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At the latest Banking awards ceremony held in May 2008, the Bank won awards in five different categories

- *Best Bank Long-Term Loan Financing*
- *Best Bank Medium-Term Loan Financing*
- *Best Bank in I.T. and Electronic Banking*
- *Best Bank in Product Innovation*
- *First Runner Up in Retail Banking*

CAL BANK, BANK ON OUR SERVICE

NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK LIMITED TO BE HELD ON THURSDAY, MARCH 26, 2009 AT THE NATIONAL THEATRE, ACCRA

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10 a.m. on Thursday, 26th March, 2009 at the National Theatre, 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 December 31, 2008.
2. To declare a final dividend for the year ended December 31, 2008.
3. To authorize the Directors to fix the fees of the Auditors.
4. To re-elect as Directors, Messrs. Robert Ahomka-Lindsay and James Chamberlain Brenner who are retiring by rotation and who, being eligible, have offered themselves for re-election in accordance with Regulation 78 of the Company's Regulations and Section 298 of the Companies Code, 1963 (Act 179).
5. To approve an increase in the stated capital of the Company by One Hundred Million Ghana Cedis (GH¢100 million).
6. **Special Resolutions**
 - To approve a transfer of up to GH¢10,559,000 from Income Surplus Account to Stated Capital.
 - To amend Regulations 2, 10(a), 35(a), 55, 104 and 106 of the Company's Regulations.
 - To delete Regulation 16(a) of the Company's Regulations and to insert a new Regulation 106 pursuant to the provisions of the Central Securities Depository Act, 2007 (Act 733).

7. Any other Matter

To transact any other business which may be properly transacted at an Annual General Meeting and for which notice has been given.

DATED this 5th day of March 2009

BY ORDER OF THE BOARD

**DEHANDS SERVICES LIMITED
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 24th March 2009.

A Proxy Form is enclosed.

FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

in thousands of Ghana Cedis

	IFRS		GHANA ACCOUNTING STANDARDS		
	2008	2007	2006	2005	2004
Interest Income	38,113	24,401	16,267	13,266	9,549
Interest Expense	(21,682)	(12,362)	(6,822)	(5,167)	(4,637)
Net Interest Income	16,431	12,039	9,445	8,099	4,912
Net Fees and Commissions	6,185	3,957	3,751	2,948	2,887
Other Operating Income	11,943	7,191	5,013	1,807	2,350
Operating Income	34,559	23,187	18,209	12,854	10,149
Total Operating Expenses	(21,178)	(14,646)	(8,844)	(6,863)	(4,881)
Impairment Charge on Financial Assets	(2,185)	(1,646)	(2,770)	(1,653)	(789)
Operating Profit	11,196	6,895	6,595	4,338	4,479
Other Income	303	221	207	117	83
Profit before Income Tax	11,499	7,116	6,802	4,455	4,562
Income Tax Expense	(2,431)	(1,912)	(2,101)	(1,785)	(1,081)
Profit after Taxation	9,068	5,204	4,701	2,670	3,481
Total assets	338,902	235,727	157,008	97,129	82,554
Total Deposits	176,660	124,326	87,915	62,438	53,544
Loans and Advances	190,938	114,918	85,680	39,792	30,132
Total Shareholders' Equity	37,428	31,107	21,439	18,341	16,598
Earnings per share (Ghana Cedis per share)	0.0550	0.0316	0.0296	0.0170	0.0224
Dividends per share (Ghana Cedis per share)	0.0145	0.0105	0.0075	0.0055	0.0050
Number of Shares ('000)	167,211	163,939	158,627	157,076	155,093
Return on Assets	2.7%	2.2%	3.0%	2.7%	4.2%
Return on Equity	24.2%	16.7%	21.2%	14.6%	21.0%
Capital Adequacy Ratio	12.1%	14.5%	13.1%	21.9%	18.6%
Cost-to-Income Ratio	60.8%	62.6%	47.9%	53.4%	48.1%

CAL BANK LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE.

BOARD OF DIRECTORS

Robert Ahomka-Lindsay (Chairman)
Frank Brako Adu Jnr. (Managing Director)
Malcolm Dermott Pryor
Paarock Asuman VanPercy
James Chamberlain Brenner
Leonora Awua-Kyerematen
Kwasi Tumi (Appointed: 25/03/08)
Kobina Quansah (Appointed: 05/06/08)
George Victor Okoh (Resigned: 07/05/08)
Alhaji Asoma Abu Banda (Resigned: 07/05/08)

SECRETARY

Dehands Services Limited
4 Liberation Road
P.O.Box GP 453
Accra

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. 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.

Chairman



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.

Managing Director



Mr. Kwasi Tumi
Mr. Kwasi Tumi, is a Chartered Accountant with rich experience in the financial services sector and a strong knowledge and appreciation of the macro-economic environment and linkages to the monetary policy. Kwasi is a Board member of Vanguard Life Assurance Company Limited and Ridge Alumetal Company Limited.

Executive Director



Mr. James C. 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.

Member



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.

Member



Mrs. L. Awua-Kyerematen
Mrs. Leonora Awua-Kyerematen is a member of the Ghana Bar Association and 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.

Member



Mr. Paarock A. 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.

Member



Dr. Kobina Quansah
Dr. Kobina Quansah, a banker by profession is the Chairman of the National Council for Tertiary Education, member of the Duke of Edinburgh Commonwealth study Tour Group, a Trustee of the Ghana Education Trust Fund, Sam Jonah University of Cape Coast Endowment Trust Fund and Achimota School Endowment Trust Fund and a Director of Gold Coast Fruits Company Limited, Unique Insurance Company Limited, Public Services Commission, Finatrade Foundation, Pioneer Aluminum Kitchenware Limited, Core Nett, Newmont Gold Advisory Council, Martha Villas Limited, Biglebb Construction and Crushing Limited and PAQ Contract Mining Services Limited.

Member

CHAIRMAN'S REPORT



Introduction

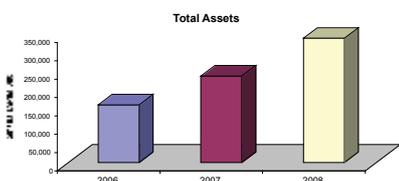
It is my singular honour to welcome you to the Annual General Meeting for the year ended 31st December 2008. The year was full of challenges, coupled with competition from our competitors, but your bank recorded an appreciable growth in its operations.

Economic review

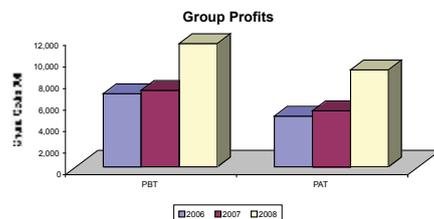
The year was characterized by several events, which impacted on the economy as a whole and the banking sector in particular. The spiralling increase in the price of crude oil with subsequent increases in food prices, the world financial crises (the credit crunch), the Parliamentary and prolonged Presidential elections were some of the major events experienced during the year. Despite the resilient nature of the economy, inflation increased to 18.13% and the Bank of Ghana prime rate also increased to 17% by the close of the year. The cedi depreciated by 26.4% and 20.9% against two of our major trading currencies; the US dollar and the Euro respectively.

Financial review

In compliance with the directives from the Institute of Chartered Accountants of Ghana and the Central Bank, this year's financial statements have been prepared in accordance with International Financial Reporting Standards. The comparative figures for 2007 have also been restated in accordance with these standards.

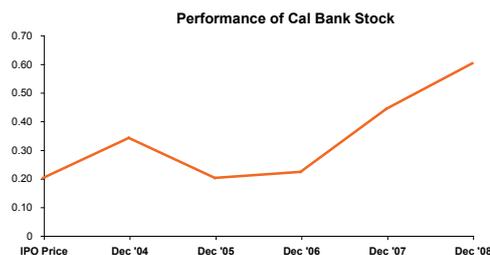


The group recorded an impressive operating profit before tax of GH¢11.5 million, an increase of 62% compared to the prior year figure of GH¢7.1 million and an operating profit after tax of GH¢9.1 million, an increase of 75% against the prior year figure of GH¢5.2 million.



The balance sheet size increased from GH¢236 million in 2007 to GH¢339 million, representing an increase of 44%.

The stock price realised an appreciation of 36% ending the year at GH¢0.60 from a price of GH¢0.44 at the beginning of the year.



Dividend

Your Board of Directors is recommending a dividend of GH¢0.0145 per share representing an increase of 38% in comparison to the dividend per share of GH¢0.0105 for the previous year. This represents a payout ratio of 30% of the Bank's profit after tax for the year.

Corporate Governance

In compliance with good corporate governance procedures and practices, the Board ensured the maintenance of good internal control procedures, strict adherence to rules and regulations, conforming to legal requirements through scheduled meetings of the Board and the Audit committee. As a result of these regular review procedures, the Board is satisfied that the systems in place are adequate to manage the risks inherent in the business.

Directorship

The Board Chairman, Mr. George Victor Okoh, and Alhaji Asoma Abu Banda resigned from the Board during the year. We greatly appreciate their dedicated services and contributions to the growth and development of

the Bank over the years that they availed their services to the Bank, and wish them all the best in their future endeavours.

I was appointed by the Board on 4th June, 2008 to serve as your Chairman. Dr. Kobina Quansah was elected to serve on the Board on 5th June 2008. Dr. Quansah is a distinguished retired banker, with depth of knowledge in banking business. He has held a number of executive positions and also served on a number of Boards of respectable companies.

In accordance with the Regulations of the Company and the Companies Code, your Chairman, Mr. Robert Ahomka-Lindsay, and Mr. James Brenner have offered themselves for re-election.

Capitalisation

At the Bank's Extraordinary General Meeting held on 5th June 2008, the Board was given a mandate to increase the Bank's stated capital by up to GH¢60 million by December 2008, and to further increase it to GH¢100 million by 2012. Although all the preparatory works were done to fulfil this mandate, market conditions did not allow us to complete this transaction, which was duly communicated to shareholders. A new resolution, which I urge you to support, is being laid before you to give us a new mandate to enable us to increase our equity base to meet regulatory requirements and also compete effectively.

Dematerialisation of Share Certificates

As a result of the promulgation of the Central Securities Depository Act, 2007 (Act 733), the Ghana Stock Exchange has set up the GSE Securities Depository Company Limited which began operations on 14th November, 2008. The Act provides that an issuer of securities to the public may "issue a security in uncertificated or dematerialised form where it is authorised by its regulations and authorised by a resolution of its board of directors". It also provides for the "conversion of certificated security into an uncertificated security where it is authorised by its regulations and by a resolution of its board of directors."

The amendment of our regulations in accordance with this Act and as requested by the Ghana Stock Exchange will enhance the process of placing securities in the depository, improve upon the efficiency of keeping shareholding records, make it less cumbersome and improve liquidity in the capital market.

A resolution has been put forward by the Board of Directors to this effect and we do recommend that you support the amendment. We also do encourage you to contact your stockbrokers with your share certificate and have them placed in the GSE Securities Depository.

The Year Ahead

The year 2008 ended with a global economic meltdown, which has significantly affected the western world and Asia. It is expected that the impact of the global crisis will be felt significantly in our part of the world in 2009. The beginning of 2009 has also seen the ushering in of a new administration whose policy direction is yet to be laid out. Despite these uncertainties, your Board and management are focused on delivering shareholder value and strong corporate growth and have positioned your bank to achieve these objectives.

We urge you to continue supporting us as you have done in the past. In the same vein, we will continue to count on the support of our dedicated staff and loyal customers, which has been immense in the past and which we greatly appreciate.

Thank you.

ROBERT AHOMKA-LINDSAY



MANAGING DIRECTOR'S REPORT

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



Introduction

The year 2008 has in no doubt been characterised by a lot of events both on the global and local fronts. The year saw the period in which oil prices peaked at its highest ever at US\$147 per barrel, followed by the protracted and worsening global financial crises. These factors translated into a downturn in the global economy which also had an adverse effect on the local economy. Officially Europe and America plunged into recession. The year also culminated in a parliamentary and presidential election, the latter had to be determined by run off elections which resulted in a new administration taking the seat of Government.

The full effect of the global financial crisis was not fully manifested in the local economy in 2008, but it is expected that its effect will be felt more in 2009 as we begin to see a decline in foreign remittances, foreign direct investments, budgetary support, exports etc. It is however expected that the economy will be resilient enough to withstand any decline in the macro-economic fundamentals. In spite of all the challenges outlined your Bank and its subsidiaries were able to post impressive results for the year, making significant improvements over the previous year.

It is also worth noting that your bank received five awards at the 2008 banking awards. The awards were in the following categories; Best Bank in I.T and Electronic Banking, Best Bank in Product Innovation, Best Bank in Long-Term Loan Financing, Best Bank in Medium-Term Loan Financing and first runner up in Retail Banking. We thank and dedicate these awards to all our valued customers, hard-working employees and all our stakeholders.

In accordance with directives from the Institute for Chartered Accounts (Ghana) and the Central Bank, the financial statements for the year under review have been prepared under the International Financial Reporting Standards (IFRS)

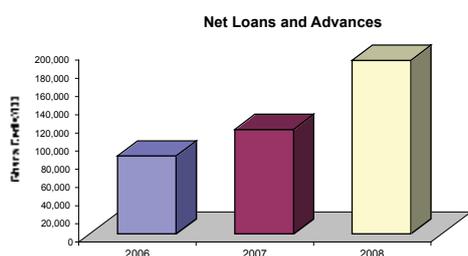
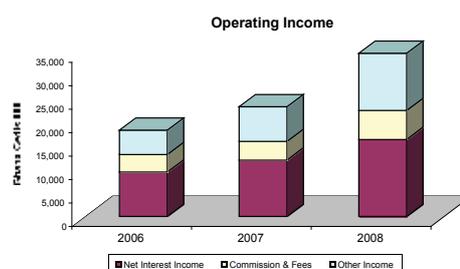
These standards require detailed disclosures including our risk management policies and procedures and detailed disclosures on the financial statements. These disclosures are required to provide shareholders and all other stakeholders with adequate information to enable them make informed assessment of the bank's performance and also take informed decisions going forward.

Whilst the dictates of these new reporting requirements appear to be detailed and time consuming in its compliance, CAL is happy to adopt them in line with our code principles of always adhering to good corporate governance. You will find that disclosures in the notes to the accounts are exhaustive and comprehensive.

Financial Performance

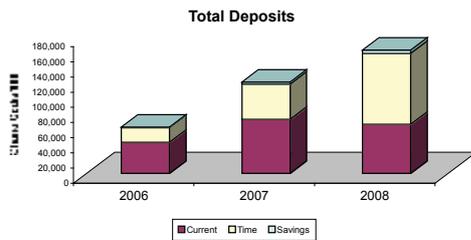
The group recorded an operating profit before tax of GH¢11.5 million and an operating profit after tax of GH¢9.1 million, representing a 62% and 74% increase above the previous year's amounts of GH¢7.1 million and GH¢5.2 million respectively.

Net interest income increased by 36% above the previous year's figure, whilst other income increased by 66%, closely tracked by an increase in net fees and commissions of 59%. This and general improvements in the Bank's operating efficiencies are among the factors that accounted for the increase in profitability.



The group's total assets base for the year under review was GH¢339 million compared to the previous year's assets of GH¢236 million, an increase of 44%. The growth in assets resulted from a 66% increase in net loans and advances, 23% increase in property and equipment in comparison to the previous year, mainly contributed to by the branch network expansion.

The increase in assets was largely funded by an increase in customer deposits which increased by 42% from GH¢124 mil-



lion at the end of the previous year to GH¢177 million at the end of 2008. Significant funding was also acquired through borrowings, the total amount of which increased by 73%, from GH¢67million as at 31 December 2007 to GH¢116 million as at 31 December 2008. During the year the Bank contracted a further borrowing of US\$15 million from the African Development Bank, the facility has a seven year tenor with a two year moratorium. Our continuous ability to borrow from the international financial markets, even during

these very difficult and uncertain times, reinforces the international community's belief in the CAL brand and the confidence that your Bank commands in the financial markets.

Shareholders' funds at the end of the year was GH¢37 million compared to GH¢31 million at the end of the previous year, an increase of 20%.

The group in 2008 clearly succeeded in increasing profitability and growth in asset size. It is our commitment to continue with this level of growth although present market conditions and competition continue to make this goal difficult.

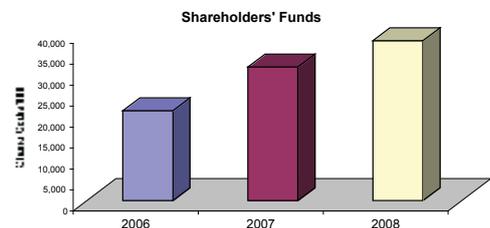
Operational Performance

The Bank continues to grow in all segments of the business with significant portions of its activities still in the corporate banking segment, we also continue to develop the retail business in a systematic manner. Our corporate finance business also continues to grow, winning significant mandates within the industry.

The Bank continued its drive in spreading its footprints through branches and alternative delivery channels. During the year our branch network increased by three with the inclusion of the Graphic Road, KNUST and Kejetia branches. We continued with our strategic initiative of offering our services and broadening our customer base through technology. Our ATM network increased from fifteen at the end of the previous year to twenty-eight at the end of 2008. Development of the ATM network provides us the opportunity to reach out to our valued customers in areas in which we do not have a branch presence and also serve as a delivery channel for other products which are not traditionally delivered on other ATM networks. Our internet banking services platform was significantly enhanced during the year, making it a real-time service and improving the service offerings on the platform. These developments have contributed to the increase in the Bank's deposit base, boosted the Bank's deposit mobilization drive and enhanced the size of the business and its viability. We will continue and improve upon this in 2009 by increasing the number of ATMs to 50 and adding other service enhancing features to our internet banking offering.

The Bank continues to grow its manpower resource in tandem with the growth in business levels increasing from 276 at the end of the previous year to 319 at the end of 2008. We also engaged the services of 87 contract workers, taking our total employee base to 406. We continued with our program of engaging national service personnel who are trained and developed over the service period and where they show dedication and ability to perform through a rigorous assessment process they are retained. Improving the skills capabilities of our staff through continuous training and development was also a significant part of the evolution of our human resource base as our employees continue to be our most important resource.

The year under review experienced a downturn in stock markets through out the world, however the Ghana Stock Exchange all share index appreciated by 58.06%. The CAL share price closed the year at GH¢0.60 per share after it had peaked at GH¢0.70 per share during the year. This represents an appreciation of 36% over the closing price of GH¢0.44 at the end of 2007.



Additional Equity

Pursuant to the mandate given to us by shareholders at the Extra-ordinary General Meeting (EGM) held on 5th June 2008 for the Bank to increase its equity capital up to GH¢60million by the end of 2008 and further to GH¢100million by the end of December 2012, the necessary processes and procedures were put in place to execute this mandate. However at the time that final regulatory authorisations were being finalised, market conditions turned out to be very unfavourable. Therefore based upon the advice of our transaction advisors the transaction was suspended and the decision duly communicated to shareholders. You will find as part of this year's recommended resolutions from the Board a newly proposed mandate and resolution which seeks to replace that passed at the EGM and is more relevant under present circumstances and more practicable as it seeks to provide a fair level of flexibility to the Board in raising capital for the Bank. The raising of capital has

become an automatic exercise if the Bank is to survive. The competition is fierce and the majority of the competitors have the ability to raise a minimum of GH¢60million by the end of this year. We should compete and we can compete; but we cannot compete adequately with the present capital base of the Bank. Although it may appear the present Government has inherited a tough macro economic environment and economy, the Ghanaian economy is resilient. It may have a fiscal deficit of approximately fourteen percent, and a trade deficit of equal amount, however this economy grew at approximately six to seven percent in 2008 and therefore provides significant financing opportunities for the Bank. I will therefore urge you to support the resolution as submitted for an increase in the stated capital of the Bank.

Social Responsibility

The Bank continued with its program of support to the less privileged in society through the provision of support to children in foster homes. This program involves providing educational support to destitute children through primary, secondary and tertiary levels. We also ensure that we provide some level of entertainment and fun to the orphanages by bringing them together during the Christmas season for a party and funfair and also make cash donations to them. Those children who show aptitude and are able to qualify through the tertiary system are then supported to secure careers so they can become contributing members of society. They are then also encouraged to support at least one destitute child each.

The Bank offered support to Talents Links Community, a non-profit organisation involved in free kidney transplants. It also in conjunction with the National Service personnel in the Bank donated medical items and cash to the Ridge Hospital.

As part of its social responsibility as well, the Bank ensures that it gives equal opportunity to all. This has resulted in an employment ratio of 45% to 55% of females to males.

Environmental and Social Management System (ESMS)

During the year the Bank adopted an ESMS as part of its credit appraisal process, with the assistance of DEG and Proparco - two developmental finance institutions we collaborate with. This system is geared towards enhancing our credit appraisal system to take cognisance of environmental and social risks associated with our lending, and also to encourage responsible lending practices so as to preserve the environment for future generations.

The Bank is very excited about this development and takes the functionality of the ESMS program very seriously. Compliance is by the Executive and to indicate how seriously your Bank has taken this we have had 26 officers trained and an Executive directly responsible for its implementation.

Subsidiaries

CAL Brokers Limited and CAL Asset Management, the Bank's two fully owned subsidiaries continue to make significant contributions to the group's income, increasing from 4.9% the previous year to 9% of profit after tax at the end of the year under review.

CAL Brokers Limited has taken a lead in the market as the first brokerage house to provide an online trading, monitoring and management of stocks platform to its clientele.

We will continue to provide the needed support to our subsidiaries to increase their contribution to the group.

Conclusion

It is our expectation that the growth patterns we have seen in the past will continue into the future although we do expect some challenges in 2009. We do look forward to better market conditions which will make it feasible for us to raise the additional equity required which will put us in a better competitive position and an improved macro-economic environment to form a basis for sound business operations.

We have in the past committed to sustaining and improving upon shareholder value, we do reiterate this commitment and ask for your unwavering support in this regard.

YES WE CAN!

Thank you.

FRANK BRAKO ADU JNR.



REPORT OF THE DIRECTORS

The Board of Directors has the pleasure to submit this report of the company for the year ended 31st December 2008.

Statement of Directors Responsibilities

The directors are responsible for the preparation of the consolidated financial statements for the financial year, which give a true and fair view of the state of affairs of the group, the consolidated income statement and consolidated 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 International Financial Reporting Standards. The directors have made an assessment of the group's ability as a going concern and have no reason to believe the group will not be a going concern in the year ahead.

Financial Statement

GH¢'000

Profit for the year ended 31st December 2008

before taxation is

11,499

from which is deducted taxation of

(2,431)

giving a profit for the year after taxation of

9,068

Less: Transfer to Regulatory Reserves of

(3,779)

leaving a balance of

5,289

to which is added balance on Income Surplus Account

brought forward (excluding amounts transferred to

Regulatory Reserves) of

9,312

giving a cumulative amount available for distribution of

14,601

less dividend paid of GH¢0.0105 per share amounting to

(1,752)

leaving a balance on Income Surplus Account carried forward of

12,849

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 38

Board Changes

Mr Kwasi Tumi and Dr Kobina Quansah were appointed as directors of the company on 25th March 2008 and 5th June 2008 respectively. Mr George Victor Okoh and Alhaji Asoma Abu Banda retired from the board on 7th May 2008. Mr Robert Ahomka-Lindsay was appointed as board chairman on 4th June 2008.

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. They are Mr. Robert Ahomka-Lindsay and James Brenner.

Messrs. Ahomka-Lindsay and Brenner, who are eligible, have offered themselves for re-election.

Subsidiaries

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

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

CAL Investment Limited - a non-banking financial institution.

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

Paarock VanPercy	- Chairman
Robert Ahomka-Lindsay	- Member
Leonora Awua-Kyeremanten	- 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

Robert Ahomka-Lindsay	- Chairman
Paarock VanPercy	- Member
Dr Kobina Quansah	- 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¢0.0145 per share to be paid to members whose names appear in the register of members as at 20th March 2009.

Auditors

In accordance with Section 134(5) of the Companies Code 1963, (Act 179) 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, management and all stakeholders of the Bank over the past year.

BY ORDER OF THE BOARD

Director

Director

Dated 5th March, 2009





REPORT OF THE AUDITORS TO THE MEMBERS OF CAL BANK LIMITED

Report on the financial statements

We have audited the consolidated financial statements of CAL Bank Limited and its subsidiaries, which comprise the balance sheet at 31 December 2008, the income statement, the statement of recognised income and expense, 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 16 to 67.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana, the Banking Act, 2004 (Act 673) of Ghana and the Banking (Amendment) Act, 2007 (Act 738) of Ghana. 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of CAL Bank Limited and its subsidiaries at 31 December 2008 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana, the Banking Act, 2004 (Act 673) of Ghana, and the Banking (Amendment) Act, 2007 (Act 738) of Ghana.

Other Matters

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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Code, 1963 (Act 179) of Ghana and the Banking Act, 2004 (Act 673) of Ghana and the Banking (Amendment) Act, 2007 (Act 738) of Ghana.

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

The Bank's transactions were within its powers, and the Bank complied with the relevant provisions of the Banking Act, 2004 (Act 673) of Ghana and the Banking (Amendment) Act, 2007 (Act 738) of Ghana.

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELNKPE
P. O. BOX GP 242
ACCRA, GHANA

5 March, 2009

CAL BANK LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2008

in thousands of Ghana Cedis

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Interest Income	8	38,059	24,361	38,113	24,401
Interest Expense	8	(21,707)	(12,376)	(21,682)	(12,362)
Net Interest Income		16,352	11,985	16,431	12,039
Fees and Commissions Income	9	6,561	4,121	6,560	4,205
Fees and Commissions Expense	9	(375)	(248)	(375)	(248)
Net Fees and Commissions		6,186	3,873	6,185	3,957
Net Trading Income	10	9,929	5,622	10,199	5,966
Other Operating Income	11	757	966	1,744	1,225
		10,686	6,588	11,943	7,191
Operating Income		33,224	22,446	34,559	23,187
Impairment Charge on Financial Assets	21	(2,186)	(1,646)	(2,185)	(1,646)
Net Operating Income		31,038	20,800	32,374	21,541
Staff Costs	12	(11,055)	(6,250)	(11,449)	(6,469)
Administration and General Expenses	13	(8,064)	(6,775)	(8,143)	(7,019)
Depreciation and Amortisation	28, 29	(1,583)	(1,156)	(1,586)	(1,158)
Total Operating Expenses		(20,702)	(14,181)	(21,178)	(14,646)
Operating Profit		10,336	6,619	11,196	6,895
Share of Post-tax Profit of Associated Company	23	-	-	267	204
Profit From Disposal of Non-Current Assets	28	36	17	36	17
Profit Before Income Tax		10,372	6,636	11,499	7,116
Income Tax Expense	26	(2,396)	(1,891)	(2,431)	(1,912)
Profit After Tax Attributable to Equity Holders of the Bank		7,976	4,745	9,068	5,204
Earnings per share (Ghana Cedis per share)	15				
- Basic		0.0484	0.0288	0.0550	0.0316
- Diluted		0.0478	0.0285	0.0544	0.0312

CAL BANK LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2008

in thousands of Ghana Cedis

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Assets					
Cash and balances with Bank of Ghana	16	30,357	18,565	30,357	18,565
Items in Course of Collection from Other Banks	18	2,852	2,163	2,852	2,163
Investment in Government Securities	19	43,448	34,028	43,530	34,285
Due from Banks and Other Financial Institutions	20	45,440	47,105	46,959	47,754
Loans and Advances to Customers	21	190,938	115,062	190,938	114,918
Investment in Other Securities	22	370	1,756	1,605	2,320
Investment in Associated Company	23	407	407	1,101	814
Investment in Subsidiaries	24	728	713	-	-
Other Assets	25	5,581	2,829	5,717	3,034
Current Tax Assets	26	933	19	966	34
Property and Equipment	28	14,335	11,698	14,371	11,704
Intangible Assets	29	260	127	506	136
Total Assets		335,649	234,472	338,902	235,727
Liabilities					
Customer Deposits	30	161,361	120,079	162,428	120,389
Due to Banks and Other Financial Institutions	31	14,232	3,937	14,232	3,937
Borrowings	32	115,592	67,306	115,592	67,306
Accruals and Other Liabilities	33	5,933	10,514	6,099	10,708
Deferred Tax Liabilities	27	3,123	2,280	3,123	2,280
Total Liabilities		300,241	204,116	301,474	204,620
Shareholders' Equity					
Stated Capital	34	8,272	8,008	8,272	8,008
Statutory Reserve Fund		9,437	7,442	9,437	7,442
Capital Surplus		4,357	4,338	4,087	3,890
Income Surplus		10,559	8,113	12,849	9,312
Other Reserves		2,783	2,455	2,783	2,455
Total Shareholders' Equity		35,408	30,356	37,428	31,107
Total Liabilities and Shareholders' Equity		335,649	234,472	338,902	235,727
Net Assets Value per Share (Ghana Cedis per Share)		0.2167	0.1864	0.2287	0.1909

Director

Director

The Directors approved the financial statements on 5th March 2009

CAL BANK LIMITED
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR
THE YEAR ENDED 31ST DECEMBER 2008

in thousands of Ghana Cedis

	Note	The Bank		The Group	
		2008	2007	2008	2007
Income and expense recognised directly in equity:					
Available for sale reserve:					
Net change in fair value	34	(2,749)	(4)	(2,749)	(4)
Profit for the period		7,976	4,745	9,068	5,204
Total recognised income and expense for the period		5,227	4,741	6,319	5,200
Attributable to equity holders of the bank		5,227	4,741	6,319	5,200



CAL BANK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2008

in thousands of Ghana Cedis

	The Bank		The Group	
	2008	2007	2008	2007
Profit Before Tax for the Period	10,372	6,636	11,499	7,116
Adjustments for:				
Depreciation and Amortisation	1,583	1,156	1,586	1,158
Impairment on Financial Assets	2,186	1,646	2,186	1,646
Profit on Disposal of Equipment	(36)	(17)	(36)	(17)
Dividend Received	(2)	(43)	(28)	(54)
Share-Based Payment Expenses	1,278	616	1,293	618
Other Employee Benefit Expenses	160	152	160	152
Associated Company Profit	-	-	(267)	(204)
Impairment of Investment in Associated Company	-	-	(17)	114
Change in Fair Value of Investment Securities recognised in Income Statement	-	(26)	(270)	(370)
Accretion of Deferred Income	(286)	(119)	(286)	(119)
	15,255	10,001	15,820	10,040
Change in Government Security	(12,228)	(4,673)	(12,054)	(4,782)
Change in Investments in Other Securities	1,446	(10)	1,045	(210)
Change in Loans and Advances to Customers	(77,994)	(29,308)	(78,138)	(29,122)
Change in Other Assets	(2,751)	(1,092)	(2,686)	(1,180)
Change in Customer Deposits	41,283	33,085	42,039	33,672
Change in Amounts Due to Banks and Other Financial Institutions	10,295	1,055	10,295	1,055
Change in Accruals and Other Liabilities	(4,524)	6,001	(4,562)	6,149
Income Tax Paid	(2,448)	(1,903)	(2,501)	(1,924)
Net Cash Used in Operating Activities	(31,666)	13,156	(30,742)	13,698
Cash Flows From Investing Activities				
Purchase of Property and Equipment	(4,371)	(3,263)	(4,640)	(3,279)
Proceeds from Sale of Equipment	53	17	53	17
Disposal of Treasury Shares	-	-	178	112
Net Cash Used in Investing Activities	(4,318)	(3,246)	(4,409)	(3,150)
Cash Flows from Financing Activities				
Dividend Income	2	43	28	54
Dividends Paid	(1,752)	(1,202)	(1,741)	(1,202)
Net Changes in Borrowings	48,286	27,522	48,286	27,522
Proceeds from Shares Issued	264	865	264	865
Net Cash Flow from Financing Activities	46,800	27,228	46,837	27,239
Net Increase in Cash and Cash Equivalents	10,816	37,138	11,686	37,787
Analysis of Changes in Cash and Cash Equivalents during the year				
Cash and Cash Equivalents at 1 January	67,833	30,695	68,482	30,695
Net Change in Cash and Cash Equivalents	10,816	37,138	11,686	37,787
Cash and Cash Equivalents at 31st December	78,649	67,833	80,168	68,482
Analysis of Cash and Cash Equivalents during the year				
Cash and Balances with Bank of Ghana	30,357	18,565	30,357	18,565
Due from Banks and Other Financial Institutions	45,440	47,105	46,959	47,754
Items in Course of Collection from Other Banks	2,852	2,163	2,852	2,163
Total Cash and Cash Equivalents	78,649	67,833	80,168	68,482

CAL BANK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

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

1. REPORTING ENTITY

Cal Bank Limited (the "Bank") is a bank incorporated in Ghana. The address and registered office of the Bank is 23 Independence Avenue, P.O. Box 14596, Accra, Ghana. The consolidated financial statements of the Bank as at and for the year ended 31st December 2008 comprise the Bank and its subsidiaries (together referred to as the Group). The Group primarily is involved in investment banking, corporate and retail banking, brokerage and asset management services.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These are the Group's first set of financial statements prepared in accordance with IFRS and IFRS 1 First Time Adoption of International Financial Reporting Standards has been applied. In accordance with the transitional requirements of these standards, the Group has provided full comparative information.

An explanation of how the transition to IFRS's has affected the reported financial position, financial performance and cash flows of the group is provided in note 39. This note includes reconciliations of equity and profit and loss for comparative periods reported under Ghana Accounting Standards (GAS) to those reported for those periods under IFRSs.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: financial instruments that are fair value through profit or loss, financial instruments classified as available-for-sale and leasehold land and buildings.

(c) Functional and presentation currency

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

(d) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Bank exercises control directly or indirectly over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Subsidiaries that are considered insignificant are not consolidated and the Bank's interests in those subsidiaries are classified as long term investments.

(ii) Investments in Associates

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

The Group's investments in associates are initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition net income (or loss), or other movements reflected directly in the equity of the associated or jointly controlled entity. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment (net of any accumulated impairment loss). When the Group's share of losses in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting policies of the Group. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

In the financial statements of the Group, investments in associates are stated at cost less impairment if any.

(iii) Funds Management

The Group manages and administers assets held in unit trust or other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except where the group controls the entity. Information about the Group's fund management activities are set out in note 35.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. All subsidiaries and associates follow the same accounting policies. Where this is not the case, on consolidation, changes are effected to bring the accounting policies in line with the Group policies.

(b) Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in the income statement or shareholders' equity as appropriate.

(c) Interest

Interest income is recognised in the income statement for all interest-bearing financial instruments classified as held to maturity, available for sale or other loans and receivables using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating the effective interest rate, the Group estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees are included in the calculation to the extent that they can be wholly measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

When a financial asset or a group of similar financial assets have been written down as a result of impairment, contractual effective rate of interest is used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement in the period they arise.

(d) Fees and commissions

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed, usually on time proportionate basis.

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

(e) Net Trading Income

Income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

(f) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income based on the underlying classification of the equity instrument.

(g) Other Operating Income

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities, derecognised available for sale financial assets, and foreign exchange differences.

(h) Leases

(i) Classification

Leases that the Group assumes substantially all the risks and rewards of ownership of the underlying asset are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(i) Income tax expense

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only off set when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(j) Financial assets and liabilities

(i) Categorisation of financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the categorisation of its financial assets and liabilities at initial recognition.

(ii) Financial assets and liabilities held at fair value through profit or loss

Financial instruments are classified in this category if they are held for trading, or if they are designated by management under the fair value option. Instruments are classified as held for trading if they are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or;
- a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial instruments may be designated at fair value through profit or loss (designated under the fair value option) on inception. Financial instruments cannot be taken into or out of this category after inception. Financial instruments designated at fair value are recognised initially at fair value and transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Regular way purchases and sales of financial instruments held for trading under fair value option are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, which are not classified as available for sale and which the Group has no intention to sell immediately or in the near term.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

(iv) Available for sale financial assets

Available for sale investments are non-derivative financial investments that are designated as available for sale and are not categorised as held at fair value through profit and loss, loans and receivables or held to maturity. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Gains and losses arising from changes in fair value are included in a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement. Interest determined using the effective interest rate method, impairment losses and translation differences on monetary items are recognised in the income statement. The available for sale financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of available for sale financial instruments are recognised on trade date, being the date on which the group commits to purchase or sell the asset.

(v) Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss. All financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

(vi) Fair value measurement

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. For unlisted securities and financial assets or financial liabilities that are not actively traded, the Group establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

(vii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet if, and only if, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(viii) Amortised cost measurement

“The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.”

(ix) Identification and measurement of impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group’s grading process which considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for group of such assets being indicative of the debtors’ ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

To the extent a loan is irrecoverable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the income statement. When the subsequent events cause available-for-sale assets to decrease, the impairment loss is reversed through the income statement.

(k) Derivative financial instruments

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value changes in the derivative are recognised in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with maturities less than three months. Cash and cash equivalents are carried at amortised cost in the balance sheet.

(m) Investments in debt and equity instruments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either fair value through profit and loss, available for sale or loans and receivables.

(i) Fair value through profit and loss

The Group carries some investment securities at fair value, with fair value changes recognised immediately in profit or loss as described in accounting policy j(ii).

(ii) Available for sale

Available for sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

(iii) Loans and receivables

Investment securities designated as loans and receivables comprise investment in government treasury bills which are carried at amortised cost as described in accounting policy j(iii)

(n) Due from Banks and Other Financial Institutions

This is mainly made up of placements and overnight deposits with banks and other financial institutions. Amounts due from banks and other financial institutions are carried in the balance sheet at amortised cost, i.e. gross receivable less impairment allowance.

(o) Property and Equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Buildings	-	over the remaining life of the lease
Motor Vehicles	-	5 years
Equipment	-	3 years
Furniture and fittings	-	7 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gains and losses on disposals are included in the income statement.

(p) Intangible assets

Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

(q) Current and Deferred Taxation

(i) Current Taxation

The Group provides for income taxes at the current tax rates on the taxable profits of the Group. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred Taxation

Deferred income tax is provided, using the balance sheet method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax is not recognised for the following temporary differences; the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(s) Deposits, amounts due to Banks and borrowings

This is mainly made up of customer deposit accounts, overnight placements by banks and other financial institutions and medium term borrowings. They are categorised as other financial liabilities carried in the balance sheet at amortised cost.

(i) Deposits and amounts due to Banks

Deposits and amounts due to Banks are a major source of debt funding for the Group. Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit and loss.

(ii) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

(u) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

(v) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(w) Share-based payments to employees

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period.

The fair value of the shares granted is determined by reference to the intrinsic value of the options granted, which take into account the exercise price of the option, the current weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

(x) Impairment on non-financial assets

The carrying amount of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(y) Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholders of the bank. Dividend payable is recognised as a liability in the period in which it is declared (the obligation to pay is established).

(iii) Treasury shares

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(z) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments) or in providing products and services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Business segments are the primary reporting segments. Group costs are allocated to segments on a reasonable and consistent basis.

(aa) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares which comprises share options granted to employees.

(ab) New standards and interpretations yet to be adopted

Details of this are presented in note 40.

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Asset and Liability Committee (ALCO) and Risk Management Department which are responsible for developing and monitoring risk management policies in their specified areas. All Board committees are made up of non-executive members, with executives in attendance. The committees report regularly to the Board of Directors on their activities.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by Internal Audit and Internal Control. Internal Audit and Internal Control undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the risk management department and reports to it on a quarterly bases. The department is responsible for oversight of the credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to executives of the group. Larger facilities require approval by the Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing all credit exposures prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties and industries (for loans and advances), and by issuer, credit rating band and market liquidity.
- Developing and maintaining risk gradings in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework reflects the varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by Risk Management department.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to Group Credit on the credit quality of loan portfolio and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures. Each business unit reports on all credit related matters to management. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

The internal risk grading scale is as follows:

Group's rating	Description of the grade	Average number of days outstanding
Grade A	Current	less than 30 days
Grade B	Other Loans Especially Mentioned (OLEM)	30 to but less than 90 days
Grade C	Sub-standard	90 days to less than 180 days
Grade D	Doubtful	180 days to less than 360 days
Grade E	Loss	360 days and above

Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

4. Financial risk management (continued)

Exposure to Credit Risk

Loans and Advances to Customers

	2008	2007
Carrying Amount Individually Impaired	190,938	114,918
Grade B	2,153	1,268
Grade C	1,473	1,224
Grade D	867	987
Grade E	5,702	3,769
Gross Amount	10,195	7,248
Allowance for Impairment	(7,517)	(5,505)
Carrying Amount	2,678	1,743
Collectively Impaired		
Grade B	763	541
Grade C	1,068	608
Grade D	2,013	539
Grade E	258	924
Gross Amount	4,102	2,612
Allowance for Impairment	(733)	(402)
Carrying Amount	3,369	2,210
Past due but not Impaired		
Grade B	1,475	7
Grade C	-	20
Grade D	117	97
Grade E	15	96
Carrying Amount	1,607	220
Neither past due nor impaired		
Current	183,284	110,745
Total Carrying Amount	190,938	114,918

Impaired loans and securities

Impaired loans and securities are loans and securities for which it has been determined that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but it is believed that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed.

Allowances for impairment

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

4. Financial risk management (continued)

Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when loan review committee determines that the loans / securities are uncollectible. This determination is reached after the loan or security has been classified as "loss" for three consecutive years. All write-offs must be approved by the Board.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

Loans and Advances to Customers

	2008		2007	
	Gross	Net	Gross	Net
Grade B	2,153	1,553	1,268	678
Grade C	1,473	358	1,224	471
Grade D	867	237	987	321
Grade E	5,702	530	3,769	273
Total	10,195	2,678	7,248	1,743

Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except where the counterparty bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31st December 2008 or 2007.

Credit risk concentration

The Group monitors concentrations of credit risk by business segment and by type of customer. An analysis of concentrations of credit risk by business segment at the reporting date is shown below:

Loans and Advances to Customers

	2008	2007
Carrying Amount	190,938	114,918
Concentration by sector		
Agriculture, Forestry & Fishing	6,576	3,582
Mining and Quarrying	25,097	6,520
Manufacturing	28,395	16,956
Construction	17,819	16,256
Electricity, gas and water	12,637	12,215
Commerce and Finance	51,796	34,878
Transport, Storage and Communications	20,773	5,753
Services	14,919	10,662
Miscellaneous	21,176	14,003
	199,188	120,825
Allowance for Impairment	(8,250)	(5,907)
	190,938	114,918
Concentration by type of customer		
Private Enterprises	191,448	112,822
Joint Private & State Enterprises	3,509	5,277
Public Institutions	161	-
Staff	4,070	2,726
	199,188	120,825
Allowance for Impairment	(8,250)	(5,907)
	190,938	114,918

4. Financial risk management (continued)

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier.

(c) Liquidity risk

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

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains information regarding the liquidity profile of its financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business are met through various deposit mobilisation strategies, short-term loans from the inter-bank market to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

Exposure to liquidity risk

The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank. 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.

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

31st December 2008	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and balances with Bank of Ghana	30,357	30,357	-	-	-	-	-	-
Items in Course of Collection from Other Banks	2,852	2,852	-	-	-	-	-	-
Investment in Government Securities	43,530	-	9,354	520	4,800	28,856	-	-
Due from Banks and Other Financial Institutions	46,959	43,556	3,403	-	-	-	-	-
Investment in Other Securities	1,605	-	1,225	-	127	-	-	253
Investment in Associated Company	1,101	-	-	-	-	-	-	1,101
Loans and Advances to Customers	190,938	41,400	25,142	26,325	24,496	42,910	24,275	6,390
Other Assets	5,717	-	3,386	2,331	-	-	-	-
Current Tax Assets	966	-	-	-	966	-	-	-
Property and Equipment	14,371	-	-	-	-	-	2,367	12,004
Intangible Assets	506	-	-	-	-	-	506	-
Total Assets	338,902	118,165	42,510	29,176	30,389	71,766	27,148	19,748
Liabilities								
Customer Deposits	162,428	83,931	59,475	8,963	7,354	1,572	482	631
Due to Banks and Other Financial Institutions	14,232	3,267	3,159	3,495	2,249	1,659	185	218
Borrowings	115,592	-	52,316	5,083	4,300	-	53,479	414
Accruals and Other Liabilities	6,099	-	3,676	1,618	805	-	-	-
Deferred Tax Liabilities	2,123	-	-	-	-	1,697	-	1,426
Total Liabilities	301,474	87,218	118,626	19,159	14,708	4,928	54,146	2,698
Cumulative liquidity gap	37,428	30,947	(76,116)	10,017	15,681	66,838	(26,998)	17,059

4. Financial risk management (continued)

31st December 2007	Carrying	Less Than	1 - 3	3 - 6	6 months	1 to 3	3 - 5	More than
Assets	Amount	1 month	months	months	to 1 year	years	years	5 years
Cash and balances with Bank of Ghana	18,565	18,565	-	-	-	-	-	-
Items in Course of Collection from Other Banks	2,163	2,163	-	-	-	-	-	-
Investment in Government Securities	34,285	-	63	16	1,937	27,243	5,026	-
Due from Banks and Other Financial Institutions	47,754	47,754	-	-	-	-	-	-
Investment in Other Securities	2,320	564	-	-	1,561	-	-	195
Investment in Associated Company	814	-	-	-	-	-	-	814
Loans and Advances to Customers	114,918	15,494	12,986	14,693	13,351	31,975	22,775	3,644
Other Assets	3,034	-	1,730	1,304	-	-	-	-
Current Tax Assets	34	-	-	-	34	-	-	-
Property and Equipment	11,704	-	-	-	-	-	1,209	10,495
Intangible Assets	136	-	-	-	-	-	136	-
Total Assets	235,727	84,540	14,779	16,013	16,883	59,218	29,146	15,148
Liabilities								
Customer Deposits	120,389	49,670	14,191	28,824	18,768	6,393	2,543	-
Due to Banks and Other Financial Institutions	3,937	1,707	478	345	1,407	-	-	-
Borrowings	67,306	-	17,232	5,750	4,751	1,919	37,594	60
Accruals and Other Liabilities	10,708	-	7,429	1,558	1,721	-	-	-
Deferred Tax Liabilities	2,280	-	-	-	-	835	-	1,445
Total Liabilities	204,620	51,377	39,330	36,477	26,647	9,147	40,137	1,505
Cumulative liquidity gap	31,107	33,163	(24,551)	(20,464)	(9,764)	50,071	(10,991)	13,463

The previous table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance; and unrecognised loan commitments are not all expected to be drawn down immediately.

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the brokerage subsidiary, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Overall authority for market risk is vested in ALCO. The Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to interest rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

4. Financial risk management (continued)

Concentration of assets, liabilities and off balance sheet items

Banks take on foreign currency exchange rate exposure on their financial position and cash flows.

The table below summarises the bank's exposure to foreign currency exchange rate risks at year-end. The amounts stated in the table are the Ghana Cedi equivalent of the foreign currencies.

	US Dollars	British Pounds	Euro	Others	Total
Assets					
Cash and Balances with Bank of Ghana	4,024	347	2,403	14	6,788
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	22,277	5,160	3,745	5,980	37,162
Investment in other Securities	243	-	-	-	243
Loans and Advances to Customers	65,880	-	3,289	-	69,169
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	8,389	222	1,202	-	9,813
Taxation	-	-	-	-	-
Total Assets	100,813	5,729	10,639	5,994	123,175
Liabilities					
Due to Customers	37,608	1,001	2,606	1,962	43,177
Due to other Banks	-	-	-	-	-
Due to Central Bank	-	-	-	-	-
Borrowings	53,921	-	-	-	53,921
Other Liabilities	1,824	1	184	-	2,009
Total Liabilities	93,353	1,002	2,790	1,962	99,107
Net On-Balance Sheet Position	7,460	4,727	7,849	4,032	24,068
Off-Balance Sheet Credit Commitments	12,387	295	5,534	1,236	19,452
	2008				2007
Total Assets	123,175				96,234
Total Liabilities	(99,107)				(74,743)
Net on Balance Sheet Position	24,068				21,491
Off-balance sheet credit commitments	19,452				15,417



4. Financial risk management (continued)

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit and Internal Control Departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

(f) Capital management

Regulatory capital

The Group's lead regulator, the Bank of Ghana, sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the Bank of Ghana requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

The carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation and investments in the capital of banks and certain other regulatory items are deducted from capital.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

4. Financial risk management (continued)

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Group's management of capital during the period.

The Group's regulatory capital position at 31 December was as follows:

	The Bank		The Group	
	2008	2007	2008	2007
Tier 1 capital				
Ordinary share capital	8,272	8,008	8,272	8,008
Disclosed Reserves	22,363	16,958	24,565	18,181
Other regulatory adjustments	(1,429)	(1,381)	(1,590)	(1,141)
Total	29,206	23,585	31,247	25,048
Tier 2 capital				
Revaluation Reserves	4,357	4,338	4,087	3,890
Total	4,357	4,338	4,087	3,890
Total regulatory capital	33,563	27,923	35,334	28,938
Risk-weighted assets				
On-balance sheet items	219,986	136,634	225,578	141,756
Off-balance sheet items	42,840	41,120	42,840	41,120
Total risk-weighted assets	262,826	177,754	268,418	182,876
Other Regulatory Adjustments	22,516	16,532	22,834	16,774
Adjusted Asset Base	285,342	194,286	291,252	199,650
Capital ratios				
Capital Adequacy (Total Regulatory Capital as a percentage of Adjusted Asset Base)	11.76%	14.37%	12.13%	14.49%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(j)(ix).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items can not yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(j)(vi). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 3(i).

In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3(i)(ii).



6. OPERATING SEGMENTS

On 30 November 2006, the International Accounting Standards Board issued IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting. IFRS 8 is mandatory for annual financial statements for periods beginning on or after 1 January 2009, although earlier adoption is permitted.

Cal Bank Group has opted to early adopt IFRS 8 Operating Segments before its effective date of 1 January 2009. Hence, Segment information as required under IAS 14 Segment Reporting, have not been presented.

	Corporate & Institutional Banking	Retail & Business Banking	Treasury	Cal Brokers	Cal Asset Manage- ment	Others	Totals
31st December 2008							
Revenues from External Customers							
Interest Income	20,122	8,667	6,622	76	31	2,595	38,113
Interest Expense	(11,516)	(3,911)	(5,236)	(23)	-	(996)	(21,682)
Net Interest Income	8,606	4,756	1,386	53	31	1,599	16,431
Net Fees and Commissions	3,797	398	-	-	(1)	1,991	6,185
Net Trading Income	-	-	9,929	99	21	150	10,199
Other Operating Income	35	152	62	596	393	809	2,047
Intersegment Revenue	52	-	-	-	-	(52)	-
Operating Income	12,490	5,306	11,377	748	444	4,497	34,862
Impairment Charge on Financial Assets	(1,244)	(940)	-	-	-	-	(2,186)
Net Operating Income	11,246	4,365	11,377	748	444	4,497	32,677
Staff Costs	(2,046)	(752)	(207)	(183)	(212)	(8,049)	(11,449)
Administration and General Expenses	(411)	(238)	(257)	(62)	(41)	(7,134)	(8,143)
Depreciation and Amortisation	-	-	-	(2)	(2)	(1,582)	(1,586)
Total Operating Expenses	(2,457)	(990)	(464)	(247)	(255)	(16,765)	(21,178)
Reportable Segment Profit Before Income Tax	8,789	3,375	10,913	501	189	(12,268)	11,499
Reportable Segment Assets	144,653	23,706	43,448	3,188	399	123,508	338,902
Expenditure on non-current assets	-	-	-	263	6	4,371	4,640
Reportable Segment liabilities	59,857	53,206	115,592	1,221	44	71,554	301,474



6. Operating segments (Continued)

31st December 2007

	Corporate & Institutional Banking	Retail & Business Banking	Treasury	Cal Brokers	Cal Asset Management	Others	Totals
Revenues from External Customers							
Interest Income	12,305	5,309	5,257	27	24	1,479	24,401
Interest Expense	(7,252)	(2,804)	(3,017)	(6)	-	717	(12,362)
Net Interest Income	5,053	2,505	2,240	21	24	2,196	12,039
Net Fees and Commissions	1,113	104	-	7	-	2,733	3,957
Net Trading Income			5,622	344	-	-	5,966
Other Operating Income	-	-	78	398	233	737	1,446
Operating Income	6,166	2,609	7,940	770	257	5,666	23,408
Impairment Charge on Financial Assets	(1,122)	(524)	-	-	-	-	(1,646)
Net Operating Income	5,044	2,086	7,940	770	257	5,665	21,762
Staff Costs	(816)	(262)	(143)	(92)	(124)	(5,032)	(6,469)
Administration and General Expenses	(210)	(84)	(92)	(117)	(53)	(6,463)	(7,019)
Depreciation and Amortisation	-	-	-	(1)	(1)	(1,156)	(1,158)
Total Operating Expenses	(1,026)	(346)	(235)	(210)	(178)	(12,651)	(14,646)
Reportable Segment Profit Before Income Tax	4,018	1,740	7,705	560	79	(6,986)	7,116
Reportable Segment Assets	100,124	18,740	47,105	2,184	319	67,255	235,727
Expenditure on non-current assets	-	-	-	4	15	3,260	3,279
Reportable Segment liabilities	67,198	20,824	67,306	1,466	185	47,641	204,620

	2008	2007
Reconciliation of Segment Revenues		
Total Revenue for Reportable Segments	30,365	17,742
Other Revenues	4,497	5,666
Total Group Revenue	34,862	23,408



6. Operating segments (Continued)

Reconciliation of Profit or Loss

	2008	2007
Total profit or loss for reportable segments	23,767	14,102
Other Profit or loss	(12,571)	(7,207)
Unallocated Amounts:		
Share of Post-tax Profit of Associated Company	267	204
Proceeds From Disposal of Non-Current Assets	36	17
Total Consolidated Income before tax expense	11,499	7,116

Reconciliation of assets and liabilities

Total assets for reportable segments	215,394	168,472
Other Assets	123,508	67,255
Total assets for the Group	338,902	235,727
Total liabilities for reportable segments	229,920	156,979
Other liabilities	71,554	47,641
Total liabilities for the Group	301,474	204,620

7. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities (excluding accrued interest). The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

31st December 2008	Trading	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
Cash and balances with Bank of Ghana	-	-	-	30,357	30,357	30,357
Items in Course of Collection from Other Banks	-	-	-	2,852	2,852	2,852
Investment in Government Securities	-	14,757	28,773	-	43,530	42,417
Due from Banks and Other Financial Institutions	-	46,959	-	-	46,959	46,959
Investment in Other Securities	1,235	-	370	-	1,605	1,605
Loans and Advances to Customers	-	190,938	-	-	190,938	189,664
	1,235	252,654	29,143	33,209	316,241	313,854
Customer Deposits	-	-	-	162,428	162,428	158,665
Due to Banks and Other Financial Institutions	-	-	-	14,232	14,232	14,232
Borrowings	-	-	-	115,592	115,592	112,973
Accruals and Other Liabilities	-	-	-	6,099	6,099	6,099
	-	-	-	298,351	298,351	291,969
31st December 2007						
Cash and balances with Bank of Ghana	-	-	-	18,565	18,565	18,565
Items in Course of Collection from Other Banks	-	-	-	2,163	2,163	2,163
Investment in Government Securities	-	2,274	32,011	-	34,285	34,285
Due from Banks and Other Financial Institutions	-	47,754	-	-	47,754	47,754
Investment in Other Securities	564	-	1,756	-	2,320	2,320
Loans and Advances to Customers	-	114,918	-	-	114,918	113,941
	564	164,946	33,767	20,728	220,005	219,028
Customer Deposits	-	-	-	120,389	120,389	118,158
Due to Banks and Other Financial Institutions	-	-	-	3,937	3,937	3,937
Borrowings	-	-	-	67,306	67,306	65,328
Accruals and Other Liabilities	-	-	-	10,708	10,708	10,708
	-	-	-	202,340	202,340	198,131

7. Financial assets and liabilities (Continued)

(a) Fair value approximates carrying value due to the minimal credit losses and short-term nature of the financial assets and liabilities.

(b) Financial instruments at fair value are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial-markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

(c) The fair value for loans and advances, and other lending is estimated using discounted cash flows, applying either market rates where practicable or, where the counterparty is a bank, rates currently offered by other financial institutions for placings with similar characteristics. In certain cases the fair value approximates carrying value because the instruments are short term in nature or reprice frequently.

(d) Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate to their carrying value. The fair value of all other deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the Group for deposits of similar remaining maturities.

(e) Fair values of short-term debt securities in issue are approximately equal to their carrying amount. Fair values of other debt securities in issue are based on quoted prices where available, or where these are unavailable, are estimated using other valuation techniques.

8. NET INTEREST INCOME

	The Bank		The Group	
	2008	2007	2008	2007
INTEREST INCOME				
Placements, Special Deposits, etc.	2,001	741	1,996	734
Investment Securities	5,991	5,024	6,073	5,071
Loans and Advances	30,067	18,596	30,044	18,596
Total Interest Income	38,059	24,361	38,113	24,401
INTEREST EXPENSE				
Current Accounts	2,801	2,707	2,788	2,698
Time and other Deposits	9,946	4,049	9,934	4,044
Overnight and Call Accounts	344	163	344	163
Borrowings	8,616	5,457	8,616	5,457
Total Interest Expense	21,707	12,376	21,682	12,362
Net Interest Income	16,352	11,985	16,431	12,039

Included within interest income from loans and advances for the year ended 31st December 2008 is a total of GH¢1.73 million (2007: GH¢0.88 million) accrued on impaired financial assets.

9. NET FEE AND COMMISSION INCOME

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Fee and Commission Income					
Letters of Credit & Guarantees		1,705	977	1,705	977
Foreign Transfers		980	673	980	673
Other Commissions		1,735	1,271	1,734	1,355
Other Fees		2,141	1,200	2,141	1,200
Total Fee and Commission Income		6,561	4,121	6,560	4,205
Fee and Commission Expense					
Inter-bank transaction fees		278	248	278	248
Other fees and commission expense		97	-	97	-
Total Fee and Commission Expense		375	248	375	248
Net Fee and Commission Income		6,186	3,873	6,185	3,957

10. NET TRADING INCOME

Foreign Exchange		9,929	5,622	9,929	5,622
Equities held-for-trading		-	-	270	344
Net Trading Income		9,929	5,622	10,199	5,966

11. OTHER OPERATING INCOME

Loss/Gain on Sale of Available for Sale Securities		-	26	-	26
Other Income		757	940	1,744	1,199
		757	966	1,744	1,225

12. STAFF COSTS

Salaries and Bonuses		5,405	3,706	5,624	3,867
Social Security Contribution		502	354	523	372
Equity-settled Share Based Payments	14	761	329	776	331
Increase in Liability for Defined Benefit Scheme	33	138	111	138	111
Training		418	404	421	404
Other Staff Costs		3,831	1,346	3,967	1,384
		11,055	6,250	11,449	6,469

The average number of persons employed by the bank during the year was 276 (2007: 252)

13. ADMINISTRATION AND GENERAL EXPENSES

Advertising and Marketing		1,067	920	1,101	940
Administration Expenses		660	507	660	507
Directors' Emoluments		112	63	115	67
Equity-settled Share Based Payments	14	517	287	517	287
Auditors' Remuneration		41	35	51	44
Other Expenses		5,667	4,963	5,716	5,060
Diminution in value of shares held in associated company		-	-	(17)	114
		8,064	6,775	8,143	7,019

(b) Social Responsibility

Amount spent on fulfilling social responsibility obligations was GH¢254,258 (2007: GH¢99,322).

14. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The shareholders of the Bank on 26th April 2004 approved the following share options scheme for non-executive directors and executive directors and senior management staff.

The options for Senior Management Staff are exercisable at the initial public offering price of GH¢0.20 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. All options are to be settled by physical delivery of shares.

The options for non-executive directors are exercisable at the option price of GH¢0.20 per share over a three-year period in equal amounts 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 December 31, 2007 after which they will lapse. The options for non-executive directors were fully exercised as at 31st December 2007.

The recognition and measurement principles of IFRS 2 have not been applied to 1,227,376 share options granted to Senior Management Staff, and 1,604,776 share options granted to non-executive directors, that vested before 1st January 2007, the group's date of transition to IFRS.

	Senior management & executive directors	Non-executive directors
Grant Date	26th April 2004	26th April 2004
Number of Instruments Granted	4,517,783	1,859,551
Contractual Life of Options	5 years	3 years

The number and weighted average exercise price of share options are as follows:

	Senior management & executive directors				Non-executive directors			
	2008		2007		2008		2007	
	Weighted Average Exercise Price (GH¢)	Number of Options	Weighted Average Exercise Price (GH¢)	Number of Options	Weighted Average Exercise Price (GH¢)	Number of Options	Weighted Average Exercise Price (GH¢)	Number of Options
Outstanding at 1 January	0.20	2,291,446	0.20	3,897,352	-	-	0.20	802,388
Forfeited During the period	0.20	(573,489)	-	-	-	-	-	-
Exercised during the period	0.25	(1,030,970)	0.20	(1,944,710)	-	-	0.20	(802,388)
Granted during the Period	0.64	131,592	0.18	338,804	-	-	-	-
Outstanding at 31 December	0.20	<u>818,579</u>	0.20	<u>2,291,446</u>	-	-	-	-
Exercisable at 31 December	0.20	179,890	0.20	421,011	-	-	-	-

The options outstanding at 31st December 2008 have an exercise price of GH¢0.20 and a weighted average contractual life of 1 year.

The weighted average share price for share options exercised in 2008 was GH¢0.64 (2007: GH¢0.29).

The fair value of services received in return for share options granted is based on the fair value of the equity instruments granted. The fair value of the shares granted is determined by reference to the intrinsic value of the options granted, which takes into account the exercise price of the option and the year-to-date weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

14 Share-based payments (continued)

(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.

The recognition and measurement principles of IFRS2 have not been applied to 3,101,858 bonus shares granted to executive and non-executive directors, that vested before 1st January 2007, the group's date of transition to IFRS.

The fair value of services received in return for bonus shares granted is based on the fair value of the equity instruments granted. The fair value of the shares granted is determined by reference to the intrinsic value of the bonus shares granted, which is equal to the year-to-date weighted average share price of Cal Bank Limited's shares listed on the Ghana Stock Exchange.

The weighted average share price for bonus shares exercised in 2008 was GH¢0.64 (2007: GH¢0.29).

Bonus Shares Issued

	2008	2007
Bonus shares outstanding 1st January	3,101,858	4,652,785
Bonus shares issued	(1,550,927)	(1,550,927)
Bonus shares outstanding at 31st December	1,550,931	3,101,858

Income Statement Expenses

	The Bank		The Group	
	2008	2007	2008	2007
Senior management & executive directors				
Number of Options vested	1,607,332	1,907,372	1,607,332	1,907,372
Total expense recognised in staff costs	761	329	776	331
Non-executive directors				
Number of Options vested	809,751	1,429,600	809,751	1,429,600
Total expense recognised in administration and general expenses	517	287	517	287

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31st December 2008 was based on the profit attributable to ordinary shareholders of GH¢9.1 million (2007: GH¢5.2 million) and a weighted average number of ordinary shares outstanding of 168 million (2007: 160 million), calculated as follows:

Profit attributable to ordinary shareholders

in thousands of Ghana Cedis

	The Group	
	2008	2007
Net profit for the period attributable to equity holders of the Bank	9,068	5,204

Weighted average number of ordinary shares

In thousands of share

Issued ordinary shares at 1 January	163,939	158,627
Effect of share options exercised	786	1,543
Weighted average number of ordinary shares at 31 December	164,725	160,170

15. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share as at 31st December 2008 was based on the profit attributable to ordinary shareholders of GH¢9.1 million (2007: GH¢5.2 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 170 million (2007: 162 million), calculated as follows:

Profit attributable to ordinary shareholders

in thousands of Ghana Cedis

	Notes	The Group	
		2008	2007
Profit for the period attributable to ordinary shareholders		9,068	5,204
Weighted average number of ordinary shares (diluted)			
<i>In thousands of shares</i>			
Weighted average number of ordinary shares (basic)		167,997	160,170
Effect of share options on issue	14	1,731	1,972
Weighted average number of ordinary shares (diluted) at 31st December		169,728	162,142

The average market value of the Bank's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

16. CASH AND BALANCES WITH BANK OF GHANA

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Cash in Hand		5,519	5,425	5,519	5,425
Balances with Bank of Ghana		24,838	13,140	24,838	13,140
		30,357	18,565	30,357	18,565

Mandatory reserve deposits representing 9% of the bank total deposit are not available for use in the bank's day to day operations and are non-interest bearing.

17. CASH AND CASH EQUIVALENTS

Cash and balances with Bank of Ghana	16	30,357	18,565	30,357	18,565
Due from other banks and financial Institutions	20	45,440	47,105	46,959	47,754
Items in course of collection	18	2,852	2,163	2,852	2,163
		78,649	67,833	80,168	68,482

18. ITEMS IN COURSE OF COLLECTION

Items in course of collection		2,852	2,163	2,852	2,163
		2,852	2,163	2,852	2,163

19. GOVERNMENT SECURITIES

Treasury Bills		14,675	2,017	14,757	2,274
Government Bonds		28,773	32,011	28,773	32,011
		43,448	34,028	43,530	34,285

Long term government bonds are classified as Available-for-sale and carried at fair value with the fair value movements recognised directly in equity; whilst short-term treasury bills have been classified as loans and receivables and held at amortised cost.

20. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Nostro account balances		45,440	42,223	45,440	42,223
Placement with other banks		-	4,882	1,519	5,531
		45,440	47,105	46,959	47,754

21. LOANS AND ADVANCES TO CUSTOMERS

	The Bank		The Group	
	2008	2007	2008	2007
(a) Analysis by type				
Overdrafts	100,865	40,212	100,865	40,068
Term Loans	87,972	73,431	87,972	73,431
Other Advances	10,351	7,326	10,351	7,326
Gross Loans and Advances	199,188	120,969	199,188	120,825
Less:				
Identified Impairment	(7,608)	(5,505)	(7,608)	(5,505)
Unidentified Impairment	(642)	(402)	(642)	(402)
Carrying Amount	190,938	115,062	190,938	114,918

- The above constitute loans and advances (including credit bills negotiated) to customers and staff.
- Loan loss provision ratio is 4.1% of gross advances (2007: 4.9%).
- Gross Non-performing loans ratio per Bank of Ghana requirement is 5.9% (2007: 7.3%).
- Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 68.8% (2007: 77.5%).

The maximum amount due from officers of the bank during the year amounted to GH¢4.05 million (2007: GH¢2.72 million).

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

Allowances for Identified Impairment

	The Bank		The Group	
	2008	2007	2008	2007
Balance at 1st January	5,505	3,724	5,505	3,724
Impairment Charge for the year	2,103	1,781	2,103	1,781
Balance at 31st December	7,608	5,505	7,608	5,505

Allowances for Unidentified Impairment

Balance at 1st January	402	296	402	296
Impairment Charge for the year	240	106	240	106
Balance at 31st December	642	402	642	402

Impairment charge to the income statement

Net increase in impairments	2,344	1,887	2,344	1,887
Amounts previously written off recovered	(158)	(241)	(158)	(241)
Net charge to the income statement	2,186	1,646	2,186	1,646



22. INVESTMENT IN OTHER SECURITIES

	The Bank		The Group	
	2008	2007	2008	2007
Investment securities at fair value through profit or loss	-	-	1,235	564
Available-for-sale investment securities	370	1,756	370	1,756
	370	1,756	1,605	2,320
Investment securities at fair value through profit or loss				
Equity Securities held-for-trading	-	-	1,235	564

Investment securities that have been designated at fair value through profit or loss are the Group's equity investments in certain entities held by its asset management and brokerage subsidiaries.

Available-for-sale investment securities

Commercial Paper	-	1,500	-	1,500
Quoted Equity securities with readily determinable fair values	127	61	127	61
Unquoted equity securities at cost	249	201	249	201
	376	1,762	376	1,762
Less specific allowances for impairment	(6)	(6)	(6)	(6)
Carrying Amount	370	1,756	370	1,756
Specific allowances for impairment				
Balance at 1 January	6	6	6	6
Charge for the year	-	-	-	-
Balance at 31 December	6	6	6	6
Unquoted equity securities at cost				
Securities Discount Company	6	6	6	6
Africa Investment Bank	243	195	243	195
	249	201	249	201

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

23. INVESTMENT IN ASSOCIATED COMPANIES

	The Bank		The Group	
	2008	2007	2008	2007
Ghana Leasing Company Limited	407	407	1,165	961
Group's share of associated company's operating profit	-	-	267	204
	407	407	1,432	1,165
Less impairment loss	-	-	(331)	(351)
Carrying amount	407	407	1,101	814

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%

24. INVESTMENTS IN SUBSIDIARIES

The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
CAL Brokers Limited	Security Brokerage	Ghana	600	100
CAL Asset Management	Fund Management	Ghana	118	100
CAL Investments Limited	Investments Management	Ghana	10	100
			<u>728</u>	

Investments in subsidiaries are stated at cost and comprise:

	The Bank		The Group	
	2008	2007	2008	2007
Shares	728	713	-	-

25. OTHER ASSETS

	The Bank		The Group	
	2008	2007	2008	2007
Sundry Debtors	2,596	1,876	2,607	2,080
Accrued Income Receivable	53	64	178	64
Prepayments	1,685	548	1,685	549
Items in transit	1,247	341	1,247	341
	5,581	2,829	5,717	3,034

26. TAXATION

	The Bank			
	Balance 1/1/2008	Payments During the year	Charge for the year	Balance 31/12/2008
Income Tax				
1998 - 2006	(88)	-	-	(88)
2007	14	-	-	14
2008	-	(2,448)	1,534	(914)
	(74)	(2,448)	1,534	(988)
Capital Gains Tax				
2001	(5)	-	-	(5)
	(79)	(2,448)	1,534	(993)
Dividend Tax				
1997 - 2006	2	-	-	2
2008	-	-	-	-
	2	-	-	2
National Reconstruction Levy				
2001 - 2006	58	-	-	58
Total	(19)	(2,448)	1,534	(933)

26. Taxation (continued)

	The Group			
	Balance 1/1/2008	Payments During the year	Charge for the year	Balance 31/12/2008
Income Tax				
1998 - 2006	(103)	-	-	(103)
2007	15	-	-	15
2008		(2,501)	1,569	(932)
	(88)	(2,501)	1,569	(1,020)
Capital Gains Tax				
2001	(5)	-	-	(5)
	(93)	(2,501)	1,569	(1,025)
Dividend Tax				
1997 - 2006	2	-	-	2
2008		-	-	-
	2	-	-	2
National Reconstruction Levy				
2001 - 2006	57	-	-	57
Total	(34)	(2,501)	1,569	(966)

Income Tax Expense

Recognised in the income statement

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Current tax expense					
Current year		1,534	1,918	1,569	1,939
Deferred tax expense	27	862	(27)	862	(27)
Total income tax expense		2,396	1,891	2,431	1,912
Reconciliation of effective tax rate					
		The Bank		The Group	
		2008	2007	2008	2007
Profit before income tax		10,372	6,636	11,499	7,116
Corporate Tax Rate		25%	25%	25%	25%
Income tax using the domestic corporate tax rate of 25%		2,593	1,659	2,875	1,779
Non-deductible expenses		866	547	866	547
Tax on items at different tax rate		(16)	(25)	(16)	(46)
Income already taxed in previous years		(504)	-	(504)	-
Capital Allowances		(329)	(262)	(329)	(262)
Net Tax Effect on unrealised Gains/losses		(1,076)	(320)	(1,067)	(375)
Other		-	319	(256)	296
		1,534	1,918	1,569	1,939
Deferred Tax		862	(27)	862	(27)
Overall tax charge		2,396	1,891	2,431	1,912
Effective tax rate		23.1%	28.5%	21.1%	26.9%

27. DEFERRED TAXATION

	The Bank		The Group	
	2008	2007	2008	2007
Balance at 1st January	2,280	1,682	2,280	1,682
Origination/reversal of temporary differences:				
recognised in income statement	862	(27)	862	(27)
-recognised in equity	(19)	625	(19)	625
Balance at 31st December	3,123	2,280	3,123	2,280

Liabilities up to and including 2002 have been agreed with the tax authorities. All liabilities are subject to agreement with the Internal Revenue Service

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

28. PROPERTY AND EQUIPMENT

	The Bank				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at 1st January 2008	8,312	4,142	1,159	1,699	15,312
Additions	259	578	153	3,144	4,134
Disposals	-	(10)	(150)	-	(160)
Transfers	258	309	86	(653)	-
Balance at 31st December 2008	8,829	5,019	1,248	4,190	19,286
Accumulated Depreciation					
Balance at 1st January 2008	746	2,332	536	-	3,614
Charge for the year	283	1,039	158	-	1,480
Released on Disposal	-	(10)	(133)	-	(143)
Balance at 31st December 2008	1,029	3,361	561	-	4,951
Net Book Value					
At 31st December 2008	7,800	1,658	687	4,190	14,335
At 31st December 2007	7,566	1,810	623	1,699	11,698



28. Property and equipment (continued)

	The Group				Total
	Bank Premises	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
Cost					
Balance at 1st January 2008	8,312	4,154	1,159	1,699	15,324
Additions	259	611	153	3,144	4,167
Disposals	-	(10)	(150)	-	(160)
Transfers	258	309	86	(653)	-
Balance at 31st December 2008	8,829	5,064	1,248	4,190	19,331
Accumulated Depreciation					
Balance at 1st January 2008	746	2,338	536	-	3,620
Charge for the year	283	1,042	158	-	1,483
Released on Disposal	-	(10)	(133)	-	(143)
Balance at 31st December 2008	1,029	3,370	561	-	4,960
Net Book Value					
At 31st December 2008	7,800	1,694	687	4,190	14,371
At 31st December 2007	7,566	1,816	623	1,699	11,704

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.

	The Bank		The Group	
	2008	2007	2008	2007
Summary of Property and Equipment				
Gross Value	19,286	15,312	19,331	15,324
Accumulated depreciation	(4,951)	(3,614)	(4,960)	(3,620)
Net Book Value	14,335	11,698	14,371	11,704

Disposal of Property and Equipment

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

Cost	160	27	160	27
Accumulated Depreciation	(143)	(27)	(143)	(27)
Net Book Value	17	-	17	-
Disposal Proceeds	53	17	53	17
Profit on Disposals	36	17	36	17

29 INTANGIBLE ASSETS

	The Bank		The Group	
	2008	2007	2008	2007
Purchased Software				
Cost				
Balance at 1st January 2008	220	192	230	201
Acquisitions	237	29	473	29
Balance at 31st December 2008	457	221	703	230
Amortisation				
Balance at 1st January 2008	94	28	94	28
Charge for the year	103	66	103	66
Balance at 31st December 2008	197	94	197	94
Net Book Value				
At 31st December 2008	260	127	506	136
At 31st December 2007	126	164	136	173

30 CUSTOMER DEPOSITS

Current Account	64,798	71,278	64,562	71,116
Time Deposits	92,248	45,730	93,551	46,202
Savings deposits	4,315	3,071	4,315	3,071
	161,361	120,079	162,428	120,389
Analysis by type of depositors				
Individual and other private enterprise	144,424	87,648	145,490	91,253
Public enterprises	16,937	32,431	16,938	29,136
	161,361	120,079	162,428	120,389

Twenty largest depositors to total deposit ratio is 43% (2007: 51%).

31 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank		The Group	
	2008	2007	2008	2007
Deposits from other banks	14,232	3,937	14,232	3,937

32 BORROWINGS

	The Bank		The Group	
	2008	2007	2008	2007
African Development Bank	12,185	1,054	12,185	1,054
Bank Of Ghana	418	-	418	-
DEG	12,286	9,695	12,286	9,695
Export Development And Investment Fund	211	169	211	169
Ghana International Bank	12,442	13,420	12,442	13,420
PROPARCO	16,350	14,861	16,350	14,861
Ecobank Development Corporation	1,976	-	1,976	-
National Health Insurance Council	13,126	14,460	13,126	14,460
SSNIT	9,440	9,997	9,440	9,997
BSIC Ghana Limited	1,238	-	1,238	-
Amalbank Limited	10,005	-	10,005	-
Apex Bank	4,002	-	4,002	-
First Atlantic Merchant Bank Limited	5,003	-	5,003	-
Guaranty Trust Bank	4,002	-	4,002	-
International Commercial Bank	1,201	-	1,201	-
Merchant Bank Ghana Limited	3,002	-	3,002	-
Prudential Bank Limited	-	3,002	-	3,002
Stanbic Bank Ghana Limited	2,001	-	2,001	-
State Insurance Company Limited	-	648	-	648
The Trust Bank Limited	4,703	-	4,703	-
Zenith Bank Gh Limited	2,001	-	2,001	-
Carrying Amount	115,592	67,306	115,592	67,306

Long-term borrowings

- i. African Development Bank – This facility was granted for on-lending to the private sector. Interest is at a rate of 6 months US Libor plus 2.3% maturing in 2015.
- ii. Bank of Ghana – This is a facility is granted for on-lending to the private sector. The weighted average interest rate on this facility is 3.1% per annum.
- iii. DEG - This facility was granted for on-lending to the private sector and expiring in October 2015. Interest is at a rate of 6 months US Libor plus 2.5%
- iv. 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.
- v. GIB Loan – This facility was granted for on-lending to the private sector. Interest rate is at a rate of 6-month US Libor plus 2.5% per annum maturing in 2011.
- vi. Proparco – four long-term facilities granted for on-lending to the private sector and expiring between October 2010 and October 2015. Interest is at a rate of 6 months US Libor plus 2.5%

Short-term borrowings

- i. Ecobank Development Corporation, National Health Insurance Council, 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. The weighted average interest rate on these facilities is 14.86%.

32 Borrowings (Continued)

- ii. BSIC Ghana Ltd. - short-term foreign currency facility maturing in February 2009 at an interest rate of 4.5% per annum

Inter-bank borrowings

Inter-bank borrowing at the inter-bank overnight rates prevailing at the date of the transaction from the following counterparties; Amalbank Ltd, Apex Bank, First Atlantic Merchant Bank Ltd, Guaranty Trust Bank Ltd., International Commercial Bank Ltd., Merchant Bank Ghana Ltd, Stanbic Bank Ghana Ltd., The Trust Bank Ltd and Zenith Bank Gh Ltd. The Weighted Average Interest rate on these borrowings was 19.84%

33. ACCRUALS AND OTHER LIABILITIES

	The Bank		The Group	
	2008	2007	2008	2007
Creditors	2,960	3,208	3,061	3,413
Accruals	1,002	720	1,060	709
Recognised liability for Other Long-term Employee Benefit	270	169	270	169
Short-Term Employee benefits	256	234	256	234
Other liabilities	1,445	6,183	1,452	6,183
	5,933	10,514	6,099	10,708

Movement in the liability for defined benefit obligations

Liability for defined benefit obligations at 1 January	169	212	169	212
Benefits paid by the plan	(81)	(154)	(81)	(154)
Expense charged to income statement	138	111	138	111
Unrecognised Actuarial Gains/Loss: Liabilities	44	-	44	-
Liability for defined benefit obligations at 31 December	270	169	270	169

Expenses recognised in profit or loss

Current service costs	94	70	94	70
Interest on obligation	44	41	44	41
	138	111	138	111

Actuarial assumptions

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

	The Bank		The Group	
	2008	2007	2008	2007
Discount rate at 31 December	5.0%	5.0%	5.0%	5.0%
Future salary increases (Real rates)	2.0%	2.0%	2.0%	2.0%
Inflation rate	15.0%	15.0%	15.0%	15.0%

Assumptions regarding future mortality based on published statistics and mortality tables.

34. CAPITAL AND RESERVES (The Bank and The Group)

Reconciliation of Movement in Capital and Reserves

The Bank	Stated Capital	Statutory Reserve	Capital Surplus	Income Surplus	Other Reserves			Total Equity
					Share Options Reserve	Fair Value Reserves	Regulatory Credit Risk Reserve	
Opening Balance 1 January 2007	7,143	5,937	2,463	4,901	-	500	2,515	23,457
Share Options Exercised	865	-	-	-	618	-	-	1,483
Net Profit After Tax	-	-	-	4,745	-	-	-	4,745
Transfer to/from Reserves	-	1,505	-	(331)	-	-	(1,174)	-
Dividend Paid to Equity Holders	-	-	-	(1,202)	-	-	-	(1,202)
Revaluation of Property	-	-	1,875	-	-	-	-	1,875
Change in Fair Value of Investments	-	-	-	-	-	(4)	-	(4)
Closing Balance 31 December 2007	8,008	7,442	4,338	8,113	618	496	1,341	30,356
Opening Balance 1 January 2008	8,008	7,442	4,338	8,113	618	496	1,341	30,356
Share Options Exercised	264	-	-	-	1,293	-	-	1,557
Net Profit After Tax	-	-	-	7,976	-	-	-	7,976
Transfer to/from Reserves	-	1,995	-	(3,779)	-	-	1,784	-
Dividend Paid to Equity Holders	-	-	-	(1,752)	-	-	-	(1,752)
Revaluation of Property	-	-	19	-	-	-	-	19
Change in Fair Value of Investments	-	-	-	-	-	(2,749)	-	(2,749)
Closing Balance 31 December 2008	8,272	9,437	4,357	10,559	1,911	(2,253)	3,125	35,408

The Group	Stated Capital	Statutory Reserve	Capital Surplus	Income Surplus	Other Reserves			Total Equity
					Share Options Reserve	Fair Value Reserves	Regulatory Credit Risk Reserve	
Opening Balance 1 January 2007	7,143	5,937	1,903	5,621	-	500	2,515	23,619
Share Options Exercised	865	-	-	-	618	-	-	1,483
Net Profit After Tax	-	-	-	5,204	-	-	-	5,204
Transfer to/from Reserves	-	1,505	-	(331)	-	-	(1,174)	-
Revaluation of Property	-	-	1,875	-	-	-	-	1,875
Change in Bank's shares held by subsidiaries	-	-	112	-	-	-	-	112
Dividend Paid to Equity Holders	-	-	-	(1,182)	-	-	-	(1,182)
Change in Fair Value of Investments	-	-	-	-	-	(4)	-	(4)
Closing Balance 31 December 2007	8,008	7,442	3,890	9,312	618	496	1,341	31,107
Opening Balance 1 January 2008	8,008	7,442	3,890	9,312	618	496	1,341	31,107
Share Options Exercised	264	-	-	-	1,293	-	-	1,557
Net Profit After Tax	-	-	-	9,068	-	-	-	9,068
Transfer to/from Reserves	-	1,995	-	(3,779)	-	-	1,784	-
Revaluation of Property	-	-	19	-	-	-	-	19
Change in Bank's shares held by subsidiaries	-	-	178	-	-	-	-	178
Dividend Paid to Equity Holders	-	-	-	(1,752)	-	-	-	(1,752)
Change in Fair Value of Investments	-	-	-	-	-	(2,749)	-	(2,749)
Closing Balance 31 December 2008	8,272	9,437	4,087	12,849	1,911	(2,253)	3,125	37,428

34. Capital and Reserves (continued)

Stated Capital

in thousands of Ghana Cedis

	2008		2007	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	1,000,000		1,000,000	
For cash	35,370	5,472	34,050	5,208
Transfer from Income Surplus	-	2,800	-	2,800
Bonus issue	131,841	-	129,889	-
	167,211	8,272	163,939	8,008

There is no call or instalment unpaid on any share.

At 31st December 2008 the authorised share capital comprised 100 million ordinary shares (2007: 100 million) of no par value. All issued shares are fully paid

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All shares rank equally with regard to the Bank's residual assets.

Statutory Reserve Fund

in thousands of Ghana Cedis

	2008	2007
At 1st January	7,442	5,937
Transfer from Income Surplus	1,995	1,505
At 31st December	9,437	7,442

Capital Surplus

in thousands of Ghana Cedis

	Notes	The Bank		The Group	
		2008	2007	2008	2007
Revaluation surplus	28	4,357	4,338	4,357	4,337
Bank's shares held by subsidiary		-	-	(270)	(447)
		4,357	4,338	4,087	3,890
Revaluation Surplus					
At 1st January		4,338	2,463	4,338	2,462
Revaluation surplus transferred		-	2,395	-	2,395
Depreciation releases on properties revalued		-	105	-	105
Deferred Tax on Revaluation		19	(625)	19	(625)
At 31st December		4,357	4,338	4,357	4,337

Deferred tax on revaluation of the Bank's leasehold land and buildings is recognised directly in equity.

34. Capital and Reserves (continued)

Share Options Reserves

The share options reserve is a non-distributable reserve where the fair value of the bank's equity share-based payments to employees and others providing similar services are temporarily warehoused until such a time that the amounts are transferred to stated capital after the payment of stamp duties.

Regulatory credit risk reserve

The regulatory credit risk reserve is a non-distributable reserve required by Bank of Ghana to account for differences between impairment loss on financial assets per IFRS and the specific and general impairment loss on loans and advances and contingent liabilities per the Central Bank's prudential guidelines.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Dividends

The following dividends were declared and paid by the Bank:

2008	2007
1,752	1,202

After 31st December 2008 the directors proposed a dividend per share of GH¢0.0145 amounting to GH¢2.42 million in respect of 2008. The dividends have not been provided for in these financial statements and there are no income tax consequences.

Dividend and net assets per share are based on 167,210,539 (2007: 163,938,552) ordinary shares at the balance sheet date.

35. CONTINGENCIES AND COMMITMENTS

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 31st December 2008 in respect of the above amounted to GH¢44.2 million (2007: GH¢47.0 million), as detailed below:

	2008	2007
Letters of Credit	16,022	18,060
Guarantees and Indemnities	28,145	28,955
	44,167	47,015

The amount of unsecured contingencies and commitments in respect of these at 31st December 2008 was GH¢41.4 million (2007: GH¢41.1 million).

35. Contingencies And Commitments (Continued)

Capital Expenditure

Capital commitments not provided for in the financial statements as at 31st December 2008 was GH¢417,400 (2007: GH¢32,519).

Pending Legal Claims

At the year end there were two legal cases pending against the bank. Should judgment go in favour of the plaintiffs, likely claims against the bank have been estimated at GH¢33,570 (2007: GH¢66,194). No provisions have been made in the financial statements in respect of these amounts

Funds under management

The group provides custody, trustee, investment management and advisory services to third parties, which involve the group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Investments and funds being managed by the group on behalf of clients amounting to GH ¢30.33 million (2007: GH ¢19.80 million) have not been included in the balance sheet.

36. RELATED PARTY TRANSACTIONS

Related party transactions

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

Subsidiaries

Details of principal subsidiaries are shown in Note 24.

Associated Company

The Group provides certain banking and financial services to its associated company. These transactions are conducted on similar terms to third-party transactions.

Details of investments in associated company is provided in Note 23.

In aggregate, amounts included in the accounts are as follows:

For the year ended and as at 31st December

	2008	2007
Net Interest received	653	377
Fees received for services rendered	22	62
Loans and advances to customers	3,146	353
Customer accounts	2	-

There are no leasing transactions between related parties for 2008 and 2007

Transactions with Directors and Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the group (directly or indirectly) and comprise the Directors and Officers of the group.

In the ordinary course of business, the group makes loans to companies where a Director or other member of key management personnel (or any connected person) is also a director or other member key management personnel (or any connected person) of CAL Bank Limited. These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of collectibility or present other unfavourable features.

36. Related Party Transactions (Continued)

Details of transactions between directors and other key management personnel (and their connected persons) and the group are as follows:

	Directors, other Key Management Personnel and connected persons	
	2008	2007
Loans	387	300

Included in loans and advances is an amount of GH¢0.22 million (2007: GH¢0.18 million) granted to companies in which Directors have an interests.

No provisions have been recognised in respect of loans to directors or other members of key management personnel (or any connected person)

Interest rates charged on loans to staff are at rates below that would be charged in an arm's length transaction. These loans are secured over the assets financed of the respective borrowers.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Remuneration of Directors and other Key Management Personnel

The following information is presented in accordance with IAS 24 'Related Party Disclosure', which requires disclosure of the employee benefits of directors and other key management personnel.

	2008	2007
Salaries and other short-term benefits	558	358
Share-based payments	1,136	575
Employer social security charges on emoluments	17	12
	1,711	945

Some senior management staff also participate in the group's share option programme (see note 14).

37. DIRECTORS' SHAREHOLDINGS

The directors named below held the following number of shares in the company at 31st December 2008

NAME OF DIRECTOR	No. of Shares	%
Frank Brako Adu Jnr.	5,222,803	3.12
Malcolm Dermott Pryor	1,300,148	0.78
Paarock Asuman VanPercy	400,315	0.24
Robert Ahomka-Lindsay	290,671	0.17
Jim Brenner	172,170	0.10
Leonora Awua-Kyerematen	50,000	0.03
Kwasi Tumi	28,660	0.02
	7,464,767	4.46

38. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2008

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	17,919	82.19	9,520,754	5.69
1001 - 5,000	2833	12.99	6,036,792	3.61
5001 - 10,000	392	1.80	2,955,849	1.77
Over 10,000	657	3.01	148,697,144	88.93
	21,801	100.00	167,210,539	100.00

Twenty Largest Shareholders

	No. of Shares	% Holding
Social Security & National Insurance (SSNIT)	43,649,526	26.10%
Donkor Afare, Mr.	18,120,000	10.84%
Ofori Daniel, Mr.	13,455,045	8.05%
STD Nominees (Pty) Ltd/Renaissance Capital (Cyprus) Ltd	6,006,321	3.59%
Adu Jnr. Frank, Mr.	5,222,803	3.12%
Vanguard Assurance Company Limited	5,194,608	3.11%
BBGN/HSBC Bank PLC Account Clients	3,707,321	2.22%
BBGN/ Barclays Capital Securities Cayman	1,877,000	1.12%
Ansah Benjamin Fosu, Mr.	1,781,520	1.07%
Pryor, Malcolm Dermott	1,300,148	0.78%
VRA Staff PF	1,247,155	0.75%
BBGN/BBH Cust for BBHTSIA Stand Master Fund	1,100,000	0.66%
QVT Fund LP	1,000,000	0.60%
BBGN/SSB Eaton Vance Tax Managed Emerging	1,000,000	0.60%
Pryor Count & co inc.	943,642	0.56%
CAL Brokers Equity Holding	892,286	0.53%
Teachers Fund	800,000	0.48%
Ofori Daniel ITF Esther Frimpong	778,414	0.47%
BBGN/SSB Eaton Vance Tax Managed Emerging	731,000	0.44%
BBGN/Barclays Mauritius re African Alliance	723,380	0.43%
	109,530,169	65.52%

39. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2(a), these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2008, the comparative information presented in these financial statements for the year ended 31 December 2007 and in the preparation of an opening IFRS balance sheet at 1 January 2007 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Ghana National Accounting Standards (GAS). An explanation of how the transition from GAS to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes accompanying the tables.

Balance Sheets

	Note	1 January 2007			31 December 2007		
		GAS	Effect of transition to IFRS	IFRS	GAS	Effect of transition to IFRS	IFRS
Assets							
Cash and balances with Bank of Ghana		4,742	-	4,742	18,565	-	18,565
Items in Course of Collection from Other Banks	a	-	2,186	2,186	-	2,163	2,163
Investment in Government Securities	b	29,035	470	29,505	33,787	498	34,285
Due from Banks and Other Financial Institutions	a,c	25,952	(2,186)	23,766	49,445	(1,691)	47,754
Loans and Advances to Customers	d,e,f	85,680	1,723	87,403	113,808	1,110	114,918
Investment in Other Securities	h,g	2,472	(729)	1,743	3,041	(722)	2,319
Investment in Associated Company	g,h	-	724	724	-	814	814
Other Assets	d,e	1,858	(25)	1,832	3,234	(201)	3,033
Current Tax Assets		50	-	50	35	-	35
Deferred Tax Assets		-	-	-	-	-	-
Property and Equipment	i	7,219	(163)	7,056	11,841	(136)	11,705
Intangible Assets	i	0	163	163	-	136	136
Total Assets		157,008	2,162	159,170	233,756	1,971	235,727
Liabilities							
Customer Deposits	c,j	85,033	1,684	86,717	117,686	2,703	120,389
Due to Banks and Other Financial Institutions		2,882	-	2,882	3,937	-	3,937
Borrowings	j	39,784	-	39,784	65,328	1,978	67,306
Accruals and Other Liabilities	j,k	7,008	(2,522)	4,486	16,390	(5,682)	10,708
Current Tax Liabilities		-	-	-	-	-	-
Deferred Tax Liabilities	l	862	-	1,682	835	1,445	2,280
Total Liabilities		135,569	(18)	135,551	204,176	444	204,620
Shareholders' Equity							
Stated Capital		7,143	-	7,143	8,008	-	8,008
Statutory Reserve Fund		5,937	-	5,937	7,442	-	7,442
Capital Surplus		2,723	(820)	1,903	5,335	(1,445)	3,890
Income surplus		5,636	(15)	5,621	8,795	517	9,312
Other Reserves	m	-	3,015	3,015	-	2,455	2,455
Total Shareholders' Equity		21,439	2,180	23,619	29,580	1,527	31,107
Total Liabilities and Shareholders' Equity		157,008	2,162	159,170	233,756	1,971	235,727

39. Explanation Of Transition To IFRS (Continued)

		31 December 2007		
Reconciliation of Profit for 2007	Note	GAS	Effect of transition to IFRS	IFRS
Interest Income	n,o	24,083	318	24,401
Interest Expense	o	(12,611)	249	(12,362)
Net Interest Income		11,472	567	12,039
Fees and Commissions Income	k,n	4,415	(210)	4,205
Fees and Commissions Expense	o	-	(248)	(248)
Net Fees and Commissions		4,415	(458)	3,957
Net Trading Income	p	-	5,966	5,966
Other Operating Income	o	7,241	(6,016)	1,225
Operating Income		23,128	59	23,187
Impairment Charges and Credit Provisions	q	(1,115)	(531)	(1,646)
Net Operating Income		22,013	(472)	21,541
Staff Costs	r,s,t	(5,287)	(1,182)	(6,469)
Administration and General Expenses	r,s	(7,501)	482	(7,019)
Depreciation and Amortisation		(1,158)	-	(1,158)
Total Operating Expenses		(13,946)	(700)	(14,646)
Operating Profit		8,067	(1,172)	6,895
Share of Post-tax Profit of Associated Company	u	242	(38)	204
Proceeds From Disposal of Non-Current Assets	u	-	17	17
Profit Before Income Tax		8,309	(1,193)	7,116
Taxation		(1,912)	-	(1,912)
Profit After Tax Transferred to Income Surplus Account		6,397	(1,193)	5,204

Notes

Explanations

- a** Reclassification of cheques presented for clearing from due from other banks to a Items in Course of Collection from Other Banks. Items in course of collection is included in cash and cash equivalents in the statement of cash flows - 2006: GH¢2,186,400; 2007: GH¢2,162,706.
- b** In accordance with IFRS, available-for-sale investments have been measured at fair value. The effect of measuring available-for-sale securities at fair value resulted in the increase in the value of medium-term government securities by GH¢469,636 for 2006 and GH¢498,367 in 2007. The group also fair values its equity securities classified as available-for-sale. This resulted in a fair-value gain of GH¢3,588 in 2006 and a loss of GH¢6,062 in 2007, -these changes have been recognised directly in equity.
- c** Amounts deposited by the Bank's subsidiaries in other financial institutions, on behalf of its clients, were previously not recognised on the face of the financial statements. Under IFRS the amounts due to clients have been recognised as customer deposits, and the amounts lodged with other financial institutions recognised as due from other financial institutions. These amounted to GH¢471,840 in 2007 and nil in 2006.
- d** Under GAS, interest is accrued on loans and advances to customers and booked in the income statement on a daily basis, and the subsequent entry booked in other assets, the total amounts are later added to loans and advances on the due date for interest payment. Under IFRS, the bank uses the effective interest rate method to accrue interest on loans and advances to customers. The total interest accrual of GH¢975,646 and GH¢325,900 has been reclassified from other assets to loans and advances to customers in 2007 and 2006 respectively.

39. Explanation Of Transition To IFRS (Continued)

Notes	Explanations
e	Under GAS loans granted to staff at concessionary rates were recorded at the amount of principal and interest outstanding. In accordance with IFRS, the fair value of loans and receivables that carries concessionary rates are estimated as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. Since the favorable rate granted to employees is as a result of their future service to be provided to the group, the discount is treated as an asset and spread over the term of the loan. This resulted in an increase in other assets and a corresponding decrease in loans and advances of GH¢301,052 for 2006 and GH¢475,158 for 2007.
f	Under GAS, provisions for bad debt were computed based on past due days as set out in the Central Bank's guidelines. A general provision of 1% was also required for net current contingent liabilities (Off balance sheet items). Under IFRS the impairment loss evaluation is done by calculating the present value of estimated future cash flows and comparing these against the carrying amounts of loans and advances and a provision to cover inherent risk of losses in loan portfolio. The effect of this is an increase in net loans and advances for 2006 of GH¢2,124,566 and a decrease of GH¢827,120 in 2007. These differences are also represented in reserves for both years.
g	Under GAS, the group's equity trading portfolio is represented at cost and any capital gains or losses are recognised in the income statement when the security is disposed off. Under IFRS, these securities are classified as held-for-trading and held at fair value through profit and loss. These equity securities are fair-valued and the fair value changes recognised directly in the income statement. These resulted in fair value loss of GH¢8,713 in 2006 and a fair value gain of GH¢104,111 in 2007.
h	Under GAS, the group's equity investment in an associated company was classified under investment in securities. This has been reclassified from investment in other securities to a separate line on the face of the balance sheet, investment in associated company.
i	Under GAS, the group's investment in intangible assets was classified under property and equipment. This has been reclassified from property and equipment to a separate line on the face of the balance sheet, intangible assets.
j	Under GAS, interest is accrued on customer deposits and borrowings and booked in the income statement on a daily basis, and the subsequent entry booked in other liabilities. The total amounts are later added to customer deposits and borrowings when interest payment fall due. Under IFRS, the total interest accrual of GH¢1,683,923 is reclassified from other liabilities to customer deposits in 2006 and GH¢2,231,177 in 2007. Total accrued interest on borrowings reclassified from other liabilities to borrowings in 2007 was GH¢1,978,401.
k	Under GAS, dividends proposed but not yet paid for the financial year are deducted from retained earnings and reported as a liability. Under IFRS, only dividends paid in the financial year are reported as a deduction from equity. This resulted in an increase in equity of GH¢1,189,702 and a corresponding decrease in other liabilities in 2006. The net change in 2007 was an increase in equity of GH¢531,653 and a corresponding decrease in other liabilities.

The group has a scheme of long-term employee benefits for staff. Under GAS, the group recognised payments as an expense in the income statement as and when the benefits were paid. In line with IFRS principles the Bank is required to make a provision for the future payments under this scheme. Provisions relating to prior periods are recognised in reserves. This has resulted in provisions of GH¢212,002 in 2006 and GH¢168,797 in 2007 with corresponding reductions to the income surplus account and income statement respectively. The group is also required to make an accrual for paid absences, this resulted in a liability of GH¢193,189 in 2006 and GH¢234,344 in 2007 with corresponding reductions to the income surplus account.

As mentioned in note (e) above, the group makes provisions for off-balance sheet contingent liabilities, in compliance with the Central Banks regulations, and other provisions not compliant with IAS 31. These provisions have been reversed resulting in a net increase in equity of GH¢411,909 in 2006 and GH¢411,204 in 2007.

Under GAS, fees charged on guarantees are recognised as fee income in the income statement when the guarantee is granted, however, under IFRS, these fees must be recognised over the life of the guarantee. The effect of this requirement is a reduction in income surplus of GH¢358,777 in 2006 and a corresponding increase in other liabilities. There was however an increase in fee income of GH¢80,939 in 2007 with a corresponding decrease in other liabilities.

39. Explanation Of Transition To IFRS (Continued)

Notes	Explanations
l	The group revalued its landed properties in 2007 which resulted in a deferred tax liability of GH¢625,085. this amount has been recognised directly in equity.
m	The group operates two equity-settled share-based payments for its non-executive directors and senior management staff. Under GAS, these schemes were not stated at fair-values and only the actual cash payments made by the beneficiaries was recognised in equity. Under IFRS the various schemes have been fair valued and the principles of IFRS 2 have been applied resulting in a charge of GH¢618,034 in the income statement with a corresponding increase in equity in 2007.
n	As described in note (d) above the group applies the effective interest rate method in accruing interest on loans and advances. This resulted in an additional interest of GH¢412,263 being recognised in the income statement and a reversal of fees of GH¢290,067. Under Bank of Ghana's regulations for computing provisions on bad and doubtful debts, the group suspends interest on certain loans and advances and later recognised in the income statement when repayments are received from the customer. Under IFRS interest is accrued using the effective interest rate method and not suspended, the effect of this change is a decrease in interest income of GH¢276,530.
o	Interest income of GH¢181,769 classified under other operating income has been reclassified. Fees and commission expenses of GH¢248,194 reported under interest expense reclassified to fees and commission expense. The group also fair valued its equity trading portfolio resulting in a fair value gain of GH¢125,453 has been reported in net trading income. Fair value gains from disposal of certain available for sale matured during the year resulting in a fair value gain of GH¢26,345 being recognised in other operating income. Correction of prior-year error of intra-group income resulted in a decrease in other operating income by of GH¢19,728.
p	Reclassification of forex trading income of GH¢5,840,082 from other operating income to net trading income.
q	As noted in (f) above, unlike GAS, the impairment loss evaluation under IFRS is done by calculating the present value of estimated future cash flows and comparing these against the carrying amounts of Loans and advances as well as creating an allowance for inherent risk of loss in loan portfolio. The effect of this is a decrease in net impairment loss by GH¢530,247 for 2007.
r	Reclassification of staff related expenses of GH¢621,000 from administration and general expenses to staff cost.
s	Expenses in relation to the group's share-based payments schemes of GH¢331,454 and GH¢286,580 recognised in staff costs and administration and general expenses for 2006 and 2007 respectively.
t	As described in note (e) above, expenditure in respect of loans granted to staff at concessionary rates of GH¢83,752 is recognised in staff costs. Expenses in respect of the group's long-term employee benefits and compensated absences liabilities were recognised in the income statement. Benefit payments in respect of the long-term employee benefits originally recognised in the income statement were reversed resulting in a net decrease of GH¢2,050 in staff costs.
u	Profit on disposal of equipment of GH¢17,447 recognised in other income was reclassified to a separate line on the face of the income statement. The group made provisions for losses in its equity trading which were not compliant with IAS 37, which unwound in 2007. IFRS does not permit such provisions and were reversed resulting in a decrease in other income of GH¢21,341 with the corresponding entry in investment in other securities.

40. STANDARDS NOT YET EFFECTIVE

Below is a list of standards in issue at 1st November 2008 that are effective for Annual Reporting Periods beginning after 1, January 2009. The list highlights the effective date of requirements. Subsequent amendments to these standards and interpretations are not reflected below.

Amended IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate Issue date: May 2008 Effective date: 1 January 2009
Amended IFRS 2	Amendment to IFRS 2 Share-based payment-Vesting Conditions and Cancellations Issue date: January 2008 Effective date: 1 January 2009
Revised IFRS 3	Business Combinations Issue date: January 2008 Effective date: 1 July 2009
IFRS 8	Operating Segments Issue date: November 2006 Effective date: 1 January 2009 <i>Note: The group opted to early adopt IFRS 8 in these financial statements. See note 6.</i>
Revised IAS 1	Presentation of Financial Statements Issue date: September 2007 Effective date: 1 January 2009
Revised IAS 23	Borrowing Costs Issue date: March 2007 Effective date: 1 January 2009
Amended IAS 27	Consolidated and Separate Financial Statements Issue date: January 2008 Effective date: 1 July 2009
Amended IAS 32 and IAS 1	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation Statements-Puttable Financial Instruments and Obligations Arising on Liquidation Issue date: February 2008 Effective date: 1 January 2009
Amended IAS 39	Eligible Hedged items-Amendment to IAS 39 Financial Instruments: Recognition and Measurement Issue date: July 2008 Effective date: 1 July 2009
Various	Improvements to International Financial Reporting Standards 2008 Issue date: May 2008 Effective date: Dealt with on a standard by standard basis; generally 1 January 2009
IFRIC 15	Agreements for the Construction of Real Estate Issue date: July 2008 Effective date: 1 January 2009

The relevant standards will be adopted when they become effective. Adoption of these standards is not expected to have a significant impact on the group's financial statements.

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 2008 Accounts

The Board shall propose the acceptance of the 2008 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2008.

To Declare a Dividend

The Directors recommend the payment of a dividend of GH¢0.0145 per share for the year ended 31st December 2008.

To Authorise the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(5) of the Companies Code, 1963 (Act 179) KPMG will continue in office as auditors of the Group. The Board would request that they be authorised to fix the fees of the auditors.

To Re-Elect Board members

The following Board members, Mr. Robert Ahomka-Lindsay and Mr. James C. Brenner, retired in accordance with Section 298(a) of the Companies Code, 1963, (Act 179) and Regulation 78(a) of the Regulations of the company.

Messrs. Ahomka-Lindsay and Brenner, who are eligible for re-election, have offered themselves to be reelected as directors of the company.

Increase the stated capital of the Company by One Hundred Million Ghana Cedis (GH¢100 million)

Resolutions passed by the shareholders at an extraordinary general meeting held in June 2008 (the June resolutions) authorised the directors to issue, in various tranches, sufficient shares to raise the stated capital of the Bank by up to GH¢ 100 million. The issue in respect of the first tranche of GH¢60 million was to be completed by December 2008. As you are aware, the Board resolved to postpone the process for the first rights issue.

The Board has been advised that, given the form of the June 2008 resolutions, as the first issue of GH¢60 million was not undertaken, a fresh mandate would have to be obtained from you the members.

In that regard, your Board proposes the following resolutions to increase the stated capital by GH¢100 million. Resolution (iii) will allow the company to sell any shares not taken up by you or your provisional allottees. This will increase the chances of achieving the objective of capitalisation by GH¢100 million.

(i) The Company is hereby authorised to increase the issued stated capital of the Company by one hundred million Ghana cedis (GH¢100 million) in one or more tranches by the offer of such number of ordinary shares as may be required to increase the issued stated capital by one hundred million Ghana cedis (GH¢100 million). The offer or offers shall be to the Company's members on its register of members as at the close of day on a date or dates, as the case may be, to be determined by the Directors. Shares shall be offered to the members in proportion, as nearly as the circumstances admit, to the number of shares that they are entitled to payable in full. The Directors are hereby authorised to determine share prices for the issue or issues, as the case may be, taking into account market conditions. The Directors are hereby authorised to issue renounceable provisional letters of allotment in accordance with the Rules of the Ghana Stock Exchange.

(ii) 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.

(iii) The Directors are further authorised, subject to the Rules of the Ghana Stock Exchange and all other applicable laws, to allot, issue and/or deal with all such shares as are not subscribed to by existing shareholders or provisional allottees in any issue made in accordance with resolution (i) above and to make and/or grant offers, agreements and/or options in respect of such shares and to determine the terms, timing and pricing of such offer, agreement, option, allotment or issue."

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¢10.6million) being part of the amount standing to the credit of the income surplus account of the Company as at 31st December 2008.

Amendments to the Regulations:

"That, subject to the prior approval of the Ghana Stock Exchange and of the Bank of Ghana, the Regulations be amended in the following manner:

Regulation 2 – Objects of the Bank:

By adding the following as a new sub-Regulation 2(h):

"(h) generally to engage in any of the permissible activities of banks as provided in the Banking Law."

Reasons:

Section 11 of the Banking Act, 2004 (Act 673) provides a list of activities that may be carried on by a bank. Some of the activities listed would not be regarded as part of the "business of banking" as provided in 2(a) or as "banking business" as defined in section 90 of Act 673. This amendment is to make it clear that CAL may carry on all the activities listed in section 11 of Act 673.

Regulation 10(a) – Determination of share price:

(i) by deleting the words "(including the price to be paid upon issue or, as appropriate, upon grant, creation or exercise of the option)".;

(iii) by inserting the following words at the end of regulation 10(a):

"Subject to regulation 88 (a), the Board of Directors shall determine the price or prices to be paid on the issue of a share or shares taking into account market conditions".

Reasons:

These amendments are proposed to allow the directors to determine the price for which shares may be issued. As the company is listed the price/value of the shares may change from time to time and may have changed since the date of any approval by the shareholders of a price. The directors should be able to determine the price of any issue without having to go back to the shareholders for approval. The amendment would give the directors that flexibility while requiring them to have regard to prevailing market conditions.

Regulation 35(a) – Form of transfer of shares

By deleting the words “any share” in the first line and replacing it with the word “securities”.

By inserting the words “or under the provisions of Act 733” between the words “Exchange” and “and” in the second line.

By inserting the words “or under the provisions of Act 733” between the words “Exchange” and “and” in the sixth line.

Reasons:

The Ghana Stock Exchange in a circular dated 7 January 2008 has suggested that the Company’s Regulations provide that the Company shall accept transfers of securities in the form approved by the Exchange or the Central Securities Depository Act. The amendment to delete the words “any share” and to replace them with “securities” is to include the other rights and instruments that are securities under the definition of “securities” in Act 733. The definition includes shares.

Regulation 55 – Reference to repealed law:

By deleting the following words and numbers “1989 (PNDCL 225) or any statutory modification or re-enactment thereof from time to time for the time being in force”

Reasons:

This amendment is to delete the reference to PNDCL 225 which has been repealed. “Banking Law” is now defined in regulation 106 as including the new Banking Act, 2004 (Act 673).

Regulation 104 – Statutory duty of confidentiality

By deleting all the words following the word “duties” in the fourth line and replacing them with the following:

“or performing any functions take such oath or declaration of confidentiality as is prescribed by the Banking Law. No information relating to the affairs of a customer may be disclosed except in such circumstances as are prescribed by the Banking Law.”.

Reasons:

Amendments have been made to the statutory duty of confidentiality under the provisions of section 31 of the Banking (Amendment) Act, 2007 (Act 738) changing the circumstances under which the bank or its employees or officers may disclose matters relating to the affairs of the bank’s customers. Act 738 also prescribes a form of oath and declaration of secrecy to be undertaken by the bank’s officers.

The current formulation of Regulation 104 requires officers to “subscribe to such a declaration as the Directors may from time to time prescribe”. The officers are now required to take an oath or declaration in the form prescribed by Act 738.

Additionally the current regulation 104 limits disclosure to the circumstances set out in 104 (a) and (b). The amendment would allow disclosure to be made in accordance with Act 738.

Amendments under the Central Securities Depository Act, 2007 (Act 733)

i. By deleting regulation 16 (a).

ii. By inserting the following as a new regulation 106:

"106. (a) Notwithstanding anything in these Regulations to the contrary, any securities in the Company may, with the authorisation of a resolution of the Board of Directors, be issued in uncertificated or dematerialized form.

(b) The Company may, with the authorisation of a resolution of the Board of Directors, convert a certificated security into an uncertificated security.

(c) Notwithstanding anything in these Regulations to the contrary any securities in the Company may be held, registered, transferred or charged in uncertificated or dematerialized form.

(d) The manner in which the records of shareholdings in the Company shall be kept shall be as determined by the Ghana Stock Exchange and in accordance with Act 733.

(e) The Board may, subject to Act 733 and the Rules of the Ghana Stock Exchange, make such arrangements and rules as it may from time to time in its absolute discretion think fit in relation to the evidencing and transfer of uncertificated and dematerialized securities and otherwise for the purpose of implementing and/or supplementing the provisions of this Regulation and the depository's rules and such arrangements and rules as the Board may make shall have the same effect as if set out in these Regulations."

Reason:

This amendment is required to permit the Company to issue uncertificated and dematerialised securities as provided in the Central Securities Depository Act, 2007 (Act 733).

Sections 12 (1) (a) and (b) of Act 733 provide as follows:

"12(1) (a) An issuer of securities to the public may (a) issue a security in uncertificated or dematerialized form where it is authorised in its regulations and authorised by a resolution of its board of directors.

(b) convert a certificated security into an uncertificated security where it is authorised in its regulations and by a resolution of its board of directors."

As you may be aware, operations of the GSE Securities Depository Company Limited began on November 14, 2008. The Council of the Exchange has requested all listed companies to take steps to amend their regulations at their next Annual General Meeting to allow for the issue of and/or conversion of share certificates to dematerialized shares. The Exchange's Council has also decided that with effect from January 2009, all new or additional securities being listed should be electronic securities that have been admitted to the GSE Securities Depository.

The objective is to enhance the rate at which securities are placed in the depository, make for more efficient and less cumbersome keeping of shareholding records, and ultimately improve liquidity in the capital market.

The Board recommends that Members support the proposed amendment. We encourage all shareholders to contact a stockbroker with their share certificates and have their certificates placed in the GSE Securities Depository.

Regulation 106 – Amendments to definitions

Proposed Amendment

i) By deleting the number “106” and replacing it with “107”;

(ii) By amending the definition of “Banking Law” to read as follows:

“The Banking Law” shall mean the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) or any statutory re-enactment or modification thereof for the time being in force and a reference to any section or provision of the Banking Law shall include a reference to any statutory re-enactment or modification of such section or provision for the time being in force”

(iii) By inserting the following new definitions as (n), (o) and (p) respectively:

(n) “Act 733” means the Central Securities Depository Act, 2007 (Act 733) or any statutory re-enactment or modification thereof for the time being in force and a reference to any section or provision of the Act 733 shall include a reference to any statutory re-enactment or modification of such section or provision for the time being in force”

(o) “depository” has the meaning given to it in section 60 of the Central Securities Depository Act, 2007 (Act 733)”

(p) “securities” for the purpose of Regulations 35(a) and 106 has the meaning given to it in Section 60 of Act 733.”

The said amendments shall only take effect as of the date of the approval of the Ghana Stock Exchange and of the Bank of Ghana.



PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 26th March 2009 at National Theatre, 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 26th March 2009.

Signed thisday of
2009

.....
Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2008 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 Mr James Brenner		
6. To increase the Stated Capital of the Company by GH¢100 million.		
SPECIAL RESOLUTIONS		
7. Transfer of funds from Income Surplus Account to Stated Capital		
8. Amendment of Regulation 2		
9. Amendment of Regulation 10 (a)		
10. Amendment of Regulation 35 (a)		
11. Amendment of Regulation 55		
12. Amendment of Regulation 104		
13. Deletion of Regulation 16(a)		
14. Amendment of Regulations pursuant to the Central Securities Depository Act, 2007 (Act 733)		
15. Amendment of Regulation 106		
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 24th. March 2009.

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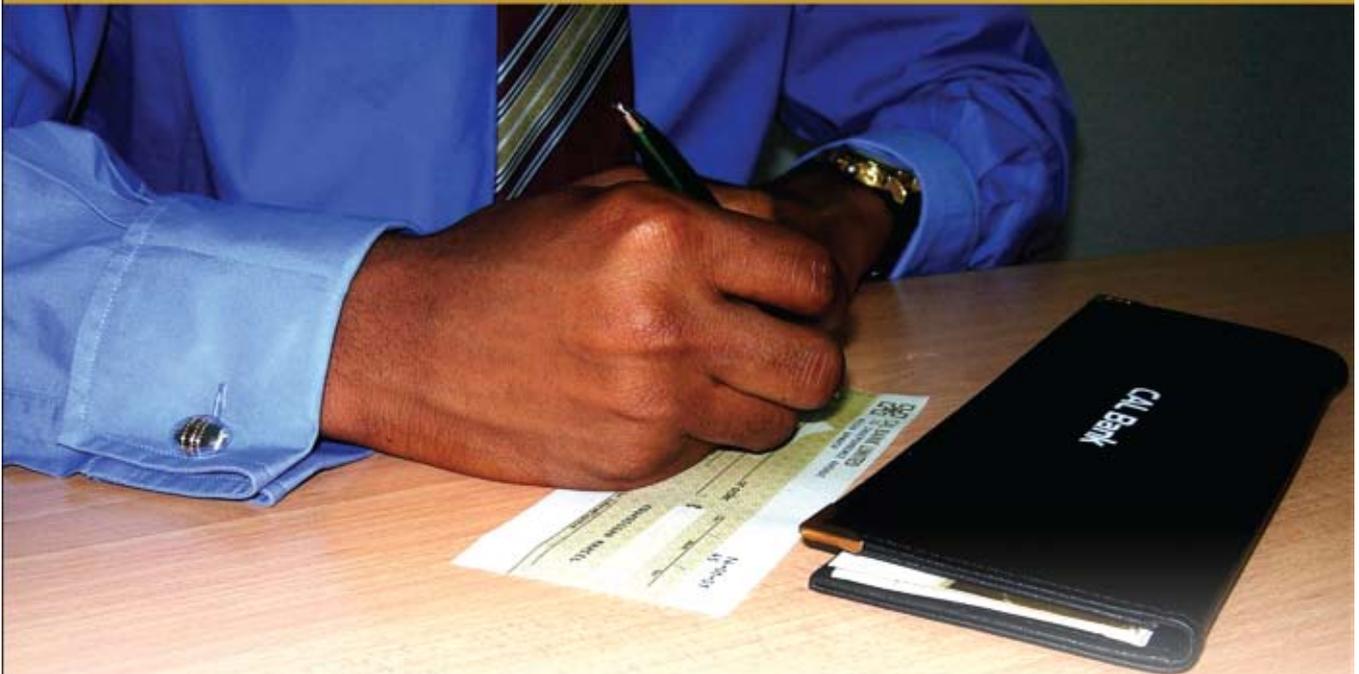
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OF BOTH WESERN UNION AND MONEY
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Get the best of both worlds. With the CAL Premium Account, you have the flexibility of cheque writing and earn high interest on your account.

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or visit your nearest CAL Bank branch.

