

CalBank 3Q 2021
Results Presentation
November 2021



Disclaimer

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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



Barbara Banson
Chief Risk Officer



Thomas Boansi-Sarpong
Chief Financial Officer



Justina Laing
Group Head Corporate



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

Financial Results

Our Strategy

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.
 - ~3,102,396 Ghanaians vaccinated currently
 - 2,435,881 have received first dose only
- Ghana is set to receive 1.3mn Pfizer vaccines from the USA. This is in addition to some 1.2 million Moderna vaccines the US donated earlier this month.
- ~5.0 million Sputnik V doses expected before December 2021

Total Cases*	Recovered	Active Cases	Total Deaths
130,077	127,121	1,781	1,175

*As at 24 Oct, 2021

Frontline Members Of
Legislature, Executive
& Judiciary

Persons Aged
Over 60

All Health
Care
Workers

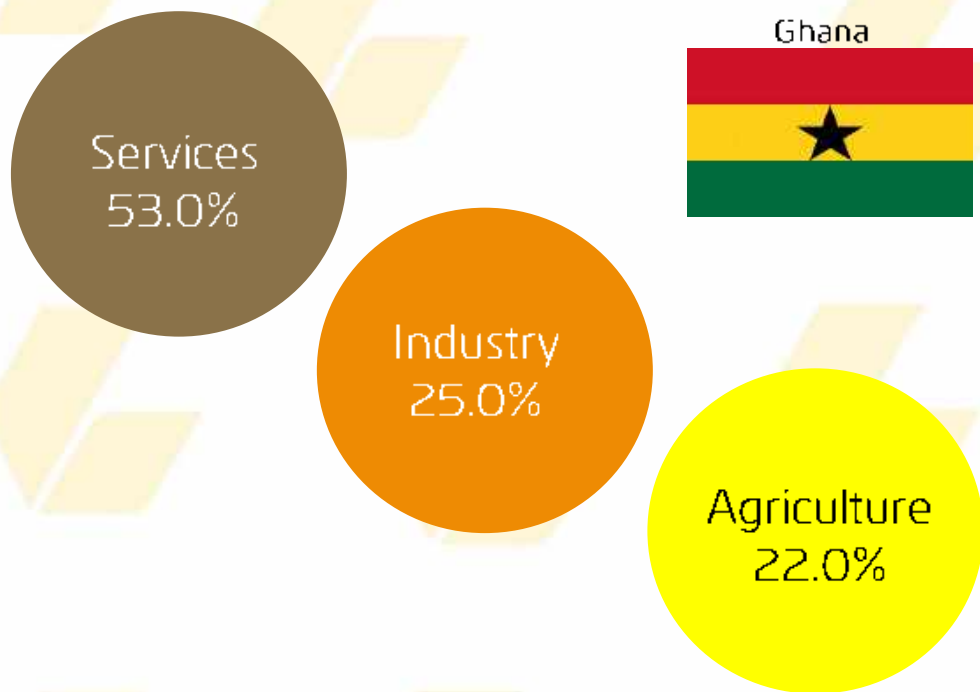
Persons
With
Underlying
Health
Conditions

Frontline
Security
Personnel



Macroeconomic overview

SECTOR CONTRIBUTION TO GDP – Q1 2021

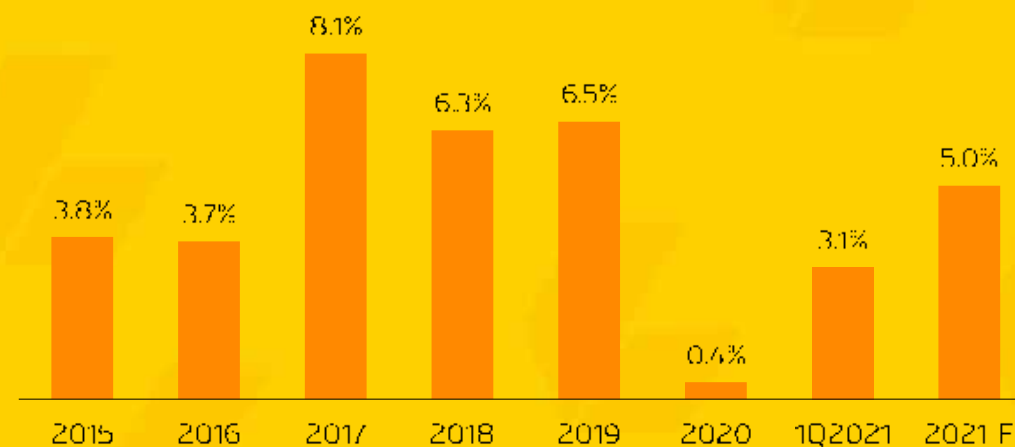


Finance and Insurance sectors contribute 4.8% to Services industry

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

GDP GROWTH RATE

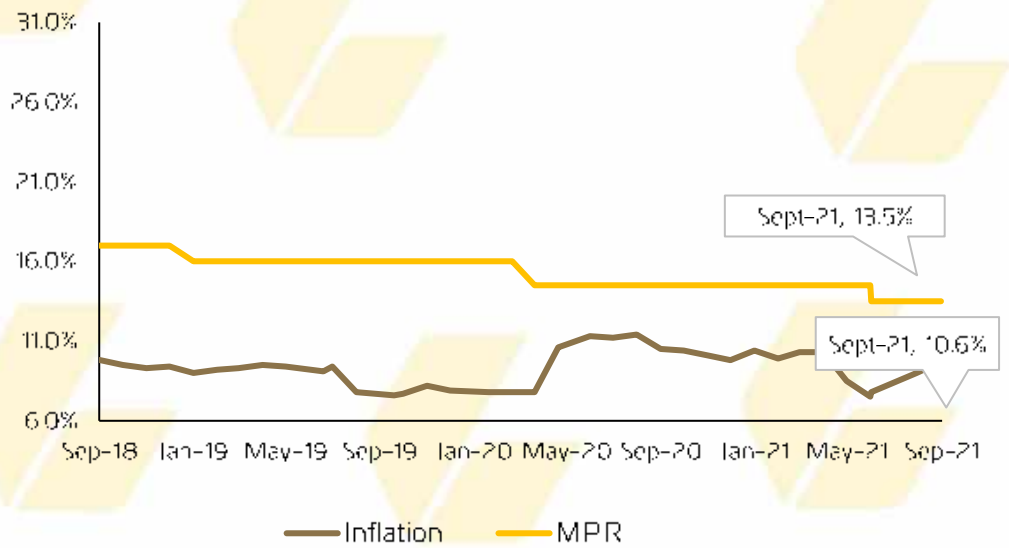
Real GDP is projected to average at 5.0% for the medium term (2021 – 2024)



Macroeconomic overview

MONETARY POLICY AND INFLATION RATES

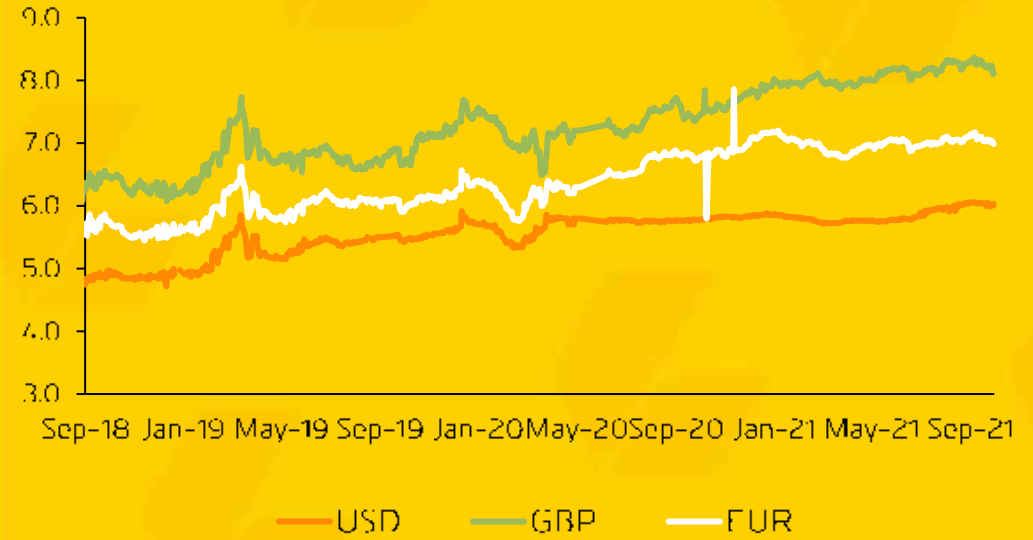
Relaxed monetary policy due to COVID-19
 Inflation is expected to continue to remain within the medium-term target band of 8.0%±2.0%, but closer to the upper limit in the near-term, barring further unexpected shocks



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

EXCHANGE RATE

The Cedi closed 3Q2021 with a modest depreciation of 1.81% to the dollar, lower than the 2.96% depreciation recorded during the same period in 2020. The Ghana cedi also depreciated by 1.6% against the Pound Sterling but appreciated by 2.7% against the Euro over the same period



Macroeconomic indicators

INFLATION RATE

SEPT. 2020	SEPT. 2021	Y/Y	
10.4	10.6	0.2	↑
PERCENT	PERCENT	PERCENTAGE POINTS	

MONETARY POLICY RATE

SEPT. 2020	SEPT. 2021	Y/Y	
14.5	13.5	1.0	↓
PERCENT	PERCENT	PERCENTAGE POINTS	

GHANA REFERENCE RATE

SEPT. 2020	SEPT. 2021	Y/Y	
14.8	13.5	1.3	↓
PERCENT	PERCENT	PERCENTAGE POINTS	

INTEREST RATES 91-DAY BILL

AUG. 2020	AUG. 2021	Y/Y	
14.0	12.3	1.5	↓
PERCENT	PERCENT	PERCENTAGE POINTS	

PUBLIC DEBT (USD BN)

JUL. 2020	JUL. 2021	Y/Y	
46.4	57.9	11.5	↑
		PERCENTAGE POINTS	

FISCAL DEFICIT

JUL. 2020	JUL. 2021	Y/Y	
7.4	6.1	1.3	↓
PERCENT OF GDP	PERCENT OF GDP	PERCENTAGE POINTS	

Macroeconomy – Public sector debt and import cover

Trade Balance (USD)

DEC. 2020	AUG. 2021	CHANGE
2.0	0.9	55.0 ↓
Billion	Billion	

Gross International Reserves (USD)

DEC. 2020	AUG. 2021	CHANGE
8.6	11.4	32.6 ↑
Billion	Billion	

Import Cover

DEC. 2020	AUG. 2021	CHANGE
4.0	5.2	30.0 ↑
Months	Months	

Trade balance as at August 2021 amounted to ~USD 0.9 billion.

Gross International Reserves (GIR) grew by 32.6% to ~USD 11.4 billion as at August 2021.

GIR in August 2021 improved to 5.2 months of import cover, compared to 4.0 months of import cover in December 2020.

Macroeconomics – Key Developments

LATEST MPC MEETING DECISIONS

- ❖ MPC meeting held 22nd – 24th Sept., 2021 and maintains the MPR at 13.5 %
- ❖ The banking sector remains strong with sustained growth in total assets, investments and deposits. Profitability levels remain high, with profit growth driven by increased income growth
- ❖ Bolstered by strong capital and liquidity buffers, banks are expected to withstand mild to moderate credit risk shocks emanating from deterioration in asset quality

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.

AGENDA

Economy & Key Developments

Banking Sector

Business Update

Financial Results

Our Strategy

Banking Sector Overview

BANKING SECTOR INDICATORS

Positive trends in key banking sector indicators and commodity prices

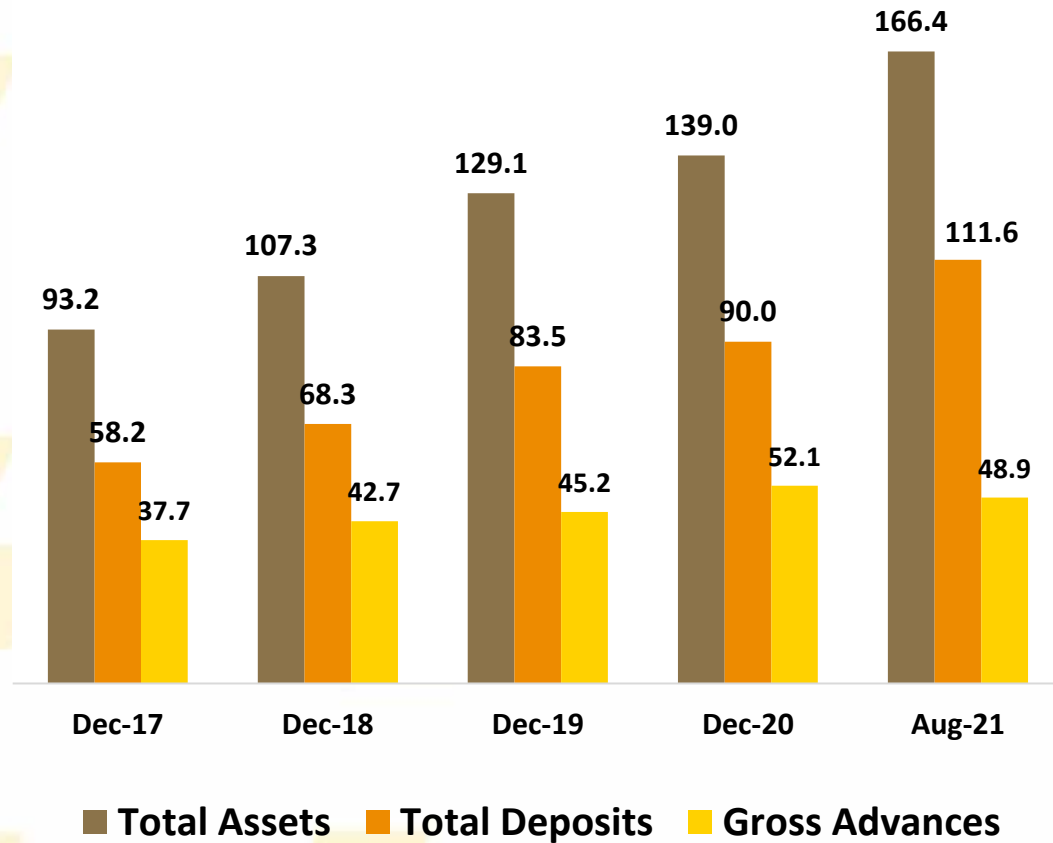
COMMODITY PRICES USD

INDICATOR	Aug. 2021	Aug. 2020	% Chg.
<u>Key Ratios</u>			
CAR	20.7%	20.9%	1.0%
NPL	17.3%	15.5%	11.6%
RoE	21.0%	21.4%	1.9%
RoA	4.6%	4.2%	9.5%
	(GHS bn)	(GHS bn)	
Total Assets	166.46	142.6	16.7%
Loans	48.9	45.0	8.7%
Deposits	111.6	91.6	21.8%

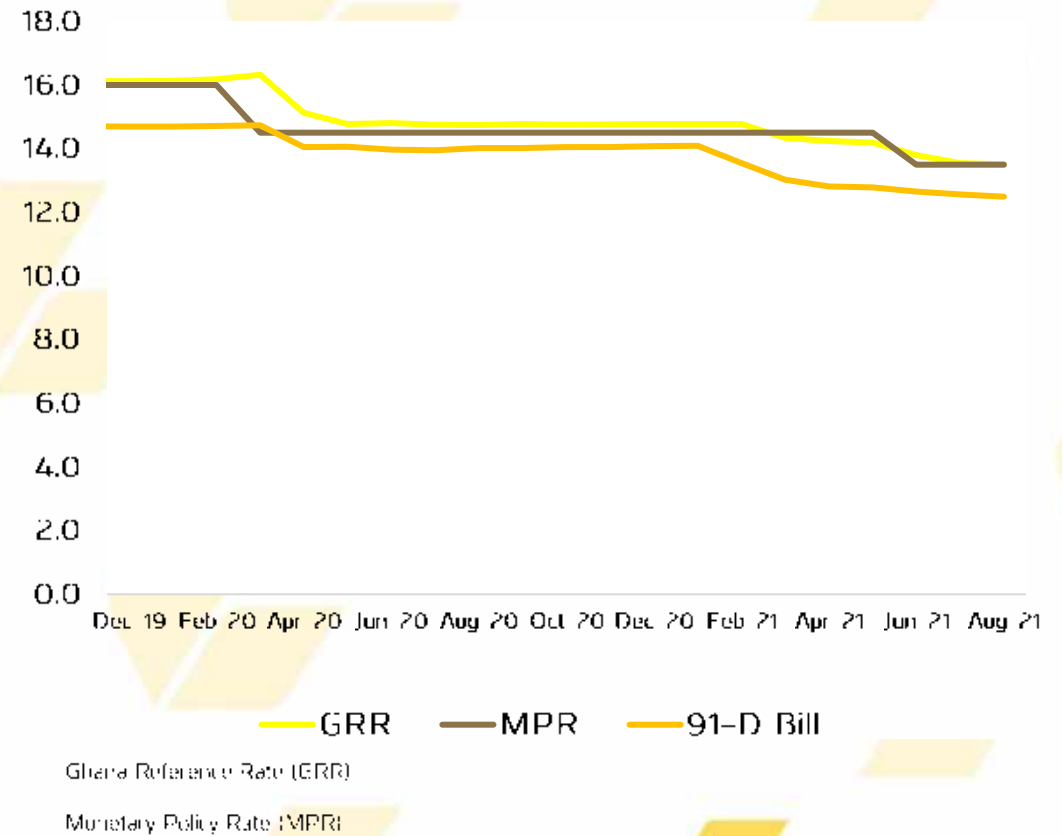
Commodity	Price Aug. 2021	Price Aug. 2020	% Chg.
Gold/ounce	1,785.7	1,971.1	9.4%
Cocoa/ton	2,555.9	2,482.1	3.0%
Crude oil/barrel	70.5	45.0	56.7%

Banking Sector Overview

KEY INDICATORS GHS (MN)



AVERAGE INTEREST RATE (%)

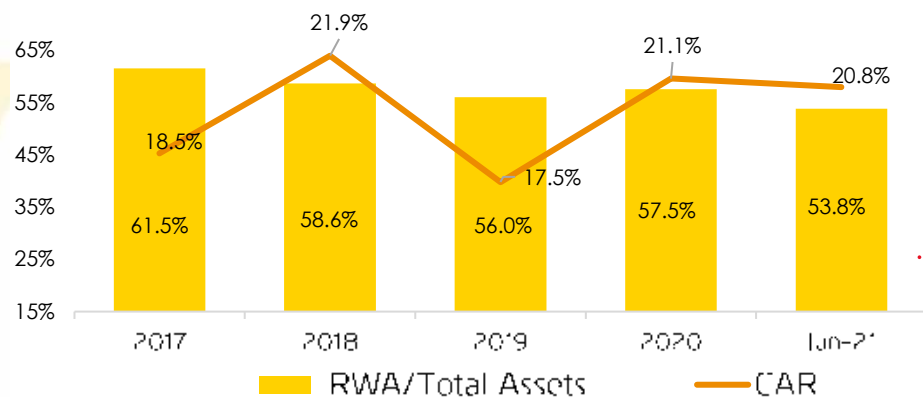


Source: Bank of Ghana, Summary of Economic and Financial Data

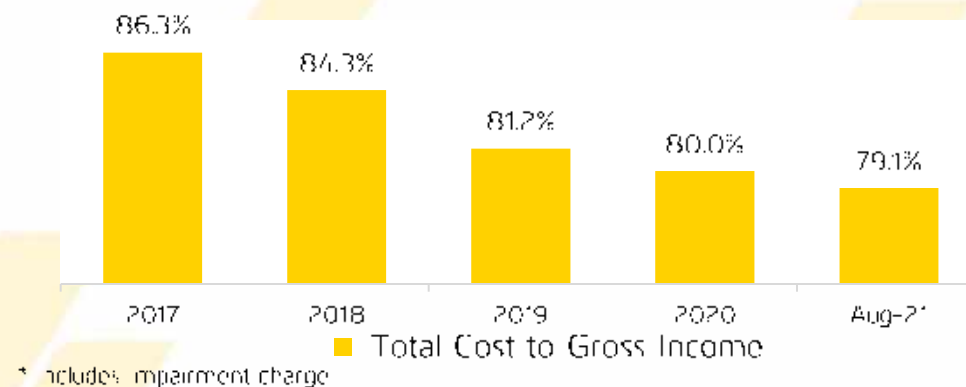
Banking sector financial soundness indicators (FSI)

Key FSIs remain stable in 3Q2021, despite COVID-19

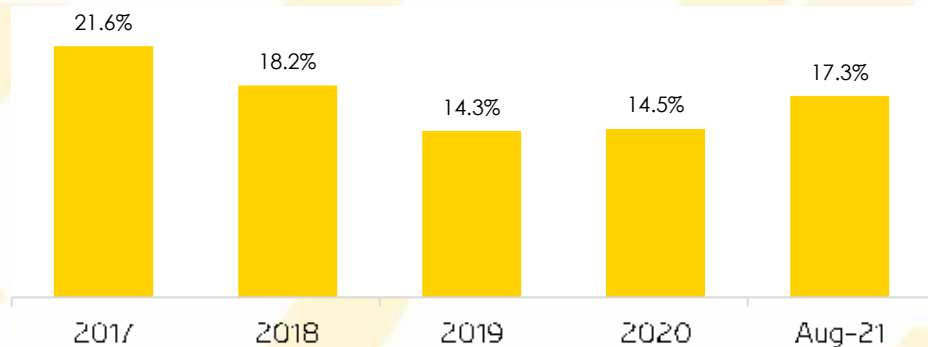
SOLVENCY



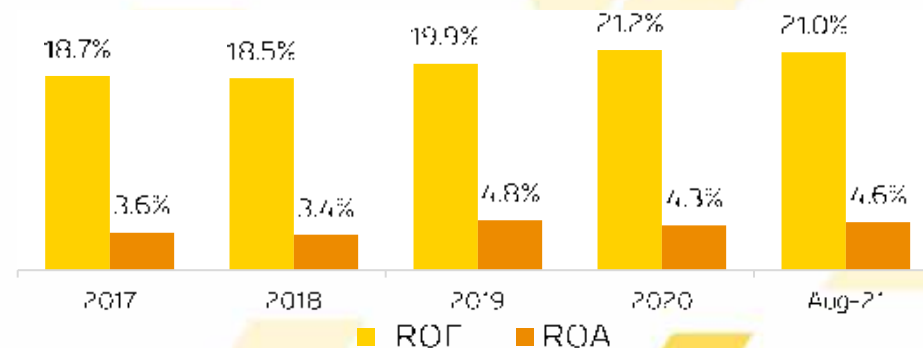
EFFICIENCY*



NON-PERFORMING LOAN RATIO (%)



RETURNS

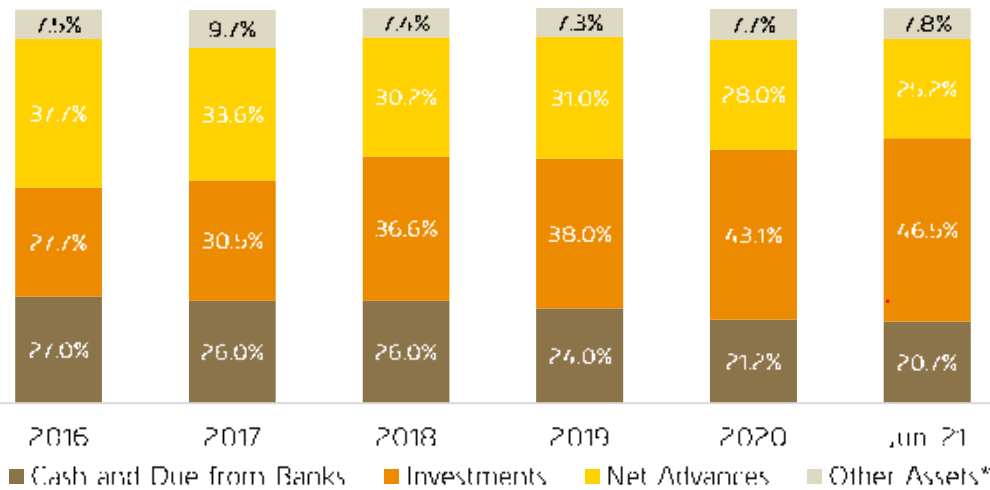


Source: Bank of Ghana, Summary of Economic and Financial Data

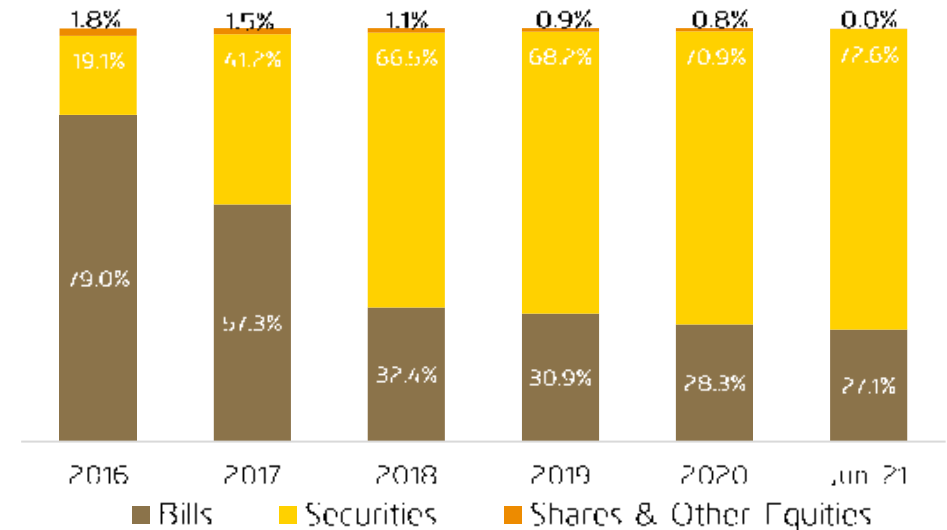
Credit analysis of banking sector

Trend towards investment and fewer loans

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

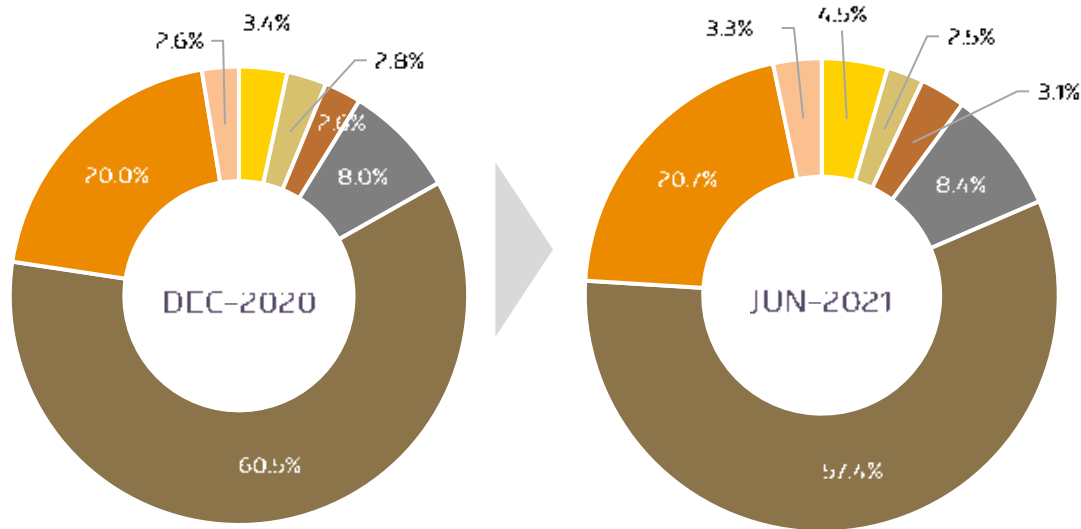


Investment portfolio mix of banks shifting towards longer-dated government securities



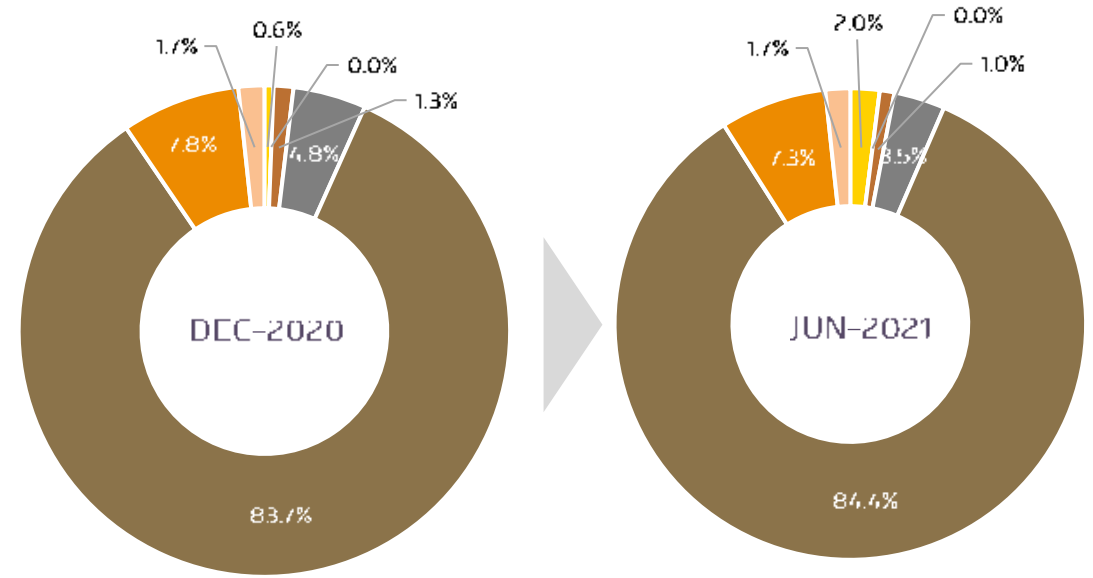
Credit analysis of banking sector

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

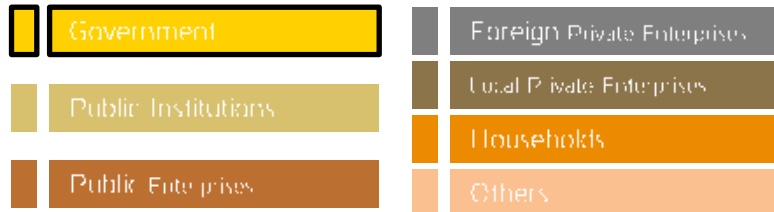


SHARE OF TOTAL CREDIT

Local private enterprises are the largest contributor to NPLs



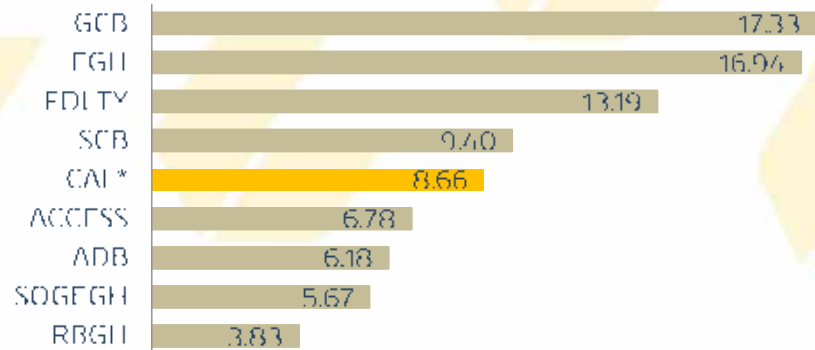
SHARE OF NPLs



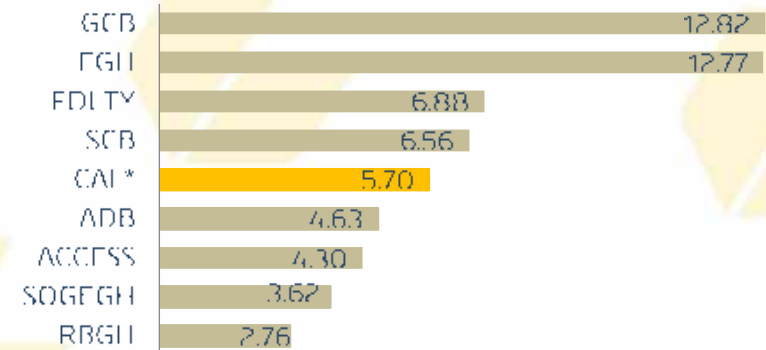
Competitor Benchmarking (1/2)

CalBank performed relatively well across key metrics in 3Q 2021

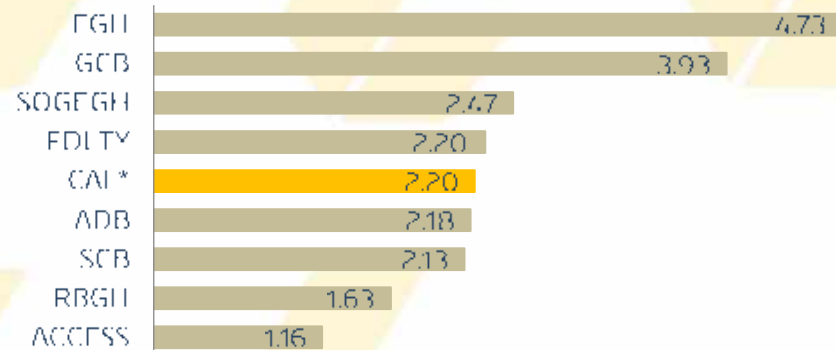
TOTAL ASSETS (GHS BN)



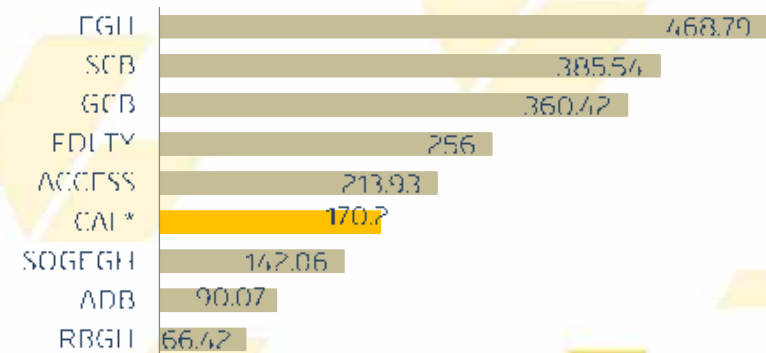
CUSTOMER DEPOSITS (GHS BN)



LOANS & ADVANCES (GHS BN)



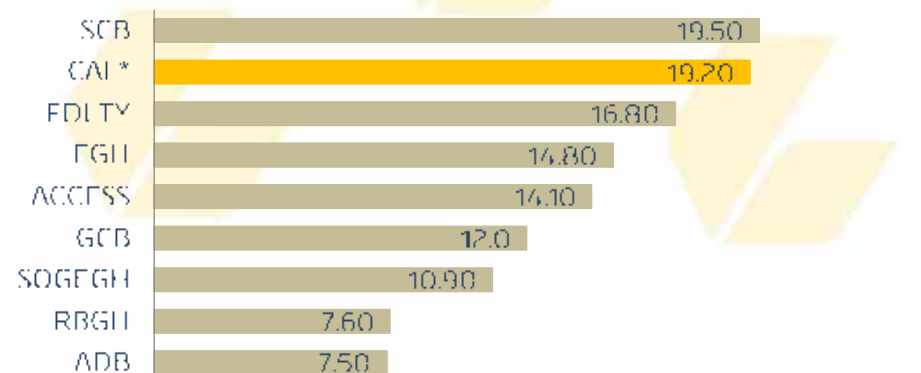
NET PROFIT (GHS MN)



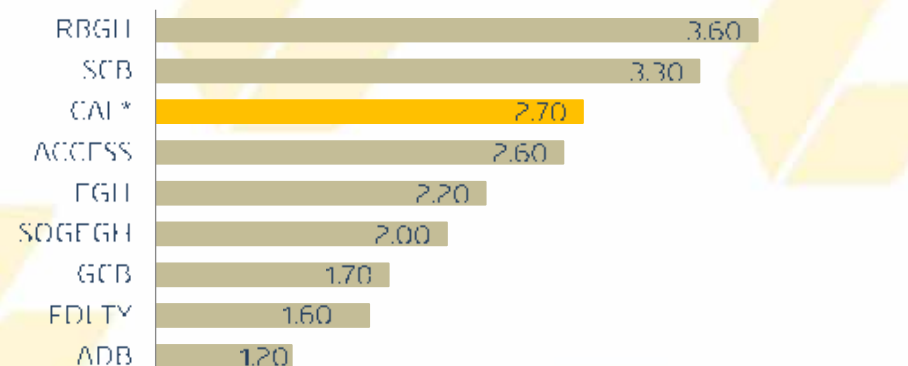
Competitor benchmarking (2/2)

CalBank performed relatively well across key metrics in 3Q2021

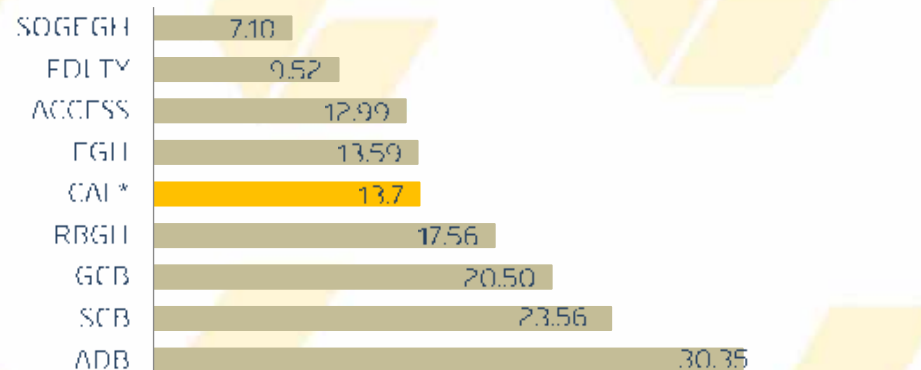
ANNUALISED RETURN ON AVERAGE EQUITY (%)



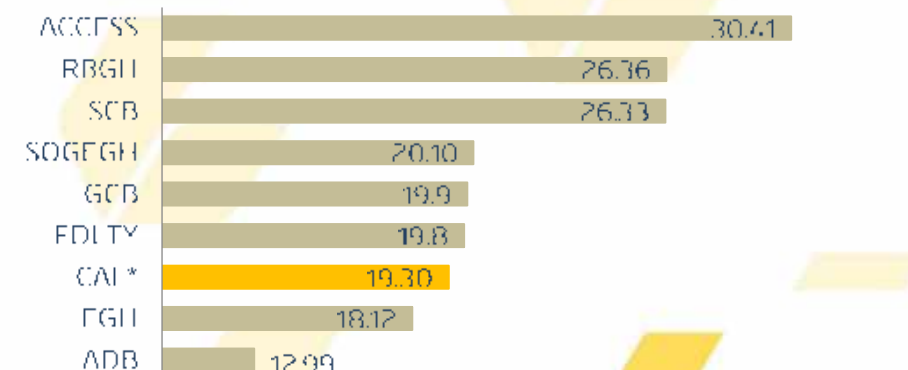
ANNUALISED RETURN ON AVERAGE ASSETS (%)



NON-PERFORMING LOAN RATIO (%)



CAPITAL ADEQUACY RATIO (%)



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Banking Sector

Business Update

Financial Results

Our Strategy

CalBank | At a Glance

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

Branches

31

In 4 regions of Ghana:
Greater Accra, Western,
Ashanti and Northern
regions.

ATMs

107

70 at Outstations & 37 at
Branches.

Professional Staff

850

483 Males; 367 Females

MARKET STATISTICS¹

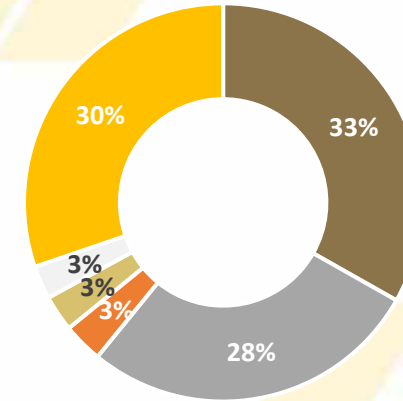
Current Share Price (GHS)	0.76
Market Capitalization (GHS mn)	476.20
YTD Performance	10.14%
52-Week High (GHS)	0.84
52-Week Low (GHS)	0.60

Source: Company Filings, Bloomberg,
1As at 1st Nov, 2021

MISSION

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

SHAREHOLDING STRUCTURE



■ SSNIT ■ Arise BV ■ Allan Gray ■ Kuwait Inv. ■ Frank Adu ■ Others

SERVICES AND ONLINE PRESENCE

Products & Services

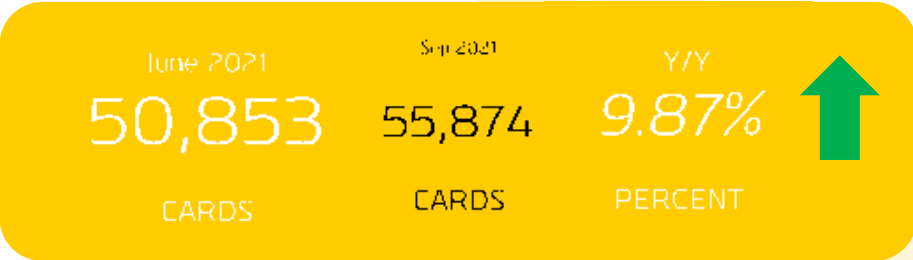
- ✓ CalBank Kiddysave Account
- ✓ Home Invest Account
- ✓ CalBank Premium Account
- ✓ CalBank Mortgage
- ✓ CalBank Gov. Employee loan
- ✓ CalBank Auto loan

Online & CalBank App

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

Client Franchise

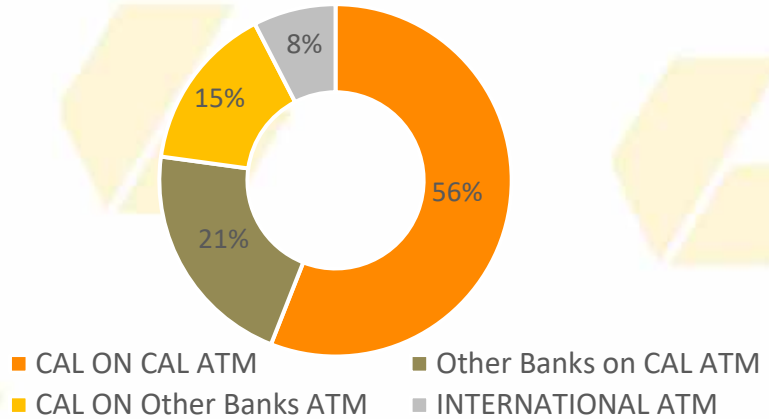
ACTIVE CARDS IN USE - JUNE 2021



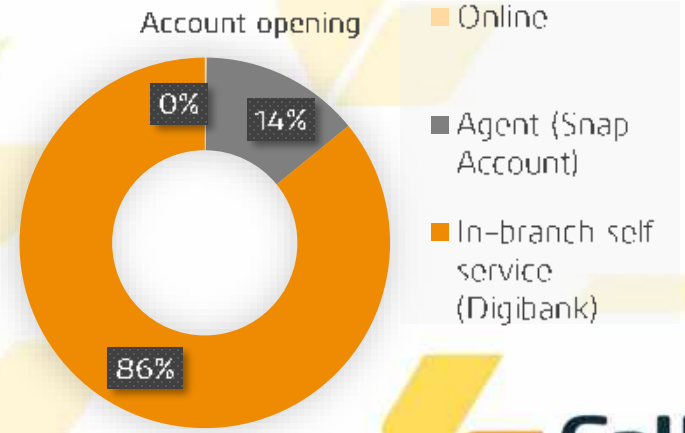
ACTIVE CUSTOMER BASE JUNE 2021



ACTIVE CARDS USAGE PROFILE SEP 2021



ACCOUNT OPENING PROFILE SEP 2021



Sources: CB Research, State of Global Banking Report, 2021
 *Online Account and Other Assets (not used for total)

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

JUN. 2021	SEPT. 2021	Y/Y
1,105,999	1,812,232	63.85%
TRANSACTIONS	TRANSACTIONS	

MOBILE APP PERFORMANCE – GHS VALUE

JUN. 2021	SEPT. 2021	Y/Y
790,793,509	1,297,391.14	64.06%
GHS VALUE	GHS VALUE	

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

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Business Update

Financial Results


Our Strategy


CalBank Group Highlights – 3Q2021


 10.0%
Net interest income
GHS 357mn


 100.9%
Non-funded income
GHS 199mn


 20.9%
Profit after tax
GHS 170mn

 18.1%
Loans and advances
GHS 2.2bn

 37.5%
Total deposits
GHS 5.7bn

 13.9%
Total assets
GHS 8.7bn


 1.5bps
Capital Adequacy Ratio
19.3%

 4.7bps
NPL ratio
13.7%

CalBank Group Highlights – 3Q2021

 2.7%
Return on Average Assets

 19.2%
Return on Average Equity

 32.1%
Net impairment loss

 GHS 0.11
Dividend per share

 45.2%
Cost-to-Income ratio

 2.6%
Cost of Risk

Summarized Group Income Statement – 3Q2021

Amount in GHS thousands	3Q2021	3Q2020	3Q2019	YoY
Interest Income	723,366	697,257	649,170	3.7%
Interest Expense	(366,858)	(300,985)	(273,700)	(21.9%)
Net Interest Income	356,508	396,272	375,470	(10.0%)
Net Fees and Commissions	29,767	22,066	29,068	34.9%
Net Trading Income	158,344	74,926	28,288	111.3%
Other Operating Income	11,057	2,144	9,824	415.7%
Operating Income	555,676	495,408	442,650	12.2
Net Impairment Loss	(48,780)	(71,810)	(58,454)	32.1%
Total Operating Expense	(300,044)	(292,823)	(190,324)	(2.5%)
Profit Before Tax	255,632	202,585	193,872	26.2%
Income Tax Expense	(85,418)	(61,824)	(58,467)	(38.2%)
Profit After Tax	170,214	140,761	135,405	20.9%

3Q2021 Highlights

- Net interest income decreased by 10.0% compared to the same period last year, resulting from a 30.5% decrease in interest from loans and advances. The decrease in interest on loans and advances is partly attributable to a 12.9% reduction in gross loans due to the sell down of some significant loans in the last quarter of 2020, and partly due to a drop in the Ghana Reference Rate (GRR) from 14.77% in September 2020 to 13.46% at the end of September 2021. The drop in the GRR consequently affected the yield on loans and advances during the review period.
- Net commissions and fees increased by 34.9% against prior year on account of increased activities in the bank's electronic banking services. Net trading income and other income grew by over 119.8% when compared to prior-year primarily driven by significant increases in fixed income trading activities.
- Income tax expense for the period increased by 38.2% compared to the same period last year albeit profit before tax increased by 26.2% for the same period. The increase in the tax expense is attributable to the introduction of the 5% Financial Sector Recovery Levy on the profit before tax of banks.

Summarized Group Balance sheet – 3Q2021

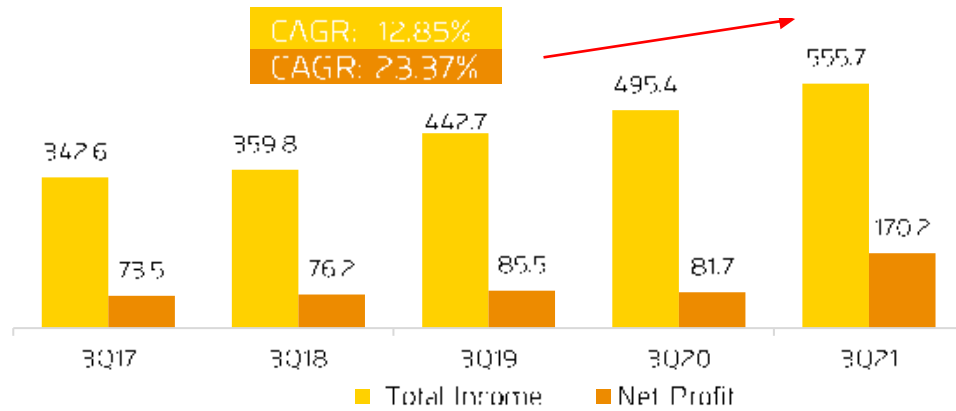
Amount in GHS thousands	3Q2021	3Q2020	3Q2019	YoY
Cash and Cash Equivalents	1,003,108	506,510	707,269	98.0%
Investment Securities	2,844,520	3,437,108	3,429,614	(17.2%)
Loans and Advances to Customers	2,203,804	2,692,446	2,477,155	(18.1%)
Non-pledged Trading Assets	1,788,410	170,123	29,176	951.2%
Other Assets	407,672	366,128	132,461	(11.3%)
Fixed Assets	411,153	426,810	436,231	(3.7%)
Total Assets	8,658,667	7,599,125	7,211,906	13.9%
Total Deposits	5,702,241	4,148,421	3,843,688	37.5%
Borrowings	1,466,724	2,140,674	2,289,376	(31.5%)
Other Liabilities	256,106	250,301	184,890	2.3%
Shareholders' Equity	1,233,600	1,059,729	893,949	16.4%
Total Liabilities and Shareholders' Equity	8,658,667	7,599,125	7,211,906	13.9%

3Q2021 Highlights

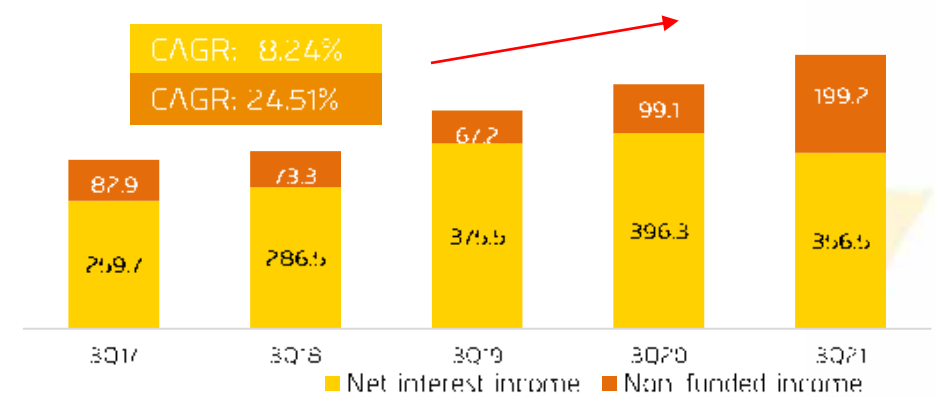
- The balance sheet remained robust, with total assets of the group increasing from GHS7.6 billion to GHS8.7 billion. This represents an increase of 13.9% during the review period and funded by the significant increase in deposits of 37.5%.
- Total Deposits increased from 4.1 million to 5.7 million representing 37.5%, resulting from significant deposits from some key customers and the positive outcome of the deposit mobilization drive through the bank's electronic channels.
- Compared to the prior year, borrowings decreased by 31.5%, resulting from the repayments of some significant short-term borrowings.

Operating Performance & Profitability (1/2)

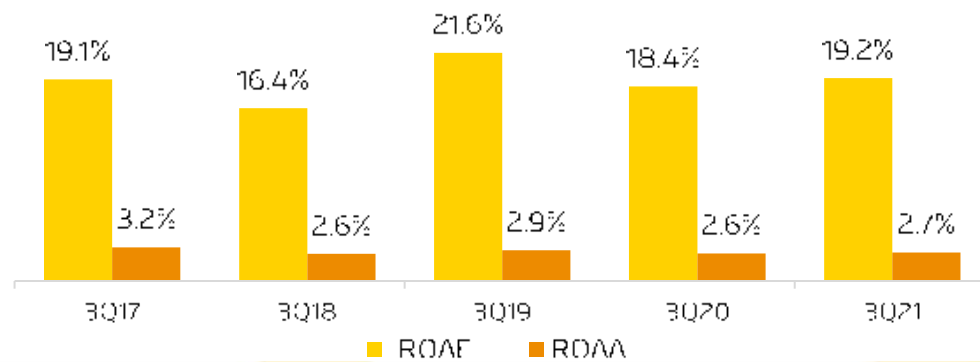
RESILIENT PROFITABILITY (GHS MN)



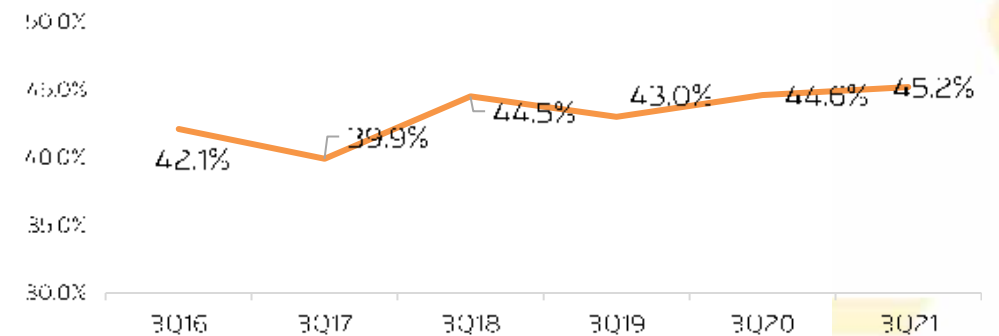
OPERATING INCOME COMPOSITION (GHS MN)



RETURNS (%)

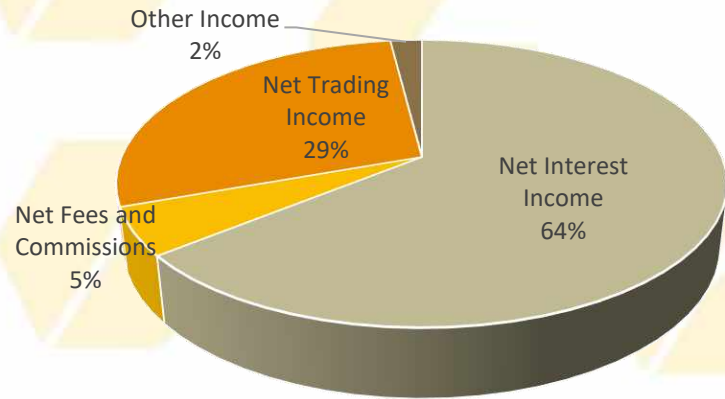


COST-TO-INCOME (%)

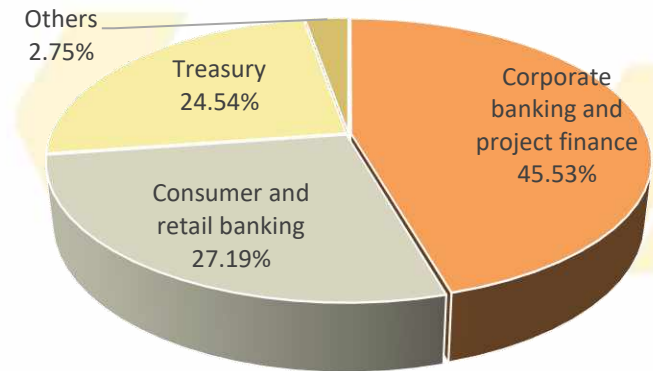


Operating Performance & Profitability (2/2)

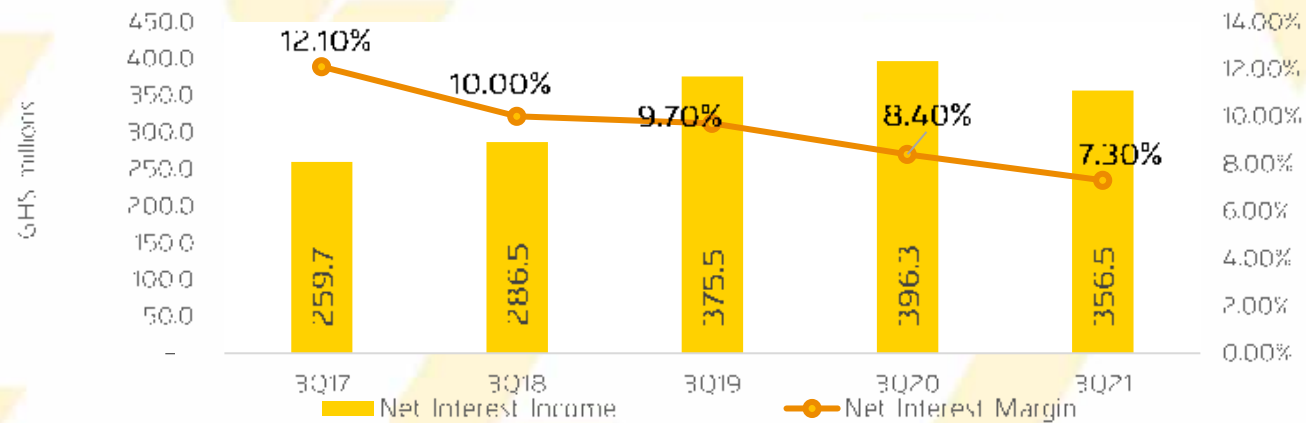
3Q2021 OPERATING INCOME BY TYPE



3Q2021 OPERATING INCOME BY BUSINESS LINE (%)

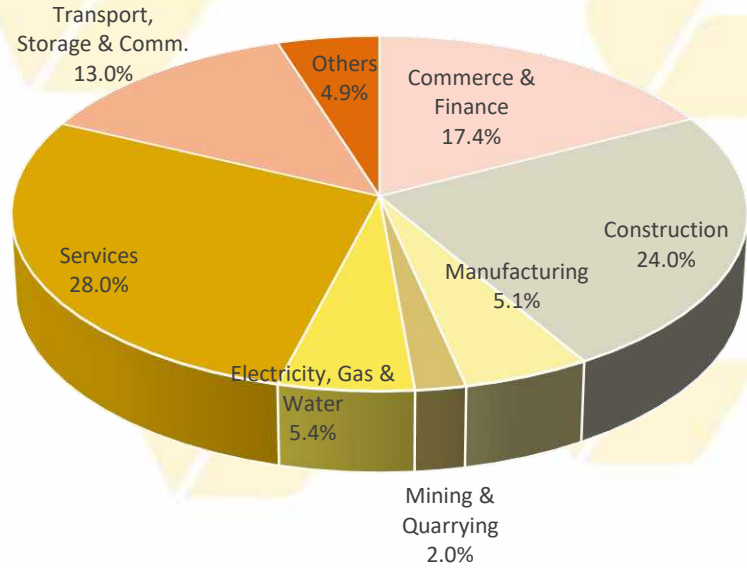


NET INTEREST INCOME AND MARGIN
(NII in GHS MILLIONS / NIM in %)

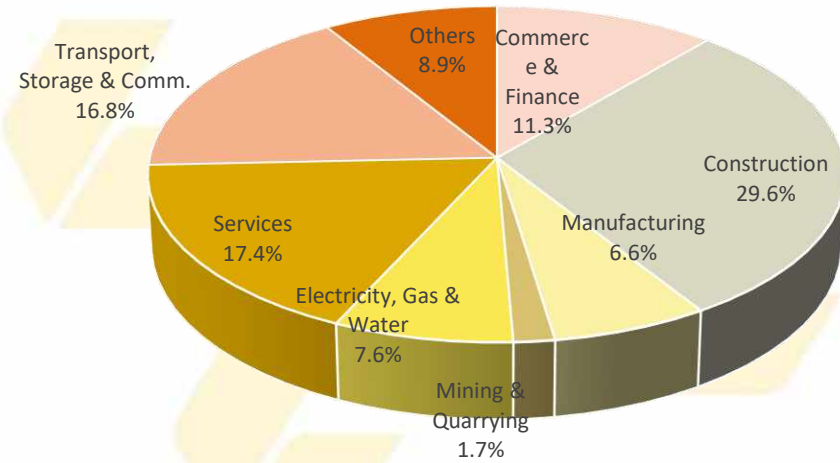


Balance sheet parameters

LOAN BOOK DISTRIBUTION BY SECTOR (3Q2020)

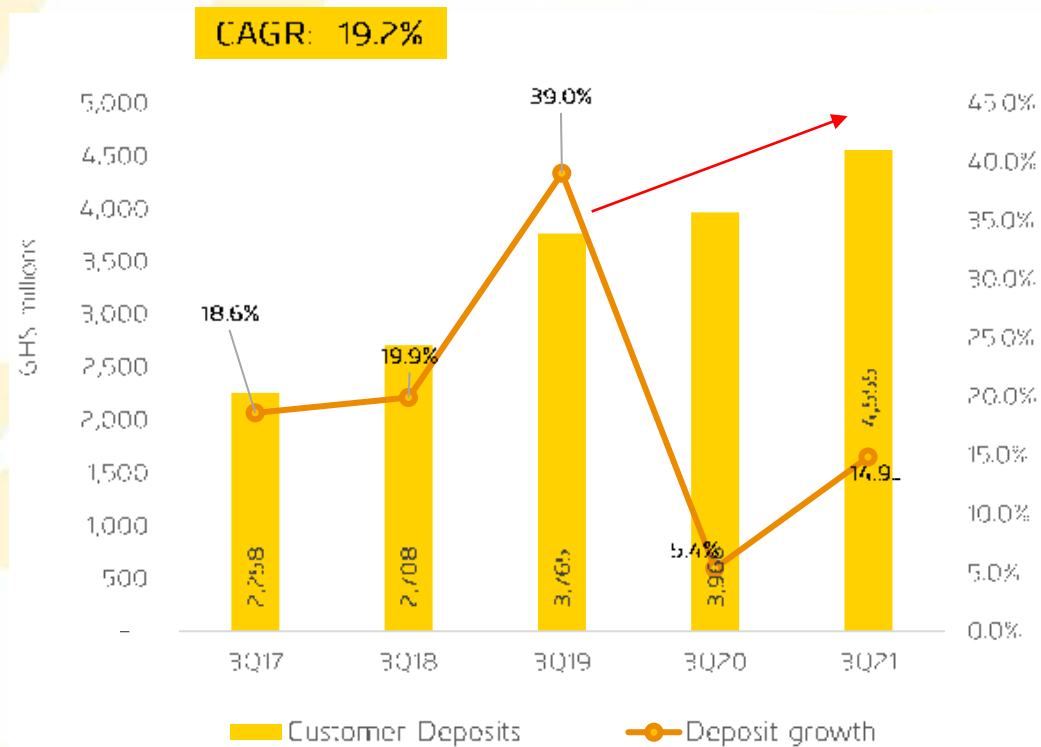


LOAN BOOK DISTRIBUTION BY SECTOR (3Q2021)

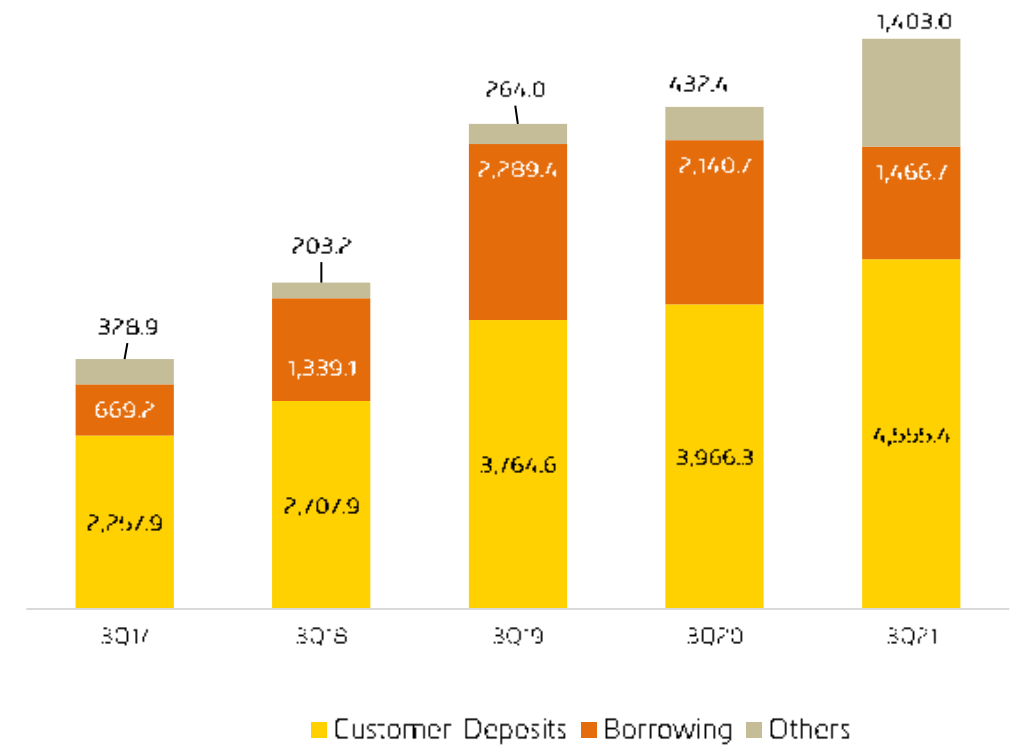


Funding and Liquidity Positions

CUSTOMER DEPOSITS (GHS MN)

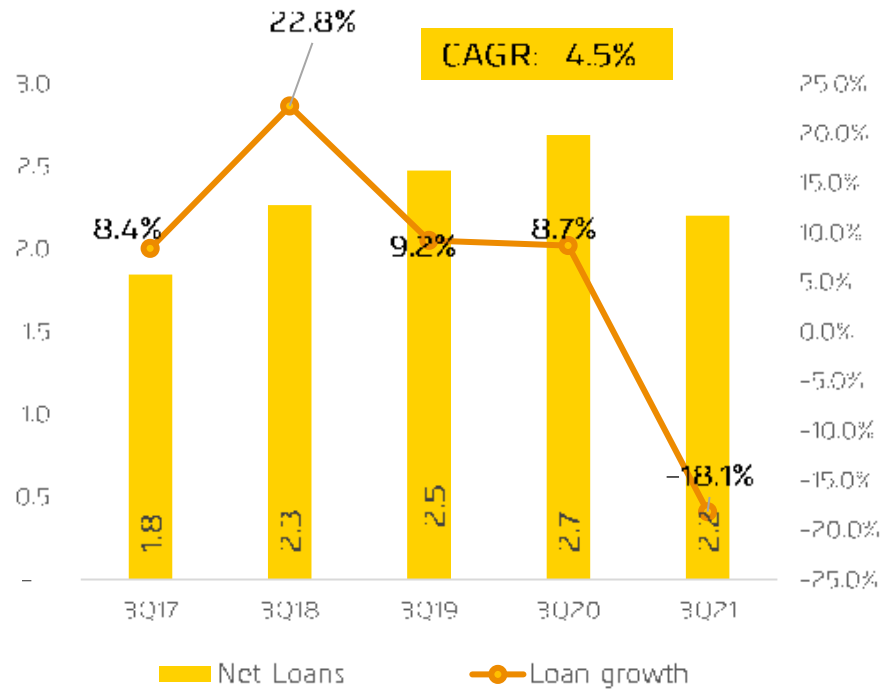


FUNDING MIX (GHS MN)

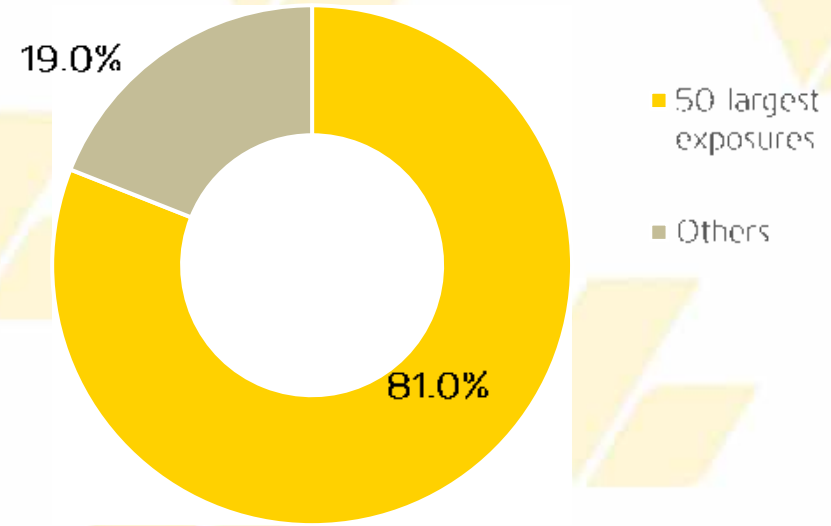


Balance sheet parameters

NET LOAN PORTFOLIO (GHS BN)

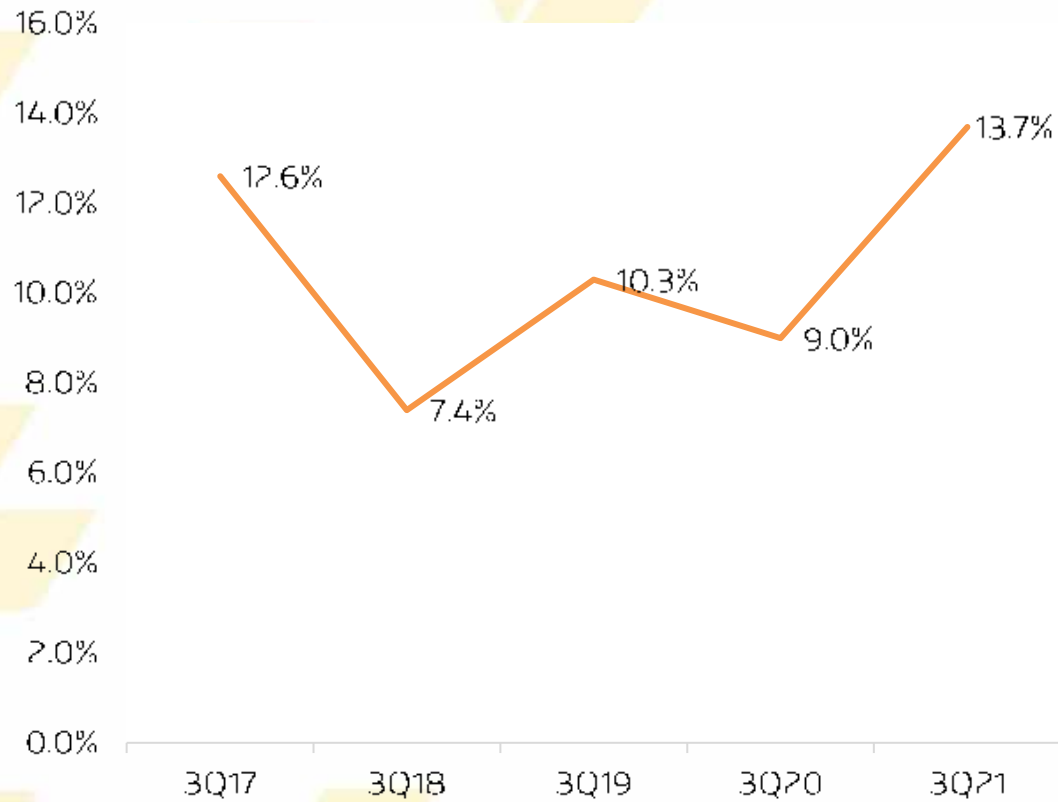


3Q2021 LOAN CONCENTRATIONS

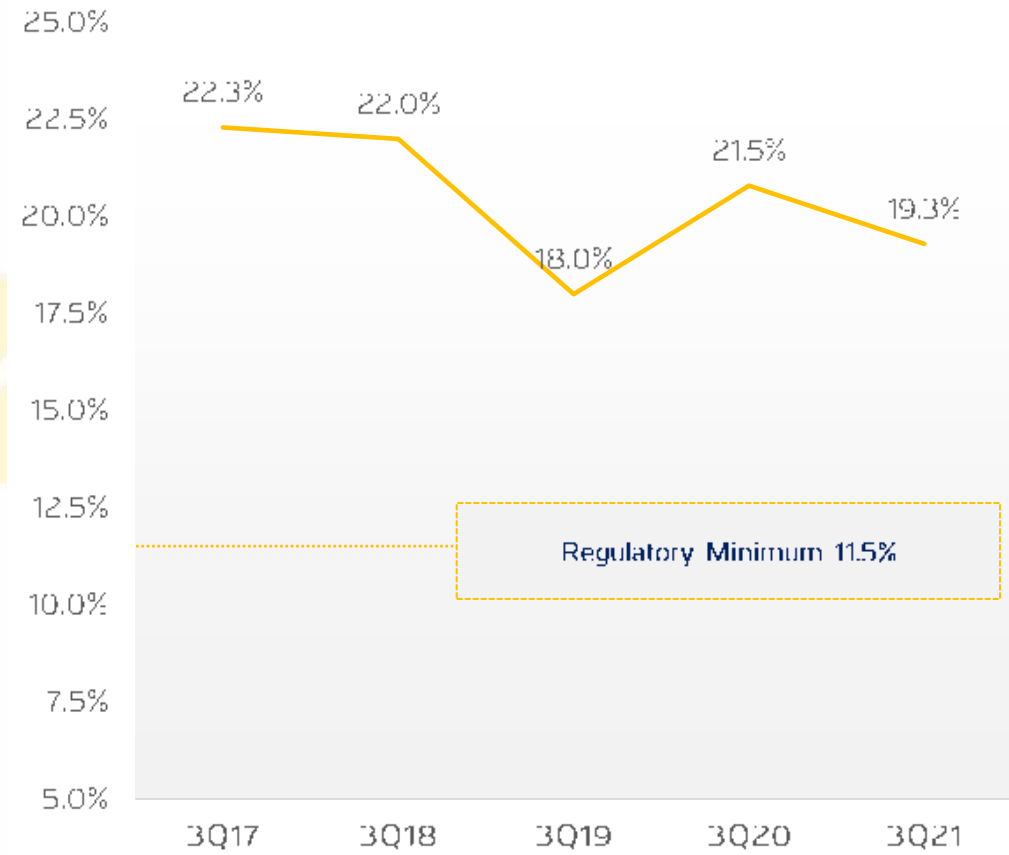


Capitalization and Asset Quality

NON-PERFORMING LOANS RATIO

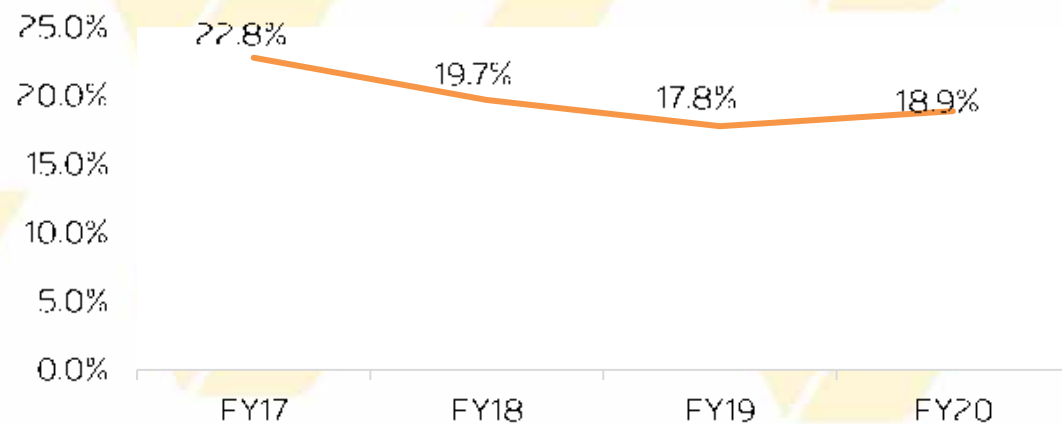


CAPITAL ADEQUACY RATIO

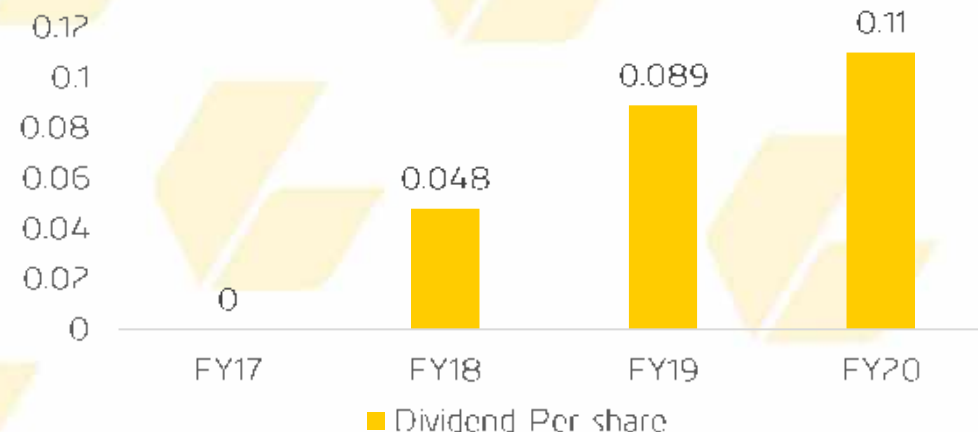


Return and Dividend YoY

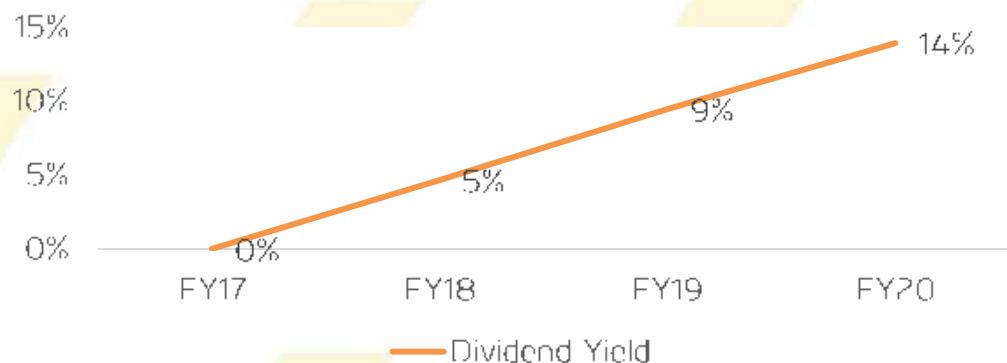
RETURN ON EQUITY (%)



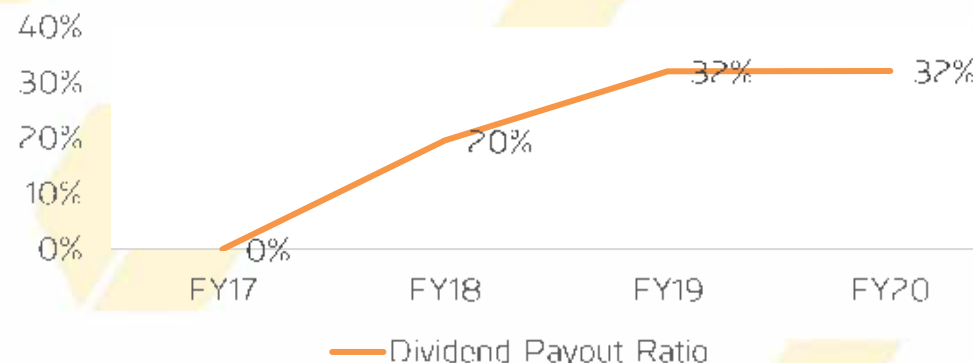
DIVIDEND PER SHARE (GHS)



DIVIDEND YIELD (%)

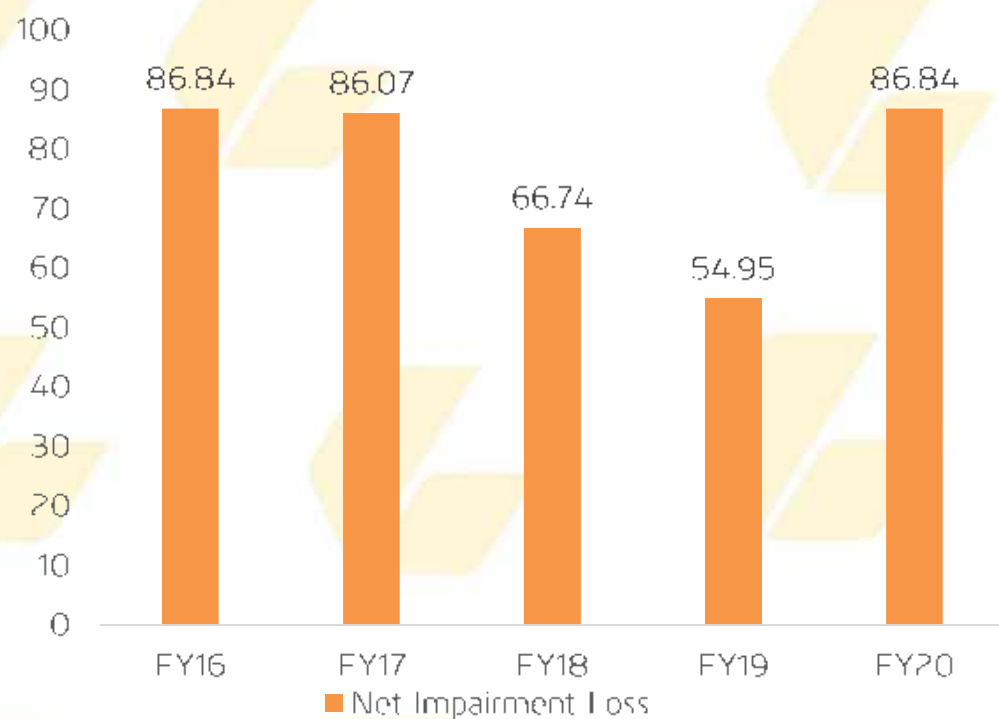


DIVIDEND PAYOUT RATIO (%)

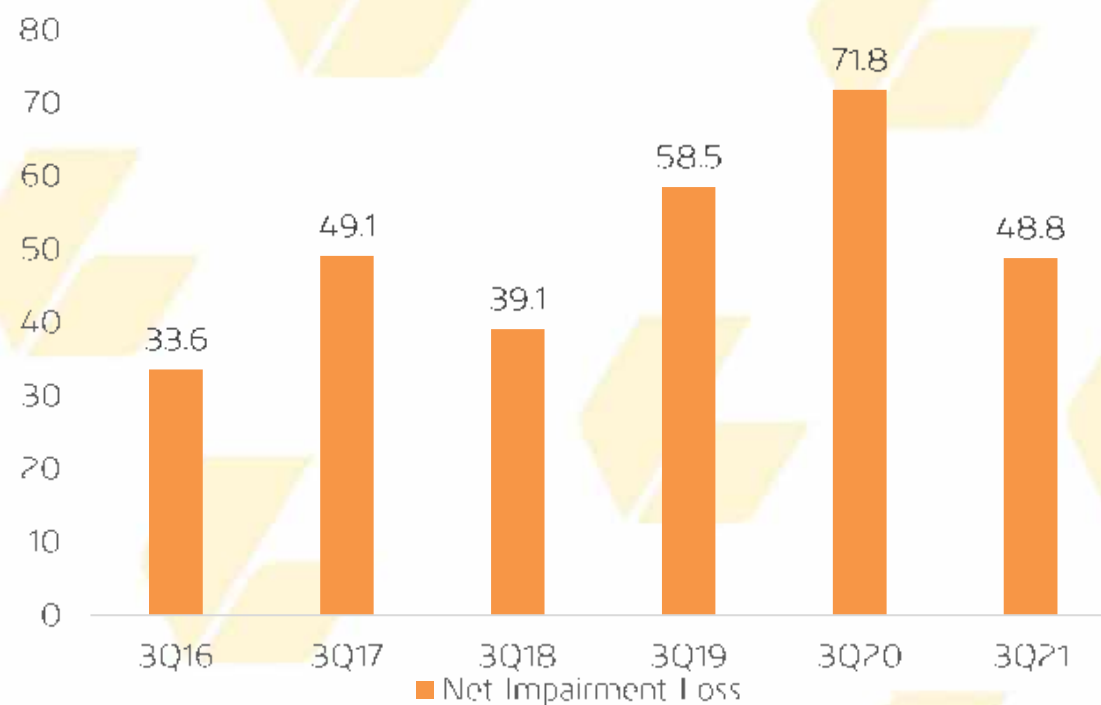


Credit Impairment Charges

NET IMPAIRMENT LOSS YOY (GHS mn)



NET IMPAIRMENT LOSS YOY (GHS mn)



AGENDA

Economy & Key Developments

Banking Sector

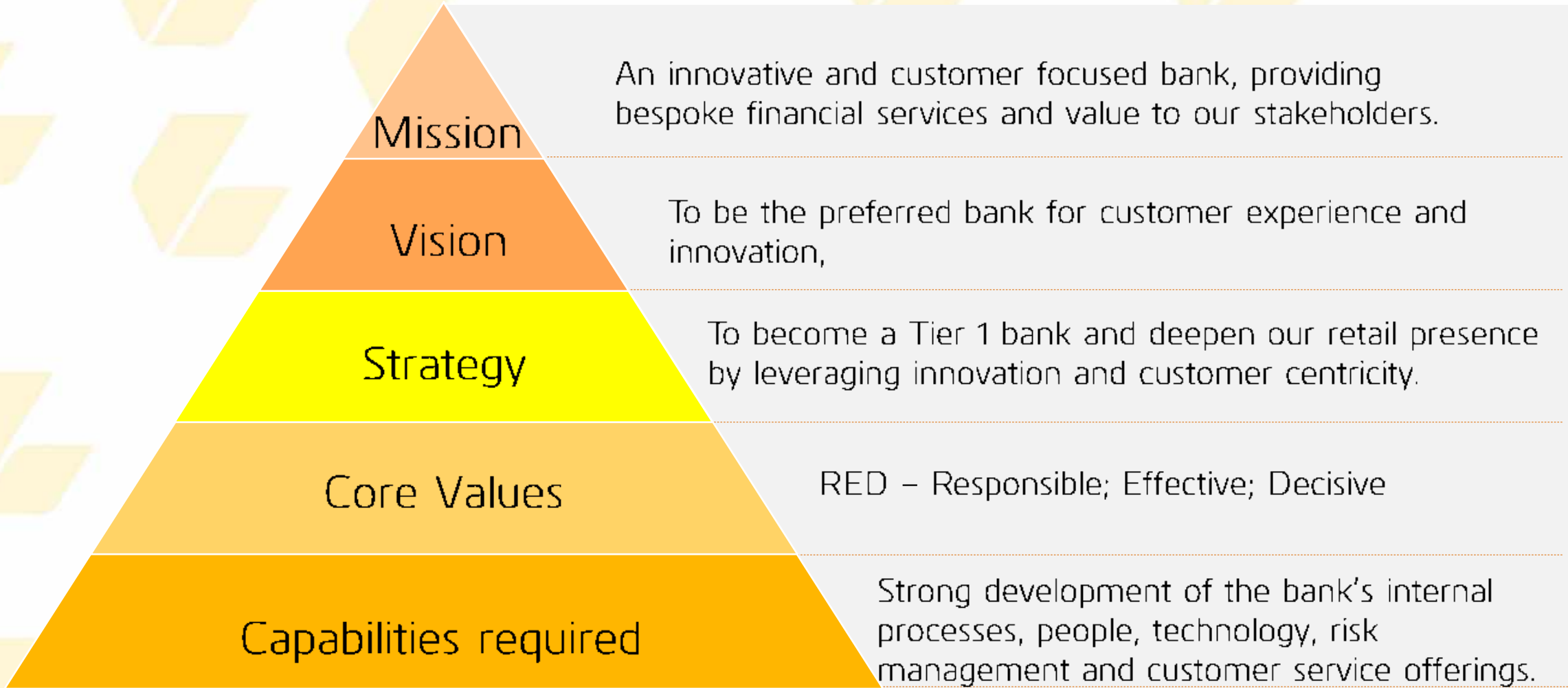
Business Update

Financial Results

Our Strategy

2021 | Our Strategic Priorities

"Our overarching strategy is to become a Tier 1 bank (measured by total assets) and deepen our retail presence by leveraging innovation and customer centricity"



2021 | Our Strategic Priorities and KPIs

We have remained resilient amid a global pandemic, thereby making some significant strides on our 3-year strategy. We however note that some gaps remain which we are working to address.

Our Corporate strategy

Our corporate group is made up of our corporate and institutional banking as well as corporate and project finance teams. We leverage our core capabilities to offer bespoke, value enhancing solutions to our corporate and institutional clients.

Our target market comprise non-bank financial institutions, government ministries and parastatals, schools and universities and other mid-large corporates.










We stay true to our indigenous nature to support the growth of the Ghanaian economy through provision of financial solutions across all economic sectors.

Our Consumer and Retail strategy

Our nascent consumer and retail banking offering has adopted a differentiation approach to the market.

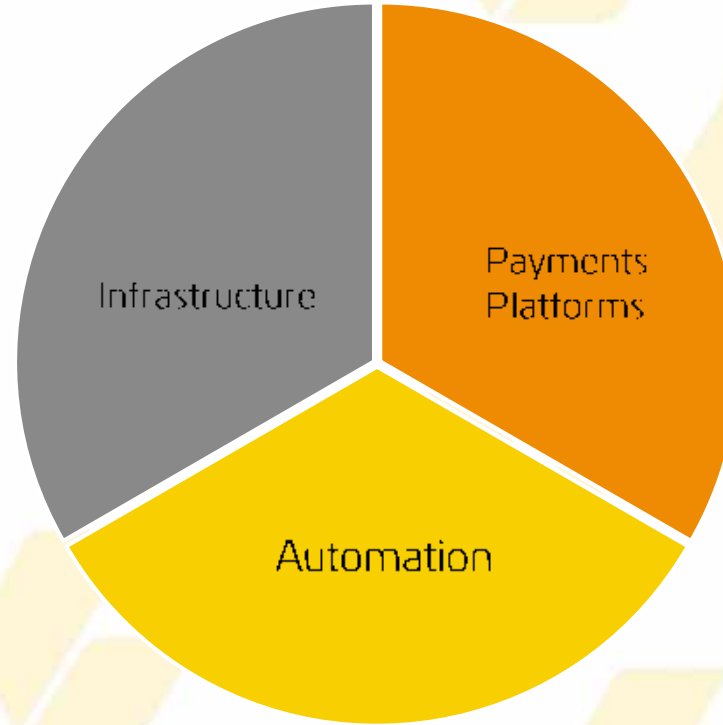
Our value proposition to our customers is to leverage data to understand consumers individual needs and proffer solutions through the use of digitisation, superior customer service and enhanced channels.

We target the mid-top tier retail customers and small to medium enterprises to grow our consumer and retail banking franchise.

	Sept 2021	Y-O-Y growth	Market share	Industry Rank
 Total Income GHSmn	577.76	12.2%	4.4%	8
 PBT GHSmn	247.65	26.2%	4.4%	10
 Total Assets	8.6	13.9%	5.2%	8
 Deposits GHSbn	5.7	37.5%	5.0%	9
 Loans GHSbn	2.2	(18.1%)	5.1%	7
 CIR %	45.2%			8
 ROA %	2.55%			13
 ROE %	18.23%			9
 NPL %	13.74%			

Infrastructure

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



Payments Platforms

- 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

