

Q1 2020 Earnings Release

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2020.



Lagos, March 31, 2020 – Sterling Bank Plc

(NSE: STERLNBANK / Reuters: STERLNB.LG / Bloomberg: STERLNB:A:NL) – the ‘Bank’ – a full service national commercial bank releases its unaudited results for the quarter ended March 31, 2020.

Chief Executive's Remarks

“It has been a remarkable quarter, defined by the global pandemic and our commitment to protecting our people and our customers. We encouraged innovation to increase COVID-19 testing capacity, promoted social distancing and supported healthcare workers on the frontline. To accomplish this, we backed LifeBank’s mobile drive-through mass testing centre in partnership with Nigeria Institute of Medical Research, funded free online medical consultations for our employees and customers through Tremendoc and seeded the N1bn Healthcare Workers Fund (www.giving.ng) through our foundation.

In light of the current economic challenges, we remain resolute in our strategic decision to focus on the high growth (HEART) sectors of the economy, leveraging critical partnerships and our digital capabilities to meet our customers’ needs whilst ensuring the long-term growth of our business.”

Abubakar Suleiman

REFLECTING ON OUR PERFORMANCE

Financial performance highlights

- Growth in balance sheet driven by increase in cash balances with the CBN on account of a hike in CRR
- Despite this, we achieved a 7.5% growth in low cost funds which saw our CASA mix improve to 64% from 60%, delivering a 0.7% growth in customer deposits
- Contracted gross earnings primarily due to a 16.2% dip in fees and commission driven by downward review of electronic banking fees by the CBN, despite a 126.2% growth in trading income
- Interest income also declined by 7.8%, however offset by a 18.4% decline in interest expense. This delivered a 150 bps drop in cost of funds and, consequently, a 10 bps reduction in net interest margin
- In terms of asset quality, NPL ratio declined by 20 bps to 2.0% on the back of improved performance in some previously classified loans
- Growth in OPEX up 8.3% driven by growth in depreciation and amortization costs and other operating expenses including AMCON and Insurance fees
- Maintained a strong capital and liquidity position recording 14.3% and 32.1% respectively above regulatory benchmark
- Overall the Bank delivered a profit after tax of N2.07 billion in the first quarter of the year

FINANCIAL HIGHLIGHTS*

Loans & Adv. (N'b)

↑ 1.4%



Q1 2020 627.1
FY 2019 618.7

Customer Deps. (N'b)

↑ 0.7%



Q1 2020 898.6
FY 2019 892.7

CASA (N'b)

↑ 7.5%



Q1 2020 578.2
FY 2019 538.1

Total Assets (N'b)

↑ 4.1%



Q1 2020 1231.3
FY 2019 1182.7

Gross Earnings (N'b)

↓ 6.7%



Q1 2020 32.9
Q1 2019 35.3

Net Int. Income (N'b)

↑ 3.5%



Q1 2020 15.4
Q1 2019 14.9

Fees & Comms (N'b)

↓ 16.2%



Q1 2020 2.9
Q1 2019 3.5

Trading Income (N'b)

↑ 126.2%



Q1 2020 1.0
Q1 2019 0.4

Operating Exp (N'b)

↑ 8.3%



Q1 2020 16.6
Q1 2019 15.3

Profit After Tax (N'b)

↓ 36.3%



Q1 2020 2.1
Q1 2019 3.2

Ratios	Q1 2020	Q1 2019
Net Interest Margin	7.7%	7.8%
Cost-to-Income Ratio	82.9%	78.8%
Earnings per Share	7k	11k
Liquidity Ratio	32.1%	37.9%
Cost of Risk	0.8%	0.5%
Cost of Funds	5.1%	6.6%
Yield on Earning Assets	12.9%	14.4%
Return on Average Assets	0.7%	1.2%
Post-Tax Return on Average Equity	7.1%	12.8%
Pre-Tax Return on Average Equity	7.7%	12.9%
	Mar. 2020	Dec. 2019
Loan to Deposit Ratio	69.8%	69.3%
Non-Performing Loan Ratio	2.0%	2.2%
Coverage Ratio*	268.7%	76.0%
Capital Adequacy Ratio (Basel 2)**	14.3%	14.7%

Notes: *All figures based on group audited financial statements, including reclassifications made to the audited financials as at December 2019

Sterling Bank Plc.

Sterling Towers 20, Marina Lagos, Nigeria

SB: +234 1 2600420-9 | 2600850-9

E: customercare@sterling.ng

www.sterling.ng



About Sterling Bank

Sterling Bank Plc is a leading national commercial banking establishment in Nigeria. It commenced operations as NAL Bank in 1960. Today, with over N1 trillion in total assets, 180 business offices and over 800 ATMs nationwide, Sterling Bank has grown into a major financial institution. The Bank prides itself as 'Your one-customer bank' that celebrates each customer as a unique individual. For further information, please visit <http://www.sterling.ng>

Forward-Looking Statements

This release may contain forward-looking statements, which reflect Sterling Bank's current views with respect to, amongst other things, the Bank's operations and financial performance. These forward-looking statements may be identified by the use of words such as "outlook", "believes", "expects", "potential", "continues", "may", "will", "should", "seeks", "approximately", "predicts", "intends", "plans", "estimates", "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Sterling Bank believes these factors include but are not limited to those described in its audited Annual Report for the financial year ended December 31, 2018. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release. Sterling Bank undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

CONTACTS

Investor Relations

Yusuf Agbolahan

☎ +234 811 454 7436

✉ yusuf.agbolahan@sterling.ng

Adetunji Onamusi

☎ +234 810 498 2986

✉ adetunji.onamusi@sterling.ng

✉ investor.relations@sterling.ng

🌐 <https://www.sterling.ng/ir-home.php>

Communications

Ibidapo Martins

☎ +234 802 666 4566

✉ ibidapo.martins@sterling.ng