ANNUAL REPORT

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PRUDENTIAL BANK LIMITED

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Corporate Information

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

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

The Bank has a network of 34 branches and agencies located in six of the ten regions in Ghana with plans to expand to all ten regions.

PBL has consistently won several prestigious awards since its inception. The Bank continues to be a member of the Ghana Club 100. At the 2013 CIG Banking Awards, the Bank won the highest number of awards (eight) in the following categories:

- Winner, Best Bank – Trade Finance
- Winner, Best Bank – Long Term Loan Financing
- Winner, Best Bank – Consumer Lending
- 1st Runner-up, Best Bank – IT & Electronic Banking
- 1st Runner-up, Best Bank – Short Term Loan Financing
- 1st Runner-up, Best Bank – Retail Banking
- 2nd Runner-up – Most Socially Responsible Bank
- 2nd Runner-up, Best Bank – Corporate Banking


Mr Stephen Sekyere-Abankwa, Managing Director

Corporate Mission

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

Vision

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

Subsidiary Companies

Prudential Bank has three subsidiary companies – PBL Properties Limited, Prudential Securities Limited and Prudential Stockbrokers Limited.

PBL Properties Limited

is engaged in the acquisition and development of banking premises for the Bank and also the management of ancillary staff and facilities.

Prudential Securities Limited

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

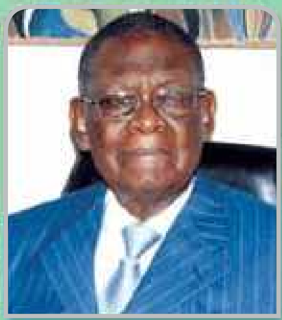
Prudential Stockbrokers Limited

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

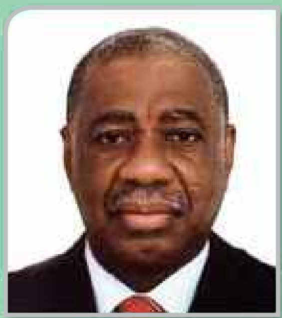
www.prudentialbank.com.gh

Board of Directors, Officials & Registered Office

BOARD OF DIRECTORS

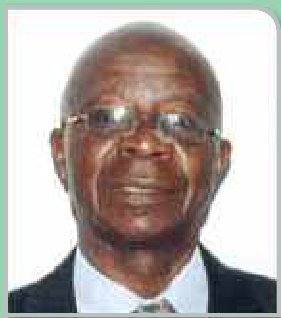


John S. Addo
Chairman



S. Sekyere-Abankwa
M. D.

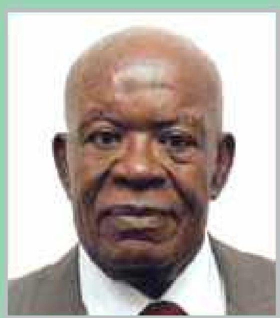
Joana F. Dickson
Member



S. Nkansa-Boadi
Member

Nortey K. Omaboe
Member

Aretha Duku
Member

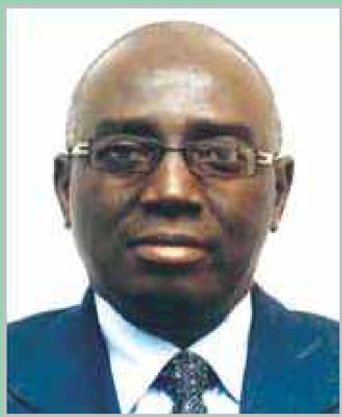


K. Agyei-Gyamfi
Member

K. Kwakye-Mintah
Member

Stephen A. Asare
Member

Fred Kwasi Boateng
Member



OSEI YAW OSAFO (BOARD SECRETARY)

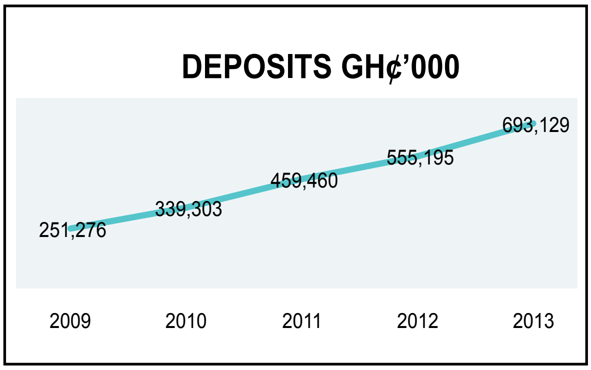
AUDITORS:
Asamoa Bonsu & Co,
Chartered Accountants,
C257/9, Asylum Down,
P.O. Box AN-7751,
Accra

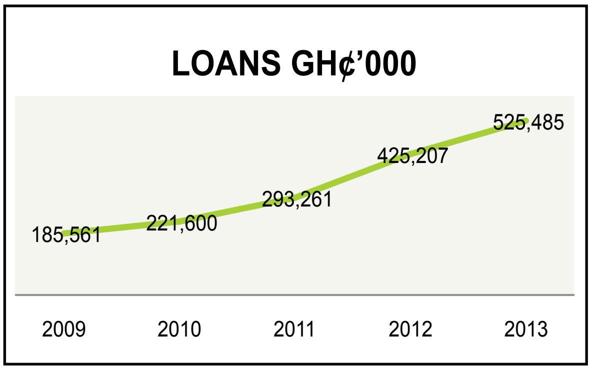
POSTAL ADDRESS:
Private Mail Bag
General Post Office
Accra.

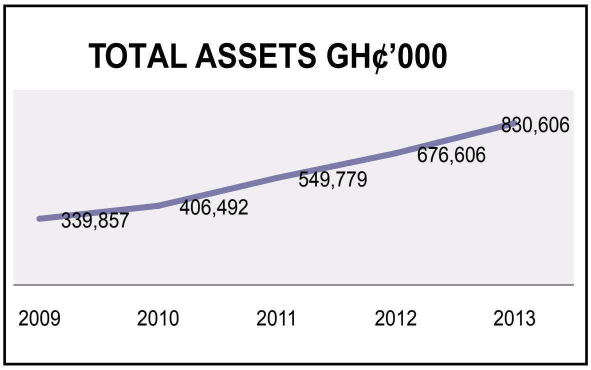
REGISTERED OFFICE:
8 Nima Avenue
Ring Road Central
Accra, Ghana

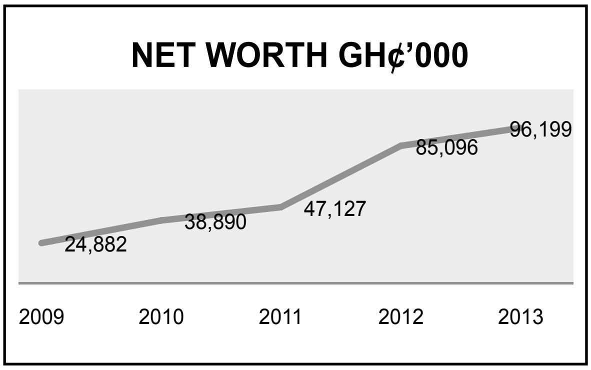
Tel:	233-302-781200-5
Fax:	233-302-781210
TLX:	233-302-2954 PBL GH
	233-302-2087 PBL GH
Cable:	Prubank
Swiftcode:	PUBKGHAC
E-mail:	headoffice@prudentialbank.com.gh
Website:	www.prudentialbank.com.gh

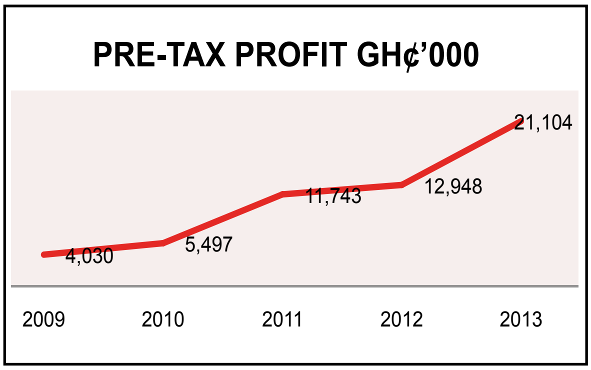
Performance at a Glance

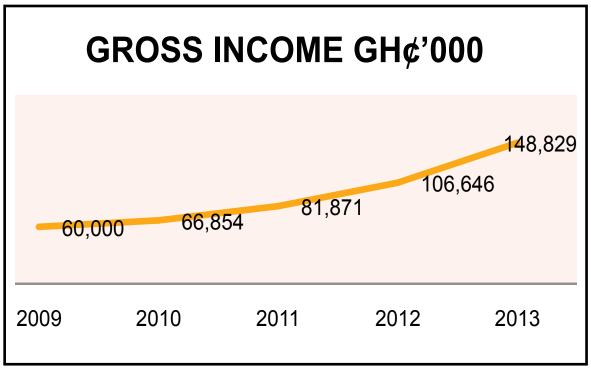

DEPOSITS GH¢'000
251,276
339,303
459,460
555,195
693,129
2009
2010
2011
2012
2013

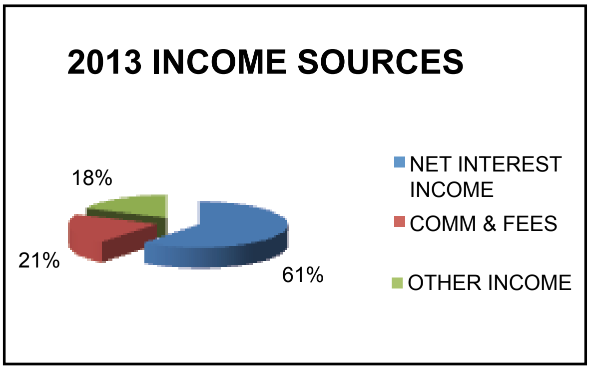

LOANS GH¢'000
185,561
221,600
293,261
425,207
525,485
2009
2010
2011
2012
2013

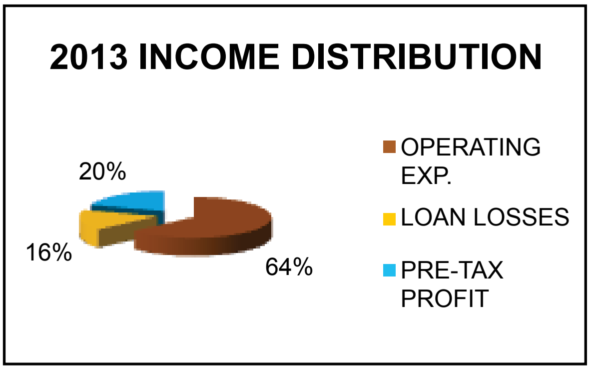

TOTAL ASSETS GH¢'000
339,857
406,492
549,779
676,606
830,606
2009
2010
2011
2012
2013


NET WORTH GH¢'000
24,882
38,890
47,127
85,096
96,199
2009
2010
2011
2012
2013


PRE-TAX PROFIT GH¢'000
4,030
5,497
11,743
12,948
21,104
2009
2010
2011
2012
2013


GROSS INCOME GH¢'000
60,000
66,854
81,871
106,646
148,829
2009
2010
2011
2012
2013


2013 INCOME SOURCES
18%
21%
61%
NET INTEREST INCOME
COMM & FEES
OTHER INCOME


2013 INCOME DISTRIBUTION
20%
16%
64%
OPERATING EXP.
LOAN LOSSES
PRE-TAX PROFIT

SUMMARY OF PERFORMANCE FROM 2009 – 2013

PRUDENTIAL BANK FIVE YEARS SUMMARY OF PERFORMANCE FROM 2009 - 2013					
	2013	**2012**	**2011**	**2010**	**2009**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
STATEMENT OF COMPREHENSIVE INCOME					
Interest Income	107,317	78,263	58,598	56,097	49,137
Interest Expense	(43,242)	(35,466)	(26,564)	(29,872)	(30,032)
NET INTEREST INCOME	64,075	42,797	32,034	26,225	19,105
Commissions and Fees	22,352	19,464	15,126	9,022	8,102
Other Operating Income	19,160	8,919	8,147	1,735	2,761
TOTAL INCOME	105,587	71,180	55,307	36,982	29,968
Operating Expenses	(67,273)	(52,775)	(40,036)	(29,797)	(24,439)
Charge for bad & doubtful debts	(17,210)	(5,457)	(3,528)	(1,688)	(1,499)
PROFIT BEFORE TAX	21,104	12,948	11,743	5,497	4,030
Taxation	(6,993)	(3,332)	(3,506)	(1,490)	(594)
NET PROFIT AFTER TAX	**14,111**	**9,616**	**8,237**	**4,008**	**3,436**
Other Comprehensive Income	0	0	0	0	5,500
TOTAL COMPREHENSIVE INCOME	**14,111**	**9,616**	**8,237**	**4,008**	**8,936**
INCOME SURPLUS ACCOUNT					
Balance at 1st January	672	5,095	1,684	6,460	2,278
Retained Profit	14,111	9,616	8,237	4,008	3,436
	14,783	14,711	9,922	10,468	5,714
Transfer to Statutory Reserve Fund	(7,056)	(4,808)	(4,119)	(1,002)	(859)
Dividend Paid	(3,009)	0	0	0	0
Regulatory Loan Impairment Reserve	(593)	(231)	(708)	219	1,605
Transfer to Stated Capital	0	(9,000)	0	(8,000)	0
Balance at 31st December	**4,125**	**672**	**5,095**	**1,684**	**6,460**
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash and Balances with Bank of Ghana	70,885	79,645	52,931	39,970	30,377
Government Securities	99,035	50,371	65,718	36,843	33,932
Due from other Banks and Financial Inst.	84,123	80,143	99,627	70,231	59,493
Loans and Advances Customers	525,485	425,207	293,261	221,600	185,561
Investments in Subsidiaries	7,366	6,366	6,366	6,031	6,031
Other Assets	5,409	5,016	4,388	5,039	9,324
Taxation	3,194	2,846	1,043	409	274
	795,497	649,594	523,334	380,122	324,992
Property, Plant and Equipment	35,109	27,012	26,445	26,370	14,864
TOTAL ASSETS	**830,607**	**676,606**	**549,779**	**406,492**	**339,857**
LIABILITIES AND SHAREHOLDERS' FUND					
Deposits	693,129	555,195	459,460	339,303	251,276
Interest payable and Other liabilities	21,391	21,847	27,822	8,676	17,545
Taxation	0	1,450	1,383	1,266	1,053
	714,520	578,492	488,665	349,245	269,875
Borrowings	19,889	13,019	13,988	18,357	45,100
TOTAL LIABILITIES	734,409	591,511	502,653	367,602	314,975
SHAREHOLDERS FUNDS					
Stated Capital	62,453	62,453	25,100	25,100	7,100
Income Surplus Account	4,124	672	5,094	1,684	6,460
Statutory Reserve Fund	22,442	15,385	10,577	6,459	5,457
Regulatory Loan Impairment Reserve	1,679	1,086	855	147	365
Capital Reserves	5,500	5,500	5,500	5,500	5,500
	96,198	85,095	47,126	38,889	24,882
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**830,607**	**676,606**	**549,779**	**406,492**	**339,857**
Managed Funds on behalf of Government of Ghana and Danida	7,006	6,552	6,126	5,754	5,349
Liabilities on Guarantees and Indeminities	53,948	46,431	44,244	15,569	14,988

PRUDENTIAL BANK WINS EIGHT AWARDS AT THE 12TH CIG BANKING AWARDS EVENT

The Deputy Managing Director (Banking Operations), Mrs Mary Brown receiving one of eight awards won by the Bank at the 12th Ghana Banking Awards event held at the Trade Fair Site in Accra in June 2013. Looking on are officials of the Bank, from left; Ms Rita Baah, Marketing and Corporate Affairs Department, Mr Stephen Asare, Director of Finance; Ms Christie Amoako, Executive Assistant; Mrs Taylor, Accra Branch Manager; Mr Samuel Kwao, Credit Appraisals Department, center. From right, Mr John K. Addo, Head, Corporate Planning and Research Department; Mr Thomas Broni, Head, Compliance Department; Mr Joseph Baah, Head, Credit Appraisals Department and Mrs Akosua Boahen, Head, Marketing and Corporate Affairs Department.

PBL CHAIRMAN, HON. J.S. ADDO RECEIVES LIFE TIME ACHIEVEMENT AWARD IN BANKING AT THE 12TH CIG BANKING AWARDS EVENT

Honourable J.S. Addo (second from left), Chairman and co-founder of Prudential Bank Limited was on Saturday June 22nd, 2013 presented with a Life Time Achievement Award at the 12th Ghana Banking Awards event in recognition of his immense contribution to the banking industry in Ghana.

Honourable J.S. Addo's career started at the Bank of Ghana in 1958 when he joined the Bank of Ghana as a Probationary Officer. He was confirmed as a permanent officer in 1960 following a successful training period. He continued his training at Glyn Mills & Co, a private commercial bank in England, the Bank of England and the Bundesbank in Germany. He then returned to the Bank of Ghana in 1961.

By dint of hard work and discipline, Honourable J. S. Addo was appointed Secretary to the Board of Directors in 1963 at Bank of Ghana, Executive Director in 1965 and Deputy Governor in 1968. In 1973, Honourable J.S. Addo was appointed Chairman and Managing Director of the National Investment Bank (NIB). During his tenure at NIB, he persuaded the government to amend the Act establishing the Bank to enable the Bank operate a commercial banking unit to support its investment banking operations.

Honourable J.S. Addo retired from NIB in 1978 and established an economic and management consulting firm, J.S. Addo Consultants Ltd.

In 1983, Honourable J.S. Addo was appointed by the then PNDC government as the Governor of the Bank of Ghana for a term of five years.

Honourable J.S. Addo is credited for mooting the idea for the establishment of Rural Banks in Ghana during his career at the Bank of Ghana with the first one being established in Nyakrom in the Central Region. Ghana now has one hundred and thirty-seven rural banks. As Governor of the Central Bank, he led a number of delegations and committees for Ghana and participated in the formulation of the IMF/World Bank Structural Adjustment Programme and supervised its implementation.

Honourable J.S. Addo served as the first Ghanaian President of the Institute of Bankers from 1965 to 1977.

As a consultant, he conducted a number of feasibility studies for the establishment of various institutions including Ecobank Ghana Limited where he was appointed as the first chairman at the inception of the Bank.

Other studies include a study on the development of Small and Medium scale industrial enterprises in Ghana, the establishment of an ARP Apex Bank for rural banks in Ghana, establishment of a financial services company in Ghana by Standard Chartered Bank and the establishment of a National Health Insurance Scheme in Ghana.

Honourable J.S. Addo has been the Chairman of the Board of Directors of Prudential Bank Limited since the inception of the Bank. Other chairmanships held by Honourable J.S. Addo include Chairman of the ECOWAS Regional Investment Bank (ERIB), Social Security and National Insurance Trust (SSNIT), Donewell Insurance Company Limited, Starwin (Gh.) Ltd, State Gold Mining Corporation and Fanmilk Limited.

Honourable J.S. Addo was a member of the Council of State from 2004 to 2008 representing the Greater Accra Region.

Other appointments held include President of the Ghana Red Cross Society and member of the International Red Cross and Red Crescent Finance Committee in Geneva, Switzerland.

Chairman's Statement

1.0 INTRODUCTION

Distinguished Shareholders, Directors, Ladies and Gentlemen, it is my pleasure once again to welcome you to the 17th Annual General Meeting of Prudential Bank Limited and to report on the performance of your Bank for the year ended 31st December 2013.

2.0 THE GLOBAL ECONOMIC ENVIRONMENT

Five years after the global financial crisis, the world economy is beginning to show strong signs of recovery as a result of sustained growth in the high-income economies since the year 2012.

Among the three major high-income economies, namely the United States, the Euro Area and Japan, the recovery is most advanced in the USA, with GDP expanding consistently for ten quarters in a row. In the Euro Area, growth turned positive in the second quarter of 2013 and in Japan, various fiscal and monetary interventions have started a recovery.

According to the World Bank's latest Global Economic Prospects Report, issued in January 2014, growth in high income economies is expected to rise to 2.2% in Year 2014 from 1.3% in Year 2013, increasing to 2.4% for each of Years 2015 and 2016.

The report further stated that global growth is expected to accelerate to 3.2% this year, up from 2.4% in Year 2013, improving further to 3.4% and 3.5% in Years 2015 and 2016 respectively. Much of the initial acceleration will reflect in increased growth in high-income economies, which after years of extreme weakness and deep recessions appear to be finally emerging from the global financial crisis.

The report projects investment and consumer demand in high-income countries to pick up, while global trade including developing country exports could accelerate, rising by 4.6% this year before strengthening further to 5.1% in Year 2016.

In Sub-Saharan Africa, continued robust investment in resource and infrastructure sectors is projected to lift growth in the medium term, despite the negative income effects of lower commodity prices.

However, as growth in high-income economies strengthens, global interest rates are projected to rise slowly. This may have the effect of reducing capital flows to developing countries and consequently lead to slower growth in such economies.

3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2013

The Ghanaian economy continued to grow at a modest pace during the Year 2013. The economy grew by an estimated 7% during the Year 2013 which was below the Government's 8% target for Year 2013 and lower than the Year 2012 growth rate of 7.9%. Inflation, after averaging single-digits for the second consecutive year in 2012 at 9.2% and ending the year at 8.9%, has been in double digits since March 2013, reaching 13.5% in December 2013.

The contributory factors include the increases in petroleum prices and transport fares, significant increases in utility tariffs and exchange rate depreciation.

According to the Bank of Ghana Monetary Policy Committee Press Release for February 2014, the cedi depreciated by 14.6% against the US dollar in Year 2013 after depreciating by 17.5% against the US dollar in Year 2012. By the end of January 2014, the cedi had depreciated by 7.8% against the US dollar in the month compared to 0.2% in the corresponding period in Year 2013.

The uncertainties in the economic outlook and the weakened economic fundamentals caused the government to introduce tight fiscal policies which were further re-inforced by the Bank of Ghana in February 2014 with the introduction of tighter monetary policies and foreign exchange control measures aimed at checking further depreciation of the cedi, re-anchoring inflation expectations and achieving macroeconomic stability.

The measures introduced by Bank of Ghana in February 2014 included the upward revision of the Policy Rate from 16% to 18%; revision of the rules on the operation of foreign exchange and foreign currency accounts; restrictions on foreign currency denominated loans; repatriation of export proceeds; margin accounts for import bills and revised operating procedures for forex bureaus.

The measures were to ensure transparency, streamline activity and reduce leakages in the foreign exchange markets, address anti-money laundering issues and promote the use of the cedi as the sole legal tender.

In the medium to long term, Government is seeking to broaden the tax base further, diversify and broaden the export base, reduce imports especially of consumption goods that have local substitutes and intensify efforts to block foreign exchange leakages especially in the area of transfer pricing.

3.1 Interest Rates

According to the Bank of Ghana Monetary and Financial Developments Report for February 2014, interest rates on the money market broadly declined in Year 2013 notwithstanding the 1% increase in the policy rate during the period.

Between December 2012 and December 2013, the benchmark 91-day Treasury bill rate fell by 3.9% to 19.2% while the 182-day declined by 4.34% to 19.4%. Similarly the rate on the 1-year note fell by 5.9% to 17%.

However, in line with the recent increase in the Monetary Policy Rate to 18%, interest rates on Government and Bank of Ghana securities of various maturities have risen, impacting on market interest rates.

4.0 The Banking Industry

Distinguished Shareholders and Directors, the Ghanaian Banking industry continues to be highly competitive with a total of twenty-seven (27) banks with over eight hundred (800) branches in operation.

The industry continues to post steady growth statistics. According to the Bank of Ghana Financial Stability Report for February 2014, total assets reached GH¢36.2 billion at the end of December 2013, an increase of 33% on the December 2012 position of GH¢27.2 billion. The growth in assets was funded mainly by deposits and borrowings. Deposits increased by 19.2% to GH¢23.3 billion at the end of December 2013 from GH¢19.5 billion at the end of December 2012 and borrowings increased by 114.7% to GH¢4.86 billion from GH¢2.26 billion over the same period.

Paid-up capital of the industry also expanded by 8.2% to GH¢2.35 billion from GH¢2.1 billion and Shareholders' fund increased by 32.3% to GH¢5.32 billion at the end of December 2013 from GH¢4 billion at the end of December 2012.

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.

5.0 PERFORMANCE OF PBL IN YEAR 2013

5.1 Branch and other developments

Distinguished Shareholders and Directors, in line with its strategic plan to make banking easier and convenient for customers, your bank added three branches to its branch network during the year. Two of the branches were opened in Greater Accra; in Okaishie and East Legon and the third branch which is in Techiman, is the Bank's first branch to be opened in the Brong Ahafo region. This brings the branch network to 32 branches and 2 agencies.

The Bank continued to make significant investments to upgrade and enhance its Information Technology infrastructure.

The upgrade of the Core Banking Application Software commenced during the year with a planned completion date of June 2014. The latest version of the software is expected to provide a much higher level of functionality and enhanced features when compared to the previous version. The deployment of the new version is expected to improve the Bank's service delivery by expanding the system capacity and overcoming system vulnerabilities.

5.2 Mobilization of Resources

5.2.1 Deposits

During the year under review, the Bank grew its deposits by 25% from GH¢555.1 million at the end of Year 2012 to GH¢693.1 million at the end of Year 2013. Time and Savings deposits which together accounted for about 78% of total deposits were the main source of the growth.

5.2.2 Shareholders' Funds

Shareholders' funds increased from GH¢85.1 million at the end of Year 2012 to GH¢96 million at the end of Year 2013 representing a growth rate of 13%. The growth was due to retained earnings.

5.3 Allocation of Resources

As in previous years, 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 23% from GH¢675.1 million at the end of Year 2012 to GH¢830.6 million at the end of Year 2013. The growth was funded by deposits, borrowings and shareholders' funds.

5.3.1 Investments

The Bank invested an average of GH¢95 million in government securities during Year 2013. This was necessary for liquidity management purposes in line with the growth in the deposits and loan portfolio.

5.3.2 Lending Operations

The loans and advances portfolio registered an increase of 23.5% over the previous year; from GH¢425.2million at the end of Year 2012 to GH¢525.4 million at the end of Year 2013.

5.4 Results of Operations

Distinguished Shareholders and Directors, notwithstanding the intense competition in the Industry and the challenging economic environment, your Bank was able to register a significant improvement in profit for Year 2013. Your Bank's pre-tax profit increased by 63% to GH¢21 million for the Year 2013 from GH¢12.9 million in Year 2012.

The profit after tax for the year was GH¢14.1 million which translates into a return on assets (ROA) of 1.88% and return on equity (ROE) of 15.57%.

5.5 Dividend

Distinguished ladies and gentlemen, I am pleased to announce that as a result of the Bank's improved performance in Year 2013, the Directors have recommended the payment of a dividend to Ordinary Shareholders of GH¢0.0176 per share amounting to GH¢5.4 million out of which GH¢3 million has been paid as interim dividend.

The final dividend of GH¢2.4 million will be paid after your approval of the Bank's financial statement.

5.6 CORPORATE SOCIAL RESPONSIBILITY

Building relations and investing in our communities are key aspects of your Bank's core values and consequently, your Bank increased its funding support for education and other social needs from GH¢251,972 in Year 2012 to GH¢291,095 in Year 2013.

Some of the beneficiaries were:

- University of Ghana;
- University of Cape Coast;
- Valley View University;
- Methodist University College;
- Dr Robert Mitchell Memorial Foundation for Childhood Cancer Programme;
- Ghana Police Service;
- Ghana Navy;
- Ghana National Fire Service.

5.7 Changes in Shareholders and Directors

5.7.1 Shareholders

Dear Shareholders, you will recall that in the year 2012, your Bank undertook a Renounceable Rights Issue in order to meet the minimum capital requirement of GH¢60 million for universal banks.

During the Rights Issue, Ghana Union Assurance Company Ltd (GUA) renounced a total of 2,228,000 shares representing 0.73% of the Bank's shares which were acquired by Nana Agyei Duku, the Managing Director of GUA.

Shareholders are therefore invited to ratify the issuance of the shares to Nana Agyei Duku by Ordinary Resolution.

5.7.2 Directors

Distinguished Ladies and Gentlemen, Mr Fred Kwasi Boateng was appointed to the Board of Directors of your Bank following the increase in the number of Shareholders from nine to eleven in Year 2012. Mr Fred Kwasi Boateng consequently represents the interests of the two new Shareholders, namely, Messrs Frank Owusu and Kofi Otu Esson.

The Bank of Ghana has endorsed the appointment of Mr Fred Kwasi Boateng and Shareholders will therefore be called upon to ratify the appointment of Mr Fred Kwasi Boateng as a Director of the Bank.

5.8 Corporate Governance

Distinguished Ladies and Gentlemen, as you know, your Bank is committed to sound and effective corporate governance practices which ensure effective oversight and management of the Bank to enhance shareholder value.

I am therefore 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 performance 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. The Bank also complied with all relevant Bank of Ghana laws and regulations as well as anti-money laundering laws.

6.0 OUTLOOK FOR THE FUTURE

6.1 The Ghanaian Economy

According to the Government's Year 2014 budget, the specific macroeconomic targets to be pursued in the medium-term (2014-2016), include an average GDP growth rate of at least 8% per annum, an inflation target of 9% within a band of +/-2%, an overall average budget deficit of 6% of GDP by Year 2016 and Gross International Reserves that will cover not less than 4 months import of goods and services.

In response to the weakening economic fundamentals, the Government fiscal policy in the budget for Year 2014 is focused on improving revenue mobilization, reducing public expenditure, reviewing capital expenditure and improving the mode of financing same and refinancing and extension of debt tenors.

Similarly, the monetary policy is redirected at checking inflation and arresting the depreciation of the cedi. The Government in the medium term will implement measures to promote exports and production for the domestic market to improve upon the Balance of Payment.

6.2 Prudential Bank Limited

Distinguished Ladies and Gentlemen, the significant improvement in the performance of your Bank in the year 2013 was made possible by a significant growth in the volume of business, particularly in lending operations, trade finance and treasury operations whilst maintaining prudent control over expenditure.

Your Bank is currently in the final year of its fourth strategic plan which involves a number of initiatives for expanding the electronic banking delivery channels of the Bank, some of which have been implemented. Your bank is also upgrading and enhancing its Information Technology infrastructure to expand the system capacity and efficiency.

These initiatives are expected to enhance the Bank's overall services to make the Bank more attractive to prospective customers.

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

Your Bank will remain focused on its strategic objectives and will continue to build on its achievements so far to deliver better results for all stakeholders.

Your Bank projects a Profit before tax of GH¢40 million for the year 2014 and this is expected to be achieved through an expansion in the loan portfolio, improvement in commission and fees income and strict management of the net interest margin as the Bank reduces its reliance on high cost funds such as corporate fixed deposits.

7.0 ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all our customers whose continued patronage and loyalty have contributed to the success of the Bank.

I am also grateful to the Management and Staff of the Bank for their dedicated service and professionalism in the midst of the intense competition in our industry.

Finally, I wish to thank you Shareholders and colleague members of the Board of Directors for your cooperation and invaluable contributions that have sustained the Bank in its endeavours over the past seventeen (17) years. Based on your mutual support and cooperation, we continue to look to the future with confidence.

Thank you.

JOHN SACKAH ADDO
CHAIRMAN

Report of the Directors

The Directors have pleasure in submitting to the members their seventeenth annual report together with the audited consolidated financial statements of the Bank and its subsidiaries for the year ended 31st December, 2013 as follows:

a. Subsidiary and Associate companies

The subsidiary companies of the Bank are incorporated in Ghana and wholly owned by the Bank. They are:

i. PBL Properties Limited – engaged in acquiring and developing banking premises.

ii. Prudential Securities Limited – engaged in Fund Management, Corporate Finance and Business Advisory Services.

iii. Prudential Stockbrokers Limited – engaged in stockbrokerage, equity and economic research and advisory services.

b. 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.

c. Results and Dividend

The results of operations for the year ended 31st December, 2013 are set out in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements from page 37 to 82.

The Directors recommend a dividend per share of GH¢0.0176 amounting to GH¢5,404,360 out of which GH¢3,009,246 has been paid as interim dividend leaving a balance of GH¢2,395,114 to be paid as final dividend.

d. The Consolidated Statement of Financial position and this report have been signed by two directors indicating the Board's approval of the Consolidated Statement of Financial position, Annexed Financial Statements and the Notes.

A summary of the results is as follows:

	THE GROUP		THE BANK	
	2013	2012	2013	2012
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net Profit for the year	14,866	10,210	14,112	9,615
Add Balance brought forward	3,778	7,607	671	5,094
	18,644	**17,817**	**14,783**	**14,709**
Transfer to Stated Capital	–	(9,000)	–	(9,000)
Dividends Paid	(3,009)	–	(3,009)	–
Transfer to Credit Risk Reserve	(593)	(231)	(593)	(231)
Transfer to Statutory Reserves	(7,056)	(4,808)	(7,056)	(4,808)
	(10,658)	(14,039)	(10,658)	(14,039)
Income Surplus account At the end of the year	7,986	3,778	4,124	671
Total Assets	**834,734**	**678,222**	**830,607**	**675,156**

Directors' Assessment of the state of the Bank's affairs

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

BY ORDER OF THE BOARD

……………………………… ………………………………
DIRECTOR **DIRECTOR**

ACCRA

26TH FEBRUARY ……………………… **2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE DIRECTORS' REPORT AND THE CONSOLIDATED 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 Bank and its subsidiaries and of their profit or loss for the year.

The Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738) requires every bank to prepare annually as at 31st December of each year Financial Statements and returns prepared in accordance with that Act.

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

- Select accounting policies, which comply with the Companies Code 1963, (Act 179) and the Banking Act 2004, (Act 673) as amended and in accordance with International Financial Reporting Standards and to apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Ensure applicable accounting standards have been followed and any material departures, disclosed and explained in the financial statements
- Ensure the financial statements are prepared on a Going Concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for the preparation of the Financial Statements in accordance with the International Financial Reporting Standards and ensuring that the Bank and its subsidiaries keep accounting records which disclose with reasonable accuracy the financial position of the Bank and its subsidiaries and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended. They are also responsible for safeguarding the assets of the Bank and its subsidiaries 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 these financial statements.

Report of the Auditors to the Members of Prudential Bank Limited

Report on the Financial Statements

We have audited the accompanying Consolidated Financial Statements of Prudential Bank Limited, which comprise the Consolidated Statement of Financial Position as at 31st December, 2013, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated 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

As described on page 26, the Bank's Directors are responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) and the Banking Act, 2004 (Act 673) as amended and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from 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

It is our responsibility to form an independent opinion based on our audit of these statements and to report same to you.

Basis of Opinion

We conducted our audit in accordance with internationally accepted Standards on Auditing. Those standards require that we comply with ethical standards and plan to perform our audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatements.

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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 consolidated financial statements show a true and fair view of the consolidated financial position of Prudential Bank Limited and its subsidiaries as at 31st December, 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Code, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended.

Report on other Legal and Regulatory Requirements

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we 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 those books;

iii. The Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity of the Bank and its subsidiaries are in agreement with the books of account.

The Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738), requires that we state certain matters in our report. We hereby certify that:

i. The financial statements give a true and fair view of the state of affairs as at 31st December, 2013 of the Bank and its subsidiaries and the results for the year ended on that date;

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

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

iv. The Bank has generally complied with the provisions of the Banking Act, 2004 (Act 673) as amended.

Asamoa Bonsu & Co

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Signed by Osei Yaw Asamoa (ICAG/P/1192)
For and on behalf of Asamoa Bonsu & Co. (ICAG/F/0086)
Chartered Accountants
Accra, Ghana

.......26TH FEBRUARY....... 2014

Consolidated Financial Statements & Notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		THE GROUP		THE BANK	
	Notes	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Interest Income	5	107,317	78,398	107,317	78,263
Interest Expense	6	(43,056)	(35,459)	(43,242)	(35,466)
NET INTEREST INCOME		**64,261**	**42,939**	**64,076**	**42,797**
Commissions & Fees	7	22,284	21,244	22,286	19,464
Other Operating Income	8	19,679	8,988	19,160	8,858
Total Income		106,225	73,171	105,521	71,119
Loan Impairment Expense	9	(17,210)	(5,457)	(17,210)	(5,457
Operating Expenses	10	(67,179)	(54,315)	(67,273)	(52,775)
NET OPERATING PROFIT		21,836	13,399	21,039	12,887
Other Income		95	145	66	61
Profit Before Tax		21,932	13,544	21,105	12,947
Taxation	15	(7,066)	(3,334)	(6,993)	(3,332)
Profit Before Other Comprehensive Income		14,866	10,210	14,112	9,615
TOTAL COMPREHENSIVE INCOME		**14,866**	**10,210**	**14,112**	**9,615**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
ASSETS					
Cash and Balances with Bank of Ghana	12	70,885	79,645	70,885	79,645
Government Securities	13	99,065	50,371	99,035	50,371
Due from Other Banks & Financial Institution	14	84,480	80,143	84,123	80,143
Taxation	15	3,206	1,440	3,194	1,396
Equity Investment	18	188	188	7,366	6,366
Loans and Advances	16	523,282	424,964	525,485	425,207
Other Assets	19	7,041	5,182	5,409	5,016
		788,147	**641,934**	**795,497**	**648,145**
Property, Plant & Equipment	21	43,557	34,169	32,064	24,899
Intangible Assets	22	3,030	2,119	3,045	2,113
TOTAL ASSETS		**834,734**	**678,222**	**830,607**	**675,156**
LIABILITIES					
Customer Deposits	20	692,534	554,020	693,129	555,195
Other Liabilities	24	22,250	22,980	21,391	21,848
Borrowings	23	19,889	13,019	19,889	13,019
TOTAL LIABILITIES		**734,673**	**590,019**	**734,409**	**590,061**
EQUITY AND RESERVES					
Stated Capital	27	62,453	62,453	62,452	62,453
Income Surplus Account		7,986	3,778	4,124	671
Statutory Reserve Fund		22,442	15,386	22,442	15,385
Capital Surplus		5,500	5,500	5,500	5,500
Credit Risk Reserve		1,679	1,086	1,679	1,086
TOTAL EQUITY AND RESERVES		**100,060**	**88,203**	**96,198**	**85,094**
TOTAL LIABILITIES AND EQUITY		**834,734**	**678,222**	**830,607**	**675,156**

These Financial Statements and accompanying Notes were approved at the Board Meeting held on the date stated below.

BY ORDER OF THE BOARD

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) **DIRECTORS**
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ACCRA

26TH FEBRUARY **2014**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
OPERATING PROFIT		21,932	13,544	21,105	12,947
Add Back:					
Charge for Depreciation		4,920	4,542	4,907	4,531
Charges for Amortisation		1,244	1,074	1,240	1,072
Charge for Loan Impairments		11,833	9,622	11,833	9,622
Provision in Contingent Liabilities		141	107	141	107
(Profit)/Loss on Sale of Property, Plant & Equipment		(33)	4	(33)	(2)
CASH INFLOW FROM TRADING ACTIVITIES		**40,036**	**28,893**	**39,193**	**28,277**
(INCREASE/(DECREASE) IN OPERATING ASSETS					
(Increase)/Decrease in Government Securities		(26,409)	(40,732)	(26,409)	(40,732)
(Increase)/Decrease in Loans/Advances		(110,267)	(141,432)	(112,252)	(141,676)
Increase/(Decrease) in Other Assets		(1,859)	(745)	(394)	(629)
INCREASE/(DECREASE) IN OPERATING LIABILITIES					
Increase/(Decrease) in Customers' Deposits		138,514	95,554	137,934	95,735
Increase/(Decrease) in Other Liabilities		(730)	(6,014)	(457)	(5,973)
Increase/(Decrease) in Borrowings		6,871	(970)	6,871	(970)
TAX PAID		(8,832)	(5,146)	(8,790)	(5,068)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**37,324**	**(70,591)**	**35,696**	**(71,036)**
INVESTING ACTIVITIES					
(Increase)/Decrease in Equity Investments		–	–	(1,000)	–
Proceeds on Sale of Property, Plant & Equipment		66	32	66	2
Purchase of Property, Plant & Equipment		(16,464)	(5,365)	(14,232)	(5,310)
Additions to Investments Properties		–	(410)	–	–
Purchase of Intangible Assets		(55)	(869)	(45)	(861)
		(16,453)	(6,611)	(15,211)	(6,168)
FINANCING ACTIVITIES					
Proceeds from Issue of Shares		–	28,353	–	28,353
Dividends Paid		(3,009)	–	(3,009)	–
		(3,009)	28,353	(3,009)	28,353
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17,862**	**(48,849)**	**17,476**	**(48,851)**
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Balance as at 1st December 2013		166,529	215,378	166,529	215,379
Add Net Cash Flow		17,862	(48,849)	17,476	(48,850)
Balance as at 31st December, 2013		**184,391**	**166,529**	**184,004**	**166,529**
COMPOSITION					
Cash on Hand		25,982	26,584	25,982	26,584
Balance with Bank of Ghana		44,903	53,061	44,903	53,061
Balances with other Banks		14,895	16,425	14,895	16,425
Government Securities		29,026	6,741	28,996	6,741
Overnight Lending		15,065	–	15,013	–
Foreign Time Deposits		42,081	54,433	42,081	54,433
Items in Course of Collection		12,438	9,285	12,135	9,285
		184,391	**166,529**	**184,004**	**166,529**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – GROUP

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL EQUITY GH¢'000
Balance at 1st January 2013	**62,453**	**3,778**	**15,386**	**5,500**	**1,086**	**88,203**
Total Comprehensive Income	–	14,866	–	–	–	14,866
	62,453	**18,644**	**15,386**	**5,500**	**1,086**	**103,069**
Transactions with owners						
Dividend Paid	–	(3,009)	–	–	–	(3,009)
Other Movement in Equity						
Transfers to Statutory Reserve	–	(7,056)	7,056	–	–	–
Transfer to Credit Risk Reserve	–	(593)	–	–	593	–
Total Transfers	**–**	**(10,658)**	**7,056**	**–**	**593**	**(3,009)**
Balance at 31st December, 2013	**62,453**	**7,986**	**22,442**	**5,500**	**1,679**	**100,060**
Comparative Figures – 2012						
Balance at 1st January 2012	**25,100**	**7,607**	**10,578**	**5,500**	**855**	**49,640**
Total Comprehensive Income	–	10,210	–	–	–	10,210
	25,100	17,817	10,578	5,500	855	59,850
Transaction with Owners						
Proceeds from Issues of Shares	28,353	–	–	–	–	28,353
Other Movements in Equity						
Transfers to Stated Capital A*	5,000	(5,000)	–	–	–	–
Transfers to Stated Capital B*	4,000	(4,000)	–	–	–	–
Transfer to Statutory Reserve	–	(4,808)	4,808	–	–	–
Transfer to Credit Risk Reserve	–	(231)	–	–	231	–
Total Transfers	9,000	(14,039)	4,808	–	231	–
Balance at 31st December, 2012	**62,453**	**3,778**	**15,386**	**5,500**	**1,086**	**88,203**

A* **March-12**

B* **Oct-12**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – BANK

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL EQUITY GH¢'000
Balance at 1st January 2013	**62,453**	**671**	**15,385**	**5,500**	**1,086**	**85,094**
Total Comprehensive Income	–	14,112	–	–	–	14,112
	62,453	**14,783**	**15,385**	**5,500**	**1,086**	**99,207**
Transactions with owners						
Dividend Paid	–	(3,009)	–	–	–	(3,009)
Other Movement in Equity						
Transfers to Statutory Reserve	–	(7,056)	7,056	–	–	–
Transfer to Credit Risk Reserve	–	(593)	–	–	593	–
Total Transfers	**–**	**(10,658)**	**7,056**	**–**	**593**	**(3,009)**
Balance at 31st December, 2013	**62,453**	**4,124**	**22,442**	**5,500**	**1,679**	**96,198**
Comparative Figures – 2012						
Balance at 1st January 2012	**25,100**	**5,094**	**10,577**	**5,500**	**855**	**47,126**
Total Comprehensive Income	–	9,615	–	–	–	9,615
	25,100	14,709	10,577	5,500	855	56,741
Transaction with Owners						
Proceeds from Issues of Shares	28,353	–	–	–	–	28,353
Other Movements in Equity						
Transfers to Stated Capital A*	5,000	(5,000)	–	–	–	–
Transfers to Stated Capital B*	4,000	(4,000)	–	–	–	–
Transfer to Statutory Reserve	–	(4,808)	4,808	–	–	–
Transfer to Credit Risk Reserve	–	(231)	–	–	231	–
Total Transfers	9,000	(14,039)	4,808	–	231	–
Balance at 31st December, 2012	**62,453**	**671**	**15,385**	**5,500**	**1,086**	**85,094**

A* **March-12**

B* **Oct-12**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

1.0 STATEMENT OF COMPLIANCE

1.1 International Financial Reporting Standards (IFRSs)

The financial statements of the Bank for the year ended 31st December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

1.2 References

References to "The financial statements" comprise the Consolidated Statements of:

a. Comprehensive Income;

b. Financial Position;

c. Cash Flows and

d. Changes in Equity.

References to the Group comprise the Bank and its subsidiaries.

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 Measurement

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 Group.

2.3 Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Group 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 Consolidated 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 financial position 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 that 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 recognized 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 or loss

  Upon initial recognition as financial asset, it is designated 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 consolidated 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 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 Group 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 Group.

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. 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 – $12^1/_2$%
- Plant & Machinery – $12^1/_2$%
- Office Equipment – $12^1/_2$%
- 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 Group.

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 de-recognition 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.

2.6.A Investment Property

Investment Property is recognized as an asset when:

a. It is probable that the future economic benefits that are associated with the Investment Property will flow to the entity; and

b. The cost of the Investment Property can be measured reliably.

Investment Property is held to earn rentals or for capital appreciation or both.

The Group uses the fair value model in measuring its Investment Property. Under this model, Investment Property is initially measured at cost which includes transaction costs.

After recognition, Investment Property is subsequently measured at fair value which reflects market conditions at the end of the reporting period or by a valuation by a knowledgeable professional valuer.

A gain or loss arising from a change in the fair value is recognized in profit or loss for the period in which it arises.

An Investment Property is derecognized (eliminated from the Consolidated Statement of Financial Position) on disposal, transferred to or as owner-occupied or when the Investment Property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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 Group 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 Group 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 Consolidated Statement of Financial Position date.

Any gains or losses resulting from foreign currency translation or exchange are dealt with through the Consolidated 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 Group'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 accrued expenses and any short-term benefit paid in advance are recognised as prepayments to the extent that they will lead to future cash refunds or a reduction in future cash payments.

  Wages and salaries payable to employees are recognised as an expense in the income statement at gross amount. The Group's contributions to the social security fund are also charged as expenses.

- **Defined Benefit Pension Scheme**

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

- **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 New Standards and Interpretations

2.15.1 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 Group's financial statements.

2.15.2 Standards and Interpretations not yet effective

The following standard and interpretation which is relevant to the financial statements has been published but is not yet effective. Consequently the Bank has not adopted it.

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 (OCI) 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.

3.0 Significant Accounting Estimates, Assumptions & Judgments

In the preparation of the financial statements, the Group 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 and 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 Group 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 Group 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	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
4. SOCIAL RESPONSIBILITIES				
Amount spent in fulfilling social responsibility obligations	291	256	291	256
5. INTEREST INCOME				
Loans & Advances	89,604	68,851	89,604	68,851
Investment Securities	17,537	8,823	17,537	8,689
Placements, Special Deposits	176	724	176	724
	107,317	**78,398**	**107,317**	**78,263**
Analysis by Class of Financial Asset				
Measured at Amortised Cost	46,041	37,740	46,041	37,605
Measured at Fair Value through Profit or Loss	61,277	40,658	61,277	40,658
	107,317	**78,398**	**107,317**	**78,263**
6. INTEREST EXPENSE				
Time and other Deposits	34,304	29,363	34,489	29,363
Overnight and Call Accounts	4,736	3,091	4,736	3,091
Current Account	3,175	1,564	3,175	1,571
Borrowed Funds	842	1,441	842	1,441
	43,056	**35,459**	**43,242**	**35,466**
7. COMMISSIONS AND FEES				
Commissions on Turnover	3,591	3,133	3,593	3,116
Commissions on Transfers/Letters of Credit	4,895	3,728	4,895	3,728
Facility Fees	8,263	9,712	8,263	8,066
Brokerage Fees	141	988	141	988
Commissions on Guarantees & Indemnities	1,471	1,221	1,471	1,103
Commissions on Managed Funds	1	2	1	2
Payment Orders	175	163	175	163
Commissions on FX Withdrawals	705	127	705	127
Money Transfers	1,000	612	1,000	612
ATM/SMS Income	650	535	650	535
Others	1,391	1,023	1,391	1,023
	22,284	**21,244**	**22,286**	**19,464**

		THE GROUP		THE BANK	
		2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
8.	**OTHER OPERATING INCOME**				
	Gain on Exchange	14,011	8,664	14,011	8,684
	Rent Income/Other Income	500	150	–	–
	Exchange Revaluation Surplus	5,168	174	5,149	174
		19,679	**8,988**	**19,160**	**8,858**
9.	**LOAN IMPAIRMENT EXPENSE**				
	Specific (Individually assessed)	10,754	3,675	10,754	3,675
	General (collectively assessed)	1,079	1,437	1,079	1,437
	Write-Offs	5,235	238	5,235	238
	Provisions against Contingent Liabilities	141	107	141	107
		17,210	**5,457**	**17,210**	**5,457**
10.	**OPERATING EXPENSES**				
	Licence & Fees	2	–	–	–
	Staff Costs	32,191	23,899	29,576	21,899
	Advertising & Marketing	2,636	1,886	2,620	1,871
	Administrative Expenses	7,969	6,135	8,440	6,135
	Training	774	619	774	617
	Depreciation & Amortisation	6,163	5,616	6,148	5,603
	Directors' Emoluments	801	631	756	599
	Auditors' Remuneration	193	133	156	132
	Motor Vehicle Running	2,800	2,269	2,796	2,301
	Occupancy Cost	6,433	6,018	8,248	6,582
	Maintenance of Systems	1,990	1,585	1,983	1,522
	Other Operating Expenses	5,226	5,524	5,776	5,515
		67,179	**54,315**	**67,273**	**52,775**
11(a).	**STAFF COSTS**				
	Salaries & Wages	28,804	21,394	26,194	19,398
	Social Security	1,236	940	1,232	933
	Provident Fund - Employers' Contribution	472	354	470	356
	Medical Expenses	1,208	876	1,208	876
	Retirement Benefits	471	336	471	336
		32,191	**23,899**	**29,576**	**21,899**

The average number of persons employed by the bank during the year was 756 (2012– 683).

	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
11(b). Included in Staff Costs and Directors' Emoluments are amounts incurred in respect of key management personnel				
Gross Salary	1,986	1,102	1,941	1,102
Social Security Fund	109	83	109	83
Provident Fund	62	32	62	32
	2,157	**1,217**	**2,112**	**1,217**
12. CASH AND BALANCES WITH BANK OF GHANA				
Cash on Hand	25,982	26,584	25,982	26,584
Cash with Bank of Ghana	44,903	53,061	44,903	53,061
	70,885	**79,645**	**70,885**	**79,645**
13. GOVERNMENT SECURITIES				
Short Term – Treasury Bills	29,026	6,741	28,996	6,741
Long Term:				
*Sinking Fund	3,962	3,962	3,962	3,962
Floating Rate Investment	65,540	34,132	65,540	34,132
I-Year Treasury Bills	537	5,536	537	5,536
	70,039	43,630	70,039	43,630
	99,065	**50,371**	**99,035**	**50,371**

*The Sinking Fund is earmarked for some mature borrowings.

	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
14. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS				
A. Nostro Account Balances	14,894	16,425	14,894	16,425
Items in Course of Collection	12,492	9,285	12,135	9,285
Overnight Lending	15,013	–	15,013	–
Foreign Time Deposits	42,081	54,433	42,081	54,433
	84,480	**80,143**	**84,123**	**80,143**
B. BHF Bank	1,046	8,564	1,046	8,564
Citi Bank	8,973	2,181	8,973	2,181
Ghana International Bank	4,863	5,652	4,863	5,652
Bank of Beirut	12	27	12	27
Items in Course of Collection	12,492	9,285	12,135	9,285
Overnight Lending	15,013	–	15,013	–
Foreign Time Deposits	42,081	54,433	42,081	54,433
	84,480	**80,143**	**84,123**	**80,143**

15(A). TAXATION – GROUP

Tax Years	Balance 1-Jan-12 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance 31st Dec-12 GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-13 GH¢'000
2007	69	–	–	69	–	–	69
2008	198	–	–	198	–	–	198
2009	(743)	–	–	(743)	–	–	(743)
2010	(452)	–	–	(452)	–	(411)	(863)
2011	(72)	–	(294)	(366)	–	(409)	(775)
2012	–	3,239	(4,815)	(1,576)	–	(61)	(1,637)
	(999)	3,239	(5,109)	(2,869)	–	(880)	(3,749)
2013	–	–	–	–	6,426	(7,419)	(994)
	(999)	3,239	(5,109)	(2,869)	6,426	(8,299)	(4,743)
NFSL	11	–	(37)	(26)	547	(532)	(11)
Deferred Tax	1,360	95	–	1,455	93	–	1,548
Total Tax	**372**	**3,334**	**(5,146)**	**(1,440)**	**7,066**	**(8,832)**	**(3,206)**

B. TAXATION – BANK

Tax Years	Balance 1-Jan-12 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance 31st Dec-12 GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-13 GH¢'000
2007	69	–	–	69	–	–	69
2008	198	–	–	198	–	–	198
2009	(739)	–	–	(739)	–	–	(739)
2010	(429)	–	–	(429)	–	(411)	(839)
2011	(143)		(246)	(389)	–	(409)	(798)
2012	–	3,237	(4,794)	(1,557)	–	(61)	(1,618)
	(1,043)	3,237	(5,040)	(2,846)	–	(880)	(3,726)
2013	–	–	–	–	6,352	(7,378)	(1,026)
	(1,043)	3,237	(5,040)	(2,846)	6,352	(8,258)	(4,752)
NFSL	28	–	(28)	–	547	(532)	15
Deferred Tax	1,355	95	–	1,450	93	–	1,543
Total Tax	**340**	**3,332**	**(5,068)**	**(1,396)**	**6,993**	**(8,790)**	**(3,194)**

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

	THE GROUP		THE BANK	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Computation of Effective Tax Rate				
Profit before Tax	21,932	13,544	21,105	12,947
Income Tax Using Applicable Tax Rate 25%	5,483	3,386	5,276	3,237
Add/Deduct the Effect of the following				
Depreciation	1,541	1,404	1,537	1,401
Operating expenses not allowable	493	490	494	476
Loan impairment expenses	2,994	1,302	2,994	1,302
Interest expense on Agric loans	68	43	68	43
Capital allowances	(2,699)	(3,153)	(2,562)	(2,834)
Exchange Revaluation surplus	(1,287)	(44)	(1,287)	(44)
Interest income on Agric loans	(168)	(95)	(168)	(95)
Income Tax expense	6,425	3,334	6,352	3,487
Effective Rate - Percentage	29.29	24.62	30.10	26.93

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

	THE GROUP		THE BANK	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
16. LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts	254,444	248,074	256,646	248,074
Term Loans	310,141	209,240	310,141	209,483
Gross Loans & Advances	**564,584**	**457,314**	**566,787**	**457,558**
Less: Impairment Allowance	(25,133)	(14,955)	(25,133)	(14,955)
Interest in Suspense	(16,169)	(17,395)	(16,169)	(17,395)
Total Impairment	**(41,302)**	**(32,350)**	**(41,302)**	**(32,350)**
Net Loans & Advances	**523,282**	**424,964**	**525,485**	**425,207**
a. Loans and Advances (including bills negotiable) to staff and customers	**564,584**	**457,314**	**566,787**	**457,558**
b. Loan Impairment Allowance ratio (Accumulated impairment and Interest Suspense to Gross Loans and Advances)	7.32%	7.07%	7.29%	7.07%
c. Gross Non-Performing Loans ratio (Aggregate of Sub-standard to Loss loans to total loans)	9.22%	8.64%	9.22%	8.64%
d. Ratio of 50 largest exposures to total exposure	50.57%	47.06%	50.57%	47.06%
ANALYSIS BY TYPE AND CUSTOMER				
Individuals	13,357	9,587	13,357	9,587
Other Private Companies	530,742	423,975	532,945	424,219
Government Department & Agencies	4,604	5,711	4,604	5,711
Public Enterprise	1,192	4,030	1,192	4,030
Staff	14,688	14,011	14,688	14,011
	564,584	**457,315**	**566,787**	**457,558**
Less: Impairment Allowance & Interest Suspense	(41,302)	(32,350)	(41,302)	(32,350)
Net Book Value	**523,282**	**424,964**	**525,485**	**425,207**

	THE GROUP		THE BANK	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Analysis by Business Segment:				
Agriculture, Forestry & Fishing	5,156	4,017	5,156	4,017
Mining & Quarrying	12,428	4,876	12,428	4,875
Manufacturing	50,908	36,132	50,908	36,132
Construction	34,215	33,340	34,215	33,340
Electricity, Gas & Water	34,749	22,666	34,749	22,666
Commerce & Finance	157,651	143,558	159,853	143,558
Transport, Storage & Communication	16,915	22,520	16,915	22,520
Services	142,518	109,298	142,518	109,298
Miscellaneous	110,045	80,907	110,045	81,151
	564,584	**457,314**	**566,787**	**457,558**
Less: Impairment Allowance & Interest Suspense	(41,302)	(32,350)	(41,302)	(32,350)
	523,282	**424,964**	**525,485**	**425,207**

RELATED STAFF

Included in Loans and Advances are the following amounts due from Related persons

Executive Directors	956	840	956	840
Key Management Personnel	1,300	1,409	1,300	1,409
	2,256	**2,249**	**2,256**	**2,249**

	2013 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000	2012 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000
17. MOVEMENTS IN GROUP'S ALLOWANCE FOR IMPAIRMENTS						
Balance 1st January	14,955	17,395	32,350	11,050	11,679	22,729
Write-Offs/Recoveries	–	(910)	(910)	(1,206)	(5,536)	(6,742)
Decrease in Impairments	(372)	(316)	(688)	(242)	–	(242)
Increase in Impairments	10,550	–	10,550	5,353	11,252	16,606
Balance 31st December	**25,133**	**16,169**	**41,302**	**14,955**	**17,395**	**32,350**

18. EQUITY INVESTMENTS

	Percentage Holding	No. of Shares	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
Subsidiaries						
PBL Properties Limited	100	5,600,000	–	–	5,600	5,600
Prudential Stockbrokers Limited	100	10,000,000	–	–	1,000	–
Prudential Securities Limited	100	5,782,705	–	–	578	578
Total Associated Companies			**–**	**–**	**7,178**	**6,178**
Other Investments						
Other Equity Investments						
Metro Mass Transit Limited	1.81	10,000	98	98	98	98
Airport West Hosp. Limited	5.80	900,000	90	90	90	90
			188	**188**	**188**	**188**
Total Equity Investments			**188**	**188**	**7,366**	**6,366**

	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
19. OTHER ASSETS				
Accounts Receivables & Prepayments	4,728	4,304	4,553	4,162
Tradeable Asset	1,627	124	–	–
Prudential Securities Limited	–	–	170	100
Stationery	686	754	686	754
	7,041	**5,182**	**5,409**	**5,016**
20. CUSTOMERS DEPOSITS				
Current Accounts	298,707	229,918	299,302	230,392
Time Deposits	250,351	202,035	250,351	202,736
Savings Accounts	143,476	122,067	143,476	122,067
	692,534	**554,020**	**693,129**	**555,195**
Analysis by Type of Depositor				
Financial Institutions	3,178	2,192	3,178	2,192
Individuals and other Private Enterprises	683,560	542,087	684,154	543,262
Government Departments & Agencies	4,604	5,711	4,604	5,711
Public Enterprises	1,192	4,030	1,192	4,030
	692,534	**554,020**	**693,129**	**555,195**
Twenty Largest Depositors	**152,635**	**117,729**	**152,766**	**117,979**
Ratio of Twenty Largest Depositors to Total Deposits	22.04	21.25	22.04	21.25

21.(a) PROPERTY, PLANT AND EQUIPMENT – GROUP

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Buildings GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2013	1,420	9,344	6,813	3,376	8,512	4,684	2,504	14,762	51,414
Additions during the year	388	205	1,622	301	747	884	10,109	2,208	16,464
Transfers	274	230	408	309	252	–	(3,655)	55	(2,127)
Disposals	–	–	(717)	–	–	–	–	–	(717)
At 31st December, 2013	2,082	9,778	8,125	3,986	9,511	5,568	8,958	17,025	65,033
DEPRECIATION									
At 1st january, 2013	662	2,916	3,851	2,078	3,646	3,651	–	440	17,245
Charges for the Year	194	1,180	1,180	515	1,046	664	–	139	4,920
Released on Disposal	–	–	(684)	(4)	–	–	–	–	(688)
At 31st December, 2013	856	4,096	4,347	2,590	4,693	4,315	–	579	21,476
NET BOOK VALUE									
At 31st December, 2013	1,226	5,682	3,778	1,396	4,819	1,253	8,958	16,446	43,557
At 31st December, 2012	759	6,427	2,961	1,297	4,865	1,033	2,504	14,322	34,169

DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2013 GH¢'000	2012 GH¢'000
Gross Book Value	717	184
Accumulated Depreciation	(684)	(148)
Net Book Value	33	36
Sales Proceeds	(66)	(32)
(Gain)/Loss on Disposal	(33)	4

21.(b) PROPERTY, PLANT AND EQUIPMENT – GROUP

Comparative Figures – 2012

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Buildings GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2012	1,307	9,133	5,631	2,645	7,170	4,464	2,051	13,422	45,823
Additions during the year	113	211	1,330	731	1,342	220	489	1,340	5,775
Disposals	–	–	(148)	–	–	–	(36)	–	(184)
At 31st December, 2012	1,420	9,344	6,813	3,376	8,512	4,684	2,504	14,762	51,414
DEPRECIATION									
At 1st January, 2012	507	1,756	2,964	1,604	2,742	2,974	–	305	12,851
Charges for the Year	155	1,161	1,035	475	904	677	–	135	4,542
Released on Disposal	–	–	(148)	–	–	–	–	–	(148)
At 31st December, 2012	662	2,916	3,851	2,078	3,646	3,651	–	440	17,245
NET BOOK VALUE									
At 31st December, 2012	759	6,427	2,961	1,297	4,865	1,033	2,504	14,322	34,169
At 31st December, 2011	800	7,377	2,667	1,041	4,428	1,490	2,051	13,117	32,972

DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2012 GH¢'000	2011 GH¢'000
Gross Book Value	184	302
Accumulated Depreciation	(148)	(297)
Net Book Value	36	5
Sales Proceeds	(32)	(28)
Loss/(Gain) on Disposal	4	(23)

21.(c) PROPERTY, PLANT AND EQUIPMENT – BANK

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Buildings GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2013	1,420	9,344	6,752	3,362	8,387	4,657	2,485	5,527	41,934
Additions during the year	388	205	1,622	301	745	866	10,106	–	14,232
Transfers	274	230	408	309	252	–	(3,600)	–	(2,127)
Disposals	–	–	(717)	–	–	–	–	–	(717)
At 31st December, 2013	2,082	9,779	8,065	3,972	9,383	5,523	8,991	5,527	53,322
DEPRECIATION									
At 1st January, 2013	662	2,917	3,802	2,067	3,523	3,624	–	440	17,035
Charges for the Year	194	1,180	1,172	515	1,046	661	–	139	4,907
Released on Disposal	–	–	(684)	–	–	–	–	–	(684)
At 31st December, 2013	856	4,097	4,290	2,582	4,569	4,285	–	579	21,257
NET BOOK VALUE									
At 31st December, 2013	1,226	5,682	3,775	1,390	4,815	1,238	8,991	4,948	32,064
At 31st December, 2012	801	7,378	2,647	1,039	4,424	1,489	2,051	4,292	24,899

DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2013 GH¢'000	2012 GH¢'000
Gross Book Value	717	148
Accumulated Depreciation	(684)	(148)
Net Book Value	33	–
Sales Proceeds	(66)	(2)
(Gain) on Disposal	(33)	(2)

21.(d) PROPERTY, PLANT AND EQUIPMENT – BANK

Comparative Figures – 2012

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Buildings GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2012	1,307	9,133	5,570	2,631	7,045	4,437	2,051	4,597	36,771
Additions during the year	113	211	1,330	731	1,342	220	434	930	5,311
Transfers	–	–	(148)	–	–	–	–	–	(148)
At 31st December, 2012	1,420	9,344	6,752	3,362	8,387	4,657	2,485	5,527	41,934
DEPRECIATION									
At 1st January, 2012	507	1,756	2,923	1,592	2,621	2,948	–	305	12,651
Charges for the Year	155	1,161	1,027	475	902	676	–	135	4,531
Released on Disposal	–	–	(148)	–	–	–	–	–	(148)
At 31st December, 2012	662	2,917	3,802	2,067	3,523	3,624	–	440	17,035
NET BOOK VALUE									
At 31st December, 2012	758	6,427	2,950	1,295	4,864	1,033	2,485	5,087	24,899
At 31st December, 2011	800	7,377	2,647	1,039	4,424	1,489	2,051	4,292	24,121

DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2012 GH¢'000	2011 GH¢'000
Gross Book Value	148	302
Accumulated Depreciation	(148)	(297)
Net Book Value	–	5
Sales Proceeds	(2)	(28)
(Gain) on Disposal	(2)	(23)

	THE GROUP		THE BANK	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
22. INTANGIBLE ASSETS				
This consisst of Computer Software				
Cost				
At 1st January	6,672	5,830	6,672	5,811
Transfers	2,127	–	2,127	–
Additions	55	869	45	861
31st December	8,854	6,699	8,845	6,672
Amortisation				
At 1st January	4,580	3,505	4,559	3,488
Charge for Year	1,244	1,074	1,240	1,072
Total Amortisation - 31st December 2013	5,824	4,580	5,800	4,559
Net Book Value - Year End	**3,030**	**2,119**	**3,045**	**2,113**
Net Book Value - Previous Year	**2,119**	**2,492**	**2,113**	**2,324**
23 BORROWINGS				
Short Term:				
Repurchase Agreements	9,056	7,009	9,056	7,009
Overnight	6,917	–	6,917	–
	15,973	7,009	15,973	7,009
Long Term:				
Export Development Investment Fund	1,672	1,735	1,672	1,735
Export Finance Bonds	499	882	499	882
Preference Shares	101	99	101	99
SSNIT Export Finance Loans	1,645	3,294	1,645	3,294
	3,916	6,010	3,916	6,010
	19,889	**13,019**	**19,889**	**13,019**
24 OTHER LIABILITIES				
Danida Funds	38	38	38	38
TIP/MOF Funds	268	250	268	250
Deferred Incomes/Other Creditors	12,525	9,707	11,666	7,379
Payment Orders & Bankers Payments	9,014	4,680	9,014	4,680
Interest Payable on Funds	–	926	–	–
Margins on Letters of Credit	406	7,379	406	9,501
	22,250	**22,980**	**21,391**	**21,848**

25. FINANCIAL ASSETS BY CATEGORY

2013 – GROUP	Measured at Amortised Cost GH¢'000	Measured at Fair Value TPL* GH¢'000	Measured at Fair Value TOCI* GH¢'000	Total GH¢'000
Government Securities	99,065	–	–	99,065
Due from Other Banks & Fin. Institutions	57,146	27,333	–	84,480
Loans & Advances to Customers	287,453	235,830	–	523,283
Equity Investment	–	188	–	188
	443,664	**263,351**	**–**	**707,016**
2012 – GROUP				
Government Securities	50,371	–	–	50,371
Due from Other Banks & Fin. Institutions	54,433	25,710	–	80,143
Loans & Advances to Customers	195,697	229,267	–	424,964
Equity Investment	–	188	–	188
	300,501	**255,165**	**–**	**555,666**
2013 – BANK				
Government Securities	99,035	–	–	99,035
Due from Other Banks & Fin. Institutions	57,094	27,029	–	84,123
Loans & Advances to Customers	289,656	235,830	–	525,486
Equity Investment	–	–	7,366	7,366
	445,784	**262,859**	**7,366**	**716,010**
2012 – BANK				
Government Securities	50,371	–	–	50,371
Due from Other Banks & Fin. Institutions	54,433	25,710	–	80,143
Loans & Advances to Customers	195,941	229,267	–	425,208
Equity Investment	–	–	6,366	6,366
	300,745	**254,977**	**6,366**	**562,088**

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

	THE GROUP		THE BANK	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
26. FINANCIAL LIABILITIES BY CATEGORY				
Customer Deposit	692,534	554,020	693,129	555,195
Borrowings	19,889	13,019	19,889	13,019
	712,424	**567,039**	**713,018**	**568,213**

a. Contingencies & Commitments

The Group entered into various commitments in the normal course of its Group business which are not reflected in the accompanying Statement of Financial Position.

These commitments are shown below:

	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
Guarantees and Indemnities	48,422	32,761	48,422	32,761
Documentary Credits	5,525	13,670	5,525	13,670
	53,948	**46,431**	**53,948**	**46,431**

b. Collateral

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

Particulars of Financial Assets

	THE GROUP 2013 GH¢'000	THE GROUP 2012 GH¢'000	THE BANK 2013 GH¢'000	THE BANK 2012 GH¢'000
Cash in various currencies	4,155	9,925	4,155	9,925

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 Bank which is obliged to adopt the debit.

27. STATED CAPITAL

The Stated Capital of the Bank consists of proceeds for issue of shares for cash or other consideration and transfers from Retained Profits to Capital.

Number of Authorised Ordinary Shares of no par value **1,000,000,000**

	2013		2012	
	Number	**GH¢'000**	**Number**	**GH¢'000**
ISSUED AND FULLY PAID:				
Issued for Cash Consideration	148,690,910	38,472	148,690,910	38,472
Issued for consideration other than cash	3,075,000	31	3,075,000	31
Capitalisation issues	155,300,000	23,950	155,300,00	23,950
	307,065,910	**62,453**	**307,065,910**	**62,453**

There are no shares of the Bank held in Treasury.

28. 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).

29. MATURITY ANALYSIS OF ASSETS AND LIABILITIES – BANK

Liquidity Gap

This measures the ability of the Bank to meet demands of Depositors and other Suppliers on its liquid assets and is measured as the difference between the assets of the Bank and its liabilities or financial obligations.

This gap as measured at the close of business on 31st December 2013 was as follows:

	TOTAL GH¢'000	0-3 Months GH¢'000	3-6 Months GH¢'000	6-12 Months GH¢'000	Over 1 Year GH¢'000
Cash and Bank Balances	70,885	70,885	–	–	–
Government Securities	99,035	89,996	–	4,039	5,000
Due from:					
Banks/Financial institution	84,123	74,123	–	–	10,000
Taxation	3,194	3,194	–	–	–
Equity Investment	7,366	–	–	–	7,366
Loans and Advances	525,485	175,515	206,918	76,053	66,999
Other Assets	5,409	4,863	176	353	17
Property, Plant & Equipment	32,063	15,097	9,128	7,022	817
Intangible Assets	3,045	–	–	–	3,045
Total Assets	**830,606**	**433,673**	**216,223**	**87,466**	**93,244**
Customer Deposits	69,129	129,889	89,570	94,753	378,917
Other Liabilities	21,391	4,793	1,013	2,723	12,863
Borrowings	19,889	6,938	12,951	–	–
TOTAL LIABILITIES	**734,409**	**141,620**	**103,534**	**97,476**	**391,779**
Liquidity Gap	**96,197**	**292,053**	**112,689**	**(10,010)**	**(298,535)**
Proportion of Assets to Liabilities	**1.13**	**3.06**	**2.09**	**0.90**	**0.24**
31st December 2012					
Total Assets	676,607	321,581	90,389	101,724	162,913
Total Liabilities	591,512	115,557	80,469	74,085	321,400
Liquidity Gap	85,095	206,024	9,920	27,639	(158,487)
Proportion of Assets to Liabilities	**1.14**	**2.78**	**1.12**	**1.37**	**0.51**

BY ORDER OF THE BOARD

....

.... **DIRECTOR**

ACCRA

26TH FEBRUARY **2014**

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

	USD	GBP	Euro	Others	2013 Total	2012 Total
ASSETS	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash/Balances with BOG	13,382	1,548	3,228	–	18,158	14,806
Due from Other Banks	11,036	8,295	37,645	–	56,976	70,858
Loans & Advances	190,887	80	517	–	191,483	125,943
	215,305	**9,923**	**41,390**	**–**	**266,617**	**211,607**
LIABILITIES						
Due to Customers	206,987	9,606	41,290	–	257,883	198,295
Other Liabilities	7,736	354	12	–	8,101	9,856
	214,723	**9,960**	**41,302**	**–**	**265,984**	**208,151**
NET ON BALANCE SHEET POSITION	**582**	**(37)**	**88**	**–**	**633**	**3,456**
Off Balance Sheet Credit Items:						
Letters of Credits	4,523	–	259	–	4,783	4,126
Bonds and Guarantees	22,511	814	305	445	24,074	15,622
	27,034	**814**	**565**	**445**	**28,857**	**19,748**

31.0 RISK MANAGEMENT

31.1 Overview

Risk is inherent in every material business activity of the Bank. The nature of the Bank's operations exposes it to credit, market, liquidity, operational, compliance, strategic and reputational risks. To ensure that the Bank takes only measured risks, PBL has integrated effective 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 Bank uses the 'three lines of defence' model for managing risks. The model 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.

iii. 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 therefore 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.

31.2 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 to identify, measure, manage and control the risks mentioned above.

31.3 Liquidity Risk

Liquidity risk is the potential loss to the Bank arising from either its inability to meet its maturing 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 the 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 a 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¢693.1 million and GH¢555.1 million at December 31, 2013 and 2012 respectively.

ii. Holding a broad portfolio of high grade securities in the 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¢99 million at the end of December 2013;

iii. Maintaining a structural liquidity gap, taking into consideration the asset mix and funding possibilities of the Bank.

The Bank's exposure to liquidity risk as measured by the gap analysis in note 29 is summarized in the table below.

This measures the ability of the Bank to meet demands of depositors and other obligations from its liquid assets.

Table 1: Summary of Liquidity Risk exposure

	TOTAL GH¢'000	0-3 Months GH¢'000	3-6 Months GH¢'000	6-12 Months GH¢'000	Over 1 Year GH¢'000
31st December 2013					
Total Assets	830,606	433,673	216,223	87,466	93,244
Total Liabilities	734,409	141,620	103,534	97,476	391,779
Liquidity Gap	96,197	292,053	112,689	(10,010)	(298,535)
Proportion of Assets to Liabilities	**1.13**	**3.06**	**2.09**	**0.90**	**0.24**
31st December 2012					
Total Assets	676,607	321,581	90,389	101,724	162,913
Total Liabilities	591,512	115,557	80,469	74,085	321,400
Liquidity Gap	85,095	206,024	9,920	27,639	(158,487)
Proportion of Assets to Liabilities	**1.14**	**2.78**	**1.12**	**1.37**	**0.51**

The gap analysis above matches the qualified liquid assets and liabilities in the various time bands based on the remaining number of days to the contractual maturity dates. The unmatched position (gap) indicates the Bank's exposure to liquidity risk. The analysis shows that the Bank is well positioned to meet its short term liquidity needs as shown by the positive gaps for the six-month period.

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 always met.

The Treasury Department measures and monitors the daily liquidity position by reviewing daily liquidity reports which summarise 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 meets 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 2013.

31.4 Credit Risk

Credit Risk refers to the risk that a borrower will default in repaying a credit facility either in full or in part or that a counter-party will be unwilling or unable to perform an obligation thereby 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 action on credit applications and reports in order to control 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 to be acceptable by the Bank. In addition, the Bank adequately assesses the financial performance of borrowers' businesses before granting credit facilities to such businesses.

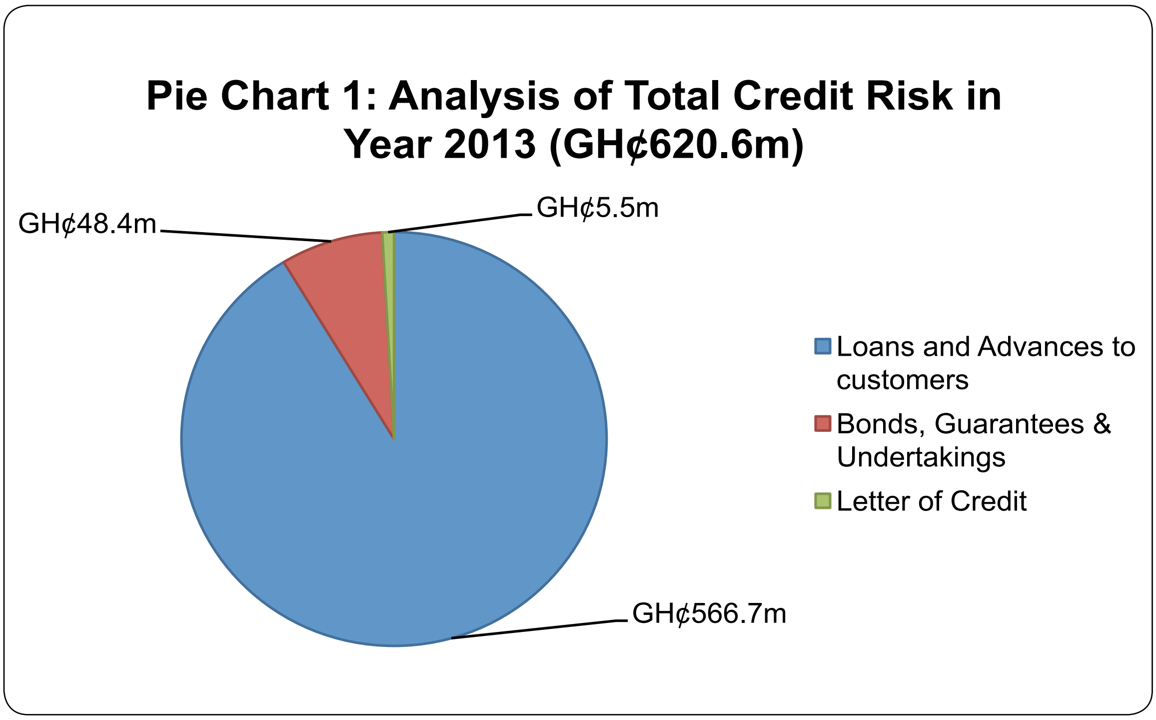
Credit facilities granted to customers, both corporate and retail, are closely monitored on a regular basis to uncover early warning signals of non-performance. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available.

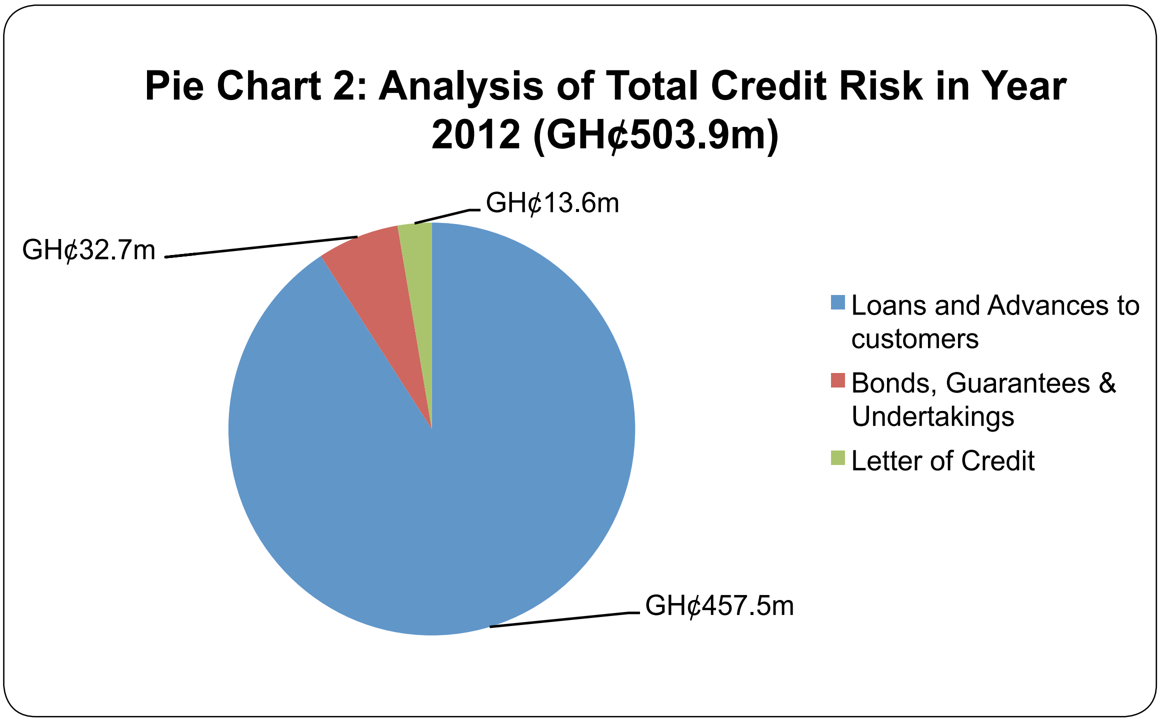
The early risk detection is a tenet of the Bank's credit culture and is intended to ensure that greater attention is paid to credit exposures in order to effectively manage such exposures and maximize loan recovery.

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.

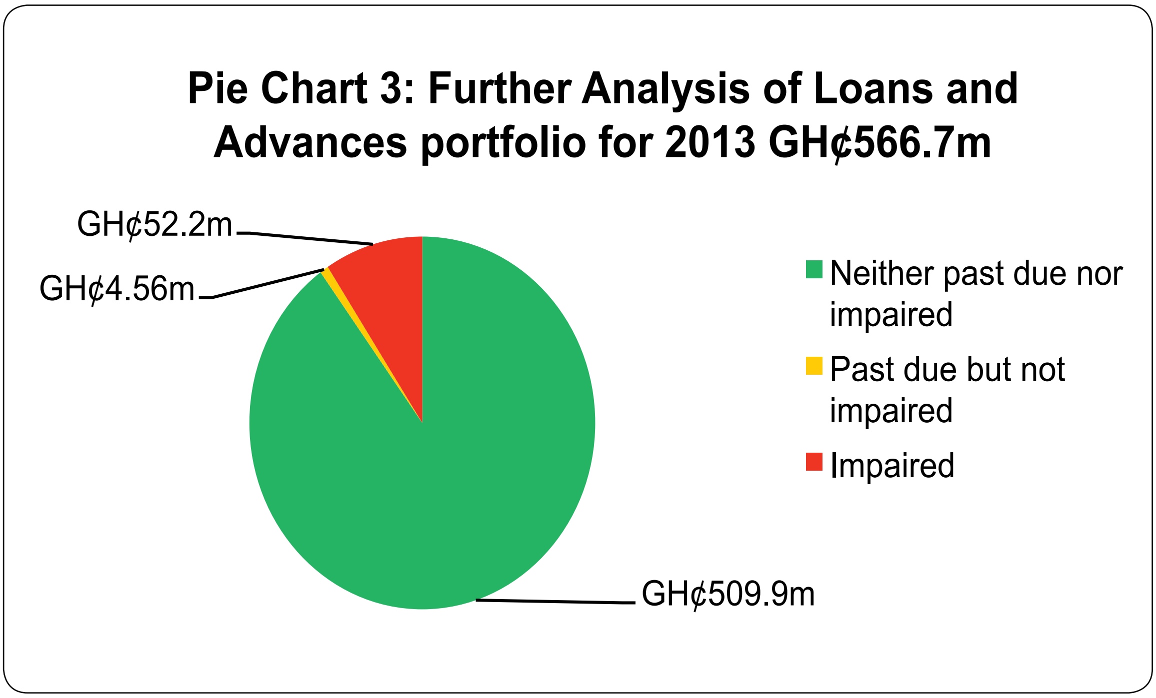
The maximum amount of credit risk of the Bank at the end of Years 2013 and 2012 emanating from the above mentioned risk sources is depicted in Pie Charts 1 and 2 below:

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

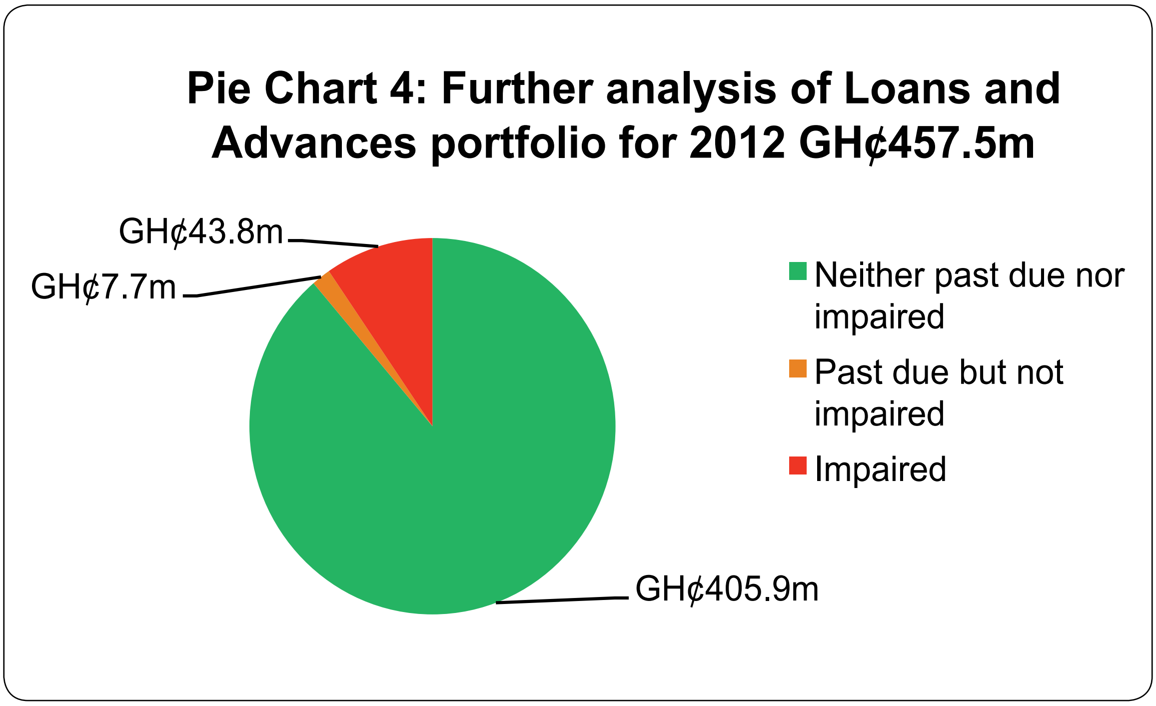




The loans and advances portfolio for Years 2013 and 2012 is further analyzed in terms of quality as shown in Pie Charts 3 and 4:



The fair value of collateral security held on "Past due but not imparied" and "Impaired" at the end of Year 2013 is GH¢47m.



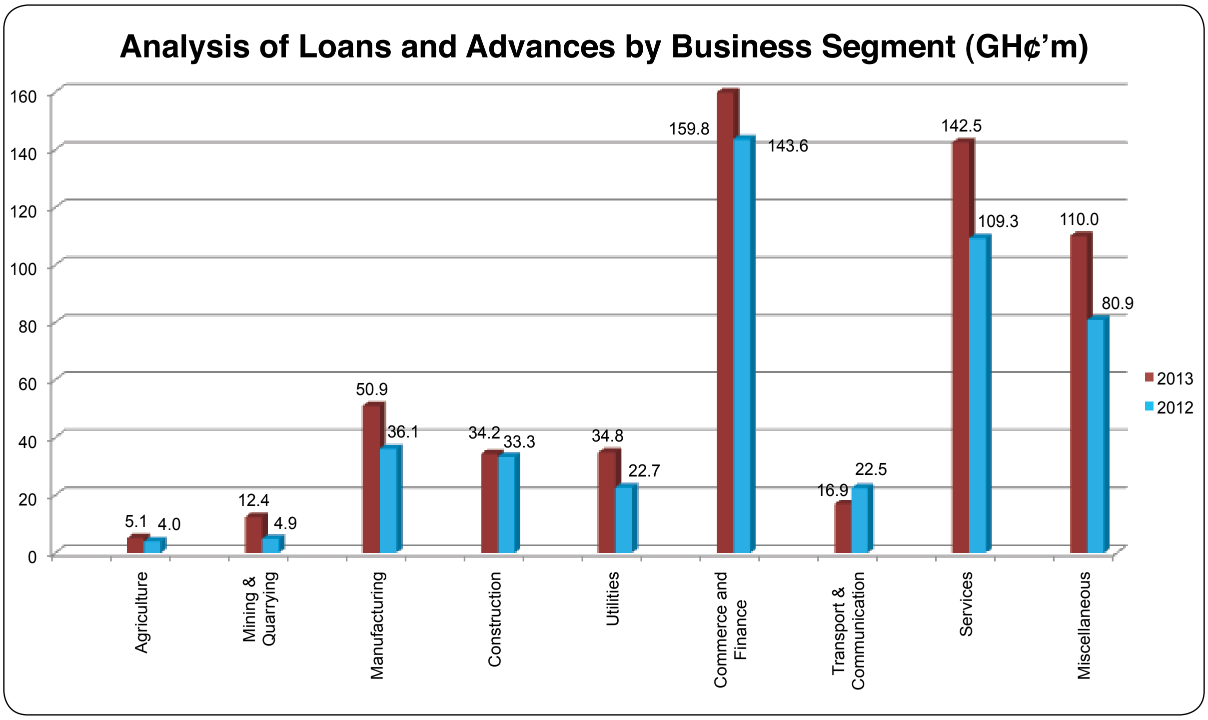
The fair value of collateral security held on "Past due but not impaired" and "Impaired" at the end of Year 2012 is GH¢33.3m.

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 2013 and 2012 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 Table 2 below:

TABLE 2: ANALYSIS OF LOANS AND ADVANCES BY TYPE OF CUSTOMER	2013 GH¢'m	2012 GH¢'m
Individuals	13.3	9.6
Other Private Enterprises	532.9	423.9
Government departments and agencies	4.6	5.7
Public Enterprises	1.1	4.0
Staff	14.7	14.0
	566.6	**457.2**

31.5 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.

The interest rate and exchange rate risks are inherent in the Bank's financial assets and liabilities such as loans, customer deposits, borrowings, securities and foreign exchange trading activities.

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.

The table below summarises the Group's exposure to foreign currency exchange risk as at 31st December 2013:

TABLE 3: CURRENCY EXPOSURES AS AT 31ST DECEMBER 2013

	US$ GH¢'000	GBP GH¢'000	Euro GH¢'000
Amount due to (from) the Bank	582	(37)	88

The currency exposures are maintained within the Bank's risk tolerance levels and are closely monitored to ensure that revaluation losses are kept to a minimum.

31.6 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.

31.7 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 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. 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 the Compliance Department reports independently to the Audit & Risk Management Sub-Committee of the Board.

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

Internal operational issues such as system breakdowns, employee errors, employee fraud etc may expose 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 is 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 border on illegality, such as money laundering, is a source of reputational risk to the Bank. To manage this type of risk and to avoid becoming associated 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. PBL also monitors customers' account operations to ensure that deposits into accounts are consistent with the type of business customers are engaged in. The Bank conducts due diligence on companies and their directors before bank accounts are opened.

Management has assigned the responsibility of safeguarding the Bank's reputation to every member of staff. 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.

31.9 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 execution of business plans and strategies, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence or other risks inherent in the operations of the 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 its 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.

32.0 CAPITAL

32.1 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 consistently improve its 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.

32.2 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:

32.3 The Level of Capital Adequacy

Tier 1 Capital	**2013 GH¢'000**	**2012 GH¢'000**	**2013 GH¢'000**	**2012 GH¢'000**
Paid Capital	62,453	62,453	62,453	62,453
Disclosed Reserves	32,107	20,249	28,245	17,141
Intangible & Other Assets	(12,553)	(6,913)	(5,554)	(6,913)
Total Qualifying Tier 1 Capital	82,007	75,789	85,144	72,681
Tier 2 Capital	5,500	5,500	5,500	5,500
Total Regulatory Capital	**87,507**	**81,290**	**90,644**	**78,181**
Risk Weighted Assets				
On Balance Sheet	587,181	469,978	593,185	467,374
Off Balance Sheet	50,447	36,476	50,447	36,476
Total	**637,628**	**506,454**	**643,632**	**503,850**
Add Allowable NOP and Average Annual	53,728	32,495	55,126	42,185
Total Risk Weighted Assets	**691,356**	**538,949**	**698,758**	**546,035**
Capital Adequacy Ratio (%)	**12.66**	**15.08**	**12.97**	**14.32**

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

33. SHAREHOLDERS

The Shareholders of the Bank are:

	Name	No. of Shares	Percentage Holding
1.	J.S. Addo Consultancy	76,208,525	24.82
2.	Mr. Kwesi Atuah	38,254,761	12.46
3.	Trustees of PBL Staff Provident Fund	34,325,146	11.18
4.	Mr. N.K. Omaboe	32,030,000	10.43
5.	Ghana Union Assurance	31,603,478	10.29
6.	Mr. Frank Owusu	24,615,385	8.02
7.	Mr. Stephen Sekyere-Abankwa	16,015,000	5.21
8.	Mr. Kofi O. Esson	15,384,615	5.01
9.	National Trust Holding Company Limited	14,560,000	4.74
10.	Social Security & National Insurance Trust	14,560,000	4.74
11.	Mr. John K. Addo	7,281,000	2.37
12.	Nana Agyei Duku	2,228,000	0.73
	TOTAL	**307,065,910**	**100.00**

Branch Network

The Branch Manager and Deputy Branch Manager of the new East Legon Branch, Mr Tony Yeboah and Ms Anne Addo (front row – second from left and first from left) pose with Managing Director, Mr Stephen Sekyere-Abankwa (second row – third from right), Deputy Managing Director (Finance, Administration and Credit Administration), Mr Joseph Afrane (last row – second from right) and other members of staff at the Branch opening ceremony in November 2013.

The other two branches opened by the Bank during the year 2013 are the Okaishie branch in Accra and the Techiman branch which is the Bank's first branch to be opened in the Brong Ahafo region. This brings the branch network to 32 branches and 2 agencies.

GREATER ACCRA REGION

HEAD OFFICE
8 Nima Avenue
Ring Road Central
Accra
Tel.: 233-302-781200-6
Fax: 233-302-781210

RING ROAD CENTRAL BRANCH
8 Nima Avenue
Ring Road Central, Accra
Tel.: 233-302-781179/78127
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.: 233-302-686638, 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 : 233-302-220927, 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
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 Dwaahe 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

MATAHEKO BRANCH
No. B439/15
The Ground Floor
IRS Building, Mataheko
Tel: 233-289557928/9
Fax: 233-577900081

OKAISHIE BRANCH
No. 657/4, Knutsford Avenue
NAB Brothers Building
Okaishie, Accra
Tel: 233-302-664144/233-289557946
Fax: 233-302-664174

EAST LEGON BRANCH
No. 2 Lyndy Street
Adjirigano Junction
East Legon, Accra
Tel: 233-302-747270/0540109480-1
Fax: 233-302-747271

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, 46720
Fax: 233-3220-46897

BRONG AHAFO REGION

TECHIMAN BRANCH
Ground Floor
No. 186 Block B
Sector 4S
Techiman-Tamale Main Road
Techiman
Tel: 233-352-522915
Fax: 233-352-522917

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.
CITIGROUP CENTRE
33 CANADA SQUARE
CANARY WHARF
LONDON E14 5LB
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
67 CHEAPSIDE
1ST FLOOR
LONDON, EC2V 6AZ
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 Seventeenth (17th) 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, 26th March, 2014, at 11am to transact the following business:

Agenda

1. To receive and consider the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December, 2013.
2. To declare final dividend
3. To ratify the appointment of a Director
4. To ratify the issuance of shares to Nana Agyei Duku
5. To re-elect the Auditors.
6. To authorize the Directors to determine the remuneration of the Auditors.

Dated this 3rd day of March, 2014.

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.

3. A copy of the Audited Financial Statement is attached.