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years of service and
sustainable growth

2019
Annual Report

Forward Together

CalBank

VISION

Our Vision

The Bank's vision is to be a leading financial services group creating sustainable value for our stakeholders

Our Mission

We aspire to be a financial services group of preference through delivery of quality service, using innovative technology and skilled personnel to achieve sustainable growth and enhanced stakeholder value.

The CalBank Brand, with its tagline Forward Together, demonstrates the Bank's progressive and dynamic intentions, whilst at the same time taking both its staff and customers with them –

'we are together as one, for the future benefit of all'.

Forward – represents both the future direction of the business and the progressive manner in which it will deliver its offering and proposition.

Together – represents the whole and covers the customers, investors and staff, including the wider community to which the bank is responsible.

- **Values** – Responsible, Effective, Decisive (RED) .
- **Personality** – Smart, Friendly, Trusted

&

MISSION

Content Page

NOTICE OF ANNUAL GENERAL MEETING OF CALBANK LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CalBank Limited will be held at 10 a.m. on Wednesday, 6 May, 2020 at the main auditorium of the Accra International Conference Center, Castle Road, Accra to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the accounts of the Bank, and the reports of the directors and the external auditor thereon, for the year ended December 31, 2019

2. To re-elect to the Board of the Bank directors retiring by rotation

   a. Rosalind Kainyah
   b. Kofi Osafo-Maafo
   c. Nana Otuo Acheampong

3. To re-elect a director appointed to fill a casual vacancy on the Board

   - Mr. Kweku Baa Korsah

4. To declare a dividend.

5. To approve the remuneration of the directors

6. Authorise the directors to fix the fees of the external auditor

SPECIAL BUSINESS:

7. To approve the Purchase of Shares of the Bank

Dated this 6th day of February 2020

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 Ghana Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10a.m. on Monday, May 4, 2020.

FOUR-YEAR GROUP CONSOLIDATED FINANCIAL SUMMARY

	2019	2018	2017	2016
in thousands of Ghana Cedis				
Interest Income	912,409	773,270	668,128	557,631
Interest Expense	(394,303)	(351,641)	(317,096)	(306,317)
Net Interest Income	518,106	421,629	351,032	251,314
Commissions and fees	46,597	69,543	68,063	67,133
Other Operating Income	31,689	28,085	43,137	48,730
Operating Income	596,392	519,257	462,232	367,177
Operating Expenses	(267,386)	(229,616)	(188,422)	(150,883)
Net Impairment Loss on Financial Assets	(86,066)	(66,735)	(54,947)	(199,243)
Profit Before Income Tax	242,940	222,906	218,863	17,051
Income Tax Expense	(69,527)	(69,690)	(65,965)	(6,843)
Profit after Taxation	173,413	153,216	152,898	10,208
Total assets	7,048,498	5,419,299	4,223,138	3,618,858
Total Deposits	3,858,984	3,150,053	2,497,623	2,375,194
Loans and Advances	2,920,026	2,422,952	1,853,674	1,966,394
Total Shareholders' Equity	974,787	779,445	672,070	519,503
Earnings per share (Ghana Cedis per share)	0.2772	0.2449	0.2793	0.0187
Dividends per share (Ghana Cedis per share)	0.0480	0.0000	0.0000	0.0000
Number of Shares ('000)	626,585	626,585	548,262	548,262
Return on Assets	2.5%	2.8%	3.6%	0.3%
Return on Equity	17.8%	19.7%	22.8%	2.0%
Capital Adequacy Ratio	22.7%	16.7%	21.9%	19.3%
Cost-to-Income Ratio	44.8%	44.2%	40.8%	41.1%

CORPORATE INFORMATION

BOARD OF DIRECTORS	Paarock Asuman VanPercy **(Chairman)** Philip Owiredu **(Managing Director)** (appointed 1/1/2020) Helen Nankani Nana Otuo Acheampong Rosalind Nana Emela Kainyah Kofi Osafo-Maafo Kweku Baa Korsah (appointed 8/5/2019) Joe Rexford Mensah (appointed 1/1/2020) Ben Gustave Barth (appointed 1/1/2020) Solomon Asamoah (appointed 1/1/2020) Richard Arkutu (appointed 1/1/2020) Frank B. Adu Jnr. (Retired 31/12/2019) Malcolmn Dermott Pryor (Retired 31/12/2019) Dr. Kobina Quansah (Retired 31/12/2019)
SECRETARY	Veritas Advisors Limited Acquah Place 68 Mahogany Crescent Akufo-Addo Residential Area P.O. Box CT 9376, Cantonments. Accra Ghana
SOLICITOR	Reindorf Chambers 61 Jones Nelson Road Adabraka P. O. Box 821 Accra Ghana
AUDITOR	KPMG Marlin House 13 Yiyiwa Drive Abelenkpe P.O. Box GP 242 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 VanPercy
(Chairman)
age 59

Mr. Philip Owiredu
(Managing Director)
age 53

Mrs. Helen Nankani
(Non-Executive Director)
age 73

Nana Otuo Acheampong
(Non-Executive Director)
age 70

Mr. VanPercy, is an Investment Banker. He was appointed to CalBank Board on 9th December 1999. He is a Chartered Accountant by training and is a Fellow of the Institute of Chartered Accountants, England & Wales. He is the Chairman of CalAsset 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. Owiredu, is the Managing Director of CAL Bank, a position he assumed from 1st January 2020. He has worked with the Bank for fifteen years holding various positions including Financial Controller and General Manager of the Bank. Prior to assuming his current role, he was the Chief Financial Officer/Executive Director of the Bank for nine years. During his tenure at the Bank he has been responsible for various aspects of the Bank's business, including having oversight responsibilities for all financial and management accounting support and compliance with legal and regulatory requirements amongst others. Mr. Owiredu joined the Bank in December 2004 from KPMG where he left as a Senior Manager after eight years. He had responsibility for managing various audit assignments. He is a fellow of the Association of Chartered Certified Accountants (UK).

Mrs. Nankani, is a retired Senior Economist who worked with the World Bank for 22 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 4 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. She studied at the University of Ghana, Legon, and at Harvard University, Cambridge, Massachusetts.

Nana Otuo Acheampong, is currently a Banking Consultant and a former Executive Head of the Osei Tutu II Centre for Executive Education & Research in Ghana. He was a Senior Lecturer in Finance at the University of Portsmouth in the UK for over a decade and half before returning to Ghana in 2004. He headed the Faculty of Financial Reporting & Investment Banking at the National Banking College. He now leads the First Module of the Bank of Ghana's Corporate Governance Certification programme for the Boards of Directors for Banks, Savings and Loans Companies, Finance Houses and Financial Holding Companies under the auspices of the National Banking College . He was the Chairman of the Award Planning Board of the Ghana Banking Awards until 2016. He has extensive theoretical and practical knowledge and experience in banking, finance and management. He holds an MSc in Accounting & Management Science from the University of Southampton & a postgraduate diploma in Management as well as an Accounting degree from University of Northumbria at Newcastle. He chairs the Board for the Health Facilities Regulatory Agency.

Ms. Rosalind Kainyah
(Non-Executive Director)
age 62

Mr. Kofi Osafo-Maafo
(Non-Executive Director)
age 50

Mr. Kweku Baa Korsah
(Non-Executive Director)
age 59

Joe Rexford Mensah
(Non-Executive Director)
age 65

Ms. Rosalind Kainyah MBE, is the Founder and Managing Director of Kina Advisory Limited. She is a trusted advisor to global companies on responsible business investment and partnerships in Africa, with decades of experience in corporate and environmental law, government relations, political risk management and sustainability. Rosalind was a corporate lawyer at the international law firm, Linklaters and went on to hold executive positions at De Beers and Tullow Oil plc. She is Vice Chairperson of the Africa Gifted Foundation; Founding President of the Ghana chapter of International Women's Forum; and on the Advisory Boards of The Boardroom Africa and Invest in Africa. Rosalind has been a Non-Executive Director of the Norwegian oil company, Aker Energy and of GEMS Africa. She holds a BA from the University of Ghana and an LLM from University College, University of London. She was called to the Bar of England and Wales (Gray's Inn) in 1988 and is a member of the Chartered Institute of Arbitrators. In 2014 Rosalind was awarded an MBE for services to CSR for the benefit of youth in Africa.

Mr. Kofi Osafo-Maafo, is the Deputy Director General, Investments & Development at Social Security & National Insurance Trust (SSNIT) of Ghana. He is a senior investment professional with 22 years' experience in the UK investment management and investment banking Industry. Kofi has held senior positions at Pictet Asset Management, Unicredit Bank and HSBC Global Asset Management. He has experience across a wide range of sectors including Oil & Gas, Mining, Building & Construction and Agriculture and Chemicals, covering transactions across Europe, North America, and Global Emerging Markets including Africa. Kofi holds an MA (International Business & Finance) from University of Reading (UK) and a BSc (Economics) from Queen Mary's College, University of London.

Mr. Kweku Baa Korsah is a Strategy and Technology consultant who currently works as a Managing Director for BC Payments Ltd a Fintech in the payments industry. Before then he was the Managing Director for Bluechain Africa Ltd. developers of the payment technology being rolled out by BC Payments Ltd in Ghana. He also worked with JMR Infotech Ghana Ltd as the Chief Executive Officer. Mr Korsah was the Chief Operating Officer (COO) for Ghana interbank Payment and Settlement Systems Ltd (GhiPSS), he worked as an Internet Marketing Consultant with WSI-Applied Technology and before then was a Partner with KPMG. He is a fellow of the Chartered Institute of Management Accountants, (FCMA), and is a Chartered Global Management Accountant (CGMA). He has an MSc. In Business Systems Analysis and Design from City University, London, UK.

Joe Rexford Mensah is a corporate banker with over 35 years' experience in banking both in Ghana and Europe. He was the CEO for Ghana International bank PLC in London for 14 years where he created a culture based on performance, efficiency and engagement that placed the Bank on a growth trajectory to become the leading Sub Saharan Bank in the City of London. Prior to this he was the General Manager of Ghana International Bank for over 4 years. Mr Mensah worked as Head of International Banking at the then Trust Bank Ghana and also at the Agricultural Development bank where he introduced the Western Union Service to Ghana for the first time. He holds a Master's degree in Banking and Finance and a Bachelor's Degree in Business Administration. He is a Fellow of the Institute of Directors (UK).

Mr. Ben Gustave Barth
(Non-Executive Director)
age 45

Mr. Solomon Asamoah
(Non-Executive Director)
age 56

Mr. Richard Arkutu
(Non-Executive Director)
age 47

Mr. Jojo Acquah
Company Secretary
Veritas Advisors Limited

Mr. Ben Gustave Barth is a seasoned, multidisciplinary finance and consulting executive with 18 years proven track record in analyzing and assessing risk of investment portfolios and in structuring transactions. At the moment, he is the Managing Director for Axcero Advisors. Prior to this, he was a senior partner with The Highland Group, Accra, and Lagos. He also served as the COO and VP Finance with Chester Engineers Africa Inc., Accra, Lagos, and Pittsburgh (USA). Mr. Barth was the Director of Business Development at Jonah Capital Limited. He also worked with Stanbic Bank Ghana Limited as the regional Operations Head. Prior to this, he worked with Ecobank Ghana and Citibank N.A, New York, USA. Mr. Barth has a Master's degree from Harvard Business School, Boston, MA, USA and a first degree in Business Administration from the University of Ghana, Legon.

Mr. Solomon Asamoah has over 25 years of experience in transactions and has personally led over US$4billion in transactions across the African continent. In his current role as CEO of the Ghana Infrastructure Investment Fund (GIIF), he oversees origination, structuring and investment into infrastructure-related projects across Ghana. Prior to this role he held a number of notable positions including Vice President for Infrastructure, Private Sector and Regional Integration at the AfDB; Deputy CEO and Chief Investment Officer of the Africa Finance Corporation (AFC); Vice President for Private Sector and International Investments at the Development Bank of Southern Africa (DBSA), and Special Assistant to the CEO of the International Finance Corporation (IFC) and Managing Director of the World Bank. Prior to this, Mr. Asamoah was an investment banker in the City of London with HSBC Markets. He has a Master's degree in Chemical Engineering from Imperial College in London.

Mr. Richard Arkutu is a finance professional. He worked with the International Finance Corporation (IFC), a member of the World Bank Group for 14 years in Infrastructure Development. Prior to this, Mr. Arkutu was the Vice President of Citibank, Sub-Saharan Africa Corporate Finance and Investment Banking Department, based in Nairobi and Lagos over a 4 year period. Mr. Arkutu worked as a Senior Financial Analyst for Ashanti Goldfields Company Limited in their Corporate Finance & Treasury Department for two and a half years focused on project financing of new mines. He has a Master's degree from McGill University, Montreal, Quebec, Canada as well as a first degree in Business Economics from Vesalius College, Vrije Universiteit, Brussels, Belgium.

CHAIRMAN'S REPORT

Introduction

Distinguished Ladies and Gentlemen, on behalf of the Board of Directors, it is my pleasure to welcome you to the Annual General Meeting of CalBank Limited for the year ended 31st December 2019.

The year 2019 witnessed some upheaval in the banking and financial services sector following a cleanup exercise by the Bank of Ghana of what were deemed to be weak banks, savings and loans and microfinance companies. It was also a year in which we had to consolidate our position in the banking sector after the various regulatory reforms were introduced and also had to achieve our minimum capital requirement. Despite the seeming turmoil arising from these reforms, your Bank continued to maintain a healthy balance sheet and improved profitability for the year under review.

Economic Review

The Ghanaian economy expanded significantly in the first quarter of 2019, but the momentum moderated in the last two quarters, driven by a slowdown in Industrial output.

Provisional estimates indicate that the domestic economic performance as measured by growth in Gross Domestic Product is estimated at 7.1% for 2019 compared to 6.8% for full year 2018.

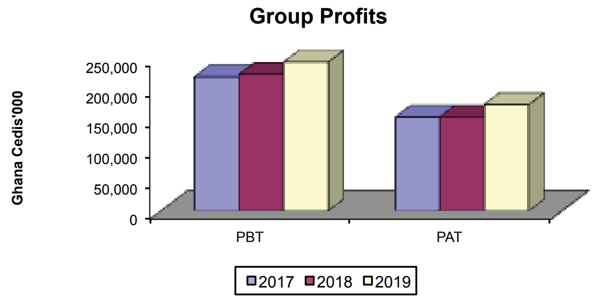
Inflation remained largely subdued dropping from 9% at the beginning of year to 7.9% in December 2019. As a result, the Monetary Policy Committee of the Bank of Ghana maintained a policy rate of 16% throughout the year as in its view, risks to inflation outlook were broadly balanced and inflation was set to remain within the target band.

The result was that yields on Government Treasury securities remained fairly stable across the yield curve. At the end of December 2019, the 91-day Treasury bill rate increased marginally to 14.69% from 14.59% a year before. That notwithstanding, the local currency experienced a fairly significant depreciation of 12.9% against the United States Dollar, 11.2% against the Euro and 15.8% against the British Pound.

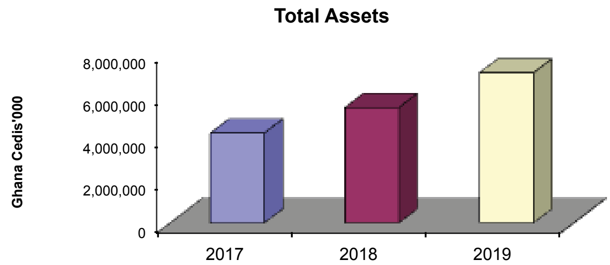
Chairman's Report (Continued)

Financial Review

Ladies and Gentlemen, I am pleased to inform you that in spite of the increased competitiveness in the industry, we were able to leverage on our strong local brand and the loyalty of our valued customers to improve on our profitability. The group recorded a profit after tax of GHS174.3 million, an increase of 13.2% over the prior year's profit of GHS153.2 million.



The Group's total assets increased by 30.0% from GHS5.4 billion to GHS7.0 billion. This increase is well aligned with the growth and financing strategy the Group has been pursuing over the past few years.



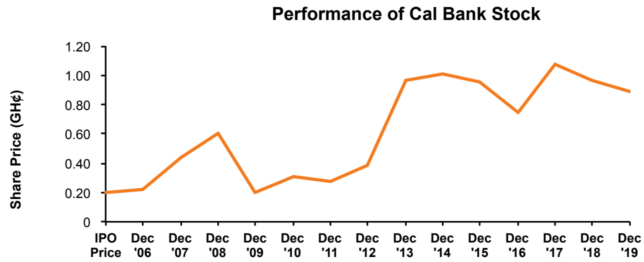
Share Price Performance

The share price experienced a lot of volatility during the year with a price GHS0.98 at the beginning of the year, a high of GHS1.04 during the year but declining to GHS0.89 at the end of the year. This however was not peculiar to the CalBank stock but was experienced across various stocks with the financial stocks being significantly affected.

We are optimistic that as we continue to create value for the Bank, shareholders will be rewarded with significant positive movement in the value of the share price in the years ahead.

Capitalisation

At the end of year, the Bank continued to maintain a strong capital position with a minimum paid-up capital of GHS400 million as required by regulation and a capital adequacy ratio of 22.7%, which is above the statutory minimum limit of 13%.



Dividend

The Board remains committed to shareholder value creation and will continue to ensure the generation of adequate returns to our shareholders. In the past couple of years, shareholders have supported the Board with the re-investment of returns into the business by way of boosting the balance sheet for bigger and more profitable transactions. The Board feels much obliged for this support whilst still appreciating the importance of cash dividend to our shareholders, and have the pleasure in recommending a dividend of GHS0.089 per each ordinary share for the financial year 2019.

Corporate Governance

Sound and effective corporate governance is essential for the long-term success of the Bank. The Board therefore remains committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the Bank and its shareholders. The CalBank Board charter establishes the framework through which our responsibilities are executed and serve as the basis for evaluating our performance.

In the course of the year, members of the Board were taken through various training modules of Corporate Governance for a considerable amount of time by both internal and external resource persons. The Board shall at all times ensure the Bank is complaint with any corporate governance directives issued by our regulators and be guided by these in the attainment of the Bank's corporate mission.

Changes in the Board of Directors

Over the past decade, you have supported the Bank with a group of dedicated people of diverse backgrounds and expertise to serve on the Board of the Bank.

During the year, the Managing Director, Mr. Frank B. Adu Jnr. and two Non-Executive Directors Mr. Malcolmn Pryor and Dr. Kobina Quansah retired as directors of the Bank after years of meritorious service ranging between eleven and twenty- nine years. I am sure you join me in thanking them for their immense contribution to the development of your Bank during their tenure.

Distinguished Ladies and Gentlemen, I am delighted to inform you that your Board, with the approval of Bank of Ghana, appointed Mr. Philip Owiredu to take up the role of Managing Director effective 1st January 2020. Mr. Kweku Baa Korsah was also nominated by the Board and approved by the Central Bank to join your Board during the year. Also, at the Extraordinary General Meeting of shareholders held on 5th December 2019, Mr. Joe Rexford Mensah, Mr. Richard Arkutu, Mr. Ben Gustave Barth and Mr. Solomon Asamoah were approved by shareholders to join the Board, after they had been vetted and approved by the Bank of Ghana.

Please join me in welcoming them to the Board as we look forward to harnessing their various experiences to support the growth and development of the bank.

Outlook

The 2019 economic indicators showed that the economy still has fiscal challenges as projected revenues were not being achieved and therefore a widening of the fiscal deficit. However, the 2020 Budget as presented provides a medium-term direction on consolidating some of the macro-economic gains made in the last three years to serve as a propeller in driving economic transformation in the coming years.

The future for the sector and the Bank in particular looks bright. A consequence of the financial sector reforms and cleanup is the renewed confidence of members of the public in the banking sector. This Is buoyed by the introduction of a deposit insurance scheme to safeguard depositors' funds. We expect all this to translate into positive gains for the for Bank as we have positioned ourselves to take advantage of these gains. Coupled with this, the recent changes in Management and a reinvigorated Board should help drive our new strategic initiatives. Altogether, the Bank has a robust base on which to anchor our drive to enhance stakeholder value in the years ahead. This will be achieved through strict cost discipline and enhanced risk management.

Chairman's Report (Continued)

This year, 2020, presents yet another milestone as the country goes into its eighth presidential and parliamentary elections and I am confident that our political stability and democratic credentials would be further enhanced by the maturity we continue to show in how we conduct our elections.

Conclusion

On behalf of the Board I wish to express our sincere appreciation to our valued customers, shareholders and regulators for your business, unwavering support, encouragement and guidance in the past year.

My gratitude also goes to my colleague Board members for the assiduous efforts and dedication that has brought us this far. I am glad to have served with you all.

Finally, I would like to thank management and staff of the Bank for your contribution to the growth and overall achievements in 2019. Ladies and Gentlemen, I thank you all for your kind attention and I am confident we will continue to deliver strong and consistent performance as reward for placing your trust in us.

Paarock VanPercy
Chairman

MANAGING DIRECTOR'S REPORT

Be sure to put your feet in the right place, then stand firm"
Abraham Lincoln

Introduction

Dear shareholders, I am pleased to present to you my report on the performance of your Bank for the year 2019, a year that still experienced further regulatory reforms especially within the downstream financial sector, however it also consolidated the gains from the reforms in prior years.

Your Bank continues to remain robust and is fast embracing all the opportunities the emerging financial technology industry presents as we fast track our digitization agenda. I am pleased to announce that your Bank was able to report improved financial and operational results for the year ended 2019.

Globally, economic growth has witnessed significant slowdown than expected. Emerging and developing economy growth has largely been constrained by sluggish investments, and risks continue to shift to the downside. These risks include rising trade barriers and higher-than-expected slowdowns in several major economies. In the midst of increasing geopolitical tensions among developed economies (US and China), developing markets continue to face the most daunting challenges because of their unique fragilities.

Ladies and Gentlemen, in the face of significant headwinds, amidst tight monetary and fiscal policy regime, the Ghanaian economy remained resilient in 2019. As of December 2019, the country's provisional fiscal deficit was at 4.8% of GDP, widening from a deficit of 3.9% of GDP for the year end 2018. This was largely due to lower than expected revenue which was 10.1% short of target, albeit showing an 11.2% growth year-on-year even though expenditure was 8.4% lower than budget.

Headline inflation, remained largely controlled in 2019, trending downwards from 9% in January 2019 to close the year at 7.9%. The Monetary Policy Committee of the Central Bank kept its benchmark policy rate unchanged at 16% for the rest of the year after cutting it by 100bps in January 2019.

Interest rates witnessed marginal increases across the maturity spectrum mostly on the back of negative investor sentiments about global economic outlook and the impact on the Ghanaian economy. The Cedi continued to depreciate against the major trading currencies, depreciating against the US Dollar by 12.9% by the end of the year.

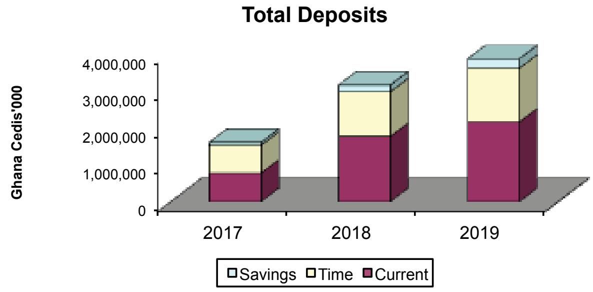
Managing Director's Report (Continued)

During the year we remained resolute to confront the risks we faced to deliver on our mandate of adding long -term sustainable value to our shareholders.

Financial Performance

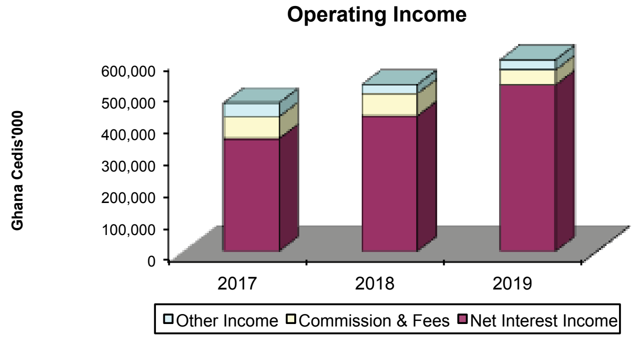
The Bank continues to make stable progress even under conditions which are not very flourishing. Our balance sheet remains robust, liquid and well-funded, the Bank continues to remain solvent and well capitalised.

The Group's balance sheet size grew by 30.0% during the period from GHS5.4 billion to GHS7.0 billion in line with increases in customer deposits and borrowings which went up by 19.8% and 53.7% respectively.



The Bank's profit before tax was GHS241.9 million compared to GHS230.3 million recorded in 2018. Similarly, the Bank's profit after tax increased by 7% to GHS174.3 from GHS162.9.

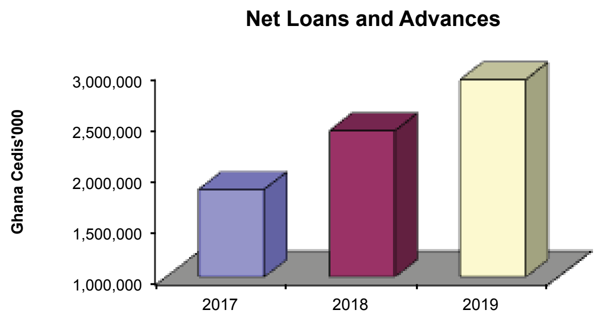
Over the past decade, our strategy to balance our financing mix with more long -term debt continue to yield sound benefit to the Bank.



During the period under review, we signed agreements with African Trade Finance, Agence Française De Developpement, Overseas Private Investment Corporation and CitiBank totaling USD228 million including a grant component to support our clients who are into renewable energy and energy efficient projects.

Again, during the period under review, gross loans increased by 19.9% to GHS3.1 billion, from the 2018 end year value of GHS2.6 billion. The growth rate is a decrease compared to the prior year growth rate of 26.6%, prevailing market conditions and our loan growth strategy required we gradually de-risk our loan portfolio to improve the health of the balance sheet. The recognition of some construction sector loans as non-performing, resulted in an increase in our non-performing loans ratio to 9.9% as compared to the prior year ratio of 8%.

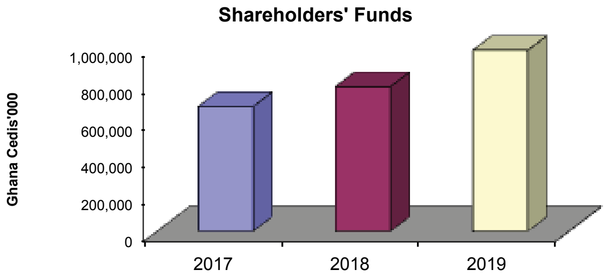
Your Bank's total shareholders' equity increased by 26% to GHS960.9 million from GHS764.6 million the previous year. The Bank's capital adequacy ratio increased to 22.7% at the end of the year from 16.5% the previous year after the implementation of capital requirement directive from Bank of Ghana, which is higher than the regulatory minimum limit of 13%.



Managing Director's Report (Continued)

Operational Performance

The year 2019 was yet another remarkable period of improved operational outturn. We continued with our strategy of building a digital bank, with the introduction of various e-product and process initiatives. We commenced our agent banking channel in the course of the year, immediately deploying the product to the four regions in which we are present, signing on 149 agents with 24,783 customers by the end of the review year.



Our women banking offering has also gained momentum in the market, disbursing over GHS24 million loans to women in various sectors such as trade, commerce and agro-processing.

Our bond trading activity also commenced during the year, we realised appreciable revenue and market share from this activity albeit it being our first year into this activity.

We continue to enhance and upgrade our risk management systems and processes, in pursuit of this we continued to address all improvement logs pertaining to PCI-DSS and ISO27001 to ensure we obtain recertification when due. We have to a large extent complied with the directives that are due to be complied with under the Cyber Security Directives of the Bank of Ghana and will continue to ensure full compliance as and when they fall due.

Regulation

The Bank of Ghana in August 2019 revoked the licenses of over 400 Non-Bank and Micro Finance Institutions, which were deemed insolvent, bringing the financial sector reforms to an end.

The above coupled with other reforms to the fund management and other related financial services sectors, although initially was challenging, has resulted in an improvement in the stability of the banking and financial services sectors, it is expected that this will continue.

The Ghana Deposit Protection Scheme was established by promulgation of the Ghana Deposit Protection Act, 2016, Act 931 as amended by the Ghana Deposit Protection (Amendment) Act, 2018, (Act 968) which became operational in September 2019. The Act requires all banks and specialized deposit-taking institutions licensed by the Bank of Ghana to be members of the scheme of which your bank has complied and have started contributing to the scheme.

The Ghana Companies Act, 2019 (Act 992) has been assented into law to replace the Companies Act, 1963 (Act 179). Among others, the key changes include Creation of the Office of the Registrar of Companies, Qualifications for Company Secretaries etc.

We have fully implemented IFRS 16, which relates to leases, as promulgated by the International Accounting Standards Board (IASB) to address the grey areas of substance over form in Lease accounting under IAS 17. We have fully implemented the provisions of this standard in the 2019 financial statements.

Corporate Social Responsibility

Over the past decade, corporate social responsibility (CSR) remained vitally important to who we are as a Bank. The Bank's CSR activities continues to be deeply rooted in Education, Healthcare, Sports Development and Culture guided by our commitment to the highest standard of corporate citizenship.

Managing Director's Report (Continued)

During the year, we continued with our annual "time with the needy child" project, an initiative which the Bank through the efforts of employees offer help with the upkeep of children in deprived communities. Also, we kept to our long-standing tradition of providing support and hope to brilliant but needy students in tertiary institutions by the award of scholarships to cover their tuition and other educational needs.

The bank also donated newborn care equipment to the Neotenal Intensive Care Unit (NICU) of the St. Martins De Porres Hospital at Eikwe in the Western Region of Ghana as part of our "new care project" initiative that seeks to help mitigate infant mortality in Ghana.
To mark the ninth anniversary of our sponsorship of the National Beach Soccer, a new package was unveiled to include sponsorship for the development of a Domestic National Super League.

In pursue of our commitment to sustainable Banking, we sign up to the Sustainable Banking Principles and guidance notes put in place by the Central Bank.

Subsidiaries

Our subsidiaries continue to contribute significantly to the growth of the group. CalAsset Management Limited contributed a total of GHS3.7million to the Group's profitability, representing 2.7% of the group's profit after tax in 2019. Funds under management by the company increased to GHS1.1 billion from GHS908.2 million the previous year, an increase of 28.2%.

CalNominees Limited continues to manage our custody offering. Assets under custody increased to GHS1.8 billion from GHS1.5 billion at the end of the previous year having scaled up its clientele base during the year.

In the course of the year, the bank took a strategic business decision to voluntarily exit the securities market. Pursuant to section 7&8 of the GSE Membership Rules, the Ghana Stock Exchange approved the resignation of CalBrokers Limited on 13 December 2019. We are undergoing the necessary regulatory processes to finally exit the market.

Conclusion

The year 2020 commemorates thirty years of our existence as a Bank, it commences the journey to consolidate the gains made in the last decade. The agenda to transform our banking offering and processes is being pursued strongly, we are committed to building a Bank that would serve the needs of all and make a meaningful impact on the society and stakeholders whom we serve. We are mindful of the task ahead, but confident that we have the personnel, the systems and the processes to deliver improved operational results in the coming years.

On behalf of management, I would like to thank our Board for their leadership and oversight, our customers for their business and our staff for their commitment to make CalBank a strong institution.

Thank you.

Philip Owiredu
Managing Director

REPORT OF THE DIRECTORS
TO THE MEMBERS OF CALBANK LIMITED

The Board of Directors has the pleasure to submit this report of the Bank and Group for the year ended 31 December 2019.

Statement of Directors Responsibilities

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of CalBank Ltd, comprising the statements of financial position at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Bank Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Bank and its subsidiaries ("the Group") to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead except for CalBrokers Ltd that resigned from the Ghana stock Exchange on 13 December 2019 .

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

n thousands of Ghana Cedis	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Financial Statement				
Profit for the year ended 31 December	241,951	242,940	230,353	222,906
From which is deducted taxation of	(67,666)	(69,527)	(67,413)	(69,690)
giving a profit for the year after taxation of	**174,285**	**173,413**	**162,940**	**153,216**
to which is added balance on retained earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	58,140	73,666	275,883	301,133
IFRS 9 transition adjustment	-	-	(17,086)	(17,086)
Transfer from regulatory credit risk reserve	-	-	17,086	17,086
leaving a balance of	**232,425**	**247,079**	**438,823**	**454,349**
Transfer to stated capital	-	-	(300,000)	(300,000)
Transfer from credit risk reserve	16,042	16,042	18,741	18,741
Tax charge on transfer to stated capital	-	-	(17,954)	(17,954)
Less transfer to regulatory statutory reserve	(43,571)	(43,571)	(81,470)	(81,470)
giving a cummulative amount available for distribution of	204,896	219,550	58,140	73,666
less dividend paid	(30,077)	(30,077)	-	-
leaving a balance on retained earnings carried forward of	**174,819**	**189,473**	**58,140**	**73,666**

Report Of The Directors (Continued)

Nature of Business

The nature of business of the Group is as follows:

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

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 38 of the Annual Report

Retirement and Re-Election of Directors

The following directors of the company, Ms. Rosalind Nana Emela Kainyah, Mr. Kofi Osafo-Maafo and Nana Otuo Acheampong will retire in accordance with section 325(a) of the Companies Act, 2019 (Act 992) and Regulation 78(b) of the Regulations of the company.

Ms. Rosalind Nana Emela Kainyah, Mr. Kofi Osafo-Maafo and Nana Otuo Acheampong, 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

CalAsset Management Company Limited, a company incorporated in Ghana and licensed to manage assets by the Securities and Exchange
Commission.

CalBank Nominees 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 funds on behalf of beneficial owners as per guidelines set out by National Pension Regulatory Authority (NPRA)

CalBrokers Limited, a company incorporated in Ghana as a securities broker and a licensed dealing member of the Ghana Stock Exchange. CalBrokers Limited resigned from the Ghana Stock Exchange on 13th December 2019.

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

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

Corporate social responsibility and code of ethics

A total of GHS708,000 (2018: GHS482,000) was spent under the Group's or Company's social responsibility programme with key focus on education, health, financial inclusion and others.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board. During the year the Directors engaged in programmes covering; Corporate Governance in Perspective, Regulatory Response to Corporate Governance Challenges in Banks and Financial Institutions and the Balance Sheet Framework for Board of Directors.

Auditors and Audit fees

In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), KPMG will remain in office as auditors for the group. As at 31 December 2019, the amount payable in respect of audit fees was GHS300,000.

Going Concern

The Board of Directors have made an assessment of the Group'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 Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Dividend

The Directors recommend the payment of a dividend of 0.089 (2018: GHS0.048) per share to be paid to members.

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 Group over the past year.

Approval of the report of the directors

The report of the directors of CalBank Limited, was approved by the board of directors on 26 February 2020 and signed on their behalf by

Philip Owiredu	**Paarock A. VanPercy**
Director	Director

CORPORATE GOVERNANCE STATEMENT

Introduction

The CalBank Group is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of all stakeholders by ensuring that its policies and practices reflect high standards of corporate governance practices based on fairness, transparency and accountability. We remain committed to the continual strengthening of governance within the Group, reflecting our efforts toward building a sustainable business in accordance with our long-term strategic objectives.

CalBank Limited (the "Bank"), which is the parent company of the Group, has CalBrokers Limited (Resigned from the GSE), CAL Asset Management Limited, CalBank Nominee Limited and CalTrustee Company Limited as subsidiaries, each subsidiary company having an independent Board of Directors.

Compliance and Regulations

Compliance with applicable legislation, regulations, standards and codes remains an essential characteristic of the Group's culture. The Board of Directors of the Bank 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.

The Board

The Board of Directors of the Bank (the "Board") is the ultimate decision-making body for the Group. It has overall responsibility for management of the business and affairs of the Group, the establishment of Group strategy and the allocation and raising of resources and is accountable to shareholders for financial and operational performance. The Board provides effective leadership, considers strategic issues, ensures the Group manages risk effectively through approving and monitoring the Group's risk appetite and exercises judgement in guiding management to achieve growth and deliver long-term, sustainable shareholder value.

The Board of Directors is currently made up of ten non-executive directors and one executive director. The Group is committed to ensuring that the composition of the Board continues to include Directors who bring an appropriate mix of skills, experience and diversity to Board decision-making in both current and emerging issues.

The roles of the Board Chairman and Managing Director are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all executive and non-executive directors. The Managing Director has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. Responsibility for the development of policy and strategy and operational management is delegated to the Managing Director.

All directors participate in discussing strategy, performance, financial and risk management issues of the Group, and meetings of the Board are structured to allow sufficient time for the consideration of all agenda items through constructive deliberations.

In addition to its statutory responsibilities, as enshrined under the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and the Constitution of the Bank, the Board is also guided by a voluntary Board Charter adopted by the Bank, which sets out in further detail the individual duties and responsibilities of the Chairman and members of the Board, the Company Secretary and the Board as a whole.

There is regular interaction between the Board and executive management. The Board holds scheduled meetings in closed sessions and employees are invited, as required, to make presentations to the Board on material issues under consideration. Directors are also provided with unrestricted access to management and company information, as well as resources required to carry out their responsibilities.

Meetings of the Board are held quarterly, with an additional meeting to consider Group strategy. Additional meetings are convened if necessary. All Directors are provided with comprehensive Board meeting documentation at least one week prior to each scheduled meeting.

In 2019, 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	6/6	1/4	4/4	n/a
Philip Owiredu	5/6	n/a	n/a	n/a
Helen Nankani	6/6	4/4	4/4	2/2
Nana Otuo Acheampong	6/6	4/4	4/4	n/a
Rosalind Kainyah	5/6	n/a	4/4	2/2
Kofi Osafo-Maafo	5/6	3/4	4/4	2/2
Kweku Baa Korsah (appointed 8/5/2019)	3/6	n/a	n/a	n/a
Joe Rexford Mensah (appointed 1/1/2020)	n/a	n/a	n/a	n/a
Ben Gustave Barth (appointed 1/1/2020)	n/a	n/a	n/a	n/a
Solomon Asamoah (appointed 1/1/2020)	n/a	n/a	n/a	n/a
Richard Arkutu (appointed 1/1/2020)	n/a	n/a	n/a	n/a
Frank B. Adu, Jnr. (retired 31/12/2019)	6/6	n/a	4/4	2/2
Malcolmn Pryor (retired 31/12/2019)	6/6	3/4	4/4	2/2
Kobina Quansah (retired 31/12/2019)	6/6	4/4	4/4	2/2

*n/a- not applicable

Board effectiveness review

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

As outlined in the Board Charter and in accordance with good corporate governance principles, the Board has instituted committees in the areas of Audit, Risk Management, Credit, Cyber and Information Security and Governance and Compensation, to assist with the execution of the various responsibilities of the Board.

Audit Committee

The Audit Committee, which is made up of five non-executive directors, is chaired by Nana Otuo Acheampong. Members include Mrs. Helen Nankani, Mr. Kofi Osafo-Maafo, Mr. Kweku B. Korsah and Mr. Solomon Asamoah, the last two having replaced Mr. Malcomn Pryor and Dr. Kobina Quansah, who resigned as directors of the Bank at the end of the year. Pursuant to regulatory requirements, Mr. Paarock VanPercy, the Board Chairman, stepped down from the Audit Committee during the year but continues to serve on the Risk Management Committee.

The Audit Committee provides reasonable assurance that the Bank is compliant with relevant laws and regulations, is conducting its affairs ethically and is maintaining effective control over employee conflicts of interest and fraud. The Committee is also responsible for providing assurance that financial disclosures made by management reasonably reflect the Bank's financial position, operating results, plans and long-term commitments. The Committee, which meets quarterly, provides a formal report to the Board at each quarterly meeting of the Board.

Corporate Governance Statement (Continued)

The Internal Auditor of the Bank reports directly to the Audit Committee and sits in all meetings of the Committee.

During the review period, the Audit Committee considered and discussed reports on control environment weaknesses, their root causes, management responses and remediation actions.

External Auditor

The Audit Committee exercised oversight over the work undertaken by the external auditor, KPMG. During the year, the Committee met with the external audit team, including the lead audit partner, to enable Committee members gain greater insight into the challenges faced in the Group's markets from an external audit perspective. The Committee discussed with KPMG the business and financial risks and sought assurances that these risks had been properly addressed in the audit strategy and plan that had been reviewed by the Committee. The Committee is satisfied that KPMG has allocated sufficient experienced resources to address identified risks.

The Committee also scrutinized the audit process, the quality and experience of the audit partner, and the audit plan which provided details of the number of years KPMG partners and senior team members have been involved in similar audits. KPMG's lead audit partner for CalBank has experience in auditing banks and understands the markets in which the Group operates.

During the review period, the Bank continued the engagement of KPMG to support its Basel II/III implementation.

Risk Management Committee

The Risk Management Committee which is made up of six non-executive directors and one executive director is chaired by Mr. Ben Barth with the following directors as members: Mr. Kofi Osafo-Maafo, Ms. Rosalind Kainyah, Mr. Richard Arkutu, Mrs. Helen Nankani, Mr. Joe Rexford Mensah and Mr. Philip Owiredu as an ex-officio member. Mr. Frank B. Adu, Jnr., Dr. Kobina Quansah and Mr. Malcolmn D. Pryor resigned as members of the Committee upon their retirements from the Board.

The Committee, which meets and reports to the Board quarterly, has oversight responsibility for various risks associated with the business of the Bank including credit, market and operational risks.

The Committee's 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.

Details of the risk management framework are presented in note 5 of this annual report.

The Committee, as part of the governance structure, has delegated the day-to-day risk management function of the Bank to the Assets and Liability Management Committee (ALMC).

The ALMC is chaired by the Managing Director with Group Heads and 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.

Corporate Governance Statement (Continued)

Cyber and Information Security Committee

This Committee was approved and set up by the Board on August 1, 2019.
The primary objective of the Cyber and Information Security Committee is to act on behalf of the Board in fulfilling the Board's oversight responsibility with respect to the Bank's cyber and information security risks and programmes.

The Committee's core functions are to:

- Approve the annual and other work plans for cyber and information security, business continuity and disaster recovery;
- Receive quarterly and/or immediate reports, as required, on significant cyber and information security incidents;
- Hold an annual discussion about the adequacy of the Bank's cyber and information security policies and strategies;
- Ensure effective internal controls and risk management practices are implemented to achieve security, reliability, availability, resiliency and recoverability; and
- Review high-level policies, procedures, relevant laws and regulations that can impact the Bank's cyber and information security systems.

The Committee is chaired by Mr. Kweku B. Korsah and has Mr. Solomon Asamoah, Mr. Richard Arkutu and Mr. Philip Owiredu as members.

Credit Committee

This committee was set up and approved by the Board on 6th February 2020.
It is chaired by Mr. Richard Arkutu and has Nana Otuo Acheampong, Mr. Ben Barth and Mr. Solomon Asamoah as members.

The overall authority for approving credit facilities rests with the Board. The Board has delegated to the Committee the authority to review all credits above the threshold delegated to the management credit committee, due to the proven knowledge and experience of Committee members in credit risk management. The Credit Committee recommends such credits to the Board for approval.

The objective of the Board Credit Committee shall be to provide an independent credit risk management review including but not limited to:

a) Review credit proposals requiring the Board of Directors approval and ratification;

b) Ensure that the Bank will grant loans and provide other credit products for legitimate and constructive purposes consistent with the best interests of the Bank, its customers, its shareholders and the community within which it operates;

c) Perform any other assignments relating to the management of credit risk in the Bank as may be delegated by the Board.

Governance and Compensation Committee

The objectives of the Governance and Compensation Committee include the reviewing the appointments and compensation of the executive and senior management and making recommendations to the Board for its consideration and approval. During the year, the Committee met twice and discussed the executive remuneration structure and recommended it for the Board's approval.

The Committee is chaired by Ms. Rosalind Kainyah and has Nana Otuo Acheampong and Mr. Ben Barth as members with Mr. Philip Owiredu serving as an ex-officio member. Dr. Kobina Quansah, Mr. Malcolmn D. Pryor and Mr. Frank B. Adu Jnr resigned as members of the Committee upon their retirement from the Board.

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; and
- educating employees on the full employee value proposition.

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 Companies Act, 2019 (Act 992) and the Bank's Constitution. If recommended by the directors, the Board then proposes their re-election to shareholders. The term of non-executive directors is governed by the Bank of Ghana directive on corporate governance, which limits the maximum period of service for non-executive directors to nine years.

Non-executive directors receive fixed fees for serving on the Board and its sub-committees and includes a retainer fee that has been determined in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

The Board members' remuneration is reviewed by the Governance and Compensation Committee and approved by the shareholders on the recommendation of the Board.

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 - based on their market value and the role they play;
- annual performance-based bonus used to incentivize the achievement of group objectives; and
- a pension, which provides a competitive post-retirement benefit in accordance with group policy applicable to all employees.

The remuneration of executive management is reviewed by the Governance and Compensation Committee and approved by the Board.

Corporate Governance Statement (Continued)

Management

The terms and conditions of employment of managers are guided by the labour laws in Ghana and are aligned to best practice. Managerial remuneration is based on a total cost-to-company structure comprising of a fixed cash portion, compulsory benefits including medical aid and long-service award and optional benefits. 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 individually rated on the basis of performance and potential and this is used to influence actual performance-related remuneration.

Long-term incentives

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

Induction of New Directors and Ongoing Development

New directors are provided with a letter of appointment and participate in a comprehensive induction program covering the Group's financial, strategic, operational and risk management overviews. Appointees are provided with an information pack including governance policies and business information, and presentations are made on the Group's business functions and activities by key members of the executive and senior management teams.

During the year, as part of regulatory requirements for director certification, modular training sessions were held for the Board on various corporate governance topics including: Corporate Governance in Perspective, Regulatory Response to Corporate Governance Challenges in Banks and Financial Institutions and the Balance Sheet Framework for Board of Directors.

More broadly, the directors are supported by management 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.

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 CalBank'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 arm's length and in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given 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

Directors have a statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is, or is likely to be brought, before the Board.

Corporate Governance Statement (Continued)

The Bank receives 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.

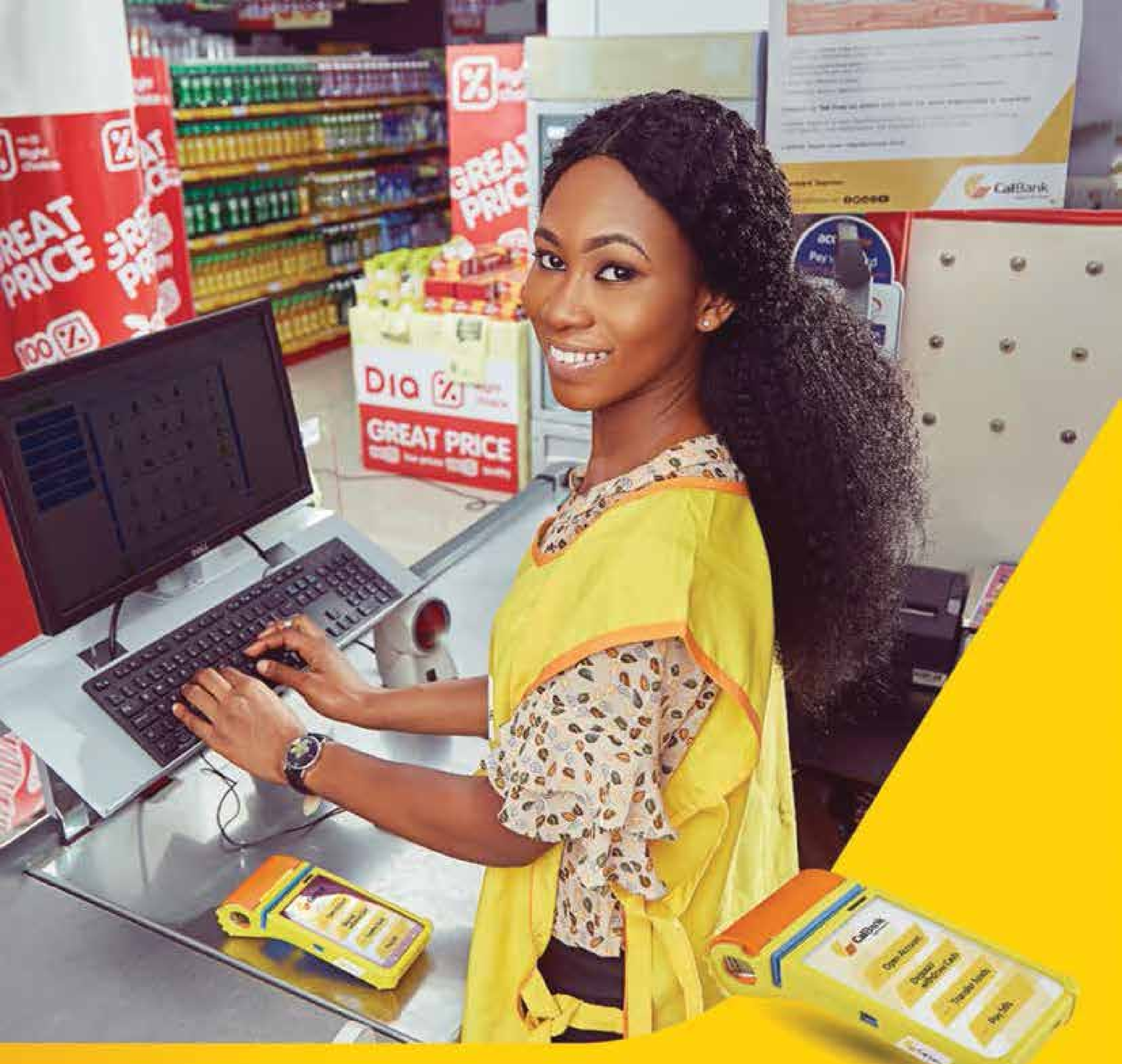
Authorisations are reviewed annually by the Board to consider if they continue to be appropriate, and also to revisit the terms upon which they were provided. The Board is satisfied that our processes continue to operate effectively.

Subject to the Companies Act, 2019 (Act 992), the respective Constitutions 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 specific authority to Committees. The Company's regulations contain provisions relating to the appointment and removal of directors which is also in accordance with the Companies Act, 2019 (Act 992) and best practices.

Subject to compliance with the provisions of the Corporate Governance Directive (2018), the Group does not place a limitation on the number of other directorship 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 external directorship role for the Board's consent prior to taking up the formal appointment.

Material issues facing the Bank

There are no material issues facing the Bank.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SUSTAINABILITY REPORT

Introduction

Sustainable management of the Bank's economic, social and environmental impacts and responsibilities are effectively entrenched in the bank's risk management culture through the emphasis we place on the application of the bank's vision and values in all our operations. CalBank 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 management into its business activities and internal operations.

Sustainability at CalBank

The Bank first established an environmental and social management system (ESMS) and policy in 2009 which are integrated into the credit assessment processes. Our ESMS policy includes sound objectivities and well-defined processes, procedures and responsibilities to ensure optimal benefit from this policy. On the other hand, sustainable management of the bank's own operational footprints are guided by our Operational Risk Policy and Incident Management Framework and supported by a Business Continuity Plan (BCP). Health and safety activities geared at empowering staff to maintain the highest standards of safety at the workplace such as elevator evacuation and fire drills are provided on a continuous basis engaging the support of competent state agencies such as the Fire Service.

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 local legislation as well as the Environmental and Social Policies and Guidelines of the World Bank Group and the Conventions of the International Labour Organisation.

The Bank in 2019 signed up to the Ghana Sustainable Banking Principles (SBPs) and Sector Guidance Notes, a program put in place by the Bank of Ghana with support from the Environmental Protection Agency and the Ghana Association of Bankers, to assist Banks respond to emerging global issues. The principles are to assist banks respond to the emerging global megatrend issues such as human security, anti-money laundering socially responsible stewardship, information communication, environmental and climate change among others.

The principles are:

Principle 1	Identify, assess, mitigate and monitor environmental and social risks and opportunities in our business activities;
Principle 2	Promote good environmental, social and governance practices in our internal business operations;
Principle 3	Promote good corporate governance and ethical standards;
Principle 4	Promote gender equality;
Principle 5	Promote financial inclusion;
Principle 6	Promote resource efficiency and sustainable consumption and production; and
Principle 7	Reporting.

CalBank has made a commitment to comply with the Sustainable Banking Principles and integrate them into its entire range of products and services as well as in managing its operational footprints

Sustainable Management of our Internal Footprints

CalBank as a key Ghanaian indigenous financial institution takes very seriously its role in helping achieve the Sustainability Development Goals (SDGs) by reducing its carbon footprint on the planet. We do this because of our commitments to the SDGs and in compliance with sustainability goal requirements from our foreign institutional investors and DFIs.

The bank in conducting its internal operations employs use of equipment such as air-conditioners, generators, UPS, AVRs, water treatment systems, water harvesting systems, fragrance management systems devoid of CFCs, thus saving the environment as well as a waste management system aimed at promoting the agenda of waste recycling in our environment.

The Bank has made significant specific investments towards achieving this goal of sustainability by introducing several green features in the design of our recently constructed 15,200-square meter head office facility. The eco-friendly 12 storey CalBank Tower features eleven floors of offices, a state-of-the-art gymnasium, a 180 meter long running track, a food court, towards the promotion of a healthy lifestyle and work environment for our staff, as well as a 400-seater amphitheatre and a 500KW Solar Farm. The Bank has been awarded an IFC EDGE Certification (LP7-GHA-18709171OO42494) after subjecting the head-office building's green credentials to an international green building assessment, verification and certification process.

The key environmental features of the head office building are summarized below:

Features	Objectives and Benefits
LED lighting through out the facility.	Eliminate exposure to some carcinogenic components; enhance longevity of lighting provisions and consume less power.
Motion sensors for lighting and water control.	Reduce power utilization especially when the various spaces are not in use and empty; conserve and prevent waste of water.
Water harvesting and conservation.	Reduce dependence on the national supply with total water savings of 56 % according to our EDGE certification.
Heat Gain Reduction Façade.	Prevents heat gained in the building and therefore reduces the need for cooling which would have required additional power.
Energy Use efficiency with zoned cooling (variable refrigerant volume (VRV) system).	Brings about a savings in power consumption by approximately 30% – 40%.
Renewable energy by the installation of a 500KW Solar Farm.	Energy savings at full capacity is currently approximately 30% without the provision of battery storage.

Digitalization of Banking Services

Another sustainability-driven move embarked by the Bank is going paperless, a major aspect of which is the branch digitalization project with an aim to digitalize and automate branch banking by removing and/or reducing paper work as well as readjusting processes and procedures in an efficient manner. Staff have been trained to educate and encourage customers to use the Bank's plethora of distribution channels (ie, Mobile Banking, Internet Banking, ATM Banking, Agent Banking, CalPay, CalApp, etc.) to reduce the human traffic in our banking halls while eliminating use of paper which is the main aim of this initiatives.

Mainstream Sustainability in Credit / Lending Processes

CalBank ensures that:

- Environmental and Social (E&S) impacts of borrowers' activities are assessed and E&S risk is categorized;
- Measures are identified based on E&S risk to avoid, mitigate and compensate for all environmental and social impacts; and
- The implementation of the agreed measures that are included in the loan agreements are monitored and reported throughout the term of the credit facility.

Category	Risk Level	Interpretation
A	High	Risks that are diverse, irreversible or considered sensitive by the Bank; risks may affect an area broader than the project/operational site and could lead to significant changes in land use and in the social, physical and biological environment Implement remote fuel and meter monitoring across the bank
B	Medium	Projects with potential limited adverse E&S impacts that are few, site specific, and for which mitigation measures may be readily available
C	Low	Projects with minimal or no adverse environmental or social impact thus requiring no EIA

The management of identified risks is done by ensuring that the projects have been duly licensed by the relevant environmental protection and social institutions; issued with all ESMS permits and land title ownership documentation. The ESMS team verifies authenticity of documents submitted with key ESMS authorities such as the Environmental Protection Agency (EPA); Ghana National Fire Service (GNFS), National Petroleum Authority (NPA), Food and Drugs Authority (FDA) among other regulatory authorities. Where the permits or licenses require renewal, the clients are required to submit renewed permits / licenses.

We are required under the various funding agreements mostly with the DFIs to adhere to globally accepted ESMS standards in our lending processes by ensuring our clients adherence to these standards. We are committed to ensure that these are adhered to through a well laid out monitoring process with the full cooperation of our clients, corrective action plans are developed where required and monitored through site visits and reporting.

Cal Green Finance Facility

CalBank allocated funds amounting to USD 32.5 million at competitive pricing for financing green projects. Projects that qualify as green must either be classified as renewable energy (RE) or energy efficiency (EE) projects. The facility is targeted at all existing categories of clients: individual, SME and corporate. Projects and businesses financed must lead to a reduction in average energy consumption and reduction of Green House Gases or lead to use of renewable energy in industries, SMEs, agribusiness, commercial services and household in Ghana through the utilization of eligible measures and technologies.

To ensure the facility makes the desired impact, the facility guarantees:

- Competitive pricing compared to other products of the bank;
- Accessibility to funds dedicated towards green financing; and
- Access to advisory services on green projects.

Fire drill and evacuation exercise for all staff at the Head-office as part of health and safety awareness creation.

500KW Solar farm and heat gain reduction facade of the head office building.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALBANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of CalBank Limited ("the Group and the Bank"), which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 120.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Bank as at 31 December 2019, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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 and Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 judgment, 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.

Impairment allowance of loans and advances to customers (GH¢201.81million)
Refer to Note 21 to the consolidated and separate financial statements

The key audit matter	How the matter was addressed in our audit
Loans and advances to customers amounted to GH¢ 2,920 million at 31 December 2019 (GH¢2,428 million at 31 December 2018), and the total impairment allowance account for the Bank amounted to GH¢201.81 million at 31 December 2019 (GH¢174.25 million at 31 December 2018). In connection with the implementation of IFRS 9 as from 1 January 2018, CalBank Limited implemented a three stage expected credit loss impairment model as follows:	To address the key audit matter, we performed procedures including the following: - We evaluated the design and tested the operating effectiveness of key controls over: • The internal credit management process to assess the loan quality classification used to identify impaired loans; • Implementation of the definition of default and significant increase in credit risk applied in calculating the modelled loan impairments; and

Independent Auditor's Report (Continued)

- Recognition of allowances measured at an amount equal to 12-month expected credit losses (stage 1);
- Recognition of allowances measured at an amount equal to the lifetime expected credit losses (ECL) for loans and advances for which credit risk has significantly increased since initial recognition, but that are not credit-impaired (stage 2); and
- Financial assets that are credit-impaired (stage 3).

The Bank determines loan impairments in stage 1 and 2 on a modelled basis whereas the loan impairments in stage 3 are determined on a specific loan-by-loan basis.

Judgements and estimation uncertainty

The judgements and estimation uncertainty in the impairment allowance of loans and advances is primarily linked to the following aspects:

- Significant increase in credit risk: judgement is required to transfer assets from stage 1 to stage 2;
- Forward-looking information: the Bank includes forecasts of future events and economic conditions (forward-looking information) in the modelled loan impairments.
- Modelled loan impairments – For the modelled loan impairments the Bank applies judgement in utilising point in time probability of default (PD), loss given default (LGD) and exposure at default (EAD) models for the majority of the loan portfolio in estimating the ECL.
- Individually credit-impaired loans – For credit-impaired loans that are assessed on an individual basis, the impairment allowance is based on the net present value of expected future cash flows (based on valuation of underlying collateral) in a liquidation scenario. In such cases, judgement is required for the estimation of the expected future cash flows.

Given the combination of inherent subjectivity and judgement involved in estimating the expected credit losses and the material nature of the balance, we considered the impairment of loans and advances to be a key audit matter in our audit of the consolidated and separate financial statements.

- The valuation of future cash flows, existence and valuation of collateral, based on the appropriate use of key parameters for the impairment allowance.

– Using our financial risk model specialist, we evaluated the reasonableness of the model methodology and performed recalculation of the expected credit losses for a sample of loans.

– We tested input data in respect of the critical data elements, challenged management assumptions and obtained reasonable explanations and evidence supporting the key model parameters (including the significant increase in credit risk, PD, LGD and EAD).

– We tested the impact of macro-economic indicators in estimating the probability of defaults.

– We tested completeness and accuracy of the transfer of data from underlying source systems to the expected loss calculations.

– Considering the inherent estimation risk of individually credit-impaired loans, we selected appropriate samples and considered whether the key judgements and significant estimates applied in the impairment were reasonable. This included the following procedures:

- assessed the external collateral valuations and the realisation periods for the collaterals used as a basis of forecasted cash flows; and
- Recalculated the expected credit losses on the individually credit-impaired loans.
- Furthermore, we assessed the adequacy of the disclosures, including disclosures on estimation uncertainty and judgements, to assess compliance with the disclosure requirements of IFRS 7 Financial Instruments Disclosures.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors as required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Chairman's Report, the Managing Director's Report, Corporate Governance Statement but does not include the consolidated and separate financial statements and our auditor's report thereon.

Independent Auditor's Report (Continued)

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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 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, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), 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 and 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/or Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group and Bank's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether 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.

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 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 Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 related to events or conditions that may cast significant doubt on the Group and/or 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 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/or Bank to cease to continue as a going concern.

Independent Auditor's Report (Continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) and Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.
The consolidated and separate statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Group and Bank under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Group and Bank's transactions were within their powers and the Group and Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Group and Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations governing the Acts.

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472).

KPMG

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FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

27 February, 2020


Here, there,
anywhere just dial
*771#

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis	Note	2019 Bank	2019 Group	2018 Bank	2018 Group
Interest Income calculated using effective interest rate method	9	911,283	912,409	772,751	773,270
Interest Expense	9	(394,955)	(394,303)	(356,762)	(351,641)
Net Interest Income		**516,328**	**518,106**	**415,989**	**421,629**
Fees and Commissions Income	10	57,565	64,625	68,382	75,988
Fees and Commissions Expense	10	(18,028)	(18,028)	(6,445)	(6,445)
Net Fees and Commissions		**39,537**	**46,597**	**61,937**	**69,543**
Net Trading Income	11	27,168	27,168	26,918	27,106
Net gains on derivative assets	33	4,115	4,115	-	-
Other Operating Income	12	674	406	15,655	979
		31,957	**31,689**	**42,573**	**28,085**
Operating Income		**587,822**	**596,392**	**520,499**	**519,257**
Net Impairment Loss on Financial Assets	21	(83,367)	(86,066)	(66,735)	(66,735)
Personnel Expenses	13	(131,074)	(134,579)	(122,308)	(125,364)
Depreciation and Amortisation	26,27	(20,806)	(20,948)	(11,674)	(11,714)
Lease Expenses	28	(11,633)	(11,633)	-	-
Other Expenses	14	(98,991)	(100,226)	(89,429)	(92,538)
Total Operating Expenses		**(345,871)**	**(353,452)**	**(290,146)**	**(296,351)**
Profit Before Income Tax		**241,951**	**242,940**	**230,353**	**222,906**
Income Tax Expense	15	(67,666)	(69,527)	(67,413)	(69,690)
Profit For The Year		**174,285**	**173,413**	**162,940**	**153,216**
Other Comprehensive Income, Net of Tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value changes in financial assets at FVOCI	34v	9,027	9,027	(9,013)	(9,013)
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus on Property and Equipment	34iii	41,110	41,110	-	-
Remeasurement of defined benefit liability	34v	1,950	1,869	(1,742)	(1,722)
Other Comprehensive Income for the year		**52,087**	**52,006**	**(10,755)**	**(10,735)**
Total Comprehensive Income for the Year		**226,372**	**225,419**	**152,185**	**142,481**
Earnings per share (Ghana Cedis per share)	16				
- Basic		0.2782	0.2772	0.2600	0.2449
- Diluted		0.2782	0.2772	0.2600	0.2449

The notes on pages 44 to 120 are an intergral part of these consolidated and separate financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER

in thousands of Ghana Cedis

	Note	2019 Bank	2019 Group	2018 Bank	2018 Group
Assets					
Cash and Cash Equivalents	18	597,779	597,784	637,565	637,570
Non-Pledged Trading Assets	20	125,772	125,772	-	-
Derivative Assets Held for Risk Management	33	4,115	4,115	-	-
Investment Securities	19	2,704,295	2,710,691	1,799,439	1,815,912
Loans and Advances to Customers	21	2,920,026	2,920,026	2,428,002	2,422,952
Investments in Subsidiaries	22	2,038	-	2,038	-
Current Tax Assets	24	13,495	13,971	-	512
Property and Equipment	26	504,166	504,242	435,493	435,583
Intangible Assets	27	27,533	28,789	19,901	20,632
Right-of-use Lease Assets	28	87,236	87,236	-	-
Deferred Tax Assets	25	5,705	5,788	14,891	15,075
Other Assets	23	47,620	50,084	68,527	71,063
Total Assets		**7,039,780**	**7,048,498**	**5,405,856**	**5,419,299**
Liabilities					
Deposits From Banks and Other Financial Institutions	29	172,654	164,471	78,161	71,371
Deposits From Customers	30	3,694,513	3,694,513	3,078,682	3,078,682
Borrowings	31	2,028,126	2,028,126	1,319,932	1,319,932
Current Tax Liabilities	24	-	-	7,273	7,301
Lease Liabilities	28	77,212	77,212	-	-
Other Liabilities	32	106,408	109,389	157,236	162,568
Total Liabilities		**6,078,913**	**6,073,711**	**4,641,284**	**4,639,854**
Equity					
Stated Capital	34i	400,000	400,000	400,000	400,000
Retained Earnings		174,819	189,473	58,140	73,666
Revaluation Reserve	34iii	104,636	104,636	63,526	63,526
Statutory Reserve	34ii	288,353	288,353	244,782	244,782
Credit Risk Reserve	34iv	-	-	16,042	16,042
Other Reserves	34v	(6,941)	(7,675)	(17,918)	(18,571)
Total Shareholders' Equity		**960,867**	**974,787**	**764,572**	**779,445**
Total Liabilities and Shareholders' Equity		**7,039,780**	**7,048,498**	**5,405,856**	**5,419,299**
Net Assets Value per Share (Ghana Cedis per Share)		1.5335	1.5557	1.2202	1.2440

(Net Assets Value per Share is defined as net assets divided by number of shares)

Philip Owiredu
Director

Paarock A. VanPercy
Director

The Directors approved the financial statements on 26 February 2020

The notes on pages 44 to 120 are an intergral part of these consolidated and separate financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis

2019

The Bank	Stated Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Other Reserves Fair Value Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2019	400,000	244,782	63,526	58,140	(17,918)	16,042	764,572
Total comprehensive income							
Profit	-	-	-	174,285	-	-	174,285
Other comprehensive income, net of tax							
Revaluation surplus on Property and Equipment	-	-	41,110	-	-	-	41,110
FVOCI financial assets	-	-	-	-	9,027	-	9,027
Remeasurement of defined benefit liability	-	-	-	-	1,950	-	1,950
Transactions with shareholders							
Dividend paid	-	-	-	(30,077)	-	-	(30,077)
Transfer to/from reserves							
Statutory reserve	-	43,571	-	(43,571)	-	-	-
Regulatory credit risk reserve	-	-	-	16,042	-	(16,042)	-
Balance at 31 December 2019	**400,000**	**288,353**	**104,636**	**174,819**	**(6,941)**	**-**	**960,867**

The Group	Stated Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Other Reserves Treasury Shares	Other Reserves Fair Value Reserves	Regulatory Credit Risk Reserve	Total Equity
Balance at 1 January 2019	400,000	244,782	63,526	73,666	(584)	(17,987)	16,042	779,445
Total comprehensive income								
Profit	-	-	-	173,413	-	-	-	173,413
Other comprehensive income, net of tax								
Revaluation surplus on Property and Equipment	-	-	41,110	-	-	-	-	41,110
FVOCI financial assets						9,027		9,027
Remeasurement of defined benefit liability	-	-	-	-	-	1,869	-	1,869
Transactions with shareholders								
Dividend paid	-	-	-	(30,077)	-	-	-	(30,077)
Transfer to/from reserves								
Statutory reserve	-	43,571	-	(43,571)	-	-	-	-
Regulatory credit risk reserve	-	-	-	16,042	-	-	(16,042)	-
Balance at 31 December 2019	**400,000**	**288,353**	**104,636**	**189,473**	**(584)**	**(7,091)**	**-**	**974,787**

The notes on pages 44 to 120 are an intergral part of these consolidated and separate financial statements.

in thousands of Ghana Cedis

2018

The Bank	Stated Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Other Reserves	Regulatory Credit Risk Reserve	Total Equity
					Fair Value Reserves		
Balance at 1 January 2018	100,000	163,312	63,526	275,883	(7,163)	51,869	647,427
IFRS 9 Impact	-	-	-	(17,086)	-	-	(17,086)
Transfer from regulatory credit risk reserve				17,086	-	(17,086)	-
Restated balance as at 1 January 2018	**100,000**	**163,312**	**63,526**	**275,883**	**(7,163)**	**34,783**	**630,341**
Total comprehensive income							
Profit	-	-	-	162,940	-	-	162,940
Other comprehensive income, net of tax							
FVOCI financial assets					(9,013)		(9,013)
Remeasurement of defined benefit liability	-	-	-	-	(1,742)	-	(1,742)
Transactions with shareholders							
Transfer to stated capital	300,00	-	-	(300,00)	-	-	-
Dividend tax on Capital Increase	-	-	-	(17,954)	-	-	(17,954)
Transfer to/from reserves							
Statutory reserve	-	81,470	-	(81,470)	-	-	-
Regulatory credit risk reserve	-	-	-	18,741	-	(18,741)	-
Balance at 31 December 2018	**400,000**	**244,782**	**63,526**	**58,140**	**(17,918)**	**16,042**	**764,572**

The Group	Stated Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Other Reserves		Regulatory Credit Risk Reserve	Total Equity
					Treasury Shares	Fair Value Reserves		
Balance at 1 January 2018	100,000	163,312	63,526	301,133	(518)	(7,252)	51,869	672,070
IFRS 9 Impact	-	-	-	(17,086)	-	-	-	(17,086)
Transfer from regulatory credit risk reserve	-	-	-	17,086	-	-	(17,086)	-
Restated balance as at 1 January 2018	**100,000**	**163,312**	**63,526**	**301,133**	**(518)**	**(7,252)**	**34,783**	**654,984**
Total comprehensive income								
Profit	-	-	-	153,216	-	-	-	153,216
Other comprehensive income, net of tax								
FVOCI financial assets	-	-	-	-	-	(9,013)	-	(9,013)
Remeasurement of defined benefit liability	-	-	-	-	-	(1,722)	-	(1,722)
Transactions with shareholders								
Transfer to stated capital	300,000	-	-	(300,000)	-	-	-	-
Dividend tax on Capital Increase	-	-	-	(17,954)	-	-	-	(17,954)
Net Changes in Bank's shares held by subsidiary	-	-	-	-	(66)	-	-	(66)
Transfer to/from reserves								
Statutory reserve	-	81,470	-	(81,470)	-	-	-	-
Regulatory credit risk reserve	-	-	-	18,741	-	-	(18,741)	-
Balance at 31 December 2018	**400,000**	**244,782**	**63,526**	**73,666**	**(584)**	**(17,987)**	**16,042**	**779,445**

The notes on pages 44 to 120 are an intergral part of these consolidated and separate financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis	Note	2019 Bank	2019 Group	2018 Bank	2018 Group
Cash From Operating Activities					
Profit for the Year		**174,285**	**173,413**	**162,940**	**153,216**
Adjustments for:					
Depreciation and Amortisation	26,27	20,806	20,948	11,674	11,714
Impairment on Financial Assets	21	83,367	86,066	66,735	66,735
Net Interest Income	9	(516,328)	(518,106)	(415,989)	(421,629)
Net gains on derivative assets	33	(4,115)	(4,115)	-	-
Income Tax Expense	15	67,666	69,527	67,413	69,690
Unrealised Exchange Loss		18,239	18,239	10,150	10,150
Profit on Disposal of Property and Equipment	26	(298)	(298)	(203)	(203)
		(156,378)	**(154,326)**	**(97,280)**	**(110,327)**
Changes in:					
Loans and Advances to Customers		(570,337)	(578,086)	(574,328)	(569,278)
Other Assets		10,883	10,869	(17,488)	(15,978)
Deposits From Banks and Other Financial Institutions		90,248	88,855	(6,752)	1,949
Customer Deposits		625,172	625,172	650,481	650,481
Other Liabilities		(50,235)	(52,580)	38,791	42,783
Interest and Dividends Received		860,880	861,949	651,119	637,922
Interest Paid		(391,715)	(391,063)	(366,471)	(347,812)
Income Tax Paid		(91,594)	(93,462)	(60,441)	(62,794)
Net Cash Flow From Operating Activities		**326,924**	**317,328**	**217,631**	**226,946**
Cash Flows From Investing Activities					
Purchase of Trading Assets		(125,772)	(125,772)	-	-
Purchase of Investment Securities		(850,480)	(840,403)	(320,286)	(328,820)
Purchase of Property and Equipment	26	(32,162)	(32,118)	(149,662)	(149,707)
Proceeds From Sale of Property and Equipment	26	304	304	222	222
Purchase of Intangible Assets	27	(10,142)	(10,667)	(682)	(1,413)
Net Cash Used in Investing Activities		**(1,018,252)**	**(1,008,656)**	**(470,408)**	**(479,718)**
Cash Flows from Financing Activities					
Dividends Paid		(30,077)	(30,077)	-	-
Proceeds from Borrowings		1,246,209	1,246,209	844,437	844,437
Repayment of Borrowings		(546,351)	(546,351)	(456,321)	(456,321)
Net Cash Flow from Financing Activities		**669,781**	**669,781**	**388,116**	**388,116**
Net (Decrease)/Increase in Cash and Cash Equivalents		**(21,547)**	**(21,547)**	**135,339**	**135,344**
Cash and Cash Equivalents at 1 January		637,565	637,570	512,376	512,376
Effect of exchange rate fluctuations		(18,239)	(18,239)	(10,150)	(10,150)
Cash and Cash Equivalents at 31 December	**18**	**597,779**	**597,784**	**637,565**	**637,570**

The notes on pages 44 to 120 are an intergral part of these consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. REPORTING ENTITY

CalBank Limited (The "Bank") is a Bank incorporated in Ghana. The address and registered office of the Bank can be found on page 5 of the annual report. The Bank operates with a Universal Banking license that allows it to undertake Banking and related activities. These consolidated financial statements as at and for the year ended 31 December 2019 comprise the Bank and its subsidiaries, (together referred to as the 'Group'). The separate financial statements as at and for the year ended 31 December 2019 comprise the financial statements of the Bank.

The Bank is listed on the Ghana Stock Exchange (GSE).

2. BASIS OF PREPARATION

2.1. Statement of compliance

The consolidated and separate financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act 2019, (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

2.2. Basis of measurement

The financial statements 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 fair value through other comprehensive income (FVOCI), leasehold land and buildings carried at revalued assets, derivative assets held for risk management measured at fair value.

2.3. Functional and presentation currency

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

2.4. 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.

2.5. Information about significant estimation, uncertainty and critical judgements

Accounting policies, estimates and judgements that have the most significant effect on the amounts recognised in the financial statement are described in note 4 and 6.

2.6. 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 5.3.

Financial assets and financial liabilities are offset and the net amount reported in the 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 statements of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and Bank.

3. CHANGES IN ACCOUNTING POLICIES

The Group and the Bank has initially adapted IFRS 16 from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but do not have a material effect on the Group and Bank financial statements.

3.1. Leases

The group for the first time has applied IFRS 16 Leases issued by the IASB effective 1 January, 2019 in the preparation of its accounts.

The group adopted the modified retrospective approach in transitioning from the previous standard (IAS 17 Leases) to the new standard. Accordingly, comparative information for 2018 have not been restated and continues to be reported under IAS 17 and IFRIC 4.

Prior to adopting IFRS 16, the group treated leases based on IAS 17. Under IAS 17, group categorized leases into Operating and Finance lease depending on whether all the risks and rewards incidental to the lease have been transferred from the lessor to the group.

The group and Bank adopted the transition option that does not require any adjustment to retained earnings at 1 January 2019.

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.

3.2. Definition of a lease

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use

On transition to IFRS 16, the group elected to apply certain practical expedients in its assessment of which transaction are leases.

3.3. The Group as a lessee

As a lessee the group leases some branch and office premises and ATM spaces. Previously, the group classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the group recognizes right-of-use assets and lease liabilities for leases of branch and office premises unless where relevant exceptions have been applied for low value leases and short term leases.

On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January, 2019.

The right-of-use asset were measured as the leases liability recognized at 1 January, 2019 and adjusted by any prepayment existing at the date of transition.

The group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. The following practical expedients were applied;

- Right-of-use asset and lease liability were not recognized for low value leases (leases with monthly lease payment below the cedi equivalent of USD 1,000.00)

- Initial direct costs were excluded from measuring the right of use asset at the date of initial application.
- Prepayment existing at the date of initial application that were to exhaust within less than 12 months were not capitalized as part of ROU asset at the date of initial application.
- All lease payment made in a year are assumed to have been made from the beginning of the year.
- The group were guided by history in determining the lease term.

3.4. Impact on financial statement

The group and Bank adopted the transition option that does not require any adjustment to retained earnings at 1 January 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except for IFRS 16.

4.1. Basis of Consolidation

4.1.1. Subsidiaries

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2019. 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 in 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. The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

4.1.2. 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 and separate financial statements. Information about the group's fund management activities are set out in note 34.

4.2. 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 statement of profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in foreign currency are translated using spot rate at the date of translation.

4.3. Recognition of interest income

4.3.1. The effective interest rate

Interest income is recorded using the effective interest (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at Fair Value through Profit or Loss (FVPL). Interest income on interest bearing financial assets measured at FVOCI are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the statement of comprehensive income.

4.3.2. Interest and similar income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income.

4.4. 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.

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

4.5. 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 profit or loss, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

4.6. 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 operating income. Dividend payable is recognised as a liability in the period in which they are declared.

4.7. Other Operating Income

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities.

4.8. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income (OCI) or equity, in which case it is recognised in OCI or equity.

4.8.1. Current Taxation

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. The Group provides for income taxes at the current tax rates on the taxable profits of the Group.

4.8.2. Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

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.

4.8.3. Levies and similar charges

The Group recognises the liability arising from levies and similar charges when it becomes legally enforceable.

4.9. Financial Assets and Liabilities

4.9.1. Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and deposit from customers, banks and other financial institutions 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. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises deposit from customers, banks and other financial institutions when funds are transferred to the Bank.

4.9.2. Initial measurement of financial instruments

Financial asset or liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

4.9.3. Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.9.4. Classification and Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI).
- Fair Value through Profit or Loss (FVPL).

The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 4.9.9.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in note 4.9.10.

4.9.5. Loans and advances to customers, Financial investments at amortised cost

The Bank only measures Due from banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below:

4.9.5.1. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and; in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.9.5.2. The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial instrument to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

4.9.6. Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

4.9.7. Equity instruments at profit or loss

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

4.9.8. Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Bank issues financial instruments with equity conversion rights, write-down and call options. When establishing the accounting treatment for these non-derivative instruments, the Bank first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for.

4.9.9. Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or;
- The liabilities and assets have their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;
- The liabilities and assets contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in statement of comprehensive income with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the fair value reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using EIR as explained in note 4.3.1. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

4.9.10. Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of comprehensive income, guarantee, and an ECL provision as set out in the financial statement

The premium received is recognised in the statement of comprehensive income in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements of IFRS 9.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in the financial statement

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised as outlined the financial statement.

4.10. Reclassification of financial assets and liabilities

The Bank may reclassify its financial assets subsequent to their initial recognition subject to a business model assessment.
During the year, investment securities previously classified as FVOCI were reclassified as securities at amortised cost.
Financial liabilities are never reclassified by the Bank.

4.11. Derecognition of financial assets and liabilities

4.11.1. Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

4.11.2. Derecognition other than for substantial modification

4.11.2.1. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or;
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset or;
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.11.2.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.12. Impairment of financial assets

4.12.1. Overview of the ECL principles

The Bank records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in note 4.12.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in the financial statement.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.12.2. The calculation of ECLS

The Bank calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows

- **PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2'). Each of these is associated with different PDs, EADs and LGDs, as set out in note 4.12.5. When relevant, the assessment of multiple scenarios also incorporate how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out in note 4.12.5, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR
- **Stage 3:** For loans considered credit-impaired the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

- **Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan for credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within provisions.

- **Financial guarantee contracts:** The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of comprehensive income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

4.12.3. Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the statement of comprehensive income upon derecognition of the assets.

4.12.4. Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

4.12.5. Forward looking information

In the Bank's ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Exchange rates
- Central Bank policy rates
- House price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

4.13. Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued by licensed professional property valuers.

4.14. Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

4.15. Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
  Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

4.16. 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.

4.17. Investment Securities

This comprises investments in short-term Government securities and medium term investments in Government and other securities such as open market operations (OMO) instruments, treasury bills and bonds. Investments in securities are categorised as FVTPL or Amortised cost.

4.18. Property and Equipment

4.18.1. Recognition and measurement

Items of Property and Equipment are measured at cost or revalued amount less accumulated depreciation and any accumulated 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 and Equipment.

The Bank owns landed properties that are revalued every three years. Increases in the carrying amount arising on revaluation are credited to revaluation reserves. Decreases that offset previous increases of the same asset are charged against the revaluation reserves.

4.18.2. 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 and Equipment are recognised in the statement of profit or loss as incurred.

4.18.3. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property and Equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Under IAS 17 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 to 7 years
Equipment	-	5 to 10 years
Furniture and fittings	-	5 to 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 profit or loss as other operating income.

4.19. Intangible assets

4.19.1. Software

Software acquired by the Group is measured 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 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.

4.20. 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.

4.21. 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 measured in the statement of financial position at amortised cost.

Notes To The Financial Statements (Continued)

4.22. 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.

4.23. 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 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 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.

4.24. Employee benefits

4.24.1. 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.

4.24.2. 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.

4.24.3. Short-term benefits

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

4.24.4 Long service award

The Group's 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 comprehensive income.

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.

4.25. 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 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.

4.26. Share capital

4.26.1 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.

4.26.2. 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.

4.26.3 Treasury shares

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

4.27. 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 senior management to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

4.28. 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.

4.29. Leases

The group has applied IFRS 16 adopting the Modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 nd IFRIC 4.

Notes To The Financial Statements (Continued)

4.29.1. Policy Applicable from 1 January, 2019.

At the inception of a contract, the group assesses whether the contract is, or contains a lease. This assessment is done based on the definition of lease set in in IFRS 16. The standard determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into (or changed) on or after 1 January, 2019.

4.29.2. The Group as a Lessee

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

4.29.3. Initial Recognition and Measurement

Leases are recognized when they meet the definition set out in IFRS 16. The right of use asset is initially measured at cost, comprising the initial amount of lease liability adjusted for any lease payment made at or prior to commencement date, plus any initial direct cost plus estimate of the cost to dismantle and remove any improvement made to branches or office premise less any lease incentives received. However, the lease liability is measured as the present value of outstanding lease payments (both fixed and variable payments), residual value guarantees, exercise price of purchase options and termination benefits if any. The discount rate used is the interest rate implicit in the lease. Where this cannot be readily determined the Group's incremental borrowing rate is used. The Group determines its incremental borrowing rate by analysing its borrowing from various external sources and makes certain adjustments to reflect the nature of the lease and type of asset leased.

4.29.4. Subsequent Measurement

The right of use asset is subsequently depreciated on a straight line basis from the commencement date to the end of the lease term unless the initial recognition considers the exercise of a purchase option or the lease transfers the ownership of the underlying to the group by the end of the lease term. In which case, the right of use asset is amortized over the useful life of the underlying asset. Additionally, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in the original assessment of the lease term, a change in the estimate of residual guarantee or a change in index or rate affecting payments or a change in the fixed lease payment. When the lease liability is re-measured in this way the carrying amount of the right of use asset is adjusted by the same amount or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The group determines its incremental borrowing rate by analyzing its borrowings from various external sources with relevant adjustments to reflect the terms of the lease.

The group presents the right-of-use assets separately under 'Assets' and lease liability under 'Liabilities'.

4.29.5. Short term Leases and Low value leases

The group has elected not to recognize right-of-use asset and lease liability for leases of low value assets and short term leases. Lease payments in respective of these lease are recognized as expenses in the profit or loss statement.

4.29.6. Policy applicable before 1st January, 2019

Prior to adopting IFRS 16, the group treated leases based on IAS 17. Under IAS 17, group categorized leases into Operating and Finance lease depending on whether all the risks and rewards incidental to the lease have been transferred from the lessor to the group. The group did not have any finance leases under 1AS 17.

Assets held under the operating leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives for the agreement of a new or renewed operating lease were recognized by the group as a reduction of the rental expense over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

4.30. Derivatives held for risk management purpose and hedge accounting

Derivatives held for risk management purposes include all derivatives assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement or financial position.

The Bank designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank formally documents the relationship between the hedging instruments(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship.

The Bank makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within acceptable profitable range.

The Bank makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations on cash flows that could ultimately affect profit or loss. These hedging relationships are discussed below.

4.30.1. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affected profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, of the derivative is novated to a central counterparty by both parties as a consequence of laws or regulations without changes in its term except for those that are necessary for the novation, then derivative is not considered as expired or terminated.

4.30.2. Other non-trading derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognized immediately in profit or loss as a component or net income from other financial instruments at fair value through profit or loss.

Notes To The Financial Statements (Continued)

4.31. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

4.31.1. IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. This standard is not applicable to the Group.

4.31.2. Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

4.31.3. Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Bank's consolidated financial statements.

5. FINANCIAL RISK MANAGEMENT

5.1. 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.

5.1.1. 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 Departments. 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.

5.2. 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).

5.2.1. 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.

These departments responsibilities 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 approving authorities 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

Notes To The Financial Statements (Continued)

for setting risk grades lies with the final approving authority.

Risk grades are subject to regular reviews by the Credit department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to loan review committee 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 Risk Management Department monitors and manages the Group'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 credit processes are undertaken by Internal Audit.

5.2.2. 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).

5.2.3. 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.

5.2.4. Significant increase in credit risk The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12m ECL.

5.2.5. Internal credit risk rating

In order to minimise credit risk, the Group has tasked its credit department to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises eight categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty.

All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices.

The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as changes in qualitative factors.

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 to but less than 90 days
Grade C	Sub-standard	90 days less than 180 days
Grade D	Doubtful	180 days less than 360 days
Grade E	Loss	360 days and above

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 90 days past due.

The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

5.2.6. Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.
The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past years.

5.2.7. Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.
The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral.

The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Group uses EAD models that reflect the characteristics of the portfolios. The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

5.2.8. Credit quality analysis

The Group monitors credit risk per class of financial instrument. The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments FVTPL financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Notes To The Financial Statements (Continued)

Group and Bank	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Grade A	2,770,866	-	-	2,770,866
Grade B	-	3,801	36,378	40,179
Grade C	-	2,967	148,194	151,161
Grade D	-	7,201	68,147	75,348
Grade E	-	-	84,282	84,282
	2,770,866	**13,969**	**337,001**	**3,121,836**
Loss allowance	(21,098)	(3,793)	(176,919)	(201,810)
Carrying amount	**2,749,768**	**10,176**	**160,082**	**2,920,026**
Loan Commitments				
Grade A	54,712	-	-	54,712
Loss allowance	(181)	-	-	(181)
Carrying amount	**54,531**	**-**	**-**	**54,531**
Guarantees & Indemnities				
Grade A	1,018	-	-	1,018
Loss allowance	(28)	-	-	(28)
Carrying amount	**990**	**-**	**-**	**990**
Letters of credit				
Grade A	45,955	-	-	45,955
Loss allowance	(135)	-	-	(135)
Carrying amount	**45,820**	**-**	**-**	**45,820**
Investment Securities (FVTPL)				
Grade A	2,704,144	-	-	2,704,144
Carrying amount	**2,704,144**	**-**	**-**	**2,704,144**
Investment Securities (FVOCI)				
Grade A	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**

Notes To The Financial Statements (Continued)

Group and Bank	2018			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Grade A	2,347,839			2,347,839
Grade B	-	5,207	43,322	48,529
Grade C	-	4,190	51,383	55,573
Grade D	-	9,156	6,855	16,011
Grade E	-	9,910	124,388	134,298
	2,347,839	**28,463**	**225,948**	**2,602,250**
Loss allowance	(17,767)	(3,190)	(153,291)	(174,248)
Carrying amount	**2,330,072**	**25,273**	**72,657**	**2,428,002**
Loan Commitments				
Grade A	228,551	-	-	228,551
Loss allowance	(886)	-	-	(886)
Carrying amount	**227,665**	**-**	**-**	**227,665**
Guarantees & Indemnities				
Grade A	168,337	-	-	168,337
Loss allowance	(59)	-	-	(59)
Carrying amount	**168,278**	**-**	**-**	**168,278**
Letters of credit				
Grade A	108,984	-	-	108,984
Loss allowance	(415)	-	-	(415)
Carrying amount	**108,569**	**-**	**-**	**108,569**
Investment Securities (FVTPL)				
Grade A	1,523,321	-	-	1,523,321
Carrying amount	**1,523,321**	**-**	**-**	**1,523,321**
Investment Securities (FVOCI)				
Grade A	276,118	-	-	276,118
Carrying amount	**276,118**	**-**	**-**	**276,118**

Notes To The Financial Statements (Continued)

5.2.5. 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.

5.2.10. Allowances for impairment

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

5.2.11. 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 or to the extent a loan or security is considered irrecoverable and it is decided that there is no realistic probability of recovery. 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

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Balance at the beginning	279,838	279,838	217,528	217,528
Write-offs during the year	109,642	109,642	68,377	68,377
Recovery during the year	(53,110)	(53,110)	(6,067)	(6,067)
Balance at the end	**336,370**	**336,370**	**279,838**	**279,838**

5.2.12. 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:

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Cash and Cash Equivalents	597,779	597,784	637,565	637,570
Non-Pledged Trading Assets	125,772	125,772	-	-
Investment Securities	2,704,295	2,710,691	1,799,439	1,815,912
Loans and Advances to Customers	2,920,026	2,920,026	2,428,002	2,422,952
Other Assets	47,620	50,084	68,527	71,063
	6,395,492	**6,404,357**	**4,933,533**	**4,947,497**

Notes To The Financial Statements (Continued)

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 31 December 2019 or 2018.

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

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

Collateral repossessed

During the year no collateral was repossessed by the bank. Assets valued at GHS104 million was repossessed by the bank in 2018.

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:

Loans and Advances to Customers

Exposure to Credit Risk	**2019**		**2018**	
	Bank	**Group**	**Bank**	**Group**
Carrying Amount	**2,920,026**	**2,920,026**	**2,428,002**	**2,422,952**
Concentration by industry				
Agriculture, Forestry & Fishing	182	182	28,279	28,279
Mining and Quarrying	63,316	63,316	27,356	27,356
Manufacturing	167,165	167,165	155,266	155,266
Construction	1,037,888	1,037,888	514,640	514,640
Electricity, gas and water	149,168	149,168	145,837	145,837
Commerce and Finance	534,139	534,139	603,179	598,129
Transport, Storage and Communications	380,106	380,106	313,603	313,603
Services	659,276	659,276	689,864	689,864
Miscellaneous	130,596	130,596	124,226	124,226
	3,121,836	**3,121,836**	**2,602,250**	**2,597,200**
Allowance for Impairment	(201,810)	(201,810)	(174,248)	(174,248)
	2,920,026	**2,920,026**	**2,428,002**	**2,422,952**
Concentration by type of customer				
Private Enterprises	2,500,096	2,500,096	2,057,229	2,052,179
Joint Private & State Enterprises	512,244	512,244	444,139	444,139
Individuals	109,496	109,496	100,882	100,882
	3,121,836	**3,121,836**	**2,602,250**	**2,597,200**
Allowance for Impairment	(201,810)	(201,810)	(174,248)	(174,248)
	2,920,026	**2,920,026**	**2,428,002**	**2,422,952**

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.

5.3. Liquidity risk

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

5.3.1. 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.

5.3.2. 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.

Notes To The Financial Statements (Continued)

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

2019	Bank							
	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and Cash Equivalents	597,779	597,779	-	-	-	-	-	-
Non-Pledged Trading Assets	125,772	-	-	125,772	-	-	-	-
Derivative Assets Held for Risk Management	4,115	-	4,115	-	-	-	-	-
Investment Securities	2,704,295	257,271	43,404	420,513	761,683	710,449	325,114	185,861
Loans and Advances to Customers	2,920,026	589,982	69,347	415,266	278,024	386,877	331,927	848,603
Investments in Subsidiaries	2,038	-	-	-	-	-	-	2,038
Current Tax Assets	13,495	-	12,473	-	-	-	-	-
Property Plant and Equipment	504,166	-	-	-	-	-	-	506,304
Intangible Assets	27,533	-	-	-	-	-	-	25,395
Right-of-use Assets	87,236	-	-	-	-	-	-	87,236
Deferred Tax Assets	5,705	-	-	-	-	-	-	5,705
Other Assets	47,620	-	34,894	12,726	-	-	-	-
Total Assets	**7,039,780**	**1,445,032**	**164,233**	**974,277**	**1,039,707**	**1,097,326**	**657,041**	**1,661,142**
Liabilities								
Deposits From Banks and Other Financial Institutions	172,654	50,249	43,251	50,496	8,985	2,729	2,183	14,761
Deposits From Customers	3,694,513	1,534,045	589,581	891,785	354,592	133,317	141,633	49,560
Borrowings	2,028,126	47,579	603,587	176,387	113,614	248,085	253,215	585,659
Lease Liabilities	77,212	3,861	7,721	9,265	11,582	13,126	15,442	16,215
Other Liabilities	106,408	38,238	42,827	25,343	-	-	-	-
Total Liabilities	**6,078,913**	**1,673,972**	**1,286,967**	**1,153,276**	**488,773**	**397,257**	**412,473**	**666,195**
Period liquidity gap	**960,867**	**(228,940)**	**(1,121,712)**	**(178,999)**	**550,934**	**700,069**	**244,568**	**994,947**
Cummulative liquidity gap	**960,867**	**(228,940)**	**(1,350,652)**	**(1,529,651)**	**(978,717)**	**(278,648)**	**(34,080)**	**960,867**
Contingent Liabilities	**157,127**	**-**	**133,746**	**8,252**	**8,252**	**6,877**	**-**	**-**

Notes To The Financial Statements (Continued)

2019	Group							
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	597,784	597,784	-	-	-	-	-	-
Non-Pledged Trading Assets	125,772	-	-	125,772	-	-	-	-
Derivative Assets Held for Risk Management	4,115	-	4,115	-	-	-	-	-
Investment Securities	2,710,691	257,320	43,510	428,554	762,560	707,475	325,411	185,861
Loans and Advances to Customers	2,920,026	589,982	69,347	415,266	278,024	386,877	331,927	848,603
Current Tax Assets	13,971	-	13,971	-	-	-	-	-
Property Plant and Equipment	504,242	-	-	-	-	-	-	506,380
Intangible Assets	28,789	-	-	-	-	-	-	28,789
Right-of-use Assets	87,236	-	-	-	-	-	-	87,236
Deferred Tax Assets	5,788	-	-	-	-	-	-	5,788
Other Assets	50,170	-	34,894	15,190	-	-	-	-
Total Assets	**7,048,498**	**1,445,086**	**165,837**	**984,782**	**1,040,584**	**1,094,352**	**657,338**	**1,660,519**
Liabilities								
Deposits From Banks and Other Financial Institutions	164,471	50,249	43,251	42,313	8,985	2,729	2,183	14,761
Deposits From Customers	3,694,513	1,534,045	589,581	891,785	354,592	133,317	141,633	49,560
Borrowings	2,028,126	47,579	603,587	176,387	113,614	248,085	253,215	585,659
Lease Liabilities	77,212	-	-	-	-	-	-	77,212
Other Liabilities	109,389	38,238	42,827	28,324	-	-	-	-
Total Liabilities	**6,073,711**	**1,670,111**	**1,279,246**	**1,138,809**	**477,191**	**384,131**	**397,031**	**727,192**
Period liquidity gap	**974,787**	**(225,025)**	**(1,113,409)**	**(154,027)**	**563,393**	**710,221**	**260,307**	**933,327**
Cummulative liquidity gap	**974,787**	**(225,025)**	**(1,338,434)**	**(1,492,461)**	**(929,068)**	**(218,847)**	**41,460**	**974,787**
Contingent Liabilities	**157,127**	**-**	**133,746**	**8,252**	**8,252**	**6,877**	**-**	**-**

2018	Bank							
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	637,565	637,565	-	-	-	-	-	-
Investment Securities	1,799,439	685,434	150,356	234,861	65,091	471,153	71,712	120,832
Loans and Advances to Customers	2,428,002	322,705	301,121	98,561	203,715	229,172	411,984	860,744
Investments in Subsidiaries	2,038	-	-	-	-	-	-	2,038
Property and Equipment	435,493	-	-	-	-	-	-	435,493
Intangible Assets	19,901	-	-	-	-	-	-	19,901
Deferred Tax Assets	14,891	-	-	-	-	-	-	14,891
Other Assets	68,527	-	40,873	27,654	-	-	-	-
Total Assets	**5,405,856**	**1,645,704**	**492,350**	**361,076**	**268,806**	**700,325**	**483,696**	**1,453,899**

Notes To The Financial Statements (Continued)

Liabilities	Bank							
	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
Deposits From Banks and Other Financial Institutions	78,161	24,202	14,021	22,105	2,826	759	607	13,641
Deposits From Customers	3,078,682	1,265,822	512,868	729,005	314,411	107,026	111,973	37,577
Borrowings	1,319,932	89,526	185,801	323,944	129,686	103,264	325,350	162,361
Current Tax Liabilities	7,273	-	7,273	-	-	-	-	-
Other Liabilities	157,236	88,656	44,748	23,832	-	-	-	-
Total Liabilities	**4,641,284**	**1,468,206**	**764,711**	**1,098,886**	**446,923**	**211,049**	**437,930**	**213,579**
Period liquidity gap	**764,572**	**177,498**	**(272,361)**	**(737,810)**	**(178,117)**	**489,276**	**45,766**	**1,240,320**
Cummulative liquidity gap	**764,572**	**177,498**	**(94,863)**	**(832,673)**	**(1,010,790)**	**(521,514)**	**(475,748)**	**764,572**
Contingent Liabilities	**277,321**	**-**	**234,770**	**15,018**	**15,018**	**12,515**	**-**	**-**

2018

Assets	Group							
	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	637,570	637,570	-	-	-	-	-	-
Investment Securities	1,815,912	685,434	150,356	234,861	81,564	471,153	71,712	120,832
Loans and Advances to Customers	2,422,952	317,655	301,121	98,561	203,715	229,172	411,984	860,744
Current Tax Assets	512	-	512	-	-	-	-	-
Property and Equipment	435,583	-	-	-	-	-	-	435,583
Intangible Assets	20,632	-	-	-	-	-	-	20,632
Deferred Tax Assets	15,075	-	-	-	-	-	-	15,075
Other Assets	71,063	-	40,873	30,190	-	-	-	-
Total Assets	**5,419,299**	**1,640,659**	**492,862**	**363,612**	**285,279**	**700,325**	**483,696**	**1,452,866**
Liabilities								
Deposits From Banks and Other Financial Institutions	71,371	24,202	14,021	15,315	2,826	759	607	13,641
Deposits From Customers	3,078,682	1,265,822	512,868	729,005	314,411	107,026	111,973	37,577
Borrowings	1,319,932	89,526	185,801	323,944	129,686	103,264	325,350	162,361
Current Tax Liabilities	7,301	-	7,301	-	-	-	-	-
Other Liabilities	162,568	88,656	44,748	29,164	-	-	-	-
Total Liabilities	**4,639,854**	**1,468,206**	**764,739**	**1,097,428**	**446,923**	**211,049**	**437,930**	**213,579**
Period liquidity gap	**779,445**	**172,453**	**(271,877)**	**(733,816)**	**(161,644)**	**489,276**	**45,766**	**1,239,287**
Cummulative liquidity gap	**779,445**	**172,453**	**(99,424)**	**(833,240)**	**(994,884)**	**(505,608)**	**(459,842)**	**779,445**
Contingent Liabilities	**277,321**	**-**	**234,770**	**15,018**	**15,018**	**12,515**	**-**	**-**

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.

5.3.3. 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	2019		2018	
	Bank	Group	Bank	Group
Lines for letters of credit establishment	1,487,889	1,487,889	1,382,751	1,382,751
Lines for letters of credit refinancing/ payment	1,245,083	1,245,083	650,700	650,700

5.4. 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.

5.4.1. 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.

5.4.2. 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 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 and company'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:

Notes To The Financial Statements (Continued)

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 2019	(8,879)	8,879	(4,440)	4,440
At 31 December 2018	(1,869)	1,869	(935)	935

5.4.3. 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 and bank'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.

Group and Bank

2019	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Cash Equivalents	115,124	16,377	32,429	2,383	166,313
Loans and Advances to Customers	1,309,199	-	84	-	1,309,283
Other Assets	307	29	-	-	336
Total Assets	**1,424,630**	**16,406**	**32,513**	**2,383**	**1,475,932**
Liabilities					
Deposits From Customers	542,861	18,397	35,404	-	596,662
Borrowings	1,972,722	-	-	-	1,972,722
Other Liabilities	17,038	54	112	-	17,204
Total Liabilities	**2,532,621**	**18,451**	**35,516**	**-**	**2,586,588**
Net On-Balance Sheet Position	(1,107,991)	(2,045)	(3,003)	2,383	(1,110,656)
Off-Balance Sheet Credit Commitments	238,014	-	10,196	-	248,210
Total Exposure	**(869,977)**	**(2,045)**	**7,193**	**2,383**	**(862,446)**

Group and Bank

2018	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Cash Equivalents	63,806	20,858	28,161	2,595	115,420
Loans and Advances to Customers	1,101,461	2	95	-	1,101,558
Other Assets	521	-	-	-	521
Total Assets	**1,165,788**	**20,860**	**28,256**	**2,595**	**1,217,499**
Liabilities					
Deposits From Customers	497,275	17,976	33,949	-	549,200
Borrowings	1,197,218	-	-	-	1,197,218
Other Liabilities	25,510	4	448	-	25,962
Total Liabilities	**1,720,003**	**17,980**	**34,397**	**-**	**1,772,380**
Net On-Balance Sheet Position	(554,215)	2,880	(6,141)	2,595	(554,881)
Off-Balance Sheet Credit Commitments	286,981	5,431	44,726	-	337,138
Total Exposure	**(267,234)**	**8,311**	**38,585**	**2,595**	**(217,743)**

5.4.4. 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 2019 and 2018 on its 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 profit or loss and equity (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.

	2019			2018		
	Exchange Rate at 31 Dec	Change in currency rate	Effect on profit before tax	Exchange Rate at 31 Dec	Change in currency rate	Effect on profit before tax
US Dollars	5.5337	15%	(164,061)	4.8200	9%	(50,751)
British Pounds	7.3164	19%	(380)	6.1711	3%	99
Euro	6.2114	13%	(380)	5.5131	4%	(251)

5.5. 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.

5.6. Capital management Regulatory capital

The Group's lead regulator, the Bank of Ghana, monitors capital requirements for the Group. 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 Group's 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.

Notes To The Financial Statements (Continued)

The regulatory capital position at 31 December was as follows:

	Notes	2019 Bank	2019 Group	2018 Bank	2018 Group
Paid Up Capital		**400,000**	**400,000**	**400,000**	**400,000**
Retained Earnings		174,819	189,473	58,140	73,666
Statutory Reserves		288,353	288,353	244,782	244,782
Other Quarlifying Reserves		(6,941)	(7,675)	(17,918)	(18,571)
Total CET1 Reserves		**456,231**	**470,151**	**285,004**	**299,877**
Tier 1 Capital Before Deductions		**856,231**	**870,151**	**685,004**	**699,877**
Software		27,533	28,789	19,901	20,632
Deferred Tax		5,705	5,788	14,891	15,075
Others		44,126	46,177	64,625	67,174
CET1 Capital After Deductions		**778,867**	**789,397**	**585,587**	**596,996**
Tier 1 Capital		**778,867**	**789,397**	**585,587**	**596,996**
Subordinated Term Debt		147,023	147,023	141,082	141,082
Property Revaluation Reserve (@50%)		52,318	52,318	31,763	31,763
Tier 2 Capital (Limited to 2% of Risk Weighted Assets)		**75,848**	**76,214**	**80,733**	**81,285**
Total Regulatory Capital		**854,715**	**865,611**	**666,320**	**678,281**
Risk Weighted Assets - Credit Risk		2,981,914	2,979,204	3,249,023	3,247,942
Risk Weighted Assets - Operational Risk		793,964	806,170	737,082	756,181
Risk Weighted Assets - Market Risk		16,500	25,313	50,528	60,118
Total Risk Weighted Assets		**3,792,378**	**3,810,687**	**4,036,633**	**4,064,241**
Capital Adequacy Ratio		**22.5%**	**22.7%**	**16.5%**	**16.7%**
Summary of Key Ratios					
Tier 1 Capital Ratio		20.5%	20.7%	14.5%	14.7%
Tier 2 Capital Ratio		2.0%	2.0%	2.0%	2.0%
Capital Adequacy Ratio		22.5%	22.7%	16.5%	16.7%
Leverage Ratio*		10.8%	11.0%	10.3%	10.5%
*In computing leverage ratio, total assets (Off and On-Balance Sheet) amounted to		**7,196,907**	**7,205,668**	**5,683,177**	**5,696,620**

5.6.1. 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."

Regulatory Quantitative Disclosures

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Capital Adequacy Ratio	22.5%	22.7%	16.5%	16.7%
Non-Performing Loans Ratio	9.9%	9.9%	8.0%	8.0%
Liquid Ratio	142%	143%	104%	104%
Compliance with statutory liquidity requirement				
(i) Default in Statutory Liquidity	Nil	Nil	Nil	Nil
(ii) Default in Statutory Liquidity Sanction (GHS'000)	Nil	Nil	Nil	Nil
(iii) Other Regulatory Penalties (GHS'000)	24	24	Nil	Nil

6. 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 5).

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 note 4.

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 note 8. 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 amortised cost, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy note 4.9.4.

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 note 4.9.4.

7. 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 clients.

- 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 operating profit or loss which in certain respects is measured differently from operating profit or loss in the 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 tax assets, property and equipment, intangible assets and cash balances held at head office. The liabilities are also made up of current tax liabilities, deferred tax liabilities, 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 Financial Statements (Continued)

7.0. Operating segments (Continued)

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

	Corporate Banking & Project Finance	Consumer & Retail Business Banking	Treasury	Brokerage	Asset Management	Unallocated	Consolidated
31 December 2019							
External Revenues							
Net Interest Income	187,684	163,464	165,473	265	1,220	-	518,106
Net Fees and Commissions	19,205	19,488	806	-	7,098	-	46,597
Net Trading Income	-	-	27,168	-	-	-	27,168
Other Operating Income	11	648	4,302	(426)	(14)	-	4,521
Intersegment Revenue	(393)	-	-	(58)	451	-	-
Total Segment Revenues	**206,507**	**183,600**	**197,749**	**(219)**	**8,755**	**-**	**596,392**
Operating Costs	**(25,321)**	**(128,678)**	**(8,021)**	**(4,702)**	**(2,800)**	**(183,930)**	**(353,452)**
Segment Results	**181,186**	**54,922**	**189,728**	**(4,921)**	**5,955**	**(183,930)**	**242,940**
Income Tax Expense	**-**	**-**	**-**	**(16)**	**(1,886)**	**(67,625)**	**(69,527)**
Profit/(Loss) For The Period	**181,186**	**54,922**	**189,728**	**(4,937)**	**4,069**	**(251,555)**	**173,413**
Segment Assets	2,245,545	678,273	3,419,799	4,006	16,171	684,704	7,048,498
Total Assets	**2,245,545**	**678,273**	**3,419,799**	**4,006**	**16,171**	**684,704**	**7,048,498**
Segment Liabilities	1,582,013	1,407,421	2,900,321	2,367	671	180,918	6,073,711
Total Liabilities	**1,582,013**	**1,407,421**	**2,900,321**	**2,367**	**671**	**180,918**	**6,073,711**
Impairment Loss on Financial Assets	**(14,672)**	**(68,695)**	**-**	**(2,699)**	**-**	**-**	**(86,066)**
Depreciation and Amortisation	**(189)**	**(5,210)**	**(141)**	**(15)**	**(126)**	**(15,267)**	**(20,948)**
Expenditure on non-current assets	**-**	**4,140**	**-**	**312**	**78**	**20,919**	**25,449**

Notes To The Financial Statements (Continued)

7. Operating segments (Continued)

31 December 2018	Corporate Banking & Project Finance	Consumer & Retail Business Banking	Treasury	Brokerage	Asset Management	Unallocated	Consolidated
External Revenues							
Net Interest Income	124,645	199,105	96,945	622	312	-	421,629
Net Fees and Commissions	29,480	31,292	1,351	60	7,360	-	69,543
Net Trading Income	-	-	27,106	-	-	-	27,106
Other Operating Income	571	159	-	249	-	-	979
Intersegment Revenue	(5,320)	-	-	2,847	2,473	-	-
Total Segment Revenues	**149,376**	**230,556**	**125,402**	**3,778**	**10,145**	**-**	**519,257**
Operating Costs	**(35,015)**	**(92,447)**	**(5,043)**	**(3,515)**	**(2,786)**	**(157,545)**	**(296,351)**
Segment Results	**114,361**	**138,109**	**120,359**	**263**	**7,359**	**(157,545)**	**222,906**
Income Tax Expense				**(259)**	**(2,207)**	**(67,224)**	**(69,690)**
Profit For The Year	**114,361**	**138,109**	**120,359**	**4**	**5,152**	**(224,769)**	**153,216**
Segment Assets	1,921,870	728,805	2,315,773	15,455	12,842	424,554	5,419,299
Total Assets	**1,921,870**	**728,805**	**2,315,773**	**15,455**	**12,842**	**424,554**	**5,419,299**
Segment Liabilities	1,797,500	1,304,480	1,362,769	9,045	1,551	164,509	4,639,854
Total Liabilities	**1,797,500**	**1,304,480**	**1,362,769**	**9,045**	**1,551**	**164,509**	**4,639,854**
Impairment Loss on Financial Assets	(28,301)	(38,434)	-	-	-	-	(66,735)
Depreciation and Amortisation	1,354	4,449	-	15	25	5,871	11,714
Expenditure on non-current assets	-	6,116	-	10	767	61,336	68,229

Notes To The Financial Statements (Continued)

7. Operating segments (Continued)

The Group operated in four 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 2019 and 2018.

2019	Northern	Ashanti	Western	Greater Accra	Consolidated
Interest Income	8,271	32,688	38,354	833,096	912,409
Interest Expense	(3,656)	(6,428)	(10,809)	(373,410)	(394,303)
Net Interest Income	**4,615**	**26,260**	**27,545**	**459,686**	**518,106**
Net Fees and Commissions	523	5,132	4,888	36,054	46,597
Net Trading Income	-	-	-	27,168	27,168
Recognised gains on derivative assets	-	-	-	4,115	4,115
Other Operating Income	1	8	1	396	406
Operating Income	**5,139**	**31,400**	**32,434**	**527,419**	**596,392**
Net Impairement Loss on Financial Assets	(129)	(26,282)	(11,178)	(48,477)	(86,066)
Personel Expenses	(986)	(7,034)	(5,139)	(121,420)	(134,579)
Depreciation and Amortisation	(244)	(1,053)	(957)	(18,694)	(20,948)
Lease Expenses	(591)	(1,229)	(888)	(8,925)	(11,633)
Other Expenses	(610)	(3,931)	(2,748)	(92,937)	(100,226)
Total Operating Expenses	**(2,560)**	**(39,529)**	**(20,910)**	**(290,453)**	**(353,452)**
Profit Before Income Tax	**2,579**	**(8,129)**	**11,524**	**236,966**	**242,940**
Income Tax Expense	-	-	-	-	(69,527)
Profit For The Period	**2,579**	**(8,129)**	**11,524**	**236,966**	**173,413**
Segment Assets	1,778	155,950	147,467	6,743,303	7,048,498
Total Assets	**1,778**	**155,950**	**147,467**	**6,743,303**	**7,048,498**
Segment Liabilities	58,242	315,164	169,200	5,531,105	6,073,711
Total Liabilities	**58,242**	**315,164**	**169,200**	**5,531,105**	**6,073,711**

Notes To The Financial Statements (Continued)

7. Operating segments (Continued)

2018	Northern	Ashanti	Western	Greater Accra	Consolidated
Interest Income	1,329	37,207	46,246	688,488	773,270
Interest Expense	(495)	(5,067)	(13,771)	(332,308)	(351,641)
Net Interest Income	**834**	**32,140**	**32,475**	**356,180**	**421,629**
Net Fees and Commissions	373	6,918	8,925	53,327	69,543
Net Trading Income	-	-	-	27,106	27,106
Other Operating Income	38	285	287	369	979
Operating Income	**1,245**	**39,343**	**41,687**	**436,982**	**519,257**
Net Impairement Loss on Financial Assets	(79)	(4,824)	(13,278)	(48,554)	(66,735)
Personel Expenses	(944)	(6,335)	(4,712)	(113,373)	(125,364)
Depreciation and Amortisation	(221)	(1,108)	(924)	(9,461)	(11,714)
Other Expenses	(609)	(3,137)	(2,689)	(86,103)	(92,538)
Total Operating Expenses	**(1,853)**	**(15,404)**	**(21,603)**	**(257,491)**	**(296,351)**
Profit Before Income Tax	**(608)**	**23,939**	**20,084**	**179,491**	**222,906**
Income Tax Expense	-	-	-	-	(69,690)
Profit For The Year	(608)	23,939	20,084	179,491	153,216
Segment Assets	14,137	168,956	182,670	5,053,536	5,419,299
Total Assets	**14,137**	**168,956**	**182,670**	**5,053,536**	**5,419,299**
Segment Liabilities	26,722	223,710	179,523	4,209,899	4,639,854
Total Liabilities	**26,722**	**223,710**	**179,523**	**4,209,899**	**4,639,854**

8. 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

2019	**Fair Value OCI**	**Fair Value Through Profit or Loss**	**Amortised cost**	**Total carrying amount**	**Fair value**
The Bank					
Cash and Cash Equivalents	–	–	597,779	**597,779**	597,779
Non-Pledged Trading Assets	–	125,772	–	**125,772**	125,772
Derivative Assets Held for Risk Management	–	4,115	–	**4,115**	4,115
Investment Securities	–	151	2,704,144	**2,704,295**	2,704,295
Loans and Advances to Customers	–	–	2,920,026	**2,920,026**	2,920,026
Investments in Subsidiaries	2,038	–	–	**2,038**	2,038
	2,038	130,038	6,221,949	**6,354,025**	6,354,025
Deposits From Banks and Other Financial Institutions	–	–	172,654	**172,654**	172,654
Deposits From Customers	–	–	3,694,513	**3,694,513**	3,694,513
Borrowings	–	–	2,028,126	**2,028,126**	2,028,126
Lease Liabilities	–	–	77,212	**77,212**	77,212
Other Liabilities	–	–	106,408	**106,408**	106,408
	–	–	6,078,913	**6,078,913**	6,078,913

2019	**Fair Value OCI**	**Fair Value Through Profit or Loss**	**Amortised cost**	**Total carrying amount**	**Fair value**
The Group					
Cash and Cash Equivalents	–	–	597,784	**597,784**	597,784
Non-Pledged Trading Assets	–	125,772		**125,772**	125,772
Derivative Assets Held for Risk Management	–	4,115		**4,115**	4,115
Investment Securities	–	733	2,709,958	**2,710,691**	2,710,691
Loans and Advances to Customers	–		2,920,026	**2,920,026**	2,920,026
	–	130,620	6,227,768	**6,358,388**	6,358,388
Deposits From Banks and Other Financial Institutions	–	–	164,471	**164,471**	164,471
Deposits From Customers	–	–	3,694,513	**3,694,513**	3,694,513
Borrowings	–	–	2,028,126	**2,028,126**	2,028,126
Lease Liabilities	–	–	77,212	**77,212**	77,212
Other Liabilities	–	–	109,389	**109,389**	109,389
	–	–	6,073,711	**6,073,711**	6,073,711

8. Financial assets and liabilities (Continued)

2018 **The Bank**	**Fair Value OCI**	**Fair Value Through Profit or Loss**	**Amortised cost**	**Total carrying amount**	**Fair value**
Cash and Cash Equivalents	-	-	637,565	**637,565**	637,565
Investment Securities	276,118	1,523,321	-	**1,799,439**	1,799,439
Loans and Advances to Customers	-	-	2,428,002	**2,428,002**	2,428,002
Investments in Subsidiaries	2,038	-	-	**2,038**	2,038
	278,156	1,523,321	3,065,567	**4,867,044**	4,867,044
Deposits From Banks and Other Financial Institutions	-	-	78,161	**78,161**	78,161
Deposits From Customers	-	-	3,078,682	**3,078,682**	3,078,682
Borrowings	-	-	1,319,932	**1,319,932**	1,319,932
Other Liabilities	-	-	157,236	**157,236**	157,236
	-	-	4,634,011	**4,634,011**	4,634,011

2018 **The Group**	**Fair Value OCI**	**Fair Value Through Profit or Loss**	**Amortised cost**	**Total carrying amount**	**Fair value**
Cash and Cash Equivalents	-	-	637,570	**637,570**	637,570
Investment Securities	276,118	1,539,794	-	**1,815,912**	1,815,912
Loans and Advances to Customers	-	-	2,422,952	**2,422,952**	2,422,952
	276,118	1,539,794	3,060,522	**4,876,434**	4,876,434
Deposits From Banks and Other Financial Institutions	-	-	71,371	**71,371**	71,371
Deposits From Customers	-	-	3,078,682	**3,078,682**	3,078,682
Borrowings	-	-	1,319,932	**1,319,932**	1,319,932
Other Liabilities	-	-	162,568	**162,568**	162,568
	-	-	4,632,553	**4,632,553**	4,632,553

Notes To The Financial Statements (Continued)

8. Financial assets and liabilities (Continued)

(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 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.

Notes To The Financial Statements (Continued)

8. Financial assets and liabilities (Continued)

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, and quoted prices on the Ghana stock exchange

The Level 2 was valued using Government of Ghana quoted market prices for similar instruments, and quoted prices on the Ghana stock exchange

Level 3 - valuation techniques are based on significant observable inputs

	2019				2018			
The Bank	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative Assets Held for Risk Management	-	-	4,115	4,115	-	-	-	-
Investment Securities	987,416	1,716,879	-	2,704,295	275,983	1,523,456	-	1,799,439
	987,416	**1,716,879**	**4,115**	**2,708,410**	**275,983**	**1,523,456**	**-**	**1,799,439**
The Group								
Derivative Assets Held for Risk Management	-	-	4,115	4,115	-	-	-	-
Investment Securities	987,416	1,723,275	-	2,710,691	275,983	1,539,929	-	1,815,912
	987,416	**1,723,275**	**4,115**	**2,714,806**	**275,983**	**1,539,929**	**-**	**1,815,912**

9. NET INTEREST INCOME

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
INTEREST INCOME				
Cash and Cash Equivalents	46,926	46,926	19,280	19,280
Loans and Advances to Customers	483,239	483,028	477,203	477,203
Investment securities at amortised cost	381,118	382,455	233,536	234,055
Investment securities at FVOCI	-	-	42,732	42,732
Total interest income calculated using the effective interest rate method	**911,283**	**912,409**	**772,751**	**773,270**
INTEREST EXPENSE				
Deposits from Banks	7,379	7,379	11,927	12,100
Deposits from Customers	281,935	281,287	257,946	252,652
Debt Securities Issued	105,641	105,637	86,889	86,889
Total Interest Expense	**394,955**	**394,303**	**356,762**	**351,641**
Net Interest Income	**516,328**	**518,106**	**415,989**	**421,629**

Included within various line items under interest income for the year ended 31 December 2019 is a total of GHS19.01 million (2018: GHS15.84 million) accrued on impaired financial assets.

The net interest reported include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

Notes To The Financial Statements (Continued)

9. Net Interest Income (Continued)

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Financial assets measured at amortised cost	6,351,987	6,358,388	4,576,524	4,587,952
Financial assets measured at FVOCI	-	-	278,225	278,225
Total	**6,351,987**	**6,358,388**	**4,854,749**	**4,866,177**
Financial liabilities measured at amortised cost	**5,895,293**	**5,887,110**	**4,476,775**	**4,469,985**

10. NET FEE AND COMMISSION INCOME

	2019		2018	
	Bank	**Group**	**Bank**	
Fee and Commission Income				
Customer Fees	9,605	9,605	8,889	8,889
Credit Related Fees	24,447	24,447	42,378	42,378
Corp Finance & Advisory Fees	10,221	17,281	5,726	13,332
Other	13,292	13,292	11,389	11,389
Total Fee and Commission Income	**57,565**	**64,625**	**68,382**	**75,988**
Fee and Commission Expense				
Inter-bank transaction fees	15,409	15,409	6,194	6,194
Other fees and commission expense	2,619	2,619	251	251
Total Fee and Commission Expense	**18,028**	**18,028**	**6,445**	**6,445**
Net Fee and Commission Income	**39,537**	**46,597**	**61,937**	**69,543**

11. NET TRADING INCOME

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Fixed Income	26,919	26,919	32	32
Foreign Exchange	249	249	26,886	26,902
Equities held-for-trading	-	-	-	172
Net Trading Income	**27,168**	**27,168**	**26,918**	**27,106**

12. OTHER OPERATING INCOME

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Rental Income	-	-	108	108
Other Income	376	22	318	636
Dividend Income	-	86	15,026	32
Profit From disposal of Property Plant and Equipment	298	298	203	203
	674	**406**	**15,655**	**979**

Notes To The Financial Statements (Continued)

13. PERSONNEL EXPENSES

	2019		2018	
	Bank	Group	Bank	Group
Salaries	63,621	65,586	59,446	60,972
Defined Benefit Contribution Plans	7,440	7,670	6,860	7,081
Other Personnel Expenses	60,013	61,323	56,002	57,311
	131,074	**134,579**	**122,308**	**125,364**

Included within personal expenses for the year is a total of GHS17.3 million (2018: GHS4.8 million) relating to executive directors.

The average number of persons employed by the bank during the year was 816 (2018: 792)

14. OTHER EXPENSES

	2019		2018	
	Bank	Group	Bank	Group
Software Licensing and Other Information Technology Cost	21,797	22,111	17,160	17,490
Auditors' Remuneration	340	397	269	316
Directors Fees & Allowances	5,142	5,298	1,556	1,675
Other Expenses	71,712	72,420	70,444	73,057
	98,991	**100,226**	**89,429**	**92,538**

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

Notes To The Financial Statements (Continued)

15. INCOME TAX EXPENSE

Recognised in the statement of comprehensive income

		2019		2018	
	Note	**Bank**	**Group**	**Bank**	**Group**
Income tax expense					
Current tax expense	24	70,826	72,586	65,878	68,347
Deferred tax expense	25	(3,160)	(3,059)	1,535	1,343
Total income tax expense		**67,666**	**69,527**	**67,413**	**69,690**
Reconciliation of effective tax rate					
Profit before tax		241,951	242,940	230,353	222,906
Corporate Tax Rate		25%	25%	25%	25%
National Fiscal Stabilisation Levy Rate		5%	5%	5%	5%
Income tax using the domestic tax rate		60,488	60,735	57,588	55,727
Non-deductible expenses		4,435	5,959	36,387	40,857
Tax at different rate		-	-	30	30
Capital allowances		(9,355)	(9,314)	(38,110)	(38,069)
National fiscal and stabilisation levy		12,098	12,147	11,518	11,145
Current income tax charge		**67,666**	**69,527**	**67,413**	**69,690**
Effective tax rate		28.0%	28.6%	29.3%	31.3%

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 626 million (2018: 626 million), calculated as follows:

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Net profit for the year attributable to equity holders of the Bank	174,285	173,413	162,940	153,216
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January	626,585	626,585	548,262	548,262
Effect of treasury shares held by subsidiaries	-	(997)	-	(997)
Bonus shares issued during the year	-	-	78,323	78,323
Weighted average number of ordinary shares at 31 December	**626,585**	**625,588**	**626,585**	**625,588**
Basic earnings per share (GHS)	**0.2782**	**0.2772**	**0.2600**	**0.2449**

Notes To The Financial Statements (Continued)

16. Earnings Per Share (Continued)

There was no additional shares issued for cash during the year.

Diluted earnings per share

The calculation of diluted earnings per share as at 31 December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 625.6 million (2018: 625.6 million), calculated as follows:

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Profit for the year attributable to ordinary shareholders	174,285	173,413	162,940	153,216
Weighted average number of ordinary shares (diluted)				
Weighted average number of ordinary shares (basic)	626,585	626,585	548,262	548,262
Effect of treasury shares held by subsidiaries	-	(997)	-	(997)
Bonus shares issued during the year	-	-	78,323	78,323
Weighted average number of ordinary shares (diluted)	**626,585**	**625,588**	**626,585**	**625,588**
Diluted earnings per share (GHS)	**0.2782**	**0.2772**	**0.2600**	**0.2449**

17. DIVIDEND PER SHARE

The directors recommend the payment of a dividend of GHS0.089 per share (2018: GHS0.048).

18. CASH AND CASH EQUIVALENTS

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Cash and Balance with Banks	149,327	149,332	132,672	132,677
Unrestricted Balances with Bank of Ghana	52,934	53,752	169,704	170,383
Restricted Balances with Bank of Ghana	386,376	385,558	315,684	315,005
Items in course of collection	9,142	9,142	19,505	19,505
	597,779	**597,784**	**637,565**	**637,570**

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

19. INVESTMENT SECURITIES

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Securities at amortised cost	2,704,144	2,709,958	1,523,321	1,535,504
Securities at FVOCI	-	-	275,983	275,983
Securities at FVTPL	151	733	135	4,425
	2,704,295	**2,710,691**	**1,799,439**	**1,815,912**
A. Securities at Amortised Cost				
Money Market Placements	257,107	262,921	685,300	692,461
Treasury Bills	590,179	590,179	385,217	385,217
Government Notes	869,442	869,442	452,804	457,826
Government Bonds	987,416	987,416	-	-
	2,704,144	**2,709,958**	**1,523,321**	**1,535,504**

Notes To The Financial Statements (Continued)

19. Investment Securities *Continued)*

	2019		2018	
	Bank	Group	Bank	Group
B. Securities at FVOCI				
Government Bonds	-	-	275,983	275,983
	-	-	275,983	275,983
C. Securities at FVTPL				
Equities	151	733	135	4,425
	151	**733**	**135**	**4,425**

A total of GHS 21.8 million (2018: GHS 60.3 million) of Investment Securities have been used as security for interbank and short term borrowing.

20. Non-Pledged Trading Assets

	2019		2018	
	Bank	Group	Bank	Group
Fixed Income Trading portfolio	125,772	125,772	-	-
	125,772	**125,772**	**-**	**-**

21. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by portfolio

	2019		2018	
	Bank	Group	Bank	Group
Retail:				
Mortgage	41,472	41,472	41,393	41,393
Personal Loans	54,774	54,774	47,801	47,801
SME	289,558	289,558	356,233	356,233
Retail Gross Loans and Advances	**385,804**	**385,804**	**445,427**	**445,427**
Corporate:				
Financial Institutions	302,238	302,238	257,796	252,746
Other Secured	2,433,794	2,433,794	1,899,027	1,899,027
Corporate Gross Loans and Advances	**2,736,032**	**2,736,032**	**2,156,823**	**2,151,773**
Gross Loans and Advances	**3,121,836**	**3,121,836**	**2,602,250**	**2,597,200**
Less:				
Identified Impairment - Corporate	(150,724)	(150,724)	(153,291)	(153,291)
Identified Impairment - Retail	(26,194)	(26,194)	-	-
Unidentified Impairment - Corporate	(17,646)	(17,646)	(12,572)	(12,572)
Unidentified Impairment - Retail	(7,246)	(7,246)	(8,385)	(8,385)
Carrying Amount	**2,920,026**	**2,920,026**	**2,428,002**	**2,422,952**
(b) Analysis by type				
Overdrafts	709,542	709,542	497,417	492,367
Term Loans	2,412,294	2,412,294	2,104,833	2,104,833
Gross Loans and Advances	**3,121,836**	**3,121,836**	**2,602,250**	**2,597,200**
Less:				
Identified Impairment	(176,918)	(176,918)	(153,291)	(153,291)
Unidentified Impairment	(24,892)	(24,892)	(20,957)	(20,957)
Carrying Amount	**2,920,026**	**2,920,026**	**2,428,002**	**2,422,952**

Notes To The Financial Statements (Continued)

i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.
ii. Loan loss provision ratio is 6.4% of gross advances (2018: 6.7%).
iii. Gross Non-performing loans ratio per Bank of Ghana requirement is 9.9% (2018: 8.4%).
iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 70.0% (2018: 78.6%).
v. The maximum amount due from officers of the bank during the year amounted to GHS31.47 million (2018: GHS26.63 million).

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

	2019		2018	
Allowances for Identified Impairment	**Bank**	**Group**	**Bank**	**Group**
Balance at 1 January	153,291	153,291	149,712	149,712
Impairment Charge for the year	133,269	133,269	71,130	71,130
Write-offs	(109,642)	(109,642)	(67,551)	(67,551)
Balance at 31 December	**176,918**	**176,918**	**153,291**	**153,291**
Allowances for Unidentified Impairment				
Balance at 1 January	20,957	20,957	4,386	4,386
IFRS 9 Impact	-	-	17,086	17,086
Impairment Charge for the year	4,226	4,226	311	311
Write-offs	(291)	(291)	(826)	(826)
Balance at 31 December	**24,892**	**24,892**	**20,957**	**20,957**
Credit Loss Expense				
Net increase in impairment on loans	137,495	137,495	71,441	71,441
Impairment charge on off-balance sheet exposures	(1,018)	(1,018)	1,361	1,361
Impairment charge on equities held for trading	-	2,699	-	-
Amounts recovered previously written off	(53,110)	(53,110)	(6,067)	(6,067)
Net charge to the income statement	**83,367**	**86,066**	**66,735**	**66,735**

22. INVESTMENTS IN SUBSIDIARIES

(a) The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
2019				
CalBank Nominees Limited **(CBNL)**	Custodial Service	Ghana	10	100
CalBrokers Limited **(CBL)**	Security Brokerage	Ghana	1,500	100
CalAsset Management Limited **(CAML)**	Fund Management	Ghana	518	100
CalTrustee Company Limited **(CTCL)**	Trustee	Ghana	10	100
			2,038	

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
2018				
CalBank Nominees Limited **(CBNL)**	Custodial Service	Ghana	10	100
CalBrokers Limited **(CBL)**	Security Brokerage	Ghana	1,500	100
CalAsset Management Limited **(CAML)**	Fund Management	Ghana	518	100
CalTrustee Company Limited **(CTCL)**	Trustee	Ghana	10	100
			2,038	

Notes To The Financial Statements (Continued)

22. Investments in Subsidiaries (Continued)

	2019 Bank	2019 Group	2018 Bank	2018 Group
Investments in subsidiaries are stated at cost and comprise:				
Investments in Subsidiaries	**2,038**	**-**	**2,038**	**-**

(b) Summary of Subsidiary Accounts

	2019			
	CBL	**CAML**	**CBNL**	**CTCL**
Revenue	(219)	8,755	-	-
Expenses	(4,702)	(2,800)	-	-
Income Tax and National Fiscal Stabilization Levy	(16)	(1,886)	-	-
Profit /(Loss) for the year	**(4,937)**	**4,069**	**-**	**-**
Total Assets	4,006	16,171	10	10
Total Liabilities	2,367	671	-	-
Total Shareholder's Equity	1,639	15,500	10	10
Total Cash Inflows	32,056	353,976	-	-
Total Cash Outflows	(28,899)	(351,414)	-	-
Net Cash Inflow	**3,157**	**2,562**	**-**	**-**

	2018			
	CBL	**CAML**	**CBNL**	**CTCL**
Revenue	3,969	10,328	-	-
Expenses	(3,779)	(2,801)	-	-
Income Tax and National Fiscal Stabilization Levy	(50)	(2,260)	-	-
Profit for the year	**140**	**5,268**	**-**	**-**
Total Assets	15,421	13,027	10	10
Total Liabilities	8,861	1,603	-	-
Total Shareholder's Equity	6,560	11,423	10	10
Total Cash Inflows	19,518	127,972	10	10
Total Cash Outflows	(21,281)	(121,987)	-	-
Net Cash Inflow (Outflow)	**(1,763)**	**5,985**	**10**	**10**

23. OTHER ASSETS

	2019 Bank	2019 Group	2018 Bank	2018 Group
Prepayments	44,126	46,177	64,625	67,174
Sundry Debtors	3,494	3,907	3,902	3,889
	47,620	**50,084**	**68,527**	**71,063**

The Bank

24. CURRENT TAX ASSETS/LIABILITIES

	Balance 1/1/2019	Payments	Charge for the year	Balance 31/12/2019
Income Tax				
2018	6,242	(7,298)	1,056	-
2019	-	(71,788)	57,672	(14,116)
	6,242	(79,086)	58,728	(14,116)
National Fiscal Stabilisation Levy				
2018	1,031	(1,031)	-	-
2019	0	(11,477)	12,098	621
	1,031	(12,508)	12,098	621
Total	**7,273**	**(91,594)**	**70,826**	**(13,495)**

The Group

	Balance 1/1/2019	Payments	Charge for the year	Balance 31/12/2019
Income Tax				
2009 - 2018	5,149	(7,298)	1,056	(1,093)
2019	-	(73,541)	59,432	(14,109)
	5,149	**(80,839)**	**60,488**	**(15,202)**
National Fiscal Stabilisation Levy				
2009 - 2017	610	(1,031)	-	(421)
2018	1,031			1,031
2019	-	(11,477)	12,098	621
	1,641	(12,508)	12,098	1,231
Total	**6,790**	**(93,347)**	**72,586**	**(13,971)**

Liabilities up to and including 2018 for the Bank have been agreed with the tax authorities, liabilities up to and including 2009 for the subsidiaries have also been agreed. All liabilities are subject to agreement with the Ghana Revenue Authority.

25. DEFERRED TAXATION

	2019		2018	
	Bank	Group	Bank	Group
Balance at the beginning	(14,891)	(15,075)	(17,706)	(17,698)
Origination/reversal of temporary differences:				
recognised in statement of profit or loss	(3,160)	(3,059)	1,535	1,343
recognised in OCI	12,346	12,346	1,280	1,280
Balance at the end	**(5,705)**	**(5,788)**	**(14,891)**	**(15,075)**

Notes To The Financial Statements (Continued)

25. Deferred Taxation (Continued)

Recognised deferred tax assets and liabilites:
Deferred tax liabilities are attributable to the following:

2019	Bank			Group		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	46,860	46,860	-	46,964	46,964
Impairment Allowance	(50,538)	-	(50,538)	(50,725)	-	(50,725)
Others	-	(2,027)	(2,027)	-	(2,027)	(2,027)
Net tax (assets)/liabilities	**(50,538)**	**44,833**	**(5,705)**	**(50,725)**	**44,937**	**(5,788)**

Recognised deferred tax assets and liabilites:
Deferred tax liabilities are attributable to the following:

2018	Bank			Group		
				Assets	Liabilities	Net
Property and Equipment	-	27,506	27,506	-	27,507	27,507
Impairment Allowance	(43,903)	-	(43,903)	(44,088)	-	(44,088)
Others	-	1,506	1,506	-	1,506	1,506
Net tax (assets)/liabilities	**(43,903)**	**29,012**	**(14,891)**	**(44,088)**	**29,013**	**(15,075)**

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

26. PROPERTY AND EQUIPMENT

2019	The Bank				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1 January	248,467	90,640	7,508	128,708	475,323
Additions	331	7,617	2,280	21,934	32,162
Disposals	-	-	(414)	-	(414)
Surplus on Revaluation	50,184	-	-	-	50,184
Transfers	-	1,093	-	(1,093)	-
Balance at 31 December	**298,982**	**99,350**	**9,374**	**149,549**	**557,255**
Accumulated Depreciation					
Balance at 1 January	6,507	29,206	4,117	-	39,830
Charge for the year	4,169	12,907	1,220	-	18,296
Release on Revaluation	(4,629)	-	-	-	(4,629)
Released on Disposal	-	-	(408)	-	(408)
Balance at 31 December	**6,047**	**42,113**	**4,929**	**-**	**53,089**
Net Book Value					
At 31 December	**292,935**	**57,237**	**4,445**	**149,549**	**504,166**

26. Property and Equipment (Continued)

2019	The Group				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1 January	248,467	91,532	7,508	128,708	476,215
Additions	331	7,643	2,280	21,934	32,188
Disposals	-	-	(414)	-	(414)
Surplus on Revaluation	50,184	-	-	-	50,184
Transfers	-	1,093	-	(1,093)	-
Balance at 31 December	**298,982**	**100,268**	**9,374**	**149,549**	**558,173**
Accumulated Depreciation					
Balance at 1 January	6,507	30,007	4,118	-	40,632
Charge for the year	4,169	12,947	1,220	-	18,336
Release on Revaluation	(4,629)	-	-	-	(4,629)
Released on Disposal	-	-	(408)	-	(408)
Balance at 31 December	**6,047**	**42,954**	**4,930**	**-**	**53,931**
Net Book Value					
At 31 December	**292,935**	**57,314**	**4,444**	**149,549**	**504,242**

2018	The Bank				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1 January	116,693	52,217	8,180	133,185	310,275
Additions	24,060	3,396	620	139,538	167,614
Disposals	-	-	(1,292)	-	(1,292)
Transfers	107,714	35,027	-	(144,015)	(1,274)
Balance at 31 December	**248,467**	**90,640**	**7,508**	**128,708**	**475,323**
Accumulated Depreciation					
Balance at 1 January	4,589	22,612	4,344	-	31,545
Charge for the year	1,918	6,594	1,046	-	9,558
Released on Disposal	-	-	(1,273)	-	(1,273)
Balance at 31 December	**6,507**	**29,206**	**4,117**	**-**	**39,830**
Net Book Value					
At 31 December	**241,960**	**61,434**	**3,391**	**128,708**	**435,493**

Notes To The Financial Statements (Continued)

26. Property and Equipment (Continued)

2018	The Group				
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Cost					
Balance at 1 January	116,693	53,064	8,180	133,185	311,122
Additions	24,060	3,441	620	139,538	167,659
Disposals	–	–	(1,292)	–	(1,292)
Transfers	107,714	35,027	–	(144,015)	(1,274)
Balance at 31 December	**248,467**	**91,532**	**7,508**	**128,708**	**476,215**
Accumulated Depreciation					
Balance at 1 January	4,589	23,376	4,342	–	32,307
Charge for the year	1,918	6,631	1,049	–	9,598
Released on Disposal	–	–	(1,273)	–	(1,273)
Balance at 31 December	**6,507**	**30,007**	**4,118**	**–**	**40,632**
Net Book Value					
At 31 December	**241,960**	**61,525**	**3,390**	**128,708**	**435,583**

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 31 December 2019 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
2019								
Bank Premises	–	–	292,935	292,935	–	–	292,935	292,935
	–	**–**	**292,935**	**292,935**	**–**	**–**	**292,935**	**292,935**
2018								
Bank Premises	–	–	241,960	241,960	–	–	241,960	241,960
	–	**–**	**241,960**	**241,960**	**–**	**–**	**241,960**	**241,960**

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

Notes To The Financial Statements (Continued)

26. Property and Equipment (Continued)

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

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

	2019		2018	
	Bank	Group	Bank	Group
Cost	414	414	1,292	1,292
Accumulated Depreciation	(408)	(408)	(1,273)	(1,273)
Net Book Value	6	6	19	19
Disposal Proceeds	304	304	222	222
Profit on Disposals	298	298	203	203

27. INTANGIBLE ASSETS

	The Bank			The Group		
2019 **Cost**	Software Cost	Work In Progress	Total	Software Cost	Work In Progress	Total
Balance at 1 January	25,136	2,138	27,274	25,136	2,869	28,005
Additions	7,752	2,390	10,142	8,379	2,390	10,769
Transfers	-	-	-	731	(731)	-
Balance at 31 December	**32,888**	**4,528**	**37,416**	**34,246**	**4,528**	**38,774**
Accumulated Depreciation						
Balance at 1 January	7,373	-	7,373	7,373	-	7,373
Charge for the year	2,510	-	2,510	2,612	-	2,612
Balance at 31 December	**9,883**	**-**	**9,883**	**9,985**	**-**	**9,985**
Net Book Value	**23,005**	**4,528**	**27,533**	**24,261**	**4,528**	**28,789**

	The Bank			The Group		
2018 **Cost**	Software Cost	Work In Progress	Total	Software Cost	Work In Progress	Total
Balance at 1 January	23,179	-	23,179	23,179	-	23,179
Additions	1,957	-	1,957	1,957	-	1,957
Transfers	-	2,138	2,138	-	2,869	2,869
Balance at 31 December	**25,136**	**2,138**	**27,274**	**25,136**	**2,869**	**28,005**
Accumulated Depreciation						
Balance at 1 January	5,257	-	5,257	5,257	-	5,257
Charge for the year	2,116	-	2,116	2,116	-	2,116
Balance at 31 December	**7,373**	**-**	**7,373**	**7,373**	**-**	**7,373**
Net Book Value	**17,763**	**2,138**	**19,901**	**17,763**	**2,869**	**20,632**

28. LEASES

	2019		2018	
	Bank	Group	Bank	Group
Right-of-use Assets				
Recognition of right-use-asset on initial application of IFRS 16	87,841	87,841	-	-
Additional right-use-asset recognised in current year	6,443	6,443	-	-
Lease expense - depreciation on right-of-use asset	(7,048)	(7,048)	-	-
Balance at 31 December 2019	**87,236**	**87,236**	**-**	**-**
Lease liability				
Recognition of lease liability on initial application of IFRS 16	76,155	76,155	-	-
Additional lease liability recognised in current year	6,443	6,443	-	-
Lease expense - finance cost	4,585	4,585	-	-
Total lease payments	(9,971)	(9,971)	-	-
Balance at 31 December 2019	**77,212**	**77,212**	**-**	**-**
Lease expenses charged to comprehensive income				
Depreciation on right-of-use asset	7,048	7,048	-	-
Finance cost	4,585	4,585	-	-
	11,633	**11,633**	**-**	**-**

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2019		2018	
	Bank	Group	Bank	Group
Current Account	57,253	49,708	25,918	21,570
Time Deposit	115,401	114,763	52,243	49,801
	172,654	**164,471**	**78,161**	**71,371**

30. CUSTOMER DEPOSITS

	2019		2018	
	Bank	Group	Bank	Group
Analysis by product				
Current Account	1,989,792	1,989,792	1,689,452	1,689,452
Time Deposits	1,449,298	1,449,298	1,200,578	1,200,578
Savings deposits	255,423	255,423	188,652	188,652
	3,694,513	**3,694,513**	**3,078,682**	**3,078,682**
Analysis by portfolio				
Retail				
Current Account	605,009	605,009	448,946	448,946
Time Deposits	810,364	810,364	531,503	531,503
Savings deposits	254,190	254,190	186,842	186,842
	1,669,563	**1,669,563**	**1,167,291**	**1,167,291**
Corporate				
Current Account	1,381,378	1,381,378	1,240,506	1,240,506
Time Deposits	638,934	638,934	669,075	669,075
Savings deposits	1,233	1,233	1,810	1,810
	2,024,950	**2,024,950**	**1,911,391**	**1,911,391**
	3,694,513	**3,694,513**	**3,078,682**	**3,078,682**
Analysis by type				
Individual and other private enterprise	2,971,713	2,971,713	2,292,570	2,292,570
Public enterprises	722,800	722,800	786,112	786,112
	3,694,513	**3,694,513**	**3,078,682**	**3,078,682**

Twenty largest depositors to total deposit ratio is 38% (2018: 24%).

Notes To The Financial Statements (Continued)

31. BORROWINGS

	2019		2018	
	Bank	Group	Bank	Group
Long-term borrowings				
Agence Francaise De Development	38,853	38,853	-	-
CitiBank New York	46,099	46,099	8,033	8,033
Finnfund	33,202	33,202	43,380	43,380
Ghana Export - Import Bank	32,331	32,331	41,124	41,124
GIB London	-	-	8,033	8,033
International Finance Corporation	159,094	159,094	216,900	216,900
Norfund	22,135	22,135	108,450	108,450
Overseas Private Investment Company (OPIC)	554,418	554,418	-	-
PROPACO	83,006	83,006	28,920	28,920
The OPEC Fund for International Development (OFID)	4,257	4,257	11,123	11,123
	973,395	**973,395**	**465,963**	**465,963**
Subordinated-term borrowings				
PROPACO	147,023	147,023	141,082	141,082
	147,023	**147,023**	**141,082**	**141,082**
Short-term borrowings				
Africa Trade Finance	563,222	563,222	-	-
CitiBank New York	-	-	32,730	32,730
Finnfund	34,874	34,874	30,897	30,897
Ghana Export - Import Bank	1,622	1,622	-	-
GIB London	121,135	121,135	32,527	32,527
International Finance Corporation	90,552	90,552	79,191	79,191
Norfund	23,890	23,890	19,460	19,460
PROPACO	42,200	42,200	37,165	37,165
SSNIT	21,451	21,451	84,163	84,163
Stanchart London	-	-	170,213	170,213
Standard Chartered Bank - Accra	-	-	218,732	218,732
The OPEC Fund for International Development (OFID)	8,762	8,762	7,809	7,809
	907,708	**907,708**	**712,887**	**712,887**
Carrying Amount	**2,028,126**	**2,028,126**	**1,319,932**	**1,319,932**

31. Borrowings (continued)

Africa Trade Finance – This is a facility granted by Africa Trade Finance for trade finance activities. Interest is at a rate of 6 months Libor plus 2% margin per annum and matures in 2020.

Agence Francaise De Development – This is a facility granted by Agence Francaise De Development to support the Sustainable Use of Natural Resources and Energy Financing (SUNREF) project. Interest is at a rate of 6 months Libor plus 2.05% per annum and matures in 2022.

CitiBank – This is a trade finance line of credit granted in 2019 to be exclusively used to finance eligible SME transactions. Interest is set at 3 months Libor, plus 2.8% per annum maturing in 2022.

Finfund – This is a facility granted by Finfund for on-lending to SME's, interest is at a rate of 6 months Libor plus 5.0% per annum and matures in 2021.

Ghana Export and Import Bank – These are various facilities granted by the Ghana Export and Import Bank to be extended to customers in the export sector. Interest is at a rate of 2.5% per annum.

Ghana International Bank – These are two facilities granted for on-lending to the private sector and general corporate purposes. Interest is at a rate of 3 months US Libor plus 2.9% per annum maturing in 2020.

International Finance Corporation – These facilities were granted in 2017 and 2018 to be used to finance SME transactions. Interest rate is 6 months Libor plus up to 5.0% per annum maturing in 2021 and 2022.

Norfund – This is a facility granted by Norfund for on-lending to SME's, interest is at a rate of 6 months Libor plus 5.0% per annum and matures in 2021.

Overseas Private Investment Company (OPIC) – This is a facility granted by OPIC for on-lending to SME's. Interest is at weekly US treasury bill rate plus 3.7% per annum and matures in 2031.

Proparco (Subordinated Term Loan) – This is a Tier 2 facility granted by Proparco. Interest is at a rate of 6 months Libor plus 5.8% per annum maturing in 2024.

Proparco – This is a facility granted for on-lending to the private sector expiring in 2022. Interest is at a rate of 6 months US Libor plus 4.4% per annum.

SSNIT – These are several intra-day and 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 18.17%.

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 4.0% per annum maturing in 2021.

Notes To The Financial Statements (Continued)

32. OTHER LIABILITIES

	2019		2018	
	Bank	Group	Bank	Group
Creditors	55,748	57,470	56,987	58,559
Accruals	22,983	24,214	35,405	35,851
Recognised liability for other long-term employee benefit	10,446	10,474	32,399	32,453
Short-term employee benefits	111	111	343	408
Other liabilities	17,120	17,120	32,102	35,297
	106,408	**109,389**	**157,236**	**162,568**
(a) Movement in the liability for defined benefit obligations				
Liability for other long-term employee benefit at 1 January	32,399	32,453	34,541	34,587
Benefits paid by the plan	(32,774)	(32,774)	(2,626)	(2,626)
Expense charged to comprehensive income	10,821	10,795	484	492
Liability for other long-term employee benefit at 31 December	**10,446**	**10,474**	**32,399**	**32,453**
Expenses recognised in comprehensive income				
Experience gains and losses	(593)	(627)	462	442
Net actuarial losses/profits recognised during the year	(35)	(36)	(137)	(142)
Current service costs	11,001	11,000	(132)	(110)
Interest on obligation	448	458	291	302
	10,821	**10,795**	**484**	**492**
Amounts related to executive directors included in liability for defined benefit obligations	**8,609**	**8,609**	**30,248**	**30,248**

Actuarial assumptions

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

	2019		2018	
	Bank	Group	Bank	Group
Discount rate at 31 December	20.5%	20.5%	21.5%	21.5%
Future salary increases	15.0%	15.0%	15.0%	15.0%
Inflation rate	8.0%	8.0%	9.5%	9.5%

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 Bank and Group is as follows:

2019	Main Basis	Investment return (2%)	Investment return 2%	Salary scale (2%)	Salary scale 2%	Mortality (20%)
Actuarial Liability	10,446	10,750	10,176	10,258	10,643	10,450
Percentage Change	n/a	3%	-3%	-2%	2%	0%

2018	Main Basis	Investment return (2%)	Investment return 2%	Salary scale (2%)	Salary scale 2%	Mortality (20%)
Actuarial Liability	32,399	34,833	30,217	30,824	34,049	32,414
Percentage Change	n/a	8%	-7%	-5%	5%	0%

Notes To The Financial Statements (Continued)

32. Other Liabilities (continued)

The Groups 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 2019 was performed by Messrs Stallion Consultants Limited and signed by its Executive Chairman Mr. Charles Osei-Akoto, (ASA,MAAA). Stallion Consultants Limited has the appropriate qualification and experience in the fair value measurement of defined benefit.

33. Derivatives Assets Held For Risk Management

The Bank holds derivative financial instruments for risk management and trading purposes. The bank entered into forward exchange contracts during the year. The fair value of forward exchange contracts is the amount of the mark to market adjustment at the reporting date.

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Instrument Type:				
Foreign Exchange forward and spot contracts	4,115	4,115	-	-
	4,115	**4,115**	**-**	**-**
Recognised gains on derivative assets	4,115	4,115	-	-
	4,115	**4,115**	**-**	**-**

34. CAPITAL AND RESERVES

i. Stated Capital

	2019		2018	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	2,000,000	-	2,000,000	-
Issued:				
For cash	414,871	93,305	414,871	93,305
Transfer from Retained Earnings	-	306,695	-	306,695
Bonus issue	211,714	-	211,714	-
	626,585	**400,000**	**626,585**	**400,000**

There is no call or instalment unpaid on any share.

At 31 December 2019 the authorised share capital comprised 2 billion ordinary shares (2018: 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

	2019		2018	
	Bank	Group	Bank	Group
Balance at the beginning	244,782	244,782	163,312	163,312
Transfer from Retained Earnings	43,571	43,571	81,470	81,470
Balance at the year end	**288,353**	**288,353**	**244,782**	**244,782**

Statutory reserve represents the cumulative amounts set aside from annual net profit after tax as required by Section 34 of the Banks and Specialised Deposit Taking Institution Act 2016 (Act 930)

34. Capital And Reserves (Continued)

iii. Revaluation Reserve

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	63,526	63,526	63,526	63,526
Revaluatioin Gain	54,813	54,813	-	-
Deferred Tax on Revaluation	(13,703)	(13,703)	-	-
At 31 December	**104,636**	**104,636**	**63,526**	**63,526**

This refers to the effects from the fair value measurement after deduction of deferred taxes on unrealised surplus/gains on Property, Plant and Equipment. These unrealised gains or losses are not recognised in profit or loss until the asset has been sold/matured or impaired. Deferred tax on revaluation of the Bank's leasehold land and buildings is recognised directly in Other Comprehensive Income (OCI).

iv. Regulatory credit risk reserve

	2019		2018	
	Bank	Group	Bank	Group
Specific Provision on Loans and Advances	164,652	164,652	165,412	165,412
General Provision on Loans and Advances	27,709	27,709	23,467	23,467
General Provision on Contingent Liabilities	1,571	1,571	2,773	2,773
Impairment Loss per Bank of Ghana requirment	**193,932**	**193,932**	**191,652**	**191,652**
Impairment Loss per IFRS requirement	(202,154)	(202,154)	(175,610)	(175,610)
Credit Risk Reserve	**-**	**-**	**16,042**	**16,042**

The regulatory credit risk reserve is a non-distributable reserve prescribed 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.

v. Other reserves

a. Fair value reserve

	2019		2018	
	Bank	Group	Bank	Group
Balance 1 January	(17,918)	(17,987)	(7,163)	(7,252)
Changes in FVOCI financial assets	9,027	9,027	(9,013)	(9,013)
Experience gains and losses on other long-term employee benefit	1,950	1,869	(1,742)	(1,722)
Balance at 31 December	**(6,941)**	**(7,091)**	**(17,918)**	**(17,987)**

b. Treasury Shares	**Bank**	**Group**	**Bank**	**Group**
Balance 1 January	-	(584)	-	(518)
Net Changes in Bank's shares held by subsidiary	-	-	-	(66)
Total at 31 December	**-**	**(584)**	**-**	**(584)**

These are shares held by the subsidiaries as part of there trading portfolio.The subsidiaries at the end of the period held as part of their trading stock 996,865 (2018: 996,865) CalBank shares

vi. Dividends

The Directors recommend the payment of a dividend of GHS0.089 per share (2018: GHS0.048 per share)

Net assets per share is based on 626,585,000 (2018: 626,585,000) ordinary shares at the statement of financial position date.

35. CONTINGENCIES AND COMMITMENTS

(a) 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 balance sheet.

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 31 December 2019 in respect of the above amounted to GHS156.8 million (2018: GHS277.3 million) , as detailed below:

	2019	2018
Letters of Credit	103,665	108,984
Guarantees and Indemnities	53,462	168,337
	157,127	**277,321**

The amount of unsecured contingencies and commitments in respect of these at 31 December 2019 was GHS0.0 million (2018: GHS0.0 million).

(b) Capital Expenditure

Capital commitments not provided for in the financial statements as at 31 December 2019 was nil (2018: nil million).

(c) Pending Legal Claims

At the year end there were some legal cases pending against the Group. Should judgment go in favour of the plaintiffs, likely claims against the Group have been estimated at GHS21.4 million (2018: GHS 7.4 million). No provisions have been made in the financial statements in respect of these amounts

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

Assets managed by the Group on behalf of clients amounted to GHS1,164.5 million (2018: GHS908.2 million).

Assets under custody amounted to GHS1.89 billion (2018:GHS1.46 billion).

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

36. RELATED PARTY TRANSACTIONS

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

Subsidiaries
Details of principal subsidiaries are shown in Note 22.

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 CalBank Limited (directly or indirectly) and comprise the Directors and Officers of CalBank 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 CalBank 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	**2019**	**2018**
Balance at 1 January	**284**	**1,126**
Loans repayments received during the year	(257)	(842)
Balance at 31 December	**27**	**284**
Loans and Advances to Employees		
Balance at 1 January	29,911	25,602
Loans advanced during the year	14,414	12,091
Loans repayments received during the year	(12,879)	(7,782)
Balance at 31 December	**31,446**	**29,911**

There were no loans and advances granted to companies in which Directors have an interests at the end of the year. (2018: nil)

No specific provisions have been recognised in respect of loans to Directors or other members of Key Management Personnel or any connected person.

Interest rates charged on loans to staff are at rates below that would be charged in an arm's length transaction. The 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.

Notes To The Financial Statements (Continued)

36. Related Party Transactions (continued)

Included in deposits is GHS8.2 million (2018: GHS6.2 million) due to our subsidiary companies. Interest paid on deposits from subsidiaries during the year amounted to GHS0.65 million (2018: GHS2.4 million).

All the transactions with the related parties with the exception of key management personnel are priced on arm's length basis and have been entered into in the normal course of business.

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.

	2019	**2018**
Salaries and other short-term benefits	11,949	6,981
Other long-term employee benefits	10,262	(857)
Employer social security charges on emoluments	620	564
	22,831	**6,688**

Employee termination benefits

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

37. DIRECTORS' SHAREHOLDINGS

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

	2019		2018	
NAME OF DIRECTOR	**No. of Shares**	**%**	**No. of Shares**	**%**
Frank Brako Adu Jnr.	16,223,544	2.59	16,094,944	2.57
Philip Owiredu	1,317,146	0.21	1,317,146	0.21
Paarock Van Percy	807,318	0.13	807,318	0.13
Kobina Quansah	15,419	0.002	15,419	0.002
	18,363,427	**2.93**	**18,234,827**	**2.91**

38. ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2019

	No. of Shareholders			% of Holding
1 - 1,000	16,440	71.28	8,584,663	1.37
1001 - 5,000	5,222	22.64	9,333,243	1.49
5001 - 10,000	565	2.45	3,740,175	0.60
10,001 - 20,000	340	1.47	4,564,000	0.73
20,001 - 30,000	145	0.63	3,544,166	0.57
30,001 - 40,000	72	0.31	2,550,034	0.41
40,001 - 50,000	29	0.13	1,302,727	0.21
Over 50,001	252	1.09	592,965,619	94.62
	23,065	**100.00**	**626,584,627**	**100.00**

ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2018

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	16,493	70.97	8,694,364	1.39
1001 - 5,000	5,296	22.78	9,464,205	1.51
5001 - 10,000	581	2.50	3,838,523	0.61
10,001 - 20,000	351	1.51	4,699,179	0.75
20,001 - 30,000	152	0.65	3,703,204	0.59
30,001 - 40,000	74	0.32	2,602,420	0.42
40,001 - 50,000	27	0.12	1,210,239	0.19
Over 50,001	267	1.15	592,372,493	94.54
	23,241	**100**	**626,584,627**	**100.00**

Notes To The Financial Statements (Continued)

Twenty Largest Shareholders

Shareholder	No. of Shares	% Holding
Social Security And National Insurance Trust	207,929,351	33.18
Arise B. V.	173,520,791	27.69
Scgn/Citibank New York Re Allan Gray Africa, Ex - Sa Equity Fund Limited	25,276,798	4.03
Adu Jnr, Frank Brako	16,223,544	2.59
Mr Daniel Ofori	15,377,194	2.45
Scgn/Ntgs Se Lux Cl A/C Re Ludp Re: Aif Cl 8% Acc	15,340,782	2.45
Scgn/Citibank Kuwait Inv Authority	12,934,544	2.06
Std Noms/Bnym Sanv/Frontier Market Opport Mast Fun	8,909,271	1.42
Scgn / Enterprise Life Ass. Co. Policy Holders	8,023,807	1.28
Scgn/Enterprise Tier 2 Occupational Pension Scheme	7,016,872	1.12
Std Noms/Bnym Sanv/Kapfrg Investin Pro , Afrikansk	6,555,030	1.05
Scgn/Jpmorgan Bk Lux Sa Re Robeco Afrika Fonds N.v,	5,403,314	0.86
Scgn/Ssb Eaton Vance Tax-, Managed Emerging Market Fund	5,036,062	0.80
Egh/Enterprise Underwriters Tier 3 P4	4,314,614	0.69
Egh/Ecg Pension Scheme Tier 3 Port 1	4,215,839	0.67
Gentrust Sankofa Master Trust Scheme	3,085,714	0.49
Hfcn/ Edc Ghana Balanced Fund Limited	2,999,971	0.48
Ansah, Benjamin Fosu	2,938,915	0.47
Scgn/ U.p.s Bbg Staff Provident Fund Scheme	2,637,121	0.42
Scgn/Caceis Bank Lux Branch / Tcm Inv. Funds Luxe.,	2,617,143	0.42
Top 20 Shareholders	**530,356,677**	**84.64**
Others	96,227,950	15.38
Grand Total	**626,584,627**	**100.00%**

39. VALUE ADDED STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Interest earned and other operating income	1,000,805	1,008,723	883,706	877,343
Direct cost of Services	(506,832)	(507,259)	(451,080)	(448,949)
Value added by banking services	**493,973**	**501,464**	**432,626**	**428,394**
Impairments	(83,367)	(86,066)	(66,735)	(66,735)
Value added	**410,606**	**415,398**	**365,891**	**361,659**
Distributed as follows:	410,606	415,398	365,891	361,659
To Employees:-				
Non Executive Directors	(5,142)	(5,298)	(1,556)	(1,675)
Executive directors	(17,302)	(17,533)	(4,755)	(5,013)
Other employees	(113,772)	(117,046)	(117,553)	(120,351)
To Government:				
Income tax	(67,666)	(69,527)	(67,413)	(69,690)
To providers of capital				
Dividends to shareholders	(30,077)	(30,077)	-	-
To expansion and growth				
Depreciation	(29,929)	(30,071)	(9,558)	(9,598)
Amortisation	(2,510)	(2,510)	(2,116)	(2,116)
Retained earnings	**144,208**	**143,336**	**162,940**	**153,216**

RESOLUTIONS TO BE PASSED AT THE 2020 ANNUAL GENERAL MEETING

The Board of Directors will propose the following ordinary resolutions, which will be put to the 2020 Annual General Meeting for consideration and approval:

ORDINARY RESOLUTIONS

1. To receive and consider the accounts of the Bank, and the reports of the directors and the external auditor thereon, for the year ended December 31, 2019

The Board will lay before the Annual General Meeting for consideration the audited accounts of the Bank for 2019, and the reports of the directors and auditor thereon, as a true and fair view of the state of affairs of the Bank for the year ended December 31, 2019, and will propose the following resolution:

- *That the accounts of the company for the year ended December 31, 2019 and the reports of the Directors and Auditor thereon be and are hereby deemed duly considered.*

2. To re-elect to the Board of the Bank directors retiring by rotation

The following directors of the Bank, Ms. Rosalind Kainyah, Mr. Kofi Osafo-Maafo and Nana Otuo Acheampong, will retire in accordance with section 325 of the Companies Act, 2019 (Act 992) and clause 78(b) of the Amended Constitution of the Bank. Ms. Rosalind Kainyah, Mr. Kofi Osafo-Maafo and Nana Otuo Acheampong, who are all eligible for re-election, have offered themselves to be re-elected as directors of the Bank. The Board will recommend that they be so re-elected and will propose the following resolutions:

(i) That Ms. Rosalind Kainyah, who is retiring by rotation and who, being eligible, has offered herself for re-election in accordance with clause 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company.

(ii) That Mr. Kofi Osafo-Maafo, who is retiring by rotation and who, being eligible, has offered himself for re-election in accordance with clause 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company.

(iii) That Nana Otuo Acheampong, who is retiring by rotation and who, being eligible, has offered himself for re-election in accordance with clause 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company

3. To re-elect a director appointed to fill a casual vacancy on the Board

On May 8, 2019, the Board appointed Mr. Kweku Baa Korsah as a director of the Bank, to fill a casual vacancy on the Board. In accordance with clause 74(b) of the Bank's Constitution, a director appointed to fill a casual vacancy on the Board shall hold office until the following general meeting and shall be eligible for re-election. The Board will accordingly propose the following resolution:

- *That Mr. Kweku Baa Korsah be and is hereby re-elected as a director of the company.*

4. To declare a dividend

The directors will recommend the declaration and payment of a dividend per share of GHS 0.089 for the year ended December 31, 2019 to qualifying shareholders and will propose the following resolution:

- *That the recommendation of the directors for the declaration and payment of a final dividend of GHS 0.089 per share for the year ended December 31, 2019 be and is hereby approved.*

5. **To approve the remuneration of the directors**
   In accordance with section 185 of the Companies Act, 2019 (Act 992), the Board will request that shareholders approve the remuneration of the executive and non-executive directors as respectively disclosed in Notes 13 and 14 of the 2019 Annual Report of the Bank.

   The Board, having approved a contract for the new Managing Director, Philip Owiredu commencing January 1, 2020 will also seek shareholder approval for the remuneration of the Managing Director for 2020.

   The following resolutions will be proposed:

   - *That in accordance with section 185 of the Companies Act, 2019, approval be and is hereby given for the remuneration of the executive and non-executive directors of the Bank, as detailed in Notes 13 and 14 to the Financial Statements for the year ended December 31, 2019 and for the payment of non-executive directors' fees for 2020 at the same rates as for the previous year.*

   - *That in accordance with section 185 of the Companies Act, 2019, approval be and is hereby given for the contract and remuneration of the Managing Director, Mr Philip Owiredu on substantially the same terms as existed in his previous contract as detailed in Note 13.*

6. **Authorise the directors to fix the fees of the external auditor**
   In accordance with section 140 of the Companies Act, 2019, the Board will request that they be authorised to fix the fees of the external auditor, KPMG, for the year ended December 31, 2019. The following resolution will be proposed:

   - *That the directors be and are hereby authorized to fix the remuneration of the auditor in respect of the year ended December 31, 2019.*

7. **To approve the Purchase of Shares of the Bank**
   In order to protect shareholders' value in the bank, the Board proposes a buy-back of shares by the Bank. For this purpose, the Board will recommend to shareholders that the bank be authorised to purchase up to 5% of its own shares, by passing the following resolution:

   - *That in accordance with sections 63 and 64 of the Companies Act, 2019 and clause 15 of the Amended Constitution of the Bank, approval be and is hereby given for the purchase by the Bank of up to five percent (5%) of the issued shares of the Bank.*

Corporate Social Responsibilities

As a bank with a social conscience the Board and staff of CalBank are fully committed to the highest level of corporate governance and social responsibility throughout every aspect of our business towards those stakeholders affected by our business activities. This is because we believe in being involved in developing the community within which we operate.

As a business, we do our best to support the local communities. We thus try to focus our Corporate Social Responsibilities (CSR) on 4 main areas. These are health, education, culture and sports development. The bank constantly invests in community development activities that contribute to the overall well-being of the society. Underlisted are some of the bank's core objectives:

- To make a positive contribution to the underprivileged by supporting a wide range of health activities.
- To improve the level of education of the under privileged in society and contribute to the overall development of education in Ghana.
- To promote arts and culture in Ghana.
- To develop and promote the lesser known sports as a means of fostering social integration.

CalBank in 2019 undertook various projects in line with our CSR initiatives across its various focus areas. Here are some of the projects we undertook this past year.

Health

Health is the basis upon which life thrives and it is a human right. The provision of healthcare services and infrastructure is another area we consider important. We have sponsored and supported worthy initiatives in the health services and have participated in public health campaigns.

In a bid to support healthcare delivery in deprived communities, CalBank Staff donated the following neonatal equipment; a Giraffe Carestation Incubator, Lullaby Infant Warmer Prime, Lullaby LED Phototherapy Unit and Bag and Mask Resuscitator to the St. Martins De Porres Hospital, Eikwe in the Western Region. As part of the donation, the staff at the Neonatal Care Unit were also trained on the use of the equipment.

The 2018-2019 batch of National Service Personnel at CalBank in their bid to make an impact on the health sector, renovated the Male Infirmary Ward at the Accra Psychiatric Hospital with funds from their allowance. The National Service Personnel also raised funds from corporate organisations and received support from the bank in the form of cash to enable them to embark on the project. The renovation of the ward included changing the entire roof from asbestos to galvanized aluminium sheets, ceiling replacements, fixing of new floor tiles, redesigning and fixing the entrance doors and locks. The washroom, bathhouse and water closets for both staff and inmates were also reconstructed. The ward was also furnished with new utility beds and new desks and chairs for the nurses. We always try to find ways to use our expertise to further good causes in our communities.

Before

After

The CalBank team also supported the Aborah Sikah Catholic Clinic in Wawase where they presented a 250KVA genset to help in the daily operations of the clinic. Over the years, the clinic had faced numerous challenges and through the initiative of bank staff, they were able to mobilize funds to procure the genset.

Education

At CalBank, we believe education helps alleviate poverty and builds a sustainable skilled workforce for the community. We further believe ensuring the underprivileged are well educated and equipped to become useful to the society is a better investment. Thus, the bank's decision to ensure that major contribution of its community involvement budget is dedicated to supporting our needy children's educational project.

We constantly support Needy Homes across the country beyond just providing financial and material assistance to the homes. We support the brilliant students through to their tertiary education. Upon completion, they are given an opportunity of internship with the Bank which normally ends in employment or in whichever endeavour of their preference.

The Bank has also taken a keen interest in the educational sector and constantly looks to award deserving students with cash prizes and scholarships as a means to encourage hard work and support brilliant but needy students as well. By awarding outstanding students in the University of Ghana, we've pushed others to develop a passion for learning. Our belief is that education is one of the keys to alleviate poverty in the communities. That is why CalBank partnered with the University of Ghana last year to award some of the best students at the 2019 Academic Awards Ceremony. The best graduating students were awarded with cash prizes for their performance.

The Bank was also involved in providing funds towards the Otumfuo Osei Tutu Charity Foundation for a scheme that would help deprived children in basic schools access to books and reading materials. The Bank raised funds towards this project.

Culture

As a bank, we view culture as an integral part of our corporate social responsibility initiatives. Our main aim with respect to culture is to preserve, sustain and integrate the regal, traditional and cultural values and practices to accelerate wealth creation and harmony for total national development.

Over the years, we have promoted and invested in the arts and culture in Ghana. We believe culture brings people together and we are proud to support cultural activities as it builds unity and fosters good relationships among the Ghanaian people. At CalBank, we believe that culture is the backbone of the society and a fundamental part of our CSR programs. We are therefore proud to support cultural activities and remain involved in the country's cultural institutions.

Sports Development

CalBank has affirmed its continuous support to communal and lesser known sports in Ghana such as beach soccer and basketball. We also support the development of golf and the National Cricket Association especially with the strategy of empowering the young through sports.

CalBank has over the past years supported beach soccer in Ghana. Its role as a sponsor is to make sure that the right resources are available for the coastal teams to be able to compete in the sport and bring people together to have fun. In 2019, the bank supported the Ghana Beach Soccer Association with funds and other logistics to be allocated towards the development of the domestic league. This is in line with the company's CSR drive of promoting lesser known sports and sports development.






CalBank officially partnered the 2019 edition of the Universities, Polytechnics and Colleges (UPAC) Basketball Championship. The sponsorship came at a time when it had become necessary for substantial investments to be committed to the sport. It was also important for the bank to sponsor the tournament as it would help keep the youth active and involved in sporting activities.





CalBank is also heavily invested in the promotion of golf. The bank supported the 62nd Asantehene Golf Tournament held in Kumasi at the Royal Golf Club. The tournament hosted over 350 golfers and other sports enthusiasts and coincided with the 20th anniversary coronation of the Asantehene.

The bank supported the Achimota Golf Club by organising the 2019 CalBank Open which gave professional and amateur golfers all over the country a chance to participate in the competition.

Last year, the bank was involved in supporting Techiman City FC as they featured in the Normalization Committee Special League Cup of the Ghana Football Association.

The bank will continue to embark on such projects all year round to ensure that it helps to improve the lives of the people in the country.

The bank total support to our community engagement amounted to GHS707,827.

PROXY FORM

VIRTUAL ANNUAL GENERAL MEETING to be held at 10 a.m. on Wednesday, 24 June 2020 and streamed live from the Head Office Conference Room.

I/We ....
being a member(s) of CalBank 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 Virtual Annual General Meeting of the company to be held on 24 June 2020.

Signed this ....day of 2020

....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2019 Accounts.		
2. To re-elect Ms. Rosalind Kainyah as a director of the Bank.		
3. To re-elect Mr. Kofi Osafo-Maafo as a director of the Bank.		
4. To re-elect Nana Otuo Acheampong as a director of the Bank.		
5. To re-elect Mr. Kweku Baa Korsah as a director of the Bank.		
6. To declare a dividend		
7. To approve directors' remuneration.		
8. To authorise the Directors to fix the fees of the external auditor.		
9. To approve the Purchase of Shares of the Bank		

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.

NOTES:

1. In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all members and/or their proxies in this year's annual general meeting of the Bank shall be strictly virtual (i.e. by online participation).

2. A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.

4. A copy of the Form of Proxy can be downloaded from: https://calbankagm.net and may be filled and sent via email to: info@csd.com.gh or deposited at the registered office of the Registrar of the Company, Central Securities Depository (CSD) Ghana Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10.00 GMT on Monday, June 22, 2020.

5. Accessing and Voting at the Virtual AGM

A **unique token number** will be sent to shareholders by email and/or SMS from June 5, 2020 to give them access to the meeting. Shareholders who do not receive this token can contact the CSD on: info@csd.com.gh
or call 0302 906 576 / 0303 972 254 any time after June 5, 2020 but before the date of the AGM to be sent the unique token.

To gain access to the Virtual AGM , shareholders must visit https://calbankagm.net and input their **unique token number** on Wednesday, June 24, 2020. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting, they may vote electronically during the Virtual AGM again using their **unique token number.** Further assistance on accessing the meeting and voting electronically can be found on https://calbankagm.net .

Our Branches

Ashanti Region

Adum Branch
Asafo Branch
Kejetia Branch
KNUST Branch
Nhyiaeso Branch
Suame Branch

Greater Accra Region

Achimota Branch
Airport City Branch
Dansoman Branch
Derby Avenue Branch
East Legon Branch
Graphic Road Branch
Independence Avenue Branch
Kwame Nkrumah Avenue. Branch
Labone Branch
Legon Branch
Osu Branch
Ring Road Central Branch
Spintex Road Branch
Tema Community Branch
Tema Community 25 Branch
Tema Main Branch
Weija Branch

Northern Region

Tamale Branch

Western Region

Ainyinase Agency
Esiama Branch
Sekondi Branch
Takoradi Harbour Branch
Takoradi Market Circle Branch
Tarkwa Branch

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