

Equity Research

October 15, 2026

BUY

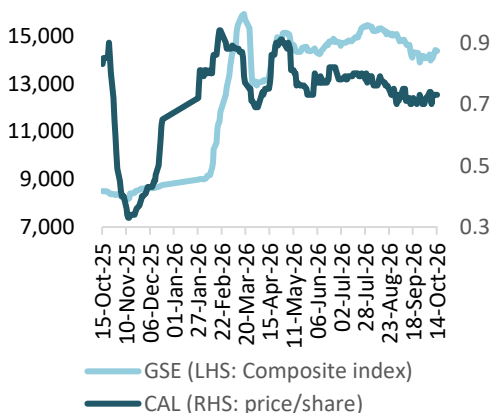
Stock data

Share price (GHS)	0.73
Target price (GHS)	1.05
Est. potential	44%
12M price range (GHS)	0.33 – 0.94
Market Cap. (GHS'mn)	3,090.05
Market Cap. (USD'mn)	264.67
Shares outstanding (mn)	4,232.95
Free float shares	12%
12M turnover (GHS'000)	79,620.45
Avg daily turnover (GHS'000)	357.04
Dividend yield	0.00%
Fiscal year end	December
Sector	Financial Sector
Sub-sector	Banking
Sector rating	Neutral
Bloomberg ticker	CAL GN
GSE ticker	CAL

2023A 2024A 2025A 2026E

EPS (GHS)	(1.08)	0.24	0.07	0.10
BVPS (GHS)	(0.29)	0.20	0.36	0.45
P/E (x)	(0.44)	1.48	8.84	8.95
P/BV (x)	(1.63)	1.74	1.77	1.98
P/TBV (x)	(1.14)	2.78	1.86	2.14

12M Market Trend - GSE-CI & CAL Share Price



Data & Graph source: GSE, CAL financials & Laurus Africa Securities

CAL Bank PLC – Earnings Report

Non-Funded Income Strengthens the Recovery Narrative

We maintain a “BUY” rating to CAL Bank PLC (CAL or the “Bank”) following a 12-Month target price of GHS1.05/share (upside: +44%) as an expansion in customer deposit fundamentally improves outlook for funded income and net interest margin. 9M-2026 PAT rose 39.40% y/y to GHS321.67mn, achieving 76.4% of our FY-2026 forecast, supported by a 70.56% increase in NII, doubled non-funded income and improved cost efficiency.

Our investment rationale

- (1) Improved Net Interest Income (NII) due to recovery in Current Account and Savings Account deposits, which are typically cheaper source of funds
- (2) Optimal earning assets mix, led by substantial nominal growth in investment securities, thus balancing the Bank’s risk and returns profile
- (3) Greater earnings diversification through stronger non-funded income (trading income and fees & commissions) generation improves earnings
- (4) Improved earnings visibility to support return on equity and overall shareholder value

Analysis of latest Financial Results (9month-2026)

Net interest income rebounds year-on-year, but Q3 moderated due to lower interest rates: CAL Bank recorded 9M-2026 net interest income (NII) of GHS511.44mn (+70.56% y/y) supported by a 48.64% y/y reduction in interest expense to GHS151.63mn. However, NII was 6.69% below our 9M estimate of GHS548.13mn, indicating that interest income generation and asset deployment lagged our expectations. On a quarterly basis, NII declined by 7.96% q/q to GHS163.98mn in Q3-2026 from GHS178.18mn in Q2-2026, as interest income eased by 2.32% while interest expense increased by 23.91%. Q3 NII also missed our estimate of GHS200.67mn by 18.28%.

Doubling of non-funded income (NFI) reinforced revenue diversification amid a lower interest rate environment. Net trading income (56% of NFI) and Net fees & commissions (45% of NFI) jointly doubled, taking 9M-2026 NFI to GHS454.66mn (+101.01% y/y and +10.00% vs. our 9M-2026 estimate). However, a mixed trend was noticed on a quarterly basis, net fees and commissions rose 8.72% q/q to GHS74.90mn (+77.75% y/y and +35.11% vs. our estimate), while net trading income slumped 47.80% q/q to GHS56.47mn (+164.42% y/y and +63.26% vs. our estimate). We believe the increasing revenue diversification reduces earnings volatility, enhances resilience across interest rate cycles, and a stronger foundation for long-term profitability.

Operating expenses rise, but operating leverage remains healthy: Total operating expenses increased 2.04% q/q to GHS169.57mn in Q3-2026, bringing 9M-2026 expenses to GHS498.00mn (+27.63% y/y), below operating income growth of 74.21% indicating improved cost efficiency.

Please view table on page 2 for quarterly earnings

Cost growth was driven by higher personnel and administrative expenses, but revenue expansion continued to outpace costs, supporting improved operating leverage. Consequently, the cost-to-income ratio improved to 51.25% in 9M-2026 from 69.95% in 9M-2025.

76% of our full year earnings delivered in 9M-2026, backed by well-managed Opex combined with strong revenue growth. The Bank grew its profit after tax by 39.40% y/y to GHS321.67mn in 9M-2026, well within our estimate and representing 76% of our full year forecast. However, earnings slowed down q/q to GHS90.86mn from GHS128.79mn in Q2-2026 but remained well above our forecast by 6.94%, thus, showing a trend of a weaker Q3 operationally. Nonetheless, EPS showed a significant slump from GHS0.2842 to GHS0.1013 in Sep-2026, largely explained by the significant increase in outstanding shares (4.23 billion from 1.13 billion) from the Bank's recent equity capital raise.

Deposit growth supports balance-sheet expansion and credit deployment: Customer deposits rose 22.82% YTD to GHS10.63bn in 9M-2026, strengthening funding capacity despite a marginal 0.60% q/q decline in Q3. Total assets expanded 22.27% YTD to GHS14.55bn, driven by 91.82% growth in loans to GHS2.05bn, while investment securities declined from H1 levels, signaling a shift towards credit deployment. With the loan-to-deposit ratio at approximately 19.3%, CAL retains room to deepen lending, provided deposit mobilization remains strong and underwriting discipline is maintained. Shareholders' funds increased to GHS1.85bn from GHS1.53bn in FY-2025, while the capital adequacy ratio recovered to 18.4% from -1.6% a year earlier.

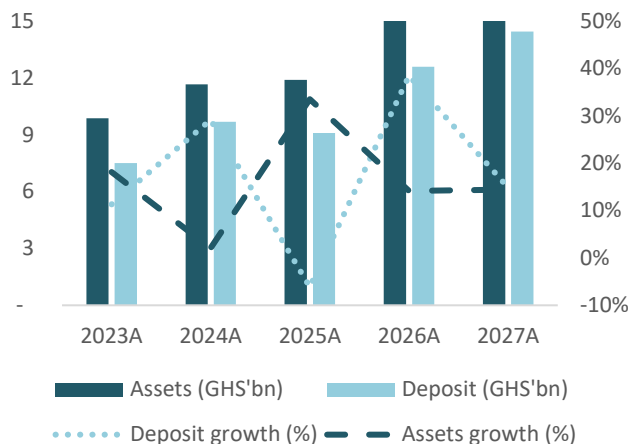
Outlook and valuation: We maintain our constructive outlook on CAL Bank, supported by sustained earnings recovery, a strengthened balance sheet and a return to a low-cost funding franchise. Following four quarters of earnings recovery after its October 2025 capital raise, CAL appears to be transitioning from capital restoration to growth, with its capital adequacy ratio recovering to 18.4% in 9M-2026 from -1.6% a year earlier. The Bank's 9M-2026 PAT of GHS321.67mn represents approximately 76.4% of our FY-2026 forecast of GHS421.03mn, making our full-year earnings outlook plausible, although Q4 execution remains critical. While historically low interest rates may constrain asset yields, lower funding costs, stronger non-funded income and expanding credit deployment provide important earnings offsets. We therefore believe CAL's outlook is increasingly underpinned by improved operating capacity and revenue diversification, rather than relying solely on a favourable interest-rate environment. From a valuation perspective, we maintain a **"BUY"** rating to CAL Bank with a 12-month target price of **GHS1.05/share which implies an upside potential of 44%**, reflecting the Bank's earnings rebound backed improved capital buffers and a well-diversified revenue mix.

Key risks to our expectation and fair value: FX volatility, adverse regulatory development, interest rate risk, high taxes & utility risk.

Quarterly Earnings Analysis (Q3-2026)

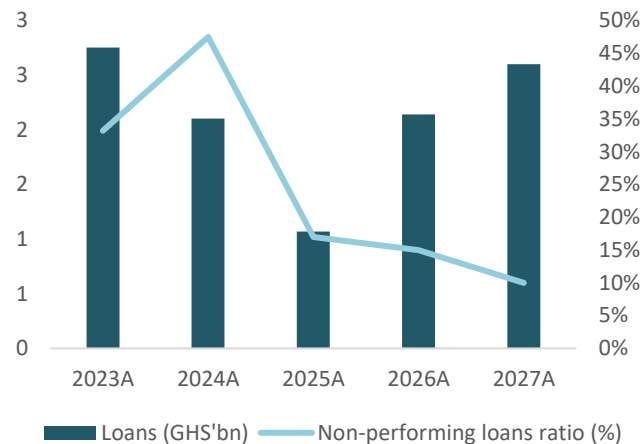
GHS'mn	Q3-2025	Q2-2026	Q3-2026	Y/Y	Q/Q	Q3-2026E	Variance
Net Interest Income	110	178	164	49%	-8%	201	-18%
Net Fees & Commission	42	69	75	78%	9%	55	35%
Net Trading income	21	108	56	164%	-48%	35	63%
Operating income	174	359	297	71%	-17%	315	-6%
Impairment (loss)/gains	34	4	(4)	-112%	-198%	(19)	-80%
Operating expense	136	166	170	25%	2%	168	1%
Tax expense	25	68	33	30%	-52%	43	-25%
Net Profit	47	129	91	95%	-29%	85	7%
EPS (GHS/share)	0.04	0.03	0.02	-50%	-29%	0.02	7%

Figure 1: Total asset and deposit growth trend



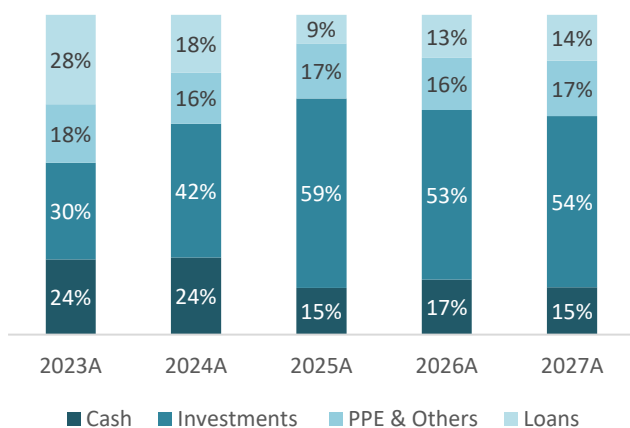
Source: CAL financials & Laurus Africa Securities

Figure 2: Loan book performance



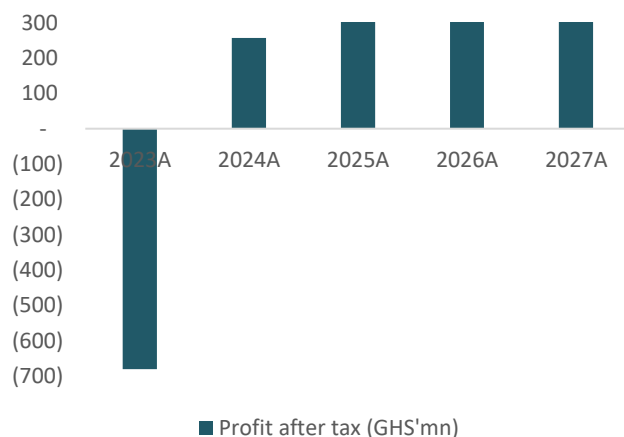
Source: CAL financials & Laurus Africa Securities

Figure 3: Asset mix



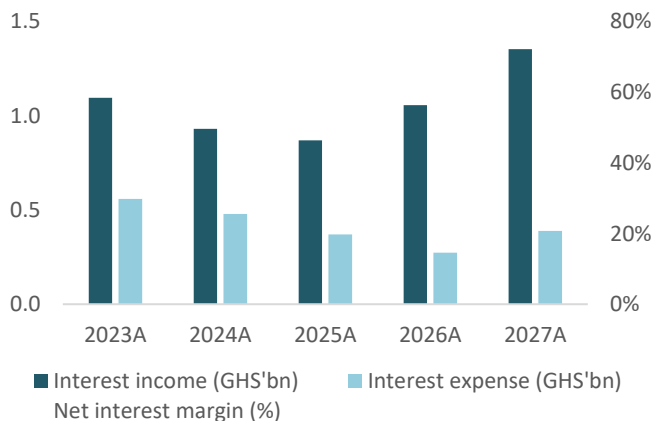
Source: CAL financials & Laurus Africa Securities

Figure 4: Profitability trend



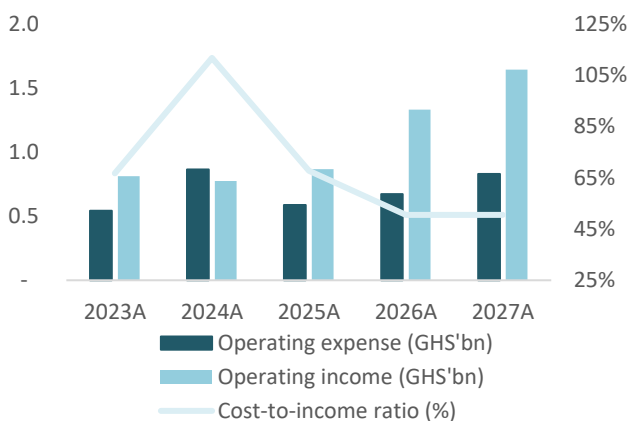
Source: CAL financials & Laurus Africa Securities

Figure 5: Interest income vs interest expense



Source: CAL financials & Laurus Africa Securities

Figure 6: Income vs cost overview



Source: CAL financials & Laurus Africa Securities

Appendix:

Statement of Financial Position

	2023A	2024A	2025A	2026E	2027E	2028E
Assets						
Cash and Cash Equivalents	2,321	2,809	1,744	2,737	2,653	2,418
Investments securities	2,983	4,876	7,042	8,417	9,704	11,129
Loans and advances to customers	2,755	2,102	1,071	2,140	2,602	3,320
Investment in subsidiaries	4	4	4	4	4	4
Current tax assets	41	87	121	45	50	52
Deferred Tax Assets	666	586	422	350	402	464
Intangible assets	80	81	73	140	158	180
Other assets	229	483	545	480	752	1,049
Property and equipment	638	570	711	722	819	933
Assets held for sale	-	-	-	-	-	-
Non-pledged trading assets	78	0	114	699	792	899
Derivative Assets Held for Risk Mgt	-	-	-	-	-	-
Right-of-use Lease Assets	75	61	54	154	171	187
Total assets	9,869	11,659	11,899	15,888	18,106	20,634
Liabilities						
Customer deposits	6,946	9,432	8,658	12,121	13,939	16,030
Due to banks and other financial institutions	555	255	435	470	517	568
Borrowings	1,293	1,537	1,024	1,117	1,080	1,039
Current tax liabilities	-	-	-	-	-	-
Accruals and other liabilities	1,193	142	206	226	249	274
lease liabilities	68	75	49	54	59	65
Total liabilities	10,054	11,441	10,371	13,987	15,844	17,976
Shareholders' funds						
Stated Capital	400	546	1,422	1,422	1,422	1,422
Retained Earnings	(1,203)	(1,209)	(858)	(606)	(375)	(122)
Capital Surplus/revaluation reserve	227	227	356	353	350	346
Statutory Reserve Fund	394	458	610	691	778	875
Credit Risk Reserve	-	198	2	44	90	141
Other Reserves	(3)	(3)	(2)	(2)	(2)	(2)
Total shareholders' funds	(185)	217	1,528	1,901	2,262	2,659
Total liabilities and shareholders' funds	9,869	11,659	11,899	15,888	18,106	20,634

Table 2: Income Statement

	2023A	2024A	2025A	2026E	2027E	2028E
Interest income	1,094	931	870	950	1,231	1,445
Interest expense	(559)	(479)	(370)	(219)	(388)	(529)
Net Interest Income	535	452	500	731	842	916
Fees and Commissions Income	126	224	224	290	308	361
Fees and Commissions Expense	(27)	(44)	(45)	(48)	(49)	(58)
Net Fees and Commission Income	99	180	178	242	258	303
Net trading income	177	90	149	309	308	361
Other operating income/ (cost)	(0)	52	41	38	49	58
Operating income	811	773	868	1,320	1,458	1,638
Operating expense	(541)	(864)	(587)	(661)	(736)	(827)
Operating profit before loan impairment	270	203	281	659	721	811
Impairment (loss)/gain	(1,229)	193	194	(16)	(18)	(36)
Profit before tax	(960)	396	474	643	703	775
Tax	280	(140)	(168)	(222)	(243)	(267)
Net profit after tax	(680)	256	306	421	460	508

Key Financial Metrics

	2023A	2024A	2025A	2026E	2027E	2028E
Cash/Deposits	30.94%	28.99%	19.18%	21.74%	18.35%	14.57%
Cash/Assets	23.52%	24.09%	14.65%	17.23%	14.65%	11.72%
Total Loans/Total Deposits	36.73%	21.70%	11.78%	17.00%	18.00%	20.00%
Cash/Total earning assets	40.45%	40.25%	21.49%	25.93%	21.56%	16.74%
Non interest inc. /Total Income	33.98%	41.56%	42.41%	44.63%	42.22%	44.10%
Deposits/ Equity	-4056.52%	4457.01%	594.88%	662.21%	639.05%	624.30%
Equity /Total Assets	-1.87%	1.86%	12.84%	11.97%	12.49%	12.88%
Tot. Assets/Equity	-5337.63%	5364.36%	778.54%	835.68%	800.44%	776.13%
Total Liabilities/Total Assets	101.87%	98.14%	87.16%	88.03%	87.51%	87.12%
Investments/Earning Assets	51.99%	69.88%	86.80%	79.73%	78.86%	77.03%
Debt/Equity	-699.13%	707.27%	66.99%	58.73%	47.77%	39.08%
Loans/ total earning assets	48.01%	30.12%	13.20%	20.27%	21.14%	22.97%
Operating Expense/Revenue	-66.72%	-119.68%	-70.98%	-51.59%	-52.27%	-52.35%
Operating Margin (%)	33.26%	26.29%	32.35%	49.90%	49.50%	49.50%
Interest Spread	1.88%	1.54%	2.09%	5.18%	4.16%	3.15%
Net Interest Margin (%)	48.93%	48.58%	57.44%	76.92%	68.44%	63.38%
Return on average assets	-7.13%	2.38%	2.60%	3.03%	2.71%	2.62%
Return on average equity	-436.63%	1581.06%	35.10%	24.55%	22.12%	20.63%
Cost / Income	66.74%	111.70%	67.65%	50.10%	50.50%	50.50%
Avg Yield on earning assets	9.33%	6.48%	6.16%	6.92%	6.84%	6.34%
Avg. cost of funds	7.45%	4.94%	4.07%	1.74%	2.69%	3.19%
CAR	-9.90%	-7.22%	19.80%	18.00%	18.00%	18.00%
Regulatory CAR	10.00%	10.00%	13.00%	13.00%	13.00%	13.00%
Non-performing loan ratio	33.20%	47.51%	17.00%	15.00%	10.00%	10.00%
Liquid Ratio	117.80%	117.80%	97.87%	70.00%	70.00%	70.00%

Important Disclosures and Disclaimer:

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Buy: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely to return at least 20.00% and more.

Hold: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely range within -10.00% and 20.00%.

Sell: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely return below -10.00%.

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