



**PRESS RELEASE**

**PR. No. 111/2021**

**CAL BANK PLC (CAL) -  
AUDITED CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

CAL has released its Audited Financial Statements for the year ended 31 December 2020 as per the attached.

Issued in Accra, this 6<sup>th</sup>  
Day of April, 2020.

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att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, CAL
4. CSD Registrars, (Registrars for CAL shares)
5. Custodians
6. Central Securities Depository
7. Securities and Exchange Commission
8. GSE Council Members
9. GSE Notice Board

**For enquiries, contact:**

**Head of Listing, GSE on 0302 669908, 669914, 669935**

\*WA

Press release

# Full Year 2020

Audited Results & Commentary



Growth through  
innovation and service

Forward Together



**CalBank**

**Highlights of the Group's Full Year 2020 results (y/y) are:**

**Summary Financial Review**

<b>Selected Income Statement Highlights</b>			
Full year ended 31st Dec. 2020. (in millions of Ghana Cedis except per share data and ratios)			
	<b>Audited 2020</b>	<b>Audited 2019</b>	<b>YoY</b>
Net interest income	523	518	0.9%
Net fees and Commission income	32	47	(32.4%)
Net trading and other income	134	32	323.6%
Operating income (net revenue)	689	596	15.5%
Operating expenses	(317)	(267)	(18.6%)
Impairment losses on financial assets	(87)	(86)	(0.9%)
Profit before tax	285	243	17.2%
Taxation	(71)	(70)	(1.9%)
Profit for the period	214	173	23.3%

<b>Selected Balance Sheet Information</b>			
Full year ended 31st Dec. 2020. (in millions of Ghana Cedis except per share data and ratios)			
	<b>Audited 2020</b>	<b>Audited 2019</b>	<b>YoY</b>
Gross loans and advances to customers	2,641	3,122	(15.4%)
Less: allowance for impairments	240	202	18.8%
Net loans and advances to customers	2,401	2,920	(17.8%)
Total Deposits	4,426	3,859	14.7%
Borrowings	2,098	2,028	3.5%
Total assets	7,925	7,048	12.4%
Total shareholders' equity	1,133	975	16.2%
Gross Loans-to-total deposit ratio	59.7%	80.9%	
Total capital adequacy ratio (CAR)	22.3%	22.7%	
Tier 1 capital adequacy ratio	20.3 %	20.7%	
End-of-period ordinary shares outstanding (millions of shares)	626.5	626.5	-
<b>Per Share Data (in GHS)</b>			
Basic EPS	0.34	0.28	
Book value per ordinary share, BVPS (GHS)	1.77	1.56	15.7%
Tangible book value per ordinary share, TBVPS (GHS)	1.70	1.49	14.3%
Share price -End of Period (GHS)	0.69	0.89	(22.5%)

<b>Key Ratios</b>		
<b>FY 2020</b>		
	<b>2020</b>	<b>2019</b>
Return on Assets (ROA)	2.7%	2.5%
Return on Equity (ROE)	18.9%	16.8%
Cost of funds	11.3%	12.5%
Net interest margin (NIM)	8.9%	10.4%
Cost-to-income ratio (CIR)	46.1%	45.4%
Cost-of-risk (CoR)	3.3%	2.8%
Effective tax rate (ETR)	24.9 %	28.6%
Liquid Ratio	217.6%	143.0%
NPL Ratio	13.5%	10%
NPL Coverage Ratio	67.2%	64.9%

## COMMENTARY

Philip Owiredu, Chief Executive of CalBank commented: "The Bank's performance in 2020 reflects a strong, resilient business which delivered strong topline earnings growth but was negatively impacted by an extraordinarily challenging operating environment. The Group's balance sheet size increased by 12.4% during the period from GHS7.0 billion to GHS7.9 billion and customer deposits increased by 14.7 %. Operating income increased by 15.5% over prior year. Our strong capital and liquidity positions going into the crisis enabled us to continue on our strategic pathway to strengthen the core of the Bank, accelerate our digitization drive, reduce risk and be well positioned to confront future challenges.

We recognize the devastation that Covid-19 has caused in households, families and businesses. Thankfully, in the latter part of 2020, we saw the green shoots of recovery as business activity levels started to rebound across all of our channels. We expect this trend to support our growth in the coming year.

We look forward to exploiting the new opportunities that have arisen out of the "new normal", especially the opportunities to accelerate the pace of our digital transformation and drive efficiency. We have embarked on a strategic transformational journey to pursue innovation, customer centricity and a complete digital transformation agenda over the next three years.

I am optimistic that the Bank will continue on its path of healthy profitable growth. I must express my heartfelt gratitude to all our staff who have shown incredible commitment in supporting our customers, driving our growth and going the extra mile to deliver an impressive financial performance in this challenging period."

## **OPERATING ENVIRONMENT**

Globally, the year 2020 was dominated by the adverse impact of Covid-19. Economies were plunged into recession following lockdowns and disruptions in global supply chains, resulting in major challenges to financial and capital markets.

In Ghana, the pandemic heavily impacted most economic sectors negatively with the economy contracting in Q2 and Q3 of 2020, recording the first negative growth rate since the year 2016. By September 2020, Ghana's fiscal deficit stood at 9.0 % of GDP, double the 4.5 % of GDP recorded for the same period in 2019. Unplanned Covid-19 related expenditure, aimed at protecting lives and preserving livelihoods, further increased government expenditure beyond target.

To ease the impact of the recession, the Bank of Ghana responded with a series of Covid-19 fiscal and monetary regulatory actions, including interest rate cuts, easing of capital and liquidity requirements and various fee waivers.

Headline inflation was contained within the target bands of  $-/+8\%$  throughout the year 2020 despite the fluctuations during Q1-2020. Inflation trended upwards from 7.9 % in December 2019 to close the year 2020 at 10.4 %.

Interest rates across all tenors along the yield curve recorded a steady decline in 2020 in line with government's medium term debt management strategy. The pace of the Ghanaian Cedi depreciation was moderated throughout the year with the cedi recording a cumulative decline of 3.93 % against the U.S Dollar, 7.1 % against the British Pound and 2.1 % against the Euro.

## **KEY EARNINGS DRIVERS**

Earnings growth was driven mainly by robust trading revenues with a 381.2% increase in net trading income due to aggressive growth in the fixed income trading portfolio. Net interest income marginally increased by 1.9% on the back of a 17.8% decrease in loans and advances arising out of retirement of some significant loan exposures. This was however counterbalanced by 19.6% growth in investment securities. Fees and Commissions also decreased by 32.4% following the inability to close major expected advisory mandates as a result of the pandemic as well as the waiving of various fees and commissions as part of the COVID-19 reliefs.

## **NET OPERATING INCOME**

Net operating income increased by 15.5% over prior year despite the challenges in the operating environment. Group profit after tax increased by 23.4% to GHS213.9 million from GHS173.4 million on the back of increased non funded income and disciplined cost management.

## **OPERATING COSTS**

Operating costs increased by 18.6% over prior year driven largely by general price increases in goods and services. Lease expenses increased significantly by 130.7% resulting from the continuing implementation of IFRS 16 which recognizes the right of use of leased properties and from the impact of exchange rate movements on existing lease liabilities. Revaluation of land and buildings also resulted in a 31.6% increase in depreciation. Staff costs were well contained, growing by 6.1% as management increased its focus on cost control in the light of the downturn in economic and business conditions. Impairment charges remained largely unchanged, increasing by 0.9% over the prior year.

## **LOANS AND ADVANCES**

In 2020, new loan origination was muted, and some significant facilities were retired and consequently, our gross advances decreased by 15.4% to GHS2.6 billion, down from the year 2019 value of GHS3.1 billion. This also resulted in a 17.8% decrease in our net advances from GHS2.9 billion at the end of 2019 to GHS2.4 billion at the end of 2020. The Bank remained resolute in supporting our customers through difficult times by providing temporary debt service relief and interest rate reductions on loans.

## **DEPOSITS**

Total deposits grew by 14.5% year on year resulting in an increase in the proportion of deposits in our funding mix from 65.6% in 2019 to 67.8% in 2020. We aggressively pursued our retail strategy to increase deposits. Growing core deposits remains a priority and is an important indicator in our performance metrics. We therefore deepened our retail offerings and enhanced our technological platforms in pursuit of this agenda.

## **BORROWINGS**

The Bank continues to leverage on partnerships with Development Finance Institutions (DFIs) in the international financial markets to raise long term funding to finance long term projects. This attests to the confidence placed in the Bank by financial markets.

## **CAPITAL AND LIQUIDITY**

Throughout 2020, we maintained a strong and high capital level, with a capital adequacy ratio of 22.3% at end of year, well above the revised regulatory minimum of 11.5%. The Bank's rapid adaptation of operations, products and services to the "new normal" has meant we are well-placed to support our customers and staff through the COVID-19 crisis and into the future.

## **ASSET QUALITY**

Provision for credit losses in 2020 increased marginally to GHS86.8 million compared to GHS86.07 million in 2019, driven by the COVID-19 pandemic's impact on loan facilities in the hospitality, tourism and other sectors. This translated into an increased non-performing loan ratio of 13.5%, an increase of 350 basis points over the 10% recorded in 2019. Notwithstanding the current difficulties, we aggressively enhanced our credit value chain to protect our asset quality.

The increase in non-performing loans was mainly driven by additional downgrading of some challenged facilities as well as a reduction in gross loans resulting from significant repayments in the last quarter of 2020. The allowance coverage for NPLs was 67.2% compared with 64.9% as of 31st December 2019.

### **FOR FURTHER INFORMATION:**

#### **CalBank**

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More information about CalBank PLC ("Cal") available at  
[www.calbank.net](http://www.calbank.net) / [www.calbank.investoreports.com](http://www.calbank.investoreports.com)



# The Virtual Annual General Meeting of CalBank PLC will be held at 10 a.m. on Thursday 6th May 2021



## Audited Condensed Consolidated and Separate Financial Statements for the year ended 31 December 2020

For Full version of 2020 Annual Report, Financial Statements, AGM Notice and Proxy form, visit <https://calbankagm.net>

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(All currency amounts in the notes are in thousands of Ghana Cedis unless otherwise stated.)

#### Basis of Preparation

The condensed consolidated and separate financial statements have been extracted from the full financial statements of the Bank and the Group for the year ended 31 December 2020 (which is available on the Bank's website which is available for inspection at the Bank's Head Office at 23 Independence Avenue, Accra.) which are prepared in accordance with IFRS as issued by the International Accounting Standards Boards (IASB) and adopted by the Institute of Chartered Accountants Ghana (ICAG) and are consistent with those applied in the preparation of the annual audited financial statements. The condensed consolidated and separate financial statements have also been prepared in line with the Bank of Ghana Guide for Publication for Banks & BoG licensed financial institutions.

#### Regulatory Quantitative Disclosures

	2020		2019	
	Bank	Group	Bank	Group
Tier 1 capital ratio	19.9%	20.3%	20.5%	20.7%
Tier 2 capital ratio	2.0%	2.0%	2.0%	2.0%
Capital adequacy ratio	21.9%	22.3%	22.5%	22.7%
Non-performing loan ratio	13.5%	13.5%	9.9%	9.9%
Liquid ratio	216.7%	217.6%	142%	143%
Leverage ratio	10.0%	10.3%	10.8%	11.0%
Compliance with statutory liquidity requirement				
(I) default in statutory liquidity	nil	nil	nil	nil
(II) default in statutory liquidity sanction (GHS'000)	nil	nil	nil	nil
(III) other regulatory penalties (GHS'000)	84	84	24	24

#### Risk Management Framework

The Bank's dominant risks are: credit risk, liquidity risk, market risk and operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. There are in place the Risk Management and Audit sub-committees of the Board and an established Asset and Liability committee (ALCO) which are responsible for developing and monitoring risk management policies in their specified areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The process followed in risk management for the year ended 31 December, 2020 are consistent with those followed for the year ended 31 December, 2019.

#### Directors' Responsibility Statement

The Directors are responsible for the preparation of the condensed consolidated and separate financial statements comprising the condensed consolidated and separate statement of financial position as at 31 December 2020 and the condensed consolidated and separate statements of comprehensive income, changes in equity and cash flows and related notes to the condensed consolidated and separate financial statements for each financial year which gives a true and fair view of the state of affairs of the Bank and the Group. In preparing these condensed financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana (ICAG) as well as complied with the requirements of the Companies Act 2019, (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) for the year ended 31 December 2020.

The Directors are responsible for ensuring that the Bank and the Group keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

(All currency amounts in the notes are in thousands of Ghana Cedis unless otherwise stated.)

#### Nature of Business

The nature of business of the group is as follows:

- To carry on the business of banking;
- To carry on the business of underwriters of securities, finance house and issuing house;
- To undertake corporate finance operations, loan syndications and securities portfolio management;
- To engage in counseling and negotiation in acquisitions and mergers of companies and undertakings;
- To engage in the business of acceptance of bills of exchange, dealing in bullion, export trade development and financing;
- To carry on the business of hire-purchase financing and the business of financing the operations of leasing companies; and
- To engage in the counseling and financing of industrial, agricultural, mining, service and commercial ventures, subject to the relevant rules and regulations for the time being in force on that behalf.

#### Subsidiaries

CalBrokers Limited, a company incorporated in Ghana as a securities broker and a licensed dealing member of the Ghana Stock Exchange.

CalAsset Management Company Limited, licensed to manage assets by the Securities and Exchange Commission.

CalNominees Limited, incorporated in Ghana to hold and administer securities and other assets as a custodian (registered owner) on behalf of beneficial owners.

CalTrustee Limited incorporated in Ghana to manage pension fund on behalf of beneficial owners as per guidelines set out by National Pension Regulatory Authority (NPRA).

#### Associated Undertakings

Ghana Leasing Company Limited (a non-banking financial institution) and Transaction Management Services Limited (in liquidation) both incorporated in Ghana are associated undertakings of the Bank. These investments have been fully impaired from the bank's book.

#### The entity's ability to continue as a going concern

The Board of Directors have made an assessment of the Bank and Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The Bank's capital adequacy and liquidity ratios were not significantly impacted in 2020, impairment charges increased by 0.9% between 2019 and 2020.

Currently, the impact of COVID-19 on our business and results has not been significant, based on our experience to date, we expect this to continue. While we delivered a resilient performance and continue to make good progress on our strategy, our primary objective now is safeguarding the health and well-being of our staff, customers and communities while also protecting the Bank.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Auditors

In accordance with Section 134(5) of the Companies Act, 2020 (Act 992), KPMG will remain in office as auditors of the Group.

"The condensed, consolidated and separate financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge."

BY ORDER OF THE BOARD

Signed  
Philip Owiredu  
Director

Signed  
Joe Rexford Mensah  
Director

Dated 31 March 2021



### INDEPENDENT AUDITOR'S REPORT

#### To the Members of CalBank PLC

#### Opinion

The condensed consolidated and separate financial statements, which comprise the condensed consolidated and separate statements of financial position as at 31 December 2020, and the condensed consolidated and separate statements of comprehensive income, changes in equity and cash flow for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of CalBank PLC for the year ended 31 December 2020.

In our opinion, the accompanying condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis described in the notes.

#### Condensed Consolidated and Separate Financial Statements

The condensed consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited consolidated and separate financial statements of CalBank PLC. Reading the condensed consolidated and separate financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our report thereon.

#### The Audited Consolidated and Separate Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 31 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period.

#### Directors' Responsibility for the Condensed Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the condensed consolidated and separate financial statements in accordance with the basis described in the notes.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu

(ICAG/P/1472).

For and on behalf of:  
KPMG: (ICAG/F/2021/038)  
CHARTERED ACCOUNTANTS  
13 YIYIWA DRIVE, ABELNKPE  
P O BOX GP 242  
ACCRA

31 March 2021

