



Investors & Analysts Presentation

Q1 2021

Disclaimer



- *This presentation has been prepared by Sterling Bank Plc (hereafter referred to as “Sterling Bank”, “the Bank”, “We”). It is intended for an audience of professional and institutional investors who are aware of the risks of investing in the shares of publicly traded companies.*
- *The presentation is for information purposes only and should not be construed as an offer or solicitation to acquire, or dispose of any securities or issues mentioned in this presentation.*
- *Certain sections of this presentation reference forward-looking statements which reflect Sterling Bank’s current views with respect to, among 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. In other cases, they may depend on the approval of the Central Bank of Nigeria, Nigerian Stock Exchange, and the Securities and Exchange Commission.*
- *Accordingly, there are or may 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 Annual Report for the financial year ended December 31, 2020. 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.*

A new digital banking experience!

Open an account to transact, save, invest, borrow and earn.

OneBank

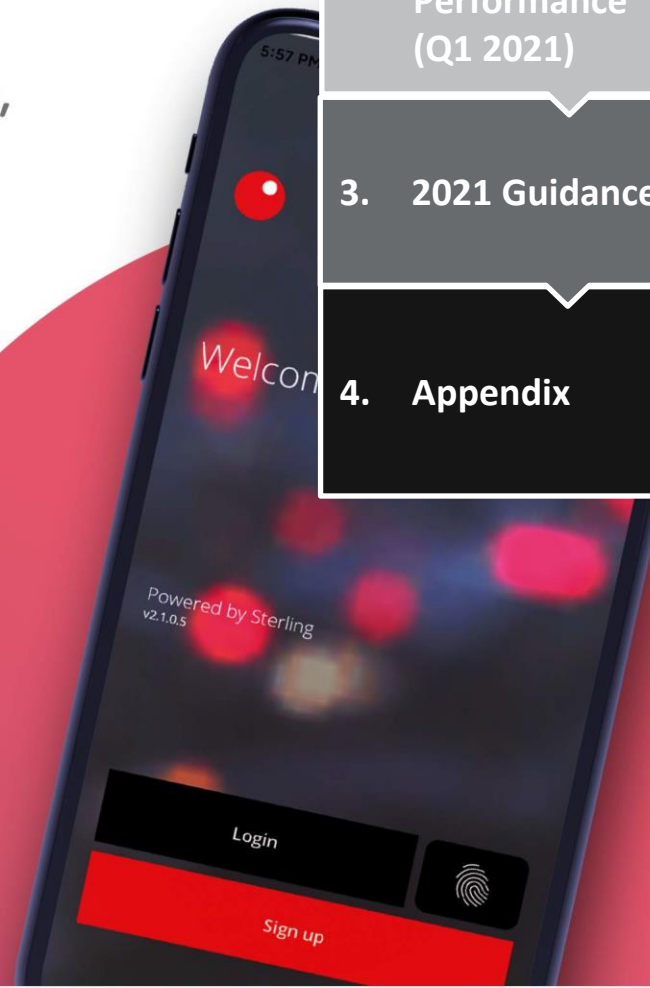
Download the App



sterling.ng/onebank |   @onebankng

Content

1. Performance Snapshot (Q1 2021)
2. Operating Performance (Q1 2021)
3. 2021 Guidance
4. Appendix





Strategic Objectives

In line with our business model we continue to leverage on industry knowledge, advanced technology & ethical financing to empower our stakeholders



Strengthened Balance Sheet

- ✓ Maintained a resilient balance sheet with adequate liquidity and capital buffers while improving the quality of our funding base.



Strategic Partnerships

- ✓ Forging strategic relationships and using finance and technology to build capacity and scale businesses across The HEART sectors (Health, Education, Agriculture, Renewable Energy and Transportation).



Workforce Empowerment

- ✓ In line with our commitment to create a great place to work and institute a knowledge-based culture, we have fully adopted flexible working arrangements enabled by our investments in remote working digital platforms.



Differentiated Digital Platforms

- ✓ Our digital platforms (i.e. lending, payments, investments and commerce) have allowed all customers self-serve both online and offline.



Strategic Objectives

In line with our business model we continue to leverage on industry knowledge, advanced technology & ethical financing to empower our stakeholders

Business stability

Market share gains

through Digital Capabilities

Capital,
Liabilities and
Liquidity Buffers

Cost
Optimization

Stronger
governance and
underwriting
frameworks

Stable liability
mix and lower
cost of funds:
CASA Ratio
>60%

Continued
focus on
growing our
Retail/ MSE
business

Accelerate
strategic
partnerships
across the
HEART
sectors

Corporate flows
and Cross sell
through
Transaction
banking

Continued
investment in our
people and
encouraging a great
place to work

**Predictable and Sustainable
Earnings
Return value to shareholders**

Solidify the foundation & calibrate growth (Immediate)

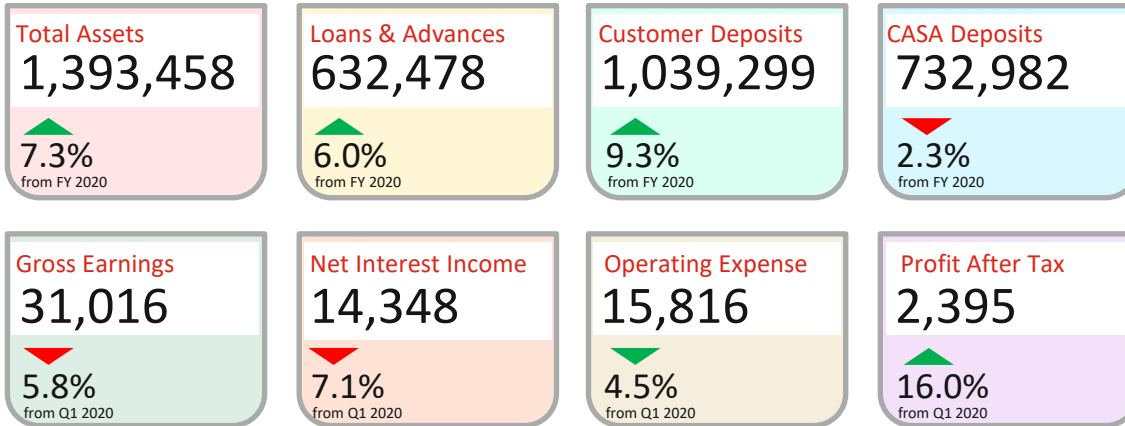
Short - Medium Term Objectives



Financial & Non-Financial Highlights

Performance in the 1st quarter was driven by our strengthened financial position through effective funding optimization and our drive for efficiency

Financials (N' millions)



Ratings

MOODY'S	FitchRatings
B2	B-
GCR GLOBAL CREDIT RATING CO	DataPro Data Analytics Solutions Company
BBB	BBB+

Key Ratios

NPL 1.9% ↓	Cost of Risk 0.9% ↑
LDR 60.9% ↓	Coverage Ratio 231.2% ↑
Liquidity 30.2% ↓	CAR 16.8% ↑
Cost of Funds 3.8% ↓	

Channels

POS 10,667	ATM 689	USSD Users >1.5M	Branches 157	Customers >3M	Professional Staff 2,367
--------------------------	-----------------------	--------------------------------	----------------------------	-----------------------------	--

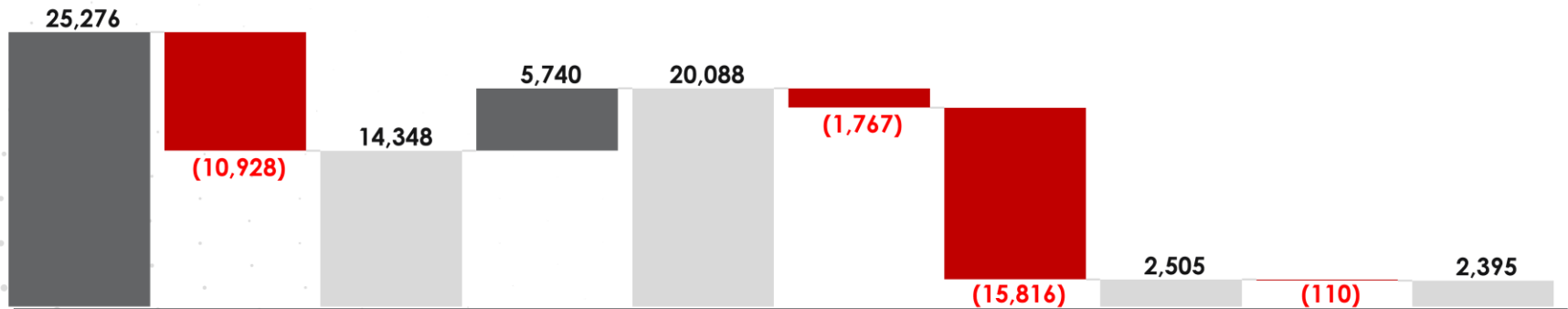


Performance snapshot (1/2)

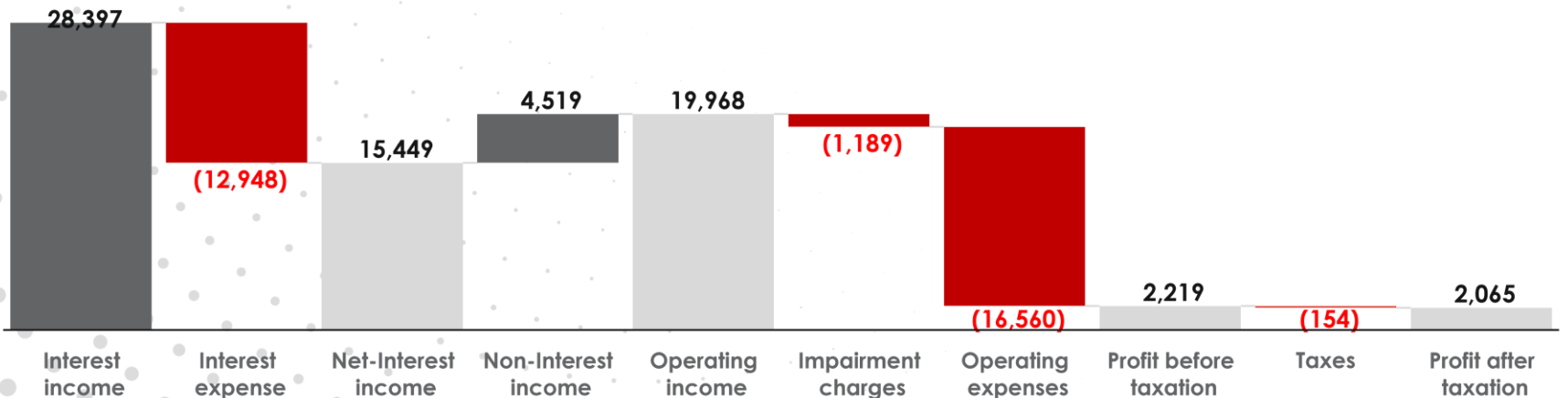
Top-line earnings hindered by a decline in interest income, despite a 15.6% and 4.5% drop in interest and operating expenses respectively

Q1 2021 N'million

■ Increase ■ Decrease ■ Total



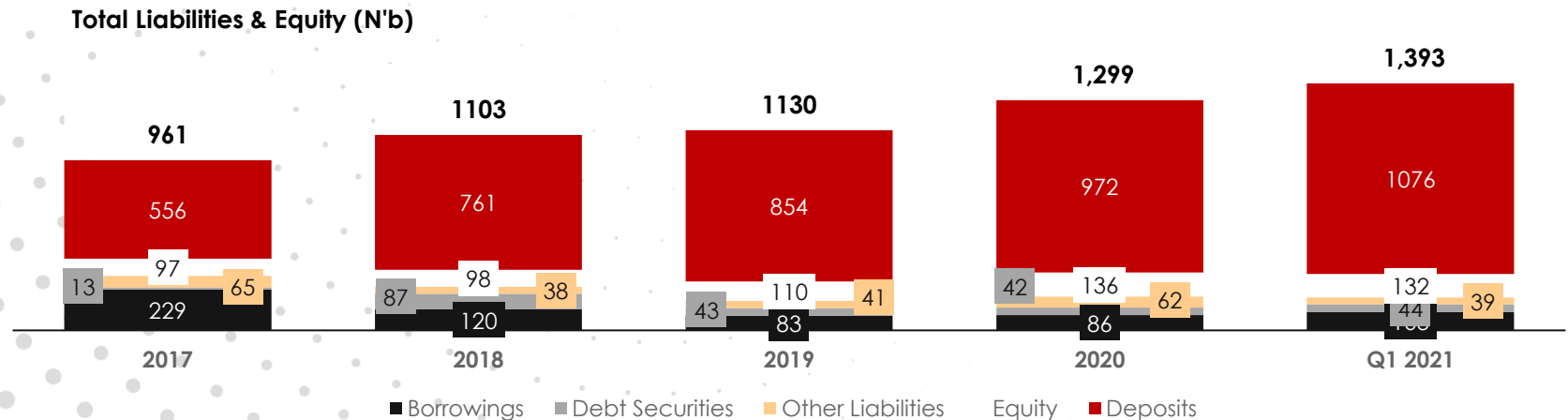
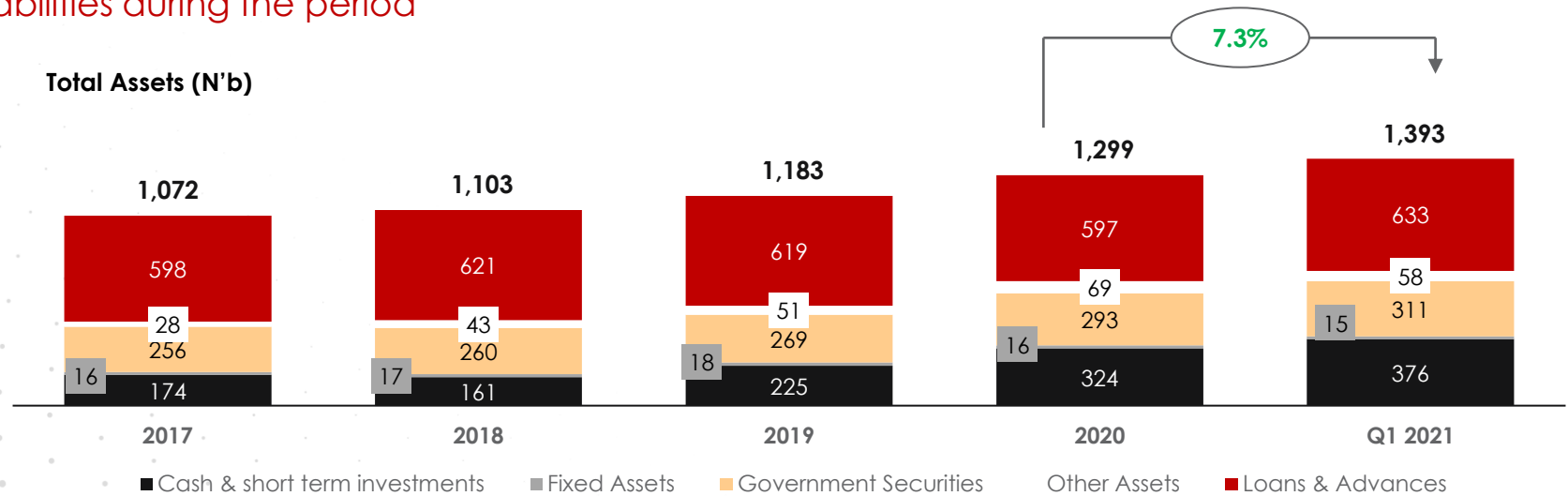
Q1 2020 N'million





Performance Snapshot (2/2)

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





*That 5 minutes madness only
you can understand!*

**LOANS
IN 5 MINS**
• FAST • EASY • CONVENIENT

visit www.myspecta.com to apply for a loan now!

Content

1. Performance Snapshot (Q1 2021)
2. **Operating Performance (Q1 2021)**
3. 2021 Guidance
4. Appendix

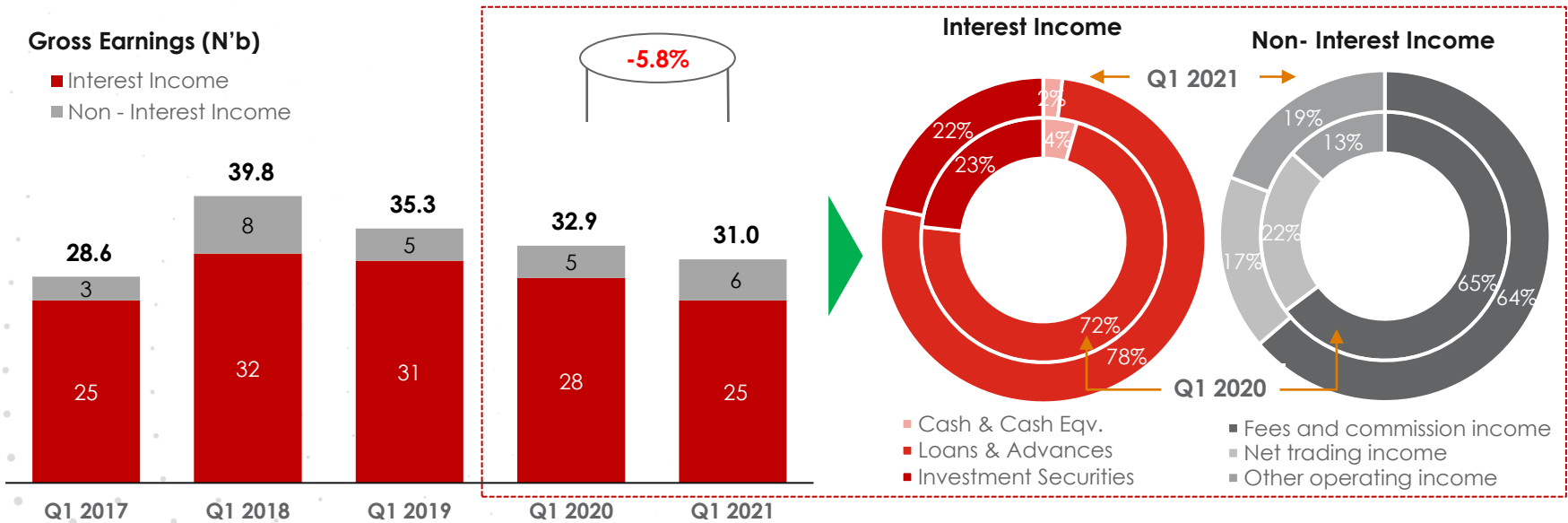


Revenue Evolution

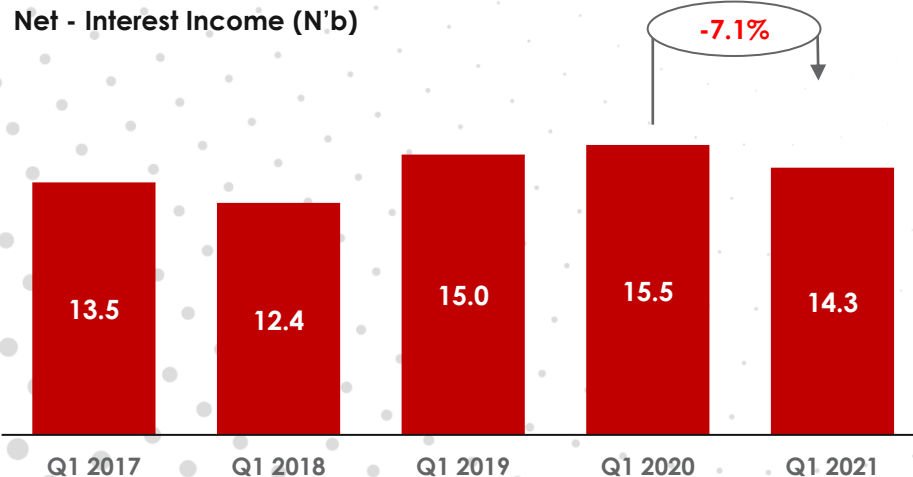
Dip in net-interest income was attributed to a decline in interest income, despite a 27.% growth in non-interest revenue

Gross Earnings (N'b)

- Interest Income
- Non - Interest Income



Net - Interest Income (N'b)



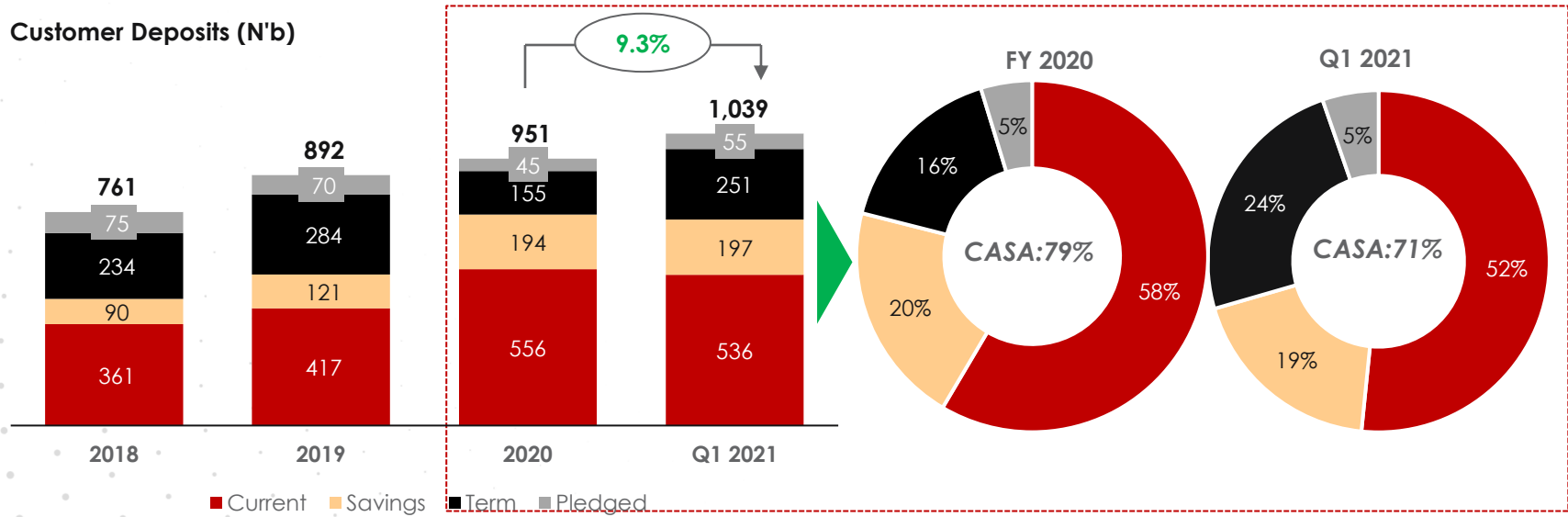
- Revenue drop driven by a 11.0% decline in interest income, while non-interest income grew by 27.0%;
- Growth in non-interest income was driven by Fees & Commission income which grew by 25.1% and other operating income up 79.4%;
- Consequently we recorded a 0.6% growth in operating income.



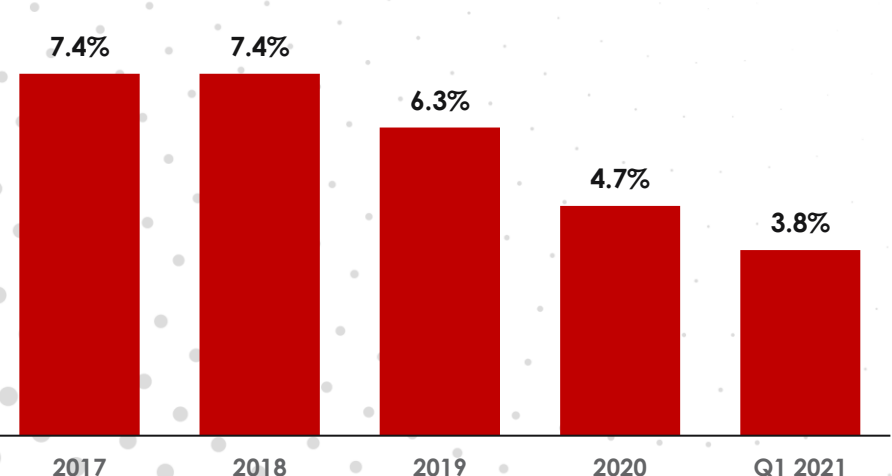
Funding & Liquidity (1/2)

Customer deposits grew to over 1 billion as we sustained traction in the mobilization and retention of low-cost deposits contributing to a 15.6% decline in interest expense

Customer Deposits (N'b)



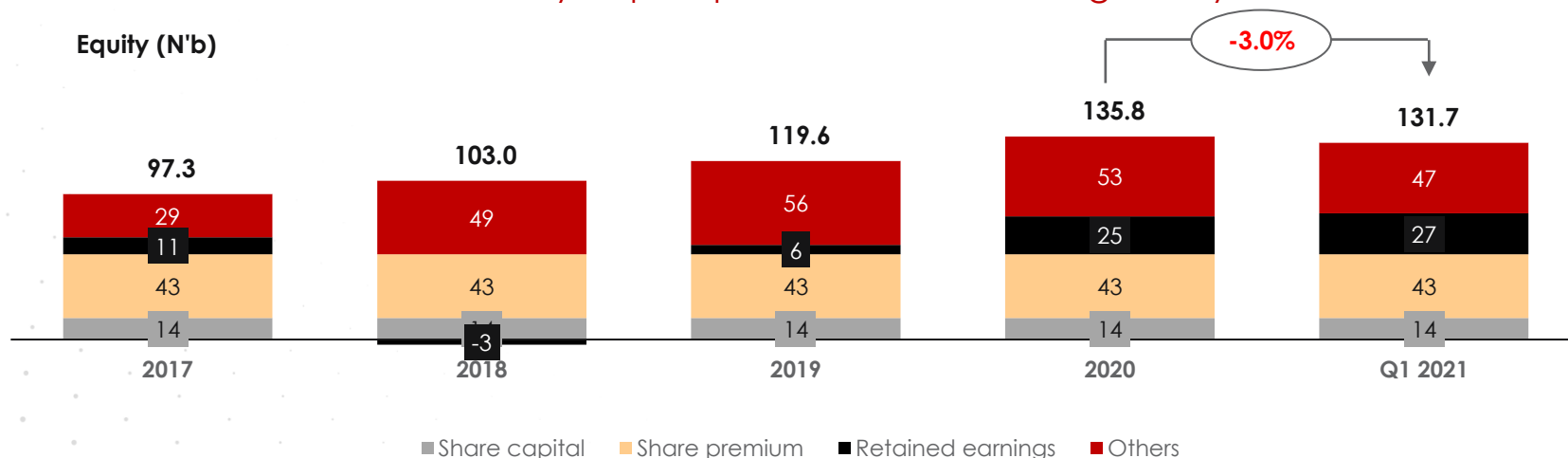
Cost of Funds (%)



- We continued to improve the quality of our funding base driven by the disciplined execution of our retail banking strategy and improved cross-selling of our digital products. This contributed to the 9.3% growth in customer deposits to reach N1.03 trillion during the quarter;
- Consequently, cost of funds declined further by 80 bps to 3.8% (Q1 2020 4.6%);
- The bank continued to maintain a healthy liquidity position at 30.2% above minimum regulatory requirement

Funding & Liquidity (2/2)

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



Items (N'mn)	Mar. 2021	Dec. 2020	% Growth
Tier 1 capital*	104,485	104,390	0.09%
Tier 2 capital**	29,180	34,797	-16.14%
Total regulatory capital	133,665	139,187	-3.97%
Risk-weighted assets	794,917	771,981	2.97%
Tier 1 ratio	13.14%	13.52%	-0.38%
Tier 2 ratio	3.67%	4.51%	-0.84%
Capital adequacy ratio	16.81%	18.03%	-1.22%

- Shareholders funds declined by 3.0% to N131.7 billion (FY 2020: N135.8 billion);
- Overall, the Bank's capital adequacy ratio stood at 16.81% as at March 2021.

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

Growth in gross loans and advances was driven by growth in both Agriculture and Consumer lending sectors in line with our strategy

Gross Loans & Advances by Sector	Mar-2021		Dec-2020		Growth
	N'm	% of Total	N'm	% of Total	
Agriculture	61,651	9.5%	55,471	9.0%	11.1%
Communication	17,964	2.8%	16,493	2.7%	8.9%
Consumer	50,680	7.8%	36,692	6.0%	38.1%
Education	579	0.1%	1551	0.3%	-62.7%
Finance and insurance	32,360	5.0%	26,724	4.4%	21.1%
Government	91,040	14.0%	84,277	13.7%	8.0%
Manufacturing	6,365	1.0%	7,166	1.2%	-11.2%
Mortgage	3,687	0.6%	3,526	0.6%	4.6%
Oil & Gas – downstream	44,280	6.8%	40,400	6.6%	9.6%
Oil & Gas – upstream	86,426	13.3%	85,689	14.0%	0.9%
Oil & Gas – Services	63,590	9.8%	74,687	12.2%	-14.9%
Others	32,430	5.0%	29,431	4.8%	10.2%
Power	26,501	4.1%	26,386	4.3%	0.4%
Real Estate & Construction	83,908	12.9%	81,596	13.3%	2.8%
Transportation	24,309	3.7%	20,419	3.3%	19.1%
Non-interest banking	24,661	3.8%	22,852	3.7%	7.9%
TOTAL	650,430	100.0%	613,359	100.0%	6.0%



Loans and Advances by Currency – Q1 2021

While we continue to effectively manage our FCY loan book, contracting by 12% year-on-year to N136.5 billion from N154.3 billion in the same period in the preceding year

Gross Loans & Advances by Currency	FCY		LCY		
	Sectors	N'm	% of Total	N'm	Total FCY % of Sector
Agriculture	-	-	61,651	61,651	-
Communication	-	-	17,964	17,964	-
Consumer	41	0.1%	50,638	50,680	0.1%
Education	-	-	579	579	-
Finance and insurance	1,229	-	31,131	32,360	3.8%
Government	-	-	91,040	91,040	-
Manufacturing	-	-	6,365	6,365	-
Mortgage	-	-	3,687	3,687	-
Oil & Gas – downstream	-	0.4%	44,280	44,280	-
Oil & Gas – upstream	73,151	44.2%	13,275	86,426	84.6%
Oil & Gas – Services	31,239	24.8%	32,351	63,590	49.1%
Others	1	0.0%	32,430	32,430	0.0%
Power	-	-	26,501	26,501	0.0%
Real estate & construction	14,016	8.7%	69,892	83,908	16.7%
Transportation	5,693	15.2%	18,616	24,309	23.4%
Non-interest banking	11,119	6.7%	13,542	24,661	45.1%
TOTAL	136,489	100.0%	513,941	650,430	21.0%



Loans and Advances by Currency – Q1 2020

While we continue to effectively manage our FCY loan book, contracting by 12% year-on-year to N136.5 billion from N154.3 billion in the same period in the preceding year

Gross Loans & Advances by Currency	FCY		LCY		
	Sectors	N'm	% of Total	N'm	Total FCY % of Sector
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%



Asset Quality – NPL by Sector

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

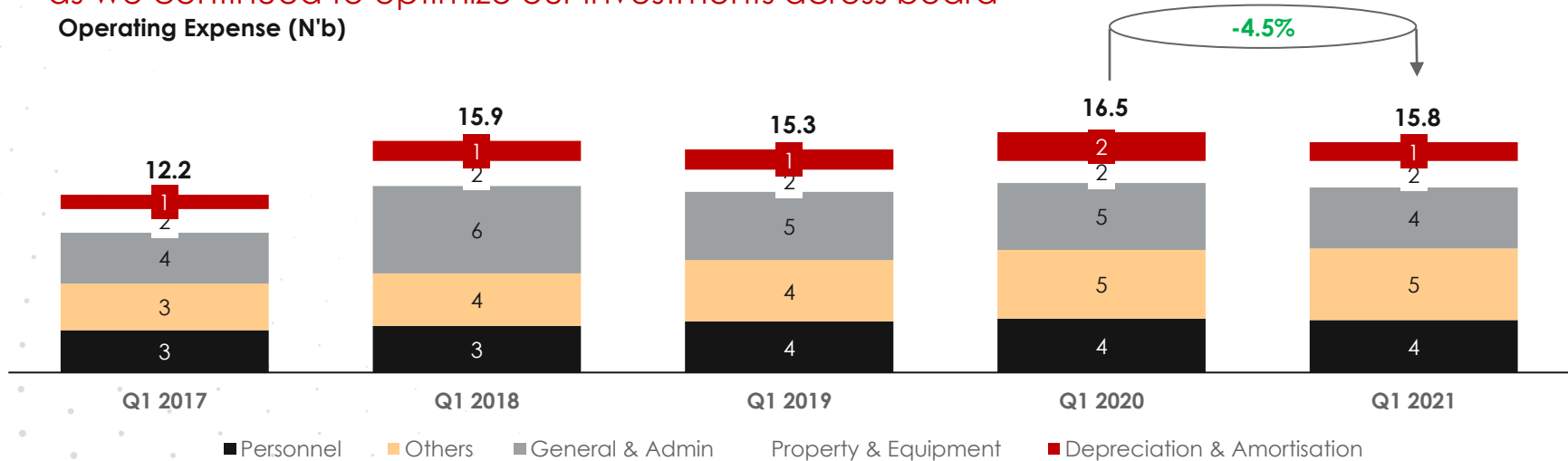
Gross Loans & Advances by Sector	Mar-2021		Mar-2020		Growth
	N'm	% of Total	N'm	% of Total	%
Real Estate & Construction	4,813	39%	3,844	30%	25%
Oil - downstream	2,695	22%	2,227	17%	21%
Consumer	2,049	17%	1,720	13%	19%
Others	648	5%	871	7%	-26%
Mortgage	624	5%	823	6%	-24%
Non-Interest Banking	622	5%	528	4%	18%
Finance & Insurance	469	4%	604	5%	-22%
Agriculture	216	2%	650	5%	-67%
Communication	126	1%	0	0%	33632%
Education	8	0%	0	0%	4147%
Manufacturing	6	0%	6	0%	-1%
Transportation	4	0%	1,722	13%	-100%
Government	0	0%	0	0%	8%
TOTAL	12,279	100.0%	12,996	100.0%	-6%
NPL Ratio	1.9%		2.0%		



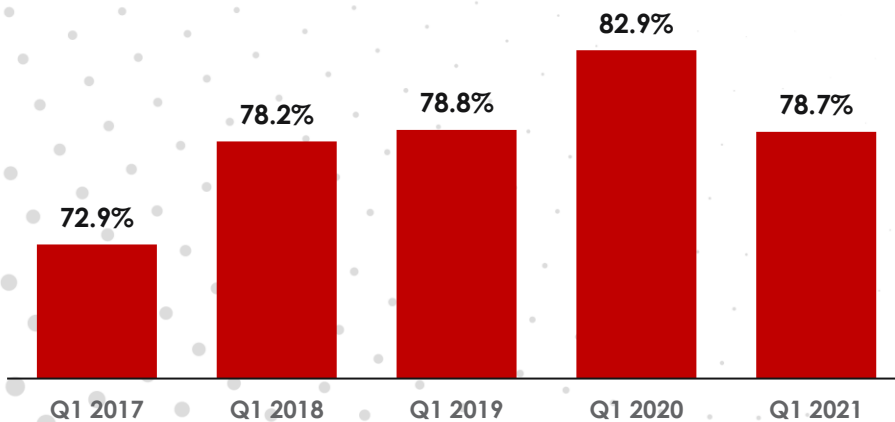
Operating Efficiency

We continued to moderate operating expenses particularly administrative and depreciation as we continued to optimize our investments across board

Operating Expense (N'b)



Cost-to-Income (%)

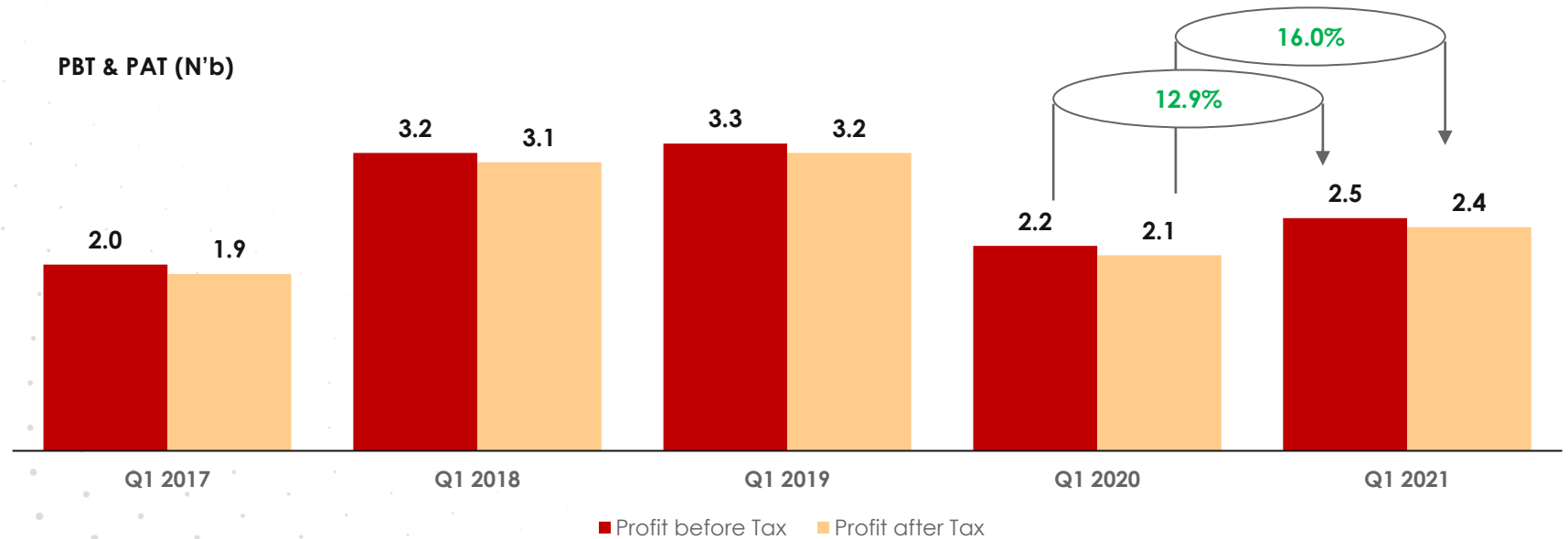


- Operating expenses declined by 4.5% to N15.6bn (Q1 2020: N16.6bn), driven by decline in administrative and depreciation expenses while fixed asset and mandatory regulatory fees including AMCON and Insurance fees grew during the period under review;
- Consequently, cost to income ratio (CIR) declined further to 78.7% as at Q1 2021.

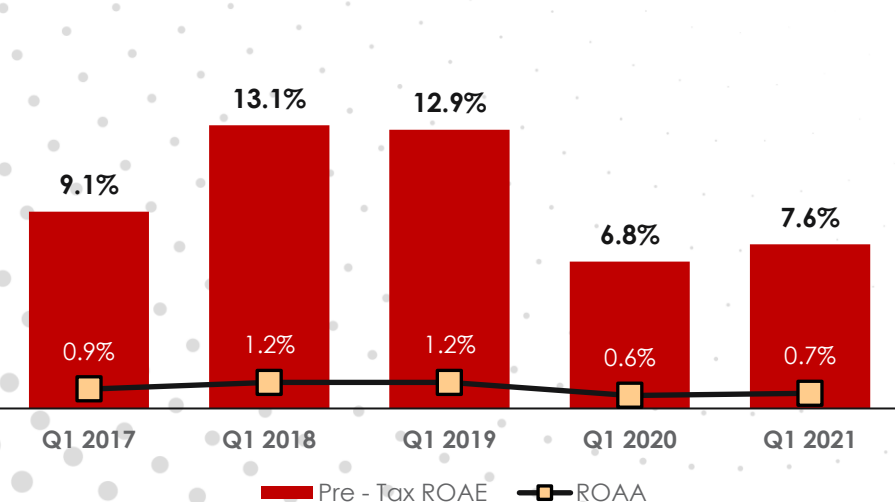


Profitability

Overall, the Bank recorded a profit after tax to N2.5 billion for the quarter under review



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N2.5 billion and N2.4 billion respectively;
- While Annualized Pre-tax Return on Average Equity (ROAE) and Return on Assets stood at 7.6% and 0.7% respectively for the quarter.



Content

1. Performance Snapshot (Q1 2021)

2. Operating Performance (Q1 2021)

3. 2021 Guidance

4. Appendix



Grow with The Business Hub

BUSINESS REGISTRATION | LOANS | MENTORSHIP | SHARED WORKSPACE | ONLINE SHOP & MORE...

To get started, visit www.sterling.ng/sme



Outlook and 2021 Guidance

	On Track 	Not on Track 	2020 Target	Q1 2021 Actual
Deposit growth			5% - 10%	9.3%
Net loans growth			<5%	6.0%
Pre-tax Return on average Equity (ROAE)			>10%	7.7%
Cost-to-income			<75%	78.7%
NPL ratio			<5%	1.9%
Cost of funds			<5%	3.8%
HEART Sector Contribution			20% - 25%	17.5%

Take a bold step



1. Performance Snapshot (Q1 2021)

2. Operating Performance (Q1 2021)

3. 2021 Guidance

4. Appendix

Make the right moves towards financials and personal success

INVESTMENT | LIFESTYLE | FINANCING | INSURANCE

Visit sterling.ng/onewoman Call 07008220000 for more info



Key Performance Ratios

Indicator	Q1 2020	H1 2020	Q3 2020	FY 2020	Q1 2021
Net Interest Margin	8.7%	8.2%	8.0%	6.9%	7.2%
Cost to Income	82.9%	72.5%	73.4%	77.4%	78.7%
Earnings per Share	7k	19k	26k	39k	8k
Liquidity Ratio	32.1%	33.5%	32.5%	34.9%	30.2%
Cost of Risk	0.8%	2.1%	1.9%	1.0%	0.9%
Cost of Funds	4.6%	5.0%	5.1%	4.7%	3.8%
Yield on Earning Assets	13.2%	13.2%	13.2%	12.4%	11.1%
Return on Average Assets (Annualized)	0.6%	0.9%	0.8%	1.0%	0.7%
Post-Tax Return on Average Equity (Annualized)	6.3%	8.8%	8.0%	8.8%	7.3%
Pre-Tax Return on Average Equity (Annualized)	6.8%	9.2%	8.7%	9.7%	7.6%
NPL Ratio	1.9%	2.1%	2.9%	1.9%	1.9%
Coverage Ratio	268.7%	272.0%	232.0%	236.2%	231.2%
Capital Adequacy Ratio	14.3%	15.6%	16.1%	18.0%	16.8%
Loans to Deposit Ratio	69.8%	64.3%	64.2%	62.4%	60.9%

Highlights of Income Statement



	Q1 2021		Q1 2020		Growth
<i>In millions of Naira</i>	N'M	% of Total	N'M	% of Total	%
Gross earnings	31,016	100.0%	32,916	100.0%	-5.8%
Interest income	25,276	81.5%	28,397	86.3%	-11.0%
Interest expense	(10,928)	35.2%	(12,948)	39.3%	-15.6%
Net interest income	14,348	46.3%	15,449	46.9%	-7.1%
Net fees & commission income	3,652	11.8%	2,919	8.9%	25.1%
Net trading income	983	3.2%	984	3.0%	-0.1%
Other operating income	1,105	3.2%	616	1.9%	79.4%
Non-interest income	5,740	18.5%	4,519	13.7%	27.0%
Operating income	20,088	64.8%	19,968	60.7%	0.6%
Impairment charges	(1,767)	5.7%	(1,189)	3.6%	48.6%
Net operating income	18,321	59.1%	18,779	57.1%	-2.4%
Personnel expenses	(3,549)	11.4%	(3,712)	11.3%	-4.4%
Other operating expenses	(4,968)	16.0%	(4,729)	14.4%	5.1%
General and administrative expenses	(4,162)	13.4%	(4,625)	14.1%	10.0%
Other property, plant and equipment costs	(1,822)	5.9%	(1,472)	4.5%	23.8%
Depreciation and amortization	(1,315)	4.2%	(2,022)	6.1%	-35.0%
Total expenses	(15,816)	51.0%	(16,560)	50.3%	-4.5%
Profit before income tax	2,505	8.1%	2,219	6.7%	12.9%
Income tax expense	(110)	0.4%	(154)	0.5%	-28.6%
Profit after income tax	2,395	7.7%	2,065	6.3%	16.0%

Highlights of Financial Position



Items	March 2021		December 2020		Growth
	N'M	% of Total	N'M	% of Total	%
ASSETS					
Cash & balances with CBN	318,512	22.9%	303,314	23.2%	5.0%
Due from banks	57,823	4.1%	21,084	1.6%	174.3%
Pledged financial assets	47,125	3.4%	34,860	2.7%	35.2%
Loans and advances	632,478	45.4%	596,827	45.9%	6.0%
Investment securities	264,319	19.0%	258,208	19.9%	2.4%
Other assets	33,163	2.4%	43,950	3.4%	-24.5%
Property, plant and equipment	15,448	1.1%	15,956	1.2%	-3.2%
Right-of-use asset	8,270	0.6%	8,319	0.6%	-0.6%
Investment property	7,861	0.6%	8,004	0.6%	-1.8%
Intangible assets	1,488	0.1%	1,582	0.1%	-5.9%
Deferred tax assets	6,971	0.5%	6,971	0.5%	0.0%
Total Assets	1,393,458	100.0%	1,299,075	100.0%	7.3%
LIABILITIES					
Deposits from banks	36,983	2.7%	21,289	1.6%	73.7%
Deposits from customers	1,039,299	74.6%	950,835	73.2%	9.3%
Current income tax payable	636	0.0%	551	0.0%	15.4%
Other borrowed funds	103,124	7.4%	86,367	6.6%	19.4%
Debt securities issued	43,671	3.1%	42,274	3.3%	3.3%
Other liabilities	37,441	2.7%	61,438	4.7%	-39.1%
Lease liabilities	117	0.0%	114	0.0%	2.6%
Provisions	469	0.0%	454	0.0%	3.3%
Total Liabilities	1,261,740	90.5%	1,163,322	89.6%	8.5%
Total Equity	131,718	9.5%	135,753	10.4%	-3.0%
Total Liabilities and Equity	1,393,458	100.0%	1,299,075	100.0%	7.3%

Contact Details

Investor Relations:

Ifeoluwa Feyisitan

M: +234 802 350 5849

E: ifeoluwa.feyisitan@sterling.ng

Adetunji Onamusi

M: +234 810 498 2986

E: adetunji.onamusi@sterling.ng

E: INVESTOR.RELATIONS@sterling.ng