

Investors & Analysts Presentation

Q3 2023



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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.

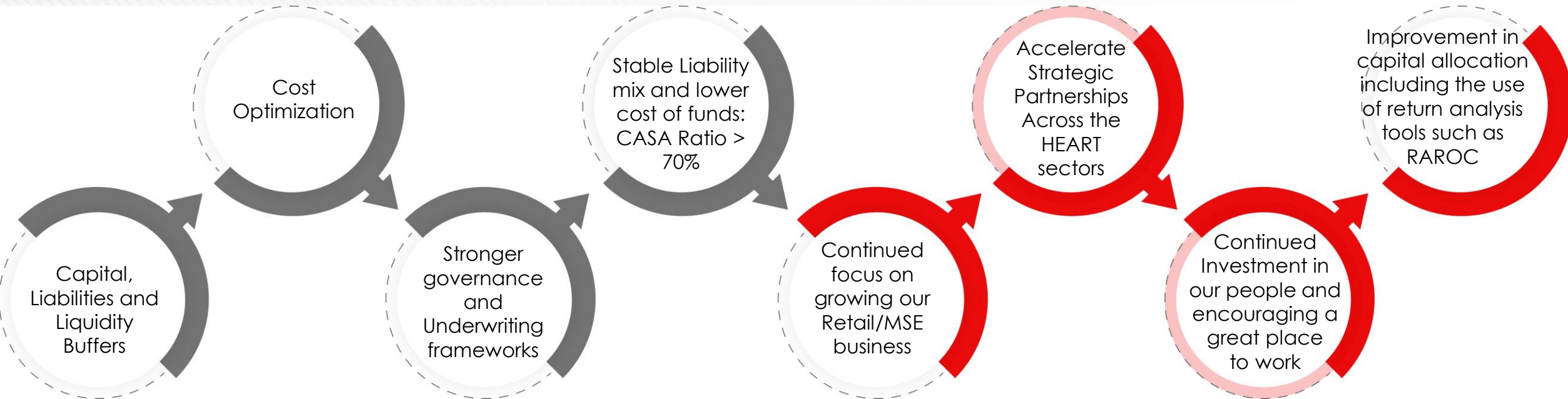
Strategic Objectives



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



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.



Health
Insured

DON'T GAMBLE WITH YOUR HEALTH

Health Insurance should fix an arm and a leg, not cost it.
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Operating Performance **Q3 2023**



Channel Highlights



Channels

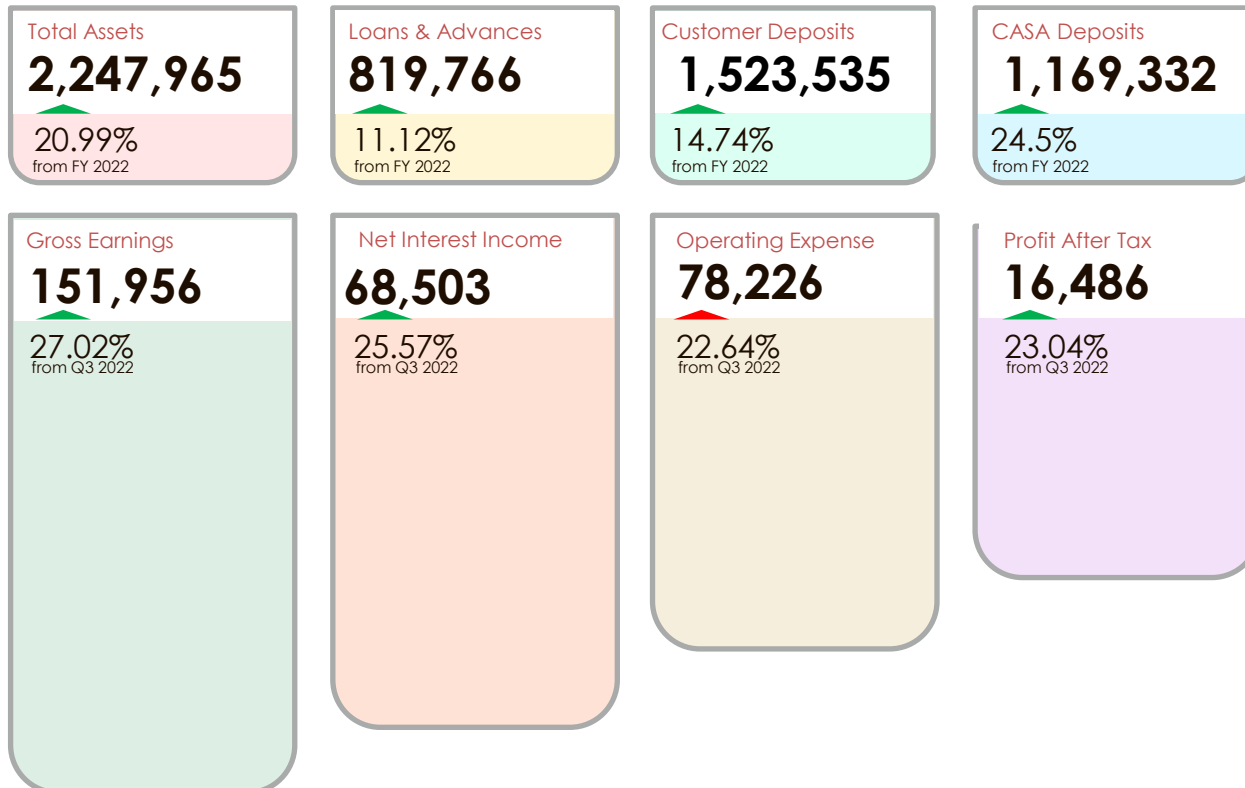
| POS | ATM | USSD Users | Branches | Customers | Professional Staff |
|---|---|--|---|---|---|
|  |  |  |  |  |  |
| 11,682 | 594 | 3.9M | 140 | 3.9M | 3,424 |

Financial Highlights



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

Financials (N' millions)



Key Ratios

| | |
|--------------------------------------|--|
| NPL 3.5% | Cost of Risk 0.9% |
| LDR 53.2% | Coverage Ratio 114.2% |
| Liquidity 32.6% | CAR 14.3% |
| Cost of Funds 3.91% | |

Credit Ratings



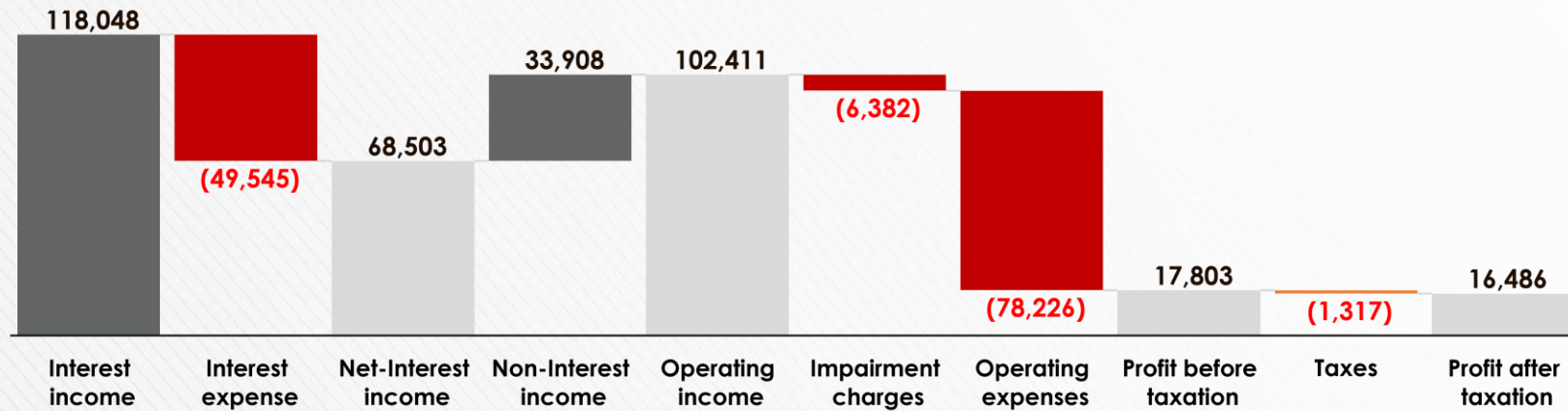
| Ratings | |
|---|--|
| MOODY'S | |
| Caa1 & B3 | |
|  |  |
| BBB & A3 | BBB+ & A2 |

Performance Snapshot (1/2)

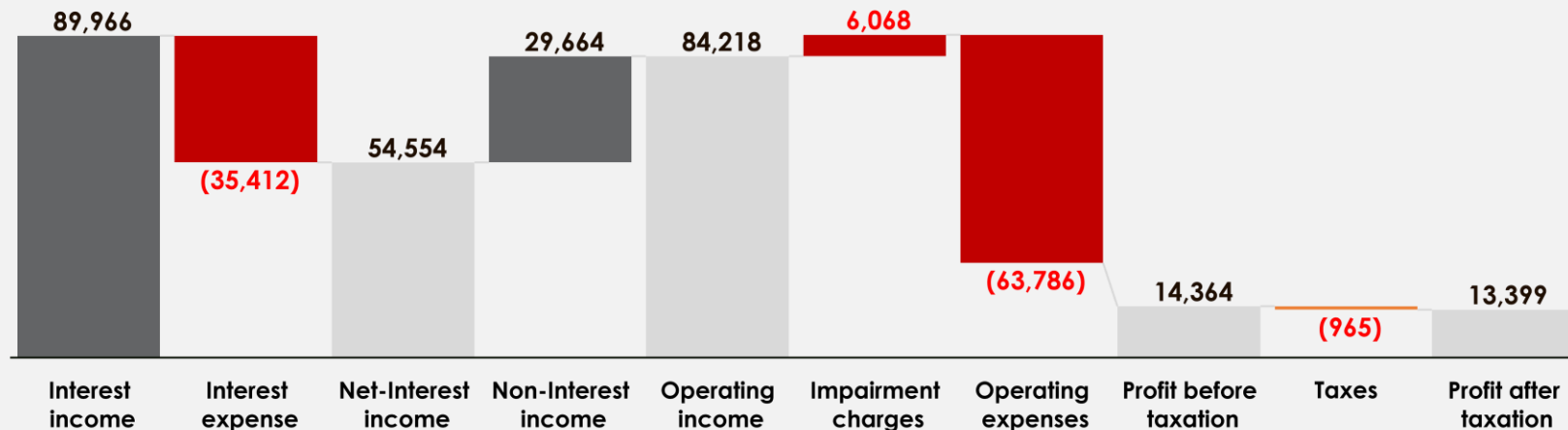


The Group achieved a profit after tax of N16.48 billion in the third quarter of the year, a 23.04% improvement on the corresponding period in 2022 (Q3 2022: N13.39 billion)

Q3 2023 N'million



Q3 2022 N'million

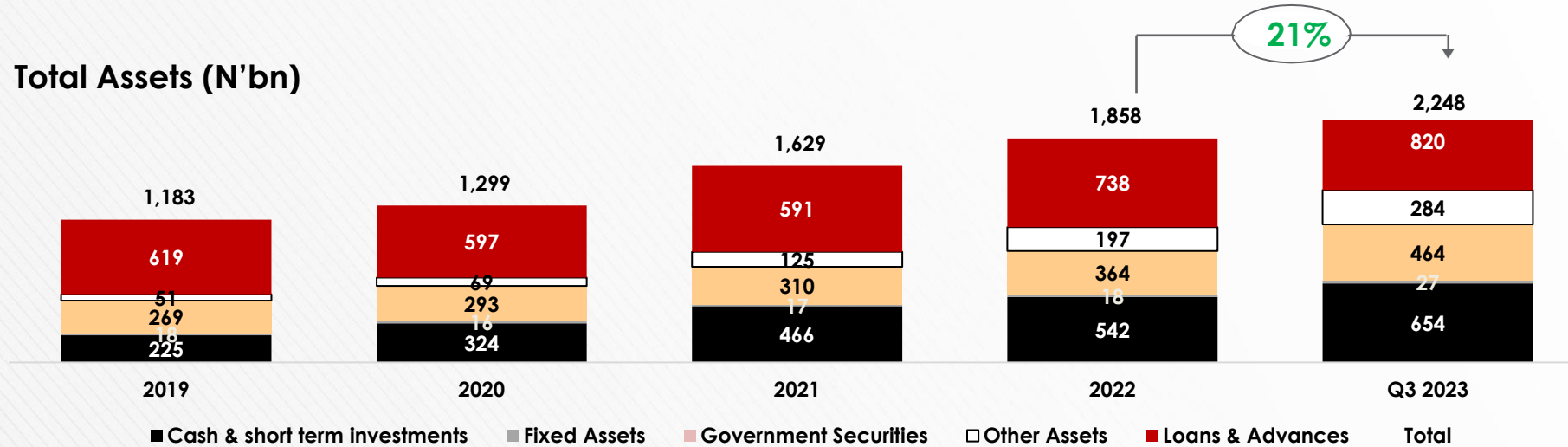


Performance Snapshot (1/2)

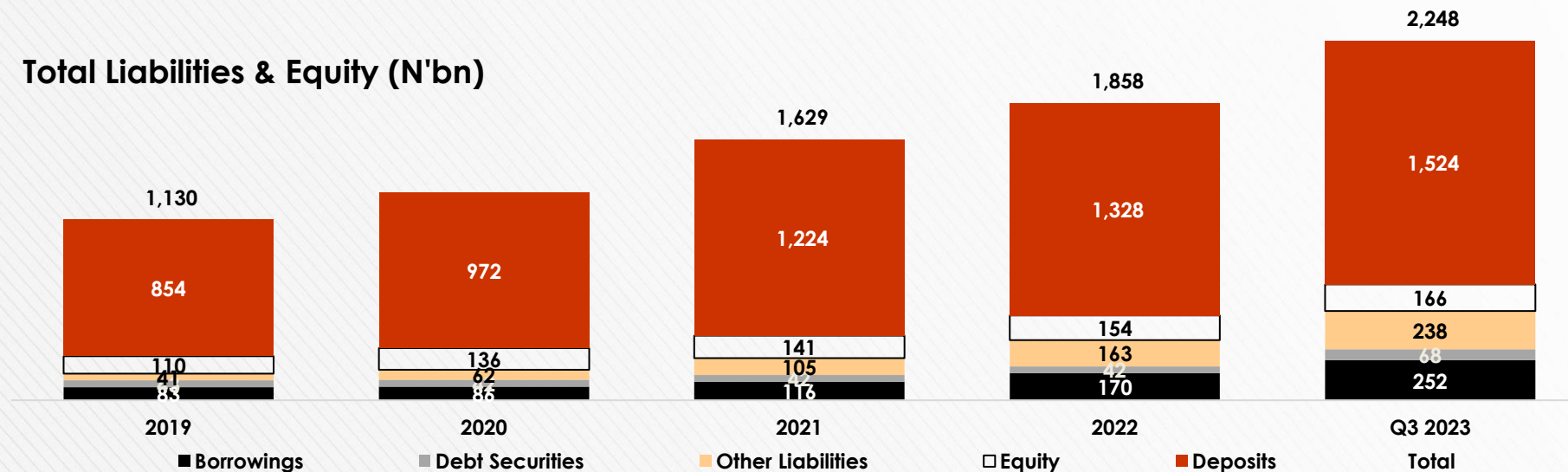


The rise in deposits and other financial liabilities continues to drive growth in total liabilities during the period

Total Assets (N'bn)



Total Liabilities & Equity (N'bn)





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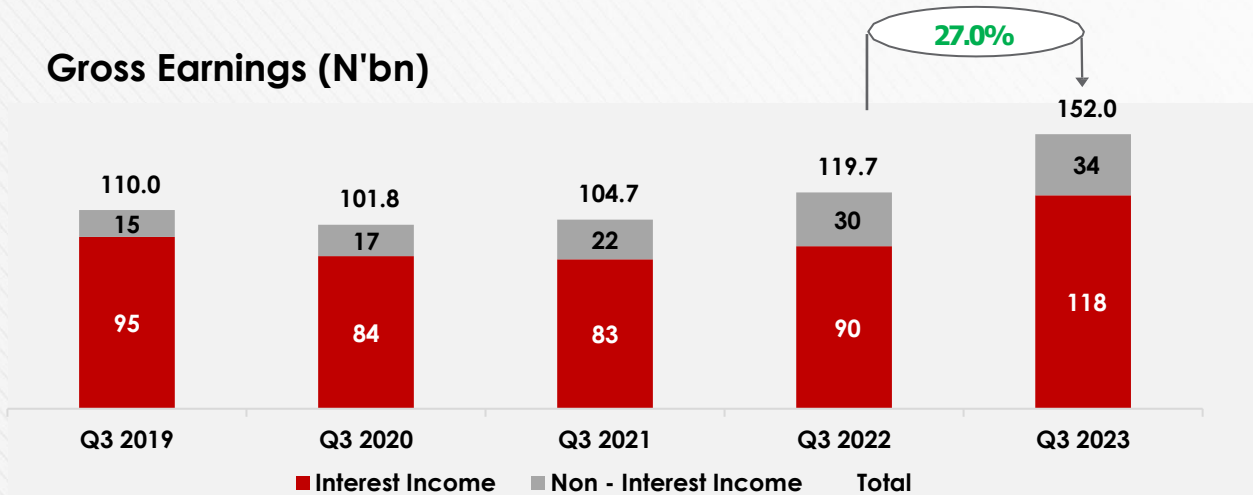


Revenue Evolution

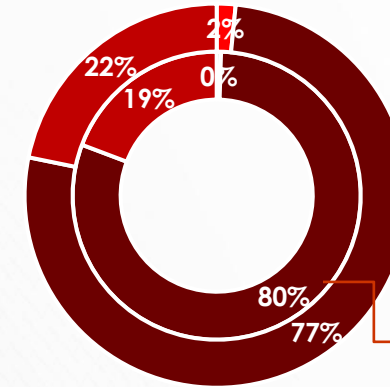


Growth in gross earnings by 27.0% was attributed to a combination of a 31.21% and 14.31% increase in interest income and non-interest income respectively.

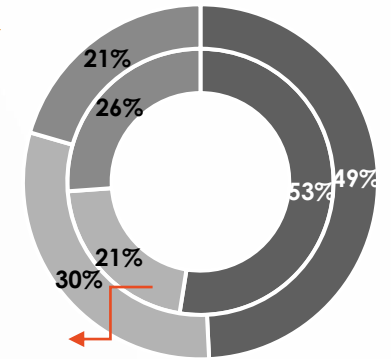
Gross Earnings (N'bn)



Interest Income



Non-Interest Income

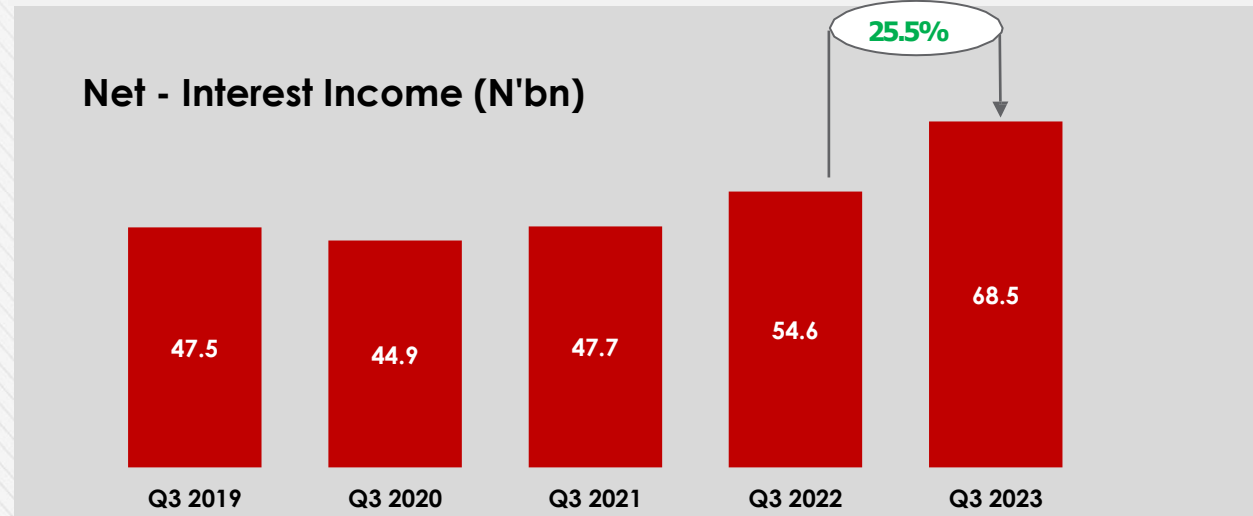


- Cash & Cash Eqv.
- Loans & Advances
- Investment Securities

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

- Gross earnings rose by 27% driven by a growth in interest income and net trading income.
- We recorded a 25.5% growth in net interest income for Q3 2023 (N68.5bn) when compared to Q3 2022 (N54.6bn).

Net - Interest Income (N'bn)

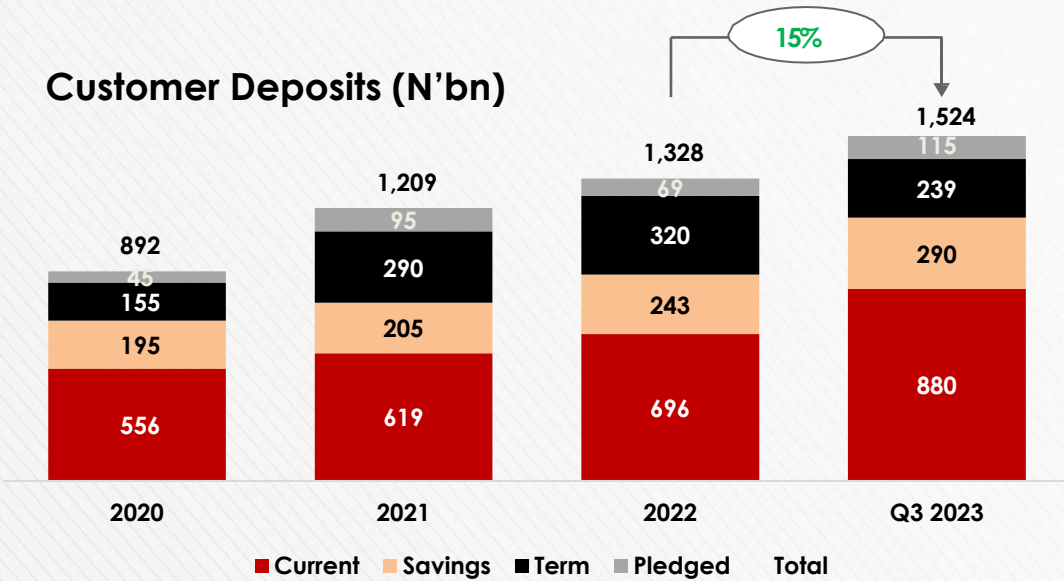


Funding & Liquidity

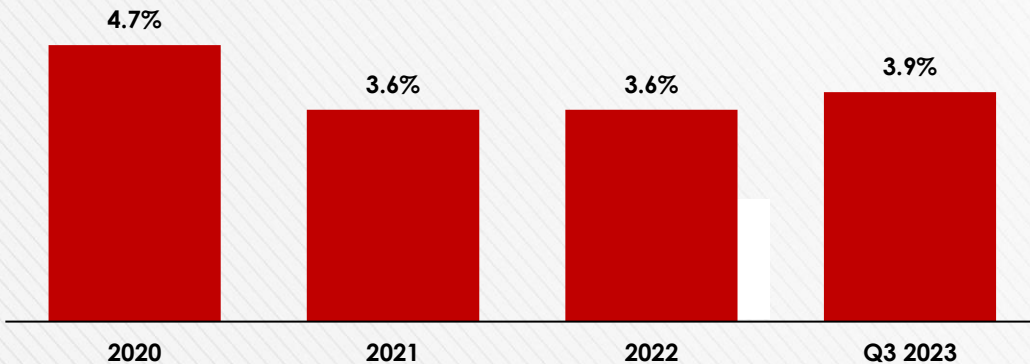


We recorded an increase in customer deposits to N1.52 trillion and the retention of low-cost deposits at 77% (FY 2022: 71%)

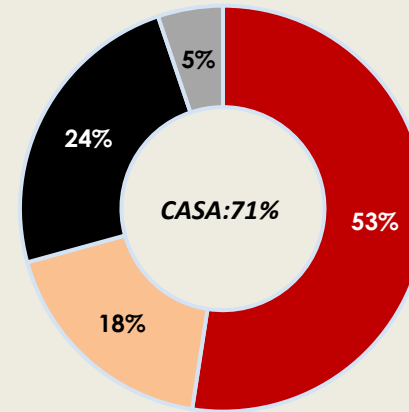
Customer Deposits (N'bn)



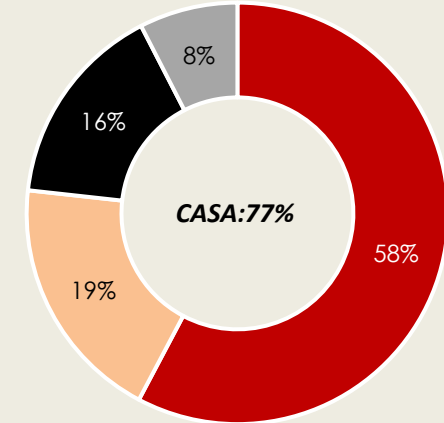
Cost of Funds (%)



FY 2022



Q3 2023



- There has been a 15% growth in customer deposits to reach N1.51 trillion (FY 2022: N1.33 trillion).
- We also maintained a healthy cost of funds at 3.9%, with a liquidity ratio of 32.6% which is above the minimum regulatory requirement.

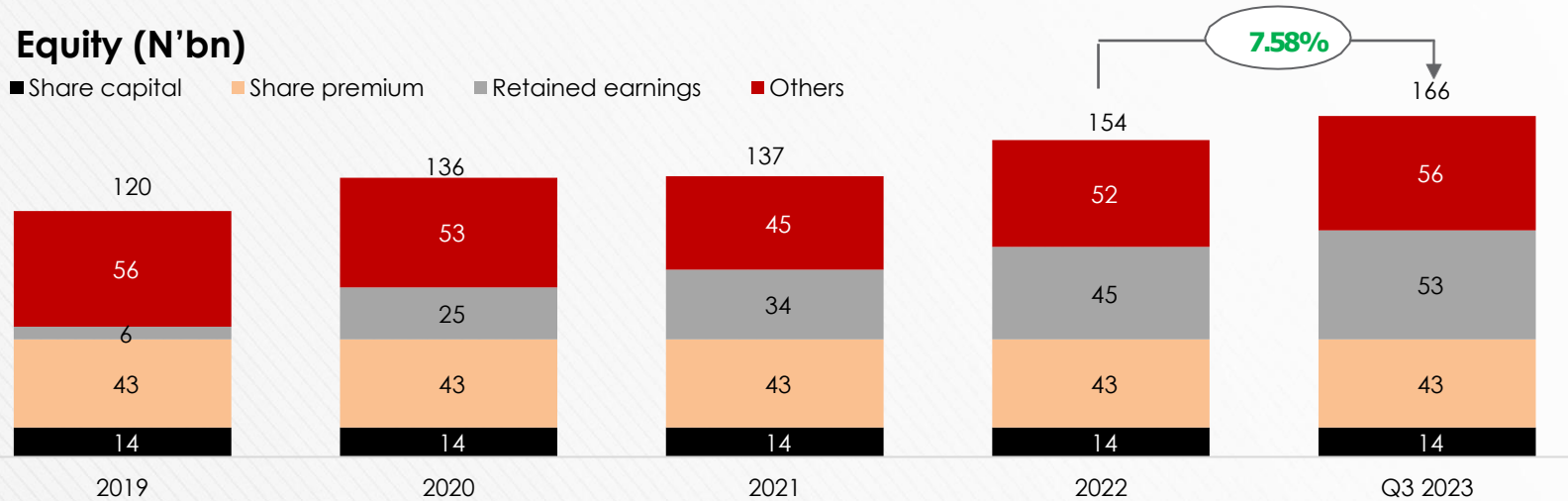
Equity & Capital Adequacy



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

Equity (N'bn)

■ Share capital ■ Share premium ■ Retained earnings ■ Others



| Items (N'm) | Sep. 2023 | Dec. 2022 |
|---------------------------------|------------------|------------------|
| Tier 1 capital* | 141,487 | 128,707 |
| Tier 2 capital** | 18,538 | 19,893 |
| Total regulatory capital | 160,025 | 148,600 |
| Risk-weighted assets | 1,118,760 | 1,012,661 |
| Tier 1 ratio | 12.65% | 12.71% |
| Tier 2 ratio | 1.65% | 1.96% |
| Capital adequacy ratio | 14.30% | 14.67% |

- Shareholders' funds grew by 7.58% to N166 billion (FY 2022: N154bn) due to a rise in retained earnings.
- Our capital adequacy ratio stood at 14.3% as at September 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 Sector Sectors | Sep-23 | | Dec-22 | | Growth |
|---|----------------|---------------|----------------|---------------|--------------|
| | N'm | % of total | N'm | % of total | % |
| Agriculture | 107,203 | 12.7% | 81,264 | 10.7% | 31.9% |
| Communication | 22,126 | 2.6% | 21,580 | 2.8% | 2.5% |
| Consumer | 98,487 | 11.7% | 99,250 | 13.1% | -0.8% |
| Education | 7,443 | 0.9% | 4,840 | 0.6% | 53.8% |
| Finance_and_Insurance | 26,243 | 3.1% | 18,958 | 2.5% | 38.4% |
| Government | 69,414 | 8.2% | 89,760 | 11.8% | -22.7% |
| Manufacturing | 47,729 | 5.7% | 22,641 | 3.0% | 110.8% |
| Mining_and_Quarrying | 78 | 0.0% | 1,001 | 0.1% | -92.2% |
| Mortgage | 2,148 | 0.3% | 2,154 | 0.3% | -0.3% |
| Oil_and_Gas | 249,036 | 29.5% | 164,313 | 21.7% | 51.6% |
| Others | 95,937 | 11.4% | 85,346 | 11.3% | 12.4% |
| Power | 30,847 | 3.7% | 30,801 | 4.1% | 0.2% |
| Real_Estate_and_Construction | 17,888 | 2.1% | 66,676 | 8.8% | -73.2% |
| Transportation | 52,726 | 6.2% | 40,039 | 5.3% | 31.7% |
| Non-interest banking | 16,359 | 1.9% | 29,562 | 3.9% | -44.7% |
| TOTAL | 843,665 | 100.0% | 758,183 | 100.0% | 11.3% |

Loans and Advances by Currency – Q3 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 |
|------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| | Sectors | N'm | % of Total | N'm | |
| Agriculture | 37 | 0.01% | 107,166 | 18.84% | 0.03% |
| Communication | - | 0.00% | 22,126 | 3.89% | 0.00% |
| Consumer | 271 | 0.10% | 98,215 | 17.26% | 0.28% |
| Education | - | 0.00% | 7,443 | 1.31% | 0.00% |
| Finance and Insurance | 3 | 0.00% | 26,240 | 4.61% | 0.01% |
| Government | - | 0.00% | 69,414 | 12.20% | 0.00% |
| Manufacturing | 31,303 | 11.40% | 16,426 | 2.89% | 65.59% |
| Mining and Quarrying | - | 0.00% | 78 | 0.01% | 0.00% |
| Mortgage | - | 0.00% | 2,148 | 0.38% | 0.00% |
| Oil and Gas | 208,425 | 75.87% | 40,611 | 7.14% | 83.69% |
| Others | 2,483 | 0.90% | 93,455 | 16.43% | 2.59% |
| Power | 21 | 0.01% | 30,826 | 5.42% | 0.07% |
| Real_Estate_and_Construction | 5,515 | 2.01% | 12,373 | 2.17% | 30.83% |
| Transportation | 26,638 | 9.70% | 26,089 | 4.59% | 50.52% |
| NIB | 1 | 0.00% | 16,359 | 2.88% | 0.00% |
| TOTAL | 274,697 | 100.00% | 568,968 | 100.00% | 32.56% |

Loans and Advances by Currency – FY 2022



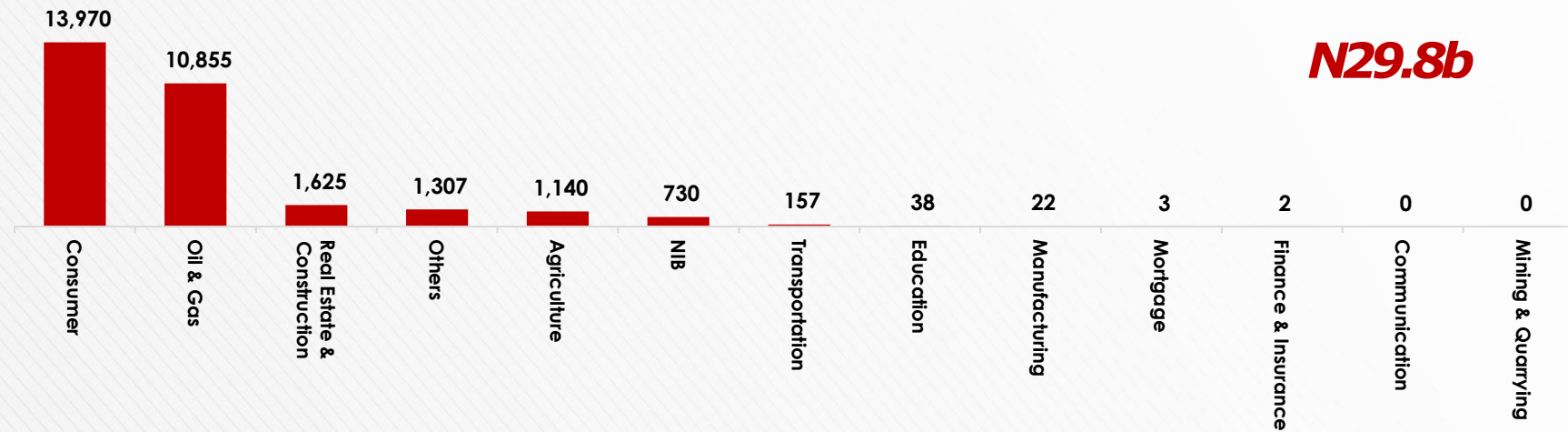
| Gross Loans & Advances by Currency | | FCY | | LCY | |
|------------------------------------|----------------|---------------|----------------|---------------|-----------------|
| Sectors | N'm | % of Total | N'm | % of Total | FCY % of Sector |
| Agriculture | - | 0.0% | 81,264 | 13.7% | 0.0% |
| 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% |
| TOTAL | 164,082 | 100.0% | 594,101 | 100.0% | 21.6% |

Asset Quality – NPL by Sector

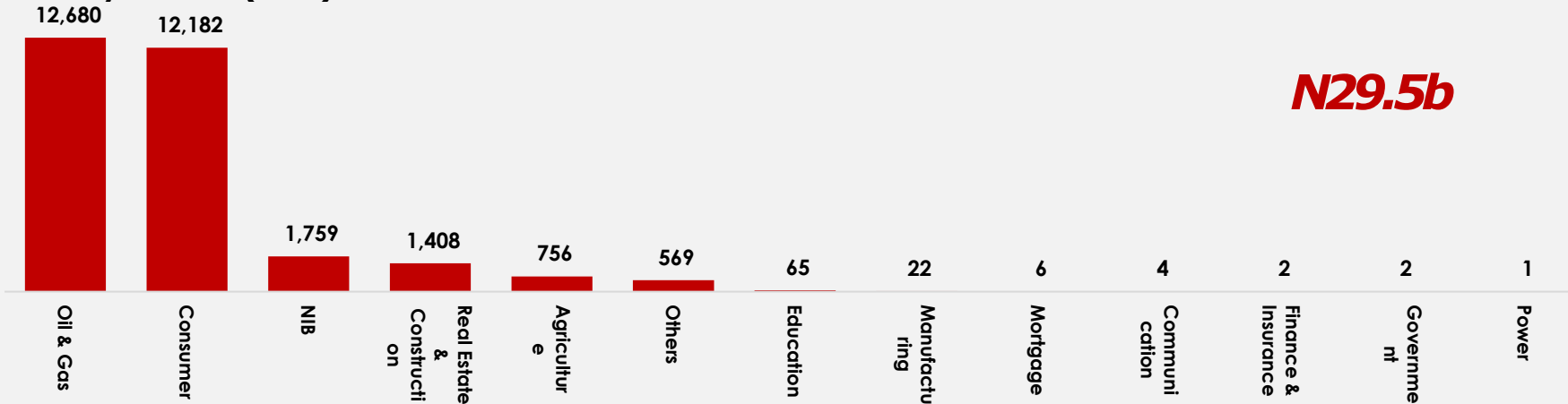


NPL ratio stood at 3.5%, in line with the heightened risk in the macroeconomic environment and our commitment to prudent risk management.

NPL by sector (N'm) - Q3 2023



NPL by Sector (N'm) – FY 2022

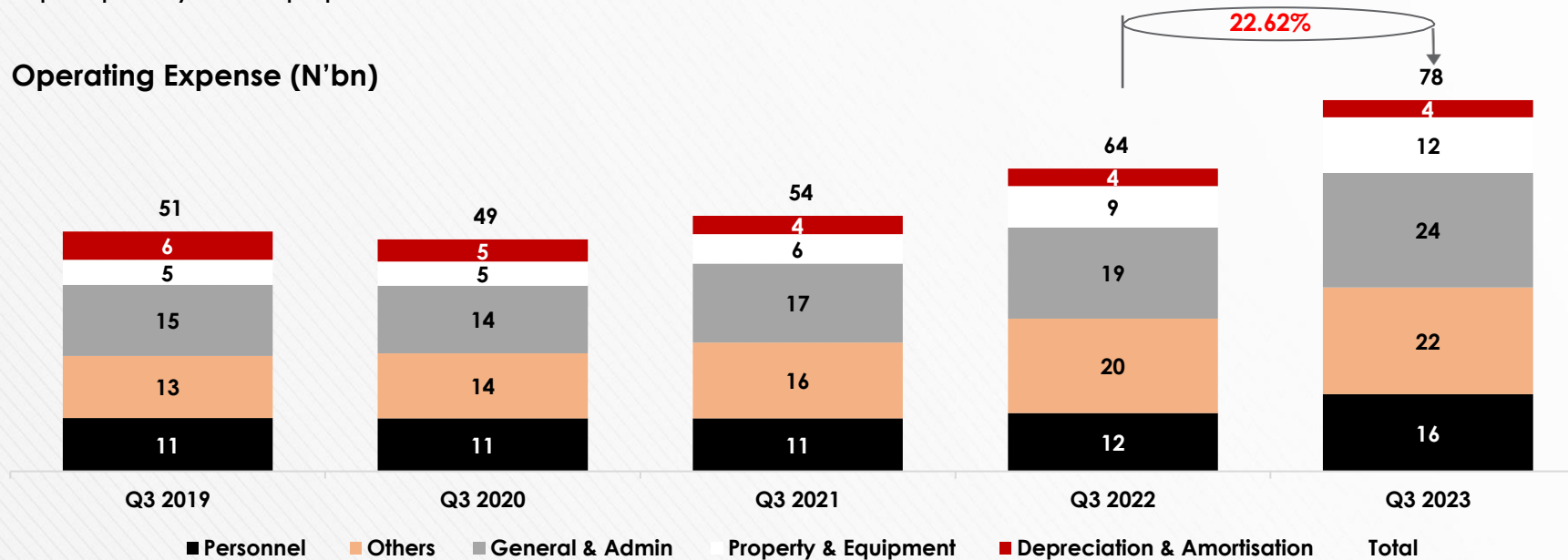


Operating Efficiency

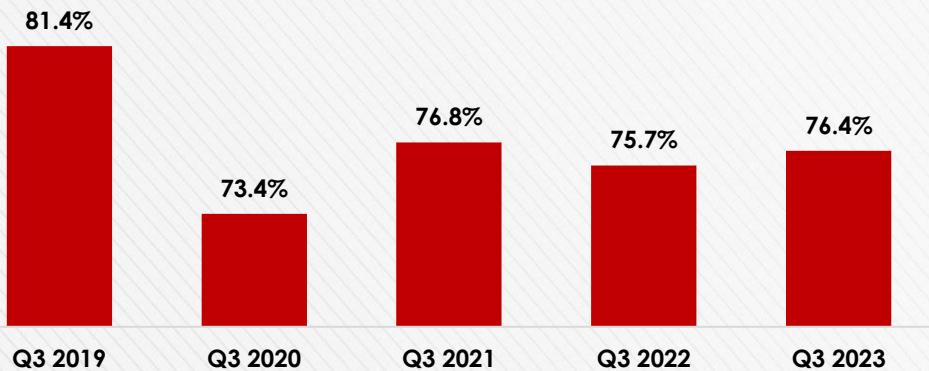


There was an increase in operating expenses, particularly from general and administrative expenses and property & equipment.

Operating Expense (N'bn)



Cost-to-Income



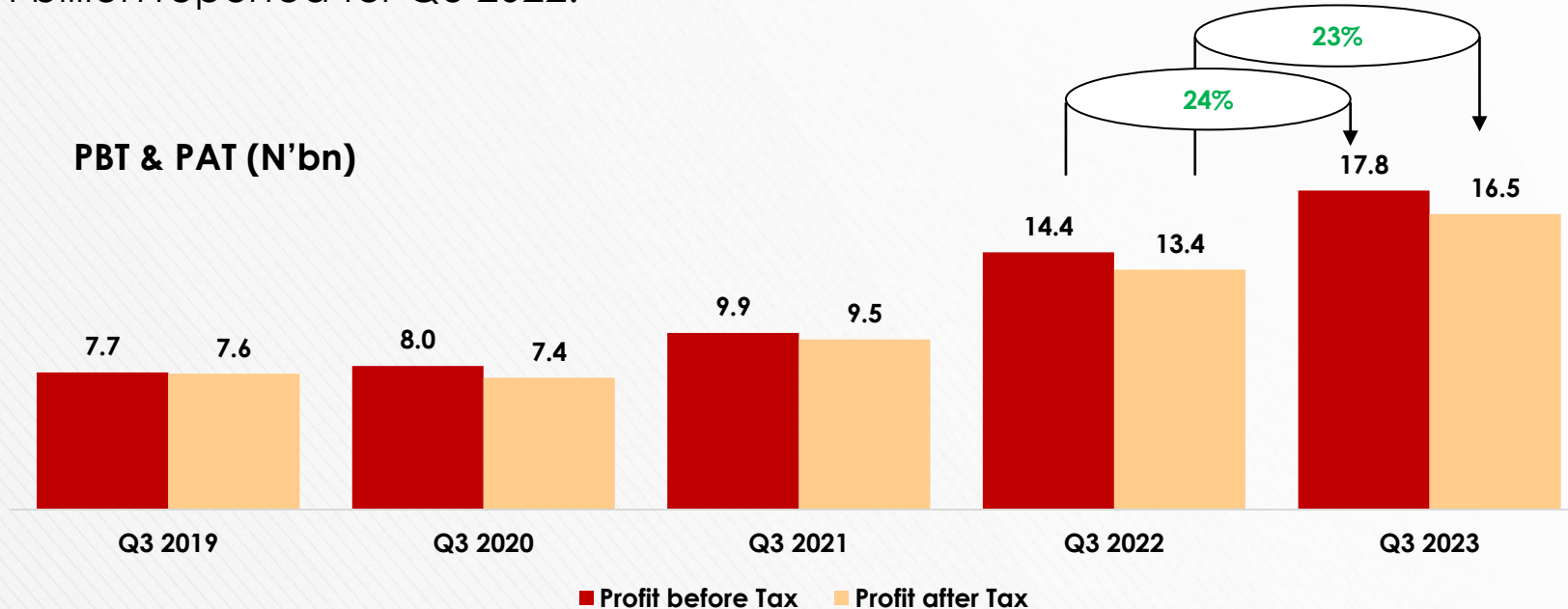
- We recorded a 22.62% increase in operating expenses reaching N78 billion in Q3 2023 (Q3 2022: N64 billion). This was driven primarily by inflation and the depreciation of the currency.
- The cost-to-income ratio (CIR) remained stable at 76.4% for Q3 2023.

Profitability

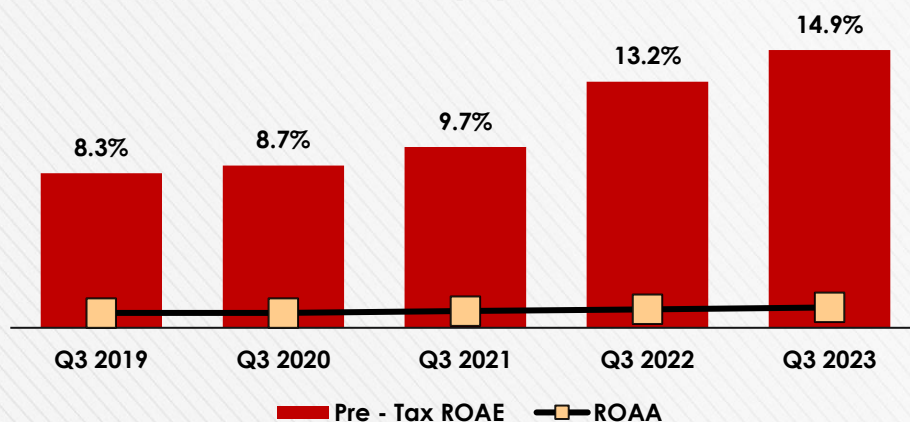


Overall, the Group grew 23% in profit after taxes to reach N16.5 billion in Q3 2023 compared to the profit of N13.4 billion reported for Q3 2022.

PBT & PAT (N'bn)



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N17.8 billion and N16.5 billion, respectively.
- Pre-tax Return on Average Equity (ROAE) and Return on Assets improved to 14.9% and 1.1% respectively for the period.

Key Performance Ratio



| Indicator | Q3 2023 | FY 2022 | Q3 2022 | FY 2021 |
|-----------------------------------|---------|---------|---------|---------|
| Net Interest Margin | 9.06% | 7.9% | 8.0% | 7.1% |
| Cost-to-Income Ratio | 76.4% | 74.5% | 75.7% | 73.9% |
| Earnings per Share | 57K | 67k | 47k | 52k |
| Liquidity Ratio | 32.6% | 37.2% | 31.7% | 37.9% |
| Cost of Risk | 0.9% | 1.0% | 0.9% | 1.0% |
| Cost of Funds | 3.91% | 3.6% | 3.3% | 3.6% |
| Yield on Earning Assets | 12.97% | 11.5% | 11.3% | 10.7% |
| Return on Average Assets | 1.1% | 1.1% | 1.0% | 0.9% |
| Post-Tax Return on Average Equity | 13.8% | 13.3% | 12.3% | 11.3% |
| Pre-Tax Return on Average Equity | 14.9% | 14.3% | 13.2% | 12.1% |
| Loan to Deposit Ratio | 53.2% | 54.1% | 56.2% | 58.5% |
| Non-Performing Loan Ratio | 3.5% | 3.9% | 1.3% | 0.7% |
| Coverage Ratio | 114.2% | 104.0% | 295.7% | 474.2% |
| Capital Adequacy Ratio (Basel 2) | 14.3% | 14.7% | 14.8% | 14.8% |



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by Sterling

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