

Annual
Report &
Accounts
2004



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**NOTICE OF ANNUAL GENERAL MEETING OF CAL BANK
LIMITED TO BE HELD ON FRIDAY 18TH MARCH 2005 AT
10.00 AM AT PAVILION B, TRADE FAIR SITE, ACCRA.**

PLEASE NOTE AND NOTICE IS HEREBY GIVEN that the Annual General Meeting of CAL Bank Limited will be held at 10.00 am on Friday 18th March, 2005 at Pavilion B, Trade Fair site, Accra to transact the following business:

1. To receive and consider the Reports of the Directors and the Auditors and the Accounts of the company for the year ended 31st December 2004
2. To declare dividend for the year ended 31st December 2004
3. To authorise the Directors to fix the remuneration of the Auditors
4. To determine an increase in the number of Directors on the Board
5. To re-elect existing Directors
6. To appoint additional Directors
7. To approve shares as part of remuneration for Board members and the Bank's Executives

Resolution from a Member

1. To appoint a new Board member

Special Resolutions from a member

1. To amend Regulation 73 of the company's Regulation
2. To amend Regulation 79 (c) of the company's Regulation

Any other business

A member has the right to appoint a Proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company. A copy of the Instrument appointing the Proxy may be deposited at the Company Secretariat of the Bank, 23 Independence Avenue, Accra not later than 10.00 am on Thursday 17th March 2005.

A Proxy form is enclosed.

Dated this 21st day of February 2005

By Order of the Board.

ALEXANDER WILLIAMS
COMPANY SECRETARY.



FIVE YEAR FINANCIAL SUMMARY

	2004 c'm	2003 c'm	2002 c'm	2001 c'm	2000 c'm
Interest Income	95,491	76,633	54,642	53,599	36,292
Interest Expense	(46,365)	(42,908)	(29,103)	(32,517)	(17,231)
Net Interest Income	49,126	33,725	25,539	21,082	19,061
Commissions and Fees	28,871	20,295	16,583	14,019	13,937
Other Operating Income	23,503	22,892	13,968	5,087	8,209
Operating Income	101,500	76,912	56,090	40,188	41,207
Operating Expenses	(48,811)	(36,394)	(28,217)	(22,694)	(17,369)
Charge for Bad and Doubtful Debts	(7,890)	(7,454)	(3,984)	(1,339)	212
Operating Profit	44,799	33,064	23,889	16,155	24,050
Other Income	832	669	178	288	871
Profit before Exceptional Item and Tax	45,631	33,733	24,067	16,443	24,921
Exceptional Item	-	-	5,238	-	-
Profit before Taxation	45,631	33,733	29,305	16,443	24,921
Taxation	(10,812)	(12,274)	(10,890)	(6,000)	(8,238)
Profit after Taxation	34,819	21,459	18,415	10,443	16,683
Total Assets	825,535	587,823	409,195	309,518	236,302
Total Deposits	535,438	384,002	268,477	207,346	131,759
Loans and Advances	301,317	217,903	155,135	109,934	69,614
Shareholders Equity	165,975	74,074	56,115	46,897	36,389
Earnings per Share (¢)	224	15,421	13,234	7,505	11,989
Dividend per Share (¢)	50	2,515	3,558	2,407	4,300
Number of Shares ('000)	155,073	1,391	13,234	7,505	11,989
Return on Assets	5.5%	5.7%	7.2%	5.3%	10.5%
Return on Equity	21.0%	29.0%	32.8%	22.3%	45.8%
Capital Adequacy Ratio	18.6%	10.9%	11.5%	12.5%	9.8%
Cost/Income Ratio	48.1%	47.3%	50.3%	56.5%	42.2%

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

George Victor Okoh (*Chairman*)
Frank Brako Adu Jnr. (*Managing*)
Malcolmn Dermott Pryor
Nana Awuah-Darko Ampem I
Paarock VanPercy
Lincoln Yesu Rathnam (*Appointed: 28/4/04*)
Douglas Alvin Kartsen (*Resigned: 28/4/04*)
Fred France (*Resigned: 22/7/04*)

SECRETARY

Alexander Williams
23 Independence Avenue
P. O. Box 14596
Accra
Ghana

SOLICITORS

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

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

AUDITORS

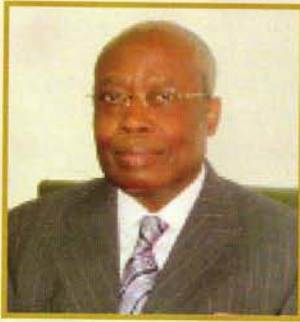
KPMG
Chartered Accountants
25 Liberia Road
P. O. Box 242
Accra
Ghana

REGISTERED OFFICE

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



PROFILE OF THE BOARD OF DIRECTORS



Mr. George Victor Okoh – Chairman. Mr. Okoh was appointed Chairman of the Board of Directors in 2001. Prior to that Mr. Okoh served as a member of the Board of Directors of Ghana Commercial Bank from 1999 to 2001 when he voluntarily resigned. Mr. Okoh is a Fellow of the Institute of Chartered Accountants in England and Wales and obtained his qualification in 1966. In 1968, he joined Peat Marwick Casellton Elliot & Company, Ghana, now KPMG Ghana as an Audit Senior and became the first local Senior Partner of the firm in 1979. Mr. Okoh held this position as Senior Partner until 1996 when he voluntarily retired. He served as an elected member of the Council of the Institute of Chartered Accountants, Ghana between 1980 and 1984. Mr. Okoh is currently also the Chairman of the Board of Directors of Lister Medical Services Limited.

Mr. Frank Brako Adu, Jnr, - Managing Director, started with the Bank in 1990 and oversees the day-to-day activities of the Bank. Prior to his appointment, he was the Deputy Managing Director (Operations) of CAL Bank and had oversight responsibility for the daily operations of CAL's operational units. Until 1998, he was the Treasurer of the bank, responsible for managing the Bank's foreign exchange, liquidity, and interest rate risks. Frank transformed the Bank's treasury into a dynamic unit, taking a pioneering role in product innovation. Prior to being appointed Treasurer, he established and managed the Bank's recovery unit and worked as a credit and relationship-banking officer. Frank holds a BSc in Geography and an MBA from the University of Ghana. He is the Vice Chairman of the Council of the Ghana Stock Exchange and the current Chairman of its Listing Committee. He is also a member of the Board of Ghana Leasing Company Limited as well as the Private Enterprises Foundation (PEF) and African Investment Bank in Benin. He chairs the Board of Roman Ridge School and the National Health Insurance Council.



Lincoln Yesu Rathnam, D.PHIL, CFA is a pioneer in emerging market investments. He conceived and managed the first bond fund for emerging markets and created emerging market private equity funds. Dr. Rathnam was educated at Dartmouth College (A.B., History, Phi Beta Kappa, 1971) and Balliol College, Oxford (D.Phil., History, 1976). He is a Chartered Financial Analyst and a former director of the Boston Security Analysts Society. Dr. Rathnam began his investment career in 1979 at Connecticut General Investment Management Company and in 1984, Dr. Rathnam joined Scudder, Stevens & Clark, Inc. in Boston as an equity analyst and rose to the position of chairman of the stock review committee. In 1988, Dr. Rathnam founded the firm's high yield bond department. In 1989, he launched the Sovereign High Yield Investment Company, one of the first bond funds for emerging countries since the 19th century. In 1994, he founded Scudder's private equity department and launched the Scudder Latin American Trust for Independent Power, one of the first private equity funds for Latin American investments. In 1998, Dr. Rathnam joined Vistech Corporation of Westport, CT, where he has been active in private equity investments in Latin America and in the United States. Since 2002, he has also advised BTU Ventures, a firm specializing in energy investments in the Middle East and North Africa. He is now president of Rathnam, Hayat, MacGuire & Khalifa Inc., an investment management firm. Dr. Rathnam is the author of numerous published articles on investing.





PROFILE OF THE BOARD OF DIRECTORS



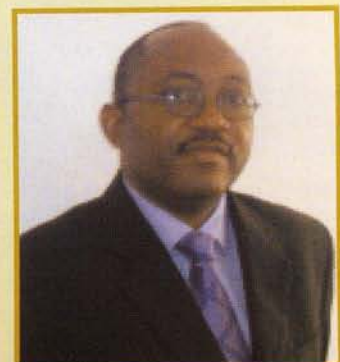
Nana Awuah-Darko Ampem 1 has been a member of the Board of Directors of CAL since the establishment of the Bank. He is an Associate of Chartered Insurance Institute of UK and a Fellow of Ghana Insurance Institute and qualified as a Chartered Insurer in 1961. Nana is the Founder and Chairman of Vanguard Assurance Company Limited, the first indigenous private Insurance Company in Ghana. He also serves on the Boards of City Investments Company Limited, Ghana Leasing Company Limited and Juaben Rural Bank. Nana is the Nkosuohene of Juaben, Ashanti, Council Member of Board of Trustees of Otumfuo Educational Fund, member of Board of Trustees of the Police Endowment Fund and Chairman of Board of Trustees of Accra Polo Club.

Mr. Malcolm D. Pryor is Chairman and founding partner of Pryor, Counts & Co., Inc, an investment banking firm with head office in Philadelphia, and offices in Chicago and New York. Prior to becoming a partner of Pryor, Counts & Co, Mr. Pryor worked at Goldman Sachs & Co for a period of seven years in fixed income sales and thereafter became a member of the Philadelphia Options Exchange where he was a market maker in equity options. He attended Howard University earning a Bachelor of Arts degree in Marketing and Economics and also earned an MBA in Finance at the Wharton School of the University of Pennsylvania in 1972. 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.



Mr. Paarock VanPercy is a Fellow of the Institute of Chartered Accountant in England and Wales having qualified with Hacker Young Chartered Accountants, UK and is a graduate of the University of Ghana with BA (Hons) Philosophy degree. He is currently the Managing Associate of AfriCapital Associates, a Business & Financial Advisory firm and was until March 2002 the Country Manager for Ghana of Commonwealth Development Corporation, General Manager of Venture Fund Management Company (Feb 2001-March 2002), and Head of Corporate Finance at Merchant Bank Ghana Ltd (Aug. 1994-June 1999). Paarock is a member of Board of Directors of Ghana Leasing Company Limited and Buipe Resources Development Company Limited.

Alexander Williams joined CAL Bank Limited in 1997 and was appointed Secretary to the Board in 2000. He combines the company secretarial duties with his position as the Bank's legal adviser. Alex holds an executive MBA from GIMPA. He is a member of the Ghana Bar Association and International Bar Association. He is the Association of Bankers representative for the Private Enterprise Foundation on the Commercial Court Users Committee.





CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me great pleasure to welcome all our new shareholders to the CAL Bank family. CAL Bank has had a remarkable year during which it completed a successful initial public offering and listing on the Ghana Stock Exchange.

Economic Environment

The macro-economic environment in Ghana experienced modest improvements during the year. Consumer price inflation declined from 23.6% at the end of December 2003 to 11.8% at the end of December 2004.

The Cedi remained relatively stable during the year against the US Dollar, depreciating by 2.48%. Against the Pound Sterling and the Euro however, the Cedi depreciated by 9.87% and 9.83% respectively. Among the factors contributing to the relative stability of the Cedi is the significant increase in inward remittances.

In line with declining inflation during the period, the Bank of Ghana prime rate dropped from 21.5% in December 2003 to 18.5% in December, 2004.

Gross International Reserves as at October, 2004 was US\$1.5 billion, equivalent to approximately 4 month's import cover and represented a 33% increase over the same period in 2003. Overall, the economy ended the year with strong and improved fundamentals and with improved prospects as a result of low and stable inflation and exchange rate expectations.

Confidence in the economy remains high and business and consumers continue to show optimism in the economic outlook.

2004 Operating Results

The Group's Profit Before Tax was ₵45.6 billion. This represented a 35% increase over 2003 results of ₵33.7 billion. Net Profit After Tax was ₵34.8 billion; an increase of 62% over last year's net profit of ₵21.5 billion. Shareholders funds increased from ₵74.1 billion to ₵165.9 billion; an increase of 124%. The Bank's shares which began trading on the Ghana Stock Exchange in November 2004 at a price of ₵2,000 per share, closed the year at ₵3,400 per share, up by 70%.

Dividend

The Board of Directors is recommending a dividend of ₵50 per share, representing a payout ratio of 22% of profit after tax for



2004. The dividend will be paid on 29th April 2005 to shareholders on the Register at the close of business on 10th March 2005.

Repositioning

During the year, Management successfully completed a programme to reposition the Bank, to enable it meet the challenges of an increasingly competitive banking environment. The repositioning involved the acquisition of the Universal banking licence, expansion of the Bank's scope of activities to include retail banking, a change of name and the listing of the Bank's shares on the Ghana Stock Exchange.

Outlook for 2005

With the re-election of the Kufuor Administration, we expect that the macro-economic stability that the country has enjoyed for the past three years will continue. Inflation, interest rates and exchange rates are expected to be relatively stable, but susceptible to external shocks.

In the coming year, we will dedicate our energies to building our retail banking operations while continuing to improve and strengthen our corporate business. With our new capital base and expanded focus, we are positioned to meet any challenges that may come up in future.

We will continue to offer innovative solutions to satisfy our customers' needs while generating improved returns to ensure the maximisation of shareholder value.

Conclusion

I would like to conclude by expressing my sincere thanks to our customers, employees and shareholders for their support during the year. With your continued support, we can expect a more successful year in 2005.



George Victor Okoh



MANAGING DIRECTOR'S REVIEW

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

Introduction

As indicated in my concluding statements of my review of 2003, 2004 was going to be a different year. It was going to be different because it was first and foremost an election year, and although Ghana's democracy had been tested it was still in its nascent stage. The uncertainties of the elections therefore influenced the decision making of most businesses.

It was also going to be a busy year for the Bank and its subsidiaries because the Group was going to go through a number of transitions. First and foremost the Bank was going to go functional under our newly acquired Universal Banking franchise. This meant changing our name and identity, introducing new values and reintroducing the Bank to the public and adding Consumer and Retail banking to our products and services.



Then there was the promise to change our shareholding. 2004 therefore saw us do this by going public and placing approximately 18 percent of the Bank's shares on the Ghana Stock Exchange for funds required for developing a branch network and introducing our retail branches as well as ATMs and other products.

2004 was thus a very busy year. But it was not only a busy year, it was a very successful year as well. Thanks to our clientele and customers who made it all possible.

Our Operating Results

2004 saw the Group's total assets grow by 40.5 percent from ₵588 billion to ₵826 billion, a growth influenced by a significant growth in interest bearing assets. Advances grew by 38.3 percent whilst short-term investments and cash and short-term funds grew by 47.4 percent and 40.0 percent respectively. Fixed assets growth was at 230 percent, as a result of a revaluation of the Bank's properties. We expect to have fixed assets grow significantly in 2005 as a result of our branch expansion program.

Our asset growth was funded principally by deposit growth and a further equity injection of ₵36 billion towards the end of the year. Total deposits in keeping with average increase over the past years grew by 39.3 percent from ₵384 billion to ₵535 billion.

In line with our policy of cost containment our cost to income ratio averaged 48.1 percent for the year. It is a measure of management's efficiency in managing available resources. This was further manifested in very good profitability for the year.

Profit after tax for the period was ₵34.8 billion representing an impressive 62.3 percent increase following a charge of ₵7.9 billion for bad and doubtful debts for the year.

At the end of the year, Shareholders funds stood at ₵166 billion up by 124.3 percent from the ₵74 billion recorded at the end of year 2003. This phenomenal increase was a result of retained profits as well as new equity raised through the Ghana Stock Exchange. The Bank's capital adequacy ratio continued to be healthy at 18.6 percent and was above the minimum required by law of 10 percent.

In general the Bank recorded good growth and enhanced profitability as well as strong asset and capital positions. True to our custom, history and practice, directors have recommended the payment of a dividend of ₵50 per share representing a pay out ratio of 22percent.

Universal Banking

In my report for 2003, I informed members that the Bank had applied for a Universal Banking License. This was formally granted by the Bank of Ghana in April 2004. To pursue the objective of developing the Universal Banking franchise, a General Manager, Retail and Consumer banking was appointed. He is charged with the responsibility of developing a branch network and developing electronic and other retail products. It is our plan that in the coming year retail and consumer banking would constitute 7 to 10 percent of our portfolio in terms of assets.

In sending a clear signal to the market about our diversified focus, we did change our name to CAL Bank Limited and in doing so repositioned the Bank. We also introduced our new tag line – "CAL Bank – Bank on our Service" which is a catchy and effective play on the word Bank.

Listing of CAL on the Ghana Stock Exchange

During the year we took the bold step of seeking a public listing of the Bank on the Ghana Stock Exchange. We thus went to the market to raise ₵54 billion, in the maximum ₵63 billion at ₵2,000 a share at a PE ratio of 13. Although the PE ratio was considered rich at 13, the market still gave us an incredible ₵240 billion representing an unprecedented over subscription in excess of 340 percent. Thanks to all of you the listing of CAL Bank on the Ghana Stock Exchange was hugely successful and today I am proud to say CAL Bank has approximately 23,300 shareholders.

New Products and Services

With the successful initial public offering behind us we have now begun our expansion program. The opening of the Tema Branch is scheduled for early 2005, and we expect to open additional branches in other major cities in the next couple of years. Preparatory works to deploy a number of ATMs at strategic locations in Accra have also commenced in line with our expansion into retail banking.

New products introduced during the year included the CAL Paypoint, an online facility for paying utility bills and the Flexisave, a savings product with several flexible features. We are also retrofitting our Private Banking Unit to make it more dynamic to offer competitive and attractive service and products to the market.

Social Responsibility

During the year the Bank continued to demonstrate its commitment to its social responsibility by supporting a number of projects for the poor and needy in the country. Donations were given to support projects in the areas of health, education, girl child education, and children's welfare services. In addition, our annual Christmas party for children was held in December and was attended by over 250 children from several foster homes. A number of these children have also been granted scholarships by the Bank which will see them through tertiary education. The following are some of the beneficiary institutions and projects; Ghana National Trust Fund, The Ghana Heart Foundation, University of Ghana – Legon Hall, Korle-Bu Teaching Hospital, Kukurantumi Educational Fund, The Society of African Physicists and Mathematicians, Labone Secondary Sch., Adabraka Police Station, University of Ghana - (improvement in water supply), Ga Mashie Community Empowerment

Human Resources

During 2004 with the assistance of the African Development Bank, we retained the services of an international management consultancy firm (ICRA Limited from India) to conduct intensive training programs in Ghana for our staff. The focus of this six-week training was to expose management, executives and key staff of the Bank to good practices in risk management. The program aims to strengthen existing risk management systems to meet our objective of stakeholder value maximisation. In addition all staff went through training programs during the year aimed at improving our institutional culture and work ethic.

Our staff will remain the most critical and valuable asset of the Bank, and management will continue to find ways of motivating them and training them so they will continue to achieve sterling results.

The Way Forward

Having completed the first year of our 3-year Strategic Plan, there are a number of strategic initiatives which we intend to implement during the plan period in order for the Bank to remain competitive.

These initiatives include the strengthening of our asset management and brokerage businesses and the setting up of a mutual fund company. We also plan to make a strong entry into the consumer money transfer/inward remittance business in the near future, as well as develop correspondent banking relationships with other banks in the West Africa sub-region.

As has been mentioned earlier, we intend to develop retail banking to augment our corporate business and to be a significant contributor to our earnings. All these initiatives will require us to recruit and retain competent staff and intensify our marketing efforts. To ensure the success of our ambitious plans, we will need to make bold moves. These bold moves would involve a lot of investments which may generate healthy returns in the medium term, but for the Bank to survive and grow it is necessary that we make these investments now, and we will need the continued support of you our shareholders.

Conclusion

Year 2004 was a momentous year for the Bank and its subsidiaries. The Group's financial performance was a significant improvement over the previous year. The year also saw the successful listing of the Bank on the Ghana Stock Exchange and along with it, the

commencement of a programme to expand the scope of the Bank's activities from Merchant banking to Universal banking.

We will continue to be relentless in the pursuit of our objective of maximisation of stakeholder value. The path we have set for ourselves in the next couple of years involves challenges. I am confident, however, that with the support of all our stakeholders, especially our customers, staff and shareholders, we shall succeed.

Thank you.



Frank Brako Adu Jnr.





CAL BANK LIMITED
REPORT OF THE DIRECTORS TO THE MEMBERS OF
CAL BANK LIMITED

Financial Statements and Dividend

The Board of Directors has the pleasure to submit this report on the company for the year ended 31st December 2004.

Statement of Directors Responsibilities

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

Financial Statement

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Profit for the year ended 31 st December 2004	
before taxation is	45,631
from which is deducted taxation of	(10,812)
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giving a profit for the year after taxation of	34,819
Less: Transfer to Statutory Reserve Fund of	(3,865)
<hr/>	
leaving a balance of	30,954
to which is added balance on Income Surplus Account	
brought forward (excluding amounts transferred to	
Statutory Reserve Fund) of	44,979
<hr/>	
	75,933
Less: Transfer to Stated Capital Account of	(28,000)
<hr/>	
giving a cumulative amount available for distribution of	47,933
out of which a proposed dividend of ¢50 per share amounting to	
is to be paid	(7,755)
<hr/>	
leaving a balance on Income Surplus Account carried forward of	40,178

Nature of Business

The nature 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;

REPORT OF THE DIRECTORS FINANCIAL STATEMENTS AND DIVIDEND (CONT'D)

- 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.

In April 2004 the Bank of Ghana approved the Bank's request for a licence to carry on the business of universal banking.

The Bank became a public limited liability company under the provisions of the Companies Code 1963 (Act 179) on 26 April 2004 and was listed on the Ghana Stock Exchange on 5 November 2004.

Change of Name

On 26th April 2004, the Bank changed its name from Cal Merchant Bank Limited to CAL Bank Limited. The change of name was to confirm the Bank's new status as a universal Bank.

Substantial Shareholders

Details of the Bank's twenty largest shareholders as at 31st December, 2004 are disclosed in Note 38.

Changes in Board of Directors

Subsequent to his appointment as The Head, Banking Supervision Department, Bank of Ghana, Mr. Fred France resigned from the membership of the Board of Directors on 22nd July 2004.

The Board sincerely thanks Mr. Fred France for the part he played during his tenure and wishes him well in his new appointment.

Retirement and Re-Election of Board members

The following Board members who 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 and being eligible have offered themselves for re-election:

- Mr. George Victor Okoh
- Nana Awuah-Darko Ampem
- Mr. Malcolm Pryor
- Dr. Lincoln Yesu Rathnam and
- Mr. Paarock VanPercy.

REPORT OF THE DIRECTORS FINANCIAL STATEMENTS AND DIVIDEND (CONT'D)

Election of Board members

The following have also offered themselves for election to the Board of Directors at the meeting of shareholders and have been approved by the Board of Directors. They are Alhaji Asoma Abu Banda and Robert Ahomka Lindsay.

Alhaji Asoma Abu Banda worked with Imperial Chemical Industries (ICI) of London as the director in charge of Africa and the Middle East until he established his own shipping company known as OT Africa Line and the Antrak Group of Companies, both of which he is the Chairman. Alhaji Banda is a director of Antrak Transport Company and has established the first Ghanaian owned airline company. Alhaji's companies spread over 146 countries. He has several local and international awards to his name. He has a diploma in marketing/sales management and has attended several courses in marketing, management throughout the world in shipping.

Robert Ahomka Lindsay is the Vice president – Public Affairs and Communication and the Director, Africa Revenue Management for the Africa Group of The Coca-Cola Company. Prior to his appointment, he had worked with CDC Group plc, NatWest Capital Markets and KPMG Peat Marwick spending over ten years within the international and banking sector in Europe, United States and Africa. Robert is a Director of the African American Institute (USA), Corporate Council of Africa (USA), Medical Students for South Africa (USA), a board member of Africa Investor (UK) and the President of The Coca-Cola Foundation. Robert is a graduate of the University of Sussex with a postgraduate degree from the University of Chicago.

Subsidiaries

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

CAL Investments Limited - a non-banking financial institution.

Associated Undertakings

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

Committees of the Board

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

Audit Committee

George Victor Okoh	-	Chairman
Nana Awuah-Darko Ampem	-	Member
Paarock VanPercy	-	Member

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

- nominate the accounting firm to conduct the annual audit
- discuss with the internal auditor the scope of the examinations

**REPORT OF THE DIRECTORS
FINANCIAL STATEMENTS AND DIVIDEND (CONT'D)**

- discuss with the internal auditor special areas of concern
- advise on review of compliance with company policies
- advise on the efficiency studies of selected activities
- review the auditors report with the auditor on completion

Compensation Committee

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

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

Dividends

The directors recommend the payment of a dividend of ₵50.00 per share for the year ended 31st December 2004.

Auditors

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

Acknowledgement

The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff and management and especially to all who were involved in the floatation of the shares of the company on the Ghana Stock Exchange.

BY ORDER OF THE BOARD



.....
Chairman



.....
Managing Director

DATED: 8th FEBRUARY 2005.



**REPORT OF THE AUDITORS
TO THE MEMBERS OF CAL BANK LIMITED**

We have audited the consolidated financial statements of CAL Bank Limited for the year ended 31st December 2004 set out on pages 18 to 43 and have obtained all the information and explanations we required.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

BASIS OF OPINION

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

OPINION

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

.....
CHARTERED ACCOUNTANTS
25 Liberia Road
Accra

8 Feb.,

....., 2005



CAL BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

		2004 ¢m	2003 ¢m
Interest income	4	95,491	76,633
Interest expense	5	(46,365)	(42,908)
Net interest income		49,126	33,725
Commissions and fees	6	28,871	20,295
Other operating income	7	23,503	22,892
Operating Income		101,500	76,912
Total Operating expenses	8	(48,811)	(36,394)
Charge for bad and doubtful debts	11	(7,890)	(7,454)
Operating profit		44,799	33,064
Other Income	9	832	669
Profit Before Taxation		45,631	33,733
Reconstruction Levy		(3,320)	(2,665)
Taxation	12c	(7,492)	(9,609)
Profit after taxation transferred to Income Surplus Account		34,819	21,459

CONSOLIDATED INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

Balance at 1 st January		44,979	29,605
Net Profit from Profit and Loss Account		34,819	21,459
Transfer to Statutory Reserve Fund	27	(3,865)	(2,585)
Transfer to Stated Capital	26	(28,000)	-
Proposed dividend at ¢50 per share (2003: ¢2,515 per share)		(7,755)	(3,500)
Balance at 31 st December		40,178	44,979
Earning per share	37	¢224	¢15,421
Dividend per share	37	¢50	¢2,515



CAL BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

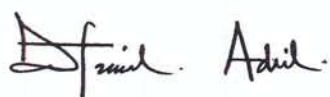
	Notes	2004 ¢'m	2003 ¢'m
Interest Income	4	95,415	76,571
Interest Expense	5	(46,555)	(43,062)
Net Interest Income		48,860	33,509
Commissions and Fees	6	28,115	20,117
Other Operating Income	7	20,470	22,840
Operating Income		97,445	76,466
Operating Expense	8	(48,151)	(36,188)
Charge for Bad and Doubtful Debts	11	(7,890)	(7,454)
Operating Profit		41,404	32,824
Other Income	9	31	46
Profit Before Taxation		41,435	32,870
Reconstruction Levy		(3,147)	(2,659)
Taxation	12c	(7,368)	(9,535)
Profit after Taxation transferred to Income Surplus		30,920	20,676

CONSOLIDATED INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

Balance at 1 st January		41,965	27,374
Net profit from Profit and Loss Account		30,920	20,676
Transfer to Statutory Reserve Fund	27	(3,865)	(2,585)
Transfer to Stated Capital	26	(28,000)	-
Proposed Dividend at ¢50 per Share (2003: ¢2,515)		(7,755)	(3,500)
Balance at 31 st December		33,265	41,965
Earning per share	37	¢199	¢14,859
Dividend per share	37	¢50	¢2,515

CAL BANK LIMITED
CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2004

	Notes	2004 ¢'m	2003 ¢'m
ASSETS			
Cash and Balance with Bank of Ghana	13	47,370	33,847
Government Securities	14	247,036	167,554
Due from other banks and Financial Institutions	15	169,361	143,337
Investment in other Securities	17	8,008	6,891
Loans and advances	16	301,317	217,903
Other assets	19	13,955	6,658
Taxation	12b	96	-
Property and Equipment	20	38,392	11,633
TOTAL ASSETS		825,535	587,823
LIABILITIES			
Customer Deposits	22	480,345	335,945
Due to banks & other Financial Institution	23	55,093	48,057
Interest payable and other liabilities	24	121,897	121,229
Deferred Taxation	12d	2,225	7,153
Taxation	12b	-	1,365
TOTAL LIABILITIES		659,560	513,749
SHAREHOLDERS' FUND			
Stated capital	26	70,588	6,578
Statutory Reserve Fund	27	22,386	18,521
Capital surplus	28	32,823	3,996
Income surplus		40,178	44,979
Total Shareholders' Funds		165,975	74,074
TOTAL LIABILITIES AND SHAREHOLDERS FUNDS		825,535	587,823
Net Assets per Share	37	¢1,070	¢53,233

DIRECTORS

The Directors approved the financial statement on 8th February 2005

**CAL BANK LIMITED****BALANCE SHEET AT 31ST DECEMBER 2004**

	Notes	2004 ¢'m	2003 ¢'m
ASSETS			
Cash and Balances with Bank of Ghana	13	47,370	33,847
Government Securities	14	246,778	167,257
Due from Other Banks and financial Inst.	15	169,361	143,337
Investment in other Securities	17	4,700	4,769
Loans and Advances	16	301,317	217,903
Investment in Subsidiaries	18	1,100	241
Other Assets	19	16,289	6,649
Taxation	12a	116	-
Property and Equipment	20	38,392	11,633
TOTAL ASSETS		825,423	585,636
LIABILITIES			
Customer Deposits	22	479,435	335,945
Due to banks and other Financial Inst.	23	63,252	49,759
Interest payable and other liabilities	24	121,449	120,386
Deferred Taxation	12d	2,225	7,153
Taxation	12a	-	1,333
TOTAL LIABILITIES		666,361	514,576
SHAREHOLDERS' FUND			
Stated Capital	26	70,588	6,578
Statutory Reserve Fund	27	22,386	18,521
Capital Surplus	28	32,823	3,996
Income Surplus		33,265	41,965
Total Shareholders' Fund		159,062	71,060
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		825,423	585,636
Net Assets per Share	37	¢1,026	¢51,067

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DIRECTORSThe Directors approved the financial statement on 8th February 2005



CAL BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2004

	2004		2003	
	¢'m	¢'m	¢'m	¢'m
Net Cash Inflow from Operating Activities (Note 29)		20,228		26,603
Returns on Investments and Servicing of Finance				
Dividend Received	30		70	
Dividend Paid	(3,500)		(4,949)	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(3,470)		(4,879)
Taxation				
Tax Paid	(13,534)		(7,440)	
National Reconstruction Levy	(3,667)		(2,189)	
		(17,201)		(9,629)
Investing Activities				
Purchase of Property and Equipment	(2,216)		(3,898)	
Proceeds from Sale of Property and Equipment	-		9	
Proceeds from Sale of Trade Investments	-		21	
Revaluation fee paid	(25)		-	
Net Cash Outflow from Investing Activities		(2,241)		(3,868)
Net Cash flow before Financing		(2,684)		8,227
Financing				
Increase in Borrowings	28,574		45,373	
Repayment of Borrowings	(22,599)		(15,387)	
Appreciation in the Level of Borrowings through Exchange Fluctuations	1,262		(1,548)	
Proceeds from shares issued	36,010		-	
Equity Investment	(1,016)		-	
Net Cash Inflow from Financing		42,231		28,438
Increase in Cash and Cash Equivalents		39,547		36,665
Analysis of Changes in Cash and Cash Equivalents				
Balance at 1 st January		177,184		140,519
Net Cash Inflow		39,547		36,665
Balance at 31 st December		216,731		177,184
Analysis of Cash and Cash Equivalents				
Cash and Balances with Bank of Ghana		47,370		33,847
Due from other Banks and Financial Institutions		169,361		143,337
Cash and Bank Balances at 31 st December		216,731		177,184



CAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004

1. BASIS OF ACCOUNTING

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

ACCOUNTING POLICIES

a. Consolidation

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

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

b. Foreign Currency

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

c. Income Recognition

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

Commissions and fees are credited to income when earned.

d. Investments

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

e. Loans and Advances

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

f. Provision for Bad and Doubtful Debts

Provisions for bad and doubtful debts are made, having regard to specific risks.

The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of

provisions required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the advances portfolio and prior bad debt experience.

Provisions made during the year (less amounts released and recoveries of advances previously written off) are charged as a separate amount in the profit and loss account. Advances are written off when the extent of any loss has been confirmed.

In compliance with Bank of Ghana requirement, a general provision of 1% is also made on net current contingent liabilities (off balance sheet items).

g. **Property and Equipment**

Property and Equipment owned by the Group are stated at gross values less accumulated depreciation. Depreciation is computed using the straight line method so as to write off the gross value of the assets over the estimated useful lives of the assets. The depreciation rates in use are as follows:-

Land & Buildings	-	Over remaining useful life of lease
Motor Vehicles	-	20%
Equipment	-	33 $\frac{1}{3}$ %
Furniture & Fittings	-	7 years

h. **Taxation**

The Group provides for taxes at the current rates on taxable profits and capital gains.

i. **Deferred Taxation**

Provision is made for deferred tax liability using the liability method. Provision is made for deferred tax asset to the extent that there is certainty of realisation.

j. **Post Balance Sheet Events**

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

2. PERCENTAGE OF GROSS NON-PERFORMING LOANS

Percentage of Gross Non-Performing Loans (Olem to Loss) to total credit portfolio (Gross) is 14% (2003: 16%)

3. SOCIAL RESPONSIBILITY

Amount spent on fulfilling social responsibility obligations is ₵345m (2003:₵232m).

4. INTEREST INCOME

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Placements, Special Deposits etc.	9,722	9,722	5,260	5,260
Investment Securities	24,497	24,573	20,022	20,084
Loans and Advances	61,196	61,196	51,289	51,289
	95,415	95,491	76,571	76,633

5. INTEREST EXPENSE

Current Accounts	11,816	11,816	9,224	9,219
Time and other Deposits	29,529	29,339	29,656	29,507
Overnight and Call Accounts	1,425	1,425	1,457	1,457
Borrowings	3,785	3,785	2,725	2,725
	46,555	46,365	43,062	42,908

6. COMMISSIONS & FEES

Letters of Credit & Guarantees	7,492	7,492	6,479	6,479
Foreign Transfers	2,650	2,650	1,987	1,987
Other Commissions	12,598	13,354	7,290	7,468
Other Fees	5,375	5,375	4,361	4,361
	28,115	28,871	20,117	20,295

7. OTHER OPERATING INCOME

Gain on Exchange	9,053	9,053	8,815	8,815
Other Income	11,417	14,450	14,025	14,077
	20,470	23,503	22,840	22,892

8. TOTAL OPERATING EXPENSES

Staff Cost (Note 10)	18,716	18,988	14,541	14,648
Advertising and Marketing	3,343	3,343	1,465	1,465
Admin Expenses	1,703	1,703	1,169	1,169
Training	1,126	1,126	884	884
Depreciation	4,309	4,309	2,782	2,782
Directors Emoluments	2,351	2,351	2,544	2,544
Auditors' Remuneration	185	220	123	143
Others	16,418	16,771	12,680	12,759
	48,151	48,811	36,188	36,394

9. OTHER INCOME

	2004		2003	
	The Bank €'m	The Group €'m	The Bank €'m	The Group €'m
Profit on Disposal of Property and Equipment (Note 20iv)	-	-	9	9
Profit on Disposal of shares (Note 21)	-	-	14	14
Groups share of Associated Company's Operating Profit	-	801	-	623
e-Card	31	31	23	23
	31	832	46	669

10. STAFF COST

Salaries and Bonuses	12,735	12,988	9,848	9,955
Social Security Contribution	1,178	1,197	945	945
Others	4,803	4,803	3,748	3,748
	18,716	18,988	14,541	14,648

The average number of persons employed by the bank during the year was 177 (2003:156)

11. BAD AND DOUBTFUL DEBTS EXPENSE

Net Specific Credit Risk Provision	6,619	6,619	3,036	3,036
General Provision for Impairment	827	827	586	586
Total On-Balance Sheet Provision	7,446	7,446	3,622	3,622
General Provision on Off-Balance Sheet Items	444	444	430	430
Provision on FRMP Loan Guarantee	-	-	3,402	3,402
	7,890	7,890	7,454	7,454

12. TAXATION

	Balance 1/1/04	Payments During the Year	Charge for the Year	Balance 31/12/04
(a) The Bank	¢'m	¢'m	¢'m	¢'m
1998-2003	598	(2,011)	1,192	(221)
2004	-	(11,388)	11,104	(284)
	598	(13,399)	12,296	(505)
2001	(54)	-	-	(54)
	544	(13,399)	12,296	(559)
1997-2002	13	-	-	13
	13	-	-	13
2001-2003	776	(747)	39	68
2004	-	(2,746)	3,108	362
	776	(3,493)	3,147	430
Total	1,333	(16,892)	15,443	(116)
b) The Group				
		2004	2003	
	The Bank	The Group	The Bank	The Group
	¢'m	¢'m	¢'m	¢'m
Income Tax				
1999-2003	631	(2,030)	1,192	(207)
2004	-	(11,504)	11,228	(276)
	631	(13,534)	12,420	(483)
Capital Gains Tax				
2001	(54)	-	-	(54)
	577	(13,534)	12,420	(537)
Dividend Tax				
1997 - 2002	13	-	-	13
	13	-	-	13

12. TAXATION (CONT'D)

National Reconstruction Levy	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
2002-2003	775	(749)	39	65
2004	-	(2,918)	3,281	363
	775	(3,667)	3,320	428
Total	1,365	(17,201)	15,740	(96)

(c) Tax Charge for the Year

Income Taxation	12,296	12,420	7,059	7,133
Deferred Taxation	(4,928)	(4,928)	2,476	2,476
	7,368	7,492	9,535	9,609
National Reconstruction Levy	3,147	3,320	2,659	2,665

(d) Deferred Taxation

Balance at 1st January	7,153	7,153	4,677	4,677
Charge to P&L/(write-back for the year)	(4,928)	(4,928)	2,476	2,476
Balance at 31st December	2,225	2,225	7,153	7,153

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

13. CASH AND BALANCES WITH BANK OF GHANA

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Cash in Hand	16,794	16,794	11,342	11,342
Balances with Bank of Ghana	30,576	30,576	22,505	22,505
	47,370	47,370	33,847	33,847

14. GOVERNMENT SECURITIES

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Treasury Bills	137,831	138,089	108,605	108,902
Ghana Government Index Linked Bonds	21,294	21,294	58,652	58,652
Other Bills	87,653	87,653	-	-
	246,778	247,036	167,257	167,554

15. DUE FROM OTHER BANKS

Nostro Account balances	109,997	109,997	71,399	71,399
Items in course of collection	8,671	8,671	7,725	7,725
Placement with other banks	50,693	50,693	64,213	64,213
	169,361	169,361	143,337	143,337

16. LOANS AND ADVANCES TO CUSTOMERS

(i) Analysis by type

Overdrafts	179,776	179,776	133,840	133,840
Term Loans	109,585	109,585	67,081	67,081
Others	44,438	44,438	41,818	41,818
Gross Loans and Advances	333,799	333,799	242,739	242,739
Less:				
Provision for bad and doubtful debts	(15,538)	(15,538)	(11,594)	(11,594)
Interest in Suspense	(16,944)	(16,944)	(13,242)	(13,242)
Net Loans and Advances	301,317	301,317	217,903	217,903

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

Loan loss provision ratio is 4.7% (2003: 4.8%)

Gross Non-performing loans ratio is 14% (2003: 16%)

Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 80% (2003: 79%)

The maximum amount due from officers of the bank during the year amounted to ¢7,382 million (2003: ¢5,316 million)

16. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(II) Analysis by Business Segments

	2004		2003	
	The Bank €'m	The Group €'m	The Bank €'m	The Group €'m
Agriculture, Forestry & Fishing	4,768	4,768	4,153	4,153
Mining and Quarrying	9,670	9,670	13,965	13,965
Manufacturing	134,889	134,889	89,398	89,398
Construction	6,938	6,938	25,649	25,649
Electricity, gas and water	3,930	3,930	4,425	4,425
Commerce and Finance	40,820	40,820	64,244	64,244
Transport, Storage and Communications	53,338	53,338	8,531	8,531
Services	7,425	7,425	3,148	3,148
Miscellaneous	72,021	72,021	29,226	29,226
	333,799	333,799	242,739	242,739
Less:				
Provision for bad and doubtful debts	(15,538)	(15,538)	(11,594)	(11,594)
Interest in Suspense	(16,944)	(16,944)	(13,242)	(13,242)
Net Loans and Advances	301,317	301,317	217,903	217,903

(iii) Analysis by type of Customer

Private Enterprises	295,507	295,507	229,218	229,218
Joint Private & State Enterprises	3,334	3,334	6,462	6,462
Public Institutions	27,576	27,576	1,743	1,743
Staff	7,382	7,382	5,316	5,316
	333,799	333,799	242,739	242,739
Less:				
Provision for bad and doubtful debts	(15,538)	(15,538)	(11,594)	(11,594)
Interest in Suspense	(16,944)	(16,944)	(13,242)	(13,242)
Net Loans and Advances	301,317	301,317	217,903	217,903

(iv) Movement in the Bank and Group's provisions for impairment are as follows:

Balance at 1 st January	11,594	11,594	7,972	7,972
Bad and Doubtful Debts	7,508	7,508	3,622	3,622
Provision no longer required	(3,564)	(3,564)	-	-
Balance at 31 st December	15,538	15,538	11,594	11,594

17. INVESTMENT IN OTHER SECURITIES

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Ghana Leasing Company Ltd	4,069	6,191	4,069	5,568
Transaction Management Service	700	700	700	700
Benso Oil Palm Plantation Limited	631	1,016	-	-
Groups share of Associated Company's Operating profit	-	801	-	623
	5,400	8,708	4,769	6,891
Less: Provision for Investment Loss	700	700	-	-
	4,700	8,008	4,769	6,891

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 Equipments	Ghana	39.9%
Transaction Management Services Limited	E-card Service Provider	Ghana	25%

18. INVESTMENTS IN SUBSIDIARIES

The Principal Subsidiaries are:

Name	Nature of Business	Country of Incorporation	Amounts ¢'m	Percentage Interest
CAL Investments Limited	Investments Management	Ghana	100	100
CAL Brokers Limited	Securities Brokerage	Ghana	1,000	100
			1,100	

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Shares	1,100	-	241	-

19. OTHER ASSETS

Sundry Debtors	10,906	8,572	2,049	2,049
Accrued Interest Receivable	1,417	1,417	1,768	1,777
Prepayments	2,303	2,303	2,289	2,289
Items in transit	1,663	1,663	543	543
	16,289	13,955	6,649	6,658

20. PROPERTY AND EQUIPMENT

(i) The Bank

	Bank Premises ¢'m	Furniture Fixtures & Equipment ¢'m	Motor Vehicles ¢'m	Total ¢'m
Gross Value				
At 1 st January	8,666	10,741	3,928	23,335
Additions	-	1,512	704	2,216
Surplus on revaluation	26,588	-	-	26,588
At 31 st December	35,254	12,253	4,632	52,139
Depreciation				
At 1 st January	2,085	8,134	1,483	11,702
Charge for the year	1,658	1,780	871	4,309
Released on valuation	(2,264)	-	-	(2,264)
At 31 st December	1,479	9,914	2,354	13,747
Net Book Value				
At 31/12/04	33,775	2,339	2,278	38,392
At 31/12/03	6,581	2,607	2,445	11,633

20. PROPERTY AND EQUIPMENT (CONT'D)

(ii) The Group

	Bank Premises ¢'m	Furniture Fixtures & Equipment ¢'m	Motor Vehicles ¢'m	Total ¢'m
Gross Value				
At 1 st January	8,666	10,775	3,928	23,369
Additions	-	1,512	704	2,216
Surplus on revaluation	26,588	-	-	26,588
At 31 st December	35,254	12,287	4,632	52,173
Depreciation				
At 1 st January	2,085	8,168	1,483	11,736
Charge for the year	1,658	1,780	871	4,309
Released on valuation	(2,264)	-	-	(2,264)
At 31 st December	1,479	9,948	2,354	13,781
Net Book Value				
At 31/12/04	33,775	2,339	2,278	38,392
At 31/12/03	6,581	2,607	2,445	11,633

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

(iii) Summary of Property and Equipment

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Gross Value	52,139	52,173	23,335	23,369
Accumulated depreciation	(13,747)	(13,781)	(11,702)	(11,736)
Net Book Value	38,392	38,392	11,633	11,633

(iv) Disposal of Property and Equipment

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

Cost	-	-	9	9
Accumulated Depreciation	-	-	(9)	(9)
Net Book Value	-	-	-	-
Disposal Proceeds	-	-	9	9
Profit on Disposals (Note 9)	-	-	9	9

21. DISPOSAL OF SHARES

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
Cost of Shares	-	-	7	7
Disposal Proceeds	-	-	21	21
Profit on Disposals (Note 9)	-	-	14	14

22. CUSTOMERS DEPOSITS

Current Account	250,343	251,253	150,882	150,882
Time Deposits	225,970	225,970	180,884	180,884
Savings deposits	3,122	3,122	4,179	4,179
	479,435	480,345	335,945	335,945

Analysis by type of depositors

Individual and other private enterprise	400,367	401,277	295,782	295,782
Public enterprises	79,068	79,068	40,163	40,163
	479,435	480,345	335,945	335,945

20 largest depositors to total deposit ratio is 62.7 %

23. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits from other banks	63,252	55,093	49,759	48,057
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24. INTEREST PAYABLE AND OTHER LIABILITIES

Creditors	12,114	12,562	12,084	12,087
Accruals	9,534	9,534	13,462	13,477
Borrowings – (Note 25)	73,319	73,319	66,082	66,082
Others	18,727	18,727	25,258	26,083
Dividend Payable	7,755	7,755	3,500	3,500
	121,449	121,897	120,386	121,229

25. BORROWINGS

	2004		2003	
	The Bank ¢'m	The Group ¢'m	The Bank ¢'m	The Group ¢'m
EDIF	7,592	7,592	6,950	6,950
Proparco	3,356	3,356	14,919	14,919
African Development Bank	38,233	38,233	44,213	44,213
GIB London	22,638	22,638	-	-
Bank of Ghana	1,500	1,500	-	-
Note 24 refers	73,319	73,319	66,082	66,082

26. STATED CAPITAL – (The Bank and The Group) AUTHORISED:

	2004		2003	
	Number (‘000)	Value ¢'m	Number (‘000)	Value ¢'m
Authorised				
Ordinary shares of no par value 1,000,000			3,150	
Issued:				
for cash	29,857	42,588	1,391	6,578
Transfer from Income Surplus	-	28,000	-	-
Bonus issue	125,236	-	-	-
	155,093	70,588	1,391	6,578

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

In line with Bank of Ghana directive the bank capitalized an amount of ¢28 billion by transfer from Income Surplus to Stated Capital

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

	2004 ¢'m	2003 ¢m
At 1 st January	18,521	15,936
Transfer from Income Surplus	3,865	2,585
At 31 st December	22,386	18,521

28. CAPITAL SURPLUS ACCOUNT (The Bank and the Group)

At 1 st January	3,996	3,996
Revaluation surplus transferred	26,588	-
Depreciation releases on properties revalued	2,264	-
Revaluation fee paid	(25)	-
At 31 st December	32,823	3,996

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

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

	2004 €'m	2003 €m
Operating Profit before taxation	45,631	33,733
Items not involving cash flow:		
Depreciation	4,309	2,782
Profit on Sale of Property and Equipment	-	(9)
Charge for Bad and Doubtful Debts	7,890	7,454
Revaluation Gain of GGLIB	(2,279)	(10,765)
Profit on disposal of Trade Investments	-	(14)
Associated Company profit	(801)	(623)
Provision for Investment Loss	700	-
	55,450	32,558
Adjustment for Item shown separately		
Dividend Received	(30)	(70)
	55,420	32,488
Net Cash Inflow from Trading Activities	55,420	32,488
Net Increase in Securities held other than those treated as Investing Activities	(77,203)	(66,866)
Net Increase in Advances	(91,304)	(66,820)
Net (Increase) /Decrease in Other Asset Accounts	(7,297)	168
Net Increase in Deposit & Current Accounts	144,400	106,690
Net increase due to other Banks	7,036	8,835
Increase in Creditors/Accruals (excluding borrowings)	(10,824)	12,108
	20,228	26,603

30. CONTINGENCIES AND COMMITMENTS

a) Letters of Credit, Guarantees and Indemnities

In common with banks, the group conducts business involving acceptances, guarantees, performance bonds and indemnities.

The majority of these facilities are offset by corresponding obligations of third parties. The group also holds certain securities in its own name on behalf of customers. The values of these securities are not recognised in the consolidated balance sheet.

Letters of credit commit the group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The group will only be required to meet these obligations in the event of customer's default.

30. CONTINGENCIES AND COMMITMENTS (CONT'D)

Contingencies and commitments not provided for in the financial statements as at 31st December 2004 in respect of the above amounted to ₵136 billion (2003: ₵132 billion) as detailed below.

Letters of Credit	20,766	28,288
Guarantees and Indemnities	115,436	103,866
	<u>136,202</u>	<u>132,154</u>

The amount of unsecured contingencies and commitments in respect of these at 31st December, 2004 is ₵136 billion (2003: ₵132 billion).

b) Capital Expenditure

Capital commitments not provided for in the financial statements as at 31st December 2004 amounted to ₵4,351 million (2003: ₵nil).

(c) Pending Legal Claims

There were no contingent liabilities in respect of pending legal suits against the Bank at the end of the year and at 31st December, 2003.

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

Banks take on foreign currency exchange rates exposure on its financial position and cash flows.

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

	US Dollars ₵'m	British Pounds ₵'m	Euro ₵'m	Others ₵'m	Total ₵'m
Assets					
Cash and Balances with Bank of Ghana	8,999	4,244	3,943	98	17,284
Government Securities	-	-	-	-	-
Due from other Banks & Financial Institutions	106,758	24,444	9,305	1	140,508
Investment in other Securities	-	-	-	-	-
Loans and Advances to Customers	112,893	3	10,544	-	123,440
Investment in Subsidiary	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-
Other Assets	-	-	-	-	-
Taxation	-	-	-	-	-
Total Assets	228,650	28,691	23,792	99	281,232

31. CONCENTRATION OF ASSETS, LIABILITIES AND OFF BALANCE SHEET ITEMS (CONT'D)

Liabilities					
Due to Customers	82,323	2,892	12,770	9	97,994
Due to other Banks	32,404	3,801	6,642	-	42,847
Due to Central Bank	-	-	-	-	-
Borrowings	64,227	-	-	-	64,227
Other Liabilities	10,275	-	-	-	10,275
Total Liabilities	189,229	6,693	19,412	9	215,343
Net On-Balance Sheet Position	39,421	21,998	4,380	90	65,889
Off-Balance Sheet Credit Commitments					
	24,001	-	1,192	970	26,163
				2004	2003
				¢'m	¢'m
Total Assets				281,232	25,021
Total Liabilities				(215,343)	(21,875)
Net on Balance Sheet Position				65,889	3,146
Off-balance sheet credit commitments				26,163	3,185

32. MATURITY OF ASSETS AND LIABILITIES

	0 - 3 months ¢'m	3 - 6 months ¢'m	6 - 12 months ¢'m	Over 1 year ¢'m	Total ¢'m
Assets					
Cash and Balances with Central Bank	47,370	-	-	-	47,370
Government Securities	145,022	1,256	82,653	17,847	246,778
Due from other Bank	169,361	-	-	-	169,361
Investment in other Securities	-	-	-	4,700	4,700
Loans and Advances to Customers	168,316	1,509	48,328	83,164	301,317
Investment in Subsidiaries	-	-	-	1,100	1,100
Property and Equipment	-	-	-	38,392	38,392
Other Assets	13,411	2,878	-	-	16,289
Taxation	-	-	116	-	116
Total Assets	543,480	5,643	131,097	145,203	825,423
Liabilities					
Due to customers	363,715	54,850	14,675	46,195	479,435
Due to central bank	162	162	162	1,014	1,500
Due to other banks	45,542	5,958	4,111	7,641	63,252
Other borrowed funds	6,537	15,175	7,161	42,946	71,819
Other liabilities	48,130	-	-	-	48,130
Deferred Taxation	-	-	-	2,225	2,225
Total Liabilities	464,086	76,145	26,109	100,021	666,361
Net Liquidity Gap	79,394	(70,502)	104,988	45,182	159,062

32. MATURITY OF ASSETS AND LIABILITIES (CONT'D)

Net Liquidity Gap	2004 ¢'m	2003 ¢'m
Total assets	825,423	585,636
Total liabilities	666,361	514,576
Net liquidity gap	159,062	71,060

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

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

It is unusual for banks ever 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.

33. RELATED PARTY TRANSACTIONS

Included in loans and advances is an amount of ¢7,866 million (2003: ¢8,981 million) granted to an associated company.

34. SHARE OPTIONS SCHEME

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

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

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

The options for Senior Management Staff are also exercisable at the option price over a five-year period in equal amounts commencing January 2005 to December 2009, after which they will lapse. Options not exercised after the respective exercisable date will

accumulate and must be exercised by 31stDecember 2009 after which they will lapse. The option will also lapse when the employee leaves the company except they will be automatically become exercisable in cases where the employee leaves on account of ill-health, retirement, termination without cause, death, change in control or in other cases as decided by the Board of Directors

35. ANALYSIS OF SHAREHOLDING

CLASS OF EQUITY	NO. OF SHAREHOLDERS WITHIN RANGE	TOTAL HOLDING	% HOLDING
1 - 1,000	20,308	11,411,122	7.35
1001 - 5,000	2,162	4,774,496	3.08
5001 - 10,000	203	1,894,875	1.22
Over 10,000	581	137,012,281	88.35
	23,254	155,092,774	100.00

36. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2004

NAME OF DIRECTOR	NO. OF SHARES	%
Frank Adu B. Jnr.	1,932,064	1.25
Paarock Asuman VanPercy	350,000	0.23
George Victor Okoh	150,000	0.10

37. NUMBER OF SHARES IN ISSUE

Earnings, dividend and net assets per share are based on 155,092,774 (2003: 1,391,514) ordinary shares in issue at the balance sheet date.

38. TWENTY LARGEST SHAREHOLDERS

SHAREHOLDER	NO. OF SHARES	% HOLDING
International Finance Corporation	26,461,526	17.06
Afare Apeadu Donkor	22,377,791	14.43
Kingdom 5-KR-73 Limited	17,017,000	10.97
CDC Group PLC	12,942,307	8.35
Vanguard Assurance Company Limited	9,140,533	5.89
Pryor Count & Co. Inc.	8,054,930	5.19
DBL Trading Account	3,335,363	2.15
Star Assurance Company Limited	2,898,700	1.87
Frank Brako Adu Jnr.	1,932,064	1.25
Joseph Abrokwa	916,355	0.59
HFC Unit Trust	367,900	0.24
Paarock Asuman VanPercy	350,000	0.23
Gilbert Leibel	300,740	0.19
Francis Woode	282,916	0.18
Kwabena Adjei	270,400	0.17
Kasa Global Ventures Limited	270,400	0.17
Joseph Ofori-Teiko	259,568	0.17
DBL/Agama Edem & June	255,047	0.16
Edward Addo	250,000	0.16
Simon N. K. Davor	249,881	0.16
Total	107,933,421	69.58



NOTES



PROXY FORM

ANNUAL GENERAL MEETING to be held at 10.00 am on 18th March 2005 at Pavilion B, Trade Fair Site, 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 18th.March 2005

Signed thisday of 2005

.....

Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2004 Annual Accounts		
2. To declare the final dividend		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To determine the number of Directors to be eight pursuant to Regulation 73		
5. To re-elect Mr. G. V. Okoh as Director		
6. To re-elect Mr. Malcolm Pryor as Director		
7. To re-elect Nana Awuah-Darko Ampem as Director		
8. To re-elect Mr. Paarock VanPercy as Director		
9. To re-elect Dr. Lincoln Rathnam as Director		
10. To appoint Alhaji Asoma Abu Banda as Director		
11. To appoint Mr. Robert Ahomka Lindsay as Director		
12. To approve remuneration for Directors and Bank's Executives		
Resolution from a Member		
1. To appoint Mr. Afare Apeadu Donkor as Director		
Special Resolutions from a Member		
1. To amend Regulation 73		
2. To amend Regulation 79 (c)		

Please indicate with an 'X' in the appropriate square 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 SECRETARY 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 Board Secretary not later than 10.00 am on Thursday 17th March 2005.



RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

BOARD RESOLUTIONS

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

Dividends

The Directors recommend the payment of a dividend of ₦50.00 per share for the year ended 31st December 2004.

Auditors

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

Determination of the number of Directors on the Board

Regulation 73 of the company's Regulations provides as follows:

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

In view of the new focus of the Bank and to ensure that a broad spectrum of highly qualified persons contribute significantly to the growth of the Bank and to increase shareholder value, the Board will propose that the number of Directors be determined, pursuant to Regulation 73, to be eight (8).

Retirement and Re-Election of Board members

The following Board members who will be retiring in compliance with Section 298(a) of the Companies Code 1963, Act 179 and Regulation 78(b) of the Regulations of the company and being eligible have offered themselves for re-election:

- Mr. George Victor Okoh
- Mr. Malcolm Pryor
- Nana Awuah-Darko Ampem
- Mr. Paarock VanPercy and

Dr. Lincoln Yesu Rathnam.

Election of Board members

The following are also being proposed by the Board for election to the Board of Directors at the meeting of shareholders. They are:

Alhaji Asoma Abu Banda and Robert Ahomka Lindsay.

Their profiles can be found on page 15.

Remuneration of Directors and Executives of the Bank

That a pool of shares of up to 5% of the issued shares as at 31st December 2004 amounting to 7,754,639, be created for distribution to Non-Executive Directors and Executives of the Bank over a period of 5 years linked to the performance of the Bank as determined by the Board.

A MEMBER'S RESOLUTION

A member of the company, Ms. Afua A Donkor, has given notice to the company to move the following resolutions:

Ordinary Resolution

To appoint Mr. Afare Apeadu Donkor as a Director

Special Resolutions

1. To amend Regulation 73 of the company's Regulations
2. To amend Regulation 79(c) of the company's Regulations

The proposals, the statement accompanying the proposals and the recommendations of the Directors have been circulated for the attention of members.



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