

CALBANK LTD
OFFICAL OPENING OF NEW HEAD OFFICE BUILDING



SPEECH DELIVERED
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GOVERNOR, THE BANK OF GHANA

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**Your Excellency the President of the Republic: Nana Addo
Dankwa Akufo-Addo,
Honourable Ministers,
The Clergy and Chiefs,
The Board Chairman and Directors of Calbank,
Senior Management and staff,
Distinguished Invited Guests,
Ladies and Gentlemen,**

Good Morning,

1. It gives me great pleasure to be here today for the official launching of this new state-of-the-art head office for CalBank Limited, and for the opportunity to make a few remarks on this occasion.
2. I am delighted because this commissioning signals what a local indigenous bank can achieve with commitment and hard work by its dedicated workforce. I have no doubt in my mind that this office space has a cutting edge technology that incorporates accessibility, safety and functionality for both staff and customers.



3. Mr. Chairman, the overall contribution of CalBank Ltd to the banking industry in Ghana is not in doubt. It remains one of the domestically controlled flagship banks with strong performance in asset growth and profitability. Starting off as a merchant bank in the 1990's and transitioning to a universal bank in 2004, Calbank has exhibited strong growth over the years with an increasing number of branches and several ATMs across the country.

4. Mr. Chairman, financial services remain crucial in promoting economic growth and reducing poverty. It is in this regard that the Bank of Ghana has taken some tough decisions to sanitize the financial sector over the past two years. The objective is to position the sector as a major growth driver, to support the much needed economic transformation of Ghana.



5. Mr. Chairman, our banking system is becoming stronger by the day, as the core Financial Soundness Indicators (FSIs) suggest that the soundness and stability of the banking sector significantly improved in the first quarter of 2019, reflecting gains from the comprehensive set of reforms introduced by the Bank of Ghana in 2017 and 2018.
6. The solvency position of the sector improved on the back of the recapitalization of the banking sector and orderly resolution of distressed institutions. As a result, the capital adequacy ratio of the banking sector, which deteriorated into the worst category by June 2017, significantly improved to above 20 percent in March 2019.
7. The banking system remains profitable with a first quarter of 2019 strong after-tax income of GH¢825.96 million compared with GH¢601.76 million for the corresponding period of 2018. This represents an annual growth of 37 percent.



- 8.** Liquidity levels in universal banks as at December 2018 through to the first quarter of 2019 were among the highest recorded over the past 12 years. This can be attributed to the increase in cash and balances due banks. Similarly, results from the liquidity risk assessment indicate that shocks emanating from a single largest depositor on solvency remain well-contained in the banking industry.
- 9.** The developments in the banking sector soundness index also revealed an improvement in the general stability and soundness of the banking sector reflecting improved capital buffers, upgrade in asset quality, and enhanced liquidity stance. Also, results from the Loan Migration and Contraction Models stress testing also suggest that the banking system was generally resilient to credit risks. Similarly, results from the exchange rate and interest rate risks stress testing revealed that unanticipated shocks may not significantly affect the solvency condition of the entire system.



- 10.** Overall, the resilience of the banking industry to shocks improved significantly in December 2018 relative to December 2017 although fragilities exist at few individual banks' level.
- 11.** These positive developments on the banking sector front should improve the efficiency in the industry which should ultimately result in declining interest rates. With increased capitalization of banks, and better credit risk assessment in the banking system, we expect the pricing of credit to reflect these trends. Interest rates and spreads that have been slow to adjust should move in line with inflation.
- 12.** On this note, Mr. Chairman, let me once again congratulate the Board, Management and Staff of CalBank Limited on the opening of this new Head office building. And encourage the management and staff to continue to maintain high standards of integrity, particularly in the area of its



corporate governance to maintain public confidence in CalBank.

Thank you all for the attention.