

CalBank Q1 2021 Results Presentation

Facts Behind the Figures

May 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.

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



Thomas Boansi Sarpong
Chief Finance Officer



Barbara Banson
Chief Risk Officer



Justina Laing
Group Head Corporate



Dzifa Amegashie
Head, Investor Relations



Brigid Ofosuhene
Head Strategy

AGENDA

Ghana : COVID-19 & the Economy

Operating Environment

Business Update

Financial Results

Our Strategy

Q & A

COVID-19 and the Ghanaian Economy (2020/2021)

Government Mitigation

Monetary Interventions

Fiscal Impact

- 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

- 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 by 2.0% to 8.0% .
- Bank Capital Conservation Buffer cut from 3.0% to 1.5%.
- "OLEM" Loan Provisioning cut from 10.0% to 5.0%
- Central Bank issues new dividend directive on 12th April 2021 stipulating various pre-conditions for any bank to declare dividends for FY 2020 and FY 2021.
- CalBank and other banks with adequate liquidity were given approval by BOG to pay FY 2019 and FY 2020 dividends.

- GDP growth rate for 2020 was 0.4% largely driven by the agricultural sector which grew by 7.4%
- Non-oil GDP growth rate for 2020 stood at 1.3%.
- Real GDP projected to grow at 5.0% in the medium term between 2021 and 2024
- Inflation contained at 10.4% within target band of 8.0% +/- 2.0%
- Fiscal deficit for 2020 revised upwards to 11.7% from the original target of 4.7%.
- Fiscal deficit projected to widen to 9.5% of GDP in 2021.

COVID-19 and the Ghanaian Economy (2021)

2021 Eurobond

Tenor/Maturity	Amount (USD)	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 USD 6 billion in bids received.
- However, Government weighed costs and accepted USD 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

Total Cases*	Recovered	Active Cases	Total Deaths
93,011	90,697	1,531	783

Jan 2021 – 67,782 confirmed COVID-19 cases : majority of cases with mild symptoms not requiring hospitalization

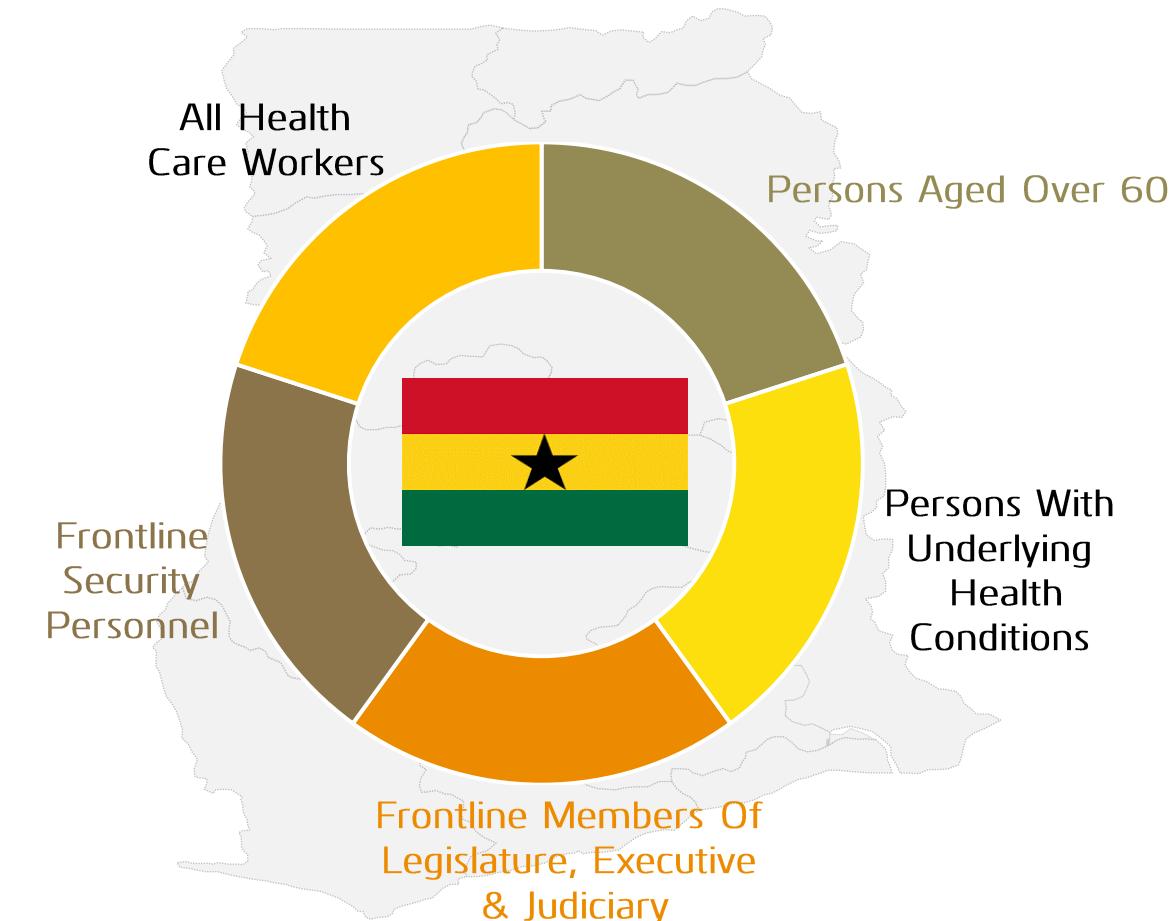
Feb 2021 – Reintroduction of restrictions on public gatherings; beaches & pubs closed after spike in COVID infections/ deaths after Christmas festivities

Feb 2021- Ghana is the first country to receive Coronavirus vaccines through WHO Covax vaccine-sharing initiative receiving the 1st consignment of 600,000 doses on 23rd February 2021.

- Mass immunization: March 2021 – October 2021
- About 703,752 representing ~4.0% of the adult population were vaccinated under the 1st phase of the vaccination programme

May 2021 - 350,000 additional doses delivered on 7th May 2021. Roll out of 2nd dose vaccination set to begin on 19th May 2021

Ghana FDA Approved Vaccines
• Astra Zeneca & Sputnik V



* As of 6th May, 2021

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

- Ghana Cedi ended Q1-2021 on a high note, appreciating by 0.55% against the US dollar in Q1-2021 . It also appreciated by 5.25% against the Euro but depreciated by 0.03% against the Pound Sterling . The cedi outperformed most other African currencies during the period.
- 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 towards the purchase of critical equipment for managing the pandemic and for the purposes of public education, waiver of bank fees on electronic channels.

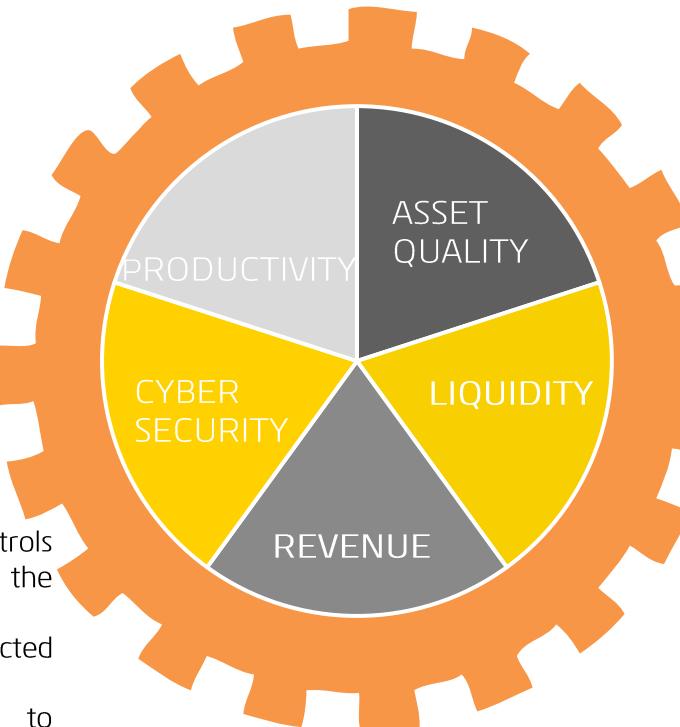
COVID-19 | Business Risks and Mitigations

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.

AGENDA

COVID-19 in Ghana

Operating Environment

Business Update

Financial Results

Our Strategy

Q & A

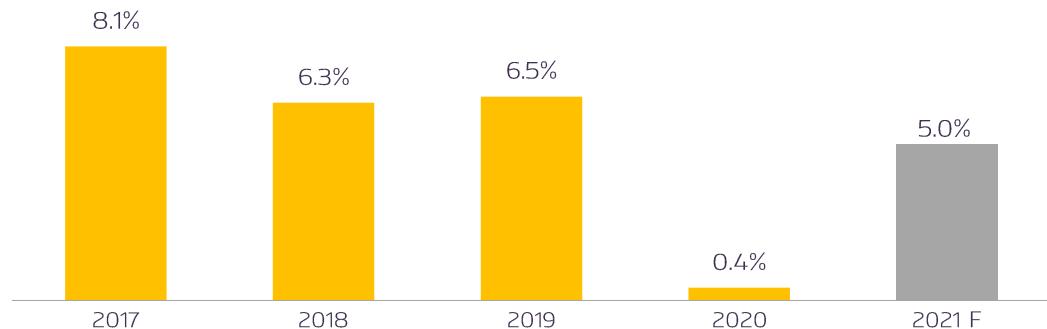
Macroeconomic Overview 2020/2021

SECTOR CONTRIBUTION TO GDP*



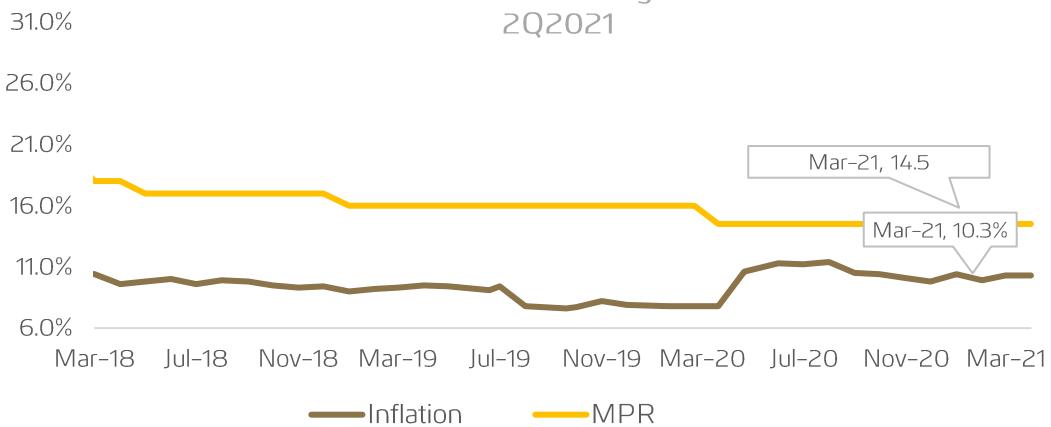
GDP GROWTH RATE

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



MONETARY POLICY RATE

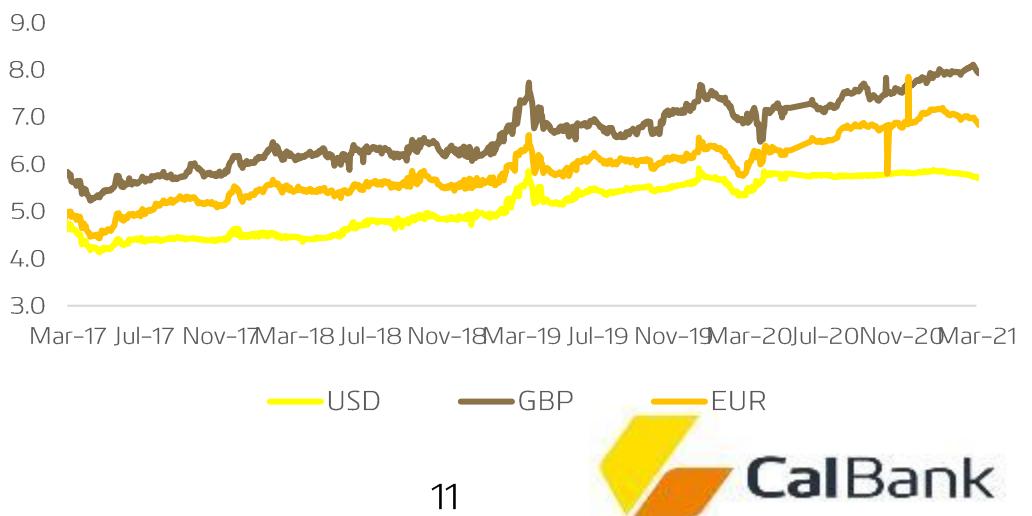
Relaxed monetary policy due to COVID-19
Headline inflation to return to the target band of 8.0%±2.0% in 2Q2021



Source: Bank of Ghana, Summary of Economic and Financial Data
* As at December 2020

EXCHANGE RATE

Cedi performed relatively well in 1Q2021 benefitting from US\$ 3.25bn Eurobond issuance, BoG's forward FX auctions, strong remittance inflows and lower net investment income outflows



Macroeconomic Indicators

INFLATION RATE



INTEREST RATES 91-DAY BILL



MONETARY POLICY RATE



PUBLIC DEBT (USD BN)



AVERAGE LENDING RATES

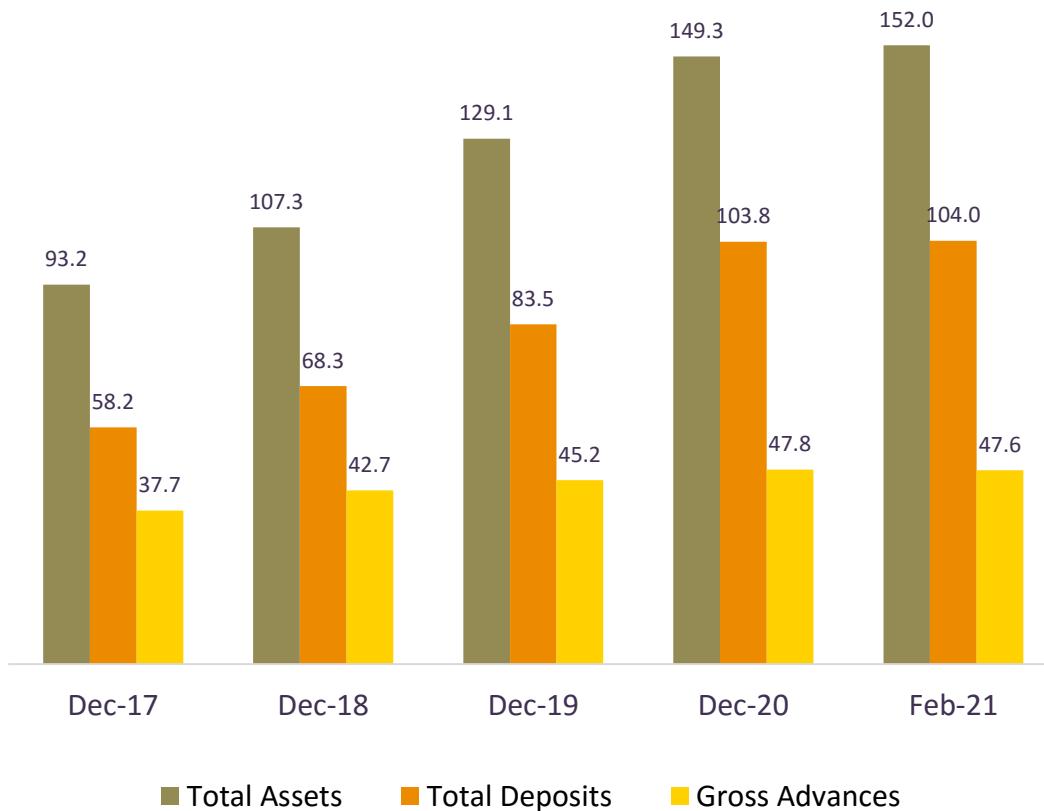


FISCAL DEFICIT

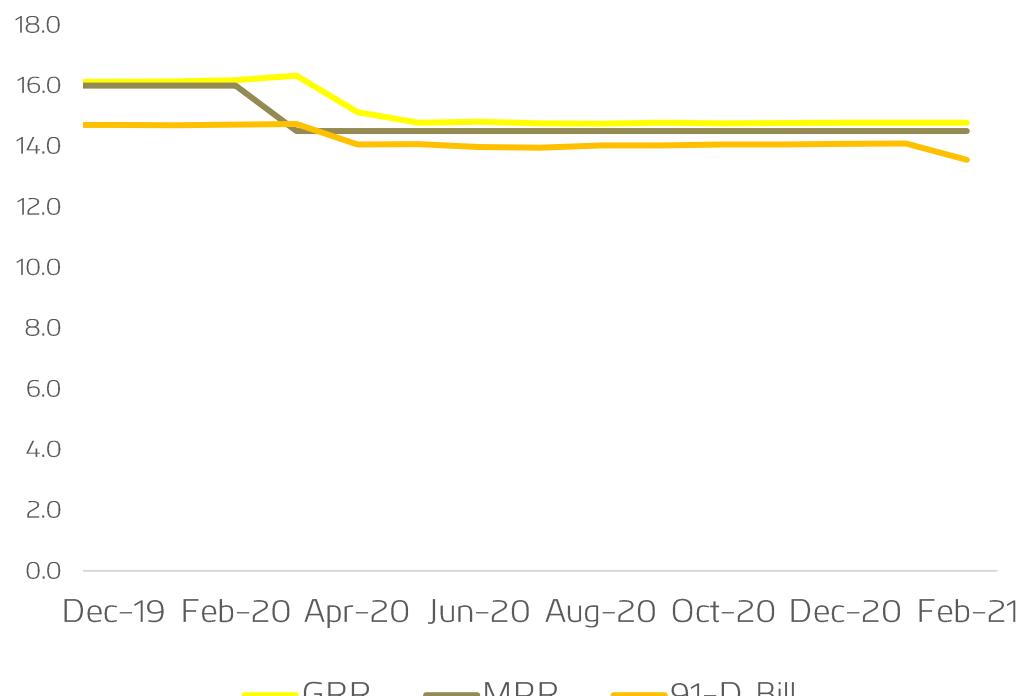


Banking Sector Overview

KEY INDICATORS GHS (MN)



AVERAGE INTEREST RATE (%)

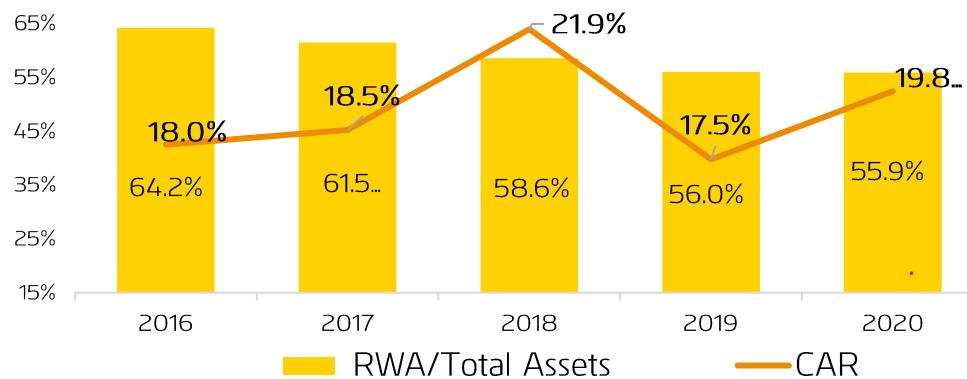


Ghana Reference Rate (GRR) | Monetary Policy Rate (MPR)

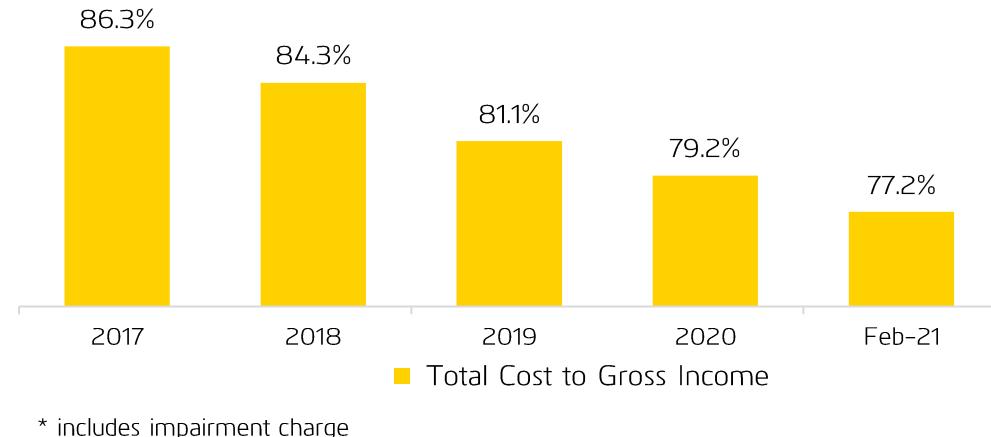
Banking Sector Financial Soundness Indicators (FSI)

Improvement in major FSIs in 1Q 2021, despite COVID-19

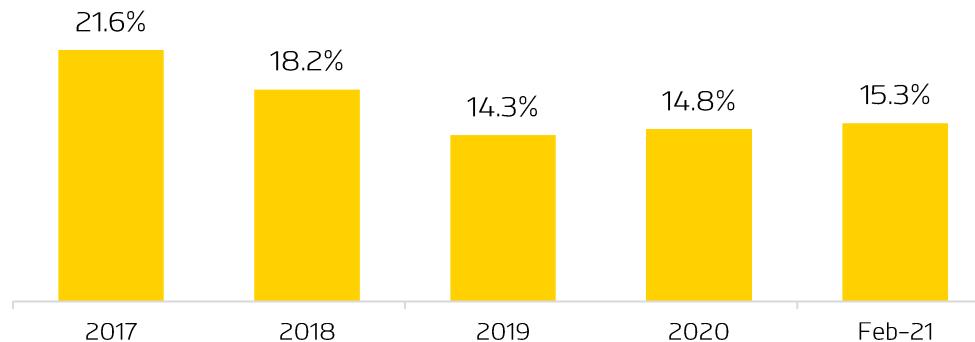
SOLVENCY



EFFICIENCY



NON-PERFORMING LOAN RATIO (%)



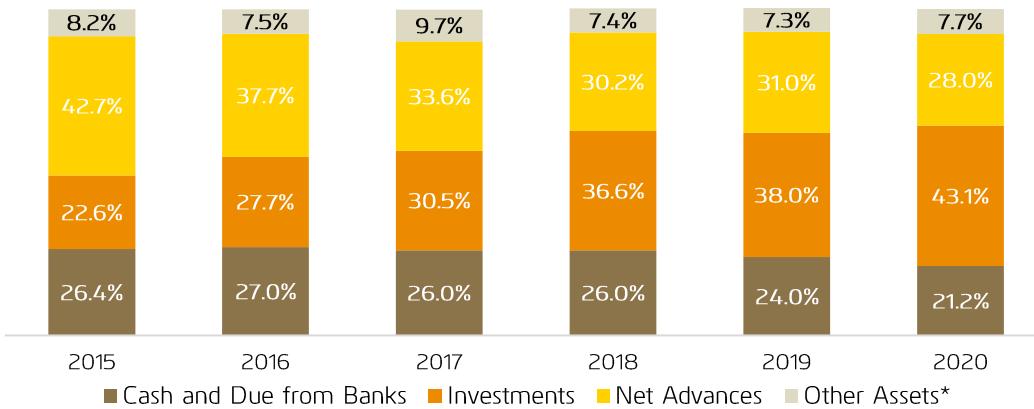
RETURNS



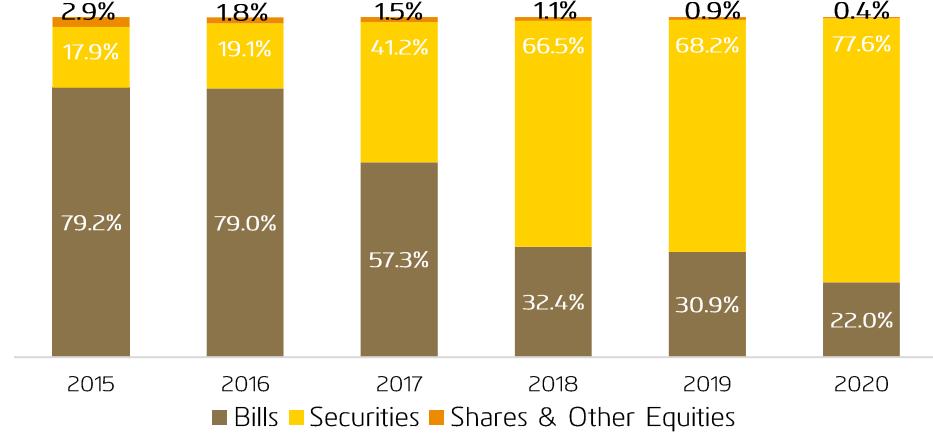
Credit Analysis of the Banking Sector

Trend towards investment and fewer loans

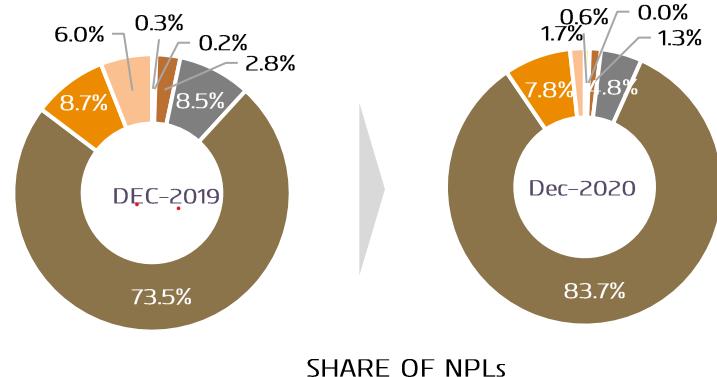
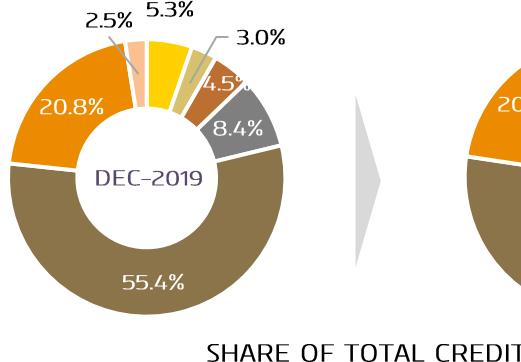
Banks are leaning towards investments and away from loans and advances with associated default risk



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



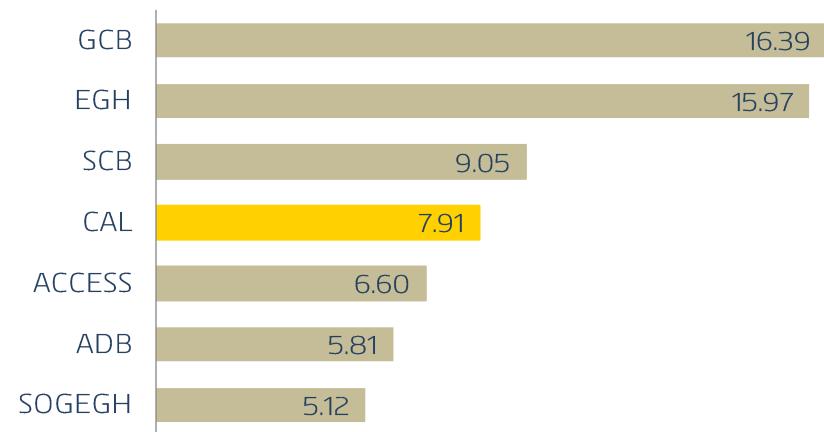
Allocation to local private enterprises have increased



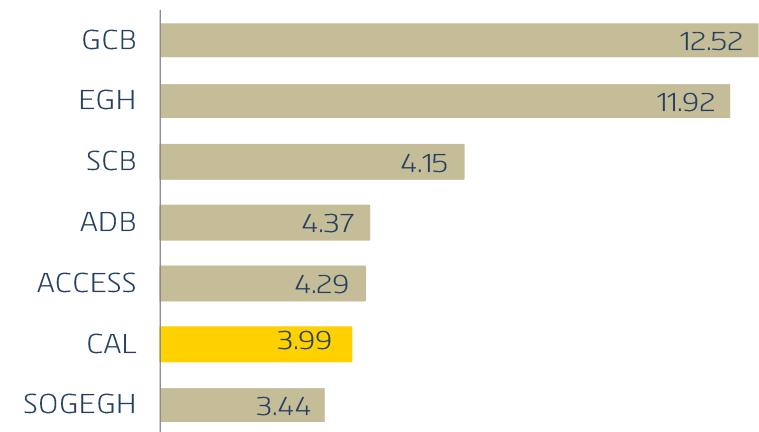
Competitor benchmarking – Listed banks (1/2)

CalBank performs creditably across key metrics in 1Q 2021

TOTAL ASSETS (GHS BN)



CUSTOMER DEPOSITS (GHS BN)



LOANS & ADVANCES (GHS BN)



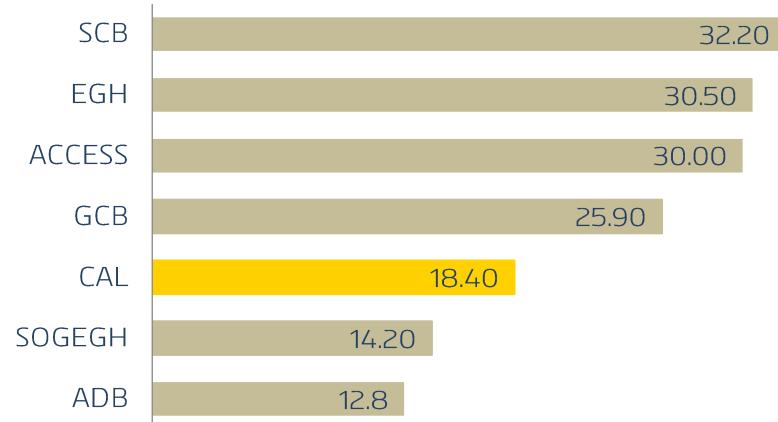
NET PROFIT (GHS MN)



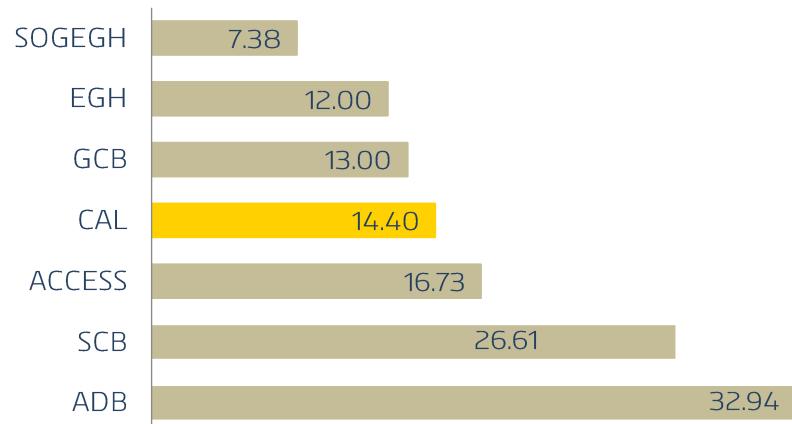
Competitor benchmarking – Listed banks (2/2)

CalBank performs creditably across key metrics in 1Q 2021

ANNUALIZED RETURN ON AVERAGE EQUITY (%) ANNUALIZED RETURN ON AVERAGE ASSETS (%)



NON-PERFORMING LOAN RATIO (%)



CAPITAL ADEQUACY RATIO (%)



2021 Dividend Directive

Bank of Ghana 2021 Dividend directive – Summary

12th April 2021. Due to the uncertainties surrounding the COVID-19 pandemic and its potential impact on the banking sector, Bank of Ghana (BoG) has directed all banks to desist from declaring/paying dividends for FY 2020 and FY 2021 unless certain minimum criteria are met:

- capital adequacy ratio of 13.0%;
 - cash reserve ratio of 10.0%
 - non-performing loans ratio below the industry average.
 - Banks to seek prior written approval from the BoG before declaring or paying dividends
-
- BOG will continue to monitor the evolving impact of the pandemic on banks and their customers and will issue further directives as may be required.

AGENDA

COVID-19 in Ghana

Operating Environment

Business Update

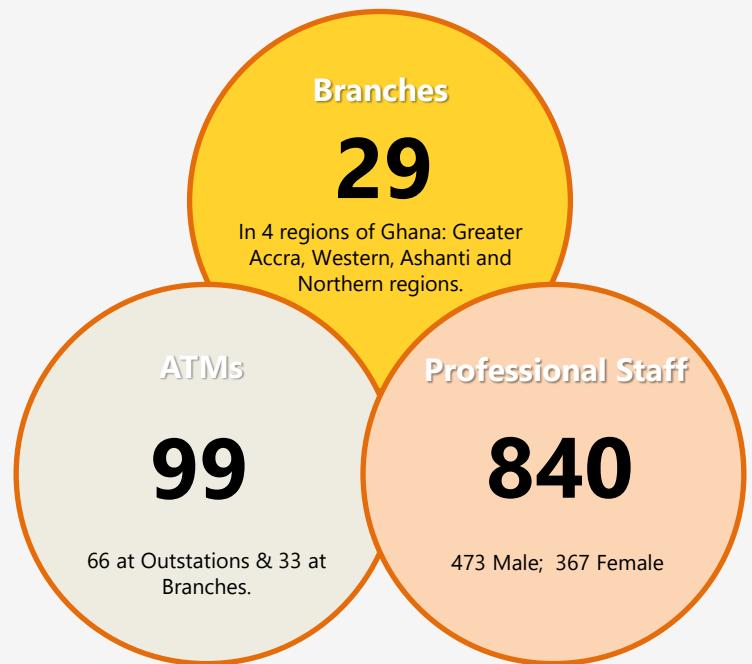
Financial Results

Our Strategy

Q & A

CalBank | At a Glance

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



MARKET STATISTICS¹

Current Share Price (GHS)	0.84
Market Capitalization (GHS mn)	526.33
YTD Performance	21.74
52-Week High (GHS)	0.84
52-Week Low (GHS)	0.60

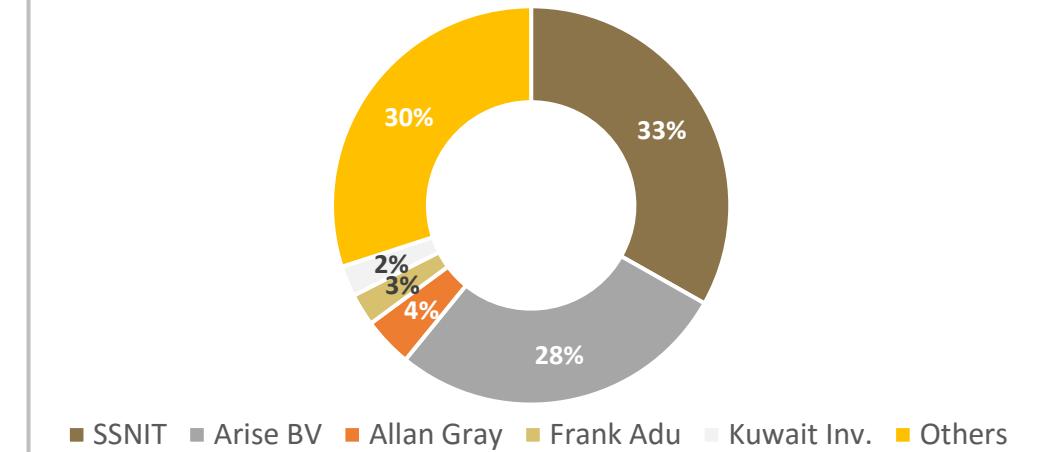
Source: Company Filings, Bloomberg

¹As at 7th May, 2021

MISSION

To become a Tier 1 bank and deepen our retail presence by leveraging innovation and customer centricity

SHAREHOLDING STRUCTURE



SERVICES AND ONLINE PRESENCE

Products & Services	Online & CAL App
✓ Cal Kiddysave Account ✓ Cal InvestPlus Account ✓ CAL Teen Account ✓ CAL Mortgage ✓ CAL Govt. Employee loan ✓ CAL Auto loan	✓ Internet Banking ✓ E- Alert ✓ Online Account opening ✓ Branch locator ✓ Deposit & Forex rates

AGENDA

COVID-19 in Ghana

Operating Environment

Business Update

Financial Results

Our Strategy

Q & A

CalBank Group Highlights – 1Q 2021

 7.2%
Net interest income
GHS 122mn

 156.9%
Non-funded income
GHS 51mn

 109.4%
Net impairment loss
GHS 22mn

 9.1%
Profit after tax
GHS 53mn

 25.5%
Loans & Advances
GHS 2.2bn

 8.3%
Total deposits
GHS 4.2bn

 11.5%
Total assets
GHS 7.9bn

 485bps
NPL ratio
14.4%

Summarized Group Income statement – 1Q 2021

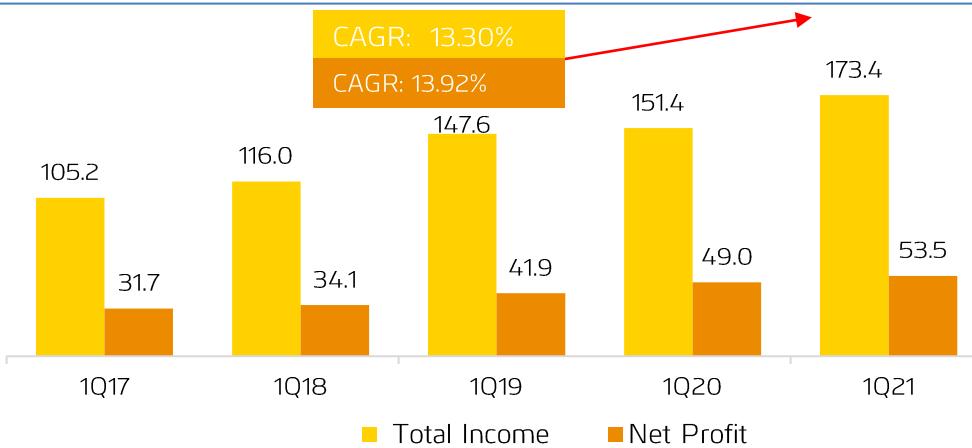
Amount in GHS thousands	1Q2021	1Q2020	1Q2019	YoY	1Q2021 Highlights
Interest Income	221,374	244,542	199,792	(9.5%)	<ul style="list-style-type: none"> Net interest income down 7.2%, from 37.0% decrease in interest from loans and advances and 23.3% increase in interest from investment securities.
Interest Expense	(99,369)	(113,104)	(81,724)	12.1%	<ul style="list-style-type: none"> Significant change in earning assets mix : shift towards investment securities and shift away from loan growth. Proceeds from repayment of some significant facilities were channeled towards the trading portfolio.
Net Interest Income	122,005	131,438	118,068	(7.2%)	
Fees and Commission Income	14,601	13,073	13,051	11.7%	
Fees and Commission Expense	(6,885)	(5,136)	(2,365)	(34.1%)	
Net Fees and Commissions	7,716	7,937	10,686	(2.8%)	<ul style="list-style-type: none"> Net commissions & fees decreased by 2.8% from a drop in credit-related fee income & corporate advisory fees largely occasioned by lower-than-planned trade business volumes.
Net Trading Income	39,588	11,932	13,401	231.8%	
Other Operating Income	4,111	142	5,452	2795.1%	
Operating Income	173,420	151,449	147,607	14.5%	<ul style="list-style-type: none"> Net trading income and other income grew by over 200% driven by significant increases in fixed income trading activities following a raise in trade volumes limits funded by liquidity from loan repayments.
Net Impairment Loss	(22,137)	(10,572)	(26,762)	(109.4%)	
Net Operating Income	151,283	140,877	120,845	7.4%	
Total Operating Expense	(74,848)	(70,832)	(61,006)	(5.7%)	<ul style="list-style-type: none"> Net operating income increased by 7.4% to GHS 151.3mn.
Profit Before Tax	76,435	70,045	59,839	9.1%	<ul style="list-style-type: none"> Net impairment loss increased by 109.4% to GHS 22.1mn mainly due to further downgrading of loans from increased credit risk during period.
Income Tax Expense	(22,977)	(21,037)	(17,975)	(9.2%)	
Profit After Tax	53,458	49,008	41,864	9.1%	<ul style="list-style-type: none"> Operating expenses increased by 5.7% to GHS 74.8mn driven by general inflationary price increases in goods & services, increases in staff compensation and exchange rate movements during the year under review. Profit after Tax increased by 9.1% to GHS 53.5mn from GHS 49.0mn on the back of increased non-funded income and disciplined cost management.

Summarized Group Balance sheet 1Q 2021

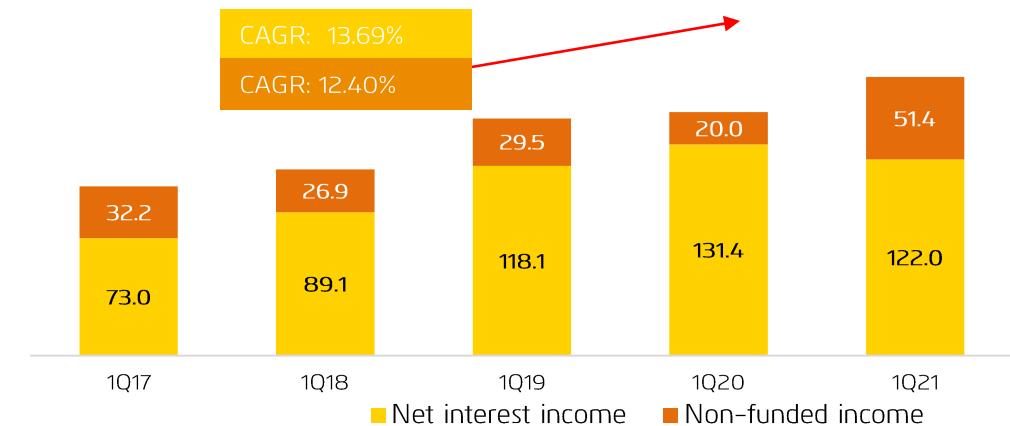
Amount in GHS thousands	1Q2021	1Q2020	1Q2019	YoY	1Q2021 Highlights
Cash and Cash Equivalents	1,304,921	512,080	562,903	154.8%	<ul style="list-style-type: none"> Total assets increased by 11.5% to GHS 7.9bn from GHS 7.1bn
Investment Securities	2,602,794	2,758,416	1,618,002	(5.6%)	<ul style="list-style-type: none"> Loans & advances declined by 25.5% to GHS 2.2bn from GHS 2.9bn in 1Q 2020 after repayment of significant facilities and conversion of a GETFund loan into a bond.
Loans and Advances to Customers	2,225,890	2,988,473	2,553,845	(25.5%)	<ul style="list-style-type: none"> Total deposits increased by 8.3% to GHS 4.2bn from GHS 3.9bn in 1Q 2020 by aggressively pursuing our retail strategy, deepening retail offerings and enhancing technological platforms
Other Assets	1,378,114	411,217	166,390	235.1%	<ul style="list-style-type: none"> Borrowings increased by 17.5% to GHS 2.3bn from GHS 1.9bn in 1Q 2020 as the Bank continues to leverage on DFI partnerships to raise long term funding to finance projects.
Fixed Assets	399,225	425,164	437,431	(6.1%)	<ul style="list-style-type: none"> Capital adequacy ratio decreased to 19.4% from 23.1% in 1Q 2020
Total Assets	7,910,944	7,095,350	5,338,571	11.5%	<ul style="list-style-type: none"> NPL ratio increased to 14.4% from 9.7% in 1Q 2020 after downgrading some challenged facilities and drop in gross loans from significant repayments in Q4-2020.
Total Deposits	4,218,972	3,894,592	2,972,586	8.3%	
Borrowings	2,274,189	1,935,041	1,324,651	17.5%	
Other Liabilities	231,983	241,922	226,718	4.1%	
Shareholders' Equity	1,185,800	1,023,795	814,616	15.8%	
Total Liabilities and Shareholders' Equity	7,910,944	7,095,350	5,338,571	11.5%	

Operating performance & profitability (1/2)

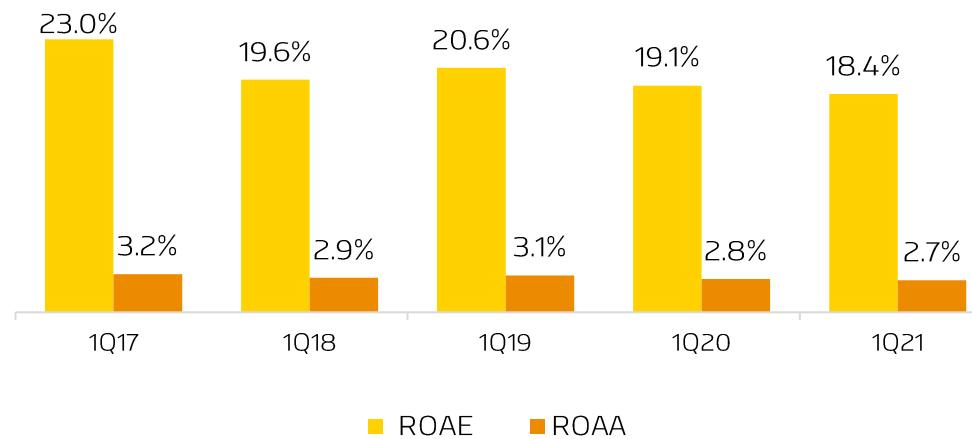
RESILIENT PROFITABILITY (GHS MN)



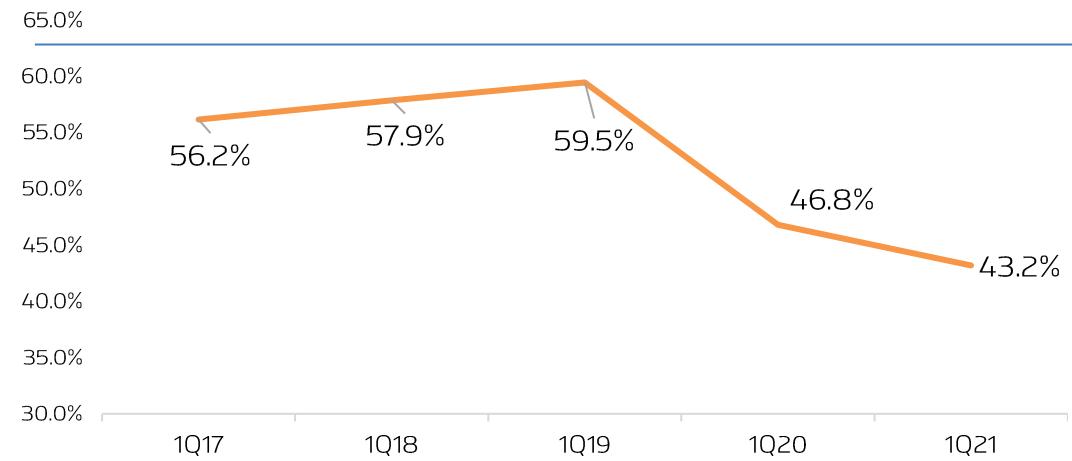
OPERATING INCOME COMPOSITION (GHS MN)



RETURNS (%)



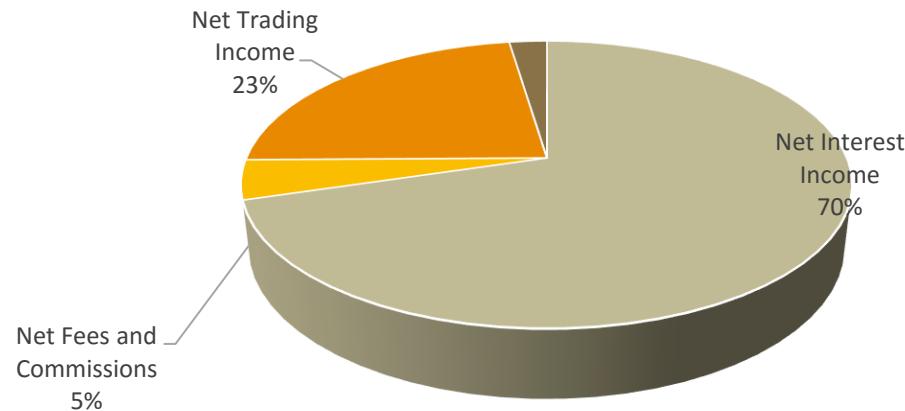
COST TO INCOME (%)



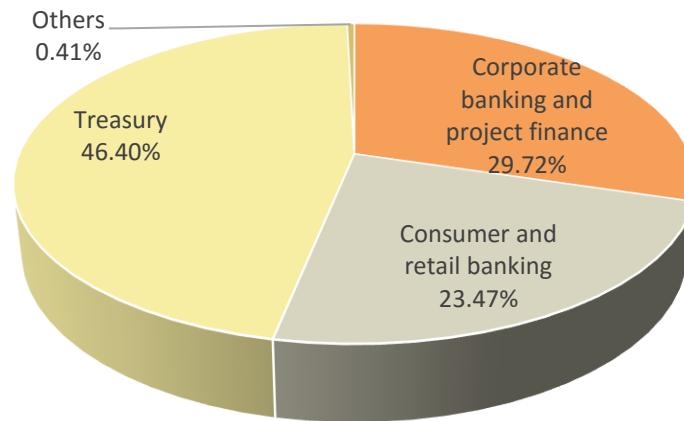
Source: Company Filings

Operating performance & profitability (2/2)

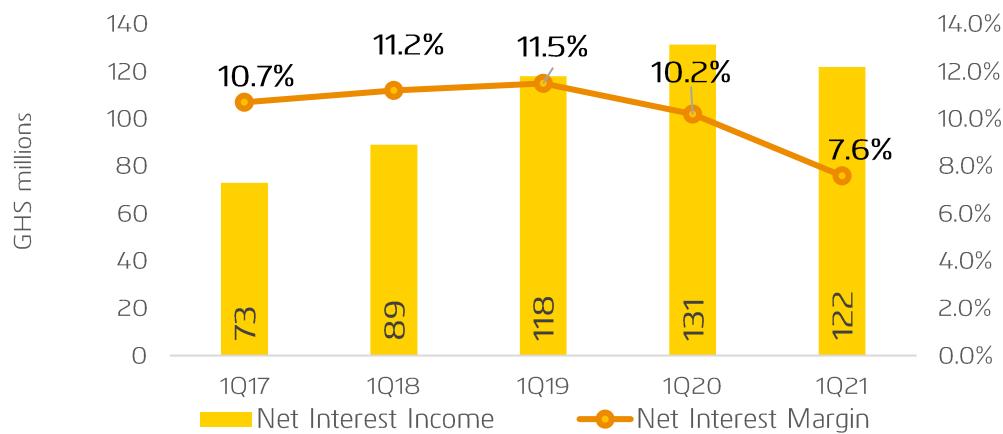
1Q2021 OPERATING INCOME BY TYPE



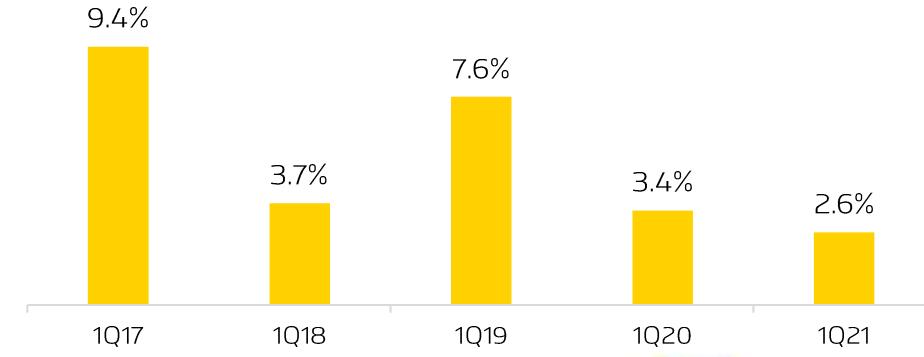
1Q2021 OPERATING INCOME BY BUSINESS LINE (%)



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



COST OF RISK (%)

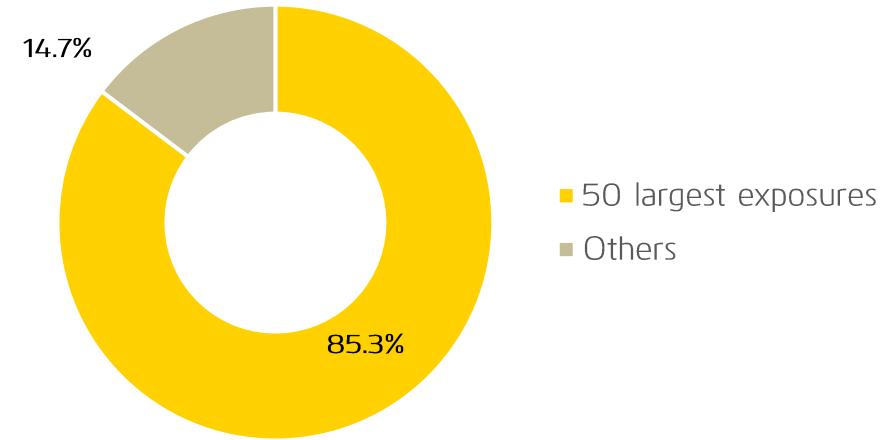


Balance sheet parameters

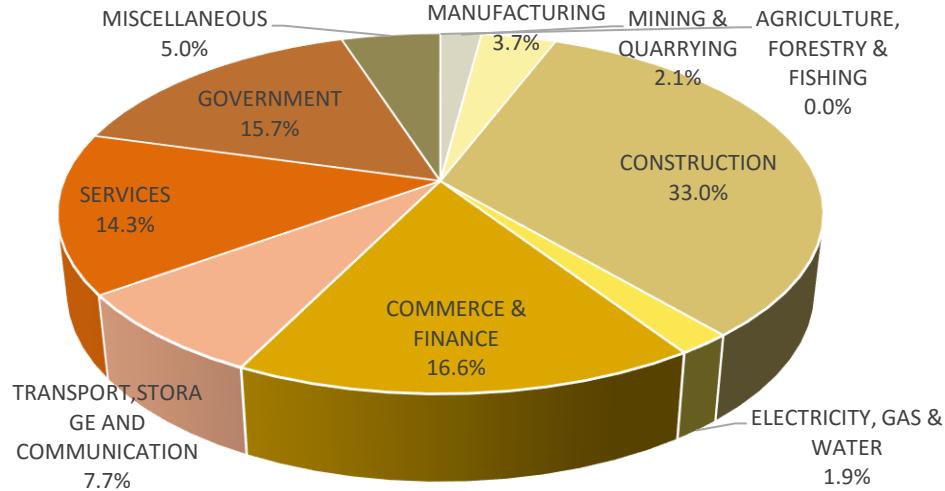
NET LOAN PORTFOLIO (GHS BN)



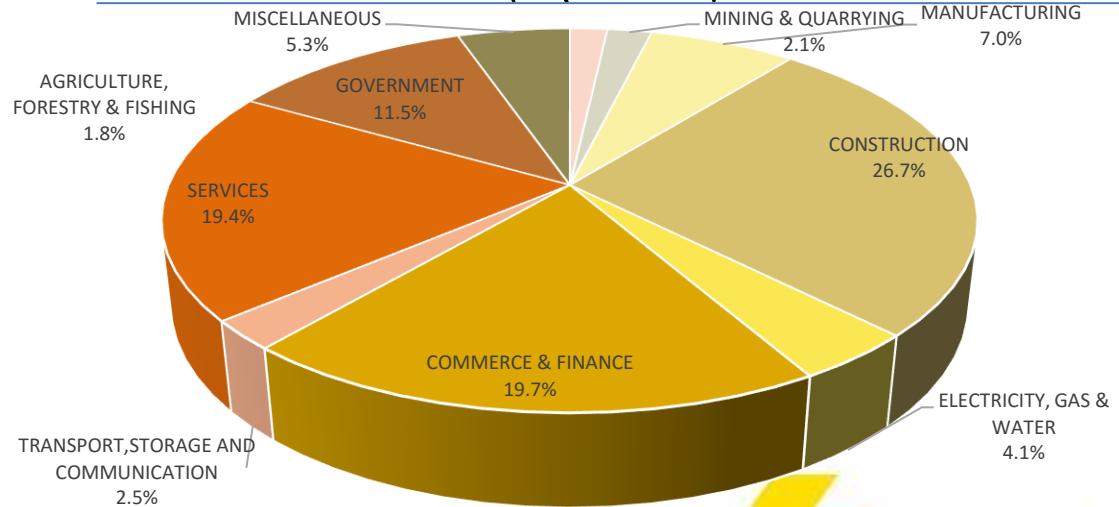
1Q 2021 LOAN CONCENTRATIONS



LOAN BOOK DISTRIBUTION BY SECTOR (1Q 2020)

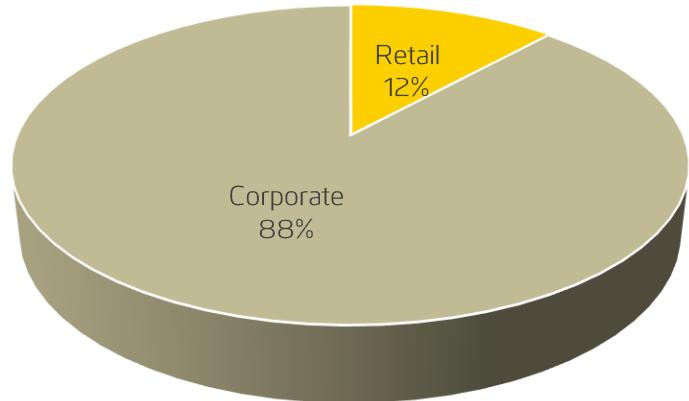


LOAN BOOK DISTRIBUTION BY SECTOR (1Q 2021)

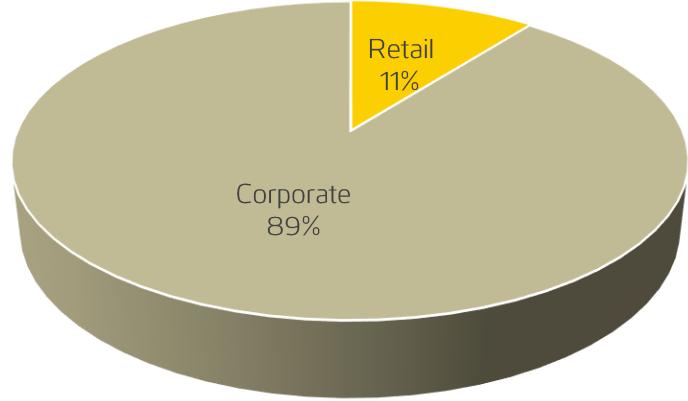


Loans and Deposit mix

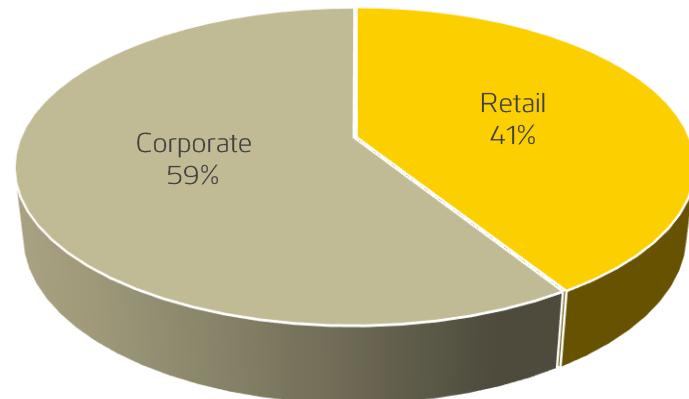
LOAN COMPOSITION 1Q 2020



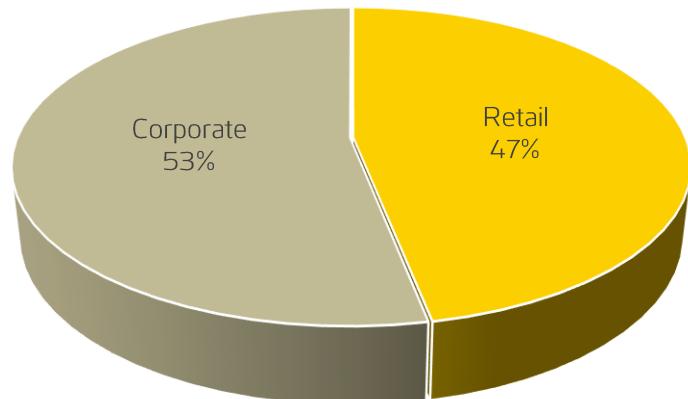
LOAN COMPOSITION 1Q-2021



DEPOSIT MIX 1Q 2020

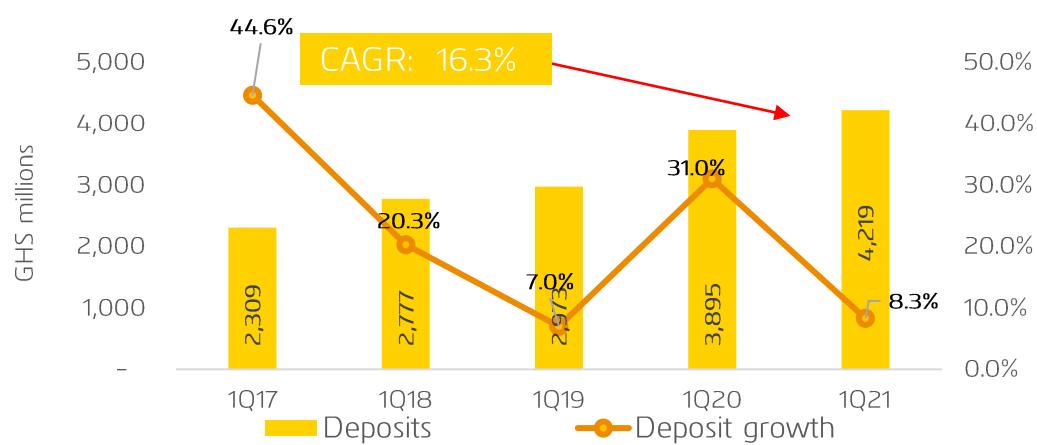


DEPOSIT MIX 1Q 2021

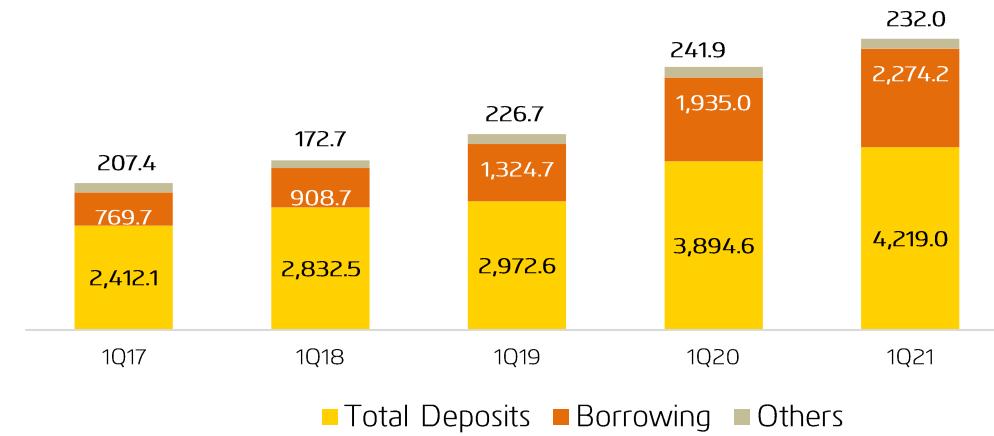


Funding and liquidity positions

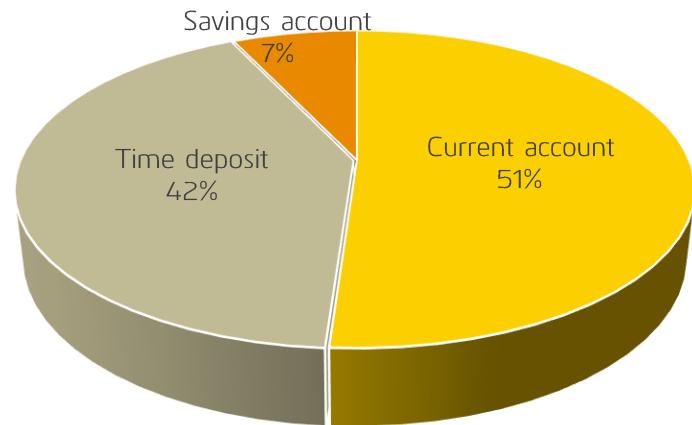
TOTAL DEPOSITS (GHS MN)



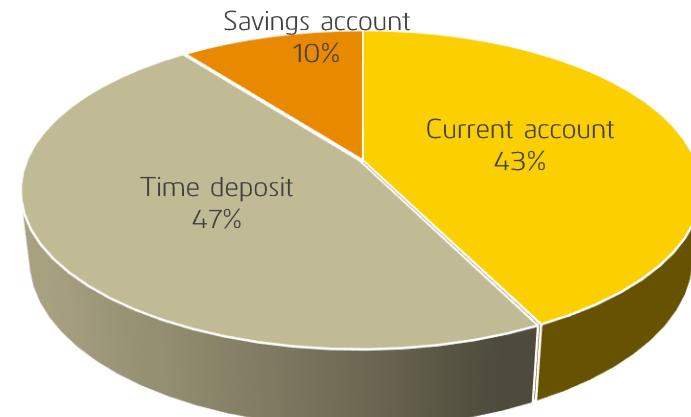
FUNDING MIX (GHS MN)



DEPOSIT MIX 1Q 2020

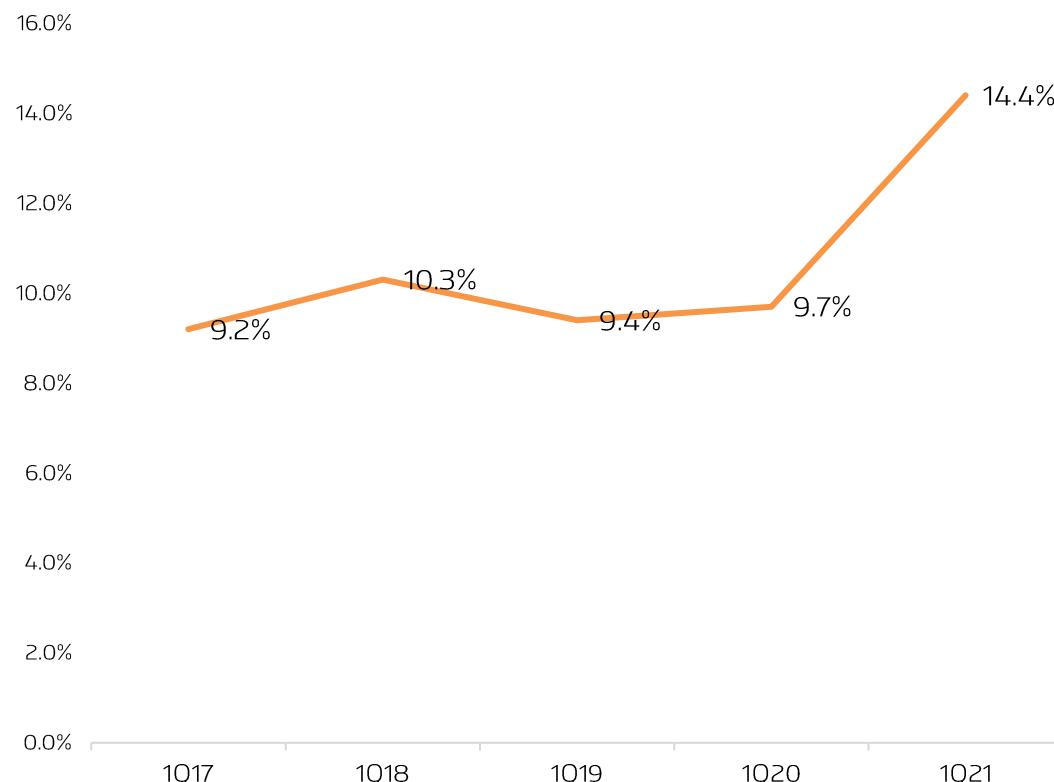


DEPOSIT MIX [1Q 2021]

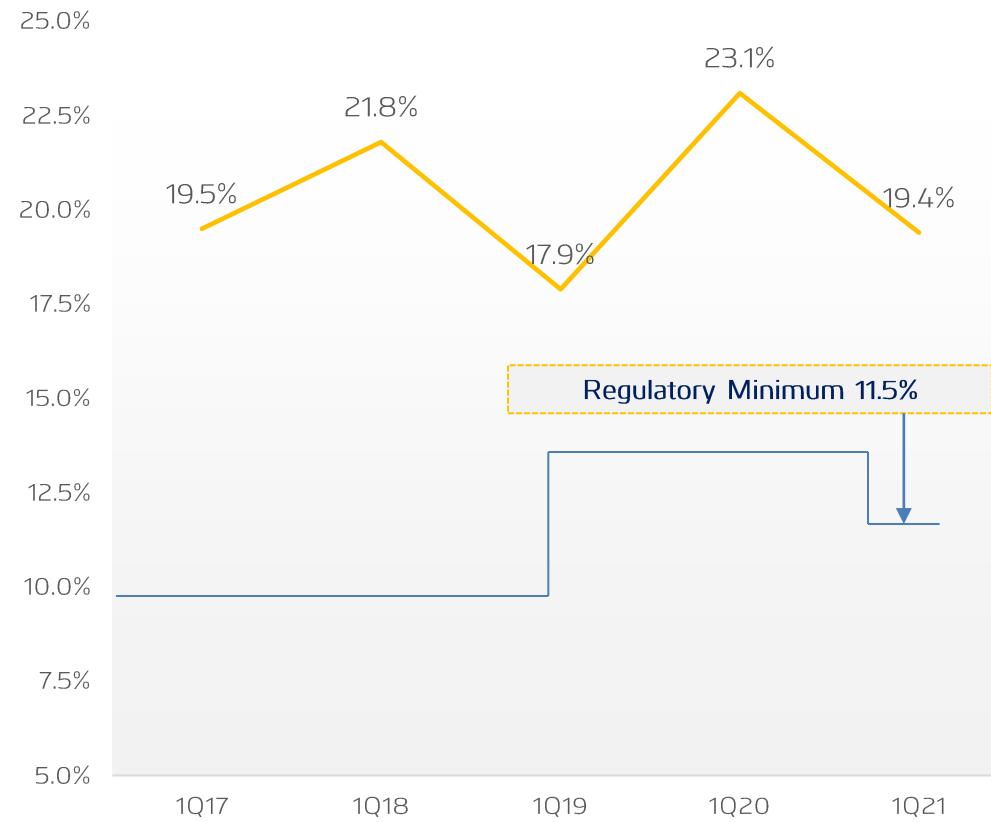


Capitalization and asset quality

NON-PERFORMING LOANS RATIO



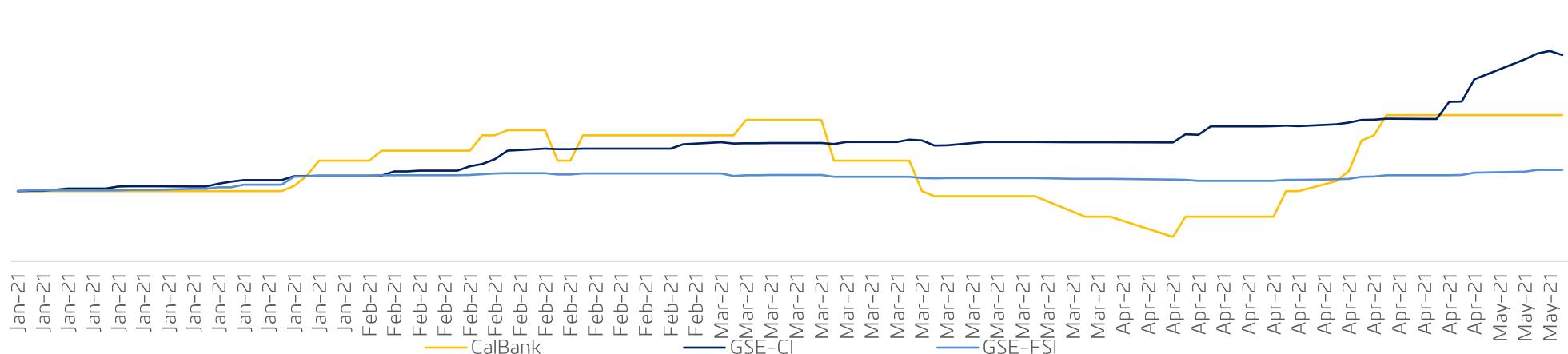
CAPITAL ADEQUACY RATIO



Share Price Performance – YTD

Market Indicators			YTD Return Summary		
Issued Shares	Current Price	Market Capitalization		Year-to-date	
MILLION	GHS	GHS MILLION	CAL(GHS)	Year Open (GHS)	YTD Close (GHS)
626.59 MILLION	0.84 GHS	526.33 GHS MILLION	CAL(GHS)	0.69	0.84
YTD Performance 21.74 PERCENT	52 Wk High 0.84 GHS	52 Wk Low 0.60 GHS	GSE-CI	1,941.59	2,695.76
			GSE-FSI	1,782.76	1,890.89
					6.07

YTD Price Movement – Rebased to 100



AGENDA

COVID-19 in Ghana

Operating Environment

Business Update

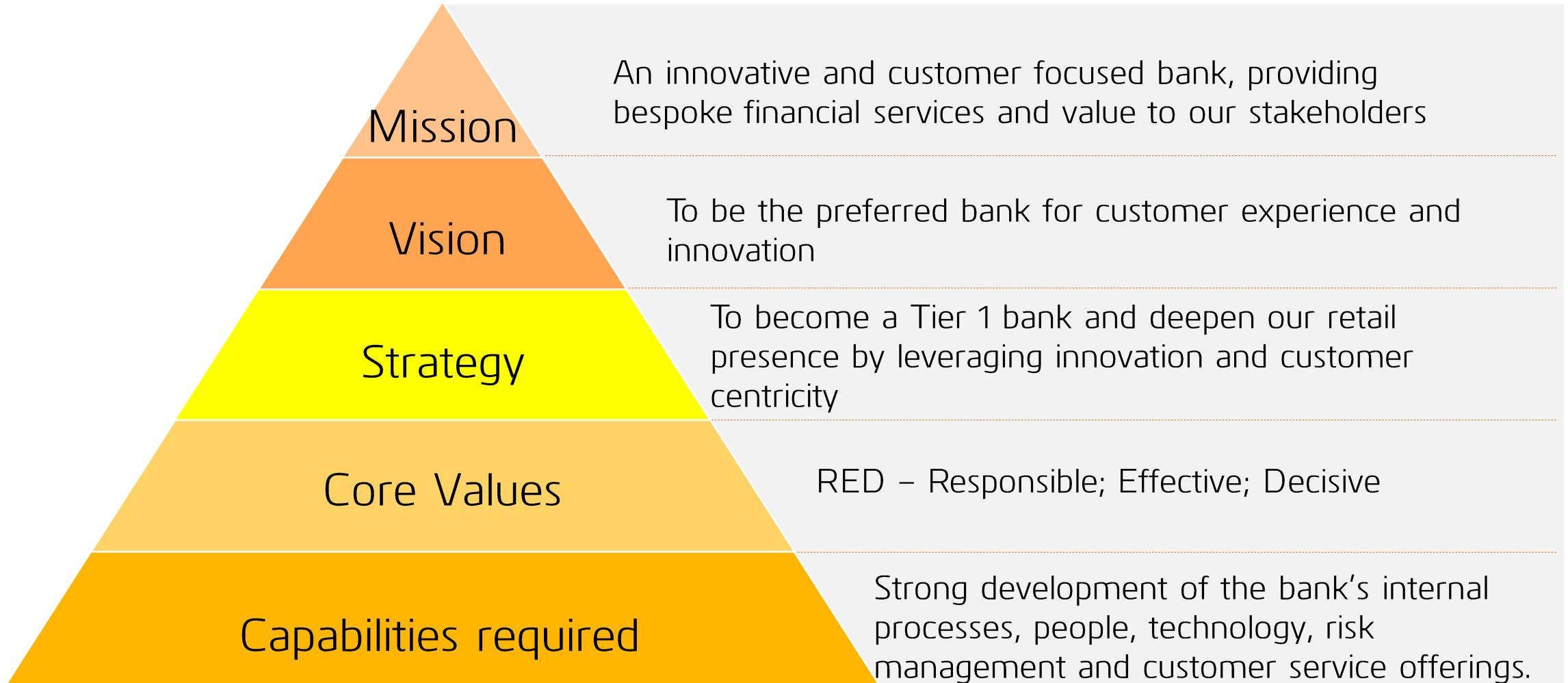
Financial Results

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

Pillar 3
Enhance Performance Management

Pillars 2
Increase Market Share

Our strategy is anchored on four pillars

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