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Access Bank Plc

H1 2012 Results Presentation to Investors and Analysts

September, 2012

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Agenda

- »» **Overview of Access Bank**
- »» **H1 2012 Financial Performance Review**
- »» **SBU Financial Performance Review**
- »» **Service, Scale and Efficiency**
- »» **Key Activities for 3rd Quarter**

Access Bank overview

1 Bank of Best practice with consistent growth over the past 10 years

- »» FT/IFC Sustainable Bank of the Year for Africa and Middle East (2011)
- »» Issued \$350 Million Eurobond listed on the London Stock Exchange
- »» Pioneered IFRS compliant Financial Statements
- »» Consistent Growth path from Tier 4 in 2002 to Tier 1 in 2012

2 Strong Financial Stability Indicators

- »» Capital Adequacy ratio of 22%
- »» Loan to deposit ratio of 54%
- »» Liquid balance sheet with liquidity ratio of 64%

3 Strong market share across key market segments

- »» 4th largest Nigerian Bank
- »» Successful value chain strategy with strong real sector presence
- »» Leading retail footprint with 5.5 million customers

4 Experienced board and management & strong Corporate governance

- »» Highly regarded and stable Board of Directors
- »» Executive Directors with over 150 years of combined experience
- »» Rated by Fitch, S&P and Augusto
- »» A Leader in Corporate Governance and Compliance



The Bank at a glance

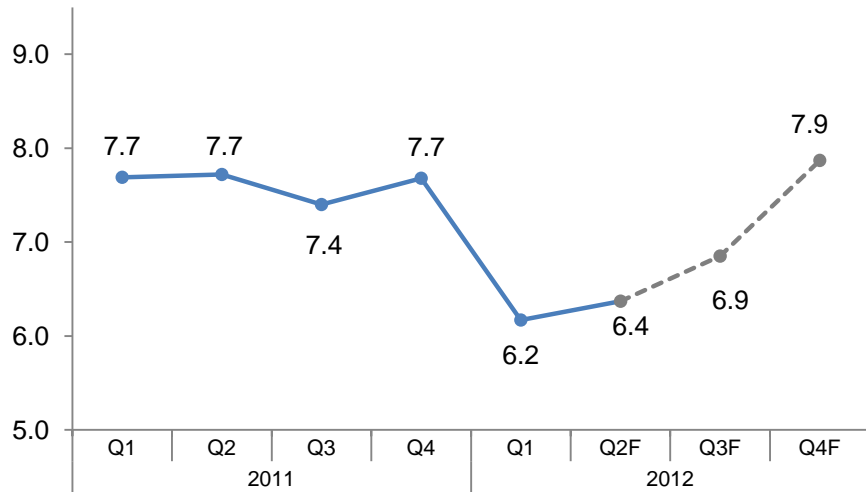
Parent Company	<ul style="list-style-type: none"> Access Bank Plc is Licensed by the Central Bank of Nigeria (CBN) as an International Bank
Subsidiaries	<ul style="list-style-type: none"> 9 Banking Subsidiaries with 10 Non Banking Subsidiaries
Number of Employees	<ul style="list-style-type: none"> 4,292 professional staff
Channels	<ul style="list-style-type: none"> 349 banking branches, 1,552 ATMs, 5,454 POS
Total Equity ⁽¹⁾	<ul style="list-style-type: none"> 22.9 billion ordinary shares in issue of 50 kobo each
Listings	<ul style="list-style-type: none"> Nigerian Stock Exchange , London Stock Exchange (Eurobond)
Auditors	<ul style="list-style-type: none"> KPMG

Credit Rating	Long Term (NGA)	Long Term	Short Term	Outlook
S&P	A	B+	B	Stable
Fitch	A-	B	B	Stable
Agusto	A-	-	-	Stable

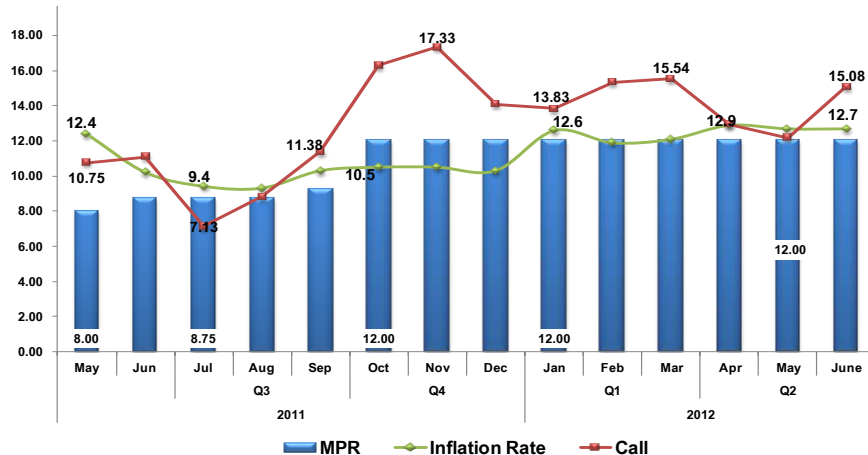


Economic overview

GDP Growth Rate



MPR, Inflation & NIBOR Call



Global Economy

- Signs of further weakness in Q2 as financial markets and sovereign stress in the Euro-zone remain elevated
- Global output expansion in Q2 was 3.4% from 3.6% attained in Q1

The Nigerian Economy

- GDP is estimated to have grown by 6.37% in Q2 lower than the 7.72% recorded in Q2 2011
- Reserves reached year-high of US\$37.7billion on June 6, 2012 but declined thereafter due to CBN's drawdown activities to fund the Naira. Weak demand from top-oil consuming nations and Europe debt crisis may keep prices below \$100pb in Q3
- Inflation was at 12.9% in Q2 2012 and may stay at current level given rise in energy tariff and increased spending from 2012 Budget and also impact of real exchange rate on domestic prices

Nigerian Banking Industry

- Recent policy interventions of the CBN have reduced FX demand pressure as the CBN window would likely remain within the N155/\$±3% target
- MPR remained unchanged at 12%; CRR reviewed to 12% from 8% while NOPL was reduced to 1% from 3%



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Key performance highlights

1

Profitability

	<u>H1 '12</u>	<u>H1 '11</u>	<u>%Δ</u>
Gross Earnings (₦bn)	108.7	53.7	103
Net Interest Margin (%)	9.6	8.0	1.6
PBT (₦bn)	30.1	12.4	143
PAT (₦bn)	26.3	8.1	226
EPS (kobo)	116	45	158

2

Conservative Balance Sheet

	<u>H1 '12</u>	<u>FY '11</u>	<u>%Δ</u>
Total Assets (₦bn)	1,693	1,629	4
Shareholders' Funds (₦bn)	223	192	16
Customers' Deposits (₦bn)	1,128	1,102	2
Loans & Advances (₦bn)	608	577	5

3

Sound Prudential Ratios

	<u>H1 '12</u>	<u>FY '11</u>	<u>%Δ</u>
Capital Adequacy (%)	22	22	↔
Liquidity Ratio (%)	64	70	↓
Loans to Deposit (%)	54	52	↓
After tax ROAE (%)	25	9	↑

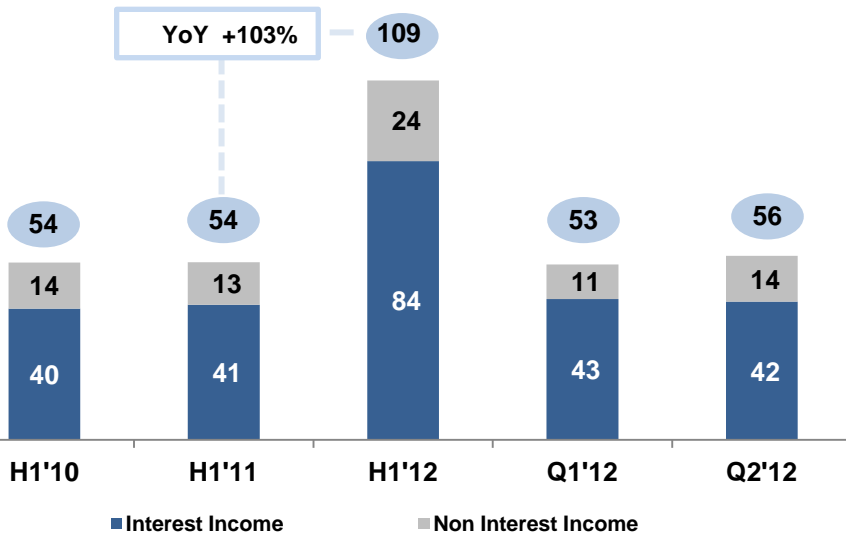
Group statement of comprehensive income

	H1 '12 ₹'M	H1 '11 ₹'M	YoY %Δ	Q2 '12 ₹'M	*Q1 '12 ₹'M	QoQ %Δ	Comments
Gross Earnings	108,747	53,652	103	55,688	53,059	5	>>> Gross Earnings up by 103% YoY, 5% QoQ on the back of enlarged Government securities booked and increased transaction banking volume
Interest Income	84,365	40,881	106	41,777	42,588	(2)	
Interest Expense	(29,302)	(12,280)	139	(14,361)	(14,941)	(4)	>>> Net Interest income up by 93% YoY, Non-interest income grew 33% QoQ and 91% YoY
Net Interest Income	55,063	28,601	93	27,416	27,647	(1)	
Non Interest Income	24,382	12,771	91	13,911	10,471	33	>>> We expect significant improvement in the contribution of non interest income in H2' 2012
Operating income	79,445	41,372	92	41,327	38,118	8	
Impairment charges	(1,856)	(8,129)	(77)	(1,451)	(405)	258	>>> Operating expense remains elevated on the back of one off restructuring cost
Operating Expenses	(47,513)	(20,867)	128	(25,331)	(22,182)	14	
Profit before Tax	30,076	12,376	143	14,545	15,531	(6)	>>> Impairment charges lower YoY as quality of assets continue to improve
Profit for the period	26,313	8,080	226	14,534	11,779	23	

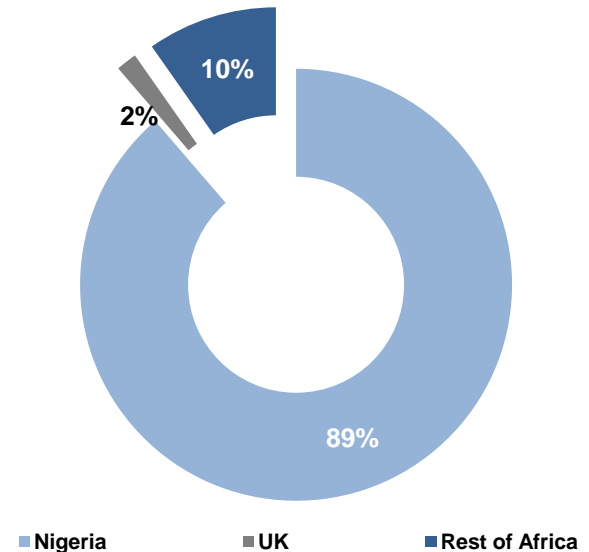


Sustained earnings growth from business expansion

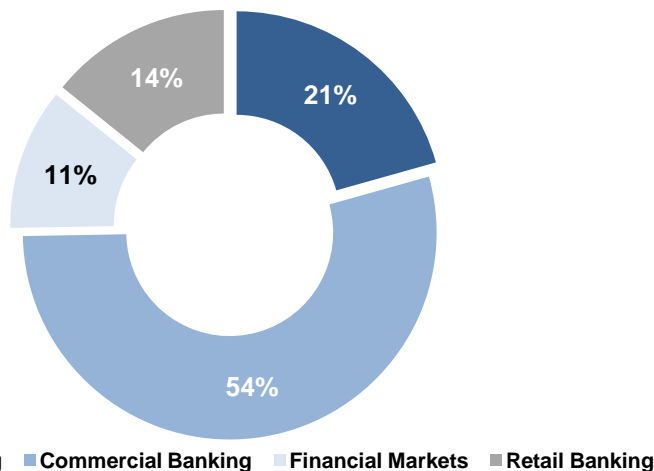
Gross Earnings YoY



Gross Earnings by Geography



Gross Earnings by Business Segment



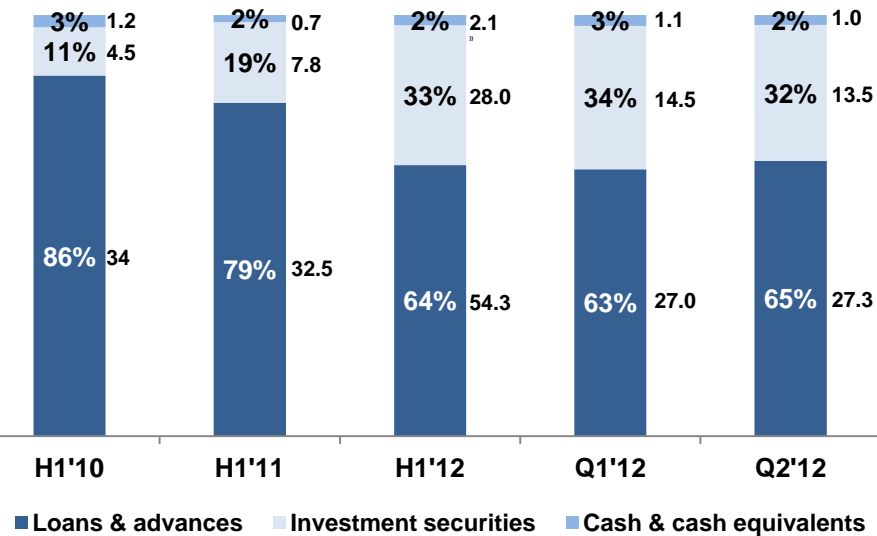
Comments

- »» Gross Earnings grew 103% YoY, on the back of a strong growth of 106% in interest income and 91% in non-interest income
- »» Increasing contribution to gross earnings from non-interest income, with increased focus and optimisation of other banking income
- »» Rest of Africa and UK contributed 12% to total Gross earnings

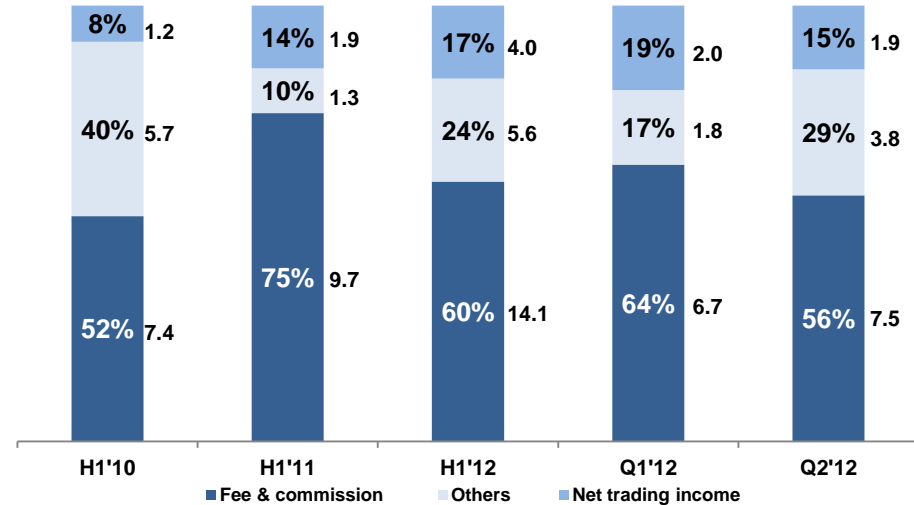


Stable margins and yield on assets

Interest Income Mix

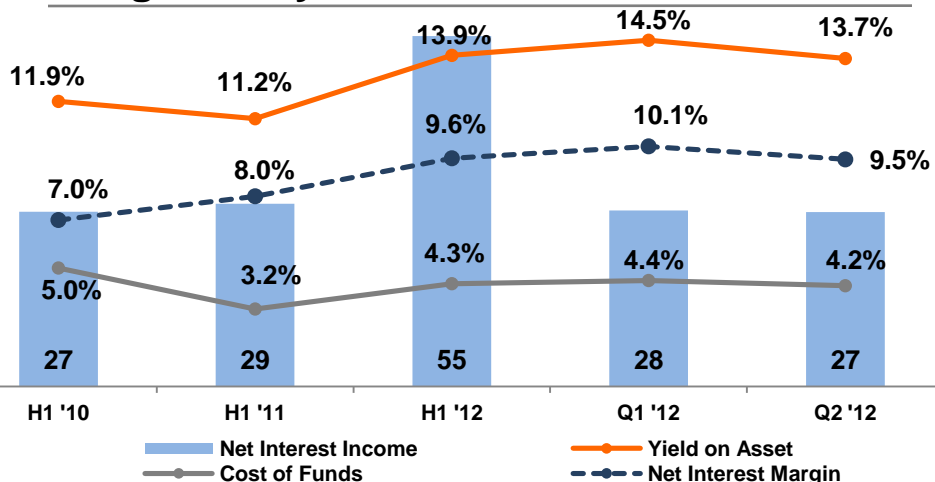


Non-Interest Income Mix



*Included in Other Income are: Mark-to-market gain on trading investments, Dividends on available-for-sale equity securities, Gain on disposal of equity investment, Rental Income & other income

Margin Analysis

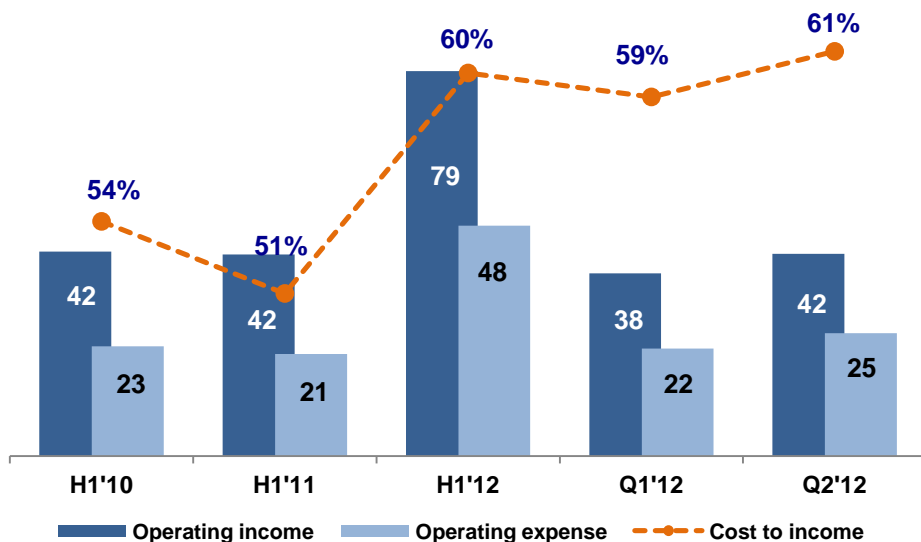


Comments

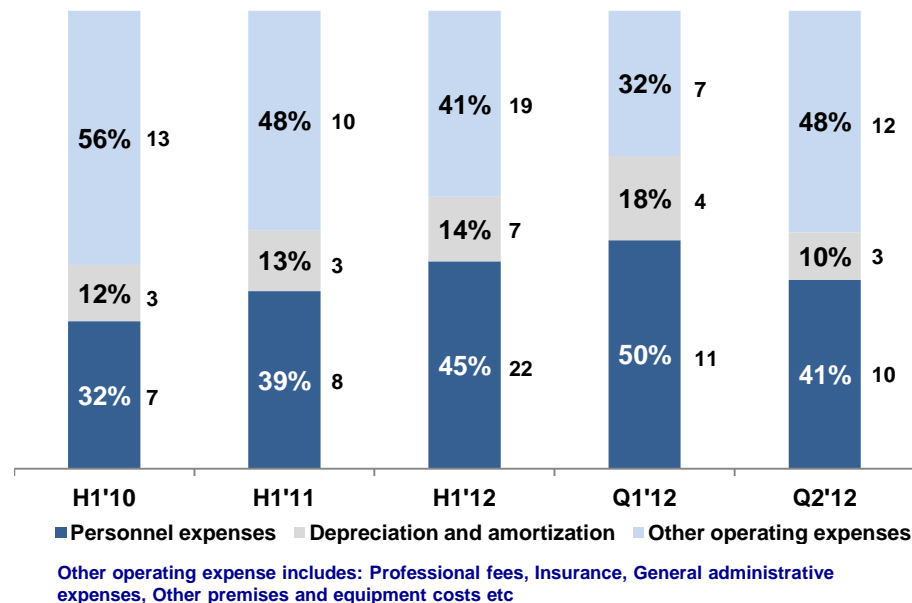
- » Non interest income of ₦24 billion up by 33% & 91% QoQ and YoY respectively
- » Credit related fees accounts for a significant portion of non-interest income. Our channel and electronic banking businesses have been realigned to boost our fees income
- » Profit on sale of Consolidated Discount House holdings contributed ₦1.1 billion to other banking income
- » Interest income on Investment securities contributed 33% to total interest income in H1 '12

Deterioration of CIR largely driven by acquisition

Operating Income & Expense (N'bn)



Operating Expense Mix

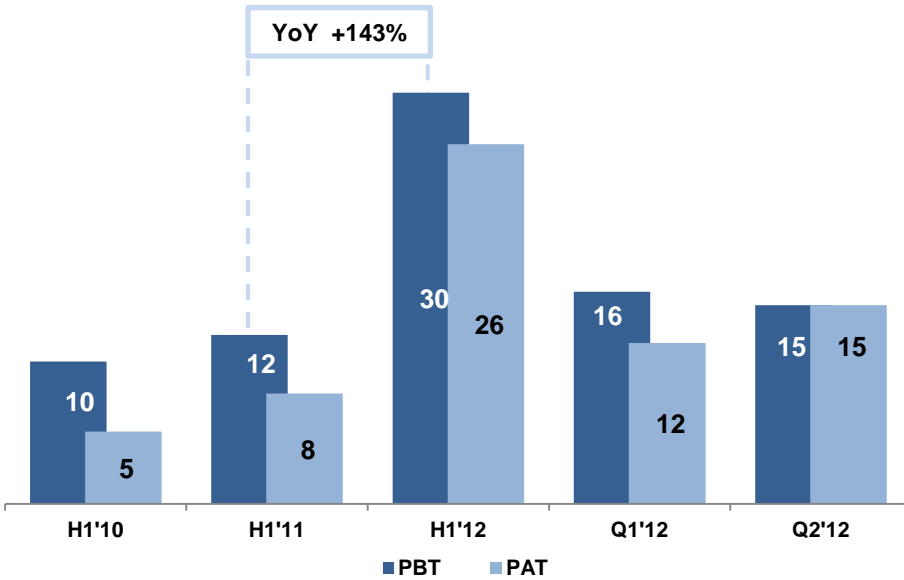


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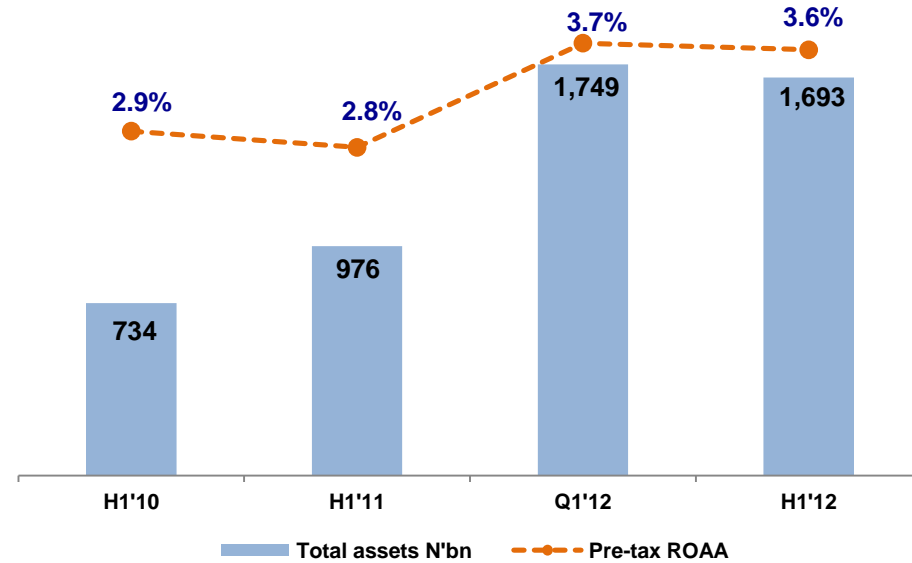
- Operating expenses impacted by payments of terminal benefits, cessation of legacy employee share schemes, fixed asset rationalisation, consultants and advisory costs etc
- Adjusting for one off expenses, cost to income ratio is 55%

Strong appreciation of shareholders funds

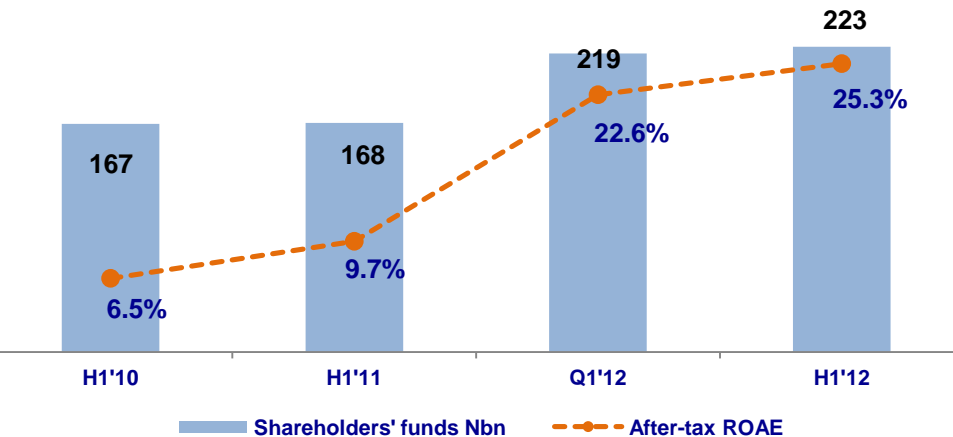
Group Profit (N'bn)



Return on Assets



Return on Equity



Comments

- »» Significant improvement in profitability indices
- »» Return on Equity exceeds cost of equity
- »» Interim dividend yield of 4%
- »» Return on Assets improving in line with efficiency and market share gains



Group statement of financial position

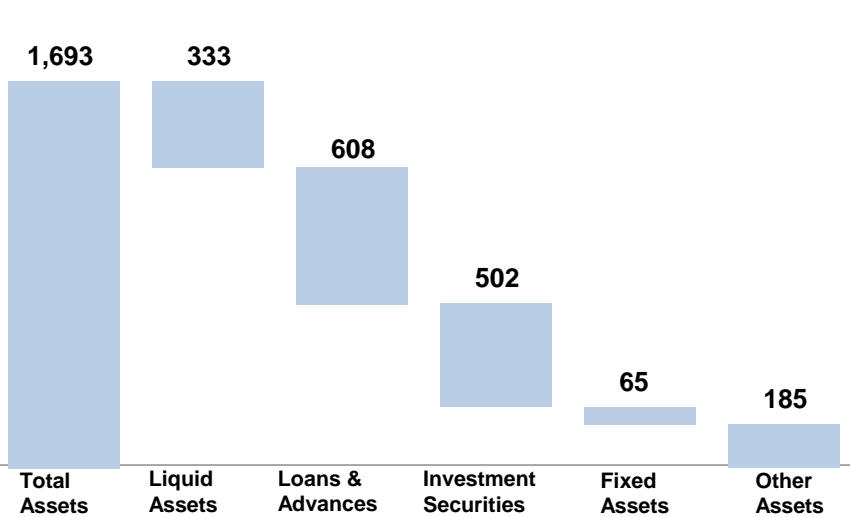
	H1 '12	FY '11	H1 '11	YtD	Q2 '12	Q1 '12	QoQ
	N' billion	N' billion	N' billion	%	N' billion	N' billion	%
Cash and Cash Equivalents	227	192	217	18	227	328	-31
Trading & Pledged Assets	106	77	74	38	106	70	51
Loans & Advances to Banks	10	1	1	900	10	2	400
Loans & Advances to Customers	598	576	535	4	598	540	11
Investment Securities	502	562	98	-11	502	559	-10
Fixed Assets & Intangibles	65	68	24	-4	65	67	-3
Deferred Tax Assets	2	3	0	-33	2	3	-33
Other Assets	183	151	29	21	183	171	7
Total Assets	1,693	1,629	976	4	1,693	1,739	-3
Deposits from Banks	179	147	113	22	179	287	-38
Deposits from Customers	1,128	1,102	619	2	1,128	1,025	10
Other Liabilities	109	159	51	-31	109	185	-41
Interest Bearing Loans & Borrowings	54	29	25	86	54	34	59
Total Liabilities	1,469	1,437	809	2	1,469	1,531	-4
Equity	223	192	168	16	223	208	7
Total Equity & Liabilities	1,693	1,629	976	4	1,693	1,739	-3

Comments
<p>»» Group balance sheet size increased by 4% to N1.7trillion from N1.6trillion in Dec 2011 and 73% year on year</p> <p>»» Risk assets (net) up 5% to N608billion in June 2012 and up 12% QoQ from N542billion</p> <p>»» 66% of deposits are low priced funds against 60% YoY</p> <p>»» Customer deposit grew 10% QoQ</p> <p>»» Interest bearing loans increased on the back of additional CBN intervention funds</p>

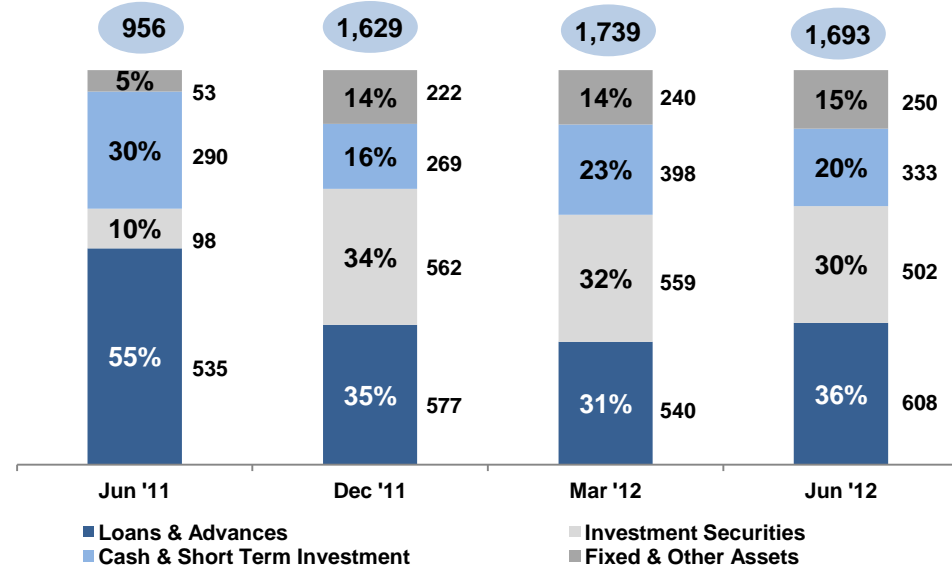


Well balanced and healthy asset mix

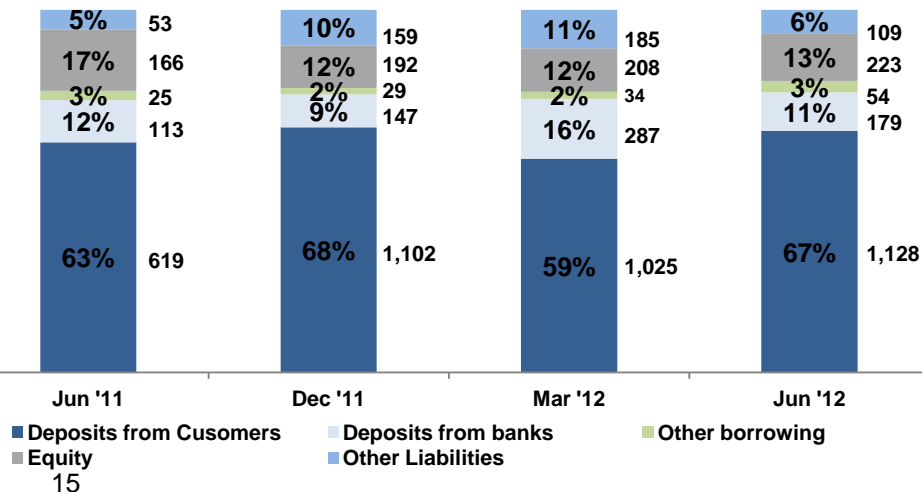
Total Assets as at June 2012 (N'bn)



Asset Mix as at June 2012 (N'bn)



Funding Mix as at June 2012



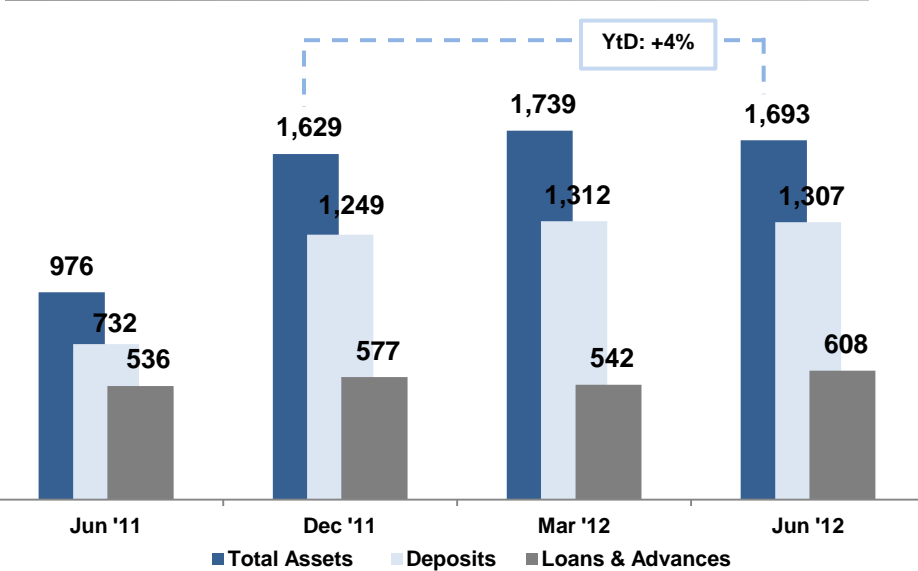
Comments

- »»» 4th Largest deposit money bank in Nigeria
- »»» A well structured funding mix substantially funded by low-priced deposits
- »»» 13% growth in Loans & Advances year on year

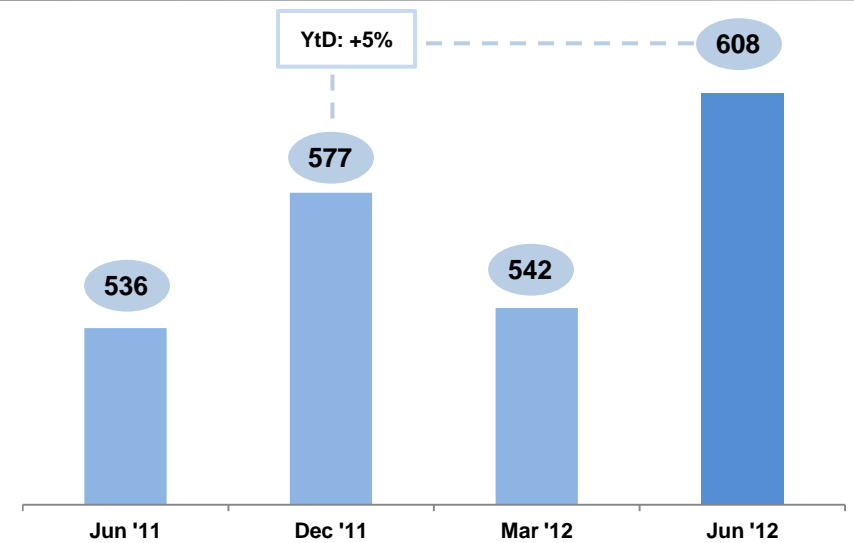


Healthy balance sheet growth

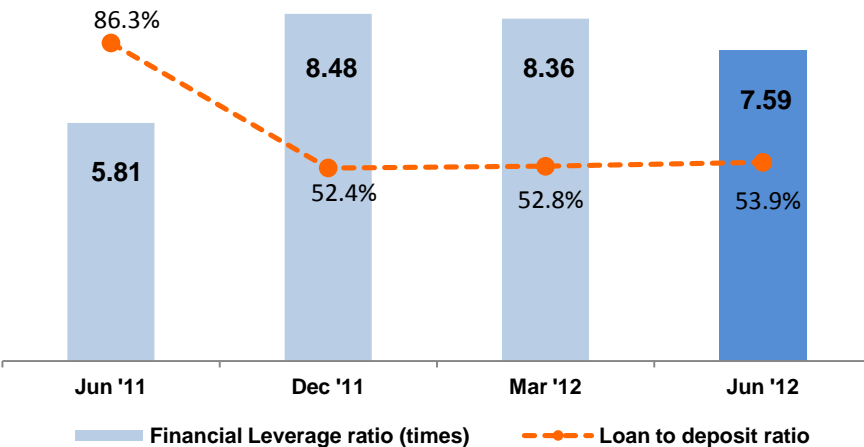
Balance sheet Trend (N'bn)



Loans & Advances (N'bn)



Balance Sheet Efficiency



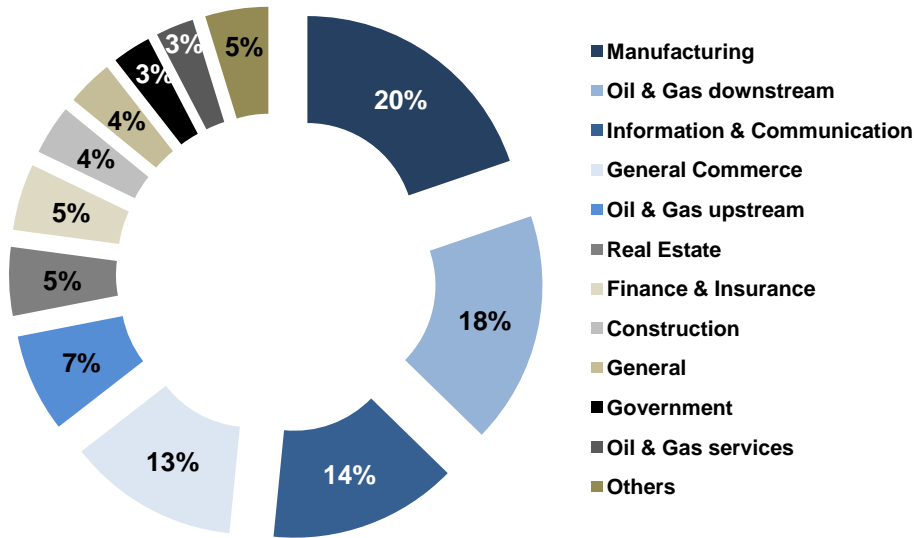
Comments

- »» Increased scale enables us to be more profitable whilst taking less risk
- »» Loan growth of 12% QoQ predominantly driven by top twenty corporate customers
- »» Loans & Advances contributes 36% to total balance sheet size

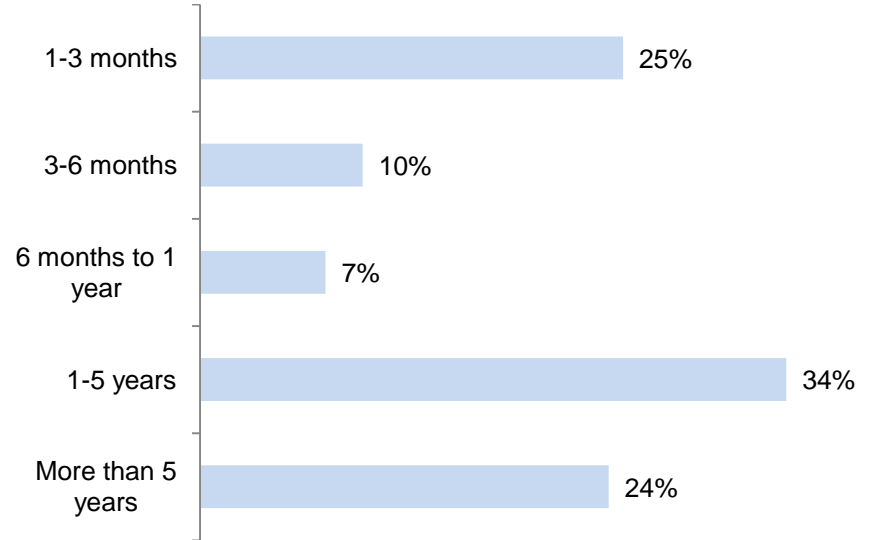


Loan book increased as exposure to other asset classes grew

Loan distribution by sector



Loan Analysis by Maturity

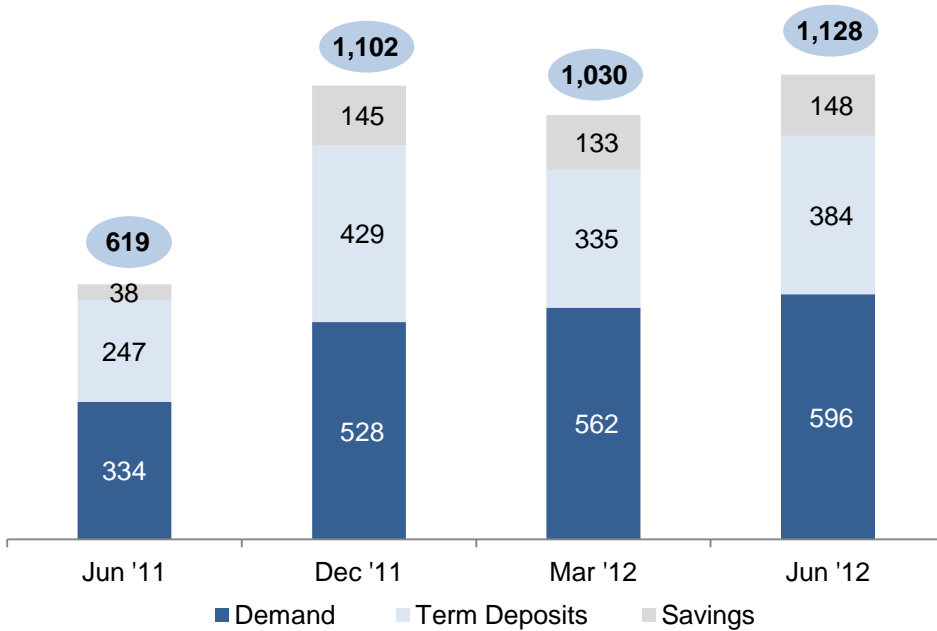


Comments

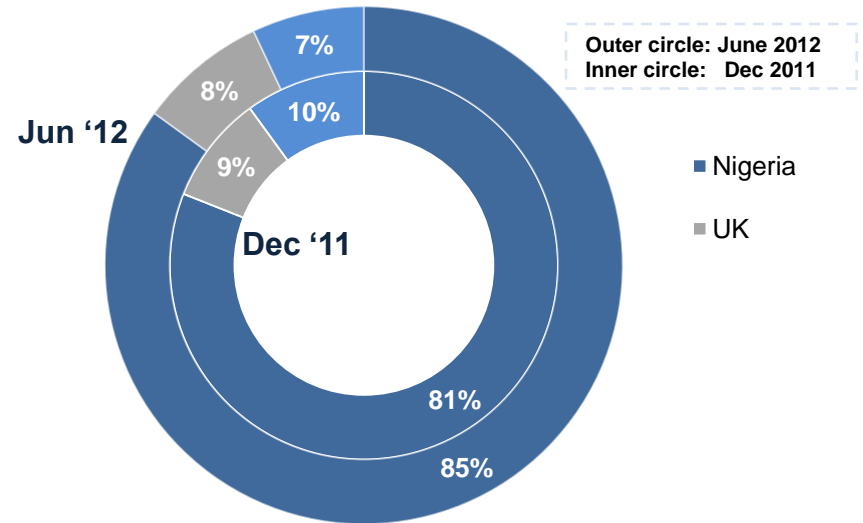
- »» Balanced sector exposures across board
- »» About 42% of loan portfolio falls within 12 months
- »» Nigeria accounts for 90% of the loan book respectively
- »» Continually reviewing portfolio quality, whilst seeking to optimise volume growth

Increased growth of low cost funding

Customer Deposits (N'bn)



Deposits by Region

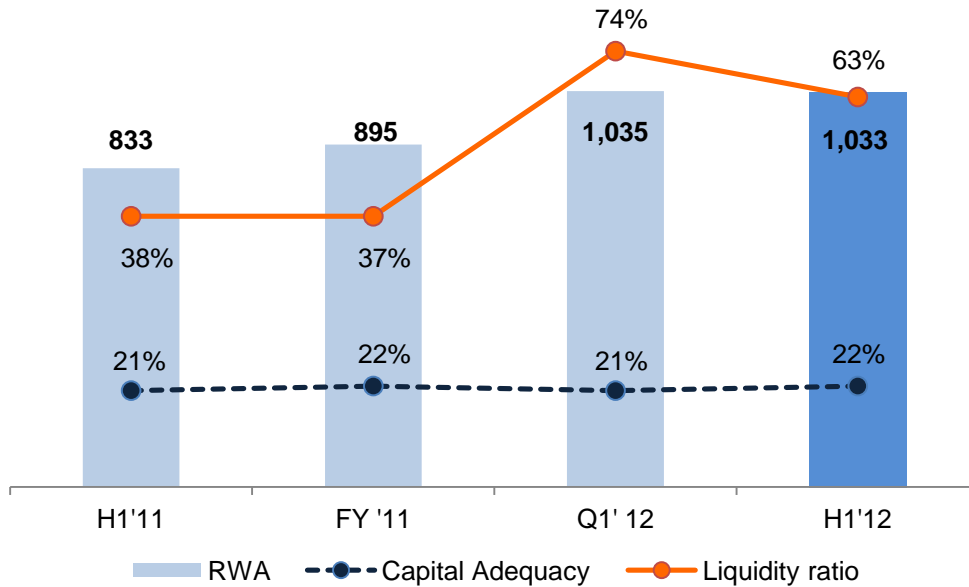


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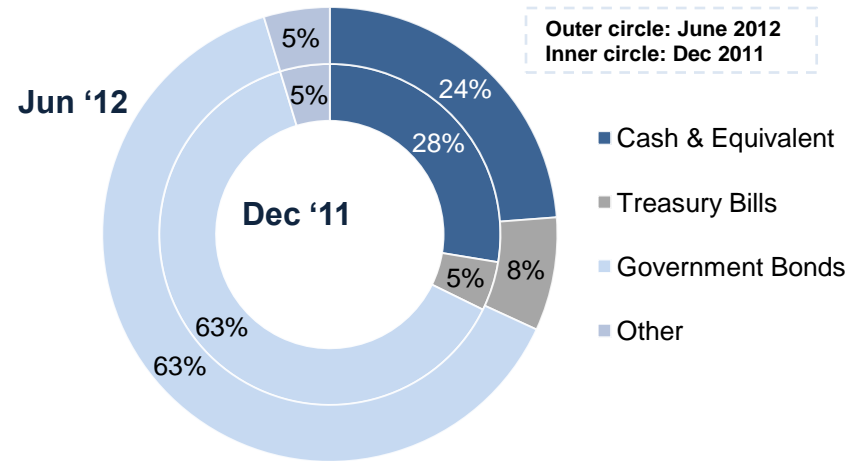
- >>> Low cost deposits have continued to increase from 61% to 66% as at end of June from December 2011
- >>> Foreign currency deposits represent 31% of our deposit base
- >>> The retail and public sector segments constitute the largest segments for generation of low cost liabilities
- >>> Continued customer confidence evidenced in the increase in customer deposit

Stable source of funding to support business growth

Capital Adequacy and Liquidity



Liquid Assets

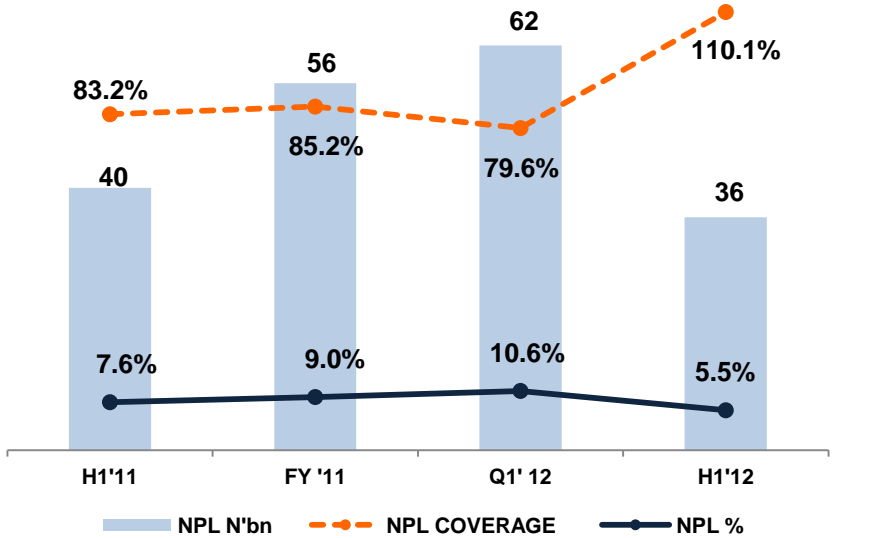


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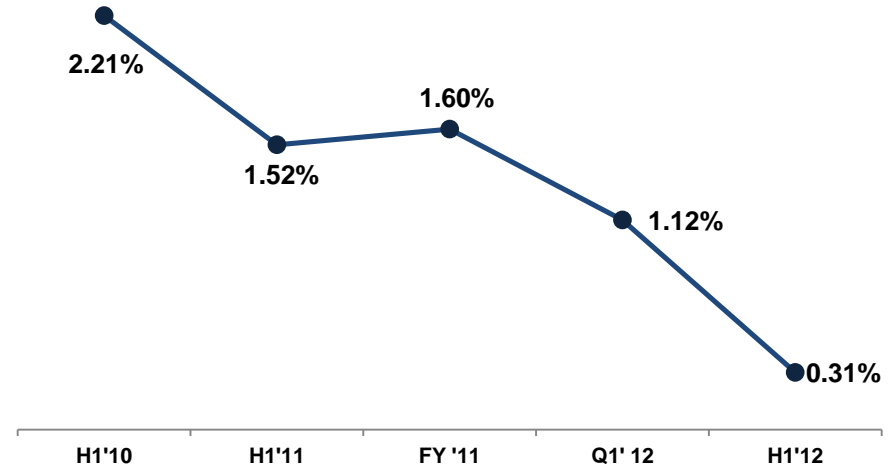
- »»» Our capital position is adequate for future business growth.
- »»» Liquidity ratio of 63%, well in excess of 30% regulatory requirement.
- »»» Group treasury function ensures efficiency of our balance sheet

Improving asset quality indices

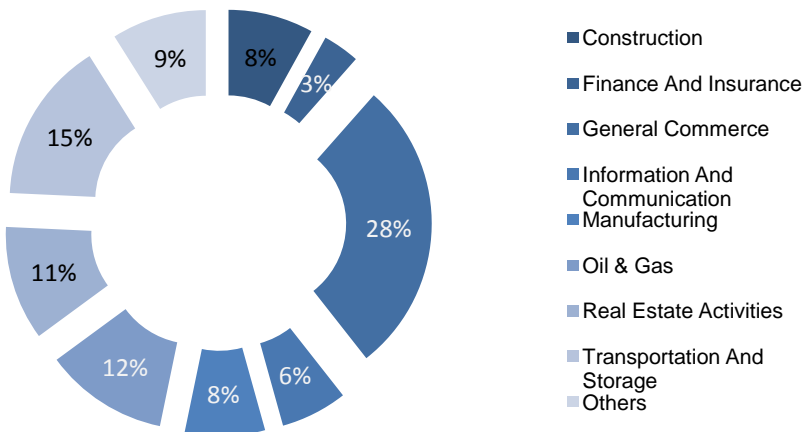
Asset Quality Ratio



Cost of Risk



NPL by sector



Comments

- »» Significant reduction in NPL ratio to 5.5% in June 2012 (FY2011:9%, March 2012: 10.6)
- »» Reduction in group non performing loans from ₦56 billion in December 2011 to ₦36 billion in June 2012

****Included in others are: Construction, General, Oil & Gas, Education, Agriculture e.t.c



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Our business segments

Commercial Banking

- »» Focuses on serving mid tier corporate clients with annual gross turnover between ₦500 million and ₦20 billion
- »» Approximately 180,000 commercial banking customers

Institutional Banking

- »» Provides tailored banking services to multinationals, large domestic corporate and other institutional clients with an annual gross revenue of N20 billion and above
- »» Focus on key industries: oil & gas, power and infrastructure, food and beverages, manufacturing, telecommunications and information technology, and transport and logistics
- »» Approximately 100 institutional banking customers

Financial Markets

- »» Has Strong relationships with non-bank financial institutions, development finance institutions and multilateral agencies
- »» Products offered include treasury, financial advisory services and corporate finance (including project finance and structured finance) services

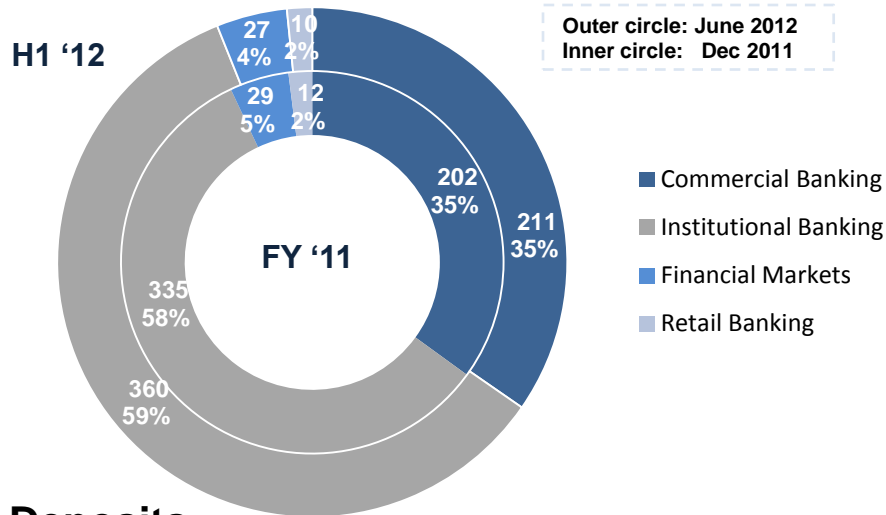
Retail Banking

- »» Provides financial products and services to individuals and small businesses in the value-chain of the Bank's corporate clients
- »» Serves over 5 million customers through 310 branches and 1,552 ATMs
- »» Services range from standard to specialised savings, current and investment accounts, personal loans, advances, mortgages, asset finance, small business loans and credit cards

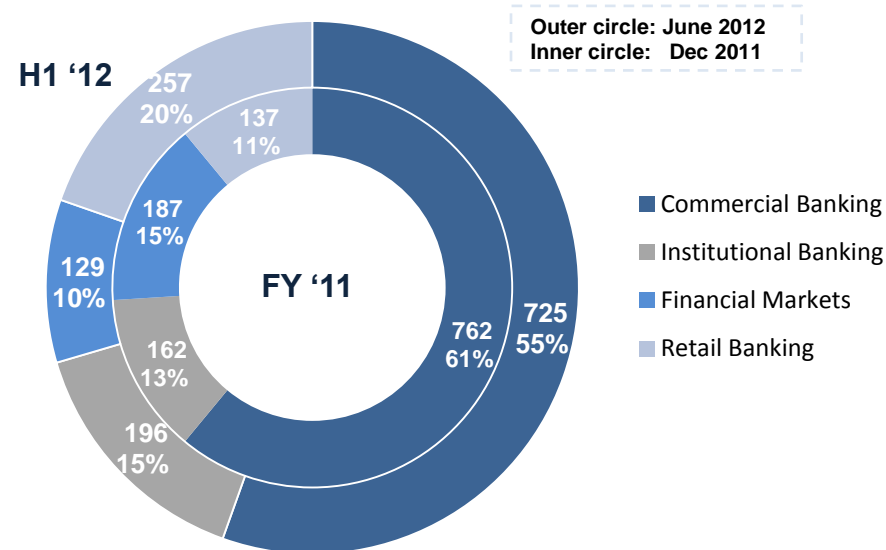


SBU Highlights

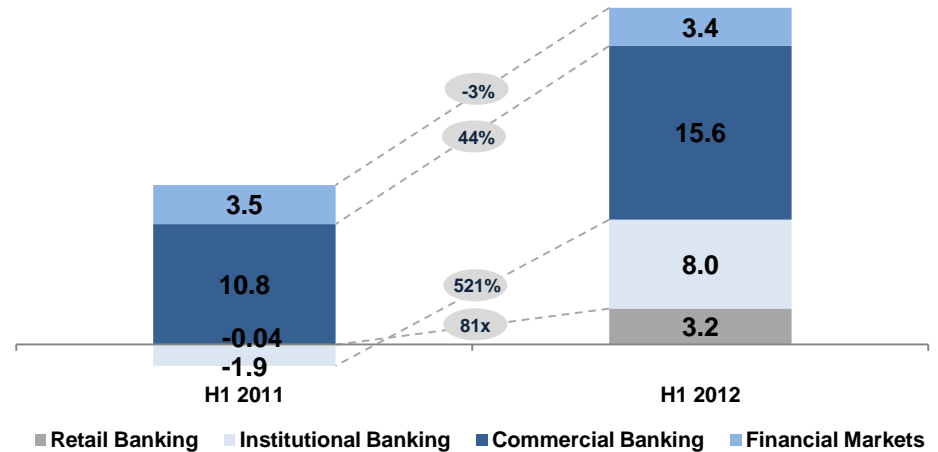
Loans & Advances



Deposits



Profit Before Tax (N'bn)



H1 2012 Performance

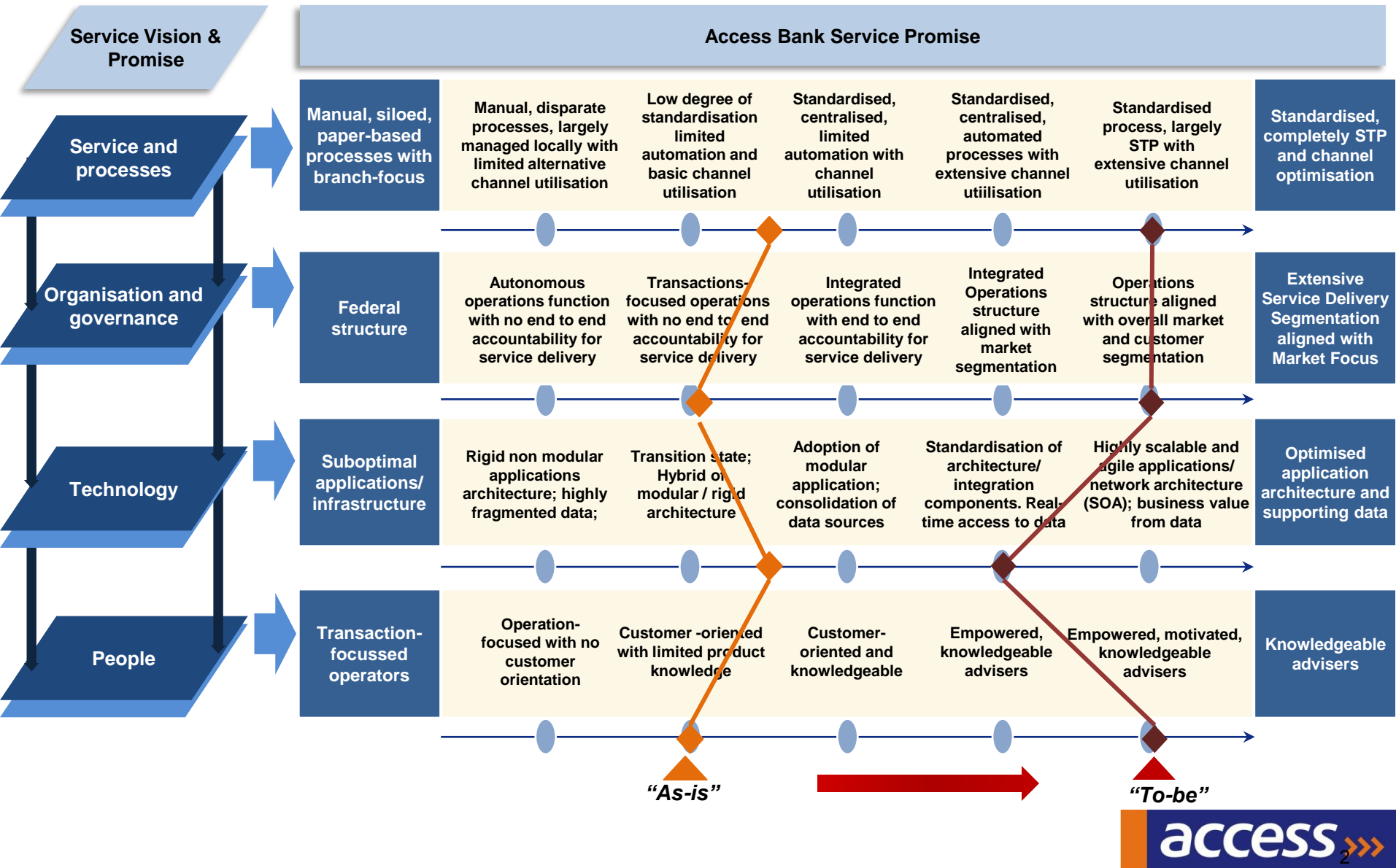
- »»» Group PBT grew by 143% YoY
- »»» Retail deposit has grown by 232% from June 2011 to June 2012, contributing 20% of total group deposit
- »»» Loan quality has improved reflected in NPLs which improved from 9.0% as at December 2011 to 5.5% by June 2012
- »»» Strong Net interest margin of 9.6%



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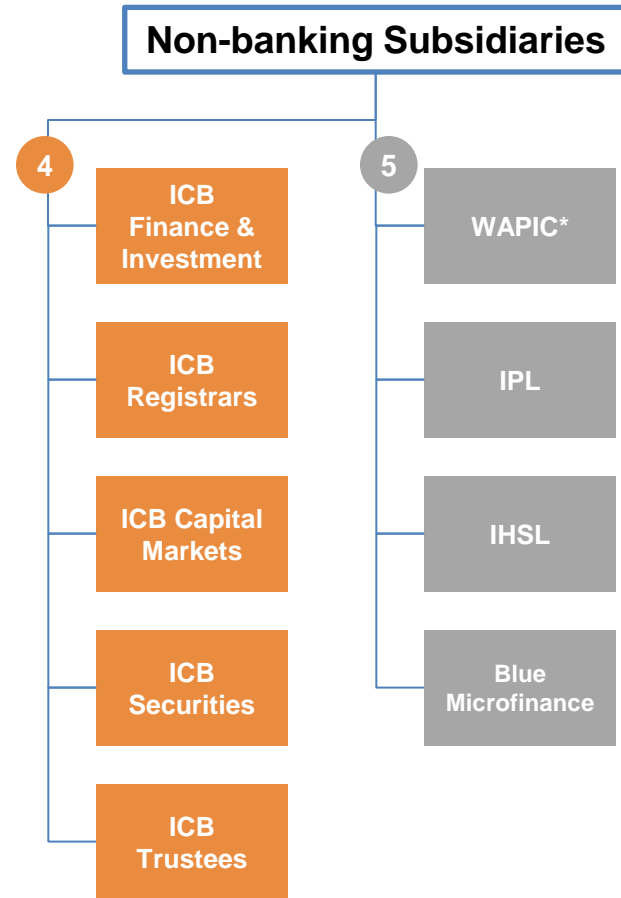
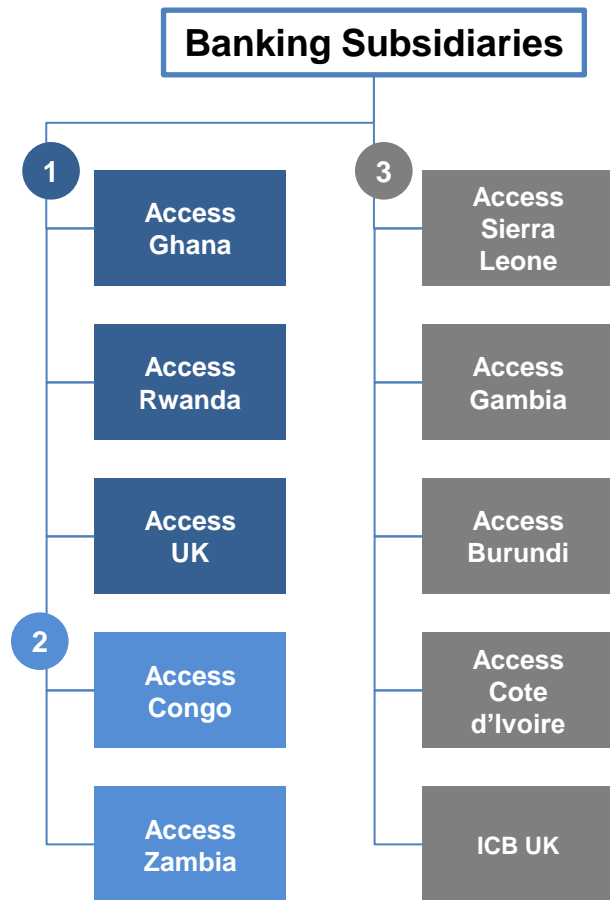
Target Service Delivery Framework



Upskilling, empowering and motivating our workforce

- »» Entrenchment of sustainability driven corporate philosophy
- »» Harmonisation of all HR policies and processes
- »» Intensified entry level recruitment – 500 intakes in 2012
- »» Intensified middle level recruitment – 250 intakes in 2012
- »» Introduced Restricted Share Performance Program
- »» Head Office and branch remodeling to improve output and productivity
- »» Percentage of HR spend devoted to capacity building
- »» Salaries and emoluments in the Top 10 percentile

Exit non-banking activities and low potential markets



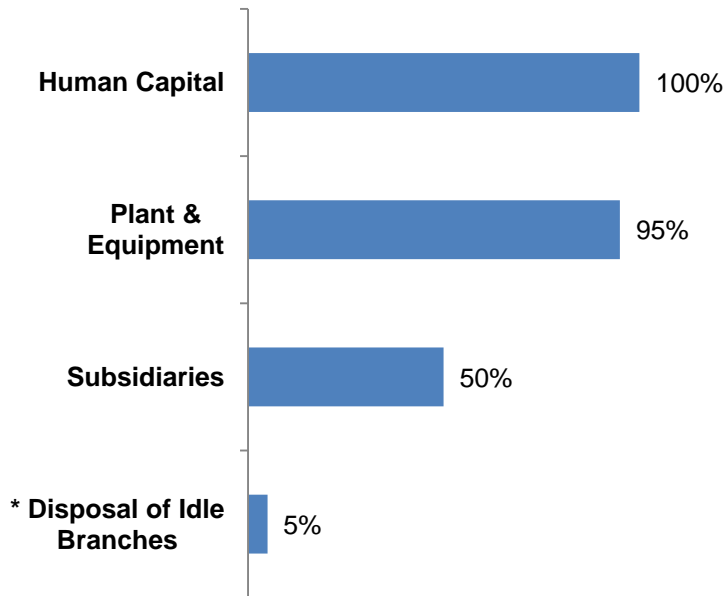
- 1 Banking Subsidiaries being retained
- 2 Holdings in subsidiaries will be diluted
- 3 Holdings in subsidiaries is being divested

- 4 Non-banking subsidiaries being liquidated
- 5 Holdings in non-banking subsidiaries is being divested

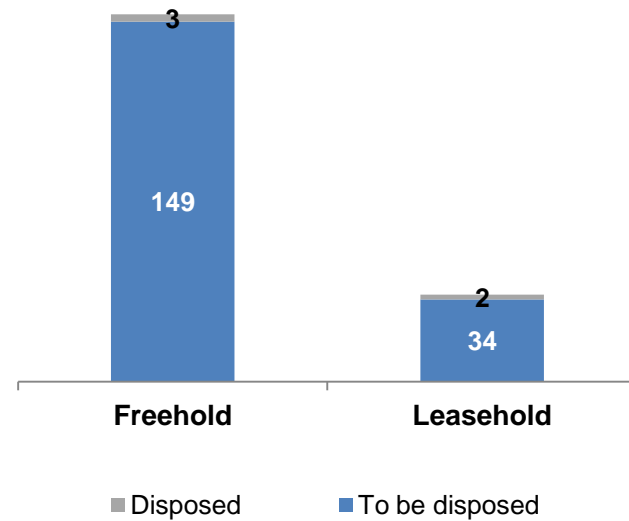
* WAPIC also includes WAPIC Life, WAPIC Ghana

Rationalise Redundant and Idle Resources

Resource Rationalisation



* Disposal of Idle Branches



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Key Activities for Q3

- »» Insulate Net Interest Margin from market volatility
- »» Conclude 2 States sub-national bond mandates
- »» Grow loan book leveraging on Q3 seasonal surge in import transactions
- »» Capture income opportunities from portfolio managers investing in local currency sovereign instruments
- »» Deploy Eurobond proceeds to fund upstream loan asset 'pipeline'
- »» Engagement of PWC as external auditors (subject to shareholders' approval)
- »» Engagement of Accenture for development of the 2013 – 2017 corporate strategic plan
- »» Implementation of the 21st Century Service Delivery Strategy

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