

The background features a complex financial visualization. It includes a line chart with a blue and green line, overlaid with a grid. To the right, there are two stacks of silver coins. The overall color palette is dominated by blue and yellow. The text is in a bold, yellow, sans-serif font.

**CalBank Plc FY 2020 Results Presentation  
April 2021**

# Disclaimer

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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.

# CalBank Management – Today's presenters

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**Philip Owiredu**  
Managing Director



**Barbara Banson**  
Chief Risk Officer



**Justina Laing**  
Group Head Corporate



**Thomas Boansi Sarpong**  
Chief Finance Officer



**Brigid Ofosuhene**  
Head Strategy



**Dzifa Amegashie**  
Head, Investor Relations

# AGENDA

## Ghana : COVID-19 & the Economy

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# COVID-19 and the Ghanaian Economy (2020)

Total Cases*	Recovered	Active Cases	Total Deaths
91,260	89,092	1,414	754

- Sept 2020 – Economic activity slowed down from recession in Q2 2020 – Q3 2020 due to COVID-19 restrictions.
- Dec 2020 – Businesses return to normal operations after easing of restrictions and reopening borders. Composite Index of Economic Activity (CIEA) improves to 11.9% in Nov. 2020 from 1.9% contraction in March 2020.
- Jan 2021 – 67,782 confirmed COVID-19 cases : majority of cases with mild symptoms not requiring hospitalization.
- Feb 2021 – Reintroduction of restrictions on public gatherings; beaches & pubs closed after spike in COVID infections/ deaths after Christmas festivities.

## Government Mitigation

- GoG\*\* pledges USD 100.0mn to support COVID-19 response;
- GoG USD 17.2mn Coronavirus Alleviation & Revitalization of Enterprises Support Programme;
- GoG secures new funding to lower cap on Ghana Stabilization Fund from USD 300.0mn to USD 100.0mn;
- GoG secures USD 550.0mn from World Bank for Covid Preparedness Support and Response Plan;
- GoG secures IMF Rapid Credit Facility of USD 1.0bn;
- USD 1.7bn Repurchase Agreement ("Repo") facility from Bank of Ghana for Coronavirus Relief;
- GoG secures supplementary spending of USD 2.0bn to support revenue shortfalls/budget deficit from Covid -19 pandemic

## Monetary Interventions

- MPC rate cut by 1.5% to 14.5%.
- MPC Rate maintained at 14.5% at 22nd March 2021 meeting due to risks of inflation and rising oil prices;
- Bank Primary Reserve cut 2.0% to 8.0%
- Bank Capital Cons. Buffer cut from 3.0% to 1.5%
- "OLEM" Loan Provisioning cut from 10.0% to 5.0%
- Central Bank suspends bank dividend payments for FY 2019 and FY2020.
- CalBank and other banks with adequate liquidity approved by BOG to pay FY 2019 and FY 2020 dividend.

## Fiscal Impact

- GDP growth – 2020 Budget estimate declines from 6.8% to 0.9%;
- Non-oil GDP growth – 2020 Budget estimate down from 6.7% to 1.6% ;
- Inflation contained at 10.4.% largely within target bands of 8.0% +/- 2.0%
- Fiscal deficit – 2020 Budget estimate revised to 11.7% vs original target of 4.7%



\* as of 12<sup>th</sup> April 2021  
 \*\* GoG : Government of Ghana

# COVID-19 and the Ghanaian Economy (2020)

## 2021 Eurobond

Tenor/Maturity	Amount	Yield
2025 Zero-coupon	\$ 525 Mn	6.309%
2029	\$1.0 Bn	7.750%,
2034	\$1.0 Bn	8.625%
2042	\$ 500 Mn	8.875%

- 2021 Eurobond – High level of investor interest; over \$6 billion in bids received.
- However, Government weighed costs and accepted \$3.025bn.
- Showcases Ghana’s strong global credit profile supported by sustainable economic fundamentals.
- 2020 Eurobond was also highly successful issuance, 7x oversubscribed.

## 2021 Budget – New Taxes & rebates

- New 5% financial sector clean-up levy.
- New 30% income tax rebate for hotels, restaurants, businesses in education, entertainment and travel/tours.
- Suspension of instalment income tax stamp and vehicle income tax payments from April to December 2021.
- Extension of Income tax exemption on capital gains from sale of securities on Ghana Stock Exchange beyond 2021.
- New 1% COVID-19 Health Levy.
- New 10 pesewas Sanitation and Pollution Levy and 20 pesewas Energy Sector Recovery Levy (Delta Fund).
- Taxation of Digital Economy.

# COVID-19 Vaccine Rollout in Ghana

Ghana is the first country to receive coronavirus vaccines through WHO Covax vaccine-sharing initiative. 600,000 doses were initially delivered on Feb. 23, 2021

## Ghana FDA Approved Vaccines

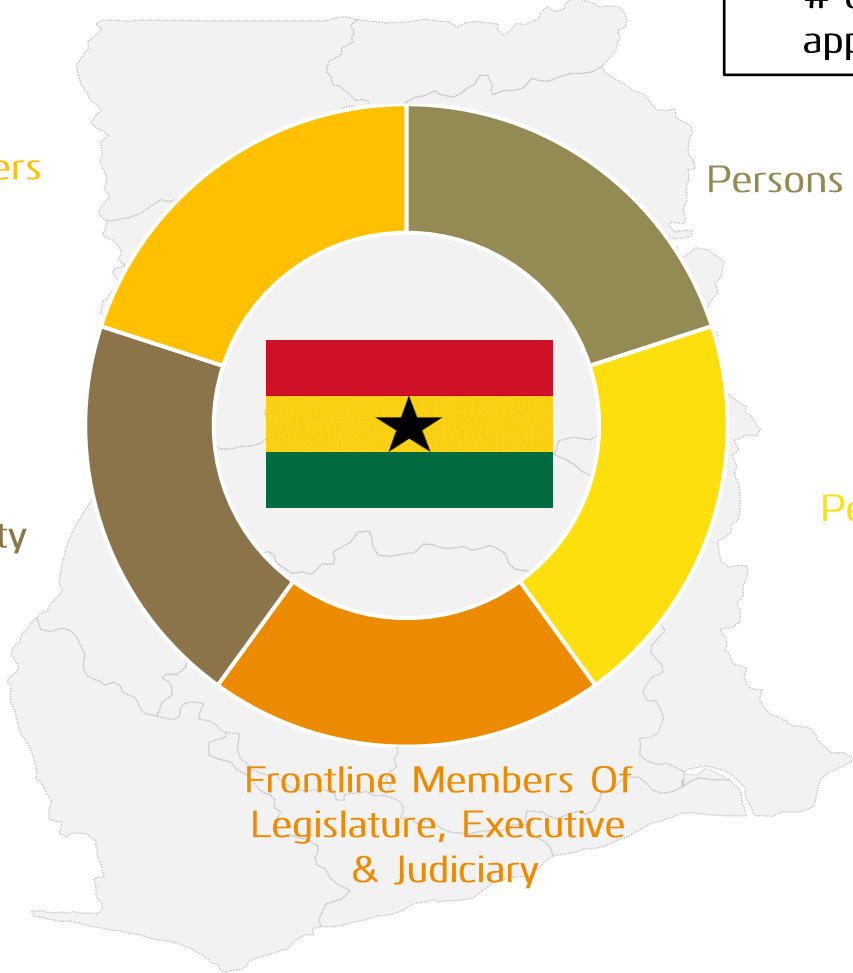
- Astra Zeneca & Sputnik V
- Mass immunization: March-Oct 2021
- # of Persons Vaccinated - 703,752 approx. 4% of adult population

All Health Care Workers

Persons Aged Over 60

Frontline Security Personnel

Persons With Underlying Health Conditions



Frontline Members Of Legislature, Executive & Judiciary

# 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. Q1-2021 depreciation against USD is 0.6%.
- 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 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 towards the purchase of critical equipment for managing the pandemic and for the purposes of public education, waiver of bank fees on electronic channels.



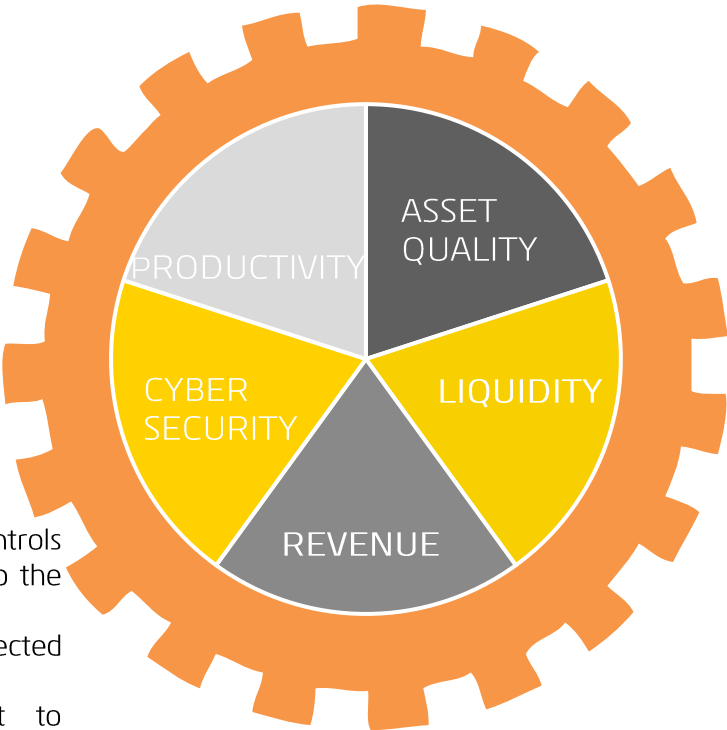
# COVID-19 | Business Risks and Mitigations

## EMPLOYEE PRODUCTIVITY

- Switched to remote working to minimize workplace COVID-19 risk.
- Line Managers continue to be responsible for targets and deliverables under the remote working arrangement.
- Supervisors check in on staff deliverables weekly and report to CalBank HR
- Critical role/functions are performed at Bank's premises whilst observing all necessary safety protocols.

## CYBER SECURITY

- 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, corrected identified vulnerabilities.
- Boosted capacity of CalBank Cyber security unit to accommodate potential new and elevated threat levels



## ASSET QUALITY

- Restructured loan exposures to reflect reduced or delayed client cash flow
- Interest Rate reductions to ease debt service burden on businesses adversely impacted by COVID-19

## LIQUIDITY CONTINGENCIES

- Borrowing from interbank market
- Sale of government bonds to improve liquidity position
- Enter REPO repurchase agreements based on Treasury securities
- Borrow from Central Bank.

## REVENUE & PROFITABILITY

- Reduced demand for bank products/services adversely impacted revenue and profitability.
- Provided necessary safety remote working and communication logistics for staff to maintain business relationships, minimize loss of business and take advantage of any opportunities arising.
- Rigorous stress-testing business model to reflect COVID scenarios continue to provide guidance quarterly.

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# Macroeconomic Overview 2020

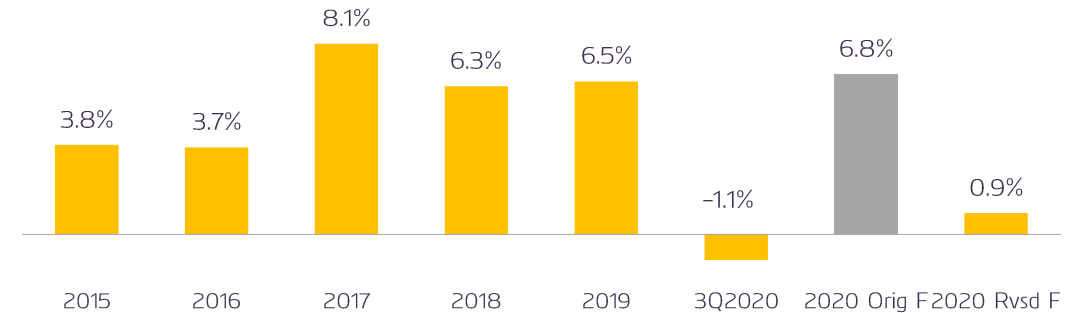
## SECTOR CONTRIBUTION TO GDP\*



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

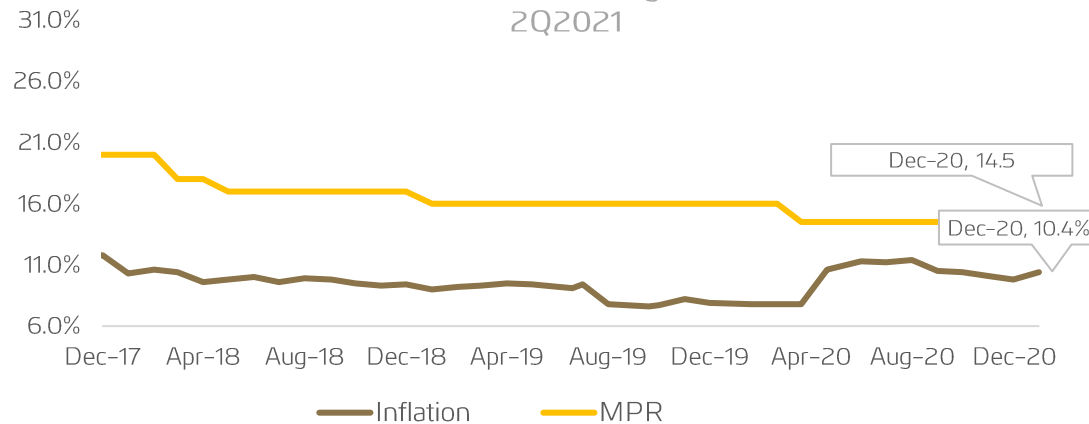
## GDP GROWTH RATE

2020 GDP Budget estimate is 0.9%



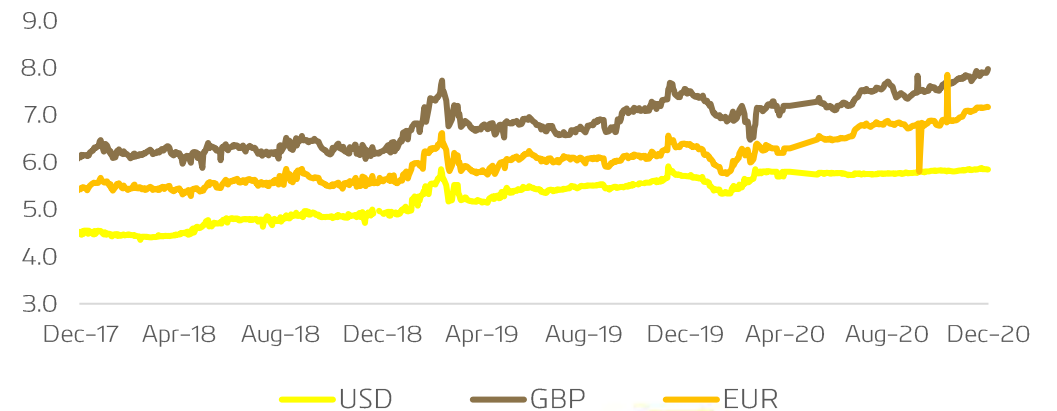
## MONETARY POLICY RATE

Relaxed monetary policy due to COVID-19  
Headline inflation to return to the target band of 8.0%±2.0% in 2Q2021



## EXCHANGE RATE

The Cedi performed relatively well in 2020 benefiting from the country's diversified exports, BoG's forward FX auctions, strong remittance inflows as well as lower net investment income outflows



# Macroeconomic Indicators

## INFLATION RATE



## INTEREST RATES 91-DAY BILL



## MONETARY POLICY RATE



## PUBLIC DEBT (USD BN)



## AVERAGE LENDING RATES

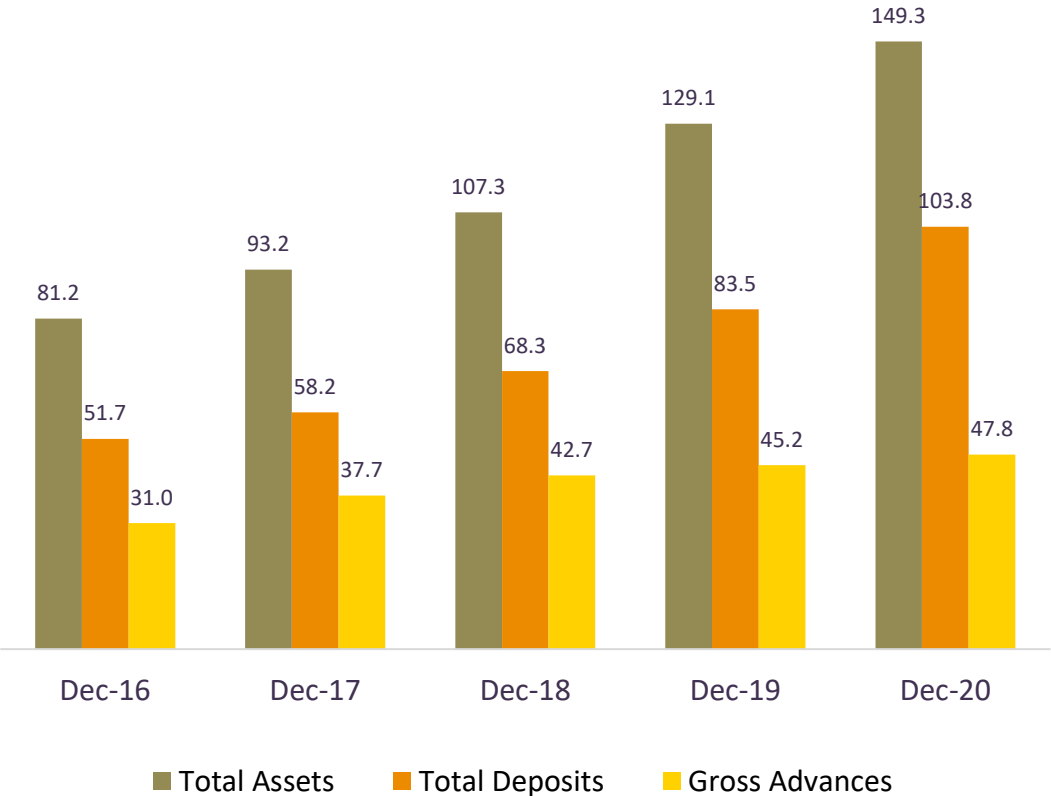


## FISCAL DEFICIT

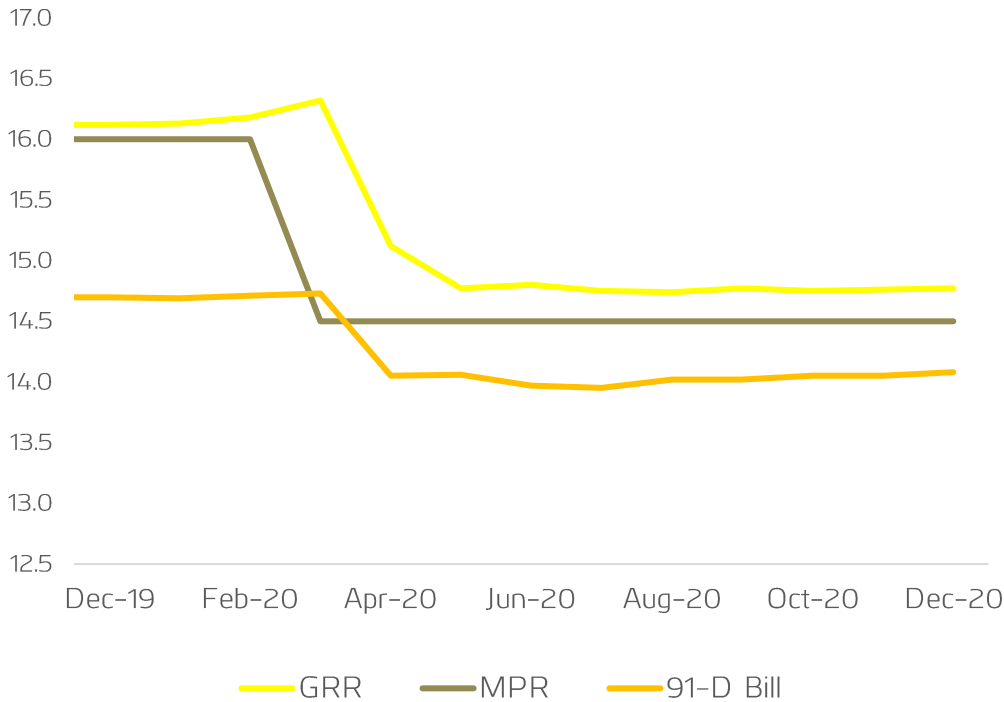


# Banking Sector Overview

KEY INDICATORS GHS (MN)



AVERAGE INTEREST RATE (%)



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

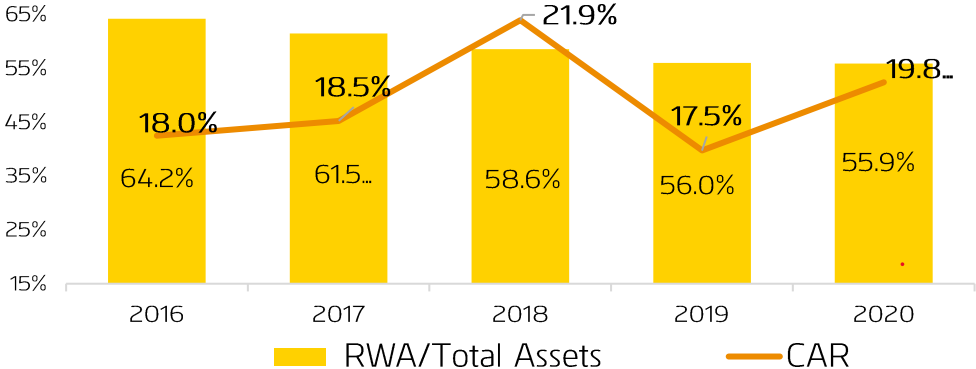
Source: Bank of Ghana, Summary of Economic and Financial Data



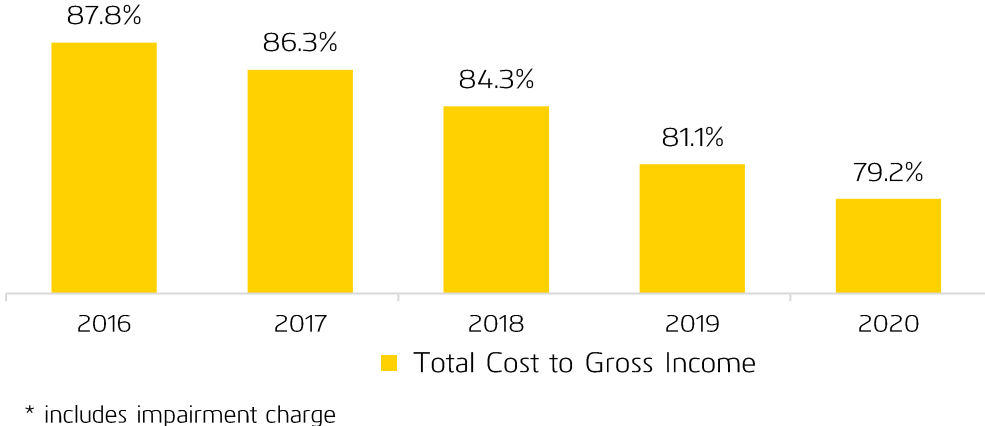
# Banking Sector Financial Soundness Indicators (FSI)

Improvement in major FSIs in 2020, despite COVID-19

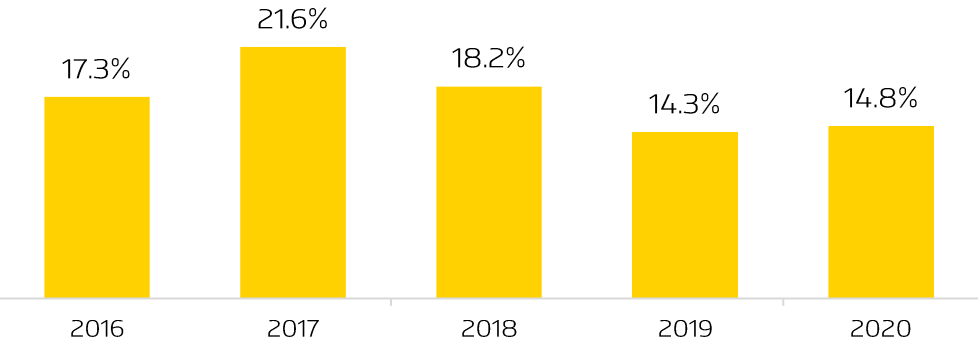
## SOLVENCY



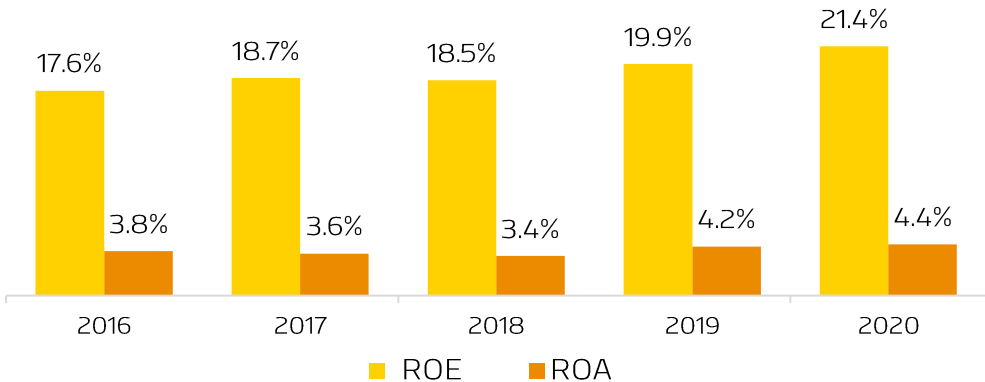
## EFFICIENCY



## NON-PERFORMING LOAN RATIO (%)



## RETURNS



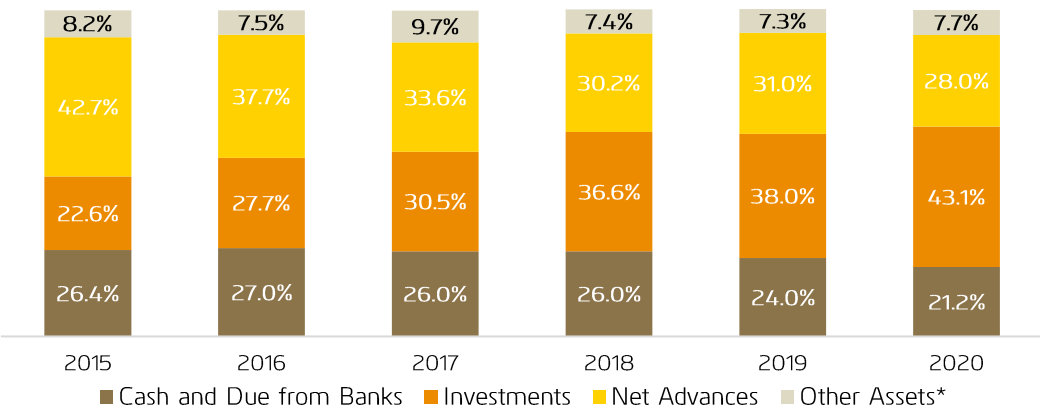
Source: Bank of Ghana



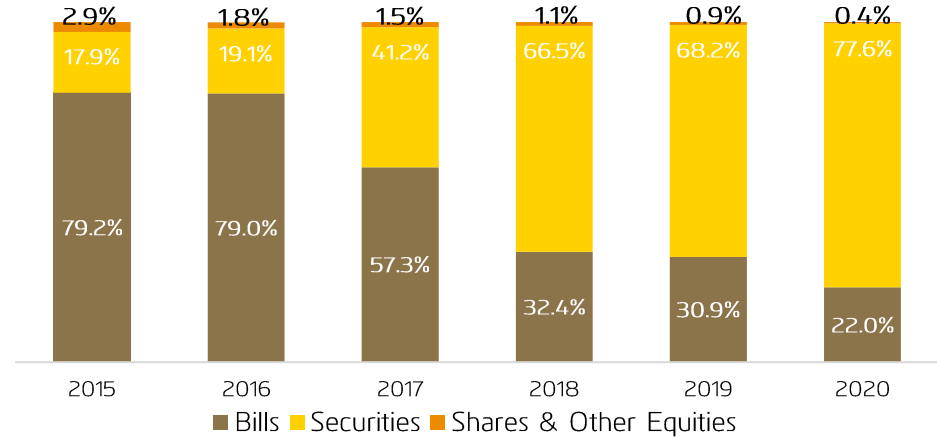
# Credit Analysis of the Banking Sector

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

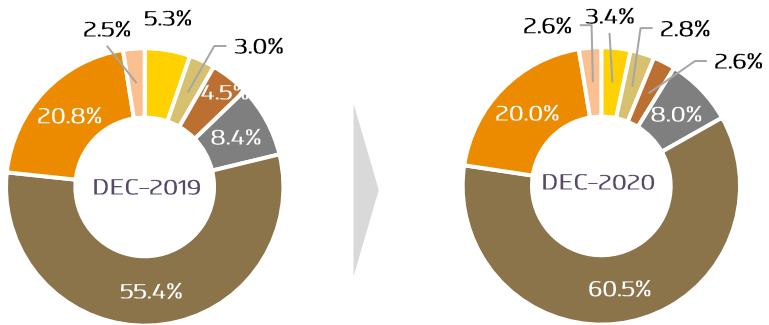
Banks are leaning towards investments and away from loans and advances with associated default risk



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



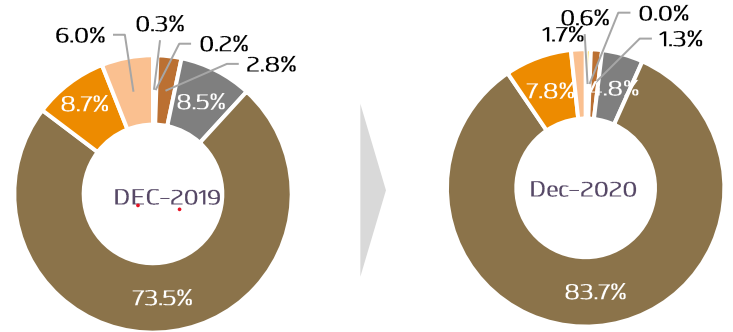
Allocation to local private enterprises have increased



SHARE OF TOTAL CREDIT



Local private enterprises are the largest contributor to NPLs



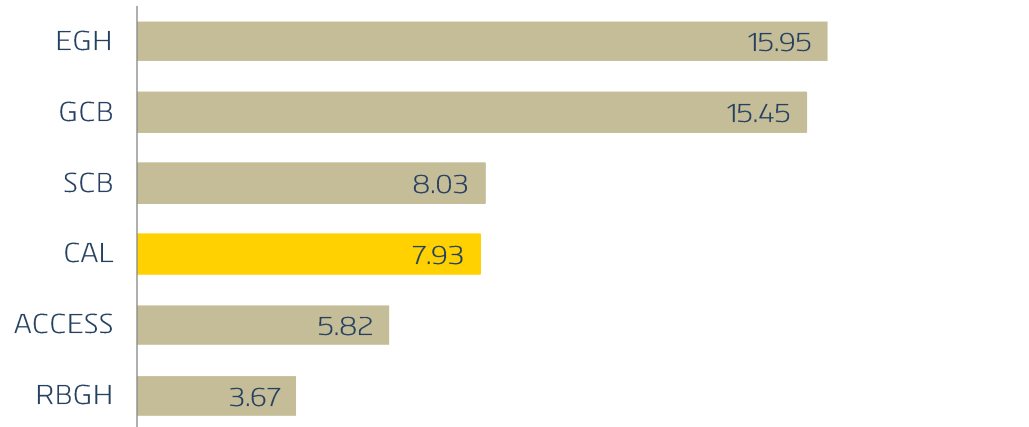
SHARE OF NPLs



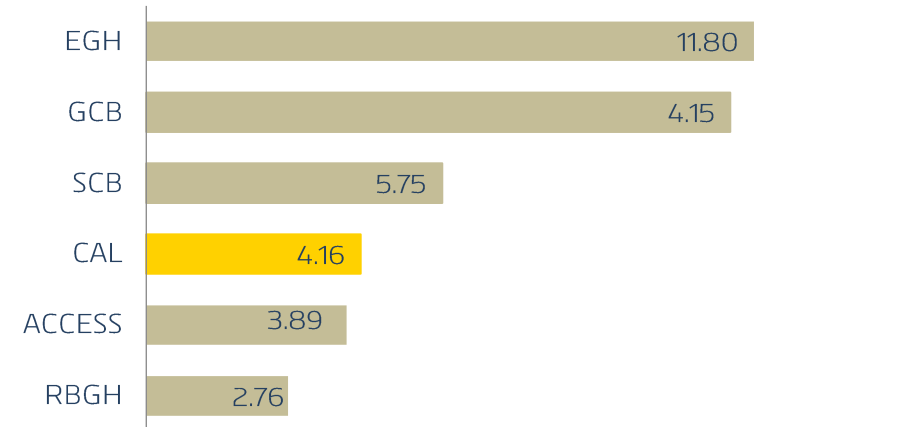
Sources: ICS Research, Bank of Ghana Banking Sector Report  
\*Other Assets include Other Assets and Fixed Assets

# Competitor benchmarking – Listed banks (1/2)

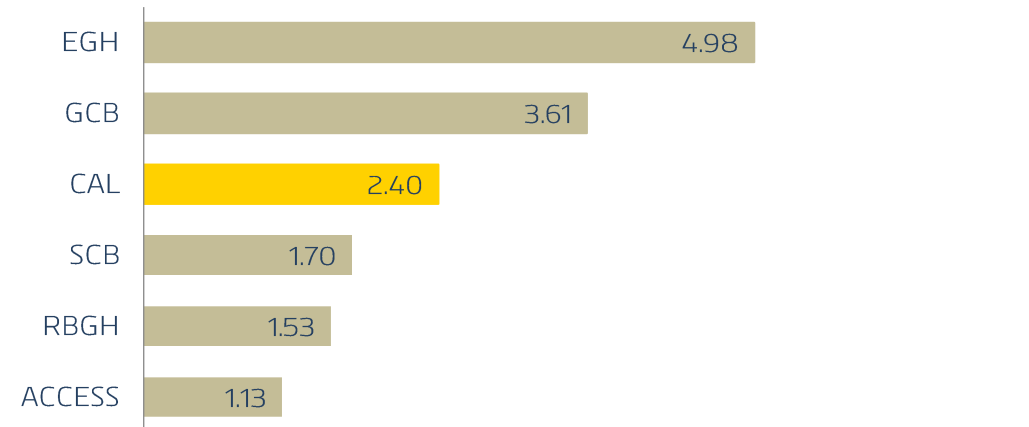
## TOTAL ASSETS (GHS BN)



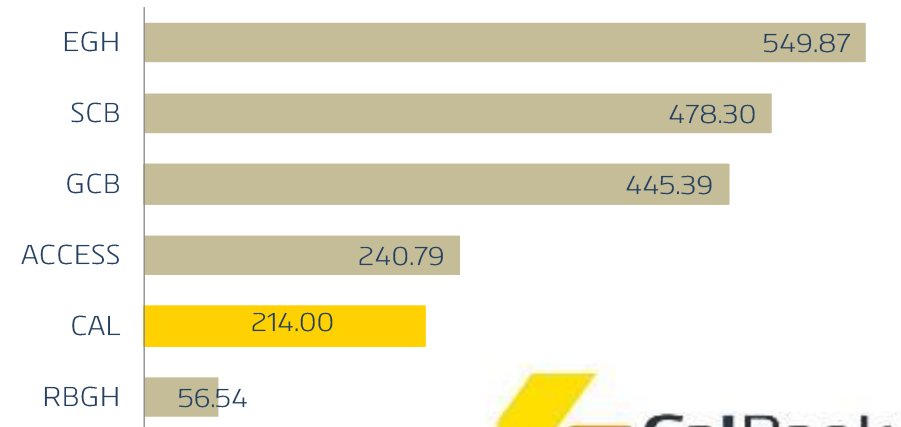
## CUSTOMER DEPOSITS (GHS BN)



## LOANS & ADVANCES (GHS BN)



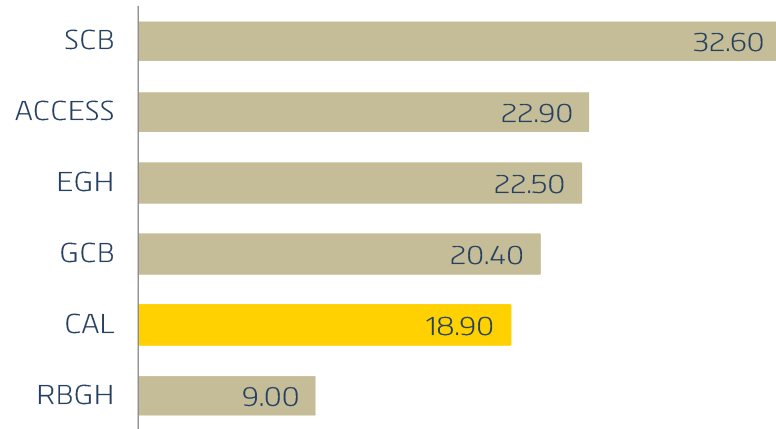
## NET PROFIT (GHS MN)



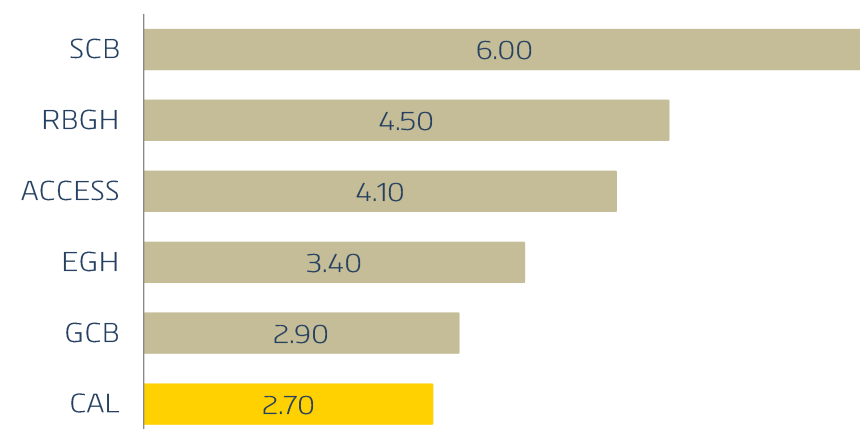


# Competitor benchmarking – Listed banks (2/2)

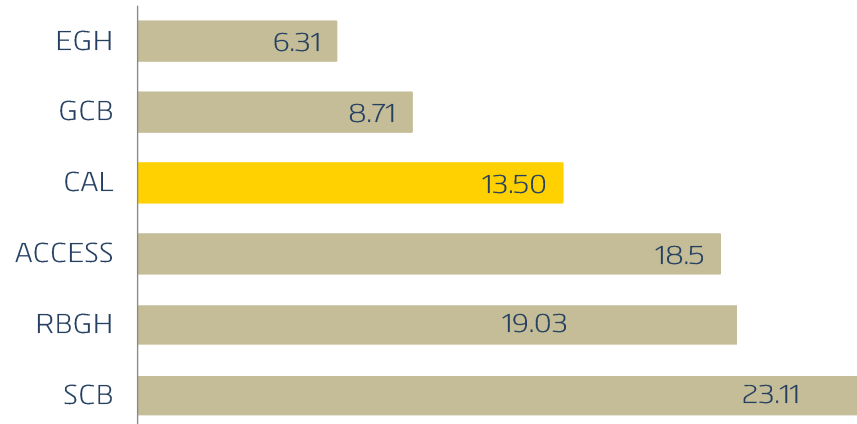
## RETURN ON EQUITY (%)



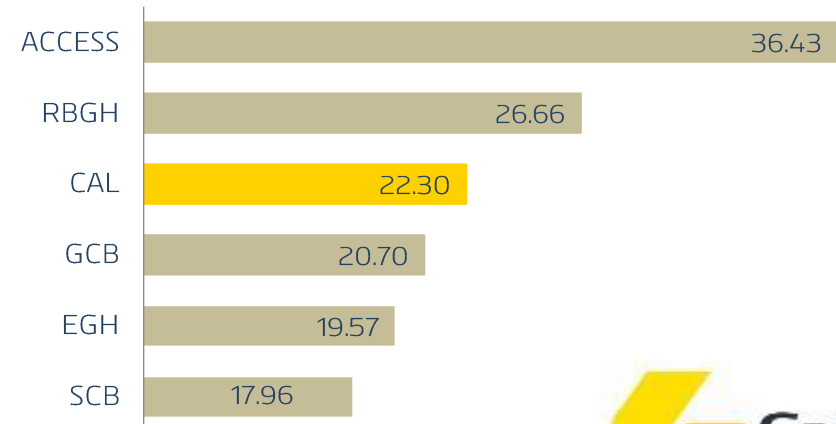
## RETURN ON ASSETS (%)



## NON-PERFORMING LOAN RATIO (%)



## CAPITAL ADEQUACY RATIO (%)



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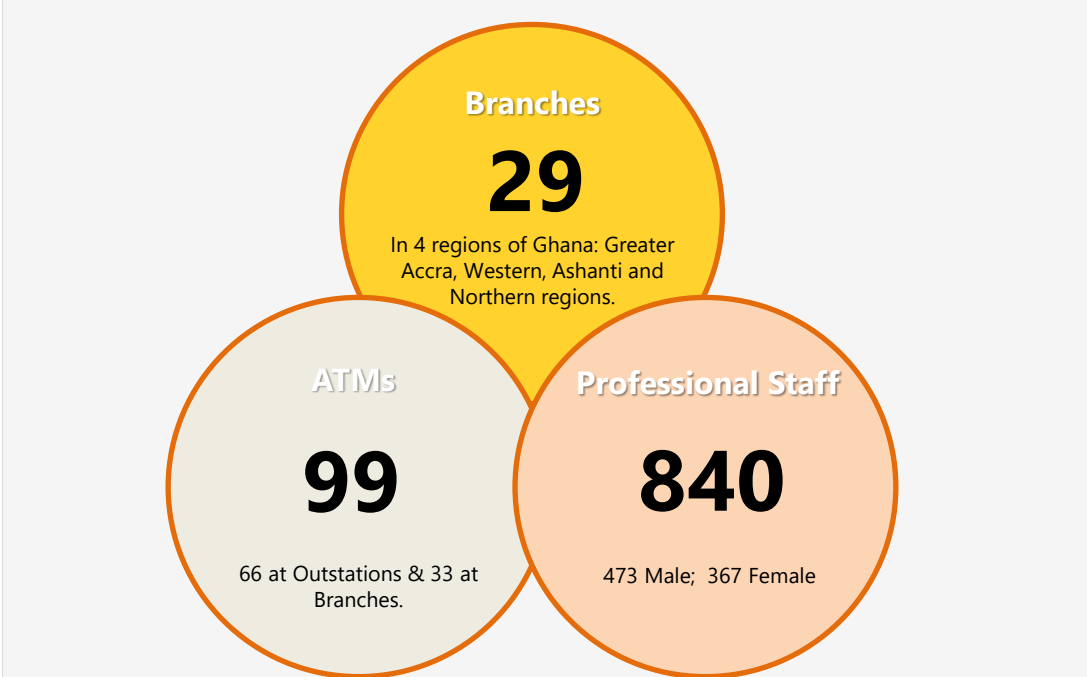
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# CalBank | At a Glance

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



## MARKET STATISTICS<sup>1</sup>

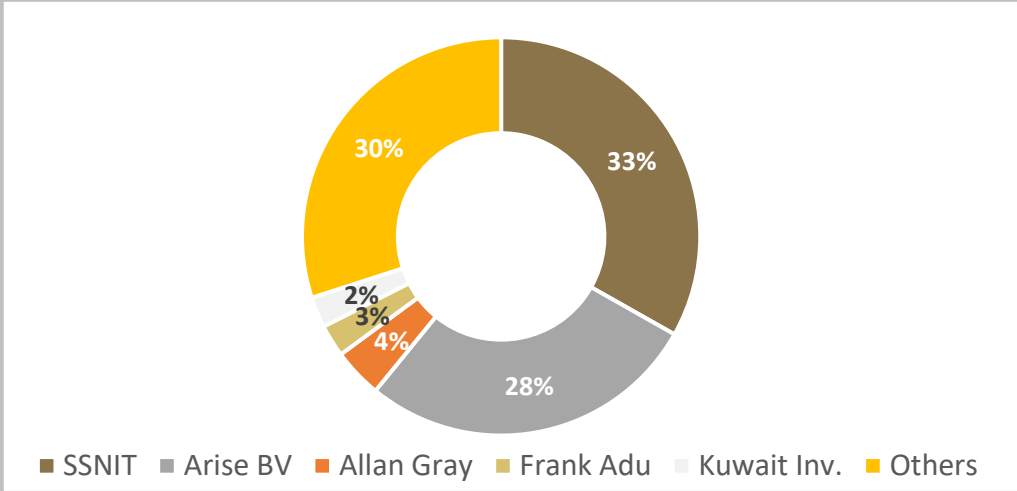
Current Share Price (GHS)	0.64
Market Capitalization (GHS mn)	401.02
YTD Performance	-7.25
52-Week High (GHS)	0.86
52-Week Low (GHS)	0.60

Source: Company Filings, Bloomberg  
<sup>1</sup>As at 30<sup>th</sup> March, 2021

## MISSION

To be an innovative and customer focused bank, providing bespoke financial services and value to our stakeholders

## SHAREHOLDING STRUCTURE



## SERVICES AND ONLINE PRESENCE

Products & Services	Online & CalBank App
<ul style="list-style-type: none"> <li>✓ Cal Kiddysave Account</li> <li>✓ Cal InvestPlus Account</li> <li>✓ CAL Teen Account</li> <li>✓ CAL Mortgage</li> <li>✓ CAL Govt. Employee loan</li> <li>✓ CAL Auto loan</li> </ul>	<ul style="list-style-type: none"> <li>✓ Internet Banking</li> <li>✓ E- Alert</li> <li>✓ Online Account opening</li> <li>✓ Branch locator</li> <li>✓ Deposit &amp; Forex rates</li> </ul>



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# CalBank Group Highlights – FY-2020

↑ 0.9%

Net interest income

GHS 523mn

↑ 111.7%

Non-funded income

GHS 166mn

↑ 0.9%

Net impairment loss

GHS 87mn

↑ 23.3%

Profit after tax

GHS 214mn

↓ 17.8%

Loans and advances

GHS 2.4bn

↑ 14.7%

Total deposits

GHS 4.4bn

↑ 12.4%

Total assets

GHS 7.9bn

↑ 35bps

NPL ratio

13.5%

# Summarized Group Income statement – FY 2020

Amount in GHS thousands	FY2020	FY2019	FY2018	YoY	FY2020 Highlights
Interest Income	927,350	912,409	773,270	1.6%	<ul style="list-style-type: none"> <li>Net Interest Income increased by 0.9% to GHS 522.9mn on the back of 17.8% decrease in net loans &amp; advances due to repayment of some major exposures.</li> </ul>
Interest Expense	(404,479)	(394,303)	(351,641)	(-2.6%)	
<b>Net Interest Income</b>	<b>522,871</b>	<b>518,106</b>	<b>421,629</b>	<b>0.9%</b>	
Fees and Commission Income	51,167	64,625	75,988	(-20.8%)	<ul style="list-style-type: none"> <li>Net Fees and Commissions decreased by 32.4% following the inability to close major expected advisory mandates during pandemic and fee waivers (COVID-19 reliefs).</li> </ul>
Fees and Commission Expense	(19,662)	(18,028)	(6,445)	(-9.1%)	
<b>Net Fees and Commissions</b>	<b>31,505</b>	<b>46,597</b>	<b>69,543</b>	<b>(-32.4%)</b>	
Net Trading Income	130,898	27,168	27,106	381.8%	<ul style="list-style-type: none"> <li>Net trading income grew by 381.8% due to aggressive growth of fixed income trading volumes.</li> </ul>
Other Operating Income	3,331	4,521	979	(-26.3%)	
<b>Operating Income</b>	<b>688,605</b>	<b>596,392</b>	<b>519,257</b>	<b>15.5%</b>	<ul style="list-style-type: none"> <li>Net operating Income increased by 15.5% to GHS 688.6mn.</li> </ul>
Net Impairment Loss	(86,843)	(86,066)	(66,735)	(-0.9%)	
<b>Net Operating Income</b>	<b>601,762</b>	<b>510,326</b>	<b>452,522</b>	<b>10.3%</b>	<ul style="list-style-type: none"> <li>Net impairment Loss increased marginally by 0.9% to GHS 86.88mn due to Covid 19 pandemic's impact on loan book especially in hospitality, tourism and construction sectors.</li> </ul>
Total Operating Expense	(317,134)	(267,386)	(229,616)	(18.6%)	
<b>Profit Before Tax</b>	<b>284,628</b>	<b>242,940</b>	<b>222,906</b>	<b>17.2%</b>	
Income Tax Expense	(70,825)	(69,527)	(69,690)	(1.9%)	<ul style="list-style-type: none"> <li>Operating expenses increased by 18.6% to GHS 317.1mn largely driven by newly introduced deposit insurance premiums, application of IFRS 16 to leases and new head office depreciation.</li> </ul>
<b>Profit After Tax</b>	<b>213,803</b>	<b>173,413</b>	<b>153,216</b>	<b>23.3%</b>	
					<ul style="list-style-type: none"> <li>Profit after tax increased by 23.3% to GHS 213.8mn due to increased non-funded income and disciplined cost management.</li> </ul>

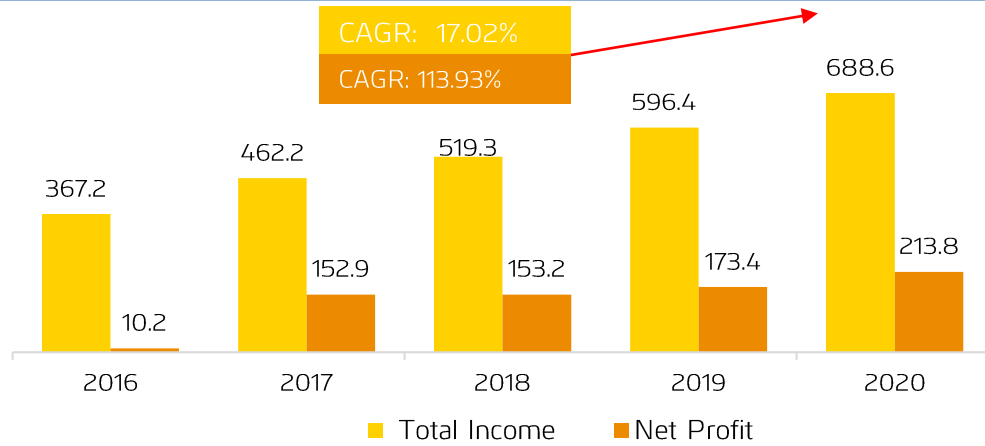
# Summarized Group Balance sheet FY 2020

Amount in GHS thousands	FY2020	FY2019	FY2018	YoY	FY2020 Highlights
Cash and Cash Equivalents	1,211,766	597,784	637,570	102.7%	<ul style="list-style-type: none"> <li>Total Assets increased by 12.4% to GHS 7.9bn from GHS 7.0bn .</li> <li>Loans &amp; Advances declined by 17.8% to GHS 2.4bn due to significant facilities being retired during 2020.</li> <li>Total deposits increased by 14.7% to GHS 4.4bn by aggressively pursuing our retail strategy, deepening retail offerings and enhancing technological platforms. This resulted in an increase in the share of deposits in our funding mix from 65.6% in 2019 to 67.8% in 2020.</li> <li>Borrowings increased by 3.5% to GHS 2.1bn as the Bank continues to leverage on DFI partnerships to raise long term funding to finance projects.</li> <li>Capital Adequacy ratio decreased to 22.3% from 22.7% in FY 2019.</li> <li>NPL ratio increased to 13.5% from 10.0% in FY 2019 driven by downgrading of some challenged facilities and a reduction in gross loans from significant repayments in Q4-2020.</li> </ul>
Investment Securities	2,700,761	2,710,691	1,815,912	(0.4%)	
Loans and Advances to Customers	2,400,950	2,920,026	2,422,952	(17.8%)	
Other Assets	1,192,584	315,755	107,282	277.7%	
Fixed Assets	418,525	504,242	435,583	(17.0%)	
<b>Total Assets</b>	<b>7,924,586</b>	<b>7,048,498</b>	<b>5,419,299</b>	<b>12.4%</b>	
Total Deposits	4,425,958	3,858,984	3,150,053	14.7%	
Borrowings	2,098,225	2,028,126	1,319,932	3.5%	
Other Liabilities	267,631	186,601	169,869	43.4%	
Shareholders' Equity	1,132,772	974,787	779,445	18.5%	
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,924,586</b>	<b>7,048,498</b>	<b>5,419,299</b>	<b>16.2%</b>	

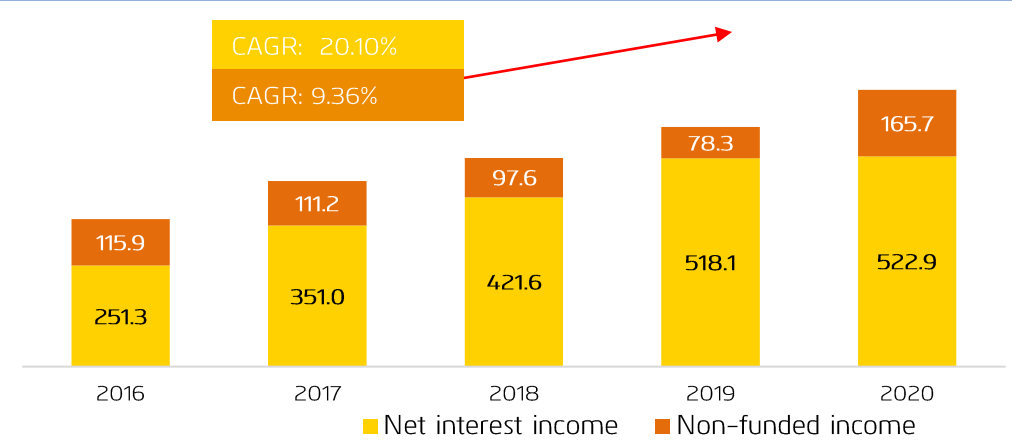
Source: Company Filings

# Operating performance & profitability (1/2)

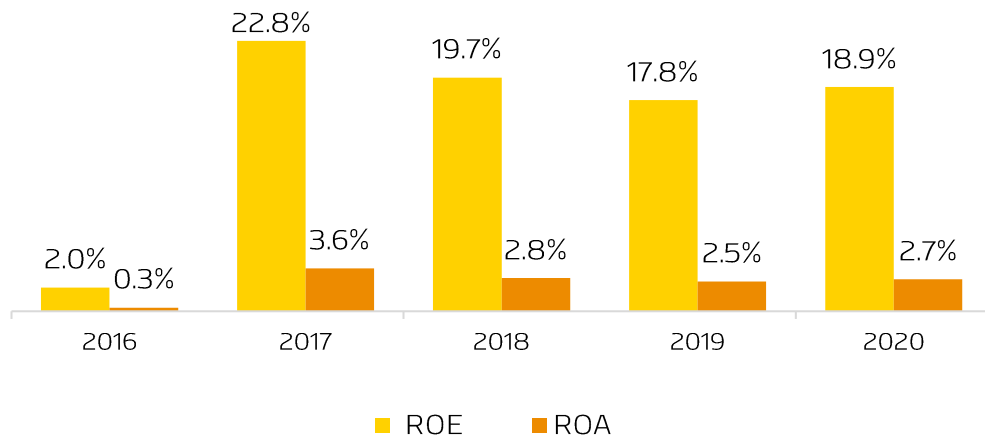
## RESILIENT PROFITABILITY (GHS MN)



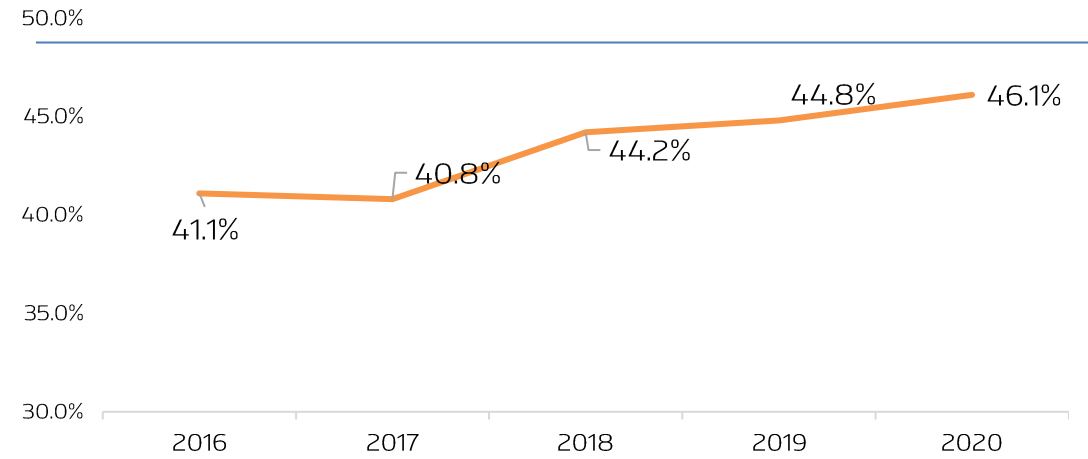
## OPERATING INCOME COMPOSITION (GHS MN)



## RETURNS (%)



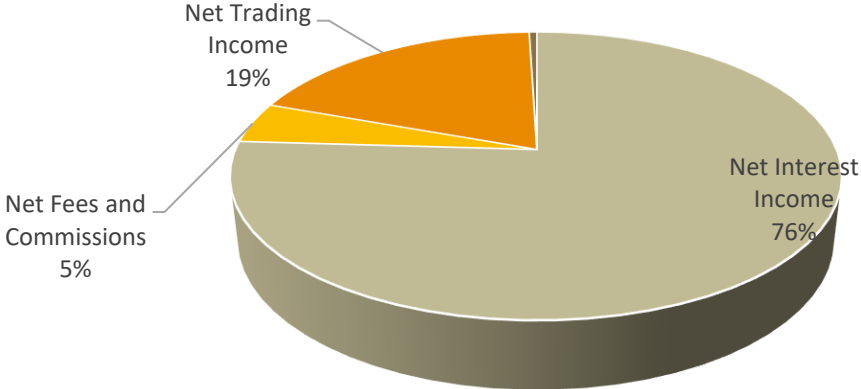
## COST TO INCOME (%)



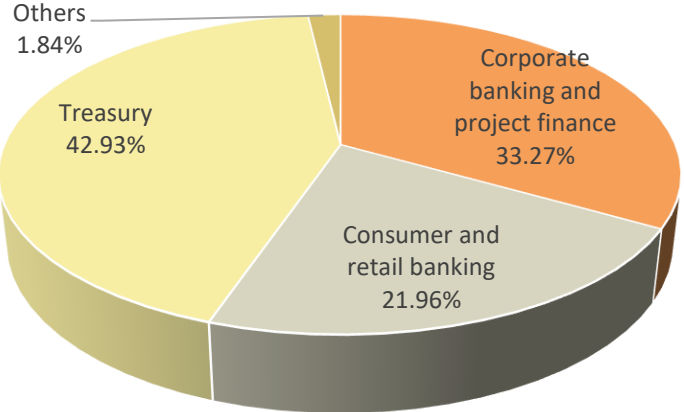


# Operating performance & profitability (2/2)

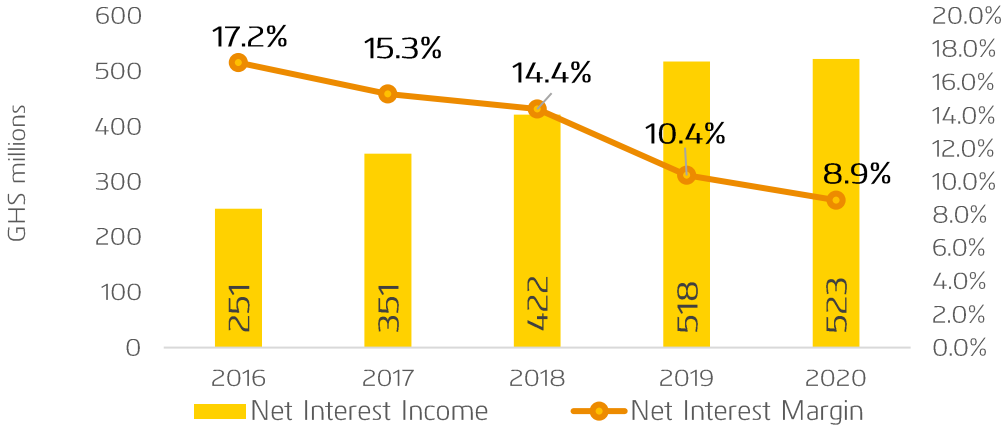
FY2020 OPERATING INCOME BY TYPE



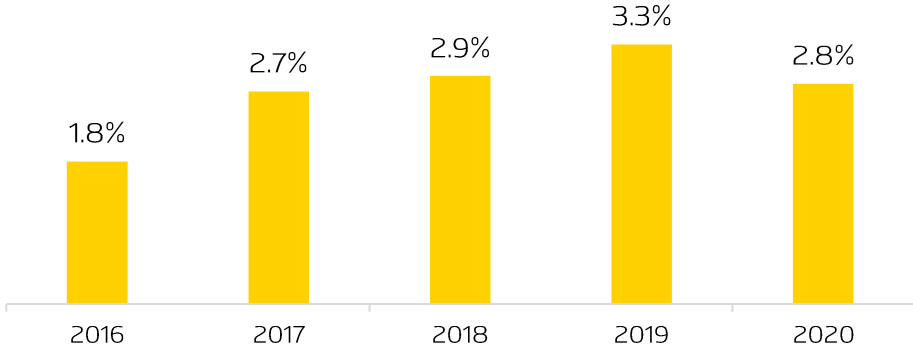
FY2020 OPERATING INCOME BY BUSINESS LINE (%)



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

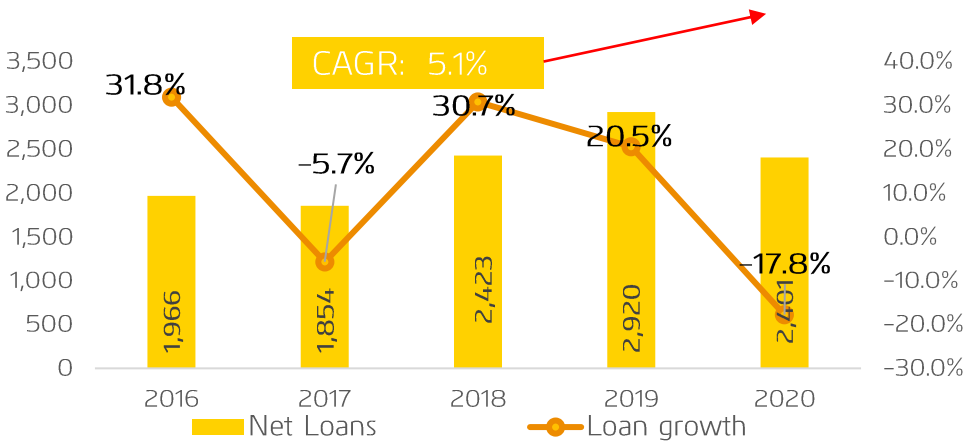


COST OF RISK (%)

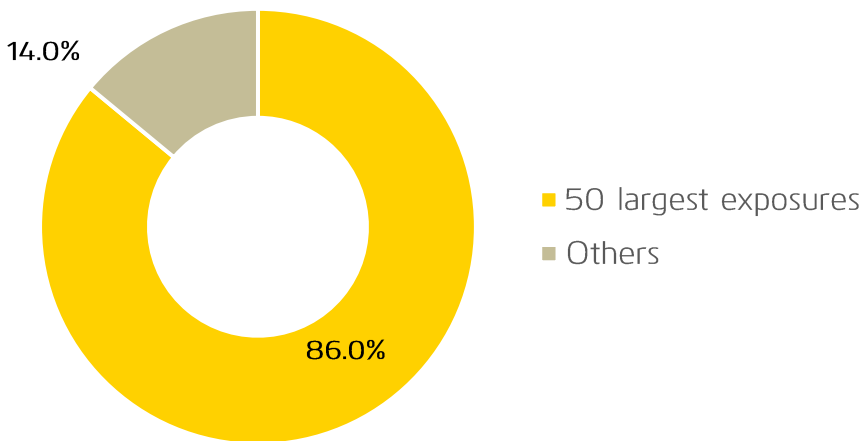


# Balance sheet parameters

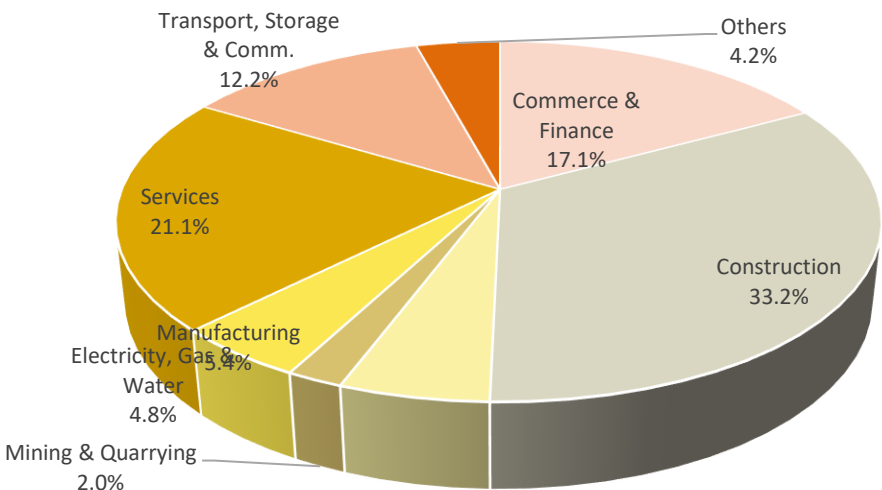
NET LOAN PORTFOLIO (GHS BN)



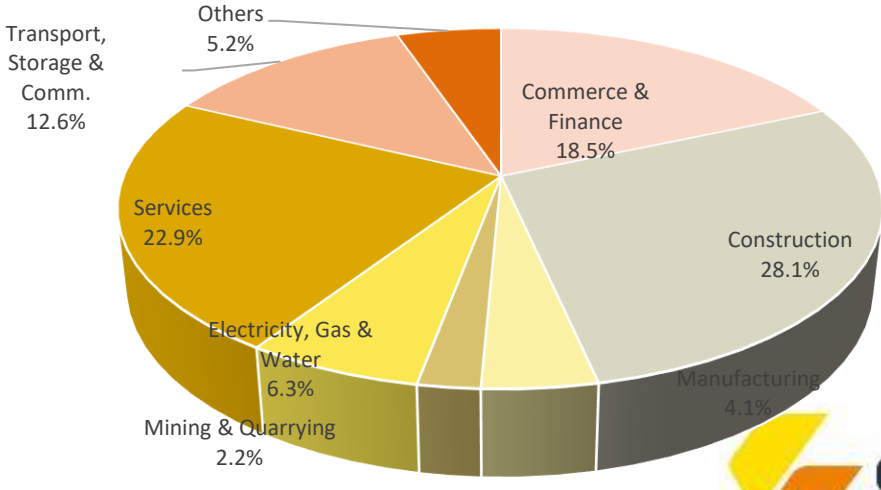
FY 2020 LOAN CONCENTRATIONS



LOAN BOOK DISTRIBUTION BY SECTOR (FY 2019)



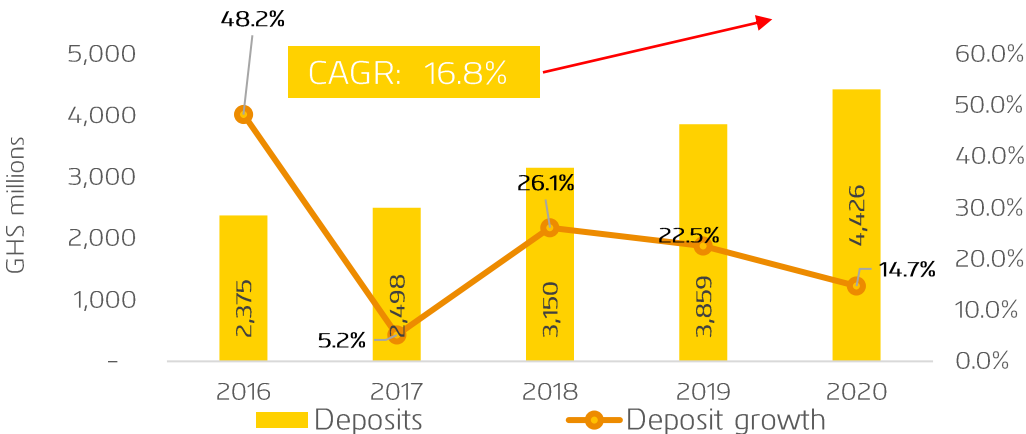
LOAN BOOK DISTRIBUTION BY SECTOR (FY 2020)



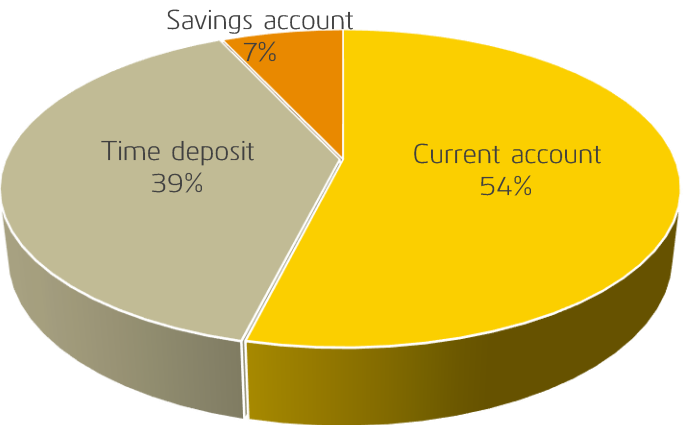
Source: Company Filings

# Funding and liquidity positions

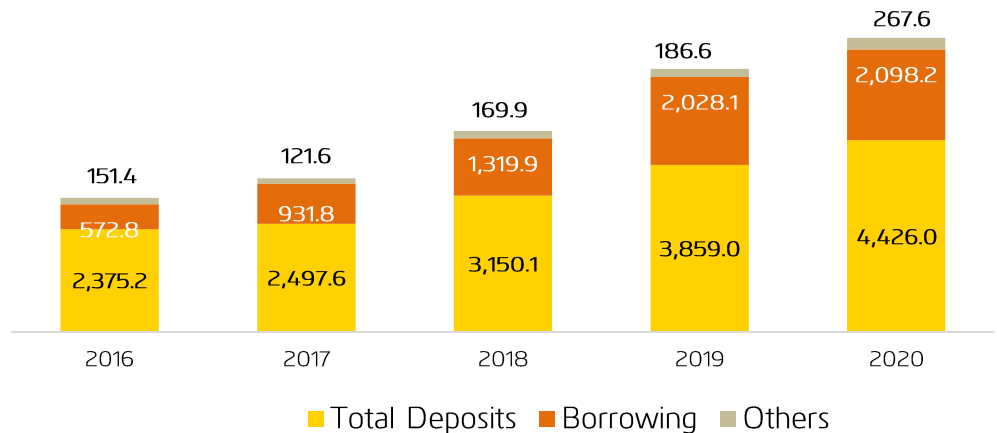
TOTAL DEPOSITS (GHS MN)



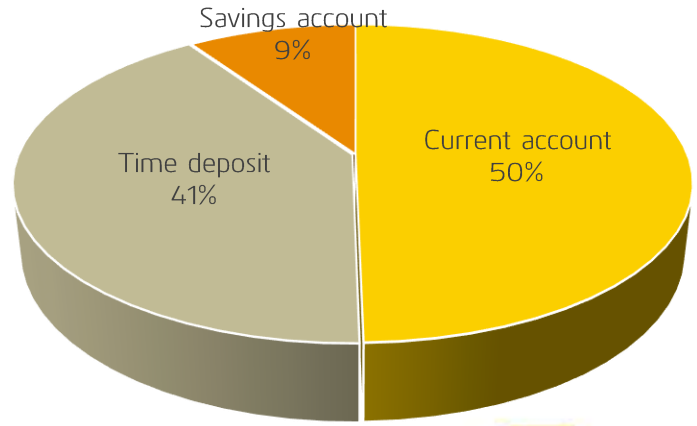
DEPOSIT MIX [FY 2019]



FUNDING MIX (GHS MN)

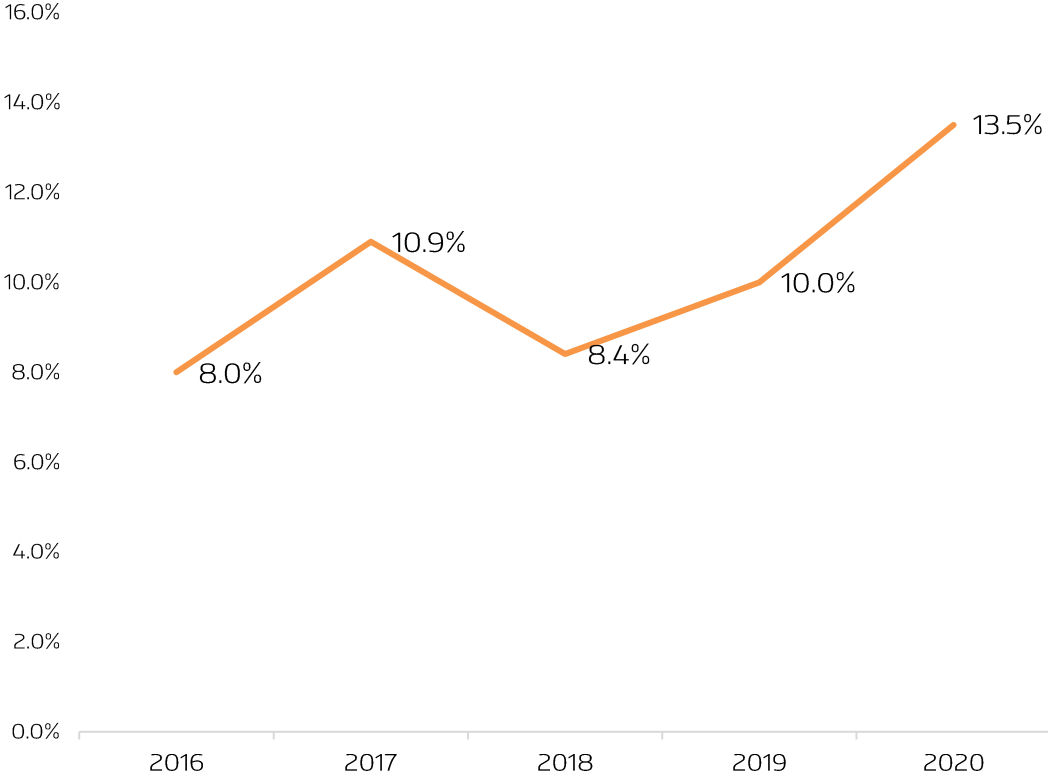


DEPOSIT MIX [FY 2020]

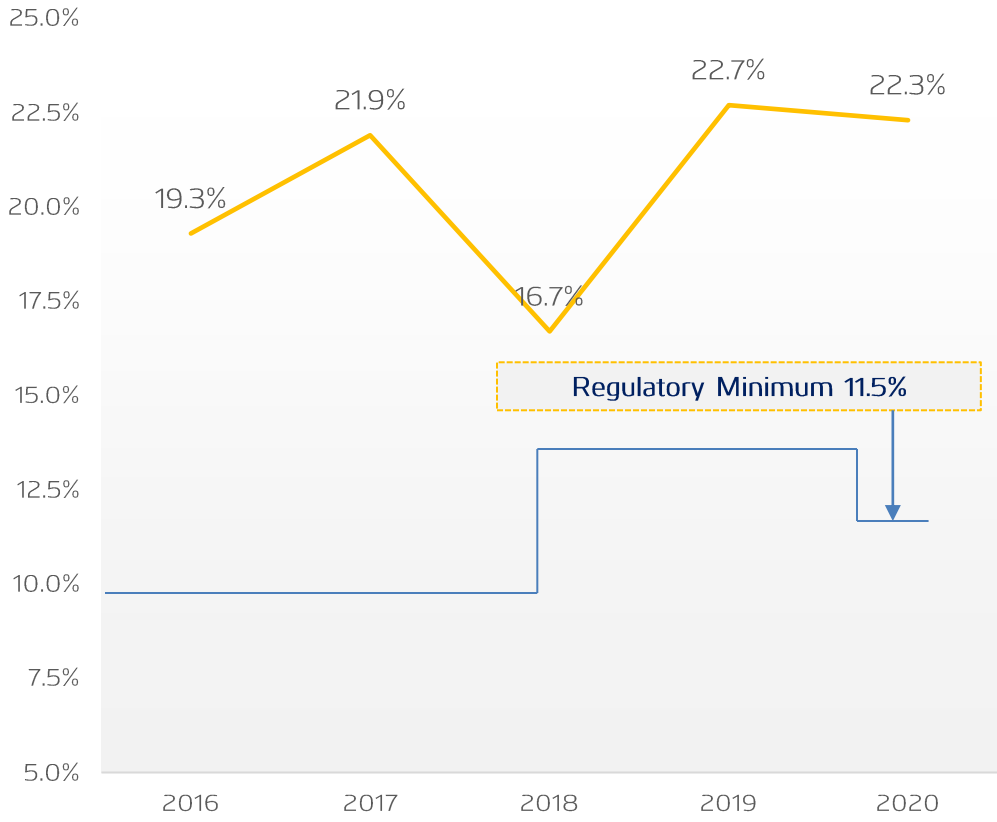


# Capitalization and asset quality

### NON-PERFORMING LOANS RATIO



### CAPITAL ADEQUACY RATIO



# AGENDA

COVID-19 in Ghana

Operating Environment

Business Updates

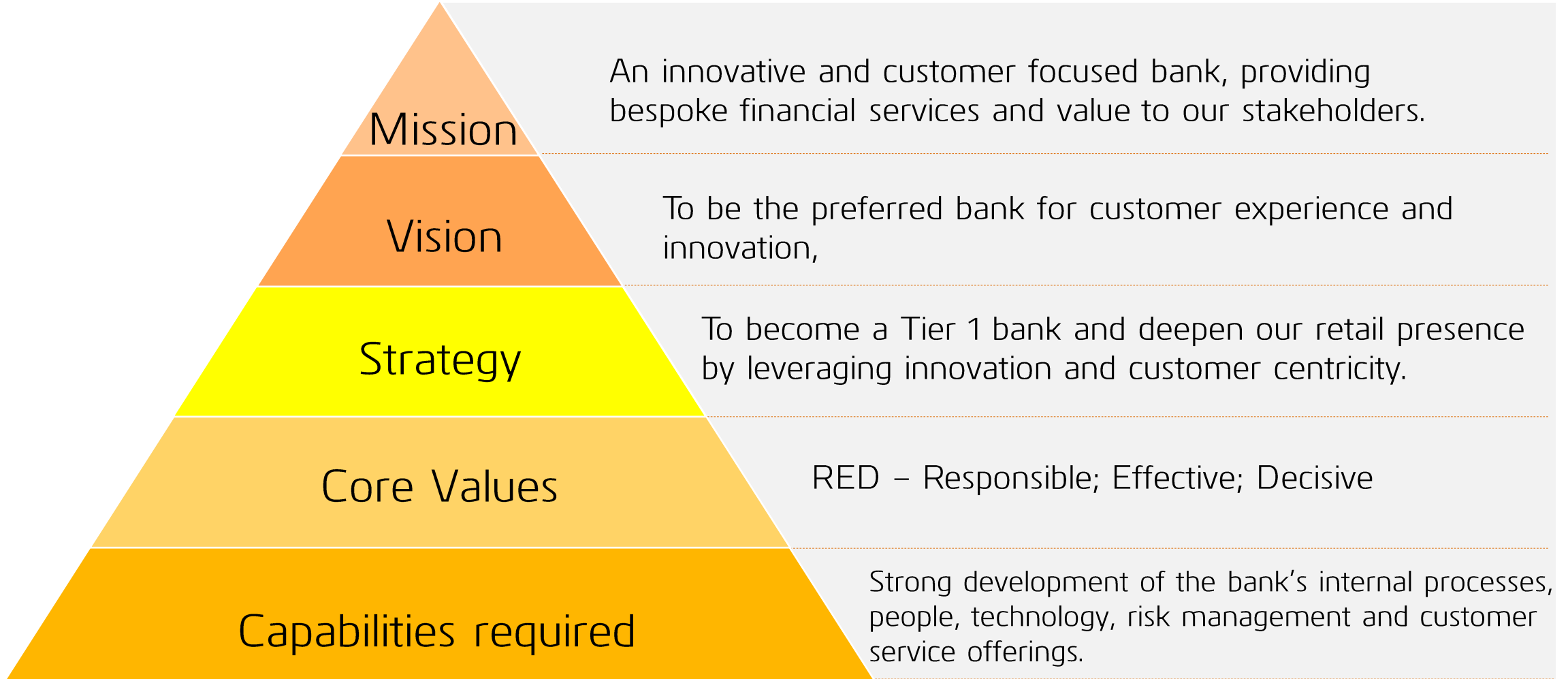
Financial Results

**Our Strategy**

Q & A

# 2021 | Our Strategic Priorities

*"Our overarching strategy is to become a Tier 1 bank and deepen our retail presence by leveraging innovation and customer centricity"*



# 2021 – 2023 | 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 ”*

- Reinforce Risk Management: Proactive, tailored, efficient, effective risk management
- Develop robust control environment with strict adherence to regulations
- Enhance bank’s security posture
- Enhance efficiency and effectiveness of back-end control processes
- Improve customer confidence in Bank’s product offerings
- Improve effectiveness of legal function

- Greater focus on cost management and reduce cost of credit
- Promote long term partnerships/orientation in our decision making to drive profitability
- Create transparent and rewarding performance management system
- Create an office to effectively monitor strategy execution and performance tracking

Pillar 4  
Reinforce Risk  
Management

Pillar 1  
Achieve Bank  
Transformation

*Our strategy is  
anchored on four  
pillars*

Pillar 3  
Enhance  
Performance  
Management

Pillars 2  
Increase Market  
Share

Transform for operational efficiency and service excellence:

- Simplify processes through best-in-class technology
- Effectively mine customer data to develop superior customer intelligence
- Improve organizational culture to drive digitisation agenda
- Enhance access to bank’s channels & services

- Enlarge customer footprint across all market segments especially Consumer and Retail
- Generate revenue from untapped market segments
- Inculcate customer-obsessed culture to boost market presence
- Drive exceptional customer service through innovation, process automation, agile and sustainable product development
- Drive Bank-wide platformisation agenda

THANK YOU