



AN ASSESSMENT OF THE PERFORMANCE OF ROKEL COMMERCIAL BANK (SL) LTD, 2005–2025: A TWENTY-YEAR REVIEW OF FINANCIAL PERFORMANCE, NON-FINANCIAL PERFORMANCE, KEY PERFORMANCE INDICATORS AND COMPETITIVE POSITION IN SIERRA LEONE’S BANKING SECTOR

Joseph Momoh Conteh¹ⁱ,

Musa Abdullah Kargbo²,

Dante Allie Bendu³

¹Peking University,
Beijing, P. R. of China

²Fourah Bay College,
University of Sierra Leone,
Sierra Leone

³Dr.,
Fourah Bay College,
University of Sierra Leone,
Sierra Leone

Abstract:

This article assesses the performance of Rokel Commercial Bank (SL) Ltd (RCBank), Sierra Leone’s largest majority state-owned commercial bank, over the twenty years from 2005 to 2025. It asks how the bank’s financial and non-financial performance evolved, which indicators best explain its long-run trajectory, and how it stands against Sierra Leone Commercial Bank, UBA Sierra Leone, and the sector as a whole. The study adopts a longitudinal single-case design grounded in secondary data: audited financial statements as reported publicly, Bank of Sierra Leone soundness indicators, and peer bank disclosures. Ratio and trend analysis is combined with a balanced scorecard, benchmark comparison, Porter’s five forces, SWOT and PESTLE assessments, interpreted through an integrated framework that draws on financial intermediation theory, the resource-based and dynamic capability views, agency and institutional theory, and stakeholder theory. Three findings stand out. First, RCBank moved from a sanctioned and undercapitalised position around 2015, with a non-performing loan ratio of 11.74 per cent still recorded in 2022, to a strongly capitalised institution by 2024, when share capital tripled, and profit after tax exceeded NLe140 million for a second consecutive year. Second, that recovery has been balance-sheet led rather than efficiency led: profit, loan and deposit growth are strong, but returns on assets and equity, cost efficiency and credit

ⁱ Correspondence: email josephmconteh2004@yahoo.com

intermediation lag the best-performing peers, and the bank's loan-to-deposit ratio remains close to the sector's low level. Third, the competitive advantages the bank possesses (heritage, national reach, state backing and capital) are positional resources that peers are now matching through digital scale and cost discipline. The article contributes a longitudinal, theory-driven evaluation of a state-owned bank in a post-conflict low-income economy, a setting almost absent from the bank performance literature, and sets out implications for the bank's board, the Bank of Sierra Leone, the Government as majority shareholder, and future researchers.

JEL: A10, A11 E2, E4, E5

Keywords: bank performance; state-owned banks; balanced scorecard; key performance indicators; Sierra Leone; financial inclusion; digital banking; competitive strategy

1. Introduction

Sierra Leone's banking system carries a heavier share of the country's financial intermediation than is common even in Sub-Saharan Africa. Commercial banks hold roughly four-fifths of financial system assets, capital markets are embryonic, and the non-bank sector is small (Bank of Sierra Leone, 2024). Yet the system does strikingly little of what banks exist to do. Domestic credit to the private sector has remained in low single digits as a share of GDP for most of the past two decades, against a Sub-Saharan average several times higher (World Bank, 2024), and the sector's loan-to-deposit ratio in early 2025 stood at about a quarter (Bank of Sierra Leone, 2025). Banks are liquid, well capitalised and profitable, and they lend little. That combination is the puzzle within which any assessment of an individual Sierra Leonean bank has to sit.

Rokel Commercial Bank occupies a distinctive place in that system. Established in 1917 as Barclays Bank DCO, incorporated locally in 1971 with 25 per cent Sierra Leonean ownership, and renamed after Barclays' withdrawal in 1999, the bank has been majority owned by the Government of Sierra Leone since that exit, currently 65 per cent, with the remaining 35 per cent held by institutions and individuals (Rokel Commercial Bank, 2024a). It entered the study period as an institution that had rebuilt itself after a civil war which had disrupted a sixteen-branch network, and it ended the period as the first bank to meet the Bank of Sierra Leone's revised minimum capital requirement, having tripled its share capital during 2024 (Bank of Sierra Leone, 2025; Rokel Commercial Bank, 2025). Between those points lie the global financial crisis, the 2014–2016 Ebola epidemic, a regulatory sanction imposed on the bank around 2015, the COVID-19 disruption, the 2022 currency redenomination and a period of exchange-rate depreciation and inflation above 40 per cent (Bank of Sierra Leone, 2024). Twenty years is long enough to separate the effects of management from the effects of the environment; that separation is the analytical task of this paper.

The literature on bank performance in Africa has grown quickly since the mid-2000s, but it is uneven in ways that matter here. Cross-country panel studies dominate (Flamini *et al.*, 2009; Beck & Cull, 2013; Ozili, 2017; Kohlscheen *et al.*, 2018), and they say a great deal about average relationships between capital, size, concentration, ownership and profitability across dozens of banks. They say almost nothing about how a single institution moves through those averages over time, and they rarely include Sierra Leone at all, since it contributes few observations to any panel. State ownership has attracted a substantial cross-national literature (La Porta *et al.*, 2002; Sapienza, 2004; Micco *et al.*, 2007; Andrianova *et al.*, 2008), which finds government banks less profitable and more politically directed on average, but the mechanisms are inferred from coefficients rather than observed inside institutions. Studies that combine financial ratios with non-financial performance measurement, in the tradition of Kaplan and Norton (1992, 1996) and Ittner and Larcker (2003), are common for banks in Europe, Asia and the larger African economies but effectively absent for Sierra Leone. The only Sierra Leone-specific work I have been able to locate consists of small panel regressions on the determinants of profitability and stability (Jackson & Tamuke, 2022), and none takes a longitudinal case approach.

This article addresses that gap with a longitudinal single-case study. Its central argument can be stated at the outset. RCBank’s twenty-year record is one of institutional survival followed by balance-sheet-led recovery, and the recovery is real: earnings, deposits, lending and above all capital strengthened markedly between 2022 and 2024. But the same evidence shows that the recovery has not yet been converted into superior returns, cost efficiency or credit intermediation. On each of those dimensions, the bank is matched or exceeded by Sierra Leone Commercial Bank (SLCB), the other state-owned bank, and clearly exceeded by UBA Sierra Leone, a foreign-owned bank with a lighter cost base and a larger balance sheet. The bank’s traditional advantages- heritage, national reach and state backing- are what the resource-based view calls positional resources; they explain why the bank survived, but they do not by themselves generate a return premium, and the evidence suggests competitors are eroding them through digital scale and cost discipline. The strategic question for 2025–2030 is therefore not whether RCBank can grow, but whether it can grow efficiently and safely enough to justify the capital it now holds.

The paper proceeds as follows. Section 2 reviews the literature and sets out the theoretical and conceptual framework, the research questions, objectives and propositions. Section 3 explains the methodology. Sections 4 to 6 present the financial, non-financial and competitive analyses. Section 7 discusses the findings against theory and prior studies. Section 8 draws out implications and recommendations, Section 9 states limitations, and Section 10 concludes.

2. Literature Review and Theoretical Framework

2.1 What determines bank performance, and how much of it is within management's control

The determinants literature divides bank performance into bank-specific, industry-specific and macroeconomic components. The canonical specification (Bourke, 1989; Molyneux & Thornton, 1992; Demirgüç-Kunt & Huizinga, 1999; Athanasoglou *et al.*, 2008) treats profitability, measured as return on assets or equity, as a function of capital, size, credit risk, cost efficiency, liquidity, concentration, growth and inflation. Findings on capital are consistent: better-capitalised banks earn higher returns, particularly in developing economies where capital signals soundness and lowers funding costs (Berger, 1995; Berger & Bouwman, 2013). Findings on size are not consistent, and Athanasoglou *et al.* (2008) find no evidence of scale economies once other variables are controlled. Cost efficiency, however measured, is the most reliable predictor of profitability across samples (Berger & Humphrey, 1997; Dietrich & Wanzenried, 2011; Trujillo-Ponce, 2013). The African evidence sharpens rather than overturns these findings. Flamini *et al.* (2009), studying 389 banks in 41 Sub-Saharan countries, find that profitability is high by world standards and that it is explained by size, credit risk and diversification, with macroeconomic variables adding predictive power. Kablan (2010) and Chen (2009) show that African banks are cost inefficient relative to their own frontier, and that inefficiency is associated with weak institutions and thin markets rather than with ownership per se. Beck and Cull (2013) characterise African banking as small, concentrated, expensive and heavily invested in government securities, a description that fits Sierra Leone closely. Ozili (2017) finds that capital regulation raises profitability among African banks generally, and Ozili (2019) finds that non-performing loans fall as financial development deepens. Kohlscheen *et al.* (2018), using a broader emerging market sample, add that long-term interest rates and credit growth are strong predictors, and that the relationship between growth and profitability turns negative when growth outpaces risk capacity.

Two implications follow for a single-bank study. The first is that a large part of measured performance in a country like Sierra Leone is environmental. High profitability in the sector reflects wide interest spreads, cheap deposits and risk-free returns on government securities more than managerial skill, exactly the pattern Beck and Hesse (2009) documented for Uganda. The second is that what distinguishes banks within such an environment is cost efficiency, credit discipline and the ability to convert capital into intermediation. Those are the dimensions on which this paper concentrates.

2.2 State ownership and its consequences

Roughly two-fifths of the sample banks in La Porta *et al.* (2002) were state-owned in the 1990s, and government ownership was found to be associated with slower financial development and lower growth. Sapienza (2004), studying Italy, shows that state banks charge lower rates and lend disproportionately in politically contested regions. Micco *et*

al. (2007) find that state banks in developing countries earn lower returns and carry higher costs than private banks, and that the gap widens in election years. Cull *et al.* (2017) reach a more qualified conclusion: state banks underperform on average, but the dispersion is wide, and some state banks in Asia and Africa perform at or above private benchmarks when they operate under commercial mandates and independent boards. Andrianova *et al.* (2008) go further and argue that in weak institutional environments depositors may rationally prefer state banks because the implicit guarantee substitutes for missing deposit insurance and contract enforcement.

That last point matters for RCBank and SLCB, both of which are majority or wholly government-owned in a country without a functioning deposit insurance scheme for most of the period. Government ownership is a funding advantage before it is a governance disadvantage. The question the literature poses is whether the funding advantage is converted into intermediation and returns or dissipated in cost, directed lending and forbearance. Berger *et al.* (2005), studying Argentina, show that state banks improved sharply after privatisation but that the improvement came mainly from cleaning up legacy loan books, which suggests that the problem is credit governance rather than ownership as such. Cull and Martinez Peria (2013) find that state banks in Latin America and Eastern Europe lent counter-cyclically during 2008–2009, a socially valuable role that private banks did not play. The evidence therefore supports neither blanket condemnation nor defence of state banks; it supports scrutiny of their governance, credit quality and cost base, which is where this study concentrates.

2.3 Measuring performance: CAMELS, the balanced scorecard and KPIs

Supervisors assess banks through the CAMELS framework of capital adequacy, asset quality, management, earnings, liquidity and sensitivity to market risk (Sahajwala & Van den Bergh, 2000; Roman & Şargu, 2013). It is a soundness framework, not a strategy framework: it tells a supervisor whether a bank is safe, not whether it is winning. Basel III added a non-risk-weighted capital ratio, liquidity coverage and stable funding requirements (Basel Committee on Banking Supervision, 2011), and Ayadi *et al.* (2016) show that compliance with Basel core principles is associated with better performance in developing economies. Sierra Leone's regime, under the Banking Act 2019 and Bank of Sierra Leone Act 2019, sets a 15 per cent minimum capital adequacy ratio and a 10 per cent maximum non-performing loan tolerance, both of which are used as thresholds in this study.

The strategic performance measurement literature emerged from dissatisfaction with financial measures alone. Eccles (1991) and Kaplan and Norton (1992) argued that financial results are lagging indicators; leading indicators lie in customers, processes and learning. The balanced scorecard has been applied to banks extensively (Wu, 2012; Hoque, 2014), and Ittner and Larcker (1998, 2003) show that banks which measured non-financial drivers rigorously outperformed those which measured them casually. Nørreklit (2000) offers the strongest critique: the causal chain from learning to finance is

assumed rather than demonstrated, and the scorecard risks becoming a list. Neely *et al.* (1995), Otley (1999) and Ferreira and Otley (2009) place measurement within a wider performance management system in which targets, incentives and information flows matter as much as metrics. Bititci *et al.* (2012) argue that measurement systems in volatile environments must themselves adapt, a point relevant to a bank that lived through Ebola, COVID-19 and a currency redenomination inside a decade. Parmenter (2015) distinguishes key results indicators, which report outcomes, from key performance indicators, which are operational, frequent and actionable; most of what banks publish are the former.

For a state-owned bank in a low-income economy, the scorecard has an additional use. It gives the state shareholder a language in which to specify non-commercial objectives (inclusion, rural reach, SME credit) alongside commercial ones and to hold management to both. Without that specification, the literature on state banks suggests, non-commercial objectives are pursued informally and unaccountably.

2.4 Governance and risk

Bank governance differs from corporate governance generally because high gearing, opacity and deposit insurance shift risk to creditors and the state (Shleifer & Vishny, 1997; Laeven & Levine, 2009; Mehran *et al.*, 2011). Boards matter: de Andres and Vallelado (2008) and Pathan and Faff (2013) find inverted-U relationships between board size and performance and positive effects of independence, though Adams and Mehran (2012) find that in banks board size can be positively related to performance because of the complexity of the business. Aebi *et al.* (2012) and Ellul and Yerramilli (2013) show that banks with strong, independent risk functions reporting to the board fared better in the 2008 crisis. Kirkpatrick (2009) and the OECD (2015) draw the same lesson at the policy level, and the Basel Committee (2015) codified it into governance principles for banks. Stulz (1996, 2015) frames risk management as the choice of which risks to bear and which to hedge, a framing that fits a bank whose main strategic risk is credit and whose main earnings source is government paper.

Non-performing loans are the joint product of the macroeconomy and management. Louzis *et al.* (2012) find that management quality, proxied by efficiency, predicts NPLs even after controlling for GDP and unemployment; Berger and DeYoung (1997) show that “bad management” and “bad luck” both operate and can be distinguished in the timing of cost inefficiency and loan losses. Fofack (2005) attributes African NPLs to macroeconomic shocks and to weak credit governance in roughly equal measure. RCBank’s own history, with a sanction around 2015 and an NPL ratio above the regulatory tolerance in 2022, is a case in which both explanations must be weighed.

2.5 Digital transformation, financial inclusion and sustainability

The digital finance literature has moved from describing mobile money (Jack & Suri, 2014; Suri & Jack, 2016) to theorising the disruption of banking (Philippon, 2016; Arner *et*

al., 2016; Gomber *et al.*, 2018; Vives, 2019; Boot *et al.*, 2021). Two conclusions are stable. Digital channels reduce the marginal cost of transactions and widen reach, and Ozili (2018) shows that this improves inclusion without necessarily threatening stability. But incumbents capture the benefits only if they change processes and organisation, not merely channels: Vial (2019), Verhoef *et al.* (2021) and Warner and Wäger (2019) place digital transformation within dynamic capability theory, as sensing, seizing and reconfiguring, and Bharadwaj *et al.* (2013) argue that a digital business strategy is a strategy, not an IT plan. Africa's mobile money story (GSMA, 2024) demonstrates that non-banks can outcompete banks on reach and cost, which recasts the competitive analysis in Section 6.

Financial inclusion has become both a policy objective and a performance dimension. The Global Findex (Demirgüç-Kunt *et al.*, 2018, 2022) records that account ownership in Sierra Leone remains among the lowest in the region, and Allen *et al.* (2016) show that inclusion responds to cost, distance and documentation, all of which a bank can influence. Beck *et al.* (2007a, 2007b) link outreach to growth and poverty reduction. The Bank of Sierra Leone's National Strategy for Financial Inclusion 2022–2026 sets national targets that a majority state-owned bank cannot ignore. Sustainable banking (Jeucken, 2001; Scholtens, 2009; Weber *et al.*, 2014) and the ESG evidence (Friede *et al.*, 2015) complete the non-financial dimension; in Sierra Leone, the material issues are governance and inclusion far more than environmental risk.

2.6 Theoretical integration

Fourteen theories were listed in the brief for this study; several overlap and are best treated as families. Financial intermediation theory (Diamond & Dybvig, 1983; Diamond, 1984; Allen & Santomero, 1997; Merton, 1995; Levine, 1997) supplies the function: banks exist to transform liquidity and to monitor borrowers, and a bank that holds a quarter of its deposits in loans is performing only part of that function. The resource-based view (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993; Prahalad & Hamel, 1990) and the market-based view (Porter, 1980, 1985, 2008) supply the explanation of differences between banks: RBV locates advantage in valuable, rare and inimitable resources; MBV in industry position and generic strategy. Dynamic capabilities (Teece *et al.*, 1997; Eisenhardt & Martin, 2000; Teece, 2007) explain how resources are renewed under change, which is the digital question. Agency theory (Jensen & Meckling, 1976; Fama & Jensen, 1983) and corporate governance theory (Shleifer & Vishny, 1997) explain why owner-manager and state-manager conflicts damage performance, and institutional theory (DiMaggio & Powell, 1983; North, 1990; Scott, 2014) explains why banks in the same regulatory field converge and why weak enforcement institutions raise the value of state backing. Stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995) supplies the normative case for the non-financial dimensions and, with the sustainable banking and inclusion frameworks, the content of the customer, community and learning perspectives of the scorecard. Risk management theory (Stulz, 1996) supplies the discipline that links growth

to sustainability. The balanced scorecard is the measurement architecture in which these are made observable.

Used together, the theories predict a specific pattern for a state-owned bank in a weak institutional environment: a funding and reputational advantage (institutional theory, RBV), a tendency toward cost inefficiency and directed or forbearing lending (agency theory), vulnerability to periodic asset-quality crises (risk management), and a struggle to renew capabilities under technological change (dynamic capabilities). The empirical sections test whether RCBank fits that pattern.

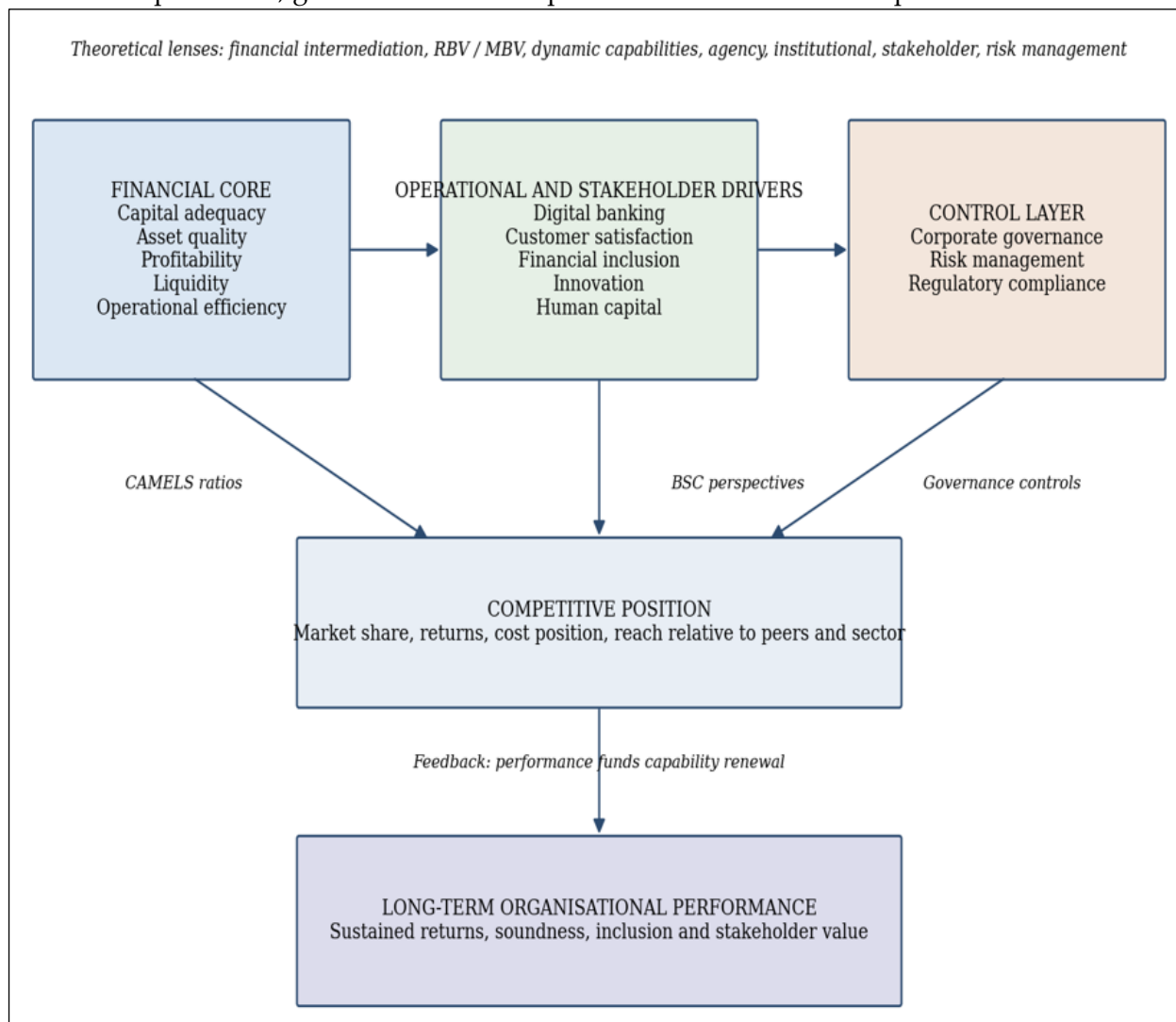
2.7 Gaps

The review identifies five gaps. Geographically, Sierra Leone contributes almost nothing to the published bank performance literature. Methodologically, longitudinal single-institution studies that combine ratio analysis with non-financial measurement are rare in Africa. Theoretically, RBV, agency and institutional explanations of state bank performance are usually tested separately; there is little work that asks how they interact within one institution over time. In policy terms, the literature on Sierra Leone’s low intermediation is macro-level and does not examine how individual banks contribute to or could change it. And in knowledge terms, no published assessment of RCBank exists beyond its own reports and press coverage. This study responds to each.

2.8 Conceptual framework, research questions, objectives and propositions

Figure 1 sets out the conceptual framework. It treats capital adequacy, liquidity, asset quality, profitability and operational efficiency as the financial core, measured through CAMELS-type ratios. Digital banking, customer satisfaction, financial inclusion, innovation and human capital are the operational and stakeholder drivers, and corporate governance and risk management are the control layer that determines whether growth in the drivers is sustainable. Together, these produce competitive position, and competitive position sustained over time produces long-term organisational performance. The arrows are causal claims to be assessed, not assumed, in line with Nørreklit’s (2000) critique.

Figure 1: Integrated conceptual framework linking financial, operational, governance and competitive dimensions of bank performance



Source: Author.

2.8.1 General objective

- To critically evaluate the performance of RCBank between 2005 and 2025 across financial, non-financial, KPI and competitive dimensions critically and to draw strategic and policy lessons.

2.8.2 Specific objectives

- 1) To trace the evolution of the bank’s financial performance and soundness.
- 2) To assess its non-financial performance and the extent to which non-financial capabilities support competitiveness.
- 3) To identify the KPIs that best explain its long-run trajectory.
- 4) To benchmark the bank against SLCB, UBA Sierra Leone, and sector averages, and qualitatively against Ecobank, Union Trust Bank and Access Bank.

- 5) To derive strategic lessons for the bank and policy lessons for the regulator and the state shareholder.

2.8.3 Research questions

- **RQ1:** How has RCBank's financial performance evolved between 2005 and 2025?
- **RQ2:** How has non-financial performance contributed to competitiveness?
- **RQ3:** Which KPIs best explain long-term performance?
- **RQ4:** How competitive is RCBank relative to SLCB, UBA, Ecobank, Union Trust Bank and the sector?
- **RQ5:** What strategic lessons emerge?

2.8.4 Propositions

- **P1:** RCBank's performance over the period follows a crisis-and-recovery pattern driven more by capital and credit governance than by market conditions.
- **P2:** The bank's recovery since 2022 has been balance-sheet led rather than efficiency-led.
- **P3:** RCBank's competitive advantages are positional (heritage, reach, state backing) rather than capability-based, and are being eroded by peers' digital and cost advantages.
- **P4:** The KPIs that best explain the bank's trajectory are capital adequacy, NPL ratio, cost-to-income ratio and loan-to-deposit ratio, in that order.
- **P5:** State ownership has functioned as a funding and stability advantage rather than as a governance liability, but the governance dividend has not yet been converted into superior returns.

3. Methodology

3.1 Philosophy, approach and design

The study is pragmatist in philosophy: the research questions concern what happened to a real institution and what should be done about it, and the choice of method follows from those questions rather than from prior commitment to a paradigm (Creswell & Creswell, 2018; Saunders *et al.*, 2019). The approach is abductive. Theory (Section 2) generated propositions; the data were then examined for fit; where fit was poor, the propositions were revised. This is the logic Eisenhardt (1989) recommends for theory-building from cases and Yin (2018) for explanatory single cases.

A longitudinal single-case design was chosen deliberately. Flyvbjerg (2006) shows that a well-chosen single case can be more informative than a large sample when the aim is to understand mechanisms rather than to estimate average effects. RCBank is what Yin (2018) calls a revelatory case: a majority state-owned bank in a post-conflict low-income economy whose performance has never been examined academically, and which has passed through a full cycle of stress and recovery within the study window. The twenty-

year window was set to capture that cycle. It begins after the immediate post-war reconstruction and the bank's re-establishment under local control, and it ends with the 2024 audited results and the sector data available for the first half of 2025.

3.2 Data sources and their limits

All data are secondary. The primary sources are RCBank's audited financial statements, as published on the bank's website and as reported at the time of publication by the Bank of Sierra Leone and the national press; the Bank of Sierra Leone's monetary policy reports and financial soundness statistics; SLCB and UBA Sierra Leone published results; and IMF, World Bank and AfDB country reports for macroeconomic context (Bank of Sierra Leone, 2024, 2025; Rokel Commercial Bank, 2023, 2024a, 2025; Sierra Leone Commercial Bank, 2025; UBA Sierra Leone, 2025; International Monetary Fund, 2024; World Bank, 2024). Academic literature supplies theory and comparators.

The central limitation must be stated plainly. A consistent audited twenty-year series for every RCBank indicator is not publicly accessible. The bank's annual report repository does not contain every year, and the years that are available do not always report ratios on a common basis. What is consistently available is (a) headline results for 2022, 2023 and 2024, drawn from audited statements published in early 2024, 2025 and 2026, (b) the bank's own disclosure of an NPL ratio of 11.74% for 2022 and of a regulatory sanction around 2015, (c) Bank of Sierra Leone sector aggregates from 2018 onward, and (d) peer disclosures for 2023 and 2024. For the earlier phases (2005–2017), the analysis is necessarily qualitative and relies on the bank's own historical account and on sector-level evidence. I have not filled gaps by estimation. Where a ratio is derived from published absolute figures, the derivation is shown, and the ratio is labelled indicative. Where a figure could not be traced to an audited or regulatory source, it carries a flag. The 2022 redenomination (1 new Leone = 1,000 old Leones) means that some sources quote old Leones for 2024; all figures here are converted to new Leones (NLe).

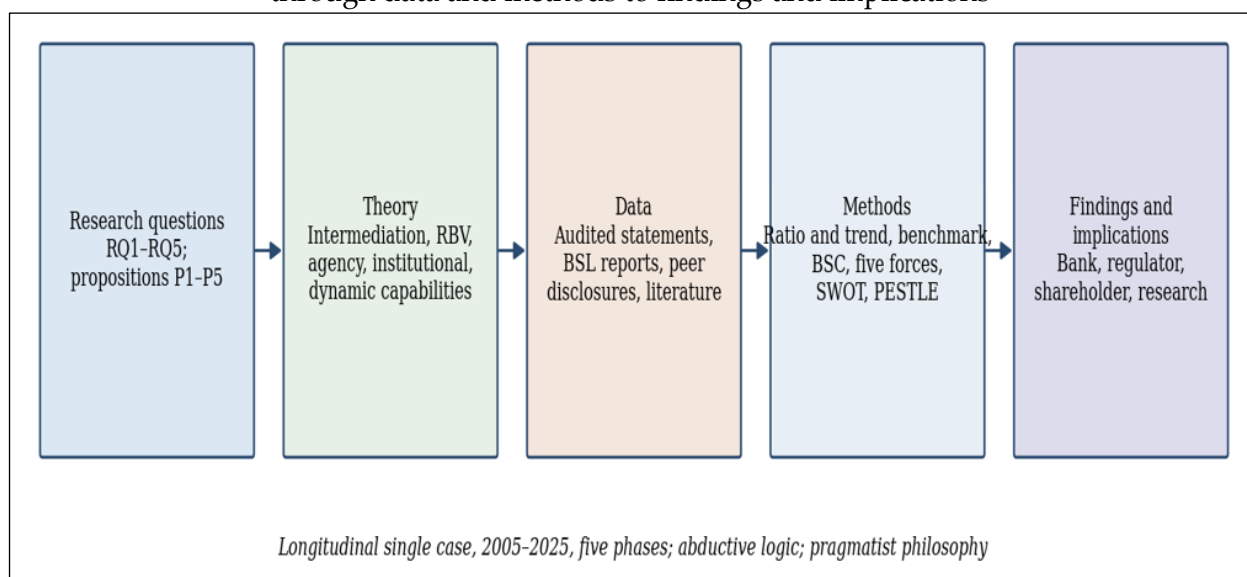
3.3 Analytical methods

Five methods are combined, each chosen for a specific purpose. Ratio and trend analysis provides the financial core, using the CAMELS dimensions and the standard set of return, efficiency, liquidity, asset quality and capital ratios; ratios are the common language of supervisors and investors, and they allow comparison with the determinants literature. Benchmark analysis compares RCBank with two peers and with sector aggregates; the comparators were selected on the availability of published results and on relevance, SLCB as the other state-owned indigenous bank and UBA as the highest-performing foreign bank on published measures. Ecobank, Union Trust Bank and Access Bank are discussed qualitatively because comparable 2024 disclosures were not located. Balanced scorecard analysis structures the non-financial evidence into customer, process, learning and financial perspectives, and permits assessment of whether the bank's non-financial capabilities are leading or lagging its financial results. Porter's five forces, SWOT and

PESTLE analyses locate the bank within its industry and environment; they are used as disciplined summaries of evidence assembled elsewhere in the paper, not as substitutes for it. Finally, the theoretical framework is used interpretively: each empirical section asks which theory best explains the pattern observed.

The unit of analysis is the bank; the period of analysis is 2005–2025 divided into five phases as described in Section 4.1. Figure 2 summarises the research design.

Figure 2. Research framework: from questions and theory through data and methods to findings and implications



Source: Author.

4. Financial Performance Analysis, 2005–2025

4.1 Five phases

The twenty years are divided into five phases, each defined by the dominant strategic problem the bank faced. The phasing is analytical, not official, and the boundaries are approximate.

Phase I, 2005–2009: consolidation

The bank entered the period six years after Barclays’ exit and three years after the formal end of the civil war. Its network of sixteen branches at the outbreak of the civil war had been disrupted, and the priorities were rebuilding physical presence, restoring depositor confidence, strengthening internal controls and rebuilding a loan book. The sector was small and liquid; the Bank of Sierra Leone’s Financial Sector Development Plan of 2009 documents a system with limited intermediation and weak credit infrastructure. No audited RCBank ratios for this phase were located.

Phase II, 2010–2014: expansion

Iron ore mining, infrastructure spending and rapid GDP growth (over 20 per cent in 2013 on the World Bank series) enlarged the corporate and government banking market. The bank widened its product range and lending. The sector’s NPL ratio was already elevated, and concentration of exposure among a small number of large borrowers, a feature the Bank of Sierra Leone still reported in 2022, was building.

Phase III, 2015–2019: sanction and restructuring

Ebola arrested growth in 2014–2015, the iron ore price collapse closed the largest mines, and the currency depreciated. RCBank’s own 2022 financial statements record that the bank was under Bank of Sierra Leone sanction around 2015 and that lending was subsequently redirected toward smaller exposures while the risk position was repaired (Rokel Commercial Bank, 2023). The timing suggests that Phase II expansion had run ahead of credit governance, exactly the “bad management” sequence Berger and DeYoung (1997) describe, in which cost inefficiency and loose underwriting precede rather than follow loan losses.

Phase IV, 2020–2022: resilience

COVID-19 reduced activity and raised credit risk. Sector NPLs rose from 12.7 per cent in 2020 to 15.2 per cent in 2021 before improving to 12.0 per cent in 2022 under regulatory pressure (Bank of Sierra Leone, 2023). RCBank’s own NPL ratio in 2022 was 11.74 per cent, above the 10 per cent tolerance but below the sector average. Profit after tax in 2022 was approximately NLe69.5 million.

Phase V, 2023–2025: acceleration and recapitalization

Profit after tax doubled in 2023 to NLe142.8 million and was maintained at NLe143.9 million in 2024, deposits grew by about a quarter and then by 13 per cent, loans grew by 33 per cent in 2024, and share capital was raised from NLe91.4 million to NLe274.4 million, making RCBank the first bank to meet the Bank of Sierra Leone’s revised minimum capital requirement (Rokel Commercial Bank, 2025). This is the phase for which the evidence is richest and on which the ratio analysis concentrates.

4.2 Headline financial trends

Table 1 assembles the headline figures that could be traced to audited statements or to contemporaneous reports of them.

Table 1: RCBank headline financial indicators, 2022–2024 (NLe million unless stated)

Indicator	2022	2023	2024	Source and note
Profit before tax	n/a	191.6	192.8	Audited statements as reported [VERIFY]
Profit after tax	69.5	142.8	143.9	Audited statements as reported [VERIFY]
Total assets	3,200	3,800	n/a	2024 figure not located
Customer deposits	2,350	2,900	c. 3,300	2024 derived from reported 13% growth
Loans and advances	n/a	c. 528	702.2	2023 derived from reported 33% growth
Share capital	91.4	91.4	274.4	Increase effected during 2024
Shareholders’ equity	n/a	c. 715	951.5	2023 derived from reported 33% growth
NPL ratio (%)	11.74	n/a	n/a	Bank’s own 2022 disclosure

Note: n/a indicates that the figure was not located in a public source; derived figures are computed from reported growth rates and should be replaced with audited values.

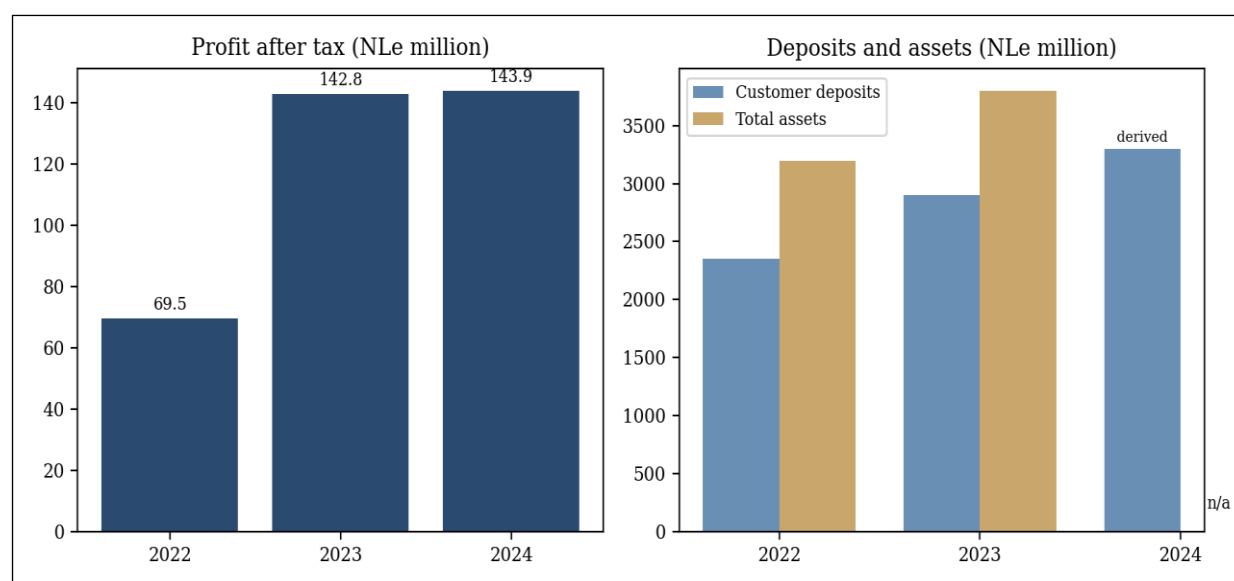


Figure 3: RCBank profit after tax, customer deposits and total assets, 2022–2024 (NLe million). Source: compiled from audited statements as publicly reported; 2024 assets not located. Figures marked derived are computed from reported growth rates

Three features of Table 1 carry the analysis. The first is the step change in earnings between 2022 and 2023: profit after tax doubled, and the 2024 result held that level rather than extending it. The second is that deposits and assets grew at 18 to 25% a year in a period when inflation ran between 25 and 45% (Bank of Sierra Leone, 2024), so that real balance-sheet growth was modest or negative in 2023 and only turned positive as inflation eased in 2024. Nominal growth figures in a high-inflation economy flatter every bank, RCBank included, and the peer comparison in Section 6 must be read with that in mind. The third is the recapitalisation, which is the most consequential event of the whole period and is examined in Section 4.5.

4.3 Profitability and returns

Absolute profit says little about performance; returns say more. Table 2 sets out the indicative ratios that can be derived from the published figures. They are computed on

year-end balances because average balances are not available for every year, and they should be treated as approximate.

Table 2: Indicative RCBank return and structure ratios, 2022–2024

Ratio	2022	2023	2024	Derivation
Return on assets (%)	2.2	3.8	n/a	PAT / year-end total assets
Return on equity (%)	n/a	c. 20.0	15.1	PAT / year-end equity (2023 equity derived)
Effective tax rate (%)	n/a	25.5	25.4	1 – PAT/PBT
Loans / deposits (%)	n/a	c. 18	c. 21	Loans and advances / customer deposits
Loans / total assets (%)	n/a	c. 14	n/a	Loans and advances / total assets
Deposits / total assets (%)	73	76	n/a	Customer deposits / total assets
Equity / total assets (%)	n/a	c. 19	n/a	Shareholders’ equity / total assets
Profit growth (%)	n/a	105	0.8	Year on year PAT

Source: Author’s calculations from Table 1.

A return on assets of about 3.8% in 2023 is respectable by international standards and modest by Sierra Leonean ones. The sector’s ROA was 6.5% in 2022 (Bank of Sierra Leone, 2023) and its year-to-date ROA in mid-2024 was 4.4% (Bank of Sierra Leone, 2024). SLCB reported an ROA of 6.2% for 2024, and UBA’s 2024 profit after tax of NLe622.8 million on year-end assets of NLe5.2 billion implies an ROA of about 12% (Sierra Leone Commercial Bank, 2025; UBA Sierra Leone, 2025). RCBank’s return on equity of about 15% in 2024 sits below the sector’s 2022 level of 28% and well below SLCB’s reported return on capital employed of 48.6%. The fall in RCBank’s ROE between 2023 and 2024 is arithmetical rather than operational: profit was flat, and equity rose by a third because of the capital injection. That is the correct outcome in the short run, since the capital was raised to meet regulation, not to be deployed immediately, but it makes the deployment question urgent. Every year in which the enlarged capital is left in government securities dilutes the return on it.

The determinants literature offers a clear reading. Athanasoglou *et al.* (2008) and Dietrich and Wanzenried (2011) find that capital lifts returns only when it lowers funding costs or supports risk-bearing lending; capital held against zero-weighted sovereign assets does neither. Berger and Bouwman (2013) find the capital-performance link strongest for small banks in crises, and weakest for large banks in normal times. RCBank is now overcapitalised relative to its risk assets, and the theory predicts that this will depress return on equity until lending expands. That prediction is consistent with proposition P2: the recovery has been balance-sheet led rather than efficiency led.

4.4 Efficiency

Here the evidence is thinnest and the issue most important. RCBank does not publish a cost-to-income ratio in the sources located, and the audited statements would need to be consulted to derive one. Its peers do publish one, and the contrast is instructive: SLCB improved from 71.3% in 2023 to 49.0% in 2024, and UBA from 23.6% to 18.1% (Sierra Leone Commercial Bank, 2025; UBA Sierra Leone, 2025). UBA’s figure is exceptionally

low by any standard and reflects a lean branch model, group technology platforms and a revenue base dominated by government securities and foreign exchange, all of which carry little cost. SLCB's improvement was achieved by expense management explicitly targeted at the ratio.

The absence of a published RCBank figure is itself a finding. Ittner and Larcker (2003) show that what is not measured publicly tends not to be managed rigorously, and Berger and Humphrey (1997) establish cost efficiency as the strongest single discriminator between banks in the same market. Given that RCBank's profit after tax in 2024 was roughly a third of SLCB's on a balance sheet of comparable order, and that its ROE was less than a third of SLCB's ROCE, its cost-to-income ratio was almost certainly well above SLCB's 49%. Where exactly it stood, and how it has moved, is the single most useful piece of information the bank could disclose. Revenue per employee, cost per customer and cost per transaction, the operational efficiency KPIs recommended in Section 5, are likewise unpublished.

4.5 Capital

The tripling of share capital during 2024 is the strategic event of the period. Capital adequacy is the first letter of CAMELS and the variable the literature most consistently associates with soundness and, in developing economies, with profitability (Berger, 1995; Ozili, 2017; Ayadi *et al.*, 2016). Sierra Leone's minimum capital adequacy ratio is 15%; the sector was running above 40 per cent through 2020–2024 and about 58 per cent in early 2025 (Bank of Sierra Leone, 2024, 2025). RCBank's own capital adequacy ratio was not located in the sources reviewed, but its equity-to-assets ratio of about 19% in 2023, before the injection, and the fact that it was first to meet the revised minimum, indicate a comfortable position.

Two questions follow. The first is where the capital came from. As a 65% government-owned bank, an increase in share capital implies either a subscription by the Government, a rights issue taken up by minority shareholders, capitalisation of reserves, or some combination; the audited statements will show which. If reserves were capitalised, the bank's loss-absorbing capacity did not change, only its regulatory classification; if new money was subscribed by the Government, the state has deepened its stake and the agency question in Section 7 sharpens. The second question is deployment. Capital is a stock of risk-bearing capacity; the bank's loan-to-deposit ratio of about 21% means that most of that capacity is unused. The 33% loan growth in 2024 is the beginning of an answer, and it needs to continue for several years, within credit discipline, before the capital earns its keep.

4.6 Asset quality, liquidity and intermediation

RCBank's NPL ratio of 11.74% in 2022 was above the 10% regulatory tolerance and below the sector's 12% (Rokel Commercial Bank, 2023; Bank of Sierra Leone, 2023). Sector NPLs then fell to 8.3% in early 2024, 7.5% by mid-2024 and 8.2% in early 2025 (Bank of Sierra

Leone, 2024, 2025), through recoveries and write-offs. RCBank’s 2023 and 2024 NPL ratios were not located; if the bank tracked the sector, they will have fallen into single digits, and if the 33% loan growth of 2024 was written to sound standards, the ratio will have fallen further through denominator growth alone. That is precisely the risk. Kohlscheen *et al.* (2018) and Louzis *et al.* (2012) both find that rapid credit growth in one period predicts NPLs two to three years later, and RCBank’s own history around 2015 shows the pattern. The 2024 loan growth is therefore the number to watch in the 2026 and 2027 statements.

On liquidity the picture is the reverse. The sector’s liquidity ratio of 138% in early 2025 against a much lower minimum, its liquid assets of 78% of total assets in 2022, and its loan-to-deposit ratio of 24.5% all describe a system awash with liquidity that it does not lend (Bank of Sierra Leone, 2023, 2025). RCBank’s loan-to-deposit ratio of about 18% in 2023 and 21% in 2024 places it slightly below the sector, and its loans-to-assets ratio of about 14 per cent means that six-sevenths of the balance sheet is in something other than customer credit, predominantly government securities and cash. Diamond (1984) and Levine (1997) would describe a bank in this position as performing its liquidity transformation function and largely abstaining from its monitoring function. It is safe, and it is only partly a bank.

The explanation is environmental as much as managerial. Treasury bill yields in Sierra Leone have for long periods exceeded 20 per cent with no credit risk and no capital charge; the crowding-out of private credit by government borrowing is documented by the IMF (2024) and by the Bank of Sierra Leone’s own repeated warning that banks’ reliance on government securities is a stability risk (Bank of Sierra Leone, 2024). Given those incentives, a bank that lends 21 per cent of deposits is behaving rationally. But it is not behaving strategically, and the strategic implication, developed in Section 8, is that RCBank’s capital advantage can only be turned into competitive advantage through credit.

4.7 A twenty-year assessment against sector benchmarks

Table 3 places the available RCBank figures beside sector aggregates. Figure 4 shows the sector soundness trend.

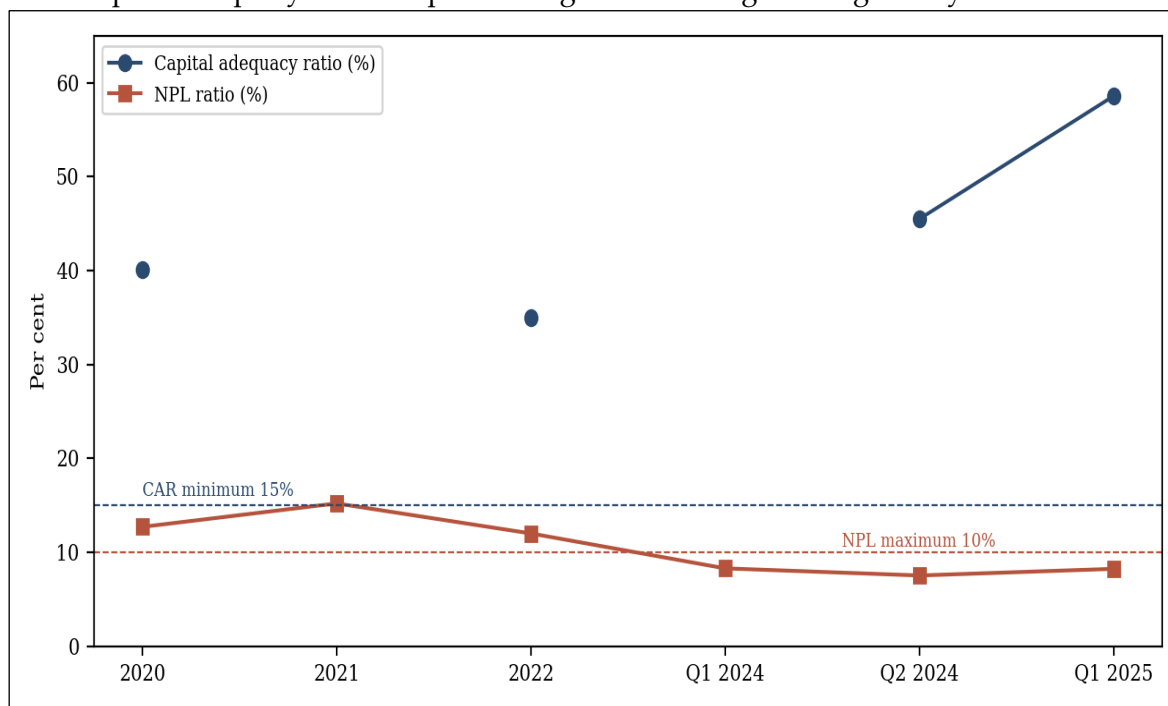
Table 3: RCBank against Bank of Sierra Leone sector aggregates

Indicator	Regulatory threshold	Sector 2022	Sector mid-2024	Sector Q1 2025	RCBank (latest available)
Capital adequacy ratio (%)	15 min	35.0	c. 45.5	58.6	Not located; first to meet revised minimum capital
NPL ratio (%)	10 max	12.0	7.5	8.2	11.74 (2022)
Return on assets (%)	–	6.5	4.4 (YTD)	2.9 (YTD)	3.8 (2023, indicative)
Return on equity (%)	–	28.2	18.7 (YTD)	10.9 (YTD)	15.1 (2024, indicative)

Liquidity ratio (%)	–	Liquid assets 78% of assets	–	138.1	Not located
Loan-to-deposit ratio (%)	–	–	–	24.5	c. 21 (2024, indicative)

Sources: Bank of Sierra Leone (2023, 2024, 2025); author’s calculations. Quarterly ROA and ROE in Bank of Sierra Leone reports appear to be year-to-date and are not directly comparable with annual bank ratios.

Figure 4: Sierra Leone banking sector soundness indicators, 2020–2025: capital adequacy and non-performing loan ratios against regulatory thresholds



Source: Bank of Sierra Leone reports as cited; 2025 value is Q1.

Read as a whole, the financial evidence answers RQ1 in three sentences. RCBank survived a genuine institutional crisis in the middle of the period, and the disciplines imposed then, smaller exposures and closer risk oversight, appear to have carried it through COVID-19 with an NPL ratio below the sector average. It then recovered strongly on every absolute measure between 2022 and 2024 and recapitalised ahead of its peers. It has not yet demonstrated superior returns, cost efficiency or intermediation, and on each of those it trails at least one and usually both of its closest comparators. Proposition P1 is supported, P2 is supported, and P4 is supported in the sense that capital, NPLs, cost efficiency and the loan-to-deposit ratio are indeed the indicators that discriminate the phases; whether they discriminate in that order cannot be established without the full series.

5. Non-Financial Performance Analysis

Non-financial performance is where the leading indicators of the next decade's financial results are to be found (Kaplan & Norton, 1996; Ittner & Larcker, 1998). It is also where the evidence on RCBank is most qualitative, because the bank does not publish customer, digital, human capital or inclusion metrics in a form that allows trend analysis. This section therefore proceeds in two steps: it assesses what can be observed, and it specifies what should be measured.

5.1 Customer proposition and experience

RCBank's product range now covers personal, business, SME, mortgage, education and asset finance on the lending side, and mobile banking, internet banking, Visa cards, point-of-sale terminals, digital payments and agency banking on the channel side (Rokel Commercial Bank, 2024a). The bank's stated mission emphasises lasting relationships with customers, employees, shareholders and communities, which is stakeholder language (Freeman, 1984). What is missing is measurement. No customer satisfaction, net promoter, complaint resolution or service time data are published. Deposit growth of about a quarter in 2023 and 1% in 2024 is the only observable proxy for customer confidence, and in a year when UBA opened more than 250,000 new accounts (UBA Sierra Leone, 2025), RCBank's account acquisition figures are unknown. Assessment: the proposition is broad and comparable to peers; its quality is unmeasured, and an unmeasured proposition cannot be managed.

5.2 Digital transformation

The bank offers mobile and internet banking, a digital wallet marketed as SimKorpor, an e-banking product launched in 2023, and an agency banking network extended into farming communities in late 2024 (Rokel Commercial Bank, 2023, 2024b). That is a full channel set. Whether it amounts to a transformation depends, on Vial's (2019) and Warner and Wäger's (2019) criteria, on whether processes, decision-making and organisation have changed around the channels. The evidence available does not allow that judgement, and the bank's competitors provide the benchmark against which it will be judged: UBA's 18% cost-to-income ratio is the financial signature of a bank that has moved most transaction volume off the branch, and mobile money operators, with GSMA (2024) reporting continued double-digit growth in registered accounts across West Africa, set the standard for reach and cost that any bank's digital offer is measured against. Dynamic capability theory (Teece, 2007) frames the question well: RCBank has sensed and seized the digital opportunity by deploying channels; reconfiguration, the third and hardest capability, is not yet visible from outside. Assessment: promising foundation, unmeasured adoption, and a strategic risk if peers convert digital scale into cost advantage faster than the bank does.

5.3 Financial inclusion

Here RCBank's ownership and history give it a distinctive mandate. It describes itself as one of the largest indigenous banks by assets, customers and deposits, and its 2024 outlet opening in Bo and its agency roll-out in farming areas were explicitly framed as inclusion measures (Rokel Commercial Bank, 2024a, 2024b). Sierra Leone's account ownership rate remains among the lowest recorded by the Global Findex; the National Strategy for Financial Inclusion sets targets for accounts, agents and SME credit, and a majority state-owned bank is the natural instrument for pursuing them. Yet the same logic that Sapienza (2004) and Micco *et al.* (2007) apply to directed lending applies to directed inclusion: if the state wants outreach, it should specify it, fund any subsidy element transparently and measure it, rather than leaving management to absorb the cost informally. The inclusion KPIs in Table 5 are proposed with that purpose. Assessment: strong potential, weak measurement, and a policy opportunity for the shareholder as much as for the bank.

5.4 Human capital

The bank's 25th anniversary celebrations in 2024, at which employees with 15 to 35 years of continuous service were recognised (Rokel Commercial Bank, 2024b), testify to the depth of institutional experience and to retention. Long tenure is a resource in the RBV sense: it embodies tacit knowledge of customers, of the regulator and of the bank's own history that a new entrant cannot buy. It is also a constraint when the required skills shift toward data analytics, cybersecurity, digital product management and risk modelling. No training, turnover, productivity or skills coverage data are published. Revenue and profit per employee, the standard productivity KPIs, cannot be calculated because staff numbers were not located. Assessment: strong experience base, unmeasured capability renewal.

5.5 Corporate governance and risk management

Governance is the dimension on which the state-owned bank literature (Section 2.2) predicts weakness, and on which the evidence for RCBank is mixed. On the negative side stand the sanction around 2015 and the NPL breach in 2022; on the positive side stand the recovery since, the early compliance with the revised capital requirement, and the Bank of Sierra Leone's own assessment that the system was stable and well capitalised in early 2025 while it flagged fraud, cybersecurity and sovereign concentration as continuing risks (Bank of Sierra Leone, 2025). The board's composition, the independence of its risk and audit committees and the reporting line of the chief risk officer, the variables Aebi *et al.* (2012) and Ellul and Yerramilli (2013) find decisive, are disclosed in the annual report and should be examined there. Assessment: improving; the test will be whether the credit growth of 2024–2025 is written to standards that hold in 2027.

5.6 Balanced scorecard and KPI dashboard

Table 4 summarises the non-financial and financial evidence in balanced scorecard form. Ratings are the author’s judgement on the evidence presented; they are ordinal, and they distinguish between what is demonstrated and what is unmeasured.

Table 4: RCBank balanced scorecard, 2005–2025

Perspective	Dimension	Rating (1–5)	Basis
Financial	Profitability	4	PAT more than doubled 2022–2023, held 2024; ROA and ROE below sector and SLCB
Financial	Capital strength	5	Share capital tripled 2024; first to meet revised minimum
Financial	Deposit mobilisation	4	25% and 13% nominal growth 2023–2024
Financial	Loan growth	4	33% in 2024; from a low base
Financial	Asset quality	3	NPL 11.74% in 2022 above tolerance; recent ratio not disclosed
Financial	Liquidity	4	Sector-wide surplus liquidity
Financial	Cost efficiency	2	Not disclosed; peers 49% and 18%
Customer	Product breadth	4	Full retail, SME and digital range
Customer	Service quality	3	Unmeasured
Customer	Financial inclusion	4	Reach, agency roll-out, mandate
Internal process	Digital transformation	3	Channels deployed; adoption unmeasured
Internal process	Risk management	3	Recovery from 2015 and 2022; credit growth to be tested
Internal process	Corporate governance	3	Compliance improved; board data to be examined
Learning and growth	Human capital	4	Deep experience; renewal unmeasured
Learning and growth	Innovation	3	Product launches; no innovation metrics
Overall		3.5	Strong balance sheet, unmeasured capabilities

Table 5 sets out the KPI dashboard the bank should publish, and the board should monitor. It follows Parmenter’s (2015) distinction between result indicators and performance indicators, and it is designed to close the measurement gaps identified above.

Table 5: Proposed RCBank KPI dashboard

Perspective	KPI	Frequency	Rationale
Financial	ROA, ROE, net interest margin	Quarterly	Return on capital now deployed
Financial	Cost-to-income ratio	Monthly	Principal gap versus peers
Financial	Loan-to-deposit ratio	Monthly	Intermediation; capital deployment

Risk	NPL ratio, cost of risk, recovery rate	Monthly	Credit growth of 2024–2025 must be tracked
Risk	Top-20 exposure concentration	Monthly	Sector concentration risk
Risk	Cyber incidents, fraud losses	Monthly	Bank of Sierra Leone flagged risks
Customer	Active accounts, new accounts, attrition	Monthly	Peer disclosed 250,000 new accounts
Customer	Complaint resolution time, NPS	Quarterly	Unmeasured proposition
Digital	Digital transaction share, cost per transaction, uptime	Monthly	Reconfiguration test
Inclusion	Rural, women, youth, SME accounts and credit	Quarterly	State shareholder mandate
Human capital	Revenue and profit per employee, training hours, turnover, digital skills coverage	Quarterly	Capability renewal
Governance	Board independence, committee attendance, audit findings closed	Annual	Agency control

Taken together, Sections 4 and 5 answer RQ2 and RQ3. Non-financial capabilities have contributed to competitiveness mainly through reach and continuity; their contribution through service quality, digital efficiency and skills renewal is unmeasured and therefore unproven. The KPIs that best explain the long-term trajectory are the four financial ratios named in P4 together with two non-financial ones that the bank does not yet publish: digital transaction share, because it drives cost, and active account growth, because it drives deposits.

6. Competitive Position Analysis

6.1 Benchmark comparison

Table 6 sets RCBank beside SLCB and UBA on the 2024 disclosures. Ecobank Sierra Leone, Union Trust Bank and Access Bank are discussed qualitatively; comparable 2024 figures for them were not located and should be added from their published statements.

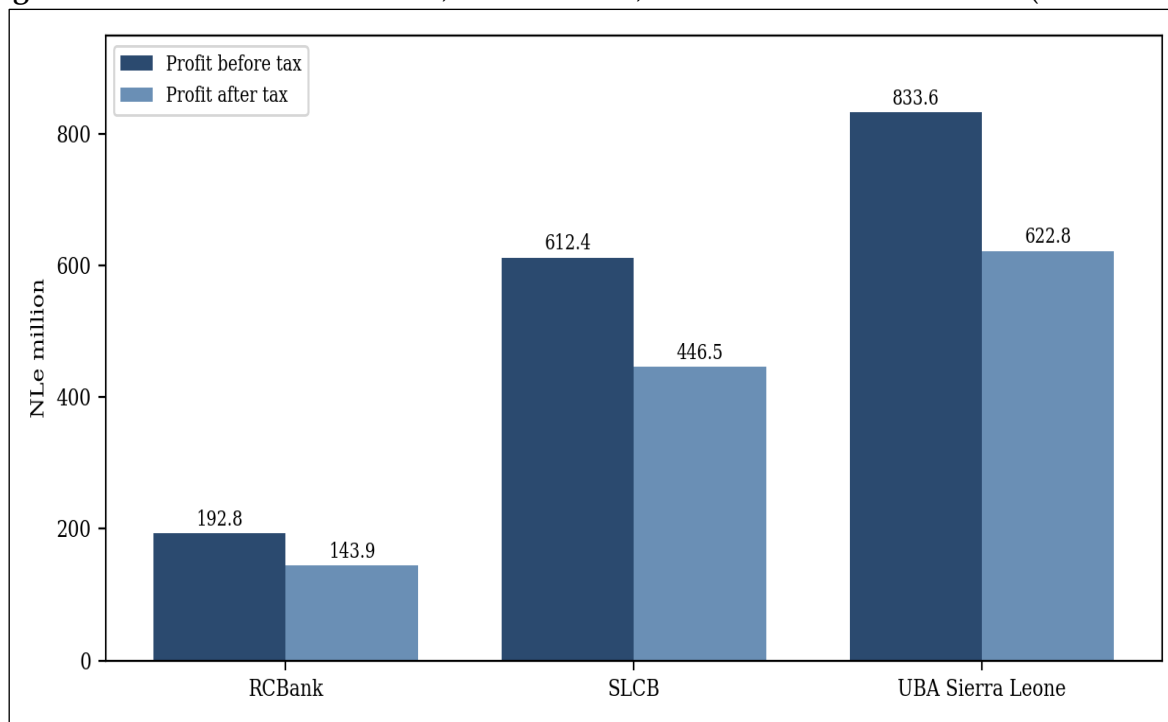
Table 6: Benchmark comparison, financial year 2024 (NLe million unless stated)

Indicator	RCBank	SLCB	UBA Sierra Leone
Ownership	65% Government	100% Government	Nigerian group subsidiary
Profit before tax	192.8	612.4	833.6
Profit after tax	143.9	446.5	622.8
PAT growth on 2023 (%)	0.8	393	70
Total assets	n/a (3,800 in 2023)	n/a	5,200
Customer deposits	c. 3,300	n/a	3,500
Loans and advances	702.2	n/a	n/a (1,705 in 2025)
Cost-to-income ratio (%)	Not disclosed	49.0	18.1
Return on assets (%)	3.8 (2023, indicative)	6.2	c. 12 (indicative)
Return on equity / capital (%)	15.1 (indicative)	48.6 (ROCE)	n/a
NPL ratio (%)	11.74 (2022)	14.0	n/a

Share capital	274.4	n/a	139
New accounts opened	n/a	n/a	>250,000

Sources: Rokel Commercial Bank (2025); Sierra Leone Commercial Bank (2025); UBA Sierra Leone (2025); author’s calculations. All against audited statements; definitions may differ across banks.

Figure 5: Profit before and after tax, 2024: RCBank, SLCB and UBA Sierra Leone (NLe million)



Source: Bank disclosures as cited.

Three conclusions follow.

First, on absolute profit RCBank ranks third of the three, and the gap widened sharply in 2024 because SLCB’s earnings quadrupled and UBA’s rose 70% while RCBank’s were flat.

Second, RCBank leads on capital and probably on asset quality relative to SLCB, whose NPL ratio of 14% remains above tolerance; it trails on efficiency and returns.

Third, the two state-owned banks diverged in 2024. SLCB’s cost-to-income ratio fell 22 points and its non-funded income more than doubled; if those gains are sustained they show that state ownership does not preclude rapid efficiency improvement, which weakens any argument that RCBank’s position is ownership-determined. That is the most uncomfortable comparison for RCBank and the most useful. It should also be treated with care: SLCB’s 2024 result was exceptional, may include one-off items, and its NPL ratio suggests that the profit was not accompanied by a comparable improvement in credit quality.

Among the other banks, Ecobank Sierra Leone brings a pan-African group platform and trade finance capability (Enoch *et al.*, 2015), Access Bank has grown its Sierra Leone presence within a group strategy that emphasises retail digital scale, and Union

Trust Bank is a smaller indigenous private bank with a strong SME orientation. None of them, on the evidence available, matches RCBank’s capital or heritage; each competes on cost or specialisation.

6.2 Five forces

Table 7: Porter’s five forces: Sierra Leone commercial banking, 2025

Force	Intensity	Evidence and implication for RCBank
Rivalry	Moderate to high	14 licensed banks; Herfindahl indices below 1,500 on assets and deposits (Jackson & Tamuke, 2022); competition concentrated on deposits, government business and foreign exchange rather than credit
Threat of new entrants	Low to moderate	Revised minimum capital raises the barrier; regional groups can still enter by acquisition
Threat of substitutes	High and rising	Mobile money operators dominate small-value payments and reach; fintech credit nascent
Bargaining power of depositors	Low for retail, high for government and corporates	Government deposits and large corporates negotiate; retail deposits are cheap but contestable through service
Bargaining power of funders and suppliers	Moderate	Core banking vendors, card schemes and correspondent banks concentrate power; group banks share costs

The structure favours banks with low-cost bases and digital reach, and it rewards scale in government and corporate business, where RCBank’s state links help. It punishes banks that rely on branch networks for retail reach, which is the traditional RCBank model.

6.3 SWOT and PESTLE

Table 8: SWOT: RCBank, 2025

Strengths	Weaknesses
Strongest capital base in the sector; first to meet revised minimum	Cost efficiency unmeasured and probably weak versus peers
108-year heritage, national reach, indigenous identity	Returns below sector and both comparators
State ownership as funding and confidence advantage	Loan-to-deposit ratio c. 21%; capital largely undeployed
Deep staff experience; long tenure	Digital adoption, customer and HR metrics unpublished
Recovered credit governance since 2015 sanction	Legacy of NPL breaches; concentration risk
Opportunities	Threats
Deploy capital into SME and productive-sector credit as government yields fall	Rapid 2024 loan growth turning into NPLs by 2027
Digital reconfiguration to cut cost per transaction	Peers converting digital scale into lower cost-to-income ratios

Inclusion mandate funded and measured by the state shareholder	Mobile money displacing bank payments and small deposits
Regional expansion once domestic returns justify it	Political direction of lending; governance drift
Green and climate finance lines from development partners	Cyber and fraud losses as digital volume grows

Table 9: PESTLE: environment for RCBank, 2025–2030

Factor	Condition	Implication
Political	Government majority owner; electoral cycle; public procurement and payroll flows through state banks	Advantage in government business; risk of directed lending and forbearance
Economic	Inflation fell from over 40% in early 2024 to about 25% by late 2024; exchange-rate depreciation; high government borrowing; low private credit to GDP	Nominal growth flatters results; sovereign yields crowd out lending; disinflation will compress the government-securities margin
Social	Low account ownership; young population; large informal sector; rural under-service	Inclusion is both mandate and market
Technological	Mobile money at scale; agency banking; core banking modernisation; AI and analytics entering African banking	Cost and reach depend on reconfiguration, not channels
Legal	Banking Act 2019 and Bank of Sierra Leone Act 2019; revised minimum capital; AML/CFT and consumer protection regimes; data protection developing	Compliance cost rising; capital barrier protects incumbents
Environmental	Climate exposure of agriculture and coastal Freetown; development partner green finance	Green lending is an opportunity; physical risk to collateral

The competitive analysis answers RQ4. RCBank is competitive on capital, heritage and reach; it is uncompetitive on efficiency and returns; and its position relative to SLCB, the closest structural comparator, deteriorated in 2024. Proposition P3, that its advantages are positional and being eroded, is supported.

7. Discussion

The findings fit the theoretical pattern set out in Section 2.6 more closely than I expected, and they diverge from it in one instructive way.

The fit is with institutional theory, the resource-based view and agency theory. Andrianova *et al.* (2008) predicted that in weak institutional environments state ownership functions as a substitute for deposit insurance and contract enforcement, and RCBank’s deposit growth through the crises of 2014–2016 and 2020–2022 is consistent with that: depositors stayed with the state-backed bank when private alternatives looked riskier. That is a positional resource in Barney’s (1991) sense, valuable and rare, but not

inimitable, since SLCB has the same one and every large foreign group has an implicit parental guarantee. Agency theory predicted cost inefficiency and periodic credit-governance failure, and both are visible: the sanction of 2015, the NPL breach of 2022, and the absence of published efficiency measures. Micco *et al.*'s (2007) finding that state banks carry higher costs is not contradicted by anything observed here.

The divergence concerns SLCB. If state ownership determined efficiency, the two state banks should move together, and in 2024 they did not: SLCB cut its cost-to-income ratio by 22 points and quadrupled its earnings while RCBank's earnings were flat. Cull *et al.* (2017) anticipated this dispersion, and Berger *et al.* (2005) located its source in governance and legacy loan books rather than in ownership. The lesson for RCBank is that ownership explains its funding advantage and its exposure to political risk; it does not explain, and cannot excuse, its efficiency gap. That gap is managerial and it is closable, because a bank with the same owner closed a large part of its own gap in a single year.

The findings also engage the determinants literature directly. Athanasoglou *et al.* (2008), Dietrich and Wanzenried (2011) and Berger and Bouwman (2013) find that capital raises returns through lower funding costs and greater risk-bearing. RCBank's 2024 experience shows the other side of that finding: capital raised for regulatory reasons and left undeployed depresses ROE mechanically. The relationship between capital and return runs through lending, and Sierra Leone's environment, with sovereign yields high and private credit crowded out (Beck & Cull, 2013; IMF, 2024), weakens that channel for every bank. Kohlscheen *et al.* (2018) and Louzis *et al.* (2012) supply the caution: the 33% loan growth of 2024 is what the capital was raised for, and it is also the leading indicator of the next NPL cycle if underwriting slips.

The findings can also be set against the small body of Sierra Leone-specific work. Jackson and Tamuke (2022), using sector-level data, locate the system's weakness in non-performing loans and trace those in turn to a narrow productive base; the RCBank record agrees, in that the bank's two episodes of stress both took the form of asset-quality breaches rather than liquidity or capital shortfalls. A recent panel study of Sierra Leonean commercial banks reports a positive and significant relationship between capital adequacy and return on assets and a negative but insignificant relationship between non-performing loans and returns. The first result is consistent with the international literature and with RCBank's improved earnings after its capital position strengthened; the second is not, since RCBank's own history shows credit losses depressing earnings sharply around 2015, and it may reflect the short panel and the small number of banks rather than the absence of a relationship. Where this study departs from all prior Sierra Leone work is in treating efficiency and intermediation, rather than soundness, as the performance problem. The sector is sound. That has been true since at least 2018 on every Bank of Sierra Leone measure. What it is not is efficient at converting a very cheap and stable deposit base into credit, and RCBank is a clear instance of the general condition.

The comparison with the wider African evidence points the same way. Flamini *et al.* (2009) found Sub-Saharan bank profitability high and explained largely by risk and diversification, and Ozili (2017) found capital regulation supportive of returns; both are consistent with the sector-level picture in Sierra Leone, where ROA above 4% and ROE above 18% were recorded in mid-2024. Kablan (2010) and Chen (2009), however, found the region's banks far inside their cost frontiers, and the divergence between UBA at 18%, SLCB at 49% and RCBank at an undisclosed but higher level shows how wide that dispersion is inside a single small market. Beck and Cull's (2013) description of African banking as liquid, concentrated and heavily invested in government paper is not a description of the past; in Sierra Leone in 2025 it is a description of the present, and RCBank's loan-to-deposit ratio is its most exact illustration.

On measurement, the findings agree with Ittner and Larcker (2003) and Nørreklit (2000) simultaneously. What is not measured is not managed, and RCBank's non-financial performance is largely unmeasured. But the balanced scorecard in Table 4 also illustrates Nørreklit's warning: the causal claim that better digital adoption and service quality will produce better financial results cannot be tested on the bank's current disclosures. The scorecard is, for now, a hypothesis about the bank rather than a description of it.

Why does RCBank's position differ from the sector average and from its peers? Institutional context accounts for the shared features: high liquidity, low intermediation, heavy sovereign exposure and high nominal profitability are sector-wide (Bank of Sierra Leone, 2024, 2025). The regulatory environment accounts for the timing of the recapitalisation and the earlier sanction. The economic environment accounts for the nominal growth rates and for the incentive to hold government paper. What is bank-specific is the cost base, the pace of digital reconfiguration, the credit culture and the leadership decisions about deployment of capital, and it is on those bank-specific factors that RCBank's next five years turn. Technology and market competition act on the bank through the cost base: UBA's 18% cost-to-income ratio is the clearest evidence in the sector that a lean, digital, group-supported model can earn returns three times RCBank's on assets of similar order.

The theoretical contribution is a demonstration, from inside one institution over twenty years, that the RBV, agency and institutional explanations of state bank performance are complements rather than rivals. Institutional weakness creates the positional advantage; agency problems limit its exploitation; and dynamic capabilities determine whether the advantage is renewed or eroded as technology shifts the basis of competition. A single case cannot generalise that claim, but it can specify it precisely enough for panel studies to test.

8. Implications and Strategic Recommendations

8.1 Implications

For the Government of Sierra Leone as majority shareholder, the finding that RCBank’s funding advantage has not been converted into returns or intermediation implies that the state is holding a large, safe, under-earning asset. The shareholder should specify what it wants from the bank, commercial return, inclusion outreach or both, in a written ownership policy, appoint a board capable of holding management to it, and fund any non-commercial mandate transparently rather than through informal expectation. For the Bank of Sierra Leone, the sector-wide pattern of high capital, high liquidity and low intermediation is the policy problem; the recapitalisation round has succeeded on soundness and now needs a complementary agenda on credit infrastructure (registry, collateral, resolution) and on the crowding-out effect of government borrowing. For commercial banks generally, SLCB’s 2024 efficiency gain shows what is possible within the same environment, and RCBank’s capital shows what recapitalisation costs in return on equity if deployment lags. For investors and minority shareholders, the bank is a capital-strong, low-return institution whose value depends on management’s willingness to lend and to cut cost. For development partners, RCBank is a natural channel for SME, agricultural and green credit lines because it has the capital and reach and lacks the deployment; a partner that supplies risk-sharing and technical assistance for SME underwriting addresses the bank’s binding constraint. For academics, the case supplies a longitudinal template and a set of testable propositions.

8.2 Strategic recommendations, 2025–2030

Table 10 sets out the recommendations, ordered by priority and each tied to a finding and to a KPI in Table 5. They are constrained by what the bank can afford, by the capacity of its staff and by the political incentives of its owner.

Table 10: Strategic recommendations for RCBank, 2025–2030

Priority	Recommendation	Finding addressed	KPI and target	Feasibility note
1	Publish and manage to a cost-to-income ratio, with a board target below 55% by 2027 and below 50% by 2030	Efficiency gap versus SLCB (49%) and UBA (18%)	Cost-to-income, monthly	Requires activity-based costing and branch profitability; low capital cost
2	Deploy capital through risk-adjusted credit growth: raise loan-to-deposit ratio toward 35% by 2028 within an NPL ceiling of 8%	Undeployed capital; ROE dilution; sector under-intermediation	LDR, NPL, cost of risk, monthly	Needs SME underwriting capacity; use partner risk-sharing lines
3	Institute a board-level balanced scorecard and	Unmeasured non-financial performance	Dashboard live within 12 months	Data warehouse investment; governance rather

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PERFORMANCE INDICATORS AND COMPETITIVE POSITION IN SIERRA LEONE’S BANKING SECTOR

	executive KPI dashboard on Table 5			than capital constraint
4	Digital reconfiguration: migrate a majority of transactions to digital and agency channels, and report cost per transaction	Channels deployed, cost not reduced	Digital transaction share, cost per transaction	Core banking and API investment; staff redeployment
5	Risk governance: independent CRO reporting to the board risk committee; concentration limits; forward-looking provisioning on the 2024–2025 vintages	2015 sanction, 2022 NPL breach, 2024 loan growth	Top-20 concentration; vintage NPLs	Basel Committee (2015) principles; low cost
6	Cybersecurity and fraud: treat as enterprise risk with board reporting, not as IT	Bank of Sierra Leone flagged sector risk	Incidents, losses, response time	Requires specialist hiring; shared services possible
7	Data analytics and AI: begin with credit scoring, collections and fraud, where returns are quickest	Human capital renewal; SME credit at scale	Model coverage of new lending	Build on core data; partner with fintechs before building in-house
8	Financial inclusion with a funded mandate: rural, women, youth and SME products, agency expansion, measured quarterly	Mandate without measurement	Inclusion KPIs, Table 5	Shareholder should fund the subsidy element explicitly
9	Green banking: develop a climate finance line with development partners for agriculture and energy	Environmental opportunity	Green portfolio share	Partner-funded; modest internal cost
10	Performance management: link executive and branch incentives to scorecard outcomes	Governance dividend not converted	Incentive coverage	Board decision; low cost
11	Customer experience: complaint and service standards published; NPS tracked	Unmeasured proposition	Complaint resolution time, NPS	Low cost
12	Regional competitiveness: revisit expansion only after domestic ROE exceeds sector median for two consecutive years	Capital strength; premature expansion risk	ROE versus sector	Deferred; conditional

Priorities 1 and 2 are the spine. A bank that cuts its cost base and lends more of its deposits at sound standards will raise its ROA and ROE toward peer levels without any change

of ownership or environment. Priorities 3 to 5 make 1 and 2 governable. The remainder are important, and they will not save a bank that fails on the first two.

9. Limitations and Future Research

The limitations are those of a secondary-data single case. A consistent twenty-year audited series was not accessible, so the ratio analysis concentrates on 2022–2024 and the earlier phases are qualitative. Ratios derived from year-end balances and reported growth rates are indicative. Peer comparisons rest on published disclosures that may use different definitions and periods, and SLCB's 2024 result in particular may include non-recurring items. Non-financial performance is assessed largely by absence of measurement, which is itself informative but not equivalent to measurement. Causal claims in the conceptual framework are argued from theory and pattern, not tested statistically. Future research should first construct the full 2005–2025 series from the audited statements held by the bank and the Bank of Sierra Leone, and then test the propositions here in three ways: an event study around the 2015 sanction and the 2024 recapitalisation; a panel study of Sierra Leone's fourteen banks on efficiency, ownership and intermediation; and primary research on customer experience, digital adoption and staff capability inside RCBank and its peers.

10. Conclusion

RCBank's twenty years from 2005 to 2025 are best read as survival, correction and recovery. The bank came through the aftermath of civil war, expanded into the commodity boom, overreached and was sanctioned, repaired its credit position through Ebola and COVID-19, and emerged into 2023 and 2024 with doubled earnings, growing deposits and lending, and the strongest capital base in Sierra Leone's banking system. Those are achievements, and they answer the first research question: the bank's financial performance has evolved from fragility to strength on every absolute measure.

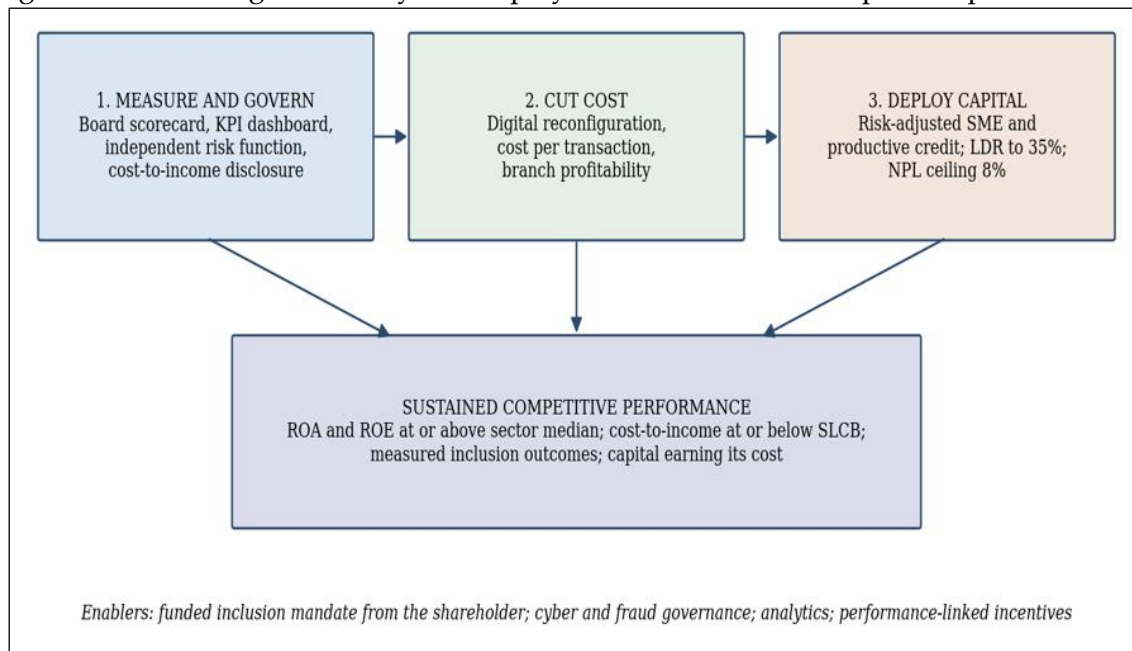
The second finding qualifies the first. Strength on the balance sheet has not yet become strength in returns, efficiency or intermediation. The bank's return on assets and equity trail the sector and both comparators; its cost-to-income ratio is undisclosed and almost certainly high; and its loan-to-deposit ratio of about a fifth means that most of its new capital is held rather than deployed. Its non-financial performance, in customers, digital adoption, inclusion and human capital, is broad in scope and unmeasured in quality. Its competitive advantages, heritage, reach and state backing, are real and positional, and the evidence of 2024 shows peers eroding them: UBA through a cost base a fraction of any indigenous bank's, and SLCB, the closest structural comparator, through an efficiency gain that RCBank did not match.

The theoretical contribution is to show, within one institution over time, how institutional weakness, agency problems and dynamic capabilities interact to produce the

observed pattern of a state-owned bank in a low-income economy: a funding advantage that ensures survival, governance failures that periodically threaten it and a capability renewal problem that decides whether the advantage persists. The practical contribution is a diagnosis and a priority order: measure and cut costs, deploy capital through disciplined credit and build the scorecard, risk governance and digital reconfiguration that make those two governable. The policy contribution is directed at the state shareholder and the regulator: specify what the bank is for, fund what is non-commercial, and address the sector-wide crowding-out that makes holding government paper more attractive than lending.

The outlook is conditional. RCBank has the capital, the franchise and the experience to be the leading indigenous bank in Sierra Leone by returns as well as by heritage. Whether it becomes so between now and 2030 depends on choices that are inside management's and the board's control, and the measure of success will be whether the 2028 audited statements show a cost-to-income ratio at or below SLCB's, a loan-to-deposit ratio well above the sector's, and an NPL ratio that stayed within tolerance while lending grew. Figure 6 summarises the strategic performance model that follows from the analysis.

Figure 6: Strategic performance model for RCBank, 2025–2030: from measurement and governance through efficiency and deployment to sustained competitive performance



Source: Author.

Conflict of Interest Statement

The authors confirm that no conflict of interest exists in relation to this work. None of the authors has received financial assistance, employment, consultancy engagements, shareholdings, honoraria, or remunerated expert testimony from any organisation

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About the Authors

Joseph Momoh Conteh has spent sixteen years at the Justice Sector Coordination Office in Freetown (<https://jsco.gov.sl>), where he serves as ICT/Administrative Director with responsibility spanning technology infrastructure and institutional administration. Alongside this professional career, he is pursuing a PhD in Theoretical Economics at Peking University's Institute of South-South Cooperation and Development (ISSCAD) in Beijing (<https://www.isscad.pku.edu.cn/>). His scholarship sits at the intersection of national development planning and its constituent parts: foreign aid, international cooperation, trade, ICT for development, public administration, policy design, and development finance. The ambition of his doctoral research is twofold: to contribute to economic theory itself and to translate that theory into policy guidance that Global South governments can act on. His work can be followed at <https://ufl.academia.edu/JosephConteh>, <https://orcid.org/0009-0004-1690-508X> and https://www.researchgate.net/profile/Joseph-Conteh-6?ev=hdr_xprf.

Musa Abdullah Kargbo, BSc, MFA, FCCA, FCA(SL), heads the finance function at Sierra Leone's Ministry of Information and Civic Education, where budgeting, financial reporting, treasury management and compliance fall under his charge. A Chartered Accountant with over fifteen years across banking and the public service, he holds fellowships of both ACCA and the Institute of Chartered Accountants of Sierra Leone. He is currently completing an MPhil in Accounting, examining foreign direct investment in Sierra Leone, and publishes on public finance, governance and development.

Dr. Dante Allie Bendu occupies a position in Sierra Leone's professional life that no one else can claim. Widely regarded as the father of accounting in the country, he became its first chartered and certified accountant to hold a doctorate. His qualifications run from a BSc Honours in Accounting and Finance through membership of ACCA and CIMA, the FeICM fellowship, an MSc, and an MA in Marketing and Management, to a PhD in Accounting and Strategic Management. He has taught since 1986 and now serves as a senior lecturer at Fourah Bay College, University of Sierra Leone, where his teaching spans undergraduate to doctoral level and his thesis supervision has shaped a generation of researchers. Two years on secondment to KPMG, from 1988 to 1990, grounded his academic work in professional practice at its most exacting. Beyond the lecture hall, he directs Sierra Leone's corporate governance agenda under the African Peer Review Mechanism, has authored textbooks and peer-reviewed articles, and leads the Sarante Experts Group Consultancy.

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