PRUDENTIAL BANK LTD.

2020 ANNUAL REPORT

2020
ANNUAL REPORT

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2020
ANNUAL REPORT

OVERVIEW

Information about Prudential Bank LTD.
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overview

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ABOUT US

Prudential Bank LTD. (PBL) opened for business on 15th August, 1996.

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

The Bank has a network of 44 business locations complemented by a number of electronic banking channels.

PBL has consistently won several prestigious awards in the banking industry 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 sucessful indigenous and the preferred bank in Ghana, offering the most remunerative banking services to the public.

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ABOUT US

OUR SUBSIDIARY COMPANIES

Prudential Securities Ltd.

A company generally engaged in fund management, corporate finance and business advisory services.

Prudential Stockbrokers Ltd.

A company generally engaged in stockbrokerage, equity and economic research and advisory

OUR REGISTERED OFFICE:

No. 8 John Harmond Street
Ring Road Central
Accra, Ghana

Private Mail Bag
General Post Office
Accra

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Toll-Free:	0800 000 772
Email:	headoffice@prudentialbank.com.gh
Website:	www.prudentialbank.com.gh

OUR AUDITORS:

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

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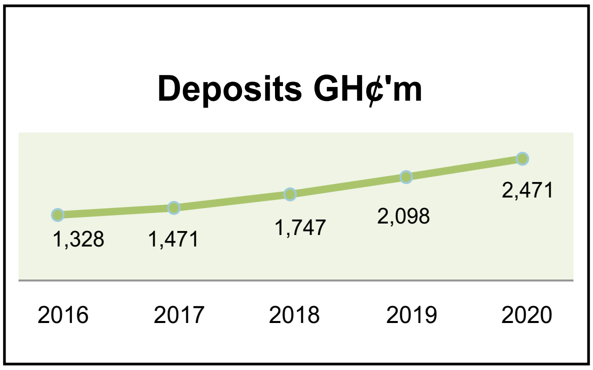
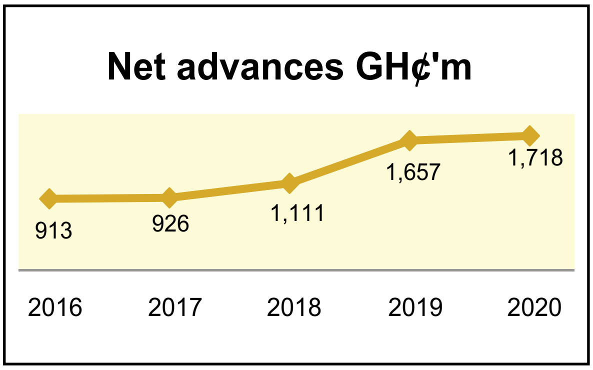
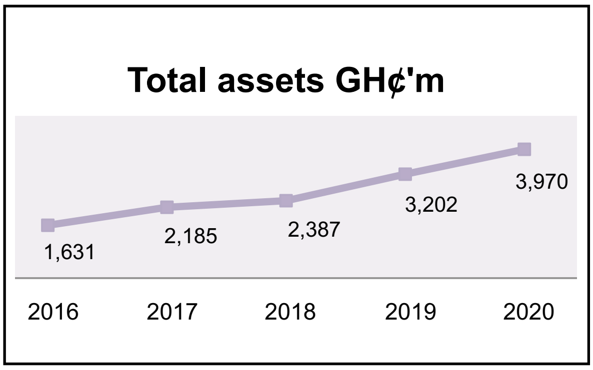
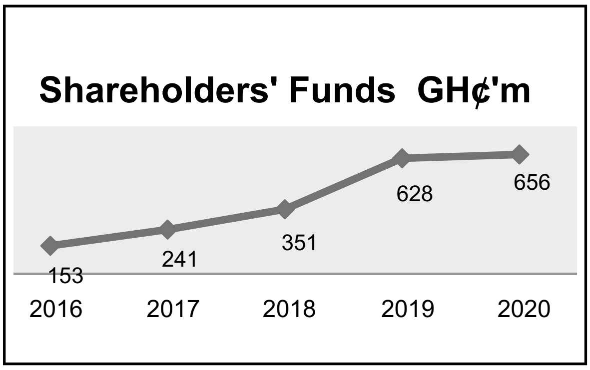
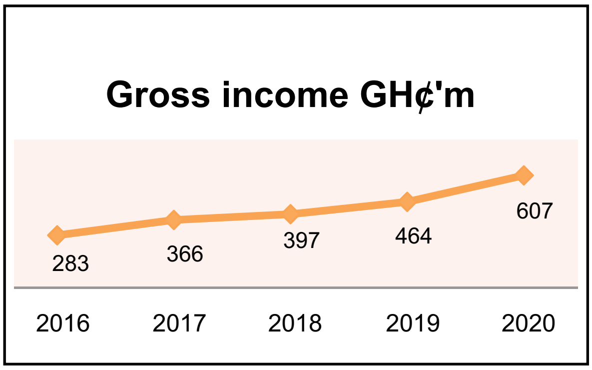
FINANCIAL HIGHLIGHTS

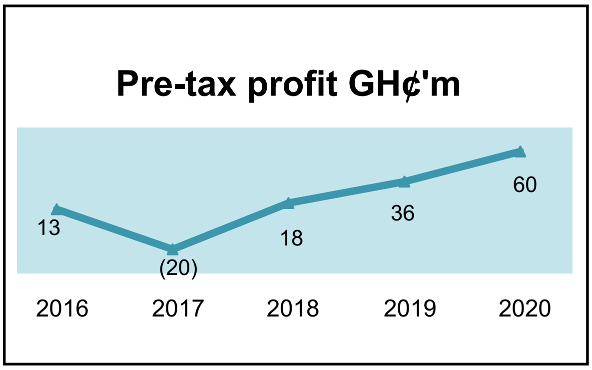


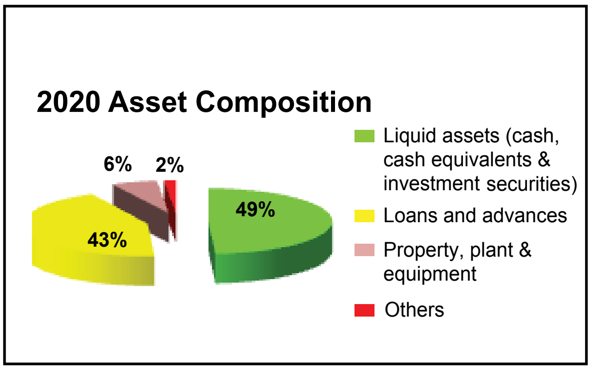


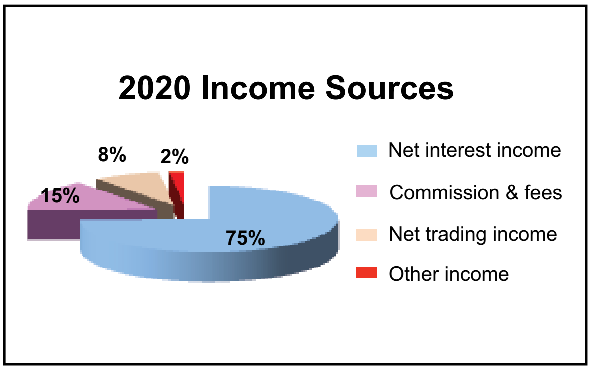












FIVE YEARS BANK PERFORMANCE (2016 - 2020)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in thousands of Ghana cedis

	2020	2019	2018	2017	2016
Interest income	504,123	367,123	317,694	311,794	235,750
Interest expense	(220,034)	(182,775)	(169,737)	(157,962)	(118,462)
Net interest income	**284,089**	**184,348**	**147,957**	**153,832**	**117,288**
Net fee and commission income	56,895	55,868	47,768	35,477	32,497
Net trading and other operating income	38,985	36,631	29,658	17,221	13,131
Operating income	**379,969**	**276,847**	**225,383**	**206,530**	**162,916**
Net impairment loss on financial assets	(86,195)	(34,196)	(27,242)	(67,144)	(17,388)
Operating expenses	(233,353)	(207,028)	(179,183)	(159,470)	(132,648)
Profit/ (loss) before tax	**60,421**	**35,623**	**17,725**	**(20,084)**	**12,880**
Income tax expense	(27,240)	(9,288)	(6,134)	(6,732)	(4,249)
PROFIT/ (LOSS) FOR THE YEAR	**33,182**	**26,335**	**11,591**	**(26,816)**	**8,631**
Other comprehensive income (net of tax)	–	–	35,926	–	–
TOTAL COMPREHENSIVE INCOME	**33,182**	**26,335**	**47,517**	**(26,816)**	**8,631**
RETAINED EARNINGS					
Balance at 1st January	(1,894)	(23,852)	(31,790)	23,925	17,452
Prior Year Adjustment	(4,701)	–	–	–	–
Profit/ (loss) for the year	33,182	26,335	11,591	(26,816)	8,631
	26,587	**2,483**	**(20,199)**	**(2,891)**	**26,083**
Transfer to statutory reserve	(16,591)	(13,168)	(5,796)	–	(2,158)
Transfer to credit risk reserve	11,990	8,790	2,142	(13,564)	–
Transfer to stated capital	–	–	–	(20,000)	–
Accumulated profit on merger	–	–	–	4,665	–
Balance at 31st December	**21,985**	**(1,894)**	**(23,852)**	**(31,790)**	**23,925**

FIVE YEARS BANK PERFORMANCE (2016 - 2020)

STATEMENT OF FINANCIAL POSITION

in thousands of Ghana cedis

	2020	2019	2018	2017	2016
ASSETS					
Cash and cash equivalents	731,533	402,455	547,431	859,320	230,130
Investment securities	1,212,066	832,437	450,562	171,359	359,788
Loans and advances to customers	1,717,792	1,657,080	1,110,957	925,815	913,471
Investments (other than securities)	1,766	1,766	1,766	1,766	7,366
Current tax asset	1,996	7,903	12,771	7,243	11,161
Intangible assets	14,506	6,586	6,136	2,931	5,781
Property, plant & equipment	234,324	223,563	214,994	173,792	92,688
Right-of-use assets	12,605	12,895	–	–	–
Other assets	42,996	57,668	42,877	42,609	10,766
TOTAL ASSETS	**3,969,584**	**3,202,352**	**2,387,495**	**2,184,835**	**1,631,151**
Liabilities					
Deposits from banks	10,153	4,550	2,907	5,797	2,901
Deposits from customers	2,460,542	2,093,786	1,744,465	1,465,665	1,325,008
Deferred tax liabilities	13,922	10,498	14,238	2,493	2,231
Borrowings	735,549	423,846	162,797	403,524	117,273
Lease liability	6,625	6,970	–	–	–
Other liabilities	86,354	34,744	112,230	66,566	31,057
Total liabilities	**3,313,145**	**2,574,394**	**2,036,637**	**1,944,045**	**1,478,470**
Equity/Shareholders' Funds					
Stated capital	402,431	402,431	127,666	127,666	62,453
Deposit for shares	–	–	24,000	9,618	–
Retained earnings	21,985	(1,894)	(23,852)	(31,790)	23,925
Statutory reserve	72,298	55,708	42,540	36,744	36,744
Revaluation reserve	120,914	120,914	120,914	84,988	29,559
Credit risk reserve	38,810	50,800	59,590	13,564	–
Total equity	**656,439**	**627,958**	**350,858**	**240,790**	**152,681**
Total liabilities and equity	**3,969,584**	**3,202,352**	**2,387,495**	**2,184,835**	**1,631,151**

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CHAIRPERSON'S STATEMENT

1.0 INTRODUCTION

Mrs. Muriel Susan Edusei

Good morning Distinguished Shareholders, Directors, our External Auditors, Ladies and Gentlemen. You are welcome to the 24th Annual General Meeting of Prudential Bank LTD. I present to you my statement on the performance of the Bank for the year ended 31st December 2020. Permit me to begin with the economic environment under which the Bank operated in Year 2020.

2.0 THE GLOBAL ECONOMIC ENVIRONMENT

Global economic growth rate of 2.8% was recorded in 2019. Hope of a rebound of global economic growth in 2020 was thwarted by the start of the Covid-19 pandemic, which negatively impacted the global economy in Year 2020. The International Monetary Fund (IMF) christened the deep economic downturn and the attendant lockdowns of the economies of most countries as "The Great Lockdown". This pandemic has resulted in the worst economic crisis since the Great Depression of the 1930s and surpasses the global financial crisis of 2007/2008. There are indications, however, that this could have been much worse but for the extraordinary and unprecedented policy responses adopted by governments and central banks around the world. Overall, global economic growth is estimated to have contracted by 3.3% in 2020 compared to a growth rate of 2.8% in 2019 and 3.9% in 2018.

3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2020

3.1 Economic Growth and Fiscal Performance

The GDP growth rate of 4.9% in the first quarter of 2020 was dampened by the effects of the pandemic which resulted in contraction of the quarterly growth to negative 3.2% and negative 1.1% in the second and third quarters, respectively. The improvement in the third quarter was due to the lifting of some Covid-19 restrictions as well as fiscal and monetary policy support from the government and the central bank. Economic growth rate turned positive by the close of the Year 2020 to 0.4% as easing of the pandemic restrictions continued. Overall, the annual GDP growth rate for Ghana was 0.4% in 2020 compared to the annual growth rate of 6.5% recorded in 2019. Provisional data from the Ministry of Finance estimated the overall fiscal deficit in 2020 to be 15.5% of GDP. The high fiscal deficit is partly attributable to the increase in social spending by the government during the pandemic.

3.2 Inflation, Monetary Policy and Interest Rates

The rate of inflation increased from 7.9% at the end of December 2019 to 10.4% at the end of December 2020.

The central bank adopted the use of an Asset Purchase Programme (APP) to support the Government of Ghana by purchasing Covid-19 bonds issued by the Government to the tune of GH¢10 billion. The Monetary Policy Committee (MPC) of the Bank of Ghana also on 18th March 2020 reduced the Monetary Policy Rate (MPR) by 150 basis points from 16.0% to 14.5%. According to the Bank of Ghana, these policy responses formed part of a synchronized global monetary policy response to ameliorate the effects of the pandemic on the global and national economies.

On the money market, the weighted average inter-bank overnight interest rate which reflects the rate at which commercial banks borrow from and lend to each other, reduced from 15.2% at the end of December 2019 to 13.6% at the end of December 2020. The interest rate on the 91-day Treasury-bill remained around 14.7% from December 2019 through to March 2020 before broadly reducing to 14.1% at the end of December 2020. Similarly, the 182-day Treasury bill rate remained around 15.2% from December 2019 to March 2020 before reducing to 14.0% in May 2020 and inching up marginally to 14.1% at the end of December 2020. The interest rate on the three-year bond increased from 19.7% at the end of December 2019 to 20.8% in March 2020, dropped to 18.9% by August 2020 and increased steadily to close the year at 19.3%. Yields on long-dated bonds declined on the secondary bond market with the exception of the 20-year bond yield which increased relative to the December 2019 position.

3.3 Exchange Rate and Depreciation

The cedi posted a strong performance against the US dollar mainly due to improved foreign exchange reserves which enabled the central bank to intervene in the currency market. According to the Bank of Ghana, the interventions were made possible due to improvements in global financial market risks, foreign inflows from mining and remittances. Consequently, the cedi depreciated by 3.9% against the US dollar during 2020 compared to a depreciation of 12.9% at the end of 2019. The cedi/dollar exchange rate measured by the interbank mid-rate stood at GH¢5.7602 at the end of 2020 compared to GH¢5.5337 at the end of 2019. The cedi depreciated by 7.1% against the pound sterling at the end of 2020 compared to 15.7% depreciation at the end of 2019 and 12.1% against the euro compared to 11.2% at the end of 2019.

4.0 THE BANKING SECTOR

4.1 Notable Regulatory Actions by the Central Bank

The Bank of Ghana continued to undertake a number of reforms to consolidate the gains made following the completion of the banking sector clean up. Among these was the implementation, in March 2020, of a comprehensive web based electronic regulatory and reporting system. This will ensure efficient prudential reporting and data analytic processes for regulated financial institutions and enable the Bank of Ghana to monitor these institutions more closely.

As part of efforts to cushion the effects of the pandemic on the banking sector, the central bank granted policy and regulatory reliefs to universal banks by issuing guidance on the restructuring and reporting of loans affected by the pandemic.

The central bank's pursuit of a cash-lite financial system continued unabated with the acceleration of policies on digital payment solutions in accordance with its 2019-2024 National Payment System Strategic Plan. The Plan provides a policy framework to guide stakeholders to ensure that the payment ecosystem supports financial inclusion.

The central bank collaborated with the Ministry of Finance to push for the enactment of an act to provide for the licensing, regulation and supervision of development finance institutions in Ghana pursuant to the formal establishment of development finance institutions in the country. Under the Development Finance Institutions Act, 2020 (Act 1032), development finance institutions (DFIs) will be regulated by the Bank of Ghana as non-deposit taking entities which would provide medium to long-term financing as well as short term funding, guarantees and other credit enhancement structures to support key sectors of the economy. Subsequent to the passage of the Act, the World Bank in October 2020 approved a loan of US$250 million to the Government of Ghana as part of a seed capital of US$500 million for the establishment of the Development Bank of Ghana. The Bank would offer long to medium-term loans at concessionary rates on wholesale basis to participating financial institutions for on-lending to entities including mortgage, manufacturing and agricultural businesses.

4.2 Banking Sector Performance

Banking sector reports indicate that the sector was able to weather the adverse impact of the pandemic and continued to remain well-capitalised, liquid, and profitable.

Total assets of the sector increased by 15.7% from GH¢128.98 billion at the end of 2019 to GH¢149.32 billion at the end of 2020. The total assets growth in 2019 was 22.7%. The central bank attributed the slower growth in 2020 to a moderately adverse effect of the pandemic on the sector.

Gross loans and advances grew marginally by 5.8% from GH¢45.17 billion at the end of 2019 to GH¢47.77 billion at the end of December 2020 compared to a growth of 23.8% in 2019.

Deposits grew by 24.4% from GH¢83.46 billion at the end of 2019 to GH¢103.81 billion at the end of 2020. The growth in deposits in 2019 was 22.2%. According to the central bank, the higher deposit growth rate was due to a myriad of factors including liquidity flows from Covid-19 fiscal stimulus, payments to contractors and monetization of bonds previously issued as payment to depositors and investors following the financial sector clean up.

Shareholders' funds increased by 20.8% from GH¢17.59 billion at the end of 2019 to GH¢21.25 billion at the end of 2020 compared to a growth of 19.7% in 2019. According to the central bank, the growth in shareholders' funds demonstrated that adequate capital buffers exist within the banking sector to withstand shocks.

The industry's profit after tax increased by 27.9% to GH¢4.24 billion at the end of 2020 compared to the growth of 38.3% at the end of 2019.

5.0 PRUDENTIAL BANK LTD IN YEAR 2020

5.1 Transformation

Distinguished Shareholders, Directors, Ladies and Gentlemen, during the year 2020, the Bank undertook a number of initiatives aimed at enhancing our operations and ultimately profitability.

5.1.1 Business Restructuring

The business model was restructured to focus on key business segments. This is expected to strengthen the Bank's business development efforts and deepen relationship with key customers in each segment. Consequently, the position of an executive head in charge of Business was created to drive business growth, deepen business relationships and ultimately, increase revenue.

5.1.2 Digitalization

The Bank continued with its digital transformation agenda by deploying in-house digital and customer centric solutions with the aim of repositioning the Bank to compete effectively in this digital age. This need to digitalize became urgent due to the pandemic which made it imperative for customers to have the ability to transact their financial business remotely. The following projects were completed and operationalized:

- Issuance of VISA and Union Pay debit cards;
- The Bank's services on social media namely; Facebook, Instagram, Linked-in and Twitter;
- Establishment of a modern customer experience centre which provides customers with unlimited access to banking services and solutions to requests, complaints and enquiries. The centre currently operates 16 hours daily;
- Redevelopment of the Bank's website, which is much more responsive and appealing to customers and the general public; and
- Transfer of the existing USSD mobile banking service to a dedicated short code, ***772#.**

5.2 Strengthening of I.T. Infrastructure Security

The Bank undertook further upgrade and enhancement of its IT security to improve protection against vulnerabilities and cyberattacks.

The Bank also completed the Payment Card Industry – Data Security Standard (PCI-DSS) certification process and became duly certified. PCI-DSS is a widely accepted set of policies and procedures that seek to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information. Compliance with the standard is now a mandatory requirement for financial institutions regulated by the Bank of Ghana.

5.3 Other Key Actions

During the year under review, the Bank opened a new branch in Haatso in the Ga East municipality to bring to 44 the number of business locations.

The Bank also enhanced its collection platforms and became a collection agent for key public-sector entities. The Bank also joined the GHANA.GOV digital service and revenue collection portal. The platform allows payments through member banks to accounts of major Ministries, Departments & Agencies (MDAs) and that of Metropolitan, Municipal and District Assemblies (MMDAs).

5.4 Mobilization of Resources

The deposit portfolio of the Bank as at the end of 2020 stood at GH¢2.47 billion, an increase of 17.6% over the end-2019 position of GH¢2.10 billion. A significant proportion of the deposits were mobilized from private entities and individuals.

Shareholders' funds increased by 4.5% from GH¢628 million at the end of December 2019 to GH¢656 million at the end of December 2020 as a result of profits made and retained in the business.

5.5 Allocation of Resources

Distinguished Shareholders and Directors, the total assets of your Bank grew by 24.1% from GH¢3.20 billion at the end of 2019 to GH¢3.97 billion at the end of 2020. The growth was funded by deposits, borrowings and shareholders' funds.

The Bank decided to realign its portfolio in favour of less risky assets. Growth in gross advances was moderate at 9.1% from GH¢1.76 billion at the end of 2019 to GH¢1.92 billion at the end of December 2020 whilst net loans and advances increased by 3.6% from GH¢1.66 billion to GH¢1.72 billion within the same period. The growth in the Bank's portfolio of investment securities, on the other hand, increased by 45.8% and stood at GH¢1.21 billion at the end of 2020 against the 2019 end of year position of GH¢0.83 billion. The portfolio mainly comprised Government of Ghana and Bank of Ghana securities.

5.6 Results of Operations

Distinguished Shareholders and Directors, your Bank was able to weather the storm posed by the pandemic and recorded a pre-tax profit of GH¢60.4 million in the year 2020, which is 69.7% above the 2019 pre-tax profit of GH¢35.6 million. The after-tax profit for the year was GH¢33.2 million and this is 26.2% above the 2019 after-tax profit of GH¢26.3 million. These were, however, much lower than anticipated due to a high impairment charge of GH¢86.2 million following stress testing of the loan portfolio. The average return on assets (ROA) and return on equity (ROE) for 2020 were 1.7% and 5.2%, respectively compared to 1.3% and 5.4% for 2019.

5.7 Dividends

Distinguished Ladies and Gentlemen, the Directors are unable to recommend the payment of dividends to shareholders due to the need to improve earnings to reinforce the capital base.

5.8 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 including support for the fight against Covid-19 amounted to GH¢1.1 million in Year 2020 compared to GH¢527,000 in year 2019. The institutions that received support from your Bank during the year included the following:

- Covid-19 National Trust Fund;
- Noguchi Memorial Institute for Medical Research;
- Ministry of Education 2020 National Best Teacher Award;
- Ghana Tourism Authority;
- Ghana Immigration Service;
- University of Cape Coast School of Medical Sciences Endowment Fund;
- University for Development Studies;
- Valley View University.
- Ghana Association of University Administrators;
- Ghana Academy of Arts & Sciences; and
- Rotary Club of Accra Ridge Chapter.

Further information on corporate social responsibility is provided in the Report of the Directors.

5.9 Corporate Governance

The Bank continued to commit itself to sound and effective corporate governance practices which ensured effective oversight and management of the Bank. A full report is provided in the Corporate Governance section of the annual report for 2020.

5.9.1 Changes to the Board

During the 23rd Annual General Meeting of 2020, changes in the Board were announced and new board members were introduced to shareholders. Subsequently, two new directors appointed by Ghana Amalgamated Trust (GAT) and approved by the Bank of Ghana have joined the Board, namely, Rev. Professor Peter Ohene Kyei and Mr. Ofotsu Tetteh-Kujorjie. Mr. Kwakye-Mintah came to the end of his nine-year tenure on the Board in October 2020 and will hopefully be replaced by Mr. Felix Duku. A resolution would be passed later on during this meeting for that purpose. The Board Secretary, Mr. J.A.K. Abban resigned and was replaced by Mrs. Alison Debrah as the Acting Secretary pending approval by the Bank of Ghana.

6.0 OUTLOOK FOR THE YEARS 2021 AND 2022

6.1 The Global Economy

The IMF in its April 2021 *World Economic Outlook* (WEO) report projects a global GDP growth at 6.0% for 2021 and 4.4% for 2022. However, to quote from their report: “High uncertainty surrounds this outlook related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization and the evolution of financial conditions.”

6.2 The Ghanaian Economy

The outlook of the Ghanaian economy remains positive following easing up of most of the lockdown measures and gradual recovery from the pandemic. Bank of Ghana’s recent surveys of economic activities suggest that consumer and business confidence levels are back to pre-lockdown levels. GDP growth rate for Ghana is projected by the IMF at 4.6% in 2021 and 6.1% in 2022. The Government, however, projects an average GDP growth rate of 5.0% for both years.

Slower distribution of vaccines could dampen the recovery process in the near-term. Also, the rising debt situation poses significant risks. The Government is tackling this through intensified revenue collection measures which is evidenced by the introduction of a number of taxes including the following:

i. A Financial Sector Clean-up Levy of 5% on the pre-tax profits of banks in addition to the existing National Fiscal Stabilization Levy of 5%;

ii. An increase in the National Health Insurance Levy from 2.5% to 3.5%;

iii. An increase in the Value Added Tax flat rate from 3% to 4%;

iv. A Sanitation and Pollution Levy (SPL) of ten pesewas (GH¢0.10) per litre on petrol/diesel under the Energy Sector Levies Act (ESLA); and

v. An Energy Sector Recovery Levy (ESRL) of twenty pesewas (GH¢0.20) per litre on petrol/diesel.

6.3 The Banking Sector

Outlook for the banking sector continues to be positive. The central bank projects that the universal banks will be able to sustain their strong performance under mild to moderate stress conditions.

Distinguished Shareholders, Directors, Ladies and Gentlemen, the fast-paced development of digital payment solutions to support the agenda for a cash-lite economy requires banks to position themselves as key players in the digital banking space. Banks would therefore have to develop the appropriate strategies to derive their fair share of benefits from the booming electronic payment system.

6.4 Prudential Bank LTD

Distinguished Shareholders and Directors, as already mentioned, Government in its 2021 Budget has introduced a number of taxes to boost revenue generation. This will lead to additional operational costs for the Bank. The Bank remains committed to delivering good financial performance in the coming years notwithstanding the increases in taxes, particularly, the five percent levy on pre-tax profits. This, however, calls for hard work to enable us achieve our profitability targets whilst supporting our esteemed customers in this difficult period.

The Bank will continue its aggressive implementation of the digital transformation agenda to improve efficiency, enhance convenience to customers and return good value to all its stakeholders. High credit impairment, however, remains a key downside risk to the attainment of these objectives and will be constantly monitored and proactive actions taken. The Bank is strengthening its risk management framework to ensure that planned improvements are achieved in a sustainable manner.

Distinguished Shareholders, Directors, Ladies and Gentlemen, Prudential Bank is committed to sustainable development and subscribes to the United Nation's plan of action for people, planet and prosperity as captured in the United Nation's 2030 Agenda for Sustainable Development. In this regard, the Bank is drafting a comprehensive policy on sustainable banking in accordance with the central bank's framework for sustainable banking and will begin the implementation of same as soon as practicable. Shareholders and other stakeholders will be updated as appropriate.

6.4.1 Prudential Bank @ 25

Distinguished Shareholders, Directors, Ladies and Gentlemen, Prudential Bank LTD will be 25 years in August 2021.

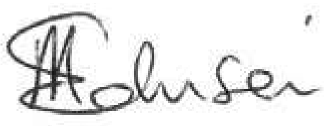
We have a lot to thank God and the founding fathers for. This calls for joyous celebrations. However, due to the Covid-19 pandemic and the need to focus on the business reforms being implemented, the Board decided that the celebrations should be postponed to an appropriate time in the very near future.

7.0 ACKNOWLEDGEMENTS

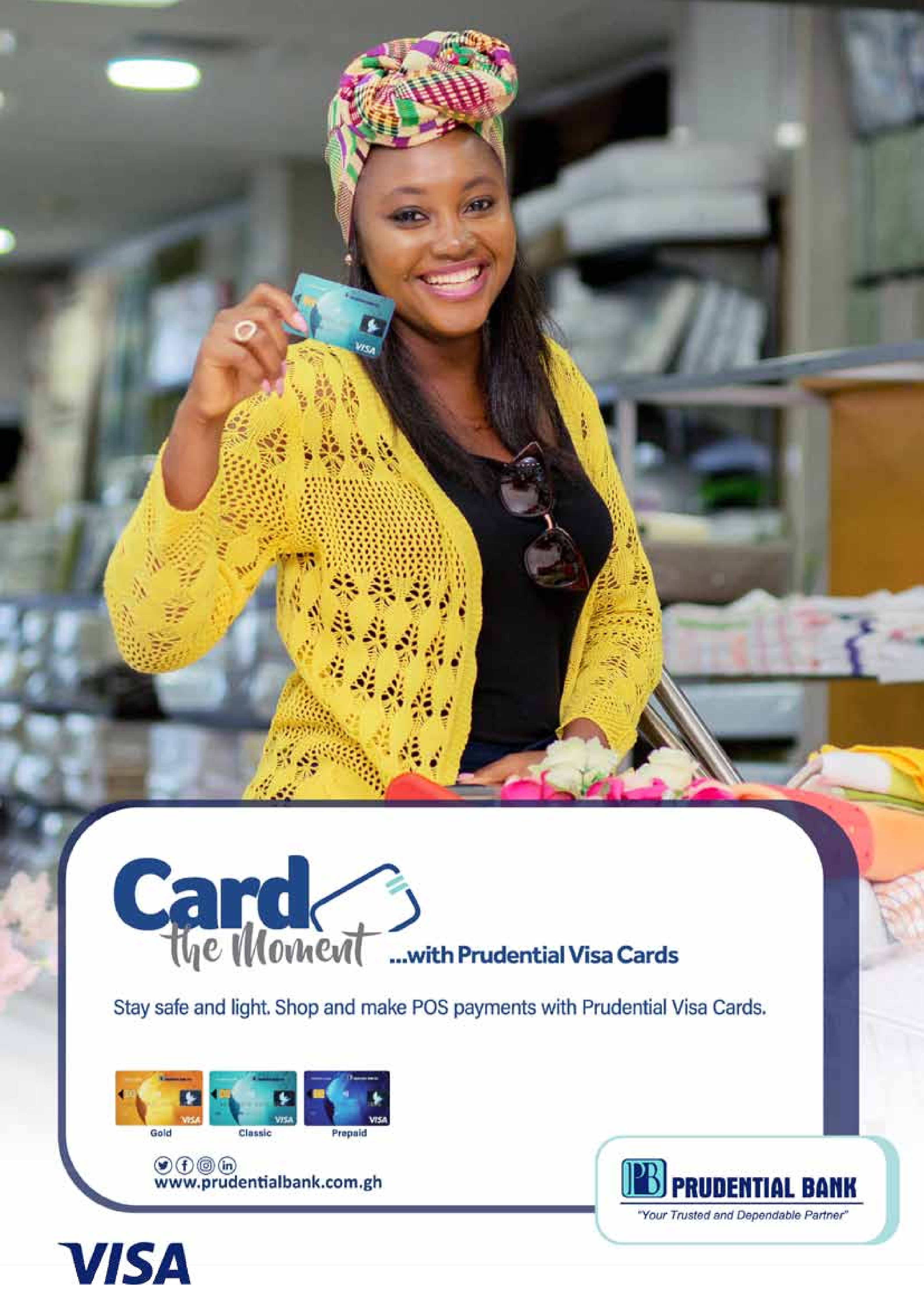
On behalf of the Board, I would like to take this opportunity to express our deepest gratitude to all our customers whose continued patronage and loyalty have contributed to the success of the Bank. I also commend Management and Staff of the Bank for their dedicated services in the midst of the numerous challenges experienced during the extraordinary year 2020.

Finally, I wish to thank Shareholders and colleague Board members for their continuous support and contribution to the success of the Bank. Together, we shall succeed, God being our helper.

Thank you.



MURIEL SUSAN EDUSEI (MRS.)
CHAIRPERSON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MANAGING DIRECTOR'S ADDRESS

John Kpakpo Addo
Managing Director

Dear Shareholders,

The Bank returned a good performance in 2020 notwithstanding the challenges of the year arising principally from Covid-19 and its impact on the global and domestic economy. As we pursue our strategy to deliver greater value to customers, shareholders and all other stakeholders, we will continue to grow parts of our business where we are strongest while we act decisively to reshape areas of persistent under performance. We will also continue to deploy cost control and efficiency strategies to better position the Bank to deliver higher returns to shareholders.

Financial Performance

Overall, considering the challenges of the economy and the changes that we as an organization embarked on from the start of 2020, the Bank recorded a remarkable improvement in its income statement and balance sheet performance during the year. Key highlights of our performance are as follows:

i. Profit before tax improved to GH¢60.4 million from the GH¢35.6 million recorded in 2019, representing a 69.7% growth.

ii. The Bank's operating income grew by 37.2% over the previous year to GH¢ 380.0 million.

iii. The Bank's cost-to-income ratio improved to 61.4% at year-end 2020 compared to 74.8% at the end of 2019, reflecting the Bank's efficiency drive on the back of cost-containment measures aimed at improving profitability. Management will continue to monitor the Bank's cost profile to ensure continuous improvement of the cost-to-income ratio.

iv. Total assets grew to GH¢3.97 billion at the end of the Year 2020 from GH¢3.20 billion previously.

v. Investment securities increased by 45.6% to GH¢1.21 billion with deposits similarly trending upwards by 17.6% to GH¢2.47 billion.

vi. Return on assets was 1.7%, up from 1.3% while return on equity marginally declined from 5.4% in 2019 to 5.2% at the end of 2020. These ratios and other key profitability ratios were impacted by a significant impairment charge of GH¢86.2 million arising from moves to ensure that the Bank's loans and advances portfolio is of a high quality. The ratios are however expected to improve significantly by the end of the Year 2021 on the back of improved asset quality and the Bank's efficiency drive and digital transformation process.

vii. The Bank remains well-capitalized, closing the year with total equity of GH¢656.4 million up from GH¢627.9 million at the end of 2019. The capital adequacy ratio stood at 19.7%, unchanged from the end of 2019 position and well above the regulatory limits.

Operational Review

The Covid-19 pandemic affected millions of people and businesses worldwide during the year 2020 and tremendously affected our way of living. We were able to adapt to the new normal by launching our services on social media – namely, Facebook, Instagram, Linkedin and Twitter as well as enhancing services on mobiWise, the Bank's USSD platform, and other digital solutions. It is worth noting that the ability of our new in-house teams to develop creative content to support our presence on social media has been pivotal in strengthening our social media presence and visibility.

Prudential Bank possesses a unique advantage of having built strong relationships with its customers that have underpinned its ability to compete in difficult times. We started the modification of our business operating model that will enable us build on this strength to grow our business and revenues. In this direction, we have brought in an Executive Head for Business, Head of Digital Transformation, in house IT Developers, a Social Media Manager and IT Projects Manager to help drive the business growth and digital transformation agenda. All these are aimed at providing a better service through improved digital capabilities and to make it easier for our customers to bank with us. The new approach is enhancing the services we offer and also helping to attract new customers. The ultimate objective of all these investments is to build a resilient Bank with a stronger competitive stance.

We also launched our new website which will incorporate further interactive functionality this year and beyond.

Our new Customer Experience Centre which was piloted in the last quarter of the 2020 financial year has now gone live and is providing connectivity for the Bank on all digital channels. This is expected to enrich the Bank's customer engagements by providing better support for customers and also help cross-sell products and services to customers.

Since the commencement of the Covid-19 crisis, the Bank has taken decisive, coordinated action to ensure the health and safety of our employees, especially those who work on the frontline.

We have also continued to act as a dependable financial partner for our corporate and retail customers by lessening the impact of the pandemic through important customer relief measures including deferral of loan repayments, reduction in interest rates and in some cases granted interest waivers to support customers that have been severely affected by the Covid crisis.

We, unfortunately, lost a key member of our senior staff, Ms. Naa Adoley Ankrah, to Covid after a 23-year distinguished service to the Bank. May her soul rest in perfect peace and may her memory always be a blessing.

Business Outlook

We are pleased with our results for Q1 2021 and we are optimistic about the outlook for the remainder of the year.

We will keep at the forefront of our strategic direction – namely, Business Growth, Operational Excellence through Digitalization, Customer Service Excellence and Enhanced Risk Management – the importance of going digital with the continued deployment of technology.

We are leveraging our digital channels to rapidly develop solutions for our customers which will be rolled out this year and we remain confident in the Bank's strength and stability as we continue to build upon the achievements chalked so far.

25 Years of PBL

This year 2021 marks the Bank's 25th anniversary. We thank Almighty God for making it possible for the Bank to attain 25 years after opening its doors for business in August 1996 from one branch in Accra.

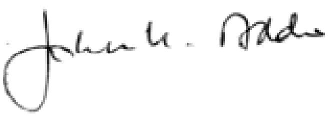
The Bank has since grown steadily and currently has 44 business locations across the country. Several businesses have been nurtured by the Bank over the years, from inception to well-established businesses and the Bank continues to develop rewarding partnerships with customers and other stakeholders, particularly Fintechs to drive its digitalization agenda.

Due to the Covid-19 pandemic and the need to focus on the business reforms being implemented, the Bank has decided to postpone the celebrations to an appropriate time in the very near future.

Conclusion

I would like to conclude my remarks by expressing my deep gratitude first to our staff, all of whom deserve our profound thanks and appreciation for their resilience and commitment and without whom these strong results would not have been attainable. I would also like to thank the Board for their continued support and counsel and you our Shareholders who have been pivotal in supporting us to navigate the challenges of the year 2020 and our external stakeholders for their support and cooperation.

Finally, I thank Almighty God for His guidance, protection, and blessings.



JOHN K. ADDO

2020
ANNUAL REPORT

CORPORATE GOVERNANCE

Profiles of members of the Board of Directors
Statement of Corporate Governance
Report of the Directors

PRUDENTIAL BANK
...Truly dependable

BOARD PROFILE

Muriel Susan Edusei
Chairperson

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

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 Ltd, 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 programme 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 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 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 Managing Director and a member of the Board of Directors of the Bank on 2nd 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.

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.

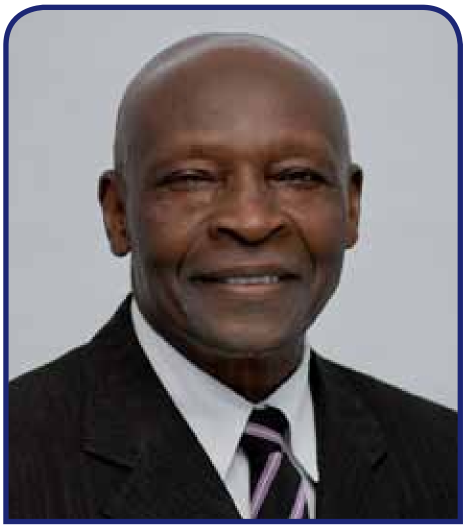
Mr. Boateng was appointed to the Board of Prudential Bank in September 2013.

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 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 35 years experience in the banking and finance sector. Mr. Atuahene served as Deputy Managing Director of Agricultural Development Bank from 2001 to 2008 and 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 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 30 years 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 Ltd and Enterprise Life Assurance, Nigeria. Mr. Larbi-Tieku joined Enterprise Life Assurance Company Ltd 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 Ltd. 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 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.

Juliana Addo-Yobo
Independent Non-Executive Director

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

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

Victoria Barth
Non-Executive Director

Mrs. Victoria Barth is a lawyer with 17 years 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 subcommittees. She teaches Advocacy and Ethics at the Ghana School of Law.

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

Ofotsu Tetteh-Kujorjie
Non-Executive Director

Mr. Ofotsu A. Tetteh-Kujorjie is a commercially astute lawyer and engineer with a rare combination of management, finance and public and private sector leadership experience. He is an innovative and results-oriented systems thinker, with considerable transactional, advisory and execution experience across the energy, technology, business and finance sectors in Ghana, the United States, Europe and various African markets. He has been a Special Advisor to the Minister for Finance of the Republic of Ghana from 2017 to date.

Mr. Tetteh-Kujorjie has advised diverse national governments, including the governments of Tanzania, Democratic Republic of Congo, Rwanda and Burundi, as well as local and foreign investors, on a wide range of commercial, strategic, legal, contractual, regulatory, business and investment-related matters.

Mr. Tetteh-Kujorjie holds a Bachelor of Science and a Master of Engineering degrees in Industrial Engineering & Operations Research (Information Technology Specialization) from Cornell University (College of Engineering), and a Certificate in Business & Public Policy from the Wharton School of Business. Mr. Tetteh-Kujorjie earned his Juris Doctor in 2009 from the University of Pennsylvania Law School and holds a Master of Law degree in Taxation from the Georgetown University Law Centre.

Mr. Tetteh-Kujorjie was appointed to the Board of Prudential Bank in August 2020.

Peter Ohene Kyei
Non-Executive Director

Reverend Professor Peter Ohene Kyei has over 40 years experience in administration and education. A great part of his career has been spent in education at the tertiary level. Since 1988 he has held administrative positions, taught several courses and managed various projects in the university and the church environments.

Reverend Professor Peter Ohene Kyei was called into full-time ministry at the Church of Pentecost as a Pastor and was inducted into office as the Rector of the Pentecost University College (PUC) where he served for eight years.

Prior to his position at PUC, he spent over 20 years as an academic at the Kwame Nkrumah University of Science and Technology (KNUST) where he served as a senior lecturer and head of Geography and Rural Development. While in KNUST, Rev. Prof. Ohene Kyei served on several committees and boards including the Academic Board, the board of the Faculty of Social Sciences and that of the College of Arts and Social Sciences, Committee for the Establishment of Post-Harvest Technology, Committee for the Establishment of Exercise and Sports Sciences and Chairman of the KNUST Basic Schools Board. Rev. Prof. Ohene Kyei was a Council Member for the Christian Service University College from 2005-2010.

In addition to publishing many academic papers and book chapters in peer-reviewed academic journals, Rev. Prof. Ohene Kyei has co-authored a book, *NGOs and the State in the 21st Century: Ghana and India* and presented papers at local and international conferences. His book, *Decentralization and Poverty Alleviation in Rural Ghana (Does Decentralization Serve the Poor? – The Ghanaian Experience)* was published in Year 2013.

Rev. Prof. Ohene Kyei holds a Bachelor's degree in Geography with Economics from the University of Ghana, a Master of Science degree in Regional Planning from Kwame Nkrumah University of Science & Technology, and a Doctor of Philosophy (Phd) in Development Geography from Durham University in the United Kingdom.

Rev. Prof. Ohene Kyei was appointed to the Board of Prudential Bank in August 2020.

Alison Ann Debrah
Company Secretary

Mrs. Alison Ann Debrah is a chartered accountant and a chartered governance professional. She is a member of the Chartered Institute of Public Finance & Accountancy (CIPFA-UK) and an associate member of the Chartered Governance Institute UK & Ireland. She graduated from the City University, London, United Kingdom, in 1991 with a joint Bachelor of Science (Honours) degree in Economics & Accounting.

Mrs. Debrah has a well-developed broad skill set honed from diverse roles held in the United Kingdom and Ghana in a career spanning 29 years. She worked for 10 years in a number of finance related positions with the London Boroughs of Croydon, Southwark and Sutton before having a brief spell with KPMG Chartered Accountants (Ghana) as Supervising Senior. She was the Managing Director of Credit Mall Ltd, Accra, for seven years and the General Manager in charge of Human Resources & Administration at CFC Savings & Loans Ltd, Accra for nine years. She thereafter worked for Bayport Savings & Loans Ltd for nearly three years as the Head of Corporate Governance before joining Prudential Bank in March 2020. She is currently the Acting Head of Administration of the Bank and was appointed to the additional position of Acting Company Secretary in October 2020.

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STATEMENT OF CORPORATE GOVERNANCE

1.0 INTRODUCTION

The Bank regards sound and effective corporate governance practice as essential for the attainment of its business objectives and long-term success. As such, the Bank is committed to applying the values and principles of corporate governance best practice to all aspects of its business.

The Board has developed a corporate governance charter which guides the way the Bank is governed. The guiding principles of the Bank's Corporate Governance Charter are informed by the relevant laws and regulations including but not limited to the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Companies Act, 2019 (Act 992), Bank of Ghana's *Corporate Governance Directive, 2018 and Fit & Proper Persons Directive.* These corporate governance guiding principles are complemented by the Bank's vision and values and define the Bank's approach to its dealings with customers, shareholders, employees and other stakeholders.

2.0 COMPLIANCE STATEMENTS

The Board of Directors confirms that at the date of this report, Prudential Bank LTD has complied with the provisions of the *Corporate Governance Directive, 2018*, the Board Charter and all relevant laws.

The Board also hereby states that:

i. The Board has independently assessed the effectiveness of the Bank's corporate governance process and finds it effective in the achievement of the Bank's objectives.

ii. The directors are aware of their responsibilities to Prudential Bank LTD as persons charged with governance.

Members of the Board in July and September 2020 successfully completed two Corporate Governance Certification Programmes for 2019 and 2020, which was facilitated by the National Banking College. The training included a session on the responsibilities of directors. The board members also attended a training session on Anti-Money Laundering/Countering the Financing of Terrorism (AML/CTF) which was facilitated by the Financial Intelligence Centre.

3.0 THE BOARD OF DIRECTORS

3.1 Role of the Board

The Board is the final authority in the governance of the Bank. It is legally charged with directing and overseeing the business of the Bank including approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. The Board is responsible to shareholders for the creation and delivery of sustainable shareholder value through effective and efficient management practices. The Board is also responsible for the protection of the interest of depositors and other stakeholders. The board members are collectively responsible for the overall supervision, direction and long-term success of the Bank. However, the executive management has direct responsibility for the day-to-day operations of the Bank whilst the non-executive directors have the responsibility of bringing independent judgement and scrutiny to decisions taken by the Board and provision of constructive challenge to executive management.

3.2 Composition of the Board

The Board is currently made up of 10 members comprising the Managing Director (who is an executive director) and nine non-executive directors. Four of the non-executive directors (including the chairperson) are regarded as independent. The independent non-executive directors constitute forty percent of the Board membership, which exceeds the thirty percent minimum requirement set out in the *Corporate Governance Directive, 2018.* There is a clear division of responsibilities between the Board Chairperson and the Managing Director as set out in the Board Charter of the Bank.

The Board has a diverse and rich blend of competencies and expertise in the areas of Banking & Finance, General Business, Entrepreneurship, Accountancy, Law, Corporate Governance and Board Room Practices.

3.3 Board Meetings

The Board holds regular meetings not less than four times in a year. The Board may also hold extraordinary 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 Chairperson convenes an Annual General Meeting once a year to receive the annual report from the Chairperson, directors and the Auditors. The attendance record of individual directors at Board meetings held in 2020 is shown in the table below:

Name of Board Member	Status	Scheduled meeting	Ad-hoc Meeting	Remarks
Mrs. Muriel Susan Edusei	Chairperson	5/5	3/3	Appointed in April 2020
Mr. K. Agyei-Gyamfi	Ag. Chairman	1/1	1/1	Retired in April 2020
Mr. John K. Addo	Managing Director	6/6	3/3	Appointed in January 2020

Mr. Fred K. Boateng	Non-executive Director	6/6	3/3	Appointed in September 2013
Mr. Daniel Asah-Kissiedu	Non-executive Director	6/6	3/3	Appointed in September 2018
Mr. Yaw Opoku Atuahene	Non-executive Director	5/5	3/3	Appointed in April 2020
Ms. Joana Felicity Dickson	Non-executive Director	1/1	1/1	Retired in April 2020
Ms. Aretha Duku	Non-executive Director	0/1	1/1	Retired in April 2020
Mr. Samuel Nkansa-Boadi	Non-executive Director	0/1	0/1	Retired in April 2020
Mr. Nortey Kwashie Omaboe	Non-executive Director	0/1	0/1	Retired in April 2020
Mr. Daniel Larbi-Tieku	Non-executive Director	5/5	3/3	Appointed in April 2020
Mrs. Juliana Addo-Yobo	Non-executive Director	5/5	3/3	Appointed in April 2020
Mrs. Victoria Barth	Non-executive Director	5/5	3/3	Appointed in April 2020
Mr. Ofotsu Tetteh-Kujorjie	Non-executive Director	3/3	1/1	Appointed in August 2020
Rev. Prof. Peter Ohene Kyei	Non-executive Director	3/3	1/1	Appointed in August 2020
Mr. Kwame Kwakye-Mintah	Non-executive Director	4/4	3/3	Retired in October 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.0 BOARD COMMITTEES, MEMBERSHIP AND MEETINGS

The Board discharges its responsibilities through the establishment of board committees appointed from amongst its members subject to the applicable regulations. All committees of the Board operate under committee charters/terms of reference approved by the Board. There are currently six committees with specific responsibilities. They are: Audit Committee; Risk Committee; Credit Committee; Ethics & Compliance Committee; Cyber & Information Security Committee; and Nomination/ Human Resources & Governance Committee.

4.1 Audit Committee

The Audit Committee is a standing committee of the Board made up of four independent non-executive directors. The main purpose of the Audit Committee is to assist the Board to fulfill its oversight responsibilities in relation to the Bank's internal and external audit functions and regulatory conformance in areas including the following:

i. Integrity of the financial statements and financial reporting systems together with all related disclosures;

ii. Effectiveness of internal controls and procedures;

iii. Effectiveness of internal audit programmes and processes;

iv. Compliance with legal and regulatory requirements relating to financial and other requirements;

v. The qualification, independence and performance of the independent auditors.

Membership of the Audit Committee and attendance record of the members at committee meetings in the year 2020 are shown in the table below:

Member	Status	Attendance	Remarks
Mr. Daniel Larbi-Tieku	Chairman	4/4	Appointed in May 2020
Mr. Kwame Kwakye-Mintah	Non-executive Director	2/2	Retired in October 2020
Mr. Yaw Opoku Atuahene	Non-executive Director	4/4	Appointed in May 2020
Mrs. Juliana Addo-Yobo	Non-executive Director	4/4	Appointed in May 2020
Mrs. Victoria Barth	Non-executive Director	1/1	Appointed in May 2020 Reassigned in August 2020
Rev. Prof. Peter Ohene Kyei	Non-executive Director	3/3	Appointed in August 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.2 Risk Committee

The Risk Committee is a standing committee of the Board made up of five non-executive directors and is chaired by an experienced Independent non-executive director. The purpose of the Risk Committee is to advise the Board on the overall current and future risk tolerance/appetite and strategy for various risks including AML/CFT risk, environmental and social risk management. The Committee also oversees senior managements' implementation of the Bank's risk strategy. In this regard, the Risk Committee provides on a regular basis, an independent review and critique of the risk management policies and procedures of the Bank; composition of the risk portfolios and concentrations; and risk taking decisions of the Bank covering all aspects of risk exposures including credit, market, liquidity, operational and country risks.

Membership of the Risk Committee and attendance record of the members at committee meetings in the year 2020 are shown in the table below:

Member	Status	Attendance	Remarks
Mr. Yaw Opoku Atuahene	Chairman	3/3	Appointed in May 2020
Mr. Fred K. Boateng	Non-executive Director	3/3	Appointed in May 2020
Mr. Daniel Asah-Kissiedu	Non-executive Director	3/3	Appointed in May 2020
Mrs. Juliana Addo-Yobo	Non-executive Director	3/3	Appointed in May 2020
Mr. Ofotsu Tetteh-Kujorjie	Non-executive Director	2/2	Appointed in August 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.3 Credit Committee

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

Membership of the Credit Committee and attendance record of the members at committee meetings in the year 2020 are shown in the table below:

Member	Status	Attendance	Remarks
Mr. Daniel Asah-Kissiedu	Acting Chairman/ Non-executive Director	2/2	Appointed in November 2020/ Appointed in May 2020
Mr. Kwame Kwakye-Mintah	Chairman	2/2	Retired in October 2020
Mr. Yaw Opoku Atuahene	Non-executive Director	2/2	Appointed in May 2020
Mrs. Victoria Barth	Non-executive Director	2/2	Appointed in May 2020
Mr. Ofotsu Tetteh-Kujorjie	Non-executive Director	0/0	Appointed in August 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.4 Ethics & Compliance Committee

The Ethics & Compliance Committee is a standing committee of the Board made up of four non-executive directors. The main purpose of the Ethics & Compliance Committee is to assist the Board in fulfilling its oversight responsibilities pertaining to compliance and ethics matters set out in the *Corporate Governance Directives, 2018,* the Companies Act, 2019 (Act 992), The Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and other regulatory requirements and best practices specifically in the following areas:

- Supporting the Board to promote the Bank's vision, values, conduct and culture.
- Overseeing Management's efforts to foster a culture of ethics and appropriate conduct within the Bank.
- Overseeing the Bank's conduct in relation to its corporate and societal obligations, including setting the direction and policies for the Bank's approach to customer and regulatory matters.
- Overseeing the effectiveness of the Bank's Whistle Blowing Procedures.
- Providing guidance in matters concerning possible, actual or potential conflicts of interest, or other ethical aspects of conduct in respect of Directors, Management and staff.

Membership of the Ethics & Compliance Committee and attendance record of the members at committee meetings in the year 2020 are as follows:

Member	Status	Attendance	Remarks
Mrs. Victoria Barth	Chairperson	1/1	Appointed in May 2020
Mr. Daniel Asah-Kissiedu	Non-executive Director	1/1	Appointed in May 2020
Mr. Yaw Opoku Atuahene	Non-executive Director	1/1	Appointed in May 2020
Rev. Prof. Peter Ohene Kyei	Non-executive Director	0/0	Appointed in August 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.5 Cyber & Information Security Committee

The Cyber & Information Security Committee is a standing committee of the Board made up of four non-executive directors. The Committee assists the Board to fulfill its oversight responsibilities in relation to the Bank's cyber and information security and regulatory conformance specifically in the following areas:

- Advising the Board on its oversight responsibility for the determination of the Bank's cyber and information security risk management strategy;
- Overseeing the management of the overall information technology risks inherent in the Bank's operations including the strategies, policies, standards, procedures, and systems established by the Bank to identify, assess, measure, and manage these risks;
- Ensuring the adequacy of the Bank's cyber and information security policies and strategies.

Membership of the Cyber & Information Security Committee and attendance record of the members at committee meetings in the year 2020 are as follows:

Member	Status	Attendance	Remarks
Mr. Daniel Asah-Kissiedu	Chairman	3/3	Appointed in July 2020
Mr. Kwame Kwakye-Mintah	Non-executive Director	2/3	Retired in October 2020
Mr. Fred K. Boateng	Non-executive Director	3/3	Appointed in July 2020
Mrs. Victoria Barth	Non-executive Director	1/1	Appointed in July 2020 Reassigned in August 2020
Mr. Ofotsu Tetteh-Kujorjie	Non-executive Director	2/2	Appointed in August 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

4.6 Nominations/Human Resource & Governance Committee

The Nominations/Human Resource and Governance Committee is a standing committee of the Board made up of five non-executive directors. The Committee was established as part of the Bank's governance framework to provide strategic advice and exercise oversight of the nominations / human resources and governance functions of the Board as well as lead the process for appointments, and ensure plans are in place for orderly succession to both the Board and executive management positions.

The functions of the Committee include the following:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Ensuring plans are in place for orderly succession to the Board and Executive Management positions, and overseeing the development of a diverse pipeline for succession.

- Responsibility for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Before any appointment is made by the Board, evaluating the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluating, preparing a description of the role and capabilities required for a particular appointment and the time commitment expected.

Membership of the Committee and attendance record of the members at committee meetings in the year 2020 are as follows:

Member Status	Attendance	Remarks	
Mrs. Juliana Addo-Yobo	Chairperson	2/2	Appointed in May 2020
Mr. Fred K. Boateng	Non-executive Director	2/2	Appointed in May 2020
Mr. Daniel Asah-Kissiedu	Non-executive Director	2/2	Appointed in May 2020
Mr. Daniel Larbi-Tieku	Non-executive Director	2/2	Appointed in May 2020
Mrs. Victoria Barth	Non-executive Director	2/2	Appointed in May 2020

Note: Numerator denotes number present whilst denominator denotes expected number of attendance

5.0 CAPACITY BUILDING OF BOARD MEMBERS

To enable board members have a clear understanding of their role and be able to efficiently perform their duties, they are provided with comprehensive information on the Bank and the business environment it operates in and all the governing regulatory requirements. The Board also organizes relevant training for all board members on an ongoing basis with respect to the Bank's own needs and requirements and with respect to external standards of competence.

6.0 INFORMATION AND COMMUNICATION

The Chairperson, assisted by the Company Secretary, ensures that the directors receive timely and clear information on all relevant matters. To prepare for board meetings, directors receive reports and all relevant documents. Board members have immediate access to a dedicated network where they can access all relevant reports including actual financial results as well as reports from Management. Financial plans, including budgets and forecasts, are regularly discussed at board meetings.

The Board of Directors and all the Committees of the Board follow a work plan which is approved before the beginning of each year to ensure all the necessary areas of work are covered within set timelines. The annual work plans include a schedule of meetings and a summary of key reports and issues to be considered at each meeting. This ensures that the meetings focus on key issues and matters of strategic importance and ensures that the Board operates within its regulatory compliance timelines. Additionally, at the end of every board meeting, action sheets of assignments to be completed before the next meeting are prepared and circulated.

7.0 ASSESSMENT OF BOARD MEMBERS AND BOARD PERFORMANCE

The Board at the end of each year 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. In compliance with the *Corporate Governance Directive 2018,* the 2020 assessment will be done in 2021 when the current board would have been in place for over a year.

The various committees and their meeting proceedings are also evaluated to improve the efficiency and effectiveness of Board processes, enhance accountability and improve decision-making.

8.0 INTERNAL CONTROL

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 and Risk Committees of the Board. The Internal Audit function 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.

9.0 EXTERNAL AUDITORS

During the year, the Audit Committee had a satisfactory level of interaction with the external auditors of the Bank, Morrison & Associates in the performance of their duties. Morrison & Associates will continue in office as auditors of the Bank and its subsidiaries.

10.0 RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Bank maintains a very cordial relationship with its shareholders. Significant shareholders, be they individual or institutional, have representation on the Board, which ensures that they are constantly informed about the progress of the Bank and corporate governance matters. Ghana Amalgamated Trust PLC, which is the Bank's largest shareholder, regularly demands information about the performance and prospects of the Bank, which are promptly supplied by Management.

The Bank posts information on its financial performance in the form of annual reports and interim financial statements on its website and newspapers, which is accessible to shareholders and other stakeholders. In addition, the Bank posts other relevant information with the view of keeping shareholders and other stakeholders abreast of the Bank's operations. The Bank's website address is https://www.prudentialbank.com.gh. The Bank's AGM also serves as a further avenue for shareholder engagement.

As part of its customer engagement, The Bank organized a Customer Service Week in the year during which senior management interacted with customers at some of the Bank's branches. The Managing Director and some members of the management team visited and interacted with a number of key customers at their business locations during the year.

With respect to staff, apart from the normal communication channels available in the Bank, senior management held regular interactions with staff members at various levels to keep them informed of developments within the Bank and Management's expectations.

The Bank gives back to society and some of the communities in which it operates. To this end, the Bank spent a total amount of GH¢1.1 million through its corporate social responsibility programmes during the year 2020.

The Bank also regularly and promptly met its tax and other regulatory obligations during the year under review and operated within the relevant laws, regulations and directives that govern its operations.

11.0 CODE OF CONDUCT

Each director on the Board is required to act in good faith in what he or she reasonably believes is 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, confidentiality and adherence to approved policies and procedures of the Bank.

12.0 CODE OF ETHICS

All directors have signed a Confidentiality Agreement which enjoins them 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 Chairperson or are 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.

13.0 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

The Board has in place an approved Conflict of Interest Policy for board members, which establishes the procedures for the identification, disclosure, prevention, management, and mitigation of conflicts of interest in order to protect the integrity and independence of board members. The Ethics and Compliance Committee is responsible, on behalf of the

Board, for providing advice and guidance on the interpretation of the Conflict of Interest Policy and providing support in setting controls and mitigation measures, including those recorded in the Conflict of Interest Policy Register. 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. Details of all directors' conflicts of interest are recorded in the register.

14.0 NEW POLICIES RELATED TO CORPORATE GOVERNANCE

The Bank in 2020 developed a number of policies to regulate the conduct of Board members, Management and other staff members. Key among these is the introduction of an internal whistle blower policy. The policy, among other things, is to enable board members and employees to feel free to report wrong doing within the Bank. The policy would be reviewed and updated periodically.

The Bank is in the process of finalizing staff policies on conflict of interest, anti-bribery and corruption, and customer complaint management. The Bank is also reviewing its policy on Anti-money laundering and the Countering of the Financing of Terrorism (AML/CFT).

15.0 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 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 a director of the Bank.

16.0 REMUNERATION OF DIRECTORS

The Board members are paid a monthly director's fee and a sitting allowance on attendance at meetings. There is an approved board remuneration policy in place which forms the basis of calculating the remuneration proposed to shareholders for approval at the Annual General Meeting.

17.0 ANTI-MONEY LAUNDERING (AML) MATTERS

Money laundering, the financing of terrorism and proliferation of weapons of mass destruction have negative effects on financial systems 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 of 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; and
- Transaction Monitoring and Reporting of Suspicious Transactions.

18.0 MANAGEMENT COMMITTEES

In order to transform the strategic direction set by the Board into policies and procedures, the *Corporate Governance Directive, 2018* requires management of the Bank to have in place committees for the management of the risk exposures of the Bank. In fulfillment of this requirement and to ensure balanced decision-making and active participation of key management staff in the administration of the Bank, Management reviewed and revised the committee system of the Bank. The various committees of the Bank that currently form part of the Bank's governance structure are as follows:

- Executive Committee;
- Credit Committee;
- Credit Facilities Review Committee;
- Loans and Advances Recovery Committee;
- Asset and Liability Management Committee (ALCO);
- Procurement Committee;
- Risk Management Committee;
- Business Strategy Committee;
- Cyber & Information Security Committee;
- IT Steering Committee;
- Building & Infrastructure Committee;
- Operations Committee;
- Disciplinary Committee.

These committees have been set up for the management of the risk exposures of the Bank. They ensure that approved policies and procedures of the Board are implemented effectively. The committees met regularly to take actions and decisions within their authority.

Health

As part of the Bank's commitment to the ongoing fight against the Covid-19 pandemic, the Bank supported the fight against Covid-19 pandemic in Ghana by donating to frontline institutions including the National Covid-19 Trust Fund; Noguchi Memorial Institute for Medical Research; the Central Regional Health Directorate of the Ghana Health Service; Ghana Immigration Service and Ghana Tourist Authority.

The Bank also contributed to the Ghana Association of Bankers Covid-19 Fund to support the banking industry's fight against the pandemic. Further support was provided for the construction of a maternity/delivery unit for Mallam Atta Government Hospital through the Rotary Club of Accra Ridge.

Education and Increasing Employability

The Bank continued its partnership with the Ghana Education Service as a sign of its commitment to motivating teachers to provide quality education to Ghanaian children by sponsoring the second prize of the 2020 Teachers' Award. The Bank also supported brilliant but needy tertiary students.

Furthermore, the Bank offered opportunity for students and fresh graduates to increase their employability through internships and national service. Other CSR activities in the education sector included support to Ghana Association of University Administrators, Ghana Academy of Arts and Sciences and University of Ghana Alumni Association.

Driving Financial Inclusion

The Bank's CSR programme included the sponsorship of both physical and digital interventions to drive financial inclusion.

Customers and other CSR Activities

Customers were supported through various initiatives such as interest rate reductions, repayment moratoria, interest waivers and other concessionary measures to enable customers cope with the adverse effects of the Covid-19 pandemic. The Bank continues to work with affected customers towards their recovery.

Additionally, support was provided for some government agencies and traditional authorities to enable them deliver on their mandate. These institutions and traditional authorities include Ministry of Trade and Industry, Ghana Export Promotion Authority and the Ga traditional leaders for the Homowo Festival celebrations.

In 2020, Prudential Bank spent GH¢1.095 million (2019:GH¢0.527 million) on CSR activities.

F. AUDIT FEE

An amount of GH¢324,844 (inclusive of taxes) is payable as audit fee.

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G. INTEREST REGISTER

There was an entry in the Interest Register during the period under review. A member of the Board who also holds shares in another company disclosed to the Board his interest in the company and recused himself during the Bank's consideration of loan application by the company.

H. GOING CONCERN

The directors have made an assessment of the Bank's ability to continue as a going concern. 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.

I. DIRECTORS' CAPACITY BUILDING

The Board of Directors in line with Section 136 of Companies Act, 2019 (Act 992) participated in two training programmes on Corporate Governance Certification with external facilitation on the 8th, 16th and 24th July 2020 and also on the 2nd and 9th September 2020. Training on Anti-Money Laundering/Combatting Terrorism Financing was also organised for the Board on 28th October 2020.

J. FINANCIAL RESULTS

The financial results are as stated below:

	2020		2019 (Restated)	
	Bank	**Group**	**Bank**	**Group**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Retained earnings balance as at 1st January	**(1,894)**	**46**	**(23,852)**	**(20,497)**
Prior-year adjustment	(4,701)	(4,709)	–	(277)
Restated Balance as at 1st January	**(6,595)**	**(4,663)**	**(23,852)**	**(20,774)**
Net profit for the year	33,182	33,343	26,335	25,198
	26,586	**28,680**	**2,483**	**4,424**
The following transfers have been made:				
Credit risk reserve	11,990	11,990	8,790	8,790
Statutory reserve	(16,591)	(16,591)	(13,168)	(13,168)
Retained earnings balance as at 31st December	**21,985**	**24,079**	**(1,894)**	**46**
Total assets	**3,969,584**	**3,971975**	**3,202,352**	**3,204,746**

K. DIRECTORS' ASSESSMENT OF THE STATE OF THE GROUP'S AFFAIRS

The Directors consider the Group's state of affairs to be satisfactory.

L. AUDITOR

The auditor, Messrs. Morrison & Associates will continue in office in accordance with section 139(5) of the Companies Act, 2019 (Act 992).

BY ORDER OF THE BOARD

………………………………………	………………………………………
Chairperson	**Managing Director**
MRS. MURIEL SUSAN EDUSEI	**JOHN KPAKPO ADDO**

17TH MARCH
………………………………… **2021**

2020
ANNUAL REPORT

FINANCIALS

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE DIRECTORS' REPORT AND 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 a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to these consolidated 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 LTD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31st December 2020, 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 2020, 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 International Financial Reporting Standards and the Securities Industry Act, 2016 (Act 929).

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 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 LTD 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 2020 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 48, 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, 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.

Auditors' 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.

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 2020 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 **Dr. Adom Adu-Amoah (Practising Certificate Number: ICAG/P/1294).**

Particulars of the Auditor:

Signature: Morrison & Associates ....

Name: Morrison & Associates
Chartered Accountants

Licence Number: ICAG/F/2021/097

Address: 2nd Floor Trinity House, Ring Road East
P.O. Box CT 2890 Cantonments - Accra, Ghana

30TH MARCH
………………………………………. **2021**

Accra, Ghana

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2020		2019 (Restated)	
	Note	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Interest income	8.1	504,123	501,922	367,123	365,552
Interest expense	8.2	(220,034)	(219,999)	(182,775)	(182,747)
Net interest income		284,089	281,923	184,348	182,805
Fee and commission income	9.1	63,924	63,924	59,958	59,958
Fee and commission expense	9.2	(7,029)	(7,030)	(4,090)	(4,090)
Net fee and commission income		56,895	56,894	55,868	55,868
Net trading income	10	32,004	32,018	34,449	34,461
Other operating income	11	6,981	10,515	2,182	4,000
		38,985	42,533	36,631	38,461
Total operating income		379,969	381,350	276,847	277,133
Net impairment loss on financial assets	18.3	(86,195)	(86,195)	(34,196)	(34,196)
Personnel expenses	12	(133,360)	(134,193)	(120,911)	(121,624)
Depreciation and amortisation	20 – 22	(20,742)	(20,780)	(19,037)	(19,067)
Finance cost on lease	27.3	(282)	(282)	(426)	(426)
Other expenses	13	(78,970)	(79,196)	(66,653)	(67,330)
		(319,548)	(320,645)	(241,224)	(242,643)
Profit before income tax		60,421	60,704	35,623	34,490
Income tax expense	14	(27,240)	(27,362)	(9,288)	(9,292)
Profit for the year		**33,182**	**33,343**	**26,335**	**25,198**
Other comprehensive income (net of tax)		**–**	**–**	**–**	**–**
Total comprehensive income for the year		**33,182**	**33,343**	**26,335**	**25,198**
Basic earnings per share	15	0.0376	0.0378	0.0298	0.0626
Diluted earnings per share		0.0376	0.0378	0.0298	0.0626

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2020		2019 (Restated)	
	Note	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
ASSETS					
Cash and cash equivalents	16	731,533	731,533	402,455	402,455
Investment securities	17	1,212,066	1,218,993	832,437	840,364
Loans and advances to customers	18	1,717,792	1,710,963	1,657,080	1,642,955
Investments (other than securities)	19	1,766	253	1,766	260
Current tax asset	14	1,996	2,068	7,903	8,079
Intangible assets	21	14,506	14,547	6,586	6,642
Property, plant & equipment	20	234,324	234,471	223,563	223,578
Right-of-use assets	22	12,605	12,605	12,895	12,895
Other assets	24	42,996	46,542	57,668	67,518
Total assets		**3,969,584**	**3,971,975**	**3,202,352**	**3,204,746**
LIABILITIES					
Deposits from banks	25	10,153	10,153	4,550	4,550
Deposits from customers	26	2,460,542	2,458,441	2,093,786	2,092,382
Deferred tax liabilities	23	13,922	13,935	10,498	10,497
Borrowings	27.2	735,549	735,549	423,846	423,846
Lease liability	27.3	6,625	6,625	6,970	6,970
Other liabilities	27.1	86,354	88,740	34,744	36,601
Total Liabilities		**3,313,145**	**3,313,443**	**2,574,394**	**2,574,846**
EQUITY					
Stated capital	28	402,431	402,431	402,431	402,431
Retained earnings	28	21,985	24,079	(1,894)	46
Statutory reserve	28	72,298	72,298	55,708	55,708
Credit risk reserve	28	38,810	38,810	50,800	50,800
Revaluation reserve	28	120,914	120,914	120,914	120,914
Total equity attributable to equity holders of the Bank		**656,439**	**658,532**	**627,958**	**629,899**
TOTAL LIABILITIES AND EQUITY		**3,969,584**	**3,971,975**	**3,202,352**	**3,204,746**

BY ORDER OF THE BOARD

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) **DIRECTORS**
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ACCRA

17TH MARCH **2021**

CONSOLIDATED STATEMENT OF CASH FLOWS

		2020		2019 (Restated)	
	Note	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Cash flows from operating activities					
Profit before tax		60,421	60,704	35,623	34,490
Adjustments for:					
Depreciation and amortisation	20 – 22	20,742	20,780	19,037	19,067
Impairment on financial assets	18.3	86,195	86,195	34,196	34,196
Bad debt written off	18	(6,098)	(6,098)	(83,575)	(83,575)
(Profit)/loss on disposal of property, plant & equipment	20.1	240	240	(59)	(59)
Interest expense on lease	27.3	282	282	426	426
Exchange loss on lease	27.3	307	307	521	521
Net effect of modified lease written off	22&27.3	315	315	–	–
Change in investments (other than securities)	17	–	7	–	5,872
Change in loans and advances to customers	18	(140,511)	(147,807)	(496,753)	(496,891)
Change in other assets	24	14,672	20,976	(14,791)	(11,627)
Change in deposits from banks	25	5,602	5,602	1,643	1,643
Change in deposits from customers	26	366,756	366,059	349,321	350,470
Change in other liabilities	27.1	51,311	51,833	(77,478)	(78,468)
Addition to lease liabilities	27.3	2,969	2,969	9,394	9,394
Payment of lease liabilities	27.3	(713)	(713)	(3,370)	(3,370)
Change in borrowings	27.2	311,703	311,703	261,049	261,049
Tax refund received	14	–	–	8,565	8,565
Tax asset (expensed)	33.3	(4,701)	(4,701)	–	–
Income tax paid	14	(17,909)	(17,913)	(16,725)	(16,727)
Net cash used in operating activities		**751,585**	**750,740**	**27,026**	**34,975**
Cash flows from investing activities					
Purchase of investment securities	17	(379,629)	(378,629)	(381,875)	(389,802)
Purchase of property, plant & equipment	20	(24,567)	(24,722)	(22,361)	(22,362)
Right-of-use assets	22	(7,821)	(7,821)	(16,364)	(16,364)
Proceeds from the sale of property, plant & equipment	20	261	261	430	430
Purchase of intangible assets	21	(10,751)	(10,751)	(2,597)	(2,618)
Net cash used in investing activities		**(422,507)**	**(421,662)**	**(422,767)**	**(430,715)**
Cash flows from financing activities					
Proceeds from issue of equity shares		–	–	250,765	250,765
Net cash flows from financing activities		–	–	**250,765**	**250,765**
Net (decrease)/increase in cash and cash equivalent		**329,078**	**329,078**	**(144,976)**	**(144,975)**
Cash and cash equivalents at 1st January		402,455	402,455	547,431	547,431
Cash and cash equivalents at 31st December		**731,533**	**731,533**	**402,455**	**402,455**
Composition of cash and cash equivalents					
Cash in hand		84,159	84,159	91,098	91,098
Balances with Bank of Ghana		213,734	213,734	159,989	159,989
Balances with foreign banks		83,607	83,607	53,943	53,943
Items in the course of collection		4,370	4,370	8,597	8,597
Balances with other local banks		–	–	941	941
Government securities		283,716	283,716	48,386	48,386
Foreign time deposits		61,948	61,948	39,501	39,501
		731,533	**731,533**	**402,455**	**402,455**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – BANK

	Note	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 2020		**402,431**	**(1,894)**	**55,708**	**120,914**	**50,800**	–	**627,959**
Prior year adjustment	33.3	–	(4,701)	–	–	–	–	(4,701)
Restated balance		**402,431**	**(6,595)**	**55,708**	**120,914**	**50,800**	–	**623,258**
Total comprehensive income:								
Profit for the year		–	33,182	–	–	–	–	33,182
Other comprehensive income (net of tax)		–	–	–	–	–	–	–
Total comprehensive income for the year		–	**33,182**	–	–	–	–	**33,182**
Transactions with owners, recorded directly in equity								
Transfer to statutory reserve		–	(16,591)	16,591	–	–	–	–
Transfer from credit risk reserve		–	11,990	–	–	(11,990)		–
Total transactions with owners		–	**(4,601)**	**16,591**	–	**(11,990)**	–	–
Balance at 31st December 2020		**402,431**	**21,985**	**72,298**	**120,914**	**38,810**	–	**656,439**
Comparative figures - 2019) (Restated)								
Balance at 1st January 2019		**127,666**	**(23,852)**	**42,540**	**120,914**	**59,590**	**24,000**	**350,858**
Total comprehensive income								
Profit for the year		–	26,335	–	–	–	–	26,335
Other comprehensive income (net of tax)		–	–	–	–	–	–	–
Total comprehensive income for the year		–	**26,335**	–	–	–	–	**26,335**
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		–	(13,168)	13,168	–	–	–	–
Transfer from credit risk reserve		–	8,790	–	–	(8,790)	–	–
Total transactions & transfers with owners		**274,765**	**(4,378)**	**13,168**	–	**(8,790)**	**(24,000)**	**250,765**
Balance at 31st December 2019		**402,431**	**(1,894)**	**55,708**	**120,914**	**50,800**	–	**627,958**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – GROUP

	Note	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 2020		**402,431**	**46**	**55,708**	**120,914**	**50,800**	_	**629,899**
Prior year adjustment	33.3	_	(4,709)	–	–	–	–	(4,709)
Restated balance		**402,431**	**(4,663)**	**55,708**	**120,914**	**50,800**	–	**625,190**
Total comprehensive income:								
Profit for the year		–	33,343	–	–	–	–	33,343
Other comprehensive income (net of tax)		–	–	–	–	–	–	–
Total comprehensive income for the year		**–**	**33,343**	**–**	**–**	**–**	**–**	**33,343**
Transactions with owners, recorded directly in equity								
Transfer to statutory reserve		–	(16,591)	16,591	–	–	–	–
Transfer from credit risk reserve		–	11,990	–	–	(11,990)		–
Total transactions with owners		–	**(4,601)**	**16,591**	–	**(11,990)**	–	–
Balance at 31st December 2020		**402,431**	**24,079**	**72,298**	**120,914**	**38,810**	–	**658,532**
Comparative figures - 2019								
Balance at 1st January 2019		**127,666**	**(20,497)**	**42,540**	**120,914**	**59,590**	**24,000**	**354,213**
Prior year adjustment		_	(277)	–	–	–	–	(277)
Restated balance		**127,666**	**(20,774)**	**42,540**	**120,914**	**59,590**	**24,000**	**353,936**
Total comprehensive income								
Profit for the year		–	25,198	–	–	–	–	25,198
Other comprehensive income (net of tax)		–	–	–	–	–	–	–
Total comprehensive income for the year		**–**	**25,198**	**–**	**–**	**–**	**–**	**25,198**
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		–	(13,168)	13,168	–	–	–	–
Transfer from credit risk reserve		–	8,790	–	–	(8,790)	–	–
Total transactions & transfers with owners		**274,765**	**(4,378)**	**13,168**	–	**(8,790)**	**(24,000)**	**250,765**
Balance at 31st December 2019		**402,431**	**46**	**55,708**	**120,914**	**50,800**	–	**629,899**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

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 for the year ended 31st December 2020 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 17th March 2021.

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.

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

iii. Investment property measured at fair value.

iv. Property, plant & equipment that are subsequently measured using the revaluation model.

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. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Bank and its subsidiaries and which have been applied consistently in preparing these consolidated financial statements are stated below:

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 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 throughout 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 year.

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 balance sheet 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 other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

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 or

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 ECL is recognized 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 under-performing 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 ECL models use three key input parameters for the calculation of the expected credit losses, being:

- 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 that are likely to impact the risk of default.

In estimating the Group's 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 behavioral 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, 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 recognised 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 at 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 Other Comprehensive Income

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

3.11.2 Fair Value through Profit or Loss

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

3.12 Leases

The Group adopted IFRS 16, with effect from 1st January 2019. The final version of this standard was issued in January 2016, by the International Accounting Standards Board (IASB) to replace IAS 17, the previous accounting standard for leases, IFRIC 4 *Determining Whether an Arrangement Contains a Lease,* SIC 15 *Operating Leases: Incentives and* SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The key difference between IAS 17 and IFRS 16 is that IFRS 16 eliminates the classification of leases as either operating leases or finance leases for lessees. 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.

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

3.12.1 The Bank as a Lessee

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

<u>Recognition and Measurement</u>

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises right-of-use assets at the commencement date. If lease payments are made over time, a lease liability is recognised representing the Bank's obligation to make future lease payments.

<u>Right-of-use assets – Initial measurement</u>

At the commencement date, the Bank recognises right-of-use assets at cost. The cost of the right-of-use asset comprise:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the lessee; and

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent measurement of right-of use assets

Subsequent to initial measurement, the Bank measures the right of use assets at cost less any accumulated depreciation and impairment losses, and adjusting for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight line basis over the lease term.

Lease Liabilities - Initial measurement

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Bank's incremental borrowing rate is used. The lease payments included in the measurement of the lease liabilities comprise:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Subsequent measurement of lease liabilities

The Bank measures lease liabilities after initial recognition by:

(a) increasing the carrying amount to reflect interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications , or to reflect revised in- substance fixed lease payments.

3.12.2 The Bank as a Lessor

Classification

The Bank (as lessor) classify's each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

Recognition and measurement of finance lease

At the commencement date, the Bank recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Subsequently, it recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Recognition and measurement of operating lease

The Bank recognises operating lease payments as income on either a straight-line basis or another systematic basis. The Bank apply's another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

3.13 Property, Plant & Equipment and Right-of-use Assets

3.13.1 Recognition and Measurement

Items of property, plant & equipment and right-of-use assets 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.

3.13.2 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.

3.13.3 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, plant & equipment between three (3) to five (5) 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.

3.13.4 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life 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.

Annual depreciation rates of items of property, plant & equipment have been assessed 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%
• Right-of-use assets	Over the lease term

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

3.14 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.

3.14.1 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 the Group's software is four years.

3.15 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.

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.

3.16 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.

3.17 Employee Benefits

3.17.1 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.

3.17.2 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.

3.17.3 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.

3.18 Share Capital and Reserves

3.18.1 Perpetual Bonds/Irredeemable Preference Shares

The Bank 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.

3.18.2 Share Issue Costs

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

3.19 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 Bank by the weighted average number of ordinary shares outstanding during the 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 dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.20 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.

3.21 Dividends

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

3.22 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.

3.23 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.

3.24 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.

3.25 New and Amended Standards and Interpretation

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the Group's consolidated financial statements. The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to clarify the definition of a business (IFRS 3 *Business Combination*).
- Amendments regarding pre-replacement issues in the context of the IBOR reform (IFRS 7 *Financial Instruments: Disclosures,* IFRS 9 *Financial Instruments*)
- Amendments regarding the definition of material (IAS 1 *Presentation of Financial Statements*, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*).

3.25.1 IFRS 16 *Leases*

The final version of this standard was issued in January 2016, by the International Accounting Standards Board (IASB) to replace IAS 17, the previous accounting standard for leases, IFRIC 4 *Determining Whether an Arrangement Contains a Lease,* SIC 15 *Operating Leases: Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The new standard does not substantially change the accounting for leases for lessors. However, it requires lessees to recognise most leases on their statement of financial position as lease liabilities, with the corresponding right-of-use assets.

Lessees must 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 recognised leases will continue to be similar to the current finance lease accounting methods, with interest and depreciation expense recognised separately in the statement of profit or loss. The Bank adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1st January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings.

The Bank also elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Bank applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Bank has lease contracts for various branches. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Bank.

Leases previously classified as operating leases

The Bank:

a. recognises a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Bank measures lease liability at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate at the date of initial application.

b. recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Bank chooses, on a lease-by-lease basis, to measure that right-of-use asset at either;

    i. its carrying amount as if the Standard had been applied since the commencement date, but discounted using the Bank's incremental borrowing rate at the date of initial application; or

    ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Bank applied practical expedients by using a single discount rate to a portfolio of leases with reasonably similar characteristics, relying on its assessment of whether leases are onerous immediately before the date of initial application, applying the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application, excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application, using past experience in determining the lease term where the contract contained options to extend or terminate the lease.

Covid-19 related rent concession

Covid-19 related rent concession (Amendments to IFRS 16): This amendment allows a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that applies the exemption accounts for Covid-19-related rent concessions as if they were not lease modifications. The amendment has no impact on the Bank and the Group financial statements.

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.

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 and Risk Management committees of the Board determine the risk strategy, policy, limits and appetite for the Group. The Board regularly reviews the Group's risk exposure to enable it to 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	
	2020 GH¢'000	2019 GH¢'000
Individually Impaired		
Grade 3	91,293	42,322
Grade 4	149,808	103,233
Grade 5	66,143	13,375
Gross Amount	307,244	158,931
Interest in suspense	(71,084)	(33,177)
Allowance for Impairment	(88,721)	(26,115)
Carrying Amount	147,438	99,639
Collectively Impaired		
Grade 1	1,424,608	1,451,175
Grade 2	182,958	148,157
Gross amount	1,607,566	1,599,332
Interest in suspense	(4,690)	(26,561)
Allowance for impairment	(32,523)	(15,330)
Carrying amount	1,570,354	1,557,441
Total Carrying Amount	**1,717,792**	**1,657,080**
Past due but not impaired comprises:		
Grade 3	4,984	–
Grade 4	5,534	2,108
Grade 5	5,216	3,372
Carrying amount	15,734	5,480
Past due comprises:		
Grade 3	56,947	27,401
Grade 4	64,142	59,121
Grade 5	10,617	7,637
Carrying amount	131,705	94,159
Neither past due nor impaired comprises:		
Grade 1	1,417,491	1,415,345
Grade 2	152,862	142,096
Carrying amount	1,570,353	1,557,441
Total Carrying Amount	**1,717,792**	**1,657,080**

The loans and advances portfolio for years 2020 and 2019 are further analyzed in terms of quality as shown on charts 1 and 2.

Chart 1: Analysis of loans and advances portfolio of GH¢1,718m for 2020

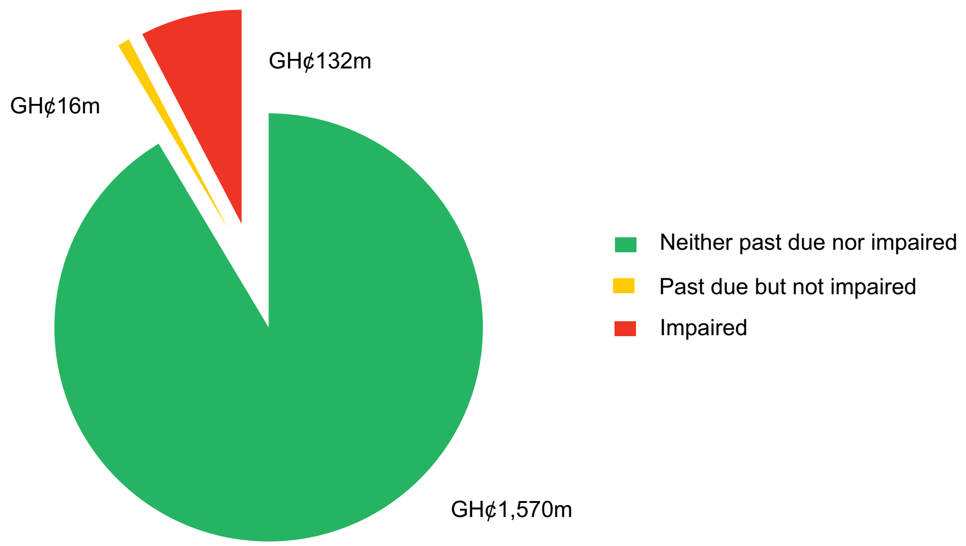
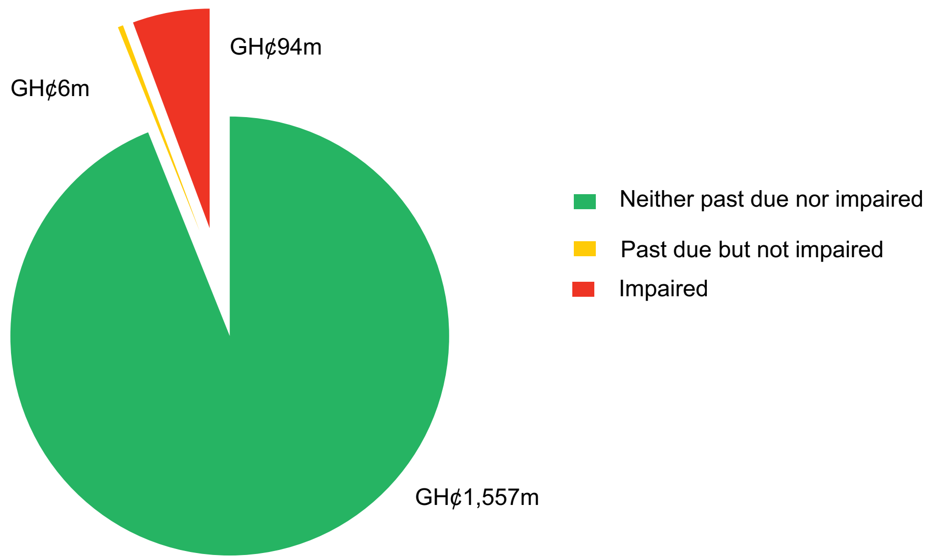


Chart 2: Analysis of loans and advances portfolio of GH¢1,657m for 2019



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 Credit Facilities Review Committee assesses a loan/advance 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-20		
Grade 3: Impaired (Substandard)	91,293	61,931
Grade 4: Impaired (Doubtful)	149,808	69,675
Grade 5: Impaired (Loss)	66,143	15,833
Total	307,244	147,439
31-Dec-19		
Grade 3: Impaired (Substandard)	42,322	27,401
Grade 4: Impaired (Doubtful)	103,233	61,229
Grade 5: Impaired (Loss)	13,375	11,009
Total	158,931	99,639

4.3.7 Collaterals for Credit Facilities

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

Fair values of collaterals are based on valuations of collaterals 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 collaterals and other securities held against loans and advances is shown below:

	Loans and Advances to Customers		Loans and Advances to Banks	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Against 'Individually impaired'				
Property	186,522	61,954	_	_
Against 'Past due but not impaired'				
Property	28,371	91,654	_	_
Against 'Neither past due nor impaired'				
Property	2,157,455	1,892,759	_	_
Other	93,252	73,411	_	_
Total	2,465,600	2,119,778	_	_

4.3.8 Repossessed Assets

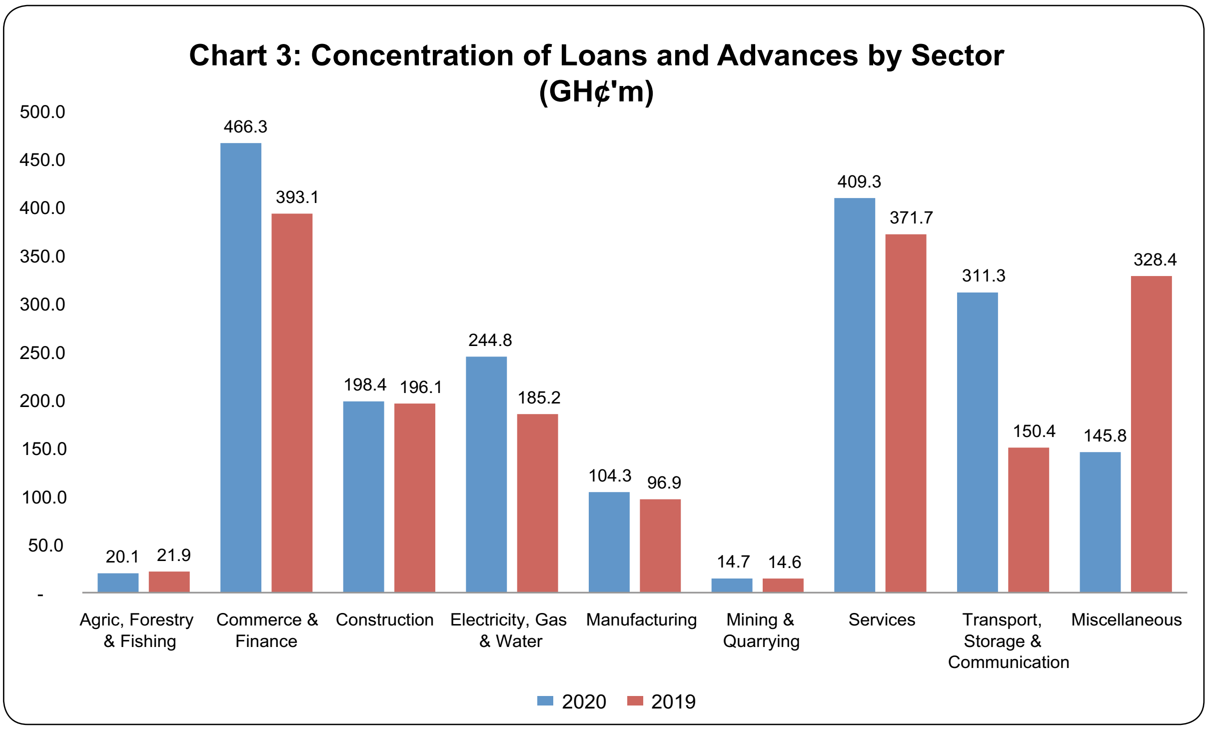
	Loans and Advances to Customers		Loans and Advances to Banks	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Against individually impaired Property	12,700	24,501	_	_

4.3.9 Investments

The Group's investments consist mainly of Government 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 risk by sector. The analysis of credit risk concentration as at 31st December 2020 is shown 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 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¢2,459 million and GH¢2,092 million at 31st December 2020 and 31st December 2019, 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¢1,496 million at the end of December 2020;

- 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 2020.

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 summarised 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-20						
ASSETS						
Cash and cash equivalents	**731,533**	662,930	65,472	3,130	–	–
Investment securities	**1,219,247**	104,562	423	–	25,526	1,088,736
Loans and advances to customers	**1,710,963**	94,239	517,035	462,983	205,437	431,270
Other assets	**48,610**	–	–	–	–	48,610
Property, plant & equipment	**261,623**	–	–	–	–	261,623
Total assets	**3,971,974**	861,731	582,930	466,113	230,963	1,830,237
LIABILITIES						
Deposit from customers	**2,458,441**	890,845	724,775	525,715	310,249	6,856
Deposit from banks	**10,153**	10,153	–	–	–	–
Tax and other liabilities	**102,675**	9,019	13,799	3,131	15,807	60,918
Lease liabilities	**6,625**	–	–	–	–	6,625
Borrowings	**735,549**	528,090	78,752	128,257	355	95
Total liabilities	**3,313,443**	1,438,107	817,325	657,104	326,411	74,495
Liquidity gap (before contingencies)	**658,531**	(576,376)	(234,395)	(190,991)	(95,448)	1,755,742
Contingent liabilities	**284,929**	58,323	25,767	10,961	31,194	158,684
Liquidity gap (after contingencies)	**373,603**	**(634,699)**	**(260,162)**	**(201,952)**	**(126,642)**	**1,597,058**
31-Dec-19						
ASSETS						
Cash and cash equivalents	**402,455**	360,284	41,462	709	–	–
Investment securities	**840,624**	–	2	–	104,592	736,030
Loans and advances to customers	**1,642,955**	525,760	304,944	287,826	182,323	342,102
Other assets and deferred tax asset	**75,597**	–	–	–	–	75,597
Property, plant & equipment	**243,115**	–	–	–	–	243,115
Total assets	**3,204,746**	886,044	346,408	288,535	286,915	1,396,844
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	–	–	–	–
Tax and other liabilities	**47,098**	5,285	8,636	8,065	6,859	18,253
Lease liabilities	**6,970**					6,970
Borrowings	**423,846**	69,036	–	–	354,715	95
Total liabilities	**2,574,846**	216,739	269,833	251,358	662,157	1,174,759
Liquidity gap (before contingencies)	**629,900**	669,305	76,575	37,177	(375,242)	222,085
Contingent liabilities	**137,486**	19,084	30,575	28,626	50,788	8,413
Liquidity gap (after contingencies)	**492,414**	**650,221**	**46,000**	**8,551**	**(426,029)**	**213,672**

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 positions (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 comprises cash and cash equivalents, investment in Government of Ghana securities and Bank of Ghana Bills less deposits from banks, other borrowing 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 2020 and during the year were as follows.

At 31st December	2020	2019
Average for the year	39.39%	42.55%
Maximum for the year	46.71%	51.41%
Minimum for the year	29.51%	34.55%

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-2020						
ASSETS						
Cash and cash equivalents	**731,533**	342,534	3,130	–	–	385,869
Investment securities	**1,219,247**	104,985	–	25,526	1,088,736	–
Loans and advances to customers	**1,710,963**	611,274	462,983	205,437	431,269	–
Total assets	**3,661,743**	**1,058,793**	**466,113**	**230,963**	**1,520,005**	**385,869**
LIABILITIES						
Deposit from customers	**2,458,441**	582,513	525,715	310,394	6,856	1,032,962
Deposit from banks	**10,153**	10,153	–	–	–	–
Borrowings	**735,549**	606,842	128,257	–	450	–
Total Liabilities	**3,204,142**	1,199,507	653,973	310,394	7,307	1,032,962
Interest sensitive gap	**457,600**	**(140,714)**	**(187,860)**	**(79,430)**	**1,512,698**	**(647,093)**
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 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)**

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 does 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. The exposures 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 9.35%, 9.87% and 10.16%, respectively based on the three-year 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 2020 and also shows the sensitivity of profit before tax to assumed changes in exchanges rates:

Foreign currency exposure (in Ghana cedis)

	2020 USD GH¢'000	2020 GBP GH¢'000	2020 EURO GH¢'000	2019 USD GH¢'000	2019 GBP GH¢'000	2019 EURO GH¢'000
Assets						
Cash in till and in vault	35,078	3,715	5,531	16,556	3,445	5,349
Bank of Ghana	5,192	6,775	5,751	18,658	5,462	4,452
Nostro balances	62,565	12,517	8,525	26,203	11,010	16,730
Foreign time deposits	40,646	4	21,298	39,405	4	93
Loans & advances	402,490	205	1,792	374,980	191	1,444
Other assets	39	–	–	941	–	–
Total assets	546,011	23,215	42,897	476,742	20,112	28,069
Liabilities						
Customer deposits	513,510	22,794	34,792	421,783	20,015	28,665
Borrowings	36,652	–	–	93,692	–	–
Other liabilities/margins	7,906	5	6,326	2,743	34	53
Total liabilities	558,068	22,799	41,118	518,218	20,049	28,718
Net open position	(12,057)	416	1,780	(41,476)	63	(650)
Contingent liabilities	208,468	–	24,957	(84,131)	–	–
Net position (including contingent liabilities)	**(220,525)**	**416**	**(23,178)**	**(125,607)**	**63**	**(650)**
Assumed depreciation rate of the cedi	9.35%	9.87%	10.16%	9.70%	12.27%	12.04%
Projected effect on profits (excluding contingent liabilities)	(1,127)	41	181	(4,022)	8	(78)
Projected effect on profits (with contingent liabilities)	(20,619)	41	(2,355)	(12,181)	8	(78)

4.6 Operational Risks

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 risks 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 Committee and 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 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.

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 breakdowns 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 Bank of Ghana;

ii. The Bank complies with the regulatory capital requirement that always enables it to meet the minimum capital adequacy ratio requirement of Bank of Ghana;

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

To ensure achievement of the above objectives, the Bank monitors 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 common equity tier 1 (CET 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 surplus. Total tier 2 capital is limited to 100% of the net tier 1 capital. With the implementation of Basel II/III Pillar 1 (Capital Requirement), the Bank of Ghana has issued the *Capital Requirement Directive* (CRD), based on which a new CAR computation has been adopted by Banks in Ghana effective January 2020. The Group's regulatory capital position as at 31st December 2020 is summarised below:

	2020		2019	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
REGULATORY CAPITAL				
Common equity Tier 1 (CET 1) Capital				
Ordinary share capital	402,431	402,431	402,431	402,431
Opening retained earnings – audited	(1,894)	46	(23,852)	(20,497)
Profit to date – audited	23,879	24,032	21,958	20,544
Statutory reserve	72,298	72,298	55,708	55,708
Total CET1 capital before regulatory adjustment	**496,714**	**498,808**	**456,245**	**458,185**
Regulatory Adjustments				
Intangibles (Software)	(14,506)	(14,547)	(6,586)	(6,642)
Other intangibles	(7,934)	(8,052)	(21,790)	(21,790)
Other regulatory adjustments	(2,531)	(253)	(2,084)	(260)
Total regulatory adjustment	(24,970)	(22,852)	(30,459)	(28,692)
Total CET1 capital after regulatory adjustment	**471,744**	**475,956**	**425,786**	**429,493**
Additional tier 1 (AT1) captial	**–**	**–**	**–**	**–**
Total tier 1 capital (CET1+AT1)	**471,744**	**475,956**	**425,786**	**429,493**
Tier 2 Capital				
Revaluation reserve	60,457	60,457	60,457	60,457
Qualifying subordinated liabilites	–	–	–	–
Total Tier 2 Capital	**60,457**	**60,457**	**60,457**	**60,457**
Tier 2 for CAR (Limited to 2% of risk weighted assets)	53,266	53,270	47,957	48,090
TOTAL REGULATORY CAPITAL	**525,011**	**529,226**	**473,742**	**477,583**
RISK WEIGHTED ASSETS (RWA)				
Credit risk				
On-balance sheet	2,099,402	2,096,980	1,917,170	1,920,281
Off-balance sheet	108,354	108,354	53,313	53,313
Operational risk	440,490	443,073	370,199	373,699
Market risk	15,077	15,077	52,656	52,656
TOTAL RISK WEIGHTED ASSETS	**2,663,323**	**2,663,485**	**2,393,338**	**2,399,948**
CAPITAL RATIOS				
Total tier 1 capital/total RWA	17.71%	17.87%	17.79%	17.90%
Total tier 2 capital/total RWA	2.00%	2.00%	2.00%	2.00%
Total regulatory capital/ RWA	**19.71%**	**19.87%**	**19.79%**	**19.90%**
MINIMUM CAPTIAL REQUIREMENT				
Mandatory minimum	10%	10%	10%	10%
Prudential minimum (with capital conservation buffer)	13%	13%	13%	13%

Note: The 2020 capital adequacy ratios have been presented in line with the new Capital Requirement Directive.

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 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 Expected 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

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, 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 as amortised cost, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date and collect cash flows that are solely payments of principal and interest 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 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.
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

	Note	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Bank – 2020							
External Revenue							
Net interest income	8.3	135,947	10,932	137,210	–	–	**284,089**
Net fee and commission income	9.3	37,739	19,156	–	–	–	**56,895**
Net trading income	10	–	–	32,004	–	–	**32,004**
Other operating income	11	–	–	–	–	6,981	**6,981**
Intersegment revenue		–	–	–	–	–	–
Total segment revenue		**173,685**	**30,088**	**169,214**	**–**	**6,981**	**379,969**
Segment Result							
Income tax expense	14	–	–	–	–	(27,240)	**(27,240)**
Profit for the year		–	–	–	–	33,182	**33,182**
Assets							
Segment assets		1,581,549	136,243	1,213,832	–	–	**2,931,624**
Unallocated assets		–	–	–	–	1,037,960	**1,037,960**
Total assets		**1,581,549**	**136,243**	**1,213,832**	**–**	**1,037,960**	**3,969,584**
Liabilities							
Segment liabilities	26,27	1,225,089	1,245,606	735,454	–	–	**3,206,149**
Unallocated liabilities		–	–	–	–	106,996	**106,996**
Total liabilities		**1,225,089**	**1,245,606**	**735,454**	**–**	**106,996**	**3,313,145**
Impairment losses on financial assets	18.2, 18.3	117,400	4,461	–	–	–	**121,861**
Depreciation and amortisation	20 – 22	–	–	–	–	110,547	**110,547**
Capital expenditure	20 – 22	–	–	–	–	43,139	**43,139**
		117,400	4,461	–	–	153,686	**275,546**

Operating Segment – Bank

	Note	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	8.3	90,774	7,893	85,681	–	–	**184,348**
Net fee and commission income	9.3	38,036	17,832	–	–	–	**55,868**
Net trading income	10	–	–	34,449	–	–	**34,449**
Other operating income		–	–	–	–	2,182	**2,182**
Intersegment revenue		–	–	–	–	–	**–**
Total segment revenue		**128,810**	**25,725**	**120,130**	**–**	**2,182**	**276,847**
Segment Result							
Income tax expense	14	–	–	–	–	(9,288)	**(9,288)**
Profit for the year		–	–	–	–	26,335	**26,335**
Assets							
Segment assets		**1,522,602**	**134,478**	**457,578**	**–**	**–**	**2,114,658**
Unallocated assets		–	–	–	–	1,087,695	**1,087,695**
Total assets		**1,522,602**	**134,478**	**457,578**	**–**	**1,087,695**	**3,202,352**
Liabilities							
Segment liabilities	25 – 27	1,071,492	1,026,844	423,750	–	–	**2,522,087**
Unallocated liabilities	14, 26.1	–	–	–	–	52,307	**52,307**
Total liabilities		**1,071,492**	**1,026,844**	**423,750**	**–**	**52,307**	**2,574,394**
Impairment losses on financial assets	18.2, 18.3	40,782	982	–	–	–	**41,764**
Depreciation and amortisation	20 – 22	–	–	–	–	92,839	**92,839**
Capital expenditure	20 – 22	–	–	–	–	41,322	**41,322**
		40,782	982	–	–	134,160	**175,925**

Operating Segment – Group

	Note	Corporate Banking GH¢'000	Retail Banking GH¢'000	Central Treasury GH¢'000	Shared Service GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
Group – 2020							
External Revenue							
Net interest income	8.3	133,942	10,771	137,210	–	–	**281,923**
Net fee and commission income	9.3	37,737	19,156	–	–	–	**56,893**
Net trading income	10	–	–	32,018	–	–	**32,018**
Other operating income		–	–	–	–	10,515	**10,515**
Intersegment revenue		–	–	–	–	–	**–**
Total segment revenue		**171,679**	**29,927**	**169,228**	**–**	**10,515**	**381,349**
Segment Result							
Income tax expense	14	–	–	–	–	(27,362)	**(27,362)**
Profit for the year		–	–	–	–	33,343	**33,343**
Assets							
Segment assets		1,574,720	136,243	1,218,894	–	–	**2,929,857**
Unallocated assets		–	–	–	–	1,042,117	**1,042,117**
Total assets		**1,574,720**	**136,243**	**1,218,894**	**–**	**1,042,117**	**3,971,974**
Liabilities							
Segment liabilities		1,222,988	1,245,606	735,549	–	–	**3,204,142**
Unallocated liabilities		–	–	–	–	109,302	**109,302**
Total liabilities		**1,222,988**	**1,245,606**	**735,549**	**–**	**109,302**	**3,313,444**
Impairment losses on financial assets	18.2, 18.3	117,400	4,461	–	–	–	**121,861**
Depreciation and amortisation	20 – 22	–	–	–	–	110,801	**110,801**
Capital expenditure	20 – 22	–	–	–	–	43,294	**43,294**
		117,400	**4,461**	**–**	**–**	**154,095**	**275,955**

Operating Segment – Group

	Note	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	16,420	–	–	–	**55,868**
Net trading income		–	–	34,461	–	–	**34,461**
Other operating income		–	–	–	–	–	**–**
Intersegment revenue		–	–	–	–	4,000	**4,000**
Total segment revenue		**128,776**	**24,188**	**120,170**	**–**	**4,000**	**277,134**
Segment Result							
Income tax expense		–	–	–	–	(9,292)	**(9,292)**
Profit for the year		–	–	–	–	25,198	**25,198**
Assets							
Segment assets		**1,508,478**	**134,477**	**840,625**	**–**	**–**	**2,483,580**
Unallocated assets		–	–	–	–	721,166	**721,166**
Total assets		**1,508,478**	**134,477**	**840,625**	**–**	**721,166**	**3,204,746**
Liabilities							
Segment liabilities		1,070,089	1,026,844	423,846	–	–	**2,522,087**
Unallocated liabilities		–	–	–	–	54,067	**54,067**
Total liabilities		**1,070,089**	**1,026,844**	**423,846**	**–**	**54,067**	**2,574,846**
Impairment losses on financial assets	18.2, 18.3	40,781	982	–	–	–	**41,764**
Depreciation and amortisation	20 – 22	–	–	–	–	93,097	**93,097**
Capital expenditure	20 – 22	–	–	–	–	41,343	**41,343**
		40,781	982	–	–	134,441	**176,204**

7. FINANCIAL ASSETS AND LIABILITIES

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

Financial Assets and Liabilities -- Bank

31-Dec-2020

	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	731,533	–	–	731,533	716.519
Investment securities	17	–	–	1,212,066	1,212,066	1,136.447
Loans and advances to customers	18.2	–	–	1,717,792	1,717,792	1,717,792
Investments (other than securities)	19	–	1,766	–	1,766	1,766
		731,533	1,766	2,939,858	3,663,157	3,572,524
Financial Liabilities						
Deposit from banks	25	–	–	10,153	10,153	10,153
Deposit from customers	26	–	–	2,460,542	2,460,542	2,432,89
Borrowings	27.2	–	–	735,549	735,549	724,189
Lease Liability	27.3	–	–	6,625	6,625	6,344
		–	–	3,212,869	3,212,869	3,173,575
31-Dec-2019						
Financial Assets						
Cash and cash equivalents	16	402,455	–	–	402,455	401,574
Investment securities	17	–	–	832,437	832,437	759,690
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	2,893,736	2,856,110
Financial Liabilities						
Deposit from banks	25	–	–	4,550	4,550	4,550
Deposit from customers	26	–	–	2,093,786	2,093,786	2,068,037
Borrowings	27.2	–	–	423,846	423,846	416,013
Lease Liability	27.3	–	–	6,970	6,970	6,544
		–	–	2,529,152	2,529,152	2,495,144

Note: OCI means "other comprehensive income"

Financial Assets and Liabilities -- Group

31-Dec-2020

	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	731,533	–	–	731,533	716,519
Investment securities	17	–	–	1,218.933	1,218.933	1,136,367
Loans and advances to customers	18.2	–	–	1,710,963	1,710,963	1,710,963
Investments (other than securities)	19	–	253	–	253	253
		731,533	253	2,929,956	3,661,743	3,564,102
Financial Liabilities						
Deposit from banks	25	–	–	10,153	10,153	10,153
Deposit from customers	26	–	–	2,458,441	2,458,441	2,431,388
Borrowings	27.2	–	–	735,549	735,549	724,189
Lease Liability	27.3	–	–	6,625	6,625	6,344
		–	–	3,210,768	3,210,768	3,172,073
31-Dec-2019						
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	2,886,034	2,848,407
Financial Liabilities						
Deposit from banks	25	–	–	4,550	4,550	4,550
Deposit from customers	26	–	–	2,092,382	2,092,382	2,066,634
Borrowings	27.2	–	–	423,846	423,846	416,013
Lease Liability	27.3	–	–	6,970	6,970	6,544
		–	–	2,527,748	2,527,748	2,493,742

Note: OCI means other comprehensive income

8. INTEREST INCOME AND INTEREST EXPENSES

		2020		2019	
		Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
8.1	**Interest Income**				
	Loans and advances to customers	293,619	291,418	226,874	225,303
	Investment securities and short-term investments	170,925	170,925	128,206	128,206
	Cash and cash equivalents	39,579	39,579	12,042	12,042
	Total interest income	504,123	501,922	367,123	365,552
8.2	**Interest Expense**				
	Deposits from banks & other financial institutions	–	–	–	–
	Deposits from customers	146,740	146,705	139,147	139,120
	Borrowings	73,294	73,294	43,627	43,627
	Total interest expense	220,034	219,999	182,775	182,747
8.3	**Net Interest Income**	**284,089**	**281,923**	**184,348**	**182,805**

Included within various captions under interest income for the year ended 31st December 2020 is a total of GH¢ Nil (2019:GH¢ Nil) accrued on impaired financial assets.

Included within interest income on investment securities for the year ended 31st December 2020 is GH¢ Nil (2019:GH¢Nil) relating to debt securities held to maturity.

9 FEES & COMMISSION

		Bank 2020	Group 2020	Bank 2019	Group 2019
9.1	**Fee and commission income**				
	Retail Banking	19,156	19,156	17,832	17,832
	Corporate Banking	44,768	44,767	42,126	42,126
		63,924	63,924	59,958	59,958
9.2	**Fee and commission expense**				
	Inter-bank transaction fees	7,029	7,030	4,090	4,090
	Total fee and commission expense	7,029	7,030	4,090	4,090
9.3	**Net fee and commission income**	**56,895**	**56,894**	**55,868**	**55,868**

10 NET TRADING INCOME

	Bank 2020	Group 2020	Bank 2019	Group 2019
Foreign exchange	32,004	32,018	34,449	34,461
Net trading income	32,004	32,018	34,449	34,461

11. OTHER OPERATING INCOME

	Bank 2020	Group 2020	Bank 2019	Group 2019
Rental income	636	624	951	939
Profit on sale of non-current assets	75	75	376	376
Sundry income	6,269	9,816	855	2,685
	6,981	10,515	2,182	4,000

	2020		2019	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
12. PERSONNEL EXPENSES				
Wages and salaries	111,521	112,275	102,467	103,112
Social security cost	6,849	6,905	5,869	5,918
Provident fund contributions	2,630	2,652	2,226	2,245
Medical expenses	4,462	4,462	4,030	4,030
Retirement benefit	7,638	7,638	4,639	4,639
Training	260	261	1,681	1,681
	133,360	**134,193**	**120,911**	**121,624**
13. OTHER EXPENSES				
Software licensing and other information technology cost	14,862	14,885	11,902	11,927
Auditors' remuneration	332	396	236	276
Advertising and marketing	5,658	5,658	6,366	6,366
Administrative expenses	14,848	14,899	12,826	12,863
Directors' emoluments	2,230	2,231	1,685	1,685
Occupancy	11,170	11,190	11,087	11,116
Other	29,870	29,939	22,550	23,097
	78,970	**79,196**	**66,653**	**67,330**

14. TAXATION

14.1 Taxation – Bank

	Balance 1-Jan-19	Charge for year	Other adjustment	Payments made during the year	Balance 31-Dec-19	Charge for year	Other adjustment	Payments made during the year	Balance 31-Dec-20
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Current Tax									
Up to 2018	(10,775)	–	7,301	(494)	(3,968)	–	3,968	–	–
2019	–	11,231	–	(10,281)	950	–	(3,968)	–	(3,018)
	(10,775)	11,231	7,301	(10,775)	(3,018)	–	–	–	(3,018)
2020	–	–	–	(3,712)	(3,712)	20,795	–	(15,838)	1,245
	(10,775)	11,231	7,301	(14,487)	(6,730)	20,795	–	(15,838)	(1,773)
National Fiscal Stabilisation Levy									
Up to 2018	(1,996)	–	1,264	–	(732)	–	732	–	–
2019	–	1,797	–	(1,604)	193	–	(732)	–	(539)
	(1,996)	1,797	1,264	(1,604)	(539)	–	–	–	(539)
2020	–	–	–	(634)	(634)	3,021	–	(2,071)	316
	(1,996)	1,797	1,264	(2,238)	(1,173)	3,021	–	(2,071)	(223)
Deferred tax									
2019	14,238	(3,740)	–	–	10,498	–	–	–	10,498
2020	–	–	–	–	–	3,424	–	–	3,424
	14,238	(3,740)	–	–	10,498	3,424	–	–	13,922

14.2 Taxation – Group

	Balance 1-Jan-19	Charge for year	Other adjustment	Payments made during the year	Balance 31-Dec-19	Charge for year	Other adjustment	Payments made during the year	Balance 31-Dec-20
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Current Tax									
Up to 2018	(10,939)	–	7,301	(494)	(4,132)	–	4,132	–	–
2019	–	11,235	–	(10,283)	952	–	(4,132)	–	(3,180)
	(10,939)	11,235	7,301	(10,777)	(3,180)	–	–	–	(3,180)
2020	–	–	–	(3,712)	(3,712)	20,905	–	(15,844)	1,350
	(10,939)	11,235	7,301	(14,489)	(6,892)	20,905	–	(15,844)	(1,831)
National Fiscal Stabilisation Levy									
Up to 2018 2018	(2,010)	–	1,264	–	(746)	–	746	–	–
2019	–	1,797	–	(1,604)	193	–	(746)	–	(553)
	(2,010)	1,797	1,264	(1,604)	(553)	–	–	–	(553)
2020	–	–	–	(634)	(634)	3,021	–	(2,071)	316
	(2,010)	1,797	1,264	(2,238)	(1,187)	3,021	–	(2,071)	(237)
Deferred Tax									
2019	14,237	(3,740)	–	–	10,497	–	–	–	10,497
2020	–	–	–	–	–	3,435	3	–	3,438
	14,237	(3,740)	–	–	10,497	3,435	3	–	13,935

14.3 Reconciliation/ Computation of Effective Tax Rate

	2020		2019	
	Bank GH¢'000	**Group GH¢'000**	**Bank GH¢'000**	**Group GH¢'000**
Profit before tax	**60,421**	**60,704**	**35,623**	**34,470**
Income tax thereon at the corporate tax rate of 25%	15,105	15,176	8,984	8,699
Other income taxes	3,021	3,021	1,797	1,797
Tax effect of non-deductible expenses	12,451	12,519	8,013	8,315
Tax effect of capital allowance	(6,277)	(6,294)	(5,195)	(5,198)
Origination (reversal) of taxable temporary differences	3,424	3,424	(3,712)	(3,712)
Tax effect of other deductions	(484)	(484)	(598)	(609)
Current income tax charge	**27,240**	**27,362**	**9,288**	**9,292**
Effective tax rate	**45.08%**	**45.07%**	**26.07%**	**26.94%**

15. EARNINGS PER SHARE

	2020		2019	
	Bank GH¢'000	**Group GH¢'000**	**Bank GH¢'000**	**Group GH¢'000**
Profit attributable to ordinary shareholders				
Net profit for the year attributable to equity holders of the Bank	33,182	33,343	26,335	25,198
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	883,207	883,207	420,100	420,100
Additional shares issued	–	–	463,107	463,107
Weighted average number of ordinary shares at 31st December	883,207	883,207	883,207	883,207
	0.0376	**0.0378**	**0.0298**	**0.0285**

The Directors are unable to propose dividend in respect of the year ended 31st December 2020 (December 2019: nil).

16. CASH AND CASH EQUIVALENTS

Cash and balances with banks	172,135	172,135	154,578	154,578
Unrestricted balances with central bank	16,078	16,078	–	–
Restricted balances with central bank	197,656	197,656	159,989	159,989
Bills discounted	283,716	283,716	48,386	48,386
Foreign short-term deposits	61,948	61,948	39,501	39,501
	731,533	**731,533**	**402,455**	**402,455**

		2020		2019	
		Bank	Group	Bank	Group
		GH¢'000	GH¢'000	GH¢'000	GH¢'000
17.	**INVESTMENT SECURITIES**				
	1-2 Year Treasury notes	130,439	130,439	128,033	128,033
	Other investments	1,081,627	1,088,554	704,404	712,332
		1,212,066	**1,218,993**	**832,437**	**840,364**
18.	**LOANS AND ADVANCES TO CUSTOMERS**				
18.1	Loans and advances to customers and financial institutions at amortised cost	1,914,810	1,907,981	1,758,263	1,744,138
	Interest in suspense	(75,774)	(75,774)	(59,738)	(59,738)
	Gross loans less interest in suspense	1,839,036	1,832,207	1,698,525	1,684,400
	Impairment	(121,244)	(121,244)	(41,445)	(41,445)
	Net advances	**1,717,792**	**1,710,963**	**1,657,080**	**1,642,955**

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

	2020				2019			
	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	26,373	–	(264)	26,110	35,819	–	(358)	35,461
Personal loans	116,147	(1,817)	(4,197)	110,133	100,664	(1,023)	(624)	99,017
	142,521	(1,817)	(4,461)	136,243	136,483	(1,023)	(982)	134,478
Corporate Customers:								
Other secured lending	1,772,290	(73,957)	(116,783)	1,581,549	1,621,779	(58,715)	(40,463)	1,522,602
Others-unsecured	–	–	–	–	–	–	–	–
	1,772,290	(73,957)	(116,783)	1,581,549	1,621,779	(58,715)	(40,463)	1,522,601
	1,914,810	**(75,774)**	**(121,244)**	**1,717,792**	**1,758,263**	**(59,738)**	**(41,445)**	**1,657,080**

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

	2020				2019			
	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	26,373	–	(264)	26,110	35,819	–	(358)	35,461
Personal loans	116,147	(1,817)	(4,197)	110,133	100,664	(1,023)	(624)	99,017
	142,520	(1,817)	(4,461)	136,243	136,483	(1,023)	(982)	134,478
Corporate Customers:								
Other secured lending	1,765,461	(73,957)	(116,783)	1,574,720	1,607,654	(58,715)	(40,463)	1,508,477
Others-unsecured	–	–	–	–	–	–	–	–
	1,765,461	(73,957)	(116,783)	1,574,720	1,607,654	(58,715)	(40,463)	1,508,477
	1,907,981	**(75,774)**	**(121,244)**	**1,710,963**	**1,744,138**	**(59,738)**	**(41,445)**	**1,642,955**

18.3 Allowances for Impairment

	2020		2019	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Individual allowances for impairment				
Balance at 1st January	14,817	14,817	69,973	69,973
Impairment loss charge for the year	62,605	62,605	28,419	28,419
Write-offs	(6,098)	(6,098)	(83,575)	(83,575)
Balance at 31st December	71,325	71,325	14,817	14,817
Collective allowances for impairment				
Balance at 1st January	26,627	26,627	20,842	20,842
Impairment charge for the year	23,292	23,292	5,785	5,785
Balance at 31st December	49,920	49,920	26,627	26,627
Total allowance for impairment on loans	**121,244**	**121,244**	**41,445**	**41,445**
Impairment charge on other financial assets				
Balance at 1st January	4	4	179	179
Impairment charge for the year-other financial assets	3	3	(175)	(175)
Total allowance for impairment	7	7	4	4
Impairment on contingencies				
Balance at 1st January	315	315	148	148
Charge for the year	295	295	167	167
Balance as at 31st December	610	610	315	315
Total impairment charged for the year	**86,195**	**86,195**	**34,196**	**34,196**
Total Allowance for Impairment on financial assets	**121,861**	**121,861**	**41,764**	**41,764**

19. INVESTMENTS (OTHER THAN SECURITIES)

	Bank 2020	Group 2020	Bank 2019	Group 2019
Equity investments	1,766	253	1,766	260
	1,766	**253**	**1,766**	**260**

20. PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS

20.1 Property, Plant & Equipment – Bank

	2020			2019		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	6,724	(4,711)	2,013	6,463	(4,075)	2,388
Branch development	14,325	(11,034)	3,291	13,768	(10,380)	3,388
Motor vehicles	13,159	(8,877)	4,282	12,214	(8,060)	4,154
Furniture & fittings	9,841	(7,325)	2,516	8,675	(6,268)	2,407
Office equipment	22,782	(14,602)	8,180	21,312	(13,131)	8,181
Computer hardware	34,378	(21,512)	12,866	26,440	(17,772)	8,668
Capital work in progress	13,733	–	13,733	18,255	–	18,255
Land & buildings	199,769	(12,326)	187,443	184,948	(8,825)	176,123
	314,709	**(80,387)**	**234,324**	**292,074**	**(68,511)**	**223,563**

20.1.1 Reconciliation of opening carrying value with closing carrying value
2020

	Opening Balance	Additions	Adjustment	Revaluation/ elimination of depreciation on disposal	Transfer/ disposal	Depreciation	Closing Balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	2,388	32	–	–	228	(635)	2,013
Branch development	3,388	–	–	–	556	(654)	3,289
Motor vehicles	4,154	1,241	–	(467)	1,084	(1,730)	4,283
Furniture & fittings	2,407	420	–	(2)	822	(1,130)	2,517
Office equipment	8,181	1,008	–	(33)	937	(1,914)	8,179
Computer hardware	8,668	1,488	–	–	6,449	(3,739)	12,866
Capital work in progress	18,255	15,776	–	–	(20,298)	–	13,734
Land & buildings	176,123	14,821	–	–	–	(3,501)	187,442
	223,563	**34,788**	**–**	**(501)**	**(10,221)**	**(13,305)**	**234,324**

20.1.2 Reconciliation of opening carrying value with closing carrying value
2019

	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	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	1,414	(1,782)	(1,578)	4,155
Furniture & fittings	3,076	399	–	–	(1,069)	2,406
Office equipment	8,292	1,752	440	(444)	(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**	**1,854**	**(2,225)**	**(13,420)**	**223,563**

20.1.3 Profit on Disposal of Property, Plant & Equipment

	2020	2019
	GH¢'000	GH¢'000
Gross book value	(1,431)	2,225
Accumulated depreciation	1,932	(1,854)
Net book value	501	371
Sales proceeds	261	430
Gain/(Loss) on disposal (net)	(240)	59

20.2 Property, Plant & Equipment – Group

	2020			2019		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	6,724	(4,711)	2,013	6,463	(4,076)	2,388
Branch development	14,325	(11,034)	3,291	13,769	(10,380)	3,389
Motor vehicles	13,310	(8,891)	4,419	12,262	(8,108)	4,154
Furniture & fittings	9,875	(7,347)	2,528	8,702	(6,287)	2,415
Office equipment	22,799	(14,620)	8,180	21,329	(13,148)	8,181
Computer hardware	34,438	(21,574)	12,864	26,497	(17,824)	8,673
Capital work in progress	13,733	–	13,733	18,255	–	18,255
Land & buildings	199,769	(12,326)	187,443	184,948	(8,825)	176,124
	314,974	**(80,503)**	**234,471**	**292,225**	**(68,646)**	**223,578**

20.2.1 Reconciliation of opening carrying value with closing carrying value
2020

	Opening Balance	Additions	Adjustment	Revaluation/ elimination of depreciation on disposal	Transfer/ disposal	Depreciation	Closing Balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	2,388	32	–	–	228	(635)	2,013
Branch development	3,389	–	–	–	556	(654)	3,291
Motor vehicles	4,154	1,386	–	(467)	1,084	(1,738)	4,419
Furniture & fittings	2,415	427	–	(2)	822	(1,135)	2,528
Office equipment	8,181	1,008	–	(33)	937	(1,914)	8,180
Computer hardware	8,673	1,492	–	–	6,449	(3,750)	12,864
Capital work in progress	18,255	15,776	–	–	(20,298)	–	13,733
Land & buildings	176,124	14,821	–	–	–	(3,501)	187,443
	223,578	**34,943**	**–**	**(501)**	**(10,221)**	**(13,328)**	**234,471**

20.2.2 Reconciliation of opening carrying value with closing carrying value
2019

	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Plant & machinery	2,962	60	–	–	(634)	2,388
Branch development	3,214	790	–	–	(615)	3,389
Motor vehicles	4,054	2,048	1,414	(1,782)	(1,580)	4,154
Furniture & fittings	3,089	399	–	–	(1,072)	2,415
Office equipment	8,292	1,752	440	(444)	(1,858)	8,181
Computer hardware	6,684	6,314	–	–	(4,326)	8,673
Capital work in progress	7,989	10,266	–	–	–	18,255
Land & buildings	178,740	733	–	–	(3,350)	176,124
	215,024	**22,361**	**1,854**	**(2,225)**	**(13,436)**	**223,576**

20.1.3 Profit on Disposal of Property, Plant & Equipment

	2020	2019
	GH¢'000	GH¢'000
Gross book value	1,973	2,225
Accumulated depreciation	(1,472)	(1,854)
Net book value	501	371
Sales proceeds	261	430
Gain/(Loss) on disposal (net)	(240)	59

21. INTANGIBLE ASSETS

21.1 Intangble asset - Bank

	2020			2019		
	Cost GH¢'000	Accumulated Amortisation GH¢'000	Carrying Value GH¢'000	Cost GH¢'000	Accumulated Amortisation GH¢'000	Carrying Value GH¢'000
Compurter software	38,195	(23,689)	14,506	27,444	(20,859)	6,586

21.1.1 Reconciliation of opening carrying value with closing carrying value

2020

	Opening balance GH¢'000	Additions GH¢'000	Disposal GH¢'000	Amortisation GH¢'000	Closing balance GH¢'000
Compurter software	6,586	10,751	–	(2,831)	14,506

21.1.2 Reconciliation of opening carrying value with closing carrying value

2019

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

21.2 Intangble asset – Group

	2020			2019		
	Cost GH¢'000	Accumulated Amortisation GH¢'000	Carrying Value GH¢'000	Cost GH¢'000	Accumulated Amortisation GH¢'000	Carrying Value GH¢'000
Compurter software	38,375	(23,828)	14,547	27,624	(20,982)	6,642

21.2.1 Reconciliation of opening carrying value with closing carrying value

2020

	Opening balance GH¢'000	Additions GH¢'000	Disposal GH¢'000	Amortisation GH¢'000	Closing balance GH¢'000
Compurter software	6,642	10,751	–	(2,846)	14,547

21.2.2 Reconciliation of opening carrying value with closing carrying value

2019

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

22. RIGHT-OF-USE ASSETS

22.1 Right-of-use assets – Bank

	2020			2019		
	Cost Valuation GH¢'000	Accumulated Depreciation GH¢'000	Carrying Value GH¢'000	Cost Valuation GH¢'000	Accumulated Depreciation GH¢'000	Carry Value GH¢'000
Buildings	19,075	(6,470)	12,605	16,364	(3,469)	12,895

22.2 Right-of-use assets – Group

	2020			2019		
	Cost Valuation GH¢'000	Accumulated Depreciation GH¢'000	Carrying Value GH¢'000	Cost Valuation GH¢'000	Accumulated Depreciation GH¢'000	Carry Value GH¢'000
Buildings	19,075	(6,470)	12,605	16,364	(3,469)	12,895

22.3 The movement in the right-of-use assets is as follows:

	2020		2019	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Cost				
1st January	16,364	16,364	–	–
Additions	7,821	7,821	16,364	16,364
Modified leases written off	(5,109)	(5,109)	–	–
	19,075	19,075	16,364	16,364
Amortisation				
1st January	3,469	3,469	–	–
Amortisaiton charge	4,606	4,606	3,469	3,469
Modified leases written off	(1,605)	(1,605)	–	–
	6,469	6,469	3,469	3,469
Balance at 31st December	**12,606**	**12,606**	**12,895**	**12,895**

23. DEFERRED TAX ASSETS AND LIABILITIES

	2020			2019		
	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
Property, equipment and software	–	(13,922)	(13,922)	–	(10,498)	(10,498)
	–	(13,922)	(13,922)	–	(10,498)	(10,498)

Movements During the Year

	Opening balance GH¢'000	Recognised in Profit or Loss GH¢'000	Recognised in Equity GH¢'000	Closing balance GH¢'000
2020				
Property, equipment and software	(10,498)	(3,424)	–	(13,922)
Total	(10,498)	(3,424)	–	(13,922)
2019				
Property, equipment and software	(14,238)	3,740	–	(10,498)
Total	(14,238)	3,740	–	(10,498)

	2020		2019	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
24. OTHER ASSETS				
Accounts receivable and prepayments	25,401	29,322	29,912	29,850
Assets held for sale (Repossessed assets)	12,700	12,700	24,501	24,501
Other	4,894	4,520	3,254	13,166
	42,996	46,542	57,668	67,518
25. DEPOSITS FROM BANKS	10,153	10,153	4,550	4,550
26. DEPOSITS FROM CUSTOMERS				
Retail Customers:				
Term deposits	524,258	524,258	424,501	424,501
Current deposits	721,348	721,348	602,343	602,343 7
	1,245,606	1,245,606	1,026,844	1,026,844
Corporate Customers:				
Term deposits	370,077	369,621	329,530	329,530
Current deposits	844,859	843,214	737,412	736,008
	1,214,936	1,212,835	1,066,942	1,065,538
	2,460,542	**2,458,441**	**2,093,786**	**2,092,382**

	2020 Bank GH¢'000	2020 Group GH¢'000	2019 Bank GH¢'000	2019 Group GH¢'000

27. OTHER LIABILITIES, BORROWINGS AND LEASE LIABILITIES

27.1 Other liabilities

	2020 Bank GH¢'000	2020 Group GH¢'000	2019 Bank GH¢'000	2019 Group GH¢'000
Short-term employee benefits	5,044	5,044	8,072	8,072
Creditors and accruals	65,162	67,548	18,144	20,002
Others	16,148	16,148	8,528	8,528
	86,354	**88,740**	**34,744**	**36,601**

27.2 Borrowings

	2020 Bank GH¢'000	2020 Group GH¢'000	2019 Bank GH¢'000	2019 Group GH¢'000
Money market borrowing	97,050	97,050	144,193	144,193
Repurchase agreements	638,404	638,404	279,558	279,558
Preference share capital	95	95	95	95
	735,549	**735,549**	**423,846**	**423,846**

27.3 Lease liabilities

	2020 Bank GH¢'000	2020 Group GH¢'000	2019 Bank GH¢'000	2019 Group GH¢'000
Balance at 1st January	6,970	6,970	–	–
Additions	2,969	2,969	9,394	9,394
Interest expense	282	282	426	426
Lease payments	(713)	(713)	(3,370)	(3,370)
Modified lease written off	(3,189)	(3,189)	–	–
Exchange loss	307	307	521	521
	6,625	6,625	6,970	6,970

28. SHAREHOLDERS FUND

28.1 Stated Capital

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

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

ISSUED AND FULLY PAID:	2020 Number	2020 GH¢'000	2019 Number	2019 GH¢'000
Issued for cash consideration	724,832	358,451	724,832	358,451
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**	**883,207**	**402,431**

28.2 Statutory Reserve

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

28.3 Revaluation Reserve

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

28.4 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 adjust the cumulative provision to the level required under the Bank of Ghana regulations and IFRS 9 *Financial Instruments.*

	2020 GH¢'000	2019 GH¢'000
IFRS impairment	121,861	41,764
Bank of Ghana provision	(160,671)	(92,564)
Total	(38,810)	(50,800)

An amount of GH¢11,989,672 is posted from credit risk reserve for the year (2019: GH¢8,790,017).

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.

29. 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:

	2020 GH¢'000	2019 GH¢'000
Bonds and guarantees	139,630	86,167
Letters of credit and other documentary credits	145,298	51,319
	284,928	**137,486**

29.1 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.

30. GROUP ENTITIES

Significant subsidiaries of the Bank

	Country of incorporation	Ownership Interest 2020	Ownership Interest 2019
Prudential Securities Limited	Ghana	100%	100%
Prudential Stockbrokers Limited	Ghana	100%	100%

31. RELATED PARTIES

31.1 Transactions with Key Management Personnel

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

	2020		2019	
	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	2,049	1,888	1,576	1,287
Other loans	1,532	1,155	1,985	1,147
	3,581	**3,042**	**3,561**	**2,434**

31.2 Key management personnel compensation for the year comprised:

	2020 GH¢'000	2019 GH¢'000
Short-term employee benefits	11,517	7,628
Board of Directors Emolument	1,195	658
	12,712	**8,286**

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 period end.

31.3 Loans and Advances to Employees

	2020 GH¢'000	2019 GH¢'000
Balance at 1st January	38,503	26,951
Loans advanced during the year	17,115	20,567
Loans repayments received	(10,084)	(9,015)
Balance at 31st December	45,534	38,503

31.4 Loans and Advances to Directors and their Associates

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

	2020 GH¢'000	2019 GH¢'000
Gross amount at 1st January	2,214	946
Interest charged	14	48
Loans disbursed	–	135
Cash received	(420)	(566)
Net amount in overdraft	(1,651)	1,651
	157	2,214

Included in loans and advances is GH¢35.3 million (2019: Nil) advanced to companies in which some of the members of the Board of Directors have interest.

Included in deposits is approximately GH¢1,957,305 (2019: GH¢968,925) due to subsidiary companies. Interest paid on these deposits during the year amounted to GH¢35,069 (2019: GH¢27,249).

The related interest income in 2020 was GH¢469,639 (2019: GH¢422,330).

32. VALUE ADDED STATEMENTS

Value Added Statements for the year ended 31st December 2020

	2020		2019 (Restated)	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Interest earned and other operating income	568,047	565,846	427,081	425,510
Direct cost of services	(304,084)	(304,276)	(255,727)	(256,376)
Value added by banking services	263,964	261,570	171,353	169,133
Non-banking income	38,985	42,533	36,631	38,461
Impairments	(86,195)	(86,195)	(34,196)	(34,196)
Value added	**216,754**	**217,907**	**173,788**	**173,398**
Distributed as follows:				
To employees;				
Directors (without executives)	(1,098)	(1,098)	(371)	(371)
Executive directors	(1,133)	(1,133)	(1,314)	(1,314)
Other employees	(133,360)	(134,193)	(120,911)	(121,624)
To Government:				
Income tax	(27,240)	(27,362)	(9,288)	(9,292)
To providers of capital:				
Dividend to shareholders	–	–	–	–
To expansion and growth:				
Depreciation	(13,305)	(13,328)	(13,420)	(13,436)
Amortisation	(7,437)	(7,452)	(2,148)	(2,162)
Retained earnings	**33,182**	**33,343**	**26,335**	**25,198**

33. ADDITIONAL DISCLOSURES

	2020 Bank	2019 Bank
Capital adequacy ratio (CAR)	**19.71%**	**19.79%**
Nonperforming loans (amount and ratio)		
Gross loans (GH¢'000)	1,914,810	1,758,263
Non- performing loans (GH¢'000)	307,244	158,931
Ratio	16.05%	9.04%
Amounts written off (GH¢'000)	6,098	83,575
Liquid ratio	172%	116%
Credit risk reserve, if any(GH¢'000)	38,810	50,800
Statutory liquidity breaches	None	None
Non compliance with other prudential requirements	None	1

Year-end mid rates used for foreign exchange translations:	**31-Dec-20**	**31-Dec-19**
United states Dollar	GH¢5.7602	GH¢5.5337
Great Britain Pound	GH¢7.8742	GH¢7.3164
Euro	GH¢7.0643	GH¢6.2114

33.2 Capital Expenditure Commitment

There were no capital expenditure commitment at the end of the year (2019: Nil)

33.3 Prior Year Adjustment

The prior year adjustment explains additional payments made in respect of corporate tax liabilities resulting from Ghana Revenue Authority's tax audit. The payments were being held in other assets account.

LIST OF RELATED PARTIES

34.1 Members of the Board as at 31st December 2020

Non-Executive Directors

Mrs. Muriel Susan Edusei	Board Chairperson (Appointed in April 2020)
Mr. K. Agyei-Gyamfi	Acting Chairman (Retired in April 2020)
Ms. Joana Felicity Dickson	Non-Executive Director (Retired in April 2020)
Mr. Samuel Nkansa-Boadi	Non-Executive Director (Retired in April 2020)
Mr. Nortey Kwashie Omaboe	Non-Executive Director (Retired in April 2020)
Ms. Aretha Duku	Non-Executive Director (Retired in April 2020)
Mr. Kwame Kwakye-Mintah	Non-Executive Director (Retired in October 2020)
Mr. Fred Kwasi Boateng	Non-Executive Director (Appointed in September 2013)
Mr. Daniel Asah Kissiedu	Non-Executive Director (Appointed in September 2018)
Mr. Yaw Opoku Atuahene	Non-Executive Director (Appointed in April 2020)
Mrs. Juliana Addo-Yobo	Non-Executive Director (Appointed in April 2020)
Mr. Daniel Larbi-Tieku	Non-Executive Director (Appointed in April 2020)
Mrs. Victoria Barth	Non-Executive Director (Appointed in April 2020)
Mr. Ofotsu Tetteh-Kujorjie	Non-Executive Director (Appointed in August 2020)
Rev. Prof. Peter Ohene Kyei	Non-Executive Director (Appointed in August 2020)

Executive Director

Mr. John K. Addo	Managing Director (Appointed in January 2020)

34.2 Key Management Personnel as at 31st December 2020

NAME	DESIGNATION	
John Kpakpo Addo	Managing Director	Appointed in January 2020
George Akwasi Adjei	Executive Head, Credit	Appointed in January 2020
Thomas Broni	Executive Head, Operations	Appointed in January 2020
Ebow Quayson	Ag. Executive Head, Business	Appointed in July 2020
Alison Ann Debrah	Head, Administration/Ag. Board Secretary	Appointed Head of Administration in September 2020 and Ag. Board Secretary in November 2020
James A.K. Abban	Head, Loan Recovery/ Board Secretary	Resigned as Board Secretary in December 2020
Lily-Love Adusei (Mrs.)	Chief Finance Officer	Retired in December 2020
Theordore Bob Senaya	Chief Risk Officer	Appointed in January 2002

Samuel Petterson Larbi	Head, Internal Audit	Appointed in July 2005
Davis Adu Amponsah	Head, Compliance	Appointed in April 2020
Seth Kyeremeh Ampaabeng	Head, Treasury, Trustee & Custodian Services	Appointed in June 2008
Emmanuel Kojo Darko Nteh	Head, Banking Operations	Appointed in February 2019
Ernest Danquah	Head, Internal Control	Retired in February 2021
John M. Davis	Head, Legal Services	Retired in July 2020
Nana Offei Djan	Ag. Head, Legal Services	Appointed in July 2020
Benjamin Mills-Pappoe	Head, Corporate Planning & Research	Appointed in February 2017
Anthony Adu	Head, Information Technology	Retired in October 2020
Francis Mawutor Kugblenu	Head, Information Technology	Appointed in August 2020

34.3 List of Shareholders

The shareholders of the Bank are:

	No. of Shares	Percentage Holding
Ghana Amalgamated Trust PLC	415,107,406	47.00%
Frank Owusu	151,006,472	17.10%
J.S. Addo Consultants Ltd	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 Co. Ltd	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 Brokerage Services Ltd	14,560,000	1.65%
John Kpakpo Addo	7,281,000	0.82%
Nana Agyei Duku	3,321,440	0.38%
Total	**883,207,247**	**100.00%**

2020

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CORPORATE INFORMATION

Branch & ATM Locations

Addresses of correspondent banks

corporate information

PRUDENTIAL BANK

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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
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

HAATSO BRANCH
Ground Floor, Haatso Plaza
Adjacent Haatso Station
Haatso Accra
Telephone: 233-302-556010 - 3
233-596-910601/2
233-501-324686
Email: hat.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

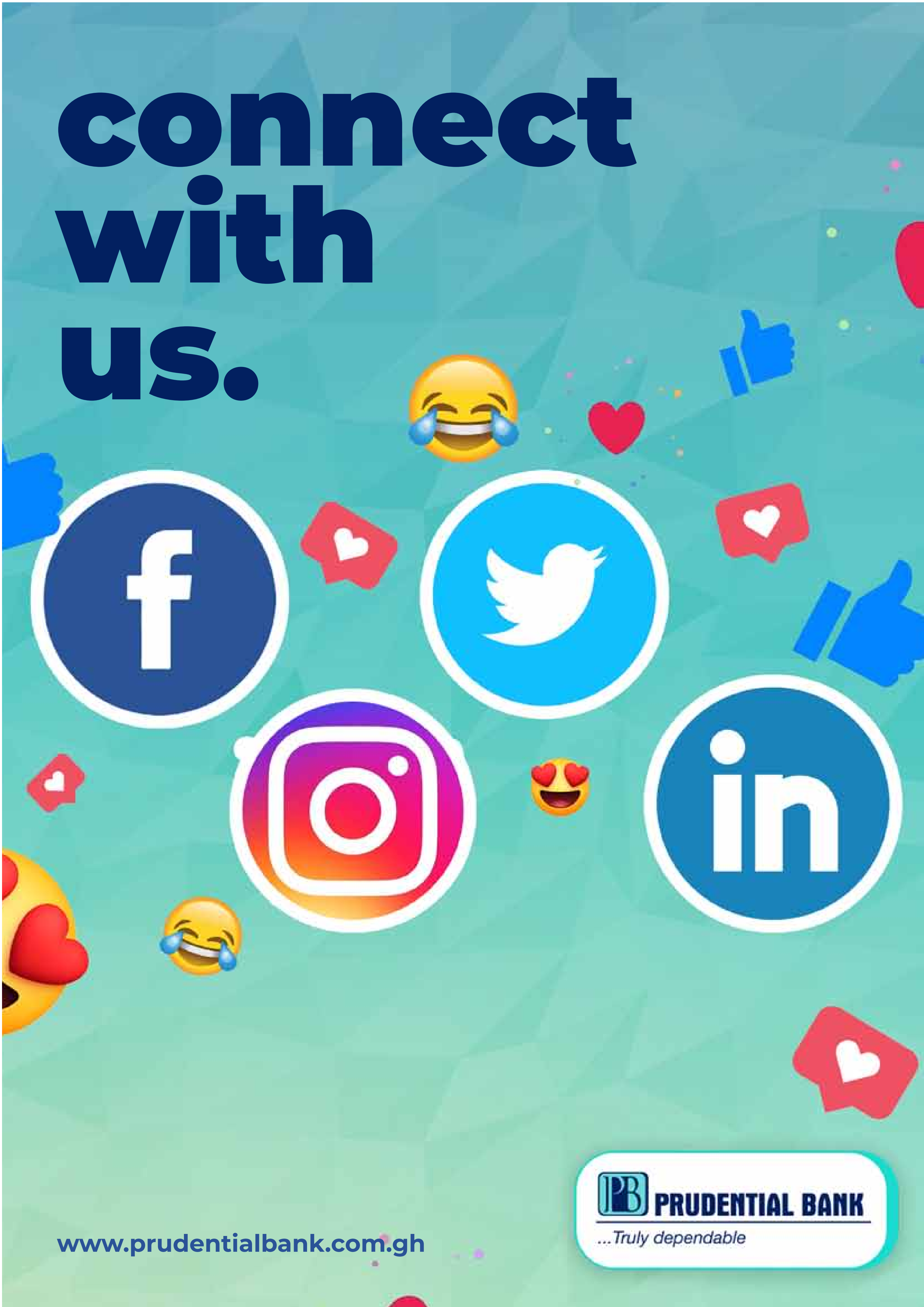
NORTHERN REGION

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.
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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


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EVENTS

Pictures of events that took place
in 2020

events

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OPENING OF HAATSO BRANCH

Staff of Haatso Branch with the Managing Director, Mr. John Addo (sixth from left) and other key management staff during the branch opening. Also in the picture is the Branch Manager Mrs. Sandra Boateng (seventh from left)

PRUDENTIAL BANK DONATES A PICK-UP TOWARDS THE 2020 BEST TEACHER AWARDS

PRUDENTIAL BANK SUPPORTS THE FIGHT AGAINST COVID-19

Donation to Noguchi Memorial Institute for Medical Research

Donation to Ghana Immigration Service

CUSTOMER SERVICE WEEK CELEBRATION

African Wear Day at the Customer Experience Centre

Prudential Bank staff in various professional attire during Career Day

TO: ALL MEMBERS
DIRECTORS
AUDITORS

NOTICE OF VIRTUAL ONLY ANNUAL GENERAL MEETING OF PRUDENTIAL BANK LTD

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING OF PRUDENTIAL BANK LTD WILL BE HELD VIRTUALLY AT 11.00 A.M ON **WEDNESDAY, 16TH JUNE 2021** TO TRANSACT THE FOLLOWING BUSINESS:

AGENDA

ORDINARY BUSINESS

1. To receive the Chairperson's Statement
2. To receive and consider the report of the Directors for the financial year ended 31st December 2020
3. To receive the Annual Accounts for the financial year ended 31st December 2020
4. To receive and consider the Auditor's report for the financial year ended 31st December 2020
5. To consider and approve the Annual Accounts for the financial year ended 31st December 2020
6. To re-elect the Auditors
7. To authorise the Directors to fix the remuneration of the Auditors
8. To elect Mr. Felix Duku as a non-executive director to replace Mr. Kwame Kwakye-Mintah who retired in October 2020

Dated this 10th May 2021

BY ORDER OF THE BOARD

ALISON ANN DEBRAH
ACTING COMPANY SECRETARY

NOTES

1. In compliance with the Imposition of Restrictions Act 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Bank shall be strictly virtual (i.e. by online participation only).

2. A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (i.e. participates online), the proxy appointment shall be deemed to be revoked.

4. A copy of the ANNUAL ACCOUNTS & PROXY FORM is attached. The PROXY FORM may be filled and sent via email or hand delivered or posted to The Company Secretary, Prudential Bank LTD, PMB, GPO, 8 John Harmond Street, Ring Road Central, Accra to arrive not later than 10.00 GMT on Monday, 14th June 2021.

5. **Accessing & Voting at the Virtual AGM**

   A confidential link will be sent to shareholders by email and/or SMS from 9th June, 2021 to give them access to the registration page. After registration, a unique link will be sent to each shareholder granting them access to the meeting. Shareholders who do not receive the confidential link can contact the Company Secretary or call any time after 9th June 2021 but before the date of the AGM to be sent the confidential link

   To gain access to the Virtual AGM, shareholders must log in on the day of the meeting using the confidential link or the meeting ID and password and be admitted into the meeting by the host. Voting will be conducted electronically and all shareholders in attendance will vote using the polls launched by the host.

   For further assistance on accessing the meeting and voting electronically please send an email or call the Company Secretary.