



Investors & Analysts Presentation

FY 2021

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**Performance
Snapshot (FY 2021)**

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**2021
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**Operating
Performance
(FY 2021)**

03

Appendix



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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.

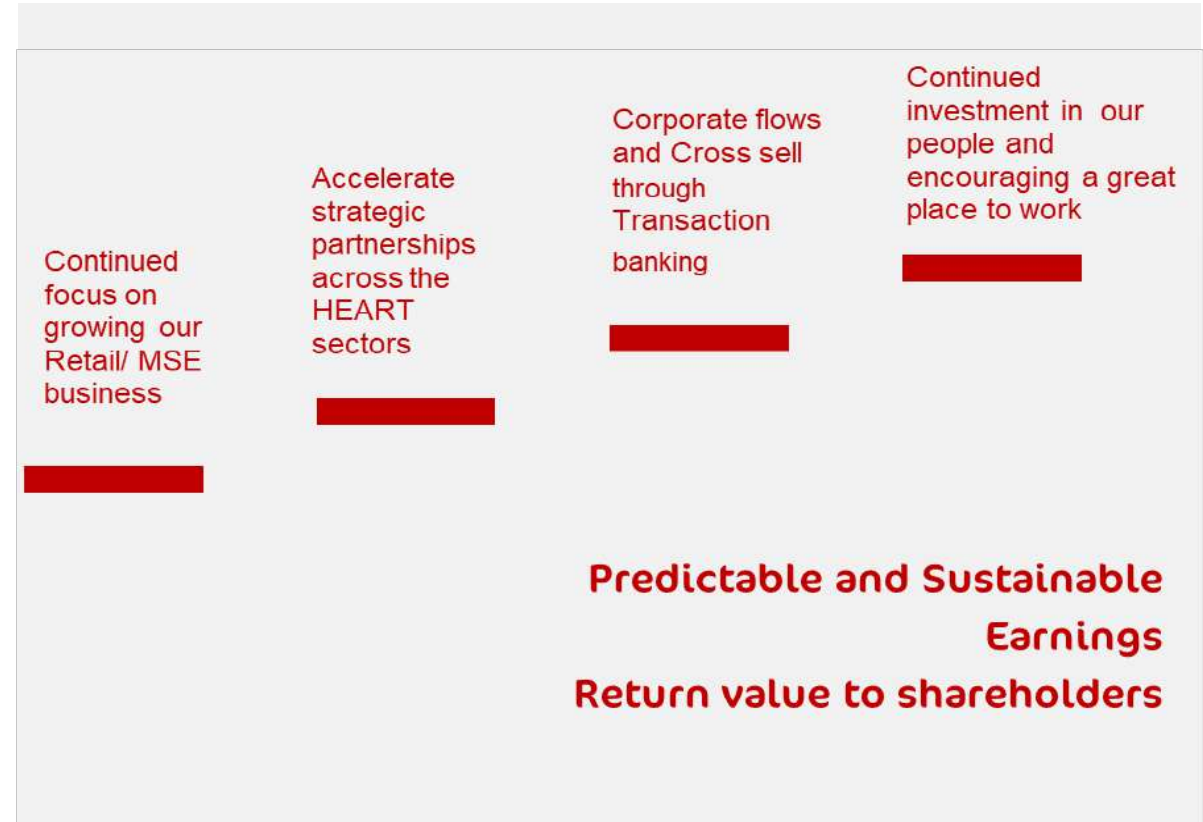
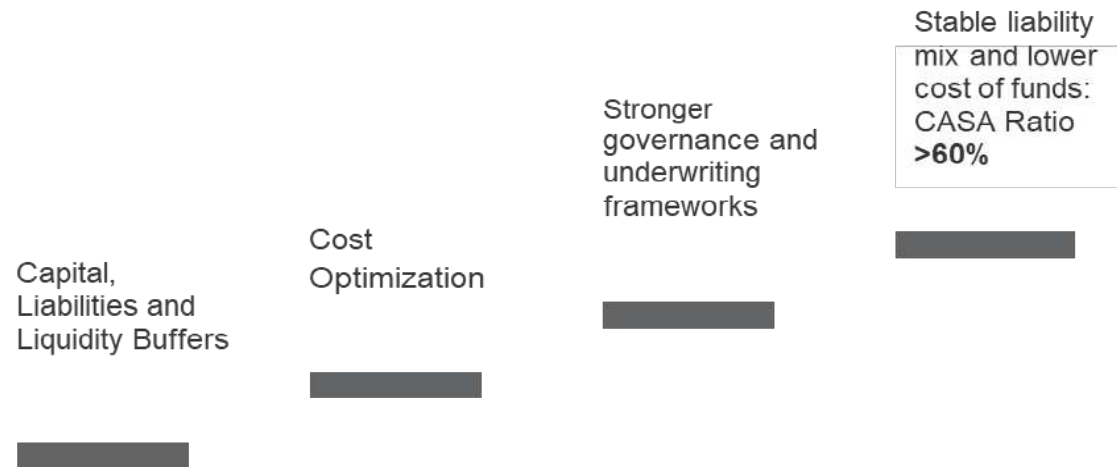
Strategic Objectives



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



Predictable and Sustainable Earnings
Return value to shareholders

Solidify the foundation & calibrate growth (immediate)

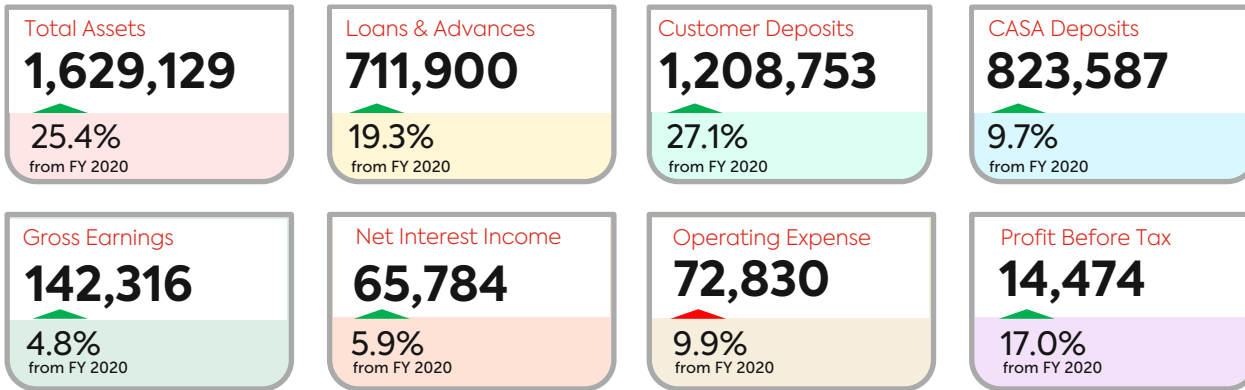
Short – Medium Term Objectives

Financial & Non-Financial Highlights



We continued to strengthen our financial position through effective funding optimization and our drive for operational efficiency during the year

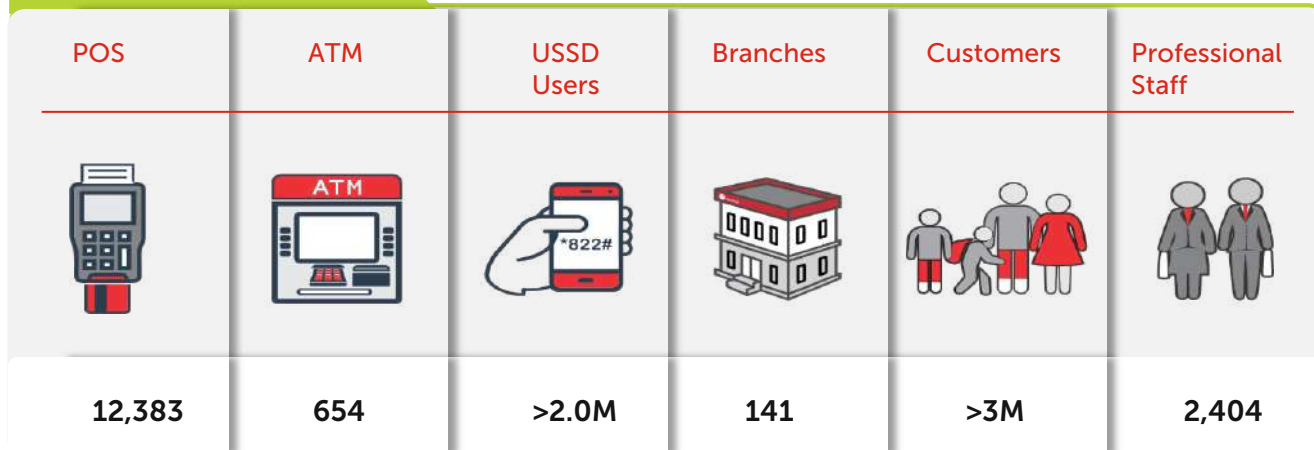
Financials (N' millions)



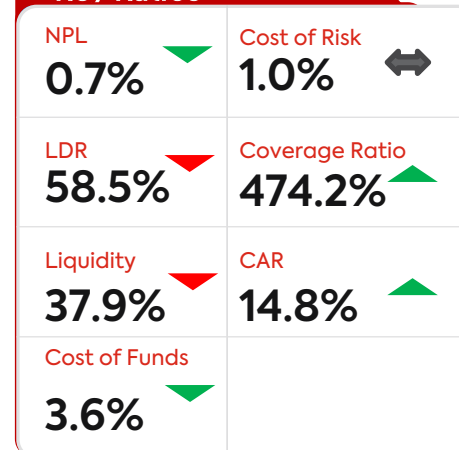
Ratings



Channels



Key Ratios



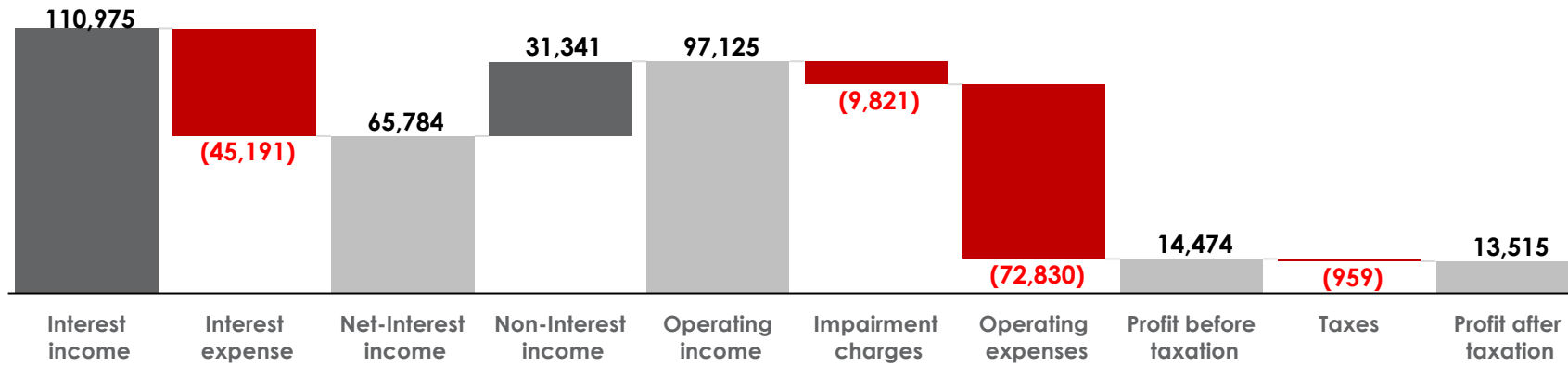
Performance Snapshot (1/2)



The Bank achieved a 20.2% growth in profit after tax to N13.5 billion (FY 2020: N11.2 billion).

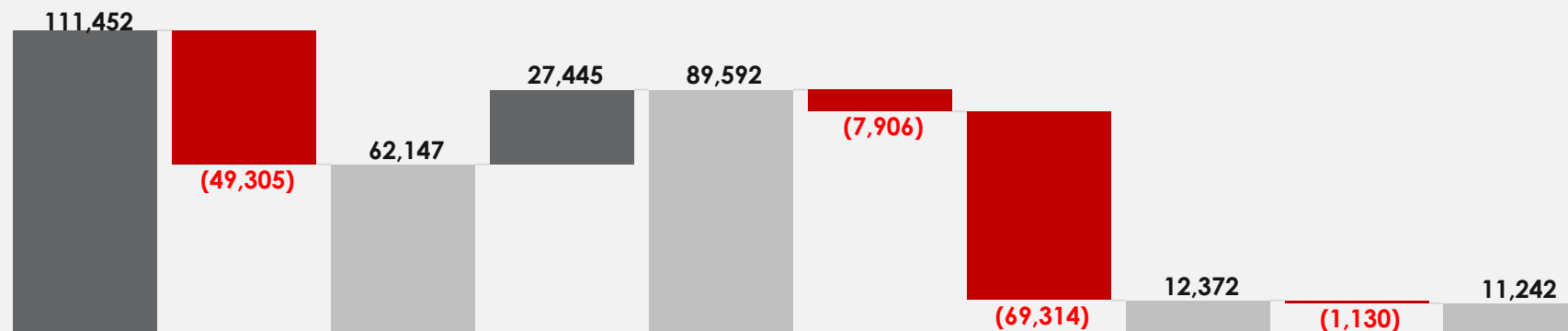
FY 2021 N'million

■ Increase ■ Decrease ■ Total



FY 2020 N'million

■ Increase ■ Decrease ■ Total

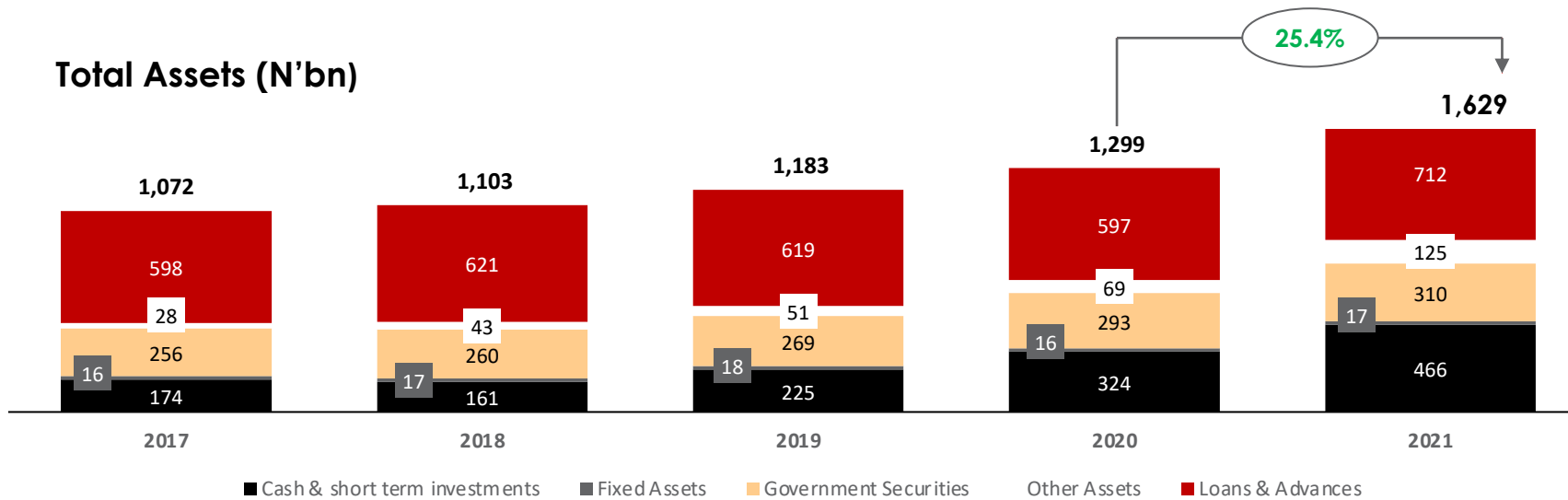


Performance Snapshot (2/2)

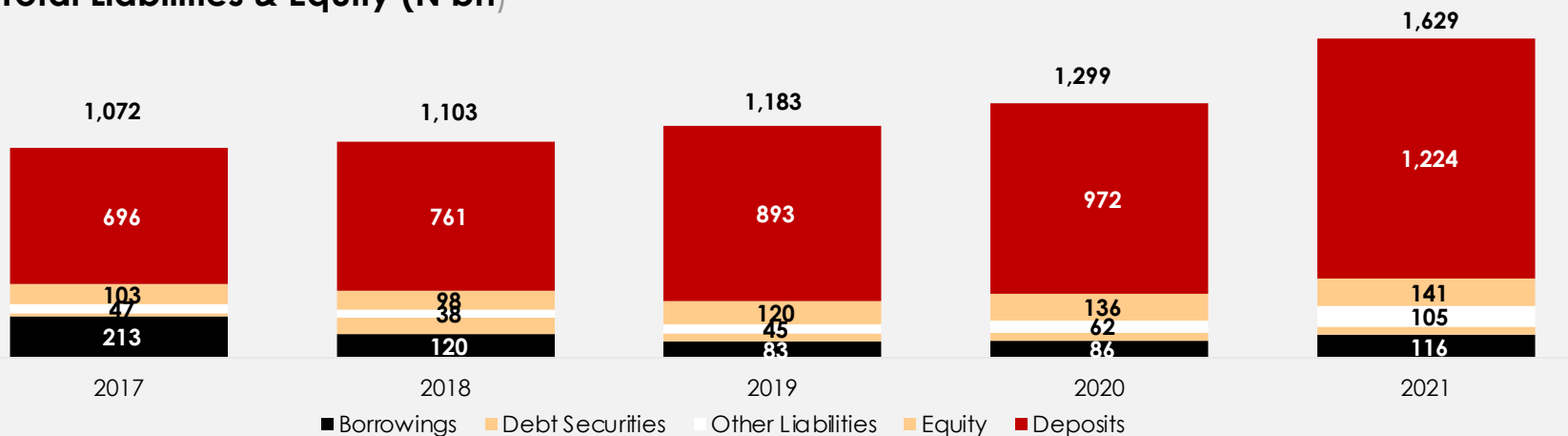


Rise in customer deposits and other financial liabilities continue to drive growth in total assets and liabilities during the period

Total Assets (N'bn)



Total Liabilities & Equity (N'bn)





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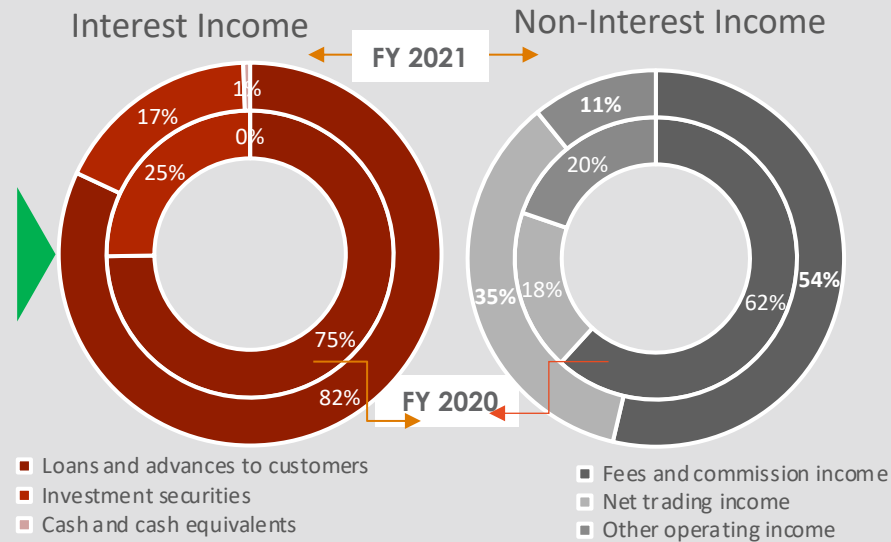
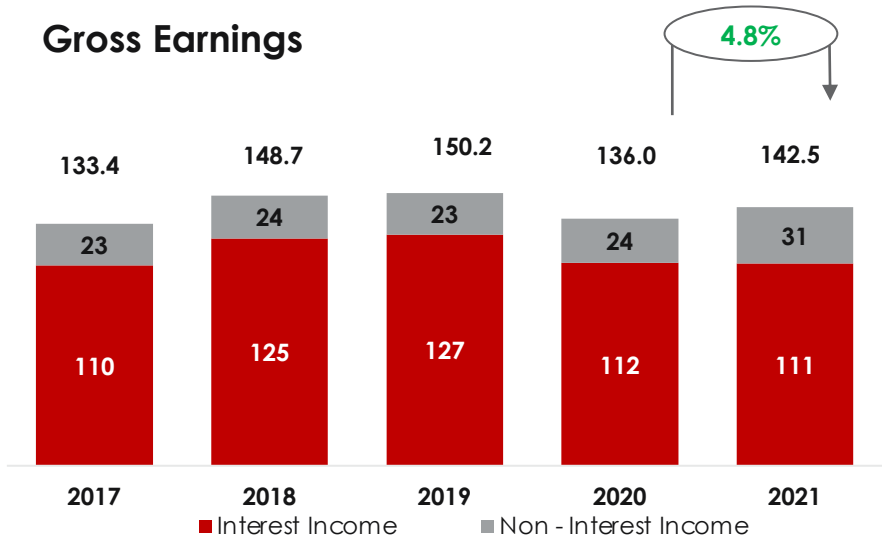
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Revenue Evolution

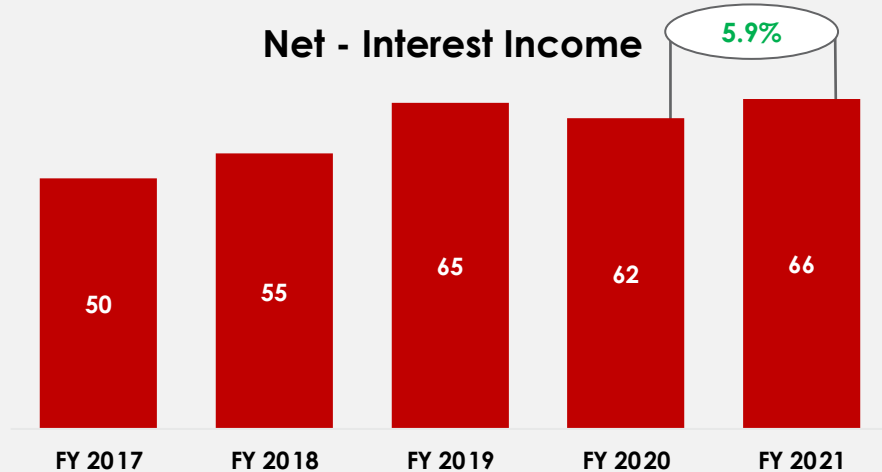


Our continuous effort to drive down funding cost was evident as the Bank was able to lower its cost of funds further from 4.7% to 3.6% year-on-year.

Gross Earnings



Net - Interest Income



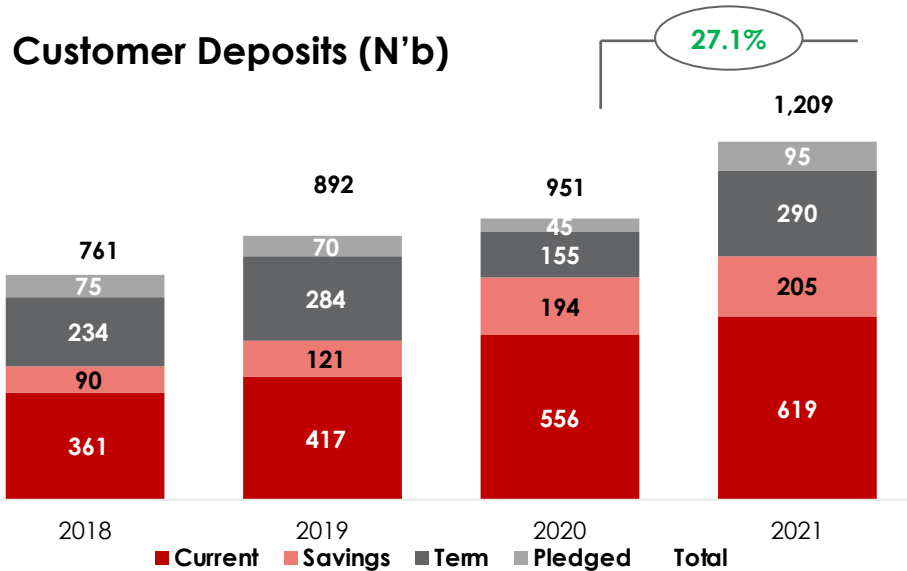
- Gross earnings rose by 4.8% driven by a growth of 28.5% in non-interest income.
- Net interest income grew year-on-year by 5.9% to N65.8 billion (FY 2020: N62.2 billion) largely on the back of 8.3% reduction in interest expense.
- There was an increase of 28.5% in non-interest revenue largely due to fees & commission income, and other operating income. In total, net operating income grew to 87.3 billion resulting in 11.0% growth.

Funding & Liquidity

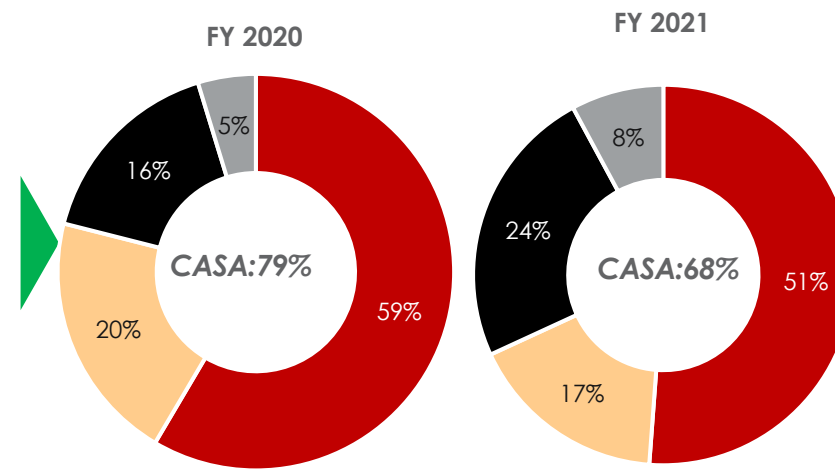
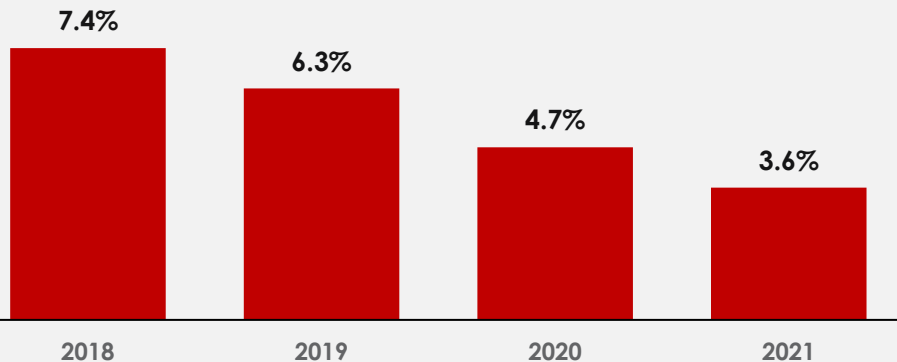


Increased traction in the mobilization and retention of low-cost deposits contributed to 8.3% decline in interest expense, as we continue to drive funding costs down.

Customer Deposits (N'b)



Cost of Funds (%)



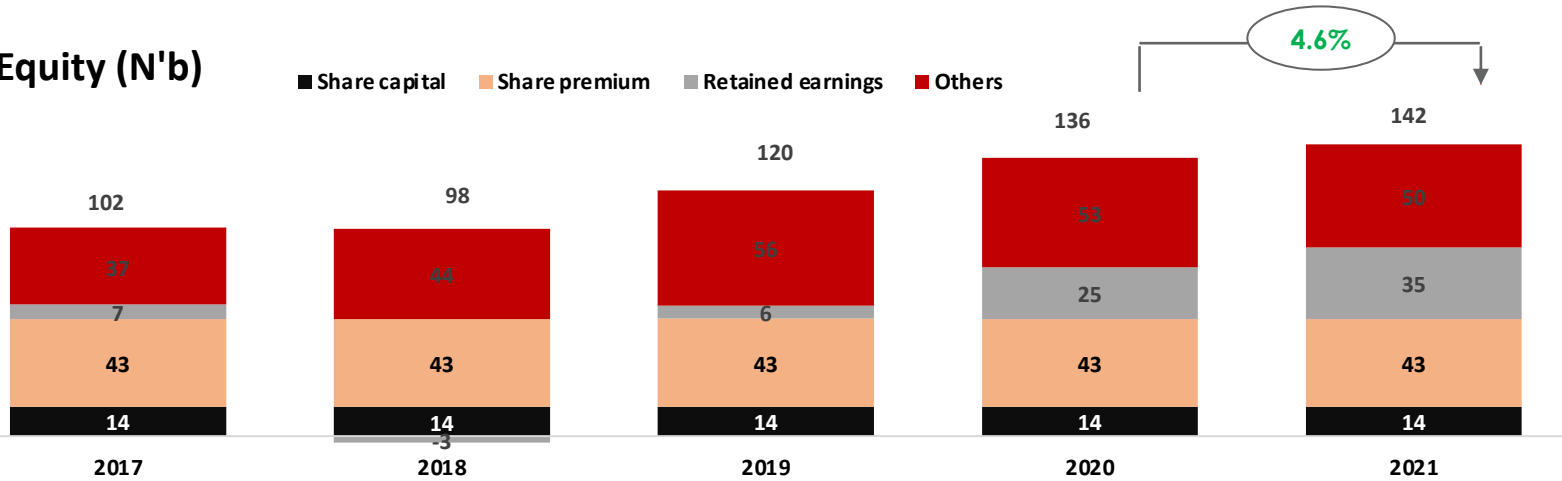
- There has been a 27.1% growth in customer deposits to reach N1.2 trillion (2020: 951 billion).
- Consequently, the Bank was able to lower its cost of funds further from 4.7% to 3.6% year-on-year.
- The bank continued to maintain a healthy liquidity position at 37.9% above minimum regulatory requirement.

Equity and Capital Adequacy

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

Equity (N'b)

■ Share capital ■ Share premium ■ Retained earnings ■ Others



Items (N'mn)	Dec. 2021	Dec. 2020
Tier 1 capital*	117,154	104,390
Tier 2 capital**	24,273	34,797
Total regulatory capital	141,427	139,187
Risk-weighted assets	951,825	771,981
Tier 1 ratio	12.31%	13.52%
Tier 2 ratio	2.55%	4.51%
Capital adequacy ratio	14.8%	18.0%

- Shareholders funds grew by 4.6% to N142 billion (FY 2020: N136 billion) driven by growth in retained earnings.
- Overall, the Bank's capital adequacy ratio stood at 14.8% as at December 2021 on the back of asset growth.

Notes: *Tier 1 capital includes ordinary share capital, share premium, retained earnings, 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 debt, 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



We recorded significant growth in our consumer loans portfolio by 149% and a wind down of our Oil & Gas portfolio.

Gross Loans & Advances by Sector	Dec-2021		Dec-2020		Growth
	N'm	% of total	N'm	% of total	
Agriculture	76,727	10.6%	55,471	9.0%	38.3%
Communication	17,762	2.4%	16,493	2.7%	7.7%
Consumer	91,360	12.6%	36,692	6.0%	149.0%
Education	1,369	0.2%	1,551	0.3%	-11.7%
Finance and Insurance	25,132	3.5%	26,724	4.4%	-6.0%
Government	101,375	14.0%	84,277	13.7%	20.3%
Manufacturing	10,438	1.4%	7,166	1.2%	45.7%
Mining & Quarrying	-	0.0%	1	0.0%	-100.0%
Mortgage	3,114	0.4%	3,526	0.6%	-11.7%
Oil and Gas	170,576	23.5%	200,774	32.7%	-15.0%
Others	48,437	6.7%	29,431	4.8%	64.6%
Power	36,011	5.0%	26,386	4.3%	36.5%
Real Estate & Construction	80,940	11.1%	81,596	13.3%	-0.8%
Transportation	28,239	3.9%	20,419	3.3%	38.3%
Non-interest banking	34,600	4.8%	22,852	3.7%	51.4%
TOTAL	726,080	100.0%	613,359	100.0%	18.4%

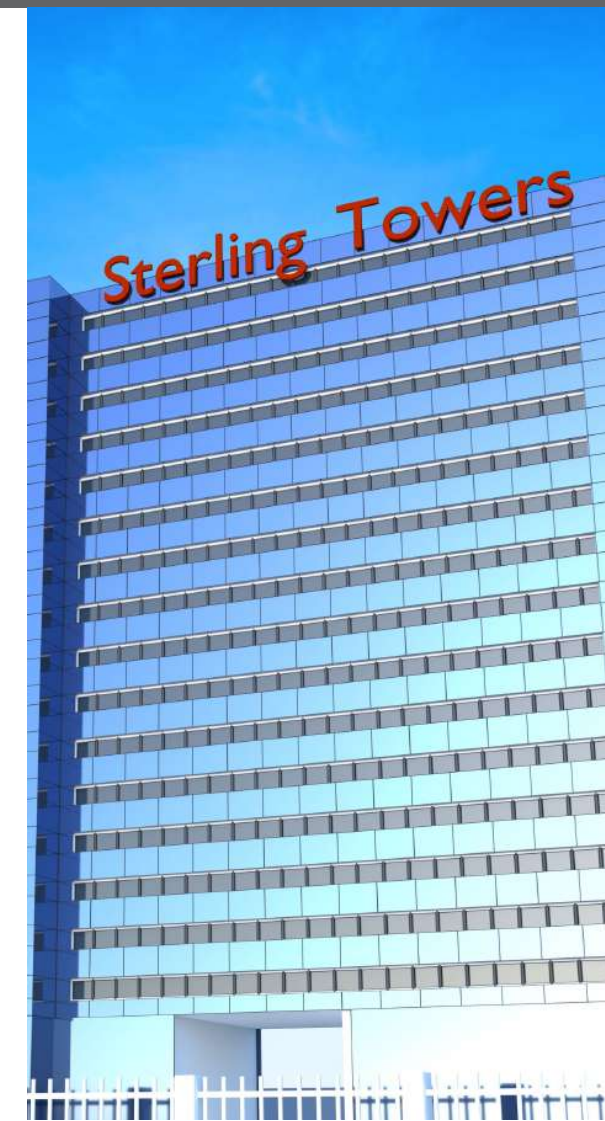


Loans and Advances by Currency – FY 2021



...while we continue to effectively manage our FCY loan book under a third of the Bank's total loan book

Gross Loans & Advances by Currency	FCY		LCY		% of Sector
	N'm	% of Total	N'm	% of Total	
Agriculture	-	0.0%	76,727	13.3%	0.0%
Communication	-	0.0%	17,762	3.1%	0.0%
Consumer	111	0.1%	91,249	15.8%	0.1%
Education	-	0.0%	1,369	0.2%	0.0%
Finance & Insurance	-	0.0%	25,132	4.4%	0.0%
Government	-	0.0%	101,375	17.5%	0.0%
Manufacturing	4,377	3.0%	6,061	1.0%	41.9%
Mining & Quarrying	-	0.0%	0	0.0%	0.0%
Mortgage	-	0.0%	3,114	0.5%	0.0%
Oil & Gas	104,943	70.7%	65,633	11.4%	61.5%
Others	4,965	3.3%	43,472	7.5%	10.2%
Power	235	0.2%	35,775	6.2%	0.7%
Real Estate & Construction	15,165	10.2%	65,774	11.4%	18.7%
Transportation	6,388	4.3%	21,852	3.8%	22.6%
Non-interest banking	12,169	8.2%	22,431	3.9%	35.2%
TOTAL	148,354	100.0%	577,726	100.0%	20.4%



Loans and Advances by Currency – FY 2020



We recorded significant growth in our consumer loans portfolio by 149% and a wind down of our Oil & Gas portfolio.

Gross Loans & Advances by Currency Sectors	FCY		LCY		
	N'm	% of Total	N'm	Total FCY	% of Sector
Agriculture	-	-	55,471	55,471	-
Communication	-	-	16,493	16,493	-
Consumer	35	0.0%	36,658	36,692	0.1%
Education	-	-	1,551	1,551	-
Finance and insurance	-	-	26,724	26,724	-
Government	-	-	84,277	84,277	-
Manufacturing	-	-	7,166	7,166	-
Mortgage	-	-	3,526	3,526	-
Oil & Gas – downstream	486	0.4%	39,914	40,400	1.2%
Oil & Gas – upstream	71,453	51.9%	14,235	85,689	83.4%
Oil & Gas – Services	36,306	26.4%	38,380	74,687	48.6%
Others	0	0.0%	29,430	29,431	0.0%
Power	-	-	26,386	26,386	-
Real estate & construction	12,908	9.4%	68,689	81,596	15.8%
Transportation	5,456	4.0%	14,962	20,419	26.7%
Non-interest banking	11,089	8.1%	11,763	22,852	48.5%
TOTAL	137,733	100.0%	475,626	613,359	22.5%

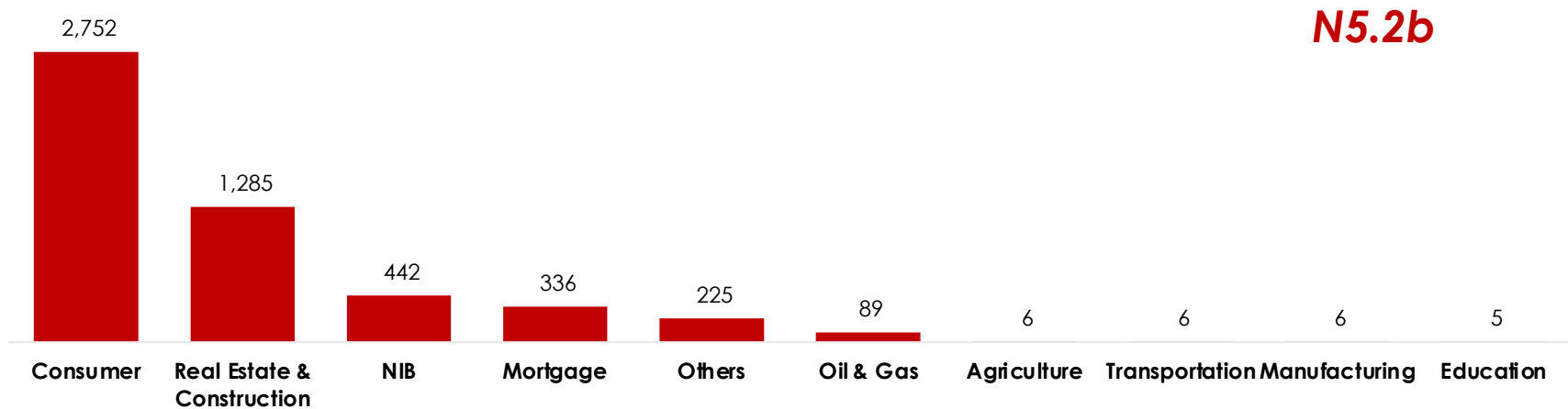


Asset Quality – NPL by Sector



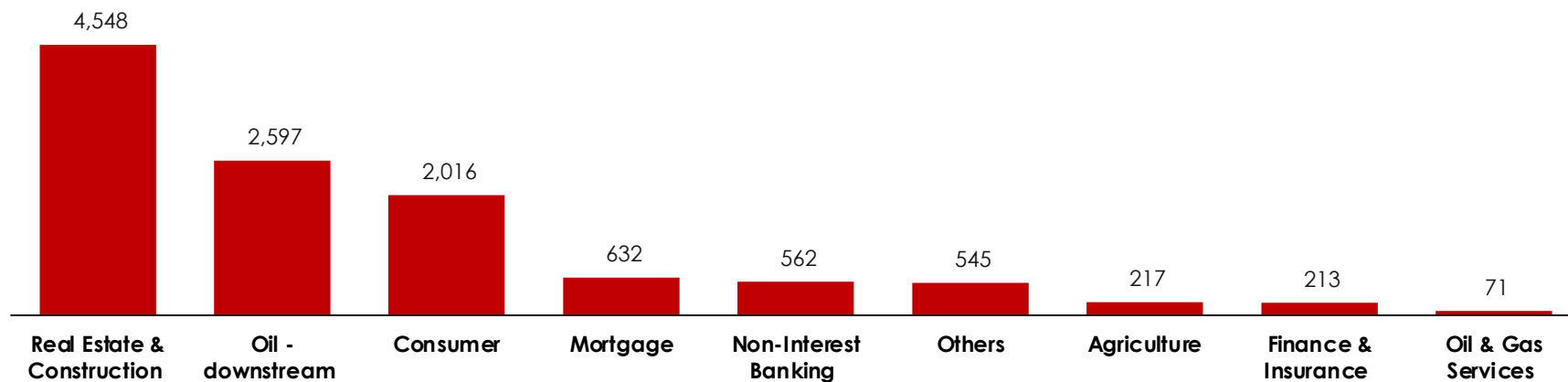
In terms of asset quality, we sustained the significant improvement in our non-performing loans during the period under review reducing to N5.2 billion

NPL by Sector (N'm) – FY 2021



N5.2b

NPL by Sector (N'm) – FY 2020



N11.4b

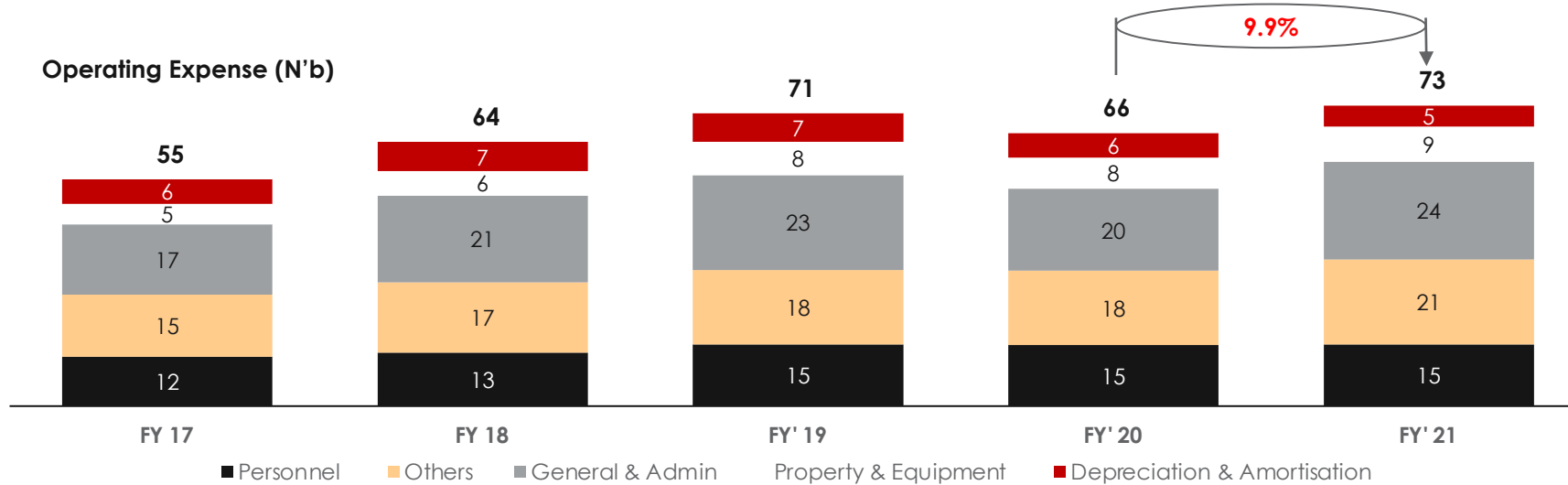


Operating Efficiency

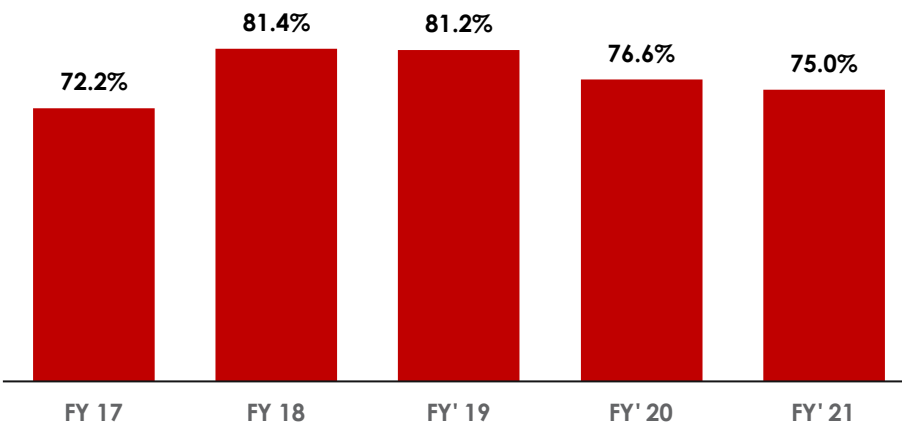


There is an increase in operating expenses particularly from general and administrative expenses and other operating expenses.

Operating Expense (N'b)



Cost-to-Income (%)



- The Bank recorded a 9.9% increase in operating expenses reaching N73 billion in 2021 (FY 2020: N66 billion). This was driven primarily by inflation and the depreciation in the currency.
- Consequently, cost to income ratio (CIR) improved to 75.0% as at FY 2021.

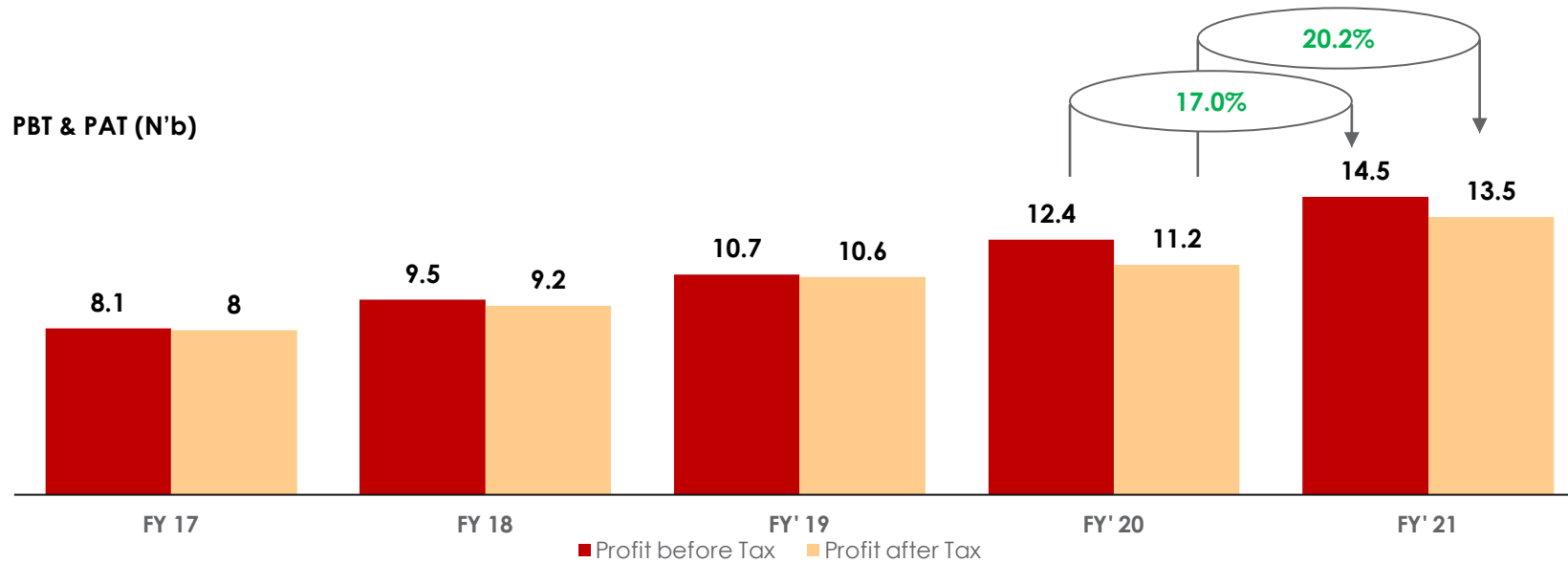


Profitability

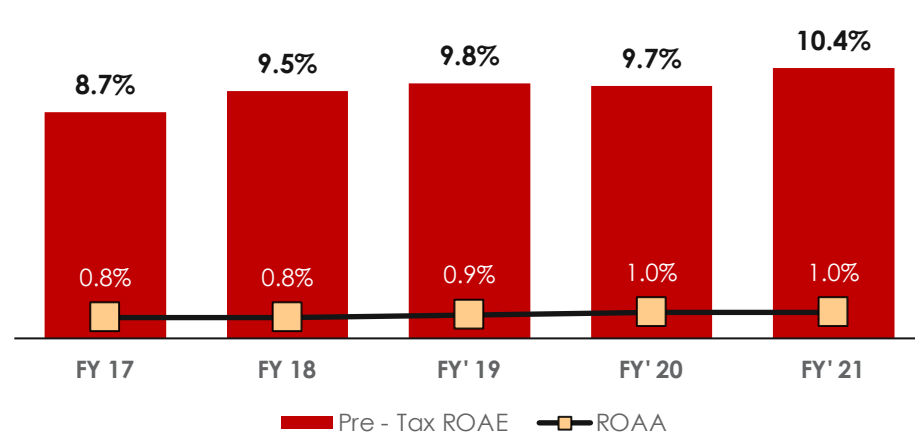


Overall, the Bank recorded a profit after tax to N13.5 billion for the year

PBT & PAT (N'b)



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N14.5 billion and N13.5 billion respectively.
- While Pre-tax Return on Average Equity (ROAE) and Return on Assets stood at 9.7% and 1.0% respectively for the period.



2021 Guidance



On Track
Not on Track



2021 Target

2021 Actual

Deposit growth	5% -10%	27.1%
Net loans growth	<5%	19.3%
Pre-tax Return on average Equity (ROAE)	>10%	10.4%
Cost-to-income	<75%	75%
NPL ratio	<5%	0.7%
Cost of funds	<5%	3.6%



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CONTENT



01

**Key
Performance
Ratios (FY 2021)**

02

**Highlight of
Income Statement
(FY 2021)**

03

**Highlight of
Financial Position
(FY 2021)**

Key Performance Ratios

Indicator	FY 2018	FY 2019	FY 2020	FY 2021
Net Interest Margin	6.6%	7.9%	7.7%	8.0%
Cost to Income	81.4%	81.2%	76.6%	75%
Earnings per Share	32k	37k	39k	47k
Liquidity Ratio	42.2%	39.5%	34.9%	37.9%
Cost of Risk	1.0%	0.9%	1.0%	1.0%
Cost of Funds	7.4%	6.3%	4.7%	3.6%
Yield on Earning Assets	14.0%	14.2%	12.4%	11.6%
Return on Average Assets (Annualized)	0.8%	0.9%	1.0%	1.0%
Post-Tax Return on Average Equity (Annualized)	9.2%	9.8%	8.8%	9.7%
Pre-Tax Return on Average Equity (Annualized)	9.5%	9.9%	9.7%	10.4%
NPL Ratio	8.7%	2.2%	1.9%	0.7%
Coverage Ratio	75.0%	247.0%	236.2%	474.2%
Capital Adequacy Ratio	13.3%	14.7%	18.0%	14.8%
Loans to Deposit Ratio	81.6%	69.3%	62.4%	58.5%



Highlights of Income Statement

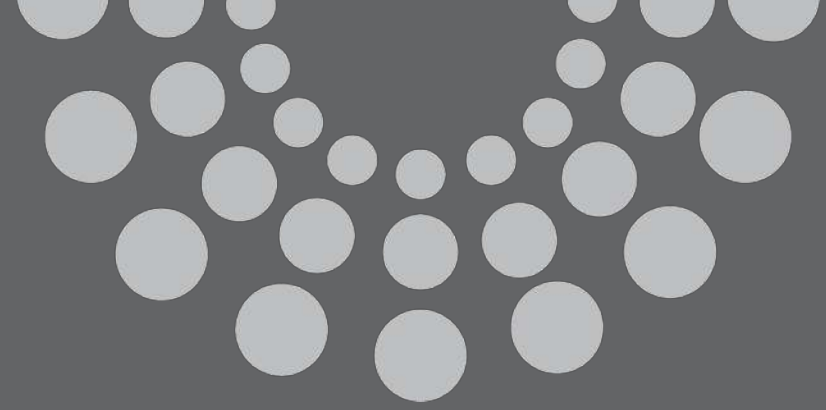
<i>In millions of naira</i>	2021		2020		Growth
	N'M	% of Total	N'M	% of Total	%
Gross earnings	142,316	100.0%	135,835	100.0%	4.8%
Interest income	110,975	78.0%	111,452	82.0%	-0.4%
Interest expense	-45,191	-31.8%	-49,305	-36.3%	-8.3%
Net interest income	65,784	46.2%	62,147	45.8%	5.9%
Fees & commission income	19,359	13.6%	13,087	9.6%	47.9%
Net trading income	5,798	4.1%	8,654	6.4%	-33.0%
Other operating income	6,184	4.3%	2,642	1.9%	134.1%
Non-interest income	31,341	22.0%	24,383	18.0%	28.5%
Operating Income	97,125	68.2%	86,530	63.7%	12.2%
Impairment charges	-9,821	-6.9%	-7,906	-5.8%	24.2%
Net Operating Income	87,304	61.3%	78,624	57.9%	11.0%
Personnel expenses	-14,917	-10.5%	-14,841	-10.9%	0.5%
Other operating expenses	-20,676	-14.5%	-17,939	-13.2%	15.3%
General and administrative expenses	-23,576	-16.6%	-19,914	-14.7%	18.4%
Depreciation & amortization	-5,145	-3.6%	-6,050	-4.5%	-15.0%
Other property, plant and equipment	-8,516	-6.0%	-7,508	-5.5%	13.4%
Total expenses	-72,830	-51.2%	-66,252	-48.8%	9.9%
Profit before income tax	14,474	10.2%	12,372	9.1%	17.0%
Income tax expense	-959	-0.7%	-1,130	-0.8%	-15.1%
Profit after income tax	13,515	9.5%	11,242	8.3%	20.2%



Highlights of Financial Position

ASSETS	2021		2020		Growth
	N'M	% of Total	N'M	% of Total	%
Cash & balances with CBN	370,873	22.8%	303,314	23.4%	22.3%
Due from banks	94,850	5.8%	21,084	1.6%	349.9%
Pledged financial assets	10,786	0.7%	34,860	2.7%	-69.1%
Loans and advances	711,900	43.7%	596,827	45.9%	19.3%
Investment securities	299,265	18.4%	258,208	19.9%	15.9%
Other assets	101,405	6.2%	43,950	3.4%	130.7%
Right-of-use asset	8,141	0.5%	8,319	0.6%	-2.1%
Investment property	6,918	0.4%	8,004	0.7%	-13.6%
Property, plant and equipment	16,939	1.0%	15,956	1.2%	6.2%
Intangible assets	1,081	0.1%	1,582	0.1%	-31.7%
Deferred tax assets	6,971	0.4%	6,971	0.5%	0.0%
TOTAL ASSETS	1,629,129	100.0%	1,299,075	100.0%	25.4%
LIABILITIES					
Deposits from Banks	15,568	1.0%	21,289	1.6%	-26.9%
Deposits from customers	1,208,753	74.2%	950,835	73.2%	27.1%
Current income tax payable	1,018	0.1%	551	0.0%	84.8%
Other borrowed funds	116,450	7.1%	86,367	6.7%	34.8%
Debt securities issued	42,327	2.6%	42,274	3.3%	0.1%
Other liabilities	102,282	6.2%	61,492	4.7%	66.3%
Lease Liability	60	0.0%	60	0.0%	0.0%
Provisions	1,180	0.1%	454	0.1%	159.9%
TOTAL LIABILITIES	1,487,638	91.3%	1,163,322	89.6%	27.9%
EQUITY	141,491	8.7%	135,753	10.4%	4.2%
TOTAL LIABILITIES & EQUITY	1,629,129	100.0%	1,299,075	100.0%	25.4%





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