

Annual Report & Financial Statements 2007



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NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED TO BE HELD ON THURSDAY 27TH MARCH 2008 AT 10.00 AM AT THE NATIONAL THEATRE, 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 Thursday 27th March 2008 at the National Theatre, Accra to transact the following business:

1. To receive and consider the Reports of the Directors, the Auditors and the Accounts of the company for the year ended 31st December 2007.
2. To declare final dividend for the year ended 31st December 2007.
3. To order the Directors to fix the remuneration of the Auditors.
4. To re-elect Mr. George Victor Okoh and Alhaji Asoma Abu Banda as Directors, who are retiring by rotation and who being eligible have offered themselves for re-election in accordance with Regulation 78 of the Company's Regulation and Section 298 of the Companies Act, 1963 Act 179.
5. To amend Regulation 73 of the Company's Regulation to determine an increase in the number of Directors.
6. To elect Mr. Kwasi Tumi as Director.
7. To approve an increase in the remuneration of Directors.
8. To increase the stated share capital of the Company by up to Two Hundred million Ghana cedis (GH¢200 million).
9. To approve the creation of a pool of shares of up to 3% of issued shares as at 31st December, 2009 for distribution to non-executive Directors and Executives of the Bank over a period of 3 years linked to the performance of the Bank as determined by the Board.

Special Resolutions

1. Transfer of up to GH¢8.79million from Income Surplus Account to Stated Capital.
2. Amendment of Regulation 10(a) of the Company's Regulations.

Any Other Matter

To transact any other business appropriate to be dealt with at an Annual General Meeting.

Dated this 26th day of February 2008

By Order of the Board.

ALEXANDER WILLIAMS
COMPANY SECRETARY

NOTE

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 Tuesday 25th March 2008.

A Proxy Form is enclosed.

FIVE YEAR CONSOLIDATED
FINANCIAL SUMMARY

in thousands of Ghana Cedis

	2007	2006	2005	2004	2003
Interest Income	24,083	16,267	13,266	9,549	7,663
Interest Expense	(12,611)	(6,822)	(5,167)	(4,637)	(4,291)
Net Interest Income	11,472	9,445	8,099	4,912	3,372
Commissions and fees	4,415	3,751	2,948	2,887	2,030
Other Operating Income	7,241	5,013	1,807	2,350	2,289
Operating Income	23,128	18,209	12,854	10,149	7,691
Total Operating Expenses	(13,946)	(8,844)	(6,863)	(4,881)	(3,639)
Charge for bad and doubtful debts	(1,115)	(2,770)	(1,653)	(789)	(745)
Operating Profit	8,067	6,595	4,338	4,479	3,307
Other Income	242	208	117	83	67
Profit before income tax	8,309	6,803	4,455	4,562	3,374
Taxation	(1,912)	(2,101)	(1,785)	(1,081)	(1,227)
Profit after Taxation	6,397	4,702	2,670	3,481	2,147
Total assets	233,756	157,008	97,129	82,554	58,782
Total Deposits	121,623	87,915	62,438	53,544	38,400
Loans and Advances	113,808	85,680	39,792	30,132	21,790
Total Shareholders' Equity	29,580	21,439	18,341	16,598	7,407
Earnings per share (GH¢ per share)	0.0390	0.0296	0.0170	0.0224	1.5241
Dividends per share (GH¢ per share)	0.0105	0.0075	0.0055	0.0050	0.2515
Number of Shares ('000)	163,939	158,627	157,076	155,093	1,391
Return on Assets	2.7%	3.0%	2.7%	4.2%	3.2%
Return on Equity	21.6%	21.2%	14.6%	21.0%	29.0%
Capital Adequacy Ratio	14.0%	13.1%	21.9%	18.6%	10.9%
Cost-to-Income Ratio	59.7%	47.9%	53.4%	48.1%	47.3%

Note:

The Government of Ghana re-denominated the currency with effect from 1 July 2007 by exchanging ¢10,000 (Ten thousand cedis) for GH¢1 (One Ghana Cedi). Transactions from 1 January to 30 June have been converted to Ghana Cedis. All currency amounts prior to 1 July 2007 have also been converted to and presented in Ghana Cedis.

CAL BANK LIMITED

Board of Directors, Officials and Registered Office.

BOARD OF DIRECTORS

George Victor Okoh (Chairman)
Frank Brako Adu Jnr. (Managing Director)
Malcolm Dermott Pryor
Paarock Asuman VanPercy
Alhaji Asoma Abu Banda
Robert Ahomka-Lindsay
James Chamberlain Brenner
Leonora Awua-Kyeremanten (Appointed: 22/03/07)

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

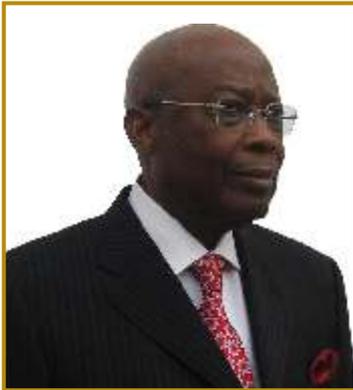
AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe
P. O. Box 242
Accra
Ghana

REGISTERED OFFICE

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 Premium Investment Limited. He is a Director of Pasico Limited, Metropolitan (MET) Insurance Company Limited, and Balfos Limited.

Mr. Frank Adu Jnr.

Mr. Frank Adu Jnr. is an Investment Banker and the Managing Director of the Bank. He is the Chairman of the Council of the Ghana Stock Exchange and its Listing Committee and the Roman Ridge School. He is a member of the Board of Ghana Leasing Company and Okyeman Environmental Foundation.



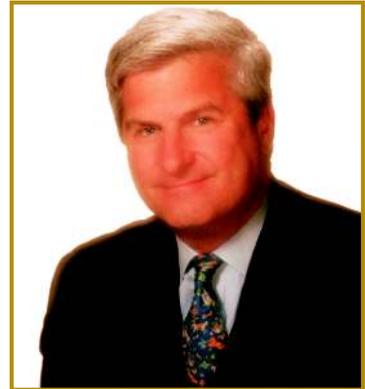
Mr. Malcolm D. Pryor

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. Malcolm is the President and CEO of South African Economic Development Fund (SAEDF) based in South Africa.

BOARD OF DIRECTORS

Mr. James Chamberlain Brenner

Mr. Brenner is the President and CEO of Broad Cove Partners, and a Director of Ghana Home Loans, Limited, and is a member and founding Chairman of the Board of the Overseas Vote Foundation.



Mr. Paarock Asuman VanPercy

Mr. VanPercy is the Managing Associate of AfriCapital Associates, a business and financial advisory firm. He is the Chairman of CAL Asset Management Company Limited, and is a member of the Board of Directors of Ghana Leasing Company, Buipe Resources Development Company Limited, KAFF University College, a private university, the Liberian Bank for Development and Investment, and Executive Director of Afri Holdings Ltd a Mauritius based company.

Alhaji Asoma Abu Banda

Alhaji Banda, a Businessman is the Chairman of OT Africa Line and the Antrak Group of Companies. He is also the Chairman of Antrak Transport Company and has established the first Ghanaian owned airline company.





Mr. Robert Ahomka Lindsay

Mr. Robert Ahomka-Lindsay is a Banker and Entrepreneur with business interests in the optical, financial services and real estate. Mr. Ahomka-Lindsay is the Chief Executive Officer of the Ghana Investment Promotion Centre. He is the Chairman of the Board of Metropolitan Insurance Company, and a member of the Board of the Ghana Broadcasting Corporation.

Mrs. Leonora Awua-Kyerematen

Mrs. Leonora Awua-Kyerematen is the Co-ordinator of the National Governance Programme. Mrs. Awua-Kyerematen is a member of the Ghana Bar Association, the International Federation of Women Lawyers (FIDA). She serves on the Board of Directors of Rights and Voice Initiative (RAVI) an NGO and is an executive member of the Christian Council of Ghana.



Mr. Alexander Williams

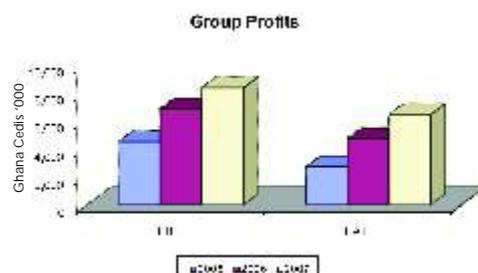
Mr. Williams, the Secretary to the Board, is a Legal Consultant and Notary Public. He is a member of the Ghana Bar Association, the International Bar Association and the Association of Bankers representative for the Private Enterprise Foundation on the Commercial Court Users Committee. Alex is a member of the Board of PlaySoccer Ghana and an adjunct lecturer of the National Banking College and Methodist University College Ghana.

CHAIRMAN'S STATEMENT

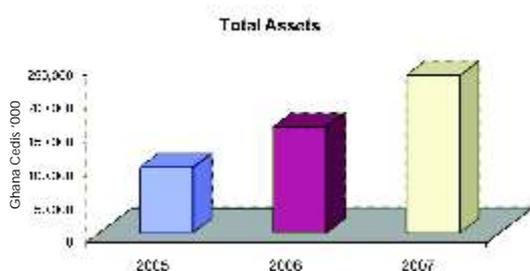


Introduction

I would like to welcome you once again to another Annual General Meeting for the year



ended 31st December 2007. Your Bank had an excellent year making significant strides in the market, increasing profitability and growing its size to an appreciable level in spite of the stiff competition and tough market conditions.



The Group achieved a profit before tax of GH¢8.3 million which is 22% above the amount of GH¢6.8 million achieved the previous year, resulting in net profit after tax of GH¢6.4 million an improvement of 36% over the previous year's amount of GH¢4.7 million.

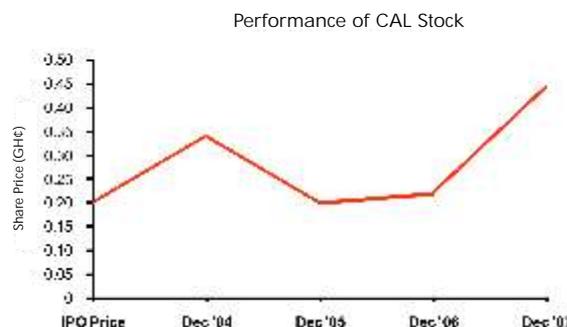
The balance sheet size of the Group increased to GH¢234 million as at December 2007 from GH¢157 million as at December 2006 an increase of 49%. Shareholders funds increased from

Gh¢21 million to GH¢30 million; representing an increase of 43%.

The Bank's stock price realized an appreciation of 100% from a price of GH¢0.22 at the end of 2006 to GH¢0.44 at the end of the year under review.

Dividend

The Board of Directors is recommending a dividend of GH¢0.0105 per share, an increase of 40% over the previous year and representing a payout ratio of 27% of profit after tax for 2007. The dividend will be paid on 29th April 2008 to shareholders on the Register at the close of business on 19th March 2008.



Corporate Governance

In accordance with good corporate governance procedures the Board ensured the maintenance of good internal control procedures, adherence to rules and regulations and compliance with legal requirements through scheduled meetings of the Board and the Audit sub-committee. Through this regular review procedures, the Board is satisfied that the systems in place are adequate to manage the risk inherent in the business which continues to be a viable concern.

Your Chairman (Mr. George V. Okoh) and Alhaji Asoma Abu Banda have offered themselves for re-election in accordance with the Regulations of the Company and the Companies Act.

Mr. Kwasi Tumi the General Manager (Operations) of the Bank has been nominated to sit on the Board as an Executive Director and his nomination has been accepted by the Bank of Ghana.

Capitalisation

As you are aware, the Bank of Ghana has issued new capitalisation limits with deadlines for compliance. In this regard CAL will have to raise its stated capital to GH¢25million by the end of December 2010 and thereafter GH¢60million by 2012. The Board however believes that in line with growth forecast and various opportunities available in the market, we should raise much more than it is statutorily required. In this regard you will find a resolution to increase our equity/capital substantially and I urge you to support this resolution fully.

The Year Ahead

2008 being an election year will mean a lot of activity taking place in the country. Precedence has taught us that there is usually a downturn in the economic fundamentals during this period, we will therefore position the Bank to ensure prudent management of your Bank and continue with the growth trends that we have experienced over the last few years.

Last but definitely not the least I would like to appreciate the contribution which our dedicated staff, customers and shareholders have made to the success story that we are talking about today and I know that I can continue to count on this support into the future to sustain and surpass what we have achieved in the past.

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 Bank continued with its growth agenda during the year and I am glad to announce that we were successful to a large extent in achieving our objectives.

The year 2007 was a year of turbulence in the global financial market with the developed world dealing with the problems of the sub-prime mortgage market coupled with significant increases in the price of crude oil. In spite of these global challenges the Ghanaian economy remained fairly stable during the year, with cocoa and gold realising appreciable

levels of price appreciation on the international commodities market.

Inflation nonetheless inched up to 11% at the end of 2007, with the Cedi depreciating by 5.6% against the US dollar. Gross International Reserves stood at 3.1 months of import cover, with inward remittances amounting to US\$ 6.9 billion. The 91 day Treasury bill benchmark rate closed the year at 9.8%, with the Bank of Ghana prime rate at 13.5%.

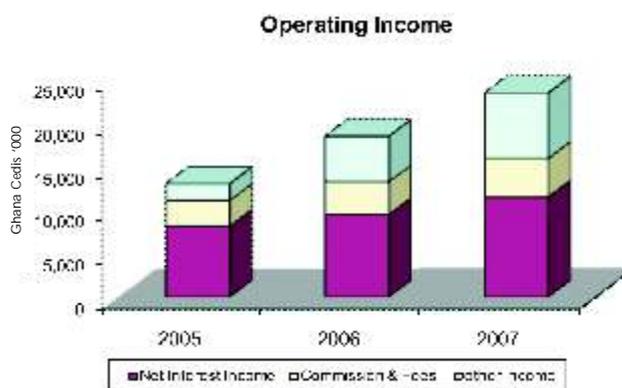
The Government of Ghana was successful in raising a \$750 million Eurobond from the international financial market and also obtained an amount of \$547million from the Millennium Challenge Account, putting the country in the limelight of the global market.

The oil find during the year has also generated a lot of interest in the country and we hope this will propel the economy into significant growth in the coming years.

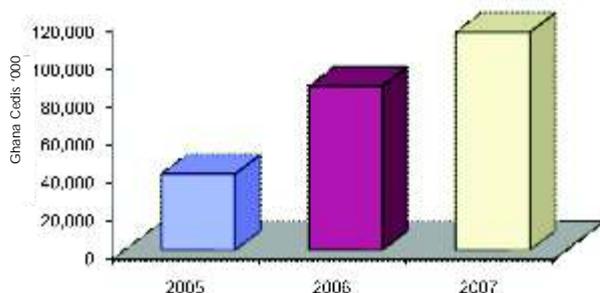
Financial Performance

The group's operating profit before tax was GH¢8.3million, with profit after tax at GH¢6.4million. Previous year's operating profit before tax was GH¢6.8million, with profit after tax at GH¢4.7million, representing an increase of 22% and 36% respectively.

The marked improvement in profitability has been achieved in a year where we consolidated the growth that was attained in the previous years. With an efficient management of the loan



Net Loans and Advances



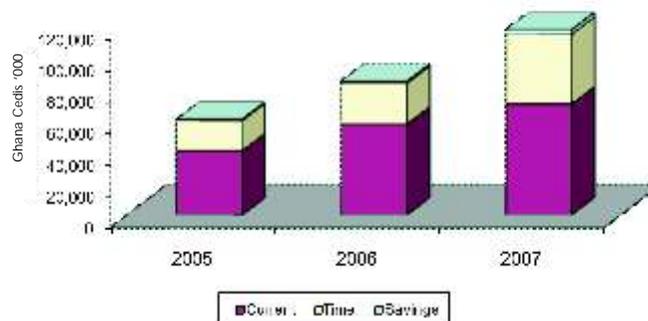
portfolio, resulting in a significant reduction in our charge for bad and doubtful debts by 60%, we were able to churn out good results in the face of stiff competition.

Total assets of the group increased to GH¢234 million at the end of the year in comparison to GH¢157million at the end of the previous year a growth of 49%. The significant contributors to the growth were the advances portfolio (33%) and property and equipment (64%) resulting from our branch

expansion program and the revaluation of some landed properties.

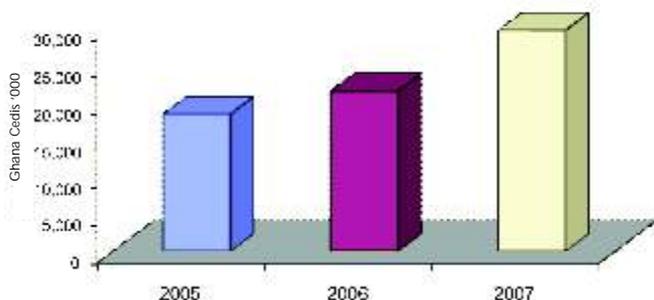
Funding for the growth in the asset base was achieved through the growth in our deposits which increased to GH¢122million at the end of the year from GH¢88million in the previous year an increase of 39%. Our borrowings which are usually contracted to fund the growth in the advances portfolio also increased to GH¢65million at the end of the year compared to GH¢40million in the previous year representing an increase of 63%. Included in our borrowings are amounts of US\$5 million from Proparco and US\$10 million from DEG both international funding agencies and US\$5.8 million from Ghana International Bank, all being new borrowings contracted during the year. Our ability to borrow from the international financial market demonstrates the confidence in your Bank by the international community.

Total Deposits



Shareholders equity at the end of the year was GH¢30million increasing by 43% on the previous year's amount of GH¢21million. We attained a healthy capital adequacy ratio of 14% at the end of the year.

Shareholders' Funds



The Bank still continues to deliver and exceed the promises made to the public by exceeding our targeted profit after tax of GH¢4.4 million for the year end 31st December 2007 as per our prospectus at the time of listing by 36%. We went to the market to increase our branch network by four and deploy three ATM's, but we have increased the branch network

by seven and deployed eighteen ATM's.

As a result of the remarkable performance achieved in the year a dividend of GH¢0.0105 per share is being proposed to shareholders. This represents an increase of 40% over the dividend amount paid in the previous year and a payout ratio of 27%. As reiterated in my previous reports we do need to maintain a payout ratio that will ensure that an appreciable level of profits are retained to sustain and preferably exceed the achievement realized in the previous years.

Capital Appreciation

The CAL stock was the most actively traded stock on the Ghana Stock Exchange during the year and registered the second highest gain at the end of the year. The stock price appreciated from GH¢0.22 at the beginning of the year to close at GH¢0.44 an appreciation 100%.

The Bank ended the year with a P/E ratio of 12 compared to an average market P/E of 19. There is no other time to hold and further invest in the CAL stock than now.

There were some changes to the top twenty shareholding structure within the year, with SSNIT becoming the single largest shareholder with 26.63% of the stock. We also saw during the year, a number of significant specialist emerging market funds also buying and holding the CAL stock.

Additional Equity

The Bank of Ghana has given notice that the capitalisation of Banks in the country has to be increased within various timeframes. CAL is required to meet a minimum capitalisation of GH¢25 million by the end of December 2010 and GH¢60 million by the end of December 2012. It is however the view of your Board that we do not have to wait for the stipulated time to meet this requirement. There are various opportunities also available in the country that at the moment are sometimes difficult to take advantage of as a Bank, due to the limitation of our capital base. It is for these reasons that we are coming to you with a resolution to increase our equity and I do have the confidence that you will support us in this endeavour.

Operational Performance

Our business continues to focus on our strength in the corporate banking business which currently forms a significant portion of our activities. We however are continuing to grow other aspects of the business including a cautious growth in our retail portfolio. During the year we introduced the KiddySave product onto the market and also fully joined the VISA family; we are currently issuing VISA cards to our customers and also acquiring VISA transaction on our ATM's.

We have also revamped our corporate finance activities which won mandates to raise finance for various projects. Significant amongst these were the mandates to raise GH¢26 million for the University of Ghana Hostel Project to build a 7,000 bed hostel facility, as well as lead managing a \$40 million facility for the National Identification Project. These activities contributed to our fee income during the year and we are seeking to grow this line of business significantly.

The Bank continued to increase its footprints with the addition of two more branches to its network, one on the Spintex Road and another at Suame in Kumasi. We also deployed additional ATM's off-site at five locations increasing our network of ATM's to eighteen at the end of the year.

Subsidiaries

The Bank's subsidiaries; CAL Brokers Limited and CAL Asset Management Company Limited have started contributing significantly to the group's profitability, contributing 6% to profit after tax in comparison to 3% in the previous year.

Staffing

We continue to improve upon the capabilities of our staff with continuous training both in-house and externally. Though this is an onerous task considering the high turnover rate especially within the financial sector we are determined to train and retain the hardworking and dedicated ones to ensure that our growth agenda is successful. We continue to take on a significant amount of fresh graduates from the Universities through the National Service program whom we train and employ at the end of their service period. In the year 2007 we took on fifty of these graduates whom we have trained and assigned to various aspects of our business.

Social Responsibility

As mentioned in my report last year we are setting up a CAL Foundation this year with a seed fund of GH¢50,000. We will fund the Foundation with 1% of our profits after tax on an annual basis and also solicit for funds from other organizations both locally and internationally. The objective is to take our support to the underprivileged in society a step further by building a solid and sustainable financial base for this activity. Management of the Foundation's resources for the time being would be by CAL Asset Management Company Limited.

During the year we continued with our support to the children in foster homes with scholarships and also organised our usual Christmas party for eight homes. Some of these children are currently in the University and we are looking forward to their graduation. It stands to reason that we will then offer them employment opportunities as they graduate.

Organisations that benefited from the pursuit of our social responsibility included; School of Performing Arts, Ghana @ 50, Nene Sakite II Educational Endowment Fund and the University of Ghana, Akuafu Hall amongst others.

Conclusion

Your Bank has come a long way since November 2004 when most of you became shareholders; it has made significant strides in its growth agenda, profitability and continues generating an appreciable return to shareholders.

We will continue to work hard to sustain and surpass the achievements we have made in the past and it is our intention to continue improving on shareholder value. The challenges for 2008 will be different, it is an election year; nonetheless whatever happens CAL Bank will be well managed, that is our promise to you.

Thank you.

Frank Brako Adu Jnr.

CAL Bank – Bank on our Service



"NSAA"

REPORT OF THE DIRECTORS

The Board of Directors has the pleasure to submit this report of the company for the year ended 31st December 2007.

Statement of Directors Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements for the financial year, which give a true and fair view of the state of affairs of the Group, the profit or loss and cash flows for the year. In preparing these consolidated financial statements, the Directors have selected and applied consistently suitable accounting policies, made judgments and estimates that are reasonable and prudent and followed the Ghana Accounting Standards. The Directors have made an assessment of the Group's ability as a going concern and has no reason to believe the Group will be a going concern in the year ahead.

Financial Statement	GH¢'000
Profit for the year ended 31st December 2007	
before taxation is	8,309
from which is deducted taxation of	<u>(1,912)</u>
giving a profit for the year after taxation of	6,397
Less: Transfer to Statutory Reserve Fund of	<u>(1,505)</u>
leaving a balance of	4,892
to which is added balance on Income Surplus Account brought forward (excluding amounts transferred to Statutory Reserve Fund) of	<u>5,636</u>
giving a cumulative amount available for distribution of	10,528
out of which a proposed dividend of GH¢0.0105 per share amounting to is to be paid	(1,721)
less dividend paid in respect of employee share options exercised	<u>(12)</u>
leaving a balance on Income Surplus Account carried forward of	<u>8,795</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.

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 39

Board Changes

On 22 March 2007, members at its meeting appointed Mrs. Leonora Awua-Kyeremanten, Coordinator of the National Governance Programme, as a director of the company.

Retirement and Re-Election of Board members

The following Board members will be retiring in compliance with Section 298(a) of the Companies Act 1963, Act 179 and Regulation 78(a) of the Regulations of the company. They are Mr. George Victor Okoh and Alhaji Asoma Abu Banda.

Messrs. Okoh and Banda who are eligible have offered themselves for re-election.

Election of Board member

At the meeting of the Board of Directors held on 25th October 2007, Mr. Kwasi Tumi was nominated as an Executive Director for appointment by the shareholders. The profile of Mr. Kwasi Tumi appears below.

Mr. Kwasi Tumi

Mr. Kwasi Tumi, the General Manager, Operations of CAL Bank Limited is a Chartered Accountant with a rich experience in the financial sector and a strong knowledge and appreciation of the macro-economic environment and linkages to the monetary policy. Kwasi's employment record dates back to 1983 at Deloitte Haskins & Sells through KPMG Peat Marwick & Co. in 1987 and from 1990 worked in CAL Merchant Bank Limited till 1996 when he resigned to work briefly for Citizens Investment Bank Limited (in formation). He joined CDH Group from 1997 to 2000 when he resigned to head the Treasury Department of Stanbic Bank Ghana Limited until his appointment at CAL Bank Limited in November 2005. Kwasi is the Board Chairman for CAL Brokers Limited and a Director of CAL Asset Management Company Limited, Vanguard Life Assurance Company Limited, Fraiche Company Limited and Ridge Alumetal Company Limited.

Subsidiaries

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

CAL Investments Limited - a non-banking financial institution.

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

Associated Undertakings

Ghana Leasing Company Limited (a non-banking financial institution) and Transaction Management Services Limited (in liquidation) both incorporated in Ghana are associated undertakings of the Bank.

Committees of the Board

To strengthen its corporate governance, the Board has the Audit and Compensation Committees with the following membership:

Audit Committee

George Victor Okoh	-	Chairman
Robert Ahomka-Lindsay	-	Member
Paarock VanPercy	-	Member

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

- nominate the accounting firm to conduct the annual audit
- discuss with the internal auditor the scope of the examinations
- discuss with the internal auditor special areas of concern
- advise on review of compliance with company policies
- advise on the efficiency studies of selected activities
- review the auditors report with the auditor on completion

Compensation Committee

George Victor Okoh	-	Chairman
Alhaji Asoma Abu Banda	-	Member
Paarock VanPercy	-	Member
Frank Brako Adu Jnr (MD)	-	Ex-Officio

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 GH¢0.0105 per share to be paid to members whose names appear in the register of members as at 19th March 2008.

Auditors

In accordance with Section 134(5) of the Companies Act 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 of the Bank over the past year.

BY ORDER OF THE BOARD

George Victor Okoh
Director

Frank Adu Jnr.
Director

DATED 26TH FEBRUARY 2008.



REPORT OF THE AUDITORS TO THE MEMBERS OF CAL BANK LIMITED

Report on the Financial Statements

We have audited the financial statements of CAL Bank Limited, which comprise the balance sheets at 31 December 2007, the profit and loss account and cash flow statement 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 19 to 41.

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.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards, Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CAL Bank Limited at 31 December 2007, and of its financial performance and cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana and the Banking Act, 2004 (Act 673).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana and Section 78 of the Banking Act, 2004 (Act 673) of Ghana.

In our opinion, proper books of account have been kept, and the balance sheet, profit and loss and income surplus accounts are in agreement with the books of account.

The Bank's transactions were within its powers, and the Bank has complied with the relevant provisions of the Banking Act, 2004 (Act 673).

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
BOX GP 242
ACCRA

26 February, 2008

CAL BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2007

in thousands of Ghana Cedis

	Notes	The Bank		The Group	
		2007	2006	2007	2006
Interest Income	4	24,043	16,258	24,083	16,267
Interest Expense	5	(12,625)	(6,850)	(12,611)	(6,822)
Net Interest Income		11,418	9,408	11,472	9,445
Commissions and fees	6	4,331	3,646	4,415	3,751
Other Operating Income	7	6,744	4,986	7,241	5,013
Operating Income		22,493	18,040	23,128	18,209
Total Operating Expenses	8	(13,483)	(8,648)	(13,946)	(8,844)
Charge for bad and doubtful debts	11	(1,115)	(2,770)	(1,115)	(2,770)
Operating Profit	9	7,895	6,622	8,067	6,595
Other Income		17	19	242	208
Profit before income tax		7,912	6,641	8,309	6,803
Taxation	12c	(1,890)	(1,925)	(1,912)	(1,935)
National Reconstruction Levy	12c	-	(166)	-	(166)
Profit after tax transferred to Income Surplus Account		6,022	4,550	6,397	4,702

INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2007

Balance at 1st January		4,925	2,703	5,636	3,262
Net Profit Transferred from Profit and Loss Account		6,022	4,550	6,397	4,702
Transfer to Statutory Reserve Fund	26	(1,505)	(1,138)	(1,505)	(1,138)
Proposed Dividend at GH¢0.0105 per share (2006: GH¢0.0075 per share)	38	(1,721)	(1,190)	(1,721)	(1,190)
Dividend paid in respect of employee share options exercised		(12)	-	(12)	-
Balance at 31st December 2007	38	7,709	4,925	8,795	5,636
Earning per share (GH¢ per share)	37	0.0367	0.0287	0.0390	0.0296
Dividend per share (GH¢ per share)	37	0.0105	0.0075	0.0105	0.0075

CAL BANK LIMITED
CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2007
in thousands of Ghana Cedis

ASSETS	Notes	The Bank		The Group	
		2007	2006	2007	2006
Cash and balances with Bank of Ghana	13	18,565	4,742	18,565	4,742
Government securities	14	33,530	28,857	33,787	29,035
Due from banks and other Financial Institutions	15	49,268	25,952	49,445	25,952
Investment in other securities	17(a)	2,165	2,155	3,041	2,472
Loans and advances	16	113,953	85,680	113,808	85,680
Investment in Subsidiaries	18	710	710	-	-
Other assets	19	3,029	1,719	3,234	1,858
Taxation	12	20	34	35	50
Property and Equipment	20	11,824	7,217	11,841	7,219
TOTAL ASSETS		233,064	157,066	233,756	157,008
LIABILITIES					
Customer Deposits	21	117,847	85,310	117,686	85,033
Due to banks and other Financial Institutions	22	3,937	2,882	3,937	2,882
Interest payable and other liabilities	23	16,176	6,941	16,390	7,008
Borrowings	24	65,328	39,784	65,328	39,784
Deferred Taxation	12(d)	835	862	835	862
TOTAL LIABILITIES		204,123	135,779	204,176	135,569
SHAREHOLDERS' FUNDS					
Stated Capital	25	8,008	7,143	8,008	7,143
Statutory Reserve Fund	26	7,442	5,937	7,442	5,937
Capital Surplus	27	5,782	3,282	5,335	2,723
Income surplus		7,709	4,925	8,795	5,636
Total Shareholders' Funds		28,941	21,287	29,580	21,439
TOTAL LIABILITIES AND SHAREHOLDERS FUND		233,064	157,066	233,756	157,008
Net Assets per Share (GH¢ per Share)	37	0.1765	0.1342	0.1804	0.1352

George Victor Okoh
Director

Frank Adu Jr.
Director

The Directors approved the financial statements on 26th February, 2008

CAL BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

in thousands of Ghana Cedis

	Notes	2007	2006
Net Cash Flow from Operating Activities	28	17,587	(21,195)
Returns on Investments and Servicing of Finance			
Dividend Received		74	44
Dividend Paid		(1,202)	(864)
Net Cash Flow from Returns on Investments and Servicing of Finance		(1,128)	(820)
Taxation			
Tax Paid		(1,924)	(1,373)
National Reconstruction Levy		-	(145)
		<u>(1,924)</u>	<u>(1,518)</u>
		14,535	(23,533)
Investing Activities			
Purchase of Property and Equipment		(3,279)	(2,859)
Proceeds from Sale of Property and Equipment		17	19
Investments in other securities		(479)	1,418
Bank's shares held by subsidiary		112	(414)
Net Cash Flow from Investing Activities		<u>(3,629)</u>	<u>(1,836)</u>
Net Cash Flow before Financing		10,906	(25,369)
Financing			
Increase in Borrowings		34,684	32,860
Repayment of Borrowings		(10,139)	(4,711)
Appreciation in the Level of Borrowings through Exchange Fluctuations		999	90
Proceeds from Shares Issued		865	-
Net Cash Flow from Financing		<u>26,409</u>	<u>28,239</u>
Increase in Cash and Cash Equivalents		<u>37,315</u>	<u>2,870</u>
Analysis of Changes in Cash and Cash Equivalents			
Balance at 1st January		30,695	27,825
Net Cash Inflow		<u>37,315</u>	<u>2,870</u>
Balance at 31st December	13(i)	<u>68,010</u>	<u>30,695</u>

CAL BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

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

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 Undertaking (Ghana Leasing Company Limited) is 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 Ghana 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 collectability 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

Loans and advances are stated on 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.

CAL BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

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

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 18 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	-	33.33%
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.

k. Presentation Currency

The Government of Ghana re-denominated the currency with effect from 1 July 2007 by exchanging ₵10,000 (Ten thousand Cedis) for GH₵1 (One Ghana cedi). Transactions from 1 January to 30 June 2007 have been converted to Ghana Cedis. The comparative figures for the 2006 financial year have also been converted to and presented in Ghana Cedis.

2a. PERCENTAGE OF GROSS NON-PERFORMING LOANS

Percentage of Gross Non-Performing Loans to total credit portfolio is 5.7% (2006: 6.1%)

2b. UNSECURED CONTINGENT LIABILITIES AND COMMITMENTS

Amount of unsecured contingent liabilities and commitments amounted to GH₵41.1 million (2006: GH₵38.2 million).

3. SOCIAL RESPONSIBILITY

Amount spent on fulfilling social responsibility obligations was GH₵99,322 (2006: GH₵48,972).

	The Bank		The Group	
	2007	2006	2007	2006
4. INTEREST INCOME				
Placements, Special Deposits, etc.	741	515	734	515
Investment Securities	5,024	4,421	5,071	4,430
Loans and Advances	18,278	11,322	18,278	11,322
	<u>24,043</u>	<u>16,258</u>	<u>24,083</u>	<u>16,267</u>
5. INTEREST EXPENSE				
Current Accounts	2,707	2,157	2,698	2,145
Time and other Deposits	4,049	2,584	4,044	2,568
Overnight and Call Accounts	412	193	412	193
Borrowings	5,457	1,916	5,457	1,916
	<u>12,625</u>	<u>6,850</u>	<u>12,611</u>	<u>6,822</u>
6. COMMISSIONS & FEES				
Letters of Credit & Guarantees	896	639	896	639
Foreign Transfers	673	573	673	573
Other Commissions	1,271	1,016	1,355	1,016
Other Fees	1,491	1,418	1,491	1,523
	<u>4,331</u>	<u>3,646</u>	<u>4,415</u>	<u>3,751</u>
7. OTHER OPERATING INCOME				
Gain on Exchange	5,622	4,340	5,622	4,340
Other Income	1,122	646	1,619	673
	<u>6,744</u>	<u>4,986</u>	<u>7,241</u>	<u>5,013</u>
8. TOTAL OPERATING EXPENSES				
Staff Cost (Note 10)	5,287	3,765	5,504	3,865
Advertising and Marketing	920	472	940	474
Admin Expenses	507	305	507	306
Training	404	221	404	221
Depreciation	1,156	809	1,158	809
Directors' Emoluments	211	201	215	201
Auditors' Remuneration	35	30	44	37
Other Expenses	4,963	2,845	5,060	2,885
Diminution in value of shares held in associated company	-	-	114	46
	<u>13,483</u>	<u>8,648</u>	<u>13,946</u>	<u>8,844</u>

	The Bank		The Group	
	2007	2006	2007	2006
9. OTHER INCOME				
Profit on Disposal of Plant and Equipment	17	19	17	19
Group's share of Associated Company's Operating Profit	-	-	204	148
Miscellaneous Income	-	-	21	41
	<u>17</u>	<u>19</u>	<u>242</u>	<u>208</u>
10. STAFF COST				
Salaries and Bonuses	3,558	2,590	3,719	2,656
Social Security Contribution	354	259	372	267
Other Staff Costs	1,375	916	1,413	942
	<u>5,287</u>	<u>3,765</u>	<u>5,504</u>	<u>3,865</u>

The average number of persons employed by the bank during the year was 276 (2006: 252)

11. BAD AND DOUBTFUL DEBTS EXPENSE	The Bank		The Group	
	2007	2006	2007	2006
Net Specific Credit Risk Provision	1,061	2,246	1,061	2,246
General Provision	<u>275</u>	<u>467</u>	<u>275</u>	<u>67</u>
Total On-Balance Sheet Provision	1,336	2,713	1,336	2,713
General Provision on Off-Balance Sheet Items	20	208	20	208
Bad Debts Recovered	<u>(241)</u>	<u>(151)</u>	<u>(241)</u>	<u>(151)</u>
	<u>1,115</u>	<u>2,770</u>	<u>1,115</u>	<u>2,770</u>

12. TAXATION

	Balance 1/1/07	Payments during the year	Charge for the year	Balance 31/12/07
(a) THE BANK				
Income Tax				
1998 - 2005	(135)	-	-	(135)
2006	47	-	-	47
2007	-	(1,899)	1,913	14
	<u>(88)</u>	<u>(1,899)</u>	<u>1,913</u>	<u>(74)</u>
Capital Gains Tax				
2001	(5)	-	-	(5)
	<u>(93)</u>	<u>(1,899)</u>	<u>1,913</u>	<u>(79)</u>
Dividend Tax				
1997 - 2006	2	-	-	2
2007	-	(4)	4	-
	<u>2</u>	<u>(4)</u>	<u>4</u>	<u>2</u>
National Reconstruction Levy				
2001 - 2005	36	-	-	36
2006	21	-	-	21
	<u>57</u>	<u>-</u>	<u>-</u>	<u>57</u>
Total	<u>(34)</u>	<u>(1,903)</u>	<u>1,917</u>	<u>(20)</u>
(b) THE GROUP				
Income Tax				
1998 - 2005	(147)	-	-	(147)
2006	44	-	-	44
2007	-	(1,920)	1,935	15
	<u>(103)</u>	<u>(1,920)</u>	<u>1,935</u>	<u>(88)</u>
Capital Gains Tax				
2001	(5)	-	-	(5)
	<u>(108)</u>	<u>(1,920)</u>	<u>1,935</u>	<u>(93)</u>
Dividend Tax				
1997 - 2006	2	-	-	2
2007	-	(4)	4	0
	<u>2</u>	<u>(4)</u>	<u>4</u>	<u>2</u>
National Reconstruction Levy				
2001 - 2005	36	-	-	36
2006	20	-	-	20
	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
Total	<u>(50)</u>	<u>(1,924)</u>	<u>1,939</u>	<u>(35)</u>

(c) TAX CHARGE FOR THE YEAR	The Bank		The Group	
	2007	2006	2007	2006
Income Tax	1,917	1,408	1,939	1,418
Deferred Tax	(27)	517	(27)	517
	<u>1,890</u>	<u>1,925</u>	<u>1,912</u>	<u>1,935</u>
National Reconstruction Levy	<u>-</u>	<u>166</u>	<u>-</u>	<u>166</u>

The National Reconstruction Levy was abolished in 2007 (The 2006 Levy was based on a rate of 2.5% of profit before tax for the Bank. The subsidiaries were not liable to the Levy in 2006)

DEFERRED TAXATION				
Balance at 1st January	862	345	862	345
Charge to P&L for the year	(27)	517	(27)	517
Balance at 31st December	<u>835</u>	<u>862</u>	<u>835</u>	<u>862</u>

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	The Bank		The Group	
	2007	2006	2007	2006
Cash in Hand	5,425	2,218	5,425	2,218
Balances with Bank of Ghana	13,140	2,524	13,140	2,524
	<u>18,565</u>	<u>4,742</u>	<u>18,565</u>	<u>4,742</u>
13(i) CASH AND CASH EQUIVALENTS				
Cash and balances with Bank of Ghana	18,565	4,742	18,565	4,742
Due from other banks and Financial Institutions	49,268	25,953	49,445	25,953
	<u>67,833</u>	<u>30,695</u>	<u>68,010</u>	<u>30,695</u>
14. GOVERNMENT SECURITIES				
Treasury Bills	2,017	3,534	2,274	3,711
Other Bills	31,513	25,323	31,513	25,324
	<u>33,530</u>	<u>28,857</u>	<u>33,787</u>	<u>29,035</u>
15. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS				
Nostro Account balances	42,223	23,766	42,223	23,766
Items in course of collection	2,163	2,186	2,163	2,186
Placement with other banks	4,882	-	5,059	-
	<u>49,268</u>	<u>25,952</u>	<u>49,445</u>	<u>25,952</u>

16. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type	The Bank		The Group	
	2007	2006	2007	2006
Overdrafts	40,212	34,432	40,067	34,432
Term Loans	72,891	54,432	72,891	54,432
Other Advances	7,686	2,960	7,686	2,960
	<u>120,789</u>	<u>91,824</u>	<u>120,644</u>	<u>91,824</u>
Gross Loans and Advances				
Less:				
Provision for bad and doubtful debts	(4,494)	(3,525)	(4,494)	(3,525)
Interest in Suspense	<u>(2,342)</u>	<u>(2,619)</u>	<u>(2,342)</u>	<u>(2,619)</u>
Net Loans and Advances	<u>113,953</u>	<u>85,680</u>	<u>113,808</u>	<u>85,680</u>

- i. The above constitute loans and advances (including credit bills negotiated) to customers and staff.
- ii. Loan loss provision ratio is 3.7% (2006: 3.8%).
- iii. Gross Non-performing loans ratio is 5.7% (2006: 6.1%).
- iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 72% (2006: 67%)
- v. Total advances written off in line with the bank's policy was GH¢0.83million (2006: GH¢ 3.1million). Recovery efforts continue to be made on these accounts.

The maximum amount due from officers of the bank during the year amounted to GH¢2.73million (2006: GH¢1.88 million)

(b) Analysis by Business Segments	The Bank		The Group	
Agriculture, Forestry & Fishing	3,582	5,859	3,582	5,859
Mining and Quarrying	6,520	6,889	6,520	6,889
Manufacturing	16,956	15,178	16,956	15,178
Construction	16,256	9,364	16,256	9,364
Electricity, gas and water	12,215	4,232	12,215	4,232
Commerce and Finance	34,843	22,607	34,698	22,607
Transport, Storage and Communications	5,752	2,406	5,752	2,406
Services	10,662	7,044	10,662	7,044
Miscellaneous	14,003	18,245	14,003	18,245
	<u>120,789</u>	<u>91,824</u>	<u>120,644</u>	<u>91,824</u>
Less:				
Provision for bad and doubtful debts	(4,494)	(3,525)	(4,494)	(3,525)
Interest in Suspense	<u>(2,342)</u>	<u>(2,619)</u>	<u>(2,342)</u>	<u>(2,619)</u>
Net Loans and Advances	<u>113,953</u>	<u>85,680</u>	<u>113,808</u>	<u>85,680</u>

(c) Analysis by type of customer	The Bank		The Group	
	2007	2006	2007	2006
Private Enterprises	112,786	79,925	112,641	79,925
Joint Private & State Enterprises	5,277	10,004	5,277	10,004
Public Institutions	-	12	-	12
Staff	2,726	1,883	2,726	1,883
	<u>120,789</u>	<u>91,824</u>	<u>120,644</u>	<u>91,824</u>
Less:				
Provision for bad and doubtful debts	(4,494)	(3,525)	(4,494)	(3,525)
Interest in Suspense	(2,342)	(2,619)	(2,342)	(2,619)
	<u>113,953</u>	<u>85,680</u>	<u>113,808</u>	<u>85,680</u>

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

Balance at 1st January	3,525	2,688	3,525	2,688
Provisions Charged for year	1,336	2,713	1,336	2,713
Provision no longer required	(367)	(1,876)	(367)	(1,876)
	<u>4,494</u>	<u>3,525</u>	<u>4,494</u>	<u>3,525</u>

17. INVESTMENT IN OTHER SECURITIES

(a) Total Investments in Securities

Investment in Associated Companies	407	407	814	724
Trade Investments	1,758	1,748	2,227	1,748
	<u>2,165</u>	<u>2,155</u>	<u>3,041</u>	<u>2,472</u>

(b) Associated Companies

Ghana Leasing Company Ltd	407	407	961	813
Group's share of Associated Company's Operating profit	-	-	204	148
	<u>407</u>	<u>407</u>	<u>1,165</u>	<u>961</u>
Less Impairment Loss	-	-	(351)	(237)
	<u>407</u>	<u>407</u>	<u>814</u>	<u>724</u>

(c) Trade Investments

Investment in quoted equities	63	63	532	63
Securities Discount Company	6	6	6	6
Africa Investment Bank	195	185	195	185
	<u>264</u>	<u>254</u>	<u>733</u>	<u>254</u>
Less: Provision for loss on Investment	(6)	(6)	(6)	(6)
	<u>258</u>	<u>248</u>	<u>727</u>	<u>248</u>
Commercial Paper	1,500	1,500	1,500	1,500
	<u>1,758</u>	<u>1,748</u>	<u>2,227</u>	<u>1,748</u>

(c(i)) Commercial Paper

Commercial paper was purchased in December 2007 from a corporate body at a rate of 18% maturing after 364 days.

(d) 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%

18. INVESTMENTS IN SUBSIDIARIES

The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts GH¢	Percentage Interest
CAL Investments Limited	Investment Management	Ghana	10	100
CAL Brokers Limited	Security Brokerage	Ghana	600	100
CAL Asset Management Limited	Fund Management	Ghana	<u>100</u>	100
			<u>710</u>	

The Investments in Subsidiaries which are stated at cost comprise:

	The Bank		The Group	
	2007	2006	2007	2006
Shares	<u>710</u>	<u>710</u>	<u>-</u>	<u>-</u>

19. OTHER ASSETS

	The Bank		The Group	
	2007	2006	2007	2006
Sundry Debtors	1,164	330	1,368	425
Accrued Interest Receivable	976	284	977	326
Prepayments	548	704	548	706
Items in transit	341	401	341	401
	<u>3,029</u>	<u>1,719</u>	<u>3,234</u>	<u>1,858</u>

20. PROPERTY AND EQUIPMENT

(a) The Bank	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Gross Value					
At 1/1/07	4,493	2,990	872	1,591	9,946
Additions	639	1,156	289	1,179	3,263
Disposals	-	(19)	(53)	-	(72)
Surplus on Revaluation	2,395	-	-	-	2,395
Transfers	785	235	51	(1,071)	-
At 31/12/07	<u>8,312</u>	<u>4,362</u>	<u>1,159</u>	<u>1,699</u>	<u>15,532</u>
Accumulated Depreciation					
At 1/1/07	641	1,667	421	-	2,729
Charge for the year	211	778	167	-	1,156
Release on Revaluation	(105)	-	-	-	(105)
Released on Disposal	-	(19)	(53)	-	(72)
At 31/12/07	<u>747</u>	<u>2,426</u>	<u>535</u>	<u>-</u>	<u>3,708</u>
Net Book Value					
At 31/12/07	<u>7,565</u>	<u>1,936</u>	<u>624</u>	<u>1,699</u>	<u>11,824</u>
At 31/12/06	<u>3,852</u>	<u>1,323</u>	<u>451</u>	<u>1,591</u>	<u>7,217</u>

PROPERTY AND EQUIPMENT The Group	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
Gross Value					
At 1/1/07	4,493	2,996	872	1,591	9,952
Additions	639	1,163	288	1,189	3,279
Disposals	-	(19)	(53)	-	(72)
Surplus on Revaluation	2,395	-	-	-	2,395
Transfers	785	235	51	(1,071)	-
At 31/12/07	<u>8,312</u>	<u>4,375</u>	<u>1,158</u>	<u>1,709</u>	<u>15,554</u>
Accumulated Depreciation					
At 1/1/07	641	1,670	421	-	2,732
Charge for the year	211	780	167	-	1,158
Release on Revaluation	(105)	-	-	-	(105)
Released on Disposal	-	(19)	(53)	-	(72)
At 31/12/07	<u>747</u>	<u>2,431</u>	<u>535</u>	<u>-</u>	<u>3,713</u>
Net Book Value					
At 31/12/07	<u>7,565</u>	<u>1,944</u>	<u>623</u>	<u>1,709</u>	<u>11,841</u>
At 31/12/06	<u>3,852</u>	<u>1,326</u>	<u>450</u>	<u>1,591</u>	<u>7,219</u>

Leasehold Land and Buildings were professionally revalued on the basis of open market value for existing use by Messrs KOA CONSULT, Chartered Surveyors on 12th March, 2007.

PROPERTY AND EQUIPMENT	The Bank		The Group	
	2007	2006	2007	2006
20(c) Summary of Property and Equipment				
Gross Value	15,532	9,946	15,554	9,952
Accumulated depreciation	(3,708)	(2,729)	(3,713)	(2,733)
Net Book Value	<u>11,824</u>	<u>7,217</u>	<u>11,841</u>	<u>7,219</u>

20(d) Disposal of Property and Equipment

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

Cost	72	27	72	27
Accumulated Depreciation	(72)	(27)	(72)	(27)
Net Book Value	-	-	-	-
Disposal Proceeds	<u>17</u>	<u>19</u>	<u>17</u>	<u>19</u>
Profit on Disposals	<u>17</u>	<u>19</u>	<u>17</u>	<u>19</u>

21. CUSTOMER DEPOSITS	The Bank		The Group	
	2007	2006	2007	2006
Current Account	70,635	57,969	70,474	57,787
Time Deposits	44,245	25,963	44,245	25,868
Savings deposits	2,967	1,378	2,967	1,378
	<u>117,847</u>	<u>85,310</u>	<u>117,686</u>	<u>85,033</u>
Analysis by type of depositors				
Individual and other private enterprise	86,015	71,256	89,089	71,256
Public enterprises	31,832	14,054	28,597	13,777
	<u>117,847</u>	<u>85,310</u>	<u>117,686</u>	<u>85,033</u>

Twenty largest depositors to total deposit ratio is 52% (2006: 58%).

22. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits to other banks	<u>3,937</u>	<u>2,882</u>	<u>3,937</u>	<u>2,882</u>
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23. INTEREST PAYABLE AND OTHER LIABILITIES

Creditors	2,649	1,874	2,853	1,906
Accruals	4,210	1,819	4,220	1,842
Other liabilities	7,596	2,058	7,596	2,070
Dividend Payable	1,721	1,190	1,721	1,190
	<u>16,176</u>	<u>6,941</u>	<u>16,390</u>	<u>7,008</u>

24. BORROWINGS

EDIF	169	281	169	281
Proparco	14,735	9,249	14,735	9,249
DEG	9,673	-	9,673	-
SSNIT	9,583	6,583	9,583	6,583
African Development Bank	1,031	1,952	1,031	1,952
GIB London	13,017	9,249	13,017	9,249
Bank of Ghana (Speed Facility)	-	105	-	105
State Insurance Company Limited	610	365	610	365
National Health Insurance Scheme	13,510	3,000	13,510	3,000
Zenith Bank Ghana Limited	-	1,000	-	1,000
Agricultural Development Bank	-	3,000	-	3,000
First Atlantic Merchant Bank	-	5,000	-	5,000
Prudential Bank	3,000	-	3,000	-
TOTAL	<u>65,328</u>	<u>39,784</u>	<u>65,328</u>	<u>39,784</u>

24. BORROWINGS (CONT'D)

- i. 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.
- ii. Proparco – This is made up of two facilities granted in 2006 and 2007 for on-lending to the private sector, maturing between October 2010 and October 2015. Interest is at a rate of six months US Libor plus 1.95% - 2.5%
- iii. DEG - This facility was granted in 2007 for on-lending to the private sector, maturing in October 2015. Interest is at a rate of six months US Libor plus 2.5%
- iv. SSNIT – These are several 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.
- v. African Development Bank – This relates to two facilities granted for on-lending to the private sector. Interest is at a rate of six months US Libor plus 2.4% maturing in 2008.
- vi. GIB Loan – This facility was granted for on-lending to the private sector, maturing 2011. Interest is at a rate of six-month US Libor plus 2.5% per annum.
- vii. State Insurance Company Limited – These are several 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.
- viii. National Health Insurance Council - These are two facilities maturing within 1 year with interest rates of 14% and 15% respectively
- ix. Prudential Bank - This is an inter-bank borrowing at the interbank overnight rates prevailing at the date of the transaction

25. STATED CAPITAL (The Bank and The Group)	2007		2006	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Stated Capital Ordinary shares of no par value	<u>1,000,000</u>		<u>1,000,000</u>	
Issued:				
For cash	34,050	5,208	29,929	4,343
Transfer from Income Surplus	-	2,800	-	2,800
Bonus issue	<u>129,889</u>	<u>-</u>	<u>128,338</u>	<u>-</u>
	<u>163,939</u>	<u>8,008</u>	<u>158,627</u>	<u>7,143</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)	2007	2006
At 1st January	5,937	4,799
Transfer from Income Surplus	<u>1,505</u>	<u>1,138</u>
At 31st December	<u>7,442</u>	<u>5,937</u>

27. CAPITAL SURPLUS	The Bank		The Group	
	2007	2006	2007	2006
Revaluation surplus	5,782	3,282	5,782	3,282
Bank's shares held by subsidiary	-	-	(447)	(559)
	<u>5,782</u>	<u>3,282</u>	<u>5,335</u>	<u>2,723</u>

27(a) REVALUATION SURPLUS	2007		2006	
	The Bank	The Group	The Bank	The Group
At 1st January	3,282	3,282	3,282	3,282
Revaluation surplus transferred	2,395	-	2,395	-
Depreciation released on properties revalued	105	-	105	-
Revaluation fee paid	-	-	-	-
At 31st December	<u>5,782</u>	<u>3,282</u>	<u>5,782</u>	<u>3,282</u>

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

Due to the revaluation of landed properties, there is a deferred tax liability amounting GH¢1.4 million (2006:GH¢0.8 million). This deferred tax liability has not been transferred from the capital surplus account as it is not expected to crystallise in the foreseeable future.

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

	2007	2006
Operating Profit before taxation	8,309	6,803
Items not involving cash flow:		
Depreciation	1,158	809
Profit on Sale of Property and Equipment	(17)	(19)
Charge for Bad and Doubtful Debts	1,115	2,770
Associated Company profit	(204)	(148)
Provision for Investment Loss	114	46
	<u>10,475</u>	<u>10,261</u>
Adjustment for Item shown separately		
Dividend Received	(74)	(44)
	<u>10,401</u>	<u>10,217</u>
Net Cash Flow from Trading Activities		
Increase in Government Securities	(4,753)	(9,742)
Increase in Advances	(29,243)	(48,658)
Increase in Other Asset Accounts	(1,376)	(713)
Increase in Deposit & Current Accounts	32,653	24,252
Increase in Due to Other Banks	1,055	1,225
Increase in Interest Payable/Other Liabilities	8,850	2,224
	<u>17,587</u>	<u>(21,195)</u>

29. CONTINGENCIES AND COMMITMENTS

29.(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 2007 in respect of the above amounted to GH¢47.0 million (2006: GH¢39.1 million) , as detailed below.

	2007	2006
Letters of Credit	18,060	11,448
Guarantees and Indemnities	<u>28,955</u>	<u>27,638</u>
	<u>47,015</u>	<u>39,086</u>

The amount of unsecured contingencies and commitments in respect of these at 31st December 2007 was GH¢41.1 million (2006: GH¢38.2 million).

29.(b) Capital Expenditure

Capital commitments not provided for in the financial statements as at 31st December 2007 amounted to GH¢32,519 (2006: GH¢843,400).

29.(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 judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢66,194 (2006: GH¢76,500)

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

Banks take on foreign currency exchange rate 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	British Pounds	Euro	Others	Total
Assets					
Cash and Balances with Bank of Ghana	3,295	221	2,139	12	5,667
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	36,228	3,856	2,083	-	42,167
Investment in other Securities	195	-	-	-	195
Loans and Advances to Customers	39,092	-	-	4,430	43,522
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	451	4	287	-	742
Taxation	-	-	-	-	-
Total Assets	79,261	4,081	4,509	4,442	92,293
Liabilities					
Due to Customers	27,263	923	1,606	-	29,792
Due to other Banks	-	-	-	341	341
Due to Central Bank	-	-	-	-	-
Borrowings	38,455	-	-	-	38,455
Other Liabilities	6,454	-	42	-	6,496
Total Liabilities	72,172	923	1,648	341	75,084
Net On-Balance Sheet Position	7,089	3,158	2,861	4,101	17,209
Off-Balance Sheet Credit Commitments	12,507	-	3,763	-	16,270

	2007	2006
Total Assets	92,293	59,341
Total Liabilities	(75,084)	(46,440)
Net on Balance Sheet Position	17,209	12,901
Off-balance sheet credit commitments	16,270	12,997

31. MATURITY OF ASSETS AND LIABILITIES

	0 - 3 months	3 - 6 months	6 - 12 months	over 1 year	Total
Assets					
Cash and Balances with Central Bank	18,565	-	-	-	18,565
Government Securities	65	16	1,937	31,512	33,530
Due from other Bank	49,268	-	-	-	49,268
Investment in other Securities	1,500	-	-	665	2,165
Loans and Advances to Customers	28,350	14,693	13,351	57,559	113,953
Investment in Subsidiaries	-	-	-	710	710
Property and Equipment	-	-	-	11,824	11,824
Other Assets	1,725	1,304	-	-	3,029
Taxation	20	-	-	-	20
Total Assets	99,493	16,013	15,288	102,270	233,064
Liabilities					
Due to customers	63,861	28,824	18,768	6,394	117,847
Due to central bank	-	-	-	-	-
Due to other banks	1,707	478	345	1,407	3,937
Other borrowed funds	17,233	5,750	4,751	37,594	65,328
Other liabilities	12,896	1,559	1,721	-	16,176
Deferred Taxation	-	-	-	835	835
Total Liabilities	95,697	36,611	25,585	46,230	204,123
Net Liquidity Gap	3,796	(20,598)	(10,297)	56,040	28,941
Net Liquidity Gap	2007		2006		
Total assets	233,064		157,066		
Total liabilities	<u>204,123</u>		<u>135,779</u>		
Net liquidity gap	<u>28,941</u>		<u>21,287</u>		

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 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 GH¢0.177million (2006: GH¢0.241million) granted to a company in which a Director has an interest. There were no loans granted to associated companies (2006: GH¢3.41 million).

33. SHARE SCHEME

33.(a) Share Option Scheme

The shareholders of the Bank on 26th April 2004 approved share options scheme for Non Executive Directors and Executive Directors and Senior Management Staff. The options for Non Executive Directors exercisable at the option price of GH¢0.20 per share over a three-year period commencing January 2005 to December 2007, have been fully exercised.

Beneficiaries	No. of Shares
Executive Directors and Senior Management Staff	4,517,783

The options for Senior Management Staff are exercisable at the initial public offering 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 December 31, 2009 after which they will lapse. The options will also lapse when the employee leaves the company except they will automatically become exercisable in cases where the employee leaves on account of ill-health, retirement, termination without cause, death and change in control or in other cases as decided by the Board of Directors.

Options Exercised (Executive Directors & Senior Management Staff)	2007	2006
Options outstanding 1st January	4,180,200	4,180,200
Options exercised	(1,605,906)	-
Options outstanding at 31st December	<u>2,574,294</u>	<u>4,180,200</u>

(b) Bonus Scheme

The Shareholders of the bank at the Annual General Meeting held on 18th March 2006 passed a resolution to allot a pool of shares of up to 5% of the issued shares at 31st December 2005 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.

34. Bonus Shares Issued	2007	2006
Bonus shares outstanding 1st January	4,652,785	6,203,712
Bonus shares issued	<u>(1,550,927)</u>	<u>(1,550,927)</u>
Bonus shares outstanding at 31st December	<u>3,101,858</u>	<u>4,652,785</u>

35. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2007

Class of Equity	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	18,344	82.26	9,859,336	6.01
1001 - 5,000	2874	12.89	6,130,625	3.74
5001 - 10,000	384	1.72	2,934,467	1.79
Over 10,000	<u>698</u>	<u>3.13</u>	<u>145,014,124</u>	<u>88.46</u>
	<u>22,300</u>	<u>100.00</u>	<u>163,938,552</u>	<u>100.00</u>

36. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2007:

NAME OF DIRECTOR	No. of Shares	%
George Victor Okoh	786,282	0.48
Frank Brako Adu Jnr.	4,347,690	2.65
Malcolmn Dermott Pryor	1,136,060	0.69
Paarock VanPercy	265,705	0.16
Banda Asoma Abu	266,720	0.16
Ahomka-Lindsay Robert	180,671	0.11
Brenner Jim	97,170	0.06
	<u>7,080,298</u>	<u>4.31</u>

37. NUMBER OF SHARES IN ISSUE

Earnings, dividend and net assets per share are based on 163,938,552 (2006: 158,626,936) ordinary shares at the balance sheet date.

38. DIVIDEND

	2007	2006
Balance at 1st January	1,190	864
Proposed dividend	1,721	1,190
Dividend paid	(1,202)	(864)
Dividends in respect of employee share options exercised	<u>12</u>	<u>-</u>
Balance at 31st December	<u>1,721</u>	<u>1,190</u>

39. TWENTY LARGEST SHAREHOLDERS

Shareholder	No. of Shares	% Holding
Social Security & National Insurance (SSNIT)	43,649,526	26.63%
Donkor Afare, Mr.	18,120,000	11.05%
Ofori Daniel, Mr.	12,621,064	7.70%
STD Nominees (Pty) Ltd/Renaissance Capital (Cyprus) Ltd	6,690,918	4.08%
Vanguard Assurance Company Limited	4,876,108	2.97%
Adu Jnr. Frank, Mr.	4,347,690	2.65%
Ansah Benjamin Fosu, Mr.	1,657,460	1.01%
Pryor, Count & Co Inc.	1,643,642	1.00%
Cal Brokers Equity Holding	1,450,367	0.88%
VRA Staff PF	1,247,155	0.76%
BBGN/Barclays Mauritius Re SEB	1,208,920	0.74%
Pryor, Malcolm	1,136,060	0.69%
Intl. Conslium Emerging Mkts Absolute Fund	1,097,145	0.67%
BBGN/SSB Eaton Vance Tax Managed Emerging Mkt	1,000,000	0.61%
QVT Fund LP	1,000,000	0.61%
Teachers Fund	800,000	0.49%
Okoh, George	786,282	0.48%
STD Noms Tvl(Pty) Renaissance Securities (Cyprus) Ltd	731,517	0.45%
BBGN/Barclays Mauritius Re African Alliance Africa Pioneer	723,380	0.44%
BBGN/Barclays Capital Securities Cayman Clients	717,000	0.44%
	105,504,234	64.35%

PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 27th March 2008 at National Theatre, Accra.

I/Webeing 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 27th March 2008.

Signed thisday of 2008

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2007 Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To re-elect Mr. George Victor Okoh		
5. To re-elect Alhaji Asoma Abu Banda		
6. To amend Regulation 73 to determine an increase in the number of Directors		
7. To elect Mr. Kwasi Tumi as Director		
8. To increase the remuneration of the Directors		
9. To increase the Stated Share Capital by up to GH¢ 200million.		
10. To create a pool of shares for Directors and Executives of the Bank		
SPECIAL RESOLUTIONS		
Transfer of funds from Income Surplus Account to Stated Capital		
Amendment of Regulation 10(a)		
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:

1. 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.
2. 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.
3. 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.
4. 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 Tuesday 25th. March 2008.

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:

To Receive the 2007 Accounts

The Board shall propose the acceptance of the 2007 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2007.

To Declare a Dividend

The Directors recommend the payment of a dividend of GH¢0.0105 per share for the year ended 31st December 2007.

To Authorise the Directors to fix the Remuneration of the 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.

To Re-Elect Board members

The following Board members, Mr. George Victor Okoh and Alhaji Asoma Abu Banda, retired in accordance with Section 298(a) of the Companies Act 1963, Act 179 and Regulation 78(a) of the Regulations of the company.

Messrs. Okoh and Banda, who are eligible for re-election, have offered themselves to be re-elected as directors of the company.

To Determine an Increase in the Number of Directors on the Board and amend Regulation 73 of the Company's Regulation

At the meeting of the Board of Directors in October 2007 Mr. Kwasi Tumi, the General Manager, Operations was appointed an Executive Director of the company. Consequently, the addition of Mr. Tumi would require an amendment in Regulation 73 of the company's Regulations to recognize the revision of membership on the Board to nine (9).

The said Regulation is as follows:

"The number of Directors, not being less than six (6) and not exceeding ten (10), shall be appointed in accordance with an ordinary resolution of the members and until so determined shall be eight (8)" be revised to read:

"The number of Directors, not being less than six (6) and not exceeding ten (10), shall be appointed in accordance with an ordinary resolution of the members and until so determined shall be nine (9)."

To Elect Board member

The Board has nominated Mr. Kwasi Tumi, General Manager, Operations of CAL Bank Limited, for election to the Board as an Executive Director.

To approve an increase in the remuneration of Directors

To increase the remuneration of the Directors from GH¢211,401.02 to GH¢377,400.00

To increase the stated share capital of the Company by up to Two Hundred Million Ghana Cedis (GH¢200 million)

In view of the Bank of Ghana's Notice No. BG/GOV/SEC/2008/3, CAL Bank is required to attain a capitalization of GH¢60,000,000 "as quickly as possible" but in any event by 2012.

In that regard the Shareholders hereby pass the following resolutions:

1. "The Company is hereby authorised to increase the issued stated share capital of the Company by up to two hundred million Ghana cedis (GH¢200 million) through a rights issue by the offer of such number of ordinary shares as may be required to increase the issued stated capital by up to two hundred million Ghana cedis (GH¢200 million) to the Company's members on its register of members as at the close of day on a date to be determined by the Directors in proportion, as nearly the circumstances admit, to the number of shares that they are entitled to at the appropriate market determinable price as at the time of the offer payable in full. The Directors are hereby authorised, subject to the prior approval of the Ghana Stock Exchange, to issue renounceable provisional letters of allotment and to deal with the issue generally.

2. The Company is also hereby authorised to offer, subject to the prior approval of the Ghana Stock Exchange, and as if the pre-emption provisions of Regulation 12 of the Company's Regulations and section 202(b) of the Companies Act, 1963 (Act 179) did not apply to them, such ordinary shares as may be required to increase the Company's issued stated capital by up to (GH¢200 million) to such person or persons and in such form and on such terms and conditions as the Directors may deem fit.

The Directors are hereby authorised in each case, subject to the Rules of the Ghana Stock Exchange, to determine the modalities, duration of the offer and allotment of shares.

To approve the creation of a pool of shares for Directors and Executives

To approve the creation of a pool of shares of up to 3% of issues shares as at 31st December, 2009 for distribution to non-executive Directors and Executives of the Bank over a period of 3 years from 1st January 2010 linked to the performance of the Bank as determined by the Board.

SPECIAL RESOLUTIONS

Transfer of funds from Income Surplus Account to Stated Capital

That, the Company may transfer to stated capital such amount as may be required (but no more than GH¢ 8.79 million) being part of the amount standing to the credit of the income surplus account of the Company as at 31st December 2007.

Amendment of Regulations

That, subject to the prior approval of the Ghana Stock Exchange, the Regulations be amended by deleting Regulation 10 (a) and re-numbering the paragraphs accordingly.

Regulation 10(a) reads as follows:

"The Company shall not issue any shares or grant or create any options in respect of any issue of shares unless such issue, grant or creation (including the price to be paid upon issue or, as appropriate, upon grant, creation or exercise of the option) shall have been approved by Shareholders by a simple majority of votes cast by Shareholders entitled to do so who vote on that matter without prejudice however to any other provisions of these Regulations and/or the Code applicable to any such issue, grant or creation of option"

The said amendment shall take effect as of the date of the approval of the Ghana Stock Exchange.

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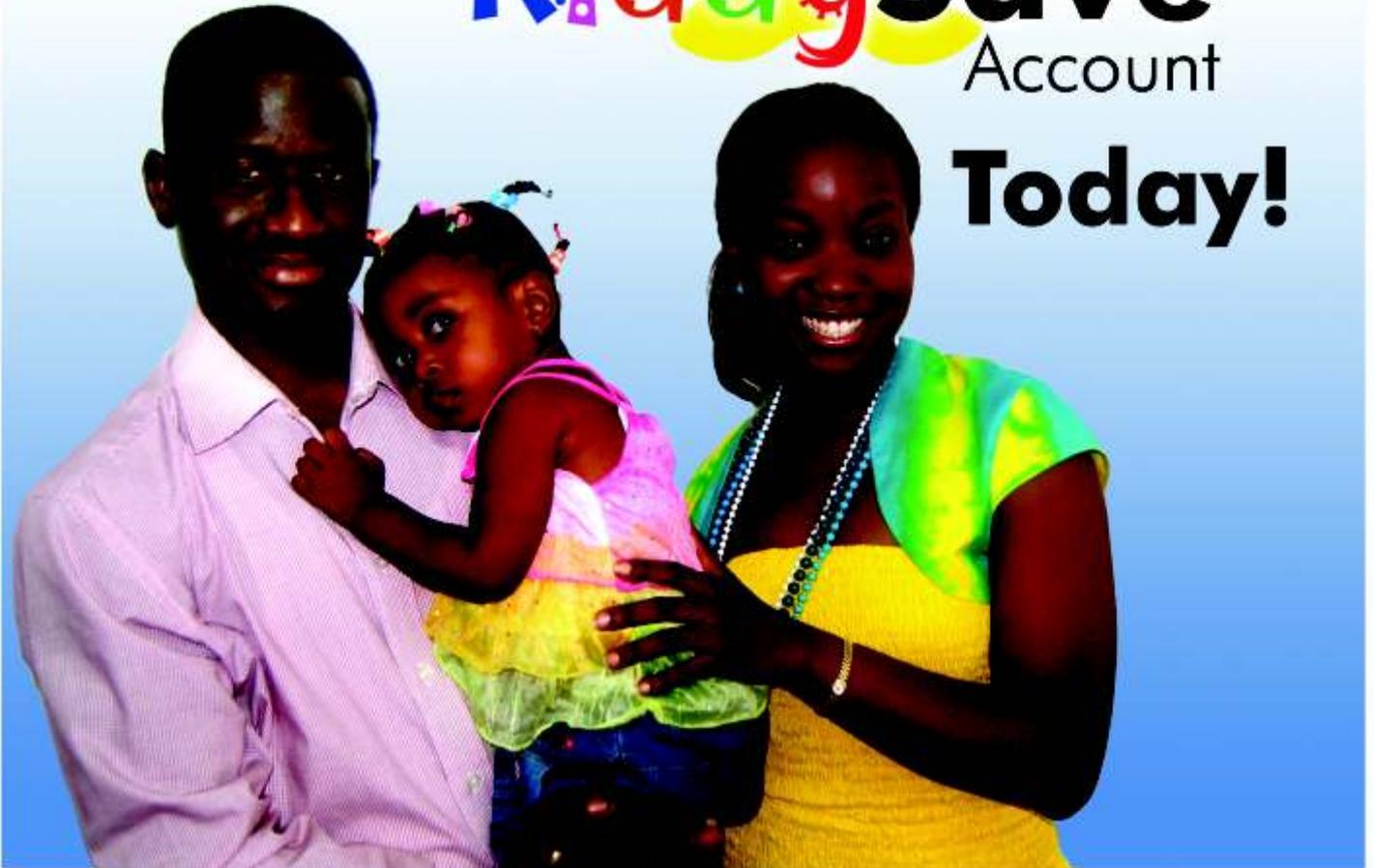
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Takoradi Market Circle - ATM
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Tarkwa - ATM
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Tema Industrial Area - ATM
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Tema Fishing Harbour
022 213380

Offsite ATMs

Castle Road
Castle Road Shell Station

Kotoka International Airport
Public Waiting Area - Arrivals

Legon Campus
Volta Car Park

East Legon
Special Plaza Shopping Mall 1

Tarkwa Goldfields
First gate

Ghapoha
Ghapoha Head office

Airport Cargo Village
Aviation Social Center

Head Office:

23 Independence Avenue, P. O. Box 14596, Accra, Ghana.

Tel: (233) 21 680068 / 680066 / 680079 Telex: 2675 ACCEPT GH

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