The Head of Marketing & Corporate Affairs Department, Mrs. Akosua Boahen, receiving one of four awards won by the Bank at the 2012 Ghana Banking Awards dinner held at the Conference Center in Accra. Looking on are, from left: Mr. Frank Ankamah, Head of e-Banking Department, Mrs. Mary Brown, Deputy Managing Director (Banking Operations), Mr. Samual Larbi, Head of Internal Audit Department, Mrs. Lydia Bredu-Appiah, Odorkor Branch Manager and Mr. Emmanuel Nteh, Tema Community-One Branch Manager.

The four awards were Best Bank, Long-term loan financing; Best Bank, Medium-Term Loan financing; 2nd runner-up, Best Bank – Competitive pricing; 2nd runner up, Best Bank – Retail Banking.

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Corporate Information

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

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

The Bank has two wholly owned subsidiary companies, both incorporated in Ghana - PBL Properties Limited and Prudential Securities Limited.

PBL Properties Limited was established to acquire and develop banking premises for the Bank and also manage the auxiliary staff and facilities.

Prudential Securities Limited on the other hand, is engaged in stockbrokerage, fund management, corporate finance and business advisory services as well as equity and economic research.

Vision, Mission & Core Values

Vision

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

Mission

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

Values

We continue to build a corporate culture that respects and values the unique strengths, weaknesses and cultural differences of the entities that we deal with.

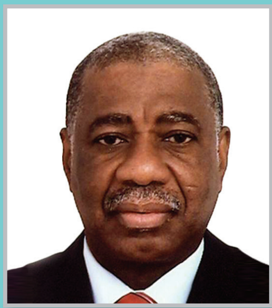
Quality, Creativity and Innovation are the hallmarks of Prudential Bank:

- Customers first – our customers' interests are our utmost concern; we build strong relationships with our customers and provide quality services;
- Integrity – this is our trademark; we demonstrate fairness and honesty in all we do and observe confidentiality at all times;
- Innovation and creativity – we provide unique business solutions for our customers;
- Commitment to human capital development – the welfare of our employees is paramount; we are committed to training, developing careers based on merit and rewarding achievement;
- Social responsibility – we invest in our communities and build relations.

Board of Directors, Officials & Registered Office

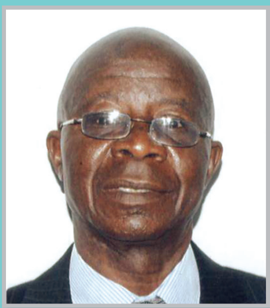
BOARD OF DIRECTORS

John S. Addo
Chairman



S. Sekyere-Abankwa
M. D.

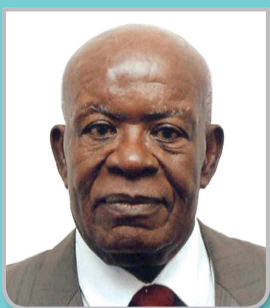
Joana F. Dickson
Member



S. Nkansa-Boadi
Member

Nortey K. Omaboe
Member

Aretha Duku
Member



K. Agyei-Gyamfi
Member

K. Kwakye-Mintah
Member

Stephen A. Asare
Member

OSEI YAW OSAFO (BOARD SECRETARY)

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

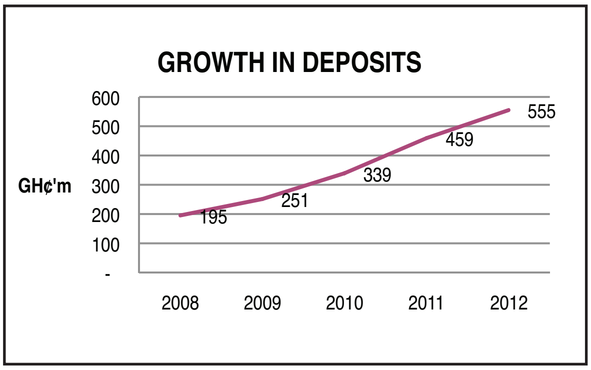
POSTAL ADDRESS:
Private Mail Bag
General Post Office
Accra.

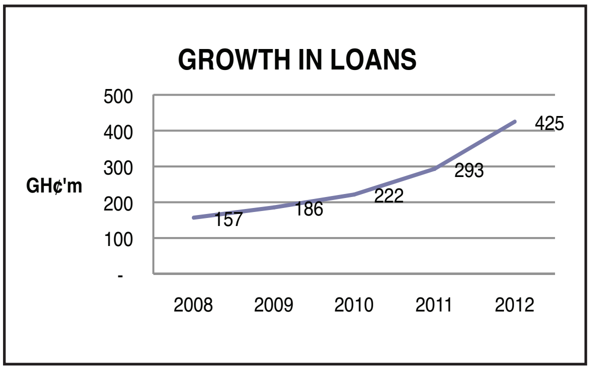
REGISTERED OFFICE:
8 Nima Avenue
Ring Road Central
Accra, Ghana

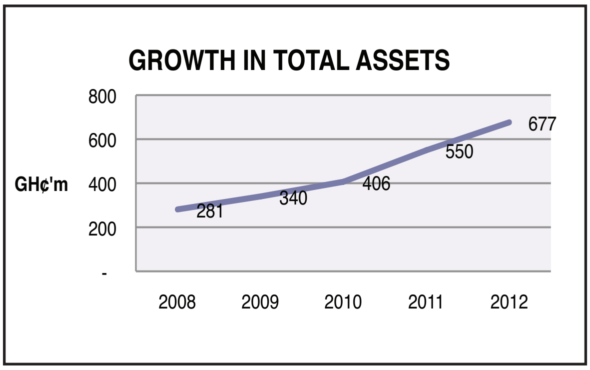
Tel:	233-302-781200-6
Fax:	233-302-781210
TLX:	233-302-2954 PBL GH
	233-302-2087 PBL GH
Cable:	Prubank
Swiftcode:	PUBKGHAC
E-mail:	headoffice@prudentialbank.com.gh
Website:	www.prudentialbank.com.gh

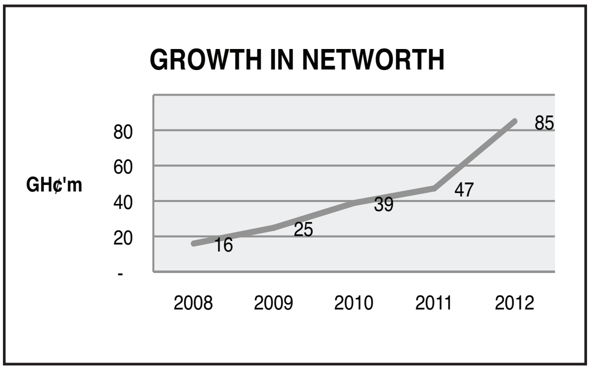
PRUDENTIAL BANK LTD.

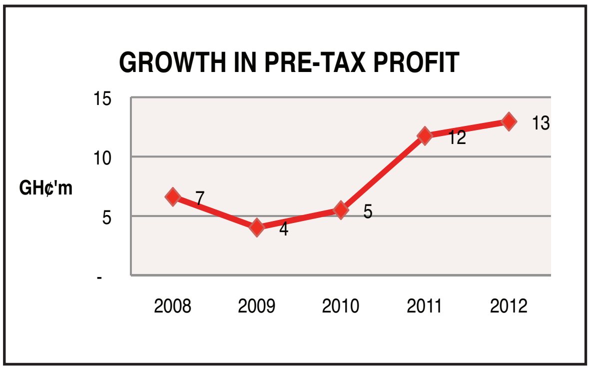
Performance at a Glance

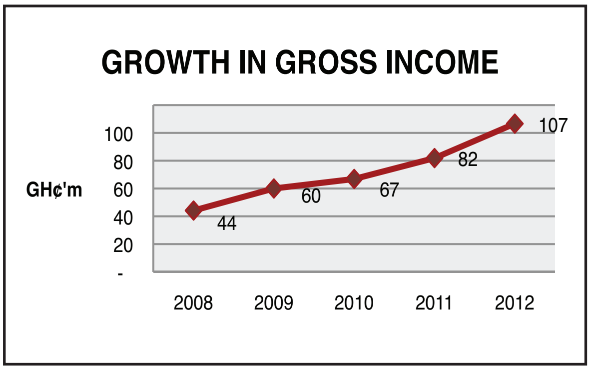

GROWTH IN DEPOSITS
GH¢'m
600
500
400
300
200
100
-
2008
2009
2010
2011
2012
195
251
339
459
555

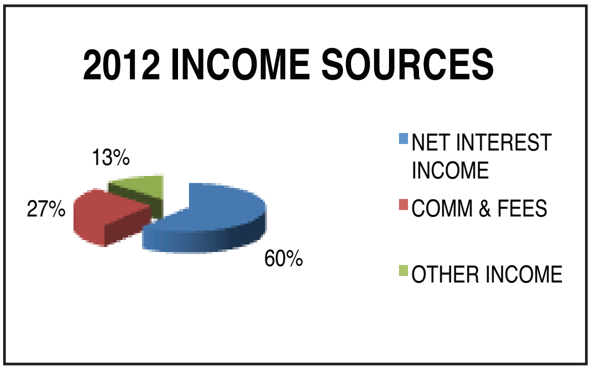

GROWTH IN LOANS
GH¢'m
500
400
300
200
100
-
2008
2009
2010
2011
2012
157
186
222
293
425

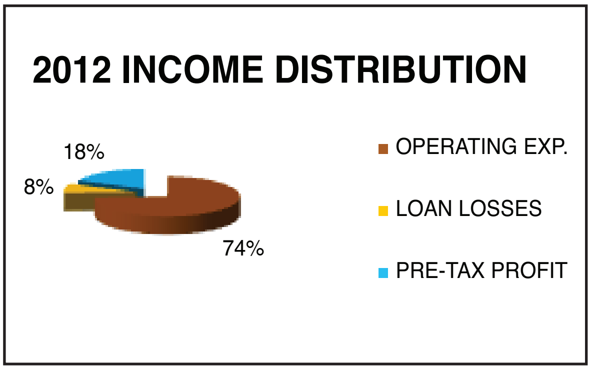

GROWTH IN TOTAL ASSETS
GH¢'m
800
600
400
200
-
2008
2009
2010
2011
2012
281
340
406
550
677


GROWTH IN NETWORTH
GH¢'m
80
60
40
20
-
2008
2009
2010
2011
2012
16
25
39
47
85


GROWTH IN PRE-TAX PROFIT
GH¢'m
15
10
5
-
2008
2009
2010
2011
2012
7
4
5
12
13


GROWTH IN GROSS INCOME
GH¢'m
100
80
60
40
20
-
2008
2009
2010
2011
2012
44
60
67
82
107


2012 INCOME SOURCES
13%
27%
60%
NET INTEREST INCOME
COMM & FEES
OTHER INCOME


2012 INCOME DISTRIBUTION
18%
8%
74%
OPERATING EXP.
LOAN LOSSES
PRE-TAX PROFIT

SUMMARY OF PERFORMANCE FROM 2008 – 2012

PRUDENTIAL BANK FIVE YEARS SUMMARY OF PERFORMANCE FROM 2008 - 2012					
	2012	2011	2010	2009	2008
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
STATEMENT OF COMPREHENSIVE INCOME					
Interest Income	78,263	58,598	56,097	49,137	34,568
Interest Expense	(35,466)	(26,564)	(29,872)	(30,032)	(17,239)
NET INTEREST INCOME	42,797	32,034	26,225	19,105	17,329
Commissions and Fees	19,464	15,126	9,022	8,102	5,576
Other Operating Income	8,919	8,147	1,735	2,761	3,989
TOTAL INCOME	71,180	55,307	36,982	29,968	26,893
Operating Expenses	(52,775)	(40,036)	(29,797)	(24,439)	(19,685)
Charge for bad & doubtful debts	(5,457)	(3,528)	(1,688)	(1,499)	(597)
PROFIT BEFORE TAX	12,948	11,743	5,497	4,030	6,611
Taxation	(3,332)	(3,506)	(1,490)	(594)	(2,217)
NET PROFIT AFTER TAX	**9,616**	**8,237**	**4,008**	**3,436**	**4,394**
Other Comprehensive Income	0	0	0	5,500	0
TOTAL COMPREHENSIVE INCOME	**9,616**	**8,237**	**4,008**	**8,936**	**4,394**
INCOME SURPLUS ACCOUNT					
Balance at 1st January	5,095	1,684	6,460	2,278	672
Retained Profit	9,616	8,237	4,008	3,436	4,394
	14,711	9,921	10,467	5,713	5,066
Transfer to Statutory Reserve Fund	(4,808)	(4,119)	(1,002)	(859)	(2,197)
Proposed Dividend	0	0	0	0	0
Regulatory Loan Impairment Reserve	(231)	(708)	219	1,605	(591)
Transfer to Stated Capital	(9,000)	0	(8,000)	0	0
Balance at 31st December	**671**	**5,095**	**1,684**	**6,460**	**2,278**
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash and Balances with Bank of Ghana	79,645	52,931	39,970	30,377	18,974
Government Securities	50,371	65,718	36,843	33,932	26,865
Due from other Banks and Financial Inst.	80,143	99,627	70,231	59,493	57,502
Loans and Advances to Customers	425,207	293,261	221,600	185,561	156,896
Investments in Subsidiaries	6,366	6,366	6,031	6,031	531
Other Assets	5,016	4,388	5,039	9,324	9,249
Taxation	2,846	1,043	409	274	0
	649,594	523,334	380,122	324,992	270,017
Property, Plant and Equipment	27,012	26,445	26,370	14,864	10,963
TOTAL ASSETS	**676,607**	**549,779**	**406,492**	**339,857**	**280,980**
LIABILITIES AND SHAREHOLDERS' FUND					
Deposits and Current Accounts	555,195	459,460	339,303	251,276	195,287
Interest payable and Other liabilities	21,848	27,822	8,676	17,545	37,521
Taxation	1,450	1,383	1,266	1,053	1,780
	578,493	488,665	349,245	269,875	234,588
Borrowings	13,019	13,988	18,357	45,100	30,447
TOTAL LIABILITIES	591,512	502,653	367,602	314,975	265,034
SHAREHOLDERS' FUNDS					
Stated Capital	62,453	25,100	25,100	7,100	7,100
Income Surplus Account	671	5,094	1,684	6,460	2,278
Statutory Reserve Fund	15,385	10,577	6,459	5,457	4,598
Regulatory Loan Impairment Reserve	1,086	855	147	365	1,970
Capital Reserves	5,500	5,500	5,500	5,500	0
	85,095	47,127	38,890	24,881	15,946
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**676,607**	**549,779**	**406,492**	**339,857**	**280,980**

Chairman's Statement

1.0 INTRODUCTION

Distinguished Shareholders and Directors, it is my pleasure once again to welcome you to the 16th Annual General Meeting of Prudential Bank Limited and to report on the performance of your Bank for the year ended 31st December 2012.

2.0 THE GLOBAL ECONOMIC ENVIRONMENT

The world economy continues to struggle four years after the onset of the global financial crisis. According to the World Bank Global Economic Prospects Report for January 2013, developing economies are still the main drivers of global growth.

The report however stated that there are indications that the cumulative effect of measures taken by various governments to improve fiscal sustainability in the advanced economies in the last four years has started to result in some improvements in global financial markets.

Consequently, international capital flows to developing countries are beginning to show signs of improvement and developing country stock markets are also starting to show increased levels of activity.

In the United States, investment and industrial activity show unusual weakness mainly due to uncertainty over the stance of fiscal policy and the economic issues surrounding the fiscal cliff. On the other hand, activity in Europe ceased to contract at previously alarming rates from the second half of 2012.

Overall, the global economic environment remains fragile and prone to further disappointment, although the balance of risks is now less skewed to the downside than it has been in recent years.

The January 2013 World Bank report projected global growth to improve slightly from 2.3% in Year 2012 to 2.4% in Year 2013 and gradually strengthen to 3.1% and 3.3% in Years 2014 and 2015 respectively.

3.0 OVERVIEW OF THE GHANAIAN ECONOMY IN YEAR 2012

The Ghanaian economy expanded at a modest pace during the Year 2012. According to the Government's 2013 budget, GDP grew at a provisional 7.1% in Year 2012, down from 14.4% in Year 2011. The rate of inflation increased marginally from 8.6% at the end of Year 2011 to 8.8% at the end of December 2012.

The first half of Year 2012 witnessed increased exchange rate volatility. The cedi depreciated by 17.5% against the US dollar by the end of October 2012 compared to a depreciation of 3.9% in the same period in Year 2011. The rate of depreciation, however, slowed in the last two quarters of Year 2012 as a result of various policy measures introduced by Bank of Ghana in April 2012 to stem the rapid fall.

According to the Bank of Ghana Monetary and Financial Developments Report for November 2012, the cedi exchange rate remains stable and the general economic outlook is positive with strong continuing investor interest in domestic assets.

Interest Rates

Interest rates rose significantly throughout the year 2012. On the money market, the 91-day and 182-day Treasury bill rates increased from 10.67% and 11.25% respectively at the end of December 2011 to 23.12% and 22.99% at the end of December 2012.

The average three-month time deposit rates of commercial banks increased to 12.5% at the end of December 2012 from 7.8% at the end of December 2011 while average lending rates decreased marginally to 25.7% from 25.9% at the end of December 2011 thus giving rise to a narrowing of the lending deposit rate spread to 13.2% at the end of December 2012 from 18.1% at the end of December 2011.

4.0 PERFORMANCE OF PBL IN YEAR 2012

4.1 Branch Development and New Products

Distinguished Shareholders and Directors, in line with its plan to make banking easier and convenient for customers, your bank added one branch located at Mataheko to the branch network to bring the total number to 29 branches and 2 Agencies.

The expansion of the Bank's electronic banking delivery channels continued with the introduction of the Internet Banking service in November 2012.

The implementation of Visa debit card services is currently ongoing and the full roll-out is expected to take place by the end of Year 2013.

4.2 Mobilization of Resources

4.2.1 Deposits

During the year under review, the Bank grew its deposits by 21% from GH¢459.4million at the end of Year 2011 to GH¢555.1million at the end of Year 2012. Time and Savings deposits which together accounted for about 58% of total deposits were the main source of the growth.

4.2.2 Shareholders' Funds

Shareholders' funds increased from GH¢47.1million at the end of Year 2011 to GH¢85million at the end of Year 2012 representing a growth rate of 80%. The significant growth was due to the injection of fresh capital amounting to GH¢28.3million and an increase in retained earnings.

4.3 Allocation of Resources

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

The total assets of the Bank grew by 23% from GH¢549.7 million at the end of Year 2011 to GH¢676.6 million at the end of Year 2012. This growth was funded by deposits, borrowings and shareholders' funds.

4.3.1 Investments

The Bank invested an average of GH¢50million in government securities during Year 2012. This was necessary for liquidity management purposes in line with the growth in the deposits and loan portfolio.

4.3.2 Lending Operations

The loans and advances portfolio registered an increase of 45% over the previous year; from GH¢293.2million at the end of Year 2011 to GH¢425.2 million at the end of Year 2012.

4.4 Results of Operations

Distinguished Shareholders and Directors, notwithstanding the intense competition in the Industry, your Bank was able to register an improved level of profit in Year 2012. Your Bank's pre-tax profit increased by 10% to GH¢12.95m for the Year 2012 from GH¢11.74m in Year 2011.

The profit after tax for the year was GH¢9.6m which translates into a return on assets (ROA) of 1.57% and return on equity (ROE) of 14.5%. These are lower when compared to the 2011 ROA of 1.7% and ROE of 18.95% as a result of the increase in the Bank's Stated Capital in December 2012 to meet the Bank of Ghana minimum capital requirement.

The additional equity injection is expected to impact positively on the Bank's operational results in subsequent years.

4.5 Dividend and Capital

Distinguished ladies and gentlemen, even though your Bank was able to register an improved level of profit in Year 2012, the Directors were constrained by the Bank of Ghana requirement to increase the Bank's capital to GH¢60m by the end of 2012. The Board of Directors is therefore unable to recommend the payment of dividend to Ordinary Shareholders. However Preference Shareholders will be paid dividends.

4.6 Corporate Social Responsibility

Building relations and investing in our communities are key aspects of your bank's core values and consequently, your bank increased its funding support for education and other social needs from GH¢109,683 in 2011 to GH¢251,972 in 2012.

Some of the beneficiaries were:

- Kwame Nkrumah University of Science & Technology;
- National Cardiothoracic Centre;
- University of Cape Coast;
- Methodist Church of Ghana;
- China Europe International Business School;
- Dr Robert Mitchell Memorial Foundation for Childhood Cancer Programme;
- Presbyterian Church of Ghana;
- 37 Military Hospital for the refurbishment of Neonatal Intensive Care Unit;

4.7 Changes in Directors and Shareholders

The Bank's board of directors currently consists of nine directors representing the interests of the Bank's Shareholders.

As part of the process of increasing the Bank's stated capital to GH¢60million to comply with the Bank of Ghana minimum capital requirement at the end of December 2012, two new shareholders were invited to acquire shares in the Bank. This resulted in an increase in the total number of shareholders to eleven.

The two new shareholders, namely Messrs Kofi Otu Esson and Frank Owusu acquired a total of 13% of the Bank's Share Capital. The combined holding of 13% entitles the new shareholders to a seat on the board in accordance with the Bank's Governance Framework which specifies that a shareholding of 10% or more entitles the holder to one seat on the board.

In accordance with paragraph 60 of the Bank's regulations, shareholders will be invited to approve an increase in the number of directors from nine to ten by ordinary resolution at the AGM.

4.8 Corporate Governance

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

5.0 OUTLOOK FOR THE FUTURE

5.1 The Ghanaian Economy

The Ghana Shared Growth and Development Agenda (GSGDA) 2010-2013, is in its last year of operation. According to the Government's 2013 budget, a successor plan will be ready by July 2013. The theme of the Government's 2013 budget is "Sustaining confidence in the future of the Ghanaian economy".

According to the budget, the specific macroeconomic targets to be pursued in the medium-term (2013-2015), include an average GDP growth rate of at least 8% per annum, a single-digit rate of inflation, an overall average budget deficit of 5% of GDP and Gross International Reserves that will cover not less than 4 months import of goods and services.

5.2 The Banking Industry

Distinguished Shareholders and Directors, the Ghanaian Banking industry continues to record steady growth in assets, deposits, profitability and net worth.

In line with the programme of financial sector reforms, the Central Bank's requirement for Ghanaian owned banks to attain a minimum capitalization of GH¢60million was met by all locally owned banks by the end of Year 2012.

The industry is still highly competitive with a total of 26 banks in operation, sixteen of which are foreign controlled and the remaining ten being Ghanaian controlled.

The industry continues to post steady growth statistics. At the end of December 2012, total assets reached GH¢27.2 billion, an increase of 20% on the December 2011 position of GH¢22.6 billion. The growth in assets was funded mainly by deposits which increased by 23.7% to GH¢19.8 billion from GH¢16 billion at the end of December 2011.

The Industry Capital Adequacy Ratio was 18.6% at the end of December 2012 compared to 17.4% a year earlier. Similarly, there was some improvement in the Non-performing Loans ratio which moved down to 13.2% at the end of 2012 from 14.2 % in December 2011.

A key development in the industry during the year was the requirement for banks to comply with Anti-money Laundering and the combating of the Financing of Terrorism (AML/CFT) laws and regulations. In this regard, Bank of Ghana and the Financial Intelligence Centre (FIC) jointly issued AML/CFT Guideline for banks and non-bank financial institutions in January 2012 in line with the AML Act to assist the financial institutions to design and implement their respective AML/CFT compliance programs.

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

5.3 Prudential Bank Limited

Distinguished Ladies and Gentlemen, the improved performance of your Bank in the Year 2012 was made possible by a significant growth in the volume of business, particularly in lending operations, trade finance and treasury operations whilst maintaining prudent control over expenditure.

Your Bank is currently in the second year of its fourth strategic plan which involves a number of initiatives for expanding the electronic banking delivery channels of the Bank, some of which have been implemented. These initiatives are expected to enhance the Bank's overall services to make the Bank more attractive to prospective customers.

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

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

The Bank projects a Profit before tax of GH¢26million for the Year 2013 and this is expected to be achieved through strict management of the Net Interest Margin as the Bank reduces its reliance on high cost funds such as corporate fixed deposits.

6.0 ACKNOWLEDGEMENT

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

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

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

Thank you.

JOHN SACKAH ADDO
CHAIRMAN

Report of the Directors

The Directors have pleasure in submitting to the members their seventeenth annual report together with the audited consolidated financial statements of the Bank and its subsidiaries for the year ended 31st December, 2012 as follows:

a. Subsidiary companies

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

i. PBL Properties Limited is engaged in acquiring and developing Banking premises for the Bank and also managing the auxiliary staff and facilities.

ii. PBL Securities Limited is engaged in stockbrokerage, funds management, corporate finance, business advisory services and equity and economic research.

b. Principal Activities

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

c. Results and Dividend

The results of operations for the year ended 31st December, 2012 are set out in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements from page 43 to 96.

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

A summary of the results is as follows:

	THE GROUP		THE BANK	
	2012	2011 Restated	2012	2011 Restated
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net Profit for the year	10,210	9,032	9,616	8,237
Add Balance brought forward	7,607	3,401	5,094	1,683
	17,817	12,433	14,710	9,920
Transfer to Stated Capital	(9,000)	_	(9,000)	_
Transfer to Credit Risk Reserve	(231)	(708)	(231)	(708)
Transfer to Statutory Reserve	(4,808)	(4,119)	(4,808)	(4,119)
	14,039	4,826	14,039	4,826
Income Surplus Account At the end of the year	3,778	7,607	671	5 ,094
Total Assets	**679,676**	**552,447**	**676,607**	**549,778**

The Directors do not recommend the payment of any dividend to ordinary shareholders for the year.

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

BY ORDER OF THE BOARD

DIRECTOR **DIRECTOR**

ACCRA

7TH MARCH 2013

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

The Companies Code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank and its subsidiaries and of their profit or loss for the year.

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

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

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

The Directors are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards and ensuring that the Bank and its subsidiaries keep accounting records which disclose with reasonable accuracy the financial position of the Bank and its subsidiaries and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended. They are also responsible for safeguarding the assets of the Bank and its subsidiaries hence for taking steps for the prevention and detection of fraud and other irregularities, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

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

Report of the Auditors to the Members of Prudential Bank Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Prudential Bank Limited, which comprise the Consolidated Statement of Financial position as at 31st December, 2012, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and explanatory notes.

Directors' Responsibility for the Financial Statements

As described on page 37, the Bank's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the Banking Act, 2004 (Act 673) as amended and the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

Basis of Opinion

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements show a true and fair view of the consolidated financial position of Prudential Bank Limited and its subsidiaries as at 31st December, 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Code, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended.

Report on other Legal and Regulatory Requirements

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

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

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

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

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

i. The financial statements give a true and fair view of the state of affairs as at 31st December, 2012 of the Bank and its subsidiaries and the results for the year ended on that date;

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

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

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

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

7TH MARCH
.... 2013

Consolidated Financial Statements & Notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		THE GROUP		THE BANK	
	Notes	2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
Interest Income	5	78,398	58,653	78,263	58,598
Interest Expense	6	(35,459)	(26,507)	(35,466)	(26,564)
NET INTEREST INCOME		**42,939**	**32,147**	**42,797**	**32,034**
Commissions & Fees	7	21,244	16,411	19,464	15,126
Other Operating Income	8	8,988	8,287	8,858	8,108
TOTAL INCOME		**73,171**	**56,845**	**71,119**	**55,268**
Loan Impairment Expense	9	(5,457)	(3,528)	(5,457)	(3,528)
Operating Expenses	10	(54,315)	(40,760)	(52,775)	(40,036)
NET OPERATING PROFIT		**13,399**	**12,556**	**12,887**	**11,703**
Other Income		145	75	61	39
PROFIT BEFORE TAX		**13,544**	**12,631**	**12,947**	**11,743**
Taxation	15	(3,239)	(3,049)	(3,237)	(2,956)
National Fiscal Stabilisation Levy		_	(461)	_	(461)
Deferred Taxation	15	(95)	(90)	(95)	(89)
Total Taxation		**(3,334)**	**(3,599)**	**(3,332)**	**(3,505)**
TOTAL COMPREHENSIVE INCOME		**10,210**	**9,032**	**9,616**	**8,237**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		THE GROUP		THE BANK	
	Notes	2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
ASSETS					
Cash and Balances with Bank of Ghana	12	79,645	52,931	79,645	52,931
Government Securities	13	50,371	65,718	50,371	65,718
Due from Other Banks & Financial Institution	14	80,143	99,627	80,143	99,627
Taxation	15	2,895	988	2,846	1,043
Equity Investment	18	188	188	6,366	6,366
Loans and Advances	16	424,964	293,261	425,207	293,261
Other Assets	19	5,182	4,438	5,016	4,388
		643,388	517,151	649,595	523,334
Property, Plant & Equipment	21	34,169	32,972	24,899	24,121
Intangible Assets	22	2,119	2,324	2,113	2,324
TOTAL ASSETS		**679,676**	**552,447**	**676,607**	**549,778**
LIABILITIES					
Customer Deposits	20	554,020	458,465	555,195	459,460
Other liabilities	24	22,980	28,993	21,848	27,821
Deferred Tax	15	1,455	1,360	1,450	1,355
Borrowings	23	13,018	13,987	13,019	13,988
TOTAL LIABILITIES		**591,473**	**502,807**	**591,512**	**502,652**
EQUITY AND RESERVES					
Stated Capital	27	62,453	25,100	62,453	25,100
Income Surplus Account		3,778	7,607	671	5,094
Statutory Reserve Fund		15,386	10,578	15,385	10,577
Capital Surplus		5,500	5,500	5,500	5,500
Credit Risk Reserve		1,086	855	1,086	855
TOTAL EQUITY AND RESERVES		**88,203**	**49,640**	**85,095**	**47,126**
TOTAL LIABILITIES AND EQUITY		**679,676**	**552,447**	**676,607**	**549,778**

BY ORDER OF THE BOARD

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) **DIRECTORS**
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7TH MARCH
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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
OPERATING PROFIT		**13,544**	**12,631**	**12,947**	**11,743**
Add Back:					
Charge for Depreciation		4,542	4,073	4,531	4,062
Charge for Amortisation		1,074	1,035	1,072	1,033
Charge for Loan Impairments		9,622	3,528	9,622	3,528
Provision in Contingency Liabilities		107	132	107	132
(Profit)/Loss on Sale of Property, Plant & Equipment		4	(23)	(2)	(23)
CASH INFLOW FROM TRADING ACTIVITIES		**28,893**	**21,376**	**28,277**	**20,474**
(INCREASE/(DECREASE) IN OPERATING ASSETS					
(Increase)/Decrease in Government Securities		(40,732)	33,945	(40,732)	33,945
(Increase)/Decrease in Loans/Advances		(141,432)	(75,190)	(141,676)	(75,189)
Increase/(Decrease) in Other Assets		(745)	1,114	(629)	1,014
INCREASE/(DECREASE) IN OPERATING LIABILITIES					
Increase/(Decrease) in Customers' Deposits		95,554	119,541	95,735	120,157
Increase/(Decrease) in Other Liabilities		(6,014)	18,089	(5,973)	19,013
Increase/(Decrease) in Borrowings		(970)	(4,369)	(970)	(4,739)
TAX PAID		(5,146)	(4,099)	(5,068)	(4,023)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(70,591)**	**110,408**	**(71,035)**	**110,652**
INVESTING ACTIVITIES					
(Increase)/Decrease in Equity Investments		–	148	–	(336)
Proceeds from Sale of Property, Plant & Equipment		32	28	2	28
Purchase of Property, Plant & Equipment		(5,365)	(5,330)	(5,310)	(5,330)
Additions to Investment Properties		(410)	(51)	0	0
Purchase of Intangible Assets		(869)	(207)	(861)	(207)
		(6,611)	**(5,412)**	**(6,168)**	**(5,846)**
FINANCING ACTIVITIES					
Proceeds from Issue of Shares		28,353	–	28,353	–
Proceeds From Convertible Debentures		–	–	–	371
		28,353	–	**28,353**	**371**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(48,849)**	**104,996**	**(48,851)**	**105,177**
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Balance as at 1st January 2012		215,378	110,382	215,379	110,201
Add Net Cash Flow		(48,849)	104,996	(48,850)	105,177
Balance as at 31st December, 2012		**166,529**	**215,378**	**166,528**	**215,379**
COMPOSITION					
Cash on Hand		26,584	15,077	26,584	15,077
Balance with Bank of Ghana		53,061	37,854	53,061	37,854
Balances with other Banks		16,425	21,816	16,425	73,883
Government Securities		6,741	62,821	6,741	62,821
Overnight Lending		–	15,233	–	15,233
Foreign Time Deposits		54,433	52,067	54,433	–
Foreign Cheques		–	2	–	2
Items in Course of Collection		9,285	10,508	9,285	10,508
		166,529	**215,378**	**166,528**	**215,379**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – GROUP

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL GH¢'000
Balance at 1st January 2012	**25,100**	**7,607**	**10,578**	**5,500**	**855**	**49,640**
Net Profit	–	10,210	–	_	–	10,210
	25,100	**10,210**	**10,578**	**5,500**	**855**	**59,849**
Transactions with owners						
Proceeds from issue of shares	28,353	–	–	–	–	28,353
Other Movement in Equity						
Transfers to Stated Capital A*	5,000	(5,000)	–	–	–	–
Transfers to Stated Capital B*	4,000	(4,000)	–	–	–	–
Transfer to Statutory Reserve	–	(4,808)	4,808	–	–	–
Transfer to Credit Risk Reserve	–	(231)	–	–	231	–
Total Transfers	**9,000**	**(14,039)**	**4,808**	**–**	**231**	**–**
Balance at 31st December, 2012	**62,453**	**3,778**	**15,386**	**5,500**	**1,086**	**88,202**

A* **March-12**
B* **Oct-12**

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL GH¢'000
Balance 1st January 2011	**25,100**	**3,401**	**6,459**	**5,500**	**147**	**40,608**
Net Profit	–	9,032	–	–	–	9,032
Changes in Fair Value Assessments	–	–	–	–	–	–
	25,100	12,433	6,459	5,500	147	49,640
Other Movements in Equity						
Transfer to Statutory Reserve	–	(4,119)	4,119	–	–	–
Transfer to Credit Risk Reserve	–	(708)	–	–	708	–
Total Transfers	–	(4,826)	4,119	–	708	–
Balance 31st December, 2011	**25,100**	**7,607**	**10,578**	**5,500**	**855**	**49,640**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – BANK

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL GH¢'000
Balance at 1st January 2012	**25,100**	**5,094**	**10,577**	**5,500**	**855**	**47,126**
Net Profit	–	9,616	–	–	–	9,615
	25,100	**14,710**	**10,577**	**5,500**	**855**	**56,742**
Transactions with owners						
Proceeds from issue of shares	28,353	–	–	–	–	28,353
Other Movement in Equity						
Transfers to Stated Capital A*	5,000	(5,000)	–	–	–	–
Transfers to Stated Capital B*	4,000	(4,000)	–	–	–	–
Transfer to Statutory Reserve		(4,808)	4,808	–	–	–
Transfer to Credit Risk Reserve	–	(231)	–	–	231	–
Total Transfers	**9,000**	**(14,039)**	**4,808**	**–**	**231**	**–**
Balance at 31st December, 2012	**62,453**	**671**	**15,385**	**5,500**	**1,086**	**85,095**

A*	**March-12**
B*	**Oct-12**

	STATED CAPITAL GH¢'000	INCOME SURPLUS GH¢'000	STATUTORY RESERVE GH¢'000	CAPITAL SURPLUS GH¢'000	CREDIT RISK RESERVE GH¢'000	TOTAL GH¢'000
Balance 1st January 2011	**25,100**	**1,685**	**6,459**	**5,500**	**147**	**38,889**
Net Profit	–	8,237	–	–	–	8,237
Changes in Fair Value Assessments	–	–	–	–	–	–
	25,100	9,921	6,459	5,500	147	47,126
Other Movements in Equity						
Transfer to Statutory Reserve	–	(4,119)	4,119	–	–	–
Transfer to Credit Risk Reserve	–	(708)	–	–	708	–
Total Transfers	–	(4,826)	4,119	–	708	–
Balance 31st December, 2011	**25,100**	**5,094**	**10,577**	**5,500**	**855**	**47,126**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

1.0 STATEMENT OF COMPLIANCE

1.1 International Financial Reporting Standards (IFRSs)

The financial statements of the Bank for the year ended 31st December 2012 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

1.2 References

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

a. Comprehensive Income;

b. Financial Position;

c. Cash Flows and

d. Changes in Equity.

References to the Group comprise the Bank and its subsidiaries.

2.0 ACCOUNTING POLICIES

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

2.1 Restatement of comparative figures

The comparative figures were restated:

a. In the case of the Bank, the disaggregation of taxation into assets and liabilities as against the net position shown in the previous signed accounts.

b. In the case of the Group, the change in the total assets and liabilities arose from the first time consolidation of PBL Properties Limited's financial statements with that of the Bank.

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Revenue Recognition

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

2.4.1 Interest Income and Expense

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

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

2.4.2 Non-Interest Income

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

– income earned on performance of discrete services (such as funds transfers, special clearing, transaction negotiation with third parties etc) is recognized as revenue upon completion of the act or service;

– income arising from service fees (such as special statement requests, safe custody, commission on turnover, etc) are recognized as the services are provided;

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

2.4.3 Income Tax

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

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

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

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

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

2.5 Financial Instruments Categorisation, Initial Recognition and subsequent Measurement

2.5.1 Categorisation

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

2.5.2 Date of Recognition

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

2.5.3 Initial Recognition of Financial Instruments

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

2.5.4 Subsequent Measurement of Financial Instruments

a. Financial Assets at Fair Value Through Profit or Loss

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

- **Held for Trading**

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

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

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

b. Financial Assets Measured at Amortised Cost

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

i. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

c. Financial Assets Measured at Fair Value Through Other Comprehensive Income

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

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

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

d. Financial liabilities

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

2.5.5 Determination of Fair Value of Financial Instruments

i. Availability of active market

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

ii. Non-availability of active market

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

iii. Short term receivables

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

2.5.6 Derecognition of financial assets and liabilities

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

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

2.5.7 Impairment of financial assets

a. Framework for measuring impairment of financial assets

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

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

b. Loans and Advances and amounts due from banks & other financial institutions

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

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

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

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

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

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

c. Other Financial Assets

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

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

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

2.6 Regulatory Credit Risk Reserve

To cater for any shortfall between the Bank of Ghana's credit loss provision requirements and loans and advances impairments based on IFRS principles, a charge or credit is made to Income Surplus in respect of the difference required to bring up the cumulative provision to the level required under the Bank of Ghana regulations. Under current regulations the credit risk reserve does not qualify as Tier 1 capital for the computation of capital adequacy.

2.7 Property, plant and equipment

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

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. No depreciation is provided on land.

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

- Computer Hardware – 25%
- Furniture and Fittings – 20%
- Motor Vehicle – 20%
- Branch Development – $12^1/_2$%
- Plant & Machinery – $12^1/_2$%
- Office Equipment – $12^1/_2$%
- Land and buildings – 3%

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

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

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

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

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

2.7.1 Investment Property

Investment Property is recognized as an asset when:

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

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

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

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

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

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

An Investment Property is derecognized (eliminated from the Statement of Financial Position) on disposal, transfer, when it is permanently withdrawn from use, becomes owner occupied or when no future economic benefits are expected from its disposal.

2.8 Intangible Assets- Computer Software

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

2.9 Provisions

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

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

2.10 Foreign Currency

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

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

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

2.11 Cash & Cash Equivalents

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

2.12 Borrowings

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

2.13 Impairment of Non-financial Assets

The carrying amount of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Employee Benefits

- **Short-Term Benefits**

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

The cost of short-term employee benefits is recognised as an expense in the period when the economic benefit is given as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period are recognised as accrued expenses and any short-term benefit paid in advance are recognised as prepayments to the extent that they will lead to future cash refunds or a reduction in future cash payments.

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

- **Defined Benefit Pension Scheme**

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

- **Provident Fund**

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

2.15 Events after the Reporting Date

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

2.16 New Standards and Interpretations

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

i. IFRS 7 Revised

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

a. financial assets at fair value through profit or loss;

b. financial liabilities at fair value through profit or loss;

c. financial assets measured at amortised cost

d. financial liabilities measured at amortised cost

e. financial assets measured at fair value through other comprehensive income

The categories as per the earlier editions of IFRS 7 were

a. financial assets at fair value through profit or loss;

b. held to maturity investments;

c. loans and receivables

d. available-for-sale financial assets;

e. financial liabilities at fair value through profit or loss, and

f. financial liabilities measured at amortised cost

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

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

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

ii. IAS 24 Related party disclosures (revised)

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

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

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

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

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

2.16.2 Standards and Interpretations not yet effective

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

IFRS 9: Financial instruments

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

Financial Assets

All financial assets are measured at fair value at initial recognition.

Debt instruments may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if:

a. The asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows and

b. The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

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

Financial Liabilities

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

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

Effective date:

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

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

Key Requirement

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

Effective Date

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

3.0 Significant Accounting Estimates, Assumptions & Judgments

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

3.1 Fair value of Unquoted Equity Investments

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

3.2 Deferred Tax Assets

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

3.3 Impairment of Financial Assets

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

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

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

		THE GROUP		THE BANK	
		2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
4.	**SOCIAL RESPONSIBILITIES**				
	Amount spent in fulfilling social responsibility obligations	256	110	256	110
5.	**INTEREST INCOME**				
	Loans & Advances	68,851	50,747	68,851	50,692
	Investment Securities	8,823	5,028	8,689	5,028
	Placements, Special Deposits	724	2,878	724	2,878
		78,398	**58,653**	**78,263**	**58,598**
	Analysis by Class of Financial Asset				
	Measured at Amortised Cost	37,740	29,957	37,605	29,901
	Measured at Fair Value through Profit or Loss	40,658	28,697	40,658	28,697
		78,398	**58,653**	**78,263**	**58,598**
6.	**INTEREST EXPENSE**				
	Time and other Deposits	29,363	23,835	29,363	23,893
	Overnight and Call Accounts	3,091	987	3,091	987
	Current Account	1,564	1,100	1,571	1,100
	Borrowed Funds	1,441	585	1,441	584
		35,459	**26,507**	**35,466**	**26,564**
7.	**COMMISSIONS AND FEES**				
	Commissions on Turnover	3,133	2,595	3,116	2,596
	Commissions on Transfers/Letters of Credit	3,728	3,302	3,728	3,302
	Facility Fees	9,712	7,447	8,066	6,162
	Brokerage Fees	988	694	988	694
	Commissions on Guarantees & Indemnities	1,221	403	1,103	403
	Commissions on Managed Funds	2	25	2	25
	Payment Orders	163	159	163	159
	Commissions on FX Withdrawals	127	117	127	117
	Money Transfers	612	474	612	474
	ATM/SMS Income	535	382	535	382
	Others	1,023	814	1,023	814
		21,244	**16,411**	**19,464**	**15,126**

		THE GROUP		THE BANK	
		2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
8.	**OTHER OPERATING INCOME**				
	Gain on Exchange	8,664	8,087	8,684	8,056
	Rent Income	150	148	–	–
	Exchange Revaluation Surplus	174	52	174	52
		8,988	**8,287**	**8,858**	**8,108**
9.	**LOAN IMPAIRMENT EXPENSE**				
	Specific (Individually assessed)	3,675	2,384	3,675	2,384
	General (collectively assessed)	1,437	583	1,437	583
	Write-Offs	238	132	238	132
	Provisions against Contingent Liabilities	107	430	107	430
		5,457	**3,528**	**5,457**	**3,528**
10.	**OPERATING EXPENSES**				
	Licence & Fees	–	12	–	–
	Staff Costs	23,899	15,258	21,899	15,224
	Advertising & Marketing	1,886	1,319	1,871	1,319
	Administrative Expenses	6,135	7,144	6,135	5,572
	Training	619	557	617	556
	Depreciation & Amortisation	5,616	5,108	5,603	5,095
	Directors' Emoluments	631	401	599	401
	Auditors' Remuneration	133	128	132	120
	Motor Vehicle Running	2,269	1,695	2,301	1,692
	Occupancy Cost	6,018	4,685	6,582	5,631
	Maintenance of Systems	1,585	1,292	1,522	1,292
	Other Operating Expenses	5,524	3,160	5,515	3,135
		54,315	**40,760**	**52,775**	**40,036**
11(a).	**STAFF COSTS**				
	Salaries & Wages	21,394	13,665	19,398	13,633
	Social Security	940	666	933	664
	Provident Fund - Employers' Contribution	354	253	356	252
	Retirement Benefits	336	–	336	–
	Medical Expenses	876	674	876	674
		23,899	**15,258**	**21,899**	**15,224**

The average number of persons employed by the bank during the year was 683 (2011– 639).

	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
11(b). Included in Staff Costs and Directors' Emoluments are amounts incurred in respect of key management personnel				
Gross Salary	1,102	774	1,102	774
Social Security Fund	83	65	83	65
Provident Fund	32	26	32	26
	1,217	**864**	**1,217**	**864**
12. CASH AND BALANCES WITH BANK OF GHANA				
Cash on Hand	26,584	15,077	26,584	15,077
Cash with Bank of Ghana	53,061	37,854	53,061	37,854
	79,645	**52,931**	**79,645**	**52,931**
13. GOVERNMENT SECURITIES				
Short Term – Treasury Bills	6,741	62,821	6,741	62,821
Long Term				
Sinking Fund	3,962	2,580	3,962	2,580
Floating Rate Investment	34,132	–	34,132	–
I-Year Treasury Bills	5,536	317	5,536	317
	43,630	2,897	43,630	2,897
	50,371	**65,718**	**50,371**	**65,718**
14. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS				
A. Nostro Account Balances	16,425	21,816	16,425	21,816
Items in Course of Collection	9,285	10,508	9,285	10,508
Overnight Lending	–	15,233	–	15,233
Foreign Cheques Purchased	–	2	–	2
Foreign Time Deposits	54,433	52,067	54,433	52,067
	80,143	**99,627**	**80,143**	**99,627**
B. BHF Bank	8,564	10,954	8,564	10,954
Citi Bank	2,181	3,888	2,181	3,888
Ghana International Bank	5,652	6,884	5,652	6,884
Bank of Beirut	27	90	27	90
Items in Course of Collection	9,285	10,508	9,285	10,508
Overnight Lending	–	15,233	–	15,233
Foreign Cheques Purchased	–	2	–	2
Foreign Time Deposits	54,433	52,067	54,433	52,067
	80,143	**99,627**	**80,143**	**99,627**

15(A). TAXATION – GROUP

	Tax Years	Balance 1-Jan-11 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-12 GH¢'000
	2007	69	–	–	69	–	–	69
	2008	198	–	–	198	–	–	198
	2009	(743)	–	–	(743)	–	–	(743)
	2010	(112)	–	(339)	(452)	–	–	(452)
	2011	–	3,049	(3,121)	(72)	–	(294)	(366)
		(588)	3,049	(3,460)	(999)	–	(294)	(1,293)
	2012					3,239	(4,815)	(1,576)
		(588)	3,049	(3,460)	(999)	3,239	(5,109)	(2,869)
Fiscal Stab. Levy		189	461	(639)	11	–	(37)	(26)
Deferred Tax		1,270	90	–	1,360	95	–	1,455
Total Tax		**871**	**3,599**	**(4,099)**	**372**	**3,334**	**(5,146)**	**(1,440)**

B. TAXATION – BANK

	Tax Years	Balance 1-Jan-11 GH¢'000	Charges for Year GH¢'000	Payments GH¢'000	Balance GH¢'000	Charge for year GH¢'000	Payments GH¢'000	Balance 31st Dec-12 GH¢'000
	2007	69	–	–	69	–	–	69
	2008	198	–	–	198	–	–	198
	2009	(739)	–	–	(739)	–	–	(739)
	2010	(127)	–	302	(429)	–	–	(429)
	2011	–	2,956	3,099	(143)	–	246	(389)
		(598)	2,956	3,400	(1,043)	–	246	(1,289)
	2012	-				3,237	4,794	(1,557)
		(598)	2,956	3,400	(1,043)	3,237	5,040	(2,846)
Fiscal Stab. Levy		189	461	622	28	–	28	–
Deferred Tax		1,266	89	–	1,355	95	–	1,450
Total Tax		**857**	**3,506**	**4,023**	**340**	**3,332**	**5,068**	**(1,396)**

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

	THE GROUP		THE BANK	
	2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
Computation of Effective Tax Rate				
Profit before Tax	13,544	12,631	12,947	11,743
Difference in Depreciation/Capital Allowances	442	1,198	393	1,198
Agric Tax Relief	(377)	(779)	(377)	(779)
Capital Duty on Stated Capital	187	–	187	_
Penalties	75	–		
Exchange Surplus	52	_	52	_
Profit/Loss on Sale of Asset	4	_	(2)	17
Less Dividends Received	(6)	_	_	_
Adjusted Profit	13,921	13,050	13,200	12,179
Effective Rate - Percentage	25.70	25.83	25.49	25.93

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

16. LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
Overdrafts	248,074	148,540	248,074	148,540
Term Loans	209,240	167,449	209,483	167,449
Gross Loans & Advances	**457,314**	**315,989**	**457,558**	**315,989**
Less: Impairment Allowance	(14,955)	(11,050)	(14,955)	(11,050)
Interest in Suspense	(17,395)	(11,679)	(17,395)	(11,679)
Total Impairment	**(32,350)**	**(22,729)**	**(32,350)**	**(22,729)**
Net Loans & Advances	**424,964**	**293,261**	**425,207**	**293,261**
a. Loans and Advances (including bills negotiable) to staff and customers	**457,314**	**315,989**	**457,558**	**315,989**
b. Loan Impairment Allowance ratio (Accumulated for impairment and Interest Suspense to Gross Loans and Advances)	7.07%	7.19%	7.07%	7.19%
c. Gross Non-Performing Loans ratio (Aggregate of Sub-standard to Loss loans to total loans) of Sub-standard to Loss loans to total loans)	8.64%	6.11%	8.64%	6.11%
d. Ratio of 50 Largest exposures (funded & non-funded) to total exposures	47.06%	47.12%	47.06%	47.12%
ANALYSIS BY TYPE AND CUSTOMER				
Individuals	9,587	5,670	9,587	5,670
Other Private Companies	423,975	289,960	424,219	289,960
Joint Private & State Enterprises	–	–	–	–
Government Department & Agencies	5,711	4,082	5,711	4,082
Public Enterprise	4,030	3,695	4,030	3,695
Staff	14,011	12,583	14,011	12,583
	457,315	**315,989**	**457,558**	**315,989**
Less: Impairment Allowance & Interest Suspense	**(32,350)**	**(22,729)**	**(32,350)**	**(22,729)**
	424,964	**293,261**	**425,207**	**293,261**

	THE GROUP		THE BANK	
	2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
Analysis by Business Segment:				
Agriculture, Forestry & Fishing	4,017	4,131	4,017	4,131
Mining & Quarrying	4,876	1,614	4,875	1,614
Manufacturing	36,132	28,897	36,132	28,897
Construction	33,340	24,807	33,340	24,807
Electricity, Gas & Water	22,666	18,397	22,666	18,397
Commerce & Finance	143,558	93,619	143,558	93,619
Transport, Storage & Communication	22,520	23,263	22,520	23,263
Services	109,298	74,390	109,298	74,390
Miscellaneous	80,907	46,873	81,151	46,873
	457,314	**315,989**	**457,558**	**315,989**
Less: Impairment Allowance & Interest Suspense	(32,350)	(22,729)	(32,350)	(22,729)
	424,964	**293,261**	**425,207**	**293,261**

RELATED STAFF

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

	2012	2011 Restated	2012	2011 Restated
Executive Directors	780	667	780	667
Key Management Personnel	1,409	1,190	1,409	1,190
	2,189	**1,857**	**2,189**	**1,857**

	2012 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000	2011 Provision GH¢'000	Interest Suspense GH¢'000	Total GH¢'000
17. MOVEMENTS IN GROUP'S ALLOWANCE FOR IMPAIRMENTS						
Balance 1st January	11,050	11,679	22,729	8,083	7,075	15,158
Write-Offs/Recoveries	(1,206)	(5,536)	(6,742)	–	(413)	(413)
Decrease in Impairments	(242)	–	(242)	(109)	–	(109)
Increase in Impairments	5,353	11,252	16,606	3,076	5,018	8,093
Balance 31st December	**14,955**	**17,395**	**32,350**	**11,050**	**11,679**	**22,729**

18. EQUITY INVESTMENTS

	Percentage Holding	No. of Shares	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
Subsidiaries						
PBL Properties Limited	100	5,600,000	–	–	5,600	5,600
Prudential Securities Limited	100	5,782,705	–	–	578	578
Total Associated Companies			**–**	**–**	**6,178**	**6,178**
Other Investments						
Other Equity Investments						
Metro Mass Transit Limited	1.81	10,000	98	98	98	98
Airport West Hosp. Limited	5.80	900,000	90	90	90	90
			188	**188**	**188**	**188**
Total Equity Investments			**188**	**188**	**6,366**	**6,366**

19. OTHER ASSETS

	THE GROUP 2012	THE GROUP 2011 Restated	THE BANK 2012	THE BANK 2011 Restated
Accounts Receivables & Prepayments	4,304	3,776	4,261	3,363
Tradeable Asset	124	–	–	363
Stationery	754	661	754	661
	5,182	**4,438**	**5,016**	**4,388**

20. CUSTOMERS DEPOSITS

	THE GROUP 2012	THE GROUP 2011 Restated	THE BANK 2012	THE BANK 2011 Restated
Current Accounts	229,918	163,543	230,392	163,849
Time Deposits	202,035	208,998	202,736	209,688
Savings Accounts	122,067	85,924	122,067	85,924
	554,020	**458,465**	**555,195**	**459,460**
Analysis by Type of Depositor				
Financial Institutions	2,192	2,904	2,192	2,904
Individuals and other Private Enterprises	542,087	447,784	543,262	448,779
Government Departments & Agencies	5,711	4,082	5,711	4,082
Public Enterprises	4,030	3,695	4,030	3,695
	554,020	**458,465**	**555,195**	**459,460**
Twenty Largest Depositors	**117,974**	**25,652**	**117,974**	**25,652**
Ratio of Twenty Largest Depositors to Total Deposits			21.25%	22.19%

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

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Building GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2012	1,307	9,133	5,631	2,645	7,170	4,464	2,051	13,422	45,823
Additions during the year	113	211	1,330	731	1,342	220	489	1,340	5,775
Disposal	–	–	(148)	–	–	–	(36)	–	(184)
At 31st December, 2012	1,420	9,344	6,813	3,376	8,512	4,684	2,504	14,764	51,414
DEPRECIATION									
At 1st january, 2012	507	1,756	2,964	1,604	2,742	2,974	–	305	12,851
Charges for the Year	155	1,161	1,035	475	904	677	–	135	4,542
Released on Disposal	–	–	(148)	–	–	–	–	–	(148)
At 31st December, 2012	662	2,916	3,851	2,078	3,646	3,651	–	440	17,245
NET BOOK VALUE									
At 31st December, 2012	759	6,427	2,961	1,297	4,865	1,033	2,504	14,324	34,169
At 31st December, 2011	800	7,377	2,667	1,041	4,428	1,490	2,051	13,117	32,972

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

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

21.(b) PROPERTY, PLANT AND EQUIPMENT – GROUP 2011 RESTATED

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Building GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2011	1,266	9,041	4,761	2,355	6,331	3,697	1,509	12,443	41,403
Additions during the year	16	76	1,080	205	432	517	2,078	977	5,381
Disposal	–	–	(302)	–	–	–	–	–	(302)
Transfers	25	16	92	85	407	250	(1,536)	2	(659)
At 31st December, 2011	1,307	9,133	5,631	2,645	7,170	4,464	2,051	13,422	45,823
DEPRECIATION									
At 1st january, 2011	360	621	1,934	1,227	1,966	2,330	–	416	8,853
Charges for the Year	147	1,135	882	377	776	644	–	(111)	3,850
Released on Disposal	–	–	(148)	0	0	–	–	–	(148)
At 31st December, 2011	507	1,756	2,964	1,604	2,742	2,974	–	305	12,851
NET BOOK VALUE									
At 31st December, 2011	800	7,377	2,667	1,041	4,428	1,490	2,051	13,117	32,972
At 31st December, 2010	906	8,420	2,827	1,128	4,365	1,367	1,509	12,207	32,550

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2011 GH¢'000	2010 GH¢'000
Gross Book Value	302	126
Accumulated Depreciation	(298)	(123)
Net Book Value	4	3
Sales Proceeds	28	23
Gain on Disposal	24	20

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

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Building GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2012	1,307	9,133	5,570	2,631	7,045	4,437	2,051	4,597	36,772
Additions during the year	113	211	1,330	731	1,342	220	434	930	5,310
Transfer	–	–	(148)	–	–	–	–	–	(148)
Disposal and Transfers	–	–	–	–	–	–	–	–	–
At 31st December, 2012	1,421	9,344	6,752	3,361	8,387	4,657	2,484	5,527	41,933
DEPRECIATION									
At 1st january, 2012	507	1,756	2,923	1,592	2,621	2,948	–	305	12,651
Charges for the Year	155	1,161	1,027	475	902	676	–	135	4,531
Released on Disposal	–	–	(148)	–	–	–	–	–	(148)
At 31st December, 2012	662	2,916	3,802	2,066	3,523	3,624	–	440	17,034
NET BOOK VALUE									
At 31st December, 2012	759	6,428	2,950	1,295	4,863	1,033	2,484	5,088	24,899
At 31st December, 2011	801	7,378	2,647	1,039	4,424	1,489	2,051	4,292	24,121

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

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

21.(d) PROPERTY, PLANT AND EQUIPMENT – BANK 2011 RESTATED

	Plant & Machinery GH¢'000	Branch Development GH¢'000	Motor Vehicles GH¢'000	Furniture & Fittings GH¢'000	Office Equipment GH¢'000	Computer Hardware GH¢'000	Capital Work In Progress GH¢'000	Land & Building GH¢'000	TOTAL GH¢'000
COST									
At 1st January, 2011	1,266	9,041	4,699	2,341	6,206	3,670	1,509	3,671	32,404
Additions during the year	16	76	1,081	205	432	517	2,078	926	5,330
Transfer	25	16	92	85	407	250	(1,537)	–	(660)
Disposal and Transfers	–	–	(302)	–	–	–	–	–	(302)
At 31st December, 2011	1,307	9,133	5,570	2,631	7,045	4,437	2,051	4,597	36,772
DEPRECIATION									
At 1st january, 2011	359	620	2,347	1,216	1,846	2,305	–	194	8,886
Charges for the Year	147	1,135	874	376	775	643	–	111	4,062
Released on Disposal	–	–	(297)	–	–	–	–	–	(297)
At 31st December, 2011	507	1,756	2,923	1,592	2,621	2,948	–	305	12,651
NET BOOK VALUE									
At 31st December, 2011	801	7,378	2,647	1,039	4,424	1,489	2,051	4,292	24,121
At 31st December, 2010	907	8,421	2,353	1,125	4,360	1,365	1,509	3,477	23,517

		THE GROUP		THE BANK	
		2012 GH¢'000	2011 Restated GH¢'000	2012 GH¢'000	2011 Restated GH¢'000
22.	**INTANGIBLE ASSETS**				
	This consisst of Computer Software				
	Cost				
	At 1st January	5,830	4,962	5,811	4,944
	Transfer	–	660	–	660
	Additions	869	207	861	207
	31st December	6,699	5,830	6,672	5,811
	Amortisation				
	At 1st January	3,505	2,470	3,488	2,455
	Charge for Year	1,074	1,035	1,072	1,033
	Total Amortisation - 31st December 2012	4,580	3,505	4,559	3,488
	Net Book Value at 31st December 2012	**2,119**	**2,325**	**2,113**	**2,324**
	Net Book Valueat 31st December 2011	**2,324**	**2,492**	**2,324**	**2,489**
23	**BORROWINGS**				
	Export Development Investment Fund	1,734	3,389	1,735	3,390
	Convertible Debenture	–	–	–	371
	Repurchase Agreements	7,009	6,026	7,009	6,027
	Export Finance Bonds	882	949	882	949
	Preference Shares	99	92	99	92
	Subordinated Term Loan	–	371	–	–
	SSNIT Export Finance Loans	3,295	3,160	3,295	3,160
		13,018	**13,987**	**13,019**	**13,988**
24	**OTHER LIABILITIES**				
	Danida Funds	38	38	38	38
	TIP/MOF Funds	250	242	250	242
	Deferred Incomes/Other Creditors	9,707	5,008	7,379	4,941
	Payment Orders & Bankers Payments	4,680	6,396	4,680	6,396
	Interest Payable on Funds	926	1,105	–	–
	Margins on Letters of Credit	7,379	16,203	9,501	16,203
		22,980	**28,993**	**21,848**	**27,821**

25. FINANCIAL ASSETS BY CATEGORY

2012 – GROUP	Measured at Amortised Cost GH¢'000	Measured at Faire Value TPL* GH¢'000	TOCI* GH¢'000	Total GH¢'000
Government Securities	50,371	_	_	50,371
Due from Other Banks & Fin. Institutions	54,433	25,710	_	80,143
Loans & Advances to Customers	195,697	229,267	_	424,964
Equity Investment	_	188	_	188
	300,501	**255,165**	_	**555,666**
2011 – GROUP				
Government Securities	65,718	_	_	65,718
Due from Other Banks & Fin. Institutions	67,300	32,327	_	99,627
Loans & Advances to Customers	155,413	137,848	_	293,261
Equity Investment	_	188	_	188
	288,431	**170,363**	_	**458,794**
2012 – BANK				
Government Securities	50,371	_	_	50,371
Due from Other Banks & Fin. Institutions	54,433	25,710	_	80,143
Loans & Advances to Customers	195,941	229,267	_	425,208
Equity Investment	_	_	6,366	6,366
	300,745	**254,977**	**6,366**	**562,088**
2011 – BANK				
Government Securities	65,718	_	_	65,718
Due from Other Banks & Fin. Institutions	67,300	32,327	_	99,627
Loans & Advances to Customers	155,413	137,848	_	293,261
Equity Investment	_	_	6,366	6,366
	288,432	**170,174**	**6,366**	**464,972**

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

	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
26. FINANCIAL LIABILITIES BY CATEGORY				
Customer Deposit	554,020	458,465	555,195	459,460
Borrowings	13,019	13,988	13,019	13,988
	567,038	472,453	568,213	473,448

a. Contingencies & Commitments

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

These commitments are shown below:

	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
Guarantees and Indemnities	32,761	20,842	32,761	20,842
Documentary Credits	13,670	23,402	13,670	23,402
	46,431	**44,244**	**46,431**	**44,244**

b. Collateral

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

Particulars of Financial Assets

	THE GROUP 2012 GH¢'000	THE GROUP 2011 Restated GH¢'000	THE BANK 2012 GH¢'000	THE BANK 2011 Restated GH¢'000
Cash in various currencies	9,925	3,736	9,925	3,736

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

27. STATED CAPITAL

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

During the year the Authorised Ordinary Shares of the Bank was increased from 300,000,000 Ordinary Shares to 1,000,000,000 by Special Resolution.

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

	2012		2011 Restated	
	ORDINARY Number	GH¢'000	ORDINARY Number	GH¢'000
ISSUED AND FULLY PAID:				
Issued for Cash Consideration	148,690,910	38,472	31,925,000	10,119
Issued for consideration other than cash	3,075,000	31	3,075,000	31
Capitalisation issues	155,300,000	23,950	50,150,000	14,950
	307,065,910	**62,453**	**85,150,000**	**25,100**

During the year, GH¢ 9,000,000 was transferred from Income Surplus to Stated Capital.

A total of 105,150,000 Ordinary Shares were issued as fully paid to existing shareholders as bonus shares in proportion to their existing holdings as at the date of the transfer.

There are no shares of the Bank held in Treasury.

28. STATUTORY RESERVE FUND

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

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

	USD	GBP	Euro	Others	2012 Total	2011 Total
ASSETS	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash and balances with BOG	10,525	2,087	2,194	_	14,806	10,190
Due from Other Banks	23,937	8,465	38,456	_	70,858	73,746
Loans & Advances	124,840	315	788	_	125,943	63,557
Other Assets	_	_	_	_	_	219
	159,302	**10,867**	**41,438**	**-**	**211,607**	**147,712**
LIABILITIES						
Due to Customers	150,680	10,470	37,145	_	198,295	134,484
Other Liabilities	7,200	225	2,431	_	9,856	14,775
	157,880	10,695	39,576	_	208,151	149,260
NET ON BALANCE SHEET POSITION	1,422	172	1,862	_	3,456	(1,547)
Off Balance Sheet Credit Items						
Letters of Credits	3,688	_	438	_	4,126	3,190
Bonds and Guarantees	13,261	_	_	2,361	15,622	4,669
	16,949	_	**438**	**2,361**	**19,748**	**7,859**

30. MATURITY ANALYSIS OF ASSETS AND LIABILITIES – BANK

Liquidity Gap

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

This gap as measured at the close of business on 31st December 2012 was as follows:

	TOTAL GH¢'000	0-3 Months GH¢'000	3-6 Months GH¢'000	6-12 Months GH¢'000	Over 1 Year GH¢'000
Cash and Bank Balances	79,645	79,645	_	_	_
Government Securities	50,371	6,779	142	5,013	38,437
Due from					
Banks/Financial institution	80,143	65,092	12,064	2,987	_
Taxation	2,846	2,846	_	_	_
Equity Investment	6,366	_	_	_	6,366
Loans and Advances	425,207	163,530	74,287	87,179	100,211
Other Assets	5,016	2,513	160	320	2,022
Property, Plant & Equipment	24,899	1,176	3,735	6,225	13,763
Intangible Assets	2,113	_	_	_	2,113
TOTAL ASSETS	**676,607**	**321,581**	**90,389**	**101,724**	**162,913**
Customer Deposits	555,195	107,440	72,449	63,694	311,612
Other Liabilities	21,848	8,099	8,021	1,932	3,797
Deferred Tax	1,450	_	_	1,450	_
Borrowings	13,019	19	_	7,009	5,991
TOTAL LIABILITIES	**591,512**	**115,557**	**80,469**	**74,085**	**321,400**
Liquidity Gap	**78,960**	**206,073**	**9,919**	**27,634**	**(164,666)**
Proportion of Assets to Liabilities	**1.14**	**2.78**	**1.12**	**1.37**	**0.51**
31st December 2011					
Total Assets	549,778	259,134	93,152	89,665	107,827
Total Liabilities	502,652	106,358	73,519	54,873	267,902
Liquidity Gap	**47,125**	**152,776**	**19,633**	**34,792**	**(160,075)**
Proportion of Assets to Liabilities	**1.09**	**2.44**	**1.27**	**1.63**	**0.40**

BY ORDER OF THE BOARD

Kwesi Sarpong Sarfo (signature) } DIRECTOR

ACCRA

7TH MARCH 2013

31.0 RISK MANAGEMENT

31.1 Overview

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

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

PBL maintains a risk governance structure geared towards strengthening risk identification, measurement, management and control whilst positioning the Bank to manage the changing regulatory environment in an efficient and effective manner. The risk governance structure ensures oversight of and accountability for, the effective management of risks inherent in the Bank's operations.

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

i. In the first line of defence, heads of divisions, departments and branch managers are primarily responsible for managing risks inherent in their business units. These departments and branches continuously assess and evaluate risks associated with their day-to-day operations. The process ensures strict adherence to the Bank's operational policies, procedures and controls.

ii. The second line of defence consists of dedicated risk management committees carefully created to assist the first line of defence in the implementation of risk management procedures approved by the Board.

iii. The third line of defence consists of the Internal Control Division comprising Branch Inspection, Systems Audit and Internal Audit as well as the Compliance and Risk Management Departments. These departments provide an independent assessment and validation of the adequacy and effectiveness of the overall risk management function and governance structures of the Bank and report independently to the Board. External Auditors also have a statutory duty to provide an independent opinion on the Bank's financial statements and the adequacy of the Bank's accounting systems to the Board of Directors, Shareholders and Bank of Ghana.

The risk governance system of the Bank is multi-faceted, involving the Board of Directors and management level committees. At the highest level, the Board of Directors, supported through the Audit and Risk Management sub-committee of the Board determines the risk strategy, policy, limits and appetite for the Bank. The board regularly reviews the Bank's risk exposure to enable them take appropriate risk related decisions.

The risk management department assists management in the formulation of the overall policies, including various risk management strategies and control. The Department also provides a review of the overall risk profile from time to time. The Head of the Risk Management department is responsible for coordinating the risk management activities of the various committees, divisions and departments of the Bank and is primarily responsible for ensuring that the Bank's risk profile is consistent with its financial resources and the risk appetite defined by the Board.

31.2 Categories of Risks

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

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

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

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

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

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

Strategic Risk: This is the risk that results from adverse business decisions, ineffective or inappropriate business plans and strategy execution or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence or other risks inherent in the operations of the Bank including reputational risk.

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

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

31.3 Liquidity Risk

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

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

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

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

i. Maintenance of a well diversified funding mix of customer deposits and borrowings (both secured and unsecured) through a Bank-wide coordinated funding strategy. The Bank funds a substantial portion of its lending activities through customer deposits, which stood at GH¢555.1 million and GH¢459.5 million at December 31, 2012 and 2011 respectively.

ii. Holding a broad portfolio of high grade securities in a form of defensive investments that can be used to obtain secured funding from the Repo market. These investments are mainly held in Government of Ghana Securities with structured maturities. The Bank had unencumbered defensive investments of GH¢50.3 million at the end of December 2012;

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

The Bank's exposure to liquidity risk as measured by the gap analysis in note 30 is summarized in Table 1 below.

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

Table 1: Summary of Liquidity Risk exposure

	TOTAL GH¢'000	0-3 Months GH¢'000	3-6 Months GH¢'000	6-12 Months GH¢'000	Over 1 Year GH¢'000
31st December 2012					
Total Assets	676,607	321,581	90,389	101,724	162,913
Total Liabilities	591,512	115,557	80,469	74,085	321,400
Liquidity Gap	78,960	206,073	9,919	27,634	(164,666)
Proportion of Assets to Liabilities	**1.14**	**2.78**	**1.12**	**1.37**	**0.51**
31st December 2011					
Total Assets	549,778	259,134	93,152	89,665	107,827
Total Liabilities	502,652	106,358	73,519	54,873	267,902
Liquidity Gap	47,125	152,776	19,633	34,792	(160,075)
Proportion of Assets to Liabilities	**1.09**	**2.44**	**1.27**	**1.63**	**0.40**

The gap analysis above matches the qualified liquid assets and liabilities in the various time bands based on the remaining number of days to the contractual maturity dates. The unmatched position (gap) indicates the Bank's exposure to liquidity risk. The analysis shows that the Bank is well positioned to meet its short term liquidity needs as shown by the positive gaps for the 12 month period.

Tactical liquidity risk is the risk arising from the shortage of short-term cash to meet customers' withdrawals or maturing obligations. It gives rise to the need for day to day liquidity management. The Treasury department is responsible for managing the day-to-day liquidity needs of the Bank while branch managers are responsible for managing daily liquidity at their respective branches by ensuring that customer withdrawals are met without problems.

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

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

The Treasury Committee met regularly to review the liquidity position of the Bank in line with the treasury and investment policy of the Bank. The Bank maintained a healthy liquidity position throughout 2012.

31.4 Credit Risk

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

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

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

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

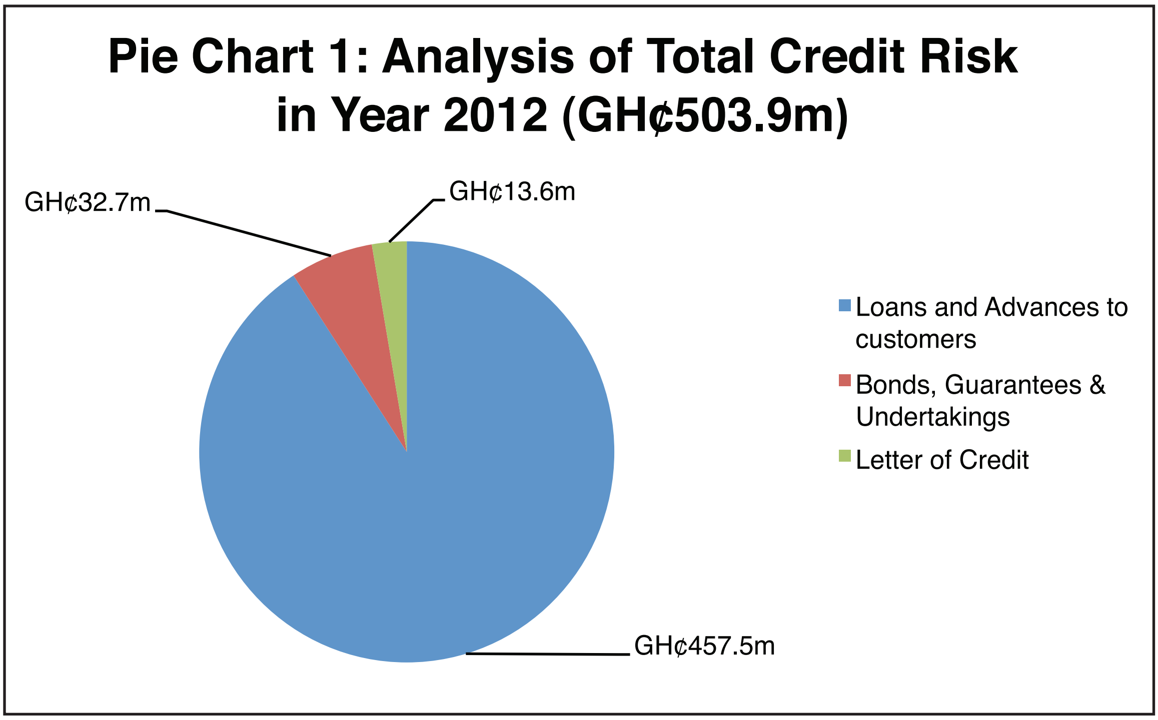
Credit facilities granted to customers, both corporate and retail, are closely monitored on a continual basis to uncover early warning signals of non-performance. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available.

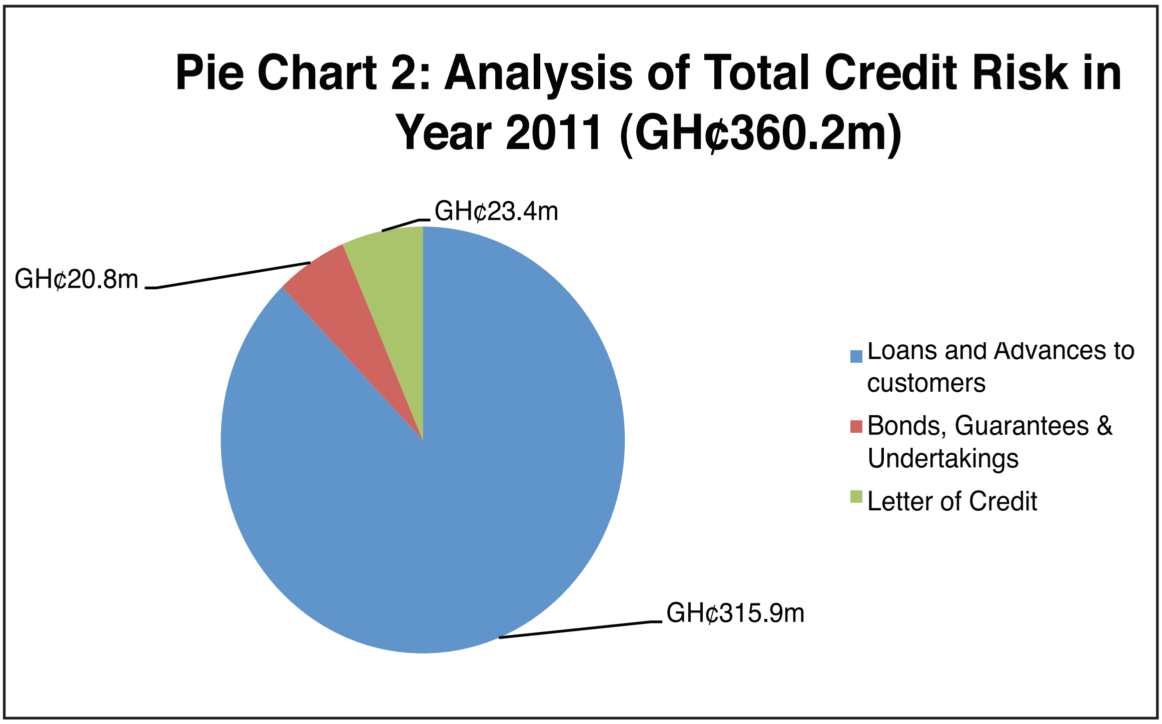
The early risk detection is a tenet of the Bank's credit culture and is intended to ensure that greater attention is paid to credit exposures in order to effectively manage such exposures and maximize loan recovery.

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

The maximum amount of credit risk of the Bank at the end of Years 2012 and 2011 emanating from the above mentioned risk sources is depicted in Pie Charts 1 and 2 below:

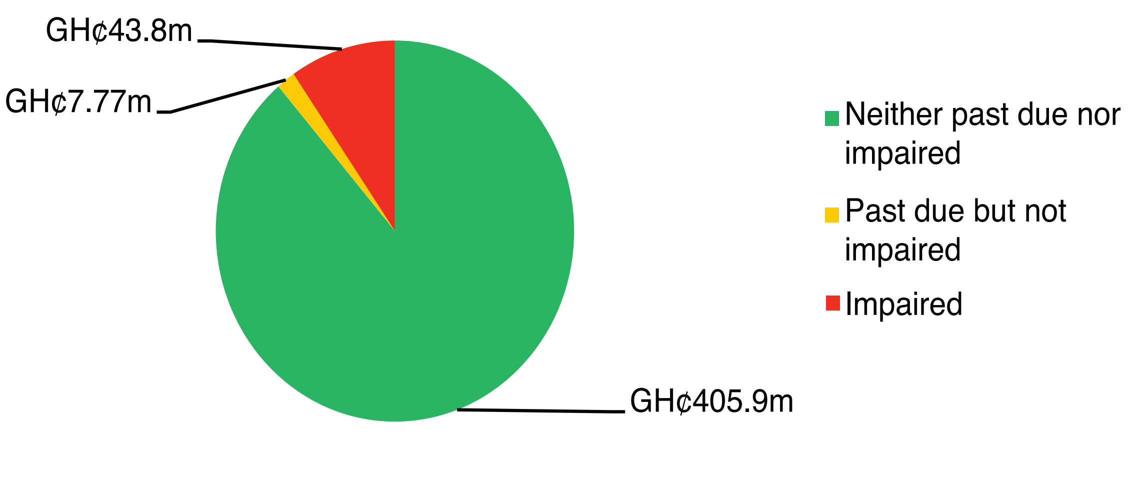
Collateral held as security against these risks consist mainly of mortgage of landed property, cash and Government securities.





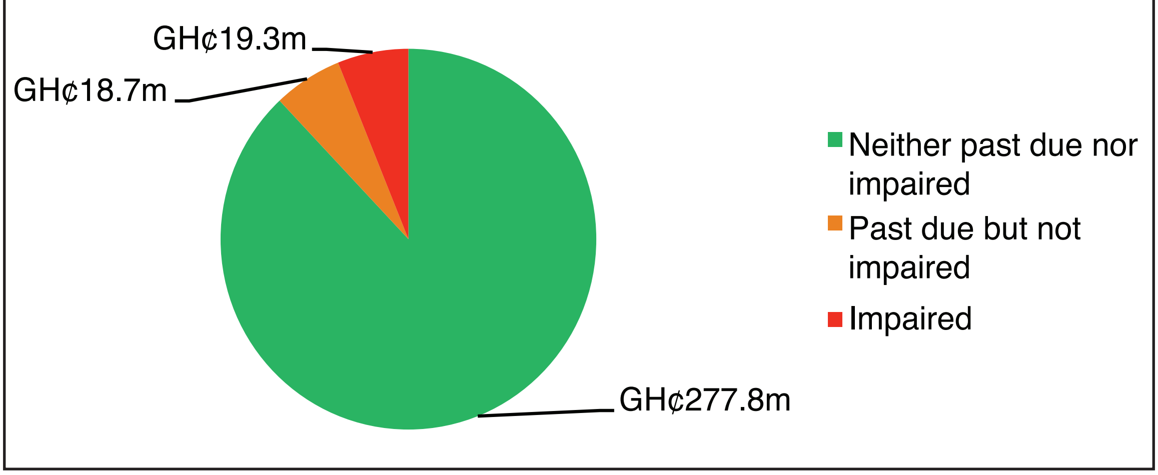
The loans and advances portfolio for Years 2012 and 2011 is further analyzed in terms of quality as shown in Pie Charts 3 and 4:

Pie Chart 3: Further Analysis of Loans and Advances portfolio for 2012 GH¢457.5m



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

Pie Chart 4: Further analysis of Loans and Advances portfolio for 2011 GH¢315.9m



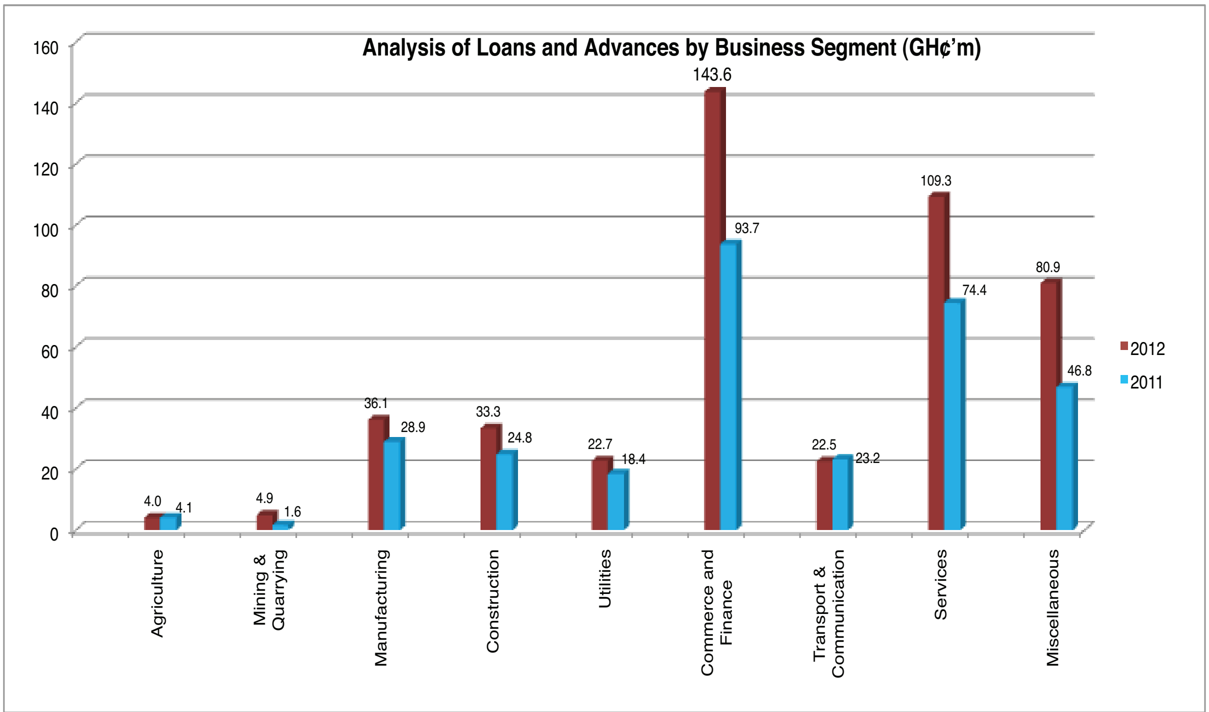
The fair value of collateral security held on “Past due but not impaired” and “Impaired” at the end of Year 2011 is GH¢31.7m.

Credit Concentration Risk

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

Credit Concentration Risk by Business Segment

An analysis of credit concentration risks by business segment as at the end of Years 2012 and 2011 is shown in the Bar Chart below:



Credit Concentration Risk by type of customer

An analysis of credit concentration risk by type of customer is shown in Table 2 below:

TABLE 2: ANALYSIS OF LOANS AND ADVANCES BY TYPE OF CUSTOMER	2012 GH¢'m	2011 GH¢'m
Individuals	9.6	5.7
Other Private Enterprises	423.9	289.9
Government departments and agencies	5.7	4.0
Public Enterprises	4.0	3.7
Staff	14.0	12.6
	457.2	**315.9**

31.5 Market Risk

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

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

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustment within a specified period. The Bank's lending, investment and funding activities gives rise to interest rate risk because it carries a mix of both fixed and floating rate assets and liabilities on its books that are subject to re-pricing periodically.

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

a. Movement in market interest rate;

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

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

The Bank employs an interest rate sensitivity model (Gap analysis) to measure and monitor interest rate sensitive assets and liabilities. The model is based on the classification of interest rate sensitive assets and liabilities into particular time bands with regards to maturity.

The Bank's interest rate risk management strategy is based on a variable (floating) interest rate pricing policy in pricing its assets and to a large extent its liabilities. This allows the Bank to re-price its assets and liabilities in tandem with changes in market rates to ensure that changes in interest rates always result in an increase in net interest income. The Bank ensures that the re-pricing structure of the balance sheet generates maximum benefits from interest rate movements.

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

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

PBL measures its exposure to foreign exchange rate risk by using the Net Open Foreign Exchange position. The Bank, on a daily basis computes the net open position for each foreign currency for which the Bank has a position. The net open position is then stress tested against variations in the exchange rate of each of the currencies to determine the extent to which exchange rate movements can adversely affect the Bank's income statement.

The Bank manages foreign exchange risk inherent in its operations by:

a. Matching assets and liabilities denominated in the same currency to ensure that the impact of exchange rate movement on the Bank is largely positive.

b. Keeping foreign currency holdings in more stable currencies.

The Asset and Liability Committee (ALCO) and the Treasury Committee are responsible for the management of the Bank's market risk. The Risk Management Department is responsible for ensuring that the Bank's exposure to market risk is within the risk appetite levels defined by the Board. The primary responsibility for the daily monitoring and management of market risk is however delegated to the Treasury and International Banking Departments with the oversight supervision of the Managing Director.

Table 3 below summarises the Group's exposure to foreign currency exchange risk as at 31st December 2012:

TABLE 3: CURRENCY EXPOSURES AS AT 31ST DECEMBER 2012

	US$ GH¢'000	GBP GH¢'000	Euro GH¢'000
Amount due to (from) the Bank	1,422	172	1,862

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

31.6 Operational Risk

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

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

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

31.7 Compliance Risk

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

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

The Bank's approach to managing compliance risk is proactive. The Bank has clear and accessible policies and procedures embedded in its operations to forestall possible compliance failures. These policies and procedures include a comprehensive system of internal controls aimed at ensuring continuous improvement in compliance risk management.

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

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

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

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

31.8 Reputational Risk

Reputational risk refers to the potential reputational damage that a company or an institution could suffer from any adverse or negative publicity about the company or the institution concerned. Prudential Bank, like any other institution is confronted with reputational risk. That is, any negative publicity about the Bank could impair public confidence in the Bank and thereby cause a decline in its customer base or reduction in the volume of business transacted by customers.

Reputational risk may result from any operational issue that causes disaffection to customers and other stakeholders as the Bank could be perceived as not being efficient, customer friendly or not being reliable. The major sources of reputational risk include system failures, unnecessary litigation, dealing with customers who engage in illegal business activities etc.

Internal operational issues such as system breakdown, employee errors, employee fraud etc may expose PBL to serious reputational risk. In managing reputational risk emanating from these sources, the Bank has put in place appropriate measures and controls that ensure that system breakdowns and bookkeeping errors are checked at every level of operation in order to minimise their impact on customers and other stakeholders. These controls form part of the daily operational procedures of the Bank.

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

The Bank's reputation depends not only on the way it conducts its business but also the way its customers conduct themselves. Thus, dealing with customers whose activities border on illegality, such as money laundering, is a source of reputational risk to the Bank. To manage this type of risk and to avoid becoming associated with economic and financial criminals or being used as a conduit for channelling illegal monies into the country, PBL uses Know Your Customer (KYC) procedures to screen potential customers and also monitors customers account operations to ensure that customers who open accounts with the Bank are engaged in legitimate businesses. PBL also monitors customers' account operations to ensure that deposits into accounts are consistent with the type of business customers are engaged in. The Bank conducts due diligence on companies and their directors before bank accounts are opened.

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

31.9 Strategic Risk Management

Strategic risk is inherent in every business and is one of the major risk categories in the banking industry along with credit, market, liquidity, compliance, operational and reputational risks. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans and strategy execution, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence or other risks inherent in the operations of the Bank including reputational risk. In the banking industry, strategic risk is elevated due to changing customer preferences and competitive pressures. The Bank's appetite for strategic risk is assessed within the context of its strategic plan. Strategic risk is managed in the context of PBL's overall financial condition and assessed, and acted on by the Managing Director and Executive Management team. Significant strategic actions, such as capital actions and branch expansion, require review and approval of the Board.

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

- Forecast earnings and returns on capital,
- Current risk profile,
- Current capital and liquidity requirements,
- Staffing levels and changes required to support the plan,
- Stress testing results and other qualitative factors such as industry growth and peer analysis.

The Executive Management Team also monitors the performance of new products introduced against product expectation.

32. CAPITAL

The Objectives of Capital Management

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

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

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

Capital Description

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

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

The Level of Capital Adequacy

	2012 GH¢'000	2011 GH¢'000
Paid Capital	62,453	25,100
Disclosed Reserves	16,056	15,672
Tier 1 Capital	78,509	40,772
Tier 2 Capital	5,500	9,980
Regulatory Capital	**84,009**	**50,752**
Required Regulatory Capital	(55,318)	(38,637)
Surplus Capital	**28,691**	**12,115**
Capital Adequacy Ratio	14.95%	11.65%

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

33. SHAREHOLDERS

The shareholders of the Bank are:

	Name	No. of Shares	Percentage Holding
1.	J. S. Addo Consultants Limited	76,208,525	24.82
2.	Mr. Kwesi Atuah	38,254,761	12.46
3.	Trustees of PBL Staff Provident Fund	34,325,146	11.18
4.	Ghana Union Assurance	33,831,478	11.02
5.	Mr. N.K. Omaboe	32,030,000	10.43
6.	Mr. Frank Owusu	24,615,385	8.02
7.	Mr. Stephen Sekyere-Abankwa	16,015,000	5.21
8.	Mr. Kofi O. Esson	15,384,615	5.01
9.	National Trust Holding Company Limited	14,560,000	4.74
10.	Social Security & National Insurance Trust	14,560,000	4.74
11.	Mr. John K. Addo	7,281,000	2.37
	TOTAL	**307,065,910**	**100.00**

Branch Network

Staff of the new Mataheko Branch pose with Mrs. Mary Brown, Deputy Managing Director (Banking Operations), third from left and Mr. Joseph Okine-Afrane, Deputy Managing Director (Finance, Administration & Credit Administration), fifth from right at the branch opening. Other senior officials include Reverend Mrs. Akosua Otoo, Branch Inspection Department, first from left and Mrs. Adwoa Abankwa, Branch Manager, seventh from right.

GREATER ACCRA REGION

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

RING ROAD CENTRAL BRANCH
8 Nima Avenue
Ring Road Central, Accra
Tel.: 233-302-781179/78127
Fax: 233-302-768421

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

MAKOLA BRANCH
31st December Market, Makola, Accra
Tel.: 233-302-686638, 676639
Fax: 233-302-676640

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

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

ABEKA BRANCH
Apugu Towers, Abeka Lapaz
Abeka,
Tel : 233-302-220927, 220919, 220920
Fax: 233-302-220929

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

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

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

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

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

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

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

METHODIST UNIVERSITY COLLEGE AGENCY
Methodist University College Campus
Dansoman
Tel: 233-302-302484,302485
Fax: 233-302-302486

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

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

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

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

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

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

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

CENTRAL REGION

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

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

WESTERN REGION

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

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

ASHANTI REGION

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

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

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

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

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

SUAME MAAKRO BRANCH
Tarkwa Maakro, New Road
Kumasi,
Tel: 233-3220 46717, 46720
Fax: 233-3220-46897

NORTHERN REGION

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

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

CORRESPONDENT BANKS

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

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

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

BHF BANK
AKTIENGESELLSCHAFT
BOCKENHEIMER LANDSTRASSE 10
60323 FRANKFURT AM MAIN
GERMANY

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

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

NOTICE OF ANNUAL GENERAL MEETING

We are pleased to give you notice of, and invite you to the Sixteenth (16th) Annual General Meeting of Prudential Bank Limited to be held at the Boardroom of the Head Office, No. 8 Nima Avenue, Ring Road Central, Accra, on Wednesday, 27th March, 2013, at 11am to transact the following business:

Agenda

1. To receive and consider the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December, 2012.
2. To re-elect the Auditors.
3. To authorize the Directors to determine the remuneration of the Auditors.
4. To approve non-executive Directors' Fees.
5. To approve an increase in the number of Directors.

Dated this 7th day of March, 2013.

By Order of the Board

OSEI YAW OSAFO
BOARD SECRETARY

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in place of that Member. A Proxy need not be a Member. A Proxy Form is attached.

2. The Proxy Form must be delivered by hand or post to **The Secretary, Prudential Bank Limited, PMB, G.P.O No. 8 Nima Avenue, Ring Road Central, Kanda, Accra** at least 24 hours before the appointed time for the Meeting.

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