

Half Year 2022

Financial and Operating Results

September 15, 2022

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Outline:

- ❖ Overview and strategic update
- ❖ Financial and operating results
- ❖ Access Banking Group
- ❖ Outlook and targets



Overview and strategic update

Macroeconomic highlights of domestic operating environment

	Q4 21	Q1 22	Q2 22	Q3 22
GDP Growth Rate (%)	3.98	3.11	3.54	NA
Inflation Rate Y-o-Y (%)	15.63	15.92	18.6	19.64
FX Rate NAFEX (₦)	424.11	416.09	421.29	434.38
Average 30 days NIBOR (%)	10.24	7.51	7.37	12.125
External Reserves(\$'b)	40.52	39.55	39.15	39.02

Comments

- ▶ The economy witnessed positive growth of 3.54% in Q2, recording a seventh consecutive quarter of growth since the recession of 2020. This came after a 3.11% expansion in Q1 2022.
- ▶ Inflation rate climbed to 19.64% in Aug 2022, from 18.6% recorded in the previous month. The soaring rate can be attributed to sky rocketing energy prices and the pent-up consumer demand following Russia's invasion of Ukraine –a major food exporting nation.
- ▶ The NAFEX rate closed at N434.38/\$ on the 5th of September 2022, compared to N421.29/\$ posted in Q2 2022. Despite the depreciation, increased dollar demand continues to outweigh supply.
- ▶ The 30-day Nigerian Interbank Offered Rate (NIBOR) increased by 4.76 percentage points between Q2 2022 and Q3 2022. Furthermore, the Monetary Policy Rate (MPR) rose to 14% at the last meeting held in July 2022 from 11.5% in Q1 2022. The rate hike is expected to tackle inflationary pressures.
- ▶ External reserves fell by \$0.13 billion to settle at \$39.02 billion on the 1st of September 2022 compared to \$39.15 billion posted in Q2 2022. This reflects lower crude oil production, stronger dollar demand, and increased subsidy payment matched with inadequate dollar supply.



Economic Growth

Q2'22: Increased to 3.54%
Q1'22: Increased to 3.11%



Credit to Private Sector

Aug'22: N39.87trn
June'22: N39.27trn



Stock Market Performance

Sept' 5th 22: N26.96trn
Q2'22: N27.94trn

Nafex Exchange Rate

Depreciated to N434.38 on the 5th September from N425.66 in August



Oil Prices

Fell to \$99.22/b on the 2nd September from \$104.95/b in August



External Reserves

Sept' 1st 22: \$39.02bn
Aug'22: \$39.15bn



Inflation

Aug'22: 19.64%
Jun'22: 18.6%



MPR

Rose to 14% in July from 11.5% in Q1'22

H1 2022 highlights of the regulatory landscape

- The CBN extended the 5% per annum interest rate on all CBN intervention facilities for 1 year.
- The CBN issued guidelines for the registration and operation of Bank Neutral Cash Hubs (BNCH) in Nigeria.
- The CBN issued a circular on the Treatment of Composed Bank notes. With effect, any composed bank note discovered in the deposit of Deposit Money Banks will attract a penalty of 400% of the value.



- The CBN issued a circular on the review of operations of the NIP system requiring banks to provide customers with indemnity forms for transfers above 1 million (individual) and 10m (corporate), adhering to Multiple Factor Authentication.
- The CBN issued a revised guideline for the operation of non-interest financial institutions instruments with the introduction of two new instruments- Funding for Liquidity facility and Intra-day facility for non-interest Banks.
- With the increase in the number and sophistication of cybersecurity threats, the CBN issued a guideline which represents the minimum requirements to be put in place by all OFSIs, effective January 1, 2023.

A leading global financial institution



Our Mission

To build and sustain one global platform, open for anyone to join where people can be connected to exceptional opportunities.

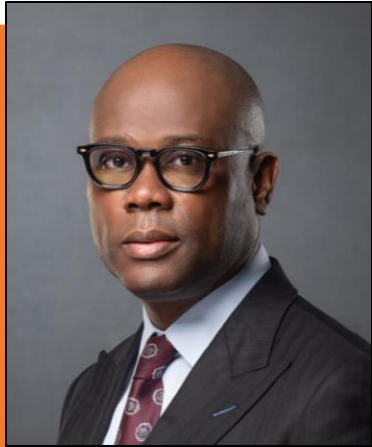
Our Vision

To create a globally connected community and ecosystem; Inspired by Africa, for the World.

Our Values

- ❖ **Excellence**
“Putting in exceptional effort for exceptional results”
- ❖ **Curiosity**
“Never stop questioning”
- ❖ **Empathy**
“Standing in someone else’s shoes and seeing through their eyes”

Lean & efficient HoldCo leadership structure driving a culture of accountability, innovation and growth



**Herbert
Wigwe**
CEO
[Read bio >](#)



**Bolaji
Agbede**
Executive
Director
[Read bio >](#)



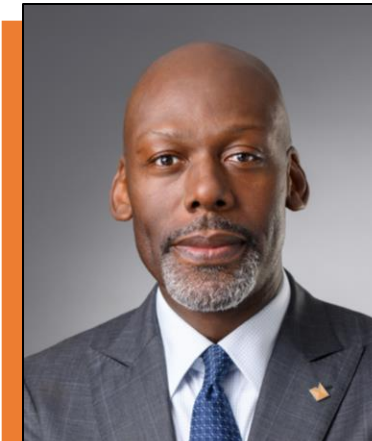
**Lanre
Bamisebi**
Executive
Director
[Read bio >](#)



**Morounke
Olufemi**
Group Chief
Financial
Officer
[Read bio >](#)



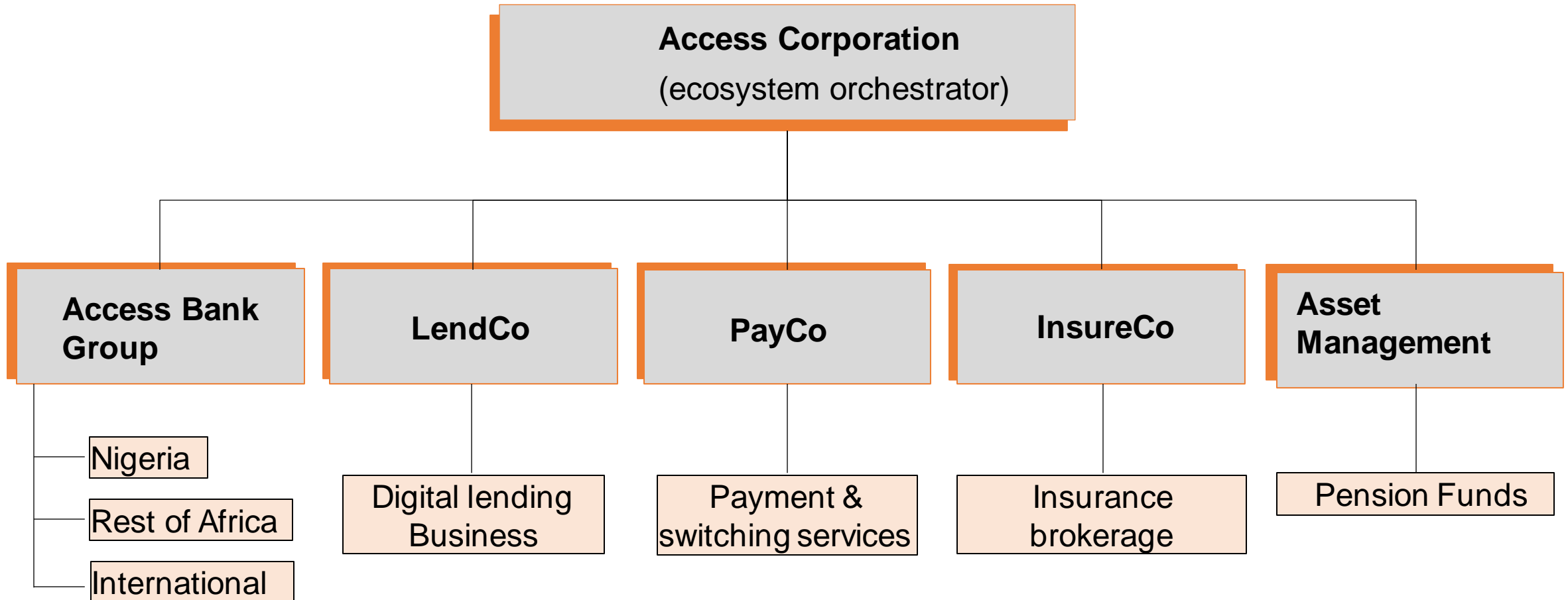
**Sunday
Ekwochi**
Group
Company
Secretariat
[Read bio >](#)



**Amaechi
Okobi**
Group Corporate
Communications
[Read bio >](#)

| Our portfolio of companies with significant complementarities

Access Corporation consists of 5 subsidiaries to begin with;



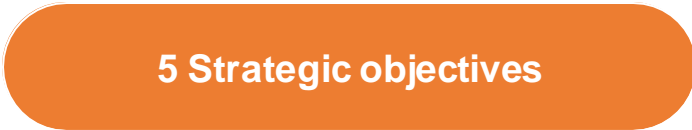
Access has transitioned into a Holding Company to drive rapid growth



Access Holdco

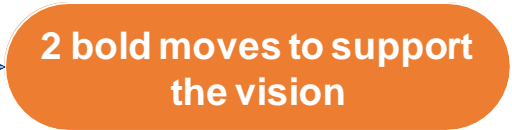


Become a full-scale ecosystem player offering new, inter-connected services across customer needs

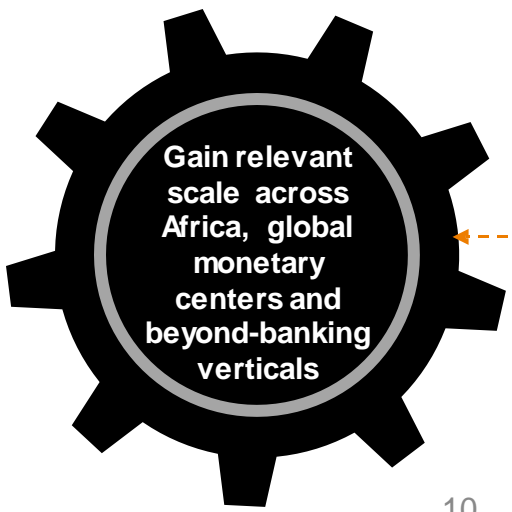


5 Strategic objectives

- 1 Value accretion
- 2 Agility
- 3 Scale leverage
- 4 Best-in-class talent
- 5 Targeted consolidation



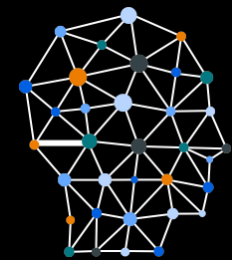
2 bold moves to support the vision



Gain relevant scale across Africa, global monetary centers and beyond-banking verticals



7 enablers to help Access build for the future



- To provide best in class, seamless and consistent **Customer Experience** and service recovery to our customers
- Secure, scalable and agile **Digital & Technology** platforms enhancing seamless customer interactions & operational efficiency
- Use of **Data & analytics** to deliver personalized solutions, drive decision-making, & generate revenue
- Best global **Risk and Capital management** to protect the corporation & support strategic goals
- Responsible and innovative solutions addressing **Environmental, Social & Governance** challenges
- A focus on **People & Culture** that attracts and retains the best talent
- Clear internal and external **Communications** to cascade the vision to all stakeholders

Access PFA aims to become a top 3 market player in PFA by 2027

Overall

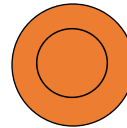
Access Corporation will have a **top 3 PFA in Nigeria** as one of its operating companies to make it an end-to-end financial services ecosystem player



Phase 1 (2022)

#12 in Aum

Successfully **acquire and integrate First Guarantee** into Access Group



Phase II (2023)

Top 10 in Aum

Roll-out offering of "enhanced PFA services", with focus on:

- **Automated transfer process** from other PFAs
- **Customer portal** enabling access to both PFA services and to other products offered by Access



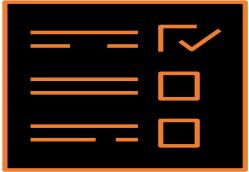
Phase III (2024 – 2027)

Top 3 in Aum

Deploy a **digitally-based, full ecosystem offering** consisting of "enhanced PFA services" and ancillary services (also provided by 3rd parties), made available through an advanced digital portal for customers



Why is Access Corporation establishing its payments business?



Objectives

of PayCo

Achieve our maximum potential by controlling and unlocking our destiny

Stimulate growth and become agile in response to the rapidly changing landscape

Maximize value accretion to the Group



Principles

of PayCo

PayCo will serve both Access and non-Access customers

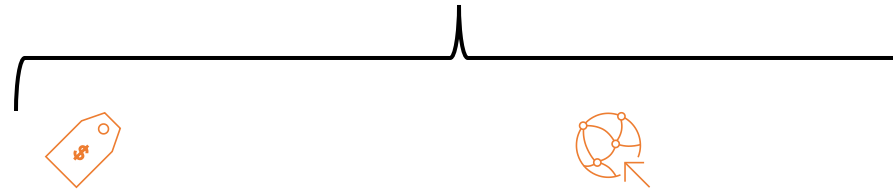
PayCo will aim to drive product/market fit to drive **network effects** and will lead the market through innovation

PayCo will ensure service quality through continuous improvement and robust security

PayCo will be value accretive to the entire enterprise

PayCo operating company will focus on four key services...

Merchant payment solutions



Product	 Cards servicing business	 Offline payments	 Online payment	 Switching
Description	Processing of card transactions , including card authorization, authentication, Providing card management services (e.g. data analytics) to the Bank	POS deployment and servicing for retail payments Payment Terminal Service Provider Value added services such as loyalty programs management, reporting, inventory mgmt. etc.	Provision of ecommerce gateway to merchants for online purchases Value added services such as loyalty programs management, Analytics and reporting (customer demographics, purchasing behaviors)	Integration of banks for payment processing and funds transfer <ul style="list-style-type: none"> • Account transfers • Card transaction routing
Customer focus	Access Bank customers would be the primary focus initially; business to expand to non-Access customers	Small businesses & big Corporates focus providing merchants with a full scale of services including invoicing, analytics, invoicing		Financial institutions , including tier-2 banks and microfinance banks

Why is Access Corporation creating a dedicated consumer lending company through LendCo?

Context



There is a gap in consumer lending, especially for the under-banked that presents a compelling opportunity to capture for players with the right capabilities and insights



In Nigeria, traditional lending models in this space are being challenged by digital lending players, supported by trends such as increased digital penetration



Access has an opportunity to leverage its capabilities and branding to create a dominant consumer lending player built on innovative products, digital capabilities and partnerships

Objectives



Realize maximum potential in a growing consumer lending market through unlocking our existing skills and customer opportunity by creating a more agile platform



Deliver superior value to customer through lending and other value-added products



Deliver enhanced value proposition, through digital delivery, and agility as a dynamic market player to drive growth and valuation



Maximize value accretion to the Group with a value maximizing focus driven by leading capabilities and best practices, that can cascade through the bank

LendCo will be primarily focused on digital loans to consumers and MSMEs

Area

Description



Customer Focus

Primarily **retail customers** (i.e., lower- and middle-income salary earners and self-employed individuals) and **micro-SMEs**



Product offerings

Primarily **digital lending** with **savings and value-added services** supporting the business

- **Traditional consumer and SME lending** such as asset and device financing, personal loans, working capital financing SME loans, etc.
- **Emerging consumer lending** e.g., Buy Now Pay Later, niche personal loans
- **Savings and investment products**
- **Value added services** such as insurance, airtime purchases, payments etc. leveraging other Access OpCos



Customer acquisition strategy

Digital-led low-cost customer acquisition strategy from three main sources:

- **Segments of existing Access Bank Corporation customer base** (underserved and/or unprofitable to serve)
- Customers of **ecosystem partners e.g., Konga**
- LendCo **digital marketing**

The case for a unique insurance brokerage company through InsureCo

Context



CBN regulations bar the bank from owning non-bank financial institutions, for the Bank to **capture the emerging insurance opportunity**, it has purchased a brokerage firm which will be part of the HoldCo structure



Consumer lending, e-commerce, and marketplaces are expected to grow significantly in the coming years, presenting an opportunity for **insurance to play an integral role in those ecosystems**



Access has an opportunity to leverage its **scale and capabilities** to create an insurance broker that can **extract additional value from insuring these ecosystems** above and beyond the Bancassurance model¹

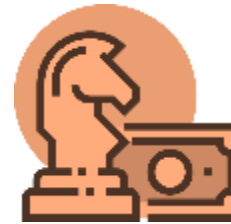
Objectives



Create **end-to-end product offerings to serve emerging ecosystems** and prevent value leakage



Deliver value to the Group by taking advantage of **synergies to create and maximize value**



Use the scale of the Group to **accelerate growth and negotiate favourable terms** for Group customers



Provide **value added services** that enhance the value proposition of Access to its core clients

InsureCo will be focused on providing insurance intermediation and other value-added services

Area

Description



Customer Focus

InsureCo will operate as a licensed broker, seeking the best possible deals available in the market for its clients **(including Access Bank customers)**;

- While **Coronation Insurance** will be the **preferred insurer**, particularly where the insurable risk falls within their risk appetite, InsureCo will be insurer agnostic

InsureCo will also act as an **agent of insurers** in collecting premiums **and in some instances** acts on behalf clients when managing claims



Service offerings

InsureCo will provide two main types of services

- **Insurance intermediation for all classes of insurance**
- **Insurance advisory services**







Customer acquisition strategy

InsureCo will acquire customers from three main sources

- **Access Corporation** and its existing customers
- **Ecosystem partners** and their customers
- **InsureCo sales team and digital marketing**

Update on new Access Corporation's verticals

Verticals	Status	Update
<ul style="list-style-type: none"> • AMCo (Pension Funds) 		<ul style="list-style-type: none"> • Divestment of Access Pension Funds Custodian completed in Q2 2022 • Acquisition of controlling interest in First Guarantee Pension Limited completed in Q3 2022 • Continuation of an aggregator strategy to enable scale within a short period of time
<ul style="list-style-type: none"> • PayCo (Payments Company) 		<ul style="list-style-type: none"> • PayCo Switching business going live from Q4 2022 • PayCo Merchant & PayCo Cards on track for go-live in Q4 2022 & Q1 2023
<ul style="list-style-type: none"> • InsureCo (Insurance Brokerage) 		<ul style="list-style-type: none"> • Insurance brokerage business going live from Q3 2022
<ul style="list-style-type: none"> • LendCo (Consumer Lending) 		<ul style="list-style-type: none"> • Go-live scheduled for Q1'2023

 Not Started
  Ongoing
  Done

| ESG is at the heart of our business

Environment

- ▶ **₦15bn** raised in Green Finance. 1st Corporate in SSA to issue a certified Green Bond by Climate Bonds Initiative
- ▶ **16%** decrease in electricity consumption
- ▶ **20.09%** reduction of water usage bank-wide
- ▶ Pioneered **waste recycling** in the Nigerian Financial Sector in over **75** locations- Over **621.984kg** of waste recycled
- ▶ **Environmental Audit** of all Branches in phases across Nigeria-256+ Branches
- ▶ Launched an environmental and Sustainability data expansion reporting portal for **Green House Gas (GHG) emission data collection and reporting**

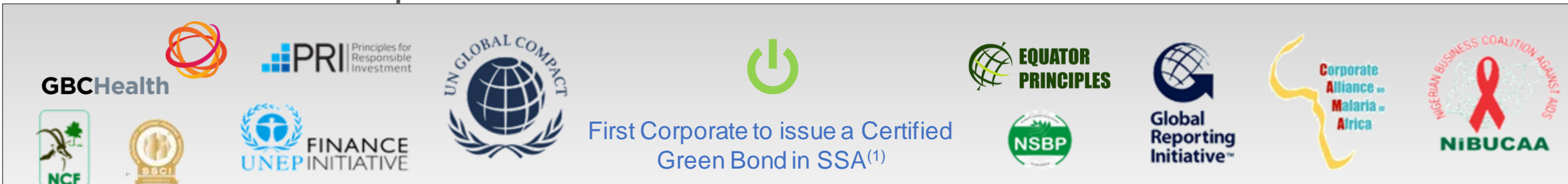
Social

- ▶ Championed the **Coalition Against COVID-19 (CACOVID)**
- ▶ **6,000+ children** beneficiaries of a Science Technology, Engineering, Art and Mathematics campaign
- ▶ Invested in **10,441** women-owned businesses
- ▶ Partnered ACT Foundation to provide grants to **27 non-governmental organizations impacting 504, 148 lives** across communities in the 6 geo-political zones
- ▶ **Launched the N50Bn (\$150Mn) HIV Trust Fund of Nigeria** to provide access to funds for the prevention of mother-to-child transmission of HIV/AIDS in Nigeria

Governance

- ▶ Launched the **implementation Report on the Global Principles** for Responsible Banking
- ▶ Pioneered **sustainability reporting** in the Nigerian Financial Sector
- ▶ First Commercial Bank in Africa certified by **Sustainability Standards and Certification Initiative (SSCI)**
- ▶ **Human Resource & Sustainability** Standalone Board Committee
- ▶ Developed an **ESG Framework**
- ▶ Finance Derivative-Best Sustainable Bank Africa 2022
- ▶ Board member, **UNGC Africa Business Leaders Coalition**

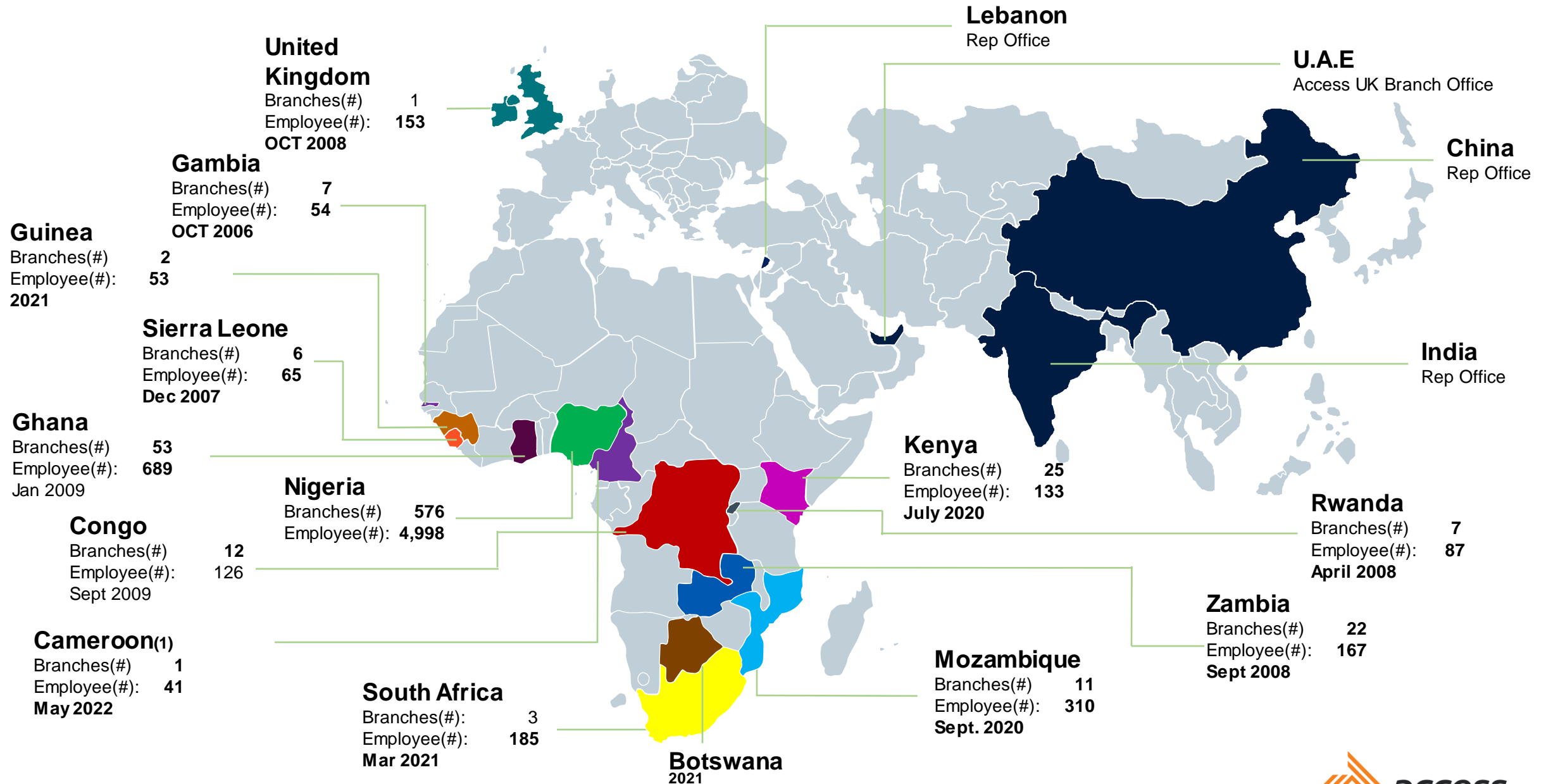
Certifications and Memberships



First Corporate to issue a Certified Green Bond in SSA⁽¹⁾

1. SSA - Sub-Saharan Africa

Access Corporation's Global network and scale



(1)The subsidiary in Cameroon commenced operations in May 2022

Strategically Expanding our Footprint

Clusters

Global financial gateways

 United Kingdom  France

 Hong Kong

 Malta

Trade Hubs

 Dubai  Lebanon

 China  Mumbai

Key Africa markets

 Zambia  Ghana

 South Africa  Rwanda

 Senegal  Cameroon

 Mozambique  Kenya

 Cote D'voire

Rest of Africa

 Guinea  Botswana

 Gambia  DRC

 Sierra Leone  Tanzania

 Uganda

 Existing Subsidiaries

 Potential Future subsidiaries

Our Expansion Strategy is Deliberate and Disciplined, Focusing on Five Key Principles

Principles


Examples

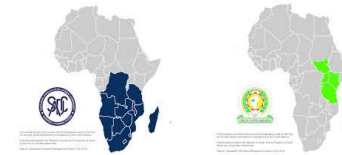
Brief Description

1 **Aggregator Africa** in 




- We aim to become an aggregator of financial services by 1) building a **global payments gateway**, 2) offering holistic **trade finance support** through our hubs in key financial markets and 3) offering **correspondent banking**
- To achieve this, we will also target **global combinations and servicing of Multinational Corporations** and setting up **centres of excellence** to harness global talent

2 **Focus on key banking markets to support regional trade** 



- Access Bank targets **new markets based on an assessment of the opportunity to support trade** through its core competencies in trade finance
- This expansion approach is supported by an over-arching strategy designed to serve as a **trade and payments gateway for Africa to the world**

3 **Target scale in existing countries** 



- The expansion strategy targets **not just presence but an impactful one**. We believe that by having a substantive presence we can play a larger role in supporting our client base and stimulating financial inclusion
- Our recent transactions underscore this approach. Through increasing market share, we are better positioned to reap **economies of scale** resulting in greater stability and better profitability for our businesses

4 **Risk earnings diversification and** 

Currency risk
Political risk
Economic shocks

- Our expansion efforts are also necessitated by a need to **diversify our earnings and risk** – that said, **Nigeria will remain our largest market**

5 **Build partnerships on** 



- Our expansion strategy in Africa is modeled on **partnerships with financial investors and DFIs** amongst others
- We aim to provide strong strategic support to protect and grow value (including development objectives) for our partners

Key business initiatives and enablers of our Expansion Strategy

Our Africa Strategy is anchored on four key business initiatives and enablers



Trade (imports and exports)

Primary focus is to leverage established presence across trade and financial hubs across the world to drive trade

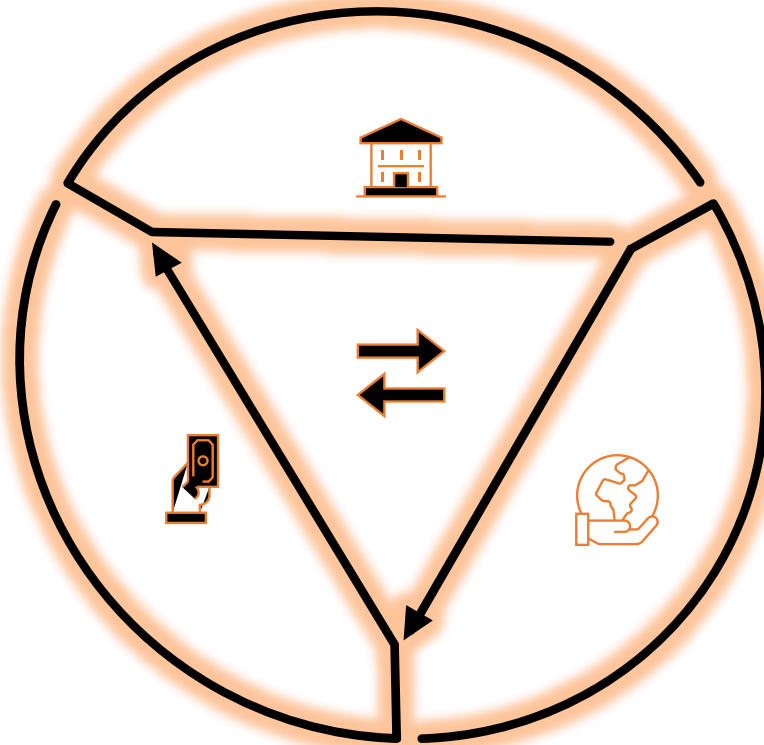
Presence in London, Dubai, Hong Kong, Lebanon, Beijing, Mumbai etc. and extensive footprint across the African continent



Payments & Remittances

Use cheap FX from international remittances to feed trade

AccessAfrica hooked to wallets and payment platforms for international remittances



Retail & Alternative channels

Retail ensures sustainability in all geographies being a source of cheap funds and allows us to invest in risk or investment assets.

Retail allows us to leverage digitization and access to cheap sources of funds which in turn ensures stability through a committed local customer followership.



Global Relationships

Corporate is done more concertedly and in line with the one-bank model

Leverage existing corporate network and drive partnership with other banks to serve their clients in locations they are not currently present.



Operational Hubs



Centralized IT infrastructure



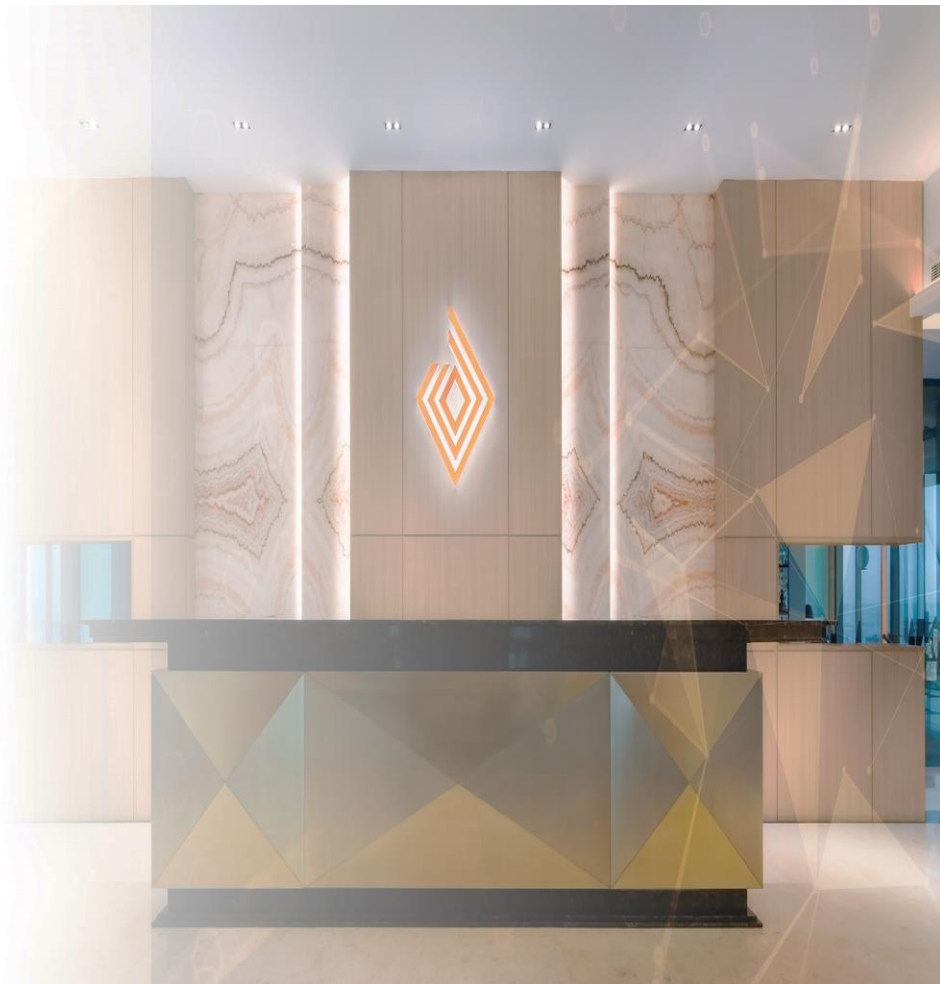
Robust subsidiary support functions



Uniform applications/channels

Financial and operating results

| H1'22 Access Corporation's Profile



₩328.8b

Market Cap

49m+

Customers

6,040

Employees

17

Markets

Profit after Tax

₩88.7bn

+2% y/y

Gross Earnings

₩591.7bn

+31% y/y

Shareholders' Funds

₩1.1trn

+2% y/y

Capital Adequacy Ratio

22.4%

-9% y/y

Total Assets

₩13.2trn

+13% y/y

After-Tax ROACE¹

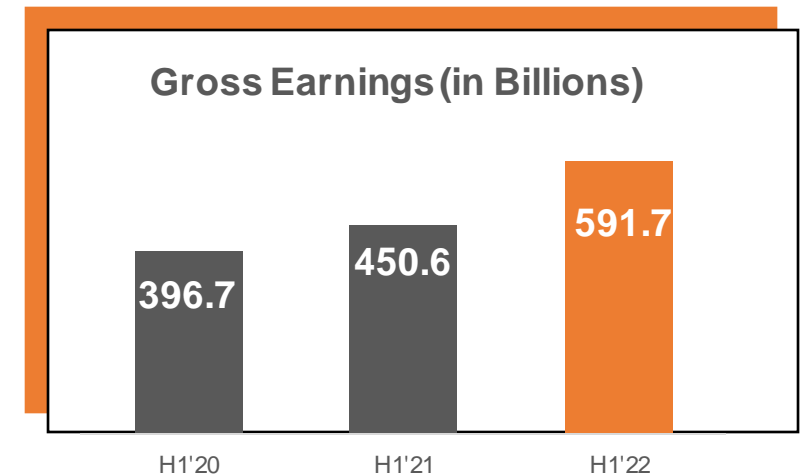
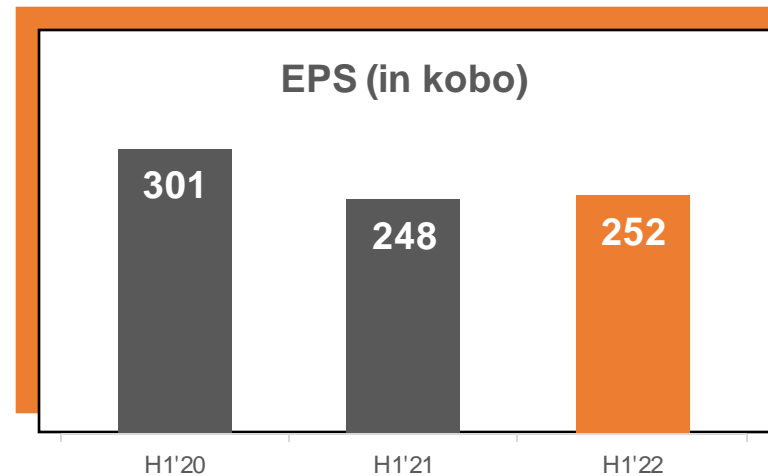
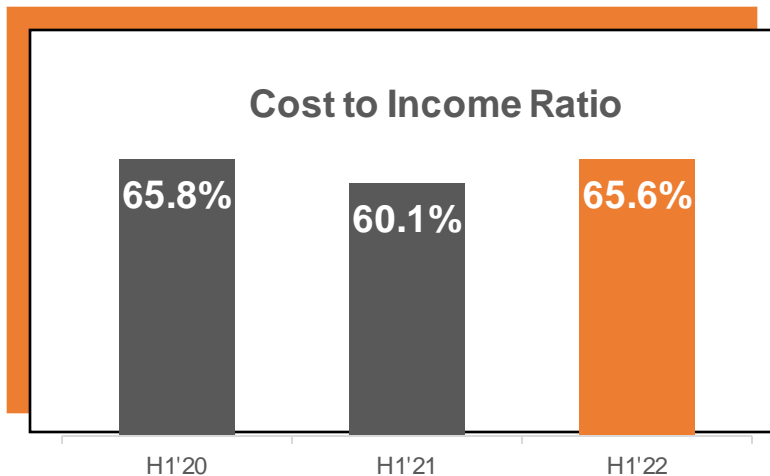
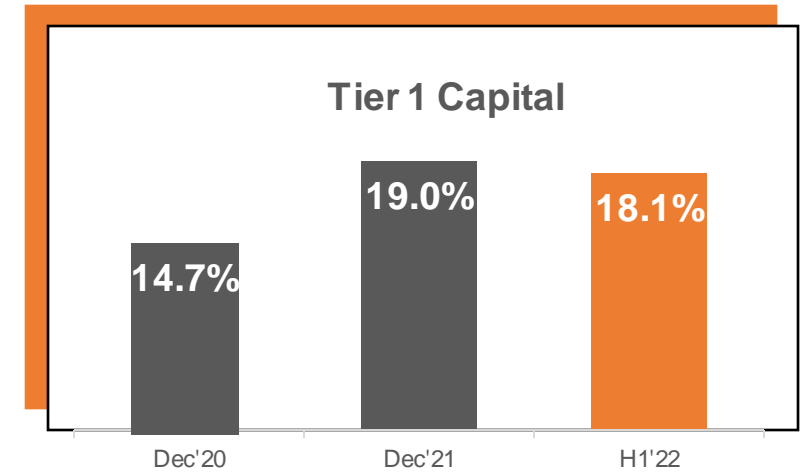
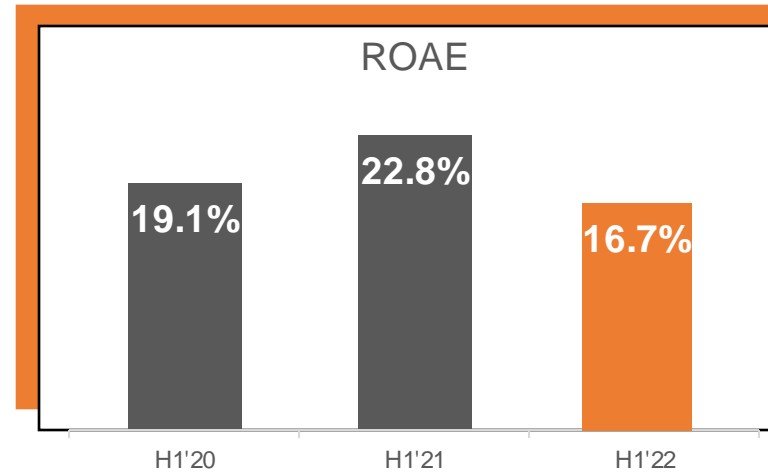
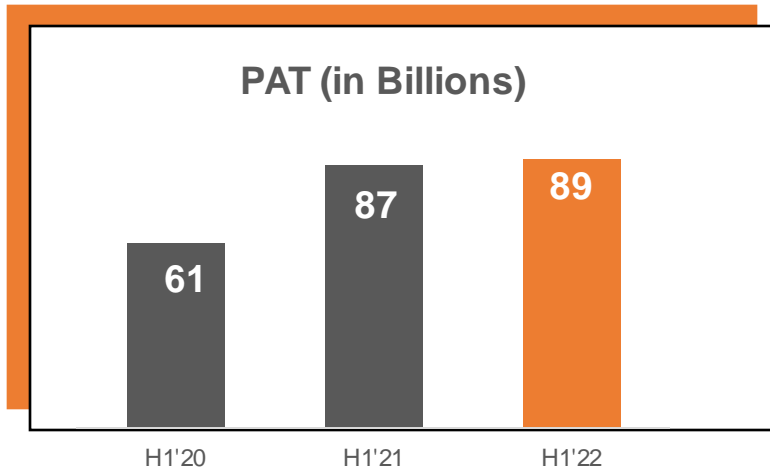
21%

-3% y/y

Note: Comparison to H1'21.

1) ROACE means Return on Average Common Equity

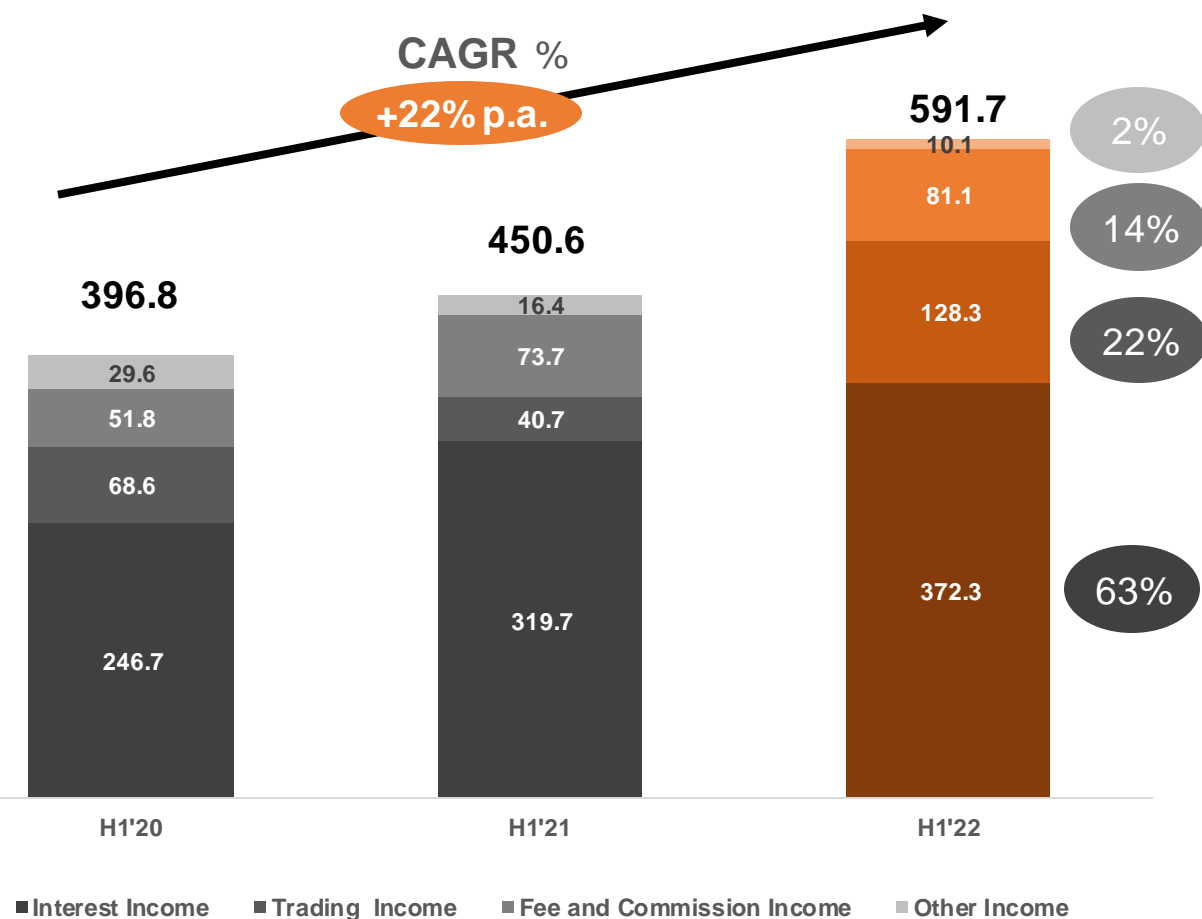
Strong Execution of Strategy Accelerating Profitable Growth



PAT- This represents Profit after deducting taxes.
ROAE- Return on Average Common Equity stood at 21%
T1- Tier 1

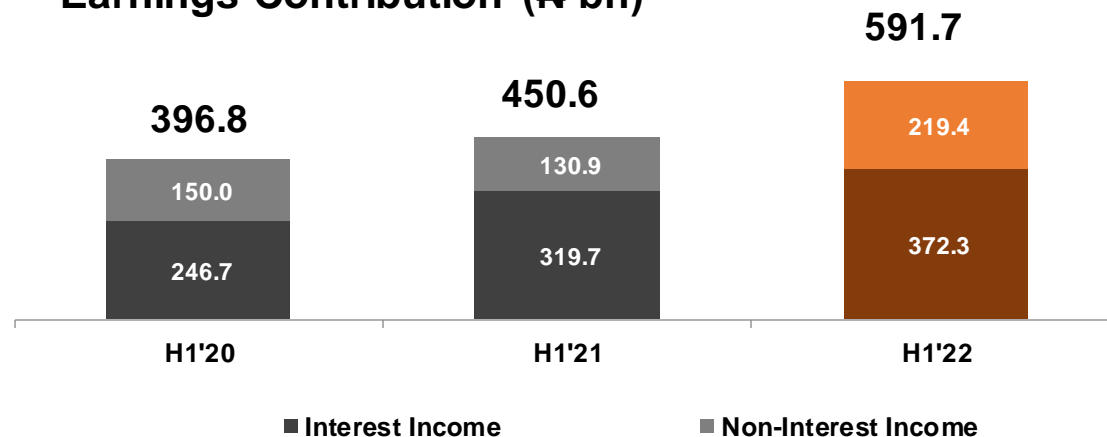
Generating consistent & sustainable revenue across all income lines

Gross Revenue (₦'bn)



- **Gross earnings grew 31% y/y to ₦591.7 bn** in the period (Jun'21: ₦450.6bn), comprising 63% of interest income and 37% in non-interest income.
- **Interest income drivers (16% y/y, H1'21: ₦319.7bn):**
 - A 35% y/y increase in interest on Loans and Advances to ₦246.2bn (H1'21: ₦182.4bn) despite the high inflationary environment, and a 6% y/y decline in income from Cash and Cash Equivalents to ₦4.8bn (H1'21: ₦5.2bn)
 - A 8% y/y decline in income from investment securities to ₦121.3bn (H1'21: ₦132.2bn), driven by a low yield interest rate environment.
- **Non-Interest Income drivers (+68% y/y, H1'21: ₦130.9bn):**
 - A 215% y/y growth in net trading income to ₦128.3bn from ₦40.7bn in H1'21, largely driven by net gains on derivatives and FX activities.
 - A 10% y/y increase in Fee & Commission income to ₦81.1bn, largely underpinned by income from increased transaction velocity across our Channels and other E-business (+98% y/y)
 - A 39% y/y decline in other operating income to ₦10.03bn, of which 14% relates to recoveries. Recoveries for H1'21 was heavily driven by the Diamond acquisition

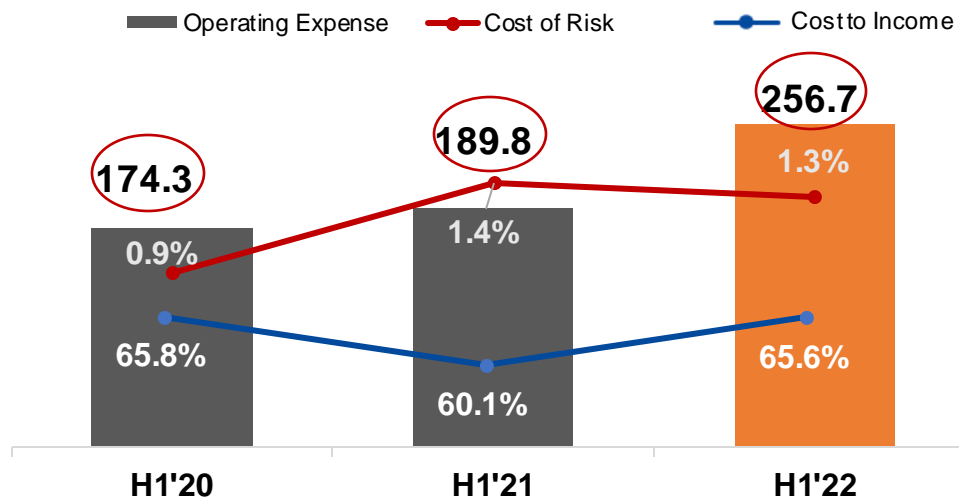
Earnings Contribution (₦'bn)



*Interest Income figures calculated as an addition of Interest income on financial assets not at FVTPL/not held for trading and Interest income on financial assets at FVTPL/held for trading

Conscious cost optimization despite the high inflationary environment

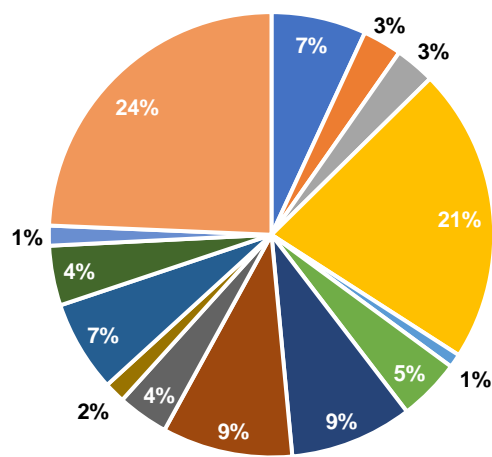
Operating Expenses (₦'bn), CoR¹ and CIR²



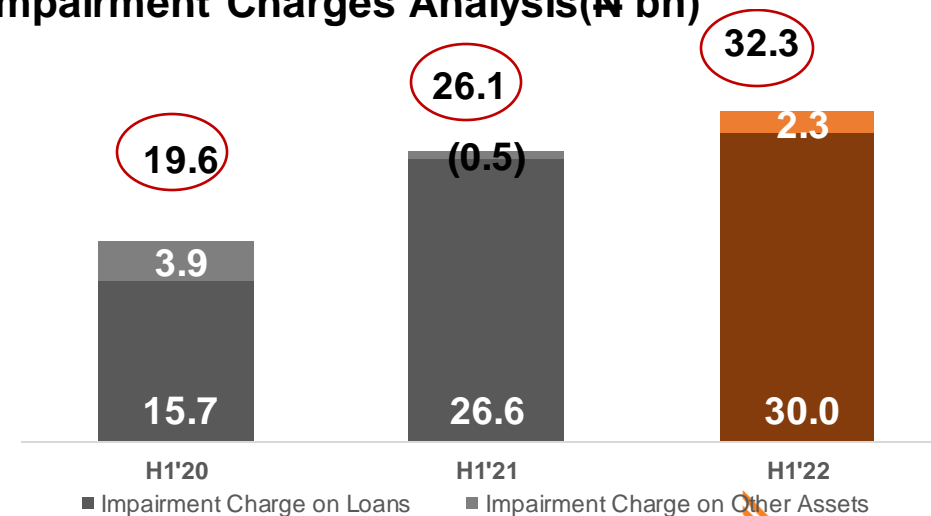
- Growth in operating expense by 35% y/y to ₦256.7bn (H1'21; ₦189.6bn), driven by the high inflationary environment, high regulatory costs, exchange rate movement, and the enlarged franchise following the recent acquisitions of 4 new banking subsidiaries
- Our Cost to Income ratio increased by 554bps y/y to 65.6% (H1'21: 60.1%), largely driven by the cost of running the enlarged franchise, including high regulatory costs which currently accounts for c.26% of total OPEX.
- However, the Cost of Risk dropped by 7bps y/y to 1.3% (H1'21: 1.4%), off the back of a 10% increase in gross loans YTD.
- Increase in Impairment charge on Loans and other assets was driven by a proportionate increase in the loan portfolio of the Bank.

% contribution to Operating Expenses

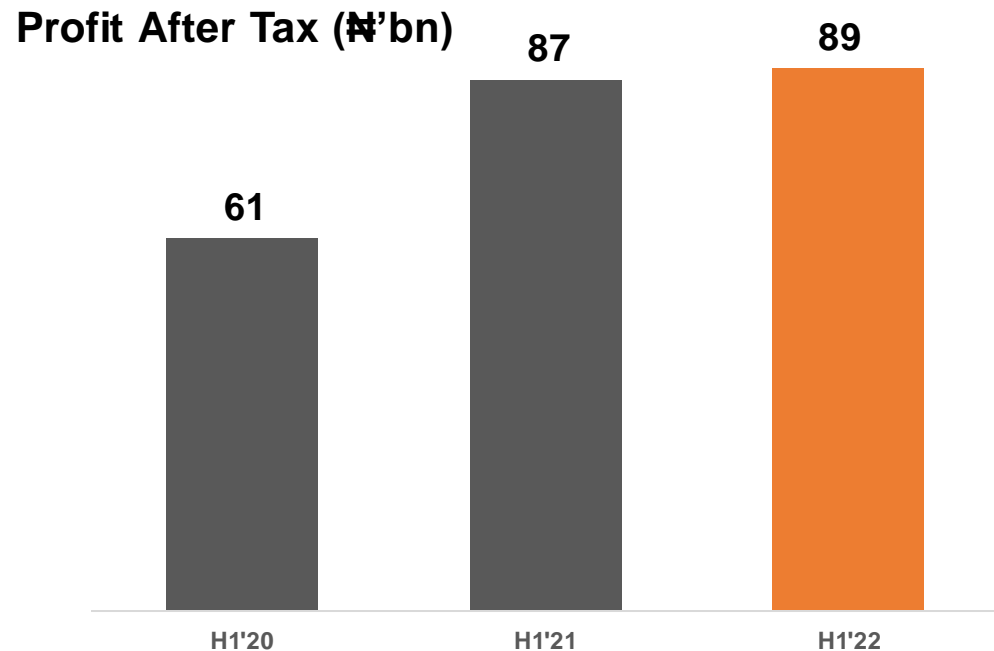
Sector	H1'22	H1'21
Premises and equipment costs	7%	5%
Professional fees	3%	3%
Business travel expenses	3%	2%
AMCON	21%	24%
Bank charges	1%	1%
Deposit insurance premium	5%	6%
Administrative expenses	9%	4%
IT and e-business expenses	9%	8%
Outsourcing costs	4%	6%
Advert and marketing	2%	2%
Other Expenses.	7%	8%
Depreciation and Amort	4%	5%
Communication Expenses	1%	1%
Personnel expenses	2.7%	2.3%



Impairment Charges Analysis(₦'bn)



Delivered solid returns to shareholders



- PAT grew to N89bn (+2%) from N87bn in H1'2022 as a result of continuous growth seen across both interest & non- interest income lines, slight reduction in income tax expense arising from deferred tax expenses, offset by growth in operating expenses as we continue to expand the Corporation
- Returns on Asset stood at 1.4%, well above the industry average. Returns on average equity also stood at 17%.
- The Board of directors have approved a dividend per share of 20 kobo for the period.

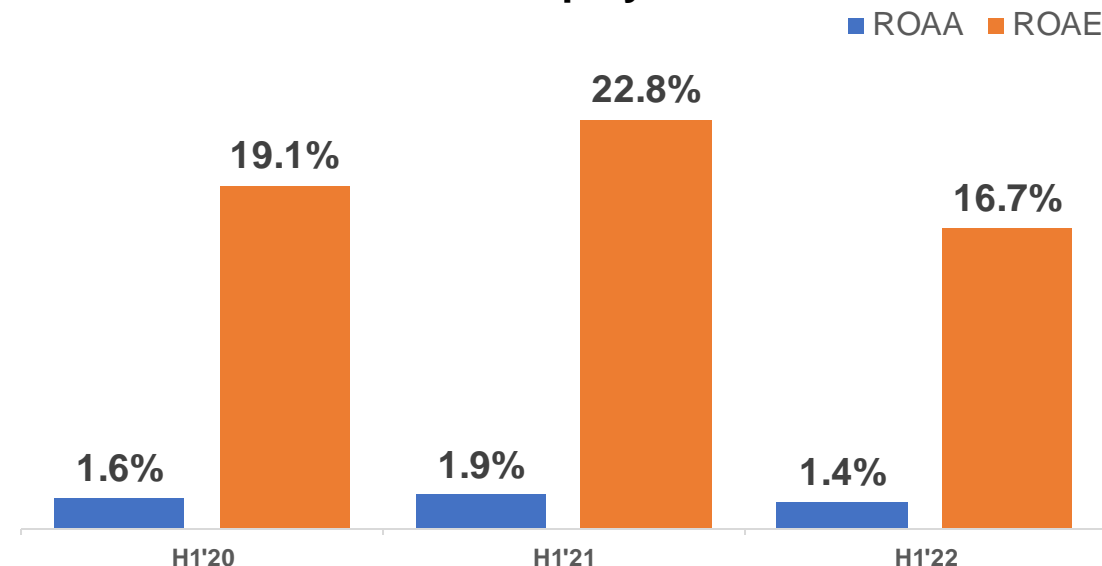
Basic Earnings Per Share:

252 k +2% (H1'21: 248 K)

Pre-Provision Pre-Tax Earnings:

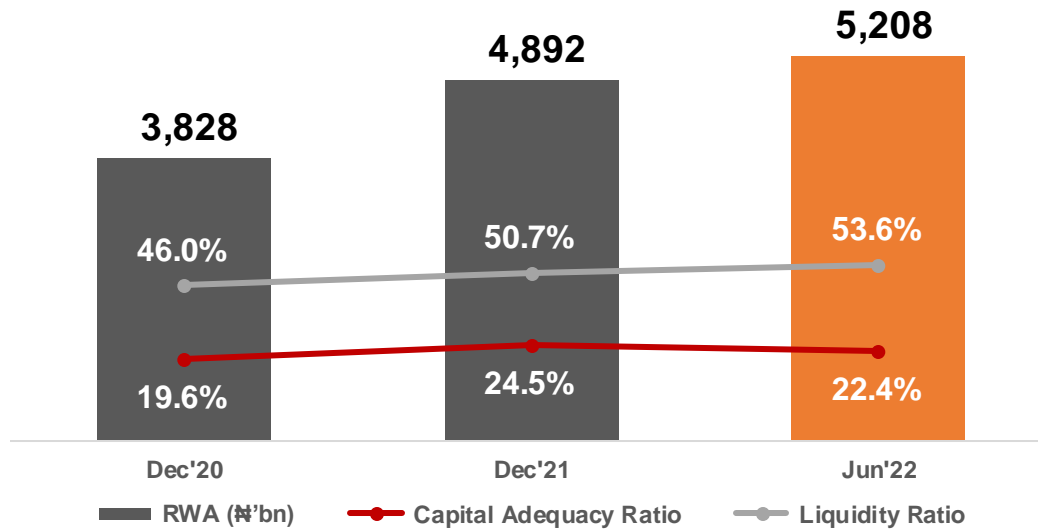
₦134.7bn +7% (H1'21: ₦126.2bn)

Returns on Assets and Equity



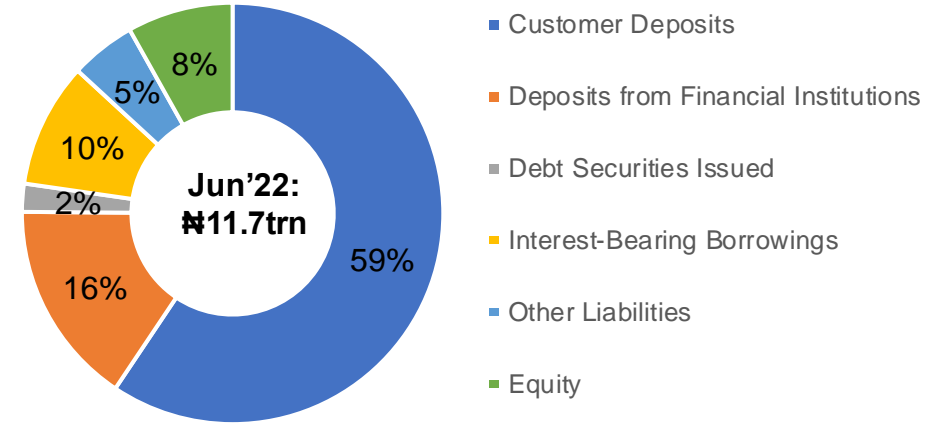
.....underpinned by a commitment to balance sheet strength

Capital and Liquidity (₦'bn)



- Capital Adequacy Ratio (CAR) is well above regulatory limit at 22.4% (Dec'21: 24.5%).
- Risk Weighted Assets (RWAs) increased by ₦316bn (+13% YTD), primarily driven by growth in our Total Assets
- Customer deposits continue to dominate the Bank's funding mix at 59%, as we deepen wallet share of corporates, commercial and retail customers
- Liquidity ratio remained well in excess of regulatory minimum at 53.6% (Dec'21: 50.7%)

Funding sources

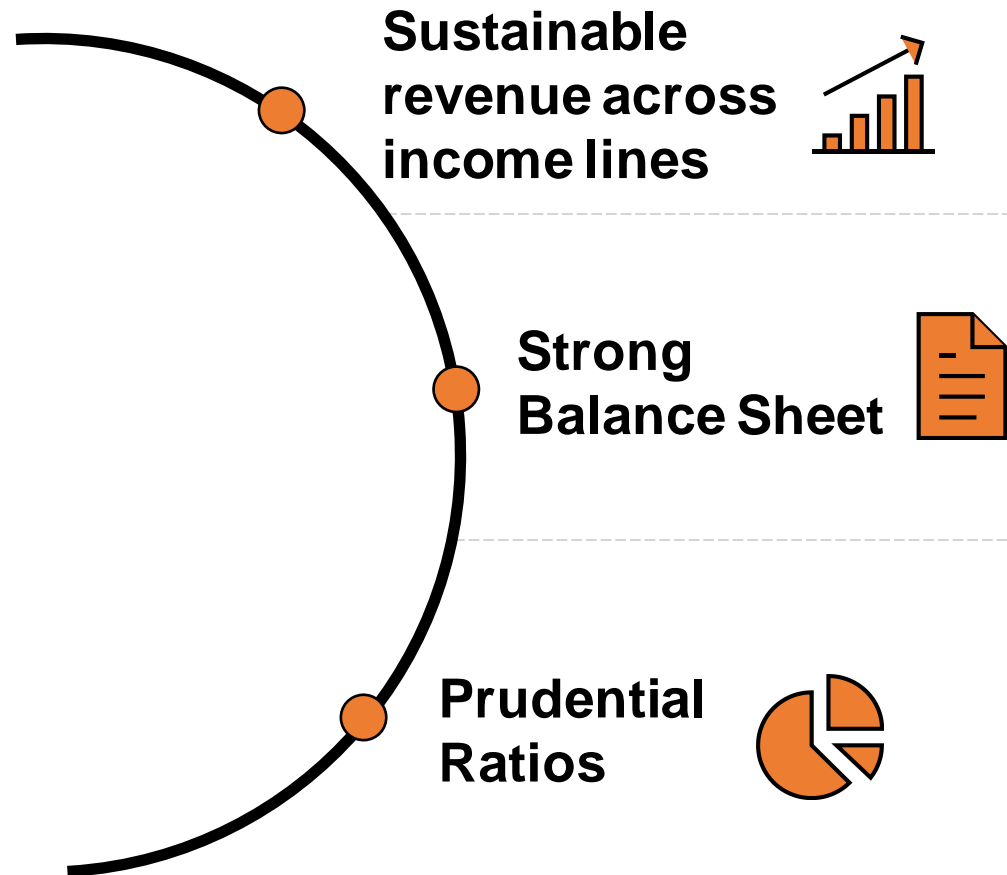


Capital Adequacy Computation - Basel II

Underlying in ₦'m	Dec'21	Jun'22	% Δ
Tier I Capital	927,507	946,737	2%
Tier II Capital	271,811	223,270	(18%)
Total Regulatory Capital	1,199,317	1,170,006	(2%)
Credit Risk	3,717,070	4,212,568	13%
Operational Risk	934,678	934,678	0%
Market Risk	239,867	60,655	(75%)
Risk-Weighted Assets	4,891,615	5,207,900	6%
Capital Adequacy			
Tier I	19.0%	18.1%	(4%)
Tier II	5.5%	4.3%	(22%)
Total	24.5%	22.4%	(9%)

Access Banking Group

Access Bank has continued to deliver solid and resilient results



₦'million	H1 2022	H1 2021	%Δ	
Net Interest Income	197,502	200,018	(1)	↓
Non-Interest Income	219,384	130,879	68	↑
Operating Expenses	(254,389)	(189,802)	34	↑
Impairment Charges	(36,861)	(28,669)	29	↑
Profit Before Tax	100,094	97,377	3	↑

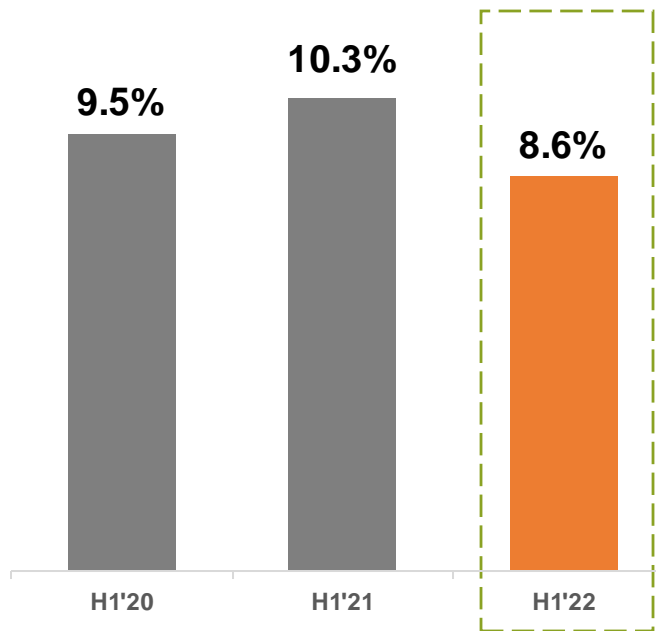
₦'billion	H1 2022	FY 2021	%Δ	
Net Loans & Advances	4,927	4,446	11	↑
Total Assets	13,202	11,732	13	↑
Customer Deposits	7,839	6,955	13	↑
Shareholders' Funds	1,076	1,050	2	↑

Metrics	H1 2022	H1 2021	% Δ	
After-Tax ROAE	17.1%	22.7%	(5.6)	↓
Cost-to-Income (%)	65.0%	60.1%	4.9	↑

	H1 2022	FY 2021	Δ	
Capital Adequacy (%)	22.5%	24.5%	(2)	↓
Liquidity (%)	53.0%	50.7%	2.3	↑
Loan-to-Funding	62.6%	56.5%	6.1	↑

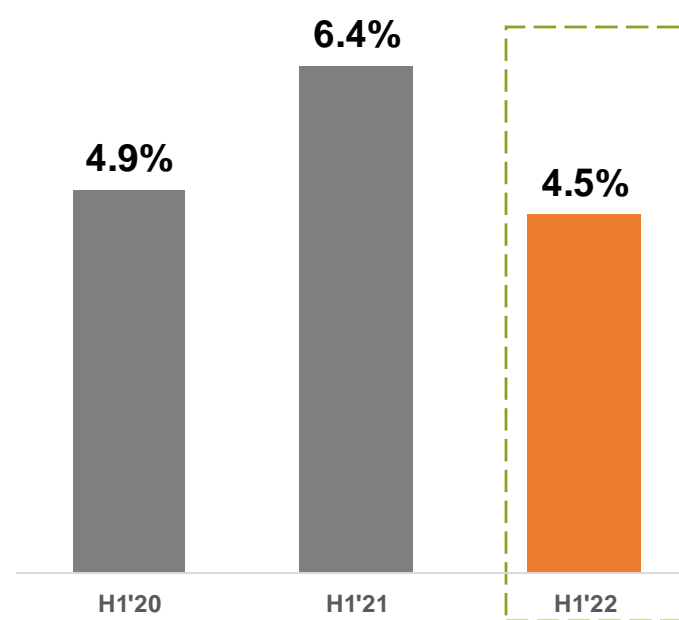
Challenged margins driven by the tough macroeconomic environment

Yield on Assets (YoA)



Decrease in assets yields to 8.6% from 10.3% in the period largely due to reduced income from investment securities, driven by a low yield interest rate environment..

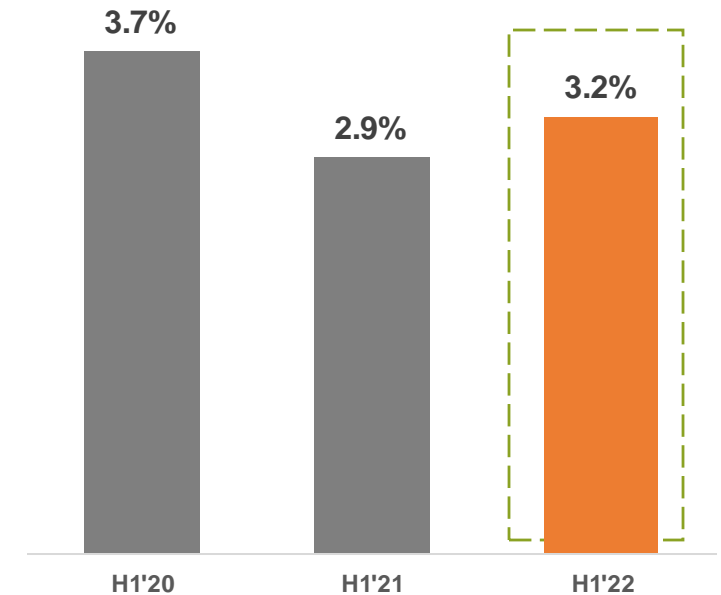
Net Interest Margin (NIM)



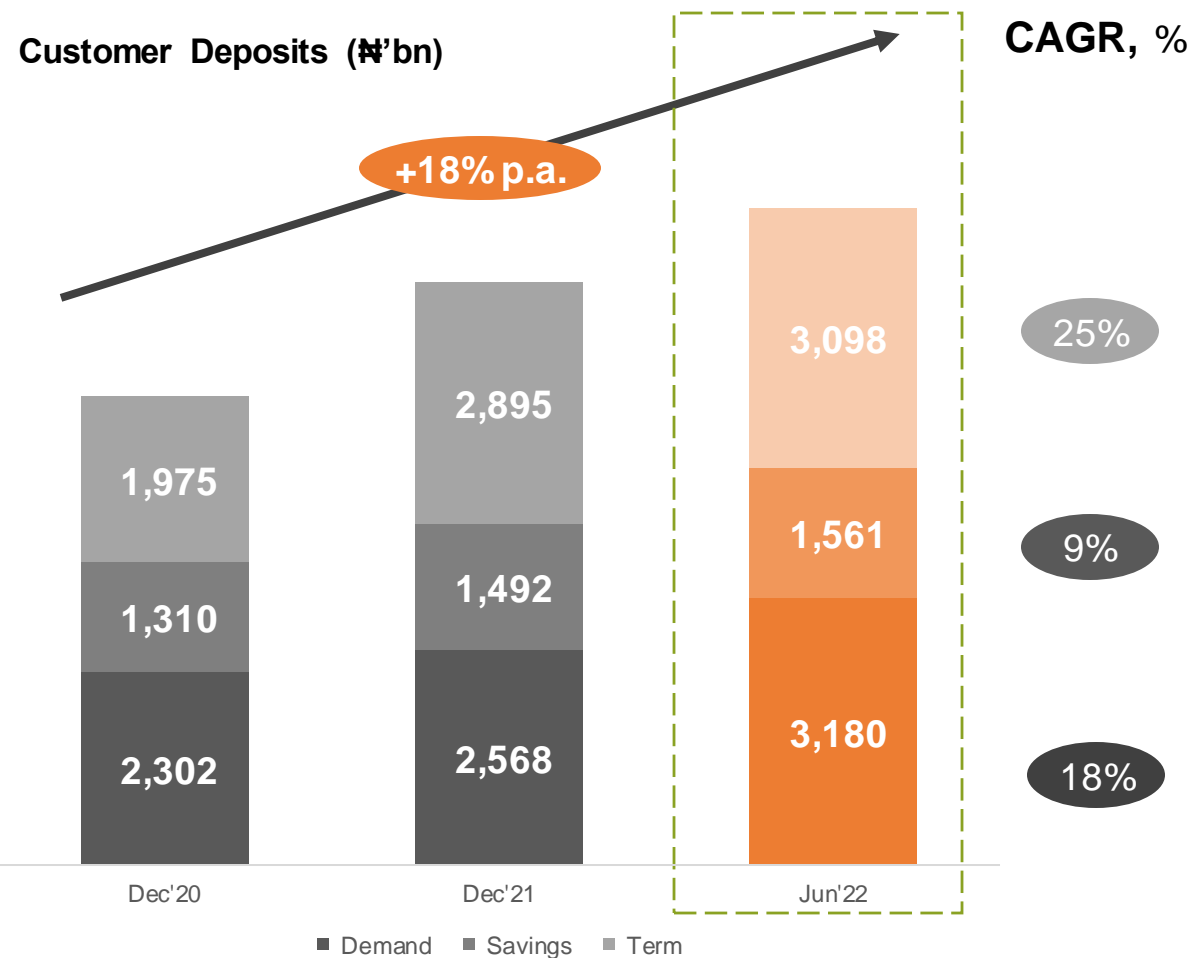
The drop in Net interest income year on year was off the back of an increase in interest expense by 46% to ₦174.8bn (HY'21; ₦119.7bn). We expect the repricing of assets to improve our Yield on Risk Assets by minimum of 67bps. The potential impact on NIM is about 26-30bps

Cost of Funds (CoF)

Average Cost of Funds increased to 3.2% from 2.9% as interest rates have risen sharply in Q2, in conjunction with the slow devaluation of the naira YOY, contributing to increase in cost of deposits.



Ongoing deliberate efforts to optimize deposit mix



Customer deposits increased by 13% y/y to ₦7.84trn in the period (Dec'21: ₦6.95trn), reflecting the impact of our continuous and deliberate deposit mobilization

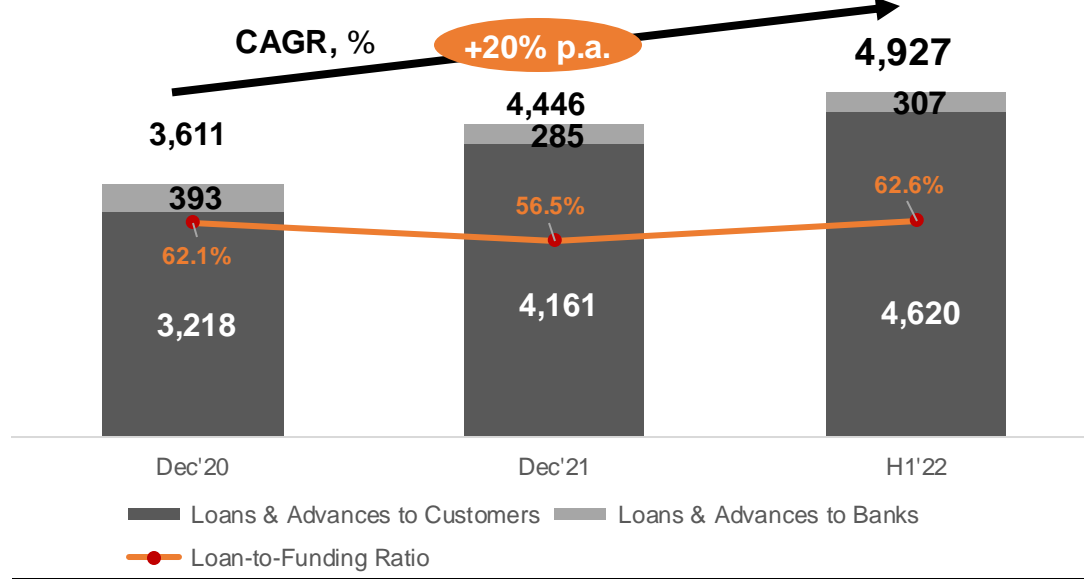
Deliberate efforts to take advantage of the flat yield curve has yielded an increase in **term deposits to ₦3.1trn from ₦2.9trn with locked-in rates.**

CASA⁽¹⁾ account deposits stood at ₦4.7trn (Dec'21: ₦4.1trn), accounting for 60% of customer deposits. This is largely as a result of leveraging innovative digital technology and financial inclusion to mobilize sustainable low-cost deposits

1. Current accounts and savings accounts

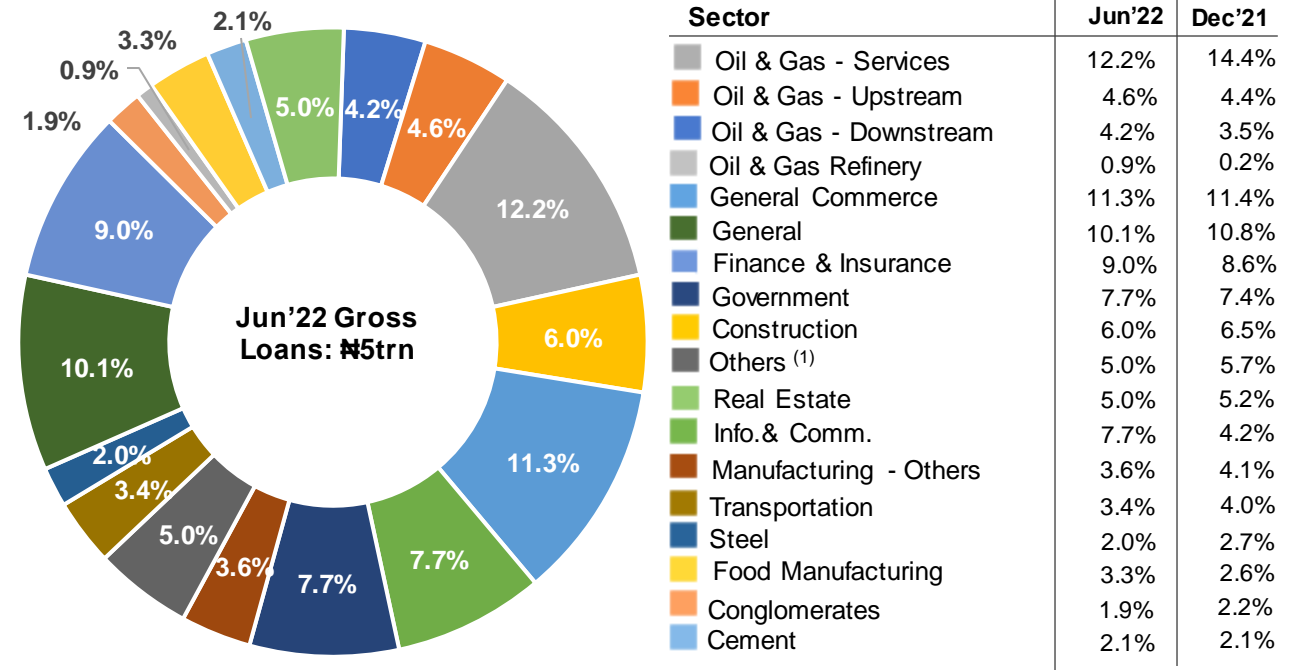
Proactively maintaining a well diversified loan book

Net Loans and Advances (₦'bn)

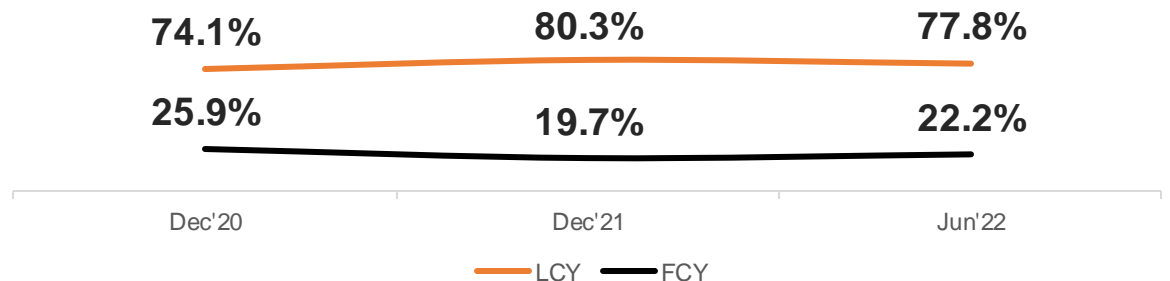


- **Well diversified gross loan book of ₦4.9trn** as at Jun'22 (Dec'21: ₦4.4trn), reflecting our strategic approach to mitigating concentration risk
- **The FCY as a share of the loan book** remains modest at 22% (Dec'21 19.7%). This is in line with our risk appetite.
- **Loan-to-Funding ratio closed at 62.6%** as at Jun'22 (Dec'21: 56.5%), reflecting the healthy risk asset growth.

Gross Loan Distribution by Sector



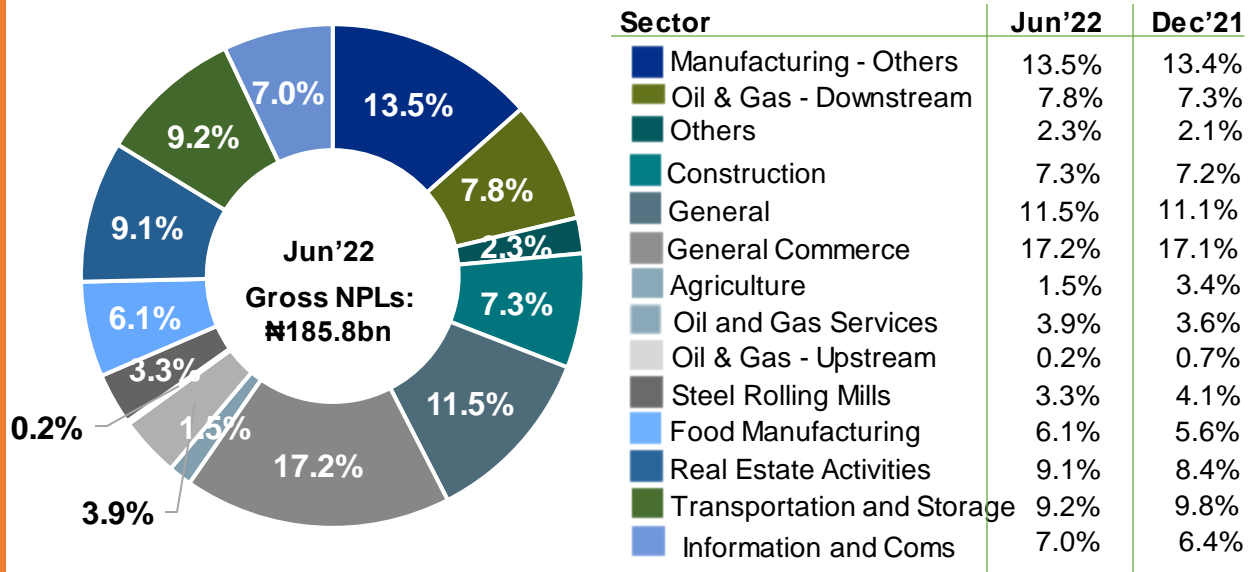
Loans by Currency



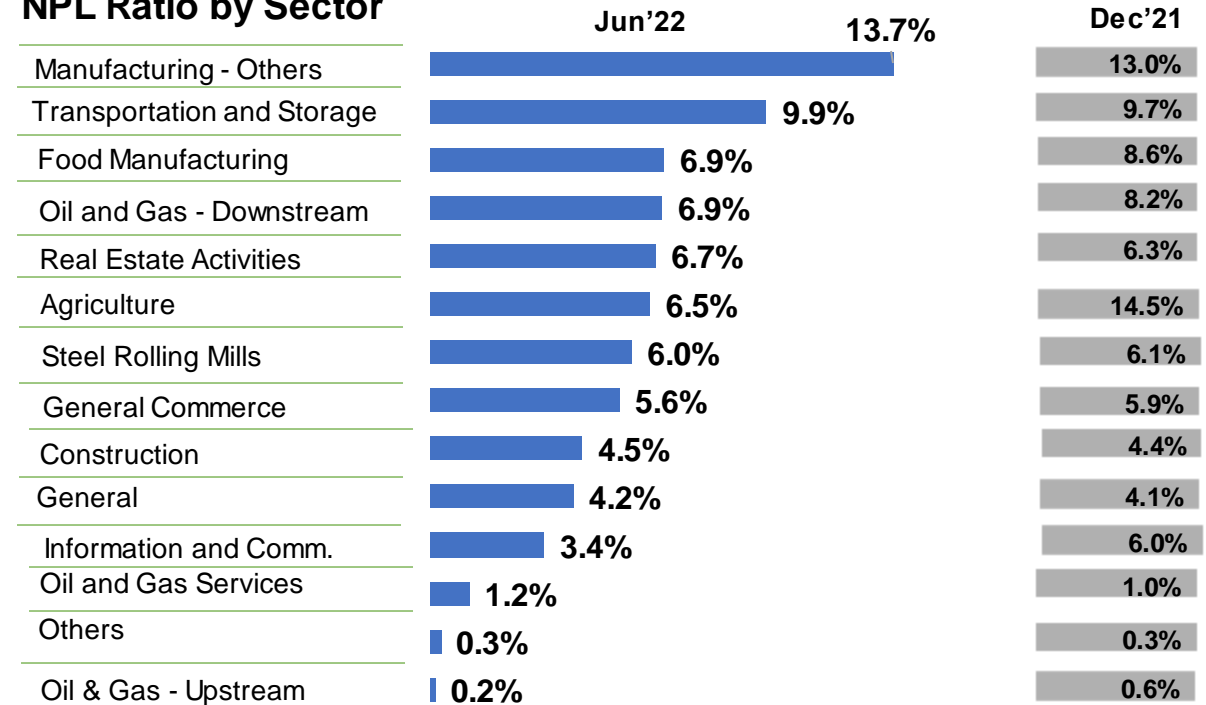
(1) The following sectors are included in "Others": Agriculture, Education, Basic Metal Products, Flourmills & Bakeries, and Power & Energy

Continued improvement in our assets quality

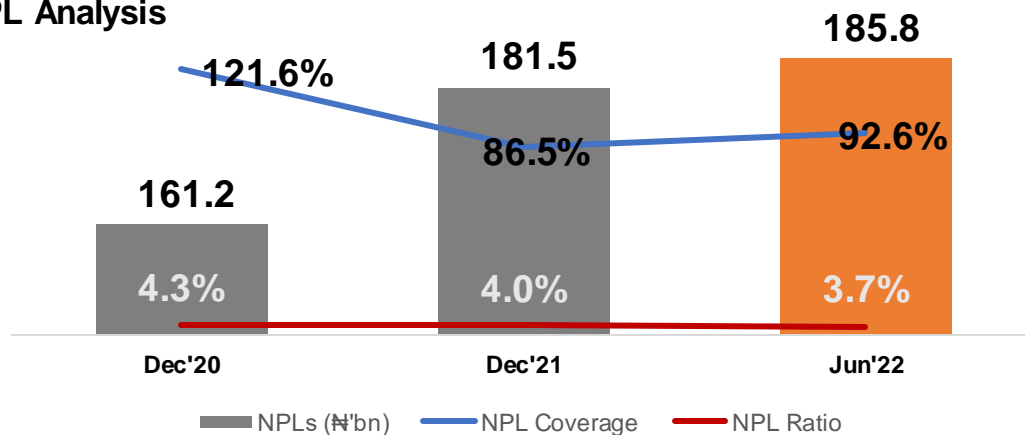
NPL Distribution by Sector



NPL Ratio by Sector



NPL Analysis

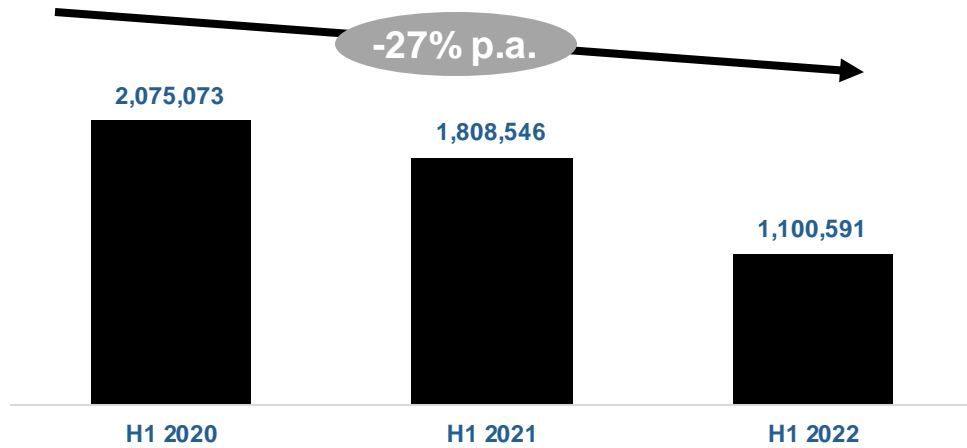


• Asset quality continues to improve, with NPL ratio declining by 27bps to 3.7%(Dec'21: 4.0%). This is hinged on proactive monitoring and robust risk management practices.

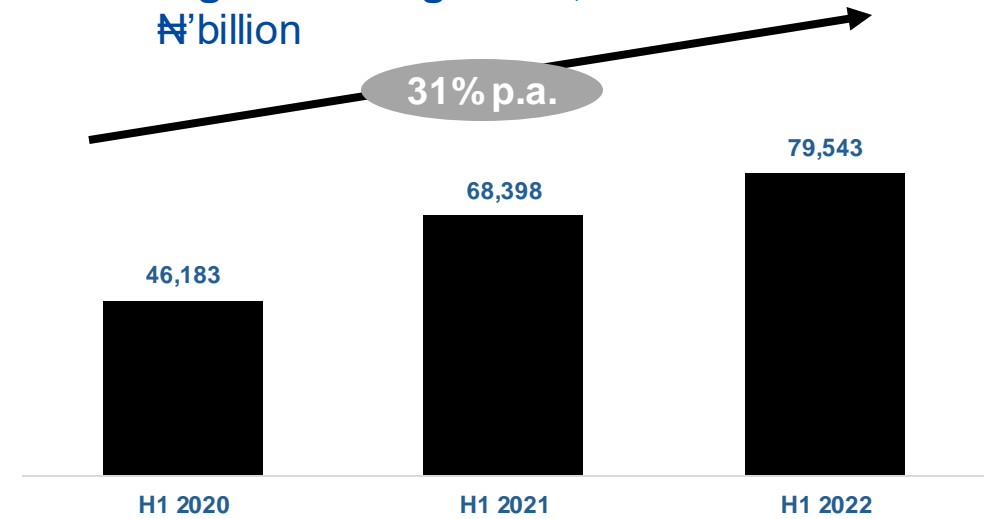
(1) The following sectors are included in "Others": Education, Finance & Insurance, Government, Basic Metal Products, Cement, Conglomerates, Flourmills & Bakeries, Oil & Gas Refinery, and Power & Energy

Increased scale and velocity of our digital lending

Digital lending count,
#,Thousand



Digital lending value,
N' billion



Products



Small Ticket Personal Loans

▶ **~N79.5bn disbursement**, a 16% y/y growth from N32.6bn in H1'21



Pay day Loans

▶ **~1,100,591 digital loans in the quarter**, a 39% q/q decrease from 1,808,546 in H1'21. This is on the back of more stringent eligibility criteria



Device Financing

▶ **~N9.1bn digital lending revenue generated**, 84% q/q growth from N5bn in H1'21.

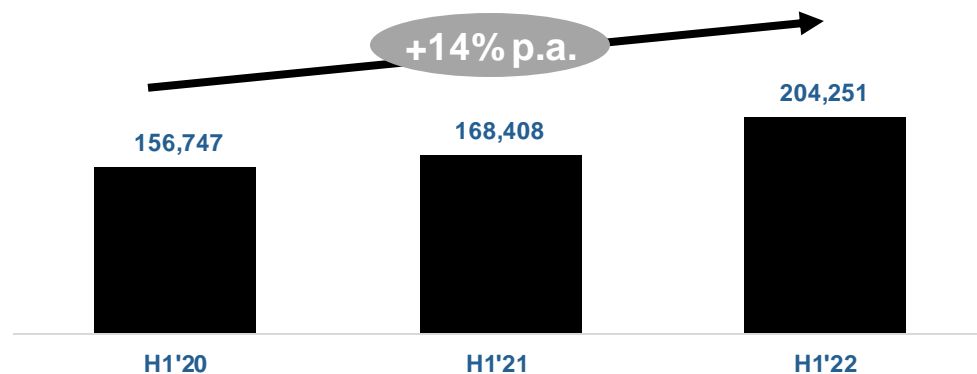


Salary Advance

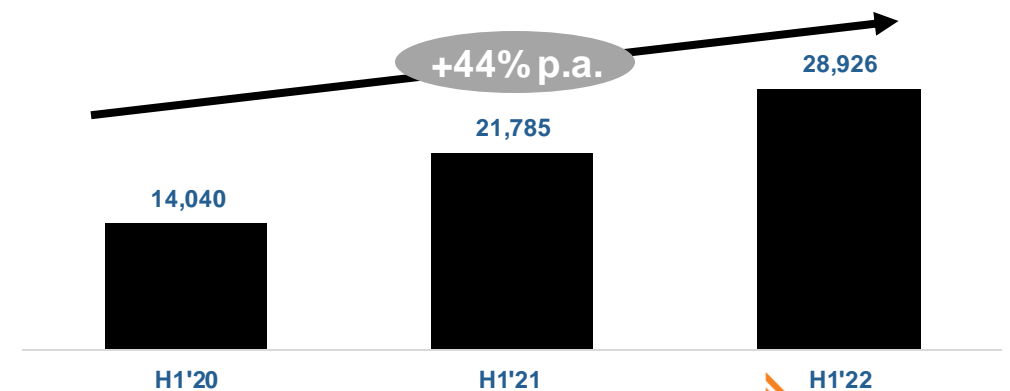
Drove transaction income through enhanced digital channels transaction velocity

Channels	Count H1'22 (mn)	Count H1'21 (mn)	Count H1'20 (mn)	YonY Growth	Value H1'22 (₹'bn)	Value H1'21 (₹'bn)	Value H1'20 (₹'bn)	YonY Growth
Debit/Credit Card	203,426	167,717	156,265	21%	2,989	2,830	2,031	6%
POS	99	42	40	137%	782	418	399	87%
Mobile & Internet Banking	277	196	127	41%	23,015	16,334	10,069	41%
ATM	67	76	75	(12)%	971	1,044	829	(7)%
USSD	383	377	240	2%	1,167	1,158	712	1%
Total	204,251	168,408	156,747	21 %	28,926	21,785	14,040	33%

Total channels transaction count, million

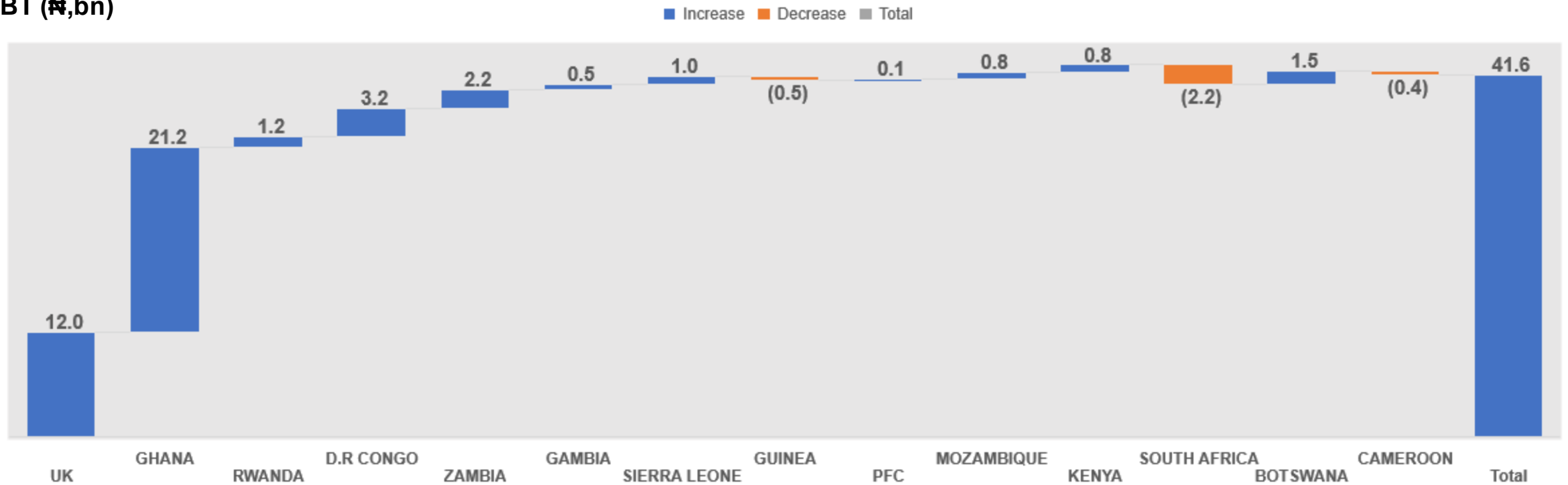


Total channels transaction value, ₹'billion



Continued improvement in our subsidiaries' performance

PBT (₦,bn)



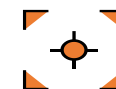
- Subsidiaries' contribution to the Banking Group's performance stood at 42% (FY'21: 38%), recording a PBT of ₦41.6bn
- UK and Ghana jointly accounted for 80% (FY'21: 86%) of total subsidiaries' PBT, with a Return on Average Equity of 11% and 31% respectively
- Total deposits from subsidiaries amounted to ₦2.2trn contributing 22% (FY21: 20%) of total Group deposits

| Outlook and Targets

Our outlook in 2022 is deliberate and disciplined, with a targeted focus on expansion and growth



	H1'21	YTD	FY'22
Return on Average Equity	14.8%	16.7%	>20%
Cost-to-Income Ratio	60.1%	65.6%	<60%
Net Interest Margin	5.06%	4.5%	>5%
Cost of Risk	1.5%	1.3%	<1.5%
Capital Adequacy Ratio	21.3%	22.5%	>20%
Liquidity Ratio	50.7%	53.6%	>50%
Loan-to-Funding Ratio	51.7%	62.6%	>65%
NPL Ratio	4.3%	3.7%	<5%



Outlook

- ❖ Improve Asset Quality
- ❖ Increase Transaction Banking Income
- ❖ Retail deposit growth
- ❖ Optimize Operational Efficiency
- ❖ Cost Management

1. Targets advised for full year 2022

Access Corporation

Investor Relations

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