

## **Access Bank Plc Group audited IFRS results for the first half ended 30 June 2014**

**LAGOS, NIGERIA – 26 August 2014** – Access Bank Plc, (Bloomberg: **ACCESS NL** /Thomson Reuters: **ACCESS.LG**) (“Access Bank” or the “Bank”), the full service commercial bank with headquarters in Nigeria and with operations across Sub-Saharan Africa and the UK, announces its audited results for the first half ended 30 June 2014.

### **PERFORMANCE HIGHLIGHTS**

- Gross earnings of ₦117bn, up 16% from the corresponding period in 2013
- Operating income increased by 22% to ₦83bn (H1 2013: ₦68bn), underlined by increased earnings contribution from interest and non-interest income
- PBT up 4% to ₦27bn, not reflecting the full extent of the improvement in operating performance as ₦26bn in H1 2013 included write-back of ₦9.7bn one-off impairment
- Net interest margin of 6.9%, improved from 5.7% in H1 2013, reflecting lower cost funding compared to the corresponding period
- Focus on operational efficiency according to plan with improved cost to income ratio of 63.1%, from 75.9% in H1 2013
- Return on equity of 18.3% compared to 17.2% in H1 2013
- Loans & advances up 17% to ₦949bn from ₦811bn in FY 2013
- 9% increase in customer deposits to ₦1.45trn from ₦1.33trn in FY 2013
- Improving asset quality ratios: NPL ratio down 20bps to 2.5%, from 2.7% in December 2013; Coverage ratio (with regulatory risk reserves) of 139%, up from 122% in December 2013
- Total assets of ₦2trn, up 11% from ₦1.8trn in FY 2013
- EPS up 8% to 99Kobo from 92Kobo in H1 2013
- Interim dividend of 25Kobo per share (H1 2013: 25k)

### **OPERATIONAL HIGHLIGHTS**

- Successful capital raise resulting in the issuance of US\$ 400,000,000 Subordinated Notes
- Launch of the ‘W Initiative’ to reinforce the Bank’s long held tradition of empowering women and providing innovative solutions for them
- The Bank’s credit rating was upgraded from A to A+ by Augusto & Co, Nigeria’s foremost rating agency. This rating reflects improvement in the Bank’s asset quality, capitalisation and risk management framework

## PERFORMANCE REVIEW

**Access Bank reported gross earnings** of ₦117 billion in the first half of 2014, up 16% from the previous year 2013. For the 3 months ended June 30, 2014 (second quarter – Q2, 2014) our gross earnings increased by 6% from ₦57.3 billion to ₦60.6 billion when compared with first quarter 2014.

**Interest income** grew strongly in the second quarter 2014 by 11% from first quarter 2014 and 16% from prior year. The strong growth in the second quarter was primarily driven by interest income on loans and advances to banks and customers from ₦41.0 billion to ₦63.2 billion up 53.9% YoY, and interest income on trading securities of 74.2% YoY. These results reflect our on-going efforts to grow our loan book to good quality obligors.

**Non-interest income** was ₦34.0 billion for the half year 2014 compared with ₦29.7 billion in the prior year. The 14.7% YoY increase was primarily driven by increased foreign exchange and trade volumes, as we continue to penetrate and maximise the value chain for our customers.

Foreign exchange income was ₦5.5 billion for the half year ended June 30, 2014 up 38.4% YoY. Credit related fees and commissions increased from ₦4.0 billion to ₦6.8 billion up 68.4% YoY and 13.8% QoQ due to strong loan growth.

**Operating expenses** growth was contained, given the continued focus on running our business more efficiently. For the second quarter 2014, operating expenses reduced by ₦1.8 billion from ₦27.1 billion at first quarter 2014 to ₦25.3 billion in June 2014.

The Bank's cost to income ratio for Half year 2014 was 63.1% compared with 75.9% in the prior year 2013. Cost to income ratio improved by 280bps to 61.7% in Q2 driven by revenue uplift and operational efficiency

**Impairment** charges increased to ₦3.5bn in H1 2014 in contrast with the ₦9.7bn one-off impairment write-back in 2013. Cost of risk remained flat at 0.2% in second quarter despite the growth in risk assets. Adequate measures are in place to effectively monitor and improve asset quality while growing risk assets.

**Operating income** increased by 22% to N84bn (H1 2013: N68bn) in the period, underlined by increased earnings contribution from interest and non-interest income

**Profit before tax** for the period up by 4% YoY and 2% QoQ to N27bn in the reporting period. This is not reflective of the full extent of the improvement in operating performance as 2013 benefited from write-back of ₦9.7bn one-off impairment.

**Return on average equity (annualised)** was 18.3% at the first half of 2014, an improvement from 17.5% recorded in the prior year 2013.

**Customer loans** was ₦949 billion as at June 30, 2014 up ₦138 billion (17%) year to date and 9% QoQ. A significant part of the loan book was to investment grade obligors with risk rating of 1 to 2- in diverse sectors.

**Credit quality** was maintained in the first half of 2014. The percentage of non-performing loans (NPL) to total gross loans further improved to 2.5% from 2.7% at December 2013. Adequate provisions made on classified assets with the Bank's Coverage ratio (with regulatory risk reserve) increasing to 139% in June 2014 (FY'13 122%). The annualized cost of risk was 0.4% as at first half 2014. The Bank will continue to constantly monitor its existing loan book and improve the health of our loan portfolio.

**Total assets** as at 30 June 2014, was ₦2.04 trillion up ₦207.2 billion, 11.3% YTD and 7.0% QoQ. The growth was driven primarily by proceeds from the debt issuance, increase in loans and advances customers and cash reserve balances.

**Customer deposits** grew by ₦119.6 billion to ₦1.46 trillion as at June 30, 2014 representing a 10% increase YTD and 4% QoQ. Deposit growth continues to benefit from our value-chain strategy and improved customer engagement.

**Capital Adequacy Ratio** improved by 200bps to 21% in June 2014 (FY 2013: 19%, driven largely by the issuance of \$400 million Eurobonds classified as Tier II Capital to support business growth.

### **Subsidiaries**

The Bank during the First Half of the Year 2014 concluded its divestment from Finbank Burundi bringing the total number of the Bank's banking subsidiaries to 7 (located in 6 African Countries and the United Kingdom)

The subsidiaries profit before tax increased from ₦3.7 billion to ₦4.7 billion up 26.3% YoY, accounting for 17.4% of Group PBT an improvement from 14.3% from prior year.

Access Bank Congo returned to profit from a loss position of ₦744 million in June 2013 to ₦169 million in June 2014 (up 122.7%)

Total Assets of the subsidiaries grew by 4.3% YTD from ₦131.4 billion in December 2013 to ₦137 billion in June 2014 driven by 22% growth in customer loans and advances.

Underlying in ₹'million	H1'14	H1'13	%Δ
<b>Gross Earnings</b>	<b>117,918</b>	<b>101,978</b>	<b>16</b>
Interest Income	85,708	71,919	16
Interest Expense	34,835	33,923	3
<b>Net Interest Income</b>	<b>48,743</b>	<b>37,996</b>	<b>28</b>
Non-Interest Income	34,040	29,684	15
<b>Operating Income</b>	<b>83,084</b>	<b>68,055</b>	<b>22</b>
Impairment Charges	(3,506)	9,717	(136)
Operating Expenses	52,460	51,672	2
<b>Profit Before Tax</b>	<b>27,118</b>	<b>26,100</b>	<b>4</b>
<b>Profit for the period</b>	<b>23,074</b>	<b>20,720</b>	<b>11</b>

Underlying in ₹'billion	H1'14	FY'13	%Δ
Cash and Cash Equivalents	540	439	23
Trading & Pledged Assets	99	67	47
Loans & Advances	949	811	17
Investment Securities	273	354	(23)
Fixed Assets & Intangibles	72	71	1
Deferred Tax Assets	10	11	(8)
Other Assets	101	82	35
<b>Total Assets</b>	<b>2,043</b>	<b>1,835</b>	<b>11</b>
Deposits from Banks	83	72	14
Deposits from Customers	1,462	1,331	10
Interest Bearing loan	180	120	50
Other liabilities	61	67	(10)
<b>Total Liabilities</b>	<b>1,785</b>	<b>1,591</b>	<b>12</b>
<b>Equity</b>	<b>258</b>	<b>244</b>	<b>6</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,043</b>	<b>1,835</b>	<b>11</b>

Profitability & Efficiency %	H1'14	H1'13
Return on average equity	18.3	17.2
Return on average assets	2.8	3.0
Net interest margin	6.9	5.7
Cost of funds	4.3	4.8
Cost to income	63.1	75.9

  

Regulatory %	H1'14	FY'13
Capital adequacy	21.0	19.0
Liquidity	37.1	41.2
Loan to deposit	65.4	60.9

  

Asset Quality %	H1'14	FY'13
NPL coverage	139	122
NPL to gross loans	2.5	2.7

**Comments by the Group Managing Director, Herbert Wigwe:**

*"I am pleased with these results, which we have achieved in the midst of a conservative regulatory and operating environment. The underlying trend in the results reflects a business that is returning to its growth trajectory, benefitting from strong execution of its mid-term strategy. We are now making huge strides in gaining retail market share and becoming a key player as the Bank deploys bespoke services for specific segments of the retail market including women, children and the youth.*

*As the business continues to grow, we maintain our moderate risk appetite as underlined by our recent credit rating upgrade from Nigeria's foremost rating agency.*

*As we build momentum, we have renewed focus on our capital position to ensure sufficient headroom for growth and our ambitious plans. The successful raise of \$400 million Subordinated Notes in the global markets during the second quarter underlines our continued focus on the enhancement of capital.*

*I am excited by the Group's potential and confident in our objective to become the world's most respected African Bank."*

– ENDS –

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## **ABOUT ACCESS BANK**

Access Bank Plc is a full service commercial Bank operating through a network of 366 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa and the United Kingdom. Listed on the Nigerian Stock Exchange in 1998, the Bank serves its various markets through 4 business segments: Personal, Business, Commercial and Corporate & Investment banking.

The Bank has over 830,000 shareholders including several Nigerian and International Institutional Investors and has enjoyed what is arguably Africa's most successful banking growth trajectory in the last ten years ranking amongst Africa's top 20 banks by total assets and capital in 2012.

As part of its continued growth strategy, Access Bank is focused on mainstreaming sustainable business practices into its operations. The Bank strives to deliver sustainable economic growth that is profitable, environmentally responsible and socially relevant.

## Conference Call Invitation

### Audited Results for the first half ended 30 June 2014

Access Bank Plc (Bloomberg: Access NL) will be hosting a teleconference call for analysts and investors on Wednesday, August 27 at 1330 hrs Lagos (0830 hrs New York, 1330 hrs London, 1430 hrs Johannesburg) with its senior management to announce Access Bank Plc's audited results for the six months ended 30 June 2014. There will also be an opportunity at the end of the call for management to take questions from investors and analysts.

#### Website

The presentation will be made available on the IR portal of the Bank's website.

#### Webcast

You can also access the webcast on: <http://www.media-server.com/m/go/AccessBankH12014>

#### Teleconference

The teleconference call facility can be accessed by dialling:

London, United Kingdom:	+44(0)20 3450 9987
New York, United States of America:	+1646 254 3364
Johannesburg, South Africa:	+2711 019 7074

Confirmation Code: 1092058

Participants should register for the call at least five minutes before the start of the presentation. For those who are unable to listen to the live call, a recording will be posted onto the company's website as soon as possible after the event. For further information please contact:

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