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#eBanking #StaySafe



STAY HOME

PRACTISE SOCIAL DISTANCING

Stay Safe

#ForwardTogether #StayAtHomeFor



What new behaviour have you formed since the outbreak of the covid-19 pandemic?

#CalBank #ForwardTogether #Covid19 #StaySafe



Stay Safe!



Sanitize your hands before and after using the ATM

CalBank 3Q 2020 Results Presentation

October 2020

Disclaimer

This report was prepared by CalBank 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.

CAL Management – Today's presenters



Philip Owiredu
Managing Director



Barbara Banson
Chief Risk Officer



Thomas Boansi-Sarpong
Chief Financial Officer



Linda Offeh
Head, Risk



Philip Fynn
Treasurer



Dzifa Amegashie
Head, Investor Relations

AGENDA

COVID-19 in Ghana

Operating Environment

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Our Strategy

Coronavirus disease 2019 (COVID-19) in Ghana

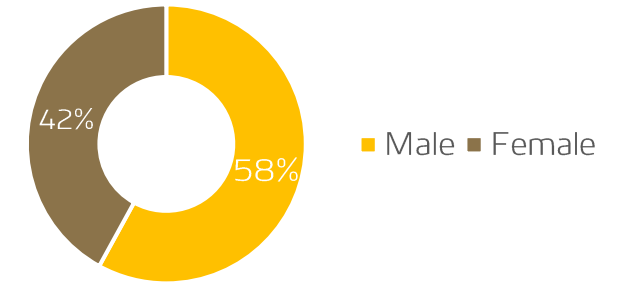
Status of COVID-19 in Ghana*

Total Cases*	Recovered	Active Cases	Total Deaths
48,643	47,446	877	320

- 12th March 2020 – 1st case of COVID-19 confirmed in Ghana
- 29th October 2020 – 48,200 confirmed COVID-19 cases & 320 deaths. The majority of confirmed cases have mild symptoms not requiring hospitalization and are responding to treatment.
- October 2020 antibody study estimates more than 20% of population of Accra (capital city) have already been exposed to Covid 19. **
- Experts advise that Ghana's recorded cases are yet to peak, and the situation is expected to last beyond Q3 – 2020.
- Economic activity has been impacted in Q3-2020 with GDP forecast to decline to 1.9% in a base case scenario.
- Businesses gradually returning to normal operations since early June/July following easing of some restrictions on social gatherings and public transport as well as resumption of domestic flights.

- Data as of 05/11/20
- ** West Africa Centre for Cell Biology and Infectious Pathogens (WACCBIP)

Gender Distribution



Ghana Government directives to limit and contain COVID-19 spread

- 16th March 2020 – 4-week ban on public gatherings of more than 25 people and the closure of all educational institutions
- 23rd March 2020 – Closure of all land, sea and air borders to human traffic (excluding goods, supplies and cargo)
- 30th March 2020 – 14-day “stay-home” order and partial lockdown of Accra, Tema and Kumasi to curb spread of COVID-19. Over 35,000 joint police and military personnel deployed to enforce this directive
- 9th April 2020 – 1-week extension of the partial lockdown of Accra, Tema and Kumasi
- 20th April, 2020 – Lifting of partial lockdown of Accra, Tema and Kumasi and implementation of mandatory mask wearing
- 1st May, 2020 – 1-month extension of the closure of the country's international borders. Domestic flights resumed while maintaining precautionary measures
- 26th July, 2020 – Easing of restrictions on social gatherings and public transport.
- 1st September, 2020 – Re-opening of the country's air border – sea and land borders remain closed

COVID-19 | Potential impact on the Ghanaian economy (1/2)

Fiscal impact

- Overall 2020 GDP growth projected to decline from 6.8% in 2019 to 1.9% in 2020 in a base-case scenario
- Non-oil GDP growth projected to decline from 6.7% to 1.7%
- Gross International Reserves projected to cover not less than 4 months of imports of goods and services
- End of year inflation is projected to fall outside the medium-term target band of 8.0%±2.0% to record ~11.1%

- Total estimated impact on Government budget is to the tune of GHS 25.3bn (USD 4.4bn), 6.6% of revised GDP as follows:
 - shortfall in non-tax revenue by GHS 3.3bn (USD 567.4mn)
 - shortfall in tax revenues (excl. oil tax revenues and import duties) by GHS 5.1bn (USD 882.1mn)
 - shortfall in crude oil receipts of GHS 5.3bn (USD 907.9mn)
 - increase in expenditure of GHS 11.7bn (USD 2.0bn) on National Preparedness & Response Plan, provision of health infrastructure, Coronavirus Alleviation Programme, Capitalization of National Development Bank, Security, Elections and payment of outstanding claims

- Overall, fiscal deficit for 2020 is projected to be GHS 44.1bn (USD 7.6bn), 11.4% of revised GDP compared to the original projection of 4.7%

Monetary policy interventions

- On 18th March 2020, BOG introduced measures to mitigate impact of COVID-19 on the economy including:
- Monetary Policy Committee reduces Policy rate by 150bps to 14.5%
 - Primary Reserve Requirement for Banks cut by 200.0bps to 8.0%
 - Capital Conservation Buffer for banks cut to 1.5% from 3.0% to provide liquidity support to the economy
 - Provisioning for Loans in the "Other Loans Especially Mentioned" ("OLEM") category is reduced from 10.0% to 5.0% for all Banks and Specialized Deposit-Taking Institutions ("SDIs") as a policy response to loans that may experience difficulty in repayments due to slowdown in economic activity
 - Microfinance Institutions loan repayments that are past due for up to 30 days to be classified as "Current"
 - Mobile money transactions up to GHS 100 are free of transaction charges (excluding cash out)
 - Daily transaction limits for mobile money were increased
- On 21st April, 2020, the BoG directed banks and Specialized Deposit-Taking Institutions ("SDI") in the country to refrain from declaring payment of dividends to shareholders until further notice. However, banks that have proven to have adequate liquidity have been allowed to declare dividend for 2019
- On 15th May, 2020, the Bank of Ghana announced the following relief measures to support SDIs:
- Reduction in the Primary Reserve Ratio for savings and loans, finance house companies and rural and community banks from 8.0% to 6.0%
 - Reduction in the Primary Reserve Ratio for microfinance companies from 10.0% to 6.0%
 - Deadline for SDIs (microfinance and rural and community banks) to meet the new minimum capital requirements extended to December 2021
- On 27th July, 2020, the Monetary Policy Committee of the Bank of Ghana decided to maintain the Monetary Policy Rate at 14.5% due to the rise in inflation, widened budget deficit and residual financing gap

COVID-19 | Potential impact on the Ghanaian economy (2/2)

Government Measures to mitigate impact

- Government of Ghana has committed USD 100.0mn to support its preparedness and response to COVID-19;
- On 16th March 2020, the Coronavirus Alleviation Programme ("CAP") was established to address the disruption in economic activities.
- Government is set to launch a GHS 100.0bn (USD 17.2bn) Coronavirus Alleviation & Revitalization of Enterprises Support ("CARES") Programme aimed at promoting the consumption of locally produced goods and services to support local businesses and generate employment. The private sector (both domestic and external) is expected to finance ~GHS 70.0bn (USD 12.1bn) of the programme which is expected to span from 2021 to 2023
- Government has secured new financing including:
 - Lowering the cap on the Ghana Stabilization Fund from USD 300.0mn to USD 100.0mn and using the resulting amount of ~USD 200.0mn to fund the GHS 1.2bn (USD 206.9mn) Coronavirus Alleviation Programme
 - Securing a total of GHS 3.19bn (USD 550.0mn) from the World Bank under its Development Policy Operations ("DPO")*, Preparedness Support and Response Plan
 - Securing the International Monetary Fund's Rapid Credit Facility amounting to GHS 5.85bn (USD 1.0bn)
 - Securing a GHS 10.0bn (USD 1.7bn) Repurchase Agreement ("Repo") facility from the Bank of Ghana as part of the Coronavirus Relief Programme
 - Securing GHS 406.0mn (USD 70.0mn) support from the African Development Bank
 - Securing supplementary spending of ~GHS 11.8bn (USD 2.0bn) to support revenue shortfalls and budget deficit due to the COVID-19 pandemic
- The following measures have also been implemented by the Government to mitigate the impact of COVID-19 on the economy:
 - Reduction in the Communication Service Tax from 9.0% to 5.0% to provide relief to consumers and promote digitization
 - Establishment of a GHS 2.0bn (USD 344.8mn) Guarantee Facility to support businesses and enhance job retention
 - Increasing funding for the CAP Business Support Scheme by GHS 100.0mn (USD 17.2mn) to provide additional support to micro, small and medium-sized enterprises
 - Establishment of a National Unemployment Insurance Scheme to provide temporary income support to the unemployed and facilitate re-training
 - Extension of free water supply from July 2020 to September 2020
 - Extension of 50.0% subsidy on electricity consumption to lifeline customers from July 2020 to September 2020

COVID-19 | Impacts on Ghanaian Financial Sector

COVID-19 pandemic has led to tight financing conditions in global and domestic financial markets.



Impact on Financial Sector

- Some disinvestments of local bonds by approx. 25.0% of foreign investors and high demand for dollars has negatively impacted foreign reserves and caused cedi to depreciate.
- Slowdown in economic activity has resulted in debt service difficulties for businesses (especially in hard-hit sectors such as aviation and hospitality, transportation). COVID 19 containment measures (social distancing, public gatherings) have led to reduced productivity, job losses and negative impacts on business profitability.
- Banks and financial institutions have announced measures to help clients mitigate impacts of COVID-19 on businesses e.g. 6-month moratorium on principal repayments, reduction in interest rate, Ghana Association of Bankers GHS 10.0mn, waiver of bank fees on electronic channels.

COVID-19 | Potential impact on CalBank and measures to mitigate

CalBank's Business Continuity Management (BCM) Steering Committee has conducted business simulations and analysis and the Bank's business has been impacted by COVID-19 in the following ways:

IDENTIFIED RISK AREAS	MEASURES TAKEN TO MITIGATE IMPACT
Impact on Asset Quality	<p>To insulate the asset portfolio against possible impact, the following reviews have been conducted:</p> <ul style="list-style-type: none"> • Restructuring customer exposures to reflect reductions in client cash flow/changes in business cycles • Rescheduling customer exposures to accommodate delayed/reduced cash flows • Interest Rate reductions to ease debt service burden and default on businesses adversely impacted by COVID-19
Strained Liquidity	<p>The Bank's Liquidity Contingency Plan measures include;</p> <ul style="list-style-type: none"> • Borrowing from the interbank market • Selling government bonds to improve our liquidity position • Enter into repurchase agreements based on Treasury securities • Borrowing from the Central Bank.
Impact on Revenue and Profitability	<ul style="list-style-type: none"> • Drop in demand for bank products and services adversely impacting budgeted revenue lines which has led to decreased profitability. • We have stress-tested budgeted financial plans to reflect scenarios based on the spread of the virus and national lockdown and will continue to provide guidance quarterly • Provided necessary safety tools and communication logistics for front line staff to carry out business relationships to minimize loss of business and to take advantage of any opportunities arising.
Cybersecurity threats from remote-access exposing bank systems to attack	<ul style="list-style-type: none"> • Conducted full review of cybersecurity policies and controls on data security, fraud, and privacy and tailored them to the new remote working environment. • Conducted vulnerability and penetrating testing and all identified vulnerabilities which have been corrected to improve on the security environment. • Ensured CalBank Cyber security unit is sufficiently staffed and available to accommodate potential new and elevated levels of requests from departments for additional system security.
Reduction in employee productivity from remote working	<ul style="list-style-type: none"> • On 20th March 2020, commenced remote working to minimize the potential for staff being exposed to the virus. Staff and supervisors can currently communicate fully from their remote locations using the Bank's e-meeting tools which have been made available to ALL (Email, Microsoft Teams, Skype for Business) • Line Managers continue to be responsible for targets and deliverables under the remote working arrangement. • Supervisors are required to check on their staff weekly and report to CalBank HR • Critical role/functions are performed at the Bank's premises whilst observing all necessary safety protocols.

AGENDA

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Macroeconomic overview

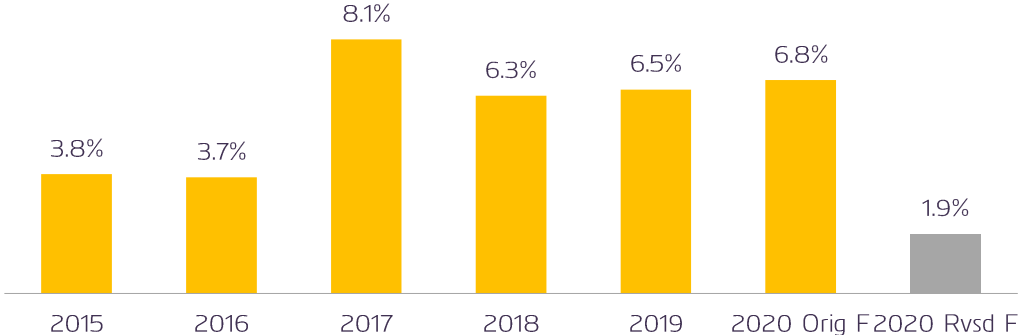
SECTOR CONTRIBUTION TO GDP



The finance and insurance sectors contribute 5.0 percentage points to the Services industry

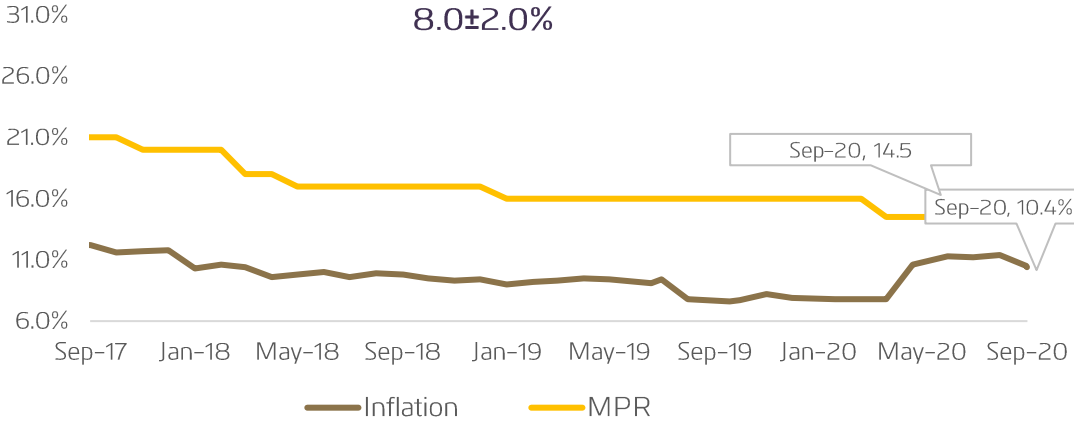
GDP GROWTH RATE

2020 GDP growth projected at 1.9% in 2020 due to a rebound in economic activities



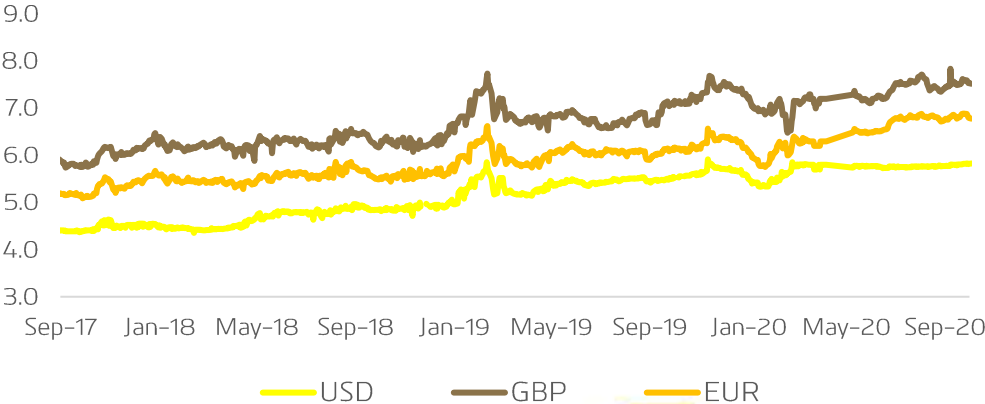
MONETARY POLICY RATE

Relaxed monetary policy due to COVID-19
Year-end 2020 inflation rate projected beyond target band of 8.0±2.0%



EXCHANGE RATE

Local currency depreciates slightly in 3Q20 owing to reduction in exports, capital flight and increased demand for forex due to COVID-19



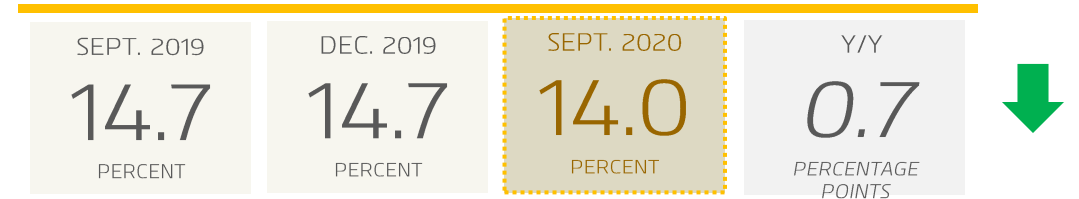
Source: Bank of Ghana, Summary of Economic and Financial Data

Macroeconomic indicators

INFLATION RATE



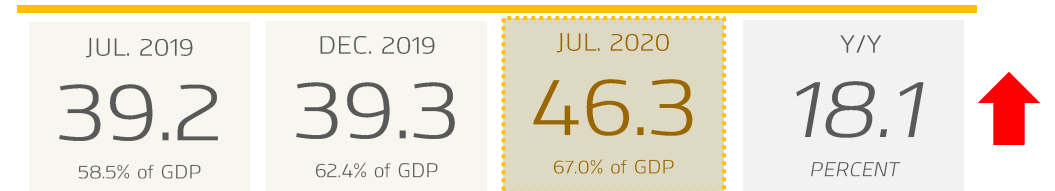
INTEREST RATES 91-DAY BILL



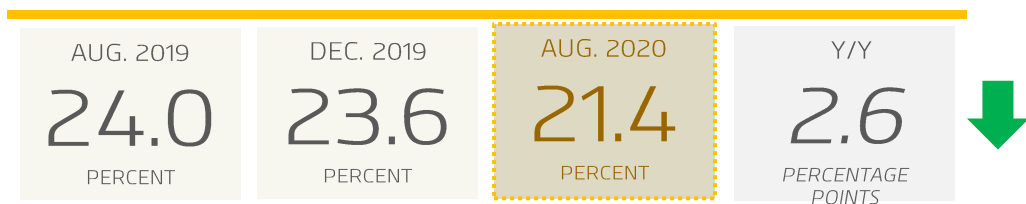
MONETARY POLICY RATE



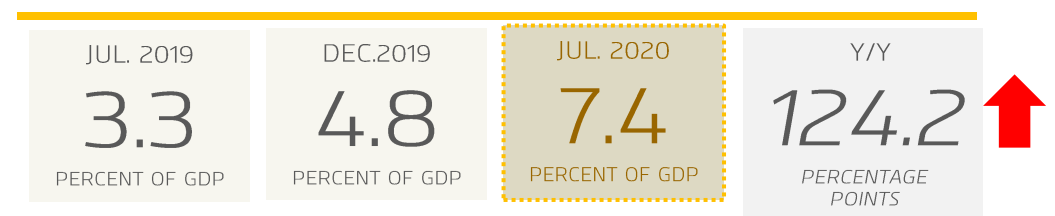
PUBLIC DEBT (USD BN)



AVERAGE LENDING RATES

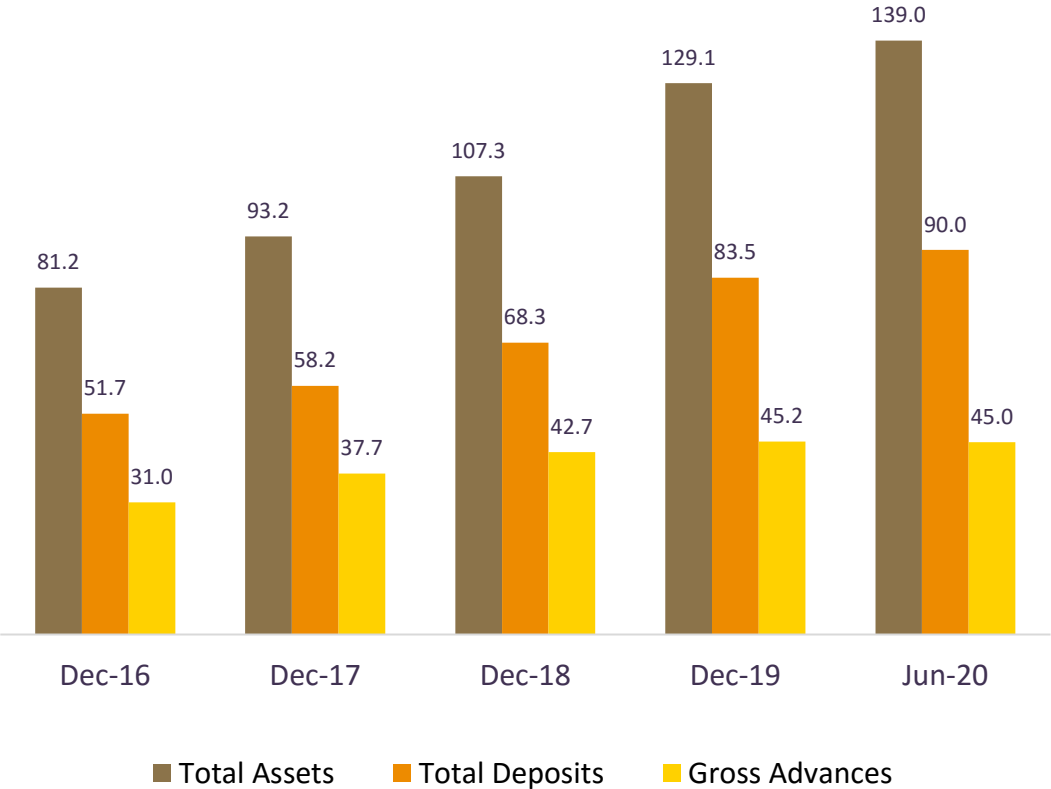


FISCAL DEFICIT

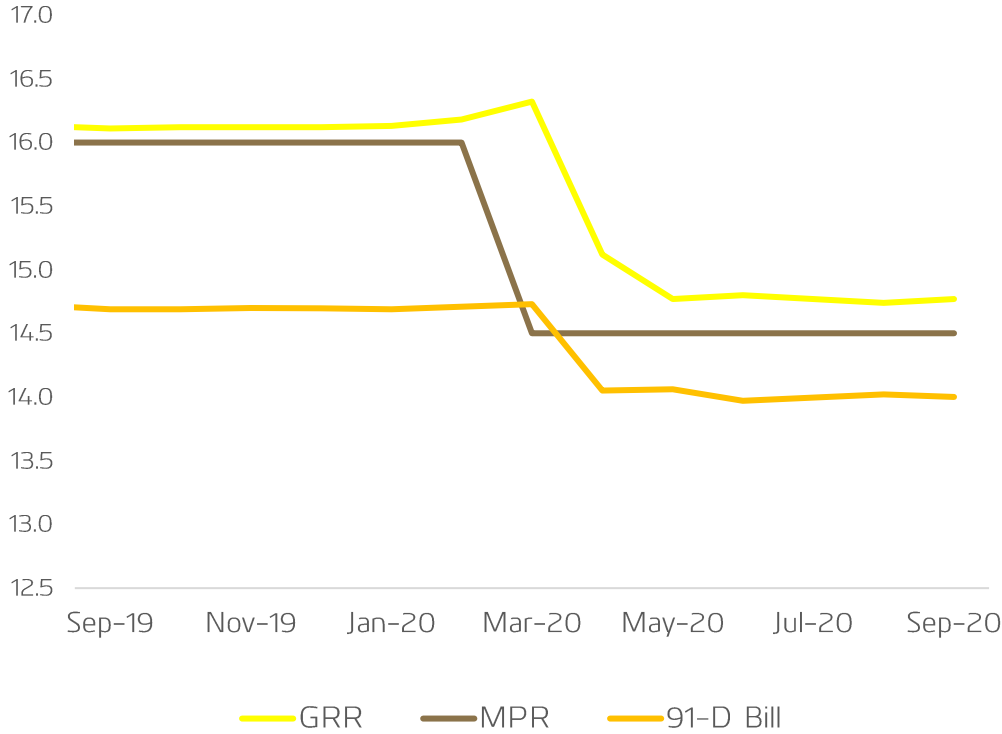


Banking Sector Overview

KEY INDICATORS GHS (MN)



AVERAGE INTEREST RATE (%)



Source: Bank of Ghana, Summary of Economic and Financial Data

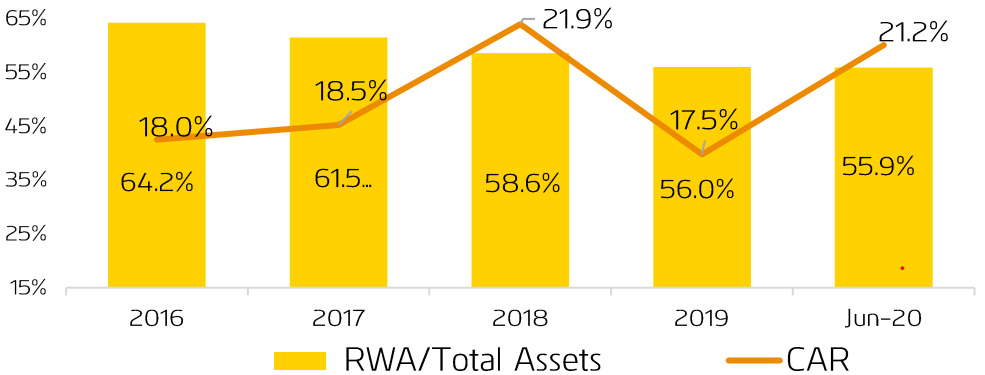
Ghana Reference Rate (GRR)
 Monetary Policy Rate (MPR)



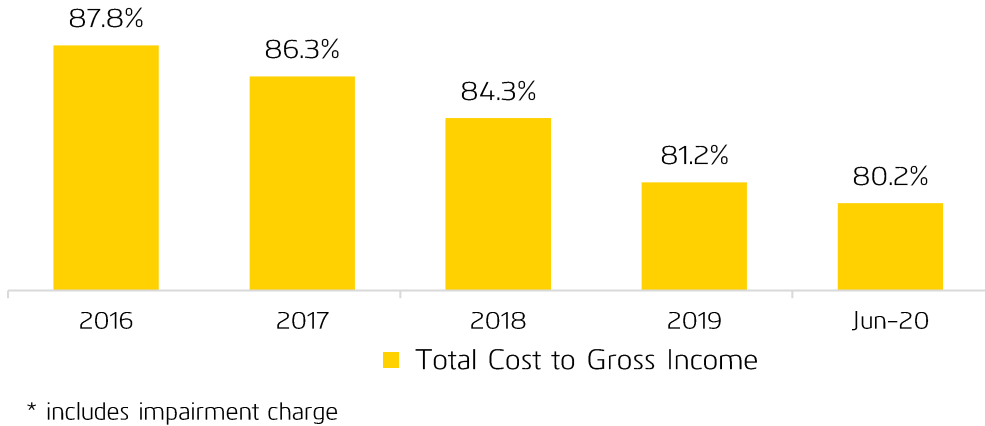
Banking sector financial soundness indicators (FSI)

Improvement in major FSIs in HY2020, despite COVID-19

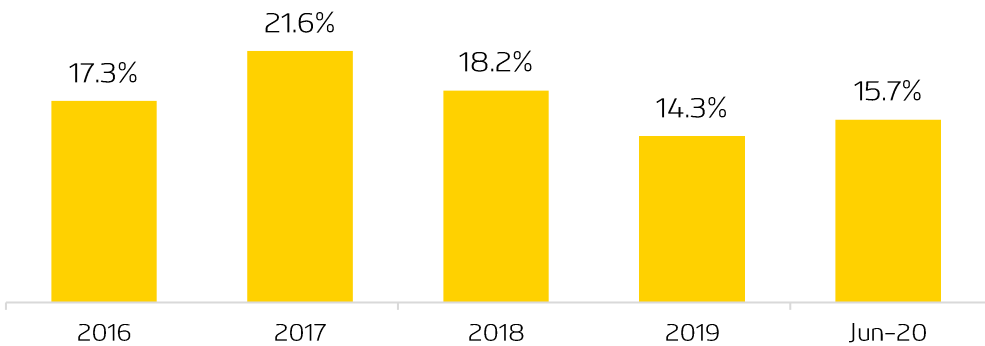
SOLVENCY



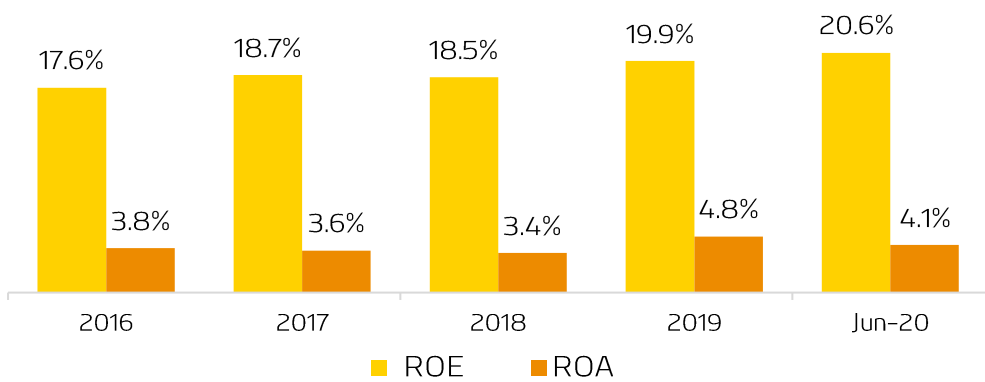
EFFICIENCY*



NON-PERFORMING LOAN RATIO (%)



RETURNS



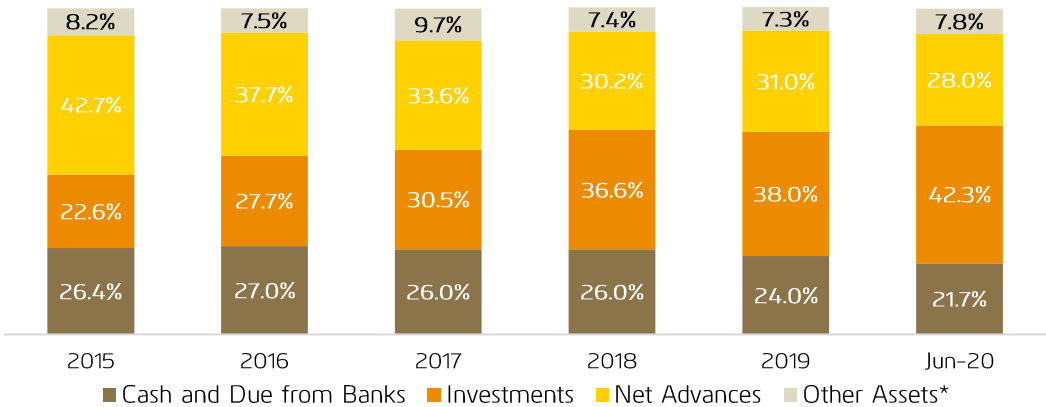
Source: Bank of Ghana, Summary of Economic and Financial Data (Page 7 of banking sector report July 2020)



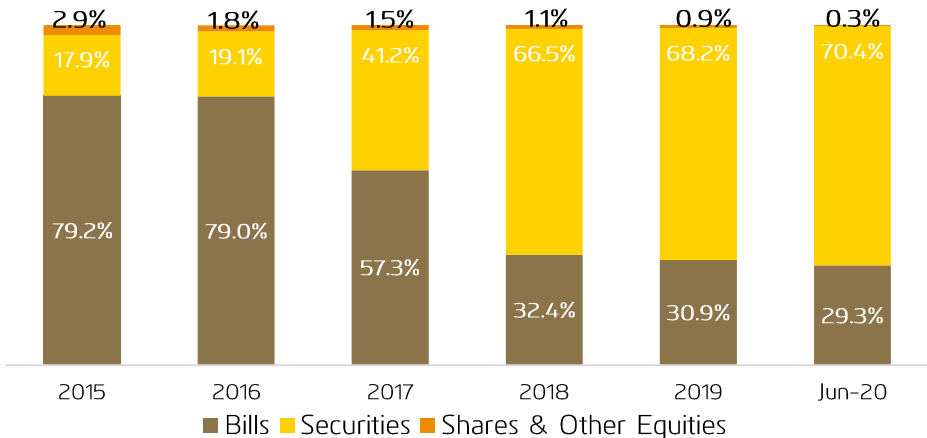
Credit analysis of banking sector

Trend towards investment and fewer loans and advances with associated default risk

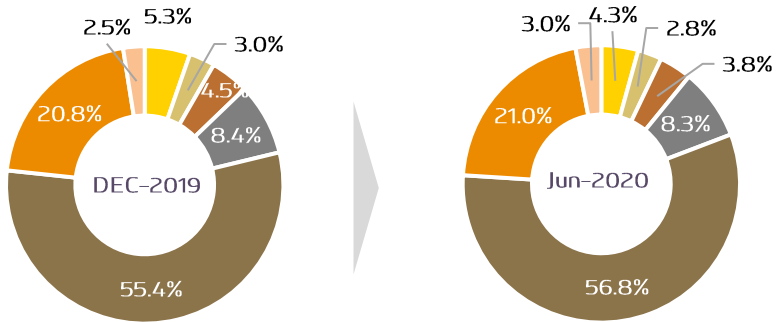
Banks are leaning towards investments and away from loans and advances with associated default risk



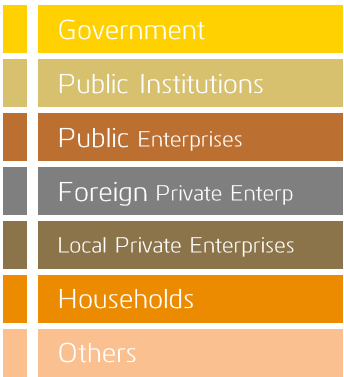
Investment portfolio mix of banks shifting towards longer-dated government securities



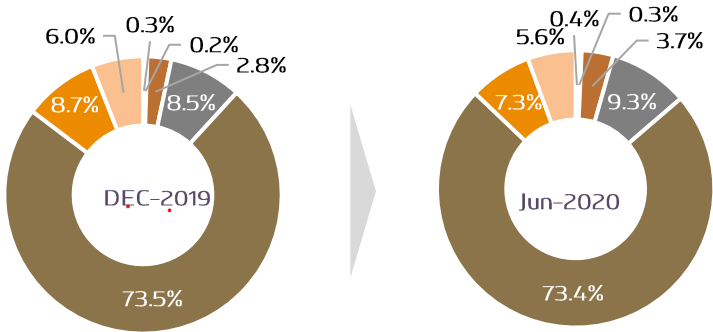
Allocation to local private enterprises and households have increased marginally



SHARE OF TOTAL CREDIT



Local private enterprises are the largest contributor to NPLs



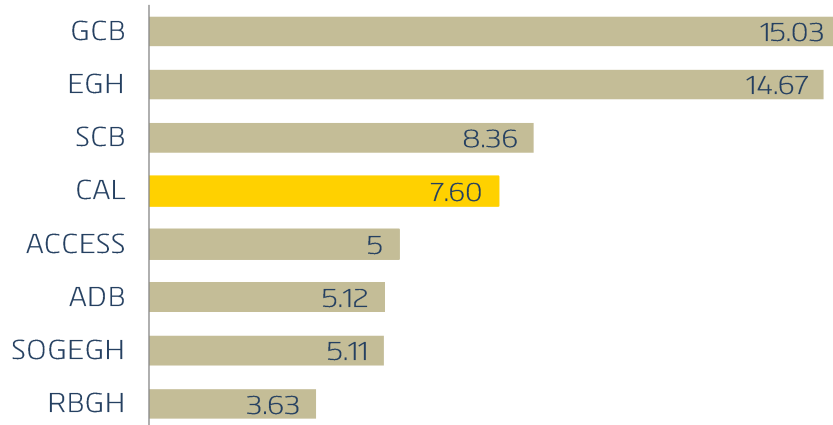
SHARE OF NPLs



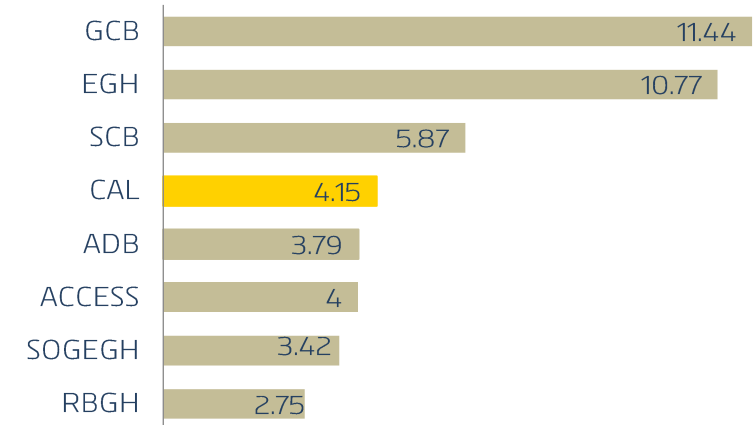
Competitor benchmarking – Listed banks (1/2)

CalBank competitively placed across key metrics in 3Q 2020*

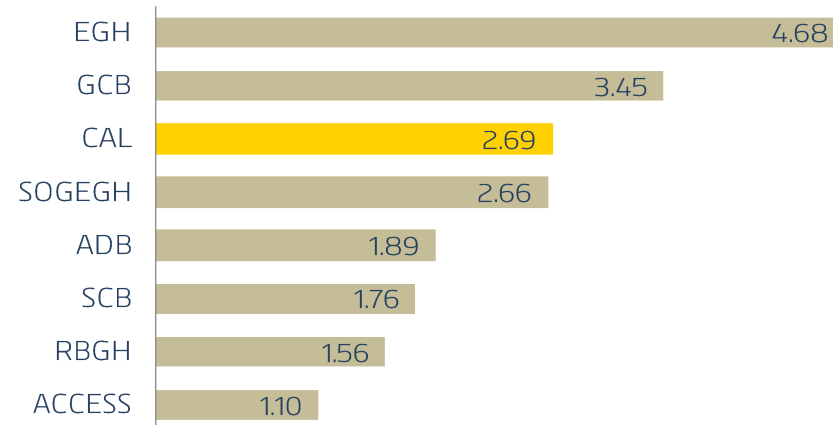
TOTAL ASSETS (GHS BN)



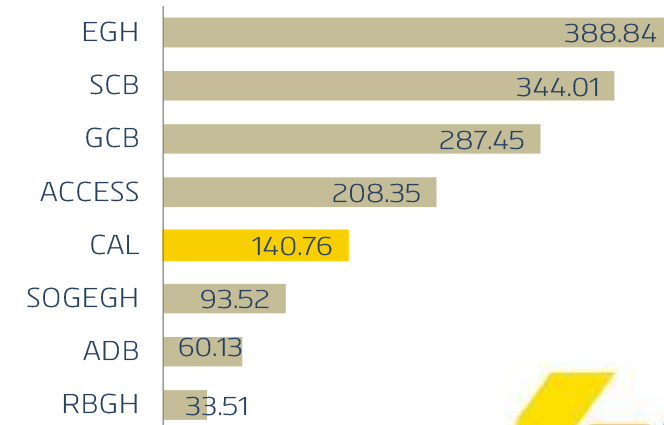
CUSTOMER DEPOSITS (GHS BN)



LOANS & ADVANCES (GHS BN)



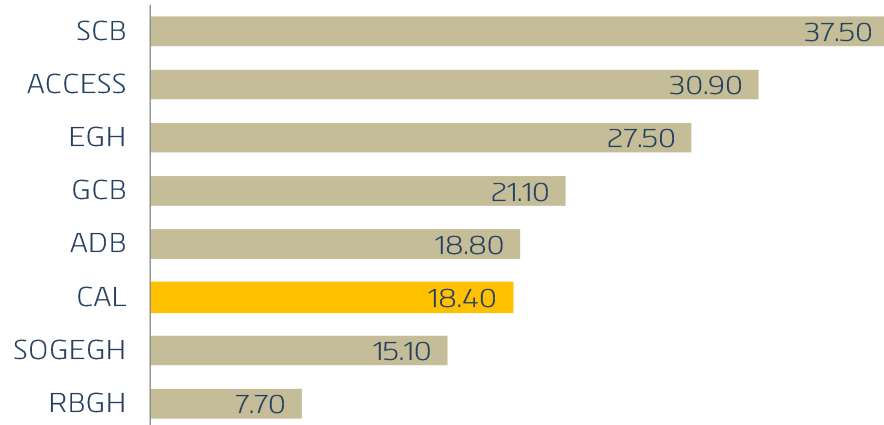
NET PROFIT (GHS MN)



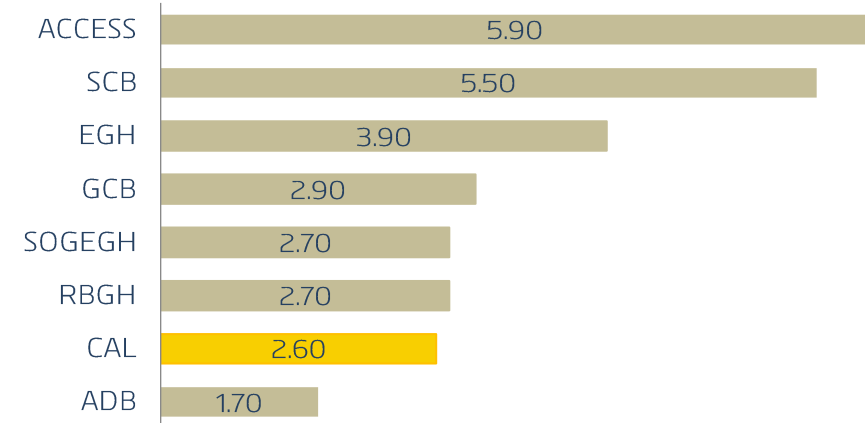
Competitor benchmarking – Listed banks (2/2)

CalBank competitively placed across key metrics in 3Q 2020*

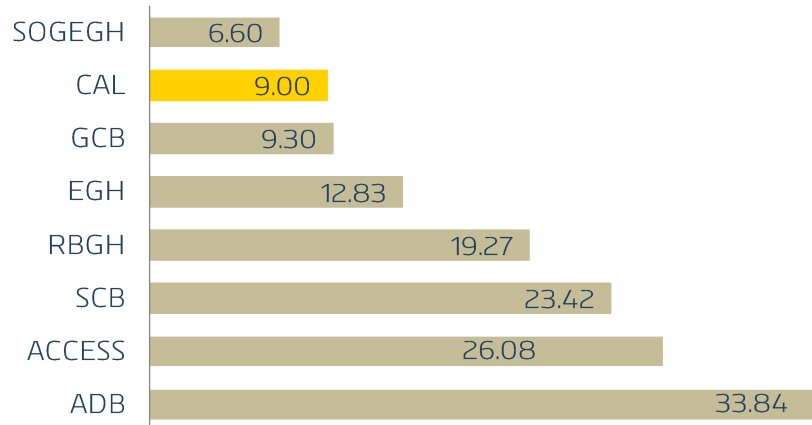
ANNUALISED RETURN ON AVERAGE EQUITY (%)



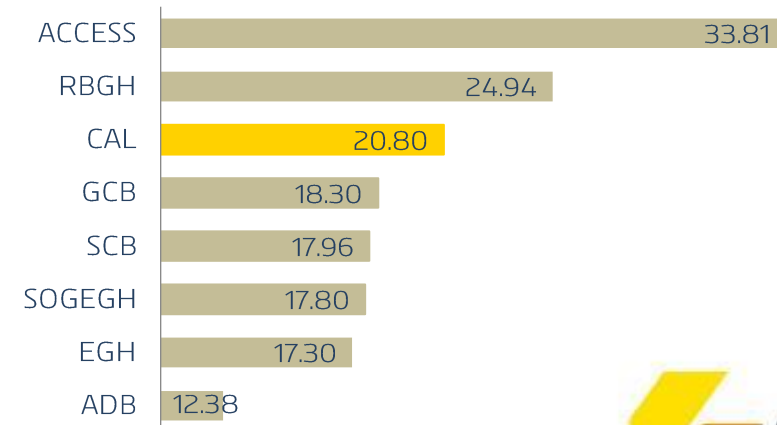
ANNUALISED RETURN ON AVERAGE ASSETS (%)



NON-PERFORMING LOAN RATIO (%)



CAPITAL ADEQUACY RATIO (%)



AGENDA

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Q & A

CalBank Group Highlights

↑ 5.5%

Net interest income

GHS 396mn

↑ 47.6%

Non-funded income

GHS 99mn

↑ 22.8%

Net impairment loss

GHS 72mn

↑ 4.0%

Profit after tax

GHS 140mn

↑ 8.7%

Loans and advances

GHS 2.7bn

↑ 7.9%

Total deposits

GHS 4.1bn

↑ 5.4%

Total assets

GHS 7.6bn

↓ 13bps

NPL ratio

9.0%

Summarized Group Income statement

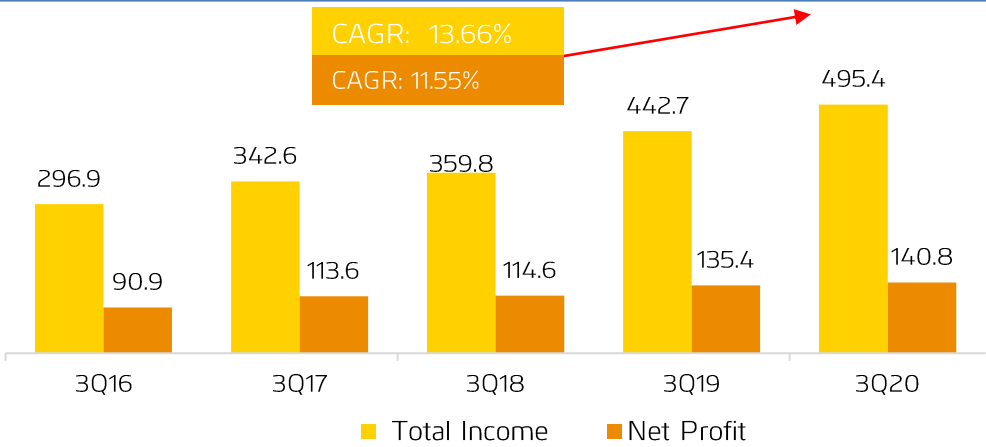
Amount in GHS thousands	3Q2020	3Q2019	3Q2018	YoY	3Q2020 Highlights
Interest Income	697,257	649,170	554,474	7.4%	<ul style="list-style-type: none"> • Net Interest Income grew by 5.5% to GHS 396.3mn from GHS 375.5mn in 3Q 2019 resulting from a 2.8% increase in interest from loans and advances and a 13.2% increase in interest from investments attributable to growth on in loans and investment securities. • Net Fees and Commissions decreased by 24.1% following the inability to close major expected advisory mandates as a result of the pandemic as well as the waiving of various fees and commissions as part of Covid-19 reliefs • Net trading income grew 164.9% due to aggressive growth of fixed income trading volumes • Operating Income increased by 11.9% to GHS 495.4mn from GHS 442.7mn in 3Q 2019 • Net impairment Loss increased by 22.8% to GHS 71.8mn from GHS 58.4mn in 3Q 2019 due to increased credit risk on the bank's loan book during the period and an initial assessment of the impact of Covid-19 on the bank's loan book. • Operating expenses increased by 16.1% to GHS 221.0mn in 3Q 2019 largely driven by newly introduced deposit insurance premiums, the application of IFRS 16 to leases and new head office depreciation • Profit before Income tax increased by 4.5% to GHS 202.6mn from GHS 193.9mn in 3Q 2019 • Profit after Income tax increased by 4.0% to GHS 140.8mn from GHS 135.4mn in 3Q 2019
Interest Expense	(300,985)	(273,700)	(267,945)	(10.0%)	
Net Interest Income	396,272	375,470	286,529	5.5%	
Fees and Commission Income	36,297	38,360	50,723	(5.4%)	
Fees and Commission Expense	(14,231)	(9,292)	(945)	(53.2%)	
Net Fees and Commissions	22,066	29,068	49,778	(24.1%)	
Net Trading Income	74,926	28,288	17,322	164.9%	
Other Operating Income	2,145	9,824	6,155	(78.2%)	
Operating Income	495,409	442,650	359,784	11.9%	
Net Impairment Loss	(71,810)	(58,454)	(39,144)	(22.8%)	
Net Operating Income	423,599	384,196	320,640	10.3%	
Total Operating Expense	(221,013)	(190,324)	(160,067)	(16.1%)	
Profit Before Tax	202,586	193,872	160,573	4.5%	
Income Tax Expense	(61,825)	(58,467)	(45,924)	(5.7%)	
Profit After Tax	140,761	135,405	114,649	4.0%	

Summarized Group Balance sheet

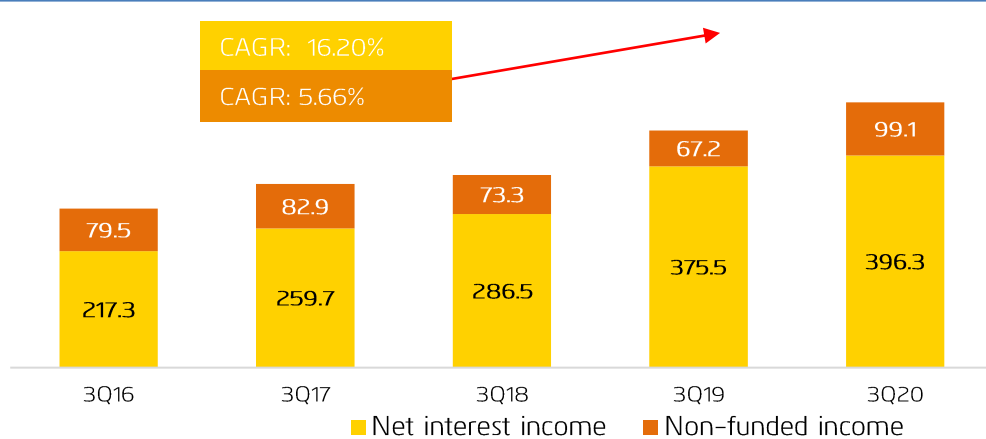
Amount in GHS thousands	3Q2020	3Q2019	3Q2018	YoY	3Q2020 Highlights
Cash and Cash Equivalents	506,510	707,269	511,320	(28.4%)	<ul style="list-style-type: none"> Total Assets increased by 5.4% to GHS 7.6bn from GHS 7.2bn in 3Q 2019 Loans & Advances increased by 8.7% to GHS 2.7bn from GHS 2.5bn at 3Q 2019 Total deposits increased by 7.9% to GHS 4.1bn from GHS 3.8bn in 3Q 2019 Borrowings decreased by 6.5% to GHS 2.1bn from GHS 2.3bn in 3Q 2019 Capital Adequacy ratio increased to 20.8% from 18.0% in 3Q 2019 NPL ratio decreased to 9.0% from 10.3% in 3Q 2019
Investment Securities	3,437,108	3,429,614	1,809,867	0.2%	
Loans and Advances to Customers	2,692,446	2,477,155	2,267,925	8.7%	
Other Assets	536,251	161,637	99,569	231.8%	
Fixed Assets	426,810	436,231	329,741	(2.2%)	
Total Assets	7,599,125	7,211,906	5,018,422	5.4%	
Total Deposits	4,148,421	3,843,688	2,773,638	7.9%	
Borrowings	2,140,674	2,289,376	1,339,108	(6.5%)	
Other Liabilities	250,301	184,890	137,491	35.4%	
Shareholders' Equity	1,059,729	893,949	768,185	18.5%	
Total Liabilities and Shareholders' Equity	7,599,125	7,211,906	5,018,422	5.4%	

Operating performance & profitability (1/2)

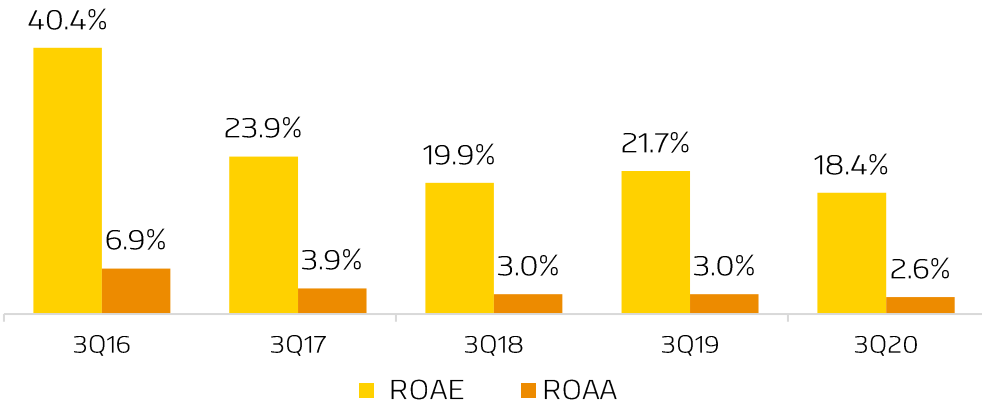
RESILIENT PROFITABILITY (GHS MN)



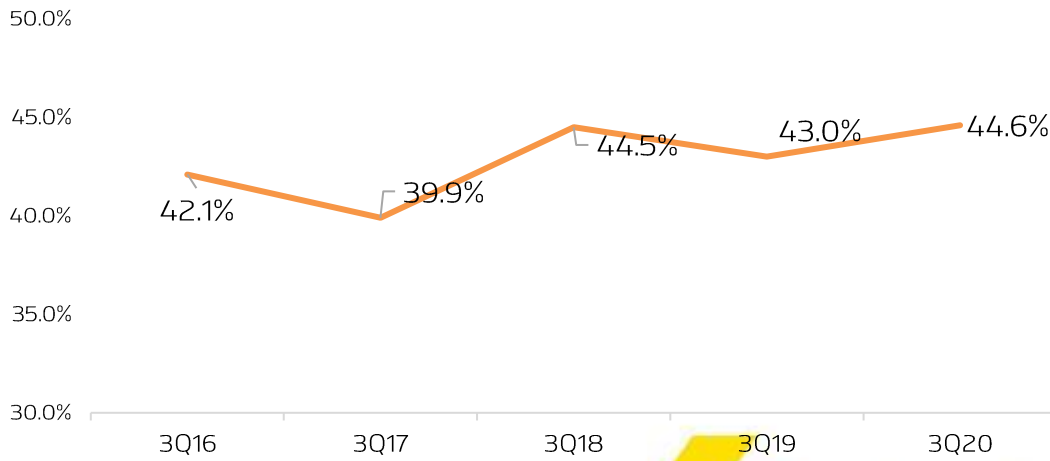
OPERATING INCOME COMPOSITION (GHS MN)



RETURNS (%)



COST TO INCOME (%)

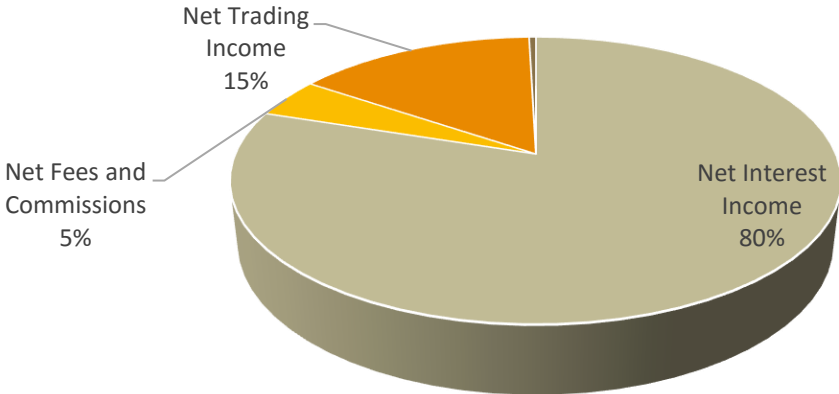


Source: Company Filings

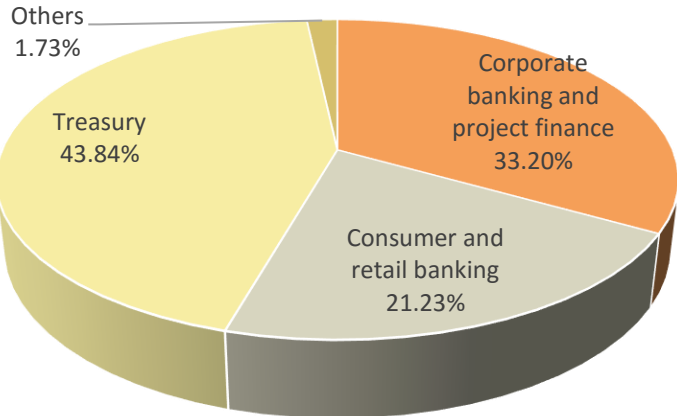


Operating performance & profitability (2/2)

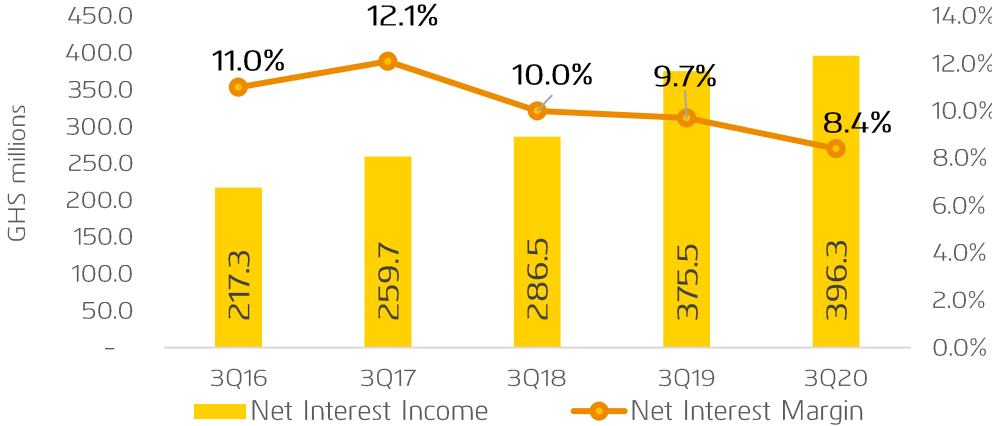
3Q2020 OPERATING INCOME BY TYPE



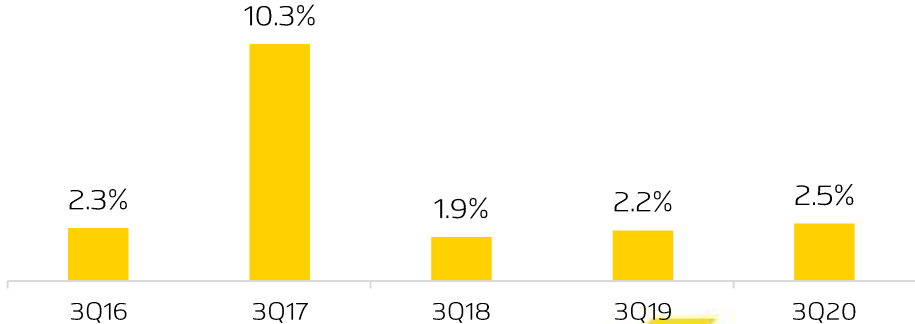
3Q2020 OPERATING INCOME BY BUSINESS LINE (%)



NET INTEREST INCOME AND MARGIN
(NII in GHS MILLIONS / NIM in %)

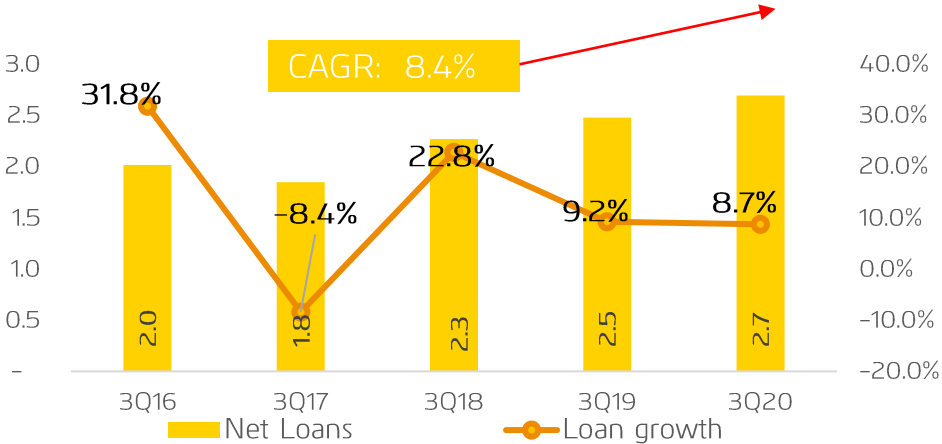


COST OF RISK (%)

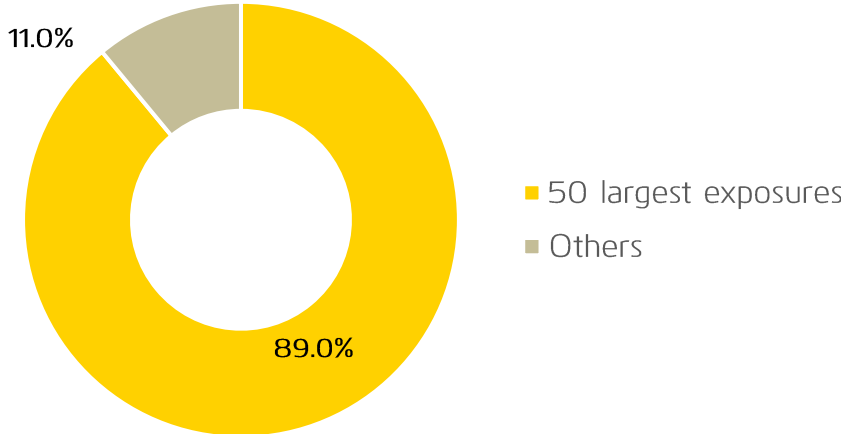


Balance sheet parameters

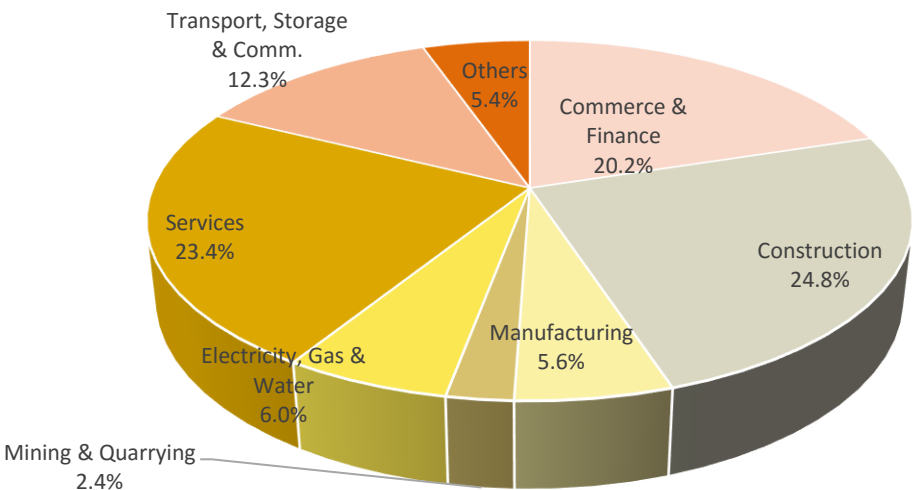
NET LOAN PORTFOLIO (GHS BN)



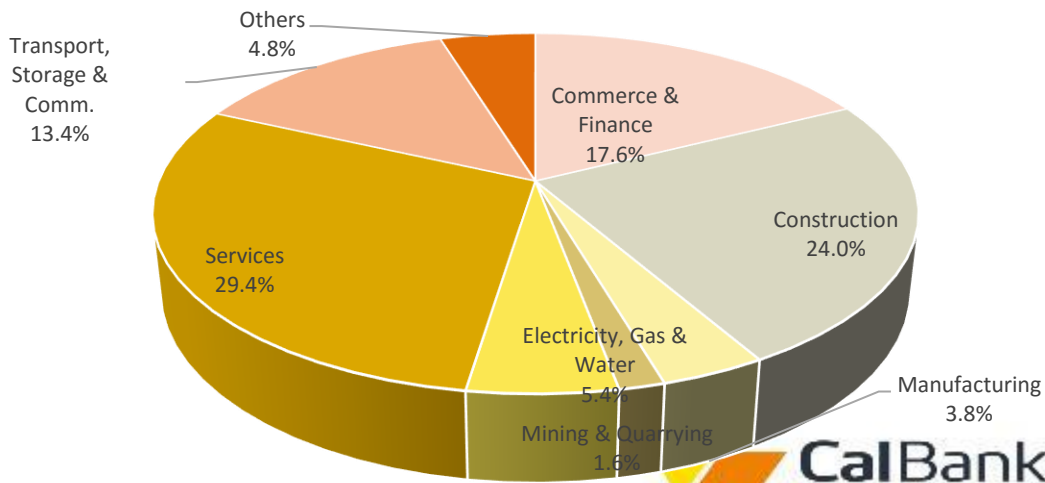
3Q 2020 LOAN CONCENTRATIONS



LOAN BOOK DISTRIBUTION BY SECTOR (3Q 2019)



LOAN BOOK DISTRIBUTION BY SECTOR (3Q 2020)

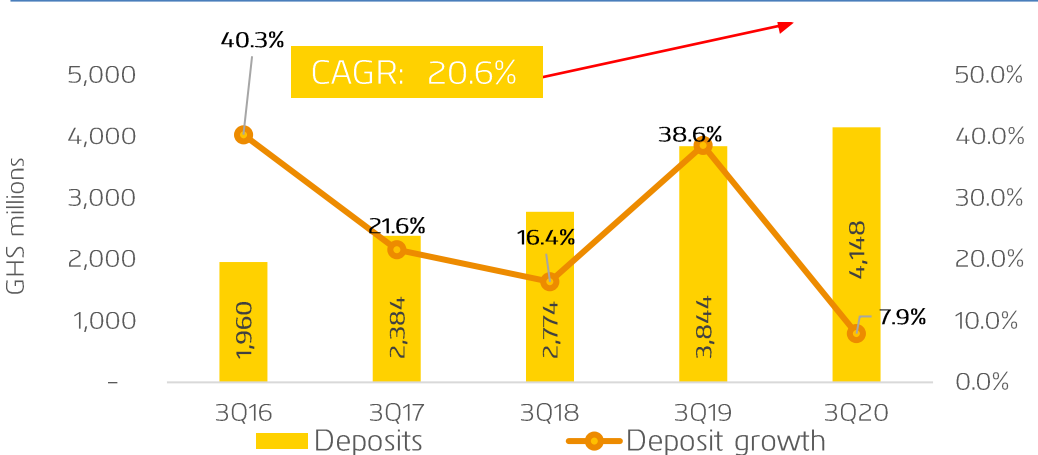


Source: Company Filings

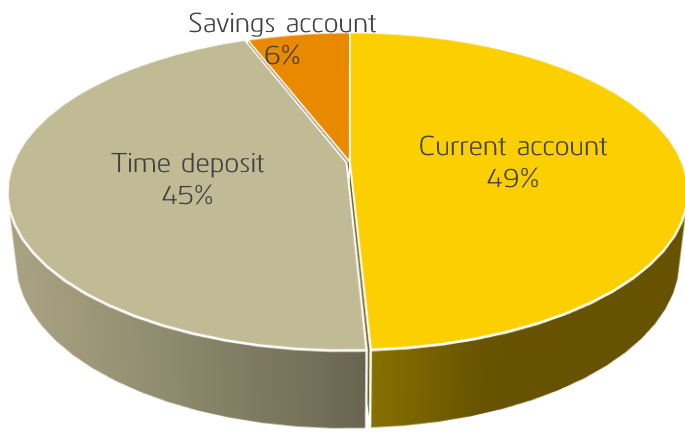


Funding and liquidity positions

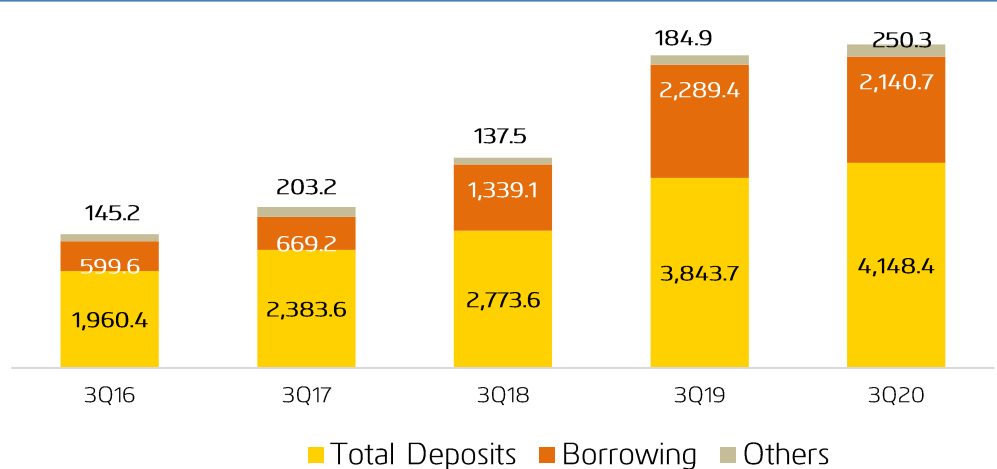
TOTAL DEPOSITS (GHS MN)



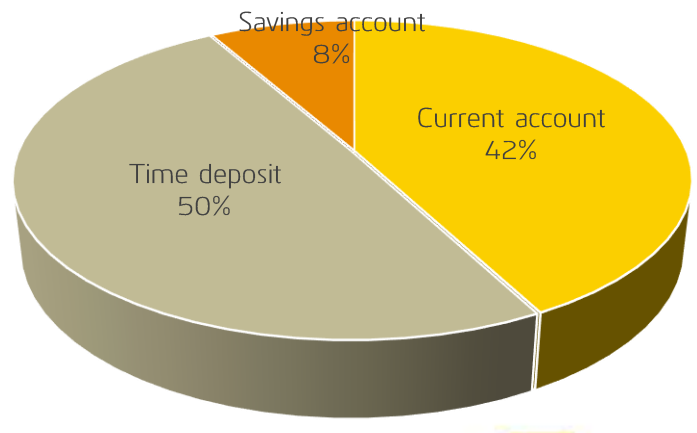
DEPOSIT MIX [3Q 2019]



FUNDING MIX (GHS MN)

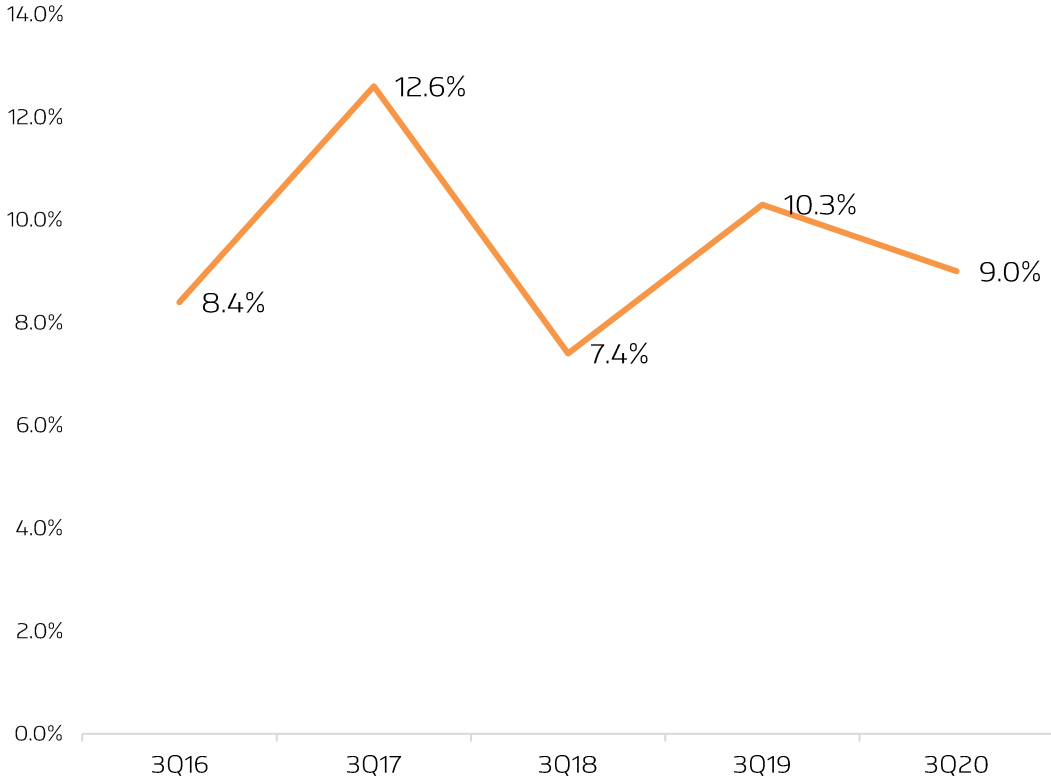


DEPOSIT MIX [3Q 2020]

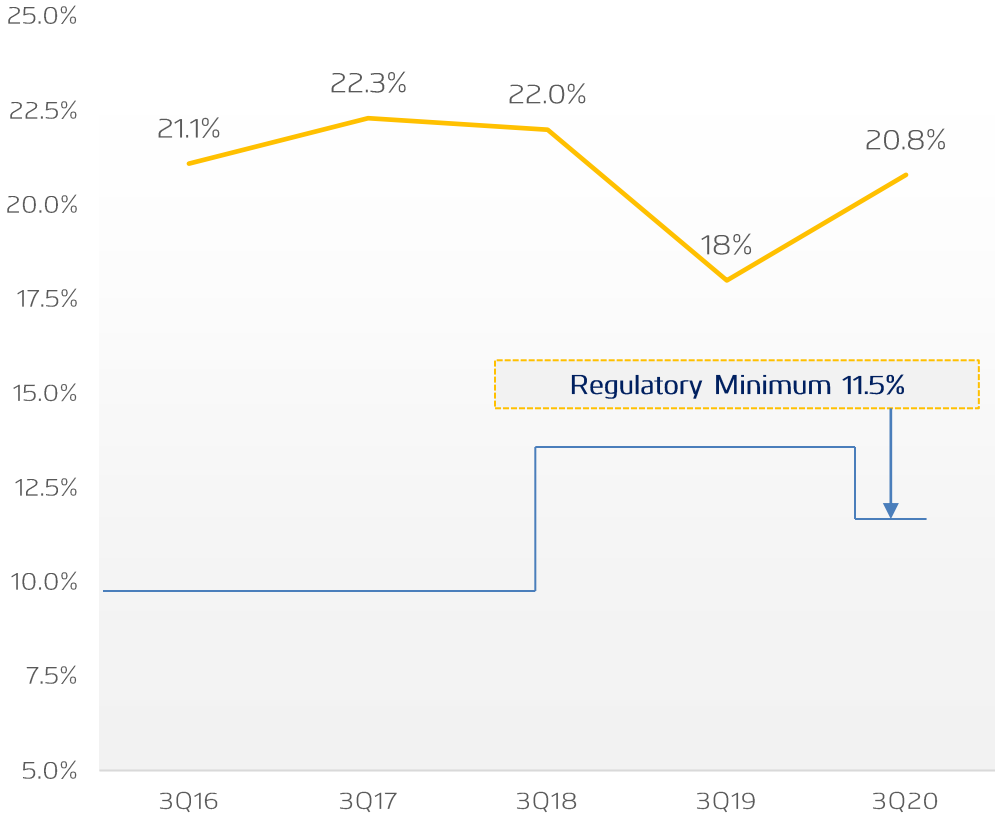


Capitalization and asset quality

NON-PERFORMING LOANS RATIO



CAPITAL ADEQUACY RATIO



AGENDA

COVID-19 in Ghana

Operating Environment

Financial Results

Our Strategy

2020 | Our strategic priorities

“Our current strategy builds on our earlier strategy of “ digital transformation” and seeks to projects our organization onto a platform through which customers can connect to enhance their businesses and access all the bank’s products and services at their convenience ”

Key Focus Areas	Description
Presence & Products	<p><u>Build a robust value capturing distribution platform for growth</u></p> <ul style="list-style-type: none"> • Fully implement Agent Banking to promote financial inclusion • Roll out new e-offerings (e-loans and e-savings, CAL App, Internet banking) to SME, Retail & Corporate clients • Enhance payment channels i.e.. Internet banking, mobile apps, etc. • Enhance card services to offer convenience e.g. cardless ATM services., Prepaid cards debit cards • Promote women banking business. Offer green finance to renewable energy value chain
Process	<p><u>Improve the credit value chain and enhance technology platforms to improve efficiencies.</u></p> <ul style="list-style-type: none"> • Digitize trade offerings to bring convenience to customers and build their business. • Implement robust business intelligence solutions to support decision making • Upgrade data storage and processing: Implement Document management solution • Implement document management solution
People	<p><u>Develop performance and results oriented, data driven, collaborative professionals</u></p> <ul style="list-style-type: none"> • Develop and implement a modern performance management system anchored on data-driven measurable targets • Create culture of continuous learning and knowledge sharing& expand Coaching & Mentoring Program • Deploy and enhance workplace health, financial security and safety programs
Partnerships	<p><u>Forge stronger partnerships with relevant ecosystems to accelerate growth, deepen relationships & improve service</u></p> <ul style="list-style-type: none"> • Deepen relationships with existing Technology partners to increase innovation agility & product speed to market. • Deepen Partnerships with our Insurance partners, Educational & Health Institutions & major retailers for greater deposit mobilization • Partner with Regional financial institutions to promote intra-Africa and Sino-Africa trade
Risk Management & Compliance	<p><u>Strengthen risk management culture, improve technology to strengthen bank’s defense mechanisms</u></p> <ul style="list-style-type: none"> • Adopt information Technology infrastructure Library (ITIL) framework for IT Service Management • Implement Disaster Recovery Project • Implementing bank-wide fraud management systems. • Implement information policy and data protection measures to ensure compliance with Data Protection regulations • Adopt sustainable banking principles.

THANK YOU