2013

Financial results presentation

Full year 2013

CAL Bank
Bank on our Service

Contents

Speakers

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2013 Operating Environment: Ghanaian Economy

Economic Challenges Year 2013

- Revenue shortfall - GH¢13.9 billion vs. target GH¢16.3 billion*
- Lower revenue collection from lower imports, lower commodity prices, 2013 energy crisis
- Budget deficit of 10.2% of GDP in Dec-2013, exceeding target of 7.2%
- Government expenditure contained at GH¢21.20 billion vs. budget of GH¢22.7 billion*
- Inflation rose from 8.8% in Jan-2013 to 13.5% by Dec-2013

Forex and Interest rate Trends in 2013

- Cedi depreciated 14.7% against USD in year-to-Dec-2013 vs. 17.5% for same period in 2012
- Interest rates on the money market recorded a decline (Jan 2013 – Dec 2013):

91-Day:	from 23.03% to 19.22%
182-Day:	from 22.99% to 18.66%
1-year:	from 22.90% to 17.00%

** Figures for Q3-2013*

2014 Outlook

- BOG policy rate increased from 16% to 18% to curb inflation
- Inflationary pressure still expected initially since removal of subsidies and increased utility tariffs
- BOG foreign exchange restrictions increasing pressure on forex rates, although foreign investment transfers not affected
- Currency depreciation expected against USD due to vulnerability of commodity prices
- 2014 Budget fiscal measures expected to bring inflation within target 7.5%-11.5% @ year end
- Continued improvements in energy sector & increased oil production will support growth

2013 Operating Environment: Banking Industry Trends

2013 Banking Sector and Market

- 27 banks - 14 foreign , 4 government-owned, 9 local private
- Intense competition in 2013 for cheap deposits and a renewed focus on SMEs/retail
- Continued growth in banking industry
- Similar product offerings across banks (corporate and retail loans, mortgages, auto-finance, etc.)
- Total Industry Assets grew 35% from GHS 25.1 Billion to GHS 33.9 Billion y/y *
- Asset growth driven mainly by advances (46% of Total Banking assets) *
- Total Industry Deposits grew modestly in 2013 by 18.1% to GHS21.1 Billion *
- Industry NPL ratio fell from 13.1% to 12.3% in 2013 *
- Corporate banking dominates: 80% of total deposits held in non-retail accounts *

Recent Regulatory Trends

- BOG policy rate increased from 16% to 18%
- BOG foreign exchange restrictions on forex account operations

Banking Outlook

- Opportunities for further expansion in industry
- SME banking gaining traction recently as regulatory environment improves (street naming, TIN numbers, credit referencing)

** Figures for Q3-2013*

Sources : FT.com; BOG Monetary Policy Report Nov 2013;

Performance Highlights - Full year 2013

Robust Growth in Income & profitability

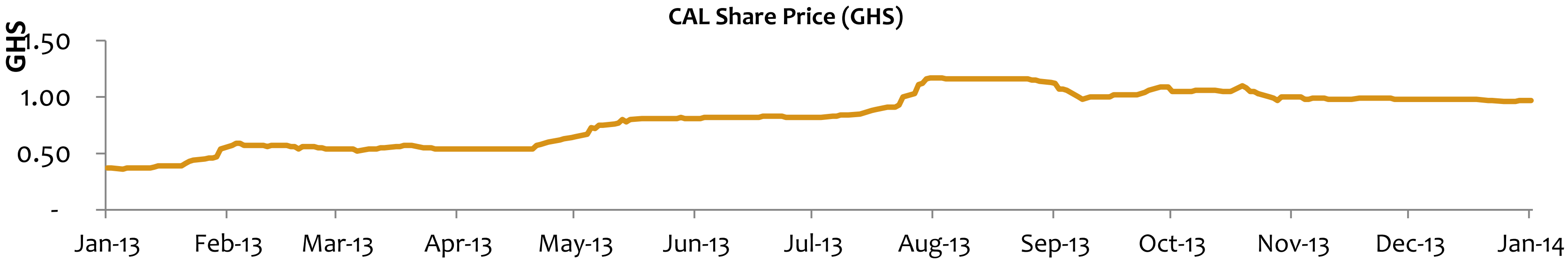
- **Interest income:** up 83.1% to GHS 266.7 mm (FY 2012: GHS 145.7 mm)
- **Net interest income:** up 70% to GHS 143.8 mm (FY 2012: GHS 84.6 mm)
- **Non interest revenue:** up 55.3% to GHS 75.5mm (FY 2012: GHS 48.7)
- **Total income:** up 64.6% to GHS 219.2 mm (FY 2012: GHS 133.2 mm)
- **Profit before tax:** up 90.5% to GHS 127.3 mm (FY 2012: GHS 66.9 mm)
- **Profit after tax:** up 79% to GHS 92.5 mm (FY 2012: GHS 51.7 mm)

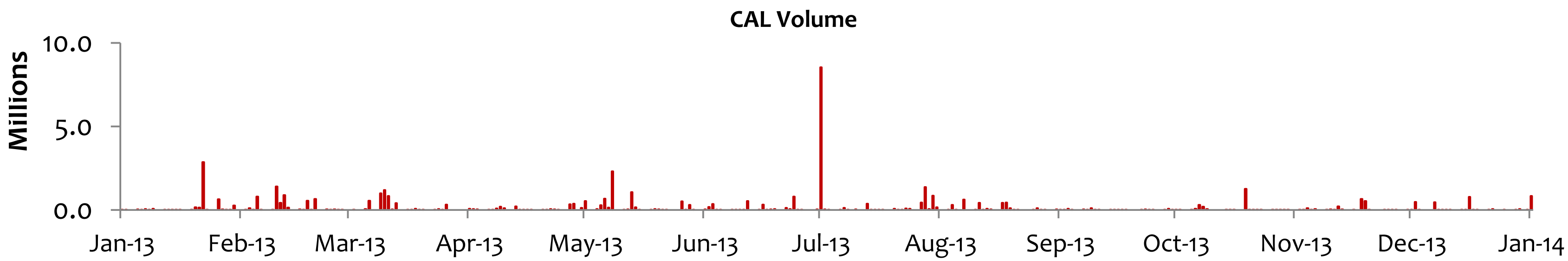
Measured growth in Assets and Deposits

- **Loans & advances :** up 31.2% to GHS 980.4mm (FY 2012: GHS 747.4 mm)
- **Total Deposits :** up 5.1% to GHS 835.3mm (FY 2012: GHS 794.6 mm)
- **Total assets:** up 34.3% to GHS 1.6b (FY 2012: GHS 1.2b)
- **Return on average equity 37.6%** (FY2012: 34.9%)
- **Return on average assets 6.8%** (FY 2012: 5.2%)
- **NPL Ratio 7.9%** (FY 2012: 5.0%)
- **Capital Adequacy Ratio of 19.2%** (19.9% in FY2012).

FY 2013 Share Price Performance

CAL's stock price trajectory in 2013…





Key Facts:

- Market capitalization – GHS 532 million (GHS 208 million @ FY 2012)
- CAL stock appreciation (Y/Y) - 155.3%
- Trailing 12mth EPS – 0.1686 GHS/share (0.0942GHS/share @ FY 2012)
- Trailing 12mth P/E – 5.85x (4.03x @ FY 2012)
- FY 2013 P/B – 1.09x (1.02x @ FY 2013)

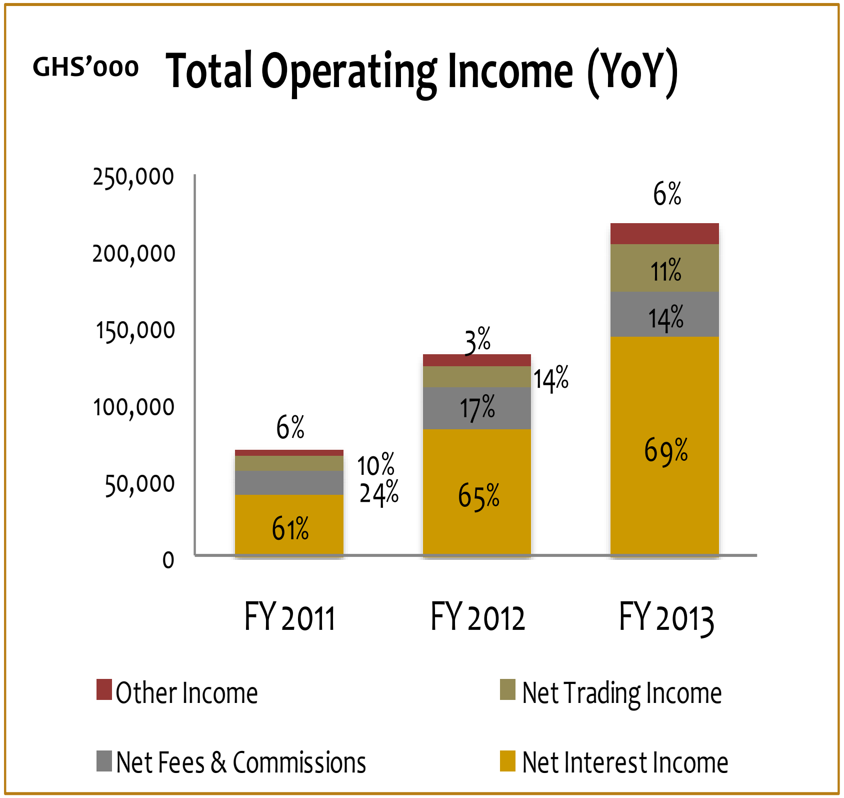
Full year 2013 Group Income Statement

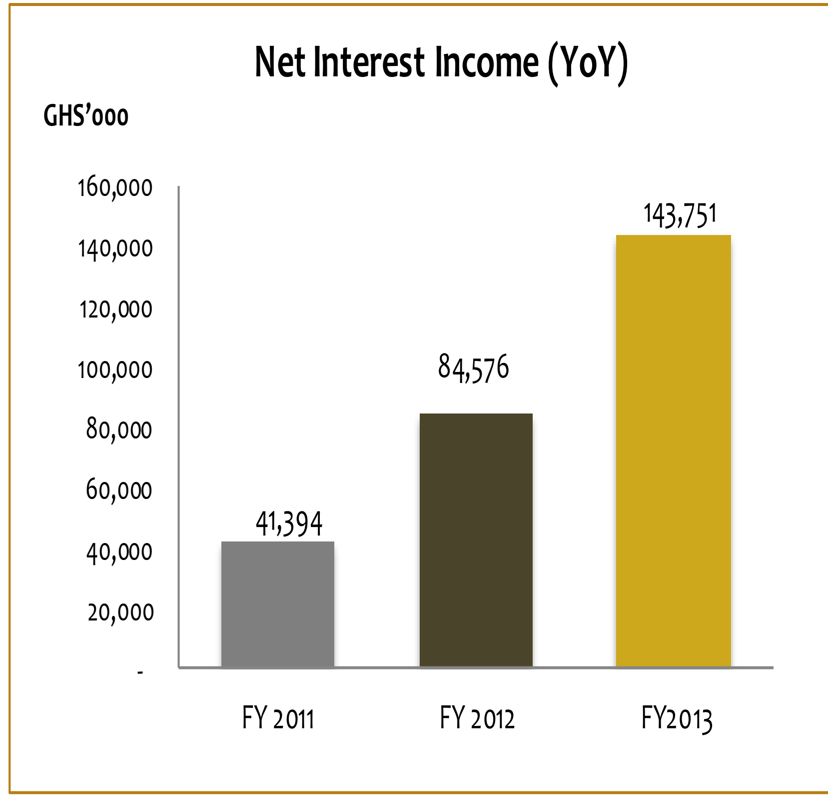
Key Items (GHS'000)	FY 2013	FY 2012	*Change*
Net Interest Income	143,751	84,576	*70.0%*
Net Fees & Commissions	29,766	25,824	*15.3%*
Net Trading Income	31,153	13,869	*124.6%*
Other Income	14,547	8,911	*63.2%*
Total Income	219,217	133,180	*64.6%*
Credit Loss Expenses	(17,515)	(17,461)	*(0.3%)*
Total Operating Expenses	(74,359)	(48,865)	*(52.2%)*
Profit Before Tax	127,343	66,854	*90.5%*
Profit After Tax	92,463	51,651	*79.0%*

Key Facts

- 70.0% y-o-y growth in net interest income attributable to 39.8 % growth in earning assets.
- Total income up 64.6% y/y, driven largely by Net Interest income , Net trading income from forex and trade finance. Key contribution to Non-Funded Income from Advisory Fees.
- 52.2% increase in operating expense largely due to 63.7% increase in staff costs as a result of market-related salary increases and enhanced training tailored to meet demands of expanded operations.
- Credit loss expense well controlled in spite of 31.2% growth in loan book. This was due to enhanced loan monitoring teams and recovery operations.
- 90.5% growth in profit before tax y/y

Full year 2013 Revenue Evolution

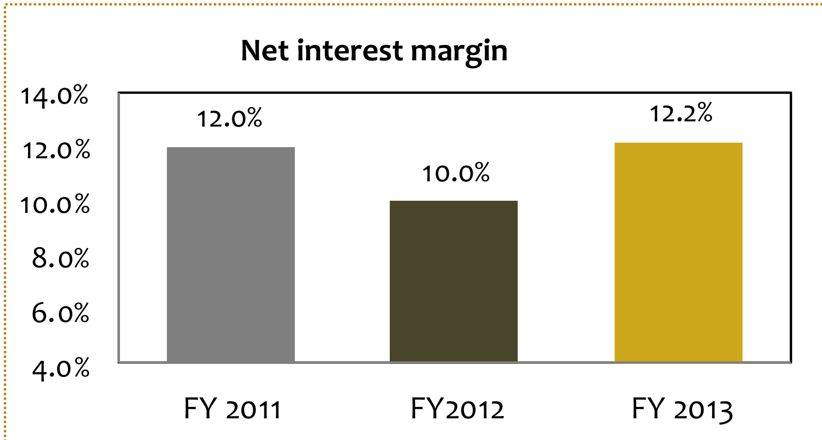


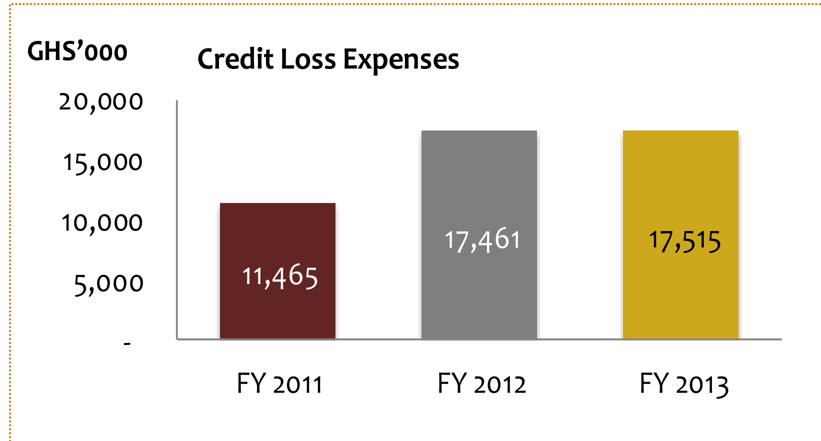


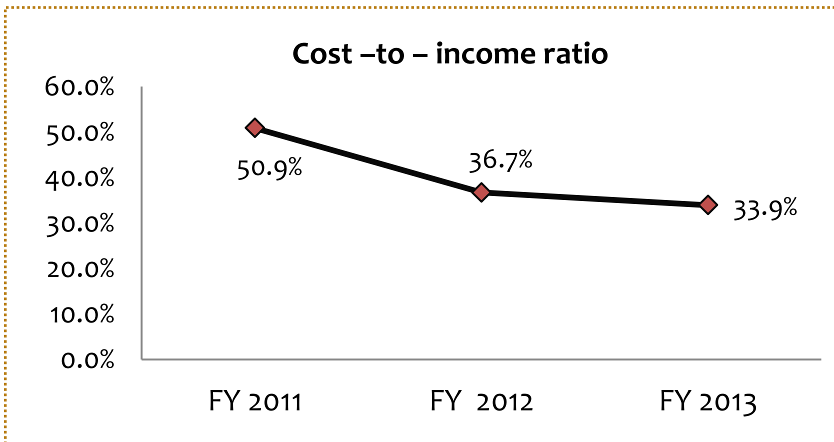
All amounts in GHS'000

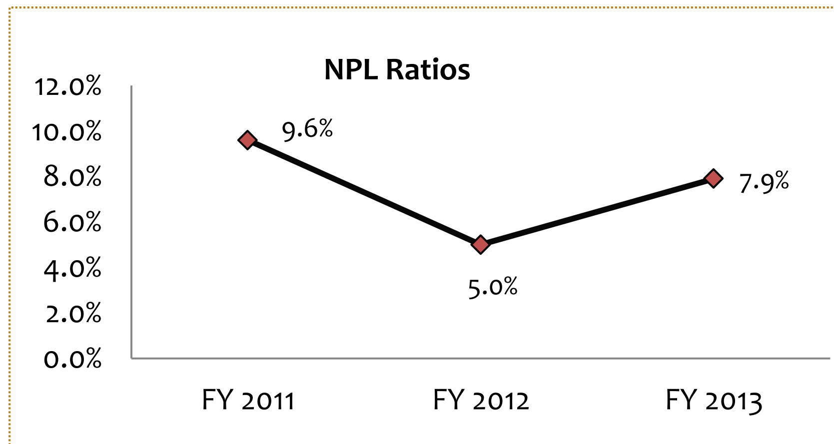
FY 2013 Expenses Evolution

INCREASING PROFITABILITY SUPPORTED BY STABLE INTEREST SPREADS ,COST EFFICIENCY AND WELL MANAGED RISK









All amounts in GHS'000

Full Year 2013 Group Balance Sheet

Key Items (GHS'000)	FY 2013	FY 2012	*Change*
Loans and Advances	980,416	747,385	*31.2%*
Fixed Assets	45,422	35,531	*27.8%*
Total Assets	1,561,765	1,162,855	*34.4%*
Total Deposits	835,271	794,555	*5.1%*
Borrowings	382,713	130,707	*192.8%*
Total Liabilities	1,277,128	955,431	*33.7%*
Shareholders' Funds	284,638	207,424	*37.2%*

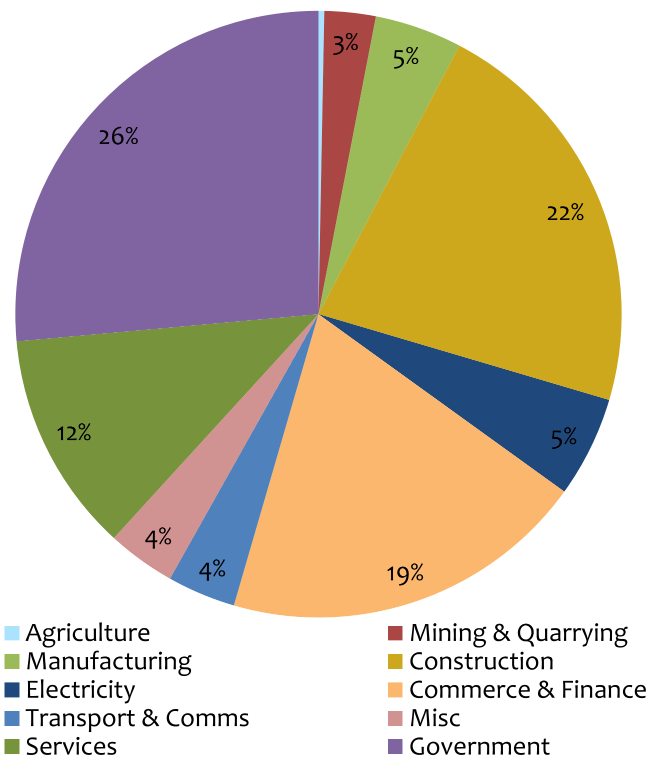
Key Facts

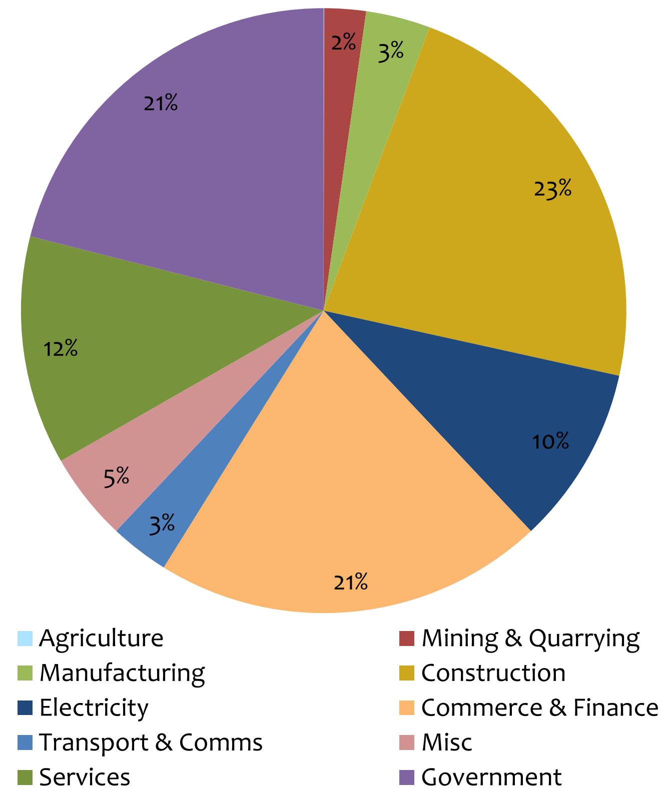
- Total assets grew by 34.3% y-on-y
- Loan growth of 31.2% in principally to energy and gas and commerce sectors
- Increased branches from 17-19 during the year
- Borrowings increased 192.8% through securing Lines of Credit for general purpose and to fund specific transactions in 2013
- Shareholders funds grew by 37.2 % y-on-y

FY 2013 Assets Profile

SECTORAL DISTRIBUTION OF LOANS

FY2012	FY2013

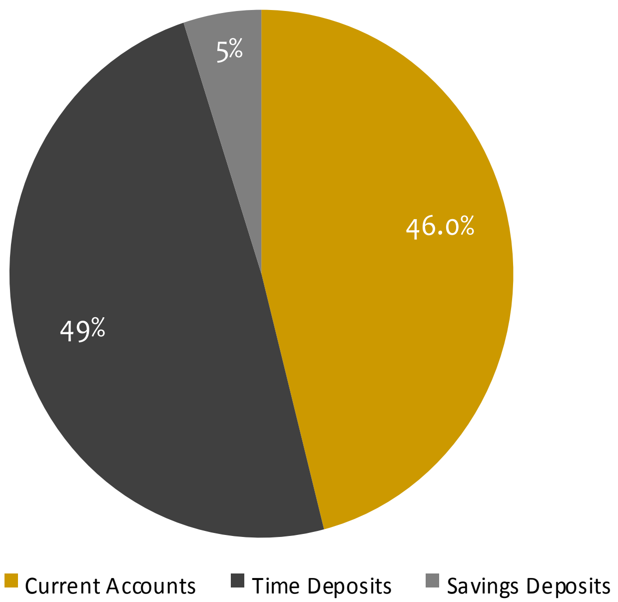


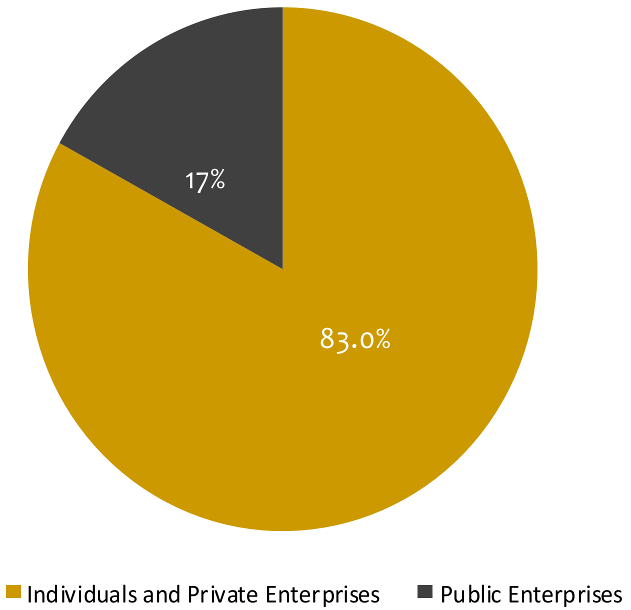


FY 2013 Deposit Mix

MANAGEMENT CONTINUES DRIVE TO REBALANCE THE DEPOSIT MIX TOWARDS CHEAPER RETAIL DEPOSITS

FY2013 Deposit Mix





2014 Prospect and Outlook

Corporate Banking

- Continue to scale up Syndicated transactions and loans
- Concentrate on key growth sectors of energy, gas, mining and services

Retail Banking

- Increase branch network from 19 to 25 to improve brand visibility
- Target growing middle class clientele for retail assets

People

- Deepen cross training to foster job rotation
- Reward staff productivity and performance to attract and retain high quality personnel
- Develop and train for capacity in key growth sectors – oil & gas, power and syndications

Technology

- Increase operational ATMs from current 59 to 82 by year end 2014
- Enhance IT infrastructure to deliver products electronically including credit cards, ATM smart cards, mobile money

Q & A