

Company Brief

Access Bank Plc is a full service commercial Bank operating through a network of about 305 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa and the United Kingdom. Listed on The Nigerian Stock Exchange in 1998, the Bank serves its various markets through 4 business segments: Personal, Business, Commercial and Corporate & Investment banking.

Access Bank Plc released its FY 2017 financial statement showing growth of 20.39% year-on-year (YOY) in gross earnings to ₦459.07 billion while the Profit After Tax (PAT) fell by 13.23% YOY to ₦61.99 billion. Also, the management of Access Bank Plc has proposed a final dividend of ₦0.40 per share which represents a dividend yield of 3.60% based on last traded price.

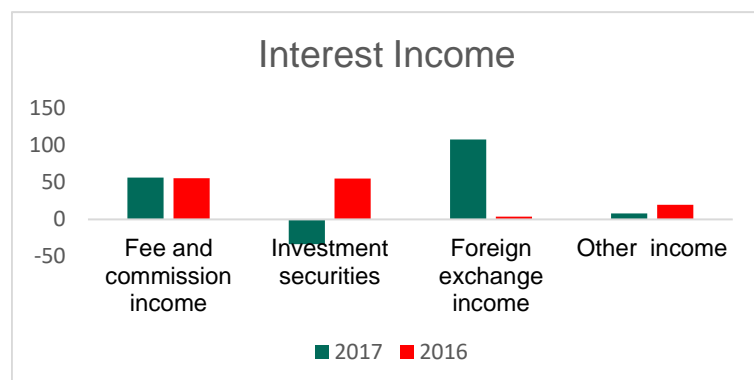
Increased provision in loan loss impacted the PAT growth negatively

On a year on year basis, despite a 17.47% increase in the Net Interest Income the PAT fell by 13.23% to ₦61.99 billion, the deterioration in PAT was driven by increase in the impairment charges by 57.00% between 2016 and 2017 coupled with marginal increase in Non-Interest Income.

Analysis of the Non-Interest Income shows that the income from Investment Securities recorded a negative figure of ₦33.40 billion in 2017 as against the positive figure of ₦55.05 billion recorded in 2016. However, the outrageous increase in Net Foreign Exchange Income by 2900.12% could not offset the percentage loss in Other Operating Income and Income from Investment Securities.

The breakdown of the Income from Investment Securities shows an increase of 73.24% to ₦5.64 billion in the Fixed Income trading while Derivative trading income was dragged to the negative zone of ₦39.27 billion.

Also, the growth in the provision for loan loss by 57.00% can be attributed to provision for the bank's Etisalat loan exposure.



*Using Market Price as at 22 March 2018

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RATING: SELL

Income Statement Summary

In millions of Naira	Dec-17	Dec-16	YOY%
Gross Earnings	459,076	381,321	20.39%
Interest Income	319,854	247,287	29.35%
Interest Expenses	(156,403)	(108,139)	44.63%
Net interest Income	163,452	139,148	17.47%
Net Impairment Charge	(34,467)	(21,953)	57.00%
Non-Interest Income	139,221	134,034	3.87%
Operating Expenses	(188,057)	(160,313)	17.31%
Profit before Tax	80,072	90,339	-11.36%
Tax expenses	(18,082)	(18,900)	-4.33%
Profit after Tax	61,991	71,439	-13.23%
EPS (Kobo)	218	250	-12.80%

Stock Information

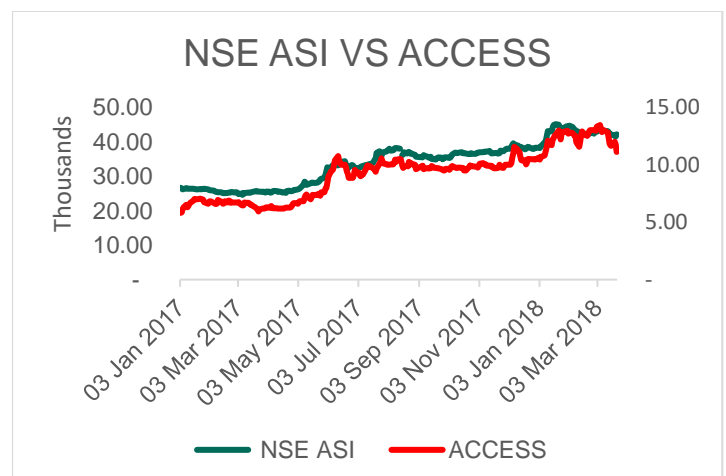
Bloomberg Ticker	ACCESS:NL
NSE Ticker	ACCESS
Market Price	11.10
Share Outstanding (Mn)	28,927
Market Cap (N'Bn)	339,904

Price Performance

	ACCESS	NSE
WTD*	-0.84%	-0.72%
MTD*	-3.47%	-3.92%
YTD*	+6.22%	+8.87%

Valuation

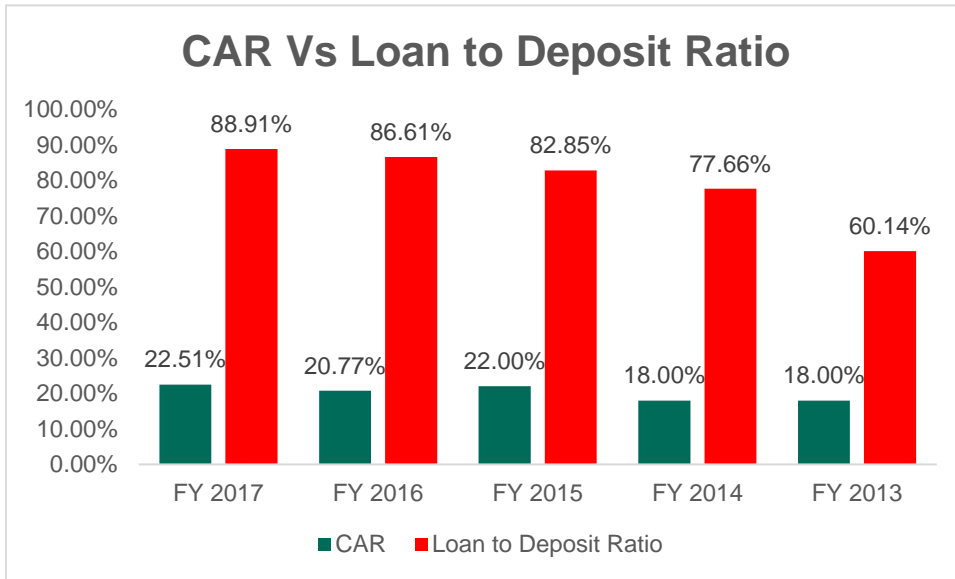
	2017	2016
P/E (x)	5.09	2.35
P/BV (x)	0.62	0.37
Dividend Yield (%)	3.60	11.07



Improvement in Financial Position

We highlight an improvement recorded in the balance sheet line items with the customers’ deposit growth of 7.45% and total asset growth of 17.75%. Also, the customers’ loan rose by 10.31% to a total of ₦1.995 billion.

Also, the Bank’s Capital Adequacy Ratio (CAR) rose to 22.51% from the previous rate of 20.77% in the FY 2016. This is above the regulatory requirement of 15% for banks with international license and 16% for systemically important banks. While, the Non-Performing Loan (NPL) rose to 4.80% in 2017 from 2.1% in 2016. This is below the regulatory minimum of 5.00%.



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Income Statement	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
(in Million Naira)					
Gross Earnings	459,076	381,321	337,404	245,217	206,891
Interest Income	319,854	247,287	207,802	176,918	145,961
Interest Expenses	(156,403)	(108,139)	(102,421)	(76,901)	(68,237)
Net interest Income	163,452	139,148	105,382	100,017	77,724
Net Impairment Charge	(34,467)	(21,953)	(14,225)	(11,652)	(6,164)
Non-Interest Income	139,221	134,034	125,187.10	68,299.30	60,930.20
Profit before Tax	80,072	90,339	75,038.10	52,022.30	43,530.60
Tax expenses	(18,082)	(18,900)	(9,169)	(8,959)	(7,499)
Profit after Tax	61,991	71,439	71,439.30	65,868.80	71,439.30
EPS (Kobo)	218	250	265	188.00	150.00
Balance Sheet	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
(in Million Naira)					
Cash & Cash Equivalent	953,944	713,889	478,409	405,015	439,460
Loan and Advances	1,995,988	1,809,459	1,394,522	1,129,446	800,664
PPE	97,115	84,109	73,330	69,660	67,243
Total Asset	4,102,243	3,483,866	2,591,330	2,104,361	1,835,466
Total Deposit	2,244,879	2,089,197	1,683,244	1,454,419	1,331,418
Total Liabilities	3,586,795	3,029,371	2,223,529	1,826,950	1,590,984
Total Equity	515,447	454,495	367,801	277,411	244,482
Total Liabilities & Equity	4,102,242	3,483,866	2,591,330	2,104,361	1,835,466
Key Ratios	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Return on Average Equity (ROAE)	12.78%	17.38%	22.14%	25.24%	29.22%
Return on Average Asset (ROAA)	1.63%	2.35%	3.04%	3.34%	3.89%
Loan to Deposit Ratio	88.91%	86.61%	82.85%	77.66%	60.14%
Capital Adequacy Ratio (CAR)	22.51%	20.77%	22.00%	18.00%	18.00%
Valuation Multiples					
Last Price	11.10	5.87	4.85	6.60	9.09
Basic EPS	2.18	2.50	2.65	1.88	1.50
P/E Ratio	5.09	2.35	1.83	3.51	6.06
BVPS	17.81	15.75	12.58	11.97	10.04
P/B Ratio	0.62	0.37	0.39	0.55	0.91

*Using Market Price as at 22 March 2018