

annual report 2015

Leading Ghana's digital banking revolution



CAL ELECTRONIC PAYMENTS



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Bank on our Service

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NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10 a.m. on Thursday, 31 March, 2016 at the Conference Auditorium of Ghana College of Physicians and Surgeons, Ridge, Accra to transact the following business:

AGENDA

1. To receive and consider the Reports of the Directors and the Auditors, and the Accounts of the Company for the year ended December 31, 2015
2. To declare a final dividend for the year ended December 31, 2015
3. To authorise the Directors to fix the fees of the Auditors
4. To re-elect Directors retiring by rotation
5. To re-elect a Director appointed to fill a casual vacancy
6. To approve Directors' remuneration

Dated this 26th day of February, 2016

BY ORDER OF THE BOARD

VERITAS ADVISORS LIMITED COMPANY SECRETARY

Note

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

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

A copy of the Form of Proxy may be deposited at the registered office of the Registrar of the Company, Central Securities Depository (GH) Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10 a.m. on Tuesday, March 29, 2016

FIVE YEAR GROUP CONSOLIDATED FINANCIAL SUMMARY

2015 2014 2013 2012 2011

in thousands of Ghana Cedis

Interest Income	466,822	355,027	266,731	145,660	75,814
Interest Expense	(218,192)	(170,943)	(122,988)	(61,084)	(34,420)
Net Interest Income	248,630	184,084	143,743	84,576	41,394
Commissions and fees	65,330	51,902	29,766	25,824	14,646
Other Operating Income	87,037	88,956	45,644	22,654	14,904
Operating Income	400,997	324,942	219,153	133,054	70,944
Total Operating Expenses	(144,031)	(106,067)	(74,072)	(48,800)	(36,135)
Credit Loss Expense	(35,677)	(20,478)	(17,515)	(17,461)	(11,465)
Operating Profit	221,289	198,397	127,566	66,793	23,344
Other Income	19	136	36	126	8
Profit before income tax	221,308	198,533	127,602	66,919	23,352
Taxation	(44,005)	(45,454)	(31,060)	(15,203)	(5,187)
National Fiscal Stabilization Levy	(11,065)	(9,928)	(3,003)	-	(1,260)
Profit after Taxation	166,238	143,151	93,539	51,716	16,905
Total assets	3,364,500	2,715,392	1,564,074	1,162,855	809,364
Total Deposits	1,602,832	1,395,841	833,809	794,556	611,719
Loans and Advances	1,805,285	1,337,205	980,407	747,385	411,582
Total Shareholders' Equity	519,499	399,541	287,039	207,424	88,354
Earnings per share (Ghana Cedis per share)	0.3032	0.2611	0.1706	0.0943	0.0681
Dividends per share (Ghana Cedis per share)	0.0970	0.0810	0.0530	0.0350	0.0260
Number of Shares ('000)	548,262	548,262	548,262	548,262	248,262
Return on Assets	4.9%	5.3%	6.0%	4.4%	2.1%
Return on Equity	32.0%	35.8%	32.6%	24.9%	19.1%
Capital Adequacy Ratio	21.4%	21.8%	19.4%	20.0%	11.6%
Cost-to-Income Ratio	35.9%	32.6%	33.8%	36.6%	50.9%

CAL BANK LIMITED BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

BOARD OF DIRECTORS

Paarock Asuman VanPercy (**Chairman**)
Frank Brako Adu Jnr. (**Managing Director**)
Philip Owiredu
Malcolm Dermott Pryor
James Chamberlain Brenner
Kobina Quansah
Eduardo Gutierrez
Noel Addo
Ken Kobina Dela Alor
Helen Nankani (**Appointed 30/7/15**)

SECRETARY

Veritas Advisors Limited
Acquah Place
68 Mahogany Crescent
Akufo-Addo Residential Area
P.O. Box CT 9376, Cantonments.
Accra
Ghana

SOLICITORS

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

AUDITORS

Deloitte & Touche
4 Liberation Road
P. O. Box GP 453
Accra
Ghana

REGISTRAR

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

REGISTERED OFFICE

23 Independence Avenue
P. O. Box 14596
Accra
Ghana

BOARD OF DIRECTORS



Mr. Paarock A. VanPercy

Mr. Paarock A. VanPercy - Chairman

Mr. VanPercy is an Investment Banker. He is a Chartered Accountant by training and is a Fellow of the Institute of Chartered Accountants in England & Wales. He is the Chairman of CAL Asset Management Company Limited and holds directorships on the Boards of the Liberia Bank for Development and Investment, Sierra Leone Investments Limited, Afri-Invest Management Company Limited, and Afri Holdings Limited. He is also the Principal Consultant of Afri Telecommunications & Media (ATM).

Mr. Frank B. Adu Jnr. - Managing Director

Mr. Frank Adu Jnr. is an Investment Banker and the Managing Director of the Bank. He is Chairman of The Roman Ridge School and Golden Beach Hotels Group of Ghana. He is a council member for the University College of Agriculture & Environment, a board member of Metropolitan Life Insurance Company and the University of Ghana College of Humanities Advisory Board and a member of the Board of Governors of Presbyterian Boys Secondary School (PRESEC).



Mr. Philip Owiredu

Mr. Philip Owiredu - Executive Director

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

Dr. Kobina Quansah - Non-Executive Director

Dr. Kobina Quansah, a retired seasoned banker by profession, was the first Ghanaian Managing Director of Barclays Bank Ghana. He is currently Chairman of Vodafone Ghana and Core Nett Limited. He is a director of Newmont Ghana Gold Limited and Pioneer Aluminum Kitchenware Limited. He serves as an advisory member on the University of Ghana Appeals Board and serves on the Achimota School Board of Governor.



Mrs. Helen Nankani

Mrs. Helen Nankani - Non-Executive Director

Mrs. Nankani is a retired Senior Economist who worked with the World Bank for eighteen years. She was one of the pioneers of the World Bank's work on Privatization of Public Enterprises, and Private Sector Development. She managed projects aimed at determining the economic and financial feasibility of private participation in the water sector principally in South Asia, the Caribbean and Brazil, where she lived for four years. Prior to joining the World Bank, she worked as a consultant with Arthur D. Little Inc., Cambridge, Massachusetts, and The United Nations, New York, N.Y. She was also a partner at Financial Development Services, a consulting firm in Arlington, Virginia.



Mr. Eduardo Gutierrez

Mr. James C. Brenner - Non-Executive Director

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

Mr. Eduardo Gutierrez - Non-Executive Director

Mr. Eduardo Gutierrez has seventeen years of African private equity experience. He is a partner of Development Partners International LLP, UK, and a London-based, private equity fund. He was previously an Executive Director of Brait South Africa Limited and Brait Private Equity. Mr. Gutierrez has served on the boards of numerous companies including Eaton Towers Holdings LLP (UK), HomeChoice International PLC (Malta) and Venture Communications Holdings Limited (Mauritius). He is a qualified chartered accountant, trained at KPMG in South Africa, where he worked on and managed statutory audits of a number of companies across various countries.



Mr. Noel Addo

Mr. Malcolm D. Pryor - Non-Executive Director

Mr. Pryor has worked as an Investment Banker for thirty-four years. He began his career as an Institutional Fixed Income Salesman with Goldman Sachs & Co. He was Chief Executive Officer of Pryor, Counts & Co. Inc. for twenty-four years. He was the Chief Executive of a Private Equity Fund investing in the Southern Africa region (SAEDF). He has been a principal investor in West and Central Africa since 1987, principally in the financial services sector and he is a founding shareholder of CAL Bank.

Mr. Noel Addo - Non-Executive Director

Mr. Addo currently has oversight responsibility over the Investments and Development portfolio of the Social Security and National Insurance Trust (SSNIT) as a General Manager. Mr. Addo is an Investment Banker with over fifteen years' experience. He is an economist and a Chartered Accountant. Prior to his appointment to SSNIT, he served as an executive director SAS Finance Group, Head of Treasury, University of Ghana, Legon and Deputy General Manager, HFC Investments. He is also a director of Trust Hospital Limited.



Mr. Jojo Acquah
Veritas Advisors Limited
Company Secretary

Mr. Ken Kobina Dela Alor - Non-Executive Director

Mr. Alor is a Senior Investment Analyst of Social Security and National Insurance Trust (SSNIT). He has been with SSNIT since 1998 when he joined as a Compliance Officer and as an assistant to the General Manager Operations. He is also a member of the Board of Trustees of SSNIT Staff Second & Third Tier Occupational Pension Schemes.



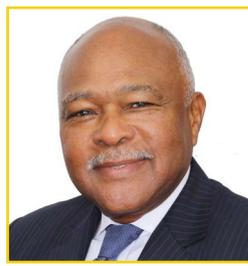
Mr. Frank B. Adu Jnr.



Dr. Kobina Quansah



Mr. James C. Brenner



Mr. Malcolm D. Pryor



Mr. Ken Kobina Dela Alor

CHAIRMAN'S REPORT



Introduction

Distinguished shareholders, fellow Board members, ladies and gentlemen, it is with great pleasure that I once again welcome you to the Annual General Meeting (AGM) of CAL Bank Limited for the year ended 31st December 2015.

The year 2015 was the final year of our three - year Strategic Plan, 2013 to 2015. On behalf of the Board of Directors, I am happy to report that we achieved significant successes in implementing the Plan, and this formed the bedrock in delivering yet another impressive performance in spite of significant economic challenges during 2015. We have, since completion of that Plan, put in place a new three - year Strategic Plan 2016 to 2018 under the theme “a digital transformation”, which we believe will position the Bank well to derive the full benefits of the digital revolution taking place in today’s increasingly

digital and highly competitive banking environment and still continue to deliver superior returns to our stakeholders.

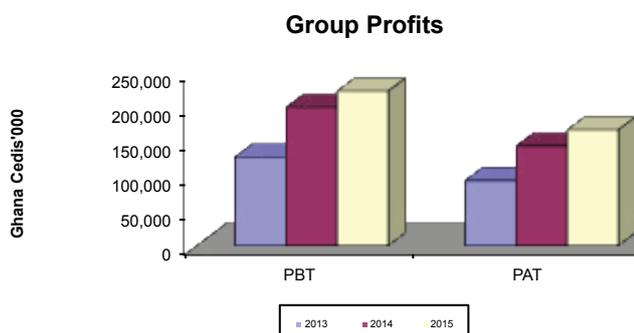
Economic Review

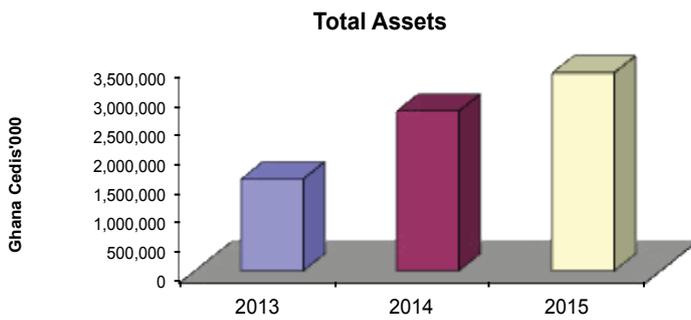
The macroeconomic environment during 2015 was a difficult one as businesses and individuals faced severe challenges arising from power rationing, weakening currency and revenue shortfalls. In spite of these challenges, the local economy is expected to record a real GDP growth of 4.1% when the economic indicators are reported.

On the currency front, the Cedi depreciated significantly against the United States Dollar by 26.2% by the end of the first half of 2015 putting significant pressure on businesses. It however reduced in the second half of the year with a year to date depreciation of 15.7%. Inflation peaked at 17.7% at the end of 2015, this was higher than the previous year’s rate of 17.0% while the benchmark 91 – day Treasury bill rate decreased to 22.9%, compared to 25.8% the previous year.

Financial Review

In 2015, we recorded a profit after tax of GH¢160.0 million and GH¢166.2 million by the bank and the group respectively. These represent increases of 14.0% and 16.1% by the Bank and the Group respectively over the prior year’s performance. These were achieved through our planned efforts in diversifying our revenue base, increasing the proficiency of operations, carefully managing costs,



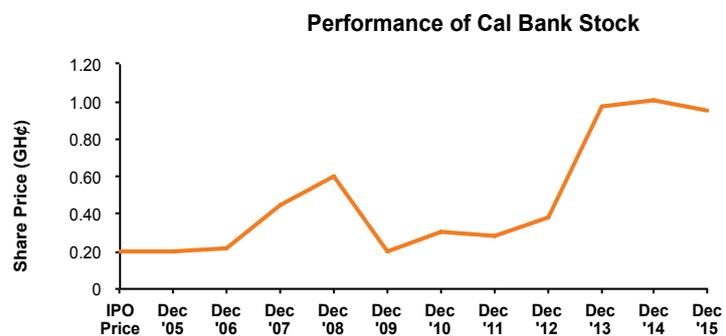


and harnessing an innovative and adaptive approach to serving customers.

At the same time, we continued to strengthen our balance sheet to enable us unlock its full potential and maintain the progress of our business. To this end, we employed innovative deposit mobilisation strategies to increase our deposit base during the year.

This, among other initiatives contributed to a significant growth in total assets of 23.8% for the Bank to close at GH¢3.35 billion and 24.0% for the Group to close at GH¢3.36 billion.

With the confidence of having delivered an enhanced performance and a strong balance sheet in the face of a challenging business environment, we intend to continue enforcing the best practices in risk management. Operational efficiency will also remain key to how we do our business which will help maximise value creation for stakeholders.



Dividend

CAL Bank remains committed to delivering superior returns to our valued shareholders. Consequently, the Board is pleased to recommend a dividend per share of GH¢0.097. This amounts to a total pay-out of GH¢53.18 million (2014: GH¢44.41), a growth of 19.7% over 2014 and which is 33% of profit after tax, the maximum payable per the Bank's dividend policy.

Corporate Governance

As has always been the case, the CAL Board Charter continues to provide a clear framework for Directors to execute our duties and also serve as a benchmark in evaluating our performance in accordance with best practice.

The adherence to good corporate governance principles continues to be the mainstay of our operations, thereby helping us to maintain consistency and rigour in our decision-making process and high standards of services to our clientele.

CAL Bank has a strong company culture that fosters integrity. This culture, coupled with our rigorous approach to risk management, effective control framework and well-defined segregation of duties, means that we ensure adherence to relevant industry codes, and standards and practices.

Directorship

Your board appointed a non-executive director in the person of Mrs Helen Nankani, an experienced economist to fill a casual vacancy. Her appointment will be put before you for re-election at this meeting. Mrs Nankani's appointment which has been approved by the Central Bank seeks to widen the Board's skills and experience, which will be invaluable as we continue to pursue our stated strategies. We welcome her to the Board and look forward to her valuable support and contribution to enhancing the value of the Bank for all stakeholders.

Outlook

Mixed economic forecasts across the global economy still persist and as such, risks from the global environment remain heightened. This is mainly driven by slower growth prospects in China and other emerging market economies. On the Ghanaian market, current trends suggest a more intense competition in financial services and that the winners would be the agile players with diversified income streams across customer segments, supported by innovative service and cost-efficient systems and processes. The Board is confident that with our sound governance structures and the resilient business model of our operations, the CAL Group will continue to produce sterling results into the future.

As we move into the next phase of our growth agenda, the renewed investments in our systems, processes, our people and the CAL brand, provide the basis for the Board's optimism that we will achieve our goals through the sustained focus on our strategic objectives.

Conclusion

2015 has been a challenging yet interesting and successful year for the Bank. The concerted efforts of all our stakeholders made it possible for us to sustain our performance in the year. I am therefore very appreciative of our customers whose loyalty is our greatest asset. And to our staff whose assiduous devotion to duty always drives us to excellence, I say well done. I would also like to thank my fellow Board members and the Executive management team, whose vision and guidance ensure that our mission of being a financial services Group of preference remains the true essence of our cause.

Ladies and gentlemen, I thank you all and wish you well in 2016.

Paarock VanPercy
Chairman

MANAGING DIRECTOR'S REPORT

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

Lee Iacocca – Chairman and CEO, Chrysler Corporation



Introduction

I am delighted to present to you the performance of your Bank for the financial year 2015. The economic environment in 2015 continued to be challenging, in spite of these challenges I am pleased to inform you that your Bank reaffirmed the strength of our business model to deliver yet another sterling performance.

A number of challenges contributed to the difficult operating environment in 2015; the severe power crisis persisted for most part of the year, with measures put in place by Government to ease the burden materialising a few days to the end of the year. The depreciation of the Cedi was steep during the first half of the year but recovered to close the year at 15.7% compared to 31.3% in 2014. The falling prices of commodities including oil, cocoa and gold on the

international markets also adversely impacted the Ghanaian economy. During the year, the Central Bank merged the policy rate with the reverse repo rate and also increased the policy rate to 26% from 21% at the end of 2014.

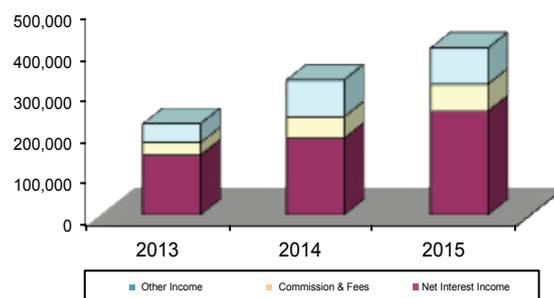
Global economic activity remained subdued during the review period driven mainly by slower growth prospects in China and other emerging market economies. In the near term, the outlook for the commodities market shows that prices are unlikely to recover. The United States Federal Reserve commenced the gradual normalisation of monetary policy in December 2015 and this has contributed to the tightening of financial conditions, the resulting risks present threats to the balance of payments and fiscal outlook of Ghana.

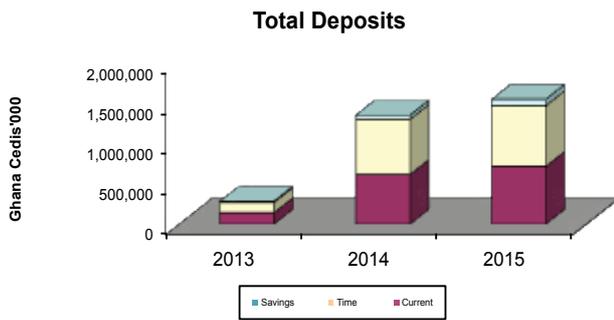
We celebrated our 25 years of existence and of delivering excellent service to our cherished customers, this we are proud of. The year also marked the end of our 2013 – 2015 strategic plan, the objectives of which to a very large extent were achieved.

CAL Bank Limited remains committed to scaling new heights, while delivering strong and sustainable returns for the benefit of its shareholders, clients and other numerous stakeholders. As such, our digital transformation strategy for 2016 to 2018 has been crafted with a clear intention of accomplishing an

Ghana Cedis '000

Operating Income



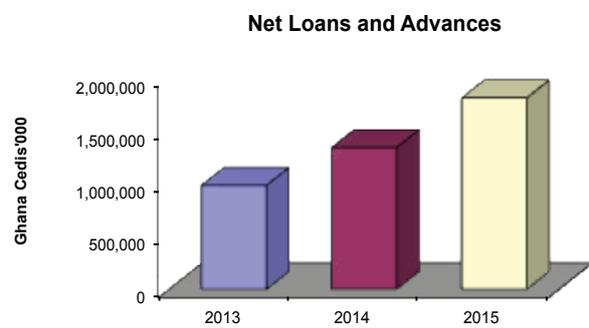


practices to ensure effective mitigation of existing and emerging risk factors in our operations to enhance our efficiency.

Financial Performance

In 2015, the Bank delivered a strong financial performance which is consistent with our performance over the years in spite of intense competition and a challenging operating environment. This is evidenced by a profit before tax of GH¢213.2 million compared to GH¢194.4 million the previous year. The Group also recorded a profit before tax of GH¢221.3 million compared to GH¢198.5 million the previous year. The Bank's profit after tax increased by 14.0% and that of the Group by 16.1% to GH¢160.0 million and GH¢166.2 million respectively. Most of our business lines recorded growth, which is reflective of our deliberate efforts to create sustainable value and a focused implementation of our strategy.

even better future amidst the multiple challenges. In spite of the highlighted challenges facing our operating environment, CAL Bank continued to remain true to its aspiration of delivering appreciable returns to all stakeholders. This commitment is bolstered by our deliberate strategy of continuous revenue growth by leveraging inherent opportunities in our operating environment. At the same time, we continue to strengthen our risk management



The total asset base of the Group grew by 24.0% during the year, from GH¢2.7 billion in 2014 to GH¢3.36 billion in 2015, with total assets of the Bank increasing by 23.8% to GH¢3.35 billion. The Group's asset growth was financed by liabilities and shareholders' funds totalling GH¢2.8 billion and GH¢0.5 billion respectively. Customer deposits increased by 14.6%, due to gains from our

expanded branch network and deliberate deposit mobilisation efforts during the period.

The non-performing loan ratio at the end of the period was 5.5% compared to 6.2% at the end of 2014, reinforcing the quality of our assets as we responsibly take advantage of growth opportunities to increase our advances portfolio. We maintained a continuous focus on enhancing the quality of relationship management, monitoring and recoveries to effectively manage the quality of our loan book. This notwithstanding, specific challenged advances were adequately provided for and recovery measures put in place.

Our capital adequacy ratio remained relatively high at 21.4% and 20.6% for the Group and the Bank respectively, arising out of our Tier II funding and increased earnings in 2015. We will leverage our strong capital position to sustain planned future development of our business.

Operational Performance

The Bank has broadened its delivery channels and diversified its market offering, as evidenced by the expanded branch network to include Dansoman and Labone branches, and the just opened Airport City branch in our quest to enhance our retail franchise. Increased customer traffic and activity necessitated the need to relocate our Derby Avenue and Ring Road West branches to bigger business offices. We ended 2015 with 92 operational ATM's at our various business offices and carefully selected off-site locations. CAL also moved decisively to introduce its point-of –sale (POS) terminals into the market during the year to offer convenience to our customers, help the Bank mobilize deposits and contribute to the Central Bank's quest of promoting a cashless economy.

To further develop our bancassurance offering, we have recently signed a partnership agreement with Prudential Life Insurance Ghana. The agreement will enable CAL Bank's customers buy Prudential's life insurance products across our branch network, increasing the Bank's range of products as part of our efforts to deliver relevant solutions to our customers.

We have commenced the process to refresh and enhance the CAL brand with the objective of making it a top of mind brand, we plan launching the refreshed brand with the opening of the new head office building.

As we look to the future at CAL Bank, our objective is to transform our business to effectively compete and create superior returns in a sustainable manner. In furtherance of this aspiration, we are developing our internal resources as well as work with external reputable parties to develop new sources of revenue streams in the highly digital space we operate in. We have put measures in place to enhance the attractiveness of our financial solutions, improve the quality of our services and improve upon our productivity; this is underpinned by the investment in our human capital, the modernisation of operations, as well as the upgrading of our technology.

Head Office Project

The development of our head office project remains on course with November 2016 as the revised completion date. As mentioned earlier, the completion of our rebranding is planned to coincide with the opening of the new head office building to signify a renewed and fresh chapter in our history. The new head office should also provide an enhanced ambience for our staff and clients for the provision of better service.

Social Responsibility

Corporate Social Responsibility (CSR) has always been an integral part of CAL Bank since inception as evidenced by our unrelenting support to worthy causes through several initiatives to contribute to the welfare of society at large. Giving back to the communities in which we operate has been our long-standing tradition, and this we are proud of. We continued with the provision of educational support to give hope to needy children from primary through to the tertiary level.

CAL Bank still remains the title sponsor of the National Beach Soccer Championship, we supported the National Beach Soccer team to a four nation tournament in South Africa as part of preparations for a world cup qualifier played in the Seychelles.

During the year, we implemented an initiative to have paperless meetings by leveraging on the use of cutting edge technology as our way of contributing to a green environment. We put in place measures to reduce the use of paper in our work environment, enforcing the use of e-mails and other e-communication channels as work tools for members of staff, information to customers is sent electronically except where hard copies are requested by the customer.

CAL Bank prides itself in being a good social citizen and remains committed to promoting sustainable economic development principles. As such, CAL continues to fulfil its engagement as a socially responsible and caring corporate entity.

Subsidiaries

Both CAL Brokers Limited and CAL Asset Management Company Limited remained profitable over the review period. Profit after tax increased by 73.2% to GH¢3.1 million and 77.5% to GH¢2.8 million for CAL Brokers and CAL Asset Management respectively, enhancing the aggregate performance of the Group.

Funds under management by the Group increased to GH¢600.8 million, up from GH¢298.0 million the previous year. The significant growth was achieved through a broadening of the clientele base of the Asset Management Company, an increase in the funds under management of existing clients through a consistent delivery of customer service.

Our custody offering being managed through CAL Nominees Limited continued to gain market share by increasing its client base from 30 at the end of 2014 to 35 at end of the review period. The outlook for the custody business still remains positive and we will work to deliver superior service to our existing clients and attract new customers.

Conclusion

Initial indication this year points to an equally challenging 2016, we will however leverage the strides made in strengthening our capital base and improved risk management to protect the health of our balance sheet. Our continuing enhancement in our process efficiency, innovative customer service delivery coupled with our digital strategy would allow us to deliver competitive return to our stakeholders.

On behalf of the Board, I would like to appreciate our customers for their continued loyalty and belief in us to serve and meet their banking needs and our shareholders for the unwavering support to the Bank's Board and management team. Finally, I would also like to thank our talented employees for their continued commitment and dedication to the Bank. Ladies and Gentlemen, I am confident that with your support, 2016 would also be a successful year.

Thank you and God bless us all.

Frank Brako Adu Jnr.
Managing Director

REPORT OF THE DIRECTORS

The Board of Directors has the pleasure to submit this report of the company for the year ended 31st December 2015.

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 statement of profit or loss and consolidated statement of 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 2015 before taxation is	221,308
from which is deducted taxation of	(55,070)
giving a profit for the year after taxation of	166,238
to which is added balance on Retained Earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	132,986
leaving a balance of	299,224
Less: Transfer to Regulatory Reserves	(34,019)
giving a cumulative amount available for distribution of	265,205
less dividend paid of GH¢0.081 per share amounting to	(44,296)
leaving a balance on Retained Earnings carried forward of	220,909

Nature of Business

The nature of business of the group is as follows:

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

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 36 of the Annual Report

Retirement and Re-Election of Board members

The following directors of the company, Malcolm Pryor, Eduardo Gutierrez and Philip Owiredo, will retire in accordance with section 298 (a) of the Companies Act, 1963 (Act 179) and Regulation 78 (b) of the Regulations of the company.

Malcolm Pryor, Eduardo Gutierrez and Philip Owiredo, who are eligible for re-election, have offered themselves to be re-elected as directors of the company. The Board will recommend that they be so re-elected.

Re-Election of Board Member

Mrs. Helen Nankani was appointed by the Board as a director of the company on July 30, 2015 to fill a casual vacancy on the Board. In accordance with Regulation 74 (b) of the company's Regulations, a director appointed to fill a casual vacancy "shall hold office only until the following ordinary general meeting of the Company and shall be eligible for re-election".

The Board will recommend to members to approve the re-election of Mrs. Helen Nankani, who has offered herself for re-election, as a director of the company.

Mrs. Helen Nankani - Non-Executive Director

Mrs. Nankani is a retired Senior Economist who worked with the World Bank for eighteen years. She was one of the pioneers of the World Bank's work on Privatization of Public Enterprises, and Private Sector Development. She managed projects aimed at determining the economic and financial feasibility of private participation in the water sector principally in South Asia, the Caribbean and Brazil, where she lived for four years. Prior to joining the World Bank, she worked as a consultant with Arthur D. Little Inc., Cambridge, Massachusetts, and The United Nations, New York, N.Y. She was also a partner at Financial Development Services, a consulting firm in Arlington, Virginia.

Subsidiaries

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

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

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

Associated Undertakings

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

Committees of the Board

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

Audit Committee

Dr Kobina Quansah (**Chair**)

Paarock VanPercy

James C. Brenner

Noel Addo

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

- nominate the accounting firm to conduct the annual audit
- discuss with the internal auditor the scope of the examinations
- discuss with the internal auditor special areas of concern
- advise on review of compliance with company policies

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

Risk Management Committee

Paarock VanPercy **(Chair)**

Dr. Kobina Quansah

Malcolmn D. Pryor

Eduardo Gutierrez

Ken K.D. Alor

James Brenner

Frank B. Adu Jnr. **(ex-officio)**

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

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

Compensation Committee

Paarock VanPercy **(Chair)**

Dr. Kobina Quansah

Malcolmn D. Pryor

Frank B. Adu Jnr. **(ex-officio)**

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

Going Concern

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

Dividend

The directors recommend the payment of a dividend of GH¢0.097 per share to be paid to members.

Auditors

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

Acknowledgement

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

BY ORDER OF THE BOARD

Director

Director

Dated 26th February 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Bank and its subsidiaries which comprise the consolidated Statement of financial position as at 31 December, 2015, consolidated statement of Profit or Loss, Consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the Bank and its subsidiaries have kept proper accounting records and the financial statements are in agreement with the records in all material respects and given in the prescribed manner, information required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738). The financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2015, and of their consolidated financial performance and consolidated cash flows for the year then ended and are drawn up in accordance with the International Financial Reporting Standards (IFRS).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED AND ITS SUBSIDIARIES (CONT'D)

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
- ii. In our opinion proper books of accounts have been kept by the Bank and its Subsidiaries, so far as appears from our examination of those books, and
- iii. The Consolidated statement of financial position and Consolidated Statement profit or loss of the Bank and its subsidiaries are in agreement with the books of accounts.

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

We hereby state that:

- i. The accounts give a true and fair view of the state of affairs of the Bank and its subsidiaries and its results for the period under review
- ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors
- iii. The Bank and its subsidiaries transactions are within their powers and
- iv. The Bank has complied with the provisions of Act 673 and the Banking (Amendment) Act of 2007.

Deloitte & Touche

License Number: ICAG/F/2016/129

Chartered Accountants

Accra, Ghana

Felix Nana Sackey

Practicing Certificate License No.: ICAG/P/1131

Date:26th February, 2016.....

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

Member of Deloitte Touche Tohmatsu Limited

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2015

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2015	2014	2015	2014
Interest Income	8	461,093	352,266	466,822	355,027
Interest Expense	8	(218,182)	(171,634)	(218,192)	(170,943)
Net Interest Income		242,911	180,632	248,630	184,084
Fees and Commissions Income	9	69,853	54,933	69,841	54,921
Fees and Commissions Expense	9	(4,493)	(2,997)	(4,511)	(3,019)
Net Fees and Commissions		65,360	51,936	65,330	51,902
Trading Income	10	70,699	76,337	70,699	76,337
Other Operating Income	11	9,445	9,057	16,338	12,619
		80,144	85,394	87,037	88,956
Operating Income		388,415	317,962	400,997	324,942
Credit Loss Expense	20	(35,677)	(20,478)	(35,677)	(20,478)
Net Operating Income		352,738	297,484	365,320	304,464
Staff Costs	12	(80,477)	(59,687)	(82,932)	(61,235)
Administration and General Expenses	13	(54,296)	(37,697)	(56,248)	(38,904)
Depreciation and Amortisation	26, 27	(4,824)	(5,850)	(4,851)	(5,928)
Total Operating Expenses		(139,597)	(103,234)	(144,031)	(106,067)
Operating Profit		213,141	194,250	221,289	198,397
Profit From Disposal of Non-Current Assets		56	136	19	136
Profit Before Income Tax		213,197	194,386	221,308	198,533
Income Tax Expense	24	(42,495)	(44,467)	(44,005)	(45,454)
National Fiscal Stabilization levy	24	(10,660)	(9,567)	(11,065)	(9,928)
PROFIT FOR THE YEAR		160,042	140,352	166,238	143,151
Earnings per share (Ghana Cedis per share)					
- Basic		0.2919	0.2560	0.3032	0.2611
- Diluted		0.2919	0.2560	0.3032	0.2611

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2015

in thousands of Ghana Cedis

	The Bank		The Group	
	2015	2014	2015	2014
Profit for the Year	160,042	140,352	166,238	143,151
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	50	7	50	7
Items that will not be reclassified subsequently to profit or loss:				
Net change in revaluation surplus	(1,400)	(218)	(1,400)	(218)
Remeasurement of defined benefit	(740)	(955)	(778)	(984)
Other comprehensive income for the year	(2,090)	(1,166)	(2,128)	(1,195)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	157,952	139,186	164,110	141,956

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2015

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2015	2014	2015	2014
Assets					
Cash and balances with Bank of Ghana	15	244,424	228,353	244,424	228,353
Items in Course of Collection from Other Banks	17	13,590	18,842	13,590	18,842
Investment in Government Securities	18	291,538	408,962	291,868	409,217
Due from Banks and Other Financial Institutions	19	792,905	594,512	801,556	601,874
Loans and Advances to Customers	20	1,806,115	1,337,776	1,805,285	1,337,205
Investment in Other Securities	21	-	-	4,757	1,508
Investment in Subsidiaries	22	2,028	2,028	-	-
Other Assets	23	56,609	38,217	59,034	39,437
Current Tax Assets	25	-	-	18	-
Deferred Tax Assets	26	10,192	-	10,218	39
Property and Equipment	26	130,201	76,604	130,280	76,654
Intangible Assets	27	3,437	2,248	3,470	2,263
Total Assets		3,351,039	2,707,542	3,364,500	2,715,392
Liabilities					
Customer Deposits	28	1,544,523	1,348,161	1,544,523	1,348,151
Due to Banks and Other Financial Institutions	29	59,899	48,045	58,309	47,690
Borrowings	30	1,113,452	827,455	1,113,452	827,455
Accruals and Other Liabilities	31	121,182	79,942	122,254	80,516
Current Tax Liabilities	24	6,120	1,717	6,460	2,173
Deferred Tax Liabilities	25	-	9,902	3	9,866
Total Liabilities		2,845,176	2,315,222	2,845,001	2,315,851
Shareholders' Equity					
Stated Capital	32i	100,000	100,000	100,000	100,000
Statutory Reserve Fund	32ii	144,266	124,261	144,266	124,261
Capital Surplus	32iii	19,430	20,830	18,733	19,989
Retained Earnings		206,509	124,895	220,909	132,986
Other Reserves	32iv	35,658	22,334	35,591	22,305
Total Shareholders' Equity		505,863	392,320	519,499	399,541
Total Liabilities and Shareholders' Equity		3,351,039	2,707,542	3,364,500	2,715,392
Net Assets Value per Share (Ghana Cedis per Share)		0.9227	0.7156	0.9475	0.7287

Director

Director

The Directors approved the financial statements on 26th February 2016

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015

in thousands of Ghana Cedis

Attributable to Equity Holders

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves		Total Equity
					Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2014	100,000	89,173	21,048	52,177	(3,805)	23,599	282,192
Net proceeds from rights issue of shares	-	-	-	-	-	-	-
Transfer to/from reserves	-	35,088	-	(38,576)	-	3,488	-
Dividends paid to equity holders	-	-	-	(29,058)	-	-	(29,058)
Total comprehensive income for the year	-	-	(218)	140,352	(948)	-	139,186
Balance at 31 December 2014	100,000	124,261	20,830	124,895	(4,753)	27,087	392,320

Balance at 1 January 2015	100,000	124,261	20,830	124,895	(4,753)	27,087	392,320
Net proceeds from rights issue of shares	-	-	-	-	-	-	-
Transfer to/from reserves	-	20,005	-	(34,019)	-	14,014	-
Dividends paid to equity holders	-	-	-	(44,409)	-	-	(44,409)
Total comprehensive income for the year	-	-	(1,400)	160,042	(690)	-	157,952
Balance at 31 December 2015	100,000	144,266	19,430	206,509	(5,443)	41,101	505,863

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves		Total Equity
					Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2014	100,000	89,173	20,650	57,421	(3,804)	23,599	287,039
Net proceeds from rights issue of shares	-	-	-	-	-	-	-
Transfer to/from Reserves	-	35,088	-	(38,576)	-	3,488	-
Change in Bank's shares held by subsidiaries	-	-	(443)	-	-	-	(443)
Dividends paid to equity holders	-	-	-	(29,011)	-	-	(29,011)
Total comprehensive income for the year	-	-	(218)	143,152	(978)	-	141,956
Balance at 31 December 2014	100,000	124,261	19,989	132,986	(4,782)	27,087	399,541

Balance at 1 January 2015	100,000	124,261	19,989	132,986	(4,782)	27,087	399,541
Net proceeds from rights issue of shares	-	-	-	-	-	-	-
Transfer to/from Reserves	-	20,005	-	(34,019)	-	14,014	-
Change in Bank's shares held by subsidiaries	-	-	144	-	-	-	144
Dividends paid to equity holders	-	-	-	(44,296)	-	-	(44,296)
Total comprehensive income for the year	-	-	(1,400)	166,238	(728)	-	164,110
Balance at 31 December 2015	100,000	144,266	18,733	220,909	(5,510)	41,101	519,499

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2015

in thousands of Ghana Cedis

	The Bank		The Group	
	2015	2014	2015	2014
Profit Before Tax for the Period	213,197	194,386	221,308	198,533
Adjustments for:				
Depreciation and Amortisation	4,824	5,850	4,851	5,928
Impairment on Financial Assets	35,677	20,478	35,677	20,478
Profit on Disposal of non-current assets	(56)	(136)	(19)	(136)
Dividend Received	-	-	(36)	(43)
Other Employee Benefit Expenses	176	553	252	629
Change in Fair Value of Investment Securities	50	7	50	7
Accretion of Deferred Income	(1,631)	(176)	(1,631)	517
	252,237	220,962	260,452	225,913
Change in Government Securities	117,324	(132,358)	117,249	(132,613)
Change in Investments in Other Securities	-	-	(3,249)	121
Change in Loans and Advances to Customers	(512,652)	(379,606)	(509,793)	(379,096)
Change in Other Assets	(18,597)	(24,061)	(19,802)	(23,878)
Change in Customer Deposits	196,362	548,941	196,372	548,941
Change in Amounts Due to Banks and Other Financial Institutions	11,854	10,860	10,619	13,091
Change in Accruals and Other Liabilities	50,603	21,423	48,490	17,389
Income Tax Paid	(70,246)	(40,341)	(72,282)	(41,291)
Net Cash Flows From Operating Activities	26,885	225,820	28,056	228,577
Cash Flows From Investing Activities				
Purchase of Property and Equipment	(59,317)	(37,754)	(59,455)	(37,543)
Proceeds from Sale non-current assets	56	136	19	136
Purchase of Treasury Shares	-	-	144	(443)
Net Cash Used in Investing Activities	(59,261)	(37,618)	(59,292)	(37,850)
Cash Flow from Financing Activities				
Dividend Income	-	-	36	43
Dividends Paid	(44,409)	(29,058)	(44,296)	(29,011)
Net Changes in Borrowings	285,997	444,742	285,997	444,742
Net Cash Flow from Financing Activities	241,588	415,684	241,737	415,774
Net Increase in Cash and Cash Equivalents	209,212	603,886	210,501	606,501
Analysis of Changes in Cash and Cash Equivalents During the Year				
Cash and Cash Equivalents at 1 January	841,707	237,821	849,069	242,568
Net Change in Cash and Cash Equivalents	209,212	603,886	210,501	606,501
Cash and Cash Equivalents at 31st December	1,050,919	841,707	1,059,570	849,069
Analysis of Cash and Cash Equivalents During the Year				
Cash and Balances with Bank of Ghana	244,424	228,353	244,424	228,353
Due from Banks and Other Financial Institutions	792,905	594,512	801,556	601,874
Items in Course of Collection from Other Banks	13,590	18,842	13,590	18,842
Total Cash and Cash Equivalents	1,050,919	841,707	1,059,570	849,069
Operational cash flows from interest				
Interest paid	167,763	130,077	167,773	129,386
Interest received	451,969	339,347	457,698	342,108

CAL BANK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2015

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

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

(A) Statement of compliance

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

(B) Basis of measurement

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

(C) Functional and presentation currency

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

(D) Use of estimates and judgement

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are described in note 5.

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

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

(F) Presentation of financial statements

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(A) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

(ii) Investments in Associates

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. Information about the group's fund management activities are set out in note 33 (iv).

(B) Foreign Currency

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

The effective interest rate 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 consolidated statement of profit or loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

(E) Trading Income

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

(F) Dividends

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

(G) Other Operating Income

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

(H) Leases

(i) Classification

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

Other leases are classified as operating leases.

(ii) Lease Payments

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

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

(I) Financial assets and liabilities

(i) Date of recognition

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

(ii) Categorisation of financial assets and liabilities

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(iv) Loans and receivables

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

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

(v) Available for sale financial assets

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

(vi) Financial liabilities measured at amortised cost

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

(vii) Initial recognition

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

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

(viii) Subsequent measurement

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

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

(ix) Derecognition

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

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

(x) Fair value measurement

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the consolidated statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

Reclassification of financial assets

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

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

(xi) Offsetting

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

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

(xii) Amortised cost measurement

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

(xiii) Identification and measurement of impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 statement of profit or loss. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

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

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 statement of profit or loss. When a subsequent event causes the impairment loss on an available for sale financial asset to decrease, the impairment loss is reversed through the statement of profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale financial asset is recognised directly in equity.

(J) Cash and cash equivalents

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

(K) Investment Securities

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

(L) Property, Plant and Equipment

(i) Recognition and measurement

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

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

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 statement of profit or loss as incurred.

(iii) Depreciation

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

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

Leasehold Buildings	-	over the remaining life of the lease
Motor Vehicles	-	5 – 7 years
Equipment	-	5 – 10 years
Furniture and fittings	-	5 – 7 years

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

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

(M) Intangible assets **Software**

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the statement of profit or loss 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 ten years.

(N) Current and Deferred Taxation

(i) Current Taxation

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

(ii) Deferred Taxation

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(O) Events After Reporting Date

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

(P) Deposits, amounts due to Banks and borrowings

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

(Q) Dividend

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

(R) Provisions/Contingent Liabilities

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

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

(S) Financial guarantees

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

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

(T) Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

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

(iii) Short-term benefits

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

(iv) Defined benefit scheme

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

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.

(U) Impairment on non-financial assets

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

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

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

(V) Share capital

(i) Share issue costs

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

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholders of the bank.

(iii) Treasury shares

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

(W) Segment Reporting

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

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

(X) Earnings per share

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

(Y) New standards and interpretations yet to be adopted

Details presented in note 37.

(Z) Environmental and Social Policy

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

The bank therefore has put in place an environmental and social management systems (ESMS) and policy which are integrated into our credit assessment process. Our ESMS policy includes sound objectivities and well defined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT

(A) Introduction and overview

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

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

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

Risk management framework

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

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

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

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

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

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

(B) Credit risk

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

Management of credit risk

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

The Credit department's responsibility includes:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to executives of the group. Larger facilities require approval by the Credit Committee or the Board of Directors as appropriate.

4. Financial risk management (continued)

- Reviewing and assessing all credit exposures prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties and industries (for loans and advances), and by issuer, credit rating band and market liquidity.
- Developing and maintaining risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework reflects the varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Credit department.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to Group Credit on the credit quality of loan portfolio and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout in the management of credit risk.

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

The internal risk grading scale is as follows:

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

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

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

Exposure to Credit Risk	Loans and Advances to Customers			
	The Bank		The Group	
	2015	2014	2015	2014
Carrying Amount	1,806,115	1,337,776	1,805,285	1,337,205
Individually Impaired				
Grade B	3,245	2,402	3,245	2,402
Grade C	3,601	57,813	3,601	57,813
Grade D	42,689	9,027	42,689	9,027
Grade E	48,153	1,425	48,153	1,425
Gross Amount	97,688	70,667	97,688	70,667
Allowance for Impairment	(56,776)	(18,325)	(56,776)	(18,325)
Carrying Amount	40,912	52,342	40,912	52,342

4. Financial risk management (continued)

Exposure to Credit Risk	Loans and Advances to Customers			
	The Bank		The Group	
	2015	2014	2015	2014
Collectively Impaired				
Grade B	1,974	1,970	1,974	1,970
Grade C	864	1,057	864	1,057
Grade D	1,024	886	1,024	886
Grade E	2,507	228	2,507	228
Gross Amount	6,369	4,141	6,369	4,141
Allowance for Impairment	(4,254)	(3,024)	(4,254)	(3,024)
Carrying Amount	2,115	1,117	2,115	1,117
Past due but not Impaired				
Grade B	3,962	54,323	3,962	54,323
Grade C	3,524	13,334	3,524	13,334
Grade D	812	-	812	-
Grade E	127	204	127	204
Carrying Amount	8,425	67,861	8,425	67,861
Loans with renegotiated terms	51,685	48,101	51,685	48,101
Neither past due nor impaired				
Grade A	1,702,978	1,168,355	1,702,148	1,167,784
Total Carrying Amount	1,806,115	1,337,776	1,805,285	1,337,205

Impaired loans and securities

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

Past due but not impaired

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

Loans with renegotiated terms

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

Allowances for impairment

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

Write-off policy

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

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

4. Financial risk management (continued)

Loans and Advances Written-off

	The Bank		The Group	
	2015	2014	2015	2014
Balance at the beginning	60,415	22,374	60,415	22,374
Write-offs during the year	-	38,120	-	38,120
Recovery during the year	(4,004)	(79)	(4,004)	(79)
Balance at the end	56,411	60,415	56,411	60,415

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

Loans and Advances to Customers

	The Bank				The Group			
	31st December 2015		31st December 2014		31st December 2015		31st December 2014	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Grade B	3,245	3,233	2,402	1,564	3,245	3,233	2,402	1,564
Grade C	3,601	280	57,813	46,473	3,601	280	2,402	1,564
Grade D	42,689	23,159	9,027	4,534	42,689	23,159	9,027	4,534
Grade E	48,153	14,240	1,425	-	48,153	14,240	1,425	-
Total	97,688	40,912	70,667	52,571	97,688	40,912	70,667	52,571

Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every three years. Collateral generally is not held over loans and advances to banks, except where the counter party bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2015 or 2014. The collateral given by customers are normally set at reasonable percentage of the loan amount.

The main types of collateral obtained includes charges over real estate properties, inventory, trade receivables mortgages over residential properties and cash collateral.

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

Collateral repossessed

During the year, no asset was repossessed (2014 GH¢3.2 million).

Credit risk concentration

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

4. Financial risk management (continued)

Exposure to liquidity risk

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

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

2015	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	244,424	244,424	-	-	-	-	-	-
Items in Course of Collection from Other Banks	13,590	13,590	-	-	-	-	-	-
Investment in Government Securities	291,868	-	85,308	170,116	35,540	904	-	-
Due from Banks and Other Financial Institutions	801,556	156,406	645,150	-	-	-	-	-
Investment in Other Securities	4,757	-	-	-	-	-	-	4,757
Loans and Advances to Customers	1,805,285	185,390	557,694	102,644	265,107	265,310	212,881	216,259
Other Assets	59,034	-	40,195	18,839	-	-	-	-
Current Tax Assets	18	-	18	-	-	-	-	-
Deferred Tax Assets	10,218	-	-	-	-	-	-	10,218
Property and Equipment	130,280	-	-	-	-	-	-	130,280
Intangible Assets	3,470	-	-	-	-	-	-	3,470
Total Assets	3,364,500	599,810	1,328,365	291,599	300,647	266,214	212,881	364,984
Liabilities								
Customer Deposits	1,544,523	166,249	202,188	405,183	386,532	204,447	156,359	23,565
Due to Banks and Other Financial Institutions	58,309	4,136	14,664	21,489	18,020	-	-	-
Borrowings	1,113,452	115,632	622,489	42,116	70,964	37,118	90,536	134,597
Accruals and Other Liabilities	122,254	35,822	62,133	24,299	-	-	-	-
Current Tax Liabilities	6,460	-	6,460	-	-	-	-	-
Deferred Tax Liabilities	3	-	-	-	-	-	-	3
Total Liabilities	2,845,001	321,839	907,934	493,087	475,516	241,565	246,895	158,165
liquidity gap	519,499	277,971	420,431	(201,488)	(174,869)	24,649	(34,014)	206,819

2014	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and balances with Bank of Ghana	228,353	228,353	-	-	-	-	-	-
Items in Course of Collection from Other Banks	18,842	18,842	-	-	-	-	-	-
Investment in Government Securities	409,217	-	72,504	319,783	16,153	777	-	-
Due from Banks and Other Financial Institutions	601,874	601,874	-	-	-	-	-	-
Investment in Other Securities	1,508	-	-	-	-	-	-	1,508
Loans and Advances to Customers	1,337,205	159,318	186,278	150,866	163,168	204,232	193,040	280,303
Other Assets	39,437	-	23,589	15,848	-	-	-	-
Deferred Tax Assets	39	-	-	-	-	-	-	39
Property and Equipment	76,654	-	-	-	-	-	-	76,654
Intangible Assets	2,263	-	-	-	-	-	-	2,263
Total Assets	2,715,392	1,008,387	282,371	486,497	179,321	205,009	193,040	360,767

4. Financial risk management (continued)

Liabilities	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Customer Deposits	1,348,151	196,440	294,326	407,370	243,796	142,351	43,918	19,951
Due to Banks and Other Financial Institutions	47,690	22,047	14,574	8,625	2,444	-	-	-
Borrowings	827,455	52,426	130,677	287,851	49,949	57,644	122,251	126,658
Accruals and Other Liabilities	80,516	42,764	25,655	12,098	-	-	-	-
Current Tax Liabilities	2,173	-	2,173	-	-	-	-	-
Deferred Tax Liabilities	9,866	-	-	-	-	-	-	9,866
Total Liabilities	2,315,851	313,676	467,405	715,943	296,189	199,995	166,169	156,475
liquidity gap	399,541	694,711	(185,033)	(229,446)	(116,868)	5,014	26,871	204,292

The Group's financial liabilities are valued on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

The table above analyses assets and liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank.

Available Counterparty Liquidity

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

Description	2015	2014
Lines for Letters of Credit establishment	1,600,268	1,107,173
Lines for Letters of Credit refinancing/payment	1,214,400	449,651

Compliance with statutory liquidity requirement

	2015	2014
(i) Default in Statutory Liquidity	Nil	Nil
(ii) Default in Statutory Liquidity Sanction (GH¢'000)	Nil	Nil

(D) Market risks

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

Management of market risks

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

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

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through

4. Financial risk management (continued)

monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management department in its day-to-day monitoring activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves and a 50 bp parallel fall or rise 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:

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 2015	3,275	(3,275)	1,638	(1,638)
At 31 December 2014	6,571	(6,571)	3,285	(3,285)

Concentration of assets, liabilities and off balance sheet items

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

The table below summarises the group's exposure to foreign currency exchange rate risks at year-end.

The amounts stated in the table are the Ghana Cedi equivalent of the foreign currencies.

2015	US	British	Euro	Others	Total
Assets	Dollars	Pounds			
Cash and Balances with Bank of Ghana	666,095	7,043	5,760	667	679,565
Due from other Banks & Financial Institutions	66,137	15,103	65,141	1,361	147,742
Loans and Advances to Customers	699,066	-	33	-	699,099
Other Assets	13,376	-	-	-	13,376
Total Assets	1,444,674	22,146	70,934	2,028	1,539,782
Liabilities					
Due to Customers	411,715	7,279	58,402	-	477,396
Borrowings	985,019	-	-	-	985,019
Other Liabilities	33,757	62	954	1	34,774
Total Liabilities	1,430,491	7,341	59,356	1	1,497,188
Net On-Balance Sheet Position	14,183	14,805	11,578	2,027	42,593
Off-Balance Sheet Credit Commitments	282,504	-	4,851	58,861	346,216
Total Exposure	296,687	14,805	16,429	60,888	388,809

4. Financial risk management (continued)

2014	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Balances with Bank of Ghana	409,626	4,547	3,570	604	418,347
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	133,772	2,895	80,835	1,444	218,946
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	515,995	3	29	-	516,027
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	4,414	10	-	-	4,424
Taxation	-	-	-	-	-
Total Assets	1,063,807	7,455	84,434	2,048	1,157,744
Liabilities					
Due to Customers	367,225	5,583	66,248	-	439,056
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	656,226	-	-	-	656,226
Other Liabilities	35,906	73	368	1	36,348
Total Liabilities	1,059,357	5,656	66,616	1	1,131,630
Net On-Balance Sheet Position	4,450	1,799	17,818	2,047	26,114
Off-Balance Sheet Credit Commitments	471,305	1,051	13,877	2,006	488,239
Total Exposure	475,755	2,850	31,695	4,053	514,353

Currency risk

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

The table below indicates the currencies to which the Group had significant exposure at 31 December 2015 and 2014 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the cedis (all other variables being held constant) on the consolidated statement of profit or loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities).

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

	2015		2014	
	Change in currency rate	Effect on profit before tax	Change in currency rate	Effect on profit before tax
US Dollars	16%	2,223	48%	2,138
British Pounds	11%	1,653	40%	713
Euro	6%	703	30%	5,341

(E) Operational risks

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

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

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

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

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

(F) Capital management

Regulatory capital

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

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

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

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

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

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

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

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

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

4. Financial risk management (continued)

The Group's regulatory capital position at year end was as follows:

	The Bank		The Group	
	2015	2014	2015	2014
Tier 1 capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Disclosed Reserves	391,876	276,243	406,276	284,334
Retained earnings	206,509	124,895	220,909	132,986
Statutory Reserves	144,266	124,261	144,266	124,261
Regulatory Credit Risk Reserve	41,101	27,087	41,101	27,087
Regulatory Deductions	(72,560)	(48,588)	(71,130)	(46,789)
Total	419,316	327,655	435,146	337,545
Tier 2 capital				
Fair Value Reserves	(5,443)	(4,753)	(5,510)	(4,782)
Capital Surplus	19,430	20,830	18,733	19,989
Qualifying subordinated liabilities	31 110,376	91,340	110,376	91,340
Total	124,363	107,417	123,599	106,547
Total regulatory capital	543,679	435,072	558,745	444,092
Risk-weighted assets				
On-balance sheet items	1,910,757	1,346,611	1,885,089	1,356,475
Off-balance sheet items	483,800	525,484	483,800	525,484
Total risk-weighted assets	2,394,557	1,872,095	2,368,889	1,881,959
50% of net open position (NOP)	18,343	12,197	18,343	12,197
100% of 3yrs average annual gross income	220,747	137,997	225,716	141,050
Adjusted asset base	2,633,647	2,022,289	2,612,948	2,035,206
Capital ratio				
Capital Adequacy (Total Regulatory Capital as a Percentage of Adjusted Asset Base)	20.64%	21.51%	21.38%	21.82%
Regulatory Deductions				
Goodwill/Intangibles	30,310	19,473	30,908	19,702
Losses not Provided For	40,222	27,087	40,222	27,087
Invests in the capital of Other Banks & Fin Insts.	2,028	2,028	-	-
	72,560	48,588	71,130	46,789

Capital allocation

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

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

5. USE OF ESTIMATES AND JUDGEMENTS

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

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

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(I)(xiii).

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

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

Determining fair values

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

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

Financial asset and liability classification

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

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

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

6. OPERATING SEGMENTS

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

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

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

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

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

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

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

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

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

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

6. Operating segments (Continued)

31st December 2015	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Man- agement	Others	Totals
Revenues from External Customers							
Interest Income	292,468	68,766	99,658	4,682	1,248	-	466,822
Interest Expense	(98,172)	(23,950)	(95,820)	(248)	(2)	-	(218,192)
Net Interest Income	194,296	44,816	3,838	4,434	1,246	-	248,630
Net Fees and Commissions	40,181	18,180	293	-	5,314	1,362	65,330
Trading Income	-	-	70,699	-	-	-	70,699
Other Operating Income	8,710	2,241	-	1,683	(87)	3,810	16,357
Intersegment Revenue	220	-	-	-	10	-	230
Operating Income	243,407	65,237	74,830	6,117	6,483	5,172	401,246
Impairment Charge on Financial Assets	(20,879)	(14,798)	-	-	-	-	(35,677)
Net Operating Income	222,528	50,439	74,830	6,117	6,483	5,172	365,569
Staff Costs	(8,185)	(14,558)	(1,636)	(941)	(1,514)	(56,098)	(82,932)
Administration and General Expenses	(2,837)	(9,571)	(5,233)	(1,183)	(881)	(36,543)	(56,248)
Depreciation and Amortisation	(814)	(235)	-	(12)	(15)	(3,775)	(4,851)
Total Operating Expenses	(11,836)	(24,364)	(6,869)	(2,136)	(2,410)	(96,416)	(144,031)
Reportable Segment Profit Before Income Tax	210,692	26,075	67,961	3,981	4,073	(91,244)	221,538
Reportable Segment Assets	1,044,654	863,871	1,112,984	11,145	7,872	323,974	3,364,500
Expenditure on non-current assets	-	-	-	-	-	59,722	59,722
Reportable Segment liabilities	941,755	782,767	1,112,984	1,627	499	5,369	2,845,001

6. Operating segments (Continued)

31st December 2014	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Manage- ment	Others	Totals
Revenues from External Customers							
Interest Income	202,686	42,155	106,629	2,880	-	677	355,027
Interest Expense	(63,856)	(13,916)	(93,020)	(149)	(3)	1	(170,943)
Net Interest Income	138,830	28,239	13,609	2,731	(3)	678	184,084
Net Fees and Commissions	33,528	13,846	265	-	2,876	1,387	51,902
Trading Income	-	-	76,337	-	-	-	76,337
Other Operating Income	5,634	6,273	-	762	(28)	114	12,755
Intersegment Revenue	119	-	-	-	691	-	810
Operating Income	178,111	48,358	90,211	3,493	3,536	2,179	325,888
Impairment Charge on Financial Assets	(15,439)	(5,039)	-	-	-	-	(20,478)
Net Operating Income	162,672	43,319	90,211	3,493	3,536	2,179	305,410
Staff Costs	(6,703)	(9,284)	(1,135)	(624)	(924)	(42,565)	(61,235)
Administration and General Expenses	(2,689)	(5,804)	(3,271)	(850)	(357)	(25,933)	(38,904)
Depreciation and Amortisation	(1,023)	(1,312)	-	(56)	(22)	(3,515)	(5,928)
Total Operating Expenses	(10,415)	(16,400)	(4,406)	(1,530)	(1,303)	(72,013)	(106,067)
Reportable Segment Profit Before Income Tax	152,257	26,919	85,805	1,963	2,233	(69,834)	199,343
Reportable Segment Assets	1,130,043	233,528	1,003,474	7,396	4,847	336,104	2,715,392
Expenditure on non-current assets	-	-	-	-	-	37,543	37,543
Reportable Segment liabilities	825,071	426,286	985,793	937	263	77,499	2,315,849

Reconciliation of Segment Revenues

	2015	2014
Total Revenue for Reportable Segments	396,074	323,709
Other Revenues	5,172	2,179
Elimination of Intersegment Revenues	(230)	(810)
Total Group Revenue	401,016	325,078

6. Operating segments (Continued)

Reconciliation of Profit or Loss

	2015	2014
Total profit or loss for reportable segments	312,763	269,041
Other Profit or loss	(91,244)	(69,834)
Elimination of Intersegment profit	(230)	(810)
Proceeds From Disposal of Non-Current Assets	19	136
Total Consolidated Income before tax expense	221,308	198,533

Reconciliation of assets and liabilities

Total assets for reportable segments	3,040,526	2,379,288
Other Assets	323,974	336,104
Total assets for the Group	3,364,500	2,715,392
Total liabilities for reportable segments	2,839,632	2,238,350
Other liabilities	5,369	77,499
Total liabilities for the Group	2,845,001	2,315,849

The Group operated in three geographical markets in Ghana. The following tables show the distribution of operating profit and assets allocated based on the location of the customers and assets respectively for the years ended 2015 and 2014.

2015	Ashanti Region	Western Region	Greater Accra	Total
Interest Income	20,995	30,647	415,180	466,822
Interest Expense	(6,485)	(17,917)	(193,790)	(218,192)
Net Interest Income	14,510	12,730	221,390	248,630
Net Fees and Commissions	4,056	8,914	52,360	65,330
Trading Income	-	-	70,699	70,699
Other Operating Income	857	757	14,724	16,338
Operating Income	19,423	22,401	359,173	400,997
Impairment Charge on Financial Assets	(848)	(13,549)	(21,280)	(35,677)
Net Operating Income	18,575	8,852	337,893	365,320
Staff Costs	(4,365)	(2,891)	(75,676)	(82,932)
Administration and General Expenses	(2,140)	(1,362)	(52,746)	(56,248)
Depreciation and Amortisation	(828)	(325)	(3,698)	(4,851)
Total Operating Expenses	(7,333)	(4,578)	(132,120)	(144,031)
Operating Profit	11,242	4,274	205,773	221,289
Profit from Disposal on Non-Current Asset	-	-	19	19
Profit Before Income Tax	11,242	4,274	205,792	221,308
Reportable Segment Assets	195,020	220,431	2,949,049	3,364,500
Reportable Segment liabilities	165,944	134,752	2,544,305	2,845,001

6. Operating segments (Continued)

2014

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

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
2015						
Cash and balances with Bank of Ghana	-	-	-	244,424	244,424	244,424
Items in Course of Collection from Other Banks	-	-	-	13,590	13,590	13,590
Investment in Government Securities	-	290,878	955	-	291,833	291,798
Due from Banks and Other Financial Institutions	-	801,556	-	-	801,556	801,556
Investment in Other Securities	-	-	4,757	-	4,757	4,757
Loans and Advances to Customers	-	1,805,285	-	-	1,805,285	1,796,161
	-	2,897,719	5,712	258,014	3,161,445	3,152,286
Customer Deposits	-	-	-	1,509,563	1,509,563	1,474,603
Due to Banks and Other Financial Institutions	-	-	-	58,309	58,309	58,309
Borrowings	-	-	-	1,097,993	1,097,993	1,082,534
Accruals and Other Liabilities	-	-	-	122,254	122,254	122,254
	-	-	-	2,788,119	2,788,119	2,737,700

7. Financial assets and liabilities (Continued)

	Trading	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
2014						
Cash and balances with Bank of Ghana	-	-	-	228,353	228,353	86,976
Items in Course of Collection from Other Banks	-	-	-	18,842	18,842	22,299
Investment in Government Securities	-	408,433	784	-	409,217	240,232
Due from Banks and Other Financial Institutions	-	601,874	-	-	601,874	12,427
Investment in Other Securities	-	-	1,508	-	1,508	937
Loans and Advances to Customers	-	1,337,205	-	-	1,337,205	747,385
	-	2,347,512	2,292	247,195	2,596,999	1,110,256
Customer Deposits	-	-	-	1,348,151	1,348,151	706,667
Due to Banks and Other Financial Institutions	-	-	-	47,690	47,690	87,888
Borrowings	-	-	-	827,455	827,455	130,707
Accruals and Other Liabilities	-	-	-	80,516	80,516	28,782
	-	-	-	2,303,812	2,303,812	954,044

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

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

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

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

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

(f) Fair value hierarchy

Fair value measurement

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

7. Financial assets and liabilities (Continued)

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

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

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

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

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

	Notes	2015				2014			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
The Bank									
Government Securities	18	955	290,583	-	291,538	784	408,178	-	408,962
Investment in other Securities	21	-	-	-	-	-	-	-	-
		955	290,583	-	291,538	784	408,178	-	408,962
The Group									
Government Securities	18	955	290,913	-	291,868	784	408,433	-	409,217
Investment in other Securities	21	4,757	-	-	4,757	1,508	-	-	1,508
		5,712	290,913	-	296,625	2,292	408,433	-	410,725

8. NET INTEREST INCOME

	The Bank		The Group	
	2015	2014	2015	2014
INTEREST INCOME				
Placements, Special Deposits, etc.	41,715	9,743	47,589	12,571
Investment Securities	51,176	91,847	51,251	91,899
Loans and Advances	368,202	250,676	367,982	250,557
Total Interest Income	461,093	352,266	466,822	355,027
INTEREST EXPENSE				
Current Accounts	17,058	7,427	17,058	7,427
Time and other Deposits	128,593	87,726	128,603	87,035
Overnight and Call Accounts	12,578	5,307	12,578	5,307
Borrowings	59,953	71,174	59,953	71,174
Total Interest Expense	218,182	171,634	218,192	170,943
Net Interest Income	242,911	180,632	248,630	184,084

Included within interest income from loans and advances for the year end 2015 is a total of GH¢0.66 million (2014: GH¢0.38 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	The Bank		The Group	
	2015	2014	2015	2014
Fee and Commission Income				
Letters of Credit & Guarantees	13,730	14,146	13,730	14,146
Foreign Transfers	5,909	4,294	5,909	4,294
Other Commissions	8,651	5,115	8,639	5,103
Other Fees	41,563	31,378	41,563	31,378
Total Fee and Commission Income	69,853	54,933	69,841	54,921
Fee and Commission Expense				
Inter-bank transaction fees	4,493	2,997	4,511	3,019
Total Fee and Commission Expense	4,493	2,997	4,511	3,019
Net Fee and Commission Income	65,360	51,936	65,330	51,902

10. TRADING INCOME

Foreign Exchange	70,699	76,337	70,699	76,337
Trading Income	70,699	76,337	70,699	76,337

11. OTHER OPERATING INCOME

Other Income	9,445	9,057	16,338	12,619
	9,445	9,057	16,338	12,619

12. STAFF COSTS

Salaries and Bonuses	40,307	33,326	42,091	34,354
Social Security Contribution	2,045	1,509	2,128	1,571
Training	1,789	1,471	1,886	1,597
Other Staff Costs	36,336	23,381	36,827	23,713
	80,477	59,687	82,932	61,235

The average number of persons employed by the bank during the year was 735 (2014: 737)

13. ADMINISTRATION AND GENERAL EXPENSES

	The Bank		The Group	
	2015	2014	2015	2014
Advertising and Marketing	9,933	7,948	10,312	8,180
Administration Expenses	5,521	5,115	5,995	5,449
Directors' Emoluments	4,368	2,650	4,419	2,693
Auditors' Remuneration	203	200	242	236
Other Expenses	34,271	21,784	35,280	22,346
	54,296	37,697	56,248	38,904

Included within directors emoluments for the year end 2015 is a total of GH¢ 3.32 million (2014: GH¢ 2.05 million) relating to executive directors.

Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢0.57 million (2014: GH¢0.39 million).

14. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at year end 2015 was based on the profit attributable to ordinary shareholders of GH¢166.3 million (2014: GH¢143.2 million) and a weighted average number of ordinary shares outstanding of 548.3 million (2014: 548.3 million), calculated as follows:

Profit attributable to ordinary shareholders

	The Group	
	2015	2014
Net profit for the period attributable to equity holders of the Bank	166,238	143,151
Weighted average number of ordinary shares		
<i>In thousands of shares</i>		
Issued ordinary shares at 1 January	548,262	548,262
Effect of additional issue of shares	-	-
Weighted average number of ordinary shares at 31 December	548,262	548,262

There was no additional shares issued during the year.

Diluted earnings per share

The calculation of diluted earnings per share as at year end 2015 was based on the profit attributable to ordinary shareholders of GH¢166.3 million (2014: GH¢143.2 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 548.3 million (2014: 548.3 million), calculated as follows:

Profit attributable to ordinary shareholders

	The Group	
	2015	2014
Profit for the period attributable to ordinary shareholders	166,238	143,151
Weighted average number of ordinary shares (diluted)		
<i>In thousands of shares</i>		
Weighted average number of ordinary shares (basic)	548,262	548,262
Weighted average number of ordinary shares (diluted) at 31st December	548,262	548,262

15. CASH AND BALANCES WITH BANK OF GHANA

	The Bank		The Group	
	2015	2014	2015	2014
Cash in Hand	33,269	23,255	33,269	23,255
Balances with Bank of Ghana	211,155	205,098	211,155	205,098
	244,424	228,353	244,424	228,353

Mandatory reserve deposits representing 10% of the bank total deposit are not available for use in the bank's day to day operations and are non-interest bearing.

16. CASH AND CASH EQUIVALENTS	Note	The Bank		The Group	
		2015	2014	2015	2014
Cash and balances with Bank of Ghana	15	244,424	228,353	244,424	228,353
Due from other banks and financial Institutions	19	792,905	594,512	801,556	601,874
Items in course of collection	17	13,590	18,842	13,590	18,842
		1,050,919	841,707	1,059,570	849,069

17. ITEMS IN COURSE OF COLLECTION

Items in course of collection

	The Bank		The Group	
	2015	2014	2015	2014
Items in course of collection	13,590	18,842	13,590	18,842
	13,590	18,842	13,590	18,842
Treasury Bills	290,583	408,178	290,913	408,433
Government Bonds	955	784	955	784
	291,538	408,962	291,868	409,217

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

19. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Nostro account balances

Placement with other banks

Placement with Bank of Ghana

	The Bank		The Group	
	2015	2014	2015	2014
Nostro account balances	147,755	218,928	147,755	218,928
Placement with other banks	-	4,378	8,651	11,740
Placement with Bank of Ghana	645,150	371,206	645,150	371,206
	792,905	594,512	801,556	601,874

20. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type

Overdrafts

Term Loans

Other Advances

	The Bank		The Group	
	2015	2014	2015	2014
Overdrafts	443,991	327,285	443,161	326,715
Term Loans	1,339,496	913,811	1,339,496	913,811
Other Advances	83,658	118,029	83,658	118,028
	1,867,145	1,359,125	1,866,315	1,358,554
Less:				
Identified Impairment	(56,776)	(18,325)	(56,776)	(18,325)
Unidentified Impairment	(4,254)	(3,024)	(4,254)	(3,024)
	1,806,115	1,337,776	1,805,285	1,337,205

Gross Loans and Advances

Less:

Identified Impairment

Unidentified Impairment

Carrying Amount

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

ii. Loan loss provision ratio is 3.3% of gross advances (2014: 1.6%).

iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 5.5% (2014: 6.2%).

iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 78.0% (2014: 76.4%).

v. The maximum amount due from officers of the bank during the year amounted to GH¢16.19 million (2014: GH¢12.61 million).

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

20. Loans and Advances to customers (Continued)

Allowances for Identified Impairment

	The Bank		The Group	
	2015	2014	2015	2014
Balance at 1st January	18,325	36,582	18,325	36,582
Impairment Charge for the year	38,451	19,863	38,451	19,863
Write-offs	-	(38,120)	-	(38,120)
Balance at 31st December	56,776	18,325	56,776	18,325
Allowances for Unidentified Impairment				
Balance at 1st January	3,024	2,332	3,024	2,332
Impairment Charge for the year	1,230	692	1,230	692
Balance at 31st December	4,254	3,024	4,254	3,024
Impairment charge to the income statement				
Net increase/(decrease) in impairments	39,681	20,555	39,681	20,555
Excess impairment on written off accounts	-	2	-	2
Amounts recovered previously written off	(4,004)	(79)	(4,004)	(79)
Net charge to the income statement	35,677	20,478	35,677	20,478

21. INVESTMENT IN OTHER SECURITIES

	The Bank		The Group	
	2015	2014	2015	2014
Available-for-sale investment securities				
Available-for-sale investment securities	-	-	4,757	1,508
	-	-	4,757	1,508

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

22. INVESTMENT IN SUBSIDIARIES

(a) The Principal Subsidiaries are:

2015	Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
	CAL Bank Nominees Limited	Custodial Service	Ghana	10	100
	CAL Brokers Limited	Security Brokerage	Ghana	1,500	100
	CAL Asset Management	Fund Management	Ghana	518	100
				<u>2,028</u>	

2014	Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
	CAL Bank Nominees Limited	Custodial Service	Ghana	10	100
	CAL Brokers Limited	Security Brokerage	Ghana	1,500	100
	CAL Asset Management	Fund Management	Ghana	518	100
				<u>2,028</u>	

22. INVESTMENT IN SUBSIDIARIES (Continued)

Investments in subsidiaries are stated at cost and comprise:

	The Bank		The Group	
	2015	2014	2015	2014
Investments in Subsidiaries	2,028	2,028	-	-

(b) Summary of Subsidiary Accounts

	CAL Brokers Limited		CAL Asset Management	
	2015	2014	2015	2014
Revenue	6,365	3,642	6,572	3,539
Expenses	(2,384)	(1,680)	(2,499)	(1,306)
Income Tax and National Fiscal Stabilization Levy	(920)	(493)	(1,245)	(661)
Profit (Loss) for the year	3,061	1,469	2,828	1,572
Total Assets	11,145	7,396	7,872	4,847
Total Liabilities	1,627	937	499	263
Total Shareholder's Equity	9,518	6,459	7,373	4,584
Total Cash Inflows	34,168	195,391	84,385	63,998
Total Cash Outflows	33,598	194,441	82,115	62,784
Net Cash Inflow (Outflow)	570	951	2,271	1,214

23. OTHER ASSETS

	The Bank		The Group	
	2015	2014	2015	2014
Sundry Debtors	39,367	24,808	41,792	26,028
Prepayments	16,431	12,053	16,431	12,053
Items in transit	811	1,356	811	1,356
	56,609	38,217	59,034	39,437

24. TAXATION

	The Bank			
	Balance 1/1/2015	Payments During the year	Charge for the year	Balance 31/12/2015
Income Tax				
1998 - 2014	1,475	-	-	1,475
2015	-	(59,674)	63,989	4,315
	1,475	(59,674)	63,989	5,790
National Fiscal Stabilisation Levy				
2015	242	(10,572)	10,660	330
Total	1,717	(70,246)	74,649	6,120

24. TAXATION (Continued)

	The Group			
	Balance 1/1/2015	Payments During the year	Charge for the year	Balance 31/12/2015
Income Tax				
1998 - 2014	1,723	(44)	-	1,679
2015	-	(61,282)	65,474	4,192
	<u>1,723</u>	<u>(61,326)</u>	<u>65,474</u>	<u>5,871</u>
Dividend Tax				
2015	-	(12)	12	-
National Fiscal Stabilisation Levy				
2001 - 2014	-	(9)	-	(9)
2015	450	(10,935)	11,065	580
Total	2,173	(72,282)	76,551	6,442

Income Tax Expense

Recognised in the income statement

	The Bank		The Group	
	2015	2014	2015	2014
Current tax expense				
Current year	74,649	42,428	76,551	43,812
Deferred tax expense	(21,494)	11,606	(21,481)	11,570
Total income tax expense	53,155	54,034	55,070	55,382

Reconciliation of effective tax rate

	The Bank		The Group	
	2015	2014	2015	2014
Profit before income tax	213,197	194,386	221,308	198,533
Corporate Tax Rate	25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%	53,299	48,597	55,327	49,633
Non-deductible expenses	11,419	(2,736)	11,149	(2,735)
Tax on items at different tax rate	-	-	12	8
Capital Allowances	(2,139)	(1,704)	(2,163)	(1,726)
Net Tax Effect on unrealised Gains/losses	1,410	(11,296)	1,161	(11,296)
Other	10,660	9,567	11,065	9,928
Deferred Tax	74,649	42,428	76,551	43,812
	(21,494)	11,606	(21,481)	11,570
Overall tax charge	53,155	54,034	55,070	55,382
Effective tax rate	24.9%	27.8%	24.9%	27.9%

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

25. DEFERRED TAXATION

	The Bank		The Group	
	2015	2014	2015	2014
Balance at the beginning	9,902	(1,922)	9,866	(1,922)
Origination/reversal of temporary differences:				
recognised in statement of profit or loss	(21,494)	11,606	(21,481)	11,570
recognised in equity	1,400	218	1,400	218
Balance at the end	(10,192)	9,902	(10,215)	9,866

Recognised deferred tax assets and liabilities: Bank

Deferred tax liabilities are attributable to the following:

	2015			2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	(14,912)	-	(14,912)	-	6,582	6,582
Others	-	4,720	4,720	-	3,320	3,320
Net tax (assets)/liabilities	(14,938)	4,720	(10,212)	-	9,902	9,902

Recognised deferred tax assets and liabilities: Group

Deferred tax liabilities are attributable to the following:

	2015			2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	(14,938)	3	(14,935)	(39)	6,585	6,546
Others	-	4,720	4,720	-	3,320	3,320
Net tax (assets)/liabilities	(14,938)	4,723	(10,215)	(39)	9,905	9,866

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

26. PROPERTY, PLANT AND EQUIPMENT

2015	The Bank				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at the beginning	35,032	22,215	4,661	34,301	96,209
Additions	815	2,767	86	54,384	58,052
Disposals	-	(25)	-	-	(25)
Transfers	6,233	4,466	916	(11,615)	-
Balance at the end	42,080	29,423	5,663	77,070	154,236
Accumulated Depreciation					
Balance at the beginning	4,590	12,893	2,121	-	19,604
Charge for the year	1,731	2,145	580	-	4,456
Released on Disposal	-	(25)	-	-	(25)
Balance at the end	6,321	15,013	2,701	-	24,035
Net Book Value	35,759	14,410	2,962	77,070	130,201

2014	The Bank				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at the beginning	32,062	13,990	3,011	10,978	60,041
Additions	505	3,459	1,863	30,553	36,380
Disposals	-	-	(213)	-	(213)
Transfers	2,464	4,766	-	(7,230)	-
Balance at the end	35,031	22,215	4,661	34,301	96,208
Accumulated Depreciation					
Balance at the beginning	3,190	10,179	1,692	-	15,061
Charge for the year	1,400	2,714	642	-	4,756
Released on Disposal	-	-	(213)	-	(213)
Balance at the end	4,590	12,893	2,121	-	19,604
Net Book Value	30,441	9,322	2,540	34,301	76,604

26. Property, Plant and Equipment (continued)

The Group

2015

	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at the beginning	35,032	22,510	4,661	34,301	96,504
Additions	815	2,825	86	54,384	58,110
Disposals	-	(25)	-	-	(25)
Transfers	6,233	4,466	916	(11,615)	-
Balance at the end	42,080	29,776	5,663	77,070	154,589
Accumulated Depreciation					
Balance at the beginning	4,590	13,138	2,122	-	19,850
Charge for the year	1,731	2,173	580	-	4,484
Released on Disposal	-	(25)	-	-	(25)
Balance at the end	6,321	15,286	2,702	-	24,309
Net Book Value	35,759	14,490	2,961	77,070	130,280

The Group

2014

	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1st January	32,062	14,277	3,011	10,978	60,328
Additions	505	3,467	1,863	30,553	36,388
Disposals	-	-	(213)	-	(213)
Transfers	2,464	4,766	-	(7,230)	-
Balance at 31st December	35,031	22,510	4,661	34,301	96,503
Accumulated Depreciation					
Balance at 1st January	3,190	10,344	1,693	-	15,227
Charge for the year	1,400	2,793	642	-	4,835
Released on Disposal	-	-	(213)	-	(213)
Balance at 31st December	4,590	13,137	2,122	-	19,849
Net Book Value					
At 31st December	30,441	9,373	2,539	34,301	76,654

26. Property, Plant and Equipment (continued)

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

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

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

	Notes	2015				2014			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
The Bank									
Bank Premises	26	-	35,759	-	35,759	-	30,442	-	30,442
		-	35,759	-	35,759	-	30,442	-	30,442
The Group									
Bank Premises	26	-	35,759	-	35,759	-	30,442	-	30,442
		-	35,759	-	35,759	-	30,442	-	30,442

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

Summary of Property, Plant and Equipment	The Bank		The Group	
	2015	2014	2015	2014
Gross Value	154,236	96,209	154,589	96,504
Accumulated depreciation	(24,035)	(19,604)	(24,309)	(19,849)
Net Book Value	130,201	76,605	130,280	76,655

Disposal of Property, Plant and Equipment

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

	The Bank		The Group	
	2015	2014	2015	2014
Cost	(25)	(213)	(81)	(213)
Accumulated Depreciation	25	213	44	213
Net Book Value	-	-	(37)	-
Disposal Proceeds	56	136	56	136
Profit on Disposals	56	136	19	136

27. INTANGIBLE ASSETS

	The Bank		The Group	
	2015	2014	2015	2014
Purchased Software Cost				
Balance at the beginning	5,050	3,896	5,515	4,361
Acquisitions	1,557	1,154	1,612	1,154
Disposals	-	-	(56)	-
Balance at the end	6,607	5,050	7,071	5,515
Balance at the beginning	2,802	1,709	3,252	2,159
Charge for the year	368	1,093	368	1,093
Released on Disposal	-	-	(19)	-
Balance at the end	3,170	2,802	3,601	3,252
Carrying Amounts	3,437	2,248	3,470	2,263

28. CUSTOMER DEPOSITS

	The Bank		The Group	
	2015	2014	2015	2014
Current Account	714,654	614,185	714,654	614,175
Time Deposits	749,771	680,907	749,771	680,907
Savings deposits	80,098	53,069	80,098	53,069
	1,544,523	1,348,161	1,544,523	1,348,151
Analysis by type of depositors				
Individual and other private enterprise	1,177,871	1,032,219	1,182,563	1,032,209
Public enterprises	366,652	315,942	361,960	315,942
	1,544,523	1,348,161	1,544,523	1,348,151

Twenty largest depositors to total deposit ratio is 49% (2014: 50%).

29. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2015	2014	2015	2014
Deposits from other financial institutions	59,899	48,045	58,309	47,690

30. BORROWINGS

	The Bank		The Group	
	2015	2014	2015	2014
Long-term borrowings				
CitiBank	89,919	124,098	89,919	124,098
Export Trade, Agricultural & Industrial Development Fund	10,125	7,186	10,125	7,186
Ghana International Bank	5,783	28,299	5,783	28,299
PROPARCO	14,041	21,262	14,041	21,262
The OPEC Fund for International Development (OFID)	36,304	51,865	36,304	51,865
	156,172	232,710	156,172	232,710
Subordinated-term borrowings				
PROPARCO	110,376	91,340	110,376	91,340
	110,376	91,340	110,376	91,340
Short-term borrowings				
African Development Bank	-	9,706	-	9,706
CitiBank	50,600	5,137	50,600	5,137
DEG	-	4,609	-	4,609
Export Trade, Agricultural & Industrial Development Fund	26	1,887	26	1,887
Ghana International Bank	15,231	5,523	15,231	5,523
Kassardjian Armen	29,519	39,161	29,519	39,161
Mashreq Bank	151,950	209,140	151,950	209,140
PROPARCO	6,900	6,289	6,900	6,289
SSNIT	38,237	24,385	38,237	24,385
Standard Chartered Bank London	345,589	-	345,589	-
Sumitomo Mitsui Banking Corporation Europe Limited	113,469	160,669	113,469	160,669
The OPEC Fund for International Development (OFID)	15,326	4,692	15,326	4,692
United Bank Dubai	-	32,205	-	32,205
	766,847	503,405	766,847	503,405
Inter-bank Borrowings				
Bank Of Ghana	40,030	-	40,030	-
Fidelity Bank Ghana Limited	40,027	-	40,027	-
	80,057	-	80,057	-
Carrying Amount	1,113,452	827,455	1,113,452	827,455

Long-term borrowings

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

Export Trade, Agricultural & Industrial Development Fund – This is a facility granted by the Export Trade, Agricultural & Industrial Development Fund to be extended to operators in the export sector. Interest is at a rate of 2.5% per annum.

Ghana International Bank – This facility was granted for on-lending to the private sector. Interest rate is at a rate of US Prime plus 2.5% per annum maturing in 2018.

Proparco – Three long-term facilities granted for on-lending to the private sector and expiring between October 2014 and October 2018. Interest is at a rate of 6 months US Libor plus 2.5% per annum.

The OPEC Fund for International Development (OFID) - This is a trade finance line of credit granted to be exclusively used to finance eligible trade transactions. Interest rate is set at 6 months BBA Libor plus 3% per annum maturing in November 2017.

30. Borrowings (continued)

Short-term borrowings

African Development Bank – This facility was granted for on-lending to the private sector. Interest is at a rate of 6 months US Libor plus 2.3% per annum and the facility has been repaid as at the end of 2015.

DEG - This facility was granted for on-lending to the private sector and expired in October 2015. Interest was at a rate of 6 months US Libor plus 2.5% per annum.

Kassardjian Armen - This is a facility granted by Kassardjian Armen for on-lending. Interest is at a rate of 4.5% per annum, maturing in December 2016.

Mashreq Bank – This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest is at a rate of 6 months US Libor plus 3.75% per annum maturing in 2016.

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 26.20% (2014: 27.18%).

Standard Chartered Bank London – This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is at a rate of 6 months US Libor plus 3.25% per annum maturing in 2016.

Sumitomo Mitsui Banking Corporation Europe Limited - This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is at a rate of 6 months US Libor plus 3% per annum (same for terms for 2014) maturing in 2016.

United Bank Dubai – This is a facility granted for refinancing selected trade transactions as agreed with the lender. Interest rate is at a rate of 3 months US Libor plus 3% per annum maturing in 2016.

Inter-bank borrowings

Bank of Ghana - This was an over night borrowing at an interest rate of Bank of Ghana policy rate plus 2%.

Fidelity Bank Ghana Limited is at the Inter-bank overnight rates prevailing on the date of the transaction from the various counter parties.

All repayment are on schedule with no interest payment in arrears

31. ACCRUALS AND OTHER LIABILITIES

	The Bank		The Group	
	2015	2014	2015	2014
Creditors	49,605	27,046	50,721	27,653
Accruals	22,739	22,196	22,739	22,196
Recognised liability for Other Long-term Employee Benefit	1,199	1,073	1,266	1,102
Short-Term Employee benefits	126	76	126	76
Other liabilities	47,513	29,551	47,402	29,489
	121,182	79,942	122,254	80,516

Movement in the liability for defined benefit obligations

	The Bank		The Group	
	2015	2014	2015	2014
Liability for defined benefit obligations at 1 January	1,073	520	1,102	520
Benefits paid by the plan	(614)	(402)	(614)	(402)
Expense charged to comprehensive income	740	955	778	984
Liability for defined benefit obligations at 31 December	1,199	1,073	1,266	1,102

31. Accruals and Other Liabilities (Continued)

Actuarial assumptions

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

	The Bank		The Group	
	2015	2014	2015	2014
Discount rate at 31 December	18.0%	16.0%	18.0%	16.0%
Future salary increases	15.0%	15.0%	15.0%	15.0%
Inflation rate	13.0%	13.0%	13.0%	13.0%

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

The sensitivity analysis as at the year end 2015 for the consolidated group is as follows:

	Main Basis	Investment return (2%)	Investment return 2%	Salary scale (2%)	Salary scale 2%	Mortality (20%)
Actuarial Liability	1,265	1,326	1,209	1,207	1,327	1,266
Percentage Change	n/a	5%	(4%)	(5%)	5%	0%

The Group's long term employee benefit is valued every year. The fair value measurement of the Group's long term employee benefit as at the year end 2015 was performed by Messrs Stallion Consultant Limited and signed by its executive chairman Mr. Charles Osei-Akoto, (ASA, MAAA). Stallion Consultant Limited has appropriate qualification and experience in the fair value measurement of defined benefit.

32. CAPITAL AND RESERVES

i. Stated Capital

	2015		2014	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	1,000,000	-	1,000,000	-
Issued:				
For cash	414,871	93,305	414,871	93,305
Transfer from Retained Earnings	-	6,695	-	6,695
Bonus issue	133,391	-	133,391	-
	548,262	100,000	548,262	100,000

There is no call or instalment unpaid on any share.

At the year end 2015 the authorised share capital comprised 1 billion ordinary shares (2014: 1 billion) of no par value. All issued shares are fully paid for.

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

32. Capital and Reserves (continued)

ii. Statutory Reserve Fund

	The Bank		The Group	
	2015	2014	2015	2014
Balance at the beginning	124,261	89,173	124,261	89,173
Transfer from Income Surplus	20,005	35,088	20,005	35,088
Balance at the year end	144,266	124,261	144,266	124,261
iii. Capital Surplus				
Revaluation surplus	19,430	20,830	19,430	20,830
Bank's shares held by subsidiary	-	-	(697)	(841)
	19,430	20,830	18,733	19,989
Revaluation Surplus				
Balance at the beginning	20,830	21,048	20,830	21,048
Deferred Tax on Revaluation	(1,400)	(218)	(1,400)	(218)
Balance at the year end	19,430	20,830	19,430	20,830

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

iv. Other Reserves

(i) Regulatory credit risk reserve

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

(ii) Fair value reserve

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

Dividends

The following dividends were declared and paid by the Bank:

2015	2014
44,409	29,058

After 31st December 2015 the directors proposed a dividend per share of GH¢0.097 amounting to GH¢53.18 million in respect of 2015. The dividends have not been provided for in these financial statements and there are no income tax consequences.

Dividend and net assets per share are based on 548,261,549 (2014: 548,261,549) ordinary shares at the statement of financial position date.

33. CONTINGENCIES AND COMMITMENTS

(i) Letters of credit, guarantees and indemnities

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

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

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 the year end 2015 in respect of the above amounted to GH¢483.8 million (2014: GH¢525.5 million) , as detailed below:

	2015	2014
Letters of Credit	237,254	431,525
Guarantees and Indemnities	246,546	93,959
	483,800	525,484

The amount of unsecured contingencies and commitments in respect of these at the year end 2015 was nil (2014: nil).

(ii) Capital expenditure

Capital commitments not provided for in the financial statements as at the year end was GH¢44.59 (2014: nil)

(iii) 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¢9.9 million (2014: GH¢5.9 million). No provisions have been made in the financial statements in respect of these amounts

(iv) Funds under management

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

Investments and funds being managed by the Group on behalf of clients amounting to GH¢505.6 million (2014: GH¢298.0 million) have not been included in the statement of financial position.

34. RELATED PARTY TRANSACTIONS

Related party transactions

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

Subsidiaries

Details of principal subsidiaries are shown in Note 22.

34. Related Party Transactions (Continued)

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 did not involve more than the normal risk of collectibility or present other unfavourable features.

Details of transactions between related parties and the Group are as follows:

Details of lending to related parties are as follows:

	2015	2014
Directors	1,565	1,141
Connected Persons	-	38
Other Staff Loans	14,643	11,460
	16,208	12,639

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

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

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

Remuneration of Directors and other Key Management Personnel

The following information is presented in accordance with IAS 24 'Related Party Disclosure', which requires disclosure of the employee benefits of Directors and other Key Management Personnel.

	2015	2014
Salaries and other short-term benefits	4,419	2,693
Employer social security charges on emoluments	341	278
	4,760	2,971

Employee termination benefits

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

35. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at the year end 2015

NAME OF DIRECTOR	No. of Shares	%
FRANK BRAKO ADU JNR.	11,949,676	2.18
PHILIP OWIREDU	1,000,658	0.18
PAAROCK VANPERCY	706,403	0.13
KOBINA QUANSAH	13,492	0.002
JAMES C. BRENNER	4,550	0.001
	13,674,779	2.49

36. ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2015

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	18,667	79.58	9,753,793	1.78
1001 - 5,000	3,554	15.15	7,715,600	1.41
5001 - 10,000	476	2.03	3,581,291	0.65
10,001 - 20,000	295	1.26	4,177,229	0.76
20,001 - 30,000	136	0.58	3,377,608	0.62
30,001 - 40,000	52	0.22	1,789,364	0.33
40,001 - 50,000	39	0.17	1,784,848	0.33
Over 50,000	237	1.01	516,081,816	94.13
	23,456	100.00	548,261,549	100.00

All Shares Have Equal Voting Rights

Twenty Largest Shareholders

Shareholder	No. of Shares	% Holding
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	181,913,182	33.18%
ADP I HOLDING 4	151,830,692	27.69%
IC ASSET MANAGERS (GHANA) LIMITED	21,234,139	3.87%
STD NOMS TVL PTY/BNYM SANV/FRONTAURA GLOBAL FRONTIER FUND LLC	16,193,797	2.95%
STD NOMS TVL PTY/CFC STANBIC NOMINEES LTD AC CENTUM EXOTICS	14,766,089	2.69%
MR DANIEL OFORI	13,455,045	2.45%
ADU JNR, FRANK BRAKO	11,949,676	2.18%
STD NOMS TVL PTY/BNYM SANV/ FRONTIER MARKET OPPORTUNITIES MASTER FUND, L.P.	8,491,800	1.55%
SCGN/NORTHERN TRUST GLOBAL SERVICES	7,956,700	1.45%
ICAM/VANGUARD ASSURANCE EQUITIES PORTFOLIO	5,765,861	1.05%
STD NOMS TVL PTY/ BNYM SANV/KAPITALFORENINGEN INVESTIN PRO, AFRIKANSKE AKTIER	5,735,651	1.05%
SCGN/SSB EATON VANCE TAX-MANAGED EMERGING MARKET FUND	4,406,554	0.80%
SCGN/ELAC POLICYHOLDERS FUND	4,180,831	0.76%
SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	3,914,900	0.71%
STD NOMS TVL PTY/BNYM SANV/FRONTIER MARKET SELECT FUND II, L.P.	2,811,369	0.51%
SCGN/PICTET ET CIE(EUROPE) S.A RE THE NEWMARKET AFRICA MASTER FUND LIMITED	2,608,663	0.48%
ANSAH BENJAMIN FOSU	2,571,551	0.47%
COCOBOD END OF SERVICE BENEFIT SCHEME	2,462,593	0.45%
DAMSEL/OTENG-GYASI ANTHONY	2,340,130	0.43%
SCGN/CACEIS BANK LUX RE INTERFFEKT INVESTMENT FUNDS N.V	2,290,000	0.42%
Top 20 shareholders	466,879,223	85.16%
Others	81,382,326	14.84%
Grand Total	548,261,549	100.00%

37. STANDARDS AND INTERPRETATIONS

Initial application of new amendments to the existing Standards effective for current financial period

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period:

Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.

Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of ‘vesting condition’; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments’ assets to the entity’s assets; (iv) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint ventures; (ii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards has not led to any material changes in the Entity’s financial statements.

New Standards and amendments to existing standards in issue not yet adopted

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

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 “Financial Instruments” issued on 24 July 2014 is the IASB’s replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

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

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

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

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

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016).

IFRS 14 “Regulatory Deferral Accounts” issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 15 “Revenue from Contracts with Customers”** and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 “Revenue from Contracts with Customers” issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

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

- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure Initiative issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants** (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements.

- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** issued by IASB on 25 September 2014. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information ‘elsewhere in the interim financial report’. The amendments are to be applied for annual periods beginning on or after 1 January 2016.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application.

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will be proposing the following resolutions, which will be put to the 2016 Annual General Meeting:

To Consider the 2015 Accounts and Reports

The Board shall submit for consideration the audited accounts of the company for 2015, and the reports of the directors and auditor thereon, as a true and fair view of the state of affairs of the company for the year ended December 31, 2015.

To Declare a Dividend

The directors shall recommend the declaration of a dividend of GHS 0.097 per share for the year ended 31st December, 2015.

To Authorise the Directors to Fix the fees of the Auditors

In accordance with section 134 (11) of the Companies Act, 1963 (Act 179), the Board will request that they be authorised to fix the fees of the auditors.

To Re-elect Directors retiring by rotation

The following directors of the company, Mr. Malcolm Pryor, Mr. Eduardo Gutierrez and Mr. Philip Owiredu, will retire in accordance with section 298 (a) of the Companies Act, 1963 (Act 179) and Regulation 78 (b) of the Regulations of the company.

Mr. Malcolm Pryor, Mr. Eduardo Gutierrez and Mr. Philip Owiredu, who are eligible for re-election, have offered themselves to be re-elected as directors of the company. The Board will recommend that they be so re-elected.

To Re-elect a Director Appointed to fill a Casual Vacancy

Mrs. Helen Nankani was appointed by the Board as a director of the company on July 30, 2015 to fill a casual vacancy on the Board. In accordance with Regulation 74 (b) of the company's Regulations, a director appointed to fill a casual vacancy "shall hold office only until the following ordinary general meeting of the Company and shall be eligible for re-election".

The Board will recommend to members to approve the re-election of Mrs. Helen Nankani, who has offered herself for re-election, as a director of the company.

To Approve Directors' Remuneration

In accordance with Section 194 of the Companies Act, 1963 (Act 179), the Board will request that shareholders approve the remuneration of directors as disclosed in Note 13 of the 2015 Annual Report.

PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 31st March 2016 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 2016.

Signed thisday of 2016

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2015 Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. Malcolm Pryor as a director of the Bank		
5. To re-elect Mr. Eduardo Gutierrez as a director of the Bank		
6. To re-elect Mr. Philip Owiredu as a director of the Bank		
7. To re-elect Mrs. Helen Nankani as a director of the Bank		
8. To approve directors' remuneration		
Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion		

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

Notes:

1. A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space marked * the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director of the Corporation.
4. Please sign the above Proxy Form and deliver it so as to reach the Registrar, Central Securities Depository (GH) Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra not later than 10.00 am on Tuesday 29th March 2016.

STUDENT ACCOUNT



Our imaginations hold dreams that sometimes seem impossible. But those who believe in and work towards their dream will achieve so much more than they ever thought was possible. Invent the tomorrow you dream of today with CAL students account.

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INDEPENDENCE AVENUE BRANCH

KEJETIA BRANCH

KNUST (TECH) BRANCH

KUMASI NHYIAESO BRANCH

LABONE BRANCH

LEGON BRANCH

OSU BRANCH

RING ROAD CENTRAL BRANCH

RING ROAD WEST BRANCH

SPINTEX ROAD BRANCH

SUAME BRANCH

TAKORADI HARBOUR BRANCH

TAKORADI MARKET CIRCLE BRANCH

TARKWA BRANCH

TEMA COMMUNITY 1 BRANCH

TEMA COMMUNITY 25 BRANCH

TEMA MAIN BRANCH

WEST HILLS MALL BRANCH

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