

# 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: STERLNB:A: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

## FINANCIAL HIGHLIGHTS\*

### Loans & Adv. (N'b)

↓ 1.3%



### Customer Deps. (N'b)

↑ 6.6%



### CASA (N'b)

↑ 26.0%



### Total Assets (N'b)

↑ 10.3%



### Gross Earnings (N'b)

↓ 3.3%



### Net Int. Income (N'b)

↑ 3.5%



### Fees & Comms (N'b)

↓ 26.2%



### Trading Income (N'b)

↑ 264.7%



### Operating Exp (N'b)

↓ 3.3%



### PBT (N'b)

↑ 4.9%



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%
	<b>Sept. 2020</b>	<b>Dec. 2019</b>
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%

Notes: \*All figures based on group unaudited financial statements

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## 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, 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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