

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of CAL Bank Limited on pages 17 to 71 which comprise the consolidated financial position as at 31 December, 2013, 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.

### **Directors' Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the Bank and its subsidiaries have kept proper accounting records and the consolidated financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738). The consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013, and of their consolidated financial performance and consolidated cash flows for the year then ended and are drawn up in accordance with the International Financial Reporting Standards (IFRS).

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

### Report on Other Legal and Regulatory Requirements

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

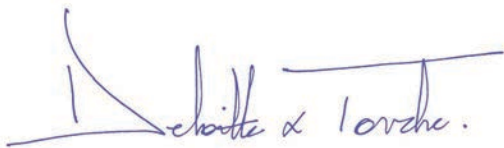
We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
- ii. In our opinion proper books of accounts have been kept by the Bank and its Subsidiaries, so far as appears from our examination of those books, and
- iii. The Consolidated Balance Sheet [Statement of Financial Position] and Consolidated Profit & Loss [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 consolidated accounts give a true and fair view of the state of affairs of the Bank and its subsidiaries and its results for the period under review
- ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors
- iii. The Bank and its subsidiaries transactions are within their powers and
- iv. The Bank has complied with the provisions of Act 673 and the Banking (Amendment) Act of 2007.



**Deloitte & Touche**  
**Licence Number: ICAG/F/129**  
**Chartered Accountants**

**Date:** 27th February, 2014 .....

**Felix Nana Sackey**  
**Practising Certificate Licence No.: ICAG/P/1131**

**CAL BANK LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

*in thousands of Ghana Cedis*

	Note	The Bank		The Group	
		2013	2012	2013	2012
Interest Income	8	265,747	145,991	266,731	145,660
Interest Expense	8	(123,398)	(61,209)	(122,988)	(61,084)
<b>Net Interest Income</b>		<b>142,349</b>	<b>84,782</b>	<b>143,743</b>	<b>84,576</b>
Fees and Commissions Income	9	31,862	26,004	31,860	26,977
Fees and Commissions Expense	9	(2,077)	(1,138)	(2,095)	(1,153)
<b>Net Fees and Commissions</b>		<b>29,785</b>	<b>24,866</b>	<b>29,766</b>	<b>25,824</b>
Trading Income	10	31,153	13,869	31,153	13,869
Other Operating Income	11	11,753	5,723	14,492	8,785
		<b>42,906</b>	<b>19,592</b>	<b>45,645</b>	<b>22,654</b>
<b>Operating Income</b>		<b>215,040</b>	<b>129,240</b>	<b>219,153</b>	<b>133,054</b>
Credit Loss Expense	20	(17,516)	(17,461)	(17,516)	(17,461)
<b>Net Operating Income</b>		<b>197,524</b>	<b>111,779</b>	<b>201,638</b>	<b>115,593</b>
Staff Costs	12	(41,231)	(25,165)	(42,424)	(26,025)
Administration and General Expenses	13	(27,185)	(19,272)	(27,885)	(19,641)
Depreciation and Amortisation	27, 28	(3,705)	(3,068)	(3,763)	(3,134)
<b>Total Operating Expenses</b>		<b>(72,121)</b>	<b>(47,505)</b>	<b>(74,072)</b>	<b>(48,800)</b>
<b>Operating Profit</b>		<b>125,403</b>	<b>64,274</b>	<b>127,566</b>	<b>66,793</b>
Profit From Disposal of Non-Current Assets	27	36	126	36	126
<b>Profit Before Income Tax</b>		<b>125,439</b>	<b>64,400</b>	<b>127,602</b>	<b>66,919</b>
Income Tax Expense	25	(30,520)	(14,883)	(31,060)	(15,203)
National Fiscal Stabilization levy	25	(2,909)	-	(3,003)	-
<b>PROFIT FOR THE YEAR</b>		<b>92,010</b>	<b>49,517</b>	<b>93,539</b>	<b>51,716</b>
<b>Earnings per share (Ghana Cedis per share)</b>	14				
- Basic		0.1678	0.0903	0.1706	0.0943
- Diluted		0.1678	0.0903	0.1706	0.0943

**CAL BANK LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

*in thousands of Ghana Cedis*

	The Bank		The Group	
	2013	2012	2013	2012
<b>Profit for the Year</b>	<b>92,010</b>	<b>49,517</b>	<b>93,539</b>	<b>51,716</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Available-for-sale financial assets	1	(4,217)	1	(4,217)
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Net change in revaluation surplus	5,608	68	5,608	68
Remeasurement of defined benefit	(282)	(65)	(282)	(65)
<b>Other comprehensive income for the year</b>	<b>5,327</b>	<b>(4,214)</b>	<b>5,327</b>	<b>(4,214)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>97,338</b>	<b>45,303</b>	<b>98,866</b>	<b>47,502</b>

**CAL BANK LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2013**

*in thousands of Ghana Cedis*

	Note	The Bank		The Group	
		2013	2012	2013	2012
<b>Assets</b>					
Cash and balances with Bank of Ghana	15	121,972	86,976	121,972	86,976
Items in Course of Collection from Other Banks	17	15,410	22,299	15,410	22,299
Investment in Government Securities	18	276,618	240,319	276,618	240,327
Due from Banks and Other Financial Institutions	19	100,439	10,511	105,186	12,427
Loans and Advances to Customers	20	981,160	747,385	980,407	747,385
Investment in Other Securities	21	-	-	1,629	950
Investment in Subsidiaries	23	2,028	1,128	-	-
Other Assets	24	11,876	10,720	13,279	12,348
Current Tax Assets	25	371	-	349	-
Deferred Tax Assets	26	1,922	4,612	1,922	4,612
Property and Equipment	27	44,980	34,548	45,101	34,669
Intangible Assets	28	2,187	847	2,202	862
<b>Total Assets</b>		<b>1,558,963</b>	<b>1,159,345</b>	<b>1,564,074</b>	<b>1,162,855</b>
<b>Liabilities</b>					
Customer Deposits	29	799,220	707,648	799,210	706,667
Due to Banks and Other Financial Institutions	30	37,185	87,888	34,599	87,888
Borrowings	31	382,713	130,707	382,713	130,707
Accruals and Other Liabilities	32	57,652	27,620	60,513	28,782
Current Tax Liabilities	25	-	1,438	-	1,387
<b>Total Liabilities</b>		<b>1,276,770</b>	<b>955,301</b>	<b>1,277,035</b>	<b>955,431</b>
<b>Shareholders' Equity</b>					
Stated Capital	33i	100,000	100,000	100,000	100,000
Statutory Reserve Fund	33ii	89,173	43,168	89,173	43,168
Capital Surplus	33iii	21,048	15,440	20,650	15,131
Retained Earnings		52,177	36,843	57,421	40,532
Other Reserves	33iv	19,795	8,593	19,795	8,593
<b>Total Shareholders' Equity</b>		<b>281,193</b>	<b>204,044</b>	<b>287,039</b>	<b>207,424</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,558,963</b>	<b>1,159,345</b>	<b>1,564,074</b>	<b>1,162,855</b>
Net Assets Value per Share (Ghana Cedis per Share)		0.5147	0.3722	0.5235	0.3783



**Director**



**Director**

The Directors approved the financial statements on 26th February 2014

**CAL BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

*in thousands of Ghana Cedis*

**Attributable to Equity Holders**

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves		Total Equity
					Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2012	27,725	18,442	15,372	16,264	758	14,360	92,921
Net proceeds from private placement	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	49,517	(4,282)	-	45,303
<b>Balance at 31 December 2012</b>	<b>100,000</b>	<b>43,168</b>	<b>15,440</b>	<b>36,843</b>	<b>(3,524)</b>	<b>12,117</b>	<b>204,044</b>

Balance at 1 January 2013	100,000	43,168	15,440	36,843	(3,524)	12,117	204,044
Net proceeds from private placement	-	-	-	-	-	-	-
Transfer to/from reserves	-	46,005	-	(57,488)	-	11,482	-
Dividends paid to equity holders	-	-	-	(19,189)	-	-	(19,189)
Total comprehensive income for the year	-	-	5,608	92,010	(281)	-	97,338
<b>Balance at 31 December 2013</b>	<b>100,000</b>	<b>89,173</b>	<b>21,048</b>	<b>52,177</b>	<b>(3,805)</b>	<b>23,599</b>	<b>282,193</b>

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Retained Earnings	Other Reserves		Total Equity
					Fair Value Reserves	Regulatory Credit Risk Reserve	
Balance at 1 January 2012	27,725	18,442	9,836	17,233	758	14,360	88,354
Net proceeds from private placement	72,275	-	-	-	-	-	72,275
Transfer to/from Reserves	-	24,726	-	(22,483)	-	(2,243)	-
Change in Bank's shares held by subsidiaries	-	-	5,227	-	-	-	5,227
Dividends paid to equity holders	-	-	-	(5,934)	-	-	(5,934)
Total comprehensive income for the year	-	-	68	51,716	(4,282)	-	47,502
<b>Balance at 31 December 2012</b>	<b>100,000</b>	<b>43,168</b>	<b>15,131</b>	<b>40,532</b>	<b>(3,524)</b>	<b>12,117</b>	<b>207,424</b>

Balance at 1 January 2013	100,000	43,168	15,131	40,532	(3,524)	12,117	207,424
Net proceeds from private placement	-	-	-	-	-	-	-
Transfer to/from Reserves	-	46,005	-	(57,488)	-	11,482	-
Change in Bank's shares held by subsidiaries	-	-	(89)	-	-	-	(89)
Dividends paid to equity holders	-	-	-	(19,162)	-	-	(19,162)
Total comprehensive income for the year	-	-	5,608	93,539	(281)	-	98,866
<b>Balance at 31 December 2013</b>	<b>100,000</b>	<b>89,173</b>	<b>20,650</b>	<b>57,421</b>	<b>(3,805)</b>	<b>23,599</b>	<b>287,039</b>

**CAL BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

*in thousands of Ghana Cedis*

	The Bank		The Group	
	2013	2012	2013	2012
<b>Profit Before Tax for the Period</b>	<b>125,439</b>	<b>64,400</b>	<b>127,602</b>	<b>66,919</b>
<b>Adjustments for:</b>				
Depreciation and Amortisation	3,705	3,068	3,763	3,134
Impairment on Financial Assets	17,516	17,461	17,516	17,461
Profit on Disposal of non-current assets	(36)	(126)	(36)	(126)
Dividend Received	(900)	-	(50)	(20)
Other Employee Benefit Expenses	23	154	112	154
Change in Fair Value of Investment Securities	1	(3,383)	1	(3,383)
Accretion of Deferred Income	766	1,658	766	1,658
	<b>146,514</b>	<b>83,232</b>	<b>149,674</b>	<b>85,797</b>
Change in Government Securities	(37,093)	(86,814)	(37,085)	(86,291)
Change in Investments in Other Securities	-	-	(679)	(182)
Change in Investment in Subsidiaries	(900)	(10)	-	-
Change in Loans and Advances to Customers	(251,894)	(354,204)	(251,140)	(355,187)
Change in Other Assets	(369)	(3,273)	(143)	(4,168)
Change in Customer Deposits	91,572	132,306	92,543	108,951
Change in Amounts Due to Banks and Other Financial Institutions	(50,703)	67,440	(53,289)	62,940
Change in Accruals and Other Liabilities	29,571	22,919	31,180	23,091
Income Tax Paid	(32,548)	(16,034)	(33,384)	(16,409)
<b>Net Cash Flows From Operating Activities</b>	<b>(105,850)</b>	<b>(154,438)</b>	<b>(102,323)</b>	<b>(181,458)</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of Property, Plant and Equipment	(9,873)	(9,039)	(15,540)	(9,221)
Proceeds from Sale of Non-current Assets	40	126	40	126
Change in Treasury Shares	-	-	5,794	5,227
<b>Net Cash Used in Investing Activities</b>	<b>(9,832)</b>	<b>(8,913)</b>	<b>(9,705)</b>	<b>(3,868)</b>
<b>Cash Flow from Financing Activities</b>				
Dividend Income	900	-	50	20
Dividends Paid	(19,189)	(6,455)	(19,162)	(5,934)
Net Changes in Borrowings	252,006	38,055	252,006	38,055
Proceeds from Shares Issued	-	72,275	-	72,275
<b>Net Cash Flow from Financing Activities</b>	<b>233,717</b>	<b>103,875</b>	<b>232,895</b>	<b>104,416</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>118,035</b>	<b>(59,476)</b>	<b>120,866</b>	<b>(80,910)</b>
<b>Analysis of Changes in Cash and Cash Equivalents During the Year</b>				
Cash and Cash Equivalents at 1st January	119,786	179,262	121,702	202,612
Net Change in Cash and Cash Equivalents	118,035	(59,476)	120,866	(80,910)
<b>Cash and Cash Equivalents at 31st December</b>	<b>237,821</b>	<b>119,786</b>	<b>242,568</b>	<b>121,702</b>
<b>Analysis of Cash and Cash Equivalents During the Year</b>				
Cash and Balances with Bank of Ghana	121,972	86,976	121,972	86,976
Due from Banks and Other Financial Institutions	100,439	10,511	105,186	12,427
Items in Course of Collection from Other Banks	15,410	22,299	15,410	22,299
<b>Total Cash and Cash Equivalents</b>	<b>237,821</b>	<b>119,786</b>	<b>242,568</b>	<b>121,702</b>
<b>Operational cash flows from interest</b>				
Interest paid	96,709	60,367	96,300	60,242
Interest received	256,520	141,490	257,504	141,159