

CalBank HY 2021
Results Presentation
August 2021



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.

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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



Philip Owiredu
Managing Director



Thomas Boansi-Sarpong
Chief Financial Officer



Barbara Banson
Chief Risk Officer



Justina Laing
Group Head Corporate
Head, Corporate



Philip Fynn
Treasurer



Peter Fordjor
Group Head,
Consumer &
Retail Banking



Brigid Ofosuhene
Head, Strategy



Dzifa Amegashie
Head, Corporate &
Investor Relations

AGENDA

Macro-economy & Key Developments

Banking Sector

Business Update

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Macroeconomics – COVID-19 in Ghana Update

- Ghana is the first country to receive the coronavirus vaccines through the WHO COVAX vaccine-sharing initiative
- 600,000 AZ doses initially delivered on Feb. 23, 2021. Further 350,000 doses delivered in May 2021
- Mass immunization commenced March 2021.
 - ~1,271,393 Ghanaians vaccinated currently
 - 405,971 persons both doses; 865,422 first dose only.
- Total of 18.4 million vaccines expected in Q2-2021 (Govt to procure 17.0m J & J single-dose vaccines; USA and AU to provide 1.0m and 229,670 Pfizer vaccines; UK to supply 249,000 AstraZeneca vaccines)
- ~5.0 million Sputnik V doses expected before Dec 2021

Total Cases*	Recovered	Active Cases	Total Deaths
102,103	96,759	4,521	823

*As at 23rd July, 2021

Frontline Members Of
Legislature, Executive
& Judiciary

Persons Aged
Over 60

All Health
Care
Workers

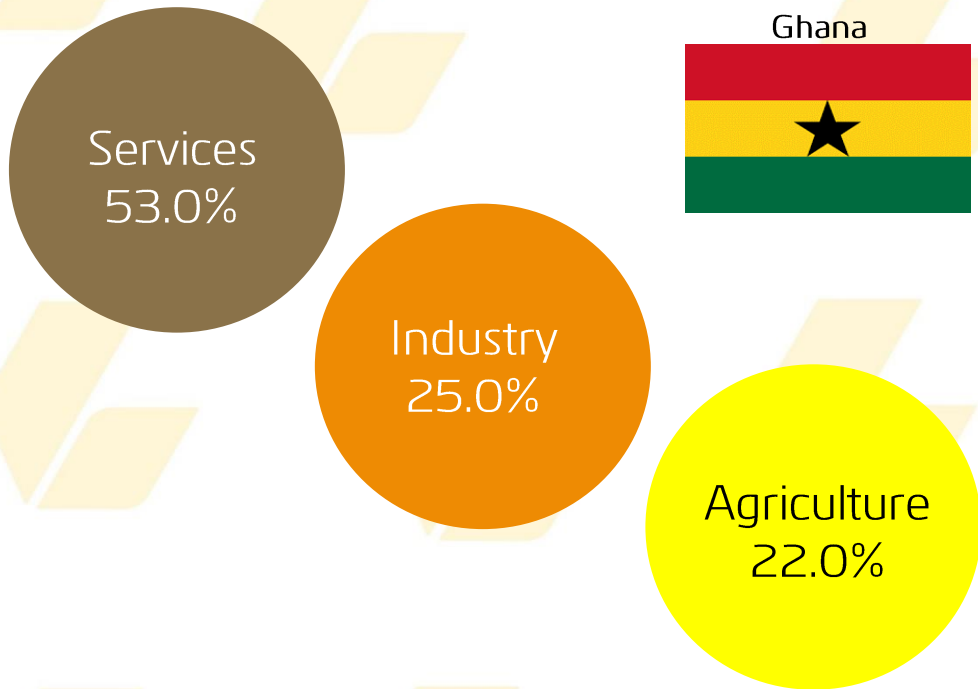
Persons
With
Underlying
Health
Conditions

Frontline
Security
Personnel



Macroeconomic overview

SECTOR CONTRIBUTION TO GDP – Q1 2021

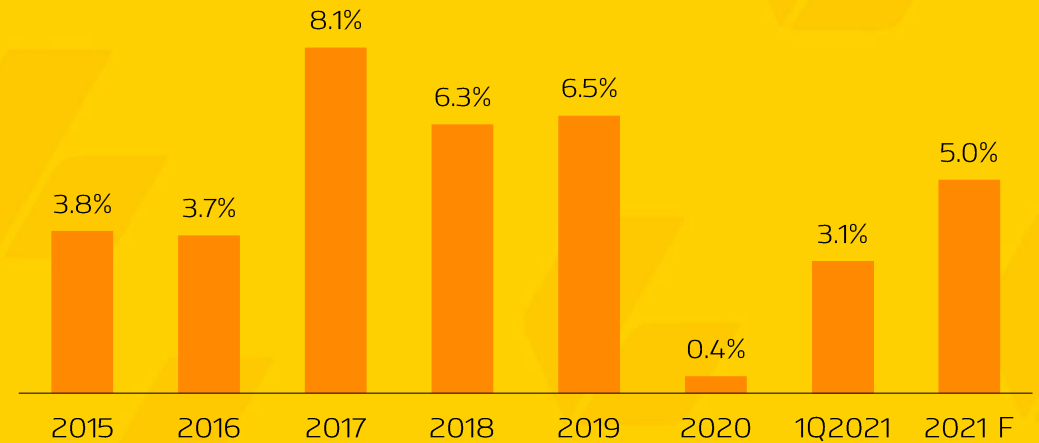


Finance and Insurance sectors contribute 4.8% to Services industry

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

GDP GROWTH RATE

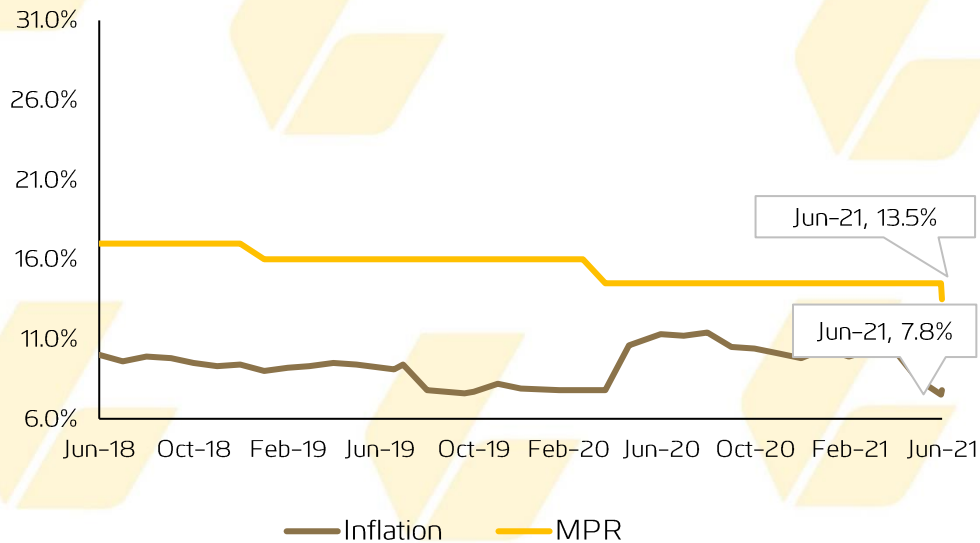
Real GDP is projected to average at 5.0% for the medium term (2021 – 2024)



Macroeconomic overview

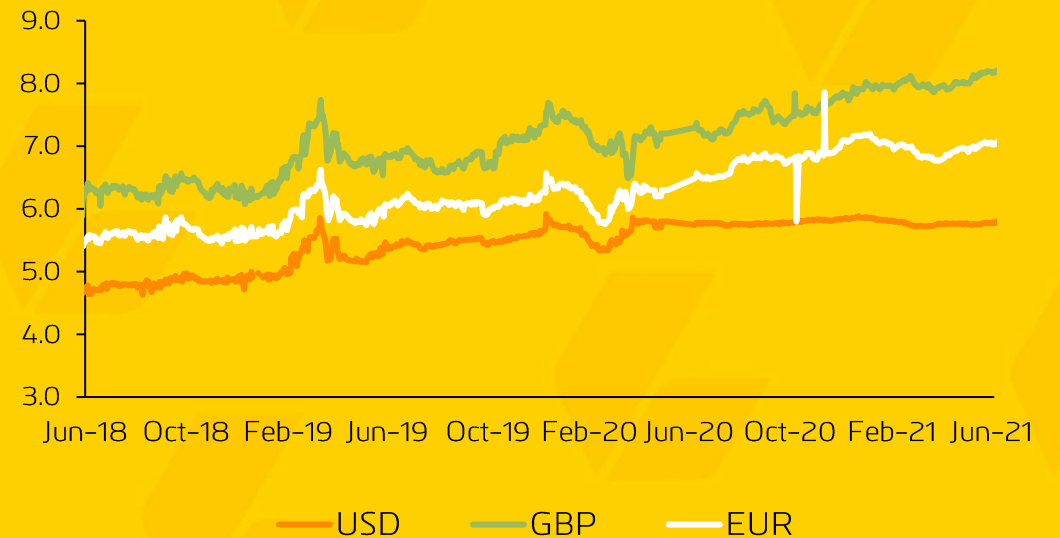
MONETARY POLICY AND INFLATION RATES

Relaxed monetary policy due to COVID-19
Inflation is within the target band of 8.0%±2.0%



EXCHANGE RATE

Cedi has performed relatively well in 2021, benefitting from USD 3.025bn Eurobond issuance, and BoG's forward FX auctions



Macroeconomic indicators

INFLATION RATE

JUN. 2020

11.2

PERCENT

JUN. 2021

7.8

PERCENT

Y/Y

3.4

PERCENTAGE POINTS



MONETARY POLICY RATE

JUN. 2020

14.5

PERCENT

JUN. 2021

13.5

PERCENT

Y/Y

1.0

PERCENTAGE POINTS



GHANA REFERENCE RATE

JUN. 2020

14.8

PERCENT

JUN. 2021

13.8

PERCENT

Y/Y

1.0

PERCENTAGE POINTS



INTEREST RATES 91-DAY BILL

JUN. 2020

13.9

PERCENT

JUN. 2021

12.7

PERCENT

Y/Y

1.2

PERCENTAGE POINTS



PUBLIC DEBT (USD BN)

MAY 2020

45.5

MAY 2021

57.9

Y/Y

12.4

PERCENTAGE POINTS



FISCAL DEFICIT

MAY 2020

5.1

PERCENT OF GDP

MAY 2021

4.6

PERCENT OF GDP

Y/Y

0.5

PERCENTAGE POINTS



Macroeconomy – Public sector debt and import cover

Public Debt (GHS)

DEC 2020	MAY 2021	CHANGE
291.6	332.4	14.0% 
Billion	Billion	

Gross International Reserves (USD)

DEC. 2020	JUN. 2021	CHANGE
8.6	11.0	27.9% 
Billion	Billion	

Import Cover

DEC 2020	JUN. 2021	CHANGE
4.1	5.0	22.0% 
Months	Months	

Public Debt rises to GHS 332.4 billion.

Gross International Reserves (GIR) grew by 27.9% to ~USD 11 billion.

GIR in June 2021 improves to 5.0 months of import cover, compared to 4.1 months in December 2020.

Macroeconomics – Key Developments

LATEST MPC MEETING DECISIONS

- ❖ MPC meeting held 21st – 23rd July, 2021
- ❖ MPC rate lowered maintained at 13.5 %
- ❖ Banking Sector remains sound & profitable with adequate capital and liquidity levels to withstand moderate to severe shocks
- ❖ Consumer and business confidence softens triggered by the new revenue measures

SEC CAPITAL MARKET MASTER PLAN LAUNCH

- ❖ The Securities and Exchange Commission (SEC) launches maiden Capital Market Master Plan (CMMP) to develop Ghanaian Capital Market over the next 10 years.
- ❖ CMMP is targeted at boosting the equity-market-capitalization-to-GDP ratio from ~15.0% to 50.0% over 10 years.
- ❖ CMMP also aims to improve equity-market-turnover-to-market-capitalization from ~1.0% to 15.0% over 10 years.

NEW BANK OF GHANA DIRECTIVE ON FEES

- ❖ The Bank of Ghana (BOG) directs all Banks to abolish certain fees on bank accounts, considered to be detrimental to BOG's financial inclusion agenda.
- ❖ Some of the relevant fees are:
 - ✓ Credit insurance premiums overcharge;
 - ✓ Application of maintenance fees on savings accounts;
 - ✓ Over-the-counter cash withdrawal charges

NATIONAL DEVELOPMENT BANK (NDB) LAUNCHED

- ❖ The Finance Minister launches the National Development Bank (NDB), expected to be fully operational by end July 2021.
- ❖ NDB established to address the lack of long-term funding and lack of adequate funding to productive sectors of the economy.
- ❖ The NDB will support the financial system to enhance private sector growth and spur job creation.

Macroeconomic – National Development Bank (NDB) of Ghana

GOVERNMENT MAKES BIG STRIDES TO MEET JULY 2021 OPENING OF THE DEVELOPMENT BANK

- The Ministry of Finance signed an agreement with European Investment Bank (EIB) to secure EUR 170 million facility to fund NDB.
- The NDB is to address "lack of long-term funding" and "Inadequate funding to sectors".
- NDB to provide long term financing to Agribusiness, Manufacturing, Tourism, etc.
- Government secured funding from the World Bank.
- The Government contributed USD 200 million to NDB.



AGENDA

Economy & Key Developments

Banking Sector

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Banking Sector Overview

BANKING SECTOR INDICATORS

Positive trends in key banking sector indicators and commodity prices in HY2021

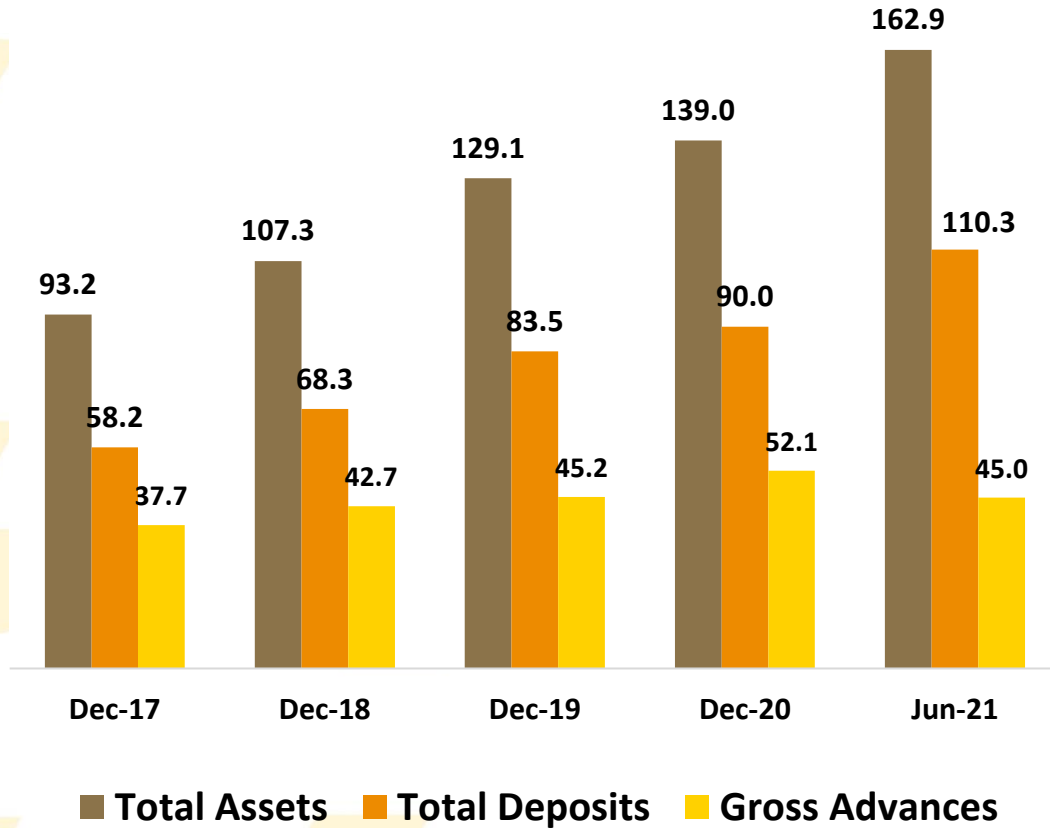
COMMODITY PRICES USD

INDICATOR	Jun. 2021	Jun. 2020	% Chg.
<u>Key Ratios</u>			
CAR	20.8%	21.2%	1.9%
NPL	17.0%	15.7%	8.3%
RoE	21.2%	20.6%	2.9%
RoA	4.7%	4.1%	14.6%
	(GHS bn)	(GHS bn)	
Total Assets	162.9	139.0	17.2%
Loans	47.5	45.0	5.6%
Deposits	110.3	90.0	22.6%

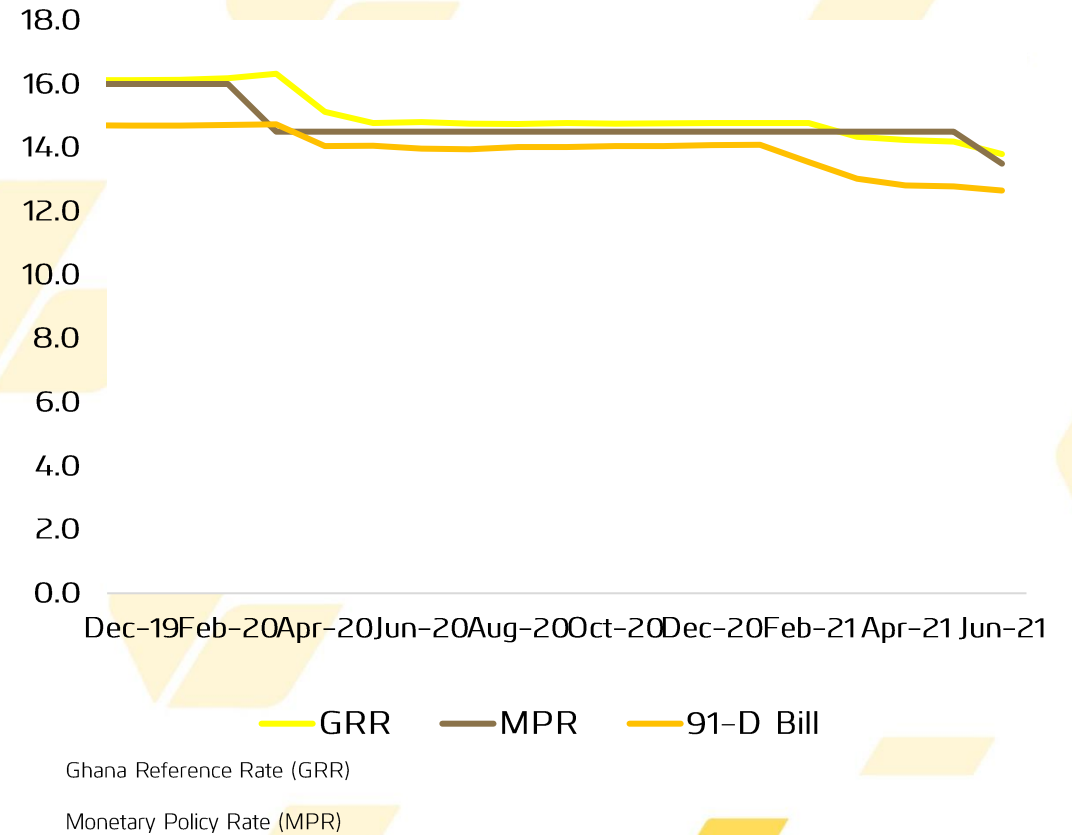
Commodity	Price Jun. 2021	Price Jun. 2020	% Chg.
Gold/ounce	1,835.1	1,734.7	5.8%
Cocoa/ton	2,407.5	2,324.8	3.6%
Crude oil/barrel	73.3	40.8	79.7%

Banking Sector Overview

KEY INDICATORS GHS (MN)



AVERAGE INTEREST RATE (%)

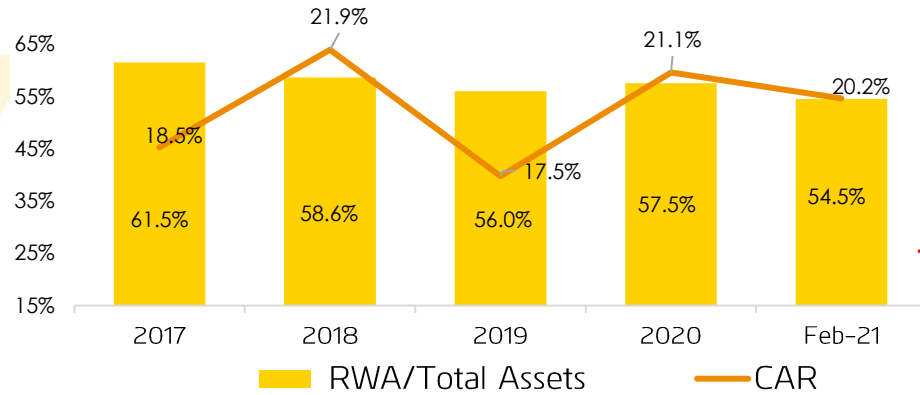


Source: Bank of Ghana, Summary of Economic and Financial Data

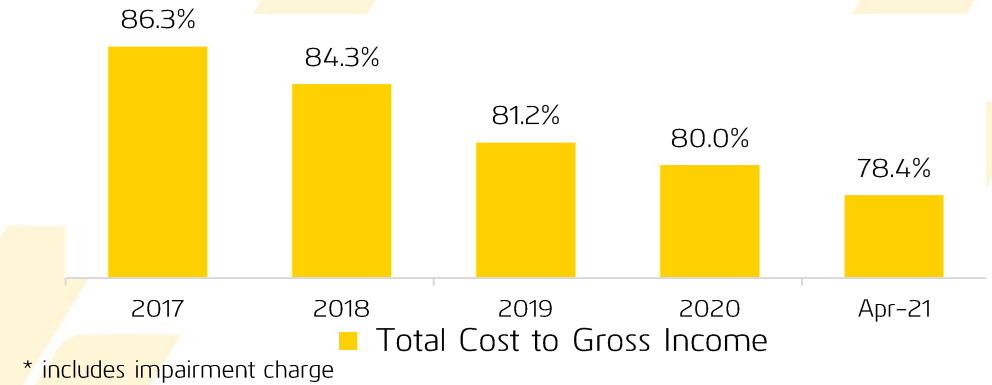
Banking sector financial soundness indicators (FSI)

Key FSIs remain stable in HY2021, despite COVID-19

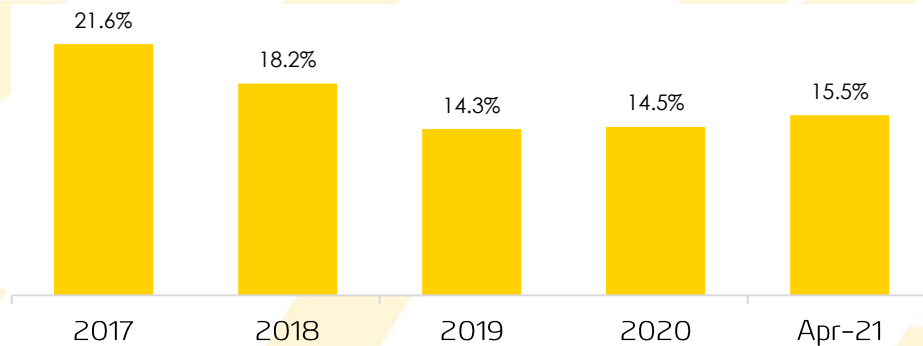
SOLVENCY



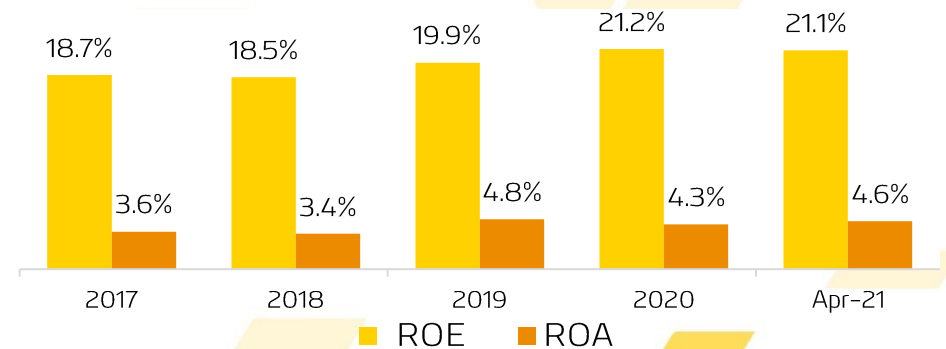
EFFICIENCY*



NON-PERFORMING LOAN RATIO (%)



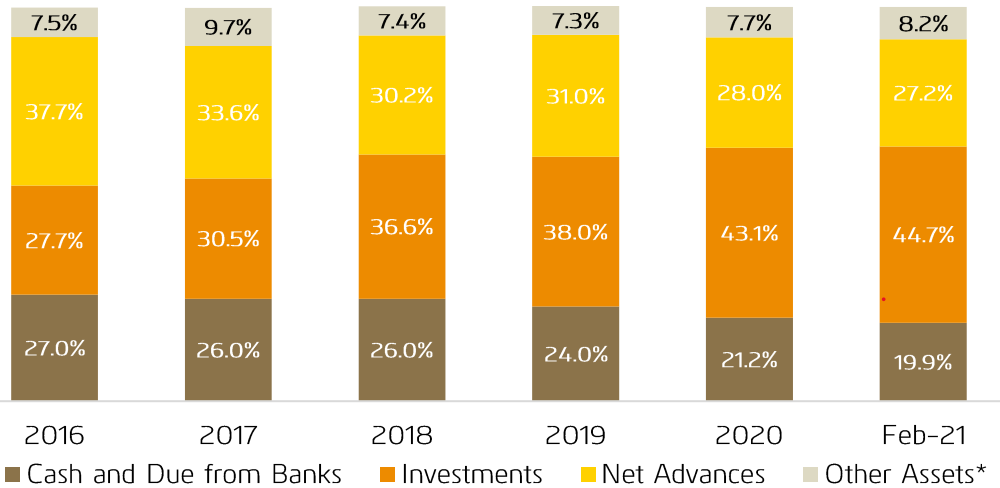
RETURNS



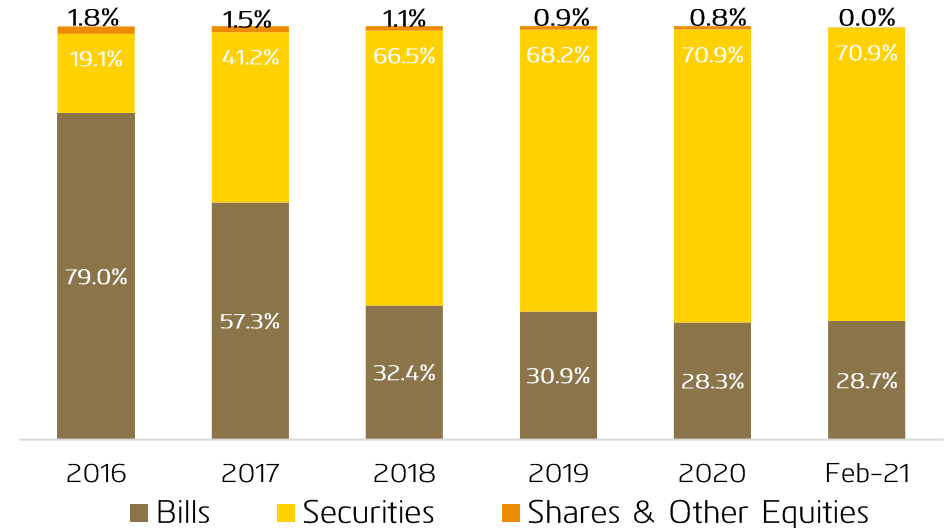
Credit analysis of banking sector

Trend towards investment and fewer loans

Banks continue to rebalance towards investments and away from loans and advances with associated default risk



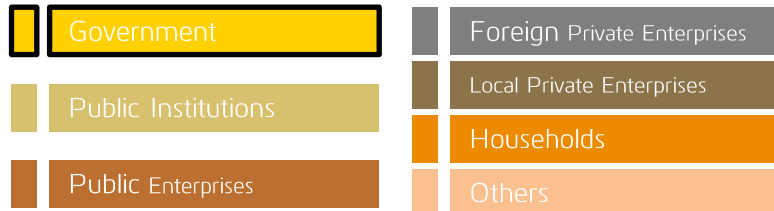
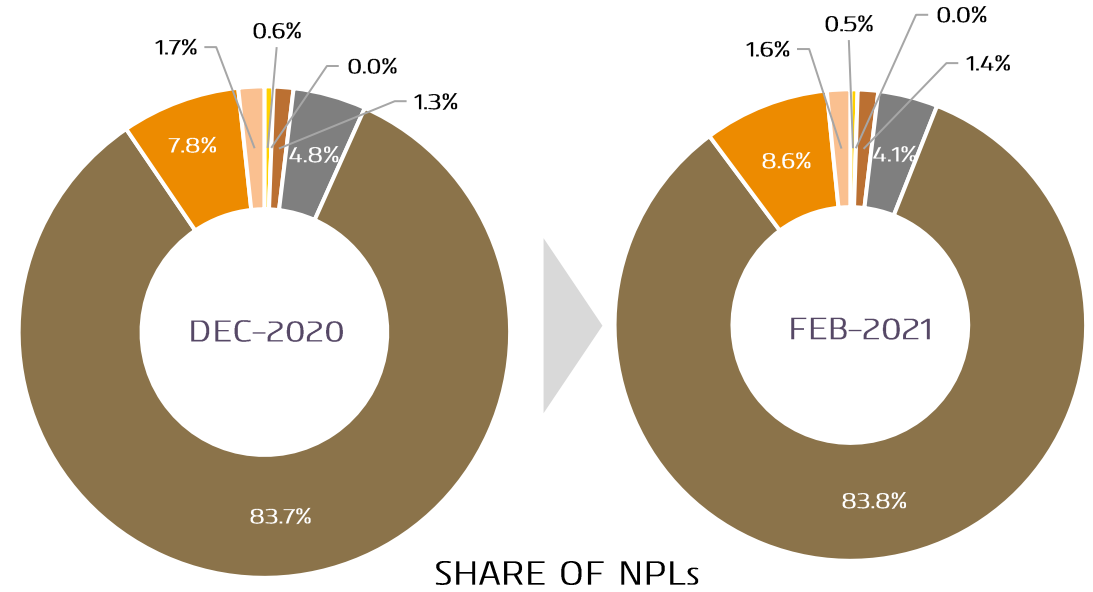
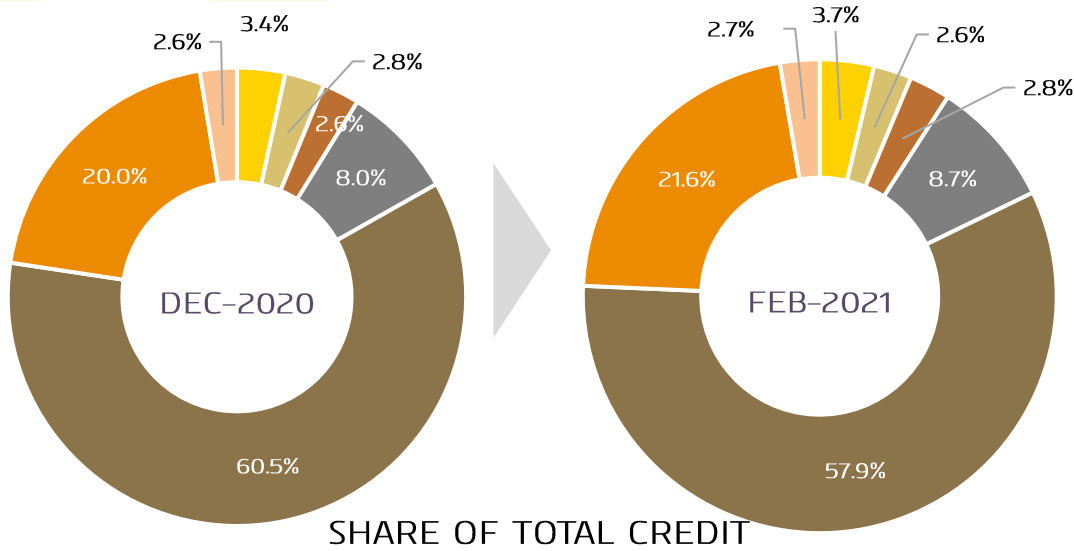
Investment portfolio mix of banks shifting towards longer-dated government securities



Credit analysis of banking sector

Allocation of credit to local private enterprises and households has declined within the period

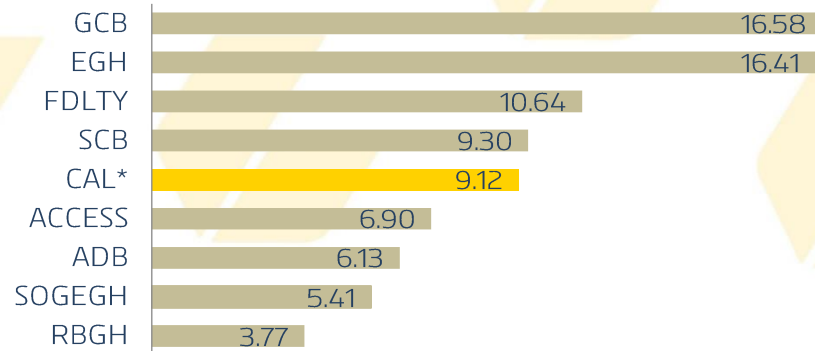
Local private enterprises are the largest contributor to NPLs



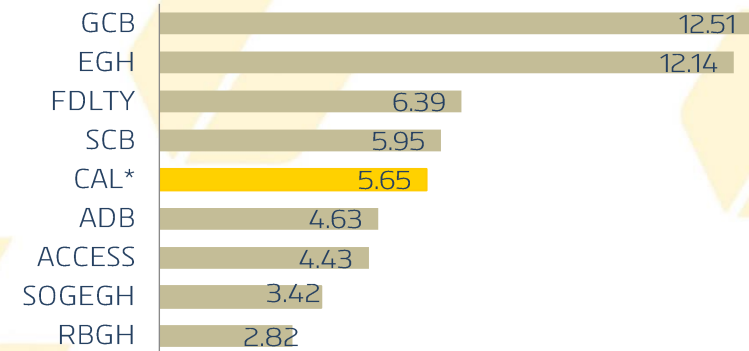
Competitor Benchmarking (1/2)

CalBank performed well across key metrics in HY 2021

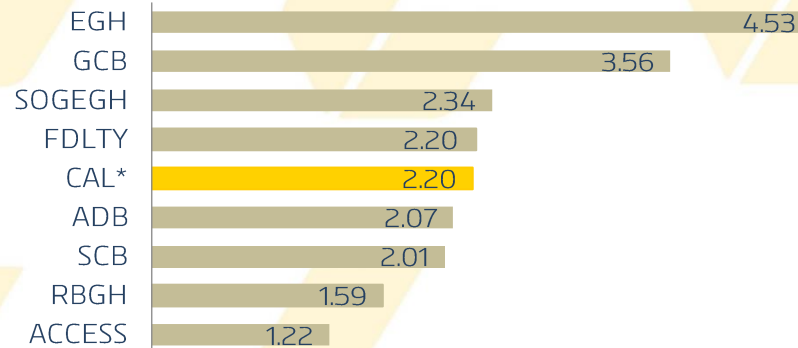
TOTAL ASSETS (GHS BN)



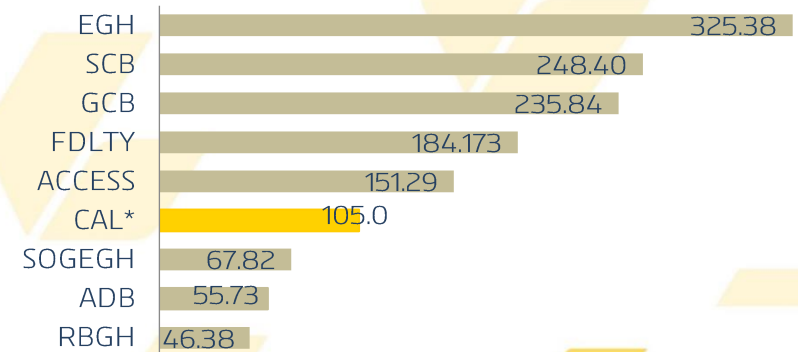
CUSTOMER DEPOSITS (GHS BN)



LOANS & ADVANCES (GHS BN)



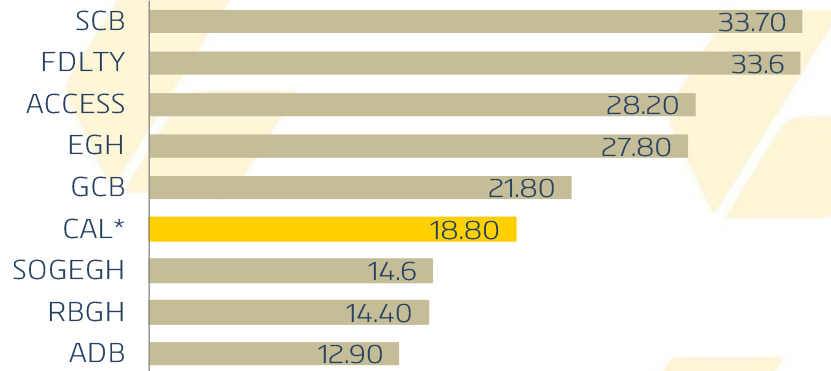
NET PROFIT (GHS MN)



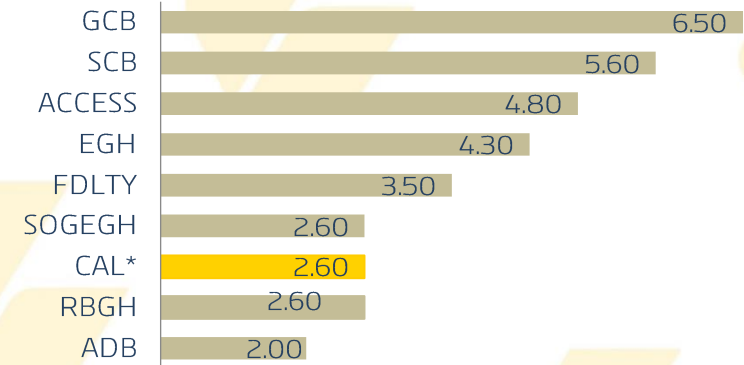
Competitor benchmarking (2/2)

CalBank performed well across key metrics in HY 2021

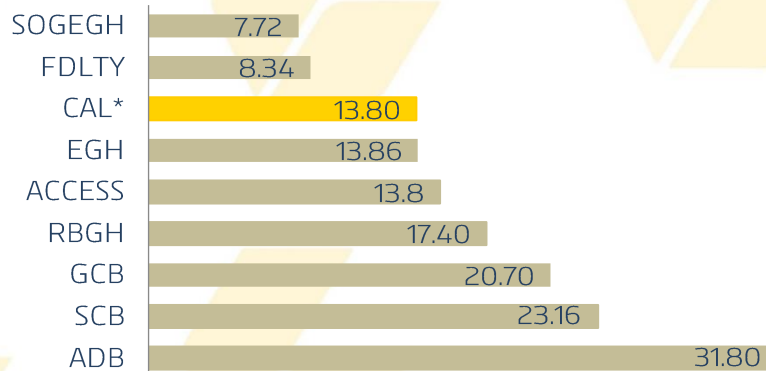
ANNUALISED RETURN ON AVERAGE EQUITY (%)



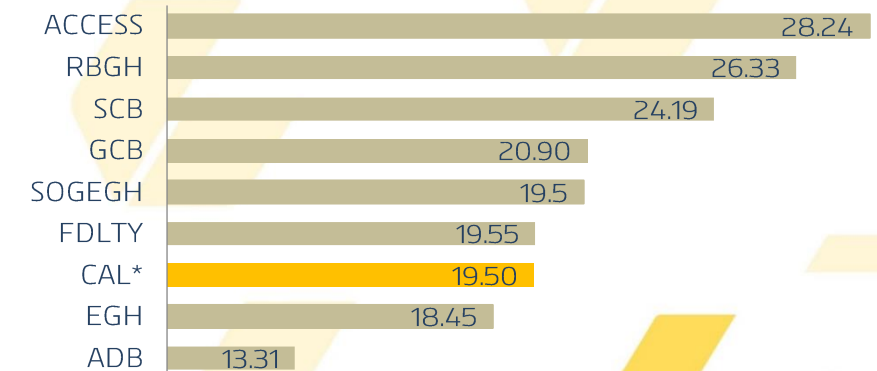
ANNUALISED RETURN ON AVERAGE ASSETS (%)



NON-PERFORMING LOAN RATIO (%)



CAPITAL ADEQUACY RATIO (%)



AGENDA

Economy & Key Developments

Banking Sector

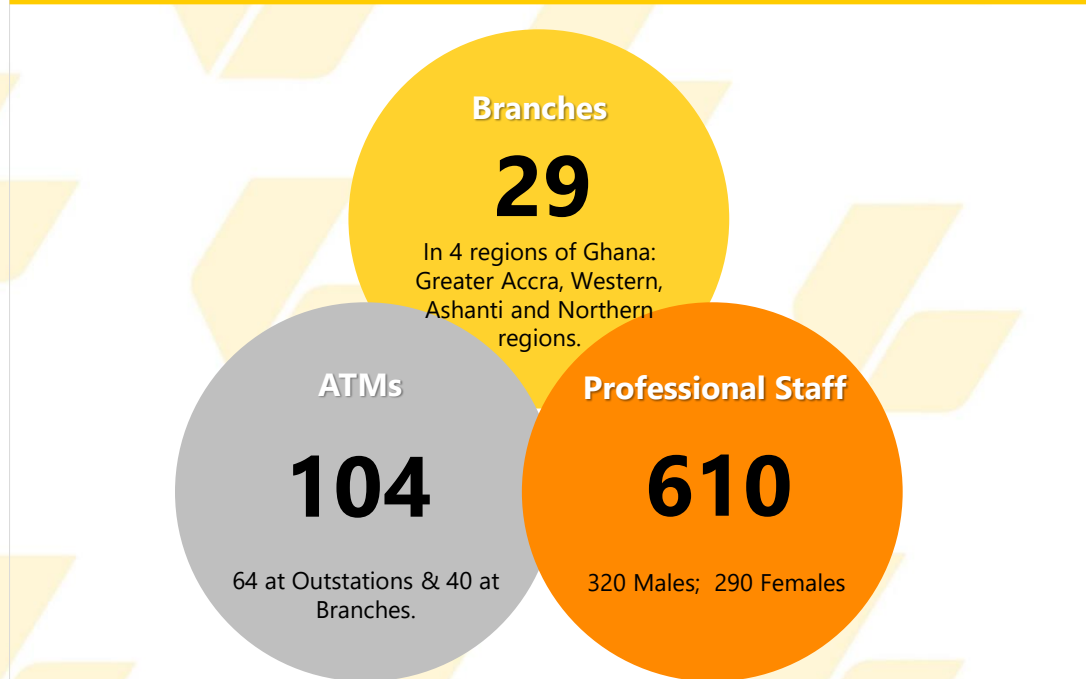
Business Update

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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 STATISTICS¹

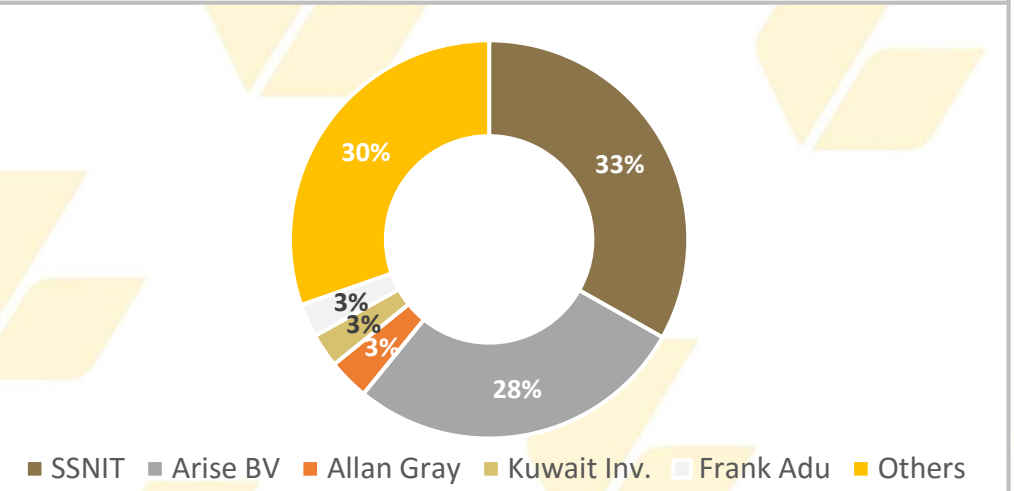
Current Share Price (GHS)	0.70
Market Capitalization (GHS mn)	438.61
YTD Performance	9.4%
52-Week High (GHS)	0.84
52-Week Low (GHS)	0.60

Source: Company Filings, Bloomberg
¹As at 30th July, 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

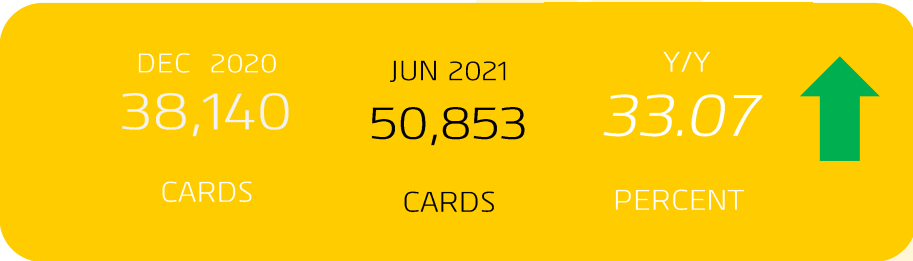
- ✓ CalBank Kiddysave Account
- ✓ Home Invest Account
- ✓ CalBank Premium Account
- ✓ CalBank Mortgage
- ✓ CalBank Govt. Employee loan
- ✓ CalBank Auto loan

Online & CalBank App

- ✓ Internet Banking
- ✓ E- Alert
- ✓ Online Account opening
- ✓ Branch locator
- ✓ Deposit & Forex rates

Client Franchise

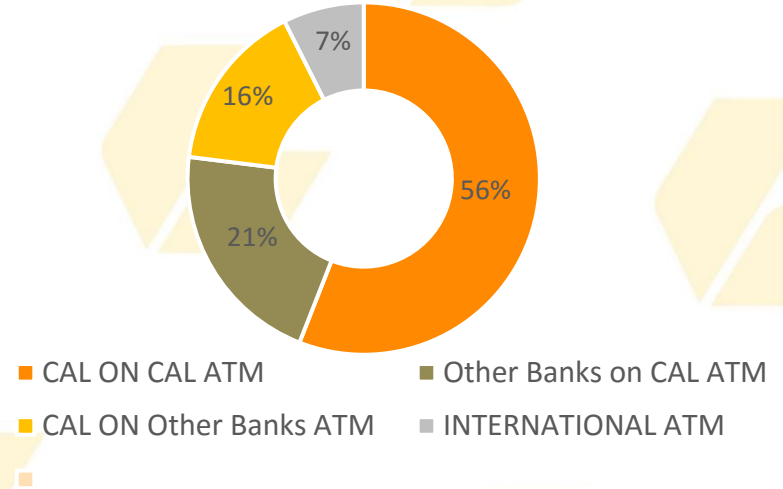
ACTIVE CARDS IN USE - JUNE 2021



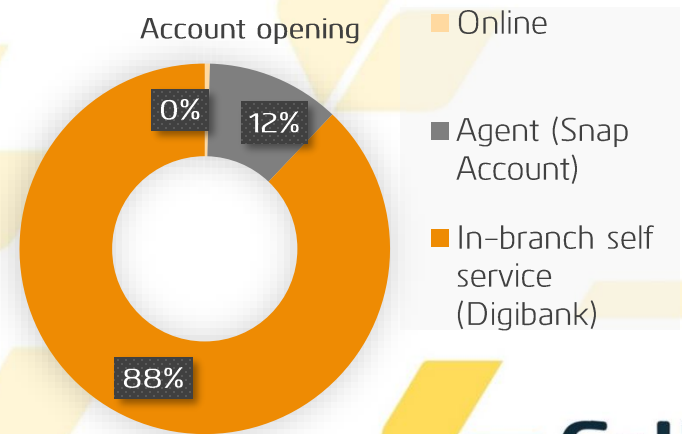
ACTIVE CUSTOMER BASE JUNE 2021



ACTIVE CARDS USAGE PROFILE JUNE 2021



ACCOUNT OPENING PROFILE JUNE 2021



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

Client Franchise

CAL BANK APP FEATURES



- ✓ Airtime Purchase
- ✓ Bank to Wallet
- ✓ Wallet to Bank
- ✓ Inter Account Transfers (CAL)
- ✓ Intra Account Transfers
- ✓ Ach Transfers
- ✓ GIP Transfers
- ✓ Shopping
- ✓ Bank to Own CalPay Wallet
- ✓ Bank to Other CalPay Wallet
- ✓ CalPay Wallet Loads
- ✓ CalPay Wallet to CalPay Wallet
- ✓ MVISA
- ✓ Shell Card Top Up

MOBILE APP PERFORMANCE – #TRANSACTIONS

DEC 2020	JUN 2021	Y/Y
868,172	1,105,999	27.4%
TRANSACTIONS	TRANSACTIONS	

MOBILE APP PERFORMANCE – GHS VALUE

DEC 2020	JUN 2021	Y/Y
648,119,55	790,793,509	22.0%
GHS VALUE	GHS VALUE	

AGENDA

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CalBank Group Highlights – HY 2021


 11.6%
Net interest income
GHS 233mn


 156.2%
Non-funded income
GHS 106mn


 28.5%
Profit after tax
GHS 105mn

 20.9%
Loans and advances
GHS 2.2bn

 45.0%
Total deposits
GHS 5.6bn

 27.5%
Total assets
GHS 9.1bn

 3.2bps
Capital Adequacy Ratio
19.5%

 3.0bps
NPL ratio
13.8%

CalBank Group Highlights – HY 2021



2.5%

Return on Average Assets



18.3%

Return on Average Equity



46.9%

Net impairment loss



GHS 0.11

Dividend per share



46.9%

Cost-to-Income ratio



34.5%

Cost of Risk

Summarized Group Income statement – HY 2021

Amount in GHS thousands	HY2021	HY2020	HY2019	YoY	HY2021 Highlights
Interest Income	455,736	484,384	410,639	(5.9%)	<ul style="list-style-type: none"> Interest Income fell by 5.9%, partly attributable to an 18.5% reduction in gross loans due to the sell down of some significant loans in the last quarter of 2020, and a drop in average yield on all earning assets arising out of the decline in interest rates. Interest Expense increased marginally by 0.9% from significant surge in customer deposits and increased borrowings from DFI's & other funding partners. Net Fees and Commissions increased by 21.1%, from increase in cards and electronic banking transactions volumes. Net Trading Income increased by 194% due to the major increases in fixed income trading volumes. Net Impairment Loss decreased by 49.9% resulting from significant reductions in loan book coupled with increased recoveries in the reporting period. Total Operating Expenses increased by 10.9% mainly from : <ul style="list-style-type: none"> ❖ increases in staff costs (cost of living adjustment) ; ❖ general price increases in good and services resulting from inflation and movement in exchange rate directly impacting Administration and marketing cost.
Interest Expense	(223,065)	(221,160)	(167,100)	(0.9%)	
Net Interest Income	232,671	263,224	243,539	(11.6%)	
Net Fees and Commissions	17,928	14,802	22,238	21.1%	
Net Trading Income	77,670	26,404	9,485	194.2%	
Other Operating Income	10,596	243	5,643	4260.5%	
Operating Income	338,865	304,673	300,554	11.2%	
Net Impairment Loss	(23,622)	(44,492)	(21,499)	46.91%	
Total Operating Expense	(159,021)	(143,352)	(124,870)	(10.9%)	
Profit Before Tax	156,222	116,829	122,384	33.7%	
Income Tax Expense	(51,180)	(35,109)	(36,868)	(45.8%)	
Profit After Tax	105,042	81,720	85,516	28.5%	

Summarized Group Balance sheet – HY 2021

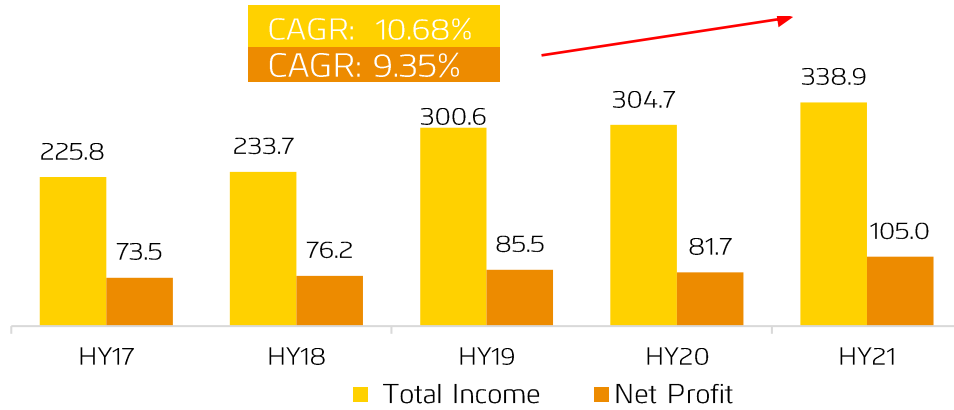
Amount in GHS thousands	HY2021	HY2020	HY2019	YoY
Cash and Cash Equivalents	1,228,153	443,720	771,633	176.8%
Investment Securities	3,558,186	2,936,273	2,420,673	21.2%
Loans and Advances to Customers	2,203,893	2,786,537	2,499,933	(20.9%)
Non-pledged Trading Assets	1,313,893	113,442	29,176	1058.21%
Other Assets	384,940	492,741	99,865	(22.0%)
Fixed Assets	431,014	378,302	471,963	13.9%
Total Assets	9,120,079	7,151,015	6,247,370	27.5%
Total Deposits	5,648,401	3,894,832	3,743,021	45.0%
Borrowings	2,042,500	1,952,987	1,400,861	4.6%
Other Liabilities	260,750	246,689	165,930	5.7%
Shareholders' Equity	1,168,428	1,056,507	846,171	10.6%
Total Liabilities and Shareholders' Equity	9,120,079	7,151,015	6,247,370	27.5%

HY2021 Highlights

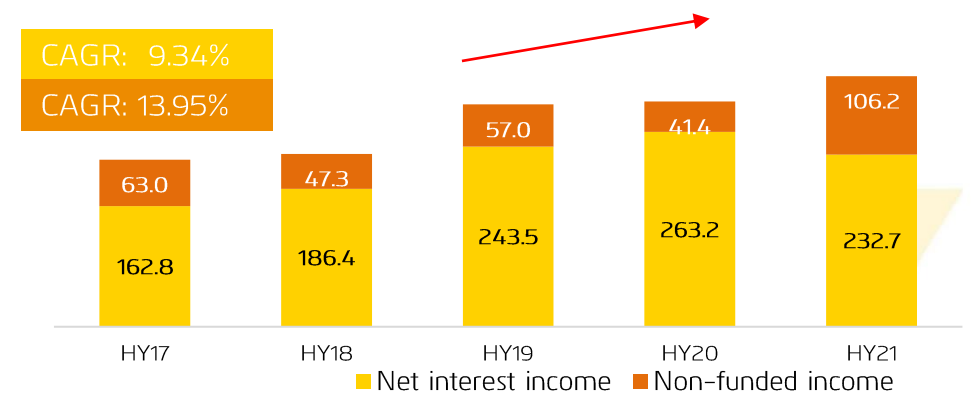
- Total Assets increased by 27.5% resulting from increased trading book portfolio funded by surge in customer deposits.
- Total Deposits increased by 45% due to the strong resurgence in economic activities occasioned by removal of COVID restrictions.
- Deposits mobilized from electronic channels grew over 100% from GHS 1.0m in Q1-2021 to over GHS 2.1 m by HY 2021
- Borrowings increased by 4.6% attributable to additional funding secured from DFI's and other funding partners for on-lending to selected priority sectors.
- Investment securities growth of 21.2% was largely funded from increases in total deposits and borrowings.

Operating Performance & Profitability (1/2)

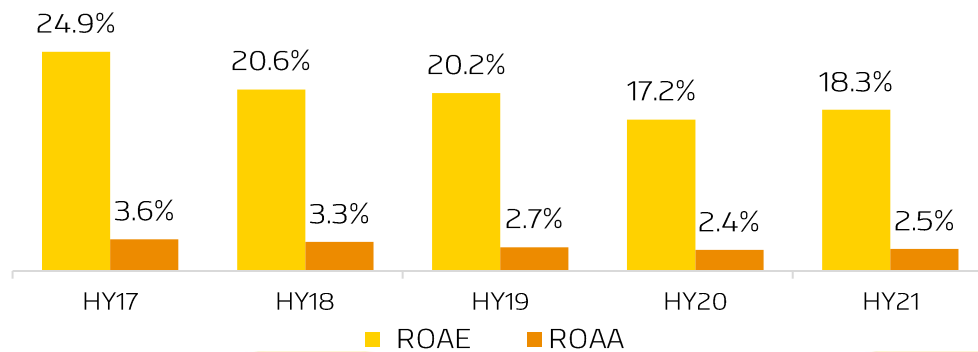
RESILIENT PROFITABILITY (GHS MN)



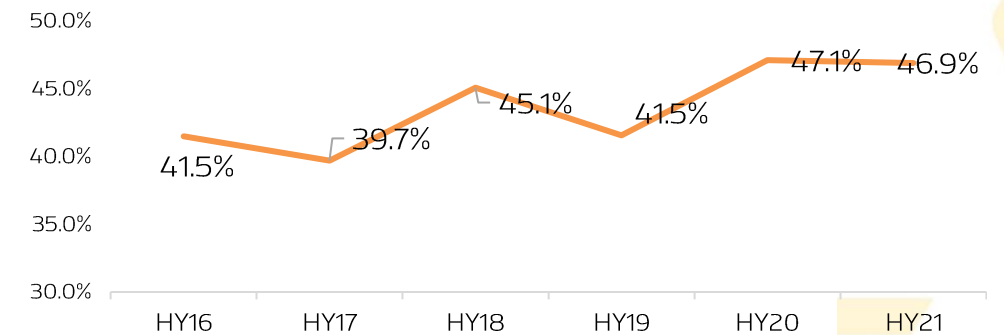
OPERATING INCOME COMPOSITION (GHS MN)



RETURNS (%)

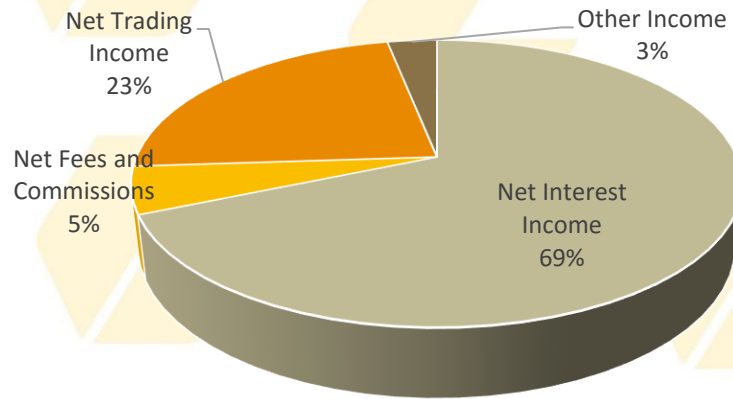


COST-TO-INCOME (%)

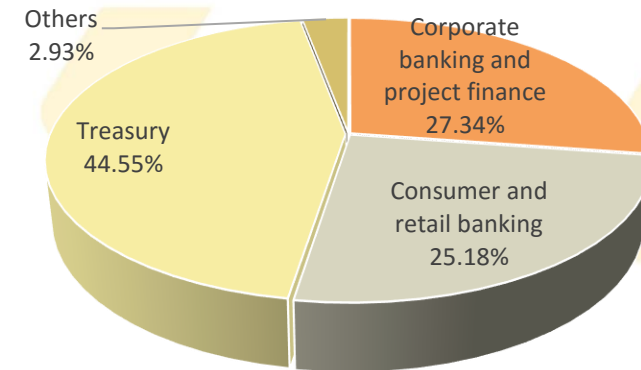


Operating Performance & Profitability (2/2)

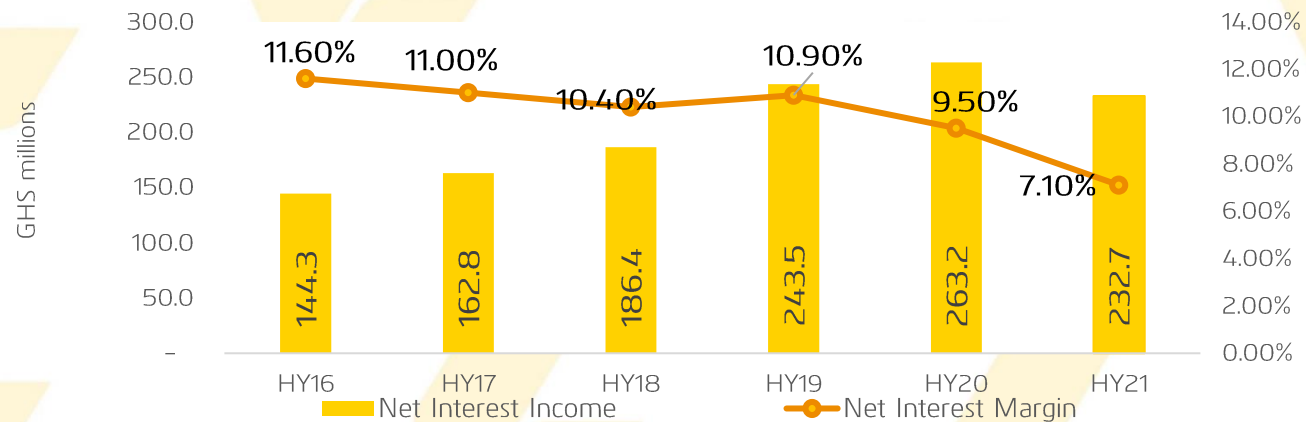
HY2021 OPERATING INCOME BY TYPE



HY2021 OPERATING INCOME BY BUSINESS LINE (%)

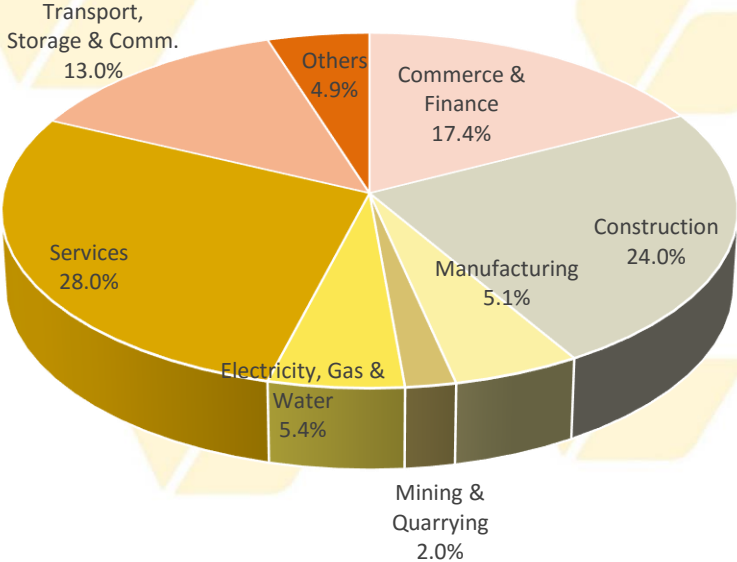


NET INTEREST INCOME AND MARGIN (NII in GHS MILLIONS / NIM in %)

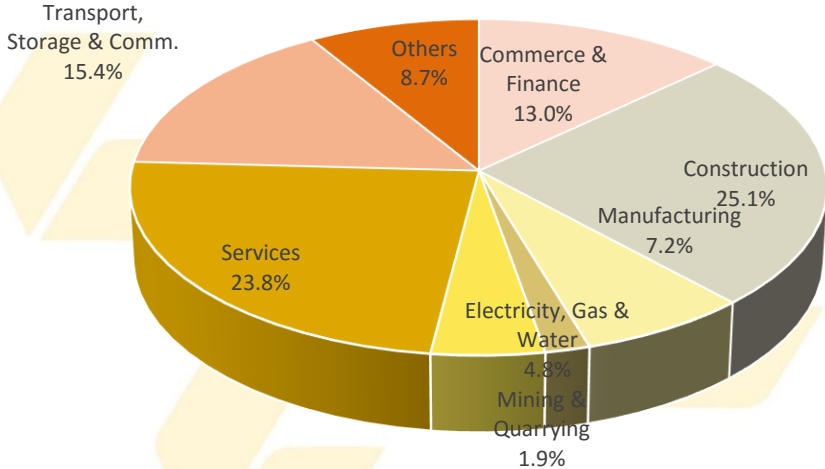


Balance sheet parameters

LOAN BOOK DISTRIBUTION BY SECTOR (HY 2020)



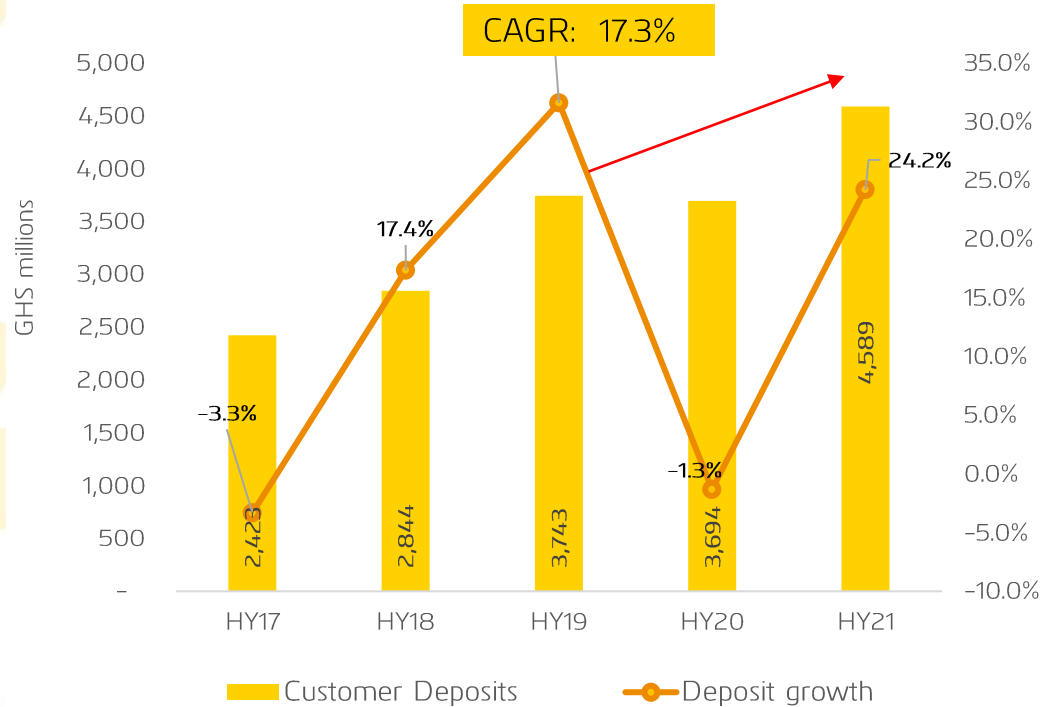
LOAN BOOK DISTRIBUTION BY SECTOR (HY 2021)



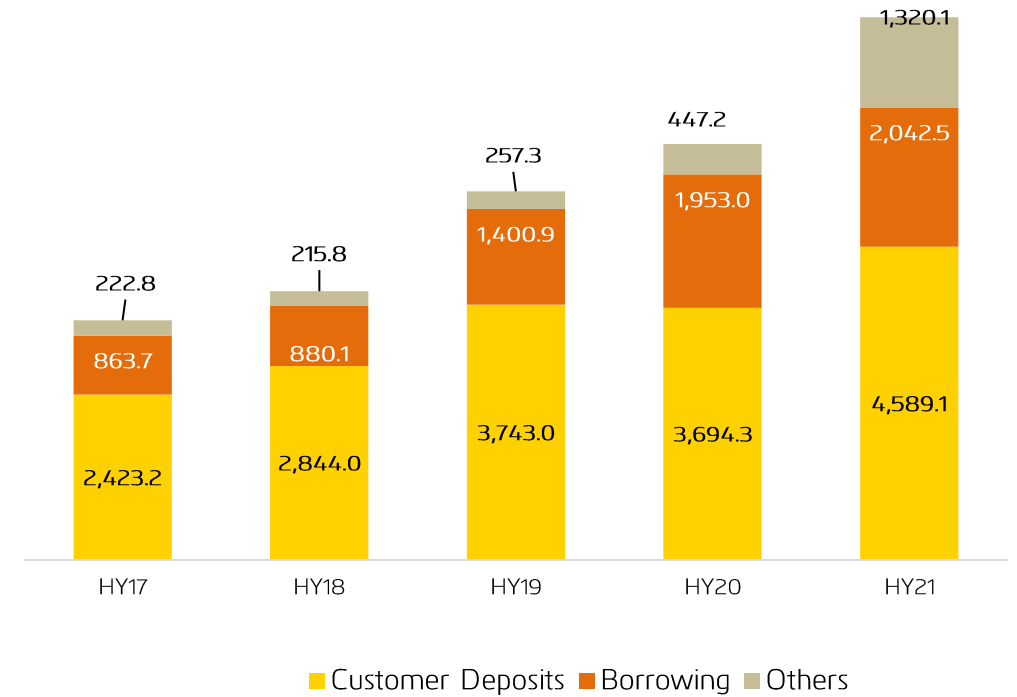
Source: Company Filings

Funding and Liquidity Positions

CUSTOMER DEPOSITS (GHS MN)

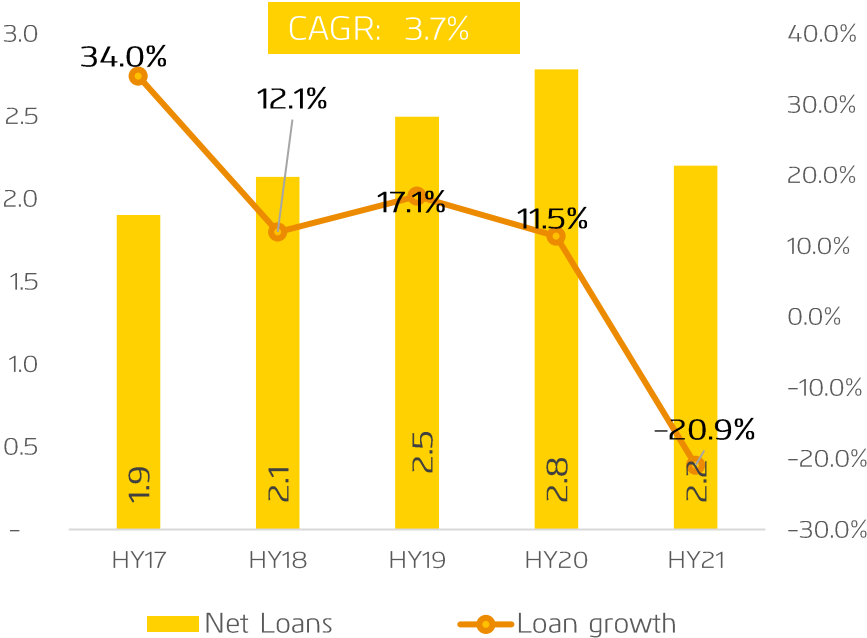


FUNDING MIX (GHS MN)

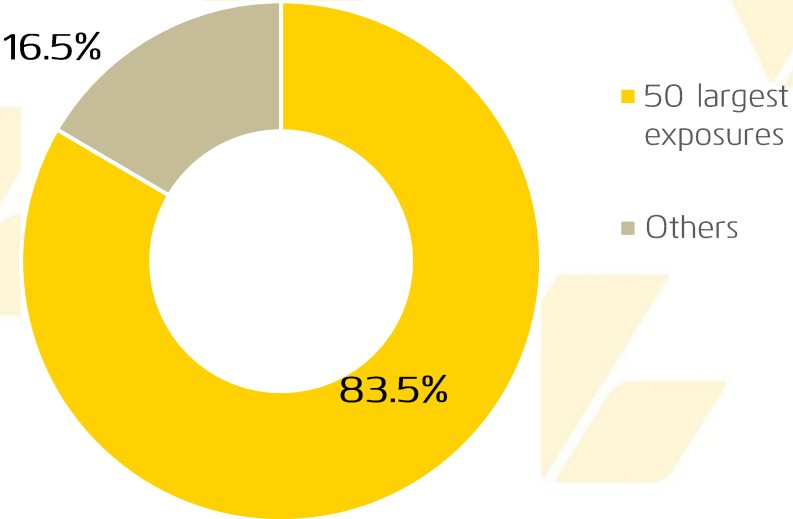


Balance sheet parameters

NET LOAN PORTFOLIO (GHS BN)

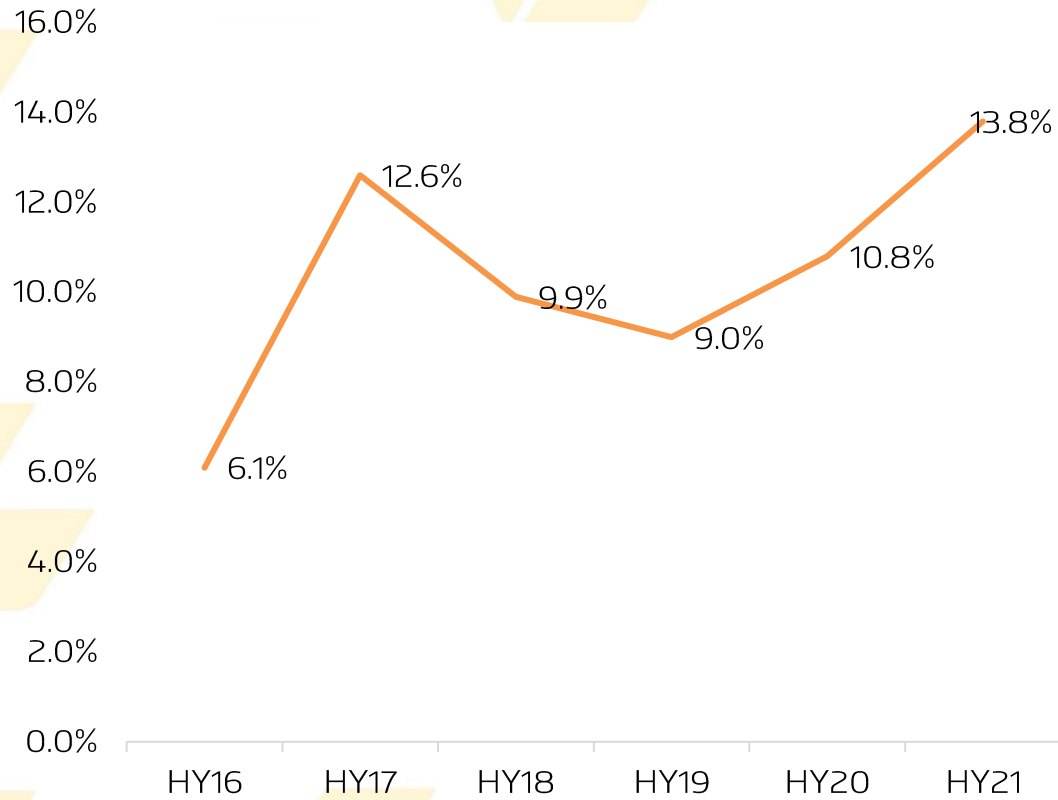


HY 2021 LOAN CONCENTRATIONS

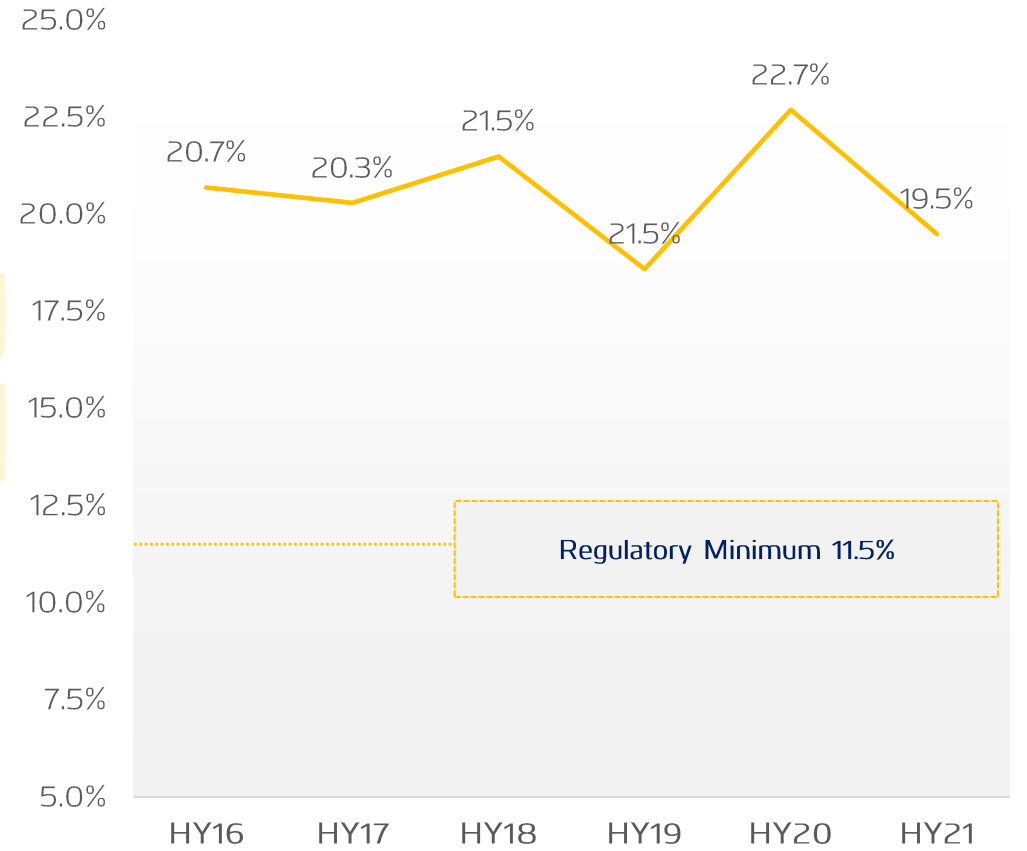


Capitalization and Asset Quality

NON-PERFORMING LOANS RATIO

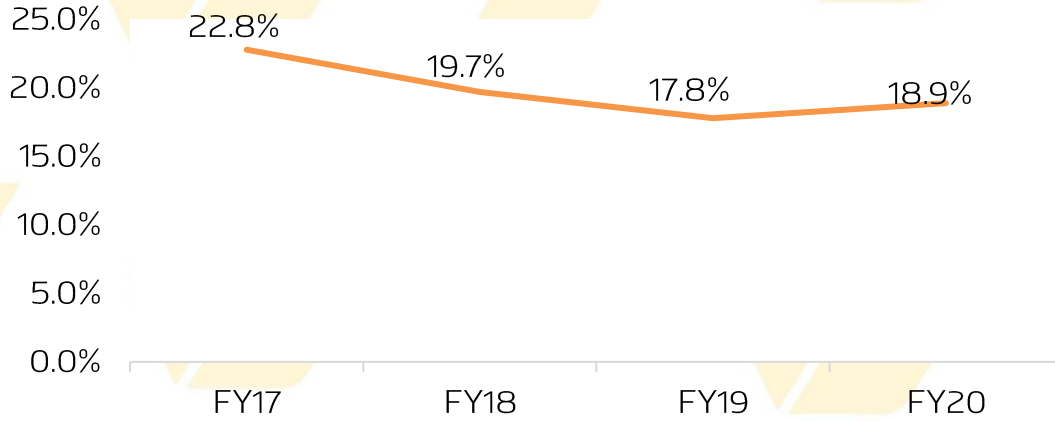


CAPITAL ADEQUACY RATIO

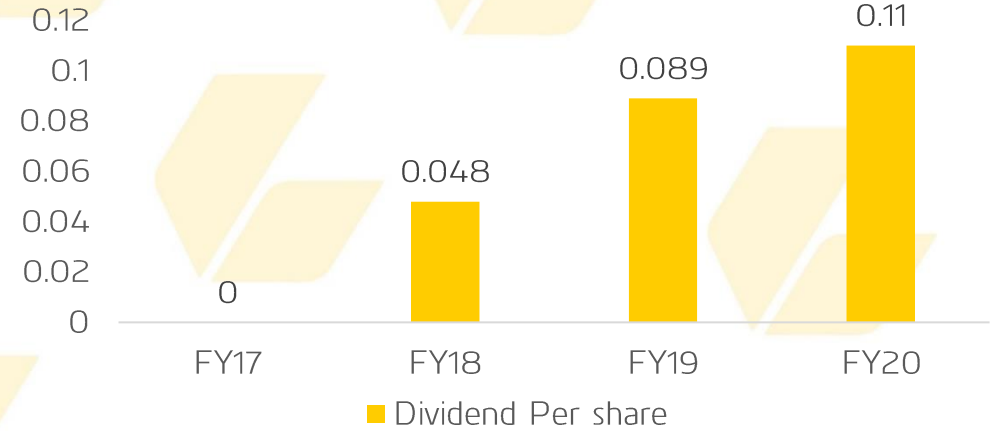


Return and Dividend YoY

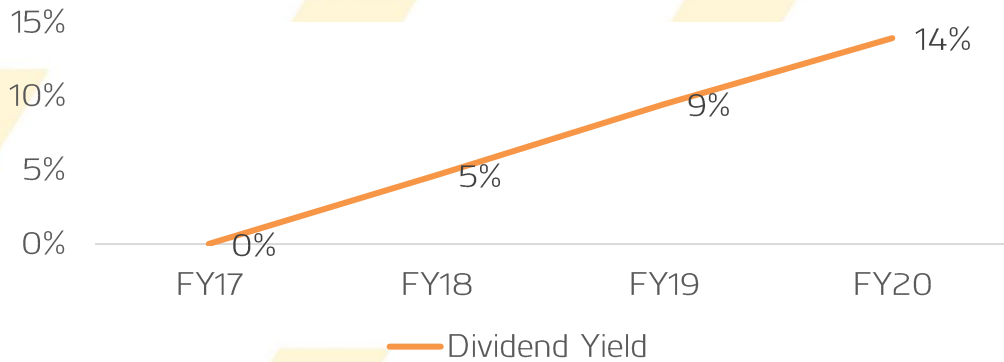
RETURN ON EQUITY(%)



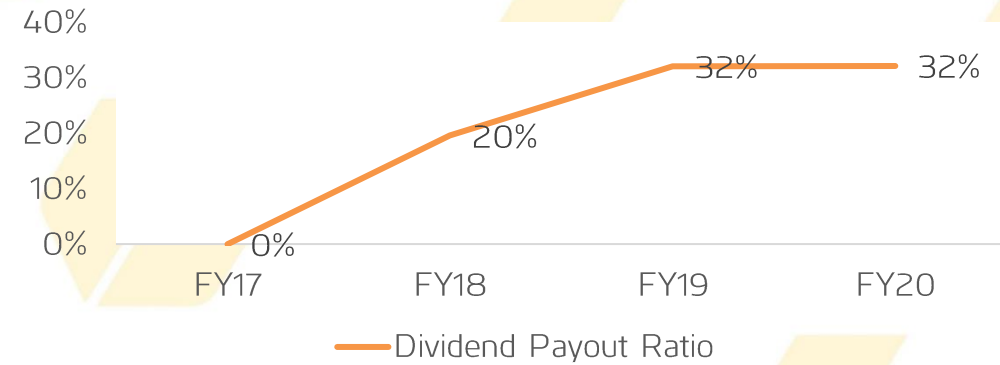
DIVIDEND PER SHARE (GHS)



DIVIDEND YIELD (%)

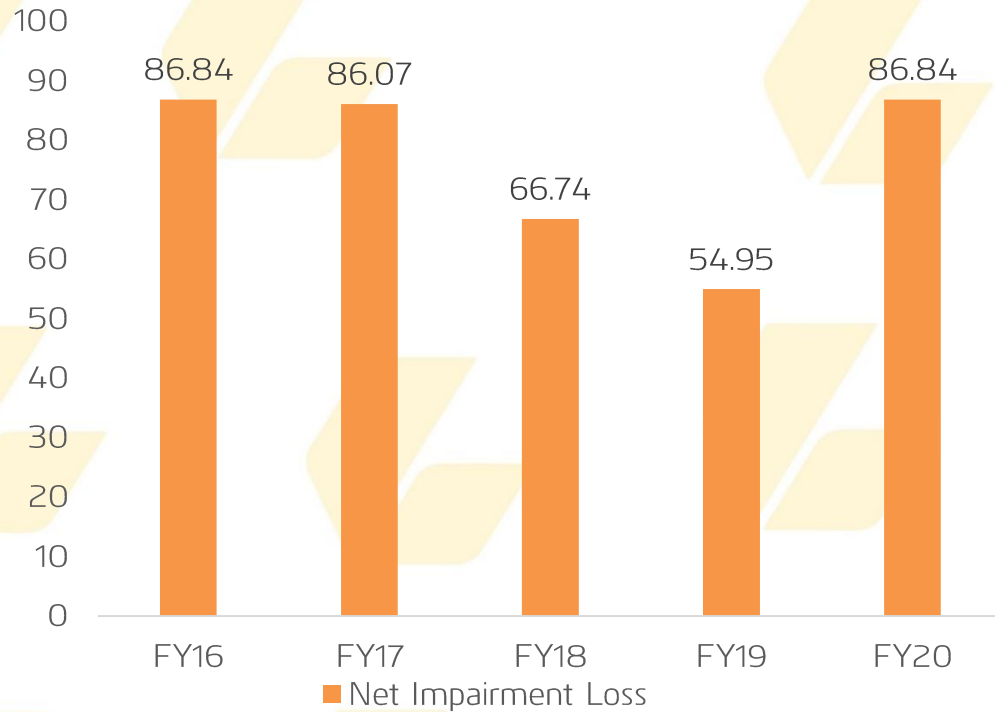


DIVIDEND PAYOUT RATIO (%)

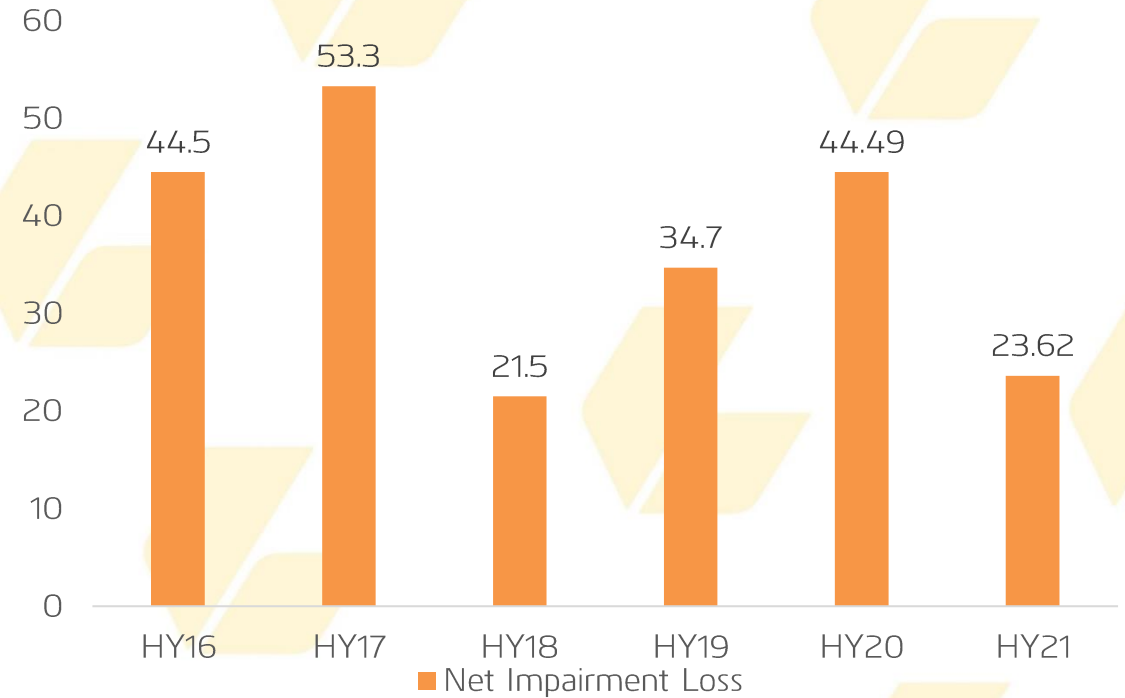


Credit Impairment Charges

NET IMPAIRMENT LOSS YOY (GHS mn)



NET IMPAIRMENT LOSS HOH (GHS mn)



AGENDA

Economy & Key Developments

Banking Sector

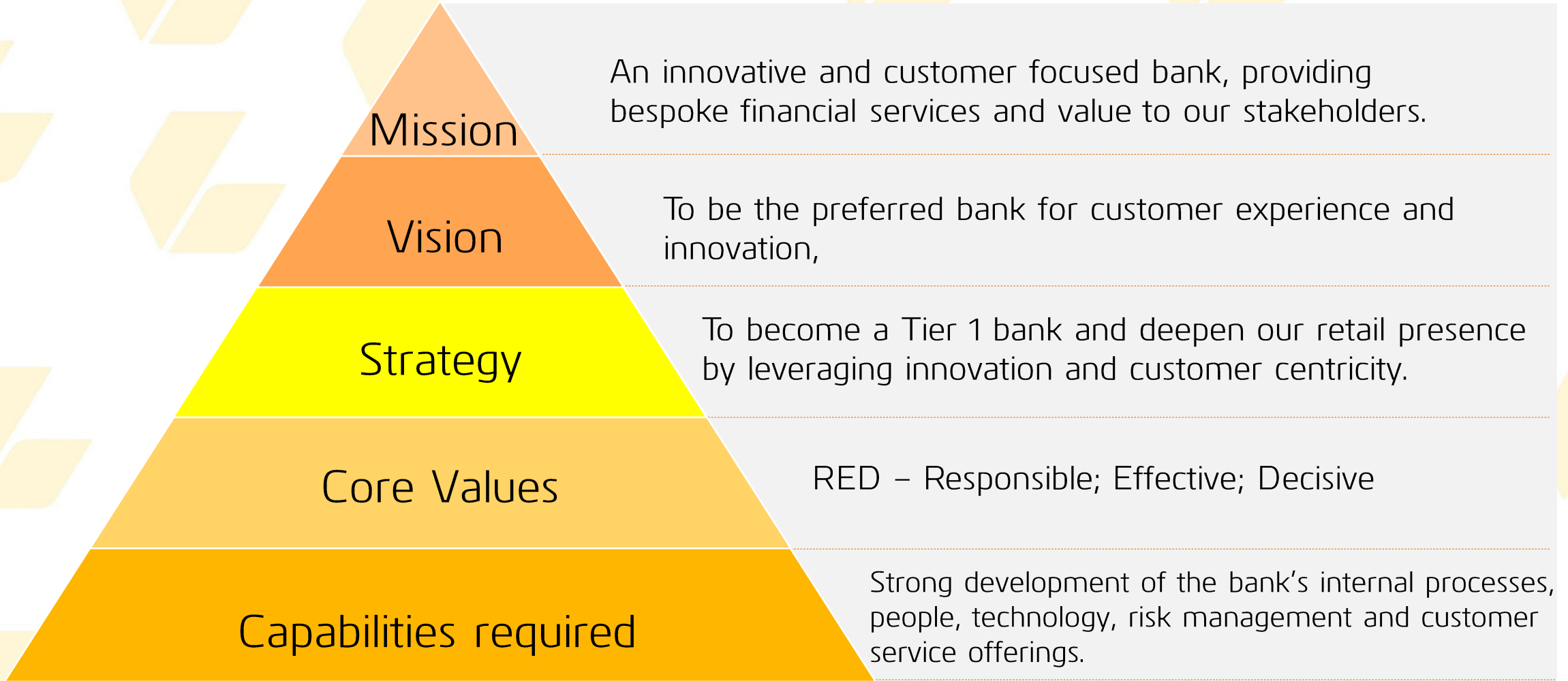
Business Update

Financial Results

Our Strategy

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

CalBank – Retail Strategy

● TARGET SEGMENTS

- Executives (Mid-Top end)
- Mass Affluent (mid to high pay professionals)
- Senior staff of government & public service organizations
- Owners of thriving SME businesses Incl, informal
- Low wage earners/remittance dependent
- Students

● DEVELOP COMPELLING VALUE PROPOSITION

- All Purpose Account- for mass affluent segment
- Data driven e-loans providing instant loans
- Efficient omni-channel customer service through social banking, mobile app, USSD branch
- 24-hour customer support
- Effective collections platform

● EFFICIENT COVERAGE MODEL

- Creation of regional retail models and business centers.
- Dedicated RMs for HNI segment
- Cost-efficient remote RMs for mass affluent segment
- Leverage all available channels i.e. USSD, CalBank App, Internet banking

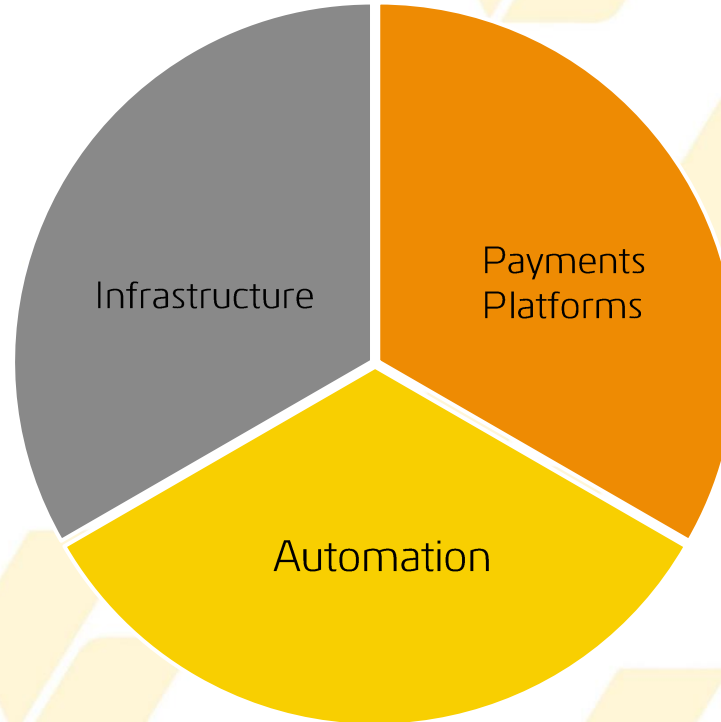
● CLEAR DISTRIBUTION STRATEGIES

- Digital and conventional marketing for mass market and mass affluent
- Strategic partnerships and corporate cross-selling as main channels for mass affluent and HNIs
- Sign-up and regular incentives and referrals as additional strategies
- Branch rollout

CalBank – Digital Strategy

Infrastructure

- Enhance IT infrastructure with the completion of phase 2 of our DR site project with hybrid cloud services



Payments Platform

- Enhance our payment platforms especially the CalBank App with new features
- Relaunch internet banking and agent banking software
- Launch social banking project
- Launch the bank's platformisation drive

Automation

- Automate all internal processes.
- Create a 24-hour contact centre
- Fully automated 24-hour contact centre

THANK YOU

