

H1 2020 Earnings Release

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2020.



Lagos, June 30, 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 half year ended June 30, 2020.

Chief Executive's Remarks



“Our impressive half year performance in the face of the COVID-19 pandemic and the ensuing economic disruption belies the rough seas ahead. In the second quarter of the reporting period, we focused on empowering our stakeholders to respond to the unprecedented disruption occasioned by prolonged restriction to movement while supporting them to adapt to new ways of banking. Our commitment to digitization was validated as we continued to serve existing & new customers through our mobile and digital platforms. We also responded to the uncertainty by doubling down on cost optimization while leveraging our existing remote work policy to keep our workforce productive without risking COVID-19 infection. Notwithstanding rising inflation, we were able to moderate operating expenses during H1 2020 to deliver a net profit comparable to the first half of 2019.

In the second half of the year, our focus remains the same; retooling our employees to function optimally while observing social distancing, enhancing our execution capacity and enabling our customers to thrive in the middle of a pandemic. We will continue to focus on the sectors that are critical to the well-being of the economy, or as we call it, the HEART sectors (Health, Education, Agriculture, Renewable Energy and Transportation).”

Abubakar Suleiman

REFLECTING ON OUR PERFORMANCE

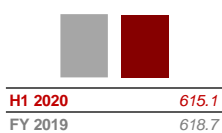
Financial performance highlights

- Growth in balance sheet driven by increase in cash balances with the CBN on account of a hike in CRR
- Despite this, we achieved an 18.2% growth in low cost funds which saw our CASA mix improve to 69% from 60%, delivering a 2.5% growth in customer deposits
- Despite a 242.8% growth in trading income there was a contracted gross earnings which was primarily due to a dip in fees and commission. This dip was driven by downward review of electronic banking fees by CBN
- Interest income also declined by 4.3%, however offset by a 18.1% decline in interest expense. This delivered a 152 bps drop in cost of funds and, consequently, a 73 bps reduction in net interest margin
- In terms of asset quality, NPL ratio remained flat at 2.1% while cost of risk up by 140 bps to 2.1%
- OPEX declined by 0.1% which we achieved by moderating administrative expenses despite growth in other operating expenses including AMCON and Insurance fees
- Maintained a strong capital and liquidity position recording 15.6% and 33.5% respectively above regulatory benchmark
- Overall the Bank delivered a profit after tax of N5.41 billion in the first half of the year

FINANCIAL HIGHLIGHTS*

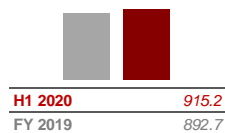
Loans & Adv. (N'b)

↓ 0.6%



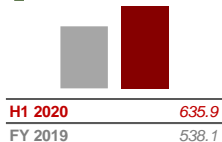
Customer Deps. (N'b)

↑ 2.5%



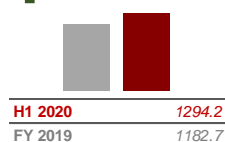
CASA (N'b)

↑ 18.2%



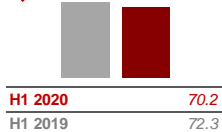
Total Assets (N'b)

↑ 9.4%



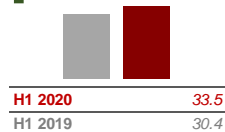
Gross Earnings (N'b)

↓ 2.8%



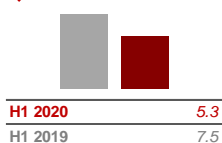
Net Int. Income (N'b)

↑ 10.1%



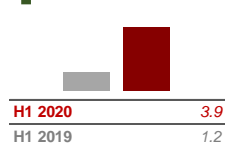
Fees & Comms (N'b)

↓ 29.7%



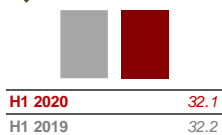
Trading Income (N'b)

↑ 242.8%



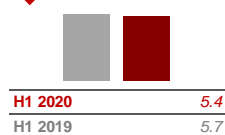
Operating Exp (N'b)

↓ 0.1%



Profit After Tax (N'b)

↓ 4.4%



Ratios	H1 2020	H1 2019
Net Interest Margin	8.2%	7.5%
Cost-to-Income Ratio	72.6%	80.3%
Earnings per Share	19k	20k
Liquidity Ratio	33.5%	38.7%
Cost of Risk	2.1%	0.7%
Cost of Funds	5.0%	6.5%
Yield on Earning Assets	13.2%	14.0%
Return on Average Assets	0.9%	1.1%
Post-Tax Return on Average Equity	8.8%	11.0%
Pre-Tax Return on Average Equity	9.2%	11.7%
	Jun. 2020	Dec. 2019
Loan to Deposit Ratio	64.3%	65.5%
Non-Performing Loan Ratio	2.1%	2.2%
Coverage Ratio	272.0%	247.0%
Capital Adequacy Ratio (Basel 2)	15.6%	14.7%

Notes: *All figures based on group unaudited financial statements

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, 160 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

Adetunji Onamusi

+234 810 498 2986

adetunji.onamusi@sterling.ng

investor.relations@sterling.ng

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

Finance Controller

Adebimpe Olambiwonnu

+234 802 316 0003

Adebimpe.Olambiwonnu@sterling.ng

Communications

Ibidapo Martins

+234 802 666 4566

ibidapo.martins@sterling.ng