

Access Bank - Diamond Bank Merger Update

Creating Nigeria and Africa's Largest Retail Bank

access >>>

 **Diamond**

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SPEED SERVICE SECURITY



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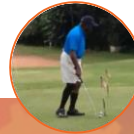
We have now received both the CBN and the SEC Approval-In-Principle, a key milestone achieved in the merger process

Transaction Timeline

- **December 2018:** Deal Announcement ✓
- **December 2018:** Application to the CBN and the SEC ✓
- **December 2018:** NSE Notification ✓
- **December 2018:** Receipt of CBN Pre-Merger Consent ✓
- **January 2019:** Receipt of CBN and SEC Approval in Principle ✓
- **January 2019:** Applications to Federal High Court ✓
- **February 2019:** Access Bank + Diamond Bank Court Ordered Meetings
- **March 2019:** SEC and CBN Approval
- **April 2019:** Court Sanction
- **April 2019:** Deal Completion

The merger is now expected to close in early Q2 2019 and integration is ahead of schedule

What our integration journey will look like?



Capture quick wins and plan integration

Merge and begin to operate as one entity

“Business as usual”

Dec 2018 – March 2019

April 2nd 2019

May 2019

October 2019

- ✓ **Capture** identified quick wins
- ✓ **Prepare** day 1/100 plans
- ✓ **Prepare** value creation plans
 - **Design** operating model
 - **Design** organization
 - ‘gears are put in motion’
- ✓ Create the IMO to coordinates and handles transversal processes
- ✓ Taskforces work on day 1 preparation, discovery, synergy identification
- ✓ Continuous stakeholder engagement

- **Implement** day 1, 100, and value creation plans
- **Integrate** organization and processes
- **Brand refresh** and roll-out across branches and the business

- **One** organization
- **One** culture
- **One** IT system being implemented
- **One** set of key processes
- **Achieve** run rate for value creation



- Ensure business continuity
- Capture quick wins

- Accelerate value creation
- Integrate processes

- Positioned for growth
- Efficiency realized



Access Bank will no longer need the previously announced N75 billion rights issue

			Combined Entity	Rationale
Current *				<ul style="list-style-type: none"> ✓ Integration well ahead of timeline leading to earlier realization of synergies ✓ Drawdown of US\$250 million of 5-year Tier II Capital in Q1-2019 in Dollars and dual/local currency issues ✓ Stronger earnings accretion and higher prospects in loan recoveries in 2019 ✓ Rights Issue cancelled as not required to meet Regulatory Capital requirements ✓ Access Bank is focused on improving its return on equity to shareholders ✓ Access Bank has an established track record for consistently delivering value to its shareholders and will continue to do so
NPL %	4.7	40.4 **	14.1	
Cost of Risk %	0.5	4.2 **	1.6	
NPL Coverage %	28.4	62.9 **	54.4	
Looking forward H1'2019				
CAR % – Full impact	N/A	N/A	19.2	
CAR % – Transitioning	N/A	N/A	21.1	

- Access Bank numbers are as reported in Q3'18 *
- Diamond Bank's Q3'18 numbers have been adjusted with the additional impairment taken of N150bn on an NPL book comprising PDNI & impaired facilities totaling N316bn**
- We expect NPL to moderate to single digit by FY'19

NGN ~ 150 billion in revenue and cost synergy opportunities have been identified over the next three years

2019-2021 Bottom Up Synergy Opportunities

NGN, billions



Examples of Synergies

Synergy Value,
NGN, billion

Revenue Synergies

62.2

Revenue Synergies

Enhanced product offering and x-selling eg. Xclusive Plus, Payday Loans, HIDA, W Initiative, Beta

40.9

Expanded digital channels and improved sales by combining best practices, e.g. digital initiatives, value chain lending and payment capabilities

8.4

Improved corporate and commercial market share expansion. Deepening share of wallet across customers

6.7

Treasury sales and digital channel expansion

6.2

Total Revenue Synergies

62.2

Cost Synergies

88.1

Cost / Balance Sheet Synergies

Consolidated procurement and facility management

40.5

Cost of funds reduction through lower deposit pricing and improving deposit mix

21.0

IT integration and consolidation e.g. Duplicate software, programs, and infrastructure

12.6

Branch consolidation, and retail operational efficiency e.g. cash movement

13.5

Integration of support functions

0.5

Total Cost Synergies

88.1

Total Synergies

150.3



- ✓ Seamless integration and customer transition with Diamond Bank
- ✓ To continue to drive the growth of the combined institution in Nigeria
- ✓ To maintain Access Bank's strong operating and risk performance
- ✓ To deliver ever-stronger ROE
- ✓ To deliver on our objective to be the world's most respected African bank