

HALF YEAR 2017 RESULTS MANAGEMENT PRESENTATION

AUGUST 2017

Facts Behind the Figures



Disclaimer

This report was prepared by CAL to provide background information on the Group. The report is issued for information purposes only, especially with regards to enabling users understand the inherent potential of the business. It is therefore not a solicitation to buy or sell the stock.

The information contained herein is subject to change and neither the bank nor its staff is under any obligation to notify you or make public any announcement with respect to such change.

Users are hereby advised to exercise caution in attempting to rely on this information and carry out further research before reaching conclusions regarding their investment decisions.

Management Team | Speakers



Mr. Frank B. Adu Jnr
Managing Director



Mr. Philip Owiredu
Executive Director



Mr. Joseph Ofori-Teiko
General Manager



Mr. Charles Amoah
Assistant General Manager



Ms. Dzifa Amegashie
Head, Investor Relations

OUTLINE

01 Operating Environment: Ghana

02 Banking Sector Overview

03 Cal Bank “At A Glance”

04 Cal HY2017 Performance vs. Listed Peers

05 Cal Bank HY2017 Performance

06 Share Price Evolution

07 Strategy & Outlook

Section 01

OPERATING ENVIRONMENT GHANA

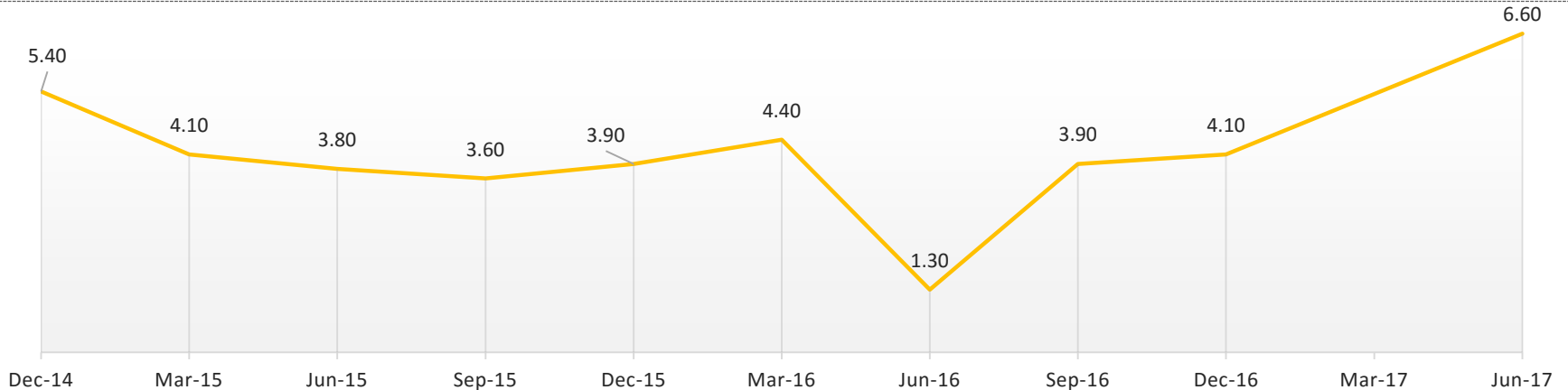
GHANA MACRO OVERVIEW - HY2017

INFLATION DECLINING	18.4% in June 2016 15.4% in Dec 2016 12.1% in June 2017		
CEDI STABILITY		Year-to-date ¹ :	
		July 2016	July 2017
	GHS/USD:	-3.8%	-3.9%
	GHS/GBP:	+8.9%	-11.3%
GHS/EUR:	-5.1%	-17.5%	
POLICY RATE DECLINE	21.0% in July 2017 25.5% in January 2017 Policy rate has declined since November 2016. Outlook is for further decline following easing in inflationary pressures.		

GHANA MACRO OVERVIEW - HY2017

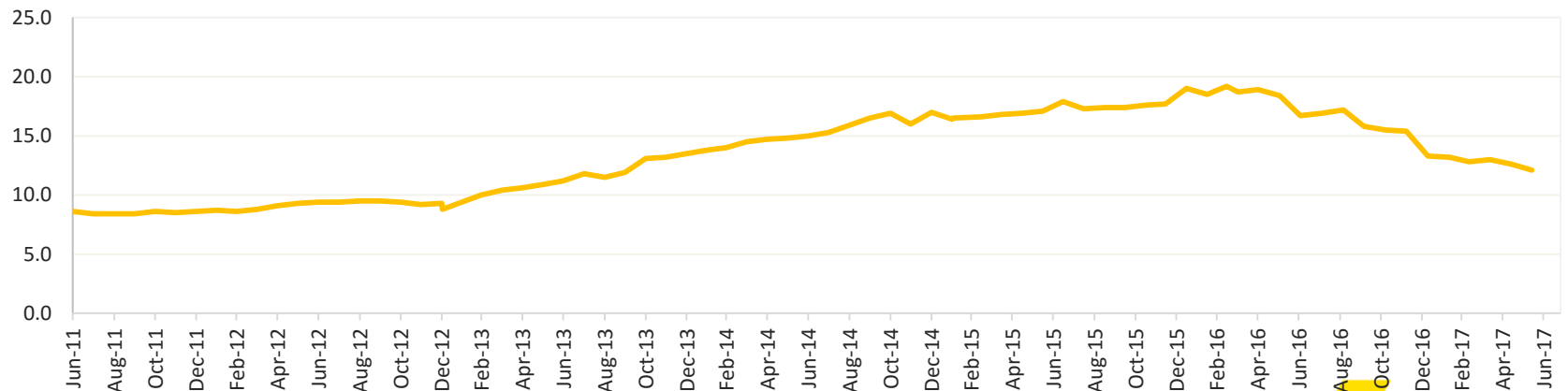
GDP GROWTH RATE (%)

GDP growth picks up in 2017, due to increased crude oil production and growth recovery in the agriculture, industry and trade sectors



DECLINING INFLATION IN HY2017

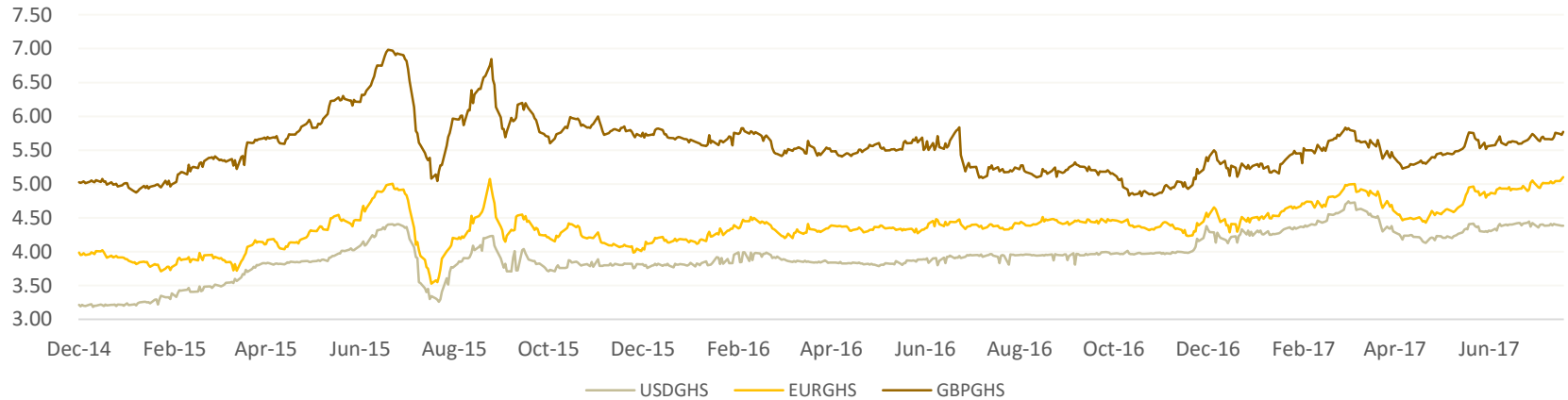
Headline inflation drops to 4-year low of 12.1% in June 2017 on the back of policy tightness and relative currency stability



GHANA MACRO OVERVIEW - HY2017

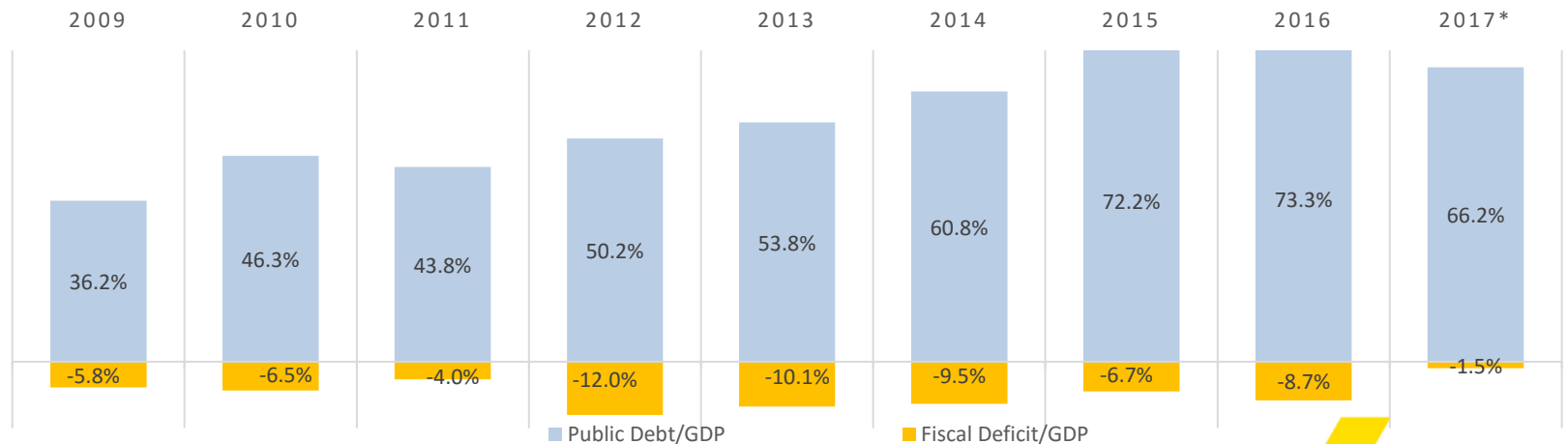
CEDI PERFORMANCE

Relative currency stability compared to HY 2017 when demand pressures resulted in some depreciation of the Cedi. However, the Cedi has since recovered in 2017 YTD



FISCAL POSITION (%)

Fiscal deficits narrowing due to improved macro economic performance and tighter expenditure & procurement control



Section 02

BANKING SECTOR OVERVIEW

GHANA BANKING SECTOR INDICES HY2017

The banking sector currently has 36¹ operating banks: 18 foreign, 3 government and 15 local banks

MONETARY POLICY RATE

JULY 2016	JULY 2017	ΔY/Y
26.0	21.0	19.2
PERCENT	PERCENT	PERCENT

❖ The monetary policy rate has been on a declining trajectory since November 2016, which is in line with the Government's agenda to improve access to credit

NON-PERFORMING LOAN RATIO

MAY 2016	MAY 2017	ΔY/Y
19.3	21.7	12.4
PERCENT	PERCENT	PERCENT

❖ The sharp increase in the NPL ratio is due to increased loan impairments, largely from the energy sector

CAPITAL ADEQUACY RATIO

MAY 2016	MAY 2017	ΔY/Y
16.6	16.0	3.6
PERCENT	PERCENT	PERCENT

TOTAL ASSETS

MAY 2016	MAY 2017	ΔY/Y
66.1	84.1	27.2
GHS Billion	GHS Billion	PERCENT

TOTAL DEPOSITS

MAY 2016	MAY 2017	ΔY/Y
42.7	53.2	24.6
GHS Billion	GHS Billion	PERCENT

TOTAL LOANS & ADVANCES

MAY 2016	MAY 2017	ΔY/Y
31.4	36.5	16.2
GHS Billion	GHS Billion	PERCENT

Sources: Bank of Ghana, Summary of Economic and Financial Data, July 2017

¹The Beige Bank, The Construction Bank, GHIL Bank, Heritage Bank, Omni Bank, Premium Bank and Sovereign Bank received banking licenses within the last 12 months

Section 03

CAL BANK “AT A GLANCE”

CAL BANK "AT A GLANCE" HY2017

CAL Bank Limited

is an indigenous bank established in Ghana in 1990, listed on the Ghana Stock Exchange

SUBSIDIARIES

4

WHOLLY OWNED

EMPLOYEES

792

PROFESSIONAL STAFF

CHANNELS

27

Branches

92

ATMs

15

Active Corr. Banks

MARKET INFORMATION¹

ISSUED SHARES

548.26

MILLION

MARKET VALUE

493.44

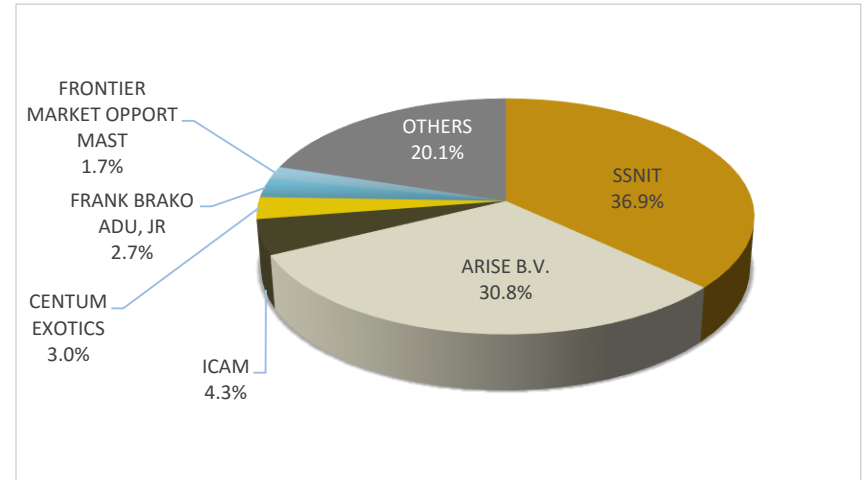
GHS MILLION

PUBLIC FLOAT

36.74

PERCENT

SHAREHOLDING STRUCTURE



PARTNERS



1. As at July 28, 2017

Section 04

CAL HY2017 PERFORMANCE VS. LISTED PEERS

OVERVIEW OF LISTED BANKS - GHANA

BANK	TICKER
Access Bank Ghana *	ACCESS
Agricultural Development Bank*	ABD
CAL Bank	CAL
Ecobank Ghana	EGH
Ghana Commercial Bank	GCB
HFC Bank	HFC
Societe Generale Ghana	SOGEGH
Standard Chartered Bank Ghana	SCB
UT Bank	UTB

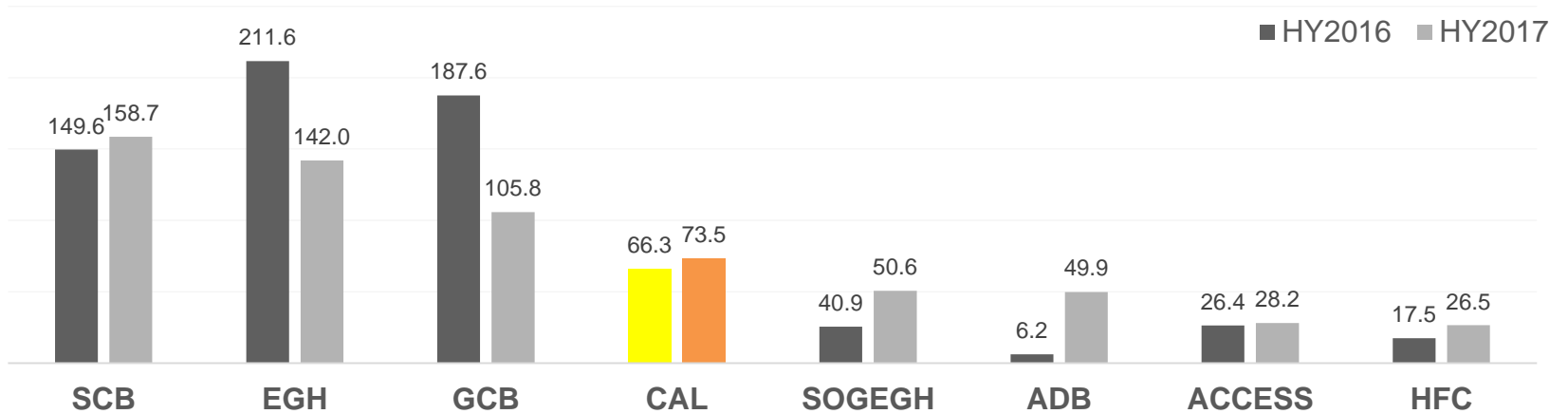
BANKING SECTOR OUTLOOK

- The banking industry's performance is expected to pick up with the improvement in the energy supply; on-going fiscal consolidation reflected in lower treasury bill rates
- Expected mergers and acquisitions to be driven by maturation of investments by financial investors and the proposed increase in bank capitalisation to GHS 250 – 300 million
- Increases in the middle income class is expected to boost the retail segment of the sector as they will require more banking services

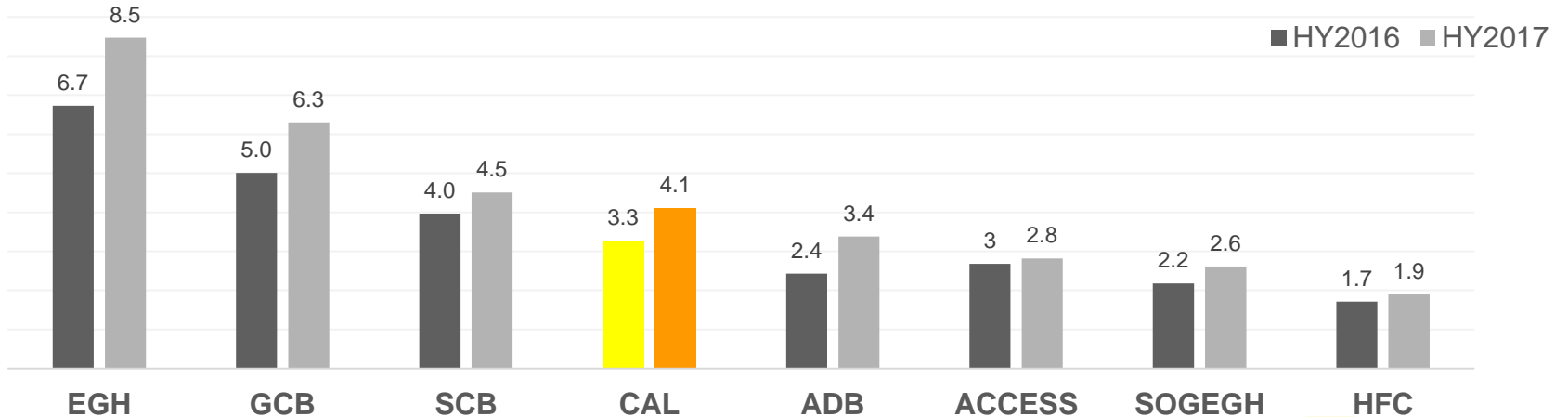
* Most recently listed banks

CAL VERSUS LISTED PEERS - HY2017

PROFIT-AFTER-TAX (GHS mn)

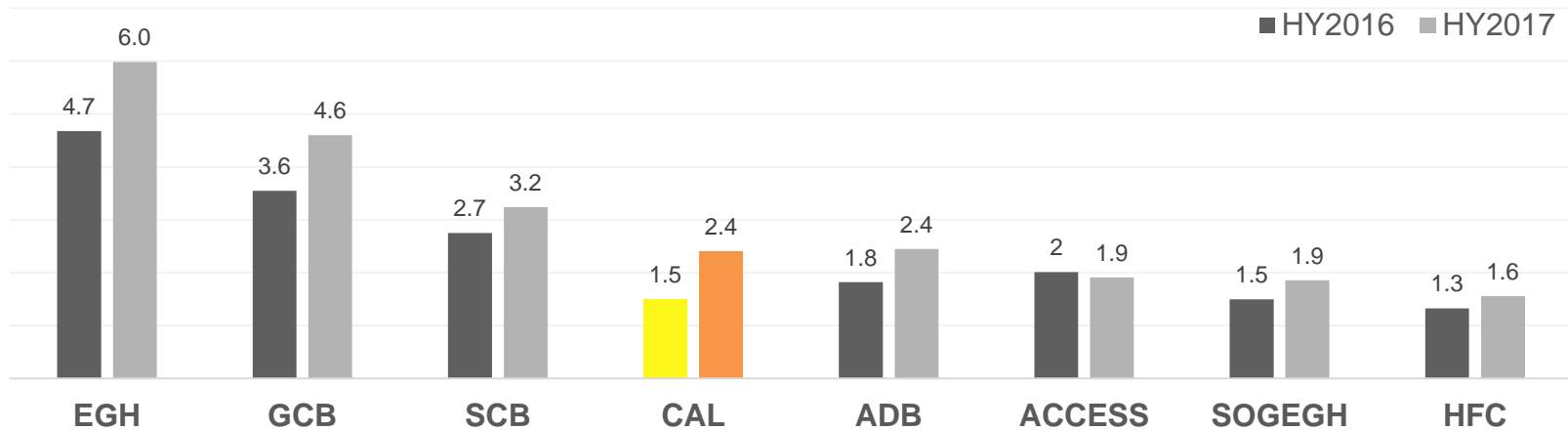


TOTAL ASSETS (GHS bn)

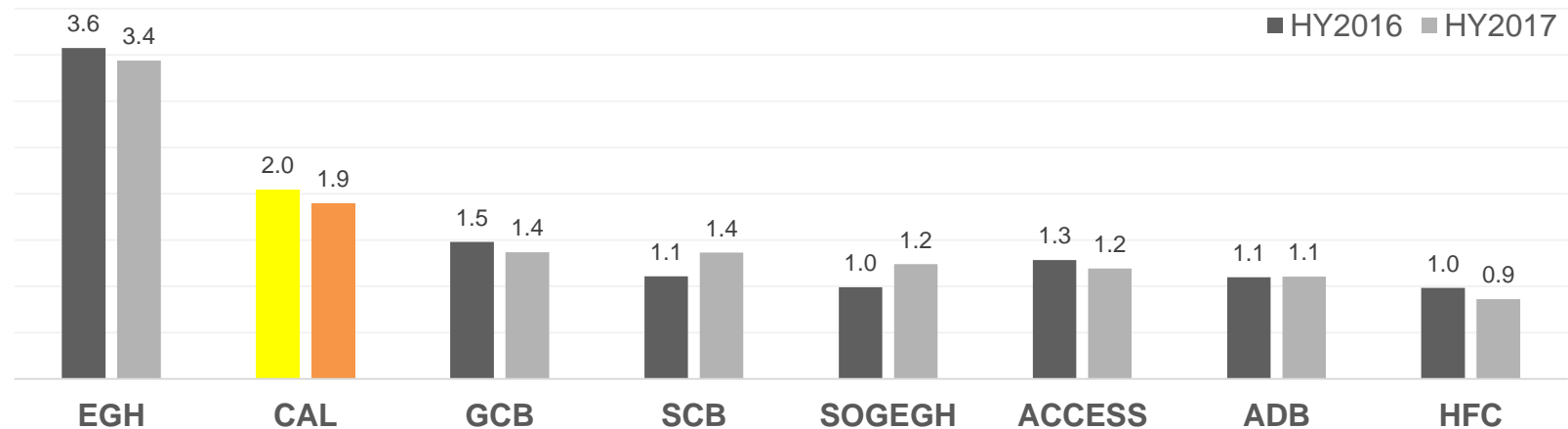


CAL VERSUS LISTED PEERS - HY2017

CUSTOMER DEPOSITS (GHS bn)

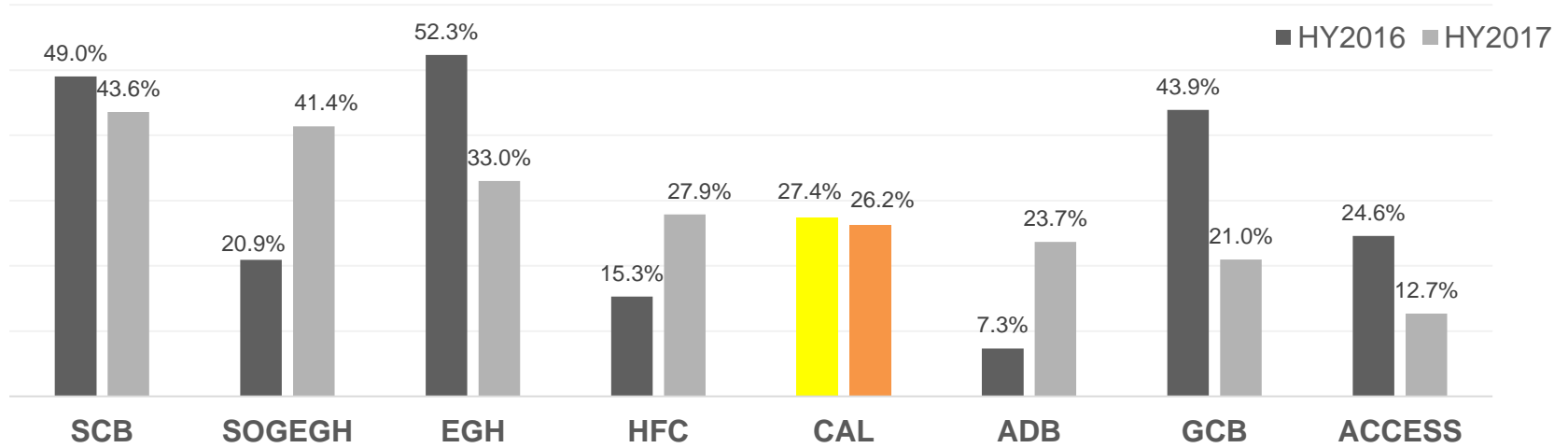


LOANS AND ADVANCES (GHS bn)

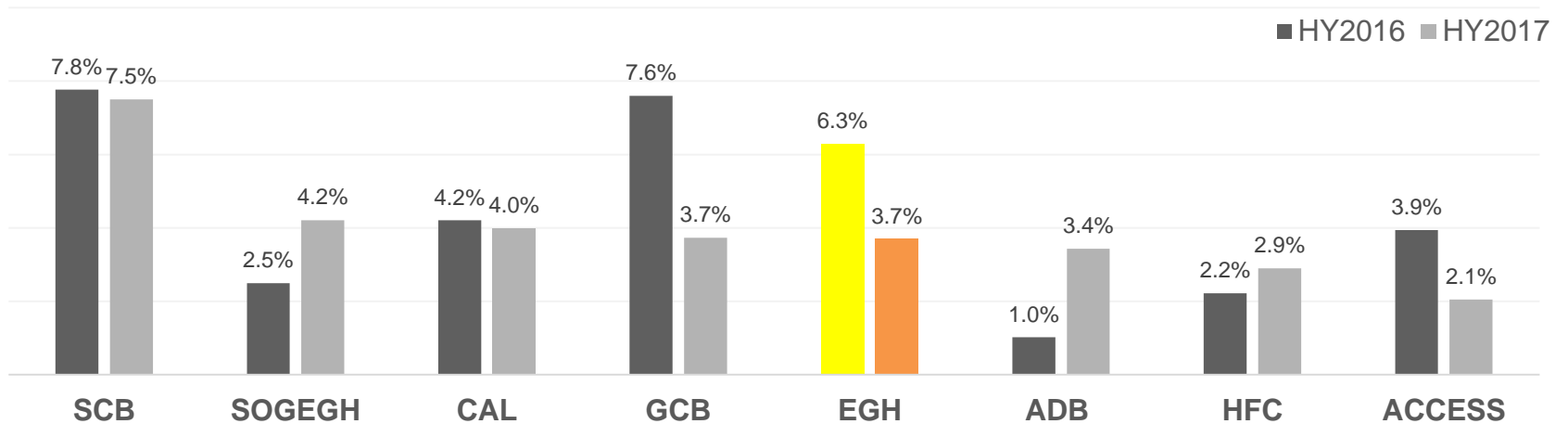


CAL VERSUS LISTED PEERS - HY2017

RETURN ON AVERAGE EQUITY (Annualized)

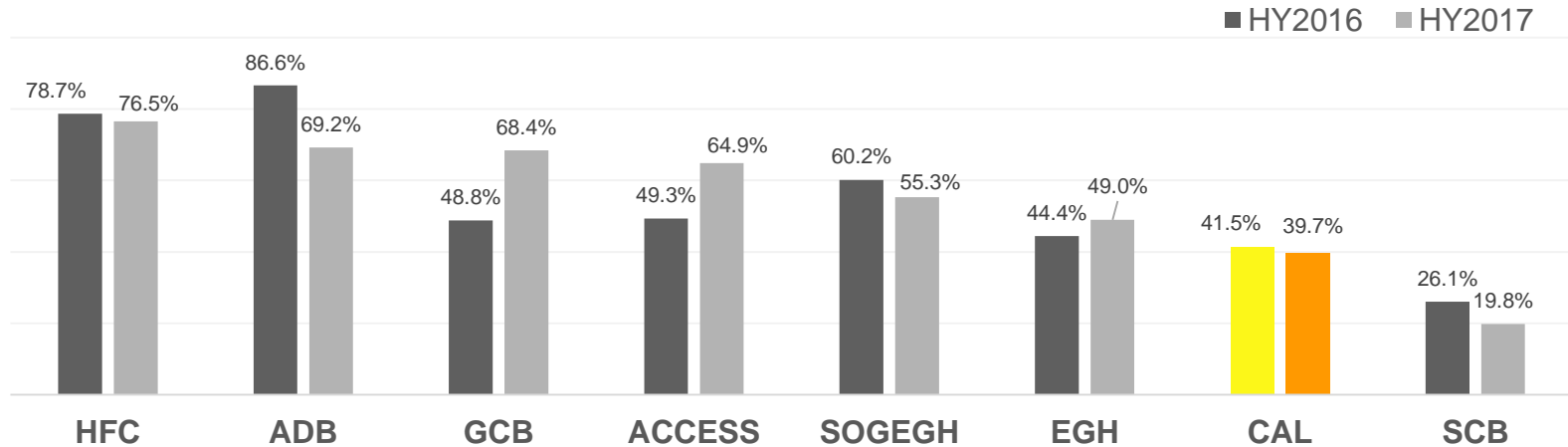


RETURN ON AVERAGE ASSETS (Annualized)

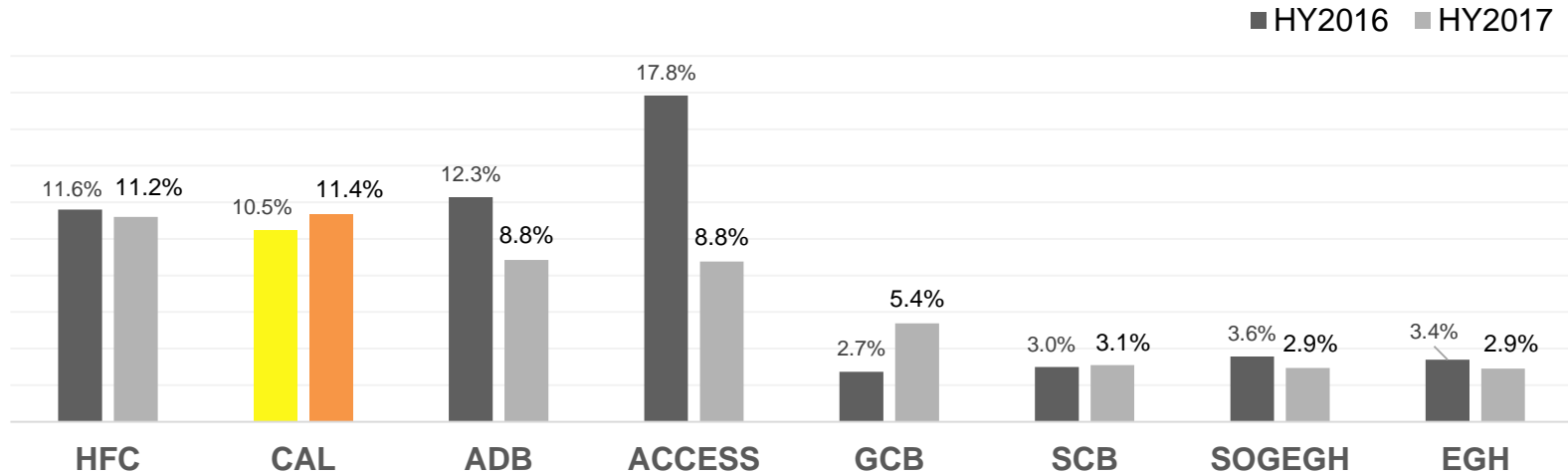


CAL VERSUS LISTED PEERS -HY2017

COST-TO-INCOME RATIO

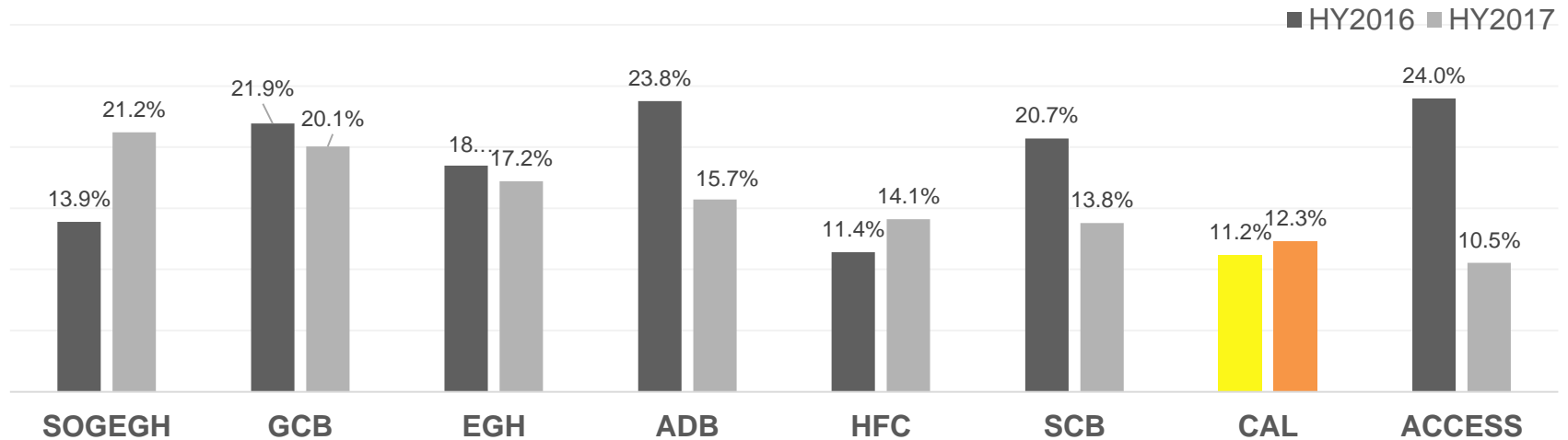


COST OF FUNDS

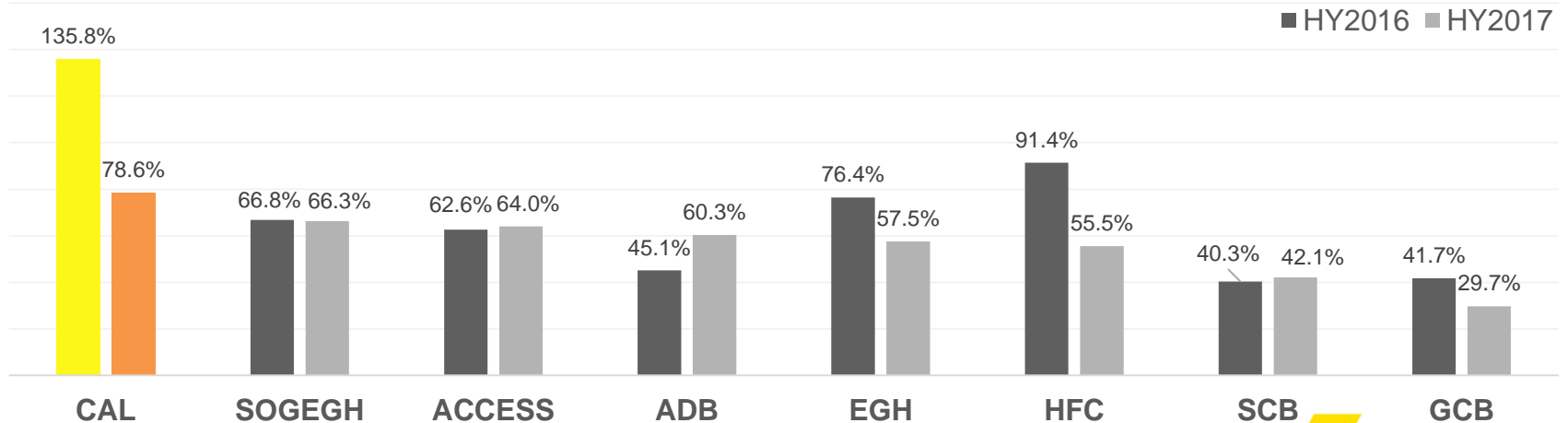


CAL VERSUS LISTED PEERS - HY2017

NET INTEREST MARGINS



LOANS TO DEPOSIT RATIO



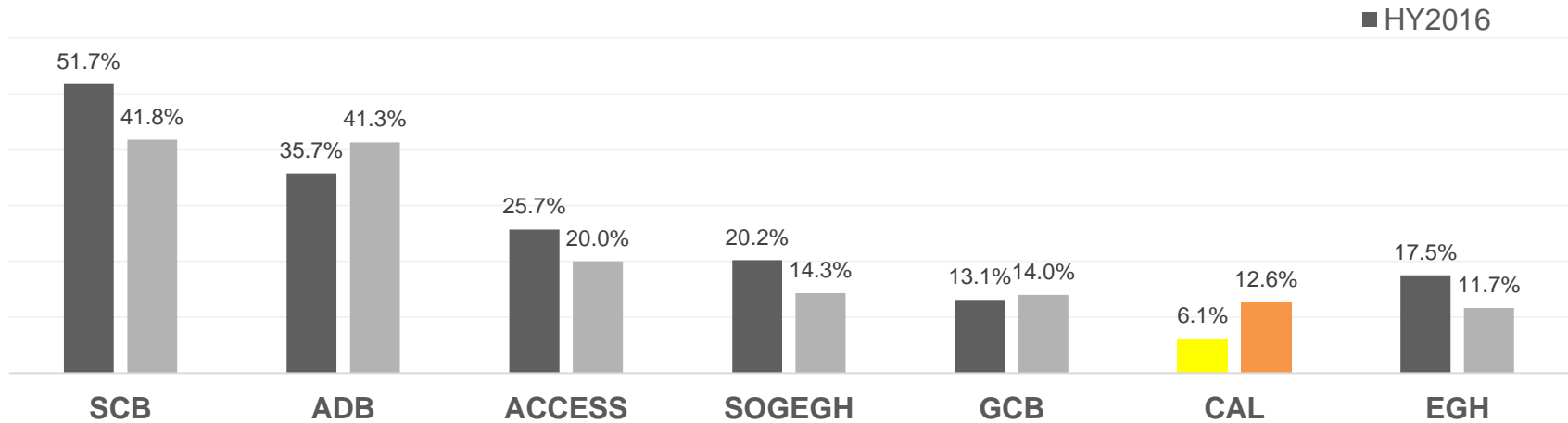
Source: Company Filings
 UTB has not reported HY2017 results as of yet

Facts Behind the Figures

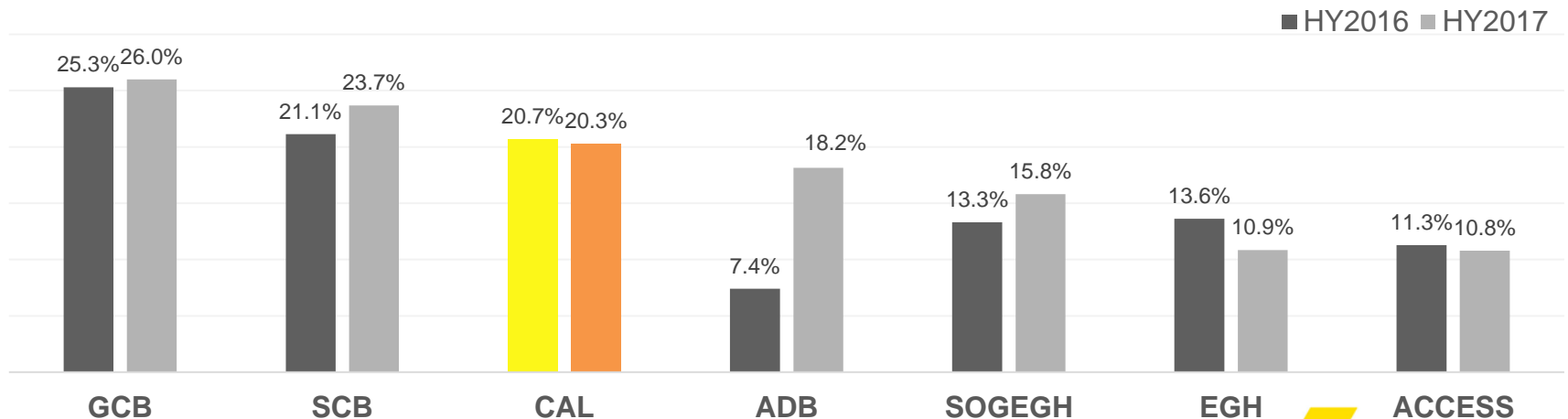


CAL VERSUS LISTED PEERS - HY2017

NON PERFORMING LOANS



CAPITAL ADEQUACY RATIO



Section 05

CAL BANK HY2017 PERFORMANCE

HY 2017 – UNAUDITED INCOME STATEMENT

KEY ITEMS (GHS '000)	HY2017	HY2016	ΔY/Y (%)	2Q2017	1Q2017	ΔQ/Q (%)
Net Interest Income	162,815	144,335	12.8	89,789	73,026	23.0
Net Fees & Commissions	23,189	31,346	(26.0)	12,958	10,231	26.7
Net Trading Income	33,283	18,184	83.0	16,305	16,978	(4.0)
Other Operating Income	6,510	5,943	9.5	1,501	5,009	(70.0)
Operating Income	225,797	199,808	13.0	120,553	105,244	14.5
Net Impairment Loss	(34,656)	(18,929)	(83.1)	(18,211)	(16,445)	(10.7)
Net Operating Income	191,141	180,879	5.7	102,342	88,799	15.3
Total Operating Expenses	(89,628)	(82,905)	(8.1)	(46,958)	(42,670)	(10.0)
Profit before Tax	101,513	97,974	3.6	55,384	46,129	20.1
Profit after Tax	73,477	66,268	10.9	41,733	31,744	31.5

1

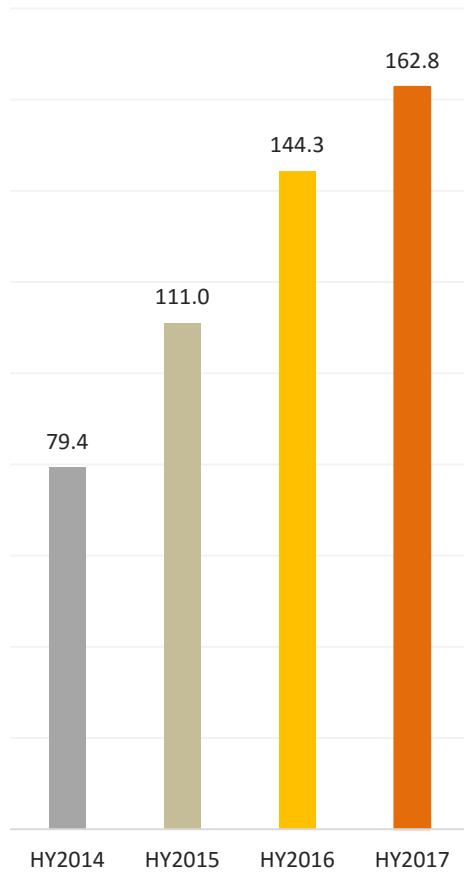
Profitability

Key facts

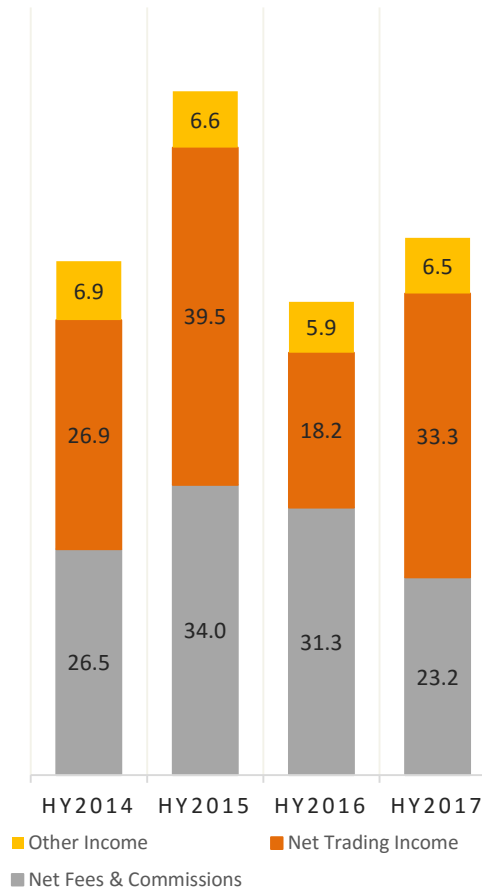
- Net Interest Income grew by 12.8% from GHS 144.3mn to GHS 162.8mn, which was generated largely from increases in short term investments
- Non-Funded Income increased by 13.5% to GHS 63.0mn (GHS 55.5mn at HY2016) on the back of increased trading income
- Net Impairment Loss increased by 83.1% to GHS 34.7mn from GHS 18.9mn at HY2016 as a result of some loans being downgraded
- Operating Income increased by 13.0% to GHS 225.8mn (GHS 199.8mn at HY2016) while Profit after tax increased by 10.9% to GHS 73.5mn (GHS 66.3mn at HY2016)

INCOME STATEMENT EVOLUTION 2014-2017

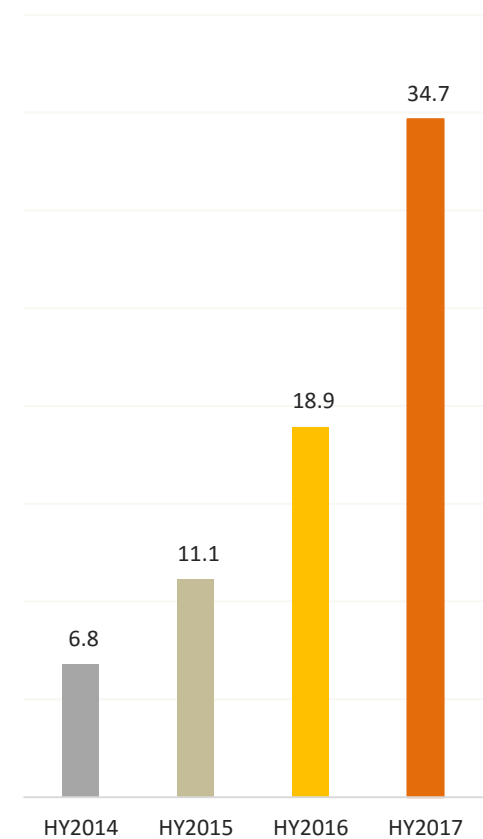
**NET INTEREST INCOME
(GHS mn)**



**NON-FUNDED INCOME
(GHS mn)**

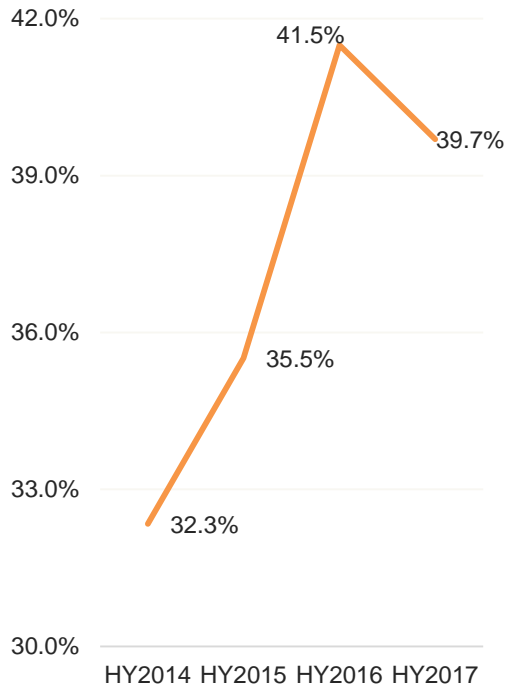


**NET IMPAIRMENT LOSS
(GHS mn)**

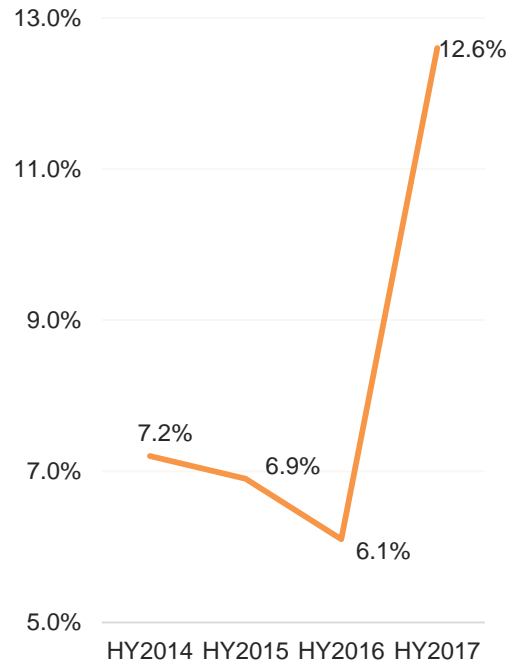


INCOME STATEMENT EVOLUTION 2014-2017

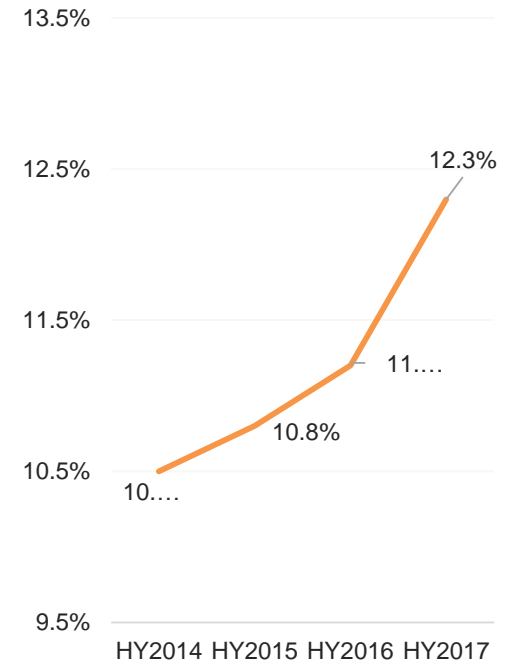
COST-TO-INCOME RATIO



NPL RATIO



NET INTEREST MARGIN



HY2017 - UNAUDITED BALANCE SHEET

KEY ITEMS (GHS '000)	HY2017	HY2016	ΔY/Y (%)
Loans and Advances to Customers	1,905,437	2,048,990	(7.0)
Investment in Government Securities	1,130,964	213,555	429.6
Fixed Assets	271,360	177,571	52.8
Other Assets	791,202	842,281	(6.1)
Total Assets	4,098,963	3,282,397	24.9
Customer Deposits	2,423,222	1,508,337	60.7
Borrowings	863,704	1,042,452	(17.1)
Other Liabilities	120,661	129,386	(6.7)
Shareholders' Equity	589,195	532,709	10.6
Total Liabilities and Shareholders' Equity	4,098,963	3,282,397	24.9

2

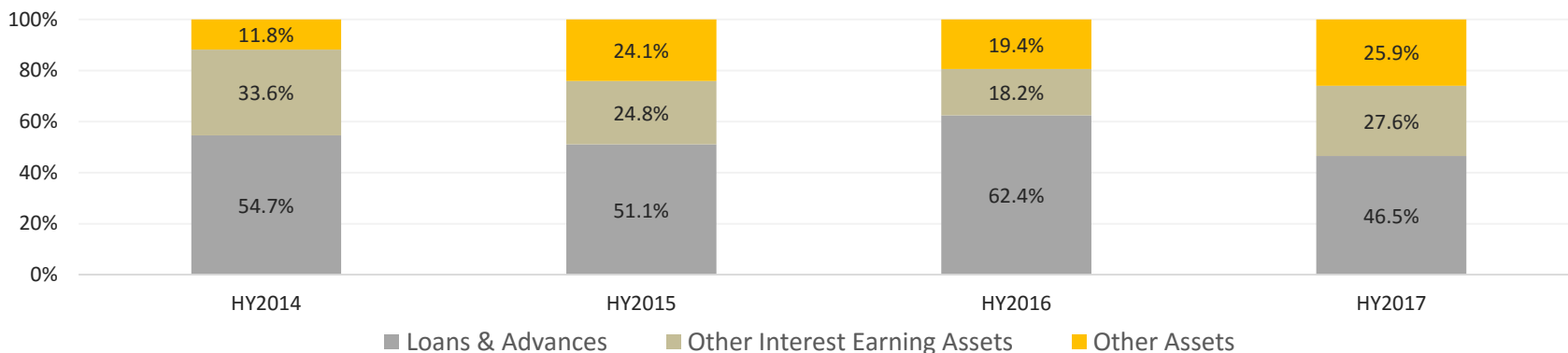
Balance Sheet

Key Facts

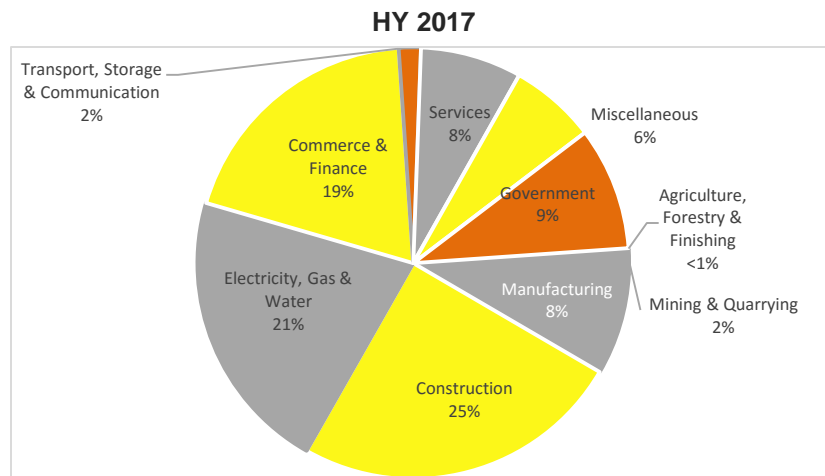
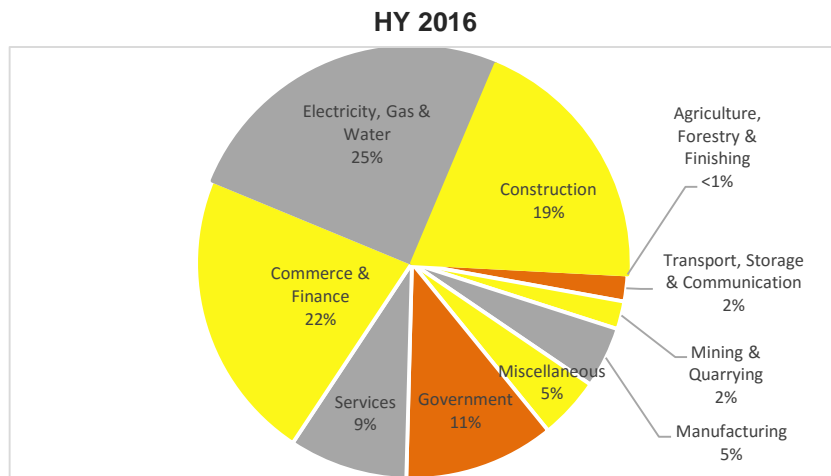
- Total Assets increased by 24.9% to GHS 4.1bn (GHS 3.3bn at HY2016) which was largely as a result of increased Investment in Government Securities
- Fixed Assets growth of 24.9% as a result of on going Head Office project due for completion in December 2017.
- Loans & Advances decreased by 7.0% to GHS 1.9bn (GHS 2.0bn at HY2016) as a result of selective lending policy and tighter credit risk management in view of 2016 impairment charges.
- Borrowings decreased by 17.1% to GHS 863.7mn (GHS 1.0bn at HY2016) as a facilities were retired during the period

ASSET PROFILE 2014-2017

TOTAL ADVANCES TO CUSTOMERS HAVE DECLINED DUE TO SELECTIVE LENDING APPROACH

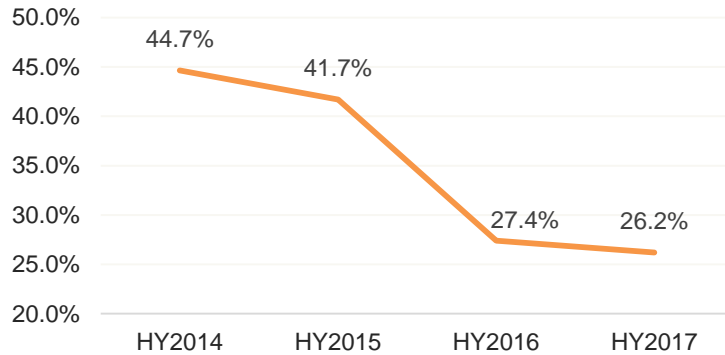


SECTORAL DISTRIBUTION OF LOANS

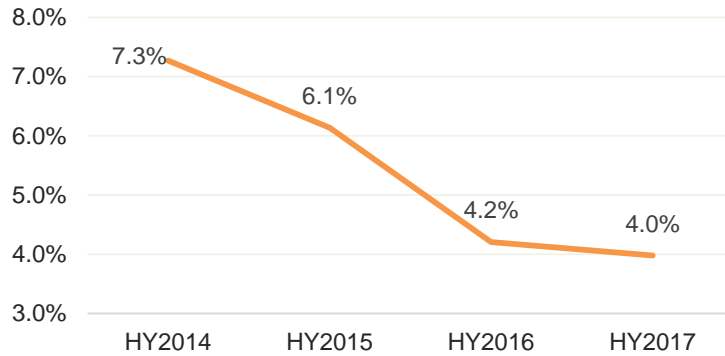


CAPITAL & RETURNS 2014-2017

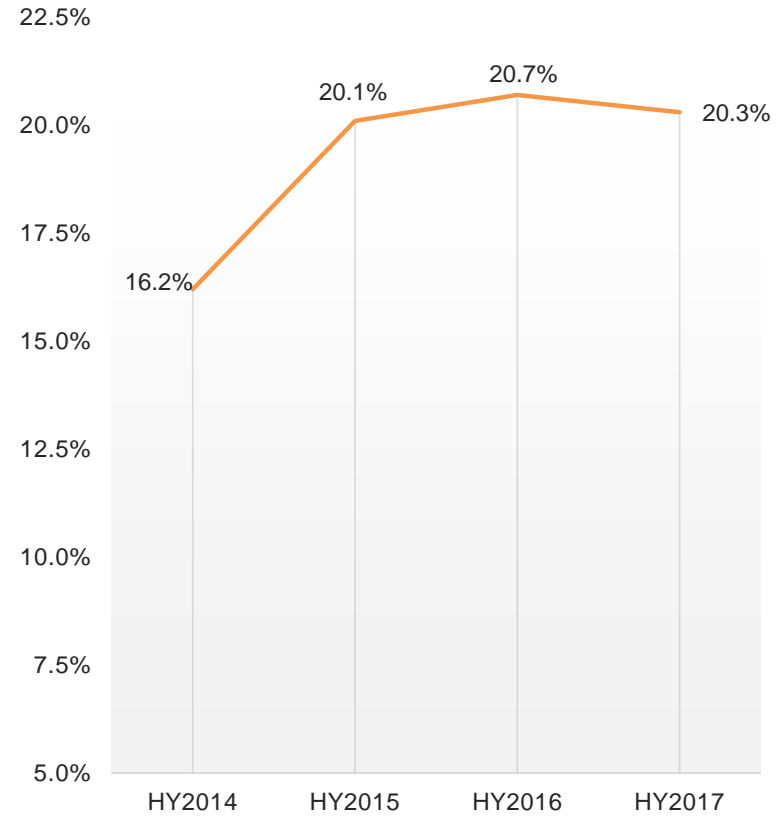
ROAE (ANNUALIZED)



ROAA (ANNUALIZED)



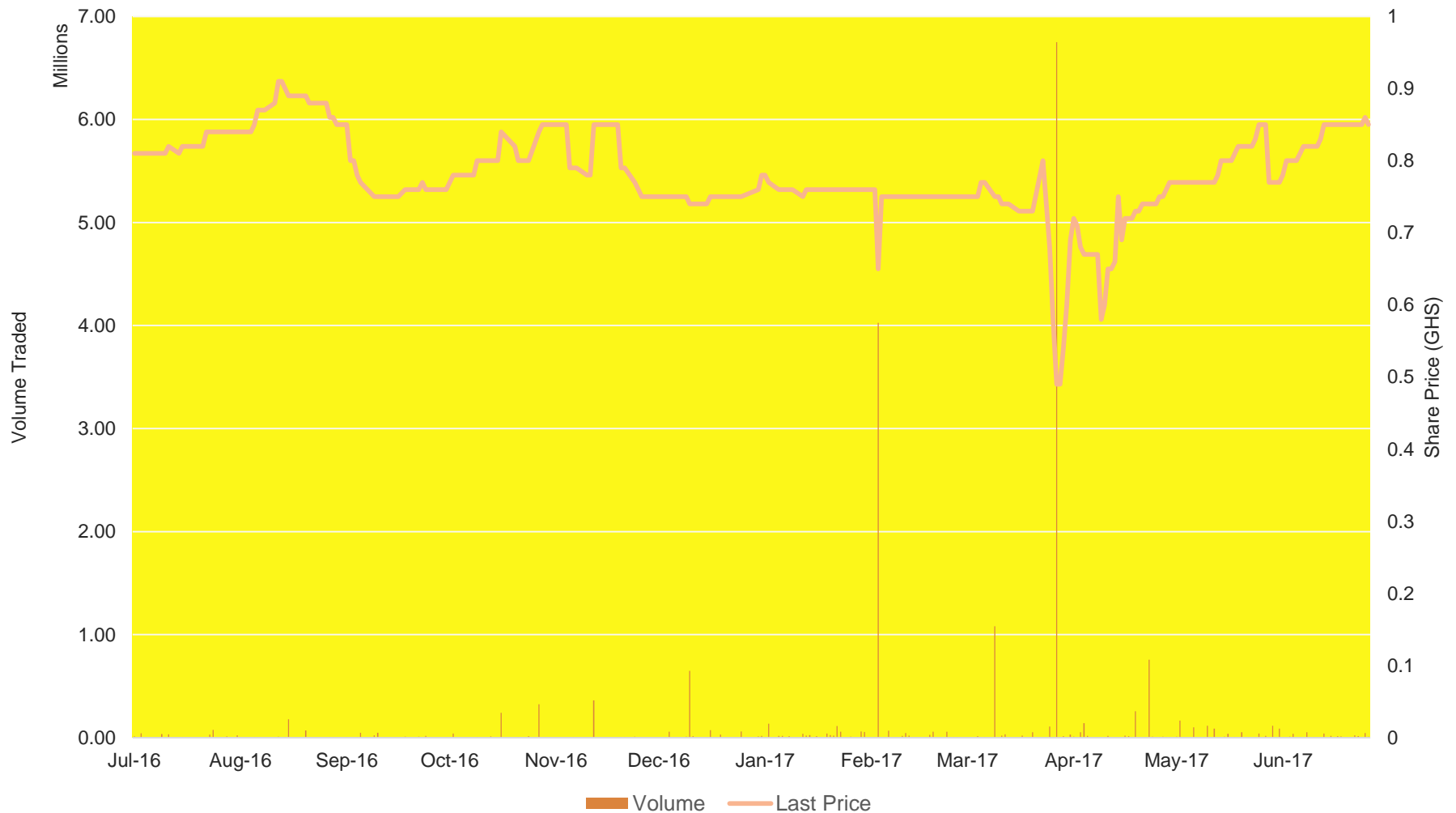
CAPITAL ADEQUACY RATIO



Section 06

SHARE PRICE EVOLUTION

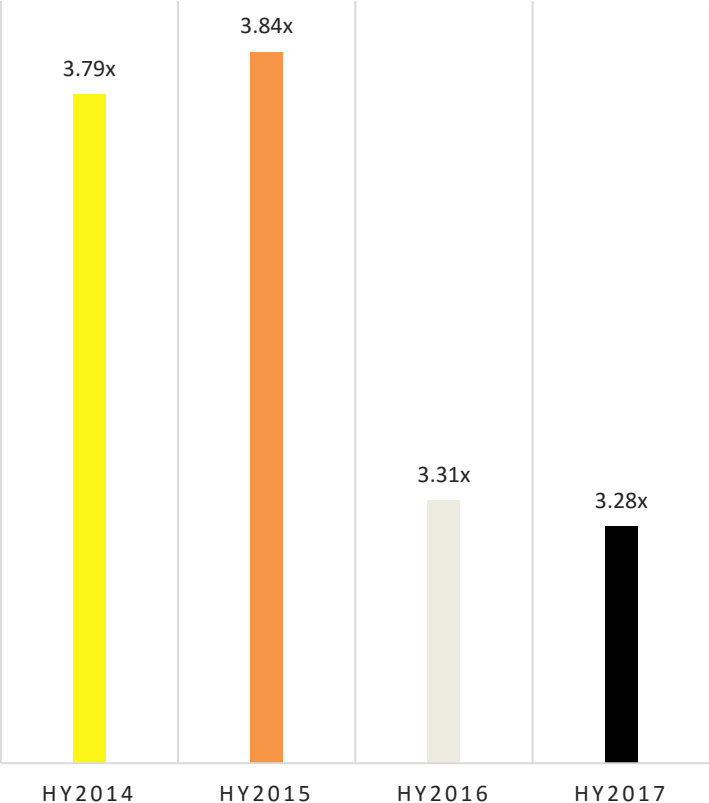
SHARE PRICE EVOLUTION JUN. 16 – JUN. 17



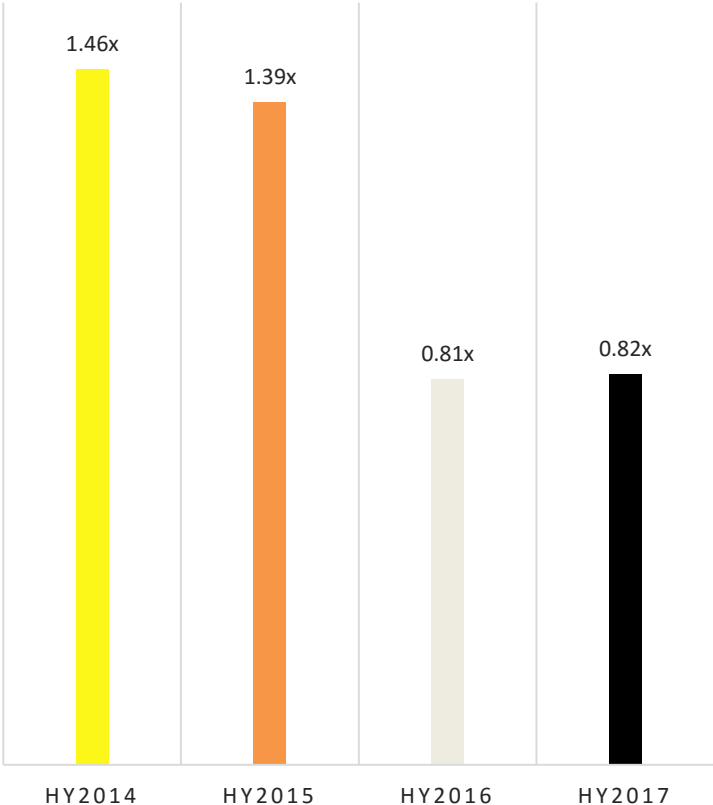
- A sale of 151,838,096 shares was made on February 9, 2017
- This chart excludes the sale of 27.7% of CAL shares by ADPI to Arise BV (Netherlands)

PRICING EVOLUTION 2014-2017

PRICE-TO-EARNINGS RATIO



PRICE-TO-BOOK RATIO



Section 07

STRATEGY & OUTLOOK

DELIVERING 2016 -2018 STRATEGY

Retail Banking

- Deploy Agency Banking in 2017 through distribution outlets and financial service agents
- Develop e-payment platforms with emphasis on digital channels
- Leverage on growing card schemes to offer diversified card services for enhanced customer experience, positively impacting on our customer base and translating into increased deposits
- Promote financial inclusion by deploying digital solutions to offer branchless banking services

Corporate Banking

- Employ cutting-edge technology to deliver enhanced tailor-made solutions for our corporate customers to offer them convenience and real-time banking
- Enhance forex generating capacity to ensure we meet forex needs of our customers
- Enhance relationship management and product knowledge

People

- Implement a comprehensive performance management and reward systems
- Deepen staff skills and knowledge
- Develop and implement structured career progression and succession planning program
- Enhance organizational competence
- Implement workplace health and safety program

Technology

- Leverage on growth in digital and mobile technology to develop cutting edge solutions that will offer customers convenience and also reach out to the unbanked
- Enhance transaction and process efficiency through technology
- Continuous and sustained investments in technology to ensure development of up-to-date, efficient products and services

Risk Management & Compliance

- Enhance loan monitoring and early-detection toolkits to improve quality of loan portfolio
- Maintain low NPL ratio
- Continuously develop risk management and compliance culture amongst staff through training and other staff engagements
- Ensure adherence to regulatory requirements and best practice compliance procedures

Thank You

Q&A