2021
ANNUAL REPORT

PRUDENTIAL BANK
...Truly dependable

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THANK YOU FOR RATING US 5-STAR

2021 ANNUAL REPORT OVERVIEW

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PRUDENTIAL BANK

...Truly dependable

ABOUT US

Prudential Bank Limited (PBL) opened for business on 15th August 1996. The main areas of the Bank's operations are domestic and international banking, project financing, e-banking services, SME financing, international money transfer and funds management. The Bank has a network of 45 business locations complemented by a number of electronic banking channels. PBL was in 2021 adjudged a 5-Star quality service provider by the Chartered Institute of Marketing, Ghana. The Bank has consistently won several other prestigious awards in the banking sector since inception.

CORPORTE 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.

ABOUT US

REGISTERED ADDRESS

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

Private Mail Bag
General Post Office
Accra
GPS: GA-005-3060

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(CUSTOMER EXPERIENCE CENTRE)
Toll-Free: 0800 000 772
Email: headoffice@prudentialbank.com.gh
Website: www.prudentialbank.com.gh

OUR SUBSIDIARY COMPANIES

Prudential Securities Limited

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

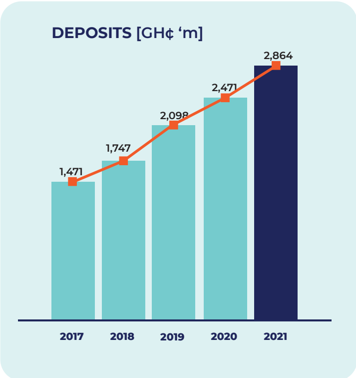
Prudential Stockbrokers Limited

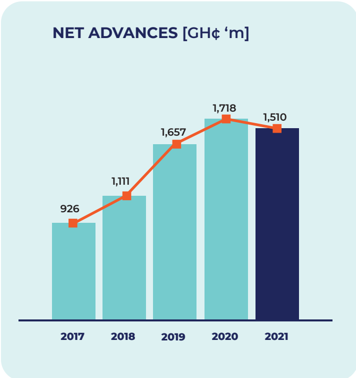
A company generally engaged in stock brokerage, equity and economic research and advisory services.

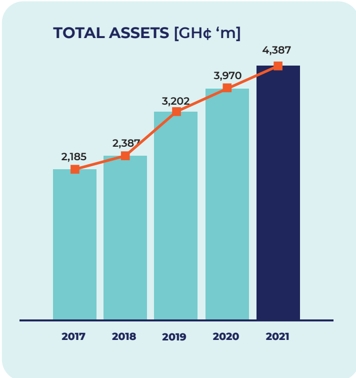
AUDITORS

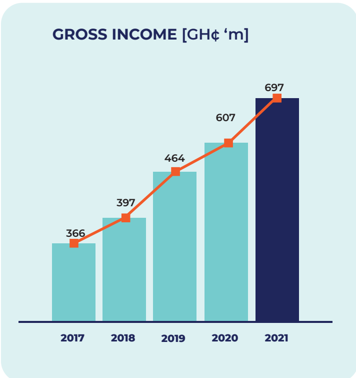
Morrison & Associates
Chartered Accountants, Tax & Management Consultants
2nd Floor, Trinity House
Ring Road East
P.O. Box CT 2890
Cantonments, Accra

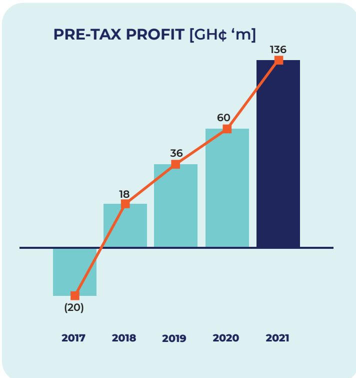
FINANCIAL HIGHLIGHTS

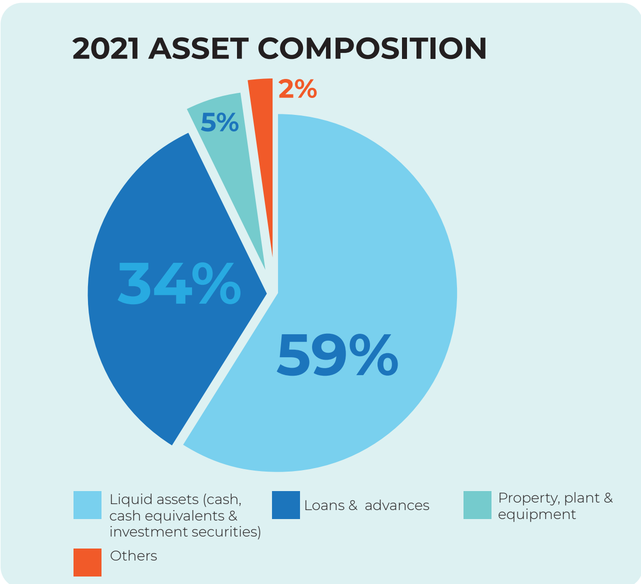


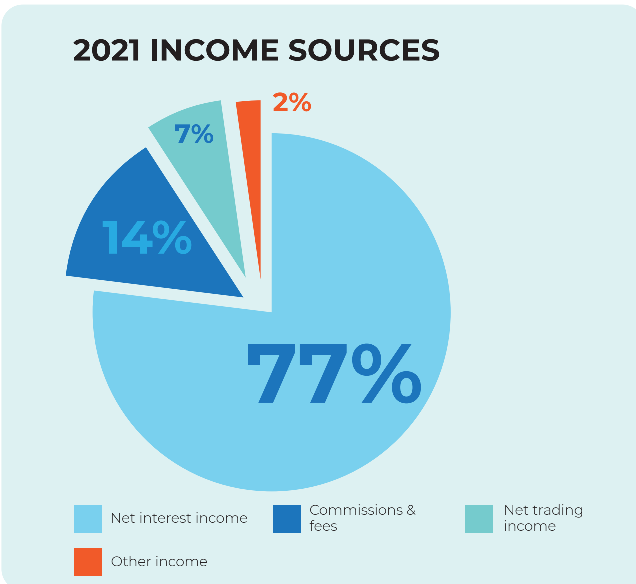












FIVE YEARS BANK PERFORMANCE (2017-2021)

STATEMENTS OF COMPREHENSIVE INCOME

in thousands of Ghana cedis					
	2021	**2020**	**2019**	**2018**	**2017**
Interest income	583,637	504,123	367,123	317,694	311,794
Interest expense	(239,643)	(220,034)	(182,775)	(169,737)	(157,962)
Net interest income	**343,994**	**284,089**	**184,348**	**147,957**	**153,832**
Net fee and commission income	64,387	56,895	55,868	47,768	35,477
Net trading and other operating income	38,371	38,984	36,631	29,658	17,221
Operating income	**446,752**	**379,968**	**276,847**	**225,383**	**206,530**
Net impairment loss on financial assets	(64,099)	(86,195)	(34,196)	(28,475)	(67,144)
Operating expenses	(246,394)	(233,353)	(207,027)	(179,183)	(159,470)
Profit/ (loss) before tax	**136,259**	**60,420**	**35,623**	**17,725**	**(20,084)**
Income tax expense	(49,963)	(27,240)	(9,288)	(6,134)	(6,732)
PROFIT/ (LOSS) FOR THE YEAR	**86,296**	**33,180**	**26,335**	**11,591**	**(26,816)**
Other comprehensive income (net of tax)	-	-	-	35,926	-
TOTAL COMPREHENSIVE INCOME	**86,296**	**33,180**	**26,335**	**47,517**	**(26,816)**

RETAINED EARNINGS					
Balance at 1st January	20,282	(1,894)	(23,852)	(31,790)	23,925
Prior-year adjustment	-	(6,403)	-	-	-
Profit/ (loss) for the year	86,296	33,180	26,335	11,591	(26,816)
	106,578	**24,883**	**2,483**	**(20,199)**	**(2,891)**
Transfer to statutory reserve	(43,148)	(16,591)	(13,168)	(5,796)	-
Transfer to credit risk reserve	(13,631)	11,990	8,790	2,142	(13,564)
Dividend paid	-	-	-	-	-
Transfer to stated capital	-	-	-	-	(20,000)
Accumulated profit on merger	-	-	-	-	4,665
Balance at 31st December	**49,799**	**20,282**	**(1,894)**	**(23,852)**	**(31,790)**

FIVE YEARS BANK PERFORMANCE (2017-2021)

STATEMENTS OF FINANCIAL POSITION

in thousands of Ghana cedis					
	2021	**2020**	**2019**	**2018**	**2017**
Assets					
Cash and cash equivalents	658,743	731,533	402,455	547,431	859,320
Investment securities	1,912,730	1,212,059	832,437	450,562	171,359
Loans and advances to customers	1,509,558	1,717,792	1,657,080	1,110,957	925,815
Investments (other than securities)	1,766	1,766	1,766	1,766	1,766
Tax assets	8,639	-	7,903	12,771	7,243
Intangible assets	11,764	14,506	6,586	6,136	2,931
Property, plant & equipment	227,021	234,324	223,563	214,994	173,792
Right-of-use assets	9,688	12,605	12,895	-	-
Other assets	46,943	42,996	57,668	42,878	42,609
Total assets	**4,386,852**	**3,967,581**	**3,202,353**	**2,387,495**	**2,184,835**
LIABILITIES AND SHAREHOLDERS' FUNDS					
Liabilities					
Deposits	2,864,068	2,470,695	2,098,336	1,747,372	1,471,462
Tax liabilities	2,869	13,628	10,498	14,238	2,493
Borrowings	668,165	735,549	423,846	162,797	403,524
Lease liability	3,403	6,625	6,970	-	-
Other liabilities	107,315	86,348	34,744	112,230	66,566
Total liabilities	**3,645,820**	**3,312,845**	**2,574,394**	**2,036,637**	**1,944,045**
Shareholders' Funds					
Stated capital	402,431	402,431	402,431	127,666	127,666
Deposit for shares	-	-	-	24,000	9,618
Retained earnings	49,799	20,282	(1,894)	(23,852)	(31,790)
Statutory reserve	115,447	72,299	55,708	42,540	36,744
Revaluation reserve	120,914	120,914	120,914	120,914	84,988
Credit risk reserve	52,441	38,810	50,800	59,590	13,564
Total equity and reserves	**741,032**	**654,736**	**627,959**	**350,858**	**240,790**
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	**4,386,852**	**3,967,581**	**3,202,353**	**2,387,495**	**2,184,835**

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CHAIRPERSON'S STATEMENT

1.0 INTRODUCTION

Good morning Distinguished Shareholders, Directors, our External Auditors, Ladies and Gentlemen. You are welcome to the 25th Annual General Meeting of Prudential Bank Limited. I am pleased to present to you the Chairperson's Statement on the performance of the Bank for the year ended 31st December 2021. Permit me to begin with the operating environment in which the Bank carried out its business.

2.0 THE OPERATING ENVIRONMENT

2.1 The Global Economy

The global economy witnessed varying levels of recovery from the Covid-19 pandemic. According to the IMF, the recovery across sectors and regions of the global economy, were dictated primarily by the accessibility to vaccines and to the financial support from various governments. The growth momentum was moderated in the last quarter of 2021 by persistent supply-chain bottlenecks, rising inflation and uncertainties due to the emergence of new variants of the Covid-19 virus, particularly the Delta and Omicron variants. Overall, global GDP is estimated to have grown by 6.1% in 2021 compared to a contraction by 3.1% in 2020.

2.2 The Ghanaian Economy

2.2.1 Economic Growth and Fiscal Performance

The Ghanaian economy registered significant recovery from the effects of the Covid-19 pandemic, notwithstanding the emergence of new variants. Provisional data indicate that the overall GDP growth rate for 2021 was 5.4% compared to the annual growth rate of 0.4% recorded in 2020. The overall fiscal deficit in 2021, excluding the cost of the financial sector clean-up was 9.7% of GDP compared to a deficit of 11.7% of GDP in the year 2020.

2.2.2 Inflation, Monetary Policy and Interest Rates

The rate of inflation broadly decreased from 10.4% at the end of December 2020 to 7.5% in May 2021. It increased steadily from 7.8% in June 2021 to 12.6% at the end of 2021.

In response to the inflationary trend, the Monetary Policy Rate (MPR) was reduced from 14.5% in December 2020 to 13.5% at the end of May 2021. The rate remained unchanged at 13.5% for six months before returning to 14.5% in November and December 2021.

Generally, interest rates on the money market declined on short-dated government securities whereas yields on long-dated government bonds increased on the seondary market.

2.2.3 Exchange Rates and Depreciation

The cedi depreciated by 4.1% against the US dollar from GH¢5.76 to the dollar at the end of 2020 to GH¢6.01 at the end of 2021. The cedi depreciation against the U.S. dollar was 3.9% in the previous year. In relation to the British pound sterling, the cedi depreciated by 3.1% compared to a depreciation of 7.1% the previous year. The cedi, however, appreciated against the euro by 3.5% during the year under review in comparison to a depreciation of 12.1% in 2020.

2.3 The Ghanaian Banking Sector

2.3.1 Key Banking Sector Developments

The Bank of Ghana, in June 2021, launched a maiden domestic gold purchasing programme aimed at purchasing gold from local producers and aggregators. The programme will also augment the country's foreign reserve by increasing the proportion of gold holdings in Ghana's gross international reserves. This is expected to foster confidence in the local currency, enhance currency stability and create a more attractive environment for foreign direct investments.

The Bank of Ghana, in September 2021, began the implementation of the digital currency (e-Cedi) on a pilot basis. The implementation of, what is known as, a Central Bank Digital Currency (CBDC) is a move being promoted by the Bank for International Settlements (BIS) to enable central banks counter the use of cryptocurrency.

2.3.2 Banking Sector Performance

Banking sector reports indicate that the performance of the banking sector in 2021 showed sustained growth in assets, deposits, and investments together with improvements in the financial soundness indicators. The reports further indicate that the banking sector continued to be well-capitalised, solvent, liquid and profitable.

Total assets of the sector stood at GH¢179.8 billion at the end of 2021, which is an increase of 20.4% over the prior year's figure of GH¢149.3 billion. The percentage growth in total assets in 2020 was 15.8%. According to the Bank of Ghana, the accelerated growth in total assets was a result of an increase in domestic assets and arose from a rebound in economic activity during the year 2021.

Gross loans and advances grew by 12.6% from GH¢47.8 billion at the end of 2020 to GH¢53.8 billion at the end of 2021. The growth rate in 2020 was 5.8%.

Deposits grew by 16.6% from GH¢103.8 billion at the end of 2020 to GH¢121.1 billion at the end of 2021. In 2020, the growth rate was 24.4%. The higher growth rate in 2020 resulted mainly from the payments of Covid-19 fiscal stimulus and the payments of locked-up funds following the financial sector clean-ups.

The sector recorded a pre-tax profit of GH¢7.42 billion, which is 22.1% higher than the 2020 pre-tax profit of GH¢6.08 billion. However, the profit growth of 22.1% was lower than the 27.2% growth recorded between 2019 and 2020. The decline in the growth rate of the sector's profit since 2019 is mainly attributable to higher interest and personnel expenses. Profit after tax for the sector in 2021 was GH¢4.7 billion compared to GH¢4.2 billion in 2020. The growth rate of 12.3% was, however, much lower than the growth rate of 27.9% recorded a year earlier due to the financial sector recovery levy imposed in 2021.

Shareholders' funds increased from GH¢21.3 billion at the end of 2020 to GH¢24.8 billion at the end of 2021, a growth of 16.8% compared to the growth of 20.8% in 2020.

3.0 PRUDENTIAL BANK LIMITED IN YEAR 2021

3.1 Three-Year Strategic Plan (2021 – 2023)

Distinguished Shareholders, Ladies and Gentlemen, as mentioned in the 2020 Annual Report, the Bank's Five Years Strategic Plan, 2019 – 2023 was updated and replaced at the end of 2020 with a Three-Year Strategic Plan (2021 – 2023). The three-year Strategic Plan hinges on four main pillars, namely, business growth, operational excellence, customer service excellence and, enhanced risk management. These four pillars are anchored on the Bank's digital transformation process. Key actions and initiatives that were executed in 2021 by the Bank in line with the three-year strategic plan included the following:

1. Massive deployment of electronic and digital channels. This has enabled the availability of international card-enabled point-of-sale (POS) devices, bulk electronic payment and collection platforms as well as e-commerce payment solutions.
2. Centralization of all routine front office and back-office transactions hitherto handled at individual branch levels. Consequently, a Central Processing Unit has been set up at Prudential House, Tema Community One. This has resulted in the standardization of data inputs and an improvement of overall efficiency of the Bank's branches.
3. The roll out of a new performance management system (PMS) supported by an automated human resource solution. The aim is to effectively manage staff performance in line with the Bank's objectives.
4. Inhouse development and the implementation of a number of solutions to improve internal processes.
5. The opening of the Sunyani Branch. This is the Bank's first branch in the Bono Region and has given us a physical presence in eight out of the 16 regions of Ghana.
6. Creation of a Sustainability Office and the appointment of a Sustainability Officer to drive the implementation of the Bank's sustainability initiatives.
7. The development of an Enterprise Risk Management Framework to guide the operations and functions of the Risk Management Department. The project is ongoing and is at an advanced stage of completion.

3.2 Mobilization of Resources

Distinguished Shareholders and Directors, your Bank mobilized GH¢393 million in deposits at the end of the year 2021. This resulted in an increase in the deposit portfolio by 15.9% from GH¢2,471 million at the end of 2020 to GH¢2,864 million at the end of 2021.

Borrowings decreased by 9.1% from GH¢735 million at the end of December 2020 to GH¢668 million at the end of December 2021. Nearly all the borrowings were strategic short-term borrowings from overnight market and repurchase agreements.

Shareholders' funds increased by 13.1% from GH¢655 million at the end of December 2020 to GH¢741 million at the end of December 2021 as a result of profits made and retained in the business.

3.3 Allocation of Resources

Distinguished Shareholders and Directors, the total assets of your Bank grew by 10.6% from GH¢3,968 million at the end of 2020 to GH¢4,387 million at the end of 2021. This growth was funded by deposits, borrowings and shareholders' funds.

The Bank continued to reallocate its portfolio in favour of less risky assets, being mindful of increasing credit default rates partly due to the Covid-19 pandemic. Consequently, the Bank slowed down on the granting of new credit facilities whilst increasing its portfolio of investment securities.

Gross advances declined by 7.9% from GH¢1,839 million at the end of 2020 to GH¢1,694 million at the end of 2021 whilst net loans and advances decreased by 12.1% from GH¢1,717 million to GH¢1,510 million within the same comparative period.

The investment portfolio, on the other hand, grew by 57.8% from GH¢1,212 million at the end of 2020 to GH¢1,913 million at the end of 2021. The portfolio comprised mainly of Government of Ghana and Bank of Ghana debt instruments.

3.4 Results of Operations

Distinguished Shareholders and Directors, our Bank's performance was dampened by a high nonperforming loan (NPL) ratio of 22.1%, which was above the industry average of 15.2%. The high NPL ratio is attributable to repayment challenges due to a number of factors as well as the effects of the Covid-19 pandemic, which resulted in the impairment of some of the existing loan facilities. Also, the reduction in the stock of gross advances resulted in a lower base for the estimation of the NPL ratio.

I am, however, pleased to report that despite this, your Bank posted an impressive result of GH¢136 million pre-tax profit for the year 2021, which is 126% above the 2020 pre-tax profit of GH¢60 million. The after-tax profit for the year was GH¢86 million, which is 160% above the 2020 after-tax profit of GH¢33 million. The average return on assets (ROA) and return on equity (ROE) for 2021 were 3.3% and 12.4%, respectively compared to 1.7% and 5.2% for 2020.

3.5 Dividends

Distinguished Shareholders, the Bank of Ghana issued guidance for the payment of dividends for 2020 and 2021. Regrettably, our Bank could not meet all the requirements for the declaration and payment of dividends. The Bank's nonperforming loan ratio of 22.1% was much higher than the industry average of 15.2%. Therefore, Directors are unable to recommend the payment of dividends to shareholders. A number of corrective measures continue to be implemented to improve the quality of the Bank's loan portfolio and subsequently, the NPL ratio.

3.6 Corporate Social Responsibility

As part of fulfilling a key aspect of your Bank's core values, the Bank continued to give back to society through its Corporate Social Responsibility (CSR) programmes. Cumulatively, the Bank disbursed an amount of GH¢544,000 in 2021 compared to GH¢1.1 million in 2020. In 2020, due to the raging Covid-19 pandemic, the Bank had to go the extra mile to support the fight against it.

Institutions that received support from the Bank in 2021 included the following:

i. Ministry of Education 2021 National Best Teacher Award;

ii. Ghana School of Law;

iii. University of Cape Coast;

iv. Hope Children's Village;

v. The Keta Flood Relief Fund (through the Ghana Association of Bankers);

vi. Ghana Police Service (through the Ghana Association of Bankers);

vii. Ghana Table Tennis Association;

viii. African Plant Breeders Association; and;

ix. The Institute of Directors, Ghana.

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

3.7 Corporate Governance

Distinguished Ladies and Gentlemen, the Board continued to play its oversight role and make strides at strengthening the governance, performance and management structures of the Bank. A full report is provided under the Corporate Governance section of the annual report for 2021.

3.7.1 Changes to the Board

During the 24th Annual General Meeting in 2021, Mr. Felix Duku was elected to the Board as a non-executive director. His appointment was subsequently approved by the Bank of Ghana and Mr. Duku has since assumed his seat on the Board.

4.0 OUTLOOK FOR THE YEARS 2022 AND 2023

4.1 The Global Economy

The IMF in its April 2022 World Economic Outlook (WEO) report projects a global GDP growth rate of 3.6% for both 2022 and 2023 compared to the estimated growth rate of 6.1% in 2021. The projections are much lower than earlier projections mainly because of the introduction of new uncertainties due to the war between Russia and Ukraine, which began in the latter part of February 2022. The war has significantly affected the economic recovery from the ravages of the Covid-19 pandemic. It is projected that the spillover effects of the war as well as the tightening of global financial conditions, increasing global inflation and rising commodity prices could further dampen global recovery.

4.2 The Ghanaian Economy

The outlook of the Ghanaian economy remains positive on the back of fiscal consolidation and the continued recovery from the economic effects of the pandemic following the easing of the Covid-19 restrictions. However, the growth momentum is projected by the Bank of Ghana to moderate in the first half of 2022 due to rising input costs triggered by the upward adjustments in petroleum prices. The Government of Ghana in its 2022 Budget Statement projects an average GDP growth rate of 5.6% in 2022 and 2023.

The impact of the Russia – Ukraine war on Ghana's external sector, rising domestic inflation as well as the delay in the implementation of key government fiscal policies are some of the identified downside risks to the attainment of the projected growth targets.

4.3 The Ghanaian Banking Sector

The Central Bank projects that the performance of the banking sector will continue to be strong on the back of sustained growth in total assets, investments and deposits. Key financial soundness indicators such as profitability, liquidity and solvency are projected to remain healthy.

4.4 Prudential Bank Limited

Distinguished Shareholders and Directors, your Bank is in the second year of the implementation of the Three-Year Strategic Plan (2021 – 2023). Your Bank will remain focused on its strategic objectives and will continue to build on its achievements to deliver better results for all stakeholders. In addition to completing ongoing projects, the following strategic initiatives will be implemented in 2022:

i. Expansion of the Bank's array of international debit cards to include cards that hold foreign currencies (FX cards) for US dollars. This is expected to increase fee income as well as aid customer retention efforts.

ii. PBL Digi Account, an instant self-signing account opening solution on various digital channels. This will facilitate convenient service delivery to customers, attract new customers and promote financial inclusion.

iii. E-commerce for VISA, Mastercard, UnionPay, mobile money, and Gh-Link online payments. This will improve collections especially at the universities and other educational institutions.

iv. Rationalisation of the Bank's branches. Bank of Ghana has granted approval for the closure of four specific branches that were either loss-making or in close proximity to other branches of the Bank. The physical operations of these branches will be relocated to designated nearby branches. This pruning of the Bank's branches is expected to significantly impact positively on the profitability of the Bank and increase shareholder value.

v. A rebranding campaign with the view to repositioning the Bank as a modern financial institution.

5.0 ACKNOWLEDGEMENTS

Dear Shareholders, Ladies and Gentlemen, we all acknowledge the unprecedented challenges we had to face in every aspect of our lives and work in 2021. However, your Bank was able to pull through and achieve a good performance.

On behalf of the Board, I would like to take this opportunity to express our deepest gratitude to all our customers whose continued patronage and loyalty contributed to the success of the Bank, Management and Staff for their dedicated services and, last but not the least, our Shareholders for their continuous support and contribution. I would personally like to express my gratitude to my colleague Board members for being a great team and for their support in ensuring that the Bank continues to make good progress. Together, with consistent hard work and God's help, we shall succeed in building a great bank.

Thank you.

MURIEL SUSAN EDUSEI (MRS.)
CHAIRPERSON


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MANAGING DIRECTOR'S REPORT

Dear Shareholders,

I am pleased to share the Bank's progress since embarking on its transformational agenda in 2020. I am happy to report significant strides in 2021 in our business and operations as we aim to create shared value for our various stakeholders, albeit in a challenging business environment.

1.0 Operating Results

The Bank reported a 126% growth in its pre-tax profit from GH¢60.4 million in 2020 to GH¢136.2 million in 2021, buoyed by a strong performance in operating income and controlled costs during the year under review.

Operating income grew by 17.5% in 2021 as the Bank consolidated initial gains from diversifying its income sources and segmentation of its business teams to focus its offering to a diverse customer base. Furthermore, the rollout of digital products contributed to the increase in fees and commission income.

Despite rising inflation brought on by the Covid-19 pandemic and supply-chain bottlenecks, operating costs were well-managed in 2021. The Bank's operating expenses grew by 5.6% in 2021 compared to 12.5% in 2020, as the Bank explored efficient and sustainable ways of running its operations without compromising service quality.

Impairment losses moderated by 26% from GH¢86.2 million in 2020 to GH¢64.1 million in 2021 as the Bank continues to enhance its credit risk profile.

Total assets grew by 10.5%, funded by a 16% increase in customer deposits and a 13% growth in shareholders' funds. This growth is attributable to progress made in the business growth strategy and a commitment to service excellence.

2.0 Business Review

The Bank's business growth strategy gained momentum in 2021 with the creation of new business segments: Corporate, Commercial, and Retail. The newly-created business segments are the foundation for developing the business relationship management structure to unlock new growth opportunities and drive the growth of the business from existing and new customers.

The significant business developments during 2021 were:

i. Massive deployment of electronic and digital channels: This has enabled the availability of international card-enabled point-of-sale (POS) devices, bulk electronic payment and collection platforms, and e-commerce payment solutions.

ii. Service partnerships with remittance entities, retailers, service providers, and financial technology entities (FinTechs) to offer competitive services and prices to customers in the retail banking segment.

iii. The opening of the Sunyani Branch: This is the Bank's first branch in the Bono Region and has given us a physical presence in eight out of the 16 regions of Ghana. The Bank currently has 45 business locations complemented by the Customer Experience Centre and several electronic and digital channels.

3.0 Operational Review

Just as our business model has evolved, our internal processes have experienced a transformation in 2021, leading to considerable cost savings in the year under review.

Routine front-office and back-office transactions previously handled at individual branches have been pooled under a Central Processing Unit to standardize data inputs, reduce branch headcount significantly, and improve the overall efficiency of the Bank's branches.

The Digital Transformation and IT teams also developed and implemented several solutions to improve internal processes, leading to greater efficiency in our operations.

4.0 Customer Service Excellence

In its maiden Consumer Satisfaction Index (CSI) report, the Chartered Institute of Marketing, Ghana (CIMG) adjudged Prudential Bank a 5-Star quality service provider. Prudential Bank was also rated first on the Net Promoter Score (which measures customer loyalty) and second for overall service quality. This recognition comes as no surprise as Prudential Bank won the Best Bank in Customer Care in the last two editions of the Ghana Banking Awards organized by Corporate Initiative Ghana in 2016 and 2017.

Prudential Bank won the Oil and Gas Financial Services Provider for the Year 2021 at the Ghana Oil & Gas Awards, recognizing the Bank's commitment to supporting local businesses in the oil and gas sector.

5.0 Outlook

The Bank is currently in the second year of implementing its three-year strategic plan, from 2021 to 2023. The Bank will remain focused on its strategic objectives and consolidate its achievements to deliver better results for all stakeholders.

The following projects initiated in the previous year will be completed and launched:

i. The customer experience transformation project: This will consolidate the Bank's reputation as an industry leader in customer service quality.

ii. Issuance of Mastercard: This will complete the Bank's issuance and acquisition of the three leading international debit cards, that is, VISA, Mastercard, and UPI.

iii. Enhancement of the Bank's remittances business.

iv. Enhancement of the Bank's services on the GhIPSS platforms.

v. Implementation of the electronic document management system (e-DMS) and the business process management system (i-BPM). All branches have been onboarded onto these systems.

vi. Automation of the Bank's internal business processes.

Other projects to be initiated in the year 2022 include the following:

i. Expansion of the Bank's array of international debit cards to include cards that hold foreign currencies (FX cards) for US dollars. This is expected to increase fee income and aid customer retention efforts.

ii. PBL Digi Account: It is an instant self-signing account opening solution on various digital channels: This will, among other things, facilitate convenient service delivery to customers, attract new customers and promote financial inclusion.

iii. E-commerce for VISA, Mastercard, UnionPay, mobile money, and Gh-Link online payments: These products will improve collections, especially at the universities and other educational institutions.

viii. Enhancement of the Bank's collection platforms.

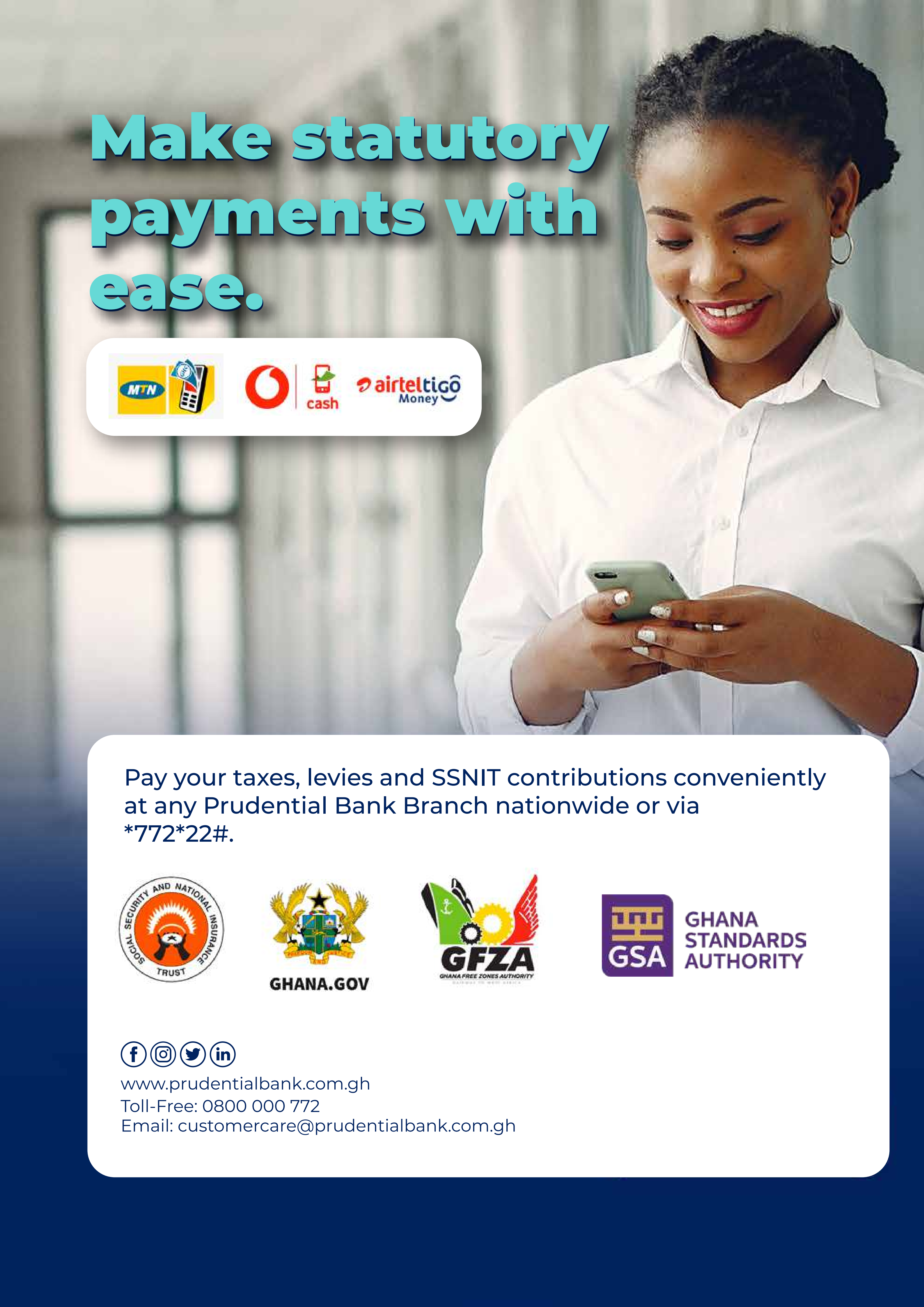
ix. A rebranding campaign to reposition the Bank as a modern financial institution.

These projects aim at transforming Prudential Bank into a bank capable of competing in this digital age while maintaining our tradition of excellent customer service.

6.0 Conclusion

I take the opportunity to appreciate the direction of the Board of directors. I applaud the management team and our committed staff for proving more than capable of adopting the vision of the Board and executing it. I also wish to thank you, our shareholders, for your continued support. More importantly, I wish to thank God whose providence keeps us going.

Thank you.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2021 ANNUAL REPORT CORPORATE GOVERNANCE

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

PRUDENTIAL BANK

...Truly dependable

BOARD PROFILE

Muriel Susan Edusei
Chairperson

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

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

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

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

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

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

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

In October 2018, Mr. Addo was appointed Deputy Managing Director for Finance, Administration and Credit Administration, a

John Kpakpo Addo
Managing Director

position he held until his appointment as Managing Director and a member of the Board of Directors of the Bank on 2nd January 2020.

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

Fred Kwasi Boateng
Non-Executive Director

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

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

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

Mr Daniel Kissiedu is a seasoned banking, consulting and business executive with a 20-year track record in providing strategic guidance to businesses, structuring transactions and providing solutions in energy and logistics.

Mr. Kissiedu is currently the Managing Director of Trade and Logistics Africa Ltd., a position he has held since October 2011. Prior to this role, he was the Chief Operating Officer at Osam Energy Company Ltd. Mr. Kissiedu also worked with Zenith Bank Ghana Ltd, first as a relationship manager and later as a Business Manager. He was a Senior Associate for Strategy Consulting at Dixcove Ventures Advisory Group.

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

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

Daniel Asah Kissiedu
Non-Executive Director

Yaw Opoku Atuahene
Independent Non-Executive Director

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

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

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

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

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

Mr. Larbi-Tieku is currently the Deputy Chief Executive Officer of the Enterprise Group and serves on several boards of the Group including the boards of Enterprise Funeral Services Ltd and Enterprise Life Assurance, Nigeria.

Mr. Larbi-Tieku joined Enterprise Life Assurance Company Ltd in March 2011 as the General Manager. Prior to that, he had worked for 11 years as the Finance Director of The Coca-Cola Bottling Company of Ghana Ltd. He also worked for the same company for a year as the Management Accountant. Mr. Larbi-Tieku was appointed to the Board of Prudential Bank in April 2020.

Daniel Larbi-Tieku
Independent Non-Executive Director

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

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

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

Juliana Addo-Yobo
Independent Non-Executive Director

Victoria Barth
Non-Executive Director

Mrs. Victoria Barth is a lawyer with 17 years experience in legal practice. She is the Managing Partner of Sam Okudzeto and Associates, a Ghanaian tier one law firm.

She is a member of the Ghana Bar Association, International Bar Association and Commonwealth Lawyers Association and sits on a number of International Chamber of Commerce subcommittees. She teaches Advocacy and Ethics at the Ghana School of Law.

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

Ofotsu Tetteh-Kujorjie
Non-Executive Director

Mr. Ofotsu A. Tetteh-Kujorjie is a commercially astute lawyer and engineer with a rare combination of management, finance and public and private sector leadership experience.

He is an innovative and results-oriented systems thinker, with considerable transactional, advisory and execution experience across the energy, technology, business and finance sectors in Ghana, the United States, Europe and various African markets. He has been a Special Advisor to the Minister for Finance of the Republic of Ghana from 2017 to date.

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

Mr. Tetteh-Kujorjie holds a Bachelor of Science and a Master of Engineering degrees in Industrial Engineering & Operations Research (Information Technology Specialization) from Cornell University (College of Engineering), and a Certificate in Business & Public Policy from the Wharton School of Business.

Mr. Tetteh-Kujorjie earned his Juris Doctor in 2009 from the University of Pennsylvania Law School and holds a Master of Law degree in Taxation from the Georgetown University Law Centre.

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

Peter Ohene Kyei
Non-Executive Director

Reverend Professor Peter Ohene Kyei has over 40 years experience in administration and education. A great part of his career has been spent in education at the tertiary level. Since 1988 he has held administrative positions, taught several courses and managed various projects in the university and the church environments. Reverend Professor Peter Ohene Kyei was called into full-time ministry at the Church of Pentecost as a Pastor and was inducted into office as the Rector of the Pentecost University College (PUC) where he served for eight years.

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

Sports Sciences and Chairman of the KNUST Basic Schools Board. Rev. Prof. Ohene Kyei was a Council Member for the Christian Service University College from 2005-2010.

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

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

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

Felix Kwesi Duku
Non-Executive Director

Mr. Felix Kwesi Duku has over 30 years experience in Information Technology in the banking and finance sectors, 16 years of which were spent in senior executive functions. His expertise covers a wide range of I.T. leadership roles pertaining to the following: implementation of core banking systems; formulation and implementation of comprehensive I.T. strategies; implementation of digital banking solutions, Financial Inclusion and I.T. Governance; the design and implementation of wide area data communication infrastructure; and the planning and rollout of large and complex I.T. data centres.

Mr. Duku successfully pioneered the setting up of the Electronic Banking Department for Ecobank Ghana and personally led the effort to create cutting edge technology-based e-banking solutions.

He founded Duku Consulting Limited in 2006 and since then has helped a number of financial institutions in Ghana to formulate and roll out successful I.T. strategies. These institutions include Bank of Ghana, Ghana Interbank Payment & Settlement Systems (GhIPSS), Ghana Stock Exchange, GCB Bank, Ghana International Bank, Consolidated Bank Ghana (CBG), Fidelity Bank Ghana, Agricultural Development Bank, among others.

Mr. Duku was recently engaged as a Technology Consulting Specialist by the World Bank/Government of Ghana to lead the implementation of a Core/Digital Banking platform for the Credit Unions in Ghana, a component part of the Ghana Financial Sector Development Project (GFSDP).

Mr. Duku holds a Bachelor of Science degree in Computer Science from Kwame Nkrumah University of Science & Technology, a Post Graduate Certificate (PGC) in Business Administration from Leicester University, and a Post Graduate Diploma in Advanced Information Technology & Business Management from the University of Wales. He also successfully pursued a course in *Digital Strategies for Business: Leading the Next Generation Enterprise*, run by Columbia University in 2018, and *Blockchain and Digital Currency: The Future of Money* from the University of Cape Town. He is a member of ISACA and a thought leader in Digital Banking, Core Banking, Blockchain, Cryptocurrency and Big Data Analytics.

Mr. Duku was appointed to the Board in July 2021.

Alison Ann Debrah
Company Secretary

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

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

Thank you

We are extremely grateful to have been named
OIL & GAS FINANCIAL SERVICE PROVIDER 2021.

We are committed to providing you with
exceptional 5-star service.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to the members the financial statements of the Bank and its subsidiaries for the year ended 31st December 2021 and report thereon as follows:

A. SUBSIDIARY COMPANIES

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

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

ii. Prudential Stockbrokers Limited: Generally 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 are within the limits permitted by its regulations and its banking licence and consistent with its strategic focus. There were no changes in the principal activities of the Bank during the year.

C. RESULTS AND DIVIDENDS

The results of operations for the year ended 31st December 2021 are set out in the statements of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity and the notes to the financial statements from page 58 – 113.

The Directors are unable to recommend the payment of dividend in respect of the year ended 31st December 2021.

D. CORPORATE SOCIAL RESPONSIBILITY

The Bank strives to contribute its quota to economic and social development of the community within which it operates. In 2021, the Bank's Corporate Social Responsibility initiatives targeted health, education, culture, and the environment, among others.

Regarding the health sector, the Bank sponsored the 2021 World Heart Day event organised by Blue Valley Medical Centre. It donated hand sanitizers, nose masks, etc. to some charitable organizations such as the Village of Hope Children's Orphanage as part of its commitment towards the health and welfare of the children.

In respect of Education, the Bank partnered with the Ministry of Education and Ghana Education Service, for the third consecutive year, to award teachers for their sterling performances at the 2021 National Best Teacher Awards.

Furthermore, the Bank supported other institutions including Ghana School of Law, Ghana College of Physicians and Surgeons, University of Cape Coast, University of Development Studies and African Plant Breeders Association to accomplish various educational projects.

Prudential Bank continues to support initiatives that promote the conservation of the environment. In 2021, the Bank contributed to the Keta Flood Relief Fund, an initiative by the Ghana Association of Bankers in support of flood victims in the Keta Municipality, Volta Region of Ghana.

The Bank also contributed to Forestry Commission's Green Ghana Day by planting over 400 trees at Achimota forest and across other locations in Accra.

The Bank contributed to the Ghana Association of Bankers' Fund to support the Ghana Police Service to purchase body armour equipment in its fight against bullion van attacks on Police escorts. Additional support was provided for the completion of an office building for the Weija District Headquarters of the Ghana Police Service.

Other CSR activities undertaken include support in the form of food items and drinks to cater for the Village of Hope Children's

Orphanage and the Pamela Bridgewater Project (Kayayei Project). The Bank also supported traditional authorities such as the Weija Stool to construct the Weija Mantse Palace Complex as part of its efforts to promote culture and diversity. The Bank, as part of its CSR programme, continues to drive financial inclusion through physical and digital interventions.

Cumulatively, the Bank spent a total amount of GH¢0.54 million through its corporate social responsibility programmes during the year 2021

E. AUDIT FEE

An amount of GH¢450,884 (inclusive of taxes) is payable as audit fee for the Group.

F. INTEREST REGISTER

There were no new entries in the Interest Register during the period under review.

G. GOING CONCERN

The directors have made an assessment of the Bank's ability to continue as a going concern. They have a reasonable expectation that the Bank and the Group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing these financial statements.

H. DIRECTORS' CAPACITY BUILDING

The Board of Directors in line with Section 136 of Companies Act, 2019 (Act 992) participated in a modular training programme on Corporate Governance with external facilitation from 29th June to 6th August 2021. The Board also participated in training for Corporate Governance Certification on the 7th and 9th of September 2021. Training on Anti-Money Laundering/Combatting Terrorism Financing was also organised for the Board on 4th November 2021.

I. FINANCIAL RESULTS

The financial results are as stated below:

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Retained earnings balance as at 1st January	20,282	22,377	(1,894)	46
Prior-year adjustment	–	–	(6,403)	(6,411)
Restated balance as at 1st January	**20,282**	**22,377**	**(8,297)**	**(6,365)**
Net profit for the year	86,296	86,754	33,180	33,343
	106,578	**109,131**	**24,883**	**26,978**
The following transfers have been made:				
Credit risk reserve	(13,631)	(13,631)	11,990	11,990
Statutory reserve	(43,148)	(43,148)	(16,591)	(16,591
Retained earnings balance as at 31st December	**49,799**	**52,352**	**20,282**	**2,377**
Total assets	**4,386,852**	**4,393,158**	**3,967,581**	**3,969,900**

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

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

K. AUDITOR

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

BY ORDER OF THE BOARD

Managing Director
(John Kpakpo Addo)

Chairperson
(Mrs. Muriel Susan Edusei)

23RD MARCH 2022

CORPORATE GOVERNANCE REPORT

1.0 INTRODUCTION

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

1.1 Corporate Governance Framework

The guiding principles of the Bank's corporate governance framework are informed by the relevant laws and regulations including but not limited to the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Companies Act, 2019 (Act 992), Bank of Ghana's Corporate Governance Directive (2018) and Fit & Proper Persons Directive (2019). These corporate governance guiding principles are complemented by the Bank's vision and values and define the Bank's approach to interactions with customers, shareholders, employees and other stakeholders.

The elements of the Bank's corporate governance framework are outlined below:

1. Board formation
    a. Criteria for the Selection of Directors
    b. Directors' Qualification
2. Size of the Board
3. Code of Ethics
4. General Duties of the Board and Meetings
5. Conflict of Interest
6. Tenure of Board Members
7. Assessment of Board Members
8. Assessment of Performance of the Board and Board Committees
9. Board of Directors Remuneration
10. Procedures for the Conduct of the Board's Business
    a. Quarterly Financial Performance Reports
    b. Credit Reports with Limits Beyond Management's Thresholds
    c. The Board's Committees
    d. External Audit Function
    e. Annual Budgets
    f. Review of Strategic Plans
11. Procedures and Criteria for Assessing Board's Performance and Effectiveness

2.0 CERTIFICATION STATEMENT

The Board of Directors certifies that at the date of this report, Prudential Bank Limited has complied with the provisions of the Corporate Governance Directive, 2018.

The Board also states that:

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

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

The Board of Directors participated in an 8-week modular training programme on Corporate Governance facilitated by the Institute of Directors, Ghana from 29th June to 6th August 2021. Members of the Board also successfully completed Corporate Governance Certification Training facilitated by the National Banking College in September 2021. This included a programme on Directors' Responsibilities. The board members as well attended a training session on Anti-Money Laundering/ Countering the Financing of Terrorism (AML/ CTF), facilitated by the Financial Intelligence Centre and the Bank of Ghana.

3.0 THE BOARD OF DIRECTORS

3.1 Role of the Board

The Board is the governing body of the Bank responsible for, but is not limited to:

i. Directing and overseeing the business of the Bank, including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance, and corporate values of the Bank.

ii. Creating and delivering sustainable shareholder value through effective and efficient management practices.

iii. Protecting the interest of depositors and other stakeholders.

The board members are collectively responsible for the overall supervision, direction, and long-term success of the Bank. The executive management has direct responsibility for the day-to-day operations of the Bank. The non-executive directors are responsible for bringing independent judgment and scrutiny to decisions taken by executive management.

3.2 Composition of the Board

The Board consists of 11 members comprising the Managing Director (an executive director) and 10 non-executive directors. Four of the non-executive directors (including the chairperson) are independent. The independent non-executive directors constitute thirty-six percent of the board membership, which exceeds the thirty percent minimum requirement set out in the Corporate Governance Directive, 2018.

The Board has a diverse and rich blend of competencies and expertise in Banking & Finance, Information Technology, General Business, Accountancy, Law and Corporate Governance. The current membership of the Board is as follows:

	Name of Board Member	Designation	Qualifications	Expertise
1	Mrs. Muriel Susan Edusei	Chairperson (Independent Non-Executive Director)	MBA (Finance)/ B.Sc. (Admin – Accounting option)	Banking & Finance/ Corporate Governance/ Corporate Restructuring
2	Mr. John Kpakpo Addo	Managing Director	FCA (ICAEW)/ B.Sc. (Applied Economics)	Accountancy/ Banking & Finance
3	Mr. Fred Kwasi Boateng	Non-Executive Director	Master of Marketing/ B.A. (Marketing)	Marketing/ General Business
4	Mr. Daniel Asah Kissiedu	Non-Executive Director	MBA (Finance)/ B.Sc. (Planning)	Banking/ General Business
5	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director	MA (Economics, Statistics & Extension Methods)/ M.Sc. (Poultry Science)/ B.Sc. (Agriculture & Resource Economics)	Banking & Finance/ Corporate Governance/ Agriculture
6	Mr. Daniel Larbi-Tieku	Independent Non-Executive Director	FCCA/ B.Sc. (Admin – Accounting option)	Accountancy/ Finance/ Insurance
7	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director	LLB/ QCL/ B.A. (Psychology)/ Dip (Human Resources)	Lawyer/ Corporate Governance/ Gender Advocacy
8	Mrs. Victoria Barth	Non-Executive Director	LLB/ LPC/ QCL	Lawyer/ Ethics/ Advocacy
9	Mr. Ofotsu Tetteh-Kujorjie	Non-Executive Director	Master of Laws (Taxation)/ Juris Doctor/ Master of Engineering (Industrial Engineering & Operations Research – IT Specialization)/ B.S. (Industrial Engineering & Operations Research)	Tax & Corporate Law/ Engineering/ Business & Public Policy

10	Rev. Prof. Peter Ohene Kyei	Non-Executive Director	Ph.D. (Development Geography)/ M.Sc. (Regional Planning)/ B.A. (Geography with Economics)	Administration/ Education/ Pastoral Leadership
11	Mr. Felix Duku	Non-Executive Director	PGC (Business Administration)/ PGD (Advanced IT Digital Strategy for Business)/ B.Sc. (Computer Science)	Information Technology/ Banking

3.3 Separation of Powers

There is a clear separation of roles between the Board Chairperson and the Managing Director as set out in the Board Charter of the Bank. The Board Chairperson provides leadership to the Board and ensures its effectiveness in all aspects of the Board's roles. To this end, she ensures that the Board operates effectively and discharges its legal and regulatory responsibilities. She has no executive functions and does not chair any of the Board's sub-committees. The Board has delegated the running of the day-to-day management of the Bank to the Managing Director, supported by the Management Executive Committee. The Managing Director is responsible for implementing strategies recommended by the Board and leads the executive management team in formulating and implementing operational decisions.

3.4 Board Meetings

The Board held 17 meetings during the year 2021. The attendance record of individual directors at Board meetings held in 2021 is shown in the table below:

	Name of Board Member	Designation	Scheduled Meeting	Ad-hoc Meeting	Date appointed to the Board
1	Mrs. Muriel Susan Edusei	Chairperson (Independent Non-Executive Director)	10/10	7/7	April 2020
2	Mr. John K. Addo	Managing Director	10/10	7/7	January 2020
3	Mr. Fred Kwasi Boateng	Non-Executive Director	10/10	7/7	September 2013
4	Mr. Daniel Asah Kissiedu	Non-Executive Director	10/10	7/7	June 2018
5	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director	10/10	7/7	April 2020
6	Mr. Daniel Larbi-Tieku	Independent Non-Executive Director	10/10	7/7	April 2020
7	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director	10/10	7/7	April 2020
8	Mrs. Victoria Barth	Non-Executive Director	10/10	7/7	April 2020
9	Mr. Ofotsu Tetteh-Kujorjie	Non-Executive Director	10/10	7/7	August 2020
10	Rev. Prof. Peter Ohene Kyei	Non-Executive Director	10/10	7/7	August 2020
11	Mr. Felix Duku	Non-Executive Director	3/3	5/5	July 2021

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

The range of subjects discussed during the meetings included:

- The financial results of the Bank;
- The Bank's budget and operating plan for 2022;
- Risk Management issues;
- Cyber and Information Security issues; and
- Regulatory and governance issues.

4.0 BOARD COMMITTEES, MEMBERSHIP AND MEETINGS

The Board discharges its responsibilities through standing and ad-hoc Board committees with members appointed from the Board, subject to the applicable regulations. All committees of the Board operate under committee charters approved by the Board. There are currently six committees with specific responsibilities. They are:

i. Audit Committee;

ii. Risk Committee;

iii. Credit Committee;

iv. Ethics & Compliance Committee;

v. Cyber & Information Security Committee; and

vi. Nomination/ Human Resources & Governance Committee.

4.1 Audit Committee

The Audit Committee is a standing committee of the Board made up of three independent non-executive directors and two non-executive directors. The Audit Committee is delegated by the Board to provide oversight of the internal audit function and the external audit process and regulatory conformance in areas including the following:

i The integrity of the financial statements and financial reporting systems and related disclosures;

ii. Effectiveness of internal controls and procedures;

iii. Effectiveness of internal audit programmes and processes;

iv. Compliance with legal and regulatory requirements; and

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

The membership of the Audit Committee and attendance record of the members at committee meetings in the year 2021 are shown in the table below:

	Member	Status	Attendance	Date appointed to the Committee
1	Mr. Daniel Larbi-Tieku	Independent Non-Executive Director (Chairman)	7/7	May 2020
2	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director	7/7	May 2020
3	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director	7/7	May 2020
4	Rev. Prof. Peter Ohene Kyei	Non-Executive Director	7/7	August 2020
5	Mr. Felix Duku	Non-Executive Director	3/3	August 2021

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

The range of subjects discussed during Audit Committee meetings in 2021 included the following:

- The Bank's audited financial statements for the year 2020;
- The Bank's quarterly interim financial statements for the year 2021;
- Various internal audit reports;
- The Bank's draft budget and operating plan for 2022;
- External Auditor's work plan, audit fees, and engagement letter; and
- Year-end tasks and 2022 work plans of the Internal Audit Department of the Bank and the Audit Committee of the Board.

4.2 Risk Committee

The Risk Committee is a standing committee of the Board made up of two independent non-executive directors and four non-executive directors. The purpose of the Risk Committee is to advise the Board on the overall current and future risk tolerance/ appetite and strategy for various risks including AML/CFT risk, environmental and social risk management' and sustainability programme. The Committee also oversees senior managements' implementation of the Bank's risk strategy. In this regard, the Risk Committee provides an independent review and critique of:

i. the risk management policies and procedures of the Bank;

ii. composition of the risk portfolios and concentrations; and

iii. risk-taking decisions of the Bank covering all aspects of risk exposures including credit, market, liquidity, operational and country risks.

The membership of the Risk Committee and attendance record of the members at committee meetings in the year 2021 are shown in the table below:

	Member	Status	Attendance	Date appointed to the Committee
1	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director (Chairman)	7/7	May 2020
2	Mr. Fred K. Boateng	Non-executive Director	7/7	May 2020
3	Mr. Daniel Asah Kissiedu	Non-executive Director	7/7	May 2020
4	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director	7/7	May 2020
5	Mr. Ofotsu Tetteh-Kujorjie	Non-executive Director	7/7	August 2020
6	Mr. Felix Duku	Non-executive Director	3/3	August 2021

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

The range of subjects discussed during the Risk Committee meetings in 2021 included the following:

- Quarterly risk management reports;
- Compliance reports;
- The enhancement of the Risk Management Framework; and
- Year-end tasks and 2022 work plan of the Risk Committee.

4.3 Credit Committee

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

The membership of the Credit Committee and attendance record of the members at committee meetings in the year 2021 are shown in the table below:

	Member	Status	Attendance	Date appointed to the Committee
1	Mr. Daniel Asah Kissiedu	Non-executive Director (Chairman[1])	6/6	May 2020
2	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director	6/6	May 2020
3	Mrs. Victoria Barth	Non-Executive Director	6/6	May 2020
4	Mr. Ofotsu Tetteh-Kujorjie	Non-Executive Director	6/6	August 2020

Notes: Numerator denotes number present whilst denominator denotes expected number of attendances

1. Mr. Asah-Kissiedu was appointed Chairman of the Credit Committee in November 2020

The range of subjects discussed during the Credit Committee meetings in 2021 included the following:

- Credit risk management issues;
- Review and development of the strategies to achieve the credit and lending goals of the Bank;
- Revision of the Bank's Credit Policy; and
- Year-end tasks and 2022 work plan of the Credit Committee.

4.4 Ethics & Compliance Committee

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

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

The Membership of the Ethics & Compliance Committee and attendance record of the members at committee meetings in the year 2021 are as follows:

	Member	Status	Attendance	Date appointed to the Committee
1	Mrs. Victoria Barth	Non-Executive Director (Chairperson)	6/6	May 2020
2	Mr. Daniel Asah Kissiedu	Non-Executive Director	6/6	May 2020
3	Mr. Yaw Opoku Atuahene	Independent Non-Executive Director	6/6	May 2020
4	Rev. Prof. Peter Ohene Kyei	Non-Executive Director	5/6	August 2020

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

The range of subjects discussed during the Ethics & Compliance Committee meetings in 2021 included the following:

- Regulatory compliance and ethical matters of the Bank;
- Quarterly reports on the Bank's compliance status;
- The development of policies on ethics in the conduct of the Bank's business; and
- Year-end tasks and 2022 work plan of the Ethics & Compliance Committee.

4.5 Cyber & Information Security Committee

The Cyber & Information Security Committee is a standing committee of the Board comprising three non-executive directors and an independent non-executive director. The Committee assists the Board to fulfil its oversight responsibilities concerning the Bank's cyber and information security and regulatory conformance specifically in the following areas:

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

Having been appointed to the Board during the year, Mr. Felix Duku who is an Information Technology expert, assumed the chairmanship of the Cyber & Information Security Committee. Until Mr. Duku's appointment, the Committee was chaired by Mr. Daniel Asah Kissiedu.

The membership of the Cyber & Information Security Committee and attendance record of the members at committee meetings in the year 2021 are as follows:

	Member	Status	Attendance	Date appointed to the Committee
1a	Mr. Felix K. Duku	Non-Executive Director (Chairman)	2/2	August 2021
1b	Mr. Daniel Asah Kissiedu	Non-Executive Director (Acting. Chairman[1])	5/5	July 2020
2	Mr. Fred K. Boateng	Non-executive Director	5/5	July 2020
3	Mr. Ofotsu Tetteh-Kujorjie	Non-Executive Director	5/5	August 2020
4	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director	1/1	October 2021

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

1. Mr. Asah Kissiedu acted as Chairman of the committee from July 2020 to August 2021

The range of subjects discussed during the Cyber & Information Security Committee meetings in 2021 included the following:

- The Cyber & Information Security posture of the Bank;
- The Bank's digitalization agenda;
- Cyber & Information Security audit reports; and
- Year-end tasks and 2022 work plan of the Cyber & Information Security Committee.

4.6 Nominations/Human Resource & Governance Committee

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

The functions of the Committee include the following:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board concerning any changes.
- Ensuring plans are in place for orderly succession to the Board and Executive Management positions, and overseeing the development of a diverse pipeline for succession.
- Responsibility for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Evaluating the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment and the time commitment expected.

Rev. Prof. Peter Ohene Kyei replaced Mrs. Juliana Addo-Yobo as a member of the Committee in October 2021. Mrs. Addo-Yobo was until then the Chairperson of the Committee. The chairmanship was subsequently taken over by Mr. Daniel Asah-Kissiedu.

The membership of the Nominations/ Human Resource & Governance Committee and attendance record of the members at committee meetings in the year 2021 are as follows:

	Member	Status	Attendance	Date appointed to the Committee
1a	Mr. Daniel Asah Kissiedu	Non-Executive Director (Chairman[1])	8/8	July 2020
1b	Mrs. Juliana Addo-Yobo	Independent Non-Executive Director (Chairperson[2])	6/6	May 2020 (reassigned in October 2021)
2	Mr. Fred K. Boateng	Non-Executive Director	8/8	May 2020
3	Mr. Daniel Larbi-Tieku	Independent Non-Executive Director	8/8	May 2020
4	Mrs. Victoria Barth	Non-Executive Director	8/8	May 2020
5	Rev. Prof. Peter Ohene Kyei	Non-Executive Director	2/2	October 2021

Notes: Numerator denotes number present whilst denominator denotes expected number of attendances

1. Mr. Asah-Kissiedu assumed the chairmanship of the Committee in October 2021

2. Mrs. Addo-Yobo, who chaired the Committee from May 2020 was reassigned in October 2021

During the year, the committee recommended Mr. Felix Duku for appointment to the Board as a non-executive director. Mr. Duku was appointed to the Board in August 2021 following approval by the Bank of Ghana. The range of other subjects discussed during meetings of the Nominations/Human Resource & Governance Committee in 2021 included the following:

- Quarterly human resource reports;
- Revision of the Bank's human resource policies;
- Implementation of a new performance management system;
- Recruitment of key management personnel; and
- Year-end tasks and 2022 work plan of the Nominations/Human Resource & Governance Committee.

5.0 EXTERNAL DIRECTORSHIPS AND OTHER ENGAGEMENTS OF DIRECTORS

The Bank of Ghana's Corporative Governance Directive, 2018, states that, "no director shall hold more than five directorship positions at a time in both financial and non-financial companies (including offshore engagements) subject to the restriction against concurrent directorships in banks".

Before committing to an additional role, directors are required to confirm that no conflicts will arise. They must also provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfill their role as a director of the Company. Details of external directorship positions currently held by the directors are shown in the table below:

Director	Entity	Sector	Date of appointment
Victoria Barth	Adehye Nsuo Limited Axcero Limited Popular Merchants Limited SOS Ghana Children's Villages	Manufacturing Financial Services General Trading Non-Profit	2002 March 2015 Nov 2018 April 2019
Daniel Larbi-Tieku	Enterprise Group Plc Enterprise Life Assurance Gambia Enterprise Funeral Services Enterprise Life Assurance Nigeria	Financial Services Insurance Health Sector Insurance	Nov 2016 July 2016 Dec 2017 March 2021
Ofotsu Akai Tetteh-Kujorjie	Terra Strategies Global Limited Power GIIF LTD	General/Consulting Energy/Power	June 2020 January 2021
Juliana Addo-Yobo	SSNIT - (Labadi Beach Hotel) Clickshot Multimedia Services Limited Ghana Supply Company Limited	Tourism and Hospitality Communications Procurement & Supply	May 2017 March 2020 January 2022
Rev. Peter Ohene-Kyei	Entrance University College of Health Sciences Bible Society of Ghana Ghana Revenue Authority	Religious/Non-Profit Education Finance	2018 2019 2021
Daniel Kissiedu	Trade and Logistics Africa Ltd Compass Prime Ltd Clean Energy Capital	Logistics Commerce Services	June 2012 Nov 2017 Feb 2015
Felix Kwesi Duku	Duku Consulting Limited Starlife Assurance Limited	Consulting Insurance	July 2006 June 2010

6.0 CAPACITY BUILDING OF BOARD MEMBERS

Board members and key management personnel should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgement about the affairs of the Bank. New Directors and key management personnel are taken through an induction programme and provided with detailed information to gain in-depth knowledge about the Bank and its business environment, inherent risks, strategy and the legal and regulatory framework. Relevant training is organized on an ongoing basis with respect to the Bank's own needs and requirements and with respect to external standards of competence.

7.0 INFORMATION AND COMMUNICATION

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

The Board of Directors and all the Committees of the Board follow a work plan, approved before the beginning of each year, to ensure that all relevant areas of work are covered within set timelines. The annual work plans include a summary of reports and issues to be considered at each meeting. This ensures that the meetings focus on key issues and matters of strategic importance and ensures that the Board operates within its regulatory compliance timelines.

8.0 RELATIONS WITH DEPOSITORS, SHAREHOLDERS AND OTHER STAKEHOLDERS

8.1 Depositors and other Customers

Prudential Bank reckons that it performs a crucial role intermediating funds from savers and depositors to activities that support retail, commercial and corporate clients and thereby helping to drive economic growth. Among the Bank's stakeholders, the Bank places the interest of depositors and other customers above all else. Unparalleled customer service, particularly, protecting the interest of depositors is therefore at the forefront of all that the Bank does.

As part of its customer engagement, The Bank in 2021 organized a Customer Service Month throughout the month of October to coincide with the 2021 International Customer Service Week. The Executive Management team and Key Management Personnel interacted with customers at all of the Bank's branches during the period. The Managing Director and some members of the Management team also visited and interacted with some key customers at their business locations during the Customer Service Month and during other periods of the year. The Bank's Customer Experience Centre also served as a point of engagement with customers for prompt resolution of their concerns.

8.2 Shareholders

The Bank maintains a very cordial relationship with its shareholders. Significant shareholders, be they individual or institutional, have representation on the Board, which ensures that they are constantly kept abreast of the Bank's progress and corporate governance matters. In addition, the Chairperson is in regular contact with shareholders informing them of progress on issues relating to corporate governance. Management of the Bank also holds interactions with shareholders to address any concerns that arise. Ghana Amalgamated Trust PLC, which is the Bank's largest shareholder, regularly requests information about the performance and prospects of the Bank, which are promptly supplied by Management.

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

8.3 Employee Engagements

The Bank has an intranet that serves as an online portal for employee-only communication and engagements. All relevant internal policies and correspondence are posted on the intranet.

Apart from the intranet and other normal communication channels available in the Bank, the Managing Director and Senior Management held an extensive engagement with staff at head office and all of the Bank's branches in the course of the year 2021. Views and suggestions collated during the interactions were analyzed and contributed to guiding the strategic and operational decisions of Management.

8.4 Government and Regulatory Bodies

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

8.5 Environmental and Community Engagements – Sustainability

The overarching aim of the Bank's corporate governance process is to safeguard the interest of stakeholders in conformity with public interest on a sustainable basis.

The Bank gives back to society and some of the communities in which it operates. To this end, the Bank spent a total amount of GH¢544,000 on its corporate social responsibility programmes during the year 2021.

The Bank engaged a Sustainability Officer to lead the Bank in the implementation of sustainable banking and other initiatives. Consequently, the Bank completed the drafting of a policy on Sustainability to guide its activities regarding environmental sustainability going forward. The draft policy will be presented for Board approval when appropriate.

9.0 INTERNAL CONTROL

The Board of Directors is responsible for the system of internal controls designed to maintain effective and efficient operations compliant with applicable laws and regulations. The Board is also responsible for the maintenance and review of the effectiveness of risk management systems, and for the determination of the aggregate level and types of risks the Bank is willing to take in achieving its strategic objectives.

The system of internal controls is designed to manage or mitigate risk to an acceptable residual level and provides reasonable assurance against material misstatement, fraud and error.

The effectiveness of the Bank's internal controls is reviewed regularly by the Audit and Risk committees of the Board. The Internal Audit Department, among other functions, provides reports to the Board and executive management on the quality and effectiveness of internal controls. The processes used to assess the effectiveness of the internal control systems include the following:

- Discussion and approval by the Board of the Bank's strategic direction, plans and objectives and the risks to achieving them;
- Review and approval of the Bank's budget and operating plans, including all capital and operational expenditure items;
- Operational and financial reviews of performance against budgets and forecasts by management and the Board;

- Consideration of the significant risks facing the Bank and mitigation measures.
- Regular reviews by management and the Audit Committee of the scope and results of internal audit work across the Bank. The scope of the work is approved by the Board at the beginning of every year and covers key activities of the Bank;
- Reviews of any fraudulent activity and whistleblowing and actions taken to correct any control weaknesses; and
- Reviews of the scope of the work of the external auditors and any significant issues arising.

The system of internal control and risk management is embedded into the Bank's operations and the actions taken to mitigate any weaknesses are carefully monitored.

10.0 INTERNAL AUDIT

A key component of the Bank's risk management framework is the Internal Audit Department. The Department provides assurance to the Board and executive management on the quality and effectiveness of governance, risk management, and internal controls to manage and mitigate risks inherent in the Bank's activities.

11.0 EXTERNAL AUDITORS

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

12.0 ETHICS AND PROFESSIONALISM

12.1 Code of Ethics

Directors are required to maintain the confidentiality of information entrusted to them by the Bank and any other confidential information about the Bank that comes to them, except when they are authorized by the Chairperson or are legally mandated to disclose. The directors are not permitted to engage in any conduct or activities deemed inconsistent with the Bank's best interest or that disrupt or impair the Bank's relationship with any person with whom the Bank has or proposes to enter into a business or contractual relationship.

12.2 Code of Conduct

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

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

12.3 Conflict of Interest and Related Party Transactions

As part of its Corporate Governance Framework the Bank has implemented a conflict of interest policy for board members, which establishes the procedures for the identification, disclosure, prevention, management, and mitigation of conflicts of interest in order to protect the integrity and independence of board members. The Ethics and Compliance Committee is responsible for providing advice and guidance on the interpretation of the conflict of interest policy and providing support in setting controls and mitigation measures, including those recorded in the conflict of interest policy register. Directors are required to disclose to the Board transactions that may directly or indirectly create a conflict with the director's duties to the Bank. The disclosure must include full details of the nature, character and extent of the conflict or potential conflict and must be made as soon as the director becomes aware of the actual or potential conflict. Details of all directors' conflicts of interest are recorded in the register.

12.4 Whistleblowing

The Bank has a Whistleblowing Policy that establishes the framework for employees, the Board and other parties associated with the Bank to feel free to report within the Bank issues of wrongdoing or of matters injurious to the Bank's reputation or economic interest. All information disclosed under the policy is treated with utmost confidentiality.

The Whistleblowing Policy was approved in October 2020 and is subject to periodic review by the Ethics & Compliance Committee.

13.0 ANTI-MONEY LAUNDERING (AML) MATTERS

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

The Bank has in place AML compliance systems and controls to enable its employees to detect and report money laundering activities. The Bank's policy on anti-money laundering and countering the financing of terrorism (AML/CTF) was revised in 2021. The elements of the Bank's AML Compliance System include:

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

14.0 REPORT ON BOARD EVALUATION

Pursuant to the Bank's Board Charter and the *Corporate Governance Directive, 2018,* there was an external evaluation of the Board, the Board Committees, and individual members on the Board in March 2022. The evaluation, which covered the period January to December 2021 was performed by 2MB Consulting Services Limited, a professional corporate governance and human resource management entity.

The areas covered by the evaluation were:

1. Board Composition;
2. Board Responsibilities;
3. Conflict of Interest;
4. Risk Governance and Management;
5. Quality of Board Processes and Meetings;
6. Board Relationships;
7. Board Development;
8. Assessment of Chairperson;
9. Board Member Self-Assessment; and
10. Board Sub-Committees' Assessment

A pre-evaluation training was organized to ensure that members understood the evaluation requirements. Online questionnaires were also administered to members in the relevant areas.

The evaluation revealed significant improvements on almost all the key corporate governance indices.

The detailed board evaluation report, including key findings and recommendations, were submitted to the Bank of Ghana in April 2022.

15.0 REMUNERATION

The Board members are paid a monthly director's fee and a sitting allowance on attendance at meetings. The remuneration is based on recommendations to the Annual General Meeting for approval by the Shareholders.

The Board remuneration is structured to reflect inflation and match the level of director's compensation in comparable banks whilst taking into consideration the scope of the board work, including the number of meetings.

16.0 NEW POLICIES RELATED TO CORPORATE GOVERNANCE

The Bank in 2021 finalized the development of and issued a number of policies including policies on conflict of interest, anti-bribery and corruption, and customer complaint management. The Bank also revised a number of human resource policies to deal with staff conduct and employee welfare. These policies would be reviewed periodically and revised when necessary to ensure that they remain up to date and relevant.

17.0 MANAGEMENT COMMITTEES

The Corporate Governance Directive, 2018 requires senior management of the Bank to set up various committees for the management of the risk exposures of the Bank. In fulfillment of this requirement and to ensure balanced decision-making and active participation of key management staff in the administration of the Bank, Management reviewed and revised the committee system of the Bank. The various committees of the Bank that currently form part of the Bank's governance structure are as follows:

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

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

18.0 MEMBERS OF THE EXECUTIVE COMMITTEE AS AT 31ST DECEMBER 2021

	Name	Designation	Educational/ Professional Qualification(s)	Remarks
1.	John Kpakpo Addo	Managing Director	FCA (ICAEW)/ B.Sc. (Applied Economics)	Appointed in January 2020
2.	George Akwasi Adjei	Executive Head, Credit	EMBA (Finance)/ B.Sc. (Agricultural Economics)	Appointed in January 2020
3.	Thomas Broni	Executive Head, Operations	FCCA/ MBA (Financial Management)/ B.Sc. (Admin – Accounting option)	Appointed in January 2020
4.	Ebow Quayson	Executive Head, Business	EMBA (Marketing)/ B.A. (Economics and Political Science)/ Associate Member (CIMG)	Appointed in July 2020
5.	Frank Kommey	Chief Finance Officer	FCCA/ B.Sc. (Admin – Accounting option)	Appointed in May 2021
6.	Samuel Petterson Larbi	Chief Internal Auditor	FCA/ MBA (Finance)/ B.Sc. (Admin – Accounting option)/ Member (CIAMC)	Appointed in July 2005
7.	Theodore Bob Senaya	Chief Risk Officer	M.Sc. (Accounting & Finance)/ B.Sc. (Admin – Banking & Finance option)/ ISO 31000 Certified Risk Manager	Appointed in January 2002
8.	Francis Mawutor Kugblenu	Head, Information Technology	B.Sc. (Computer Science)	Appointed in August 2020
9.	Leopold L.L. Armah	Head, Digital Transformation	EMBA (I.T.)/ B.Sc. (Computer Science and Statistics)	Appointed in January 2021
10.	Nana Offei Djan	Head, Legal Services	LLB/QCL/ B.A. (Sociology and Political Science)	Appointed in July 2020
11.	Akosua Ampofowah Boahen	Head, Marketing and Corporate Affairs	MBA (Marketing)/ M.A. (Public Relations)/ B.Sc. (Social Sciences – Economics and Law)	Appointed in March 2012


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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Prudential Bank Limited and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at 31st December 2021, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion, the accompanying Consolidated Financial Statements show a true and fair view of the Consolidated Financial Position of the Group as at 31st December 2021, and of its Consolidated Financial Performance and Consolidated Cash Flows for the year then ended in accordance with the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Anti-Money Laundering Act, 2008 (Act 749) as amended by the Anti-money Laundering Act, 2014 (Act 874), the International Financial Reporting Standards and the Securities Industry Act, 2016 (Act 929).

Basis for Opinion

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

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

Key Audit Matters

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

Provision for Loan Impairment Loss

Prudential Bank Limited assesses its loans and advances for impairment using the Expected Credit Loss Method in compliance with IFRS 9 *Financial Instruments*. In using this method, the bank applies significant judgements and assumptions in determining the amount of impairment loss that is expected to occur. The key assumptions which were used in the calculation of the expected credit losses for 2021 included the use of Probabilities of Default, Exposures at Default and Loss Given Defaults.

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

1. Forward-looking economic base case scenarios
2. Significant increase or decrease in credit risks
3. Probabilities of Default, Exposures at Default and Loss Given Defaults

We also reviewed, on a sample basis, material retail and corporate portfolio of financial assets and evaluated the effectiveness of the IFRS Impairment Model which was used in determining the Expected Credit Loss (ECL).

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information includes the directors report and the corporate governance report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

We confirm that:

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

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

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

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

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

i. The financial statements give a true and fair view of the state of affairs as at 31st December 2021 of the Bank and its subsidiaries and the results for the year ended on that date.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dr. Adom Adu-Amoah (Practising Certificate Number: ICAG/P/1294).

Signature........Morrison & Associates........

Particulars of the Auditor:

Signature..

Name: Morrison & Associates, Chartered Accountants

Licence Number: ICAG/F/2022/097

Address: 2nd Floor Trinity House, Ring Road East

P. O. Box CT 2890 Cantonments-Accra, Ghana

31st March 2022
Accra, Ghana

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Interest income	7	583,637	580,766	504,123	501,922
Interest expense	7	(239,643)	(239,606)	(220,034)	(219,999)
Net interest income		**343,994**	**341,160**	**284,089**	**281,923**
Fee and commission income	8	74,611	74,611	63,925	63,925
Fee and commission expense	8	(10,224)	(10,224)	(7,030)	(7,030)
Net fee and commission income		**64,387**	**64,387**	**56,895**	**56,895**
Net trading income	9	31,047	31,053	32,004	32,018
Other income	10	7,324	12,423	6,980	10,515
		38,371	43,476	38,984	42,533
Operating income		**446,752**	**449,023**	**379,968**	**381,351**
Net impairment loss on financial assets	18.2	(64,099)	(64,099)	(86,195)	(86,195)
Personnel expenses	11	(144,277)	(145,181)	(135,191)	(136,026)
Depreciation and amortisation	20.2	(24,553)	(24,614)	(20,742)	(20,780)
Finance cost on lease	28	(255)	(255)	(282)	(282)
Other expenses	12	(77,309)	(77,968)	(77,138)	(77,364)
		(310,493)	(312,117)	(319,548)	(320,647)
Profit before income tax		**136,259**	**136,906**	**60,420**	**60,704**
Income tax expense	13	(49,963)	(50,152)	(27,240)	(27,361)
Profit for the year		**86,296**	**86,754**	**33,180**	**33,343**
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		**86,296**	**86,754**	**33,180**	**33,343**
Basic and diluted earnings per share	15	0.0977	0.0982	0.0376	0.0378

STATEMENTS OF FINANCIAL POSITION

	Note	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Assets					
Cash and cash equivalents	16	658,743	658,743	731,533	731,533
Investment securities	17	1,912,730	1,924,518	1,212,059	1,218,986
Loans and advances to customers	18	1,509,558	1,505,029	1,717,792	1,710,963
Investment (other than securities)	19	1,766	240	1,766	253
Deferred tax assets	23	8,639	8,626	–	–
Intangible assets	21	11,764	11,785	14,506	14,547
Property, plant & equipment	20	227,021	227,157	234,324	234,471
Right-of-use assets	22	9,688	9,688	12,605	12,605
Other assets	24	46,943	47,372	42,996	46,542
Total assets		**4,386,852**	**4,393,158**	**3,967,581**	**3,969,900**
Liabilities					
Deposits from banks	25	11,600	11,600	10,153	10,153
Deposits from customers	26	2,852,468	2,848,554	2,460,542	2,458,441
Current tax liabilities	13	2,869	2,567	7,313	7,241
Deferred tax liabilities	23	–	–	6,315	6,328
Lease liabilities	28	3,403	3,403	6,625	6,625
Borrowings	27.1	668,165	668,165	735,549	735,549
Other liabilities	27.2	107,315	115,284	86,348	88,732
Total liabilities		**3,645,820**	**3,649,573**	**3,312,845**	**3,313,069**
Equity					
Stated capital		402,431	402,431	402,431	402,431
Retained earnings		49,799	52,352	20,282	22,377
Statutory reserve		115,447	115,447	72,299	72,299
Revaluation reserve		120,914	120,914	120,914	120,914
Credit risk reserve		52,441	52,441	38,810	38,810
Total equity attributable to equity holders of the Bank		**741,032**	**743,585**	**654,736**	**656,831**
Total liabilities and equity		**4,386,852**	**4,393,158**	**3,967,581**	**3,969,900**

STATEMENT OF CHANGES IN EQUITY (BANK)

	Stated capital GH¢'000	Retained earnings GH¢'000	Statutory reserve GH¢'000	Revaluation reserve GH¢'000	Credit risk reserve GH¢'000	Total equity GH¢'000
2021						
Balance at 1st January 2021	**402,431**	**20,282**	**72,299**	**120,914**	**38,810**	**654,736**
Total comprehensive income						
Profit for the year	–	86,296	–	–	–	–
Other comprehensive income (net of tax)	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**86,296**	**–**	**–**	**–**	**86,296**
Transactions with owners recorded directly in equity						
Transfer to credit risk reserve	–	(13,631)	–	–	13,631	–
Transfer to statutory reserve	–	(43,148)	43,148	–	–	–
Total transfers and transactions with owners	**–**	**(56,779)**	**43,997**	**–**	**13,631**	**–**
Balance at 31st December 2021	**402,431**	**49,799**	**115,447**	**120,914**	**52,441**	**741,032**

2020	Stated capital GH¢'000	Retained earnings GH¢'000	Statutory reserve GH¢'000	Revaluation reserve GH¢'000	Credit risk reserve GH¢'000	Total equity GH¢'000
Balance at 1st January 2020	**402,431**	**(1,894)**	**55,708**	**120,914**	**50,800**	**627,959**
Prior-year adjustment	–	(6,403)	–	–	–	**(6,403)**
Restated balance	**402,431**	**(8,297)**	**55,708**	**120,914**	**50,800**	**621,556**
Total comprehensive income						
Profit for the year	–	33,180	–	–	–	**33,180**
Other comprehensive income (net of tax)	–	–	–	–	–	**–**
Total comprehensive income for the year	**–**	**33,180**	**–**	**–**	**–**	**33,180**
Transactions with owners recorded directly in equity						
Transfer to statutory reserve	–	(16,591)	16,591	–	–	**–**
Transfer from credit risk reserve	–	11,990	–	–	(11,990)	**–**
Total transfers and transactions with owners	**–**	**(4,601)**	**16,591**	**–**	**(11,990)**	**–**
Balance at 31st December 2020	**402,431**	**20,282**	**72,299**	**120,914**	**38,810**	**654,736**

STATEMENT OF CHANGES IN EQUITY (GROUP)

PRUDENTIAL BANK

	Stated capital GH¢'000	Retained earnings GH¢'000	Statutory reserve GH¢'000	Revaluation reserve GH¢'000	Credit risk reserve GH¢'000	Total equity GH¢'000
2021						
Balance at 1st January 2021	**402,431**	**22,377**	**72,299**	**120,914**	**38,810**	**656,831**
Total comprehensive income						
Profit for the year	–	86,754	–	–	–	**86,754**
Other comprehensive income (net of tax)	–	–	–	–	–	**–**
Total comprehensive income for the year	**–**	**86,754**	**–**	**–**	**–**	**86,754**
Transactions with owners recorded directly in equity						
Transfer to credit risk reserve	–	(13,631)	–	–	13,631	**–**
Transfer to statutory reserve	–	(43,148)	43,148	–	–	**–**
Total transfers and transactions with owners	**–**	**(56,779)**	**43,148**	**–**	**13,631**	**–**
Balance at 31st December 2021	**402,431**	**52,352**	**115,447**	**120,914**	**52,441**	**743,585**

	Stated capital GH¢'000	Retained earnings GH¢'000	Statutory reserve GH¢'000	Revaluation reserve GH¢'000	Credit risk reserve GH¢'000	Total equity GH¢'000
2020						
Balance at 1st January 2020	**402,431**	**46**	**55,708**	**120,914**	**50,800**	**629,899**
Prior-year adjustment	–	(6,411)	–	–	–	**(6,411)**
	402,431	**(6,365)**	**55,708**	**120,914**	**50,800**	**623,488**
Total comprehensive income						
Profit for the year	–	33,343	–	–	–	**33,343**
Other comprehensive income (net of tax)	–	–	–	–	–	
Total comprehensive income for the year	**–**	**33,180**	**–**	**–**	**–**	**33,180**
Transactions with owners recorded directly in equity						
Transfer to statutory reserve	–	(16,591)	16,591	–	–	**–**
Transfer from credit risk reserve	–	11,990	–	–	(11,990)	**–**
Total transfers and transactions with owners	**–**	**(4,601)**	**16,591**	**–**	**(11,990)**	**–**
Balance at 31st December 2020	**402,431**	**22,377**	**72,299**	**120,914**	**38,810**	**656,831**

STATEMENTS OF CASH FLOWS

	Note	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Cash generated from operating activities	31	**778,578**	**783,889**	**450,684**	**449,844**
Income tax paid	13	(69,361)	(69,780)	(17,909)	(17,915)
Net cash flow generated from operating activities		**709,217**	**714,109**	**432,775**	**431,929**
Cash flows from investing activities					
Purchase of investment securities	17	(700,671)	(705,532)	(379,629)	(378,629)
Purchase of property, plant & equipment	20	(10,601)	(10,632)	(24,567)	(24,722)
Proceeds from the sale of property, plant & equipment	20	3,046	3,046	261	261
Purchase of intangible assets	21	(2,496)	(2,496)	(10,751)	(10,751)
Net cash used in investing activities		**(710,722)**	**(715,614)**	**(414,686)**	**(413,841)**
Cash flows from financing activities					
Change in borrowings	27.1	(67,384)	(67,384)	311,702	311,703
Payment of lease liabilities	28	(3,901)	(3,901)	(713)	(713)
Net cash used in financing activities		**(71,285)**	**(71,285)**	**310,989**	**310,990**
Net increase in cash and cash equivalents		**(72,790)**	**(72,790)**	**329,078**	**329,078**
Cash and cash equivalents at 1st January		731,533	731,533	402,455	402,455
Cash and cash equivalents at 31st December	16	**658,743**	**658,743**	**731,533**	**731,533**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

1.0 GENERAL INFORMATION

Prudential Bank Limited is a limited liability company incorporated and domiciled in Ghana. The registered office is No. 8, John Harmond Street, Ring Road Central, Accra. The consolidated financial statements of the Group for the year ended 31st December 2021 comprise those of the Bank and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in corporate, retail and investment banking.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements were authorised for issue by the Board of Directors on 23rd March 2022.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

a. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1st January 2021.

i. Definition of Material: Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole; and

- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. The amendments did not have any material impact on the results or financial position of the Bank for the year ended 31st December 2021.

ii. Definition of a Business: Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments did not have any impact on the results or financial position of the Group for the year ended 31st December 2021.

iii. Revised Conceptual Framework for Financial Reporting

The IASB has issued a Revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting:
- reinstating prudence as a component of neutrality:
- defining a reporting entity, which may be a legal entity, or a portion of an entity:
- revising the definitions of asset and liability:
- removing the probability threshold for recognition and adding guidance on recognition adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in Other Comprehensive Income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the Revised Framework from 1st January 2020. These entities will need to consider whether their accounting policies are still appropriate under the Revised Framework.

The amendments did not have any material impact on the results or financial position of the Group for the year ended 31st December 2021.

b. Standards yet to be adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31st December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

i. Covid-19-related Rent Concessions – Amendments to IFRS 16

As a result of the Covid-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 *Leases* which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

This amendment is effective for annual reporting periods beginning on or after 1st June 2020

ii. Classification of liabilities as current or non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered Management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1st January 2023.

iii. Property, plant & equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 *property, plant & equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for reporting periods beginning on or after 1st January 2022.

iv. Annual Improvements to IFRS Standards 2018 – 2020

The following improvements were finalised in May 2020:

IFRS 9 *Financial Instruments* clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

These amendments and clarifications are effective for reporting periods beginning on or after 1st January 2022.

2.2 Foreign currency translation

a. Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ghana cedi.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the closing inter-bank mid rates at the reporting date. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, with finance cost. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.3 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payment or receipts. The adjusted carrying amount is calculated on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

2.4 Fee and commission income and expense

The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, credit card and servicing fees.

Fees and commissions are recognised on an accrual basis when the related services are performed and the performance obligations associated with the contracts are delivered. The Group reviews its contracts within different revenue streams to identify, separate and measure the components within the scope of IFRS 15. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognised on a straight-line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.5 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes, interest and foreign exchange differences.

2.6 Leases

The Group leased various offices, branches, and other premises under non-cancellable lease arrangements. The lease typically ran for a period of up to five years with an option to renew the lease after that date.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on a rate, initially measured as at the commencement date
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings held by the Bank under IFRS 16 are not revalued.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessors.

2.7 Income tax

2.7.1 Current income tax

Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

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

2.7.2 Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

- Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except;

- Where deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in the statement of changes in equity and not in the statement of comprehensive income.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Financial assets and liabilities

2.8.1 Financial assets

i. Classification and subsequent measurement

The Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and

- the cash flow characteristics of the asset.

  Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

a. Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

b. Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The above classifications are done using:

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

ii. Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to note 3.2 for further details on the impairment process of financial assets.

iii. Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified

cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

iv. De-recognition other than on a modification

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. For contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.8.2 Financial liabilities

i. Classification

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

ii. Measurement

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

iii. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.8.4 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date (a repo). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remains with the Group. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Group.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a reverse repo) is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.8.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

2.8.6 Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.8.7 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.8.8 Loans and advances

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

Loans and advances to customers include:

- those classified as hold to collect; and
- finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances also include finance lease receivables in which the Group is the lessor.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

2.8.9 Investments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as hold to collect or hold to collect and sell.

2.9 Property, plant & equipment

2.9.1 Recognition and measurement

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in other income/other expenses in profit or loss.

2.9.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.9.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the property and equipment. Right of use assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives are as follows:

Leasehold land and buildings
Over the lease period

Computer hardware	4 years
Furniture & fittings	5 years
Motor vehicles	5 years
Office equipment	8 years
Plant & machinery	8 years
Branch development	8 years
Buildings	33 years

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.10 Intangible assets

2.10.1 Computer software

Software acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets with indefinite useful lives are not amortised. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.11 Impairment of non financial assets

The carrying amounts 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 asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Deposits and borrowings

Deposits and borrowings are the Group's sources of debt funding. Deposits and borrowings from other banks are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

2.13 Employee benefits

2.13.1. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2.13.2 Defined contribution plans

The Group makes contributions to mandatory pension schemes for eligible employees. Contribution by the Bank to the mandatory pension schemes is determined by law and are defined contribution plans.

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.13.3 Provident fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 10%. Obligations under the plan are limited to the relevant contributions, which are settled on due dates to the fund manager.

2.14 Stated capital and reserves

2.14.1 Stated capital

The Group's stated capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non cumulative and at the discretion of the directors. Accordingly, they are presented as a component of issued capital within equity.

2.14.2 Share issue costs

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

2.14.3 Dividend on ordinary shares

Dividends on ordinary shares are recognised in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

3.0 FINANCIAL RISK MANAGEMENT

3.1 Introduction and overview

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The risks arising from financial instruments to which the Bank is exposed are:

- credit risk
- liquidity risk
- market risks
- capital management
- operational risks

The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

3.1.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk Committee of the Board is responsible for developing and monitoring the Bank's risk management policies over specified areas.

The Bank's risk management policies are established to identify and analyse risks faced by the Bank, set appropriate risks limits and controls and monitor risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training and setting of standards and procedures, the Bank has developed a disciplined and reasonably effective control environment in which all employees understand their roles and obligations.

The Bank's Risk Committee of the Board is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank.

3.2 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancements, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

3.2.1 Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

3.2.2 Credit risk management

Credit risk is the single largest risk for the Bank's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team headed by the Head of Credit Risk Management, which reports to the Chief Risk Officer and then to the Board of Directors.

The Bank has well documented policies and procedures for managing credit risk. The policies are based on the principle of: Management responsibility; Defined credit approval authorities; Set standards for risk management; Consistent approach to origination of credit, documentation and problem recognition; and Portfolio management strategies.

The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparties of good credit standing and for which in its assessment the transactions are appropriate and risks understood by the counterparty.

3.2.3 Credit concentration risk

Credit concentration risk is the risk of loss to the Bank arising from excessive concentration of exposure to a single counterparty, industry sector, product or geographic area. Large exposure limits have been established under the Bank's credit policy in order to avoid excessive losses from any single counter-party who is unable to fulfil its payment obligations. These risks are monitored on an ongoing basis and subject to annual or more frequent reviews when considered necessary.

3.2.4 Credit limit control and mitigation

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

a. Financial covenants (for credit related commitments and loan books)

   The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

   Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

   The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

b. Master netting arrangements

   The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

c. Collateral and other credit enhancements

   The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

   - Mortgages over residential properties.
   - Charges over business assets such as premises, inventory and accounts receivable.
   - Charges over financial instruments such as debt securities and equities.

     Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

d. Impairment and provisioning policies

A provision for expected credit losses is established for all financial assets, except for financial assets classified or designated as FVPL and equity securities designated as FVOCI, which are not subject to impairment assessment.

Assets subject to impairment assessment include loans and advances to customers, non-trading debt securities and other financial assets. These are carried at amortised cost and presented net of the provision for expected credit losses on the statement of financial position.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. The provision for expected credit losses for off-balance sheet products subject to impairment assessment is separately calculated and recognised as provisions in other liabilities.

The Bank measures the provision for expected credit losses at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition.

e. Write-off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

3.2.5 Expected credit loss measurement

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

i. Quantitative criteria:

The remaining lifetime Probability of Default (PD) at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised.

ii. Qualitative criteria

For loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- If the borrower is on the Watch list and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring

  Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow or liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a weekly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

iii. Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

iv. Low credit risk exemption

The Bank has not used the low credit risk exemption for any financial instruments in the period ended 31st December 2020.

3.2.6 Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

i. Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

ii. Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties

- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

3.2.7 Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

In relation to Covid-19, the Bank has not followed a blanket approach to the ECL impact (where Covid-19 is seen as a SICR trigger). Each customer's exposure is individually assessed for Covid-19 impact, if any. In the current year no exposures were specifically impacted by Covid-19, largely driven by the relatively young nature of the credit portfolio of the Bank.

3.2.8 Maximum exposure to credit risk before collateral held

	2021 GH¢'000	2020 GH¢'000
Credit risk exposures relating to on-balance sheet assets are as follows:		
Balances with Bank of Ghana	271,122	213,734
Balances with banks	218,742	149,925
Investment securities	1,990,777	1,495,775
Loans and advances to customers	1,509,558	1,717,792
Other assets (excluding prepayments)	18,233	17,594
Credit risk exposures relating to off-balance sheet items are as follows:		
Letters of credit	129,267	145,298
Letters of guarantee	145,187	139,630
At year end	**4,282,886**	**3,879,748**

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31st December 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. As shown above for the Bank, 58% of the total maximum exposure is derived from investment securities and non-pledged assets, while loans and advances represent 35%.

The Bank's credit exposure is categorised by the Bank of Ghana prudential guidelines as follows:

Maximum exposure to credit risk	**Note**	**2021 GH¢'000**	**2020 GH¢'000**
Carrying amount			
Grade 1–3: Low–fair risk – Current		1,275,700	1,424,609
Grade 4–5: Low–Watch list		53,345	178,416
Grade 6: Substandard		29,451	75,098
Grade 7: Doubtful		249,668	107,158
Grade 8: Loss		86,130	53,755
Total gross amount	18	**1,694,294**	**1,839,036**
Allowance for impairment	18	(184,736)	(121,244)
Net carrying amount	18	**1,509,558**	**1,717,792**
Off balance sheet maximum exposure			
Letters of credit – Grade 1–3: Low – fair risk	29	129,267	145,298
Letters of guarantee – Grade 1–3: Low – fair risk	29	145,187	139,630
Total gross amount		**274,454**	**284,928**
Allowance for impairment		(905)	(610)
Net carrying amount		**273,549**	**284,318**
Total exposure		**1,783,107**	**2,002,110**
Stage 1			
Grade 1–3: Low – fair risk		1,275,700	1,424,609
Stage 2			
Grade 4–5: Watch list		53,345	178,416
Stage 3			
Grade 6 -8		365,249	236,011
		1,694,294	**1,839,036**

Stage 1

The quality of credit exposure to customers and banks and other financial institutions that were neither past due nor impaired were assessed as current with reference to the Bank of Ghana prudential guidelines adopted by the Bank for its internal grading purposes. This category is made up as follows:

	2021 GH¢'000	2020 GH¢'000
Term loans	772,849	946,539
Overdraft	436,525	432,377
Staff loans	66,326	45,693
	1,275,700	**1,424,609**

Stage 2

Loans and advances graded internally as current and OLEM may be past due but are not considered impaired, unless other information is available to indicate the contrary.

Gross amount of loans and advances (term loans) that were past due but not impaired was GH¢53,345 (2020: GH¢178,416). These are term loans.

Stage 3

These are loans that are individually impaired by class. The gross amount of loans and advances (term loans) that are impaired was GH¢365,249 (2020: GH¢236,011). The fair value of collateral held is GH¢380,440 (GH¢309,442)

At 31st December 2021, the Bank's loans and advances were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition - Performing
- Stage 2 – Significant increase in credit risk since initial recognition - Underperforming
- Stage 3 – Credit impaired – Non-performing

At 31st December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and bank balances	361,954	–	–	**361,954**
Due from other banks	218,742	–	–	**218,742**
Investment securities	1,991,096	–	–	**1,991,096**
Loans and advances to customers	1,275,700	53,345	365,249	**1,694,294**
Other assets (excluding prepayments)	18,234	–	–	**18,234**
Gross carrying amount	**3,865,726**	**53,345**	**365,249**	**4,284,320**
Loss allowance	(11,127)	(9,546)	(164,382)	**(185,055)**
Carrying amount	**3,854,599**	**43,799**	**200,867**	**4,099,265**

At 31st December 2020	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances	297,892	–	–	**297,892**
Due from other banks	149,925	–	–	**149,925**
Investment securities	1,495,782	–	–	**1,495,782**
Loans and advances to customers	1,424,609	178,416	236,011	**1,839,036**
Other assets (excluding prepayments)	17,595	–	–	**17,595**
Gross carrying amount	**3,385,803**	**178,416**	**236,011**	**3,800,230**
Loss allowance	(7,124)	(25,406)	(88,721)	**(121,251)**
Carrying amount	**3,378,679**	**153,010**	**147,290**	**3,678,979**

The impairment on financial assets are disclosed in note 18. All other financial assets of the Bank with credit risk exposures are neither past due nor impaired.

3.2.9 Concentration of credit risk

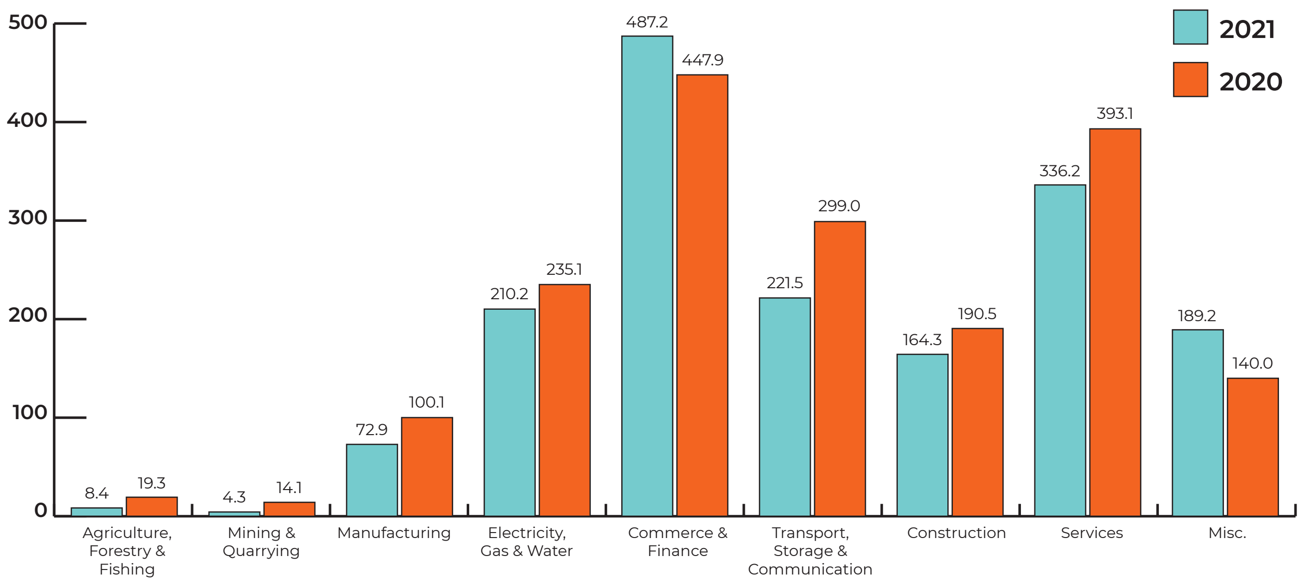
The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances is shown below.

Loans and advances to customers

i. Concentration by product:

	2021 GH¢'000	2020 GH¢'000
Carrying amount		
Overdrafts	503,105	487,057
Term loans	1,124,863	1,306,286
Staff loans	66,326	45,693
Gross loans and advances	**1,694,294**	**1,839,036**
Less: Impairment	(184,736)	(121,244)
Net loans and advances	**1,509,558**	**1,717,792**

ii. Concentration by industry (GH¢'m)



3.2.9 Key ratios on loans and advances

i. Loan loss provision ratio is 50.60% (2020: 51.40 %)

ii. Percentage of gross non – performing loans with respect to Bank of Ghana prudential norms (individually impaired) to total gross loans and advances is 22.10% (2020: 16.05%)

iii. Ratio of 50 largest exposure (gross funded) to total exposure is 68% (2020: 67%).

3.3 Market risk

The Bank takes on exposure to market risk which is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Global Markets and monitored by both Global Markets and Risk Management departments separately.

3.3.1 Management of market risk

The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk. The Bank's Chief Risk Officer is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

The Bank identifies market risk through daily monitoring of levels and profit and loss balances of trading and non-trading positions. The Risk Management Department monitors daily trading activities to ensure that risk exposures taken are within the approved price limits and the overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer and the Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track the liquidity indicators to ensure that the Bank meets its financial obligations at all times.

3.3.2. Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- differences between the timing of market interest rate changes and the timing of cash flows (re-pricing risk)
- changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar re-pricing characteristics (basis risk).

The asset and liability management process, managed through the Assets and Liability Committee (ALCO), is used to manage interest rate risks associated with the non-trading book. The ALCO closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

The Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or re-price at various time periods in the future. The Bank may make judgemental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

The table below summarises the re-pricing profiles of financial instruments and other assets and liabilities as at 31st December 2021. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

2021	**Carrying value GH¢'000**	**Less than 3 months GH¢'000**	**3-6 months GH¢'000**	**6-12 months GH¢'000**	**More than 12 months GH¢'000**	**Non-interest sensitive GH¢'000**
Cash and cash equivalents	**658,743**	139,314	1,916	–	–	517,513
Investment securities	**1,924,758**	–	612	5,000	1,919,146	–
Loans advances to customers	**1,505,029**	1,022,214	41,520	188,087	253,208	–
Total assets	**4,088,530**	**1,161,528**	**44,048**	**193,087**	**2,172,354**	**517,513**
Deposits from customers	**2,848,554**	1,286,195	241,039	80,515	–	1,240,805
Deposits from banks	**11,600**	11,600	–	–	–	–
Borrowings	**668,165**	544,765	123,289	–	111	–
Total liabilities	**3,528,319**	**1,842,560**	**364,328**	**80,515**	**111**	**1,240,805**
Interest rate gap	**560,211**	**(681,031)**	**(320,280)**	**112,572**	**2,172,243**	**(723,293)**

2020	Carrying value GH¢'000	Less than 3 months GH¢'000	3-6 months GH¢'000	6-12 months GH¢'000	More than 12 months GH¢'000	Non-interest sensitive GH¢'000
Cash and cash investments	731,533	342,534	3,130	–	–	385,869
Investment securities	1,219,239	104,985	–	25,526	1,088,728	–
Loans and advances to customers	1,710,963	611,274	462,983	205,437	431,269	–
Total assets	**3,661,735**	**1,058,793**	**466,113**	**230,963**	**1,519,997**	**385,869**
Deposits from customers	2,458,441	582,513	525,715	310,394	6,857	1,032,962
Deposits from banks	10,153	10,153	–	–	–	–
Borrowings	735,549	606,842	128,257	–	450	–
Total liabilities	**3,204,143**	**1,199,508**	**653,972**	**310,394**	**7,307**	**1,032,962**
Interest rate gap	**457,592**	**(140,715)**	**(187,859)**	**(79,431)**	**1,512,690**	**(647,093)**

3.3.3 Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Bank has adopted the revised Bank of Ghana requirement that banks maintain a total open position which is equal to 10% of their net own funds. Within this limit, banks are also required to maintain single currency open positions equal to 5% of net own funds.

The table below summarises the Bank's exposure by currency exchange rates on its financial position and cash flows.

	2021			2020		
	USD GH¢'000	GBP GH¢'000	EURO GH¢'000	USD GH¢'000	GBP GH¢'000	EURO GH¢'000
Assets						
Cash in till and vault	28,043	5,072	8,375	35,078	3,715	5,531
Bank of Ghana	13,397	14,368	3,030	5,192	6,775	5,751
Nostro balances	108,065	3,497	11,756	62,565	12,517	8,525
Foreign time deposits	135,367	4,070	17,172	40,646	4	21,298
Loans & advances	357,696	212	–	402,490	205	1,792
Other assets	–	–	–	39	–	–
Total assets	**642,568**	**27,219**	**40,333**	**546,010**	**23,216**	**42,897**
Liabilities						
Customer deposits	625,101	27,421	38,826	513,510	22,794	34,792
Borrowings	26,514	–	–	36,652	–	–
Other liabilities/Margins	2,407	–	–	7,906	5	6,326
Total liabilities	**654,022**	**27,421**	**38,826**	**558,068**	**22,799**	**41,118**
Net open position	(11,454)	(202)	1,507	(12,058)	417	1,779
Contingent liabilities	(694,799)	–	(12,188)	(208,468)	–	(24,957)
Net Position (Including Contingent Liabilities)	**(706,253)**	**(202)**	**(10,681)**	**(220,526)**	**417**	**(23,178)**
Assumed depreciation Rate of the Cedi	7.72%	9.80%	7.68%	9.35%	9.87%	10.16%
Projected effect on profits (without contingent liabilities)	(885)	(20)	116	(1,128)	41	181
Projected effect on profits (with contingent liabilities)	(54,544)	(20)	(821)	(20,624)	41	(2,356)

Year-end exchange rates applied in the above analysis:

	2021	2020
USD	6.0061	5.7602
GBP	8.1272	7.8742
EUR	6.8281	7.0643

3.4 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due.

Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Bank's liquidity management process includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in the money market to enable this to happen;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements and; managing the concentration and profile of debt maturities.

Finally, the Bank is statutorily required to maintain a reserve of 10% of the local currency equivalent of foreign currency customer deposits held as well as 10% of local currency customer deposits in one account with the Bank of Ghana. These balances are used to support all inter-bank transactions.

The Bank prepares and uses liability mismatch reports to manage funding needs. The liquidity mismatch report is used to measure the ability of the Bank to meet maturing liability obligations. This is supplemented by weekly cash flow reports produced to show the projected cash flow on a daily basis incorporating projected customer withdrawals, including credit disbursements, as well as deposits.

The deposit concentration ratio is monitored monthly to ensure that decisions of individual and or groups of depositors do not severely impact on liquidity. Particular attention is given to wholesale borrowing. Due to their size, withdrawals of such funds tend to impact negatively on liquidity. As a rule, wholesale borrowing transactions are entered into as repurchase contracts where each transaction is collateralised with a treasury bill or bond. Alternatively, such transactions are contracted to support specific credits in a back-to-back transaction. The monthly deposit concentration report is examined as part of the Assets and Liabilities Committee (ALCO) process and the necessary preventive/ remedial action taken.

In addition to the above, the Bank observes a defined volatile liability dependency ratio which is measured as (volatile funds – liquid assets) / long term investments. This measures the reliance on volatile funds to finance long term investments as well as other non-liquid assets. (Volatile funds are short term wholesale funds e.g., call accounts.

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP

2021	Total GH¢'000	Less than 1 month GH¢'000	1-3 months GH¢'000	3-6 months GH¢'000	6-12 months GH¢'000	More than 1 year GH¢'000
Assets						
Cash and cash equivalents	**658,743**	529,404	127,423	1,916	–	–
Investment securities	**1,924,758**	–	–	612	5,000	1,919,146
Loans advances to customers	**1,505,029**	584,397	437,817	41,520	188,087	253,208
Tax and other assets	**55,998**	–	–	–	–	55,998
Property, equipment, right-of-use & Intangibles	**248,630**	–	–	–	–	248,630
Total assets	**4,393,158**	**1,113,801**	**565,240**	**44,048**	**193,087**	**2,476,982**
Deposits from Customers	**2,848,554**	1,444,542	1,082,458	241,039	80,515	–
Deposits from banks	**11,600**	11,600	–	–	–	–
Tax and other liabilities	**117,851**	12,104	15,264	14,091	25,630	50,762
Lease liabilities	**3,403**	–	–	–	–	3,403
Borrowings	**668,165**	326,250	218,515	123,289	17	94
Total liabilities	**3,649,573**	**1,794,496**	**1,316,237**	**378,419**	**106,162**	**54,259**
Liquidity gap	**743,585**	**(680,695)**	**(750,997)**	**(334,371)**	**86,925**	**2,422,723**
Contingent liabilities	**274,454**	54,909	51,693	16,690	29,152	122,010
Liquidity gap (after contingent liabilities)	**469,131**	**(735,604)**	**(802,690)**	**(351,061)**	**57,773**	**2,300,713**

2020	Total GH¢'000	Less than 1 month GH¢'000	1-3 months GH¢'000	3-6 months GH¢'000	6-12 months GH¢'000	More than 1 year GH¢'000
Assets						
Cash and cash investments	**731,533**	662,930	65,473	3,130	–	–
Investment securities	**1,219,239**	104,562	423	–	25,526	1,088,728
Loans and advances to customers	**1,710,963**	94,239	517,035	462,983	205,436	431,270
Tax and other assets	**46,542**	–	–	–	–	46,542
Property, equipment, right-of-use & Intangibles	**261,623**	–	–	–	–	261,623
Total assets	**3,969,900**	**861,731**	**582,931**	**466,113**	**230,962**	**1,828,163**
Deposits from customers	**2,458,441**	890,845	724,775	525,715	310,249	6,857
Deposits from banks	**10,153**	10,153	–	–	–	–
Tax and other iiabilities	**102,301**	9,019	13,799	3,131	15,807	60,545
Lease liabilities	**6,625**	–	–	–	–	6,625
Borrowings	**735,549**	528,090	78,752	128,257	355	95
Total liabilities	**3,313,069**	**1,438,107**	**817,326**	**657,103**	**326,411**	**74,122**
Liquidity gap before contingency	**656,831**	**(576,376)**	**(234,395)**	**(190,990)**	**(95,449)**	**1,754,041**
Contingent liabilities	**284,929**	58,323	25,767	10,961	31,194	158,684
Liquidity gap after contingencies	**371,902**	**(634,699)**	**(260,162)**	**(201,951)**	**(126,643)**	**1,595,357**

3.4.1 Exposure to liquidity risk

The Bank holds a diversified portfolio of cash and liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with Bank of Ghana, placements and balances with other banks, government treasury bills, notes and bonds.

The key measure used by the Bank for managing liquidity risk is the ratio of liquid assets to volatile liabilities set out as follows:

	2021	2020
At year end	189.49%	171.75%
Average for the year	176.64%	134.37%
Maximum for the year	202.04%	173.68%
Minimum for the year	154.42%	105.12%

The Bank's liquidity reserves are represented by its cash and cash equivalents as disclosed in Note 16 with the necessary mandatory reserve which is not available to the Bank in the ordinary course of business.

3.4.2 Statutory liquidity breaches and non-compliance with other prudential requirements

There was no default in statutory liquidity or non-compliance with any prudential requirements in 2021 (2020: Nil).

3.5 Capital management

3.5.1 Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, also referred to as core/ primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after-tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available for sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Bank's management of capital during this period.

3.5.2 Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 13% is to be maintained. The ratio was temporarily reduced to 11.5% as part of covid-19 mitigation measures by the Bank of Ghana in 2020.

The table below summarises the composition of regulatory capital and ratios of the Bank based on the Capital Requirement Directive ('CRD') guidelines.

	2021		2020	
	Bank GH¢'000	**Group GH¢'000**	**Bank GH¢'000**	**Group GH¢'000**
Ordinary share capital	402,431	402,431	402,431	402,431
Retained earnings brought forward - audited	20,282	22,377	(8,297)	(6,365)
Profit to date - audited	29,517	29,975	28,579	28,742
Disclosed reserve (Statutory reserve)	115,447	115,447	72,299	72,299
Total CET 1 capital before regulatory adjustment	**567,677**	**570,230**	**495,012**	**497,107**
Regulatory adjustments				
Intangibles (Software)	(11,764)	11,785)	(14,506)	(14,547)
Other Intangibles	(10,929)	(11,040)	(7,934)	(8,052
Other regulatory adjustments	(2,949)	(240)	(2,531)	(253)
Total regulatory adjustment	**(25,642)**	**(23,065)**	**(24,971)**	**(22,852)**
Total CET 1 capital after regulatory adjustment	**542,035**	**547,165**	**470,041**	**474,255**
Additional Tier 1 (AT1) Capital	–	–	–	–
Total Tier 1 capital (CET 1 + AT1)	**542,035**	**547,165**	**470,041**	**474,255**
Tier 2 capital				
Revaluation reserve	60,457	60,457	60,457	60,45
Total Tier 2 Capital	**60,457**	**60,457**	**60,457**	**60,457**
Tier 2 for CAR (Limited to 2% of RWA)	50,450	50,439	53,266	53,270
Total regulatory capital	**592,485**	**597,603**	**523,307**	**527,525**
Risk weighted assets				
On-balance sheet	1,840,156	1,837,261	2,097,399	2,094,905
Off-balance sheet	109,130	109,130	108,354	108,354
Operational risk	548,729	551,079	440,490	443,073
Market risk	24,464	24,464	15,077	15,077
Total risk weighted assets	**2,522,479**	**2,521,934**	**2,661,320**	**2,661,409**
Capital ratios	**Bank**	**Group**	**Bank**	**Group**
Total Tier 1 capital/Total risk weighted assets	21.49%	21.70%	17.66%	17.82%
Total Tier 2 capital/Total risk weighted assets	2.00%	2.00%	2.00%	2.00%
Capital adequacy ratio	**23.49%**	**23.70%**	**19.66%**	**19.82%**
Minimum capital requirement				
Minimum capital requirement	10%	10%	10%	10%
Prudential minimum (with capital conservation buffer)	13%	13%	13%	13%
Surplus to minimum capital				
Surplus/ deficit to minimum capital (by law)	13.49%	13.70%	9.66%	9.82%
Surplus/ deficit to Prudential minimum capital	10.49%	10.70%	6.66%	6.82%

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Leverage Ratio				
Tier 1 capital	542,035	547,165	470,041	474,255
Total on balance sheet assets	4,386,852	4,393,158	3,967,581	3,969,900
Total off balance sheet assets	274,454	274,454	284,928	284,928
Total exposure less regulatory adjustment	**4,635,664**	**4,644,547**	**4,227,538**	**4,231,976**
Leverage ratio	**11.69%**	**11.78%**	**11.12%**	**11.21%**

3.5.3 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the Bank's Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives.

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

3.6 Operational risk

Operational risk is the risk of direct or indirect loss that the Bank will suffer due to an event or action resulting from the failure of its internal processes, people and systems, or from external events. Key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Bank manages its operational risk at three distinct levels, each with clearly defined roles and responsibilities as follows:

3.6.1 Business Units and Support Functions

Business units and support functions are responsible for understanding the operational risk inherent in their material products, activities, processes and systems. They are responsible for the consistent implementation of the operational risk management framework on a day-to day basis. This includes identifying the risks, establishing controls, and managing the risks in accordance with the Bank's overall risk tolerance and operational risk policies.

3.6.2 Operational Risk Unit

The Unit has direct responsibility for formulating and implementing the Bank's operational risk framework including methodologies, policies and procedures approved by the Board. The Unit works with the business units and support functions to ensure that the day-to-day operations of the Bank are in line with the approved operational risk policies. The unit provides trainings and workshops to facilitate interpretation and implementation of the various operational risk programs. The Unit continuously monitors the effectiveness and the quality of the controls and risk mitigation tools.

3.6.3 Internal Audit

The mission of Internal Audit is to provide an independent assurance of the design and effectiveness of internal controls over the risks to the Bank's business performance. In carrying out this function, Internal Audit provides specific recommendations for improving the governance, risk & control framework.

The role of the Internal Audit function is to conduct regular independent evaluation and review of the Bank's policies, procedures and practices in relation to the Operational risk policy and report the results to the Board.

3.6.4 COVID-19 impact on the Bank for the year ended 31st December 2021

Due to the coronavirus (COVID-19) pandemic, governments across the world declared national lockdowns, which resulted in extensive travel restrictions and quarantine measures being implemented. Businesses globally have had to limit or suspend their operations and as such, the COVID-19 measures implemented by governments globally have severely impacted a wide range of industries, including the financial sector.

The corona virus was first detected in Ghana on the 12th March 2020. The country went into 2-week partial lockdown which had devastating effect on the economy and disrupted every facet of social life. Ghana's GDP growth was consequently projected to contract to 0.9% compared to the average growth rate of above 6.5% over the last three years.

The Bank of Ghana took measures to mitigate the negative impact of Covid-19 by cutting interest rates and reserve requirements and decreasing banks' conservation buffers. It reduced interest from 16% to 14.5%; lowered reserve requirements for lenders from 10% to 8% in order to provide liquidity support to critical sectors; reduced Banks' conservation buffer from 3% to 1.5%, which cuts the capital-adequacy ratio from 13% to 11.5%. Bank of Ghana also issued instructions to banks to take steps to reduce the risk of spreading the virus. The regulator asked banks to ensure that bank-owned and bank-operated interfaces that customers interact with physically (e.g. banking halls, ATMs, money counting machines, etc.) are sanitised frequently. Due to the unprecedented nature of the COVID-19 pandemic, it is not possible to accurately predict the full extent and duration of its economic impact.

Non-financial risks emerging from global and local movement restrictions, and remote/rotation base working by employees, counterparties, clients and suppliers are constantly assessed, managed and governed under an instituted COVID Crisis Committee within the Bank and through the timely application of the Bank's risk management framework.

The effects of COVID-19 virus currently, does not result in a material uncertainty on the Bank's ability to continue as a going concern in the foreseeable future. Notwithstanding, the Bank will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated.

4.0 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below.

a. Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Refer to Note 2.8 and 3.2 for further details on these estimates and judgements.

b. Fair value of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer to Note 2.8 for further details on these estimates and judgements.

c. Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income 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 judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d. Hold to collect financial assets (investment securities)

The Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Bank uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

e. Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5.0 OPERATING SEGMENT

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

5.1 Business Segments

The Group comprises the following business segments:

i. Corporate Banking

Includes loans, deposits and other transactions and balances with corporate customers

ii. Commercial Banking

Includes loans, deposits and other transactions and balances with Small and Medium Enterprise (SME) customers

iii. Retail Banking

Includes loans, deposits and other transactions and balances with retail customers.

OPERATING SEGMENTS

2021

	Notes	Corporate Banking GH¢'000	Commercial Banking GH¢'000	Retail Banking GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
External revenue						
Net interest income	7	217,776	103,336	20,048	–	**341,160**
Net fee and commission income	8	20,988	24,052	19,347	–	**64,387**
Net trading income	9	31,053	–	–	–	**31,053**
Other operating income		–	–	–	12,423	**12,423**
Total segment revenue		**269,817**	**127,388**	**39,395**	**12,423**	**449,023**
Segment result						
Income tax expense	13	–	–	–	(50,152)	**(50,152)**
Profit for the year		**–**	**–**	**–**	**86,755**	**86,755**
Assets						
Segment assets		2,446,480	827,490	155,577	–	**3,429,547**
Unallocated assets		–	–	–	963,611	**963,611**
Total assets		**2,446,480**	**827,490**	**155,577**	**963,611**	**4,393,158**
Liabilities						
Segment liabilities		1,216,641	1,004,325	1,307,353	–	**3,528,319**
Unallocated liabilities		–	–	–	121,254	**121,254**
Total Liabilities		**1,216,641**	**1,004,325**	**1,307,353**	**119,557**	**3,649,573**
Impairment losses on financial assets	18	67,113	112,679	6,168	–	**185,960**
Depreciation and amortisation	20,21,22	–	–	–	133,481	**133,481**
Capital expenditure	20,21,22	–	–	–	15,556	**15,556**

2020

	Notes	Corporate Banking GH¢'000	Commercial Banking GH¢'000	Retail Banking GH¢'000	Unallocated GH¢'000	Consolidated GH¢'000
External revenue						
Net interest income	7	137,210	133,942	10,771	–	**281,923**
Net fee and commission income	8	17,226	20,513	19,156	–	**56,895**
Net trading income	9	32,018	–	–	–	**32,018**
Other operating income		–	–	–	10,515	**10,515**
Total segment revenue		**186,454**	**154,455**	**29,927**	**10,515**	**381,351**
Segment result						
Income tax expense	13	–	–	–	(27,361)	**(27,361)**
Profit for the year		**–**	**–**	**–**	**33,343**	**33,343**
Assets						
Segment assets		1,907,948	885,667	136,243	–	**2,929,858**
Unallocated assets		–	–	–	1,040,042	**1,040,042**
Total assets		**1,907,948**	**885,667**	**136,243**	**1,040,042**	**3,969,900**
Liabilities						
Segment liabilities		1,370,491	588,048	1,245,606	-	**3,204,140**
Unallocated liabilities		-	-	-	108,929	**108,929**
Total liabilities		**1,370,491**	**588,048**	**1,245,606**	**108,929**	**3,313,069**
Impairment losses on financial assets	18	51,656	65,744	4,461	–	**121,861**
Depreciation and amortisation	20,21,22	–	–	–	110,801	**110,801**
Capital expenditure	20,21,22	–	–	–	43,294	**43,294**

6. FINANCIAL ASSETS AND LIABILITIES

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

Bank

2021

	Note	FV through Profit or loss GH¢'000	FV through OCI GH¢'000	Amortised Cost GH¢'000	Total Carrying amount GH¢'000	Fair value GH¢'000
Financial assets						
Cash and cash equivalent	16	–	–	658,743	658,743	655,143
Investment securities	17	–	–	1,912,730	1,912,730	1,824,142
Loans and advances to customers	18	–	–	1,509,558	1,509,558	1,509,558
Investment (other than securities)	19	–	–	1,766	1,766	1,766
		–	**–**	**4,082,797**	**4,082,797**	**3,990,609**
Financial liabilities						
Deposits from banks	25	–	–	11,600	11,600	11,600
Deposits from customers	26	–	–	2,852,468	2,852,468	2,827,678
Borrowings	27	–	–	668,165	668,165	650,875
Lease liabilities	28	–	–	3,403	3,403	3,148
		–	**–**	**3,535,636**	**3,535,636**	**3,493,301**

2020

	Note	FV through Profit or loss GH¢'000	FV through OCI GH¢'000	Amortised Cost GH¢'000	Total Carrying amount GH¢'000	Fair value GH¢'000
Financial assets						
Cash and cash equivalent	16	–	–	731,533	731,533	716,519
Investment securities	17	–	–	1,212,059	1,212,059	1,136,447
Loans and advances to customers	18	–	–	1,717,792	1,717,792	1,717,792
Investment (other than securities)	19	–	–	1,766	1,766	1,766
		–	**–**	**3,663,150**	**3,663,150**	**3,572,524**
Financial liabilities						
Deposits from banks	25	–	–	10,153	10,153	10,153
Deposits from customers	26	–	–	2,460,542	2,460,542	2,432,890
Borrowings	27	–	–	735,549	735,549	724,189
Lease liabilities	28	–	–	6,625	6,625	6,344
		–	**–**	**3,212,869**	**3,212,869**	**3,173,576**

7. INTEREST INCOME

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Cash and cash equivalents	61,761	61,761	39,579	39,579
Loans and advances to customers	237,962	235,091	293,619	291,418
Investment securities & short-term investment	283,914	283,914	170,925	170,925
Total interest income	**583,637**	**580,766**	**504,123**	**501,922**

7.1 Interest expense

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Deposits from customers	146,968	146,931	146,740	146,705
Other borrowings	92,675	92,675	73,294	73,294
Total interest expense	**239,643**	**239,606**	**220,034**	**219,999**
Net interest income	**343,994**	**341,160**	**284,089**	**281,923**

8. FEE AND COMMISSION INCOME (NET)

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Fees on loans and advances	16,420	16,420	21,158	21,158
Fees on customer account servicing	28,726	28,726	21,217	21,217
Fees on electronic and card products	8,115	8,115	3,622	3,622
Fees on money transfer services	2,766	2,766	2,254	2,254
Fees on LC's Issued & other trade services	18,584	18,584	15,674	15,674
Total fee and commission income	**74,611**	**74,611**	**63,925**	**63,925**
Fee and Commission expense	(10,224)	(10,224)	(7,030)	(7,030)
Net fee and commission income	**64,387**	**64,387**	**56,895**	**56,895**

Fee and commission expense relate to electronic banking charges incurred by the Bank.

9. NET TRADING INCOME

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Foreign exchange	31,047	31,053	32,004	32,018
Net Trading income	**31,047**	**31,053**	**32,004**	**32,018**

10. OTHER INCOME

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Rental income	683	671	636	624
Profit on disposal of property, plant & equipment	474	474	75	75
Sundry income	6,167	11,278	6,269	9,816
	7,324	**12,423**	**6,980**	**10,515**

		2021		2020	
		Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
11.	**PERSONNEL EXPENSES**				
	Wages and salaries	116,968	117,787	107,085	107,840
	Social security cost	6,995	7,056	6,849	6,905
	Provident fund contributions	2,701	2,725	2,630	2,652
	Medical expenses	6,128	6,128	4,462	4,462
	Retirement benefit	5,569	5,569	7,638	7,638
	Other staff cost	5,916	5,916	6,527	6,529
		144,277	**145,181**	**135,191**	**136,026**
12.	**OTHER EXPENSES**				
	Software licensing & other information technology cost	17,687	17,716	14,862	14,885
	Auditors' remuneration	382	451	332	396
	Advertising and marketing	6,088	6,088	5,658	5,658
	Administrative expenses	13,206	13,466	13,653	13,704
	Board Expenses	3,831	4,003	2,292	2,292
	Occupancy	10,645	10,662	11,170	11,190
	Other	25,470	25,582	29,171	29,239
		77,309	**77,968**	**77,138**	**77,364**
13a.	**INCOME TAX EXPENSE**				
	Current income tax charge – (Note 13)	64,917	65,106	23,816	23,926
	Deferred income tax (credit)/charge (Note 22)	(14,954)	(14,954)	3,424	3,435
		49,963	**50,152**	**27,240**	**27,361**

13b. INCOME TAX EXPENSE

Bank

	Balance at 1-Jan-2020 GH¢'000	Charge for the year GH¢'000	Other Adjustments GH¢'000	Payments during the year GH¢'000	Balance at 31-Dec-2021 GH¢'000
31st December 2021					
Income tax					
2019	3,441	–	–	(3,441)	–
2020	4,095	–	–	(4,095)	–
2021	–	52,994	-	(49,967)	**3,027**
	7,536	**52,994**	**–**	**(57,503)**	**3,027**
National Stabilization Levy					
2019	(539)	–	–	–	**(539)**
2020	316	–	–	(316)	–
2021	–	6,813	–	(6,812)	1
	(223)	**6,813**	**–**	**(7,128)**	**(538)**
Financial Sector Recovery levy					
2021	–	5,110	–	(4,730)	**380**
	–	5,110	–	(4,730)	**380**
Total	**7,313**	**64,917**	**–**	**(69,361)**	**2,869**

	Balance at 1-Jan-2020 GH¢'000	Charge for the year GH¢'000	Other Adjustments GH¢'000	Payments during the year GH¢'000	Balance at 31-Dec-2021 GH¢'000
31st December 2020					
Income Tax					
2018	(3,968)	3,968	–	–	–
2019	950	–	2,491	–	**3,441**
2020	(3,712)	20,795	2,850	(15,838)	**4,095**
	(6,730)	**20,795**	**9,309**	**(15,838)**	**7,536**
National Stabilization Levy					
2018	(732)		732	–	–
2019	193	–	(732)	–	**(539)**
2020	(634)	3,021	–	(2,071)	**316**
	(1,173)	**3,021**	**–**	**(2,071)**	**(223)**
Total	**(7,903)**	**23,816**	**–**	**(17,909)**	**7,313**

Group

	Balance at 1-Jan-2020 GH¢'000	Charge for the year GH¢'000	Other Adjustments GH¢'000	Payments during the year GH¢'000	Balance at 31-Dec-2021 GH¢'000
31st December 2021					
Income tax					
2019	3,279	–	–	(3,441)	**(162)**
2020	4,199	–	–	(4,095)	**104**
2021	–	53,183	–	(50,386)	**2,797**
	7,478	**53,183**	**–**	**(57,922)**	**2,739**
National Stabilization Levy					
2019	(553)	–	–		**(553)**
2020	316	–	–	(316)	**–**
2021	–	6,813	–	(6,812)	**1**
	(237)	**6,813**	**–**	**(7,128)**	**(552)**
Financial Sector Recovery levy					
2021	–	5,110	–	(4,730)	**380**
	-	5,110	–	(4,730)	**380**
Total	**7,241**	**65,106**	**–**	**(69,780)**	**2,567**

	Balance at 1-Jan-2020 GH¢'000	Charge for the year GH¢'000	Other Adjustments GH¢'000	Payments during the year GH¢'000	Balance at 31-Dec-2021 GH¢'000
31st December 2020					
Income Tax					
2018	(3,968)	3,968	–	–	**–**
2019	952	–	2327	–	**3,279**
2020	(3,712)	20,905	2,850	(15,844)	**4,199**
	(6,892)	20,905	9,309	(15,844)	**7,478**
National Stabilization Levy					
2018	(746)		746	–	**–**
2019	193	–	(746)	–	**(553)**
2020	(634)	3,021	–	(2,071)	**316**
	(1,187)	**3,021**	**–**	**(2,071)**	**(237)**
Total	**(8,079)**	**23,926**	**9,309**	**(17,915)**	**7,241**

13c Income tax expense

Tax reconciliation

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Profit before income tax	136,259	136,907	60,420	60,704
Income tax thereon at statutory income tax rate of 25%	34,065	34,227	15,105	15,176
Other income taxes	11,923	11,923	3,021	3,021
Tax effect of non- deductible expenses	26,284	26,299	12,451	12,519
Effect of capital allowance	(6,736)	(6,724)	(6,277)	(6,294)
Origination (reversal) of taxable temporary differences	(14,954)	(14,954)	3,424	3,424
Effect of other deductions	(619)	(619)	(484)	(484)
Income tax charge	**49,963**	**50,152**	**27,240**	**27,362**
Effective tax rate	**36.67%**	**36.63%**	**45.08%**	**45.07%**

15. EARNINGS PER SHARE

	2021 Bank	2021 Group	2020 Bank	2020 Group
Net profit for the year attributable to equity holders of the Bank	**86,296**	**86,754**	**33,180**	**33,341**
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January	883,207	883,207	883,207	883,207
Additional shares issued	–	–	–	–
Weighted average number of ordinary shares at 31 December	**883,207**	**883,207**	**883,207**	**883,207**
	0.0977	**0.0982**	**0.0376**	**0.0378**

16. CASH AND BANK BALANCES

	2021 Bank	2021 Group	2020 Bank	2020 Group
Cash and balances with banks	246,392	246,392	172,135	172,135
Unrestricted balances with the Central Bank	41,996	42,309	16,078	16,078
Restricted balances with Central Bank	229,125	228,812	197,656	197,656
Bills discounted	78,047	78,047	283,716	283,716
Foreign short-term deposits	63,183	63,183	61,948	61,948
Total cash and cash equivalents	**658,743**	**658,743**	**731,533**	**731,533**

Section 36 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank is required to hold a cash reserve equivalent to 8% (2020: 8%) of total deposits.

17. INVESTMENT SECURITIES

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Bonds and notes at amortised cost (net)	1,912,730	1,924,518	1,212,059	1,218,986
Net investment securities	**1,912,730**	**1,924,518**	**1,212,059**	**1,218,986**

17.1 Schedule of Investment securities

2021

Bank	Gross GH¢'000	Expected credit loss GH¢'000	Net GH¢'000
10-Year Daakye Bond	31,098	311	30,787
Other long-term notes and bonds	1,881,951	8	1,881,943
	1,913,049	**319**	**1,912,730**
Group			
10-Year Daakye Bond	31,098	311	30,787
Other long-term notes and bonds	1,893,739	8	1,893,731
	1,924,837	**319**	**1,924,518**

2020

Bank	Gross GH¢'000	Expected credit loss GH¢'000	Net GH¢'000
10-Year Daakye Bond	–	–	–
Other long-term notes and bonds	1,212,066	7	1,212,059
	1,212,066	**7**	**1,212,059**
Group			
10-Year Daakye Bond	–	–	–
Other long-term notes and bonds	1,218,993	7	1,218,986
	1,218,993	**7**	**1,218,986**

18. LOANS AND ADVANCES TO CUSTOMERS

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Loans and advances to customers & financial institutions at amortised cost	1,694,294	1,689,765	1,839,036	1,832,207
Impairment	(184,736)	(184,736)	(121,244)	(121,244)
Net Advances	**1,509,558**	**1,505,029**	**1,717,792**	**1,710,963**

18.1 Allowances for impairment on financial assets and off-balance sheet exposures

	Loans and advances GH¢'000	Investment securities GH¢'000	Off balance sheet items GH¢'000	Total GH¢'000
2021				
At 1st January	121,244	7	610	**121,861**
Impairment charge	63,492	312	295	**64,099**
Amounts written-off as uncollectible	–	–	–	**–**
At 31st December 2021	**184,736**	**319**	**905**	**185,960**

	Loans and advances GH¢'000	Investment securities GH¢'000	Off balance sheet items GH¢'000	Total GH¢'000
2020				
At 1st January	41,445	4	315	41,764
Impairment charge	85,897	3	295	86,195
Amounts written-off as uncollectible	(6,098)	–	–	(6,098)
At 31st December 2020	**121,244**	**7**	**610**	**121,861**

18.2 Net Impairment Losses

	2021		2020	
	Bank GH¢'000	Group GH¢'000	Bank GH¢'000	Group GH¢'000
Loans and advances to customers (Note 18)	63,492	63,492	85,897	85,897
Other Investments securities	312	312	3	3
Contingent liabilities	295	295	295	295
	64,099	**64,099**	**86,195**	**86,195**

19. INVESTMENTS (OTHER THAN SECURITIES)

	Bank 2021 GH¢'000	Group 2021 GH¢'000	Bank 2020 GH¢'000	Group 2020 GH¢'000
Equity investments	1,766	240	1,766	253
	1,766	**240**	**1,766**	**253**

20. PROPERTY, PLANT & EQUIPMENT

20.1a Property, Plant & Equipment – Bank

2021	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									
Balance at 1st January 2021	6,724	14,325	13,159	9,841	22,782	34,378	13,733	199,769	**314,711**
Additions during the year	99	241	1,154	526	1,949	4,535	2,048	50	**10,601**
Disposals during the year	-	(6)	(918)	(111)	(554)	-	-	(2,850)	**(4,439)**
Balance at 31st December 2021	6,823	14,559	13,395	10,256	24,178	38,913	15,781	196,970	**320,874**
Accumulated Depreciation									
Balance at 1st January 2021	4,711	11,034	8,877	7,325	14,602	21,512	-	12,326	**80,387**
Charge for the year	625	708	1,498	1,055	2,034	5,402	-	3,793	**15,115**
Disposals during the year	-	(6)	(678)	(102)	(506)	-	-	(356)	**(1,649)**
Balance at 31st December 2021	5,336	11,736	9,697	8,279	16,130	26,913	-	15,763	**93,853**
Net book value at 31st December 2021	**1,487**	**2,823**	**3,698**	**1,977**	**8,048**	**11,999**	**15,781**	**181,207**	**227,021**

2020	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									
Balance at 1st January 2020	6,463	13,768	12,214	8,675	21,312	26,440	18,255	184,947	**292,074**
Additions during the year	33	-	1,241	420	1,008	1,488	15,769	14,821	**34,780**
Transfer during the year	228	556	1,084	822	937	6,449	(20,289)	-	**10,213**
Disposals during the year	-	-	(1,380)	(76)	(476)	-	-	-	**(1,932)**
Balance at 31st December 2020	6,724	14,324	13,159	9,841	22,781	34,377	13,735	199,768	**314,709**
Accumulated depreciation									**-**
Balance at 1st January 2020	4,075	10,380	8,060	6,268	13,131	17,772	-	8,825	**68,511**
Charge for the year	636	654	1,730	1,130	1,914	3,740	-	3,501	**13,305**
Disposals during the year	-	-	(915)	(74)	(442)	-	-	-	**(1,431)**
Balance at 31st December 2020	4,711	11,034	8,875	7,324	14,603	21,512	-	12,326	**80,385**
Net book value at 31st December 2020	**2,013**	**3,290**	**4,284**	**2,517**	**8,178**	**12,865**	**13,735**	**187,442**	**234,324**

20. PROPERTY, PLANT & EQUIPMENT

20.1b Property, Plant & Equipment – Group

2021	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									
Balance at 1st January 2021	6,724	14,325	13,310	9,875	22,799	34,438	13,735	199,769	**314,975**
Additions during the year	99	241	1,167	526	1,964	4,537	2,048	50	**10,632**
Disposals during the year	-	(6)	(918)	(111)	(554)	-	-	(2,850)	**(4,439)**
Balance at 31st December 2021	6,823	14,560	13,559	10,290	24,209	38,975	15,783	196,970	**321,167**
Accumulated Depreciation									
Balance at 1st January 2021	4,712	11,034	8,891	7,347	14,620	21,574	-	12,326	**80,504**
Charge for the year	625	708	1,528	1,060	2,036	5,406	-	3,793	**15,156**
Disposals during the year	-	(6)	(679)	(102)	(506)	-	-	(356)	**(1,649)**
Balance at 31st December 2021	5,337	11,736	9,740	8,306	16,150	26,980	-	15,763	**94,011**
Net book value at 31st December 2021	**1,486**	**2,824**	**3,819**	**1,985**	**8,059**	**11,995**	**15,783**	**181,206**	**227,157**

2020	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									
Balance at 1st January 2020	6,463	13,769	12,262	8,702	21,329	26,497	18,256	184,948	**292,226**
Additions during the year	32	-	1,386	427	1,008	1,492	15,777	14,821	**34,943**
Transfers during the year	228	556	1,084	822	937	6,449	(20,297)	-	**(10,221)**
Disposals during the year	-	-	(1,422)	(76)	(475)	-	-	-	**(1,973)**
Balance at 31st December 2020	6,724	14,325	13,310	9,875	22,799	34,438	13,735	199,769	**314,975**
Accumulated Depreciation									
Balance at 1st January 2020	4,076	10,380	8,108	6,287	13,148	17,824	-	8,825	**68,648**
Charge for the year	636	654	1,730	1,130	1,927	3,750	-	3,501	**13,328**
Disposals during the year	-	-	(947)	(70)	(455)	-	-	-	**(1,472)**
Balance at 31st December 2020	4,712	11,034	8,891	7,347	14,620	21,574	-	12,326	**80,504**
Net book value at 31st December 2020	**2,011**	**3,291**	**4,419**	**2,528**	**8,179**	**12,864**	**13,735**	**187,443**	**234,471**

There was no indication of impairment of property, plant & equipment held by the Bank at 31st December 2021. None of the property, plant & equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property, plant & equipment at the reporting date.

20.2 Depreciation and amortisation expense

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Property, plant & equipment (Note 20)	15,115	15,156	13,305	13,328
Intangible assets (Note 20)	5,238	5,258	2,831	2,846
Right-of-use assets (Note 21)	4,200	4,200	4,606	4,606
	24,553	**24,614**	**20,742**	**20,780**

20.3 Profit/loss on disposal of property plant & equipment

	2021 Bank	2021 Group	2020 Bank	2020 Group
Gross book value	4,439	1,932	4,439	1,973
Accumulated depreciation	(1,649)	(1,472)	(1,649)	(1,431)
Net book value	2,790	501	2,790	501
Sales proceeds	3,046	261	3,046	261
Net profit/(loss) on disposal	257	(241)	257	(241)
Profit on disposal	475	75	475	75
Loss on disposal	218	316	218	316
Net profit on disposal	**257**	**(241)**	**257**	**(241)**

21. INTANGIBLE ASSETS-COMPUTER SOFTWARE

	2021 Bank	2021 Group	2020 Bank	2020 Group
Cost				
At 1st January	38,195	38,375	27,444	27,624
Additions	2496	2496	10,751	10,751
At 31st December	**40,691**	**40,871**	**38,195**	**38,375**
Accumulated amortisation				
At 1st January	23,689	23,828	20,858	20,982
Amortisation	5,238	5,258	2,831	2,846
At 31st December	28,927	29,086	23,689	23,828
Carrying amount at 31st December	**11,764**	**11,785**	**14,506**	**14,547**

22. RIGHT-OF-USE ASSETS

	2021 Bank	2021 Group	2020 Bank	2020 Group
Buildings	9,688	9,688	12,605	12,605
The movement in right-of-use assets is as follows:				
Cost				
1st January	19,075	19,075	16,364	16,364
Additions	2,428	2,428	7,821	7,821
Derecognition	(1,429)	(1,429)	(5,109)	(5,109)
	20,074	20,074	19,075	19,075
Amortization				
1st January	6,470	6,470	3,469	3,469
Amortization charge	4,200	4,200	4,606	4,606
Derecognition	(284)	(284)	(1,605)	(1,605)
	10,386	10,386	6,470	6,470
Net book value	**9,688**	**9,688**	**12,605**	**12,605**

23. DEFERRED TAX

	2021			2020		
	Asset GH¢'000	Liabilities GH¢'000	Net GH¢'000	Asset GH¢'000	Liabilities GH¢'000	Net GH¢'000
Bank						
PPE and intangibles	–	(14,841)	(14,841)	–	(13,922)	(13,922)
Allowances for loan losses	23,480	–	23,480	7,607	–	7,607
	23,480	**(14,841)**	**8,639**	**7,607**	**(13,922)**	**(6,315)**
Group						
PPE and intangibles	–	(14,854)	(14,854)	–	(13,935)	(13,935)
Allowances for loan losses	23,480	–	23,480	7,607	–	7,607
	23,480	**(14,854)**	**8,626**	**7,607**	**(13,935)**	**(6,328)**

23 a. Movements in temporary differences during the year

Bank

	Balance January 1st GH¢'000	Recognised in Profit or Loss GH¢'000	Adjustment GH¢'000	Balance 31st December GH¢'000
For the year ended 31st December 2021				
PPE and Intangibles	(6,315)	(919)	–	(7,234)
Allowances for loan losses	–	15,873	–	15,873
	(6,315)	**14,954**	**–**	**8,639**
For the year ended 31st December 2020				
PPE and intangibles	(10,498)	(3,424)	–	(13,922)
Allowances for loan losses	–	–	7,607	7,607
	(10,498)	**(3,424)**	**7,607**	**(6,315)**

Group

	Balance January 1st GH¢'000	Recognised in Profit or Loss GH¢'000	Adjustment GH¢'000	Balance 31st December GH¢'000
For the year ended 31st December 2021				
PPE and intangibles	(6,328)	(919)	–	(7,247)
Allowances for loan losses	–	15,873	–	15,873
	(6,328)	**14,954**	**–**	**8,626**
For the year ended 31st December 2020				
PPE and intangibles	(10,497)	(3,438)	–	(13,935)
Allowances for loan losses	–	–	7,607	7,607
	(10,497)	**(3,438)**	**7,607**	**(6,328)**

24. OTHER ASSETS

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Accounts receivable and prepayments	28,709	30,280	25,401	29,322
Tradable assets	12,700	12,700	12,700	12,700
Other	5,534	4,392	4,894	4,519
	46,943	**47,372**	**42,996**	**46,542**

25. DEPOSITS FROM BANKS

Financial institutions	11,600	11,600	10,153	10,153
	11,600	**11,600**	**10,153**	**10,153**

26. DEPOSITS FROM CUSTOMERS

a. Deposit from customers by segment:				
Retail customers:				
Term deposits	512,673	512,673	524,258	524,258
Current deposits	794,680	794,680	721,348	721,348
	1,307,353	1,307,353	1,245,606	1,245,606
Corporate & Commercial customers:				
Term deposits	468,339	468,103	370,077	369,621
Current deposits	1,076,776	1,073,098	844,859	843,214
	1,545,115	1,541,201	1,214,937	1,212,835
	2,852,468	**2,848,554**	**2,460,542**	**2,458,441**
b. Deposits from customers by type				
Current account	941,204	937,526	743,669	742,024
Savings account	639,654	639,654	541,752	541,752
Time deposit	981,012	980,776	894,335	893,879
Call deposit	290,598	290,598	280,786	280,786
	2,852,468	**2,848,554**	**2,460,542**	**2,458,441**

27.1 Borrowings

Overnight borrowings	116,225	116,225	97,050	97,050
Repurchase agreements	551,846	551,846	638,404	638,404
Preference share capital	94	94	95	95
	668,165	**668,165**	**735,549**	**735,549**

27.2 Other liabilities

Short term employee benefits	4,932	4,932	5,044	5,044
Creditors and accruals	87,761	95,730	72,775	75,161
Other	14,622	14,621	8,529	8,527
	107,315	**115,283**	**86,348**	**88,732**

28. LEASE LIABILITIES

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Lease liabilities	3,403	3,403	6,625	6,625
The movement in lease liabilities is as follow:				
Balance at 1st January	6,625	6,625	6,970	6,970
Additions	1,538	1,538	2,969	2,969
Interest expense (finance cost)	255	255	282	282
Lease payments	(3,901)	(3,901)	(713)	(713)
Derecognition of lease	(1,188)	(1,188)	(3,189)	(3,189)
Exchange loss	74	74	307	307
	3,403	**3,403**	**6,625**	**6,625**

29. CAPITAL AND RESERVES

a Stated capital

	2021 No. of shares	2021 Proceeds	2020 No. of shares	2020 Proceeds
Authorised				
Ordinary shares of no-par value	**1,000,000,000**		**1,000,000,000**	
Issued and fully paid-up capital:				
Issued for cash consideration	**724,832**	**358,451**	724,832	358,451
Issued for consideration other than cash	**3,075**	**30.00**	3,075	30.00
Capitalization issued	**155,300**	**43,950**	155,300	43,950
	883,207	**402,431**	**883,207**	**402,431**

There is no unpaid liability on any ordinary shares and there are no calls or instalments unpaid at 31st December 2021. There were no shares held in treasury at the year end. (2020: Nil)

b. Retained earnings

This represents the retained cumulative profits that are available for distribution to shareholders.

c. Statutory reserve

This reserve represents amounts set aside as a non distributable reserve from annual profits in accordance with Section 34 of the Banks and Specialised Deposit Taking Institutions Act, 2019 (Act 930) and guidelines from the Central Bank. An amount of GH¢43,148,000 (2020: GH¢16,591,000) was transferred to the statutory reserve fund from profit for the year, bringing the cumulative balance on the statutory reserve fund to GH¢115,447,000 (2020: GH¢72,299,000) at the year end.

d. Revaluation reserve

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

f. Credit risk reserve

To cater for any shortfall between the Bank of Ghana's credit loss provision requirement and loans and advances impairment based on IFRS principles, a charge or credit is made to retained earnings in respect of the difference required to adjust the cumulative provision to the level required under the Bank of Ghana regulations and IFRS 9 *Financial Instruments.*

	2021	2020
IFRS Impairment	185,960	121,861
Bank of Ghana provisions	(238,401)	(160,671)
Total	**52,442**	**38,810**

An amount of GH¢13,631,000 is posted from the credit risk reserve for the year (2020: GH¢11,990,000)

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

30. DIVIDENDS

The Directors do not recommend the payment of dividend for the period ended 31st December 2021.

31. CASH USED IN OPERATIONS

	2021		**2020**	
	Bank GH¢'000	**Group GH¢'000**	**Bank GH¢'000**	**Group GH¢'000**
Profit for the year	**136,259**	**136,907**	**60,420**	**60,704**
Adjustments for:				
Net interest income	(343,994)	(341,160)	(284,089)	(281,923)
Depreciation and amortization	24,553	24,614	20,742	20,780
Impairment on financial assets	64,099	64,099	86,195	86,195
Net Profit/loss on disposal of property, plant & equipment	(257)	(257)	241	241
Interest expense on lease	255	255	282	282
Exchange loss on lease	74	74	307	307
(Gain)/loss on derecognition of lease	(43)	(43)	315	315
Change in Investment (other than Securities)	–	13	–	7
Change in loans and advances to customers	144,742	142,442	(146,609)	(153,905)
Change in other assets	(3,947)	(830)	14,672	20,976
Change in deposits from banks	1,447	1,447	5,602	5,602
Change in deposits from customers	391,926	390,113	366,756	366,059
Change in other liabilities	19,470	25,055	46,462	46,982
Tax asset/(expense)	-	-	(4,701)	(4,701)
Interest received	583,637	580,766	504,123	501,922
Interest paid	(239,643)	(239,606)	(220,034)	(219,999)
Cash from/(used in) operations	**778,578**	**783,889**	**450,684**	**449,844**

32. CONTINGENCIES AND COMMITMENTS

The Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

32.1 Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related to performance bonds and are, generally, short term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	2021 GH¢'000	2020 GH¢'000
Bonds and guarantees	145,187	139,630
Letters of credit and other documentary credits	129,267	145,298
	274,454	**284,928**

32.2 Commitments for capital expenditure

At 31st December 2021, the Bank had commitments for capital expenditure of GH¢1,800,000 (2020: GH¢4,300,000).

33. RELATED PARTIES

Parties are related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Board, key management personnel and the close members of their family.

33.1 Directors' emoluments

Remuneration paid to non-executive directors in the form of fees, allowances and related expenses are disclosed in Note 12.

33.2 Key management compensation

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of Prudential Bank Limited.

	2021 GH¢'000	2020 GH¢'000
Short-term employee benefits	9,357	11,517
Board of directors' emolument	3,831	2,292
	13,188	**13,809**

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

33.2.1 Transactions with key management personnel

Loans include mortgage loans and personal loans. Loans granted to employees and executive directors are granted at concessionary rates of 7%-8%. No specific impairments have been recognised in respect of loans granted to key management at the reporting date (2020: Nil).

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

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

	2021		2020	
	Maximum balance GH¢'000	Closing balance GH¢'000	Maximum balance GH¢'000	Closing balance GH¢'000
Mortgage lending and other secured loans	2,473	2,354	2,049	1,888
Other loans	1,313	1,260	1,532	1,155
	3,786	**3,614**	**3,581**	**3,043**

33.2.2 Loans and advances to employees

	2021 GH¢'000	2020 GH¢'000
Balance at 1st January	45,535	38,503
Loans advanced during the year	35,626	17,115
Loans repayments received	(14,993)	(10,084)
Balance at 31st December	**66,168**	**45,535**

33.2.3 Loans and advances to directors and their associates

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

	2021 GH¢'000	2020 GH¢'000
Gross amount at 1st January	157	2,214
Interest charged	9	14
Repayments	(74)	(2,071)
Balance at 31st December	**94**	**157**

Interest earned on staff loans during the year amounted to GH¢4,006,000 (2020: GH¢3,351,000)

Included in loans is GH¢ Nil (2020: GH¢35.3million) advanced to companies in which some of the members of the Board of Directors have interest.

Included in deposits is approximately GH¢3,900,000 (2020: GH¢1,900,000) due to subsidiary companies. Interest paid on these deposits during the year amounted to GH¢37,573 (2020: GH¢35,069).

34. GROUP ENTITIES

Significant subsidiaries of the Bank	Country of incorporation	Ownership interest	
		2021	**2020**
Prudential Securities Limited	Ghana	**100%**	100%
Prudential Stockbrokers Limited	Ghana	**100%**	100%

35. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. There were no subsequent events after the reporting date of 31st December 2021.

36. LIST OF SHAREHOLDERS

The shareholders of the Bank are:

		No. of Shares	Percentage
1.	Ghana Amalgamated Trust	415,107,406	47.00%
2.	Frank Owusu	151,006,472	17.10%
3.	J.S. Addo Consultants Limited	76,208,525	8.63%
4.	Trustees of PBL Staff Provident Fund	57,148,541	6.47%
5.	Akwasi Aboagye Atuah	38,254,761	4.33%
6.	Ghana Union Assurance Co. Limited	37,510,676	4.25%
7.	Stephen Sekyere-Abankwa	32,296,178	3.66%
8.	Nortey Kwashie Omaboe	32,030,000	3.63%
9.	Kofi O. Esson	18,482,248	2.09%
10.	NTHC Brokerage Services Limited	14,560,000	1.65%
11.	John Kpakpo Addo	7,281,000	0.82%
12.	Nana Agyei Duku	3,321,440	0.38%
	Total	**883,207,247**	**100.00%**

36. VALUE ADDED STATEMENT

	2021 Bank GH¢'000	2021 Group GH¢'000	2020 Bank GH¢'000	2020 Group GH¢'000
Interest earned and other operating income	658,248	655,377	568,047	565,846
Direct cost of services	(322,392)	(323,014)	(302,763)	(302,963)
Value added by banking services	**335,856**	**332,363**	**265,284**	**262,883**
Non-banking income	38,371	43,476	38,985	42,533
Impairments	(64,099)	(64,099)	(86,195)	(86,195)
Value added	**310,128**	**311,740**	**218,074**	**219,221**
Distributed as follows:				
To employees:				
Directors (without executives)	(3,831)	(3,831)	(2,292)	(2,292)
Executive directors	(1,208)	(1,208)	(1,133)	(1,133)
Other employees	(144,277)	(145,181)	(135,191)	(136,026)
To Government:				
Income tax	(49,963)	(50,152)	(27,240)	(27,361)
To providers of capital:				
Dividends to shareholders	–	–	–	–
To expansion and growth:				
Depreciation	(15,115)	(15,156)	(13,421)	(13,435)
Amortisation	(9,438)	(9,458)	(5,617)	(5,631)
Retained earnings	**86,296**	**86,754**	**33,180**	**33,343**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www.prudentialbank.com.gh
Toll-free: 0800000772

2021 ANNUAL REPORT CORPORATE INFORMATION

- Branch & ATM Locations
- Addresses of correspondent banks

PRUDENTIAL BANK
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BRANCH LOCATIONS AND ADDRESSES

GREATER ACCRA REGION

37 GOIL FILLING STATION (ATM)
Near 37 Military Hospital

ABEKA BRANCH (ATM)
Apugu Tower
Abeka Lapaz, Accra
GPS: GA-392-9799
Telephone: 233-302-220919/220920
233-540-106755/6
Email: akb.branch@Prudentialbank.com.gh

ABOSSEY OKAI BRANCH (ATM)
Cap & May House
Ring Road West, Accra
GPS: GA-216-7769
Telephone: 233-302-669107/8
233-302-669944
233-540-106765/6
Email: aob.branch@Prudentialbank.com.gh

ACCRA BRANCH (ATM)
Swanzy Shopping Arcade
(Formerly Kingsway Building)
GPS: GA-105-9208
Telephone: 233-302-671943--5
233-540-106730/1
Email: bg.branch@Prudentialbank.com.gh

ADENTAN BRANCH (ATM)
4A Lami Dwaahe Street
Housing Estate Road
Adentan Housing Estate
GPS: GD-003-1107
Telephone: 233-302-501346/7
233-540-106732/3
Email: adt.branch@Prudentialbank.com.gh

AIRPORT CITY BRANCH (ATM)
Ground Floor
Una Home, Airport
GPS: GL-126-8293
Telephone: 233-302-799270/1
233-552-711908
233-552-711980
Email: acb.branch@Prudentialbank.com.gh

BAWALESHIE BRANCH (ATM)
Parcel No. 980
Adjacent SEL Fuel Station
East Legon, Accra
GPS: GA-414-7587
Telephone: 233-302-522885/7
233-540-106736/7
Email: bsb.branch@Prudentialbank.com.gh

CANTONMENTS BRANCH (ATM)
Ground Floor
Ghana Free Zones Authority Building
Cantonments, Accra
GPS: GL-140-1934
Telephone: 233-302-792058
233-302-792030
233-302-792825
Email: ctb.branch@Prudentialbank.com.gh

EAST LEGON BRANCH (ATM)
No.2 Lyndy Street
Near American House
East Legon, Accra
GPS: GD-209-9161
Telephone: 233-540-109480/1
Email: elb.branch@Prudentialbank.com.gh

GICEL BRANCH (ATM)
Gicel Estates
Weija, Accra
GPS: GS-0096-0363
Telephone: 233-302-850174--6
233-540-109478/9
Email: gb.branch@Prudentialbank.com.gh

HAATSO BRANCH (ATM)
Ground Floor, Haatso Plaza
Adjacent Haatso Station
Haatso, Accra
GPS: GE-297-4538
Telephone: 233-302-556010--3
233-596-910601/2
233-501-324686
Email: hat.branch@Prudentialbank.com.gh

KWAME NKRUMAH CIRCLE BRANCH (ATM)
Oksart Place, Adjacent Ernest Chemist
Ring Road Central
Kwame Nkrumah Circle, Accra
GPS: GA-072-7788
Telephone: 233-302-246531
233-540-106757/8
Email: crb.branch@Prudentialbank.com.gh

MADINA BRANCH (ATM)
Albert House
Zongo Junction, Madina
GPS: GM-017-5175
Telephone: 233-302-511111/2
233-540-111719/20
233-577-986039
Email: mab.branch@Prudentialbank.com.gh

MAKOLA BRANCH
31st December Market
Makola, Accra
GPS: GA-142-8718
Telephone: 233-302-661659/95
233-302-677837
233-540-116535/106754
Email: mkb.branch@Prudentialbank.com.gh

MATAHEKO BRANCH (ATM)
No. B439/15
The Ground Floor, IRS Building
Mataheko Accra
GPS: GA-471-1890
Telephone: 233-302-313470
233-302-308355
233-540-106761/2
Email: mhb.branch@Prudentialbank.com.gh

METHODIST UNIVERSITY COLLEGE AGENCY (ATM)
Methodist University College Campus
Dansoman, Accra
GPS: GA-504-8007
Telephone: 233-302-302484/5
Email: mua.agency@Prudentialbank.com.gh

NORTH INDUSTRIAL AREA (ATM)
Melcom Plus
No.3 Otublohum Street
North Industrial Area, Accra
GPS: GA-131-5829
Telephone: 233-302-221856/7
233-302-221880
233-540-106767/8
Email: nia.branch@Prudentialbank.com.gh

NUNGUA BRANCH (ATM)
Unnumbered Property
Nungua Sokpoti
Adjacent Electricity Company of Ghana
Nungua Office, Accra
GPS: GZ-023-1643
Telephone: 233-302-719369/719466
233-243-400270/1
Email: ngb.branch@Prudentialbank.com.gh

ODORKOR BRANCH (ATM)
Off Accra-Winneba Road
Odorkor Traffic Light, Accra
GPS: GA-532-4228
Telephone: 233-302-311710/12/21
233-540-109482
233-263-778526
Email: odb.branch@Prudentialbank.com.gh

OKAISHIE BRANCH (ATM)
No. 657/4, Knustford Avenue
Okaishie, Accra
GPS: GA-141-3370
Telephone: 233-302-664144
233-263-778526
Email: okb.branch@Prudentialbank.com.gh

OSU GOIL FILLING STATION (ATM)
Opposite the Trust Hospital
Oxford Street, Osu-Accra

RING ROAD CENTRAL BRANCH (ATM)
8 John Harmond Street
Ring Road Central, Accra
GPS: GA-005-3060
Telephone: 233-302-781179
233-302-781207
233-540-111746/7
Email: rrc.branch@Prudentialbank.com.gh

SPINTEX ROAD BRANCH (ATM)
(Adjacent CCTC, Near the Coca-Cola Roundabout)
Spintex Road, Accra
GPS: GZ-202-4096
Telephone: 233-302-813830
233-540-116530/1
Email: srb.branch@Prudentialbank.com.gh

TAIFA BRANCH (ATM)
Adjacent Goil Filling Station
Taifa Junction
Spintex Road, Accra
GPS: GE-331-2307
Telephone: 233-302-425827
233-544-336754
Email: tfb.branch@Prudentialbank.com.gh

TEMA COMMUNITY ONE BRANCH (ATM)
Prudential House,
Off Krakue Road, Commercial Area,
Tema Community One
GPS: GT-021-0112
Telephone: 233-303-217160/1/
233-303-217140
233-540-111717/8
Email: tcb.branch@Prudentialbank.com.gh

TEMA FISHING HARBOUR BRANCH (ATM)
Hillpok Yard
Tema Fishing Harbour
GPS: GT-105-4268
Telephone: 233-303-207352/3
233-303-207345/9
233-540-111715/6
Email: tfh.branch@Prudentialbank.com.gh

TESANO BRANCH (ATM)
No. C111A/19, Nsawam Road, Tesano
Near Tesano Police Station
GPS: GA-166-8120
Telephone: 233-302-258170/258172
233-540-109474/7
Email: tsb.branch@Prudentialbank.com.gh

UNIVERSITY OF GHANA BRANCH (ATM)
The Banking Square
Opposite All Needs Supermarket
GPS: GA-419-6105
Telephone: 233-243-900604/5
233-540-109474/7
Email: ugb.branch@Prudentialbank.com.gh

VALLEY VIEW UNIVERSITY BRANCH (ATM)
Valley View University Campus, Oyibi
GPS: GK-0930-3245
Telephone: 233-243-400265/6
233-277-759878
Email: vvb.branch@Prudentialbank.com.gh

WEIJA BRANCH (ATM)
Accra-Winneba Road
(Opposite Phastor Concrete Works)
Weija, Accra
GPS: GS-0130-3103
Telephone: 233-302-853494/5/7
233-540-106759/60
Email: wb.branch@Prudentialbank.com.gh

ZONGO JUNCTION BRANCH (ATM)
Link Road,
Opposite the Total Filling Station
Zongo Junction, Accra
GPS: GA-315-6096
Telephone: 233-302-678781
233-302-678824
233-540-106763/4
Email: zjb.branch@Prudentialbank.com.gh

ASHANTI REGION

ABOABO BRANCH (ATM)
Near the Traffic Light, along the
Aboabo-Airport Dual Carriageway;
Kumasi
GPS: AS-098-7530
Telephone: 233-3220-98892/3/4
233-540-111721/2
Email: abb.branch@Prudentialbank.com.gh

ADUM BRANCH (ATM)
Prudential Plaza
(Formerly Unicorn House)
Adum, Kumasi
GPS: AK-019-9619
Telephone:233-3220-83807/11/12/16
233-540-111723/4
Email: kab.branch@Prudentialbank.com.gh

AFFUL NKWANTA BRANCH (ATM)
Near Kumasi Children's Park
GPS: AK-042-2598
Telephone: 233-3220-49450/1/2
233-540-106747/8
Email: anb.branch@Prudentialbank.com.gh

ATONSU BRANCH (ATM)
91 Block "A"
Within Unity Oil Commercial Complex
Atonsu
GPS: AK-376-0775
Telephone: 233-3220-83750/1
233-3220-80441
233-540-106743/4
Email: atb.branch@Prudentialbank.com.gh

KNUST ATM
Royal Parade Ground
KNUST Campus, Kumasi

KUMASI BRANCH (ATM)
Cocobod Jubilee House
Adum, Kumasi
GPS: AK-065-3729
Telephone: 233-3220-25667
233-3220-45426/7
233-540-106745/6
Email: kmb.branch@Prudentialbank.com.gh

SANTASI ROUNDABOUT BRANCH (ATM)
Unity Oil Filling Station
Near Santasi Roundabout
GPS: AK-178-8849
Telephone: 233-3220-25888
233-544-336750/1
Email: sab.branch@Prudentialbank.com.gh

SUAME MAAKRO BRANCH (ATM)
Tarkwa Maakro, New Road
Kumasi
GPS: AK-116-3732
Telephone: 233-3220-46717/27
233-3220-46851
233-540-106740/1
Email: smb.branch@Prudentialbank.com.gh

CENTRAL REGION

CAPE COAST BRANCH (ATM)
Palm House,
101/3 Commercial Street
Cape Coast
GPS: CC-008-5875
Telephone: 233-3321-31575
233-3321-35393
233-540-116532/3
Email: ccb.branch@Prudentialbank.com.gh

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

SUPERANNUATION ATM
Superannuation Hostel
UCC Campus, Cape-Coast

UNIVERSITY OF CAPE COAST AGENCY (ATM)
Oye Inn, Behind the Science Block
University of Cape Coast
GPS: CC-192-1165
Telephone: 233-243-400272/3
233-540-110933/110539
Email: uca.agency@Prudentialbank.com.gh

UNIVERSITY OF CAPE COAST BRANCH (ATM)
Ground Floor, Old Cafeteria Building
University of Cape Coast
GPS: CC-143-8135
Telephone: 233-3321-36000/1
233-540-110933
233-540-110539
Email: ucb.branch@Prudentialbank.com.gh

WESTERN REGION

TAKORADI HARBOUR BRANCH (ATM)
Takoradi Harbour
Harbour Area
GPS: WS-406-0923
Telephone: 233-3120-21909
233-3120-21616
233-3120-31717
233-540-106750/1
Email: thb.branch@Prudentialbank.com.gh

TAKORADI MARKET CIRCLE BRANCH (ATM)
62 Liberation Road
Market Circle, Takoradi
GPS: WS-245-6778
Telephone: 233-3120-27415/52/79
233-540-106752
233-540-111749
Email: tmc.branch@Prudentialbank.com.gh

BONO EAST REGION

TECHIMAN BRANCH (ATM)
Ground Floor, House No. 186
Block B, Sector 4S
Techiman-Tamale Main Road, Techiman
GPS: BT-0003-6743
Telephone: 233-3525-22915/6
233-540-106738/9
Email: teb.branch@Prudentialbank.com.gh

NORTHERN REGION

TAMALE BRANCH (ATM)
Quality First Building (1st Floor)
Opposite Main Taxi Rank, Tamale
GPS: NT-0000-7121
Telephone: 233-3720-27740/1/2
233-540-106734/5
Email: tab.branch@Prudentialbank.com.gh

EASTERN REGION

KOFORIDUA BRANCH (ATM)
Property No. OBG 16
Opposite the Jackson Park, Koforidua
GPS: EN-010-6747
Telephone: 233-33420-23134
233-556-489964/5
Email: kfb.branch@Prudentialbank.com.gh

BONO REGION

SUNYANI BRANCH (ATM)
Plot No. 11, Block C
Central Area Sector 2,
Near Cocoa House
Sunyani
GPS: BS-0007- 9117
Telephone: 233-3520-22991/3
233-596-913700
233-596-913800
Email: sub.branch@Prudentialbank.com.gh

CORRESPONDENT BANKS

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

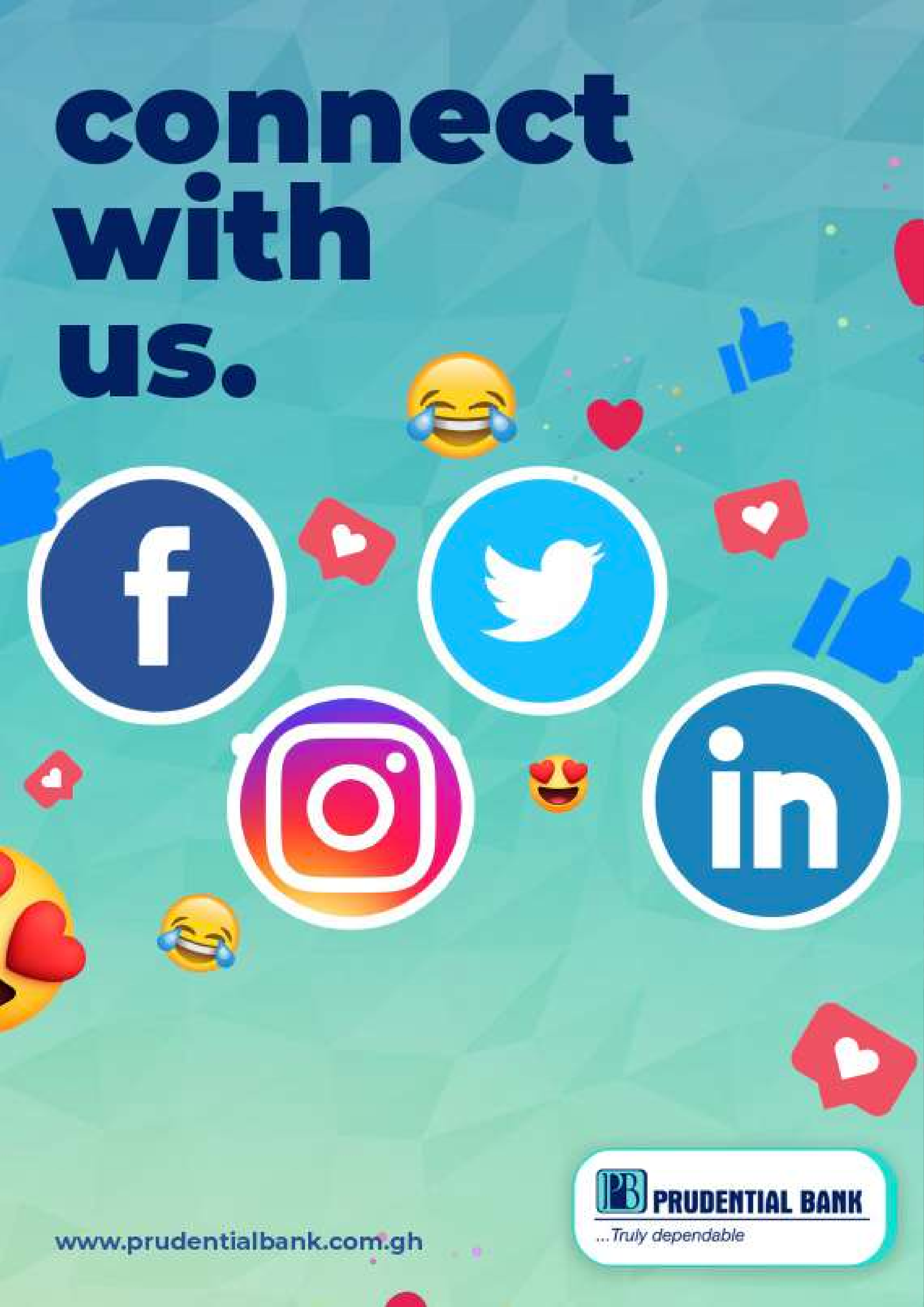
CITIBANK N.A.
CITIGROUP CENTRE
P.O. BOX 78
33 CANADA SQUARE, CANARY WHARF
LONDON E14 5LB
UNITED KINGDOM

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

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

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

BANK OF BEIRUT (UK) LIMITED
17A CURZON STREET
LONDON W1J 5HS
UNITED KINGDOM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2021 ANNUAL REPORT

EVENTS

Pictures of events that took place in 2021

PRUDENTIAL BANK

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PRUDENTIAL BANK DONATES TO GHANA LAW SCHOOL

Donation of GHS50,000 to the Ghana School of Law, Accra. Presented by Executive Head, Operations, Mr. Thomas Broni Received by Mr. Maxwell Opoku-Agyemang, Acting Director of Ghana School of Law.

SUNYANI BRANCH OPENING

The Managing Director and the Queen Mother of Sunyani cutting the sod for the opening of the Sunyani Branch.

PRUDENTIAL BANK PARTICIPATES IN TREE PLANTING

The Managing Director, Mr. John Addo, participating in the tree planting exercise.

PRUDENTIAL BANK DONATES TO THE NATIONAL TEACHER PRIZE

Presentation being made to the National Teacher Prize by Mrs. Akosua Boahen, Head of Marketing and Corporate Affairs Department.

CUSTOMER SERVICE WEEK CELEBRATION

Staff dressed in uniforms representing their schools.

Staff dressed in various professional attire during Career Day

TO: ALL MEMBERS
DIRECTORS
AUDITORS

NOTICE OF VIRTUAL ONLY ANNUAL GENERAL MEETING OF PRUDENTIAL BANK LIMITED

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH (25TH) ANNUAL GENERAL MEETING OF PRUDENTIAL BANK LIMITED WILL BE HELD VIRTUALLY AT 11.00 A.M ON THURSDAY, 30TH JUNE 2022 TO TRANSACT THE FOLLOWING BUSINESS:

AGENDA

ORDINARY BUSINESS

1. To receive the Chairperson's Statement
2. To receive and consider the report of the Directors for the financial year ended 31st December 2021
3. To receive the Financial Statements of the Bank and its subsidiaries for the financial year ended 31st December 2021
4. To receive the External Auditor's report for the financial year ended 31st December 2021
5. To consider and approve the Financial Statements of the Bank and its subsidiaries for the financial year ended 31st December 2021 together with the Auditor's Report thereon
6. To approve the remuneration of the Directors
7. To re-elect the External Auditors
8. To authorize the Directors to fix the remuneration of the External Auditors for the financial year 2022

Dated this 27th Day of May 2022

By Order of the Board

ALISON ANN DEBRAH
COMPANY SECRETARY

NOTES

1. Attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Bank shall be strictly virtual (i.e. by online participation only).

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

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

4. A copy of the ANNUAL ACCOUNTS & PROXY FORM is attached. The PROXY FORM may be filled and sent via email to alison.debrah@prudentialbank.com.gh or hand delivered or posted to The Company Secretary, Prudential Bank Limited, PMB, GPO, 8 John Harmond Street, Ring Road Central, Accra to arrive not later than 11.00 GMT on Tuesday, 28th June 2022.

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

   A confidential link will be sent to shareholders by email and/or SMS from 15th June 2022 to give them access to the registration page. After registration, a unique link will be sent to each shareholder granting them access to the meeting. Shareholders who do not receive the confidential link can contact Francis Kugblenu on francis.kugblenu@prudentialbank.com.gh or call 0501 578 773 any time after 15th June 2022 but before the date of the AGM to be sent the confidential link.

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

   For further assistance on accessing the meeting and voting electronically please send an email to francis.kugblenu@prudentialbank.com.gh or call 0501 578 773.