

# Investors & Analysts Presentation

**H1 2023**



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# Disclaimer

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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 and diversification 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) significantly improved the capacity of our customers to self-serve both online and offline.

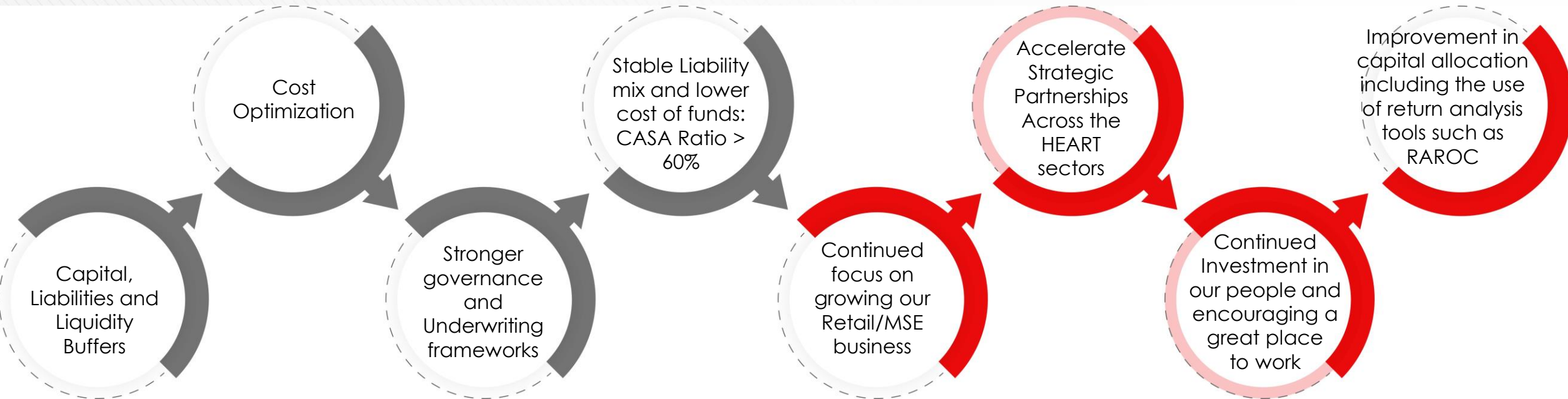
# Strategic Objectives



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**

# Content

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Our Digital Offerings

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Operating Performance (H1 2023)

# Our Digital Offering



## Digital Ecosystem

### OneBank

OneBank is a one-stop-shop for all banking needs. It is our mobile app that eliminates the need to visit our physical offices.



GoMoney enables mobile payments. It offers a digital wallet that enables users to make and receive payments using their phone numbers, email addresses, or bank account numbers.



\*822# is our USSD service. With a set of unique three numbers, 822, our customers can do what they want, such as buying data or airtime, money transfers, checking account balances, blocking their accounts, or even setting their transaction limits.

### Payment Products

### Lending Products



Specta is an online retail lending solution targeted at providing loans of up to N5 million in 5 minutes.



Pay with Specta brings merchants and buyers together and gives our customers access to credit and discounted services while improving business reach.



AltMall offers e-commerce services and enables customers to make purchases with an option for deferred payments, which can be made in instalments.



I-invest provides an opportunity for customers to make and manage investments in Treasury bills with plans to introduce other asset classes.

### Investment Products



Double is an annuity savings product that offers beneficiaries financial stability. It provides the opportunity to potentially grow your portfolio in multiples of your initial investment.



SABEX is a digital commodity exchange powered by block chain technology.

# Our Digital Offering



## Digital Ecosystem



Imperium is our alternative energy platform created to offer power solutions to enhance lifestyle.



**Specialized Products**



Switch is a digital bank built for Nigerians at home and abroad, allowing all users to access financial services.



TBH is our remodelled business banking solution/platform built to cater to all SME-related needs and wants.



TrybeOne is a one-stop service solution aimed at building a community that aggregates services needed by Gen-Zs as they navigate through life.



**Impact Products**

## Healthbanc

This is a digital platform that solves the inefficiencies associated with service delivery within the health sector.

## EduBanc

EduBanc is a platform focused on providing banking and social services to stakeholders in the education sector, for improved learning outcomes and business growth for schools.



**Aggregator Products**



One Woman provides the finest tailor-made banking to suit a woman's lifestyle ranging from special discounts on loans for personal use, partnerships for businesses as well as household enhancement offerings to make every woman live their dreams and achieve success all-round.





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# Operating Performance H1 2023



# Channel Highlights



## Channels

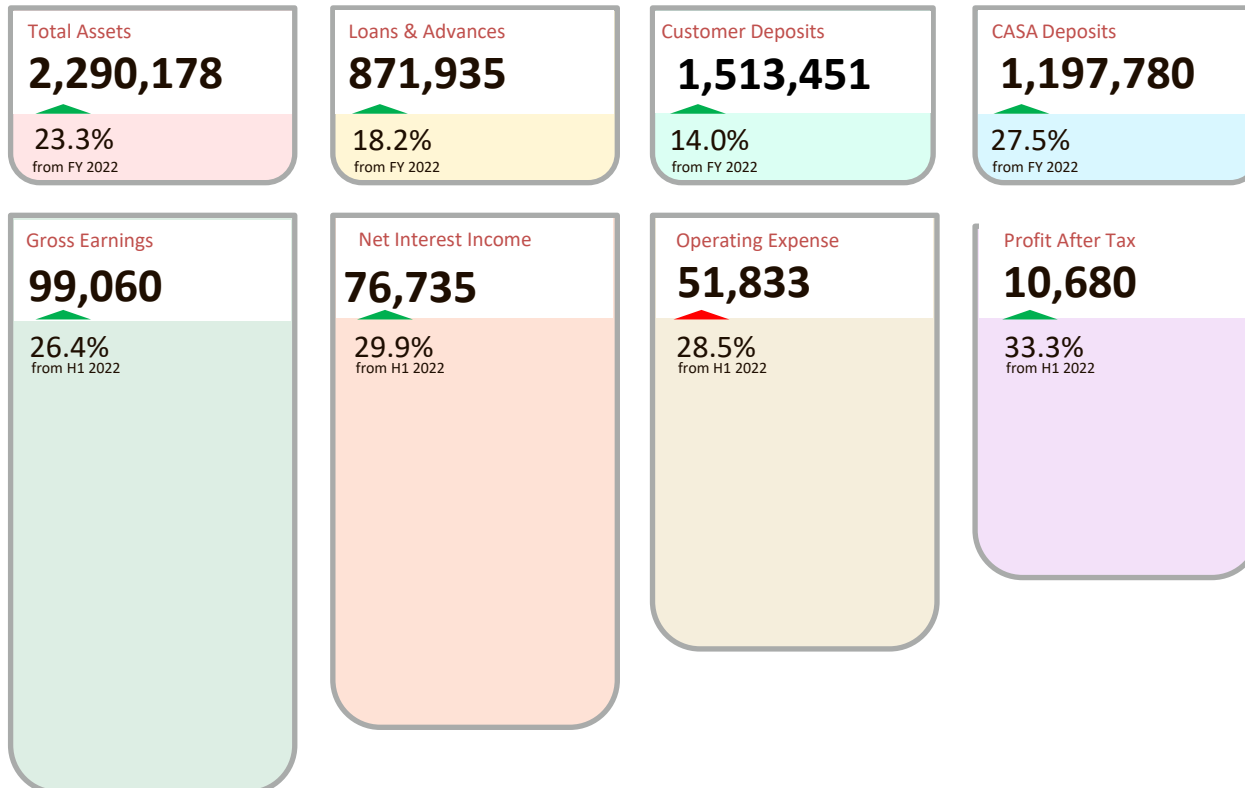
POS	ATM	USSD Users	Branches	Customers	Professional Staff
					
13,329	639	3.9M	140	3.7M	3,267

# Financial Highlights



In the first half of the year, we strengthened our financial position through effective funding optimization and our drive for efficiency

## Financials (N' millions)




## Key Ratios

<b>NPL</b> 3.2%	<b>Cost of Risk</b> 0.8%
<b>LDR</b> 53.4%	<b>Coverage Ratio</b> 113.2%
<b>Liquidity</b> 32.9%	<b>CAR</b> 12.4%
<b>Cost of Funds</b> 3.7%	

# Credit Ratings



Ratings	
MOODY'S	
Caa1 & B3	
	
BBB & A3	BBB+ & A2

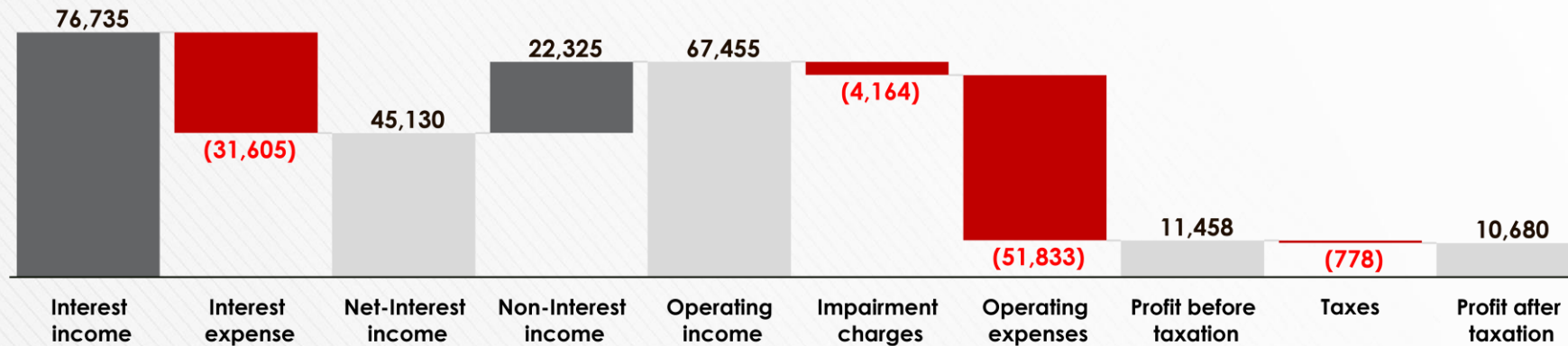
# Performance Snapshot (1/2)



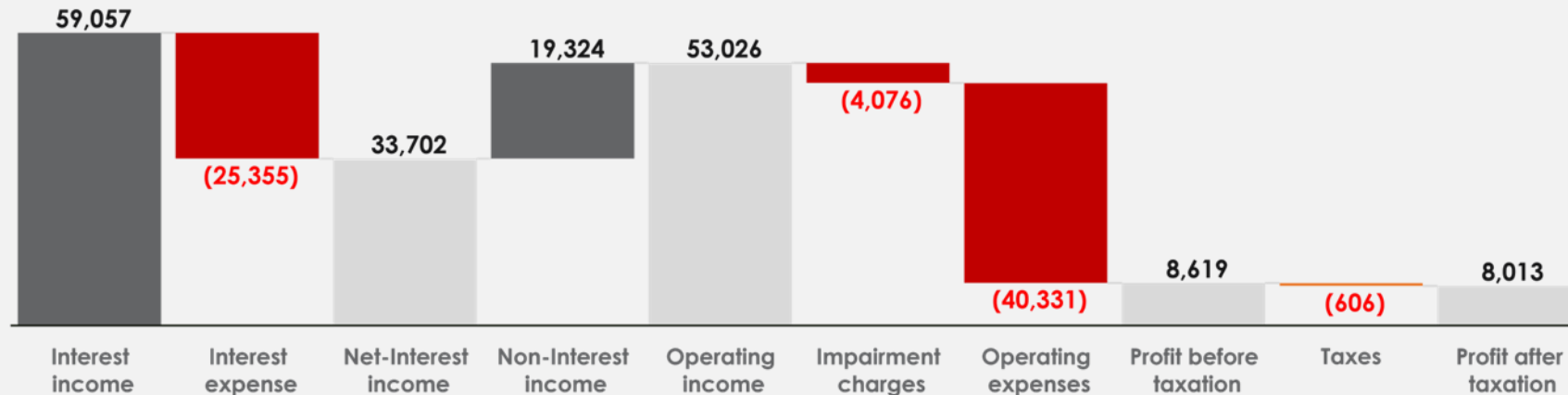
The Group achieved a profit after tax of N10.68 billion in the first half of the year, a 33.3% improvement on the corresponding period in 2022 (H1 2022: N8.0 billion)

H1 2023 N'million

■ Increase ■ Decrease ■ Total



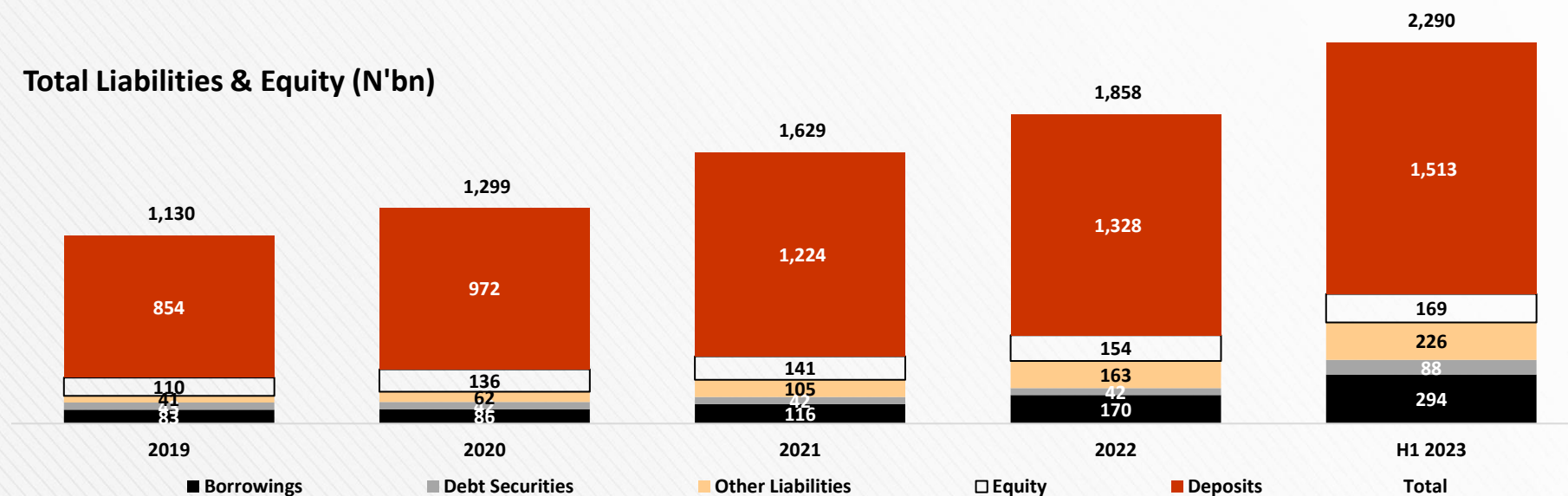
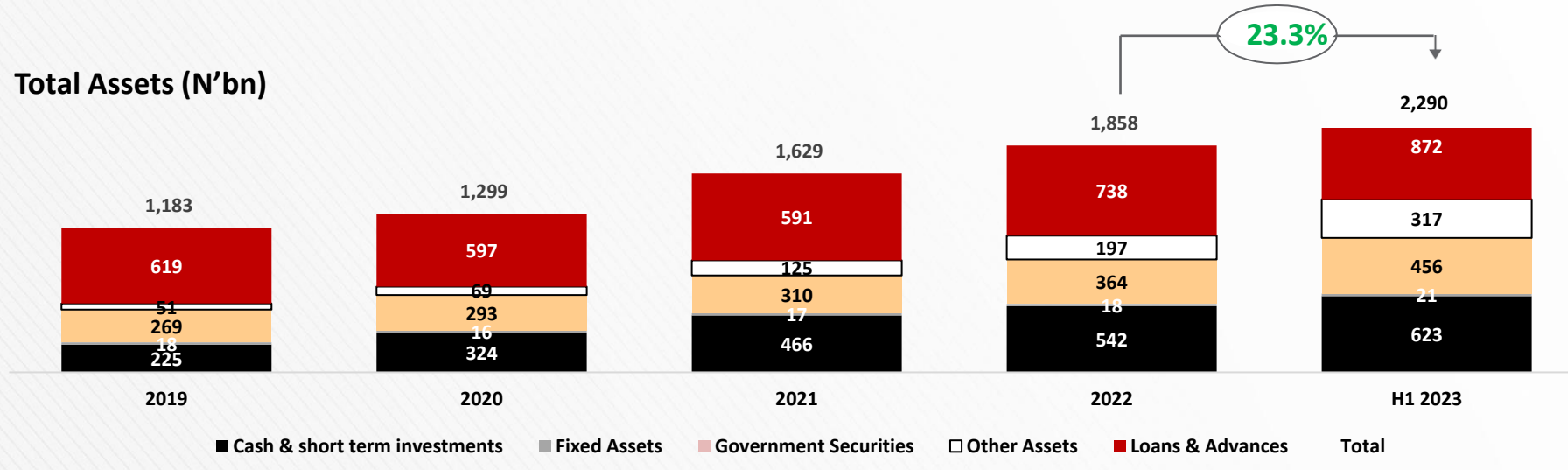
H1 2022 N'million



# Performance Snapshot (1/2)



The rise in deposits and other financial liabilities continues to drive growth in total liabilities during the period





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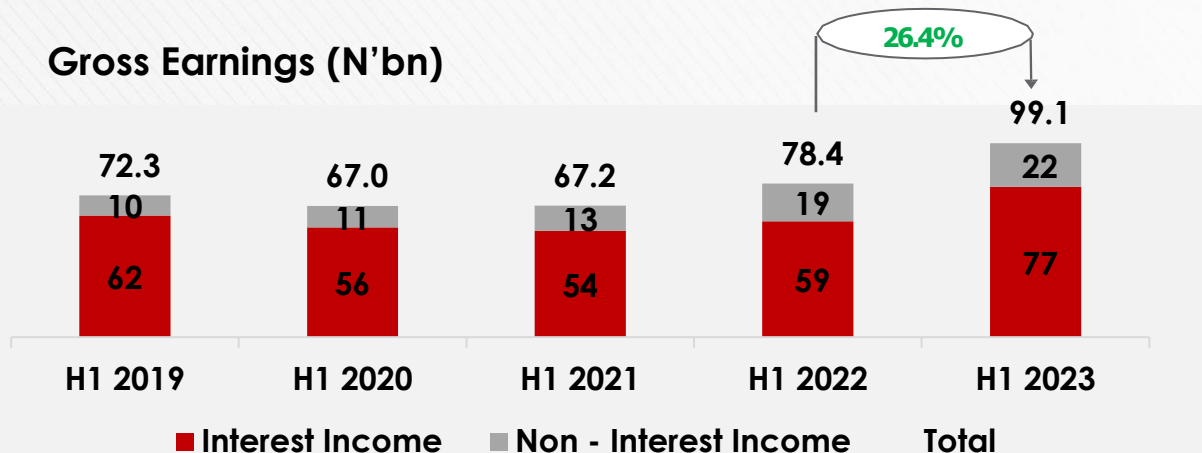


# Revenue Evolution

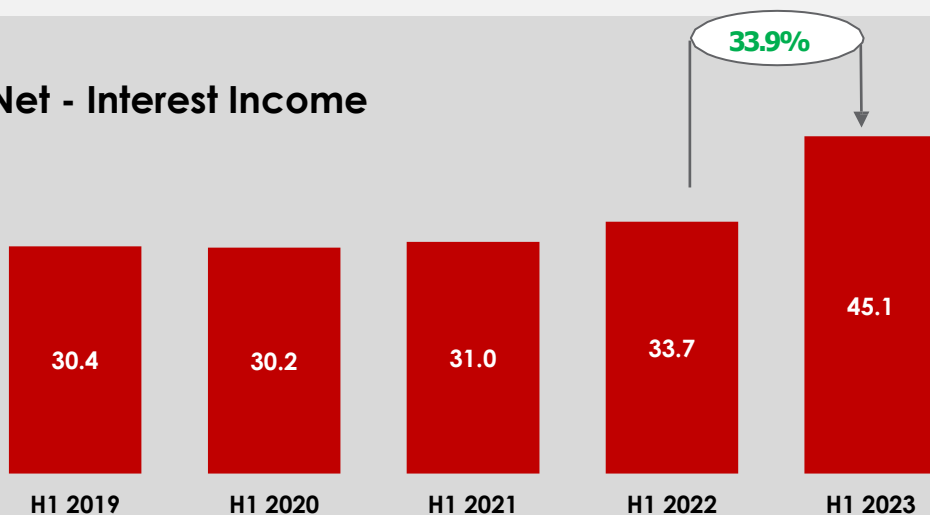


Growth in gross earnings by 26.4% was attributed to a combination of a 28.9% and 15.7% increase in interest income and non-interest income respectively.

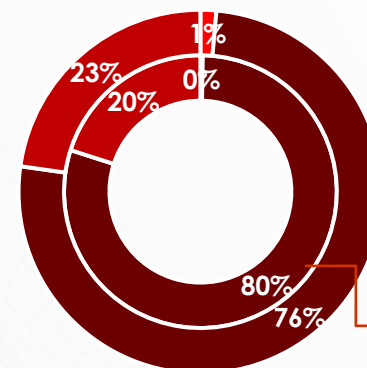
### Gross Earnings (N'bn)



### Net - Interest Income

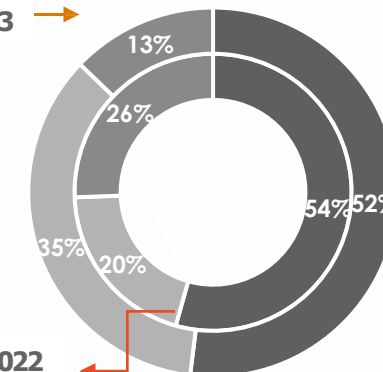


### Interest Income



- Cash & Cash Eqv.
- Loans & Advances
- Investment Securities

### Non-Interest Income



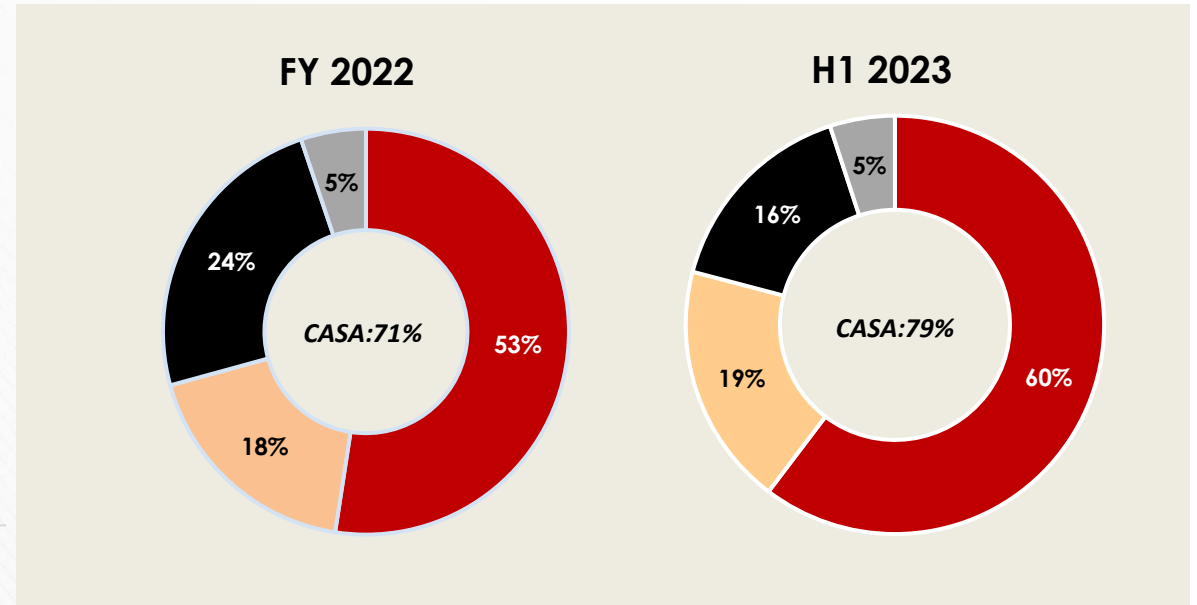
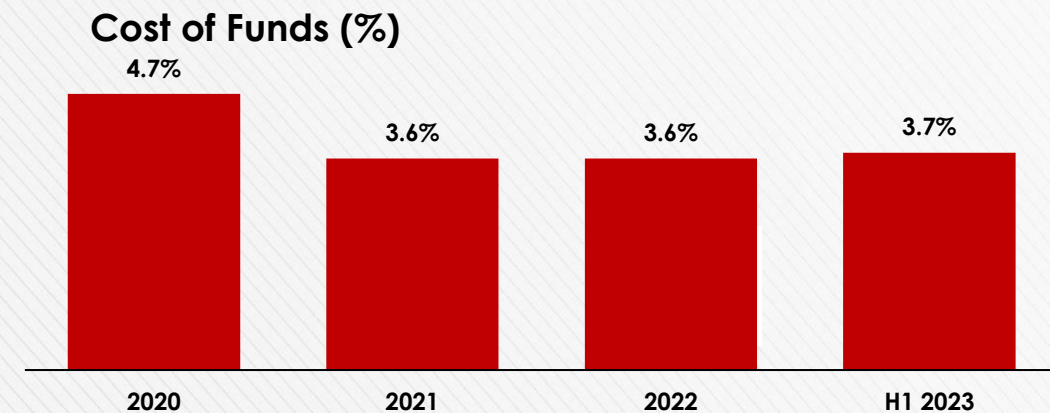
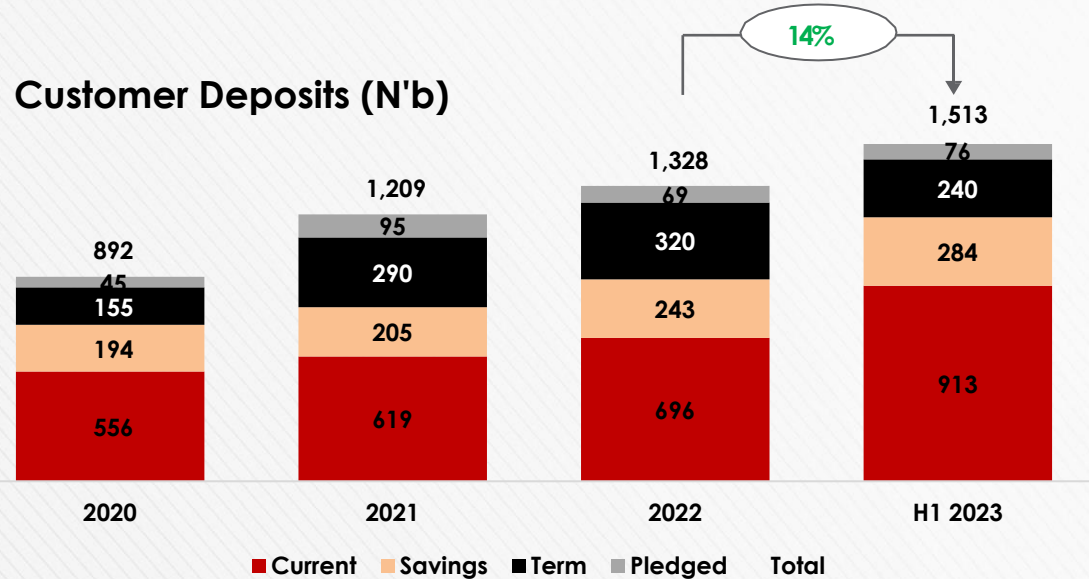
- Fees and commission income
- Net trading income
- Other operating income

- Gross earnings rose by 26.4% driven by a growth in interest income and net trading income.
- We recorded a 33.9% growth in net interest income for H1 2023 (N45.1bn) when compared to H1 2022 (N33.7bn).

# Funding & Liquidity



We recorded an increase in customer deposits to N1.51 trillion and the retention of low-cost deposits at 79% (FY 2022: 71%)

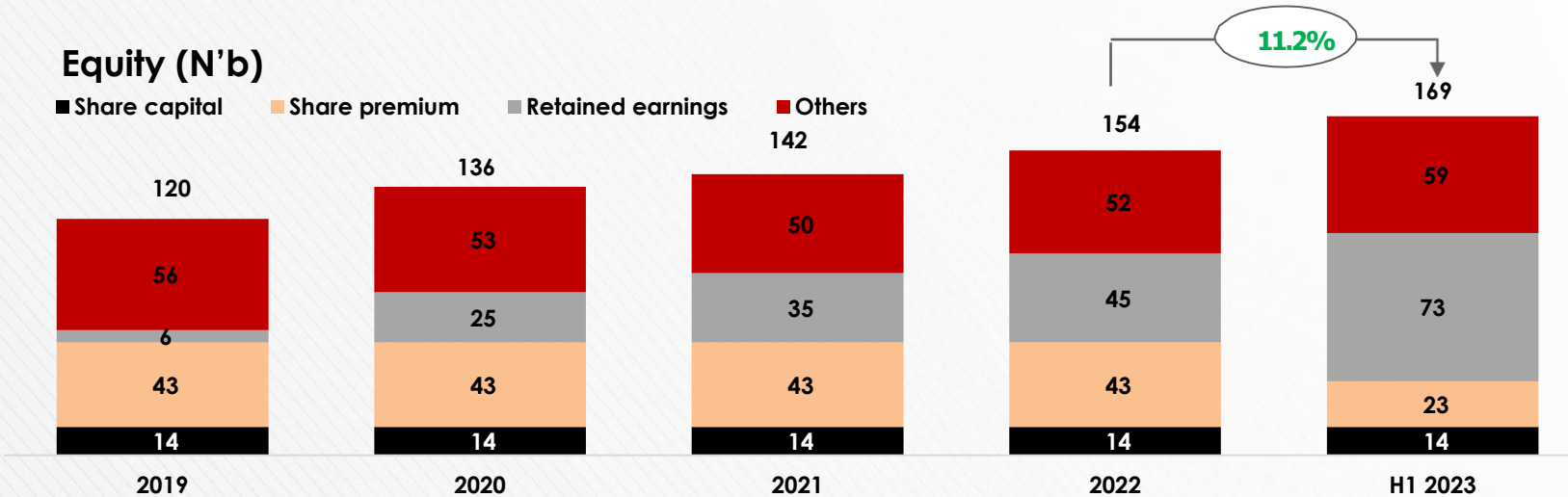


- There has been a 14% growth in customer deposits to reach N1.51 trillion (FY 2022: N1.33 trillion).
- We also maintained a healthy cost of funds at 3.7%, with a liquidity ratio of 32.9% which is above the minimum regulatory requirement.

# Equity & Capital Adequacy



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



Items (N'm)	Jun. 2023	Dec. 2022
Tier 1 capital*	139,965	128,707
Tier 2 capital**	19,832	19,893
<b>Total regulatory capital</b>	<b>159,798</b>	<b>148,600</b>
<b>Risk-weighted assets</b>	<b>1,285,712</b>	<b>1,012,661</b>
Tier 1 ratio	10.89%	12.71%
Tier 2 ratio	1.54%	1.96%
<b>Capital adequacy ratio</b>	<b>12.43%</b>	<b>14.67%</b>

- Shareholders' funds grew by 11.2% to N169billion (FY 2022: N154bn) due to a rise in retained earnings.
- Our capital adequacy ratio stood at 12.43% as at June 2023.

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 reserves relating to unrealized gains on equity instruments classified as Fair Value Through Other Comprehensive Income.

# Loans and Advances by Sector



The manufacturing, education, and transportation sectors contributed to loans and advances growth.

Gross Loans & Advances by Sectorz Sectors	Jun-23		Dec-22		Growth
	N'm	% of total	N'm	% of total	%
Agriculture	93,237	10.4%	81,264	10.7%	14.7%
Communication	21,327	2.4%	21,580	2.8%	-1.2%
Consumer	93,309	10.4%	99,250	13.1%	-6.0%
Education	5,726	0.6%	4,840	0.6%	18.3%
Finance_and_Insurance	18,129	2.0%	18,958	2.5%	-4.4%
Government	91,200	10.2%	89,760	11.8%	1.6%
Manufacturing	41,045	4.6%	22,641	3.0%	81.3%
Mining_and_Quarrying	0	0.0%	1,001	0.1%	-100.0%
Mortgage	2,125	0.2%	2,154	0.3%	-1.3%
Oil_and_Gas	249,927	28.0%	164,313	21.7%	52.1%
Others	106,121	11.9%	85,346	11.3%	24.3%
Power	30,201	3.4%	30,801	4.1%	-1.9%
Real_Estate_and_Construction	76,850	8.6%	66,676	8.8%	15.3%
Transportation	49,229	5.5%	40,039	5.3%	23.0%
Non-interest banking	15,430	1.7%	29,562	3.9%	-47.8%
<b>TOTAL</b>	<b>893,856</b>	<b>100.0%</b>	<b>758,183</b>	<b>100.0%</b>	<b>17.9%</b>

# Loans and Advances by Currency – H1 2023



...while we continue to effectively manage our FCY loan book as a proportion of the Group's total loan book

Gross Loans & Advances by Currency	FCY		LCY		FCY % of Sector
	N'm	% of Total	N'm	% of Total	
Agriculture	38	0.01%	93,198	15.17%	0.04%
Communication	-	0.00%	21,327	3.47%	0.00%
Consumer	230	0.08%	93,079	15.15%	0.25%
Education	-	0.00%	5,726	0.93%	0.00%
Finance_and_Insurance	20	0.01%	18,109	2.95%	0.11%
Government	-	0.00%	91,200	14.84%	0.00%
Manufacturing	28,237	10.10%	12,808	2.08%	68.80%
Mining_and_Quarrying	-	0.00%	0	0.00%	0.00%
Mortgage	-	0.00%	2,125	0.35%	0.00%
Oil_and_Gas	192,137	68.74%	57,790	9.41%	76.88%
Others	3,809	1.36%	102,312	16.65%	3.59%
Power	156	0.06%	30,045	4.89%	0.52%
Real_Estate_and_Construction	30,025	10.74%	46,825	7.62%	39.07%
Transportation	24,840	8.89%	24,389	3.97%	50.46%
NIB	1	0.00%	15,430	2.51%	0.00%
<b>TOTAL</b>	<b>279,493</b>	<b>100.00%</b>	<b>614,364</b>	<b>100.00%</b>	<b>31.27%</b>

# Loans and Advances by Currency – FY 2022



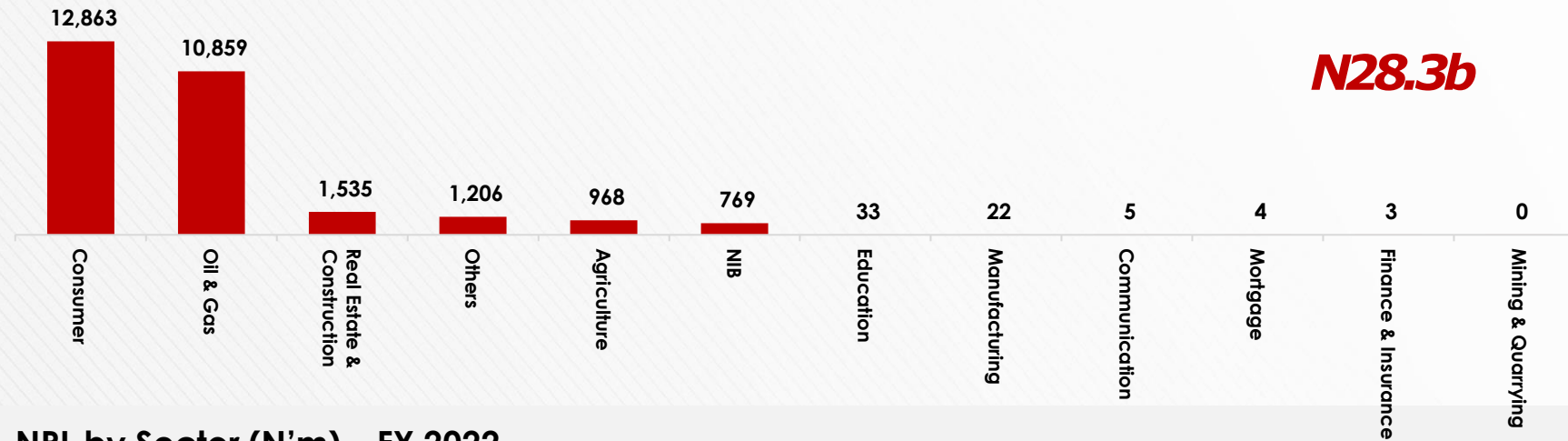
Gross Loans & Advances by Currency		FCY		LCY	
Sectors	N'm	% of Total	N'm	% of Total	FCY % of Sector
Agriculture	-	0.0%	81,264	13.7%	0.0%
Communication	-	0.0%	21,580	3.6%	0.0%
Consumer	131	0.1%	99,119	16.7%	0.1%
Education	-	0.0%	4,840	0.8%	0.0%
Finance_and_Insurance	-	0.0%	18,958	3.2%	0.0%
Government	-	0.0%	89,760	15.1%	0.0%
Manufacturing	13,960	8.5%	8,681	1.5%	61.7%
Mining_and_Quarrying	-	0.0%	1,001	0.2%	0.0%
Mortgage	-	0.0%	2,154	0.4%	0.0%
Oil_and_Gas	109,502	66.7%	54,811	9.2%	66.6%
Others	3,055	1.9%	82,291	13.9%	3.6%
Power	82	0.0%	30,719	5.2%	0.3%
Real_Estate_and_Construction	20,851	12.7%	45,825	7.7%	31.3%
Transportation	16,501	10.1%	23,537	4.0%	41.2%
NIB	-	0.0%	29,561	5.0%	0.0%
<b>TOTAL</b>	<b>164,082</b>	<b>100.0%</b>	<b>594,101</b>	<b>100.0%</b>	<b>21.6%</b>

# Asset Quality – NPL by Sector

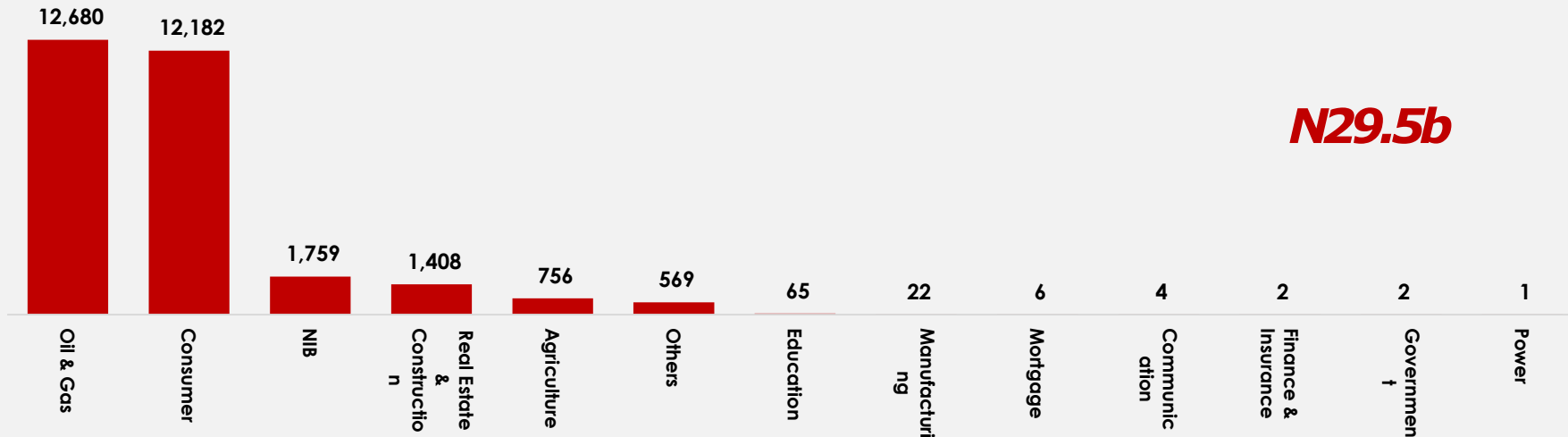


NPL ratio stood at 3.2%, in line with the heightened risk in the macroeconomic environment and our commitment to prudent risk management.

**NPL by sector (N'm) - H1 2023**



**NPL by Sector (N'm) – FY 2022**

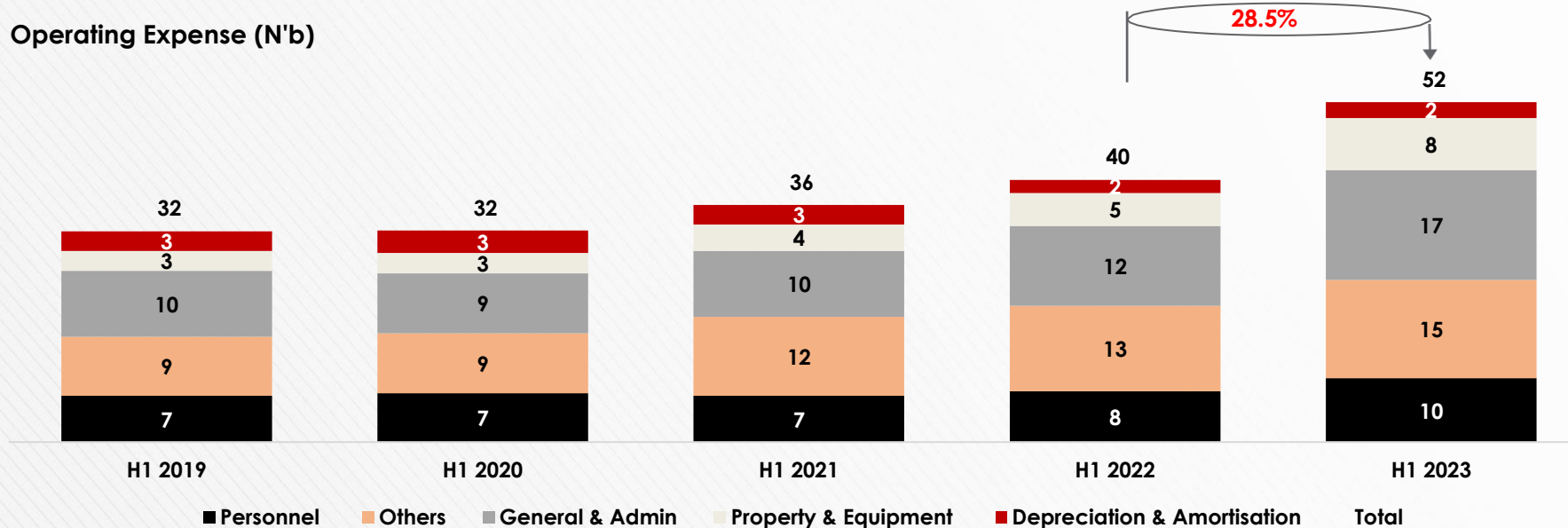


# Operating Efficiency

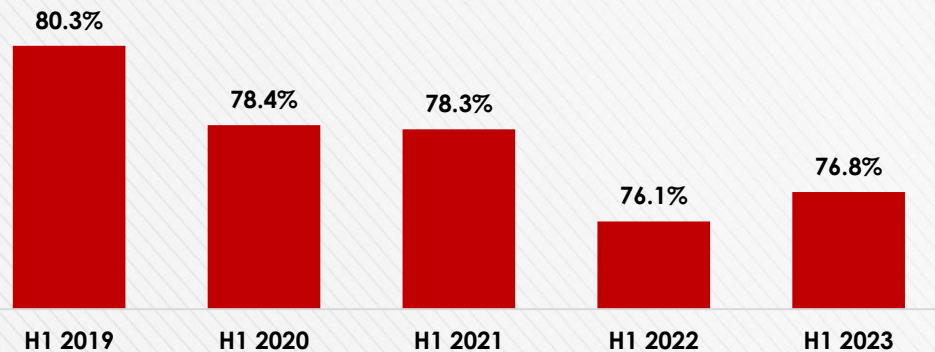


There was an increase in operating expenses, particularly from general and administrative expenses and property & equipment.

Operating Expense (N'b)



Cost-to-Income (%)



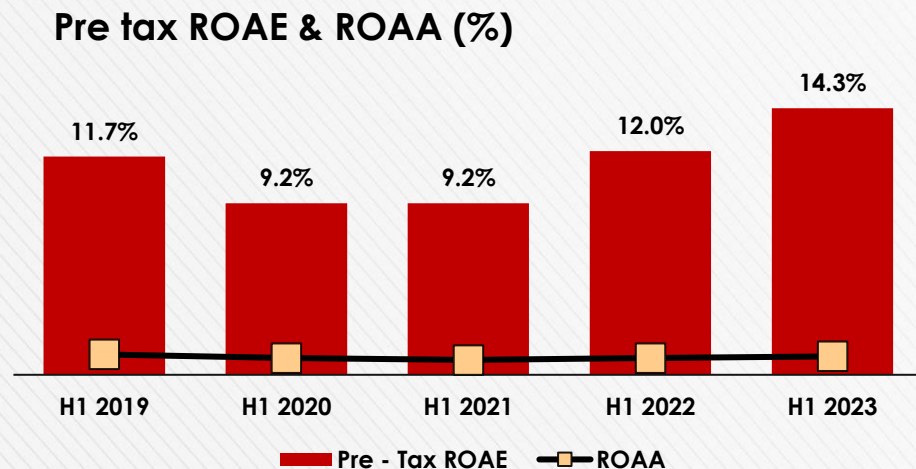
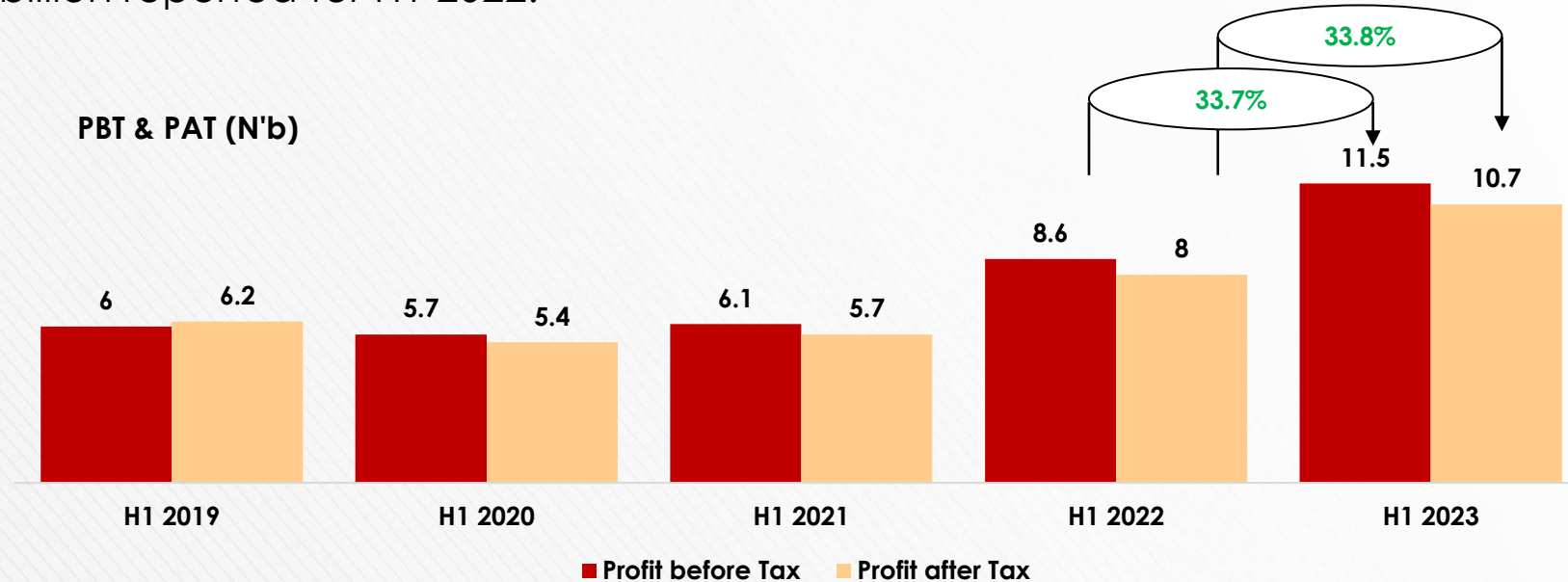
- We recorded a 28.5% increase in operating expenses reaching N52 billion in H1 2023 (H1 2022: N40 billion). This was driven primarily by inflation and the depreciation of the currency.
- The cost-to-income ratio (CIR) remained stable at 76.8% for H1 2023.



# Profitability



Overall, the Group grew 33.8% in profit after taxes to reach N10.7 billion in H1 2023 compared to the profit of N8 billion reported for H1 2022.



- Profit before and after tax stood at N11.5 billion and N10.7 billion, respectively.
- Pre-tax Return on Average Equity (ROAE) and Return on Assets improved to 14.3% and 1.0% respectively for the period.

# Key Performance Ratio



Indicator	H1 2023	FY 2022	H1 2022	FY 2021
Net Interest Margin	8.9%	7.9%	7.3%	7.1%
Cost-to-Income Ratio	76.8%	74.5%	76.1%	73.9%
Earnings per Share	37K	67k	28k	52k
Liquidity Ratio	32.9%	37.2%	37.2%	37.9%
Cost of Risk	0.8%	1.0%	1.0%	1.0%
Cost of Funds	3.7%	3.6%	3.6%	3.6%
Yield on Earning Assets	12.7%	11.5%	10.9%	10.7%
Return on Average Assets	1.0%	1.1%	0.9%	0.9%
Post-Tax Return on Average Equity	13.3%	13.3%	11.1%	11.3%
Pre-Tax Return on Average Equity	14.3%	14.3%	12.0%	12.1%
	<b>Jun. 2023</b>		<b>Dec. 2022</b>	
Loan to Deposit Ratio	53.4%	54.1%	54.1%	58.5%
Non-Performing Loan Ratio	3.2%	3.9%	3.9%	0.7%
Coverage Ratio	113.6%	104.0%	104.0%	474.2%
Capital Adequacy Ratio (Basel 2)	12.4%	14.7%	14.7%	14.8%



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by Sterling

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