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, e-banking services, international money transfer and funds management.

The Bank has a network of 35 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 in banking since its inception. The Bank continues to be a member of the Ghana Club 100.

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.

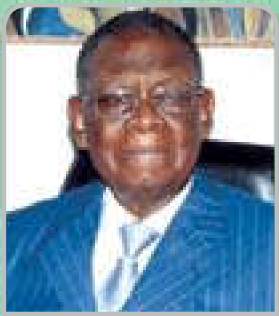
Prudential Securities Limited
is engaged in fund management, corporate finance and business advisory services.

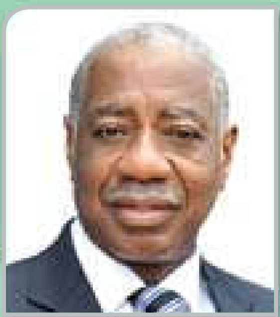
Prudential Stockbrokers Limited
is engaged in stockbrokerage, equity and economic research and advisory services.

www.prudentialbank.com.gh

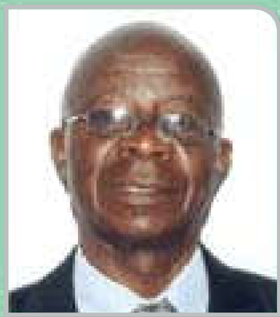
Board of Directors, Officials & Registered Office

BOARD OF DIRECTORS


John S. Addo
Chairman

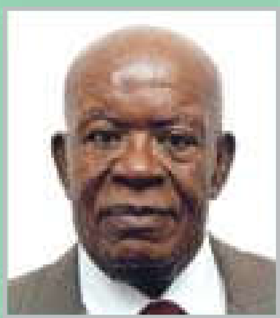

S. Sekyere-Abankwa
M. D.

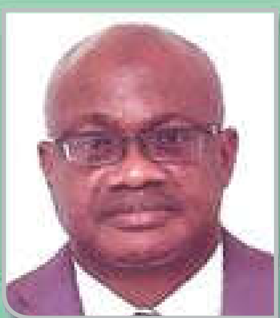

Joana F. Dickson
Member


S. Nkansa-Boadi
Member


Nortey K. Omaboe
Member

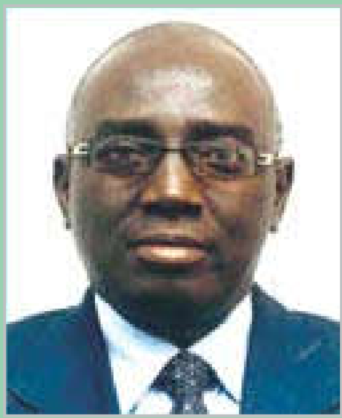

Aretha Duku
Member


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,
C758/3, Near Gye Nyame Hotel, Asylum Down
P.O. Box AN-7751,
Accra

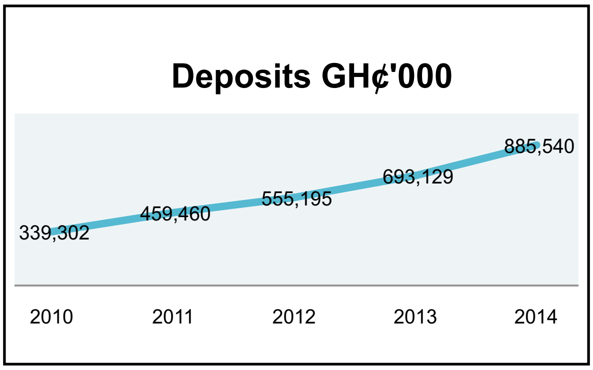
Tel.: 233-302-224783

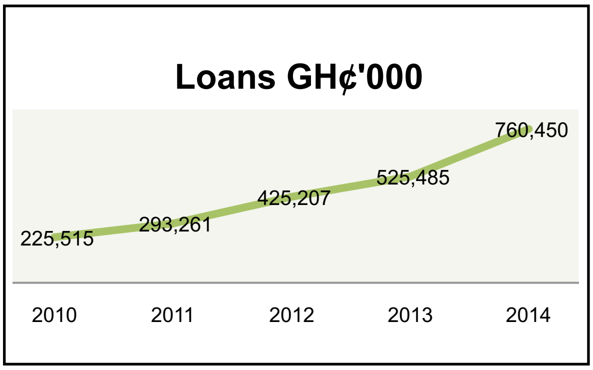
POSTAL ADDRESS:
Private Mail Bag
General Post Office
Accra.

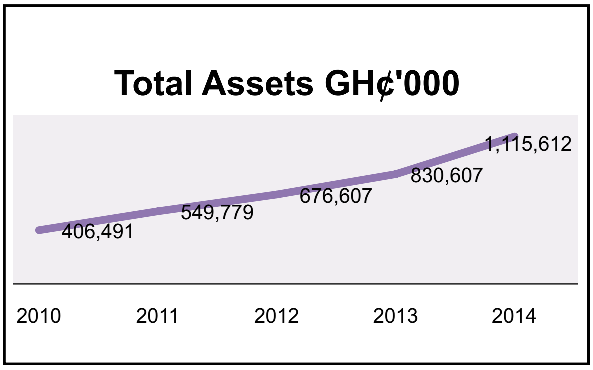
REGISTERED OFFICE:
8 Nima Avenue
Ring Road Central
Accra, Ghana

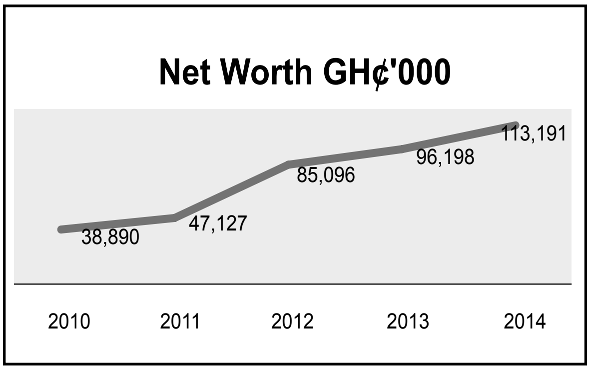
Tel:	233-302-781200-5
Fax:	233-302-781210
TLX:	233-302-2954 PBL GH
	233-302-2087 PBL GH
Cable:	Prubank
Swiftcode:	PUBKGHAC
E-mail:	headoffice@prudentialbank.com.gh
Website:	www.prudentialbank.com.gh

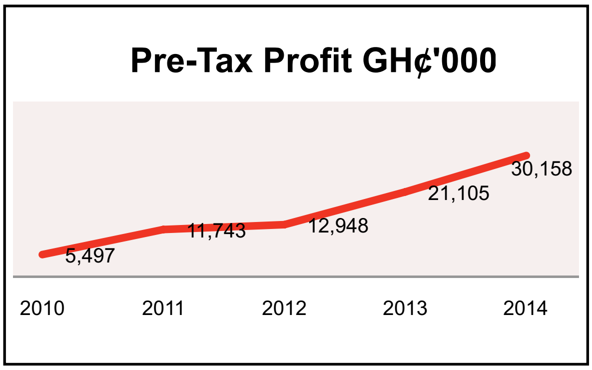
Performance at a Glance

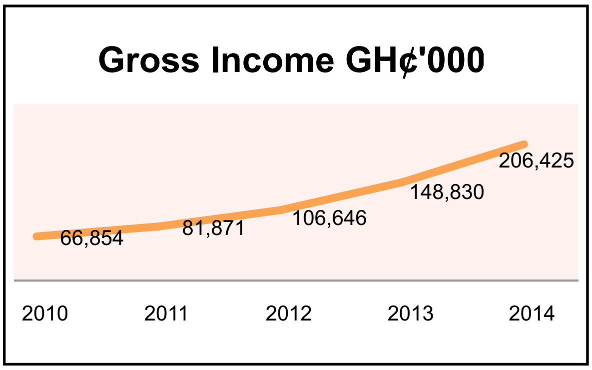

Deposits GH¢'000
339,302
459,460
555,195
693,129
885,540
2010
2011
2012
2013
2014

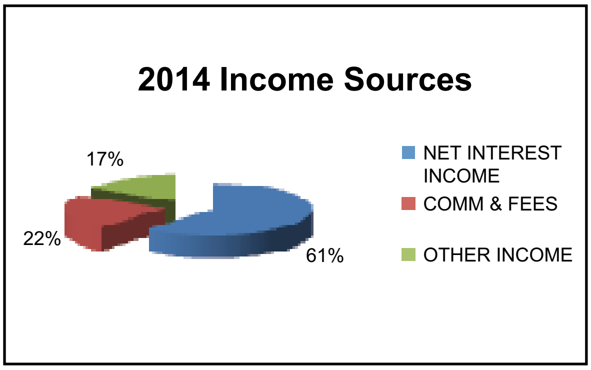

Loans GH¢'000
225,515
293,261
425,207
525,485
760,450
2010
2011
2012
2013
2014

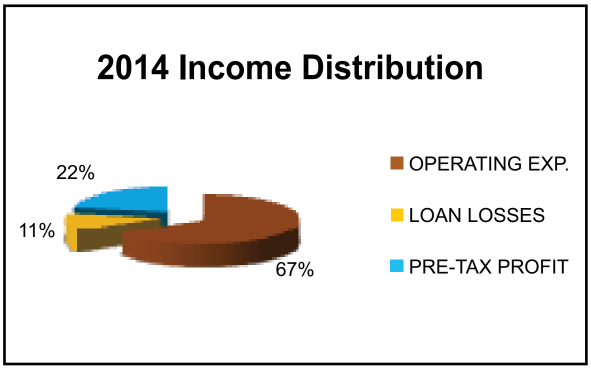

Total Assets GH¢'000
406,491
549,779
676,607
830,607
1,115,612
2010
2011
2012
2013
2014


Net Worth GH¢'000
38,890
47,127
85,096
96,198
113,191
2010
2011
2012
2013
2014


Pre-Tax Profit GH¢'000
5,497
11,743
12,948
21,105
30,158
2010
2011
2012
2013
2014

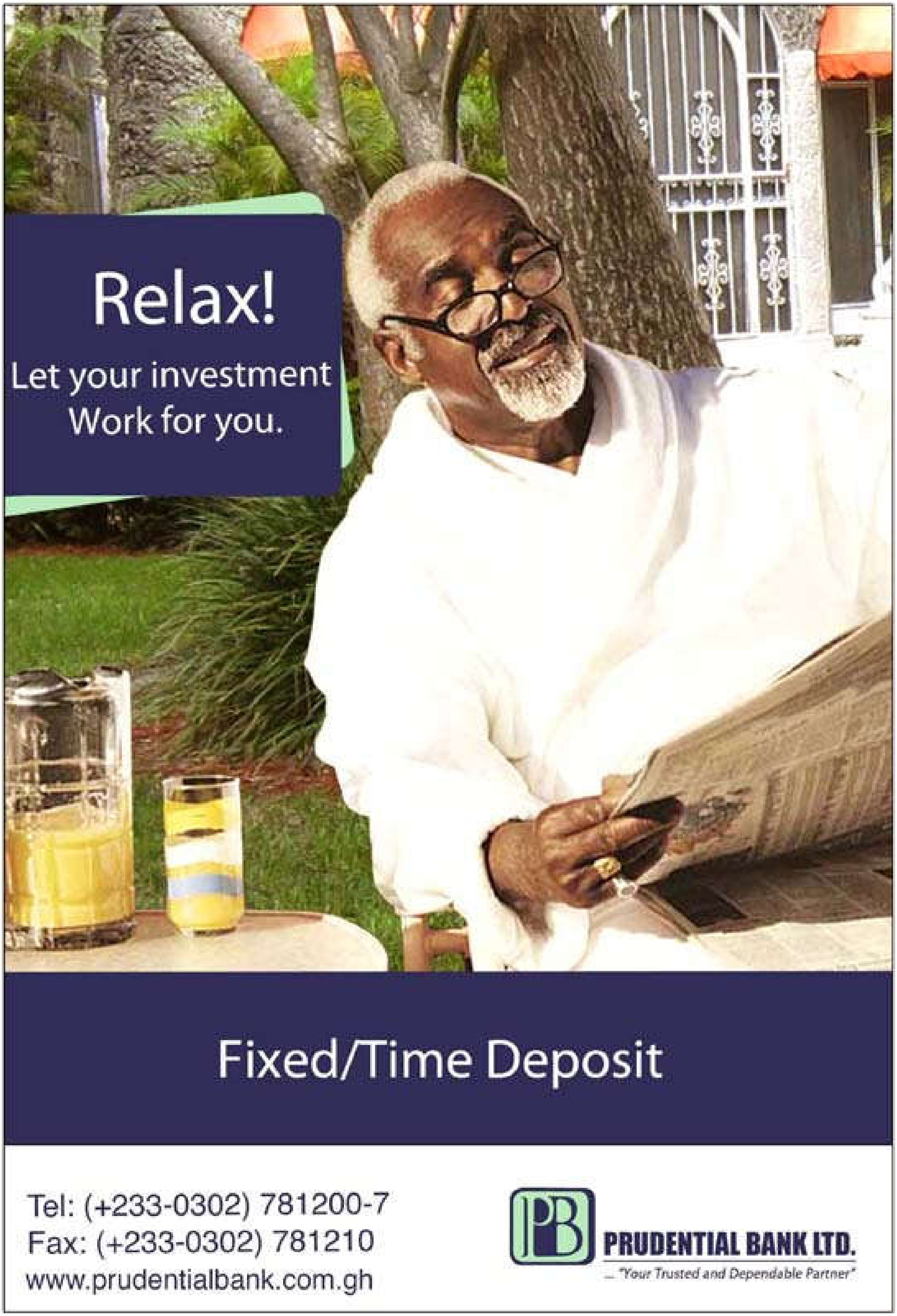

Gross Income GH¢'000
66,854
81,871
106,646
148,830
206,425
2010
2011
2012
2013
2014


2014 Income Sources
17%
22%
61%
NET INTEREST INCOME
COMM & FEES
OTHER INCOME


2014 Income Distribution
22%
11%
67%
OPERATING EXP.
LOAN LOSSES
PRE-TAX PROFIT

SUMMARY OF PERFORMANCE FROM 2010 – 2014

	2014	2013	2012	2011	2010
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
STATEMENT OF COMPREHENSIVE INCOME					
Interest Income	153,151	107,317	78,263	58,598	56,097
Interest Expense	(69,732)	(43,242)	(35,466)	(26,564)	(29,872)
NET INTEREST INCOME	83,419	64,076	42,797	32,034	26,225
Commissions and Fees	30,316	22,286	19,464	15,126	9,022
Other Operating Income	22,958	19,226	8,919	8,147	1,735
TOTAL INCOME	136,693	105,588	71,180	55,307	36,982
Operating Expenses	(91,004)	(67,273)	(52,775)	(40,036)	(29,797)
Loan Impairment Expense	(15,531)	(17,210)	(5,457)	(3,528)	(1,688)
PROFIT BEFORE TAX	30,158	21,105	12,948	11,743	5,497
Taxation	(10,770)	(6,993)	(3,332)	(3,506)	(1,490)
NET PROFIT AFTER TAX	**19,388**	**14,112**	**9,616**	**8,237**	**4,008**
Other Comprehensive Income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**19,388**	**14,112**	**9,616**	**8,237**	**4,008**
INCOME SURPLUS ACCOUNT					
Balance at 1st January	4,124	672	5,095	1,684	6,460
Total comprehensive income	19,388	14,112	9,616	8,237	4,008
	23,513	**14,783**	**14,711**	**9,921**	**10,468**
Transfer to Statutory Reserve Fund	(9,694)	(7,056)	(4,808)	(4,119)	(1,002)
Dividend Paid	(2,395)	(3,009)	-	-	-
Transfer to Credit Risk Reserve	(838)	(593)	(231)	(708)	217
Transfer to Stated Capital	-	-	(9,000)	-	(8,000)
Balance at 31st December	**10,586**	**4,124**	**672**	**5,095**	**1,683**
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash and Balances with Bank of Ghana	130,840	70,885	79,645	52,931	39,970
Government Securities	86,846	99,035	50,371	65,718	36,843
Due from other Banks and Financial Institutions	72,324	84,123	80,143	99,627	70,231
Loans and Advances	760,450	525,485	425,207	293,261	225,515
Taxation	-	3,194	2,846	1,043	409
Equity investment	7,366	7,366	6,366	6,366	6,031
Other Assets	7,195	5,409	5,016	4,388	5,457
	1,065,022	**795,498**	**649,594**	**523,334**	**384,456**
Property, Plant and Equipment	38,954	32,064	24,899	24,121	19,546
Intangible assets	11,636	3,045	2,113	2,324	2,489
TOTAL ASSETS	**1,115,612**	**830,607**	**676,607**	**549,779**	**406,491**
LIABILITIES AND SHAREHOLDERS' FUNDS					
LIABILITIES					
Customer Deposits	885,540	693,129	555,195	459,460	339,302
Taxation	1,430	-	1,450	1,383	1,266
Borrowings	97,500	19,889	13,019	13,988	18,357
Other Liabilities	17,950	21,391	21,847	27,821	8,676
TOTAL LIABILITIES	1,002,421	734,409	591,511	502,652	367,602
SHAREHOLDERS FUNDS					
Stated Capital	62,453	62,453	62,453	25,100	25,100
Income Surplus Account	10,586	4,124	672	5,095	1,683
Statutory Reserve Fund	32,136	22,442	15,385	10,577	6,459
Capital Surplus	5,500	5,500	5,500	5,500	5,500
Credit Risk Reserve	2,517	1,679	1,086	855	148
	113,191	96,198	85,096	47,127	38,890
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	**1,115,612**	**830,607**	**676,607**	**549,779**	**406,491**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Fixed/Time Deposit
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PRUDENTIAL BANK LTD.
... "Your Trusted and Dependable Partner"

Chairman's Statement

1.0 INTRODUCTION

Distinguished Shareholders, Directors, Ladies and Gentlemen, it is my pleasure to welcome you once again to the 18th Annual General Meeting of Prudential Bank Limited and to report on the performance of your Bank for the year ended 31st December 2014.

2.0 THE GLOBAL ECONOMIC ENVIRONMENT

The global economy in year 2014 was characterised by falling commodity prices, in general, and crude oil prices in particular.

According to the IMF, the decline in crude oil prices was driven mainly by the steady increase in crude oil production by non-OPEC countries, particularly the United States of America and the decision by OPEC to maintain production levels in spite of the fall in prices and weaker demand from some major emerging market economies.

Another development of the global economy in year 2014 was the steady recovery of the U.S. economy, on one hand, and the general decline in growth rates of other economies, on the other hand. Overall, the U.S. economy grew by 2.4% year-on-year, compared to the growth rates in Japan and the Euro Area of 0.1% and 0.8%, respectively. In Sub-Saharan Africa, the average growth rate declined from 5.2% in 2013 to 4.8% in 2014. The IMF in its January 2015 World Economic Outlook Report estimated the overall global economic growth for year 2014 to remain unchanged at the 2013 level of 3.3%.

3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2014

The economy of Ghana in year 2014 continued to suffer from the roll-over effects of large fiscal deficits recorded since year 2012. Consequently, the economy continued to experience declining growth, increasing inflation rates, rising debt levels and high financial vulnerabilities.

Gross Domestic Product (GDP) growth declined from 7.3% (including oil) in year 2013 to 4.2% in year 2014, which was far below the government's estimate of 8.0% in the 2014 revised budget. According to the Monetary Policy Committee (MPC) of the Bank of Ghana, the decline in GDP growth was due mainly to energy supply constraints and rising costs of inputs.

Inflation, as measured by the Consumer Price Index (CPI), rose steadily from 13.8% in January 2014 to 17% in December 2014. The MPC attributed the consistent rise in inflation to increases in the prices of goods and services which were influenced by a weakening exchange rate regime and an upward adjustment of the price of petroleum products for the greater part of the year.

On the currency market, the Ghana Cedi depreciated against the major currencies throughout the year. According to the MPC, the Cedi depreciated by 31% in 2014. The inter-bank overnight interest rate which reflects the rate at which commercial banks borrow from and lend to each other was 23.70% in December 2014, compared to 16.28% in December 2013.

The difficult economic situation has compelled the Government of Ghana to make a formal request to the International Monetary Fund (IMF) to initiate an IMF-supported programme to revive the growth prospects of the economy. Following a series of negotiations, an agreement has been reached in principle subject to approval by the IMF Board for the government of Ghana to access a three-year Extended Credit Facility (ECF) of about US$940 million. The IMF Programme is expected to restore debt sustainability through a sustained fiscal consolidation and to stabilize the economy in the short to medium term.

3.1 Interest Rates

The MPC of the Bank of Ghana raised the Monetary Policy Rate (MPR) cumulatively by 500 basis points (bps) from 16% in December 2013 to 21% in December 2014, indicating a tight monetary stance to curb inflation. Interest rates generally trended upwards during the year 2014; the benchmark 91-day Treasury bill rate increased from 19.2% to 25.8% between December 2013 and December 2014; similarly, the 182-day Treasury bill rate increased from 18.7% to 26.4% within the same period whilst the 1-year note rose from 17% to 22.5%. In line with the increases, average lending rates of banks increased from 25.6% to 29.0% during the year under review.

4.0 THE BANKING INDUSTRY

Distinguished Shareholders and Directors, the banking industry of Ghana continued to be competitive. In year 2014, one Savings and Loans Company was granted a universal banking license thereby increasing the number of Universal Banks to twenty-eight. The number of bank branches reached 950 by the end of year 2014.

The banking sector continued to remain sound with strong asset growth. According to the MPC's Report of February 2015, the banking sector total assets increased by 42.2% to GH¢51.4 billion at the end of December 2014 compared to a growth of 32.8% recorded at the end of December 2013. Gross advances constituted 46.8% of the total assets in 2014 compared with 47.1% in 2013.

The Non-Performing Loans (NPL) ratio of the banking system, when adjusted for fully-provisioned loans increased from 4.6% at the end of December 2013 to 5.6% at the end of December 2014. The unadjusted NPL ratio, however, declined from 12.0% to 11.3% at the end of December 2014. For the same period, the capital adequacy ratio for the banking industry decreased from 18.5% to 17.9% mainly due to the increased credit portfolio. It, however, remained well above the minimum regulatory requirement of 10%.

The Central Bank continued to apply strict controls in the exercise of its regulatory and supervisory roles to ensure that the robustness of the banking industry was maintained.

5.0 PERFORMANCE OF PBL IN YEAR 2014

5.1 Branch and other Developments

Distinguished Shareholders and Directors, in furtherance of our objective of bringing banking services to the door step of our customers, your bank opened one branch at Bawaleshie, East Legon in the Greater Accra Region. This brings the total number of branches in the East Legon area to two, having opened a branch near the American

House in year 2013. Your Bank now has thirty-three branches and two agencies and is present in six out of the ten regions of Ghana.

In line with the technological trends in the banking industry, your Bank made significant investments to complete the upgrade of its core banking application software to the latest version. The use of the new system has led to automation of some hitherto manual transaction processes to improve efficiency. Other activities during the period included the upgrades of the Bank's internet and ATM application software as well as the Cheque Codeline Clearing system. Benefits of the system upgrades include improved security and access to new functionalities for enhanced customer experience.

Your Bank also commenced the development of its head office annex located a few meters away from the main head office.

5.2 Mobilization of Resources

5.2.1 Deposits

During the year under review, your Bank mobilized GH¢192.4 million in deposits to increase its deposit base from GH¢693.1 million to GH¢885.5 million, an increase of 28%, compared to 25% recorded in the previous year. Current and savings account deposits together accounted for 60% of the total deposits whilst time deposits accounted for 40%. A significant proportion of the deposits was mobilised from private entities and individuals.

5.2.2 Shareholders' Funds

Shareholders' funds increased by 18% from GH¢96.2 million at the end of year 2013 to GH¢113.2 million at the end of the year 2014 as compared with 13% growth rate in year 2013. The growth was due to earnings retained during the year.

5.3 Allocation of Resources

The Bank continued to make judicious use of resources by engaging in profitable activities that sought to optimize the risks and returns relationship associated with its asset allocation decisions whilst ensuring that day-to-day operational and regulatory liquidity requirements were met.

The total assets of your Bank grew by 34% from GH¢830.6 million as at 31st December, 2013 to GH¢1.12 billion as at 31st December, 2014. The growth was funded by deposits, borrowings and shareholders' funds.

5.3.1 Investments

The Bank's investment in government securities stood at GH¢86.8 million as at the end of year 2014. The investment in government securities was necessary for liquidity management.

5.3.2 Lending Operations

During the year 2014, the Bank further consolidated its core business by growing its Loans and Advances portfolio by 45%. This increased the loans and advances portfolio from GH¢525.5 million at the end of year 2013 to GH¢760.5 million at the end of year 2014.

5.4 Results of Operations

Distinguished Shareholders and Directors, your Bank withstood the challenging economic difficulties as well as the intense competition in the banking industry to record an improved performance. Your Bank's pre-tax profit for the year 2014 increased by 43% to GH¢30.2 million from GH¢21.1 million in year 2013. The profit after tax for the year was GH¢19.4 million, which translates into a return on assets (ROA) of 2.0% and return on equity (ROE) of 18.5%.

5.5 Dividend

Distinguished ladies and gentlemen, I am pleased to announce that as a result of the Bank's performance in year 2014, the Directors have recommended the payment of dividend to ordinary shareholders of GH¢0.0098 per share amounting to GH¢3.0 million, which has been paid as interim dividend and considered as final dividend.

5.6 Corporate Social Responsibility

Building relations and investing in our communities continue to be key aspects of your Bank's core values.

Distinguished ladies and gentlemen, your Bank increased its support for education and other social needs from GH¢291,095 in year 2013 to GH¢723,764 in year 2014. The institutions that received the support from your Bank during the year included the following:

- University of Cape Coast;
- Marshalls University College;
- Valley View University;
- University for Development Studies;
- University of Ghana;
- Cape Coast Polytechnic;
- The Chartered Institute of Management Accountants (CIMA) Ghana;
- Dr Robert Mitchell Memorial Foundation for Childhood Cancer Programme;
- Ghana Police Command and Staff College;

- World Food Programme;
- Ghana Navy; and the
- 37 Military Hospital

5.7 Corporate Governace

Distinguished Ladies and Gentlemen, your Bank continued to commit itself to sound and effective corporate governance practices which ensured effective oversight and management of the Bank to enhance shareholder value.

I am pleased to report that during the year under review, the Board and its Audit & Risk Management Sub-Committee continued to perform 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. The Board also regularly reviewed the Bank's risk exposure to inform its risk related decisions. The Bank continued to comply 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 Global Economy

According to the IMF, the supply factors that affected crude oil prices in year 2014 are expected to reverse gradually but not completely. Thus, the crude oil prices are expected to rebound, but not to the high levels that pertained before the decline. The decline in crude oil prices is projected to boost global growth over the next two years, particularly in oil importing countries. Overall, growth in the world economy is projected to increase marginally from the estimated 3.3% in 2014 to 3.5% in 2015 and further to 3.7% by 2016.

6.2 The Ghanaian Economy

The outlook of the Ghanaian economy in year 2015 and beyond would be determined by the impact on the economy of the impending IMF programme.

To this end, the government has revised downwards its oil revenue forecast using an average crude oil price of US$52.8 per barrel, which is the same as the revised forecast by the IMF of the average price of Brent crude oil. This is much lower than the US$99.38 per barrel projected earlier in the 2015 Budget.

Based on these and other factors such as the severe energy crisis, GDP is forecast to decline further in 2015 to 3.5%.

6.3 The Banking Industry

Distinguished Ladies and Gentlemen, the current economic situation notwithstanding, the increased competition in the banking industry is likely to intensify thereby resulting in more bank customers requesting more sophisticated products and services. Whilst deposit mobilisation would drive the competition, banks would also exploit the opportunities offered by technology to roll out new products for the satisfaction and convenience of their customers.

The regulatory environment is also expected to be tightened to ensure that the operations of banks are sustained on a sound footing.

6.4 Prudential Bank Limited

Distinguished Ladies and Gentlemen, your Bank continues to record significant improvement in its performance on the back of remarkable growth in the volume of business, particularly in deposit mobilization, loans and other advances, trade financing and treasury operations whilst maintaining prudent control over expenditure.

Going forward, your Bank will continue to expand into commercially viable areas of the economy and continue to enhance its information technology platform to support the provision of quality electronic banking products and services. These initiatives are expected to enhance the Bank's overall services to make the Bank more attractive to existing and prospective customers. Your Bank will remain focused on its strategic objectives and will continue to build on its achievements to deliver better results for all stakeholders.

Your Bank projects a profit before tax of GH¢50.1 million for the year 2015. This is expected to be achieved through aggressive deposit mobilization, expansion and improvement in credit delivery as well as redesigning and rebranding of some of the existing products of the Bank.

7.0 ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all our customers whose continued patronage and loyalty have contributed to the success of the Bank. I also commend the Management and Staff of the Bank for their dedicated service and professionalism in the midst of the intense competition in our industry. Finally, I wish to thank you Shareholders and colleague members on the Board for your co-operation and invaluable contributions that have sustained the Bank in its endeavours over the past eighteen 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 eighteenth annual report together with the audited financial statements of the Bank and its subsidiaries for the year ended 31st December, 2014 as follows:

a. Subsidiaries

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

(i) PBL Properties Limited: engaged in the acquisition and development of banking premises.

(ii) Prudential Securities Limited: engaged in fund management, corporate finance, and business advisory services, and

(iii) Prudential Stockbrokers Limited: engaged in stock-brokerage, equity and economic research and advisory services.

b. Principal Activities

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

c. Results and Dividend

The results of operations for the year ended 31st December, 2014 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 30 to 80.

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	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net Profit for the year was	20,344	14,865	19,388	14,112
To which was added the balance brought forward on surpluses at the beginning of the year	7,985	3,778	4,124	671
	28,329	**18,644**	**23,513**	**14,783**
From which the following transfers have been made				
Dividends Paid	(2,395)	(3,009)	(2,395)	(3,009)
Credit Risk Reserve	(838)	(593)	(838)	(593)
Statutory Reserve	(9,694)	(7,056)	(9,694)	(7,056)
	(12,927)	**(10,658)**	**(12,927)**	**(10,658**
Leaving a balance on Income Surplus Account at end of the year of	15,402	7,985	10,586	4,124
TOTAL ASSETS	**1,119,387**	**834,734**	**1,115,612**	**830,607**

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 in preparing these financial statements.

BY ORDER OF THE BOARD

....	....
DIRECTOR	**DIRECTOR**

ACCRA

25TH FEBRUARY 2015

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

The Companies Act, 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 in accordance with that Act.

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

a. Select accounting policies, which comply with the Companies Act 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.

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

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

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

The Directors are responsible for the preparation of the financial statements in accordance with 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 Act 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, 2014, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As described on Page 24, 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 Act, 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 International Standards on Auditing. Those standards require that we comply with ethical standards and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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, 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended.

Report on other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we report on the following: We confirm that:

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

ii. In our opinion proper books of account have been kept by the Bank and its subsidiaries, so far as appears from our examination of those books; and

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, 2014 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.

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CHARTERED ACCOUNTANTS, ICAG Licence Number ICAG/F/0086
C758/3, Asylum Down, near Gye Nyame Hotel
P.O. Box AN-7751, Accra
Signing Partner, Osei Yaw Asamoa (ICAG/P/1192)

.........25TH FEBRUARY.......... 2015

PBL members of staff attending an in-house training course

The Bank provides all year round training for staff to ensure that members of staff are kept up to date on relevant issues and are well equipped to perform duties effectively.

Consolidated Financial Statements & Notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		THE GROUP		THE BANK	
	Notes	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Interest Income	5	153,151	107,317	153,151	107,317
Interest Expense	6	(69,728)	(43,056)	(69,732)	(43,242)
NET INTEREST INCOME		**83,423**	**64,261**	**83,419**	**64,076**
Commissions & Fees	7	30,316	22,284	30,316	22,286
Other Operating Income	8	23,709	19,679	22,889	19,160
Total Income		137,449	106,225	136,624	105,521
Loan Impairment Expense	9	(15,531)	(17,210)	(15,531)	(17,210)
Operating Expenses	10	(90,840)	(67,179)	(91,004)	(67,273)
NET OPERATING PROFIT		31,078	21,836	30,089	21,039
Other Income		156	95	69	66
Profit Before Tax		31,235	21,931	30,158	21,105
Taxation	15	(10,891)	(7,066)	(10,770)	(6,993)
Profit for the Year		**20,344**	**14,865**	**19,388**	**14,112**
Other Comprehensive Income		–	–	–	–
TOTAL COMPREHENSIVE INCOME		**20,344**	**14,865**	**19,388**	**14,112**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		THE GROUP		THE BANK	
	Notes	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
ASSETS					
Cash and Balances with Bank of Ghana	12	130,840	70,885	130,840	70,885
Government Securities	13	88,352	99,065	86,846	99,035
Due from Other Banks & Financial Institutions	14	72,324	84,480	72,324	84,123
Taxation	15	–	3,206	–	3,194
Equity Investment	18	231	188	7,366	7,366
Loans and Advances	16	760,450	523,282	760,450	525,485
Other Assets	19	7,224	7,041	7,195	5,409
		1,059,422	**788,147**	**1,065,022**	**795,498**
Property, Plant & Equipment	21	48,281	43,557	38,954	32,064
Intangible Assets	22	11,683	3,030	11,636	3,045
TOTAL ASSETS		**1,119,387**	**834,734**	**1,115,612**	**830,607**
LIABILITIES					
Customer Deposits	20	884,370	692,534	885,540	693,129
Taxation		1,380	–	1,430	–
Other Liabilities	24	18,128	22,250	17,950	21,391
Borrowings	23	97,500	19,889	97,500	19,889
TOTAL LIABILITIES		**1,001,377**	**734,673**	**1,002,421**	**734,409**
EQUITY AND RESERVES					
Stated Capital	27	62,453	62,453	62,453	62,453
Income Surplus Account		15,402	7,985	10,586	4,124
Statutory Reserve Fund		32,137	22,443	32,136	22,442
Capital Surplus		5,500	5,500	5,500	5,500
Credit Risk Reserve		2,517	1,679	2,517	1,679
Total Equity and Reserves		**118,009**	**100,060**	**113,191**	**96,198**
TOTAL LIABILITIES AND EQUITY		**1,119,387**	**834,734**	**1,115,612**	**830,607**

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

BY ORDER OF THE BOARD

....)
)
)
) **DIRECTORS**
)
....)

ACCRA

25TH FEBRUARY **2015**

CONSOLIDATED STATEMENT OF CASH FLOWS

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
OPERATING PROFIT	31,235	21,931	30,158	21,105
Add Back:				
Charge for Depreciation	5,639	4,920	5,623	4,907
Charges for Amortisation	1,585	1,244	1,581	1,240
Charge for Loan Impairments	8,258	11,833	8,258	11,833
Provision in Contingent/Other Liabilities	8	141	8	141
(Profit)/Loss on Sale of Property, Plant & Equipment	26	(33)	26	(33)
CASH INFLOW FROM TRADING ACTIVITIES	**46,750**	**40,035**	**45,653**	**39,193**
(INCREASE)/DECREASE IN OPERATING ASSETS				
(Increase)/Decrease in Government Securities	31,337	(26,409)	32,540	(26,409)
(Increase)/Decrease in Loans/Advances	(245,435)	(110,267)	(243,232)	(112,252)
(Increase)/Decrease in Other Assets	(183)	(1,859)	(1,786)	(394)
INCREASE/(DECREASE) IN OPERATING LIABILITIES				
Increase/(Decrease) in Customers' Deposits	191,835	138,514	192,412	137,934
Increase/(Decrease) in Other Liabilities	(4,122)	(730)	(3,440)	(457)
Increase/(Decrease) in Borrowings	77,611	6,870	77,611	6,871
Tax paid	(6,305)	(8,832)	(6,146)	(8,790)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**91,488**	**37,323**	**93,612**	**35,695**
INVESTING ACTIVITIES				
(Increase)/Decrease in Equity Investments	(44)	–	–	(1,000)
Proceeds from Sale of Property, Plant & Equipment	30	66	30	66
Purchase of Property, Plant & Equipment	(10,419)	(16,464)	(12,568)	(14,232)
Purchase of Intangible Assets	(10,237)	(55)	(10,172)	(45)
	(20,670)	**(16,452)**	**(22,710)**	**(15,211)**
FINANCING ACTIVITIES				
Dividends Paid	**(2,395)**	**(3,009)**	**(2,395)**	**(3,009)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**68,424**	**17,862**	**68,507**	**17,475**
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Balance as at 1st January,	184,391	166,529	184,004	166,529
Add Net Cash Flow	68,423	17,862	68,507	17,475
Balance as at 31st December	**252,814**	**184,391**	**252,511**	**184,004**
COMPOSITION				
Cash on Hand	34,360	25,982	34,360	25,982
Balance with Bank of Ghana	96,480	44,903	96,480	44,903
Balances with other Banks	4,843	14,895	4,843	14,895
Government Securities	49,650	29,026	49,348	28,996
Overnight Lending	5,050	15,065	5,050	15,013
Foreign Time Deposits	48,137	42,081	48,137	42,081
Items in Course of Collection	14,293	12,438	14,293	12,135
	252,814	**184,391**	**252,511**	**184,004**

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 2014	62,453	7,985	22,443	5,500	1,679	100,060
Total Comprehensive Income	–	20,344	–	–	–	20,344
	62,453	**28,329**	**22,443**	**5,500**	**1,679**	**120,404**
Transactions with owners						
Dividend Paid	–	(2,395)	–	–	–	(2,395)
Other Movement in Equity						
Transfers to Statutory Reserve	–	(9,694)	9,694	–	–	–
Transfer to Credit Risk Reserve	–	(838)	–	–	838	–
Total Transfers	**–**	**(12,927)**	**9,694**	**–**	**838**	**(2,395)**
Balance at 31st December, 2014	**62,453**	**15,402**	**32,137**	**5,500**	**2,517**	**118,009**
Comparative Figures – 2013						
Balance 1st January, 2013	62,453	3,778	15,386	5,500	1,086	88,203
Total Comprehensive Income	–	14,865	–	–	–	14,865
	62,453	18,644	15,386	5,500	1,086	103,069
Transaction with Owners						
Dividend Paid	–	(3,009)	–	–	–	(3,009)
Other Movements in Equity						
Transfer to Statutory Reserve	–	(7,056)	7,056	–	–	–
Transfer to Credit Risk Reserve	–	(593)	–	–	593	–
Total Transfers	–	(7,649)	7,056	–	593	–
Balance 31st December, 2013	**62,453**	**7,985**	**22,443**	**5,500**	**1,679**	**100,060**

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 1st January, 2014	62,453	4,124	22,442	5,500	1,679	96,198
Total Comprehensive Income	–	19,388	–	–	–	19,388
	62,453	**23,513**	**22,442**	**5,500**	**1,679**	**115,586**
Transactions with owners						
Dividend Paid	–	(2,395)	–	–	–	(2,395)
Other Movement in Equity						
Transfers to Statutory Reserve	–	(9,694)	9,694	–	–	–
Transfer to Credit Risk Reserve	–	(838)	–	–	838	–
Total Transfers	**–**	**(12,927)**	**9,694**	**–**	**838**	**(2,395)**
Balance at 31st December, 2014	**62,453**	**10,586**	**32,136**	**5,500**	**2,517**	**113,191**
Comparative Figures – 2013						
Balance 1st January, 2013.	62,453	671	15,385	5,500	1,086	85,095
Total Comprehensive Income	–	14,112	–	–	–	14,112
	62,453	14,783	15,385	5,500	1,086	99,207
Transaction with Owners						
Dividend Paid	–	(3,009)	–	–	–	(3,009)
Other Movements in Equity						
Transfer to Statutory Reserve	–	(7,056)	7,056	–	–	–
Transfer to Credit Risk Reserve	–	(593)	–	–	593	–
Total Transfers	–	(10,658)	7,056	–	593	–
Balance 31st December, 2013	**62,453**	**4,124**	**22,442**	**5,500**	**1,679**	**96,198**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014

1.0 STATEMENT OF COMPLIANCE

1.1 International Financial Reporting Standards (IFRSs)

The financial statements of the Bank for the year ended 31st December 2014 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 consolidated statement of comprehensive income 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) is recognized as services are provided.

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 financial position 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 or 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 of 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 consolidated statement of comprehensive income 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 at fair value through profit or loss. Non-trading liabilities are measured subsequent to initial recognition at amortised cost by 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 Group 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 statement of comprehensive income.

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 statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

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 or revalued amount 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.

Land and buildings are revalued every five years or at shorter intervals as may be deemed necessary by the Group.

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 statement of comprehensive income in the year the item is derecognized.

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

2.6.1 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 a property 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 initial 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 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 statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.9 Foreign Currency

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

Assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the statement of financial position date.

Any gains or losses resulting from foreign currency translation or exchange are dealt with through the 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 consolidated statement of comprehensive income 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 consolidated statement of comprehensive income.

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

2.13.1 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 consolidated statement of comprehensive income at gross amount. The Group's contributions to the social security fund are also charged as expenses.

2.13.2 Defined Benefit Pension Scheme

Under a National Defined Benefit Pension Scheme, the Group contributes amounts equivalent to13% of employees' basic salary to Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which are settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

2.13.3 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

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

(i) Amendments to IAS 32 "Financial Instruments: Presentation"

– Offsetting Financial Assets and Financial Liabilities

The amendments clarify that rights of set off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract including the reporting entity itself. The amendments also clarify that right of set off must not be contingent on a future event.

The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect equivalent to the net settlement and therefore, meet the net settlement criterion.

2.15.2 Standards and Interpretations not yet Effective

The following standards which are relevant to the financial statements have been published but not yet effective. Consequently the Bank has not adopted them.

IFRS 9 "Financial instruments"

Summary of the Requirements

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible Impact on Consolidated Financial Statements

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

IFRS 15 "Revenue from Contracts with Customers"

Summary of the Requirements

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes".

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

Possible Impact on Consolidated Financial Statements

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- IFRS 14 "Regulatory Deferral Accounts"
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

3.0 Significant Accounting Estimates, Assumptions and Judgements

In the preparation of the financial statements, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities. Key areas in which judgement 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 Group 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 judgement 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	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
4. SOCIAL RESPONSIBILITIES				
Amount spent in fulfilling social responsibility obligations	724	291	724	291
5. INTEREST INCOME				
Loans & Advances	130,895	89,604	130,895	89,604
Investment Securities	19,774	17,537	19,774	17,537
Placements, Special Deposits	2,483	176	2,483	176
	153,151	107,317	153,151	107,317
Analysis by Class of Financial Asset				
Measured at Amortised Cost	63,986	46,041	63,986	46,041
Measured at Fair Value through Profit or Loss	89,165	61,277	89,165	61,277
	153,151	**107,317**	**153,151**	**107,317**
6. INTEREST EXPENSE				
Time & Other Deposits	49,289	34,304	49,293	34,489
Overnight and Call Accounts	15,966	4,736	15,966	4,736
Current Account	4,224	3,175	4,224	3,175
Borrowed Funds	249	842	249	842
	69,728	**43,056**	**69,732**	**43,242**
7. COMMISSIONS AND FEES				
Commissions on Turnover	4,340	3,591	4,340	3,593
Commissions on Transfers/Letters of Credit	5,534	4,895	5,534	4,895
Facility Fees	11,397	8,263	11,397	8,263
Brokerage Fees	168	141	168	141
Commissions on Guarantees & Indemnities	2,170	1,471	2,170	1,471
Commissions on Managed Funds	7	1	7	1
Payment Orders	305	175	305	175
Commissions on FX Withdrawals	430	705	430	705
Money Transfers	2,471	1,000	2,471	1,000
ATM/SMS Income	903	650	903	650
Others	2,591	1,391	2,591	1,391
	30,316	**22,284**	**30,316**	**22,286**

	THE GROUP 2014 GH¢'000	THE GROUP 2013 GH¢'000	THE BANK 2014 GH¢'000	THE BANK 2013 GH¢'000
8. OTHER OPERATING INCOME				
Gain on Exchange	17,654	14,011	17,654	14,011
Rent Income/Other Income	811	500	–	–
Exchange Revaluation Surplus	5,243	5,168	5,234	5,149
	23,709	**19,679**	**22,889**	**19,160**
9. LOAN IMPAIRMENT EXPENSE				
Specific (Individually assessed)	5,815	10,754	5,815	10,754
General (collectively assessed)	2,443	1,079	2,443	1,079
Write-offs	7,265	5,235	7,265	5,235
Provisions against Contingent Liabilities	8	141	8	141
	15,531	**17,210**	**15,531**	**17,210**
10. OPERATING EXPENSES				
Licence & Fees	3	2	–	–
Staff Costs	42,199	32,191	38,588	29,576
Advertising & Marketing	3,585	2,636	3,585	2,620
Administrative Expenses	13,079	7,969	13,669	8,440
Training	1,030	774	1,030	774
Depreciation & Amortisation	7,218	6,163	7,204	6,148
Directors' Emoluments	895	801	895	756
Auditors' Remuneration	167	193	145	156
Motor Vehicle Running Expenses	4,296	2,800	4,290	2,796
Occupancy Cost	9,132	6,433	11,593	8,248
Maintenance of Systems	2,869	1,990	2,858	1,983
Other Operating Expenses	6,368	5,226	7,148	5,776
	90,840	67,179	91,004	67,273
11(a). STAFF COSTS				
Salaries & Wages	37,934	28,804	34,329	26,194
Social Security	1,490	1,236	1,485	1,232
Provident Fund - Employers' Contribution	572	472	570	470
Medical Expenses	1,818	1,208	1,818	1,208
Retirement Benefits	386	471	386	471
	42,199	**32,191**	**38,588**	**29,576**

The average number of persons employed by the Bank during the year was 832 (2013 - 768)

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
11(b). Included in the Staff Costs and Directors' Emoluments are amounts incurred in respect of key management personnel				
Gross Salary	2,193	1,986	2,193	1,941
Social Security Fund	104	109	104	109
Provident Fund	69	62	69	62
	2,366	**2,157**	**2,366**	**2,112**
12. CASH AND BALANCES WITH BANK OF GHANA				
Cash on Hand	34,360	25,982	34,360	25,982
Cash with Bank of Ghana	96,480	44,903	96,480	44,903
	130,840	**70,885**	**130,840**	**70,885**
13. GOVERNMENT SECURITIES				
Short Term – Treasury Bills	49,650	29,026	49,348	28,996
Long Term				
*Sinking Fund	80	3,962	80	3,962
Bank of Ghana Bond	37,699	65,540	36,495	65,540
I-Year Treasury Bills	923	537	923	537
	38,702	70,039	37,499	70,039
	88,352	**99,065**	**86,846**	**99,035**

** The Sinking Fund is earmarked for the repayment of some maturing Preference Shares.

	THE GROUP 2014	THE GROUP 2013	THE BANK 2014	THE BANK 2013
14. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS				
A. Nostro Account Balances	4,843	14,895	4,843	14,895
Items in Course of Collection	14,293	12,438	14,293	12,135
Overnight Lending	5,050	15,065	5,050	15,013
Foreign Time Deposits	48,137	42,081	48,137	42,081
	72,324	**84,480**	**72,324**	**84,123**
B. BHF Bank	3,449	1,041	3,449	1,046
Citi Bank	382	8,973	382	8,973
Ghana International Bank	963	4,810	963	4,863
Bank of Beirut	49	9	49	12
Items in Course of Collection	14,293	12,553	14,293	12,135
Overnight Lending	5,050	15,013	5,050	15,013
Foreign Time Deposits	48,137	42,081	48,137	42,081
	72,324	**84,480**	**72,324**	**84,123**

15(A). TAXATION – GROUP

Tax Years	Balance 1-Jan-13 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-14 GH¢'000
2007	69	–	–	69	–	–	69
2008	198	–	–	198	–	–	198
2009	(743)	–	–	(743)	–	–	(743)
2010	(452)	–	(411)	(863)	–	–	(863)
2011	(366)	–	(409)	(775)	–	–	(775)
2012	(1,576)	–	(61)	(1,637)	–	–	(1,637)
2013	–	6,426	(7,419)	(994)	1,151	3,271	3,428
	(2,869)	6,426	(8,299)	(4,743)	1,151	3,271	(321)
2014	–	–	–	–	8,044	(7,844)	200
	(2,869)	6,426	(8,299)	(4,743)	9,195	(4,573)	(121)
NFSL	(26)	547	(532)	(11)	1,508	(1,732)	(236)
Deferred Tax	1,455	93	–	1,548	188	–	1,736
	(1,440)	**7,066**	**(8,832)**	**(3,206)**	**10,891**	**(6,305)**	**1,380**

B. TAXATION – BANK

Tax Years	Balance 1-Jan-13 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-14 GH¢'000
2007	69	–	–	69	–	–	69
2008	198	–	–	198	–	–	198
2009	(739)	–	–	(739)	–	–	(739)
2010	(429)	–	(411)	(839)	–	–	(839)
2011	(389)	–	(409)	(798)	–	–	(798)
2012	(1,557)	–	(61)	(1,618)	–	–	(1,618)
2013	–	6,352	(7,378)	(1,026)	1,151	3,336	3,462
	(2,846)	6,352	(8,258)	(4,752)	1,151	3,336	(265)
2014	–	–	–	–	7,927	(7,750)	177
	(2,846)	6,352	(8,258)	(4,752)	9,078	(4,414)	(88)
NFSL	–	547	(532)	15	1,508	(1,732)	(210)
Deferred Tax	1,450	93	–	1,543	184	–	1,727
	(1,396)	**6,993**	**(8,790)**	**(3,194)**	**10,770**	**(6,146)**	**1,430**

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

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Computation of Effective Tax Rate				
Profit before Tax	31,235	21,931	30,158	21,105
Income Tax Using Applicable Tax Rate 25%	7,809	5,483	7,539	5,276
Add/Deduct the Effect of the following				
Depreciation	1,804	1,541	1,801	1,537
Operating expenses not allowable	1,564	493	1,564	494
Loan impairment expenses	2,067	2,994	2,067	2,994
Interest expense on Agric loans	131	68	131	68
Capital allowances	(2,583)	(2,699)	(2,427)	(2,562)
Exchange Revaluation Surplus	(1,309)	(1,287)	(1,309)	(1,287)
Interest Income on Agric loans	(288)	(168)	(288)	(168)
Income Tax expense	9,195	6,425	9,078	6,352
Effective Rate - Percentage	29	29	30	30

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

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
16. LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts	398,032	256,646	398,032	256,646
Term Loans	413,010	310,141	413,010	310,141
Gross Loans & Advances	811,042	564,584	811,042	566,787
Less: Impairment Allowance	(32,538)	(25,133)	(32,538)	(25,133)
Interest in Suspense	(18,054)	(16,169)	(18,054)	(16,169)
Total Impairment	**(50,592)**	**(41,302)**	**(50,592)**	**(41,302)**
Net Loans & Advances	**760,450**	**523,282**	**760,450**	**525,485**
a. Loans and Advances (including bills negotiable) to staff and customers	**811,042**	**564,584**	**811,042**	**566,787**
b. Loan Impairment Allowance ratio (Accumulated for impairment and Interest Suspense to Gross Loans and Advances)	6.24%	7.32%	6.24%	7.29%
c. Gross Non-Performing Loans ratio (Aggregate of Sub-Standard - Loss Loans to Total Loans)	7.10%	9.22%	7.10%	9.22%
d. Ratio of 50% Largest Exposures to Total Exposure	54.79%	50.57%	54.79%	50.57%

ANALYSIS BY TYPE AND CUSTOMER

	THE GROUP 2014	THE GROUP 2013	THE BANK 2014	THE BANK 2013
Individuals	13,213	13,357	13,213	13,357
Other Private Companies	775,736	530,742	775,736	532,945
Government Department & Agencies	–	4,604	–	4,604
Public Enterprise	–	1,192	–	1,192
Staff	22,092	14,688	22,092	14,688
	811,042	**564,584**	**811,042**	**566,787**
Less: Impairment Allowance & Interest Suspense	(50,592)	(41,302)	(50,592)	(41,302)
Net Book Value	**760,450**	**523,282**	**760,450**	**525,485**

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Analysis by Business Segment:				
Agriculture, Forestry & Fishing	7,213	5,156	7,213	5,156
Mining & Quarrying	33,706	12,428	33,706	12,428
Manufacturing	71,525	50,908	71,525	50,908
Construction	41,499	34,215	41,499	34,215
Electricity, Gas & Water	80,217	34,749	80,217	34,749
Commerce & Finance	214,837	157,651	214,837	159,853
Transport, Storage & Communication	16,291	16,915	16,291	16,915
Services	217,076	142,518	217,076	142,518
Miscellaneous	128,676	110,045	128,676	110,045
	811,042	**564,584**	**811,042**	**566,787**
Less: Impairment Allowance & Interest Suspense	(50,592)	(41,302)	(50,592)	(41,302)
	760,450	**523,282**	**760,450**	**525,485**

RELATED STAFF

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

Executive Directors	1,804	956	1,804	956
Key Management Personnel	2,711	1,300	2,711	1,300
	4,514	**2,256**	**4,514**	**2,256**

	2014 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000	2013 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000
17. MOVEMENTS IN GROUP'S ALLOWANCE FOR IMPAIRMENTS						
Balance 1st January	25,133	16,169	41,302	14,955	17,395	32,350
Write-offs/Recoveries	(7,482)	(21,975)	(29,456)	–	(910)	(910)
Decrease in Impairments	(644)	–	(644)	(372)	(316)	(688)
Increase in Impairments	15,531	23,859	39,390	10,550	–	10,550
Balance 31st December	**32,538**	**18,054**	**50,592**	**25,133**	**16,169**	**41,302**

18. EQUITY INVESTMENTS

			THE GROUP 2014 GH¢'000	THE GROUP 2013 GH¢'000	THE BANK 2014 GH¢'000	THE BANK 2013 GH¢'000
Subsidiaries	Percentage Holding	No. of Shares				
PBL Properties Limited	100	5,600,000	–	–	5,600	5,600
Prudential Stockbrokers Limited	100	10,000,000	–	–	1,000	1,000
Prudential Securities Limited	100	5,782,705	–	–	578	578
Total Associated Companies			**–**	**–**	**7,178**	**7,178**
Other Investments						
**Other Equity Investments			44	–	–	–
Metro Mass Transit Limited	1.81	10,000	98	98	98	98
Airport West Hospitalty. Limited	5.8	900,000	90	90	90	90
			231	**188**	**188**	**188**
Total Equity Investments			**231**	**188**	**7,366**	**7,366**

**Other Equity Investments are shares held by Subsidiaries.

19. OTHER ASSETS				
Accounts Receivables & Prepayments	5,478	4,728	5,449	4,553
Tradeable Asset	530	1,627	530	–
Prudential Securities Limited	–	–	–	170
Others	258	–	258	–
Stationery	958	686	958	686
	7,224	**7,041**	**7,195**	**5,409**
20. CUSTOMERS DEPOSITS				
Current Accounts	351,890	298,707	353,060	299,302
Time Deposits	354,757	250,351	354,757	250,351
Savings Accounts	177,723	143,476	177,723	143,476
	884,370	**692,534**	**885,540**	**693,129**
Analysis by Type of Depositor				
Financial Institutions	820	3,178	820	3,178
Individuals and Other Private Enterprises	883,550	683,560	884,720	684,154
Government Departments & Agencies	–	4,604	–	4,604
Public Enterprises	–	1,192	–	1,192
	884,370	**692,534**	**885,540**	**693,129**
Twenty Largest Depositors	**186,071**	**152,635**	**204,028**	**152,766**
Ratio of Twenty Largest Depositors to Total Deposits	21.04	22.04	23.04	22.04

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, 2014	2,082	9,778	8,125	3,986	9,511	5,568	8,958	17,025	65,033
Additions during the year	368	197	1,231	922	1,942	3,643	504	1,612	10,419
Disposal	–	(135)	(210)	(1,367)	(601)	(2,274)	–	–	(4,588)
At 31st December, 2014	2,450	9,840	9,146	3,541	10,851	6,937	9,461	18,637	70,864
DEPRECIATION									
At 1st January, 2014	856	4,096	4,347	2,590	4,693	4,315	–	579	21,476
Charges for the Year	260	1,217	1,392	577	1,221	773	–	199	5,639
Released on Disposal	–	(135)	(115)	(1,391)	(600)	(2,292)	–	–	(4,533)
At 31st December, 2014	1,116	5,178	5,624	1,776	5,314	2,796	–	778	22,583
NET BOOK VALUE									
At 31st December, 2014	1,334	4,662	3,522	1,765	5,537	4,141	9,461	17,859	48,281
At 31st December, 2013	1,226	5,682	3,778	1,396	4,819	1,253	8,958	16,446	43,557

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2014 GH¢'000	2013 GH¢'000
Gross Book Value	6,652	717
Accumulated Depreciation	(6,597)	(684)
Net Book Value	55	33
Sales Proceeds	30	66
(Loss)/Gain on Disposal	(26)	33

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

Comparative Figures – 2013

	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
Disposal	274	230	408	309	252	–	(3,655)	55	(2,127)
Transfers	–	–	(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

PROFIT ON 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	0
Sales Proceeds	66	2
Gain on Disposal	33	2

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, 2014	2,082	9,779	8,065	3,972	9,384	5,523	8,991	5,527	53,321
Additions during the year	368	197	1,231	922	1,914	3,643	504	3,789	12,568
Disposal	–	(135)	(210)	(1,367)	(601)	(2,274)	–	–	(4,588)
At 31st December, 2014	2,450	9,840	9,086	3,527	10,696	6,892	9,495	9,316	61,301
DEPRECIATION									
At 1st January, 2014	856	4,097	4,290	2,582	4,569	4,285	–	579	21,257
Charges for the Year	260	1,217	1,388	576	1,215	767	–	199	5,623
Released on Disposal	–	(135)	(115)	(1,391)	(600)	(2,292)	–	–	(4,533)
At 31st December, 2014	1,116	5,179	5,563	1,767	5,185	2,760	–	778	22,347
NET BOOK VALUE									
At 31st December, 2014	1,334	4,661	3,523	1,760	5,511	4,132	9,495	8,538	38,954
At 31st December, 2013	1,226	5,682	3,775	1,390	4,815	1,238	8,991	4,948	32,064

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2014 GH¢'000	2013 GH¢'000
Gross Book Value	6,652	717
Accumulated Depreciation	(6,597)	(684)
Net Book Value	55	33
Sales Proceeds	30	66
(Loss)/Gain on Disposal	(26)	33

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

Comparative Figures – 2013

	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
Transfer	274	230	408	309	252	–	(3,600)	–	(2,127)
Disposal and Transfers	–	–	(717)	–	–	–	–	–	(717)
At 31st December, 2013	2,082	9,779	8,064	3,972	9,383	5,523	8,991	5,527	53,321
DEPRECIATION									
At 1st January, 2013	662	2,917	3,802	2,067	3,523	3,624	–	440	17,034
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	21,258
NET BOOK VALUE									
At 31st December, 2013	1,226	5,681	3,775	1,390	4,815	1,238	8,991	4,948	32,063
At 31st December, 2012	758	6,427	2,950	1,295	4,864	1,033	2,485	5,087	24,899

PROFIT ON 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

	THE GROUP		THE BANK	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
22. INTANGIBLE ASSETS				
These consist of Computer Software				
Cost				
At 1st January	8,854	6,672	8,845	6,672
Transfer	–	2,127	–	2,127
Disposals	(2,064)	–	(2,064)	–
Additions	10,237	55	10,172	45
31st December	17,027	8,854	16,952	8,845
Amortisation				
At 1st January	5,824	4,580	5,800	4,559
Disposals	(2,064)	–	(2,064)	–
Charge for Year	1,585	1,244	1,581	1,240
Total Amortisation - 31st December	5,344	5,824	5,316	5,800
Net Book Value - Year End	**11,683**	**3,030**	**11,636**	**3,045**
Net Book Value - Previous Year	**3,030**	**2,093**	**3,045**	**2,113**
23 BORROWINGS				
Short Term:				
Repurchase Agreements	29,229	9,056	29,229	9,056
Overnight	66,866	6,917	66,866	6,917
	96,095	15,973	96,095	15,973
Long Term:				
Export Development Investment Fund	1,302	1,672	1,302	1,672
Export Finance Bonds	–	499	–	499
Preference Shares	103	101	103	101
SSNIT Export Finance Loans	–	1,645	–	1,645
	1,405	3,916	1,405	3,916
TOTAL	96,095	15,973	96,095	15,973
24 OTHER LIABILITIES				
Danida Funds	47	38	47	38
TIP/MOF Funds	268	268	268	268
Deferred Incomes/Other Creditors	10,317	12,525	10,139	11,666
Payment Orders & Bankers Payments	6,816	9,014	6,816	9,014
Margins on Letters of Credit	680	406	680	406
	18,128	**22,250**	**17,950**	**21,391**

25. FINANCIAL ASSETS BY CATEGORY

2014 – GROUP	Measured at Amortised Cost GH¢'000	Measured at Fair Value Thro' P or L* GH¢'000	Measured at Fair Value Thro' OCI* GH¢'000	Total GH¢'000
Government Securities	88,352	–	–	88,352
Due from Other Banks & Financial Institutions	53,187	19,137	–	72,324
Loans & Advances to Customers	385,112	375,338	–	760,450
Equity Investment	–	231	–	231
	526,651	**394,706**	–	**921,357**
2013 – GROUP				
Government Securities	99,065	–	–	99,065
Due from Other Banks & Financial 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**
2014 – BANK				
Government Securities	86,846	–	–	86,846
Due from Other Banks & Financial Institutions	53,187	19,137	–	72,324
Loans & Advances to Customers	385,112	375,338	–	760,450
Equity Investment	–	–	7,366	7,366
	525,146	**394,475**	**7,366**	**926,986**
2013 – BANK				
Government Securities	99,035	–	–	99,035
Due from Other Banks & Financial 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**

***NOTE:** P or L means "Profit or loss";
OCI means "Other comprehensive income"

	THE GROUP		THE BANK	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
26. FINANCIAL LIABILITIES BY CATEGORY				
Customer Deposit	884,370	692,534	885,540	693,129
Borrowings	97,500	19,889	97,500	19,889
	981,870	**712,424**	**983,041**	**713,018**

a. Contingencies & Commitments

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

These commitments are shown below:

	THE GROUP 2014	THE GROUP 2013	THE BANK 2014	THE BANK 2013
Guarantees and Indemnities	44,944	48,422	44,944	48,422
Documentary Credits	25,217	5,525	25,217	5,525
	70,161	**53,948**	**70,161**	**53,948**

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 2014	THE GROUP 2013	THE BANK 2014	THE BANK 2013
Cash in various currencies	1,980	4,155	1,980	4,155

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 from issue of shares for cash or other consideration and, transfers from Retained Profits to Capital.

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

	2014		2013	
ISSUED AND FULLY PAID:	**Number**	**GH¢'000**	**Number**	**GH¢'000**
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	155,300,000	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, 2014 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	130,840	130,840	–	–	–
Government Securities	86,846	61,776	–	19,704	5,367
Due from Banks/ Financial Institutions	72,324	72,324	–	–	–
Equity Investment	7,366	–	–	–	7,366
Loans and Advances	760,450	263,326	141,700	130,845	224,579
Other Assets	7,195	7,195	–	–	–
Property, Plant & Equipment	38,954	718	22,524	10,118	5,594
Intangible Assets	11,636	434	780	7,168	3,254
Total Assets	**1,115,612**	**536,613**	**165,004**	**167,835**	**246,160**
Customer Deposits	885,540	196,803	120,218	105,570	462,949
Other Liabilities	17,950	17,950	–	–	–
Taxation	1,430	1,430	–	–	–
Borrowings	97,500	23,347	24,346	48,523	1,285
TOTAL LIABILITIES	**1,002,421**	**239,530**	**144,564**	**154,093**	**464,234**
Liquidity Gap	**113,191**	**297,083**	**20,440**	**13,742**	**(218,074)**
Proportion of Assets to Liabilities	**1.11**	**2.24**	**1.14**	**1.09**	**0.53**
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**

BY ORDER OF THE BOARD

.... }
.... } **DIRECTOR**

ACCRA

25TH FEBRUARY **2015**

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

	USD	GBP	Euro	Others	2014 Total	2013 Total
ASSETS	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash/Balances with BOG	19,328	4,260	5,604	–	29,192	18,158
Due from Other Banks	776	8,734	43,470	–	52,980	56,976
Loans & Advances	273,745	65	1,268	–	275,078	191,483
	293,849	**13,059**	**50,342**	**–**	**357,251**	**266,617**
LIABILITIES						
Due to Customers	269,227	12,066	49,221	–	330,514	257,883
Borrowings	24,249	–	–	–	24,249	–
Other Liabilities	1,375	772	33	–	2,180	8,101
	294,851	12,838	49,254	–	356,943	265,984
NET ON BALANCE SHEET POSITION	**(1,001)**	**221**	**1,088**	**–**	**308**	**633**
Off Balance Sheet Credit Items						
Letters of Credits	12,528	–	420	–	12,947	4,783
Bonds and Guarantees	18,900	–	–	578	19,478	24,074
	31,427	**–**	**420**	**578**	**32,425**	**28,857**

31.0 RISK MANAGEMENT

Efficient risk management is fundamental to the long term profitability and survival of the Bank. As a result, the Bank continues to manage risks inherent in its operations through a process of ongoing identification, measurement, assessment and monitoring.

31.1 Overview

Risk is inherent in every material business activity of the Bank. The nature of the Bank's operations exposes it mainly to liquidity, credit, market, 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 the 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 well structured 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 enable it take appropriate risk related decisions.

The Risk Management Department assists management in the formulation of the overall policies including various risk management strategies and control. The Department also provides a review of the overall risk profile from time to time. The Head of the Risk Management Department is responsible for coordinating the risk management issues emanating from the various committees, divisions and departments of the 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 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: It 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: The potential of losses resulting from inadequate or failed internal processes, people, systems and external events.

Compliance Risk: 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 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.

31.2.1 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 cash 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 Bank's liquidity risk management aims at maintaining 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 statement of financial position 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¢885.5 million and GH¢693.1 million at December 31, 2014 and 2013 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¢86.8 million at the end of December 2014;

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 2014					
Total Assets	1,115,612	536,613	165,004	167,835	246,160
Total Liabilities	1,002,421	239,530	144,564	154,093	464,234
Liquidity Gap	113,191	297,083	20,440	13,742	(218,074)
Proportion of Assets to Liabilities	**1.11**	**2.24**	**1.14**	**1.09**	**0.53**
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**

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 arises from the shortage of short-term cash to meet customers' withdrawals or maturing obligations. It gives rise to the need for day to day liquidity management. The Treasury Department is responsible for managing the day-to-day liquidity needs of the 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 2014.

31.2.2 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 decisions 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.

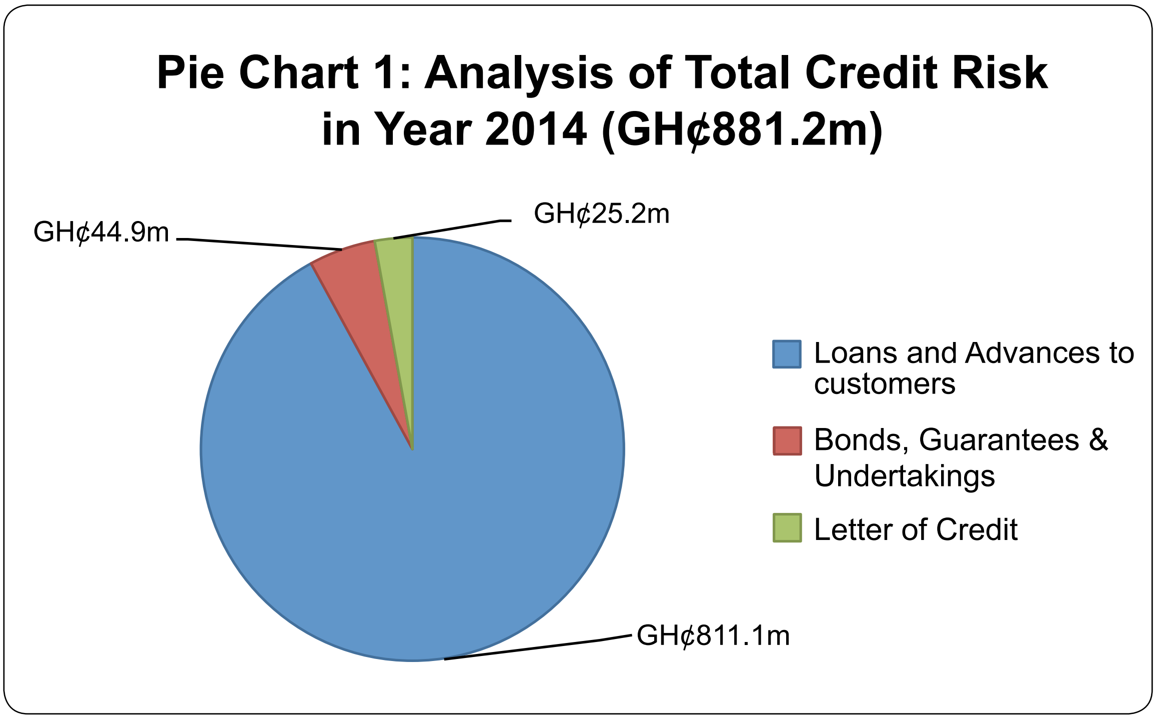
Credit facilities granted to customers, both corporate and retail, are closely monitored on a regular basis to uncover early warning signals of non-performance for the necessary remedial measures to be taken.

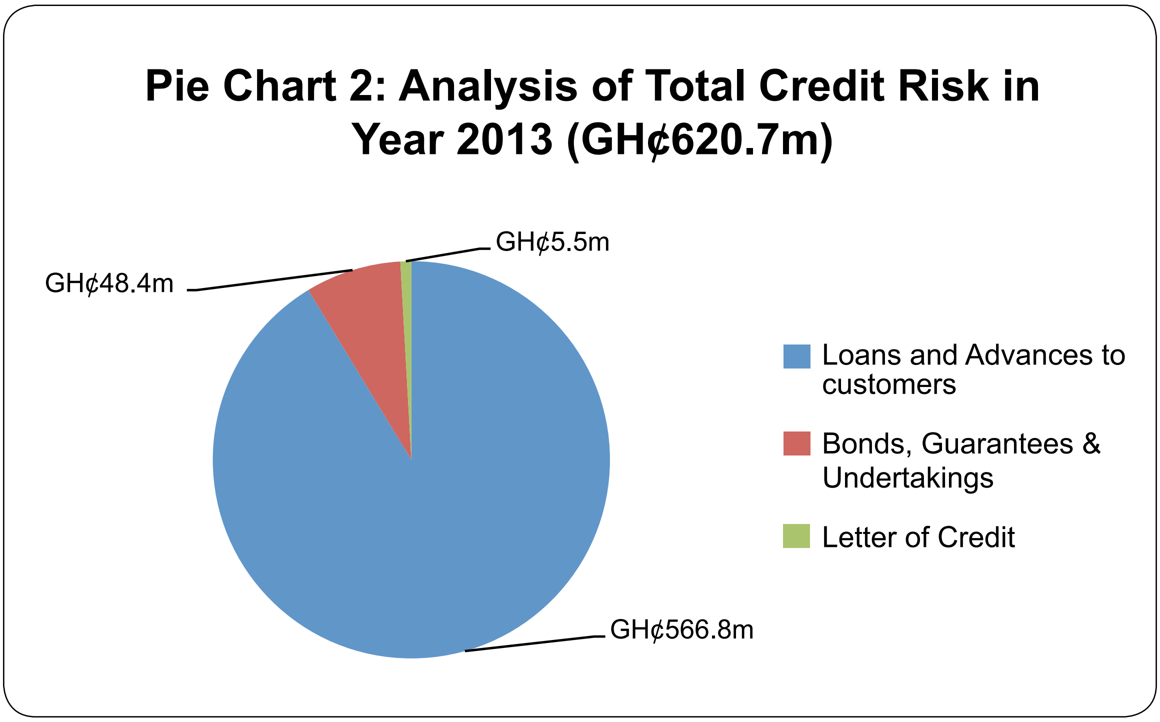
The early risk detection is a tenet of the Bank's credit culture and is intended to ensure that greater attention is paid to credit exposures in order to effectively manage such exposures and maximize loan recovery.

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

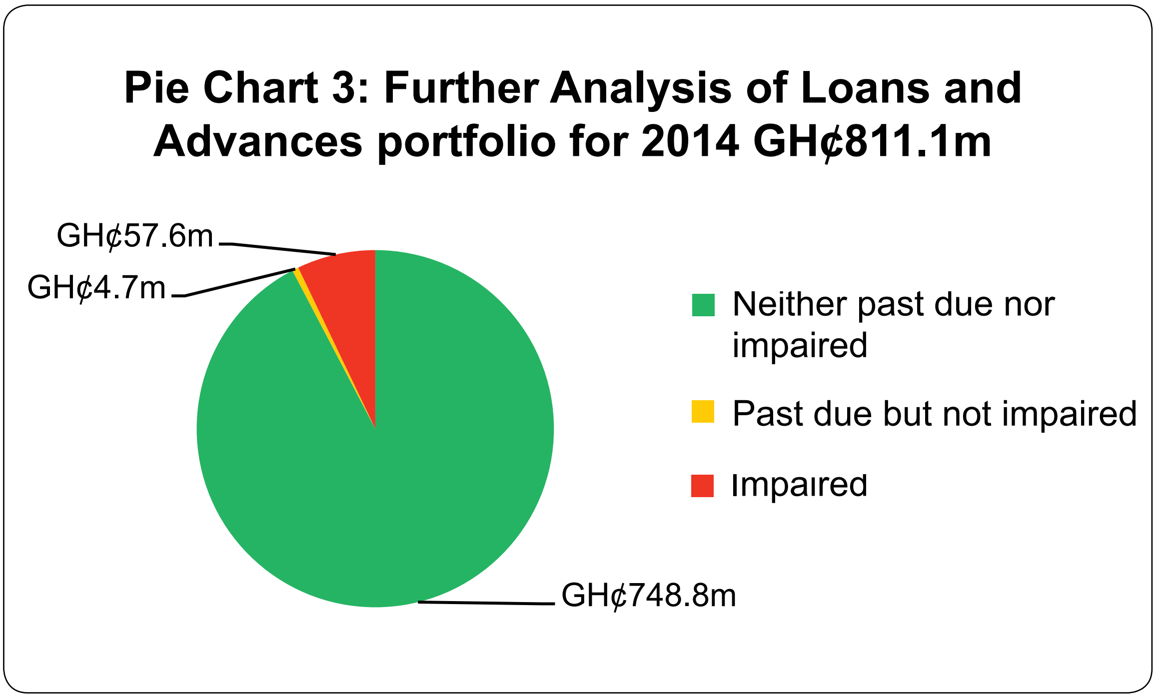
The maximum amount of credit risk of the Bank at the end of Years 2014 and 2013 emanating from the above mentioned risk sources is depicted in Pie Charts 1 and 2 below:

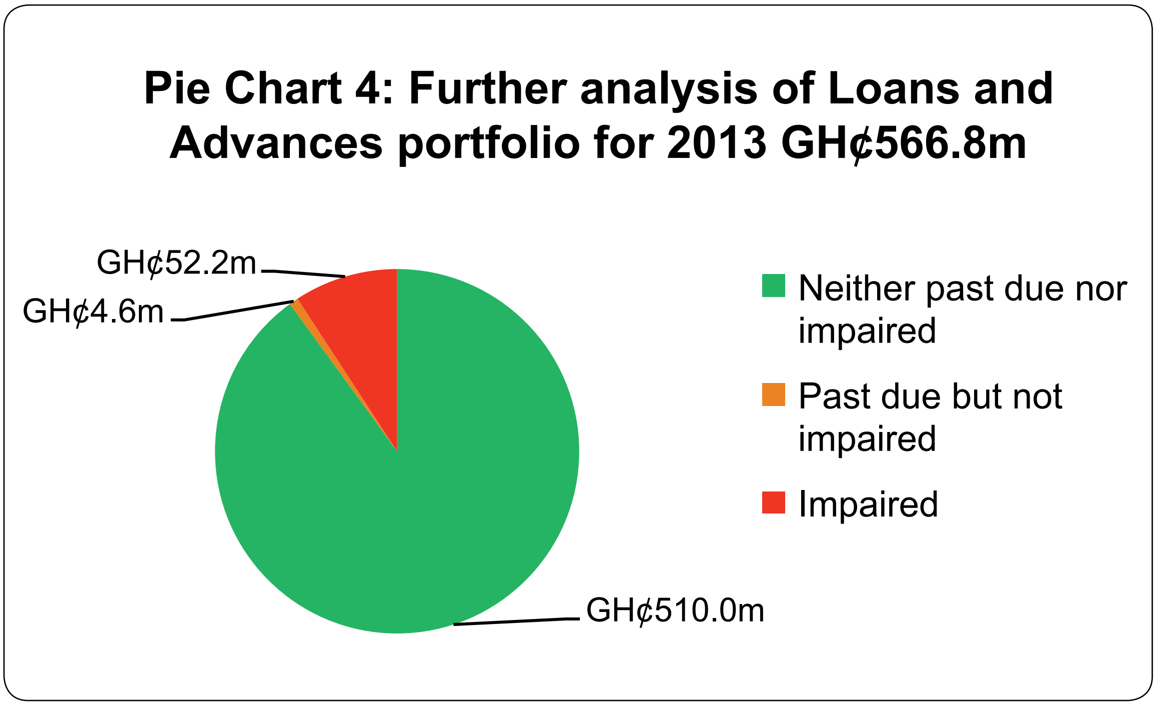
Collateral held as security against credit risk consist mainly of mortgages over landed property as well as cash and Government securities.





The loans and advances portfolio for Years 2014 and 2013 is further analyzed in terms of quality as shown in Pie Charts 3 and 4:





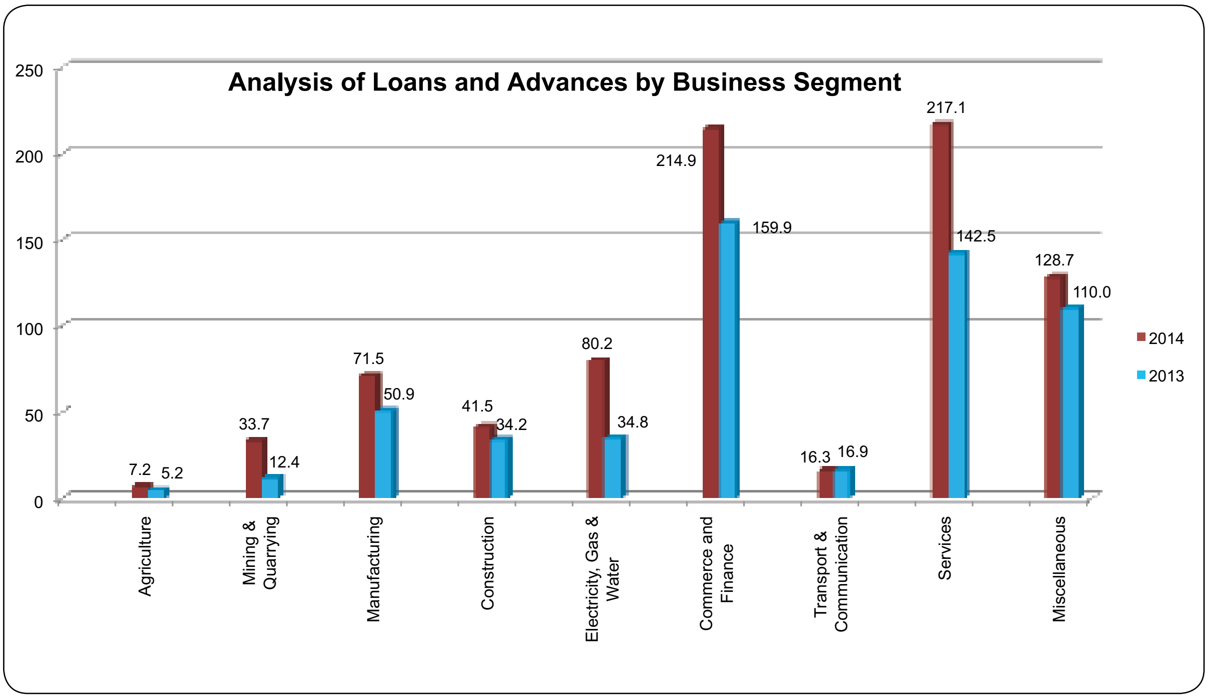
The fair value of collateral security held on loans and advances in the "Past due but not impaired" and "Impaired" categories was GH¢50.8 million (GH¢47.0 million in 2013).

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 2014 and 2013 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

	2014 GH¢'m	2013 GH¢'m
Individuals	13.2	13.4
Other Private Enterprises	775.8	532.9
Government departments and agencies	-	4.6
Public Enterprises	-	1.2
Staff	22.1	14.7
	811.1	**566.8**

31.2.3 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 give rise to interest rate risk because it carries a mix of both fixed and floating rate assets and liabilities on its books that are subject to re-pricing periodically.

Potential mismatches in interest rate sensitive assets and liabilities are caused by the following:

a. Movement in market interest rate;

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

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

The 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. The Bank ensures that the re-pricing structure of the statement of financial position 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 2014:

TABLE 3: CURRENCY EXPOSURES AS AT 31ST DECEMBER 2014

	US$ GH¢'000	GBP GH¢'000	Euro GH¢'000
Amount due to/(from) the Bank	(1,001)	221	1,088

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.

31.2.4 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.

31.2.5 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 improve 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 continuous 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.

31.2.6 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 crimes 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.

31.3 Strategic Risk Management

Strategic risk is inherent in every business and is one of the major risk categories in the banking industry. It is the risk that results from adverse business decisions, ineffective execution of business plans and strategies, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence or other risks inherent in the operations of the Bank. 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

	THE GROUP		THE BANK	
	2014	2013	2014	2013
Tier 1 Capital	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Paid Capital	62,453	62,453	62,453	62,453
Disclosed Reserves	50,056	32,107	45,238	28,245
Intangible & Other Assets	(15,075)	(12,553)	(8,155)	(5,554)
Total Qualifying Tier 1 Capital	97,434	82,007	99,536	85,144
Tier 2 Capital	5,500	5,500	5,500	5,500
Total Regulatory Capital	**102,934**	**87,507**	**105,036**	**90,644**
Risk Weighted Assets				
On Statement of Financial Position	825,852	587,181	828,025	593,185
Off Statement of Financial Position	51,236	50,447	51,236	50,447
Total	**877,088**	**637,628**	**879,261**	**643,632**
Add Allowable NOP and Average Annual	79,401	53,728	77,957	55,126
Total Risk Weighted Assets	**956,489**	**691,356**	**957,218**	**698,758**
Capital Adequacy Ratio (%)	**10.76**	**12.66**	**10.97**	**12.97**

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 Consultants Limited	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 Limited	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 Bawaleshie Branch, Ms. Harriet Krow and Ms. Frederica Adjei (fourth and fifth from left) pose with other members of branch staff at the branch opening ceremony in September 2014.

GREATER ACCRA REGION

ABEKA BRANCH
Apugu Tower,
Abeka Lapaz
Accra
Telephone: 233-302-220919/ 220920,
233-289-557914
Fax: 233-302-220929

ABOSSEY OKAI BRANCH
Cap & May House,
Ring Road West,
Accra
Telephone: 233-302-669107/ 669108,
233-289-557939
Fax: 233-302-668126

ACCRA BRANCH
Swanzy Shopping Arcade
(Former Kingsway Building)
Telephone: 233-302-678982/ 671943 – 5
233-289-557915
Fax: 233-302-678942

ADENTAN BRANCH
4A Lami Dwaahe Street
Housing Estate Road
Adentan Housing Estate
Telephone: 233-302-501346/ 501347,
233-289-557912
Fax: 233-302-501345

BAWALESHIE BRANCH
Parcel No. 980
Adjacent SEL Fuel Station
East Legon, Accra
TelephoFinancial
233-540-106736/ 7
Fax: 233-302-522886

EAST LEGON BRANCH
No. 2 Lyndy Street
Near American House
East Legon, Accra
Telephone: 233-302-747269/70
233-540-109480/1
233-289-557956
Fax: 233-302-747271

GICEL BRANCH
Gicel Estates,
Weija, Accra
Telephone: 233-302-850174 - 6
233-540-109478/9
Fax: 233-302-850173

KWAME NKRUMAH CIRCLE BRANCH
Oksart Place, Adjacent Ernest Chemist
Ring Road Central
Kwame Nkrumah Circle, Accra
Telephone: 233-302-246513/ 246521,
233-302-246531
233-289-557938
Fax: 233-302-246523

MADINA BRANCH
Albert House,
Zongo Junction, Madina
Telephone: 233-302-511111/2
233-577-986039
233-289-556861
Fax: 233-302-511485

MAKOLA BRANCH
31st December Market
Makola, Accra
Telephone: 233-302-676638/ 9
233-302-677837
233-289-557933
Fax: 233-302-676640

MATAHEKO BRANCH
No. B439/15
The Ground Floor, IRS Building
Mataheko, Accra
Telephone: 233-289-577928/ 9
233-540-106761/ 2
Fax: 233-577-900081

METHODIST UNIVERSITY COLLEGE AGENCY
Methodist University College Campus
Dansoman, Accra
Telephone: 233-302-302484/ 5
233-289-557937
Fax: 233-302-302486

NORTH INDUSTRIAL AREA BRANCH
Melcom Plus
No. 3 Otublohum Street
North Industrial Area, Accra
Telephone: 233-302-221856/ 7
233-302-221880
233-289-557932
Fax: 233-302-221875

ODORKOR BRANCH
Off Accra-Winneba Road
Odorkor Traffic Light, Accra
Telephone: 233-302-311710/ 12
233-289-557941
Fax: 233-302-311716

OKAISHIE BRANCH
No. 657/4, Knutsford Avenue
NAB Brothers Building
Okaishie, Accra
Telephone: 233-302-664144/ 664154
233-289-557946
Fax: 233-302-664174

RING ROAD CENTRAL BRANCH
8 Nima Avenue
Ring Road Central, Accra
Telephone: 233-302-781179/ 781200 – 7
Fax: 233-302-781210

SPINTEX ROAD BRANCH
(Adjacent CCTC, Near the Coca-Cola Roundabout)
Spintex Road, Accra
Telephone: 233-302-814399/ 814409
233-302-813830
233-289-557942
Fax: 233-302-812934

TEMA COMMUNITY ONE BRANCH
Prudential House,
Off Krakue Road, Commercial Area, Tema
Telephone: 233-303-217160-2/ 217140
233-289-557935
Fax: 233-303-217137

TEMA FISHING HARBOUR BRANCH
Hillpok Yard
Tema Fishing Harbour
Telephone: 233-303-207352/ 3
233-303-207345/ 9
233-289-557916
Fax: 233-303-207357

TESANO BRANCH
No. C111A/19, Nsawam Road, Tesano
Near Tesano Police Station
Telephone: 233-302-258170/ 258172
233-289-557934
Fax: 233-302-258173

VALLEY VIEW UNIVERSITY AGENCY
Valley View University Campus, Oyibi
Telephone: 233-277-759333
233-289-557930
Fax: 233-277-900090

WEIJA BRANCH
(Opposite Phastor Contrete Works)
Accra-Winneba Road,
Weija, Accra
Telephone: 233-302-853494/ 5
233-289-557913
Fax: 233-302-853496

ZONGO JUNCTION BRANCH
Link Road,
Opposite the Total Filling Station
Zongo Junction, Accra
Telephone: 233-302-678781/ 678819
233-302-678824
233-289-557931
Fax: 233-302-678830

INTERNATIONAL BANKING DEPT.
8 Nima Avenue
Ring Road Central, Accra
Telephone: 233-302-781184
Fax: 233-302-781194

ASHANTI REGION

ABOABO BRANCH
Near the Traffic Light
Aboabo-Airport Dual Carriageway,
Kumasi
Telephone: 233-3220-47350 - 2
233-3220-98892/ 3
233-289-557919
Fax: 233-3220-47357

ADUM BRANCH
Prudential Plaza,
(Formerly Unicorn House)
Adum, Kumasi
Telephone: 233-3220-83811/ 2
233-3220-83814
233-289-557917
Fax: 233-3220-83815

AFFUL NKWANTA BRANCH
Near Kumasi Children's Park
Telephone: 233-3220-49450 - 2
233-289-557920
Fax: 233-3220-49455

ATONSU BRANCH
91 Block "A"
Within Unity Oil Commercial Complex,
Atonsu
Telephone: 233-3220-83750/ 1
233-3220-80741
233-289-557922
Fax: 233-3220-80635

KUMASI BRANCH
Cocobod Jubilee House
Adum, Kumasi
Telephone 233-3220-25667
233-540-106745/ 6
233-289-557918
Fax: 233-3220-25917

SUAME MAAKRO BRANCH
Tarkwa Maakro, New Road
Kumasi,
Telephone: 233-3220 46717/46727/46851
233-289-557921
Fax: 233-3220-46897

CENTRAL REGION

CAPE COAST BRANCH
Palm House,
101/3 Commercial Street
Cape Coast
Telephone: 233-3321-31575/ 35393
233-289-557923
Fax: 233-3321-31576

UNIVERSITY OF CAPE COAST BRANCH
Oye Inn, Behind the Science Block
University of Cape Coast
Telephone: 233-3321-35653/ 4
233-289-557924
Fax: 233-3321-35643

WESTERN REGION

TAKORADI HARBOUR BRANCH

Takoradi Harbour
Harbour Area
Telephone: 233-3120-21300/ 21909
233-3120-21616/ 31317
233-289-557926
Fax: 233-3120-31371

TAKORADI MARKET CIRCLE
62 Liberation Road
Market Circle, Takoradi
Telephone: 233-3120-27415/ 27452/ 27479
233-289-557925
Fax: 233-3120-27504

BRONG AHAFO REGION

TECHIMAN BRANCH
Ground Floor of House No. 186
Block B, Sector 4S
Techiman-Tamale Main Road
Techiman
Telephone: 233-3525-22915/6
233-540-106738/9
Fax: 233-3525-22917

NORTHERN REGION

TAMALE BRANCH
Quality First Building (1st Floor)
Opposite Main Taxi Rank, Tamale
Telephone: 233-3720 27740 – 2
233-540-106734/5
233-289-557927
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
P.O. BOX 78
33 CANADA SQUARE, CANARY WHARF
LONDON E14 5LB
UNITED KINGDOM

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

BHF BANK
AKTIENGESSELLSCHAFT
BOCKENHEIMER LANDSTRASSE 10
60323 FRANKFURT AM MAIN
GERMANY

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

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

NOTICE OF ANNUAL GENERAL MEETING

We are pleased to give you notice of, and invite you to the eighteenth (18th) 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, 25th March, 2015, at 11am to transact the following business:

Agenda

1. To receive and consider the Report of the Directors for the financial year ended 31st December, 2014.
2. To receive and consider the Auditors Report for the financial year ended 31st December, 2014.
3. To receive, consider and approve the Annual Accounts.
4. To declare dividend.
5. To approve the remuneration of the non-executive directors.
6. To re-elect the Auditors
7. To authorize the Directors to fix the remuneration of the Auditors.

Dated this 3rd day of March, 2015.

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.