

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG).

REGULATORY QUANTITATIVE DISCLOSURES

	2018		2017	
	Bank	Group	Bank	Group
Capital Adequacy Ratio	21.8%	22.0%	21.1%	21.9%
Non – Performing Ratio	8.0%	8.0%	10.9%	10.9%
Liquid Ratio	104%	104%	125%	125%
Compliance with statutory liquidity requirement				
(i) Default in Statutory Liquidity	Nil	Nil	Nil	Nil
(ii) Default in Statutory Liquidity Sanction (GHc'000)	Nil	Nil	Nil	Nil

RISK MANAGEMENT FRAMEWORK

The Bank's dominant risks are: credit risk, liquidity risk, market risk and operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. There are in place the Risk Management and Audit sub-committees of the Board and an established Asset and Liability committee (ALCO) which are responsible for developing and monitoring risk management policies in their specified areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, 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 Bank, 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 process followed in risk management for the year ended 31 December, 2018 are consistent with those followed for the year ended 31 December, 2017.

SOCIAL RESPONSIBILITY

Amount spent on fulfilling social responsibility obligations was GHc0.48 million (2017: GHc0.78 million).

CHANGES IN ACCOUNTING POLICIES

The Group has adopted IFRS 9 and IFRS 15 from 1 January 2018.

A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition method chosen by the Group in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets;
- additional disclosures related to IFRS 9.
- additional disclosures related to IFRS 15.

Except for the changes above, the Group has consistently applied the accounting policies as set out in the annual report to all periods presented in these consolidated and separate financial statements.

CONTINGENCIES AND COMMITMENTS

Letters of Credit, Guarantees and Indemnities

	2018	2017
Letters of Credit	108,984	127,117
Guarantees and Indemnities	168,337	240,037
	277,321	367,154

The amount of unsecured contingencies and commitments in respect of these at 31 December 2018 was nil (2017: nil).

"The financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge."

The financial statements presented is an extract from the annual financial statements of the Bank for the year ended 31 December 2018. This information has been extracted directly from the annual financial statements which is available for inspection at the Bank's Head Office at 23 Independence Avenue, Accra.

REPORT OF THE DIRECTORS

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

The Board of Directors has the pleasure to submit this report of the company for the year ended 31 December 2018.

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 31 December
From which is deducted taxation of
giving a profit for the year after taxation of

	2018	2017
Profit for the year	222,906	218,863
From which is deducted taxation of	(69,690)	(65,965)
giving a profit for the year after taxation of	153,216	152,898
to which is added balance on retained earnings brought forward (excluding amounts transferred to Regulatory Reserves) of IFRS 9 transition adjustment	301,133	162,464
Transfer from regulatory credit risk reserve	(17,086)	-
	17,086	-
leaving a balance of	454,349	315,362
Transfer to stated capital	(300,000)	
Transfer from credit risk reserve	18,741	3,917
Tax charge on transfer to stated capital	(17,954)	
Less transfer to regulatory reserve	(81,470)	(18,146)
	73,666	301,133

to which is added balance on retained earnings brought forward (excluding amounts transferred to Regulatory Reserves) of IFRS 9 transition adjustment
Transfer from regulatory credit risk reserve

leaving a balance of

Transfer to stated capital
Transfer from credit risk reserve
Tax charge on transfer to stated capital
Less transfer to regulatory reserve

giving a cumulative amount available for distribution of

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.

Subsidiaries

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

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

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

CalTrustee 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 investments 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(5) of the Companies Act, 1963 (Act 179), KPMG will remain in office as auditors of the Group.

BY ORDER OF THE BOARD

Signed
Frank B. Adu Jnr.
Managing Director

Signed
Paarock A. Vanpercy
Chairman

Dated 27 February 2019



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

Opinion

The condensed consolidated and separate financial statements, which comprise the statements of financial position at 31 December 2018, and the statements of comprehensive income and cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of CalBank Limited for the year ended 31 December 2018.

In our opinion, the accompanying condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis described in the notes.

Condensed Consolidated and Separate Financial Statements

The condensed consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited consolidated and separate financial statements of CalBank Limited. Reading the condensed consolidated and separate financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our report thereon.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 27 February 2019. That report also includes the communication of 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 for the current period.

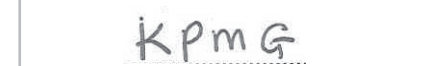
Directors' Responsibility for the Condensed Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the condensed consolidated and separate financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426)



For and on behalf of:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

27 February 2019