



**access** >>>

Q1  
2017

**RESULTS PRESENTATION TO  
INVESTORS AND ANALYSTS**

**April 2017**

**SPEED SERVICE SECURITY**

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# Outline

1

Access Bank Overview

2

Domestic Operating Environment

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Group Performance Review

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Business Segment Review

5

Q2'17 Outlook

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# 1. Access Bank Overview





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# Fundamental Statistics

MOODY'S	Aa2
FitchRatings	A
STANDARD & POOR'S RATINGS SERVICES	BBB
Agusto & Co	A+
GCR	A+

**Issuer Credit Ratings<sup>(1)</sup>**

**Channels**

	<b>4.4m</b>	Cards
	<b>382</b>	Branches
	<b>1,604</b>	ATMs
	<b>9,947</b>	POS Terminals

- The Banker Awards, 2016:**
- Bank of the Year (Nigeria)
- EMEA Finance African Banking Awards, 2016:**
- Best Bank in Nigeria
  - Corporate Social Responsibility (Pan-Africa)
- Euromoney Awards, 2016:**
- Best Bank Transformation




**Awards & Recognition**

**8m** Customers

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**3,907** Professional Staff

**Listings**

-  **THE Nigerian STOCK EXCHANGE**  
(Primary equity listing) RC: 2321
-  **Irish Stock Exchange**  
(\$400m Tier II bond)  
(\$300m Senior bond)
-  **London Stock Exchange**  
(\$350m Senior bond)

**₦467bn**

Shareholders' Fund<sup>(2)</sup>

**7** Banking Subsidiaries

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**4** Rep Offices

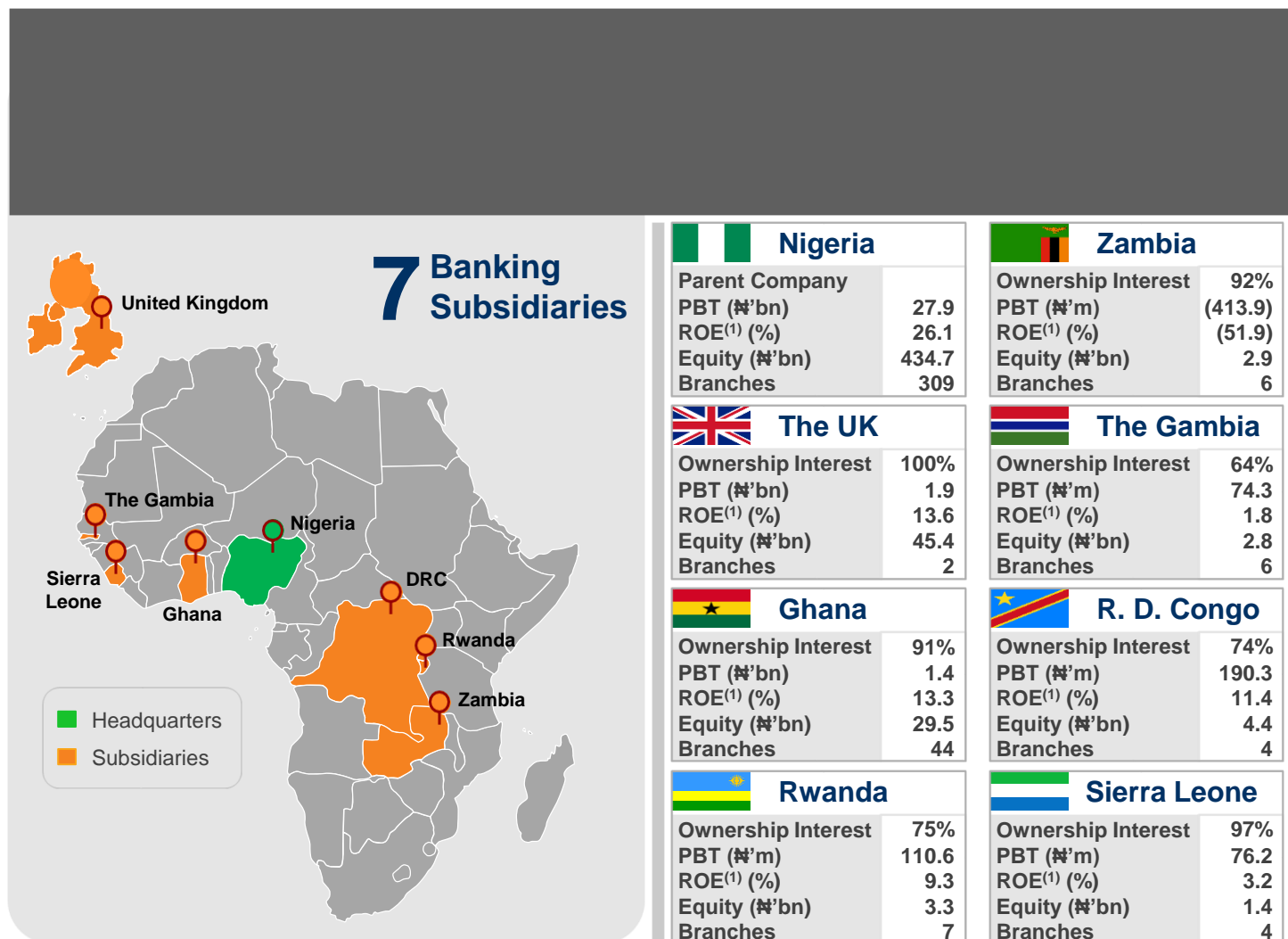
(1) Long-term issuer national ratings  
 (2) Total Equity (including non-controlling interest)

# Our International Network

Over the past three years, the Bank has successfully established representative offices in:

- China**
- Lebanon**
- India**
- and The UAE**

a branch of our UK subsidiary, to support trade flows from the far east and in line with our compliance and risk management framework



(1) ROE is calculated as Profit for the period (Profit After Tax) divided by Average Total Equity

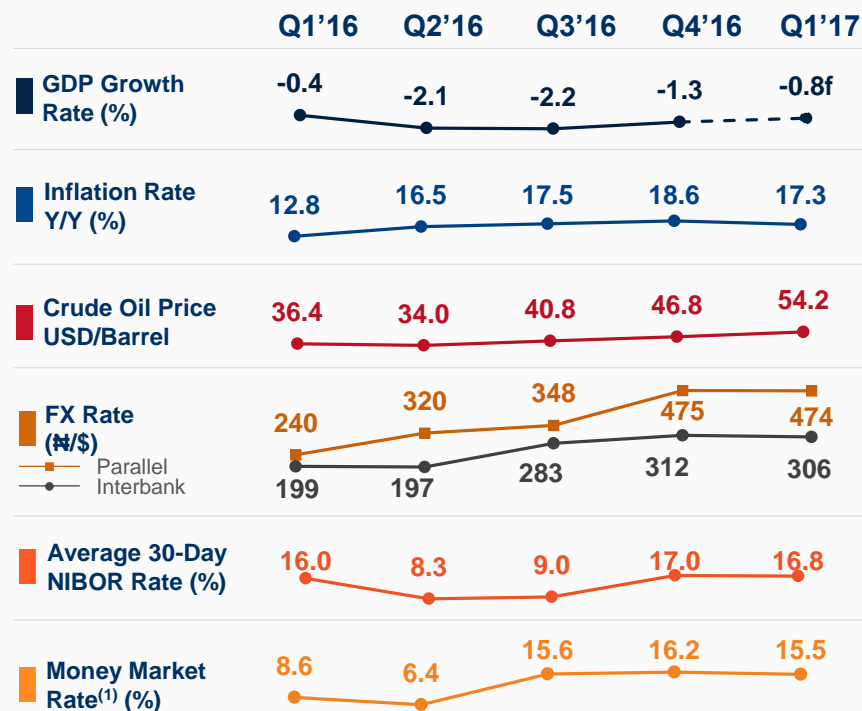
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## 2. Domestic Operating Environment

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# The Nigerian Economy

## Key Macroeconomic Indicators



- GDP growth rate in Q1'17 is forecasted to improve 50bps to -0.8%, following the upward trend which started in Q4'16. The expected recovery is largely driven by growth in oil & gas and agriculture sectors
- Headline inflation slowed for the first time in 15 months, down 90bps q/q to 17.3% in March. This improvement reflects the effects of slower rise in food and non food prices during the period
- Bonny Light prices rose 700bps q/q, averaging at \$54.2pb in Q1'17 (Q4'16: \$46.8pb). This strong increase coupled with improved oil production boosted external reserves which closed at \$30.3bn in March, a gain of \$4.46bn from \$25.8bn in at the end of last quarter
- The Naira strengthened aggressively in the parallel market, by 22.5%, to ₦390/\$ on March 31st compared to ₦490/\$ at the beginning of the quarter. At the interbank, the local unit was relatively stable around ₦305/\$. The CBN's recent increased market intervention largely impacted the FX liquidity squeeze, consequently leading to a market convergence

## 2017 Regulatory Highlights

- Monetary Policy Committee maintained the monetary policy rate and cash reserve ratio at 14% and 22.5%, respectively
- CBN released policies on operationalization of FX sales and consequently, commenced aggressive intervention in the forex market leading to market convergence
- CBN introduced Investors' & Exporters' FX window to boost liquidity in the FX market

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

(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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## Key Messages

<b>Strong Earnings</b>	<p><b>¥116bn</b>            ↑ <b>44%</b>            Q1'16: ¥80bn</p>	<p><i>Strong earnings largely driven by improved interest and non-interest income</i></p>
<b>Improved Returns</b>	<p><b>22.6%</b>            ↑ <b>190bps</b>            Q1'16: 20.7%</p>	<p><i>Solid returns on average equity on the back of increased profit during the period</i></p>
<b>Solid Capital Position</b>	<p><b>21.0%</b>            ↔ <b>0</b>            Dec'16: 21.0%</p>	<p><i>Robust capital adequacy sufficiently positioning the Bank to explore growth opportunities</i></p>
<b>Stable Asset Quality</b>	<p><b>2.2%</b>            ↑ <b>10bps</b>            Dec'16: 2.1%</p>	<p><i>Stable asset quality on the back of proactive risk management practices</i></p>

# Group Financial Highlights

## Profitability

<b>₹'million</b>	<b>Q1'17</b>	<b>Q1'16</b>	<b>Δ</b>
Gross Earnings	115,941	80,271	44%
Net Interest Income	42,737	34,623	23%
Operating Income	79,218	56,936	33%
Impairment Charges	3,265	2,423	35%
Profit Before Tax	31,208	22,583	38%
Profit After Tax	26,019	19,419	34%
EPS (₹)	0.91	0.67	36%
Cost-to-Income (%)	56.5	57.9	(1.4)

## Balance Sheet

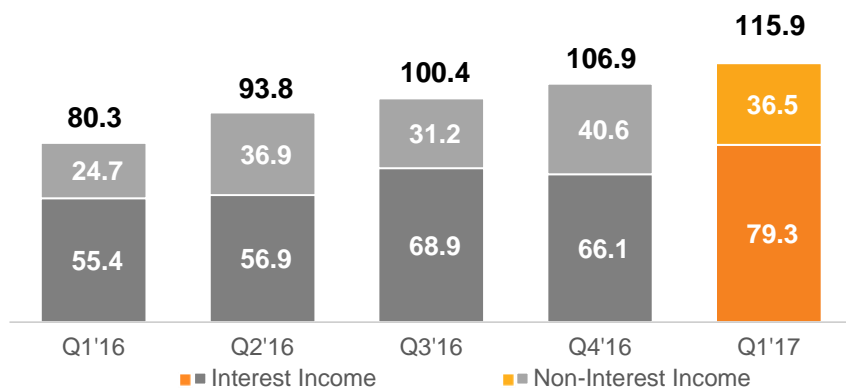
<b>₹'billion</b>	<b>Mar'17</b>	<b>Dec'16</b>	<b>Δ</b>
Loans and Advances	1,851	1,855	0%
Total Assets	3,545	3,484	2%
Customer Deposits	2,015	2,089	(4%)
Shareholders' Fund	467	454	3%

## Prudential Ratios

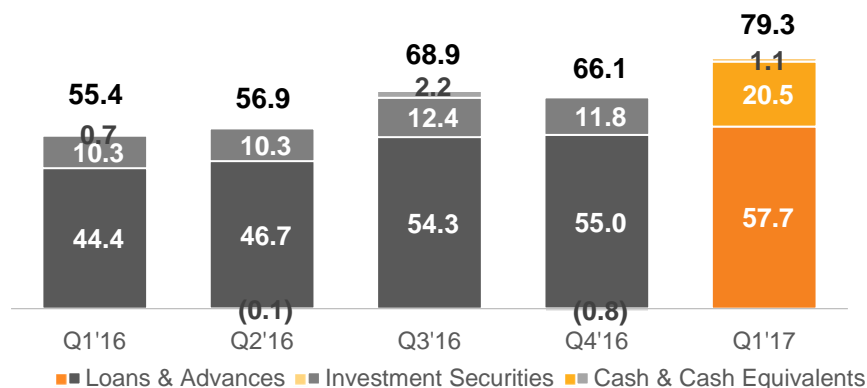
<b>Percentage (%)</b>	<b>Q1'17</b>	<b>FY'16</b>	<b>Δ</b>
After-Tax ROAE	22.6	17.4	5.2
Capital Adequacy (%)	21.0	21.0	0.0
Liquidity (%)	46.3	43.6	2.7
Loan-to-Deposit	73.4	74.0	(0.6)

# Revenue

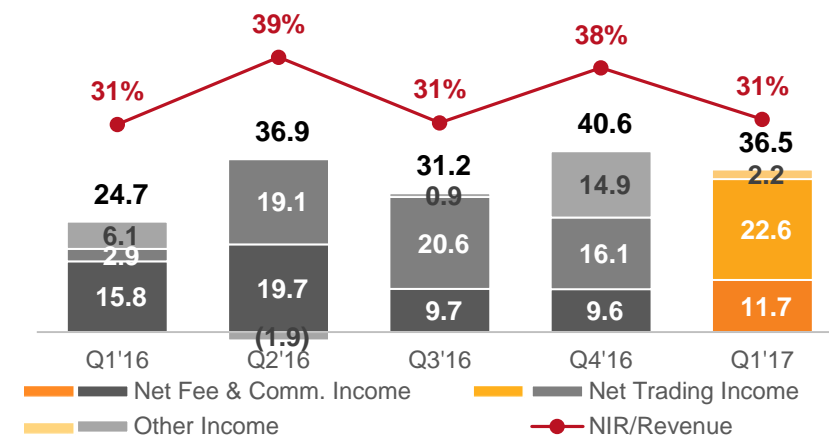
## Gross Earnings<sup>(1)</sup> (₦'bn)



## Interest Income (₦'bn)



## Non-Interest Income (₦'bn)

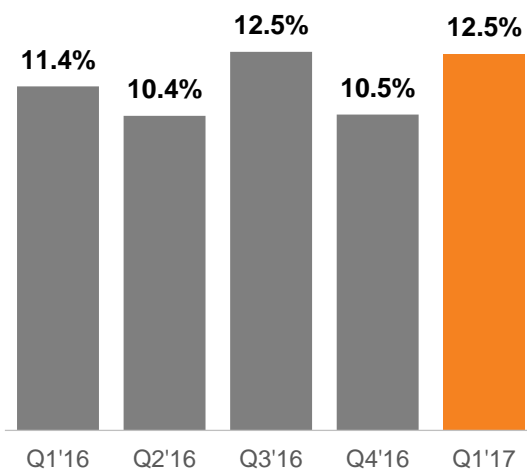


- Gross earnings grew 44% y/y to ₦115.9bn in Q1'17 (Q1'16: ₦80.3bn) driven by a 43% and 47% increase in interest income and non-interest income of ₦79.2bn and ₦36.5bn, respectively during the period
- Interest income from investment securities up 98% y/y, to ₦20.5bn (Q1'16: ₦10.4bn) driven by growth in investment securities and higher yields during the period
- Net trading income of ₦22.6bn (Q1'16: ₦2.9bn), driven by FX gains on our trading book in the quarter
- Fee and commission income of ₦11.8bn, up 20% q/q (Q4'16: ₦9.8bn), however, declined 26% y/y (Q1'16: ₦16.9bn)

(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

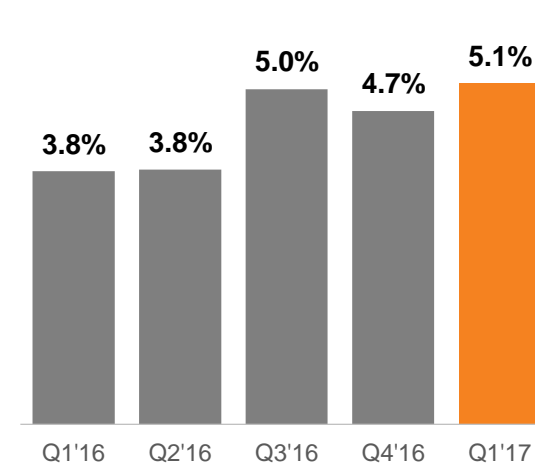
# Margin Analysis

## Yield on Assets (YoA)



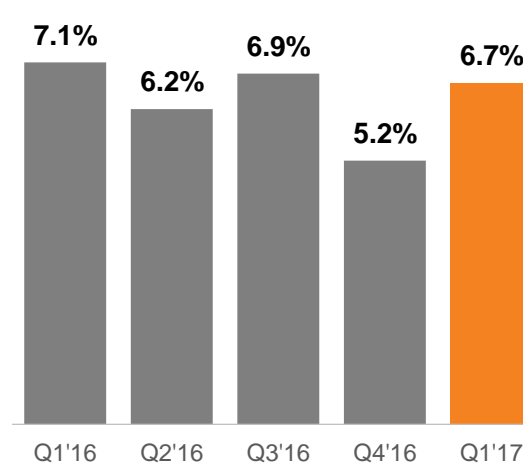
Yield on Assets improved significantly in Q1'17, up 200bps q/q to 12.5% from 10.5% in Q4'16, resulting from asset re-pricing in the last quarter of the year

## Cost of Funds (CoF)



Cost of Funds up 40bps q/q to 5.1% largely driven by interest rate environment and increased debt securities

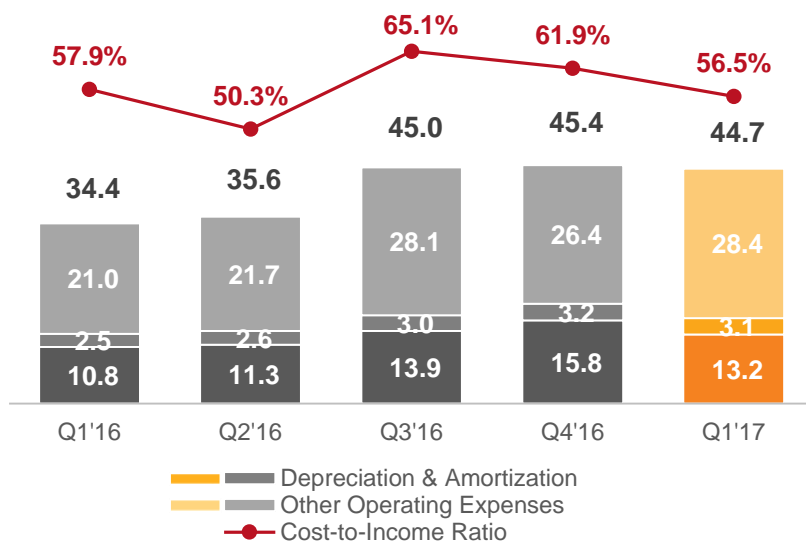
## Net Interest Margin (NIM)



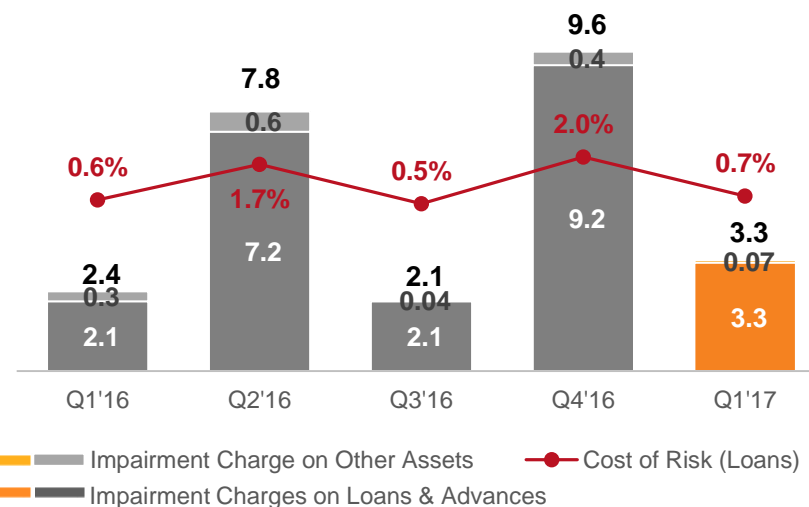
Net Interest Margin increased 150bps to 6.7% during the period (Q4'16: 5.2%), on the back of improved yield on assets which largely offset the marginal increase in cost of funds

# Operating Expenses & Impairment Charges

## Operating Expenses (₦'bn)



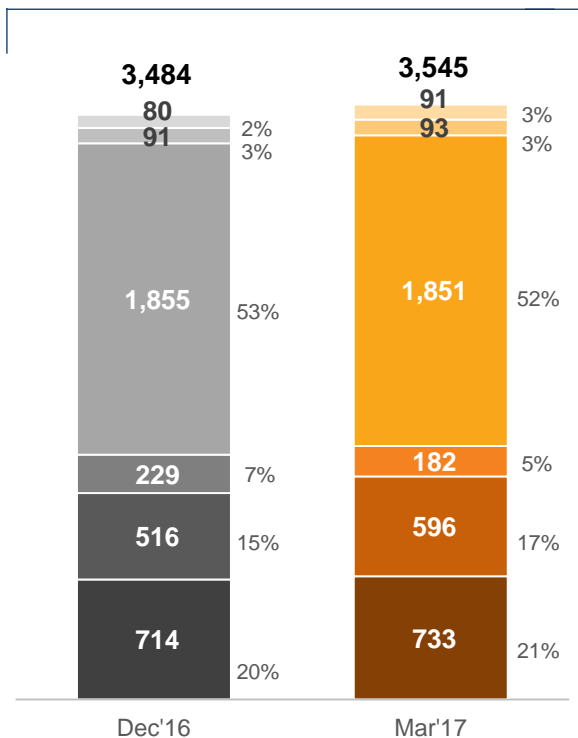
## Impairment Charges (₦'bn)



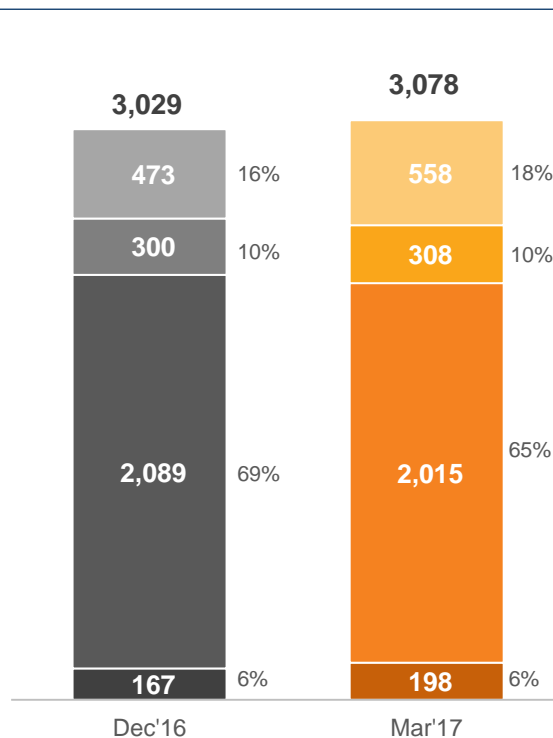
- Operating expenses grew 33% y/y (Q1'16: ₦34.4bn) driven by devaluation and a higher inflationary environment compared to the corresponding period of 2016. However, OPEX was relatively flat q/q to ₦44.7bn (Q4'16: ₦45.4bn) reflecting the impact of our cost containment drive
- Net impairment charges on credit losses stood at ₦3.3bn in Q1'17 (Q1'16: ₦2.3bn). Of the ₦3.3bn, collective impairment charges on loans were ₦2.6bn (Q1'16: ₦1.3bn) on the back of a larger loan book
- Cost of risk was relatively flat at 0.7%, up 10bps y/y from 0.6% in Q1'16

# Balance Sheet Snapshot

## Asset Mix (₹'bn)



## Total Liabilities (₹'bn)



- Trading & Pledged Assets
- Loans & Advances
- Other Assets
- Investment Securities
- Fixed & Intangible Assets

- Other Liabilities
- Interest-Bearing Borrowings
- Deposits from Customers
- Deposits from Financial Institutions

## Key Metrics

**Capital Adequacy**

**21.0%**

Dec'16: 21.0%

**Liquidity Ratio**

**46.3%**

Dec'16: 43.6%

**NPL Ratio<sup>(1)</sup>**

**2.2%**

Dec'16: 2.1%

**NPL Coverage Ratio<sup>(2)</sup>**

**164.3%**

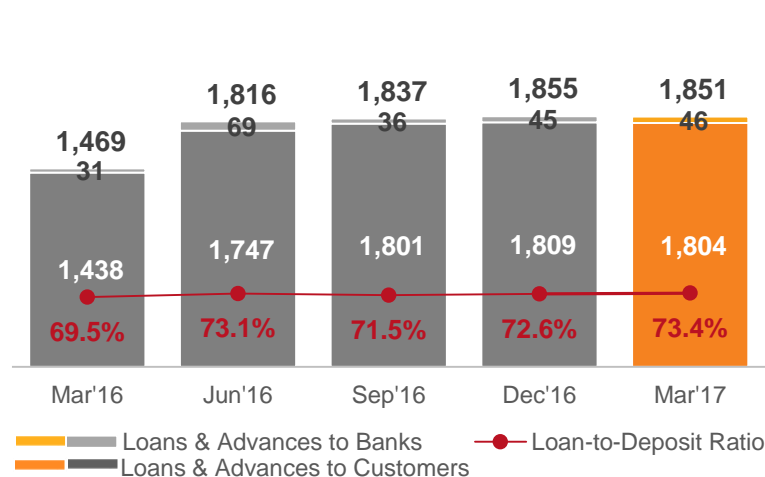
Dec'16: 169.0%

(1) NPL Ratio is calculated as Total Impaired Loans to Banks and Customers divided by Total Gross Loans in the period

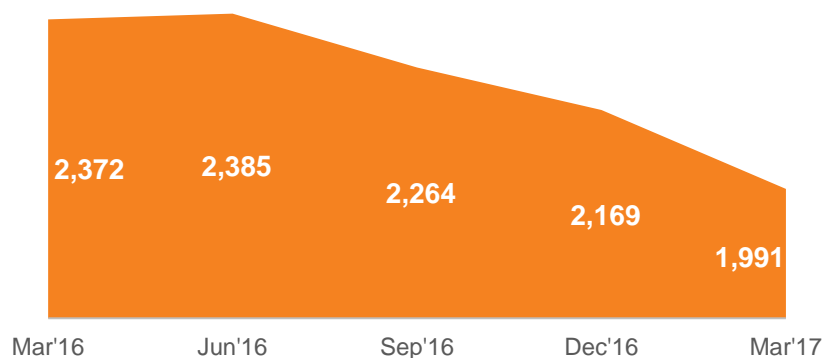
(2) NPL Coverage Ratio is calculated as Total Allowances for Impairment Losses in the period (including Regulatory Risk Reserve) divided by Total Non-Performing Loans

# Loan Analysis

## Loans and Advances (₦'bn)



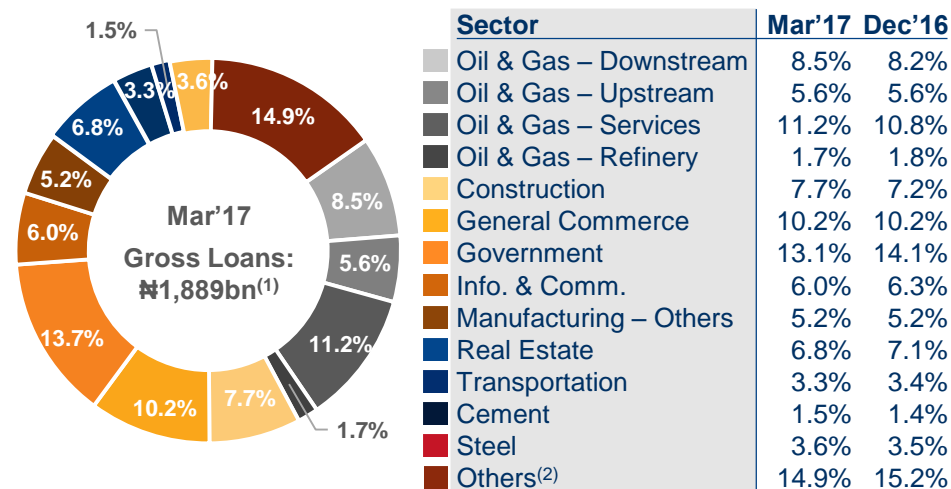
## FX Loan Analysis (US\$m)



(1) Stated Gross Loans figure includes Gross Loans & Advances to Banks as at 31 March 2017

(2) The following sectors are included in "Others": Agriculture, Capital Markets, Education, Finance & Insurance, General, Basic Metal Products, Conglomerates and Food Manufacturing

## Loan Distribution by Sector

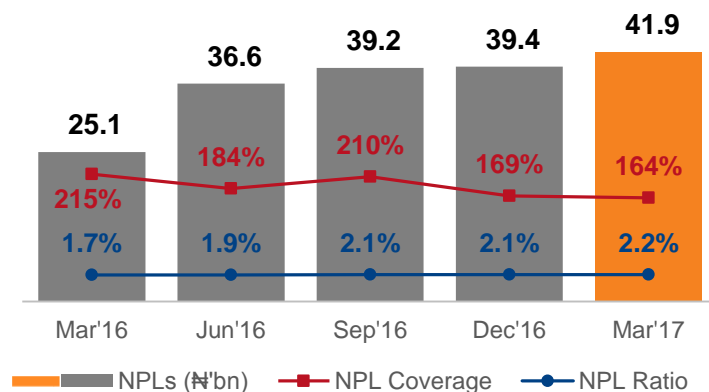


- Net loans and advances remained relatively flat at ₦1.85trn as at Mar'17 compared with ₦1.86trn in Dec'16 largely due to cautious asset growth given macro uncertainties
- Foreign currency (USD) loans totaled \$1.99bn by Mar'17 declining 16 y/y (Mar'16: \$2.37) reflecting the Bank's deliberate strategy to de-risk the loan portfolio
- Consequently, FCY loans to total loans stood at 40% down 20bps q/q from 42% in Dec'16
- Loan-to-deposit ratio (inclusive of interest-bearing borrowings) stood at 73.4% as at Mar'17 (Dec'16: 74.0%)



# Asset Quality

## NPL Analysis

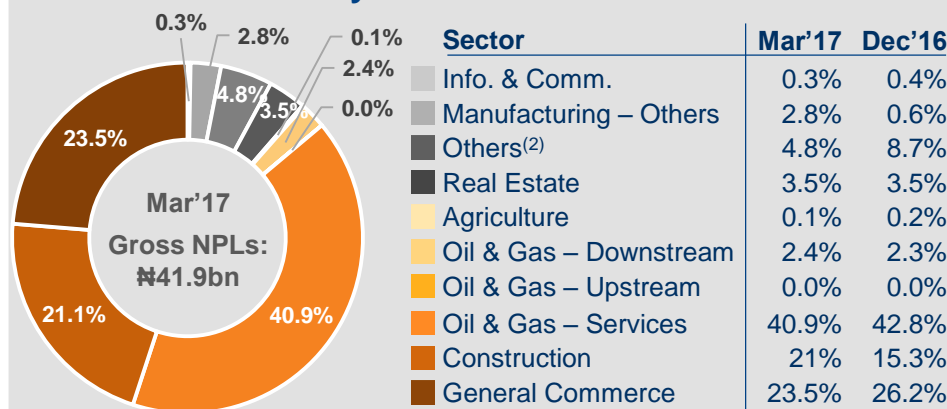


- Maintained stable asset quality reflective of our robust risk management practices
- NPL ratio increased marginally by 10bps q/q to 2.2% in the period (Dec'16: 2.1%)
- Key driver:
  - Proactive impairment of some loans as a result of weak macro and its attendant impact on obligor outlook in specific sectors, including Construction, Real Estate and Manufacturing sectors
- NPL coverage ratio (including regulatory risk reserve) of 164.3% as at Mar'17 (Dec'16: 169.0%)

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

	Mar'17	Dec'16
Oil & Gas – Services	8.1%	8.3%
Construction	6.1%	4.4%
General Commerce	5.1%	5.4%
Manufacturing- Others	1.2%	0.2%
Real Estate	1.1%	1.0%
Oil & Gas – Downstream	0.6%	0.6%
Others <sup>(2)</sup>	0.5%	0.6%
Agriculture	0.3%	0.4%
Info. & Comm.	0.1%	0.1%
Oil & Gas – Upstream	0.0%	0.0%

## NPL Distribution by Sector

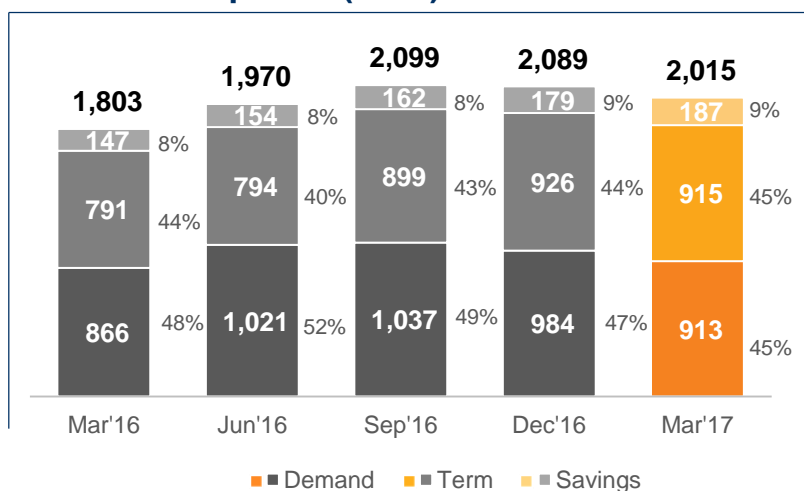


(1) Measures the portion of the total credit exposure by sector that is impaired. **Formula:**  $NPL_{(Sector)} / Total\ Gross\ Loans_{(Sector)}$

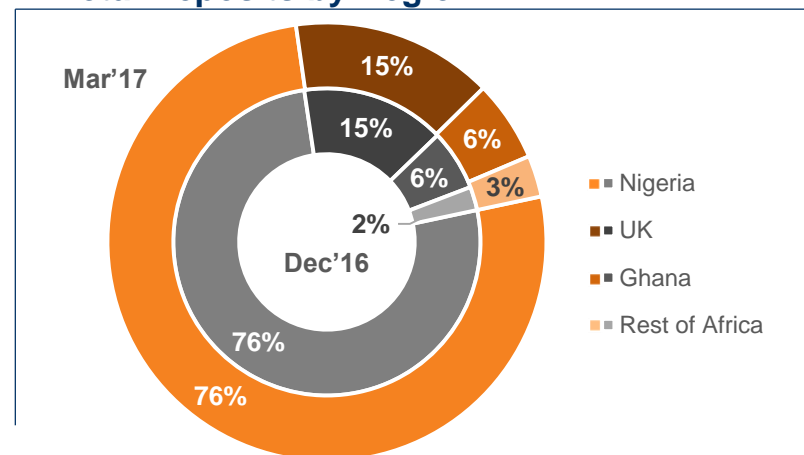
(2) The following sectors are included in "Others": General, Finance & Insurance, Basic Metal Products, Government, Food Manufacturing, Transportation and Storage

# Deposit Analysis

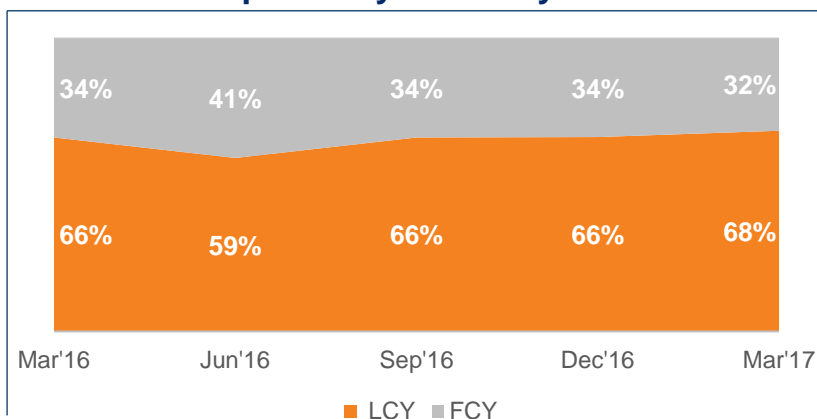
## Customer Deposits (₦'bn)



## Total Deposits by Region



## Customer Deposits by Currency



- Customer deposits declined marginally by 4% to ₦2.02trn from ₦2.09trn in Dec'16 as a result of increased customer trade transactions given improved FX liquidity during the period
- FCY deposits to total deposits dropped 20bps to 32% in Mar'17 (Dec'16: 34%)
- Subsidiaries' contribution to total Group deposits led by the UK improved, accounting for 24% of total deposits

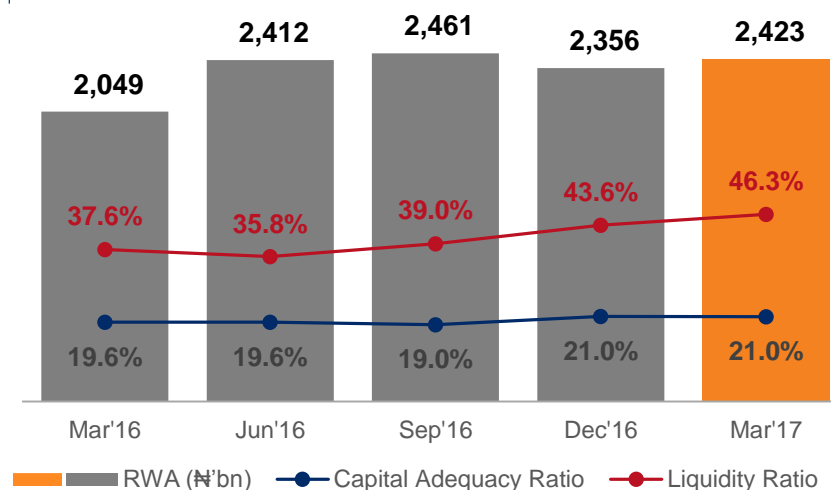
(1) CASA: Current Accounts and Savings Accounts

# Capital & Liquidity

## Capital Adequacy Computation – Basel II

Underlying in ₦'m	Mar'17	Dec'16	%Δ
Tier I Capital	381,056	366,913	4
Tier II Capital	127,019	123,304	3
<b>Total Regulatory Capital</b>	<b>508,074</b>	<b>490,217</b>	<b>4</b>
Credit Risk	2,019,638	1,993,726	1
Operational Risk	349,980	320,484	9
Market Risk	52,926	41,358	28
<b>Risk-Weighted Assets</b>	<b>2,422,544</b>	<b>2,355,568</b>	<b>3</b>
<b>Capital Adequacy</b>			
Tier I	16%	16%	
Tier II	5%	5%	
<b>Total</b>	<b>21.0%</b>	<b>21.0%</b>	

## Capital Adequacy and Liquidity Ratios<sup>(1)</sup>



- Capital adequacy ratio (CAR) stood at 21.0% as at Mar'17 (Mar'16: 21.0%), well in excess of regulatory minimum for SIFIs
- Risk-weighted assets grew by 3% to ₦2.42trn during the period resulting from a marginal increase in credit risk weighted assets (+ ₦26bn)
- Liquidity ratio improved 270bps q/q to 46.3% in Q1'17 (Mar'16: 43.6%), reflecting the Bank's improved ability to meet short-term obligations

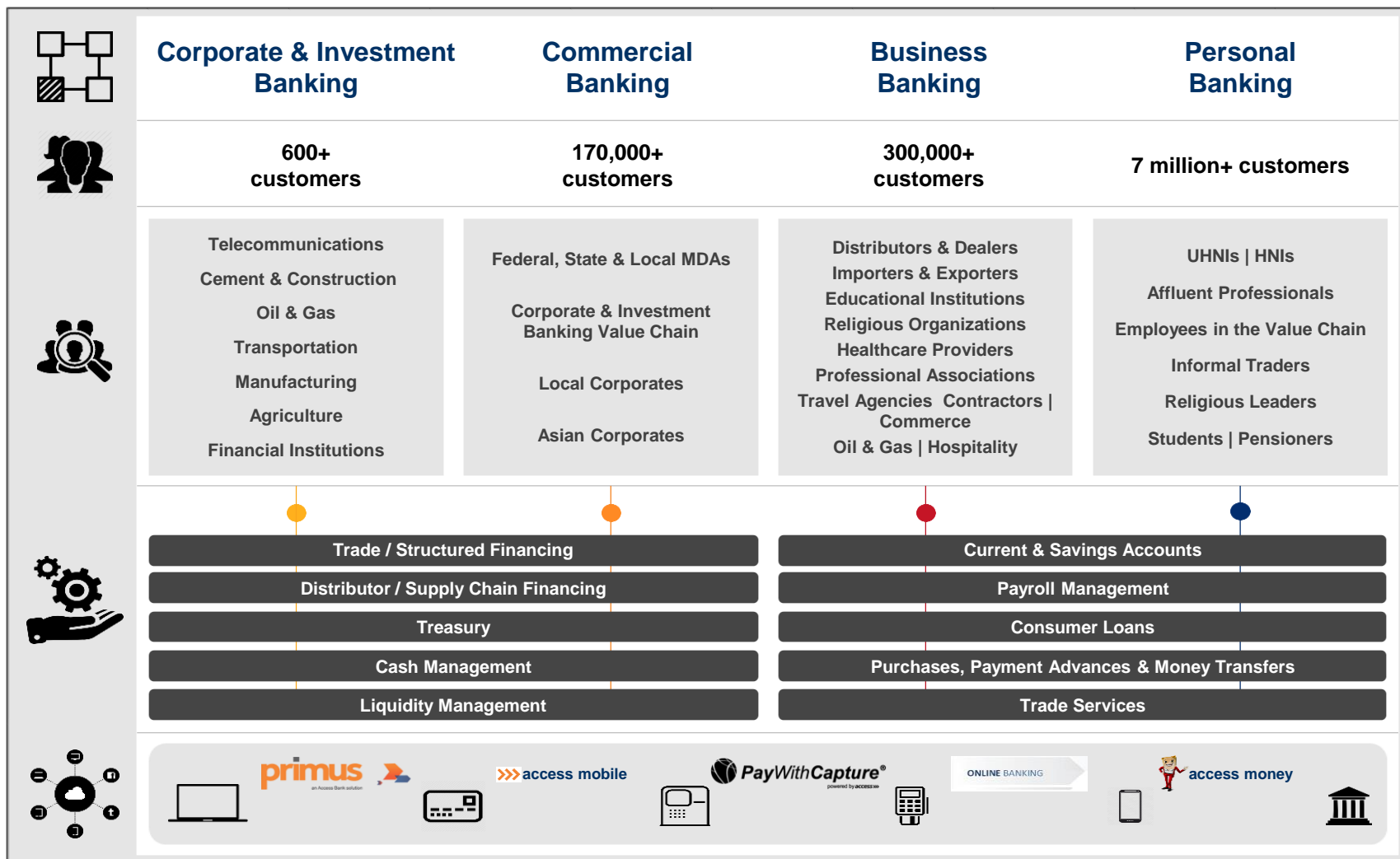
(1) Calculated as Total Liquid Assets (cash and cash equivalents, treasury bills, trading assets and government bonds) divided by Total Deposits

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## 4. Business Segment Review

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# Business Segmentation



Legend: ■ Corporate & Investment Banking ■ Commercial Banking ■ Business Banking ■ Personal Banking

Source: Published financial statements of Access Bank for the period ended 31 Dec. 2016

# SBU Performance Highlights

## Corporate & Investment Banking

Underlying in ₹'m	Mar'17	Mar'16	%Δ
Total Revenue	58,605	26,646	120
Profit Before Tax	24,286	4,261	470
Loans and Advances	650,628	702,319	(7)
Customer Deposits	426,206	480,494	(11)

## Commercial Banking

Underlying in ₹'m	Mar'17	Mar'16	%Δ
Total Revenue	34,399	32,639	5
Profit Before Tax	8,021	15,092	(46)
Loans and Advances	1,034,425	1,028,136	1
Customer Deposits	785,322	970,979	(19)

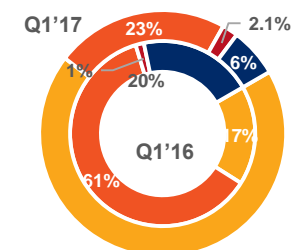
## Business Banking

Underlying in ₹'m	Mar'17	Mar'16	%Δ
Total Revenue	8,511	7,425	15
Profit Before Tax	729	(357)	30
Loans and Advances	65,794	66,284	(1)
Customer Deposits	329,080	243,016	35

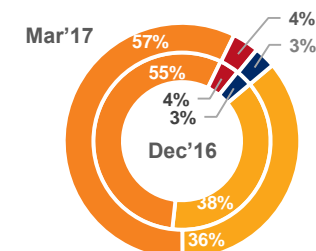
## Personal Banking

Underlying in ₹'m	Mar'17	Mar'16	%Δ
Total Revenue	14,426	13,561	6
Profit Before Tax	2,267	4,906	(54)
Loans and Advances	53,610	57,923	(7)
Customer Deposits	474,090	394,708	20

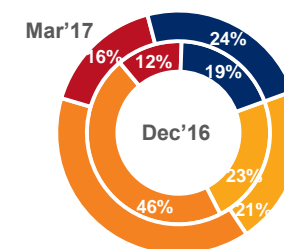
### PBT Contribution



### Loan Contribution



### Deposit Contribution



# Subsidiary Performance Review

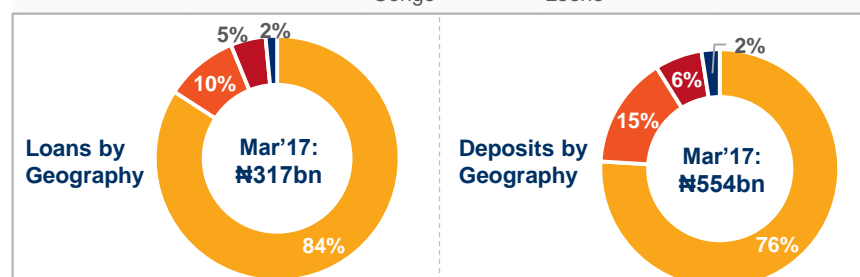
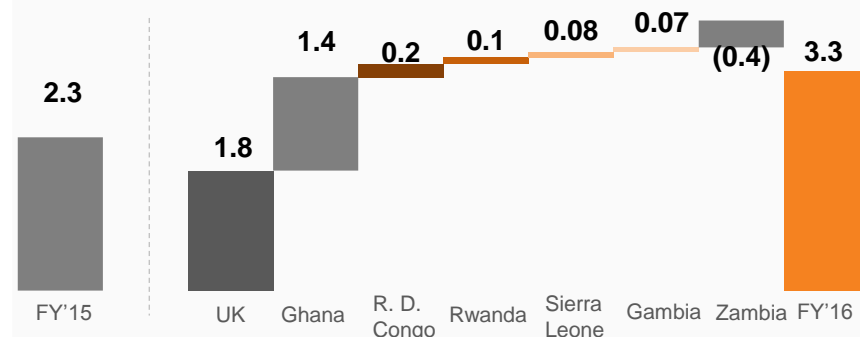
## Financial Highlights

Underlying in ₦'million	United Kingdom	Ghana	Rwanda	R. D. Congo	Zambia	Gambia	Sierra Leone
Operating Income	3,149	4,525	672	858	328	251	256
Profit Before Tax	1,875	1,423	110	190	(414)	74	76
Total Assets	392,356	184,952	30,000	29,548	15,012	9,816	6,096
Loans and Advances	206,200	82,753	12,729	11,126	3,598	709	280
Total Deposits	344,589	138,515	24,101	24,356	11,663	6,165	4,294

## Key Messages

- Subsidiaries continued to improve their contribution to the group's performance, recording total subsidiary PBT of ₦3.3bn up 43% y/y (Q1'16: ₦2.3bn)
- Total assets from subsidiaries grew 6% to ₦749bn largely driven by business operations in UK and Ghana
- The loss recorded in Zambia was driven by higher expenses during the period as a result of the currency depreciation and a higher inflationary environment

## Profit Before Tax (₦'billion)



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## 6. Q2'17 Outlook

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## Q2'17 Outlook

### Retail Business Expansion and Channels Migration

- Execute market penetration initiatives to grow low cost funding base and improve margins
- Intensify migration and utilization of channels and e-banking platforms to drive transaction income

### Grow Corporate Market Share

- Accelerate value chain optimization of corporate and commercial customers to grow market share
- Leverage technology and distributor credit schemes to sustain continued growth in collections

### Enhance Operating Efficiency

- Drive operational efficiency levels including disciplined expense control limits and cost rationalization to achieve bottom growth
- Streamline core processes in order to more effectively respond to continually changing market forces in a cost-effective manner

### Asset Quality Management

- Controlled growth of loan book within set guidance
- Proactively manage portfolio mix whilst improving risk asset quality to minimize credit impairment losses

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**tomorrow** /noun/

A mystical land where 99% of all human productivity, motivation and achievement is stored.

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