annual report 2014

25 anniversary

CAL Bank

Social Responsibility

CONTENTS

	Page
Notice of Annual General Meeting	2
Five-Year Financial Summary	3
Board of Directors, Officials and Registered Office	4
Profile of Board of Directors	5
Chairman's Report	6
Managing Director's Report	9
Report of the Directors	13
Report of the Auditors	16
Consolidated Statement of Profit or Loss	18
Consolidated Statement of Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Notes on Resolutions to be Passed	76
Proxy Form	77

NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED TO BE HELD ON FRIDAY, 27 MARCH 2015 AT THE GHANA COLLEGE OF PHYSICIANS RIDGE, ACCRA

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10 a.m. on Friday, 27 March, 2015 at the Conference Auditorium of Ghana College of Physicians and Surgeons, Ridge, 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, 2014

2. To declare a final dividend for the year ended December 31, 2014

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

4. To re-elect Directors retiring by rotation

5. To re-elect newly-appointed Directors

6. To approve directors' remuneration

Dated this 19th day of February, 2015

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 10 a.m. on Wednesday, March 25, 2015

FIVE YEAR GROUP CONSOLIDATED FINANCIAL SUMMARY

in thousands of Ghana Cedis

	2014	2013	2012	2011	2010
Interest Income	355,027	266,731	145,660	75,814	69,750
Interest Expense	(170,943)	(122,988)	(61,084)	(34,420)	(32,675)
Net Interest Income	184,084	143,743	84,576	41,394	37,075
Commissions and fees	51,902	29,766	25,824	14,646	9,288
Other Operating Income	88,956	45,645	22,654	14,904	7,450
Operating Income	324,942	219,153	133,054	70,944	53,813
Total Operating Expenses	(106,067)	(74,072)	(48,800)	(36,135)	(28,328)
Credit Loss Expense	(20,478)	(17,516)	(17,461)	(11,465)	(12,849)
Operating Profit	198,397	127,566	66,793	23,344	12,636
Other Income	136	36	126	8	(38)
Profit before income tax	198,533	127,602	66,919	23,352	12,598
Income Tax Expense	(45,454)	(31,060)	(15,203)	(5,187)	(2,502)
National Fiscal and Stabilisation levy	(9,928)	(3,003)	-	(1,260)	(630)
Profit after Taxation	143,151	93,539	51,716	16,905	9,466
Total assets	2,715,392	1,564,074	1,162,855	809,364	509,992
Total Deposits	1,395,841	833,809	794,556	611,719	296,625
Loans and Advances	1,337,205	980,407	747,385	411,582	256,634
Total Shareholders' Equity	399,541	287,039	207,424	88,354	78,778
Earnings per share (Ghana Cedis per share)	0.2611	0.1706	0.0943	0.0681	0.0392
Dividend per share (Ghana Cedis per share)	0.0810	0.0530	0.0350	0.0260	0.0130
Number of Shares ('000)	548,262	548,262	548,262	248,262	246,103
Return on Assets	5.3%	6.0%	4.4%	2.1%	1.9%
Return on Equity	35.8%	32.6%	24.9%	19.1%	12.0%
Capital Adequacy Ratio	22.5%	19.4%	20.0%	11.6%	16.1%
Cost-to-Income Ratio	32.6%	33.8%	36.6%	50.9%	52.7%

CAL BANK LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

BOARD OF DIRECTORS

Paarock Asuman VanPercy **(Chairman)**
Frank Brako Adu Jnr. **(Managing Director)**
Philip Owiredu
Malcolmn Dermott Pryor
James Chamberlain Brenner
Dr. Kobina Quansah
Eduardo Gutierrez
Noel Addo **(Appointed 30/10/14)**
Ken Kobina Dela Alor **(Appointed 30/10/14)**
Leonora Agyarko **(Resigned 15/4/14)**
Ernest Thompson **(Resigned 14/10/14)**

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

REGISTRAR

Central Securities Depository (GH) Limited
4th Floor Cedi House
Liberia Road
PMB CT 465, Cantonments
Accra
Ghana

REGISTERED OFFICE

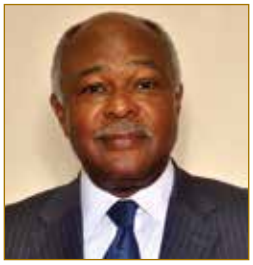
23 Independence Avenue
P. O. Box 14596
Accra
Ghana

BOARD OF DIRECTORS

Mr. Paarock A. VanPercy

Mr. Philip Owiredu

Mr. James C. Brenner


Mr. Malcolmn D. Pryor

Mr. Ken Kobina Dela Alor

Mr. Paarock A. VanPercy - Chairman
Mr. VanPercy is Director-General of the 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.

Dr. Kobina Quansah - Non-Executive Director
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. James C. Brenner - Non-Executive Director
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.

Mr. Eduardo Gutierrez - Non-Executive Director
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 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. Malcolmn D. Pryor - Non-Executive Director
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 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. Noel Addo - Non-Executive Director
Mr. Addo currently has oversight responsibility over the Investments and Development portfolio of the Social Security and National Insurance Trust (SSNIT) as a General Manager.

Mr. Addo is an investment Banker with over fifteen years experience. He is an economist and a Chartered Accountant. Prior to his appointment to SSNIT, he served as executive director SAS Finance Group, Head of treasury University of Ghana, Legon and Deputy General Manager HFC Investments. He is the Chairman of Kumasi Abattoir Limited and holds directorship on the board of Trust Hospital Limited.

Mr. Ken Kobina Dela Alor - Non-Executive Director
Mr. Alor is a Senior Investment Analyst of Social Security and National Insurance Trust (SSNIT). He has been with SSNIT since 1998 when he joined as Compliance officer and as an Assistant to General Manager Operations . He is the Board Chairman of Golden Web and also a member of the Board of Trustees of SSNIT Staff Second Tier Pension Scheme.

Mr. Frank B. Adu Jnr.

Dr. Kobina Quansah

Mr. Eduardo Gutierrez

Mr. Noel Addo

Mr. Jojo Acquah
Company Secretary

CHAIRMAN'S REPORT

Introduction

I am happy to once again, extend a warm welcome to you our distinguished shareholders to the Annual General Meeting (AGM) of CAL Bank Limited for the year ended 31st December 2014. On behalf of the Board of Directors, I am delighted to report another year of impressive performance by the Bank.

The performance of 2014 has positioned your Bank as a well consolidated bank with a strong balance sheet and a balanced risk profile. Management and Staff, with support of the Board, identified profitable and growth opportunities despite the challenging local economy to ensure that CAL Bank remained ahead of the competition of peer Banks.

It is therefore worth noting that your Bank today stands on a firm foundation that reflects the positive development of its underlying business and the strict adherence to its business strategy.

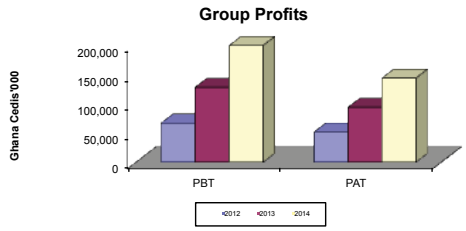
Economic Review

The domestic economy went through challenging times that saw the worsening of some economic indicators which posed significant risks to businesses and individuals. This notwithstanding, the local economy is expected to record a real GDP growth of 4.2%. The Cedi continued to experience some challenges and depreciated by 32.5% against the US Dollar in 2014 compared to 14.6% in 2013. 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 2014 was estimated at 17.0%, this being significantly higher than the previous year's rate of 13.5%. Interest rates continued to increase during the year under review with the benchmark 91 – Day Treasury bill rate closing the year at 25.8%, compared to 19.5% the previous year.

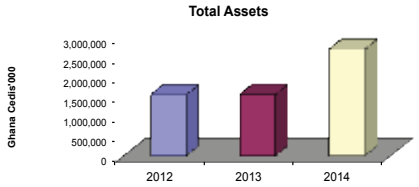
To cope with these challenges, your Bank took pragmatic business steps in studying and analysing both the external environment and local economy to fashion out relevant and necessary strategies which were progressive and future-oriented with the clear view of enhancing our success story. CAL Bank will strive for growth by strengthening our market intelligence, deepening existing relationships with our valued customers as well as developing new ones, enhancing our risk management capabilities, and being innovative through our product and service provision.

Financial Review

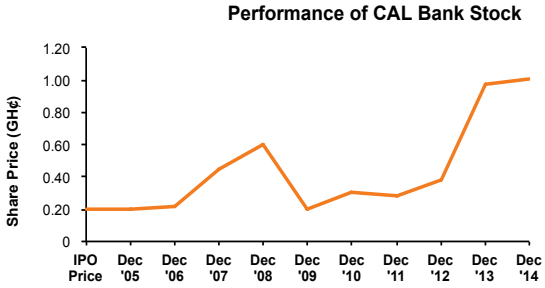
Despite the magnitude and nature of challenges faced during the year, your Bank recorded a profit after tax of GH¢140.4 million and GH¢143.2 million by the Group. This represents an increase of 52.6% and 52.9% by the Bank and the Group respectively over the 2013 performance. These results were achieved through efficient deployment of our resources, and investing in systems to ensure we operate effectively and in a very efficient manner, the continued quality of our service offering and the introduction of innovative products and services.



The Bank also made positive strides in increasing its deposits over the period on the back of additional branches it opened in 2014. These contributed to ensuring that total assets increased to GH¢2.71 billion and GH¢2.72 billion for the Bank and the Group respectively. These represent growth of 73.7% for the Bank and 73.6% for the Group. It is our clear intention to enforce strong risk management best practices to achieve higher quality assets and also drive operational efficiency through process automation to ensure our continuous growth and profitability.



The good results, strong balance sheet with diversified risks, coupled with high efficiency and cost controls, reflected in the Bank's share price closing the year at GH¢1.01, an increase of 4.1% from GH¢0.97. We expect this trend to continue into the years ahead.



Dividend

The Board is pleased to recommend a dividend per share of GH¢0.081 amounting to a total pay-out of GH¢44.41 million. This is a clear demonstration of our commitment to delivering superior returns to our valued shareholders. Thus, a good part of the profit is set aside for shareholders as a deserving return on your investment in the Bank.

Corporate Governance

The demands made on Bank Boards have increased over the years, which make active and constructive corporate governance necessary. Establishing clear goals, strategies, values and good risk controls have been and remain the Board's duty and responsibility, together with the Bank's management team.

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, Ms. Leonora Agyarko and Mr. Ernest Thompson resigned from the Board. Please join the Board in thanking them for their invaluable contribution to the Bank's prospects. We wish them the best in their future endeavours.

Mr. Noel Addo and Mr. Ken Alor were appointed to serve as Non-Executive Directors of the Board. These appointments have been approved by the Central Bank, and I take this opportunity to welcome Mr. Noel Addo and Mr. Ken Alor to the Board of CAL Bank. We look forward to working with them in our continuing quest to create value for our shareholders.

Outlook

The year 2015 marks the last year of the Bank's 3-year strategic plan which started in 2013, and it is already evident that 2015 will be a challenging year taking cognisance of the current global and local economic outlook, coupled with the energy crisis that the country is currently facing. We are however optimistic that your Bank will sail through these challenging times by taking advantage of opportunities in the market, continue with our strategic objectives as outlined in our strategy document which have been re-aligned to take cognisance of the current operating environment. Our focus will remain maintaining the health of our balance sheet and sustaining the future growth of your Bank.

Conclusion

I will conclude by expressing the Board's appreciation and gratitude to all stakeholders who have been relentless in your support and encouragement for us in our twenty five year journey as a Bank. Our exceptional gratitude goes to our valued customers for their unwavering confidence, feedback and candour which has helped shape our growth, our founding shareholders and current shareholders who have placed your trust and confidence in us. My appreciation also goes to all the past Directors and staff of the Bank who have in one way or the other been part of the success story of this Bank. Last but not the least I wish to thank my fellow Directors, the Management team and Staff for another excellent performance in 2014, as in recent years.

2015 also marks our 25th anniversary as a Bank. We have worked together with you the shareholders to build this esteemed institution and we look forward to sustaining this performance in the coming years.

I thank you all and wish us all the best for 2015.

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

Distinguished ladies and gentlemen, it is my pleasure to report that our Bank has once again delivered a strong performance despite challenging economic conditions. Our performance is a clear indication of the strength and resilience of the Group resulting from the progress we have made in the past years.

Our performance was driven by our continued focus on our 3year strategy for which the year under review formed the second year of implementation. We focused on some key strategic areas including; diversifying our business portfolio, introducing innovative products and services, enhancing delivery channels, employing an effective risk management tool kit and process automation to achieve cost efficiency.

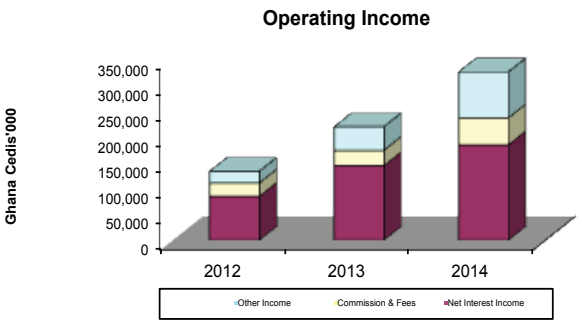
The global economic recovery looked better in 2014 with the United States driving this recovery. Britain saw an increase in the pace of its recovery, the Euro zone however experienced weak growth. Growth in China saw a moderate slow down whilst growth in Brazil stayed subdued. The growth in Sub-Saharan Africa on the other hand continued at a faster pace, driven by sustained infrastructure investment and a vibrant services sector.

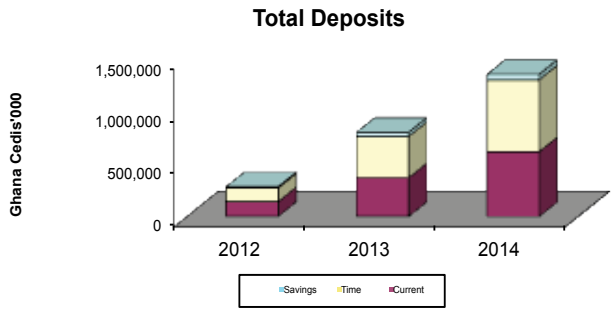
Locally the Cedi saw a significant depreciation against the major trading currencies; 32.5% against the US dollar, 28.4% against the British pound and 23.1% against the Euro. Interest rates also increased during the year with the benchmark 91 – Day Treasury bill rate closing the year at 25.8% as compared to a rate of 19.5% prior year. The policy rate also increased from 16% in 2013 to 21% in 2014. These increases in rates resulted in increases in both lending and borrowing rates in the industry. The Bank of Ghana also reduced the primary reserve ratio by a 100 basis points to 10% which translated into additional liquidity for investment by banks.

In spite of the challenges above, CAL Bank was able to identify opportunities and mitigate the threats to ensure the Group delivered good results and continue to increase its financial strength in the industry. We remain confident that 2015 holds further opportunities for our growth and performance.

Financial Performance

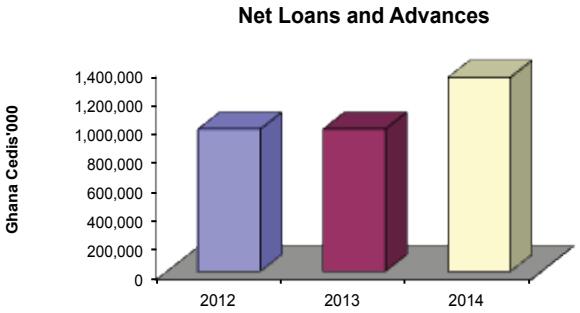
In the year under review, our bank continued to execute its strategy. I am happy to report that in spite of the macroeconomic challenges CAL Bank continues to deliver strong growth with a profit before tax of GH¢194.4 million compared to GH¢125.4 million the previous year. The Group also recorded a profit before tax of GH¢198.5 million compared to GH¢127.6 million the previous year. The Bank's profit after tax increased by 52.6% and that of the



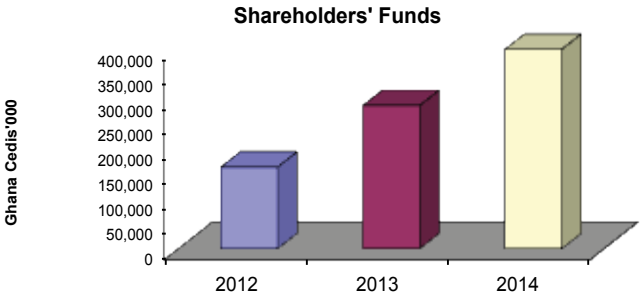


Group by 53.0%, GH¢140.4 million and GH¢143.2 million respectively. These results reflect our commitment to the disciplined application of our strategy to ensure we become a first tier bank.

The Group's total assets grew by 74.4% during the year to close at GH¢2.72 billion, up from GH¢1.57 billion. The total assets of the Bank increased by 73.7% from GH¢1.56 billion to GH¢2.71 billion. The growth in Group assets was mainly funded by a 68.7% increase in customer deposits to close at GH¢1.35 billion, up from GH¢799.22 million and borrowings and shareholders' funds which increased by 116.2% and 39.2% respectively. We will continue to strengthen our business by ensuring that we listen to our customers and potential clients, and connect them to the financial solutions they need across the Group.



Although we realised an improvement in our non-performing loans ratio from 7.9% in the previous year to 6.2% we are still keen on improving this further. During the year there were 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 pursued recovery.



We maintained a relatively high capital adequacy ratio of 22.5% and 22.2% for the Group and the Bank respectively, well above the regulatory requirement of 10% as a direct result of our subordinated term debt which is allowed as capital for capital adequacy purposes, providing an ample buffer against any eventuality. During the year we were successful in sourcing additional funding including the subordinated term debt of USD28.5 million from Proparco and USD40 million from OPIC/Citibank to support our medium and long term lending. We contracted borrowings totalling USD116 million for our short term funding needs which were employed to enhance our business. The increase in the support from the international market demonstrates the confidence of the international community in our brand whilst at the same time boosting our liquidity for our continued growth.

Operational Performance

We are making progress with the expansion of our service delivery channels adding new branches in Osu, East Legon and Tema Community 25 to offer convenience to our customers and also aid in our quest to attract more and cheaper deposits. Two of our branches, Weija and Asafo were relocated to

bigger business offices to accommodate the customer traffic in those branches. Additional branches are being developed to attain our foot print objective of thirty branches by the end of 2015. Our ATM roll out programme continued ending the year with 95 ATM's installed with 85 in operation at our various business offices and carefully selected off-site locations. The CAL internet banking service platform was refreshed and enhanced with added features to offer customers a platform which is ahead of the competition that allows them to access our services remotely. We continue to make significant investments in technology which has contributed significantly in achieving operational efficiency as evidenced by a reduction in our cost to income ratio in spite of our expanded operations. CAL Bank continues to strengthen its business model through innovation, enhanced use of technology and automation for a better customer experience.

We are revamping our retail and business banking operations by expanding the scope of our e-banking offering. We are increasing the scope of our card offering and are in the final stages of our project work on our Master Card platform and point of sale services. We are working on expanding our footprint through agencies and have acquired the requisite human capital to ensure successful implementation.

We invested significantly in our human resources through a variety of training initiatives, this has ensured that competent and professional individuals continue to serve our clientele at all times. The continued development of our people will be our focus as clients are at the centre of everything we do and only through adequate staff development will we be able to render a superior service for the benefit of our valued customers.

Head Office Project

We commenced the development of our head office project in October 2014, it is a 22 month project expected to be completed in August 2016. Upon completion it will offer us more latitude and presence; further deepening the Bank's image and brand. The new head office should also provide an enhanced ambience for our staff and clients for the provision of better service.

Social Responsibility

Over the years CAL Bank has prided itself in the continued support to the less privileged in society and our long-standing tradition of helping the communities in the areas where we operate. Educational support to give hope to needy children from primary through to the tertiary level still remained dear to us. As part of our continued support to develop beach soccer in Ghana, we sponsored the national beach soccer team to participate in the Copa Lagos tournament during the year. CAL Bank still remains the title sponsor of the National Beach Soccer Championship in Ghana.

In our contribution to "green Ghana", we collaborated with the Department of Parks and Gardens to plant over six thousand trees in Accra, Kumasi and Takoradi, the cities we operate in. These trees are meant to withstand both the dry and wet weather conditions and our staff are indeed proud to have been part of this great effort.

This initiative emphasises the importance we place on delivering a balance between economic growth, social wellbeing and the protection of the environment in support of the goal of sustainable development.

Subsidiaries

The Group worked effectively together to ensure that synergies are maximised. CAL Brokers Limited and CAL Asset Management Company Limited contributed 1.9% of the Group's after tax profit, a value of GH¢2.8 million. This growth clearly shows that our subsidiaries continue to be part of the market leaders in their respective markets.

Funds under management by the Group increased to GH¢298.0 million, up from GH¢142.9 million the previous year.

Our custody offering being managed through CAL Nominees Limited continued to gain market share by increasing its client base from 23 at the end of 2013 to 30 at end of the review period. The outlook for the custody business still remains positive and we will work to deliver superior service to our existing clients and attract new customers.

Conclusion

Despite the difficult prevailing market conditions, we are committed to the disciplined implementation of our strategy, identifying emerging growth opportunities, managing the inherent risk associated with our businesses and improving our operational efficiencies for continued profitability and sustained growth.

As we execute the final year of our three year strategy that has been very successful, we will develop our next growth strategic plan which will have as its pivot excellent delivering of service to our clients and returning value to our stakeholders.

We are mindful of the pitfalls and difficulties of our environment. The difficult economic situation, extremely high energy costs but also unreliable, high interest rates, a depreciating currency and recently the threat posed to digital and e-banking by cyber-crime.

In this regard even as we fashion strategies to improve shareholder value, we also formulate strategies, methods and tactics to deal with the pitfalls and difficulties of the time.

To conclude, I wish to express my sincere gratitude to all who in diverse ways have enabled the bank achieve the success registered in 2014 and in the last twenty five years. This includes all our valued clients for remaining loyal to the Bank and continuing to trust us as we strive to delight them. I also thank our shareholders, regulators and development partners for your continued support and to the Board for their guidance. My appreciation goes to my colleague Management and particularly the hard working Staff of the Group, for their dedication and support. I am confident that together we shall be able to steer the Bank to even greater heights of success and prosperity.

Thank you all.

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 2014.

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 2014 before taxation is	198,533
from which is deducted taxation of	(55,382)
giving a profit for the year after taxation of	143,151
to which is added balance on Retained Earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	57,421
leaving a balance of	200,572
Less: Transfer to Regulatory Reserves	(38,576)
giving a cumulative amount available for distribution of	161,996
less dividend paid of GH¢0.053 per share amounting to	(29,010)
leaving a balance on Retained Earnings carried forward of	**132,986**

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 36 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 Paarock VanPercy, Dr. Kobina Quansah and James C. Brenner, being eligible, have offered themselves for re-election.

Re-Election of Board Member
Mr. Noel Addo and Mr. Ken Kobina Dela Alor were appointed by the Board as a director on 30th October 2014 to fill a casual vacancy created following the resignation of Mr. Ernest Thompson and Ms Leonora Agyarko in 2014. 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. Noel Addo and Mr. Ken Kobina Dela Alor as a directors of the Bank.

Mr. Noel Addo - Non-Executive Director
Mr. Addo currently has oversight responsibility over the Investments and Development portfolio of the Social Security and National Insurance Trust (SSNIT) as a General Manager.

Mr. Addo is an investment Banker with over fifteen years experience. He is an economist and a Chartered Accountant. Prior to his appointment to SSNIT, he served as executive director SAS Finance Group, Head of treasury University of Ghana, Legon and Deputy General Manager HFC Investments. He is the Chairman of Kumasi Abattoir Limited and holds directorship on the board of Trust Hospital Limited.

Mr. Ken Kobina Dela Alor - Non-Executive Director
Mr. Alor is a Senior Investment Analyst of Social Security and National Insurance Trust (SSNIT). He has been with SSNIT since 1998 when he joined as Compliance officer and as an Assistant to General Manager Operations . He is the Board Chairman of Golden Web and also a member of the Board of Trustees of SSNIT Staff Second Tier Pension Scheme.

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)
Paarock VanPercy
James C. Brenner
Noel Addo

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

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

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

Compensation Committee
Paarock VanPercy **(Chair)**
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.

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¢0.081 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 27th February 2015

Deloitte.

Deloitte & Touche
Ibex Court, 4 Liberation Road
Ako Adjei Interchange
P.O. Box GP 453
Accra
Ghana

Tel: +233 (0) 302 775355 / 770559
Fax: +233 (0) 302 775480
Email: ghdeloitte@deloitte.com
www.deloitte.com/gh

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

Report on the Financial Statements

We have audited the accompanying financial statements of CAL Bank Limited on pages 18 to 75 which comprise the consolidated financial position as at 31 December, 2014, 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, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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 financial statements are in agreement with the records in all material respects and given 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 financial statements give a true and fair view of the financial position of the Bank and its subsidiaries as at 31 December 2014, and of their financial performance cash flow 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 and Consolidated 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 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 generally complied with the provisions of Act 673 and the Banking (Amendment) Act of 2007.

Deloitte & Touche
Licence Number: ICAG/F/129
Chartered Accountants
Accra, Ghana
Felix Nana Sackey
Practising Certificate Licence No.: ICAG/P/1131
Date: 27th February, 2015 .....

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

Member of Deloitte Touche Tohmatsu Limited

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2014

in thousands of Ghana Cedis

		The Bank		The Group	
	Note	2014	2013	2014	2013
Interest Income	8	352,266	265,747	355,027	266,731
Interest Expense	8	(171,634)	(123,398)	(170,943)	(122,988)
Net Interest Income		**180,632**	**142,349**	**184,084**	**143,743**
Fees and Commissions Income	9	54,933	31,862	54,921	31,860
Fees and Commissions Expense	9	(2,997)	(2,077)	(3,019)	(2,095)
Net Fees and Commissions		**51,936**	**29,785**	**51,902**	**29,766**
Trading Income	10	76,337	31,153	76,337	31,153
Other Operating Income	11	9,057	11,753	12,619	14,492
		85,394	**42,906**	**88,956**	**45,645**
Operating Income		**317,962**	**215,040**	**324,942**	**219,153**
Credit Loss Expense	20	(20,478)	(17,516)	(20,478)	(17,516)
Net Operating Income		**297,484**	**197,524**	**304,464**	**201,638**
Staff Costs	12	(59,687)	(41,231)	(61,235)	(42,424)
Administration and General Expenses	13	(37,697)	(27,185)	(38,904)	(27,885)
Depreciation and Amortisation	26, 27	(5,850)	(3,705)	(5,928)	(3,763)
Total Operating Expenses		**(103,234)**	**(72,121)**	**(106,067)**	**(74,072)**
Operating Profit		**194,250**	**125,403**	**198,397**	**127,566**
Profit From Disposal of Non-Current Assets		136	36	136	36
Profit Before Income Tax		**194,386**	**125,439**	**198,533**	**127,602**
Income Tax Expense	24	(44,467)	(30,520)	(45,454)	(31,059)
National Fiscal and Stabilization levy	24	(9,567)	(2,909)	(9,928)	(3,003)
PROFIT FOR THE YEAR		**140,352**	**92,010**	**143,151**	**93,540**
Earnings per share (Ghana Cedis per share)					
- Basic		0.2560	0.1678	0.2611	0.1706
- Diluted		0.2560	0.1678	0.2611	0.1706

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2014

in thousands of Ghana Cedis

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Profit for the Year	**140,352**	**92,010**	**143,151**	**93,540**
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	*7*	1	*7*	1
Items that will not be reclassified subsequently to profit or loss:				
Net change in revaluation surplus	(218)	5,608	(218)	5,608
Remeasurement of defined benefit	(955)	(282)	(984)	(282)
Other comprehensive income for the year	**(1,167)**	**5,327**	**(1,196)**	**5,327**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**139,186**	**97,338**	**141,955**	**98,867**

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2014	2013	2014	2013
Assets					
Cash and balances with Bank of Ghana	15	228,353	121,972	228,353	121,972
Items in Course of Collection from Other Banks	17	18,842	15,410	18,842	15,410
Investment in Government Securities	18	408,962	276,618	409,217	276,618
Due from Banks and Other Financial Institutions	19	594,512	100,439	601,874	105,186
Loans and Advances to Customers	20	1,337,776	981,160	1,337,205	980,407
Investment in Other Securities	21	-	-	1,508	1,629
Investment in Subsidiaries	22	2,028	2,028	-	-
Other Assets	23	38,217	11,876	39,437	13,279
Current Tax Assets	24	-	371	-	349
Deferred Tax Assets	25	-	1,922	39	1,922
Property and Equipment	26	76,604	44,980	76,654	45,101
Intangible Assets	27	2,248	2,187	2,263	2,202
Total Assets		**2,707,542**	**1,558,962**	**2,715,392**	**1,564,074**
Liabilities					
Customer Deposits	28	1,348,161	799,220	1,348,151	799,210
Due to Banks and Other Financial Institutions	29	48,045	37,185	47,690	34,599
Borrowings	30	827,455	382,713	827,455	382,713
Accruals and Other Liabilities	31	79,942	57,651	80,516	60,512
Current Tax Liabilities	24	1,717	-	2,173	-
Deferred Tax Liabilities	25	9,902	-	9,866	-
Total Liabilities		**2,315,222**	**1,276,770**	**2,315,851**	**1,277,035**
Shareholders' Equity					
Stated Capital	32i	100,000	100,000	100,000	100,000
Statutory Reserve Fund	32ii	124,261	89,173	124,261	89,173
Capital Surplus	32iii	20,830	21,048	19,989	20,650
Retained Earnings		124,895	52,176	132,986	57,421
Other Reserves	32iv	22,334	19,795	22,305	19,795
Total Shareholders' Equity		**392,320**	**282,193**	**399,541**	**287,039**
Total Liabilities and Shareholders' Equity		**2,707,542**	**1,558,962**	**2,715,392**	**1,564,074**
Net Assets Value per Share (Ghana Cedis per Share)		0.7156	0.5147	0.7287	0.5235

Director **Director**

The Directors approved the financial statements on 27th February 2015

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2014

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 2013	100,000	43,168	15,440	36,843	(3,524)	12,117	204,044
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**
Balance at 1 January 2014	100,000	89,173	21,048	52,176	(3,805)	23,599	282,193
Transfer to/from reserves	-	35,088	-	(38,576)	-	3,488	-
Dividends paid to equity holders	-	-	-	(29,058)	-	-	(29,058)
Total comprehensive income for the year	-	-	(218)	140,352	(949)	-	139,186
Balance at 31 December 2014	**100,000**	**124,261**	**20,830**	**124,895**	**(4,753)**	**27,087**	**392,320**

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 2013	100,000	43,168	15,131	40,532	(3,524)	12,117	207,424
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**
Balance at 1 January 2014	100,000	89,173	20,650	57,421	(3,805)	23,599	287,039
Transfer to/from Reserves	-	35,088	-	(38,576)	-	3,488	-
Change in Bank's shares held by subsidiaries	-	-	(443)		-	-	(443)
Dividends paid to equity holders	-	-		(29,011)	-	-	(29,011)
Total comprehensive income for the year	-	-	(218)	143,151	(978)	-	141,955
Balance at 31 December 2014	**100,000**	**124,261**	**19,989**	**132,986**	**(4,782)**	**27,087**	**399,541**

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2014

in thousands of Ghana Cedis

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Profit Before Tax for the Period	**194,386**	**125,439**	**198,533**	**127,602**
Adjustments for:				
Depreciation and Amortisation	5,850	3,705	5,928	3,763
Impairment on Financial Assets	20,478	17,516	20,478	17,516
Profit on Disposal of non-current assets	(136)	(36)	(136)	(36)
Dividend Received	-	(900)	(43)	(50)
Other Employee Benefit Expenses	553	23	629	112
Change in Fair Value of Investment Securities	7	1	7	1
Accretion of Deferred Income	(176)	766	517	766
	220,962	**146,514**	**225,913**	**149,674**
Change in Government Securities	(132,358)	(37,093)	(132,613)	(37,085)
Change in Investments in Other Securities	-	-	121	(679)
Change in Investment in Subs idiaries	-	(900)	-	-
Change in Loans and Advances to Customers	(379,606)	(251,894)	(379,096)	(251,140)
Change in Other Assets	(24,061)	(369)	(23,878)	(143)
Change in Customer Deposits	548,941	91,572	548,941	92,543
Change in Amounts Due to Banks and Other Financial Institutions	10,860	(50,703)	13,091	(53,289)
Change in Accruals and Other Liabilities	21,423	29,571	17,389	31,180
Income Tax Paid	(40,341)	(32,548)	(41,291)	(33,384)
Net Cash Flows From Operating Activities	**225,820**	**(105,850)**	**228,577**	**(102,323)**
Cash Flows From Investing Activities				
Purchase of Property and Equipment	(37,754)	(9,873)	(37,543)	(15,540)
Proceeds from Sale non-current assets	136	40	136	40
Purchase of Treasury Shares	-	-	(443)	5,794
Net Cash Used in Investing Activities	**(37,618)**	**(9,832)**	**(37,850)**	**(9,705)**
Cash Flow from Financing Activities				
Dividend Income	-	900	43	50
Dividends Paid	(29,058)	(19,189)	(29,011)	(19,162)
Net Changes in Borrowings	444,742	252,006	444,742	252,006
Net Cash Flow from Financing Activities	**415,684**	**233,717**	**415,774**	**232,895**
Net Increase in Cash and Cash Equivalents	**603,886**	**118,035**	**606,501**	**120,866**
Analysis of Changes in Cash and Cash Equivalents During the Year				
Cash and Cash Equivalents at 1 January	237,821	119,786	242,568	121,702
Net Change in Cash and Cash Equivalents	603,886	118,035	606,501	120,866
Cash and Cash Equivalents at 31st December	**841,707**	**237,821**	**849,069**	**242,568**
Analysis of Cash and Cash Equivalents During the Year				
Cash and Balances with Bank of Ghana	228,353	121,972	228,353	121,972
Due from Banks and Other Financial Institutions	594,512	100,439	601,874	105,186
Items in Course of Collection from Other Banks	18,842	15,410	18,842	15,410
Total Cash and Cash Equivalents	**841,707**	**237,821**	**849,069**	**242,568**
Operational cash flows from interest				
Interest paid	130,077	96,709	129,386	96,300
Interest received	339,347	256,520	342,108	257,504

(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 note 5.

(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 Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(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. 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 statement of profit or loss 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 discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

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 – 7 years
Equipment	-	3 – 5 years
Furniture and fittings	-	5 – 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. Contingent 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 statement of profit or loss.

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 statement of profit or loss.

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.

(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:

- 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.

4. Financial risk management (continued)

- 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	
	2014	2013	2014	2013
Carrying Amount	**1,337,776**	**981,160**	**1,337,205**	**980,407**
Individually Impaired				
Grade B	2,402	269	2,402	269
Grade C	57,813	33,217	57,813	33,217
Grade D	9,027	8,798	9,027	8,798
Grade E	1,425	27,419	1,425	27,419
Gross Amount	70,667	69,704	70,667	69,704
Allowance for Impairment	(18,325)	(36,582)	(18,325)	(36,582)
Carrying Amount	52,342	33,122	52,342	33,122

4. Financial risk management (continued)

Exposure to Credit Risk	Loans and Advances to Customers			
	The Bank		The Group	
	2014	2013	2014	2013
Collectively Impaired				
Grade B	1,970	156	1,970	156
Grade C	1,057	470	1,057	470
Grade D	886	316	886	316
Grade E	228	4,555	228	4,555
Gross Amount	4,141	5,497	4,141	5,497
Allowance for Impairment	(3,024)	(2,333)	(3,024)	(2,333)
Carrying Amount	1,117	3,164	1,117	3,164
Past due but not Impaired				
Grade B	54,323	322	54,323	322
Grade C	13,334	856	13,334	856
Grade D	-	718	-	718
Grade E	204	4,726	204	4,726
Carrying Amount	67,861	6,622	67,861	6,622
Loans with renegotiated terms	48,101	49,784	48,101	49,784
Neither past due nor impaired				
Grade A	1,168,355	888,468	1,167,784	887,715
Total Carrying Amount	**1,337,776**	**981,160**	**1,337,206**	**980,407**

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 two consecutive years. All write-offs must be approved by the Board and Bank of Ghana.

Set out below is an analysis of the gross amounts of loans written-off.

4. Financial risk management (continued)

Loans and Advances Written-off

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Balance at 1st January	22,374	10,041	22,374	10,041
Write-offs during the year	38,120	12,775	38,120	12,775
Recovery during the year	(79)	(442)	(79)	(442)
Balance at 31st December	**60,415**	**22,374**	**60,415**	**22,374**

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 2014		**31st December 2013**		**31st December 2014**		**31st December 2013**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Grade B	2,402	1,564	269	-	2,402	1,564	269	-
Grade C	57,813	46,244	33,217	23,266	57,813	46,244	33,217	23,266
Grade D	9,027	4,534	8,798	4,264	9,027	4,534	8,798	4,264
Grade E	1,425	-	27,419	5,592	1,425	-	27,419	5,592
Total	**70,667**	**52,342**	**69,704**	**33,122**	**70,667**	**52,342**	**69,704**	**33,122**

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 counter party 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 2014 or 2013. 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, inventory, trade receivables montages over residential properties and cash collateral.

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

Collateral repossessed

During the year, the bank took possession of an asset with a carrying value of GH¢3.2 million (2013 GH¢6.3 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:

4. Financial risk management (continued)

	Loans and Advances to Customers			
	The Bank		The Group	
	2014	2013	2014	2013
Carrying Amount	**1,337,776**	**981,160**	**1,337,205**	**980,407**
Concentration by sector				
Agriculture, Forestry & Fishing	26	263	26	263
Mining and Quarrying	35,006	22,605	35,006	22,605
Manufacturing	43,750	35,041	43,750	35,041
Construction	345,009	232,238	345,009	232,238
Electricity, gas and water	227,557	97,297	227,557	97,297
Commerce and Finance	255,007	212,871	254,437	212,118
Transport, Storage and Communications	32,959	32,249	32,959	32,249
Services	349,705	339,497	349,705	339,497
Miscellaneous	70,105	48,014	70,105	48,014
	1,359,125	**1,020,075**	**1,358,554**	**1,019,322**
Allowance for Impairment	(21,349)	(38,915)	(21,349)	(38,915)
	1,337,776	**981,160**	**1,337,205**	**980,407**
Concentration by type of customer				
Private Enterprises	970,282	737,614	969,712	736,861
Joint Private & State Enterprises	320,176	232,494	320,176	232,494
Individuals	68,667	49,967	68,667	49,967
	1,359,125	**1,020,075**	**1,358,554**	**1,019,322**
Allowance for Impairment	(21,349)	(38,915)	(21,349)	(38,915)
	1,337,776	**981,160**	**1,337,205**	**980,407**

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 the businesses 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 2014	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	228,353	228,353	-	-	-	-	-	-
Items in Course of Collection from Other Banks	18,842	18,842	-	-	-	-	-	-
Investment in Government Securities	409,216	-	72,504	319,783	16,153	777	-	-
Due from Banks and Other Financial Institutions	601,874	601,874	-	-	-	-	-	-
Investment in Other Securities	1,508	-	-	-	-	-	-	1,508
Loans and Advances to Customers	1,337,205	159,318	186,278	150,865	163,168	204,232	193,040	280,303
Other Assets	39,437	-	23,589	15,848	-	-	-	-
Deferred Tax Assets	39	-	-	-	-	-	-	39
Property and Equipment	76,654	-	-	-	-	-	-	76,654
Intangible Assets	2,263	-	-	-	-	-	-	2,263
Total Assets	**2,715,392**	**1,008,387**	**282,371**	**486,496**	**179,321**	**205,009**	**193,040**	**360,767**
Liabilities								
Customer Deposits	1,348,151	196,440	294,326	407,370	243,796	142,351	43,918	19,951
Due to Banks and Other Financial Institutions	47,690	22,047	14,574	8,625	2,444	-	-	-
Borrowings	827,455	52,426	130,677	287,851	49,949	57,644	122,251	126,658
Accruals and Other Liabilities	80,513	42,764	25,655	12,098	-	-	-	-
Current Tax Liabilities	2,173	-	2,173	-	-	-	-	-
Deferred Tax Liabilities	9,866	-	-	-	-	-	-	9,866
Total Liabilities	**2,315,851**	**313,676**	**467,404**	**715,943**	**296,189**	**199,995**	**166,169**	**156,478**
liquidity gap	**399,541**	**694,711**	**(185,033)**	**(229,447)**	**(116,868)**	**5,015**	**26,871**	**204,289**

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**

4. Financial risk management (continued)

31st December 2013

Assets **Liabilities**	**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**
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**

The Group's financial liabilities are valued 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.

Available Counterparty Liquidity

The Group has available lines of credit from its counterparties to finance its business. The table below summarizes the Group's available lines of credit at year-end and the amounts stated in the table are the cedi equivalent of the foreign currencies.

Description	**2014**	**2013**
Lines for Letters of Credit establishment	933,730	860,139
Lines for Letters of Credit refinancing/payment	379,212	515,255

Compliance with statutory liquidity requirement	**2014**	**2013**
(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:

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 2014	6,571	(6,571)	3,285	(3,285)
At 31 December 2013	2,829	(2,829)	1,414	(1,414)

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.

2014	**US Dollars**	**British Pounds**	**Euro**	**Others**	**Total**
Assets					
Cash and Balances with Bank of Ghana	409,626	4,547	3,570	604	418,347
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	133,772	2,895	80,836	1,444	218,947
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	515,995	3	29	-	516,027
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	4,414	10	-	-	4,424
Taxation	-	-	-	-	-
Total Assets	**1,063,807**	**7,455**	**84,434**	**2,048**	**1,157,744**
Liabilities					
Due to Customers	367,225	5,583	66,248	-	439,056
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	656,226	-	-	-	656,226
Other Liabilities	35,906	74	368	1	36,349
Total Liabilities	**1,059,357**	**5,656**	**66,616**	**1**	**1,131,630**
Net On-Balance Sheet Position	**4,450**	**1,799**	**17,818**	**2,047**	**26,114**
Off-Balance Sheet Credit Commitments	**471,305**	**1,051**	**13,877**	**2,006**	**488,239**
Total Exposure	**475,756**	**2,849**	**31,695**	**4,053**	**514,353**

4. Financial risk management (continued)

2013 Assets	US Dollars	British Pounds	Euro	Others	Total
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**

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 2014 and 2013 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 statement of profit or loss 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.

	2014		2013	
	Change in currency rate	Effect on profit before tax	Change in currency rate	Effect on profit before tax
US Dollars	32%	1,444	15%	(13,078)
British Pounds	28%	511	17%	(357)
Euro	23%	4,109	20%	(2,492)

(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	
	2014	**2013**	**2014**	**2013**
Tier 1 capital				
Ordinary Share Capital	100,000	100,000	100,000	100,000
Disclosed Reserves	276,244	164,949	284,335	170,194
Retained Earnings	124,895	52,177	132,986	57,421
Statutory Reserves	124,261	89,173	124,261	89,173
Regulatory Credit Risk Reserve	27,087	23,599	27,087	23,599
Regulatory Deductions	(48,588)	(33,616)	(46,789)	(32,538)
Total	**327,655**	**231,334**	**337,545**	**237,656**
Tier 2 capital				
Fair Value Reserves	(4,753)	(3,805)	(4,782)	(3,805)
Capital Surplus	20,830	21,048	19,989	20,650
Qualifying Subordinated Liabilities	91,340	-	91,340	-
Total	**107,416**	**17,243**	**106,546**	**16,845**
Total regulatory capital	**435,072**	**248,577**	**444,091**	**254,501**
Risk-weighted assets				
On-Balance Sheet Items	1,346,611	919,104	1,356,475	925,414
Off-Balance Sheet Items	525,484	286,693	525,484	286,693
Total risk-weighted assets	**1,872,095**	**1,205,797**	**1,881,959**	**1,212,106**
50% of Net Open Position (Nop)	12,197	16,605	12,197	16,605
100% of 3yrs Average Annual Gross Income	137,997	83,601	141,050	85,937
Adjusted asset base	**2,022,289**	**1,306,003**	**2,035,206**	**1,314,648**
Capital ratio				
Capital Adequacy (Total Regulatory Capital as a Percentage of Adjusted Asset Base)	21.51%	19.03%	21.82%	19.36%
Regulatory Deductions				
Goodwill/Intangibles	19,473	6,069	19,702	7,019
Losses not Provided For	27,087	25,519	27,087	25,519
Invests in the capital of Other Banks & Fin Insts.	2,028	2,028	-	-
	48,588	**33,616**	**46,789**	**32,538**

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 counter party 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 counter party'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.

For management purposes the group is organised into five reportable segments based on products and services as follows;

- Corporate Banking: is responsible for providing loans and other credit facilities, as well deposits and other transactions and balances to corporate clients, institutional clients and public sector entities. It also provides corporate finance services, measures and acquisitions advice and specialised financial advice.
- Retail & Business Banking: provide loans and overdrafts as well as handles the deposits and other transactions of small and medium enterprises (SMES), individuals customers such as funds transfer standing orders and ATM's Card services.
- Treasury: undertakes the Bank's funding and centralised risk management activities through borrowings, and investing in liquid assets such as short-term placements and government debt securities. It also trade in foreign currencies.
- Brokerage: subscribe for, underwrite, buy, hold, manage, and sell securities either on or off a stock exchange either as principals or agents. It also provides issuing house underwriting services and sponsorship to corporate client and lend to prospective investor for the purchase of securities.
- Asset Management: provide asset management, investment portfolio management, cash management, money management and other investment advisory services to institutional investors, businesses and high net worth individuals and manage mutual funds.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operation profit or loss which in certain respects is measured differently from operation profit or loss in the consolidated financial statements.

Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Interest income is reported net, as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

For the purpose of segmental reporting, surplus funds or deficit per business unit is either sold to or purchased from the Bank pool based on a pool rate determined by Treasury using the Bank's cost of funds plus a margin for both local and foreign currencies.

The assets that are not allocated to any reportable segment are made up of other assets, current tax assets deferred taxes assets, property and equipment, intangible assets and cash balances held at head office. The liabilities is also made up of current tax liabilities, deferred tax liabilities and accruals and other liabilities that are not allocated to any business.

No single customer revenue is 10% or more of the total external revenue

The tables below shows an analysis of the performance of the business units of the Group.

6. Operating segments (Continued)

31st December 2014	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Management	Others	Totals
Revenues from External Customers							
Interest Income	202,686	42,155	106,629	2,880	-	677	355,027
Interest Expense	(63,856)	(13,916)	(93,020)	(149)	(3)	1	(170,943)
Net Interest Income	**138,830**	**28,239**	**13,609**	**2,731**	**(3)**	**678**	**184,084**
Net Fees and Commissions	33,528	13,846	265	-	2,876	1,387	51,902
Trading Income	-	-	76,337	-	-	-	76,337
Other Operating Income	5,634	6,273	-	762	(28)	114	12,755
Intersegment Revenue	119	-	-	-	691	-	810
Operating Income	**178,111**	**48,358**	**90,211**	**3,492**	**3,536**	**2,179**	**325,888**
Impairment Charge on Financial Assets	(15,438)	(5,039)	-	-	-	-	(20,478)
Net Operating Income	**162,673**	**43,318**	**90,211**	**3,492**	**3,536**	**2,179**	**305,410**
Staff Costs	(6,704)	(9,284)	(1,135)	(624)	(924)	(42,565)	(61,235)
Administration and General Expenses	(2,689)	(5,804)	(3,271)	(850)	(357)	(25,933)	(38,904)
Depreciation and Amortisation	(1,023)	(1,312)	-	(56)	(22)	(3,515)	(5,928)
Total Operating Expenses	**(10,416)**	**(16,400)**	**(4,406)**	**(1,530)**	**(1,303)**	**(72,012)**	**(106,067)**
Reportable Segment Profit Before Income Tax	**152,257**	**26,918**	**85,806**	**1,962**	**2,233**	**(69,833)**	**199,343**
Reportable Segment Assets	1,130,043	233,527	1,003,474	7,396	4,847	336,104	2,715,392
Expenditure on non-current assets	-	-	-	-	-	37,543	37,543
Reportable Segment liabilities	825,071	426,287	985,793	937	263	77,499	2,315,851

6. Operating segments (Continued)

31st December 2013	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Manage-ment	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

Reconciliation of Segment Revenues	**2014**	**2013**
Total Revenue for Reportable Segments	323,709	211,243
Other Revenues	2,179	8,407
Elimination of Intersegment Revenues	(810)	(461)
Total Group Revenue	**325,078**	**219,189**

6. Operating segments (Continued)

Reconciliation of Profit or Loss

	2014	2013
Total profit or loss for reportable segments	269,040	170,166
Other Profit or loss	(69,833)	(42,140)
Elimination of Intersegment profit	(810)	(461)
Proceeds From Disposal of Non-Current Assets	136	36
Total Consolidated Income before tax expense	**198,533**	**127,602**
Reconciliation of assets and liabilities		
Total assets for reportable segments	2,379,288	1,454,194
Other Assets	336,104	109,088
Total assets for the Group	**2,715,392**	**1,564,074**
Total liabilities for reportable segments	2,238,352	1,231,045
Other liabilities	77,499	45,990
Total liabilities for the Group	**2,315,851**	**1,277,035**

The Group operated in three geographical markets in Ghana. The following tables show the distribution of operating profit and assets allocated based on the location of the customers and assets respectively for the years ended 31st December 2014 and 2013.

31st December 2014

	Ashanti Region	Western Region	Greater Accra	Total
Interest Income	19,523	24,227	311,277	355,027
Interest Expense	(10,558)	(13,638)	(146,747)	(170,943)
Net Interest Income	**8,965**	**10,589**	**164,530**	**184,084**
Net Fees and Commissions	2,891	4,749	44,262	51,902
Trading Income	-	-	76,337	76,337
Other Operating Income	299	198	12,122	12,619
Operating Income	**12,155**	**15,536**	**297,251**	**324,942**
Impairment Charge on Financial Assets	(3,593)	(3,654)	(13,231)	(20,478)
Net Operating Income	**8,561**	**11,883**	**284,020**	**304,464**
Staff Costs	(3,608)	(2,182)	(55,445)	(61,235)
Administration and General Expenses	(2,494)	(768)	(35,642)	(38,904)
Depreciation and Amortisation	(409)	(957)	(4,563)	(5,928)
Total Operating Expenses	**(6,511)**	**(3,906)**	**(95,650)**	**(106,067)**
Operating Profit	**2,051**	**7,976**	**188,370**	**198,397**
Profit from Disposal of Non-Current Assets	28	11	97	136
Profit Before Income Tax	**2,079**	**7,987**	**188,467**	**198,533**
Reportable Segment Assets	104,004	94,367	2,517,021	2,715,392
Reportable Segment liabilities	117,089	113,226	2,085,536	2,315,851

6. Operating segments (Continued)
31st December 2013

	Ashanti Region	Western Region	Greater Accra	Total
Revenues from External Customers				
Interest Income	18,228	20,174	228,329	266,731
Interest Expense	(7,147)	(11,058)	(104,784)	(122,988)
Net Interest Income	**11,081**	**9,117**	**123,545**	**143,743**
Net Fees and Commissions	1,964	5,965	21,836	29,766
Trading Income	-	-	31,153	31,153
Other Operating Income	264	115	14,077	14,492
Operating Income	**13,310**	**15,197**	**190,611**	**219,153**
Impairment Charge on Financial Assets	(860)	(440)	(16,216)	(17,516)
Net Operating Income	**12,450**	**14,757**	**174,395**	**201,638**
Staff Costs	(2,679)	(31)	(39,714)	(42,424)
Administration and General Expenses	(1,157)	(907)	(25,821)	(27,885)
Depreciation and Amortisation	(531)	(217)	(3,015)	(3,763)
Total Operating Expenses	**(4,367)**	**(1,155)**	**(68,550)**	**(74,072)**
Operating Profit	**8,083**	**13,602**	**105,881**	**127,566**
Profit from Disposal of Non-Current Assets	-	-	36	36
Profit Before Income Tax	**8,083**	**13,602**	**105,917**	**127,602**
Reportable Segment Assets	79,435	87,317	1,397,322	1,564,074
Reportable Segment liabilities	95,130	58,209	1,123,696	1,277,035

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 2014	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
Cash and balances with Bank of Ghana	-	-	228,353	228,353	228,353
Items in Course of Collection from Other Banks	-	-	18,842	18,842	18,842
Investment in Government Securities	408,391	784	-	409,175	409,133
Due from Banks and Other Financial Institutions	601,874	-	-	601,874	601,874
Investment in Other Securities	-	1,508	-	1,508	1,508
Loans and Advances to Customers	1,337,205	-	-	1,337,205	1,337,205
	2,347,470	**2,292**	**247,195**	**2,596,957**	**2,596,915**
Customer Deposits	-	-	1,321,486	1,321,486	1,294,822
Due to Banks and Other Financial Institutions	-	-	47,690	47,690	47,690
Borrowings	-	-	812,563	812,563	797,671
Accruals and Other Liabilities	-	-	80,516	80,516	80,516
	-	**-**	**2,262,255**	**2,262,255**	**2,220,699**

7. Financial assets and liabilities (Continued)

	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
31st December 2013					
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**

(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.

7. Financial assets and liabilities (Continued)

• 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.

The Level 1 was valued using the Bank of Ghana quoted bid prices.

The Level 2 was valued using Government of Ghana quoted market prices for similar instruments.

		2014				2013			
The Bank	**Notes**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Government Securities	18	784	408,178	-	408,962	997	275,621	-	276,618
Investment in other Securities	21	-	-	-	-	-	-	-	-
		783	**408,178**	**-**	**408,962**	**997**	**275,621**	**-**	**276,618**
The Group									
Government Securities	18	784	408,433	-	409,217	997	275,621	-	276,618
Investment in other Securities	21	1,508	-	-	1,508	1,629	-	-	1,629
		2,292	**408,433**	**-**	**410,725**	**2,626**	**275,621**	**-**	**278,247**

8. NET INTEREST INCOME

	The Bank		The Group	
INTEREST INCOME	**2014**	**2013**	**2014**	**2013**
Placements, Special Deposits, etc.	9,743	2,193	12,571	3,197
Investment Securities	91,847	50,510	91,899	50,544
Loans and Advances	250,676	213,044	250,557	212,991
Total Interest Income	**352,266**	**265,747**	**355,027**	**266,731**
INTEREST EXPENSE				
Current Accounts	7,427	7,167	7,427	7,167
Time and other Deposits	87,726	69,825	87,035	69,415
Overnight and Call Accounts	5,307	3,598	5,307	3,598
Borrowings	71,174	42,808	71,174	42,808
Total Interest Expense	171,634	123,398	170,943	122,988
Net Interest Income	**180,632**	**142,349**	**184,084**	**143,743**

Included within interest income from loans and advances for the year ended 31st December 2014 is a total of GH¢0.38 million (2013: GH¢9.24 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Fee and Commission Income				
Letters of Credit & Guarantees	14,146	11,669	14,146	11,669
Foreign Transfers	4,294	3,303	4,294	3,303
Other Commissions	5,115	4,154	5,103	4,152
Other Fees	31,378	12,736	31,378	12,736
Total Fee and Commission Income	**54,933**	**31,862**	**54,921**	**31,860**
Fee and Commission Expense				
Inter-bank transaction fees	2,997	2,077	3,019	2,095
Total Fee and Commission Expense	**2,997**	**2,077**	**3,019**	**2,095**
Net Fee and Commission Income	**51,936**	**29,785**	**51,902**	**29,766**

10. TRADING INCOME

Foreign Exchange	76,337	31,153	76,337	31,153
Trading Income	**76,337**	**31,153**	**76,337**	**31,153**

11. OTHER OPERATING INCOME

Other Income	9,057	11,753	12,619	14,492
	9,057	**11,753**	**12,619**	**14,492**

12. STAFF COSTS

Salaries and Bonuses	33,326	23,338	34,354	24,148
Social Security Contribution	1,509	1,181	1,571	1,231
Training	1,471	999	1,597	1,106
Other Staff Costs	23,381	15,713	23,713	15,939
	59,687	**41,231**	**61,235**	**42,424**

The number of persons employed by the bank at the end of the year was 737 (2013: 566)

13. ADMINISTRATION AND GENERAL EXPENSES

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Advertising and Marketing	7,948	5,760	8,180	5,953
Administration Expenses	5,115	3,216	5,449	3,444
Directors' Emoluments	2,650	1,742	2,693	1,755
Auditors' Remuneration	200	144	236	173
Other Expenses	21,784	16,323	22,347	16,559
	37,697	**27,185**	**38,904**	**27,885**

Included within directors emoluments for the year ended 31st December 2014 is a total of GH¢2.05 million (2013: GH¢1.22 million) relating to executive directors.

Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢0.39 million (2013: GH¢0.37 million).

14. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31st December 2014 was based on the profit attributable to ordinary shareholders of GH¢143.1 million (2013: GH¢93.5 million) and a weighted average number of ordinary shares outstanding of 548 million (2013: 548 million), calculated as follows:

Profit attributable to ordinary shareholders	**The Group**	
	2014	**2013**
Net profit for the period attributable to equity holders of the Bank	143,151	93,539
Weighted average number of ordinary shares		
In thousands of shares		
Issued ordinary shares at 1 January	548,262	548,262
Effect of additional issue of shares		-
Weighted average number of ordinary shares at 31 December	**548,262**	**548,262**

There was no additional shares issued during the year.

Diluted earnings per share

The calculation of diluted earnings per share as at 31st December 2014 was based on the profit attributable to ordinary shareholders of GH¢143.1 million (2013: GH¢93.5 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 548 million (2013: 548 million), calculated as follows:

Profit attributable to ordinary shareholders	**The Group**	
	2014	**2013**
Profit for the period attributable to ordinary shareholders	143,151	93,539
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**	
	2014	**2013**	**2014**	**2013**
Cash in Hand	23,255	22,488	23,255	22,488
Balances with Bank of Ghana	205,098	99,484	205,098	99,484
	228,353	**121,972**	**228,353**	**121,972**

16. CASH AND CASH EQUIVALENTS	**Note**	**2014**	**2013**	**2014**	**2013**
Cash and balances with Bank of Ghana	15	228,353	121,972	228,353	121,972
Due from other banks and financial Institutions	19	594,512	100,439	601,874	105,186
Items in course of collection	17	18,842	15,410	18,842	15,410
		841,707	**237,821**	**849,069**	**242,568**

17. ITEMS IN COURSE OF COLLECTION

	The Bank		The Group	
	2014	2013	2014	2013
Items in course of collection	18,842	15,410	18,842	15,410
	18,842	**15,410**	**18,842**	**15,410**

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	
	2014	2013	2014	2013
Treasury Bills	408,178	275,621	408,433	275,621
Government Bonds	784	997	784	997
	408,962	**276,618**	**409,217**	**276,618**

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	
	2014	2013	2014	2013
Nostro account balances	218,928	25,439	218,928	25,439
Placement with other banks	4,378	75,000	11,740	79,747
Placement with Bank of Ghana	371,206	-	371,206	-
	594,512	**100,439**	**601,874**	**105,186**

20. LOANS AND ADVANCES TO CUSTOMERS

	The Bank		The Group	
	2014	2013	2014	2013
(a) Analysis by type				
Overdrafts	327,285	258,246	326,715	257,492
Term Loans	913,811	708,375	913,811	708,375
Other Advances	118,029	53,454	118,029	53,454
Gross Loans and Advances	**1,359,125**	**1,020,075**	**1,358,555**	**1,019,321**
Less:				
Identified Impairment	(18,325)	(36,582)	(18,325)	(36,582)
Unidentified Impairment	(3,024)	(2,332)	(3,024)	(2,332)
Carrying Amount	**1,337,776**	**981,160**	**1,337,205**	**980,407**

i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.
ii. Loan loss provision ratio is 1.6% of gross advances (2013: 3.8%).
iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 6.2% (2013: 7.9%).
iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 76.4% (2013: 71.6%).
v. The maximum amount due from officers of the bank during the year amounted to GH¢12.6 million (2013: GH¢7.8 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	
	2014	**2013**	**2014**	**2013**
Balance at 1st January	36,582	32,007	36,582	32,007
Impairment Charge for the year	19,863	17,350	19,863	17,350
Write-offs	(38,120)	(12,775)	(38,120)	(12,775)
Balance at 31st December	**18,325**	**36,582**	**18,325**	**36,582**
Allowances for Unidentified Impairment				
Balance at 1st January	2,332	1,814	2,332	1,814
Impairment Charge for the year	692	518	692	518
Balance at 31st December	**3,024**	**2,332**	**3,024**	**2,332**
Impairment charge to the income statement				
Net increase/(decrease) in impairments	20,555	17,869	20,555	17,869
Excess impairment on written off accounts	2	89	2	89
Amounts recovered previously written off	(79)	(442)	(79)	(442)
Net charge to the income statement	**20,478**	**17,516**	**20,478**	**17,516**

21. INVESTMENT IN OTHER SECURITIES

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Available-for-sale investment securities				
Available-for-sale investment securities	-	-	1,508	1,629
	-	**-**	**1,508**	**1,629**

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. INVESTMENTS IN SUBSIDIARIES

(a) The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
2014				
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	

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
2013				
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	

22. Investments In Subsidiaries (Continued)

Investments in subsidiaries are stated at cost and comprise:	The Bank		The Group	
	2014	2013	2014	2013
Investments in Subsidiaries	2,028	2,028	-	-

(b) Summary of Subsidiary Accounts

	CAL Brokers Limited		CAL Asset Management	
	2014	2013	2014	2013
Revenue	3,642	2,926	3,539	2,673
Expenses	(1,680)	(1,037)	(1,306)	(914)
Income Tax and National Fiscal Stabilization Levy	(493)	(196)	(661)	(356)
Profit (Loss) for the year	1,469	1,693	1,572	1,403
Total Assets	7,396	7,537	4,847	3,021
Total Liabilities	937	2,626	263	86
Total Shareholder's Equity	6,459	4,911	4,584	2,935
Total Cash Inflows	195,391	217,794	63,998	51,456
Total Cash Outflows	194,441	215,245	62,784	50,721
Net Cash Inflow (Outflow)	951	2,549	1,214	736

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

23. OTHER ASSETS

	The Bank		The Group	
	2014	2013	2014	2013
Sundry Debtors	24,808	7,042	26,028	8,445
Prepayments	12,053	3,976	12,053	3,976
Items in transit	1,356	858	1,356	858
	38,217	**11,876**	**39,437**	**13,279**

24. TAXATION

	The Bank			
	Balance 1/1/2014	Payments During the year	Charge for the year	Balance 31/12/2014
Income Tax				
1998 - 2013	(254)	-	-	(254)
2014	-	(30,980)	32,709	1,729
	(254)	(30,980)	32,709	1,475
National Fiscal Stabilisation Levy				
2014	(117)	(9,361)	9,720	242
Total	**(371)**	**(40,341)**	**42,429**	**1,717**

24. Taxation (continued)

	The Group			
	Balance 1/1/2014	**Payments During the year**	**Charge for the year**	**Balance 31/12/2014**
Income Tax				
1998 - 2013	(232)	(54)	-	(285)
2014	-	(31,868)	33,877	2,008
	(232)	(31,922)	33,877	1,723
Dividend Tax				
2014	-	(8)	8	-
National Fiscal Stabilisation Levy				
2014	(117)	(9,361)	9,928	450
Total	**(349)**	**(41,291)**	**43,812**	**2,173**

Income Tax Expense

Recognised in the income statement

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Current tax expense				
Current year	42,429	31,014	43,812	31,648
Deferred tax expense	11,606	2,415	11,570	2,415
Total income tax expense	54,034	33,429	55,382	34,063

Reconciliation of effective tax rate

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Profit before income tax	194,386	125,439	198,533	127,602
Corporate Tax Rate	25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%	48,597	31,360	49,633	31,900
Non-deductible expenses	(2,735)	2,321	(2,735)	2,321
Tax on items at different tax rate	-	(225)	8	(225)
Capital Allowances	(1,704)	(1,030)	(1,725)	(1,030)
Net Tax Effect on unrealised Gains/losses	(11,296)	(4,321)	(11,296)	(4,321)
Other	9,567	2,909	9,928	3,003
	42,429	31,014	43,812	31,648
Deferred Tax	11,606	2,415	11,570	2,415
Overall tax charge	**54,034**	**33,429**	**55,382**	**34,063**
Effective tax rate	27.8%	26.6%	27.9%	26.7%

25. DEFERRED TAXATION

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Balance at 1st January	(1,922)	(4,612)	(1,922)	(4,612)
Origination/reversal of temporary differences:				
recognised in statement of profit or loss	11,606	2,415	11,570	2,415
recognised in equity	218	275	218	275
Balance at 31st December	**9,902**	**(1,922)**	**9,866**	**(1,922)**

Recognised deferred tax assets and liabilites: Bank

Deferred tax liabilities are attributable to the following:

	2014			2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	-	6,582	6,582	-	3,102	3,102
Others	-	3,320	3,320	(5,024)	-	(5,024)
Net tax (assets)/liabilities	-	9,902	9,902	(5,024)	3,102	(1,922)

Recognised deferred tax assets and liabilites: Group

Deferred tax liabilities are attributable to the following:

	2014			2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	(39)	6,582	6,546	-	3,102	3,102
Others	-	3,320	3,320	(5,024)	-	(5,024)
Net tax (assets)/liabilities	(39)	9,905	9,866	(5,024)	3,102	(1,922)

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.

26. PROPERTY, PLANT AND EQUIPMENT

2014	The Bank				
	Bank Premises	Furniture, Fixtures & Equip-ment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	32,062	13,990	3,011	10,978	60,041
Additions	505	3,459	1,863	30,553	36,380
Disposals	-	-	(213)	-	(213)
Transfers	2,464	4,766	-	(7,230)	-
Balance at 31st December	**35,032**	**22,214**	**4,661**	**34,301**	**96,208**
Accumulated Depreciation					
Balance at 1st January	3,190	10,179	1,692	-	15,061
Charge for the year	1,400	2,714	643	-	4,757
Released on Disposal	-	-	(213)	-	(213)
Balance at 31st December	**4,590**	**12,893**	**2,121**	**-**	**19,604**
Net Book Value					
At 31st December	**30,442**	**9,321**	**2,540**	**34,301**	**76,604**

2013	The Bank				
	Bank Premises	Furniture, Fixtures & Equip-ment	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**

26. Property, Plant and Equipment (continued)

2014	The Group				
	Bank Premises	Furniture, Fixtures & Equip-ment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	32,062	14,277	3,011	10,978	60,328
Additions	505	3,467	1,863	30,553	36,389
Disposals	-	-	(213)	-	(213)
Transfers	2,464	4,766	-	(7,230)	-
Balance at 31st December	**35,032**	**22,510**	**4,661**	**34,300**	**96,503**
Accumulated Depreciation					
Balance at 1st January	3,190	10,344	1,692	-	15,227
Charge for the year	1,400	2,793	643	-	4,835
Released on Disposal	-	-	(213)	-	(213)
Balance at 31st December	**4,590**	**13,137**	**2,122**	**-**	**19,849**
Net Book Value					
At 31st December	**30,442**	**9,373**	**2,539**	**34,300**	**76,654**

2013	The Group				
	Bank Premises	Furniture, Fixtures & Equip-ment	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**

26. Property, Plant and Equipment (continued)

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.

		2014				2013			
	Notes	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
The Bank									
Bank Premises	26	-	30,442	-	30,442	-	28,872	-	28,872
		-	**30,442**	**-**	**30,442**	**-**	**28,872**	**-**	**28,872**
The Group									
Bank Premises	26	-	30,442	-	30,442	-	28,872	-	28,872
		-	**30,442**	**-**	**30,442**	**-**	**28,872**	**-**	**28,872**

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

	The Bank		The Group	
Summary of Property, Plant and Equipment	**2014**	**2013**	**2014**	**2013**
Gross Value	96,208	60,041	96,503	60,328
Accumulated depreciation	(19,604)	(15,061)	(19,849)	(15,227)
Net Book Value	**76,604**	**44,981**	**76,654**	**45,101**

Disposal of Property, Plant and Equipment

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

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Cost	(213)	(92)	(213)	(92)
Accumulated Depreciation	213	88	213	88
Net Book Value	-	(4)	-	(4)
Disposal Proceeds	136	40	136	40
Profit on Disposals	136	36	136	36

27. INTANGIBLE ASSETS

	The Bank		The Group	
Purchased Software	**2014**	**2013**	**2014**	**2013**
Cost				
Balance at 1st January 2014	3,896	1,989	4,361	2,454
Acquisitions	1,154	1,907	1,154	1,907
Balance at 31st December 2014	**5,050**	**3,896**	**5,515**	**4,361**
Amortisation				
Balance at 1st January 2014	1,709	1,142	2,159	1,592
Charge for the year	1,093	567	1,093	567
Balance at 31st December 2014	**2,802**	**1,709**	**3,252**	**2,159**
Carrying Amounts	**2,248**	**2,187**	**2,263**	**2,202**

28. CUSTOMER DEPOSITS

	The Bank		The Group	
Current Account	614,185	367,418	614,175	367,408
Time Deposits	680,907	391,014	680,907	391,014
Savings deposits	53,069	40,788	53,069	40,788
	1,348,161	**799,220**	**1,348,151**	**799,210**
Analysis by type of depositors				
Individual and other private enterprise	1,032,219	683,086	1,032,209	664,123
Public enterprises	315,942	116,134	315,942	135,087
	1,348,161	**799,220**	**1,348,151**	**799,210**

Twenty largest depositors to total deposit ratio is 50% (2013: 30%).

29. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Deposits from other financial instituitions	48,045	37,185	47,690	34,599

30. BORROWINGS

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Long-term borrowings				
CitiBank	124,098	-	124,098	-
The OPEC Fund for International Development (OFID)	51,865	16,312	51,865	16,312
Ghana International Bank	28,299	22,879	28,299	22,879
PROPARCO	21,262	17,243	21,262	17,243
Export Development And Investment Fund	7,186	-	7,186	-
African Development Bank	-	6,631	-	6,631
DEG	-	3,140	-	3,140
	232,710	**66,205**	**232,710**	**66,205**
Subordinated-term borrowings				
PROPARCO	91,340	-	91,340	-
	91,340	**-**	**91,340**	**-**
Short-term borrowings				
Mashreq Bank	209,140	-	209,140	-
Sumitomo Mitsui Banking Corporation Europe Limited	160,669	123,248	160,669	123,248
Kassardjian Armen	39,161	31,414	39,161	31,414
United Bank Dubia	32,205	-	32,205	-
SSNIT	24,385	21,118	24,385	21,118
African Development Bank	9,706	6,485	9,706	6,485
PROPARCO	6,289	8,011	6,289	8,011
Ghana International Bank	5,523	10,846	5,523	10,846
CitiBank	5,137	-	5,137	-
The OPEC Fund for International Development (OFID)	4,692	5,404	4,692	5,404
DEG	4,609	3,088	4,609	3,088
Export Development And Investment Fund	1,887	6,753	1,887	6,753
Bank Of Ghana	-	100,142	-	100,142
	503,405	**316,508**	**503,405**	**316,508**
Carrying Amount	**827,455**	**382,713**	**827,455**	**382,713**

CitiBank - This is a trade finance line of credit granted in 2014 to be exclusively used to finance eligible SME transactions. Interest rate is set at 3 months Libor plus 0.94% per annum maturing in January 2017 for tranche (A) and 3 months Libor plus 3.1% per annum maturing in January 2020 for tranche (B).

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 6 months BBA Libor plus 3% per annum (same for terms for 2013) maturing in November 2017.

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 (same for terms for 2013) maturing in 2016.

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 (same for terms for 2013).

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 (same for terms for 2013).

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% per annum (same for terms for 2013) maturing in 2015.

30. Borrowings (continued)

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 (same for terms for 2013) maturing in 2014.

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% per annum (same for terms for 2013).

Mashreq Bank – This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is set 6 months US Libor plus 3.75% per annum maturing in June 2015.

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 6 months US Libor plus 3% per annum (same for terms for 2013) maturing in 2015.

Kassardjian Armen - This is a facility granted by Kassardjian Armen for on-lending. Interest is at a rate of 4.5% per annum (same for terms for 2013) maturing in December 2015.

United Bank Dubia – This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is set 3 months US Libor plus 3% per annum maturing in January 2015.

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 27.18% (2013: 21.1%).

Bank of Ghana - This was a short term facility that matured in 2014 at an interest rate of 20% (2013: 19%)

Proparco – This is a subordinated facility granted to the Bank in 2014 for on-lending to the private sector expiring in September 2024. Interest is at a rate of 6 months US Libor plus 5.92%

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

All repayment are on schedule with no interest payment in arrears

31. ACCRUALS AND OTHER LIABILITIES

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Creditors	27,046	20,443	27,653	23,262
Accruals	22,196	14,687	22,196	14,687
Recognised liability for Other Long-term Employee Benefit	1,073	520	1,102	520
Short-Term Employee benefits	76	76	76	76
Other liabilities	29,551	21,925	29,489	21,967
	79,942	**57,651**	**80,516**	**60,512**

Movement in the liability for defined benefit obligations

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Liability for defined benefit obligations at 1 January	520	484	520	484
Benefits paid by the plan	(402)	(246)	(402)	(246)
Expense charged to comprehensive income	955	282	984	282
Liability for defined benefit obligations at 31 December	**1,073**	**520**	**1,102**	**520**

31. Accruals and Other Liabilities (Continued)

Actuarial assumptions

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

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
Discount rate at 31 December	16%	3%	16%	3%
Future salary increases	15%	3%	15%	3%
Inflation rate	13%	12%	13%	12%

Assumptions regarding future mortality based on published statistics and mortality tables 1983 Unisex Group Annuity Mortality.

The sensitivity analysis as at 31st December, 2014 for the consolidated group is as follows:

	Main Basis	Investment return (2%)	Investment return 2%	Salary scale (2%)	Salary scale 2%	Mortality 20%
Actuarial Liability	1,102	1,149	1,059	1,058	1,149	1,102
Percentage Change	n/a	4%	(4%)	(4%)	4%	0%

The Group's long term employee benefit is valued every three years. The fair value measurement of the Group's long term employee benefit as at 31st December 2014 was performed by Messrs Stallion Consultant Limited and signed by his executive chairman Mr. Charles Osei-Akoto, (ASA, MAAA). Stallion Consultant Limited has appropriate qualification and experience in the fair value measurement of defined benefit.

32. CAPITAL AND RESERVES

i. Stated Capital

	2014		2013	
	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 2014 the authorised share capital comprised 1 billion ordinary shares (2013: 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.

32. Capital and Reserves (continued)

ii. Statutory Reserve Fund

	The Bank		The Group	
	2014	**2013**	**2014**	**2013**
At 1st January	89,173	43,168	89,173	43,168
Transfer from Income Surplus	35,088	46,005	35,088	46,005
At 31st December	**124,261**	**89,173**	**124,261**	**89,173**

iii. Capital Surplus

Revaluation surplus	20,830	21,048	20,830	21,048
Bank's shares held by subsidiary	-	-	(841)	(398)
	20,830	**21,048**	**19,989**	**20,650**

Revaluation Surplus

At 1st January	21,048	15,440	21,048	15,440
Revaluation surplus transferred	-	5,883	-	5,883
Deferred Tax on Revaluation	(218)	(275)	(218)	(275)
At 31st December	**20,830**	**21,048**	**20,830**	**21,048**

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

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	**2014**	**2013**
The following dividends were declared and paid by the Bank:	29,058	19,189

After 31st December 2014 the directors proposed a dividend per share of GH¢0.081 amounting to GH¢44.41 million in respect of 2014. 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 (2013: 548,261,549) ordinary shares at the balance sheet date.

33. 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 2014 in respect of the above amounted to GH¢525.5 million (2013: GH¢286.7 million) , as detailed below:

	2014	2013
Letters of Credit	431,525	247,741
Guarantees and Indemnities	93,959	38,952
	525,484	**286,693**

The amount of unsecured contingencies and commitments in respect of these at 31st December 2014 was nil (2013: GH¢12.6 million).

(ii) Capital expenditure

Capital commitments not provided for in the financial statements as at 31st December 2014 was nil (2013: 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¢5.9 million (2013: GH¢ 3.4 million). No provisions have been made in the financial statements in respect of these amounts.

(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¢298.0 million (2013: GH¢142.9 million) have not been included in the balance sheet.

34. 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 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.

34. Related Party Transactions (Continued)

In the ordinary course of business, the group makes loans to companies where a Director or any connected person is also a Director 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 collectability or present other unfavourable features. These loans are first assessed by credit risk department and submitted to credit committee for its approval after which all board members shall vote on it and it should have full board approval before it is granted.

Details of lending to related parties are as follows:

	2014	2013
Directors	1,179	780
Connected Persons	-	42,976
Staff Loans	11,460	6,997
	12,639	**50,753**

No specific provision has been recognised in respect of loans to related parties.

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.

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.

	2014	2013
Salaries and other short-term benefits	2,693	1,755
Employer social security charges on emoluments	278	161
	2,971	**1,916**

Employee termination benefits

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

35. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2014

NAME OF DIRECTOR	No. of Shares	%
FRANK BRAKO ADU JNR.	11,185,776	2.04
PHILIP OWIREDU	1,000,658	0.18
PAAROCK VAN PERCY	706,403	0.13
MALCOLMN DERMOTT PRYOR	200,000	0.04
KOBINA QUANSAH	13,492	0.002
JAMES C. BRENNER	4,550	0.001
	13,110,879	**2.39**

36. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2014

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	18,598	79.51	9,787,979	1.79
1001 - 5,000	3,565	15.24	7,752,731	1.41
5001 - 10,000	478	2.04	3,620,608	0.66
10,001 - 20,000	302	1.29	4,297,894	0.78
20,001 - 30,000	123	0.53	3,063,046	0.56
30,001 - 40,000	50	0.21	1,716,718	0.31
40,001 - 50,000	41	0.18	1,884,881	0.34
Over 50,000	233	1.00	516,137,692	94.14
	23,390	**100**	**548,261,549**	**100.00**

All Shares Have Equal Voting Rights

Twenty Largest Shareholders **Shareholder**	**No. of Shares**	**% Holding**
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	181,913,182	33.18%
ADP I HOLDING 4	151,830,692	27.69%
IC ASSET MANAGERS (GHANA) LIMITED	20,137,200	3.67%
STD NOMS TVL PTY/BNYM/FRONTAURA GLOBAL FRONTIER FUND LLC	16,489,497	3.01%
MR DANIEL OFORI	13,455,045	2.45%
ADU JNR, FRANK BRAKO	11,185,776	2.04%
STD NOMS TVL PTY/CFC STANBIC NOMINEES LTD AC CENTUM EXOTICS	10,799,000	1.97%
SCBN/ASHMORE SICAV INDIAN SMALL CAP EQUITY- SICVISCF_AGCO	7,956,700	1.45%
STD NOMS TVL PTY/BNYM/FRONTIER MARKET OPPORTUNITIES MASTER FUND, LP	7,481,000	1.36%
ICAM/VANGUARD ASSURANCE EQUITIES PORTFOLIIO	6,862,800	1.25%
STD NOMS TVL PTY/ BNYM SANV/KAPITALFORENINGEN INVESTIN PRO, AFRIKANSKE AKTIER	5,735,651	1.05%
STD NOMS TVL PTY/BNYM/FRONTIER MARKET SELECT FUND 11, L.P.	5,310,580	0.97%
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%
SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	3,914,900	0.71%
SCGN/PICTET ET CIE(EUROPE) S.A RE THE NEWMARKET AFRICA MASTER FUND LIMITED	2,608,663	0.48%
ANSAH BENJAMIN FOSU	2,571,551	0.47%
COCOBOD END OF SERVICE BENEFIT SCHEME	2,462,593	0.45%
SCGN/ELAC POLICYHOLDERS FUND	2,376,531	0.43%
DAMSEL/OTENG-GYASI ANTHONY	2,340,130	0.43%
Top 20 shareholders	**464,416,145**	**84.71%**
Others	83,845,404	15.29%
Grand Total	**548,261,549**	**100.00%**

37. 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:

- **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) 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 32 "Financial instruments: presentation"** – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014) 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), 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), 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).

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014),** 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 adoption of these amendments to the existing standards and interpretations has not led to any changes in the Entity'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" (effective for annual periods beginning on or after 1 January 2018),** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), 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 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 January 2014.

This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2017), published by IASB on 28 May 2014.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **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 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 IFRS 10 "Consolidated Financial Statements"** and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016), published by IASB on 11 September 2014.

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations published by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2014.

Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 June 2014.

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), 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 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014.

The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **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.

- **revised requirements regarding:** (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope 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. (Amendments are to be applied for annual periods beginning on or after 1 July 2014),

Annual Improvements to IFRSs 2010 – 2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the company. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarifies that:
- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the company. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Annual improvements 2012-2014 Cycle

These improvements which was done in September 2014 are effective beginning on or after 1 January 2016 and are not expected to have a material impact on the company. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

IFRS 7 Financial Instruments: Disclosures
Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 19 Employee Benefits
Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

IAS 34 Interim Financial Reporting
Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

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 2015 Annual General Meeting:

To Consider the 2014 Accounts and Reports
The Board shall propose for consideration the audited accounts of the company for 2014 and the 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, 2014.

To Declare a Dividend
The directors shall recommend the declaration of a dividend of GHS 0.081 per share for the year ended 31st December, 2014.

To Authorise the Directors to Fix the fees of the Auditors
In accordance with section 134 (11) 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 directors of the company; Mr. James Brenner, Mr. Paarock van Percy and Dr. Kobina Quansah, 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. James Brenner, Mr. Paarock van Percy and Dr. Kobina Quansah, who are eligible for re-election, have offered themselves to be re-elected as directors of the company.

To Re-elect Directors Appointed to fill Casual Vacancies
Mr. Noel Addo and Mr. Ken Kobina Dela Alor were appointed by the Board as directors of the company on 30th October, 2014 to fill casual vacancies created following the resignations of Mrs. Leonora Agyarko and Mr. Ernest Thompson in 2014. In accordance with Regulation 74 (b) of the company's Regulations, 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. Noel Addo and Mr. Ken Kobina Dela Alor

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 2014 Annual Report.

PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 27th March 2015 at Ghana College of physicians and surgeons, Ridge, 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 2015.

Signed this .....day of 2015

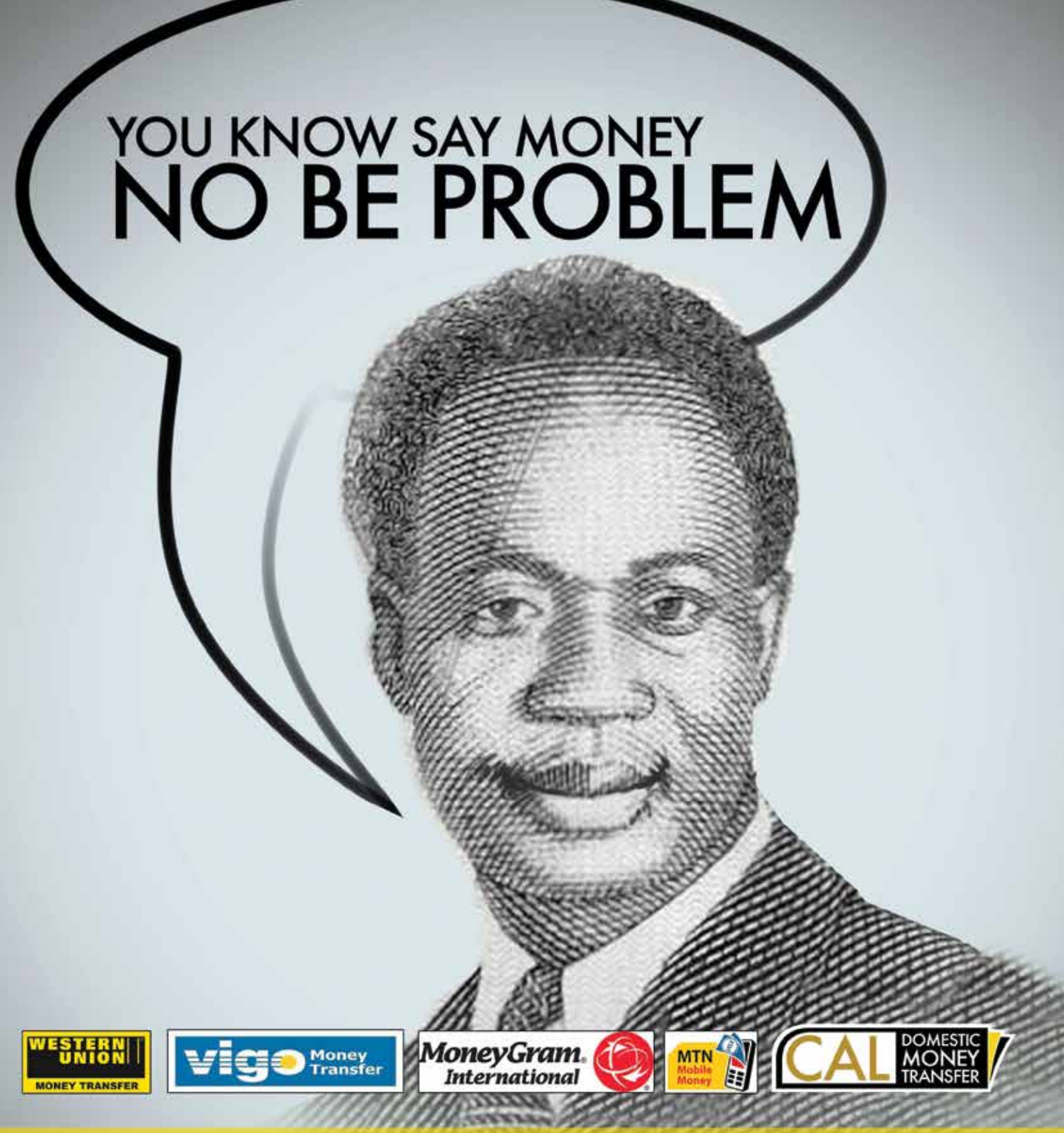
.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2014 Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. Paarock A. VanPrecy as a director of the Bank		
5. To re-elect Mr. James C. Brenner as a director of the Bank		
6. To re-elect Dr. Kobina Quansah as a director of the Bank		
7. To re-elect Mr. Noel Addo as a director of the Bank		
8. To re-elect Mr. Ken Kobina Dela Alor as a director of the Bank		
8. 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 Tuesday 25th March 2014.



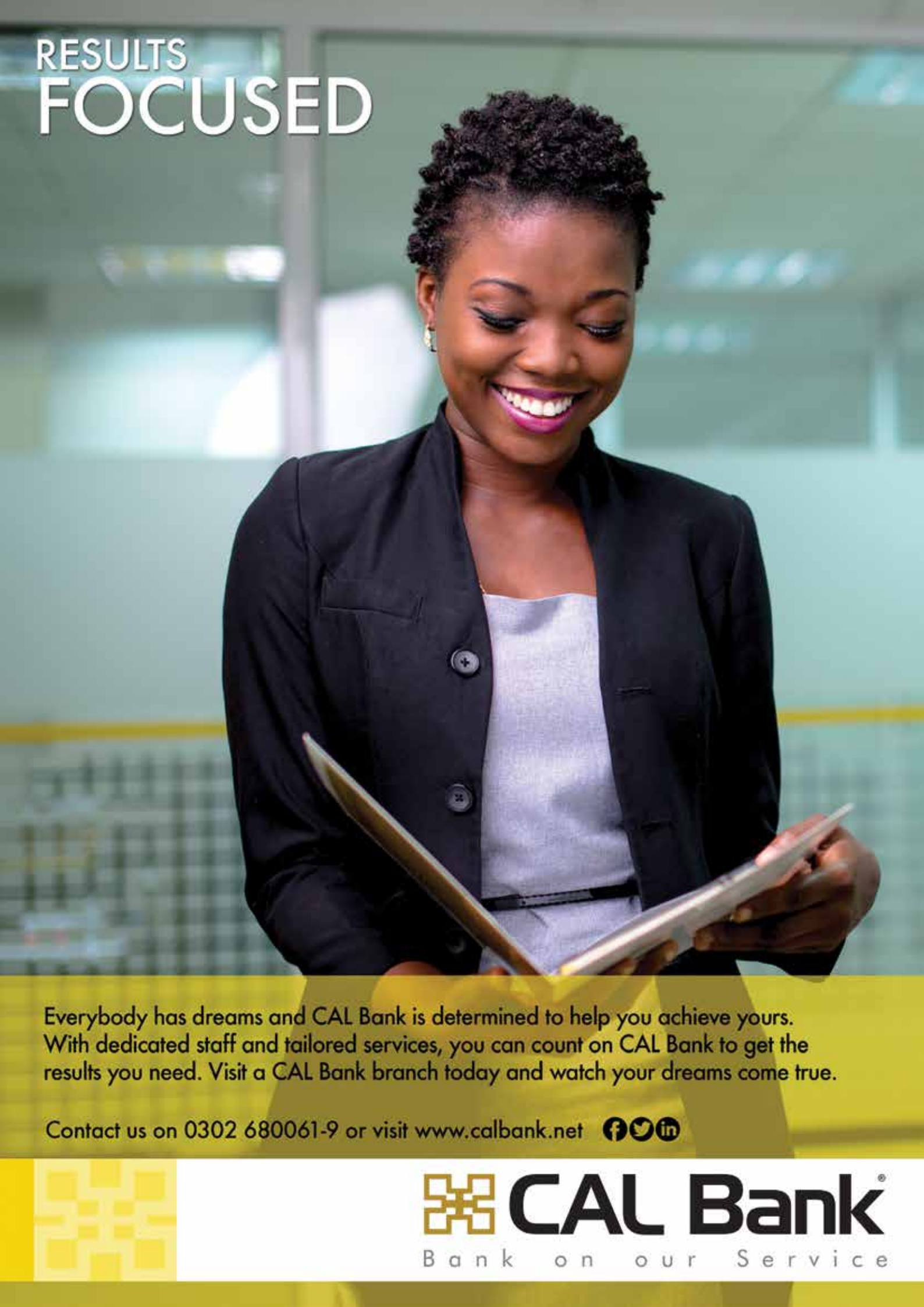
Send and receive money locally through CAL Domestic Money Transfer and MTN Mobile Money. You can also receive money from anywhere in the world at CAL Bank.
Visit any CAL Bank branch today for more information.

Contact us on 0302 680061-9 or visit www.calbank.net

CAL Bank®

Bank on our Service

PROPOSED CALBANK HEAD OFFICE, ACCRA
Atelier


RESULTS
FOCUSED
Everybody has dreams and CAL Bank is determined to help you achieve yours.
With dedicated staff and tailored services, you can count on CAL Bank to get the
results you need. Visit a CAL Bank branch today and watch your dreams come true.
Contact us on 0302 680061-9 or visit www.calbank.net
CAL Bank
Bank on our Service

ONLINE BANKING JUST GOT EVEN BETTER

Take your banking with you wherever you go! With spontaneous, real-time transactions and a platform that is secure but entirely user-friendly, you'll be at ease banking on our hassle-free online platform. Our services include online transactions, e-alerts, e-statements, online payments and more. You can also use our convenient Cash-In ATMs.

Banking online is safe and covenient at CAL Bank.

Contact us on 0302 680061-9 or visit www.calbank.net

CAL Bank

Bank on our Service

Branch Network

ACHIMOTA BRANCH

ASAFO MARKET BRANCH

DERBY AVENUE BRANCH

EAST LEGON BRANCH

GRAPHIC ROAD BRANCH

INDEPENDENCE AVENUE BRANCH

KEJETIA BRANCH

KNUST (TECH) BRANCH

KUMASI NHYIAESO BRANCH

LEGON BRANCH

OSU BRANCH

RING ROAD CENTRAL BRANCH

RING ROAD WEST BRANCH

SPINTEX ROAD BRANCH

SUAME BRANCH

TAKORADI HARBOUR BRANCH

TAKORADI MARKET CIRCLE BRANCH

TARKWA BRANCH

TEMA COMMUNITY 1 BRANCH

TEMA COMMUNITY 25 BRANCH

TEMA MAIN BRANCH

WEST HILLS MALL BRANCH

Head Office:
23 Independence Avenue, P. O. Box 14596, Accra, Ghana.
Tel: (233) 302 680068 / 680066 / 680079 **Telex:** 2675 ACCEPT GH
Fax: (233) 302 680081 / 680083
Website: www.calbank.net **Email:** calbank@calbank.net

CAL Bank