

2005 Annual Report & Accounts

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NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED
TO BE HELD ON FRIDAY 17TH MARCH 2006 AT 10.00 AM
AT THE ACCRA INTERNATIONAL CONFERENCE CENTRE, ACCRA

PLEASE NOTE AND NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10.00 am on Friday 17th March, 2006 at the Accra International Conference Centre, Accra to transact the following business:

1. To receive and consider the Reports of the Directors and the Auditors, and the Accounts of the company for the year ended 31st December 2005
2. To declare dividend for the year ended 31st December 2005
3. To authorise the Directors to fix the remuneration of the Auditors
4. To re-elect existing Directors
5. To elect new Director
6. To purchase Shares of the Company
7. To amend Regulation 64 of the Company's Regulations

Any other business

A member has the right to appoint a Proxy to attend and vote instead of him/her; such proxy need not be a member of the Company. A copy of the Instrument appointing the Proxy may be deposited at the office of the Registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P. O. Box KIA 9563, Airport, Accra not later than 10.00 am on Wednesday, 15th March 2006.

A Proxy form is enclosed.

Dated this 20th day of February 2006

By Order of the Board.



ALEXANDER WILLIAMS
COMPANY SECRETARY

FIVE YEAR FINANCIAL SUMMARY

	2005 ¢'m	2004 ¢'m	2003 ¢'m	2002 ¢'m	2001 ¢'m
Interest Income	132,658	95,491	76,633	54,642	53,599
Interest Expense	<u>(51,674)</u>	<u>(46,365)</u>	<u>(42,908)</u>	<u>(29,103)</u>	<u>(32,517)</u>
Net Interest Income	80,984	49,126	33,725	25,539	21,082
Commissions and Fees	29,480	28,871	20,295	16,583	14,019
Other Operating Income	<u>18,071</u>	<u>23,503</u>	<u>22,892</u>	<u>13,968</u>	<u>5,087</u>
Operating Income	128,535	101,500	76,912	56,090	40,188
Operating Expenses	<u>(68,626)</u>	<u>(48,811)</u>	<u>(36,394)</u>	<u>(28,217)</u>	<u>(22,694)</u>
Charge for Bad and Doubtful Debts	<u>(16,532)</u>	<u>(7,890)</u>	<u>(7,454)</u>	<u>(3,984)</u>	<u>(1,339)</u>
Operating Profit	43,377	44,799	33,064	23,889	16,155
Other Income	<u>1,173</u>	<u>832</u>	<u>669</u>	<u>178</u>	<u>288</u>
Profit before Exceptional Item and Tax	44,550	45,631	33,733	24,067	16,443
Exceptional Item	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,238</u>	<u>-</u>
Profit before Taxation	44,550	45,631	33,733	29,305	16,443
Taxation	<u>(17,847)</u>	<u>(10,812)</u>	<u>(12,274)</u>	<u>(10,890)</u>	<u>(6,000)</u>
Profit after Taxation	<u>26,703</u>	<u>34,819</u>	<u>21,459</u>	<u>18,415</u>	<u>10,443</u>
Total Assets	971,286	825,535	587,823	409,195	309,518
Total Deposits	624,376	535,438	384,002	268,477	207,346
Loans and Advances	397,920	301,317	217,903	155,135	109,934
Shareholders Equity	183,408	165,975	74,074	56,115	46,897
Earnings per Share (¢)	170	224	15,241	13,234	7,505
Dividend per Share (¢)	55	50	2,515	3,558	1,391
Number of Shares ('000)	157,076	15,093	1,391	1,391	2,407
Return on Assets	4.6%	5.5%	5.7%	7.2%	5.3%
Return on Equity	14.6%	21.0%	29.0%	32.8%	22.3%
Capital Adequacy Ratio	21.9%	18.6%	10.9%	11.5%	12.5%
Cost/Income Ratio	53.4%	48.1%	47.3%	50.3%	56.5%

CAL BANK LIMITED

Board of Directors, Officials and Registered Office, etc.

BOARD OF DIRECTORS

George Victor Okoh (*Chairman*)
Frank Brako Adu Jnr. (*Managing Director*)
Malcolmn Dermott Pryor
Paarock VanPercy
Lincoln Yesu Rathnam
Alhaji A. Abu Banda (*Appointed: 18/03/05*)
Robert A. Lindsay (*Appointed: 18/03/05*)
Nana Awuah-Darko Ampem I (*Deceased: 27/11/05*)

SECRETARY

Alexander Williams

SOLICITORS

Agyemang & Associates
3rd Floor, America House, Tudu
P. O. Box 2959
Accra
Ghana

Reindorf Chambers
61 Jones Nelson Road
Adabraka
P. O. Box 821
Accra
Ghana

AUDITORS

KPMG
Chartered Accountants
25 Liberia Road
P. O. Box 242
Accra
Ghana

REGISTERED OFFICE

CAL Bank Limited
23 Independence Avenue
P. O. Box 14596
Accra
Ghana

BOARD OF DIRECTORS



Mr. George Victor Okoh

Mr. Okoh is a Chartered Accountant and Chairman of the Board. He also Chairs the Board of Directors of Lister Medical Services Limited and is a Director of Pasico Limited and Metropolitan (MET) Insurance Company.

Mr. Frank Brako Adu, Jnr

Mr. Adu is a Banker and the Managing Director of the Bank. He is the Vice Chairman of the Council of the Ghana Stock Exchange and the Chairman of its Listing Committee.

He is also a member of the Board of Ghana Leasing Company Limited, and African Investment Bank in Benin. He chairs the Board of Roman Ridge School and the National Health Insurance Council.

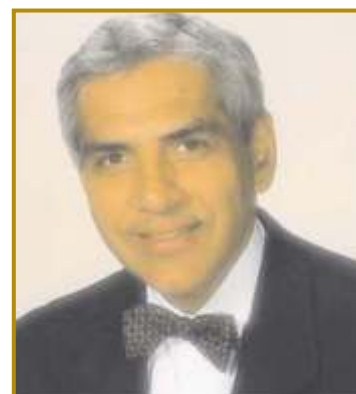


Mr. Malcolm D. Pryor

Mr. Pryor is an Investment Banker and the Chairman and founding partner of Pryor, Counts & Co., Inc, an investment-banking firm in the USA. He is also a Board member of Pepboys-Manny, Moe and Jack a New York Stock Exchange member firm, the Fox Cancer Orchestra in Philadelphia and the Wachovia Regional Foundation.

Lincoln Yesu Rathnam,

Dr. Rathnam a Chartered Financial Analyst is the President of Rathnam, Hayat, MacGuire & Khalifa Inc., an investment management firm in the USA. Dr. Rathnam is the author of numerous published articles on investments.



BOARD OF DIRECTORS



Mr. Paarock VanPercy

Mr. VanPercy is a Chartered Accountant. He is currently the Managing Associate of AfriCapital Associates, a business and financial advisory firm. He is a member of the Board of Directors of Ghana Leasing Company and the Buipe Resources Development Company Limited.

Alhaji Asoma Abu Banda

Alhaji Banda, a Businessman is the Chairman of OT Africa Line and the Antrak Group of Companies. He is the first Ghanaian to establish a wholly owned Ghanaian airline company.



Robert Ahomka Lindsay

Mr. Robert Ahomka-Lindsay is a Banker and Entrepreneur with business interests in the optical, financial services and real estate. His career included being the Vice-President - Public Affairs and Communication and the Director, Africa Revenue Management for the Africa Group of the Coca Cola Company, working with National Westminster Bank and ACTIS. He is on the Presidential Economic Advisory Boards of Ghana, Senegal, Mali, Uganda, and Tanzania, a Director of Medical Students for South Africa, a board member of Africa Investor (UK) and the Trustee of The Coca-Cola Foundation.

Alexander Williams

Mr. Williams a Legal Practitioner and Secretary to the Board, is a member of the Ghana Bar Association and the International Bar Association. He is the Association of Bankers representative for the Private Enterprise Foundation on the Commercial Court Users.



CHAIRMAN'S STATEMENT



Introduction

On behalf of the Board and Management of your company, I welcome our valued shareholders to our second Annual General Meeting since we became a public listed company. The year, though challenging, has brought along with it significant progress in our transformation to a universal bank.

Economic Environment

The macro-economic stability experienced in the previous year continued during the year, though consumer price inflation increased from 11.8% at the end of December 2004 to 14.8% at the end of December 2005 after it peaked at 16.7% in March 2005. The Cedi remained relatively stable during the year against the US Dollar, depreciating by 0.64%. Against the Pound Sterling and Euro however, the Cedi appreciated by 10.88% and 14.23% respectively. A significant contributor to the Cedi's relative stability was the remarkable increase in inward remittances.

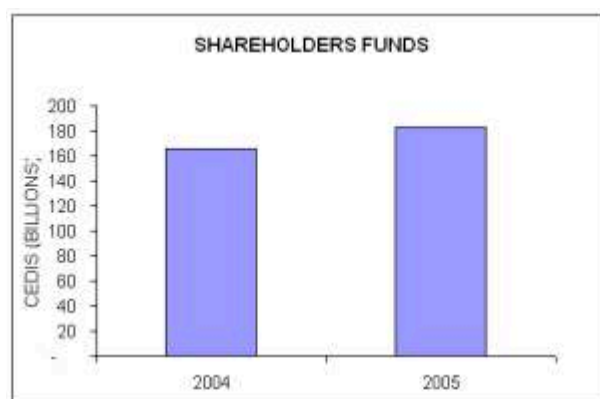
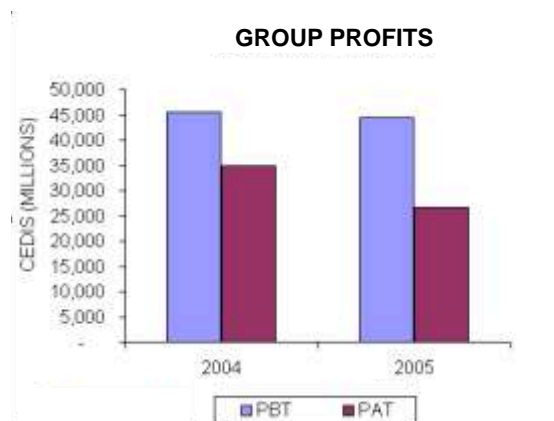
In line with the stable economic environment during the period, the Bank of Ghana prime rate dropped from 18.5% in December 2004 to the current level of 14.5%. This resulted in the benchmark 91-day Treasury bill declining from 17.1% as at December 2004 to 11.5% in December 2005. Competition within the banking industry also intensified with the licensing of more banks.

The economy exhibited improved fundamentals and with the 2006 budget of Government poised to assist the growth in the economy through the private sector, it is expected that business confidence will improve and lead to improved prospects and profitability for our Bank.

Current Year's Performance

The Group Profit before Tax was ₵44.6billion representing a 2% decrease compared to the 2004 results of ₵45.6 billion. Net Profit After tax was however ₵26.7billion, a decrease of 23% over last year's Net Profit of ₵34.8 billion significantly as a result of higher taxation charges. Shareholders funds increased by 10% from ₵165.9 billion to ₵183.4billion.

The stock market encountered extreme bearish tendencies, and CAL's share price, like most other shares on the market declined to the IPO price, as at 31st December, 2005. Our assessment of the situation clearly indicated that



the trend had nothing to do with the Bank's performance. The Board and Management assure our valued shareholders that steps are being taken not only to restore but also to enhance the value of your investment. In this regard the Board is proposing a resolution to purchase up to 15% of the issued shares as at 31st December, 2005 which would amount to 23,561,401 shares to protect shareholder value.

Dividend

The Board of Directors is recommending a dividend of ₦55.00 per share, an increase of 10% over the previous year representing a payout ratio of 32% of the profit after tax for 2005. This is in line with our promise in the prospectus to maintain a dividend pay out ratio of up to 33 percent per annum. The dividend will be paid on 27th April 2006 to shareholders on the Register at the close of business on 10th March 2006.

Corporate Governance

The Board ensured that the Bank maintained an ongoing assessment of its internal procedures and systems on the operations of the Bank to ensure adherence and compliance to all rules and regulations as are legally required. The Board and its Audit Sub-Committee met regularly to review all operational aspects of the Bank's activities and is satisfied that the operating systems and controls are adequate to manage the risks inherent in the business, which continues as a viable concern.

Directorship

On Sunday 27 November 2005, the Board lost one of its members, Nana Awuah-Darko Ampem who was a founding member of the Bank. Nana dedicated most of the last years of his life to the establishment and growth of this Bank. May his soul rest in perfect peace.

As a result of the vacancy created in the Board membership by the demise of Nana Awuah-Darko Ampem, the Board has nominated Mr. James Chamberlain Brenner to fill the vacancy.

The Way Forward

With the Government's fiscal policy direction and its 2006 budget set to grow the economy using the private sector as the catalyst, this offers the Bank the opportunity to take full advantage of this policy. We, as a Board, are confident that we are well focused and positioned within the market, to realize the benefits of our strategies and deliver enhanced shareholder value.

I wish to express my sincere appreciation to our loyal customers and employees for their dedication and belief in the CAL brand and to our shareholders for their continued support during the year. Together we do believe that we will be able to take our Bank to the level we all aspire to.

Thank You.



George Victor Okoh

MANAGING DIRECTOR'S REVIEW

"Your legacy should be that you made it better than it was when you got it" – Lee Iacocca



Introduction

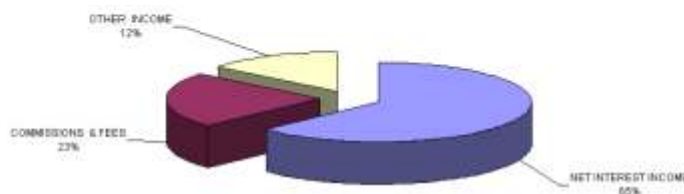
The year 2005 has been a very challenging year, with competition in the industry getting more intense and the economic parameters staying relatively stable culminating in a steady reduction in the margins in the financial sector. However we were able to achieve an appreciable growth in our business.

The transition which the Bank began in 2004 has progressed as planned though it has come with its own challenges and we are happy to report to you the status of the various milestones as set out in our offer document during the public floatation.

Our Operating Results

As stated earlier the year 2005 was full of challenges, and though margins declined substantially, the group made a profit before tax

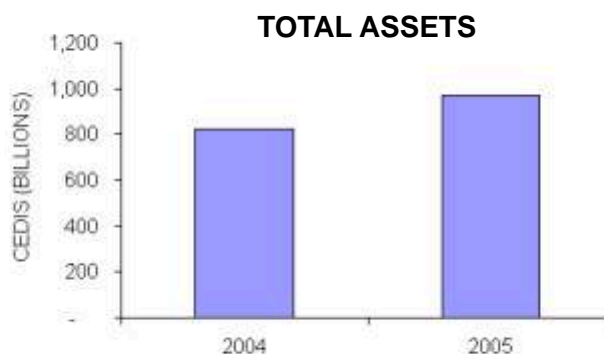
of ₦44.6 billion compared to ₦45.6 billion in the previous year, a decrease of 2 percent. However the effect of taxation resulted in a 23 per cent decrease in profit after taxes from ₦34.8 billion in 2004 to ₦26.7 billion.



December 2005

Profits before tax of the Bank was however ₦45.7 billion an increase of 10.4% over the 2004 amount of ₦41.4 billion. Similarly due to the tax effect on the current year results, the Bank recorded a profit after tax of ₦28 billion compared to the ₦30.1 billion in 2004.

Total assets of the group however improved by 18 percent from ₦826 billion at the end of 2004 to ₦971 billion. This growth was largely influenced by a 32 percent growth in net advances and a 37 percent growth in fixed assets needed to expand our branch networks in fulfilment of our plans as contained in the share offer document.



The growth in the asset base was also funded basically by a growth in customer deposits of 17 percent from ₦535 billion in 2004 to ₦624 billion at the end of 2005. There was also an increase in our borrowing from ₦73 billion in 2004 to ₦116 billion at the end of 2005 which was required to fund our asset portfolio, in line with our strategic plan.

Shareholders equity at year end amounted to ₦183 billion a growth of 10 percent from ₦166

billion at the end of 2004. The Bank's capital adequacy ratio continued to be healthy at 21.9 percent and was above the minimum required by law of 10 percent.

The Bank generally recorded good growth and maintained a strong asset base and capital positions. In spite of the challenging profitability we still have held on to our promise of paying an appreciable amount of dividend of ₵55 per share, a pay out ratio of 32% and an increase of 10% above the amount paid for the 2004 financial year end.

Status of IPO Program

The Bank has currently completed and commenced operations in a branch in the Tema Industrial Area and is developing another one in the Tema Harbour Area and almost in the completion stage of a new branch at Takoradi Market Circle, both of which are expected to commence operations within the first quarter of 2006.

We have commenced work on a new branch at Tarkwa and we will commence work on a new branch at Okaishie shortly. These branches are expected to open their doors within the second quarter of 2006. A site has been acquired at Adum in Kumasi and work is expected to commence within the first quarter of 2006 and commence operations in the first quarter of 2007.



Further sites are being scouted for on the Spintex Road in Accra and at Kejetia in Kumasi where we anticipate commencing operations by the end of the third quarter of 2006.

The current plan is to roll out twelve new branches by end 2007.

The Bank has also commenced its ATM roll out and deployment program. This has been successful and the Bank is in the process of deploying other machines off-site. The next stage of the ATM roll out is to join the VISA platform. We anticipate this will be accomplished before the end of the year. Going forward the Bank will deploy an ATM in every branch as well as more off-site locations.

With all these logistics in place we are progressively positioning ourselves to compete in the retail sector of the industry. A full fledged department has actually been set up and has so far developed and rolled out a varied range of retail products including personal and consumer loans.

Shareholder Value

In 2004 the Bank launched the most successful and over-subscribed IPO in recent times and the stock turned out to be the preferred stock in the latter part of 2004 and the early part of 2005.

However with the price stagnation of the stock in the first quarter of 2005 some investors decided to realise their gains of about 70% that had been made within a period of four months, resulting in an over supply of the stock on the market and thereby the price decline.

The decline, though worrisome, reflects the general trend that persisted on the Ghana Stock Exchange in year 2005. The GSE All-Share Index had dropped by 29.85% as at the end of December 2005. Out of 30 companies, only 3 had recorded price gains during the year. 18 companies had declined in share price and 50% of these companies had done worse than the GSE All-Share Index.

After three years of a bull market that delivered superior returns (2002-45.96%, 2003-149.51%, and 2004-91.02%) the Ghana Stock Exchange, typical of any market worldwide, had to undergo market correction. A lot of stocks had reached peak levels with prices that had been determined by "exuberant speculators" seeking to cash in on the Bull Run.

The Bull Run however ended around mid 2004 with most gains recorded by the GSE in 2004 coming in during the first half of the year. Actually, the GSE All-Share Index gained only 4.25% during the second half of the year although it closed the year with a return of 91.02%. The Star performer for the exchange and the only hope for a good return for investors during the second half of the year 2004 was CAL Bank. The IPO of CAL Bank therefore attracted both long-term investors who believed in the future potential and growth of the Bank as well as speculators who wanted to realize a quick gain.

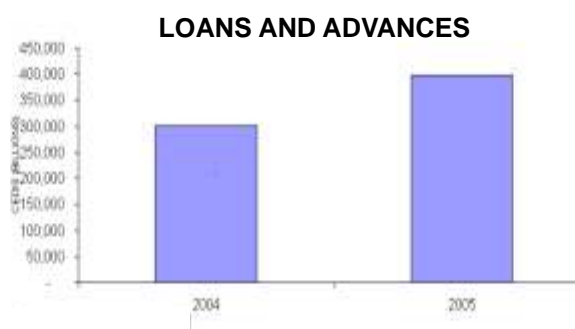
When secondary trading in CAL Bank shares started on the GSE there was excess demand over supply, which led to the rapid increase in price. CAL Bank continued to be the most actively traded equity on the GSE throughout the first quarter of 2005 with supply meeting demand. The price remained stable at ₵3,400 during this period. After the first quarter of 2005 the demand side started to dry up and this put pressure on the price. The price fell marginally to ₵3,200 at the end of June 2005.

Between June and November, the demand for CAL Bank shares had decreased significantly leading to intense selling pressure that affected the price, thus the decline to the year end price of ₵2,000.

The decrease in demand is not peculiar to CAL Bank shares alone but is a reflection of decreased demand for equities on the GSE as a whole. The GSE is going through a stage termed "graveyard market" where long-term investors on the market are taking huge losses because they cannot exit the market whilst new investors are waiting for better indicators before entering the market.

The companies, whose share price have declined significantly during the year have had mixed fortunes in terms of profitability. It is therefore difficult to link the share price performance directly to the performance of the companies.

It is however important to note that most of the top twenty shareholders have not exited due to the confidence that they have in the future growth and potential of the stock. At the moment with a P/E of 8, the lowest amongst the Banking stocks, CAL's stock is the most ideal stock to hold and I would entreat all shareholders to hold on



to their shares as we strongly believe that it will take an upturn very soon.

Social Responsibility

We continue to lend our support to the needy as part of our corporate social responsibility. Our main focus still remains the support of children in foster homes. Our annual Christmas party was held for over 200 children from various homes and we continue supporting them through the Bank’s scholarship program. I am very proud to say that a number of the orphans we take care of have graduated and are now in jobs. One of them we have actually funded to set up a catering operation and today she is an employer. In 2006 we will take another orphan to the law school. During the year we supported organisations such as the Ghana National Trust Fund, Association of Magistrates and Judges, Infanta Malaria Prevention Foundation, amongst others in the achievement of their various objectives.

Human Resources

Our staff continues to be our most important resource and we can only improve shareholder value by continuously training our staff. Management therefore always seeks to improve upon their knowledge and their commitment in achieving this objective. In pursuit of this objective the Bank has set up a facility which we refer to as the “CAL University”. This facility will be used as our centre of excellence where we inculcate into our staff the CAL values and also enhance their skill sets especially in the areas of credits, risk management, finance and marketing. “CAL University” will also deliver an “Executive MBA” program for CAL staff only.

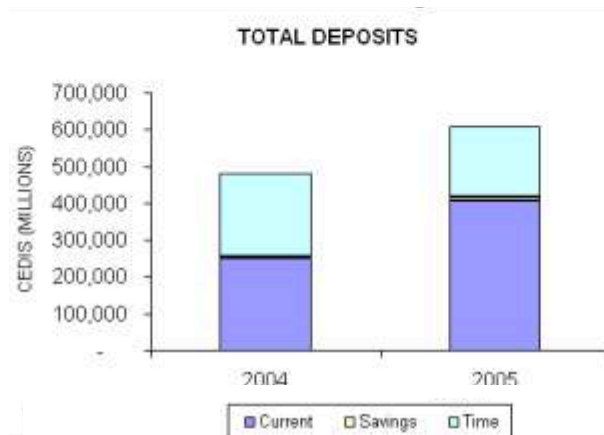
We have also commenced a graduate training program where young and versatile people are being recruited to ensure we have adequate human resource to meet our branch roll out strategy.

The Way Forward

As indicated in my report last year “to ensure the success of our ambitious plans, we will need to make bold moves. These bold moves would involve a lot of investments which may generate healthy returns in the medium term, but for the Bank to survive and grow it is necessary that we make these investments now and we will need the continued support of you our shareholders”.

These significant investments have been and continue to be made and we are working diligently to achieve the milestones as set out in our three year strategic plan. We have made inroads into the money transfer business and have registered an asset management company for the purpose of managing the mutual fund company which is also being set up. We are in the process of recapitalizing the brokerage company and making it more active in the market place. Our branch roll out is progressing and retail banking business is growing. Private Banking has carved a niche and continues to make an impact.

These we believe will propel your company into the position we desire and gain the market share we envisage per our strategic plan.



Conclusion

Though this year has been challenging, we are very confident that the fundamentals put in place are adequate to grow the asset base of the Bank which should result in enhanced profitability and shareholder value.

I am confident, however, that with the support of all our stakeholders, especially our customers, staff and shareholders, which we have received and continue to receive, we shall prevail and make a significant impact.

Thank you.



Frank Brako Adu Jnr.

CAL Bank - Bank on our Service



"NSAA"



CAL BANK LIMITED

Report of the Directors TO THE MEMBERS OF CAL BANK LIMITED

Financial Statements and Dividend

The Board of Directors has the pleasure to submit this report on the company for the year ended 31st December 2005.

Statement of Directors Responsibilities

The directors are responsible for the preparation of the consolidated financial statements for the financial year, which give a true and fair view of the state of affairs of the group and the profit or loss and cash flows for the period. In preparing these consolidated financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent and followed the Ghana Accounting Standards.

Financial Statement	¢'m
Profit for the year ended 31st December 2005 before taxation is	44,550
from which is deducted taxation of	<u>(17,847)</u>
giving a profit for the year after taxation of	26,703
to which is added balance on Income Surplus Account brought forward	40,178
Less: Transfer of Statutory Reserve Fund	<u>(25,608)</u>
giving a cumulative amount available for distribution of	41,273
out of which a proposed dividend of ¢55 per share amounting to is to be paid	(8,639)
Less: additional dividend paid in respect of 2004	<u>(19)</u>
leaving a balance on Income Surplus Account carried forward of	<u>32,615</u>

Nature of Business

The nature of business of the company is as follows:

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

Report of the Directors TO THE MEMBERS OF CAL BANK LIMITED

Substantial Shareholders

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

Board Changes

On 27th November 2005, the Board lost Nana Awuah Darko Ampem as a result of which a vacancy was created in its membership. May he rest in peace.

Retirement and Re-Election of Board members

The following Board members will be retiring in compliance with Section 298(a) of the Companies Code 1963, Act 179 and Regulation 78(a) of the Regulations of the company.

Dr. Lincoln Yesu Rathnam and Mr. Robert Ahomka-Lindsay.

Dr. Rathnam and Mr. Ahomka-Lindsay who are eligible have offered themselves for re-election.

Election of Board member

The Board has also nominated Mr. James Chamberlain Brenner to fill the vacancy created in the number of directors following the demise of Nana Awuah Darko Ampem.

JAMES CHAMBERLAIN BRENNER ("Jim") is the President and CEO of Broad Cove Partners, and a Director of its Middle-East North Africa regional affiliate, RHMK. He is also the Chairman of the Board of the Overseas Vote Foundation, a bipartisan non-profit organization dedicated to simplifying the voter registration process for military and civilian citizens living outside the United States. Before forming Broad Cove in 2003, Jim was an executive in the Global Alliance Group of State Street Bank where he mobilized the first post-Asian Crisis U.S. institutional investment in a Corporate Restructuring Fund sponsored by the Korean Development Bank. In 1999 he was invited by the Overseas Private Investment Corporation (OPIC) and other international financial institutions to undertake a benchmark study of emerging market investment funds, and facilitated the first global meeting of private equity fund program managers.

From 1990 to 1996, Jim was a Senior Vice President and Portfolio Manager at AEW Capital Management, after serving for six years (1984–1990) as a Legislative Assistant to US Senator John F. Kerry, responsible for economic issues.

Jim earned a Bachelors of Arts degree in Government in 1979 at Wesleyan University where he was elected to Phi Beta Kappa and earned a Master's in Public Policy in 1982 from the John F. Kennedy School of Government.

Report of the Directors TO THE MEMBERS OF CAL BANK LIMITED (CONT'D)

Subsidiaries

CAL Investments Limited (a non-banking financial institution), CAL Brokers Limited (a securities brokerage company and a licensed dealing member of the Ghana Stock Exchange) and CAL Asset Management Company (yet to be licensed to carry out the business of fund management) are all incorporated in Ghana and are wholly owned subsidiaries of the Bank.

Associated Undertakings

Ghana Leasing Company Limited (a non-banking financial institution) and Transaction Management Services Limited (in liquidation) both incorporated in Ghana.

Committees of the Board

The Audit and Compensation Committees of the Board were set up to strengthen the company's corporate governance issues. Their membership and functions are as follows:

Audit Committee

George Victor Okoh	-	Chairman
Paarock VanPercy	-	Member
Nana Awuah-Darko Ampem	-	Member (<i>Deceased</i>)

The Audit Committee which is made up of the non-executive directors, performs the following functions:

- recommend the appointment of external auditors;
- review with the auditors the scope of the examinations;
- review with the auditors their report on the financial statements;
- review the adequacy of systems of internal controls and compliance with policies;
- provide a direct channel of communication between the board and the auditors;
- report to the board on all issues of significant extraordinary financial transactions; and
- assist the board in developing policies on controls and operating systems.

Based on reviews of various reports by the audit committee the Board deems the system of internal controls and operating systems to be adequate.

Compensation Committee

George Victor Okoh	-	Chairman
Paarock VanPercy	-	Member
Frank Brako Adu Jnr (MD)	-	Ex-Officio
Nana Awuah Darko Ampem	-	Member (<i>Deceased</i>)

The objectives of the Compensation Committee are to review compensation and make recommendations to the Board for their consideration and approval.

Dividends

The directors recommend the payment of a dividend of ₵55.00 per share for the year ended 31 December 2005.

Report of the Directors TO THE MEMBERS OF CAL BANK LIMITED (CONT'D)

Auditors

In accordance with Section 134(5) of the Companies Code 1963 KPMG will continue in office as auditors of the group.

Acknowledgement

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

BY ORDER OF THE BOARD



.....
Chairman



.....
Managing Director

DATED: 17TH FEBRUARY 2006.



REPORT OF THE AUDITORS
TO THE MEMBERS OF CAL BANK LIMITED

We have audited the consolidated financial statements of CAL Bank Limited for the year ended 31st December 2005 set out on pages 19 to 44 and have obtained all the information and explanations we required.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing these financial statements. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith and prepared in accordance with Ghana Accounting Standards, comply with the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) and give a true and fair view of the financial position of the Bank and the Group at 31st December, 2005 and of the results of their operations and cash flow for the year then ended.

.....
CHARTERED ACCOUNTANTS
25, LIBERIA ROAD
BOX GP242
ACCRA.

17 February, 2006

CAL BANK LIMITED
 CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2005

	Notes	2005 €m	2004 €m
Interest income	4	132,658	95,491
Interest expense	5	(51,674)	(46,365)
Net interest income		80,984	49,126
Commissions and fees	6	29,480	28,871
Other operating income	7	18,071	23,503
Operating Income		128,535	101,500
Total Operating expenses	8	(68,626)	(48,811)
Charge for bad and doubtful debts	11	(16,532)	(7,890)
Operating profit		43,377	44,799
Other Income	9	1,173	832
Profit Before Taxation		44,550	45,631
Taxation	12c	(15,560)	(7,492)
National Reconstruction Levy	12c	(2,287)	(3,320)
Profit after taxation transferred to Income Surplus Account		<u>26,703</u>	<u>34,819</u>

CONSOLIDATED INCOME SURPLUS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2005

Balance at 1st January		40,178	44,979
Net Profit from Profit and Loss Account		26,703	34,819
Transfer to Statutory Reserve Fund	26	(25,608)	(3,865)
Transfer to Stated Capital	25	-	(28,000)
Proposed dividend at €55 per share (2004: €50 per share)	37	(8,639)	(7,755)
2004 dividend paid in respect of employee share option exercised	37	(19)	-
Balance at 31st December		<u>32,615</u>	<u>40,178</u>
Earning per share	36	€170	€224
Dividend per share	36	€55	€50

CAL BANK LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2005

	Notes	2005 ¢m	2004 ¢m
Interest income	4	132,492	95,415
Interest expense	5	(51,848)	(46,555)
Net interest income		80,644	48,860
Commissions and fees	6	28,416	28,115
Other operating income	7	17,951	20,470
Operating Income		127,011	97,445
Total Operating expenses	8	(64,833)	(48,151)
Charge for bad and doubtful debts	11	(16,532)	(7,890)
Operating profit		45,646	41,404
Other Income	9	32	31
Profit Before Taxation		45,678	41,435
Taxation	12c	(15,367)	(7,368)
National Reconstruction Levy	12c	(2,284)	(3,147)
Profit after taxation transferred to Income Surplus Account		<u>28,027</u>	<u>30,920</u>

INCOME SURPLUS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2005

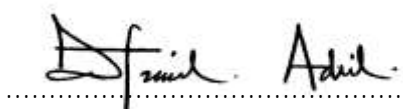
Balance at 1st January		33,265	41,965
Net Profit from Profit and Loss Account		28,027	30,920
Transfer to Statutory Reserve Fund	26	(25,608)	(3,865)
Transfer to Stated Capital	25	-	(28,000)
Proposed dividend at ¢55 per share (2004: ¢50 per share)	37	(8,639)	(7,755)
Additional dividend paid in respect 2004	37	(19)	-
Balance at 31st December		<u>27,026</u>	<u>33,265</u>
Earning per share	36	¢179	¢199
Dividend per share	36	¢55	¢50

CAL BANK LIMITED
CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2005

	Notes	2005 ¢m	2004 ¢m
ASSETS			
Cash and Balance with Bank of Ghana	13	83,581	47,370
Government Securities	14	192,929	247,036
Due from other banks and Financial Institutions	15	194,667	169,361
Investment in other Securities	17(a)	37,882	8,008
Loans and advances	16	397,920	301,317
Other assets	19	11,452	13,955
Taxation	12(b)	1,159	96
Property and Equipment	20(b)	51,696	38,392
TOTAL ASSETS		<u>971,286</u>	<u>825,535</u>
LIABILITIES			
Customer Deposits	21	607,812	480,345
Due to banks & other Financial Institution	22	16,564	55,093
Interest payable and other liabilities	23	160,050	121,897
Deferred Taxation	12(d)	3,452	2,225
TOTAL LIABILITIES		<u>787,878</u>	<u>659,560</u>
SHAREHOLDERS' FUND			
Stated capital	25	71,428	70,588
Statutory Reserve Fund	26	47,994	22,386
Capital Surplus	27	31,371	32,823
Income surplus		32,615	40,178
Total Shareholders' Funds		<u>183,408</u>	<u>165,975</u>
TOTAL LIABILITIES AND SHAREHOLDERS FUNDS		<u>971,286</u>	<u>825,535</u>
Net Asset per Share (cedis per share)	36	¢1,168	¢1,070



Directors



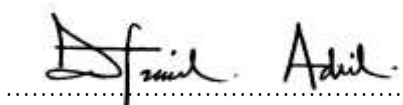
The Directors approved the financial statements on 17th February, 2006.

CAL BANK LIMITED
BALANCE SHEET AT 31ST DECEMBER 2005

	Notes	2005 ¢m	2004 ¢m
ASSETS			
Cash and Balances with Bank of Ghana	13	83,581	47,370
Government Securities	14	192,218	246,778
Due from Other Banks and financial Inst.	15	194,667	169,361
Investment in other Securities	17(a)	35,156	4,700
Loans and Advances	16	397,920	301,317
Investment in Subsidiaries	18	2,100	1,100
Other Assets	19	11,326	16,289
Taxation	12(a)	1,026	116
Property and Equipment	20(a)	51,696	38,392
TOTAL ASSETS		<u>969,690</u>	<u>825,423</u>
LIABILITIES			
Customer Deposits	21	610,933	479,435
Due to banks and other Financial Inst.	22	16,564	63,252
Interest payable and other liabilities	23	159,470	121,449
Deferred Taxation	12(d)	3,452	2,225
TOTAL LIABILITIES		<u>790,419</u>	<u>666,361</u>
SHAREHOLDERS' FUND			
Stated Capital	25	71,428	70,588
Statutory Reserve Fund	26	47,994	22,386
Capital Surplus	27	32,823	32,823
Income Surplus		27,026	33,265
TOTAL SHAREHOLDERS' FUND		<u>179,271</u>	<u>159,062</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>969,690</u>	<u>825,423</u>
Net Asset value per Share (cedi per share)	36	¢1,142	¢1,026



Directors



The Directors approved the financial statements on 17th February, 2006.

CAL BANK LIMITED
CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 ¢'m	2004 ¢'m
Net Cash Inflow from Operating Activities (Note 28)	94,111	20,228
Returns on Investments and Servicing of Finance		
Dividend Received	166	30
Dividend Paid	(7,774)	(3,500)
Net Cash Outflow from Returns on Investments and Servicing of Finance	(7,608)	(3,470)
Taxation		
Tax Paid	(15,323)	(13,534)
National Reconstruction Levy	(2,360)	(3,667)
	<u>(17,683)</u>	<u>(17,201)</u>
	68,820	(443)
Investing Activities		
Purchase of Property and Equipment	(19,112)	(2,216)
Proceeds from Sale of Property and Equipment	32	-
Investments in other securities	(30,641)	1,016
Bank's shares held by subsidiary	(1,452)	-
Revaluation fee paid	-	(25)
Net Cash Outflow from Investing Activities	<u>(51,173)</u>	<u>(3,257)</u>
Net Cash Inflow/(Outflow) before Financing	17,647	(3,700)
Financing		
Increase in Borrowings	70,043	28,574
Repayment of Borrowings	(27,409)	(22,599)
Appreciation in the Level of Borrowings through Exchange Fluctuations	396	1,262
Proceeds from shares issued	840	36,010
Net Cash Inflow from Financing	<u>43,870</u>	<u>43,247</u>
Increase in Cash and Cash Equivalents	<u>61,517</u>	<u>39,547</u>
Analysis of Changes in Cash and Cash Equivalents		
Balance at 1st January	216,731	177,184
Net Cash Inflow	<u>61,517</u>	<u>39,547</u>
Balance at 31st December (Note 13i)	<u>278,248</u>	<u>216,731</u>

CAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

1. BASIS OF ACCOUNTING

The Bank and its subsidiaries ("The Group") prepare their financial statements under the historical cost basis as modified by the revaluation of leasehold land and buildings and in accordance with Ghana Accounting Standards. The following principal accounting policies have been applied consistently in dealing with items that are considered material in relation to the Group's financial statements.

Accounting Policies

a. Consolidation

The consolidated financial statements of the Group include the financial statements of the Bank and its subsidiaries CAL Investments Limited, CAL Brokers Limited and CAL Asset Management Limited made up to 31st December, each year.

The Associated Undertakings (Ghana Leasing Company Limited and Transaction Management Services Limited) are included in the consolidated financial statements under the equity method of accounting.

b. Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the Bank's financial year-end. Gains and losses resulting from currency translation or exchange are included in the profit or loss for the year.

c. Income Recognition

The recognition of interest income ceases when the payment of interest or principal is in doubt. Interest is included in income thereafter only when it is received. Loans are returned to the accruals basis only when doubt about collectibility is removed and when the outstanding arrears of interest and principal are received.

Commissions and fees are credited to income when earned.

d. Investments

Investments in securities redeemable at fixed dates are purchased with the intention of being held to maturity. These are initially recognized at cost and subsequently adjusted to give effect to amortisation of premiums and discounts on purchase over the period to redemption. Trade investments are stated at cost.

e. Loans and Advances

Advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and interest held in suspense.

- f. **Provision for Bad and Doubtful Debts**
Provisions for bad and doubtful debts are made, having regard to specific risks.
- The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provisions required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the advances portfolio and prior bad debt experience.
- Provisions made during the year (less amounts released and recoveries of advances previously written off) are charged as a separate amount in the profit and loss account. Advances are written off eighteen months after a facility has been classified as a loss.
- In compliance with Bank of Ghana requirement, a general provision of 1% is also made on net current contingent liabilities (off balance sheet items).
- g. **Property and Equipment**
Property and Equipment owned by the Group are stated at gross values less accumulated depreciation. Depreciation is computed using the straight line method so as to write off the gross value of the assets over the estimated useful lives of the assets. The depreciation rates in use are as follows:-
- | | | |
|----------------------|---|-------------------------------------|
| Land & Buildings | - | Over remaining useful life of lease |
| Motor Vehicles | - | 20% |
| Equipment | - | 33 ¹ / ₃ % |
| Furniture & Fittings | - | 7 years |
- h. **Taxation**
The Group provides for taxes at the current rates on taxable profits and capital gains.
- i. **Deferred Taxation**
Provision is made for deferred tax liability using the liability method. Provision is made for deferred tax asset to the extent that there is certainty of realisation.
- j. **Post Balance Sheet Events**
Events subsequent to the balance sheet date are reflected only to the extent that they relate to the financial statements and the effect is material.
- 2a. **PERCENTAGE OF GROSS NON-PERFORMING LOANS**
Percentage of Gross Non-Performing Loans to total credit portfolio is 17% (2004: 14%)
- 2b. **UNSECURED CONTINGENT LIABILITIES AND COMMITMENTS**
Amount of unsecured contingencies and commitments amounted to ₵175 billion (2004: ₵136 billion).
3. **SOCIAL RESPONSIBILITY**
Amount spent on fulfilling social responsibility obligations is ₵495m (2004: ₵345m).

4. INTEREST INCOME

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Placements, Special Deposits etc.	7,851	7,851	9,722	9,722
Investment Securities	32,946	33,112	24,497	24,573
Loans and Advances	<u>91,695</u>	<u>91,695</u>	<u>61,196</u>	<u>61,196</u>
	<u>132,492</u>	<u>132,658</u>	<u>95,415</u>	<u>95,491</u>

5. INTEREST EXPENSE

Current Accounts	9,786	9,766	11,816	11,816
Time and other Deposits	30,687	30,533	29,529	29,339
Overnight and Call Accounts	1,802	1,802	1,425	1,425
Borrowings	<u>9,573</u>	<u>9,573</u>	<u>3,785</u>	<u>3,785</u>
	<u>51,848</u>	<u>51,674</u>	<u>46,555</u>	<u>46,365</u>

6. COMMISSIONS & FEES

Letters of Credit & Guarantees	7,259	7,259	7,492	7,492
Foreign Transfers	2,476	2,476	2,650	2,650
Other Commissions	11,941	12,654	12,598	13,354
Other Fees	<u>6,740</u>	<u>7,091</u>	<u>5,375</u>	<u>5,375</u>
	<u>28,416</u>	<u>29,480</u>	<u>28,115</u>	<u>28,871</u>

7. OTHER OPERATING INCOME

Gain on Exchange	8,917	8,917	9,053	9,053
Other Income	<u>9,034</u>	<u>9,154</u>	<u>11,417</u>	<u>14,450</u>
	<u>17,951</u>	<u>18,071</u>	<u>20,470</u>	<u>23,503</u>

8. TOTAL OPERATING EXPENSES

Staff Cost (Note 10)	27,516	28,001	18,716	18,988
Advertising and Marketing	4,480	4,480	3,343	3,343
Admin Expenses	1,992	1,992	1,703	1,703
Training	1,272	1,272	1,126	1,126
Depreciation	5,808	5,808	4,309	4,309
Directors' Emoluments	2,384	2,384	2,351	2,351
Auditors' Remuneration	252	299	185	220
Others	21,129	22,482	16,418	16,771
Diminution in value of Shares held in associated company	-	1,908	-	-
	<u>64,833</u>	<u>68,626</u>	<u>48,151</u>	<u>48,811</u>

9. OTHER INCOME

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Profit on Disposal of Plant and Equipment (Note 20 iv)	32	32	-	-
Groups share of Associated Company's Operating Profit	-	1,141	-	801
e-Card	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</u>
	<u>32</u>	<u>1,173</u>	<u>31</u>	<u>832</u>

10. STAFF COST

Salaries and Bonuses	17,167	17,436	12,735	12,988
Social Security Contribution	1,845	2,052	1,178	1,197
Others	<u>8,504</u>	<u>8,513</u>	<u>4,803</u>	<u>4,803</u>
	<u>27,516</u>	<u>28,001</u>	<u>18,716</u>	<u>18,988</u>

The average number of persons employed by the bank during the year was 187 (2004: 177)

11. BAD AND DOUBTFUL DEBTS EXPENSE

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Net Specific Credit Risk Provision	14,862	14,862	6,619	6,619
General Provision	<u>823</u>	<u>823</u>	<u>827</u>	<u>827</u>
Total On-Balance Sheet Provision	15,685	15,685	7,446	7,446
General Provision on Off-Balance Sheet Items	<u>847</u>	<u>847</u>	<u>444</u>	<u>444</u>
	<u>16,532</u>	<u>16,532</u>	<u>7,890</u>	<u>7,890</u>

12. TAXATION

	Balance 1/1/05 €'m	Payments during the year €'m	Charge for the year €'m	Balance 31/12/05 €'m
(a) The Bank				
Income Tax				
1998-2003	(221)	-	-	(221)
2004	(284)	-	-	(284)
2005		(14,968)	14,123	(845)
	<u>(505)</u>	<u>(14,968)</u>	<u>14,123</u>	<u>(1,350)</u>
Capital Gains Tax				
2001	(54)	-	-	(54)
	<u>(559)</u>	<u>(14,968)</u>	<u>14,123</u>	<u>(1,404)</u>
Dividend Tax				
1997-2002	13	-	-	13
2005	-	(17)	17	-
	<u>13</u>	<u>(17)</u>	<u>17</u>	<u>13</u>
National Reconstruction Levy				
2001-2003	68	-	-	68
2004	362	-	-	362
2005	-	(2,349)	2,284	(65)
	<u>430</u>	<u>(2,349)</u>	<u>2,284</u>	<u>365</u>
Total	<u>(116)</u>	<u>(17,334)</u>	<u>16,424</u>	<u>(1,026)</u>
(b) The Group				
Income Tax				
1999-2003	(207)	-	-	(207)
2004	(276)	-	-	(276)
2005	-	(15,306)	14,316	(990)
	<u>(483)</u>	<u>(15,306)</u>	<u>14,316</u>	<u>(1,473)</u>
Capital Gains Tax				
2001	(54)	-	-	(54)
	<u>(537)</u>	<u>(15,306)</u>	<u>14,316</u>	<u>(1,527)</u>
Dividend Tax				
1997 - 2002	13	-	-	13
2005	-	(17)	17	-
	<u>13</u>	<u>(17)</u>	<u>17</u>	<u>13</u>

12. TAXATION (CONT'D)

National Reconstruction Levy

2002-2003	65	-	-	65
2004	363	-	-	363
2005	-	(2,360)	2,287	(73)
	<u>428</u>	<u>(2,360)</u>	<u>2,287</u>	<u>355</u>
Total	<u>(96)</u>	<u>(17,683)</u>	<u>16,620</u>	<u>(1,159)</u>

(c) Tax Charge for the Year	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Income Tax	14,140	14,333	12,296	12,420
Deferred Tax	1,227	1,227	(4,928)	(4,928)
	<u>15,367</u>	<u>15,560</u>	<u>7,368</u>	<u>7,492</u>
National Reconstruction Levy	<u>2,284</u>	<u>2,287</u>	<u>3,147</u>	<u>3,320</u>

(d) Deferred Taxation

Balance at 1st January	2,225	2,225	7,153	7,153
Charge/(Credit) to P&L for the year	1,227	1,227	(4,928)	(4,928)
Balance at 31st December	<u>3,452</u>	<u>3,452</u>	<u>2,225</u>	<u>2,225</u>

The National Reconstruction levy is based on a rate of 5% and 3.5% (2004 7.5% and 5%) of profit before tax for the bank and its subsidiaries respectively. Liabilities up to and including 2002 have been agreed with the tax authorities. All liabilities are subject to agreement with the Internal Revenue Service.

13. CASH AND BALANCES WITH BANK OF GHANA

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Cash in Hand	20,466	20,466	16,794	16,794
Balances with Bank of Ghana	63,115	63,115	30,576	30,576
	<u>83,581</u>	<u>83,581</u>	<u>47,370</u>	<u>47,370</u>

13(i) CASH AND CASH EQUIVALENTS

Cash and balances with Bank of Ghana	83,581	83,581	47,370	47,370
Dues from other banks and Financial Institutions	194,667	194,667	169,361	169,361
	<u>278,248</u>	<u>278,248</u>	<u>216,731</u>	<u>216,731</u>

14. GOVERNMENT SECURITIES

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Treasury Bills	89,240	89,951	137,831	138,089
Ghana Government Index				
Linked Bonds	15,148	15,148	21,294	21,294
Other Bills	<u>87,830</u>	<u>87,830</u>	<u>87,653</u>	<u>87,653</u>
	<u>192,218</u>	<u>192,929</u>	<u>246,778</u>	<u>247,036</u>

15. DUE FROM OTHER BANKS

Nostro Account balances	70,770	70,770	109,997	109,997
Items in course of collection	7,897	7,897	8,671	8,671
Placement with other banks	<u>116,000</u>	<u>116,000</u>	<u>50,693</u>	<u>50,693</u>
	<u>194,667</u>	<u>194,667</u>	<u>169,361</u>	<u>169,361</u>

16. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type

Overdrafts	274,727	274,727	179,776	179,776
Term Loans	143,344	143,344	109,585	109,585
Others	<u>25,737</u>	<u>25,737</u>	<u>44,438</u>	<u>44,438</u>
Gross Loans and Advances	<u>443,808</u>	<u>443,808</u>	<u>333,799</u>	<u>333,799</u>
Less:				
Interest in Suspense	(19,007)	(19,007)	(16,944)	(16,944)
Provision for bad and doubtful debts	<u>(26,881)</u>	<u>(26,881)</u>	<u>(15,538)</u>	<u>(15,538)</u>
	<u>397,920</u>	<u>397,920</u>	<u>301,317</u>	<u>301,317</u>
Net Loans and Advances				

(i) The above constitute loans and advances (including credit bills negotiated) to customers and staff.

(ii) Loan loss provision ratio is 6.1% (2004: 4.7%)

(iii) Gross Non-performing loans ratio is 16.9% (2004: 14.2%)

(iv) Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 71% (2004: 80%)

(v) Total advances written off in line with the bank's policy was ¢14,203 million (2004: ¢17,169 million). The Bank however has a recovery process in place and these amounts are being pursued.

The maximum amount due from officers of the bank during the year amounted to ¢ 11,963 million (2004: ¢7,382 million)

16. LOANS AND ADVANCES TO CUSTOMERS

(b) Analysis by Business Segments

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Agriculture, Forestry & Fishing	6,339	6,339	4,768	4,768
Mining and Quarrying	1,912	1,912	9,670	9,670
Manufacturing	115,965	115,965	134,889	134,889
Construction	59,680	59,680	6,938	6,938
Electricity, gas and water	3,171	3,171	3,930	3,930
Commerce and Finance	139,985	139,985	40,820	40,820
Transport, Storage and Communications	37,589	37,589	53,338	53,338
Services	9,156	9,156	7,425	7,425
Miscellaneous	70,011	70,011	72,021	72,021
	<u>443,808</u>	<u>443,808</u>	<u>333,799</u>	<u>333,799</u>
Less:				
Interest in Suspense	(19,007)	(19,007)	(16,944)	(16,944)
Provision for bad and doubtful debts	(26,881)	(26,881)	(15,538)	(15,538)
	<u>397,920</u>	<u>397,920</u>	<u>301,317</u>	<u>301,317</u>

(c) Analysis by type of Customer

Private Enterprises	417,868	417,868	295,507	295,507
Joint Private & State Enterprises	13,977	13,977	3,334	3,334
Public Institutions	-	-	27,576	27,576
Staff	11,963	11,963	7,382	7,382
	<u>443,808</u>	<u>443,808</u>	<u>333,799</u>	<u>333,799</u>
Less:				
Interest in Suspense	(19,007)	(19,007)	(16,944)	(16,944)
Provision for bad and doubtful debts	(26,881)	(26,881)	(15,538)	(15,538)
Net Loans and Advances	<u>397,920</u>	<u>397,920</u>	<u>301,317</u>	<u>301,317</u>

(d) Movement in the Bank and Group's provisions for doubtful debts are as follows:

Balance at 1st January	15,538	15,538	11,594	11,594
Bad and Doubtful Debts	15,685	15,685	7,508	7,508
Provision no longer required	(4,342)	(4,342)	(3,564)	(3,564)
Balance at 31st December	<u>26,881</u>	<u>26,881</u>	<u>15,538</u>	<u>15,538</u>

17. INVESTMENT IN OTHER SECURITIES

(a) Associated Companies	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Ghana Leasing Company Ltd	4,069	6,992	4,069	6,191
Transaction Management Service	-	-	700	700
Groups share of Associated Company's Operating profit	-	1,141	-	801
	<u>4,069</u>	<u>8,133</u>	<u>4,769</u>	<u>7,692</u>
Less impairment loss	<u>-</u>	<u>(1,908)</u>	<u>(700)</u>	<u>(700)</u>
	<u>4,069</u>	<u>6,225</u>	<u>4,069</u>	<u>6,992</u>
 (b) Trade Investments				
Investment in quoted equities	631	1,201	631	1,016
Securities Discount Company	60	60	60	60
Africa Investment Bank	<u>456</u>	<u>456</u>	<u>-</u>	<u>-</u>
	1,147	1,717	691	1,076
Less: Provision for Investment Loss	<u>(60)</u>	<u>(60)</u>	<u>(60)</u>	<u>(60)</u>
	<u>1,087</u>	<u>1,657</u>	<u>631</u>	<u>1,016</u>
Commercial Paper	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
	<u>31,087</u>	<u>31,657</u>	<u>631</u>	<u>1,016</u>

Commercial paper was purchased in December from two corporate bodies at rate 22.5% and 24.5% maturing in 182 days and 91 days respectively.

(c) Total Investment in Securities

Investment in Associated Companies	4,069	6,225	4,069	6,992
Trade Investments	<u>31,087</u>	<u>31,657</u>	<u>631</u>	<u>1,016</u>
	<u>35,156</u>	<u>37,882</u>	<u>4,700</u>	<u>8,008</u>

The percentages of interests in Associated Companies are provided below:

Name	Nature of Business	Country of Incorporation	Percentage Interest
Ghana Leasing Company Limited	Leasing of Equipment	Ghana	39.9%
Transaction Management Services Limited	E-card Service Provider	Ghana	25.0%

18. INVESTMENTS IN SUBSIDIARIES

The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts ¢'m	Percentage Interest
CAL Investments Limited	Investment Management	Ghana	100	100
CAL Brokers Limited	Security Brokerage	Ghana	1,000	100
CAL Asset Management Limited	Fund Management	Ghana	<u>1,000</u>	100
			<u>2,100</u>	

The Investments in Subsidiaries which are stated at cost comprise of:

	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'M	The Group ¢'m
Shares	<u>2,100</u>	<u>-</u>	<u>1,100</u>	<u>-</u>

19. OTHER ASSETS

Sundry Debtors	530	535	10,906	8,572
Accrued Interest Receivable	5,717	5,838	1,417	1,417
Prepayments	5,015	5,015	2,303	2,303
Items in transit	<u>64</u>	<u>64</u>	<u>1,663</u>	<u>1,663</u>
	<u>11,326</u>	<u>11,452</u>	<u>16,289</u>	<u>13,955</u>

20. PROPERTY AND EQUIPMENT

(a) The Bank

	Bank Premise ¢'m	Furniture Fixtures & Equipment ¢'m	Motor Vehicles ¢'m	Work in Progress ¢'m	Total ¢'m
Gross Value					
1/1/05	35,254	12,253	4,632	-	52,139
Additions	3,073	6,910	1,942	7,187	19,112
Disposals	-	(73)	(6)	-	(79)
At 31/12/05	<u>38,327</u>	<u>19,090</u>	<u>6,568</u>	<u>7,187</u>	<u>71,172</u>
Comprising:					
Cost of Assets Revalued	8,666	-	-	-	8,666
Surplus on Revaluation	26,588	-	-	-	26,588
	<u>35,254</u>	-	-	-	<u>35,254</u>
Cost of Assets not Revalued	<u>3,073</u>	<u>19,090</u>	<u>6,568</u>	<u>7,187</u>	<u>35,918</u>
	<u>38,327</u>	<u>19,090</u>	<u>6,568</u>	<u>7,187</u>	<u>71,172</u>
Accumulated Depreciation					
At 1/1/05	1,479	9,914	2,354	-	13,747
Charge for the year	2,495	2,512	801	-	5,808
Release on Disposal	-	(73)	(6)	-	(79)
At 31/12/05	<u>3,974</u>	<u>12,353</u>	<u>3,149</u>	<u>-</u>	<u>19,476</u>
Net Book Value					
At 31/12/05	<u>34,353</u>	<u>6,737</u>	<u>3,419</u>	<u>7,187</u>	<u>51,696</u>
At 31/12/04	<u>33,775</u>	<u>2,339</u>	<u>2,278</u>	-	<u>38,392</u>

20. PROPERTY AND EQUIPMENT (CONT'D)

(b) The Group	Bank Premise €'m	Furniture Fixtures & Equipment €'m	Motor Vehicles €'m	Work in Progress €'m	Total €'m
Gross Value					
1/1/05	35,254	12,287	4,632	-	52,173
Additions	3,073	6,910	1,942	7,187	19,112
Disposals	-	(73)	(6)	-	(79)
At 31/12/05	<u>38,327</u>	<u>19,124</u>	<u>6,568</u>	<u>7,187</u>	<u>71,206</u>
Comprising:					
Cost of Assets Revalued	8,666	-	-	-	8,666
Surplus on Revaluation	26,588	-	-	-	26,588
	<u>35,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,254</u>
Cost of Assets not Revalued	<u>3,073</u>	<u>19,124</u>	<u>6,568</u>	<u>7,187</u>	<u>35,952</u>
	<u>38,327</u>	<u>19,124</u>	<u>6,568</u>	<u>7,187</u>	<u>71,206</u>
Accumulated Depreciation					
At 1/1/05	1,479	9,948	2,354	-	13,781
Charge for the year	2,495	2,512	801	-	5,808
Released on Disposal	-	(73)	(6)	-	(79)
At 31/12/05	<u>3,974</u>	<u>12,387</u>	<u>3,149</u>	<u>-</u>	<u>19,510</u>
Net Book Value					
At 31/12/05	<u>34,353</u>	<u>6,737</u>	<u>3,419</u>	<u>7,187</u>	<u>51,696</u>
At 31/12/04	<u>33,775</u>	<u>2,339</u>	<u>2,278</u>	<u>-</u>	<u>38,392</u>

Leasehold Land and Buildings were professionally revalued on the basis of open market value for existing use by Messrs KOACONSULT, Chartered Surveyors on 31st March, 2004.

(c) Summary of Property and Equipment

	2005		2004	
	The Bank €'m	The Group €'m	The Bank €'m	The Group €'m
Gross Value	71,172	71,206	52,139	52,173
Accumulated depreciation	(19,476)	(19,510)	(13,747)	(13,781)
Net Book Value	<u>51,696</u>	<u>51,696</u>	<u>38,392</u>	<u>38,392</u>

(d) Disposal of Property and Equipment

Profit on Disposal of Property and Equipment have been arrived at as follows:-

Cost	79	79	-	-
Accumulated Depreciation	<u>(79)</u>	<u>(79)</u>	<u>-</u>	<u>-</u>
Net Book Value	-	-	-	-
Disposal Proceeds	<u>32</u>	<u>32</u>	<u>-</u>	<u>-</u>
Profit on Disposals (Note 9)	<u>32</u>	<u>32</u>	<u>-</u>	<u>-</u>

21. CUSTOMERS DEPOSITS	2005		2004	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Current Account	409,997	407,787	250,343	251,253
Time Deposits	193,244	192,333	225,970	225,970
Savings deposits	<u>7,692</u>	<u>7,692</u>	<u>3,122</u>	<u>3,122</u>
	<u>610,933</u>	<u>607,812</u>	<u>479,435</u>	<u>480,345</u>

Analysis by type of depositors

Individual and other private				
Enterprise	336,762	333,641	400,367	401,277
Public enterprises	<u>274,171</u>	<u>274,171</u>	<u>79,068</u>	<u>79,068</u>
	<u>610,933</u>	<u>607,812</u>	<u>479,435</u>	<u>480,345</u>

Twenty largest depositors to total deposit ratio is 62.6 % (2004: 62.7%)

22. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits from other banks	<u>16,564</u>	<u>16,564</u>	<u>63,252</u>	<u>55,093</u>
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23. INTEREST PAYABLE AND OTHER LIABILITIES

Creditors	6,289	6,786	12,114	12,562
Accruals	11,208	11,291	9,534	9,534
Borrowings – (Note 24)	116,349	116,349	73,319	73,319
Others	16,985	16,985	18,727	18,727
Dividend Payable – (Note 37)	<u>8,639</u>	<u>8,639</u>	<u>7,755</u>	<u>7,755</u>
	<u>159,470</u>	<u>160,050</u>	<u>121,449</u>	<u>121,897</u>

24. BORROWINGS

EDIF	4,264	4,264	7,592	7,592
Proparco	760	760	3,356	3,356
SSNIT	45,834	45,834	-	-
African Development Bank	28,866	28,866	38,233	38,233
GIB London	34,183	34,183	22,638	22,638
Bank of Ghana (Speed Facility)	<u>2,442</u>	<u>2,442</u>	<u>1,500</u>	<u>1,500</u>
Note 23 refers	<u>116,349</u>	<u>116,349</u>	<u>73,319</u>	<u>73,319</u>

24. BORROWINGS (CONT'D)

EDIF This is a facility granted by the Export Development and Investment Fund to be extended to operators in the export sector. Interest is at a rate of 2.5% per annum.

Proparco The facility was granted in 1998 for a period of eight years for on-lending to the private sector. Interest is at a rate of 5.39% per annum.

SSNIT These are several facilities under repurchase agreements each maturing in three months. Interest rate is tied to the 91-day treasury bill rate ruling on the day of borrowing.

African Development Bank Two facilities granted for on-lending to the private sector. Interest is at a rate of 6 months US Libor plus 2.4% maturing in 2008.

GIB Loan Two facilities were granted for on-lending to the private sector. Interest rate is at a rate of 6-month US Libor plus 3% per annum maturing in 2006 and 2008.

Bank of Ghana (Speed Facility) These are facilities granted under the Small and Micro Enterprise Fund for on-lending to the private sector. Interest is at a rate of 15.8% and 16.4% per annum maturing in 2007.

25. STATED CAPITAL – (The Bank and The Group)

	2005		2004	
	Number (‘000)	Value ¢’m	Number (‘000)	Value ¢’m
Authorised				
Ordinary shares of no par value	<u>1,000,000</u>		<u>1,000,000</u>	
Issued:				
For cash	30,289	43,428	29,857	42,588
Transfer from Income Surplus	-	28,000	-	28,000
Bonus issue	<u>126,787</u>	<u>-</u>	<u>125,236</u>	<u>-</u>
	<u>157,076</u>	<u>71,428</u>	<u>155,093</u>	<u>70,588</u>

There is no share in treasury and no call or installment unpaid on any share.

26. STATUTORY RESERVE FUND (The Bank and the Group)

	2005 ¢’m	2004 ¢’m
At 1st January	22,386	18,521
Prior Year adjustment (<i>Additional Transfer in respect of 2004</i>)	11,595	-
Transfer from Income Surplus	<u>14,013</u>	<u>3,865</u>
At 31st December	<u>47,994</u>	<u>22,386</u>

27. CAPITAL SURPLUS	2005		2004	
	The Bank €'m	The Group €'m	The Bank €'m	The Group €'m
Revaluation Surplus	32,823	32,823	32,823	32,823
Bank's shares held by subsidiary	-	(1,452)	-	-
	<u>32,823</u>	<u>31,371</u>	<u>32,823</u>	<u>32,823</u>
Revaluation Surplus				
At 1st January	32,823	3,996	32,823	3,996
Revaluation surplus transferred	-	26,588	-	26,588
Depreciation releases on properties revalued	-	2,264	-	2,264
Revaluation fee paid	-	(25)	-	(25)
At 31st December	<u>32,823</u>	<u>32,823</u>	<u>32,823</u>	<u>32,823</u>

This arose from revaluation of the Bank's leasehold land and buildings

28. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 €'m	2004 €m
Operating Profit before taxation	44,550	45,631
Items not involving cash flow:		
Depreciation	5,808	4,309
Profit on Sale of Property and Equipment	(32)	-
Charge for Bad and Doubtful Debts	16,532	7,890
Revaluation Gain of GGLIB	(2,104)	(2,279)
Associated Company profit	(1,141)	(801)
Provision for Investment Loss	1,908	700
	<u>65,521</u>	<u>55,450</u>
Adjustment for Item shown separately		
Dividend Received	(166)	(30)
Net Cash Inflow from Trading Activities	<u>65,355</u>	<u>55,420</u>
Decrease/(Increase) in Securities held other than those treated as Investing Activities	56,211	(77,203)
Increase in Advances	(113,135)	(91,304)
Decrease/(Increase) in Other Asset Accounts	2,503	(7,297)
Increase in Deposit & Current Accounts	127,467	144,400
(Decrease)/Increase due to other Banks	38,529	7,036
Decrease in Creditors/Accruals (excluding borrowings)	(5,761)	(10,824)
Net Cash Inflow from Operating Activities	<u>94,111</u>	<u>20,228</u>

29. 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 as at 31st December 2005 amounted to ₪183 billion as detailed below.

	2005 ₪'m	2004 ₪'m
Letters of Credit	18,877	20,766
Guarantees and Indemnities	163,747	115,436
	<u>182,624</u>	<u>136,202</u>

The amount of unsecured contingencies and commitments in respect of these at 31st December, 2005 is ₪175 billion (2004: ₪136 billion).

b) Capital Expenditure

Capital commitments not provided for in the financial statements as at 31st December 2005 amounted to ₪766 million (2004: ₪4,351 million).

(c) Pending Legal Claims

At the year end there were two legal cases pending against the bank, instituted by two former employees, alleging wrongful dismissal. Should judgement go in favour of the plaintiffs, likely claims against the bank have been estimated at ₪466 million (2004: Nil)

30. CONCENTRATION OF ASSETS, LIABILITIES AND OFF BALANCE SHEET ITEMS)

Banks take on foreign currency exchange rates exposure on its financial position and cash flows. The table below summarises the bank's exposure to foreign currency exchange rate risks at year-end. The amounts stated in the table are the cedi equivalent of the foreign currencies.

	US Dollars ¢'m	British Pounds ¢'m	Euro ¢'m	Others ¢'m	Total ¢'m
Assets					
Cash and Balances with Bank of Ghana	14,987	2,095	8,867	86	26,035
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	61,610	3,386	3,903	1,871	70,770
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	110,589	2	6,773	-	117,364
Investment in Subsidiary	456	-	-	-	456
Property, Plant and Equipment	-	-	-	-	-
Other Assets	211	-	-	-	211
Taxation	-	-	-	-	-
Total Assets	187,853	5,483	19,543	1,957	214,836
Liabilities					
Due to Customers	129,828	4,864	13,520	1,083	149,295
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	63,809	-	-	-	63,809
Other Liabilities	8,516	122	290	-	8,928
Total Liabilities	202,153	4,986	13,810	1,083	222,032
Net On-Balance Sheet Position	(14,300)	497	5,733	874	(7,196)
Off-Balance Sheet Credit Commitments	19,397	-	1,531	855	21,783
				2005 ¢'m	2004 ¢'m
Total Assets				214,836	281,232
Total Liabilities				(222,032)	(215,343)
Net on Balance Sheet Position				(7,196)	65,889
Off-balance sheet credit commitments				21,783	26,163

31. MATURITY OF ASSETS AND LIABILITIES

	0 - 3 months €'m	3 - 6 months €'m	6 - 12 months €'m	Over 1 year €'m	Total €'m
Assets					
Cash and Balances with Central Bank	83,581	-	-	-	83,581
Government Securities	-	54,142	36,663	101,413	192,218
Due from other Bank	194,667	-	-	-	194,667
Investment in other Securities	-	-	-	35,156	35,156
Loans and Advances to Customers	278,690	2,223	9,323	107,684	397,920
Investment in Subsidiaries	-	-	-	2,100	2,100
Property and Equipment	-	-	-	51,696	51,696
Other Assets	5,670	5,656	-	-	11,326
Taxation	-	1,026	-	-	1,026
Total Assets	562,608	63,047	45,986	298,049	969,690
Liabilities					
Due to customers	504,024	33,202	19,233	54,474	610,933
Due to central bank	-	-	-	2,442	2,442
Due to other banks	14,038	586	429	1,511	16,564
Other borrowed funds	32,531	14,000	12,572	54,804	113,907
Other liabilities	43,121	-	-	-	43,121
Deferred Taxation	-	-	-	3,452	3,452
Total Liabilities	593,714	47,788	32,234	116,683	790,419
Net Liquidity Gap	(31,106)	15,259	13,752	181,366	179,271

Net Liquidity Gap

	2005 €'m	2004 €'m
Total assets	969,690	825,423
Total liabilities	790,419	666,361
Net liquidity gap	179,271	159,062

The table above analyses assets and liabilities of the bank into relevant maturity groupings based on the remaining period at the balance sheet 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.

It is unusual for the 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.

32. RELATED PARTY TRANSACTIONS

Included in loans and advances is an amount of ₦3,357 million (2004: ₦7,866 million) granted to an associated company and ₦1,626million granted to a company in which a Director has an interest.

33. SHARE SCHEME

(a) Share option scheme

The shareholders of the Bank on 26th April 2004 approved the following share scheme for Non Executive Directors and Senior Management Staff.

Beneficiaries	Number of Shares
Non Executive Directors	1,859,551
Senior Management Staff	<u>4,517,783</u>
	<u>6,377,334</u>

The options for Non Executive Directors are exercisable at the option price of ₦2,000 per share over a three-year period commencing January 2005 to December 2007, after which they will lapse. Options not exercised after the respective exercisable date will accumulate and must be exercised by 31st December 2007 after which they will lapse. The options will also lapse when the Non-Executive Director ceases to be a Director of the Bank except that the options will automatically become exercisable in cases where the Director resigns on account of ill health, death, change in control or removal by cumulative voting at the AGM of the company.

The options for Senior Management Staff are also exercisable at the option price over a five-year period in equal amounts commencing January 2005 to December 2009, after which they will lapse. Options not exercised after the respective exercisable date will accumulate and must be exercised by 31st December 2009 after which they will lapse. The option will also lapse when the employee leaves the company except they will be automatically become exercisable in cases where the employee leaves on account of ill-health, retirement, termination without cause, death, change in control or in other cases as decided by the Board of Directors.

Options Exercised	2005	2004
Options outstanding 1st January	6,377,334	6,377,334
Options exercised	<u>(432,308)</u>	<u>-</u>
Options outstanding at 31st December	<u>5,945,026</u>	<u>6,377,334</u>

(b) Bonus Scheme

The Shareholders of the bank at the Annual General Meeting held on 18th March 2005 passed a resolution to allot a pool of shares to up to 5% of the issued shares at 31st December 2004 amounting to 7,754,639 for distribution to Non-Executive Directors and Executives of the bank over a period of 5 years linked to the performance of the bank and as determined by the board.

33. SHARE SCHEME (CONT'D)

Bonus Shares Issued	2005	2004
Bonus shares outstanding 1st January	7,754,639	-
Bonus shares issued	<u>(1,550,927)</u>	<u>-</u>
Bonus shares outstanding at 31st December	<u>6,203,712</u>	<u>-</u>

34. ANALYSIS OF SHAREHOLDING

Class of equity	No. of Shareholders within range	Total Holding	% Holding
1 - 1,000	19,163	10,582,314	6.74
1001 - 5,000	2,817	6,076,423	3.87
5001 - 10,000	384	2,953,508	1.88
Over 10,000	<u>709</u>	<u>137,463,764</u>	<u>87.51</u>
	<u>23,073</u>	<u>157,076,009</u>	<u>100.00</u>

35. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2005:

NAME OF DIRECTOR	NO. OF SHARES	%
George Victor Okoh	393,938	0.25
Frank Adu B. Jnr.	2,776,128	1.77
Malcomn Dermott Pryor	222,145	0.14
Paarock VanPercy	338,885	0.22
Lincoln Yesu Rathman	100,975	0.06

36. NUMBER OF SHARES IN ISSUE

Earnings, dividend and net assets per share are based on 157,076,009 (2004: 155,092,774) ordinary shares in issue at the balance sheet date.

37. DIVIDEND	2005	2004
	€'m	€'m
Balance at 1st January	7,755	3,500
Proposed dividend	8,639	7,755
Dividend paid	<u>(7,774)</u>	<u>(3,500)</u>
Dividend in respect of employee share options exercised	<u>19</u>	<u>-</u>
Balance at 31st December	<u>8,639</u>	<u>7,755</u>

38. TWENTY LARGEST SHAREHOLDERS

SHAREHOLDER	NO. OF SHARES	%HOLDING
BBGN/International Finance Corporation	26,232,526	16.70
Afare Apeadu Donkor	20,966,864	13.35
Kingdom 5-KR-73 Limited	17,017,000	10.83
CDC Group PLC	12,942,307	8.24
Pryor Count & Co. Inc.	8,054,930	5.13
Vanguard Assurance Company Limited	5,276,108	3.36
Star Assurance Company Limited	3,143,400	2.00
Frank Brako Adu Jnr.	2,776,128	1.77
Databank Financial Services	1,395,927	0.89
Benjamin Ansah Fosu	1,018,400	0.65
HFC Equity Fund	922,900	0.59
Joseph Abrokwa	816,355	0.52
Teachers Fund	709,600	0.45
Daniel Ofori	591,200	0.38
DBL/Kwaben Adjei	572,438	0.36
Anthony Oteng Gyasi	542,930	0.35
Rosemond Awuah Darko	524,060	0.33
Ernestina Ansah	524,060	0.33
Elizabeth Ansah	424,060	0.27
CDH Securities	408,078	0.26
Total	<u>104,859,271</u>	<u>66.76</u>

PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 17th March 2006 at the Accra International Conference Centre, Accra.

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

*

Or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 17th March 2006.

Signed thisday of 2006

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2005 Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. Robert Ahomka-Lindsay		
5. To re-elect Dr. Lincoln Yesu Rathnam		
6. To elect Mr. James Chamberlain Brenner as Director		
7. To purchase the shares of the company		
8. To amend Regulation 64 of the company's Regulations		
Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion		

... ✕

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

Notes:

A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.

Provision has been made on the Form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space marked * the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.

If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director of the Corporation.

Please sign the above Proxy Form and deliver it so as to reach the Registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P. O. Box KIA 9563, Airport, Accra not later than 10.00 am on Wednesday 15th March 2006.

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

BOARD RESOLUTIONS

The Board of Directors will be proposing the following resolutions which would be put to the Annual General Meeting:

Dividends

The Directors recommend the payment of a dividend of ₦55.00 per share for the year ended 31st December 2005.

Auditors

In accordance with Section 134(5) of the Companies Code 1963 KPMG will continue in office as auditors of the group. The Board would request that they fix the fees of the auditors.

Retirement and Re-Election of Board Members

The following Board members retired in accordance with Section 298(a) of the Companies Code 1963, Act 179 and Regulation 78(a) of the Regulations of the company:

Mr. Robert Ahomka-Lindsay and Dr. Lincoln Yesu Rathnam.

Mr. Robert Ahomka-Lindsay and Dr. Lincoln Yesu Rathnam, who are eligible for re-election have offered themselves to be re-elected as Directors of the company.

Election of Board Member

With the demise of Nana Awuah Darko Ampem, a vacancy was created in the number of members of the Board. The Board has nominated Mr. James Chamberlain Brenner for election as its member to fill the vacancy created. Mr. Brenner's profile can be found on page 16.

To purchase Shares of the Company

For the purpose of the company purchasing its own shares, the Board of Directors recommends for the approval and passage by the Annual General Meeting in accordance with Section 59 of the Companies Code 1963, Act 179 and Regulation 15 of the Regulations of the Company as follows:

The number of shares to be purchased would represent up to 15% of the issued shares of 157,076,009 as at 31st December 2005, which would amount to 23,561,401 shares. The purchased shares will be held in the share deals account and shall be available for re-issue at such time and at such price as the Board may from time to time determine. The amount to be used for the purchase of the shares shall be transferred by the Board from the income surplus to the share deals account for the purpose of purchasing the shares. Any indebtedness that has been contracted and any contracts made with any person or institution and all acts of officers or agents of the company in connection with the said purchase of its own shares would be ratified by the members.

The purchase of shares is a step towards the protection of shareholder value in the company.

To Amend Regulation 64 of the Company's Regulations

That Regulation 64 of the Regulations of the company be and is hereby amended by the substitution of a new Regulation 64 as follows:

- a) No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business.
- b) Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at any General Meeting shall be 3 persons or by their proxy or one member so present holding shares representing more than fifty per centum of the total voting rights of all members having a right to vote at the meeting.

The Regulation to be amended reads as follows:

'No business shall be transacted at the general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum required for any general meeting (or at any adjournment thereon) shall be members representing the simple majority of the paid up shares of the company.'

Head Office
23 Independence Avenue,
P. O. Box 14596, Accra, Ghana.
Tel: (233) 21 680068 / 680066 / 680079
Telex: 2675 ACCEPT GH
Fax: (233) 21 680081 / 680083
E-mail: calbank@calbank.net

Kumasi Branch
13 Old Bekwai Road,
P. O. Box 1912, Kumasi, Ghana.
Tel: (233) 51 26656 / 26658
Telex: 2938 GH
Fax: (233) 51 26657
E-mail: ksibranch@calbank.net

Tema Branch
CAL Bank Ltd.
Private Mail Bag (PMB)
Tema, Comm. 1 Post Office
Tel: (233) 22 310776 / 310777
Fax: (233) 22 310778
E-mail: temabranch@calbank.net

Takoradi Branch
27 Harbour Business Area,
P. O. Box 447, Takoradi, Ghana.
Tel: (233) 31 24412 / 24717
Telex: 2795 ACCEPTD (GH)
Fax: (233) 31 24416
E-mail: tdibranch@calbank.net