

Financial Year End 2011

Results Presentation to Investors and Analysts



March 2012



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Agenda

>>> About Access Bank

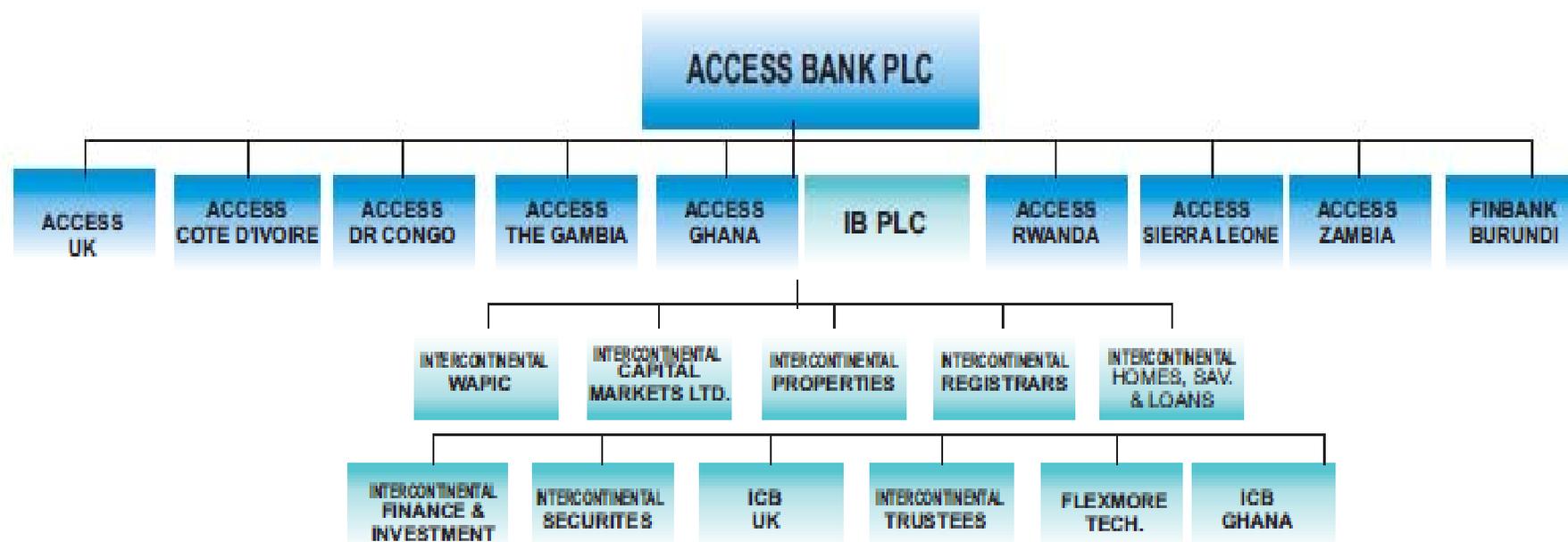
>>> Operating Context

>>> 2011 Financial Performance Review

>>> Update on Business Combination

>>> Outlook For 2012

About Access Bank



Parent Company : Access Bank Plc licensed by CBN as a Commercial Bank (International scope of operations)

No of Employees : 10,164 staff (3,152 Professional, 7,012 Non Professional)

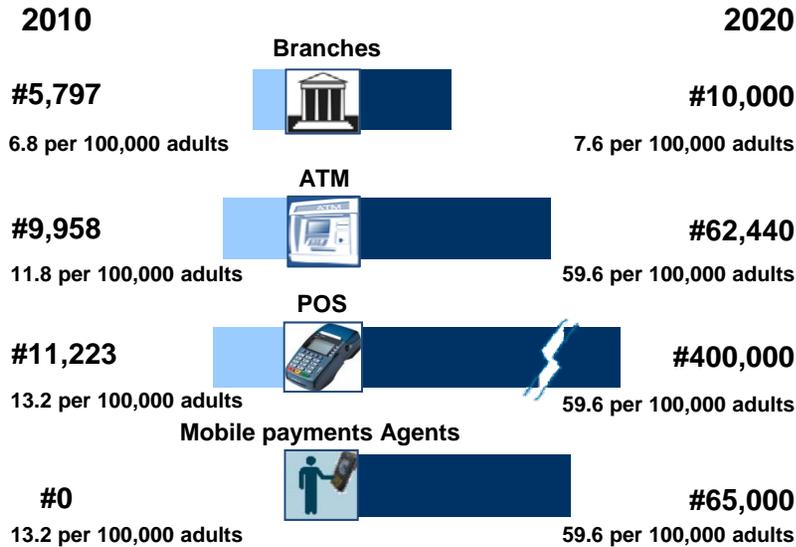
Credit Rating : BBB / A- / BBB-
(Agusto/S&P(nga)/Fitch(nga))

Channels : 348 Business Offices
1,600 ATMs, 3,800 POS

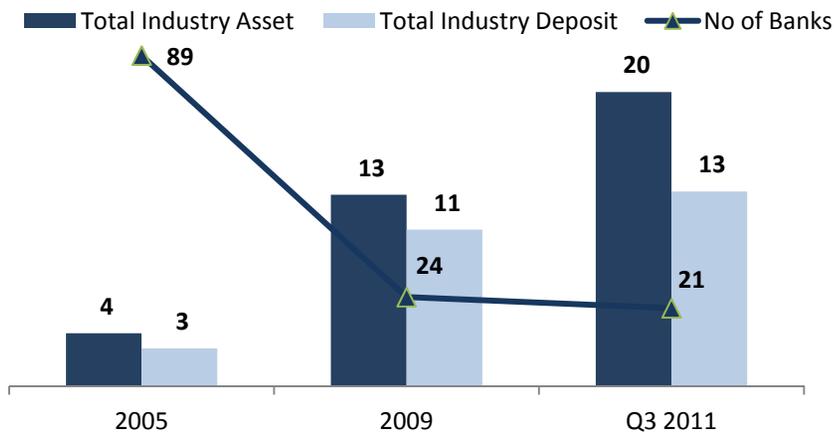
Share Capital : Paid up share capital of N11.44 billion (22.9 billion ordinary shares of 50 kobo issued)

The Nigerian Banking Industry still in growth mode...

Channel Utilization



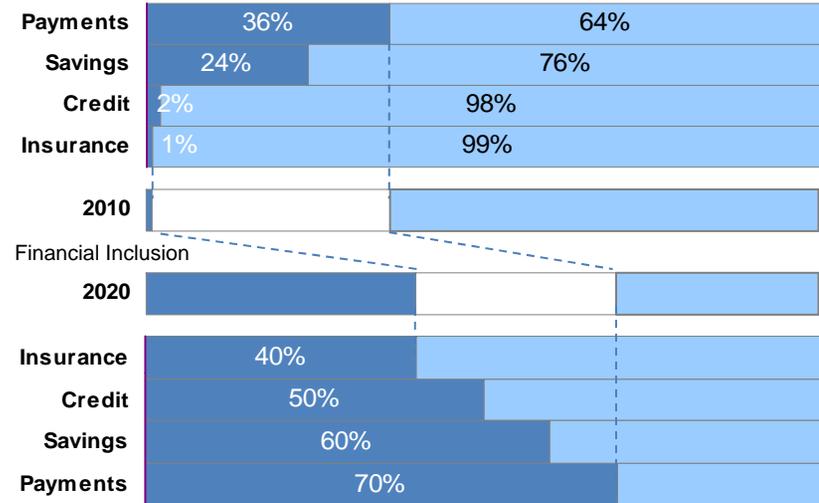
Consolidation



Source: Roland Berger Report, CBN Economic Reports

Products Penetration

Picture today



Picture in 2020

Comments

- »»» Strong regulatory regime focussed on corporate governance, risk management, transparency and consumer protection
- »»» Regulators are keen on cultivating a safer environment for investors
- »»» There is potential high growth in the Nigerian banking industry due to the current level of financial inclusion across the primary products
- »»» Total Asset and Deposit for the industry has grown despite the reduction in number of banks due to consolidation
- »»» There is significant upside potential for Investors in a consolidated Industry

Agenda

»»» **About Access Bank**

»»» **Operating Context**

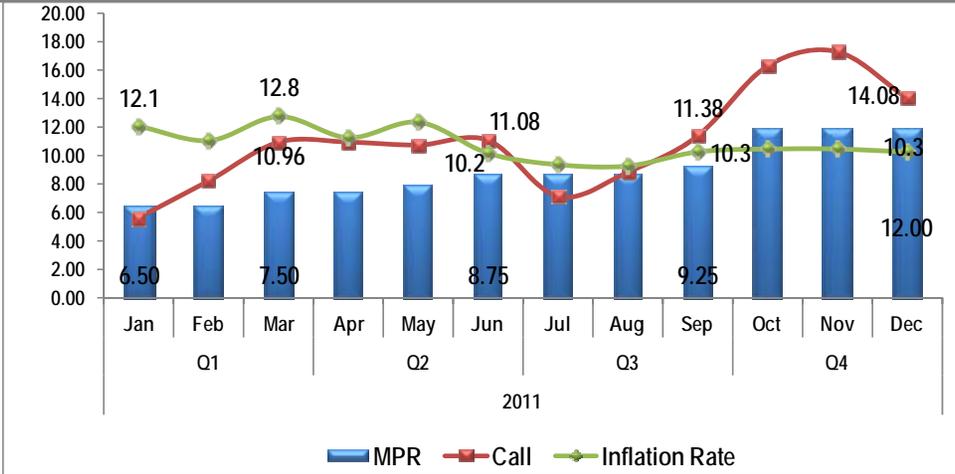
»»» **2011 Financial Performance Review**

»»» **Update on Business Combination**

»»» **Outlook For 2012**

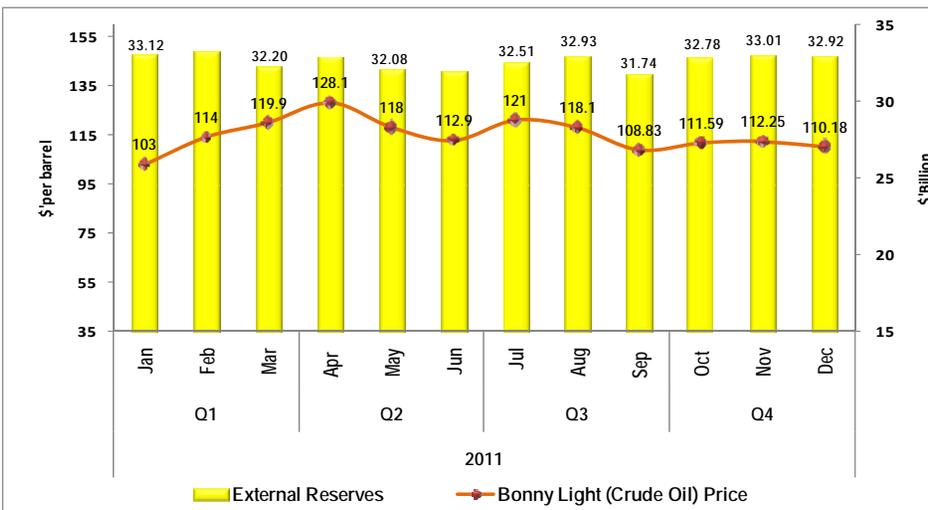
Domestic economy has maintained strong growth momentum...

Trends in MPR, Call and Inflation



Source: CBN, FMDA, NBS & Access Economic Intelligence

External Reserves & Bonny Light Crude Oil Price



Domestic Economy & The Banking Industry

- »»» GDP grew by 8.68% in Q4 from 7.40% recorded in Q3 2011.
- »»» Reserves reached year-high of US\$35.91billion in early August but declined thereafter due to CBN's drawdown activities to fund the Naira.
- »»» MPR raised by a total of 575bps to 12% from 6.25% at year start signaling upward rate movement
- »»» Inflation moderated to 10.3% by year end. Inflation concerns still linger due to expansionary fiscal stance
- »»» Broad money supply in Q3 2011 grew by 12% YoY and 3.6% QoQ driven by rise in domestic credit, foreign assets and other assets of the banking system

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Group Financial Highlights – FYE 2011

Profitability

- ✓ Gross Earnings: ₦138.9bn, up by 53% yoy (Dec. 10: ₦91.1bn)
- ✓ Operating Income: ₦101.9bn, up by 47% yoy (Dec. 10: ₦69.5bn)
- ✓ Operating Expense: ₦74.2bn, up by 53% yoy (Dec. 10: ₦48.6bn)
- ✓ PBT: ₦20.3bn up by 26% yoy (Dec. 10: ₦16.2bn)
- ✓ PAT: ₦16.7bn up by 49% yoy (Dec. 10: ₦11.2bn)
- ✓ EPS: 88K (Dec. 10 : 63K)
- ✓ Net Interest margin: 8.3% (Dec 10: 7.3%)
- ✓ Cost to Income ratio: 73% (Dec. 10: 70%)
- ✓ After tax ROAE: 9% (Dec. 10: 6.4%)

Conservative Balance Sheet

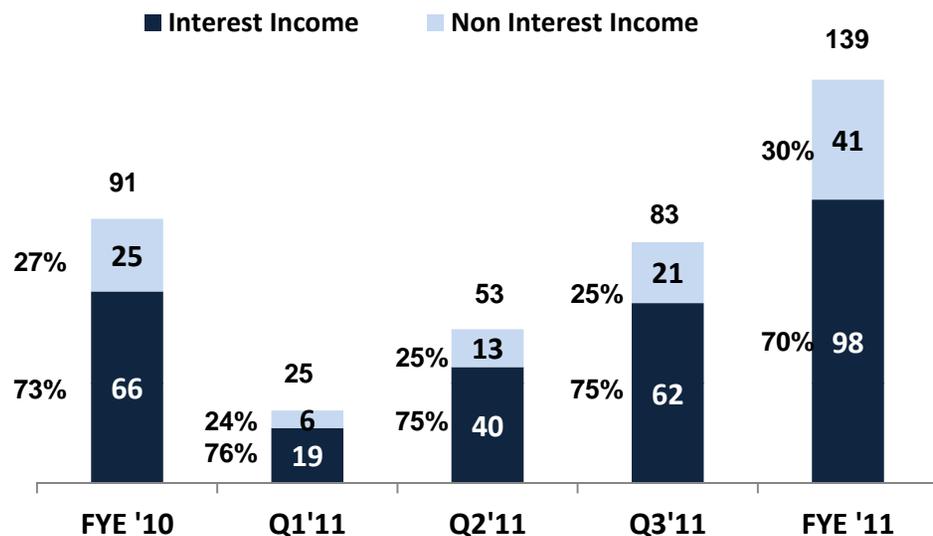
- ✓ Loans and Advances at ₦583bn, up by 1% yoy (Sept 11: ₦579bn)
- ✓ Total Assets: ₦1.6trn, up by 55% yoy (Sept 11 : ₦1.03trn)
- ✓ Customer deposits at ₦1.1trn up by 70% yoy (Sept 11 : ₦647bn)
- ✓ Capital Adequacy Ratio: 21% (Sept 11 : 23%)
- ✓ Liquidity Ratio: 72% (Sept 11 : 34.6%)
- ✓ Loans to Deposit: 50% (Sept 11 : 84.7%)
- ✓ NPL Ratio: 9.3% (Sept 11 : 8%)

Strong Earnings Performance

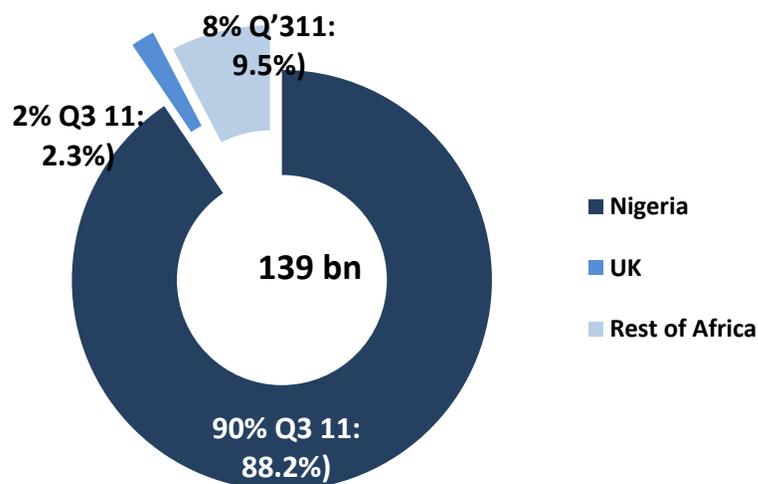
# millions	Group			Bank		
	FYE 2011	FYE 2010	Change YoY(%)	FYE 2011	FYE 2010	Change YoY(%)
Gross Earnings	138,949	91,142	53	96,234	79,065	22
Net Interest Income	60,578	44,166	37	48,326	39,850	21
Other Income	41,332	25,355	63	20,463	19,677	4
Operating Income	101,910	69,521	47	68,789	59,526	16
Operating Expense	(74,191)	(48,644)	53	(38,965)	(38,797)	0
Operating Profit	27,719	20,877	33	29,824	20,729	44
Gross Provision	(21,601)	(12,844)	68	(20,519)	(9,839)	109
Recoveries	12,430	8,136	53	6,846	6,779	1
Profit Before tax	20,301	16,169	26	16,017	17,669	-9
Profit After Tax	16,708	11,068	51	13,660	12,931	6

Gross Earnings growth driven by ICB acquisition, Loan growth and Improved yields

Gross Earnings Evolution



Gross Earnings by Geography

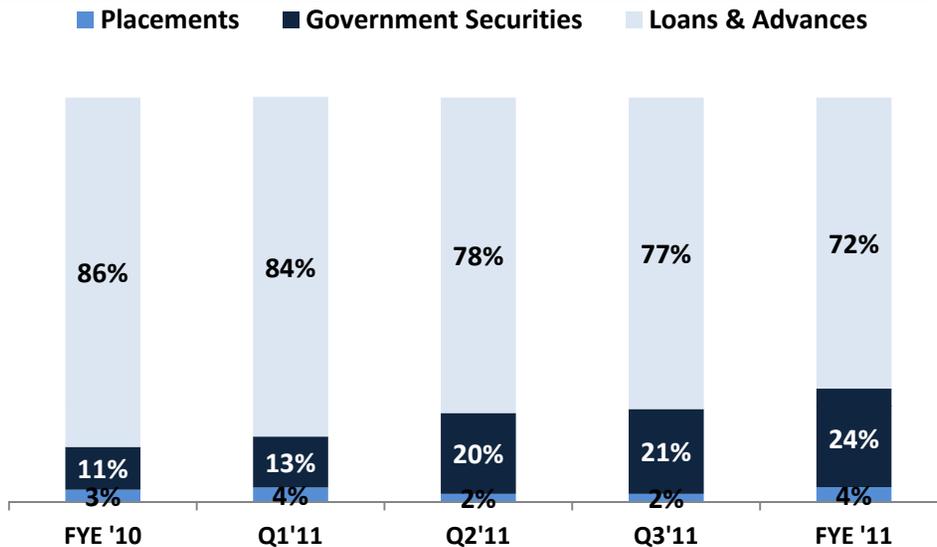


Comments

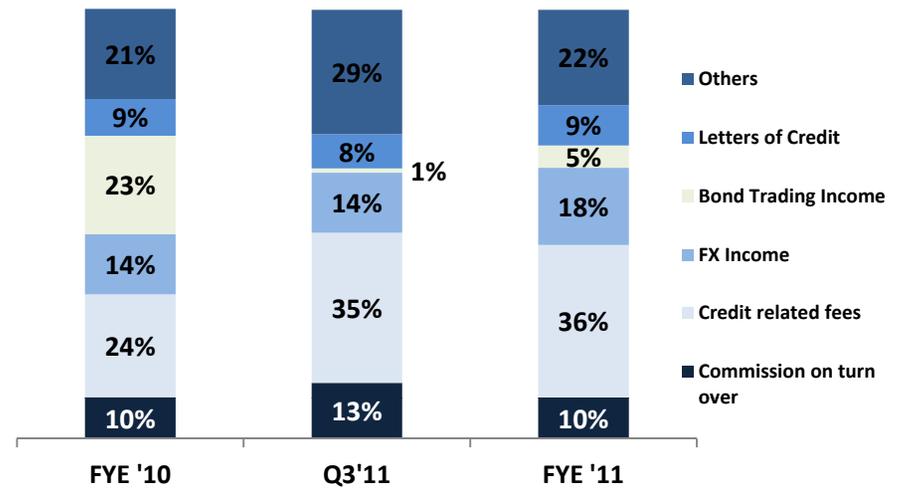
- »»» Earning was up 52% YoY, this was driven by a 48% growth in Interest Income and 63% growth in non interest Income
- »»» 48% growth in Interest Income derived from:
 - »»» Loan book growth of 28% YoY and repricing of risk in a rising interest rate environment
 - »»» Growth in Government securities book of 314% YoY from ICB acquisition.
- »»» 63% growth in non – interest income derived from:
 - »»» Growth in FX Income of 127% YoY
 - »»» Fees & Commission driven by larger loan book and financial advisory mandates
 - »»» Non interest income has started to benefit from increased transaction volume on the account of significant growth in retail type customers
- »»» Drive to scale up retail account activity in order to enhance transaction banking income

Sustained NIM driven by efficient Asset and Liability Management

Interest Income Mix

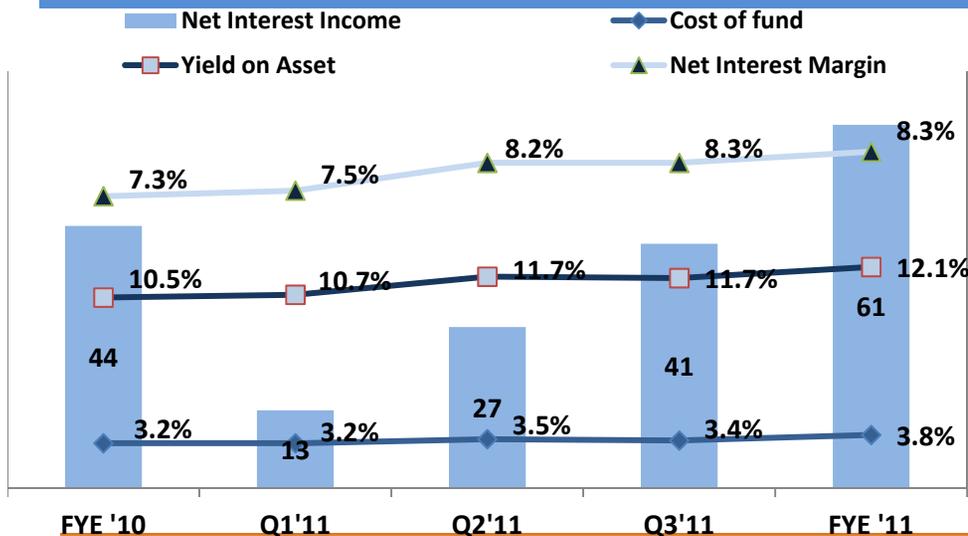


Non-Interest Income Mix



*****Included in Other Income are: Other fees and commission, Handling Commission and Remittance fees, Gain on disposal of fixed assets etc

Interest Income Mix

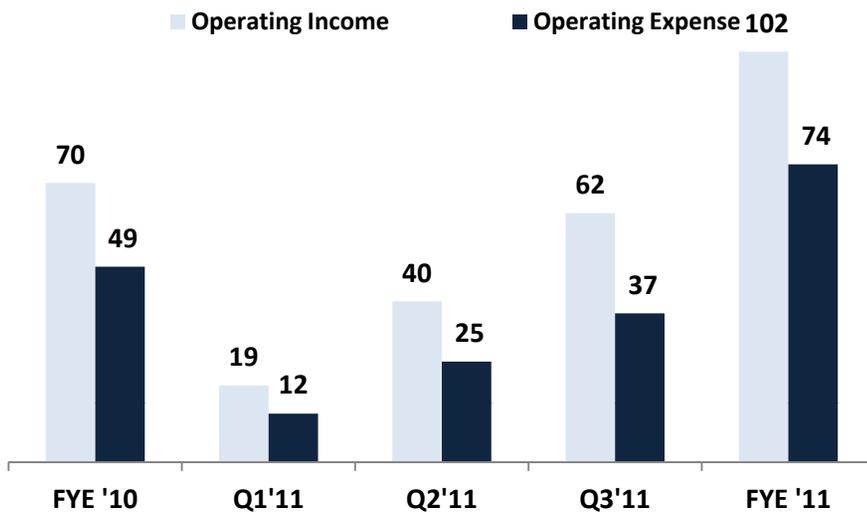


Comments

- >>> NIM sustained through aggressive drive to lower cost of fund and efficient Asset / Liability management
- >>> Sought opportunity to expand our yield by growing higher yielding foreign currency securities and corporate bonds

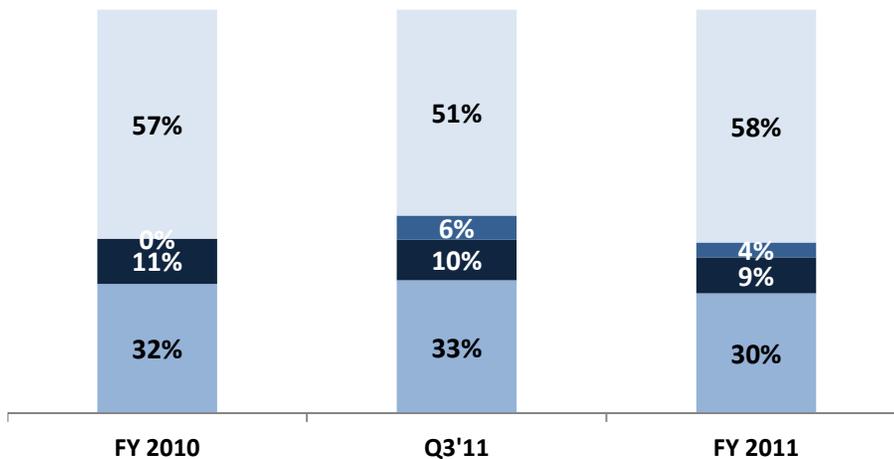
Temporary decline in cost efficiency ratio due to acquisition

Operating Income & Expenditure (N'bn)

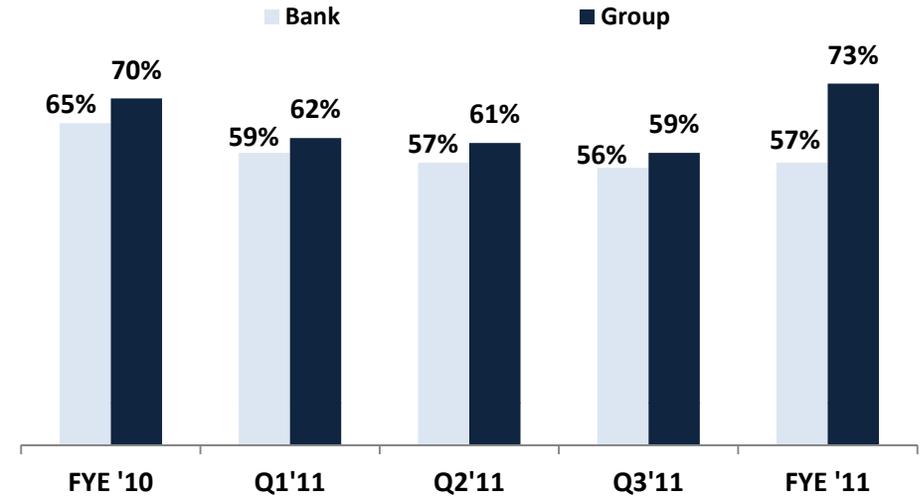


Operating Expenses Breakdown (N'bn)

■ Staff Cost ■ Depreciation ■ AMCON Surcharge ■ Other Operating Expenses



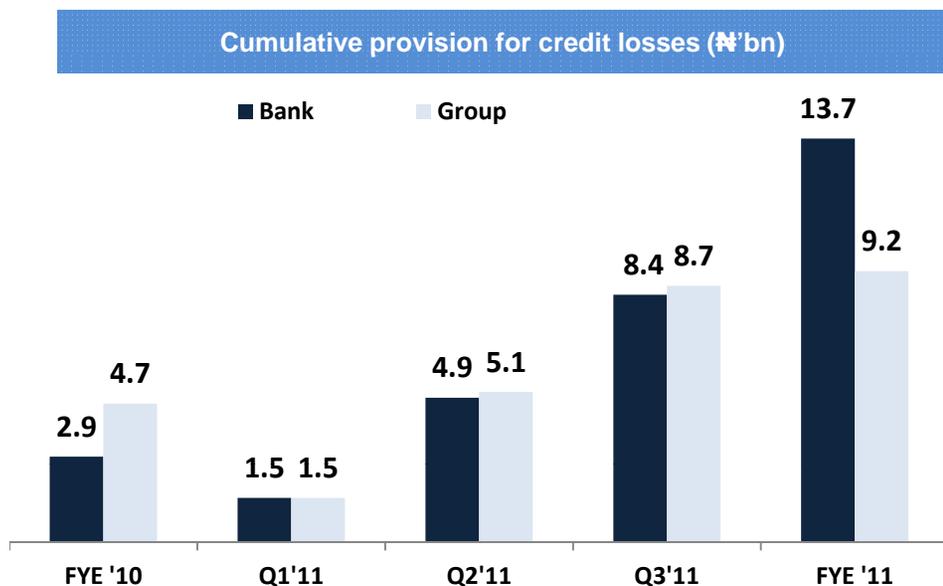
Cost to Income ratio



Comments

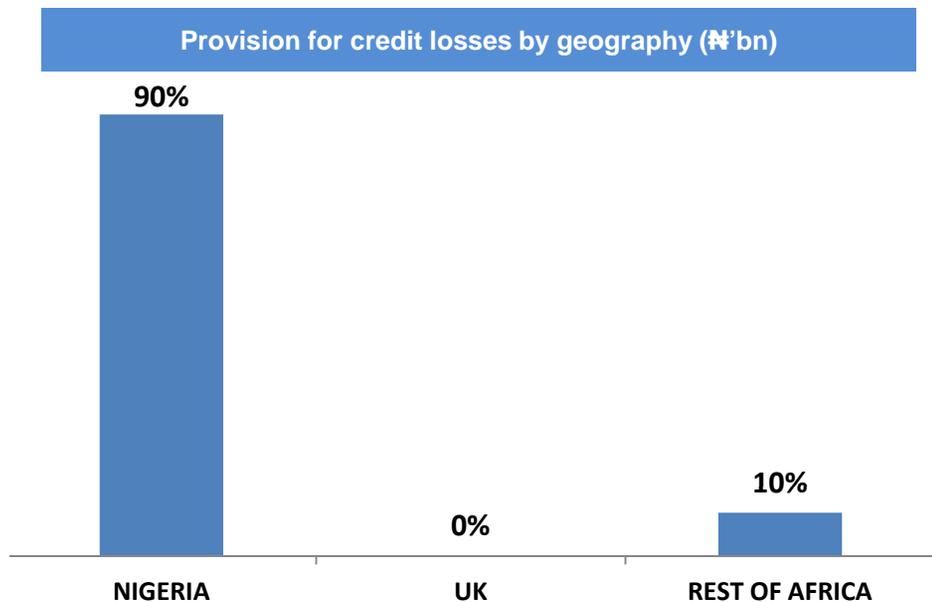
- >>> Cost of Income was exacerbated by cost of ICB in the last quarter of 2011 financial year
- >>> Access Bank cost flat YoY, cost to income ratio increased by 1% from 56% to 57%
- >>> Steps already taken to address the group cost to income ratio are:
 - >>> Branch Rationalization
 - >>> Staff Rationalization
 - >>> Resource Optimisation
 - >>> Reduced cost of risk
 - >>> Operating expense rationalisation

Net Credit Losses exacerbated by re-instatement of General Loan Loss Provision



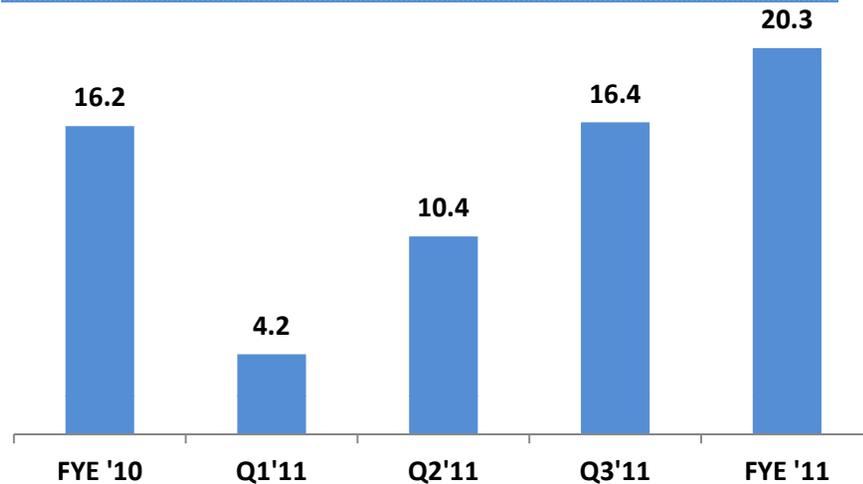
Comments

- »»» Loan impairment expense ratio of 1.8%, FYE 2010 (1%)
- »»» Net provision for credit losses was N9.2 billion in FYE 2011
 - »»» General Provision: N5.3 billion.
 - »»» Specific provision: N16.3 billion.
 - »»» Provision no longer required: N12.4 billion.
- »»» Cost of risk will be reduced In 2012
- »»» Enhancement of quality of our loan book with focus on top end Corporates for credit expansion,

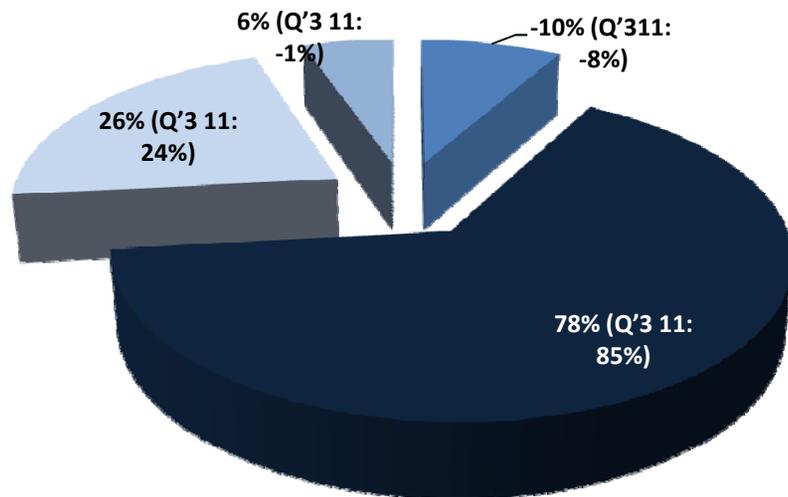


SBU and Geographical contribution analysis

Group Profit before tax (₦'bn)

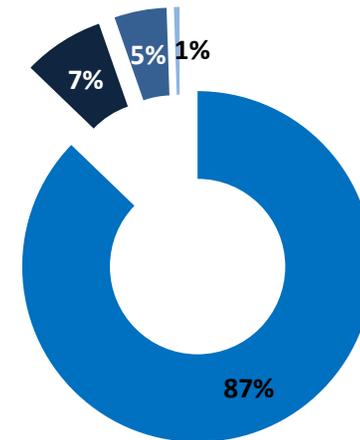


SBU contribution to Profit before tax



■ Institutional Banking ■ Commercial Banking
■ Financial Market ■ Retail Banking

Geographical contribution to Profit before tax (₦'bn)



■ Nigeria (banking) ■ Nigeria (non banking) ■ Rest of Africa ■ UK

Comments

- >>> Commercial banking business continued its strong showing in 2011 accounting of 78% of profit, Financial markets business contributed 26% of profits, whilst our Retail banking continued steady growth accounting for 6% of profits
- >>> The performance of our institutional banking business was constrained by impairment charges albeit a significant improvement on 2010
- >>> Aggregate contribution of subsidiaries was positive in 2011 (6 subsidiaries are profitable ; 4 booked losses)

Group Balance Sheet

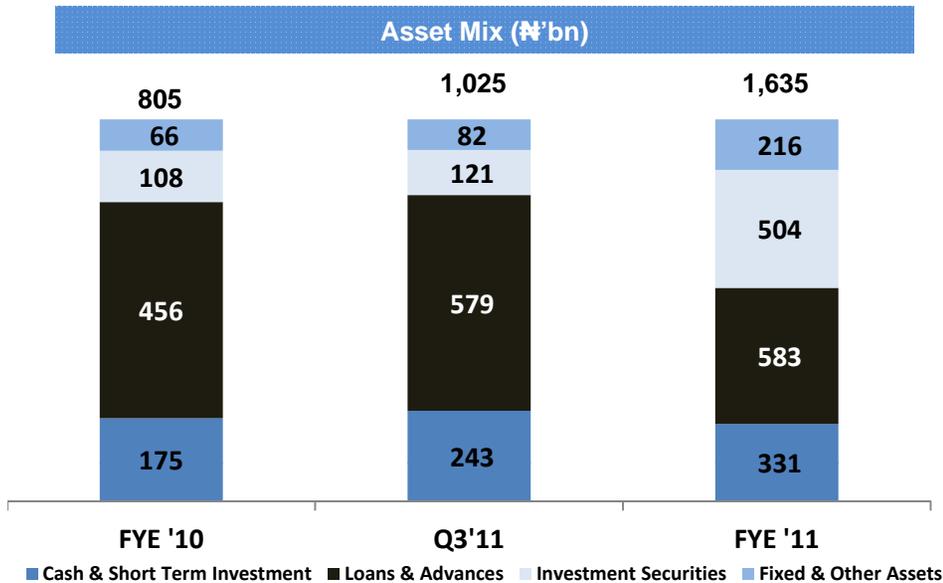
Naira (million)	Group FYE 2011	Group FYE, 2010	YoY % Change	Bank FYE 2011	Bank FYE 2010	YoY % Change
Liquid Assets*	835,204	274,647	204	288,735	208,878	38
Loans & Advances**	583,102	455,552	28	493,311	428,606	15
Other Assets	129,466	33,298	289	52,963	31,550	68
Investment in Subsidiaries	-	-		80,400	24,261	231
Investment Properties	16,097	12,943	24	12,417	12,943	(4)
Fixed Asset	67,599	25,658	163	16,994	19,769	(14)
Goodwill	3,278	2,725	20	1,146	953	20
Total Assets	1,634,747	804,824	103	945,967	726,961	30
Deposits	1,102,328	486,926	126	522,600	440,542	19
On Lending	29,144	22,686	28	29,144	22,686	28
Other Liabilities	306,233	119,842	156	208,387	81,228	157
Equity	197,042	175,370	12	185,836	182,505	2
Total Liabilities	1,634,747	804,824	103	945,967	726,961	30
Off Balance Sheet	414,982	238,881	74	231,818	194,452	19
Balance Sheet Size	2,049,729	1,043,705	96	1,177,785	921,413	28

* Liquid Asset includes Cash and short term fund, Investment Securities and Placement with other banks

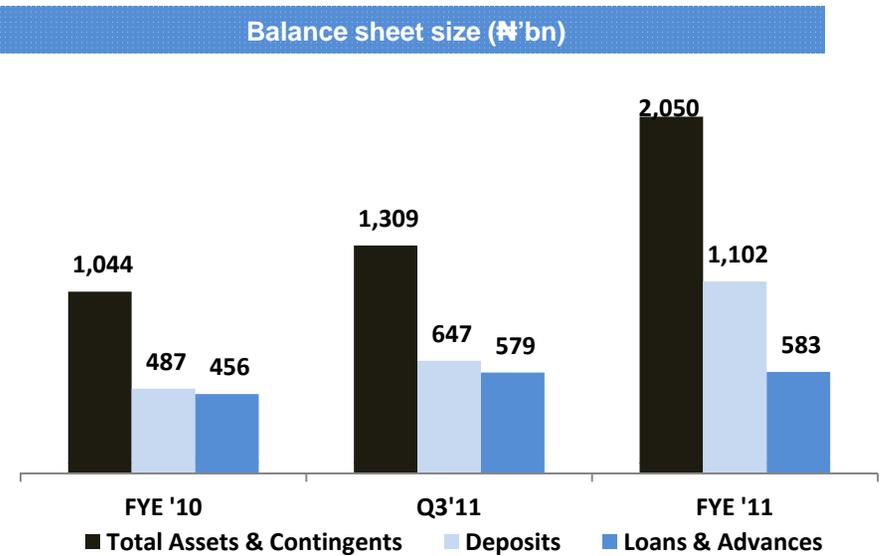
** Loans and Advances includes Loans & Advances, On-lending facilities and Advances under finance lease

Conservative Balance Sheet structure well positioned for future growth

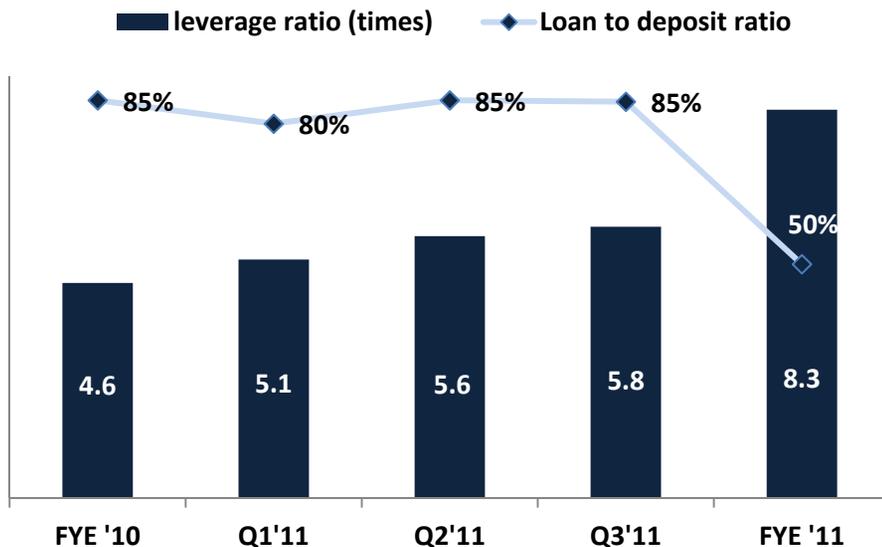
Asset Mix (₹'bn)



Balance sheet size (₹'bn)



Balance sheet Efficiency

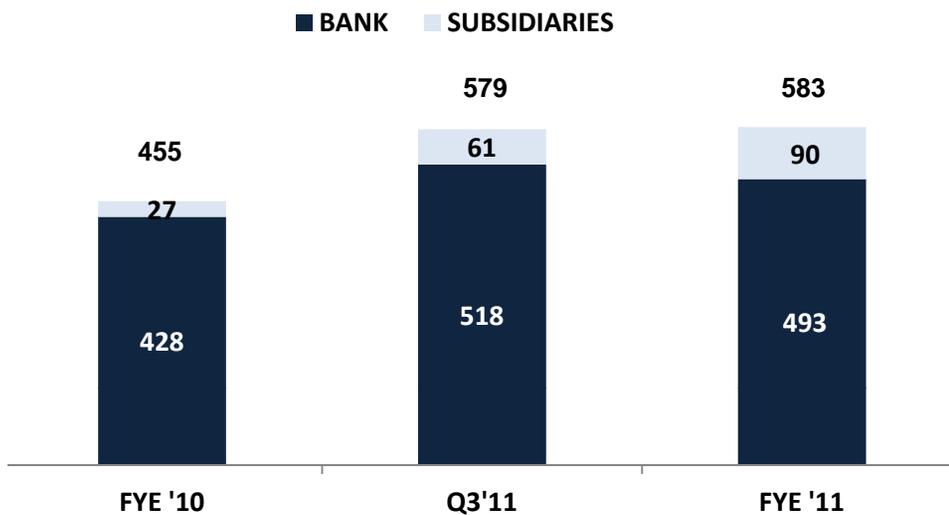


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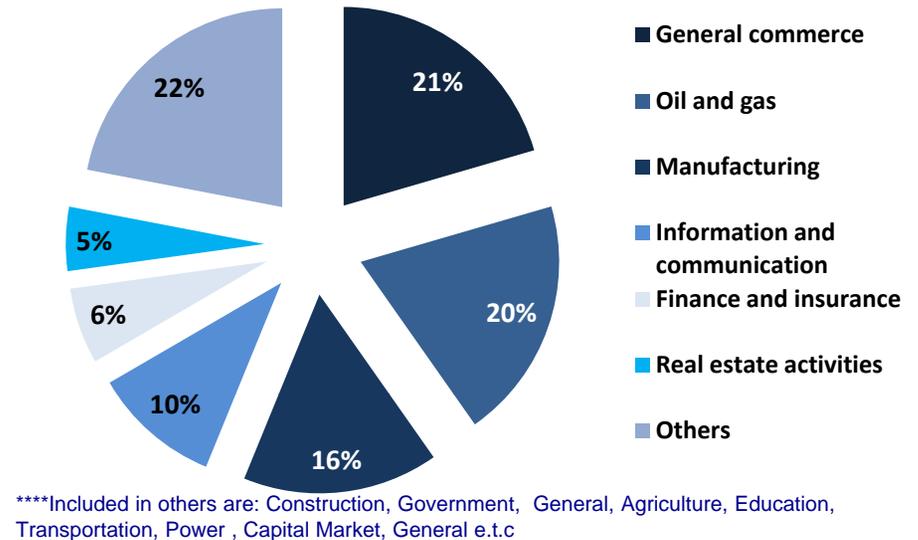
- »»» Strong inorganic growth in Balance Sheet
- »»» Deposit growth of 70% QoQ and 126% YoY
- »»» Conservative and Liquid Balance Sheet of 72% and Loan to deposit ratio of 50%
- »»» Sustained balance sheet efficiency remains a priority of the bank in order to enhance profitability.
- »»» Deposit base benefitting from retail diversification

Our Loan book remains well diversified across sectors and business segment

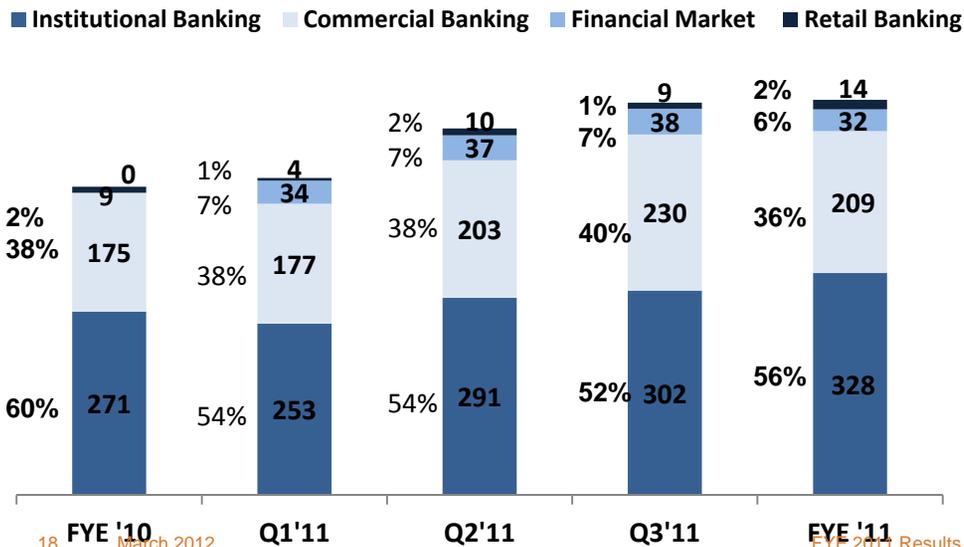
Group Net Loans & Advances (₹'bn)



Loan distribution by sector



Loan distribution by SBU

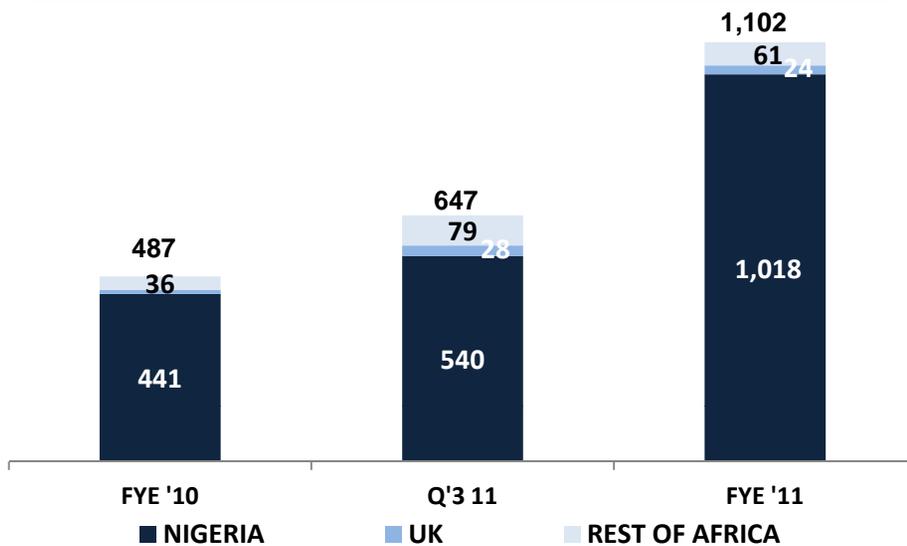


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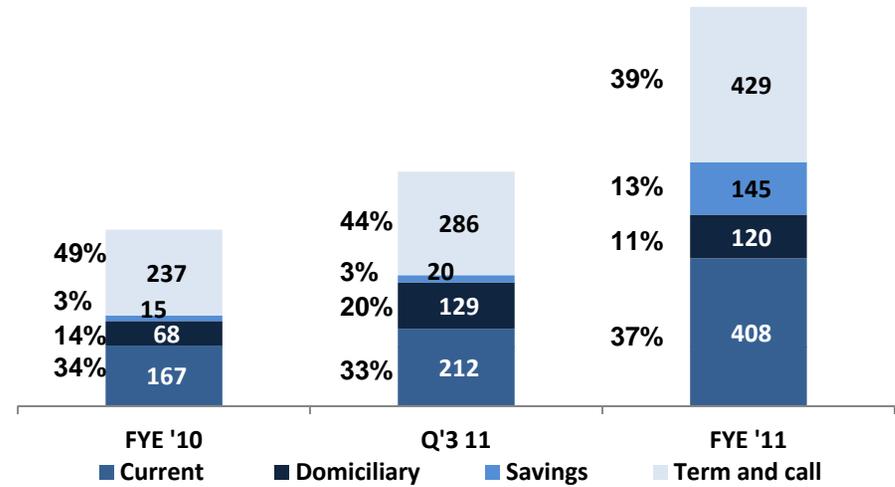
- General Commerce (21%), Oil & Gas (20%), Manufacturing (16%), Information & Communication (10%) account for the largest proportion of our loan book.
- 28% YoY growth in total net loans after AMCON sales
 - Loan growth was however flat quarter on quarter
 - AMCON Loan sales in FYE 2011 of ₹165 billion
 - Subsidiaries now account for 15% (FYE'2010: 6%) of the Group loan book.

Acquisition has strengthened the diversification of funds and improved deposit mix

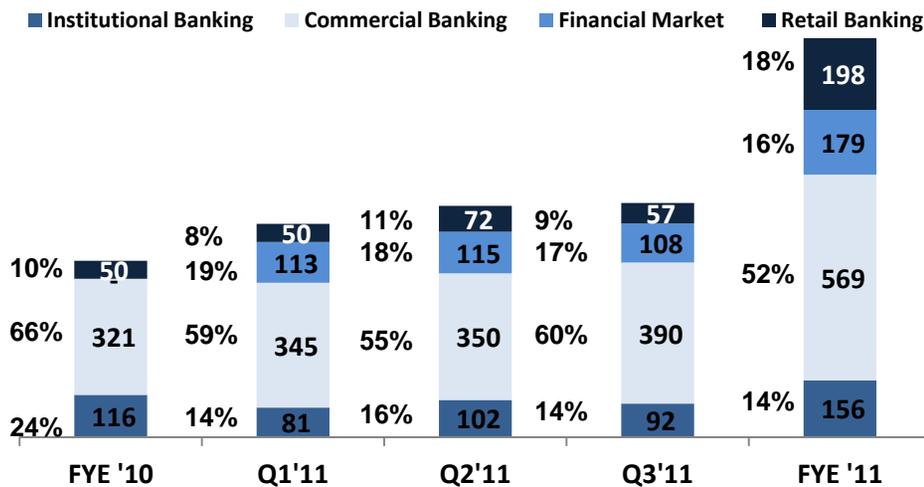
Customer Deposits (N'bn)



Deposit Mix (N'bn)



Deposit by SBU

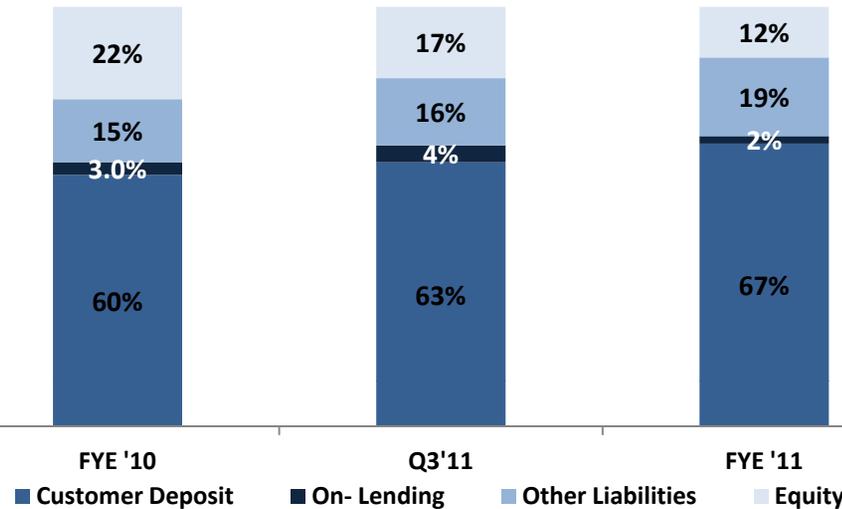


Comments

- »» More diversified and stable sources of funding from acquired business
- »» Low cost deposit now account for 61% of total deposit compared to 53% in Q3, 2011.
- »» Significant increase in retail type deposit of the bank
- »» Focus will continue to be on low cost liability generation
- »» Leveraging our balance sheet via cheap retail deposits gives significant scope for loan growth

Capital and Liquidity still adequate following acquisition

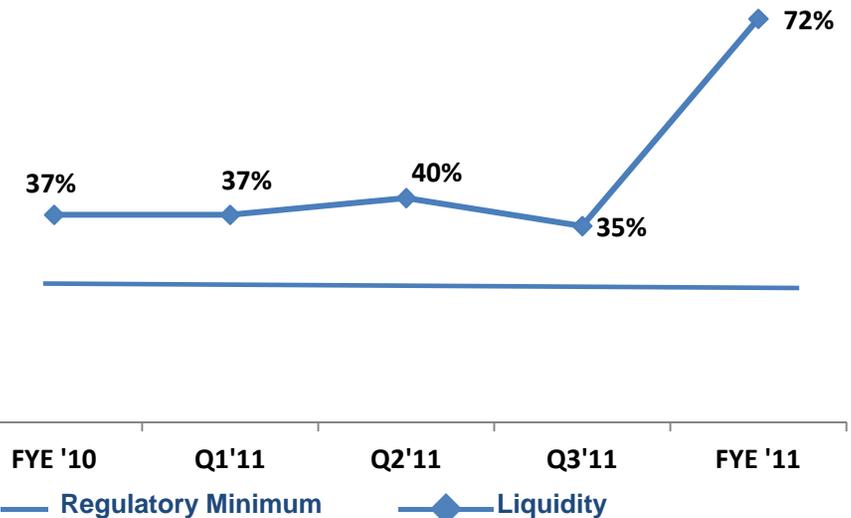
Funding Mix



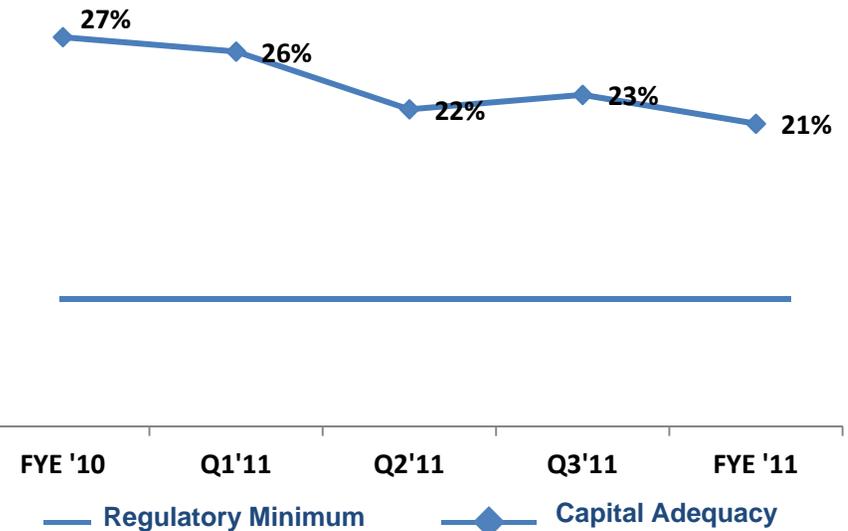
Comments

- »»» Liquidity ratio of 72%, well in excess of 30% regulatory requirement.
- »»» Group treasury function improving efficiency of our balance sheet.
- »»» Our capital position, stable funding and liquidity base continue to ensure that we grow optimally.

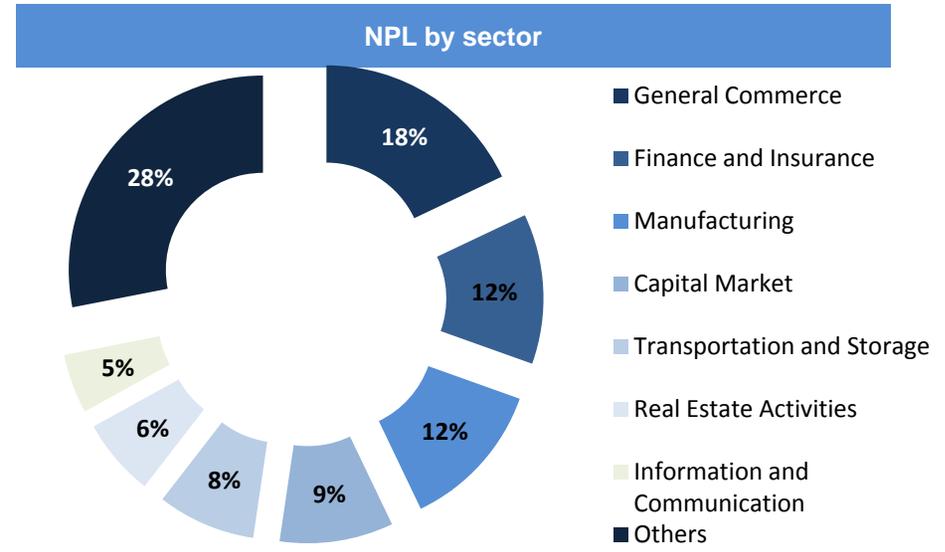
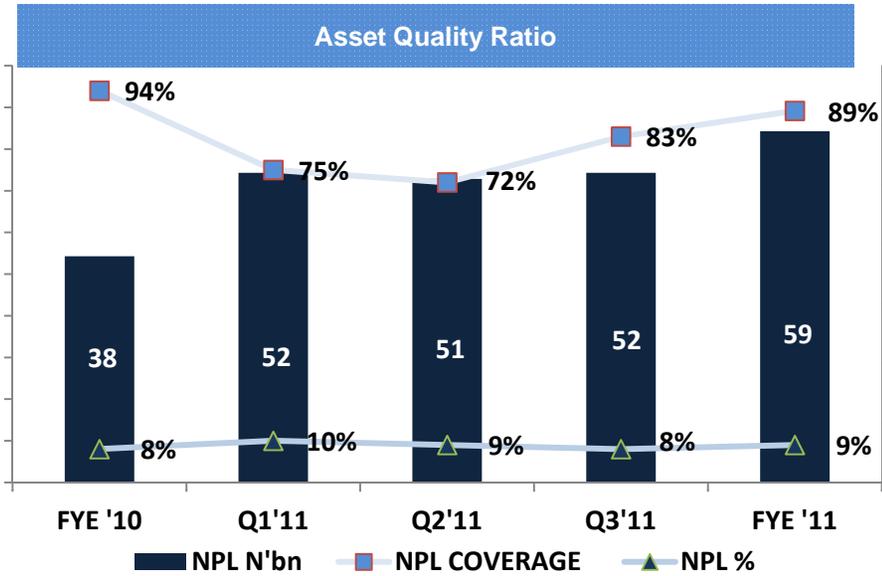
Liquidity



Capital Adequacy

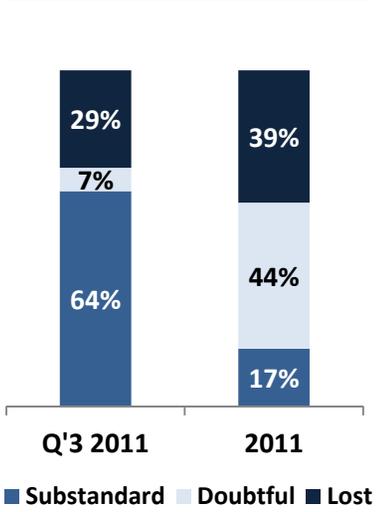


Asset quality metrics worsened by ICB acquisition

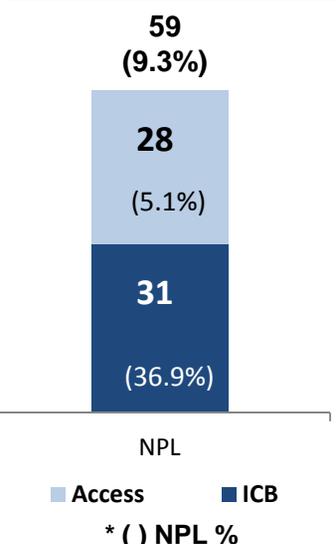


****Included in others are: Construction, General, Oil & Gas, Education, Agriculture e.t.c

Ageing analysis of NPL



NPL contribution analysis



Comments

- >>> Access Bank pre – combination NPL stood at 4.3%
- >>> Conservative approach to write off extensive risk review conducted
- >>> NPL ratio will be brought down to pre-consolidation level when we book sales to AMCON and write off fully provisioned loans
- >>> Coverage Ratio of 89%, up from 83% in Q3
- >>> Focused recovery of written off loans will boost 2012 earnings

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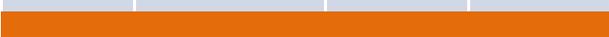
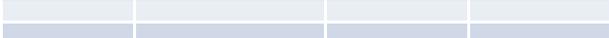
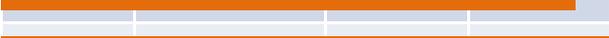
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Business Combination Progress Update – Key Accomplishments

Significant progress has been made in the Integration Execution across each business function. Percentage completion of pre-Day 1 activities are as follows:

#	Achievement	Percentage Completion				
		25%	50%	75%	100%	% Completed
1	Retail Banking					94%
2	Institutional Banking					100%
3	Commercial Banking					93%
4	Financial Markets					100%
5	Branch Services					97%
6	Global Payments					97%
7	Domestic Payments					100%
8	Channels Services					94%
9	Information Technology					97%
10	General Resources Management					89%
11	Human Resources					100%
12	Financial Control					96%
13	Risk Management, Internal Control & Compliance and Internal Audit					99%
14	ITQM					94%
15	Legal					100%

Plans for Intercontinental Subsidiaries

Intercontinental Bank Ghana

To merge with Access Bank Ghana under the scheme of arrangement, surviving entity will be Access Bank Ghana

Associated Discount House

Bank's interest will be retained and company repositioned to rank amongst the top 2 discount houses in Nigeria

**Intercontinental Bank UK
Blue Microfinance
Intercontinental Homes & Savings**

Divest entire holding in these subsidiaries

**Intercontinental WAPIC
Intercontinental Life Assurance
Intercontinental WAPIC Ghana
Intercontinental Properties**

Reposition and divest through a scheme of arrangement

**Intercontinental Securities,
Intercontinental Finance & Investment
Intercontinental Trustees
Intercontinental Registrar
Intercontinental Capital markets**

Wind up respective businesses, Companies unable to function as going concerns given their current financial conditions

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Outlook for 2012

- »» Drive the cost synergies from the merger to improve the Bank's profitability
- »» Optimise the acquired customer base to drive transaction banking income
- »» Deploy our 21st Century service delivery model
- »» Improve service delivery across our branch network
- »» Grow our low cost deposit by leveraging on our Retail customer base
- »» Grow market share of top Corporates
- »» Boost earnings through loan recovery
- »» Execute 5 Sub – national bond mandates
- »» Harness opportunities in the Agricultural and Power sector
- »» Strengthen Brand and Corporate Identity

»» PRIZE WORTHY



Access Bank Plc
FT/IFC 2011 Sustainable Bank of The Year
(Africa and The Middle East)

A Passion For Excellence

access »»»

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