

APRIL 2022

CORPORATE DIGEST

Russia-Ukraine Crisis: Impact Analysis on Nigerian Businesses

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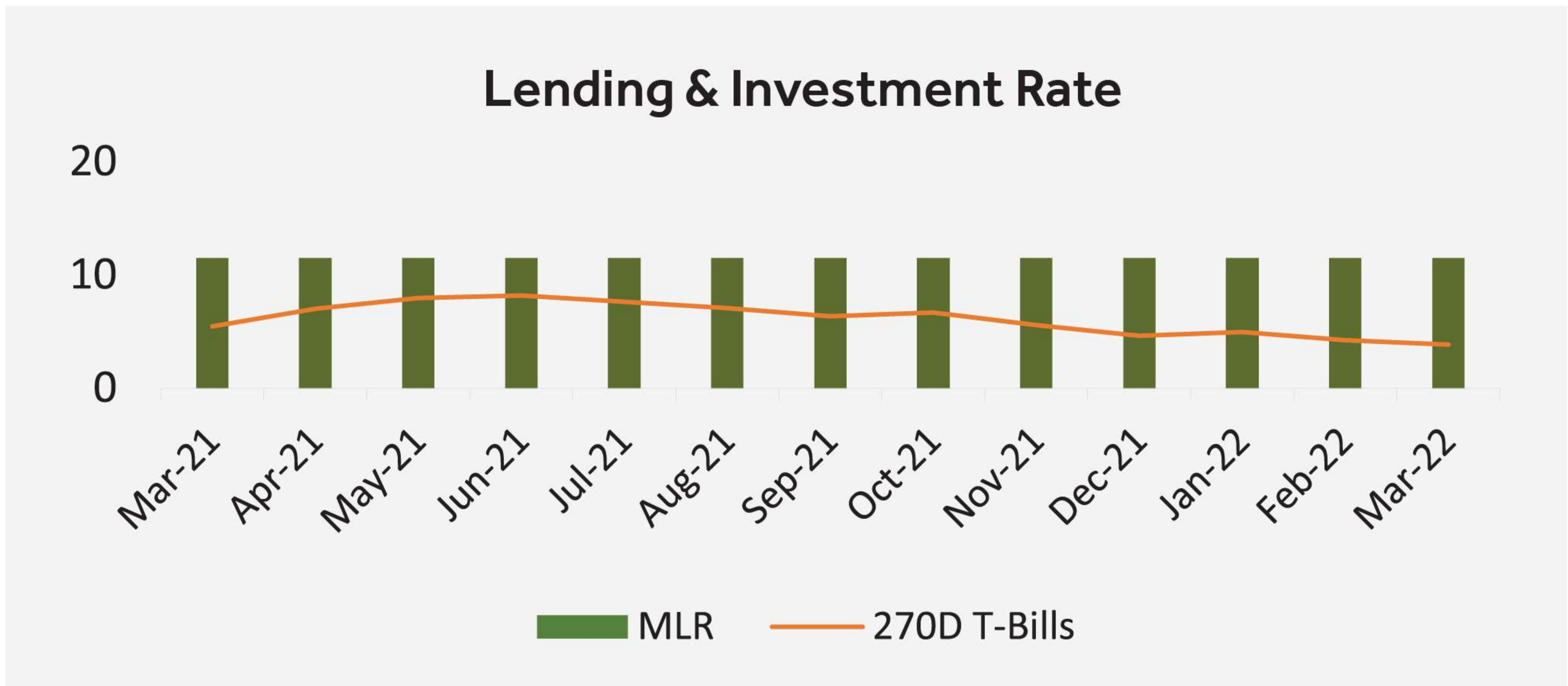
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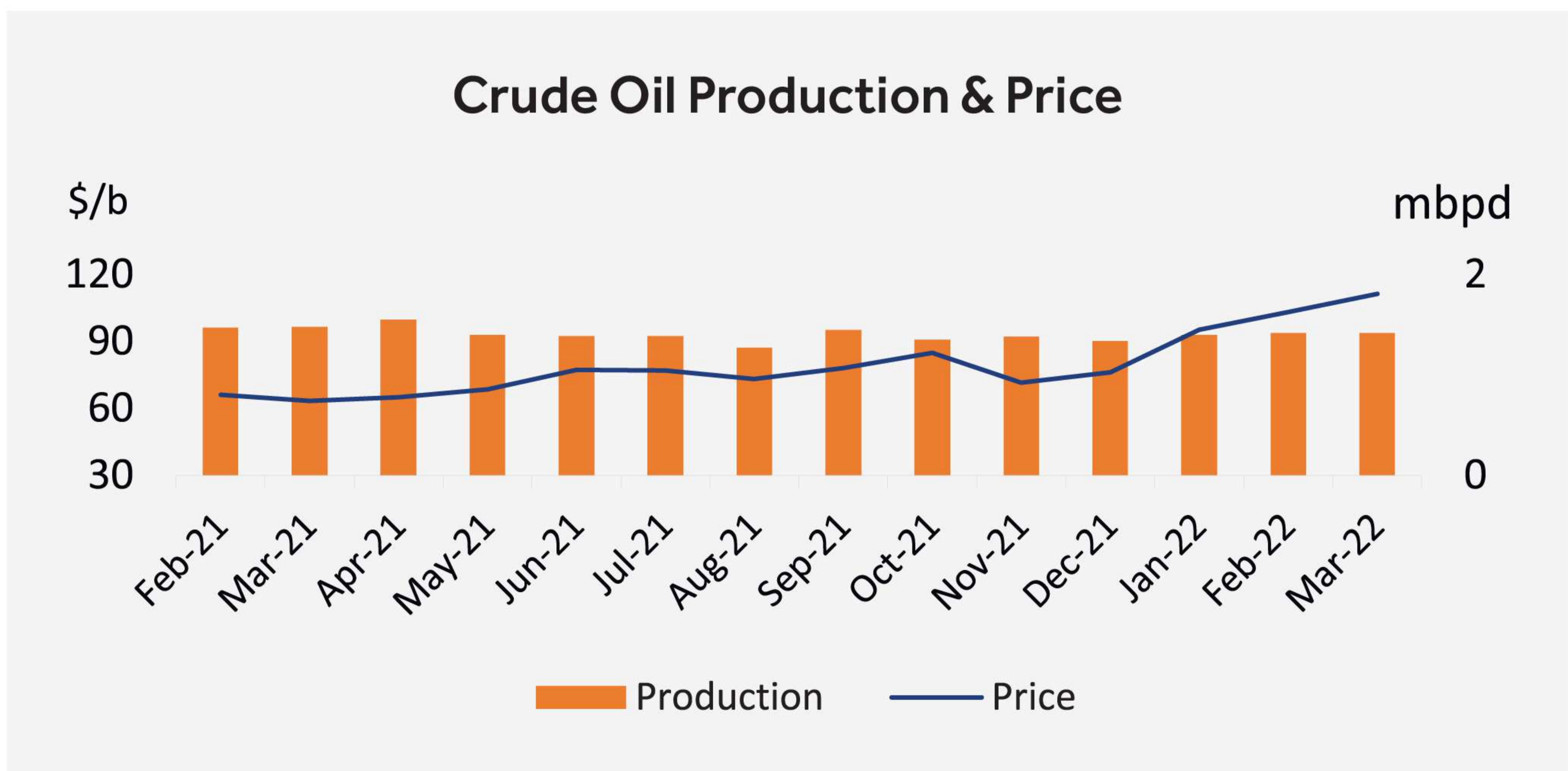
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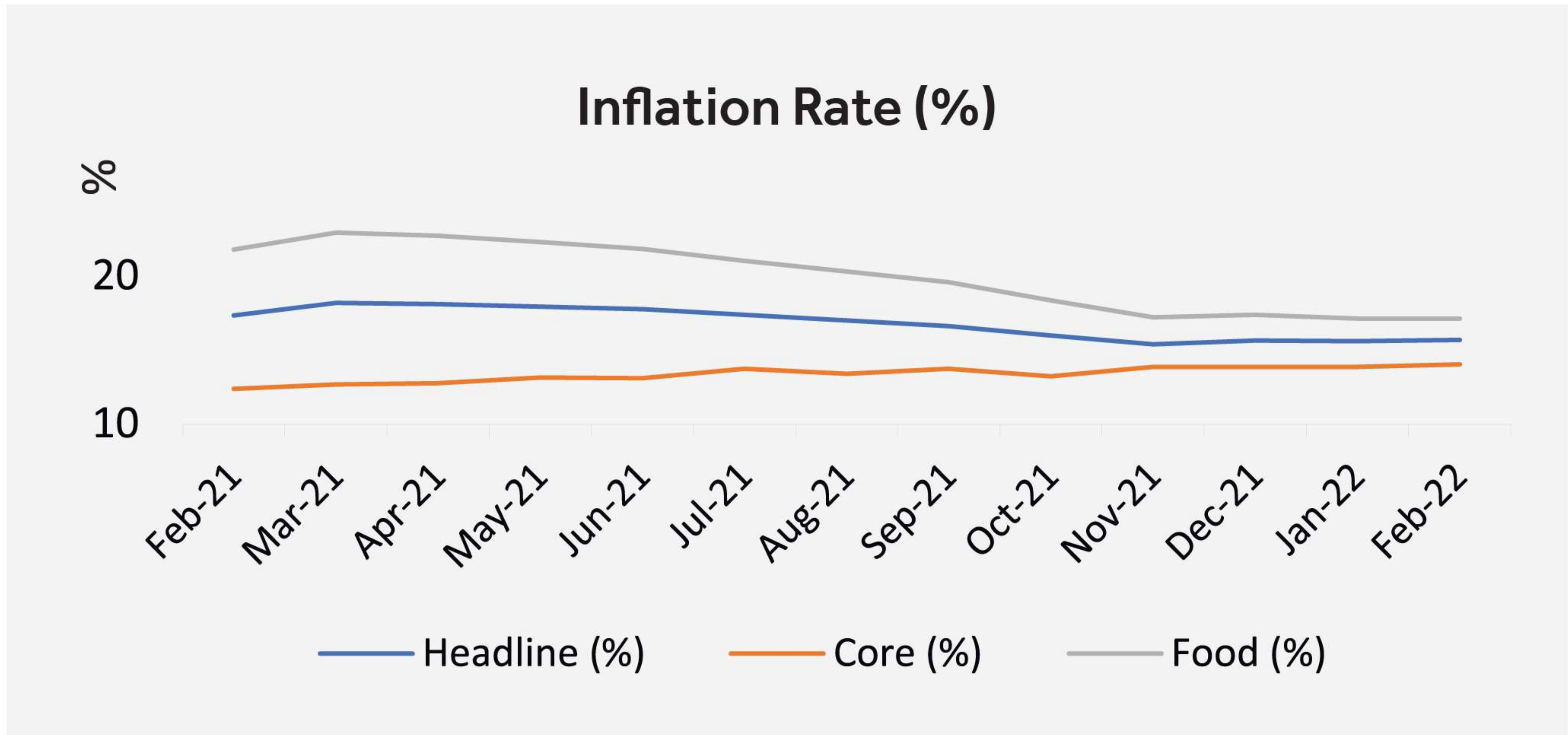
Macroeconomic Updates



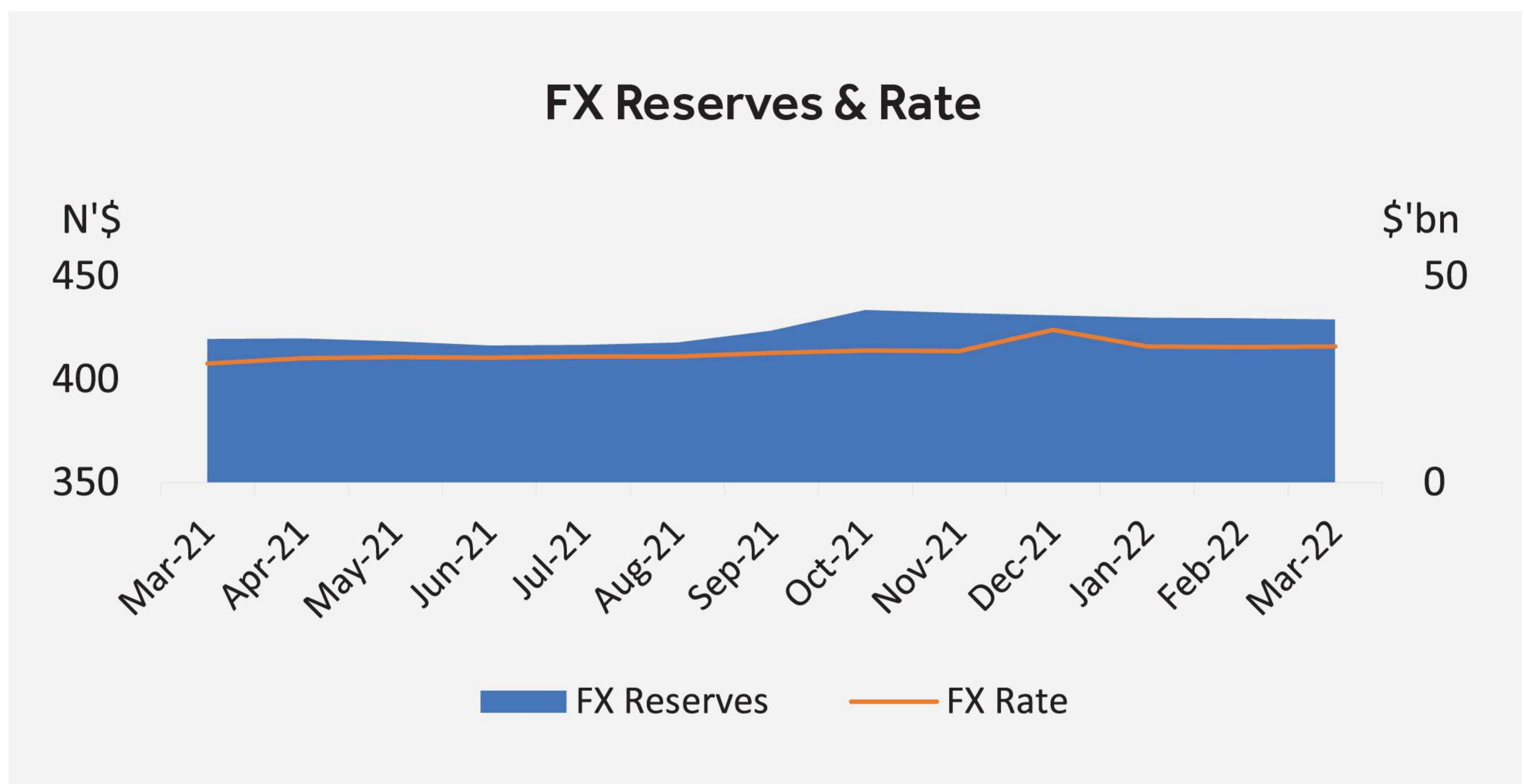
- The Monetary Policy Rate (MPR) was left unchanged at 11.5% after the second meeting of the Monetary Policy Committee (MPC) which held in March 2022.
- The 270-Day Treasury Bills (T-Bills) declined further in March 2022 to sit at 3.89% from 4.26% posted in February 2022.
- The decision to maintain a hold stance suggests a precautionary move given the current macroeconomic realities especially the uncertainties surrounding the ongoing Russia-Ukraine crisis.



- Oil prices remained elevated in the month of March 2022, rising by 8.02% to close the month at \$111.51/b compared to \$103.23/b recorded in February 2022.
- The increase sprouted from tight oil supply and the possibilities that the European Union is preparing to impose additional sanctions on Russia amid reports of civilians' atrocities in Ukraine
- The quantity of oil pumped in Nigeria slightly rose to 1.42 million barrels per day (mbpd) in February 2022 from 1.40mbpd pumped in January 2022.



- Headline inflation rate rose to 15.70% in February 2022 from 15.60% posted in January 2022.
- While food inflation rate declined further by 0.02% to close February at 17.11%, Core inflation rate rose by 0.14% to close at 14.01% compared to January figures.
- Rising oil prices translated to soaring prices for deregulated petroleum product, thus increasing costs for both individuals and businesses.



- External reserves maintained its downward trend settling at \$39.55 billion at the end of March 2022 down from \$39.86 billion posted in February 2022.
- Rising oil prices have failed to translate to increase in the external reserves as subsidy payments dwarf the benefits of high oil prices
- The Naira depreciated further by ₦0.39 to settle at ₦416.06/\$ at the end of March 2022 relative to ₦415.67/\$ recorded in February 2022.

There's a new chapter in our story...

Dear Valued Customer,

I want to specially appreciate you for choosing to be part of the Access Family. Our journey so far would not have been possible without you. Your continued trust and support in Access Bank has played a pivotal role in our transformation over the years.

We are excited to share with you our transition into a Financial Services Holding Company – **Access Holdings, Plc**, trading as Access Corporation. This change will see us evolve from a bank into a large-scale ecosystem player offering a new globally connected set of services. This ecosystem will offer specialized services at the same time as a seamless integrated experience to improve both relevance and convenience.

Access Corporation will oversee a group of portfolio companies with significant complementarities that will drive more value for you. These include:

- ◆ **Access Bank Group:** banking remains at our core, now equipped to provide best-in-class, seamless and consistent Customer Experience, and service delivery in its operations in Nigeria, and across its 14 subsidiaries in Africa, Europe and Asia.
- ◆ **Lending Company:** a Consumer Lending Company, serving individuals and SMEs. The products on offer will include buy-now-pay-later loans, car loans, small mortgages, salary-based loans, working capital loans, durable goods loans, point of sale loans and much more. This is a digital business, focused on speed, convenience and value.
- ◆ **Payment Company:** a Payment Services Company that will drive payments domestically, across the African continent and beyond. Primarily a business services company, the Payco will make payments simpler, faster and more efficiently. The focus will be on; Switching, Card Processing, New and Emerging Payments including managing the Access Payment gateway to facilitate e-commerce. The Payco will partner with organisations to be the most-trusted FinTech enabler in the continent.
- ◆ **Insurance Company:** we recognize that Insurance is key to sustaining businesses, and it is a tool to protect intergenerational wealth and benefit societies. Access Insurance Brokerage would provide a value-added insurance brokering service focused on your individual and business protection needs.

Your banking service experience will be highly improved, and you will be connected to even more exceptional opportunities to suit your lifestyle and business needs.

From May 1, 2022, there will be changes to the leadership structure as I will be transitioning to head the Access Corporation as the Group Managing Director/Chief Executive Officer, while Roosevelt Ogbonna will be taking over as Managing Director/Chief Executive Officer of the Bank. I will continue to support the banking group as well as other business verticals with the new holding company and hope we can also count on your continued support as we write the next 20 years of our journey together.

Thank you for supporting us on this exciting journey so far.



Herbert Wigwe
GMD/CEO Access Bank Plc.



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more than banking

The Global Impact of the Russia-Ukraine Crisis

The invasion of Ukraine, which is known as Europe's breadbasket, has been dubbed the newest "pandemic" with the ability to impede the ongoing global recovery from the Covid-19 pandemic

Russia-Ukraine's Global Contribution



22Tcf

Russia is the 2nd largest global producer of gas



29%

Russia and Ukraine global wheat exports



19%

Russia and Ukraine global corn exports



17%

Russia potash fertilizer exports



10.5mbpd

Russia is the 3rd largest global producer of oil



10%

Russia global copper reserves



80%

Russia and Ukraine global sunflower oil exports



15%

Russia nitrogenous fertilizer exports

*Trillion cubic feet (Tcf), Million Barrels Per Day (mbpd)



Rising Energy Prices

- The Russia Ukraine crisis has caused a spike in energy prices
- Oil prices have hit the \$100/b mark, highest level since 2014. As the oil market tightens due to Russian sanctions, the rise is projected to continue. Gas prices have also risen by over 25%



Growing Food Inflation

- Russia and Ukraine produce 12% of calories consumed globally.
- Trade disruptions in the Black Sea and threat to farms in eastern Ukraine would put upward pressure on grain prices.
- Economist Intelligence Unit (EIU) believes that global inflation rate will exceed the current forecast of 6%.



Jittery Stock Market

- Investors have started to get jittery about major central bank rate hikes as inflation rates aren't expected to look downwards if the war continues.
- Increased global sell-offs as investors move funds to safe havens such as precious metals.



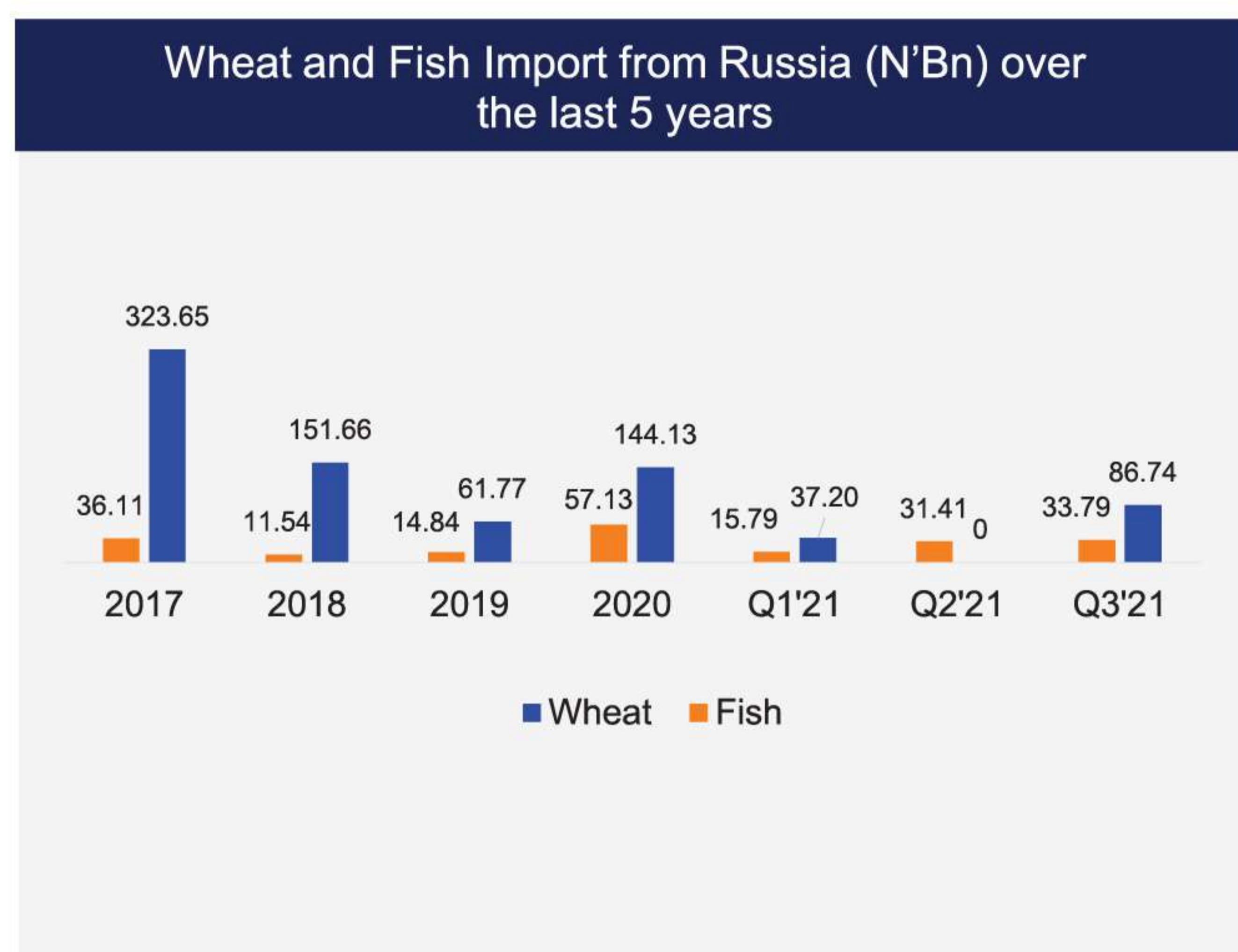
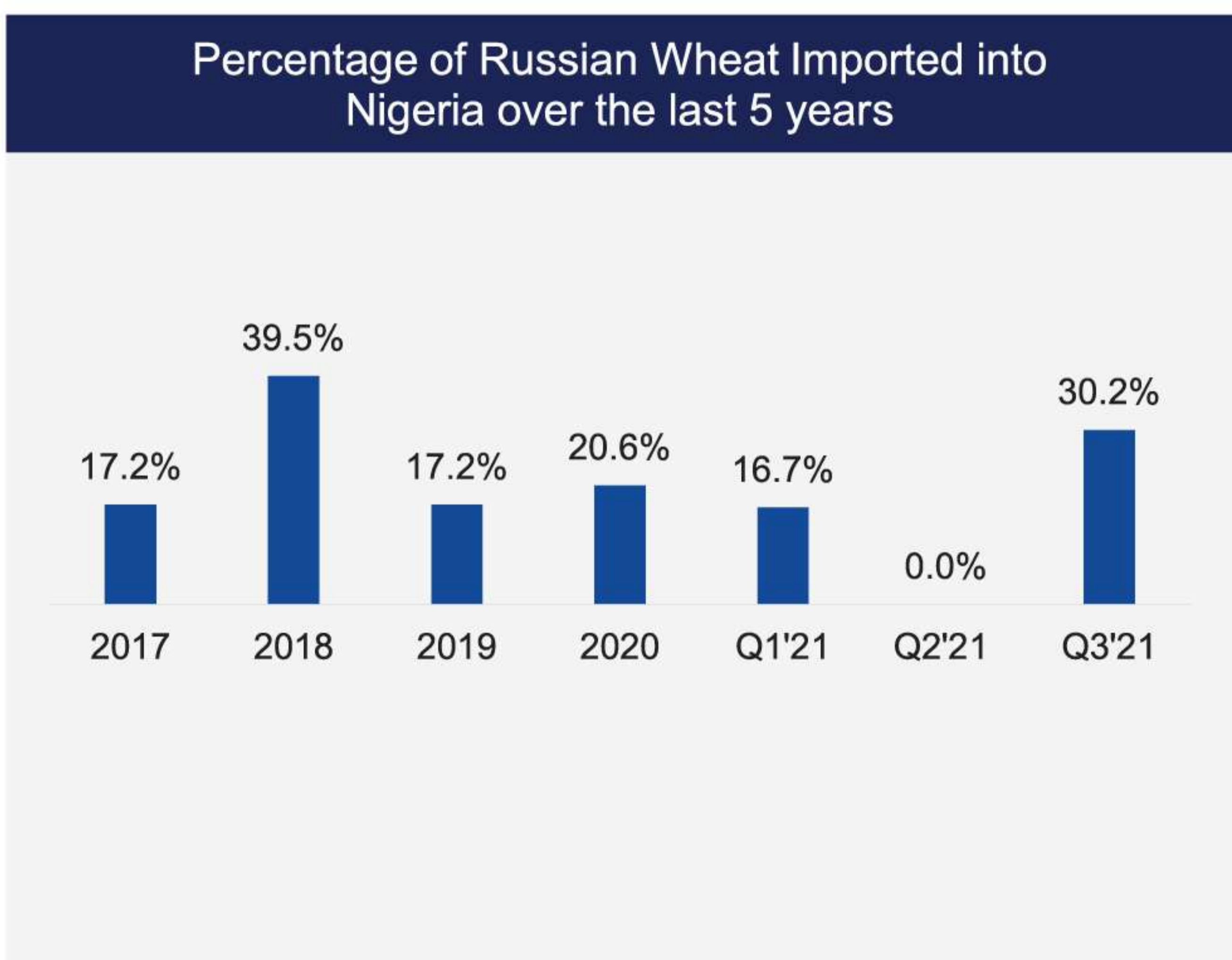
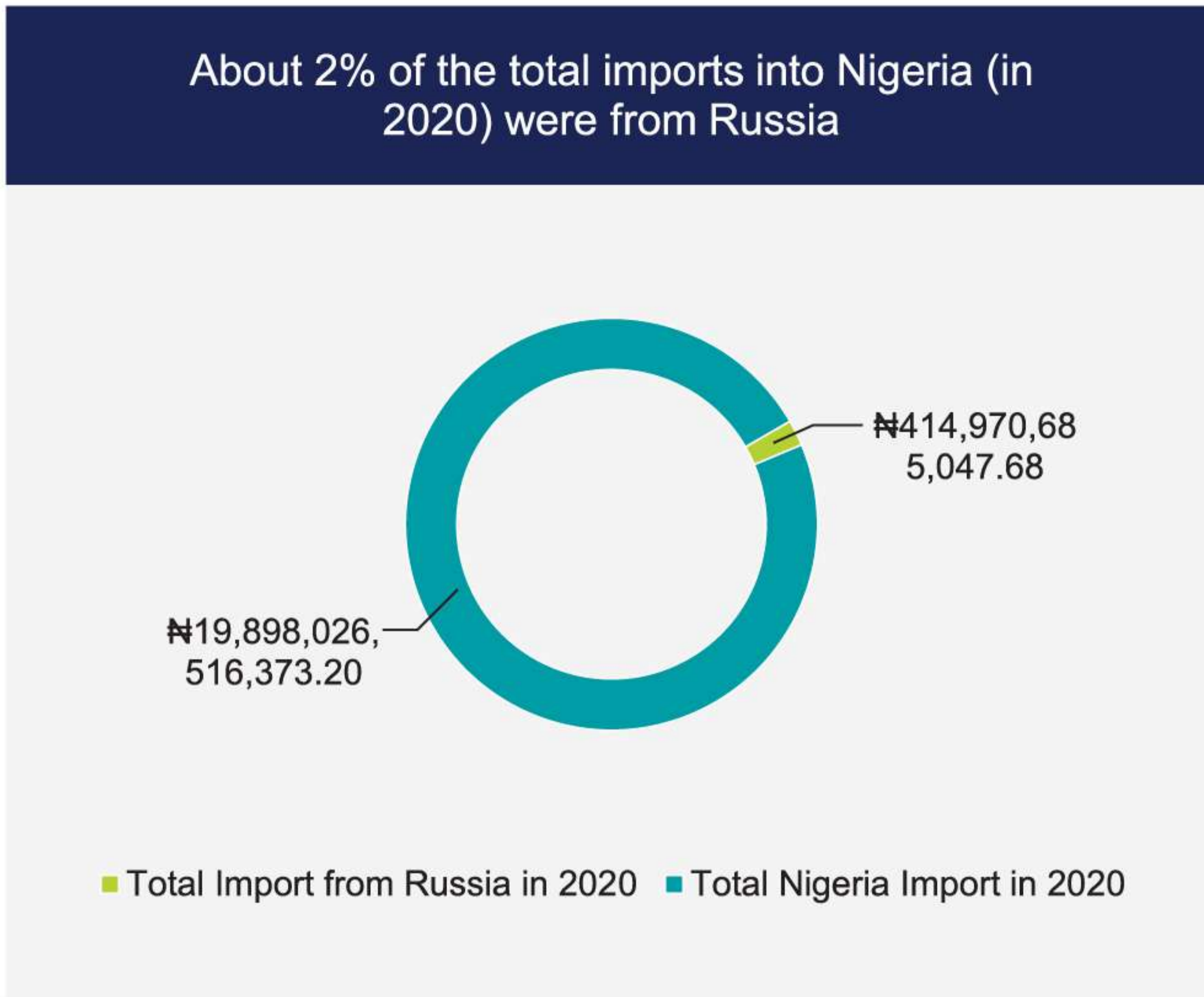
Slowdown in Global Recovery

- The conflict's economic impact will be felt mostly in Russia, Ukraine and other countries that are particularly vulnerable to them, and they are expected to endure severe recessions this year.
- This would have a negative impact on Europe's and the world's growth.

Sources: BP, International Food Policy Research Institute, EIU, World Economic Forum (WEF)

The Nigerian Economy: Exposure to Russia–Ukraine Crisis

- ◆ Data obtained from NBS shows that Nigeria only imports agricultural products (Wheat and Fish) from Russia, with Wheat accounting for majority of the volumes. Between Q3 2020 and 2021, Wheat accounted for 72% of the imports.
- ◆ Given the reliance on Russian wheat (20% on average), the ongoing crisis has disrupted supplies, thus causing prices to rise.



Source: NBS

Russia-Ukraine Crisis Scenarios – The Defining Uncertainties

Best Scenario: Putin retreats from Ukraine	Heightened Scenario: Crisis Escalates to Total Occupation	Severe Scenario: Russia Challenge NATO
<ul style="list-style-type: none"> Ukrainian forces, backed by allied armaments, halt the Russian advance. Putin, buckling under international isolation and sanctions. The idea is sanctions and the delivery of firepower to Ukrainian forces will make life difficult for Putin and force him to rethink his strategy. Cost of war is expensive, Putin retreats. 	<ul style="list-style-type: none"> The crisis is long and the aftermath could be matter of years, resulting to uncertain outcomes. NATO doesn't intervene. Russia encircles and cuts off Ukraine's major cities to force them into submission. If they do not surrender, the Russian army will unleash shock and awe tactics that will cause a huge number of civilian casualties. Ferocious struggle for Kyiv, which Russia could get the better of in a matter of weeks, followed by an entrenched conflict that could last for years. 	<ul style="list-style-type: none"> Russia takes power in Moldova. Putin has a continuous political-military border from the North Cape to the Black Sea. Russia challenges NATO by attempting to redraw the map of Europe to something approaching pre-NATO expansion. NATO interferes World war (restrained world war)
Best	Heightened	Severe
<ul style="list-style-type: none"> Quick resolution of the conflict, pre-election spending and increase in aggregate demand supports accelerated growth. Food inflation rate improves as the supply of key commodities such as wheat amongst others, recovers. Oil prices normalizes as supply of oil improves. This translates to reduction in subsidy payment and decline in oil revenue. Although, oil prices will likely still stay above budget benchmark of \$62/b. Core inflation rate improves as the price of non-subsidized petroleum products reduces. Slowdown in FPI likely to continue. Business as usual" continues for exporters and importers 	<ul style="list-style-type: none"> GDP growth remains on its growth trajectory. Food inflation rate would worsen as the price key commodities such as wheat, corn, amongst others, rises globally. Relative increase in subsidy payment as oil prices rise. This would translate to attrition to the external reserves and a depreciating Naira. Core inflation rate will also worsen as the price of non-subsidized petroleum products rises. Foreign Portfolio Investment (FPI) reversal is more likely Trade becomes slight difficult due to the sanctions on Russia. 	<ul style="list-style-type: none"> Higher likelihood of experiencing another recession as the World will be thrown in a turmoil. The growth of Food inflation rate would be compounded given the already existing inflationary issues. Increased subsidy payment as oil prices rise. This would translate to attrition to the external reserves and a depreciating Naira. Increase in core inflation rates as the prices of non-subsidized products sky-rockets. Increased Foreign Portfolio Investment (FPI) reversals as investors move funds to safe havens Trade would become difficult as movement of will be restricted.

The Defining Uncertainties

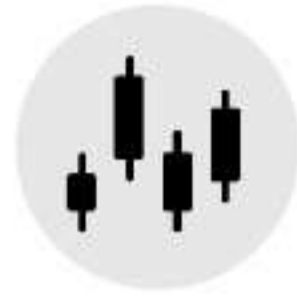
- ◆ GDP Growth
- ◆ Exchange Rate
- ◆ Trade
- ◆ Food Inflation
- ◆ Foreign Portfolio Investments (FPIs)
- ◆ Interest Rate
- ◆ Oil Price

Building a resilient business in uncertain times



Localize inputs:

Firms, particularly those in the manufacturing industry, should collaborate with local raw material suppliers to build a relatively stable supply that is not susceptible to external shocks. In addition to lowering Dollar demand, localizing inputs has a positive rippling impact on the overall economy.



Hedge Forex Exposure:

To mitigate the risks from forex vulnerabilities, businesses will need to hedge forex positions. Access Bank is committed to providing innovative treasury solutions to its customers' forex difficulties.



Scenario Analysis:

Scenario analysis is the process of evaluating possible events and outcomes. Firms should conduct regular scenario analysis to align company's objectives with current macroeconomic realities.



Establish a Savings Buffer:

To mitigate the harmful effects of the crisis or any other crisis in the future, firms should establish a culture of saving a percentage of profit. The surplus profit would enable the company temporarily weather the storm of increased input prices and operating costs.



Cost & Inventory Management:

Cost should be kept under tight control. Reduce inventory costs but do not compromise on quality of inventory. Find cheaper options for managing inventory costs either by reducing the quantity of the inventory to what is needed per time, find a cheaper source of transporting inventories or source inventory from cheaper source.



Product Size:

Producers of goods and services should explore producing goods and services in smaller and more affordable units, while maintaining product quality. Even firms that have successfully done this, may have to further split the products into smaller units to meet customer demands lest, they lose customers to rivals or to substitute products.



Renegotiate Contracts:

Explore contract renegotiations where possible. It is ideal to enter into flexible contracts that account for the vagaries in the economic and business environment.



Limit Credit:

Limit the credit given to customers to protect the cashflow of the business. Also, ensure that credit is given to only credit worthy customers.

Answers to Last Month's Find the Word Puzzle

Thank you to everyone who participated in last month's puzzle and Congratulations again to the Winner who was rewarded with a ₦5,000 airtime voucher!

Here are the answers:

E	T	R	P	Z	L	C	Q	R	A
N	K	Y	O	I	T	U	S	E	C
A	C	X	P	N	R	S	N	B	D
I	B	T	G	T	P	T	Y	T	O
R	Y	A	I	E	O	O	U	X	L
A	T	L	K	R	Y	M	W	V	L
Z	R	S	J	E	Z	E	K	J	A
X	O	Q	G	S	K	R	M	Y	R
M	N	P	H	T	U	L	D	B	E
P	R	I	M	U	S	P	L	U	S

Find the Word:

1. Regulatory authority for capital markets in Nigeria (abbreviation) - *SEC*
2. Monetary charge paid on borrowed money - *Interest*
3. Widely used foreign currency, commonly called Greenback - *Dollar*
4. Recent digital innovation by the Central Bank of Nigeria - *eNaira*
5. Access Bank's Corporate Internet Banking Platform - *PrimusPlus*

update on international transactions



Dear Valued Customer,

Our hearts go out to Ukraine and everyone affected by the Russian/Ukraine conflict. Access Bank is diligently observing these events and the subsequent economic situation in Europe as a whole.

The sanctions placed on Russia will impact international transactions such as Trade finance (letters of credit, bills of collection, and exports), International Money Transfer Operators (IMTOs), and international card payments. Consequently, there may be delays with transactions to and from this region.

While we will monitor to ensure international transactions are processed seamlessly, we are trusting that this crisis will be resolved.

For further inquiries, please reach us via email at contactcenter@accessbankplc.com or chat us at <https://livechat.accessbankplc.com/>

Thank you for choosing Access Bank.

For more information

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Services tailored just for you, to meet your style, taste and comfort

Access Bank will never ask for your complete card number, PIN or One-Time Password. If you lose your phone, please call us immediately.

Celebrating 20 years of transformational leadership



20 *Marks of Excellence*

On **March 22, 2022**, we celebrated 20 years of exceptional leadership. We owe all accolades to our staff, customers, shareholders, regulators and partners for their unwavering support over the years. This success is for you and we say thank you.

#NoUsWithoutYou #AccessYOUiverse

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