

Change PIN



Bill Payment
& Funds Transfer



Branch &
ATM Locator



Internet Banking



LOADING 100% 



WORLD
- EUROPE
- AMERICA
- ASIA
- AFRICA

Bank
Wherever
Whenever.

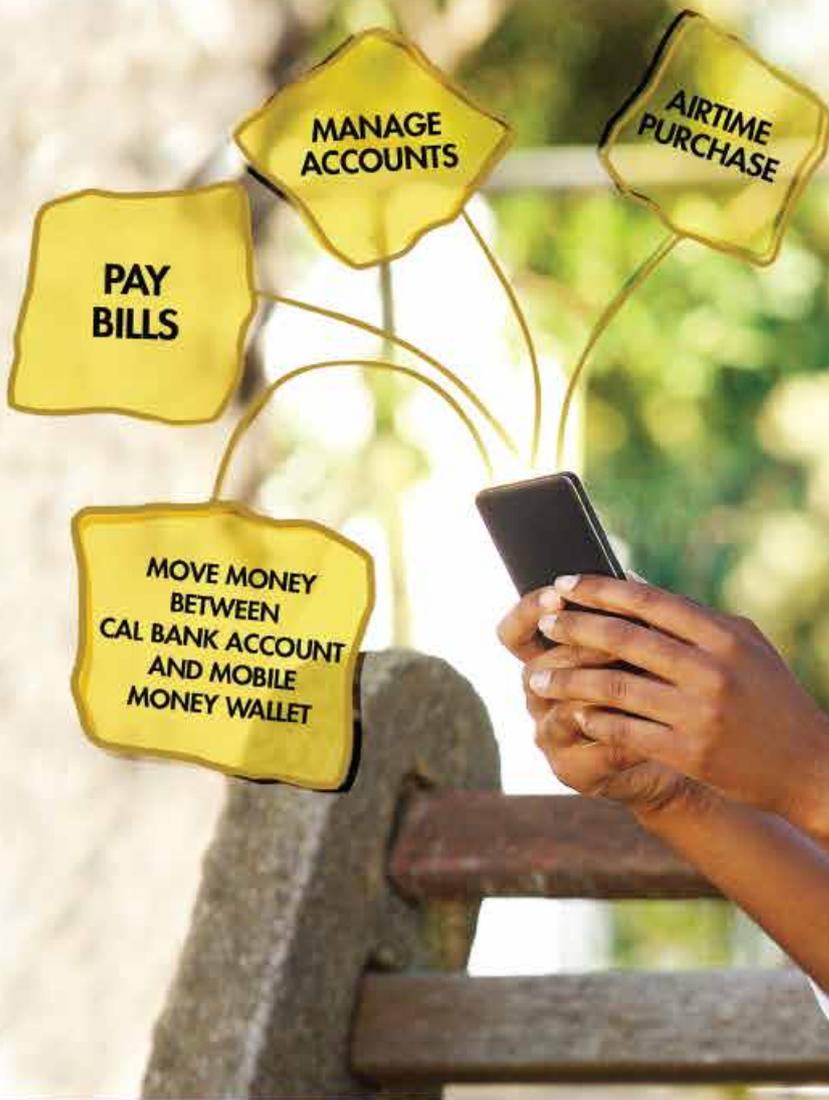
ANNUAL REPORT 2016



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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 Wednesday, 26th April, 2017 at the National Theatre, 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, 2016
2. To approve the appointment of KPMG as Auditors
3. To authorise the Directors to fix the fees of the Auditors
4. To re-elect Directors retiring by rotation
5. To approve Directors' remuneration

Dated this 16th day of March, 2017

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 Monday, April 24, 2017

FOUR-YEAR GROUP CONSOLIDATED FINANCIAL SUMMARY

	2016	2015	2014	2013
<i>in thousands of Ghana Cedis</i>				
Interest Income	557,631	466,822	355,027	266,731
Interest Expense	(306,317)	(218,192)	(170,943)	(122,988)
Net Interest Income	251,314	248,630	184,084	143,743
Commissions and fees	58,982	65,330	51,902	29,766
Other Operating Income	56,881	87,056	89,092	45,680
Operating Income	367,177	401,016	325,078	219,189
Operating Expenses	(150,883)	(144,031)	(106,067)	(74,072)
Net Impairment Loss on Financial Assets	(199,243)	(35,677)	(20,478)	(17,515)
Profit Before Income Tax	17,051	221,308	198,533	127,602
Income Tax Expense	(6,843)	(55,070)	(55,382)	(34,063)
Profit after Taxation	10,208	166,238	143,151	93,539
Total assets	3,618,858	3,364,500	2,715,392	1,564,074
Total Deposits	2,375,194	1,602,832	1,395,841	833,809
Loans and Advances	1,966,394	1,805,285	1,337,205	980,407
Total Shareholders' Equity	519,503	519,499	399,541	287,039
Earnings per share (Ghana Cedis per share)	0.0172	0.3032	0.2611	0.1706
Dividends per share (Ghana Cedis per share)	0.0000	0.0970	0.0810	0.0530
Number of Shares ('000)	548,262	548,262	548,262	548,262
Return on Assets	0.3%	4.9%	5.3%	6.0%
Return on Equity	2.0%	32.0%	35.8%	32.6%
Capital Adequacy Ratio	19.2%	21.4%	21.8%	19.4%
Cost-to-Income Ratio	41.1%	35.9%	32.6%	33.8%

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
Noel Addo
Ken K. D. Alor
Helen Nankani
Eduardo Gutierrez (**Resigned 9/2 /17**)

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 - Chairman

Mr. VanPercy, age 57 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., age 54 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 Owiredo
Executive Director**

Mr. Owiredo, age 50 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. Owiredo 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, age 73 is a retired, seasoned banker, 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 Governors.



**Mr. James C. Brenner
Non-Executive Director**

Mr. Brenner, age 59 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.

BOARD OF DIRECTORS



Mrs. Helen Nankani
Non-Executive Director

Mrs. Nankani, age 70 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. Malcolm D. Pryor
Non-Executive Director

Mr. Pryor, age 70 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. Ken K. D. Alor
Non-Executive Director

Mr. Alor, age 48 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. Noel Addo
Non-Executive Director

Mr. Addo, age 52 currently has oversight responsibility over the Investments and Development portfolio of the Social Security and National Insurance Trust (SSNIT) as a deputy Director General. 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

Company Secretary
Veritas Advisors Limited

CHAIRMAN'S REPORT



Introduction

Distinguished Shareholders, fellow Board members, Ladies and Gentlemen, I welcome you once again to the Annual General Meeting of CAL Bank Limited for the year ended 31st December 2016.

The year 2016 was a rather difficult year. In spite of the usual good operational performance, the overall financial outcome was eroded by external factors. We however took significant steps to confront the challenges to ensure we get back on track to delivering the sterling performance we have produced over prior years.

Economic Review

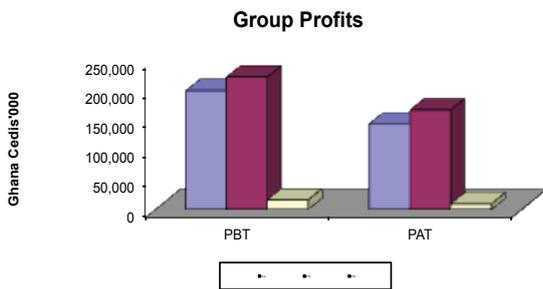
Although 2016 was an election year, the macroeconomic environment improved marginally. Power generation which posed difficulties to the economy in the previous year, saw some improvement for most part of 2016 although at an increased cost, therefore not making a significant impact on production and economic activity during the year. That notwithstanding, the estimated economic growth rate of 3.6% for 2016 is expected to

exceed the target of 3.3%. There was also improvement in inflationary pressures as headline inflation eased to close the year at 15.4%, after peaking at 19.2%. This was an improvement on the 2015 figure of 15.7% even though most of these improvements were realized at the tail end of the year.

On the money markets, the benchmark 91-day Treasury Bill rate decreased to 16.4% compared to 22.8% the previous year, and the local currency remained stable up to November 2016 with the Cedi depreciating by less than 5% against the US dollar. However the depreciation increased to 9.5% by the end of the year resulting from increased foreign exchange demands.

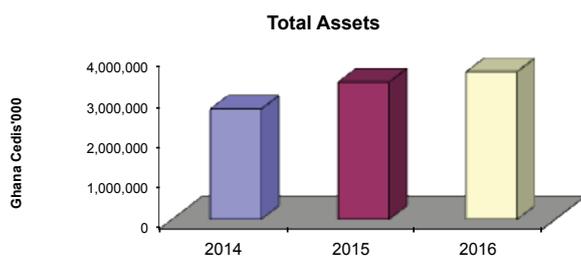
Financial Review

The Bank made significant progress in executing the first year objectives of our 3-year Strategic Plan for the period 2016 – 2018. This Plan serves as the bedrock for bringing about our digital transformation agenda to ensure sustainable growth as banking goes through a changing digital landscape.



In attaining these strategic goals, the Bank produced the usual bright performance in its main revenue generating line of Interest Income, which grew by almost 19.9% from GHc461.1 million to GHc552.7 million. However the other revenue generating lines were marginally down as a result of challenges with general commercial activity and the reduced volume of business. This impacted adversely on net fees and commissions as well as trading income, resulting in an overall 8.0% fall in Operating Income.

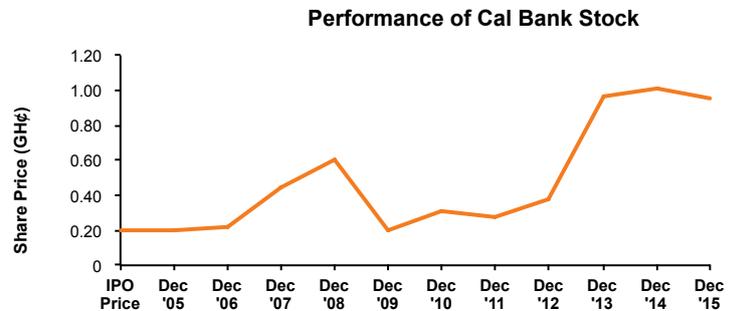
The main impact on the year 2016 financial results was the level of impairment charge. This was largely the result of significant charges arising out of the



challenges posed to the banking industry's exposures to the Energy and Commerce sectors. Consequently, your Bank recorded a profit after tax of GH¢7.2 million and GH¢10.2 million by the Group, a significant drop from prior year's performance.

In spite of these challenges, our core business remained strong with balance sheet growth of 7.4% to GH¢ 3.60 billion for the Bank, and 7.6% to GH ¢3.62 billion for the Group. This was driven by appreciable growth

in customer deposits by 49.7% to GH¢ 2.4 billion, reflecting customer confidence and the success of our innovative deposit mobilization strategies.



We have taken steps to enhance our risk management framework to further improve the quality of our loan portfolio and recover the amounts making up the rather large impairment charge. Also, we remain determined to enhance shareholder value by ensuring operating cost is kept as low as possible while we continue to make significant investments towards improving efficiency and customer experience.

Dividend

As a result of the reduced profitability and the need to preserve the capital base of the Bank and ensure compliance with regulatory requirements, the Board does not recommend the payment of a dividend. It is our expectation that 2017 will turnout a better year and we will return to the era of consistent dividend payment.

Corporate Governance

The Board of CAL Bank remains fully committed to attaining and sustaining the highest standards of good Corporate Governance. To this end, the CAL Board Charter continues to provide a clear framework for Directors to execute our duties and also serve as a benchmark in evaluating our performance in accordance with best practice.

The Board ensures the creation of long term sustainable value through the provision of oversight and strategic guidance of the management of the Bank through the breadth and depth of its expertise.

Your Bank is therefore committed to the adherence of best codes of practice, transparency, professionalism, and ensures that all its activities are managed responsibly and ethically in the course of conducting its business.

Shareholding

Our second largest shareholder ADPI Holding 4, who invested in the Bank in 2012 during our capital raising exercise has, effective 9th February 2017, exited and sold its holding to Arise BV. ADPI invested when we were required to increase our statutory capital and I am glad to say it has been a beneficial relationship and we wish ADPI the best in its future investment endeavours.

Arise BV is a partnership between Norfund of Norway, and FMO and Rabobank both of Holland, and has established a presence in investing in the financial sector in Africa. The company has investments in over 20 countries, and with US\$660 million in assets. We warmly welcome Arise to the CAL family and look forward to a prosperous and mutually beneficial relationship.

Directorship

Mr. Eduardo Gutierrez, a Non-Executive Director, resigned his position as a director of the Bank effective 9th February, 2017 following ADPI's sale of its stake in the Bank. I take this opportunity to thank Mr. Gutierrez for his valuable contributions to CAL Bank during his tenure on the Board.

In accordance with statutory and our Bank's regulations the following Directors, Mr. Noel Addo, Mr. James Brenner and Mr. Ken Alor, who retire by rotation and are eligible for re-election have offered themselves for re-election.

Outlook

The economic environment is expected to generally improve in 2017. This is supported by the positive stimulus initiatives as promised by the new administration, and the continued recovery of the global economy. The Bank is keen to take advantage of the expected growth in opportunities to expand its innovative products and service offering, expand our network to locations where it is considered our presence will be strategic for business growth.

We remain optimistic about the opportunities to build a sustainable future for CAL Bank and will continue to pursue and execute our strategic priorities across business segments in a digital-focused ecosystem to drive profitability and create superior value for all stakeholders whilst aggressively pursuing recovery of the impaired portfolio.

Conclusion

Ladies and Gentlemen, on behalf of the Board, I thank you sincerely for your unreserved support and continued trust and confidence in CAL Bank. Our profound thanks also go to our loyal customers who have remained with us along our journey, as well as our Regulators and all other stakeholders. Finally, I thank the management team and our staff for their hard work throughout the year, albeit a very challenging one. I continue to count on your commitment to improve the fortunes of the Bank in years ahead.

I thank you all and wish you well in 2017.

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

In my report to you last year, I mentioned that initial indication points to a challenging 2016, and indeed it has been one of the most challenging in my banking career. Our profitability was challenged as compared to the level of performance delivered in the past few years requiring us to review our operational tactics whilst the core strategic focus remains unchanged.

Significant challenges in the energy and commerce sectors largely resulted in the Bank having to take significant impairment charges for the year.

The cedi was relatively stable against the US dollar for most parts of 2016 however the pace of depreciation

increased in December to close the year at a depreciation rate of 9.7%. The effects of the power supply constraints from prior years, oil and gas production challenges at the Jubilee field and some specific sector challenges contributed to economic activity remaining modest throughout the year. Interest rate on the 91-day Government paper averaged 24% throughout the year until November when it started trending down to close the year at approximately 17%, although the policy rate and Inter-Bank rates still remained high.

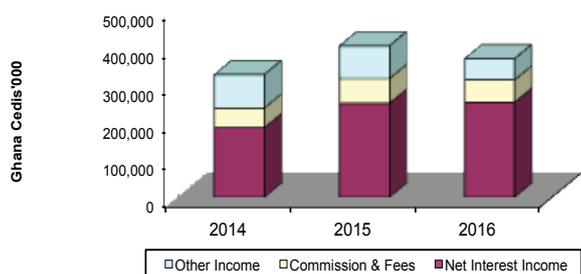
The recovery process at the global level continued at a moderate pace, contributed to by uncertainties regarding UK's vote in favour of leaving the European Union (Brexit), the keenly contested US elections, the

lower than expected growth in the Chinese economy and a rebound in commodity prices, especially gold and crude. Whilst gold and crude oil prices increased by 7.6% and 41.1% to close the year at USD 1,151.2 per ounce and USD 54.9 per barrel respectively, cocoa price reduced by 31.3% to close the year at USD 2,268.4 per tonne.

The highlighted developments in our operating environment culminated in a tough business environment with attendant impact on operating costs and asset quality. We continue to work to achieve our strategic objective to be strongly positioned in the first quartile group of banks in Ghana in spite of the challenging business environment. Our commitment to this objective is underpinned by our focus on our five thematic themes of people, products, processes, presence and profitability. We continued to take important steps to improve the Bank's customer experience by a continuous engagement of our clientele and enhancement of our service offering in order to make them more competitive and current to the needs of our customers by prudently executing our digital strategy.

This will be complemented with a recovery approach, employing all legal means available to us and where

Operating Income

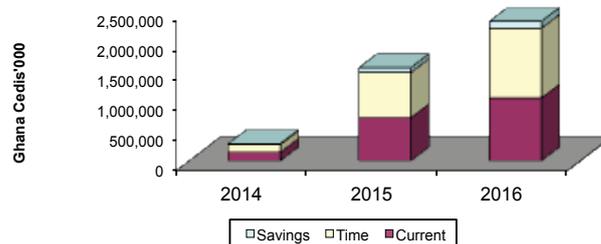


necessary a non-litigation approach to recover our non-performing risk assets. This, we believe will greatly enhance our stakeholder value going forward.

Financial Performance

Following a significant and exceptional impairment charge of GH¢199.2 million for the period, the Bank recorded a profit before tax of GH¢12.1 million with

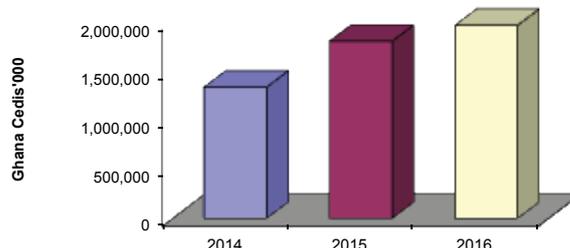
Total Deposits



the Group recording a profit before tax of GH¢17.1 million. The Bank's and the Group's profit after tax amounted to GH¢7.2 million and GH¢10.2 million respectively. This outturn was mainly as a result of significant challenges in the Energy and Commerce sector portfolios as already indicated.

In spite of the challenges in our risk asset portfolio which we have duly recognised by taking a significant

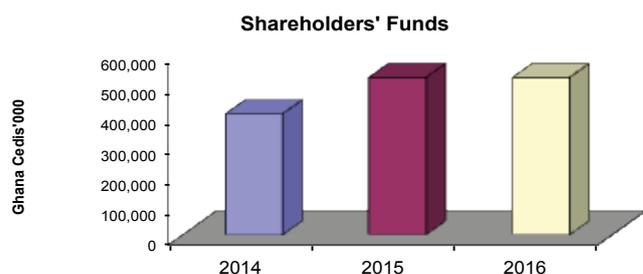
Net Loans and Advances



impairment charge during the period, our balance sheet remained resilient. Total assets of the Group increased by 7.6% during the year, from GH¢3.4 billion in 2015 to GH¢3.62 billion with total assets of the Bank increasing by 7.4% to GH¢3.60 billion. The Group's asset growth was financed by liabilities and shareholders' funds totalling GH¢3.1 billion and GH¢0.5 billion respectively. Customer deposits significantly increased by 49.7% to a year end amount of GH¢ 2.4 billion, due to the successful deployment of our innovative products and services rolled out as part of the implementation of our digital strategy.

The non-performing loan ratio at the end of the period was 8.0% compared to 5.5% at the end of 2015, reflecting the challenges in our risk assets portfolio

during the review period for which we have put in place measures to ensure recovery. We continue to focus on enhancing the quality of relationship management and monitoring to effectively manage the quality of our loan book.



Our capital adequacy ratio reduced to 19.2% and 18.2% from 21.4% and 20.6% for the Group and the Bank respectively in 2016, a reflection of the significant reduction in earnings over the review period. Although our capital adequacy remains high in spite of all the challenges encountered, we are likely to initiate a corporate action during the year to raise further capital in order to meet the expected increase in the minimum capital requirements by the Bank of Ghana.

Operational Performance

During the year we undertook a number of initiatives in furtherance of driving our digital strategic agenda, the most important being the upgrade of the Bank's core banking application. The upgrade will enable us improve upon our IT processes, enhance our IT analytical and storage capabilities, provide the platform for deploying more digital based banking solutions and enhance our overall service efficiency.

A number of electronic banking solutions have been introduced and some banking processes automated. An account opening application that sits on either a tablet or smartphone has been developed in-house to facilitate online account opening outside our banking halls, the Bank has enhanced its Internet Banking platform to include enhanced security, bill payment and a function for blocking a card or adjusting a card spending limit. The Bank's mobile banking service

running on short code *771# was introduced in the third quarter of 2016 to create additional convenience for our customers.

The Bank is currently deploying Point of Sale Terminals to businesses to facilitate MasterCard and Visa Card payments, and a project is underway to facilitate online payments with Visa, MasterCard and Union Pay International cards. The Bank's collections solution which used to focus on branch payments have been upgraded to include Bulk Cash Management system and school's fee collections, facilitating collections at the premises of our customers and through our network of branches.

During the year, we opened the Essiama Branch in the Western Region making it the 26th branch, we have almost completed our branch in Tamale and on the Sekondi-Takoradi road and should be opening our doors for business in the second quarter of 2017. Our Legon branch was also relocated to a bigger business office at the banking square on the University of Ghana campus to accommodate increased traffic and activity. We ended 2016 with 87 operational ATM's at our various business offices and carefully selected off-site locations.

After twenty-six years of operations, management and the board has decided to revitalise the CAL brand, we therefore embarked on a project to rebrand the Bank which will be unveiled during the year. The objective is to bring a new identity and personality trait to our brand, realign and revamp the mind set of our staff and our processes to enable us serve our customers better.

While we acknowledge that the task ahead is enormous, we are confident that the foundations we have laid over the years have placed us on the right pedestal towards achieving our strategic objectives. These strategies are designed for our sustainable growth, as we race towards being amongst one of the most efficient banks in the market. We will continue to deliver sustainable returns to our shareholders, and support economic growth and development in our niche markets through effective and innovative financial intermediation.

The head office project of the Bank is progressing steadily, we had to revise the completion time to 2017 to enable us accommodate some changes made during construction.

Social Responsibility

We have always been deeply committed to being good corporate citizens, Corporate Social Responsibility (CSR) is therefore an essential part of our culture. As such, we have intensified our corporate responsibility efforts, directing resources to make a meaningful difference to the people who live and work in the communities in which we operate. This has been a long standing tradition since inception which we are indeed proud of

CAL Bank contributed to ensuring that quality education improves tremendously to empower today's leaders for future challenges. To this end, your Bank supported a number of educational initiatives including supporting educational programmes in various tertiary institutions, donation to the Street Academy, refurbishment of the K. E Adjei Library at University of Ghana etc.

We continue to provide support to aid in the educational needs of thirteen children's homes in the country, aimed at providing educational support and to give hope to needy children from primary through to the tertiary levels.

Projecting lesser known sports as a tool to boost socio-economic growth remains dear to us, as such CAL Bank still remains the title sponsor of the National Beach Soccer Championship.

Subsidiaries

CAL Asset Management Company Limited remained profitable with a profit after tax of GH¢4.6 million compared to the previous year's amount of GH¢2.8 million, an increase of 60.7%. CAL Brokers Limited however made a loss of GH¢1.5 million compared to a profit of GH¢3.1 million the prior year.

Funds under management by the Group increased to GHS648.0 million from GH¢505.6 million the previous year, an increase of 28.2%, a reflection of an increased clientele base of the Asset Management Company as well as an increase in business level activity arising out of the Company taking advantage of and being competitive in the Pensions market.

Our custody offering being managed through CAL Bank Nominees Limited continued to gain market share and increased its client base to 38. Assets under custody amounted to GH¢388.3 million at the end of the year, a propelling factor being the further release of pension funds held by Government. The custody business remains an important strategic priority for the Group and we see growth opportunities ahead.

CAL Trustees Limited which is yet to commence operations was incorporated during the year, the objective being to ensure the Group takes full advantage of the Pensions Act.

Conclusion

Distinguished shareholders, our profitability challenge in 2016 is surmountable and would like to reassure you that your board and management are fully committed to a turnaround. We have reassessed our risk management processes, re-invigorated our credit delivery and recovering processes to ensure we do not suffer the bane of 2016 again. However more importantly, we assure you that the fundamentals of your Bank are still strong and with a positive outlook in the economy, a refocus on the private sector, a stronger relationship building with our clients and of course a very dedicated and focused staff, we look forward to better prospects in 2017 and the years ahead and count on the support of you our valued shareholders.

Thank you and God bless us all.

Frank Brako Adu Jr.
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 2016.

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

Profit for the year ended 31st December 2016
before taxation is

GH¢'000

17,051

from which is deducted taxation of

(6,843)

giving a profit for the year after taxation of

10,208

to which is added balance on Retained Earnings
brought forward (excluding amounts transferred to
Regulatory Reserves) of

220,909

leaving a balance of

231,117

Less: Transfer to Regulatory Reserves

(15,585)

giving a cumulative amount available for distribution of

215,532

less dividend paid of GH¢0.097 per share amounting to

(53,068)

leaving a balance on Retained Earnings carried forward of

162,464

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.

REPORT OF THE DIRECTORS (Continued)

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 35 of the Annual Report

Retirement and Re-Election of Directors

The following directors of the company, Mr. Ken K. D. Alor, Mr. Noel Addo and Mr. James Brenner, 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. Ken K. D. Alor, Mr. Noel Addo and Mr. James Brenner, 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.

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.

CAL Bank Trustee Limited incorporated in Ghana to manage pension fund on behalf of beneficial owners as per guidelines set out by National Pension Regulatory Authority (NPRA)

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. These investment have been fully impaired from the bank's book.

Going Concern

The Board of Directors have made an assessment of the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are 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 do not recommend the payment of dividend for the year.

Auditors

In accordance with Section 134(6) of the Companies Act, 1963 (Act 179), KPMG will be appointed as the new auditors of the Group.

Acknowledgement

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

BY ORDER OF THE BOARD

Director

Director

Dated 24th March 2017

CORPORATE GOVERNANCE STATEMENT

Introduction

Governance is the framework of systems, rules, processes, laws and controls used to ensure the effective management of the Group.

The Group has an integrated approach to governance which ensures our activities are effectively managed and controlled, in line with our strategy, in keeping with our values and culture, and with regard to the requirements of our key stakeholders. In addition to customers and clients, these key stakeholders include governments, regulators, shareholders, employees and the communities in which we operate.

CAL Bank Limited which is the parent company of the Group has CAL Brokers Limited, CAL Asset Management Limited, CAL Bank Nominee Limited and CAL Trustee Company Limited as subsidiaries, each subsidiary has an independent Board of Directors.

The key mandate of the Board, which forms the basis for its responsibilities, is to ensure that the Bank and its subsidiaries are sustainable organisations capable of fulfilling its stated objectives.

Setting the Group's strategy is the responsibility of the Board, and this strategy is considered and approved by the Board at a meeting dedicated for that purpose.

Once the corporate and financial objectives for the following year have been agreed, the Board monitors performance on an ongoing basis. Performance against stated objectives is monitored by way of quarterly management reports and presentations at Board and Committee meetings.

Codes and Regulations

Compliance with applicable legislation, regulations, standards and codes remains an essential characteristic of the Group's culture. The Board of Directors monitors compliance with these by means of management reports. Information on the outcomes of any significant interaction with key stakeholders such as the Bank's

regulators is also provided to the Board.

The Group complies with all applicable legislation, regulations, standards and codes in Ghana.

Board of Directors Composition

The Board of Directors is made up of a Non-Executive Chairman, seven (7) Non-Executive Directors and two (2) Executive Directors. The Board structure and the roles of the Chairman and Managing Director are separate and distinct. The number and the stature of independent non-executive directors ensure that sufficient independence is brought to bear on decision making.

The Board has a diverse mix of ethnicity, gender and experience. It comprises individuals who have diverse skills, knowledge and experiences that combine to provide different perspectives and effective Board dynamics.

In maximising the Board's effectiveness, we take a long-term, sustainable and measured approach to decision making. We believe that all Board appointments should be based on merit and diversity in all aspects including gender.

It is the Directors' responsibility to ensure that effective management is in place to implement the Groups' strategy, and to consider issues relating to succession planning. The Board is satisfied that the current pool of talent available within the Group and regular recruitment process used to deepen the talent pool provides adequate succession depth in both the short and long term.

There is regular interaction between the Board and executive management. The full Board (including executive directors) meets once every quarter in closed sessions, and employees are invited as and when required to make presentations to the Board on material issues under consideration.

CORPORATE GOVERNANCE STATEMENT (Continued)

Directors are provided with unrestricted access to management and company information, as well as resources required to carry out their responsibilities.

The role played by Board Committees is crucial in facilitating the discharge of the Board's responsibilities. The Committees have Board approved mandates that are regularly reviewed.

Board Effectiveness Review

The Board conducts an annual self-evaluation to assess itself against its objectives, the aim of which is to assist the Board in improving its effectiveness. The evaluation process affords Board members the platform to evaluate the Board as a whole as well as their own individual performance and make recommendations for areas of improvement.

Meetings of the Board are held quarterly with an additional meeting to consider the Group's strategy. The Board of Directors are provided with comprehensive reports and documentation at least one week prior to each scheduled meeting.

In 2016, attendance by Directors at the meetings of the Board and its Committees were as stated below:

Board Members	Board	Audit	Risk	Compensation & Governance
Paarock VanPercy	5/5	4/4	3/4	1/1
Frank B. Adu Jnr	5/5	na	4/4	1/1
Kobina Quansah	5/5	4/4	4/4	1/1
Malcolm Dermott Pryor	5/5	na	4/4	1/1
Ken K.D Alor	5/5	4/4	4/4	na
Noel Addo	5/5	4/4	na	1/1
Helen Nankani	5/5	4/4	4/4	1/1
Eduardo Gutierrez	4/5	na	3/4	na
James Brenner	5/5	na	4/4	na
Philip Owiredu	5/5	na	na	na

Committees of the Board

To strengthen its corporate governance, the Board has in place the Audit, Compensation and Governance and Risk Management Committees:

Audit Committee

The Audit Committee is chaired by Dr. Kobina Quansah and has Paarock VanPercy, Noel Addo, Ken K.D. Alor, and Helen Nankani as members.

The Audit Committee which is made up of five non-executive directors provides reasonable assurance that the Bank is compliant with relevant laws and regulations, is conducting its affairs ethically, and is maintaining effective control on employee conflict of interest and fraud. The Audit Committee is also responsible for providing assurance that financial disclosures made by management reasonably reflect the Bank's financial condition, results of operation, plans and long term commitments. The Committee provides a report to the Board at each meeting of the Board.

During the year the Audit Committee considered and discussed various reports on control environment weaknesses, their root causes, financial performance with management responses and remediation activities.

External Auditor

The Board exercised oversight of the work undertaken by the external auditor, Deloitte & Touche, throughout the year with Committee members meeting with the audit partner twice. Such meetings enable Committee members to gain greater insight into the challenges faced in the Group's markets from an external audit perspective.

The Board discussed with Deloitte & Touche the business and financial risks and have sought assurance that these risks have been properly addressed in the audit strategy and plan that has been reviewed by the Committee. The Board is satisfied that Deloitte & Touche has allocated sufficient experienced resources to address heightened risks.

During the year, the Committee scrutinised the audit process and the quality and experience of the audit partner engaged on the audit. The 2016 Audit Plan considered by the Committee provided details of the number of years Deloitte & Touche partners and senior team members have been involved in the Group's audit. Deloitte & Touche's lead audit partner for CAL has experience in auditing banks and understands the markets in which the Group operates.

In accordance with best corporate governance practice and the Central Bank's directive, Deloitte & Touche's tenure as Group external auditor comes to an end after this Annual General Meeting, having been in office for six years. During the tenure of Deloitte & Touche as external auditors there was rotation of the engagement partners in accordance with the audit firm's policies, thus two engagement partners managed the audit within the six year period.

Accordingly the Board and management commenced the process of engaging a new auditor. After a robust and thorough tender process and careful evaluation of proposals received from four audit firms, the Board concluded on recommendation by the Audit Committee that KPMG be appointed as the firm to take over from Deloitte & Touche.

In 2016, the Bank spent GH¢78,000 on non-audit services provided by Deloitte & Touche for the review of its International Financial Reporting Standard 9 implementation. The Committee reviewed and approved the award of the non-audit services to Deloitte & Touche to ensure compliance with the Group's policy.

Risk Management Committee

The Risk Management Committee of the Board has oversight responsibility for all risks associated with the operations of the Group including market, liquidity, credit and operational risk. The Committee which is made up of six non-executive directors and one executive director is chaired by Paarock VanPercy, with the following as members: Dr. Kobina Quansah, Malcolm D. Pryor, Ken K.D. Alor, Eduardo Gutierrez,

James Brenner and Frank B. Adu Jnr. (ex-officio). Its core functions are;

- 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 and
- review and monitor any requirement for reporting on risk management to the Board.

The committees as part of the governance structure has delegated the day to day risk management functions to the Assets and Liability Management Committee (ALMC).

The ALMC is chaired by the Managing Director with some Heads of Departments as members. Its purpose is to recommend policies and guidelines to the Board for the management of Balance Sheet growth; deposits, advances and investments; foreign exchange activities and positions; and risks associated with exchange rates and liquidity.

Detailed risk management framework is presented in note 4 of this annual report.

Compensation and Governance Committee

The objectives of the Compensation and Governance Committee are to review compensation of senior management and the Board and make recommendations to the Board for their consideration and approval. During the year the Committee met once and discussed

the remuneration structure and recommended it to the Board for approval.

The committee has Paarock VanPercy as its Chairman and Dr. Kobina Quansah, Malcolm D. Pryor, Noel Addo, Helen Nankani as members, and Frank B. Adu Jnr. as ex-officio member.

Remuneration Philosophy

The Group's remuneration philosophy aligns with its core values, including growing our people and delivering value to our shareholders. The philosophy continues to emphasise the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The Board of Directors sets the remuneration philosophy in line with approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests.

A key success factor for the Bank is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals.

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high performance culture;
- maintaining competitive remuneration in line with our markets, trends and required statutory obligations ;
- moving to a cost-to-company remuneration structure;
- rewarding people according to their performance;
- educating employees on the full employee value proposition and its impact on employee compensation.

Remuneration Structure

Non-executive directors

All non-executive directors are provided with a letter of appointment setting out the terms of their engagement. A third of the directors are required to retire at each Annual General Meeting and may offer themselves for re-election in accordance with the Company's Act 1963 (Act 179). If recommended by the directors and supported by the Board, the Board then proposes their re-election to shareholders. There is no limitation to the number of times a non-executive director may stand for re-election.

Non-executive directors receive fixed fees for service on Boards and Board Committees, this includes a retainer that has been calculated in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not participate in any long-term incentive schemes. The remuneration of Board members is reviewed by the Compensation and Governance Committee and approved by shareholders.

Executive Directors

The Executive Directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees. The components of their package are as follows:

- guaranteed remuneration which is based on competitive market remuneration and the role they play;
- annual performance based bonus used to incentivise the achievement of group objectives; and
- pension which provides a competitive post-retirement benefit in accordance with group policy applicable to all employees

Management

The terms and conditions of employment of managers are guided by the labour laws in Ghana and aligned with best practice. Managerial remuneration is based on a total cost-to-company structure comprising of a fixed cash emolument and other compulsory benefits including medical aid and long service award. Market data is used to benchmark salary levels and benefits which are reviewed annually. For all employees, performance-related payments have formed a significant proportion of total remuneration. All employees (executives, managers and general staff) are rated on the basis of performance and potential which is used to determine actual performance-related remuneration. Rating and the consequent pay decision is done on an individual basis, the remuneration of executive and senior management is reviewed and approved by the Compensation and Governance Committee.

Long-term Incentives

It is essential for the Group to retain key skills over the longer term and this is done, particularly, through employee long service awards. The purpose of this is to align the interests of the Group to its employees, as well as attract and retain skilled and competent people.

Director Induction

There is a very extensive, robust and tailor-made induction and ongoing development programme in place for Board members. Each engagement programme typically consists of a mix of briefings on specialist topics, general development within the sector and visits to branches. For non-executive directors who bring to the Board non-financial services experience, the induction programmes are very in-depth and cover areas such as the basics of banking, including modules on sources of income, client distribution, traditional and modern banking services.

Feedback from our 2016 Board effectiveness review commended the opportunities provided to our directors for continuous learning and stated that the non-executive

director induction programmes are comprehensive, yet focused to individual needs.

Ongoing Training and Development

Training sessions and presentations to which all directors are invited were held during the year. A session on International Financial Reporting Standard 9 was held for members to apprise them of the potential impact of this standard on the Group's performance when it becomes applicable. Such sessions are held in addition to other ongoing training and development activities in each non-executive director's engagement and induction plan.

More broadly, the directors are supported by dedicated corporate secretariat resources and have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as directors. Processes are also in place to ensure the timely provision of information to directors.

Sustainability

The Group's economic, social and environmental impacts and responsibilities are effectively entrenched in the Group's culture through the emphasis placed on the application of the Group's vision and values in all its operations. The Group sustainability report can be found in note 4 (G)

Ethics and Organisational Integrity

The Group's revised code of ethics is designed to empower employees and enable faster decision making at all levels of our business according to defined ethical principles. It also aims to ensure that, as a significant organisation in the financial services industry, we adhere to the highest standards of responsible business practice. The code interprets and defines CAL Bank's values in greater detail and provides values-based decision making principles to guide our conduct. It is aligned with other policies and procedures, and supports the relevant industry regulations and laws of Ghana. The code of ethics is made available to all staff

annually and also published on the Group' intranet.

Related Parties Transactions

The Group has in place policies and procedures to ensure that all related party transactions are carried out at arms length and in accordance with the Banking Act. This is intended to ensure that there is no favourable treatment to a related party.

Therefore in any connected transactions or continuing connected transactions in the ordinary and usual course of business, and on normal commercial terms with a related party or its associate, we ensure all the necessary approvals are obtained prior to the execution of the transaction.

Conflict of Interest

The Bank has received from each of the independent non-executive directors an annual confirmation of independence pursuant to the Board code of ethics and still considers all of the non-executive directors to be independent. The Bank has granted indemnities to all of its directors on terms consistent with the applicable statutory provisions.

At no time during the year did any director hold a material interest in any contract of significance with the Bank or any of its subsidiary undertakings. The Group is not party to any significant agreements that would automatically take effect, alter or terminate following a change of control of the Bank. The Bank has established a robust process requiring directors to disclose proposed outside business interests before any are entered into. This enables prior assessment of any conflict or potential conflict of interest and any impact on time commitment. The Board reviews actual or potential conflicts of interest annually.

Authorisations are reviewed annually by the Board to consider if they continue to be appropriate, and also to revisit the terms upon which they were provided. The Board is satisfied that our processes continue to operate effectively.

Subject to the Company's Act 1963 (Act 179), the regulation of the Group and the authority granted to directors in general meetings, the directors may exercise all the powers of the Group and may delegate authorities to Committees. The Company's regulations contain provisions relating to the appointment and removal of directors which is also in accordance with the Company's Act 1963 (Act 179) and best practices.

The Group does not place a limitation on the number of board positions any director can hold. However, any position taken up by a director would have to be disclosed to the board to ensure there are no conflict of interest issues. Executive directors are required to inform the board of any intention to take up any directorship role for their consent prior to taking up the formal appointment.

Material issues facing the Bank

There are no material issues facing the Bank.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of CAL Bank Limited (the 'Bank') and its subsidiaries (the 'Group') which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of CAL Bank Limited as at 31 December 2016 and the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the 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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with the IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Key audit matter	How our audit addressed the key audit matter
<p>Loan Impairment Loss Provisions</p>	
<p>The Bank carries out an impairment of its loans and advances in compliance with IAS 39, which requires the amount of loss to be measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.</p> <p>In estimating the future cash flows of assets, key sensitive judgements and assumptions are made in determining the inputs into these estimates including;</p> <ul style="list-style-type: none"> • Force sale value of collaterals • Realisation period • Emergence period • Historical loss rate • Discount rate <p>The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BOG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with the BoG's guidelines that results in inaccurate loan impairment computations. The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment and BoG provision.</p> <p>Accordingly, the impairment test of these assets is considered to be a key audit matter.</p> <p>The disclosures relating to impairment of loans and advances to customers are included in notes to these consolidated and separate financial statements.</p>	<p>We focused our testing of the impairment of loans and advances on the key assumptions made by management. Our audit procedures included:</p> <ul style="list-style-type: none"> • Engaging our internal specialists to assist with; • Critically evaluation of whether the model used by management to measure the amount of impairment loss for specific identified accounts and portfolio impairments complies with the requirements of IAS 39. • Validating that the discount rates used in discounting the estimated future cash flows meet the effective interest rates requirement of IAS 39. • Analysing the future projected cash flows used in the models to determine • whether they are reasonable and supportable given the current macroeconomic climate. • Robustly challenging the key assumptions used in the model. • Comparing the projected cash flows, including the assumptions relating to force sale value, realisation period, emergence period and loss against historical performance to test the accuracy of management's projections. <p>We found that the assumptions used by management were comparable with historical performance and reasonable. We considered the disclosure of loan impairment loss to be appropriate and adequate. We further assessed also as appropriate the classifications of the bank's loans and advances in accordance with the Bank of Ghana's prudential guidelines and the transfer of any excess provisions over the IFRS's computed provisions to the Regulatory Credit Risk Reserve.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Interest Income

The amount of revenue recognized in the year is dependent on the accurate computation of interest income by banking transaction processing system and the correct and complete input of the parameters of various contractual instruments (revenue stocks) into the transaction processing system. Some of these contracts or commercial arrangements are structured and can be complex such as syndicated facilities or loans where the bank at times becomes the lead arranger.

There is the risk that incorrect or wrong parameters for revenue stocks (loans, government securities and special placements) may be entered in the transaction processing system adversely impacting interest income calculations, resulting in a material misstatement of the interest income from those revenue stocks for the year ended. Interest income on loans may also not be recognized in accordance with the effective interest rate method prescribed by the IAS 39.

The disclosures relating to interest income are included in note to the consolidated and separate financial statements.

- We reviewed the components that formed an integral part of the effective interest rate (EIR) calculation and ensured that they had been appropriately accounted for in accordance with IAS 39;
- Through the use of analytical review procedures and the results of any preliminary analytical procedures, we analysed the revenue to pinpoint the risk to the most appropriate assertion(s).
- Deloitte engaged internal specialists (Risk Advisory (IT)) team to assist with testing the algorithms or computational logics and related system controls of the underlying transaction processing system for interest income. We assessed the design, implementation and operating effectiveness of the controls regarding data input into transaction processing system and validation thereof that addressed the risk, from which we provided our recommendations for improvements, if any; and
- Using Deloitte Audit Analytics, our risk advisory team spooled all non-standard journals (other than those flowing directly from transaction processing systems into the General Ledger) in interest income general ledger lines for further testing and assessed their underlying business rationale as part of our testing around journal entries. Controls around passing of journal entries into revenue lines were particularly assessed.
- We assessed the bank's reconciliation of transactional processing system to General ledger (including interest income ledger lines) and how exceptions are resolved.
- Deloitte Audit Analytics was employed to disaggregate interest income into classes of interest including interest released from suspense accounts. Controls around suspending of interest on non-performing loans and releases of interest held in suspense accounts were assessed. The basis of any releases of interest in suspense were assessed to determine whether they had been supported adequately. We found controls around input of various contractual instruments into the transaction processing system operating effectively. The algorithms or computational logic of the transaction processing system were found correct and accurately

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

and timely calculating interest income on the various revenue stocks. The transaction processing system were found to be properly reconciled to the financial reporting system, General Ledger. Interests in suspense released into interest income were noted to be adequately supported and there was effective control around release of interest held in suspense.

There is no KAM for the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Managing Directors' Report and the Board Chairman's statements, which we obtained prior to the date of this auditor's report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The group Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the the consolidated and separate financial statements, including the disclosures, and whether the Group and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and/or to the directors, we determine those matters that were of most significance in the audit of the the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAL BANK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

The 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group have kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

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 Group and the Bank 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 Group and the Bank's transactions are within their powers, and
- iv. The Group and the Bank has generally complied with the provisions of Banking Act 2004 (Act 673) and the Banking (Amendment) Act of 2007.

The engagement partner on the audit resulting in this independent auditor's report is:

Kwame Ampim-Darko (ICAG/P/1453)



**For and on behalf of Deloitte & Touche (ICAG/F/2017/129)
Chartered Accountants
4 Liberation Road
Accra Ghana**

24th March 2017

CAL BANK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement Of Profit And Loss For The Year Ended 31st December

in thousands of Ghana Cedis

	Notes	2016		2015	
		Bank	Group	Bank	Group
Interest Income	8	552,679	557,631	461,093	466,822
Interest Expense	8	(304,302)	(306,317)	(218,182)	(218,192)
Net Interest Income		248,377	251,314	242,911	248,630
Fees and Commissions Income	9	63,433	63,419	69,853	69,841
Fees and Commissions Expense	9	(4,407)	(4,437)	(4,493)	(4,511)
Net Fees and Commissions		59,026	58,982	65,360	65,330
Net Trading Income	10	43,297	43,297	70,699	70,699
Other Operating Income	11	6,746	13,584	9,501	16,357
		50,043	56,881	80,200	87,056
Operating Income		357,446	367,177	388,471	401,016
Net Impairment Loss on Financial Asset	19	(199,243)	(199,243)	(35,677)	(35,677)
Personnel Expenses	12	(73,110)	(75,538)	(80,477)	(82,932)
Depreciation and Amortisation	25, 26	(5,585)	(5,613)	(4,824)	(4,851)
Other Expenses	13	(67,423)	(69,732)	(54,296)	(56,248)
Total Operating Expenses		(345,361)	(350,126)	(175,274)	(179,708)
Profit Before Income Tax		12,085	17,051	213,197	221,308
Income Tax Expense	14	(4,882)	(6,843)	(53,155)	(55,070)
Profit For The Period		7,203	10,208	160,042	166,238
Other Comprehensive Income, Net of Income Tax					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale financial assets		(58)	(58)	50	50
Items that will not be reclassified subsequently to profit or loss:					
Net change in revaluation surplus		43,983	43,983	(1,400)	(1,400)
Remeasurement of defined benefit		(1,042)	(1,080)	(740)	(778)
Other comprehensive income for the year		42,883	42,845	(2,090)	(2,128)
Total Comprehensive Income for the Period		50,086	53,053	157,952	164,110
Earnings per share (Ghana Cedis per share)	15				
- Basic		0.0113	0.0172	0.2919	0.3032
- Diluted		0.0113	0.0172	0.2919	0.3032

The notes on pages 32 to 88 are an integral part of these consolidated financial statements.

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016

in thousands of Ghana Cedis

	Notes	2016		2015	
		Bank	Group	Bank	Group
Assets					
Cash and Cash Equivalents	17	553,756	566,536	1,050,919	1,059,570
Non-Pledged Trading Assets	18	638,811	639,222	172,732	173,062
Pledged Trading Assets	18	36,616	36,616	118,806	118,806
Investments (Other Than Securities)	21	2,038	-	2,028	-
Loans and Advances to Customers	19	1,966,394	1,966,394	1,806,115	1,805,285
Investment Securities	20	-	4,414	-	4,757
Current Tax Assets	23	43,872	44,407	-	18
Deferred Tax Assets	24	6,007	6,020	10,192	10,218
Intangible Assets	26	7,613	7,646	3,437	3,470
Other Assets	22	92,020	95,302	56,609	59,034
Property Plant and Equipment	25	252,228	252,301	130,201	130,280
Total Assets		3,599,355	3,618,858	3,351,039	3,364,500
Liabilities					
Deposits From Banks and Other Financial Institutions	28	63,376	62,803	59,899	58,309
Deposits From Customers	27	2,312,391	2,312,391	1,544,523	1,544,523
Borrowings	29	572,810	572,810	1,113,452	1,113,452
Current Tax Liabilities	23	-	802	6,120	6,460
Deferred Tax Liabilities	24	-	3	-	3
Other Liabilities	30	148,010	150,546	121,182	122,254
Total Liabilities		3,096,587	3,099,355	2,845,176	2,845,001
Equity					
Stated Capital	31i	100,000	100,000	100,000	100,000
Income Surplus		144,946	162,464	206,509	220,909
Revaluation Reserve	31iii	63,413	62,735	19,430	18,733
Statutory Reserve	31ii	145,166	145,166	144,266	144,266
Credit Risk Reserve	31iv(a)	55,786	55,786	41,101	41,101
Other Reserves	31iv(b)	(6,543)	(6,648)	(5,443)	(5,510)
Total Shareholders' Equity		502,768	519,503	505,863	519,499
Total Liabilities and Shareholders' Equity		3,599,355	3,618,858	3,351,039	3,364,500
Net Assets Value per Share (Ghana Cedis per Share)		0.9170	0.9475	0.9227	0.9475

The notes on pages 32 to 88 are an intergral part of these consolidated financial statements.

Director

Director

The Directors approved the financial statements on 24th March 2017

CAL BANK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2016

in thousands of Ghana Cedis

Attributable to equity holders

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2016	100,000	144,266	19,430	206,509	(5,443)	41,101	505,863
Transfer to/from reserves	-	900	-	(15,585)	-	14,685	-
Dividends paid to equity holders	-	-	-	(53,181)	-	-	(53,181)
Total comprehensive income for the year	-	-	43,983	7,203	(1,100)	-	50,086
Balance at 31 December 2016	100,000	145,166	63,413	144,946	(6,543)	55,786	502,768

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2016	100,000	144,266	18,733	220,909	(5,510)	41,101	519,499
Transfer to/from Reserves	-	900	-	(15,585)	-	14,685	-
Change in Bank's shares held by subsidiaries	-	-	19	-	-	-	19
Dividends paid to equity holders	-	-	-	(53,068)	-	-	(53,068)
Total comprehensive income for the year	-	-	43,983	10,208	(1,138)	-	53,053
Balance at 31 December 2016	100,000	145,166	62,735	162,464	(6,648)	55,786	519,503

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2015	100,000	124,261	20,830	124,895	(4,753)	27,087	392,320
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	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2015	100,000	124,261	19,989	132,986	(4,782)	27,087	399,541
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 2016

in thousands of Ghana Cedis

	Notes	2016		2015	
		Bank	Group	Bank	Group
Profit for the Period		7,203	10,208	160,042	166,238
Adjustments for:					
Depreciation and Amortisation	25,26	5,585	5,613	4,824	4,851
Impairment on Financial Assets	19	199,243	199,243	35,677	35,677
Net Interest Income	8	(248,377)	(251,314)	(242,911)	(248,630)
Income Tax Expense	14	4,882	6,843	53,155	55,070
Profit on Disposal of non-current assets	25	-	-	(56)	(19)
		(31,464)	(29,407)	10,731	13,187
Change in Trading Assets		(466,079)	(466,160)	159,466	159,391
Change in Pledged Assets		82,190	82,190	(42,142)	(42,142)
Change in Loans and Advances to Customers		(160,279)	(161,109)	(512,652)	(509,793)
Change in Other Assets		(35,411)	(36,268)	(18,597)	(19,802)
Change in Deferred Tax Assets		4,185	4,198	(20,094)	(20,081)
Change in Deposits From Banks and Other Financial Institutions		3,477	4,494	11,854	10,619
Change in Customer Deposits		667,868	667,868	196,362	196,372
Change in Other Liabilities and Provisions		26,828	28,292	50,603	48,490
Interest and Dividends Received		379,714	397,006	434,615	440,407
Interest Paid		(235,864)	(306,317)	(167,763)	(167,773)
Income Tax Paid		(62,500)	(64,251)	(70,246)	(72,282)
Net Cash Used in Operating Activities		172,665	120,536	32,137	36,593
Cash Flows From Investing Activities					
Purchase of Investment Securities		-	-	-	(3,249)
Proceeds From Investment Securities		-	343	-	-
Purchase of Investments (other than Securities)		(10)	-	-	-
Purchase of Property and Equipment	25	(71,054)	(71,075)	(57,760)	(57,843)
Proceeds From Sale of Property and Equipment	25	-	-	56	19
Purchase of Intangible Assets	25	(4,941)	(4,941)	(1,557)	(1,612)
Proceeds From of Treasury Shares		-	55,813	-	144
Net Cash Used in Investing Activities		(76,005)	(19,860)	(59,261)	(62,541)
Cash Flows from Financing Activities					
Dividends Paid		(53,181)	(53,068)	(44,409)	(44,296)
Net Changes in Borrowings		(540,642)	(540,642)	285,997	285,997
Net Cash Flow from Financing Activities		(593,823)	(593,710)	241,588	241,701
Net Increase in Cash and Cash Equivalents		(497,163)	(493,034)	214,464	215,753
Cash and Cash Equivalents at 1 January		1,050,919	1,059,570	836,455	843,817
Cash and Cash Equivalents at 31st December		553,756	566,536	1,050,919	1,059,570

CAL BANK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

(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 issued 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: 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 2016. 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 off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

(ii) Investments in Associates

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

The Group's investments in associates are initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition net income (or loss), or other movements reflected directly in the equity of the associated or jointly controlled entity. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment (net of any accumulated impairment loss). When the Group's share of losses in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity. The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the statement of financial position date, adjusted to conform with the accounting 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 32 (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.

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) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(I) Financial assets and liabilities

(i) Date of recognition

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

(ii) Categorisation of financial assets and liabilities

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

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

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

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

(iv) Loans and receivables

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

This is mainly made up of placements and overnight deposits with Banks and other financial institutions and loans and advances to customers. Loans and receivables are carried in the 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 determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

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

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

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

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 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.

(iii) Levies and similar charges

The Group recognises the liability arising from levies and similar charges when it becomes legally enforceable, which is on 31st December.

(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 being the premium received, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability is recorded in the consolidated statement of profit or loss. The premium received in the consolidated statement of profit or loss in net fees and commission income on a straight line basis over the life of the guarantee.

(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.

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

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

(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

During the year, there were some amendments, new standards and interpretations as indicated below. These did not have any significant impact on the Bank or its subsidiaries reporting.

IFRS 9 Financial Instruments

Classification and measurement of financial assets

On 24 July 2014, the IASB issued the final version of IFRS 9 Financial Instruments incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets. This version supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local

endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

IFRS 9 uses a single approach to determine classification of financial assets (which will then determine their measurement basis either at amortised cost or fair value, replacing the many different rules in IAS 39). The approach is based on how an entity manages its financial assets ("business model") and the contractual cash flow characteristics of such assets ("contractual cash flows"). The business model criterion is met when an entity holds financial assets in order to collect the asset's cash flows. The contractual cash flows criterion is met when the contractual cash flows collected from the financial asset represent solely interest and principal. When the two criteria are met, the financial asset must be measured at amortised cost unless the fair value designation is adopted. This assessment does not need to be performed on an asset by asset basis but rather on a portfolio basis. A new measurement category of fair value through other comprehensive income will apply for debt instruments held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets.

Classification and measurement of financial liabilities

The classification criteria for financial liabilities contained in IAS 39 move to IFRS 9 unchanged and the IAS 39 classification categories of amortised cost and fair value through profit or loss are retained. For a financial liability designated as at fair value through profit or loss using the fair value option, the change in the liability's fair value attributable to changes in the liability's credit risk is recognised directly in other comprehensive income, unless it creates or increases an accounting mismatch. The amount that is recognised in other comprehensive income is not recycled when the liability is settled or extinguished. The meaning of credit risk is clarified to distinguish credit risk from asset-specific performance risk. The cost exemption in IAS 39 for derivative liabilities is eliminated, although the concept of bifurcating embedded derivatives from a financial liability host contract remains unchanged from IAS 39.

Embedded derivatives

The embedded derivative concept that existed in IAS 39 has been included in IFRS 9 to apply only to hosts that

are not financial assets within the scope of the Standard. Consequently, embedded derivatives that under IAS 39 would have been separately accounted for at FVTPL because they were not closely related to the host financial asset will no longer be separated. Instead, the contractual cash flows of the financial asset are assessed in their entirety, and the asset as a whole is measured at FVTPL if the contractual cash flow characteristics test is not passed

Derecognition

In October 2010 the requirements in IAS 39 relating to derecognition of financial assets and financial liabilities were carried forward unchanged to IFRS 9.

Hedging

The hedge accounting requirements in IFRS 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge.

The three types of hedge accounting remain: cash flow hedges, fair value hedges and net investment hedges. IFRS 9 allows combinations of derivatives and non-derivatives to be designated as the hedging instrument. There has been a broadening of the types of risks that may be hedged, especially for non-financial items. Risk components of non-financial items may now be hedged under IFRS 9. Changes in the way forward contracts and derivative options are accounted for when they are in a hedge accounting relationship will reduce profit or loss volatility when compared with IAS 39. The effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is no longer required. The new requirements do bring with more extensive hedge documentation and disclosure for entities.

The hedge accounting model in IFRS 9 is not designed to accommodate hedging of open, dynamic portfolios. As a result, for a fair value hedge of interest rate risk of a portfolio of financial assets or liabilities an entity can apply the hedge accounting requirements in IAS 39 instead of those in IFRS 9. In addition when an entity first applies IFRS 9, it may choose as its accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of Chapter 6 of IFRS 9.

Impairment

A new impairment model based on expected credit losses will apply to debt instruments measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The loss allowance will be for either 12 month expected credit losses or lifetime expected credit losses. The latter applies if credit risk has increased significantly since initial recognition of the financial instrument. A different approach applies for purchased or originated credit impaired financial assets.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

IFRS 15 Revenue from Contracts with Customers

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 provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Consensus

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

AMENDMENTS TO STANDARDS AND INTERPRETATIONS

IFRS 2 Share- Based Payments

The IASB finalised three separate amendments to IFRS 2: Effects of vesting conditions on the measurement of a cash-settled share-based payment

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

Accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

Until now, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

- On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

Classification of share-based payment transactions with net settlement features

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

IFRS 4 Insurance Contracts

The IASB issued amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

IFRS 7 FINANCIAL INSTRUMENT: DISCLOSURES

Disclosures about the initial application of IFRS 9

The following disclosures are required in the reporting period when IFRS 9 is first applied:

- changes in the classifications of financial assets and financial liabilities; and
- details of financial assets and financial liabilities which have been reclassified so that they are measured at amortised cost, including the fair value of the financial asset or liability at the end of the reporting period and the fair value gain or loss that would have been recognised in profit or loss during the reporting period if the financial asset had not been reclassified.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

Investment Entities Exemption

Amends IFRS 10, IFRS 12 and IAS 27 to provide investment entities an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The objective of the project is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IFRS 11 JOINT ARRANGEMENTS

Accounting for Acquisitions of Interests in Joint Operations

The amendment addresses how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11 now requires that such transactions shall be accounted for using the principles in IFRS 3 Business Combinations and other standards. The most significant impacts will be the recognition of goodwill and the recognition of deferred tax assets and liabilities. The amendments not apply to acquisitions of interests in joint operations but also when a business is contributed to a joint operation on its formation.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER INTERESTS

Investment Entities

This amendment clarifies which subsidiaries of an investment entity should be consolidated instead of being measured at fair value. The impact on whether the entities may be consolidated will result in changes in the disclosure requirements of IFRS 12 for subsidiaries.

IFRS 15 Revenue from Contracts with Customers

To keep the IASB and FASB informed on interpretive issues occurring during implementation of the converged revenue recognition standard and to assist in determining what action may be needed to resolve diversity in practice, the

Boards created the Joint Transition Resource Group for Revenue Recognition (TRG).

The discussions of the TRG highlighted potential diversity in stakeholders' understanding of some topics in IFRS 15. In response to this, the IASB made amendments to the following areas clarify IFRS 15:

- Distinct goods or services
- Principal versus agent
- Licensing
- Determining the nature of the entities promise
- Sales-based usage-based royalties

IAS 1 Presentation of Financial Statements

The narrow-focus amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following:

- materiality;
- order of the notes;
- subtotals;
- accounting policies; and
- disaggregation

IAS 7 Statement of Cash Flows

The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This is a departure from the December 2014 exposure draft that had proposed that such a reconciliation should be required.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities

IAS 12 Income Taxes

The amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type

IAS 16 Property, plant and equipment

Clarification of Acceptable Methods of Depreciation and Amortisation

The amended IAS 16 introduces a rebuttable presumption that revenue is not an appropriate basis for amortisation of property, plant and equipment. This presumption can only be rebutted in two limited circumstances:

1. Property plant and equipment is expressed as a measure of revenue; or
2. Revenue and consumption of the item of property, plant and equipment are highly correlated.

Guidance is introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset.

Agriculture: Bearer Plants

The amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. Bearer plants are defined as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce (other than as incidental scrap sales at the end of the plant's productive life). For cost benefit reasons, the amendments permit fair value as deemed cost for bearer plants on transition.

IAS 27 SEPARATE FINANCIAL STATEMENTS

Equity Method in Separate Financial Statements

The objective of this narrow-scope project is to restore the option to use the equity method of accounting in separate financial statements. IAS 27 Separate Financial Statements allows an entity to account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IFRS 9 Financial Instruments in the entity's separate financial statements.

IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The objective of the project is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The objective of the project is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IAS 38 INTANGIBLE ASSETS

Clarification of Acceptable Methods of Depreciation and Amortisation

The amended IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in two limited circumstances:

1. The intangible asset is expressed as a measure of revenue; or
2. Revenue and consumption of the intangible asset are highly correlated.

Guidance is introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset.

IAS 40 INVESTMENT PROPERTY

The amendment provides guidance on transfers to, or from, investment properties. More specifically, the question was whether a property under construction or development that was previously classified as inventory could be transferred to investment property when there was an evident change in use. The IASB amended the paragraph to reinforce the principle for transfers into, or out of, investment property in IAS 40 to specify that such a transfer should only be made when there has been a change in use of the property.

IAS 41 AGRICULTURE

Bearer Plants

The amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. Bearer

plants are defined as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce (other than as incidental scrap sales at the end of the plant's productive life). For cost benefit reasons, the amendments permit fair value as deemed cost for bearer plants on transition.

Improvements to IFRS

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Change in methods of disposal

The amendments introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments state that:

- Such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and

Assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

IFRS 7 Financial Instruments: Disclosure

Servicing contracts

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of disclosures required in relation to transferred assets. Paragraph 42C(c) of IFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement for the purposes of the transfer disclosure requirements.

However, in practice, most service contracts have additional features that lead to a continuing involvement in the asset, for example, when the amount and/or timing of the service fee depends on the amount and/or timing of the cash flows collected.

Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements

Amendments to IFRS 7 were made to remove uncertainty as to whether the disclosure requirements on offsetting financial assets and financial liabilities (introduced in December 2011) and effective for periods beginning on or after 1 January 2013) should be included in condensed interim financial statements, and if so, whether in all condensed interim financial statements after 1 January 2013 or only in the first year. The amendments clarify that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 Interim Financial Reporting

IFRS 12 Disclosure of Interests in Other Interests

Scope

Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment Entities

Clarifies that an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

IAS 19 Employee Benefits

The amendments to IAS 19 clarify that the high quality corporate bonds to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level.

IAS 28 Consolidated Financial Statements

Investment Entities Exemption

Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

IAS 34 Interim Financial Reporting

The amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

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.
- 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

4. Financial risk management (continued)

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.

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.

Exposure to Credit Risk

	2016		2015	
	Bank	Group	Bank	Group
Carrying Amount	1,966,394	1,966,394	1,806,115	1,805,285
Individually Impaired				
Grade B	14,446	14,446	3,245	3,245
Grade C	6,807	6,807	3,601	3,601
Grade D	45,470	45,470	42,689	42,689
Grade E	106,809	106,809	48,153	48,153
Gross Amount	173,532	173,532	97,688	97,688
Allowance for Impairment	(96,399)	(96,399)	(56,776)	(56,776)
Carrying Amount	77,133	77,133	40,912	40,912

4. Financial risk management (continued)

Exposure to Credit Risk

Collectively Impaired

Grade B
Grade C
Grade D
Grade E
Gross Amount
Allowance for Impairment
Carrying Amount

Past due but not Impaired

Grade B
Grade C
Grade D
Grade E
Carrying Amount

Loans with renegotiated terms

Neither past due nor impaired

Grade A

Total Carrying Amount

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

	2016		2015	
	Bank	Group	Bank	Group
Grade B	3,457	3,457	1,974	1,974
Grade C	1,516	1,516	864	864
Grade D	765	765	1,024	1,024
Grade E	977	977	2,507	2,507
Gross Amount	6,715	6,715	6,369	6,369
Allowance for Impairment	(4,649)	(4,649)	(4,254)	(4,254)
Carrying Amount	2,066	2,066	2,115	2,115
Grade B	1,736	1,736	3,962	3,962
Grade C	-	-	3,524	3,524
Grade D	3,947	3,947	812	812
Grade E	-	-	127	127
Carrying Amount	5,683	5,683	8,425	8,425
Loans with renegotiated terms	3,100	3,100	51,685	51,685
Grade A	1,878,412	1,878,412	1,702,148	1,702,148
Total Carrying Amount	1,966,394	1,966,394	1,805,285	1,805,285

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.

Loans and Advances Written-off

	2016		2015	
	Bank	Group	Bank	Group
Balance at the beginning	56,411	56,411	60,415	60,415
Write-offs during the year	161,373	161,373	-	-
Recovery during the year	(2,152)	(2,152)	(4,004)	(4,004)
Balance at the end	215,632	215,632	56,411	56,411

4. Financial risk management (continued)

Maximum Credit Exposure

At the financial position date, the maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' financial position carrying amount or for non-derivative off financial position transactions, their contractual nominal amounts.

Credit risk exposures of financial assets on the statement of financial position are as follows:

	2016		2015	
	Bank	Group	Bank	Group
Cash and Cash Equivalents	553,756	566,536	1,037,329	1,045,980
Non-Pledged Trading Assets	638,811	639,222	172,732	173,062
Pledged Trading Assets	36,616	36,616	118,806	118,806
Loans and Advances to Customers	1,966,394	1,966,394	1,806,115	1,805,285
Other Assets	92,020	95,302	70,199	72,624
Total	3,287,597	3,304,070	3,205,181	3,215,757

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

Loans and Advances to Customers

	31st December 2016				31st December 2015			
	The Bank		The Group		The Bank		The Group	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Grade B	14,446	-	14,446	-	3,245	3,233	3,245	3,233
Grade C	6,807	-	6,807	-	3,601	280	3,601	280
Grade D	45,470	-	45,470	-	42,689	23,159	42,689	23,159
Grade E	106,809	77,133	106,809	77,133	48,153	14,240	48,153	14,240
Total	173,532	77,133	173,532	77,133	97,688	40,912	97,688	40,912

Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every three years. Collateral generally is not held over loans and advances to banks, except where the counterparty bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2016 or 2015. The collateral giving by customers are normally set at reasonable percentage of the loan amount

The main types of collateral obtained includes charges over real estate properties, inventory, trade receivables 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, there was no repossessed asset by the bank.

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 Credit Risk

Carrying Amount

Concentration by industry

Agriculture, Forestry & Fishing	
Mining and Quarrying	
Manufacturing	
Construction	
Electricity, gas and water	
Commerce and Finance	
Transport, Storage and Communications	
Services	
Miscellaneous	

Allowance for Impairment

Concentration by type of customer

Private Enterprises	
Joint Private & State Enterprises	
Individuals	

Allowance for Impairment

Settlement risk

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

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

(C) Liquidity risk

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

Loans and Advances to Customers

	2016		2015	
	Bank	Group	Bank	Group
Carrying Amount	1,966,394	1,966,394	1,806,115	1,805,285
Agriculture, Forestry & Fishing	159	159	100	100
Mining and Quarrying	44,132	44,132	41,314	41,314
Manufacturing	127,924	127,924	67,809	67,809
Construction	431,388	431,388	385,443	385,443
Electricity, gas and water	522,583	522,583	511,397	511,397
Commerce and Finance	434,910	434,910	418,068	417,235
Transport, Storage and Communications	41,151	41,151	50,999	50,999
Services	329,691	329,691	311,495	311,495
Miscellaneous	135,504	135,504	80,520	80,523
	2,067,442	2,067,442	1,867,145	1,866,315
Allowance for Impairment	(101,048)	(101,048)	(61,030)	(61,030)
	1,966,394	1,966,394	1,806,115	1,805,285
Private Enterprises	1,791,055	1,791,055	1,513,913	1,513,083
Joint Private & State Enterprises	183,369	183,369	267,478	267,478
Individuals	93,018	93,018	85,754	85,754
	2,067,442	2,067,442	1,867,145	1,866,315
Allowance for Impairment	(101,048)	(101,048)	(61,030)	(61,030)
	1,966,394	1,966,394	1,806,115	1,805,285

Management of liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

2016

Assets	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
Cash and Cash Equivalents	566,536	416,582	149,954	-	-	-	-	-
Non-Pledged Trading Assets	639,222	8,886	136,852	372,634	35,906	4,655	80,290	-
Pledged Trading Assets	36,616	3,179	10,588	11,599	11,250	-	-	-
Loans and Advances to Customers	1,966,394	135,388	357,694	252,644	195,107	526,421	282,881	216,259
Investment Securities	4,414	-	-	-	-	-	-	4,414
Current Tax Assets	44,407	-	-	44,407	-	-	-	-
Deferred Tax Assets	6,020	-	-	-	-	-	-	6,020
Intangible Assets	7,646	-	-	-	-	-	-	7,646
Other Assets	95,302	-	15,609	42,070	37,623	-	-	-
Property Plant and Equipment	252,301	-	-	-	-	-	-	252,301
Total Assets	3,618,858	564,035	670,697	723,354	279,886	531,075	363,171	486,640
Liabilities								
Deposits From Banks and Other Financial Institutions	62,803	7,440	17,084	18,729	19,550	-	-	-
Deposits From Customers	2,312,391	245,561	410,836	544,270	356,691	477,168	240,573	37,293
Borrowings	572,810	98,405	9,665	142,324	60,322	48,501	93,706	119,887
Current Tax Liabilities	802	-	-	802	-	-	-	-
Deferred Tax Liabilities	3	-	-	-	-	-	-	3
Other Liabilities	150,546	19,826	73,578	57,142	-	-	-	-
Total Liabilities	3,099,355	371,231	511,163	763,268	436,562	525,669	334,279	157,183
liquidity gap	519,503	192,804	159,534	(39,914)	(156,677)	5,407	28,892	329,457
Contingent Liabilities	296,300	-	274,905	7,551	7,551	6,293	-	-

2015

Assets	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
Cash and Cash Equivalents	1,059,570	392,179	667,391	-	-	-	-	-
Non-Pledged Trading Assets	173,062	-	66,502	70,116	35,540	904	-	-
Pledged Trading Assets	118,806	-	18,806	100,000	-	-	-	-
Loans and Advances to Customers	1,805,285	185,390	557,694	102,644	265,107	265,310	212,881	216,259
Investment Securities	4,757	-	-	-	-	-	-	4,757
Current Tax Assets	18	-	18	-	-	-	-	-
Deferred Tax Assets	10,218	-	-	-	-	-	-	10,218
Intangible Assets	3,470	-	-	-	-	-	-	3,470
Other Assets	59,034	13,590	26,605	18,839	-	-	-	-
Property Plant and Equipment	130,280	-	-	-	-	-	-	130,280
Total Assets	3,364,500	591,159	1,337,016	291,599	300,647	266,214	212,881	364,984

4. Financial risk management (continued)

	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
Liabilities								
Deposits From Banks and Other Financial Institutions	58,309	4,136	14,664	21,489	18,020	-	-	-
Deposits From Customers	1,544,523	166,249	202,188	405,183	386,532	204,447	156,359	23,565
Borrowings	1,113,452	115,632	622,489	42,116	70,964	37,118	90,536	134,597
Current Tax Liabilities	6,460	-	6,460	-	-	-	-	-
Deferred Tax Liabilities	3	-	-	-	-	-	-	3
Other Liabilities	122,254	35,822	62,133	24,299	-	-	-	-
Total Liabilities	2,845,001	321,839	907,934	493,087	475,516	241,565	246,895	158,165
Liquidity gap	519,499	269,320	429,082	(201,488)	(174,869)	24,649	(34,014)	206,819
Contingent Liabilities	483,800	-	431,139	18,586	18,586	15,489	-	-

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

Lines for Letters of Credit establishment
Lines for Letters of Credit refinancing/payment

	2016	2015
Lines for Letters of Credit establishment	1,283,908	1,600,268
Lines for Letters of Credit refinancing/payment	823,239	1,214,400

(D) Market risks

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

Management of market risks

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

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

Exposure to interest rate risk - non-trading portfolios

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Financial risk management (continued)

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 2016	4,848	(4,848)	2,424	(2,424)
At 31 December 2015	3,275	(3,275)	1,638	(1,638)

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.

2016	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Cash Equivalents	72,829	8,282	50,685	1,544	133,340
Loans and Advances to Customers	839,594	4	44	-	839,642
Other Assets	3,321	-	-	-	3,321
Total Assets	915,744	8,286	50,729	1,544	976,303
Liabilities					
Deposits From Customers	343,224	7,789	53,580	-	404,593
Borrowings	473,992	-	-	-	473,992
Other Liabilities	27,271	978	832	1	29,082
Total Liabilities	844,487	8,767	54,412	1	907,667
Net On-Balance Sheet Position	71,257	(481)	(3,683)	1,543	68,636
Off-Balance Sheet Credit Commitments	88,679	2,957	34,216	-	125,851
Total Exposure	159,935	2,476	30,533	1,543	194,487

4. Financial risk management (continued)

2015	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Cash Equivalents	732,232	22,146	70,901	2,028	827,306
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	1,539,781
Liabilities					
Deposits From 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

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 2016 and 2015 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.

	2016		2015	
	Change in currency rate	Effect on profit before tax	Change in currency rate	Effect on profit before tax
US Dollars	10%	6,874	16%	2,223
British Pounds	(8%)	39	11%	1,653
Euro	7%	(253)	6%	703

(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)

Exposure to Credit Risk

	Notes	2016		2015	
		Bank	Group	Bank	Group
Tier 1 capital					
Ordinary share capital	31i	100,000	100,000	100,000	100,000
Disclosed Reserves		290,112	307,630	350,775	365,175
Income Surplus		144,946	162,464	206,509	220,909
Statutory Reserves	31ii	145,166	145,166	144,266	144,266
Regulatory Deductions		(22,790)	(20,935)	(32,338)	(30,908)
Total		367,322	386,695	418,437	434,267
Tier 2 capital					
Fair Value Reserves	31iv(b)	(6,543)	(6,648)	(5,443)	(5,510)
Revaluation Reserve		63,413	62,735	19,430	18,733
Qualifying subordinated liabilities	29	122,466	122,466	110,376	110,376
Total		179,336	178,553	124,363	123,599
Total regulatory capital		546,658	565,248	542,800	557,866
Risk-weighted assets					
On-balance sheet items		2,382,954	2,312,092	1,910,757	1,885,089
Off-balance sheet items		296,300	296,300	483,800	483,800
Total risk-weighted assets		2,679,254	2,608,392	2,394,557	2,368,889
50% of net open position (NOP)		13,306	13,318	18,343	18,343
100% of 3yrs average annual gross income		307,139	315,031	220,747	225,716
Adjusted Asset Base		2,999,699	2,936,741	2,633,647	2,612,948
Capital ratios					
Capital Adequacy (Total Regulatory Capital as a percentage of Adjusted Asset Base)		18.2%	19.2%	20.6%	21.4%
Regulatory Deductions					
Goodwill/Intangibles		20,752	20,935	30,310	30,908
Invests in the capital of Other Banks & Fin Insts.		2,038	-	2,028	-
		22,790	20,935	32,338	30,908

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.

(G) Environmental and Social Policy

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

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

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

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

Regulatory Quantitative Disclosures

	2016		2015	
	Bank	Group	Bank	Group
Capital Adequacy Ratio	18.2%	19.2%	20.6%	21.4%
Non - Performing Ratio	8.0%	8.0%	5.5%	5.5%
Liquid Ratio	11.3%	11.3%	12.2%	12.2%

Compliance with statutory liquidity requirement

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

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(J)(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(J).

In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3(J)(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, specialised financial advice and custody services.
- **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Operating segments (Continued)

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

	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Management	Unallocated	Consolidated
31st December 2016							
External Revenues							
Net Interest Income	187,168	59,116	4,141	892	(3)	-	251,314
Net Fees and Commissions	32,870	16,486	932	-	7,015	1,679	58,982
Net Trading Income	-	-	43,297	-	-	-	43,297
Other Operating Income	5,367	4,254	-	3	(67)	4,027	13,584
Intersegment Revenue	182	-	-	595	2,015	(2,792)	-
Total Segment Revenues	225,587	79,856	48,370	1,490	8,960	2,914	367,177
Operating Costs	(184,276)	(70,964)	(7,892)	(2,923)	(2,560)	(81,511)	(350,126)
Segment Results	41,311	8,892	40,478	(1,433)	6,400	(78,597)	17,051
Income Tax Expense	-	-	-	(26)	(1,935)	(4,882)	(6,843)
Profit For The Period	41,311	8,892	40,478	(1,459)	4,465	(83,479)	10,208
Segment Assets	1,785,870	748,287	1,005,336	10,446	13,093	55,827	3,618,859
Total Assets	1,785,870	748,287	1,005,336	10,446	13,093	55,827	3,618,859
Segment Liabilities	1,273,319	757,610	1,033,530	2,386	1,254	31,256	3,099,355
Total Liabilities	1,273,319	757,610	1,033,530	2,386	1,254	31,256	3,099,355
Impairment Loss on Financial Assets	(167,972)	(31,271)	-	-	-	-	(199,243)
Depreciation and Amortisation	1,494	2,352	-	12	15	1,740	5,613
Expenditure on non-current assets	271	4,637	2	12	9	71,085	76,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
6. Operating segments (Continued)

	Corporate Banking	Retail & Business Banking	Treasury	Brokerage	Asset Management	Unallocated	Consolidated
31st December 2015							
External Revenues							
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
Net 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)	-
Total Segment Revenues	243,407	65,237	74,830	6,117	6,483	4,942	401,016
Operating Costs	(32,715)	(39,162)	(6,869)	(2,136)	(2,410)	(96,416)	(179,708)
Segment Results	210,692	26,075	67,961	3,981	4,073	(91,474)	221,308
Income Tax Expense	-	-	-	(920)	(1,245)	(52,905)	(55,070)
Profit For The Period	210,692	26,075	67,961	3,061	2,828	(144,379)	166,238
Segment Assets							
Total Assets	1,044,654	863,871	1,112,984	11,145	7,872	323,974	3,364,500
Segment Liabilities							
Total Liabilities	941,755	782,767	1,112,984	1,627	499	5,369	2,845,001
Impairment Loss on Financial Assets							
Depreciation and Amortisation	(814)	(235)	-	(12)	(15)	(3,775)	(4,851)
Expenditure on non-current assets	416	12,182	48	68	43	46,965	59,722
	(20,879)	(14,798)	-	-	-	-	(35,677)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Operating segments (Continued)

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 2016 and 2015.

2016	Ashanti	Western	Greater Accra	Total
Interest Income	28,680	48,356	480,595	557,631
Interest Expense	(9,214)	(27,690)	(269,413)	(306,317)
Net Interest Income	19,466	20,666	211,182	251,314
Net Fees and Commissions	4,199	7,956	46,827	58,982
Net Trading Income	-	-	43,297	43,297
Other Operating Income	996	2,532	10,056	13,584
Operating Income	24,661	31,154	311,362	367,177
Net Impairment Loss on Financial Assets	(203)	(16,463)	(182,577)	(199,243)
Personell Expenses	(5,473)	(3,791)	(66,274)	(75,538)
Depreciation and Amortisation	(971)	(946)	(3,696)	(5,613)
Other Expenses	(3,756)	(2,699)	(63,277)	(69,732)
Total Operating Expenses	(10,403)	(23,899)	(315,824)	(350,126)
Profit Before Income Tax	14,258	7,255	(4,462)	17,051
Income Tax Expense	-	-	-	6,843
Profit For The Period	-	-	-	10,208
Reportable Segment Assets	276,458	302,402	3,039,998	3,618,858
Reportable Segment liabilities	186,293	129,946	2,783,116	3,099,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Operating segments (Continued)

2015	Ashanti	Western	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
Net Trading Income	-	-	70,699	70,699
Other Operating Income	857	757	14,743	16,357
Operating Income	19,423	22,401	359,192	401,016
Net Impairment Loss on Financial Assets	(848)	(13,549)	(21,280)	(35,677)
Personell Expenses	(4,365)	(2,891)	(75,676)	(82,932)
Depreciation and Amortisation	(828)	(325)	(3,698)	(4,851)
Other Expenses	(2,140)	(1,362)	(52,746)	(56,248)
Total Operating Expenses	(8,181)	(18,127)	(153,400)	(179,708)
Profit Before Income Tax	11,242	4,274	205,792	221,308
Income Tax Expense	-	-	-	(55,070)
Profit For The Period	-	-	-	166,238
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

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.

2016	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
Cash and Cash Equivalents	-	-	554,362	554,362	554,362
Non-Pledged Trading Assets	634,625	4,597	-	639,222	639,030
Pledged Trading Assets	36,616	-	-	36,616	36,616
Loans and Advances to Customers	1,966,394	-	-	1,966,394	1,944,522
Investment Securities	-	4,414	-	4,414	4,414
	2,637,635	9,011	554,362	3,201,008	3,178,944
Deposits From Banks and Other Financial Institutions	-	-	62,803	62,803	62,803
Deposits From Customers	-	-	2,312,391	2,312,391	2,251,233
Borrowings	-	-	572,810	572,810	565,530
Other Liabilities	-	-	150,546	150,546	150,546
	-	-	3,098,550	3,098,550	3,030,112

7. Financial assets and liabilities (Continued)

	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
2015					
Cash and Cash Equivalents	-	-	1,045,980	1,045,980	1,045,980
Non-Pledged Trading Assets	172,107	955	-	173,062	173,027
Pledged Trading Assets	118,806	-	-	118,806	118,806
Loans and Advances to Customers	1,805,285	-	-	1,805,285	1,796,161
Investment Securities	-	4,757	-	4,757	4,757
	<u>2,096,198</u>	<u>5,712</u>	<u>1,045,980</u>	<u>3,147,890</u>	<u>3,138,731</u>
Deposits From Banks and Other Financial Institutions	-	-	58,309	58,309	58,309
Deposits From Customers	-	-	1,544,523	1,544,523	1,509,563
Borrowings	-	-	1,113,452	1,113,452	1,097,993
Other Liabilities	-	-	122,254	122,254	122,254
	<u>-</u>	<u>-</u>	<u>2,838,538</u>	<u>2,838,538</u>	<u>2,788,119</u>

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

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

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

(d) Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate to their carrying value. The fair value of all other deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated

using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the Group for deposits of similar remaining maturities.

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

(f) Fair value hierarchy

Fair value measurement

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

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

7. Financial assets and liabilities (Continued)

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	2016				2015			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
The Bank									
Trading Assets		4,597	670,830	-	675,427	955	290,583	-	291,538
Investment Securities		-	-	-	-	-	-	-	-
		4,597	670,830	-	675,427	955	290,583	-	291,538
The Group									
Trading Assets		4,597	671,241	-	675,838	955	290,913	-	291,868
Investment Securities		4,414	-	-	4,414	4,757	-	-	4,757
		9,011	671,241	-	680,252	5,712	290,913	-	296,625

8. NET INTEREST INCOME

	2016		2015	
	Bank	Group	Bank	Group
INTEREST INCOME				
Cash and Cash Equivalents	28,326	33,381	41,715	47,589
Loans and Advances to Customers	442,036	441,853	368,202	367,982
Investment Securities	82,317	82,397	51,176	51,251
Total Interest Income	552,679	557,631	461,093	466,822
INTEREST EXPENSE				
Deposits from Banks	10,115	10,115	7,726	7,726
Deposits from Customers	226,956	228,971	150,503	150,513
Debt Securities Issued	67,231	67,231	59,953	59,953
Total Interest Expense	304,302	306,317	218,182	218,192
Net Interest Income	248,377	251,314	242,911	248,630

Included within various captions under interest income for the year ended 31st December 2016 is a total of GH¢1.75 million (2015: GH¢0.66 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	2016		2015	
	Bank	Group	Bank	Group
Fee and Commission Income				
Retail Banking Customer Fees	15,143	15,143	11,377	11,377
Corporate Banking Credit Related Fees	41,108	41,108	51,515	51,515
Other	7,182	7,168	6,961	6,949
Total Fee and Commission Income	63,433	63,419	69,853	69,841
Fee and Commission Expense				
Inter-bank transaction fees	4,407	4,437	4,493	4,511
Total Fee and Commission Expense	4,407	4,437	4,493	4,511
Net Fee and Commission Income	59,026	58,982	65,360	65,330

10. NET TRADING INCOME

	2016		2015	
	Bank	Group	Bank	Group
Foreign Exchange	43,297	43,297	70,699	70,699
Net Trading Income	43,297	43,297	70,699	70,699

11. OTHER OPERATING INCOME

	2016		2015	
	Bank	Group	Bank	Group
Corp Finance & Advisory Fees	1,113	8,151	4,112	9,831
Swift Recoveries	706	706	697	697
Dividend Income	-	47	-	36
Profit From disposal of Property Plant and Equipment	-	-	56	19
Other Income	4,927	4,680	4,636	5,774
	6,746	13,584	9,501	16,357

12. PERSONNEL EXPENSES

	2016		2015	
	Bank	Group	Bank	Group
Salaries	26,677	28,353	40,307	42,091
Contributions to Defined Contribution Plans	5,062	5,803	4,344	4,880
Others	41,371	41,382	35,826	35,961
	73,110	75,538	80,477	82,932

Included in others are medical and training expenses. The number of persons employed by the bank during the year was 774 (2015: 737)

13. OTHER EXPENSES

	2016		2015	
	Bank	Group	Bank	Group
Software Licensing and Other Information Technology Cost	11,198	11,713	7,375	7,815
Auditors' Remuneration	269	316	203	242
Other Expenses	55,956	57,703	46,718	48,191
	67,423	69,732	54,296	56,248

13. Other Expenses (Continued)

Other expenses includes premise rent, communications, insurance, computer cost, printing & stationery, fuel & lubricants, and outsource costs

(b) Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢343,861 (2015: GH¢386,569).

14 INCOME TAX EXPENSE

Recognised in the income statement

	2016		2015	
	Bank	Group	Bank	Group
Current tax expense				
Current year	12,508	14,456	74,649	76,551
Deferred tax expense	(7,626)	(7,613)	(21,494)	(21,481)
Total income tax expense	4,882	6,843	53,155	55,070
Reconciliation of effective tax rate				
Profit before income tax	12,085	17,051	213,197	221,308
Corporate tax rate	25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%	3,021	4,263	53,299	55,327
Non-deductible expenses	11,502	11,958	11,419	11,149
Tax on items at different tax rate	-	14	-	12
Capital allowances	(2,619)	(2,632)	(2,139)	(2,163)
Net tax effect on unrealised Gains/losses	-	-	1,410	1,161
National fiscal and stabilisation levy	604	853	10,660	11,065
	12,508	14,456	74,649	76,551
Deferred Tax	(7,626)	(7,613)	(21,494)	(21,481)
Overall tax charge	4,882	6,843	53,155	55,070
Effective tax rate	40.4%	40.1%	24.9%	24.9%

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31st December 2016 was based on the profit attributable to ordinary shareholders of GH¢10.2 million (2015: GH¢166.2 million) and a weighted average number of ordinary shares outstanding of 548 million (2015: 548 million), calculated as follows:

Profit attributable to ordinary shareholders

	The Group	
	2016	2015
Net profit for the period attributable to equity holders of the Bank	10,208	166,238
Weighted average number of ordinary shares		
<i>In thousands of shares</i>		
Issued ordinary shares at 1 January	548,262	548,262
Weighted average number of ordinary shares at 31 December	548,262	548,262

15. Earnings Per Share (Continued)

There was no additional shares issued during the year.

Diluted earnings per share

The calculation of diluted earnings per share as at 31st December 2016 was based on the profit attributable to ordinary shareholders of GH¢10.2 million (2015: GH¢166.2 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 (2015: 548.3 million), calculated as follows:

Profit attributable to ordinary shareholders

	The Group	
	2016	2015
Profit for the period attributable to ordinary shareholders	10,208	166,238
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

16. DIVIDEND PER SHARE

The directors do not recommend payment of dividend in respect of the year ended 31st December 2016 (2015 - GH¢0.097).

17. CASH AND CASH EQUIVALENTS

	2016		2015	
	Bank	Group	Bank	Group
Cash and Balance with Banks	130,111	130,111	181,024	181,024
Unrestricted Balances with Bank of Ghana	55,232	55,232	56,703	56,703
Restricted Balances with Bank of Ghana	231,239	231,239	154,452	154,452
Money Market Placements	125,000	137,780	645,150	653,801
Items in course of collection	12,174	12,174	13,590	13,590
	553,756	566,536	1,050,919	1,059,570

18. PLEDGED/NON-PLEDGED TRADING ASSETS

	2016					
	Bank			Group		
	Pledged	Non-Pledged	Total	Pledged	Non-Pledged	Total
Trading Assets						
Government Bonds	-	4,597	4,597	-	4,597	4,597
Treasury Bills	36,616	634,214	670,830	36,616	634,625	671,241
	36,616	638,811	675,427	36,616	639,222	675,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Pledged/Non-Pledged Trading Assets (Continued)

Trading Assets	2015					
	Bank			Group		
	Pledged	Non-Pledged	Total	Pledged	Non-Pledged	Total
Government Bonds	-	955	955	-	955	955
Treasury Bills	118,806	171,777	290,583	118,806	172,107	290,913
	118,806	172,732	291,538	118,806	172,062	291,868

19. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by portfolio

	2016		2015	
	Bank	Group	Bank	Group
Retail:				
Mortgage	44,834	44,834	38,414	38,414
Personal Loans	46,589	46,589	41,465	41,465
SME	322,162	322,162	246,866	246,866
Retail Gross Loans and Advances	413,585	413,585	326,745	326,745
Corporate:				
Financial Institutions	123,585	123,585	81,717	80,887
Other Secured	1,530,272	1,530,272	1,458,683	1,458,683
Corporate Gross Loans and Advances	1,653,857	1,653,857	1,540,400	1,539,570
Gross Loans and Advances	2,067,442	2,067,442	1,867,145	1,866,315
Less:				
Identified Impairment - Corporate	(95,422)	(95,422)	(54,576)	(54,576)
Identified Impairment - Retail	(977)	(977)	(2,200)	(2,200)
Unidentified Impairment - Corporate	(3,645)	(3,645)	(3,464)	(3,464)
Unidentified Impairment - Retail	(1,004)	(1,004)	(790)	(790)
Carrying Amount	1,966,394	1,966,394	1,806,115	1,805,285

(b) Analysis by type

Overdrafts	752,402	752,402	443,991	443,161
Term Loans	1,247,956	1,247,956	1,339,496	1,339,496
Other Advances	67,084	67,084	83,658	83,658
Gross Loans and Advances	2,067,442	2,067,442	1,867,145	1,866,315
Less:				
Identified Impairment	(96,399)	(96,399)	(56,776)	(56,776)
Unidentified Impairment	(4,649)	(4,649)	(4,254)	(4,254)
Carrying Amount	1,966,394	1,966,394	1,806,115	1,805,285

- i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.
- ii. Loan loss provision ratio is 4.9% of gross advances (2015: 3.3%).
- iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 8.0% (2015: 5.5%).

- iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 76.4% (2015: 78.0%).
- v. The maximum amount due from officers of the bank during the year amounted to GH¢24.0 million (2015: GH¢16.2 million).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Allowances for Identified Impairment

	2016		2015	
	Bank	Group	Bank	Group
Balance at 1st January	56,776	56,776	18,325	18,325
Impairment Charge for the year	200,996	200,996	38,451	38,451
Write-offs	(161,373)	(161,373)	-	-
Balance at 31st December	96,399	96,399	56,776	56,776
Allowances for Unidentified Impairment				
Balance at 1st January	4,254	4,254	3,024	3,024
Impairment Charge for the year	394	394	1,230	1,230
Balance at 31st December	4,648	4,648	4,254	4,254
Credit Loss Expense				
Net increase/(decrease) in impairments	201,390	201,390	39,681	39,681
Excess impairment on written off accounts	4	4	-	-
Amounts recovered previously written off	(2,151)	(2,151)	(4,004)	(4,004)
Net charge to the income statement	199,243	199,243	35,677	35,677

20. INVESTMENT IN OTHER SECURITIES

	2016		2015	
	Bank	Group	Bank	Group
Available-for-sale investment securities				
Available-for-sale investment securities	-	4,414	-	4,757
	-	4,414	-	4,757

21. INVESTMENTS (OTHER THAN SECURITIES)

(a) The Principal Subsidiaries are:

2016	Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
	CAL Bank Nominees Limited (CBNL)	Custodial Service	Ghana	10	100
	CAL Brokers Limited (CBL)	Security Brokerage	Ghana	1,500	100
	CAL Asset Management Limited (CAML)	Fund Management	Ghana	518	100
	CAL Trustee Company Limited (CTCL)	Trustee	Ghana	10	100
				<u>2,038</u>	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Investments (Other Than Securities) (Continued)

	2016		2015	
	Bank	Group	Bank	Group
Investments in subsidiaries are stated at cost and comprise:				
Investments in Subsidiaries	2,038	-	2,028	-

(b) Summary of Subsidiary Accounts

	2016			
	CBL	CAML	CBNL	CTCL
Revenue	1,490	8,960	-	-
Expenses	(2,923)	(2,560)	-	-
Income Tax and National Fiscal Stabilization Levy	(26)	(1,935)	-	-
Profit (Loss) for the year	(1,459)	4,465	-	-
Total Assets	10,446	13,093	10	10
Total Liabilities	2,386	1,254	-	-
Total Shareholder's Equity	8,059	11,838	10	10
Total Cash Inflows	34,906	161,845	10	10
Total Cash Outflows	34,192	157,920	-	-
Net Cash Inflow (Outflow)	714	3,926	10	10

	2015			
	CBL	CAML	CBNL	CTCL
Revenue	6,117	6,483	-	-
Expenses	(2,136)	(2,410)	-	-
Income Tax and National Fiscal Stabilization Levy	(920)	(1,245)	-	-
Profit (Loss) for the year	3,061	2,828	-	-
Total Assets	11,145	7,872	10	-
Total Liabilities	1,627	499	-	-
Total Shareholder's Equity	9,518	7,373	10	-
Total Cash Inflows	34,168	84,385	10	-
Total Cash Outflows	33,598	82,115	-	-
Net Cash Inflow (Outflow)	570	2,271	10	-

22. OTHER ASSETS

	2016		2015	
	Bank	Group	Bank	Group
Sundry Debtors	76,396	79,551	39,367	41,792
Prepayments	15,624	15,751	16,431	16,431
Items in transit	-	-	811	811
	92,020	95,302	56,609	59,034

23. TAXATION

	The Bank			
	Balance 1/1/2016	Payments During the year	Charge for the year	Balance 31/12/2016
Income Tax				
1998 - 2015	5,790	-	-	5,790
2016	-	(55,512)	11,904	(43,608)
	5,790	(55,512)	11,904	(37,818)
National Fiscal Stabilisation Levy				
2016	330	(6,988)	604	(6,054)
Total	6,120	(62,500)	12,508	(43,872)

	The Group			
	Balance 1/1/2016	Payments During the year	Charge for the year	Balance 31/12/2016
Income Tax				
2009 - 2015	5,871	(6,086)	-	(215)
2016	-	(50,758)	13,338	(37,420)
	5,871	(56,844)	13,338	(37,635)
Dividend Tax				
2016	-	(14)	14	-
National Fiscal Stabilisation Levy				
2001 - 2015	571	(560)	-	11
2016	-	(6,833)	853	(5,980)
	571	(7,393)	853	(5,969)
Total	6,442	(64,251)	14,205	(43,604)

Liabilities up to and including 2015 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.

24. DEFERRED TAXATION

	2016		2015	
	Bank	Group	Bank	Group
Balance at the beginning	(10,192)	(10,215)	9,902	9,866
Origination/reversal of temporary differences:				
recognised in statement of profit or loss	(7,626)	(7,613)	(21,494)	(21,481)
recognised in equity	11,811	11,811	1,400	1,400
Balance at the end	(6,007)	(6,017)	(10,192)	(10,215)

24. Deferred Taxation (Continued)

Recognised deferred tax assets and liabilities:

Deferred tax liabilities are attributable to the following:

	Bank - 2016			Group - 2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	(22,199)	-	(22,199)	(22,212)	3	(22,209)
Others	-	16,192	16,192	-	16,192	16,192
Net tax (assets)/liabilities	(22,199)	16,192	(6,007)	(22,212)	16,195	(6,017)

Recognised deferred tax assets and liabilities:

Deferred tax liabilities are attributable to the following:

	Bank - 2015			Group - 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	(14,912)	-	(14,912)	(14,938)	3	(14,935)
Others	-	4,720	4,720	-	4,720	4,720
Net tax (assets)/liabilities	(14,912)	4,720	(10,192)	(14,938)	4,723	(10,215)

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.

25. PROPERTY, PLANT AND EQUIPMENT

	The Bank				
2016	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at the Beginning	42,080	29,423	5,663	77,070	154,236
Additions	13,453	1,464	1,015	55,122	71,054
Surplus on Revaluation	39,252	-	-	12,253	51,505
Transfers	2,232	4,447	-	(6,679)	-
Balance at the end	97,017	35,334	6,678	137,766	276,795
Accumulated Depreciation					
Balance at the Beginning	6,321	15,013	2,701	-	24,035
Charge for the year	1,101	3,043	676	-	4,820
Release on Revaluation	(4,288)	-	-	-	(4,288)
Balance at the end	3,134	18,056	3,377	-	24,567
Net Book Value	93,883	17,278	3,301	137,766	252,228

	The Group				
2016	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at the Beginning	42,080	29,776	5,663	77,070	154,589
Additions	13,453	1,486	1,015	55,122	71,076
Surplus on Revaluation	39,252	-	-	12,253	51,505
Transfers	2,232	4,447	-	(6,679)	-
Balance at the end	97,017	35,709	6,678	137,766	277,170
Accumulated Depreciation					
Balance at the Beginning	6,321	15,286	2,702	-	24,309
Charge for the year	1,101	3,071	676	-	4,848
Release on Revaluation	(4,288)	-	-	-	(4,288)
Balance at the end	3,134	18,357	3,378	-	24,869
Net Book Value	93,883	17,352	3,300	137,766	252,301

The land and buildings of the Group have a fair value of GH¢93.9 million (2015:GH¢35.8 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Property, Plant And Equipment (Continued)

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	35,758	14,410	2,961	77,071	130,201

2015	The Group				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
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

25. Property, Plant and Equipment (continued)

Profit on disposal of property and equipment has been arrived at as follows:-

	2016		2015	
	Bank	Group	Bank	Group
Cost	-	-	(25)	(81)
Accumulated Depreciation	-	-	25	44
Net Book Value	-	-	-	(37)
Disposal Proceeds	-	-	56	56
Profit on disposals	-	-	56	19

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 2016 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.

	The Bank				The Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2016								
Bank Premises	-	93,883	-	93,883	-	93,884	-	93,884
	-	93,883	-	93,883	-	93,884	-	93,884
2015								
Bank Premises	-	35,759	-	35,759	-	35,759	-	35,759
	-	35,759	-	35,759	-	35,759	-	35,759

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

26. INTANGIBLE ASSETS

Purchased Software

	2016		2015	
	Bank	Group	Bank	Group
Cost				
Balance at the beginning	6,607	7,071	5,050	5,515
Acquisitions	4,941	4,941	1,557	1,612
Disposals	-	-	-	(56)
Balance at the end	11,548	12,012	6,607	7,071

26. INTANGIBLE ASSETS (continued)

Purchased Software

	2016		2015	
	Bank	Group	Bank	Group
Balance at the beginning	3,170	3,601	2,802	3,252
Charge for the year	765	765	368	368
Released on Disposal		-	-	(19)
Balance at the end	3,935	4,366	3,170	3,601
Carrying Amounts	7,613	7,646	3,437	3,470

27. CUSTOMER DEPOSITS

Analysis by product

	2016		2015	
	Bank	Group	Bank	Group
Current Account	1,042,106	1,042,106	714,654	714,654
Time Deposits	1,156,778	1,156,778	749,771	749,771
Savings deposits	113,507	113,507	80,098	80,098
	2,312,391	2,312,391	1,544,523	1,544,523

Analysis by portfolio

Retail

Current Account	328,135	328,135	272,035	272,035
Time Deposits	341,934	341,934	265,438	265,438
Savings deposits	112,774	112,774	79,375	79,375
	782,843	782,843	616,848	616,848

Corporate

Current Account	713,971	713,971	442,620	442,620
Time Deposits	814,844	814,844	484,333	484,333
Savings deposits	733	733	722	722
	1,529,548	1,529,548	927,675	927,675

Analysis by type

Individual and other private enterprise	1,945,739	1,945,739	1,177,871	1,182,563
Public enterprises	366,652	366,652	366,652	361,960
	2,312,391	2,312,391	1,544,523	1,544,523

Twenty largest depositors to total deposit ratio is 34.4% (2015: 49.3%).

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2016		2015	
	Bank	Group	Bank	Group
Deposits from other financial institutions	63,376	62,803	59,899	58,309

29. BORROWINGS

	2016		2015	
	Bank	Group	Bank	Group
Long-term borrowings				
CitiBank	66,679	66,679	89,919	89,919
GHANA EXPORT - IMPORT BANK	49,067	49,067	10,125	10,125
Ghana International Bank	3,306	3,306	5,783	5,783
PROPARCO	7,839	7,839	14,041	14,041
The OPEC Fund for International Development (OFID)	17,295	17,295	36,304	36,304
	144,186	144,186	156,172	156,172
Subordinated-term borrowings				
PROPARCO	122,466	122,466	110,376	110,376
	122,466	122,466	110,376	110,376
Short-term borrowings				
CitiBank	35,002	35,002	50,600	50,600
GHANA EXPORT - IMPORT BANK	384	384	26	26
Ghana International Bank	4,200	4,200	15,231	15,231
Kassardjian Armen	46,903	46,903	29,519	29,519
Mashreq Bank	90,974	90,974	151,950	151,950
PROPARCO	7,637	7,637	6,900	6,900
SSNIT	36,564	36,564	38,237	38,237
Standard Chartered Bank London	-	-	345,589	345,589
Sumitomo Mitsui Banking Corporation Europe Limited	-	-	113,469	113,469
The OPEC Fund for International Development (OFID)	16,962	16,962	15,326	15,326
Bank One	67,532	67,532	-	-
	306,158	306,158	766,847	766,847
Inter-bank Borrowings				
Bank Of Ghana	-	-	40,030	40,030
Fidelity Bank Ghana Limited	-	-	40,027	40,027
	-	-	80,057	80,057
Carrying Amount	572,810	572,810	1,113,452	1,113,452

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 3.10% per annum maturing in January 2020 for tranche (B).

Ghana Export and Import Bank – This is a facility granted by the Ghana Export and Import Bank to be extended to operators in the export sector. Interest is at a rate of 2.50% 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 2.50% 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 2.50% per annum.

29. Borrowings (continued)

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 3.00% per annum maturing in November 2017.

Kassardjian Armen - This is a facility granted by Kassardjian Armen for on-lending. Interest is at a rate of 4.50% per annum, matured 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 4.00% per annum matured 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 21.10% (2015: 26.2%).

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 matured 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 3.00% per annum (same for terms for 2015) matured in 2016.

Bank One – 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 3.00% per annum maturing in 2017.

There were no outstanding inter-bank borrowing at the end of the period

30. OTHER LIABILITIES

	2016		2015	
	Bank	Group	Bank	Group
Creditors	85,069	87,006	49,605	50,721
Accruals	7,072	7,072	22,739	22,739
Recognised liability for Other Long-term Employee Benefit (a)	1,397	1,679	1,199	1,266
Short-Term Employee benefits	85	85	126	126
Other liabilities	54,387	54,704	47,513	47,402
	148,010	150,546	121,182	122,254
(a) Movement in the liability for defined benefit obligations				
Liability for defined benefit obligations at 1 January	1,199	1,443	1,073	1,102
Benefits paid by the plan	(844)	(844)	(614)	(614)
Expense charged to comprehensive income	1,042	1,080	740	778
Liability for defined benefit obligations at 31 December	1,397	1,679	1,199	1,266

30. Other Liabilities (Continued)

Actuarial assumptions

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

	2016		2015	
	Bank	Group	Bank	Group
Discount rate at 31 December	18.00%	18.00%	18.00%	18.00%
Future salary increases	15.00%	15.00%	15.00%	15.00%
Inflation rate	13.50%	13.50%	13.00%	13.00%

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

The sensitivity analysis as at the year end for the Group is as follows:

2016	Main Basis	Investment return (2%)	Investment return 2%	Salary scale (2%)	Salary scale 2%	Mortality (20%)
Actuarial Liability	1,470	1,542	1,404	1,399	1,544	1,471
Percentage Change	n/a	5%	(5%)	(5%)	5%	0%

2015	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 of 2016 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.

31. CAPITAL AND RESERVES

i. Stated Capital

	2016		2015	
	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

31. Capital and Reserves (continued)

There is no call or instalment unpaid on any share.

At the year end 2016 the authorised share capital comprised 1 billion ordinary shares (2015: 1 billion) of no par value. All issued shares are fully paid for.

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

ii. Statutory Reserve Fund

	2016		2015	
	Bank	Group	Bank	Group
Balance at the beginning	144,266	144,266	124,261	124,261
Transfer from Income Surplus	900	900	20,005	20,005
Balance at the year end	145,166	145,166	144,266	144,266

iii. Capital Surplus

Revaluation surplus	63,413	63,413	19,430	19,430
Bank's shares held by subsidiary	-	(678)	-	(697)
	63,413	62,735	19,430	18,733

Revaluation Surplus

Balance at the beginning	19,430	19,430	20,830	20,830
Revaluation surplus transferred	51,506	51,506	-	-
Depreciation releases on properties revalued	4,288	4,288	-	-
Deferred Tax on Revaluation	(11,811)	(11,811)	(1,400)	(1,400)
Balance at the year end	63,413	63,413	19,430	19,430

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

iv. Other Reserves

(a) 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.

	2016		2015	
	Bank	Group	Bank	Group
Specific Provision on Loans and Advances	135,001	135,001	76,210	76,210
General Provision on Loans and Advances	18,869	18,869	21,080	21,080
General Provision on Contingent Liabilities	2,963	2,963	4,838	4,838
Impairment Loss per Bank of Ghana requirement	156,833	156,833	102,128	102,128
Impairment Loss per IFRS requirement	(101,047)	(101,047)	(61,027)	(61,027)
Credit Risk Reserve	55,786	55,786	41,101	41,101

(b) 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:

	2016	2015
	<u>53,181</u>	<u>44,409</u>

The Directors do not recommend the payment of dividend for the year.

Net assets per share is based on 548.3 million (2015: 548.3 million) ordinary shares at the statement of financial position date.

32. 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 2016 in respect of the above amounted to GH¢346.7 million (2015: GH¢483.8 million), as detailed below:

	2016	2015
Letters of Credit	36,978	237,254
Guarantees and Indemnities	259,322	246,546
	<u>296,300</u>	<u>483,800</u>

The amount of unsecured contingencies and commitments in respect of these at the year end 2016 was nil (2015: nil).

(ii) Capital expenditure

Capital commitments not provided for in the financial statements as at the year end was GH¢68.8 million (2015: GH¢44.59 million)

(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¢6.3 million (2015: GH¢9.9 million). No provisions have been made in the financial statements in respect of these amounts as it is only considered as possible obligation.

(iv) Assets under management and Custody

The group provides custody, trustee, investment management and advisory services to third parties, which involves the group making allocation and purchase and sale decisions in relation to a wide range of financial instruments.

Assets managed by the Group on behalf of clients amounted to GH¢648.0 million (2015: GH¢505.6 million).

Assets under custody amounted to GH¢388.3 million (2015: GH¢ 161.8 million).

Those assets that are held in a fiduciary capacity are not included in these financial statements.

33. 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 21.

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:

Loans and Advances to Directors and Their Associates

Balance at 1st January

Loans Advanced During the Year

Loans Repayments Received During the Year

Balance at 31st December

2016	2015
1,565	1,186
840	953
(655)	(573)
1,750	1,566

Loans and Advances to Employees

Balance at 1st January

Loans Advanced During the Year

Loans Repayments Received During the Year

Balance at 31st December

2016	2015
14,643	11,428
12,666	8,119
(4,779)	(4,904)
22,530	14,643

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 with the assets financed.

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.

Salaries and other short-term benefits

Employer social security charges on emoluments

2016	2015
4,881	4,419
385	341
5,266	4,760

Employee termination benefits

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

34. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at the year end 2016

NAME OF DIRECTOR	No. of Shares	%
FRANK BRAKO ADU JNR.	12,887,176	2.35
PHILIP OWIREDU	1,152,503	0.21
PAAROCK VANPERCY	706,403	0.13
NOEL NII ADDO	40,000	0.01
KOBINA QUANSAH	13,492	0.002
JAMES C. BRENNER	4,550	0.001
	14,804,124	2.70

35. ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2016

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	18,568	79.49	9,673,141	1.76
1001 - 5,000	3,593	15.38	7,764,586	1.42
5001 - 10,000	464	1.99	3,471,836	0.63
10,001 - 20,000	300	1.28	4,251,597	0.78
20,001 - 30,000	126	0.54	3,126,203	0.57
30,001 - 40,000	52	0.22	1,773,552	0.32
40,001 - 50,000	30	0.13	1,367,994	0.25
Over50,001	227	0.97	516,832,640	94.27
	23,360	100.00	548,261,549	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Twenty Largest Shareholders

Shareholder	No. of Shares	% Holding
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST,	181,913,182	33.18
SCGN/ADP I HOLDINGS 4, SCGN/ADP I HOLDINGS 4	151,830,692	27.69
IC ASSET MANAGERS (GHANA) LIMITED,	23,750,739	4.33
STD NOMS/CFC NOMS AC CENTUM EXOTICS, STD NOMS/ CFC NOMS AC CENTUM EXOTICS	14,766,089	2.69
MR DANIEL OFORI	13,455,045	2.45
ADU JNR, FRANK BRAKO	12,887,176	2.35
STD NOMS/ BNYM SANV/FRONTURA GLOBAL FRONTIER FUND, STD NOMS/ BNYM SANV/FRONTURA GLOBAL FRONTIER FUND	12,338,797	2.25
STD NOMS/BNYM SANV/FRONTIER MARKET OPPORT MAST FUN, STD NOMS/ BNYM SANV/FRONTIER MARKET OPPORT MAST FUND	8,541,200	1.56
NORTHERN TRUST GLOBAL SV, NORTHERN TRUST GLOBAL SERVICES LTD LUX CLIENT ACC	7,956,700	1.45
ICAM/VANGUARD ASSURANCE EQUITIES PORTFOLIO,	5,765,861	1.05
STD NOMS/BNYM SANV/KAPFRG INVESTIN PRO , AFRIKANSK, STD NOMS/ BNYM SANV/KAPFRG INVESTIN PRO , AFRIKANSK	5,735,651	1.05
SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V, SCBN/ CITIBANK LONDON ROBECO AFRIKA FONDS N.V	4,727,900	0.86
SCGN/SSB EATON VANCE TAX-, MANAGED EMERGING MARKET FUND	4,406,554	0.80
SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS, SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS SCGN / E.L.A.C.P.H.	4,180,831	0.76
SCGN/PICTET (EUROPE)RE THE NEW MARKET AFRICA, MASTER FUND LIMITED	3,336,863	0.61
STD NOMS/BNYM SANV/FRONTIER MARKET SELECT FUND II, STD NOMS/ BNYM SANV/FRONTIER MARKET SELECT FUND II	2,811,369	0.51
ANSAH, BENJAMIN FOSU	2,571,551	0.47
HFCN/ COCOBOD TIER 3 PENSION SCHEME (OLD FUND) COL, HFCN/ COCOBOBOD TIER 3 PENSION SCHEME (OLD FUND) COLLECTIONS HFCN/ C T3 COLL	2,462,593	0.45
OTENG-GYASI, ANTHONY	2,340,130	0.43
SCGN/CACEIS BANK LUX RE INTEREFFEKT INVESTMENT, FUNDS N.V.	2,290,000	0.42
Top 20 shareholders	468,068,923	85.37
Others	80,192,626	14.63
Grand Total	548,261,549	100.00%

36. VALUE ADDED STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016		2015	
	Bank	Group	Bank	Group
Interest earned and other operating income	666,155	677,931	611,090	623,700
Direct cost of Services	(371,312)	(375,605)	(272,603)	(274,532)
Value added by banking services	294,843	302,326	338,487	349,168
Non-banking Income	-	-	56	19
Impairments	(199,243)	(199,243)	(35,677)	(35,677)
Value added	95,600	103,083	302,866	313,510
Distributed as follows:	95,600	103,083	302,866	313,510
To Employees:-				
Directors (without executives)	(1,118)	(1,179)	(1,051)	(1,102)
Executive directors	(3,702)	(3,702)	(3,317)	(3,317)
Other employees	(73,110)	(75,538)	(80,477)	(82,932)
To Government:				
Income tax	(4,882)	(6,843)	(53,155)	(55,070)
To providers of capital				
Dividends to shareholders	-	-	(53,181)	(53,068)
To expansion and growth				
Depreciation	(4,820)	(4,848)	(4,456)	(4,484)
Amortisation	(765)	(765)	(368)	(368)
Retained earnings	7,203	10,208	106,861	113,169

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will propose the following resolutions, which will be put to the 2017 Annual General Meeting:

To Consider the 2016 Accounts and Reports

The Board shall submit for consideration the audited accounts of the company for 2016, 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, 2016.

To Authorise the Directors to fix the fees of the External Auditor

In accordance with section 134 of the Companies Act, 1963 (Act 179), the Board will request that they be authorised to fix the fees of the external auditor, Deloitte, for the year ended December 31, 2016.

To Appoint a new External Auditor

Pursuant to the Bank of Ghana directive on the rotation of external auditors of banks and the completion by the current auditor, Deloitte, of the maximum tenure of 6 years permitted under the said directive, the Board will recommend to the shareholders the appointment of Messrs. KPMG, Chartered Accountants, to replace Deloitte as the external auditor of the company, in accordance with section 134 of the Companies Act, 1963 (Act 179).

To Re-elect Directors Retiring by Rotation

The following directors of the company, Mr. Ken Kobina Dela Alor, Mr. Noel Addo and Mr. James Brenner, 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. Ken Kobina Dela Alor, Mr. Noel Addo and Mr. James Brenner, 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 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 2016 Annual Report of the company.

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PROXY FORM

ANNUAL GENERAL MEETING to be held at 10 a.m. on Wednesday, 26th April, 2017 at the National Theatre Accra.

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

*
or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 26th April 2017.

Signed thisday of 2017

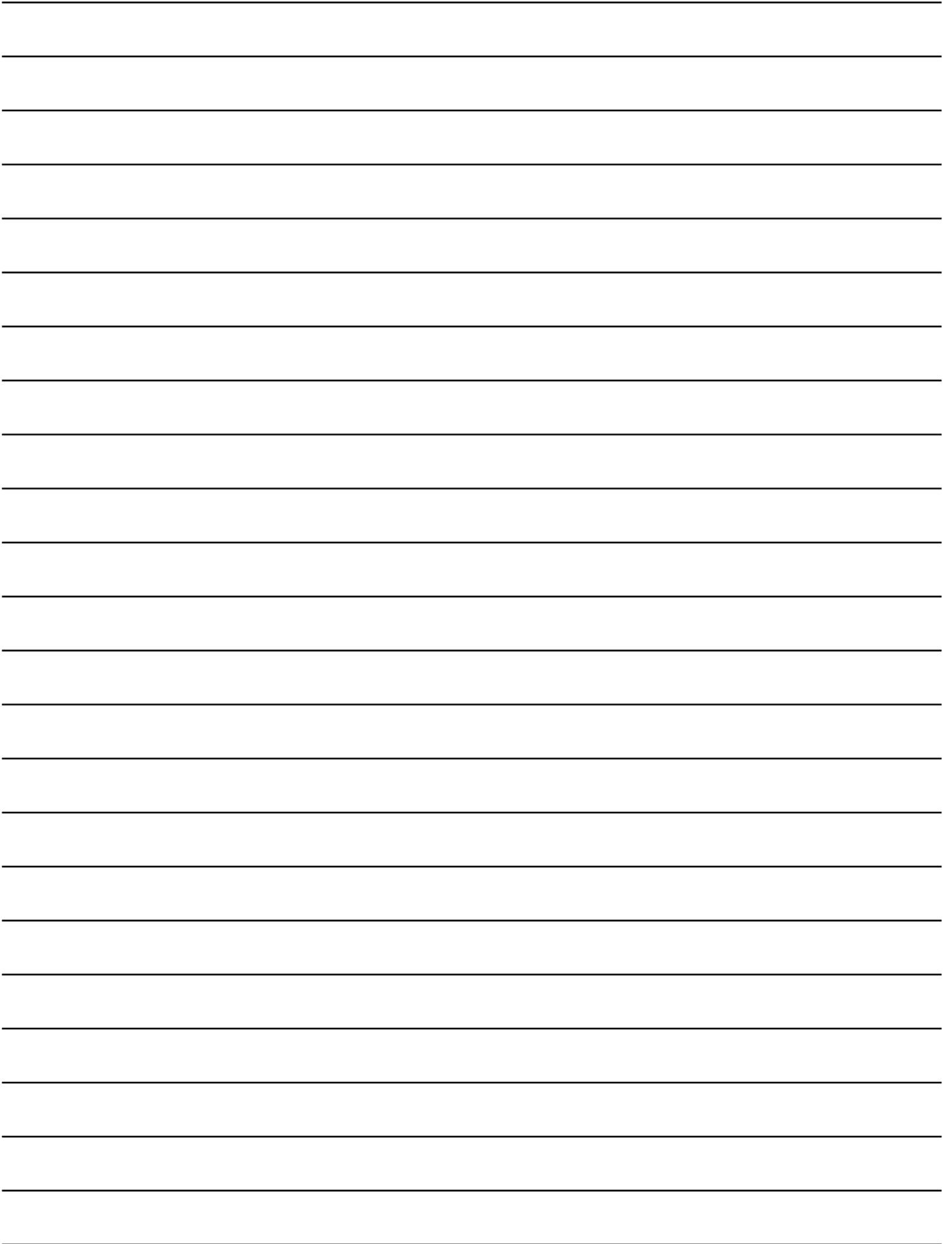
.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2016 Accounts		
2. To approve the appointment of KPMG as auditors		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. Ken K.D. Alor as a director of the Bank		
5. To re-elect Mr. Noel Addo as a director of the Bank		
6. To re-elect Mr. James Brenner as a director of the Bank		
7. To approve directors' remuneration		
Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion		

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

Notes:

1. A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space marked * the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director of the Corporation.
4. Please sign the above Proxy Form and deliver it so as to reach the Registrar, Central Securities Depository (GH) Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra not later than 10.00 am on Monday 24th April 2017.



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Nhyiaeso - (233) 3220 26656 / 3220 26658 / 026 300 8182 / 054 433 6742/43

Suame - (233) 3220 83630 / 3220 83633 / 026 300 3930

Greater Accra Region

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Airport City - (233) 024 340 0264/67 / 054 433 6752

Dansoman - (233) 302 336 582 / 302 336 583 / 054 434 1570

Derby Avenue (Accra) - (233) 302 662061/2 / 302 661336 / 054 010 9483

East Legon - (233) 026 300 2944 / 026 608 8998 / 054 011 0942

Graphic Road - (233) 302 678223 / 302 678241 / 302 678251 / 026 300 8170/75

Independence Avenue - (233) 302 680061/9 / 302 680079 / 054 434 1572/74

Kwame Nkrumah Avenue. - (233) 302 241016 / 026 300 8197 / 026 301 7661

Labone - (233) 54 434 1551 / 054 434 1552 / 054 434 1552

Legon - (233) 30 702 0245 / 055 649 0043 / 055 649 0044

Osu - (233) 302 798 334/37 / 0302 798 341 / 026 301 8235

Ring Road Central - (233) 0263 003925 / 026 300 8164

Spintex Road - (233) 302 815829/33 / 026 300 8180/81/83

Tema Community 1- (233) 303 213382 / 026 300 8165 / 026 313 8957

Tema Community 25 - (233) 26 379 3760 / 026 737 9275 / 026 379 2760

Tema Main - (233) 303 310776 / 303 310777 / 026 300 8186 / 026 377 5949

West Hills Mall - (233) 54 0110 941 / 026 379 2745 / 026 300 8192

Western Region

Esiama - (233) 026 902 3653 / 024 390 0597

Takoradi Harbour - (233) 3120 24412 / 3120 24717 / 026 300 8190 / 026 300 2945

Takoradi Market Circle - (233) 3120 25551 / 3120 25589 / 3120 25590 / 054 433 6745

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