

»» ACCESS BANK PLC

Q3 2010

RESULTS PRESENTATION TO INVESTORS AND ANALYSTS

October 2010

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»»» Agenda

»»» Operating Environment

»»» Access Bank Overview

»»» Performance Review

»»» Strategic Imperatives

»»» Fourth Quarter Outlook

➤➤➤ Nigerian Economy (Q3 2010)

STILL STABLE, HOWEVER A FEW PRESSURE POINTS AND POLICY CHALLENGES

KEY ECONOMIC INDICES				
VARIABLE	2010 Q1	2010 Q2	2010 Q3	2010 Q4 (est.)
GDP (%)	7.23	7.69	7.76	8.19
Inflation: Headline (%)	11.8	11.0	13.70	13.80
Exchange Rate (N/US\$)	148.30	148.50	149.89	149.11
Foreign Reserves (\$'Bn)	40.68	37.42	36.64	35.72
90 Days Treasury bill(%)	1.02	2.73	2.54	1.98
MPR (%)	6	6	6.25	6.25
Oil Price [\$pb] (EIA)	80.83	79.03	77.91	74.43

➤➤➤ Pressure Points:

- Increase in MPR from 6% to 6.25% in the last quarter to control/curb inflation.
- Effect of prolonged/slow growth in lending/credit creation in the economy
- Proposed deregulation of petroleum prices
- Capital inflows to recapitalize rescued banks

➤➤➤ Challenges for monetary and credit policy in the last quarter include:

- Stimulating the real sector of the economy via incentives to boost lending to the real sector.
- The effect of the newly constituted board of AMCON on risk perception and credit creation
- Successful execution of M&A transaction among the affected banks will improve performance of the capital market
- Confidence in the naira to ensure exchange rate stability.
- Rejuvenating and managing the bond market.

➤➤➤ Other African Economies

S/N	COUNTRY	OPERATING ENVIRONMENT	PRESSURE POINTS
1	Burundi	<ul style="list-style-type: none"> • Relatively stable macroeconomic environment – GDP growth rate at 3.85% in 2010; Inflation rate at 8.4% in September 2010 – MPR: 11.24% in Aug 2010; Exchange rate: Appreciated by 0.05% from 1,230.65BIF/\$ in September 2009 to 1,230BIF/\$ in September 2010 	<ul style="list-style-type: none"> • Elections • Commodity prices • Corruption • Governance • Fiscal Deficits
2	Cote d'Ivoire	<ul style="list-style-type: none"> • Relatively stable economic activities, possibility of instability due to delayed election – GDP growth rate at 3.3% in 2010; Inflation rate at 2.1% in September 2010. – MPR currently at 3.25%; Appreciation of 6% in Exchange rate from 513CFA/\$ in August 2010 to 482CFA/\$ in August 2010. 	
3	Congo DR	<ul style="list-style-type: none"> • Relatively stable macro environment – GDP growth rate at 5.4% in 2010; Inflation rate at 7.65% in August 2010 – MPR currently at 22%; Marginal depreciation in country currency against US\$ from 901CDF/\$ in August 2010 to 903CDF/\$ in September 2010. 	
4	Gambia	<ul style="list-style-type: none"> • Relatively stable economic activity – GDP growth rate at 5% in 2010; Inflation rate currently at 5.0% – MPR at 15%; Exchange rate depreciated from D28.73/US\$ in August 2010 to D29.35/US\$ in September 2010. 	
5	Ghana	<ul style="list-style-type: none"> • Stable operating environment – GDP growth rate at 5.9% in 2010; Inflation rate currently at 9.44% – MPR at 13.5%; Cedi appreciation against the Dollar at 1.42Cedi/\$ 	
6	Rwanda	<ul style="list-style-type: none"> • Improved operating environment – GDP growth rate at 8.5% in Q3 2010; Inflation rate currently at 5.0% – MPR at 7%; Marginal appreciation in exchange rate by 0.5% from 592.76RWF/US\$ in August 2010 to 589.95RWF/US\$ in September. 	
7	Sierra Leone	<ul style="list-style-type: none"> • Relatively stable economic activities – GDP growth rate at 2% in Q3 2010; Inflation rate currently at 16.1% – MPR at 23%; Exchange rate depreciated from Le39460/US\$ in August 2010 to Le4121.9/US\$ in September 2010. 	
8	Zambia	<ul style="list-style-type: none"> • Operating environment stable – GDP growth rate at 7% in 2010; Inflation rose to 10.5% 2010 – MPR at 6.0%; Exchange rate appreciated from ZMK4975/US\$ in August 2010 to ZMK4866/US\$ in September 2010. 	

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»»» Fourth Quarter Outlook

Access Bank Overview

Parent Company : Access Bank Plc is a full service Commercial bank registered in Nigeria

Subsidiaries : 3 Non-Banking
9 Banking

No of Employees : 2082 Professional staff

Accounting : Local GAAP and IFRS

Auditors : KPMG Professional Services 

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

Risk Management : Basel II Capital Accord

Key Industry Segments : Telecoms, Food & Beverages, Cement, Oil & Gas and Financial Institutions

Network : 131 Business Offices
161 ATMs, 310 POS, Call Centre

Geographical Coverage : Africa and Europe
Banking subsidiaries in all monetary zones in Africa

Stock Data as at 30th September 2010

Symbol	NSE	ACCESS
	Bloomberg	ACCESS.NL
	Reuters	ACCESS.LG
Current Price (NGN)		8.38
Annualized EPS (NGN)		0.77
Annualized P/E (X)		10.88
Shares Outstanding (mn)		17,888
Market Cap (NGN'Bn)		149.90
Year High (NGN)		11.21
Year Low (NGN)		7.55
Share Price Performance		
30 Days (%)		0.72%
90 Days (%)		3.58%
YTD (%)		10.26%
Ownership Structure		
Stanbic Nominees Nigeria Limited		13.76%
Foreign Investors		27.06%
Others		59.18%

52-week Share price performance



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Group Financial Highlights

Income Statement (Yr vs. Yr)

✓ Gross Earnings:	N77.9bn	(-9%)	↓
✓ Net Interest Margin:	6.8%	(-8%)	↓
✓ PBT:	N14.06bn	(+232%)	↑
✓ PAT:	N9.56bn	(+198%)	↑

Balance Sheet (Qtr vs. Qtr)

✓ Total Assets:	N819bn	(+11%)	↑
✓ Shareholders' Funds:	N170.7bn	(-2%)	↓
✓ Customer Deposits:	N539.7bn	(+24%)	↑
✓ Loans & Advances:	N426bn	(+2%)	↑

Financial Indicators (Qtr vs. Qtr)

✓ Strong Capital Adequacy:	28%	(prev. 28%)	↔
✓ Liquidity Ratio:	40%	(prev. 35.6%)	↑
✓ Loans to Deposit:	83%	(prev. 95.9%)	↑
✓ Pre-tax ROaE (annualized):	11.4%	(prev. 11.4%)	↔

➤➤ Sustained Earnings performance in spite of low rate environment...

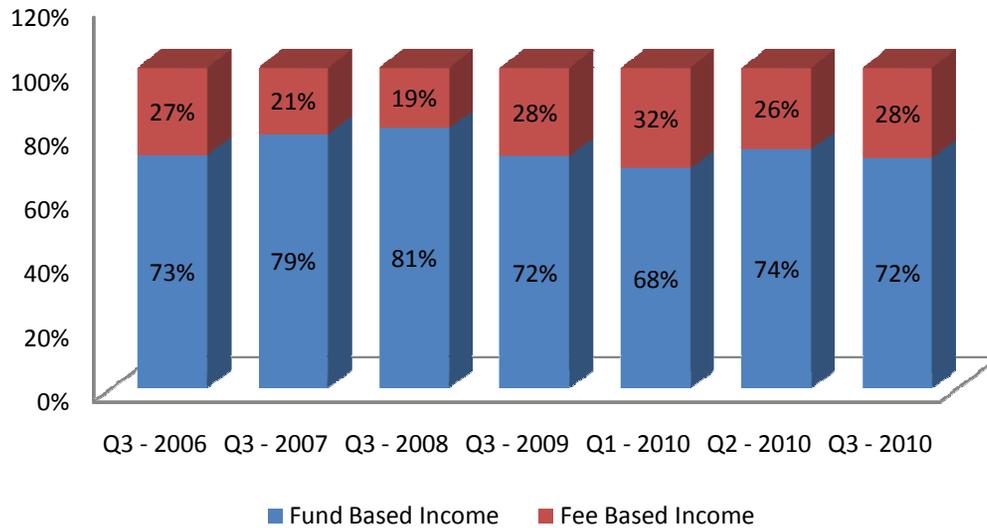
Year-on-Year/Quarter-on-Quarter (9 months)

Naira (Million)	Group	Group	%	Group	Group	%
	Sep-10	Sep-09	Change	Q3 2010	Q2 2010	Change
Gross Earnings	77,954	91,929	-15%	21,358	23,552	-9%
Net Interest & Discount Income	32,724	36,943	-11%	10,636	12,477	-15%
Other Income	20,408	25,467	-20%	5,342	6,112	-13%
Operating Income	53,132	56,957	-7%	15,978	18,589	-14%
Operating Expense	(33,824)	(27,275)	8%	(10,093)	(12,190)	-17%
Operating Profit	19,308	29,682	-35%	5,885	7,079	-17%
Provision for Risk Assets(Net)	(5,201)	(39,870)	-87%	(1,749)	(2,840)	-38%
Share of profit/(loss) in associates	(41)	(452)	-91%	-	-	-
Net Profit Before Tax	14,065	(10,640)	232%	4,296	3,558	21%
Estimated Taxation	(4,501)	909	595%	(328)	(1,553)	-79%
Profit After Tax	9,564	(9,730)	198%	3,969	2,005	98%

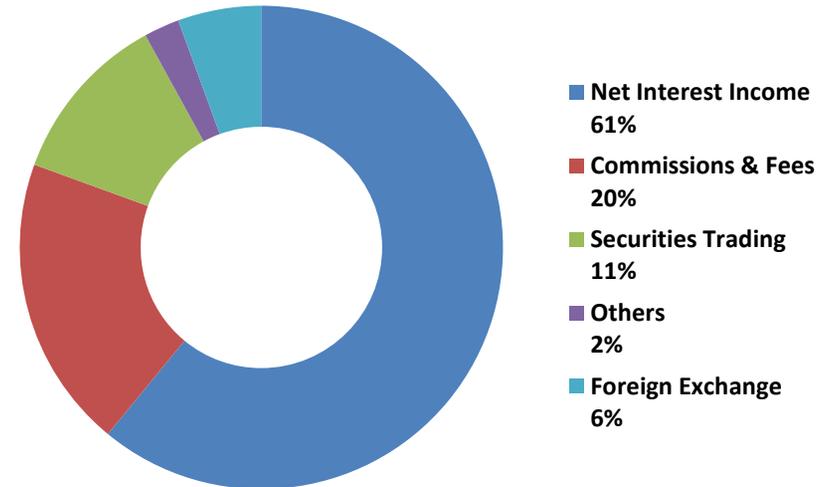


...Diversified revenue streams.

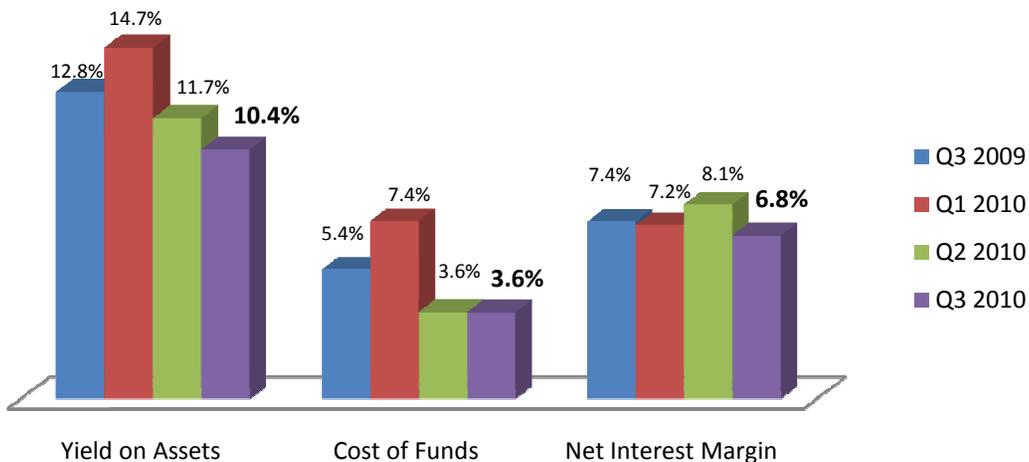
Gross Earnings Evolution



Breakdown of September 2010 Net Earnings



Margins



Comments

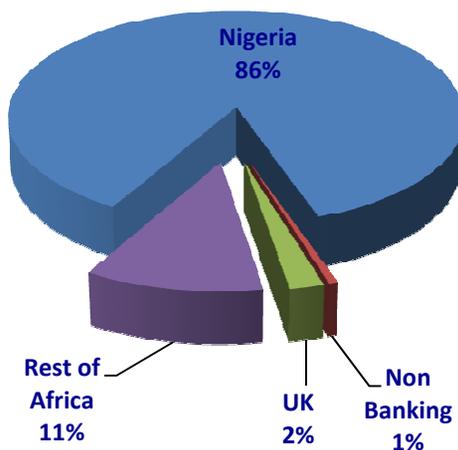
- 150 bps reduction in NIM due to reduction in Nibor linked facilities and increase in new loans to RR 1 & 2 names.
- Improvement in Loan to deposit ratio and liquidity ratio from Q2 to Q3 without commensurate growth in loans.



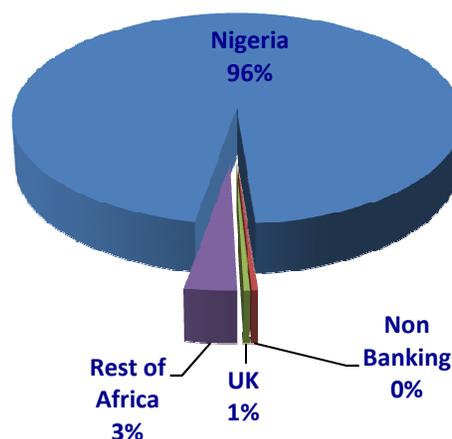
Positive Contribution from our Sub-Sahara & OECD play...

N'million	Nigeria	Gambia	Sierra Leone	Zambia	UK	Rwanda	Burundi	Cote d'Ivoire	R.D. Congo	Ghana	Non Banking Subsidiaries	Total
Operating income	45,907	335	220	1,015	1,113	1,021	365	688	357	1,812	300	53,132
Operating expenses	(26,888)	(377)	(244)	(902)	(1,168)	(878)	(375)	(1,350)	(590)	(702)	(348)	(33,823)
Provision expense	(5,241)	64	(26)	(41)	-	(28)	(67)	284	(80)	(67)	-	(5,202)
Profit before tax	13,776	22	(50)	71	(55)	115	(77)	(378)	(313)	1,002	(49)	14,064

Operating Income



Profit Before Tax



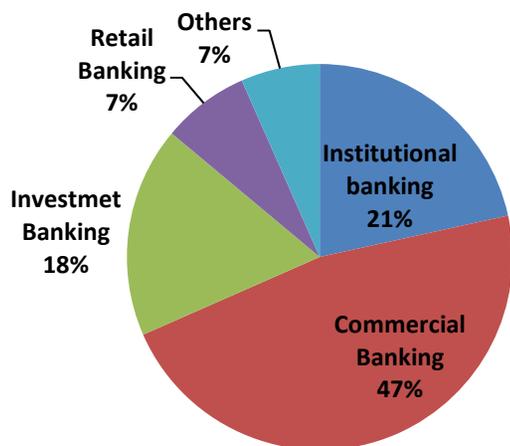
Comments

- Net positive contribution from International subsidiaries.
- Negative contributions from Non-Banking subsidiaries albeit negligible
- Driving cost efficiency and management across subsidiaries

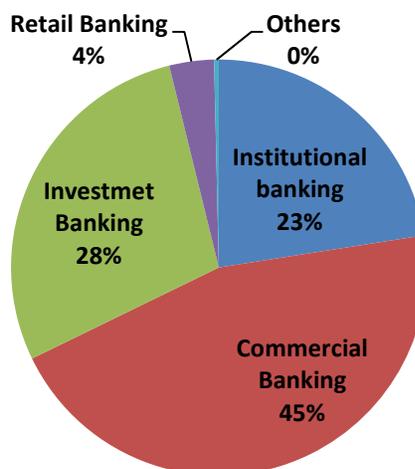
...and business segments' performance overcoming cost of risk effect.

Naira million	Institutional Banking			Commercial Banking			Investment Banking			Retail Banking			Others		
	Sep-10	Sep-09	% Change	Sep-10	Sep-09	% Change	Sep-10	Sep-09	% Change	Sep-10	Sep-09	% Change	Sep-10	Sep-09	% Change
Gross Earnings	17,161	23,995	-28%	39,129	44,281	-12%	12,109	13,322	-9%	5,008	5,428	-8%	4,547	4,903	-7%
Net Interest Income	4,775	9,785	-51%	12,758	15,960	-20%	7,342	533	1277%	2,996	2,632	14%	4,851	5,865	-17%
Operating Profit	3,733	13,544	-72%	9,159	8,607	6%	5,651	5,418	4%	691	1,524	-55%	74	589	-87%
Exceptional Items	(4,497)	(24,872)	82%	(870)	(14,239)	94%	-	-	0%	85	(459)	119%	40	(300)	-113%
Profit Before Tax	(764)	(11,328)	93%	8,289	(5,632)	247%	5,651	5,418	4%	776	1,065	-27%	114	289	61%

Gross Earnings by Business Segment



Operating Profit by Business Segment

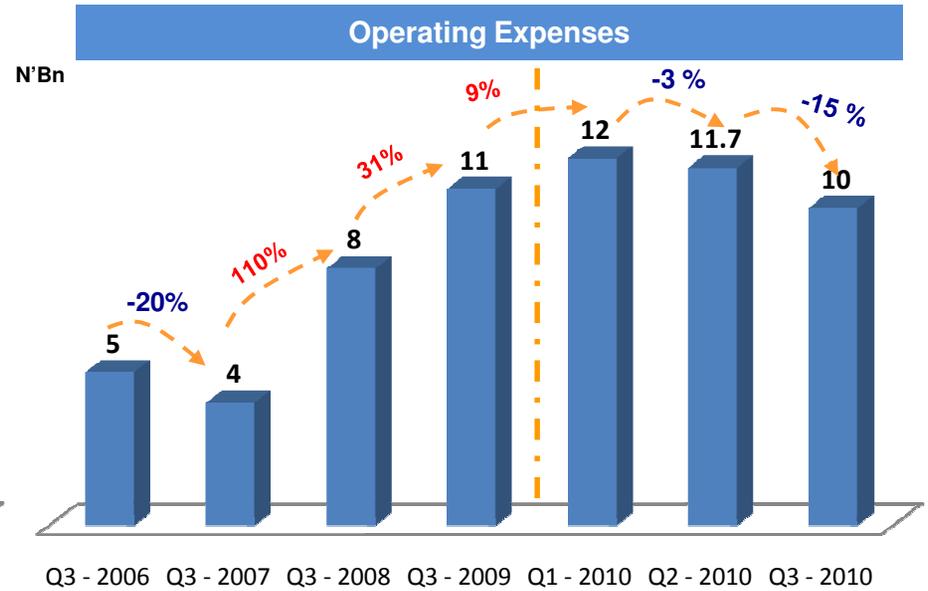
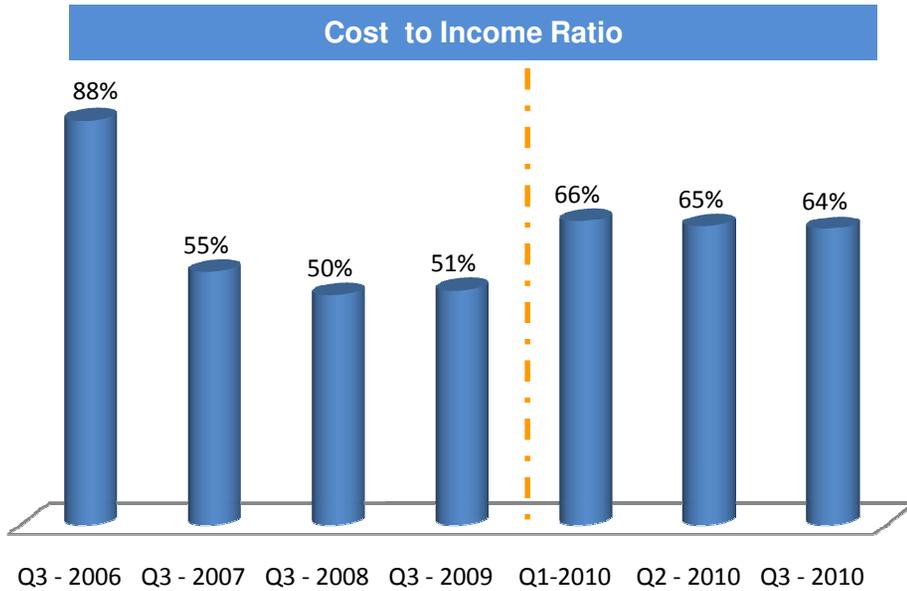


Comments

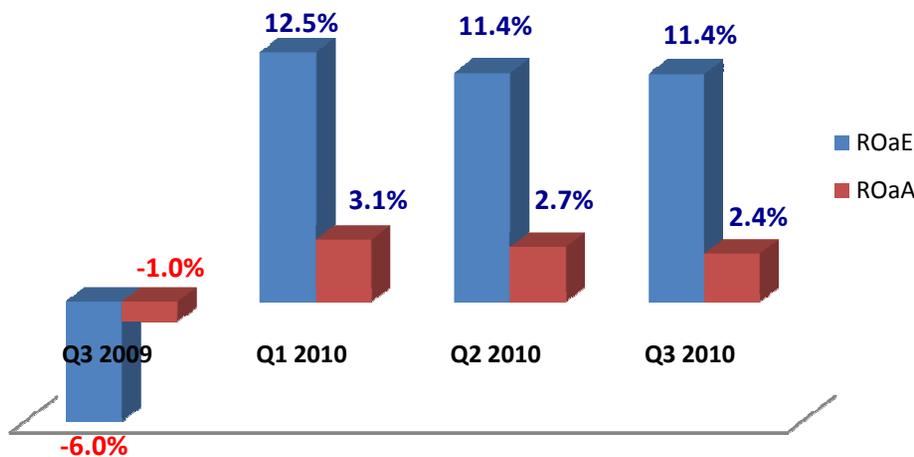
- Reduction in cost of risk has positively impacted all business segments



➤➤➤ Sustained improvement in Cost & Efficiency ratios



Pre-tax ROaE/ROaA (annualized)



Comments

- Group cost to income ratio stable at 64% in Q2 and Q3 2010 (Q1: 66%).
- Reduction in expense by 15% to N10bn in Q3(Q2 2010:N11.7);



»»» Liquid & well structured balance sheet with significant capacity for expansion...

Naira (Million)	Group	Group	% Change	Group	Group	% Change
	Sep-10	Jun-10	(QoQ)	Sep-10	Sep-09	(YoY)
Cash & Balance with CBN	19,889	23,250	-14%	19,889	27,745	-28%
Treasury Bills	29,829	29,608	1%	29,829	23,793	25%
Due From Other Banks	152,066	101,369	50%	152,066	86,123	77%
Loans & Advances to Customers	401,913	412,823	-3%	401,913	374,005	7%
On-Lending Facilities	21,801	3,065	611%	21,801	5,732	280%
Advance Under Finance Leases	2,530	3,130	-19%	2,530	3,459	-27%
Investment Securities	122,363	83,653	46%	122,363	47,532	157%
Investment in Subsidiaries	-	-	0%	-	-	0%
Investment Properties	13,458	1,484	807%	13,458	-	0%
Investment in Associates	56	93	39%	145	145	0%
Other Assets	25,697	51,430	-50%	25,697	48,243	-47%
Deferred Tax Asset	577	524	10%	577	2,479	-77%
Property & Equipment	25,413	26,121	-3%	25,413	25,213	1%
Equipment on Lease	1,730	1,731	0%	1,730	1,486	16%
Goodwill	1,738	1,738	0%	1,738	1,738	0%
Total Assets	819,059	740,017	11%	819,149	647,692	26%
Contingents	238,790	185,600	29%	233,790	157,189	49%
Total Assets & Contingents	1,057,849	925,617	14%	1,052,939	804,881	31%



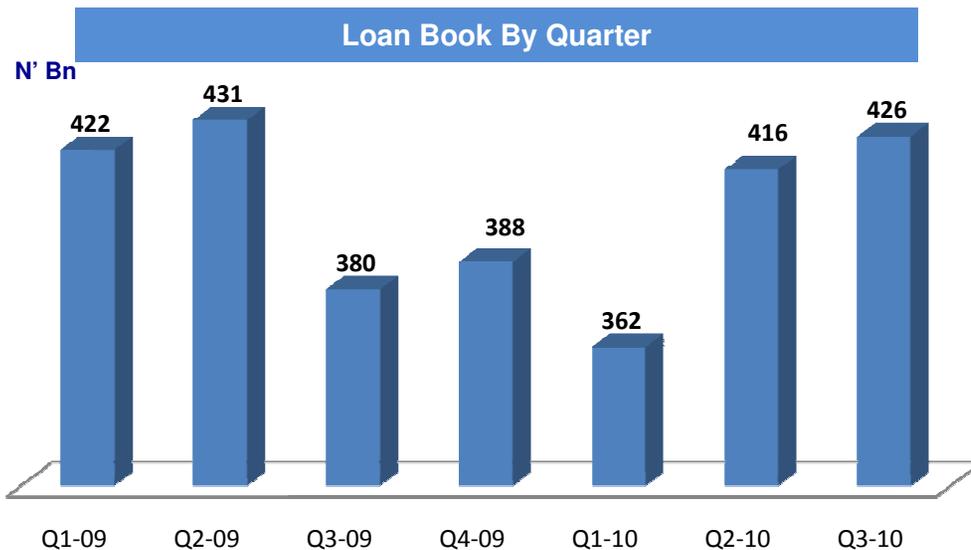
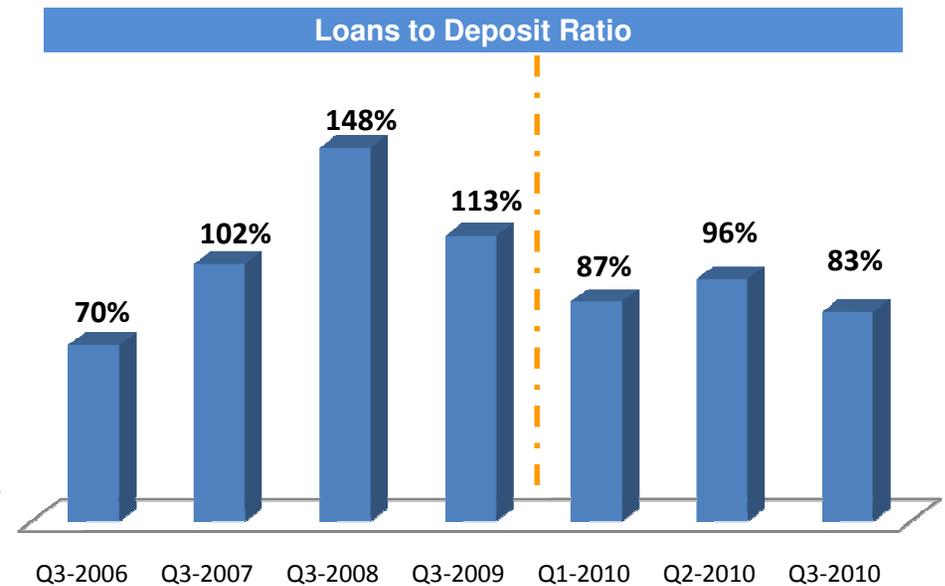
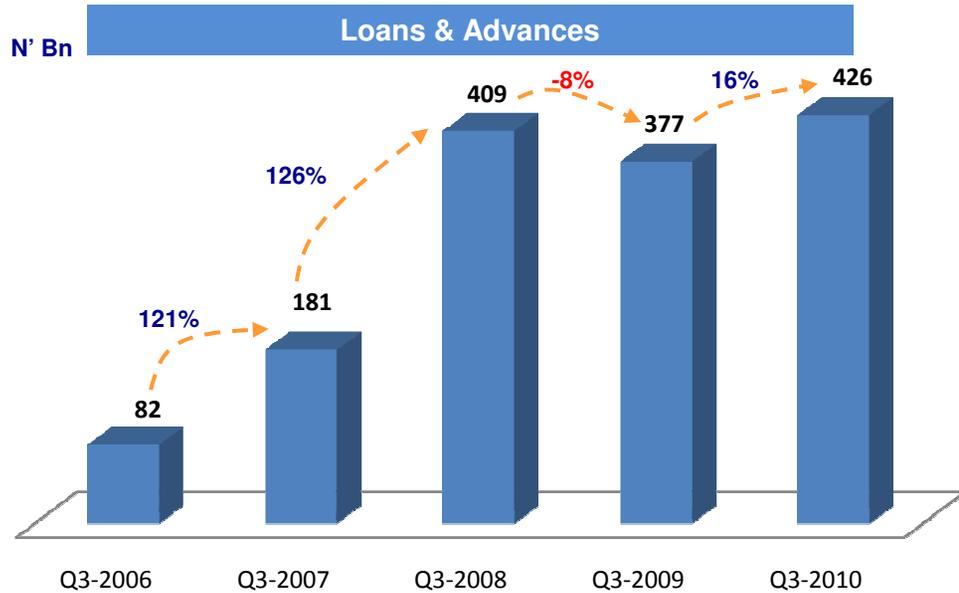
»»» ...a Strong Equity cushion to support growth.

Naira (Million)	Group	Group	% Change	Group	Group	% Change
	Sep-10	Jun-10	(QoQ)	Sept. 2010	Sep-09	(YoY)
Customer Deposits	539,700	433,669	24%	539,700	381,321	42%
Due to Other Banks	41,850	56,825	-26%	41,850	44,302	-6%
On-Lending Facilities	12,997	3,065	324%	12,997	5,732	127%
Debt Securities in Issue	-	66	-100%	-	5,976	-100%
Current Income Tax	3,687	2,185	69%	3,687	5,272	-30%
Other Liabilities	49,242	69,778	-29%	49,242	42,641	15%
Total Liabilities	647,477	565,588	14%	647,477	485,243	33%

Naira (Million)	Group	Group	% Change	Group	Group	% Change
	Sep-10	Jun-10	(QoQ)	Sept. 2010	Sep-09	(YoY)
Share Capital	8,944	8,944	0%	8,944	8,107	10%
Share Premium	146,161	146,161	0%	146,161	146,447	0%
Reserves	12,038	15,057	-20%	15,617	6,982	124%
Shareholders' Funds	170,633	173,651	-2%	170,722	161,536	6%
Non-controlling interest	950	778	22%	950	913	4%
Total Liabilities & Equity	819,059	740,017	11%	819,149	647,692	26%



Slow loan book growth...

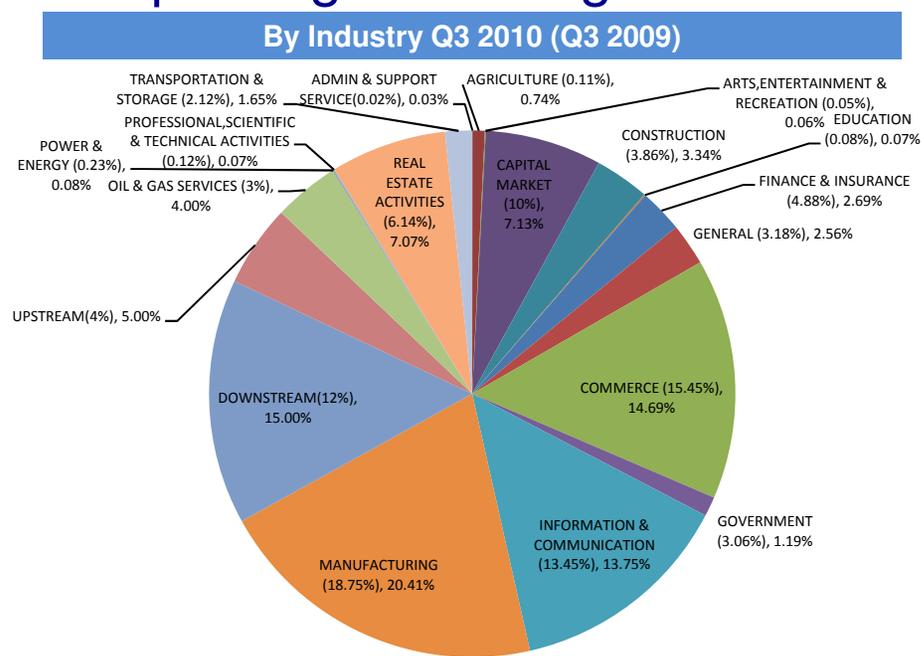
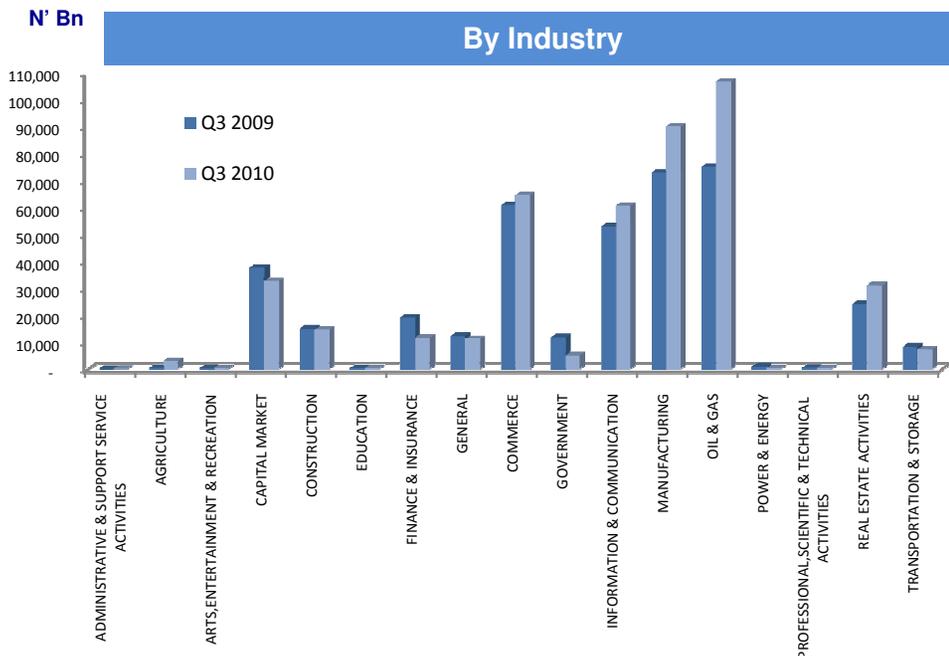


- Comments**
- Marginal increase in loan book* by 2% between Q2 and Q3 2010
 - Q3 was a low point in Oil & Gas importation cycle
 - Significant loan growth from other sectors to compensate
 - Loan to deposit ratio on track for $\leq 80\%$ target.

*Loan book include loans & advances, On-lending facilities and advances under finance lease



...a well diversified loan book and improving risk rating



Risk Rating Stratification of Risk Assets

Risk Rating	Description	10-Jun N'mm	10-Sep N'mm	Growth Q2 - Q3
1	Best Obligor	27,037	46,354	71% ↑
2+	Very Good Obligor	10,359	32,960	218% ↑
2	Very Good Obligor	23,431	29,868	27% ↑
2-	Very Good Obligor	61,760	69,980	13% ↑
3+	Good Obligor	17,647	20,772	18% ↑
3	Good Obligor	263,298	275,581	5% ↑
3-	Good Obligor	15,119	23,576	56% ↑
4	Below 3	150,927	115,055	-24% ↓
Total*		569,578	614,146	8% ↑

Comments

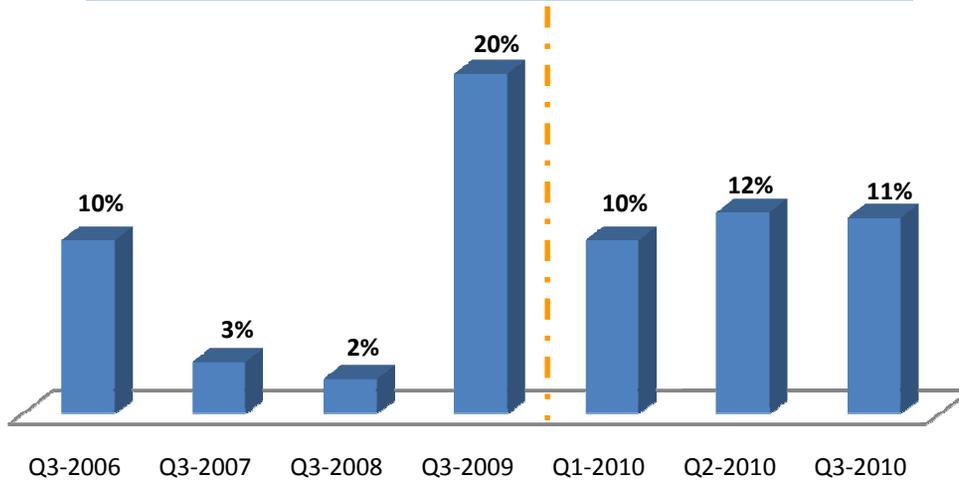
- Continuous reduction in our exposure to the capital market sector. Capital market contributes 7% as at September 2010.
- Migration of loan book to high quality rated risk assets, with 82% of risk assets ≤ RR 3 (Q2 2010: 72%)
- Strict adherence for sectoral risk limits to mitigate concentration risks.



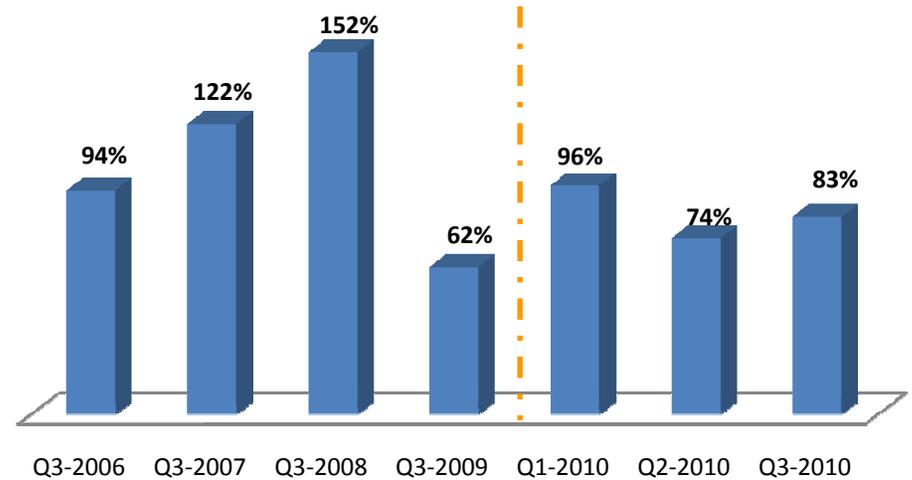
*Total risk assets include loans & advances, On-lending facilities, advances under finance lease and contingent risk assets

Measured steps are being taken to sustain asset quality improvement

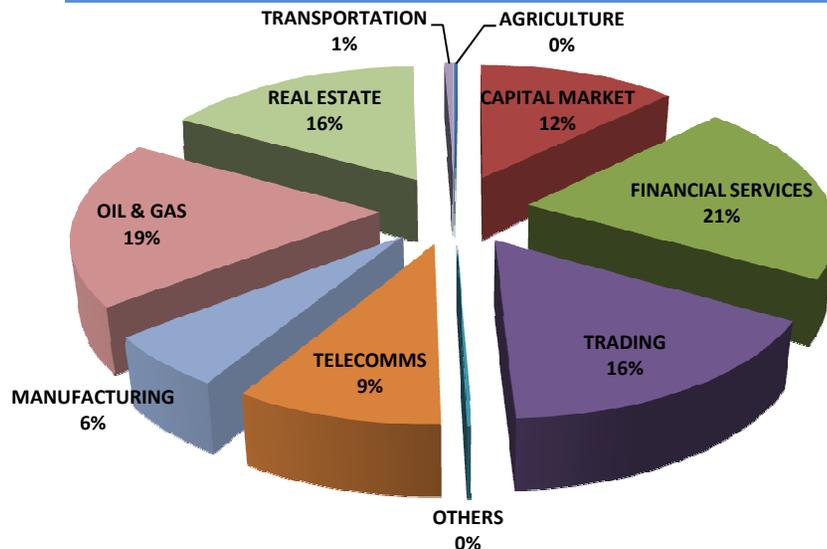
NPL ratio



NPL Coverage ratio



NPL by Sector



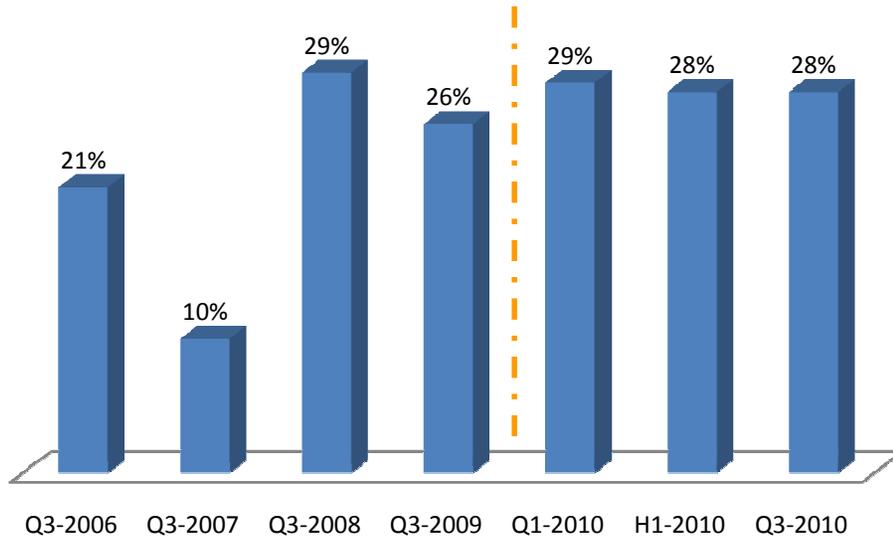
Comments

- NPL ratio reduced to 11% during the third quarter from 12% in the second quarter. Coverage ratio improved to 83% during the quarter resulting from above.
- Positive impact of our new recovery group, which achieved recovery of N974million during the quarter;
- We would continue migration of our loan book to high quality risk assets.

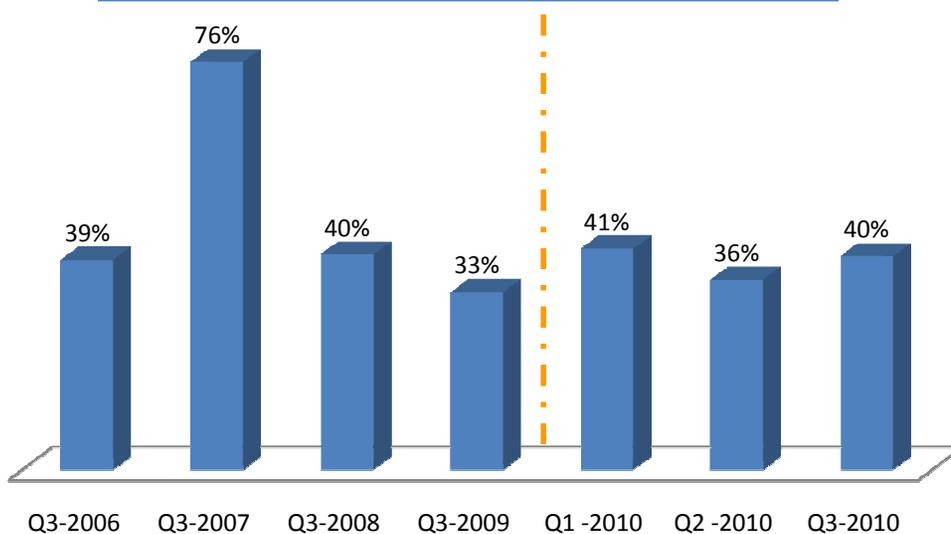


Capital & Liquidity cushion to support business growth

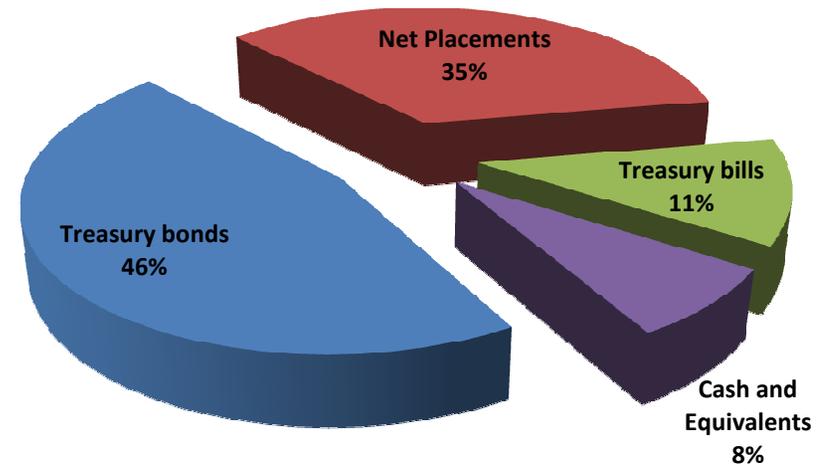
Capital Adequacy



Liquidity



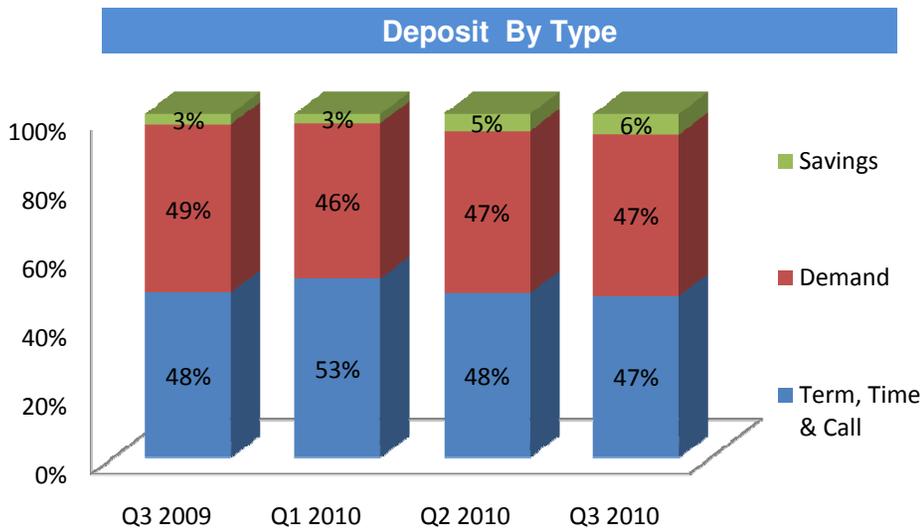
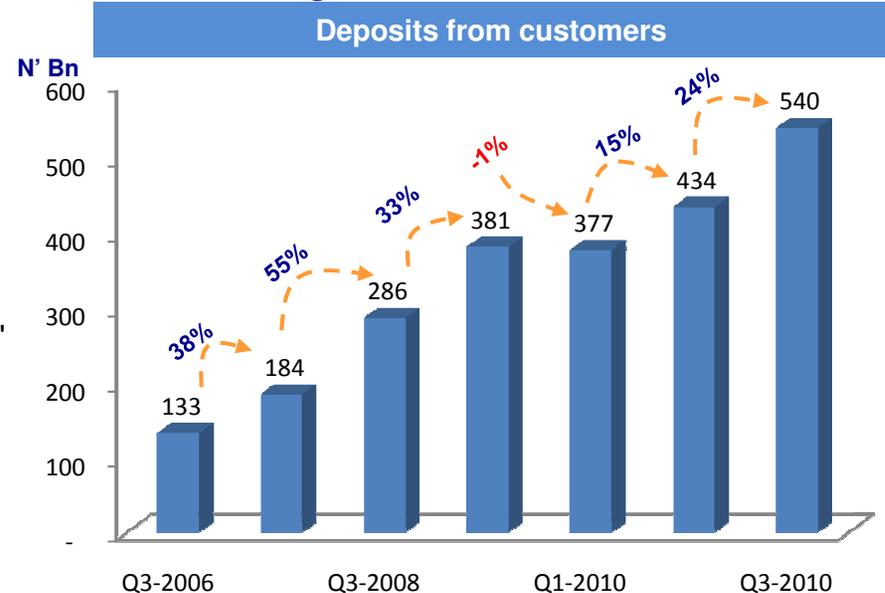
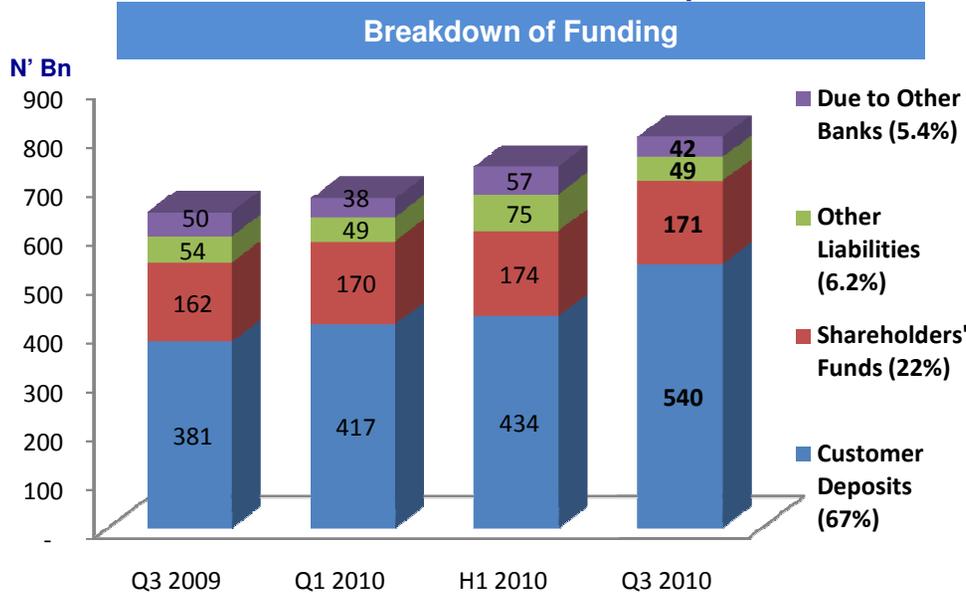
Liquid Assets (Q3 2010)



Comments

- Strong capital adequacy position. Capital Adequacy Ratio well in excess of regulatory minimum of 10%.
- Capital adequacy of 28% is robust enough to support business risks and contingencies.
- Highly liquid balance sheet. 40% actual liquidity ratio is strong and well above regulatory requirement of 25%.
- Very robust capital & liquidity stress test results

Low cost customer deposits continue to be a significant source of funds



Comments

- Funding base is diversified and stable. Customer deposits accounts for 67% of balance sheet.
- Strong customers' confidence evidenced by 24% growth in deposit base of the last quarter(Q: N540bn vs. N434bn).
- Improving mix as deposit growth continues, low cost deposits account for over 53% of total deposits; cost of funds was stable at 3.6% in Q3 2010(Q2 2010: 3.6%).
- Increased contribution from retail deposits



»»» Agenda

»»» Operating Environment

»»» Access Bank Overview

»»» Performance Review

»»» **Strategic Imperatives**

»»» Margin Management

»»» Cost Management

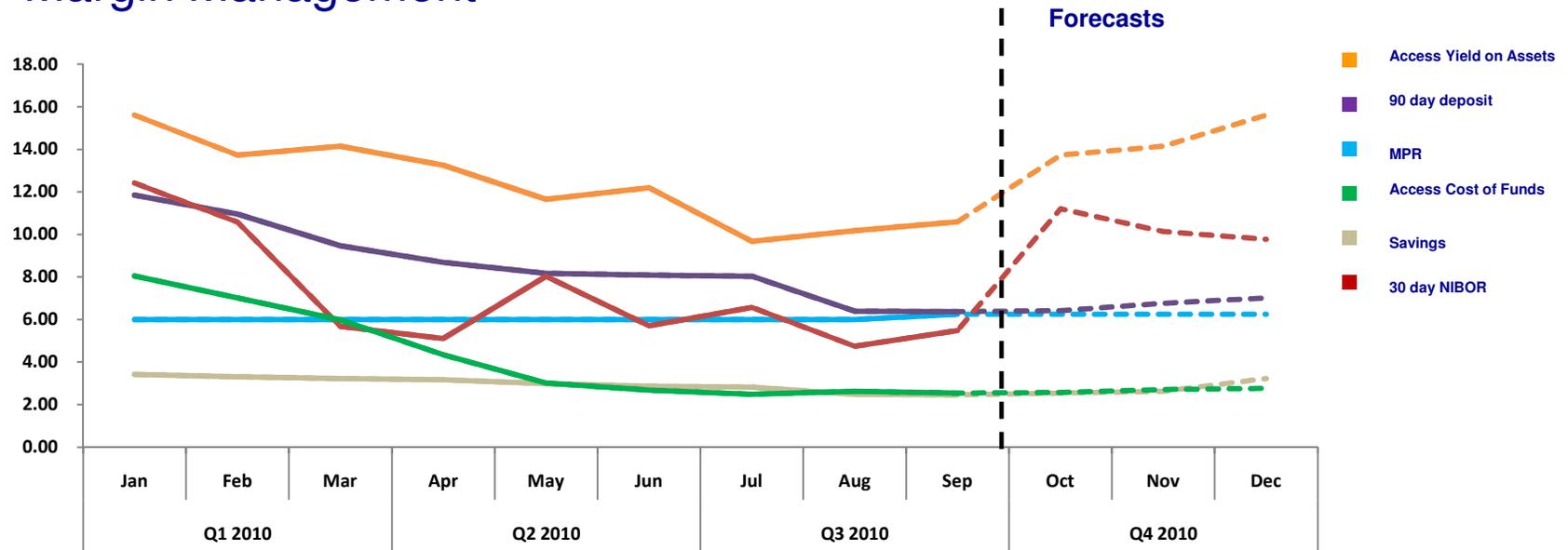
»»» Risk Management

»»» Regulatory Compliance

»»» Corporate Sustainability Strategy

»»» Fourth Quarter Outlook

Margin Management



»»» We expect margin improvement for the last quarter of the year

»»» Focus on low cost deposit through the retail group and ensure stability of our cost of funds

»»» Growth in loan book during the quarter with higher yields will lead to improved margin for fourth quarter

»»» Cost Management

- »»» Lean growth strategy is our organic play for scale
- »»» Standardization and automation of all our processes to reap full benefits of our central processing initiative
- »»» Sharp reduction in operational risk losses particularly income refunds
- »»» Leverage our cost advantage through our unique ability to pay best industry remuneration whilst still maintaining a leading cost to income ratio.
- »»» Continue to extract value and derive synergies from the UK and other subsidiaries by sustaining the implementation of our one-bank strategy

»»» Risk Management

- »»» The Bank has invested in the people, structures and processes necessary to take us to a functioning implementation of Basel II and best practice ERM. Highly respected CRO now on board
- »»» We have established a system that ensures an integrated view of risk, correlation/diversification benefits, ensuring all risks are addressed, and risk measurement/capital allocation/incentives are not faulty
- »»» Continue to conduct comprehensive risk stress testing.
- »»» Complete the upgrading of our Enterprise Risk Dashboard
- »»» Finalise ICAAP process
- »»» Resumption of aggressive recovery drive – Achieve full year target of ₦5 billion

Regulatory Compliance

ERM

- »»» All key staff of enterprise risk functions now in place
- »»» Operation, market risk and ALM functions are rating pluses.
- »»» Significant improvement in credit risk and by 2012 we aim to be amongst industry leaders.

Basel II

- »»» All risk policies are Basel II compliant

IFRS

- »»» Road map requires banks to have implemented IFRS by 2012. Access bank is the recognized leader in this respect and will implement by 2011

Prudential Guidelines

- »»» Well ahead of CBN prescribed deadline for compliance

NFIU Compliance

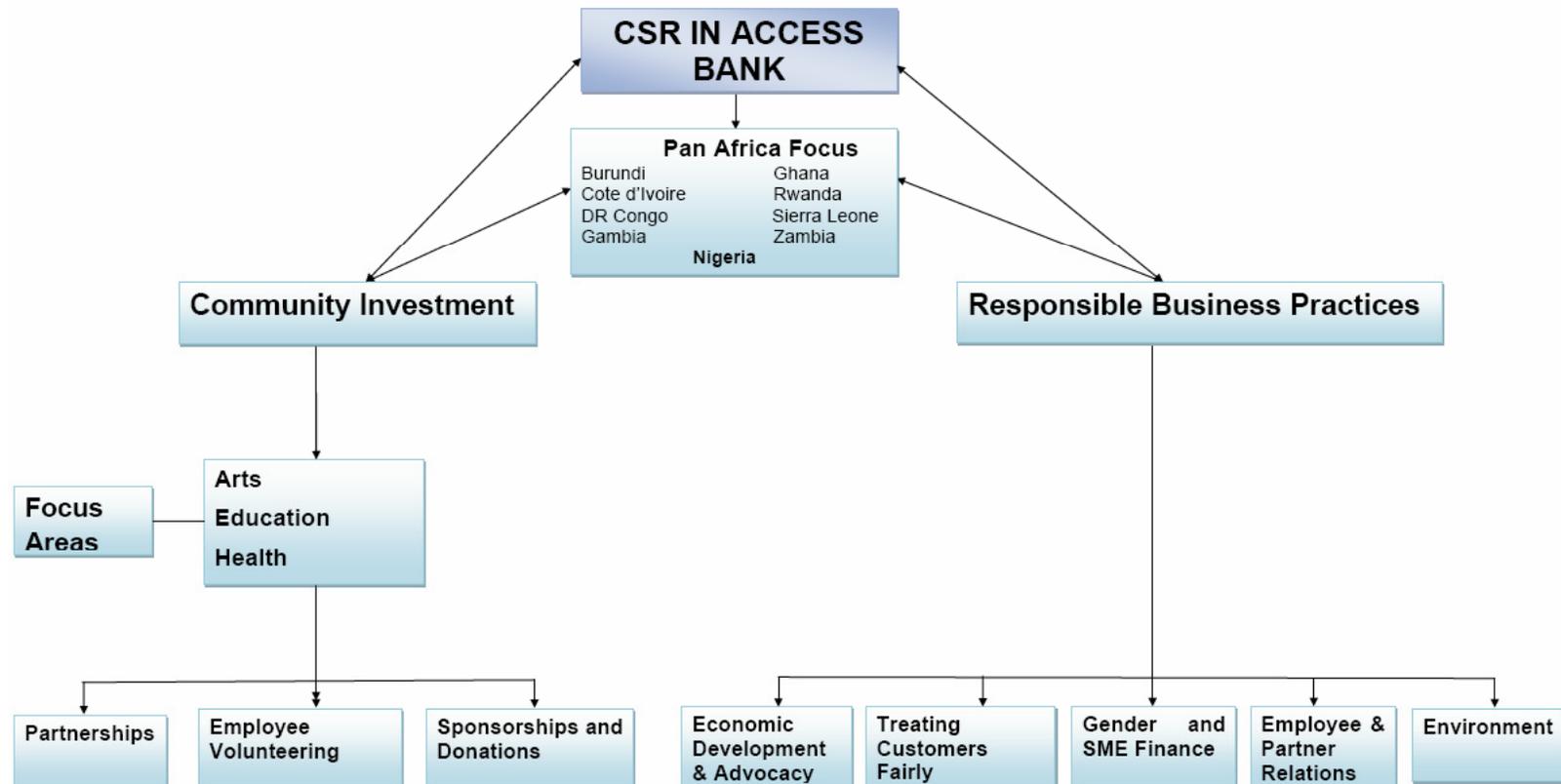
- »»» Currently ranked #2 in Banking Industry

New Banking Model

- »»» Non banking businesses is not a significant element of our banking model. Our Capital base of ₦170billion is about 320% of minimum required for International commercial banking license. Board of Directors has approved the disposal of non bank subsidiaries and the conversion of Universal banking license into International banking license.

Corporate Sustainability Strategy

- » Sustainability is now considered an emergent business driver that affects shareholder value.
- » Our sustainability strategy involves a broad range of compliance-related activities, innovative employee engagement strategies and societal investments that are relevant to our core business interests.
- » Effective implementation of our sustainability strategy can only result in operational excellence



»»» Agenda

»»» Operating Environment

»»» Access Bank Overview

»»» Performance Review

»»» Strategic Imperatives

»»» Fourth Quarter Outlook

»»» Fourth Quarter Outlook

- »»» Leverage on enhanced market position towards signing on more institutional clients (public & private sector) and increase market share
- »»» Increase our customer count
- »»» Diversify earning base: Increase market share of industry's commission and fee income.
- »»» Upscale alternative delivery platforms – Cash management and payments.
- »»» Intensify and implement on-going initiatives on service delivery across the group .
- »»» QoQ Targets;
 - »»» Deposit growth: 20%
 - »»» Loan growth: 10%
 - »»» Cost to Income : 60%
 - »»» NPL ratio: 10%