



# Facts Behind the Figures


PRESENTATION TO THE NIGERIA STOCK EXCHANGE

May 2018





# Outline

- 1 Operating Environment
  - 2 Our Journey
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# Operating Environment

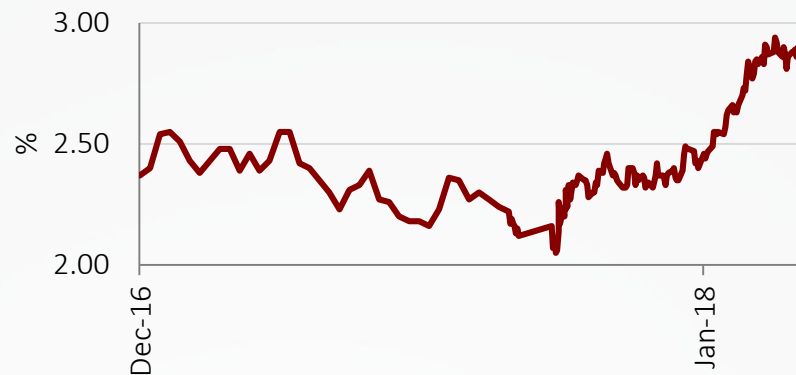


# Global Highlights

*In an environment of higher oil prices and a weaker dollar, rising US interest rates presented a major risk to Nigeria...*

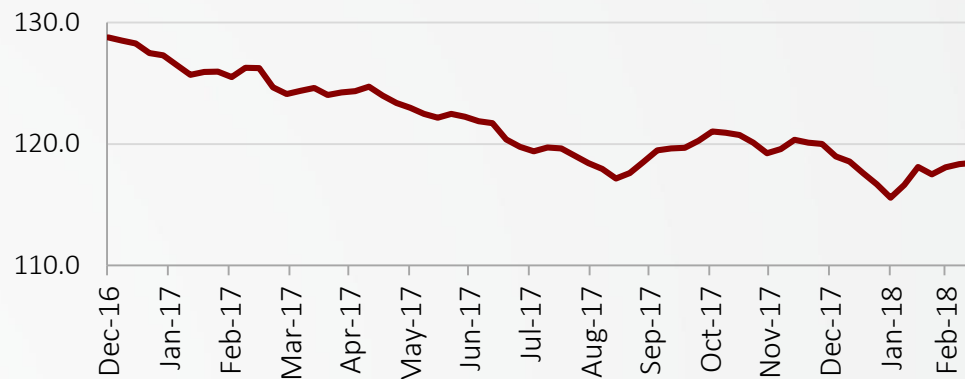
## Rising US interest rates

US 10-YR TREASURY YIELD, 2017



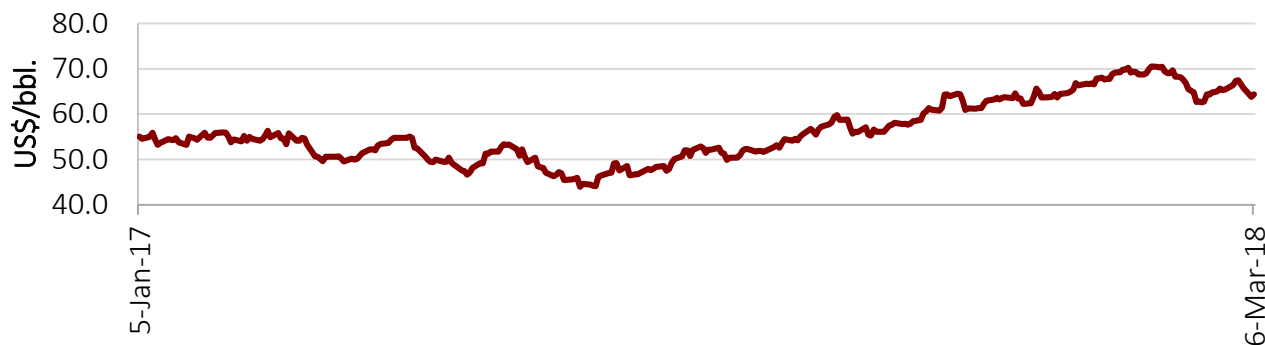
## A Weaker Dollar

US DOLLAR INDEX, 2017 - 2018



## Rising Oil Prices, now at c. \$65/bbl.

BRENT CRUDE

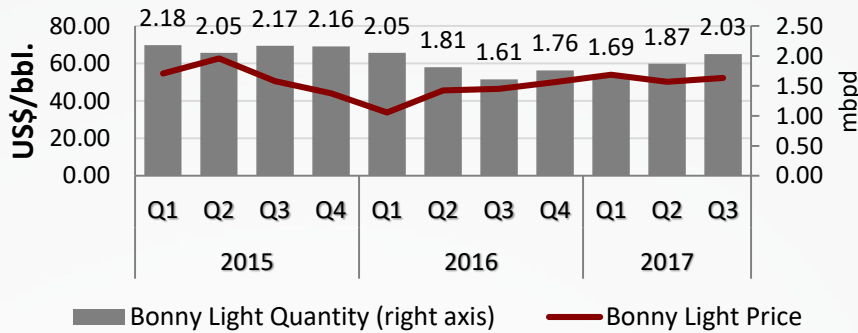


# Domestic Highlights

However, improved oil prices have enhanced Nigeria's external position...

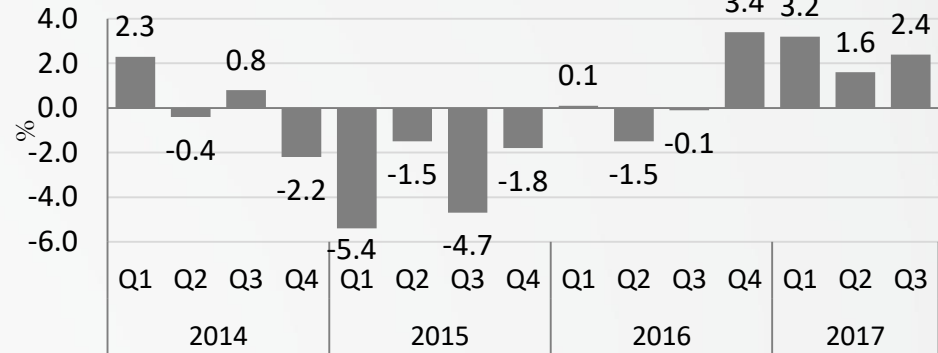
## Oil prices rise and production recovers

OIL PRICE & QUANTITY



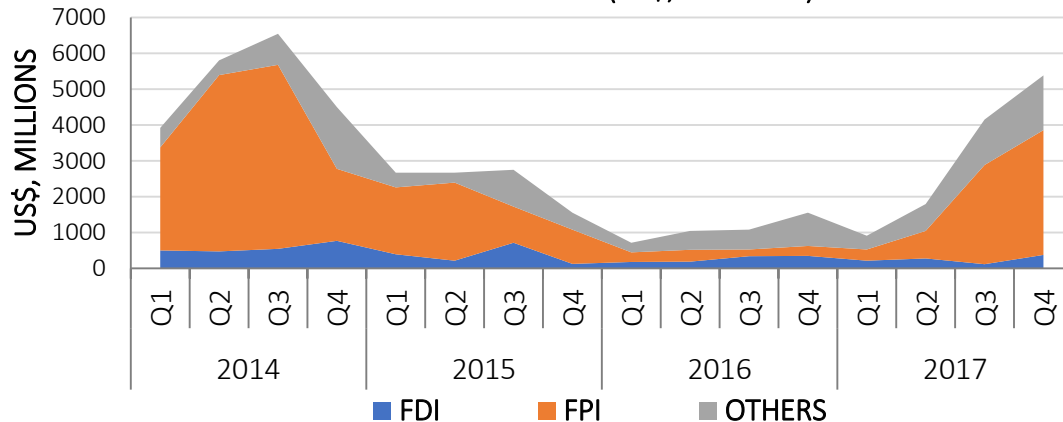
## Leading to Improved External Balances

CURRENT ACCOUNT BALANCE, % OF GDP



## Capital Flows recovered, but is susceptible to rising US interest rates and election-related uncertainty

CAPITAL IMPORTATION (US\$, MILLIONS)



# Domestic Highlights

*In summary...*

- Nigeria exited recession in the second quarter of 2017 as it continued on a slow path to recovery closing the year at 0.83% GDP growth rate;
- Headline inflation rate trended downward throughout 2017 from 18.55% in December 2016 to 15.37% as at December 2017;
- Brent crude oil closed the year at \$64pb because of the conformity of OPEC and key non-OPEC countries to the deal on production cut, strong global economic growth and supply disruptions in some oil producing countries;
- External reserves maintained a steady growth from US\$25.8bn in December 2016 to US\$38.9bn at the end of 2017 (the highest since September 2014).
- CBN introduced new FX policies, including the introduction of an Investor & Exporter FX window, to boost liquidity and instill confidence in the FX market; leading to relative stability in exchange rate
- The Monetary Policy Rate (MPR) was held constant all through the year at 14%, CRR at 22.5% and liquidity ratio at 30% in response to inflationary pressures





# Our Journey





# Our Journey

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## 1960

Commenced operations as Nigeria Acceptances Limited (NAL) Bank – the pioneer merchant bank in Nigeria

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## 2011

Sold non-core businesses following the repeal of the Universal Banking Act by the CBN

Acquired Equitorial Trust Bank (ETB)

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## 2015

Organizational restructuring along business lines



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## 2006

Merged with Indo-Nigeria Merchant Bank (INMB), Magnum Trust Bank, NBM, and Trust Bank of Africa to form Sterling Bank Plc

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## 2013

Raised N12.1 billion through a rights issue

Obtained non-interest banking license

Launched agent banking

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## 2016

Deployed new CORE Banking application – Temenos T24

Established Bond & Commercial Paper (CP) issuance programmes

Launched the Sterling Environmental Makeover (STEM) campaigns

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## 2008

Raised \$95 million from Citibank.

Launched our “One Customer” proposition

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## 2014

Raised US\$120m (N19.1bn) through Private Placement

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## 2017

Completed the implementation work to achieve Basel 2 compliance

Introduced **HEART** initiative to further drive sustainable banking

Launched the **AGILE** way of working to improve efficiency and speed to market



# Our Journey

Total assets (N'b)

**N1,072.2**

**10X**

2017	1,072.2
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2006	111.7
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Gross earnings (N'b)

**N133.4**

**10X**

2017	133.4
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2006	12.8
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Equity (N'b)

**N102.9**

**4X**

2017	102.9
------	-------

2006	26.1
------	------

Deposit (N'b)

**N684.8**

**10X**

2017	684.8
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2006	68.9
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Loans & Advances (N'b)

**N598.0**

**15X**

2017	598.0
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2006	38.5
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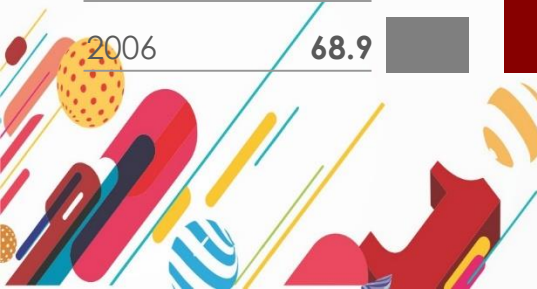
Active Customers

**>3,000,000**

**10X**

2017	>3,000,000
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2006	300,000
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# About Sterling Bank

## The Company

Sterling Bank is a full service national commercial Bank with balance sheet size in excess of N1 trillion

### Focus Sectors



Health, Education, Agriculture, Renewable Energy, Transportation

### Active Customers



>3,000,000

### Channels



179 business offices  
835 ATMs and 5680 POS Terminals

### Headcount



>2,260 Professional Employees

### Auditors



**EY**

Building a better working world

Ernst & Young



### Listing



Nigerian Stock Exchange

### Accounting

**IFRS**

International Financial Reporting Standards (IFRS)



# Performance Highlights



# Financial ratios

	2017	Q1 2018	
Post-Tax ROAE	9.0%	12.8%	↑
ROAA	0.9%	1.2%	↑
Liquidity Ratio	33.2%	39.2%	↑
Net Interest Margin	6.9%	6.2%	↓
Cost to Income	72.1%	78.2%	↓
NPL Ratio	6.2%	6.0%	↑
Capital Adequacy	12.2%	11.5%	↓
Cost of Risk	2.2%	0.8%	↑



# Balance Sheet Highlights

Millions (N)	Growth (%)	Q1 2018	Growth (%)	FY 2017	FY 2016
Total Assets	-2.1% ↓	1,049,176	28.5% ↑	1,072,185	834,192
Loans & Advances	2.0% ↑	609,785	27.7% ↑	598,073	468,250
Investment Securities	34.7% ↑	149,497	17.3% ↑	110,988	94,633
Deposits	4.9% ↑	718,496	17.1% ↑	684,834	584,734
Long Term Borrowing	-38.2% ↓	131,588	158.1% ↑	212,847	82,451
Debt Securities Issue	256.7% ↑	46,609	-15.1% ↓	13,067	15,382
Equity	-8.7% ↓	93,973	20.2% ↑	102,939	85,661

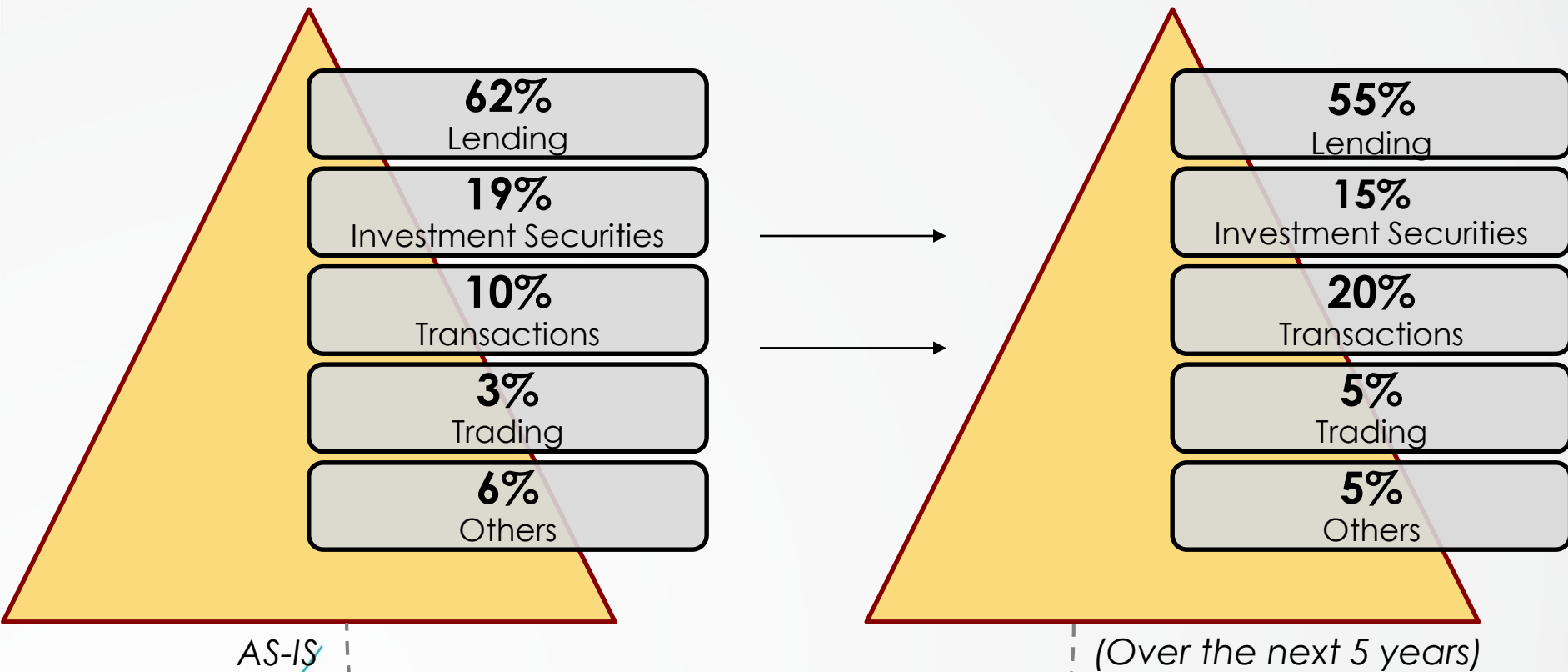


# Income Statement Highlights

Millions (N)	Growth (%)	Q1 2018	Q1 2017	Growth (%)	FY 2017	FY 2016
Gross Earnings	39.3% ↑	39,766	28,554	19.8% ↑	133,490	111,441
Net Interest Income	-8.3% ↓	12,389	13,508	-10.4% ↓	50,180	55,991
Non Interest Income	146.3% ↑	7,962	3,232	87.8% ↑	23,172	12,337
Net Operating Income	34.2% ↑	19,097	14,230	7.9% ↑	61,085	56,614
Operating Expenses	30.5% ↑	(15,922)	(12,199)	4.6% ↑	52,929	50,614
PBT	56.3% ↑	3,175	2,031	43.4% ↑	8,606	6,000
PAT	65.2% ↑	3,100	1,876	65.0% ↑	8,521	5,163



# Revenue Drivers

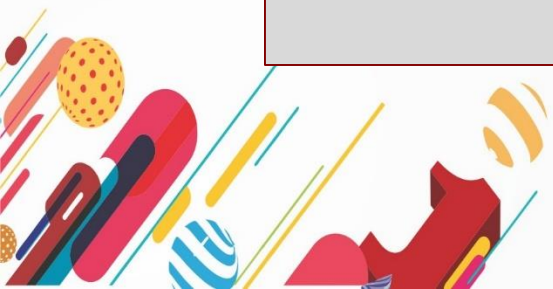
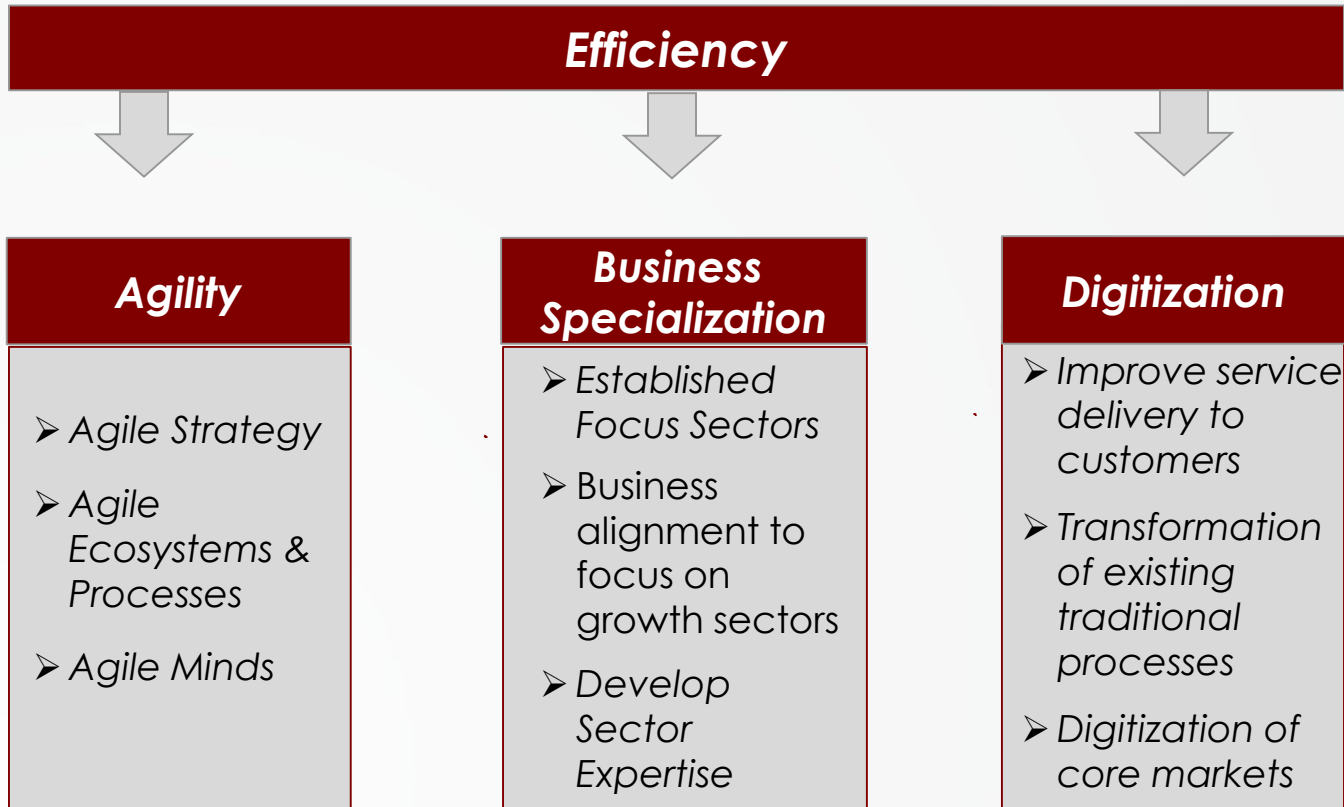


**Gross Earnings Composition**



# Operating Model

We will continue to execute our plans by driving efficiency across the business under the following three pillars:



# Agility

Under our agile framework, we will continue to deploy autonomous, cross functional, self-directing teams to develop customer centric solutions...



# Business Specialization

We have committed to make significant investments to develop our human capital around critical sectors to enable us provide the best support to our customers' businesses. We will build expertise in these sectors at the “**HEART**” of Sterling Bank in the belief that this will positively impact our society.



**Health**



**Agriculture**



**Education**



**Renewable Energy**



**Transportation**

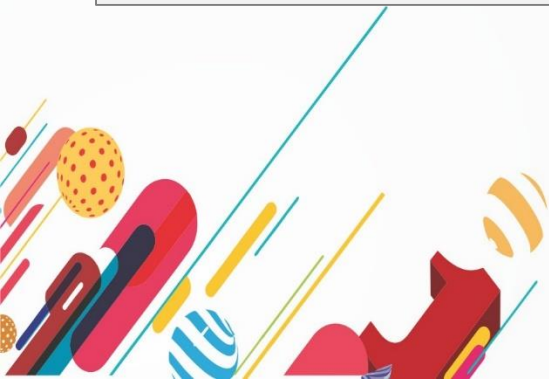


# Milestones/Accomplishments



# Key takeaways

- ✓ *For the first time, total assets exceeded N1.1 trillion representing a significant market share gain;*
- ✓ We diversified our funding base into long term sources;
- ✓ We recorded a significant improvement in asset quality resulting in a 390 basis points reduction in NPL ratio to 6.0% in Q1 2018;
- ✓ We sustained our earnings growth momentum with a double digit growth in line with our medium term goals;
- ✓ We have redefined our operating model to drive efficiency through **digitization, business specialization** and an **agile work style**;
- ✓ We deployed a first-class business process management tool to optimize operating efficiency, while providing our customers with 'best in class' service.



# 2018 Guidance

## Guidance

Deposit growth: >**15%**

Net loans growth: <**10%**

Pre-tax Return on average Equity (ROAE): >**15%**

Cost-to-income: <**75%**

NPL ratio: < **5%**

Cost of funds: <**5%**



# Contacts

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# Questions or Comments?





Thank you

