2.3 Third Line of Defence

The third line of defence consists of the Internal Control Division comprising Branch Inspection, Information Security and Internal Audit as well as the Compliance and Risk Management Departments. These departments provide an independent assessment and validation of the adequacy and effectiveness of the overall risk management function and governance structures of the Group and report independently to the Board.

The risk governance system of the Group is therefore multi-faceted, involving the Board of Directors and management level committees. At the highest level, the Board of Directors, supported by the Audit & Risk Management Sub-Committee of the Board determines the risk strategy, policy, limits and appetite for the Group. The Board regularly reviews the Group's risk exposure to enable it take appropriate risk related decisions.

The Risk Management Department assists management in the formulation of the overall policies including various risk management strategies and control. The Department also provides a review of the overall risk profile from time to time. The head of the Risk Management Department is responsible for coordinating the risk management issues emanating from the various committees, divisions and departments of the Group and is primarily responsible for ensuring that the Group's risk profile is consistent with its financial resources and the risk appetite defined by the Board.

4.3 Credit Risk

Credit risk refers to the risk that a borrower defaults in repaying a credit facility either in full or in part or that counterparty fails to meet its contractual obligation to financial instrument thereby resulting in financial loss to the Group.

The principal sources of credit risk inherent in the Group's operations arise from loans and advances to customers as well as off-balance sheet transactions such as guarantees, undertakings and letters of credit.

The Group manages credit risk through well structured systems and controls which ensure that relevant committees meet to take appropriate decisions on credit applications and reports in order to control credit risk at various stages of the credit delivery process. The Group pursues a prudent policy for granting credit facilities to customers.

The Group also applies the Know Your Customer (KYC) principle when granting credit facilities to customers. In other words, credit facilities are granted to businesses whose management, integrity and expertise are known and considered to be acceptable by the Group. In addition, the Group adequately assesses the financial performance of the businesses of borrowers before granting credit facilities to such businesses.

Credit facilities granted to customers, both corporate and retail, are closely monitored on a regular basis to uncover early warning signals of non-performance for the necessary remedial measures to be taken.

Early risk detection is a tenet of the Group's credit culture and is intended to ensure that greater attention is paid to credit exposures in order to effectively manage such exposures and maximize loan recovery.

The Group requires appropriate collateral to secure credit facilities granted to borrowers. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. Collaterals held as security against credit risk consist mainly of mortgages over landed property as well as cash and Government securities. While collateral can be an alternative source of repayment, it does not mitigate or compensate for a borrower's questionable reputation.

The Group has adopted the following internal credit grading system in classifying its credit portfolio:

Grade	Description	Days Overdue
1	Current	Less than 30 days
2	OLEM	30 to 90 days
3	Substandard	91 to180 days
4	Doubtful	181 to 365 days
5	Loss	More than 365 days

4.3.1 Exposure to Credit Risk

	Loans and Advances to Customers	
	2019 GH¢'000	2018 GH¢'000
Individually Impaired		
Grade 3	42,322	60,222
Grade 4	103,233	88,877
Grade 5	13,375	98,132
Gross Amount	158,931	247,232
Interest in suspense	(33,177)	(41,441)
Allowance for Impairment	(26,115)	(69,973)
Carrying Amount	99,639	135,818
Collectively Impaired		
Grade 1	1,451,175	892,299
Grade 2	148,157	120,150
Gross amount	1,599,332	1,012,449
Interest in suspense	(26,561)	(16,468)
Allowance for impairment	(15,330)	(20,842)
Carrying amount	1,557,441	975,139
Total Carrying Amount	**1,657,080**	**1,110,957**
Past due but not impaired comprises:		
Grade 3	-	2,580
Grade 4	2,108	-
Grade 5	3,372	16,351
Carrying amount	5,480	18,931
Past due comprises:		
Grade 3	27,401	50,061
Grade 4	59,121	66,826
Grade 5	7,637	-
Carrying amount	94,159	116,887
Neither past due nor impaired comprises:		
Grade 1	1,415,345	892,764
Grade 2	142,096	82,375
Carrying amount	1,557,441	975,139
Total Carrying Amount	**1,657,080**	**1,110,957**

The loans and advances portfolio for years 2019 and 2018 are further analyzed in terms of quality as shown on charts 1 and 2.

Chart 1: Analysis of loans and advances portfolio of GH¢1,657m for 2019

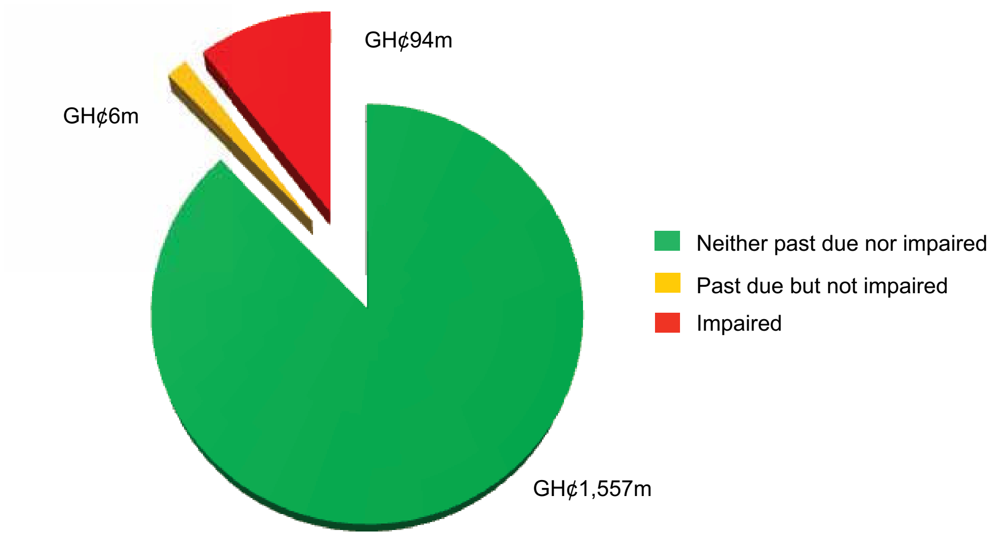
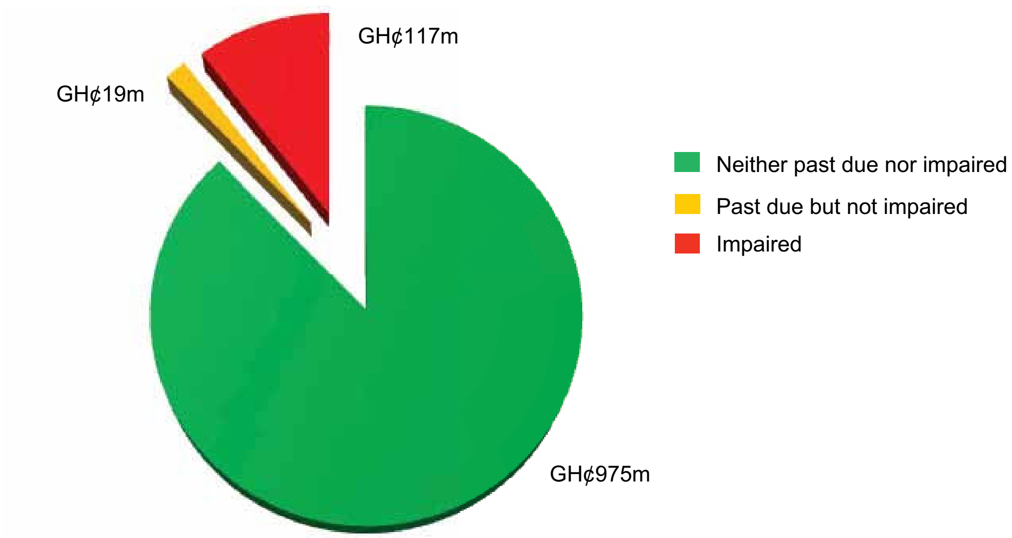


Chart 2: Analysis of loans and advances portfolio of GH¢1,111m for 2018



4.3.2 Impaired Loans and Advances

Impaired loans and advances are loans and advances for which the Group has recognized that principal and/or interest are not collectible in accordance with the credit agreement.

4.3.3. Past due but not Impaired Loans

These are loans and advances where agreed scheduled payments are past due but the discounted cash flow of the value of the collateral is estimated to be more than the carrying amount of the facility.

4.3.4 Loans and Advances with Renegotiated Terms

These are loans and advances that have been restructured or rescheduled due to any one or a combination of the following:

- Time overrun during implementation of the business activity that is financed by the Group resulting in delay in starting up the business;
- Delay in delivery of goods and services ordered or imported by the borrower;
- Negative deviation of cash flow from the projected figures contained in the credit report due to the fact that reasonable time period is required to set up production and build up sales; and
- Inadequate cash flow generation due to seasonal slowdown in business activity.

Restructured loans and advances remain in their risk grade for a reasonable time until proven record of performance in accordance with the renegotiated terms.

4.3.5 Allowances for Impairment

The Group estimates the expected losses in its loans/ advances portfolio as at the end of the year and provides an impairment allowance against it. The components of the impairment allowance are the specific impairments for individually assessed borrowers and collective impairments based on the loans/advances segments.

4.3.6 Write off Policy

The Group writes off loans and advances when the Bank's Credit Facilities Review Committee assesses a loan/advances or a portion thereof to be unrecoverable. All write offs are done in accordance with laid down policies and procedures, including approval from Bank of Ghana.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired loans and advances by the risk grade.

	Loans and Advances to Customers	
	Gross GH¢'000	Net GH¢'000
31-Dec-19		
Grade 3	42,322	27,401
Grade 4	103,233	61,229
Grade 5	13,375	11,009
Total	158,931	99,639
31-Dec-18		
Grade 3	60,222	52,052
Grade 4	88,877	67,299
Grade 5	98,132	16,467
Total	247,232	135,818

4.3.7 Collaterals for Credit Facilities

The Group holds collateral against loans and advances to customers in the form of mortgage interests over landed property, assignments over equipments and stocks, guarantees, and assignments over cash and near cash assets.

Fair values of collaterals are based on valuations of collaterals by a qualified valuer at the time of granting the credit facility. The collateral values are updated periodically to reflect the current condition and market value of the collateral.

The fair value of collateral and other securities held against loans and advances is shown below:

	Loans and Advances to Customers	
	2019 GH¢'000	2018 GH¢'000
Against 'Individually impaired'		
Property	61,954	52,057
Against 'Past due but not impaired'		
Property	91,654	81,834
Against 'Neither past due nor impaired'		
Property	1,892,759	1,720,654
Other (Cash securities)	73,411	63,349
Total	2,119,778	1,917,894

4.3.8 Repossessed Assets

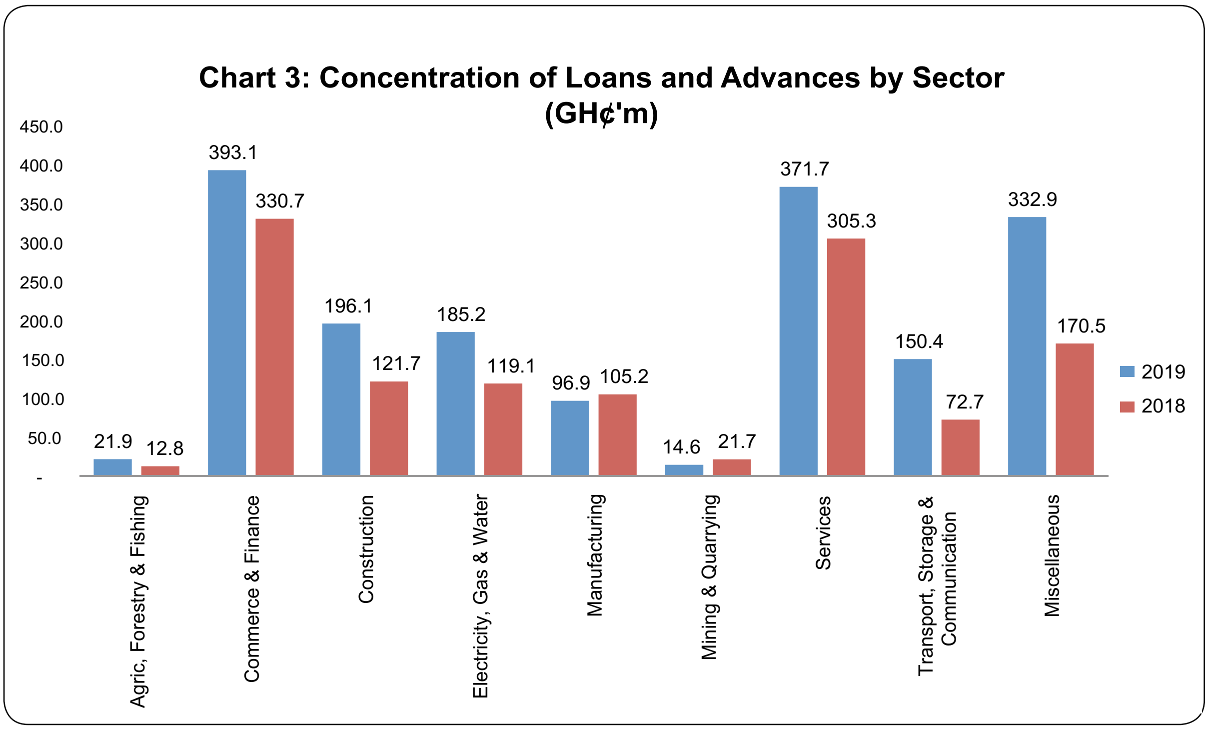
	Loans and Advances to Customers	
	2019	**2018**
	GH¢'000	**GH¢'000**
Against individually impaired		
Property	24,501	24,288

4.3.9 Investments

The Group's investments consist mainly of Government of Ghana and Bank of Ghana securities which were neither past due nor impaired at the end of the year.

4.3.10 Credit Concentration Risk

The Group monitors credit concentration risks by sector. The analysis of credit risk concentration as at 31st December 2019 is shown in the chart below:



4.3.11 Settlement Risk

Settlement risk is the risk of loss arising from the failure of counterparty to honour its obligations to deliver a security or cash under agreed terms. The Group's trading and other money market activities may give rise to settlement risk. The Group mitigates settlement risk by setting limits for dealers and traders. For some transactions, settlements are done through clearing/settlement agents to ensure that trades are settled only when both parties have fulfilled their obligations under the agreed terms of settlement.

4.4 Liquidity Risk

Liquidity risk is the potential loss to the Group arising from either its inability to meet its maturing obligations as they fall due or to fund increases in assets without incurring unacceptable costs.

Liquidity risk could occur if customers suddenly withdraw more funds than expected which cannot be met from the Group's available cash resources, from selling or pledging assets, or by borrowing funds from third parties. Liquidity risk could also occur if the Group is unable to meet the primary reserve required by Bank of Ghana or meet committed loan disbursements.

4.4.1 Management of Liquidity Risk

Management of liquidity risk enables the Group to minimise the mismatch in the timing of cash flows relating to its assets and liabilities and also ensures that it regularly maintains the cash reserve requirement of Bank of Ghana.

The Group's liquidity risk management aims at maintaining sufficient liquidity to ensure safe and sound banking operations and also meet its maturing obligations when due, under both normal and stressed conditions.

The Group considers liquidity risk from three different perspectives namely structural, tactical and contingency liquidity risks.

4.4.2 Structural Liquidity Risk

Structural liquidity risk arises from a mismatch of the maturities of the Group's assets and liabilities which could lead to a liquidity crisis. Structural liquidity risk is controlled by managing the structure of assets and liabilities in the statement of financial position on a going concern basis. This is aimed at achieving a sound liquidity profile through the following:

- Maintenance of a well diversified funding mix of customer deposits and borrowings (both secured and unsecured) through a Group-wide coordinated funding strategy. The funding mix is diversified both in terms of sources and maturities to have an inbuilt high level of stability. The Group funds a substantial portion of its lending activities through customer deposits, which stood at GH¢2,097 million and GH¢1,745 million at 31st December 2019 and 2018, respectively.
- Holding a broad portfolio of high grade securities in the form of defensive investments that can be used to obtain secured funding from the money market. These investments are mainly held in Government of Ghana securities with structured maturities. The Bank had unencumbered defensive investments of GH¢767 million at the end of December 2019;

- Managing any structural liquidity gap that may occur using the defensive investments and/or through the introduction of medium term funds – fixed deposits and borrowings, to rectify any such anomaly.

4.4.3 Tactical Liquidity Risk

Tactical liquidity risk arises from the shortage of short-term cash to meet customers' withdrawals or maturing obligations. It gives rise to the need for day to day liquidity management. The Treasury Department is responsible for managing the day-to-day liquidity needs of the Group while branch managers are responsible for managing daily liquidity at branch level to ensure that customer withdrawal needs are always met.

The Treasury Department determines and monitors the daily liquidity position by preparing daily liquidity reports which summarise the daily cash inflows and outflows and reserve requirements. Any required borrowings or placements are actioned by the Treasury Department within the framework of the treasury policy guidelines. The daily report is subsequently submitted to management for approval. The Treasury Department also monitors compliance with regulatory limits on a daily basis.

A branch's daily cash holding depends on projected cash withdrawals and deposits based on past experience. In locations where there is more than one branch of the Bank, the other branch/branches serve as a source of cash replenishment for a cash deficit branch.

4.4.4 Contingency Liquidity Risk

Contingency liquidity risk relates to planning for liquidity management under stress conditions. It is the Group's policy to have adequate and up to date contingency funding plans to enable the Group to respond effectively to liquidity stress events at various levels of severity. These policies are based on stress scenarios and include potential funding strategies and sources. Executive Management, with the assistance of the Treasurer, is responsible for the activation of the Group's Liquidity Risk Contingency Plan.

The Treasury Committee meets regularly to review the liquidity position of the Group in line with the treasury and investment policy of the Group. The Group maintained a healthy liquidity position throughout 2019.

4.4.5 Exposure to Liquidity Risk

The Group's exposure to liquidity risk is measured by:

- Liquidity Gap Analysis; and
- Ratio of net liquid assets to deposits.

The Group's exposure to liquidity risk as measured by the liquidity gap analysis is summarized in the table below:

	Total GH¢'000	Less than 1 month GH¢'000	1 to 3 months GH¢'000	3 to 6 months GH¢'000	6 to 12 months GH¢'000	More than 1 year GH¢'000
31-Dec-19						
ASSETS						
Cash and cash equivalents	**402,455**	360,284	41,462	709	–	–
Investment securities	**840,364**	–	2	–	104,592	735,770
Loans and advances to customers	**1,642,955**	525,760	304,944	287,826	182,323	342,102
Property, plant & equipment	**230,220**	–	–	–	–	230,220
Other assets	**82,100**	–	–	–	–	82,100
Total assets	**3,198,094**	886,044	346,408	288,535	286,915	1,390,191
LIABILITIES						
Deposit from customers	**2,092,382**	137,867	261,198	243,293	300,583	1,149,441
Deposit from banks	**4,550**	4,550	–	–	–	–
Other liabilities	**47,110**	5,285	8,636	8,065	6,860	18,264
Borrowings	**423,846**	69,036	–	–	354,715	95
Total liabilities	**2,567,888**	216,739	269,833	251,358	662,158	1,167,800
Liquidity gap (before contingencies)	**630,206**	669,305	76,575	37,177	(375,243)	222,391
Contingent liabilities	**137,486**	19,084	30,575	28,626	50,788	8,413
Liquidity gap (after contingencies)	**492,721**	**650,221**	**46,000**	**8,551**	**(426,030)**	**213,977**
31-Dec-18						
ASSETS						
Cash and cash equivalents	**547,431**	451,718	93,570	2,143	–	–
Investment securities	**456,695**	–	–	4,078	2,444	450,173
Loans and advances to customers	**1,096,694**	375,915	189,128	160,682	137,271	233,698
Property, plant & equipment	**221,210**	–	–	–	–	221,210
Other assets	**68,840**	–	–	–	–	68,840
Total assets	**2,390,870**	827,633	282,698	166,903	139,715	973,921
LIABILITIES						
Deposit from customers	**1,741,913**	112,244	214,558	203,403	249,389	962,319
Deposit from banks	**2,907**	2,907	–	–	–	–
Borrowings	**129,041**	3,633	780	10,738	10,196	103,693
Other liabilities	**162,797**	47,633	–	–	115,164	–
Total liabilities	**2,036,658**	166,417	215,338	214,142	374,749	1,066,012
Liquidity gap (before contingencies)	**354,212**	661,216	67,360	(47,239)	(235,035)	(92,091)
Contingent liabilities	**90,667**	9,327	12,024	12,171	11,146	45,998
Liquidity gap (after contingencies)	**263,545**	**651,889**	**55,336**	**(59,410)**	**(246,180)**	**(138,089)**

The gap analysis above matches the liquid assets and liabilities in the various time bands based on the remaining number of days to the contractual maturity dates. The unmatched position (gap) indicates the Group's exposure to liquidity risk.

Another key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. Net liquid assets comprise cash and cash equivalents, investment securities in Government of Ghana securities and Bank of Ghana Bills less deposits from banks, other borrowings and commitments maturing within the next month. Details of the reported Bank ratio of net liquid assets to deposits from customers as at 31st December 2019 and during the year were as follow:

At 31st December	2019	2018
Average for the year	21.28%	19.94%
Maximum for the year	17.28%	14.79%
Minimum for the year	25.71%	27.99%

4.5 Market Risk

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

The Asset and Liability Committee (ALCO) and the Treasury Committee are responsible for the management of the Group's market risk. The Risk Management Department is responsible for ensuring that the Group's exposure to market risk is within the risk appetite levels defined by the Board. The primary responsibility for the daily monitoring and management of market risk is, however, delegated to the Treasury and International Banking Departments with the oversight supervision of the Treasury Committee.

4.5.1 Management of Market Risk

Exposure to Interest Rate Risk – Non-Trading Portfolio

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustment within a specified period. The Group's lending, investment and funding activities give rise to interest rate risk because it carries a mix of both fixed and floating rate assets and liabilities on its books that are subject to re-pricing periodically. Potential mismatches in interest rate sensitive assets and liabilities are caused by the following:

a. Movement in market interest rate;

b. Generation of new interest rate sensitive assets and liabilities;

c. Movement of interest rate sensitive assets and liabilities from one time band to another.

The Group employs an interest rate sensitivity model (Gap Analysis) to measure and monitor interest rate sensitive assets and liabilities. The model is based on the classification of interest rate sensitive assets and liabilities into particular time bands with regards to maturity.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

	Total GH¢'000	Less than 3 months GH¢'000	3 to 6 months GH¢'000	6 to 12 months GH¢'000	More than 12 months GH¢'000	Non-interest sensitive GH¢'000
31-Dec-19						
ASSETS						
Cash and cash equivalents	**402,455**	87,179	709	–	–	314,567
Investment securities	**840,625**	2	–	104,592	736,031	–
Loans and advances to customers	**1,642,955**	830,704	287,826	182,323	342,102	–
Total assets	**2,886,035**	917,885	288,535	286,915	1,078,133	314,567
LIABILITIES						
Deposit from customers	**2,092,382**	399,065	243,293	300,583	621,267	528,174
Deposit from other banks	**4,550**	4,550	–	–	–	–
Borrowings	**423,846**	69,036	–	–	354,810	–
Total Liabilities	**2,520,779**	472,652	243,293	300,583	976,077	528,174
Interest Sensitive Gap	**365,257**	**445,234**	**45,242**	**(13,668)**	**102,055**	**(213,607)**
31-Dec-18						
Assets						
Cash and cash equivalents	**547,431**	91,970	2,143	–	–	453,318
IInvestment securities	**456,695**	–	4,078	2,444	450,173	–
Loans and advances to customers	**1,096,694**	565,043	160,682	137,271	233,698	–
Total assets	**2,100,820**	657,013	166,903	139,715	683,871	453,318
Liabilities						
Deposit from customers	**1,741,913**	326,802	203,403	249,389	962,319	–
Deposit from other banks	**2,907**	2,907	–	–	–	–
Borrowings	**162,797**	47,633	–	115,164	–	–
Total Liabilities	**1,907,617**	377,342	203,403	364,553	962,319	–
Interest Sensitive Gap	**193,203**	**279,671**	**(36,500)**	**(224,838)**	**(278,448)**	**453,318**

The Group's interest rate risk management strategy is based on a variable (floating) interest rate pricing policy in pricing its assets and to a large extent its liabilities. This allows the Group to re-price its assets and liabilities in tandem with changes in market rates. The Group ensures that the re-pricing structure of the statement of financial position generates maximum benefits from interest rate movements.

The Group's strategy is to maintain an overall position of interest sensitive assets greater than interest sensitive liabilities.

Exposure to Exchange Rate Risk

Exchange rate risk is the potential loss of income and capital arising from movements in exchange rates of currencies in which the Group has positions or commitments.

The Group measures its exposure to foreign exchange rate risk by using the Net Open Foreign Exchange Position. The Group, on a daily basis, computes the net open position for each foreign currency for which the Group has a position. The net open position is then stress tested against variations in the exchange rate of each of the currencies to determine the extent to which exchange rate movements can adversely affect the Group's statement of profit or loss and other comprehensive income.

The Group manages foreign exchange risk inherent in its operations by:

a. Matching assets and liabilities denominated in the same currency to ensure that the impact of exchange rate movement on the Group is largely positive.

b. Keeping foreign currency holdings in more stable currencies.

c. Avoiding foreign currency purchase/sale transactions that could result in exchange losses. The Bank's trading in foreign currencies is spot based.

The Group manages contingent liabilities to ensure that their crystallisation do not result in foreign exchange risk. Maturing contingent liabilities which are not adequately funded are converted into loans or overdrafts denominated in the same currency as the contingent liability.

The currency exposures are maintained within the Group's risk tolerance levels and are monitored on daily basis by the Risk Management and Compliance Departments of the Group to ensure that revaluation losses are kept to a minimum.

The Group assumed that the cedi will depreciate against the USD, GBP and Euro by 8%, 4% and 10%, respectively based on the three average depreciation rate of the respective currencies.

The table below summarises the Group's exposure to foreign exchange risk (in Ghana cedis) as at 31st December 2019 and also shows the sensitivity of profit before tax to assumed changes in exchanges rates.

Foreign currency exposure (in Ghana cedis)

	2019 USD GH¢'000	2019 GBP GH¢'000	2019 EURO GH¢'000	2018 USD GH¢'000	2018 GBP GH¢'000	2018 EURO GH¢'000
Assets						
Cash in till and in vault	16,556	3,445	5,349	11,668	3,208	4,546
Bank of Ghana	18,658	5,462	4,452	31,137	10,373	6,036
Nostro balances	26,203	11,010	16,730	86,993	10,460	12,094
Foreign time deposits	39,405	4	93	34,165	3	82
Loans & advances	374,980	191	1,444	350,386	161	1,282
Other assets	941	–	–	–	–	–
Total assets	476,742	20,112	28,069	514,349	24,205	24,040
Liabilities						
Customer deposits	421,783	20,015	28,665	408,245	17,946	23,148
Borrowings	93,692	–	–	23,189	–	–
Other liabilities/margins	2,743	34	53	73,626	6,204	47
Total liabilities	518,218	20,049	28,718	505,060	24,149	23,195
Net open position	(41,476)	63	(650)	9,288	56	845
Contingent liabilities	(84,131)	–	0	(59,739)	–	(241)
Net position (including contingent liabilities)	**(125,607)**	**63**	**(650)**	**(50,451)**	**56**	**604**
Assumed depreciation rate of the cedi	9.70%	12.27%	12.04%	8.32%	3.59%	10.28%
Projected effect on profits (with contingent liabilities)	(4,022)	8	(78)	773	2	87
Projected effect on profits (without contingent liabilities)	(12,181)	8	(78)	(4,198)	2	62

4.6 Operational Risk

Operational risk is the potential for loss arising from inadequate or failed processes, people and systems, staff misconduct or from uncontrolled external events.

Operational risk may arise from:

a. Failure to manage systems, operations, transactions and assets;

b. Human errors or loss of customer data;

c. Fraud ,theft, cyber attacks and hacking activities; and

d. Natural as well as man-made disasters.

These risks are identified, monitored and controlled through well designed operating procedures and controls, insurance policies, business continuity planning, internal audit and timely and reliable management reporting systems. Operational risk in the Group is driven by volume of cash flows and transactions as well as other operational risk measures such as cash shortages, legal expenses, system failures etc.

The Group's top management is primarily responsible for managing operational risk inherent in its banking business. The Group manages its operational risk by regularly raising awareness of its employees to potential operational losses, improving early warning information systems and allocating risk ownership and responsibilities to branch managers and heads of departments. The Executive Committee, IT Steering Committee and Business Strategy & Risk Management Committee are responsible for managing operational risk. The Risk Management Department coordinates all operational risk management activities.

A key threat to the Group's operation is the possibility of cyber attacks, computer virus attacks, unauthorized access, sabotage and other events that could adversely affect the security of its information systems. Failure to prevent or protect the Group from such attacks could have a significant adverse impact on the Group's operations in the form of loss of customer data and other sensitive information, financial loss or reputational damage.

The Group's internal policies and procedures and other information security systems protect the confidentiality, integrity and availability of information assets held on its computer systems, software, networks and other electronic devices. In addition, the Group continues to use the services of both internal and external information technology security experts to conduct independent reviews on the resilience of its IT systems to cyber attacks and other information security threats. The security systems and processes deployed to protect the Group's computer systems, networks and other IT resources are continuously upgraded to maintain their effectiveness against evolving cyber attacks and hacking activities.

Furthermore, the Group has put in place physical controls to ensure that unauthorised persons do not have access to sensitive areas of the Group.

The effective management of the Group's operational risk therefore protects the Group against unnecessary business disruptions and associated costs.

4.6.1 Business Continuity and Disaster Recovery Plan (BC/DRP)

Natural and man-made disasters such as fire, earthquakes, floods, wars, terrorist attacks, cyber attacks, etc. may expose the Group's operations to unexpected interruptions. Such events may threaten business operations and may ultimately affect the survival of the Group. As a result, the Group has put in place a Business Continuity and Disaster Recovery Plan (BC/DRP) as part of its strategic and operational risk management strategy to manage both minor and major potential disruptions to its operations.

The BC/DRP is a management process that identifies threats and vulnerabilities that could impact the Group's continued operations. The Group's BC/DRP provides a framework for building institutional resilience and capability to enable the Group provide an effective response in the event of a disaster. The BC/DRP framework forms an integral part of the operational risk management strategy of the Group.

The objective of the Group's BC/DRP is to ensure that any business disruption caused by a disaster is well managed to safeguard the Group's operations, reduce the impact of such a disruption to the barest minimum and ensure continuous service delivery to customers.

The Group's operations are highly dependent on IT systems. Hence, failure of the IT systems at the Group's primary data centre due to natural or man-made disasters could have a serious adverse impact on the Group's operations and customers. The Group has therefore established an offsite standby data centre facility where a replica of all business critical systems (both hardware and software) has been installed and is updated in real time. This standby facility is to enable the Group resume operations within the shortest possible time in the event of a disruption which renders the Group's IT facilities at the primary data centre inoperative.

The Group has also procured the services of two communication service providers to provide network connectivity to all branches and the central processing facilities with one serving as a backup for the other.

In the event of a disaster at any of the Bank's branches, the affected branch staff will work from the nearest branch. The customers of the affected branch can also be served from the network of branches across the country. The Group has also provisioned alternate office locations for head office staff for the purpose of business continuity in the event of any disruption that will require relocation of staff. Furthermore, the Group has provided each of the Bank's business locations with a functional standby power facility to be used as back up to the national grid in the event of power outages.

The Group's documented BC/DRP provides details of the required procedures and processes needed to restore business operations to normality in the event of a disaster. The plan is structured around teams with each team having clearly defined roles and responsibilities. Staff members have been educated on the Group's BC/DRP programme through regular training and update sessions.

In addition, the Ghana National Fire Service provides periodic fire and evacuation drills for all staff of the Group biannually.

4.7 Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the Group's reputation as a result of failure to comply with banking or securities industry laws, regulations, rules, internal management directives and other codes of conduct and practices applicable to the banking and securities industry. Compliance breaches expose the Group to reputational damage, payment of fines, court orders, civil penalties, loss of business opportunities and diminished ability to expand key operations. Compliance failures can therefore have an adverse impact on the Group's customers, staff as well as other stakeholders.

Managing the Group's compliance risk on a proactive basis is fundamental to driving shareholder value. The Group has clear and accessible policies and procedures embedded in its operations to forestall possible compliance failures. These policies and procedures include a comprehensive system of internal controls aimed at ensuring continuous improvement in managing the Group's compliance risk.

The Board has established and resourced the Compliance Department to be responsible for managing the compliance risks inherent in the operations of the Group. The head of the Compliance Department reports quarterly to the Audit & Risk Management Sub-Committee of the Board.

4.7.1 The Compliance Function

The compliance function of the Group covers four key areas, namely compliance with:

a. Prudential banking regulation requirements;

b. Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) compliance requirements;

c. Statutory and other regulatory requirements such as requirements from the National Pension Regulatory Authority and the Securities and Exchange Commission requirements; and

d. Internal management policies and employees conduct.

The objective of the compliance function is to ensure that the Group conducts its activities in conformity with its own rules, current legislations, supervisory guidelines as well as good practices in order to minimise the risk of irregularity, material financial loss, regulatory sanctions and reputational damage.

The Group's compliance function is underpinned by the following principles:

- Integrity and reputation are the Group's key assets;
- The Board and Senior Management are the compliance owners;
- Management must set a good example for compliance; and
- Compliance is a shared responsibility by all employees, regardless of position within the Group.

The responsibility of the Compliance Department is to proactively identify, assess and monitor compliance risks faced by the Group and also assist management in fulfilling its compliance responsibilities. The Compliance Department supports and works closely with divisions and departments of the Group to comply with emerging compliance developments to minimise compliance failures. The functions of the Compliance Department include the following:

a. Identification and assessment of compliance risks associated with the Group's operations on a proactive basis;

b. Monitoring and testing compliance by performing sufficient and representative compliance tests on the Group's operations;

c. Ensuring compliance with relevant laws, regulations and directives including compliance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Foreign Exchange Act, 2006 (Act 723), Bank of Ghana directives, tax laws, pension laws etc.

d. Monitoring of all prudential returns submitted to Bank of Ghana to ensure that they are accurate, complete and submitted on time;

e. Assisting Management to build a strong compliance culture through education and training of employees on compliance issues and acting as the point of contact on compliance matters;

f. Liaising with relevant external bodies, including correspondent banks and other external experts on compliance issues to ensure compliance with statutory and regulatory requirements;

g. Advising the Board and Management on compliance laws, rules and standards and also keeping them informed on developments in the compliance environment;

h. Ensuring that all employees, divisions, departments and branches operate in line with Management directives, policies and procedures;

i. Certifying legal documents covering credit facilities granted to customers to ensure that pre-disbursement conditions and covenants are met before the Bank disburses such facilities;

j. Ensuring compliance with AML/CFT laws, regulations and directives within the Group;

k. Submission of quarterly compliance reports to the Audit & Risk Management Sub-Committee of the Board.

The Department adopts a risk-based approach in carrying out the above functions and managing the Group's exposure to compliance risks. This involves the use of clear and accessible policies, procedures and a comprehensive system of internal controls embedded in the Group's operations to avert possible compliance failures. The Compliance Department also monitors divisions and departments responsible for preparing periodic reports and returns to regulatory bodies such as Bank of Ghana, Financial Intelligence Centre, Ghana Revenue Authority, National Pension Regulatory Authority, and Securities and Exchange Commission of reporting deadlines and the need to review returns for accuracy and completeness before submission.

Anti-Money Laundering (AML) Matters

Money Laundering, the Financing of Terrorist and Proliferation of Weapons of Mass Destruction have negative effects on the financial system and societies. It is therefore the policy of the Bank to take all reasonable and appropriate measures to prevent persons engaged in such crimes from using the Bank's products and service to launder proceeds from crime. Te Bank is committed to ensuring compliance with both the spirit and letter of the Anti-Money Laundering Act, 2008, (Act 749) as amended by Anti-Money Laundering Amendment Act 2014 (Act 874) and related regulations in Ghana.

The Bank has in place AML compliance systems and controls to enable its employees detect and report money laundering activities. The elements of the Bank's AML Compliance System include:

- The appointment of the Anti-Money Laundering Reporting Officer (AMLRO)
- A Board approved AML/CFT Risk Assessment Framework
- Customer Acceptance Policy
- Customer Identification Procedures
- Transaction Monitoring and Reporting of Suspicious Transactions

4.8 Strategic Risk

Strategic risk is inherent in every business and is one of the major risk categories in the banking industry. It is the risk that results from adverse business decisions, ineffective execution of business plans and strategies, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence or other risks inherent in the operations of the Group. In the banking industry, strategic risk is elevated due to changing customer preferences and competitive pressures. The Group's appetite for strategic risk is assessed within the context of its strategic plans. Strategic risk is managed in the context of the Group's overall financial condition and assessed, and acted on by the Managing Director and executive management team. Significant strategic actions, such as capital actions and branch expansion, require review and approval by the Board.

The Board approves the strategic plans and annually reviews and approves the financial operating plans developed by Executive Management to implement the strategic goals for the year. With oversight by the Board, Executive Management ensures that the annual plans are consistent with the Group's strategic plans, core operating tenets and risk appetite. The Board assesses the following areas as part of its annual reviews:

- Forecast earnings and returns on capital,
- Current risk profile,
- Current capital and liquidity requirements,

- Staffing levels and changes required to support the plan,
- Stress testing results and other qualitative factors such as industry growth and peer analysis.

The executive management team also monitors the performance of new products introduced against product expectation.

4.9 Reputational Risk

Reputational risk refers to the potential reputational damage that a company or an institution could suffer from any adverse or negative publicity about the company or the institution concerned. Prudential Bank Limited and its subsidiaries, like other institutions, are confronted with reputational risk. That is, any negative publicity about the Group that could impair public confidence in the Group and thereby cause a decline in the customer base or reduction in the volume of business transacted by customers.

Reputational risk may result from operational issues such as inefficient services that cause disaffection to customers and other stakeholders of the Group. The major sources of reputational risk include system failures, unnecessary litigation, dealing with customers who engage in illegal business activities etc.

Internal operational issues such as system breakdowns, employee errors, employee fraud etc may expose the Group to serious reputational risk. In managing reputational risk emanating from these sources, the Group ~~has put~~ in ~~place appropriate~~ ~~measures~~ and controls that ensure that system breakdow~~ns and bookkeeping~~ ~~errors are~~ ~~checked~~ at every level of operation in order to minimise their impact on customers and other stakeholders. These controls form part of the daily operational procedures of the Group.

Unnecessary litigation is also another source of reputational risk to the Group. The Group manages reputational risk resulting from avoidable litigation by ensuring that any misunderstanding between any member of the Group and customers is resolved in a cordial way.

The Group's reputation depends not only on the way it conducts its business but also the way its customers conduct themselves. Thus, dealing with customers whose activities border on illegality, such as money laundering, is a source of reputational risk to the Group. To manage this type of risk and to avoid becoming associated with economic and financial crimes or being used as a conduit for channelling illegal monies into the country, PBL and its subsidiaries use Know Your Customer (KYC) procedures to screen potential customers and also monitor customers account operations to ensure that customers who open accounts with any member of the Group are engaged in legitimate businesses. The Group also monitors customers' account operations to ensure that deposits into accounts are consistent with the type of business customers are engaged in. The Group conducts due diligence on companies and their directors before accounts are opened.

It is the responsibility of every member of staff to safeguard the reputation of the Group. The Group's reputational risk management also revolves around effective communication between members of the Group and their customers. This is achieved through daily monitoring of customer complaints and media reportage about the Group for prompt resolution of the concerns raised or any adverse publicity.

4.10 Capital Management

The primary objective of capital management in the Group is to ensure that:

i. The Group complies with the minimum stated capital requirement of regulatory bodies, particularly the Bank of Ghana and Ghana's Securities and Exchange Commission (SEC);

ii. The Bank complies with the regulatory capital requirement that enables it to meet the minimum Capital Adequacy Ratio requirement of Bank of Ghana at all times;

iii. The Group maintains a strong capital base to maintain investor, creditor and market confidence and to sustain future development of its business;

iv. The Bank in July 2019 received an amount of GH¢250,763,998 from Ghana Amalgamated Trust as equity injection to meet the new minimum capital of GH¢400 million as directed by Bank of Ghana.

The achievement of the above objectives is monitored through regular reports on the performance of the Group and prudential returns submitted to the Bank of Ghana and the Securities and Exchange Commission (SEC).

4.10.1 Regulatory Capital

The Group's Regulatory Capital consists of both Tier 1 and Tier 2 capital.

Tier 1 capital consists of stated capital, statutory reserves and retained earnings, after deductions of intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital consists of convertible debentures and revaluation reserve. Total Tier 2 capital is limited to 100% of the net Tier 1 capital.

The Group's regulatory capital position as at 31st December 2019 is summarised below:

	2019		2018	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Tier 1 Capital				
Ordinary share capital	402,431	402,431	127,666	127,666
Retained earnings	(23,852)	(20,497)	(31,790)	(28,554)
Profit to date	22,112	20,697	7,938	8,057
Less software	(6,586)	(6,642)	(6,136)	(6,186)
Statutory reserve	55,862	55,862	42,540	42,540
Less intangible assets	(28,032)	(28,032)	(10,170)	(10,170)
Less other regulatory adjustments	(2,084)	(260)	(2,001)	(270)
Total	419,852	423,558	128,047	133,082
Tier 2 Capital				
Revaluation reserve	60,457	60,457	60,457	60,457
Qualifying subordinated liabilites	–	–	24,000	24,000
Total Tier 2 Capital	**60,457**	**60,457**	**84,457**	**84,457**
Tier 2 for CAR (Limited to 2% of RWA)	47,699	47,832	36,839	37,746
Total regulatory capital	**467,551**	**471,390**	**164,886**	**170,828**
Risk Weighted Assets				
Credit risk				
On-balance sheet	1,904,275	1,907,386	1,468,889	1,510,676
Off-balance sheet	53,313	53,313	33,242	33,242
Operational risk	370,199	373,699	327,098	330,661
Market risk	52,656	52,656	12,736	12,736
Total risk weighted assets	**2,380,443**	**2,387,054**	**1,841,965**	**1,887,315**
Capital Ratios				
Total Tier 1 capital/Total Risk Weighted Assets	17.64%	17.74%	6.95%	7.05%
Total Tier 2 capital/ Total Risk Weighted Assets	2.00%	2.00%	2.00%	2.00%
Total Regulatory capital/ Total Risk Weighted Assets	19.64%	19.75%	8.95%	9.05%
CAR based on the old format	20.81%	20.93%	12.97%	13.22%

4.10.2 Capital Allocation

The allocation of the Group's capital to various business segments is determined by the available regulatory capital and the expected return to be achieved on the allocated capital.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discusses with the Audit & Risk Management Sub-Committee the development, selection and disclosure of the Group's accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on Risk Management (see note 4).

5.1 Key Sources of Estimation Uncertainty

5.1.1 Allowances for Credit Losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in the accounting policy. The individual counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Risk Management function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar credit characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

5.1.2 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.7.6. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

5.2 Critical Accounting Judgements made in Applying the Group's Accounting Policies

Critical accounting judgements made in applying the Group's accounting policies include:

5.2.1 Financial Asset and Liability Classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as 'trading', the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 3.7.
- In designating financial assets or liabilities at fair value through profit or loss (FVTPL), the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3.7.
- In classifying financial assets measured as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3.7.

Details of the Group's classification of financial assets and liabilities are given in note 7.

6. OPERATING SEGMENTS

The Group's business segments are based on its management and internal reporting structure.

6.1 Business Segments

The Group comprises of the following business segments:

Corporate Banking: Includes loans, deposits and other transactions and balances with corporate customers

Retail Banking: Includes loans, deposits and other transactions and balances with retail customers

Investment Banking: Involves in stock brokerage and funds management activities

Treasury: Involves managing the Group's liquidity through borrowings, investing in liquid assets, money market instruments and corporate and Government Debt Securities.

Operating Segment – Bank

	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Bank – 2019						
External Revenue						
Net interest income	90,774	7,893	85,681	–	–	184,348
Net fee and commission income	39,448	17,832	–	–	–	57,280
Net trading income	–	–	34,449	–	–	34,449
Net income from other financial instruments at fair value	–	–	–	–	–	–
Other operating income	–	–	–	–	2,182	2,182
Intersegment revenue	–	–	–	–	–	–
Total Segment Revenue	**130,222**	**25,725**	**120,130**	**–**	**2,182**	**278,260**
Segment Result						
Income tax expense	–	–	–	–	(9,287)	(9,287)
Profit/(Loss) for the year	–	–	–	–	26,644	26,644
Segment assets	1,522,603	134,477	457,578	–	–	2,114,658
Unallocated assets	–	–	–	–	1,081,041	1,081,041
Total Assets	**1,522,603**	**134,477**	**457,578**	**–**	**1,081,041**	**3,195,699**
Segment liabilities	1,071,492	1,026,844	423,750	–	–	2,522,086
Unallocated liabilities	–	–	–	–	45,346	45,346
Total Liabilities	1,071,492	1,026,844	423,750	–	45,346	2,567,432
Impairment losses on Financial assets	40,781	983	–	–	–	41,764
Depreciation and amortisation	–	–	–	–	(89,370)	(89,370)
Restructuring costs	–	–	–	–	–	–
Capital expenditure	–	–	–	–	24,959	24,959

Operating Segment – Bank

	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Bank – 2018						
External Revenue						
Net interest income	47,702	10,471	89,783	–	–	147,957
Net fee and commission income	39,170	8,598	–	–	–	47,768
Net trading income	–	–	27,514	–	–	27,514
Net income from other financial instruments at fair value	–	–	–	–	–	–
Other operating income	–	–	–	–	2,144	2,144
Intersegment revenue	–	–	–	–	–	–
Total Segment Revenue	**86,872**	**19,069**	**117,297**	**–**	**2,144**	**225,383**
Segment Result						
Income tax expense	–	–	–	–	(6,134)	(6,134)
Profit/(Loss) for the year	–	–	–	–	11,591	11,591
Segment assets	953,705	199,972	994,688	-	–	2,148,366
Unallocated assets	–	–	–	–	239,129	239,129
Total Assets	**953,705**	**199,972**	**994,688**	**–**	**239,129**	**2,387,495**
Segment liabilities	882,018	865,354	162,703	–	–	1,910,075
Unallocated liabilities	–	–	–	–	126,563	126,563
Total Liabilities	**882,018**	**865,354**	**162,703**	**–**	**126,563**	**2,036,638**
Impairment losses on						
Financial assets	77,879	13,263	–	–	–	91,142
Depreciation and amortisation	–	–	–	–	75,608	75,608
Restructuring costs	–	–	–	–	15,467	15,467
Capital expenditure	–	–	–	–	13,290	13,290

Operating Segment – Group

	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Group – 2019						
External Revenue						
Net interest income	89,328	7,768	85,709	–	–	182,805
Net fee and commission income	39,448	17,832	–	–	–	57,280
Net trading income	–	–	34,461	–	–	34,461
Net income from other financial instruments at fair value	–	–	–	–	–	–
Other operating income	–	–	–	–	4,000	4,000
Intersegment revenue	–	–	–	–	–	–
Total Segment Revenue	**128,776**	**25,600**	**120,170**	**–**	**4,000**	**278,546**
Segment Result						
Income tax expense	–	–	–	–	(9,292)	(9,292)
Profit/(Loss) for the year	–	–	–	–	25,506	25,506
Segment assets	1,508,478	134,477	840,625	–	–	2,483,580
Unallocated assets	–	–	–	–	714,514	714,514
Total Assets	**1,508,478**	**134,477**	**840,625**	**–**	**714,514**	**3,198,094**
Segment liabilities	1,070,089	1,026,844	423,846	–	–	2,520,779
Unallocated liabilities	–	–	–	–	47,110	47,110
Total Liabilities	**1,070,089**	**1,026,844**	**423,846**	**-**	**47,110**	**2,567,889**
Impairment losses on						
Financial assets	40,781	982	–	–	–	41,763
Depreciation and amortisation	–	–	–	–	89,628	89,628
Restructuring costs	–	–	–	–	–	-
Capital expenditure	–	–	–	–	24,979	24,979

Operating Segment – Group

	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Group – 2018						
External Revenue						
Net interest income	47,473	10,421	89,783	–	–	147,677
Net fee and commission income	39,171	8,598	–	–	–	47,769
Net trading income	–	–	27,518	–	–	27,518
Net income from other financial instruments at fair value	–	–	–	–	–	–
Other operating income	–	–	–	–	3,448	3,448
Intersegment revenue	–	–	–	–	–	–
Total Segment Revenue	**86,644**	**19,019**	**117,301**	**–**	**3,448**	**226,412**
Segment Result						
Income tax expense	–	–	–	–	(6,134)	(6,134)
Profit/(Loss) for the year	–	–	–	–	11,695	11,695
Segment assets	899,289	197,405	999,054	–	–	2,095,747
Unallocated assets	–	–	–	–	295,123	295,123
Total Assets	**899,289**	**197,405**	**999,054**	**–**	**295,123**	**2,390,870**
Segment liabilities	879,466	865,354	162,797	–	–	1,907,617
Unallocated liabilities	–	–	–	–	129,041	129,041
Total Liabilities	**879,466**	**865,354**	**162,797**	**-**	**129,041**	**2,036,658**
Impairment losses on						
Financial assets	77,879	13,263	–	–	–	91,142
Depreciation and amortisation	–	–	–	–	75,835	75,835
Restructuring costs	–	–	–	–	–	–
Capital expenditure	–	–	–	–	13,309	13,309

7. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values (excluding accrued interest).

Financial Assets and Liabilities -- Bank

31-Dec-19

	Note	Measured at fair value through profit or loss GH¢'000	Measured at fair value through OCI* GH¢'000	Measured at Amortised Cost GH¢'000	Carrying amount GH¢'000	Fair value GH¢'000
Financial Assets						
Cash and cash equivalents	16	402,455	–	–	402,455	401,574
Investment securities	17	–	–	832,437	832,437	795,690
Loans and advances to customers	18.2	–	–	1,657,080	1,657,080	1,657,080
Investments (other than securities)	19	–	1,766	–	1,766	1,766
		402,455	1,766	2,489,517	2,893,738	2,856,111
Financial Liabilities						
Deposit from banks	24	–	–	4,550	4,550	4,550
Deposit from customers	25	–	–	2,093,786	2,093,786	2,068,037
Borrowings	26.2	–	–	423,846	423,846	416,013
		–	–	2,522,182	2,522,182	2,488,600
31-Dec-18						
Financial Assets						
Cash and cash equivalents	16	547,431	–	–	547,431	547,623
Investment securities	17	–	–	450,562	450,562	437,282
Loans and advances to customers	18.2	–	–	1,110,957	1,110,957	1,110,957
Investments (other than securities)	19	–	1,766	–	1,766	1,766
		547,431	1,766	1,561,519	2,110,717	2,097,628
Financial Liabilities						
Deposit from banks	24	–	–	2,907	2,907	2,907
Deposit from customers	25	–	–	1,744,465	1,744,465	1,723,344
Borrowings	26.2	–	–	162,797	162,797	159,476
		–	–	1,910,170	1,910,170	1,885,727

Financial Assets and Liabilities -- Group

31-Dec-2019

	Note	Measured at fair value through profit or loss GH¢'000	Measured at fair value through OCI* GH¢'000	Measured at Amortised Cost GH¢'000	Carrying amount GH¢'000	Fair value GH¢'000
Financial Assets						
Cash and cash equivalents	16	402,455	–	–	402,455	401,574
Investment securities	17	–	–	840,364	840,364	803,618
Loans and advances to customers	18.2	–	–	1,642,955	1,642,955	1,642,955
Investments (other than securities)	19	–	260	–	260	260
		402,455	260	2,483,319	2,886,035	2,848,408
Financial Liabilities						
Deposit from banks	24	–	–	4,550	4,550	4,550
Deposit from customers	25	–	–	2,092,382	2,092,382	2,066,634
Borrowings	26.2	–	–	423,846	423,846	416,013
		–	–	2,520,779	2,520,779	2,487,198
31-Dec-18						
Financial Assets						
Cash and cash equivalents	16	547,431	–	–	547,431	547,623
Investment securities		–	–	450,562	450,562	437,282
Loans and advances to customers	18.2	–	–	1,096,694	1,096,694	1,096,694
Investments (other than securities)	19	–	6,132	–	6,132	5,652
		547,431	6,132	1,547,256	2,100,819	2,087,251
Financial Liabilities						
Deposit from banks	24	–	–	2,907	2,907	2,907
Deposit from customers	25	–	–	1,741,913	1,741,913	1,720,792
Borrowings	26.2	–	–	162,797	162,797	159,476
		–	**–**	**1,907,617**	**1,907,617**	**1,883,175**

Note: OCI means “other comprehensive income”

8. INTEREST INCOME AND INTEREST EXPENSES

		2019		2018	
		Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
8.1	**Interest Income**				
	Loans and advances to customers	226,874	225,303	176,112	175,799
	Investment securities and short-term investments	128,206	128,206	100,169	100,169
	Cash and cash equivalents	12,042	12,042	41,412	41,412
	Total interest income	367,123	365,552	317,694	317,381
8.2	**Interest Expense**				
	Deposits from banks & other financial institutions	–	–	32	32
	Deposits from customers	139,147	139,120	117,907	117,874
	Borrowings	43,627	43,627	51,798	51,798
	Total interest expense	182,775	182,747	169,737	169,703
8.3	**Net Interest Income**	**184,348**	**182,805**	**147,957**	**147,677**

Included within various captions under interest income for the year ended 31st December 2019 is a total of GH¢ Nil (2018:GH¢ Nil) accrued on impaired financial assets.

Included within interest income on investment securities for the year ended 31 December 2019 is GH¢ Nil (2018:GH¢Nil) relating to debt securities held to maturity.

9. COMMISSIONS AND FEES

		2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
9.1	**Fee and commission income**				
	Retail Banking	17,832	17,832	11,703	11,703
	Corporate Banking	42,126	42,126	37,929	37,929
		59,958	59,958	49,632	49,632
9.2	**Fee and commission expense**				
	Inter-bank transaction fees	2,678	2,678	1,864	1,864
	Total fee and commission expense	2,678	2,678	1,864	1,864
9.3	**Net fee and commission income**	**57,280**	**57,280**	**47,768**	**47,768**

10. NET TRADING INCOME

	2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
Foreign exchange	34,449	34,461	27,514	27,518
Net Trading Income	34,449	34,461	27,514	27,518

11. OTHER OPERATING INCOME

	2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
Rental Income	951	939	12	–
Profit on sale of fixed assets	376	376	2,129	2,129
Sundry Income	855	2,685	3	1,319
	2,182	4,000	2,144	3,448

		2019		2018	
		Bank	Group	Bank	Group
		GH¢'000	GH¢'000	GH¢'000	GH¢'000
12.	**PERSONNEL EXPENSES**				
	Wages and salaries	92,913	93,558	82,812	83,359
	Social security cost	5,869	5,918	3,743	3,776
	Provident fund contributions	2,226	2,245	1,403	1,416
	Medical expenses	4,030	4,030	3,570	3,570
	Retirement Benefit	4,639	4,639	2,297	2,297
	Training	1,681	1,681	835	844
		111,358	**112,071**	**94,660**	**95,263**
13.	**OTHER EXPENSES**				
	Software licensing and other IT-related cost	12,145	12,170	9,523	9,542
	Auditors' remuneration	236	276	189	221
	Advertising and marketing	6,366	6,366	5,366	5,366
	Administrative expenses	12,826	12,863	12,406	12,554
	Directors' emoluments	1,685	1,685	1,674	1,674
	Occupancy	15,195	15,224	15,341	15,353
	Other	32,752	33,299	25,790	25,863
		81,207	**81,884**	**70,288**	**70,572**

14. TAXATION

14.1 Bank

Tax Years	Balance 1-Jan-18 GH¢'000	Charge for year GH¢'000	Other adjustment GH¢'000	Payments GH¢'000	Balance 31-Dec-18 GH¢'000	Charge for year GH¢'000	Other adjustment GH¢'000	Payments GH¢'000	Balance 31-Dec-19 GH¢'000
Up to 2012	(3,723)	–	–	–	(3,723)	–	–	–	(3,723)
2013	3,461	–	–	–	3,461	–	–	–	3,461
2014	122	–	–	–	122	–	–	–	122
2015	(7,716)	–	–	–	(7,716)	–	–	–	(7,716)
2016	(474)	–	5,304	–	4,830	–	–	–	4,830
2017	2,388	–	–	–	2,388	–	–	–	2,388
2018	–	5,477	–	(15,615)	(10,138)		7,301	(494)	(3,331)
	(5,942)	5,477	5,304	(15,615)	(10,775)	–	7,301	(494)	(3,968)
2019	–	–	–	–	–	11,231	–	(10,281)	950
2020	–	–	–	–	–	–	–	(3,712)	(3,712)
	(5,942)	5,477	5,304	(15,615)	(10,775)	11,231	7,301	(14,487)	(6,730)
National Fiscal Stabilisation Levy									
2017	(1,301)	–	–	–	(1,301)	–	–	–	(1,301)
2018	–	886	987	(2,569)	(695)	–	1,264	–	569
	(1,301)	886	987	(2,569)	(1,996)	–	1,264	–	(731)
2019	–	–	–	–	–	1,797	–	(1,604)	193
2020	–	–	–	–	–	–	–	(634)	(634)
	(1,301)	886	987	(2,569)	(1,996)	1,797	1,264	(2,238)	(1,173)
Deferred Tax									
2018	2,493	(230)	11,975	–	14,238	–	–	–	14,238
2019	–	–	–	–	–	(3,740)	–	–	(3,740)
	2,493	(230)	11,975	–	14,238	(3,740)	–	–	10,498
	(4,750)	6,134	18,266	(18,184)	1,467	9,287	8,565	(16,725)	2,594

14.2 Group

Tax Years	Balance 1-Jan-18 GH¢'000	Charge for year GH¢'000	Other adjustment GH¢'000	Payments GH¢'000	Balance 31-Dec-18 GH¢'000	Charge for year GH¢'000	Other adjustment GH¢'000	Payments GH¢'000	Balance 31-Dec-19 GH¢'000
Up to 2012	(3,751)	–	–	–	(3,751)	–	–	–	(3,751)
2013	3,429	–	–	–	3,429	–	–	–	3,429
2014	146	–	–	–	146	–	–	–	146
2015	(7,667)	–	–	–	(7,667)	–	–	–	(7,667)
2016	(474)	–	5,304	–	4,830	–	–	–	4,830
2017	2,401	–	–	–	2,401	–	–	–	2,401
2018	–	5,477	–	(15,805)	(10,328)	–	7,301	(494)	(3,521))
	(5,916)	5,477	5,304	(15,805)	(10,939)	–	7,301	(494)	(4,132)
2019	–	–	–	–	–	11,235	–	(10,283)	953
2020	–	–	–	–	–	–	–	(3,712)	(3,712)
	(5,916)	5,477	5,304	(15,805)	(10,939)	11,235	7,301	(14,489)	(6,892)
National Fiscal Stabilisation Levy									
2017	(1,315)	–	–	–	(1,315)	–	–	–	(1,315)
2018	–	886	987	(2,569)	(695)	–	1,264	–	569
	(1,315)	886	987	(2,569)	(2,010)	–	1,264	–	(746)
2019	–	–	–	–	–	1,797	–	(1,604)	193
2020	–	–	–	–	–	–	–	(634)	(634)
	(1,315)	886	987	(2,569)	(2,010)	1,797	1,264	(2,238)	(1,187)
Deferred Tax									
2018	2,506	(230)	11,961	–	14,237	–	–	–	14,237
2019	–	–	–	–	–	(3,740)	–	–	(3,740)
	2,506	(230)	11,961	–	14,237	(3,740)	–	–	10,497
	(4,725)	6,134	18,252	(18,374)	1,288	9,292	8,565	(16,727)	2,418

14.3 Reconciliation/ Computation of Effective Tax Rate

	2019 Bank GH¢'000	2019 Group GH¢'000	2018 Bank GH¢'000	2018 Group GH¢'000
Profit/(loss) before tax	**35,931**	**34,798**	**17,725**	**17,829**
Income tax thereon at the corporate tax rate of 25%	8,983	8,699	4,431	4,457
Other income taxes	1,797	1,797	886	886
Tax effect of non-deductible expenses	8,013	8,315	7,623	7,615
Tax effect of capital allowance	(5,195)	(5,198)	(5,438)	(5,442)
Origination (reversal) of taxable temporary differences	(3,712)	(3,712)	(230)	(231)
Tax effect of other deductions	(598)	(609)	(1,139)	(1,150)
Current income tax charge	**9,287**	**9,292**	**6,134**	**6,134**
Effective tax rate	**25.85%**	**26.70%**	**34.60%**	**34.41%**

15. EARNINGS PER SHARE

	2019		2018	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Profit attributable to ordinary shareholders				
Net profit for the period/year attributable to equity holders of the Bank	26,644	25,506	11,591	11,695
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January	420,100	420,100	420,100	420,100
Additional shares issued	463,107	463,107	–	–
Effect of share options exercised	–	–	–	–
Weighted average number of ordinary shares at 31 December	**883,207**	**883,207**	**420,100**	**420,100**
	0.0302	**0.0289**	**0.0276**	**0.0278**

The Directors are unable to propose dividend in respect of the year ended December 2019

16. CASH AND CASH EQUIVALENTS

Cash and balances with banks	154,578	154,578	190,397	190,397
Unrestricted balances with central bank	–	–	136,553	136,553
Restricted balances with central bank	159,989	159,989	174,737	174,737
Bills discounted	48,386	48,386	6,245	6,245
Foreign short-term deposits	39,501	39,501	34,250	34,250
Money market placement	–	–	5,249	5,249
	402,455	**402,455**	**547,431**	**547,431**

17. INVESTMENT SECURITIES

1-2 Year Treasury notes	128,033	128,033	82,292	82,292
Other investments	704,404	712,332	368,269	368,269
	832,437	**840,364**	**450,562**	**450,562**

18. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers and financial institutions at amortised cost	1,758,263	1,744,138	1,259,681	1,245,418
Interest in suspense	(59,738)	(59,738)	(57,909)	(57,909)
Gross loans less interest in suspense	**1,698,525**	**1,684,400**	**1,201,772**	**1,187,509**
Impairment	(41,445)	(41,445)	(90,815)	(90,815)
Net Advances	**1,657,080**	**1,642,955**	**1,110,957**	**1,096,694**

18.1 Loans and Advances to Customers and Financial Institutions at Amortised Cost – Bank

	2019				2018			
	Gross Amount GH¢'000	Interest in suspense GH¢'000	Impairment Allowance GH¢'000	Carrying Amount GH¢'000	Gross Amount GH¢'000	Interest in suspense GH¢'000	Impairment Allowance GH¢'000	Carrying Amount GH¢'000
Retail Customers:								
Mortgage lending	35,819	–	(358)	35,461	25,261	–	(257)	25,004
Personal loans	100,664	(1,023)	(624)	99,017	147,879	(8,343)	(19,859)	128,020
	136,483	(1,023)	(982)	134,478	173,140	(8,343)	(20,116	153,024
Corporate Customers:								
Other secured lending	1,621,779	(58,715)	(40,462)	1,522,602	1,077,736	(49,567)	(70,694)	957,475
Others-unsecured	–	–	–	–	462	–	(5)	457
	1,621,779	(58,715	(40,462	1,522,602	1,078,198	(49,567)	(70,699)	957,932
	1,758,263	**(59,738)**	**(41,444)**	**1,657,080**	**1,251,339**	**(57,909)**	**(90,815)**	**1,110,957**

18.2 Loans and Advances to Customers and Financial Institutions at Amortised Cost – Group

	2019				2018			
	Gross Amount GH¢'000	Interest in suspense GH¢'000	Impairment Allowance GH¢'000	Carrying Amount GH¢'000	Gross Amount GH¢'000	Interest in suspense GH¢'000	Impairment Allowance GH¢'000	Carrying Amount GH¢'000
Retail Customers:								
Mortgage lending	35,819	–	(358)	35,461	25,261	–	(257)	25,004
Personal loans	100,664	(1,023)	(624)	99,017	156,222	(8,343)	(19,859)	128,020
	136,483	(1,023)	(982)	134,478	181,483	(8,343)	(20,116)	153,024
Corporate Customers:								
Other secured lending	1,607,654	(58,715)	(40,463)	1,508,476	1,063,473	(49,567)	(70,694)	943,212
Others-unsecured	–	–	–	–	462	–	(5)	457
	1,607,654	(58,715)	(40,463)	1,508,476	1,063,935	(49,567)	(70,699)	943,669
	1,744,138	**(59,738)**	**(41,446)**	**1,642,955**	**1,245,418**	**(57,909)**	**(90,815)**	**1,096,694**

18.3 Allowances for Impairment

	2019		2018	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Individual Allowances for Impairment				
Balance at 1st January	69,973	69,973	127,827	127,827
Prior-year adjustment	–	–	(48,168)	(48,168)
Impairment loss for the year				
Charge for the year	28,419	28,419	27,191	27,191
Write-offs	(83,575)	(83,575)	(36,877)	(36,877)
Balance at 31st December	14,817	14,817	69,973	69,973
Collective Allowances for Impairment				
Balance at 1st January	20,842	20,842	19,737	19,737
Impairment charge for the year	5,785	5,785	1,105	1,105
Balance at 31st December	**26,627**	**26,627**	**20,842**	**20,842**
Total Allowance for Impairment on Loans	**41,445**	**41,445**	**90,815**	**90,815**
Impairment charge on other financial assets				
Balance at January 1	179	179	–	–
Impairment charge for the year-other financial assets	(175)	(175)	179	179
Total allowance for impairment	4	4	179	179
Impairment on contingencies				
Balance at January 1	148	148	1,381	1,381
Charge for the year	167	167	(1,233)	(1,233)
Balance as at 31st December	315	315	148	148
Total impairment charged for the year	34,196	34,196	27,242	27,242
Total Allowance for Impairment on financial assets	**41,763**	**41,763**	**91,142**	**91,142**

19. INVESTMENTS (OTHER THAN SECURITIES)

Equity investments	1,766	260	1,766	6,132
	1,766	**260**	**1,766**	**6,132**

20. PROPERTY, PLANT & EQUIPMENT

20.1 Property, Plant & Equipment – Bank

	2019			2018		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	6,463	(4,075)	2,388	6,403	(3,441)	2,962
Branch development	13,768	(10,380)	3,388	12,978	(9,765)	3,214
Motor vehicles	12,214	(8,060)	4,154	11,948	(7,897)	4,051
Furniture & fittings	8,675	(6,268)	2,407	8,276	(5,199)	3,077
Office equipment	21,312	(13,131)	8,181	19,955	(11,665)	8,290
Computer hardware	26,440	(17,772)	8,668	20,126	(13,455)	6,670
Capital work in progress	18,255	–	18,255	7,989	–	7,989
Land & buildings	184,948	(8,825)	176,123	184,215	(5,475)	178,740
	292,074	**(68,511)**	**223,563**	**271,890**	**(56,897)**	**214,994**

20.2 Reconciliation of opening carrying value with closing carrying value

2019

	Opening Balance	Additions	Revaluation/ elimination of depreciation on disposal	Transfer/ disposal	Depreciation	Closing Balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	2,961	60	–	–	(634)	2,387
Branch development	3,214	790	–	–	(615)	3,389
Motor vehicles	4,052	2,048	–	(368)	(1,578)	4,154
Furniture & fittings	3,076	399	–	–	(1,069)	2,406
Office equipment	8,292	1,752	–	(4)	(1,857)	8,183
Computer hardware	6,672	6,314	–	–	(4,317)	8,669
Capital work in progress	7,990	10,265	–	–	–	18,255
Land & buildings	178,740	733	–	–	(3,350)	176,123
	214,994	**22,361**	**–**	**(372)**	**(13,420)**	**223,563**

2018

	Opening Balance	Additions	Revaluation/ elimination of depreciation on disposal	Transfer/ disposal	Depreciation charged for the year	Closing Balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	3,579	43	–	–	(661)	2,961
Branch development	3,508	881	–	–	(1,175)	3,214
Motor vehicles	4,344	1,943	3,495	(3,967)	(1,763)	4,052
Furniture & fittings	3,074	1,150	–	–	(1,148)	3,076
Office equipment	8,389	1,665	–	–	(1,762)	8,292
Computer hardware	5,968	4,129	–	–	(3,425)	6,672
Capital work in progress	11,884	(3,894)	–	–	–	7,990
Land & buildings	133,046	1,133	47,901	(845)	(2,495)	178,740
	173,792	**7,047**	**51,396**	**(4,812)**	**(12,429)**	**214,994**

20.3 Profit on Disposal of Property, Plant & Equipment

	2019	2018
	GH¢'000	GH¢'000
Gross book value	2,176	4,811
Accumulated depreciation	(1,805)	(3,495)
Net book value	371	1,316
Sales proceeds	430	3,170
Gain/(Loss) on disposal (net)	59	1,854

20.4 Property, Plant & Equipment – Group

	2019 Cost GH¢'000	2019 Accumulated Depreciation GH¢'000	2019 Carrying Value GH¢'000	2018 Cost GH¢'000	2018 Accumulated Depreciation GH¢'000	2018 Carrying Value GH¢'000
Plant & machinery	6,463	(4,076)	2,388	6,403	(3,441)	2,962
Branch development	13,769	(10,380)	3,389	12,978	(9,765)	3,213
Motor vehicles	12,262	(8,108)	4,154	11,996	(7,942)	4,054
Furniture & fittings	8,702	(6,287)	2,415	8,303	(5,214)	3,089
Office equipment	21,329	(13,148)	8,181	19,972	(11,680)	8,292
Computer hardware	26,497	(17,824)	8,673	20,182	(13,498)	6,684
Capital work in progress	18,255	–	18,255	7,989	–	7,989
Land & buildings	184,948	(8,825)	176,123	184,215	(5,475)	178,740
	292,225	**(68,646)**	**223,578**	**272,039**	**(57,015)**	**215,024**

20.4.1 Reconciliation of opening carrying value with closing carrying value

2019

	Opening Balance (Restated) GH¢'000	Additions GH¢'000	Revaluation/ elimination of depreciation on disposal GH¢'000	Transfer/ disposal GH¢'000	Depreciation charged for the year GH¢'000	Closing Balance GH¢'000
Plant & machinery	2,960	60	–	–	(634)	2,386
Branch development	5,066	790	–	–	(615)	5,241
Motor vehicles	4,054	2,048	1,414	(1,782)	(1,580)	4,155
Furniture & fittings	3,093	399	–	–	(1,072)	2,419
Office equipment	8,319	1,752	448	(395)	(1,858)	8,265
Computer hardware	6,609	6,314	–	–	(4,326)	8,598
Capital work in progress	7,984	10,266	–	–	–	18,255
Land & buildings	176,881	733	–	–	(3,350)	174,264
	215,024	**22,362**	**1,862**	**(2,176)**	**(13,435)**	**223,578**

2018

	Opening Balance GH¢'000	Additions GH¢'000	Revaluation/ elimination of depreciation on disposal GH¢'000	Transfer/ disposal GH¢'000	Depreciation charged for the year GH¢'000	Closing Balance GH¢'000
Plant & machinery	3,578	43	–	–	(661)	2,960
Branch development	4,746	1,495	–	–	(1,175)	5,066
Motor vehicles	4,348	1,943	3,495	(3,967)	(1,765)	4,054
Furniture & fittings	3,089	1,155	–	–	(1,151)	3,093
Office equipment	8,418	1,665	–	–	(1,763)	8,319
Computer hardware	5,896	4,143	–	–	(3,430)	6,609
Capital work in progress	11,878	(3,894)	–	–	–	7,984
Land & buildings	131,803	516	47,901	(845)	(2,495)	176,881
	173,756	**7,066**	**51,396**	**(4,811)**	**(12,440)**	**215,024**

20.4.2 Profit on Disposal of Property, Plant & Equipment

	2019 GH¢'000	2018 GH¢'000
Gross book value	2,176	4,811
Accumulated depreciation	(1,805)	(3,495)
Net book value	371	1,316
Sales proceeds	430	3,170
Gain/(Loss) on disposal (net)	59	1,854

21. INTANGIBLE ASSETS

21.1 Intangble asset - Bank

	2019			2018		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Compurter software	27,444	(20,859)	6,586	24,847	(18,711)	6,136

Reconciliation of opening carrying value with closing carrying value

2019

	Opening balance	Additions	Disposal	Amortisation	Closing balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Compurter software	6,136	2,597	–	(2,148)	6,586

21.2 Intangble asset - Group

	2019			2018		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Compurter software	27,624	(20,982)	6,642	25,006	(18,820)	6,186

Reconciliation of opening carrying value with closing carrying value

2019

	Opening balance	Additions	Disposal	Amortisation	Closing balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Compurter software	6,186	2,618	–	(2,162)	6,642

22. DEFERRED TAX ASSETS AND LIABILITIES

	2019			2018		
	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
Property, equipment and software	–	(10,498)	(10,498)	–	14,238	(14,238)
Net tax assets/liabilities	–	(10,498)	(10,498)	–	14,238	(14,238)

Movements During the Year

	Opening balance GH¢'000	Recognised in Profit or Loss GH¢'000	Recognised in Equity GH¢'000	Closing balance GH¢'000
2019				
Property, equipment and software	(14,238)	3,740	–	(10,498)
Total	(14,238)	3,740	–	(10,498)
2018				
Property, equipment and software	(2,493)	230	(11,975)	(14,238)
Total	(2,493)	230	(11,975)	(14,238)

	2019		2018	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
23. OTHER ASSETS				
Accounts receivable and prepayments	36,155	36,093	17,046	30,281
Assets held for sale	24,501	24,501	24,287	24,287
Other	3,254	13,166	1,544	1,324
	63,910	73,760	42,887	55,892
24. DEPOSITS FROM BANKS & OTHER FINANCIAL INSTITUTIONS				
Money market deposits	–	–	–	–
Other deposits from banks	4,550	4,550	2,907	2,907
	4,550	4,550	2,907	2,907
25. DEPOSITS FROM CUSTOMERS				
Retail Customers:				
Term deposits	424,501	424,501	377,787	377,787
Current deposits	602,343	602,343	487,567	487,567
	1,026,844	1,026,844	865,354	865,354
Corporate Customers:				
Term deposits	329,530	329,530	275,649	275,649
Current deposits	737,412	736,008	603,462	600,909
	1,066,942	1,065,538	879,111	876,558
	2,093,786	**2,092,382**	**1,744,465**	**1,741,913**

		2019		2018	
		Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
26.	**OTHER LIABILITIES AND BORROWINGS**				
26.1	The amounts recognised in the statement of financial position are as follows:				
	Short-term employee benefits	8,072	8,072	11,440	11,440
	Payables and accruals	18,152	20,014	83,589	86,164
	Other	8,528	8,528	17,201	17,200
		34,752	**36,613**	**112,230**	**114,804**
26.2	**BORROWINGS**				
	Short term:				
	Money market borrowing	144,193	144,193	57,637	57,637
	Repurchase agreements	279,558	279,558	105,065	105,065
	Preference share capital	95	95	95	95
		423,846	**423,846**	**162,797**	**162,797**

27. STATEMENT OF CHANGES IN EQUITY

27.1 Stated Capital

The stated capital of the Bank consists of proceeds from issue of shares for cash or other consideration and, transfers from retained earnings to capital.

Number of authorised shares of no par value **1,000,000,000**

	2019		2018	
ISSUED AND FULLY PAID:	**Number**	**GH¢'000**	**Number**	**GH¢'000**
Issued for cash consideration	724,832	358,451	261,725	83,686
Issued for consideration other than cash	3,075	30	3,075	30
Capitalisation issues	155,300	43,950	155,300	43,950
	883,207	**402,431**	**420,100**	**127,666**

27.2 Statutory Reserve

Statutory Reserve represents the cumulative amount set aside from annual net profit after tax as required by the Bank and Special Deposit-Taking Institutions Act, 2016, Act 930.

27.3 Revaluation reserve

The revaluation reserve resulted from revaluation of lands and buildings which was carried out in 2018.

27.4 Credit Risk Reserve

To cater for any shortfall between the Bank of Ghana's credit loss provision requirements and Loans and Advances Impairments based on IFRS principles, a charge or credit is made to retained earnings in respect of the difference required to bring up the cumulative provision to the level required under the Bank of Ghana Regulations and IFRS 9 *Financial Instruments.*

	2019 GH¢'000	2018 GH¢'000
IFRS impairment	41,763	90,816
Bank of Ghana provision	(92,563)	(150,405)
Credit risk reserve	(50,800)	(59,590)

An amount of GH¢8.79 million was posted to credit risk reserve for the year(2018: GH¢2.14 million).

Credit risk reserve is not available for distribution as dividend and inclusion in the adjusted capital base for purposes of Capital Adequacy Ratio (CAR) computation.

27.5 Deposit for shares

This represents an amount contributed by existing shareholders towards equity.

	2019 GH¢'000	2018 GH¢'000
Deposit for shares	Nil	24,000

28. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS

In the ordinary course of business, the Group conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	2019 GH¢'000	2018 GH¢'000
Bonds and guarantees	86,167	51,513
Letters of credit and other documentary credits	51,319	51,513
	137,486	**90,667**

28.1 Nature of contingent liabilities

Guarantees are issued to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Group to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

29. GROUP ENTITIES

Significant subsidiaries of the Bank

	Country of incorporation	Ownership Interest 2019	Ownership Interest 2018
Prudential Securities Limited	Ghana	100%	100%
Prudential Stockbrokers Limited	Ghana	100%	100%

30. RELATED PARTIES

30.1 Transactions with Key Management Personnel

Key management personnel and their immediate relatives have transacted with the Group during the period as follows:

	2019		2018	
	Bank GH¢'000 Maximum Balance	Group GH¢'000 Closing Balance	Bank GH¢'000 Maximum Balance	Group GH¢'000 Closing Balance
Mortgage lending and other secured loans	1,576	1,287	1,930	1,552
Other loans	1,985	1,147	2,302	2,022
	3,561	**2,434**	**4,232**	**3,574**

30.2 Key management personnel compensation for the year comprised:

	2019 GH¢'000	2018 GH¢'000
Short-term employee benefits	7,628	9,268
	7,628	**9,268**

The Group does not have any share option policy in place for its executive officers.

The mortgage and secured loans granted are secured over properties of the respective borrowers.

No impairment losses have been recorded against balances outstanding during the period with key management personnel and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

30.3 Loans and Advances to Employees

	2019 GH¢'000	2018 GH¢'000
Balance at 1st January	26,951	22,600
Loans advanced during the year	20,567	9,041
Loans repayments received	(9,015)	(4,690)
Balance at 31st December	38,504	26,951

30.4 Loans and Advances to Directors and their Associates

The Group has entered into transactions with its directors and their associates, associate's companies or directors as follows:

	2019 GH¢'000	2018 GH¢'000
Gross amount at 1st January	946	25,833
Interest charged	48	2,127
Loans disbursed	135	–
Cash received	(566)	(27,013)
Net movement in overdraft balances	1,651	–
Net amount at 31st December	2,214	946

Included in loans and advances is nil (2018: Nil) advanced to companies in which some of the members of the Board of Directors have interest.

30.5 Deposits from Related Parties

Included in deposits is approximately GH¢0.969 million (2018: GH¢2.6 million) due to subsidiary companies. Interest paid on these deposits during the year amounted to GH¢27,249 (2018: GH¢33,280).

The related interest income in 2019 was GH¢422,330 (2018: GH¢2,126,904).

31. VALUE ADDED STATEMENTS

Value Added Statements for the year ended 31st December 2019

	2019		2018	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Interest earned and other operating income	427,081	425,510	367,326	367,013
Direct cost of services	(264,973)	(265,623)	(240,215)	(240,465)
Value added by banking services	162,108	159,887	127,111	126,548
Non-banking income	36,631	38,461	29,658	30,966
Impairments	(34,196)	(34,196)	(27,242)	(27,242)
Value added	**164,543**	**164,152**	**129,526**	**130,271**
Distributed as follows:				
To Employees				
Directors (without executives)	(371)	(371)	(360)	(360)
Executive Directors	(1,314)	(1,314)	(1,314)	(1,314)
Other employees	(111,358)	(112,071)	(94,660)	(95,263)
To Government:				
Income tax	(9,287)	(9,292)	(6,134)	(6,134)
To providers of capital				
Dividends to shareholders	–	–	–	–
To expansion and growth				
Depreciation	(13,421)	(13,435)	(12,429)	(12,440)
Amortisation	(2,148)	(2,162)	(3,038)	(3,066)
Retained earnings	**26,644**	**25,506**	**11,591**	**11,695**

31.1 ADDITIONAL DISCLOSURES

	2019 Bank	2018 Group
Capital Adequacy Ratio (based on Capital Requirement Directive, CRD)	19.64%	8.95%
Nonperforming loans (amount and ratio)		
Gross loans (GH¢'000)	1,758,263	1,259,681
Amount of nonperforming loans (GH¢'000)	158,931	247,232
Ratio	9.04%	19.63%
Amount of loans written-off (GH¢'000)	83,575	36,877
Liquidity Ratio	116.00%	126.00%
Credit risk reserve (if any) (GH¢'000)	50,800	59,590
Statutory liquidity breaches and non-compliance with other prudential requirements	None	None
Non compliance with other prudential requirements	1	None
Year-end mid rates used for foreign exchange translations:	**31-Dec-19**	**31-Dec-18**
United States dollar (US$)	5.5337	4.8200
Great Britain pound sterling (GB£)	7.3164	6.1711
Euro (€)	6.2114	5.5131

32. LIST OF RELATED PARTIES

32.1 Members of the Board as at 31st December 2019

Non-Executive Directors

Kwaku Agyei-Gyamfi	Acting Chairman	Retired April 2020
Samuel Nkansah-Boadi		Retired April 2020
Nortey Kwashie Omaboe (Dr.)		Retired April 2020
Joana Felicity Dickson		Retired April 2020
Aretha Duku		Retired April 2020
Kwame Kwakye-Mintah		
Fred Kwasi Boateng		
Daniel Asah Kissiedu		

Executive Directors

Stephen Sekyere-Abankwa	Managing Director	Retired 31st December 2019
Samuel Petterson Larbi		

32.2 Key Management Personnel as at 31st December 2019

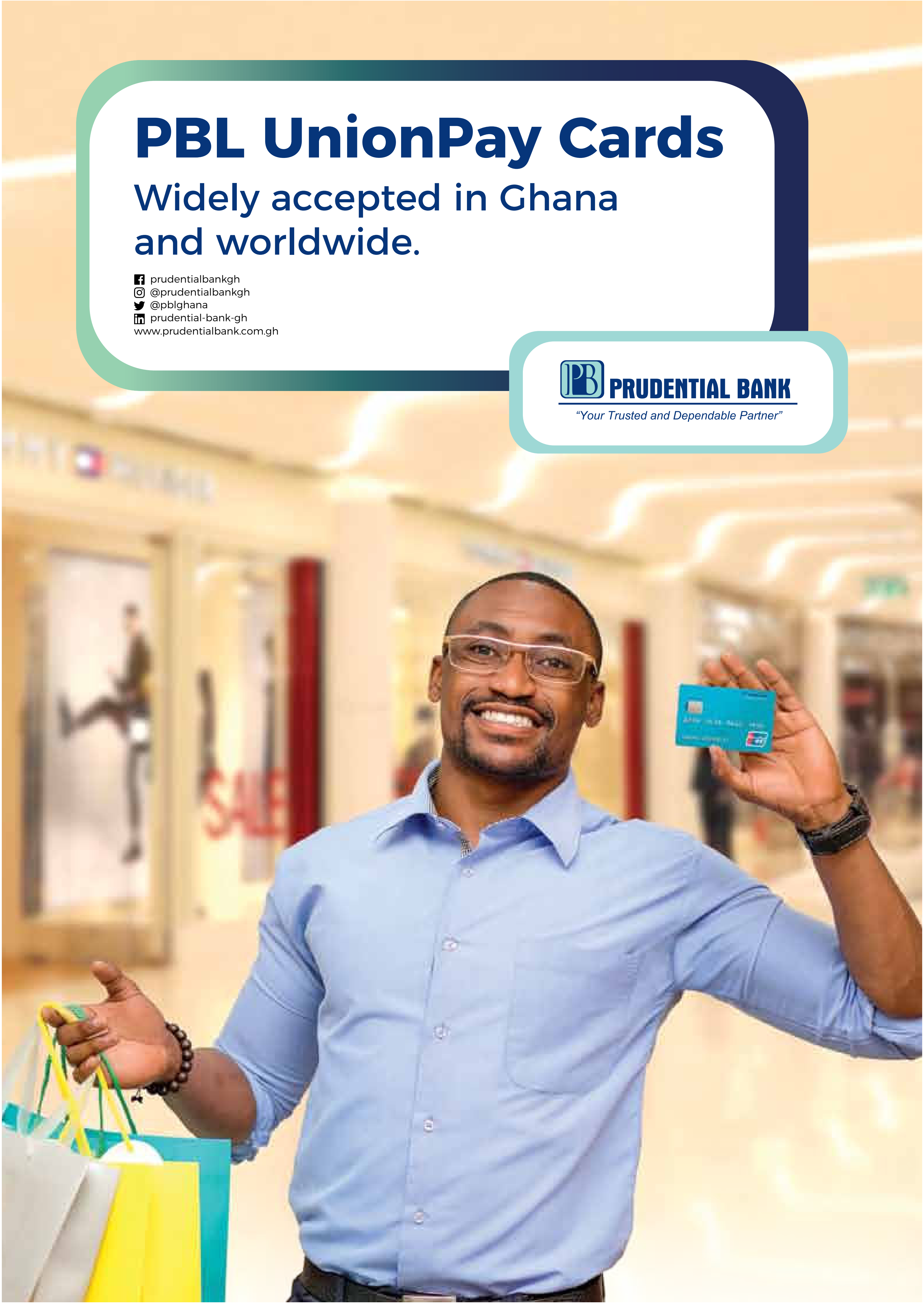
NAME	DESIGNATION	
Stephen Sekyere-Abankwa	Managing Director	Retired 31st December 2019
John Kpakpo Addo	Managing Director	Appointed 1st January 2020
Osei Yaw Osafo	Head, Loan Recovery/ Board Secretary	Retired 31st December 2019
James Allen K. Abban	Head, Loan Recovery/ Board Secretary	Appointed 1st January 2020
Joyce Abankwa-Degbotse (Mrs.)	Head, Banking Operations	Retired 1st August 2019
Emmanuel Kojo Darko Nteh	Head, Banking Operations	Appointed 1st August 2019
Ernest Danquah	Head, Internal Control	
Samuel Petterson Larbi	Head, Internal Audit	
Lily-Love Adusei (Mrs.)	Financial Controller	
Theodore Bob Senaya	Head, Risk Management	
Thomas Broni	Head, Compliance	
Anthony Adu	Head, Information Technology	

R. Naa Adoley Ankrah	Head, Administration & Human Resource
John M. Davis	Head, Legal Services
Seth Ampaabeng Kyeremeh	Head, Treasury, Trustee & Custodian Services
George A. Adjei	Head, Credit Administration

32.3 List of Shareholders

The shareholders of the Bank are:

	No. of Shares	Percentage Holding
Ghana Amalgamated Trust	415,107,406	47.00%
Frank Owusu	151,006,472	17.10%
J.S. Addo Consultants Limited	76,208,525	8.63%
Trustees of PBL Staff Provident Fund	57,148,541	6.47%
Akwasi Aboagye Atuah	38,254,761	4.33%
Ghana Union Assurance Company Limited	37,510,676	4.25%
Stephen Sekyere-Abankwa	32,296,178	3.66%
Nortey Kwashie Omaboe	32,030,000	3.63%
Kofi O. Esson	18,482,248	2.09%
NTHC Limited	14,560,000	1.65%
John Kpakpo Addo	7,281,000	0.82%
Nana Agyei Duku	3,321,440	0.38%
Total	**883,207,246**	**100.00%**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CORPORATE INFORMATION

This section contains branch/ATM locations and the addresses of correspondent banks

BRANCH / ATM LOCATIONS AND ADDRESSES

GREATER ACCRA REGION

37 GOIL FILLING STATION ATM
Near 37 Military Hospital

ABEKA BRANCH (ATM)
Apugu Tower,
Abeka Lapaz
Accra
Telephone: 233-302-220919/ 220920,
233-540-106755/6
233-289-557914
Fax: 233-302-220929
Email: akb.branch@Prudentialbank.com.gh

ABOSSEY OKAI BRANCH (ATM)
Cap & May House,
Ring Road West,
Accra
Telephone: 233-302-669107/ 8,
233-540-106765/6
233-302-669944
Fax: 233-302-668126
Email: aob.branch@Prudentialbank.com.gh

ACCRA BRANCH (ATM)
Swanzy Shopping Arcade
(Former Kingsway Building)
Telephone: 233-302-671943 – 5
233-540-106730/1
Fax: 233-302-678942
Email: bg.branch@Prudentialbank.com.gh

ADENTAN BRANCH (ATM)
4A Lami Dwaahe Street
Housing Estate Road
Adentan Housing Estate
Telephone: 233-302-501346/ 7,
233-540106732/3
Fax: 233-302-501345
Email: adt.branch@Prudentialbank.com.gh

AIRPORT CITY BRANCH (ATM)
Ground Floor
Una Home, Airport
Telephone: 233-302-799270/1
233-552-711908
233-552-711980
Email: acb.branch@Prudentialbank.com.gh

BAWALESHIE BRANCH (ATM)
Parcel No. 980
Adjacent SEL Fuel Station
East Legon, Accra
Telephone: 233-302-522885/7
233-540-106736/ 7
Fax: 233-302-522886
Email: bsb.branch@Prudentialbank.com.gh

CANTONMENTS BRANCH (ATM)
Ground Floor
Ghana Free Zones Authority Building
Cantonments, Accra
Telephone: 233-302-792058
233-302-792030
233-302-792825
Email: ctb.branch@Prudentialbank.com.gh

EAST LEGON BRANCH (ATM)
No. 2 Lyndy Street
Near American House
East Legon, Accra
Telephone: 233-302-7020249
233-540-109480/1
233-501-324686
Fax: 233-302-747271
Email: elb.branch@Prudentialbank.com.gh

GICEL BRANCH (ATM)
Gicel Estates,
Weija, Accra
Telephone: 233-302-850174 - 6
233-540-109478/9
Fax: 233-302-850173
Email: gb.branch@Prudentialbank.com.gh

KWAME NKRUMAH CIRCLE BRANCH (ATM)
Oksart Place, Adjacent Ernest Chemist
Ring Road Central
Kwame Nkrumah Circle, Accra
Telephone: 233-302-246513
233-302-246531
233-540-106757/8
233-289-557938
Fax: 233-302-246523
Email: crb.branch@Prudentialbank.com.gh

MADINA BRANCH (ATM)
Albert House,
Zongo Junction, Madina
Telephone: 233-302-511111/2
233-540-111719/20
233-577-986039
233-289-556861
Fax: 233-302-511485
Email: mab.branch@Prudentialbank.com.gh

MAKOLA BRANCH
31st December Market
Makola, Accra
Telephone: 233-302-661659/95
233-302-677837
233-540-116535/ 106754
Fax: 233-302-676640
Email: mkb.branch@Prudentialbank.com.gh

MATAHEKO BRANCH (ATM)
No. B439/15
The Ground Floor, IRS Building
Mataheko, Accra
Telephone: 233-302-313470/308355
233-540-106761/ 2
Fax: 233-302-313469
Email: mhb.branch@Prudentialbank.com.gh

METHODIST UNIVERSITY COLLEGE AGENCY (ATM)
Methodist University College Campus
Dansoman, Accra
Telephone: 233-302-302484/ 5
Fax: 233-302-302486
Email: mua.agency@Prudentialbank.com.gh

NORTH INDUSTRIAL AREA BRANCH (ATM)
Melcom Plus
No. 3 Otublohum Street
North Industrial Area, Accra
Telephone: 233-302-221856/ 7
233-302-221880
233-540-106767/8
Fax: 233-302-221875
Email: nia.branch@Prudentialbank.com.gh

NUNGUA BRANCH (ATM)
Unnumbered Property
Nungua Sokpoti
Adjacent Electricity Company of Ghana
Nungua Office, Accra

Telephone: 233-302-719369/719466
233-243-400270/1
Fax: 233-302-719458
Email: ngb.branch@Prudentialbank.com.gh

ODORKOR BRANCH (ATM)
Off Accra-Winneba Road
Odorkor Traffic Light, Accra
Telephone: 233-302-311710/12/21
233-540-109482
233-263-778526
Fax: 233-302-311716
Email: odb.branch@Prudentialbank.com.gh

OKAISHIE BRANCH
No. 657/4, Knutsford Avenue
Okaishie, Accra
Telephone: 233-302-664144
233-540-116537/8
Fax: 233-302-664174
Email: okb.branch@Prudentialbank.com.gh

OSU GOIL FILLING STATION ATM
Opposite The Trust Hospital
Oxford Street, Osu – Accra

RING ROAD CENTRAL BRANCH (ATM)
(8 John Harmond Street)
Ring Road Central, Accra
Telephone: 233-302-781179
233-302-781207
233-540-111746/7
Fax: 233-302-768421
Email: rrc.branch@Prudentialbank.com.gh

SPINTEX ROAD BRANCH (ATM)
(Adjacent CCTC, Near the Coca-Cola Roundabout)
Spintex Road, Accra
Telephone: 233-302-813830
233-540-116530/1
Fax: 233-302-812934
Email: srb.branch@Prudentialbank.com.gh

TAIFA BRANCH (ATM)
Adjacent Goil Filling Station
Taifa Junction
Telephone: 233-302-425827
233-544-336754
Fax: 233-302-425825
Email: tfb.branch@Prudentialbank.com.gh

TEMA COMMUNITY ONE BRANCH (ATM)
Prudential House,
Off Krakue Road, Commercial Area,
Tema Community One
Telephone: 233-303-217160/1/ 217140
233-540-111717/8
233-289-557935
Fax: 233-303-217137
Email: tcb.branch@Prudentialbank.com.gh

TEMA FISHING HARBOUR BRANCH (ATM)
Hillpok Yard
Tema Fishing Harbour
Telephone: 233-303-207352/ 3
233-303-207345/ 9
233-540-111715/6
Fax: 233-303-207357
Email: tfh.branch@Prudentialbank.com.gh

TESANO BRANCH (ATM)
No. C111A/19, Nsawam Road, Tesano
Near Tesano Police Station
Telephone: 233-302-258170/ 258172
233-540-109474/7
Fax: 233-302-258173
Email: tsb.branch@Prudentialbank.com.gh

UNIVERSITY OF GHANA BRANCH (ATM)
The Banking Square
Opposite All Needs Supermarket
Telephone: 233-243-900604/5
Fax: 233-303-974453
Email: ugb.branch@Prudentialbank.com.gh

VALLEY VIEW UNIVERSITY BRANCH (ATM)
Valley View University Campus, Oyibi
Telephone: 233-243-400265/6, 233-277-759878
233-289-557930
Fax: 233-277-900090
Email: vvb.branch@Prudentialbank.com.gh

VOLTA HALL ATM
Opposite Volta Hall
University of Ghana, Legon campus

WEIJA BRANCH (ATM)
Accra-Winneba Road,
(Opposite Phastor Contrete Works)
Weija, Accra
Telephone: 233-302-853494/5/7
233-540-106759/60
Fax: 233-302-853496
Email: wb.branch@Prudentialbank.com.gh

ZONGO JUNCTION BRANCH (ATM)
Link Road,
Opposite the Total Filling Station
Zongo Junction, Accra
Telephone: 233-302-678781
233-302-678824
233-540-106763/4
Fax: 233-302-678830
Email: zjb.branch@Prudentialbank.com.gh

ASHANTI REGION

ABOABO BRANCH (ATM)
Near the Traffic Light, along the
Aboabo-Airport Dual Carriageway,
Kumasi
Telephone: 233-3220-98892/3/4
233-540-111721/2
Fax: 233-3220-47357
Email: abb.branch@Prudentialbank.com.gh

ADUM BRANCH (ATM)
Prudential Plaza,
(Formerly Unicorn House)
Adum, Kumasi
Telephone: 233-3220-83807/11/12/16
233-540-111723/4
Fax: 233-3220-83815
Email: kab.branch@Prudentialbank.com.gh

AFFUL NKWANTA BRANCH (ATM)
Near Kumasi Children's Park
Telephone: 233-3220-49450 - 2
233-540-106747/8
Fax: 233-3220-49455
Email: anb.branch@Prudentialbank.com.gh

ATONSU BRANCH (ATM)
91 Block "A"
Within Unity Oil Commercial Complex,
Atonsu
Telephone: 233-3220-83750/ 1
233-3220-80741
233-540-106743/4
Fax: 233-3220-80635
Email: atb.branch@Prudentialbank.com.gh

KNUST ATM
Royal Parade Ground
KNUST Campus, Kumasi

KUMASI BRANCH
Cocobod Jubilee House
Adum, Kumasi
Telephone 233-3220-25667/45426/7
233-540-106745/ 6
Fax: 233-3220-25917
Email: kmb.branch@Prudentialbank.com.gh

SANTASI ROUNDABOUT BRANCH (ATM)
Unity Oil Filling Station
Near Santasi Roundabout
Telephone: 233-3220-25888
233-544-336750/1
Fax: 233-3220-25909
Email: sab.branch@Prudentialbank.com.gh

SUAME MAAKRO BRANCH (ATM)
Tarkwa Maakro, New Road
Kumasi,
Telephone: 233-3220 46717/46727/46851
233-540-106740/1
Fax: 233-3220-46897
Email: smb.branch@Prudentialbank.com.gh

CENTRAL REGION

CAPE COAST BRANCH (ATM)
Palm House,
101/3 Commercial Street
Cape Coast
Telephone: 233-3321-31575/ 35393
233-540-116532/3
Fax: 233-3321-31576
Email: ccb.branch@Prudentialbank.com.gh

PEDU JUNCTION ATM
Inside the GOIL Filling Station
Pedu junction, Cape-Coast

SUPERANNUATION ATM
Superannuation Hostel
UCC Campus, Cape-Coast

UNIVERSITY OF CAPE COAST AGENCY (ATM)
Oye Inn, Behind the Science Block
University of Cape Coast
Telephone: 233-243-400272/3
Fax: 233-3321-35643
Email: uca.agency@Prudentialbank.com.gh

UNIVERSITY OF CAPE COAST BRANCH (ATM)
Ground Floor, Old Cafeteria Building
Telephone: 233-3321-36000/1
233-540-110933/110539
Fax: 233-3321-36005
Email: ucb.branch@Prudentialbank.com.gh

WESTERN REGION

TAKORADI HARBOUR BRANCH (ATM)
Takoradi Harbour
Harbour Area
Telephone: 233-3120-21909
233-3120-21616/ 31317
233-540-106750/1
Fax: 233-3120-31371
Email: thb.branch@Prudentialbank.com.gh

TAKORADI MARKET CIRCLE BRANCH (ATM)
62 Liberation Road
Market Circle, Takoradi
Telephone: 233-3120-27415/ 27452/ 27479
233-540-106752/ 111749
233-289-557925
Fax: 233-3120-27504
Email: tmc.branch@Prudentialbank.com.gh

BONO EAST REGION

TECHIMAN BRANCH (ATM)
Ground Floor of House No. 186
Block B, Sector 4S
Techiman-Tamale Main Road, Techiman
Telephone: 233-3525-22915/6
233-540-106738/9
Fax: 233-3525-22917
Email: teb.branch@Prudentialbank.com.gh

NORTHERN REGION

TAMALE BRANCH (ATM)
Quality First Building (1st Floor)
Opposite Main Taxi Rank, Tamale
Telephone: 233-3720 27740 – 2
233-540-106734/5
Fax: 233-3720-27744
Email: tab.branch@Prudentialbank.com.gh

EASTERN REGION

KOFORIDUA BRANCH (ATM)
Property No. OBG 16,
Opposite the Jackson Park, Koforidua
Telephone: 233-3420-23134
233-556-489964/5
Fax: 233-3420-20782
Email: kfb.branch@Prudentialbank.com.gh

All our branches are networked and customers can withdraw or pay in at any of them.

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CORRESPONDENT BANKS

CITIBANK N.A.
111 WALL STREET
19TH FLOOR
NEW YORK, N.Y. 10043
U.S.A.

CITIBANK N.A.
CITIGROUP CENTRE
P.O. BOX 78
33 CANADA SQUARE, CANARY WHARF
LONDON E14 5LB
UNITED KINGDOM

CITIBANK A.G.
NEUE MAINZER STRASSE 75
60311 FRANKFURT MAIN
GERMANY

ODDO BHF BANK
AKTIENGESSELLSCHAFT
BOCKENHEIMER LANDSTRASSE 10
60323 FRANKFURT AM MAIN
GERMANY

GHANA INTERNATIONAL BANK PLC
67 CHEAPSIDE
1ST FLOOR
LONDON, EC2V 6AZ
UNITED KINGDOM

BANK OF BEIRUT (UK) LIMITED
17A CURZON STREET
LONDON W1J 5HS
UNITED KINGDOM

PBL Goes Traditional During Customer Service Week Celebrations.

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EVENTS

This section contains pictures of some of the events that happened in the Bank in the year 2019.

PRUDENTIAL BANK DONATES A PICK-UP TOWARDS THE BEST TEACHER AWARDS

Mrs. Akosua Boahen, Head of Marketing and Corporate Affairs of Prudential Bank Ltd., presents the key to the pick-up to Prof. Kwesi Yankah, Minister of State in charge of Tertiary Education.

CUSTOMER WEEK CELEBRATION

Aboabo Branch goes Islamic

Spintex Road Branch goes casual

CUSTOMER WEEK CELEBRATION

The Tesano Branch displays the spirit of service


Some management staff at head office go traditional.

OPENING OF AIRPORT CITY BRANCH

Staff of Airport City Branch. Standing in the middle is Ms. Anna Addo (Branch Manager) and on her left is Mr. Julius Foli (Operations Manager)

OPENING OF CANTONMENTS BRANCH

Staff of Cantonments Branch. Seated in the middle is Mrs. Vera Dodoo (Branch Manager) and on her left is Mr. Kofi Inkoom Adjepong (Operations Manager)

TO: ALL MEMBERS
DIRECTORS
AUDITORS

NOTICE OF ANNUAL GENERAL MEETING

We are pleased to give you notice of, and invite you to the twenty-third (23rd) Annual General Meeting of Prudential Bank Limited to be held at the Annex (Third floor) of the Head Office, 8 John Harmond Street, Ring Road Central, Accra, on **WEDNESDAY, 20TH May, 2020**, at **11.00 a.m** to transact the following business:

Agenda

1. To waive the statutory notice of 21 days.
2. To receive and consider the report of the Directors for the financial year ended 31st December, 2019.
3. To receive and consider the Auditors Report for the financial year ended 31st December, 2019.
4. To receive, consider and approve the Annual Accounts.
5. To re-elect the Auditors
6. To authorize the Directors to fix the remuneration of the Auditors.

Dated this 7th day of May, 2020

By Order of the Board

JAMES A.K. ABBAN
COMPANY SECRETARY

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in place of that Member. A Proxy need not be a Member. A Proxy Form is attached.
2. The Proxy Form must be delivered by hand or post to **The Secretary, Prudential Bank Limited, PMB, G.P.O, 8 John Harmond Street, Ring Road Central**, Accra at least 24 hours before the appointed time for the Meeting.
3. A copy of the Audited Financial Statement is attached.

PRUDENTIAL BANK LIMITED

PROXY FORM

FOR USE AT THE 23RD ANNUAL GENERAL MEETING TO BE HELD ON
WEDNESDAY, 20TH MAY, 2020, AT THE HEAD OFFICE ANNEX, OF
PRUDENTIAL BANK LIMITED
8 JOHN HARMOND STREET, RING ROAD CENTRAL, ACCRA

I/We ....

(Block capitals)

being a member(s) of Prudential Bank Limited hereby appoint *.......................................

or failing him, the duly appointed Chairman of the meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on **Wednesday, 20th May, 2020 at 11.00am** and at any and every adjournment thereof.

ITEM	RESOLUTIONS	FOR	AGAINST	
1.	To waive notice of 21 days			Within the appropriate square provided "FOR" or "AGAINST" each Resolution hereof, you are to indicate with an "X" how your votes are to be cast. Failing to so instruct, the Proxy will vote or abstain from voting at the said Proxy's discretion.
2.	To receive and consider the report of the Directors for the financial year ended 31st December, 2018.			
3.	To receive and consider the Auditors Report for the financial year ended 31st December, 2018.			
4.	To receive, consider and approve the Annual Accounts.			
5.	To re-elect the Auditors			
6.	To authorize the Directors to fix the remuneration of the Auditors.			

NOTES:

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you exercise your vote, if you cannot attend personally.

2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space supra marked *, the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.

3. In the case of joint holders, each holder should sign.

4. If executed by a company/corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.

5. Please sign the above Proxy Form and deliver or post it so as to reach **The Secretary, Prudential Bank Limited, 8 John Harmond Street, Ring Road Central, Accra not later than 11am on 19th May, 2020.**

Dated .... For: ....

Signature of Shareholder

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE MEMBER WOULD BE ATTENDING THE MEETING

PRUDENTIAL BANK

"Your Trusted and Dependable Partner"

Stop the spread, Mask Up!

STAY SAFE

WASH HANDS FREQUENTLY WITH SOAP

AVOID CLOSE CONTACT WITH PEOPLE

FREQUENTLY CLEAN OR DISINFECT SURFACES AND OBJECTS TOUCHED BY OTHERS

AVOID TOUCHING FACE

0302 781200-2/6/7

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