

»»» ACCESS BANK PLC

Q2 2009 RESULTS PRESENTATION TO INVESTORS AND ANALYSTS

30 October 2009

»»» Presentation Outline

»»» Regulatory and Market Environment

»»» Growth in Top Line Earnings Affected By Exceptional Item

»»» Strong Capital and Liquidity Ratios

»»» Q3 2009 Strategies

Regulatory and Market Environment

The Nigerian Economy

Key Indices At A Glance				
VARIABLE	2009 Q1	2009 Q2	2009 Q3 (est.)	COMMENTS ON Q2 PERFORMANCE
GDP (%)	5.13	5.85	3.2%	<ul style="list-style-type: none"> Consistent increase in the contribution of non-oil sectors: Agricultural, Wholesale & retail trade and Services . Growth in the relative contribution of crude petroleum and natural gas production from -1.72% to 0.57%.
Inflation: Headline (%)	11.2	11.1	12.6	<ul style="list-style-type: none"> Fall in food Consumer Price Index (CPI) due to increase in agricultural supplies. Weak demand due to low government spending & tight liquidity. Inflation is expected to increase as a result of the usual growth of spending around the Christmas festive period.
Exchange Rate (\$/N)	146.75	151.01	149.14	<ul style="list-style-type: none"> Declining FX earnings/inflows Persistent high demand for FX Liberalization of the FX market
Foreign Reserves (\$'Bn)	43.9	40.9	46%	<ul style="list-style-type: none"> High FX demand Dwindling foreign capital inflows
Oil Price [\$pb]	46.65	69.89	75.80	<ul style="list-style-type: none"> Increase due to improving global economic activity from a combination of bullish reports on the US manufacturing sector, European banking industry and the Chinese economy.



Regulatory and Market Environment

Stock Market Performance Highlights

KEY INDICES	30 June 2009	30 September 2009	% Change (June vs. September)
Market Capitalization	₦ 8.8 trillion	₦ 7.81 trillion	-11%
The NSE All-share Index	26,861.55	22,065.00	-18%
Total Turnover Volume	27.19bn shares	47.97bn shares	76%
Total Turnover Value	₦ 193.43bn	₦ 427.53bn	121%
Average Daily Volume	298m shares	749.58m shares	152%
Average Daily Value	₦ 2.12bn	₦ 6.68bn	215%



Regulatory and Market Environment

Key Developments in the Banking Industry

CBN's Assessment on Liquidity, Capital adequacy and Corporate governance of Banks.

SOUND BANKS

- Access Bank
- Diamond
- Ecobank
- FCMB
- Fidelity
- First Bank
- GTBank
- StanbicIBTC
- NIB (Citi Bank)
- Stanchart
- Skye
- Sterling
- UBA
- Zenith

GRAVE CONDITION

- Afribank
- Finbank
- Intercontinental
- Oceanic Bank
- PHB
- UBN
- Spring
- ETB

RECAPITALISE

- Wema Bank
- Unity Bank

CBN Reform Agenda Next Steps

- CBN stated that the conclusion of the bank audit represents the first phase of the process of restoring financial sector stability in the economy.
- Continued the focus on building capacity within the regulatory regime
- Fast-tracking the implementation of risk-based, consolidated and cross border supervision frameworks
- Easing flow of credit, particularly to the real sector of the economy improving governance structures & practices in the financial services sector
- Improving confidence in the economy.

»» Presentation Outline

»» Regulatory and Market Environment

»» **Growth in Top Line Earnings Affected By Exceptional Item**

»» Strong Capital and Liquidity Ratios

»» Q3 2009 Strategies

➤➤➤ Growth in Top Line Earnings

Income Statement

Naira million	Group Q2 2009 YTD	Group Q2 2008 YTD	% Change	Bank Q2 2009 YTD	Bank Q2 2008 YTD	% Change
Gross Earnings	<u>64,326</u>	<u>49,190</u>	31%	<u>57,911</u>	<u>46,187</u>	25%
Net Interest Income	27,713	22,155	25%	25,545	21,247	20%
Other Operating Income	15,952	11,671	37%	12,999	10,303	26%
Operating Expenditure	(22,214)	(17,789)	25%	(16,370)	(14,667)	12%
Operating Profit	21,451	16,037	34%	22,174	16,883	31%
Provision for Risk Assets	(4,779)	(1,861)	157%	(4,061)	(1,759)	131%
Net Profit before Tax & Exceptional Item	16,672	14,176	18%	18,113	15,124	20%
Exceptional Item	(30,894)	-		(30,894)	-	
Profit /(Loss) Before Tax & After Exceptional Item	(14,222)	14,176	-200%	(12,781)	15,124	-185%
Estimated Taxation	2,463	(4,988)	-149%	2,595	(4,840)	-154%
Profit After Tax	(11,759)	9,188	-228%	(10,187)	10,284	-199%
Minority Interest	115	(11)	-1160%	-	-	
Profit/ (Loss) After Tax and Minority Interest	(11,644)	9,177	-227%	(10,187)	10,284	-199%

»»» Growth in Top Line Earnings

Profitability By Quarter

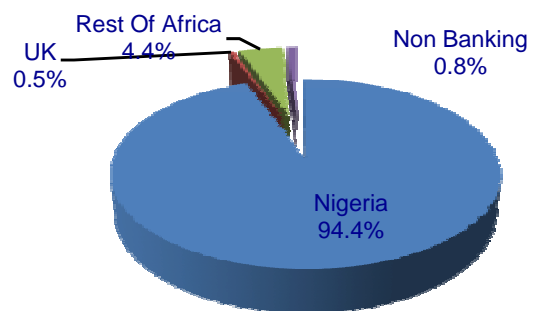
Naira million	Q2 2009 YTD	Q2 2008 YTD	%	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Net Interest Income	27,713	22,155	25%	13,152	14,561	9,230	13,791	12,466	9,689
Net Commission and fees	11,961	10,099	18%	6,177	5,784	2,166	3,072	4,752	5,347
FX and Other income	3,991	1,572	154%	3,420	571	6,947	2,811	734	838
Net Operating income	43,665	33,826	29%	22,749	20,916	18,343	19,674	17,951	15,875
Salaries and related expenses	(7,257)	(5,811)	25%	(3,205)	(4,052)	(2,037)	(3,506)	(3,162)	(2,649)
Administrative expenses	(14,957)	(11,978)	25%	(7,285)	(7,672)	(7,568)	(6,785)	(6,274)	(5,703)
Operating expenses	(22,214)	(17,789)	25%	(10,490)	(11,724)	(9,606)	(10,290)	(9,437)	(8,352)
Operating profit	21,451	16,037	34%	12,259	9,192	8,737	9,384	8,514	7,523
Provision for Risk Assets	(4,779)	(1,861)	157%	(718)	(4,061)	(4,532)	(1,579)	(1,861)	-
Net Profit Before Tax & Exceptional Item	16,672	14,176	18%	11,541	5,131	4,205	7,804	6,653	7,523
Exceptional Items	(30,894)	-		(30,894)	-	-	-	-	-
Pre-tax Profit/(Loss) after Exceptional Items	(14,222)	14,176	-200%	(19,354)	5,131	4,205	7,804	6,653	7,523
Income(Tax)/Savings	2,463	(4,988)	-149%	1,471	(992)	(611)	(1,772)	(1,520)	(1,468)
After Tax Profit/(Loss)	(11,759)	9,188	-228%	(17,883)	4,139	3,594	6,032	5,133	6,054

➤➤➤ Growth in Top Line Earnings

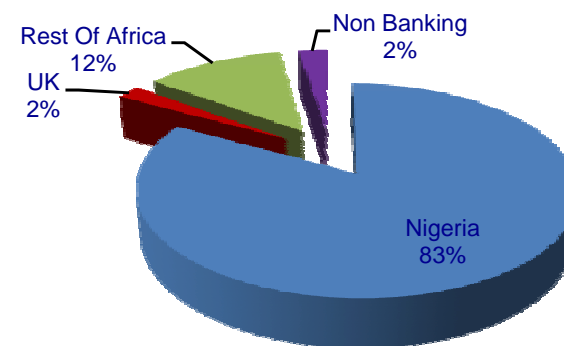
Subsidiaries Performance - Profitability By Country

Naira Million	Gambia	Sierra Leone	Burundi	Congo	Rwanda	Cote d'ivoire	UK	Zambia	Ghana	Others - Non banking	Total
Net Interest income	132	113	192	119	715	311	124	35	216	209	2,168
Provision for loan loss	0	(22)	(22)	0	(466)	0	0	0	(139)	0	(650)
Other operating income	275	113	310	244	600	382	285	269	194	289	2,960
Net Earnings	407	203	481	363	849	693	409	304	271	498	4,478
Operating expenses	(370)	(252)	(353)	(372)	(1,051)	(1,207)	(1,111)	(585)	(279)	(338)	(5,919)
Profit before Tax	36	(49)	127	(8)	(202)	(514)	(702)	(281)	(8)	160	(1,440)

Net Interest Income



Net Commissions and Fees



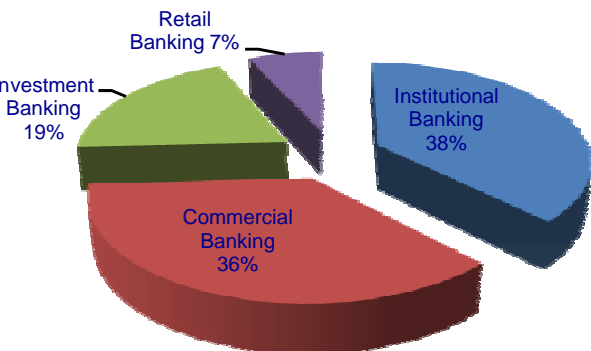
- Parent still accounts for 90% of revenue

➤➤➤ Growth in Top Line Earnings

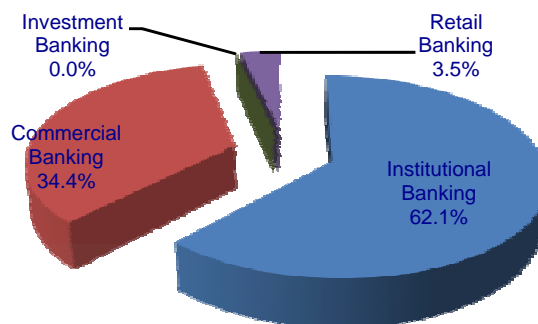
Profitability By Business Segment

	Institutional Banking			Commercial Banking			Investment Banking			Retail Banking		
	Q2 2009	Q2 2008	% Change	Q2 2009	Q2 2008	% Change	Q2 2009	Q2 2008	% Change	Q2 2009	Q2 2008	% Change
Gross Earnings	27,938	22,501	24%	23,829	20,644	15%	7,005	4,118	70%	5,554	1,928	188%
Net Interest Income	9,278	8,222	13%	15,005	11,816	27%	758	569	33%	2,672	1,547	73%
Operating Profits	10,738	8,507	26%	6,879	5,572	23%	2,924	1,438	103%	911	520	75%
Profit Before Tax & After Exceptional Item	(11,555)	7,520	-254%	(5,910)	4,925	-220%	2,924	1,438	103%	319	293	9%

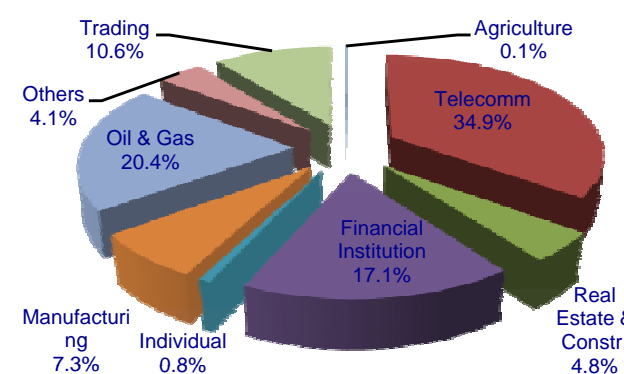
Operating Profit by Business Segment



Exceptional Loan Loss Charge by Business Segment



Exceptional Loan Loss Charge by Industry

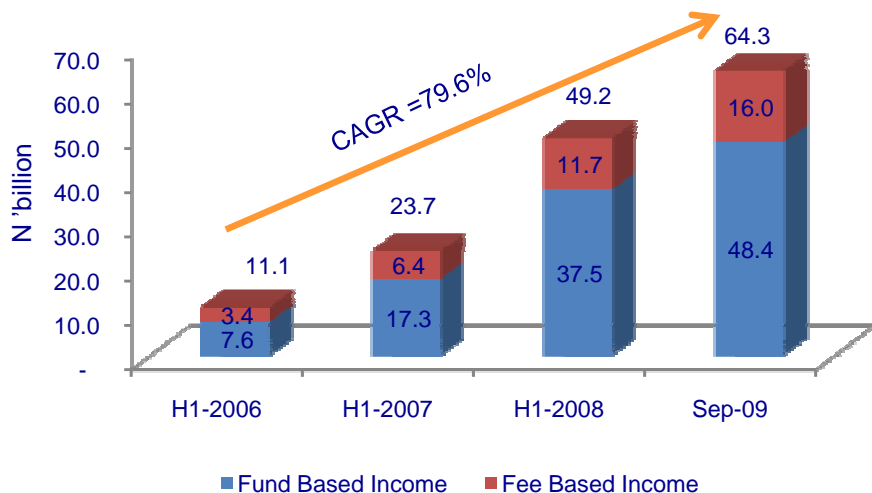


- Earnings and operating profitability grew across all divisions
- Operating from segment well diversified
- Exceptional provision for risk assets concentrated on institutional banking clients

»»» Growth in Top Line Earnings

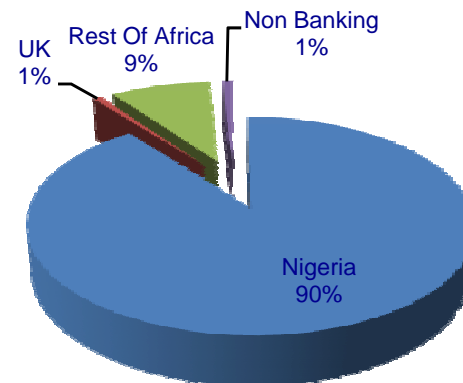
Income Statement Analysis: Earnings Sustained in Challenging Conditions

Gross Earnings Evolution

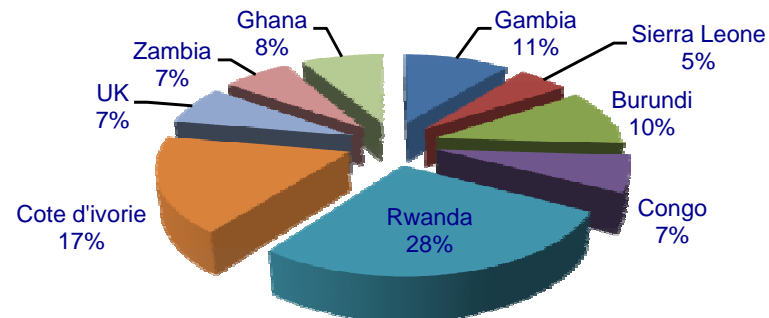


- Solid growth in Gross Earnings: CAGR of 79.6% since 2006
- Sustainable earnings as fund-based income represents over 70% of gross earnings in the last three years

Gross Earnings By Geography



Gross Earnings Contribution Outside Nigeria

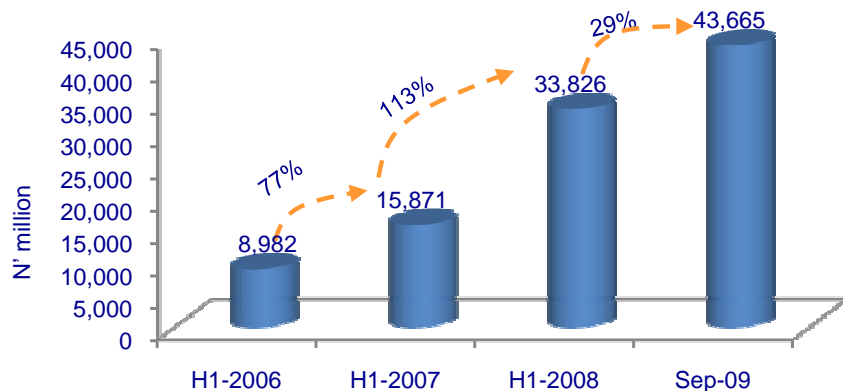


- Significant growth of 10% (H12008: 4%) in subsidiaries contributions to revenue

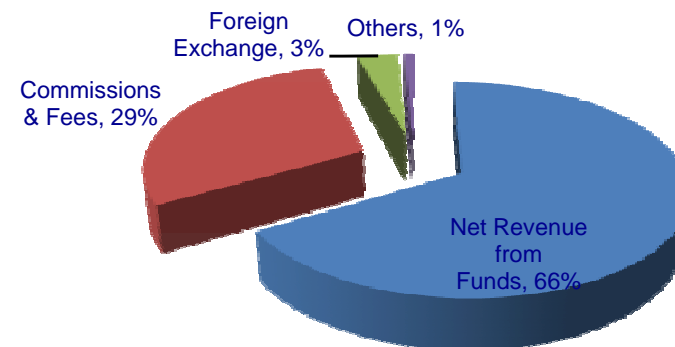
»»» Growth in Top Line Earnings

Income Statement Analysis : Net Earnings

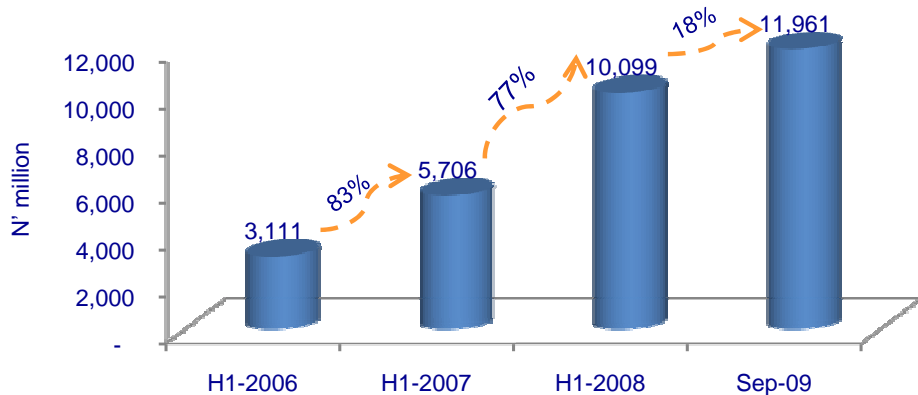
Net Earnings



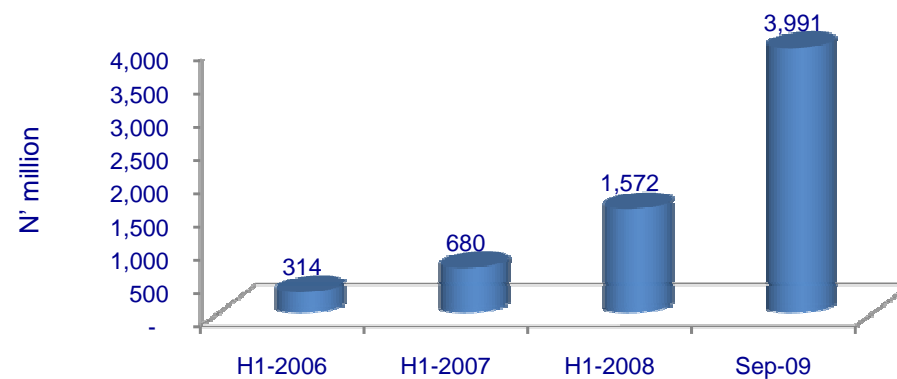
Breakdown of Q2 2009 Net Earnings



Net Fee and Commission



FX and Other Income



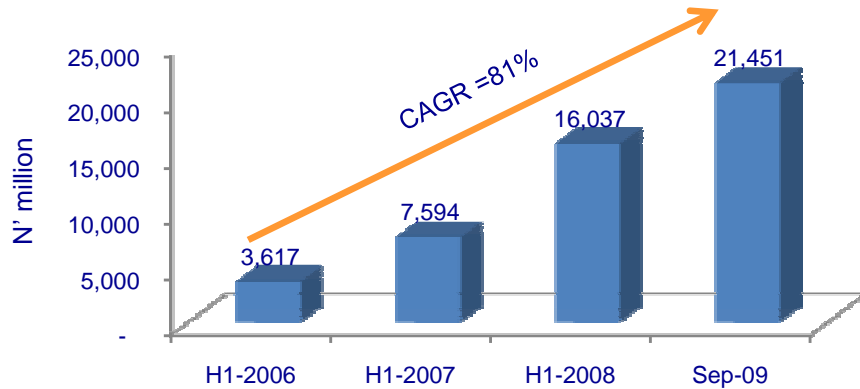
■ Sustained growth across all earnings mix

■ Included in FX and other income is a recovery of N2.3 billion made in September 09

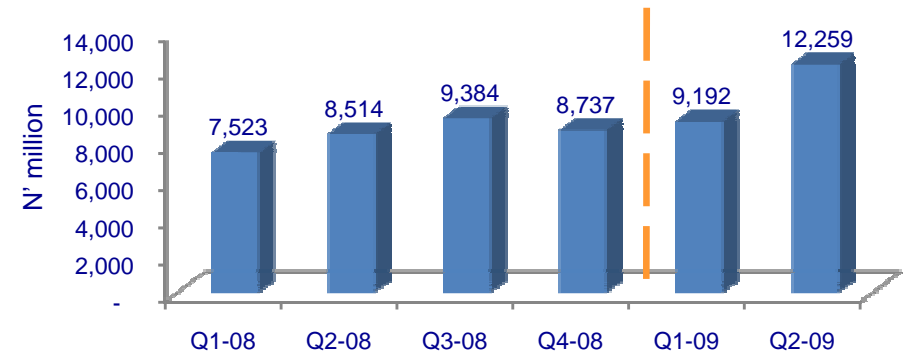
➤➤➤ Growth in Top Line Earnings

Bottom Line Negatively Impacted By Exceptional Losses

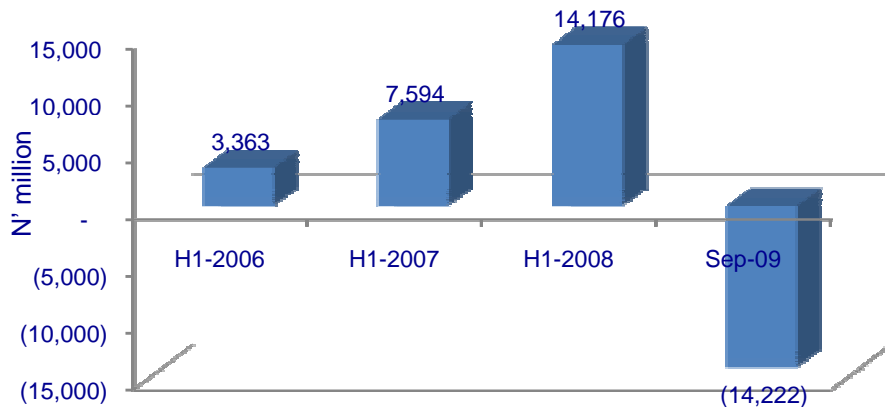
Operating Profit



Operating Profit By Quarter



Profit Before Tax & After Exceptional item

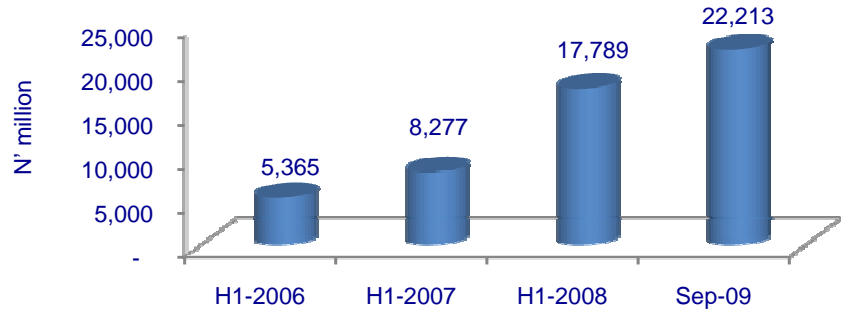


- Operating profit growth maintained in tough environment
- Bottom line impacted negatively by N30.9 in exceptional provision
- Difficult operating environment
 - ✓ Low level of economic activities and loan reduction growth
 - ✓ Increased cost of doing business
 - ✓ Intensely competitive environment

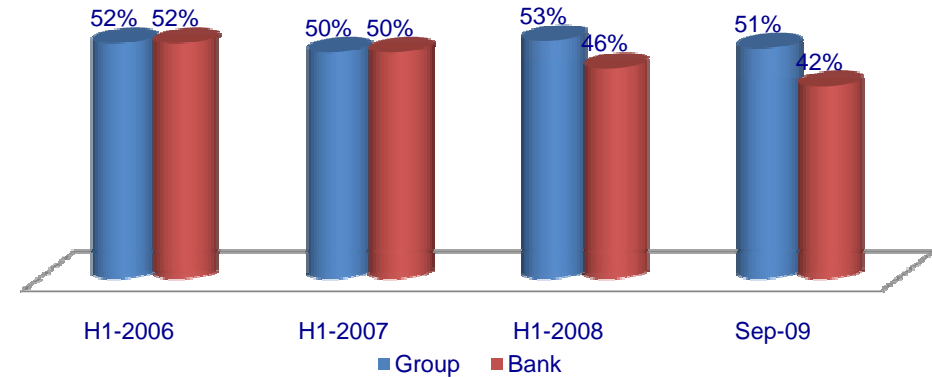
➤➤➤ Growth in Top Line Earnings

Income Statement Analysis: Efficient Cost Management

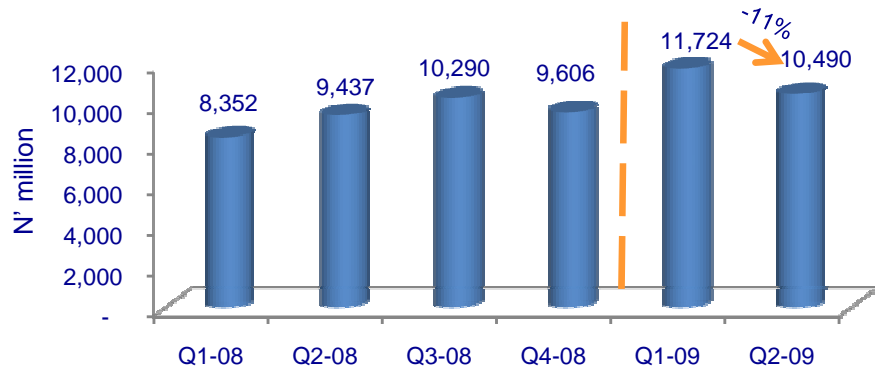
Operating Expenses



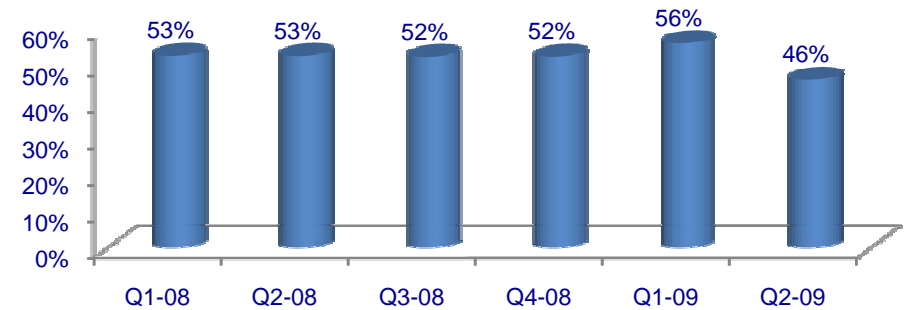
Cost to Income Ratio: Group Vs Bank



Operating Expenses By Quarter



Cost to Income Ratio By Quarter



- Lean Growth Strategy Project Implementation commenced in Q2 2009

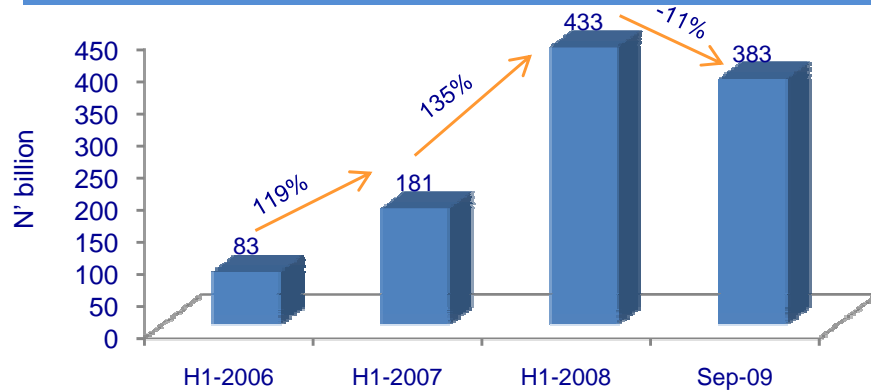
Balance Sheet

Naira (million)	Group Q2 2009	Group Q1 2009	% Change	Group Q2 2008	Bank Q2 2009	Bank Q1 2009	% Change	Bank Q2 2008
Cash and Short term funds	109,005	114,916	-5%	106,220	80,785	81,555	-1%	84,593
Short term Investment	41,213	48,946	-16%	55,389	36,739	21,851	68%	51,298
Managed Funds	5,366	3,677	46%	-	-	-	-	-
Loans and Advances	385,390	436,844	-12%	432,717	361,655	415,470	-13%	416,867
Other Assets	47,154	52,341	-10%	37,980	39,483	50,918	-22%	36,123
Long term investments	35,057	8,973	291%	42,819	55,360	55,016	1%	45,670
Fixed Assets	25,213	24,604	2%	18,625	18,193	18,336	-1%	15,036
Equip. on lease	1,486	1,466	1%	1,523	1,473	1,466	0%	1,523
Goodwill	1,738	1,738	0%	-	-	-	-	-
Total Assets	651,623	693,506	-6%	695,273	593,688	644,611	8%	651,111
Deposits & Other Accounts	381,321	367,397	4%	311,400	343,930	340,444	1%	286,304
Due to Other Banks	35,798	35,548	1%	117,161	27,733	25,452	9%	115,366
On-lending Facilities	14,235	18,419	-23%	8,128	13,811	15,186	-9%	8,033
Access Bond & Subordinated Debt	6,480	6,453	0%	11,948	5,976	5,976	0%	11,948
Other Liabilities	44,437	72,956	-39%	52,633	37,528	68,120	-45%	57,669
Managed Funds	5,366	3,677	46%	11,948	-	-	-	-
Shareholders' Equity	163,985	189,054	-13%	182,056	164,710	189,434	-13%	171,793
Total Liabilities and Equity	651,623	693,506	-6%	695,273	593,688	644,611	828%	651,111
Contingencies	157,189	162,858	-3%	182,828	144,047	144,321	0%	157,398
Total Balance Sheet Size	808,812	856,363	-6%	878,101	737,734	788,932	-6%	808,509

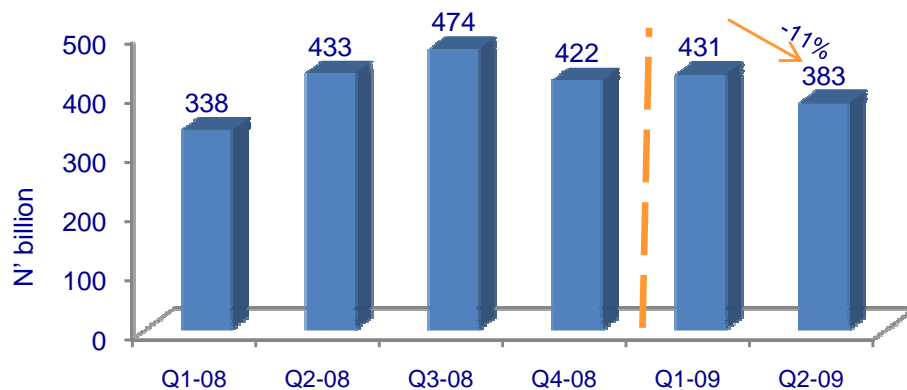
Balance Sheet Analysis

Asset Quality

Loans and Advances

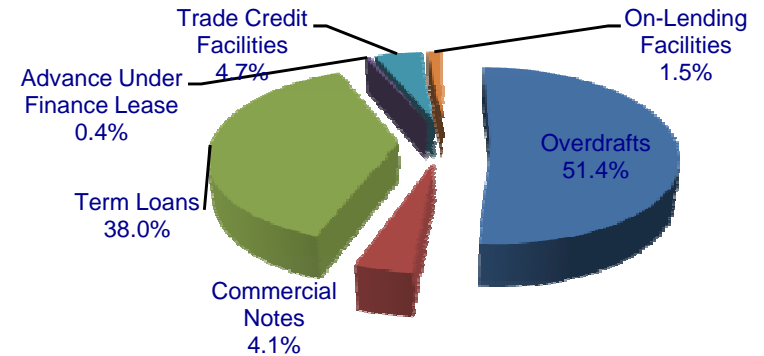


Loan Book By Quarter

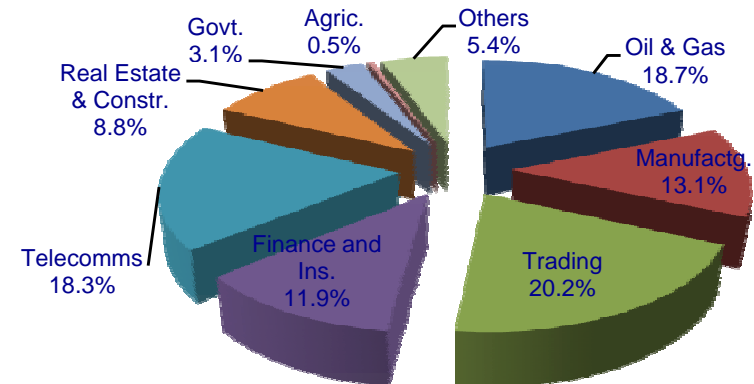


- Continued derisking of the balance sheet as evidenced in 12% reduction in the loan book between Q1 and Q2 2009

Loan Book By Product



Distribution of Loan Book By Industry



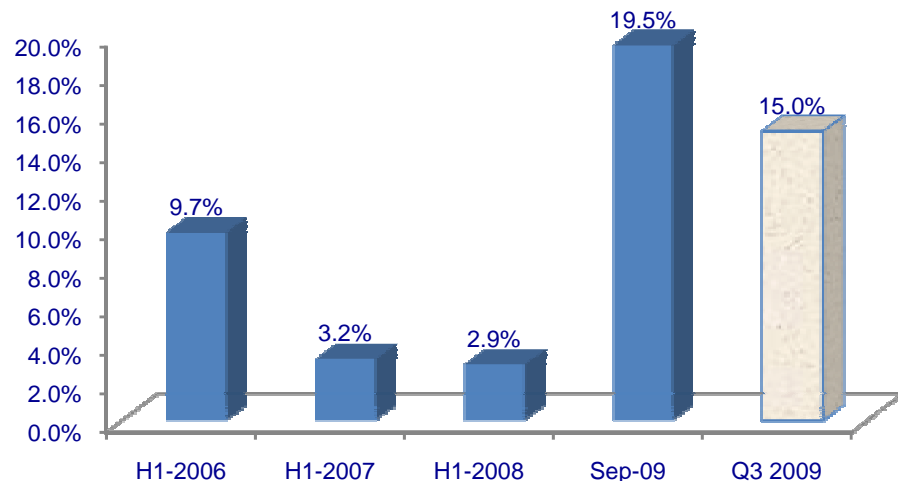
- Continuous diversification of loan book and reduction in industry concentration. Oil & Gas exposure reduced to 18.7% (Q2 2008: 32%)
- Limited exposure to public sector



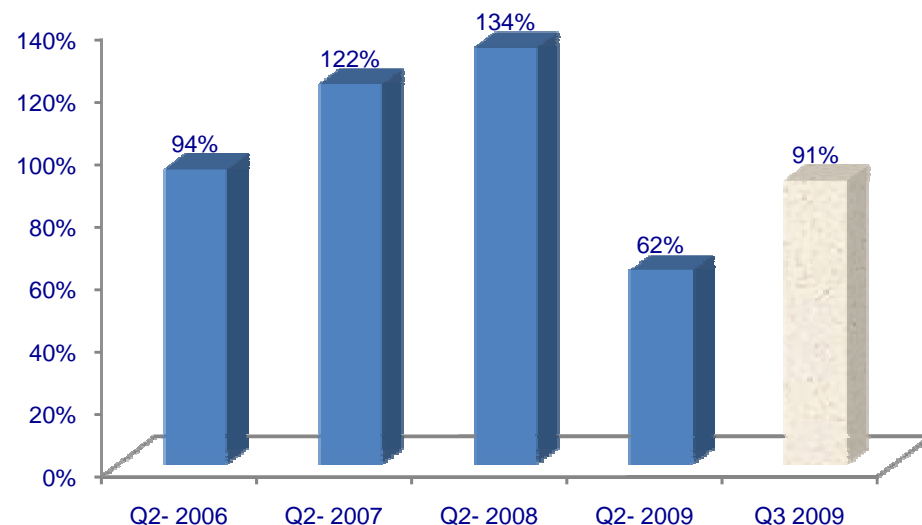
Balance Sheet Analysis

Asset Quality: Recovery

Non-Performing loans/Total Loans



Cumulative Provisions on NPL



- Projected recovery of N10 billion for Q3 (N2.2billion recovered in September 09)
- Margin loan provisions greater than 100% coverage despite market drop by 15.4% between June and September 09
- Spike in gross NPL due to classification of exposure to Telecomm / Power infrastructure provider with potential for recovery and declassification
- Non performing facility to downstream oil & gas provided for
- Very conservative approach to loan loss provisioning adopted by Examiners

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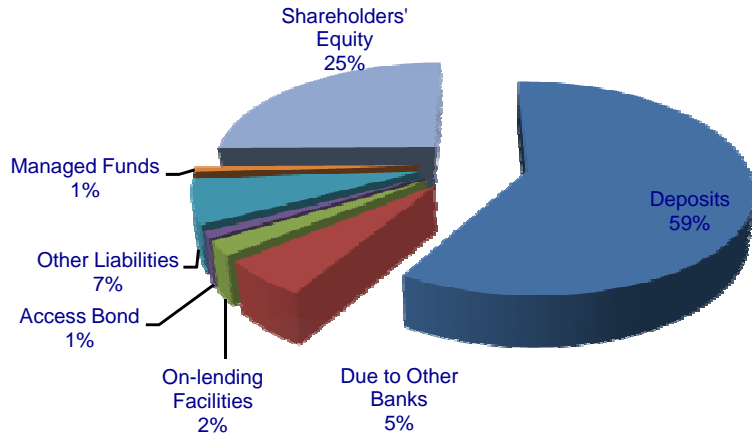
»» **Strong Capital and Liquidity Ratios**

»» Q3 2009 Strategies

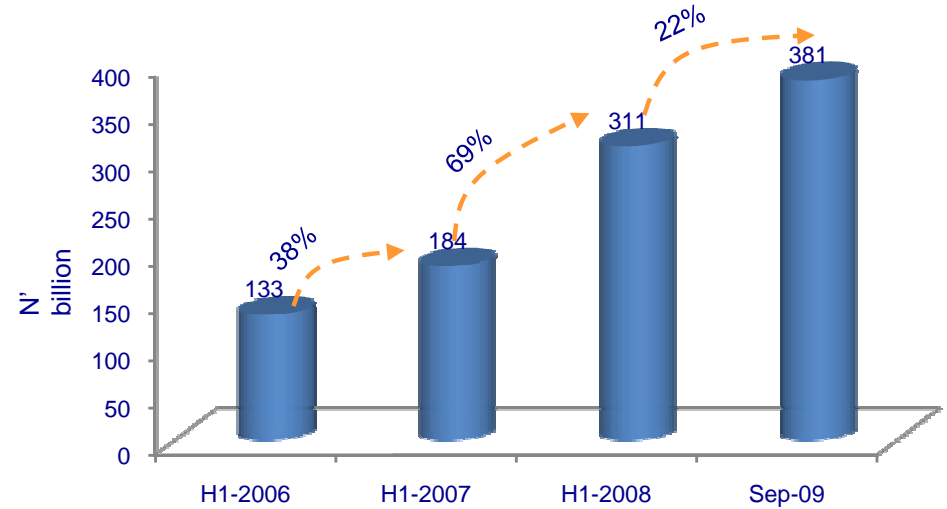
Balance Sheet Analysis

Funding and Liquidity

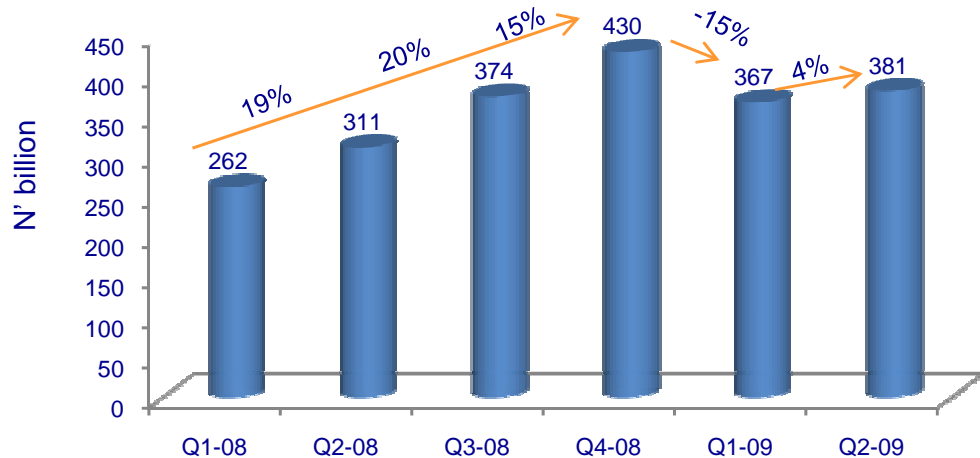
Breakdown of Funding



Deposits from customers



Quarterly Growth in Deposits

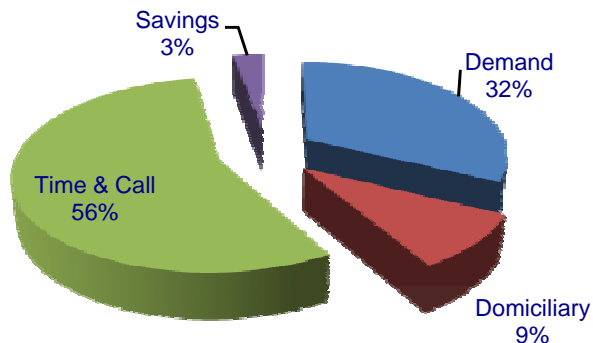


- Diversified and stable sources of funding
- Increased customer confidence as evidenced by the 22% growth in deposits between Q2 2008 and 2009 and 4% increase between Q1 and Q2 2009
- The successful implementation of value chain strategy has insulated us from the risk of deposit run-off and attracted deposits to the Bank

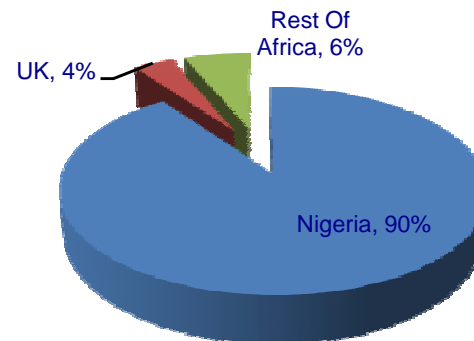
Balance Sheet Analysis

Funding and Liquidity

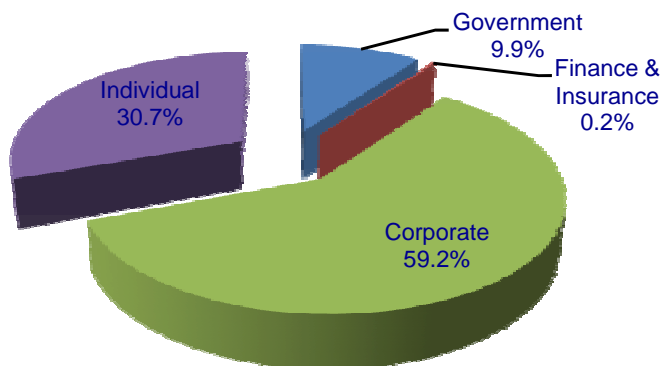
Deposit By Type



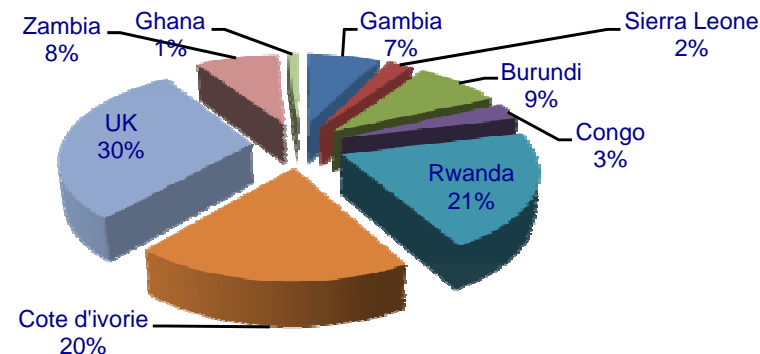
Deposit By Geography



Deposit By Customer



Deposit Contribution Outside Nigeria



- Growing market share of retail deposits
- Manageable exposure to public sector funds, accounting for less than 10% of total deposits

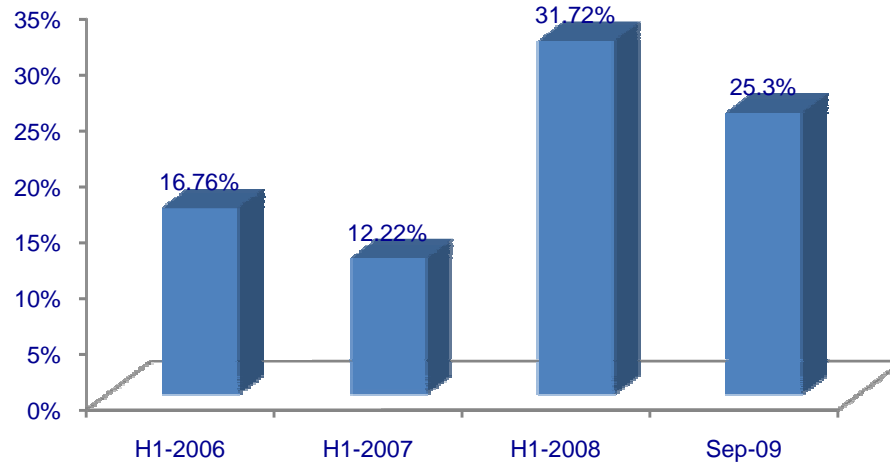
- Improved deposit contribution from subsidiaries Q2 2009: 10% (Q2 2008: 8%)
- Continued focus on subsidiaries deposit taking capacity



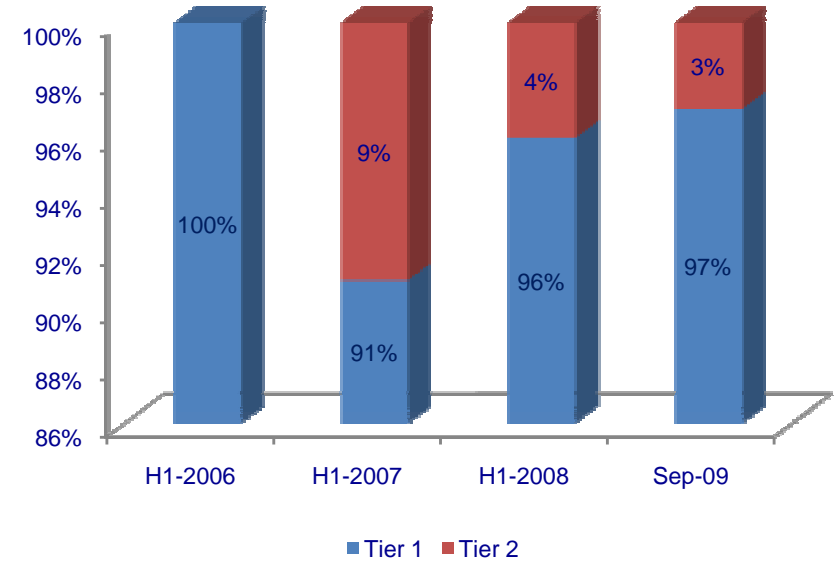
Balance Sheet Analysis

Capital Adequacy

Basel Ratio



Capital Structure Mix



- Very strong Tier 1 and total capital ratios at 25.3% and 24.8% respectively, which adequately supports business risks and contingencies. More than double the regulatory minimum of 10%
- Capital adequacy one of the strongest in the banking industry in Nigeria and beyond
- Substantial progress in reduction of risk weighted assets
- Strong capital will enable us to take advantage of evident market opportunities

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»»» **Q3 2009 Strategies**

»»» 3rd Quarter Strategies

Areas of Focus

Liquidity

- Retail and Individual Client Marketing Campaign through partnerships with Sports and News Media Partners.
- New Bond Issue
- Increase in Non Bank Financial Institutions Funding. PFAs, PFCs, Asset Management, Insurance companies constitute a major source of deposit liabilities for the banking industry.
- Asset Rationalization; Continue to exit in-efficient credit facilities to ensure that we enhance the quality of our loan portfolio.
- Group Treasury now fully functional
 - Reduction in cost of funds with efficient Transfer Pricing Model.
 - Key ratios of Bank, Country and SBU levels monitored online.

»»» 3rd Quarter Strategies

Areas of Focus

Cost Efficiency

- Engaged the services of Oliver Wyman in developing a lean and agile growth strategy focused on strategic cost management and revenue enhancements.
- Strong and tight expense controls
 - Slow down in expense growth to 12% from 30% YOY

Earnings

- Recoveries
 - Focused recovery efforts on portfolio of classified accounts
- Dealing Room-Expect strong contributions from fixed Income and FX trading.
- Reduction in cost of fund to improve NIM
 - Flight to quality/reduction in interest rates.

»» Thank You

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