

2016 First Quarter Results Presentation to Investors & Analysts

April 2016



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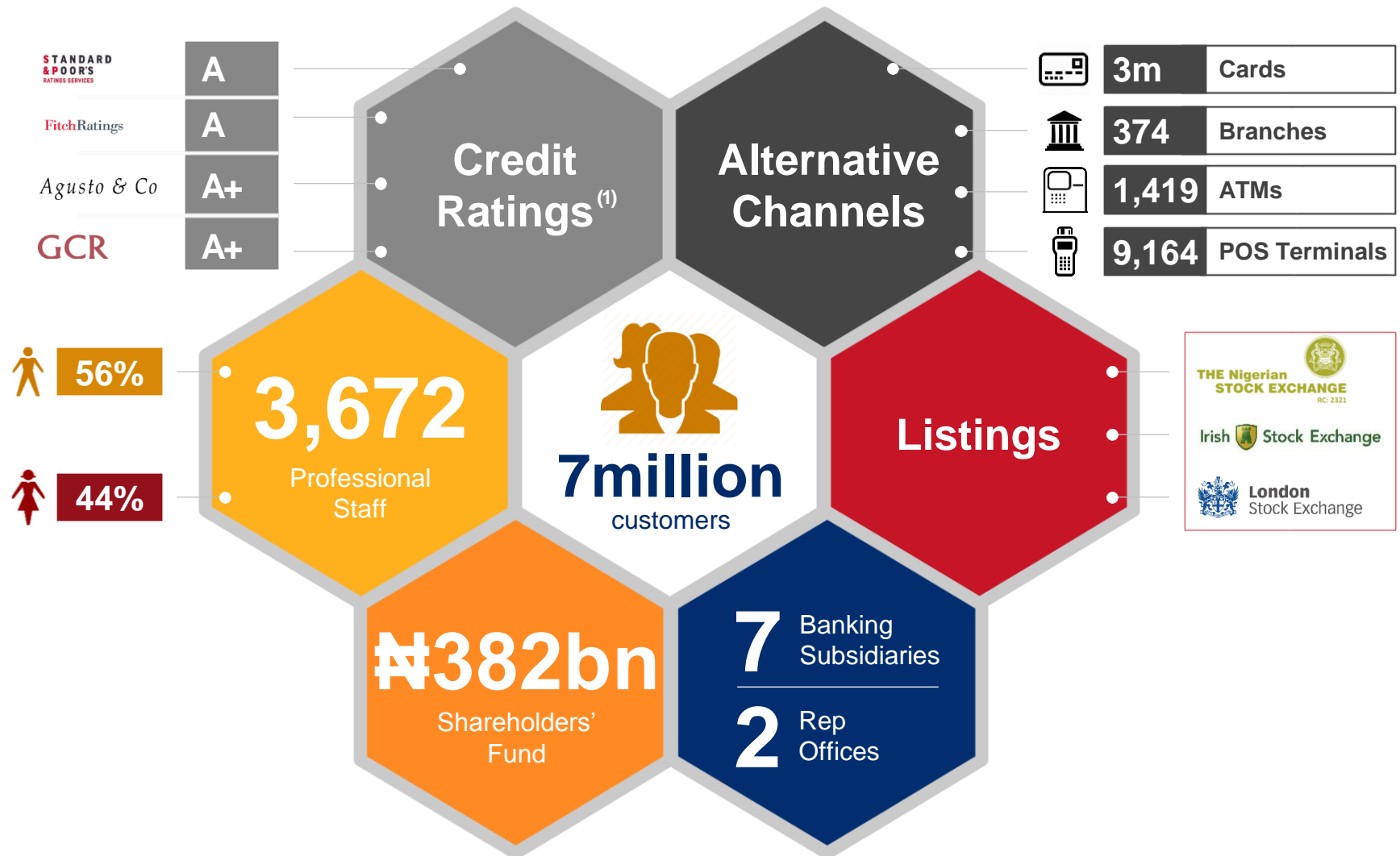
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Q2'16 Outlook

Overview of Access Bank



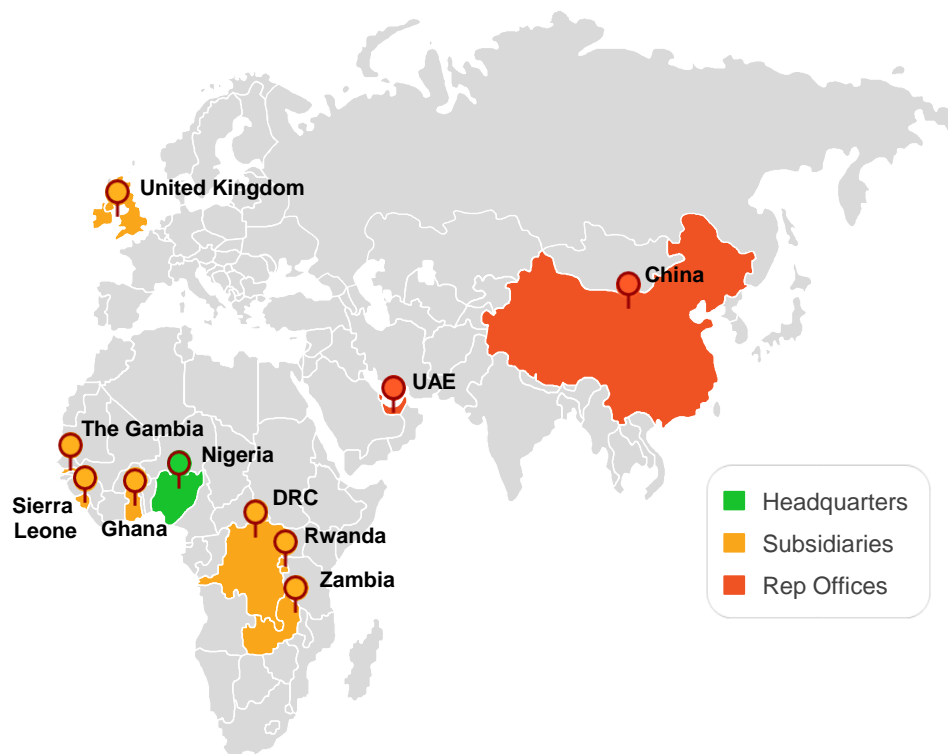
At a Glance



(1) Long-term national ratings

International Network

Recognized as a leading commercial bank in Nigeria with a distribution network across Sub-Saharan Africa, the UK, China and the UAE



Nigeria	
Parent Company	
PBT (₦'bn)	20.3
ROE (%)	19.2
Equity (₦'bn)	374.2
Branches	308

Zambia	
Ownership Interest	92%
PBT (₦'m)	9.3
ROE (%)	1.6
Equity (₦'bn)	1.9
Branches	6

The UK	
Ownership Interest	100%
PBT (₦'bn)	0.7
ROE (%)	9.8
Equity (₦'bn)	22.7
Branches	2

The Gambia	
Ownership Interest	64%
PBT (₦'m)	41.2
ROE (%)	7.1
Equity (₦'bn)	1.9
Branches	6

Ghana	
Ownership Interest	92%
PBT (₦'bn)	1.3
ROE (%)	23.1
Equity (₦'bn)	19.4
Branches	39

R. D. Congo	
Ownership Interest	74%
PBT (₦'m)	90.2
ROE (%)	9.1
Equity (₦'bn)	3.4
Branches	2

Rwanda	
Ownership Interest	75%
PBT (₦'m)	98.3
ROE (%)	12.2
Equity (₦'bn)	2.7
Branches	7

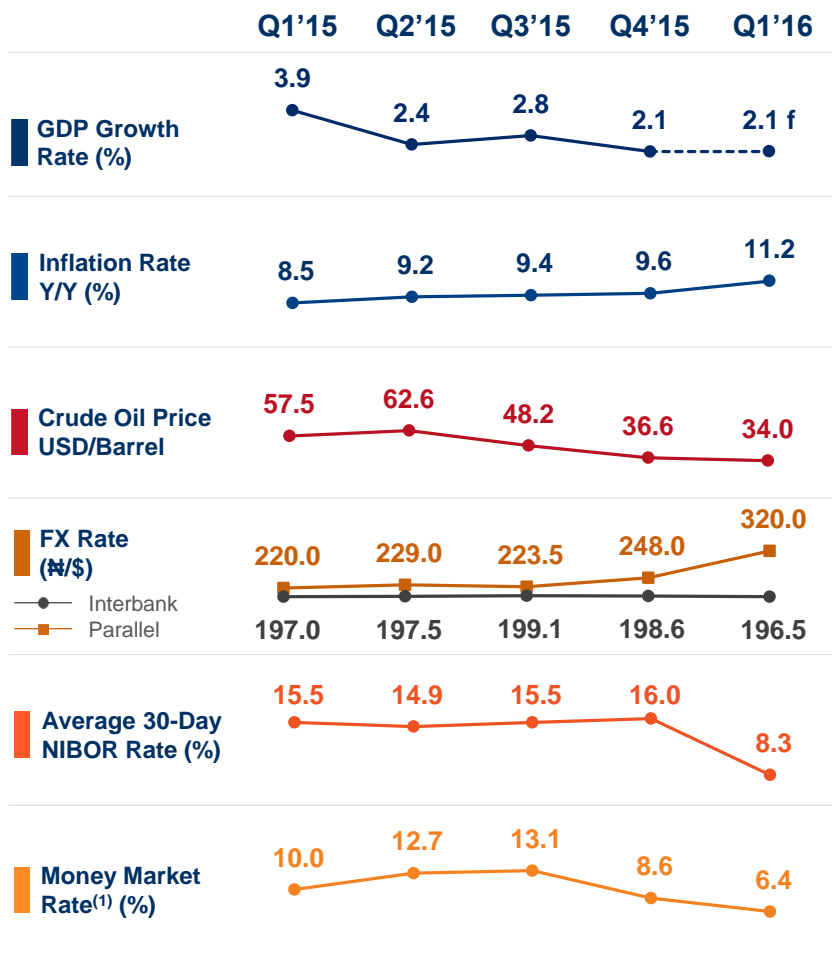
Sierra Leone	
Ownership Interest	97%
PBT (₦'m)	41.4
ROE (%)	8.9
Equity (₦'bn)	1.5
Branches	4

Domestic Operating Environment



The Nigerian Economy

Key Macroeconomic Indicators



Comments

- GDP expected to remain flat q/q at 2.1% in Q1'16, as slowed economic activity persisted on the back of lower oil prices, FX unavailability and stringent fiscal economic policies
- Continued uptick in inflation since Q1'15 largely reflecting the impact of FX scarcity on food prices and increased imported inflation
- Bonny Light price was down 7% q/q, averaging \$34.0pb in Q1'16 (Q4'15: \$36.6pb). Persistent decline in crude oil prices has triggered a 27% drop in foreign direct investment and a 11% y/y decline in external reserves to \$27.9bn in Q1'16 (Q1'15: \$31.2bn)
- The Naira traded at a record low of ₦320/\$ at the parallel market in Q1'16. Continued pressure on the Naira primarily driven by FX scarcity and speculation on further currency devaluation due to declining oil prices

2016 Regulatory Highlights

January – March

- CBN tightened liquidity by increasing the MPR to 12% from 11%, and the CRR to 22.5% from 20%

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

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

Group Financial Performance Review



Key Messages

<p>Strong Profitability Metrics</p>	<p>Profit Before Tax ¥22.6bn Q1'15: ¥16.5bn ↑ +37% y/y</p>	<p>After-Tax ROAE 20.7% Q1'15: 19.2% ↑ +150bps y/y</p>	<p><i>Strong profits recorded in the period on the back of improved interest income, fees and commission from increased e-channels usage and payment volumes</i></p>
<p>Improved Margins</p>	<p>Cost of Funds 3.7% Q1'15: 5.1% ↓ -140bps y/y</p>	<p>Net Interest Margin 7.1% Q1'15: 5.9% ↑ +120bps y/y</p>	<p><i>Significant improvement in margins driven by repricing and growth in low-cost deposits in the retail business</i></p>
<p>Stable Asset Quality</p>	<p>NPL Ratio 1.7% Dec'15: 1.7% ↔</p>	<p>Cost of Risk 0.6% Q1'15: 1.0% ↓ -40bps y/y</p>	<p><i>Asset quality remains strong due to continuous and proactive monitoring of the loan book in line with the Bank's risk management framework</i></p>

Group Financial Highlights

Profitability

	Q1'16	Q1'15	Δ
Gross Earnings (₦'m)	80,271	76,792	5%
Operating Income (₦'m)	59,360	53,959	10%
Impairment Charges (₦'m)	(2,398)	(3,868)	(38%)
Profit Before Tax (₦'m)	22,583	16,518	37%
Profit After Tax (₦'m)	19,419	13,668	42%
EPS (₦)	0.67	0.68	(1%)
Cost-to-Income (%)	57.9	62.2	(4.3)

- Gross earnings stood at ₦80.3bn in the quarter (+5% y/y, Q1'15: ₦76.8bn) on the back of loan growth in Q4'15

- 47% y/y increase in net interest income to ₦34.6bn in Q1'16 (Q1'15: ₦23.4bn), benefitting from a 9% y/y reduction in interest expense to ₦20.8bn (Q1'15: ₦22.8bn) and a 19% y/y growth in interest income

Balance Sheet

	Mar'16	Dec'15	Δ
Loans and Advances (₦'bn)	1,469	1,409	4%
Total Assets (₦'bn)	2,748	2,591	6%
Customer Deposits (₦'bn)	1,803	1,683	7%
Shareholders' Fund (₦'bn)	382	368	4%

- PBT up 37% y/y to ₦22.6bn, driven by interest income growth (+19% y/y) and improved fee and commission income (+87% y/y) on the back of increased utilization of the Bank's retail channels

- Loans and advances grew by 4% to ₦1.47trn as at Mar'16 (Dec'15: ₦1.41trn), well within the year-end guidance of 10%

Prudential & Performance Ratios

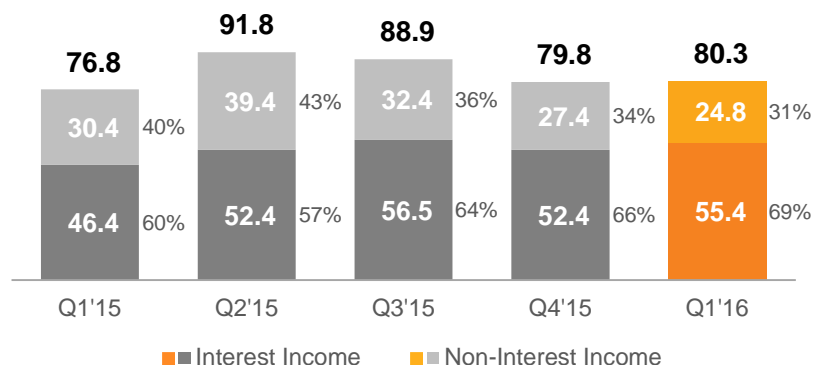
	Q1'16	FY'15	Δ
After-Tax ROAE (%)	20.7	20.4	↑ 0.3
Capital Adequacy (%)	19.6	19.5	↑ 0.1
Liquidity (%)	37.6	38.0	↓ 0.4
Loans to Deposit (%)	69.5	70.9	↓ 1.4

- Customer deposits closed at ₦1.80trn for the period, 7% growth from ₦1.68trn as at Dec'15 reflecting improved retail penetration

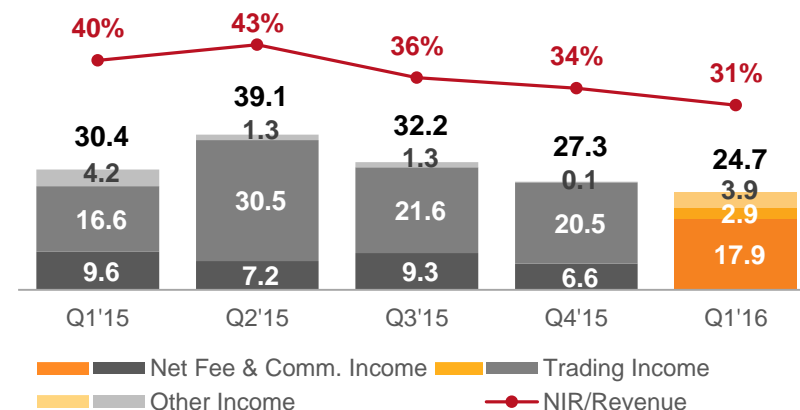
- After-Tax ROAE up 30 bps to 20.7% in Q1'16 (FY'15: 20.4%) on the back of improved earnings

Revenue

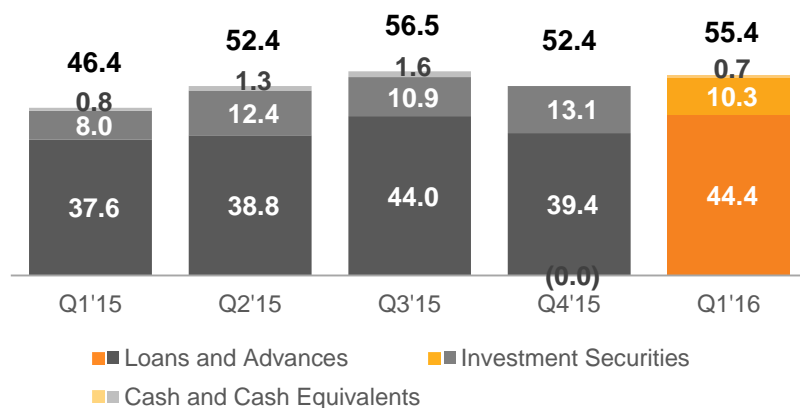
Gross Earnings (₦'bn)



Non-Interest Income (₦'bn)



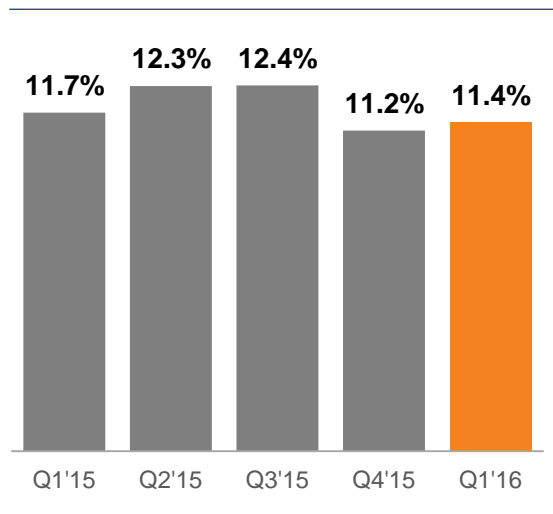
Interest Income (₦'bn)



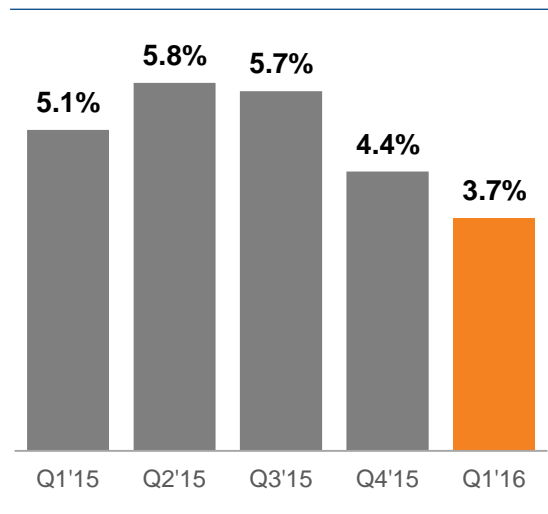
- Gross earnings up 5% y/y to ₦80.3bn in Q1'16 (Q1'15: ₦76.8bn)
- Key drivers:
 - 19% y/y increase in interest income to ₦55.4bn in the quarter (Q1'15: ₦46.4bn) largely resulting from an 18% y/y growth in income from loans and advances, as well as a 29% y/y rise in returns from investment securities
 - Sizeable growth in fee and commission income, particularly from retail-related transactions and increased payment volumes
- Non-interest income decreased 19% to ₦24.7bn in Q1'16 (Q1'15: ₦30.4bn) as significant growth in fees and commission income (+88% y/y) largely offset the drop in net trading income
- Sizeable growth in other income to ₦3.9bn in Q1'16 (Q4'15: ₦106m) primarily driven by dividend income of ₦2.2bn recognized in the period

Margin Analysis

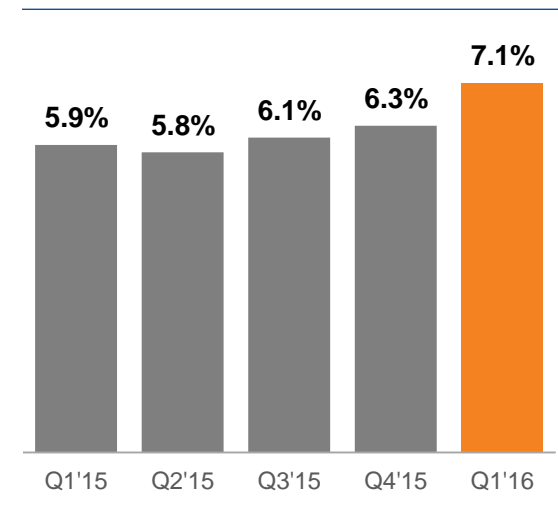
Yield on Assets (YoA)



Cost of Funds (CoF)



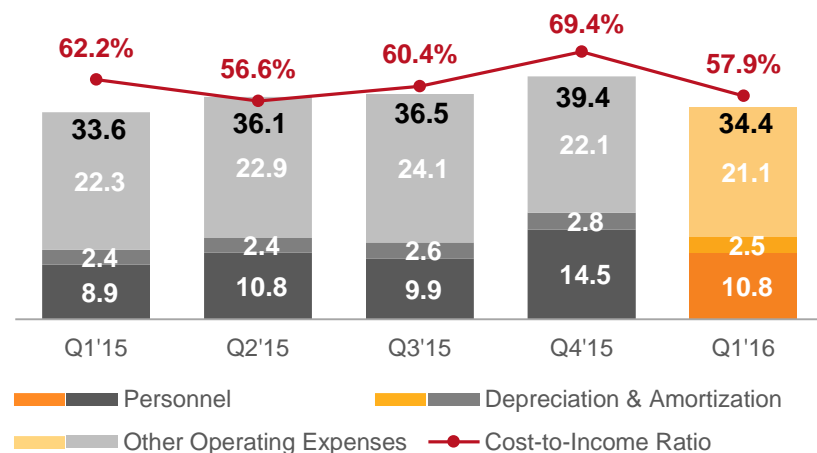
Net Interest Margin (NIM)



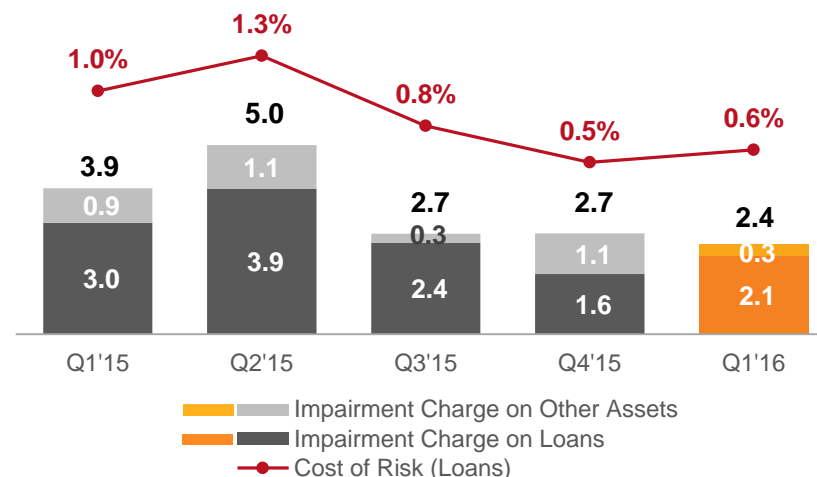
- Yield on Assets declined marginally by 30 bps y/y to 11.4% from 11.7% in Q1'15, but inched up 20bps q/q (Q4'15: 11.2%) reflecting the impact of repricing on FX loans in the last quarter of 2015
- Significant improvement in cost of funds, down 140bps y/y and 70bps q/q to 3.7% (Q1'15: 5.1%, Q4'15: 4.4%) benefitting from the repricing of deposits and growth in low-cost deposits in the period
- Consequently, NIM rose to 7.1% in Q1'16 from 5.9% in Q1'15, in line with the guidance for the year

Operating Expenses & Impairment Analysis

Operating Expenses (₦'bn)



Impairment Analysis (₦'bn)

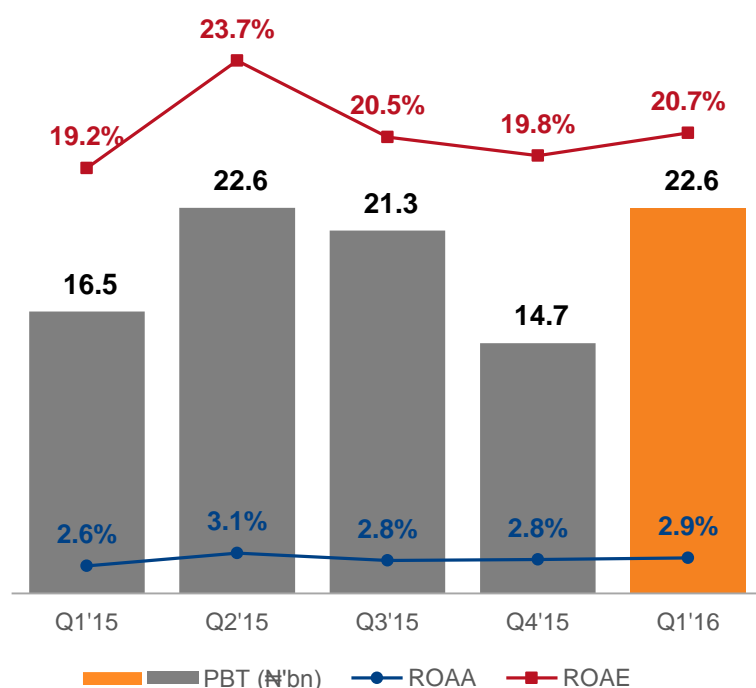


- Operating expenses increased 2% y/y to ₦34.4bn in the period (Q1'15: ₦33.6bn). However, operating costs declined 13% q/q from ₦39.4bn in Q4'15 primarily as a result of savings from strategic cost reduction programs
- Cost-to-Income Ratio (CIR) improved to 57.9%, down 430bps from 62.2% in Q1'15 primarily driven by a 10% y/y increase in operating income to ₦59.4bn in Q1'16 (Q1'15: ₦54.0bn)
- Total impairment charges declined 38% y/y to ₦2.4bn in Q1'16 (Q1'15: ₦3.9bn)
- Cost of risk improved by 40bps to 0.6% in Q1'16 (Q1'15: 1.0%)

Profitability

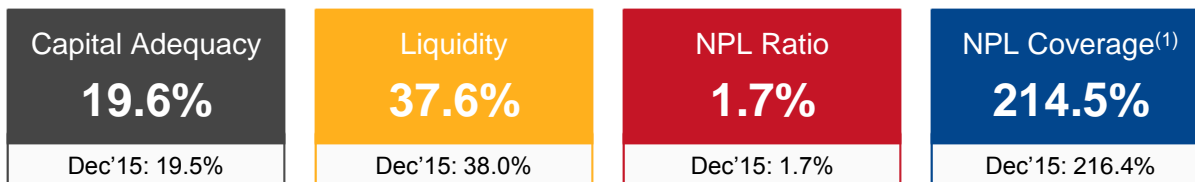
Solid profitability metrics reflecting commitment to generating sustainable economic returns

Profitability Indicators

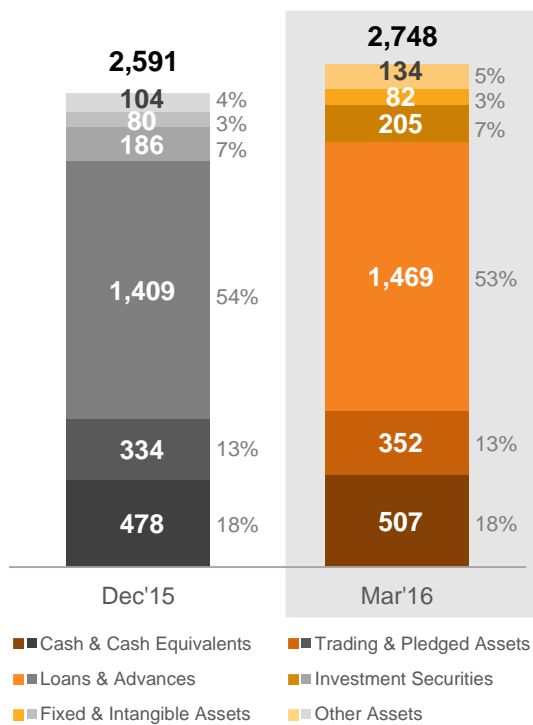


- Profit Before Tax (PBT) grew by 37% y/y to ₦22.6bn in Q1'16 (Q1'15: ₦16.5bn)
- Key drivers:
 - Strong earnings, as interest income grew by 19% y/y to ₦55.4bn (Q1'15: ₦46.4bn)
 - 88% y/y increase in fee and commission income to ₦18.0bn (Q1'15: ₦9.6bn) largely due to considerable growth in channels and e-business income
- ROAA improved 30bps y/y to 2.9% in Q1'16 (Q1'15: 2.6%) largely driven by a 42% y/y growth in net profit to ₦19.4bn (Q1'15: ₦13.7bn)
- Significant growth in ROAE (+150bps) to 20.7% in the quarter from 19.2% in Q1'15

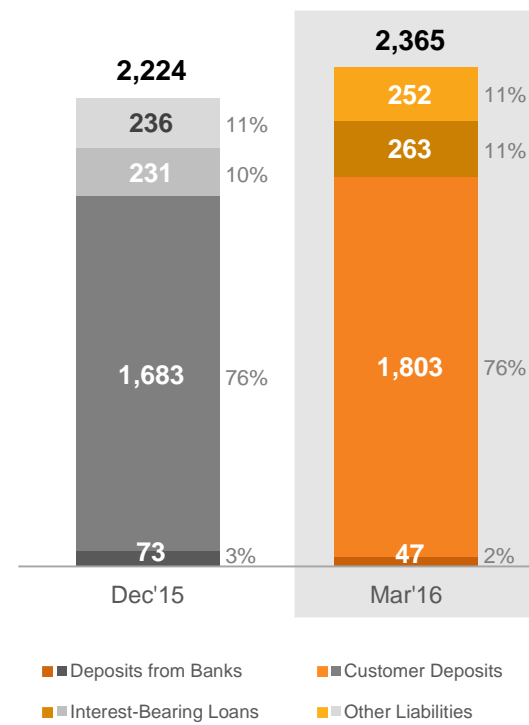
Balance Sheet Snapshot



Asset Mix (₦'bn)



Total Liabilities (₦'bn)

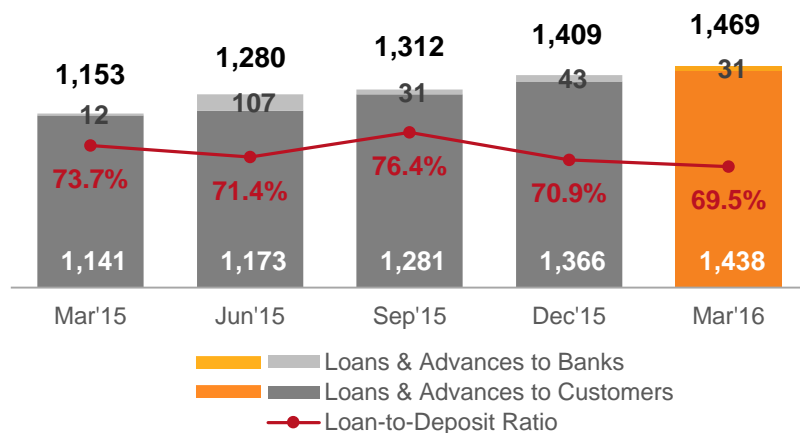


- Total assets grew by 6% to ₦2.75trn as at Mar'16 (Dec'15: ₦2.59trn)
- Key drivers:
 - 34% increase in cash and balances with other banks to ₦114.6bn in Mar'16 (Dec'15: ₦85.3bn)
 - 10% growth in investment securities to ₦204.9bn resulting from a 22% rise in investments in government bonds to ₦66.5bn in the period from ₦54.7bn as at Dec'15
- Loans and advances up 4% to ₦1.47trn in the period (Dec'15: ₦1.41trn), in line with the year-end guidance of 10%
- Customer deposits increased 7% to ₦1.80trn as at Mar'16 from ₦1.68trn in Dec'15

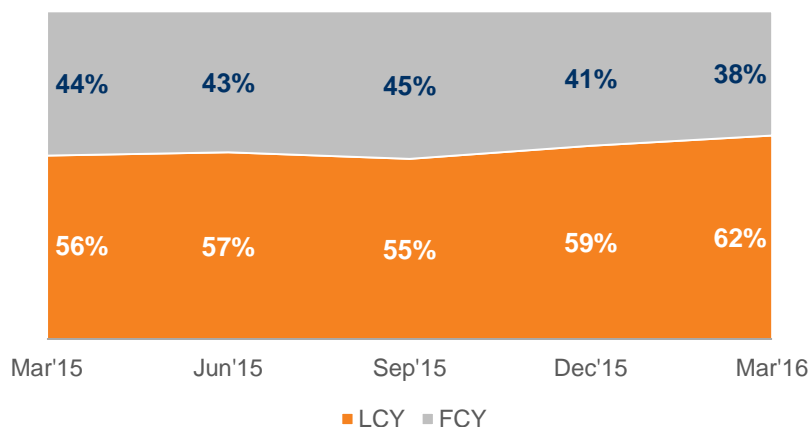
(1) Includes regulatory risk reserves

Loan Analysis

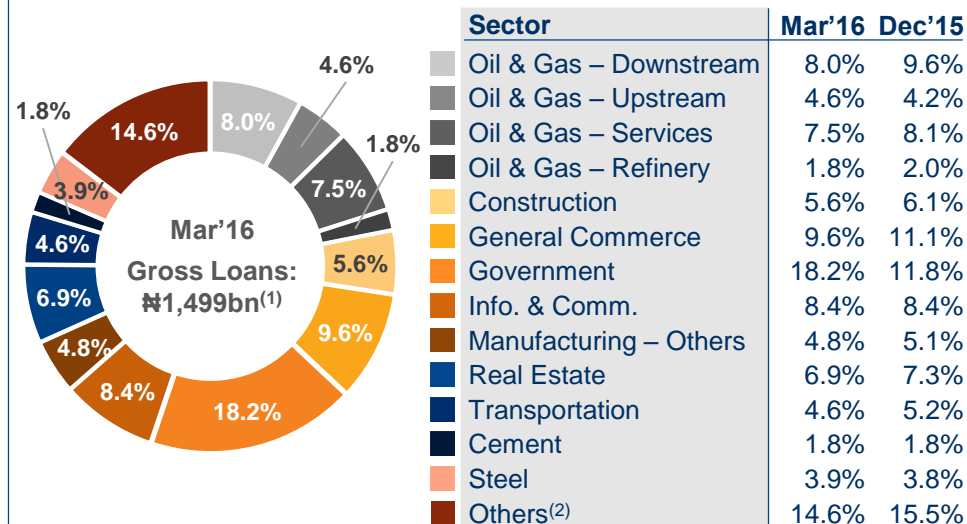
Loans and Advances (N'bn)



Loans by Currency



Loan Distribution by Sector



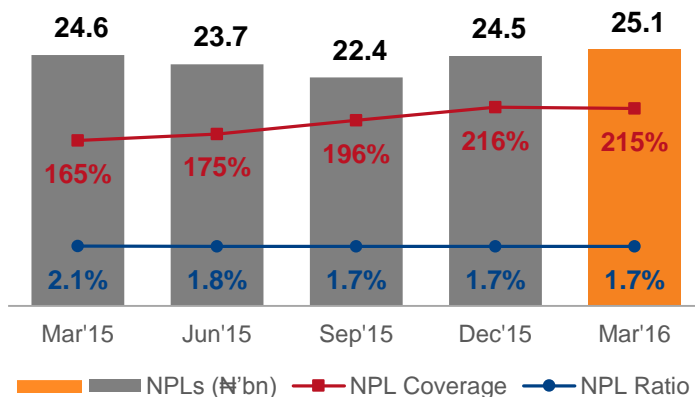
- Loan portfolio remains diversified, benefitting from the Bank's moderate risk appetite and continued focus on maintaining high quality obligors
- Loan growth of 4% recorded in the period (Mar'16: ₦1.47trn vs. Dec'15: ₦1.41trn) is well within guidance
- Loan-to-deposit ratio (LDR) improved to 69.5% (inclusive of interest-bearing borrowings) as at Mar'16 (-140bps, Dec'15: 70.9%)

(1) Stated Gross Loans figure includes Loans & Advances to Banks as at 31 March 2016

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

Asset Quality

NPL Analysis

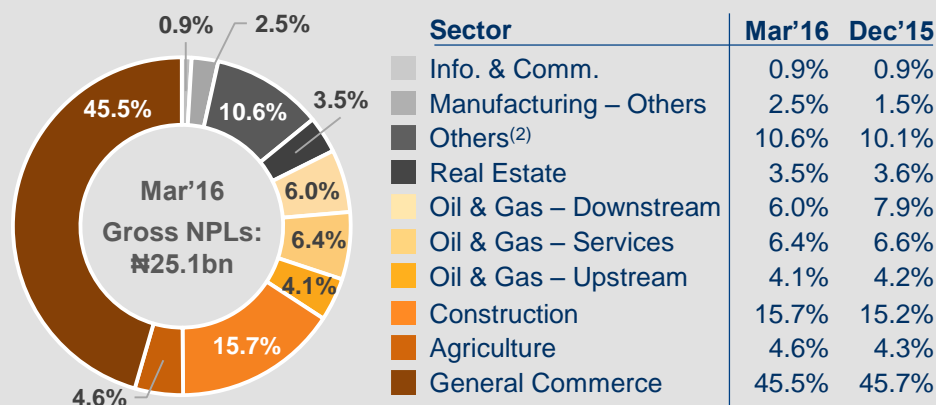


- Asset quality remained stable in the period as the Bank continues to actively monitor the loan book to mitigate against significant growth in non-performing loans
- NPL ratio remained flat at 1.7% whilst gross NPLs inched up slightly to ₹25.1bn as at Mar'16 (Dec'15: ₹24.5bn) due to proactive risk management and continued close monitoring of the loan portfolio
- NPLs are adequately provisioned as the coverage ratio (including regulatory risk reserves) stood at 214.5% in the period

NPL Ratio by Sector⁽¹⁾

	Mar'16	Dec'15
General Commerce	8.0%	7.0%
Agriculture	7.8%	5.5%
Construction	4.7%	4.2%
Oil & Gas – Upstream	1.5%	1.7%
Oil & Gas – Services	1.4%	1.4%
Oil & Gas – Downstream	1.3%	1.4%
Real Estate	0.9%	0.8%
Manufacturing – Others	0.9%	0.5%
Others ⁽²⁾	0.5%	0.6%
Info. & Comm.	0.2%	0.2%

NPL Distribution by Sector

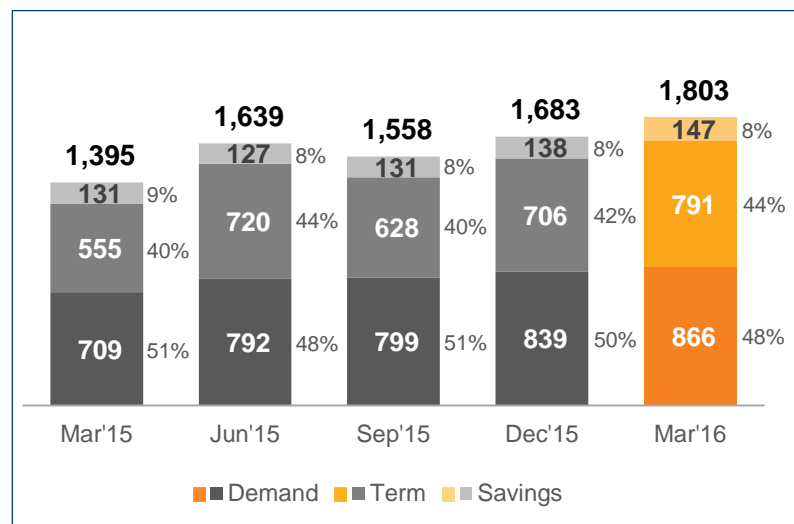


(1) Measures the portion of the total credit exposure by sector that is impaired. **Formula:** $NPL_{(Sector)} / Total\ Gross\ Loans_{(Sector)}$

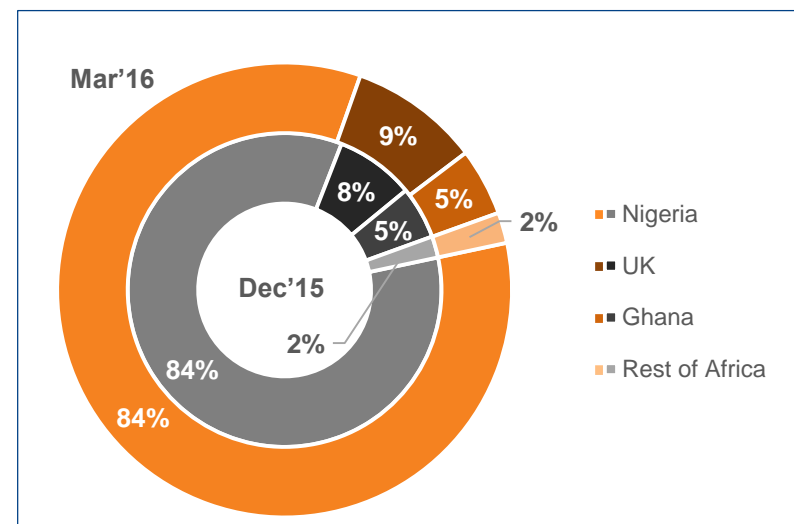
(2) The following sectors are included in "Others": General, Finance & Insurance, Basic Metal Products, Government, Food Manufacturing, Transportation and Storage

Deposit Analysis

Customer Deposits (N'bn)



Total Deposits by Region



- Customer deposits up 7% to ~~N~~1.80trn in the period (Dec'15: ~~N~~1.68trn)
- CASA grew by 4% to ~~N~~1.01trn as at Mar'16 (Dec'15: ~~N~~977bn) reflecting continued growth in the Bank's retail business and improved value chain penetration across the SBUs
- 12% increase in term deposits to ~~N~~790.7bn (Dec'15: ~~N~~706.3bn), which accounted for 44% of the total customer deposit base as at Mar'16
- Term deposits were repriced downwards in the period, which resulted in a reduction in cost of funds to 3.7% (Q1'15: 5.1%)
- Access UK constituted 9% of the Group's total deposits in the quarter, 100bps improvement from Dec'15 (8%)

Capital & Liquidity

Adequately positioned to absorb significant macro shocks

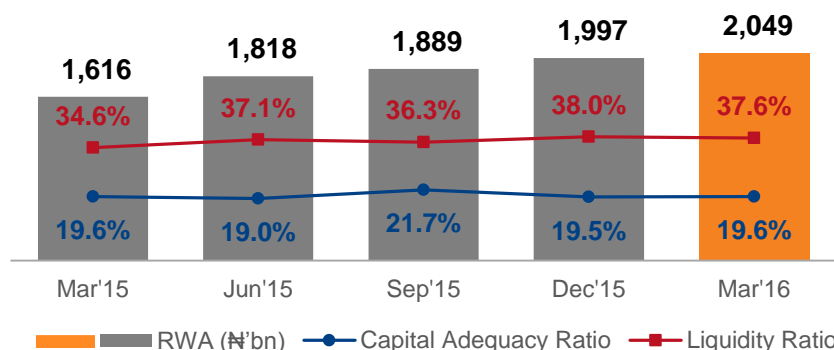
Capital Adequacy Computation – Basel II

Underlying in ₹'m	Mar'16	Dec'15	%Δ
Tier I Capital	312,229	302,637	3
Tier II Capital	89,099	86,770	3
Total Regulatory Capital	401,328	389,407	3
Credit Risk	1,731,623	1,694,884	2
Operational Risk	283,443	288,439	(2)
Market Risk	33,846	13,402	153
Risk-Weighted Assets	2,048,912	1,996,724	3
Capital Adequacy			
Tier I	15.2%	15.2%	
Tier II	4.4%	4.3%	
Total	19.6%	19.5%	

Funding Sources

Underlying in ₹'bn	Mar'16	Dec'15	%Δ
Customer Deposits	1,803	1,683	7
Deposits from Banks	47	73	(36)
Debt Securities	150	150	-
Interest-Bearing Borrowings	263	231	13
Other Liabilities	103	86	21
Equity	382	368	4
Total Liabilities & Equity	2,748	2,591	6

- Capital and liquidity metrics are strong and above regulatory limits
- Capital Adequacy Ratio (CAR) of 19.6% as at Mar'16 (+10bps)
- Stable liquidity position with the Group liquidity ratio at 37.6% as at Mar'16, providing a surplus to internal and external minimum requirements



SBU Performance Review



Q1'16 SBU Performance Summary



Corporate & Investment Banking

- Slowed treasury, sales and trading business driven by persistent FX illiquidity on the back of increased restrictions on FX by the CBN
- Decline in PBT to ₦4.3bn in the period (Q1'15 ₦12.2bn) largely attributed to the drop in net trading income

Commercial Banking

- Increase in operating income benefiting from growth in the commercial banking business and the government intervention funding program
- Enhanced performance in collections resulting in reduced funding cost

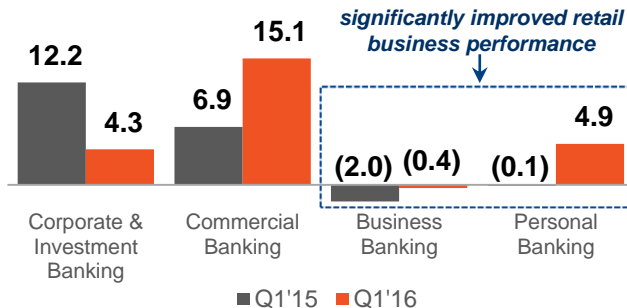
Business Banking

- Consistent reduction in loss position, recording a ₦1.6bn reduction in its loss position to ₦357m in Q1'16 from ₦2.0bn in Q1'15
- Performance primarily driven by increased utilization of the Bank's retail products and channels
- Dormancy ratio declined to 40% in Q1'16 from 42% in Dec'15

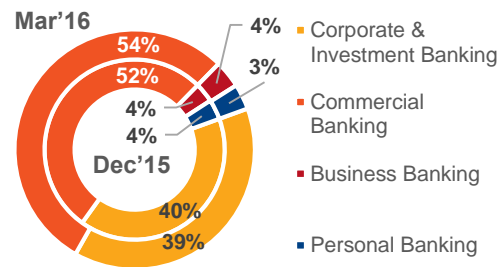
Personal Banking

- Improved results, as sizeable growth in PBT to 4.9bn in the period was largely driven by increased transaction volumes across the Bank's channels and e-business

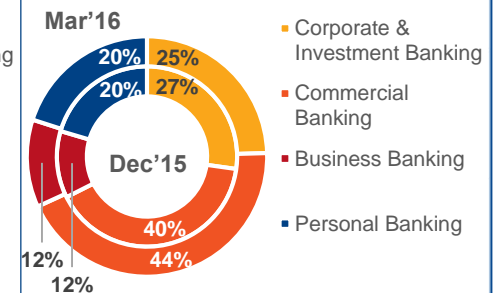
Profit Before Tax (₦'bn)



Loan Contribution



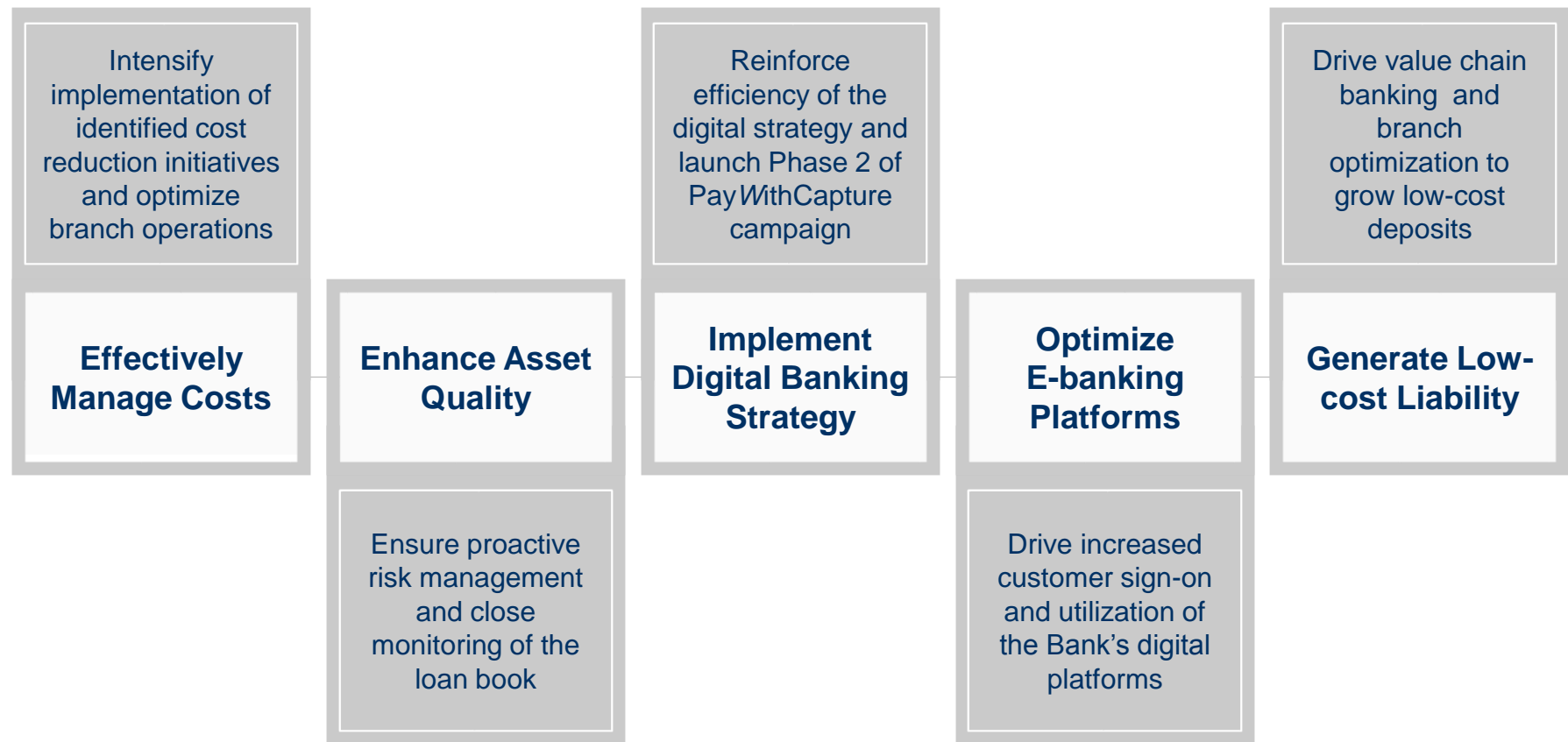
Deposit Contribution



Q2'16 Outlook



Key Imperatives for Q2'16



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access >>>



tomorrow /noun/

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

 **TAKE TOMORROW**