



Investors & Analysts Presentation

Q1 2020

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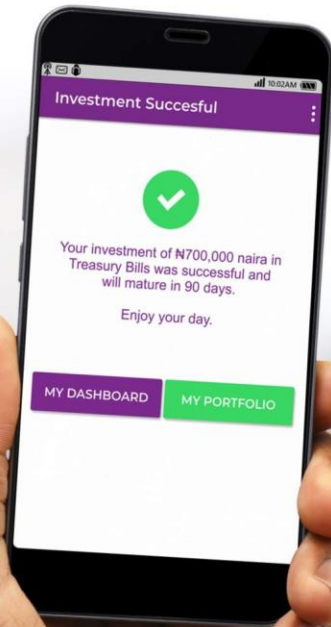
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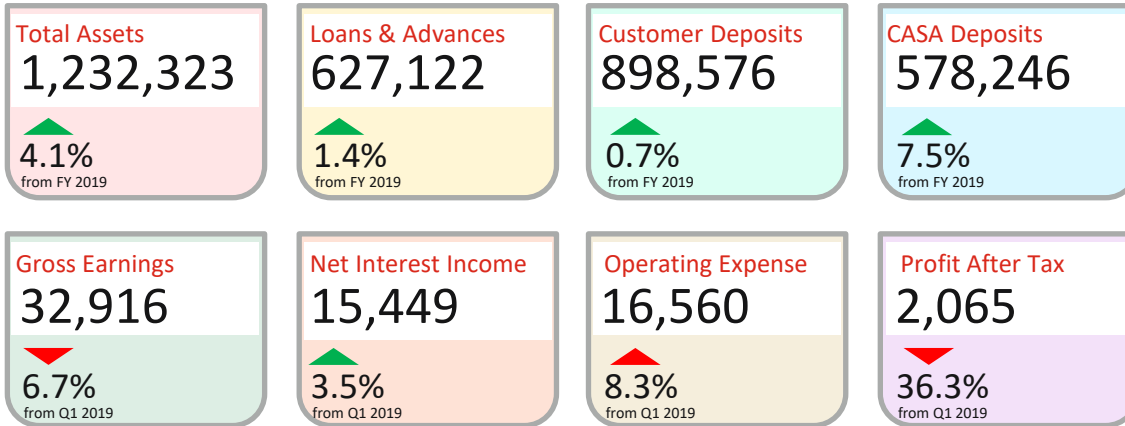
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Financial & Non-Financial Highlights

Our performance in the first quarter highlights the strengthening of our financial position on the assets and liabilities sides

Financials (N' millions)



Ratings

MOODY'S	FitchRatings
B2	B-
GCR GLOBAL CREDIT RATING CO	DataPro <small>DATA SERVICES COMPANY</small>
BBB	BBB+

Key Ratios

NPL 2.0% 	Cost of Risk 0.8%
LDR 69.8% 	Coverage Ratio 268.7%
Liquidity 32.1% 	CAR 14.3%
Cost of Funds 5.1% 	

Channels

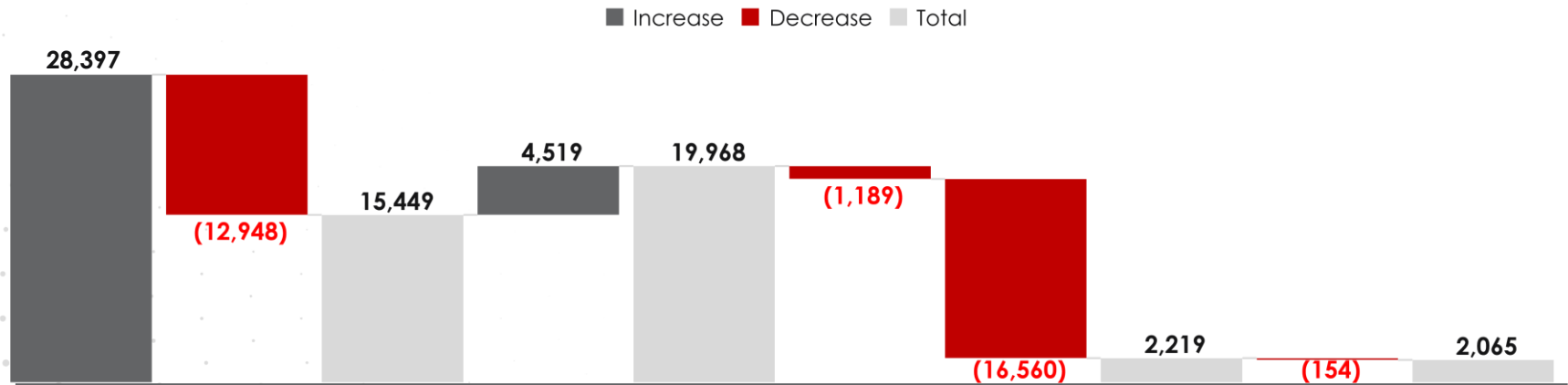
POS	ATM	USSD Users	Branches	Customers	Professional Staff
10,667	858	>1.1M	161	>3M	2,401



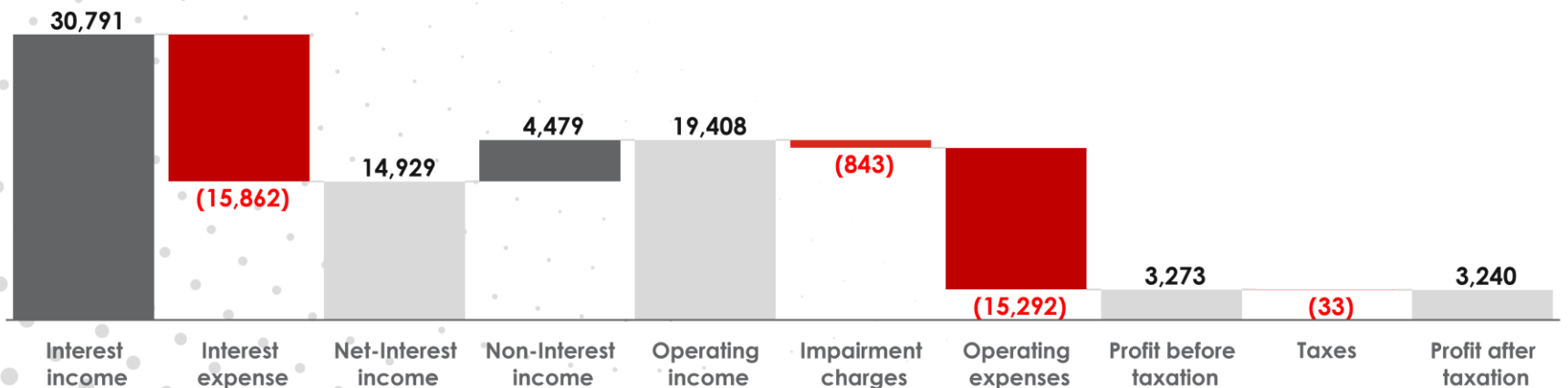
Performance snapshot (1/2)

We recorded a 6.7% and 36.3% decline in our top-line and bottom-line earnings due to a decline in interest income and growth in OpEx, in spite of an 18.4% drop in interest expense

Q1 2020 N'million



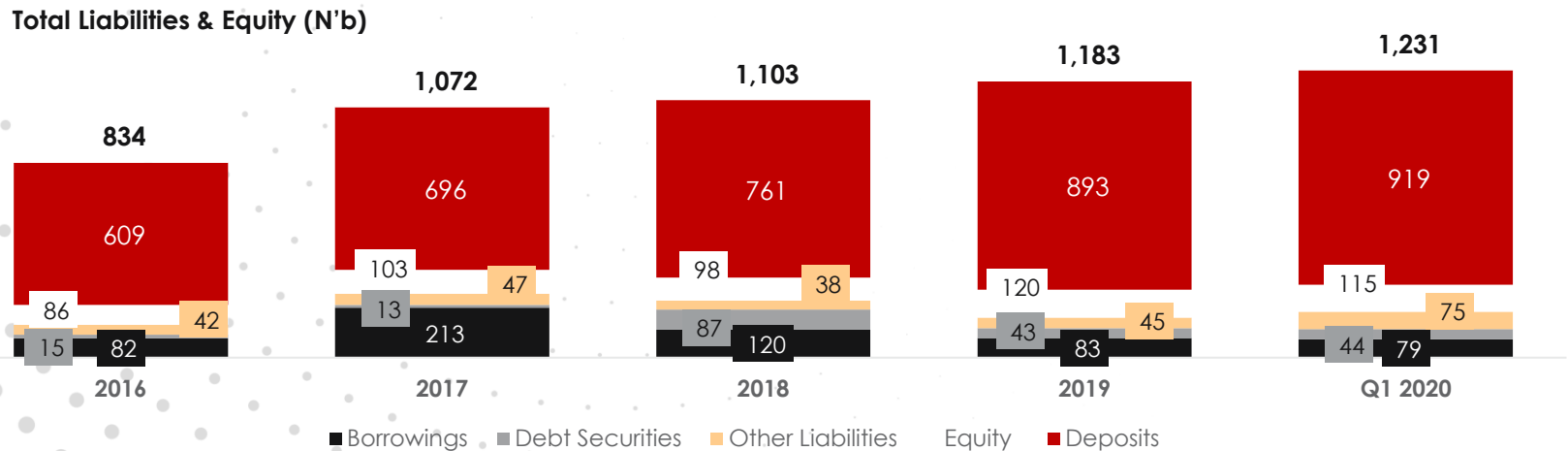
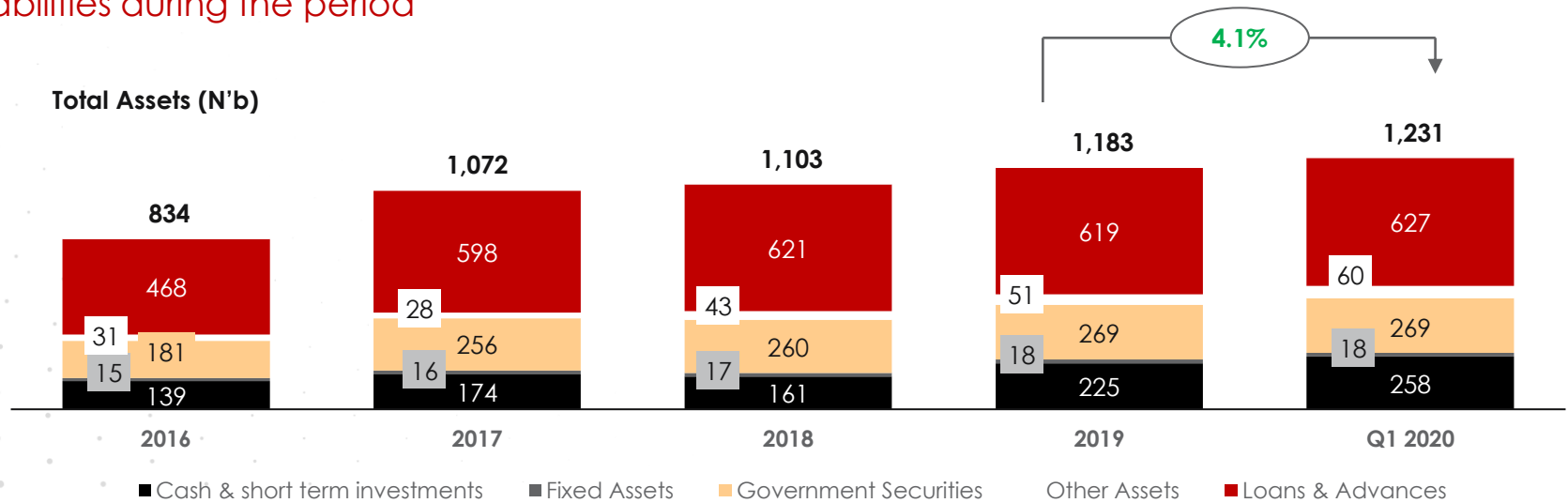
Q1 2019 N'million





Performance Snapshot (2/2)

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





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(Q1 2020)

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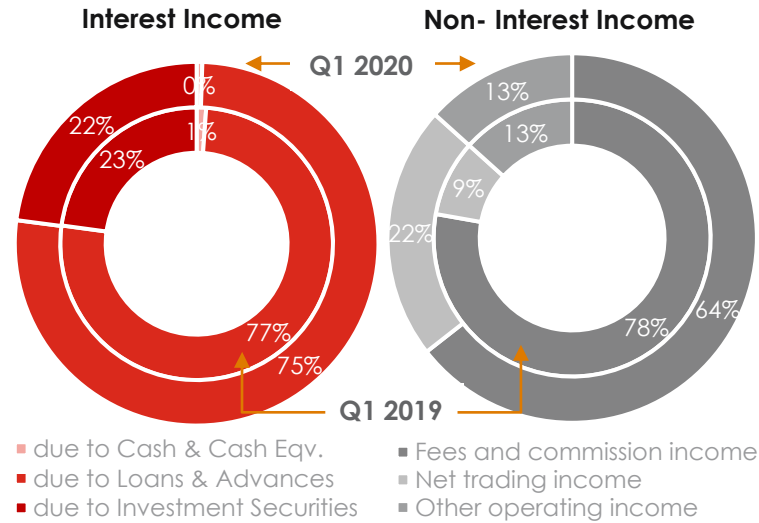
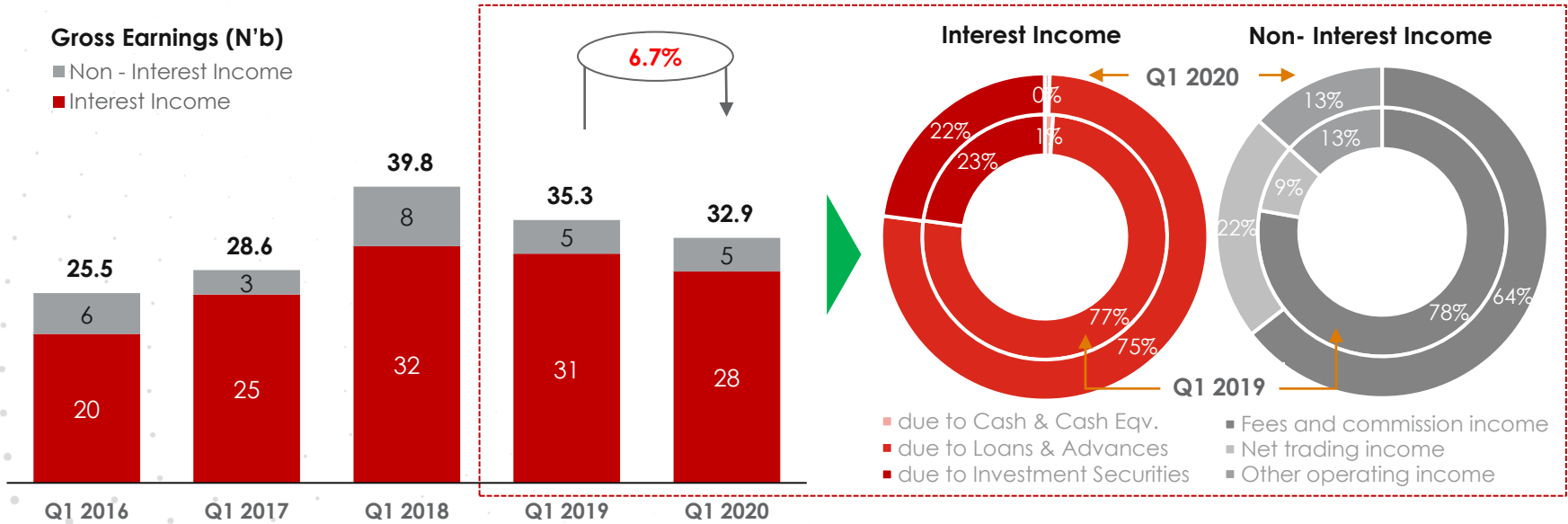


Revenue Evolution

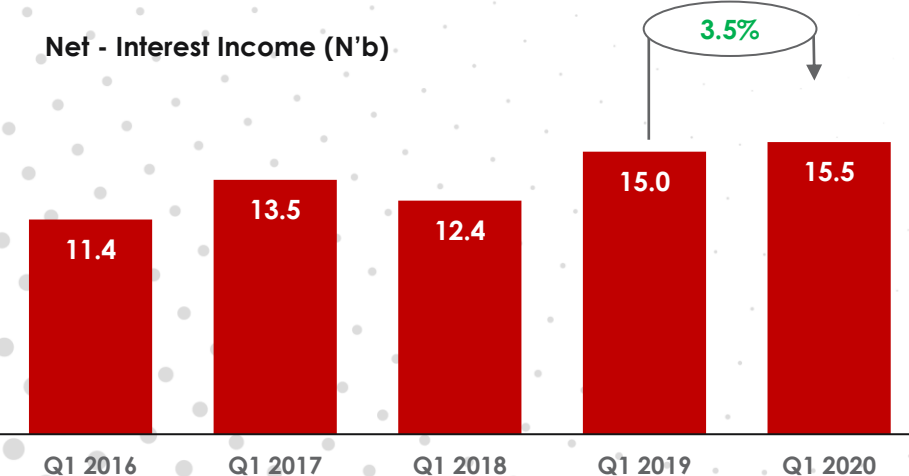
We sustained growth in net-interest income despite a decline in interest income, driven by lower funding costs as we continue to ramp up our retail deposits

Gross Earnings (N'b)

■ Non - Interest Income
■ Interest Income



Net - Interest Income (N'b)

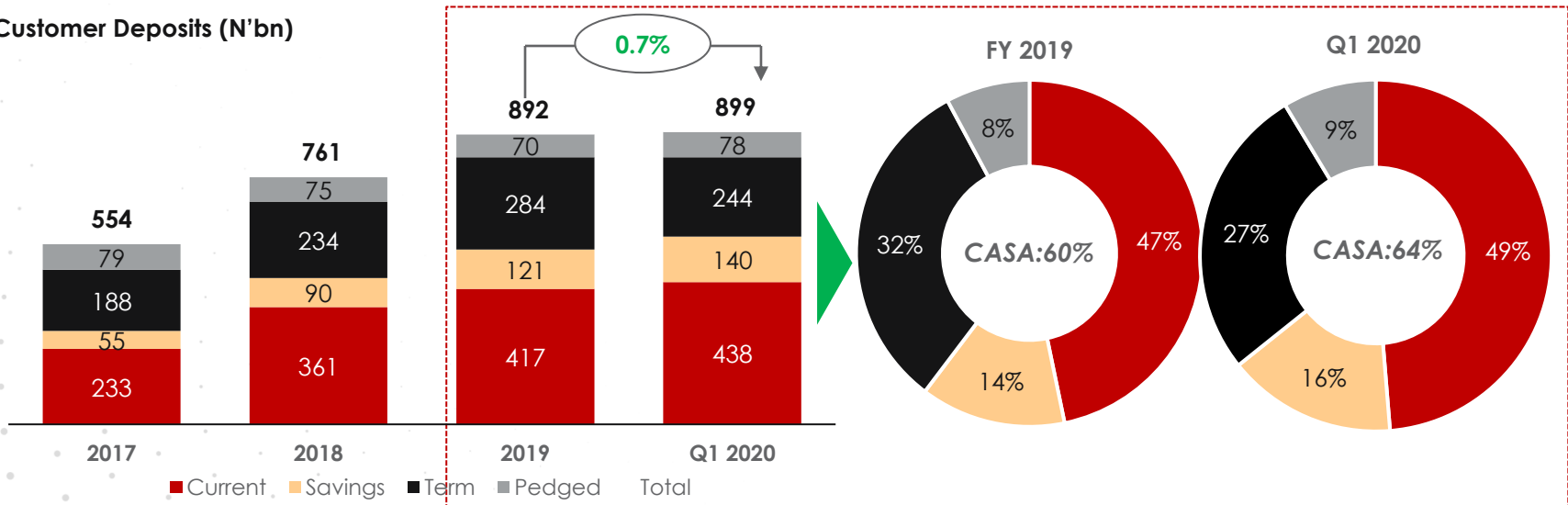


- Revenue drop driven by a 7.8% decline in interest income, while non-interest income grew marginally by 0.9%;
- Growth in non-interest income hindered by a decline in Fees & Commission income following the downward review of electronic banking fees by the CBN however offset by a 126.2% growth in net trading income;
- Consequently we recorded a 2.9% growth in operating income.

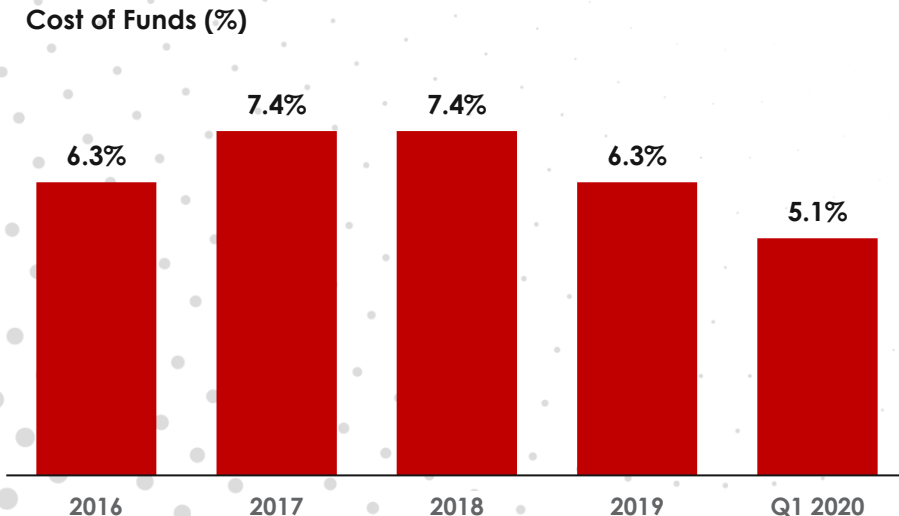
Funding & Liquidity (1/2)

Increased traction in the mobilization and retention of low-cost deposits contributed to a 18.4% decline in interest expense, as we continue to drive funding costs down

Customer Deposits (N'bn)



Cost of Funds (%)

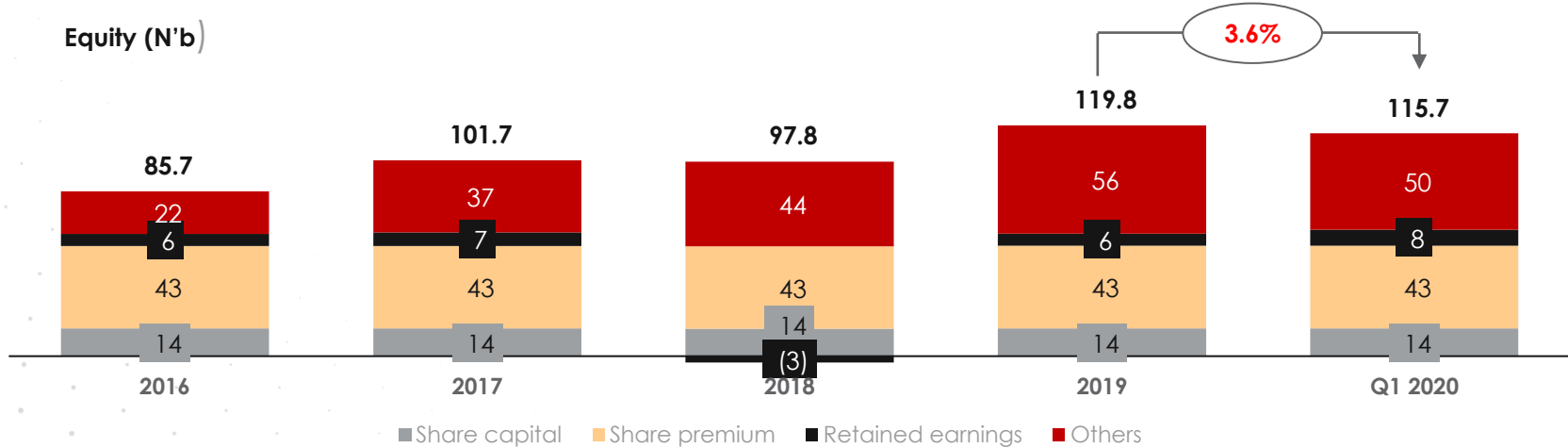


- We continued to improve the quality of our funding base, with current and savings (CASA) deposits growing by 7.5% contributing to the growth in customer deposits to reach N898.6bn while we recorded an improved CASA mix of 64% during the quarter;
- Consequently, cost of funds declined further by 150 bps to 5.1% as net interest margin improved to 7.7% (7.8% FY 2019);
- The bank continued to maintain a healthy liquidity position at 32.1% above minimum regulatory requirement



Funding & Liquidity (2/2)

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



Items (N'mn)	Mar. 2020	Dec. 2019	% Growth
Tier 1 capital*	82,829	82,494	0.41%
Tier 2 capital**	23,612	27,498	(14.13%)
Total regulatory capital	106,440	109,992	(3.23%)
Risk-weighted assets	743,063	748,119	(0.68%)
Tier 1 ratio	11.15%	11.03%	0.12%
Tier 2 ratio	3.18%	3.68%	(0.50%)
Capital adequacy ratio	14.32%	14.70%	(0.38%)

- Shareholders funds declined by 3.6% to N115.6 billion (FY 2019: N119.6 billion) driven by decline in Comprehensive Income as a result of losses from debt and equity instruments;
- Overall, the Bank's capital adequacy ratio stood at 14.32% as at March 2020.

Notes: *Tier 1 capital includes ordinary share capital, share premium, retained earnings, intangible assets, 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 liabilities, allowances 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

Consumer loans portfolio moderated downwards during the quarter. As the impact of the Covid-19 pandemic increases the risk profile, we maintained cautionary lending to this segment

Gross Loans & Advances by Sector	Mar-2020		Dec-2019		Growth
	Sectors	N'm	% of Total	N'm	
Agriculture	49,388	7.7%	50,477	8.0%	(2.2%)
Communication	15,427	2.4%	15,505	2.5%	(0.5%)
Consumer	40,572	6.3%	45,932	7.3%	(11.7%)
Education	680	0.1%	783	0.1%	(13.2%)
Finance and insurance	28,020	4.4%	28,922	4.6%	(3.1%)
Government	69,224	10.8%	68,078	10.8%	1.7%
Manufacturing	5,180	0.8%	5,754	0.9%	(10.0%)
Mortgage	3,382	0.5%	4,407	0.7%	(23.3%)
Oil & Gas – downstream	57,006	8.9%	58,998	9.3%	(3.4%)
Oil & Gas – upstream	82,244	12.8%	80,081	12.7%	2.7%
Oil & Gas – Services	90,880	14.2%	76,336	12.1%	19.1%
Others	39,605	6.2%	42,349	6.7%	(6.5%)
Power	24,519	3.8%	23,875	3.8%	2.7%
Real Estate & Construction	67,206	10.5%	70,383	11.1%	(4.5%)
Transportation	39,211	6.1%	37,777	6.0%	3.8%
Non-interest banking	28,027	4.4%	25,038	4.0%	11.9%
TOTAL	640,672	100.0%	631,698	100.0%	1.4%



Loans and Advances by Currency – Q1 2020

While we continue to effectively manage our FCY loan book, contracting by 20% year-on-year to N154.3 billion from N191.8 billion in the same period in the preceding year

Gross Loans & Advances by Currency					
Sectors	FCY		LCY		
	N'm	% of Total	N'm	Total	FCY % of Total
Agriculture	-	-	49,388	49,388	-
Communication	-	-	15,427	15,427	-
Consumer	88	0.1%	40,484	40,572	0.2%
Education	-	-	680	680	-
Finance and insurance	-	-	28,020	28,020	-
Government	-	-	69,224	69,224	-
Manufacturing	-	-	5,180	5,180	-
Mortgage	-	-	3,482	3,482	-
Oil & Gas – downstream	652	0.4%	56,354	57,006	1.1%
Oil & Gas – upstream	68,128	44.2%	14,116	82,244	82.8%
Oil & Gas – Services	38,322	24.8%	52,557	90,880	42.2%
Others	1	0.0%	39,604	39,605	0.0%
Power	-	-	24,519	24,519	-
Real estate & construction	13,403	8.7%	53,803	67,206	19.9%
Transportation	23,316	15.2%	15,895	39,211	59.5%
Non-interest banking	10,376	6.7%	17,652	28,027	37.0%
TOTAL	154,287	100.0%	486,386	640,672	24.1%



Loans and Advances by Currency – Q1 2019

While we continue to effectively manage our FCY loan book, contracting by 20% year-on-year to N154.3 billion from N191.8 billion in the same period in the preceding year

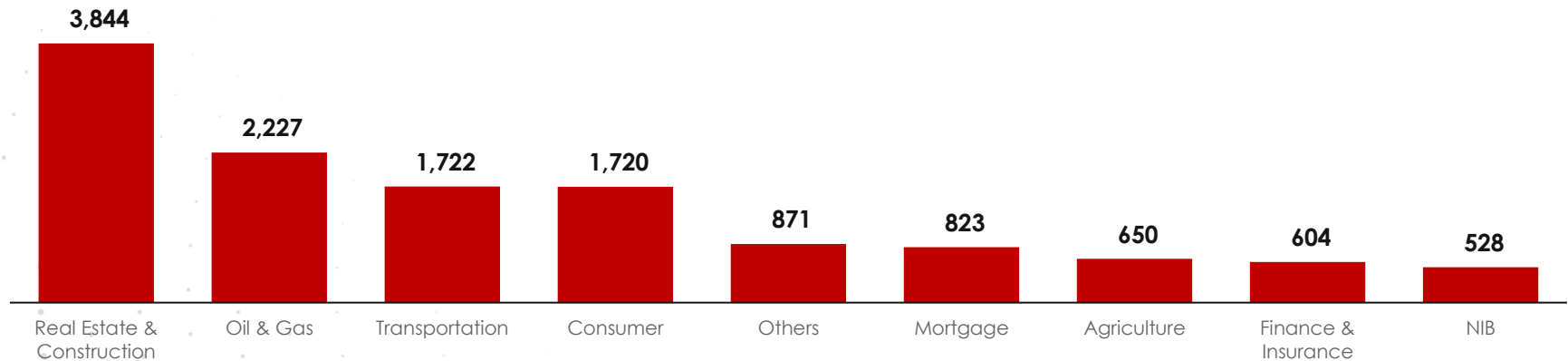
Gross Loans & Advances by Currency					
Sectors	FCY		LCY		
	N'm	% of Total	N'm	Total	FCY % of Total
Agriculture	-	-	20,399	20,399	-
Communication	-	-	14,191	14,191	-
Consumer	141	0.1%	14,013	14,155	1.0%
Education	-	-	650	650	-
Finance and insurance	-	-	31,877	31,877	-
Government	-	-	73,698	73,698	-
Manufacturing	-	-	3,704	3,704	-
Mortgage	334	0.2%	4,780	5,114	6.5%
Oil & Gas – downstream	1,096	0.6%	66,853	67,950	1.6%
Oil & Gas – upstream	121,699	63.5%	23,129	144,828	84.0%
Oil & Gas – Services	31,436	16.4%	44,284	75,721	41.5%
Others	1	0.0%	50,319	50,319	0.0%
Power	-	-	18,723	16,637	-
Real estate & construction	12,097	6.3%	45,255	55,553	21.8%
Transportation	14,820	7.7%	17,406	32,226	46.0%
Non-interest banking	9,912	5.2%	19,118	23,030	43.0%
TOTAL	191,759	100.0%	446,913	640,411	29.9%



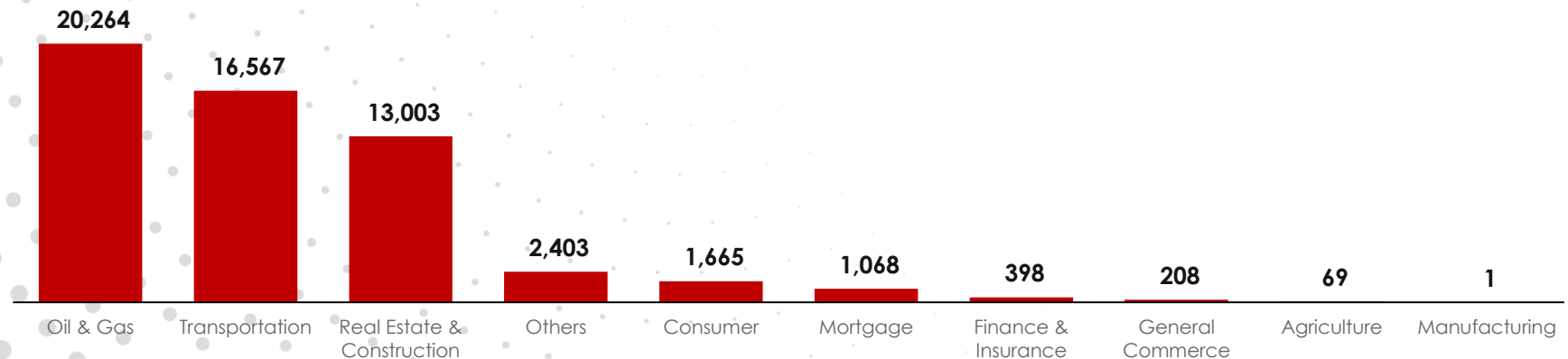
Asset Quality – NPL by Sector

In terms of asset quality, we sustained the significant improvement in our non-performing loans (NPLs) during the period under review

NPL by Sector (N'm) – Q1 2020



NPL by Sector – (N'm) – Q1 2019

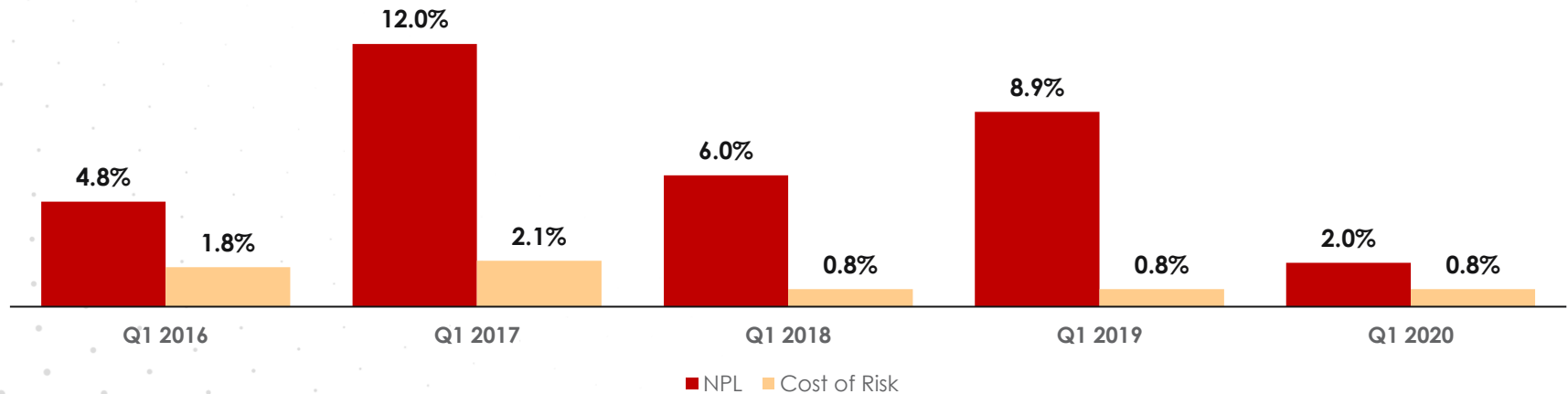




Asset Quality

In terms of asset quality, we sustained the significant improvement in our non-performing loans (NPLs) during the period under review

NPL & Cost of Risk (%)



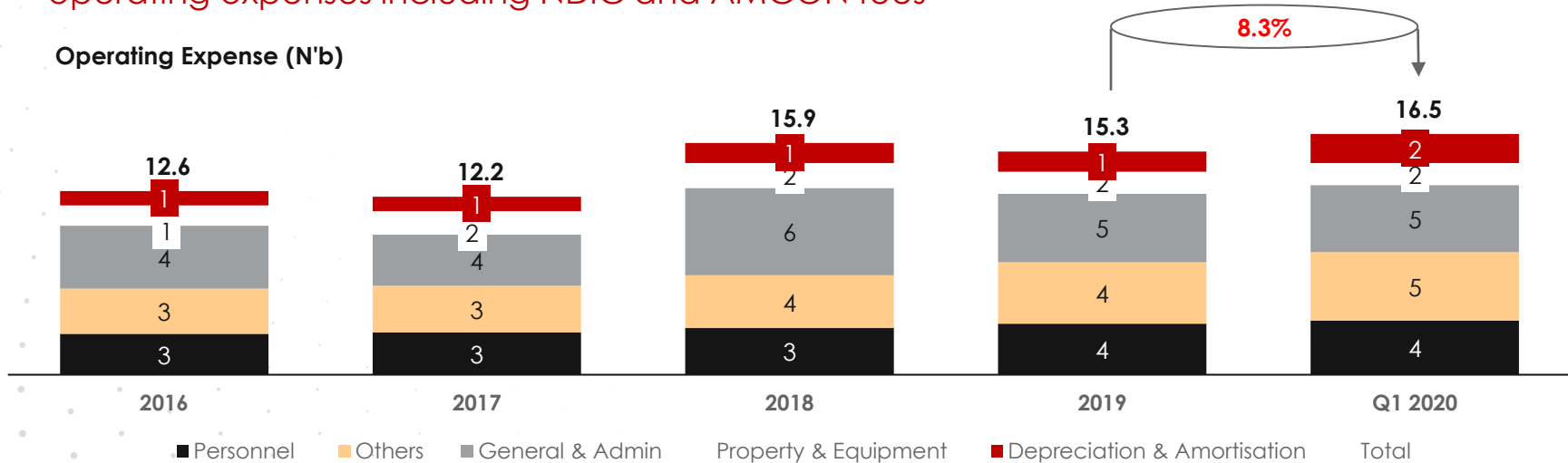
- NPL balance reduced to N12.9bn as at Q1 2020 (Q1 2019: N55.0bn) with a much-improved coverage ratio of 268.7% as at March 2020;
- Cost of risk remained steady at 0.8% while NPL ratio reduced further by 20 bps from the start of the year and 690 bps from Q1 2019 to 2.0%;
- Significant improvement in NPL ratio is underpinned by declassification of exposures particularly in the transportation sector.



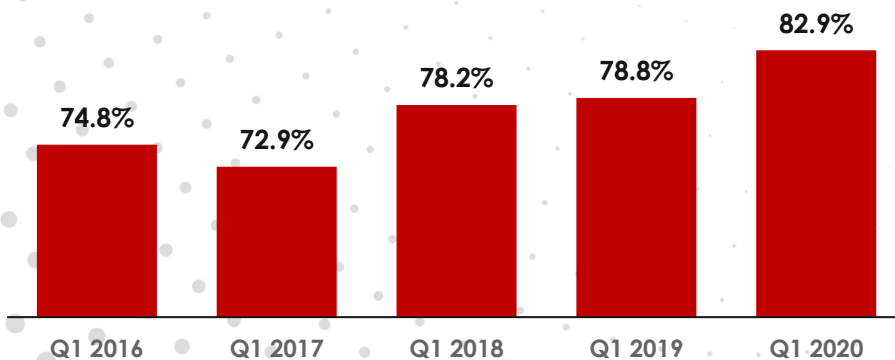
Operating Efficiency

Growth in expenses was driven primarily by depreciation and amortization costs and other operating expenses including NDIC and AMCON fees

Operating Expense (N'b)



Cost-to-Income (%)



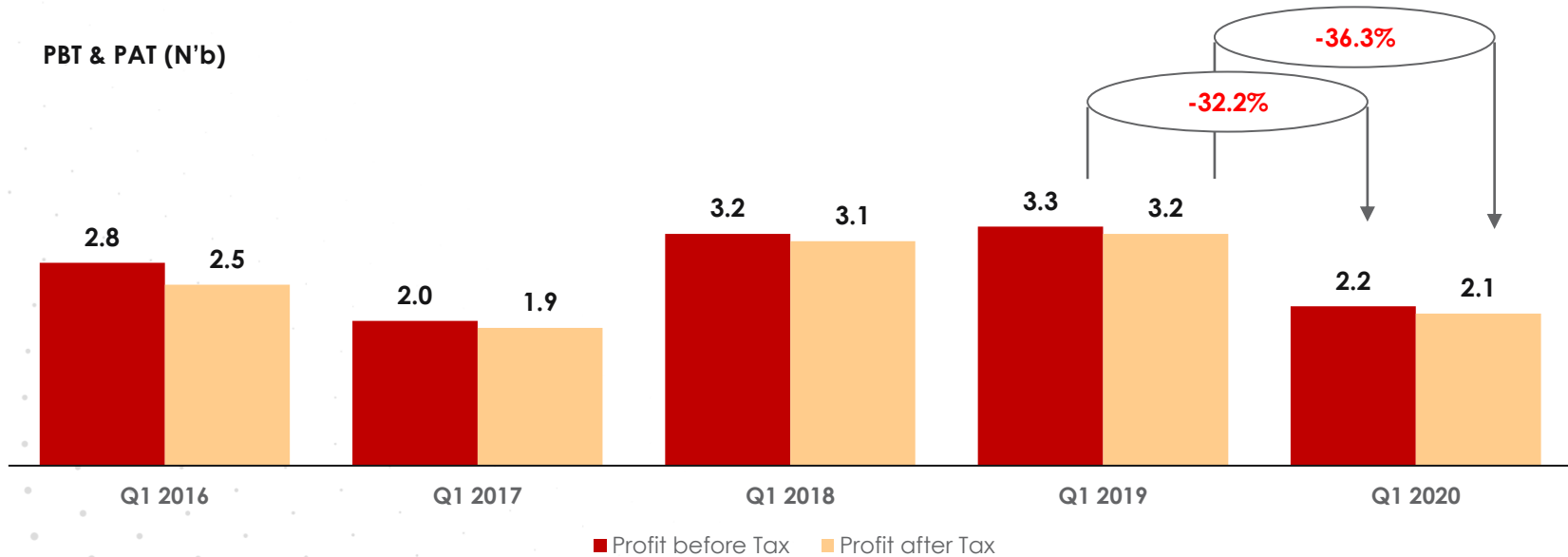
- Operating expenses grew by 8.3% to N16.6bn (Q1 2019: N15.3bn), with depreciation and amortization expenses and other operating expenses including AMCON and Insurance fees being major drivers;
- Consequently, cost to income ratio (CIR) grew to 82.9% as Q1 2020.



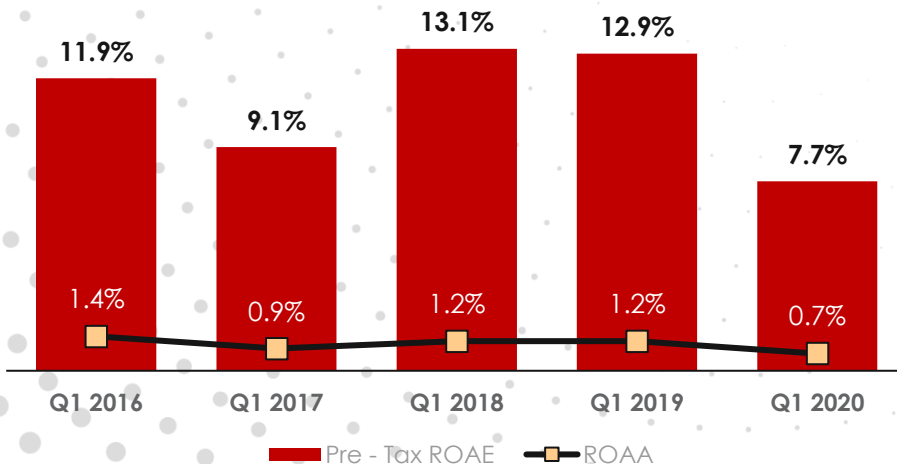
Profitability

Overall, the Bank recorded a profit after tax to N2.1 billion for the quarter

PBT & PAT (N'b)



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N2.2 billion and N2.1 billion respectively;
- While Annualized Pre-tax Return on Average Equity (ROAE) and Return on Assets stood at 7.7% and 0.5% respectively for the quarter.



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1. Performance Snapshot (Q1 2020)

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2020 Guidance



On Track
Not on Track



2020 Target

	2020 Target
Deposit growth	5% - 10%
Net loans growth	<10%
Pre-tax Return on average Equity (ROAE)	>10%
Cost-to-income	<75%
NPL ratio	<5%
Cost of funds	<5%
HEART Sector Contribution	20% - 25%

Our guidance for the year have been set to allow us to achieve:

- ✓ both operational and balance sheet efficiency that will drive;
- ✓ sustainable returns to our shareholders;
- ✓ while delivering positive social and environmental impact;
- ✓ and maintaining a healthy liquidity and capital position;



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Key Performance Ratios

Indicator	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net Interest Margin	7.8%	7.5%	7.7%	7.9%	7.7%
Cost to Income	78.8%	80.3%	82.3%	81.2%	82.9%
Earnings per Share	11k	20k	26k	37k	7k
Liquidity Ratio	37.9%	38.7%	40.0%	39.5%	32.1%
Cost of Risk	0.5%	0.7%	0.8%	0.9%	0.8%
Cost of Funds	6.6%	6.5%	6.3%	6.3%	5.1%
Yield on Earning Assets	14.4%	14.0%	14.0%	14.2%	12.9%
Return on Average Assets (Annualized)	1.2%	1.1%	0.9%	0.9%	0.7%
Post-Tax Return on Average Equity (Annualized)	12.8%	11.0%	9.8%	9.8%	7.1%
Pre-Tax Return on Average Equity (Annualized)	12.9%	11.7%	9.9%	9.8%	7.7%
NPL Ratio	8.9%	8.7%	7.4%	2.2%	2.0%
Coverage Ratio	76.0%	74.0%	89.9%	247.0%	268.7%
Capital Adequacy Ratio	12.9%	12.7%	13.9%	14.7%	14.3%
Loans to Deposit Ratio	75.5%	74.3%	74.4%	65.5%	69.8%

Highlights of Income Statement



<i>In millions of Naira</i>	Q1 2020		Q1 2019		Growth
	N'M	% of Total	N'M	% of Total	%
Gross earnings	32,916	100.0%	35,270	100.0%	-6.7%
Interest income	28,397	86.3%	30,791	87.3%	-7.8%
Interest expense	(12,948)	39.3%	(15,862)	45.0%	-18.4%
Net interest income	15,449	46.9%	14,929	42.3%	3.5%
Net fees & commission income	2,919	8.9%	3,483	9.9%	-16.2%
Net trading income	984	3.0%	435	1.2%	126.2%
Other operating income	616	1.9%	561	1.6%	9.8%
Non-interest income	4,519	13.7%	4,479	12.7%	0.9%
Operating income	19,968	60.7%	19,408	55.0%	2.9%
Impairment charges	(1,189)	3.6%	(843)	2.4%	41.0%
Net operating income	18,779	57.1%	18,565	52.6%	1.2%
Personnel expenses	(3,712)	11.3%	(3,522)	10.0%	5.4%
Other operating expenses	(4,729)	14.4%	(4,235)	12.0%	11.7%
General and administrative expenses	(4,625)	14.1%	(4,659)	13.2%	-0.7%
Other property, plant and equipment costs	(1,472)	4.5%	(1,451)	4.1%	1.4%
Depreciation and amortisation	(2,022)	6.1%	(1,425)	4.0%	41.9%
Total expenses	(16,560)	50.3%	(15,292)	43.4%	8.3%
Profit before income tax	2,219	6.7%	3,273	9.3%	-32.2%
Income tax expense	(154)	0.5%	(33)	0.1%	366.7%
Profit after income tax	2,065	6.3%	3,240	9.2%	-36.3%

Highlights of Financial Position



Items	March 2020		December 2019		Growth
	N'M	% of Total	N'M	% of Total	%
ASSETS					
Cash & balances with CBN	241,934	19.6%	156,059	13.2%	55.0%
Due from banks	16,490	1.3%	69,361	5.9%	-76.2%
Pledged financial assets	41,037	3.3%	11,831	1.0%	246.9%
Derivative financial assets	2,110	0.2%	-	-	-
Loans and advances	627,122	50.9%	618,732	52.3%	1.4%
Investment securities	227,617	18.5%	257,003	21.7%	-11.4%
Other assets	35,089	2.8%	28,581	2.4%	22.8%
Property, plant and equipment	17,611	1.4%	18,476	1.6%	-4.7%
Right-of-use asset	8,693	0.7%	8,896	0.8%	-2.3%
Investment property	4,120	0.3%	4,141	0.4%	-0.5%
Intangible assets	1,829	0.1%	1,933	0.2%	-5.4%
Deferred tax assets	6,971	0.6%	6,971	0.6%	0.0%
Non-current assets held for sale	701	0.1%	701	0.1%	0.0%
Total Assets	1,231,323	100.0%	1,182,685	100.0%	4.1%
LIABILITIES					
Deposits from banks	20,693	1.7%	-	-	-
Deposits from customers	898,576	73.0%	892,660	75.5%	0.7%
Current income tax payable	355	0.0%	201	0.0%	76.6%
Other borrowed funds	78,555	6.4%	82,702	7.0%	-5.0%
Debt securities issued	43,677	3.5%	42,655	3.6%	2.4%
Other liabilities	73,864	6.0%	44,742	3.8%	65.1%
Provisions	457	0.0%	167	0.0%	173.7%
Total Liabilities	1,116,114	90.6%	1,063,127	89.9%	5.0%
Total Equity	115,209	9.4%	119,558	10.1%	-3.6%
Total Liabilities and Equity	1,231,323	100.0%	1,182,685	100.0%	4.1%

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