



*The Kwame Nkrumah Circle Branch of the Bank located on the ground floor of Oksart Place, Ring Road Central, Accra.*



*The Managing Director, Mr Stephen Sekyere-Abankwa assisted by Deputy Managing Director (Finance, Administration & Credit Administration), Mr Joseph Okine-Afrane cuts the tape to officially open the Kwame Nkrumah Circle Branch while the Deputy Managing Director (Banking Operations), Mrs Mary Brown and Finance Director, Mr Stephen Asare and other officials of the Bank look on.*



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## **CORPORATE INFORMATION**

Prudential Bank Limited (PBL) is a private limited liability company incorporated in Ghana under the Companies Code, 1963 (Act 179). The company is domiciled in Ghana with its registered office at No. 8 Nima Avenue, Kanda, Ring Road Central, Accra.

The Bank is licensed to carry on the business of banking and ancillary services.

## **CORPORATE MISSION**

To provide domestic and international banking services with a strategic focus on project 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 and the most remunerative banking services to the business community. Quality, creativity and innovation are the hallmarks of Prudential Bank Limited.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS



JOHN S. ADDO  
CHAIRMAN



S. SEKYERE ABANKWA  
M.D.



JOANA F. DICKSON  
MEMBER



S. NKANSA-BOADI  
MEMBER



NORTEY K. OMABOE  
MEMBER



ARETHA DUKU  
MEMBER



K. AGYEI-GYAME  
MEMBER



K. KWAKYE-MINTAH  
MEMBER



STEPHEN A. ASARE  
MEMBER





**OSEI YAW OSAFO (BOARD SECRETARY)**

**AUDITORS:**

Morrison & Associates, Chartered Accountants,  
Tax & Management Consultants.  
Trinity House, 2<sup>nd</sup> Floor  
Ring Road East  
P. O. Box C2890  
Cantonments, Accra

**POSTAL ADDRESS:**

Private Mail Bag  
General Post Office  
Accra.

**REGISTERED OFFICE:**

8 Nima Avenue  
Ring Road Central  
Accra, Ghana

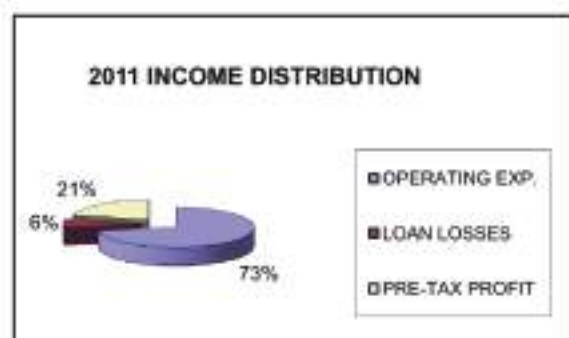
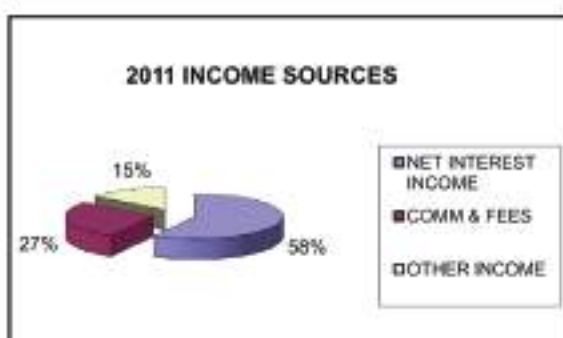
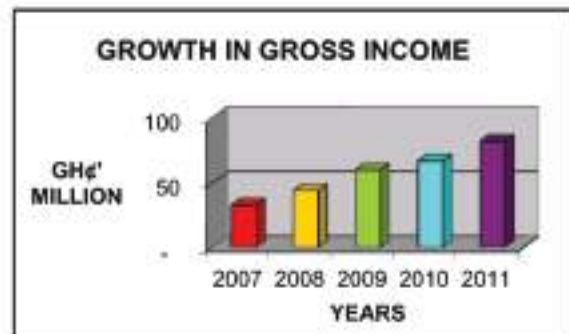
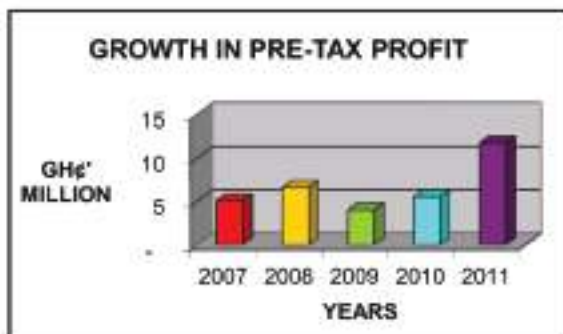
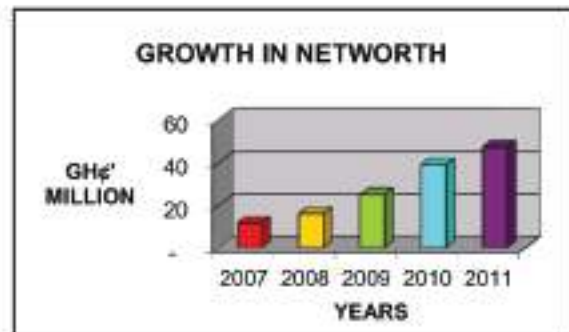
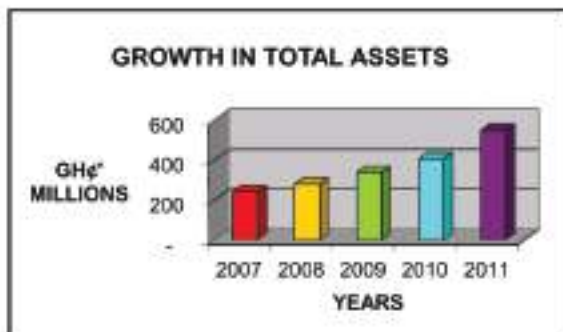
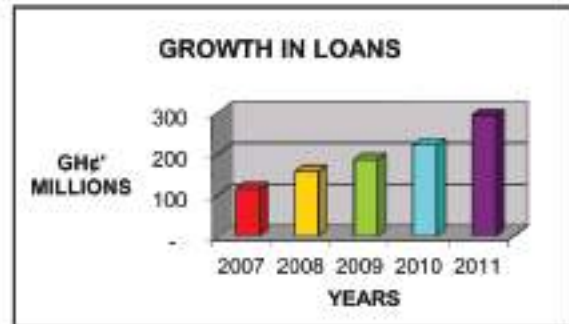
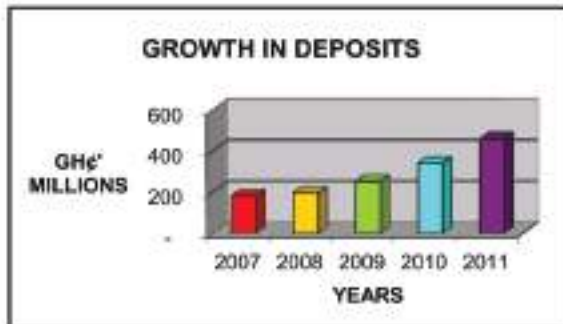
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Swiftcode: PUBKGHAC  
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**PRUDENTIAL BANK LTD.**



## PERFORMANCE AT A GLANCE





**SUMMARY OF PERFORMANCE FROM 2007 – 2011**

	2011 GH¢	2010 GH¢	2009 GH¢	2008 GH¢	2007 GH¢
<b>PROFIT AND LOSS ACCOUNT</b>					
Interest Income	58,598,093	56,096,736	49,137,352	34,568,029	25,951,253
Interest Expense	(26,564,205)	(29,871,532)	(30,032,288)	(17,239,094)	(11,974,461)
<b>NET INTEREST INCOME</b>	<b>32,033,888</b>	<b>26,225,204</b>	<b>19,105,064</b>	<b>17,328,935</b>	<b>13,976,792</b>
Commissions and Fees	15,126,321	9,022,469	8,101,761	5,575,598	5,225,514
Other Operating Income	8,146,864	1,734,766	2,760,835	3,988,636	1,220,344
<b>TOTAL INCOME</b>	<b>55,307,073</b>	<b>36,982,439</b>	<b>29,967,660</b>	<b>26,893,169</b>	<b>20,422,650</b>
Operating Expenses	(40,036,246)	(29,797,335)	(24,439,342)	(19,685,402)	(13,419,677)
Charge for bad & doubtful debts	(3,528,078)	(1,687,862)	(1,498,555)	(596,652)	(1,925,769)
<b>PROFIT BEFORE TAX</b>	<b>11,742,749</b>	<b>5,497,242</b>	<b>4,029,763</b>	<b>6,611,115</b>	<b>5,077,204</b>
Taxation	(3,505,600)	(1,489,737)	(593,956)	(2,217,292)	(2,322,966)
<b>NET PROFIT AFTER TAX</b>	<b>8,237,149</b>	<b>4,007,505</b>	<b>3,435,807</b>	<b>4,393,823</b>	<b>2,754,238</b>
Other Comprehensive Income	0	0	5,500,000	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,237,149</b>	<b>4,007,505</b>	<b>8,935,807</b>	<b>4,393,823</b>	<b>2,754,238</b>
<b>INCOME SURPLUS ACCOUNT</b>					
<b>Balance at 1st January</b>	<b>1,683,098</b>	<b>6,459,820</b>	<b>2,277,653</b>	<b>671,887</b>	<b>(113,356)</b>
Retained Profit	8,237,149	4,007,505	3,435,807	4,393,823	2,754,238
	9,920,247	10,467,325	5,713,460	5,065,710	2,640,882
Transfer to Statutory Reserve Fund	(4,118,575)	(1,001,876)	(858,952)	(2,196,912)	(1,614,950)
Proposed Dividend	0	0	0	0	0
Regulatory Loan Impairment Reserve	(707,582)	217,649	1,605,312	(591,145)	(354,045)
Transfer to Stated Capital	0	(8,000,000)	0	0	0
<b>Balance at 31st December</b>	<b>5,094,090</b>	<b>1,683,098</b>	<b>6,459,820</b>	<b>2,277,653</b>	<b>671,887</b>
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
Cash and Balances with Bank of Ghana	52,931,224	39,970,284	30,377,284	18,974,297	16,990,383
Government Securities	65,718,373	36,843,017	33,931,842	26,865,388	34,534,891
Due from other Banks and Financial Inst.	99,626,752	70,230,986	59,493,141	57,501,551	61,807,022
Loans and to Advances Customers	293,260,863	221,599,680	185,561,388	156,896,234	115,159,751
Investments in Subsidiaries	6,366,214	6,030,605	6,030,605	530,605	530,605
Other Assets	4,024,360	5,038,569	9,324,495	9,249,273	8,666,445
Taxation	1,014,880	409,038	273,601	0	0
	522,942,666	380,122,179	324,992,356	270,017,348	237,689,097
Property, Plant and Equipment	26,807,663	26,369,215	14,864,206	10,962,549	6,142,466
<b>TOTAL ASSETS</b>	<b>549,750,329</b>	<b>406,491,394</b>	<b>339,856,562</b>	<b>280,979,897</b>	<b>243,831,563</b>
<b>LIABILITIES AND SHAREHOLDERS' FUND</b>					
Deposits and Current Accounts	459,459,859	339,302,552	251,275,920	195,287,261	178,964,728
Interest payable and Other liabilities	27,820,639	8,676,417	17,545,419	37,520,655	23,165,025
Taxation	1,355,279	1,266,427	1,053,358	1,779,780	915,524
	488,635,777	349,245,396	269,874,697	234,587,696	203,045,277
Borrowings	13,988,429	18,357,024	45,100,397	30,446,540	29,234,448
<b>TOTAL LIABILITIES</b>	<b>502,624,206</b>	<b>367,602,420</b>	<b>314,975,094</b>	<b>265,034,236</b>	<b>232,279,725</b>
<b>SHAREHOLDERS FUNDS</b>					
Stated Capital	25,100,000	25,100,000	7,100,000	7,100,000	7,100,000
Income Surplus Account	5,094,090	1,683,098	6,459,820	2,277,653	671,887
Statutory Reserve Fund	10,577,371	6,458,796	5,456,920	4,597,968	2,401,056
Regulatory Loan Impairment Reserve	854,662	147,080	364,728	1,970,040	1,378,895
Capital Reserves	5,500,000	5,500,000	5,500,000	0	0
	47,126,123	38,888,974	24,881,468	15,945,661	11,551,838
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>549,750,329</b>	<b>406,491,394</b>	<b>339,856,562</b>	<b>280,979,897</b>	<b>243,831,563</b>
Managed Funds on behalf of Government of					
Ghana and Danida	6,125,971	5,753,605	5,349,398	4,842,131	2,855,500
Liabilities on Guarantees and Indemnities	44,243,951	15,568,563	14,987,868	13,390,390	9,441,900



## **CHAIRMAN'S STATEMENT**



### **1.0 INTRODUCTION**

Distinguished Shareholders and Directors, once again I am delighted to welcome you to the 15th Annual General Meeting of Prudential Bank Limited and to report on the performance of your Bank for the year ended 31st December 2011.

### **2.0 THE GLOBAL ECONOMIC ENVIRONMENT**

The global economy has still not recovered from the deep recession that occurred in 2008. The structural problems facing the crisis-hit advanced economies have proven to be even more intractable than expected. Financial volatility has been on the rise recently, driven mainly by concerns about adverse developments in the euro zone countries and the downgrading of the U.S. government credit rating in 2011.

The emerging Asian economies continue to be the main contributors to global economic growth. There is however some evidence that the financial turmoil in the developed economies is starting to impact negatively on economic growth in the developing countries. According to a recent World Bank report, capital flows to developing countries declined by almost half in 2011 compared to 2010.

In addition, the World Bank's 2012 Global prospects report has lowered its 2012 global growth forecasts to 5.4% for developing countries and 1.4% for high income countries from its June 2011 estimates of 6.2% and 2.7% respectively.

### **3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2011**

The Ghanaian economy expanded at a fast pace during 2011. According to the Bank of Ghana's February 2012 financial stability report, GDP grew at 13.6%, up from 7.7% in 2010. The rate of inflation declined from 9.1% in January 2011 to 8.6% in December 2011.

The cedi however depreciated by 4.5% in the year against the US dollar mainly due to increased corporate demand for foreign exchange on account of higher imports.

The report further stated that the uncertainties in the global economy have also impacted on the foreign exchange market as foreign investors gradually wind down their holdings of domestic securities.

#### **Interest Rates**

Interest rates trended downwards throughout the year 2011. On the money market, the 91-day and 182-day Treasury bill discount rates declined to 9.6% and 10.8% respectively in December 2011 from 12.3% and 12.7% respectively in December 2010.





The average three-month deposit rates of commercial banks fell to 7.8% in December 2011 from 10.5% in December 2010. Similarly, the average savings deposit rate also declined to 4.4%, from 5.9% over the same period.

#### **4.0 PERFORMANCE OF PBL IN YEAR 2011**

##### **4.1 Branch Development and New Products**

Distinguished Shareholders and Directors, in line with its plan to make banking easier and convenient for customers, your bank added one branch located at the Kwame Nkrumah Circle to the branch network to bring the total number to 28 branches and 2 Agencies.

The Kaas Agency of the Bank was closed during the year due to its close proximity to the Bank's two branches in Tema. The move is expected to result in a better utilization of the Bank's resources.

The expansion of the Bank's electronic banking delivery channels continued with the introduction of the Transaction Alert service in April 2011.

The implementation of Internet Banking is currently at the pilot stage with staff and selected customers. The full roll-out is expected to take place in the second quarter of 2012.

##### **4.2 Mobilization of Resources**

###### **4.2.1 Deposits**

During the year under review, the Bank grew its deposits by 35% from GH¢339.3million in Year 2010 to GH¢459.5million. Time and Savings deposits which together accounted for about 64% of total deposits were the main source of the growth.

###### **4.2.2 Shareholders' Funds**

Shareholders' funds increased from GH¢38.8million in Year 2010 to GH¢47.1million in Year 2011 representing a growth rate of 21%.

##### **4.3 Allocation of Resources**

The Bank continued to make prudent use of its resources during the year by ensuring that the risks and returns associated with its asset allocation decisions were well managed to minimize losses and maximize profits whilst ensuring that daily operational and regulatory liquidity requirements were met.

The total assets of the Bank grew by 35% from GH¢406.4 million in Year 2010 to GH¢549.7 million in Year 2011. This growth was funded by deposits, borrowings and shareholders' funds.



#### **4.3.1 Investments**

The Bank invested an average of GH¢65m in government securities during Year 2011. This was necessary for liquidity management purposes in line with the growth in the deposits and loan portfolio.

#### **4.3.2 Lending Operations**

The loans and advances portfolio registered an increase of 33% over the previous year; from GH¢221.6million in Year 2010 to GH¢293.2 million in Year 2011.

#### **4.4 Results of Operations**

Distinguished Shareholders and Directors, notwithstanding the intense competition in the Industry, your Bank's performance in Year 2011 was better than at any other time since the Bank was established in August 1996. Your Bank's pre-tax profit increased by 113% to GH¢11.75m for the Year 2011 from GH¢5.45m in Year 2010.

The profit after tax for the year was GH¢8.2m which translates into a return on assets (ROA) of 1.72% and return on equity (ROE) of 19.15%. This compares favourably with the Year 2010 returns of 1.07% and 12.57% respectively.

A number of factors contributed to this impressive result; a more competent organization, stronger growth in the loans and advances portfolio and a remarkable increase in Trade Finance.

#### **4.5 Dividend and Capital**

Distinguished ladies and gentlemen, even though your Bank was able to register a significant profit in Year 2011, the Directors are constrained by the Bank of Ghana requirement to increase the Bank's capital to GH¢60m by the end of 2012. The Board of Directors is therefore unable to recommend the payment of dividend to Ordinary Shareholders.

However, Preference Shareholders will be paid dividends.

#### **4.6 Corporate Social Responsibility**

Prudential Bank Limited is committed to meeting its obligations as a good corporate citizen. In addition to discharging its statutory tax obligations, your Bank during the year increased its funding support for education and other social needs from GH¢83,592 in 2010 to GH¢109,683 in 2011.



Some of the beneficiaries were:

- ❖ Kwame Nkrumah University of Science & Technology;
- ❖ Ghana Police Force;
- ❖ National Cardiothoracic Centre;
- ❖ Ghana Export Promotion Council;
- ❖ Methodist University;
- ❖ Totally Youth;
- ❖ Dr Robert Mitchell Memorial Foundation for Cancer Red Alert Programme;
- ❖ National Farmers Day;
- ❖ Pentecost University;
- ❖ Holy Child Senior Secondary School;
- ❖ Valley View University; and
- ❖ University of Ghana

#### **4.7 Corporate Governance**

I am pleased to report that the Board and its Audit & Risk Management Sub-Committee, during the year under review, performed their supervisory obligations effectively. The two bodies held regular scheduled meetings to deliberate on key operational issues, including quarterly management reports, internal control and Bank of Ghana reports which promoted effective control and direction of the Bank. In addition, the Board regularly reviewed the Bank's risk exposure to inform its risk related decisions.

### **5.0 OUTLOOK FOR THE FUTURE**

#### **5.1 The Ghanaian Economy**

The Government's 2012 macroeconomic targets are set within its medium-term national development policy framework, the "Ghana Shared Growth and Development Agenda" (GSGDA), 2010-2013. The goal of the GSGDA is to achieve and sustain macroeconomic stability while placing the economy on a higher path of shared growth and poverty reduction.

The theme of the Government's 2012 budget is "Infrastructural Development for Accelerated Growth and Job Creation".

The overall economy is projected to grow by more than 8%, with the inflation rate remaining broadly stable at the upper single digit range.

The key targets for the 2012 national budget based on the GSGDA are as follows:

- ❖ A real GDP growth of 7.6 per cent (excluding Oil) and 9.4% including Oil;
- ❖ Average inflation rate of 8.7 per cent



- ❖ Overall budget deficit of 4.8 per cent of GDP; and
- ❖ Gross external reserves equivalent to not less than three months import cover of goods and services.

## **5.2 The Banking Industry**

Distinguished Shareholders and Directors, the Ghanaian Banking industry has undergone significant transformation and it continues to improve with new regulations and guidelines seeking to maintain stability.

The industry is highly competitive with a total of 27 banks in operation with over 700 branches, half of which are foreign controlled and the other half Ghanaian controlled.

The number of Banks is expected to increase to 30 by the end of this year following the entry of new banks currently waiting to be licensed by the Central Bank.

The intensity of the industry competition is therefore expected to increase and this will require banks to strive harder to become more innovative, efficient and cost effective mainly through the use of technology.

The industry posted impressive growth statistics at the end of December 2011 with total assets reaching GH¢22.6 billion, an increase of 26.8% on the December 2010 position of GH¢17.4 billion. The growth in assets was funded mainly by deposits which increased by 35.3% to GH¢16 billion from GH¢11.8 billion at the end of December 2010.

It is also worth noting that the other financial soundness indicators of the industry such as loan portfolio quality, liquidity and capital adequacy remained strong at the end of December 2011.

The Central Bank continues to maintain strict control in the exercise of its regulatory and supervisory role to ensure that the industry leverages on the past positive developments whilst maintaining stability and efficiency.

Looking ahead, the capital requirement for locally owned Banks to increase stated capital to GH¢60 million by the end of 2012 will strengthen their capital base and enhance lending capabilities which will in turn drive further development and growth in the national economy.

## **5.3 Prudential Bank Limited**

Distinguished Ladies and Gentlemen, the impressive performance of your Bank in the Year 2011 was made possible by a substantial increase in the volume of business, particularly in lending operations, trade finance and treasury operations.

Your Bank is currently in the first year of its fourth strategic plan which involves a number of initiatives for expanding the electronic banking delivery channels of the Bank. These initiatives which include the introduction of Internet Banking and VISA card services are expected to enhance the Banks overall services to make the Bank more attractive to prospective customers.





Your Bank also plans to build on its achievements in 2011 and consolidate its core business by increasing the Bank's market share, increasing the Bank's customer base, growing the Bank's brand, enhancing income generation and reducing expenses.

Other plans include further branch expansion into commercially viable areas of the country.

## **6.0 ACKNOWLEDGEMENT**

On behalf of the Board, I would like to take this opportunity to express my deepest appreciation to all our customers whose patronage and loyalty contributed in no small measure to the continued success of the Bank.

I am also grateful to the Management and Staff of the Bank for their hard work, dedication and for rising up to the great challenges posed by the intense competition in our industry.

Finally, I wish to thank you Shareholders and colleague members of the Board of Directors for your understanding and invaluable contributions that have sustained the Bank in its endeavours over the past 16 years. Based on your mutual support and cooperation, we continue to look to the future with confidence.

Thank you.

**JOHN SACKAH ADDO**  
**CHAIRMAN**



*A customer friendly front desk staff of the Kwame Nkrumah Circle Branch assisting a customer.*



*Branch Manager of the Kwame Nkrumah Circle Branch (centre) poses with staff of the branch.*



## REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their sixteenth annual report together with the audited consolidated financial statements of the Bank for the year ended 31st December, 2011 to the members as follows:

### a. Principal Activities

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

### b. Results and Dividend

The results of operations for the year ended 31st December, 2011 are set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the financial statements from page 24 to 69.

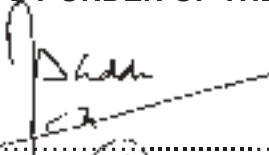
A summary of the results is as follows:

	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
Profit before tax	11,780,731	5,824,600	11,742,749	5,497,242
Taxation	(3,520,556)	(1,530,437)	(3,505,600)	(1,489,737)
Total Comprehensive Income	<u>8,260,175</u>	<u>4,294,163</u>	<u>8,237,149</u>	<u>4,007,505</u>
<b>Total Assets</b>	<b><u>549,237,432</u></b>	<b><u>406,577,637</u></b>	<b><u>549,750,329</u></b>	<b><u>406,491,393</u></b>

The Directors do not recommend the payment of any dividend to Ordinary Shareholders for the year.


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

BY ORDER OF THE BOARD

  
 .....  
 DIRECTOR

ACCRA

29<sup>TH</sup> FEBRUARY 2012

  
 .....  
 DIRECTOR



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The Companies Code, 1963 (Act 179) 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 company and of the profit or loss for that year.

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

- Select suitable accounting policies in accordance with International Financial Reporting Standards and to apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for the preparation of the Financial Statements in accordance with the International Financial Reporting Standards and ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179). They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements.

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





## **REPORT OF THE AUDITORS TO THE MEMBERS OF PRUDENTIAL BANK LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Prudential Bank Limited, which comprise the Statement of Financial Position as at 31st December 2011, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and explanatory notes.

### **Directors' Responsibility for the Financial Statements**

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements show a true and fair view of the financial position of Prudential Bank Limited as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Code, 1963 (Act 179).

**Report on other Legal and Regulatory Requirements**

The Companies Code, 1963 (Act 179) and Section 78(2) of the Banking Act, 2004 (Act 673) require that in carrying out our audit we consider and report on the following matters. 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, so far as appears from our examination of these books;
- iii. The Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.
- iv. The Bank's transactions are within its powers.
- v. The Bank has complied with the provisions of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

.....  
**CHARTERED ACCOUNTANTS**

..... **29<sup>TH</sup> FEBRUARY** ..... **2012**



**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2011**

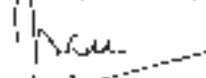

	Notes	THE GROUP		THE BANK	
		2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
Interest Income	5	58,653,486	55,232,489	58,598,093	56,096,736
Interest Expense	6	(26,520,514)	(29,831,951)	(26,564,205)	(29,871,532)
<b>NET INTEREST INCOME</b>		<b>32,132,972</b>	<b>25,400,538</b>	<b>32,033,888</b>	<b>26,225,204</b>
Commissions and Fees	7	15,125,353	9,015,289	15,126,321	9,022,469
Other Operating Income	8	8,138,294	1,787,613	8,107,527	1,696,040
<b>TOTAL INCOME</b>		<b>55,396,619</b>	<b>36,203,440</b>	<b>55,267,736</b>	<b>36,943,713</b>
Loan Impairment Expense	9	(3,528,078)	(1,687,862)	(3,528,078)	(1,687,862)
Operating Expenses	10	(40,133,199)	(29,878,867)	(40,036,246)	(29,797,335)
<b>NET OPERATING PROFIT</b>		<b>11,735,342</b>	<b>4,636,711</b>	<b>11,703,412</b>	<b>5,458,516</b>
Other Income		45,389	1,187,889	39,337	38,726
<b>PROFIT BEFORE TAX</b>		<b>11,735,342</b>	<b>4,636,711</b>	<b>11,703,412</b>	<b>5,458,516</b>
Provision for Tax	15(a)&(c)	(3,050,387)	(1,239,207)	(3,044,927)	(1,214,875)
National Fiscal Stabilization Levy	15(b)	(470,169)	(291,230)	(460,673)	(274,862)
<b>PROFIT AFTER TAX</b>		<b>8,260,175</b>	<b>4,294,163</b>	<b>8,237,149</b>	<b>4,007,505</b>



## GROUP STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER, 2011

		THE GROUP		THE BANK	
	Notes	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>ASSETS</b>					
Cash and Balances with Bank of Ghana	12	52,931,224	39,970,284	52,931,224	39,970,284
Government Securities	13	65,718,373	36,843,017	65,718,373	36,843,017
Due from other Banks and Financial Inst.	14	99,626,752	70,230,986	99,626,752	70,230,986
Taxation	15	1,004,730	374,364	1,014,880	409,038
Loans and Advances to Customers	16	293,260,863	221,599,680	293,260,863	221,599,680
Equity Investments	19	5,876,499	6,024,583	6,366,214	6,030,605
Other Assets	20	3,985,682	5,126,111	4,024,360	5,038,569
		<b>522,404,123</b>	<b>380,169,025</b>	<b>522,942,665</b>	<b>380,122,179</b>
Property, Plant and Equipment	23	24,508,688	23,916,241	24,484,091	23,880,388
Intangible Asset	24	2,324,621	2,492,371	2,323,573	2,488,826
<b>TOTAL ASSETS</b>		<b>549,237,432</b>	<b>406,577,637</b>	<b>549,750,329</b>	<b>406,491,393</b>
<b>LIABILITIES</b>					
Customer Deposits	21	458,706,467	338,989,441	459,459,859	339,302,552
Other liabilities	26	27,888,343	8,926,832	27,820,639	8,676,417
Deferred Tax	15	1,357,643	1,267,966	1,355,279	1,266,427
Borrowings	27	13,988,429	18,357,024	13,988,429	18,357,024
<b>TOTAL LIABILITIES</b>		<b>501,940,882</b>	<b>367,541,263</b>	<b>502,624,206</b>	<b>367,602,420</b>
<b>SHAREHOLDERS' FUNDS</b>					
Stated Capital	31	25,100,000	25,100,000	25,100,000	25,100,000
Income Surplus Account		5,264,517	1,830,498	5,094,090	1,683,097
Credit Risk Reserve		854,662	147,080	854,662	147,080
Statutory Reserve Fund	32	10,577,371	6,458,796	10,577,371	6,458,796
Capital Surplus		5,500,000	5,500,000	5,500,000	5,500,000
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>47,296,550</b>	<b>39,036,374</b>	<b>47,126,123</b>	<b>38,888,973</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>549,237,432</b>	<b>406,577,637</b>	<b>549,750,329</b>	<b>406,491,393</b>

BY ORDER OF THE BOARD

  
 .....  
  
 .....

DIRECTORS

ACCRA

29<sup>TH</sup> FEBRUARY

2012





## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2011

OPERATING ACTIVITIES	Note	THE GROUP		THE BANK	
		2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>PROFIT BEFORE TAX</b>		<b>11,780,731</b>	<b>5,824,600</b>	<b>11,742,749</b>	<b>5,497,242</b>
Gain on Investment at FVTPL		—	(80,374)	—	—
Profit on Sale of Fixed Assets	23(a)	(23,303)	(17,456)	(23,303)	(17,456)
Depreciation and Amortisation		5,108,296	3,872,985	5,094,543	3,853,610
Charge for Loan Impairment		3,396,410	1,705,899	3,396,410	1,705,899
Provision for Contingent Liabilities		131,667	(18,037)	131,667	(18,037)
		<u>8,613,070</u>	<u>5,463,017</u>	<u>8,599,317</u>	<u>5,524,016</u>
<b>NET CASH INFLOW BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		<b>20,393,801</b>	<b>11,287,617</b>	<b>20,342,066</b>	<b>11,021,258</b>
Decrease/(Increase) in Government Securities		(28,875,356)	(2,911,176)	(28,875,356)	(2,911,176)
(Increase) in Loans & Advances to Customers		(75,057,592)	(44,709,404)	(75,057,592)	(41,659,404)
(Increase)/Decrease in Other Assets		1,140,429	6,517,407	1,014,209	3,867,223
Increase in Customer Deposits		119,717,026	88,418,974	120,025,640	88,026,632
Increase/(Decrease) in Other Liabilities		18,829,844	(9,290,453)	19,144,222	(8,850,965)
Decrease in Borrowings		(4,368,595)	(26,743,373)	(4,368,595)	(26,743,373)
Corporate Tax Paid		(4,061,245)	(1,412,610)	(4,022,589)	(1,412,105)
		<u>27,324,513</u>	<u>9,869,365</u>	<u>27,859,940</u>	<u>10,316,832</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>47,718,314</b>	<b>21,156,982</b>	<b>48,202,006</b>	<b>21,338,090</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of Fixed/Intangible Assets		(5,537,450)	(11,030,350)	(5,537,450)	(11,030,350)
Sale of Fixed Assets – proceeds		27,759	23,105	27,759	23,105
Decrease/(Increase) in Equity Investments		148,084	181,108	(335,609)	—
<b>FINANCING ACTIVITIES</b>					
Proceeds from Issue of Shares		—	10,000,000	—	10,000,000
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>		<b>42,356,706</b>	<b>20,330,845</b>	<b>42,356,706</b>	<b>20,330,845</b>
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT</b>					
Balance at 1st January		110,201,270	89,870,425	110,201,270	89,870,425
Net Cash Inflow		42,356,706	20,330,845	42,356,706	20,330,845
Balance at 31st December		<u>152,557,976</u>	<u>110,201,270</u>	<u>152,557,976</u>	<u>110,201,270</u>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>					
Cash in Hand		15,077,036	13,543,754	15,077,036	13,543,754
Balances with Bank of Ghana		37,854,188	26,426,530	37,854,188	26,426,530
Balances with Foreign Banks		21,816,432	5,991,957	21,816,432	5,991,957
Items in Course of collection		10,507,890	6,001,322	10,507,890	6,001,322
Foreign Cheques Purchased		2,446	10,847	2,446	10,847
Foreign Time Deposits		52,066,696	37,627,342	52,066,696	37,627,342
Overnight Lending		15,233,288	20,599,518	15,233,288	20,599,518
		<u>152,557,976</u>	<u>110,201,270</u>	<u>152,557,976</u>	<u>110,201,270</u>



## STATEMENT OF CHANGES IN EQUITY – GROUP

2011	STATED CAPITAL	INCOME SURPLUS	STATUTORY RESERVE	CAPITAL SURPLUS	REGULATORY CREDIT RISK RESERVE	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b>Balance at 1st January</b>	<b>25,100,000</b>	<b>1,830,498</b>	<b>6,458,796</b>	<b>5,500,000</b>	<b>147,080</b>	<b>39,036,374</b>
Net profit for the year	–	8,260,175	–	–	–	8,260,175
<b>Total Comprehensive Income</b>	<b>–</b>	<b>8,260,175</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,260,175</b>
<b>Transactions with owners</b>						
Proceeds from issue of shares	–	–	–	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other movement in equity</b>						
Transfer to Regulatory Credit Risk Reserve	–	(707,582)	–	–	707,582	–
Transfer to statutory reserve	–	(4,118,575)	4,118,575	–	–	–
Transfer to Stated Capital	–	–	–	–	–	–
Total other movement in equity	–	(4,826,157)	4,118,575	–	707,582	–
<b>Balance at 31st December</b>	<b>25,100,000</b>	<b>5,264,517</b>	<b>10,577,371</b>	<b>5,500,000</b>	<b>854,662</b>	<b>47,296,550</b>
<b>2010</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Balance at 1st January</b>	<b>7,100,000</b>	<b>6,320,563</b>	<b>5,456,920</b>	<b>5,500,000</b>	<b>364,728</b>	<b>24,742,211</b>
Net profit for the year	–	4,294,163	–	–	–	4,294,163
<b>Total Comprehensive Income</b>	<b>–</b>	<b>4,294,163</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,294,163</b>
<b>Transactions with owners</b>						
Proceeds from issue of shares	10,000,000	–	–	–	–	10,000,000
<b>Total transactions with owners</b>	<b>10,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,000,000</b>
<b>Other movement in equity</b>						
Transfer from Regulatory Credit Risk Reserve	–	217,648	–	–	(217,648)	–
Transfer to statutory reserve	–	(1,001,876)	1,001,876	–	–	–
Transfer to Stated Capital	8,000,000	(8,000,000)	–	–	–	–
Total other movement in equity	8,000,000	(8,784,228)	1,001,876	–	(217,648)	–
<b>Balance at 31st December</b>	<b>25,100,000</b>	<b>1,830,498</b>	<b>6,458,796</b>	<b>5,500,000</b>	<b>147,080</b>	<b>39,036,374</b>



## STATEMENT OF CHANGES IN EQUITY – BANK

2011	STATED CAPITAL	INCOME SURPLUS	STATUTORY RESERVE	CAPITAL SURPLUS	REGULATORY CREDIT RISK RESERVE	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b>Balance at 1st January</b>	<b>25,100,000</b>	<b>1,683,097</b>	<b>6,458,796</b>	<b>5,500,000</b>	<b>147,080</b>	<b>38,888,973</b>
Net profit for the year	–	8,237,149	–	–	–	8,237,149
<b>Total Comprehensive Income</b>	<b>–</b>	<b>8,237,149</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,237,149</b>
<b>Transactions with owners</b>						
Proceeds from issue of shares	–	–	–	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other movement in equity</b>						
Transfer to Regulatory Credit Risk Reserve	–	(707,582)	–	–	707,582	–
Transfer to statutory reserve	–	(4,118,575)	4,118,575	–	–	–
Transfer to Stated Capital	–	–	–	–	–	–
Total other movement in equity	–	(4,826,157)	4,118,575	–	707,582	–
<b>Balance at 31st December</b>	<b>25,100,000</b>	<b>5,094,090</b>	<b>10,577,371</b>	<b>5,500,000</b>	<b>854,662</b>	<b>47,2126,123</b>

2010	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b>Balance at 1st January</b>	<b>7,100,000</b>	<b>6,459,820</b>	<b>5,456,920</b>	<b>5,500,000</b>	<b>364,728</b>	<b>24,881,468</b>
Net profit for the year	–	4007,505	–	–	–	4,007,505
<b>Total Comprehensive Income</b>	<b>–</b>	<b>4,007,505</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4007,505</b>
<b>Transactions with owners</b>						
Proceeds from issue of shares	10,000,000	–	–	–	–	10,000,000
<b>Total transactions with owners</b>	<b>10,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,000,000</b>
<b>Other movement in equity</b>						
Transfer to Regulatory Credit Risk Reserve	–	217,648	–	–	(217,648)	–
Transfer to statutory reserve	–	(1,001,876)	1,001,876	–	–	–
Transfer to Stated Capital	8,000,000	(8,000,000)	–	–	–	–
Total other movement in equity	8,000,000	(8,784,228)	1,001,876	–	(217,648)	–
<b>Balance at 31st December</b>	<b>25,100,000</b>	<b>1,683,097</b>	<b>6,458,796</b>	<b>5,500,000</b>	<b>147,080</b>	<b>38,888,973</b>



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2011**

### **1.0 STATEMENT OF COMPLIANCE**

#### **1.1 International Financial Reporting Standards (IFRSs)**

The financial statements of the Bank for the year ended 31st December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

### **2.0 ACCOUNTING POLICIES**

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

#### **2.1 Basis of Accounting**

The financial statements have been prepared under the historical cost convention as modified by the adoption of fair value measurement basis, in compliance with IFRS requirements, for investments and financial assets and financial liabilities measured at fair value.

#### **2.2 Functional and Presentation Currency**

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

#### **2.3 Revenue Recognition**

Revenue is recognised to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria apply to revenue recognition.

##### **2.3.1 Interest Income and Expense**

Interest income and expense are recognised in the income statement for all interest bearing financial instruments including loans and advances as interest accrues using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments, or receipts over the expected life of the instrument to the net carrying amount of the financial asset or liability.



### **2.3.2 Non-Interest Income**

The Bank earns commission and fees from a wide range of services provided to its customers. Fee income is accounted for as follows:

- income earned on performance of discrete services (such as funds transfers, special clearing, transaction negotiation with third parties etc) is recognized as revenue upon completion of the act or service
- income arising from service fees (such as special statement requests, safe custody, commission on turnover, etc) are recognized as the services are provided

Loan origination fees and similar fees form an integral part of the effective interest rate of a financial instrument and are not shown as part of non-interest income.

### **2.3.3 Income Tax**

Income Tax in the Statement of Comprehensive Income comprises current tax and deferred tax.

Current tax is the tax expected to be payable, under the Internal Revenue Act 2000 (Act 592), on the taxable profit for the year.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable future taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the rate expected to be applicable in the period during which the asset will be realized or the liabilities settled.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting entities and relate to income taxes of the same taxation authority, and when a legal right to set off exists.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available for full or partial utilization of the deferred tax asset.

## **2.4 Financial Instruments Categorisation, Initial Recognition and subsequent Measurement**

### **2.4.1 Categorisation**

The Group classifies its financial assets in the following categories: Financial assets at fair value through profit or loss; financial assets measured at amortised cost; and financial assets measured at fair value through other comprehensive income.



#### 2.4.2 Date of Recognition

Purchases and sale of financial assets are recognized on the transaction date.

#### 2.4.3 Initial Recognition of financial instruments

Financial instruments are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### 2.4.4 **Subsequent Measurement of Financial Instruments**

##### **(a) Financial Assets at Fair Value Through Profit or Loss**

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- **Held for Trading**

A financial asset is classified as held for trading if it is: acquired principally for the purpose of selling in the near future, or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

- **Designated at fair value through profit and loss**

Upon initial recognition as financial asset, it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value subsequent to initial recognition. Gains or losses upon subsequent measurement are treated in profit or loss.

##### **(b) Financial Assets Measured at Amortised Cost**

A financial asset is measured at amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Term loans to customers come under this category. They are initially recognized when cash is advanced to the borrowers at fair value, inclusive of transaction costs. Subsequent to initial recognition term loans are measured at amortised cost less impairment losses.





**(c) Financial Assets Measured at Fair Value Through Other Comprehensive Income**

Securities including investments in money market and equity shares, other than those classified as trading securities, or at fair value through profit or loss, are classified and recognised in the statement of financial position at their fair value. Other financial assets that are neither cash nor categorized under any other category also come under this classification.

Financial assets measured at fair value through other comprehensive income are measured at fair value with gains and losses arising from changes in fair value recognised directly in other comprehensive income until the financial asset is either sold, becomes impaired, or matures, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Interest calculated using the effective interest method is recognised in the statement of comprehensive income. Dividends on equity instruments are recognised in the income statement when the Bank's right to receive payment is established.

**(d) Financial liabilities**

Financial liabilities are classified as non-trading, held for trading or designated as at fair value through profit and loss. Non-trading liabilities are measured subsequent to initial recognition at amortised cost applying the effective interest method. Held for trading liabilities or liabilities designated as at fair value through profit or loss, are measured at fair value. All financial liabilities shown in the statement of financial position are non-trading liabilities.

**2.4.5 Determination of Fair Value of Financial Instruments**

**i. Availability of active market**

The fair value of a financial instrument traded in active markets such as the Ghana Stock Exchange (GSE) at the reporting date is based on its quoted market price without any deduction of transaction costs.

**ii. Non-availability of active market**

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Investments whose fair value can be reliably measured are measured professionally through the use of valuation techniques.

**iii. Short term receivables**

The fair value of short term receivables approximate book value and are measured as such.



#### **2.4.6 Derecognition of financial assets and liabilities**

A financial asset or a portion thereof, is derecognized when the Bank's rights to cash flows has expired or when the Bank has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognized when the obligation is discharged, cancelled or has expired.

#### **2.4.7 Impairment of financial assets**

##### **(a) Framework for measuring impairment of financial assets**

At each reporting date the Bank assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

##### **(b) Loans and Advances and amounts due from banks & other financial institutions**

For loans and advances to customers and amounts due from banks and other financial institutions carried at amortised cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an Allowance Account and the amount of the loss is recognized in the income statement.

Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collaterals have been utilized or have been transferred to the Bank and all the necessary procedures have been completed.



If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'.

The present value of the estimated future cash flows is determined using the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics, such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

**(c) Other Financial Assets**

The Bank assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost.

In the case of other debt instruments, impairment is assessed based on the same criteria as financial assets carried at amortised cost. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

**2.5 Regulatory 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 Income Surplus in respect of the difference required to bring up the cumulative provision to the level required under the Bank of Ghana regulations. Under current regulations the credit risk reserve does not qualify as Tier 1 capital for the computation of capital adequacy.

**2.6 Property, plant and equipment**

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the amount meets the materiality threshold set by the Bank.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the



cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, that the Bank would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset. No depreciation is provided on land.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

• Computer Hardware	–	25%
• Furniture and Fittings	–	20%
• Motor Vehicle	–	20%
• Branch Development	–	12 $\frac{1}{2}$ %
• Plant & Machinery	–	12 $\frac{1}{2}$ %
• Office Equipment	–	12 $\frac{1}{2}$ %
• Land and buildings	–	3%

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property, plant and equipment are reviewed for indications of impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed and adjusted if appropriate, at each financial year end.

## **2.7 Intangible Assets- Computer Software**

Costs incurred to acquire and bring to use specific computer software licenses are capitalized and amortised on the basis of the expected useful lives using the straight-line method. Maximum useful life ranges between 4 and 5 years.

**2.8 Provisions**

The Bank recognizes provisions when it has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**2.9 Foreign Currency**

Transactions denominated in foreign currency are translated into cedis at the rates of exchange ruling on the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the Statement of Financial Position date.

Any gains or losses resulting from foreign currency translation or exchange are dealt with through the Statement of Comprehensive Income for the year.

**2.10 Cash & Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash, balances with Bank of Ghana, amounts due from other banks and financial institutions and short term government securities.

**2.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

**2.12 Impairment of Non-financial Assets**

The carrying amount of the Bank's non-financial assets, other than 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 assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the income statement.



Impairment losses recognised in prior periods are assessed at each reporting date for any indication 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 assets 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.

## **2.13 Employee Benefits**

- **Short-Term Benefits**

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

The cost of short-term employee benefits is recognised as an expense in the period when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period 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 the income statement at gross amount. The Bank's contribution to social security fund is also charged as an expense.

- **Social Security and National Insurance Trust (SSNIT)**

Under a National Deferred Benefit Pension Scheme, the Bank contributes 13% of employees' basic salary to SSNIT for employee pensions. The Bank's obligation is limited to the relevant contributions, which are settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

- **Provident Fund**

The Bank has a Provident Fund Scheme for all permanent employees. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 5%. The Bank's obligation under the plan is limited to the relevant contribution which is invested at interest rates agreed by the trustees of the scheme and the Bank.

## **2.14 Events after the Reporting Date**

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

## **2.15 Group financial Statements**

The financial statements include group financial statements showing a consolidation of the Bank's results and financial position with the wholly owned subsidiary, Prudential Securities Limited.





## **2.16 New Standards and Interpretations**

### **2.16.1 Standards and Interpretations effective, relevant, and adopted in the current year**

#### **(i) IFRS 7 Revised**

In the January 2011 edition of International Financial Reporting Standards (IFRSs) the categories of financial assets and liabilities required to be shown in the financial statements or in notes thereto under IFRS 7 are as follows:

- (a) financial assets at fair value through profit or loss;
- (b) financial liabilities at fair value through profit or loss;
- (c) financial assets measured at amortised cost
- (d) financial liabilities measured at amortised cost
- (e) financial assets measured at fair value through other comprehensive income

The categories as per the earlier editions of IFRS 7 were

- (a) financial assets at fair value through profit or loss;
- (b) held to maturity investments;
- (c) loans and receivables
- (d) available-for-sale financial assets;
- (e) financial liabilities at fair value through profit or loss, and
- (f) financial liabilities measured at amortised cost

The new categorization is in accordance with IFRS 9 which becomes effective for annual periods beginning on or after 1st January 2013. The new categorization has been adopted in these financial statements in accordance with the January 2011 edition of IFRS's in what may amount to a partial early adoption of IFRS 9.

Furthermore, arising from the 2010 annual impairments project, amendments have been made to IFRS 7, financial instruments; "Disclosures".

In the amendments, additional clarification is provided on the requirements for risk disclosures. The effective date of the amendments is for years beginning on or after 1st January 2011. The Bank has adopted these amendments. The amendments have no material impact on the Bank's financial statements.

#### **(ii) IAS 24 Related party disclosures (revised)**

The revision to IAS 24 includes a clarification of the definition of a related party and the provision of a partial exemption for related party disclosures for government - related entities and between government related entities.



In terms of definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstance, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship;
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions, in sufficient detail to enable users of the entity's financial statements to understand the effect.

It is unlikely that the amendments will have any material impact on the Bank's financial statements.

#### **2.16.2 Standards and Interpretations not yet effective**

The following standards and interpretations which are relevant to the financial statements have been published but are not yet effective.

#### **IFRS 9: Financial instruments**

The standard is the first phase of a three phase project to replace IAS 39 - Financial Instruments : Recognition and Measurement. The first phase of the project (IFRS 9) addresses the classification and measurement of financial instruments. IFRS 9 applies to all financial instruments within the scope of IAS 39. The key features of IFRS 9 are as follows:

##### **Financial Assets**

All financial assets are measured at fair value at initial recognition. Debt instruments may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if:

- (a) The asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows and
- (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments are subsequently measured at fair value. All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Entities must make an irrevocable choice for each instrument unless they are held for trading, in which case, they must be measured at fair value through profit or loss.



## **Financial Liabilities**

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in (OIC) would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9 including the embedded derivative separation rules and the criteria for using the FVO.

### **Effective date:**

IFRS 9 is effective for annual periods beginning on or after 1st January 2013.

## **IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets**

### **Key requirement**

IAS 12 introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed, a use basis should be adopted.

The amendments also introduce the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis.

As a result of the above amendments, SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets has been withdrawn.

### **Effective Date**

The amendment is effective for annual periods beginning on or after 1st January 2012.

## **3.0 Significant Accounting Estimates, Assumptions & Judgments**

In preparation of the financial statements, the Bank makes estimations and applies judgment that could affect the reported amount of assets and liabilities. Key areas in which judgment is applied include:

### **3.1 Fair value of Unquoted Equity Investments**

The unquoted equity instruments have been valued based on the expected cash flows, discounted current rates applicable for items with similar terms and risk characteristics. This valuation requires the Bank to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.



### **3.2 Deferred Tax Assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### **3.3 Impairment of Financial Assets**

The Bank makes an allowance for unrecoverable financial assets when there is objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

### **3.4 Impairment of Non Financial Assets (Including Property Plant & Equipment) (PPE)**

The Bank assesses at least at each financial year end whether there is any evidence that non financial assets (including PPE) may be impaired. Where indicators of impairment exist, an impairment test is performed. This requires an estimation of the 'value in use' of the asset or the cash-generating units to which the asset belongs. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the asset or the cash generating unit and also to select a suitable discount rate in order to calculate the present value of those cash flows.



	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>4. Amount spent on fulfilling social responsibility obligations</b>	109,683	83,592	109,683	83,592
<b>5.(a) INTEREST INCOME</b>				
Placements, Special Deposit	2,877,852	539,959	2,877,852	539,959
Investment Securities	5,028,166	6,000,753	5,028,166	6,000,753
Loans and Advances	50,747,468	48,691,777	50,692,075	49,556,024
	<b>58,653,486</b>	<b>55,232,489</b>	<b>58,598,093</b>	<b>56,096,736</b>
<b>5.(b) ANALYSIS BY CLASS OF FINANCIAL ASSET</b>				
Measured at Amortised Cost	29,956,855	29,113,302	29,901,462	29,113,302
Measured at Fair Value TPL *	28,696,631	26,119,187	28,696,631	26,983,434
Total	<b>58,653,486</b>	<b>55,232,489</b>	<b>58,598,093</b>	<b>56,096,736</b>
<b>*NOTE: TPL means Through Profit or Loss</b>				
<b>6. INTEREST EXPENSE</b>				
Current Accounts	1,099,801	807,029	1,099,801	807,029
Time and other Deposits	23,849,053	24,390,679	23,892,744	24,430,260
Overnight and Call Accounts	986,953	2,906,151	986,953	2,906,151
Borrowed Funds	584,707	1,728,092	584,707	1,728,092
	<b>26,520,514</b>	<b>29,831,951</b>	<b>26,564,205</b>	<b>29,871,532</b>
<b>7. COMMISSIONS AND FEES</b>				
Commission on Turnover	2,594,640	1,824,901	2,595,608	1,832,081
Commission on Transfers/Letters of Credit	3,301,678	1,814,504	3,301,678	1,814,504
Facility Fees	6,161,560	3,180,984	6,161,560	3,180,984
Brokerage Fees	117,229	139,180	117,229	139,180
Commission on Guarantees and Indemnities	403,072	443,524	403,072	443,524
Commission on Managed Funds	24,600	22,353	24,600	22,353
Payment Orders	159,055	149,509	159,055	149,509
Commission on FX withdrawal	473,780	435,291	473,780	435,291
Money Transfers	693,798	85,393	693,798	85,393
ATM/SMS INCOME	382,122	248,335	382,122	248,335
Others	813,819	671,315	813,819	671,315
	<b>15,125,353</b>	<b>9,015,289</b>	<b>15,126,321</b>	<b>9,022,469</b>



	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>8. OTHER OPERATING INCOME</b>				
Gain on Foreign Exchange	8,055,766	1,664,521	8,055,766	1,664,521
Other Income	30,767	91,573	—	—
Exchange Revaluation Surplus(net)	51,761	31,519	51,761	31,519
	<b>8,138,294</b>	<b>1,787,613</b>	<b>8,107,527</b>	<b>1,696,040</b>
<b>9. IMPAIRMENT EXPENSE</b>				
Specific (Individually assessed)	2,383,899	1,311,707	2,383,899	1,311,707
General (collectively assessed)	582,770	281,013	582,770	281,013
Write-Offs	429,742	113,179	429,742	113,179
Provision against contingent liabilities	131,667	(18,037)	131,667	(18,037)
	<b>3,528,078</b>	<b>1,687,862</b>	<b>3,528,078</b>	<b>1,687,862</b>
<b>10. OPERATING EXPENSES</b>				
License & Fees	12,444	10,001	—	—
Staff Costs (Note 11)	15,257,919	12,201,486	15,223,574	12,185,976
Advertising and Marketing	1,319,401	812,702	1,318,901	808,702
Administrative Expenses	5,586,549	3,762,234	5,572,081	3,744,859
Training	556,920	343,594	555,792	343,594
Depreciation and Amortisation	5,108,296	3,872,985	5,094,543	3,853,610
Directors' Emoluments	400,622	358,358	400,622	358,358
Auditors' Remuneration	127,919	76,299	120,378	72,167
Motor Vehicle Running Costs	1,695,179	1,472,875	1,692,286	1,470,768
Occupancy Cost	5,640,071	4,231,591	5,630,690	4,222,559
Maintenance of Systems	1,291,890	959,410	1,291,890	959,410
Others	3,135,989	1,777,333	3,135,489	1,777,333
	<b>40,133,199</b>	<b>29,878,867</b>	<b>40,036,246</b>	<b>29,797,335</b>
<b>11(a). Staff Costs</b>				
Wages, Salaries, Bonus, Allowances	13,665,042	10,607,130	13,633,366	10,593,968
Social Security Fund	666,103	499,071	664,170	497,874
Provident fund contributions	252,692	389,851	251,955	388,700
Medical Expenses	674,082	597,999	674,083	597,999
Retirement Benefit	—	107,435	—	107,435
	<b>15,257,919</b>	<b>12,201,486</b>	<b>15,223,574</b>	<b>12,185,976</b>

The average number of persons employed by the bank during the year was 661 (2010: 649).





	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>11(b). Included in the staff cost and Directors Emoluments are amounts incurred in respect of Key Management personnel as follows:</b>				
Gross Salary	773,737	387,724	773,737	387,724
Social Security Fund	64,655	18,767	64,655	18,767
Provident Fund	26,033	45,122	26,033	45,122
	<b>864,425</b>	<b>451,613</b>	<b>864,425</b>	<b>451,613</b>
<b>12. CASH AND BALANCES WITH BANK OF GHANA</b>				
Cash in Hand	15,077,036	13,543,754	15,077,036	13,543,754
Balances with Bank of Ghana	37,854,188	26,426,530	37,854,188	26,426,530
	<b>52,931,224</b>	<b>39,970,284</b>	<b>52,931,224</b>	<b>39,970,284</b>
<b>13. GOVERNMENT SECURITIES</b>				
Treasury bills – The Bank	62,821,005	23,305,446	62,821,005	23,305,446
– Sinking Fund	2,580,000	2,580,000	2,580,000	2,580,000
1 Year Treasury Note	317,368	10,957,571	317,368	10,957,571
	<b>65,718,373</b>	<b>36,843,017</b>	<b>65,718,373</b>	<b>36,843,017</b>
<b>14. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS</b>				
Nostro Account Balances	21,816,432	5,991,957	21,816,432	5,991,957
Items in course of collection	10,507,890	6,001,322	10,507,890	6,001,322
Overnight Lending	15,233,288	20,599,518	15,233,288	20,599,518
Foreign Time Deposits	52,066,696	37,627,342	52,066,696	37,627,342
Foreign cheques purchased	2,446	10,847	2,446	10,847
	<b>99,626,752</b>	<b>70,230,986</b>	<b>99,626,752</b>	<b>70,230,986</b>



15(A). TAXATION – GROUP		Balance	payment made	Charge to	Balance at
Year of Assessment		1-Jan '11 GH¢	during the year GH¢	P&L Account GH¢	31st Dec '11 GH¢
(a) INCOME TAX					
2007	68,970	—	—	68,970	
2008	198,365	—	—	198,365	
2009	(742,636)	—	—	(742,636)	
2010	(104,685)	(301,693)	—	(406,378)	
2011	—	(3,120,994)	2,960,710	(160,284)	
	<u>(579,986)</u>	<u>(3,422,687)</u>	<u>2,960,710</u>	<u>(1,041,963)</u>	
(b) NATIONAL FISCAL STABILIZATION LEVY					
2008	(3,770)	—	—	(3,770)	
2009	130,234	—	(126,464)	3,770	
2010	79,158	(62,790)	—	16,368	
2011	—	(575,768)	596,633	20,865	
	<u>205,622</u>	<u>(638,558)</u>	<u>470,169</u>	<u>37,233</u>	
	<u>(374,364)</u>	<u>(4,061,245)</u>	<u>3,430,879</u>	<u>(1,004,730)</u>	
(c) DEFERRED TAX					
	1,267,966	—	89,677	1,357,643	

The amount provided for Income Tax is subject to agreement with the Ghana Revenue Authority.



15(B). TAXATION – BANK		Balance 1-Jan '11 GH¢	payment made during the year GH¢	Charge to P&L Account GH¢	Balance at 31st Dec '11 GH¢
Year of Assessment					
<b>(a) INCOME TAX</b>					
	2007	68,970	–	–	68,970
	2008	198,365	–	–	198,365
	2009	(738,654)	–	–	(738,654)
	2010	(126,973)	(301,693)	–	(428,666)
	2011	–	(3,098,706)	2,956,075	(142,631)
		<u>(598,292)</u>	<u>(3,400,399)</u>	<u>2,956,075</u>	<u>(1,042,616)</u>
<b>(b) NATIONAL FISCAL STABILIZATION LEVY</b>					
	2008	(3,770)	–	–	(3,770)
	2009	130,234	–	(126,464)	3,770
	2010	62,790	(62,790)	–	–
	2011	–	(559,400)	587,137	27,736
		<u>189,254</u>	<u>(622,190)</u>	<u>460,473</u>	<u>27,736</u>
		<u>(409,038)</u>	<u>(4,022,589)</u>	<u>3,416,748</u>	<u>(1,014,880)</u>
<b>(c) DEFERRED TAX</b>					
		<u>1,266,427</u>	<u>–</u>	<u>88,852</u>	<u>1,355,279</u>

The amount provided for Income Tax is subject to agreement with the Ghana Revenue Authority.



	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>16. LOANS AND ADVANCES TO CUSTOMERS ANALYSIS BY TYPE</b>				
Overdrafts	148,540,478	106,937,897	148,540,478	106,937,897
Term Loans	167,448,903	129,819,461	167,448,903	129,819,461
<b>Gross Loans and Advances</b>	<b>315,989,381</b>	<b>236,757,358</b>	<b>315,989,381</b>	<b>236,757,358</b>
Less: Allowance for Impairment Interest in Suspense	(11,049,511) (11,679,007)	(8,082,841) (7,074,837)	(11,049,511) (11,679,007)	(8,082,841) (7,074,837)
<b>Net Loans and Advances</b>	<b>293,260,863</b>	<b>221,599,680</b>	<b>293,260,863</b>	<b>221,599,680</b>
a. Loans and advances (including credit bills negotiable) to customers and staff.	<b>315,989,381</b>	<b>236,757,358</b>	<b>315,989,381</b>	<b>236,757,358</b>
b. Loan impairment allowance ratio = Accumulated allowance for impairment and Interest in Suspense to Gross Loans.	<b>7.19%</b>	<b>6.40%</b>	<b>7.19%</b>	<b>6.40%</b>
c. Gross non-performing Loans ratio = Aggregate of substandard to Loss Loans per Bank of Ghana Regulations (gross) to total Gross Loans.	<b>6.11%</b>	<b>3.99%</b>	<b>6.11%</b>	<b>3.99%</b>
d. Ratio of 50 largest exposures (funded and non-funded) to total exposures (funded and non-funded).	<b>47.12%</b>	<b>54.15%</b>	<b>47.12%</b>	<b>54.15%</b>
<b>17. ANALYSIS BY TYPE OF CUSTOMER</b>				
Individuals	5,669,752	4,626,168	5,669,752	4,626,168
Other Private Enterprises	289,960,133	218,594,852	289,960,133	218,594,852
Government departments and agencies	4,081,693	3,917,676	4,081,693	3,917,676
Public Enterprises	3,694,899	1,717,150	3,694,899	1,717,150
Staff	12,582,904	7,901,512	12,582,904	7,901,512
	<b>315,989,381</b>	<b>236,757,358</b>	<b>315,989,381</b>	<b>236,757,358</b>
Less: Allowance for Impairment & Interest in Suspens	<b>(22,728,518)</b>	<b>(15,157,678)</b>	<b>(22,728,518)</b>	<b>(15,157,678)</b>
	<b>293,260,863</b>	<b>221,599,680</b>	<b>293,260,863</b>	<b>221,599,680</b>



	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>18. ANALYSIS BY BUSINESS SEGMENTS</b>				
Agriculture, Forestry & Fishing	4,131,219	3,885,165	4,131,219	3,885,165
Mining and Quarrying	1,613,820	728,145	1,613,820	728,145
Manufacturing	28,896,546	24,102,018	28,896,546	24,102,018
Construction	24,806,702	13,716,436	24,806,702	13,716,436
Electricity, Gas and Water	18,396,753	10,073,541	18,396,753	10,073,541
Commerce and Finance	93,618,975	60,932,937	93,618,975	60,932,937
Transport, Storage & Communication	23,262,793	18,929,248	23,262,793	18,929,248
Services	74,389,628	40,314,751	74,389,628	40,314,751
Miscellaneous	46,872,945	64,075,117	46,872,945	64,075,117
	<b>315,989,381</b>	<b>236,757,358</b>	<b>315,989,381</b>	<b>236,757,358</b>
Less: Allowance for Impairment & Interest in Suspense	(22,728,518)	(15,157,678)	(22,728,518)	(15,157,678)
	<b>293,260,863</b>	<b>221,599,680</b>	<b>293,260,863</b>	<b>221,599,680</b>

**Movements in the Banks Allowance for Impairment and Interest in Suspense are as follows:**

**(a) Allowance for Impairment**

At 1st January 2011	8,082,841	6,376,942	8,082,841	6,376,942
Write-off against the Allowance	—	(96,038)	—	(96,038)
Decrease in Allowance	(108,864)	(354,582)	(108,864)	(354,582)
Increase in Allowance	3,075,534	2,156,519	3,075,534	2,156,519
At 31st December 2011	<b>11,049,511</b>	<b>8,082,841</b>	<b>11,049,511</b>	<b>8,082,841</b>

**(b) Interest in Suspense**

At 1st January 2011	7,074,837	5,066,012	7,074,837	5,066,012
Recoveries	(413,340)	(1,720,933)	(413,340)	(1,720,933)
Increase in Allowance	5,017,510	3,729,758	5,017,510	3,729,758
At 31st December, 2011	<b>11,679,007</b>	<b>7,074,837</b>	<b>11,679,007</b>	<b>7,074,837</b>
<b>TOTAL</b>	<b>22,728,518</b>	<b>15,157,678</b>	<b>22,728,518</b>	<b>15,157,678</b>



		THE GROUP		THE BANK	
		2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>19.(a) EQUITY INVESTMENTS</b>					
<b>Name of Company</b>	<b>Issued Shares Held</b>				
PBL Properties Ltd.	100%	5,600,000	5,600,000	5,600,000	5,600,000
Prudential Securities Ltd.	100%	—	—	578,270	242,662
Metro Mass Transit	1.81%	97,821	97,821	97,821	97,821
Other Equities		88,556	236,640	—	—
Airport West Hospitality Ltd.	5.8%	90,122	90,122	90,123	90,122
		<b>5,876,499</b>	<b>6,024,583</b>	<b>6,366,214</b>	<b>6,030,605</b>
<b>20. OTHER ASSETS</b>					
Accounts Receivable and Prepayments		3,324,595	4,136,940	3,320,030	3,721,335
Stationery Stock		661,087	747,726	661,087	747,726
Fees Receivable		—	7,546	—	—
Contra Items		—	233,899	—	233,899
Prudential Securities		—	—	43,243	335,609
		<b>3,985,682</b>	<b>5,126,111</b>	<b>4,024,360</b>	<b>5,038,569</b>
<b>21. CUSTOMER DEPOSITS</b>					
Current Account		163,784,562	113,247,040	163,848,547	113,477,963
Time Deposits		208,998,270	163,893,346	209,687,677	163,975,534
Savings Deposits		85,923,635	61,849,055	85,923,635	61,849,055
		<b>458,706,467</b>	<b>338,989,441</b>	<b>459,459,859</b>	<b>339,302,552</b>
<b>22. Analysis by Type of Depositors</b>					
Financial Institutions		2,150,799	1,435,585	2,904,193	1,435,585
Individual and Other Private Enterprises		448,779,075	331,919,030	448,779,075	332,232,141
Government Department & Agencies		4,081,693	3,917,676	4,081,693	3,917,676
Public Enterprises		3,694,900	1,717,150	3,694,898	1,717,150
		<b>458,706,467</b>	<b>338,989,441</b>	<b>459,459,859</b>	<b>339,302,552</b>

The ratio of twenty largest depositors to total deposits: 22.19% (2010 :23.7%).



## 23.(a) PROPERTY, PLANT AND EQUIPMENT – GROUP

	Plant & Machinery GH¢	Branch Development GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Computer Hardware GH¢	Capital Work In Progress GH¢	Land & Building GH¢	TOTAL GH¢
<b>COST</b>									
At 1st January, 2011	1,266,209	9,041,385	4,759,943	2,355,286	6,213,747	3,696,569	1,509,486	4,034,434	32,877,059
Additions during the year	16,237	75,516	1,080,549	205,169	431,818	516,852	2,077,826	926,348	5,330,315
Transfers	24,925	16,294	92,464	85,006	407,167	250,402	(1,536,634)	–	(660,376)
Disposals and Transfers	–	–	(301,640)	–	–	–	–	–	(301,640)
At 31st December, 2011	<u>1,307,371</u>	<u>9,133,195</u>	<u>5,631,316</u>	<u>2,645,461</u>	<u>7,052,732</u>	<u>4,463,823</u>	<u>2,050,678</u>	<u>4,960,782</u>	<u>37,245,358</u>
<b>DEPRECIATION</b>									
At 1st January, 2011	359,358	620,060	2,379,304	1,226,340	1,852,151	2,329,260	–	194,346	8,960,819
Charge for the year	147,303	1,135,453	882,226	377,204	775,670	644,248	–	110,931	4,073,035
Released on Disposals	–	–	(297,184)	–	–	–	–	–	(297,184)
At 31st December, 2011	<u>506,661</u>	<u>1,755,513</u>	<u>2,964,346</u>	<u>1,603,544</u>	<u>2,627,821</u>	<u>2,973,508</u>	<u>–</u>	<u>305,277</u>	<u>12,736,670</u>
<b>NET BOOK VALUE</b>									
At 31st December, 2011	<u>800,710</u>	<u>7,377,682</u>	<u>2,666,970</u>	<u>1,041,917</u>	<u>4,424,911</u>	<u>1,490,315</u>	<u>2,050,678</u>	<u>4,655,505</u>	<u>24,508,688</u>
At 31st December, 2010	<u>906,851</u>	<u>8,421,325</u>	<u>2,380,639</u>	<u>1,128,946</u>	<u>4,361,596</u>	<u>1,367,309</u>	<u>1,509,486</u>	<u>3,840,088</u>	<u>23,916,241</u>
<b>PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>									
	<b>2011 GH¢</b>	<b>2010 GH¢</b>							
Gross Book Value	301,640	128,516							
Accumulated Depreciation	(297,184)	(122,867)							
Net Book Value	4,456	5,649							
Sales Proceeds	27,759	23,105							
Net Profit	<u>23,303</u>	<u>17,456</u>							



## 23.(b) PROPERTY, PLANT AND EQUIPMENT-BANK

	Plant & Machinery GH¢	Branch Development GH¢	Motor Vehicles GH¢	Furniture & Fittings GH¢	Office Equipment GH¢	Computer Hardware GH¢	Capital Work In Progress GH¢	Land & Building GH¢	TOTAL GH¢
<b>COST</b>									
At 1st January, 2011	1,266,209	9,041,385	4,699,094	2,340,660	6,205,992	3,669,592	1,509,486	4,034,434	32,766,852
Additions during the year	16,237	75,516	1,080,549	205,169	431,818	516,852	2,077,826	926,348	5,330,315
Transfers	24,925	16,294	92,464	85,006	407,167	250,402	(1,536,634)	-	(660,376)
Disposals and Transfers	-	-	(301,640)	-	-	-	-	-	(301,640)
At 31st December, 2011	<u>1,307,371</u>	<u>9,133,195</u>	<u>5,570,467</u>	<u>2,630,835</u>	<u>7,044,977</u>	<u>4,436,846</u>	<u>2,050,678</u>	<u>4,960,782</u>	<u>37,135,151</u>
<b>DEPRECIATION</b>									
At 1st January, 2011	359,358	620,060	2,346,574	1,215,515	1,845,958	2,304,653	-	194,346	8,886,464
Charge for the year	147,303	1,135,453	873,996	376,102	774,999	642,996	-	110,931	4,061,780
Released on Disposals	-	-	(297,184)	-	-	-	-	-	(297,184)
At 31st December, 2011	<u>506,661</u>	<u>1,755,513</u>	<u>2,923,386</u>	<u>1,591,617</u>	<u>2,620,957</u>	<u>2,947,649</u>	<u>-</u>	<u>305,277</u>	<u>12,651,060</u>
<b>NET BOOK VALUE</b>									
At 31st December, 2011	<u>800,710</u>	<u>7,377,682</u>	<u>2,647,081</u>	<u>1,039,218</u>	<u>4,424,020</u>	<u>1,489,197</u>	<u>2,050,678</u>	<u>4,655,505</u>	<u>24,484,091</u>
At 31st December, 2010	<u>906,851</u>	<u>8,421,325</u>	<u>2,352,520</u>	<u>1,125,145</u>	<u>4,360,034</u>	<u>1,364,939</u>	<u>1,509,486</u>	<u>3,840,088</u>	<u>23,880,388</u>
<b>PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>									
	<b>2011 GH¢</b>	<b>2010 GH¢</b>							
Gross Book Value	301,640	128,516							
Accumulated Depreciation	(297,184)	(122,867)							
Net Book Value	4,456	5,649							
Sales Proceeds	27,759	23,105							
Net Profit	<u>23,303</u>	<u>17,456</u>							





	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>24. INTANGIBLE ASSETS</b>				
This consists of Computer Software				
<b>(a) Cost</b>				
At 1st January	4,962,473	2,871,456	4,943,940	2,852,923
Additions	207,135	2,091,017	207,135	2,091,017
Transfer	660,376	—	660,376	—
At 31st December	<u>5,829,984</u>	<u>4,962,473</u>	<u>5,811,451</u>	<u>4,943,940</u>
<b>(b) Amortisation</b>				
At 1st January	2,470,102	1,460,784	2,455,114	1,449,328
Charge for year	1,035,261	1,009,318	1,032,764	1,005,786
At 31st December	<u>3,505,363</u>	<u>2,470,102</u>	<u>3,487,878</u>	<u>2,455,114</u>
Net Book Value	<u><b>2,324,621</b></u>	<u><b>2,492,371</b></u>	<u><b>2,323,573</b></u>	<u><b>2,488,826</b></u>
<b>25. MANAGED FUNDS</b>				
TIP/MOF Fund for NTE'S	2,677,151	2,528,552	2,677,151	2,528,552
DANIDA Capital Fund for SMEs	227,831	215,254	227,831	215,254
MOWAC/JAPANESE FUND	61,848	61,848	61,848	61,848
GTZ/SMEP Fund	824,696	774,537	824,696	774,537
RUMSEC	2,334,445	2,173,414	2,334,445	2,173,414
	<u><b>6,125,971</b></u>	<u><b>5,753,605</b></u>	<u><b>6,125,971</b></u>	<u><b>5,753,605</b></u>
<b>a. TIP/MOF Fund</b>				
This represents a special credit scheme being administered by the Bank on behalf of the Government of Ghana. The scheme is targeted at enterprises engaged in the production and export of non-traditional export commodities.				
<b>b. Danida Capital Fund</b>				
This Fund represents a special credit scheme being administered by the Bank on behalf of the Danish International Development Agency for small and medium scale enterprises engaged in fish processing, food processing and handicraft sub-sectors of the economy.				
<b>c. GTZ/SMEP Fund</b>				
This is a fund set up by the Government of Ghana and Germany to provide credit to small and micro enterprises.				
<b>d. MOWAC/Japanese Fund</b>				
This is a fund set up by the Governments of Ghana (through its Ministry of Women and Children Affairs- MOWAC) and Japan to provide working capital for women entrepreneurs who are disadvantaged in accessing loans from the traditional Banks.				



	THE GROUP		THE BANK	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
<b>26. OTHER LIABILITIES</b>				
TIP/MOF Fund	242,401	228,921	242,401	228,921
DANIDA Fund	37,826	34,409	37,826	34,409
Margins on Letters of Credits	16,203,290	1,828,699	16,203,290	1,828,699
Payment Order & Bankers Payment	6,396,436	3,554,535	6,396,436	3,554,535
Others	5,008,390	3,280,268	4,940,686	3,029,853
	<b>27,888,343</b>	<b>8,926,832</b>	<b>27,820,639</b>	<b>8,676,417</b>
<b>27. BORROWINGS</b>				
EDIF	3,389,929	5,353,109	3,389,929	5,353,109
Redeemable Preference Shares	92,252	94,884	92,252	94,884
SSNIT Export Finance Loans	3,160,274	3,213,353	3,160,274	3,213,353
Repurchase Agreements	6,026,586	8,738,536	6,026,586	8,738,536
Export Finance Bonds	948,715	957,142	948,715	957,142
Subordinated Term Loan	370,673	—	370,673	—
	<b>13,988,429</b>	<b>18,357,024</b>	<b>13,988,429</b>	<b>18,357,024</b>

**28. FINANCIAL ASSETS BY CATEGORY**

The accounting policies for financial instruments have been applied to the line items below

(a) GROUP – 2011	Measured at	Measured at		
	Amortised Cost	Fair Value	TPL*	TOCI*
	GH¢	GH¢	GH¢	GH¢
Government Securities	65,718,373	—	—	65,718,373
Due from other Banks and Financial Institution	67,299,984	32,326,768	—	99,626,752
Loans and Advances to Customers	155,413,153	137,847,710	—	293,260,863
Equity Investments	—	88,556	5,787,943	5,876,499
<b>Total</b>	<b>288,431,510</b>	<b>170,263,034</b>	<b>5,787,943</b>	<b>464,482,487</b>
<b>GROUP – 2010</b>				
Government Securities	36,843,017	—	—	36,843,017
Due from other Banks and Financial Institution	58,226,860	12,004,126	—	70,230,986
Loans and Advances to Customers	121,520,290	100,079,390	—	221,599,680
Equity Investments	—	236,640	5,787,943	6,024,583
<b>Total</b>	<b>216,590,167</b>	<b>112,320,156</b>	<b>5,787,943</b>	<b>334,698,266</b>

\*NOTE: TPL means Through Profit or Loss  
TOCI means Through Other Comprehensive Income

<b>(b) BANK – 2011</b>				
Government Securities	65,718,373	—	—	65,718,373
Due from other Banks and Financial Institutions	67,299,984	32,326,768	—	99,626,752
Loans and Advances to Customers	155,413,153	137,847,710	—	293,260,863
Equity Investments	—	—	6,366,214	6,366,214
<b>Total</b>	<b>288,431,510</b>	<b>170,174,478</b>	<b>6,366,214</b>	<b>464,972,202</b>
<b>BANK – 2010</b>				
Government Securities	36,843,017	—	—	36,843,017
Due from other Banks and Financial Institutions	58,226,860	12,004,126	—	70,230,986
Loans and Advances to Customers	121,520,290	100,079,390	—	221,599,680
Equity Investments	—	—	6,030,605	6,030,605
<b>Total</b>	<b>216,590,167</b>	<b>112,083,516</b>	<b>6,030,605</b>	<b>334,704,288</b>

\*NOTE: TPL means Through Profit or Loss  
TOCI means Through Other Comprehensive Income

**29. FINANCIAL LIABILITIES BY CATEGORY**

The accounting policies for financial instruments have been applied to the line items below

<b>(a) GROUP</b>	<b>Financial Liabilities at Amortised Cost GH¢</b>	<b>Total GH¢</b>
<b>2011</b>		
Customer Deposits	458,706,467	458,706,467
Borrowings	13,988,429	13,988,429
	<u>472,694,896</u>	<u>472,694,896</u>
<b>2010</b>		
Customer Deposits	338,989,441	338,989,441
Borrowings	18,357,024	18,357,024
	<u>357,346,465</u>	<u>357,346,465</u>
<b>(b) BANK</b>		
<b>2011</b>		
Customer Deposits	459,459,859	459,459,859
Borrowing	13,988,429	13,988,429
	<u>473,448,288</u>	<u>473,448,288</u>
<b>2010</b>		
Customer Deposits	339,302,552	339,302,552
Borrowings	18,357,024	18,357,024
	<u>357,659,576</u>	<u>357,659,576</u>





THE GROUP		THE BANK	
2011	2010	2011	2010
GHC	GHC	GHC	GHC

**30.(a) CONTINGENCIES AND COMMITMENTS**

The Group entered into various commitments in the normal course of its banking business which are not reflected in the accompanying statement of financial position.

These commitments are shown below:

Guarantees and Indemnities	20,841,587	10,236,993	20,841,587	10,236,993
Documentary Credits	23,402,364	5,331,570	23,402,364	5,331,570
	<u>44,243,951</u>	<u>15,568,563</u>	<u>44,243,951</u>	<u>15,568,563</u>

**30.(b) COLLATERAL**

The carrying amount of financial assets pledged by the Group against liabilities or contingent liabilities is as follows

Particulars of Financial Asset	2011	2010
	GHC	GHC
Cash in various currencies	<u>3,736,379</u>	<u>1,552,732</u>

The cash collateral account is maintained with correspondent banks against maturing letters of credit. The correspondent bank is entitled, on maturity of a letter of credit, to debit the cash collateral account without notice to the Group which is obliged to adopt the debit.

**31. STATED CAPITAL****AUTHORISED**Number of Shares  
of no par value**ORDINARY**300,000,000

	<b>ORDINARY</b>	<b>2011</b>	<b>ORDINARY</b>	<b>2010</b>
	<b>Number</b>	<b>GH¢</b>	<b>Number</b>	<b>GH¢</b>
<b>ISSUED AND FULLY PAID</b>				
For cash	31,925,000	10,119,250	31,925,000	10,119,250
For Consideration Other than Cash	3,075,000	30,750	3,075,000	30,750
Transfer from Income Surplus Account	50,150,000	14,950,000	50,150,000	14,950,000
	<u><b>85,150,000</b></u>	<u><b>25,100,000</b></u>	<u><b>85,150,000</b></u>	<u><b>25,100,000</b></u>

There is no share in treasury and no call or instalments unpaid on any share

**32. STATUTORY RESERVE FUND**

The fund represents the amount set aside from annual net profits after tax, as required by Section 29 of the Banking Act, 2004 (Act 673) as amended by the banking (amendment) Act, 2007 (Act 738).

**33. RELATED PARTIES**

Loans and Advances include the following amount lent to related parties

	<b>2011 GH¢</b>	<b>2010 GH¢</b>
Executive Directors	656,791	619,435
Other Key Management personnel	1,189,982	585,609
	<u><b>1,846,774</b></u>	<u><b>1,205,044</b></u>



**34. SUMMARY OF CURRENCY EXPOSURES AT YEAR  
END IN CEDI EQUIVALENTS OF THE FOLLOWING  
MAJOR FOREIGN CURRENCIES**

	<b>TOTAL GH¢</b>	<b>US DOLLAR GH¢</b>	<b>BRITISH POUND GH¢</b>	<b>EURO GH¢</b>	<b>OTHERS GH¢</b>
<b>ASSETS</b>					
Cash and Balances with Bank of Ghana	10,189,776	6,825,448	1,751,248	1,613,080	—
Due from other Banks & Financial Institutions	73,746,137	38,461,292	5,965,772	29,319,073	—
Loans and Advances to Customers	63,557,495	62,637,688	449,311	470,496	—
Other Assets	218,894	104,060	6,882	107,952	—
<b>TOTAL ASSETS</b>	<b>147,712,302</b>	<b>108,028,488</b>	<b>8,173,213</b>	<b>31,510,601</b>	<b>—</b>
<b>LIABILITIES</b>					
Due to Customers	134,484,475	97,595,598	7,937,014	28,951,863	—
Other Liabilities	14,775,191	11,777,867	600,493	2,396,831	—
<b>TOTAL LIABILITIES</b>	<b>149,259,666</b>	<b>109,373,465</b>	<b>8,537,507</b>	<b>31,348,694</b>	<b>—</b>
<b>NET ON BALANCE SHEET POSITION</b>	<b>(1,547,364)</b>	<b>(1,344,977)</b>	<b>(364,294)</b>	<b>161,907</b>	<b>—</b>
Off Balance Sheet Credit Commitments					
Letters of Credit	6,360,208	4,882,939	252,980	1,224,289	—
Bonds & Guarantees	11,639,396	9,429,270	—	—	2,210,126
	<b>17,999,604</b>	<b>14,312,209</b>	<b>252,980</b>	<b>1,224,289</b>	<b>2,210,126</b>
<b>At 31st December, 2010</b>					
Total Assets	94,704,452	65,513,652	5,110,209	24,080,591	—
Total Liabilities	(95,523,115)	(65,829,812)	(5,648,934)	(24,044,369)	—
Net on Balance Sheet position	<b>(818,663)</b>	<b>(316,160)</b>	<b>(538,725)</b>	<b>36,222</b>	<b>—</b>
Off Balance Sheet Credit Commitments					
Letters of Credit	3,189,761	3,038,688	56,165	94,908	—
Bonds & Guarantees	4,669,246	2,460,286	—	—	2,208,960
	<b>7,859,007</b>	<b>5,498,974</b>	<b>56,165</b>	<b>94,908</b>	<b>2,208,960</b>

### 35(a). MATURITY ANALYSIS OF ASSETS AND LIABILITIES (IN MONTHS) - GROUP

	TOTAL GH¢	0-3 GH¢	3-6 GH¢	6-12 GH¢	Over 12 GH¢
<b>ASSETS</b>					
Cash and Balances with Bank of Ghana	52,931,224	52,931,224	—	—	—
Government Securities	65,718,373	38,304,658	27,387,723	25,992	—
Due from other Banks and Financial Institutions	99,626,752	79,251,732	7,173,750	13,201,270	—
Taxation	1,004,730	1,004,730	—	—	—
Loans and Advances to Customers	293,260,863	83,964,468	51,502,218	71,487,102	86,307,075
Investment in Subsidiary/Other companies	5,876,499	—	—	—	<b>5,876,499</b>
Other Assets	3,985,682	2,249,420	153,602	347,502	1,235,158
Property, Plant and Equipment	26,833,309	1,380,928	6,933,590	4,603,098	13,915,693
<b>TOTAL ASSETS</b>	<b>549,237,432</b>	<b>259,087,160</b>	<b>93,150,883</b>	<b>89,664,964</b>	<b>107,334,425</b>
<b>LIABILITIES</b>					
Due to Customers	458,706,467	94,666,518	62,001,747	51,568,466	250,469,736
Due to Bank of Ghana	—	—	—	—	—
Due to other Banks and Financial Institutions	—	—	—	—	—
Managed Funds	—	—	—	—	—
Borrowed Funds	13,988,429	—	592,005	—	13,396,424
Other Liabilities	27,888,343	11,691,516	10,173,377	3,372,595	2,650,855
Deferred Tax	1,357,643	—	—	—	1,357,643
<b>TOTAL LIABILITIES</b>	<b>501,940,882</b>	<b>106,358,034</b>	<b>72,767,129</b>	<b>54,941,061</b>	<b>267,874,658</b>
<b>NET LIQUIDITY GAP</b>	<b>47,296,550</b>	<b>152,729,126</b>	<b>20,383,754</b>	<b>34,723,903</b>	<b>(160,540,233)</b>
<b>At 31st December, 2010</b>					
Total Assets	406,577,637	206,967,519	61,027,326	66,366,294	72,216,498
Total Liabilities	367,541,263	73,917,381	46,293,272	52,116,676	195,213,934
<b>NET LIQUIDITY GAP</b>	<b>39,036,374</b>	<b>133,050,138</b>	<b>14,734,054</b>	<b>14,249,618</b>	<b>(122,997,436)</b>

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## DIRECTORS

ACCRA

**29<sup>TH</sup> FEBRUARY 2012**

**35(b). MATURITY ANALYSIS OF ASSETS AND LIABILITIES (IN MONTHS) - BANK**

	<b>TOTAL GH¢</b>	<b>0-3 GH¢</b>	<b>3-6 GH¢</b>	<b>6-12 GH¢</b>	<b>Over 12 GH¢</b>
<b>ASSETS</b>					
Cash and Balances with Bank of Ghana	52,931,224	52,931,224	—	—	—
Government Securities	65,718,373	38,304,658	27,387,723	25,992	—
Due from other Banks and Financial Institutions	99,626,752	79,251,732	7,173,750	13,201,270	—
Taxation	1,014,880	1,014,880	—	—	—
Loans and Advances to Customers	293,260,863	83,964,468	51,502,218	71,487,102	86,307,075
Investment in Subsidiary/Other companies	6,366,214	—	—	—	6,366,214
Other Assets	4,024,360	2,258,098	183,602	347,502	1,235,158
Property, Plant and Equipment	26,807,664	1,380,928	6,904,646	4,603,098	13,918,992
<b>TOTAL ASSETS</b>	<b>549,750,329</b>	<b>259,105,988</b>	<b>93,151,939</b>	<b>89,664,964</b>	<b>107,827,439</b>
<b>LIABILITIES</b>					
Due to Customers	459,459,859	94,666,518	62,753,663	51,568,466	250,471,212
Due to Bank of Ghana					
Due to other Banks and Financial Institutions					
Managed Funds					
Borrowed Funds	13,988,429	—	592,005	—	13,396,424
Other Liabilities	27,820,639	11,691,516	10,173,377	3,304,892	2,650,854
Deferred Tax	1,355,279	—	—	—	2,055,279
<b>TOTAL LIABILITIES</b>	<b>502,624,206</b>	<b>106,358,034</b>	<b>73,519,045</b>	<b>54,873,358</b>	<b>268,573,769</b>
<b>NET LIQUIDITY GAP</b>	<b>47,126,123</b>	<b>152,747,954</b>	<b>19,632,894</b>	<b>34,791,606</b>	<b>(160,746,330)</b>
<b>At 31st December, 2010</b>					
Total Assets	406,491,393	207,368,127	59,836,291	66,366,294	72,920,681
Total Liabilities	367,602,420	73,916,842	46,293,272	52,116,676	195,275,630
<b>NET LIQUIDITY GAP</b>	<b>38,888,973</b>	<b>133,451,285</b>	<b>13,543,019</b>	<b>14,249,618</b>	<b>(122,354,949)</b>

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2012



## **36.0 RISK MANAGEMENT**

### **36.1 Overview**

Risk is inherent in every material business activity that the Bank undertakes. The nature of the Bank's operations exposes it to credit, market, liquidity, operational, compliance, strategic and reputational risk. To ensure that the Bank takes only measured risks, PBL has integrated risk management in its daily business activities, processes and procedures.

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

PBL maintains a risk governance structure geared towards strengthening risk identification, measurement, management and control whilst positioning the Bank 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 Bank's operations.

The risk governance structure uses the 'three lines of defence' approach which ensures that risk management is performed at all levels of the Bank's operations. This approach provides a clear allocation of responsibilities for the ownership and management of risks as follows:

- i. 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 Bank's operational policies, procedures and controls.
- ii. The second line of defence consists of dedicated risk management committees carefully created to assist the first line of defence in the implementation of risk management procedures approved by the Board.
- ii. The third line of defence consists of the Internal Control Division comprising Branch Inspection, Systems Audit 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 Bank and report independently to the Board. External Auditors also have a statutory duty to provide an independent opinion on the Bank's financial statements and the adequacy of the Bank's accounting systems to the Board of Directors, Shareholders and Bank of Ghana.





The risk governance system of the Bank is multi-faceted, involving the Board of Directors and management level committees. At the highest level, the Board of Directors, supported through the Audit and Risk Management sub-committee of the Board determines the risk strategy, policy, limits and appetite for the Bank. The board regularly reviews the Bank's risk exposure to enable them 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 activities of the various committees, divisions and departments of the Bank and is primarily responsible for ensuring that the Bank's risk profile is consistent with its financial resources and the risk appetite defined by the Board.

### **36.2 Categories of Risks**

The major types of risks confronting the Bank include the following:

Liquidity Risk: This is the risk that the Bank will be unable to meet customers' withdrawals, committed loans and advances disbursements and other payment obligations as they fall due.

Credit Risk: This risk arises from the possibility that the bank will incur losses from the failure of customers or counter parties to repay credit facilities granted them and/or to discharge their obligations under contingent liabilities.

Market Risk: This is the possible negative impact on the operations of the Bank resulting from movements in interest and foreign exchange rates as well as movements in general market prices.

Operational Risk: This is the risk of losses resulting from inadequate or failed internal processes, people, systems and external events.

Compliance Risk: This is the risk of legal or regulatory sanctions, material financial loss or loss of reputation PBL may suffer as a result of its failure to comply with banking laws, regulations, rules, internal management directives and other codes of conduct applicable to the banking industry.

Strategic Risk: This is the risk that results from adverse business decisions, ineffective or inappropriate business plans and strategy execution 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 Bank including reputational risk.

Reputation Risk: This is the risk that any negative publicity involving the Bank could damage its public image.



The risk management framework of the Bank is therefore designed to enable the Bank identify, measure, manage and control the risks mentioned above.

### 36.3 Liquidity Risk

Liquidity risk is the potential loss to the Bank arising from either its inability to meet its maturing short term obligations as they fall due or to fund increases in assets without incurring unacceptable costs. The management of this risk enables the Bank to minimise the mismatch in the timing of cash flows relating to its assets and liabilities and also ensures that it regularly maintains the primary reserve requirement of Bank of Ghana.

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

The main objective of Bank's liquidity risk management is to maintain sufficient liquidity to ensure safe and sound operations and also minimise the mismatch in the timing of cash flows relating to its assets and liabilities. For this reason, the Bank considers liquidity risk from three different perspectives namely structural, tactical and contingency liquidity risks.

**Structural liquidity** risk arises from the Bank's inability to finance the long term balance sheet on time or at a reasonable cost. Structural liquidity risk is controlled by managing the structure of assets and liabilities in the balance sheet on a going concern basis. This is aimed at achieving a sound liquidity profile through the following:

- i. Maintenance of well diversified funding mix of customer deposits and borrowings (both secured and unsecured) through a Bank wide coordinated funding strategy. The Bank funds a substantial portion of its lending activities through customer deposits, which stood at GH¢459.5 million and GH¢339.3 million at December 31, 2011 and 2010 respectively.
- ii. Holding a broad portfolio of high grade securities in a form of defensive investments that can be used to obtain secured funding from the Repo market. These investments are mainly held in Government of Ghana Securities with structured maturities. The Bank had unencumbered defensive investments of GH¢56.5 million at the end of December 2011;
- iii. Maintaining a structural liquidity gap, taking into consideration the asset mix and funding possibilities of the Bank.

**Tactical liquidity** risk is the risk arising 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 Bank while branch managers are responsible for managing daily liquidity at their respective branches by ensuring that customer withdrawals are met without problems.

The Treasury department measures and monitors the daily liquidity position by generating daily liquidity reports which summarises the daily cash inflows and outflows and reserve requirements and reports same to senior management.

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

The Treasury Committee met regularly to review the liquidity position of the Bank in line with the treasury and investment policy of the Bank. The Bank maintained a healthy liquidity position throughout 2011 and was a net lender on the interbank wholesale market.

### **36.4 Credit Risk**

Credit Risk arises where a borrower defaults in repaying a credit facility in full or a counter-party is unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in financial loss to the Bank.

The principal sources of credit risk inherent in the Bank's operations arise from loans and advances to customers as well as off Statement of Financial Position transactions such as guarantees, undertakings and Letters of credit.

The Bank manages credit risk through well structured systems and controls which ensure that relevant committees meet to take appropriate actions on credit reports with the view to controlling credit risk at various stages of the credit delivery process. The Bank pursues a prudent policy for granting credit facilities to customers.

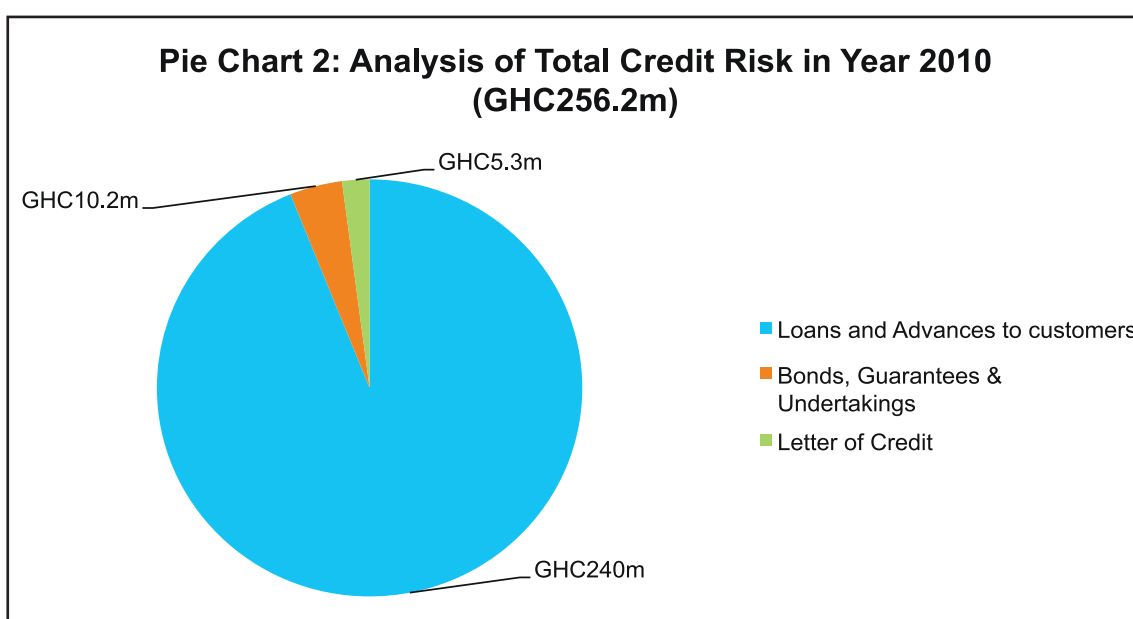
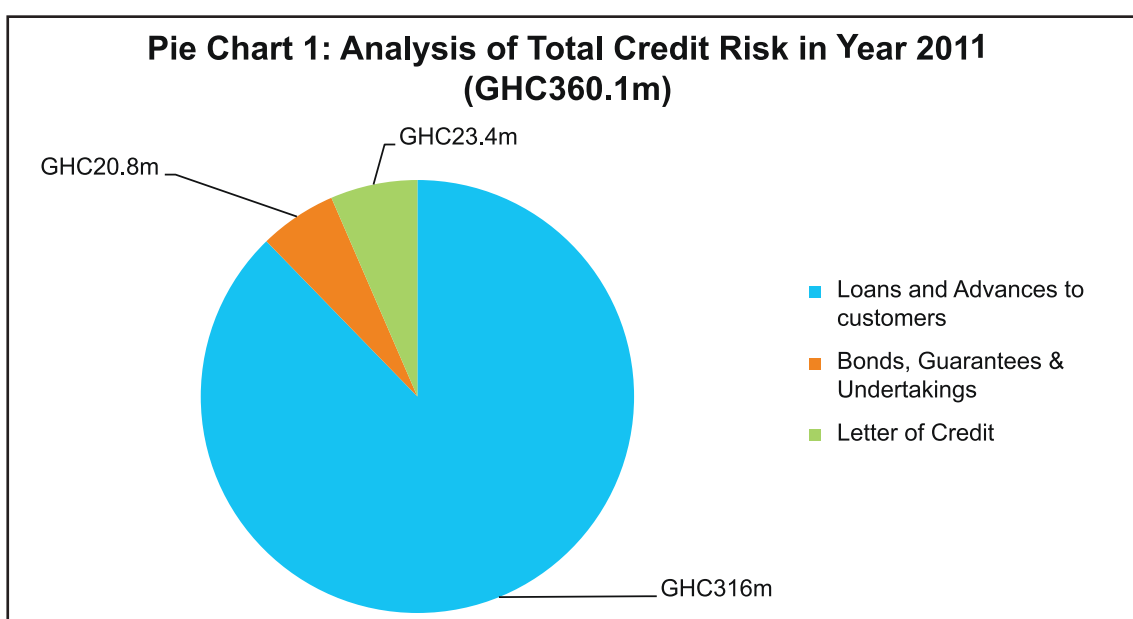
The Bank also applies the Know Your Customer (KYC) principle when granting credit facilities to customers. In other words, credit facilities are granted to businesses whose management, integrity and expertise are known and considered acceptable by the Bank. In addition, the Bank adequately assesses the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

Credit facilities granted to customers, both corporate and retail, are also closely monitored on a continuing basis to uncover early warning signals of non-performance. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available.

The early risk detection is a tenet of the Bank'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.

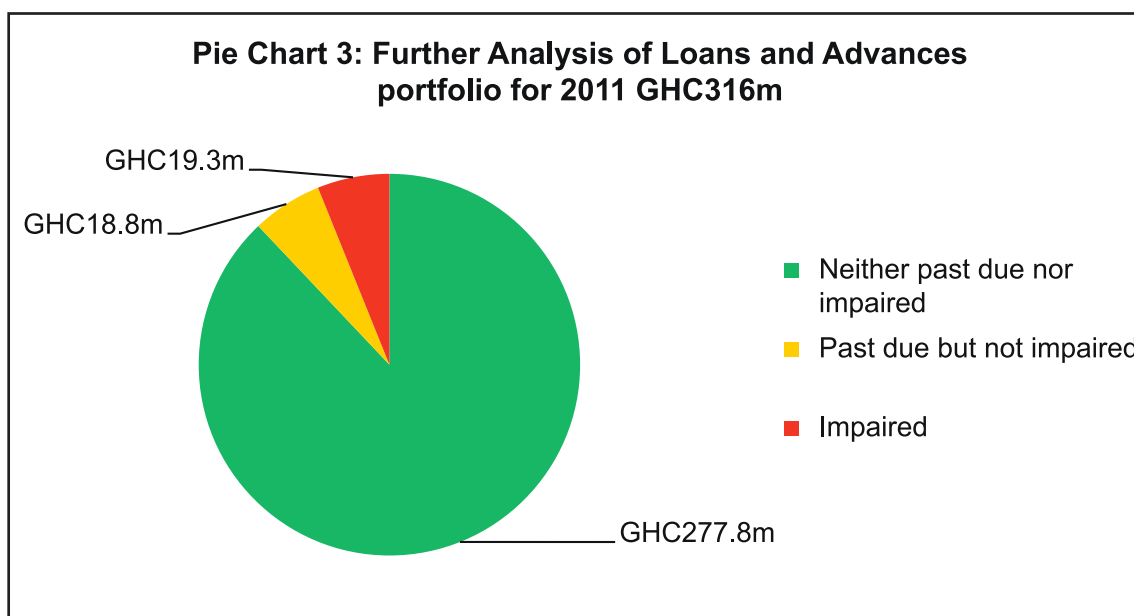
The Bank requires first class collateral to secure credit facilities granted to borrowers. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. While collateral can be an alternative source of repayment, it does not mitigate or compensate for a borrowers questionable reputation.

The maximum amount of credit risk of the Bank at the end of Years 2011 and 2010 emanating from the above mentioned risk sources is depicted in Pie Charts 1 and 2 below:

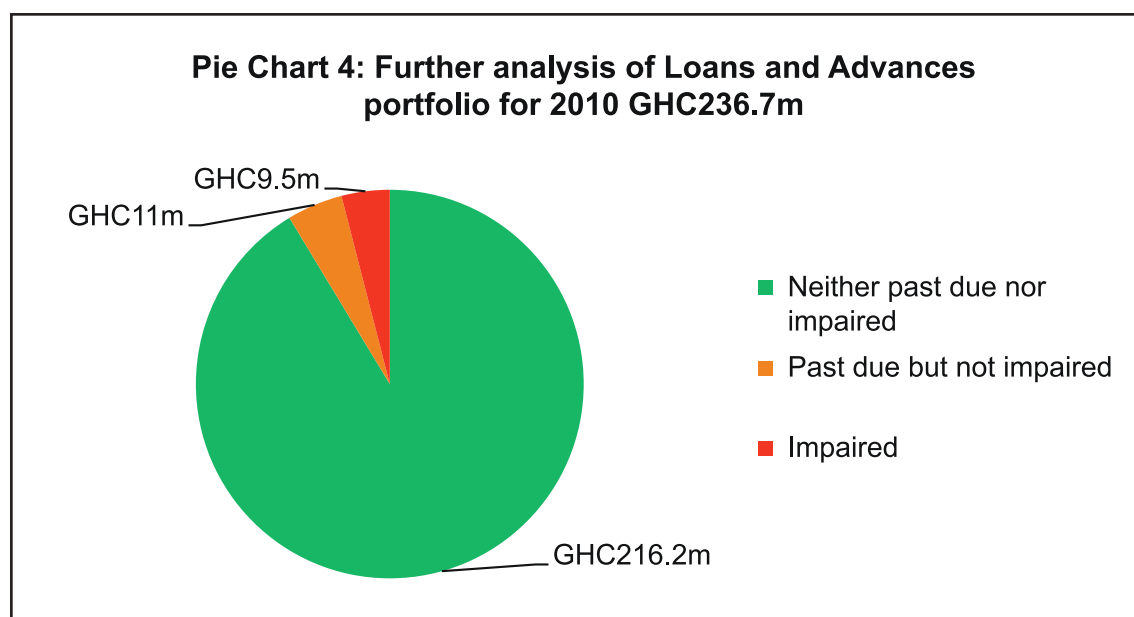


Collateral held as security against these risks consist mainly of mortgage of landed property, cash and Government securities.

The loans and advances portfolio for Years 2011 and 2010 is further analyzed in terms of quality as shown in Pie Charts 3 and 4:



The fair value of collateral security held on “Past due but not impaired” and “Impaired” at the end of Year 2011 is GH¢31.7m.



The fair value of collateral security held on “Past due but not impaired” and “Impaired” at the end of Year 2010 is GH¢36.1m.

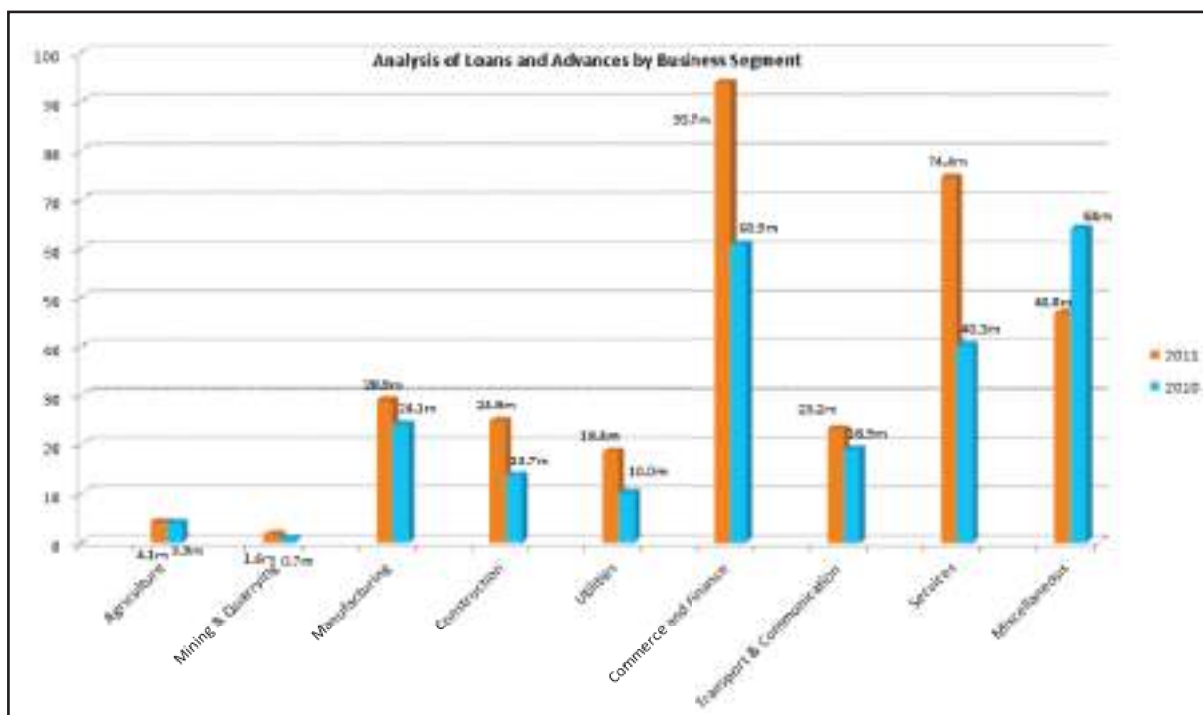


### Credit Concentration Risk

The Bank monitors credit concentration risks by business segment and by type of customer.

### Credit Concentration Risk by Business Segment

An analysis of credit concentration risks by business segment as at the end of Years 2011 and 2010 is shown in the Bar Chart below:



### Credit Concentration Risk by type of customer

An analysis of credit concentration risk by type of customer is shown in the table below:

ANALYSIS OF LOANS AND ADVANCES BY TYPE OF CUSTOMER		
	2011 GH¢m	2010 GH¢m
Individuals	5.7	4.6
Other Private Enterprises	289.9	218.5
Government departments and agencies	4.0	3.9
Public Enterprises	3.7	1.7
Staff	12.6	7.5
	<b>315.9</b>	<b>236.2</b>





### **36.5 Market Risk**

Market risk is the potential for losses arising from movements in interest rates, exchange rates, equity prices and commodity prices. PBL is currently exposed to interest rate and foreign exchange rate risks with no exposure to equity or commodity price risks.

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustment within a specified period. The Bank's lending, investment and funding activities gives 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 Bank 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.

The Bank'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 Bank to re-price its assets and liabilities in tandem with changes in market rates to ensure that changes in interest rates always result in an increase in net interest income. The Bank ensures that the re-pricing structure of the balance sheet generates maximum benefits from interest rate movements.

The Bank also applies the matched-funding principle which requires that the amount of interest rate sensitive assets must at least be equal to the amount of interest rate sensitive liabilities in a particular time band. The Bank's strategy is to maintain an overall position of interest sensitive assets greater than interest sensitive liabilities.

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

PBL measures its exposure to foreign exchange rate risk by using the Net Open Foreign Exchange position. The Bank, on a daily basis computes the net open position for each foreign currency for which the Bank 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 Bank's income statement.



The Bank 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 Bank is largely positive.
- b. Keeping foreign currency holdings in more stable currencies.

The Asset and Liability Committee (ALCO) and the Treasury Committee are responsible for the management of the Bank's market risk. The Risk Management Department is responsible for ensuring that the Bank'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 Managing Director.

### **36.6 Operational Risk**

Operational risk is the potential for loss arising from inadequate or failed processes, people and systems, staff misconduct or from uncontrolled external events. The main operational risk drivers at the Bank include quality of controls, volume of cash flow, transactions and other operational risk measures such as cash shortages, legal expenses, system failures etc.

These risks are identified, monitored and controlled in the Bank through well designed operating procedures and controls, insurance policies, business continuity planning, internal audit and timely and reliable management reporting. Effective operational risk management leads to more stable business processes and lower operational losses.

PBL manages its operational risk by raising awareness with regards to operational losses, improving early warning information and allocating risk ownership and responsibilities to branch managers and heads of departments. The Bank's operational risk is managed through the Banking Operations Committee, IT Steering Committee and Business Strategy and Risk Management Committee.

### **36.7 Compliance Risk**

This is the risk of legal or regulatory sanctions, material financial loss or damage to the Bank's reputation as a result of failure to comply with banking laws, regulations, rules, internal management directives and other codes of conduct and practices applicable to the banking industry. Thus, compliance risk exposes the Bank not only to reputational damage, payment of fines, court orders, and civil money penalties but can also lead to loss of business opportunities and diminished ability to expand key operations. Compliance failures can therefore have an adverse impact on the Bank's customers, staff as well as shareholders.

Managing compliance risk is thus fundamental to driving shareholder value. That is, the pursuit of a sustainable long term profits objective requires the Bank to conduct its operations in accordance with high ethical standards to reflect compliance with the relevant laws, regulatory directives and its core values of integrity, professionalism, honesty, and fairness.



The Bank's approach to managing compliance risk is proactive. The Bank 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 compliance risk management.

The Bank has a Compliance Department which focuses on managing compliance risks specific to the operations of the Bank. The responsibility of the department is to proactively identify, assess and monitor compliance risks faced by the Bank and also assist management in fulfilling its compliance responsibilities. The Compliance Department supports divisions and departments of the Bank to comply with current and emerging compliance developments such as Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) and also works closely with all relevant divisions and departments, especially Legal, Internal Control and Finance to minimise compliance failures.

The AML Act, 2008 (Act 749) and the AML Regulations, 2011 (L. I. 1987) as well as the AML Guidelines issued jointly by the Financial Intelligence Centre (FIC) and Bank of Ghana (BoG) impose significant requirements on the Bank in terms of customer identification, record keeping, training as well as the obligations to identify, prevent and report money laundering and terrorist financing issues to the FIC. The Bank is committed to continually improving its AML control measures in order to prevent economic and financial criminals from using its products and services to further their illegal activities.

Employees of the Bank are made aware of their responsibilities under the compliance risk management framework of the Bank through induction and ongoing training and awareness programmes. The topics covered in these programmes include AML/CFT, regulatory expectations and developments in the compliance environment, among others.

The Head of Compliance reports independently to the Audit & Risk Management Sub-Committee of the Board.

### **36.8 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, like any other institution is confronted with reputational risk. That is, any negative publicity about the Bank could impair public confidence in the Bank and thereby cause a decline in its customer base or reduction in the volume of business transacted by customers.

Reputational risk may result from any operational issue that causes disaffection to customers and other stakeholders as the Bank could be perceived as not being efficient, customer friendly or not being reliable. 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 breakdown, employee errors, employee fraud etc may expose PBL to serious reputational risk. In managing reputational risk emanating from these sources, the Bank 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 Bank.

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

The Bank'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 borders on illegality, such as money laundering, is a source of reputational risk to the Bank. To manage this type of risk so that the Bank does not become notorious for dealing with economic and financial criminals or being used as a conduit for channelling illegal monies into the country, PBL uses Know Your Customer (KYC) procedures to screen potential customers and also monitors customers account operations to ensure that customers who open accounts with the Bank are engaged in legitimate businesses and have no criminal records of any sort. PBL also monitors the customers' account operations to ensure that deposits into the accounts are consistent with the type of business the customers are engaged in. The Bank conducts due diligence on companies and their directors before bank accounts are opened for them.

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

### **36.9 Strategic Risk Management**

Strategic risk is inherent in every business and is one of the major risk categories in the banking industry along with credit, market, liquidity, compliance, operational and reputational risks. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans and strategy execution, 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 Bank including reputational risk. In the banking industry, strategic risk is elevated due to changing customer preferences and competitive pressures. The Bank's appetite for strategic risk is assessed within the context of its strategic plan. Strategic risk is managed in the context of PBL'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 of the Board.



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

- 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.

**37.0 CAPITAL****The Objectives of Capital Management**

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

- it complies with the minimum stated capital requirement of Bank of Ghana;
- it complies with the regulatory capital requirement that enables it to meet the minimum Capital Adequacy Ratio requirements of Bank of Ghana at all times;
- its operations would assure it of increasing the level of profitability and shareholder value

The achievement of the above objectives is monitored through regular reports on the performance of the Bank and prudential returns submitted to Bank of Ghana.

**Capital Description**

The Bank's Regulatory Capital consists of both Tier 1 and Tier 2 capital. Tier 1 capital consists of stated capital, statutory reserves and income surplus, which includes current and previous year's retained earnings. Tier 2 capital consists of subordinated term debts, convertible debentures and revaluation surpluses.

The current level of the Bank's capital which complies with the existing minimum capital requirement of Bank of Ghana is summarised below.

**The Level of Capital Adequacy**

	<b>2011 GH¢</b>	<b>2010 GH¢</b>
Paid Capital	25,100,000	25,100,000
Disclosed Reserves	15,671,461	8,141,893
Sub-Total	40,771,461	33,241,893
Investments in Unconsolidated Subsidiaries	(5,600,000)	(5,600,000)
Tier 1 Capital	35,171,461	27,641,893
Tier 2 Capital	9,736,000	99,670,495
<b>Regulatory Capital</b>	<b>44,907,461</b>	<b>37,312,388</b>
Required Regulatory Capital	(38,119,106)	(29,256,948)
<b>Surplus Capital</b>	<b>6,788,355</b>	<b>8,055,440</b>

The Bank's regulatory capital was above the required minimum throughout the period.



**Compliance Status of New Capital Requirement**

The Bank of Ghana announced a new minimum stated capital requirement for all banks on 13 February 2008. The minimum stated capital requirement for operating a Universal Banking License is GH¢60 million and existing banks with foreign majority shareholding were required to attain the new capital requirement by 31 December 2009. However, Banks with local majority ownership like PBL were expected to attain a capitalisation of at least GH¢25 million by December 2010 and meet the GH¢60 million minimum stated capital by December 2012.

The Bank met the minimum stated capital of GH¢25.0 million at the end of 2010 as required by Bank of Ghana. The Board of Directors and the shareholders are on course to increasing the stated capital to at least GH¢60.0million by 31 December 2012 in line with the Bank of Ghana directive. This will be achieved through a combination of transfer from income surplus, rights issue and private placement or public flotation.



*Board Member, Ms. Joana F. Dickson launches the Bank's transaction alert product – alertWise.*



*A cross-section of guests at the launch of alertWise.*



*A customer of the bank commenting on the Bank's new alertWise product.*



*From Left, Ms Grace Osei-Bonsu, Head of SME Department, Mr Joseph Okine-Afrane, Deputy Managing Director (Finance, Administration & Credit Administration), Mrs Mary Brown, Deputy Managing Director (Banking Operations) and Ms Joyce Okang-Lomo, Head, Branch Control Department at the launch of alertWise.*





## **OUR BRANCH NETWORK**

### **GREATER ACCRA REGION**

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Tel.: 233-302-781179/781127  
Fax: 233-302-768421

#### **ACCRA BRANCH**

Swanzy Shopping Arcade (Former Kingsway Building)  
Tel.: 233-302-671943, 678982  
Fax: 233-302-678942

#### **MAKOLA BRANCH**

31st December Market  
Makola, Accra  
Tel.: 233-302-676638, 676639  
Fax: 233-302-676640

#### **ABOSSEY OKAI BRANCH**

Cap and May House,  
Ring Road West,  
Accra  
Tel.: 233-302-669107, 669944, 664108/9  
Fax: 233-302-668126

#### **TESANO BRANCH**

Nsawam Road, Tesano  
Near Tesano Police Station  
Tel Nos. 233-302-258170-2, 258174  
Fax No. 233-302-258173

#### **ABEKA BRANCH**

Apugu Towers, Abeka Lapaz  
Abeka,  
Tel : 233-302-220931, 220919, 220920  
Fax: 233-302-220929

#### **SPINTEX ROAD BRANCH**

(Adjacent CCTC, Next to Coca-Cola Roundabout)  
Spintex Road, Accra  
Tel.: 233-302-814409, 814399  
Fax: 233-302-812934

#### **WEIJA BRANCH**

(Opposite Phastor Contrete Works)  
Accra-Winneba Road  
Accra  
Tel.: 233-302-853494/5/6  
Fax: 233-302-853496

#### **ODORKOR BRANCH**

Off Accra-Winneba Road  
Odorkor Traffic Light  
Tel Nos. 233-302-311710, 311712  
Fax No. 233-302-311716

#### **GICEL BRANCH**

Gicel Estates,  
Weija, Accra  
Tel.: 233-302-850174, 859175, 850176  
Fax: 233-302-850173

#### **ZONGO JUNCTION BRANCH**

Oblogo Road, Opposite the Total Filling Station, Link Road  
Tel Nos. 233-302-678819/24  
Fax No. 233-302-678830

#### **MADINA BRANCH**

Albert House  
Zongo Junction  
Madina,  
Accra  
Tel.: 233-302-511111, 511112  
Fax: 233-302-511485

#### **VALLEY VIEW AGENCY**

Valley View University Campus  
Oyibi  
Tel No. 233-27-7759333  
Fax No. 233-27-7900090

#### **METHODIST UNIVERSITY COLLEGE AGENCY**

Methodist University College Campus  
Dansoman  
Tel: 233-302-302484, 302485  
Fax: 233-302-302486

#### **NORTH INDUSTRIAL AREA BRANCH**

Melcom Plus  
No 3 Otublohum Street  
North Industrial Area  
Tel: 233-302-221856, 221857, 221862  
Fax: 233-302-221875

**ADENTAN BRANCH**

4A Lami Dwaah Street  
Housing Estate Road  
Adentan Housing Estate  
Tel: 233-302-501346, 501347  
Fax: 233-302-501345

**KWAME NKRUMAH CIRCLE BRANCH**

Oksart Place  
Adjacent Ernest Chemist  
Ring Road Central  
Kwame Nkrumah Circle  
Tel: 233-302-246521, 246531, 246513  
Fax: 233-302-246522

**TEMA FISHING HARBOUR BRANCH**

Tema Fishing Harbour  
Hillpok Yard  
Tel. Nos. 233-303-207352/3  
Fax No. 233-303 207357

**TEMA COMMUNITY ONE BRANCH**

Prudential House,  
Off Krakrue Road  
Commercial Area, Tema  
Tel.: 233-303- 217160-2, 217140  
Fax: 233-303 217137

**INTERNATIONAL BANKING DEPT.**

8 Nima Avenue  
Ring Road Central, Accra  
Tel.: 233-302-781184  
Fax: 233-302-781194

**CENTRAL REGION****CAPE COAST BRANCH**

Palm House,  
101/3 Commercial Street  
Cape Coast  
Tel.: 233-3321-31575  
Fax: 233-3321-31576

**UNIVERSITY OF CAPE COAST BRANCH**

Oye Inn, Behind The Science Block  
University of Cape Coast  
Tel : 233-3321-35653, 35654  
Fax: 233-3321-35643

**WESTERN REGION****TAKORADI HARBOUR BRANCH**

Takoradi Harbour  
Harbour Area  
Tel Nos. 233-3120-21300, 21909, 21616, 31317  
Fax No. 233-3120-31371

**TAKORADI MARKET CIRCLE**

62 Liberation Road  
Market Circle  
Tel: 233-3120-27415, 27452, 27479  
Fax: 233-3120 27504

**ASHANTI REGION****KUMASI BRANCH**

Cocobod Jubilee House  
Adum, Kumasi  
Tel.: 233-3220-25667, 26210, 45426, 45427  
Fax: 233-3220-25917

**ADUM BRANCH**

Prudential Plaza,  
(Formerly Unicorn House)  
Adum, Kumasi  
Tel.: 233-3220-83814, 83811/2, 83816  
Fax: 233-3220-83815

**AFFUL NKWANTA BRANCH**

Near Kumasi Children's Park  
Tel No. 233-3220-49450/1/2  
Fax No. 233-3220-49455

**ABOABO BRANCH**

Near The Traffic Light  
Aboabo-Airport Dual Carriageway,  
Kumasi,  
Tel: 233-3220-47350/1/2  
Fax: 233-3220-47357

**ATONSU BRANCH**

91 Block "A"  
Within Unity Oil Commercial Complex  
Atonsu  
Tel: 233-3220-80575, 83750, 83751  
Fax: 233-3220-80635

**SUAME MAAKRO BRANCH**

Tarkwa Maakro, New Road  
Kumasi,  
Tel: 233-3220 46717, 46727, 46851  
Fax: 233-3220-46897

**NORTHERN REGION****TAMALE BRANCH**

Quality First Building (1st Floor)  
Opposite Main Taxi Rank  
Tamale  
Tel: 233-3720 27741, 27742  
Fax: 233-3720-27740

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



## **CORRESPONDENT BANKS**

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

CITIBANK N.A.  
CITIBANK HOUSE  
P.O. BOX 78  
336 THE STRAND  
LONDON WC2R 1HB  
UNITED KINGDOM

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

BHF BANK  
AKTIENGESELLSCHAFT  
BOCKENHEIMER LANDSTRASSE 10  
60323 FRANKFURT AM MAIN  
GERMANY

GHANA INTERNATIONAL BANK PLC  
10 OLD BROAD STREET  
1ST FLOOR  
LONDON, EC2N 1DW  
UNITED KINGDOM

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



## **NOTICE OF ANNUAL GENERAL MEETING**

We are pleased to give you notice of, and invite you to the Fifteenth (15th) Annual General Meeting of Prudential Bank Limited to be held at the Boardroom of the Head Office, No. 8 Nima Avenue, Ring Road Central, Accra, on Wednesday, 28th March, 2012, at 11am to transact the following business:

### **Agenda**

1. To receive and consider the Reports of the Directors, Auditors and the Accounts of the Company for the year ended 31st December, 2011.
2. To authorize the Directors to appoint new Auditors as directed by Bank of Ghana.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To approve the Capital Plan for meeting the minimum capital requirement of GH¢60.0million.
5. To pass the following as Special Resolutions:
  - a. To approve the transfer of GH¢5.0million from Income Surplus Account to Stated Capital to bring the paid up capital to GH¢30.1million.
  - b. That the GH¢5.0million so transferred to Stated Capital be converted into shares for allotment to all existing shareholders at one new share for each existing share to shareholders whose names appeared on the Register of members as at 31st December, 2011.
  - c. That the Bank should raise additional capital through a Renounceable Rights Issue by inviting all the existing Shareholders to contribute towards the additional capital in proportions equivalent to shares already held by the Shareholders. Shareholders shall indicate what amount they are able to contribute by 31st May, 2012 and pay up by 30th June, 2012. Shares renounced by Shareholders shall be given to other interested Shareholders who shall be required to pay up by 15th July, 2012. Where the existing Shareholders do not take up the shares offered, the shares shall be offered to others either through private placement or public offer.

Dated this 5th day of March, 2012.

**By Order of the Board**

**OSEI YAW OSAFO  
BOARD SECRETARY**





## NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in place of that Member. A Proxy need not be a Member. A Proxy Form is attached.
2. The Proxy Form must be delivered by hand or post to **The Secretary, Prudential Bank Limited, PMB, G.P.O No. 8 Nima Avenue, Ring Road Central, Kanda, Accra** at least 24 hours before the appointed time for the Meeting.