Access Bank Plc

2021 Final Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

Access Bank Plc

Rating Assigned:

Aa-

Outlook: Stable
Issue Date: 02 July 2021
Expiry Date: 30 June 2022
Previous Rating: Aa-

Industry: Banking

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A financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due.

RATING RATIONALE

Agusto & Co. hereby affirms the '**Aa-**' rating assigned to Access Bank Plc ('Access Bank' or 'the Bank'). The rating reflects the Bank's status as Nigeria's largest bank by total assets, which has upheld a strong refinancing capacity across the local and international debt capital markets. The assigned rating also reflects Access Bank's stable and experienced management team and good liquidity profile. However, the rating is constrained by the obligor concentration in the loan book, the adverse impact of the weak economic recovery and regulatory changes in the Nigerian banking industry.

Following the concluded acquisition of Diamond Bank in 2019, Access Bank has continued to harness anticipated synergies. These synergies include an expansion in the customer deposit base, which fostered a 17.8% growth in total assets and contingents to ₦7.6 trillion as at 31 December 2020. Gross loans and advances increased by 12.1% to stand at ₦3.2 trillion but effectively a marginal 2.3% growth when the naira devaluation is considered. While the loan portfolio's sectorial diversification improved, the obligor concentration remained. The two largest borrowing customers surpassed the CBN's prescribed single obligor limit of 20%. However, the Bank has been granted dispensation by the CBN. Largely due to write-offs, stage 3 (non-performing) loans declined by 33%, translating to a lower NPL ratio of 3.7% (FYE 2019: 6.1%) that is below the regulatory guidance of 5%. Without the write-offs, the NPL ratio would have been 6.7%. The Bank expects to sustain a cautious lending approach in the near term while intensifying loan monitoring to keep loan impairments low.

Access Bank remains adequately capitalised for the level of business risk undertaken. Core capital of ₦594.3 billion as at 31 December 2020 was well above the ₦50 billion required by CBN for international banks. The Basel II computed capital adequacy ratio of 17.2% was also above the CBN's required minimum of 15%. Notwithstanding the acquisition of South African Grobank Limited in March

2021, the capital adequacy ratio improved to 18.8% as at Q1 2021, due to the accretion to retained earnings. However, we expect the planned acquisition of two additional African banks by H2 2021 to impact capitalisation. Management has disclosed near term plans to raise additional capital to support its African expansion strategy. We believe the lull in the equities market will impact the capital raising exercise except through a private placement.

Owing to the prevailing low interest rate environment, Access Bank's net revenue from funds declined by 25.1% to ₦158.6 billion in FY 2020. Upheld by fair value and trading gains on financial securities, ancillary income increased by a marked 145.8% to ₦215.7 billion. Notwithstanding the CBN-induced downward review of charges, the Bank benefitted from higher electronic banking and account maintenance fees, reflecting the digitisation drive and initiatives to leverage the expanded customer deposit base. Profit before tax increased by 14% to ₦90.2 billion but due to the higher corresponding growth in the asset base, pre-tax return on average assets and contingents (ROA) reduced to 1.2% (FY 2019: 1.4%) while pre-tax return on average equity (ROE) of 16% was almost at par with the prior year. Access Bank's ROE was higher than the average inflation rate of 13.2% in 2020 but it was lower than most of its tier 1 banking peers. While we recognise that it was a COVID-ravaged year, we believe profitability could be improved upon. Access Bank expects a marked 34.4% growth in PBT in FY 2021, upheld by growth in fund-based income as interest rates maintain an upward trend. We believe this is feasible considering that the Bank had achieved 142% of the budgeted PBT for Q1 2021, with the annualised ROE standing at 28.1%.

Based on the aforementioned, we hereby attach a ***stable*** outlook to the rating of Access Bank Plc.

Strengths

- Nigeria's largest bank by total assets
- A good franchise value
- A good liquidity profile and liability generating capacity
- An experienced and stable management team

Weaknesses

- Obligor concentration in the loan book
- Lower profitability metrics compared to peers

Challenges

- The impact of the weak macroeconomic environment
- Adverse regulations in the banking industry
- Gaining significant market share in new geographical locations

Table 1: Background Information

Financial Data	FY 2018	FY 2019	FY 2020
Total assets & contingents	₦4.3 trillion	₦6.8 trillion	₦7.9 trillion
Net earnings	₦231.1 billion	₦299.5 billion	₦347.4 billion
Pre-tax return on average assets & contingents (ROA)	1.9%	1.4%	1.2%
Pre-tax return on average equity (ROE)	17.2%	16.1%	16%

PROFILE

Access Bank Plc ('Access Bank' or 'the Bank') was incorporated as a private limited liability company on 8 February 1989 and commenced business on 11 May 1989. Access Bank was converted to a public limited liability company on 24 March 1998 and its shares were listed on the Nigerian Stock Exchange (NSE) on 18 November 1998. Subsequently, on 5 February 2001, the Bank was issued a universal banking license by the Central Bank of Nigeria (CBN). Access Bank successfully raised ₦14.5 billion in 2004 through a successful public offer and received US$250 million through over-the-counter global depository receipts in 2007. With the steady growth of capital, Access Bank acquired a 75% equity stake in Intercontinental Bank in 2012. In 2019, Access Bank consummated a business combination with the former Diamond Bank Plc via a Scheme of Merger under which all the assets (including real properties and intellectual property rights), liabilities and undertakings of Diamond Bank were transferred to Access Bank Plc. In September 2020, Access Bank announced a transition to a holding company (HoldCo) structure, which will comprise the commercial banking group, consumer lending and agency banking, payments system provider and insurance brokerage subsidiaries. The HoldCo is expected to commence operations by Q1 2022.

Access Bank's principal activities include corporate banking, commercial banking, retail banking and the provision of money market products, corporate finance, equipment leasing, foreign exchange operations, amongst others. The Bank operates 12 subsidiaries in 11 countries spread across West, East and South Africa and the United Kingdom. The Bank also has four representative offices in the Republic of China, United Arab Emirates (UAE), Lebanon and Mumbai, in addition to Access Bank UK's branch in the United Arab Emirates.

Access Bank Plc operates through four strategic business units (SBU) namely: Corporate & Investment Banking, Commercial Banking, Business Banking and Retail Banking (formerly Personal Banking). Another division that is of strategic importance is the Operations and IT Division, which supports these four SBUs.

Access Bank operates through 556 branches spread across Nigeria and a head office located at Access Tower, 14/15 Prince Alaba Oniru Road, Lagos, Nigeria. As at 31 December 2020, the Bank had 2,963 ATMs, 49,417 PoS terminals and 59,000 bank agents.

Subsidiaries

As at 31 December 2020, the Bank had the following subsidiaries:

- Access Bank (Gambia) Limited
- Access Bank (Sierra Leone) Limited
- Access Bank (Zambia) Limited
- The Access Bank (UK) Limited
- Access Bank Guinea
- Access Bank Kenya
- Access Bank (Ghana) Plc
- Access Bank (Rwanda)
- Access Pension Fund Custodian Ltd
- Access Bank (Democratic Republic of Congo)
- Access Bank Mozambique

Diamond Finance B.V, an offshore Special Purpose Vehicle used for the issuance of the US$50million 7.25% participatory notes, is also a subsidiary through the acquisition of Diamond Bank in 2019. During the year under review, Access Bank received regulatory approvals to set up a subsidiary in Douala, Cameroun's capital while the acquisition of Transnational Bank Kenya and ABC Mozambique were completed. In May 2021, Access Bank completed the acquisition of South African Grobank Limited and expects to expand to Botswana latest Q1 2022.

Correspondent Banks

In 2020, Access Bank Plc maintained correspondent banking relationships with the following global banks.

1.	ABSA Capital/Barclays Bank	17.	International Finance Corporation
2.	Access UK	18.	ING
3.	Bank of Beirut	19.	JP Morgan
4.	Bank of China	20.	KBC Bank
5.	Banque Libano	21.	Mashreq Bank
6.	British Arab Commercial Bank	22.	Nordea
7.	Byblos Bank	23.	ODDO BHF
8.	Citibank London	24.	Société Générale
9.	Commerzbank	25.	Standard Bank
10.	Credit Agricole	26.	Standard Chartered Bank
11.	Credit Suisse Bank	27.	SMBC Bank International Plc
12.	Danske	28.	Svenska Handelsbank
13.	Deutsche Bank	29.	UBS
14.	First Abu Dhabi Bank	30.	Unicredit
15.	First Bank of Nigeria (FBN) UK	31.	United Bank for Africa New York
16.	FirstRand Bank		

Technology

Access Bank Plc uses a variety of hardware and software applications to integrate various functions deployed in its day-to-day operations whilst providing adequate security for the Bank's ever-evolving operations. The Bank's core banking application is the Oracle Flexcube Universal Banking System also known as FCUBS. Modules of Kastle Banking software are used for treasury and lending activities while Axe Finance Credit Portal and Resolve CRM are also used in credit risk management activities. The Bank uses FINTRAK for financial performance monitoring, whilst E-Procure is used to manage procurement requests, approvals, purchase orders and deliveries and Process Maker is used to provide control on expenditure.

Following restrictions adopted to curb the spread of COVID-19, Access Bank took business continuity measures by boosting IT infrastructure to enable remote work arrangements, virtual meetings and improve cybersecurity.

Summary of Financial Performance

As at 31 December 2020, Access Bank's total assets and contingents stood at ₦7.6 trillion, two times the size before the Diamond Bank merger in FY 2019. The loan book stood at ₦3.2 trillion as at FYE 2020. Stage 3 or non-performing loans declined by 33% to ₦115.8 billion, translating to a non-performing loan ratio of 3.7%. Core capital of ₦594.3 billion as at FYE 2020 accounted for 7.5% of the asset base. As at the same date, outstanding borrowings of ₦924.4 billion and customer deposits of ₦4.8 trillion funded 11.6% and 60.7% of the Bank's activities respectively.

Access Bank's pre-tax profits amounted to ₦90.2 billion in the period under review, 14% higher than the prior year. Pre-tax return on average assets (ROA) reduced to 1.2%, the lowest since FY 2015. Pre-tax return on average equity (ROE) of 16% was almost at par with the prior year.

Current Directors	Designation
Dr Ajoritsedere Awosika*	*Chairman*
Mr Herbert Wigwe	*Group Managing Director/CEO*
Mr Roosevelt Ogbonna	*Group Deputy Managing Director*
Mr Victor Etuokwu	*Executive Director, Retail Banking*
Dr Gregory Jobome	*Executive Director/ Chief Risk Officer*
Ms Hadiza Ambursa	*Executive Director, Commercial Banking*
Mr Adeolu Bajomo	*Executive Director, IT & Operations*
Ms Chizoma Okoli	*Executive Director, Business Banking*
Mr Seyi Kumapayi**	*Executive Director, African Subsidiaries*
Mrs Anthonia Ogunmefun	*Non-Executive Director*
Mr Paul Usoro, SAN	*Non-Executive Director*
Mr Okey Nwuke	*Non-Executive Director*
Dr Ernest Ndukwe	*Independent Non-Executive Director*
Mr Adeniyi Adekoya	*Independent Non-Executive Director*
Mr Iboroma Akpana	*Independent Non-Executive Director*
Mrs Ifeyinwa Osime	*Independent Non-Executive Director*
Mr Hassan Usman***	*Independent Non-Executive Director*

** Appointed January 8, 2020 **Appointed November 13, 2020 ***Appointed August 27, 2020*

Management Team

Mr Herbert Wigwe is the Group Managing Director/Chief Executive Officer (CEO) of Access Bank Plc, a position he has held since January 2014. Prior to this appointment, he served as Deputy Managing Director and has co-led the transformation of Access Bank Plc since 2002. Mr Wigwe was an Executive Director at Guaranty Trust Bank Plc for 10 years before joining the Bank and started his career at Coopers & Lybrand Associates (now PriceWaterhouseCoopers). He holds a Bachelor of Science (B.Sc.) degree in Accounting from the University of Nigeria, Nsukka and Masters' Degrees from University College of North Wales (Banking & International Finance) and University of London (Financial Economics). He is an alumnus of Harvard Business School Executive Management Programme and a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Other members of Access Bank Plc's executive management team include:

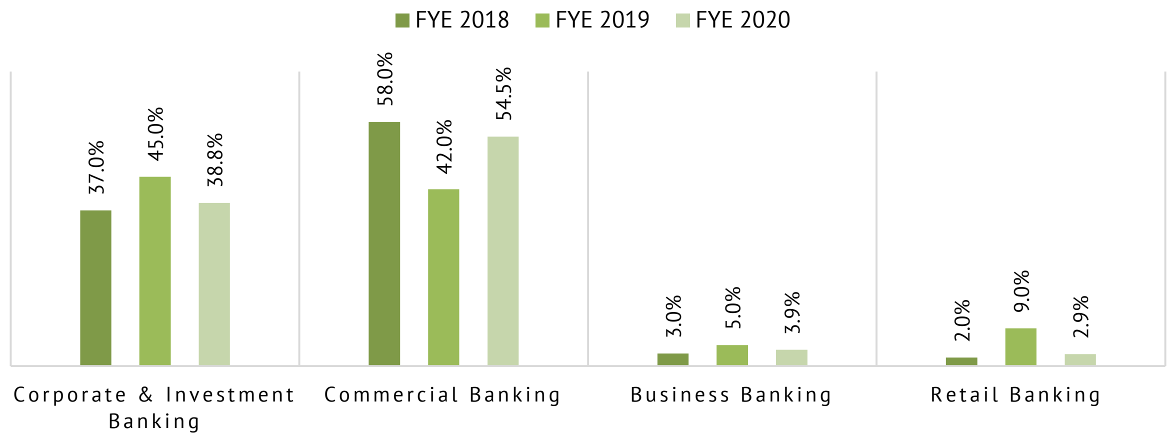
Mr Roosevelt Ogbonna	*Group Deputy Managing Director*
Mr Victor Etuokwu	*Executive Director, Retail Banking*
Dr Gregory Jobome	*Executive Director/Chief Risk Officer*
Ms Hadiza Ambursa	*Executive Director, Commercial Banking*
Mr Adeolu Bajomo	*Executive Director, IT & Operations*
Ms Chizoma Okoli	*Executive Director, Business Banking*
Mr Seyi Kumapayi	*Executive Director, African Subsidiaries*

ASSET QUALITY

As at 31 December 2020, Access Bank's total assets and contingents stood at ₦7.6 trillion, 17.8% higher than the prior year, buoyed by the expansion in customer deposits and additional borrowings obtained during the year. Driven by the 500 basis points increase in the cash reserve requirement to 27.5% coupled with arbitrary deductions, cash reserves with the CBN increased by a marked 57.3%, year-on-year, to ₦1.3 trillion as at FYE 2020. These sterile funds, which are not available for day-to-day activities, accounted for 16% of total assets (excluding contingents) from 12% in the prior year. The loan book represented 39.8% of total assets and contingents as at 31 December 2020, remaining the largest asset class.

Gross loans and advances stood at ₦3.2 trillion as at FYE 2020, 12.1% higher than the prior year but a marginal 2.3% growth when the 9.8% naira devaluation is considered. To limit currency risk, the proportion of foreign currency (FCY) denominated loans reduced to 24.9% (FYE 2019: 40.1%) while local currency loans accounted for the remaining 75.1%. Considering that Nigeria is a soft currency zone and to maintain good asset quality, the Bank intends to further reduce the proportion of FCY loans to moderate foreign exchange risk directly emanating from the loan portfolio.

Figure 1: Breakdown of the Loan Book by Operating Segment (FYE 2018 – FYE 2020)

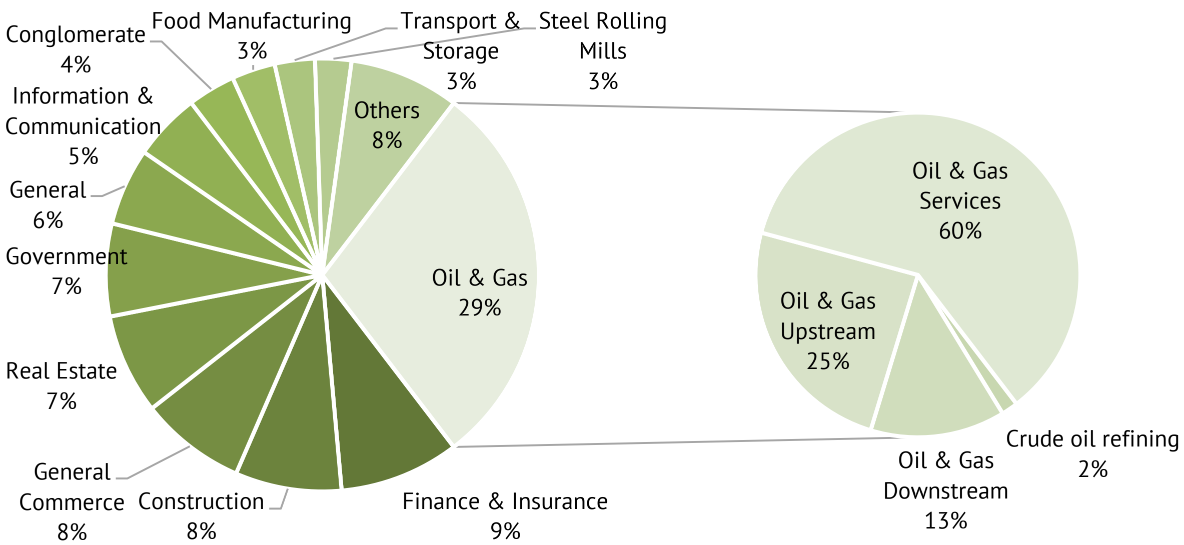


Access Bank's lending strategy was customarily focused on the corporate segment. However, following the Diamond Bank acquisition, which brought about a more diversified customer base, the commercial segment has since gained prominence, representing 54.5% of gross loans as at FYE 2020. The corporate and investment banking segment accounted for a lower 38.8% (FYE 2019: 45%) and the proportion of business segment loans declined to 3.9% (FYE 2019: 5%). Retail banking loans contribution to the loan book declined to 2.9% (FYE 2019: 9%), a position we believe was due to the impact of the pandemic on consumer purchasing power and the uptakes of loans. We also believe the contraction in retail loans was due to the relatively small size and the typical short tenure of these loans. The Bank sustained efforts to diversify the loan book through digitisation, which includes the addition of loan requests via the USSD banking channel. Access Bank's total digital lending value grew by a considerable 48% in FY 2020 to ₦105 billion. We view the Bank's diversification efforts positively. We believe an improvement will be supported by the recovering economy and the improved collections platform the Global Standing Instruction (GSI) mandate provides. Nevertheless, we believe the contribution of the retail segment to gross loans will remain comparably low.

As at FYE 2020, the diversification of the loan book across sectors further improved, with the top five lending sectors: oil and gas, finance and insurance, construction, general commerce and real estate, collectively accounting for a lower 62% (FYE 2019: 71%) of the loan portfolio. The oil and gas sector, which accounted for 29% of gross loans, comprised the servicing (60%), upstream (25%), downstream (13%) and refining (2%) sub-sectors. Loans to all the sub-sectors declined year-on-year except the servicing segment, which grew by 27.5%, largely due to naira devaluation. While crude oil prices have recovered compared to last year, we believe the sector will remain impacted by high buyer power. However, we believe that near term performance will be supported by the positive impact of easing COVID-19 restrictions globally on the demand and price of crude oil. Going forward, Access Bank plans to improve the performance of its oil and gas servicing loans by granting loans to operators with irrevocable service agreements.

The second sectorial exposure was to the finance and insurance sector, which increased by 41% to account for 9% of the loan book. To improve asset yields, the Bank intends to deemphasis growth in this sector in the near term. The construction sector recorded a year-on-year growth of 32.1%, making up 8% of the loan portfolio. The exposure increase was upheld by facilities granted to construction operators with advance payment guarantees. We expect the growth trend in construction sector loans to be sustained by the dire need to reflate the economy through infrastructure spending. Loans to the general commerce sector, which represented 8% of the portfolio, declined by 17% year-on-year. On the other hand, real estate loans grew marginally by 6.1% year-on-year, representing 7% of gross loans and advances as at FYE 2020.

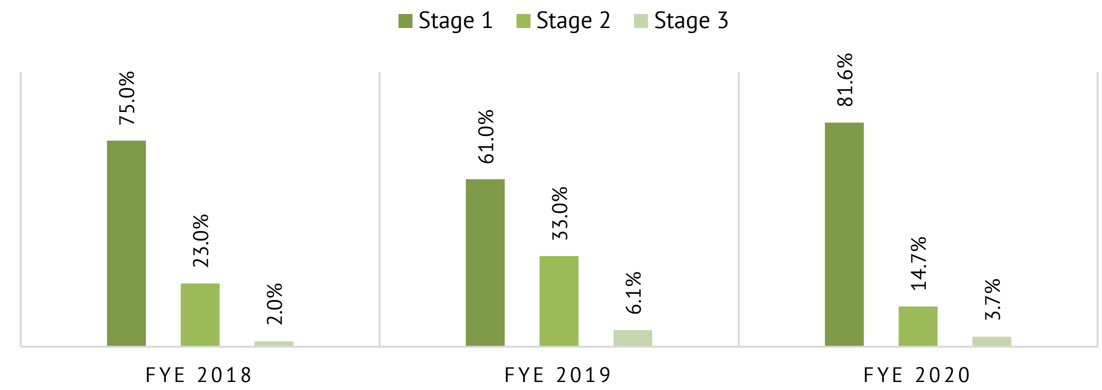
Figure 2: Breakdown of the Loan Book by Sector (FYE 2020)



As at 31 December 2020, Access Bank's top 20 obligors accounted for 39.2% of gross loans, slightly higher than the prior year's 36.5%. The two largest exposures surpassed the CBN's 20% single obligor limit. However, the Bank has been granted dispensation by the CBN.

Access Bank's stage 1 loans accounted for a higher 81.6% (FYE 2019: 61%) of gross loans as at FYE 2020. During the year under review, the Bank restructured approximately 16% of the loan book in line with the CBN's forbearance on businesses adversely impacted by the pandemic. However, due to the improved performance of previously restructured loans, stage 2 to gross loans reduced to 14.7% (FYE 2019: 33%). Driven by write-offs of approximately ₦97 billion and workout of some impaired loans, stage 3 (non-performing) loans reduced by 33% and accounted for 3.7% (FYE 2019: 6.1%) of gross loans, lower than the regulatory guidance of 5%. The Bank's non-performing loan ratio was lower than Guaranty Trust Bank Plc's (GTBank) 5.9% and Zenith Bank Plc's (Zenith Bank) 6.6%. Without the reported write-offs, Access Bank impaired loan ratio would have been 6.7%, lower than Zenith Bank's 8.5%. Cumulative loan loss provisioning sufficiently covered stage 3 loans by 103% and increased to 134.3% when regulatory risk reserves of ₦36.2 billion is considered. We believe this level of coverage provides an adequate buffer in the event of a deterioration in asset quality. A review of specific loan loss provisioning indicates coverage of 11% for stage 2 loans, higher than GTBank's 6% and Zenith Bank's 2%. However, Access Bank's coverage for stage 3 loans of 32% was the lowest compared to the selected peers (GTBank: 52% and Zenith Bank: 59%).

Figure 3: Breakdown of the Loan Book by Stages (FYE 2018 – FYE 2020)



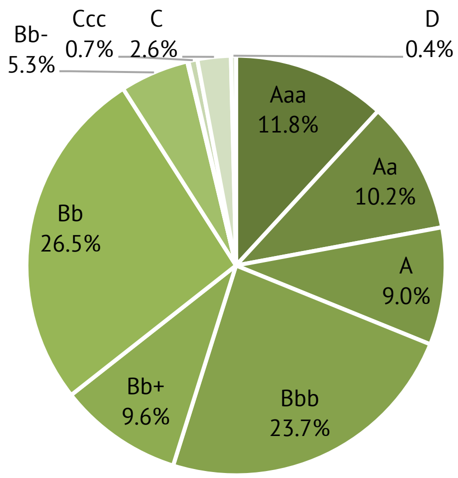
In our opinion, Access Bank's asset quality is satisfactory. The Bank expects the loan portfolio to remain stagnant by FYE 2021, barring further naira devaluation. However, efforts to diversify lending across customer segments will be sustained.

RISK MANAGEMENT

Access Bank Plc maintains a moderate and guarded risk appetite to promote shareholder value, good reputation while maintaining business growth. The Bank has an independent risk management function that is overseen by the Executive Director, Chief Risk Officer (CRO), who reports to the Board of Directors and to the Managing Director for administrative purposes. The Internal Audit Division also supports the Bank's risk management function.

Credit Risk: Access Bank operates a credit risk rating model, which has 12-grade risk rating scales categorised as investment grade, standard grade and non-investment grade. The Bank also adopts both obligor and facility ratings, with considerations for qualitative and quantitative factors. During the year under review, a lending officer risk model was created to support monitoring and performance measurement. As at 31 December 2020, 54.9% of Access Bank's obligors were investment grade, higher than the prior year's 36.5% and reflecting the higher proportion of stage 1 loans. As at the same date, standard grade obligors made up a lower 41.4% (FYE 2019: 48%) and the proportion of non-investment grade names was at 3.7% (FYE 2019: 15.5%). Approximately 98.9% of Access Bank's loan book was secured, with a collateral coverage of 2.3 times as at FYE 2020. We consider the collateral coverage to be good.

Figure 4: Breakdown of the Loan Book by Rating (FYE 2020)



Market Risk: Access Bank uses the standardised approach under the Basel II accord to manage market risk. Internal models used in computing market risk include earnings at risk (EaR), economic value of equity (EVE), sensitivity and stress tests. To manage market risk efficiently, the Bank performs daily stress tests on the trading portfolio while several limits (regulatory and internal) are deployed. A sensitivity analysis of the Bank's rate-sensitive financial assets as at FYE 2020 reveals that a 100 basis points increase in interest rates would have resulted in a ₦19 billion loss (FYE 2019: ₦22.7 billion), representing a low 3.2% (FYE 2019: 4.2%) of core capital. The Bank's sensitivity on the foreign currency balance sheet reveals a ₦4.3 billion gain (FYE 2019: ₦2.6 billion) for every 5% naira devaluation.

Operational Risk: Access Bank uses the Basic Indicator Approach (BIA) to measure and monitor operational risk. To effectively manage the risk of cyber theft and losses, the Bank set up a security operations centre, which is to be supported by a threat intelligence and incidence response policy. In FY 2020, Access Bank paid a total of ₦464.2 million as penalties for regulatory contraventions, a spike from ₦18 million in the prior year. The marked increase was largely due to a ₦220 million penalty paid for contravening the CBN's FX guidelines on the importation of textiles and ₦131.2 million paid for contravening the CBN's foreign exchange manual. In our opinion, regulatory compliance will need to be closely monitored to ensure these penalties do not reoccur.

We believe the Bank's risk management framework is acceptable and we view positively efforts to curtail cyber theft considering the increasing use of digital banking channels.

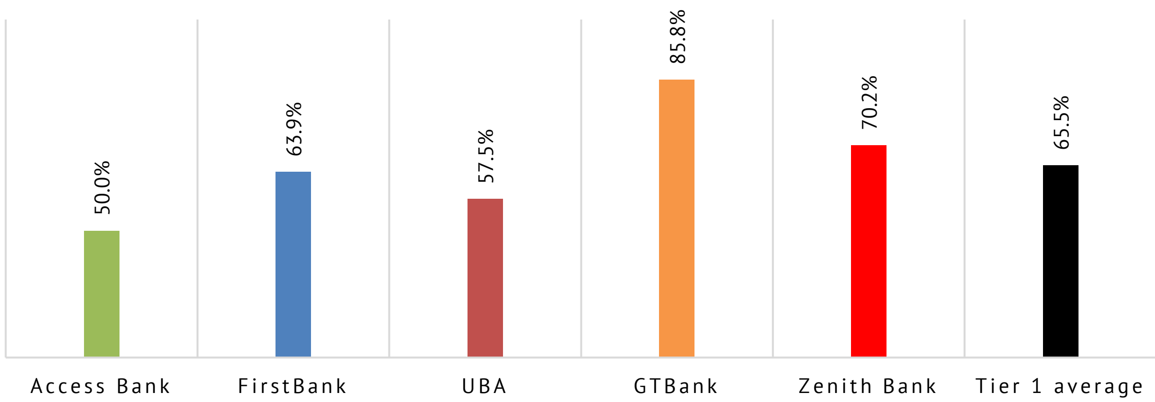
EARNINGS

During the 2020 financial year ended 31 December 2020, Access Bank's net earnings increased by 25% to ₦374.4 billion. However, due to the impact of the COVID-19 pandemic on lending in addition to heterodox regulatory measures to lower borrowing costs, interest income declined by 15.8% to ₦396.7 billion. Also driven by the prevailing low interest rate environment, interest expense reduced by 17% to ₦198.4 billion. As a result, the Bank's net interest spread (NIS)[1] increased slightly to 50% (FY 2019: 49.4%), lower than the tier 1 banking average of 65.5% in FY 2020. Access Bank's NIS has been traditionally lower than the other four tier 1 banks due to its comparably higher proportion of costly deposits. The Bank's NIS has also remained below peers due to its lending focus on rate-sensitive top-tier corporates and state governments while leveraging the associated value chain for non-interest (ancillary) income. The Bank's net interest income (NII) to average earnings assets of 4.5% was also lower than GTBank's 9.1% and Zenith Bank's 5.3%.

We believe that rising treasury yields in 2021 and considering that loans are typically repriced faster than deposits, the Bank's NIS should improve moderately in the near term. We believe plans to refinance some borrowings at comparably low interest rates in addition to the expected higher proportion of low-cost deposits should support NIS in FY 2021. However, we believe Access Bank's NIS will continue to trail peers based on its business strategy.

[1] Net interest income as a % of interest income

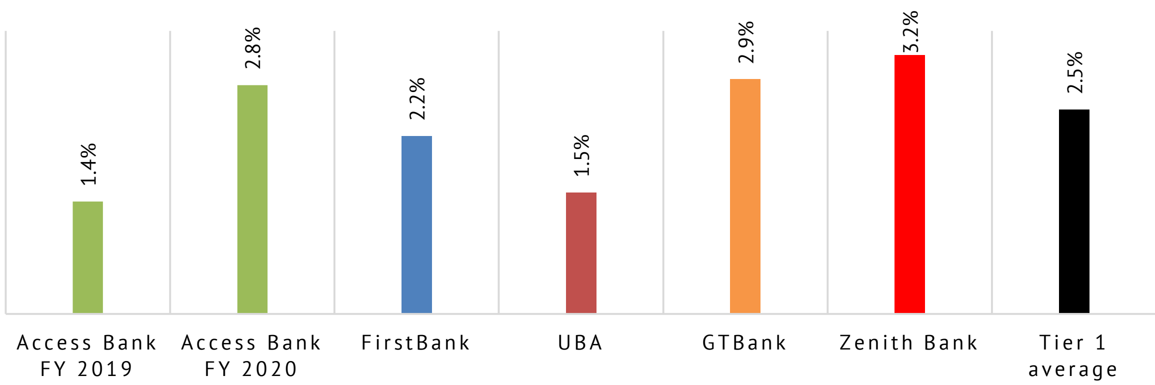
Figure 5: Net Interest Spread – Peer Comparison (FY 2020)



Reflecting macroeconomic headwinds during the year under review, Access Bank's impairment allowance increased by 88.3% to ₦39.7 billion, representing 20% (FY 2019: 9.1%) of net interest income, higher than the tier 1 banking average of 16%. Driven by the decline in interest income amid the higher impairment allowance, net revenue from funds declined by 25.1% to ₦158.6 billion and accounted for a lower 42.4% (FY 2019: 70.7%) of net earnings. On the back of the recovering economy and the gradual increase in treasury yields, we expect fund-based income to improve in the near term.

Access Bank's non-interest income (ancillary) income amounted to ₦215.7 billion, a marked 145.8% growth from the prior year. As a result, non-interest income to total assets improved to 2.8% (FY 2019: 1.4%), lower than GTBank's 2.9% and Zenith Bank's 3.2% but higher than the 2.5% tier 1 banking average.

Figure 6: Non-Interest Income to Total Assets – Peer Comparison (FY 2020)



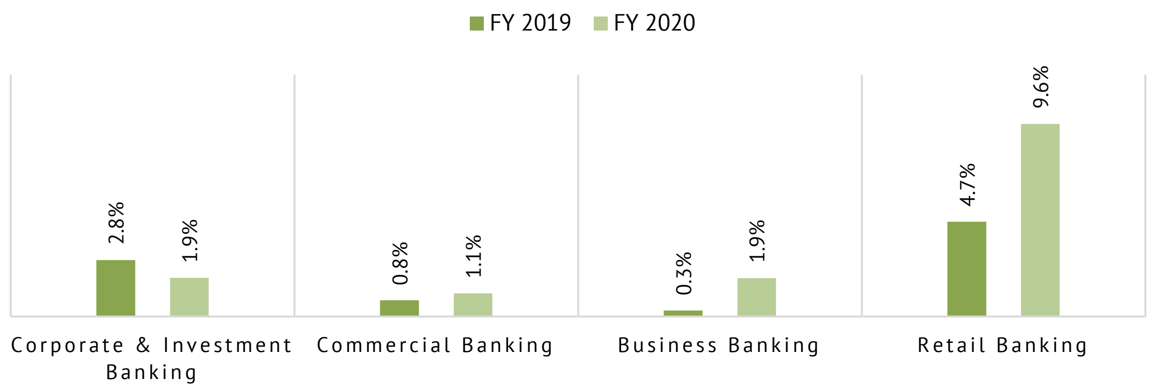
Access Bank leveraged prevailing low interest rates during the year under review and generated ₦116.2 billion from as fair value and trading gains on financial securities, a year-on-year increase of 79.5%. The Bank has maintained a good digitisation drive and continually leveraged the expanded customer base from the Diamond Bank acquisition. As a result, electronic banking income and account maintenance charges grew by 58.3% and 11% respectively, notwithstanding the downward review of bank charges by the CBN. Also supporting the growth in non-interest income was lower foreign exchange losses emanating from the derivatives portfolio.

To support non-interest income, Access Bank plans to grow its agency banking network to about 120,000 agents from 59,000 as at FYE 2020. The Bank also plans to sustain IT investments to improve user experience and enable a steady growth in transaction income. We believe these efforts should support non-interest income in the near term.

In FY 2020, Access Bank's operating expenses (OPEX) increased by 29% to ₦284.2 billion, higher than the average inflation rate of 13.2% during the same period. Due to efforts to accommodate the wider base of customers amidst the naira devaluation, IT-related expenses including the upgrade of the core banking application Flexcube) increased by 90.8%. AMCON levy and the deposit insurance premium grew by 56.3% and 16.4% respectively due to the larger asset base and customer deposits. Driven by the higher growth in operating expenses vis-à-vis net earnings, the cost-to-income ratio increased to 76% (FY 2019: 73.5%), higher than GTBank's 35.3% and Zenith Bank's 51.6%. Without regulatory costs (AMCON levy and deposit insurance premium), Access Bank's cost-to-income ratio would have been 62.4%, still higher than GTBank's 27.2% and Zenith Bank's 41.1%. We expect CIR will reduce slightly on the back of the anticipated increase in earnings as the economy recovers. Therefore, we believe the Bank's 73.1% target for FY 2021 is feasible.

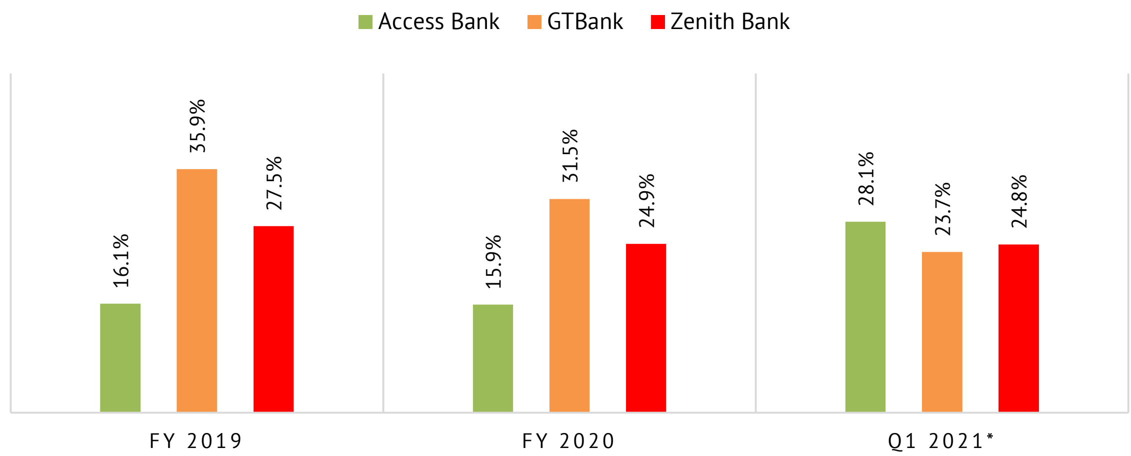
During FY 2020, Access Bank's profit before tax increased by 14% to ₦90.2 billion. However, due to the higher corresponding growth in the asset base, pre-tax return on average assets and contingents (ROA) reduced to 1.2% (FY 2019: 1.4%) while pre-tax return on average equity (ROE) of 16% was almost at par with the prior year. Access Bank's four operating segments were profitable in FY 2020, same as the prior year. The retail banking segment's ROA improved to 9.6% (FY 2019: 4.7%), reflecting diversification and digitisation efforts. The business and commercial banking segments recorded slight increases in ROA while the corporate and investment banking segment had a lower ROA of 1.9% (FY 2019: 2.8%). With the recent acquisition of Grobank in South Africa, we expect Access Bank's earnings to diversify geographically in the medium term, which we view positively given the unpredictability of the Nigerian market.

Figure 7: Pre-tax ROA of the Operating Segments (FY 2019 & FY 2020)



Access Bank's ROE was higher than the 13.2% average inflation rate in 2020 but lower than GTBank's 31.5% and Zenith Bank's 24.9%. Although we believe there is room for improvement considering its size, we consider the Bank's profitability to be acceptable by industry standards, especially given that the year under review was a COVID ravaged year. Access Bank expects a marked 34.4% growth in PBT, upheld by growth in fund-based income as interest rates maintain an upward trend. We believe the forecast is feasible considering the record of accomplishment in budget performance. Subsequent to year-end, in the three months ended 31 March 2021, the Bank had achieved 142% of the budgeted PBT for Q1, with an annualised pre-tax ROE of 28.1%, higher than GTBank's 23.7% and Zenith Bank's 24.8%.

Figure 8: Pre-tax ROE – Peer Comparison (FY 2018 – Q1 2021)



*annualised

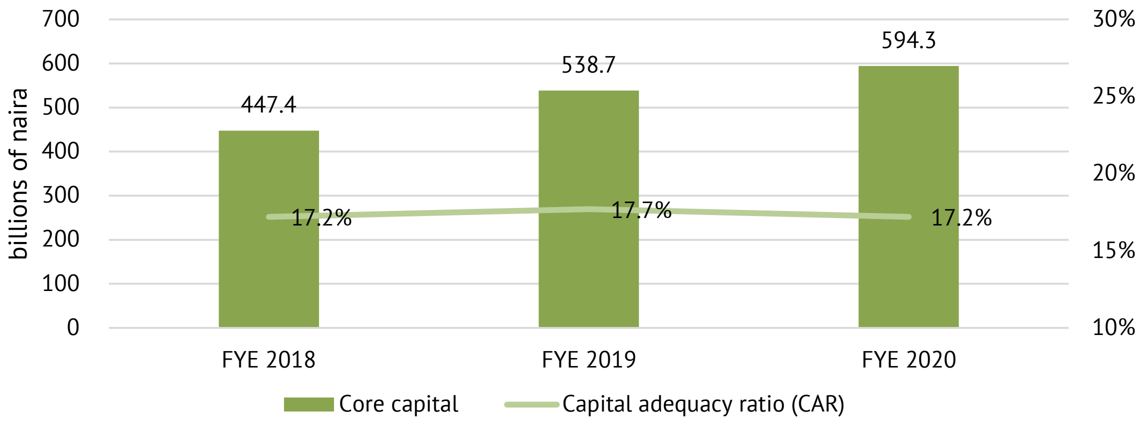
CAPITAL ADEQUACY

As at 31 December 2020, core (tier 1) capital stood at ₦594.3 billion, 10.3% higher than the prior year due to the appropriation to non-distributable reserves and the accretion to retained earnings. As at the same date, tier 2 capital increased by 130% to stand at ₦297.2 billion, propelled by the US$93.8 million 10-year syndicated borrowing obtained from Netherlands Development Finance Company in August 2020 and 71 times jump in fair value reserves.

Access Bank's capital adequacy ratio (CAR) – adjusted for the IFRS 9 transitional arrangement – declined to 17.2% (FYE 2019: 17.7%), lower than GTBank's 23.1% and Zenith Bank's 21% but remained above the 15% regulatory minimum. The Bank's CAR was impacted by the establishment of subsidiaries in Kenya and Mozambique in addition to the spike in regulatory risk reserves, despite the marked increase in tier 2 capital.

In our opinion, Access Bank's capitalisation is adequate for the current level of business risk undertaken. Notwithstanding the acquisition of South African Grobank Limited in March 2021, the capital adequacy ratio improved to 18.8% as at Q1 2021, due to the accretion to retained earnings. However, we expect the planned acquisition of two additional African banks by H2 2021 to impact capitalisation. Management has disclosed near term plans to raise additional capital to support its African expansion strategy.

Figure 9: Core Capital and Capital Adequacy Ratio (FYE 2018 – FYE 2020)



LIQUIDITY AND LIABILITY GENERATION

Access Bank has sustained several initiatives, campaigns and promotions to support the generation of liabilities. The BETA and CLOSA agency banking network, with 59,000 agents as at 31 December of 2020 also provides support. Access Bank recently collaborated with Nigeria's two largest telecommunications providers to widen access to customers in rural and remote areas. In addition, investments in IT infrastructure have been prioritised to accommodate the growing customer base and to drive a higher use of electronic banking channels. The Bank currently has over 500 branches spread across Nigeria, in addition to digital touchpoints including ATMs and PoS terminals.

As at 31 December 2020, Access Bank's customer deposits stood at ₦4.8 trillion, a year-on-year increase of 31.7% supported by increases in both local and foreign currency deposits. Local currency (LCY) savings and demand deposits grew by 67% and 60.4% respectively while LCY time deposits grew by a lower 8.4%. As a result, low-cost savings and demand LCY deposits represented a higher 59% (FYE 2019: 49%) of total LCY deposits but remained lower than the tier 1 banking average of 82% as at the same date. Access Bank expects to sustain the growth in low-cost deposits through digitisation, financial inclusion initiatives amid other retail deposit campaigns, which we view positively.

Access Bank's foreign currency (FCY) deposits increased by 17.1% (year-on-year) to stand at ₦917.5 billion as at FYE 2020, funding 118% of the FCY loan book (FYE 2019: 102%).

Figure 10: Growth Across Deposit Types (FYE 2020)

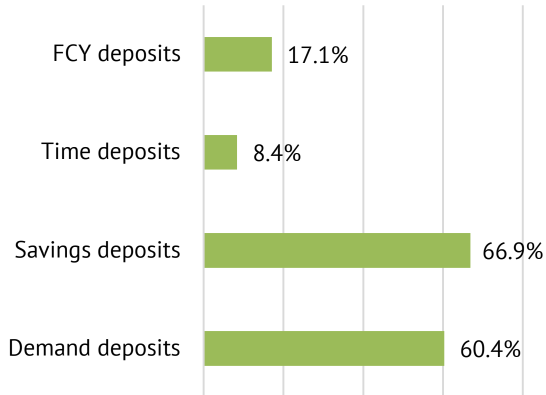
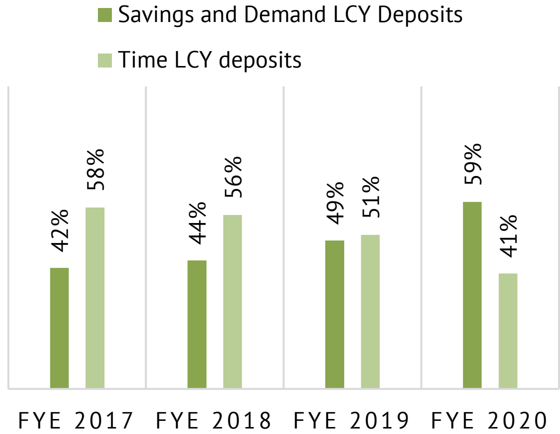


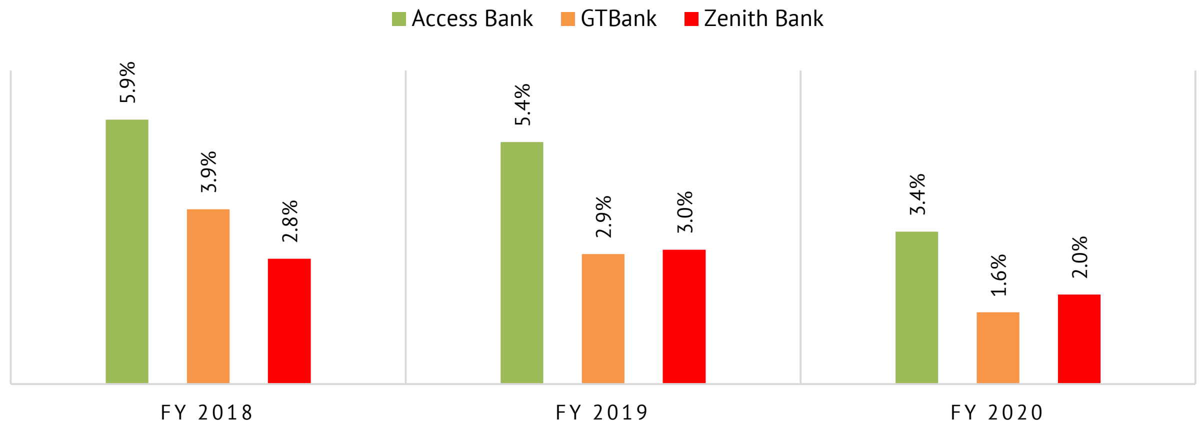
Figure 11: Local Currency Deposit Mix (FYE 2017 – FYE 2020)



Access Bank's outstanding borrowings stood at ₦924.4 billion, 31.7% higher than the prior year, funding 11.6% of total assets and contingents as at 31 December 2020. The Bank has funding support from an array of sources including bilateral, multilateral and development finance institutions, the Federal Government of Nigeria's intervention facilities in addition to the local and foreign debt capital market through bonds. During the year under review, Access Bank obtained a US$93.8 million ten-year facility from the Netherlands Development Finance Company (FMO), a five-year US$68.7 million facility from European Investment Bank and a US$30 million facility granted by French Development Agency. The Bank also received from the Development Bank of Nigeria, several intervention funding initiatives organised by the Bank of Industry and funding support from the CBN through the Differentiated Cash reserve requirement (DCRR) scheme. The US$50 million participatory notes issued by the former Diamond Bank Plc through a structured entity (Diamond Finance BV) expired in March 2021. Access Bank's US$300 million 10.5% Eurobond, one of the three outstanding bonds (two local currency and one Eurobond), is set to mature in October 2021.

Due to the improved LCY deposit mix and prevailing low interest rates, Access Bank's weighted average cost of funds (WACF) reduced by a marked 200 basis points to 3.4% in FY 2020. However, due to a higher proportion of costly deposits, Access Bank's WACF was higher than GTBank's 1.6% and Zenith Bank's 2%. Subsequent to year-end, in the three months ended 31 March 2021, WACF improved to 2.6%. Given that there has been a gradual rise in treasury yields in FY 2021, we believe the impact on funding costs will be moderated by Access Bank's sustained efforts to improve the deposit mix.

Figure 12: Weighted Average Cost of Funds (FY 2018 – FY 2020)



The contractual maturity profiles of loans vis-à-vis customer deposits and borrowings showed gaps in the following categories: 7-12 months, 1-5 years and over 5 years. Nevertheless, Access Bank has a strong base of core deposits (long tenured behaviourally) and a large pool of liquid assets which provide support. As at 31 December 2020, the liquid assets portfolio stood at ₦2 trillion, almost at par the prior year. Although the liquid assets to local currency deposits (excluding inter-bank takings) declined to 52.1% (FYE 2019: 71.5%), it remained well above the CBN's prescribed 30% minimum.

In our opinion, Access Bank's liquidity profile is good. Upheld by the good brand equity and size, we believe the Bank's ability to refinance is strong.

OWNERSHIP, MANAGEMENT & STAFF

As at 31 December 2020, Access Bank Plc had 35.5 billion paid-up shares held by 920,978 investors, including domestic and foreign individual and institutional investors. As disclosed on the shareholder register, only Stanbic Nominees Nigeria Limited, which holds shares as a custodian for various investors, had a substantial equity stake of 12% as at FYE 2020. The Board of Directors (via direct and indirect holdings) accounted for approximately 5% of Access Bank's outstanding shares as at FYE 2020.

As at FYE 2020, the Board of Directors had 17 members, nine Non-Executive Directors (including five Independent Non-Executive Directors) and eight Executive Directors. Mrs Mosunmola Belo-Olusoga, the erstwhile Chair, retired from the Board in January 2020 and was replaced by Dr Mrs Ajoritsedere Awosika, an Independent Non-Executive Director. In March 2020, two Non-Executive Directors, Dr Ernest Ndukwe and Mr Tor Habib retired from the Board while Mr Hassan Usman was appointed Independent Non-Executive Director in August 2020. Mrs Omosalewa Fajobi (Non-Executive Director) and Mr Seyi Kumapayi (Executive Director, African Subsidiaries) were appointed in November 2020.

Mr Hassan Usman is the Founder/Chief Executive Officer of New Frontier Development Limited, an investment company focused on financial advisory, real estate and proprietary investments. He was formerly the Managing Director/Chief Executive Officer of Aso Savings and Loans Plc and an Executive Director, Abuja Investment and Property Development Company Limited. Mr Usman also served as a Deputy Director for various sectorial reforms at the Bureau of Public Enterprises (BPE) and worked with the Central Bank of Nigeria (CBN), Arthur Andersen and Citibank Nigeria Limited. He was formerly a Board member of Nigeria Sovereign Investment Authority (NSIA), Nigeria Mortgage Refinance Company (NMRC) and the Council of the Nigerian Stock Exchange (NSE). Mr Usman holds a Bachelor of Arts degree in Economics from the University of Sussex (UK) and a masters' degree in Development Economics from the University of Cambridge. He is a fellow of the Institute of Chartered Accountants of England and Wales, an Eisenhower Fellow and an Archbishop Desmond Tutu Fellow of the African Leadership Institute.

Mrs Omosalewa Fajobi is a legal counsel and governance professional with a demonstrated history of working in the financial, investment and legal services industry. She is currently an Operating Director at Tengen Family Office Limited. She worked with International Finance Corporation from May 2014 to June 2017 as Project Lead (Nigeria) Africa Corporate Governance Programmes. Mrs Fajobi also worked as Legal Counsel at the former Oceanic Bank from 2006 to 2010 and Access Bank Plc from 2004 to 2006. Mrs Fajobi holds an LLM Degree (Merit) from the University of London with specialisation in Corporate and Commercial Law and an LLB degree from the University of Lagos.

Prior to his appointment, Mr Seyi Kumapayi served as the Group Chief Financial Officer of Access Bank Plc since 2008. He has over 20 years of commercial banking experience spanning Finance, Strategy, Risk Management, and Treasury roles. He joined Access Bank in 2002 as the Head of Financial Control and Credit Risk Management. Prior to joining Access Bank, he held financial controller and analyst positions with First City Monument Bank Limited and Guaranty Trust Bank Plc. Mr Kumapayi holds a BSc in Agricultural Engineering from the University of Ibadan, an MSc in Mechanical Engineering from the University of Lagos and is an alumnus of Harvard Business School. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), and a member of the Global Association of Risk Professionals (GARP), the Chartered Institute of Taxation of Nigeria (CITN) and the Chartered Institution of Bankers of Nigeria (CIBN). He is currently a Board member of the Ogun State Security Trust Fund.

During the financial year ended 31 December 2020, Access Bank maintained an average staff strength of 5,434 employees, a 7.4% decline from the prior year. As a result, staff costs reduced by 10.1% to ₦54.6 billion, accounting for a lower 19.2% (FY 2019: 27.6%) of operating expenses. Due to higher net earnings and the decline in staff numbers, net earnings per staff increased by 35% to ₦68.9 million, adequately covering staff cost per employee 6.9 times (FY 2019: 4.9 times), almost at par with Zenith Bank's 7 times but lower than GTBank's 13.2 times. In our opinion, Access Bank's staff productivity is good. We also believe that the Bank is led by an experienced and stable management team.

Table 2: Staff Productivity Indicators (FY 2020)

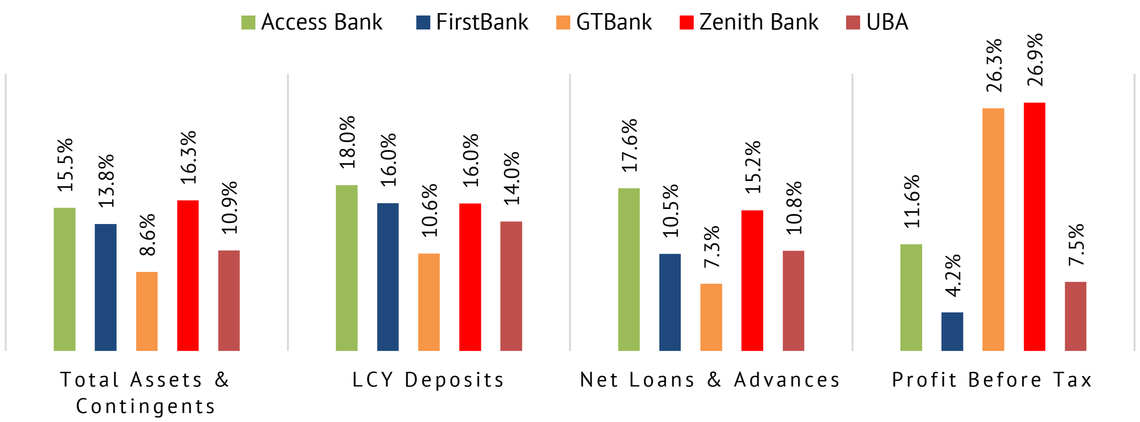
	Access FY 2019	Access FY 2020	GTBank FY 2020	Zenith FY 2020
Average number of employees	5,870	5,434	3,323	6,337
Staff cost per employee	₦10.3 million	₦10 million	₦6.6 million	₦9.7 million
Net earnings per staff	₦51.0 million	₦68.9 million	₦84.2 million	₦68.4 million
Net earnings per staff to Staff cost per employee	4.9 times	6.9 times	12.2 times	6.9 times
Staff cost to Operating expenses	28.0%	19.2%	24.5%	27.5%

MARKET SHARE

Access Bank has maintained a solid footing in the Nigerian banking industry's tier 1 segment and is currently Nigeria's second-largest bank (by total assets and contingents). Expanding presence in the African continent (currently eleven countries) has further boosted the Bank's brand equity, which we believe has supported a strong ability to refinance in the local and foreign debt capital markets. In FY 2020, Access Bank's share of key market share indicators including total assets, loans and advances, local currency deposits and profitability all grew; reflective of deliberate growth strategy of the Bank.

Overall, we consider the Bank's market share to be strong but considering its scale of operations; we believe its share of profitability could be improved upon. Nevertheless, we expect to see further improvement as Access Bank intensifies efforts to grow low-cost deposits, improve transaction velocity on digital channels and diversify the loan portfolio to improve yields.

Figure 13: Market Share Indicators (2020)



OUTLOOK

Despite economic adversities occasioned by the COVID-19 pandemic, Access Bank maintained relatively stable performance. With growing vaccinations, restrictions adopted to curb the spread of the virus are gradually eased across the globe. However, considering Nigeria's long-drawn weak economic fundamentals, the recovery has remained fragile. In addition, affecting the operating terrain of banks are unfavourable regulations, particularly arbitrary cash reserve requirements that has led to sizable portion of non-earning assets. Nevertheless, Access Bank intends to maintain its growth trajectory through the establishment of additional subsidiaries in South Africa and Botswana between 2021 and 2022 and harnessing anticipated growth in cross border trade as the African Continental Free Trade Area (AfCFTA) agreement takes effect. Other targeted focus areas in the near term include:

- Maintaining asset quality through aggressive recoveries and close monitoring of the loan portfolio
- Increasing transaction banking income through a sizable migration of customers to digital banking channels and boosting awareness of flagship products
- Significantly improve low-cost retail deposit growth to lower funding costs, thereby enhancing net interest spreads and overall profitability
- Optimising operational efficiencies across the Bank's locations and also boosting staff productivity through more streamlined processes

We expect that Access Bank will leverage its size to improve profitability in the near term while capitalisation should remain adequate for the level of business risk undertaken. Agusto & Co. also believes that Access Bank's ability to refinance will remain strong, upheld by its track record and good franchise value. On this basis, we hereby attach a ***stable*** outlook to the rating of Access Bank Plc.

FINANCIAL SUMMARY

ACCESS BANK PLC

	STATEMENT OF FINANCIAL POSITION AS AT	31-Dec-20 ₦'000		31-Dec-19 ₦'000		31-Dec-18 ₦'000	
	ASSETS						
1	Cash & equivalents	549,751,316	6.9%	543,085,033	8.0%	291,897,279	6.7%
2	Government securities	1,442,017,721	18.1%	1,364,364,304	20.2%	731,856,597	16.9%
3	Stabilisation securities	46,481,741	0.6%	42,600,668	0.6%	46,392,634	1.1%
4	Quoted investments						
5	Placements with discount houses						
6	LIQUID ASSETS	2,038,250,778	25.6%	1,950,050,005	28.9%	1,070,146,510	24.7%
7	BALANCES WITH NIGERIAN BANKS						
8	BALANCES WITH BANKS OUTSIDE NIGERIA						
9	Direct loans and advances - Gross	3,170,005,168	39.8%	2,828,398,077	41.8%	1,860,111,134	43.0%
10	Less: Cumulative loan loss provision	(119,341,161)	-1.5%	(182,361,406)	-2.7%	(77,356,156)	-1.8%
11	Direct loans & advances - net	3,050,664,007	38.3%	2,646,036,671	39.1%	1,782,754,978	41.2%
12	Advances under finance leases - net						
13	TOTAL LOANS & LEASES - NET	3,050,664,007	38.3%	2,646,036,671	39.1%	1,782,754,978	41.2%
14	INTEREST RECEIVABLE						
15	OTHER ASSETS	215,353,793	2.7%	193,674,219	2.9%	102,881,884	2.4%
16	DEFERRED LOSSES						
17	RESTRICTED FUNDS	1,275,279,265	16.0%	810,636,067	12.0%	522,931,292	12.1%
18	UNCONSOLIDATED SUBSIDIARIES & ASSOCIATES			131,458,709	1.9%	111,203,496	2.6%
19	OTHER LONG-TERM INVESTMENTS	786,042,477	9.9%	319,547,421	4.7%	281,572,709	6.5%
20	FIXED ASSETS & INTANGIBLES	259,389,399	3.3%	256,185,124	3.8%	96,623,740	2.2%
21	**TOTAL ASSETS**	7,624,979,719	95.8%	6,307,588,216	93.3%	3,968,114,609	91.7%
22	TOTAL CONTINGENT ASSETS	335,064,193	4.2%	451,514,549	6.7%	358,862,448	8.3%
23	**TOTAL ASSETS & CONTINGENTS**	7,960,043,912	100%	6,759,102,765	100%	4,326,977,057	100%
	CAPITAL & LIABILITIES						
24	TIER 1 CAPITAL (CORE CAPITAL)	594,321,522	7.5%	538,652,565	8.0%	447,401,183	10.3%
25	TIER 2 CAPITAL	297,207,593	3.7%	129,304,472	1.9%	50,804,974	1.2%
26	Foreign Currency Borrowings	686,780,878	8.6%	573,583,103	8.5%	557,527,424	12.9%
27	Demand deposits	1,074,530,368	13.5%	670,092,310	9.9%	471,311,117	10.9%
28	Savings deposits	1,254,411,747	15.8%	751,600,683	11.1%	233,133,888	5.4%
29	Time deposits	1,586,352,293	19.9%	1,463,431,594	21.7%	897,253,488	20.7%
30	Inter-bank takings	831,632,332	10.4%	1,079,284,418	16.0%	616,644,611	14.3%
31	TOTAL DEPOSIT LIABILITIES - LCY	4,746,926,740	59.6%	3,964,409,005	58.7%	2,218,343,104	51.3%
32	Customers' foreign currency balances	917,450,085	11.5%	783,215,224	11.6%	457,040,437	10.6%
33	TOTAL DEPOSIT LIABILITIES	5,664,376,825	71.2%	4,747,624,229	70.2%	2,675,383,541	61.8%
34	INTEREST PAYABLE						
35	OTHER LIABILITIES	382,292,901	4.8%	318,423,847	4.7%	236,997,487	5.5%
36	**TOTAL CAPITAL & LIABILITIES**	7,624,979,719	95.8%	6,307,588,216	93.3%	3,968,114,609	91.7%
37	TOTAL CONTINGENT LIABILITIES	335,064,193	4.2%	451,514,549	6.7%	358,862,448	8.3%
38	**TOTAL CAPITAL, LIABILITIES & CONTINGENTS**	7,960,043,912	100%	6,759,102,765	100%	4,326,977,057	100%
	BREAKDOWN OF CONTINGENTS						
39	Acceptances & direct credit substitutes	335,064,193	4.2%	451,514,549	6.7%	358,862,448	8.3%
40	Guarantees, bonds etc..						
41	Short-term self liquidating contingencies						

ACCESS BANK PLC

No.	STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED	31-Dec-20 ₦'000		31-Dec-19 ₦'000		31-Dec-18 ₦'000	
42	Interest income	396,678,298	64.8%	471,468,769	84.3%	313,074,156	73.4%
43	Interest expense	(198,403,593)	-32.4%	(238,708,397)	-42.7%	(184,857,410)	-43.3%
44	Loan loss expense	(39,650,580)	-6.5%	(21,055,479)	-3.8%	(10,702,144)	-2.5%
45	NET REVENUE FROM FUNDS	158,624,125	25.9%	211,704,893	37.9%	117,514,602	27.5%
46	ALL OTHER INCOME	215,741,630	35.2%	87,763,178	15.7%	113,574,409	26.6%
47	**NET EARNINGS**	374,365,755	61.1%	299,468,071	53.5%	231,089,011	54.2%
48	Staff costs	(54,590,721)	-8.9%	(60,712,847)	-10.9%	(40,425,816)	-9.5%
49	Depreciation expense	(32,059,429)	-5.2%	(24,554,737)	-4.4%	(13,711,396)	-3.2%
50	Other operating expenses	(197,519,728)	-32.3%	(134,986,773)	-24.1%	(101,703,653)	-23.8%
51	TOTAL OPERATING EXPENSES	(284,169,878)	-46.4%	(220,254,357)	-39.4%	(155,840,865)	-36.5%
52	PROFIT (LOSS) BEFORE TAXATION	90,195,877	14.7%	79,213,714	14.2%	75,248,146	17.6%
53	TAX (EXPENSE) BENEFIT	(10,156,549)	-1.7%	(9,097,722)	-1.6%	(1,651,851)	-0.4%
54	**PROFIT (LOSS) AFTER TAXATION**	80,039,328	13.1%	70,115,992	12.5%	73,596,295	17.2%
55	NON-OPERATING INCOME (EXPENSE) - NET						
56	PROPOSED DIVIDEND	(23,104,397)	-3.8%	(17,772,613)	-3.2%	(18,803,180)	-4.4%
57	**GROSS EARNINGS**	612,419,928	100%	559,231,947	100%	426,648,565	100%
58	AUDITORS	PWC		PWC		PWC	
59	OPINION	CLEAN		CLEAN		CLEAN	

No.	KEY RATIOS	31-Dec-20	31-Dec-19	31-Dec-18
	EARNINGS			
60	Net interest margin	50.0%	49.4%	41.0%
61	Loan loss expense/Interest income	10.0%	4.5%	3.4%
62	Return on average assets*	1.2%	1.4%	1.9%
63	Return on average equity*	15.9%	16.1%	17.2%
64	Operating Expenses/Net earnings	75.9%	73.5%	67.4%
65	Gross earnings/Total assets & contingents	8.3%	10.1%	10.5%
	EARNINGS MIX			
66	Net revenue from funds	42.4%	70.7%	50.9%
67	All other income	57.6%	29.3%	49.1%
	LIQUIDITY			
68	Total loans & leases - net/Total lcy deposits	53.0%	53.3%	54.8%
69	Liquid assets/Total lcy deposits	52.1%	67.6%	66.8%
70	Demand deposits/Total lcy deposits	22.6%	16.9%	21.2%
71	Savings deposits/Total lcy deposits	26.4%	19.0%	10.5%
72	Time deposits/Total lcy deposits	33.4%	36.9%	40.4%
73	Inter-bank borrowings/Total lcy deposits	17.5%	27.2%	27.8%
74	Interest expense - banks/Interest expense	29.8%	19.0%	19.8%
75	**NET FOREIGN CURRENCY ASSETS (LIABILITIES)**	(917,450,085)	(783,215,224)	(457,040,437)

ACCESS BANK PLC

	KEY RATIOS CONT'D	31-Dec-20	31-Dec-19	31-Dec-18
	ASSET QUALITY			
76	Performing loans (₦'000)	3,054,181,852	2,655,852,068	1,815,864,951
77	Non-performing loans (₦'000)	115,823,316	172,546,009	44,246,183
78	Impaired Credits/Total loans - Gross	3.7%	6.1%	2.4%
79	Loan loss provision/Total loans - Gross	3.8%	6.4%	4.2%
80	Loan loss provision/Non-performing loans	103.0%	105.7%	174.8%
81	Risk-weighted assets/Total assets & contingents	47.7%	51.5%	53.9%
	CAPITAL ADEQUACY			
82	Adjusted capital/risk weighted assets	21.7%	13.5%	16.2%
83	Tier 1 capital/Adjusted capital	64%	100%	116%
84	Total loans - net/Adjusted capital (Times)	27%	18%	21%
85	Capital unimpaired by losses (₦'000)	594,321,522	538,652,565	447,401,183
	CAPITAL ADEQUACY STRESS TEST			
86	Total shareholders' funds (N'000)	897,502,223	542,416,848	452,240,650
87	Cumulative loan loss provision (actual reserves)	119,341,161	182,361,406	77,356,156
88	Equity before all provision (line 86 + line 87)	1,016,843,384	724,778,254	529,596,806
89	Required reserves	298,358,292	337,349,001	159,369,298
90	Equity after required reserves (line 88 - line 89)	718,485,092	387,429,253	370,227,508
	STAFF INFORMATION			
91	Net earnings per staff (₦'000)	68,893	51,017	67,987
92	Staff cost per employee (₦'000)	10,046	10,343	11,893
93	Staff costs/Operating expenses	19.2%	27.6%	25.9%
94	Average number of employees	5,434	5,870	3,399
95	Average staff per branch	10	10	11
	OTHER KEY INFORMATION			
96	Legal lending limit(₦'000)	118,864,304	107,730,513	89,480,237
97	Other unamortised losses(₦'000)	NONE	NONE	NONE
98	Unreconciled inter-branch items (₦'000) DR/(CR)	NONE	NONE	NONE
99	Number of branches	556	568	314
100	Age (in years)	32	31	30
101	Government stake in equity	-	-	-

		Estimate	Actual	Actual
	MARKET SHARE OF INDUSTRY TOTAL	2020	2019	2018
102	Lcy deposits (excluding interbank takings)	18.0%	14.7%	10.0%
103	Total assets & contingents	15.6%	14.5%	11.3%
104	Total loans & leases - net	17.6%	17.0%	14.1%
106	Profit before tax	11.6%	8.5%	9.7%
107	Cash dividend	10.6%	6.4%	6.8%
100	Non Interest Income	15.8%	8.2%	12.4%
101	Net Interest Income	13.0%	13.7%	6.4%

RATING DEFINITIONS

Aaa	A financial institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) are unlikely to lead to deterioration in financial condition or an impairment of the ability to meet its obligations as and when they fall due. In our opinion, regulatory and/or shareholder support will be obtained, if required.
Aa	A financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when they fall due should remain strong. Although regulatory support is not assured, shareholder support will be obtained, if required.
A	A financial institution of good financial condition and strong capacity to meet its obligations. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when they fall due should remain largely unchanged. In our opinion, shareholder support should be obtainable, if required.
Bbb	A financial institution of satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due. It may have one major weakness which, if addressed, should not impair its ability to meet obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution.
Bb	Financial condition is satisfactory and ability to meet obligations as and when they fall due exists. May have one or more major weaknesses. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly.
B	Financial condition is weak but obligations are still being met as and when they fall due. Has more than one major weakness and may require external support, which, in our opinion, is not assured. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly.
C	Financial condition is very weak. Net worth is likely to be negative and obligations may already be in default.
D	In default.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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