Q3 2020 Earnings Release

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020.

Lagos, September 30, 2020 – Sterling Bank Plc

(NSE: STERLNBANK / Reuters: STERLNB.LG / Bloomberg: STERLNBA:NL) - the 'Bank' - a full service national commercial bank releases its unaudited results for the nine months ended September 30, 2020.





Chief Executive's Remarks

"With economic activity picking up in the third quarter following the gradual ease in the nationwide lockdown, we continued to leverage on our existing remote work policy to enhance workforce productivity while ensuring uninterrupted service delivery to both existing and new customers.

Our performance reflects the positive results of strategic decisions and investments in our focus areas as we continued to record significant improvement in both funding and operational costs. Overall, we delivered a 7.2% increase in operating income and a profit after tax of N7.37 billion despite prevailing uncertainties around the COVID-19 pandemic.

Abubakar Suleiman

REFLECTING ON OUR PERFORMANCE

Financial performance highlights

- Our 10.3% rise in total assets was driven by a 26.0% growth in low-cost deposits leading to an improvement in share of CASA to total deposits from 60% to 71%.
- Our cash and short-term balances increased in line with the higher regulatory reserves.
- A 26.2% dip in fee income occasioned by the downward review of electronic banking fees and slower loan origination due to the protracted lock down was moderated by a 264.7% spike in trading income.
- Although interest income declined by 6.7% as yields trended lower, a 17.0% reduction in interest expense enabled a 120 bps drop in cost of funds and a 100 bps increase in net interest margin.
- In response to the pandemic and expected credit losses, we proactively increased our cost of risk by 100 bps to 1.9% while recording a marginal increase in NPL ratio to 2.9%.
- OPEX declined by 3.3% as we moderated administrative expenses despite growth in other balance sheet linked expenses, including AMCON charge and deposit insurance premium.
- We maintained a strong capital and liquidity position, recording 16.1% Capital Adequacy Ratio and 32.5% Liquidity Ratio respectively.
- Overall the Bank delivered a profit after tax of N7.37 billion for the 9-month period

Ratios	Q3 2020	Q3 2019
Net Interest Margin	8.0%	7.0%
Cost-to-Income Ratio	73.4%	81.4%
Earnings per Share	26k	26k
Liquidity Ratio	32.5%	40.0%
Cost of Risk	1.9%	0.8%
Cost of Funds	5.1%	6.3%
Yield on Earning Assets	13.2%	14.6%
Return on Average Assets	0.8%	0.8%
Post-Tax Return on Average Equity	8.0%	8.2%
Pre-Tax Return on Average Equity	8.7%	8.3%
	Sept. 2020	Dec. 2019
Loan to Deposit Ratio	64.2%	69.3%
Non-Performing Loan Ratio	2.9%	2.2%
Coverage Ratio	232.0%	247.0%
Capital Adequacy Ratio (Basel 2)	16.1%	13.9%
es: *All figures based on group unaudited financial statements		

FINANCIAL HIGHLIGHTS*

Loans & Adv. (N'b) 1.3%



Q3 2020 610.8 FY 2019 618.7

CASA (N'b) **26.0**%



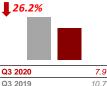
Q3 2020 677.7 FY 2019 538.1

Gross Earnings (N'b)

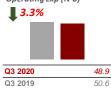


Q3 2020 106.1 Q3 2019

Fees & Comms (N'b)







Customer Deps. (N'b)



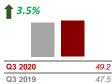
Q3 2020 951.8 FY 2019 892.7

Total Assets (N'b)



Q3 2020 1304.8 1182.7 FY 2019

Net Int. Income (N'b)



Trading Income (N'b)



PBT (N'b) **1** 4.9%



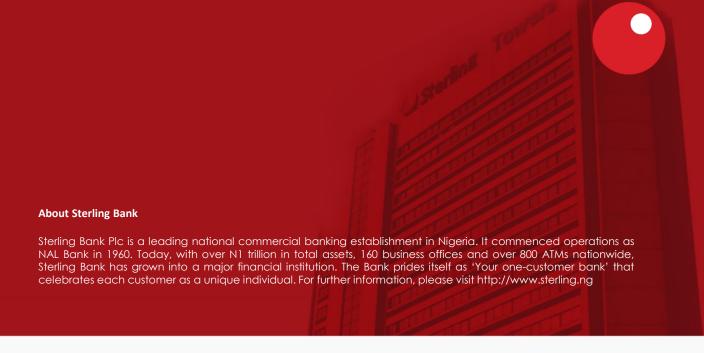
Not











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, 2019. 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.

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