

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

Report on the Financial Statements

We have audited the accompanying financial statements of CAL Bank Limited on pages 16 to 65 which comprise the consolidated financial position as at 31 December, 2012, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' Responsibility for the Financial Statements

The Bank and its subsidiaries Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Code, 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Bank and its subsidiaries have kept proper accounting records and the financial statements are in agreement with the records in all material respects and given in the prescribed manner, information required by the Companies Act 1963, (Act 179), the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act of 2007 (Act 738). The financial statements give a true and fair view of the financial position of the Bank and its subsidiaries as at 31 December 2012, and of their financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards (IFRS).

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

Report on Other Legal and Regulatory Requirements (cont'd)

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

We confirm that:

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

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

We hereby state that;

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

Felix Nana Sackey Practising Certificate Licence No.: ICAG/P/1131
1/1
Ambery.
Signature

Deloitte & Touche Licence Number: ICAG/F/026 Chartered Accountants Accra, Ghana

28th February,	20:	
	201	IJ

CAL BANK LIMITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

in thousands of Ghana Cedis

		The Bank		The Group	
	Note	2012	2011	2012	2011
Interest Income	8	145,991	<i>7</i> 5,138	145,660	<i>7</i> 5,814
Interest Expense	8	(61,209)		(61,084)	(34,420)
		(-, -, -, -, -, -, -, -, -, -, -, -, -, -	V= 7 · · · 1	() , ,	(- , - ,
Net Interest Income		84,782	40,661	84,576	41,394
Fees and Commissions Income	9	26,004	15,193	26,977	15,193
Fees and Commissions Expense	9	(1,138)	(534)	(1,153)	(547)
Net Fees and Commissions		24,866	14,659	25,824	14,646
Net Trading Income	10	13,869	10,445	13,869	10,545
Other Operating Income	11	5,723 19,592	3,946 14,391	8,785 22,654	4,359 14,904
		17,372	14,371	22,034	14,704
Operating Income		129,240	69,711	133,054	70,944
Credit Loss Expense	20	(17,461)	(11,465)	(17,461)	(11 465)
Credit 1033 Expense	20	(17,401)	(11,403)	(17,401)	(11,403)
Net Operating Income		111,779	58,246	115,593	59,479
Staff Costs	12	(25 230)	(16,380)	(26,090)	(17 003)
Administration and General Expenses	13	(19,272)		(19,641)	
Depreciation and Amortisation	27,28	(3,068)		(3,134)	(2,638)
Total Operating Expenses		(47,570)	(33,670)	(48,865)	36,135)
Operating Profit		64,209	24,576	44 720	23,344
Operating From		04,209	24,370	00,7 20	20,044
Profit From Disposal of Non-Current Assets	27	126	8	126	8
Profit Before Income Tax		64,335	24,584	66 Q5A	23,352
Profit before income tax		04,333	24,304	00,634	23,332
Income Tax Expense	25	(14,883)	(5,01 <i>7</i>)	(15,203)	(5,187)
National Fiscal Stabilisation levy	25	-	(1,229)	-	(1,260)
PROFIT FOR THE YEAR		49,452	18,338	51,651	16,905
I WOITH ION THE LEAR		77,732	10,000	51,051	10,703
Earnings per share (Ghana Cedis per share	e) 14				
- Basic		0.0902	0.0739	0.0942	0.0681
- Diluted		0.0902	0.0739	0.0942	0.0681

CAL BANK LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2012

in thousands of Ghana Cedis

	The Bank		The C	Group
	2012	2011	2012	2011
Profit for the Year	49,452	18,338	51,651	16,905
Other Comprehensive Income				
Available-For-Sale Financial Assets	(4,217)	648	(4,217)	648
Net Change In Revaluation Surplus	68	10	68	10
Other Comprehensive Income For The Year	(4,149)	658	(4,149)	658
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	45,303	18,996	47,502	17,563

CAL BANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

in thousands of Ghana Cedis

		The	Bank	The Group		
•	Note	2012	2011	2012	2011	
Assets						
Cash and Balances with Bank of Ghana	15	86,976	67,659	86,976	67,659	
Items in Course of Collection from Other Banks	1 <i>7</i>	22,299	12,431	22,299	12,431	
Investment in Government Securities	18	240,319	154,349	240,327	154,880	
Due from Banks and Other Financial Institutions	19	10,511	99,172	12,427	122,522	
Loans and Advances to Customers	20	747,385	412,565	747,385	411,582	
Investment in Other Securities	21	-	-	950	<i>7</i> 68	
Investment in Subsidiaries	23	1,128	1,118	-	-	
Other Assets	24	10,720	<i>7</i> ,1 <i>7</i> 8	12,348	<i>7,</i> 911	
Deferred Tax Assets	26	4,612	2,167	4,612	2,167	
Property, Plant and Equipment	27	34,548	28,762	34,669	28,779	
Intangible Assets	28	847	662	862	665	
Total Assets		1,159,345	786,063	1,162,855	809,364	
Liabilities						
Customer Deposits	29	707,648	564,396	706,667	586,770	
Due to Banks and Other Financial Institutions	30	87,888	20,449	87,888	24,949	
Borrowings	31	130,707	92,652	130,707	92,652	
Accruals and Other Liabilities	32	27,620	15,434	28,782	16,423	
Current Tax Liabilities	25	1,438	211	1,387	216	
Total Liabilities		955,301	693,142	955,431	721,010	
Shareholders' Equity						
Stated Capital	33	100,000	27,725	100,000	27,725	
Statutory Reserve Fund	33	43,168	18,442	43,168	18,442	
Capital Surplus	33	15,440	15,372	15,131	9,836	
Retained Earnings	33	36,778	16,264	40,467	1 <i>7</i> ,233	
Other Reserves	33	8,658	15,118	8,658	15,118	
Total Shareholders' Equity		204,044	92,921	207,424	88,354	
Total Liabilities and Shareholders' Equity	/	1,159,345	786,063	1,162,855	809,364	
Net Assets Value per Share (Ghana Cedi per Sh	nare)	0.3722	0.3743	0.3783	0.3559	

Director

Hir Adie.

Director

The Directors approved the financial statements on 27th February 2013

CAL BANK LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2012

in thousands of Ghana Cedis

Total comprehensive income for the year

Balance at 31 December 2012

Attributable to Equity Holders

					Other	Reserves	
The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Fair Value Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2011	27,120	13,858	15,362	5,435	110	14,634	<i>7</i> 6,519
Issue of shares	605	-	-	-	-	-	605
Transfer to/from reserves	-	4,584	-	(4,310)	-	(274)	-
Dividends paid to equity holders	-	-	-	(3,199)	-	-	(3,199)
Total comprehensive income for the year	-	-	10	18,338	648	-	18,996
Balance at 31 December 2011	27,725	18,442	15,372	16,264	758	14,360	92,921
Balance at 1 January 2012	27,725	18,442	15,372	16,264	758	14,360	92,921
Issue of shares	72,275	-	-	-	-	-	72,275
Transfer to/from reserves	-	24,726	-	(22,483)	-	(2,243)	-
Dividends paid to equity holders	-	-	-	(6,455)	-	-	(6,455)
Total comprehensive income for the year	-	-	68	49,452	(4,217)	-	45,303
Balance at 31 December 2012	100,000	43,168	15,440	36,778	(3,459)	12,117	204,044
					Other	Reserves	
The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Fair Value	Regulatory	Total
				Earnings	Reserves	Credit Risk Reserve	Equity
Balance at 1 January 2011	27,120	13,858	15,224	7,832	Reserves		
Balance at 1 January 2011 Issue of shares	27,120 605	13,858		1	•	Reserve	Equity
•	•	13,858 - 4,584		1	•	Reserve	Equity 78,778
Issue of shares	•	-		7,832	•	14,634	Equity 78,778
Issue of shares Transfer to/from Reserves	•	-	15,224 -	7,832	•	14,634	78,778 605
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries	•	-	15,224 -	7,832 (4,310)	•	14,634	78,778 605 (5,398)
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries Dividends paid to equity holders	•	-	15,224 - - (5,398)	7,832 (4,310) (3,194)	110	14,634	78,778 605 (5,398) (3,194)
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries Dividends paid to equity holders Total comprehensive income for the year Balance at 31 December 2011	605	4,584 - - -	15,224 - - (5,398) - 10	7,832 (4,310) (3,194) 16,905	110 - - - - 648	Reserve 14,634 - (274) -	78,778 605 (5,398) (3,194) 17,563
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries Dividends paid to equity holders Total comprehensive income for the year	605 - - - - - 27,725	4,584 - - - - 18,442	15,224 - (5,398) - 10 9,836	7,832 (4,310) (3,194) 16,905 17,233	110 - - - 648 758	Reserve 14,634 - (274) - - - 14,360	78,778 605 (5,398) (3,194) 17,563 88,354
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries Dividends paid to equity holders Total comprehensive income for the year Balance at 31 December 2011 Balance at 1 January 2012 Issue of shares	27,725	4,584 - - - 18,442	15,224 - (5,398) - 10 9,836	7,832 (4,310) (3,194) 16,905 17,233	110 - - - 648 758	14,360	78,778 605 (5,398) (3,194) 17,563 88,354
Issue of shares Transfer to/from Reserves Change in Bank's shares held by subsidiaries Dividends paid to equity holders Total comprehensive income for the year Balance at 31 December 2011 Balance at 1 January 2012	27,725	4,584 - - - - 18,442	15,224 - (5,398) - 10 9,836	7,832 (4,310) (3,194) 16,905 17,233	110 - - - 648 758	Reserve 14,634 - (274) - - - 14,360	78,778 605 (5,398) (3,194) 17,563 88,354

47,702

12,117 207,424

100,000

43,168

68

15,131

51,651

40,467

(4,217)

(3,459)

CAL BANK LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2012

in thousands of Ghana Cedis The Bank The Group						
III IIIoosalias of Orlana Ceals	2012	2011	2012	2011		
Profit Before Tax for the Period Adjustments for:	64,335	24,584	66,854	23,352		
Depreciation and Amortisation	3,068	2,473	3,134	2,638		
Impairment on Financial Assets	17,461	11,465	17,461	11,465		
Profit on Disposal of non-current assets	(126)	(8)	(126)	(8)		
Dividend Received	(.20)	(441)	(20)	(37)		
Other Employee Benefit Expenses	219	193	219	193		
Impairment of Investment in Associated Company	-	407	-	1,553		
Change in Fair Value of Investment Securities	(3,383)	723	(3,383)	984		
Other Provisions	-	(1)	-	(1)		
Accretion of Deferred Income	1,658	2,111	1,658	2,111		
	83,232	41,506	85,797	42,250		
Change in Government Securities	(86,814)	(37,453)	(86,291)	(37,860)		
Change in Investments in Other Securities	(00,01-7	86	(182)	909		
Change in Investment in Subsidiaries	(10)	(400)	-	-		
Change in Loans and Advances to Customers		(169,278)	(355, 187)	(168,295)		
Change in Other Assets	(3,273)	1,218	(4,168)			
Change in Customer Deposits	132,306	283,183	108,951	298,544		
Change in Amounts Due to Banks and Other Financial Institutions	67,440		62,940			
Change in Accruals and Other Liabilities	22,919	(2,810)	23,091	(3,188)		
Income Tax Paid	(16,034)	(10,131)	(16,409)	(10,451)		
Net Cash Flows From Operating Activities	(154,438)	112,433	(181,458)	133,669		
Cash Flows From Investing Activities						
Purchase of Property, Plant and Equipment	(9,039)	(4,247)	(9,221)	(4,253)		
Proceeds from Sale of Non-current Assets	126	42	126	42		
Change in Treasury Shares	-	-	5,227	(5,398)		
Net Cash Used in Investing Activities	(8,913)	(4,205)	(3,868)	(9,609)		
Cash Flow from Financing Activities						
Dividend Income	-	441	20	37		
Dividends Paid	(6,455)		(5,934)			
Net Changes in Borrowings	38,055	, , ,	•			
Proceeds from Shares Issued	72,275	605	72,275	605		
Net Cash Flow from Financing Activities	103,875	(17,706)	104,416	(18,104)		
Net Increase/(Decrease) in Cash and Cash Equivalents	(59,476)	90,522	(80,910)	105,956		
Analysis of Changes in Cash and Cash Equivalents	During th	e Year				
Cash and Cash Equivalents at 1st January	179,262	88,740	202,612	96,656		

Cash and Cash Equivalents at 1st January	179,262	88 <i>,74</i> 0	202,612	96,656
Net Change in Cash and Cash Equivalents	(59,476)	90,522	(80,910)	105,956
Cash and Cash Equivalents at 31st December	119,786	179,262	121,702	202,612
Analysis of Cash and Cash Equivalents During the Year				
Cash and Balances with Bank of Ghana	86,976	67,659	86,976	67,659
Due from Banks and Other Financial Institutions	10,511	99,1 <i>7</i> 2	12,427	122,522
Items in Course of Collection from Other Banks	22,299	12,431	22,299	12,431
Total Cash and Cash Equivalents	119,786	179,262	121,702	202,612