PRUDENTIAL BANK LTD

2023 ANNUAL REPORT

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Prudential Bank signs partnership agreement with Mastercard

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PRUDENTIAL BANK
...Truly dependable

PRUDENTIAL BANK

ABOUT US

Prudential Bank LTD (PBL) opened for business on 15th August 1996. The main areas of the Bank's operations are domestic and international banking, project financing, e-banking services, SME financing, international remittance services and funds management. The Bank has a wide array of electronic, digital and remote banking channels complemented by a network of 41 physical locations. PBL was in 2021 and 2022 adjudged a 5-Star quality service provider by the Chartered Institute of Marketing, Ghana. In 2022, the Bank was adjudged the Emerging Digital Bank of the Year by two different awarding institutions. The Bank has consistently won several other prestigious awards in the banking sector since inception.

Corporate Mission

Creating mutual success with our shareholders through innovative and seamless solutions

Vision

To be the financial services provider of choice that delivers exceptional value

Subsidiary Company

Pudential Securities LTD: A company engaged in fund management, corporate finance and business advisory services.

OUR CORE VALUES

INTEGRITY
We demonstrate fairness and honesty in all we do at all times.

TEAMWORK
We work to create a collaborative environment where individuals work together effectively to achieve shared goals.

RESPECT
We value the views and contributions of all, treating everyone with dignity and consideration.

EXCELLENCE
We strive for continuous improvement, consistently delivering exceptional results.

PASSION
We are driven by a genuine enthusiasm for making a positive impact on our customers, communities, and the broader financial sector.

INNOVATION
We embrace creativity and challenge the status quo, constantly seeking new and better ways to serve our customers and meet their evolving needs.

DIVERSITY
We celebrate diversity and cultivate an inclusive workplace that values different perspectives and experiences.

DIRECTORS

Muriel Susan Edusei (Independent Non-Executive Director - Chairperson)
Bernard Appiah Gyebi (Managing Director)
Daniel Asah Kissiedu (Non-Executive Director)
Juliana Addo-Yobo (Independent Non-Executive Director)
Daniel Larbi Tieku (Independent Non-Executive Director)
Victoria Barth (Non-Executive Director)
Ofotsu Tetteh-Kujorjie (Non-Executive Director)
Rev. Prof. Peter Ohene Kyei (Non-Executive Director)
Felix Kwesi Duku (Non-Executive Director)
Yaw Opoku Atuahene (Independent Non-Executive Director; Resigned Sep 2023)
Company Secretary: Alison Ann Debrah

REGISTERED ADDRESS

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General Post Office, Accra
GPS: GA-005-3060

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(CUSTOMER EXPERIENCE CENTRE)

AUDITORS

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Chartered Accountants, Tax &
Management Consultants
2nd Floor Trinity House, Ring Road East
P.O. Box CT2890 Cantonments, Accra

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

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UNITED KINGDOM

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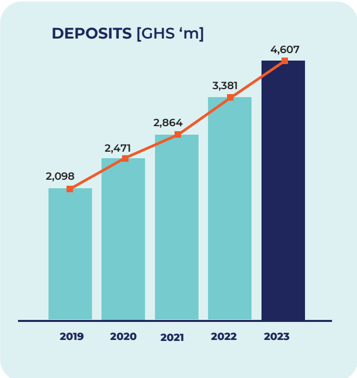
GERMANY

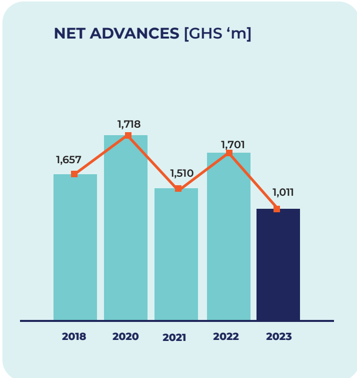
ODDO BHF SE
GALLUSANLAGE 8-D
60329 FRANKFURT AM MAIN
GERMANY

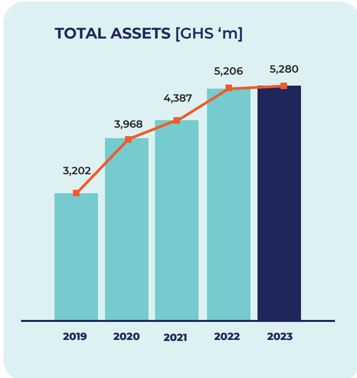
GHANA INTERNATIONAL BANK PLC
67 CHEAPSIDE 1ST FLOOR
LONDON EC2V 6AZ
UNITED KINGDOM

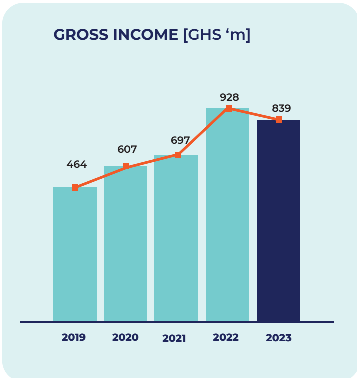
BANK OF BEIRUT (UK) LTD
17A CURZON STREET
LONDON
UNITED KINGDOM

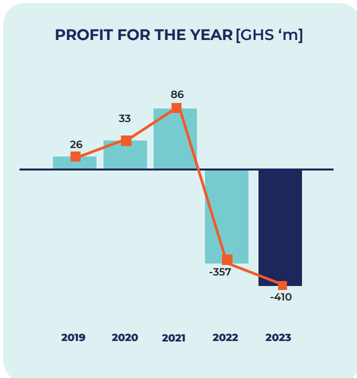
FINANCIAL HIGHLIGHTS

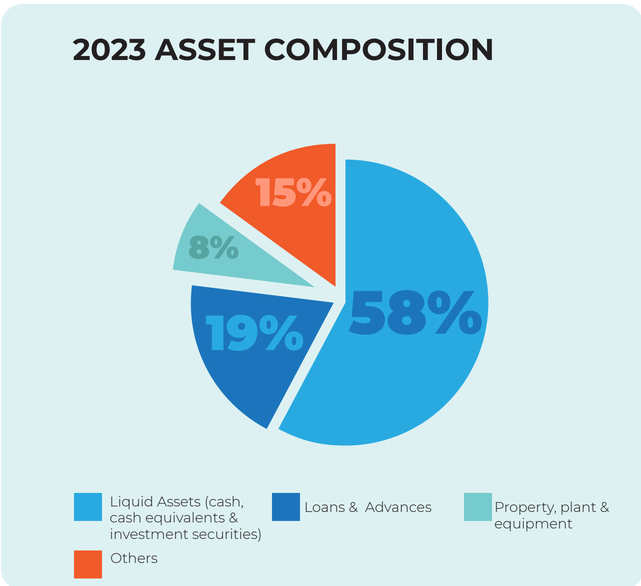


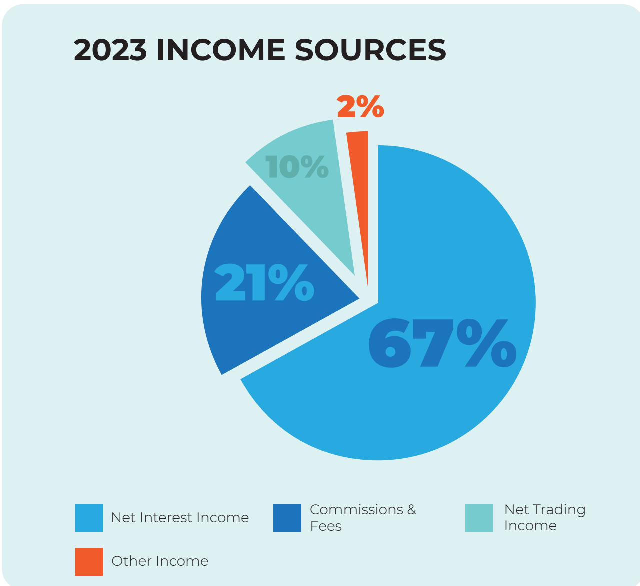












FIVE YEARS BANK PERFORMANCE (2019-2023)

STATEMENTS OF COMPREHENSIVE INCOME

in thousands of Ghana cedis					
	2019	**2020**	**2021**	**2022**	**2023**
Interest income	367,123	504,123	583,637	750,349	674,646
Interest expense	(182,775)	(220,034)	(239,643)	(363,822)	(380,186)
Net interest income	**184,348**	**284,089**	**343,994**	**386,527**	**294,460**
Net fee and commission income	55,868	56,895	64,387	82,425	90,617
Net trading and other operating income	36,631	38,984	38,371	80,235	51,043
Operating income	**276,847**	**379,968**	**446,752**	**549,187**	**436,120**
Net impairment loss on financial assets	(34,196)	(86,195)	(64,099)	(699,645)	(660,311)
Operating expenses	(207,027)	(233,353)	(246,394)	(287,602)	(380,440)
Profit/ (loss) before tax	**35,623**	**60,420**	**136,259**	**(438,060)**	**(604,631)**
Income tax expense	(9,288)	(27,240)	(49,963)	81,004	194,989
PROFIT/ (LOSS) FOR THE YEAR	**26,335**	**33,180**	**86,296**	**(357,056)**	**(409,642)**
Other comprehensive income (net of tax)	–	–	–	–	140,984
TOTAL COMPREHENSIVE INCOME/ (LOSS)	**26,335**	**33,180**	**86,296**	**(357,056)**	**(268,658)**
RETAINED EARNINGS					
Balance at 1st January	(23,852)	(1,894)	20,282	49,799	(464,238)
Prior year adjustment	–	(6,403)	–	–	–
Profit/ (loss) for the year	26,335	33,180	86,296	(357,056)	(409,642)
	2,483	**24,883**	**106,578**	**(307,257)**	**(873,880)**
Transfer to statutory reserve	(13,168)	(16,591)	(43,148)	–	–
Transfer to credit risk reserve	8,790	11,990	(13,631)	(141,981)	194,422
Dividend paid	–	–	–	(15,000)	–
Balance at 31st December	**(1,894)**	**20,282**	**49,799**	**(464,238)**	**(679,458)**

FIVE YEARS BANK PERFORMANCE (2019 – 2023)

STATEMENTS OF FINANCIAL POSITION

in thousands of Ghana cedis					
	2019	**2020**	**2021**	**2022**	**2023**
Assets					
Cash and cash equivalents	402,455	731,533	658,743	1,365,428	1,158,267
Investment securities	832,437	1,212,059	1,912,730	1,613,177	1,901,551
Loans and advances	1,657,080	1,717,792	1,509,558	1,701,349	1,010,841
Investments (other than securities)	1,766	1,766	1,766	766	766
Tax assets	7,903	–	8,639	161,389	336,680
Intangible assets	6,586	14,506	11,764	10,398	5,749
Property, plant & equipment	223,563	234,324	227,021	226,667	405,908
Right-of-use assets	12,895	12,605	9,688	11,942	13,074
Other assets	57,668	42,996	46,943	115,230	446,831
Total assets	**3,202,352**	**3,967,581**	**4,386,852**	**5,206,346**	**5,279,667**
LIABILITIES AND SHAREHOLDERS' FUNDS					
Liabilities					
Deposits	2,098,336	2,470,695	2,864,068	3,381,273	4,607,130
Tax liabilities	10,498	13,628	2,869	–	–
Borrowings	423,846	735,549	668,165	1,309,749	385,810
Lease liability	6,970	6,625	3,403	2,505	3,057
Other liabilities	34,744	86,348	107,315	143,843	183,352
Total liabilities	**2,574,394**	**3,312,845**	**3,645,820**	**4,837,370**	**5,179,349**
Shareholders' Funds					
Stated capital	402,431	402,431	402,431	402,431	402,431
Retained earnings	(1,894)	20,282	49,799	(464,238)	(679,458)
Statutory reserve	55,708	72,299	115,447	115,447	115,447
Revaluation reserve	120,914	120,914	120,914	120,914	261,898
Credit risk reserve	50,800	38,810	52,441	194,422	–
Credit risk reserve	59,590	50,800	38,810	52,441	194,422
Total equity and reserves	**627,958**	**654,736**	**741,032**	**368,976**	**100,318**
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	**3,202,352**	**3,967,581**	**4,386,852**	**5,206,346**	**5,279,667**

CHAIRPERSON'S STATEMENT

Muriel Susan Edusei (Mrs.)

1.0 INTRODUCTION

Good morning Distinguished Shareholders, Directors, our External Auditors, Ladies and Gentlemen. You are welcome to the 27th Annual General Meeting of Prudential Bank LTD. I am pleased to present to you the Chairperson's Statement for the year ended 31st December 2023. I will begin by positioning the Bank within the operating environment in which it carried out its business.

2.0 THE OPERATING ENVIRONMENT

2.1 Key global economic developments and conditions

In 2023, central banks continued to institute unprecedented monetary measures aimed at curtailing high inflation, stabilize prices and revive economic growth. Gradually, inflation was brought under control but remained above pre-pandemic levels. The IMF in its 2024 *World Economic Outlook* reports, estimated global headline inflation for 2023 at an annual average of 6.8%, compared to the pre-pandemic (2017 – 2019) annual average of about 3.5%.

Global economic growth though sluggish, performed better than expected according to the IMF's April 2024 *World Economic Outlook* report. This was due to increased consumer spending driven by growth in employment, incomes and government spending in the advanced economies.

Overall, global economic growth for 2023 estimated at 3.2%, was lower than the pre-pandemic historical average of 3.8% from 2000 to 2019. In sub-Saharan Africa, the economic growth rate decelerated from 4.0% in 2022 to 3.4% in 2023.

2.2 Domestic macroeconomic conditions

2.2.1 Fiscal consolidation

The Ghanaian economy in 2023 was characterized by measures aimed at fiscal consolidation. These were supported by a three-year Extended Credit Facility (ECF) of about US$3.0 billion to the Government of Ghana by the International Monetary Fund (IMF).

Pursuant to the ECF, the Government of Ghana in February 2023 concluded the first round of a Domestic Debt Exchange Programme (DDEP) as part of the Government's debt restructuring programme where government bonds of varying maturities were exchanged for twelve (12) new government bonds with reduced coupon rates and extended maturities including a moratorium on principal repayments. Other aspects of the DDEP were concluded in September 2023. The Ministry of Finance indicated that an amount equivalent to GHS203 billion, including amounts owed to the Central Bank of Ghana were exchanged under the DDEP, resulting in savings of GHS63 billion for the Government. Discussions with external creditors also took place as part of the debt restructuring process.

Other fiscal policy measures implemented during the year 2023 were in alignment with the requirements under the IMF programme.

2.2.2 Economic Growth and Fiscal Performance

The growth of the Ghanaian economy in 2023 continued to decelerate. The Ghana Statistical Service provisionally estimated the annual growth rate of real Gross Domestic Product, GDP, (including Oil) for 2023 at 2.9% compared with 3.8% for the same period in 2022. Provisional data on budget execution from the Bank of Ghana indicated that the overall fiscal deficit for 2023 was 3.0% of GDP compared to the target deficit of 5.5% and a deficit of 8.1% in 2022.

2.2.3 Inflation, Monetary Policy and Interest Rates

The rate of inflation declined gradually from the peak of 54.1% recorded at the end of December 2022 to 23.2% at the end of December 2023. Bank of Ghana attributed this to several factors including the implementation of tight monetary policies throughout the year, stable crude oil prices, which positively impacted transportation costs, and a relatively stable exchange rate environment.

The Monetary Policy Rate (MPR) increased by 300 basis points from 27.0% at the end of December 2022 to 30% at the end of December 2023.

Interest rates on the money market declined on short-dated government securities. The interest rate on the 91-day Treasury bill decreased from 35.5% at the end of December 2022 to 29.4% at the end of December 2023. The yield on the long-dated government bonds dropped to single digits in March and April 2023 following the DDEP in February 2023 before gradually increasing. The yield on the 10-year Treasury bond decreased from 57.9% at the end of December 2022 to 9.6% in March 2023 before increasing to 14.9% at the end of December 2023.

The weighted average inter-bank overnight interest rate, which reflects the rate at which commercial banks borrow from and lend to each other, increased from 25.5% at the end of December 2022 to 30.2% at the end of December 2023.

2.2.4 Depreciation and Exchange Rates

Overall, the cedi depreciated by 27.8% against the US dollar from GHS8.58 to the US dollar at the end of 2022 to GHS11.88 at the end of 2023. The cedi had depreciated by 30% against the U.S. dollar at the end of December 2022 but sharply recovered to 20.6% by the end of January 2023. Between January 2023 to the end of December 2023, the cedi depreciated by 7.8% indicating relative stability against the US dollar post-DDEP. In relation to the British pound sterling, the cedi depreciated by 31.9% compared to a depreciation of 21.2% the previous year. The cedi also depreciated by 30.3% against the euro during the year under review in comparison to a depreciation of 25.3% in 2022.

2.3 The Banking Sector

2.3.1 Banking sector performance post - DDEP

Some banks in the sector recovered from the effects of the DDEP and remained stable, liquid and profitable, whilst some continued to be negatively impacted resulting in the posting of significant losses. According to the Bank of Ghana, the generally improved profitability was on the back of sustained increases in net interest income, fees and commissions. Bank of Ghana further indicated that overall, the financial position of the banking sector was strong as assets increased in December 2023, largely funded by deposits. Key financial soundness indicators remained positive except for the nonperforming loan ratio, which increased in 2023. The stability of the sector was further strengthened by the ongoing implementation of recapitalisation plans as well as support from the Ghana Financial Stability Fund (GFSF) set up to mitigate the impact of the government's debt operations on the financial sector.

2.3.2 Other banking sector developments

The Bank of Ghana in December 2023 published an exposure draft on the Business Model and Viability Analysis framework. The document, when finalized, will enhance the risk-based approach to the supervision of banks through the assessment of the viability and sustainability of a bank's business model.

3. PRUDENTIAL BANK LTD IN YEAR 2023

3.1 Financial position of the Bank post-DDEP

The Bank's total assets increased marginally by 1.3% from GHS5.21 billion at the end of 2022 to GHS5.28 billion at the end of 2023. Earning assets, comprising loans & advances to customers and investments in Government of Ghana securities, however, reduced by 13% from GHS4.68 billion at the end of 2022 to GHS4.07 billion at the end of 2023.

The reduction in earning assets was driven mainly by an asset quality review which resulted in a cumulative impairment provision of GHS915 million on the loan portfolio at the end of 2023 compared to GHS274 million at the end of 2022. Also, following approval granted by the Bank of Ghana, the Bank wrote off uncollectable and fully provisioned loans amounting to GHS109 million.

The Bank grew its deposit portfolio by 36% (GHS1.2 billion) from GHS3.38 billion at the end of 2022 to GHS4.60 billion at the end of 2023 compared to a deposit growth rate of 18% in 2022, through aggressive mobilization of low-cost deposits using its collection platforms. This significant increase (100%) in deposit growth contributed to the reduction of short-term borrowings from the overnight market and repurchase agreements, by 71% from GHS1.31 billion at the end of 2022 to GHS386 million at the end of 2023.

3.2 Financial performance

Operating income reduced by 21% from GHS549 million in 2022 to GHS436 million. This was on account of the reduced earning assets on the loan portfolio and the much lower coupon rates of the new Bonds issued by Government of Ghana under the DDEP. Operating expenses, on the other hand, increased by 32% from GHS288 million in 2022 to GHS380 million in 2023. Profit before impairment declined by 79% from GHS262 million in 2022 to GHS56 million. Net impairment loss resulting from the cleanup of the loan portfolio, amounted to GHS660 million compared to the amount of GHS700 million for 2022. This resulted in the Bank posting a loss of GHS410 million in 2023 compared to the loss of GHS357 million in 2022. The Bank, as a consequence, recorded negative returns on its assets and equity in 2023.

Distinguished Shareholders and Directors, 2023 was a challenging year for the Bank, due to a number of significant events which happened during the year and their impact on our operations. Going forward, we are optimistic that we will leverage on this healthier earning assets portfolio and build on it to become a resilient and sustainable bank.

3.3 Other key developments in 2023

2023 was the final year of the implementation of the Bank's medium-term strategy, 2020 to 2023. During the year in review, the Bank:

i. Continued to reorganize its internal processes and structures to enhance operational efficiency. This resulted in the restructuring of the Credit Administration, Branch Operations, Trade Services, Treasury, Information Technology, Internal Audit, and Internal Control functions.

ii. Outsourced non-core ancillary services.

iii. Continued to develop its business relationship management structure to drive the growth of business from existing customer relations and unlock new growth opportunities.

iv. Became a Partner Bank to MTN, which significantly contributed to the mobilization of low-cost deposits and float to manage daily liquidity.

v. Deepened its relationship with Mastercard through an arrangement in which Mastercard will provide sales, marketing, advisory and capacity building support to the Bank over a five-year period.

3.4 Corporate Social Responsibility

During the year under review, as part of our corporate social responsibility (CSR), we invested GHS1.1 million (2022: GHS1.3 million) in our communities to support the following causes or institutions:

i. Forestry Commission;

ii. Oforikrom Police Station;

iii. National Teaching Council 2023 Ghana Teacher Prize;

iv. Daughters of the Most Blessed Trinity, Kumasi;

v. Village of Hope;

vi. Lifeline for Childhood Cancer Ghana;

vii. Korle Bu Teaching Hospital;

viii. Dagbon Development Fund;

ix. Sunyani Traditional Council;

x. Edina Traditional Council;

xi. University of Ghana Students Representative Council;

xii. University of Cape Coast Students Representative Council;

xiii. University of Media, Art and Communication; and

xiv. Graduate Students Association of Ghana, Legon.

Further information regarding the Bank's corporate social responsibility initiatives is provided in the 2023 Annual Report.

3.5 Corporate Governance

The Board continued its oversight role to strengthen good governance in the Bank.

Mr. Yaw Opoku Atuahene resigned from the Board in September 2023 and is yet to be replaced. He was appointed to the Board in April 2020 as an independent non-executive director. On behalf of the Board, I thank him for his contribution to the Bank and wish him well in his future endeavours.

A comprehensive report on corporate governance is provided in the 2023 Annual Report.

4.0 OUTLOOK FOR THE YEARS 2024 AND 2025

4.1 The global economy

According to the IMF, the growth outlook in the near and medium terms remain subdued in most countries, particularly in the emerging markets and developing economies (EMDEs). It projects that global economic growth will remain at 3.2% for 2024 and 2025. Growth in EMDEs is projected to decline marginally from 4.3% in 2023 to 4.2% in 2024 and 2025. Over the medium term, the IMF projects a global economic growth rate of 3.1%, which will be the lowest in decades. In sub-Saharan Africa, economic growth rate is projected to rebound from 3.4% in 2023 to 3.8% in 2024 and 4.0% in 2025.

Downside risks to the growth projections include price increases due to continuing geopolitical tensions, tax hikes and spending cuts by governments to curtail rising public debts. On the upside, the IMF projects rapid decreases in the rates of inflation enabling central banks to ease tight monetary restrictions quickly.

4.2 The Ghanaian economy

The outlook for the Ghanaian economy is positive following two successful reviews of the ongoing implementation of the economic programme under the Extended Credit Facility arrangement with the IMF. Inflation is expected to ease further as tight monetary and fiscal policies continue to be maintained in the near term. IMF projects an average GDP growth rate of 2.8% in 2024 and 4.4% in 2025 compared to the growth rate of 2.9% in 2023.

4.3 The Ghanaian banking sector

The banking sector is on course to recover from the adverse impact of the DDEP as capital buffers eroded due to the DDEP are being restored in line with the implementation of capital restoration plans submitted by affected banks to the Bank of Ghana. Additionally, the Ghana Financial Stability Fund (GFSF) has been operationalised to provide solvency and liquidity support to state-owned and indigenously controlled banks. Any government support for recapitalization through the GFSF would, however, follow strict conditions including reforms to improve long-term profitability. Meanwhile, Government in the 2024 budget has indicated that it would continue to address legacy issues relating to the banking sector clean-up.

On the operational front, banks continue to shy away from long-dated Government securities and rely on the relatively shorter-dated Treasury bills and BOG bills for profitability. The main strategies and tools that will continue to drive competition in the industry include:

- A robust risk management framework;
- Product innovation in the area of electronic based banking products;
- Transformation of service delivery platforms through the use of technology to offer speed, security and convenience to customers; and
- The mobilisation of low-cost deposits.

4.4 Prudential Bank LTD

The Board has approved a new medium-term strategy document, the PBL Strategic Plan (2024 – 2028), which is a rolling plan in accordance with Section 21 of the Bank of Ghana Risk Management Directive and will be revised on an annual basis.

Distinguished Shareholders and Directors, in spite of the daunting challenges faced, the Bank has achieved significant milestones. The focus on digitalization, operational efficiency, and risk management has laid a strong foundation for future success. The Bank remains committed to growth, profitability and delivering good value to shareholders, in particular, and other stakeholders. This is the overarching goal of the new medium-term strategy. The Plan also aims to transition the Bank from the fourth tier position in the Ghana banks ranking to the third tier over the five-year period.

Following extensive deliberations during the preparation of the medium-term strategy, the mission, vision, and core values of the Bank were reformed to accurately reflect the Bank's strategic direction and focus and meet the aspirations of our shareholders and all stakeholders.

In 2024, the Bank aims to complete the capital restoration process. The ongoing change management process will be accelerated to ensure alignment of all staff with the new performance-oriented, forward-looking, and technology-driven culture. The Bank will also continue to develop and deliver profitable tailor-made products for specific customer segments.

5.0 ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express our gratitude to our loyal customers to whom we owe our continued existence. Our appreciation also goes to our Shareholders for their forbearance and support. We also thank Management and Staff for their dedicated services. Finally, I wish to express my personal gratitude to my colleague Board Members whose support in the face of all the daunting challenges, have ensured that the Bank forged ahead and made good progress towards achieving our vision of becoming the financial service provider of choice that delivers exceptional value.

Thank you and God bless you.

MURIEL SUSAN EDUSEI (MRS.)
CHAIRPERSON

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PRUDENTIAL BANK
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2023 ANNUAL REPORT

CORPORATE GOVERNANCE

- Board profile
- Management profile
- Report of the Directors
- Corporate governance report

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BOARD PROFILE

Muriel Susan Edusei
Chairperson

Mrs. Muriel Susan Edusei is a business leader with expertise in Banking & Finance, Corporate Governance and, Corporate Restructuring.

She worked with the National Investment Bank in various positions for 18 years retiring as the 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.

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

Muriel holds a degree of Bachelor of Science in Administration (Accounting Option) and a Master of Business Administration in Finance both of which were obtained from the University of Ghana Business School. She is a Hubert Humphrey Fellow and during her fellowship programme in the United States, 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.

Muriel was appointed to the board of the Bank in April 2020 and was elected Chairperson.

Mr. Bernard Gyebi is a banking professional with 27 years of experience working in reputable banks and financial institutions. He was appointed Managing Director of Prudential Bank in February 2023 following an approval by the Bank of Ghana.

Until his appointment, he was the General Manager in charge of Risk Management at Republic Bank (Ghana) PLC, where he worked for four years. He was seconded for a period of 15 months to the head office of Republic Financials Holdings Limited of Trinidad & Tobago, the parent company of the Republic Group where he handled risk management assignments related to seven of the Group's subsidiaries, mostly resident in the Caribbean. He also worked for the Agricultural Development Bank PLC (ADB) for eight years first, as Executive Head of Credit Risk and later as the Chief Risk & Compliance Officer. Prior to joining ADB, Bernard worked for Stanbic Bank Ghana Limited as Head of Credit. He also worked for Barclays Ghana (now Absa Bank of Ghana LTD) from September 1999 to December 2007 in various roles including Senior Credit Analyst (while on secondment to Barclays Africa head office in Johannesburg, South Africa) and as Head of Corporate Credit.

Bernard Appiah Gyebi
Managing Director

Bernard holds a degree of Master of Business Administration with specialization in Risk Management & Investment from the Imperial College London, U.K. and a Post-Graduate Degree (PGD) in Corporate Management & Finance from the Universite Paris Pantheon-Sorbonne, France. He also holds a degree of Bachelor of Science in Planning from the Kwame Nkrumah University of Science & Technology, Kumasi.

Daniel Asah Kissiedu
Non-Executive Director

Mr Daniel Kissiedu is a banking, consulting, and business executive with 22 years' experience in providing strategic guidance to businesses, structuring transactions, and providing solutions in energy and logistics.

Daniel is currently the Managing Director of Compass Prime Limited, a trade and logistics company. Prior to this role, he was the Managing Director of Trade and Logistics Africa Limited, a position he held for 10 years. He had previously been the Chief Operating Officer at Osam Energy Company Ltd. Daniel 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.

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

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

Mr. Daniel Larbi-Tieku iis a chartered accountant with over 30 years' experience in financial and management accounting in the manufacturing and financial services sectors. He was appointed the Group Chief Executive Officer of the Enterprise Group in April 2023, having served as the Deputy Chief Executive Officer of the Group for three years. He serves on several boards of the Enterprise Group including the boards of Enterprise Funeral Services Limited, Enterprise Insurance Company and Enterprise Life Assurance, Nigeria.

Daniel joined the Enterprise Group in May 2011 as the General Manager, Finance of Enterprise Life Assurance Company Limited. He was appointed the Group Chief Finance Officer in May 2016 and then the Deputy Group Chief Executive Officer in 2020. Prior to joining the Enterprise Group, Daniel worked for 11 years as the Finance Director of The Coca-Cola Bottling Company of Ghana Limited. He had also worked for the same company for a year as the Management Accountant.

Daniel is a Fellow of the Association of Chartered Certified Accountants, UK (FCCA) and a Fellow of the Institute of Chartered

Daniel Larbi-Tieku
Independent Non-Executive Director

Accountants, Ghana (FCA). He possesses a degree of Bachelor of Science in Administration (Accounting option) which he obtained from the University of Ghana Business School in 1988.

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

Juliana Addo-Yobo
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.

Juliana is a SSNIT representative on the Board of Directors of Hotel Investments Limited (Labadi Beach Hotel) and has also served as a member of the Ghana Revenue Authority (GRA) Board. She was 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.

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

Mrs. Victoria Barth is a lawyer with over 20 years' experience in legal practice. She is the Managing Partner of Sam Okudzeto and Associates, a tier one Ghanaian law firm. She is a member of the Ghana Bar Association, International Bar Association, Commonwealth Lawyers Association and African Arbitration Association. She serves on other boards including the SOS Children's Villages Ghana LBG. She is an adjunct lecturer at the Ghana School of Law and the Head of Faculty for Advocacy and Legal Ethics.

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

Victoria Barth
Non-Executive Director

Ofotsu A. Tetteh-Kujorjie
Non-Executive Director

Mr. Ofotsu A. Tetteh-Kujorjie is a lawyer and an engineer with management and finance, as well as public and private - sector leadership experience. He has 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. Ofotsu 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.

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

He was appointed to the Board of Prudential Bank in August 2020.

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.

Peter 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 where he served for eight years.

Prior to his position at Pentecost University, 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, he served on several committees and boards including the Academic Board and as Chairman of the KNUST Basic Schools Board.

He has published many academic papers and book chapters in peer-reviewed academic journals locally and internationally.

He is a member of the Board of Ghana Revenue Authority. He chairs the Advisory Board of Environment and Sanitation Cluster of the Jospong Group of Companies and the Council of Entrance University College of Health Sciences.

Peter Ohene Kyei
Non-Executive Director

Peter 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.

He was appointed to the Board of Prudential Bank in August 2020.

Felix Kwesi Duku
Non-Executive Director

Mr. Felix Kwesi Duku has over 33 years of 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.

Felix pioneered the setting up of the Electronic Banking Department for Ecobank Ghana. He founded Duku Consulting Limited in 2006 and since then has helped a number of financial institutions in Ghana to formulate and roll out 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, CAL Bank, Agricultural Development Bank, among others. He has also consulted for the Ghana Revenue Authority and the Volta River Authority.

Felix was 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).

Felix holds a degree of Bachelor of Science 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 and Fintechs: Disruption in Finance* - both from the University of Cape Town. He is a member of ISACA, a thought leader and subject matter expert in Digital Banking, Core Banking, Blockchain, Cryptocurrency and Big Data Analytics.

Felix was appointed to the Board of Prudential Bank in July 2021.

Mrs. Alison Ann Debrah is a chartered accountant and a chartered governance professional with over 32 years' experience in various Accountancy, Administration, Banking and Corporate Governance roles. 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 with a joint degree of Bachelor of Science in Economics & Accounting.

Alison 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.

Alison joined Prudential Bank in March 2020 and was appointed head of Administration in September 2020. In November 2020, she was appointed to the additional role of Company Secretary.

Alison Ann Debrah
Company Secretary

MANAGEMENT PROFILE

Bernard Appiah Gyebi
Managing Director

Mr. Bernard Gyebi is a banking professional with 27 years of experience working in reputable banks and financial institutions. He was appointed Managing Director of Prudential Bank in February 2023 following an approval by the Bank of Ghana.

Until his appointment, he was the General Manager in charge of Risk Management at Republic Bank (Ghana) PLC, where he worked for four years. He was seconded for a period of 15 months to the head office of Republic Financials Holdings Limited of Trinidad & Tobago, the parent company of the Republic Group where he handled risk management assignments related to seven of the Group's subsidiaries, mostly resident in the Caribbean. He also worked for the Agricultural Development Bank PLC (ADB) for eight years first, as Executive Head of Credit Risk and later as the Chief Risk & Compliance Officer. Prior to joining ADB, Bernard worked for Stanbic Bank Ghana Limited as Head of Credit. He also worked for Barclays Ghana (now Absa Bank of Ghana LTD) from September 1999 to December 2007 in various roles including Senior Credit Analyst (while on secondment to Barclays Africa head office in Johannesburg, South Africa) and as Head of Corporate Credit.

Bernard holds a degree of Master of Business Administration with specialization in Risk Management & Investment from the Imperial College London, U.K. and a Post-Graduate Degree (PGD) in Corporate Management & Finance from the Universite Paris Pantheon-Sorbonne, France. He also holds a degree of Bachelor of Science in Planning from the Kwame Nkrumah University of Science & Technology, Kumasi.

Thomas Broni
Executive Head, Operations

Mr. Thomas Broni has 25 years' working experience in Banking, Accounting, Funds Management and Lecturing of which 21 years has been with Prudential Bank.

He joined Prudential Bank in December 2003 as a Deputy Manager of Internal Audit. Thomas held the following positions in the Bank prior to his appointment as Executive Head of Operations in January 2020: Head of Treasury Department; Head, Risk Management Department; and Head, Compliance Department. He is also an Executive Director of Prudential Securities LTD, the Bank's subsidiary company.

Thomas was a part-time lecturer at the University of Ghana City Campus for three years. Prior to that, he was a teaching and research assistant at the University of Ghana Business School. He had also worked as a lecturer at Katherine & King's College of London.

Thomas is a Fellow of the Association of Chartered Certified Accountants, UK (FCCA). He possesses a degree of Master of Business Administration in Financial Management from the University of Hull, U.K. and a Bachelor of Science in Administration (Accounting option) from the University of Ghana Business School.

George Akwasi Adjei
Executive Head, Credit

Mr. George A. Adjei has 29 years' working experience, 24 years of which has been in banking, holding various senior and executive management roles in Credit.

He joined Prudential Bank in 1999 as an assistant project finance officer and rose to become the head of the Project Finance and Credit Appraisal functions four years later. George was the pioneer head of the Credit Control Department with the responsibility of strengthening the Bank's credit administration and loan maintenance processes in the position he held for 10 years. George in 2017 spearheaded the establishment of the Corporate & Institutional Banking Department. In October 2018, he was appointed the head of Credit Administration supervising the entire credit value chain from origination through to relationship management of credit clients to recovery. In the process, he managed six departments. George's role was upgraded to an executive management status in year 2000 and he has been in that role to date.

Prior to joining Prudential Bank, he worked for Afariwaa Farms & Livestock Limited for five years as the General Manager in charge of production.

George holds a degree of Executive Master of Business Administration in Finance from the University of Ghana Business School and a Bachelor of Science in Agriculture from the Kwame Nkrumah University of Science & Technology, Kumasi.

Ebow Quayson
Executive Head, Retail & Commercial Banking

Mr. Ebow Quayson is a business executive with 26 years of experience in banking. He joined Prudential Bank in July 2020 as the pioneer Executive Head, Business Development.

Commencing his career in 1998 as a customer service officer at Standard Chartered Bank, Ebow rose to become Branch Manager and later as Associate Director for Financial Institutions. He also worked for First Atlantic Bank, OmniBSIC Bank and Agricultural Development Bank (ADB) between 2012 and 2020. He occupied various roles including Group Head, Retail Banking; Head, Personal & Business Banking; and Head of Electronic Business.

Ebow holds a degree of Bachelor of Arts in Economics & Political Science from the University of Ghana and Executive Master of Business Administration in Marketing from the University of Ghana Business School.

He is an associate member of the Chartered Institute of Marketing, Ghana (CIMG) and also has certification from ICMQ- Securities Institute of London.

Akosua Ampofowah Boahen
Head, Marketing and Corporate Affairs

Mrs. Akosua Ampofowah Boahen has 29 years' working experience mainly in the banking and telecommunication sectors.

Akosua joined Prudential Bank in August 2006 and has held various roles in business development, marketing communication and customer service. She was appointed head of Marketing and Corporate Affairs in March 2012.

Prior to joining Prudential Bank, Akosua worked for the then Ghana Telecom (now Telecel) for 10 years in roles including Commercial Manager for fixed network services, and Senior Manager in charge of customer service.

Akosua holds a degree of Master of Arts in Public Relations obtained from Ghana Institute of Journalism. She also possesses a Master of Business Administration in Marketing from the University of Ghana Business School and a Bachelor of Science in Social Sciences (Economics and Law) from the Kwame Nkrumah University of Science & Technology, Kumasi.

Leopold Leslie Lankwei Armah
Chief Information Officer

Mr. Leopold L.L. Armah has over 22 years professional experience working in the Telecommunication and Financial sectors. He joined Prudential Bank in January 2021 to set up the Digital Transformation Department and lead the implementation of the Bank's digital strategy. He was in September 2023 appointed the Chief Information Officer of the Bank and oversees the reconfigured Technology, Information Systems, Electronic Banking and Digital Transformation departments.

Prior to joining the Bank, Leopold worked for eight years with Guaranty Trust Bank (Ghana) Limited in various I.T. -related roles including Group Head, Technology and Divisional Head, Technology & Transaction Banking. He had also worked for four years with SSNIT Informal Sector as the head of I.T. and four years as an MIS Consultant to the Central Government Project, a project jointly ran by the governments of Ghana and Canada. Leopold also had a year's stint with the Unique Insurance Company Limited as the head of I.T.

He holds a degree of Executive Master of Business Administration in Information Technology from the Paris Graduate School of Management in France. He also holds a Postgraduate Certificate in Public Administration from the Ghana Institute of Management & Public Administration (GIMPA) and a degree of Bachelor of Science in Computer Science & Statistics from the University of Ghana.

Nana Offei Djan
Head, Legal Services

Nana Offei Djan was called to the Ghana Bar in June 2003 having obtained his Qualifying Certificate in Law from the Ghana Law School. He also possesses a degree of Bachelor of Arts in Political Science & Sociology from the University of Ghana. He has 21 years' experience in both private and corporate legal practice.

Nana Offei joined Prudential Bank in 2009 as a Legal Officer and rose to his current position as the head of Legal Services in July 2020. Prior to joining the Bank, he worked for three years with the Ghana Prisons Service as a Legal Officer/Civilian Employee. He also had a year's stint with Archer, Archer & Co. (Legal Practitioners and Notary Public) and three years with Messrs. Kye & Co. (Legal Practitioners).

Mr. Frank Kwabena Kommey is a finance professional with 15 years' experience in consulting and financial services. He joined Prudential Bank in May 2021 as the Chief Finance Officer.

He previously worked for Zenith Bank (Ghana) LTD in various roles including Internal Audit, Custodian Banking and Financial Control & Strategic Planning between 2012 and 2020 and rose to the position of Financial Controller. He also worked for PricewaterhouseCoopers (PwC), where he served clients mainly within the financial services industry.

Frank is a Fellow of the Association of Chartered Certified Accountants, UK (FCCA). He holds a degree of Master of Business Administration from the University of East London and a Bachelor of Science in Administration (Accounting option) from the University of Ghana Business School.

Frank Kwabena Kommey
Chief Finance Officer

Lilian Antwiwaa Asante
Head, Human Resource

Ms. Lilian Antwiwaa Asante is a human resource and a legal practitioner, with extensive experience and knowledge of the labour, employment, and employee relations landscape across various industries. She joined the Bank in November 2023 as the head of Human Resource.

Until her appointment, Lilian was the Country People Lead for Accra Brewery PLC, a subsidiary of Anheuser-Busch InBev (ABInBev), a position she held for about five years. Prior to that, she was the Legal and Compliance Manager of Voltic Ghana Limited and Accra Brewery PLC, when both organizations were subsidiaries of SABMiller. Lilian previously worked as the Head of Employee Relations at Standard Chartered Bank Ghana PLC, a role that enabled her to work in various markets across Africa. She also worked at the Gamey & Gamey Institute, a specialized human resources and industrial relations consulting firm, during which time she provided training on arbitration, mediation and negotiation. Lilian has been a consultant for a number of local businesses and multinational organizations. She has also provided support to the National Labour Commission (NLC) as a mediator and arbitrator for over a decade. In addition to that, Lilian has undertaken legal practice with Jan Chambers, a boutique law firm.

Lilian holds a Juris Doctorate (JD) from The Ohio State University, Moritz College of Law, and a Practicing Law License from the Ghana School of Law. She holds a degree of Bachelor of Science in Agricultural Economics from the Kwame Nkrumah University of Science and Technology, and a Diploma in Business Practice from the Henley Business School.

LIST OF OTHER KEY MANAGEMENT PERSONNEL OF THE BANK

The list of other Key Management Personnel at the reporting date is shown below:

Name	Designation	Educational /Professional Qualification(s)	Date appointed KMP
1. Frank Afari Ankamah	Head, Electronic Banking	EMBA (Marketing) M.Sc. (IT/ e-Commerce) Diploma (Librarianship)	January 2008
2. Seth Ampaabeng Kyeremeh	Treasurer	FCCA EMBA (Finance) B. Sc. (Admin. -Accounting option)	June 2008
3. Joseph Wellington Baah	Team Lead, Business Credit Origination	M.Sc. (International Business Management) B. Sc. (Admin. -Accounting option)	August 2008
4. Benjamin Adoayi Mills-Pappoe	Head, Corporate Planning & Research	ACCA MBA (Finance) B.Sc. (Chemical Engineering)	February 2017
5. Vivian Boakye Ameyaw (Mrs.)	Head, Trade Services	Commonwealth EMBA B.Sc. (Mathematics) Certificate in International Trade and Finance (LIBF Level 3)	March 2018. Has been on Leave of Absence since August 2023
6. Solomon Torson	Chief Information Security Officer	FCCA MBA (Finance) PECB Certified ISO/IEC 27035 Senior Lead Incident Manager PECB Certified ISO 31000 Risk Manager PECB Certified ISO/IEC 27001 Lead Auditor	January 2019
7. Emmanuel Kojo Darko Nteh	Head, Distributions & Channels	MBA (Finance) B. Com.	February 2019
8. Kwasi Owusu Sekyere-Abankwa	Head, Corporate Credit Origination	MBA B. Sc. (Admin. -Accounting option)	April 2019
9. Davies Adu Amponsah	Head, Compliance/ Anti-Money Laundering Reporting Officer	EMBA (Accounting & Financial Services Management) ACIB B.Com. Certified Anti-Money Laundering Specialist, ACAMS Ghana Securities Industry Certificate, GSE	April 2020

10. Alison Ann Debrah (Mrs.)	Head, Administration/ Company Secretary	ICSA CIPFA B.Sc. (Economics & Accountancy)	September 2020
11. Frederick Kwabena Adomako-Ansah	Head, Commercial Banking	Commonwealth EMBA (Corporate Finance) ACIB B.A. (Sociology & Philosophy)	June 2021. Has been on Leave of Absence since August 2023
12. Florence Naa Komley Addo-Quaye (Mrs.)	Head, Personal Banking	EMBA (Human Resource Management) B.Sc. (Botany) Certificate in International Business	September 2021
13. Kwadwo Nkansa-Boadi	Chief Internal Auditor	CA B.A. (Economics and Geography & Resource Development)	January 2023
14. Harry Amoah Oppong	Head, Institutional Banking	EMBA (Finance) B.A. (Political Science with Philosophy) Certificate in Public Relation, Advertising and Marketing	February 2023

The following Key Management Personnel have retired or resigned from the Bank at the reporting date:

Name	Designation	Educational /Professional Qualification(s)	Remarks
1. Francis Kugblenu	Head, Information Technology	PGC (Computer Science) B.Sc. (Computer Science & Statistics) ISO 27001-2012 ISMS Lead Implementer	Resigned in May 2023
2. Theodore Bob Senaya	Head, Risk Management	M.Sc. (Accounting & Finance) B.Sc. (Admin. – Banking & Finance option) ISO 31000 Certified Risk Manager	Retired in July 2023
3. Sedinam Yawa Tweneboah (Mrs.)	Head, Human Resources	MBA (Human Resources) B.A. (Management & Sociology)	Resigned in July 2023
4. James Allen Kweku Abban	Head, Loan Recovery	LLB QCL B.A. (Classical Civilization & History)	Retired in September 2023

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to the members the financial statements of the Bank and its subsidiary for the year ended 31st December 2023 and report thereon as follows:

A. SUBSIDIARY COMPANY

The subsidiary company of the Bank, Prudential Securities LTD was incorporated in Ghana and wholly owned by the Bank. The Company is engaged in fund management services, corporate finance, and business 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 2023 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 – 121.

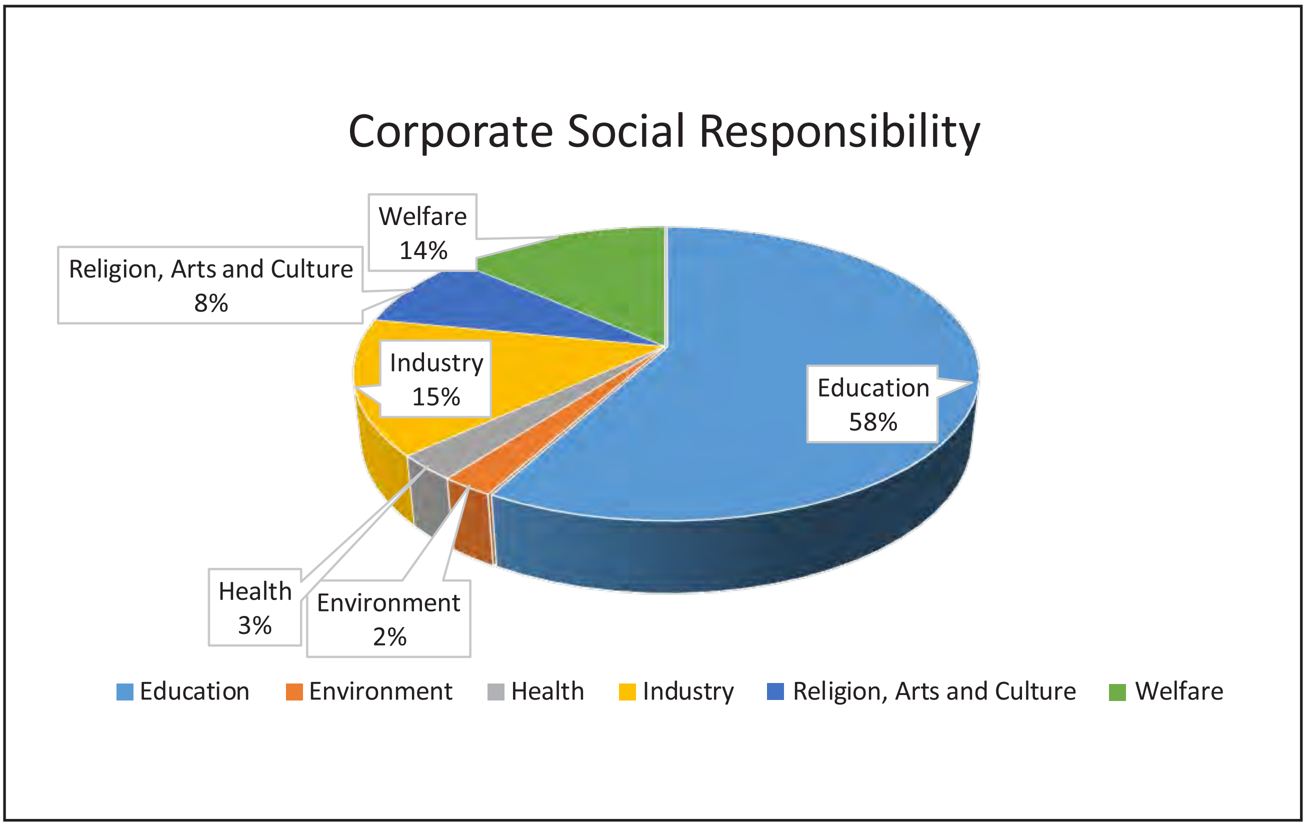
The Directors are unable to recommend the payment of dividend in respect of the year ended 31st December 2023.

D. CORPORATE SOCIAL RESPONSIBILITY

Prudential Bank recognizes that actively engaging with and contributing to our host communities is not merely a social responsibility, but an essential driver of long-term value creation for the Bank and our stakeholders. Our corporate social responsibility (CSR) initiatives are the embodiment of this commitment, forming a vital social contract that guides our interactions and investments within the communities we serve.

We are deeply passionate about community development and dedicated to addressing the economic, social, and environmental needs of our neighbours. To ensure the effectiveness and sustainability of our CSR efforts, we prioritize strategic initiatives with long-term impact. These initiatives are guided by six fundamental pillars, which we believe are the cornerstones of community development and prerequisites for sustainable economic prosperity: Education, Health, Environment, Religion, Arts & Culture, Industry, and Social Welfare.

In the year under review, we invested GHS1.07 million in CSR initiatives, with each pillar receiving dedicated support as outlined in the accompanying diagram. We firmly believe that our CSR programmes and initiatives contribute meaningfully to the overall well-being and growth of our host communities. We remain unwavering in our commitment to making a positive impact, fostering sustainable partnerships, and building a brighter future for all.



E. SUSTAINABILITY

In furtherance to the Board's approval of the Bank's sustainability strategy, general sustainability policy and environmental and social risk policy in December 2022, the 2023 financial year saw the progressive implementation of these approved policies. Steps have been taken to ensure their integration into our corporate planning and decision-making processes. We are committed to ensuring that our business of banking is done in an environmentally friendly and socially responsible manner.

Being a signatory to the Ghana Sustainable Banking Principles launched by the Bank of Ghana, it is our resolve to uphold the tenets and standards enshrined in these principles. We remain steadfast in our commitment to promoting sustainability stewardship within the Ghanaian Banking Industry in line with our overall strategy.

F. AUDIT FEE

An amount of GHS680,318.76 (inclusive of taxes) is payable as audit fee for the Group.

G. INTEREST REGISTER

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

H. GOING CONCERN

The Directors have assessed the Bank's ability to continue as a going concern. They have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing these financial statements. The Board has set in motion a recapitalisation strategy to boost the Group's capital position by the end of 2024.

PRUDENTIAL BANK

I. DIRECTORS' CAPACITY BUILDING

The Board of Directors participated in training for Corporate Governance Certification on the 20th and 22nd of September 2023. Training on Anti-Money Laundering/Combating Terrorism Financing was also organised for the Board on 15th September 2023.

J. FINANCIAL RESULTS

The financial results are as stated below:

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Retained earnings balance as at 1st January	(464,238)	(461,487)	49,799	52,352
Net loss for the year	(409,642)	(408,985)	(357,056)	(356,858)
	(873,880)	**(870,472)**	**(307,257)**	**(304,506)**
The following transfers have been made:				
Dividend paid	–	–	(15,000)	(15,000)
Credit risk reserve	194,422	194,422	(141,981)	(141,981)
Statutory reserve	–	–	–	–
Retained earnings balance as at 31st December	**(679,458)**	**(676,050)**	**(464,238)**	**(461,487)**
Total assets	**5,279,667**	**5,284,338**	**5,206,346**	**5,211,429**

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

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

L. AUDITOR

The Bank's auditor, Messrs Morrison and Associates have served their maximum term of six years and will be replaced in accordance with section 139 (11) of the *Companies Act, 2019 (Act 992)* and 81(4) of the *Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).*

BY ORDER OF THE BOARD

Bernard Gyebi
(Managing Director)

Mrs. Muriel Susan Edusei
(Chairperson)

27th February 2024


Successfully Received

CORPORATE GOVERNANCE REPORT

1.0 INTRODUCTION

Prudential Bank's Board of Directors ("the Board") is committed to upholding the highest standards of corporate governance across all operations of Prudential Bank LTD and its subsidiary (collectively, "the Group"). This dedication serves as a fundamental pillar in safeguarding and maximizing shareholder value while optimizing the Group's financial performance.

The Group's corporate governance framework is guided by relevant laws and regulations, including the *Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930); Companies Act, 2019 (Act 992); Corporate Governance Directive, 2018; Fit & Proper Persons Directive, 2019;* and *Bank of Ghana Corporate Governance Disclosure Directive, 2022.*

This report provides an overview of the Group's corporate governance practices and structures during the financial year ended 31st December 2023, with a focus on the principles and provisions outlined in the Corporate Governance Directive, 2018 and *Bank of Ghana Corporate Governance Disclosure Directive, 2022.*

The report is organized into nine main sections in alignment with the *Bank of Ghana Corporate Governance Disclosure Directive, 2022.*

1. Annual certification
2. Governance structure including other engagements of Directors
3. Board meetings
4. Report on board evaluation
5. Remuneration policies
6. Succession planning
7. Ethics and professionalism
8. Related party transactions
9. Data protection and reports

2.0 CERTIFICATION STATEMENT

The Board of Directors certifies that at the date of this report, Prudential Bank LTD 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 LTD as persons charged with governance.

iii. In 2023, the Board of Directors attended the following training programmes to enhance their knowledge and skills:

- *Risk Management for Boards* facilitated by the Institute of Directors Ghana in April 2023.
- *Corporate Governance Certification Training* facilitated by the National Banking College on the 20th and 22nd September 2023.
- *Crafting Effective Corporate Strategies for Turbulent Business Environments* facilitated by Rev. Ofosu-Darko, a consultant and resource person for the Institute of Directors Ghana in November 2023.
- *Anti-Money Laundering/ Countering the Financing of Terrorism (AML/ CFT)* on 15th September 2023.

3.0 GOVERNANCE STRUCTURE

3.1 Role of the Board

The Board serves as the governing body of the Group and is tasked with, but not limited to, the following responsibilities:

i. Directing and overseeing the Group's operations, which includes approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance, and corporate values.

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

iii. Safeguarding the interests of depositors and other stakeholders.

Collectively, the board members bear the responsibility for the overall supervision, direction, and long-term success of the Group. The day-to-day operations are under the direct purview of the executive management. Non-executive directors play a crucial role in providing independent judgement and scrutiny to decisions made by the executive management.

3.2 Composition of the Board, profile of directors and other engagements of directors

Currently, the Board comprises nine members, consisting of the Managing Director (an executive director) and eight non-executive directors, all of whom are citizens of Ghana. Four of the non-executive directors, including the chairperson, are classified as independent.

The Board boasts a diverse array of competencies and expertise spanning Banking and Finance, Information Technology, General Business, Accountancy, Law, and Corporate Governance.

In accordance with the *Corporate Governance Directive, 2018,* directors are restricted from holding more than five directorship positions concurrently across financial and non-financial entities, including offshore engagements. Furthermore, directors are obliged to avoid situations that may give rise to conflicts of interest with their duties to Prudential Bank. Before assuming any additional directorship role, each director confirms the absence of potential conflicts and provides the Board with assurances that the new appointment will not detrimentally affect their ability to discharge their duties as a director of Prudential Bank.

The composition of the Board is as follows:

	Name of Board Member	Designation	Qualifications	Expertise	Other Directorship/ Professional Engagement
1	Muriel Susan Edusei (Mrs.)	Chairperson (Independent Non-Executive Director)	MBA (Finance)/ B.Sc. (Admin – Accounting option)	Banking & Finance/ Corporate Governance/Corporate Restructuring	None
2	Bernard Appiah Gyebi	Managing Director	MBA (Risk Management & Investment)/ PGD (Corporate Management & Finance)/ B.Sc. (Planning)	Banking & Finance/ Risk Management	None
3	Daniel Asah Kissiedu	Non-Executive Director	MBA (Finance)/ B.Sc. (Planning)	Banking/ General Business	Compass Prime LTD/ Clean Energy Capital LTD
4	Daniel Larbi-Tieku	Independent Non-Executive Director	FCCA/ FCA/ B.Sc. (Admin – Accounting option)	Accountancy/ Finance/ Insurance	Enterprise Insurance Company LTD/ Enterprise Funeral Services LTD/ Enterprise Life Nigeria

5	Juliana Addo-Yobo	Independent Non-Executive Director	LLB/ QCL/ B.A. (Psychology)/ Dip (Human Resources)	Law/ Corporate Governance/ Gender Advocacy	SSNIT (Labadi Beach Hotel)/ Ghana Supply Company LTD
6	Victoria Barth (Mrs.)	Non-Executive Director	LLB/ LPC/ QCL	Law/ Ethics/ Advocacy	Adehye Nsuo LTD/ Axcero LTD/ Popular Merchants LTD/ SOS Children's Villages Ghana LBG
7	Ofotsu Tetteh-Kujorjie	Non-Executive Director	Master of Laws (Taxation)/ Juris Doctor/ Master of Engineering (Industrial Engineering & Operations Research – IT Specialization)/ B.Sc. (Industrial Engineering & Operations Research)	Tax & Corporate Law/ Engineering/ Business & Public Policy	Terra Strategies Global LTD/ Power GIIF LTD
8	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	Bible Society of Ghana/ Ghana Revenue Authority/ Entrance University College of Health Sciences
9	Felix Kwesi Duku	Non-Executive Director	PGC (Business Administration)/ PGD (Advanced IT Digital Strategy for Business)/ B.Sc. (Computer Science)	Information Technology/ Cybersecurity/ Banking	Duku Consulting LTD
	Yaw Opoku Atuahene[1]	Independent Non-Executive Director	MA (Economics, Statistics & Extension Methods)/ M.Sc. (Poultry Science)/ B.Sc. (Agriculture & Resource Economics)	Banking & Finance/ Corporate Governance/ Agriculture	None

Note: 1. Mr. Yaw Opoku Atuahene resigned from the Board in September 2023

In the 2023 financial year, the Bank did not induct any new director. One director, Mr. Yaw Opoku Atuahene, resigned in September 2023. The process for his replacement is ongoing.

3.3 Separation of powers

The Board Chairperson serves as the leading figure of the Board, responsible for fostering its effectiveness in all aspects of its duties. This includes ensuring the Board operates efficiently, discharges its legal and regulatory obligations, and maintains a clear separation of powers from the executive management team. The Chairperson does not hold any executive functions or chair any of the Board's sub-committees, further emphasizing the Board's focus on strategic oversight and guidance.

The Board has delegated the day-to-day management of the Group to the Managing Director, who is supported by the Management Executive Committee. The Managing Director is entrusted with implementing the strategies recommended by the Board and leads the executive management team in formulating and executing operational decisions. This clear delineation of responsibilities fosters a collaborative environment where the Board provides strategic direction while the executive team executes those plans effectively.

3.4 Report on Board evaluation

The Board conducts an annual evaluation of its performance in accordance with *Bank of Ghana's Corporate Governance Directive, 2018,* which requires Boards of regulated entities to carry out annual self-assessments to ascertain their effectiveness.

The last Board Evaluation was for the review period of 2022. The evaluation was done by an external party, MRB Consult in April and May 2023. The aim of the Board self-assessment was to enhance the effectiveness of the Board. Specific objectives included:

- Assuring stakeholders (shareholders, regulators and customers) of the Board's commitment to good governance.
- Assessing whether the Board is fulfilling its mandate adequately.
- Identifying gaps or weaknesses in the Board's performance and analyzing the causes.
- Ascertaining members views on the Board and each other's performance.
- Formulating an improvement plan to address identified weaknesses as well as build the capacity of the Board.

The Board assessment comprised:

- Board self-assessment
- Chairperson assessment
- Individual board member assessment
- Peer-to-peer assessments

The assessment concluded that Prudential Bank has an effective governance framework in place and maintains a quality suite of governance documents with the committees of the board also working well.

The Board has engaged the Institute of Directors Ghana to assist the Board undertake the evaluation of its performance for 2023. The assessment will be carried out on the Board as a whole, and on its underlisted committees:

- Audit Committee.
- Risk Committee.
- Nominations, Human Resources and Governance Committee.
- Credit Committee.
- Cyber and Information Security Committee.
- Ethics and Compliance Committee.

3.5 Board meetings

The Board held 16 meetings during the year 2023. The attendance record of individual directors at Board meetings held in 2023 is shown in the table below:

	Name of Board Member	Status	Scheduled Meeting	Ad hoc Meeting
1	Muriel Susan Edusei (Mrs.)	Chairperson (Independent Non-Executive Director)	11/11	5/5
2	Bernard Gyebi	Managing Director	10/11	4/4
4	Daniel Asah Kissiedu	Non-Executive Director	11/11	5/5
5	Yaw Opoku Atuahene[1]	Independent Non-Executive Director	8/8	4/4
6	Daniel Larbi-Tieku	Independent Non-Executive Director	11/11	4/5
7	Juliana Addo-Yobo (Mrs.)	Independent Non-Executive Director	11/11	4/5
8	Victoria Barth (Mrs.)	Non-Executive Director	11/11	4/5
9	Ofotsu Tetteh-Kujorjie	Non-Executive Director	11/11	4/5
10	Peter Ohene Kyei (Rev. Prof.)	Non-Executive Director	11/11	5/5
11	Felix Duku	Non-Executive Director	11/11	5/5

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

1. *Yaw Opoku Atuahene resigned from the Committee in September 2023*

The meetings covered various topics, including:

- The Government of Ghana's Domestic Debt Exchange Programme (DDEP);
- The Group's financial results;
- Budgets and operating plans for 2023 and 2024;
- Restructuring of the Bank's Business, Credit, and Information Technology functions;
- The Bank's capital restoration plan;
- Cyber and information security issues;
- Regulatory matters;
- Policies and procedures;
- Employee and labour relations;
- Environmental Social Governance (ESG) issues.

3.6 Board committees, membership and meetings

The Board fulfils its obligations through standing, or ad-hoc Board Committees appointed from its members, adhering to relevant regulations. All Board committees function under committee charters duly approved by the Board. Presently, there are six committees, each with distinct responsibilities:

i. Audit Committee;
ii. Risk Committee;
iii. Credit Committee;
iv. Ethics & Compliance Committee;
v. Cyber & Information Security Committee;
vi. Nomination/ Human Resources & Governance Committee.

3.6.1 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 provides oversight (on behalf of the Board) 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 2023 are shown in the table below:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Daniel Larbi-Tieku	Independent Non-Executive Director (Chairman)	7/7	2/2	May 2020
2	Yaw Opoku Atuahene[1]	Independent Non-Executive Director	7/7	N/A	May 2020
3	Juliana Addo-Yobo	Independent Non-Executive Director	7/7	2/2	May 2020
4	Peter Ohene Kyei (Rev. Prof.)	Non-Executive Director	7/7	2/2	August 2020
5	Felix Kwesi Duku	Non-Executive Director	7/7	2/2	August 2021

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

1. *Yaw Opoku Atuahene resigned from the Committee in September 2023*

The range of subjects discussed during Audit Committee meetings in 2023 included the following:

- The Group's audited financial statements and Management Letter for the year 2022;
- The Group's quarterly interim financial statements for the year 2023;
- Various internal audit and branch inspection reports;
- Review of the Group's Strategic Plan 2024 – 2028;
- The Bank's draft budget and operating plan for 2024;
- External auditor's work plan, audit fees, and engagement letter for 2024;
- Review of the Performance Report of the Internal Audit Department – 2023; and
- Year-end tasks and 2024 work plans of the Internal Audit Department of the Bank and the Audit Committee of the Board.

In 2024, the committee is scheduled to review the following items as part of its work plan:

- 2023 audited financial statements;
- Quarterly Internal Audit and Branch Inspection reports;
- Quarterly unaudited financial statements;
- Proposed Budget & Operating Plan for 2025.

3.6.2 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 primary objective of the Risk Committee is to advise the Board on the present and future risk tolerance/appetite and strategy concerning various risks emcompassing AML/CFT risk, environmental and social risk management, and sustainability programme. The Committee oversees implementation of the Bank's risk strategy by Senior Management. In this capacity, the Risk Committee conducts an independent review and critique of:

i. The Bank's risk management policies and procedures;

ii. Composition of the risk portfolios and concentrations;

iii. Risk-taking decisions on all aspects of risk exposures including credit, market, liquidity, operational and country risks.

The table below provides details on the membership of the Risk Committee and the attendance records of its members at committee meetings in the year 2023:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Yaw Opoku Atuahene[1]	Independent Non-Executive Director (Chairman)	2/2	Nil	May 2020
2	Felix Kwesi Duku	Non-Executive Director	4/4	Nil	August 2021
3	Daniel Asah Kissiedu	Non-Executive Director	4/4	Nil	May 2020
4	Juliana Addo-Yobo (Mrs.)	Independent Non-Executive Director	4/4	Nil	May 2020
5	Ofotsu Tetteh-Kujorjie	Non-Executive Director	4/4	Nil	August 2020

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

1. *Yaw Opoku Atuahene resigned from the Committee in September 2023*

The range of subjects discussed during the Risk Committee meetings in 2023 included the following:

- Quarterly risk management reports;
- Compliance reports;
- The enhancement of the Risk Management Framework; and
- Year-end tasks and 2024 work plan of the Risk Committee.

Looking ahead, the committee will, in 2024, consider the following as part of its work plan for the year:

- Quarterly Risk Management Reports;
- Compliance Reports.

3.6.3 Credit Committee

The Credit Committee is a standing committee of the Board made up of four non-executive directors. The Committee is responsible for approving credit facilities 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 2023 are shown in the table below:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Daniel Asah Kissiedu	Non-executive Director (Chairman)	4/4	7/7	May 2020
2	Yaw Opoku Atuahene[1]	Independent Non-Executive Director	3/3	3/3	May 2020
3	Victoria Barth (Mrs.)	Non-Executive Director	4/4	7/7	May 2020
4	Ofotsu Tetteh-Kujorjie	Non-Executive Director	4/4	7/7	August 2020

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

1. *Yaw Opoku Atuahene resigned from the Committee in September 2023*

The range of subjects discussed during the Credit Committee meetings in 2023 included the following:

- Credit risk management issues;
- Recoveries from impaired accounts;
- The impact of economic conditions on credit facilities;
- Review of the Terms of Reference of the Credit Committee; and
- Year-end tasks and 2024 work plan of the Credit Committee.

In 2024, the committee will continue to consider the following as part of its work plan:

- Credit risk management issues;
- Recoveries from impaired accounts;
- The impact of economic conditions on credit facilities.

3.6.4 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, Companies Act, 2019 (Act 992), Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)* and other regulatory requirements and best practices specifically in the following areas:

- Supporting the Board to promote the Bank's vision, values, conduct, and culture.

- Overseeing Management's efforts to foster a culture of ethics and appropriate conduct within the Bank.
- Overseeing the Bank's conduct 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 whistleblowing procedures;
- Guiding in matters of 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 2023 are as follows:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Victoria Barth (Mrs.)	Non-Executive Director (Chairperson)	4/4	1/1	May 2020
2	Daniel Asah Kissiedu	Non-Executive Director	4/4	1/1	May 2020
3	Yaw Opoku Atuahene[1]	Independent Non-Executive Director	4/4	1/1	May 2020
4	Peter Ohene Kyei (Rev. Prof.)	Non-Executive Director	4/4	1/1	August 2020

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

1. *Yaw Opoku Atuahene resigned from the Committee in September 2023*

The range of subjects discussed during the Ethics & Compliance Committee meetings in 2023 included the following:

- Regular compliance and ethical matters of the Bank;
- Quarterly reports on the Bank's compliance status;
- The Compliance Department's performance for year 2023;
- Review of the Compliance Charter;
- Review of bank wide AML/CFT and Sanctions Risk Assessment Documents;
- Review of the Compliance Programme for year 2024; and
- Year-end tasks and 2024 work plan of the Ethics & Compliance Committee.

Going forward, the committee will be considering, among others:

- Quarterly reports on regulatory compliance;
- Review of bank wide AML/CFT and Sanctions Risk Assessment Documents;

3.6.5 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 operations of the Bank 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.

The membership of the Cyber & Information Security Committee and attendance record of the members at committee meetings in the year 2023 are as follows:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Felix Kwesi Duku	Non-Executive Director (Chairman)	4/4	1/1	August 2021
2	Daniel Asah Kissiedu	Non-Executive Director	4/4	1/1	July 2020
4	Ofotsu Tetteh-Kujorjie	Non-Executive Director	4/4	1/1	August 2020
5	Juliana Addo-Yobo (Mrs.)	Independent Non-Executive Director	4/4	1/1	October 2021

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

The topics deliberated during the Cyber & Information Security Committee meetings in 2023 encompassed:

- The cyber and information security posture of the Bank;
- Cyber and information security policies
- Cyber and information security audit reports;
- Progress reports on the Bank's digital projects;
- The Bank's business continuity and disaster recovery readiness;
- Performance review of the Bank's digital products;
- Cyber Security Incident Reports;
- The Bank's ICT budgets;
- Year-end tasks and 2024 work plan of the Information Security Department and the Cyber & Information Security Committee.

Going forward, the committee will be considering, among others:

- The cyber and information security posture of the Bank;
- Cyber and information security policies;
- Progress reports on the Bank's digital projects;
- The Bank's business continuity and disaster recovery readiness;
- The Bank's ICT budgets;
- Cyber and information security audit reports;
- Performance review of the Bank's Retail/ Business digital products.

3.6.6 Nominations/Human Resource & Governance Committee

The Nominations/Human Resource & Governance Committee, a standing committee of the Board, comprises three non-executive directors and an independent non-executive director. It was established as an integral part of the Bank's governance framework, tasked with providing strategic advice and overseeing the nominations/ human resources and governance functions of the Board. The committee leads the appointment process, ensuring that, plans are in place for orderly succession to both Board and executive management positions.

The Committee's functions include:

- Regularly reviewing the structure, size and composition of the Board, including the skills, knowledge, experience and diversity, and making recommendations for any changes.
- Ensuring plans are in place for orderly succession to both the Board and Executive Management positions, overseeing the development of a diverse pipeline for succession.
- Identifying and nominating candidates to fill board vacancies as they arise.

- Evaluating the balance of skills, knowledge, experience and diversity on the Board and preparing a description of the role and capabilities required for a specific appointment, considering the time commitment expected.

The membership of the Committee and the attendance record of its members at committee meetings in the year 2023 are detailed below:

	Member	Status	Scheduled Meeting	Ad hoc Meeting	Date appointed to the Committee
1	Daniel Asah Kissiedu	Non-Executive Director (Chairman)	5/5	3/3	July 2020
2	Daniel Larbi-Tieku	Independent Non-Executive Director	5/5	3/3	May 2020
3	Victoria Barth (Mrs.)	Non-Executive Director	5/5	3/3	May 2020
4	Peter Ohene Kyei (Rev. Prof.)	Non-Executive Director	5/5	3/3	October 2021

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

In fulfilling its mandate for talent management, the Committee actively participated in the recruitment process that resulted in the appointment of Mrs. Lilian Antwiwaa Asante as Head of Human Resources, effective upon her approval by the Bank of Ghana.

The range of subjects discussed during meetings of the Nominations/Human Resource & Governance Committee in 2023 included the following:

- Quarterly human resource reports;
- Revision of the Bank's human resource policies;
- Review of the bank wide job evaluation and manpower audit reports;
- Collective Bargaining Agreement (CBA) negotiations with the Industrial and Commercial Workers Union (ICU); and
- Year-end tasks and 2024 work plan of the Nominations/Human Resource & Governance Committee.

4.0 REMUNERATION POLICIES

The Board, through the Nominations/ Human Resource & Governance Committee, exercises oversight over the design and operation of Prudential Bank's compensation system. This system encompasses both Board and executive remuneration, ensuring responsible and transparent reward practices.

The Board Remuneration Policy establishes the framework for compensating Board members. This framework reflects a careful balance of factors, including:

- Market competitiveness;
- Performance alignment;
- Financial sustainability;
- Role complexity and commitment.

Board members receive a monthly director's fee and a sitting allowance for attending meetings. In 2023, the aggregate director compensation amounted to GHS3.93 million, reflecting a responsible decrease compared to the previous year (2022: GHS5.93 million).

The Managing Director's compensation package is based on conditions of service approved by the Board. This package aligns the Managing Director's interests with those of the Bank and shareholders, incentivizing strong performance and value creation.

Staff remuneration, including that of Management, follows a well-defined salary scale. This scale considers employee grades and informs the allocation of salaries, benefits, and other incentives. The salary scale is regularly reviewed by management and approved by the Board, reflecting the Bank's performance and market trends.

Prudential Bank's commitment to responsible compensation practices ensures fair and competitive reward for all stakeholders, attracting and retaining talent while maintaining financial sustainability and shareholder value.

5.0 SUCCESSION PLANNING

Management in 2022 completed the revision of the Bank's draft succession plan. This is being finalized by the management Executive Committee and will be submitted for Board consideration and approval as appropriate.

6.0 INTERNAL CONTROL

The Board of Directors at Prudential Bank assumes full responsibility for establishing and maintaining a robust system of internal controls. This system is designed to:

- Guarantee effective and efficient operations, ensuring compliance with all applicable laws and regulations.
- Maintain effective risk management practices by regularly reviewing and refining the Bank's risk management systems.
- Deliver on strategic objectives by determining the acceptable level and types of risks the Bank is prepared to undertake in achieving its strategic goals.

This comprehensive system of internal controls prioritizes mitigating risks to an acceptable residual level, providing reasonable assurance against material misstatements, fraud, and errors.

The effectiveness of our internal controls is closely monitored and assessed through a multi-pronged approach:

- The Audit and Risk committees of the Board regularly review and evaluate the adequacy and effectiveness of the internal control system.
- The Internal Audit Department actively provides reports to the Board and executive management on the quality and effectiveness of internal controls across the Bank.

Furthermore, the assessment process encompasses the following key elements:

- The Board actively participates in discussions and approves the Bank's strategic direction, plans, objectives, and the associated risks.
- The Board meticulously reviews and approves the Bank's budget and operating plans, including all capital and operational expenditure items.
- Management and the Board regularly conduct operational and financial reviews, measuring performance against established budgets and forecasts.
- Significant risks facing the Bank and appropriate mitigation measures are consistently discussed and evaluated.
- The Audit Committee and management regularly review the scope and results of internal audit work throughout the Bank. This scope, encompassing key Bank activities, is annually approved by the Board.
- Any instances of fraudulent activity and whistleblowing reports are thoroughly reviewed, and necessary actions are taken to address any control weaknesses.
- The Board reviews the scope of work for external auditors and addresses any significant issues arising from their examinations.

This comprehensive system of internal controls and risk management is seamlessly integrated into all aspects of the Bank's operations. Identified weaknesses are promptly addressed through corrective actions, ensuring the continual evolution and enhancement of our control environment.

7.0 INTERNAL AUDIT

The Internal Audit Department plays a critical role within Prudential Bank's risk management framework. Its primary objective is to provide independent and objective assurance to the Board and executive management regarding the quality and effectiveness of:

- Governance: Assessing the adequacy of the Bank's corporate governance practices and ensuring compliance with applicable regulations.
- Risk management: Evaluating the effectiveness of the Bank's risk management processes and identifying potential vulnerabilities.
- Internal controls: Verifying the strength and effectiveness of internal controls in mitigating inherent risks associated with the Bank's operations.

This assurance is achieved through two key functions:

- Independent assessment: The Internal Audit Department conducts risk-based audits to assess the appropriateness of the Bank's activities and ensure the effectiveness of its governance, risk management, and internal controls.
- Catalyst for Change: The department actively advises and advocates for improvements to the Bank's structure and practices, acting as a catalyst for positive change and continuous enhancement of its risk management environment.

The Internal Audit Department comprises three dedicated units, each focusing on specific areas of the Bank's operations:

- Head Office Audit Unit: Conducts value-for-money audit of head office departments and the Bank's subsidiary, pre-audits non-banking transactions, and performs risk-based audits to assess the effectiveness of governance and internal controls within these areas.
- Branch Inspection Unit: Carries out audit and inspection of all branches and the Trade Services Department, ensuring adherence to Bank of Ghana regulations and internal guidelines. These risk-based compliance tests aim to minimize or eliminate credit, operational, market, liquidity, and other risks.
- Cyber & Information Security Audit Unit: Conducts extensive reviews of IT security controls, assessing their effectiveness in safeguarding the Bank's information technology infrastructure and ensuring data confidentiality, integrity, and availability. The unit provides feedback and assurance to management and the Board regarding the overall security posture of the Bank's IT systems.

The Board of Directors confirms that the Bank's control environment, comprising its systems, procedures, and compliance levels, was adequate during the year under review. The Internal Audit Department's comprehensive approach to risk assessment and assurance played a significant role in achieving this outcome.

8.0 ETHICS AND PROFESSIONALISM

8.1 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 or entity with which the Bank has or proposes to enter into a business or contractual relationship.

8.2 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.

Management has ensured that all employees have signed off as having read and understood the Bank's Code of Conduct and the sanctions for breaching the policy, thereby guiding them in the discharge of their duties. This code establishes the standards of professionalism and integrity required for the Bank's operations, covering compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, and bribery.

The Bank is currently reviewing its Conflict-of-Interest policy to ensure stringent compliance with established principles, including the implementation of specific policies to regulate trading in the Bank's shares by directors, Key Management Personnel, and employees, aimed at mitigating the risk of illegal practices.

8.3 Whistleblowing

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

The Whistleblowing Policy was revised in November 2022 to allow for the engagement of an authorized third-party whistleblowing service provider. The service entity receives and transmits whistleblowing reports from directors, employees and parties doing business with the Bank to a whistleblowing team. This allows complaints and messages regarding wrongdoings to be made anonymously or non-anonymously without the fear of reprisal.

8.4 Anti-Money Laundering (AML)

Money Laundering, the Financing of Terrorism, and the 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 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.

9.0 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

The Bank has implemented a Conflict-of-Interest Policy as a vital part of its Corporate Governance Framework for board members. This policy sets out procedures for identifying, disclosing, preventing, managing, and mitigating conflicts of interest to maintain the integrity and independence of the Board.

The Ethics & Compliance Committee oversees the application of the Conflict-of-Interest Policy and assists in establishing controls and mitigation measures, as outlined in the policy register. Directors are required to disclose any transactions that may present a conflict with their responsibilities to the Bank, whether direct or indirect.

These disclosures must include comprehensive details about the nature, scope, and extent of the conflict or potential conflict and should be promptly communicated once the director becomes aware of the actual or potential conflict. The register meticulously documents all directors' conflicts of interest.

The Bank has established policies and procedures to ensure that all related party transactions adhere to the principle of arms' length and comply with the *Banks and Specialized Deposit-Taking Institutions Act (Act 930)*. This is aimed at preventing any preferential treatment afforded to a related party. Details of related party transactions for the year ending 31st December 2023 are provided in Notes 33 & 34 of the financial statements.

10.0 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. The various committees that currently form part of the Bank's governance structure are as follows:

- Executive Committee;
- Credit Committee;
- Credit Facilities Review Committee;
- Asset and Liability Management Committee;
- Operations Committee;
- Risk Management Committee;
- Business Strategy Committee;
- Cyber & Information Security Committee;
- IT Steering Committee;
- Building & Infrastructure Committee;
- Disciplinary Committee; and
- The Credit Watchlist Committee.

The Bank's Executive Committee, chaired by the Managing Director, spearheads the execution of the Board-approved strategy. Convening monthly meetings, with additional sessions as required, the Committee provides strategic direction to staff and ensures optimal resource allocation to achieve the Bank's goals.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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRUDENTIAL BANK LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Prudential Bank LTD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31st December 2023, 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 2023, 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, 2020 (Act 1044)*, 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in this document titled: *Prudential Bank LTD 2023 Annual Report*, other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Loan Impairment Loss

Prudential Bank LTD assesses its loans and advances for impairment using the Expected Credit Loss Method in compliance with IFRS 9 *Financial Instruments.* In using this method, the Bank applies significant judgements and assumptions in determining the amount of impairment loss that is expected to occur. The key assumptions which were used in the calculation of the expected credit losses for 2023 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).

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 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 subsidiary agree 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 2023 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, 2020 (Act 1044) 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...

Of the Auditor:

Signature...
Morrison & Associates

Name: Morrison & Associates, Chartered Accountants

Licence Number: ICAG/F/2024/097

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

5th April 2024
Accra, Ghana

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Interest income	7	674,646	673,994	750,349	749,063
Interest expense	7	(380,186)	(380,182)	(363,822)	(363,822)
Net interest income		294,460	293,812	386,527	385,241
Fee and commission income	8	113,419	113,419	97,096	97,096
Fee and commission expense	8	(22,802)	(22,802)	(14,671)	(14,671)
Net fee and commission income		90,617	90,617	82,425	82,425
Net trading income	9	44,051	44,102	64,076	64,059
Other income	10	6,992	10,066	16,159	19,028
		51,043	54,168	80,235	83,087
Operating income		436,120	438,597	549,187	550,753
Net impairment loss on financial assets	18.2	(660,311)	(660,311)	(699,645)	(699,645)
Personnel expenses	11	(215,999)	(216,829)	(158,992)	(159,688)
Depreciation and amortisation	20.2	(28,521)	(28,600)	(25,085)	(25,134)
Finance cost on lease	28	(273)	(273)	(179)	(179)
Other operating expenses	12	(135,647)	(136,378)	(103,346)	(103,741)
		(1,040,751)	(1,042,391)	(987,247)	(988,387)
Profit/(loss) before income tax		(604,631)	(603,794)	(438,060)	(437,634)
Income tax	13.1	194,989	194,809	81,004	80,776
Profit/(loss) for the year		**(409,642)**	**(408,985)**	**(357,056)**	**(356,858)**
Other comprehensive income					
Revaluation gain		187,979	187,979	–	–
Deferred tax on revaluation		(46,995)	(46,995)	–	–
Other comprehensive income (net of tax)		**140,984**	**140,984**	**-**	**-**
Total comprehensive income/(loss) for the year		**(268,658)**	**(268,001)**	**(357,056)**	**(356,858)**
Basic and diluted earnings/(loss) per share		(0.4638)	(0.4631)	(0.4043)	(0.4040)

STATEMENTS OF FINANCIAL POSITION

	Note	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Assets					
Cash and cash equivalents	16	1,158,267	1,158,267	1,365,428	1,365,428
Investment securities	17	1,901,551	1,909,304	1,613,177	1,621,902
Loans and advances to customers	18	1,010,841	1,007,612	1,701,349	1,697,819
Investment (other than securities)	19	766	323	766	259
Deferred tax asset	23	313,983	313,983	157,000	156,987
Current tax asset	13.2	22,697	23,015	4,389	4,651
Intangible assets	21	5,749	5,769	10,398	10,425
Right-of-use assets	22	13,074	13,074	11,942	11,942
Property, plant & equipment	20	405,908	406,145	226,667	226,918
Other assets	24	446,831	446,846	115,230	115,098
Total assets		**5,279,667**	**5,284,338**	**5,206,346**	**5,211,429**
Liabilities					
Deposits from banks	25	9,204	9,204	6,225	6,225
Deposits from customers	25	4,597,926	4,593,820	3,375,048	3,372,059
Borrowings	26	385,810	385,810	1,309,749	1,309,749
Employee benefit liabilities	27	34,985	34,985	–	–
Lease liabilities	28	3,057	3,057	2,505	2,505
Other liabilities	27	148,367	153,736	143,843	149,164
Total liabilities		**5,179,349**	**5,180,612**	**4,837,370**	**4,839,702**
Equity					
Stated capital		402,431	402,431	402,431	402,431
Retained earnings		(679,458)	(676,050)	(464,238)	(461,487)
Statutory reserve		115,447	115,447	115,447	115,447
Revaluation reserve		261,898	261,898	120,914	120,914
Credit risk reserve		–	–	194,422	194,422
Total equity attributable to equity holders of the Bank		**100,318**	**103,726**	**368,976**	**371,727**
Total liabilities and equity		**5,279,667**	**5,284,338**	**5,206,346**	**5,211,429**

The notes on pages 58 - 121 are an integral part of these financial statements.

The financial statements of the Bank on pages 53 - 121 were approved by the Board of Directors on 27th February 2024 and signed on their behalf by:

Muriel Susan Edusei
(Chairperson)

Bernard Gyebi
(Managing Director)

STATEMENT OF CHANGES IN EQUITY (BANK)

	Stated capital GHS'000	Retained earnings GHS'000	Statutory reserve GHS'000	Revaluation reserve GHS'000	Credit risk reserve GHS'000	Total equity GHS'000
2023						
Balance at 1st January 2023	**402,431**	**(464,238)**	**115,447**	**120,914**	**194,422**	**368,976**
Total comprehensive income						
Loss for the year	–	(409,642)	–	–	–	**(409,642)**
Other comprehensive income	–		–	140,984	–	**140,984**
	402,431	**(873,880)**	**115,447**	**261,898**	**194,422**	**100,318**
Transactions with owners recorded directly in equity						
Transfer to credit risk reserve	–	194,422	–	–	(194,422)	-
Transfer to statutory reserve	–	–	–	–	–	-
Total transfers and transactions with owners	**-**	**194,422**	**-**	**-**	**(194,422)**	**-**
Balance at 31st December 2023	**402,431**	**(679,458)**	**115,447**	**261,898**	–	**100,318**

	Stated capital GHS'000	Retained earnings GHS'000	Statutory reserve GHS'000	Revaluation reserve GHS'000	Credit risk reserve GHS'000	Total equity GHS'000
2022						
Balance at 1st January 2022	**402,431**	**49,799**	**115,447**	**120,914**	**52,441**	**741,032**
Total comprehensive income						
Loss for the year	–	(357,056)	–	–	–	**(357,056)**
	402,431	**(307,257)**	**115,447**	**120,914**	**52,441**	**383,976**
Transactions with owners recorded directly in equity						
Dividend paid	–	(15,000)	–	–	–	**(15,000)**
Transfer to credit risk reserve	–	(141,981)	–	–	141,981	-
Transfer to statutory reserve	–	–	–	–	–	-
Total transfers and transactions with owners	**-**	**(156,981)**	**-**	**-**	**141,981**	**(15,000)**
Balance at 31st December 2022	**402,431**	**(464,238)**	**115,447**	**120,914**	**194,422**	**368,976**

STATEMENT OF CHANGES IN EQUITY (GROUP)

	Stated capital GHS'000	Retained earnings GHS'000	Statutory reserve GHS'000	Revaluation reserve GHS'000	Credit risk reserve GHS'000	Total equity GHS'000
2023						
Balance at 1st January 2023	**402,431**	**(461,487)**	**115,447**	**120,914**	**194,422**	**371,727**
Total comprehensive income						
Loss for the year	–	(408,985)	–	–	–	**(408,985)**
Other comprehensive income	–	–	–	140,984	–	**140,984**
	402,431	**(870,472)**	**115,447**	**261,898**	**194,422**	**103,726**
Transactions with owners recorded directly in equity						
Transfer to credit risk reserve	–	194,422	–	–	(194,422)	**-**
Transfer to statutory reserve	–	–	–	–	–	**-**
Total transfers and transactions with owners	**-**	**194,422**	**-**	**-**	**(194,422)**	**-**
Balance at 31st December 2023	**402,431**	**(676,050)**	**115,447**	**261,898**	**-**	**103,726**

	Stated capital GHS'000	Retained earnings GHS'000	Statutory reserve GHS'000	Revaluation reserve GHS'000	Credit risk reserve GHS'000	Total equity GHS'000
2022						
Balance at 1st January 2022	**402,431**	**52,352**	**115,447**	**120,914**	**52,441**	**743,585**
Total comprehensive income						
Loss for the year	–	(356,858)	–	–	–	**(356,858)**
	402,431	**(304,506)**	**115,447**	**120,914**	**52,441**	**386,727 5**
Transactions with owners recorded directly in equity						
Dividend paid	–	(15,000)	–	–	–	**(15,000)**
Transfer to credit risk reserve	–	(141,981)	–	–	141,981	**-**
Transfer to statutory reserve	–	–	–	–	–	**-**
Total transfers and transactions with owners	**-**	**(156,981)**	**-**	**-**	**141,981**	**(15,000)**
Balance at 31st December 2022	**402,431**	**(461,487)**	**115,447**	**120,914**	**194,422**	**371,727**

STATEMENTS OF CASH FLOWS

	Note	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Cash generated from operating activities	**31**	**952,989**	**952,261**	**486,735**	**483,870**
Income tax paid	13.2	(27,297)	(27,483)	(74,615)	(74,803)
Net cash flow generated from operating activities		**925,692**	**924,778**	**412,120**	**409,067**
Cash flows from investing activities					
Purchase of investment securities	17	(198,673)	(197,701)	(310,638)	(307,575)
Purchase of property, plant & equipment	20	(9,571)	(9,629)	(24,381)	(24,381)
Proceeds from the sale of property, plant & equipment	20	1,453	1,453	9,143	9,143
Purchase of intangible assets	21	–	–	(4,010)	(4,020)
Net cash used in investing activities		**(206,791)**	**(205,877)**	**(329,886)**	**(326,833)**
Cash flows from financing activities					
Dividend paid		–	–	(15,000)	(15,000
Change in borrowings	26	(923,939)	(923,939)	641,584	641,584
Payment of lease liabilities	28	(2,123)	(2,123)	(2,133)	(2,133)
Net cash used in financing activities		**(926,062)**	**(926,062)**	**624,451**	**624,451**
Net increase/ decrease in cash and cash equivalents		**(207,161)**	**(207,161)**	**706,685**	**706,685**
Cash & cash equivalents at 1st January 2023		1,365,428	1,365,428	658,743	658,743
Cash & cash equivalents at 31st December 2023	16	**1,158,267**	**1,158,267**	**1,365,428**	**1,365,428**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

1.0 GENERAL INFORMATION

Prudential Bank LTD 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 2023 comprise those of the Bank and its subsidiary (together referred to as the "Group"). The Group primarily engages in corporate, retail and commercial banking.

2.0 SUMMARY OF MATERIAL 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 27th February 2024.

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

In the current year, the Group has applied for the first time a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1st January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i. Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users for general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

ii. Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, the Group is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

iii. International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 *Income Taxes).*

The IASB amends the scope of IAS 12 to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

iv. Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors)*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

b. Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective.

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements).*

ii. Non-current Liabilities with Covenants (Amendments to IAS 1 *Presentation of Financial Statements)*.

iii. Supplier Finance Arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures)*.

iv. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*).

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements).*

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1st January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors anticipate that the application of these amendments may have an impact on the financial statements in future periods.

ii. Non-current Liabilities with Covenants (Amendments to IAS 1 *Presentation of Financial Statements).*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least 12 months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within 12 months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1st January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors anticipate that the application of these amendments may have an impact on the financial statements in future periods.

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 (EIR) 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 EIR 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 EIR and the change in the carrying amount is recorded as interest income or expense.

2.4 Fee and commission income and expense

TThe 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 *Revenue from Contract with Customers*. 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 lease various offices, branches, and other premises under non-cancellable lease arrangements. The lease typically run 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 Group under residual value guarantees;
- the exercise price of a purchase option if the Group 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, 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 Group 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 leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group 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 *Financial Instruments* and classifies its financial assets in the following measurement categories:

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

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

<u>Debt instruments</u>

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. Purchased or originated credit impaired financial instruments

Affected instruments under the DDEP are considered as credit impaired on initial recognition. The financial instruments that qualify for the exchange are considered purchased originated credit impaired based on the following factors:

a. Significant financial difficulty of the borrower

b. Lenders of the borrower have granted a concession to the borrower, that they would not have otherwise considered.

c. Lenders of the borrower have granted a concession to the borrower, that they would not have otherwise considered

As such, the Purchased Originated Credit Impaired approach to recognition of credit losses is used.

Impairment of purchased originated credit impaired financial instruments in the above situation, the modification of the distressed assets resulted in the derecognition of the original financial asset, there are indications that the modified financial asset is credit-impaired at initial recognition (IFRS 9.B5.5.26).

The cumulative changes in ECL of the assets will be recognized at each reporting date. This can be a gain or a loss based on the direction of the change. In a situation where the carrying amount increases over time then an impairment gain will be recognised.

The impairment is reassessed at each reporting date using the credit adjusted effective interest rate and a discount factor determined based on an agreed discount rate. If the market for the bonds is recording volumes of trade that is consistent with normal trading volumes, then that will reflect a fair price for the estimation of present value of the bond.

In determining the amortized cost, the Bank uses the credit adjusted effective interest rate method.

<u>Credit-impaired financial assets are subsequently cured</u>

When these financial assets are fully repaid or no longer considered credit-impaired ('cured'), the difference between interest calculated by applying the effective interest rate to the gross carrying amount of the credit-impaired financial asset, and interest recognised by applying the effective interest rate to the asset's amortised cost, i.e., after subtracting the expected credit losses from the gross amount is recognised as a reversal of impairment loss. This method might result in a net reversal if impairment losses were recognised on a given asset to date.

d. 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).

e. 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.

f. 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 Group 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 & 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 & 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, plant & 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 & 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 statement of financial position.

2.13.2 Defined contribution plans

The Group makes contributions to mandatory pension schemes for eligible employees. Contribution by the Group 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 Group. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 7.5%. 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.

3.1.2 Risk Management Declaration

We, the Board of Prudential Bank LTD, hereby declare that we have taken the necessary steps to implement and maintain a sound risk management framework in accordance with the *Risk Management Directive, 2021* issued by the Bank of Ghana.

Our risk management framework is designed to identify, measure, monitor, and control risks in our operations, products, and services. It is also aligned with our strategic objectives and regulatory requirements, as well as the best practices in the banking industry.

We have established a Risk Management Committee, which is responsible for overseeing and reviewing the implementation and effectiveness of our risk management framework. The Committee comprises experienced and qualified members with relevant skills and expertise to perform their duties.

We have also put in place various policies, procedures, and controls to manage our risks effectively. These include credit risk, market risk, liquidity risk, operational risk, and compliance risk. We regularly review and update these policies, procedures, and controls to ensure their adequacy and relevance to the changing business environment and regulatory requirements.

In accordance with the *Risk Management Directive, 2021* we hereby state that there have been no significant breaches of or material deviations from our risk management framework or the requirements set out in Annexure A to the Directive during the reporting period.

We assure our stakeholders that we remain committed to maintaining a robust risk management framework and complying with all regulatory requirements. We will continue to monitor and review our risk management framework to ensure that it remains effective and aligned with our strategic objectives and regulatory requirements.

Signed:

Felix Kwesi Duku **Ag. Chairperson** **(Board Risk Committee)**	**Muriel Susan Edusei (Mrs.)** **Chairperson** **(Main Board)**

27th February 2024

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, who 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 *Financial Instruments* 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 *Financial Instruments* 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 2023.

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.

3.2.8. Sources of estimation uncertainty in relation to the ECL measurement

The discounted cash flow method was used for the ECL estimation of the Government of Ghana Bonds subjected to the DDEP. Under this approach, the contractual cashflows were discounted to determine their recoverable amount and this recoverable amount compared to the carrying amount of the bonds. The difference between the recoverable amount and the carrying amount was recognized as the ECL for the year.

i. Discount rates used for recoverable amount of the instruments subjected to the DDEP

- The discount rate of 32.95% was used for the determination of the recoverable amount of the Cocoa Bills which were exchanged under the DDEP. This was the pre-crises yield of the Cocoa Bills in issue.
- The discount rate of 6.09% was used for the determination of the recoverable amount of the USD Denominated Local Bonds which were exchanged under the DDEP. This was the Pre-crises yield of the USD Denominated Local Bonds in Issue.
- The discount rate of 15.67% was used for the determination of the recoverable amount of Government of Ghana bonds. This was primarily selected from the range of discount rates suggested by the ICAG for which the Bank of Ghana affirmed.

ii. Sensitivity analysis of changes in discount rates

ECL	Ghanges +5% GHS'000	Ghanges -5% GHS'000
Local GHS bonds	(59,060)	62,883
USD denominated bonds	(7)	7
Cocoa bills	(22)	23
Total	**(59,089)**	**62,913**

3.2.9 Maximum exposure to credit risk before collateral held

	2023 GHS'000	2022 GHS'000
Credit risk exposures relating to on-balance sheet assets are as follows:		
Balances with Bank of Ghana	570,816	544,822
Balances with banks	259,995	356,938
Investment securities (including discounted bills)	1,953,224	1,962,748
Loans and advances to customers	1,010,841	1,701,349
Other assets (excluding prepayments)	83,935	27,865
Credit risk exposures relating to off balance sheet items are as follows:		
Letters of credit	146,340	106,015
Letters of guarantee	166,296	135,523
At year end	**4,191,447**	**4,835,260**

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31st December 2023, 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, 68% (2022:60%) of the total maximum exposure is derived from investment securities and non-pledged assets, while loans and advances represent 24%. (2022: 35%).

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

Maximum exposure to credit risk	**Note**	**2023 GHS'000**	**2022 GHS'000**
Carrying amount			
Grade 1–3: Low–fair risk – Current		655,944	1,330,011
Grade 4–5: Low–watch list		47,609	96,256
Grade 6: Substandard		355,235	49,878
Grade 7: Doubtful		102,121	130,881
Grade 8: Loss		765,389	368,677
Total gross amount	18	**1,926,298**	**1,975,703**
Allowance for impairment	18	(915,457)	(274,354)
Net carrying amount	**18**	**1,010,841**	**1,701,349**
Off balance sheet maximum exposure			
Letters of credit - Grade 1–3: Low – fair risk	32.1	146,340	106,015
Letters of guarantee - Grade 1–3: Low – fair risk	32.1	166,296	135,523
Total gross amount		**312,636**	**241,538**
Allowance for impairment		(925)	(741)
Net carrying amount		**311,711**	**240,797**
Total exposure		**1,322,552**	**1,942,146**
Stage 1			
Grade 1–3: Low – fair risk		655,944	1,330,011
Stage 2			
Grade 4-5: Watch list		47,609	96,256
Stage 3			
Grade 6 -8		1,222,745	549,436
		1,926,298	**1,975,703**

Contingent Liabilities

At 31st December 2023

	Stage 1 GHS'000	Stage 2 GHS'000	Stage 3 GHS'000	Total GHS'000
Letters of Credit	146,340	–	–	**146,340**
Guarantees	166,296	–	–	**166,296**
Total Contingent Liabiliies	312,636	–	–	**312,636**
ECL	(925)	–	–	**(925)**
Net of ECL	311,711	–	–	**311,711**

At 31st December 2022

	Stage 1 GHS'000	Stage 2 GHS'000	Stage 3 GHS'000	Total GHS'000
Letters of Credit	106,015	–	–	**106,015**
Guarantees	135,523	–	–	**135,523**
Total Contingent Liabiliies	241,538	–	–	**241,538**
ECL	(741)	–	–	**(741)**
Net of ECL	240,797	–	–	**240,797**

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:

	2023 GHS'000	2022 GHS'000
Term loans	276,633	795,521
Overdraft	287,221	452,162
Staff loans	92,090	82,328
	655,944	**1,330,011**

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 GHS47,609,000 (2022: GHS96,256,000).

Stage 3

These are loans that are individually impaired by class. The gross amount of loans and advances (term loans) that are impaired was GHS1,222,745 ,000 (2022: GHS549,436,000). The fair value of collateral held is GHS261,497,000 (2022: GHS644,879,000).

At 31st December 2023, the Bank's loans and advances were categorised under IFRS 9 *Financial Instruments* 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 2023	Stage 1 GHS'000	Stage 2 GHS'000	Stage 3 GHS'000	Total GHS'000
Cash and bank balances	712,490	–	–	**712,490**
Due from other banks	259,995	–	–	**259,995**
Investment securities	51,673	190,301	2,232,059	**2,474,033**
Loans and advances to customers	655,944	47,609	1,222,745	**1,926,298**
Other assets (excluding prepayments)	83,935	–	–	**83,935**
Gross carrying amount	**1,764,037**	**237,910**	**3,454,804**	**5,456,751**
Loss allowance	(6,560)	(23,791)	(1,405,915)	**(1,436,266**
Carrying amount	**1,757,477**	**214,119**	**2,048,889**	**4,020,485**

The significant increase in impairment reflects the results from the Asset Quality Review exercise carried out during the year.

At 31st December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and bank balances	658,918	–	–	**658,918**
Due from other banks	356,938	–	–	**356,938**
Investment securities	349,571	137,879	2,085,808	**2,573,258**
Loans and advances to customers	1,330,011	96,256	549,436	**1,975,703**
Other assets (excluding prepayments)	27,865	–	–	**27,865**
Gross carrying amount	**2,723,303**	**234,135**	**2,635,244**	**5,592,682**
Loss allowance	(10,222)	(31,058)	(843,584)	**(884,864)**
Carrying amount	**2,713,081**	**203,077**	**1,791,660**	**4,707,818**

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.

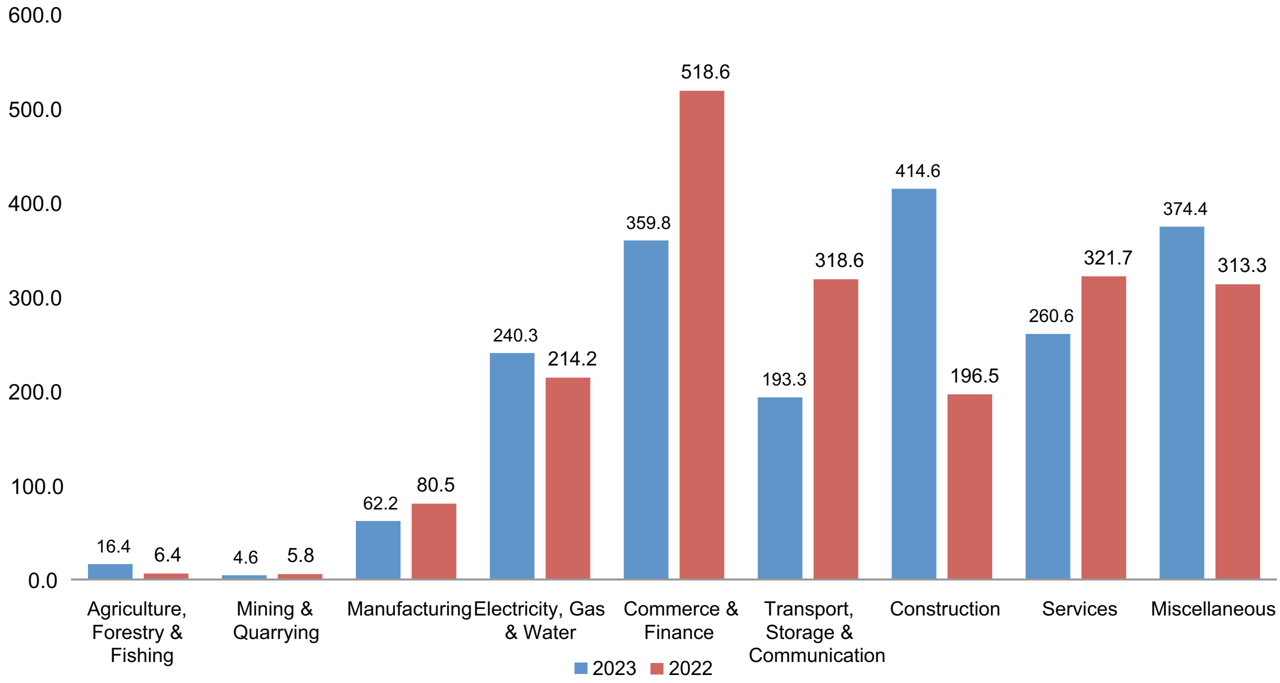
3.2.9 Concentration of credit risk

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

	2023 GHS'000	**2022 GHS'000**
Carrying amount		
Concentration by product		
Overdrafts	445,769	581,484
Term loans	1,388,439	1,311,891
Staff loans	92,090	82,328
Gross loans and advances	1,926,298	1,975,703
Less: Impairment	(915,457)	(274,354)
Net loans and advances	**1,010,841**	**1,701,349**

ii. Concentration by industry (GHS'm)



3.2.10 Key ratios on loans and advances

i. Loan loss provision ratio is 61.41% (2022: 49.93%)

ii. Percentage of gross non – performing loans with respect to Bank of Ghana prudential norms (individually impaired) to total gross loans and advances is 64.44% (2022: 28.78%)

iii. Ratio of fifty (50) largest exposure (gross funded) to total exposure is 84% (2022: 71%).

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, Asset and Liability Management Committee (ALCO) members, the Treasurer and the Chief Risk Officer 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 through the ALCO is used to manage interest rate risks associated with the non-trading book. 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 2023. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

2023	Carrying value GHS'000	Less than 3 months GHS'000	3-6 months GHS'000	6-12 months GHS'000	More than 12 months GHS'000	Non-interest sensitive GHS'000
Cash and cash equivalents	**1,158,267**	116,663	46,435	15,823	–	979,346
Investment securities	**1,909,304**	–	–	31	1,909,273	–
Loans and advances to customers	**1,007,612**	556,751	147,138	196,909	106,814	–
Total assets	**4,075,183**	**673,414**	**193,573**	**212,763**	**2,016,087**	**979,346**
Deposit from customers	**4,593,820**	1,323,930	567,857	132,811	743,424	1,825,799
Deposit from banks	**9,204**	9,204	–	–	–	–
Borrowings	**385,810**	177,381	206,283	2,066	80	–
Total liabilities	**4,988,834**	1,510,515	774,140	134,877	743,504	1,825,799
Interest rate gap	**(913,651)**	**(837,101)**	**(580,567)**	**77,886**	**1,272,583**	**(846,453)**

2022	Carrying value GHS'000	Less than 3 months GHS'000	3-6 months GHS'000	6-12 months GHS'000	More than 12 months GHS'000	Non-interest sensitive GHS'000
Cash and cash equivalents	**1,365,428**	498,812	11,452	5,253	–	849,911
Investment securities	**1,621,902**	12,617	–	22,054	1,587,231	–
Loans and advances to customers	**1,697,819**	688,064	297,428	160,833	551,494	–
Total assets	**4,685,149**	**1,199,493**	**308,880**	**188,140**	**2,138,725**	**849,911**
Deposit from customers	**3,372,059**	1,941,842	175,172	54,711	–	1,200,334
Deposit from banks	**6,225**	6,225	–	–	–	–
Borrowings	**1,309,749**	1,199,259	97,263	13,130	97	–
Total liabilities	**4,688,033**	3,147,326	272,435	67,841	97	1,200,334
Interest rate gap	**(2,884)**	**(1,947,833)**	**36,445**	**120,299**	**2,138,628**	**(350,423)**

The management of interest rate risk with interest rate gap limits is supplemented by monitoring sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered monthly include a 100-basis point (bps) parallel fall or rise in market interest rates.

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

31st December 2023

	100 bps Increase GHS'000	100 bps Decrease GHS'000
Interest income impact	37,071	(37,071)
Interest expense impact	(31,538)	31,538
Net impact	**5,533**	**(5,533)**

31st December 2022

	100 bps Increase GHS'000	100 bps Decrease GHS'000
Interest income impact	38,294	(38,294)
Interest expense impact	(34,814)	34,814
Net impact	**3,480**	**(3,480)**

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.

	2023 USD GHS'000	2023 GBP GHS'000	2023 EURO GHS'000	2022 USD GHS'000	2022 GBP GHS'000	2022 EURO GHS'000
Assets						
Cash in till and vault	44,472	7,742	12,747	29,046	6,959	8,662
Bank of Ghana	159,690	20,075	3,815	48,206	18,362	1,590
Nostro balances	165,675	3,351	68,255	113,591	12,038	40,570
Foreign time deposits	86,257	40,991	–	60,033	5,184	137
Investment securities	171,902	–	–	137,879	–	–
Loans and advances	506,836	9	7	420,604	–	–
Other assets	–	–	–	–	–	–
Total assets	**1,134,832**	**72,168**	**84,824**	**809,359**	**42,543**	**50,959**
Liabilities						
Customer deposits	1,131,781	72,412	83,939	832,834	42,827	50,813
Borrowings	–	–	–	–	–	–
Other liabilities/margins	3,023	4	12	3,057	38	66
Total liabilities	**1,134,804**	**72,416**	**83,951**	**835,891**	**42,865**	**50,879**
Net Asset	28	(248)	873	(26,532)	(322)	80
Net trading position	(689)	(38)	143	(3,441)	(41)	(487)
Net open position	**(661)**	**(286)**	**1,016**	**(29,973)**	**(363)**	**(407)**
Contingent liabilities	220,680	–	–	(191,994)	(4,759)	(9,146)
Net position (including contingent liabilities)	**(221,341)**	**(286)**	**1,016**	**(218,526)**	**(5,081)**	**(9,066)**
Assumed depreciation rate of the cedi	**28.53%**	**25.62%**	**447.75%**	**17.05%**	**12.57%**	**14.78%**
Projected effect on profits (without contingent liabilities)	(189)	(64)	3,909	(5,110)	(46)	(960)
Projected effect on profits (with contingent liabilities)	(63,144)	(73)	4,548	(37,259)	(639)	(1,340)

Year-end exchange rates applied in the above analysis:

	2023	2022
USD	11.8800	8.5760
GBP	15.1334	10.3118
EUR	13.1264	9.1457

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, as carried out within the Bank and monitored by a separate team in Global Markets Department, 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 15% of the local currency equivalent of foreign currency customer deposits held as well as 15% 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

2023	**Total GHS'000**	**Less than 1 month GHS'000**	**1-3 months GHS'000**	**3-6 months GHS'000**	**6-12 months GHS'000**	**More than 1 year GHS'000**
Assets						
Cash and cash equivalents	**1,158,267**	99,856	16,807	46,435	424,353	570,816
Investment securities	**1,909,627**	–	–	–	31	1,909,596
Loans and advances to customers	**1,007,612**	548,533	8,218	147,138	196,909	106,814
Tax and other assets	**783,844**	117,577	195,961	219,476	42,061	208,769
Property, plant & equipment	**424,988**	8,500	9,249	18,999	25,641	362,599
Total assets	**5,284,338**	**774,466**	**230,235**	**432,048**	**688,995**	**3,158,594**
Deposit from customers	**4,593,820**	1,163,989	1,139,711	572,678	398,404	1,319,038
Deposit from banks	**9,204**	9,204	–	–	–	–
Tax and other liabilities	**153,736**	7,687	15,374	23,060	27,672	79,943
Lease liabilities	**3,057**	96	1,561	1,014	149	237
Employee benefit liability	**34,985**	–	–	–	–	34,985
Borrowings	**385,810**	121,859	55,522	206,283	2,066	80
Total liabilities	**5,180,612**	**1,302,835**	**1,212,168**	**803,035**	**428,291**	**1,434,283**
Liquidity gap (before contingencies)	**103,726**	(528,369)	(981,933)	(370,987)	260,704	1,724,311
Contingent liabilities	**312,636**	**19,987**	**43,912**	**28,024**	**95,262**	**125,451**
Liquidity gap (after contingencies)	**(208,910)**	**(548,356)**	**(1,025,845)**	**(399,011)**	**165,442**	**1,598,860**

2022	**Total GHS'000**	**Less than 1 month GHS'000**	**1-3 months GHS'000**	**3-6 months GHS'000**	**6-12 months GHS'000**	**More than 1 year GHS'000**
Assets						
Cash and cash equivalents	**1,365,428**	695,496	179,849	11,452	5,253	473,378
Investment securities	**1,622,161**	717	11,900	–	22,054	1,587,490
Loans and advances to customers	**1,697,819**	324,121	363,943	297,428	160,833	551,494
Tax and other assets	**276,736**	1,006	89,508	23,426	731	162,065
Property, plant & equipment	**249,285**	19,921	12,450	64,742	89,643	62,529
Total assets	**5,211,429**	**1,041,261**	**657,650**	**397,048**	**278,514**	**2,836,956**
Deposit from customers	**3,372,059**	1,216,430	1,080,834	657,979	416,816	–
Deposit from banks	**6,225**	6,225	–	–	–	–
Tax and other liabilities	**149,164**	19,089	795	3,970	37,285	88,025
Lease liabilities	**2,505**	–	–	–	–	2,505
Borrowings	**1,309,749**	497,859	701,400	97,263	13,130	97
Total liabilities	**4,839,702**	**1,739,603**	**1,783,029**	**759,212**	**467,231**	**90,627**
Liquidity gap (before contingencies)	**371,727**	**(698,342)**	**(1,125,379)**	**(362,164)**	**(188,717)**	**2,746,329**
Contingent liabilities	**(241,538)**	(38,540)	(71,920)	(10,724)	(38,572)	(81,782)
Liquidity gap (after contingencies)	**130,189**	**(736,882)**	**(1,197,299)**	**(372,888)**	**(227,289)**	**2,664,547**

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 of Ghana 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:

	2023	2022
At year end	125.07%	166.41%
Average for the year	141.96%	162.66%
Maximum for the year	178.21%	183.24%
Minimum for the year	118.62%	128.76%

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 2023 (2022: Nil).

3.5 Capital management

3.5.1 Regulatory capital (CAR)

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 year. There have been no material changes in the Bank's management of capital during this period.

3.5.2 Capital adequacy ratio (CAR)

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. Subsequent to the implementation of the Domestic Debt Exchange Programme (DDEP) and its effect on the capital of banks, the ratio has temporarily been reduced to 10% The Central Bank subsequently granted some reliefs for Banks to spread the effect of the Domestic Debt Exchange Programme (DDEP) on their Capital Adequacy over a period of four years (2022-2025).

The table below summarises the composition of regulatory capital and ratios of the Bank based on the Capital Requirement Directive ('CRD') guidelines **with** post – 2022 DDEP regulatory reliefs granted by the Bank of Ghana.

	2023		2022	
	Bank GHS'000	**Group GHS'000**	**Bank GHS'000**	**Group GHS'000**
Ordinary share capital	402,431	402,431	402,431	402,431
Retained earnings b/f	(464,238)	(461,487)	49,799	52,352
Retained profit/(loss) for the year	(215,220)	(214,563)	(514,037)	(513,839)
Statutory reserve	115,447	115,447	115,447	115,447
Other qualifying reserves (DDEP)	501,485	501,485	596,403	596,403
Total CET 1 Capital	**339,905**	**343,313**	**650,043**	**652,794**
Regulatory adjustments				
Intangibles (software)	(5,749)	(5,769)	(10,398)	(10,425)
Other intangibles	(22,818)	(21,998)	(12,435)	(12,622)
Impairment on asset (DDEP related)	(298,202)	(298,202)	(149,101)	(149,101)
Other regulatory adjustments	(315,146)	(314,171)	(158,129)	(157,188)
Total regulatory adjustment	**(641,915)**	**(640,140)**	**(330,063)**	**(329,336)**
CET1 capital after adjustment	**(302,010)**	**(296,827)**	**319,980**	**323,458**
Additional Tier 1 (AT1) capital	–	–	–	–
Total Tier 1 capital (CET1 +AT1)	**(302,010)**	**(296,827)**	**319,980**	**323,458**
Tier 2 capital				
Revaluation reserve (60%)	157,139	157,139	72,549	72,549
Total Tier 2 capital	**157,139**	**157,139**	**72,549**	**72,549**
Tier 2 (Limited to 3% of RWA)	90,351	90,491	82,780	83,070
Total regulatory capital	**(211,659)**	**(206,336)**	**392,529**	**396,007**
Risk weighted assets				
On-balance sheet	2,059,943	2,064,614	1,938,523	1,948,171
Off-balance sheet	120,054	120,054	97,167	97,167
Operational risk	830,445	830,445	685,228	685,228
Market risk	1,269	1,269	38,429	38,429
Total risk weighted assets	**3,011,711**	**3,016,382**	**2,759,347**	**2,768,995**
Capital ratios	**Bank**	**Group**	**Bank**	**Group**
Total Tier 1 capital/Total risk weighted assets	-10.03%	-9.84%	11.60%	11.68%
Total Tier 2 capital/ Total risk weighted assets	3.00%	3.00%	2.63%	2.62%
Capital adequacy ratio	**-7.03%**	**-6.84%**	**14.23%**	**14.30%**
Minimum capital requirement				
Minimum capital requirement	10%	10%	10%	10%
Prudential minimum (with capital conservation buffer)	10%	10%	10%	10%
Surplus to minimum capital				
Surplus/ (deficit) to minimum capital (by law)	-17.03%	-16.84%	4.23%	4.30%
Surplus/ (deficit) to prudential minimum capital	-17.03%	-16.84%	4.23%	4.30%
Leverage ratio				
Tier 1 capital	(302,010)	(296,827)	319,980	323,458
Total on balance sheet assets	5,279,667	5,284,338	5,206,346	5,211,429
Total off balance sheet assets	312,636	312,636	241,538	241,538
Total exposure less regulatory adjustment	**4,950,388**	**4,956,834**	**5,117,821**	**5,123,631**
Leverage Ratio	**-6.10%**	**-5.99%**	**6.25%**	**6.31%**

The table below summarises the composition of regulatory capital and ratios of the Bank based on the CRD guidelines **without** post – 2022 DDEP regulatory reliefs granted by the Bank of Ghana.

	2023		2022	
	Bank GHS'000	**Group GHS'000**	**Bank GHS'000**	**Group GHS'000**
Ordinary share capital	402,431	402,431	402,431	402,431
Retained earnings b/f	(464,238)	(461,487)	49,799	52,352
Retained profit/(loss) for the year	(215,220)	(214,563)	(514,037)	(513,839)
Statutory reserve	115,447	115,447	115,447	115,447
Total CET 1 Capital	**(161,580)**	**(158,172)**	**53,640**	**56,391**
Regulatory adjustments				
Intangibles (software)	(5,749)	(5,769)	(10,398)	(10,425)
Other intangibles	(22,818)	(21,998)	(12,435)	(12,622)
Other regulatory adjustment	(315,146)	(314,171)	(158,129)	(157,188)
Total regulatory adjustment	**(343,713)**	**(341,938)**	**(180,962)**	**(180,235)**
CET1 capital after adjustment	**(505,293)**	**(500,110)**	**(127,322)**	**(123,844)**
Additional Tier 1 (AT1) capital	–	–	–	–
Total Tier 1 capital (CET1 +AT1)	**(505,293)**	**(500,110)**	**(127,322)**	**(123,844)**
Tier 2 capital				
Revaluation reserve (50%)	130,949	130,949	60,457	60,457
Total Tier 2 capital	**130,949**	**130,949**	**60,457**	**60,457**
Tier 2 (Limited to 2% of RWA)	60,234	60,328	55,187	55,380
Total regulatory capital	**(445,059)**	**(439,782)**	**(72,135)**	**(68,464)**
Risk weighted assets				
On-balance sheet	2,059,943	2,064,614	1,938,523	1,948,171
Off-balance sheet	120,054	120,054	97,167	97,167
Operational risk	830,445	830,445	685,228	685,228
Market risk	1,269	1,269	38,429	38,429
Total risk weighted assets	**3,011,711**	**3,016,382**	**2,759,347**	**2,768,995**
Capital ratios	**Bank**	**Group**	**Bank**	**Group**
Total Tier 1 capital/Total risk weighted assets	-16.78%	-16.58%	-4.61%	-4.47%
Total Tier 2 capital/ Total risk weighted assets	2.00%	2.00%	2.00%	2.00%
Capital adequacy ratio	**-14.78%**	**-14.58%**	**-2.61%**	**-2.47%**
Minimum capital requirement				
Minimum capital requirement	10%	10%	10%	10%
Prudential minimum (with capital conservation buffer)	13%	13%	13%	3%
Surplus to minimum capital				
Surplus/deficit to minimum capital (by law)	-24.78%	-24.58%	-12.61%	-12.47%
Surplus/deficit to prudential minimum capital	-27.78%	-27.58%	-15.61%	-15.47%
Leverage Ratio				
Tier 1 capital	(505,293)	(500,110)	(127,322)	(123,844)
Total on balance sheet assets	5,279,667	5,284,338	5,206,346	5,211,429
Total off balance sheet assets	312,636	312,636	241,538	241,538
Total exposure less regulatory adjustment	**5,248,590**	**5255036**	**5266922**	**5272732**
Leverage Ratio	**-9.63%**	**-9.52%**	**-2.42%**	**-2.35%**

3.5.3 Capital allocation

The allocation of capital between specific operations and activities is, to a considerable 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 functions, 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 Board of Directors regularly reviews the Bank's policies regarding capital management and allocation.

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 Department

The Department has direct responsibility for formulating and implementing the Bank's operational risk framework including methodologies, policies and procedures approved by the Board. The department 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 programmes. 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.

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 range of 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 Group 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

2023

	Notes	Corporate Banking GHS'000	Commercial Banking GHS'000	Retail Banking GHS'000	Unallocated GHS'000	Consolidated GHS'000
External revenue						
Interest income	7	143,954	63,173	86,685	–	**293,812**
Net fee and commisssion income	8	30,325	33,414	26,878	–	**90,617**
Net trading income	9	44,102	–	–		**44,102**
Other income		–	–	–	10,066	**10,066**
Total Segment revenue		**218,381**	**96,587**	**113,563**	**10,066**	**438,597**
Segment result						
IIncome tax credit		–	–	–	194,809	**194,809**
Profit/(loss) for the year		**-**	**-**	**-**	**(408,985)**	**(408,985)**
Assets						
Segment assets		1,787,963	1,089,353	1,681,524	–	**4,558,840**
Unallocated assets		–	–	–	725,498	**725,498**
Total assets		**1,787,963**	**1,089,353**	**1,681,524**	**725,498**	**5,284,338**
Liabilities						
Segment liabilities		1,694,377	1,203,200	2,095,363	–	**4,992,940**
Unallocated liabilities		–	–	–	187,672	**187,672**
Total liabilities		**1,694,377**	**1,203,200**	**2,095,363**	**187,672**	**5,180,612**
Impairment losses on financial assets	18	863,899	205,061	367,306	–	**1,436,266**
Depreciation and amortisation	20,21,22	–	–	–	178,377	**178,377**
Capital expenditure	20,21,22	–	–	–	17,897	**17,897**

2022

	Notes	Corporate Banking GHS'000	Commercial Banking GHS'000	Retail Banking GHS'000	Unallocated GHS'000	Consolidated GHS'000
External revenue						
Net interest income	7	145,218	55,107	184,916	–	**385,241**
Net fee and commission income	8	22,050	21,935	38,440	–	**82,425**
Net trading income	9	64,059	–	–	–	**64,059**
Other income	–	–	–	19,028	**19,028**	
Total segment revenue		**231,327**	**77,042**	**223,356**	**19,028**	**550,753**
Segment result						
Income tax expense	13	–	–	–	80,776	**80,776**
Profit/(Loss) for the year		**-**	**-**	**-**	**(356,858)**	**(356,858)**
Assets						
Segment assets		833,262	739,886	1,751,929	–	**3,325,07**
Unallocated assets		–	–	–	1,886,352	**1,886,352**
Total assets		**833,262**	**739,886**	**1,751,929**	**1,886,352**	**5,211,429**
Liabilities						
Segment liabilities		2,139,361	900,127	1,648,446	–	**4,687,934**
Unallocated liabilities		–	–	–	151,768	**151,768**
Total liabilities		**2,139,361**	**900,127**	**1,648,446**	**151,768**	**4,839,702**
Impairment losses on financial assets	18	285,912	576,488	23,205	–	**885,605**
Depreciation and amortization	20,21,22	–	–	–	151,784	**151,784**
Capital expenditure	20,21,22	–	–	–	36,036	**36,036**

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

2023

	Note	FV through Profit or loss GHS'000	FV through OCI GHS'000	Amortised Cost GHS'000	Total Carrying amount GHS'000	Fair value GHS'000
Financial assets						
Cash and cash equivalents	16	–	–	1,158,267	1,158,267	1,151,529
Investment securities	17	–	–	1,901,551	1,901,551	1,823,872
Loans and advances to customers	18	–	–	1,010,841	1,010,841	698,286
Investments (other than securities)	19	–	–	766	766	766
		-	**-**	**4,071,425**	**4,071,425**	**3,674,453**
Financial liabilities						
Deposit from banks	25	–	–	9,204	9,204	9,204
Deposit from customers	25	–	–	4,597,926	4,597,926	4,565,080
Borrowings	26	–	–	385,810	385,810	378,466
Lease liabilities	28	–	–	3,057	3,057	2,784
		-	**-**	**4,995,997**	**4,995,997**	**4,955,534**

2022

	Note	FV through Profit or loss GHS'000	FV through OCI GHS'000	Amortised Cost GHS'000	Total Carrying amount GHS'000	Fair value GHS'000
Financial assets						
Cash and cash equivalents	16	–	–	1,365,428	1,365,428	1,359,897
Investment securities	17	–	–	1,613,177	1,613,177	1,511,090
Loans and advances to customers	18	–	–	1,701,349	1,701,349	1,701,349
Investments (other than securities)	19	–	–	766	766	766
		-	**-**	**4,680,720**	**4,680,720**	**4,573,102**
Financial liabilities						
Deposit from banks	25	–	–	6,225	6,225	6,225
Deposit from customers	25	–	–	3,375,048	3,375,048	3,341,496
Borrowings	26	–	–	1,309,749	1,309,749	1,257,540
Lease liabilities	28	–	–	2,505	2,505	2,326
		-	**-**	**4,693,527**	**4,693,527**	**4,607,587**

Group

2023

	Note	FV through Profit or loss GHS'000	FV through OCI GHS'000	Amortised Cost GHS'000	Total Carrying amount GHS'000	Fair value GHS'000
Financial assets						
Cash and cash equivalents	16	–	–	1,158,267	1,158,267	1,151,529
Investment securities	17	–	–	1,909,304	1,909,304	1,831,306
Loans and advances to customers	18	–	–	1,007,612	1,007,612	675,057
Investments (other than securities)	19	–	–	323	323	323
		-	**-**	**4,075,506**	**4,075,506**	**3,658,215**
Financial liabilities						
Deposit from banks	25	–	–	9,204	9,204	9,204
Deposit from customers	25	–	–	4,593,820	4,593,820	4,560,974
Borrowings	26	–	–	385,810	385,810	378,466
Lease liabilities	28	–	–	3,057	3,057	2,784
		-	**-**	**4,991,891**	**4,991,891**	**4,951,428**

2022

	Note	FV through Profit or loss GHS'000	FV through OCI GHS'000	Amortised Cost GHS'000	Total Carrying amount GHS'000	Fair value GHS'000
Financial assets						
Cash and cash equivalent	16	–	–	1,365,428	1,365,428	1,359,897
Investment securities	17	–	–	1,621,902	1,621,902	1,519,815
Loans and advances to customers	18	–	–	1,697,819	1,697,819	1,697,819
Investment (other than securities)	19	–	–	259	259	259
		-	**-**	**4,685,408**	**4,685,408**	**4,577,790**
Financial liabilities						
Deposits from banks	25	–	–	6,225	6,225	6,225
Deposits from customers	25	–	–	3,372,059	3,372,059	3,338,507
Borrowings	26	–	–	1,309,749	1,309,749	1,257,540
Lease Liabilities	28	–	–	2,505	2,505	2,326
		-	**-**	**4,690,538**	**4,690,538**	**4,604,598**

7. INTEREST INCOME AND EXPENSES

		2023		2022	
		Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
7.1	**Interest Income**				
	Cash and cash equivalents	64,037	64,037	40,031	40,031
	Loans and advances to customers	385,736	385,084	284,326	283,040
	Investment securities	224,873	224,873	425,992	425,992
	Total interest income	**674,646**	**673,994**	**750,349**	**749,063**
7.2	**Interest expense**				
	Deposits from customers	226,959	226,955	183,506	183,506
	Other borrowings	153,227	153,227	180,316	180,316
	Total interest expense	**380,186**	**380,182**	**363,822**	**363,822**
	Net interest income	**294,460**	**293,812**	**386,527**	**385,241**

8. COMMISSIONS & FEES

		2023		2022	
		Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
8.1	**Fee and commission income (Gross)**				
	Fees on loans and advances	19,860	19,860	21,813	21,813
	Fees on customer account servicing	31,989	31,989	22,691	22,691
	Fees on electronic and card products	17,432	17,432	11,818	11,818
	Fees on money transfer services	1,813	1,813	5,225	5,225
	Fees on LC's issued & other trade services	42,325	42,325	35,549	35,549
	Fee and commission income	**113,419**	**113,419**	**97,096**	**97,096**
8.2	**Fee and commission expense**	**(22,802)**	**(22,802)**	**(14,671)**	**(14,671)**
	Net fee and commission income	**90,617**	**90,617**	**82,425**	**82,425**

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

9. NET TRADING INCOME

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Foreign exchange	44,051	44,102	64,076	64,059
Net trading income	**44,051**	**44,102**	**64,076**	**64,059**

10. OTHER INCOME

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Rental income	914	903	596	588
Profit on disposal of property, plant & equipment	808	808	418	418
Sundry income	5,270	8,355	15,145	18,022
	6,992	**10,066**	**16,159**	**19,028**

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
11. PERSONNEL EXPENSES				
Wages and salaries	132,685	133,426	127,976	128,594
Social security cost	8,716	8,766	8,128	8,173
Provident fund contributions	5,084	5,105	3,344	3,361
Medical expenses	13,432	13,436	8,452	8,452
Retirement benefit	45,222	45,222	3,236	3,236
Other staff cost	10,860	10,874	7,856	7,872
	215,999	**216,829**	**158,992**	**159,688**
12. OTHER OPERATING EXPENSES				
Software licensing and other information technology cost	37,367	37,371	23,297	23,313
Auditors' remuneration	616	680	463	509
Advertising and marketing	3,866	3,866	6,932	6,932
Administrative expenses	27,180	27,414	14,827	14,963
Directors' emoluments	3,932	4,094	4,671	4,762
Occupancy	15,426	15,443	12,428	12,445
Other	47,260	47,510	40,728	40,817
	135,647	**136,378**	**103,346**	**103,741**
13. INCOME TAX				
13.1 Income tax expense				
Current income tax charge – (Note 13.2)	8,989	9,182	67,357	67,585
Deferred income tax (credit)/charge (Note 23) – P or L	(203,978)	(203,991)	(148,361)	(148,361
	(194,989)	**(194,809)**	**(81,004)**	**(80,776)**
Deferred income tax (credit)/charge (Note 23) – OCI	46,995	46,995	–	–
Total tax expense/(credit)	**(147,994)**	**(147,814)**	**(81,004)**	**(80,776)**

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13.2. Income tax expense

Bank

2023	Balance at 1-Jan-2023 GHS'000	Charge for the year GHS'000	Other adjustments GHS'000	Payments during the year GHS'000	Balance at 31-Dec-2023 GHS'000
Income tax					
2021	–	3,372	–	(3,372)	-
2022	11,193	1,929	(11,193)	(1,929)	-
2023	–	3,149	–	(17,636)	**(14,487)**
	11,193	**8,450**	**(11,193)**	**(22,937)**	**(14,487)**
National Stabilization Levy					
2020	(539)	539	–	–	-
2021	–	–	–	–	-
2022	(7,521)	–	5,596	–	**(1,925)**
2023	–	–	–	(545)	**(545)**
	(8,060)	**539**	**5,596**	**(545)**	**(2,470)**
Growth and Stabilization Levy					
2022	–	–	–	–	-
2023	–	–	–	(1,635)	**(1,635)**
	-	**-**	**-**	**(1,635)**	**(1,635)**
Financial Sector Recovery Levy					
2022	(7,522)	–	5,597	–	**(1,925)**
2023	–	–	–	(2,180)	**(2,180)**
	(7,522)	**-**	**5,597**	**(2,180)**	**(4,106)**
Total	**(4,389)**	**8,989**	**-**	**(27,297)**	**(22,697)**

2022	Balance at 1-Jan-2021 GHS'000	Charge for the year GHS'000	Other adjustments GHS'000	Payments during the year GHS'000	Balance at 31-Dec-2022 GHS'000
Income tax					
2021	3,027	–	–	(3,027)	-
2022	–	67,357	–	(56,164)	**11,193**
	3,027	**67,357**	**-**	**(59,191)**	**11,193**
National Stabilization Levy					
2019-2020	(539)	–	–	–	**(539)**
2021	1	–	–	(1)	-
2022	–	–	–	(7,521)	**(7,521)**
	(538)	**-**	**-**	**(7,522)**	**(8,060)**
Financial Sector Recovery Levy					
2021	380	–	–	(380)	-
2022	–	–	–	(7,522)	**(7,522)**
	380	**-**	**-**	**(7,902)**	**(7,522)**
Total	**2,869**	**67,357**	**-**	**(74,615)**	**(4,389)**

Group

2023	Balance at 1-Jan-2023 GHS'000	Charge for the year GHS'000	Other adjustments GHS'000	Payments during the year GHS'000	Balance at 31-Dec-2023 GHS'000
Income tax					
2021	(288)	3,372	–	(3,372)	**(288)**
2022	11,233	1,929	(11,193)	(1,929)	**40**
2023	–	3,329	(63)	(17,822)	**(14,557)**
	10,945	**8,630**	**(11,256)**	**(23,123)**	**(14,805)**
National Stabilization Levy					
2020-2021	(553)	553	–	–	**-**
2022	(7,521)	–	5,596	–	**(1,925)**
2023	–	–	–	(545)	**(405)**
	(8,074)	**553**	**5,596**	**(545)**	**(2,470)**
Growth and Stabilization Levy					
2022	–	–	–	–	**-**
2023	–	–	–	(1,635)	**(1,635)**
	-	**-**	**-**	**(1,635)**	**(1,635)**
Financial Sector Recovery Levy					
2022	(7,522)	–	5,597	–	**(1,925)**
2023	–	–	–	(2,180)	**(2,180)**
	(7,522)	**-**	**5,597**	**(2,180)**	**(4,106)**
Total	**(4,651)**	**9,182**	**(63)**	**(27,483)**	**(23,015)**

2022	Balance at 1-Jan-2023 GHS'000	Charge for the year GHS'000	Other adjustments GHS'000	Payments during the year GHS'000	Balance at 31-Dec-2023 GHS'000
Income tax					
2019-2021	2,739	–	–	(3,027)	**(288)**
2022	–	67,585	–	(56,352)	**11,233**
	2,739	**67,585**	**-**	**(59,379)**	**10,945**
National Stabilization Levy					
2019-2020	(553)	–	–		**(553)**
2021	1	–	–	(1)	**-**
2022	–	–	–	(7,521)	**(7,521)**
	(552)	**-**	**-**	**(7,522)**	**(8,074)**
Financial Sector Recovery Levy					
2021	380	–	–	(380)	**-**
2022	–	–	–	(7,522)	**(7,522)**
	380	**-**	**-**	**(7,902)**	**(7,522)**
Total	**2,567**	**67,585**	**-**	**(74,803)**	**(4,651)**

14. TAX RECONCILIATION

Tax on the Bank's profit before income tax differs from the theoretical amounts as follows:

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Profit/(loss) before income tax	(604,631)	(603,794)	(438,060)	(437,634)
Income tax thereon at statutory income tax rate of 25%	(151,158)	(150,949)	(109,515)	(109,409)
Other income taxes	539	539	–	–
Tax effect of non- deductible expenses	184,829	184,950	184,829	184,950
Effect of capital allowance	(7,271)	(7,271)	(7,271)	(7,271)
Origination (reversal) of taxable temporary differences	(221,241)	(221,241)	(148,360)	(148,360)
Effect of other deductions	(687)	(837)	(687)	(686)
Income tax (credit)/charge	**(194,989)**	**(194,809)**	**(81,004)**	**(80,776)**
Effective tax rate	**32.25%**	**32.26%**	**18.49%**	**18.46%**

15. EARNINGS PER SHARE

	2023 Bank	2023 Group	2022 Bank	2022 Group
Net profit/(loss) for the period attributable to equity holders of the Bank	**(409,642)**	**(408,985)**	**(357,056)**	**(356,858)**
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	883,207	883,207	883,207	883,207
Additional shares issued	–	–	–	–
Weighted average number of ordinary shares at 31st December	**883,207**	**883,207**	**883,207**	**883,207**
	-0.4638	**-0.4631**	**-0.4043**	**-0.4040**

16. CASH AND BANK BALANCES

	2023 Bank	2023 Group	2022 Bank	2022 Group
Cash and balances with banks	408,530	408,530	305,729	305,729
Unrestricted balances with central bank	–	–	71,444	71,444
Restricted balances with central bank	570,816	570,816	473,378	473,378
Money market placement	22,715	22,715	100,121	100,121
Bills discounted	51,673	51,673	349,571	349,571
Foreign short-term deposits	104,533	104,533	65,185	65,185
Total cash and bank balances	**1,158,267**	**1,158,267**	**1,365,428**	**1,365,428**

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 15% (2022: 14%) of total deposits.

17. INVESTMENT SECURITIES

Pursuant to the announcement of the Domestic Debt Exchange Programme (DDEP) on 5th December 2022 and the settlement on 21st February 2023, the Bank exchanged its bonds for new bonds with the same principal amount as the existing eligible bonds but a longer average maturity and a lower average coupon. Subsequently, the Bank assessed its Government Bonds for impairment and recorded an expected credit loss (ECL) of GHS596,722,000 in 2022. Other Government Bonds which were not exchanged such as the Euro Bonds were also assessed for impairment, recording an ECL of GHS13,788,000 giving a total ECL of GHS610,510,000 in 2022.

In the reporting year 2023, on the 14th July 2023, the Government of Ghana launched and successfully settled the second DDEP on 11th August 2023. The second programme exchanged Ghana Cocobod Domestic Bills and locally Issued USD dominated notes and bonds for New Bonds with same principal amount but a longer maturity and lower average coupon. The Government also honoured it coupon payment obligations on the new bonds issued in 2022.

The Bank recorded ECL of GHS233,000 and GHS61,000 respectively on Cocoa Bills and locally issued USD Bonds respectively. Impairment on Eurobonds was reassessed and additional impairment of GHS5,242,000 was recorded.

Subsequently, the Bank reported ECL of GHS520,809,000 thus reporting an impairment credit/write back of GHS89,701,000 on its long-term investment securities.

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
17. INVESTMENT SECURITIES				
Bonds and notes at amortised cost (net)	1,901,551	1,909,304	1,613,177	1,621,902
Net investment securities	**1,901,551**	**1,909,304**	**1,613,177**	**1,621,902**

17.1 Schedule of investment securities

2023

Bank	Gross GHS'000	Expected credit loss GHS'000	Net GHS'000
Euro bond	190,301	19,030	171,271
Local dollar bond	691	61	630
Other long-term notes and bonds	2,231,368	501,718	1,729,650
	2,422,360	**520,809**	**1,901,551**
Group			
Euro bond	190,301	19,030	171,271
Local dollar bond	691	61	630
Other long-term notes and bonds	2,239,121	501,718	1,737,403
	2,430,113	**520,809**	**1,909,304**

2022

Bank	Gross GHS'000	Expected credit loss GHS'000	Net GHS'000
Euro bond	137,879	13,788	124,091
Other long-term notes and bonds	2,085,808	596,722	1,489,086
	2,223,687	**610,510**	**1,613,177**
Group			
Euro bond	137,879	13,788	124,091
Other long-term notes and bonds	2,094,533	596,722	1,497,811
	2,232,412	**610,510**	**1,621,902**

18. LOANS AND ADVANCES TO CUSTOMERS

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Loans and advances to customers at amortised cost	1,926,298	1,923,069	1,975,703	1,972,173
Impairment	(915,457)	(915,457)	(274,354)	(274,354)
Net advances	**1,010,841**	**1,007,612**	**1,701,349**	**1,697,819**

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

	Loans and advances GHS'000	Investment securities GHS'000	Off balance sheet items GHS'000	Total GHS'000
2023				
At 1st January	274,354	610,510	741	**885,605**
Impairment charge/(release)	641,103	(89,701)	184	**551,586**
At 31st December 2023	**915,457**	**520,809**	**925**	**1,437,191**
Amounts written-off as uncollectible	108,725	–	–	**108,725**
Total impairment charge	**749,828**	**(89,701)**	**184**	**660,311**

	Loans and advances GHS'000	Investment securities GHS'000	Off balance sheet items GHS'000	Total GHS'000
2022				
At 1st January	184,736	319	905	**185,960**
Impairment charge/(release)	89,618	610,191	(164)	**699,645**
Amounts written-off as uncollectible	–	–	–	**-**
At 31st December 2022	**274,354**	**610,510**	**741**	**885,605**

18.2 Net impairment loss

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Loans and advances to customers	749,828	749,828	89,618	89,618
Other investment securities	(89,701)	(89,701)	610,191	610,191
Contingent liabilities	184	184	(164)	(164)
	660,311	**660,311**	**699,645**	**699,645**

19. INVESTMENTS (OTHER THAN SECURITIES)

The Bank's equity investment are in Prudential Securities LTD (A wholly-owned subsidiary), Airport West Hospitality LTD and Metro Mass Transport. The investments in these entities are immaterial and therefore the Bank does not report at fair value.

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Equity investments	766	323	766	259
	766	**323**	**766**	**259**

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20. PROPERTY, PLANT & EQUIPMENT

20.1a Property, plant & equipment – Bank

2023	Plant & machinery GHS'000	Branch development GHS'000	Motor vehicles GHS'000	Furniture & fittings GHS'000	Office equipment GHS'000	Computer hardware GHS'000	Capital work in progress GHS'000	Land & buildings GHS'000	Total GHS'000
Cost									
Balance at 1st January 2023	6,933	14,560	18,898	10,858	26,376	46,758	7,890	199,503	**331,776**
Additions during the year	304	1,038	2,004	651	1,098	3,212	1,264	–	**9,571**
Revaluation	–	–	–	–	–	–	–	187,979	**187,979**
Write off during the year	–	–	–	–	–	–	–	–	**-**
Disposals during the year	–	(209)	(732)	(64)	(217)	(285)	–	(706)	**(2,213)**
Balance at 31st December 2023	**7,237**	**15,389**	**20,170**	**11,445**	**27,257**	**49,685**	**9,154**	**386,776**	**527,113**
Accumulated depreciation									
Balance at 1st January 2023	5,785	12,399	11,213	9,124	15,670	31,429	–	19,489	**105,109**
Charge for the year	517	666	2,525	701	2,477	5,904	–	4,839	**17,629**
Write off during the year	–	–	–	–	–	–	–	–	**-**
Disposals during the year	–	(205)	(634)	(64)	(197)	(282)	–	(151)	**(1,533)**
Balance at 31st December 2023	6,302	12,860	13,104	9,761	17,950	37,051	–	24,177	**121,205**
Net book value at 31st December 2023	**935**	**2,529**	**7,066**	**1,684**	**9,307**	**12,634**	**9,154**	**362,599**	**405,908**

2022	Plant & machinery GHS'000	Branch development GHS'000	Motor vehicles GHS'000	Furniture & fittings GHS'000	Office equipment GHS'000	Computer hardware GHS'000	Capital work in progress GHS'000	Land & buildings GHS'000	Total GHS'000
Cost									
Balance at 1st January 2022	6,823	14,560	13,395	10,256	24,177	38,913	15,781	196,969	**320,874**
Additions during the year	227	–	5,794	666	5,015	9,385	(7,891)	11,185	**24,381**
Disposals during the year	(117)	–	(291)	(64)	(2,816)	(1,540)	–	(8,651)	**(13,479)**
Balance at 31st December 2022	6,933	14,560	18,898	10,858	26,376	46,758	7,890	199,503	**331,776**
Accumulated depreciation									
Balance at 1st January 2022	5,336	11,736	9,696	8,278	16,130	26,914	–	15,763	**93,853**
Charge for the year	564	663	1,662	908	2,278	6,055	–	3,726	**15,856**
Disposals during the year	(115)	–	(145)	(62)	(2,738)	(1,540)	–	–	**(4,600)**
Balance at 31st December 2022	5,785	12,399	11,213	9,124	15,670	31,429	–	19,489	**105,109**
Net book value at 31st December 2022	**1,148**	**2,161**	**7,685**	**1,734**	**10,706**	**15,329**	**7,890**	**180,014**	**226,667**

20. PROPERTY, PLANT & EQUIPMENT

20.1a Property, plant & equipment – Group

2023	Plant & machinery GHS'000	Branch development GHS'000	Motor vehicles GHS'000	Furniture & fittings GHS'000	Office equipment GHS'000	Computer hardware GHS'000	Capital work in progress GHS'000	Land & buildings GHS'000	Total GHS'000
Cost									
Balance at 1st January 2023	6,933	14,560	19,065	10,957	26,406	46,915	7,890	199,503	**332,229**
Additions during the year	304	1,038	2,004	651	1,104	3,264	1,264	–	**9,629**
Revaluation	–	–	–	–	–	–	–	187,979	**187,979**
Write off during the year	–	–	–	–	–	–	–	–	**-**
Disposals during the year	–	(209)	(732)	(64)	(217)	(285)	–	(706)	**(2,213)**
Balance at 31st December 2023	**7,237**	**15,389**	**20,337**	**11,544**	**27,293**	**49,894**	**9,154**	**386,776**	**527,624**
Accumulated depreciation									
Balance at 1st January 2023	5,786	12,399	11,290	9,156	15,691	31,500	–	19,489	**105,311**
Charge for the year	517	666	2,557	715	2,480	5,927	–	4,839	**17,701**
Write off during the year	–	–	–	–	–	–	–	–	**-**
Disposals during the year	–	(205)	(634)	(64)	(197)	(282)	–	(151)	**(1,533)**
Balance at 31st December 2023	6,303	12,860	13,213	9,807	17,974	37,145	–	24,177	**121,479**
Net book value at 31st December 2023	**934**	**2,529**	**7,124**	**1,737**	**9,319**	**12,749**	**9,154**	**362,599**	**406,145**

2022	Plant & machinery GHS'000	Branch development GHS'000	Motor vehicles GHS'000	Furniture & fittings GHS'000	Office equipment GHS'000	Computer hardware GHS'000	Capital work in progress GHS'000	Land & buildings GHS'000	Total GHS'000
Cost									
Balance at 1st January 2022	6,823	14,560	13,395	10,290	24,210	38,975	15,781	196,969	**321,167**
Additions during the year	227	–	5,797	731	5,012	9,480	(7,891)	11,185	**24,541**
Disposals during the year	(117)	–	(291)	(64)	(2,816)	(1,540)	–	(8,651)	**(13,479)**
Balance at 31st December 2022	6,933	14,560	19,065	10,957	26,406	46,915	7,890	199,503	**332,229**
Accumulated depreciation									
Balance at 1st January 2022	5,337	11,736	9,741	8,305	16,148	26,980	–	15,763	**94,010**
Charge for the year	564	663	1,694	913	2,281	6,060	–	3,726	**15,901**
Disposals during the year	(115)	–	(145)	(62)	(2,738)	(1,540)	–	–	**(4,600)**
Balance at 31st December 2022	5,786	12,399	11,290	9,156	15,691	31,500	–	19,489	**105,311**
Net book value at 31st December 2022	**1,147**	**2,161**	**7,775**	**1,801**	**10,715**	**15,415**	**7,890**	**180,014**	**226,918**

There was no indication of impairment of property, plant & equipment held by the Bank at 31st December 2023 . None of the property, plant & equipment of the Bank has 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

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Property, plant & equipment (Note 20.1)	17,629	17,701	15,856	15,901
Intangible assets (Note 21)	4,649	4,656	5,376	5,380
Right-of-use assets (Note 22)	6,243	6,243	3,853	3,853
	28,521	**28,600**	**25,085**	**25,134**

20.3 Profit/(loss) on disposal of property, plant & equipment

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Gross book value	2,213	2213	13479	13479
Accumulated depreciation	(1,533)	(1,533)	(4,602)	(4,602)
Net book value	680	680	8,877	8,877
Sales proceeds	1,453	1,453	9,143	9,143
Net profit/(loss) on disposal	**773**	**773**	**266**	**266**
Profit on disposal	808	808	418	418
Loss on disposal	(35)	(35)	(152)	(152)
Net profit on disposal	**773**	**773**	**266**	**266**

21. INTANGIBLE ASSETS-COMPUTER SOFTWARE

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Cost				
At 1st January	44,701	44,891	40,691	40,871
Additions	–	–	4,010	4,020
At 31st December	**44,701**	**44,891**	**44,701**	**44,891**
Accumulated amortisation				
At 1st January	34,303	34,466	28,927	29,086
Amortisation	4,649	4,656	5,376	5,380
At 31st December	38,952	39,122	34,303	34,466
Carrying amount at 31st December	**5,749**	**5,769**	**10,398**	**10,425**

22. RIGHT-OF-USE ASSETS

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Buildings	13,074	13,074	11,942	11,942
The movement in right-of-use assets is as follows:				
Cost				
At 1st January	23,949	23,949	20,074	20,074
Additions	8,326	8,326	7,475	7,475
Derecognition	(1,425)	(1,425)	(3,600)	(3,600)
	30,850	30,850	23,949	23,949
Amortization				
At 1st January	12,007	12,007	10,386	10,386
Amortisation charge	6,243	6,243	3,853	3,853
Derecognition	(474)	(474)	(2,232)	(2,232)
	17,776	17,776	12,007	12,007
Net book value	**13,074**	**13,074**	**11,942**	**11,942**

23. DEFERRED TAX

	2023 Asset GHS'000	2023 Liabilities GHS'000	2023 Net GHS'000	2022 Asset GHS'000	2022 Liabilities GHS'000	2022 Net GHS'000
Bank						
PPE and intangibles	–	(45,083)	(45,083)	–	(17,953)	(17,953)
Allowances for loan losses	228,864	–	228,864	22,405	–	22,405
Allowances for bond losses	130,202	–	130,202	152,548	–	152,548
	359,066	**(45,083)**	**313,983**	**174,953**	**(17,953)**	**157,000**
Group						
PPE and intangibles	–	(45,083)	(45,083)	–	(17,966)	(17,966)
Allowances for loan losses	228,864	–	228,864	22,405	–	22,405
Allowances for bond losses	130,202	–	130,202	152,548	–	152,548
	359,066	**(45,083)**	**313,983**	**174,953**	**(17,966)**	**156,987**

Movements in temporary differences during the year

Bank

	Balance January 1st GHS'000	Recognised in profit or loss GHS'000	Recognised in OCI GHS'000	Adjustment GHS'000	Balance 31st December GHS'000
For the year ended 31st December 2023					
PPE and intangibles	(17,953)	19,865	(46,995)	–	(45,083)
Allowances for loan losses	22,405	206,459	–	–	228,864
Allowances for bond losses	152,548	(22,346)	–	–	130,202
	157,000	**203,978**	**(46,995)**	**-**	**313,983**
For the year ended 31st December 2022					
PPE and intangibles	(14,841)	(3,112)	–	–	(17,953)
Allowances for loan losses	23,480	(1,075)	–	–	22,405
Allowances for bond losses	-	152,548	–	–	152,548
	8,639	**148,361**	**-**	**-**	**157,000**

Group

	Balance January 1st GHS'000	Recognised in profit or loss GHS'000	Recognised in OCI GHS'000	Adjustment GHS'000	Balance 31st December GHS'000
For the year ended 31st December 2023					
PPE and intangibles	(17,966)	19,878	(46,995)	–	(45,083)
Allowances for loan losses	22,405	206,459	–	–	228,864
Allowances for bond losses	152,548	(22,346)	–	–	130,202
	156,987	**203,991**	**(46,995)**	**-**	**313,983**
For the year ended 31st December 2022					
PPE and intangibles	(14,841)	(3,112)	–	–	(17,953)
Allowances for loan losses	23,480	(1,075)	–	–	22,405
Allowances for bond losses	-	152,548	–	–	152,548
	8,626	**148,361**	**-**	**-**	**156,987**

24. OTHER ASSETS

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Accounts receivable and prepayments	362,896	363,309	87,365	87,595
Tradable assets	77,700	77,700	23,060	23,060
Other	6,235	5,837	4,805	4,443
	446,831	**446,846**	**115,230**	**115,098**

In the reporting year 2023, the Bank repossessed collaterals valued at GHS65,000,000 and disposed of collaterals worth GHS10,360,000.

25. DEPOSITS

25.1 Deposits from other financial institutions

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Financial Institutions	9,240	9,240	6,225	6,225
	9,240	**9,240**	**6,225**	**6,225**

25.2 Deposit from customers by segment:

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Retail customers				
Term deposits	649,801	649,801	551,244	551,244
Current deposits	1,450,505	1,450,505	1,024,147	1,024,147
	2,100,306	2,100,306	1,575,391	1,575,391
Corporate & commercial customers:				
Term deposits	466,166	466,166	409,908	409,908
Current deposits	2,031,454	2,027,348	1,389,749	1,386,760
	2,497,620	2,493,514	1,799,657	1,796,668
	4,597,926	**4,593,820**	**3,375,048**	**3,372,059**

25.3 Deposits from customers by type

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Current account	1,829,905	1,825,799	1,203,323	1,200,334
Savings account	1,195,680	1,195,680	836,993	836,993
Time deposit	1,115,967	1,115,967	961,152	961,152
Call deposit	456,374	456,374	373,580	373,580
	4,597,926	**4,593,820**	**3,375,048**	**3,372,059**

26. BORROWINGS

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Overnight borrowings	150,989	150,989	206,761	206,761
Repurchase agreements	234,741	234,741	1,102,891	1,102,891
Preference share capital	80	80	97	97
	385,810	**385,810**	**1,309,749**	**1,309,749**

27a. OTHER LIABILITIES

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
Short term employee benefits	3,549	3,549	3,922	3,922
Creditors and accruals	142,123	142,492	134,898	140,219
Other liabilities	2,696	2,696	5,023	5,023
	148,367	**153,736**	**143,843**	**149,164**

	2023 Bank GHS'000	2023 Group GHS'000	2022 Bank GHS'000	2022 Group GHS'000
27b. EMPLOYEE BENEFIT LIABILITIES				
Defined benefit obligations	34,985	34,985	–	–
Opening balance	–	–	–	–
Current service cost	52,262	52,262	–	–
Fair value of plan assets	(9,321)	(9,321)	–	–
Benefits paid	(7,956)	(7,956)	–	–
	34,985	**34,985**	**-**	**-**
28. LEASE LIABILITIES				
Lease liabilities	**3,057**	**3,057**	**2,505**	**2,505**
The movement in lease liabilities is as follow:				
Balance at 1st January	2,505	2,505	3,403	3,403
Additions	2,617	2,617	837	837
Interest expense (finance cost)	273	273	179	179
Lease payments	(2,123)	(2,123)	(2,133)	(2,133)
Derecognition of lease	(1,117)	(1,117)	(148)	(148)
Exchange loss	902	902	367	367
	3,057	**3,057**	**2,505**	**2,505**

29. CAPITAL AND RESERVES

29.1 Stated capital

	2023 No. of shares '000	2023 Proceeds GHS'000	2022 No. of shares '000	2022 Proceeds GHS'000
Authorised				
Ordinary shares of no-par value	4,000,000		1,000,000	
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	3,075	30
Capitalisation 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 2023. There were no shares held in treasury at the year end. (2022: Nil).

At the Annual General Meeting held on 6th July 2023 shareholders approved a resolution to raise the Bank's authorized share capital from 1 billion shares to 4 billion shares in 2023. This decision facilitated the initiation of the Bank's recapitalization efforts following the implementation of the Domestic Debt Exchange Programme. The Bank anticipates completing its recapitalization process in 2024.

29.2 Retained earnings

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

29.3. 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. No amount, GHS0.00 (2022: GHS0.00) was transferred to the statutory reserve for the year, the cumulative balance on the statutory reserve fund remained the same GHS115,447,000 (2022: GHS115,447,000) at the year end.

29.4. Revaluation reserve

The Bank revalued its lands and buildings in August 2023 which resulted in a revaluation gain of GHS187,979,000 with an associated deferred tax charge of GHS46,995,000 binging the cumulative balance on the revaluation reserve fund to GHS261,898,000 (2022: GHS120,914,000).

29.5 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.*

	2023 GHS'000	2022 GHS'000
IBank of Ghana provisions	915,457	468,776
IFRS impairment	(915,457)	(274,354)
Total	**–**	**194,422**

An amount of GHS194,422,000 was transferred from the credit risk reserve for the year (2022: GHS141,981,000 posted to credit risk reserve)

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 a dividend for the period ended 31st December 2023.

31. CASH USED IN OPERATIONS

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
Profit/(loss) for the period	**(604,631)**	**(603,794)**	**(438,060)**	**(437,634)**
Adjustments for:				
Net interest income	(294,460)	(293,812)	(386,527)	(385,241)
Depreciation and amortisation	28,521	28,600	25,085	25,134
Impairment on financial assets	660,311	660,311	699,645	699,645
Bad debt written-off	(108,725)	(108,725)	–	–
Net (profit)/ loss on disposal of PPE	(773)	(773)	(266)	(266)
Interest expense on lease	273	273	179	179
Exchange loss on lease	902	902	367	367
(Gain)/loss on derecognition of lease	(166)	(166)	1,220	1,220
Prepayment (right-of-use assets)	(5,709)	(5,709)	(6,638)	(6,638)
Change in investment other than securities	–	(64)	1,000	(19)
Change in loans and advances to customers	49,405	49,104	(281,409)	(282,408)
Change in other assets	(331,601)	(331,748)	(68,287)	(67,726)
Change in deposits from banks	2,979	2,979	(5,375)	(5,375)
Change in deposits from customers	1,222,878	1,221,761	522,580	523,505
Change in other liabilities	4,340	4,325	36,694	32,600
Change in employee defined benefit	34,985	34,985	–	–
Interest received	674,646	673,994	750,349	750,349
Interest paid	(380,186)	(380,182)	(363,822)	(363,822)
Cash from/(used in) operations	**952,989**	**952,261**	**486,735**	**483,870**

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:

	2023 GHS'000	2022 GHS'000
Bonds and guarantees	146,340	106,015
Letters of credit and other documentary credits	166,296	135,523
	312,636	**241,538**

32.2 Commitments for capital expenditure

At 31st December 2023, the Bank had commitments for capital expenditure of GHS856,000 (2022: GHS1,300,000).

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 Loans and advances to staff and Key Management Personnel

Loans include mortgage loans and personal loans. Loans granted to employees and executive directors are granted at concessionary rates of 5%-6%. No specific impairments have been recognised in respect of loans granted to key management at the reporting date (2022: Nil). Interest earned on staff loans during the year amounted to GHS52,900 (2022: GHS49,500)

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

33.1.1 Loans and advances to Key Management Personnel

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

	2023		2022	
	Maximum balance GHS'000	Closing balance GHS'000	Maximum balance GHS'000	Closing balance GHS'000
Mortgage lending and other secured loans	3,907	3,907	3,308	3,237
Other loans	690	306	987	7,047
	4,597	**4,213**	**4,295**	**10,284**

33.1.2 Loans and advances to employees

	2023 GH¢'000	2022 GH¢'000
Balance at 1st January	82,303	66,232
Loans advanced during the year	24,206	32,771
Loan repayments received	(14,410)	(16,700)
Balance at 31st December	**92,099**	**82,303**

33.2. 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:

	2023 GHS'000	2022 GHS'000
Gross amount at 1st January	1,115	898
Accrued interest	167	286
Repayments	(1,282)	(69)
Balance as at 31st December	**-**	**1,115**

Included in loans and advances is GHS Nil (2022: GHS Nil) advanced to companies in which some of the members of the Board of Directors have interest.

Included in deposits is approximately GHS4,100,000 (2022: GHS2,900,000) due to subsidiary companies. Interest paid on these deposits during the year amounted to GHS0.00 (2022: GHS0.00).

33.3 Loans and advances to Shareholders and their associates

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

	2023 GHS'000	2022 GHS'000
Gross amount at 1st January	100,812	85,658
Accrued interest	32,685	16,478
Repayments	(3,550)	(1,324)
Balance as at 31st December	**129,947**	**100,812**

34. GROUP ENTITIES

Significant subsidiaries of the Bank	Country of incorporation	Ownership interest	
		2023	**2022**
Prudential Securities LTD	Ghana	100%	100%

The Bank has entered into transactions with its subsidiary as follows:

	2023	2022
	GHS'000	**GHS'000**
Gross amount at 1st January	5,689	5,975
Repayments	(438)	(286)
Balance as at 31st December	**5,251**	**5,689**

35. SUBSEQUENT EVENTS

Events after 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 at 31st December 2023.

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%**

37. VALUE ADDED STATEMENT

	2023		2022	
	Bank GHS'000	Group GHS'000	Bank GHS'000	Group GHS'000
IInterest earned and other operating income	788,065	787,413	847,445	846,159
Direct cost of services	(534,976)	(535,541)	(477,347)	(477,651)
Value added by banking services	253,089	251,872	370,098	368,508
Non-banking income	51,043	54,168	80,235	83,087
Impairment	(660,311)	(660,311)	(699,645)	(699,645)
Value added	**(356,179)**	**(354,271)**	**(249,312)**	**(248,050)**
Distributed as follows:				
To employees and Directors:				
Directors (without executive)	(3,932)	(4,094)	(4,671)	(4,762)
Executive directors	(1,544)	(1,544)	(1,263)	(1,263)
Other employees	(214,455)	(215,285)	(157,729)	(158,425)
To Government:				
Income tax	194,989	194,809	81,004	80,776
To providers of capital:				
Dividend to shareholders	–	–	(15,000)	(15,000)
To expansion and growth:				
Depreciation and amortisation	(28,521)	(28,600)	(25,085)	(25,134)
Retained earnings after dividend	**(409,642)**	**(408,985)**	**(372,056)**	**(371,858)**

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PRUDENTIAL BANK
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2023 | ANNUAL REPORT

SUSTAINABILITY & CSR

- Sustainability report
- CSR report

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Sustainability Report

2023

Our Journey Towards Sustainable Banking

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Introduction

Prudential Bank LTD (PBL) remains resolute as a financial institution in our quest towards promoting sustainable economic growth. Thus, our business perspective is hinged on the believe that banking services can be offered in the most remunerative way yet in a responsible and sustainable manner. For this reason, we continue our sustainability drive which is guided by our commitment to the Global Sustainable Development Goals, Paris Agreement on Climate Change and the Ghana Sustainable Banking Principles.

To accelerate our sustainability drive, we did make some strides in line with the effectuation of our tenets;

Enironmental and Social Risk Management

The 2023 financial year saw a continuous implementation of the Bank's Environmental and Social (E&S) Risk Management Framework (under the auspices of the executive management and the Sustainability Unit).

The Sustainability Unit in 2023 completed PBL's E&S procedure manual and engaged staff who are key to the credit underwriting process on its operationalization together with tools for E&S assessment within the Bank.

The unit also leveraged these staff engagement sessions to reverberate content of the Bank's Sustainability Strategy, E&S risk policy as well as the step-by-step approach towards accessing, managing and monitoring E&S risks associated with PBL's lending activities.

Internal Carbon Footprint

At PBL, our goal is to remain accountable for our carbon footprint which comes under the following:

Scope 1: Emission related to our direct business operations;

Scope 2: Emissions related to external consumption; and

Scope 3: Emissions related to office paper and waste.

We recognize that taking key steps aimed at curtailing greenhouse gas emissions through investments in energy efficient buildings as well as clean energy sources is a crucial part of our commitment to climate action and the global Sustainable Development Goals.

Our clients play a key role in bringing our envisioned goals to action hence, we will continue to explore sustainable financing solutions and help our committed customers in their transitioning journey.

Our resolve is to support and guide our clients to be well aligned as the globe moves towards carbon neutrality.

Gender Equality, Diversity & Inclusion

We do understand that many financial institutions are at different levels and have different commitments with regards to gender quality.

Our goal is to ensure that we create a workplace environment in which all employees feel safe with their differences welcomed. As a bank, we believe that an environment where everyone feels safe is an environment where people can thrive, learn, and be innovative. Our efforts to encourage diversity and inclusion at our work place clearly articulates our stance on equality which reinforces our vision.

We will continue to drive value addition and amplify the impact of gender and equality through a collaborative effort between our key internal stakeholders i.e. the Sustainability Unit, Human Resource Department and relevant departments with a primary focus of empowering female employees by doing the following:

1. Increasing the number of women in leadership through our women empowerment series.
2. Mentorship and capacity building programs.
3. Ensuring staff retention through a talent management scheme amongst others.

Resource Efficiency

Resource efficiency at PBL is a flagship initiative under our broader sustainability framework. The goal is to ensure that we operate sustainably and at optimal levels whiles ensuring cost savings. As part of our operations we have identified key resources that have a significant impact on our business and these include: electricity, water and paper.

Water Management: The availability and prudent use of water remains a growing challenge. The increasing demand for water by human population, irrigated agriculture and industrial purposes re-echoes the need for the sustainable and responsible use of water across our operations (to reduce, avoid, misuse and wastage) which will invariably ensure water security.

Paper Management: The positive impact of paper management is not just the fact that the planet is protected by significantly contributing towards the reduction in forest loss, production pollution, natural resource usage as well as disposal pollution but also allows for cost savings associated with the daily operations of banks which in the long run impacts revenues of financial institutions. At PBL, our aim is to ensure that we adopt measures that are environmentally beneficial and economically prudent whiles providing services to our customers at optimal levels. Internally, we have taken steps to ingrain in our staff a culture that encourages paper reduction as well as engage a third-party institution on recycling of waste paper generated by the Bank. We aim at contributing significantly to the global conversation around circular economy.

Electricity Management: Through our sustainability aspirations, we have set ambitious targets to ensure we do not only use renewable energy sources but also to aim at achieving net zero emissions. Presently we have engaged a third-party institution to conduct an energy audit on our operations as a means of fueling our energy transition. Admittedly, renewable energy remains the future. It is high on the global agenda and crucial to meeting the world's carbon-reduction goals.

Adequate access to financial services is essential

Financial Inclusion

in improving the quality of life for households and individuals, particularly individuals with low incomes as well as strengthening the productive capacity of micro, small and medium enterprises.

At PBL, we understand that the modern market economy is driven by financial services. However, financial development is not enough and inclusive if a large section of the population is excluded.

As a bank, we remain resolute in ensuring that we provide solutions geared towards achieving our targets. Our goal is to ensure that we meet our core mandate which is to provide financial access that facilitates day-to-day living, and help businesses plan for everything from long term goals to unexpected emergencies.

Presently, we have made available digital transactional platforms (as part of digital financial inclusion) as well as other digital solutions and new fintech apps to enable us meet the needs of our client's and provide services to individuals who are fairly excluded. Financial literacy is a key component of our strategy hence we are progressively implementing our tenets in line with our strategy with the aim of empowering people to make smart financial decisions.

Corporate Governance & Ethical Standards

At PBL we understand that a key driver to the fulfillment of our mission (as a bank) is through sound corporate governance and good ethical practices. Our culture and corporate values continue to remain essential to our long-term value creation. We do have a committed, balanced and diverse board that ensures effective governance through thematic committees. We continue to screen our client's governance and ethical/business practices as part of our sustainability related screening processes to ensure our clients comply with our policy requirements.

Reporting & Disclosures

We recognize that our shareholders, and investors are keen to understand our corporate and sustainability-related activities. PBL supports transparency in relation to sustainability as encouraged by the release of the Ghana Sustainable Banking Principles reporting guidelines. We do acknowledge that sustainability related reporting is evolving, as are the tools and methodologies, hence we will continue to engage various stakeholders in a bid to refine our approach and enhance our disclosure based on lessons learned and evolving best practices.

Sustainable Procurement

At PBL, we understand the need for procurement leaders to drive positive change through sustainability practices to ensure sustainable procurement. The 2023 financial year saw the review of our existing procurement policy, on-boarding template as well as the supplier agreements to take into consideration sustainability concerns through our laid-down sustainability-related screening approach.

We do acknowledge that sustainable procurement practices will give our organization a competitive advantage and help to future-proof our long-term activities.

We do understand the negative impacts of our suppliers and service providers not meeting minimum requirements.

External Engagements

Prudential Bank LTD remains partners with the Strategic Youth Network for Development (SYND) established to focus on the Young Green Entreprenuers aimed at positioning young green entreprenuers as a catalyst for promoting and developing the country's rich renewable energy resources for sustainable economic growth, improved social life and reduce adverse climate change effects.

In October 2023 the Bank participated in a panel discussion organized by SYND. PBL whiles contributing to the panel discussion gave an insight into the Bank's commitment to Sustainability thus far and encouraged entrepreneurs to pitch their focus i.e. by looking at embarking on sustainable projects as this will not only give them the opportunity to go beyond environmental stewardship (i.e. green initiatives) but also guarantee social inclusivity as well as economic benefits.

The Sustainability Unit in the year under review honoured an invitation to participate in a pioneering session on a multifaceted approach of decarbonization within Ghana's context as well as the pivotal role financial institutions play in the pursuit for decarbonization. PBL specifically participated in a session dubbed *Unlocking Green and Climate Finance.* This session sought to identify financing issues related to energy, water and the circular economy in Ghana as well as underscore proactive steps that could increase and drive sustainable development in Ghana.

External Engagements

CORPORATE SOCIAL RESPONSIBILITY REPORT

Introduction

PBL believes in business practices that create positive impact on society and the environment. The Bank's social responsibility is evidenced in its sustainability, ethical conduct and community engagement efforts. PBL remains dedicated to advancing its CSR initiatives to drive meaningful change and contribute to a better world for all. The Bank's CSR initiatives for year 2023 are captured under the thematic areas below:

Education

Ghana Teacher Prize

The Bank, for the fifth consecutive year, collaborated with the Ministry of Education and National Teaching Council/Ghana Education Service to award the first runner-up for the 2023 Ghana Teacher Prize with a brand-new Nissan Navara double cabin pick-up.

University of Ghana (UG) SRC e-Discussion Room

The Bank sponsored the renovation of a study room on UG campus into an e-Discussion room for students.

Student body sponsorships

The Bank sponsored:

- Two University of Ghana medical students for their Medical Exchange Programme;
- Scholarship seminar organized by UG Russian Students' Association;
- The SRC Week Celebration of the University of Cape Coast;
- The 30th Anniversary celebration of the Graduate Students' Association of Ghana, Legon; and
- The 25th Anniversary Legacy Project of the 1998 year group of St. Augustine Past Students' Union (APSU '98).

Other educational support

To further deepen its commitment towards education, the Bank supported the following:

- The 1st Congregation of the University of Media, Arts and Communications (UNIMAC)
- Awards for best performing students for selected programmes in the following schools: Pentecost University; Wisconsin International University College, Ghana; Koforidua Technical University; SDA College of Education, Asokore; and St. Louis Jubilee School.

Health

The Bank's CSR footprints in the area of health included the following:

- Support for the Lifeline for Childhood Cancer Ghana towards the completion of a 40-Bed comprehensive Cancer Centre at the Korle-Bu Teaching Hospital
- Support for two patients to undergo kidney transplant and heart surgery, respectively
- Donation towards the Colorectal Cancer Awareness Campaign organized by Korle Bu Teaching Hospital.
- Support for the Pharmaceutical Society of Ghana towards their Annual General Meeting and Conference

Culture

The Bank supported the implementation of the Dagbon Development Strategy, the Homowo Festivals of the Adabraka Atukpai and the Osu Traditional Stools, the Nungua Kplejoo Festival of the Nungua Traditional Council, the Edina Bakatue Festival of the Edina Traditional Council and the Coconut Festival at Takoradi by the African Coconut

Group. The Bank also supported the Sunyani Traditional Council towards the coronation of the Queen Mother of Sunyani.

Environment

The Bank for the third consecutive time collaborated with the Ministry of Lands and Natural Resources and Forestry Commission to embark on the 2023 Green Ghana Project.

Others

The Bank also undertook CSR activities as follows:

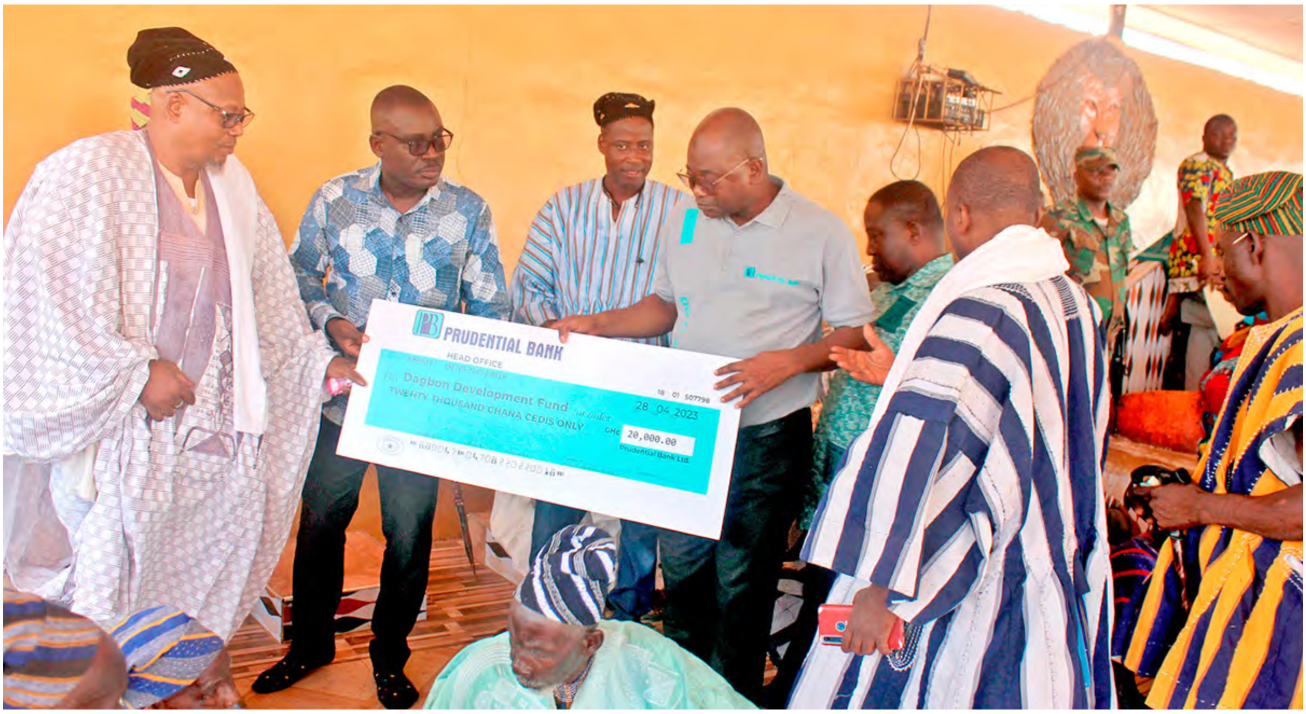
- Donation of varied items in support of the Eid-ul-Fitr and Ramadan celebrations
- Donation to Ghana Cocoa Board towards National Chocolate Week Celebration
- Donation to the Village of Hope Orphanage – Gomoa Fetteh
- Sponsoring the Presidential National Awards for Export Achievement organized by Ghana Export Promotion Authority (GEPA)
- Supporting the 60th Anniversary Celebration of the Chartered Institute of Bankers
- Supporting the 18th IoD-GH Council organized by the Institute of Directors, Ghana, among others.

Conclusion

The total CSR contributions for the year under review amounted to GHS1.1 million. The Bank will continue to prioritize CSR initiatives to foster sustainable development and community well-being.

STAFF OF PBL ENGAGED IN TREE-PLANTING DURING THE 2023 GREEN GHANA DAY

DONATION TO DAGBON DEVELOPMENT FUND



DONATION TO THE VILLAGE OF HOPE ORPHANAGE

DONATION FOR 2023 GHANA TEACHER PRIZE

2023 ANNUAL REPORT

BRANCH & ATM LOCATIONS

Branches & ATMs

GREATER ACCRA REGION	LOCATION	BRANCH EMAIL	GPS ADDRESS
Abeka Branch	Apugu Tower, Abeka Lapaz, Accra	akb.branch@Prudentialbank.com.gh	GA-392-9799
Abossey Okai Branch	Cap & May House, Ring Road West Accra	aob.branch@Prudentialbank.com.gh	GA-216-7769
Accra Branch	Swanzy Shopping Arcade (Former Kingsway Building)	bg.branch@Prudentialbank.com.gh	GA-105-9208
Adentan Branch	4A Lami Dwaahe Street, Housing Estate Road, Adentan Housing Estate	adt.branch@Prudentialbank.com.gh	GD-003-1107
Airport City Branch	Una Home, Airport	acb.branch@Prudentialbank.com.gh	GL-126-8293
Cantonments Branch	Ghana Free Zones Authority Building	ctb.branch@Prudentialbank.com.gh	GL-140-1934
East Lgon Branch	Near American House	elb.branch@Prudentialbank.com.gh	GD-209-9161
Gicel Branch	Gicel Estates, Weija Accra	gb.branch@Prudentialbank.com.gh	GS-0096-0363
Haatso Branch	Adjacent Haatso Station	hat.branch@Prudentialbank.com.gh	GE-297-4538
Madina Branch	Albert House, Zongo Junction, Madina	mab.branch@Prudentialbank.com.gh	GM-017-5175
Makola Branch	31st December Market, Makola, Accra	mkb.branch@Prudentialbank.com.gh	GA-142-8718
Mataheko Branch	IRS Building, Mataheko, Accra	mhb.branch@Prudentialbank.com.gh	GA-471-1890
Methodist University Agency	Methodist University College Campus, Dansoman Accra	mua.agency@Prudentialbank.com.gh	GA-504-8007
Nungua Branch	Adjacent Electricity Company of Ghana Nungua Office, Accra	ngb.branch@Prudentialbank.com.gh	GZ-023-1643
Odorkor Branch	Off Accera-Winneba Road, Odorkor Traffic Light, Accra	odb.branch@Prudentialbank.com.gh	GA-532-4228
Okaishie Branch	No. 657/4 Knutsford Avenue Okaishie Accra	okb.branch@Prudentialbank.com.gh	GA-141-3370
Ring Road Central Branch	No. 8 John Harmond Street, Ring Road Central, Accra	rrc.branch@Prudentialbank.com.gh	GA-005-3060
Spintex Road Branch	(Adjacent CCTC, Near the Coca-Cola Roundabout) Spintex Road, Accra	srb.branch@Prudentialbank.com.gh	GZ-202-4096
Taifa Branch	Adjacent Goil Filling Station, Taifa Junction	tfb.branch@Prudentialbank.com.gh	GE-331-2307
Tema Comm. One Branch	Prudential house Off Krakue Road, Commercial Area, Tema	tcb.branch@Prudentialbank.com.gh	GT-021-0112
Tema Fishing Habour Branch	Hillpok Yard, Tema Fishing Habour	tfh.branch@Prudentialbank.com.gh	GT-105-4268
Tesano Branch	No. C111A/19, Nsawam Road, Tesano, Near Tesano Police Station	tsb.branch@Prudentialbank.com.gh	GA-166-8120
University of Ghana Branch	The Banking Square, Opposite All Needs Supermarker, University of Ghana Legon	ugb.branch@Prudentialbank.com.gh	GA-419-6105
Valley View University Branch	Valley View University Campus, Oyibi	vvb.branch@Prudentialbank.com.gh	GK-0930-3245
Weija Branch	(Opposite Phastor Concrete Works) Accra-Winneba Road	wb.branch@Prudentialbank.com.gh	GS-0130-3103

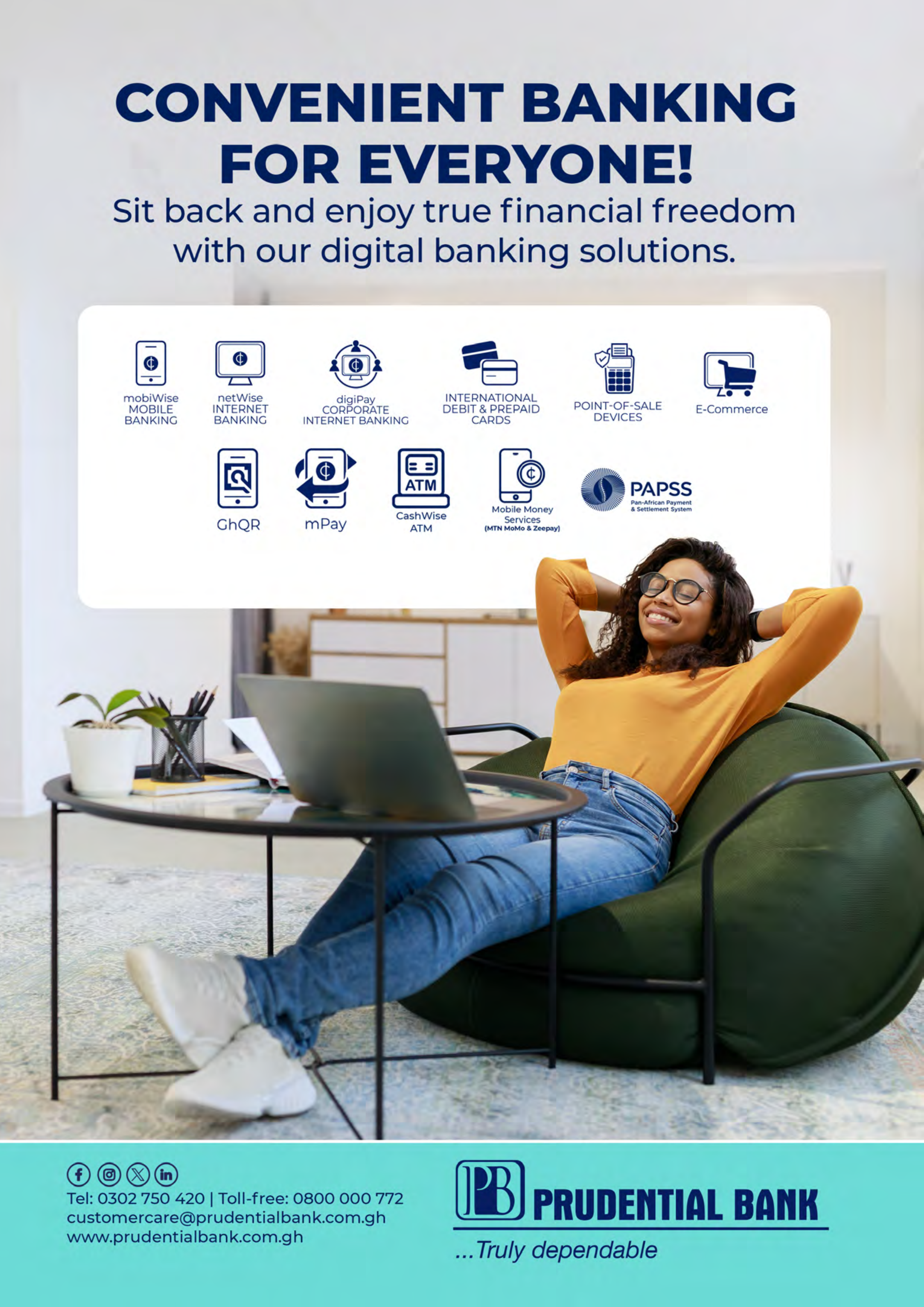
ASHANTI REGION	LOCATION	BRANCH EMAIL	GPS ADDRESS
Aboabo Branch	Near the Traffic Light, Along The Aboabo-Airport Dual Carriageway, Kumasi	abb.branch@Prudentialbank.com.gh	AS-098-7530
Adum Branch	Prudential Plaza (Formerly Unicorn House), Adum Kumasi	kab.branch@Prudentialbank.com.gh	AK-019-9619
Afful Nkwanta Branch	Near Kumasi Children's Park	anb.branch@Prudentialbank.com.gh	AK-042-2598
Atonsu Branch	91 Blockk "A" Within Unity Oil Commercial Complex, Atonsu	atb.branch@Prudentialbank.com.gh	AK-376-0775
Kumasi Branch	Cocobod Jubilee House Adum Kumasi	kmb.branch@Prudentialbank.com.gh	AK-065-3729
Santasi Roundabout Branch	Unity Oil Filling Station Near Santasi Roundabout	sab.branch@Prudentialbank.com.gh	AK-178-8849
Suame Maakro Branch	Tarkwa Maakro, New Road, Kumasi	smb.branch@Prudentialbank.com.gh	AK-11-4326

CENTRAL REGION	LOCATION	BRANCH EMAIL	GPS ADDRESS
Cape Coast Branch	Palm House 101/3 Commercial Street Cape Coast	ccb.branch@Prudentialbank.com.gh	CC-008-5875
University of Cape Coast Branch	Ground Floor, Old Cafeteria Bulding, University of Cape Coast	ucb.branch@Prudentialbank.com.gh	CC-143-8135
University of Cape Coast Agency	Oye Inn (Behind the Science Block)	uca.agency@Prudentialbank.com.gh	CC-192-1165

WESTERN REGION	LOCATION	BRANCH EMAIL	GPS ADDRESS
Takoradi Harbour Branch	Takoradi Harbour, Harbour Area	thb.branch@Prudentialbank.com.gh	WS-406-0923
Takoradi Market Circle Branch	62 Liberation Road Market Circle, Takoradi	tmc.branch@Prudentialbank.com.gh	WS-245-6778
BONO REGION			
Sunyani Branch	Near Cocoa House, Sunyani	sub.branch@Prudentialbank.com.gh	BS-0007- 9117
BONO EAST REGION			
Techiman Branch	Ground Floor of House No. 186 Block B, Sector 4S Techiman-Tamale Main Roa Techiman	teb.branch@Prudentialbank.com.gh	BT-0003-6743
EASTERN REGION			
Koforidua Branch	Property No. OBG Sector 1, Central Are Opposite the Jackson Park, Koforidua	kfb.branch@Prudentialbank.com.gh	EN-010-6747
NORTHERN REGION			
Tamale Branch	Quality First Building (1st Floor) Opposite Main Taxi Rank, Tamale	tab.branch@Prudentialbank.com.gh	NT-0000-7121

Offsite ATMs

LOCATIONS	
37 Goil Filling Station ATM	Near 37 Military Hospital
Abelemkpe ATM	Allied Heights Allied Oil Fuel Station
Bawaleshie ATM	Near East Legon Hisense Opposite Melcom Shop
KAIPTC ATM	Kofi Annan International Peacekeeping Training Centre, Teshie – Accra
KNUST ATM	Royal Parade Ground KNUST Campus, Kumasi
Osu Goil Filling Station ATM	Opposite the Trust Hospital Oxford Street, Osu – Accra
Pedu Junction ATM	Inside the Goil Filling Station Pedu junction, Cape-Coast
SG Mall ATM	SG Mall Top High Junction Ayigya, Kumasi
Superannuation ATM	Superannuation Hostel UCC Campus, Cape-Coast
Valley View ATM	Entrance of the Valley View University Campus, Oyibi, Greater Accra



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