

ANNUAL **REPORT** | 2010



Social Responsibility

Donations to school for the blind



Orphans supported by CAL Bank



Donation to Village of Hope



Donation to Princess Marie Hospital



Donations UG Medical School



Donation to Nurses training college



Time with the children



As part of CAL Banks commitment to the society, the bank has a passion for investing and educating the underprivileged child in Ghana. Thus a substantial amount of the bank's corporate responsibility budget is focused on supporting this venture. The bank achieves this through various ways.

- Adoption – Over the last ten years the Bank has adopted eight orphanages across Ghana and sponsors brilliant students from these institutions to pursue their education. The Bank provides the financial and material needs of these students throughout their educational life whilst ensuring they build character that inures to the benefit of society at large
- Donations- In addition to the adopted orphanages, CAL Bank also donates to other institutions that attend to the needs of the marginalized in society. Institutions that benefit from such donations include the Princess Marie Louis Children's Hospital, School for the Blind, and other orphanages not on the adoption list of the bank.
- Sponsorships – As a bank that believes in supporting education, especially for the underprivileged, CAL Bank has been at the forefront supporting through sponsorship of various educational initiatives. The bank recently supported Joy FM's read 100 project that is building a number of e-library facilities within the refugee communities in Ghana.

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NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED TO BE HELD ON THURSDAY, MARCH 31, 2011 AT THE GHANA COLLEGE OF PHYSICIANS AND SURGEONS, RIDGE, ACCRA.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10 a.m. on Thursday, 31st March, 2011 at the Conference Auditorium of the Ghana College of Physicians and Surgeons, Ridge, Accra to transact the following business:

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, 2010.
2. To declare a final dividend for the year ended December 31, 2010.
3. To approve the appointment of Deloitte and Touche as auditors.
4. To authorise the Directors to fix the fees of the Auditors.
5. To re-elect as Directors, Dr. Kobina Quansah and Mr. Malcolm Pryor who are retiring by rotation and who, being eligible, have offered themselves for re-election in accordance with Regulation 78 of the Company's Regulation and Section 298 of the Companies Code, 1963 (Act 179).
6. To increase the number of directors to nine (9)
7. To approve the appointment of Mr. Philip Owiredu as a Director of the Bank.
8. To approve the appointment of Mr. Kakra Essamuah as a Director of the Bank.
9. To amend the resolution to increase the Banks' stated capital.
10. To approve directors' remuneration.
11. To transact any other business which may be properly transacted at an Annual General Meeting and for which due notice has been given.

DATED this 25 day of February 2011

BY ORDER OF THE BOARD

**DEHANDS SERVICES 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 proxy need not be a member of the company.

A copy of the instrument appointing the proxy may be deposited at the office of the Registrar, Computershare Pan Africa Ghana Limited, 23 Eleventh lane, Osu R.E., P.O. Box CT 2215 Cantonments, Accra not later than 10 a.m. on Tuesday, March 29, 2011.

FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

in thousands of Ghana Cedis

	IFRS				GHANA ACCOUNTING STANDARDS
	2010	2009	2008	2007	2006
Interest Income	69,750	64,256	38,113	24,401	16,267
Interest Expense	(32,675)	(41,621)	(21,682)	(12,362)	(6,822)
Net Interest Income	37,075	22,635	16,431	12,039	9,445
Commissions and fees	9,288	6,534	6,185	3,957	3,751
Other Operating Income	7,450	10,087	11,943	7,191	5,013
Operating Income	53,813	39,256	34,559	23,187	18,209
Total Operating Expenses	(28,328)	(25,450)	(21,177)	(14,646)	(8,844)
Impairment Charge on Financial Assets	(12,849)	(3,476)	(2,186)	(1,646)	(2,770)
Operating Profit	12,636	10,330	11,196	6,895	6,595
Other Income	(38)	185	303	221	207
Profit before income tax	12,598	10,515	11,499	7,116	6,802
Income Tax Expenses	(2,502)	(1,949)	(2,431)	(1,912)	(2,101)
National Fiscal Stabilization levy	(630)	(263)	-	-	-
Profit after Taxation	9,466	8,303	9,068	5,204	4,701
Total assets	509,992	452,812	338,902	235,727	157,008
Total Deposits	296,625	277,602	176,660	124,326	87,915
Loans and Advances	256,634	214,715	190,938	114,918	85,680
Total Shareholders' Equity	78,778	58,424	37,428	31,107	21,439
Earnings per share (Ghana Cedis per share)	0.0392	0.0441	0.5350	0.0325	0.0296
Dividends per share (Ghana Cedis per share)	0.0130	0.0120	0.0145	0.0105	0.0075
Number of Shares ('000)	246,103	238,803	167,211	163,939	158,627
Return on Assets	1.9%	1.8%	2.7%	2.2%	3.0%
Return on Equity	12.0%	14.2%	24.5%	16.7%	21.2%
Capital Adequacy Ratio	16.1%	15.5%	12.1%	15.3%	13.1%
Cost-to-Income Ratio	52.7%	64.5%	60.7%	62.6%	47.9%

CAL BANK LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE.

BOARD OF DIRECTORS

Paarock Asuman VanPercy (Chairman)
Frank Brako Adu Jnr. (Managing Director)
Malcolm Dermott Pryor
James Chamberlain Brenner
Leonora Awua-Kyerematen
Dr. Kobina Quansah
Joel Hyde (Appointed: 25/03/10)
Kwasi Tumi (Resigned: 18/11/10)

SECRETARY

Dehands Services Limited
4 Liberation Road
P.O.Box GP 453
Accra

SOLICITORS

Agyemang & Associates
3rd Floor, America House, Tudu
P. O. Box 2959
Accra
Ghana

Reindorf Chambers
61 Jones Nelson Road
Adabraka
P. O. Box 821
Accra
Ghana

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe
P. O. Box 242
Accra
Ghana

REGISTERED OFFICE

23 Independence Avenue
P. O. Box 14596
Accra
Ghana

BOARD OF DIRECTORS



Chairman

Mr. Paarock A. VanPercy

Mr. VanPercy has worked as an investment banker for close to 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 Ghana Leasing Company Limited, the Liberian Bank for Development and Investment and AfriHoldings Limited, a Mauritius-based company.



Managing Director

Mr. Frank Adu Jnr.

Mr. Frank Adu Jnr. is an Investment Banker and the Managing Director of the Bank. He is the Chairman of the Council of the Ghana Stock Exchange, the GSE Securities Depository Company and the Roman Ridge School. He is a member of the Board of Okyeman Environmental Foundation and the University College of Agriculture and Environment. He is also Chairman of the Golden Beach Hotels Group (La Palm Beach Hotel, Elmina Beach Resort and Busua Beach Resort).



Member

Mr. Joel Hyde

Joel Hyde is a practicing architect. He is a committed businessman and industrialist, serving as the Managing Director of Somotex Ghana Limited and a significant shareholder.

He also serves on the Board of several companies including Poly Tank Ghana Limited, Poly Craft Ghana Limited, Poly Products Ghana Limited, the Free Zones Board and has recently entered the real estate industry as a shareholder and director of Southwest Estates Limited. He is also a member of the Presidential Advisory Council.



Member

Mrs. L. Awua-Kyerematen

Mrs. Leonora Awua-Kyerematen is a member of the Ghana Bar Association and the International Federation of Women Lawyers (FIDA). She is an executive member of the Christian Council of Ghana. She also a Board member of the Christian Community Mutual Fund.



Member

Mr. James C. Brenner

Mr. Brenner is the President and CEO of Broad Cove Partners, and a Director of Ghana Home Loans Limited and is a member and founding Chairman of the Board of the Overseas Vote Foundation.



Member

Mr. Malcolm D. Pryor

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 Calbank, the African Export Import Bank and Ghana Home Loans as well as a founding shareholder of the 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 has served on the Board of Directors of both listed and unlisted Company's in Retailing, Health Care, Hospitality, Insurance and Engineering services. He was recently recognized as a leader in the area of Africa Investing by the Wharton School of the University of Pennsylvania.



Member

Dr. Kobina Quansah

Dr. Kobina Quansah, a banker by profession, is the Chairman of Vodafone Ghana as well as Core Nett. He is a director of Unique Insurance Limited and Pioneer Aluminium Kitchenware Limited. He is a member of the Advisory Council of Newmont Ghana Gold Limited as well as a member of the Executive Council of Finatrade Foundation.



Jojo Acquah
Company Secretary
Dehands Services Ltd.

CHAIRMAN'S REPORT



Introduction

Fellow shareholders, it is my pleasure to welcome you to the Annual General Meeting of CAL Bank Ltd for the year ended 31st December 2010. The year 2010 marked the Bank's 20th anniversary and was celebrated with various activities, including an anniversary soiree, church service, visits and donations to orphanages. We have reflected on the Bank's performance over the past twenty years and strategised on how to place your Bank on the best footing to take advantage of current and future opportunities whilst streamlining our processes and procedure to propel your Bank to greater heights over the next twenty years.

Economic Review

The national economy continued its buoyant performance. Inflation fell from 18% at end of 2009 to 9% by the end of 2010. During the same period, the Central Bank's prime rate dropped from 18% in the previous year to 13.5% in 2010, with the national currency experiencing relative stability through the year.

The year 2010 marked the commencement of commercial production of oil in Ghana and also realized a constant increase in the price of our commodity prices. These, coupled with the prudent management of the economy, resulted in a year-on-year improvement in almost all the economic fundamentals of the country.

There is currently a positive outlook for the economy with forecast GDP growth rate, inclusive of oil production, of 12.3% and maintaining a single digit inflation throughout the year. These factors signal a good year ahead for the economy.

Financial Review

The group recorded an 86.9% increase in profit but this was eroded by the impairment charge relating to bad debt provisioning. The increase in the impairment charge was as a result of the recognition of the challenges we had with the retail loans.

The result of this was profit before tax increasing by 21.1% to GHS12.6 million, buoyed by the strong performance from our asset management and brokerage subsidiaries. Also, operating efficiency realized substantial improvement with the cost-to-income ratio reducing from 64.5% in 2009 to 52.4% at the end of the year under review.

The raising of our regulatory capital following the admittance of new shareholders at the end of 2009 enabled us grow our balance sheet during the year. Total assets of the group

increased by 12.6% to GHS510 million from GHS453 million in the previous year.

The Bank's stock as indicated by its GSE performance appreciated in value by 55% from GHS0.20 as at end of 2009 to GHS0.31 as at 31 December 2010.

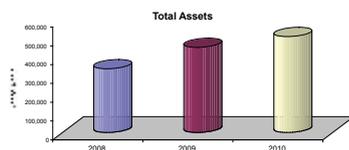
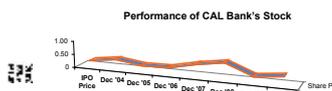
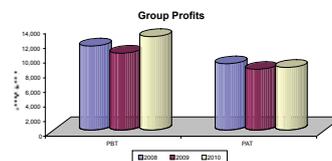
Dividends

Arising out of the year's performance, your Board is recommending a dividend of GHS0.013. This amount represents a modest increase over the previous year. Shareholders would have undoubtedly noticed the consistent and rising trend of dividend payments over the last five years. Your Board is still committed to paying improved levels of dividends, but at the same time being mindful of the need to retain some profits for further growth of your Bank.

Corporate Governance

In compliance with good corporate governance procedures and practices, the Board ensured the maintenance of good internal control procedures, strict adherence to rules and regulations, conforming to legal requirements through scheduled meetings of the Board and other committees. To further enhance the governance process the Bank engaged the services of Consultants of international repute to conduct its first annual evaluation of your Board of Directors. A number of the recommendations from that evaluation are currently being implemented including the adoption of a Board Charter which provides a clear framework for directors to execute duties and to serve as a benchmark for assessing their performance.

Directorship



I wish to inform you that Mr. Kwasi Tumi, an Executive Director and a member of the Board resigned during the year to pursue other interests. We greatly appreciate his dedicated service and contribution to the growth and development of the Bank over the years. He deserves our thanks for his contribution and we wish him well in his future endeavors.

In accordance with our regulations, we are recommending Mr. Philip Owiredo, the General Manager, Finance and Administration, of the Bank, to replace Mr. Tumi as a member of the Board.

Your Board is also recommending Mr. Kakra Essamuah a lawyer by profession to join the Board to help diversify the knowledge base of the Board and bring his experience to bear on the Bank.

Furthermore, in accordance with the regulations of the Bank and the Companies Code, Dr. Kobina Quansah and Mr. Malcomn D. Pryor are due for retirement by rotation and being eligible, offer themselves for re-election.

Capitalization

By a resolution passed at the Annual General Meeting of the Bank held on March 26, 2009, the Board was authorised by the shareholders to increase the stated capital of the Bank by up to one hundred million Ghana cedis (GHS100 million) in one or more tranches through rights issues. The shareholders further authorised the Board to dispose of any shares unsubscribed under any rights issue on terms acceptable to the Board.

The Bank consequently undertook a rights issue in September 2009 to raise an initial amount of GHS30 million. The issue was however undersubscribed, with a total of GHS13.91 million being raised.

Given the current state of the market, the take up of only 46% of rights by shareholders during the 2009 issue and the December 2012 recapitalisation deadline, the Bank is unlikely to achieve its GHS100 million capitalisation target through rights issues alone. The Bank is currently in discussions with reputable development finance institutions such as Proparco and DEG and other institutional private equity funds, following receipt of their equity funding interest.

In this regard therefore a new resolution, which I urge you to support, is being laid before you to enable your Bank achieve its capitalization target.

Auditors

In January of this year, the Bank received a directive from the Bank of Ghana to all Banks for a rotation of auditors over a five year period. Consequently, your Board will need to appoint a new firm of Auditors for the year 2011. We take this opportunity to extend our gratitude to KPMG for their dedicated service and support to the Bank over the years.

Registrars

In a bid to rationalize the registrar service to our esteemed shareholders, your Bank also changed its registrars from NTHC Company Limited to Computershare Pan-Africa Ghana Limited. We take this opportunity to extend our appreciation to NTHC for their services to the Bank.

We would request that shareholders make contact with the new registrars to update their shareholding and record details if they have not yet done so.

The Year Ahead

According to the IMF forecast for this year, the global economy will grow more slowly than was predicted in the last year. Your Bank is however in a strong position to benefit from this expected growth. Our branch expansion plans, and our strategic focus on deploying our capital on the corporate side of the economy, together with our targeted growth in liabilities on the retail side will enable us take advantage of the forecast growth opportunities.

Your Board will endeavor to focus on delivering on its mandate to enhance shareholder value and strong corporate growth.

We would ask that you continue supporting the Bank as you have done in the past. In the same vein we will continue to count on the support of our dedicated staff and loyal customers, which has been immense in the past and which we greatly appreciate.

Thank you.

Paarock A. VanPercy

MANAGING DIRECTOR'S REPORT

"Your legacy should be that you made it better than it was when you got it" Lee Iacocca.



INTRODUCTION

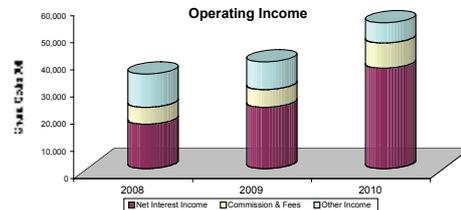
There was a very high expectation both globally and locally for a turnaround in economic activities. Though some gains were realized, these were not significant enough to defray the effect of the decline in the previous two years resulting in a modest growth in industry performance in the year under review. During the year, the new administration also stabilized and was able to turnaround the declining trend in the economic fundamentals experienced in 2009. The year also realized the commencement of commercial production of oil and this we expect to impact positively on the economy in the immediate future.

Outlook for the economy in 2011 looks very promising with an expected high rate of GDP growth, inflation remaining in the single digits and interest rates expected to be kept low. It is expected that since 2011 is a year preceding political election in 2012, it would be a challenge to achieve these goals and attain a continued and sustained macroeconomic stability

With the support of shareholders, customers, Board, management and staff of the Bank, we also had a successful twentieth anniversary celebration. I extend my appreciation to all stakeholders in making our celebration a success. We have walked the first twenty years of our journey which has seen a consistent growth in the prospects of the Bank, we look forward to the next twenty years with brighter prospects and the confidence that your Bank will be significantly transformed.

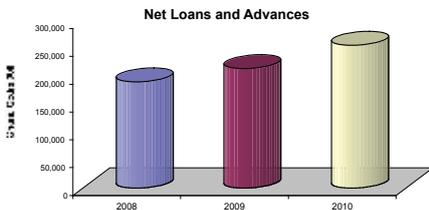
FINANCIAL PERFORMANCE

The group reported an annual operating profit before tax of GH¢12.6 million and a profit after tax of GH¢9.5 million compared to GH¢10.5 million and GH¢8.3 million respectively in the previous year. These represent an increase of 20% and 14% respectively.



There was an appreciable level of increase in our in-

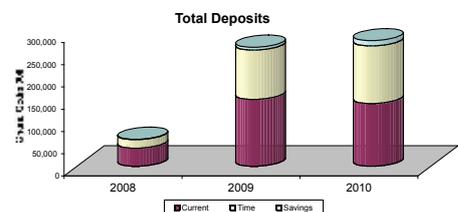
come levels with net interest income increasing by 64% above the previous year's amount and net fees and commissions income increasing by 43%, an indicator of the Bank's operating efficiencies.



Other income however declined by 26% due to a difficult trading environment during the year. We have therefore put in place measures to address these challenges and expect a turnaround this year.

In spite of the sterling performance we however had to recognize some challenges and weaknesses in the retail loan portfolio resulting in a significant increase in our impairment charge. Our profitability therefore suffered as we took a fairly significant provision on the retail loan portfolio. We are however pursuing these debts and are hopeful to recover a significant amount of it.

Total assets size of the group increased from GH¢453 million in 2009 to GH¢510 million in 2010, representing an increase of 12.6%. Growth in total assets resulted from a 56.7% growth in investment in government securities, a 19.5% increase in loans and advances and a 82.1% increase in property, plant and equipment as a result of revaluation of our landed properties and an increase in the branch network in line with our strategic plan.



These were funded by growth in our deposits base of 6.8% which increased from GH¢277 million to GH¢296 million at the end of 2010. Borrowings also increased by 18% from GH¢93 million to GH¢109million as a result of assessing additional facilities from institutional development agencies.

Shareholders equity also realized a significant increase of 34.9% resulting from additional equity injection, revaluation reserves and profit retention.

OPERATIONAL PERFORMANCE

We continued to consolidate our strength in corporate banking, corporate finance and treasury activities whilst developing our skills in the retail sector. In pursuing the retail strategy we continue to increase our presence in the market place by increasing our branch network with four additional branches at Weija, Ring Road West, Asafo and Legon Campus during the year bringing our total branch network to seventeen. We also increased our ATM network to forty-eight, deploying more offsite ATMs.

The commencement of oil production in commercial quantities opened up opportunities for the financial sector. The most significant ones can be realized in the upstream sector, unfortunately most local banks do not currently have the size or the funding to support this sector. We are however making inroads into the downstream sector and hope that with our intended increased capitalization we would have the size and be able to raise the requisite funding to take advantage of the numerous significant opportunities that the sector is beginning to offer.

Improving our service delivery continued to be a key part of our operations as we developed more innovative ways of serving the needs of our customers, especially through the use of technology. In pursuit of our quality service offering, we have developed products such as the SMS and e-mail alerts, Enhanced Transfer Request System (ETRS), which is a bulk payment system, put in place for corporate clients. We also continue to enhance the service quality of our e-products and develop new products to meet customer needs. We have also recently introduced a mortgage product as we think the opportunity is now ripe for financing the demand side of the mortgage market after supporting the supply side over the last few years.

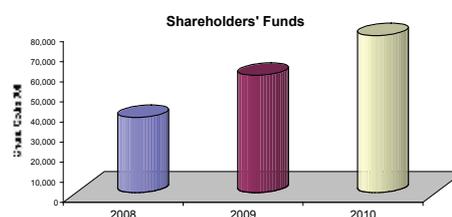
In ensuring we stay ahead of the market we focus on developing our key asset in the Bank, that is our human resource, by continuously updating the knowledge of our staff in the respective areas of their specialty and improving upon their general skill sets to deliver quality service to our esteemed clients.

RISK MANAGEMENT

Current trends in banking and regulatory requirements demand that enhanced risk management processes are put in place to mitigate any perceived risk inherent in the business. We have during the year re-evaluated and enhanced our risk management processes. We have put in place a comprehensive operational risk management system and carried out training for all staff to sensitize them about their roles and responsibilities with respect to operational risk. We continue to enhance our knowledge in other risk areas through structured training programs and evaluating current processes and procedures for effective monitoring. We are on course to meet the Central Bank’s deadline on the Basel II implementation and are currently putting in place the required systems to ensure full implementation by March 2012.

CAPITALISATION

The Bank undertook a rights issue from September 2009 to October 2009 to raise an initial amount of GH¢30 million being the first tranche under the resolution passed at last two year’s meeting to increase the stated capital of the Bank by up to GH¢ 100 million in one or more tranches through a rights issue. The issue was however undersubscribed with a total of only GH¢13.91 million mobilized. The shareholders authorized the Board to allot any shares unsubscribed under the rights issue, we have to date been able to sell a total of 7.3 million shares realizing an amount of GH¢2.1 million.



Considering our experience with capital raising in this market, your Bank is unlikely to meet its GH¢100 million capitalization target through rights issues alone. The Board and Management are therefore seeking your approval to meet the capitalization target through allotment and issue of the ordinary shares of the Bank to identified investors most of these being development financial institutions and private equity funds who have a long term strategic intent in the Bank and are committed to the development and growth of the Bank.

SOCIAL RESPONSIBILITY

Our financial support during the year to fulfill our social responsibilities was in excess of GH¢170,000. The Bank continues to be dedicated to its social responsibilities and with the year marking our 20th Anniversary, the Bank undertook various activities targeted at the underprivileged in society while continuing with our program of support to children in foster homes.

Donations were made to various organizations including the Ghana Heart Foundation, Ghana Association for the Blind, SOS Hermann Gmeiner International College, the University of Ghana Medical School, Princess Marie Louis Hospital, College of Health Sciences, the Osu School and the Pentecost University.

Our national service personnel for 2009/2010 also contributed to the Bank's social responsibility by conducting a blood donation exercise to fight infant and maternal mortality at the Effia Nkwanta Regional Hospital in Takoradi. They also raised an amount of GH¢7,000 with the Bank's support and donated food items and provisions amongst other gifts to the Egyam Orphanage.

SUBSIDIARIES

Our subsidiaries continue to contribute significantly to the group's profitability and growth. The brokerage subsidiary performed better in comparison to the previous year and the funds managed by the Asset Management Company increased to GH¢50 million a growth of 15% at the end of the year.

CONCLUSION

The economy presents increasing opportunities in the country and we foresee a promising year in 2011. We will endeavor to deliver our best and ensure we maintain the growth momentum we have enjoyed in the past.

We have in the past committed to sustaining and improving shareholder value; we reiterate this commitment and ask for your unwavering support in this regard.

Thank you.

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 2010.

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 2010 before taxation is	12,598
from which is deducted taxation of	(3,132)
giving a profit for the year after taxation of	9,466
to which is added balance on Retained Earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	7,673
leaving a balance of	17,139
Less: Transfer to Regulatory Reserves	(6,454)
giving a cumulative amount available for distribution of	10,685
less dividend paid of GH¢0.012 per share amounting to	(2,853)
leaving a balance on Retained Earnings carried forward of	7,832

Nature of Business

The nature of business of the company 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 38

Retirement and Re-Election of Board members

The following board members will be retiring in compliance with Section 298(a) of the Companies Code, 1963, (Act 179) and regulation 78(a) of the regulations of the company. They are Dr. Kobina Quansah and Mr. Malcolm Pryor.

Dr. Kobina Quansah and Mr. Malcolm Pryor, being eligible, have offered themselves for re-election.

Election of Board Member

At the meeting of the board of directors held on 4th February 2011, Mr. Philip Owiredu and Mr Ernest Benjamin Kakrah Essamuah were appointed as a director for approval by the shareholders. Their profiles appear below.

Mr. Philip Owiredu joined CAL Bank in December 2004 from KPMG, where he was Senior Manager for eight years. He has been the General Manager, Finance & Administration, at CAL Bank since 2007. 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 regulatory requirements. He is a fellow of the Association of Chartered Certified Accountants (UK).

Mr Kakra Essamuah is a qualified Solicitor and Barrister, who was admitted to the Ghana Bar in October 1992 and has since been in private legal practice. He first worked at da Rocha Chambers from 1992 to 2000 and has operated his own law firm, City Law Consult in Accra, from October 2000 to date. He was educated at the University of Ghana, Legon and qualified from the Ghana School of Law, Accra.

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.

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	- Chairman
Leonora Awua-Kyeremanten	- Member
Paarock VanPercy	- Member

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

- nominate the accounting firm to conduct the annual audit
- discuss with the internal auditor the scope of the examinations
- discuss with the internal auditor special areas of concern
- advise on review of compliance with company policies
- advise on the efficiency studies of selected activities
- review the auditors report with the auditor on completion

Compensation Committee

Paarock VanPercy	- Member
Dr Kobina Quansah	- Member
Frank Brako Adu Jnr (MD)	- Ex-Officio

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

Risk Management Committee

Mr. Paarock VanPercy	- Chairman
Dr. Kobina Quansah	- Member
Mrs. Leonora Awua-Kyerematen	- Member
Mr. Malcolm Pryor	- Member
Mr. Joel Hyde	- Member

The Risk Management Committee which is made up of the non-executive directors, 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

Dividends

The directors recommend the payment of a dividend of GH¢0.013 per share to be paid to members whose names appear in the register of members as at 24th March 2011.

Auditors

In accordance with Section 134(5) of the Companies Code 1963, (Act 179) Deloitte & Touche will be in office as new 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 25th February 2011



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

Report on the Financial Statements

We have audited the consolidated financial statements of CAL Bank Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, consolidated statement of comprehensive income, changes in equity and cashflow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 63.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana, the Banking Act, 2004 (Act 673) of Ghana (as Amended) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 consolidated financial statements give a true and fair view of the consolidated financial position of CAL Bank Limited and its subsidiaries at 31 December 2010 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana, the Banking Act, 2004 (Act 673) of Ghana (as Amended).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Code, 1963 (Act 179) of Ghana and Section 78 of the Banking Act, 2004 (Act 673) of Ghana (As amended).

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

In our opinion, proper books of account have been kept and the statement of financial position, the statement of comprehensive income and the retained earnings accounts are in agreement with the books of account.

The Bank's transactions were within its powers, and the Bank complied with the relevant provisions of the Banking Act, 2004 (Act 673) of Ghana (as Amended).

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CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELNKPE
P. O. BOX GP 242
ACCRA, GHANA

25 February, 2011

CAL BANK LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2010	2009	2010	2009
Interest Income	8	69,635	64,215	69,750	64,256
Interest Expense	8	(32,800)	(41,714)	(32,675)	(41,621)
Net Interest Income		36,835	22,501	37,075	22,635
Fees and Commissions Income	9	9,984	6,906	9,981	6,906
Fees and Commissions Expense	9	(684)	(362)	(693)	(372)
Net Fees and Commissions		9,300	6,544	9,288	6,534
Net Trading Income	10	4,414	10,228	4,833	9,622
Other Operating Income	11	1,304	(313)	2,617	465
		5,718	9,915	7,450	10,087
Operating Income		51,853	38,960	53,813	39,256
Impairment Charge on Financial Assets	21	(12,849)	(3,476)	(12,849)	(3,476)
Net Operating Income		39,004	35,484	40,964	35,780
Staff Costs	12	(12,269)	(12,503)	(12,782)	(12,932)
Administration and General Expenses	13	(13,100)	(10,285)	(13,385)	(10,497)
Depreciation and Amortisation	28, 29	(1,998)	(1,866)	(2,161)	(2,021)
Total Operating Expenses		(27,367)	(24,654)	(28,328)	(25,450)
Operating Profit		11,637	10,830	12,636	10,330
Share of Post-tax (Loss)/Profit of Associated Company	23	-	-	(61)	182
Profit From Disposal of Non-Current Assets	28	23	135	23	3
Profit Before Income Tax		11,660	10,965	12,598	10,515
Income Tax Expense	26	(2,267)	(1,813)	(2,502)	(1,949)
National Fiscal Stabilization levy	26	(583)	(274)	(630)	(263)
PROFIT FOR THE YEAR		8,810	8,878	9,466	8,303
Earnings per share (Ghana Cedis per share)	15				
- Basic		0.0365	0.0471	0.0392	0.0441
- Diluted		0.0365	0.0471	0.0392	0.0441

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2010

in thousands of Ghana Cedis

	The Bank		The Group	
	2010	2009	2010	2009
Profit for the Year	8,810	8,878	9,466	8,303
Other Comprehensive Income				
Available-For-Sale Financial Assets	455	1,908	455	1,908
Net Change In Revaluation Surplus	10,986	19	10,986	19
Other Comprehensive Income For The Year	11,441	1,927	11,441	1,927
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20,251	10,805	20,907	10,230

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2010

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2010	2009	2010	2009
Assets					
Cash and Balances with Bank of Ghana	16	37,786	33,563	37,786	33,563
Items in Course of Collection from Other Banks	18	7,645	11,883	7,645	11,883
Investment in Government Securities	19	117,544	75,032	117,668	75,138
Due from Banks and Other Financial Institutions	20	43,309	93,491	51,225	94,432
Loans and Advances to Customers	21	256,634	214,715	256,634	214,715
Investment in Other Securities	22	86	345	1,677	1,069
Investment in Associated Company	23	407	407	1,160	1,221
Investment in Subsidiaries	24	718	718	-	-
Other Assets	25	7,938	5,085	8,333	5,232
Property, Plant and Equipment	28	27,351	14,991	27,379	15,018
Intangible Assets	29	333	240	485	541
Total Assets		499,751	450,470	509,992	452,812
Liabilities					
Customer Deposits	30	275,543	267,554	282,556	268,076
Due to Banks and Other Financial Institutions	31	13,937	9,374	14,069	9,526
Borrowings	32	109,010	92,691	109,010	92,691
Accruals and Other Liabilities	33	22,803	21,526	23,515	21,817
Current Tax Liabilities	26	1,559	555	1,684	522
Deferred Tax Liabilities	27	380	1,756	380	1,756
Total Liabilities		423,232	393,456	431,214	394,388
Shareholders' Equity					
Stated Capital	34	27,120	25,000	27,120	25,000
Statutory Reserve Fund		13,858	11,656	13,858	11,656
Capital Surplus		15,362	4,376	15,224	4,058
Retained Earnings		5,435	5,945	7,832	7,673
Other Reserves		14,744	10,037	14,744	10,037
Total Shareholders' Equity		76,519	57,014	78,778	58,424
Total Liabilities and Shareholders' Equity		499,751	450,470	509,992	452,812
Net Assets Value per Share (Ghana Cedi per Share)		0.3109	0.2387	0.3201	0.2447

Director

Director

The Directors approved the financial statements on 25th February 2011

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2010

in thousands of Ghana Cedis

Attributable to Equity Holders

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves			Total Equity
					Share Options Reserve	Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2009	8,272	9,437	4,357	10,559	1,911	(2,253)	3,125	35,408
Net proceeds from rights issue of shares	12,807	-	-	-	-	-	-	12,807
Share-based payment transactions	26	-	-	-	423	-	-	449
Transfer to/from reserves	3,895	2,219	-	(11,037)	(1,867)	-	6,790	-
Dividends paid to equity holders	-	-	-	(2,455)	-	-	-	(2,455)
Total comprehensive income for the year	-	-	19	8,878	-	1,908	-	10,805
Balance at 31 December 2009	25,000	11,656	4,376	5,945	467	(345)	9,915	57,014

Balance at 1 January 2010	25,000	11,656	4,376	5,945	467	(345)	9,915	57,014
Net proceeds from rights issue of shares	2,120	-	-	-	-	-	-	2,120
Share-based payment transactions	-	-	-	-	-	-	-	-
Transfer to/from reserves	-	2,202	-	(6,454)	(467)	-	4,719	-
Dividends paid to equity holders	-	-	-	(2,866)	-	-	-	(2,866)
Total comprehensive income for the year	-	-	10,986	8,810	-	455	-	20,251
Balance at 31 December 2010	27,120	13,858	15,362	5,435	-	110	14,634	76,519

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves			Total Equity
					Share Options Reserve	Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2009	8,272	9,437	4,087	12,849	1,911	(2,253)	3,125	37,428
Net proceeds from rights issue of shares	12,807	-	-	-	-	-	-	12,807
Share-based payment transactions	26	-	-	-	423	-	-	449
Transfer to/from Reserves	3,895	2,219	-	(11,037)	(1,867)	-	6,790	-
Change in Bank's shares held by subsidiaries	-	-	(48)	-	-	-	-	(48)
Dividends paid to equity holders	-	-	-	(2,442)	-	-	-	(2,442)
Total comprehensive income for the year	-	-	19	8,303	-	1,908	-	10,230
Balance at 31 December 2009	25,000	11,656	4,058	7,673	467	(345)	9,915	58,424

Balance at 1 January 2010	25,000	11,656	4,058	7,673	467	(345)	9,915	58,424
Net proceeds from rights issue of shares	2,120	-	-	-	-	-	-	2,120
Share-based payment transactions	-	-	-	-	-	-	-	-
Transfer to/from Reserves	-	2,202	-	(6,454)	(467)	-	4,719	-
Change in Bank's shares held by subsidiaries	-	-	180	-	-	-	-	180
Dividends paid to equity holders	-	-	-	(2,853)	-	-	-	(2,853)
Total comprehensive income for the year	-	-	10,986	9,466	-	455	-	20,907
Balance at 31 December 2010	27,120	13,858	15,224	7,832	-	110	14,634	78,778

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2010

in thousands of Ghana Cedis

	The Bank		The Group	
	2010	2009	2010	2009
Profit Before Tax for the Period	11,660	10,965	12,598	10,515
Adjustments for:				
Depreciation and Amortisation	1,998	1,866	2,161	2,021
Impairment on Financial Assets	12,849	3,476	12,849	3,476
Profit on Disposal of Non-current Assets	(23)	(135)	(23)	(7)
Dividend Received	-	(9)	-	(20)
Share-Based Payment Expenses	-	423	-	423
Other Employee Benefit Expenses	(38)	151	(38)	151
Associated Company Profit/(Loss)	-	-	61	(182)
Impairment of Investment in Associated Company	-	-	-	62
Change in Fair Value of Investment Securities Recognised in Income Statement	(1)	(43)	-	402
Other Provisions	191	5	191	5
Accretion of Deferred Income	841	109	841	109
	27,477	16,808	28,640	16,955
Change in Government Securities	(42,089)	(29,620)	(42,107)	(29,643)
Change in Investments in Other Securities	290	15	(577)	81
Change in Loans and Advances to Customers	(54,822)	(28,054)	(54,822)	(28,054)
Change in Other Assets	(2,799)	1,220	(3,047)	1,208
Change in Customer Deposits	7,989	102,221	14,480	101,530
Change in Amounts Due to Banks and Other Financial Institutions	4,564	(4,858)	4,543	(4,706)
Change in Accruals and Other Liabilities	1,277	24,186	1,698	24,316
Income Tax Paid	(5,273)	(1,947)	(5,397)	(2,070)
Net Cash Flows From Operating Activities	(63,386)	79,971	(56,589)	79,617
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(2,407)	(2,503)	(2,422)	(2,703)
Proceeds from Sale of Non-current Assets	23	3	23	3
Change in Treasury Shares	-	-	180	(48)
Net Cash Used in Investing Activities	(2,384)	(2,500)	(2,219)	(2,748)
Cash Flow from Financing Activities				
Dividend Income	-	9	-	20
Dividends Paid	(2,866)	(2,455)	(2,853)	(2,442)
Net Changes in Borrowings	16,319	(27,570)	16,319	(27,570)
Proceeds from Shares Issued	2,120	12,833	2,120	12,833
Net Cash Flow from Financing Activities	15,573	(17,183)	15,586	(17,159)
Net (Decrease)/Increase in Cash and Cash Equivalents	(50,197)	60,288	(43,222)	59,710
Analysis of Changes in Cash and Cash Equivalents During the Year				
Cash and Cash Equivalents at 1st January	138,937	78,649	139,878	80,168
Net Change in Cash and Cash Equivalents	(50,197)	60,288	(43,222)	59,710
Cash and Cash Equivalents at 31st December	88,740	138,937	96,656	139,878
Analysis of Cash and Cash Equivalents During the Year				
Cash and Balances with Bank of Ghana	37,786	33,563	37,786	33,563
Due from Banks and Other Financial Institutions	43,309	93,491	51,225	94,432
Items in Course of Collection from Other Banks	7,645	11,883	7,645	11,883
Total Cash and Cash Equivalents	88,740	138,937	96,656	139,878

CAL BANK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

(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 is 23 Independence Avenue, P.O. Box 14596, Accra, Ghana. The consolidated financial statements of the Bank as at and for the year ended 31st December 2010 comprise the Bank and its subsidiaries (together referred to as the Group). The Group primarily is involved in investment banking, corporate and retail banking, brokerage and asset management services.

2. BASIS OF PREPARATION

(a) Statement of compliance

The 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 prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: financial instruments that are fair value through profit or loss, 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 and in any future periods affected.

(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 notes 4 & 5.

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

Subsidiaries are all entities over which the Bank exercises control directly or indirectly over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Subsidiaries that are considered insignificant are not consolidated and the Bank's interests in those subsidiaries are classified as long term investments.

(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 policies of the Group. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

In the financial statements of the Group, investments in associates are stated at cost less impairment if any.

(iii) Funds Management

The Group manages and administers assets held in unit trust or other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except where the group controls the entity. Information about the Group's fund management activities are set out in note 35.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. All subsidiaries and associates follow the same accounting policies. Where this is not the case, on consolidation, changes are effected to bring the accounting policies in line with the Group policies.

(b) Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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) Net 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 net trading income, net income on other financial instruments at fair value or other operating income based on the underlying classification of the equity instrument.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

at its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

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

(i) Income tax expense

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the statement of financial position date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only off set when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(j) Financial assets and liabilities

(i) 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.

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

Financial instruments are classified in this category if they are held for trading, or if they are designated by management under the fair value option. Instruments are classified as held for trading if they are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or;
- a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial instruments may be designated at fair value through profit or loss (designated under the fair value option) on inception. Financial instruments cannot be taken into or out of this category after inception. Financial instruments designated at fair value are recognised initially at fair value and transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Regular way purchases and sales of financial instruments held for trading under fair value option are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, which are not classified as available for sale and which the Group has no intention to sell immediately or in the near term.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

(iv) 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. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Gains and losses arising from changes in fair value are included in a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement. Interest determined using the effective interest rate method, impairment losses and translation differences on monetary items are recognised in the income statement. The available for sale financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of available for sale financial instruments are recognised on trade date, being the date on which the group commits to purchase or sell the asset.

(v) Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss. All financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

(vi) Fair value measurement

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. For unlisted securities and financial assets or financial liabilities that are not actively traded, the Group 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. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

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

(vii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(viii) 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.”

(ix) 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.

To the extent a loan is irrecoverable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 the subsequent events cause available-for-sale assets to decrease, the impairment loss is reversed through the income statement.

(k) Derivative financial instruments

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value changes in the derivative are recognised in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with maturities less than three months. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(m) Investments in debt and equity instruments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either fair value through profit and loss, available for sale or loans and receivables.

(i) Fair value through profit and loss

The Group carries some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in accounting policy j(ii).

(ii) Available for sale

Available for sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

(iii) Loans and receivables

Investment securities designated as loans and receivables comprise investment in government treasury bills which are carried at amortised cost as described in accounting policy j(iii)

(n) Due from Banks and Other Financial Institutions

This is mainly made up of placements and overnight deposits with banks and other financial institutions. Amounts due from banks and other financial institutions are carried in the statement of financial position at amortised cost, i.e. gross receivable less impairment allowance.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

Gains and losses on disposals are included in the income statement.

(p) 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 to five years.

(q) 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 income tax is provided, using the statement of financial position method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

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 income tax is determined using tax rates and legislation enacted or substantially enacted by the statement of financial position date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(r) 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.

(s) 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.

(i) Deposits and amounts due to Banks

Deposits and amounts due to Banks are a major source of debt funding for the Group. Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit and loss.

(ii) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(t) Provisions

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.

(u) 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).

(v) 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 also provides gratuity benefits to its retirees on health grounds and long-term services. The entitlement to these benefits is usually conditional on the employee remaining in service up to the due date and completion of minimum service period. The expected cost of these benefits are accrued over the period of employment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

(w) Share-based payments to employees

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period.

The fair value of the shares granted is determined by reference to the intrinsic value of the options granted, which take into account the exercise price of the option, the current weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

(x) Impairment on non-financial assets

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

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

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

(y) Share capital

(i) Share issue costs

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

(ii) Dividends on ordinary shares

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

(iii) Treasury shares

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(z) 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.

(aa) 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 by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares which comprises share options granted to employees.

(ab) New standards and interpretations yet to be adopted

Details of this are presented in note 39.

(ac) 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 Organization.

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 risks • operational risks.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) Credit risk

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

Management of credit risk

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

The Credit department's responsibility includes:

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

4. Financial risk management (continued)

Exposure to Credit Risk

Loans and Advances to Customers

	2010	2009
Carrying Amount	256,634	214,715
Individually Impaired		
Grade B	968	7,005
Grade C	1,863	1,406
Grade D	2,534	2,079
Grade E	19,099	5,007
Gross Amount	24,464	15,497
Allowance for Impairment	(14,061)	(8,581)
Carrying Amount	10,403	6,916
Collectively Impaired		
Grade B	433	1,736
Grade C	752	1,133
Grade D	3,811	6,262
Grade E	-	2,050
Gross Amount	4,996	11,181
Allowance for Impairment	(561)	(2,527)
Carrying Amount	4,435	8,654
Past due but not Impaired		
Grade B	2,378	15
Grade C	458	466
Grade D	-	2,943
Grade E	2,201	2,135
Carrying Amount	5,037	5,559
Loans with renegotiated terms	12,234	13,662
Neither past due nor impaired		
Grade A	224,525	179,924
Total Carrying Amount	256,634	214,715

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

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.

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.

4. Financial risk management (continued)

Write-off policy

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

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

Loans and Advances to Customers

	31st December 2010		31st December 2009	
	Gross	Net	Gross	Net
Grade B	968	742	7,005	3,804
Grade C	1,863	1,342	1,406	1,292
Grade D	2,534	949	2,079	732
Grade E	19,099	7,370	5,007	1,089
Total	24,464	10,403	15,497	6,917

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 not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except where the counterparty bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2010 or 2009.

Credit risk concentration

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

	Loans and Advances to Customers	
	2010	2009
Carrying Amount	256,634	214,715
Concentration by sector		
Agriculture, Forestry & Fishing	2,544	1,196
Mining and Quarrying	1,768	1,941
Manufacturing	38,622	24,846
Construction	39,618	40,332
Electricity, gas and water	28,429	27,568
Commerce and Finance	71,071	69,790
Transport, Storage and Communications	19,820	22,332
Services	52,537	20,367
Miscellaneous	16,847	17,450
	271,256	225,822
Allowance for Impairment	(14,622)	(11,107)
	256,634	214,715
Concentration by type of customer		
Private Enterprises	249,897	188,999
Joint Private & State Enterprises	9,801	23,111
Public Institutions	-	-
Individuals	11,558	13,712
	271,256	225,822
Allowance for Impairment	(14,622)	(11,107)
	256,634	214,715

4. Financial risk management (continued)

Settlement risk

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

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

(c) Liquidity risk

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

Management of liquidity risk

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

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

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. 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:

31st December 2010

	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	37,786	37,786	-	-	-	-	-	-
Items in Course of Collection from Other Banks	7,645	7,645	-	-	-	-	-	-
Investment in Government Securities	117,668	-	5,265	101,189	5,529	837	-	4,848
Due from Banks and Other Financial Institutions	51,225	51,225	-	-	-	-	-	-
Investment in Other Securities	1,677	-	-	-	-	-	-	1,677
Investment in Associated Company	1,160	-	-	-	-	-	-	1,160
Loans and Advances to Customers	256,634	90,174	-	429	16,661	51,833	64,987	32,550
Other Assets	8,333	-	5,000	2,616	161	556	-	-
Property, Plant and Equipment	27,379	-	-	-	-	-	3,479	23,900
Intangible Assets	485	-	-	-	-	485	-	-
Total Assets	509,992	186,830	10,265	104,234	22,351	53,711	68,466	64,135
Liabilities								
Customer Deposits	282,556	82,120	43,315	77,795	50,390	10,996	10,883	7,057
Due to Banks and Other Financial Institutions	14,069	5,317	3,551	2,387	1,714	458	367	275
Borrowings	109,010	-	18,981	3,804	21,931	18,885	37,905	7,504
Accruals and Other Liabilities	23,515	17,322	4,743	1,450	-	-	-	-
Current Tax Liabilities	1,683	-	1,683	-	-	-	-	-
Deferred Tax Liabilities	380	-	-	-	-	-	-	380
Total Liabilities	431,213	104,759	72,273	85,436	74,035	30,339	49,155	15,234
Liquidity gap	78,779	82,071	(62,008)	18,798	(51,684)	23,372	19,311	48,901

4. Financial risk management (continued)

31st December 2009

	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	33,563	33,563	-	-	-	-	-	-
Items in Course of Collection from Other Banks	11,883	11,883	-	-	-	-	-	-
Investment in Government Securities	75,138	-	6,031	53,681	11,092	4,334	-	-
Due from Banks and Other Financial Institutions	94,432	94,432	-	-	-	-	-	-
Investment in Other Securities	1,069	-	-	779	-	-	-	290
Investment in Associated Company	1,221	-	-	-	-	-	-	1,221
Loans and Advances to Customers	214,715	22,886	45,090	31,701	22,497	67,661	23,614	1,266
Other Assets	5,232	-	2,241	2,991	-	-	-	-
Property, Plant and Equipment	15,018	-	-	-	-	-	2,703	12,315
Intangible Assets	541	-	-	-	-	541	-	-
Total Assets	452,812	162,764	53,362	89,152	33,589	72,536	26,317	15,092
Liabilities								
Customer Deposits	268,076	86,072	39,546	68,752	46,161	10,580	9,872	7,093
Due to Banks and Other Financial Institutions	9,526	3,600	2,405	1,617	1,160	310	248	186
Borrowings	92,691	22,846	6,015	1,413	2,400	10,969	8,668	40,380
Accruals and Other Liabilities	21,817	17,445	3,663	709	-	-	-	-
Current Tax Liabilities	522	-	-	-	522	-	-	-
Deferred Tax Liabilities	1,756	-	-	-	-	1,102	-	654
Total Liabilities	394,388	129,963	51,629	72,491	50,243	22,961	18,788	48,313
Cumulative liquidity gap	58,424	32,801	1,733	16,661	(16,654)	49,575	7,529	(33,221)

The previous table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments 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; and unrecognised loan commitments are not all expected to be drawn down immediately.

The table above analyses assets and liabilities of the bank 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.

(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.

4. Financial risk management (continued)

Exposure to interest rate risk – non-trading portfolios (continued)

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 2010	1,946	(2,542)	969	(1,131)
At 31 December 2009	4,900	(5,127)	2,449	(2,465)

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 bank'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.

2010	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Balances with Bank of Ghana	1,773	416	655	-	2,844
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	26,846	1,708	2,537	699	31,790
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	121,097	1	2,780	-	123,877
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	2,768	16	3	-	2,787
Taxation	-	-	-	-	-
Total Assets	152,484	2,141	5,975	699	161,298
Liabilities					
Due to Customers	67,483	1,545	3,251	-	72,279
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	66,976	-	-	-	66,976
Other Liabilities	11,721	14	14	(1)	11,748
Total Liabilities	146,180	1,559	3,265	(1)	151,003
Net On-Balance Sheet Position	6,304	582	2,709	700	10,295
Off-Balance Sheet Credit Commitments	16,329	178	1,879	-	18,385
2009					
Total Assets	192,369	4,538	11,662	5,088	213,657
Total Liabilities	161,843	2,081	6,205	-	170,129
Net On-Balance Sheet Position	30,526	2,457	5,457	5,088	43,528
Off-Balance Sheet Credit Commitments	36,544	364	4,081	-	40,989

4. Financial risk management (continued)

(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, sets and 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, translation reserve 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.

4. Financial risk management (continued)

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.

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

	The Bank		The Group	
	2010	2009	2010	2009
Tier 1 capital				
Ordinary share capital	27,120	25,000	27,120	25,000
Retained earnings	5,435	5,945	7,832	7,673
Statutory Reserves	13,859	11,656	13,859	11,656
Regulatory Credit Risk Reserve	14,634	9,915	14,634	9,915
Share Options Reserve	-	467	-	467
Other regulatory adjustments	(15,642)	(3,809)	(15,729)	(4,225)
Total	45,406	49,174	47,716	50,486
Tier 2 capital				
Fair value reserve for available-for-sale securities	110	(345)	110	(345)
Revaluation Reserves	15,362	4,376	15,224	4,058
Total	15,472	4,031	15,334	3,713
Total regulatory capital	60,878	53,205	63,050	54,199
Risk-weighted assets				
On-balance sheet items	294,368	245,457	310,050	246,466
Off-balance sheet items	47,667	73,878	47,666	73,878
Total risk-weighted assets	342,035	319,335	357,716	320,344
Other Regulatory Adjustments	36,557	28,866	37,327	29,613
Adjusted Asset Base	378,592	348,201	395,043	349,957
Capital ratios				
Capital Adequacy (Total Regulatory Capital as a percentage of Adjusted Asset Base)	16.08%	15.28%	15.96%	15.49%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization 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(j)(ix).

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

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

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(j)(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(j).

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(j)(vii).

6. OPERATING SEGMENTS

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

31st December 2010	Corporate & Institutional Banking	Retail & Business Banking	Treasury	Cal Brokers	Cal Asset Manage- ment	Others	Totals
Revenues from External Customers							
Interest Income	31,784	19,240	16,890	151	-	1,685	69,750
Interest Expense	(13,276)	(7,108)	(11,886)	(47)	-	(358)	(32,675)
Net Interest Income	18,508	12,132	5,004	104	-	1,327	37,075
Net Fees and Commissions	6,020	3,936	-	27	723	(1,418)	9,288
Net Trading Income	-	-	4,414	153	-	266	4,833
Other Operating Income	943	277	79	390	21	907	2,617
Intersegment Revenue	36	-	-	3	125	-	164
Operating Income	25,507	16,345	9,497	677	869	1,082	53,977
Impairment Charge on Financial Assets	(5,138)	(7,711)	-	-	-	-	(12,849)
Net Operating Income	20,369	8,634	9,497	677	869	1,082	41,128
Staff Costs	(942)	(3,820)	(448)	(208)	(306)	(7,058)	(12,782)
Administration and General Expenses	(175)	(2,070)	(194)	(177)	(109)	(10,660)	(13,385)
Depreciation and Amortisation	-	(988)	-	(149)	(14)	(1,009)	(2,160)
Total Operating Expenses	(1,117)	(6,878)	(642)	(534)	(429)	(18,727)	(28,327)
Reportable Segment Profit Before Income Tax	19,252	1,756	8,855	143	440	(17,645)	12,800
Reportable Segment Assets	175,654	88,781	188,869	7,756	999	47,933	509,992
Expenditure on non-current assets	-	-	-	-	-	2,407	2,407
Reportable Segment liabilities	115,991	120,723	177,521	187	66	16,725	431,213

6. Operating segments (Continued)

31st December 2009	Corporate & Institutional Banking	Retail & Business Banking	Treasury	Cal Brokers	Cal Asset Management	Others	Totals
Revenues from External Customers							
Interest Income	42,580	8,980	12,520	51	-	125	64,256
Interest Expense	(28,548)	(4,754)	(8,196)	-	-	(123)	(41,621)
Net Interest Income	14,032	4,226	4,324	51	-	2	22,635
Net Fees and Commissions	3,645	346	2	(9)	(1)	2,551	6,534
Net Trading Income	-	-	10,228	(667)	(43)	104	9,622
Other Operating Income	106	26	-	162	617	(446)	465
Intersegment Revenue	12	-	4	99	89	-	204
Operating Income	17,795	4,598	14,558	(364)	662	2,211	39,460
Impairment Charge on Financial Assets	(1,521)	(1,955)	-	-	-	-	(3,476)
Net Operating Income	16,274	2,643	14,558	(364)	662	2,211	35,984
Staff Costs	(939)	(589)	(519)	(201)	(263)	(10,421)	(12,932)
Administration and General Expenses	(154)	(167)	(245)	(79)	(31)	(9,821)	(10,497)
Depreciation and Amortisation	-	-	-	(148)	(7)	(1,866)	(2,021)
Total Operating Expenses	(1,093)	(756)	(764)	(428)	(301)	(22,108)	(25,450)
Reportable Segment Profit Before Income Tax	15,181	1,887	13,794	(792)	361	(19,897)	10,534
Reportable Segment Assets	192,363	33,260	202,087	2,499	642	21,961	452,812
Expenditure on non-current assets	-	-	-	181	18	2,504	2,703
Reportable Segment liabilities	231,233	74,327	92,692	1,323	33	(5,220)	394,388

Reconciliation of Segment Revenues	2010	2009
Total Revenue for Reportable Segments	52,896	37,249
Other Revenues	1,081	2,211
Elimination of Intersegment Revenues	(164)	(204)
Total Group Revenue	53,813	39,256

6. Operating segments (Continued)

Reconciliation of Profit or Loss

	2010	2009
Total profit or loss for reportable segments	30,446	30,432
Other Profit or loss	(17,646)	(19,898)
Elimination of Intersegment profit	(164)	(204)
Unallocated Amounts:		-
Share of Post-tax (Loss)/Profit of Associated Company	(61)	182
Proceeds From Disposal of Non-Current Assets	23	3
Total Consolidated Income before tax expense	12,598	10,515

Reconciliation of assets and liabilities

Total assets for reportable segments	462,046	430,851
Other Assets	47,946	21,961
Total assets for the Group	509,992	452,812
Total liabilities for reportable segments	414,489	399,608
Other liabilities	16,724	(5,220)
Total liabilities for the Group	431,213	394,388

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.

	Trading	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
31st December 2010						
Cash and balances with Bank of Ghana	-	-	-	37,786	37,786	37,786
Items in Course of Collection from Other Banks	-	-	-	7,645	7,645	7,645
Investment in Government Securities	-	112,107	5,561	-	117,668	117,668
Due from Banks and Other Financial Institutions	-	51,225	-	-	51,225	51,225
Investment in Other Securities	786	-	891	-	1,677	1,677
Loans and Advances to Customers	-	256,634	-	-	256,634	256,634
	786	419,966	6,452	45,431	472,635	472,635
Customer Deposits	-	-	-	282,556	282,556	282,556
Due to Banks and Other Financial Institutions	-	-	-	14,069	14,069	14,069
Borrowings	-	-	-	109,010	109,010	109,010
Accruals and Other Liabilities	-	-	-	23,515	23,515	23,515
	-	-	-	429,150	429,150	429,150
31st December 2009						
Cash and balances with Bank of Ghana	-	-	-	33,563	33,563	33,563
Items in Course of Collection from Other Banks	-	-	-	11,883	11,883	11,883
Investment in Government Securities	-	60,146	14,992	-	75,138	75,138
Due from Banks and Other Financial Institutions	-	94,432	-	-	94,432	94,432
Investment in Other Securities	724	-	345	-	1,069	1,069
Loans and Advances to Customers	-	214,715	-	-	214,715	214,715
	724	369,293	15,337	45,446	430,800	430,800
Customer Deposits	-	-	-	268,076	268,076	268,076
Due to Banks and Other Financial Institutions	-	-	-	9,526	9,526	9,526
Borrowings	-	-	-	92,691	92,691	92,691
Accruals and Other Liabilities	-	-	-	21,817	21,817	21,817
	-	-	-	392,110	392,110	392,110

7. Financial assets and liabilities (Continued)

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

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

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

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

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

8. NET INTEREST INCOME

	The Bank		The Group	
	2010	2009	2010	2009
INTEREST INCOME				
Placements, Special Deposits, etc.	1,527	987	1,661	1,016
Investment Securities	15,445	12,628	15,463	12,652
Loans and Advances	52,663	50,600	52,626	50,588
Total Interest Income	69,635	64,215	69,750	64,256
INTEREST EXPENSE				
Current Accounts	4,480	4,489	4,480	4,489
Time and other Deposits	20,391	25,157	20,266	25,064
Overnight and Call Accounts	617	602	617	602
Borrowings	7,312	11,466	7,312	11,466
Total Interest Expense	32,800	41,714	32,675	41,621
Net Interest Income	36,835	22,501	37,075	22,635

Included within interest income from loans and advances for the year ended 31st December 2010 is a total of GH¢5.75 million (2009: GH¢4.64 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	Note	The Bank		The Group	
		2010	2009	2010	2009
Fee and Commission Income					
Letters of Credit & Guarantees		1,881	1,943	1,881	1,943
Foreign Transfers		1,577	1,369	1,577	1,369
Other Commissions		3,427	2,190	3,424	2,190
Other Fees		3,099	1,404	3,099	1,404
Total Fee and Commission Income		9,984	6,906	9,981	6,906
Fee and Commission Expense					
Inter-bank transaction fees		684	362	693	372
Total Fee and Commission Expense		684	362	693	372
Net Fee and Commission Income		9,300	6,544	9,288	6,534

10. NET TRADING INCOME

Foreign Exchange		4,414	10,228	4,414	10,228
Equities held-for-trading		-	-	419	(606)
Net Trading Income		4,414	10,228	4,833	9,622

11. OTHER OPERATING INCOME

Loss/Gain on Sale of Available for Sale Securities		-	(946)	-	(946)
Other Income		1,304	633	2,617	1,411
		1,304	(313)	2,617	465

12. STAFF COSTS

Salaries and Bonuses		5,524	5,984	5,890	6,359
Social Security Contribution		660	584	688	609
Equity-settled Share Based Payments	14	-	209	-	209
Increase in Liability for Defined Benefit Scheme	33	139	139	139	139
Training		379	258	397	260
Other Staff Costs		5,567	5,329	5,668	5,356
		12,269	12,503	12,782	12,932

The average number of persons employed by the bank during the year was 300 (2009: 309)

13. ADMINISTRATION AND GENERAL EXPENSES

Advertising and Marketing		1,983	1,223	2,030	1,264
Administration Expenses		1,996	1,408	2,098	1,426
Directors' Emoluments		651	624	658	628
Equity-settled Share Based Payments	14	-	213	-	213
Auditors' Remuneration		81	56	105	72
Other Expenses		8,389	6,761	8,494	6,832
Diminution in value of shares held in associated company		-	-	-	62
		13,100	10,285	13,385	10,497

Included within directors emoluments for the year ended 31st December 2010 is a total of GH¢ 484,254 (2009: GH¢494,662) relating to executive directors.

Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢177,862 (2009: GH¢147,980).

14. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The shareholders of the Bank on 26th April 2004 approved the following share options scheme for non-executive directors and executive directors and senior management staff.

The options for Senior Management Staff are exercisable at the initial public offering price of GH¢0.20 over a five-year period in equal amounts commencing January 2005 to December 2009, after which they will lapse. Options not exercised after the respective exercisable date will accumulate and must be exercised by December 31, 2009 after which they will lapse. The options will also lapse when the employee leaves the company except they will automatically become exercisable in cases where the employee leaves on account of ill-health, retirement, termination without cause, death and change in control or in other cases as decided by the Board of Directors. All options are to be settled by physical delivery of shares. The share options for senior management staff lapsed on 31 December 2009, all outstanding options not exercised were forfeited accordingly.

The options for non-executive directors are exercisable at the option price of GH¢0.20 per share over a three-year period in equal amounts commencing January 2005 to December 2007, after which they will lapse. Options not exercised after the respective exercisable date will accumulate and must be exercised by December 31, 2007 after which they will lapse. The options for non-executive directors were fully exercised as at 31st December 2007.

	Senior management & executive directors	Non-executive directors
Grant Date	26th April 2004	26th April 2004
Number of Instruments Granted	4,517,783	1,859,551
Contractual Life of Options	5 years	3 years

The number and weighted average exercise price of share options are as follows:

	Senior management & executive directors			
	2010		2009	
	Weighted Average Exercise Price (GH¢)	Number of Options	Weighted Average Exercise Price (GH¢)	Number of Options
Outstanding at 1 January	-	-	0.20	818,579
Forfeited During the period	-	-	0.20	(688,412)
Exercised during the period	-	-	0.27	(495,070)
Granted during the Period	-	-	0.29	364,903
Outstanding at 31 December	-	-	0.20	-
Exercisable at 31 December			0.20	-

The weighted average share price for share options exercised in 2010 was nil (2009: GH¢0.30).

The fair value of services received in return for share options granted is based on the fair value of the equity instruments granted. The fair value of the shares granted is determined by reference to the intrinsic value of the options granted, which take into account the exercise price of the option and the year-to-date weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

14 Share-based payments (continued)

(b) Bonus Scheme

The Shareholders of the bank at the Annual General Meeting held on 18th March 2006 passed a resolution to allot a pool of shares of up to 5% of the issued shares at 31st December 2005 amounting to 7,754,639, for distribution to Non-Executive Directors and Executives of the bank over a period of 5 years linked to the performance of the bank and as determined by the Board.

The fair value of services received in return for bonus shares granted is based on the fair value of the equity instruments granted. The fair value of the shares granted is determined by reference to the intrinsic value of the bonus shares granted, which is equal to the year-to-date weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

The weighted average share price for bonus shares exercised in 2010 was nil (2009: GH¢0.30).

Bonus Shares Issued

	2010	2009
Bonus shares outstanding 1st January	-	1,550,931
Bonus shares issued	-	(1,550,931)
Bonus shares outstanding at 31st December	-	-

Income Statement Expenses

	The Bank		The Group	
	2010	2009	2010	2009
Senior management & executive directors				
Number of Options vested	-	1,907,577	-	1,941,231
Total expense recognised in staff costs	-	209	-	209
Non-executive directors				
Number of Options vested	-	709,167	-	709,167
Total expense recognised in administration and general expenses	-	213	-	213

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31st December 2010 was based on the profit attributable to ordinary shareholders of GH¢9.5 million (2009: GH¢8.3 million) and a weighted average number of ordinary shares outstanding of 241 million (2009: 188 million), calculated as follows:

Profit attributable to ordinary shareholders

in thousands of Ghana Cedis

Net profit for the period attributable to equity holders of the Bank

	The Group	
	2010	2009
Net profit for the period attributable to equity holders of the Bank	9,466	8,303
Weighted average number of ordinary shares		
<i>In thousands of shares</i>		
Issued ordinary shares at 1 January	238,803	167,211
Effect of share options exercised	-	1,337
Effect of additional issue of shares	2,450	19,761
Weighted average number of ordinary shares at 31 December	241,253	188,309

The additional shares issued during the year was concluded on 3rd June 2010 and 25th October 2010. The new issued share of 2.5 million shares and 4.8 million shares ran for seven months and two months respectively.

15. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share as at 31st December 2010 was based on the profit attributable to ordinary shareholders of GH¢9.5 million (2009: GH¢8.3 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 241 million (2009: 188 million), calculated as follows:

Profit attributable to ordinary shareholders

in thousands of Ghana Cedis

	Note	The Group	
		2010	2009
Profit for the period attributable to ordinary shareholders		9,466	8,303

Weighted average number of ordinary shares (diluted)

In thousands of shares

Weighted average number of ordinary shares (basic)		241,253	188,309
Weighted average number of ordinary shares (diluted) at 31st December		241,253	188,309

The average market value of the Bank's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

16. CASH AND BALANCES WITH BANK OF GHANA

	The Bank		The Group	
	2010	2009	2010	2009
Cash in Hand	8,742	6,693	8,742	6,693
Balances with Bank of Ghana	29,044	26,870	29,044	26,870
	37,786	33,563	37,786	33,563

Mandatory reserve deposits representing 9% of the bank total deposit are not available for use in the bank's day to day operations and are non-interest bearing.

17. CASH AND CASH EQUIVALENTS

	Note	The Bank		The Group	
		2010	2009	2010	2009
Cash and balances with Bank of Ghana	16	37,786	33,563	37,786	33,563
Due from other banks and financial Institutions	20	43,309	93,491	51,226	94,433
Items in course of collection	18	7,645	11,883	7,645	11,883
		88,740	138,937	96,657	139,879

18. ITEMS IN COURSE OF COLLECTION

Items in course of collection		7,645	11,883	7,645	11,883
		7,645	11,883	7,645	11,883

19. GOVERNMENT SECURITIES

Treasury Bills		111,983	60,040	112,107	60,146
Government Bonds		5,561	14,992	5,561	14,992
		117,544	75,032	117,668	75,138

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.

20. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2010	2009	2010	2009
Nostro account balances	27,309	73,539	27,309	93,491
Placement with other banks	16,000	19,952	23,916	941
	43,309	93,491	51,225	94,432

21. LOANS AND ADVANCES TO CUSTOMERS

	The Bank		The Group	
	2010	2009	2010	2009
(a) Analysis by type				
Overdrafts	126,514	113,387	126,514	113,387
Term Loans	133,487	93,526	133,487	93,526
Other Advances	11,254	18,909	11,254	18,909
Gross Loans and Advances	271,255	225,822	271,255	225,822
Less:				
Identified Impairment	(14,060)	(10,630)	(14,060)	(10,630)
Unidentified Impairment	(561)	(477)	(561)	(477)
Carrying Amount	256,634	214,715	256,634	214,715

- i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.
- ii. Loan loss provision ratio is 5.4% of gross advances (2009: 4.9%).
- iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 11.4% (2009: 10.4%).
- iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 72.3% (2009: 67.8%).
- v. The maximum amount due from officers of the bank during the year amounted to GH¢5.08 million (2009: GH¢5.09 million).

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

Allowances for Identified Impairment

	The Bank		The Group	
	2010	2009	2010	2009
Balance at 1st January	10,630	7,608	10,630	7,608
Impairment Charge for the year	12,765	3,180	12,765	3,180
Write-offs	(9,335)	(158)	(9,335)	(158)
Balance at 31st December	14,060	10,630	14,060	10,630

Allowances for Unidentified Impairment

Balance at 1st January	477	642	477	642
Impairment Charge for the year	84	(165)	84	(165)
Balance at 31st December	561	477	561	477

Impairment charge to the income statement

Net increase in impairments	5,564	3,015	5,564	3,015
Excess impairment charge on written off accounts	7,285	466	7,285	466
Amounts recovered previously written off	-	(5)	-	(5)
Net charge to the income statement	12,849	3,476	12,849	3,476

22. INVESTMENT IN OTHER SECURITIES

	The Bank		The Group	
	2010	2009	2010	2009
Investment securities at fair value through profit or loss	-	-	786	724
Available-for-sale investment securities	86	345	891	345
	86	345	1,677	1,069
Investment securities at fair value through profit or loss				
Equity Securities held-for-trading	-	-	786	724

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.

Available-for-sale investment securities

Quoted Equity securities with readily determinable fair values	86	55	891	55
Unquoted equity securities at cost	6	296	6	296
	92	351	897	351
Less specific allowances for impairment	(6)	(6)	(6)	(6)
Carrying Amount	86	345	891	345

Specific allowances for impairment

Balance at 1 January	6	6	6	6
Charge for the year	-	-	-	-
Balance at 31 December	6	6	6	6

Unquoted equity securities at cost

Securities Discount Company	6	6	6	6
Africa Investment Bank	-	290	-	290
	6	296	6	296

23. INVESTMENT IN ASSOCIATED COMPANIES

	The Bank		The Group	
	2010	2009	2010	2009
Ghana Leasing Company Ltd	407	407	1,614	1,432
Group's share of associated company's operating profit		-	(61)	182
	407	407	1,553	1,614
Less impairment loss		-	(393)	(393)
Carrying amount	407	407	1,160	1,221

The percentages of interests in Associated Companies are provided below:

Name	Nature of Business	Country of Incorporation	Percentage Interest
Ghana Leasing Company Limited	Leasing of Equipment	Ghana	39.9%

24. INVESTMENTS IN SUBSIDIARIES

The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
CAL Brokers Limited	Security Brokerage	Ghana	600	100
CAL Asset Management	Fund Management	Ghana	118	100
			<u>718</u>	

Investments in subsidiaries are stated at cost and comprise:

	The Bank		The Group	
	2010	2009	2010	2009
Investments in Subsidiaries	718	718	-	-

25. OTHER ASSETS

	The Bank		The Group	
	2010	2009	2010	2009
Sundry Debtors	5,167	3,000	5,562	3,144
Accrued Income Receivable	-	95	-	98
Prepayments	2,771	1,972	2,771	1,972
Items in transit	-	18	-	18
	7,938	5,085	8,333	5,232

26. TAXATION

	The Bank			
	Balance 1/1/2010	Payments During the year	Charge for the year	Balance 31/12/2010
Income Tax				
1998 - 2008	(988)	-	988	-
2009	1,423	(1,423)	-	-
2010	-	(3,145)	4,701	1,556
	435	(4,568)	5,689	1,556
Capital Gains Tax				
2001	(5)	-	5	-
	430	(4,568)	5,694	1,556
Dividend Tax				
1997 - 2009	2	(2)	-	-
2010	-	-	-	-
	2	(2)	-	-
National Reconstruction Levy/National Fiscal Stabilisation levy				
2001 - 2009	123	(123)	-	-
2010	-	(580)	583	3
	123	(703)	583	3
Total	555	(5,273)	6,277	1,559

26. Taxation (continued)

	The Group			
	Balance 1/1/2010	Payments During the year	Charge for the year	Balance 31/12/2010
Income Tax				
1998 - 2008	(1,020)	-	988	(32)
2009	1,414	(1,423)	-	(9)
2010	-	(3,243)	4,934	1,690
	394	(4,666)	5,922	1,649
Capital Gains Tax				
2001	(5)	-	5	-
	389	(4,666)	5,927	1,649
Dividend Tax				
1997 - 2009	2	(2)	-	-
2010	-	(2)	2	-
	2	(4)	2	-
National Reconstruction Levy/National Fiscal Stabilisation levy				
2001 - 2009	131	(123)	-	8
2010	-	(604)	630	26
	131	(727)	630	34
Total	522	(5,397)	6,559	1,684

Income Tax Expense

Recognised in the income statement

	Note	The Bank		The Group	
		2010	2009	2010	2009
Current tax expense					
Current year		5,284	3,435	5,566	3,560
Deferred tax expense	27	(2,434)	(1,348)	(2,434)	(1,348)
Total income tax expense		2,850	2,087	3,132	2,212

Reconciliation of effective tax rate

	The Bank		The Group	
	2010	2009	2010	2009
Profit before income tax	11,660	10,965	12,598	10,515
Corporate Tax Rate	25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%	2,915	2,741	3,150	2,629
Non-deductible expenses	950	794	950	794
Tax on items at different tax rate	(52)	26	(52)	26
Capital Allowances	(572)	(325)	(572)	(325)
Net Tax Effect on unrealised Gains/losses	1,460	(75)	1,460	(75)
Other	583	274	630	511
Deferred Tax	5,284	3,435	5,566	3,560
	(2,434)	(1,348)	(2,434)	(1,348)
Overall tax charge	2,850	2,087	3,132	2,212
Effective tax rate	24.4%	19.0%	24.9%	21.0%

27. DEFERRED TAXATION

	The Bank		The Group	
	2010	2009	2010	2009
Balance at 1st January	1,756	3,123	1,756	3,123
Origination/reversal of temporary differences:				
recognised in income statement	(2,434)	(1,348)	(2,434)	(1,348)
recognised in equity	1,058	(19)	1,058	(19)
Balance at 31st December	380	1,756	380	1,756

Recognised deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following:

	2010			2009		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	2,314	2,314	-	478	478
Others	-	(1,934)	(1,934)	-	1,278	1,278
Net tax (assets)/liabilities	-	380	380	-	1,756	1,756

Liabilities up to and including 2009 for the Bank has been agreed with the tax authorities where as liabilities up to and including 2002 for the subsidiaries have also been agreed. All liabilities are subject to agreement with the Internal Revenue Service

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

28. PROPERTY, PLANT AND EQUIPMENT

The Bank - 2010

	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	9,999	5,915	1,299	4,403	21,616
Additions	16	709	634	731	2,090
Disposals	-	-	(78)	-	(78)
Surplus on revaluation	11,038	-	-	-	11,038
Transfers	620	2,296	-	(2,916)	-
Balance at 31st December	21,673	8,920	1,855	2,218	34,666
Accumulated Depreciation					
Balance at 1st January	1,333	4,555	737	-	6,627
Charge for the year	255	1,308	211	-	1,774
Release on revaluation	(1,006)	-	-	-	(1,006)
Released on disposal	-	-	(78)	-	(78)
Balance at 31st December	582	5,863	870	-	7,315
Carrying Amount					
At 31st December 2010	21,091	3,057	985	2,218	27,351

28. Property, Plant and Equipment (continued)

	The Bank - 2009				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at 1st January	8,829	5,019	1,248	4,190	19,286
Additions	249	309	62	1,721	2,341
Disposals	-	-	(11)	-	(11)
Transfers	921	587	-	(1,508)	-
Balance at 31st December	9,999	5,915	1,299	4,403	21,616
Accumulated Depreciation					
Balance at 1st January	1,029	3,361	561	-	4,951
Charge for the year	304	1,194	187	-	1,685
Released on disposal	-	-	(11)	-	(11)
Balance at 31st December	1,333	4,555	737	-	6,625
Carrying Amount at 31st December 2009	8,666	1,360	562	4,403	14,991

	The Group - 2010				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at 1st January	9,999	5,965	1,299	4,403	21,666
Additions	16	724	634	731	2,105
Disposals	-	-	(78)	-	(78)
Surplus on revaluation	11,038	-	-	-	11,038
Transfers	620	2,296	-	(2,916)	-
Balance at 31st December	21,673	8,985	1,855	2,218	34,731
Accumulated Depreciation					
Balance at 1st January	1,333	4,578	737	-	6,648
Charge for the year	255	1,322	211	-	1,788
Release on revaluation	(1,006)	-	-	-	(1,006)
Released on disposal	-	-	(78)	-	(78)
Balance at 31st December	582	5,900	870	-	7,352
Carrying Amount At 31st December 2010	21,091	3,085	985	2,218	27,379

28. Property, Plant and Equipment (continued)

The Group - 2009

	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	8,829	5,064	1,248	4,190	19,331
Additions	249	314	62	1,721	2,346
Disposals	-	-	(11)	-	(11)
Transfers	921	587	-	(1,508)	-
Balance at 31st December	9,999	5,965	1,299	4,403	21,666
Accumulated Depreciation					
Balance at 1st January	1,029	3,370	561	-	4,960
Charge for the year	304	1,208	187	-	1,699
Released on disposal	-	-	(11)	-	(11)
Balance at 31st December	1,333	4,578	737	-	6,648
Carrying Amount at 31st December	8,666	1,387	562	4,403	15,018

Leasehold Land and Buildings were professionally revalued on the basis of open market value for existing use by Messrs APEX VALUATION, SURVEYING & PROPERTY CONSULT Chartered Surveyors on 25th February, 2010.

	The Bank		The Group	
	2010	2009	2010	2009
Summary of Property, Plant and Equipment				
Gross Value	34,666	21,616	34,731	21,666
Accumulated depreciation	(7,315)	(6,625)	(7,352)	(6,648)
Net Book Value	27,351	14,991	27,379	15,018

Disposal of Property, Plant and Equipment

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

Cost	(78)	(11)	(78)	(11)
Accumulated Depreciation	78	11	78	11
Net Book Value	-	-	-	-
Disposal Proceeds	23	3	23	3
Profit on Disposals	9	3	23	3

Profit on disposal of other non-current assets has been arrived at as follows:-

Net Book Value	-	(10)	-	-
Disposal Proceeds	-	142	-	-
Profit on Disposals	-	132	-	-

29. INTANGIBLE ASSETS

	The Bank		The Group	
	2010	2009	2010	2009
Purchased Software Cost				
Balance at 1st January	618	457	1,060	703
Acquisitions	317	161	317	357
Balance at 31st December	935	618	1,377	1,060
Amortisation				
Balance at 1st January	378	197	519	197
Charge for the year	224	181	373	322
Balance at 31st December	602	378	892	519
Carrying Amount	333	240	485	541

30. CUSTOMER DEPOSITS

Current Account	140,598	151,201	141,399	150,817
Time Deposits	123,101	109,841	129,313	110,747
Savings deposits	11,844	6,512	11,844	6,512
	275,543	267,554	282,556	268,076
Analysis by type of depositors				
Individual and other private enterprise	250,305	243,999	257,318	244,521
Public enterprises	25,238	23,555	25,238	23,555
	275,543	267,554	282,556	268,076

Twenty largest depositors to total deposit ratio is 43% (2009: 49%)

31. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2010	2009	2010	2009
Deposits from other banks	13,937	9,374	14,069	9,526

32. BORROWINGS

	The Bank		The Group	
	2010	2009	2010	2009
Long-term borrowings				
African Development Bank	22,333	22,038	22,333	22,038
Bank Of Ghana	299	368	299	368
DEG	10,570	12,490	10,570	12,490
Export Development And Investment Fund	713	-	713	-
Ghana International Bank	17,122	9,789	17,122	9,789
PROPARCO	12,596	15,461	12,596	15,461
	63,633	60,146	63,633	60,146
Short-term borrowings				
SSNIT Informal Sector Fund	356	-	356	-
Export Development And Investment Fund	-	80	-	80
PROPARCO	-	437	-	437
National Health Insurance Council	17,116	21,658	17,116	21,658
Ghana International Bank	4,966	437	4,966	437
SSNIT	7,782	5,368	7,782	5,368
	30,220	27,543	30,220	27,543
Inter-bank borrowings				
Guaranty Trust Bank	-	5,002	-	5,002
Stanbic Bank Ghana Limited	5,052	-	5,052	-
SG - SSB BANK	5,053	-	5,053	-
Fidelity Bank Ltd	5,052	-	5,052	-
	15,157	5,002	15,157	5,002
Carrying Amount	109,010	92,691	109,010	92,691

Long-term borrowings

- i. African Development Bank – This facility was granted for on-lending to the private sector. Interest is at a rate of 6 months US Libor plus 2.3% maturing in 2015.
- ii. Bank of Ghana – This is a facility granted for on-lending to the private sector. The weighted average interest rate on this facility is 3.1% per annum maturing in 2014.
- iii. DEG - This facility was granted for on-lending to the private sector and expiring in October 2015. Interest is at a rate of 6 months US Libor plus 2.5%
- iv. Ghana International Bank – This facility was granted for on-lending to the private sector. Interest rate is at a rate of 6-month US Libor plus 2.5% per annum maturing in 2013.
- v. Proparco – three long-term facilities granted for on-lending to the private sector and expiring between October 2012 and October 2015. Interest is at a rate of 6 months US Libor plus 2.5%
- vi. EDIF – 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.

Short-term borrowings

- i. National Health Insurance Council and 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 14.4%.
- ii. Ghana International Bank - This is a portion of long-term facility due in 2011. Interest is at a rate of 6 months US Libor plus 2.5%

Inter-bank borrowings

Inter-bank borrowings are at the inter-bank overnight rates prevailing on the date of the transactions from the various counter-parties. The weighted Average Interest rate on these borrowings was 12.4%

33. ACCRUALS AND OTHER LIABILITIES

	The Bank		The Group	
	2010	2009	2010	2009
Creditors	6,124	6,126	6,417	6,395
Accruals	777	1,744	831	1,769
Recognised liability for Other Long-term Employee Benefit	365	359	365	359
Short-Term Employee benefits	60	224	60	224
Other liabilities	15,477	13,073	15,842	13,070
	22,803	21,526	23,515	21,817

Movement in the liability for defined benefit obligations

Liability for defined benefit obligations at 1st January	359	270	359	270
Benefits paid by the plan	(133)	(50)	(133)	(50)
Expense charged to income statement	139	139	139	139
Liability for defined benefit obligations at 31st December	365	359	365	359

Expenses recognised in profit or loss

Net actuarial losses/profits recognised during the year	(44)	(44)	(44)	(44)
Current service costs	112	112	112	112
Interest on obligation	71	71	71	71
	139	139	139	139

Actuarial assumptions

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

	The Bank		The Group	
	2010	2009	2010	2009
Discount rate at 31st December	5.0%	5.0%	5.0%	5.0%
Future salary increases	2.0%	2.0%	2.0%	2.0%
Inflation rate	15.0%	15.0%	15.0%	15.0%

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

34. CAPITAL AND RESERVES

Stated Capital

in thousands of Ghana Cedis

	2010		2009	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	1,000,000		1,000,000	
Issued:				
For cash	112,712	20,425	105,412	18,305
Transfer from Retained Earnings	-	6,695	-	6,695
Bonus issue	133,391	-	133,391	-
	246,103	27,120	238,803	25,000

There is no call or instalment unpaid on any share.

At 31st December 2010 the authorised share capital comprised 1 billion ordinary shares (2009: 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.

Statutory Reserve Fund (The Bank and the Group)

in thousands of Ghana Cedis

	2010	2009
At 1st January	11,656	9,437
Transfer from Retained Earnings	2,202	2,219
At 31st December	13,858	11,656

Capital Surplus

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2010	2009	2010	2009
Revaluation surplus	28	15,362	4,376	15,362	4,376
Bank's shares held by subsidiary		-	-	(138)	(318)
		15,362	4,376	15,224	4,058
Revaluation Surplus					
At 1st January		4,376	4,357	4,376	4,357
Revaluation surplus transferred		11,038	-	11,038	-
Depreciation releases on properties revalued		1,006	-	1,006	-
Deferred Tax on Revaluation		(1,058)	19	(1,058)	19
At 31st December		15,362	4,376	15,362	4,376

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

34. Capital and Reserves (continued)

Other Reserves

(i) Share Options Reserves

The share options reserve is a non-distributable reserve where the fair value of the bank's equity share-based payments to employees and others providing similar services are temporarily warehoused until such a time that the amounts are transferred to stated capital after the payment of stamp duties.

(ii) 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.

(iii) 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

The following dividends were declared and paid by the Bank:

2010	2009
2,866	2,455

On 31st December 2010 the directors proposed a dividend per share of GH¢0.013 amounting to GH¢3.20 million in respect of 2010. 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 246,102,978 (2009: 238,803,978) ordinary shares at the balance sheet date.

35. CONTINGENCIES AND COMMITMENTS

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 2010 in respect of the above amounted to GH¢63.0 million (2009: GH¢85.5 million), as detailed below:

	2010	2009
Letters of Credit	33,108	44,614
Guarantees and Indemnities	29,882	40,886
	62,990	85,500

The amount of unsecured contingencies and commitments in respect of these at 31st December 2010 was GH¢47.6 million (2009: GH¢73.8 million).

35. Contingencies And Commitments (Continued)

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31st December 2010 was nil (2009: nil).

Pending Legal Claims

At the year end there were two legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢61, 856 (2009: GH¢1,006,831). No provisions have been made in the financial statements in respect of these amounts

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¢56.2 million (2009: GH¢38.72 million) have not been included in the balance sheet.

36. 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 24.

Associated Company

The Group provides certain banking and financial services to its associated company. These transactions are conducted on similar terms to third-party transactions.

Details of investments in associated company is provided in Note 23.

In aggregate, amounts included in the accounts are as follows:

	For the year ended and as at 31st December	
	2010	2009
Net Interest received	599	993
Loans and advances to customers	4,223	3,842
Customer accounts	12	10

There are no leasing transactions between related parties for 2010 and 2009

Transactions with Directors and Key Management Personnel

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

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

36. Related Party Transactions (Continued)

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

	Directors, other Key Management Personnel and connected persons	
	2010	2009
Loans	4,115	11,254

Included in loans and advances is an amount of GH¢4.0 million (2009: GH¢10.92 million) granted to companies in which Directors have an interests.

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

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

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

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.

	2010	2009
Salaries and other short-term benefits	1,087	714
Share-based payments	-	467
Employer social security charges on emoluments	56	65
	1,143	1,246

Some senior management staff also participate in the Group's share option programme (see note 14).

37. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2010

NAME OF DIRECTOR	No. of Shares	%
Frank Brako Adu Jnr.	7,433,876	3.02
Paarock Asuman VanPercy	643,460	0.26
Malcolm Dermott Pryor	307,233	0.12
Jim Brenner	296,025	0.12
Joel Hyde	125,200	0.05
Kobina Quansah	83,492	0.03
	8,889,286	3.61

38. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2010

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	19,404	78.64	10,472,846.00	4.26
1001 - 5,000	3,923	15.90	8,661,034.00	3.52
5001 - 10,000	530	2.15	3,985,578.00	1.62
10,001 - 20,000	345	1.40	4,894,520.00	1.99
20,001 - 30,000	136	0.55	3,391,146.00	1.38
30,001 - 40,000	54	0.22	1,880,224.00	0.76
40,001 - 50,000	44	0.18	2,048,916.00	0.83
Over 10,000	240	0.97	210,768,714.00	85.64
	24,676	100.00	246,102,978	100.00

Twenty Largest Shareholders

	No. of Shares	% Holding
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	82,363,074	33.47%
MR. DONKOR AFARE APEADU	18,120,000	7.36%
MR. DANIEL OFORI	13,455,045	5.47%
VANGUARD ASSURANCE COMPANY LIMITED	9,801,798	3.98%
SCBN\ BARCLAYS MAURITIUS RE KURA AFRICA FUND	8,163,900	3.32%
MR. ADU JNR. FRANK BRAKO	7,433,876	3.02%
SCBN\ SSB EATON VANCE TAX-MANAGED EMERGING MKT FUND	3,266,254	1.33%
STD NOMS TVL PTY\BNYM\ FRONTIER MKT SELECT FUND LD	2,720,580	1.11%
SCBN\ STANCHART MAURITIUS RE DEUT AFRICA OPPORTUNITIES FUND	2,707,321	1.10%
SCBN\ STANCHART MAURITIUS RE AIG SUB- SAHARAN AFRICA MASTER FUND	2,600,000	1.06%
MR. ANSAH BENJAMIN FOSU	2,571,551	1.04%
JL FALCON GLOBAL FUND	2,504,000	1.02%
SCBN\ STATE STREET LOND C/O SSB BOST RUSSEL INSTITUTIONAL PLC FDSJYFU	2,499,800	1.02%
SSNIT SOS FUND	2,487,000	1.01%
COCOBOD END OF SERVICE BENEFIT SCHEME	2,005,848	0.82%
SCBN\ STANCHART MAURITIUS RE ENKO OPPORTUNITY GROWTH FUND	1,926,600	0.78%
SCBN\ STANCHART MAURITIUS RE AFRICAN ALLIANCE PIONEER MAST	1,364,958	0.55%
SCBN\ SSB EATON VANCE STRUCTURED EMERG. MKT FUND	1,298,010	0.53%
DAMSEL\OTENG-GYASI ANTHONY	1,231,070	0.50%
SCBN\ ELAC POLICY HOLDERS FUND	1,159,531	0.47%
Top 20 Shareholders	169,680,216	68.95%
Others	76,422,762	31.05%
Grand Total	246,102,978	100.00%

39. STANDARDS NOT YET EFFECTIVE

Below is a list of standards in issue at 31st December 2010 that are effective for Annual Reporting Periods beginning after 1, January 2011. The list highlights the effective date of requirements. Subsequent amendments to these standards and interpretations are not reflected below.

IFRS 9	Financial Instruments Issue date: November, 2009 Effective date: 1 January, 2013
Revised	IAS 24 Related Party Disclosures Issue date: November 2009 Effective date: 1 January, 2011
Amended	IFRS 7 Financial Instruments Issue date: October, 2010 Effective date: 1 July, 2011
Amended	IAS 12 Income Taxes Issue date: December, 2010 Effective date: 1 January, 2012
Various	Improvements to International Financial Reporting Standards 2010 Issue date: May 2010 Effective date: dealt with on a standard by standard basis; generally 1 January 2011

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

BOARD RESOLUTIONS

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

To Receive the 2010 Accounts

The Board shall propose the acceptance of the 2010 Accounts as a true and fair view of the state of affairs of the company for the year ended 31st December 2010.

To Declare a Dividend

The Directors recommend the payment of a dividend of GH¢ 0.013 per share for the year ended 31st December 2010.

To Authorise the Directors to Change the Auditors

In January 2011, the Bank of Ghana (BOG) issued a directive to all Banks concerning the appointment and tenure of external auditors. In line with international best practice to enhance the independence and objectivity of auditors, the BOG directs that Banks should initiate steps to replace external auditors who have been engaged for more than 5 years, for the financial year ending December 2011.

CAL Bank has retained KPMG as external auditors for the past 20 years. In view of this, the Directors recommend, after a rigorous evaluation process, the appointment of Deloitte & Touche as auditors of the Group.

To Authorise the Directors to Fix the Remuneration of the Auditors

In accordance with Section 134 (5) 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 Board Members

The following Board Members, Dr. Kobina Quansah and Mr. Malcolmn Dermott Pryor, retired in accordance with Section 298(a) of the Companies Act, 1963 (Act 179) and Regulation 78 (a) of the Regulations of the company.

Dr. Quansah and Mr. Pryor, who are eligible for re-election, have offered themselves to be re-elected as directors of the company.

To Determine an Increase in the Number of Directors on the Board and to Amend Regulation 73 of the Company's Regulations

At a meeting of the Board of Directors held on 4th February, 2011 Mr. Philip Owiredu, the General Manager, Finance and Administration, of the Bank was appointed as an executive director for approval by the shareholders.

At the same meeting, the Board also appointed Mr. Ernest Benjamin Kakrah Essamuah as a director for approval by the shareholders.

Consequently, the addition of Messrs. Philip Owiredu and Ernest B.K. Essamuah would require an amendment in Regulation 73 of the company's Regulations to recognize the revision of membership on the Board to nine (9).

Regulation 73 presently reads as follows:

"The number of Directors, not being less than six (6) and not exceeding ten (10), shall be appointed in accordance with an ordinary resolution of the members and until so determined shall be eight (8)."

It is now proposed that the said Regulation be amended to read as follows:

“ 73. The number of Directors, not being less than six (6) and not exceeding ten (10), shall be appointed in accordance with an ordinary resolution of the members and until so determined shall be nine (9).”

To Approve the Appointment of an Executive Director

Following the resignation of Mr. Kwesi Tumi as an executive director and member of the Board of Directors of the Bank on November 18, 2010, and the vacancy created thereby, the Board of Directors at a meeting held on 4th February, 2011 appointed Mr. Philip Owiredu, the General Manager, Finance and Administration, of the Bank, as an executive director for approval by the shareholders.

Resolution to Approve the Appointment of a New Board Member

The Board recommends to members to approve the appointment of Mr Ernest Benjamin Kakrah Essamuah as a director of the Bank.

To Amend Resolution to Increase Stated Capital

By resolutions passed at the Annual General Meeting of the Bank held on March 26, 2009 (the '2009 AGM resolutions'), the Bank was authorised by the shareholders to increase the stated capital of the Bank by up to one hundred million Ghana cedis (GH¢100 million) in one or more tranches through rights issues. The shareholders further authorised the Board to dispose of any shares unsubscribed under any rights issue.

The Bank consequently undertook a rights issue from September 28, 2009 to October 23, 2009 (the '2009 issue') to raise an initial amount of GH¢30 million. The issue was, however, undersubscribed, with a total of GH¢13.91 million being raised.

Given the current state of the market, the take-up of only 46% of rights by shareholders during the 2009 issue and the December 2012 recapitalisation deadline, the Bank is unlikely to achieve its GH¢100 million capitalisation target through rights issues only. The Bank has currently received expressions of interest in excess of US\$20 million from reputable development finance institutions such as Proparco and DEG and other institutional private equity investment funds. Accordingly, your Board proposes the following amendment to the existing resolution to enable the Bank achieve its capitalisation target:

“That the Directors be and are hereby authorized pursuant to Section 202 (1) of the Companies Act, 1963 (Act 179) in addition to rights issues if necessary to exercise all the powers of the company, to allot and issue ordinary shares of the company to increase the stated capital up to GH¢100 million to identified investors as the Directors have and may determine to enable the bank meet the new Bank of Ghana minimum capital requirements and take advantage of these investment opportunities, without recourse to the requirements of sub-paragraph (b) of the said Section 202 (1) ”

To approve directors' Remuneration

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



Unique investments
that work for you
CAL InvestPlus

With us you see the difference.

When you invest with CAL InvestPlus you clearly see the difference. Higher interest earnings and the chance to borrow up to 70% of the value of your investment, allowing you capital for other pressing needs. With such returns, why invest with anyone else?

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

PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 31st March 2011 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 31st March 2011.

Signed thisday of 2011

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2010 Accounts		
2. To declare the final dividend		
3. To approve the appointment of Deloitte & Touche as Auditors		
4. To authorise the Directors to fix the remuneration of the Auditors		
5. To re-elect Dr. Kobina Quansah as a director of the Bank		
6. To re-elect Mr. Malcolm D. Pryor as a director of the Bank		
7. To increase the number of Directors to nine (9)		
8. To approve the appointment of Mr. Philip Owiredu as a director of the Bank		
9. To approve the appointment of Mr. Ernest B.K. Essamuah as a director of the Bank		
10. To amend the resolution to increase the Bank's stated capital		
11. 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, Computershare Pan Africa Ghana Limited, 23 Eleventh lane, Osu R.E., P.O. Box CT 2215 Cantonments, Accra not later than 10.00 am on Tuesday 29th. March 2010.

Your Dream Home starts with **CAL Mortgage Loan Scheme**



Whether you are planning to build your own home, moving into a new one or looking to remortgage, the CAL Mortgage Loan Scheme is exactly what you need.

What's more, the scheme gives you Home Protection Insurance cover for your property.

With CAL Mortgage scheme, your dream home is as good as done.

Contact us on 0302 680061-9 / 0307 010085 or visit www.calbank.net to sign up

Social Responsibility

CAL Bank over the years has strongly supported the underprivileged in society. Over the years the bank has educated a number of orphan children and today we are proud to boast of over a 100 of such individuals who have completed their education or training and are established successfully. As a bank we go further to provide these individuals with the opportunity to live their dream provided they prove themselves.

Needy but brilliant students such as Paul Nyarko, George Anyaba and Ebo Arhin today work at CAL Bank playing key roles in the Treasury, Financial Control and Recoveries departments respectively after going through the support program.

Paul Nyarko a product of Village of Hope orphanage was offered support by CAL Bank, and he is currently learning the ropes at CAL Bank after successfully completing his Diploma in Financial Management and a Bachelors degree in Human Resource Management.

"Before the shores of the needy, destitute and abandoned children is CAL Bank. CAL Bank stands as a tower of refuge and a home to all poor and hopeless orphans. These orphans found hope, peace and comfort in CAL Bank. Within the walls of CAL Bank hope is found and love shines forth" Paul Nyarko.



Paul Nyarko



George Anyaba

George Anyaba also a product of the Village of Hope Orphanage lost both parents at the age of fifteen and became the guardian of his five younger siblings. Today he's living the life he has always been dreaming of. CAL Bank was at hand to invest in him when all seemed bleak.

" No matter where a life is born; in the forest or a ghetto, poverty or dirt, love can still make a difference. Love lifted me from the bottomless valley of self pity, depression and dejection to the highest mountain of self actualization and fulfillment through the love showed me by CAL Bank" George Anyaba

Ebo Arhin a product of the Osu children's home started life and lived at the Osu Orphanage all through his life. An enterprising young man with the passion to affect the world of economics with his degree in Economics and Accounting from the Central University.

"Life took a 360 degree turn for the better the minute CAL Bank came into my Life, with all that they provided me, they rescued me from a world of poverty, uncertainty and an unsecured environment. This gave me a whole new outlook on life; they showed me that life was not all about struggles and disappointments. CAL Bank put me on the right path to fit in this modern society, and with this start absolutely nothing can go wrong with my future" Ebo Arhin



Ebo Arhin

Branch Network

ASAFO MARKET BRANCH

DERBY AVENUE BRANCH

GRAPHIC ROAD BRANCH

INDEPENDENCE AVENUE BRANCH

KEJETIA BRANCH

KNUST (TECH) BRANCH

KUMASI NHYIAESO BRANCH

LEGON BRANCH

RING ROAD WEST BRANCH

SPINTEX ROAD BRANCH

SUAME BRANCH

TAKORADI HARBOUR BRANCH

TAKORADI MARKET CIRCLE BRANCH

TARKWA BRANCH

TEMA HARBOUR BRANCH

TEMA MAIN BRANCH

WEIJA BRANCH

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