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Access Bank Plc

3rd Quarter Results Presentation to Investors and Analysts

October, 2012

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Agenda

- »» **Overview of Access Bank**
- »» **Q3 2012 Financial Performance Review**
- »» **SBU Financial Performance Review**
- »» **Key Activities for 4th Quarter**

Access Bank overview

1 Bank of Best practice with consistent growth over the past 10 years

- »» FT/IFC Sustainable Bank of the Year for Africa and Middle East (2011)
- »» Issued \$350 Million Eurobond listed on the London Stock Exchange
- »» Pioneered IFRS compliant Financial Statements
- »» Consistent Growth path from Tier 4 in 2002 to Tier 1 in 2012

2 Strong Financial Stability Indicators

- »» Capital Adequacy ratio of 21%
- »» Loan to deposit ratio of 56.2%
- »» Liquid balance sheet with liquidity ratio of 63%

3 Strong market share across key market segments

- »» 4th largest Nigerian Bank
- »» Successful value chain strategy with strong real sector presence
- »» Leading retail footprint with over 5.5 million customers

4 Experienced board and management & strong Corporate governance

- »» Highly regarded and stable Board of Directors
- »» Executive Directors with over 150 years of combined experience
- »» Rated by Fitch, S&P and Augusto
- »» A Leader in Corporate Governance and Compliance



The Bank at a glance

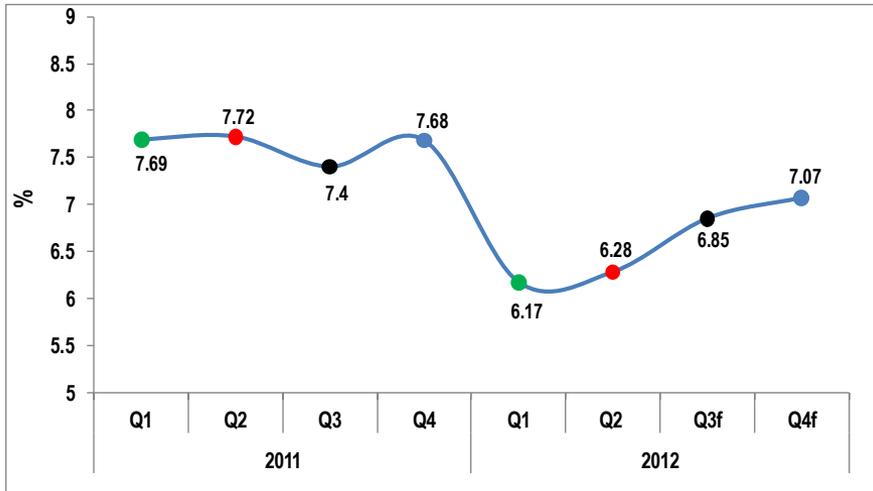
Parent Company	<ul style="list-style-type: none"> Access Bank Plc is licensed by the Central Bank of Nigeria (CBN) as an International Bank
Subsidiaries	<ul style="list-style-type: none"> 9 banking subsidiaries with 3 non-banking subsidiaries
Number of Employees	<ul style="list-style-type: none"> 8,080 staff (2,995 professional staff, 5,085 non-professional staff)
Channels	<ul style="list-style-type: none"> 349 banking branches, 1,552 ATMs, 5,454 POS
Total Equity	<ul style="list-style-type: none"> 22.9 billion ordinary shares in issue of 50 kobo each
Listings	<ul style="list-style-type: none"> Nigerian Stock Exchange , London Stock Exchange (Eurobond)
Auditors	<ul style="list-style-type: none"> KPMG

Credit Rating	Long Term (NGA)	Long Term	Short Term	Outlook
S&P	A	B+	B	Stable
Fitch	A-	B	B	Stable
Agusto	A-	-	-	Stable



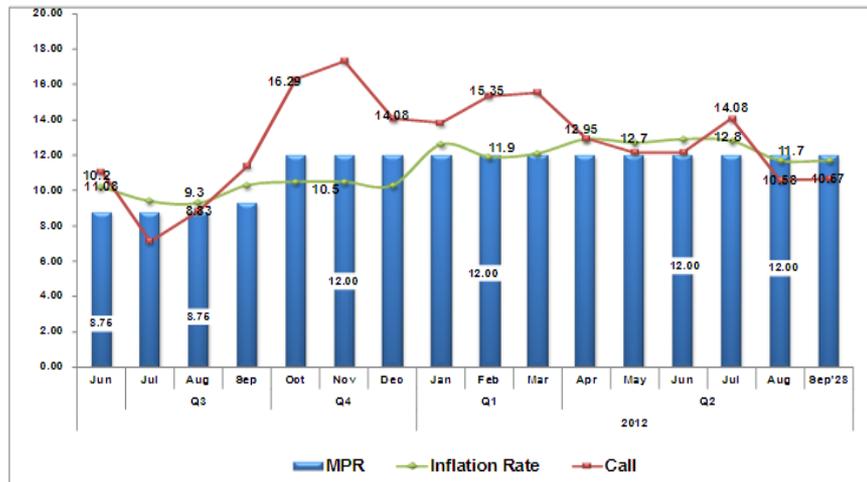
Economic overview

GDP Growth Rate



Source: NBS

MPR, Inflation & NIBOR Call



Source: CBN, FMDA, NBS & Access Economic Intelligence

Global Economy

- »» Global economic recovery slows as uncertainty weighs heavily on outlook
- »» Advanced economies now estimated to expand 1.5% in 2013; 5.6% for emerging market and developing economies – initial projections were 2% and 6%, respectively

The Nigerian Economy

- »» The Nigeria economy grew by 6.28% in Q2 2012 from 6.17% in Q1. This is lower than 7.72% q-on-q growth recorded in Q2 2011
- »» Reserves closed at \$41.19 billion for Q3 2012 – 11% higher than \$36.72 billion recorded in Q2. Higher crude oil receipts on account of increased oil priced accounted for the accretion
- »» Inflation declined to 11.7% in August 2012 from 12.9% in June – expected to trend upward in the coming quarter due to year-end private (consumer) and government spending

Nigerian Banking Industry

- »» Market response to CRR increase and CBN related policies triggered the spike in interbank rates
- »» Heightened concern about risks of interbank funding



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Key performance highlights

1

Profitability

	<u>Sept '12</u>	<u>Sept '11</u>	<u>%Δ</u>
Gross Earnings (₦bn)	162.3	86.3	88
Net Interest Margin (%)	9.6	8.3	1.3
PBT (₦bn)	39.1	18.1	116
PAT (₦bn)	34.5	13.7	152
EPS (kobo)	155	76	104

2

Conservative Balance Sheet

	<u>Sept '12</u>	<u>FY '11</u>	<u>%Δ</u>
Total Assets (₦bn)	1,637	1,629	0.5
Shareholders' Funds (₦bn)	241	192	26
Customer Deposits (₦bn)	1,075	1,102	(2)
Loans & Advances (₦bn)	604	577	5

3

Sound Prudential Ratios

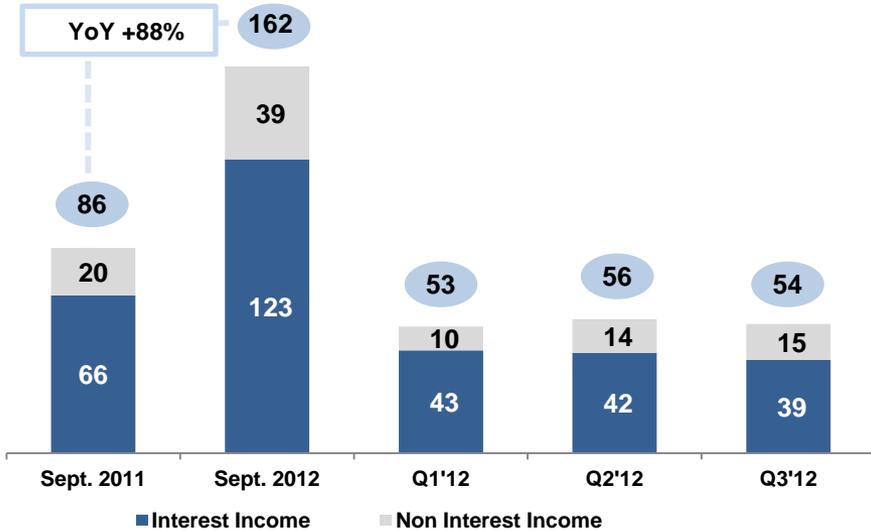
	<u>Sept '12</u>	<u>FY '11</u>	<u>%Δ</u>
Capital Adequacy (%)	21	22	↓
Liquidity Ratio (%)	63	70	↓
Loans to Deposit (%)	56	52	↓
After tax ROAE (%)	20	9	↑

Group statement of comprehensive income

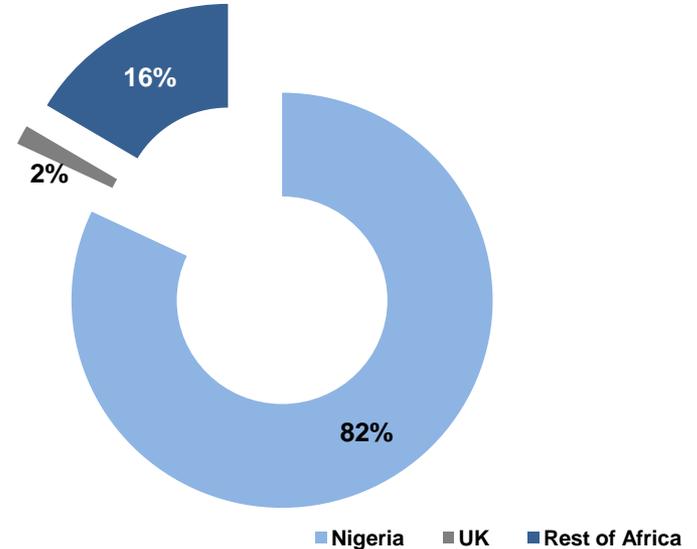
	9M '12 ₦' billion	9M '11 ₦' billion	YoY %Δ	Q3 '12 ₦' billion	Q2 '12 ₦' billion	Q1 '12 ₦' billion	Q3/Q2 %Δ	Comments
Gross Earnings	162	86	88	54	56	53	(4)	»» Gross Earnings of ₦162 billion up by 88% YoY, down 4% QoQ
Interest Income	123	66	86	39	42	43	(7)	»» Interest Income reduced by 7% QoQ due to income loss arising from discounted AMCON bonds and other matured government securities
Interest Expense	(46)	(20)	130	(17)	(14)	(15)	21	
Net Interest Income	77	46	67	21	27	28	(22)	
Non Interest Income	39	20	95	15	14	10	7	»» Non-interest income benefitting from improved efficiency, improved customer service & delivery
Operating income	116	66	76	36	41	38	(12)	
Impairment charges	(1)	(11)	(91)	1	(1)	(0.4)	200	»» Profit on disposal of non-core equity investment
Operating Expenses	(76)	(37)	105	(28)	(25)	(22)	12	»» Operating expenses in the year impacted by restructuring cost and rediscounting loss relating to FAA bonds
Profit before Tax	39	18	117	9	15	16	(40)	
Profit for the period	35	14	150	8	15	12	(47)	

Income statement analysis

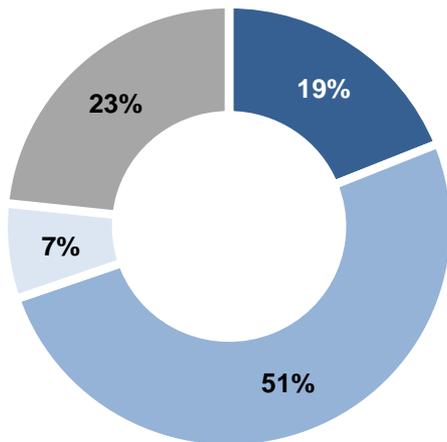
Gross Earnings



Gross Earnings by Geography



Gross Earnings by Business Segment



· Institutional Banking · Commercial Banking · Financial Markets · Retail Banking

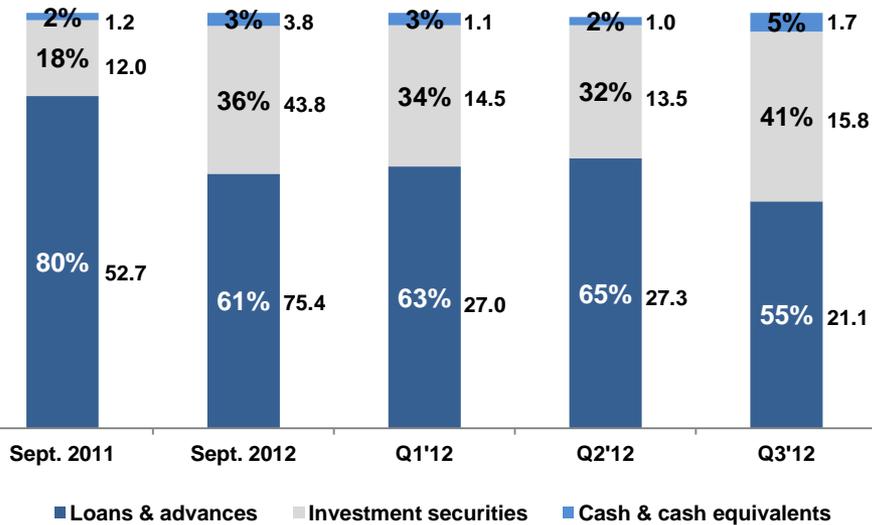
Comments

- »»» Continued growth across most business lines – Commercial banking business contributed 51% to Group Earnings
- »»» Increasing contribution to Gross Earnings from Rest of Africa and UK subsidiaries as total contribution increased from 12% in H1 to 18% in September 2012
- »»» Driving cost efficiency and management across subsidiaries

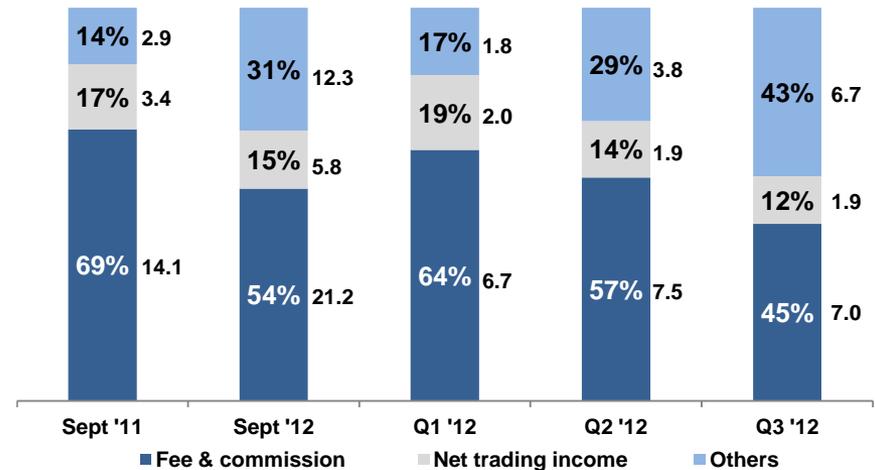


Stable margins and yield on assets

Interest Income Mix

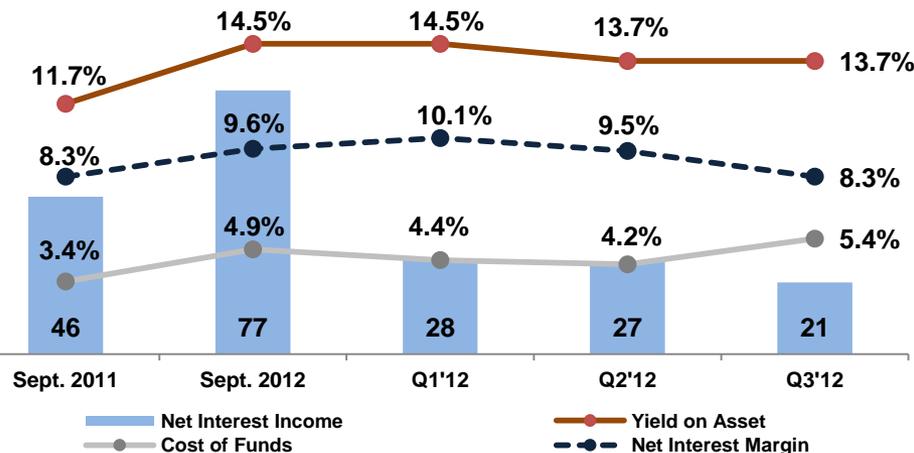


Non-Interest Income Mix



*Included in Other Income are: Dividend income, Profit on sale of securities, Rental Income, Underwriting profit, Loss/gain on disposal of property or plant & other income

Margin Analysis



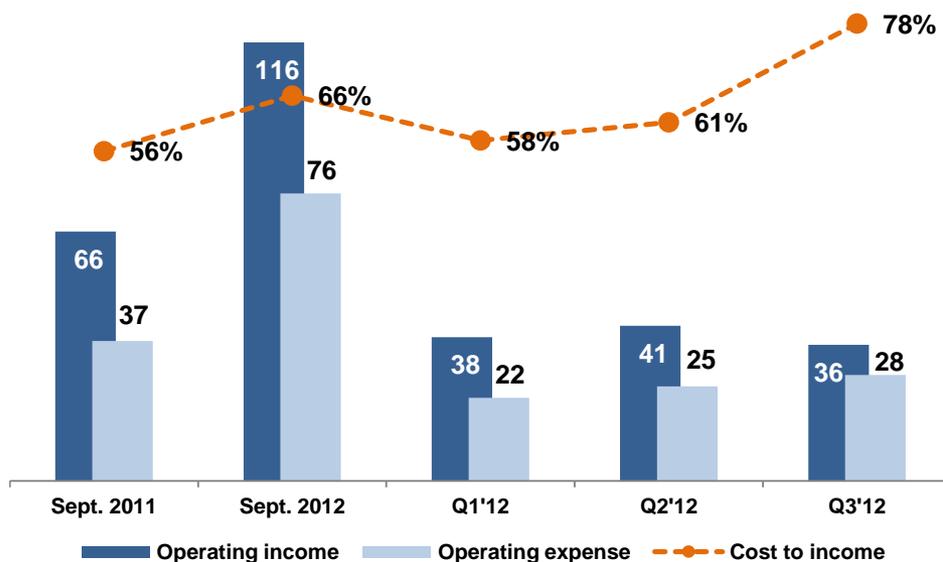
Comments

- »» Non interest income of ₹39 billion up by 95% & 7%YoY and QoQ respectively
- »» Yield on Assets was stable QoQ while Cost of Funds was under pressure from increased cost of interbank deposit resulting in a drop in Net Interest Margin
- »» Interest income on Loans and Advances and Investment Securities contributed 61% and 36% to total interest income respectively
- »» Increased drive to scale up retail account activity in order to enhance transaction banking income

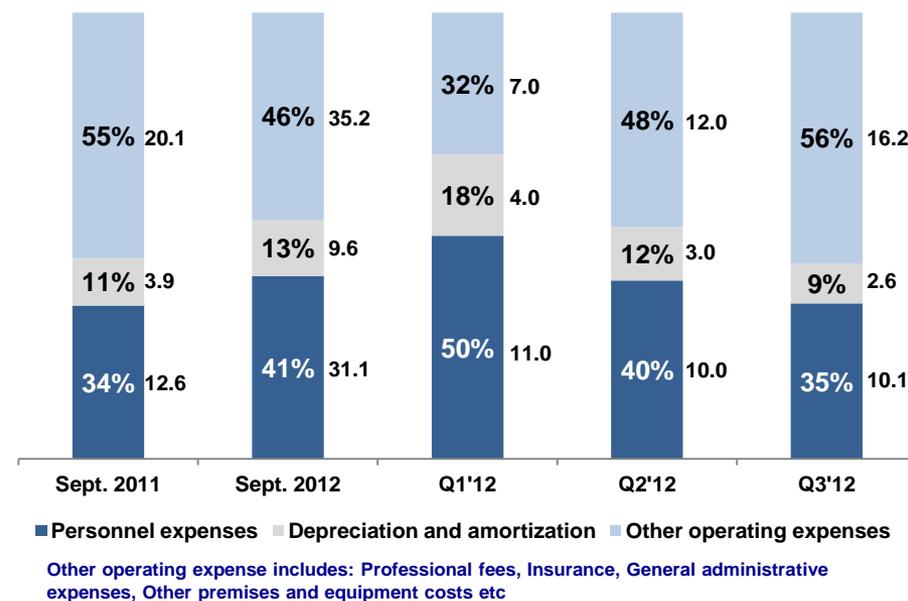


Bottom line negatively impacted by exceptional losses

Operating Income & Expense (N'bn)



Operating Expense Mix



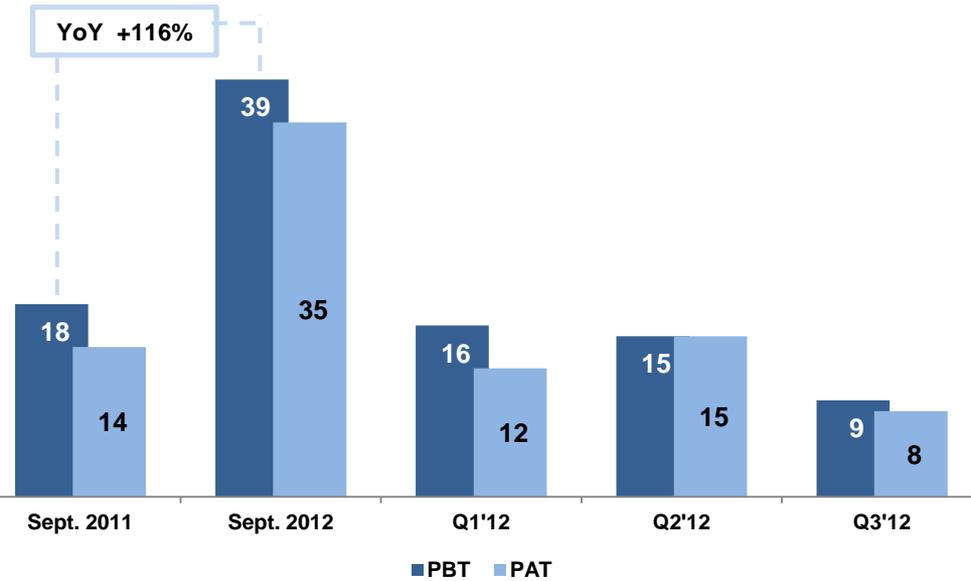
Comments

- »» Operating expense remains elevated on the back of exceptional loss of N4billion relating to the disposal of Financial Accommodation Bond portfolio inherited on acquisition of ICB Plc, restructuring costs, admin and general expenses
- »» Adjusting for one off expenses on restructuring cost and AMCON expenses, cost to income ratio is 57%
- »» Continued focus on reducing cost while improving customer satisfaction and service efficiency

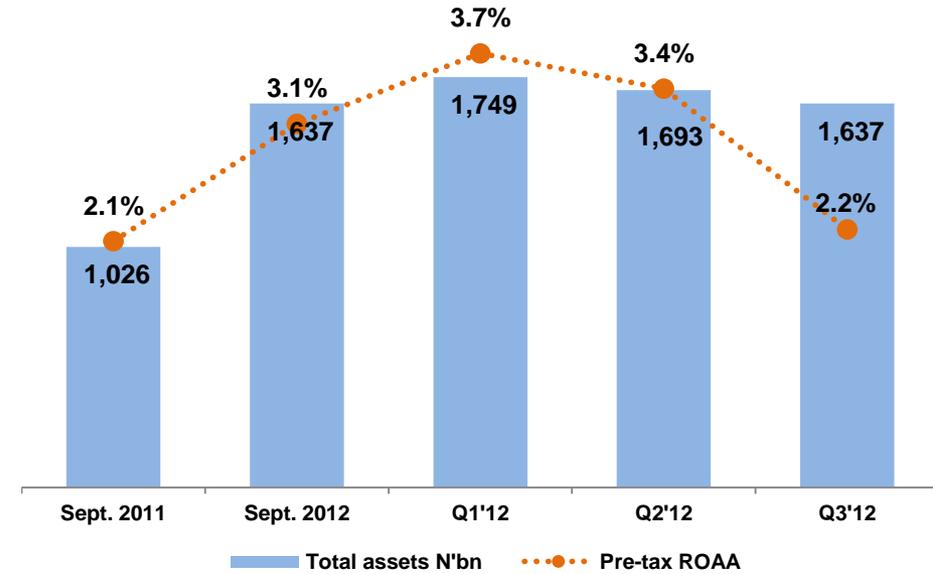


Earnings performance

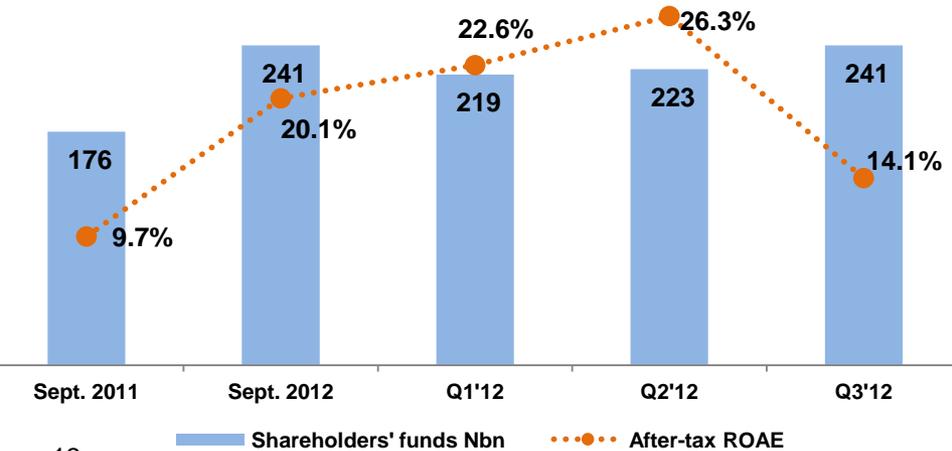
Group Profit (N'bn)



Return on Assets



Return on Equity



Comments

- Group Return on Equity and Assets impacted by ~~€~~¥4 billion rediscounting loss



Group statement of financial position

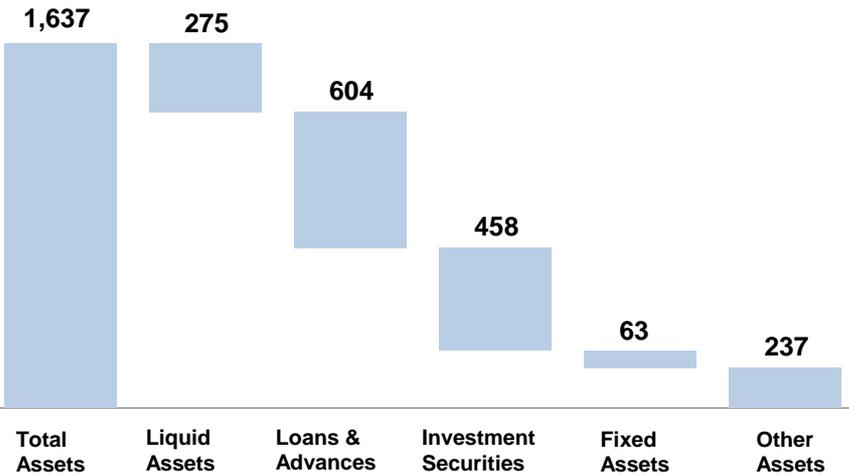
	9M '12	FY '11	9M '11	Ytd	Q3 '12	Q2 '12	QoQ	Comments
	N' billion	N' billion	N' billion	%	N' billion	N' billion	%	
Cash and Cash Equivalents	241	192	192	25	241	227	6	<p>»» Customer Loans increased by 5% to ₦604 billion Ytd and 1% QoQ</p> <p>»» Balance Sheet contracted marginally due to sale of FAA bond</p> <p>»» Funding base is Stable and diversified. Customer deposits accounts for 66% of balance sheet</p> <p>»» The bank recorded a growth of 26% Ytd and 8% QoQ in shareholders funds</p>
Trading & Pledged Assets	175	84	102	115	175	106	71	
Loans & Advances to Banks	0.009	0.8	-	-99	0.009	10	-100	
Loans & Advances to Customers	604	576	575	5	604	598	1	
Investment Securities	312	562	72	-44	312	502	-38	
Fixed Assets & Intangibles	66	71	26	-7	66	65	2	
Deferred Tax Assets	5	3	1	54	5	2	130	
Other Assets	228	141	52	62	228	183	25	
Total Assets	1,637	1,629	1,020	0.5	1,637	1,693	-3	
Deposits from Banks	104	147	104	-29	104	179	-42	
Deposits from Customers	1,075	1,102	645	-2	1,075	1,128	-5	
Other Liabilities	123	159	64	-23	123	109	12	
Interest Bearing Loans & Borrowings	94	29	37	225	94	54	75	
Total Liabilities	1,396	1,437	850	-3	1,396	1,469	-5	
Equity	241	192	170	26	241	223	8	
Total Equity & Liabilities	1,637	1,629	1,020	0.5	1,637	1,693	-3	

Included in interest bearing loans & borrowings is ₦54.6 billion Debt Securities issued

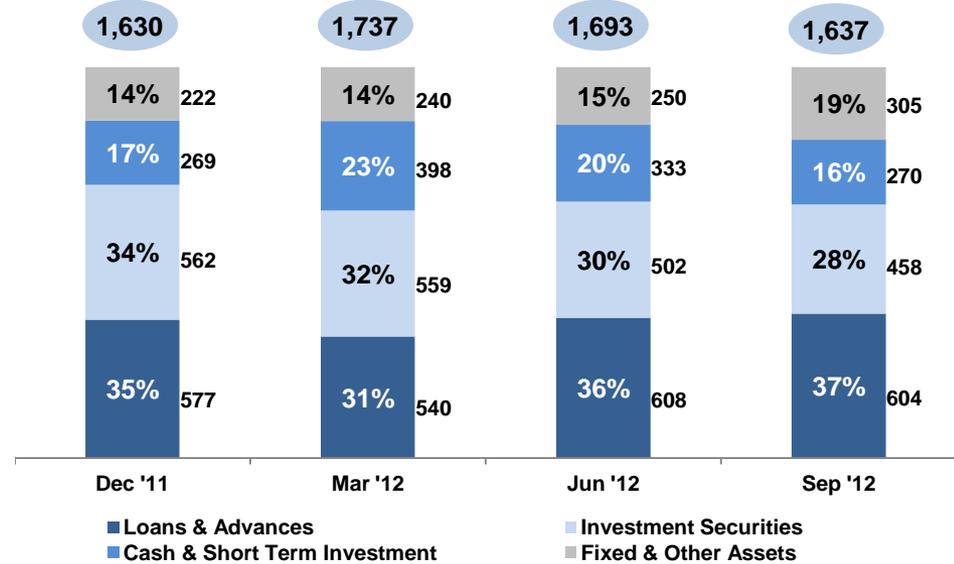


Well balanced and healthy asset mix

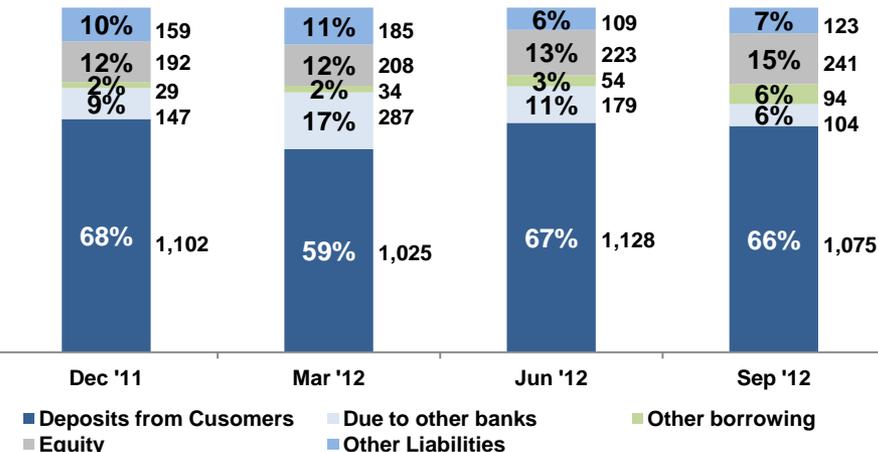
Total Assets as at Sept. 2012 (N'bn)



Asset Mix as at Sept. 2012 (N'bn)



Funding Mix as at Sept. 2012



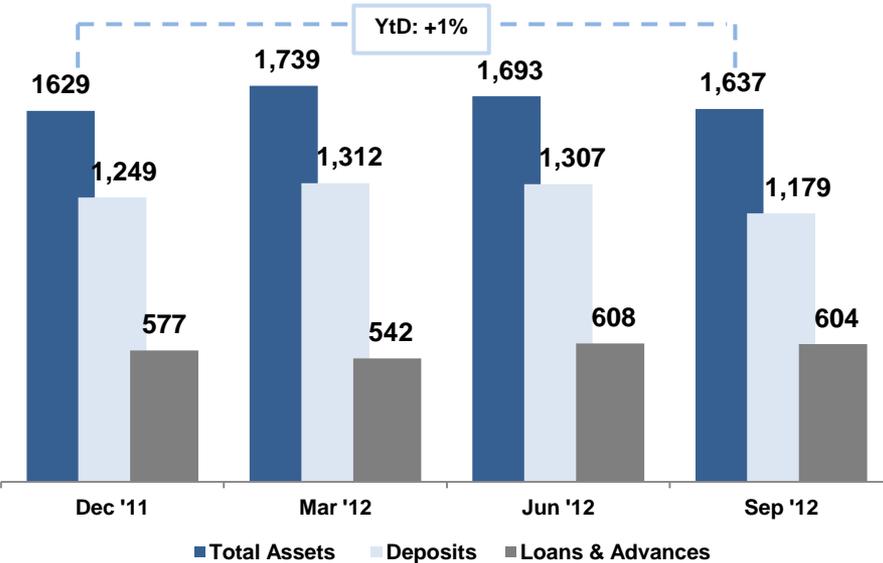
Comments

- »»» Conservative and Liquid Balance Sheet with loan to deposit ratio of 56%
- »»» Sustained balance sheet efficiency remains a priority of the bank in order to enhance profitability
- »»» Other borrowing increase was largely due to \$350 million Eurobond issued in the quarter

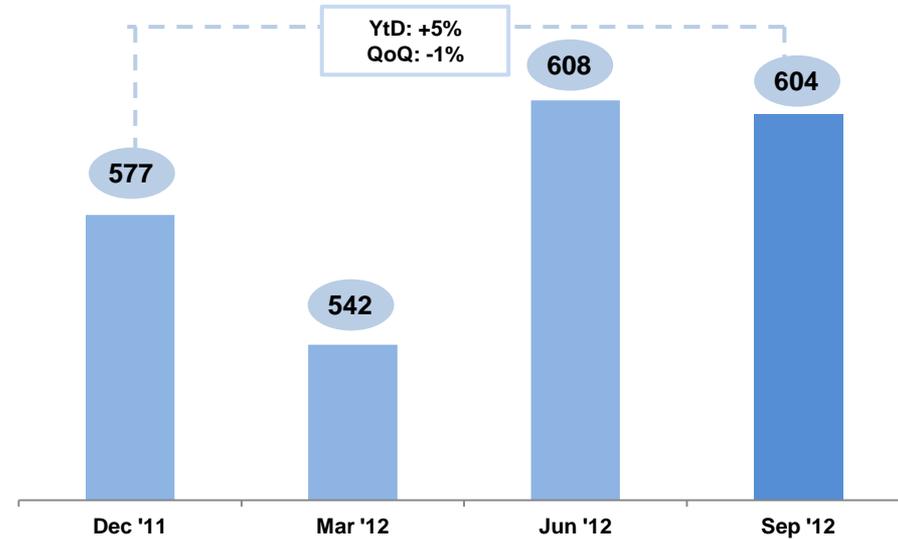


Healthy balance sheet structure

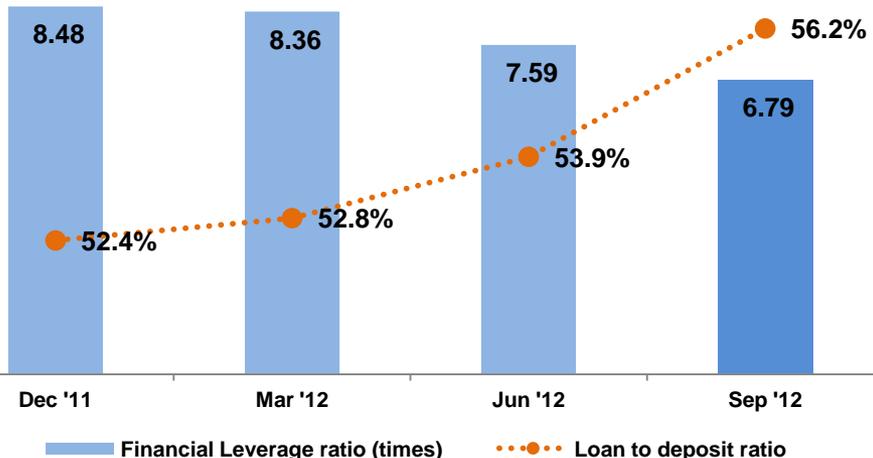
Balance sheet Trend (N'bn)



Loans & Advances (N'bn)



Balance Sheet Efficiency



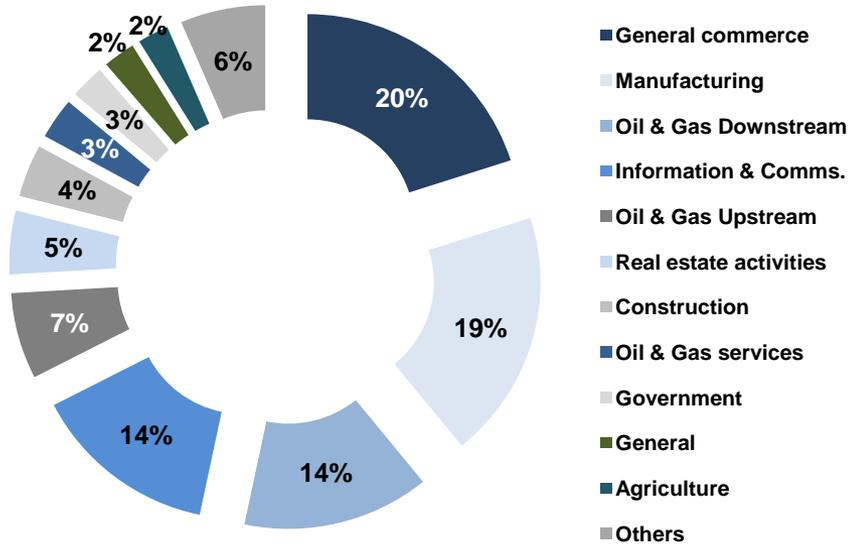
Comments

- »»» Balance sheet contracted marginally on the back of sale of FAA bonds
- »»» Loan growth of 5% yoy and flat QoQ
- »»» Deposit base benefitting from retail diversification
- »»» Total Deposits reduced by ₦128 billion QoQ largely due to repayment of ₦75 billion interbank deposits



Continued focus on improvement in risk asset quality

Loan distribution by sector

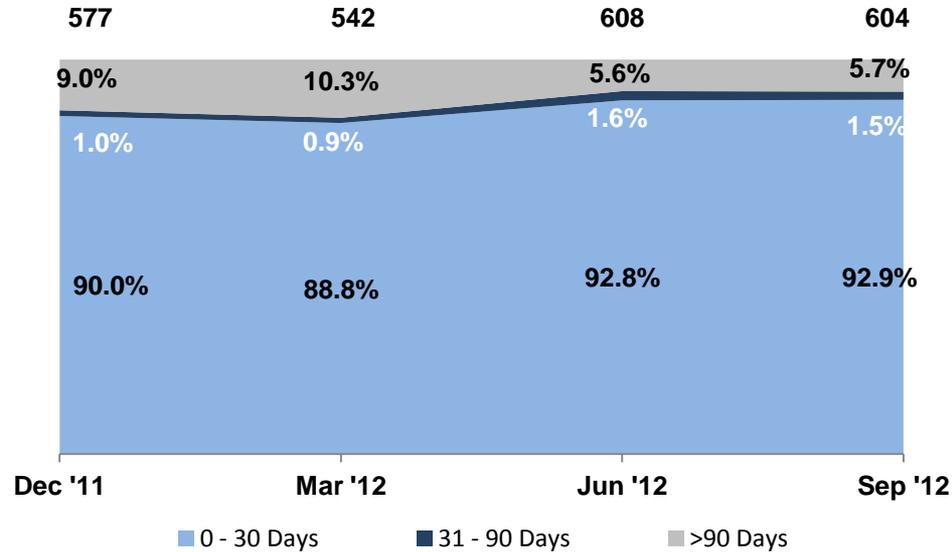


*Included in others are: Finance & Insurance, Education, Capital Market, Power & Energy, Transportation & Storage e.t.c

Comments

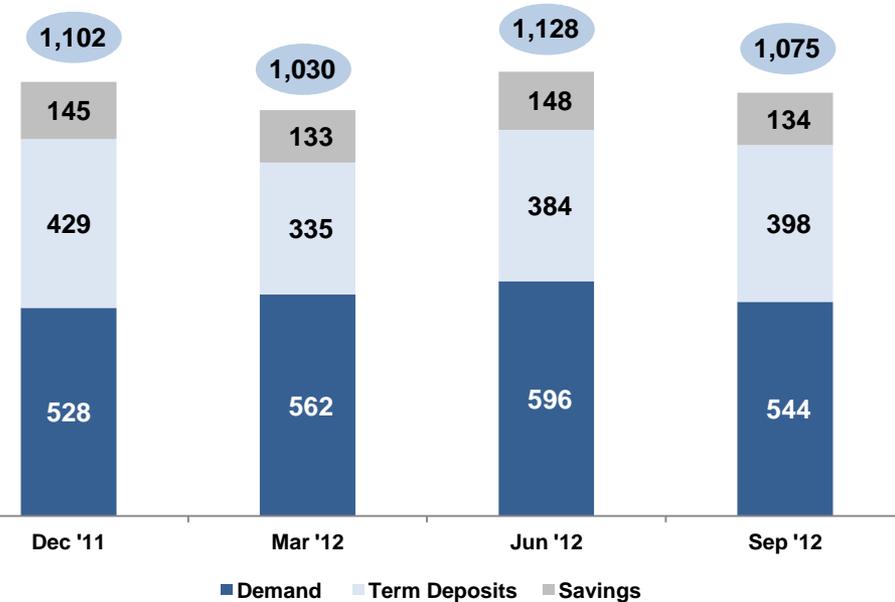
- >>> Well diversified loan portfolio
- >>> Reduced exposure to finance and insurance sector by 3% from June 2012 to September 2012
- >>> Maintained moderate risk appetite

Ageing Analysis of Loans

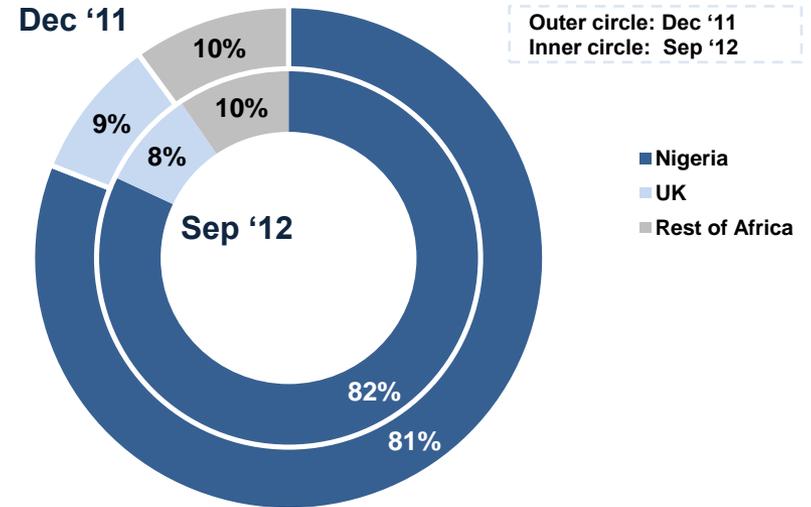


Funding and Liquidity

Customer Deposits (N'bn)



Deposits by Region

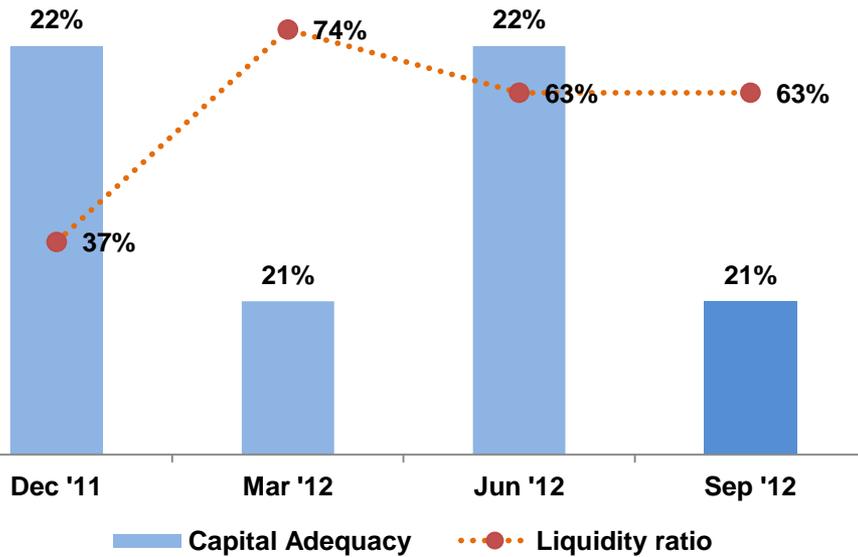


Comments

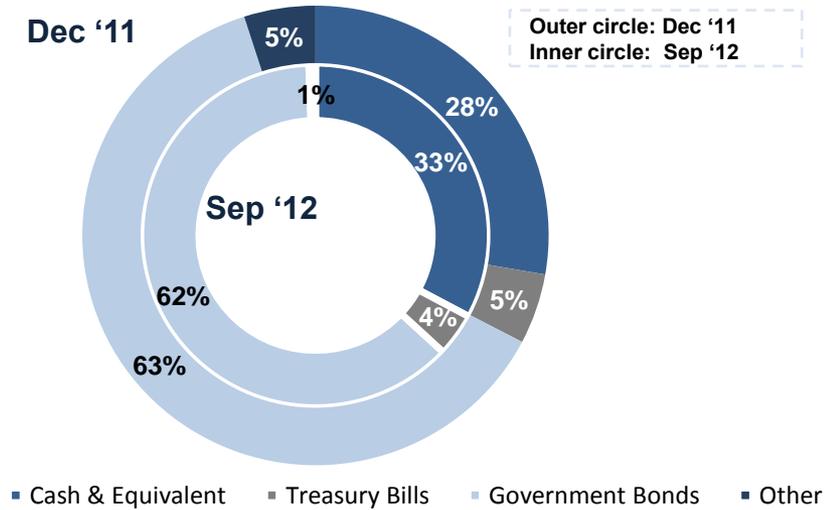
- >>> Low cost deposit now account for 63% of total deposit compared to 61% in FY 2011
- >>> Significant increase in retail type deposit of the bank
- >>> The retail and public sector segments constitute the largest segments for generation of low cost liabilities
- >>> Diversified and stable sources of funding

Stable source of funding to support business growth

Capital Adequacy and Liquidity



Liquid Assets

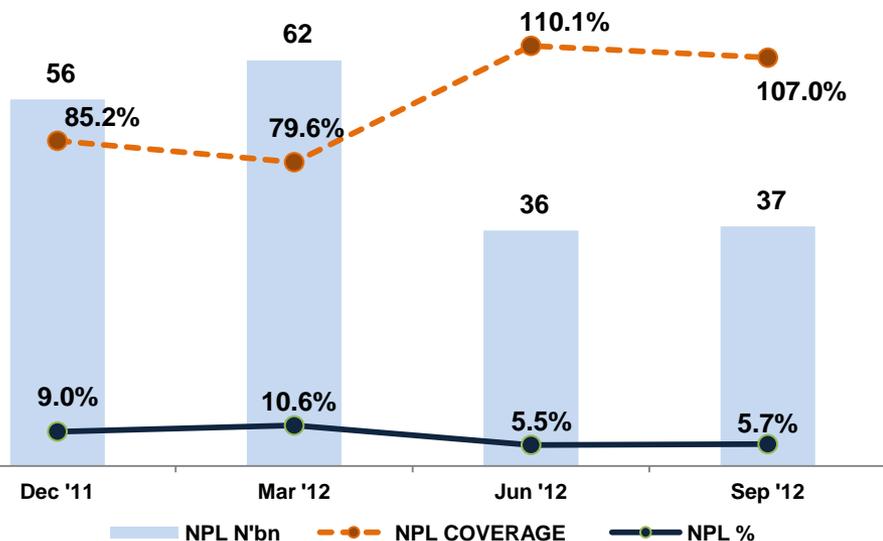


Comments

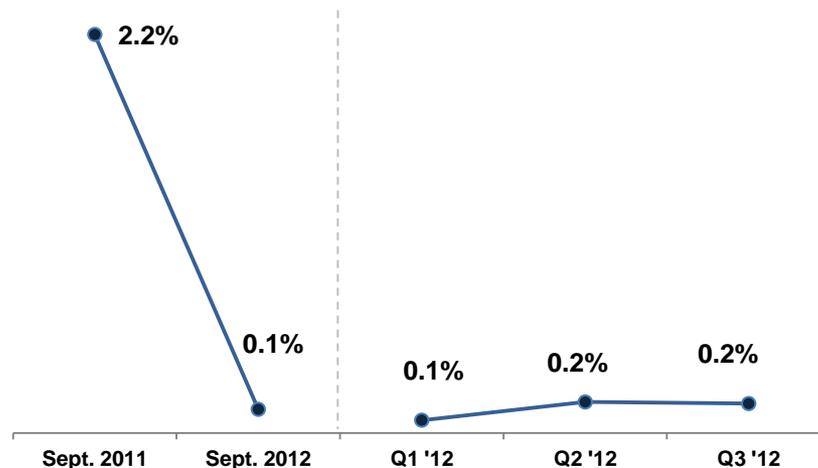
- »»» Our capital position, stable funding and liquidity base continue to ensure that we grow optimally.
- »»» Capital adequacy of 21% one of the strongest in the Nigerian banking industry
- »»» Liquidity ratio of 63%, well in excess of 30% regulatory requirement.

Steps are being taken to sustain asset quality improvement

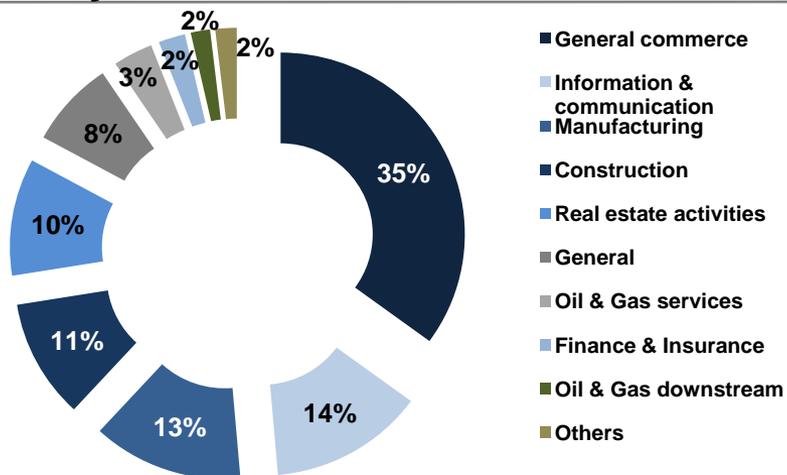
Asset Quality Ratio



Cost of Risk



NPL by sector



Comments

- >>> Cost of risk savings have contributed strongly to bottom line
- >>> We would continue migration of our loan book to high quality risk assets
- >>> Continue to work down NPLs to desirable levels



*Included in others are: Education, Agriculture, Capital Market, Govt, Transport e.t.c

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- »» **SBU Financial Performance Review**
- »» Key Activities for 4th Quarter

Our business segments

Commercial Banking

- »» Focuses on serving mid tier corporate clients with annual gross turnover between ₦500 million and ₦20 billion
- »» Approximately 180,000 commercial banking customers

Institutional Banking

- »» Provides tailored banking services to multinationals, large domestic corporate and other institutional clients with an annual gross revenue of N20 billion and above
- »» Focus on key industries: oil & gas, power and infrastructure, food and beverages, manufacturing, telecommunications and information technology, and transport and logistics
- »» Approximately 100 institutional banking customers

Financial Markets

- »» Has Strong relationships with non-bank financial institutions, development finance institutions and multilateral agencies
- »» Products offered include treasury, financial advisory services and corporate finance (including project finance and structured finance) services

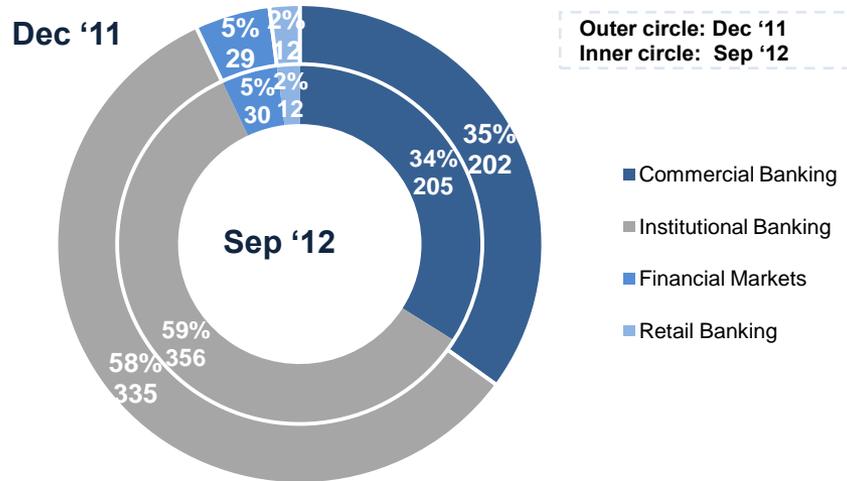
Retail Banking

- »» Provides financial products and services to individuals and small businesses in the value-chain of the Bank's corporate clients
- »» Serves over 5 million customers through 310 branches and 1,552 ATMs
- »» Services range from standard to specialised savings, current and investment accounts, personal loans, advances, mortgages, asset finance, small business loans and credit cards

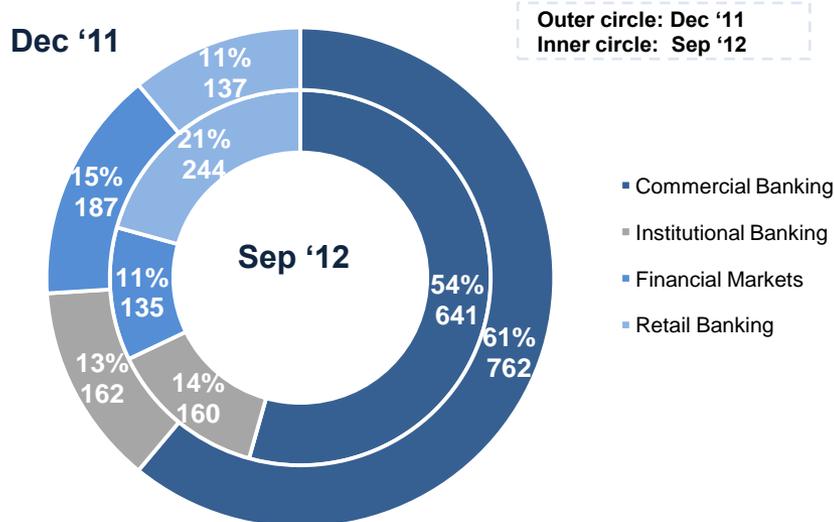


SBU Highlights

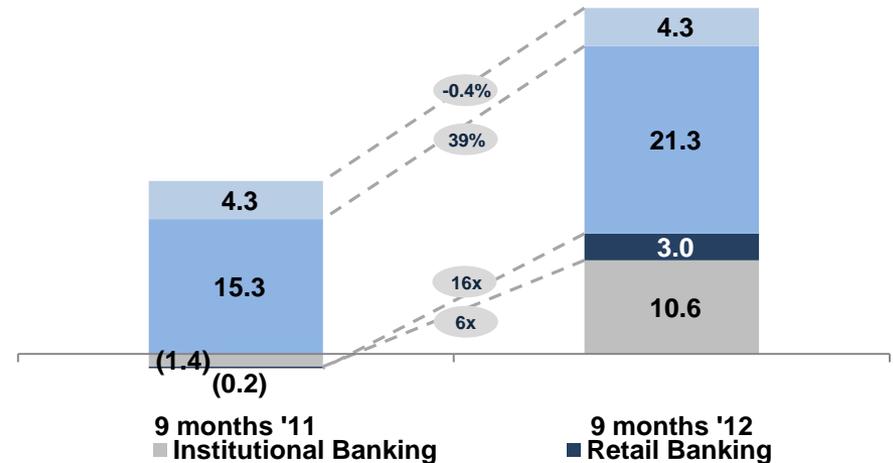
Loans & Advances



Deposits



Profit Before Tax (N'bn)



Comments

- »» Institutional and Retail banking businesses returned to profitability Ytd from loss position of ₦1.4billion and ₦0.2billion to ₦10.6billion and ₦3billion respectively
- »» Increased contribution to deposit from Retail banking business from ₦137 billion in FY 2011 to ₦244 in Q3' 2012 representing 78% increase Ytd
- »» Driving cost efficiency and management across business lines



Agenda

- »» Overview of Access Bank
- »» Q3 2012 Financial Performance Review
- »» SBU Financial Performance Review
- »» **Key Activities for 4th Quarter**

Key Activities for Q4

- »» Consolidate various initiatives to improve service delivery
- »» Focus on optimising and extracting value from our retail business
- »» Grow foreign currency loan book
- »» Intensify our low cost deposit mobilisation drive
- »» Continue implementation of our divestment and liquidation plan for banking and non banking subsidiaries

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Sustainable Bank
of the Year Award,
Middle East and Africa



Sustainable Banking for a Sustainable Future

access >>>