

## Access Bank Plc. Group Audited Results for the Half Year ended 30 June 2017

**LAGOS, NIGERIA – 23 August 2017** – 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, the UK, Asia and the Middle East, announces its audited results for the half year ended 30 June 2017 and proposes an interim dividend of 25 kobo per share.

### Group Managing Director / Chief Executive Officer’s Review

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*“The Group’s performance in the first half of the year reflects the strength and sustainability of our business, and the effective execution of our strategy.*

*We delivered gross earnings of ₦246.6 billion - up 42% y/y, and pre-tax profits of ₦52 billion during the period. Net interest margin expanded to 6.7% y/y in H1’17, on the back of a higher interest rate environment. Non-interest income remained strong on the back of 68.8% growth in FX income demonstrating our optimisation of revenue generating opportunities.*

*We maintained stable asset quality, recording non-performing loans and cost of risk ratios of 2.5% and 1.0%, respectively and wound down on our foreign currency exposures as a deliberate strategy to de-risk the business. As we cautiously grow our loan portfolio in light of macro realities, we will continue to uphold our proactive risk management principles in order to maintain asset quality within acceptable limits. Whilst balancing our appetite for growth and profitability, we remain committed to maintaining solid liquidity and capital ratios (45.4% and 21.6% respectively).*

*Our retail expansion drive led to investments in our channels, distribution network, service quality and brand enhancement. These, as well as AMCON charges resulted in higher operating expenses in the period. We continue to, however, intensify the implementation of our cost reduction initiatives in order to improve the bottom-line despite high inflationary environment*

*In view of the recovering macro, our focus remains growing the retail franchise through digital expansion to enable diversified earnings as well as continuous and proactive risk management as we selectively grow risk assets. We will remain resilient in the execution of our bold strategy for increased growth and profitability whilst maximizing shareholder value in 2017 and beyond.”*

*– Herbert Wigwe, GMD/CEO*

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### Financial Performance Review

#### Revenue and Profitability

- Gross Earnings rose 42% y/y to ₦246.6 billion as against ₦174.1 billion recorded in H1’16, with interest income and non-interest income contributing 66% and 34% respectively
- Interest Income grew by 44% y/y to ₦161.9 billion in H1 2017 from ₦112.3 billion in H1 2016
- Non-Interest Income of ₦84.4 billion (+37% y/y) compared with ₦61.7 billion in H1 2016, underlined by strong FX income on the trading portfolio
- Operating Income increased to ₦167.5 billion (+29% y/y) compared with ₦130.2 billion in the corresponding period in 2016

- Profit Before Tax (PBT) for the period rose to ₦52.0 billion, representing a 18% y/y growth when compared to ₦43.9 billion<sup>1</sup> in H1 2016
- Profit After Tax (PAT) grew to ₦39.5 billion in H1 2017 from ₦33.6 billion<sup>1</sup> in H1 2016
- Return On Average Equity (ROAE) of 16.9% in H1 2017 flat y/y (H1 2016: 16.9%) on account of higher income tax of ₦12.6 billion in the period (June 2016: ₦7.4 billion)

#### *Balance Sheet*

- Loans and Advances totaled ₦1.79 trillion as at June 2017 (December 2016: ₦1.86 trillion) reflecting a cautious approach in light of a recovering macro
- Customer Deposits declined by 9% to ₦1.90 trillion in the period, from ₦2.09 trillion in December 2016
- Total Assets was flat at ₦3.46 trillion as at June 2017 (Dec'16: ₦3.48 trillion)
- Capital Adequacy of 21.6% and Liquidity ratios of 45.4%, remain consistently above the regulatory minimum requirement

#### *Asset Quality*

- Non-performing loans to total gross loans stable at 2.5% as at June 2017 (December 2016: 2.1%)
- NPL Coverage Ratio (with regulatory risk reserves) stood at 174.8% as at June 2017 (December 2016: 169.0%)
- Cost of risk stable at 1.0% in H1 2017, from 1.1% in H1 2016 on the back of prudent risk management practices during the period

#### *Operational Efficiency*

- Cost-to-Income Ratio (CIR) up 430bps to 62.7% in H1 2017 (H1 2016: 58.4%) driven by increase in operating expenses
- Operating Expenses increased by 38% y/y to ₦105.1 billion (H1 2016: ₦75.9 billion), and 34.8% q/q, driven by the high inflationary environment and the effect of unamortized AMCON charges
- Net Interest Margin (NIM) remained unchanged q/q at 6.7% in Q2'17: however increased y/y by 40bps from 6.3% in H1 2016. Cost of Funds (CoF) of 5.6% increased from 5.1% in March 2017 and 3.6% in H1 2016

#### **Operational Highlights during the Period**

- Obinna Nwosu resigned as the Group Deputy Managing Director of the Bank
- Roosevelt Ogbonna succeeded Obinna Nwosu as the Group Deputy Managing Director
- Gregory Jobome appointed as the Executive Director, Risk
- The Group received a national scale rating upgrade to AA- (previously rated A+) from Augusto and Co.
- Redeemed \$245.01 million outstanding principal and final coupon on the 5-year \$350 million Eurobond

## Group Financial Highlights

<b>Income Statement</b> <i>(in millions of Naira)</i>	<b>H1 2017</b>	<b>H1 2016<sup>(3)</sup></b>	<b>Δ</b>
Gross Earnings	246,575	174,069	42%
Interest Income	161,905	112,293	44%
Net Interest Income	83,042	68,451	21%
Non-Interest Income	84,820	61,719	37%
Operating Income	167,461	130,170	29%
Operating Expenses	105,050	75,965	38%
Profit Before Tax	52,049	43,993	18%
Profit for the Period	39,460	33,638	17%
Earnings Per Share (k)	138	117	18%
Dividend Per Share (k)	25	25	-
<b>Balance Sheet</b> <i>(in billions of Naira)</i>	<b>Jun. 2017</b>	<b>Dec. 2016</b>	<b>Δ</b>
Loans and Advances	1,793	1,855	(3%)
Total Assets	3,455	3,484	(1%)
Customer Deposits	1,900	2,089	(9%)
Shareholders' Fund	480	454	6%
<b>Key Ratios</b>	<b>H1 2017</b>	<b>H1 2016<sup>(3)</sup></b>	<b>Δ</b>
Return on Average Equity (%)	16.9	16.9	↔ 0.0
Return on Average Assets (%)	2.3	2.3	↔ 0.0
Net Interest Margin (%)	6.7	6.3	↑ 0.4
Cost of Funds (%)	5.6	3.6	↑ 2.0
Yield on Assets (%)	13.1	10.3	↑ 2.8
Cost-to-Income Ratio (%)	62.7	58.4	↑ 4.3
Capital Adequacy Ratio (%)	21.6	19.7	↑ 1.9
Liquidity Ratio (%)	45.4	35.8	↑ 9.6
Loan-to-Deposit Ratio (%)	74.3	73.1	↑ 1.2
Non-Performing Loans Ratio (%)	2.5	1.9	↑ 0.6
Cost of Risk (%)	1.0	1.1	↓ 0.1
NPL Coverage (%)	174.8	184.0	↓ 9.2

## Conference Call Invitation

### **Access Bank Plc. Group Audited Results for the Half Year ended 30 June 2017**

Access Bank Plc. (Bloomberg: Access NL) will be hosting an audio conference call for analysts and investors on **30 August 2017** at **14:00hrs** Lagos (**09:00hrs** New York, **14:00hrs** London, **15:00hrs** Johannesburg) with its Executive Management to discuss the Bank's audited results for half year ended 30 June 2017 in a question and answer format.

#### **Website**

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

#### **Webcast**

You can access the webcast using this link:

<http://services.choruscall.eu/links/accessbankplc170830.html>

#### **Audio Conference**

The audio conference call can be accessed by dialling the following numbers:

Nigeria	+234 1 903 0040
South Africa	+27 10 201 6800
United Kingdom – Toll Free	+44 808 162 4061
United States of America – Toll Free	+1 855 481 5362

Participants should dial in at least five minutes before the start of the presentation. For those who are unable to listen to the live call, a digital recording will be hosted on the company's website after the event.

For further information please contact:

#### **Access Bank Plc.**

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## **ABOUT ACCESS BANK**

Access Bank Plc. is a full service commercial Bank operating through a network of 385 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa, and the United Kingdom with representative offices in China, Lebanon and India.

Listed on the Nigerian Stock Exchange in 1998, the Bank serves its various markets through four 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 twelve years ranking amongst Africa's top 20 banks by total assets and capital in 2016.

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.