

CALBANK LIMITED

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

CALBANK LIMITED

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

in thousands of Ghana Cedis

	2019		2018	
	Bank	Group	Bank	Group
Interest Income	648,008	649,170	554,474	554,474
Interest Expense	(274,097)	(273,700)	(271,721)	(267,945)
Net Interest Income	373,911	375,470	282,753	286,529
Fees and Commissions Income	32,755	38,360	44,965	50,723
Fees and Commissions Expense	(9,237)	(9,292)	(945)	(945)
Net Fees and Commission Income	23,518	29,068	44,020	49,778
Net Trading Income	28,924	28,288	17,248	17,322
Other Income	9,564	9,824	5,295	6,155
	38,488	38,112	22,543	23,477
Operating Income	435,917	442,650	349,316	359,784
Net Impairment Loss on Financial Assets	(58,454)	(58,454)	(38,403)	(39,144)
Personnel Expenses	(97,521)	(99,934)	(86,000)	(88,472)
Depreciation and Amortisation	(15,320)	(15,414)	(7,937)	(7,964)
Other Expenses	(74,171)	(74,976)	(62,607)	(63,631)
Profit Before Income Tax	190,451	193,872	154,369	160,573
Income Tax Expense	(57,135)	(58,467)	(43,995)	(45,924)
Profit For The Period	133,316	135,405	110,374	114,649
Other Comprehensive Income, Net of Income Tax Items that may be reclassified subsequently to profit or loss:				
Available-For-Sale Financial Assets	9,014	9,014	(1,469)	(1,469)
Total Comprehensive Income for the Period	142,330	144,419	108,905	113,180
Earnings Per Share (Ghana Cedis per share)				
Basic	0.2837	0.2881	0.2505	0.2602
Diluted	0.2837	0.2881	0.2505	0.2602

CALBANK LIMITED
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019
in thousands of Ghana Cedis

	2019		2018	
	Bank	Group	Bank	Group
Assets				
Cash and Cash Equivalents	707,269	707,269	511,313	511,320
Investment Securities	3,449,031	3,458,790	1,804,595	1,809,867
Loans and Advances to Customers	2,477,155	2,477,155	2,267,925	2,267,925
Investments in Subsidiaries	2,038	0	2,038	0
Current Tax Assets	397	1,378	0	649
Property, Plant and Equipment	436,119	436,231	312,088	312,708
Intangible Assets	37,722	38,940	17,033	17,033
Deferred Tax Assets	14,890	14,900	17,706	17,706
Other Assets	74,440	77,243	77,541	81,214
Total Assets	7,199,061	7,211,906	5,010,239	5,018,422
Liabilities				
Deposits From Banks and Other Financial Institutions	85,727	79,064	65,740	65,740
Deposits From Customers	3,764,624	3,764,624	2,731,193	2,707,898
Borrowings	2,289,376	2,289,376	1,339,108	1,339,108
Current Tax Liabilities	0	0	7,163	7,823
Deferred Tax Liabilities	0	3	0	2
Other Liabilities	182,510	184,890	127,788	129,666
Total Liabilities	6,322,237	6,317,957	4,270,992	4,250,237
Shareholders' Equity				
Stated Capital	400,000	400,000	350,000	350,000
Retained Earnings	144,092	161,782	124,962	154,410
Revaluation Reserve	62,246	62,246	63,526	63,526
Statutory Reserve	278,111	278,111	177,109	177,109
Regulatory Credit Risk Reserve	0	0	32,283	32,283
Other Reserves	(7,625)	(8,190)	(8,633)	(9,143)
Total Shareholders' Equity	876,824	893,949	739,247	768,185
Total Liabilities and Shareholders' Equity	7,199,061	7,211,906	5,010,239	5,018,422

CAL BANK LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019
in thousands of Ghana Cedis

2019

The Bank	Stated Capital	Statutory Reserve	Revaluation Reserve	Income Surplus	Other Reserves		Regulatory Credit Risk Reserve	Total Equity
					Treasury Shares	Fair Value Reserves		
Balance at 1 January 2019	400,000	244,782	62,246	58,140	-	(16,638)	16,042	764,572
Total comprehensive income								
Profit				133,316				133,316
Other comprehensive income								
Available-for-sale financial assets	-				-	9,014		9,014
Transactions with shareholders								
Dividend paid				(30,077)				(30,077)
Transfer to/from reserves								
Statutory reserve		33,329		(33,329)				-
Regulatory credit risk reserve				16,042			(16,042)	-
Balance at 30 September 2019	400,000	278,111	62,246	144,092	0	(7,625)	0	876,824

The Group	Stated Capital	Statutory Reserve	Revaluation Reserve	Income Surplus	Other Reserves		Regulatory Credit Risk Reserve	Total Equity
					Treasury Shares	Fair Value Reserves		
Balance at 1 January 2019	400,000	244,782	62,246	73,666	(584)	(16,707)	16,042	779,445
Total comprehensive income								
Profit				135,405				135,405
Other comprehensive income								
Available-for-sale financial assets						9,014		9,014
Transactions with shareholders								
Dividend paid				(30,073)				(30,073)
Net changes in CAL Shares held by subsidiaries				71	87			158
Bonus Issue								0
Transfer to/from reserves								
Statutory reserve		33,329		(33,329)				0
Regulatory credit risk reserve				16,042			(16,042)	0
Balance at 30 September 2019	400,000	278,111	62,246	161,782	(497)	(7,693)	0	893,949

2018

The Bank	Stated Capital	Statutory Reserve	Revaluation Reserve	Income Surplus	Other Reserves		Regulatory Credit Risk Reserve	Total Equity
					Treasury Shares	Fair Value Reserves		
Balance at 1 January 2018	100,000	163,312	63,526	275,883	-	(7,164)	51,869	647,426
Total comprehensive income								
Profit				110,374				110,374
Other comprehensive income								
Available-for-sale financial assets	-				-	(1,469)		(1,469)
Transfer to/from reserves								
Statutory reserve		13,797		(13,797)				-
Regulatory credit risk reserve				19,586			(19,586)	-
IFRS 9 Impact on opening balance				(17,084)				(17,084)
Transfer to stated capital	250,000			(250,000)				
Balance at 30 September 2018	350,000	177,109	63,526	124,962	0	(8,633)	32,283	739,247

The Group	Stated Capital	Statutory Reserve	Revaluation Reserve	Income Surplus	Other Reserves		Regulatory Credit Risk Reserve	Total Equity
					Treasury Shares	Fair Value Reserves		
Balance at 1 January 2018	100,000	163,312	63,526	301,133	(518)	(7,253)	51,869	672,069
Total comprehensive income								
Profit				114,649				114,649
Other comprehensive income								
Net change in revaluation surplus								0
Available-for-sale financial assets						(1,469)		(1,469)
Transactions with shareholders								
Net changes in CAL Shares held by subsidiaries				(77)	97			20
Transfer to/from reserves								
Statutory reserve		13,797		(13,797)				0
Regulatory credit risk reserve				19,586			(19,586)	0
IFRS 9 Impact on opening balance				(17,084)				(17,084)
Transfer to stated capital	250,000			(250,000)				
Balance at 30 September 2018	350,000	177,109	63,526	154,410	(421)	(8,722)	32,283	768,185

CALBANK LIMITED
UNAUDITED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019
in thousands of Ghana Cedis

	2019		2018	
	Bank	Group	Bank	Group
Cash Flows From Operating Activities				
Profit For The Period	133,316	135,405	110,374	114,649
Adjustments for:				
Depreciation And Amortisation	15,320	15,414	7,937	7,964
Impairment on Financial Assets	58,454	58,454	38,403	39,144
Net Interest Income	(373,911)	(375,470)	(282,753)	(286,529)
Income Tax Expense	57,135	58,467	43,995	45,924
Gain on Disposal of Property and Equipment	(115)	(115)		
	(109,801)	(107,845)	(82,044)	(78,848)
Change in Loans and Advances to Customers	(99,345)	(104,395)	(476,317)	(476,317)
Change in Other Assets	(5,913)	(6,180)	(26,502)	(26,955)
Change in Deposits From Banks and Other Financial Institutions	(66)	61	(19,173)	(3,682)
Change in Customer Deposits	693,600	693,600	302,992	279,697
Change in Other Liabilities	10,513	7,561	9,343	9,881
	598,789	590,647	(209,657)	(217,376)
Interest and dividends received	628,849	630,011	557,225	557,230
Interest paid	(267,885)	(267,488)	(268,001)	(264,224)
Income Tax Paid	(64,804)	(66,456)	(38,668)	(39,983)
Net Cash Used In Operating Activities	785,148	778,869	(41,145)	(43,201)
Cash Flows From Investing Activities				
Disposal/(Purchase) of Investment Securities	(1,629,682)	(1,622,809)	(325,448)	(323,385)
Purchase of Property and Equipment	(19,012)	(19,615)	(41,762)	(41,762)
Proceeds From Sale of Property and Equipment	121	121	0	0
Net Cash Used in Investing Activities	(1,648,573)	(1,642,303)	(367,210)	(365,147)
Cash Flows from Financing Activities				
Dividends Paid	(30,077)	(30,073)	0	0
Net Changes in Borrowings	963,206	963,206	407,292	407,292
Net Cash from Financing Activities	933,129	933,133	407,292	407,292
Net Change in Cash and Cash Equivalents	69,704	69,699	(1,063)	(1,056)
Cash and Cash Equivalents at 1 January	637,565	637,570	512,376	512,376
Cash and Cash Equivalents at 30 September 2019	707,269	707,269	511,313	511,320

SIGNIFICANT ACCOUNTING POLICIES

The Condensed Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG). The Condensed Financial Statements have been prepared using the same accounting policies and methods used in preparation of our audited 2018 Annual Consolidated Financial Statements except for IFRS 16 as indicated below. Our significant accounting policies and future changes in accounting policies and disclosures that are not yet effective are described in Note 4 of our audited 2018 Annual Consolidated Financial Statements.

Changes in accounting policies

On 1 January 2019 the Bank adopted IFRS 16 (Leases) which replaces IAS 17 (Leases). As a result of the application of IFRS 16, we updated our accounting policies with regards to how we recognise, measure, present and disclose leases. These new policies were applicable from 1 January 2019. As permitted by the transition provisions of IFRS 16, we elected not to restate comparative period results; accordingly, all comparative period information is presented in accordance with our previous accounting policies, as described in our 2018 Annual Report.

QUANTITATIVE DISCLOSURES

		2019	2018
(i)	Capital Adequacy Ratio	18%	22%
(ii)	Non-Performing Loan Ratio	10%	7%
(iii)	Common Equity Tier 1 Ratio	16%	n/a
(iv)	Leverage Ratio	8%	n/a

QUALITATIVE DISCLOSURES

(i) The Bank's dominant risks are: credit risk, liquidity risk, market risk and operational risk

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. There are in place the Risk Management and Audit sub-committees of the Board and an established Asset and Liability committee (ALCO) which are responsible for developing and monitoring risk management policies in their specified areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, 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 Bank, 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 process followed in risk management for the period ended 30 September 2019 are consistent with those followed for the year ended 31 December 2018.

(iii)		2019	2018
	Default in Statutory Liquidity (Times)	Nil	Nil
	Default in Statutory Liquidity Sanction (GH¢'000)	Nil	Nil

"The financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge."

FRANK B. ADU JNR.
Managing Director

PHILIP OWIREDU
Executive Director

CALBANK LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	2019 GHS'000	2018 GHS'000	+ or (-) %
1. Net Interest Income	375,470	286,529	31.0
Commissions, Fees and Other Income	67,180	73,255	(8.3)
2. a. Consolidated Operating Profit Before Income Tax	193,872	160,573	20.7
b. Less Income Tax Expense	58,467	45,924	(27.3)
c. Consolidated Operating Profit After Tax	135,405	114,649	18.1
Depreciation Charge	15,414	7,964	(93.5)
3. Operating Profit After Tax as a Percentage of Turnover	30.6%	31.9%	
4. Operating Profit After Tax as a Percentage of Issued Capital and Reserves.	18.3%	14.9%	
5. Earnings Per Share for the Period	GH¢0.2881	GH¢0.2602	

6. Commentary

The group reported an operating profit before income tax of GHS193.9 million and an operating profit after tax of GHS135.4 million compared to GHS160.6 million and GHS114.6 million respectively in the previous year. These represent an increase of 20.7% and 18.1% respectively.

Net interest income increased by 31.0%, mainly as a result of increases in investment securities over the review period. Commissions, fees and other income decreased by 8.3%, compared to the prior year amount of GHS73.3 million.

The balance sheet remained robust, with total assets of the group increasing from GHS5.0 billion to GHS7.2 billion. This represents an increase of 43.7% during the review period.

Basic earnings per share is based on a weighted average number of ordinary shares in issue as at the balance sheet date of 626,584,627 (2018: 626,584,627). Diluted earnings per share is based on a weighted average number of ordinary shares of 626,584,627 (2018: 626,584,627).

7. The tax charge for the period does not include any adjustment for the previous year.