ANNUAL REPORT 2013

CAL Bank

EFFICIENT
AND EFFECTIVE

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NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED TO BE HELD ON THURSDAY, 27 MARCH 2014 AT THE NATIONAL THEATRE, ACCRA

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10 a.m. on Thursday, 27 March, 2014 at the National Theatre, opposite the Efua Sutherland Children's Park, Accra to transact the following business:

AGENDA

1. To receive and consider the Reports of the Directors and the Auditors, and the Accounts of the Company for the year ended December 31, 2013

2. To declare a final dividend for the year ended December 31, 2013

3. To authorise the Directors to fix the fees of the Auditors

4. To re-elect Directors retiring by rotation

5. To re-elect a newly-appointed Director

6. To approve directors' remuneration

Dated this 26th day of February, 2014

BY ORDER OF THE BOARD

VERITAS ADVISORS LIMITED
COMPANY SECRETARY

Note

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Such a proxy need not be a member of the Company.

The appointment of a proxy will not prevent a member from subsequently attending and voting at the Meeting in person. Where a member attends the Meeting in person, the proxy appointment shall be deemed to be revoked.

A copy of the Form of Proxy may be deposited at the registered office of the Registrar of the Company, Central Securities Depository (GH) Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10a.m. on Tuesday, March 25, 2014

FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

in thousands of Ghana Cedis

	2013	2012	2011	2010	2009
Interest Income	266,731	145,660	75,814	69,750	64,256
Interest Expense	(122,988)	(61,084)	(34,420)	(32,675)	(41,621)
Net Interest Income	143,743	84,576	41,394	37,075	22,635
Commissions and fees	29,766	25,824	14,646	9,288	6,534
Other Operating Income	45,645	22,654	14,904	7,450	10,087
Operating Income	219,153	133,054	70,944	53,813	39,256
Total Operating Expenses	(74,072)	(48,800)	(36,135)	(28,328)	(25,450)
Credit Loss Expense	(17,516)	(17,461)	(11,465)	(12,849)	(3,476)
Operating Profit	127,566	66,793	23,344	12,636	10,330
Other Income	36	126	8	(38)	185
Profit before income tax	127,602	66,919	23,352	12,598	10,515
Income Tax Expenses	(31,060)	(15,203)	(5,187)	(2,502)	(1,949)
National Fiscal Stabilisation levy	(3,003)	-	(1,260)	(630)	(263)
Profit after Taxation	93,539	51,716	16,905	9,466	8,303
Total assets	1,564,074	1,162,855	809,364	509,992	452,812
Total Deposits	833,809	794,556	611,719	296,625	277,602
Loans and Advances	980,407	747,385	411,582	256,634	214,715
Total Shareholders' Equity	287,039	207,424	88,354	78,778	58,424
Earnings per share (Ghana Cedis per share)	0.1706	0.0943	0.0681	0.0392	0.0441
Dividends per share (Ghana Cedis per share)	0.0530	0.0350	0.0260	0.0130	0.0120
Number of Shares ('000)	548,262	548,262	248,262	246,103	238,803
Return on Assets	6.0%	4.4%	2.1%	1.9%	1.8%
Return on Equity	32.6%	24.9%	19.1%	12.0%	14.2%
Capital Adequacy Ratio	19.4%	20.0%	11.6%	16.1%	15.5%
Cost-to-Income Ratio	33.8%	36.6%	50.9%	52.7%	64.5%

CAL BANK LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

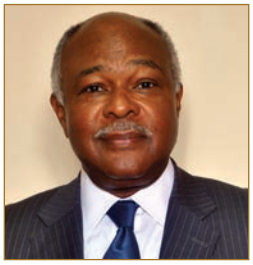
BOARD OF DIRECTORS	Paarock Asuman VanPercy **(Chairman)** Frank Brako Adu Jnr. **(Managing Director)** Malcolmn Dermott Pryor James Chamberlain Brenner Leonora Agyarko Dr. Kobina Quansah Philip Owiredu Eduardo Gutierrez Ernest Thompson **(Appointed 06/02/14)** Ernest Kakra Essamuah **(Resigned 01/10/13)** Charles Asare **(Resigned 17/10/13)**
SECRETARY	Veritas Advisors Limited Don Levy House 225 Osibisa Close, Airport West P.O. Box CT 9376, Cantonments. Accra Ghana
SOLICITORS	Reindorf Chambers 61 Jones Nelson Road Adabraka P. O. Box 821 Accra Ghana
AUDITORS	Deloitte & Touche 4 Liberation Road P. O. Box GP 453 Accra Ghana
REGISTERED OFFICE	23 Independence Avenue P. O. Box 14596 Accra Ghana
REGISTRAR	Central Securities Depository (GH) Limited 4th Floor Cedi House Liberia Road PMB CT 465, Cantonments Accra Ghana

BOARD OF DIRECTORS

Mr. Paarock A. VanPercy
Chairman

Mr. Philip Owiredu
Executive Director

Mr. James C. Brenner
Member



Mr. Malcolmn D. Pryor
Member

Mr. Ernest Thompson
Member

Mr. Paarock A. VanPercy - Chairman
Mr. VanPercy is Director-General of the Ghana National Communications Authority. Prior to this, he worked as an Investment Banker for over twenty years. He is a Chartered Accountant by training and is a Fellow of the Institute of Chartered Accountants in England & Wales.

He is the Chairman of CAL Asset Management Company Limited and holds directorships on the Boards of the Liberia Bank for Development and Investment, Afri Invest Management Company Limited, and Afri Holdings Limited.

Mr. Frank B. Adu Jnr. - Managing Director
Mr. Frank Adu Jnr. is an Investment Banker and the Managing Director of the Bank. He is Chairman of The Roman Ridge School and Golden Beach Hotels Group of Ghana.

He is a member of the Board of Okyeman Environmental Foundation and the University College of Agriculture and Environment

Mr. Philip Owiredu - Executive Director
Mr. Owiredu is the Executive Director of CAL Bank. Prior to this, he was the Director of the Bank's Financial Control Department, which is responsible for all financial and management accounting support and compliance with legal and regulatory requirements. Mr. Owiredu joined the Bank in December 2004 from KPMG where he was Senior Manager after eight years. He is a fellow of the Association of Chartered Certified Accountants (UK). He is a member of the Ghana Stock Exchange Council.

Ms. Leonora Agyarko - Member
Ms. Leonora Agyarko is a Lawyer and a Board Member of the Christian Community Mutual Fund (CCMF), AFS Intercultural Programs and Clark Sustainable Resources Developments Ltd.

Mr. James C. Brenner - Member
Mr. Brenner is the President and CEO of Broad Cove Partners, a Director of Ecohomes Liberia Inc. and is a member and founding Chairman of the Board of the Overseas Vote Foundation.

Dr. Kobina Quansah - Member
Dr. Kobina Quansah, a banker by profession, is the Chairman of Vodafone Ghana and Core Nett Limited. He is a director of Newmont Ghana Gold Limited and Pioneer Aluminium Kitchenware Limited.

Mr. Malcolmn D. Pryor - Member
Mr. Pryor has worked as an Investment Banker for thirty-four years. He began his career as an Institutional Fixed Income Salesman with Goldman Sachs & Co. He was Chief Executive Officer of Pryor, Counts & Co., Inc for twenty-four years. For the past four years he has been Chief Executive of a Private Equity Fund investing in the Southern Africa region (SAEDF).

He has been a principal investor in Western and Central Africa since 1987 principally in the financial services sector; as a founding shareholder of CAL Bank, the African Export Import Bank and Ghana Home Loans as well as a founding shareholder of Merchant Bank of East Africa. He has been a member of the New York Cocoa and Coffee Exchange and the Philadelphia Stock Exchange as a market maker in equity options.

He serves on the Board of Directors of both listed and unlisted Companies in Retailing, Health Care, Hospitality, Insurance and Engineering services. He was recently recognised as a leader in the area of Africa Investing by the Wharton School of the University of Pennsylvania.

Mr. Eduardo Gutierrez - Member
Mr. Eduardo Gutierrez has seventeen years of African private equity experience. He is a partner of Development Partners International, a London-based, private equity fund. He was previously an Executive Director of Brait South Africa Limited and Brait Private Equity. Mr. Gutierrez has served on the boards of directors of numerous companies.

He is a qualified chartered accountant, trained at KPMG in South Africa, where he worked on and managed statutory audits of a number of companies across various industries before becoming a Senior Consultant in their Forensic & Investigative Accounting Group.

Mr. Ernest Thompson - Member
Mr. Ernest Thompson is the Director-General of Social Security and National Insurance Trust (SSNIT). He has been with the Social Security and National Insurance Trust (SSNIT) since 1982 when he joined as a Legal Advisor. He also acted as the Solicitor-Secretary for SSNIT, where he handled additional general legal matters and legal aspects of SSNIT investments, the breadbasket of the Pension Scheme. He was instrumental in the conversion of the Social Security Provident Fund into the Pension Scheme in 1991 and led the SSNIT legal team which worked on the new Pension Law (Act 766).

He is currently serving on the following Boards: Sentuo Steel Ghana Limited, Tema Lube Oil Limited and Royal Maritime Services Limited.

Mr. Thompson holds an LLB (Hons) Degree from the University of Ghana and is a Barrister-at-Law. He also holds a Master's Degree in Business Administration (MBA) from the University of Wales, Cardiff Business School, U.K.

Mr. Frank B. Adu Jnr.
Managing Director

Ms. Leonora Agyarko
Member

Dr. Kobina Quansah
Member

Mr. Eduardo Gutierrez
Member

Mr. Jojo Acquah
Company Secretary

CHAIRMAN'S REPORT

Introduction

Distinguished shareholders, ladies and gentlemen, it is my honour and privilege to welcome you to the Annual General Meeting (AGM) of CAL Bank Limited for the year ended 31st December 2013. Recounting CAL Bank's performance in preceding years, I am delighted once again to report to you that your Bank has delivered another sterling year, which establishes our credentials as a strong Bank.

Our performance is in line with the objectives of our first year of the 3-year strategic plan for the period 2013 to 2015, which seeks to propel your Bank into the first quartile of banks by the end of the strategy period. Our growth momentum from 2012 continued into 2013 as we further strengthened our balance sheet and enhanced our income generating abilities. This has ensured that your Bank continues to defy economic challenges, both local and international, as well as market competition.

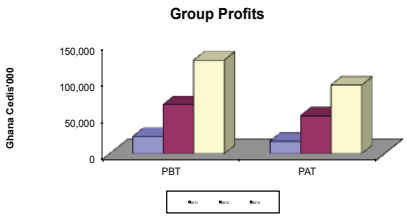
Economic Review

Inspite of the worsening of some economic indicators during the year, the local economy is expected to record a real GDP growth in the region of 7.4%. The Cedi continued to experience some challenges and depreciated by 14.6% against the US Dollar in 2013 compared to 17.5% in 2012. Export receipts from gold and cocoa, as well as individual remittances declined by $1.3 billion during the year. Inflation at the end of December 2013 was estimated at 13.5%, this being significantly higher than the previous year's rate of 8.8%, fueled by expenditure on labour costs, higher petroleum and utility prices. Interest rates fell during the year with the 91 – Day Treasury bill rate closing the year at 19.5%, compared to 23.1% the previous year.

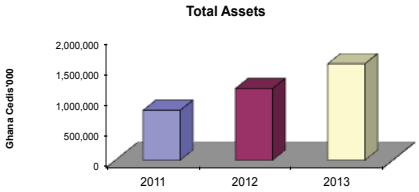
On the international front, 2013 saw a strengthened recovery in advanced economies and a slowdown in emerging market economies. However, growth in Sub-Saharan Africa remained robust and is expected to accelerate to six percent in 2014, emanating from strong domestic demand.

Financial Review

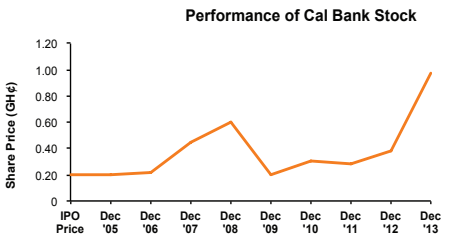
CAL Bank was able to exploit the opportunities within the environment to once again deliver exceptional results in 2013. Your Bank earned a profit after tax of GH¢92.0 million and GH¢93.5 million by the group. This represents an increase of 85.8% and 80.9% by the Bank and the Group respectively over the 2012 performance. This performance was achieved through disciplined execution of the first year objectives of your Bank's strategic plan. This has resulted in further improvement across all areas of income-earning activities, including improving results from the Bank's subsidiaries.



The robust balance sheet built over the past few years was critical in achieving the sterling performance as reported. We continued to steadily build a healthy balance sheet during the review period, with total assets increasing to GH¢1.55 billion and GH¢1.56 billion for the Bank and the Group respectively. This represents a growth of 34.4% for the Bank and 34.5% for the Group. It is expected that the increased balance sheet size will be managed efficiently and effectively to create value for the benefit of shareholders.



These strong fundamentals reflected on the Bank's stock as one of the most active stocks traded on the Ghana Stock Exchange. Investor confidence in the CAL Bank stock is at an all-time high and this resulted in the Bank's share price closing the year at GH¢0.97, a significant increase of 155.3% from GH¢0.38 achieved the previous year. This is an affirmation of the Bank's robust business model complemented by strong income-earning capacity. We expect this trend to continue into the years ahead.



Divided

CAL Bank remains committed to delivering superior returns to our shareholders. We once again demonstrate this by ensuring that a good part of our profit is set aside for shareholders, our valued investors. Consequently, the Board is pleased to recommend a dividend per share of GH¢0.053 amounting to a total payout of GH¢29.06 million.

Corporate Governance

Strong governance is crucial to our long-term success. To this end, the CAL Board Charter continues to provide a clear framework for directors to execute our duties and also serve as a benchmark in evaluating our performance in accordance with best practice.

Your Board is committed to ensuring enforcement of the highest levels of compliance standards within the group in line with global best practices.

Directorship

During the period under review, Mr. Charles Asare and Mr. Ernest K. Essamuah resigned from the Board. We wish them the best in their future endeavours. In the intervening period, Mr. Ernest Thompson was appointed to serve as a non-executive director of the Board. This appointment has since been approved by the Bank of Ghana and I would like to take this opportunity to welcome Mr. Ernest Thompson to the Board of CAL Bank. We look forward to working with him in this forward march of continuing to create value to our valued shareholders.

The Year Ahead

Though the financial services industry has become intensely competitive, we have good reason to be confident in the capability, ability and visibility of the CAL brand to surmount challenges, mitigate risks, take advantage of profitable opportunities, sustain our pedigree and surpass achievements year- on-year. We draw a lot of comfort from management and staff's rare disposition to constantly improve over previous years' achievements and that gives enough reason for optimism.

Conclusion

In summary, 2013 was another year of good performance for CAL Bank. I would like to thank my fellow Directors for their selfless contribution to the Bank's business over the past year and for all the support they extended to me as Chairman. More deserving is Management and Staff who put in a lot of effort to produce these impressive results and I would like to most sincerely thank them all for this significant achievement.

Finally, our profound thanks go to you our supportive customers, regulators, shareholders, and all other stakeholders for keeping faith with us.

I thank you all and wish the Bank another successful year.

Paarock VanPercy
Chairman

MANAGING DIRECTOR'S REPORT

"Your legacy should be that you made it better than it was when you got it."
Lee Iacocca – Chairman and CEO, Chrysler Corporation

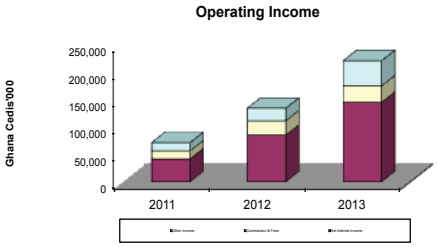
Introduction

The year under review has been a successful year for CAL Bank as we have once again delivered a sterling performance. This was achieved through a deliberate and conscious effort to grow all income lines as well as strict adherence to cost saving initiatives to achieve value for money and preserve the income generated, despite challenges in both the global and domestic economies. The global economy continued to expand at a moderate pace with developed economies delivering a weaker performance as compared to emerging economies. Growth in most developed economies was held back by headwinds coming from fiscal consolidation, high unemployment and limited household spending.

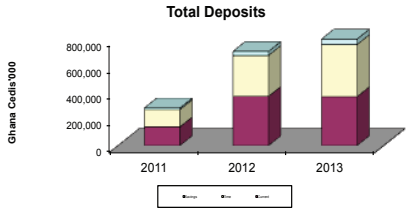
Locally the Cedi depreciated against the major trading currencies; 14.6% against the US dollar, 17.5% against the British pound and 20.2% against the Euro. Interest rates however reduced during the year as evidenced by the 91 – Day Treasury bill rate closing the year at 19.5% as compared to a rate of 23.1% at the end of the previous year. The Bank of Ghana has recently introduced certain monetary measures to address the rapid depreciation of the Cedi including the tightening of dealings in foreign currency, the enforcement of existing foreign exchange rules and an increase in the prime rate by 2 percentage points. Increased inflation, estimated at 13.5% at year-end impacted negatively on the cost of doing business. The decline in prices of our traditional export products particularly gold and cocoa also impacted negatively on our economy, evidencing the weakness of the Ghanaian economy as a result of the over dependence on a few economic activities for stability.

These challenges notwithstanding, we kept our focus and embraced the opportunities that it presented to ensure that we continue to delight our customers, which is key in value creation for our stakeholders.

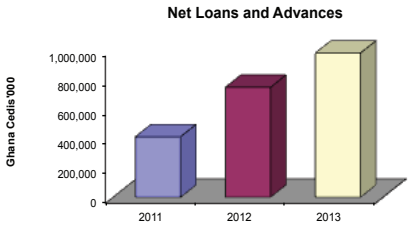
Financial Performance



In 2013, your bank delivered a strong performance which reflects the continued good momentum of our business carried over from the previous year. The Bank achieved a profit before tax of GH¢125.4 million compared to GH¢64.4 million the previous year. The Group also recorded a profit before tax of GH¢127.6 million for the year and GH¢66.9 million the previous year. The Bank's profit after tax increased by 85.8% and that of the Group by 80.9%, a value of GH¢92.0 million and GH¢93.5 million respectively. We are pleased with these results which reflect three years of continued and consecutive above par performance. It is our intention to continue along this path.

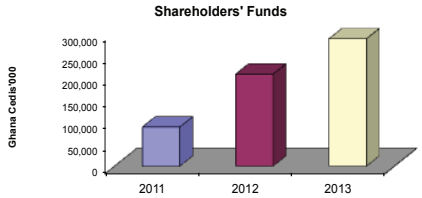


The Group's balance sheet increased from GH¢1.16 billion the previous year to GH¢1.56 billion, representing a growth of 34.5%, with the Bank's balance sheet also increasing by 34.4% from GH¢1.15 billion to GH¢1.56 billion. This growth was mainly funded by customer deposits and borrowings which increased by 12.9% and 192.8% to GH¢799.2 million and GH¢382.7 million respectively. Our focus going forward will be to increase the channels and products to drive customer growth and increase deposits.



Gross loans increased by 30.6% to GH¢1.0 billion, up from prior year value of GH¢781.2 million. The increase resulted from credits granted to fund projects, businesses and individuals in high growth sectors of the Ghanaian economy. We recognize the increase in our non-performing loans ratio which increased from 5.1% the prior year to 7.9% for the review period arising out of very few specific credits which were showing signs of deterioration and therefore we had to take the prudent measure of recognizing the challenges in those credits whilst we fervently pursue recovery.

We continue to maintain an appreciable capital level as evidenced by a capital adequacy ratio of 19.4% and 19.0% for the Group and the Bank respectively, which is well above the regulatory requirement of 10% and provides ample cushion against potential shocks. Furthermore, in order to ensure we are adequately funded and have sufficient liquidity to meet our obligations on a timely basis, the Group maintains and continues to develop funding sources and liquidity anchored on a solid customer base. In this regard we were able to secure a US$20million and US$40million lines of credit from OFID and Citibank respectively during the year, we have drawn down US$10million of this funding and are yet to draw down the balance.



Operational Performance

We continued with the expansion of our service delivery channels and added a branch in Achimota to service our customers in that catchment area and attract new customers as well. Thirty – three additional ATM's were added to the Bank's installed ATM's at carefully selected sites to offer convenience to our customers and customers of other banks who patronize the VISA service on our ATM's, increasing our installed ATM number to eighty three at year end. We intend to have a hundred ATMs operational by the end of the year 2014. We are currently in the project phase of introducing MasterCard and China Union Pay platforms to our card services, and also introducing a new internet banking platform. During the year significant investments were made in technology to ensure we maintain a robust system and platform to guarantee a high system uptime and quality service delivery.

Our continued investment in our people over the years has played a positive role in our service delivery and the resulting sterling performance, we therefore continued with our structured training programs for our staff which was enhanced during the year with the acquisition of a dedicated resource center

purposely for the continuous training and development of our staff. This has yielded tremendous results to the Bank in terms of value for money and enhancement in adherence to processes and procedures and ultimately quality service delivery.

Social Responsibility

Our high-performance culture goes hand-in-hand with a culture of responsibility. To this end, your Bank continued to support the less privileged in society, the local communities in which we operate and ensuring that all our business is conducted in a fair manner. We continue to give hope to needy children through educational support from primary through to the tertiary level. The Bank continued to offer employment to some of these children who graduated from various tertiary institutions. These otherwise unfortunate children, who had no hope for the future have now become productive elements in society and have contributed to the development and growth of your Bank.

We continue to further develop beach soccer in the country and sponsored the National Beach Soccer team to the world cup qualifier in Morocco during the year. CAL Bank still remains the title sponsor of the National Beach Soccer Championship in Ghana.

Support to some key organisations to further their cause of providing for the needy in society continued. Some of these included the Ghana Heart Foundation, Burns and Plastic Center, Graft foundation, and the Helen Awuah - Darko Foundation for an outreach on breast cancer awareness, Akropong School for the blind, University of Ghana and Institute for Teacher Education for the upgrade of skills of teachers in basic schools. Generally we like to focus our support on the destitute and needy as well as the health and education sectors.

Subsidiaries

CAL Brokers Limited and CAL Asset Management Company Limited continue to play relevant roles within the group contributing GH¢1.6 million to the profitability of the Group, a contribution of 1.7% of the Group's after tax profit. The subsidiaries continue to be part of the market leaders in their respective markets.

Funds managed by CAL Asset Management Company Limited amounted to GH¢142.9 million compared to GH¢122.9 million at the end of the previous year.

Our custody offering being managed through CAL Nominees Limited increased its client base from 13 at the end of 2012 to 23 at end of the review period. The outlook for the custody business is promising especially with the full implementation of the National Pensions Act during the review period.

Conclusion

The current global economy and the Ghanaian economy in particular will continue to have challenges which will place significant pressure on our earnings and growth potential, but also present significant opportunities to your Bank. Individuals, businesses, government and regulators will increasingly need to work together to manage these pressures, and CAL Bank is ideally placed to take advantage of the opportunities that will be presented.

Our carefully crafted strategy provides a clear direction to be creative and responsive in offering innovative financial solutions to our customers. We therefore intend to continue with the effort of building a sustainable business to set us apart from our competitors and enhance shareholder value.

We remain well positioned in our chosen markets with strong underlying growth momentum, driven by our focus on high growth sectors of the economy including SME's and the rapidly expanding middle class. We are strongly capitalized and adequately resourced with diversified sources of income throughout our areas of activity and a strict focus on the basics of banking. Bank on our service, our brand promise, clearly sums up who we are and what we stand for.

In summary, 2013 was another year of excellent performance for CAL Bank and your Board and management remain confident for the year ahead. Our results demonstrate the continued success of our strategy and the quality of the people who effectively and efficiently execute it, we enter 2014 mindful of the difficult terrain and challenging environment but with confidence to continue building on our progress.

Finally, I wish to express my sincere appreciation to our valued customers for their continued support. I would also like to thank shareholders, the Board, management and staff of the Bank for the hard work they have put in to deliver yet another year of excellent performance.

Once again thank you for your support.

Frank Brako Adu Jnr.

REPORT OF THE DIRECTORS

The Board of Directors has the pleasure to submit this report of the company for the year ended 31st December 2013.

Statement of Directors Responsibilities

The directors are responsible for the preparation of the consolidated financial statements for the financial year, which give a true and fair view of the state of affairs of the group, the consolidated income statement and consolidated cash flows for the year. In preparing these consolidated financial statements, the directors have selected and applied consistently suitable accounting policies, made judgments and estimates that are reasonable and prudent and followed International Financial Reporting Standards. The directors have made an assessment of the group's ability to continue as a going concern and have no reason to believe the group will not be a going concern in the year ahead.

Financial Statement	**GH¢'000**
Profit for the year ended 31st December 2013 before taxation is	127,602
from which is deducted taxation of	(34,063)
giving a profit for the year after taxation of	93,539
to which is added balance on Retained Earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	40,532
leaving a balance of	134,071
Less: Transfer to Regulatory Reserves	(57,488)
giving a cumulative amount available for distribution of	76,583
less dividend paid of GH¢0.035 per share amounting to	(19,162)
leaving a balance on Retained Earnings carried forward of	**57,421**

Nature of Business

The nature of business of the group is as follows:

- To carry on the business of banking;
- To carry on the business of underwriters of securities, finance house and issuing house;
- To undertake corporate finance operations, loan syndications and securities portfolio management;
- To engage in counseling and negotiation in acquisitions and mergers of companies and undertakings;
- To engage in the business of acceptance of bills of exchange, dealing in bullion, export trade development and financing;
- To carry on the business of hire-purchase financing and the business of financing the operations of leasing companies; and
- To engage in the counseling and financing of industrial, agricultural, mining, service and commercial ventures, subject to the relevant rules and regulations for the time being in force on that behalf.

Substantial Shareholders
Details of the Bank's twenty largest shareholders are disclosed in Note 37 of the Annual Report

Retirement and Re-Election of Board members
The following board members will be retiring in compliance with Section 298(a) of the Companies Act, 1963, (Act 179) and regulation 78(a) of the regulations of the company. They are Mr. Philip Owiredu and Mr. Eduardo Gutierrez, being eligible, have offered themselves for re-election.

Re-Election of Board Member
Mr. Ernest Thompson was appointed by the Board as a director on 6th February 2014 to fill a casual vacancy created following the resignation of Mr. Ernest Kakra Essamuah in 2013. In accordance with the Bank's Regulations (74[b]), a director appointed to fill a casual vacancy "shall hold office only until the following ordinary general meeting of the Company and shall be eligible for re-election". The Board will recommend to members to approve the re-election of Mr. Ernest Thompson as a director of the Bank.

Mr. Ernest Thompson is the Director-General of Social Security and National Insurance Trust (SSNIT). He has been with the Social Security and National Insurance Trust (SSNIT) since 1982 when he joined as a Legal Advisor. He also acted as the Solicitor-Secretary for SSNIT, where he handled additional general legal matters and legal aspects of SSNIT investments, the breadbasket of the Pension Scheme. He was instrumental in the conversion of the Social Security Provident Fund into the Pension Scheme in 1991 and led the SSNIT legal team which worked on the new Pension Law (Act 766).

He is currently serving on the following Boards: Sentuo Steel Ghana Limited, Tema Lube Oil Limited and Royal Maritime Services Limited.

Mr. Thompson holds an LLB (Hons) Degree from the University of Ghana and is a Barrister-at-Law. He also holds a Master's Degree in Business Administration (MBA) from the University of Wales, Cardiff Business School, U.K.

Subsidiaries
CAL Brokers Limited, a company incorporated in Ghana as a securities broker and a licensed dealing member of the Ghana Stock Exchange.

CAL Asset Management Company Limited, licensed to manage assets by the Securities and Exchange Commission.

CAL Bank Nominees Limited, incorporated in Ghana to hold and administer securities and other assets as a custodian (registered owner) on behalf of beneficial owners.

Associated Undertakings
Ghana Leasing Company Limited (a non-banking financial institution) and Transaction Management Services Limited (in liquidation) both incorporated in Ghana are associated undertakings of the Bank.

Committees of the Board
To strengthen its corporate governance, the board has the Audit, Compensation and Risk Management Committees with the following membership:

Audit Committee
Dr Kobina Quansah **(Chair)**
Leonora Agyarko
Paarock VanPercy
Ernest Thompson

The Audit Committee which is made up of the non-executive directors, performs the following functions:

- nominate the accounting firm to conduct the annual audit
- discuss with the internal auditor the scope of the examinations
- discuss with the internal auditor special areas of concern

- advise on review of compliance with company policies
- advise on the efficiency studies of selected activities
- review the auditors report with the auditor on completion

Compensation Committee
Leonora Agyarko **(Chair)**
Paarock VanPercy
Dr. Kobina Quansah
Malcolmn D. Pryor
Frank B. Adu Jnr. **(ex-officio)**

The objectives of the Compensation Committee are to review compensation and make recommendations to the board for their consideration and approval.

Risk Management Committee
Paarock VanPercy **(Chair)**
Leonora Agyarko
Dr. Kobina Quansah
Malcolmn D. Pryor
Eduardo Gutierrez
James C. Brenner
Frank B. Adu Jnr.

The Risk Management Committee which is made up of six non-executive directors and one executive director, performs the following functions:

- monitor the execution of the Board's risk strategy for different business and geographic markets of operation.
- monitor the effectiveness of the risk management organisational structure
- advise management on the adoption and implementation of an appropriate risk management policy
- keep under review the status and application of risk management responsibilities and accountabilities
- review and monitor any requirement for reporting on risk management to the Board

Going Concern
The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Dividend
The directors recommend the payment of a dividend of GH¢0.053 per share to be paid to members.

Auditors
In accordance with Section 134(5) of the Companies Act 1963, (Act 179) Deloitte & Touche will be in office as auditors of the Group.

Acknowledgement
The board of directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, management and all stakeholders of the Bank over the past year.

BY ORDER OF THE BOARD

Director **Director**

Dated 26th February 2014

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CAL BANK LIMITED AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CAL Bank Limited on pages 17 to 71 which comprise the consolidated financial position as at 31 December, 2013, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the Bank and its subsidiaries are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking Amendment Act, 2007 (Act 738); and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Bank and its subsidiaries have kept proper accounting records and the consolidated financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738). The consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013, and of their consolidated financial performance and consolidated cash flows for the year then ended and are drawn up in accordance with the International Financial Reporting Standards (IFRS).

Partners: A. Opuni-Ampong F. N. Sackey D. Owusu

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CAL BANK LIMITED AND ITS SUBSIDIARIES

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and 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 accounts have been kept by the Bank and its Subsidiaries, so far as appears from our examination of those books, and
iii. The Consolidated Balance Sheet [Statement of Financial Position] and Consolidated Profit & Loss [Income Statement] of the Bank and its subsidiaries are in agreement with the books of accounts.

The Banking Act 2004 (Act 673), section 78 (2), requires that we state certain matters in our report

We hereby state that:

i. The consolidated accounts give a true and fair view of the state of affairs of the Bank and its subsidiaries and its results for the period under review

ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors

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

iv. The Bank has complied with the provisions of Act 673 and the Banking (Amendment) Act of 2007.

Deloitte & Touche
Licence Number: ICAG/F/129
Chartered Accountants

Date: 27th February, 2014

Felix Nana Sackey
Practising Certificate Licence No.: ICAG/P/1131

Partners: A. Opuni-Ampong F. N. Sackey D. Owusu

Member of Deloitte Touche Tohmatsu Limited

CAL BANK LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

in thousands of Ghana Cedis

		The Bank		The Group	
	Note	**2013**	**2012**	**2013**	**2012**
Interest Income	8	265,747	145,991	266,731	145,660
Interest Expense	8	(123,398)	(61,209)	(122,988)	(61,084)
Net Interest Income		**142,349**	**84,782**	**143,743**	**84,576**
Fees and Commissions Income	9	31,862	26,004	31,860	26,977
Fees and Commissions Expense	9	(2,077)	(1,138)	(2,095)	(1,153)
Net Fees and Commissions		**29,785**	**24,866**	**29,766**	**25,824**
Trading Income	10	31,153	13,869	31,153	13,869
Other Operating Income	11	11,753	5,723	14,492	8,785
		42,906	**19,592**	**45,645**	**22,654**
Operating Income		**215,040**	**129,240**	**219,153**	**133,054**
Credit Loss Expense	20	(17,516)	(17,461)	(17,516)	(17,461)
Net Operating Income		**197,524**	**111,779**	**201,638**	**115,593**
Staff Costs	12	(41,231)	(25,165)	(42,424)	(26,025)
Administration and General Expenses	13	(27,185)	(19,272)	(27,885)	(19,641)
Depreciation and Amortisation	27, 28	(3,705)	(3,068)	(3,763)	(3,134)
Total Operating Expenses		**(72,121)**	**(47,505)**	**(74,072)**	**(48,800)**
Operating Profit		**125,403**	**64,274**	**127,566**	**66,793**
Profit From Disposal of Non-Current Assets	27	36	126	36	126
Profit Before Income Tax		**125,439**	**64,400**	**127,602**	**66,919**
Income Tax Expense	25	(30,520)	(14,883)	(31,060)	(15,203)
National Fiscal Stabilization levy	25	(2,909)	-	(3,003)	-
PROFIT FOR THE YEAR		**92,010**	**49,517**	**93,539**	**51,716**
Earnings per share (Ghana Cedis per share)	14				
- Basic		0.1678	0.0903	0.1706	0.0943
- Diluted		0.1678	0.0903	0.1706	0.0943

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2013

in thousands of Ghana Cedis

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Profit for the Year	**92,010**	**49,517**	**93,539**	**51,716**
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	1	(4,217)	1	(4,217)
Items that will not be reclassified subsequently to profit or loss:				
Net change in revaluation surplus	5,608	68	5,608	68
Remeasurement of defined benefit	(282)	(65)	(282)	(65)
Other comprehensive income for the year	**5,327**	**(4,214)**	**5,327**	**(4,214)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**97,338**	**45,303**	**98,866**	**47,502**

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2013

in thousands of Ghana Cedis

		The Bank		The Group	
	Note	**2013**	**2012**	**2013**	**2012**
Assets					
Cash and balances with Bank of Ghana	15	121,972	86,976	121,972	86,976
Items in Course of Collection from Other Banks	17	15,410	22,299	15,410	22,299
Investment in Government Securities	18	276,618	240,319	276,618	240,327
Due from Banks and Other Financial Institutions	19	100,439	10,511	105,186	12,427
Loans and Advances to Customers	20	981,160	747,385	980,407	747,385
Investment in Other Securities	21	-	-	1,629	950
Investment in Subsidiaries	23	2,028	1,128	-	-
Other Assets	24	11,876	10,720	13,279	12,348
Current Tax Assets	25	371	-	349	-
Deferred Tax Assets	26	1,922	4,612	1,922	4,612
Property and Equipment	27	44,980	34,548	45,101	34,669
Intangible Assets	28	2,187	847	2,202	862
Total Assets		**1,558,963**	**1,159,345**	**1,564,074**	**1,162,855**
Liabilities					
Customer Deposits	29	799,220	707,648	799,210	706,667
Due to Banks and Other Financial Institutions	30	37,185	87,888	34,599	87,888
Borrowings	31	382,713	130,707	382,713	130,707
Accruals and Other Liabilities	32	57,652	27,620	60,513	28,782
Current Tax Liabilities	25	-	1,438	-	1,387
Total Liabilities		**1,276,770**	**955,301**	**1,277,035**	**955,431**
Shareholders' Equity					
Stated Capital	33i	100,000	100,000	100,000	100,000
Statutory Reserve Fund	33ii	89,173	43,168	89,173	43,168
Capital Surplus	33iii	21,048	15,440	20,650	15,131
Retained Earnings		52,177	36,843	57,421	40,532
Other Reserves	33iv	19,795	8,593	19,795	8,593
Total Shareholders' Equity		**281,193**	**204,044**	**287,039**	**207,424**
Total Liabilities and Shareholders' Equity		**1,558,963**	**1,159,345**	**1,564,074**	**1,162,855**
Net Assets Value per Share (Ghana Cedis per Share)		0.5147	0.3722	0.5235	0.3783

Director **Director**

The Directors approved the financial statements on 26th February 2014

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2013

in thousands of Ghana Cedis

Attributable to Equity Holders

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves: Fair Value Reserves	Other Reserves: Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2012	27,725	18,442	15,372	16,264	758	14,360	92,921
Net proceeds from private placement	72,275	-	-	-	-	-	72,275
Transfer to/from reserves	-	24,726	-	(22,483)	-	(2,243)	-
Dividends paid to equity holders	-	-	-	(6,455)	-	-	(6,455)
Total comprehensive income for the year	-	-	68	49,517	(4,282)	-	45,303
Balance at 31 December 2012	**100,000**	**43,168**	**15,440**	**36,843**	**(3,524)**	**12,117**	**204,044**
Balance at 1 January 2013	100,000	43,168	15,440	36,843	(3,524)	12,117	204,044
Net proceeds from private placement	-	-	-		-	-	-
Transfer to/from reserves	-	46,005	-	(57,488)	-	11,482	-
Dividends paid to equity holders	-	-	-	(19,189)	-	-	(19,189)
Total comprehensive income for the year	-	-	5,608	92,010	(281)	-	97,338
Balance at 31 December 2013	**100,000**	**89,173**	**21,048**	**52,177**	**(3,805)**	**23,599**	**282,193**

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves: Fair Value Reserves	Other Reserves: Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2012	27,725	18,442	9,836	17,233	758	14,360	88,354
Net proceeds from private placement	72,275	-	-	-	-	-	72,275
Transfer to/from Reserves	-	24,726	-	(22,483)	-	(2,243)	-
Change in Bank's shares held by subsidiaries	-	-	5,227	-	-	-	5,227
Dividends paid to equity holders	-	-	-	(5,934)	-	-	(5,934)
Total comprehensive income for the year	-	-	68	51,716	(4,282)	-	47,502
Balance at 31 December 2012	**100,000**	**43,168**	**15,131**	**40,532**	**(3,524)**	**12,117**	**207,424**
Balance at 1 January 2013	100,000	43,168	15,131	40,532	(3,524)	12,117	207,424
Net proceeds from private placement	-	-	-	-	-	-	-
Transfer to/from Reserves	-	46,005	-	(57,488)	-	11,482	-
Change in Bank's shares held by subsidiaries	-	-	(89)	-	-	-	(89)
Dividends paid to equity holders	-	-	-	(19,162)	-	-	(19,162)
Total comprehensive income for the year	-	-	5,608	93,539	(281)	-	98,866
Balance at 31 December 2013	**100,000**	**89,173**	**20,650**	**57,421**	**(3,805)**	**23,599**	**287,039**

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2013

in thousands of Ghana Cedis

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Profit Before Tax for the Period	**125,439**	**64,400**	**127,602**	**66,919**
Adjustments for:				
Depreciation and Amortisation	3,705	3,068	3,763	3,134
Impairment on Financial Assets	17,516	17,461	17,516	17,461
Profit on Disposal of non-current assets	(36)	(126)	(36)	(126)
Dividend Received	(900)	-	(50)	(20)
Other Employee Benefit Expenses	23	154	112	154
Change in Fair Value of Investment Securities	1	(3,383)	1	(3,383)
Accretion of Deferred Income	766	1,658	766	1,658
	146,514	**83,232**	**149,674**	**85,797**
Change in Government Securities	(37,093)	(86,814)	(37,085)	(86,291)
Change in Investments in Other Securities	-	-	(679)	(182)
Change in Investment in Subsidiaries	(900)	(10)	-	-
Change in Loans and Advances to Customers	(251,894)	(354,204)	(251,140)	(355,187)
Change in Other Assets	(369)	(3,273)	(143)	(4,168)
Change in Customer Deposits	91,572	132,306	92,543	108,951
Change in Amounts Due to Banks and Other Financial Institutions	(50,703)	67,440	(53,289)	62,940
Change in Accruals and Other Liabilities	29,571	22,919	31,180	23,091
Income Tax Paid	(32,548)	(16,034)	(33,384)	(16,409)
Net Cash Flows From Operating Activities	**(105,850)**	**(154,438)**	**(102,323)**	**(181,458)**
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(9,873)	(9,039)	(15,540)	(9,221)
Proceeds from Sale of Non-current Assets	40	126	40	126
Change in Treasury Shares	-	-	5,794	5,227
Net Cash Used in Investing Activities	**(9,832)**	**(8,913)**	**(9,705)**	**(3,868)**
Cash Flow from Financing Activities				
Dividend Income	900	-	50	20
Dividends Paid	(19,189)	(6,455)	(19,162)	(5,934)
Net Changes in Borrowings	252,006	38,055	252,006	38,055
Proceeds from Shares Issued	-	72,275	-	72,275
Net Cash Flow from Financing Activities	**233,717**	**103,875**	**232,895**	**104,416**
Net Increase/(Decrease) in Cash and Cash Equivalents	**118,035**	**(59,476)**	**120,866**	**(80,910)**

Analysis of Changes in Cash and Cash Equivalents During the Year

Cash and Cash Equivalents at 1st January	119,786	179,262	121,702	202,612
Net Change in Cash and Cash Equivalents	118,035	(59,476)	120,866	(80,910)
Cash and Cash Equivalents at 31st December	**237,821**	**119,786**	**242,568**	**121,702**
Analysis of Cash and Cash Equivalents During the Year				
Cash and Balances with Bank of Ghana	121,972	86,976	121,972	86,976
Due from Banks and Other Financial Institutions	100,439	10,511	105,186	12,427
Items in Course of Collection from Other Banks	15,410	22,299	15,410	22,299
Total Cash and Cash Equivalents	**237,821**	**119,786**	**242,568**	**121,702**
Operational cash flows from interest				
Interest paid	96,709	60,367	96,300	60,242
Interest received	256,520	141,490	257,504	141,159

(All currency amounts in the notes are in thousands of Ghana Cedis unless otherwise stated)

1. REPORTING ENTITY

CAL Bank Limited (The "Bank") is a Bank incorporated in Ghana. The address and registered office of the Bank can be found on page 4 of the annual report. The Bank operates with a Universal Banking license that allows it to undertake Banking and related activities.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are presented in Ghana cedis which is the Group's functional currency. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale and leasehold land and buildings.

(c) Functional and presentation currency

The consolidated financial statements are presented in Ghana Cedis, which is the Group's functional currency. Except as indicated, financial information presented in Ghana Cedis have been rounded to the nearest thousand.

(d) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are described in notes 3h (ix), 3h (xi), 3h (xii) and 4d.

(e) Information about significant estimation, uncertainty and critical judgements

In applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statement are describe in note 5.

(f) Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 4 (c).

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2013. The financial statements of Cal Bank's subsidiaries (including special purpose entities that the Bank consolidates) are prepared for the same reporting year as Cal Bank, using consistent accounting policies.

All intra–group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(ii) Investments in Associates

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

The Group's investments in associates are initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition net income (or loss), or other movements reflected directly in the equity of the associated or jointly controlled entity. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment (net of any accumulated impairment loss). When the Group's share of losses in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the statement of financial position date, adjusted to conform with the accounting polices of the Group. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. In the financial statements of the Group, investments in associates are stated at cost less impairment if any.

(iii) Funds Management

The Group manages and administers assets held in unit trust or other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except where the group controls the entity. Information about the group's fund management activities are set out in note 34 (iv).

(b) Foreign Currency

Foreign currency transactions and end of day balances are translated into the functional currency using the published average inter-bank exchange rates by the Bank of Ghana prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in the income statement or shareholders' equity as appropriate.

(c) Interest

Interest income is recognised in the income statement for all interest-bearing financial instruments classified as held to maturity, available for sale or other loans and receivables using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating the effective interest rate, the Group estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees are included in the calculation to the extent that they can be wholly measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

When a financial asset or a group of similar financial assets have been written down as a result of impairment, contractual effective rate of interest is used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement in the period they arise.

(d) Fees and commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed, usually on time proportionate basis.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(e) Trading Income

Income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

(f) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of other income.

(g) Other Operating Income

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities, derecognised available for sale financial assets, and foreign exchange differences.

(h) Leases

(i) Classification

Leases that the Group assumes substantially all the risks and rewards of ownership of the underlying asset are at its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and a reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(i) Financial assets and liabilities

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Categorisation of financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the categorisation of its financial assets and liabilities at initial recognition.

(iii) Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

This is mainly made up of placements and overnight deposits with Banks and other financial institutions and loans and advances to customers. Loans and receivables are carried in the balance sheet at amortised cost, i.e. gross receivable less impairment allowance.

(v) Available for sale financial assets

Available for sale investments are non-derivative financial investments that are designated as available for sale and are not categorised as held at fair value through profit and loss, loans and receivables or held to maturity.

(vi) Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

(vii) Initial recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, available for sale financial assets and liabilities are recognised on trade- date (the date the Group commits to purchase or sell the asset). Loans and receivables are recognised when cash is advanced to customers or borrowers.

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are classified as fair value through profit or loss.

(viii) Subsequent measurement

Available for sale financial assets are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on available for sale financial assets are recycled to the income statement when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in income.

Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method, less impairment loss.

(ix) Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

(x) Fair value measurement

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

• Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

• Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

• Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Bank establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss)

in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

Reclassification of financial assets

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the income statement.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

(xi) Offsetting

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

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

(xii) Amortised cost measurement

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

(xiii) Identification and measurement of impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group 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 recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process which considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for group of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the income statement. When a subsequent event causes the impairment loss on an available for sale financial asset to decrease, the impairment loss is reversed through the income statement. However, any subsequent recovery in the fair value of an impaired available for sale financial asset is recognised directly in equity.

(j) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, cash and balances with the Central Bank of Ghana and amounts due from banks and other financial institutions.

(k) Investment Securities

This comprises investments in short-term Government securities and medium term investments in Government and other securities such as treasury bills and bonds. Investments in securities are categorised as available-for-sale or trading financial assets and carried in the balance sheet at fair values.

(l) Property, Plant and Equipment

(i) Recognition and measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The Bank owns landed properties that are revalued every three years. Increases in the carrying amount arising on revaluation are credited to capital surplus. Decreases that offset previous increases of the same asset are charged against the capital surplus.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Buildings	-	over the remaining life of the lease
Motor Vehicles	-	5 years
Equipment	-	3 years
Furniture and fittings	-	7 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the income statement as other income.

(m) Intangible assets

Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years.

(n) Current and Deferred Taxation

(i) Current Taxation

The Group provides for income taxes at the current tax rates on the taxable profits of the Group. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred Taxation

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Events After Reporting Date

Events after reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(p) Deposits, amounts due to Banks and borrowings

This is mainly made up of customer deposit accounts, overnight placements by banks and other financial institutions and medium term borrowings. They are categorised as other financial liabilities carried in the statement of financial position at amortised cost.

(q) Dividend

Dividend income is recognised when the right to receive income is established. Dividend payable is recognised as a liability in the period in which they are declared.

(r) Provisions/Contingent Liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Con-

tingent liabilities are not recognised but are disclosed unless they are remote.

(s) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Defined benefit scheme

The Group net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The discount rate is the yield at the reporting date on a long-dated instrument on the Ghana market. The calculation is performed using the projected unit credit method. Changes in the fair value of the plan liabilities are recognised in the income statement.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Impairment on 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 asset's 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 indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(v) Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholders of the bank. Dividend payable is recognised as a liability in the period in which it is declared (the obligation to pay is established).

(iii) Treasury shares

Where the Company or any member of the Group purchases the Company's shares, the consideration paid is deducted from shareholders' equity (Capital Surplus Account)as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(w) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments) or in providing products and services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Business segments are the primary reporting segments. Group costs are allocated to segments on a reasonable and consistent basis.

(x) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank after adjustments for preference dividends by the weighted average number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Group's Basic and diluted EPS are essentially the same.

(y) New standards and interpretations yet to be adopted

Details presented in note 38.

(z) Environmental and Social Policy

CAL Bank believes environmental protection and social development are among the most pressing issues facing the world today. The Bank therefore regards sustainable and social development as a fundamental aspect of sound business management. Consequently, the Bank is committed to continuing the integration of environmental and social aspects into its business activities.

The bank therefore has put in place an environmental and social management systems (ESMS) and policy which are integrated into our credit assessment process. Our ESMS policy includes sound objectivities and well defined processes, procedures and responsibilities to ensure optimal benefit from this policy.

We continuously improve upon our systems by providing the needed training to our staff. We also communicate with our clients and provide the needed guidelines to ensure a healthy environment and social development.

Our benchmarks are the local legislations as well as the Environmental and Social Policies and Guidelines of the World Bank Group and the Conventions of the International Labour Organisation.

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

• credit risk • liquidity risk • market risk • operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Risk Management Committee of the Board assists the Board in carrying out this responsibility. To enable it achieve its purpose, the Committee:

4. Financial risk management (continued)

- Reviews and monitors aggregate risk levels in the business and the quality of risk mitigation and controls for all areas of risk to the business
- Makes recommendations to management on areas of improvement
- Informs the Board of progress in implementing improvements.

The Board has also established the Asset and Liability Management Committee (ALCO) and Risk Management Department which are responsible for developing and monitoring risk management policies in their specified areas.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of the Board is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by Internal Audit and Internal Control. Internal Audit and Internal Control undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All Board committees are made up of non-executive members, with executives in attendance. The committees report regularly to the Board of Directors on their activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

Management of credit risk

The Board of Directors has delegated responsibility for the day-to-day management of credit risk to the Credit Department and the overall management of credit risk to the Risk Management Department. These departments report to the Board on a quarterly basis.

The Credit department's responsibility includes:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to executives of the group. Larger facilities require approval by the Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing all credit exposures prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties and industries (for loans and advances), and by issuer, credit rating band and market liquidity.
- Developing and maintaining risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework reflects the varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Credit department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to Group Credit on the credit quality of loan portfolio and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures. Each business unit reports on all credit related matters to management. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

The internal risk grading scale is as follows:

Group's rating	**Description of the grade**	**Average number of days outstanding**
Grade A	Current	less than 30 days
Grade B	Other Loans Especially Mentioned (OLEM)	30 days to but less than 90 days
Grade C	Sub-standard	90 days to less than 180 days
Grade D	Doubtful	180 days to less than 360 days
Grade E	Loss	360 days and above

The Risk Management Department monitors and manages the Bank's global credit risk within the appetite approved by the Board and set as limits and controls within the Bank's Risk Management Policy statement. It also promotes and supports the development of good credit risk management practices.

Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

Exposure to Credit Risk	**Loans and Advances to Customers**			
	The Bank		**The Group**	
	2013	**2012**	**2013**	**2012**
Carrying Amount	**981,160**	**747,385**	**980,407**	**747,385**
Individually Impaired				
Grade B	269	17,138	269	17,138
Grade C	33,217	43	33,217	43
Grade D	8,798	1,008	8,798	1,008
Grade E	27,419	24,815	27,419	24,815
Gross Amount	69,704	43,004	69,704	43,004
Allowance for Impairment	(36,582)	(27,387)	(36,582)	(27,387)
Carrying Amount	33,122	15,617	33,122	15,617
Collectively Impaired				
Grade B	156	6	156	6
Grade C	470	577	470	577
Grade D	316	252	316	252
Grade E	4,555	6,620	4,555	6,620
Gross Amount	5,497	7,455	5,497	7,455
Allowance for Impairment	(2,333)	(6,434)	(2,333)	(6,434)
Carrying Amount	3,164	1,021	3,164	1,021

4. Financial risk management (continued)

	Loans and Advances to Customers			
	The Bank		The Group	
	2013	2012	2013	2012
Past due but not Impaired				
Grade B	322	445	322	445
Grade C	856	2,399	856	2,399
Grade D	718	242	718	242
Grade E	4,726	1,343	4,726	1,343
Carrying Amount	6,622	4,429	6,622	4,429
Loans with renegotiated terms	49,784	22,584	49,784	22,584
Neither past due nor impaired				
Grade A	888,468	703,734	887,715	703,734
Total Carrying Amount	**981,160**	**747,385**	**980,407**	**747,385**

Impaired loans and securities

Impaired loans and securities are loans and securities for which it has been determined that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired

Loans and securities where contractual interest or principal payments are past due but it is believed that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

An allowance is established for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when loan review committee determines that the loans / securities are uncollectible. This determination is reached after the loan or security has been classified as "loss" for three consecutive years. All write-offs must be approved by the Board.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

Loans and Advances to Customers

	The Bank				The Group			
	31st December 2013		31st December 2012		31st December 2013		31st December 2012	
	Gross	Net	Gross	Net				
Grade B	269	-	17,138	8,013	269	-	17,138	8,013
Grade C	33,217	27,820	43	30	33,217	27,820	43	30
Grade D	8,798	4,264	1,008	449	8,798	4,264	1,008	449
Grade E	27,419	5,592	24,815	7,127	27,419	5,592	24,815	7,127
Total	**69,704**	**37,677**	**43,004**	**15,619**	**69,704**	**37,677**	**43,004**	**15,619**

Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every three years. Collateral generally is not held over loans and advances to banks, except where the counterparty bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2013 or 2012. The collateral giving by customers are normally set at reasonable percentage of the loan amount.

The main types of collateral obtained includes charges over real estate properties, inventry, trade receiverbles, montages over residential properties and cash collateral.

Management monitors the market values of collaterals and will request additional collaterals in acordance with the underlying agreement.

Collateral repossessed

During the year, the bank took possession of an asset with a carrying value of GH¢6.30 million at the year end, which the bank is in the process of selling.

Credit risk concentration

The Group monitors concentrations of credit risk by business segment and by type of customer. An analysis of concentrations of credit risk by business segment at the reporting date is shown below:

Loans and advances that are past due are not considered impaired, unless other information is available to indicate the contrary. Gross amounts of loans and advances to customers that were past due but not impaired were as follows:

	Loans and Advances to Customers			
	The Bank		The Group	
	2013	2012	2013	2012
Carrying Amount	**981,160**	**747,385**	**980,407**	**747,385**
Concentration by sector				
Agriculture, Forestry & Fishing	263	2,389	263	2,389
Mining and Quarrying	22,605	21,533	22,605	21,533
Manufacturing	35,041	36,778	35,041	36,778
Construction	232,238	172,587	232,238	172,587
Electricity, gas and water	97,297	42,427	97,297	42,427
Commerce and Finance	212,871	154,372	212,118	154,372
Transport, Storage and Communications	32,249	28,729	32,249	28,729
Services	339,497	293,645	339,497	293,645
Miscellaneous	48,014	28,746	48,014	28,746
	1,020,075	**781,206**	**1,019,322**	**781,206**
Allowance for Impairment	(38,915)	(33,821)	(38,915)	(33,821)
	981,160	**747,385**	**980,407**	**747,385**
Concentration by type of customer				
Private Enterprises	737,614	540,152	736,861	540,152
Joint Private & State Enterprises	232,494	216,921	232,494	216,921
Individuals	49,967	24,133	49,967	24,133
	1,020,075	**781,206**	**1,019,322**	**781,206**
Allowance for Impairment	(38,915)	(33,821)	(38,915)	(33,821)
	981,160	**747,385**	**980,407**	**747,385**

Settlement risk

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

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains information regarding the liquidity profile of its financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business are met through various deposit mobilisation strategies, short-term loans from the inter-bank market to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

4. Financial risk management (continued)

Exposure to liquidity risk

The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank and the group. It is unusual for banks to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position may potentially enhance profitability, but may also increase the risk of losses.

The following table provides detail on the residual maturity of all financial instruments and other assets and liabilities for the bank and the group:

31st December 2013	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and balances with Bank of Ghana	121,972	121,972	-	-	-	-	-	-
Items in Course of Collection from Other Banks	15,410	15,410	-	-	-	-	-	-
Investment in Government Securities	276,618	-	8,737	193,832	73,845	204	-	-
Due from Banks and Other Financial Institutions	105,186	105,186	-	-	-	-	-	-
Investment in Other Securities	1,629	-	-	-	-	-	-	1,629
Loans and Advances to Customers	980,407	307,437	89,724	35,657	47,374	143,433	162,108	194,672
Other Assets	13,279	-	10,271	3,008	-	-	-	-
Current Tax Assets	349	-	349	-	-	-	-	-
Deferred Tax Assets	1,922	-	-	-	-	-	-	1,922
Property and Equipment	45,101	-	-	-	-	-	-	45,101
Intangible Assets	2,202	-	-	-	-	-	-	2,202
Total Assets	**1,564,074**	**550,005**	**109,081**	**232,497**	**121,219**	**143,637**	**162,108**	**245,526**
Liabilities								
Customer Deposits	799,210	222,516	77,394	169,988	177,906	108,924	30,160	12,324
Due to Banks and Other Financial Institutions	34,599	2,674	31,925	-	-	-	-	-
Borrowings	382,713	1,710	135,325	139,154	40,803	26,508	39,213	-
Accruals and Other Liabilities	60,513	36,753	17,836	5,924	-	-	-	-
Total Liabilities	**1,277,035**	**263,653**	**262,480**	**315,065**	**218,709**	**135,432**	**69,372**	**12,324**
Liquidity gap	**287,039**	**286,353**	**(153,399)**	**(82,568)**	**(97,490)**	**8,205**	**92,736**	**233,203**

31st December 2012	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and balances with Bank of Ghana	86,976	86,976	-	-	-	-	-	-
Items in Course of Collection from Other Banks	22,299	22,299	-	-	-	-	-	-
Investment in Government Securities	240,327	87,835	37,896	85,089	29,507	-	-	-
Due from Banks and Other Financial Institutions	12,427	12,427	-	-	-	-	-	-
Investment in Other Securities	950	-	-	-	-	391	-	559
Loans and Advances to Customers	747,385	232,548	43,594	20,187	19,326	150,074	146,609	135,047
Other Assets	12,348	-	7,466	4,882	-	-	-	-
Deferred Tax Assets	4,612	-	-	-	-	-	-	4,612
Property and Equipment	34,669	-	-	-	-	-	-	34,669
Intangible Assets	862	-	-	-	-	-	-	862
Total Assets	**1,162,855**	**442,085**	**88,956**	**110,158**	**48,833**	**150,465**	**146,609**	**175,749**

4. Financial risk management (continued)

31st December 2012	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Liabilities								
Customer Deposits	706,667	226,682	94,941	167,162	122,337	62,939	21,435	11,171
Due to Banks and Other Financial Institutions	87,889	29,196	6,700	22,729	15,673	10,065	2,015	1,511
Borrowings	130,707	1,137	5,587	5,842	21,808	5,926	68,061	22,346
Accruals and Other Liabilities	28,781	20,468	5,739	2,574	-	-	-	-
Current Tax Liabilities	1,387	-	1,387	-	-	-	-	-
Total Liabilities	**955,431**	**277,483**	**114,354**	**198,307**	**159,818**	**78,930**	**91,511**	**35,028**
Liquidity gap	**207,424**	**164,602**	**(25,398)**	**(88,149)**	**(110,985)**	**71,535**	**55,098**	**140,721**

The previous table shows the discounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.
The table above analyses assets and liabilities of the bank and the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank.

Compliance with statutory liquidity requirement	**2013**	**2012**
(i) Default in Statutory Liquidity	Nil	Nil
(ii) Default in Statutory Liquidity Sanction (GH¢'000)	Nil	Nil

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the brokerage subsidiary, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Overall authority for market risk is vested in ALCO. The Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board) and for the day-to-day review of their implementation.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management department in its day-to-day monitoring activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves and a 50 bp rise or fall in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

4. Financial risk management (continued)

in thousands of Ghana Cedis **Sensitivity of projected net interest income**	100 bp parallel increase	100 bp parallel decrease	50 bp parallel increase	50 bp parallel decrease
At 31 December 2013	2,829	(2,829)	1,414	(1,414)
At 31 December 2012	1,729	(1,729)	864	(864)

Concentration of assets, liabilities and off balance sheet items

Banks take on foreign currency exchange rate exposure on their financial position and cash flows.

The table below summarises the group's exposure to foreign currency exchange rate risks at year-end. The amounts stated in the table are the Ghana Cedi equivalent of the foreign currencies.

2013	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Balances with Bank of Ghana	17,165	2,767	2,874	115	22,921
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	14,793	1,681	5,706	1,319	23,500
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	343,797	-	1,562	-	345,359
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	1,254	-	13	-	1,268
Taxation	-	-	-	-	-
Total Assets	**377,010**	**4,448**	**10,155**	**1,434**	**393,048**
Liabilities					
Due to Customers	189,688	3,765	22,490	-	215,943
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	257,332	-	-	-	257,332
Other Liabilities	18,983	2,723	18	1	21,724
Total Liabilities	**466,003**	**6,488**	**22,507**	**1**	**494,998**
Net On-Balance Sheet Position	**(88,992)**	**(2,040)**	**(12,352)**	**1,433**	**(101,951)**
Off-Balance Sheet Credit Commitments	**245,697**	**-**	**14,649**	**2,350**	**262,696**
Total Exposure	**156,705**	**(2,040)**	**2,297**	**3,783**	**160,745**

2012 Assets	US Dollars	British Pounds	Euro	Others	Total
Cash and Balances with Bank of Ghana	12,829	2,367	2,150	138	17,484
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	14,233	2,108	2,160	878	19,379
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	283,487	-	3,568	-	287,055
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	1,008	9	-	-	1,017
Taxation	-	-	-	-	-
Total Assets	**311,557**	**4,484**	**7,878**	**1,016**	**324,935**
Liabilities					
Due to Customers	162,414	3,512	11,218	-	177,144
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	118,357	-	-	-	118,357
Other Liabilities	11,837	(804)	(153)	1	10,881
Total Liabilities	**292,608**	**2,708**	**11,065**	**1**	**306,382**
Net On-Balance Sheet Position	**18,949**	**1,776**	**(3,187)**	**1,015**	**18,553**
Off-Balance Sheet Credit Commitments	**211,731**	**207**	**7,333**	**2,599**	**221,870**
Total Exposure	**230,680**	**1,983**	**4,146**	**3,614**	**240,423**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. In accordance with the Bank's policy, positions are monitored on a daily basis.

The table below indicates the currencies to which the Group had significant exposure at 31 December 2013 and 2012 on its non–trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the cedis (all other variables being held constant) on the income statement (due to the fair value of currency sensitive non–trading monetary assets and liabilities).

Negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the cedis would have resulted in an equivalent but opposite impact.

	2013		2012	
	Change in currency rate	Effect on profit before tax	Change in currency rate	Effect on profit before tax
US Dollars	15%	(13,078)	19%	3,595
British Pounds	17%	(357)	24%	432
Euro	20%	(2,492)	21%	(676)

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit, Internal Control, Risk and Compliance Departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Senior Management Committee, Audit Committee, Risk Management Committee and the Board.

(f) Capital management

Regulatory capital

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

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

Tier 1 capital, which includes ordinary share capital, retained earnings and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

The carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation and investments in the capital of banks and certain other regulatory items are deducted from capital.

The banks operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

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

4. Financial risk management (continued)

The Group's regulatory capital position at 31 December was as follows:

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Tier 1 capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Retained earnings	52,177	36,843	57,421	40,532
Statutory Reserves	89,173	43,168	89,173	43,168
Regulatory Credit Risk Reserve	23,599	12,117	23,599	12,117
Other Regulatory adjustment	(33,616)	(19,934)	(32,538)	(18,806)
Total	**231,334**	**172,194**	**237,656**	**177,011**
Tier 2 capital				
Fair Value Reserves	(3,805)	(3,524)	(3,805)	(3,524)
Capital Surplus	21,048	15,440	20,650	15,131
Total	**17,243**	**11,916**	**16,845**	**11,607**
Total regulatory capital	**248,577**	**184,110**	**254,501**	**188,618**
Risk-weighted assets				
On-balance sheet items	919,104	642,172	925,414	646,328
Off-balance sheet items	286,693	234,904	286,693	234,904
Total risk-weighted assets	**1,205,797**	**877,076**	**1,212,106**	**881,232**
50% of net open position (NOP)	16,605	5,983	16,605	5,983
100% of 3yrs average annual gross income	83,601	53,508	85,937	54,671
Adjusted asset base	**1,306,003**	**936,567**	**1,314,648**	**941,886**
Capital adequacy ratio				
Capital Adequacy (Total Regulatory Capital as a percentage of Adjusted Asset Base)	**19.03%**	**19.66%**	**19.36%**	**20.03%**
Other regulatory adjustment				
Goodwill/Intangibles	6,069	4,446	7,019	5,681
Losses not Provided For	25,519	14,360	25,519	13,125
Invests in the capital of Other Banks & Fin Insts.	2,028	1,128	-	-
	33,616	**19,934**	**32,538**	**18,806**

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty
Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(i)(ix).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items can not yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(i)(vi). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification
The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 3(i).

In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3(i)(vi).

6. OPERATING SEGMENTS

The group has five reportable segments. Information regarding each reportable segment is presented below.

31st December 2013	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Management	Others	Totals
Revenues from External Customers							
Interest Income	185,683	27,485	52,116	1,037	410	-	266,731
Interest Expense	(100,649)	(1,204)	(21,062)	(71)	(1)	-	(122,988)
Net Interest Income	**85,034**	**26,281**	**31,054**	**966**	**408**	**-**	**143,743**
Net Fees and Commissions	20,967	6,912	(6,125)	-	1,811	6,200	29,766
Trading Income	-	-	31,153	-	-	-	31,153
Other Operating Income	9,553	764	-	1,960	43	2,207	14,528
Intersegment Revenue	52	-	-	-	410	-	461
Operating Income	**115,605**	**33,957**	**56,082**	**2,926**	**2,673**	**8,407**	**219,651**
Impairment Charge on Financial Assets	(14,114)	(3,402)	-	-	-	-	(17,516)
Net Operating Income	**101,491**	**30,556**	**56,082**	**2,926**	**2,673**	**8,407**	**202,135**
Staff Costs	(4,213)	(6,555)	(948)	(529)	(664)	(29,515)	(42,424)
Administration and General Expenses	(2,673)	(3,448)	(2,377)	(454)	(246)	(18,687)	(27,885)
Depreciation and Amortisation	(568)	(791)	-	(54)	(4)	(2,345)	(3,763)
Total Operating Expenses	**(7,454)**	**(10,795)**	**(3,325)**	**(1,037)**	**(914)**	**(50,547)**	**(74,072)**
Reportable Segment Profit Before Income Tax	**94,037**	**19,761**	**52,757**	**1,889**	**1,759**	**(42,140)**	**128,063**
Reportable Segment Assets	904,942	262,075	276,618	7,537	3,021	109,880	1,564,074
Expenditure on non-current assets	-	-	-	-	-	9,655	9,655
Reportable Segment liabilities	383,761	224,416	620,156	2,626	86	45,990	1,277,035

6. Operating segments (Continued)

31st December 2012	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Manage-ment	Others	Totals
Revenues from External Customers							
Interest Income	93,877	12,304	39,108	371	-	-	145,660
Interest Expense	(15,197)	(7,747)	(37,349)	(791)	-	-	(61,084)
Net Interest Income	**78,680**	**4,557**	**1,759**	**(420)**	**-**	**-**	**84,576**
Net Fees and Commissions	20,163	4,129	3	55	1,474	-	25,824
Trading Income	-	-	13,869	-	-	-	13,869
Other Operating Income	4,772	649	-	1,516	17	460	7,414
Intersegment Revenue	777	-	-	521	199	-	1,497
Operating Income	**104,392**	**9,335**	**15,631**	**1,672**	**1,690**	**1,831**	**133,180**
Impairment Charge on Financial Assets	(16,621)	(840)	-	-	-	-	(17,461)
Net Operating Income	**87,771**	**8,495**	**15,631**	**1,672**	**1,690**	**1,831**	**115,719**
Staff Costs	(3,292)	(3,759)	(595)	(383)	(477)	(17,584)	(26,090)
Administration and General Expenses	(1,538)	(1,734)	(883)	(214)	(156)	(15,116)	(19,641)
Depreciation and Amortisation	-	(643)	-	(55)	(11)	(2,425)	(3,134)
Total Operating Expenses	**(4,830)**	**(6,136)**	**(1,478)**	**(652)**	**(644)**	**(35,125)**	**(48,865)**
Reportable Segment Profit Before Income Tax	**82,941**	**2,359**	**14,153**	**1,020**	**1,046**	**(34,665)**	**66,854**
Reportable Segment Assets	691,292	110,605	347,103	3,871	2,048	7,935	1,162,855
Expenditure on non-current assets	-	-	-	-	-	9,221	9,221
Reportable Segment liabilities	399,268	182,606	342,487	574	106	30,390	955,431

Reconciliation of Segment Revenues	**2013**	**2012**
Total Revenue for Reportable Segments	211,243	132,720
Other Revenues	8,407	1,831
Elimination of Intersegment Revenues	(461)	(1,497)
Total Group Revenue	**219,189**	**133,051**

6. Operating segments (Continued)

Reconciliation of Profit or Loss

	2013	2012
Total profit or loss for reportable segments	170,166	101,519
Other Profit or loss	(42,140)	(33,294)
Elimination of Intersegment profit	(461)	(1,497)
Unallocated Amounts:		
Proceeds From Disposal of Non-Current Assets	36	126
Total Consolidated Income before tax expense	**127,602**	**66,854**
Reconciliation of assets and liabilities		
Total assets for reportable segments	1,454,194	1,154,920
Other Assets	109,088	7,935
Total assets for the Group	**1,564,074**	**1,162,855**
Total liabilities for reportable segments	1,231,045	925,041
Other liabilities	45,990	30,390
Total liabilities for the Group	**1,277,035**	**955,431**

7. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities (excluding accrued interest). The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

31st December 2013	Trading	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
Cash and balances with Bank of Ghana	-	-	-	121,972	121,972	121,972
Items in Course of Collection from Other Banks	-	-	-	15,410	15,410	15,410
Investment in Government Securities	-	275,621	997	-	276,618	276,578
Due from Banks and Other Financial Institutions	-	105,186	-	-	105,186	105,186
Investment in Other Securities	-	-	1,629	-	1,629	1,629
Loans and Advances to Customers	-	980,407	-	-	980,407	971,180
	-	**1,361,214**	**2,626**	**137,382**	**1,501,222**	**1,491,955**
Customer Deposits	-	-	-	799,210	799,210	782,424
Due to Banks and Other Financial Institutions	-	-	-	34,599	34,599	34,599
Borrowings	-	-	-	382,713	382,713	372,811
Accruals and Other Liabilities	-	-	-	60,513	60,513	60,513
	-	**-**	**-**	**1,277,035**	**1,277,035**	**1,250,347**
31st December 2012						
Cash and balances with Bank of Ghana	-	-	-	86,976	**86,976**	86,976
Items in Course of Collection from Other Banks	-	-	-	22,299	**22,299**	22,299
Investment in Government Securities	-	240,181	146	-	**240,327**	240,232
Due from Banks and Other Financial Institutions	-	12,427	-	-	**12,427**	12,427
Investment in Other Securities	-	-	950	-	**950**	950
Loans and Advances to Customers	-	747,385	-	-	**747,385**	747,385
	-	999,993	1,096	109,275	**1,110,364**	1,110,364
Customer Deposits	-	-	-	706,667	**706,667**	706,667
Due to Banks and Other Financial Institutions	-	-	-	87,889	**87,889**	87,889
Borrowings	-	-	-	130,707	**130,707**	130,707
Accruals and Other Liabilities	-	-	-	28,781	**28,781**	28,781
	-	-	-	954,044	**954,044**	954,044

7. Financial assets and liabilities (Continued)

(a) Fair value approximates carrying value due to the minimal credit losses and short-term nature of the financial assets and liabilities.

(b) Financial instruments at fair value are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial-markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

(c) The fair value for loans and advances, and other lending is estimated using discounted cash flows, applying either market rates where practicable or, where the counterparty is a bank, rates currently offered by other financial institutions for placings with similar characteristics. In certain cases the fair value approximates carrying value because the instruments are short term in nature or reprice frequently.

(d) Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate to their carrying value. The fair value of all other deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the Group for deposits of similar remaining maturities.

(e) Fair values of short-term debt securities in issue are approximately equal to their carrying amount. Fair values of other debt securities in issue are based on quoted prices where available, or where these are unavailable, are estimated using other valuation techniques.

(f) Fair value hierarchy

Fair value measurement

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Bank establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

	Notes	The Bank				The Group			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2013									
Government Securities	18	997	275,621	-	276,618	997	275,621	-	276,618
Investment in other Securities	21	-	-	-	-	1,629	-	-	1,629
		997	**275,621**	**-**	**276,618**	**2,626**	**275,621**	**-**	**278,247**
31st December 2012									
Government Securities	18	138	240,181	-	240,319	146	240,181	-	240,327
Investment in other Securities	21	-	-	-	-	950	-	-	950
		138	**240,181**	**-**	**240,319**	**1,096**	**240,181**	**-**	**241,277**

8. NET INTEREST INCOME

	The Bank		The Group	
INTEREST INCOME	**2013**	**2012**	**2013**	**2012**
Placements, Special Deposits, etc.	2,193	1,420	3,197	1,841
Investment Securities	50,510	35,043	50,544	35,068
Loans and Advances	213,044	109,528	212,991	108,751
Total Interest Income	265,747	145,991	266,731	145,660
INTEREST EXPENSE				
Current Accounts	7,167	5,248	7,167	5,248
Time and other Deposits	69,825	45,461	69,415	45,336
Overnight and Call Accounts	3,598	1,499	3,598	1,499
Borrowings	42,808	9,001	42,808	9,001
Total Interest Expense	123,398	61,209	122,988	61,084
Net Interest Income	**142,349**	**84,782**	**143,743**	**84,576**

Included within interest income from loans and advances for the year ended 31st December 2013 is a total of GH¢9.24 million (2012: GH¢2.71 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	Note	The Bank		The Group	
		2013	2012	2013	2012
Fee and Commission Income					
Letters of Credit & Guarantees		11,669	10,883	11,669	10,883
Foreign Transfers		3,303	3,009	3,303	3,009
Other Commissions		4,154	4,293	4,152	5,266
Other Fees		12,736	7,819	12,736	7,819
Total Fee and Commission Income		**31,862**	**26,004**	**31,860**	**26,977**
Fee and Commission Expense					
Inter-bank transaction fees		2,077	1,138	2,095	1,153
Total Fee and Commission Expense		**2,077**	**1,138**	**2,095**	**1,153**
Net Fee and Commission Income		**29,785**	**24,866**	**29,766**	**25,824**

10. TRADING INCOME

Foreign Exchange	31,153	13,869	31,153	13,869
Trading Income	**31,153**	**13,869**	**31,153**	**13,869**

11. OTHER OPERATING INCOME

Other Income	11,753	5,723	14,492	8,785
	11,753	**5,723**	**14,492**	**8,785**

12. STAFF COSTS

	Note				
Salaries and Bonuses		23,338	14,662	24,148	15,286
Social Security Contribution		1,181	956	1,231	993
Increase in Liability for Defined Benefit Scheme	32	-	65	-	65
Training		999	512	1,106	540
Other Staff Costs		15,713	8,970	15,939	9,141
		41,231	**25,165**	**42,424**	**26,025**

The number of persons employed by the bank at the end of the year was 566 (2012: 516)

13. ADMINISTRATION AND GENERAL EXPENSES

	Note	The Bank		The Group	
		2013	2012	2013	2012
Advertising and Marketing		5,760	4,129	5,953	4,225
Administration Expenses		3,216	2,213	3,444	2,341
Directors' Emoluments		1,742	1,488	1,755	1,496
Auditors' Remuneration		144	86	173	104
Other Expenses		16,323	11,356	16,559	11,475
		27,185	**19,272**	**27,885**	**19,641**

Included within directors emoluments for the year ended 31st December 2013 is a total of GH¢1.22 million (2012: GH¢0.91 million) relating to executive directors.

Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢0.37 million (2012: GH¢0.23 million).

14. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31st December 2013 was based on the profit attributable to ordinary shareholders of GH¢93.5 million (2012: GH¢51.7 million) and a weighted average number of ordinary shares outstanding of 548 million (2012: 548 million), calculated as follows:

Profit attributable to ordinary shareholders	**The Group**	
	2013	**2012**
Net profit for the period attributable to equity holders of the Bank	93,539	51,716
Weighted average number of ordinary shares		
In thousands of shares		
Issued ordinary shares at 1 January	548,262	248,262
Effect of additional issue of shares	-	300,000
Weighted average number of ordinary shares at 31 December	**548,262**	**548,262**

There was no additional shares issued during the year. The additional 300 million shares issued during the prior year was concluded on 25th June 2012.

Diluted earnings per share

The calculation of diluted earnings per share as at 31st December 2013 was based on the profit attributable to ordinary shareholders of GH¢93.5 million (2012: GH¢51.7 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 548 million (2012: 548 million), calculated as follows:

Profit attributable to ordinary shareholders	**The Group**	
	2013	**2012**
Profit for the period attributable to ordinary shareholders	93,539	51,716
Weighted average number of ordinary shares (diluted)		
In thousands of shares		
Weighted average number of ordinary shares (basic)	548,262	548,262
Weighted average number of ordinary shares (diluted) at 31st December	**548,262**	**548,262**

15. CASH AND BALANCES WITH BANK OF GHANA

	The Bank		**The Group**	
	2013	**2012**	**2013**	**2012**
Cash in Hand	22,488	18,390	22,488	18,390
Balances with Bank of Ghana	99,484	68,586	99,484	68,586
	121,972	**86,976**	**121,972**	**86,976**

16. CASH AND CASH EQUIVALENTS

	Note	**2013**	**2012**	**2013**	**2012**
Cash and balances with Bank of Ghana	15	121,972	86,976	121,972	86,976
Due from other banks and financial Institutions	19	100,439	10,511	105,186	12,427
Items in course of collection	17	15,410	22,299	15,410	22,299
		237,821	**119,786**	**242,568**	**121,702**

17. ITEMS IN COURSE OF COLLECTION

	The Bank		The Group	
	2013	2012	2013	2012
Items in course of collection	15,410	22,299	15,410	22,299
	15,410	**22,299**	**15,410**	**22,299**

These are cheques that are still within the banking claearing stytem as at year end. It is expected that they will clear after the year end.

18. GOVERNMENT SECURITIES

	The Bank		The Group	
	2013	2012	2013	2012
Treasury Bills	275,621	240,181	275,621	240,181
Government Bonds	997	138	997	146
	276,618	**240,319**	**276,618**	**240,327**

Long term government bonds are classified as Available-for-sale and carried at fair value with the fair value movements recognised directly in equity; whilst short-term treasury bills have been classified as loans and receivables and held at amortised cost.

19. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2013	2012	2013	2012
Nostro account balances	25,439	2,839	25,439	2,839
Placement with other banks	75,000	7,672	79,747	9,588
	100,439	**10,511**	**105,186**	**12,427**

20. LOANS AND ADVANCES TO CUSTOMERS

	The Bank		The Group	
	2013	2012	2013	2012
(a) Analysis by type				
Overdrafts	258,246	195,092	257,492	195,092
Term Loans	708,375	547,176	708,375	547,176
Other Advances	53,454	38,938	53,454	38,938
Gross Loans and Advances	**1,020,075**	**781,206**	**1,019,321**	**781,206**
Less:				
Identified Impairment	(36,582)	(32,007)	(36,582)	(32,007)
Unidentified Impairment	(2,332)	(1,814)	(2,332)	(1,814)
Carrying Amount	**981,160**	**747,385**	**980,407**	**747,385**

i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.

ii. Loan loss provision ratio is 3.8% of gross advances (2012: 4.3%).

iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 7.9% (2012: 5.1%).

iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 71.6% (2012: 76.2%).

v. The maximum amount due from officers of the bank during the year amounted to GH¢7.78 million (2012: GH¢6.14 million).

Loans and advances are carried at amortised cost. There were no loans carried at fair value through profit or loss

20. Loans and Advances to customers (Continued)

Allowances for Identified Impairment

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Balance at 1st January	32,007	25,360	32,007	25,360
Impairment Charge for the year	17,350	16,688	17,350	16,688
Write-offs	(12,775)	(10,041)	(12,775)	(10,041)
Balance at 31st December	**36,582**	**32,007**	**36,582**	**32,007**
Allowances for Unidentified Impairment				
Balance at 1st January	1,814	916	1,814	916
Impairment Charge for the year	518	898	518	898
Balance at 31st December	**2,332**	**1,814**	**2,332**	**1,814**
Impairment charge to the income statement				
Net increase in impairments	17,869	17,457	17,869	17,457
Excess impairment charge on written off accounts	89	129	89	129
Amounts recovered previously written off	(442)	(125)	(442)	(125)
Net charge to the income statement	**17,516**	**17,461**	**17,516**	**17,461**

21 . INVESTMENT IN OTHER SECURITIES

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Available-for-sale investment securities				
Quoted Equity securities with readily determinable fair values	-	-	1,629	950
	-	**-**	**1,629**	**950**

Investment securities that have been designated at fair value through profit or loss are the Group's equity investments in certain entities held by its asset management and brokerage subsidiaries.

22. INVESTMENT IN ASSOCIATED COMPANIES

An investment of 39.9% in Ghana Leasing Conpany Limited has been fully impaired since 2012.

23. INVESTMENTS IN SUBSIDIARIES

(a) The Principal Subsidiaries are:

2013

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
CAL Bank Nominees Limited	Custodial Service	Ghana	10	100
CAL Brokers Limited	Security Brokerage	Ghana	1,500	100
CAL Asset Management	Fund Management	Ghana	518	100
			2,028	

23. Investments In Subsidiaries (Continued)

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
2012				
CAL Bank Nominees Limited	Custodial Service	Ghana	10	100
CAL Brokers Limited	Security Brokerage	Ghana	600	100
CAL Asset Management	Fund Management	Ghana	518	100
			1,128	

Investments in subsidiaries are stated at cost and comprise:	The Bank		The Group	
	2013	2012	2013	2012
Investments in Subsidiaries	2,028	1,128	-	-

(b) Summary of Subsidiary Accounts

	CAL Brokers Limited		CAL Asset Management	
	2013	2012	2013	2012
Revenue	2,997	3,436	2,264	1,691
Expenses	(1,109)	(1,442)	(915)	(646)
Income Tax and National Fiscal Stabilization Levy	(196)	(61)	(356)	(258)
Profit for the year	1,693	1,932	993	786
Total Assets	7,568	3,942	3,021	2,048
Total Liabilities	2,657	646	86	106
Total Shareholder's Equity	4,911	3,296	2,935	1,942
Total Cash Inflows	217,794	83,248	51,456	49,368
Total Cash Outflows	215,245	81,346	50,721	48,819
Net Cash Inflow	2,549	1,902	736	1,457

CAL Bank Nominees Limited has equity of GH¢10,000 represented by cash at Bank.

24. OTHER ASSETS

	The Bank		The Group	
	2013	2012	2013	2012
Sundry Debtors	7,042	6,823	8,445	8,452
Prepayments	3,976	3,177	3,976	3,176
Items in transit	858	720	858	720
	11,876	**10,720**	**13,279**	**12,348**

25. TAXATION

	The Bank			
	Balance 1/1/2013	Payments During the year	Charge for the year	Balance 31/12/2013
Income Tax				
1998 - 2012	1,438	(1,249)	-	189
2013	-	(28,536)	28,093	(443)
	1,438	(29,785)	28,093	(254)
National Fiscal Stabilisation Levy				
2013	-	(3,038)	2,921	(117)
Total	**1,438**	**(32,823)**	**31,014**	**(371)**

25. Taxation (continued)

	The Group			
	Balance 1/1/2013	Payments During the year	Charge for the year	Balance 31/12/2013
Income Tax				
1998 - 2012	1,387	(1,263)	-	124
2013	-	(29,001)	28,645	(355)
	1,387	(30,264)	28,645	(321)
National Fiscal Stabilisation Levy				
2013	-	(3,120)	3,003	(117)
Total	**1,387**	**(33,384)**	**31,648**	**(349)**

Income Tax Expense

Recognised in the income statement

		The Bank		The Group	
	Note	**2013**	**2012**	**2013**	**2012**
Current tax expense					
Current year		31,014	17,260	31,648	17,580
Deferred tax expense	26	2,415	(2,377)	2,415	(2,377)
Total income tax expense		33,429	14,883	34,063	15,203

Reconciliation of effective tax rate

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Profit before income tax	125,439	64,400	127,602	66,919
Corporate Tax Rate	25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%	31,360	16,084	31,900	16,714
Non-deductible expenses	2,321	2,686	2,321	2,376
Tax on items at different tax rate	(225)	43	(225)	43
Capital Allowances	(1,030)	(697)	(1,030)	(697)
Net Tax Effect on unrealised Gains/losses	(4,321)	(856)	(4,321)	(856)
Other	2,909	-	3,003	-
	31,014	17,260	31,648	17,580
Deferred Tax	2,415	(2,377)	2,415	(2,377)
Overall tax charge	**33,429**	**14,883**	**34,063**	**15,203**
Effective tax rate	26.6%	23.1%	26.7%	22.7%

26. DEFERRED TAXATION

	The Bank		The Group	
	2013	2012	2013	2012
Balance at 1st January	(4,612)	(2,167)	(4,612)	(2,167)
Origination/reversal of temporary differences:				
recognised in income statement	2,415	(2,377)	2,415	(2,377)
recognised in equity	275	(68)	275	(68)
Balance at 31st December	(1,922)	(4,612)	(1,922)	(4,612)

Recognised deferred tax assets and liabilites

Deferred tax liabilities are attributable to the following:

	2013			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	3,102	3,102	-	2,933	2,933
Others	-	(5,024)	(5,024)	-	(7,545)	(7,545)
Net tax (assets)/liabilities	-	(1,922)	(1,922)	-	(4,612)	(4,612)

Liabilities up to and including 2012 for the Bank has been agreed with the tax authorities where as liabilities up to and including 2009 for the subsidiaries have also been agreed. All liabilities are subject to agreement with the Ghana Revenue Authority.

Deferred tax arising from the revaluation of landed properties have been recognised directly in equity. Reversals of temporary differences attributable to this deferred tax liability are also recognised directly in equity.

27. Property, Plant and Equipment

	The Bank				
2013	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	27,640	10,849	2,478	5,593	46,560
Additions	101	1,584	378	5,626	7,690
Disposals	-	(54)	(38)	-	(92)
Surplus on Revaluation	4,027	-	-	1,856	5,883
Transfers	294	1,611	194	(2,098)	-
Balance at 31st December	**32,062**	**13,990**	**3,011**	**10,978**	**60,041**
Accumulated Depreciation					
Balance at 1st January	2,259	8,537	1,216	-	12,012
Charge for the year	931	1,692	515	-	3,138
Release on Revaluation	-	-	-	-	-
Released on Disposal	-	(50)	(38)	-	(88)
Balance at 31st December	**3,190**	**10,179**	**1,692**	**-**	**15,061**
Net Book Value					
At 31st December	**28,872**	**3,811**	**1,318**	**10,978**	**44,980**

27. Property, Plant and Equipment (continued)

2012	The Bank				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	23,527	9,467	2,127	3,104	38,225
Additions	3,535	827	116	4,082	8,560
Disposals	-	-	(225)	-	(225)
Surplus on Revaluation	-	-	-	-	-
Transfers	578	555	460	(1,593)	-
Balance at 31st December	**27,640**	**10,849**	**2,478**	**5,593**	**46,560**
Accumulated Depreciation					
Balance at 1st January	1,300	7,075	1,088	-	9,463
Charge for the year	959	1,462	353	-	2,774
Released on Disposal	-	-	(225)	-	(225)
Balance at 31st December	**2,259**	**8,537**	**1,216**	**-**	**12,012**
Net Book Value					
At 31st December	**25,381**	**2,312**	**1,262**	**5,593**	**34,548**

2013	The Group				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	27,640	11,078	2,478	5,593	46,789
Additions	101	1,642	378	5,626	7,748
Disposals	-	(54)	(38)	-	(92)
Surplus on Revaluation	4,027	-	-	1,856	5,883
Transfers	294	1,611	194	(2,098)	-
Balance at 31st December	**32,062**	**14,277**	**3,011**	**10,978**	**60,328**
Accumulated Depreciation					
Balance at 1st January	2,259	8,645	1,216	-	12,120
Charge for the year	931	1,749	515	-	3,195
Release on Revaluation	-	-	-	-	-
Released on Disposal	-	(50)	(38)	-	(88)
Balance at 31st December	**3,190**	**10,344**	**1,692**	**-**	**15,227**
Net Book Value					
At 31st December	**28,872**	**3,933**	**1,318**	**10,978**	**45,101**

27. Property, Plant and Equipment (continued)

2012	The Group				
Cost	**Bank Premises**	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
Balance at 1st January	23,527	9,537	2,127	3,104	38,295
Additions	3,535	986	116	4,082	8,719
Disposals	-	-	(225)	-	(225)
Transfers	578	555	460	(1,593)	-
Balance at 31st December	**27,640**	**11,078**	**2,478**	**5,593**	**46,789**
Accumulated Depreciation					
Balance at 1st January	1,300	7,128	1,088	-	9,516
Charge for the year	959	1,517	353	-	2,829
Released on Disposal	-	-	(225)	-	(225)
Balance at 31st December	**2,259**	**8,645**	**1,216**	**-**	**12,120**
Net Book Value					
At 31st December	**25,381**	**2,433**	**1,262**	**5,593**	**34,669**

The Group's leasehold Land and Buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's leasehold land and buildings as at 31st December 2013 was performed by Messrs APEX VALUATION, SURVEYING & PROPERTY CONSULT and Assenta Property Consulting. Messrs APEX VALUATION, SURVEYING & PROPERTY CONSULT and Assenta Property Consulting are Chartered Surveyors, menbers of the Ghana Institute of Surveyors and they have the appropriate qualifications and experience in the fair value measurement of properties in the relevant locations.

The fair value of the leasehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. There has been no change to the valuation technique during the year.

None of the assets of the bank has been used as security for any loan.

		The Bank				The Group			
	Notes	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2013									
Bank Premises	27	-	28,872	-	28,872	-	28,872	-	28,872
		-	**28,872**	**-**	**28,872**	**-**	**28,872**	**-**	**28,872**
2012									
Bank Premises	27	-	25,381	-	25,381	-	25,381	-	25,381
		-	**25,381**	**-**	**25,381**	**-**	**25,381**	**-**	**25,381**

There was no transfer between the different levels of hierarchy during the year.

27. Property, Plant and Equipment (continued)

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Summary of Property, Plant and Equipment				
Gross Value	60,041	46,560	60,328	46,789
Accumulated depreciation	(15,061)	(12,012)	(15,227)	(12,120)
Net Book Value	44,980	34,548	45,101	34,669

Disposal of Property, Plant and Equipment

Profit on Disposal of Property, Plant and Equipment has been arrived at as follows:-

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Cost	(92)	(225)	(92)	(225)
Accumulated Depreciation	88	225	88	225
Net Book Value	(4)	-	(4)	-
Disposal Proceeds	40	126	40	126
Profit on Disposals	36	126	36	126

28. INTANGIBLE ASSETS

	The Bank		The Group	
Purchased Software	**2013**	**2012**	**2013**	**2012**
Cost				
Balance at 1st January	1,989	1,510	2,454	1,952
Acquisitions	1,907	479	1,907	502
Balance at 31st December	**3,896**	**1,989**	**4,361**	**2,454**
Amortisation				
Balance at 1st January	1,142	848	1,592	1,287
Charge for the year	567	294	567	305
Balance at 31st December	**1,709**	**1,142**	**2,159**	**1,592**
Carrying Amount				
At 31st December	**2,187**	**847**	**2,202**	**862**

29. CUSTOMER DEPOSITS

	The Bank		The Group	
Current Account	367,418	371,045	367,408	370,064
Time Deposits	391,014	306,508	391,014	306,508
Savings deposits	40,788	30,095	40,788	30,095
	799,220	**707,648**	**799,210**	**706,667**
Analysis by type of depositors				
Individual and other private enterprise	683,086	588,037	664,123	587,222
Public enterprises	116,134	119,611	135,087	119,445
	799,220	**707,648**	**799,210**	**706,667**

Twenty largest depositors to total deposit ratio is 30% (2012: 41%).

30. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Deposits from other banks	37,185	87,888	34,599	87,888

31. BORROWINGS

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Long-term borrowings				
African Development Bank	6,631	11,451	6,631	11,451
Bank Of Ghana	-	160	-	160
DEG	3,140	5,427	3,140	5,427
Export Development And Investment Fund	-	194	-	194
Ghana International Bank	22,879	20,882	22,879	20,882
PROPARCO	17,243	22,047	17,243	22,047
The OPEC Fund for International Development (OFID)	16,312	-	16,312	-
	66,205	**60,161**	**66,205**	**60,161**
Short-term borrowings				
Export Development And Investment Fund	6,753	193	6,753	193
PROPARCO	8,011	5,188	8,011	5,188
DEG	3,088	2,692	3,088	2,692
African Development Bank	6,485	5,725	6,485	5,725
Kassardjian Armen	31,414	28,297	31,414	28,297
Bank Of Ghana	100,142	-	100,142	-
The OPEC Fund for International Development (OFID)	5,404	-	5,404	-
Sumitomo Mitsui Banking Corporation Europe Limited	123,248	-	123,248	-
Ghana International Bank	10,846	7,572	10,846	7,572
SSNIT	21,118	13,340	21,118	13,340
	316,508	**63,007**	**316,508**	**63,007**
Inter-bank borrowings				
Stanbic Bank Ghana Limited	-	7,539	-	7,539
Carrying Amount	**382,713**	**130,707**	**382,713**	**130,707**

Long-term borrowings

i. African Development Bank – This facility was granted for on-lending to the private sector. Interest is at a rate of 6 months US Libor plus 2.3% maturing in 2015.
ii. Bank of Ghana – This is a facility granted for on-lending to the private sector. The weighted average interest rate on this facility is 3.1% per annum maturing in 2014.
iii. DEG - This facility was granted for on-lending to the private sector and expiring in October 2015. Interest is at a rate of 6 months US Libor plus 2.5%
iv. Ghana International Bank – This facility was granted for on-lending to the private sector. Interest rate is at a rate of US Prime plus 2.5% per annum maturing in 2016.
v. Proparco – Three long-term facilities granted for on-lending to the private sector and expiring between October 2014 and October 2018. Interest is at a rate of 6 months US Libor plus 2.5% per annum.
vi. Export Development And Investment Fund – This is a facility granted by the Export Development and Investment Fund to be extended to operators in the export sector. Interest is at a rate of 2.5% per annum.
vii. The OPEC Fund for International Development (OFID) - This is a trade finance line of credit granted to be exclusively used to finance eligible trade transactions. Interest rate is set at 6months BBA Libor plus 3% per annum maturing in November 2017.

31. Borrowings (continued)

Short-term borrowings

i. SSNIT – These are several short-term facilities with maturity periods of up to one year. Interest rate is tied to the respective treasury bill/note rates ruling on the day of borrowing. The weighted average interest rate on these facilities is 21.1%.
ii. Export Development And Investment Fund - This is a portion of long-term facility due in 2014. Interest is at a rate of 6 months US Libor plus 2.5% per annum
ii. Proparco - This is a portion of long-term facility due in 2014. Interest is at a rate of 6 months US Libor plus 2.5% per annum
iii. DEG - This is a portion of long-term facility due in 2014. Interest is at a rate of 6 months US Libor plus 2.5% per annum
iv. African Development Bank - This is a portion of long-term facility due in 2014. Interest is at a rate of 6 months US Libor plus 2.3% per annum.
v. Kassardjian Armen - This is a facility granted by Kassardjian Armen for on-lending. Interest is at a rate of 4.5% maturing in December 2014.
vi. Sumitomo Mitsui Banking Corporation Europe Limited - This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is set 6months US Libor plus 3% per annum maturing in February 2014.
vii. The OPEC Fund for International Development (OFID) - This is a portion of long-term facility due in 2014. Interest rate is set at 6months BBA Libor plus 3% per annum.
viii. Ghana International Bank – This is a portion of long-term facilities due in 2014. Interest rate is at a rate of US Prime plus 2.5% per annum.
ix. Bank of Ghana - This is a short term facility maturing in April 2014 at an interest rate of 19%

Inter-bank borrowings

There were no Inter-bank borrowings at the end of the period.

32. ACCRUALS AND OTHER LIABILITIES

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Creditors	20,443	12,862	23,262	13,592
Accruals	14,687	1,659	14,687	1,659
Recognised liability for Other Long-term Employee Benefit	520	484	520	484
Short-Term Employee benefits	76	89	76	89
Other liabilities	21,926	12,526	21,968	12,958
	57,652	**27,620**	**60,513**	**28,782**

Movement in the liability for defined benefit obligations

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Liability for defined benefit obligations at 1 January	484	453	484	453
Benefits paid by the plan	(246)	(99)	(246)	(99)
Expense charged to comprehensive income	282	65	282	65
Interest on obligation	-	65	-	65
Liability for defined benefit obligations at 31 December	520	484	520	484

Actuarial assumptions

Principal assumptions at the reporting date (expressed in weighted averages)

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Discount rate at 31st December	3.0%	3.0%	3.0%	3.0%
Future salary increases	3.0%	3.0%	3.0%	3.0%
Inflation rate	12.0%	12.0%	12.0%	12.0%

Assumptions regarding future mortality based on published statistics and mortality tables.

33. CAPITAL AND RESERVES

i. Stated Capital

	2013		2012	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	1,000,000	-	1,000,000	-
Issued:				
For cash	414,871	93,305	414,871	93,305
Transfer from Retained Earnings	-	6,695	-	6,695
Bonus issue	133,391	-	133,391	-
	548,262	100,000	548,262	100,000

There is no call or instalment unpaid on any share.

At 31st December 2013 the authorised share capital comprised 1 billion ordinary shares (2012: 1 billion) of no par value. All issued shares are fully paid for.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All shares rank equally with regard to the Bank's residual assets.

ii. Statutory Reserve Fund

	The Bank		The Group	
	2013	2012	2013	2012
At 1st January	43,168	18,442	43,168	18,442
Transfer from Retained Earnings	46,005	24,726	46,005	24,726
At 31st December	89,173	43,168	89,173	43,168
iii. Capital Surplus				
Revaluation surplus	21,048	15,440	21,048	15,440
Bank's shares held by subsidiary	-	-	(398)	(309)
	21,048	**15,440**	**20,651**	**15,131**
Revaluation Surplus				
At 1st January	15,440	15,372	15,440	15,372
Revaluation surplus transferred	5,883	-	5,883	-
Deferred Tax on Revaluation	(275)	68	(275)	68
At 31st December	**21,048**	**15,440**	**21,048**	**15,440**

Deferred tax on revaluation of the Bank's leasehold land and buildings is recognised directly in equity.

33. Capital and Reserves (continued)

iv. Other Reserves

(i) Regulatory credit risk reserve

The regulatory credit risk reserve is a non-distributable reserve required by Bank of Ghana to account for differences between impairment loss on financial assets per IFRS and the specific and general impairment loss on loans and advances and contingent liabilities per the Central Bank's prudential guidelines.

(ii) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Dividends	**2013**	**2012**
The following dividends were declared and paid by the Bank:	19,189	6,455

After 31st December 2013 the directors proposed a dividend per share of GH¢0.053 amounting to GH¢29.06 million in respect of 2013. The dividends have not been provided for in these financial statements and there are no income tax consequences.

Dividend and net assets per share are based on 548,261,549 (2012: 548,261,549) ordinary shares at the balance sheet date.

34. CONTINGENCIES AND COMMITMENTS

(i) Letters of credit, guarantees and indemnities

In common with banks, the group conducts business involving acceptances, guarantees, performance bonds and indemnities.

The majority of these facilities are offset by corresponding obligations of third parties. The group also holds certain securities in its own name on behalf of customers. The values of these securities are not recognised in the consolidated balance sheet.

Letters of credit commit the group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The group will only be required to meet these obligations in the event of customer's default.

Contingencies and commitments not provided for in the financial statements as at 31st December 2013 in respect of the above amounted to GH¢286.7 million (2012: GH¢234.9 million) , as detailed below:

	2013	**2012**
Letters of Credit	247,741	208,875
Guarantees and Indemnities	38,952	26,029
	286,693	**234,904**

The amount of unsecured contingencies and commitments in respect of these at 31st December 2013 was GH¢12.6 million (2012: GH¢169.7 million).

(ii) Capital expenditure

Capital commitments not provided for in the financial statements as at 31st December 2013 was nil (2012: nil).

(iii) Pending legal claims

At the year end there were some legal cases pending against the Bank, in the unlikely event that judgement should go against the Bank the maximum liability will amount to GH¢3.4 million (2012: GH¢ 0.18 million). No provisions have been made in the financial statements in respect of these amounts.

34. Contingencies And Commitments (Continued)

(iv) Funds under management

The group provides custody, trustee, investment management and advisory services to third parties, which involve the group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Investments and funds being managed by the Group on behalf of clients amounting to GH¢142.9 million (2012: GH¢122.9 million) have not been included in the balance sheet.

35. RELATED PARTY TRANSACTIONS

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both.

Subsidiaries

Details of principal subsidiaries are shown in Note 23.

Associated Company

The Group did not provide any banking and financial services to its associated company.

Details of investments in associated company is provided in Note 22.

Transactions with Directors and Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAL Bank Limited (directly or indirectly) and comprise the Directors and Officers of CAL Bank Limited.

In the ordinary course of business, the group makes loans to companies where a Director or other key management personnel (or any connected person) is also a Director or other key management personnel (or any connected person) of CAL Bank Limited. These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of collectibility or present other unfavourable features.

Details of transactions between directors and other key management personnel (and their connected persons) and the group are as follows:

	Directors, other Key Management Personnel and connected persons	
	2013	**2012**
Loans	43,756	14,114

Included in loans and advances is an amount of GH¢42.98 million (2012: GH¢13.07 million) granted to companies in which Directors have an interests.

No provisions have been recognised in respect of loans to Directors or other key management personnel (or any connected person)

Interest rates charged on loans to staff are at rates below that would be charged in an arm's length transaction. These loans are secured over the assets financed of the respective borrowers.

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

35. Related Party Transactions (Continued)

Remuneration of Directors and other Key Management Personnel

The following information is presented in accordance with IAS 24 'Related Party Disclosure', which requires disclosure of the employee benefits of directors and other key management personnel.

	2013	2012
Salaries and other short-term benefits	1,755	1,496
Employer social security charges on emoluments	161	111
	1,916	**1,607**

Employee termination benefits

The Bank has contract with key employees that entitles them to termination benefits of six months salary for every year served.

36. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2013

NAME OF DIRECTOR	No. of Shares	%
Frank Brako Adu Jnr.	8,485,776	1.55
Paarock Asuman Vanpercy	706,403	0.13
Philip Owiredu	500,658	0.09
Jim Brenner	296,025	0.05
Kobina Quansah	83,492	0.02
	10,072,354	**1.84**

37. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2013

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	18,565	79.51	9,854,577	1.80
1001 - 5,000	3,595	15.40	7,826,636	1.43
5001 - 10,000	496	2.12	3,721,828	0.68
10,001 - 20,000	296	1.27	4,219,868	0.77
20,001 - 30,000	120	0.51	2,955,500	0.54
30,001 - 40,000	41	0.18	1,410,295	0.26
40,001 - 50,000	33	0.14	1,536,168	0.28
Over 50,000	204	0.87	516,736,677	94.25
	23,350	**100.00**	**548,261,549**	**100.00**

Twenty Largest Shareholders

Shareholder	No. of Shares	% Holding
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	181,913,182	33.18%
ADP I HOLDING	157,116,792	28.66%
PROPARCO	37,632,000	6.86%
SCGN/SSB TST X71 AX71 6169E	15,588,409	2.84%
MR DANIEL OFORI	13,455,045	2.45%
STD NOMS TVL PTY/CFC STANBIC NOMINEES LTD AC CENTUM EXOTICS	10,000,000	1.82%
ADU JNR, FRANK BRAKO	8,485,776	1.55%
SCGN/JPMC THE FULCRUM AFRICA ALL CAP MASTER FUND	5,117,915	0.93%
STD NOMS TVL PTY/BNYM/FRONTIER MARKET SELECT FUND 11, L.P.	5,008,480	0.91%
SCGN/SSB AND TRUST AS CUSTODIAN FOR WASATCH FRONTIER EMERGING SMALL COUNTRIES FUND - W4B9	4,578,100	0.84%
SCGN/SSB EATON VANCE TAX-MANAGED EMERGING MARKET FUND	4,406,554	0.80%
SCGN/JP MORGAN CHASE FULCRUM UCITS SICAV	4,323,997	0.79%
SCGN/STANDCHART MAURITIUS RE PINEBRIDGE SUB-SAHARAN AFRICA EQUITY MASTER FUND, LTD	4,300,000	0.78%
SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	3,914,900	0.71%
COCOBOD END OF SERVICE BENEFIT SCHEME	3,462,593	0.63%
SCGN/STANDCHART MAURITIUS RE FLEMING AFRICA FUND LTD	3,248,171	0.59%
ANSAH BENJAMIN FOSU	2,571,551	0.47%
DAMSEL/OTENG-GYASI ANTHONY	2,500,130	0.46%
STD NOMS TVL PTY/BNYM/FRONTAURA GLOBAL FRONTIER FUND LLC	2,390,500	0.44%
STD NOMS TVL PTY/BNYM/FRONTIER MARKET OPPORTUNITIES MASTER FUND, LP	2,338,300	0.43%
Top 20 shareholders	**472,352,395**	**86.15%**
Others	75,909,154	13.85%
Grand Total	**548,261,549**	**100.00%**

38. *STANDARDS AND INTERPRETATIONS*

Standards and Interpretations effective in the current period

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

- **IFRS 10 "Consolidated Financial Statements"** published by IASB on 12 May 2011. IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

- **IFRS 11 "Joint Arrangements"** published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

- **IFRS 12 "Disclosures of Interests in Other Entities"** published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

- **IFRS 13 "Fair Value Measurement"** published by IASB on 12 May 2011. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

- **IAS 27 "Separate Financial Statements" (revised in 2011)** published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

- **IAS 28 "Investments in Associates and Joint Ventures" (revised in 2011)** published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

- **Amendments to IFRS 1 "First-time Adoption of IFRS" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters** published by IASB on 20 December 2010. The first amendment replaces references to a fixed date of "1 January 2004" with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

- **Amendments to IFRS 1 "First-time Adoption of IFRS" – Government Loans** published by IASB on 13 March 2012. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective e application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" in 2008.

- **Amendments to IFRS 7 "Financial Instruments: Disclosures" – Offsetting Financial Assets and Financial Liabilities** published by IASB on 16 December 2011. The amendments require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

- **Amendments to IFRS 10 "Consolidated Financial Statements" IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance** published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

- **Amendments to IAS 1 "Presentation of financial statements" – Presentation of Items of Other Comprehensive Income** published by IASB on 16 June 2011. The amendments require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

- **Amendments to IAS 19 "Employee Benefits" – Improvements to the Accounting for Post-employment Benefits** published by IASB on 16 June 2011. The amendments make important improvements by: (1) eliminating an option to defer the recognition of gains and losses, known as the "corridor method", improving comparability and faithfulness of presentation; (2) streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; (3) enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Impact on total comprehensive income for the year ended 31st December 2013 (as revised in 2012)

	The Bank		The Group	
	2013	**2012**	**2013**	**2012**
Impact on profit (loss) for the year				
Decrease in staff cost	282	65	282	65
Increase in income tax expense	(70)	(16)	(70)	(16)
Increase in National Fiscal Stabilization levy	(7)	-	(7)	-
Increase in profit for the year	**204**	**49**	**204**	**49**
Impact on other comprehensive income for the year				
Increase in remeasurement of defined benefit obligation	282	65	282	65
Increase in tax and National Fiscal Stabilization levy	(77)	(16)	(77)	(16)
Increase in total comprehensive income for the year	**204**	**49**	**204**	**49**

- **Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)"** published by IASB on 17 May 2012. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) Repeated application of IFRS 1, (ii) Borrowing costs under IFRS 1, (iii) Clarification of the requirements for comparative information, (iv) classification of servicing equipment, (v) tax effect of distribution to holders of equity instruments, (vi) Interim financial reporting and segment information for total assets and liabilities.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"** published by IASB on 19 October 2011. The interpretation states that costs associated with a "stripping activity" should be accounted for as an addition to, or an enhancement of, an existing asset, and that this component should be amortised over the expected useful life of the of the identified component of the ore body that becomes more accessible as a result of the stripping activity (using the units of production method unless another method is more appropriate).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- **IFRS 9 "Financial Instruments"** and subsequent amendments (effective date was not yet determined),

IFRS 9 "Financial Instruments" published by IASB on 12 November 2009. On 28 October 2010 IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. On 19 November 2013 IASB issued another package of amendments to the accounting requirements for financial instruments. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within profit or loss. The amendments from November 2013 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It allows the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments. It also removes the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Mandatory Effective Date and Transition Disclosures** published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** – Investment Entities (effective for annual periods beginning on or after 1 January 2014),

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"
– Investment Entities published by IASB on 31 October 2012. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions published by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- **Amendments to IAS 32 "Financial instruments: presentation"**
– Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

- **Amendments to IAS 36 "Impairment of assets"** - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),

Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets published by IASB on 29 May 2013. These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"**
– Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"
– Novation of Derivatives and Continuation of Hedge Accounting published by IASB on 27 June 2013. The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel.

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of of paragraph 52 if IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).**

IFRIC 21 "Levies" published by IASB on 20 May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Group has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will be proposing the following resolutions, which will be put to the 2014 Annual General Meeting:

To Consider the 2013 Accounts and Reports
The Board shall propose for consideration the 2013 Accounts, and reports of the Directors and Auditors thereon, as a true and fair view of the state of affairs of the company for the year ended 31st December 2013.

To Declare a Dividend
The Directors recommend the payment of a dividend of GH¢ 0.053 per share for the year ended 31st December 2013.

To Authorise the Directors to Fix the fees of the Auditors
In accordance with Section 134(10) of the Companies Act, 1963 (Act 179), the Board will request that they be authorised to fix the fees of the auditors.

To Re-elect Directors retiring by rotation
The following Board members, Mr. Philip Owiredu and Mr. Eduardo Gutierrez will retire in accordance with Section 298(a) of the Companies Act, 1963 (Act 179) and Regulation 78(b) of the Regulations of the company.

Mr. Philip Owiredu and Mr. Eduardo Gutierrez who are eligible for re-election, have offered themselves to be re-elected as Directors of the company.

To Re-elect a newly Appointed Director
Mr. Ernest Thompson was appointed by the Board as a director on 6th February 2014 to fill a casual vacancy created following the resignation of Mr. Ernest Kakra Essamuah in 2013. In accordance with the Bank's Regulations (74[b]), a director appointed to fill a casual vacancy "shall hold office only until the following ordinary general meeting of the Company and shall be eligible for re-election". The Board will recommend to members to approve the re-election of Mr. Ernest Thompson as a director of the Bank.

To Approve Directors' Remuneration
In accordance with Section 194 of the Companies Act, 1963 (Act 179), the Board will request that shareholders approve the remuneration of directors as disclosed in Note 13 of the 2013 Annual Report.

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PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 27th March 2014 at National Theatre, Accra.

I/We .....
being a member(s) of CAL Bank Limited hereby appoint

*.....
or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 27th March 2014.

Signed this .....day of 2014

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2013 Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. Philip Owiredu as a director of the Bank		
5. To re-elect Mr. Eduardo Gutierrez as a director of the Bank		
6. To re-elect Mr. Ernest Thompson as a director of the Bank		
7. To approve directors' remuneration		
Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion		

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING.

Notes:

1. A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space marked * the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director of the Corporation.
4. Please sign the above Proxy Form and deliver it so as to reach the Registrar, Central Securities Depository (GH) Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra not later than 10.00 am on Tues day 25th March 2014.

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