

Q1 2018

RESULTS PRESENTATION TO  
INVESTORS AND ANALYSTS

April 2018

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# 1. Access Bank Overview

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# Group Fundamental Statistics

## Corporate Profile

Access Bank Plc. is a full service commercial bank operating through a network of about 392 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa and the United Kingdom.

**28.9bn**

Shares Outstanding



**₦454bn**

Shareholders' Funds



**9million+**

Customers



**4,129**

Professional Staff



53%

47%

## Listings



**THE Nigerian STOCK EXCHANGE**  
(Primary equity listing) RC: 2321

**Irish Stock Exchange**

(\$400m Tier II bond)  
(\$300m Senior bond)

### Our Credit Ratings

**MOODY'S** Aa3

**FitchRatings** A+

**STANDARD & POOR'S RATINGS SERVICES** BBB

*Agusto & Co* AA-

We serve various markets through four (4) business segments:



Personal



SME



Commercial



Corporate

We have a wide range of channels to deliver seamless banking experience...



1,898  
ATMs



6.1m  
Cards



10,038  
POS



392  
Branches

## Awards & Recognitions

- CBN Sustainability Awards 2017
- Karlsruhe Sustainable Finance Awards, 2017
- World Finance Awards 2017



# Our International Presence

## Africa



**Ghana**  
 Branches(#): 46  
 Employee(#): 585  
 Equity(₦'bn): 38.6



**Gambia**  
 Branches(#): 6  
 Employee(#): 48  
 Equity(₦'bn): 3.4



**Congo**  
 Branches(#): 4  
 Employee(#): 79  
 Equity(₦'bn): 4.6



**Sierra Leone**  
 Branches(#): 4  
 Employee(#): 34  
 Equity(₦'bn): 1.8



**Rwanda**  
 Branches(#): 7  
 Employee(#): 70  
 Equity(₦'bn): 4.0



**Zambia**  
 Branches(#): 6  
 Employee(#): 66  
 Equity(₦'bn): 8.9



**Nigeria**  
 Branches(#): 316  
 Employee(#): 3129  
 Equity(₦'bn): 409.1



## Outside Africa

**United Kingdom**  
 Branches(#): 3  
 Employee(#): 118  
 Equity(₦'bn): 81.8



## Rep Offices

**Mumbai, India**

**Beirut, Lebanon**

**Shanghai, China**

**Dubai, United Arab Emirates**  
 (Fully Licensed UK Branch)

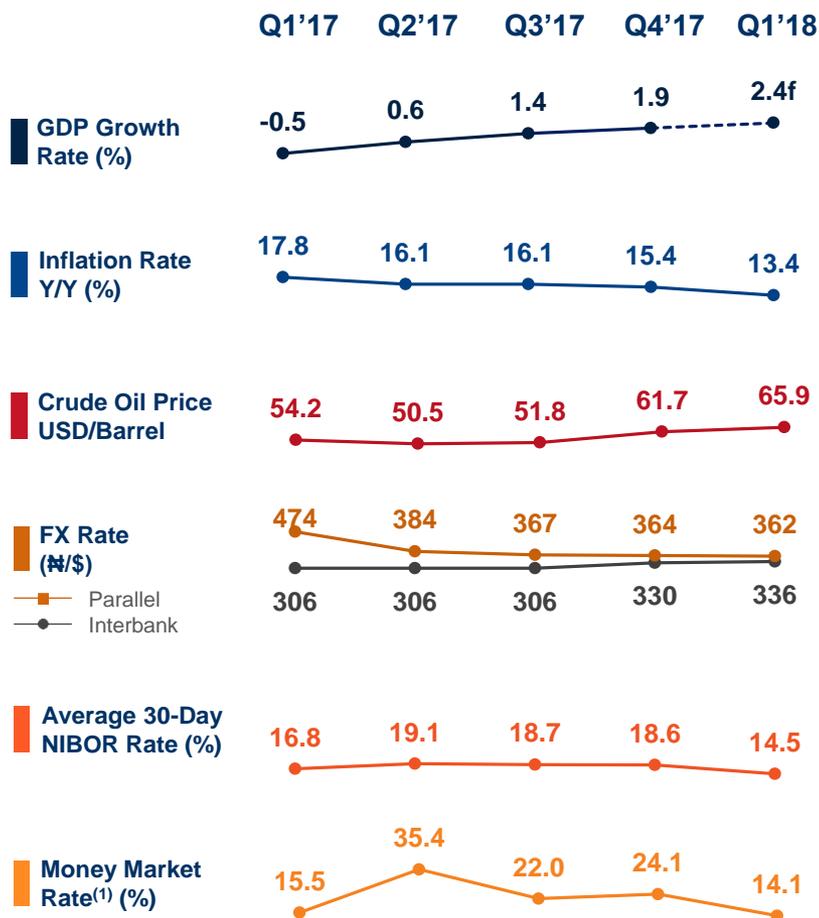
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## 2. Domestic Operating Environment

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# The Nigerian Economy

## Key Macroeconomic Indicators



## Comments

- The Nigerian economy is on track to post improved growth in the first quarter of 2018, backed by a healthier foreign reserve, declining inflation, continued increase in oil prices and stability and liquidity in the FX market
- Headline inflation slowed for the fourteenth consecutive month to 13.% in Mar'18, lowest since march 2016, mainly driven by slowdown in food prices, housing and utilities
- Bonny light oil prices advanced to a 28-month high at \$65.87/b on the back of voluntary production adjustments
- External Reserves climbed to a five-year high of \$46.2bn on the back of rising oil prices and improved oil production in the global markets

## 2018 Regulatory Highlights

- CBN abolished charges on the sales of foreign exchange for invisible transactions
- CBN imposed a statutory provision for the collection and remittance of the 0.005% levy on all electronic transactions by the specified businesses upon the creation of the National Cyber-security Fund account
- CBN commenced implementation of the Non-Oil Export Stimulation Facility(NESF)

Source: CBN, National Bureau of Statistics (NBS), Financial Derivatives Company Limited (FDC), Business Monitor International (BMI)

(1) Call rate was used as an indicator for the Money Market Rate

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## 3. Group Performance Review

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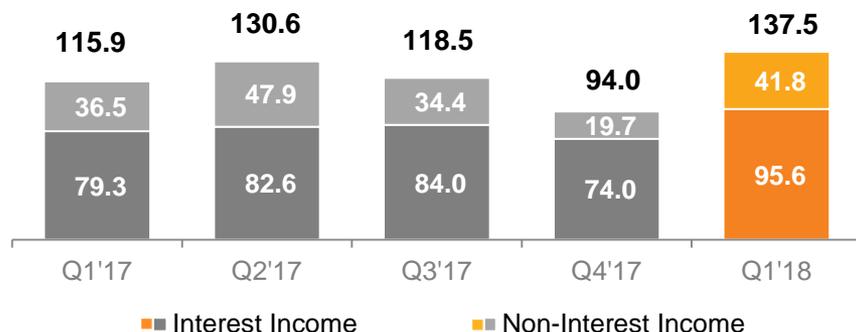
# Group Financial Highlights

<p><b>Profitability</b></p>	<b>₦'million</b>	<b>Q1'18</b>	<b>Q1'17<sup>(1)</sup></b>	<b>Δ</b>
	Gross Earnings	137,535	115,941	19%
	Net Interest Income	44,653	42,737	4%
	Operating Income	86,450	79,218	9%
	Impairment Charges	4,961	3,197	55%
	Profit Before Tax	27,439	27,596	(1%)
	EPS (₦)	77	79	(3%)
Cost-to-Income (%)	62.5	61.0	1.4	
<p><b>Balance Sheet</b></p>	<b>₦'billion</b>	<b>Mar'18</b>	<b>Dec'17</b>	<b>Δ</b>
	Loans and Advances	2,077	2,064	1%
	Total Assets	4,378	4,102	7%
	Customer Deposits	2,506	2,245	12%
	Shareholders' Fund	454	515	(12%)
<p><b>Prudential Ratios</b></p>	<b>Percentage (%)</b>	<b>Q1'18</b>	<b>Q1'17<sup>(1)</sup></b>	<b>Δ</b>
	After-Tax ROAE	18.2	19.4	(1.2)
	Capital Adequacy (%)	19.3	21.0	(1.7)
	Liquidity (%)	41.3	46.3	(4.9)
	Loan-to-Deposit	60.7	73.4	(12.7)

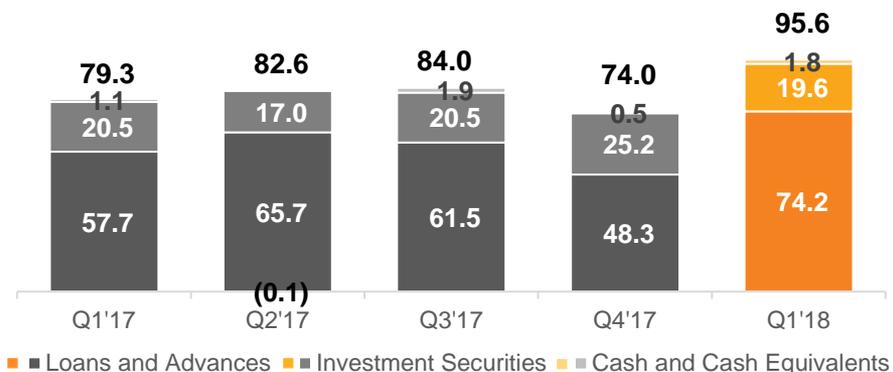
(1) Q1'17 includes restated figures for the period to show the retrospective impact of the AMCON charge on the Statement of Comprehensive Income

# Revenue

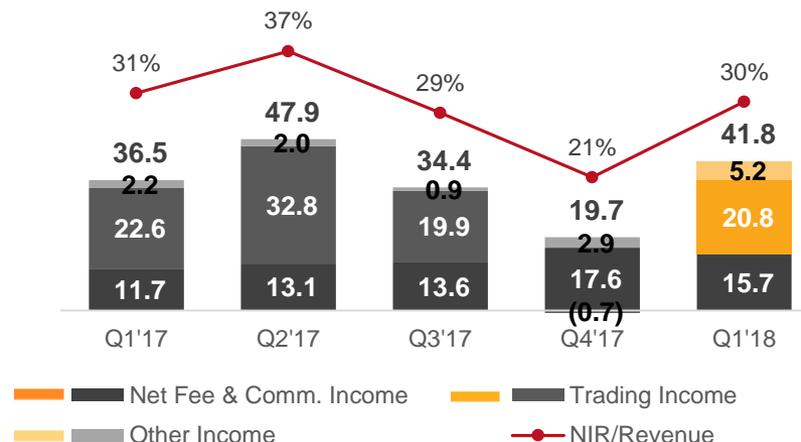
## Gross Earnings<sup>(1)</sup> (₦'bn)



## Interest Income (₦'bn)



## Non-Interest Income (₦'bn)

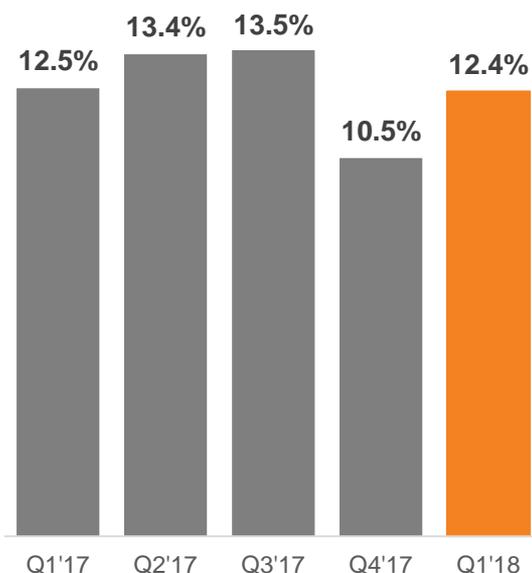


- Gross earnings grew 19% to ₦137.5bn in the period (Q1'17: ₦115.9bn) largely driven by interest income on the Bank's earning assets, and non-interest income
- Interest income drivers (+20% y/y, Q1'18: ₦95.6bn):
  - 29% y/y growth in interest from Loans and Advances owing to +12% growth in the Bank's loan book (12% y/y) re-pricing of assets in the second half of 2017
- Non-Interest Income drivers (+15% y/y, FY'17: ₦41.8bn):
  - Net fee & Commission growth to ₦15.9bn (+34% y/y) underlined by increase in credit related fees and commissions(+55% y/y) and commission on other financial services (+45%/y/y)
  - 137% y/y increase in other operating income from ₦2.2bn in Mar'17 to ₦5.2bn in Mar'18 from dividend on AFS securities and income from assets under management

(1) Calculated as the sum of Interest Income, Fee & Commission Income, Net Gains (Losses) on Investment Securities, Net Foreign Exchange Income / (Loss) and Other Operating Income

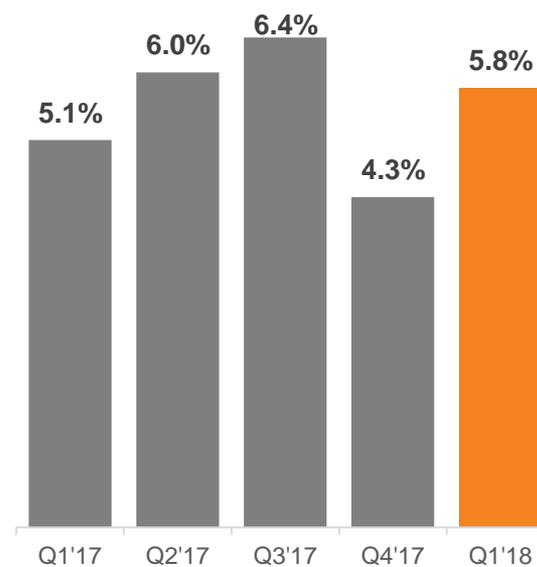
# Margin Analysis

## Yield on Assets (YoA)



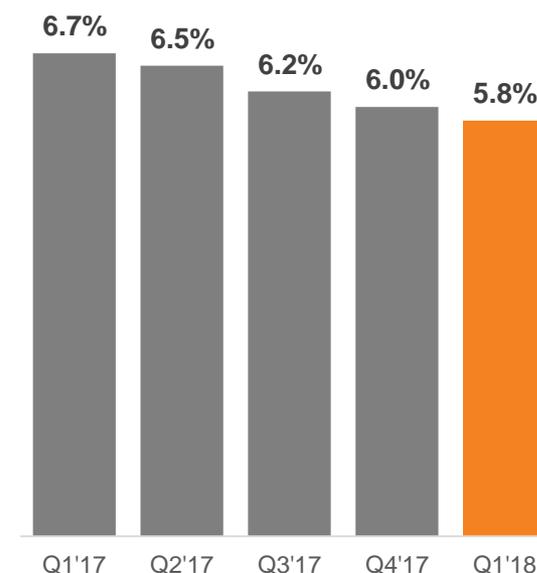
Improved yield on assets of 190bps to 12.4% in the period, on the back of improved liquidity in the quarter which allowed us to optimize the yield on our asset book

## Cost of Funds (CoF)



Cost of Funds increased by 150 bps q/q to 5.8% in Mar'18 reflecting the 59.2% q/q increase in interest expense reflecting the impact of our outstanding structured funding which are at a higher cost and a run-off in January of current account built for FX deliveries

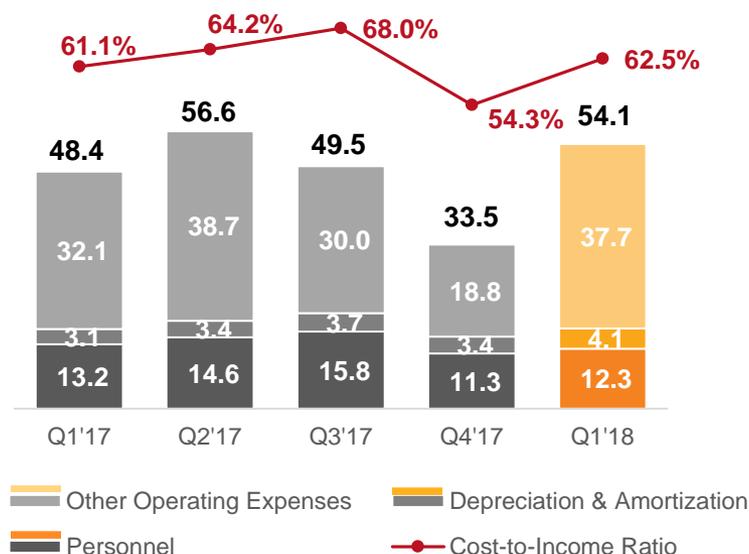
## Net Interest Margin (NIM)



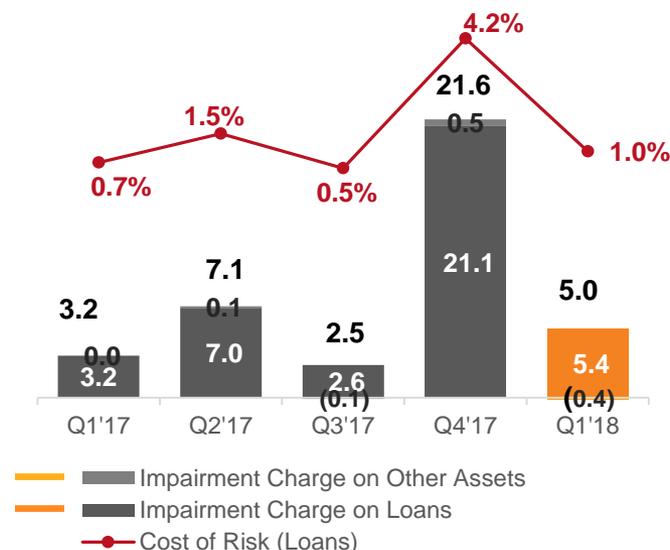
Net Interest Margin declined 20bps q/q to 5.8% from increased funding costs. we expect the declining interest rate environment and change in deposit structure to bring funding costs lower

# Operating Expenses

### Operating Expenses (₦'bn)



### Impairment Charges (₦'bn)

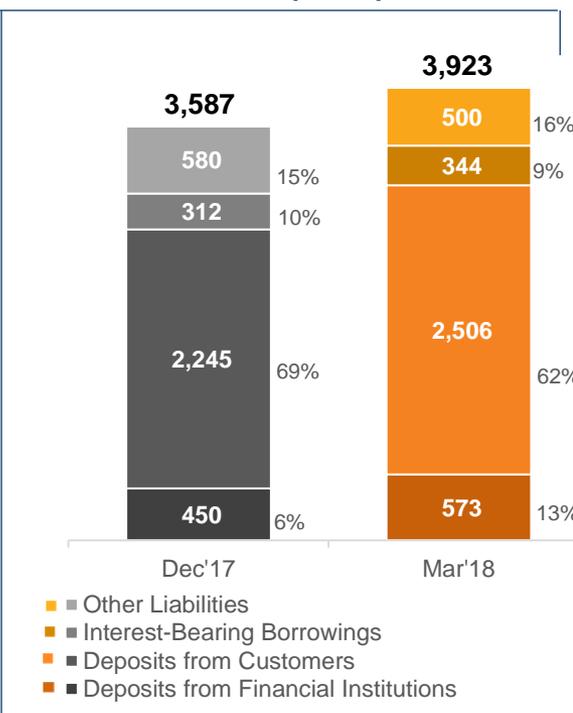
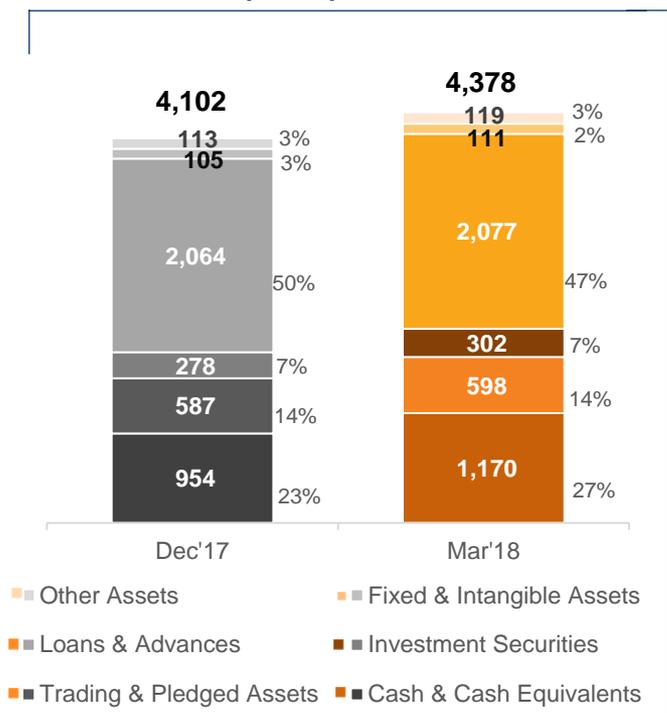


- Increased operating cost +12% y/y to ₦54.1bn in the period (Q1'17: 48.4bn), driven Regulatory costs (AMCON and NDIC) and cost items related to communication, branch infrastructure, IT and people to support our retail market growth. :
  - 102% growth in communication expenses
  - 54% increase Advertising and Marketing expenses
  - 39% increase in Security expenses
  - 126% increase in Recruitment and training expenses
- Cost-to-income ratio of 62.5% in the period
- 55% y/y increase in impairment charge on account of larger loan portfolio with cost of risk of 0.9% (Q1'17 :0.7)

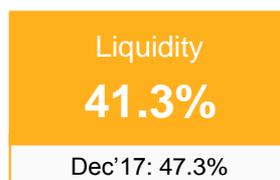
# Balance Sheet Snapshot

## Asset Mix (₦'bn)

## Total Liabilities (₦'bn)



- Total assets grew by 7% to ₦4.38trn as at Mar'18 (Dec'17: ₦4.10trn)
- Efficient balance sheet management, with interest earning assets and non-interest assets accounting for 71% and 29% respectively
- Loans and advance of ₦2.08trn relatively flat q/q due to deliberate and cautious loan growth strategy
- Customer deposits grew by 12% q/q to ₦2.5trn in Mar'18 from ₦2.2trn in Dec'17 with low cost deposits accounting for 48%.

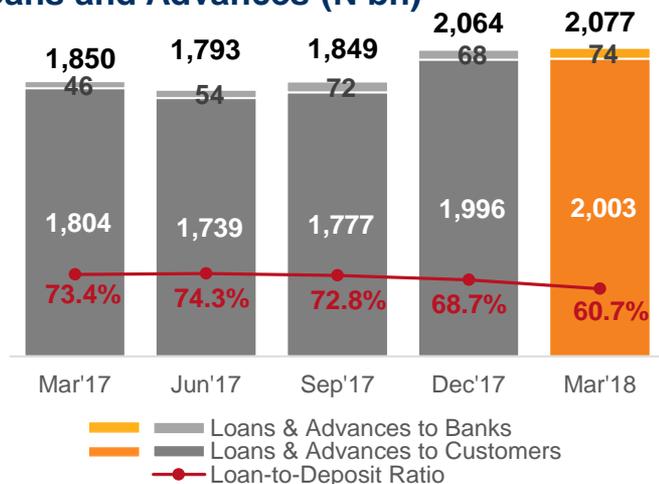


(1) NPL Ratio is calculated as Total Impaired Loans to Banks and Customers divided by Total Gross Loans in the period

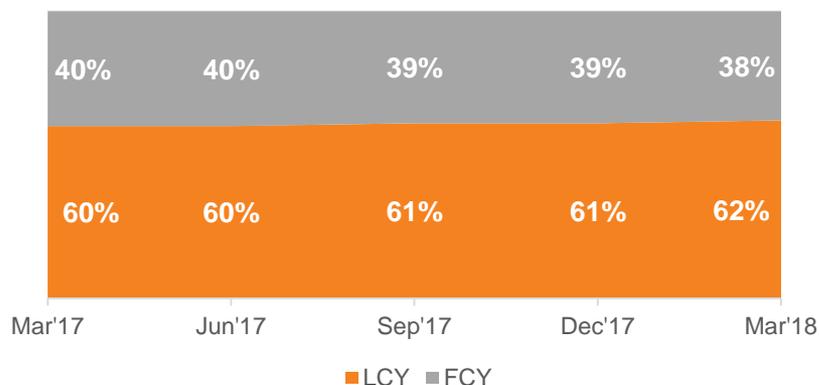
(2) NPL Coverage Ratio is calculated as Total Allowances for Impairment Losses in the period (including Regulatory Risk Reserve) divided by Total Non-Performing Loans

# Loan Analysis

## Loans and Advances (₦'bn)



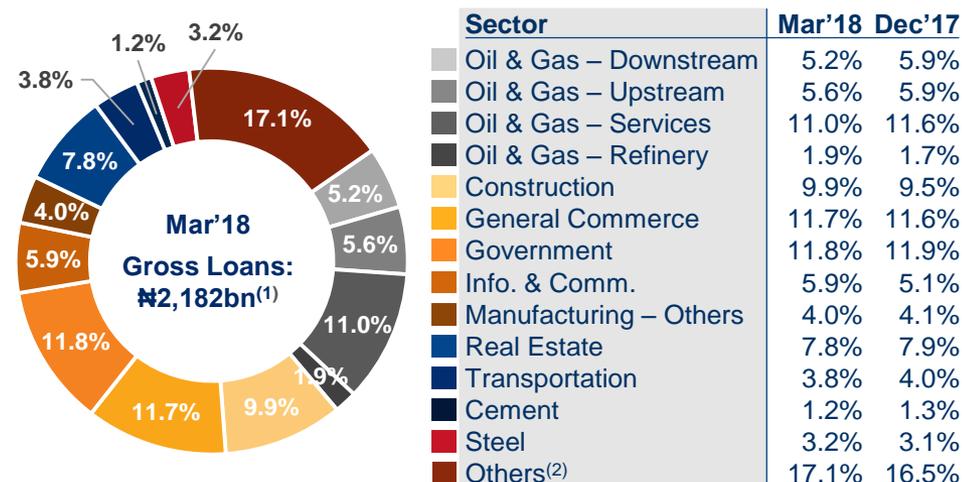
## Loans by Currency



(1) Stated Gross Loans figure includes Gross Loans & Advances to Banks as at 31 December 2017

(2) The following sectors are included in "Others": Agriculture, Capital Markets, Education, Finance & Insurance, General, Basic Metal Products, Conglomerates and Food Manufacturing

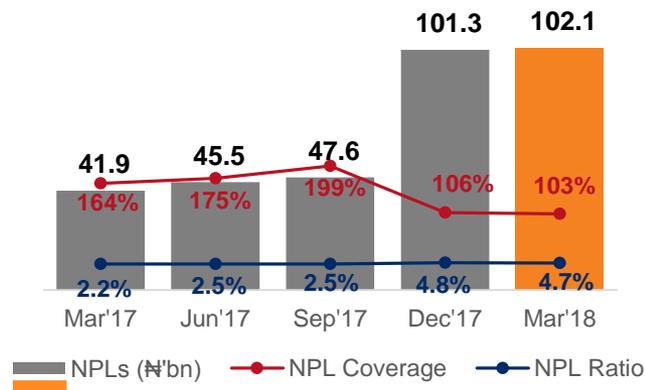
## Loan Distribution by Sector



- Well-diversified loan portfolio in line with the Bank's moderate risk appetite, with increased emphasis on quality obligors
- Net loans and advances of ₦2.08trn as at Mar'18 (Dec'17: ₦2.06trn) remained relatively flat during the period due to deliberate action to cautiously grow the loan book in the midst of the recovering macro but grew 12% y/y (Mar'17: ₦1.85trn)
- Foreign currency exposure reduced to 38% of the total loan portfolio in the period.
- Loan-to-deposit ratio (inclusive of interest-bearing borrowings) stood at 60.7% as at Dec'17 (Dec'17: 68.7%)

# Asset Quality

## NPL Analysis

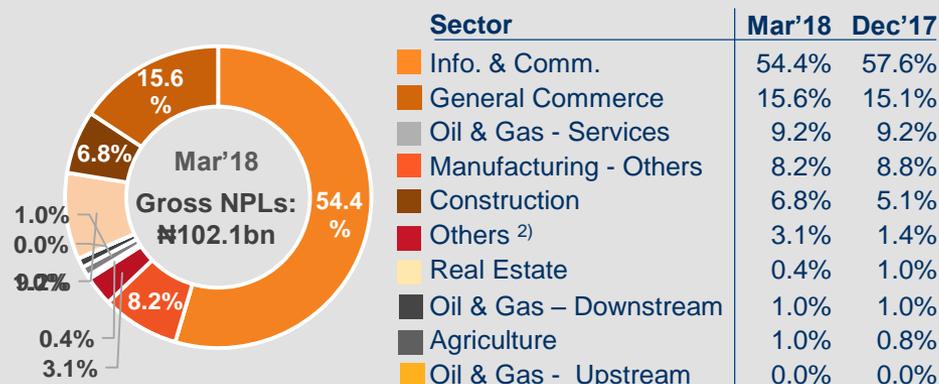


- NPL ratio slightly lower at 4.7% in the period (Dec'17: 4.8%), still contained within regulatory limits
- Robust NPL coverage ratio of 103.0% in the period (Dec'17: 106%)

## NPL Ratio by Sector<sup>(1)</sup>

	Mar'18	Dec'17
Info. & Comm.	43.5%	53.6%
Manufacturing - Others	9.7%	10.3%
General Commerce	6.2%	6.2%
Construction	3.2%	2.6%
Agriculture	3.0%	1.9%
Oil & Gas Downstream	0.9%	0.8%
Others <sup>(1)</sup>	0.5%	0.2%
Oil & Gas - Services	3.9%	3.8%
Real Estate	0.2%	0.6%
Oil & Gas – Upstream	0.0%	0.0%

## NPL Distribution by Sector

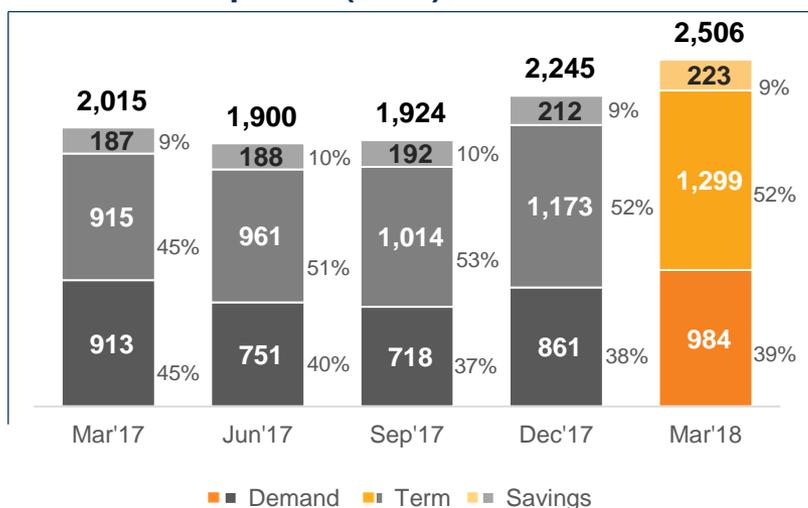


(1) Measures the portion of the total credit exposure by sector that is impaired. **Formula:**  $NPL_{(Sector)} / Total\ Gross\ Loans_{(Sector)}$

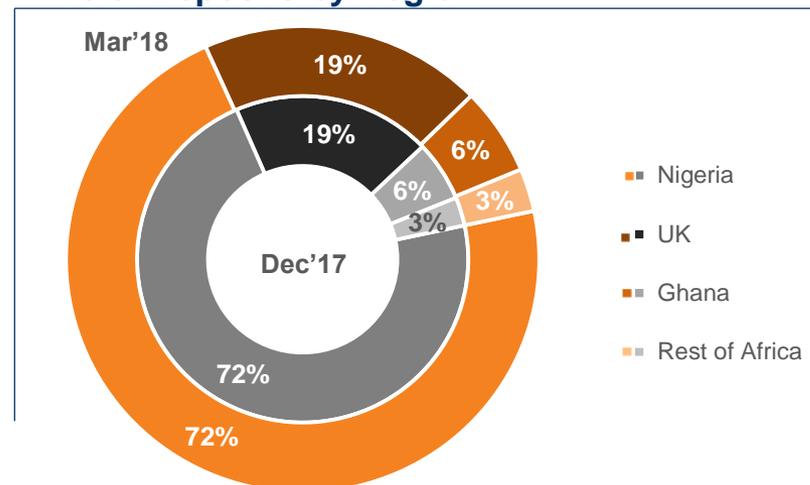
(2) The following sectors are included in "Others": General, Finance & Insurance, Basic Metal Products, Government, Food Manufacturing, Transportation and Storage

# Deposit Analysis

## Customer Deposits (₦'bn)



## Total Deposits by Region



- Customer deposits increased 12% to ₦2.51trn in the period (Dec'17: ₦2.25trn)
- Continued massive deposit mobilization drive for sustainable low cost deposit growth to reduce overall cost of funding
- Savings account grew 5% q/q and 19% y/y reflecting sustained momentum in savings account growth
- Contribution of subsidiaries to Group deposits improved to 28% in Mar'18, with UK and Ghana accounting for 25% of total deposits

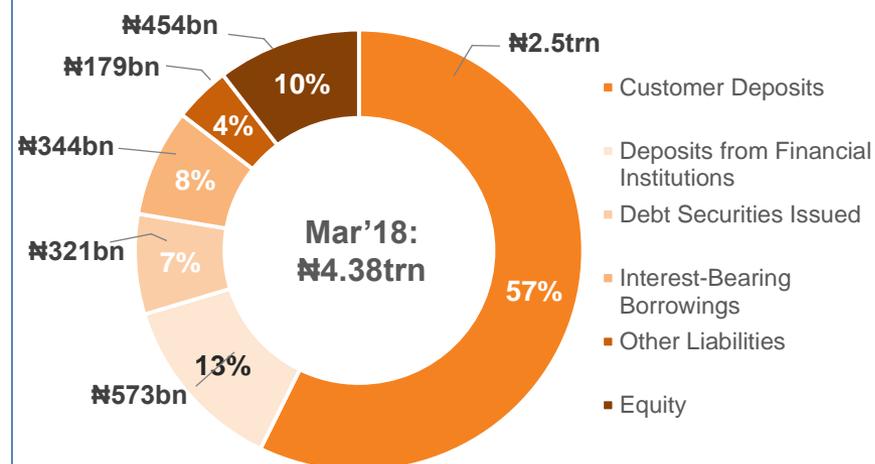
(1) CASA: Current Accounts and Savings Accounts

# Capital & Liquidity

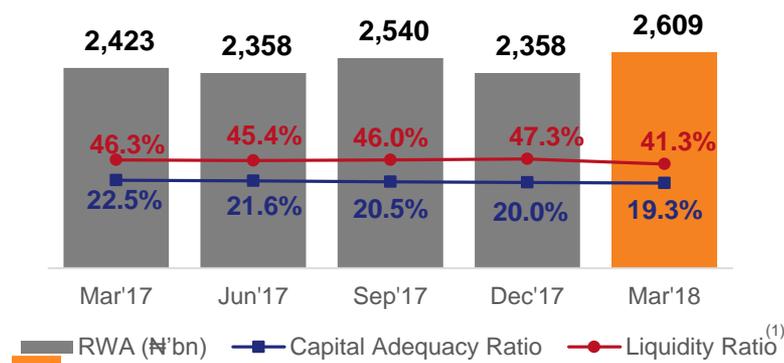
## Capital Adequacy Computation – Basel II

Underlying in ₦'m	Mar'18	Dec'17	%Δ
Tier I Capital	388,387	398,698	(3)
Tier II Capital	114,597	132,665	(14)
<b>Total Regulatory Capital</b>	<b>502,984</b>	<b>531,363</b>	<b>(5)</b>
Credit Risk	2,159,057	2,009,752	7
Operational Risk	417,782	329,979	27
Market Risk	32,583	18,279	78
<b>Risk-Weighted Assets</b>	<b>2,609,422</b>	<b>2,358,010</b>	<b>11</b>
<b>Capital Adequacy</b>			
Tier I	14.9%	16.9%	
Tier II	4.4%	5.6%	
<b>Total</b>	<b>19.3%</b>	<b>22.5%</b>	

## Funding Sources



- Capital adequacy ratio (CAR) of 19.3% down 320bps (Dec'17: 22.5%) due to increase in risk weighted assets and the impact of the implementation of IFRS 9
- +11% growth in risk-weighted assets (RWA) in the period (Dec'17: 2.36trn) on account of an increase in off-balance sheet transactions and changes in the translation rate of the balance sheet.
- Liquidity ratio in the period of 41.3% (Dec'17: 47.3%) remained well in excess of the regulatory minimum.



(1) Calculated as Total Liquid Assets (cash and cash equivalents, treasury bills, trading assets and government bonds) divided by Total Deposits

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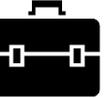
## 4. SBU Performance Review

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# Business Segmentation Highlights



**Corporate & Investment Banking**



**Commercial Banking**



**Business Banking**

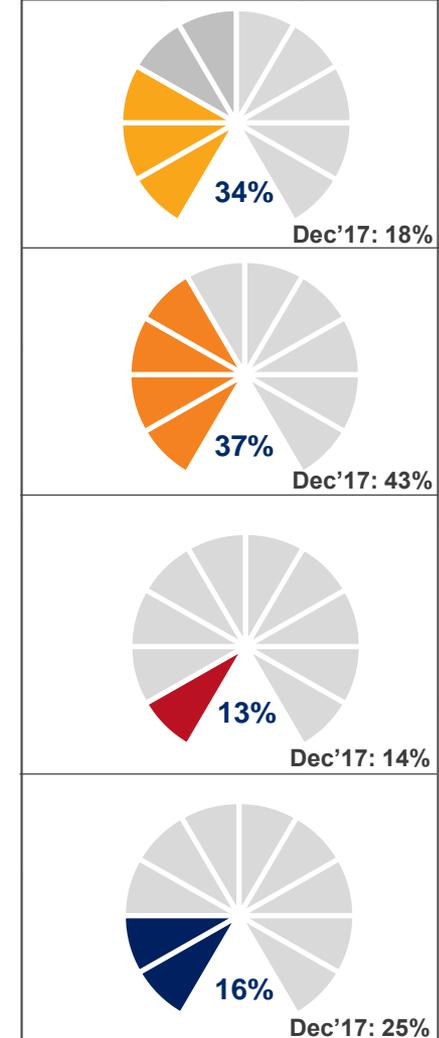
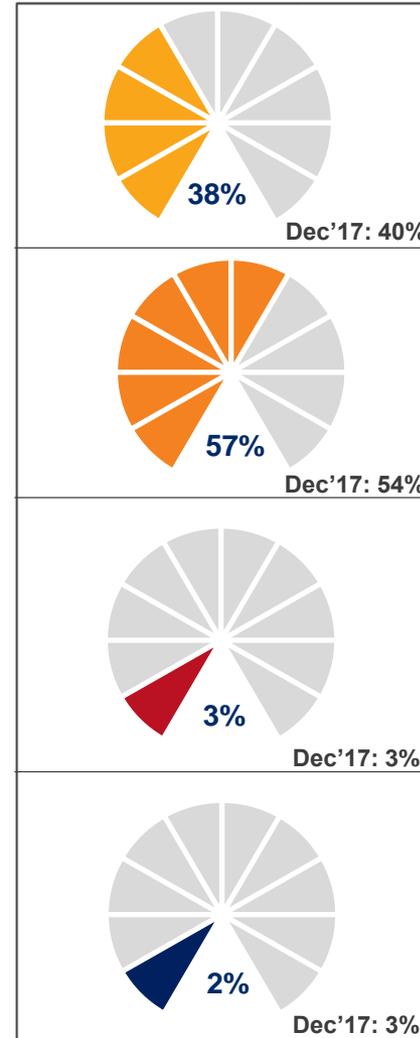
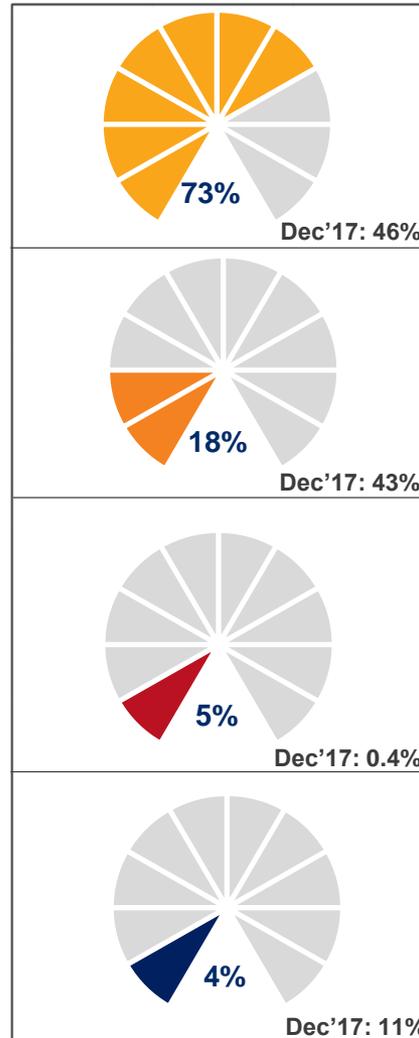


**Personal Banking**

**PBT Contribution**

**Loan Contribution**

**Deposit Contribution**



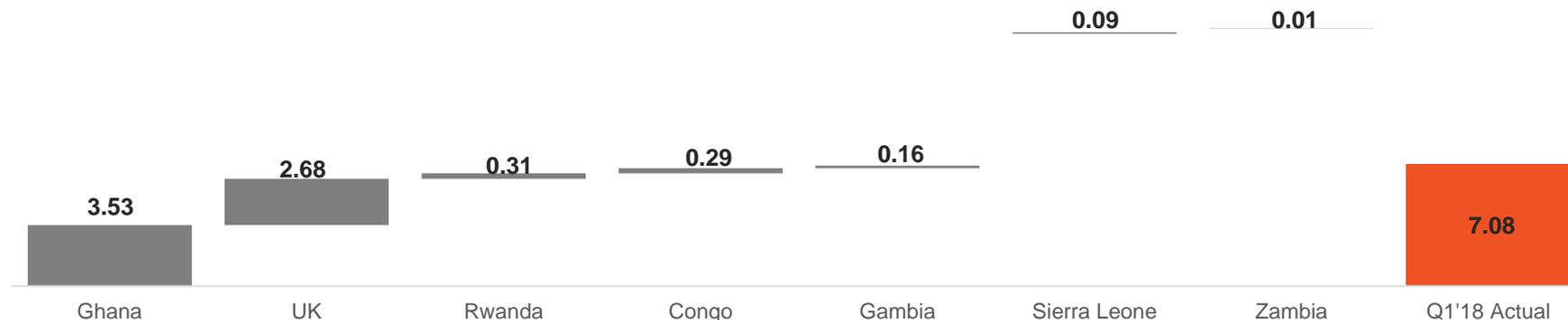
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## 5. Subsidiary Performance Review

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# Subsidiary Performance Overview

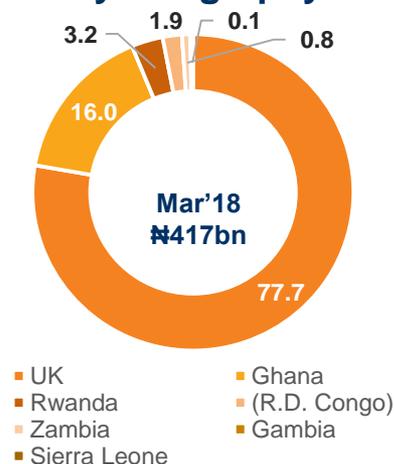
## Profit Before Tax by Subsidiary (₦'bn)



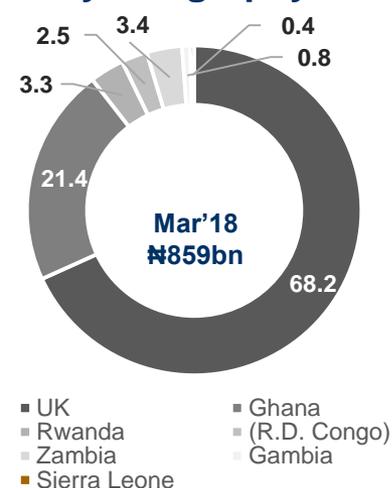
### Key Messages

- Subsidiaries continued to improve their contribution to the group's performance, recording total subsidiary PBT of ₦7.08bn up 115% y/y (Q1'17: ₦3.3bn), accounting for 26% of Group's PBT
- UK and Ghana accounted for 88% of total Q1'18 subsidiary PBT
- Total loans for the subsidiaries stood at ₦417.2bn (+8% y/y), with total deposits also increasing to ₦954.9bn (+11% y/y) due to enhanced deposit mobilization.
- Total assets from subsidiaries grew 11% to ₦1.2trn (Dec'17: ₦1.04trn)

### Loan Contribution by Geography



### Deposit Contribution by Geography



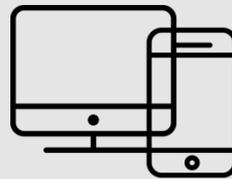
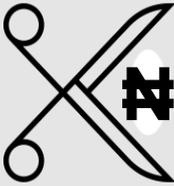
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## 6. 2018 Outlook

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# Key Priorities for 2018

## Our Strategic Imperatives:

<p><b>Build deep sector expertise</b> in priority industries to unlock and capture increased revenue opportunities across Wholesale Banking</p> 	<p><b>Strengthen focus on asset quality, and</b> achieve controlled loan growth within approved guidance</p> 	<p><b>Enhance digital banking capacity</b> to grow customer base and achieve improved efficiency</p> 
 <p>Effectively <b>execute our strategic cost reduction program</b> to lower operating and funding costs and boost bottom-line growth</p>	<p><b>Increase distribution network</b>, optimize branches to boost profitability and gain traction on all retail partnerships</p> 	<p><b>Intensify low cost deposit</b>, thereby enhancing liquidity and margins</p> 

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# access >>>

**tomorrow** /noun/

A mystical land where 99% of all human productivity, motivation and achievement is stored.

 **TAKE TOMORROW**