

9M 2018

RESULTS PRESENTATION TO  
INVESTORS AND ANALYSTS

October 2018

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# Outline

- 1 Access Bank Overview
- 2 Domestic Operating Environment
- 3 Group Performance Review
- 4 Business Segment Review
- 5 Subsidiary Performance
- 6 Q4 Outlook

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# 1. Access Bank Overview

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# Group Fundamental Statistics

## Corporate Profile

Access Bank Plc. is a full service commercial bank operating through a network of about 398 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa and the United Kingdom.

**28.9bn**

Shares Outstanding

**₦473bn**   
Shareholders' Funds

**10million+**  
Customers



**4,454**

Professional Staff



**52%**

**48%**

## Listings

**THE Nigerian STOCK EXCHANGE**  
(Primary equity listing) RC: 2321

**Irish Stock Exchange**  
(\$400m Tier II bond)  
(\$300m Senior bond)

## Our Credit Ratings

MOODY'S	Aa3
FitchRatings	A+
STANDARD & POOR'S RATINGS SERVICES	A
Agusto & Co	AA-

We serve various markets through four (4) business segments:



Personal



SME



Commercial



Corporate

We have a wide range of channels to deliver seamless banking experience...



1,881  
ATMs



5.7m  
Cards



11,011  
POS



400  
Branches

## Awards & Recognitions

- Global Banking and Finance Review Award 2018 - Best Bank Investor Relations
- Karlsruhe Sustainable Finance Awards 2018 – Outstanding Business Sustainability & Outstanding Sustainability Leader of the Year
- Euromoney Awards 2018, Africa's Best Bank for Corporate Social Responsibility
- World Finance Awards 2018 - Most Sustainable Bank, Nigeria



# Our International Presence



## Africa



<b>Ghana</b>	
Branches(#)	46
Employee(#):	576
Equity(₦'bn):	55.7
PBT (₦'bn):	9.37



<b>Gambia</b>	
Branches(#)	6
Employee(#):	45
Equity(₦'bn):	3.5
PBT (₦'bn):	0.20



<b>Congo</b>	
Branches(#)	5
Employee(#):	76
Equity(₦'bn):	5.6
PBT (₦'bn):	0.83



<b>Sierra Leone</b>	
Branches(#)	4
Employee(#):	35
Equity(₦'bn):	1.6
PBT (₦'bn):	0.03



<b>Rwanda</b>	
Branches(#)	7
Employee(#):	82
Equity(₦'bn):	0.91
PBT (₦'bn):	0.59



<b>Zambia</b>	
Branches(#)	8
Employee(#):	72
Equity(₦'bn):	9.4
PBT (₦'bn):	0.71



## Nigeria

<b>Nigeria</b>	
Branches(#):	321
Employee(#):	3444
Equity(₦'bn):	410.4
PBT (₦'bn):	47.58

## Outside Africa



<b>United Kingdom</b>	
Branches(#)	3
Employee(#):	124
Equity(₦'bn):	90.3
PBT (₦'bn):	10.94



## Rep Offices



**Mumbai, India**

**Beirut, Lebanon**



**Shanghai, China**

**Dubai, United Arab Emirates**  
(Fully Licensed UK Branch)



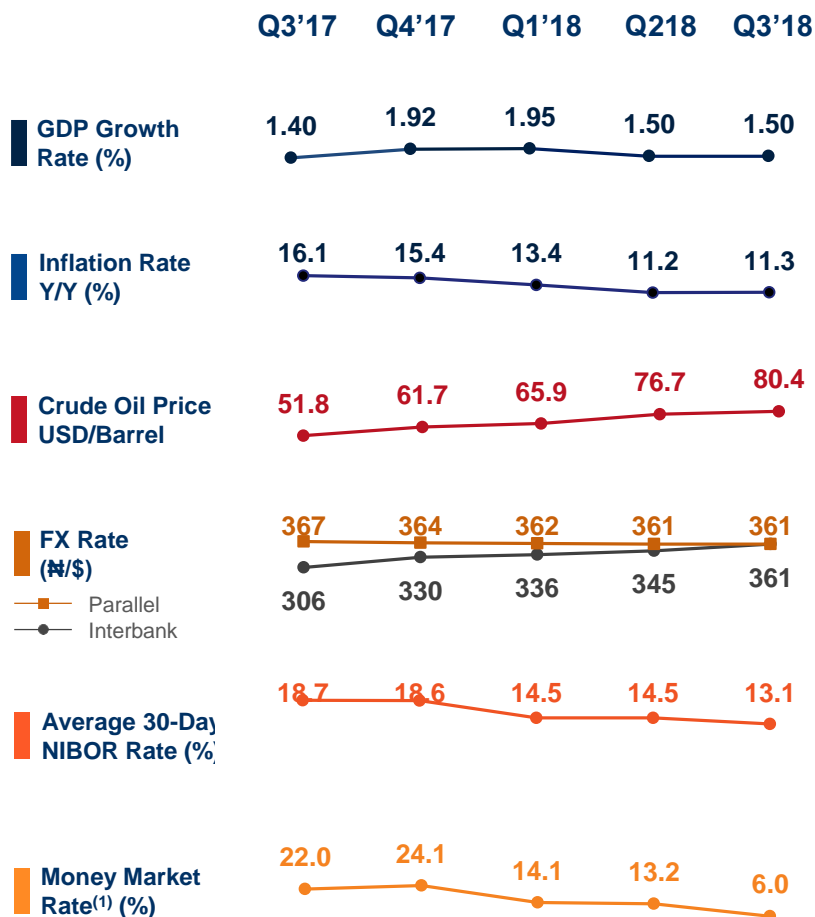
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## 2. Domestic Operating Environment

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# The Nigerian Economy

## Key Macroeconomic Indicators



## Comments

- While the recovery remains on course, growth momentum has slowed on the back of rising domestic and economic headwinds with a growth of 1.5% at Q2'18
- Headline inflation rose for the first time in 18 months to 11.23%, largely driven by a 13.2% y/y increase in food prices
- Oil prices held above \$70/b on the back of improved production levels and oil prices
- Persistent bearish run pushed the Nigerian Stock Market to a 15-Month Low
- The country's foreign reserves, declined to \$44.45bn as at September 2018 from a peak of \$47.86bn in May 2018, driven by dollars outflow and increased dollar supply by CBN

## 9M 2018 Regulatory Highlights

- CBN abolished charges on the sales of foreign exchange for invisible transactions
- CBN imposed a statutory provision for the collection and remittance of the 0.005% levy on all electronic transactions by the specified businesses upon the creation of the National Cyber-security Fund account
- CBN commenced implementation of the Non-Oil Export Stimulation Facility(NESF)
- Monetary Policy Committee maintained the Monetary Policy Rate (MPR)and Cash Reserve Ratio (CRR) at 14% and 22.5%, respectively

Source: CBN, National Bureau of Statistics (NBS), Financial Derivatives Company Limited (FDC), Business Monitor International (BMI)

(1) Call rate was used as an indicator for the Money Market Rate



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## 3. Group Performance Review

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# Group Financial Highlights

**Profitability**

<b>₦'million</b>	<b>9M'18</b>	<b>9M'17</b>	<b>Δ</b>
Gross Earnings	375,230	365,055	3%
Net Interest Income	122,950	121,473	1%
Operating Income	223,344	240,288	(7%)
Impairment Charges	(8,353)	(12,824)	(35%)
Profit Before Tax	70,268	72,910	(4%)
EPS (₦)	218	197	11%
Cost-to-Income (%)	64.8	64.3	0.5

**Balance Sheet**

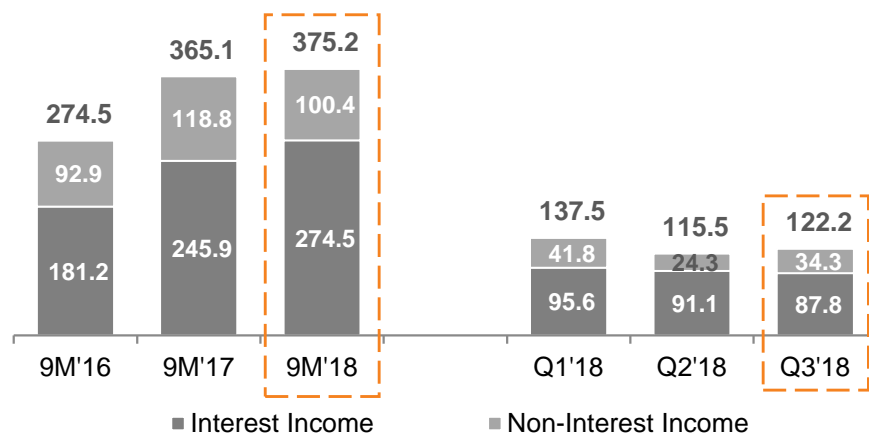
<b>₦'billion</b>	<b>Sep'18</b>	<b>Dec'17</b>	<b>Δ</b>
Loans and Advances	2,086	2,064	1%
Total Assets	4,555	4,102	11%
Customer Deposits	2,475	2,245	10%
Shareholders' Fund	473	515	(8%)

**Prudential Ratios**

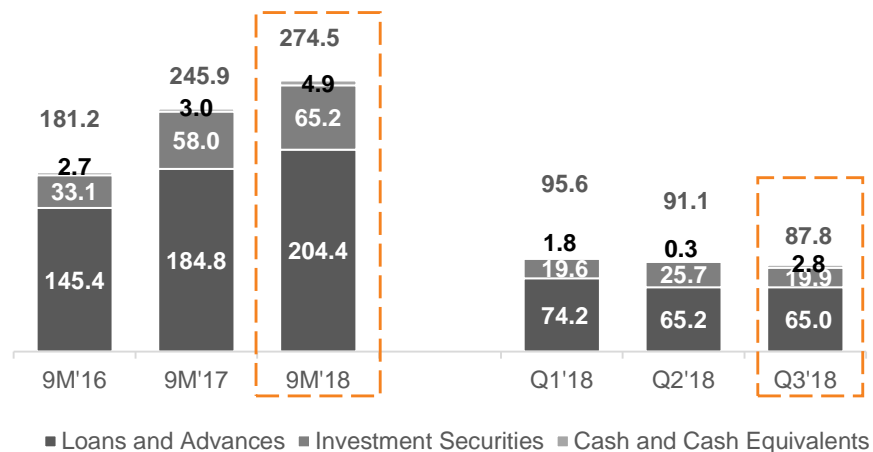
<b>Percentage (%)</b>	<b>9M'18</b>	<b>9M'17</b>	<b>Δ</b>
After-Tax ROAE	17.0%	15.7%	1.3
Capital Adequacy (%)	20.1%	20.5%	(0.4)
Liquidity (%)	44.2%	46.0%	(1.8)
Loan-to-Deposit	57.6%	72.3%	(14.6)

# Revenue

## Gross Earnings<sup>(1)</sup> (₦'bn)

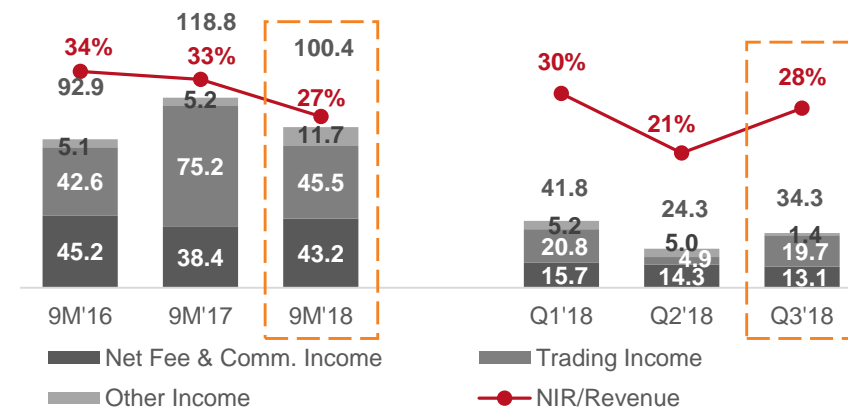


## Interest Income (₦'bn)



(1) Calculated as the sum of Interest Income, Fee & Commission Income, Net Gains (Losses) on Investment Securities, Net Foreign Exchange Income / (Loss) and Other Operating Income

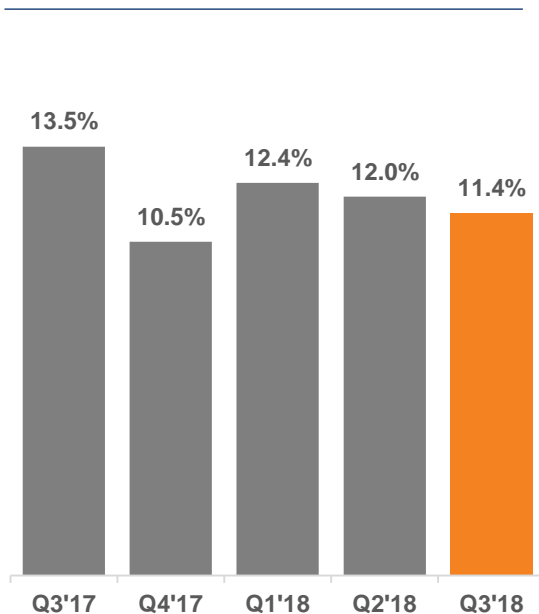
## Non-Interest Income (₦'bn)



- Gross earnings grew 3% to ₦375.2bn in the period (9M'17: ₦365.1bn), driven by 12% growth in interest income but tapered by 16% decline in Non interest income
- Interest income drivers ( up 12% y/y, 9M'17: ₦245.9bn):
  - 63% y/y growth in interest on Cash and Cash Equivalents
  - 12% y/y growth in income from investment securities
  - 11% y/y growth in interest on Loans and Advances
- Non-Interest Income drivers ( down 16% y/y, 9M'17: ₦118.8bn):
  - 12% y/y growth in net fee & Commission to ₦43.2bn underlined by increase in commissions on virtual products (30%), account maintenance charge and handling commission (+79%), credit related fees and commissions (up 26% y/y), and Channels and E-business income (+153%/y/y)
  - 127% y/y growth in other operating income to ₦11.7bn primarily driven by income from other financial services (+1387%)
  - Net trading income (-39% y/y) owing largely to net foreign exchange loss of ₦29.6bn (-125% y/y) which was significantly offset by net gains on investment securities (+282% y/y)

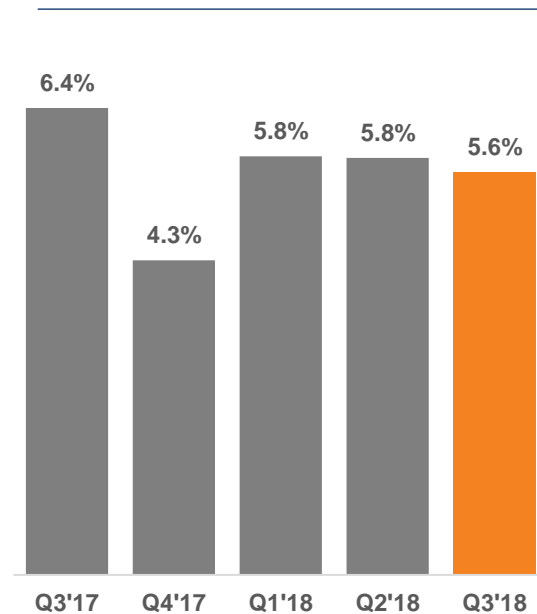
# Margin Analysis

## Yield on Assets (YoA)



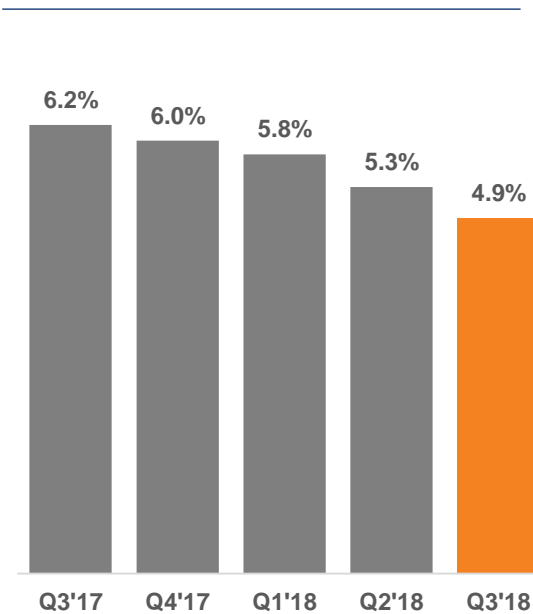
Yield on assets down 60bps to 11.4% in the period owing largely to declining yields on government securities in the period

## Cost of Funds (CoF)



Average Cost of Funds declined by 20bps q/q at 5.6% in Sep'18

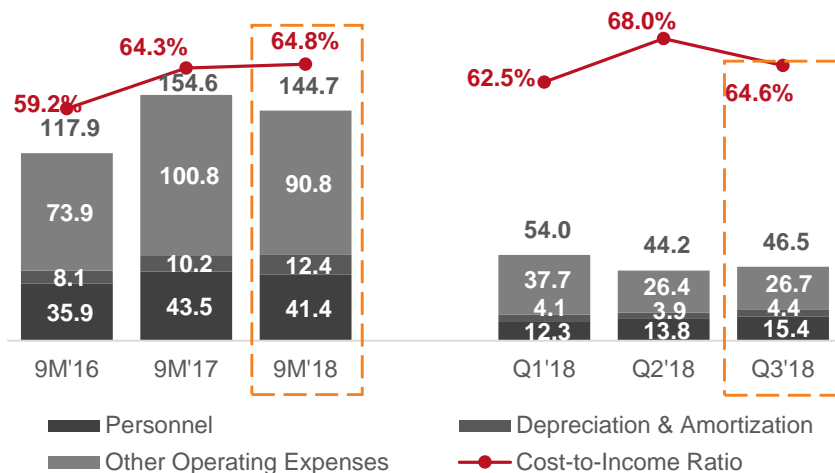
## Net Interest Margin (NIM)



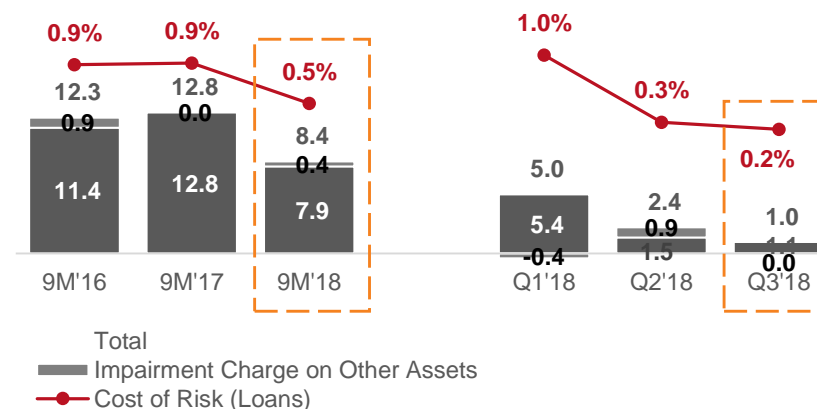
Net Interest Margin declined 40bps q/q to 4.9% due to the drop in yields on the Bank's earning assets

# Operating Expenses & Impairment Analysis

## Operating Expenses (₦'bn)



## Breakdown of Impairment Charges (₦'bn)

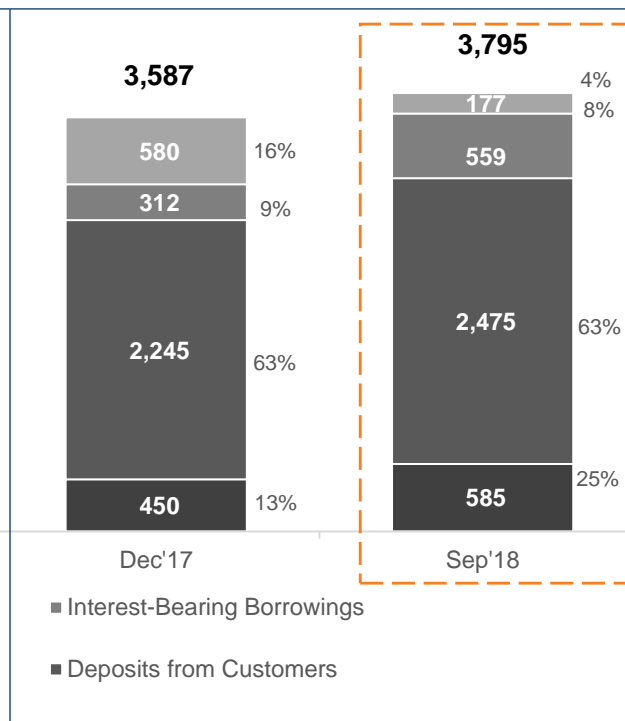
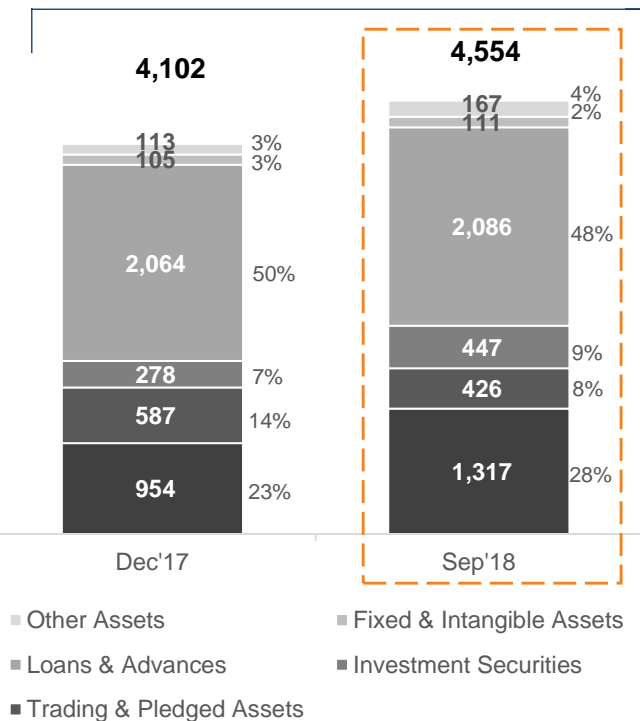


- Operating expense of ₦144.7bn in 9M'18 was down 6% y/y: (9M'17 ₦154.6bn ) but up 5% q/q (Q3'18 ₦46.5bn), reflecting the impact of the one-off adjustment in Q2. This reduction reflects the effectiveness of our effort in systematically reducing our cost profile. Key expense lines that reduced:
  - 70% y/y reduction in professional fees
  - 41% reduction in stationeries, postage and printing
  - 38% reduction in communication expenses
- Cost to income ratio increased 50bps y/y as a result of the decline in operating income for the period
- Expected credit loss charge of ₦8.4bn in 9M'18 down year on year by 35%(9M'17 : ₦12.8bn) and down 57% q/q
- Consequently, cost of risk decreased 40bps y/y to 0.5% in 9M'18 (9M'17: 0.9%) and 0.2% for the quarter

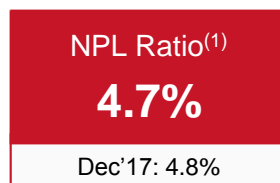
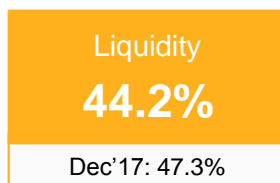
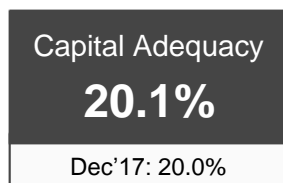
# Balance Sheet Snapshot

## Asset Mix (₦'bn)

## Total Liabilities (₦'bn)



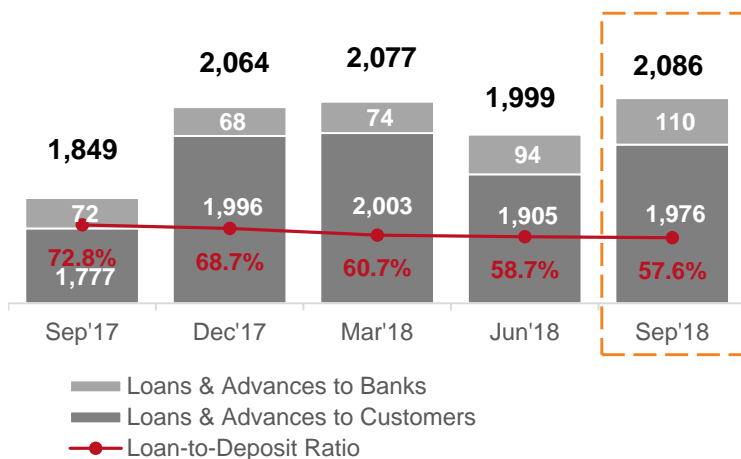
- Total assets grew by 11% to ₦4.55trn as at Sep'18 (Dec'17: ₦4.10trn)
- Well structured balance sheet management, with interest earning assets and non-interest assets accounting for 67% and 33% respectively
- Loans and advances of ₦2.09trn relatively flat ytd reflecting macro realities and cautious loan growth strategy
- Customer deposits grew by 10% y/y to ₦2.5trn in Sep18 from ₦2.2trn in Dec'17 with low cost deposits accounting for 45%.



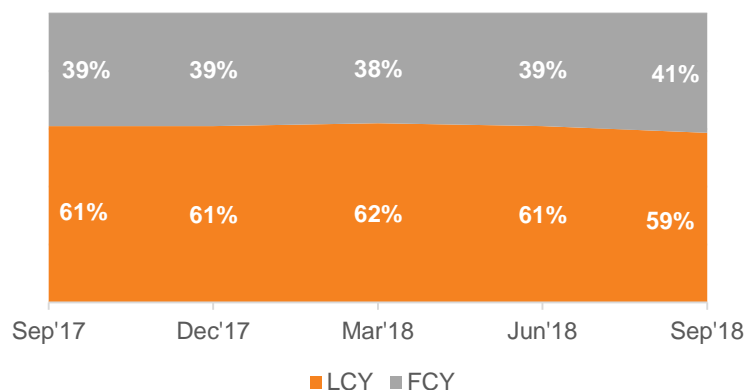
(1) NPL Ratio is calculated as Total Impaired Loans to Banks and Customers divided by Total Gross Loans in the period  
 (2) NPL Coverage Ratio is calculated as Total Allowances for Impairment Losses in the period divided by Total Non-Performing Loans

# Loan Analysis

## Loans and Advances (₦'bn)



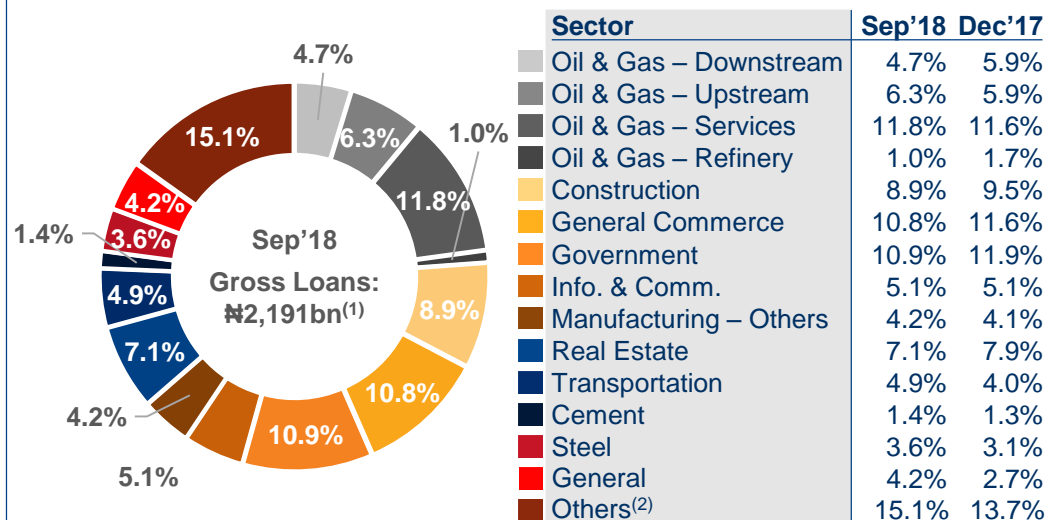
## Loans by Currency



(1) Stated Gross Loans figure includes Gross Loans & Advances to Banks as at 30 September 2018

(2) The following sectors are included in "Others<sup>(1)</sup>": Agriculture, Education, Finance & Insurance, Basic Metal Products, Conglomerates and Food Manufacturing, Flourmills and Bakeries, Power and Energy, Others

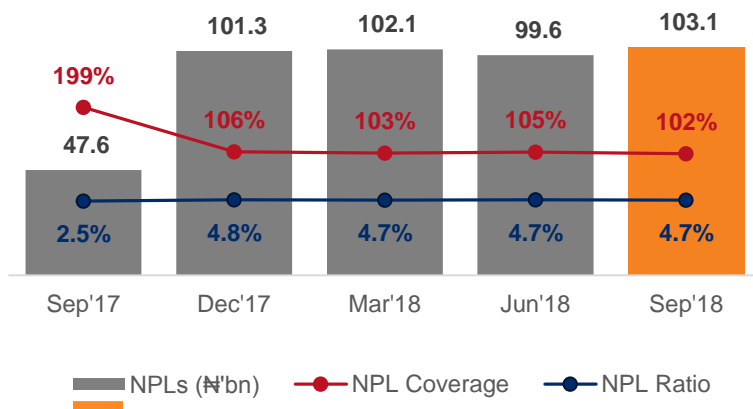
## Loan Distribution by Sector



- Net loans and advances of ₦2.09trn as at Sep'18 (Dec'17: ₦2.06trn) remained relatively flat during the period due to deliberate cautious loan book growth
- Foreign currency exposure inched up slightly to 41% by 200bps (Jun'18: 39%) of the total loan portfolio in the period due to significant pay down of Naira facilities
- Loan-to-deposit ratio (inclusive of interest-bearing borrowings) stood at 57.6% as at Sep'18 (Sep'17: 72.8%)

# Asset Quality

## NPL Analysis



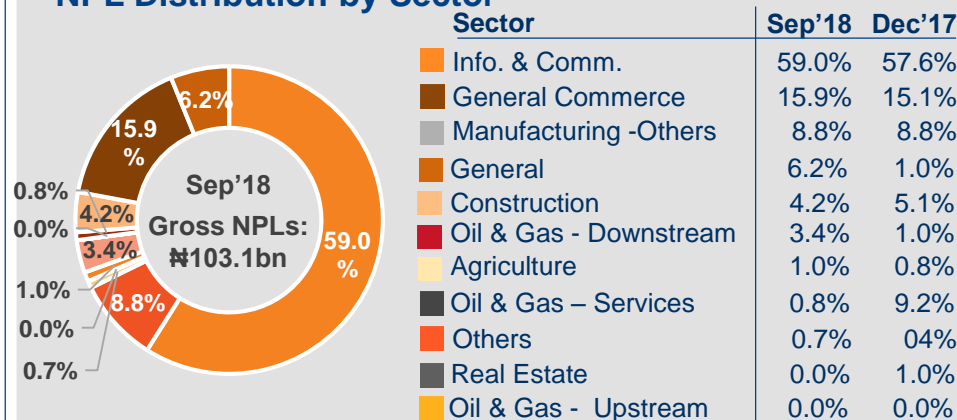
- Asset quality maintained within reasonable levels in the face of the improving macro
- NPL ratio slightly lower at 4.7% in the period (Dec'17: 4.8%), still contained within regulatory limits
- Robust NPL coverage ratio of 101.9% in the period (Dec'17: 106%)

(1) Measures the portion of the total credit exposure by sector that is impaired. **Formula:**  $NPL_{(Sector)} / Total\ Gross\ Loans_{(Sector)}$   
 (2) The following sectors are included in "Others<sup>(1)</sup>": Education, General, Finance & Insurance, Basic Metal Products, Cement, Conglomerates, Steel Rolling Mills, Flourmills and Bakeries, Food Manufacturing, Oil and Gas-Refinery, Transportation and Storage, Power and Energy, Others

## NPL Ratio by Sector<sup>(1)</sup>

	Sep'18	Dec'17
Info. & Comm.	54.6%	53.6%
Manufacturing - Others	9.8%	10.3%
General Commerce	6.9%	6.2%
Agriculture	5.9%	1.9%
Oil & Gas Downstream	3.4%	0.8%
Construction	2.2%	2.6%
Oil & Gas - Services	0.3%	3.8%
Real Estate	0.0%	0.6%
Oil & Gas - Upstream	0.0%	0.0%
Others <sup>(1)</sup>	0.8%	0.2%

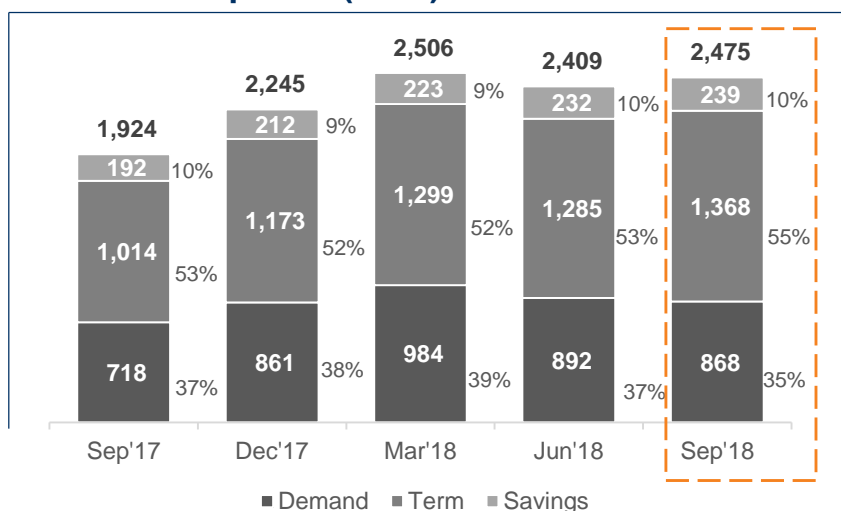
## NPL Distribution by Sector



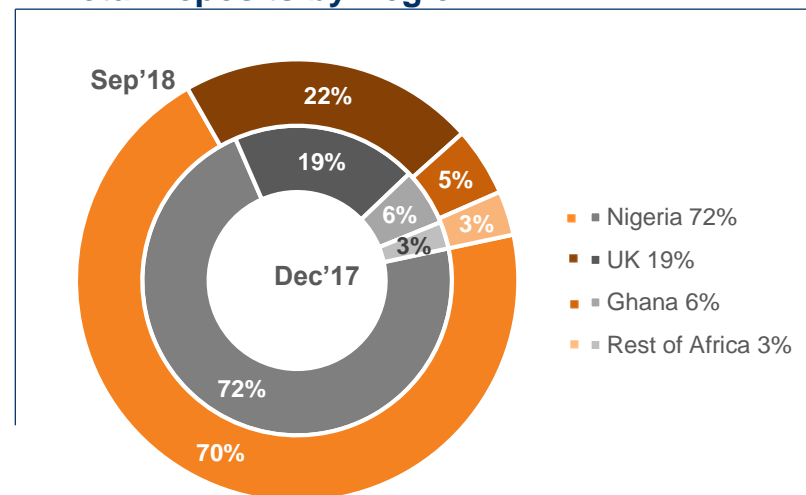


# Deposit Analysis

## Customer Deposits (₦'bn)



## Total Deposits by Region



- Customer deposits increased 10% to ₦2.48trn in the period (Dec'17: ₦2.25trn)
- Savings account deposits grew 3% q/q and 24% y/y to ₦ 239bn (Dec'17: ₦212bn), on the back of continued massive deposit mobilization drive for sustainable low cost deposit growth
- Contribution of subsidiaries to Group deposits improved to 30% in Sep'18 to ₦971.8bn (Dec'17: ₦858.8bn), with UK and Ghana accounting for 27% of total deposits (Dec'17: 25%)

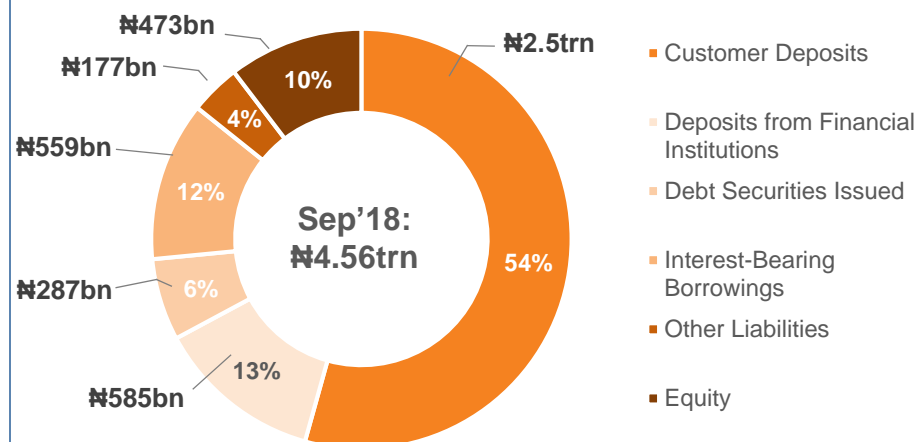
(1) CASA: Current Accounts and Savings Accounts

# Capital & Liquidity

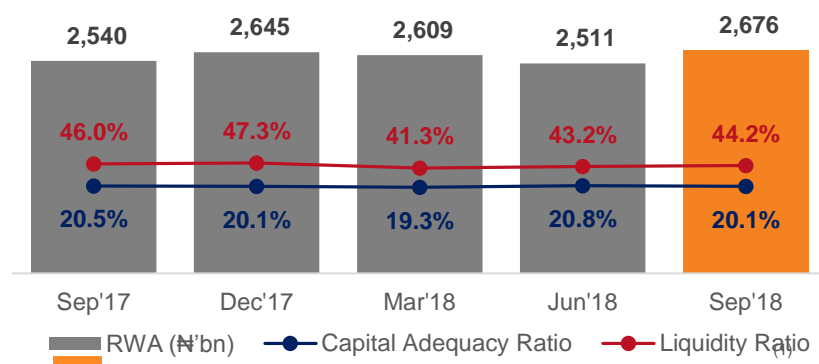
## Capital Adequacy Computation – Basel II

Underlying in ₦'m	Sep'18	Dec'17	%Δ
Tier I Capital	430,743	398,034	8
Tier II Capital	106,924	132,665	(19)
<b>Total Regulatory Capital</b>	<b>537,666</b>	<b>530,699</b>	<b>1</b>
Credit Risk	2,226,180	2,250,753	(1)
Operational Risk	417,782	349,980	19
Market Risk	31,795	44,279	(28)
<b>Risk-Weighted Assets</b>	<b>2,675,756</b>	<b>2,645,012</b>	<b>1</b>
<b>Capital Adequacy</b>			
Tier I	16.1%	15.1%	
Tier II	4.0%	5.0%	
<b>Total</b>	<b>20.1%</b>	<b>20.1%</b>	

## Funding Sources



- Relatively stable Capital adequacy ratio (CAR) of 20.1% as Net loans and advances remained relatively flat during the period
- 1% marginal increase in risk-weighted assets (RWA) in the period (Dec'17: ₦2.65trn) due to reduction in off balance sheet transactions ₦584bn (Dec'17: ₦584bn)
- Increase in capital due to net impact of IFRS 9 adjustments and addition of current year retained earnings
- Liquidity ratio in the period of 44.2% (Dec'17: 47.3%) remained well in excess of the regulatory minimum.



(1) Calculated as Total Liquid Assets (cash and cash equivalents, treasury bills, trading assets and government bonds) divided by Total Deposits

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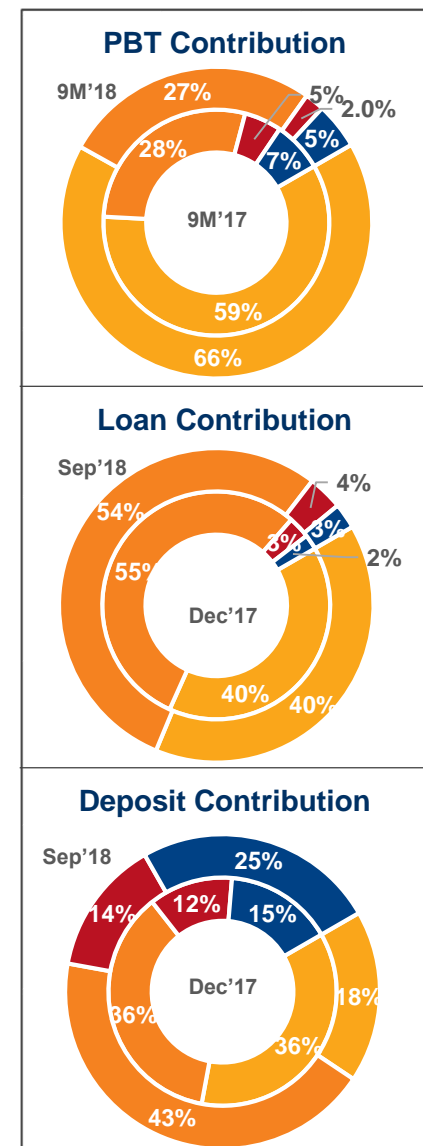
## 4. SBU Performance Review

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# SBU Performance Highlights

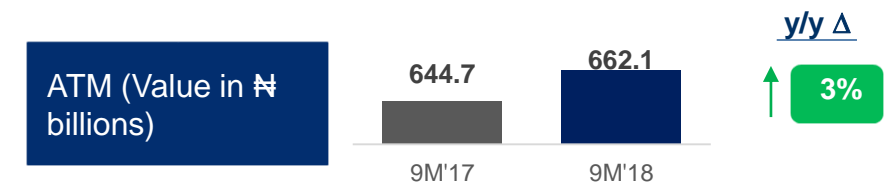
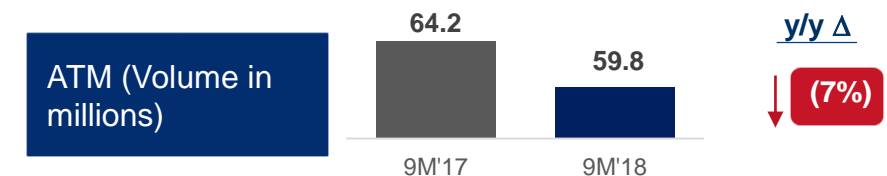
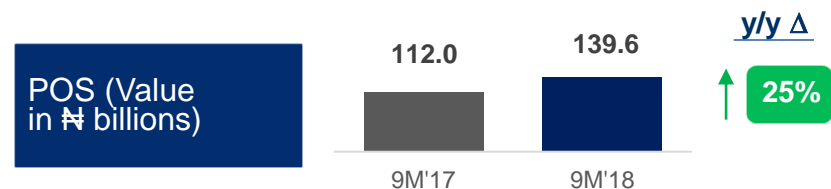
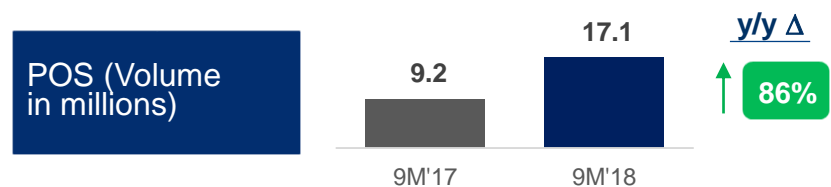
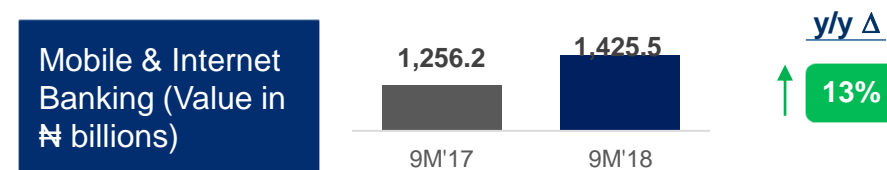
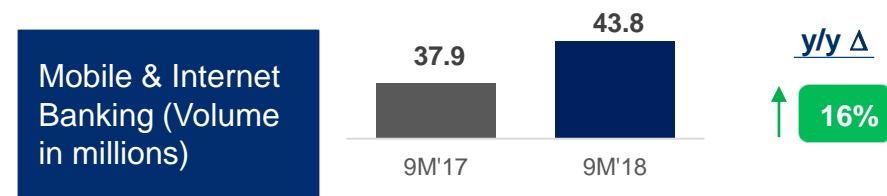
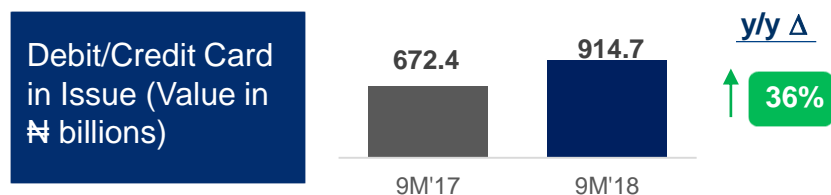
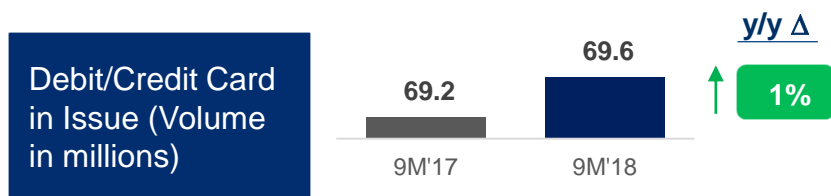
	<b>Corporate &amp; Investment Banking</b>
	<b>Commercial Banking</b>
	<b>Business Banking</b>
	<b>Personal Banking</b>

Underlying in ₹'m	Sep'18	Sep'17	%Δ
Total Revenue	179,536	183,300	(2)
Profit Before Tax	41,581	67,381	(38)
Underlying in ₹'m	Sep'18	Dec'17	%Δ
Loans and Advances	834,343	817,361	2
Customer Deposits	897,802	397,529	126
Underlying in ₹'m	Sep'18	Sep'17	%Δ
Total Revenue	116,690	106,773	9
Profit Before Tax	19,873	27,131	(27)
Underlying in ₹'m	Sep'18	Dec'17	%Δ
Loans and Advances	1,140,366	1,118,643	2
Customer Deposits	902,560	976,398	(8)
Underlying in ₹'m	Sep'18	Sep'17	%Δ
Total Revenue	31,389	25,666	22
Profit Before Tax	3,757	2,047	84
Underlying in ₹'m	Sep'18	Dec'17	%Δ
Loans and Advances	64,495	73,969	(13)
Customer Deposits	294,764	311,945	(6)
Underlying in ₹'m	Sep'18	Sep'17	%Δ
Total Revenue	47,615	49,316	(3)
Profit Before Tax	5,058	4,863	4
Underlying in ₹'m	Sep'18	Dec'17	%Δ
Loans and Advances	44,291	54,128	(18)
Customer Deposits	379,681	559,007	(32)

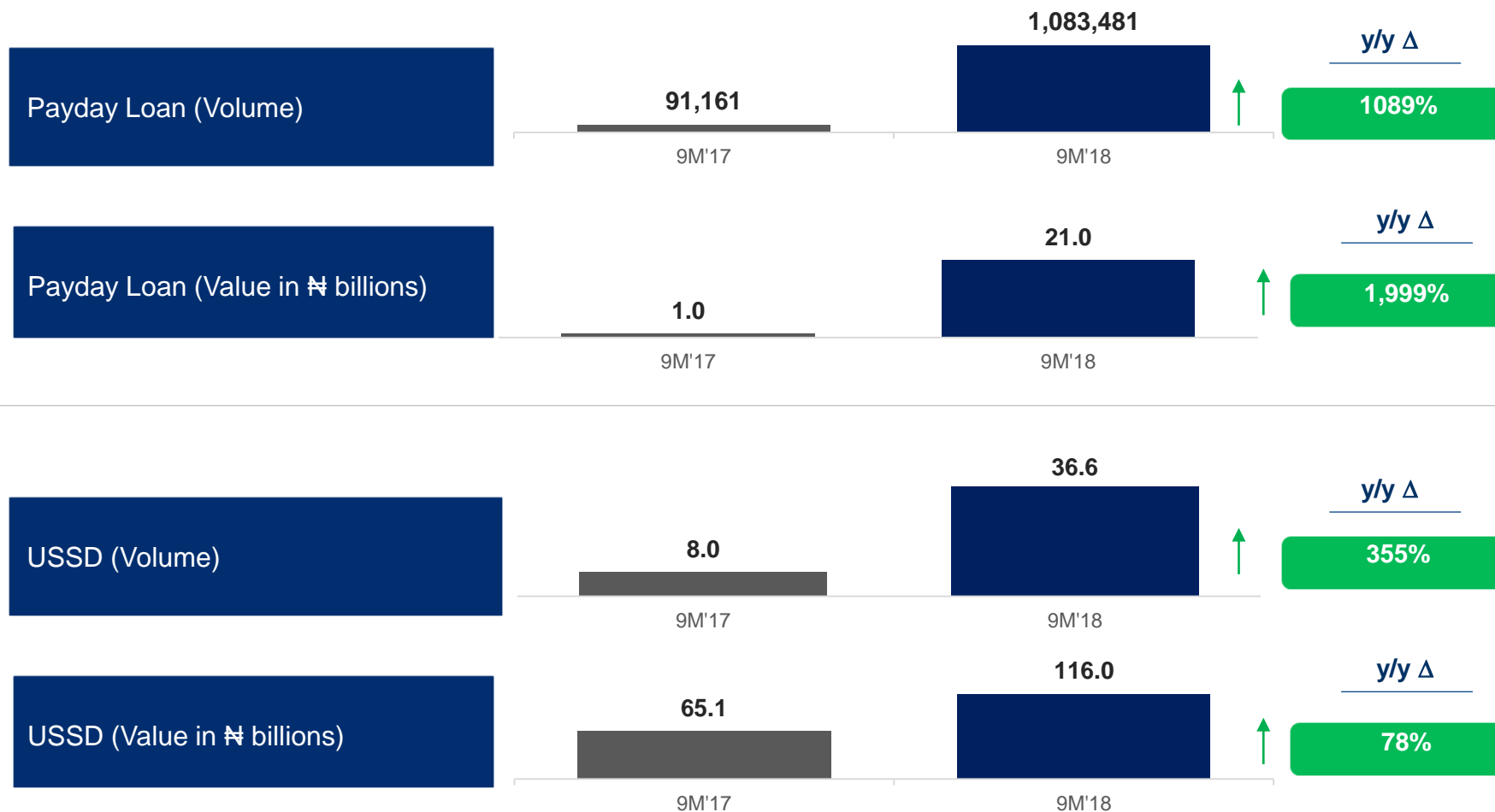


# Channels Performance

The Bank's focus on digital and mobile banking continues to gain traction with y-o-y increases in mobile revenue and app usage showing tangible results



# Channels Performance



(1) USSD figures shown is calculated as Total Volume / Value from 901 and 903 from January to September 2018

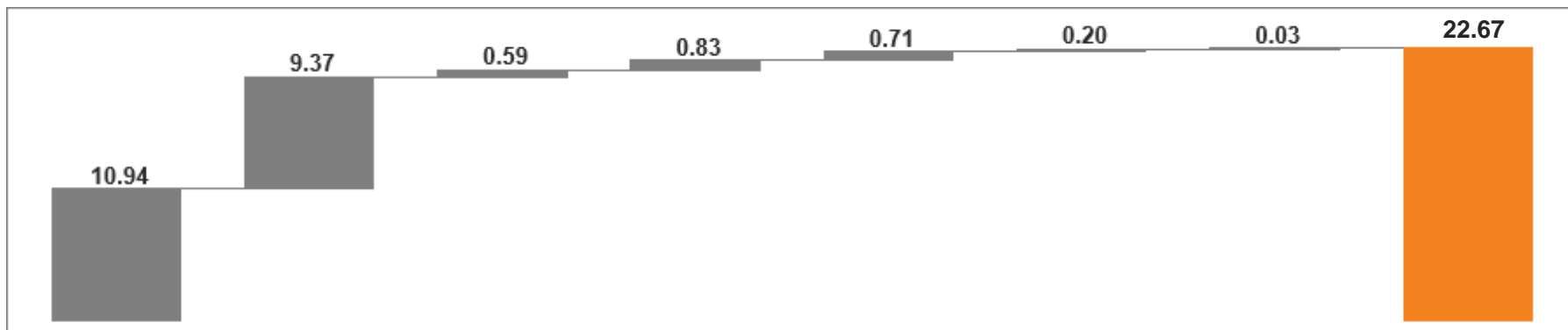
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## 5. Subsidiary Performance Review

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# Subsidiary Performance Overview

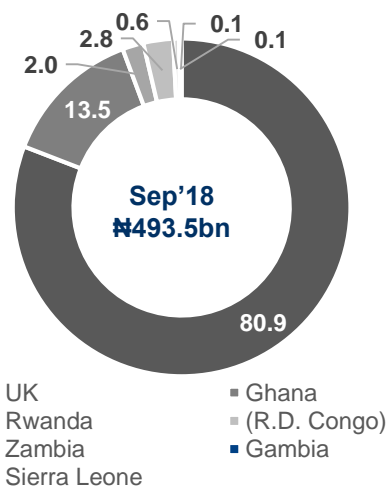
### Profit Before Tax by Subsidiary (₦'bn)



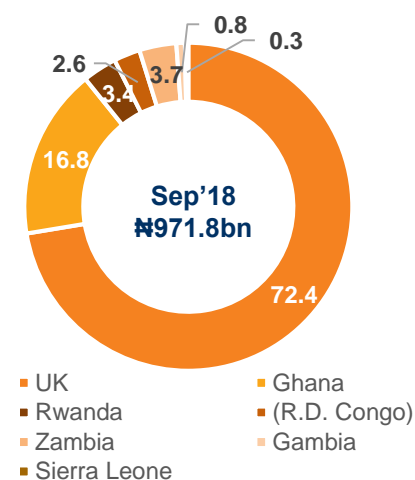
## Key Messages

- Subsidiaries continued to improve their contribution to the group's performance, recording total subsidiary PBT of ₦22.7bn up 126% y/y (9M'17: ₦10bn), accounting for 32% of Group's PBT
- UK and Ghana accounted for 90% of total 9M'18 subsidiary PBT
- Total loans for the subsidiaries stood at ₦493.5bn (+27% YTD), with total deposits at ₦971.8bn (+13%) due to enhanced deposit mobilization
- Total assets from the subsidiaries of ₦1.2trn (Dec'17: ₦1.04trn)

### Loan Contribution by Geography



### Deposit Contribution by Geography





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## 6. Q4 Outlook

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# Outlook for Q4 2018

**Closing out in 2018, we will continue to:**

<p><b>Grow and ensure retention of collections</b> by banking SME and vendors of corporates</p> 	<p><b>Focus on asset quality management</b> to enhance efficiency and boost profitability</p> 	<p><b>Enhance digital banking capacity</b> to grow customer base and stickiness</p> 
 <p><b>Effectively execute our strategic cost reduction program</b> to lower operating and funding costs and boost bottom-line growth</p>	 <p><b>Drive channels transaction volumes</b> to enhance transaction banking income</p>	 <p><b>Intensify low cost deposit</b> by driving savings accounts and financial inclusion partnership</p>

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**tomorrow** /noun/

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