

Group Audited Results for the Half Year ended 30 June 2020

Access Bank delivered robust earnings in the first half of the year, despite the challenges and uncertainties occasioned by the COVID-19 Pandemic. Being a Systemically Important Nigerian Bank, we took decisive measures to keep the Nigerian economy going by committing resources and providing the support needed by our customers, colleagues, and communities. We were also at the forefront of Nigeria's fight against the novel Coronavirus through the Coalition Against COVID-19 (CACOVID) initiative. Working with several partners in the private sector, the coalition successfully pooled together funds which were deployed to deliver the financial, material and technical aid needed to save millions of lives, including feeding 1.7mn households across the country.

Understanding the adverse effects of the Pandemic on businesses especially SMEs, we implemented innovative measures to support the continuity of our SME customers. We leveraged our "SME Zone" platform to reach out to our customers with 85 capacity building programs that cut across Human Resources, Technology, Financial Management, etc. Over 183,000 customers were impacted by our weekly newsletters, and over 600 customers participated at our webinar sessions. These are all in addition to a 3-month concession on repayments of existing SME loans and easy access to working capital finance. Working with the Central Bank Nigeria, we also provided intervention funding and payment holidays to support the Agriculture, Manufacturing and Healthcare sector.

The Bank took several management actions to proactively identify and resolve loan performance concerns. This is in line with our long-term approach to risk management in order to maintain resilience and sustainability in our Balance Sheet. Reflecting this is our NPL ratio of 4.4%, backed with write-offs and restructuring in cases where customers have shown willingness and capacity to repay.

The Group recorded gross earnings of ₦396.8bn (+22% y/y), on the back of a 191% y/y growth in non-interest income to ₦150bn, buttressing the efficacy of our strategy and capacity to generate sustainable revenue. We continued to grow our trading and transaction banking income through the optimisation of our channels and electronic banking business, notwithstanding the reduction in transaction charges. Despite the high cost of operation and increase in net impairment charge, Profit Before Tax stood at ₦74.3bn.

Furthermore, we maintained a robust capital position, underpinned by a resilient and well diversified business. Our capital and liquidity positions are well above regulatory levels with a Capital Adequacy Ratio of 20.0% and a liquidity ratio of 44.7%. Leveraging investments in digital banking post merger, we have seen a growth in our retail banking business even in the Pandemic, as evidenced by the growth in customer sign-on, transaction volume and value, and increased adoption of our digital channels.

While the other half of 2020 will remain challenging, digital banking has become more essential than ever in the pursuit of sustainable earnings. We are confident that our purposeful strategy, diversified model, and investment in digital solutions will ensure that we remain resilient and continue to support our stakeholders to recover and thrive. I want to thank our employees for their commitment and exceptional work in these uncertain times.

Herbert Wigwe, GMD/CEO

FINANCIAL REVIEW FOR THE HALF YEAR ENDED 30 JUNE 2020

Gross Earnings rose 22% y/y to ₦396.8bn in H1 2020, (H1 2019: ₦324.4bn), with interest and non-interest income contributing 62% and 38% respectively. Interest Income declined by 10% y/y to ₦246.7bn in H1 2020 (H1 2019; ₦272.9bn), largely driven by the falling yield environment which saw income on investment securities drop by 31% y/y to 74bn.

Non-Interest Income increased by 191% y/y to ₦150bn (H1'19: ₦51.5bn) with Transaction fees, Commissions and Other operating income making up 54% and Net trading income the balance of 46%. Included in Other operating income are recoveries of ₦22.4bn. We also had strong showing in our Channels and other E-business of ₦13.9bn(+153% y/y). These gains buttresses the foresight of the Bank ahead of the Pandemic to shore up earnings, even in uncertain periods.

Profit Before Tax (PBT) for the period rose by 2% y/y to ₦74.3bn (H1 2019: ₦73.0bn), while Profit After Tax (PAT) decreased marginally by 1% y/y to ₦61.0bn from ₦61.9bn in H1 2019, on the back of both a 40% y/y rise in Operating Expenses and a 20% y/y rise in effective Tax within the period. Accordingly, Return on Average Equity (ROAE) stood at 19.1% with a Return on Asset (ROA) of 1.6% in the period.

The assets base of the Bank remained robust and diversified with Total Assets of ₦7.78trn in June 2020, +9% YTD from ₦7.15trn in December 2019. Net Loans and Advances totaled ₦3.39trn as at June 2020 (December 2019: ₦3.06trn). Our Derivative portfolio also grew by 81% YTD to ₦259.6bn from ₦143.5bn in December 2019, sturdily supporting earnings within the period.

Customer Deposits increased by 10% YTD to ₦4.67trn in June 2020, from ₦4.26trn in December 2019. Low cost deposits (Current Accounts and Savings Accounts) accounted for 66% of the deposit base, lending credence to the Bank's continued drive to reduce its' Cost of Funds despite liability growth. We crossed the ₦1trn threshold on savings deposits in the period, closing at ₦1.1trn as at June 2020.

Capital Adequacy Ratio (CAR) remained well above regulatory minimum at 20.0%, reflecting the adjusted impact of the IFRS 9 implementation. Similarly, Liquidity ratio of 44.7% (December 2019: 47.0%) remained well above regulatory requirements.

Non-Performing loans (NPL) ratio stood at 4.4% as at June 2020 (December 2019: 5.8%), on the back of ₦46.4bn write-offs and cautious restructuring in the period.

Net Interest Margin (NIM) of 4.9% in H1 2020 from 7.7% in H1 2019, while Average Cost of Funds (CoF) decreased 101bps y/y to 3.7% from 4.8% in H1 2019 (Actual CoF in the period was 3.6%). Yield on Assets of 9.5%, down by 400bps y/y from 13.5% in H1 2019. These are on the back of the declining yield environment.

Cost-to-Income Ratio (CIR) increased by 430bps y/y to 65.8% in H1 2020 (H1 2019: 61.5%). This is due to the high cost of operation of the enlarged business scale, driven by a 51% y/y increase in regulatory costs and a 91% y/y increase in IT investments. We continue to drive our cost transformation initiatives to minimize cost and expect to see the benefits in the second half of the year, which will result in improved efficiency ratios.

Group Financial Highlights

Income Statement

<u>In ₦'mn (unless stated otherwise)</u>	<u>H1 2020</u>	<u>H1 2019</u>	<u>%Δ</u>
Gross Earnings	396,757	324,376	22↑
Interest Income	246,723	272,897	10↓
Net Interest Income	126,207	155,146	19↓
Non-Interest Income	150,035	51,479	191↑
Operating Income	265,059	202,296	31↑
Operating Expenses	(174,288)	(124,452)	40↑
Impairment Charges	(16,466)	(4880)	237↑
Profit before Tax	74,306	72,965	2↑
Profit for the Period	61,035	61,874	1↓
Earnings per Share (k)	173	193	10↓
Dividend per Share (k)	25	25	0
Loan Write-off	(46,407)	(46,012)	1↑

Balance Sheet

<u>In ₦'bn (unless stated otherwise)</u>	<u>Jun. 2020</u>	<u>Dec. 2019</u>	<u>%Δ</u>
Loans and Advances	3,390	3,064	11↑
Total Assets	7,767	7,143	9↑
Customer Deposits	4,668	4,256	10↑
Shareholders' Funds	670	607	10↑

Key Profitability and Efficiency Ratios

<u>In (%)</u>	<u>H1 2020</u>	<u>H1 2019</u>	<u>%Δ</u>
Net Interest Margin	4.9	7.7	2.8↓
Cost-to-Income Ratio	65.8	61.5	4.3↑
Return on Average Equity	19.1	23.0	3.9↓
Return on Average Assets	1.6	2.2	0.5↓

Key Balance Sheet Ratios

<u>In (%)</u>	<u>Jun. 2020</u>	<u>Dec. 2019</u>	<u>%Δ</u>
Capital Adequacy Ratio	20.0	20.0	0
Liquidity Ratio	44.7	47.0	2.3↓
Loan-to-Funding Ratio (Bank)	59.1	62.9	3.9↓
Non-Performing Loans Ratio	4.4	5.8	1.4↓

Key Retail Metrics

	H1 2020	H1 2019	%Δ
Digital Loan Transaction count (mn)	2	0.8	155↑
Digital Loan Transaction Value (₦'bn)	46	18	155↑
USSD Users ('mn)	8	5	65↑
USSD Transaction Count (mn)	240	207	16↑
USSD Transaction Value (₦'bn)	713	422	69↑
Debit & Credit Card Transaction Count (mn)	218	330	34↓
Debit & Credit Card Transaction Value (₦'bn)	1,952	2,892	33↓
POS Transaction Count (mn)	48	28	71↑
POS Transaction Value (₦'bn)	362	239	51↑
ATM Transaction Count (mn)	69	108	36↓
ATM Transaction Value (₦'mn)	798	993	20↓
Mobile & Internet Transactions Count (mn)	154	117	32↑
Mobile & Internet Transactions Value (₦'bn)	9,720	8,758	11↑
Savings account	1,136	812	40↑
Channels and other E-business Income (₦'bn)	13.9	5.5	153↑

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Audio Conference Call

Access Bank Plc. (Bloomberg: Access NL) will be hosting an audio conference call for analysts and investors on **11 September 2020** at **1400hrs** Lagos (**0900hrs** New York, **1400hrs** London, **1500hrs** Johannesburg).

Click to access the [Financial Statement](#) made available on the IR portal of the Bank's website

The audio conference call can be accessed via the [Webcast](#) or by clicking on this [Registration link](#) to pre-register for the call and receive dial-in information. You can also dial the following numbers:

Nigeria	+234 1 903 0040
South Africa	+27 10 201 6700
United Kingdom – Toll Free	+44 333 300 1417
USA and Canada – Toll Free	+1 508 924 4325



ABOUT ACCESS BANK

Access Bank Plc. is a leading full-service commercial Bank operating through a network of over 560 branches and service outlets, spanning three continents, 12 countries and over 36 million customers. The Bank employs over 28,000 people in its operations in Nigeria and has subsidiaries in Sub-Saharan Africa and the United Kingdom (with a branch in Dubai, UAE) and representative offices in China, Lebanon and India.

Listed on the Nigerian Stock Exchange since 1998, Access Bank is a diversified financial institution which combines a strong retail customer franchise and digital platform with deep corporate banking expertise and proven risk management and capital management capabilities. The Bank serves its various markets through four business segments: Retail, Business, Commercial and Corporate. The Bank has over 900,000 shareholders (including several Nigerian and International Institutional Investors) and has enjoyed what is arguably Africa's most successful banking growth trajectory in the last twelve years. Following its merger with Diamond Bank in March 2019, Access Bank has become one of Africa's largest retail banks by retail customer base.

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, helping customers to access more and achieve their dreams.

www.accessbankplc.com

The information presented herein is based on sources which Access Bank Plc. (the "Bank") regards dependable. This presentation may contain forward looking statements. These statements concern or may affect future matters, such as the Bank's economic results, business plans and strategies, and are based upon the current expectations of the directors. They are subject to a number of risks and uncertainties that might cause actual results and events to differ materially from the expectations expressed in or implied by such forward looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, regulatory developments, competitive conditions, technological developments and general economic conditions. The Bank assumes no responsibility to update any of the forward-looking statements contained in this presentation.