



Investors & Analysts Presentation

H1 2021

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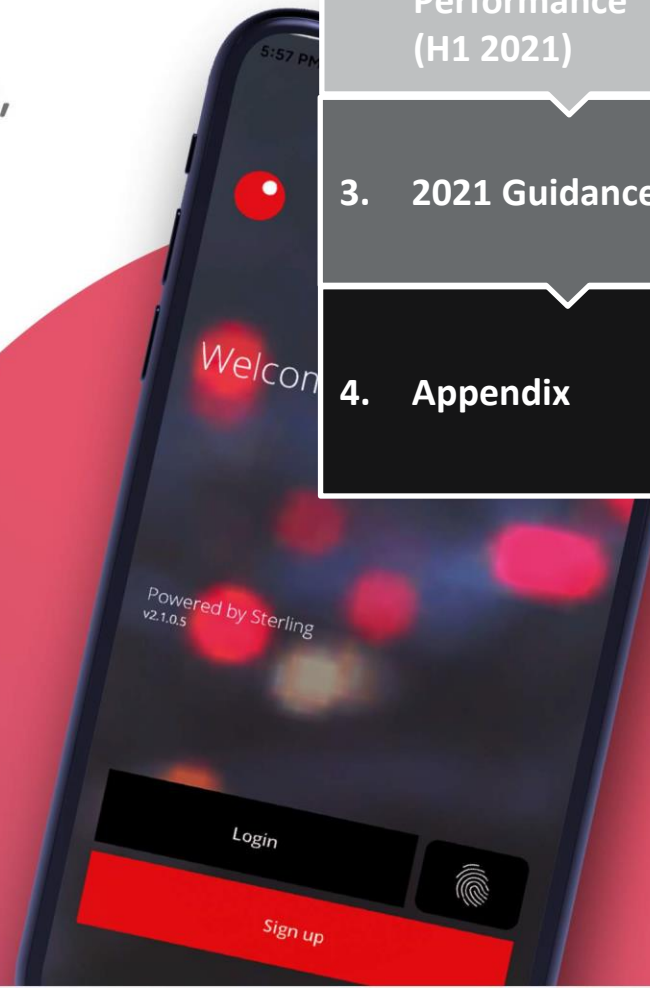
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Strategic Objectives

In line with our business model we continue to leverage on industry knowledge, advanced technology & ethical financing to empower our stakeholders



Strengthened Balance Sheet

- ✓ Maintained a resilient balance sheet with adequate liquidity and capital buffers while improving the quality of our funding base.



Strategic Partnerships

- ✓ Forging strategic relationships and using finance and technology to build capacity and scale businesses across The HEART sectors (Health, Education, Agriculture, Renewable Energy and Transportation).



Workforce Empowerment

- ✓ In line with our commitment to create a great place to work and institute a knowledge-based culture, we have fully adopted flexible working arrangements enabled by our investments in remote working digital platforms.



Differentiated Digital Platforms

- ✓ Our digital platforms (i.e. lending, payments, investments and commerce) have allowed all customers self-serve both online and offline.



Strategic Objectives

In line with our business model we continue to leverage on industry knowledge, advanced technology & ethical financing to empower our stakeholders

Business stability

Market share gains

through Digital Capabilities

Capital,
Liabilities and
Liquidity Buffers

Cost
Optimization

Stronger
governance and
underwriting
frameworks

Stable liability
mix and lower
cost of funds:
CASA Ratio
>60%

Continued
focus on
growing our
Retail/ MSE
business

Accelerate
strategic
partnerships
across the
HEART
sectors

Corporate flows
and Cross sell
through
Transaction
banking

Continued
investment in our
people and
encouraging a great
place to work

**Predictable and Sustainable
Earnings
Return value to shareholders**

Solidify the foundation & calibrate growth (Immediate)

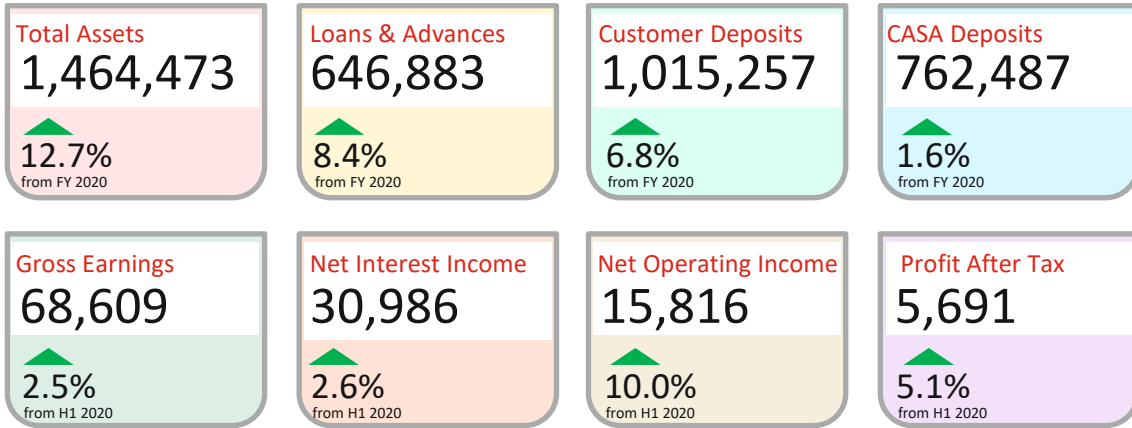
Short - Medium Term Objectives



Financial & Non-Financial Highlights

Performance in the 1st half of the year was driven by our strengthened financial position through effective funding optimization and our drive for efficiency

Financials (N' millions)



Ratings

MOODY'S	FitchRatings
B2	B-
GCR GLOBAL CREDIT RATING CO	DataPro CORPORATE SERVICES COMPANY
BBB	BBB+

Key Ratios

NPL 1.8% ↓	Cost of Risk 0.9% →
LDR 58.4% ↓	Coverage Ratio 243.5% ↑
Liquidity 30.7% ↓	CAR 15.0% ↓
Cost of Funds 4.0% ↓	

Channels

POS 10,667	ATM 689	USSD Users >1.5M	Branches 157	Customers >3.3M	Professional Staff 2,367
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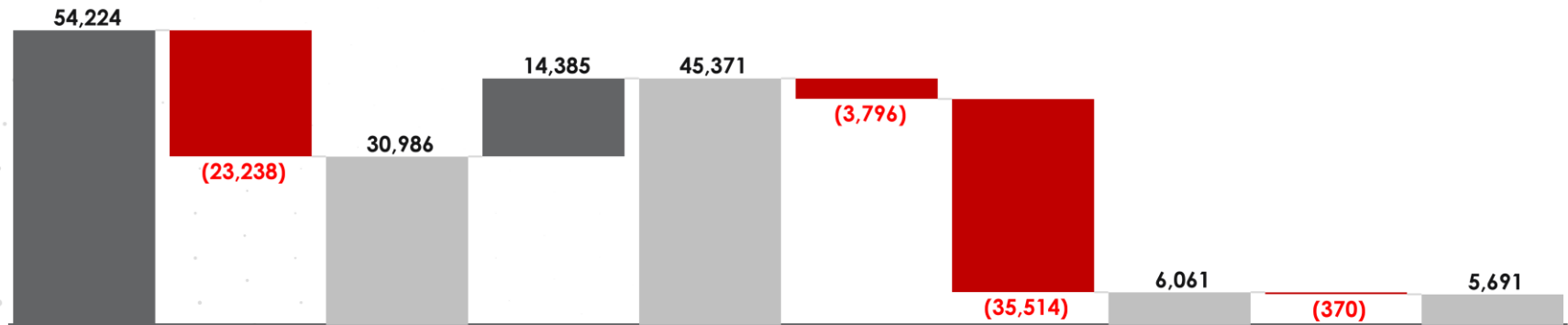


Performance snapshot (1/2)

Recorded growth in top-line earnings despite a decline in interest income and growth in operating expenses

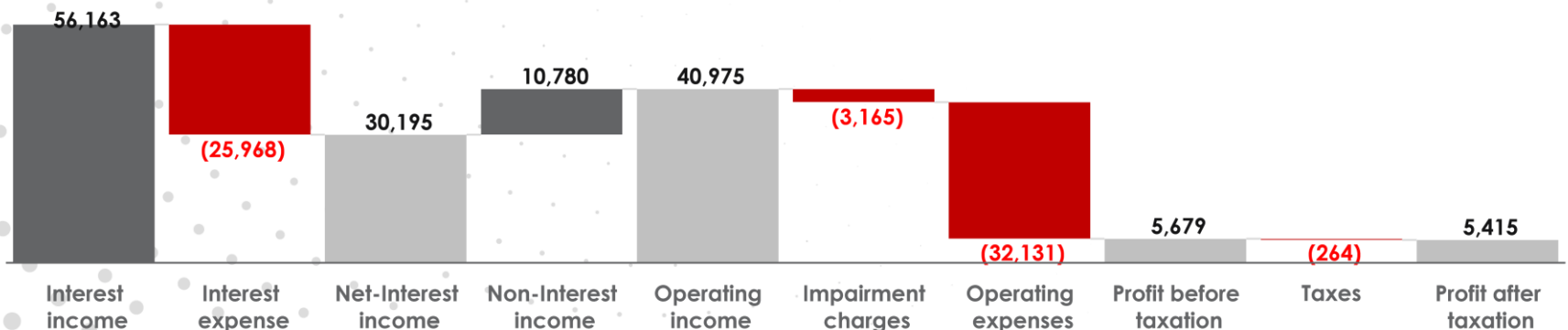
H1 2021 N'million

■ Increase ■ Decrease ■ Total



H1 2020 N'million

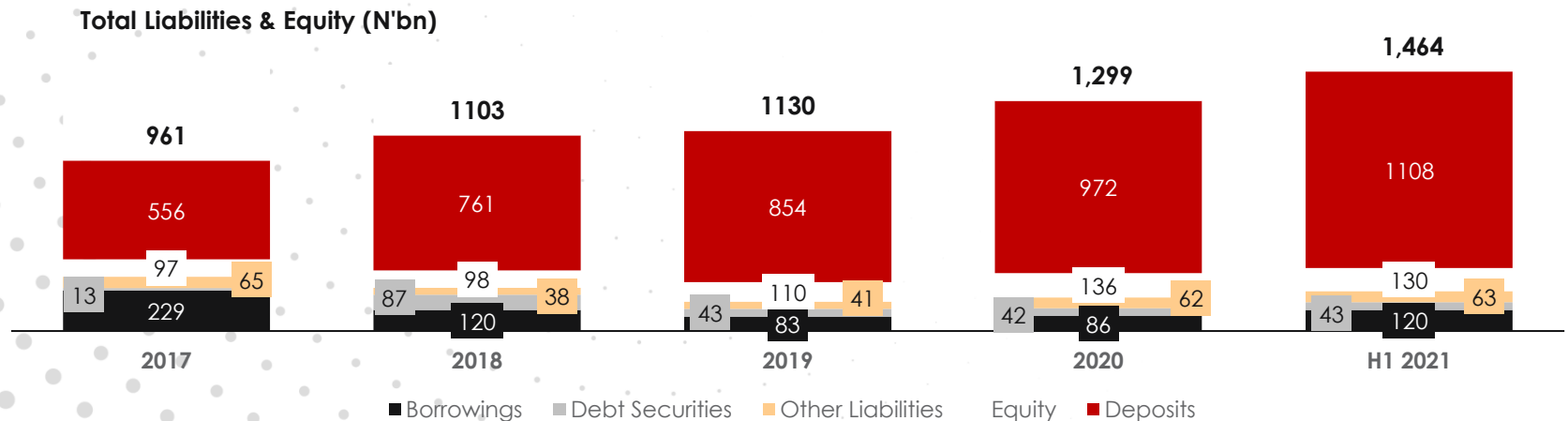
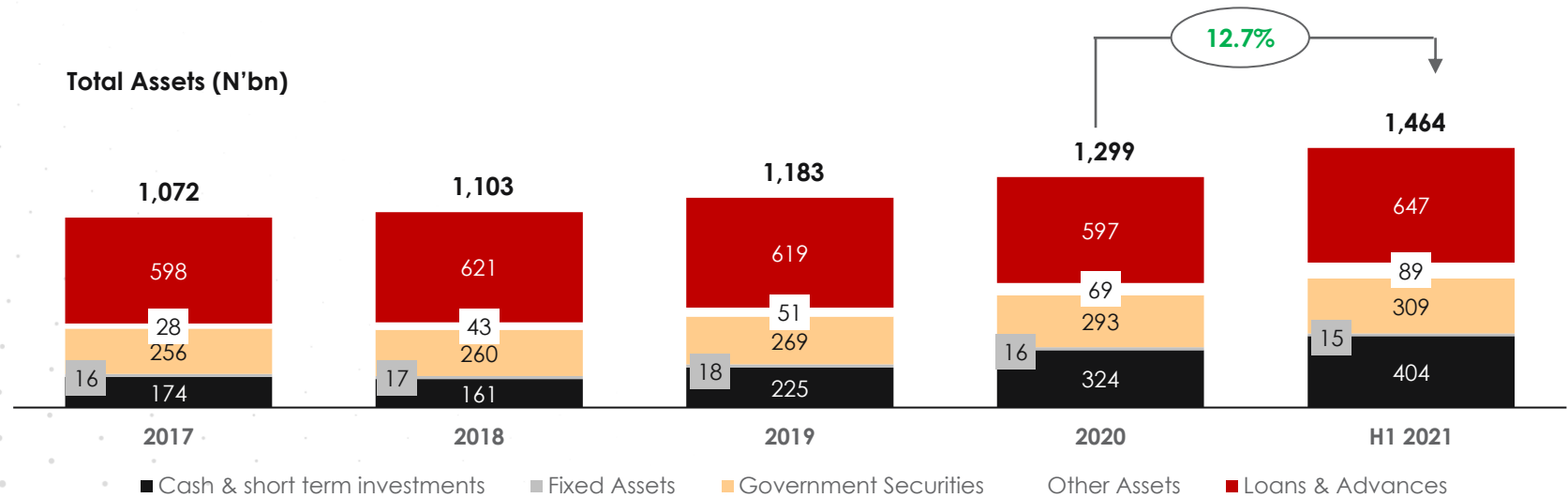
■ Increase ■ Decrease ■ Total





Performance Snapshot (2/2)

Organic growth in customer deposits continue to drive growth in total liabilities during the period





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2. **Operating Performance (H1 2021)**
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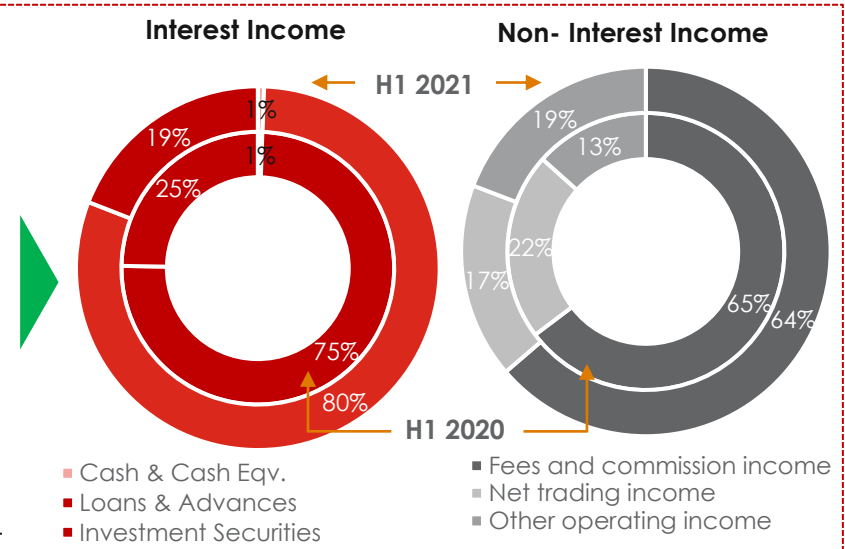
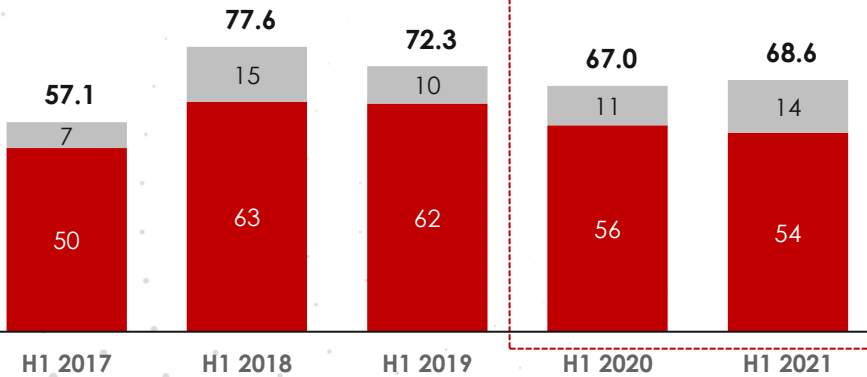
Revenue Evolution

Growth in gross earnings by 2.6% was attributed to a combination of moderation of interest expense and a 33.4% increase in non-interest revenue, despite a 3.5% decline in interest income

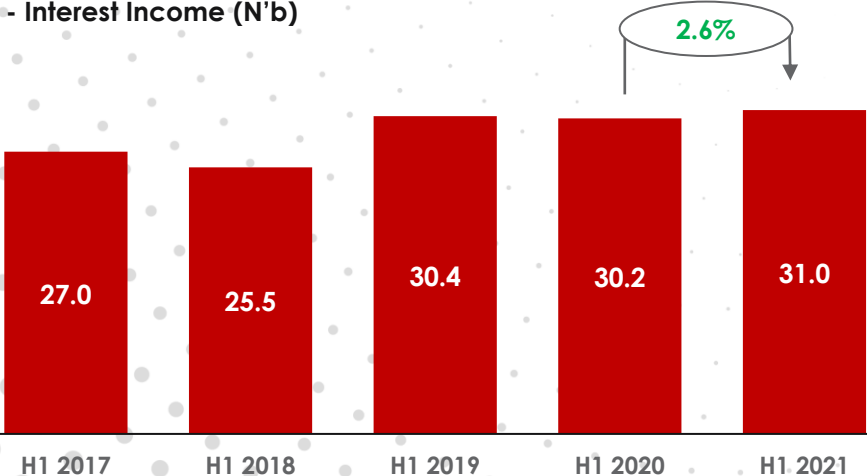
Gross Earnings (N'b)

■ Interest Income

■ Non - Interest Income



Net - Interest Income (N'b)

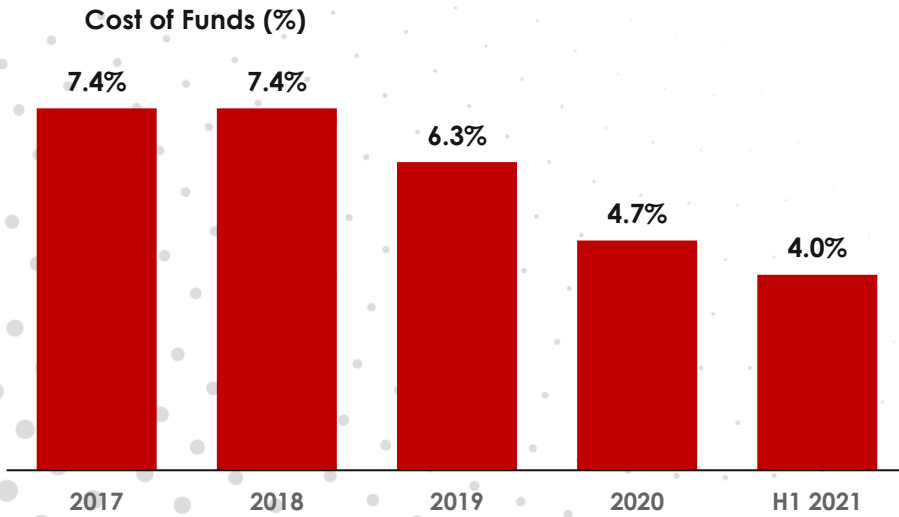
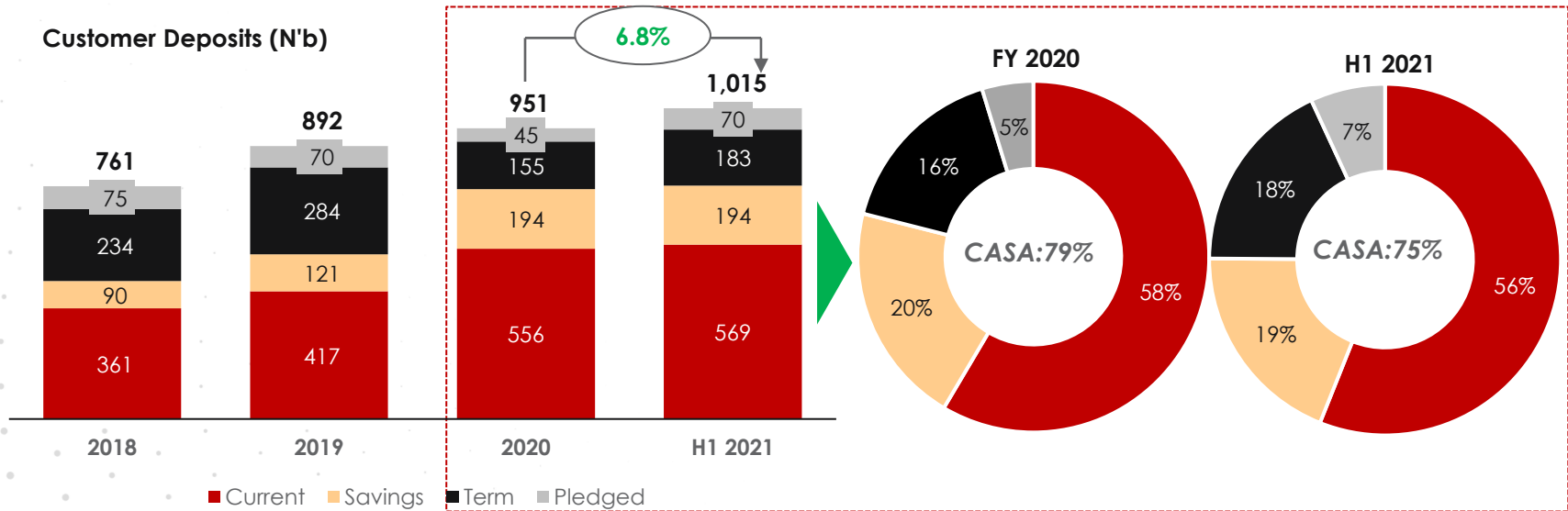


- Growth in gross earnings by 2.6% was attributed to a combination of a 10.5% decline in interest expense and a 33.4% increase in non-interest revenue, despite a 3.5% decline in interest income;
- Growth in non-interest income driven primarily by an increase in fees and commission revenue by 57.7%;
- Consequently we recorded a 2.6% and 10.0% growth in net-interest and net-operating income respectively.



Funding & Liquidity (1/2)

Customer deposits grew to over 1 billion as we sustained traction in the mobilization and retention of low-cost deposits contributing to a 10.5% decline in interest expense

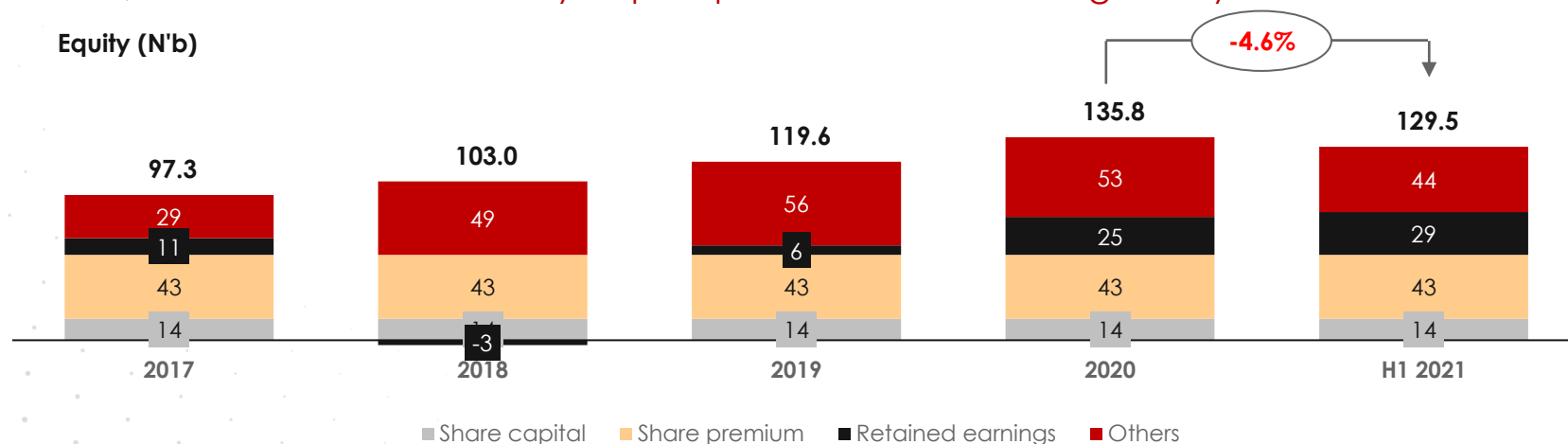


- We continued to improve the quality of our funding base driven by the disciplined execution of our retail banking strategy and improved cross-selling of our digital products. This contributed to the 6.8% growth in customer deposits to reach N1.02 trillion as at June 2021;
- Consequently, cost of funds declined further by 70 bps to 4.0% (FY 2020 4.7%);
- The bank continued to maintain a healthy liquidity position at 30.66% above minimum regulatory requirement

Funding & Liquidity (2/2)

Overall, we maintained a healthy capital position well above regulatory limits

Equity (N'b)



Items (N'mn)	Jun. 2021	Dec. 2020	% Growth
Tier 1 capital*	103,164	104,390	-1.14%
Tier 2 capital**	25,146	34,797	-27.74%
Total regulatory capital	128,309	139,187	-7.82%
Risk-weighted assets	853,495	771,981	10.56%
Tier 1 ratio	12.09%	13.52%	-1.44%
Tier 2 ratio	2.95%	4.51%	-1.56%
Capital adequacy ratio	15.03%	18.03%	-3.00%

- Shareholders funds declined by 4.6% to N129.5 billion (FY 2020: N135.8 billion);
- Overall, the Bank's capital adequacy and liquidity ratio stood at 15.03% and 30.66% respectively as at June 2021.

Notes: *Tier 1 capital includes ordinary share capital, share premium, retained earnings, intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. **Tier 2 Capital includes qualifying subordinated liabilities, allowances and element of the fair value reserve relating to unrealized gains on equity instruments classified as Fair Value Through Other Comprehensive Income.



Loans and Advances by Sector

Growth in gross loans and advances was driven by an increase in consumer lending in line with our focus to grow our retail business

Gross Loans & Advances by Sector	Jun-2021		Dec-2020		Growth
	N'm	% of Total	N'm	% of Total	
Agriculture	62,108	9.3%	55,471	9.0%	12.0%
Communication	17,157	2.6%	16,493	2.7%	4.0%
Consumer	71,285	10.7%	36,692	6.0%	94.3%
Education	987	0.1%	1551	0.3%	-36.4%
Finance and insurance	28,907	4.3%	26,724	4.4%	8.2%
Government	101,223	15.2%	84,277	13.7%	20.1%
Manufacturing	6,116	0.9%	7,166	1.2%	-14.6%
Mortgage	3,490	0.5%	3,526	0.6%	-1.0%
Oil & Gas – downstream	44,014	6.6%	40,400	6.6%	8.9%
Oil & Gas – upstream	86,826	13.0%	85,689	14.0%	1.3%
Oil & Gas – Services	41,473	6.2%	74,687	12.2%	-44.5%
Others	34,978	5.3%	29,431	4.8%	18.8%
Power	33,467	5.0%	26,386	4.3%	26.8%
Real Estate & Construction	79,930	12.0%	81,596	13.3%	-2.0%
Transportation	25,978	3.9%	20,419	3.3%	27.2%
Non-interest banking	27,537	4.1%	22,852	3.7%	20.5%
TOTAL	665,476	100.0%	613,359	100.0%	8.5%



Loans and Advances by Currency – H1 2021

While we continue to effectively manage our FCY loan book, contracting by 13.3% year-on-year to N127.9 billion from N147.4 billion in the same period in the preceding year

Gross Loans & Advances by Currency	FCY		LCY		
	Sectors	N'm	% of Total	N'm	Total FCY % of Sector
Agriculture	-	-	62,108	62,108	-
Communication	-	-	17,157	17,157	-
Consumer	52	0.0%	71,233	71,285	0.1%
Education	-	-	987	987	-
Finance and insurance	-	-	28,907	28,907	-
Government	-	-	101,223	101,223	-
Manufacturing	-	-	6,116	6,116	-
Mortgage	-	-	3,490	3,490	-
Oil & Gas – downstream	358	0.3%	43,656	44,014	0.8%
Oil & Gas – upstream	72,817	56.9%	14,009	86,826	83.9%
Oil & Gas – Services	23,447	18.3%	18,026	41,473	56.5%
Others	0	0.0%	34,977	34,977	0.0%
Power	-	-	33,467	33,467	-
Real estate & construction	13,951	10.9%	65,979	79,930	17.5%
Transportation	5,877	4.6%	20,101	25,978	22.6%
Non-interest banking	11,371	8.9%	16,165	27,537	41.3%
TOTAL	127,874	100.0%	537,602	665,476	19.2%



Loans and Advances by Currency – H1 2020

While we continue to effectively manage our FCY loan book, contracting by 13.3% year-on-year to N127.9 billion from N147.4 billion in the same period in the preceding year

Gross Loans & Advances by Currency	FCY		LCY		
	Sectors	N'm	% of Total	N'm	Total FCY % of Sector
Agriculture	-	-	48,562	48,562	-
Communication	-	-	16,083	16,083	-
Consumer	45	0.0%	37,264	37,308	0.1%
Education	-	-	755	755	-
Finance and insurance	-	-	27,773	27,773	-
Government	-	-	73,669	73,669	-
Manufacturing	-	-	6,732	6,732	-
Mortgage	-	-	3,373	3,373	-
Oil & Gas – downstream	595	0.4%	48,480	49,075	1.2%
Oil & Gas – upstream	68,216	46.3%	14,110	82,325	82.9%
Oil & Gas – Services	36,001	24.4%	40,883	76,884	46.8%
Others	43	0.0%	35,474	35,517	0.1%
Power	-	-	26,245	26,245	-
Real estate & construction	13,665	9.3%	66,677	80,341	17.0%
Transportation	17,948	12.2%	21,944	39,892	45.0%
Non-interest banking	10,908	7.4%	13,286	24,195	45.1%
TOTAL	147,421	100.0%	481,311	628,732	23.4%



Asset Quality – NPL by Sector

In terms of asset quality, we sustained improvement in our non-performing loans (NPLs) during the period under review

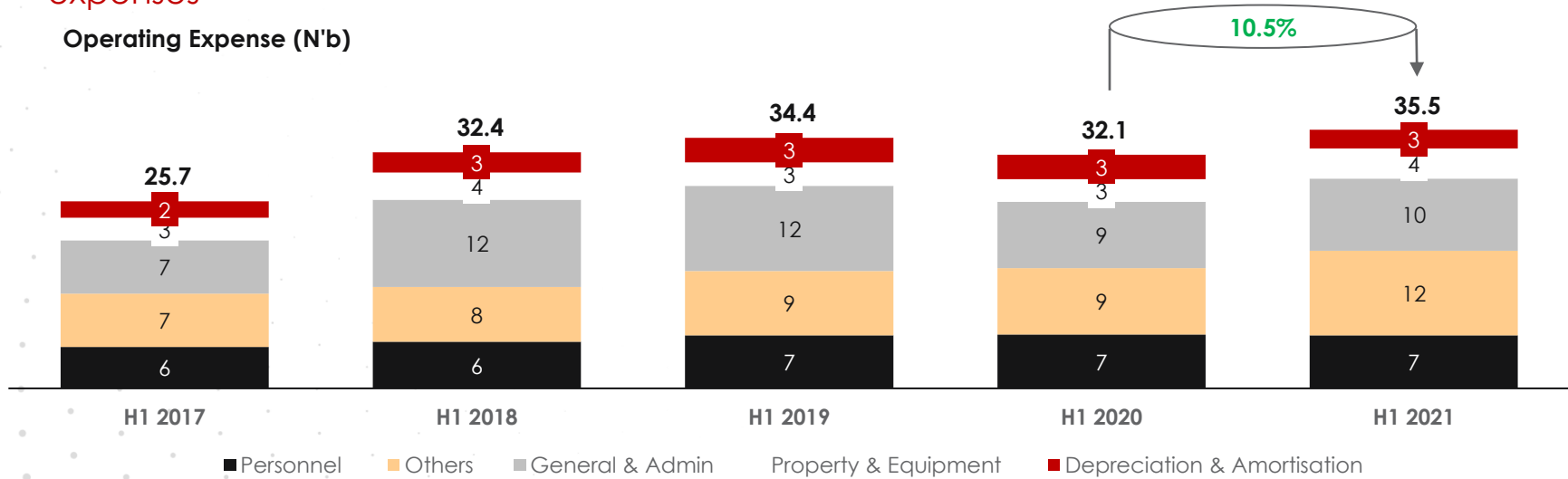
Gross Loans & Advances by Sector	Jun-2021		Dec-2020		Growth
	N'm	% of Total	N'm	% of Total	%
Real Estate & Construction	3,996	39%	4,548	30%	-12.1%
Oil - downstream	2,809	22%	2,597	17%	8.1%
Consumer	1,970	17%	2,016	13%	-2.3%
Finance & Insurance	1,320	5%	213	7%	519.1%
Non-Interest Banking	812	5%	562	6%	44.5%
Mortgage	453	5%	632	4%	-28.3%
Others	446	4%	545	5%	-18.1%
Oil & Gas Services	84	2%	71	5%	-17.2%
Manufacturing	13	1%	5	0%	146.1%
Agriculture	9	0%	217	0%	-95.9%
Transportation	5	0%	4	0%	18.3%
Education	4	0%	6	13%	-30.1%
Government	0	0%	0	0%	20.0%
TOTAL	11,417	100.0%	11,417	100.0%	4.4%
NPL Ratio	1.8%		1.9%		



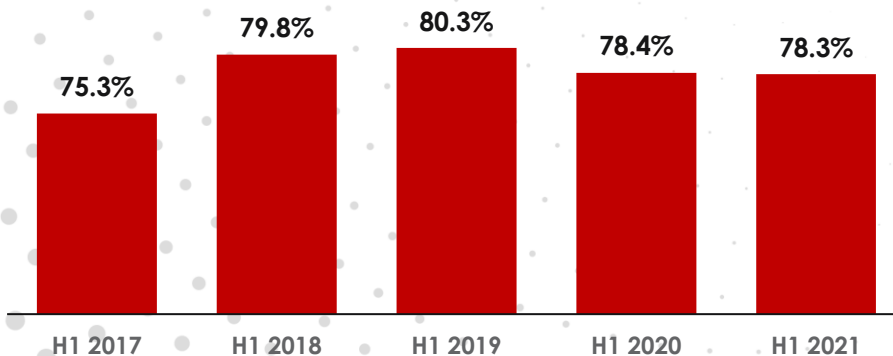
Operating Efficiency

Uptick in operating expenses driven by foreign exchange revaluation losses and fixed assets expenses

Operating Expense (N'b)



Cost-to-Income (%)



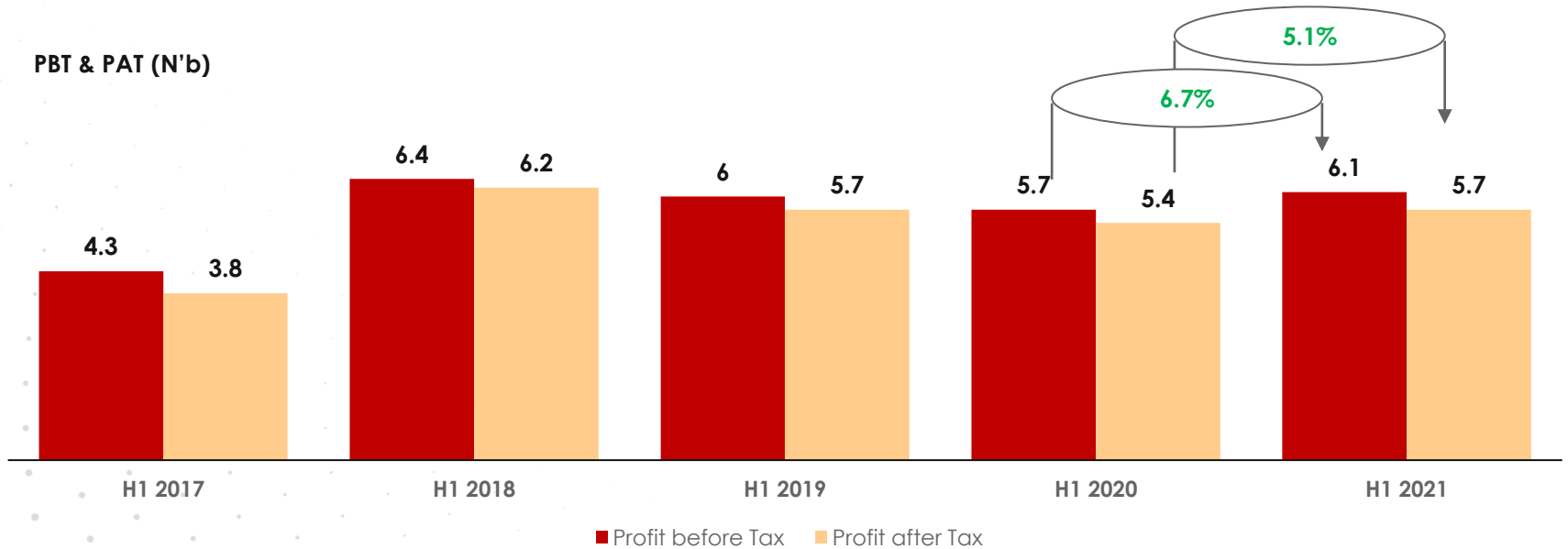
- Operating expenses grew by 10.5% to N35.5bn (H1 2020: N32.1bn), driven mainly by foreign exchange revaluation losses while fixed asset costs also grew by 32.6%. General and Administrative expense also grew slightly by 8.1% driving by an increase in branding and product promotion expenses
- Consequently, cost to income ratio (CIR) declined further to 78.3% as at H1 2021.



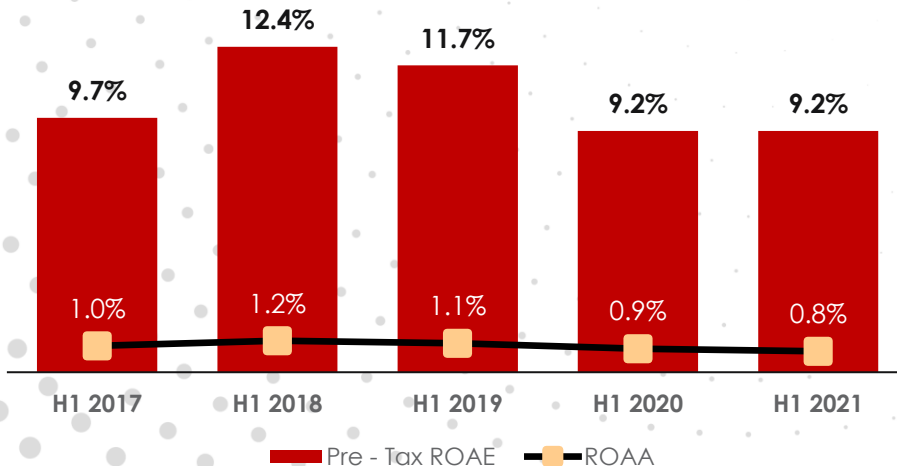
Profitability

Overall, the Bank recorded a profit after tax to N5.7 billion for the quarter under review

PBT & PAT (N'b)



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N6.1 billion and N5.7 billion respectively;
- While Annualized Pre-tax Return on Average Equity (ROAE) and Return on Assets stood at 9.2% and 0.8% respectively for the half year period.



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(H1 2021)

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Outlook and 2021 Guidance

	On Track 	Not on Track 	2020 Target	H1 2021 Actual
Deposit growth			5% - 10%	6.8%
Net loans growth			5% - 10%	8.4%
Pre-tax Return on average Equity (ROAE)			>10%	9.2%
Cost-to-income			<75%	78.3%
NPL ratio			<5%	1.8%
Cost of funds			<5%	4.0%
HEART Sector Contribution			20% - 25%	17.5%

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Key Performance Ratios

Indicator	H1 2019	FY 2019	H1 2020	FY 2020	H1 2021
Net Interest Margin	7.5%	7.9%	8.2%	6.9%	7.7%
Cost to Income	80.3%	81.2%	78.4%	77.4%	78.3%
Earnings per Share	20k	37k	19k	39k	20k
Liquidity Ratio	38.7%	39.5%	33.5%	34.9%	30.7%
Cost of Risk	0.7%	0.9%	0.9%	1.0%	0.9%
Cost of Funds	6.5%	6.3%	5.0%	4.7%	4.0%
Yield on Earning Assets	14.0%	14.2%	13.2%	12.4%	11.7%
Return on Average Assets (Annualized)	1.1%	0.9%	0.9%	1.0%	0.8%
Post-Tax Return on Average Equity (Annualized)	11.0%	9.8%	8.8%	8.8%	8.7%
Pre-Tax Return on Average Equity (Annualized)	11.7%	9.9%	9.2%	9.7%	9.2%
NPL Ratio	8.7%	2.2%	2.1%	1.9%	1.8%
Coverage Ratio	74.0%	247.0%	272.0%	236.2%	243.5%
Capital Adequacy Ratio	12.7%	14.7%	15.6%	18.0%	15.0%
Loans to Deposit Ratio	75.9%	65.5%	64.3%	62.4%	58.4%

Highlights of Income Statement



	H1 2021		H1 2020		Growth
<i>In millions of Naira</i>	N'M	% of Total	N'M	% of Total	%
Gross earnings	68,609	100.0%	66,943	100.0%	-2.5%
Interest income	54,224	79.0%	56,163	83.9%	-3.5%
Interest expense	(23,238)	33.9%	(25,968)	38.8%	-10.5%
Net interest income	30,986	45.2%	30,195	45.1%	-2.6%
Net fees & commission income	8,368	12.2%	5,305	7.9%	57.7%
Net trading income	2,572	3.7%	3,946	5.9%	-34.8%
Other operating income	3,445	5.0%	1,529	2.3%	125.3%
Non-interest income	14,385	21.0%	10,780	16.1%	33.4%
Operating income	45,371	66.1%	40,975	61.2%	10.7%
Impairment charges	(3,796)	5.5%	(3,165)	4.7%	19.9%
Net operating income	41,575	60.6%	37,810	56.5%	10.0%
Personnel expenses	(7,348)	10.7%	(7,413)	11.1%	-0.9%
Other operating expenses	(11,579)	16.9%	(9,140)	13.7%	26.7%
General and administrative expenses	(9,877)	14.4%	(9,137)	13.6%	8.1%
Other property, plant and equipment costs	(4,088)	6.0%	(3,083)	4.6%	32.6%
Depreciation and amortization	(2,622)	3.8%	(3,358)	5.0%	-21.9%
Total expenses	(35,514)	51.8%	(32,131)	48.0%	10.5%
Profit before income tax	6,061	8.8%	5,679	8.5%	6.7%
Income tax expense	(370)	0.5%	(264)	0.4%	40.2%
Profit after income tax	5,691	8.3%	5,415	8.1%	5.1%

Highlights of Financial Position



Items	June 2021		December 2020		Growth
	N'M	% of Total	N'M	% of Total	%
ASSETS					
Cash & balances with CBN	331,748	22.7%	303,314	23.2%	9.4%
Due from banks	72,288	4.9%	21,084	1.6%	242.9%
Pledged financial assets	75,388	5.1%	34,860	2.7%	116.3%
Loans and advances	646,883	44.2%	596,827	45.9%	8.4%
Investment securities	233,719	16.0%	258,208	19.9%	-9.5%
Other assets	64,834	4.4%	43,950	3.4%	47.5%
Property, plant and equipment	15,315	1.0%	15,956	1.2%	-4.0%
Right-of-use asset	8,124	0.6%	8,319	0.6%	-2.3%
Investment property	7,833	0.5%	8,004	0.6%	-2.1%
Intangible assets	1,370	0.1%	1,582	0.1%	-13.4%
Deferred tax assets	6,971	0.5%	6,971	0.5%	0.0%
Total Assets	1,464,473	100.0%	1,299,075	100.0%	12.7%
LIABILITIES					
Deposits from banks	92,953	6.3%	21,289	1.6%	336.6%
Deposits from customers	1,015,257	69.3%	950,835	73.2%	6.8%
Current income tax payable	543	0.0%	551	0.0%	-1.5%
Other borrowed funds	119,688	8.2%	86,367	6.6%	38.6%
Debt securities issued	42,636	2.9%	42,274	3.3%	0.0%
Other liabilities	63,303	4.3%	61,438	4.7%	3.0%
Lease liabilities	85	0.0%	114	0.0%	-25.4%
Provisions	469	0.0%	454	0.0%	3.3%
Total Liabilities	1,334,934	91.2%	1,163,322	89.6%	14.8%
Total Equity	129,540	8.8%	135,753	10.4%	-4.6%
Total Liabilities and Equity	1,464,474	100.0%	1,299,075	100.0%	12.7%

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