



# Investors & Analysts Presentation

H1 2022

# 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 Interim Report for June 30, 2022. 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.

# 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.

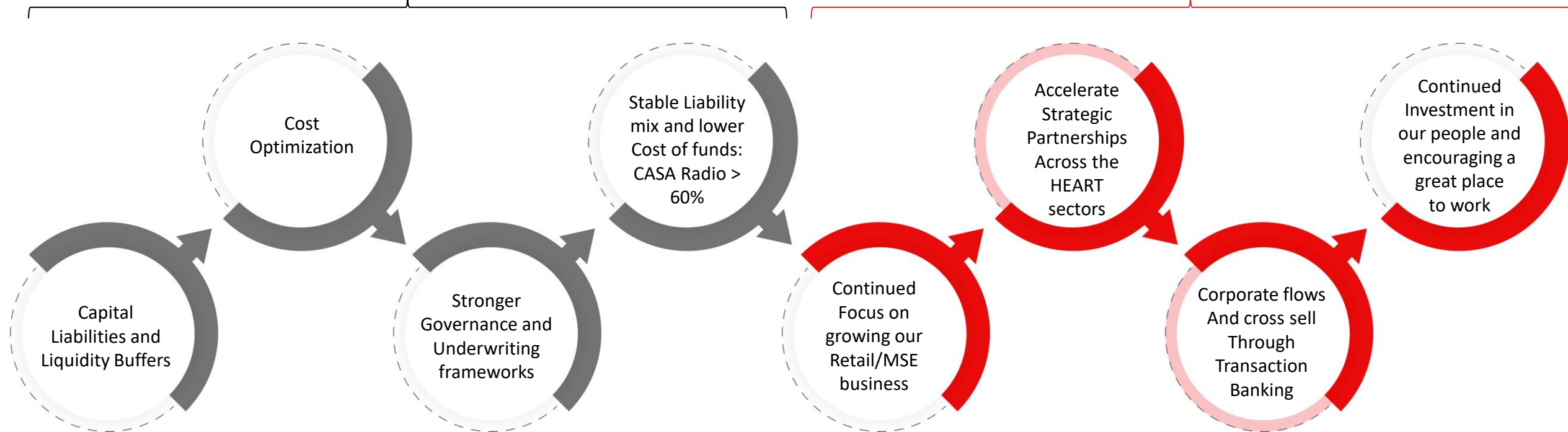
# Strategic Objectives



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**

**Predictable and Sustainable Earning Return value shareholder**



**Solidify the foundation & calibrate growth (immediate)**

**Short – Medium Term Objectives**

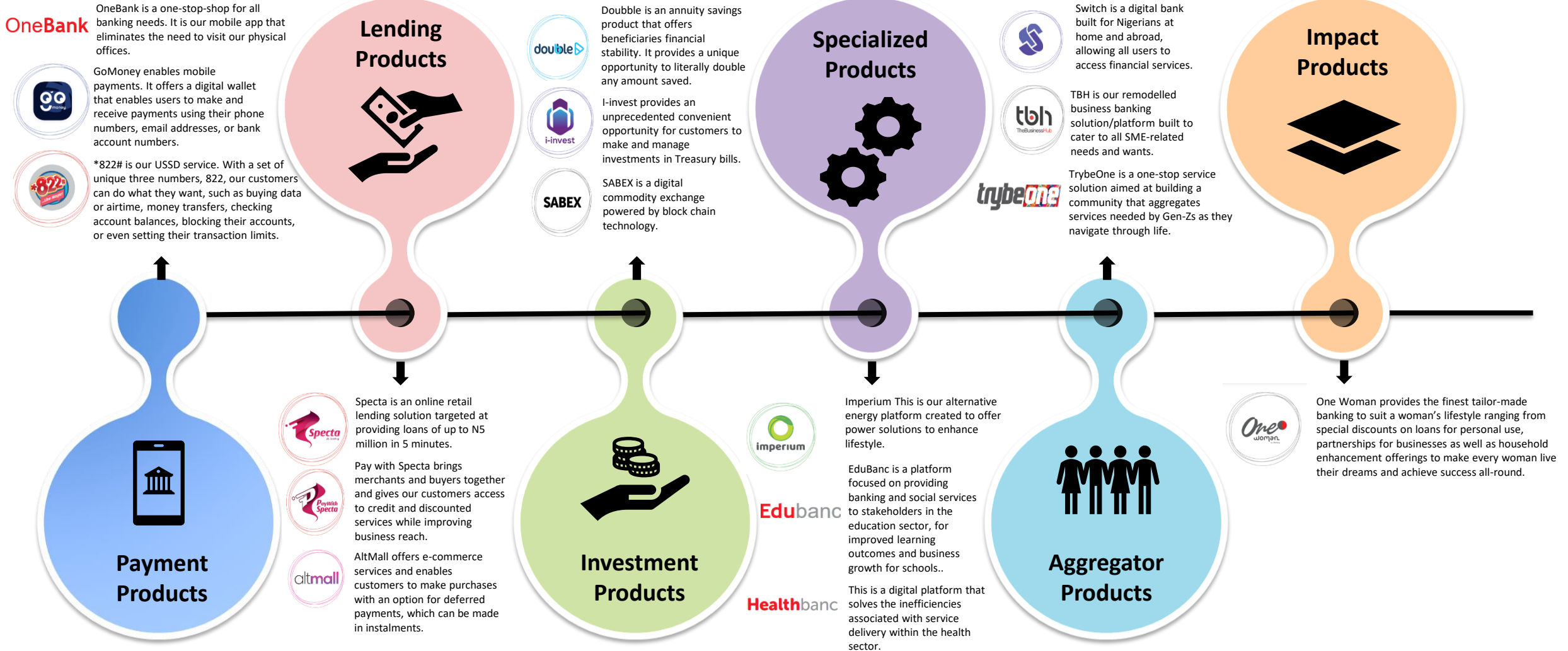
# Content



# Our Digital Offering



## Digital Ecosystem



# Our Digital Offering



Our digital platform -OneBank



**21.9m**  
Up 174% YoY  
**Transaction Volume**



**N477m**  
Up 168% YoY  
**Revenue**



**N1,208bn**  
Up 209% YoY  
**Transaction Value**



**524k**  
**Active Users**



**127k**  
**New Users**



**4.0**  
**APP Ratings**



Café One  
by Sterling



Come in!  
**We are open.**

**YABA**

📍 E-Centre, Yaba

**IBADAN**

📍 The Palms Mall

Book a space @ [cafeone.ng](https://cafeone.ng)

Other Outlets | Lennox Mall | Atlantic Mall

# Operating Performance H1 2022



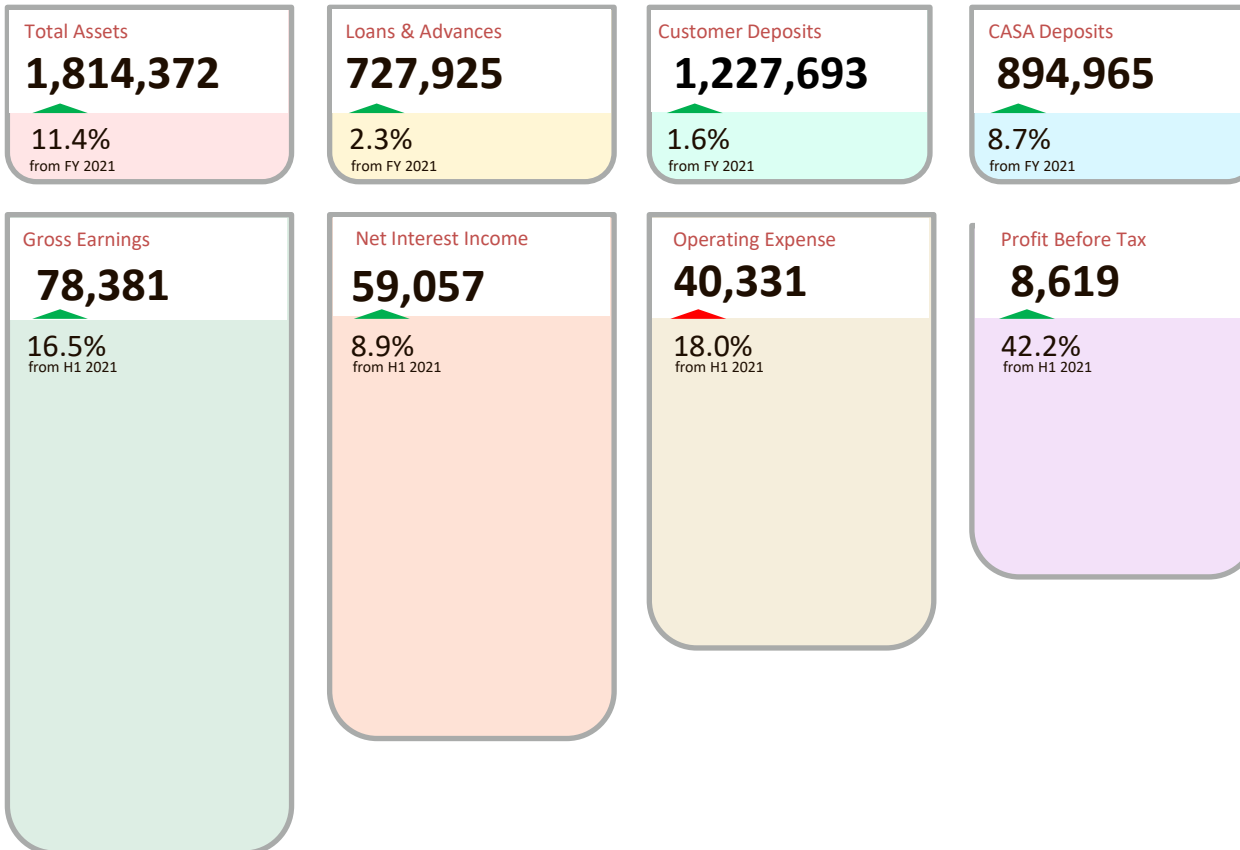


# Financial Highlights & Credit Ratings



In the first half of the year, we strengthened our financial position through effective funding optimization and our drive for efficiency.

## Financials (N' millions)



### Key Ratios

NPL	1.1%	Cost of Risk	0.9%
LDR	56.0%	Coverage Ratio	333.5%
Liquidity	31.3%	CAR	14.4%
Cost of Funds	3.6%		







### Ratings

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

# Channel Highlights



## Channels

POS	ATM	USSD Users	Branches	Customers	Professional Staff
					
14,671	635	2.7M	140	>3M	2672

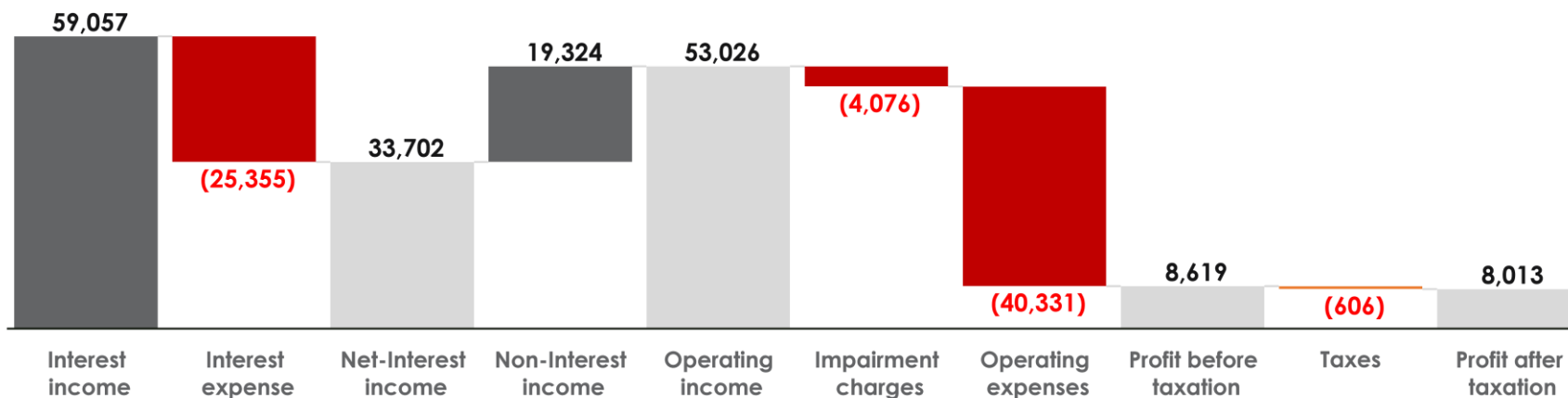


# Performance Snapshot (1/2)

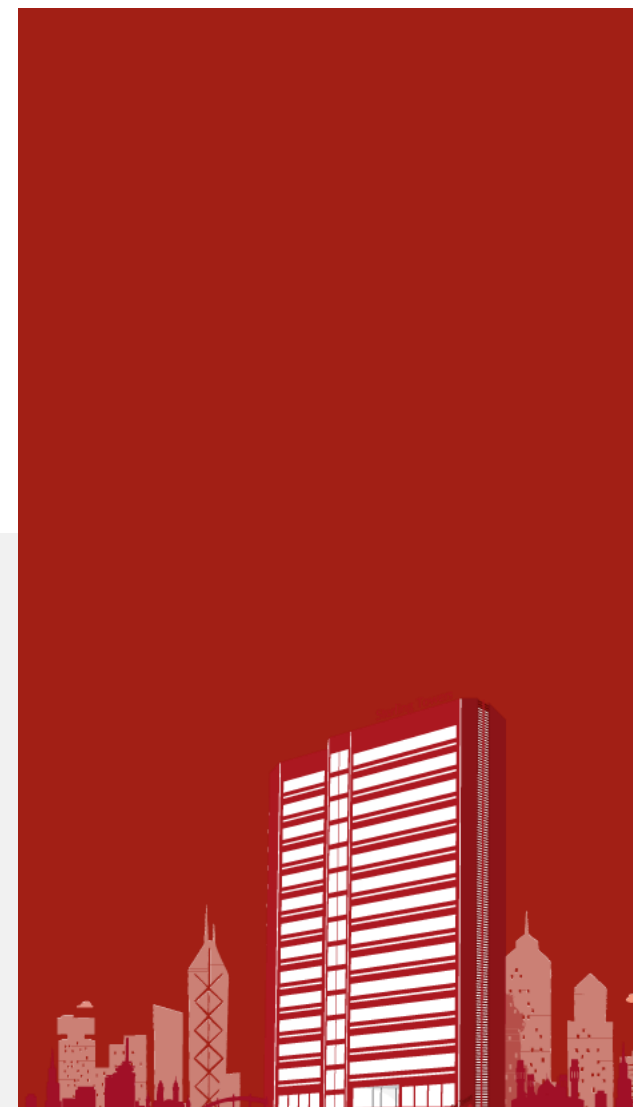
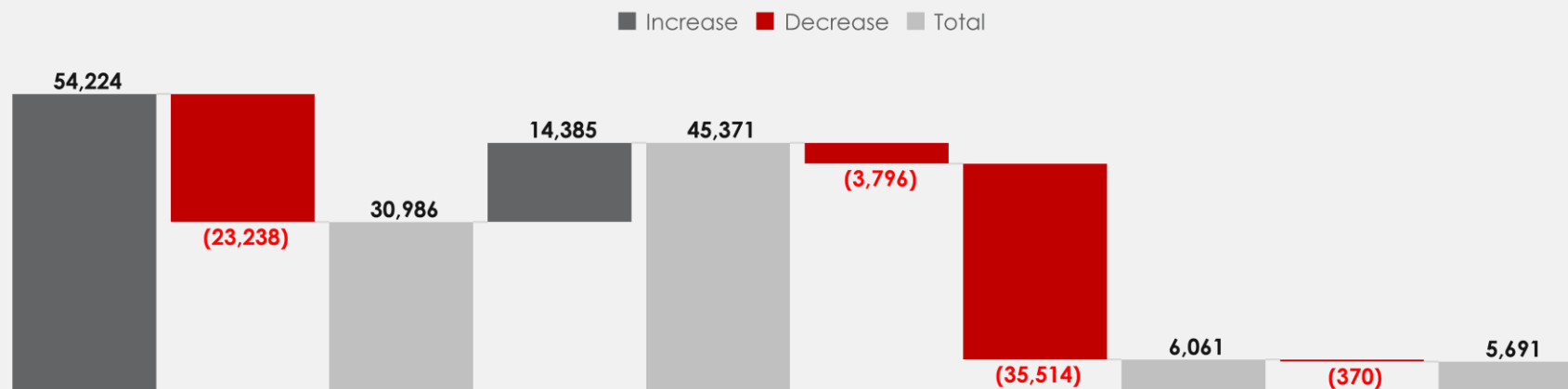


The Bank achieved a profit after tax of N8.0billion in the first half of the year, a 40.8% improvement on the corresponding period in 2021(H1 2021: N5.7 billion).

H1 2022 N'million



H1 2021 N'million

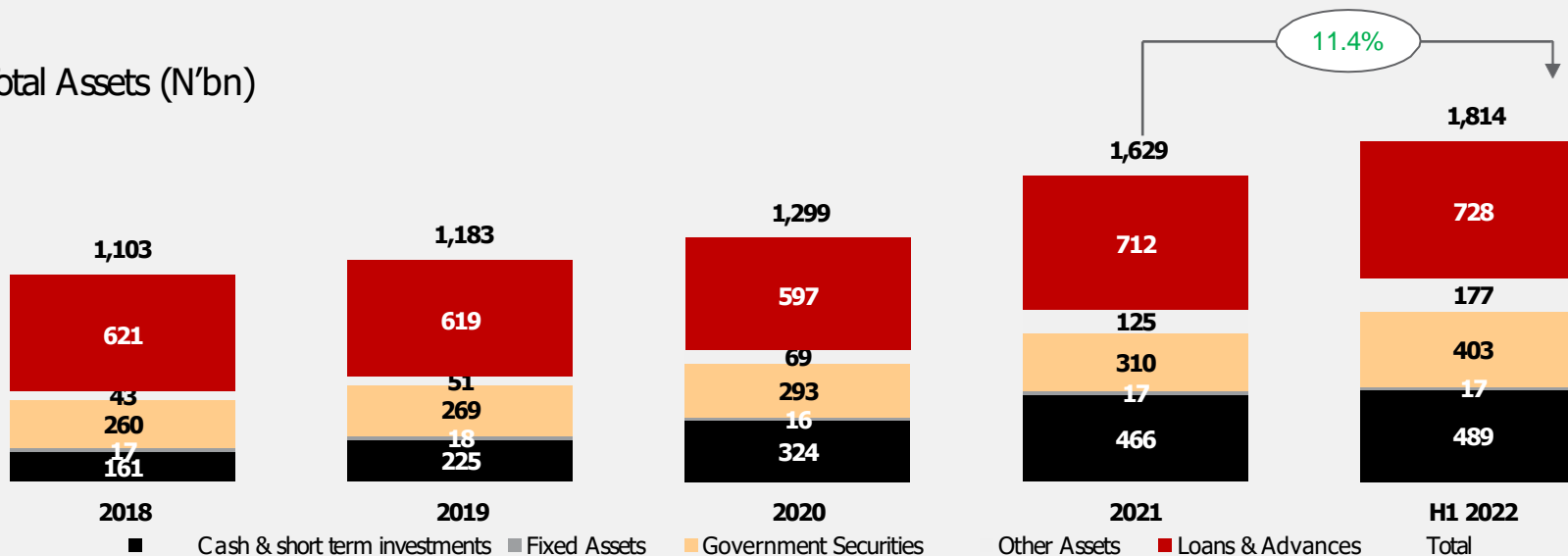


# Performance Snapshot (2/2)

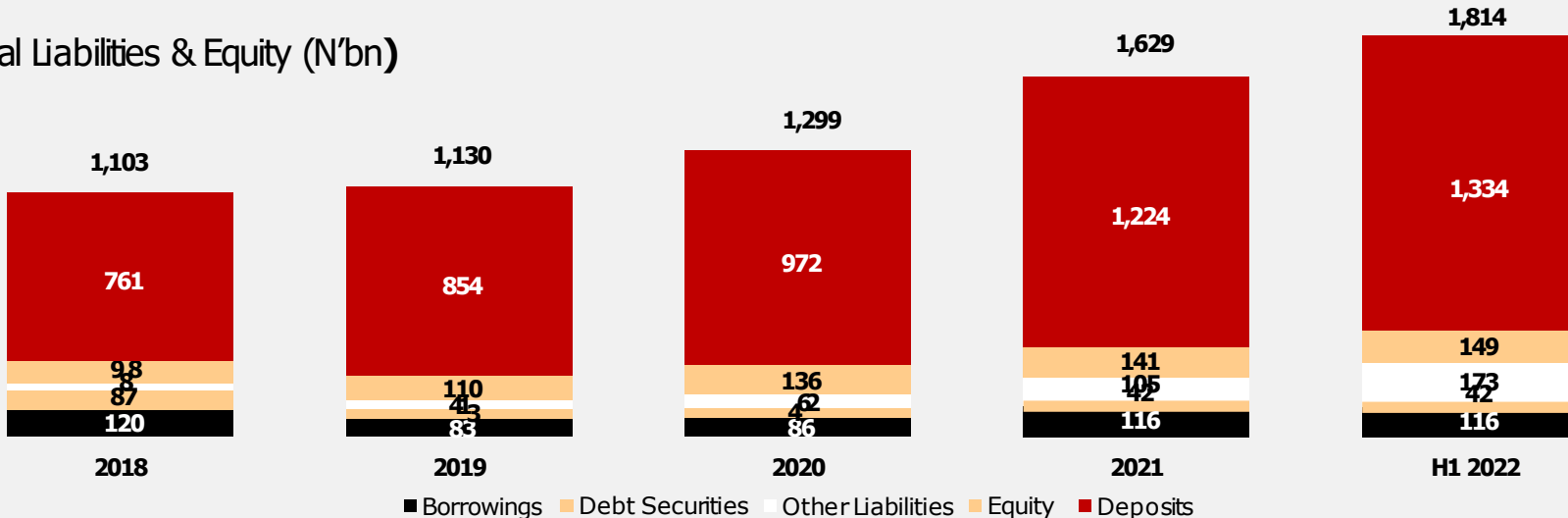


The rise in deposits and other financial liabilities continues to drive growth in total liabilities during the period

Total Assets (N'bn)



Total Liabilities & Equity (N'bn)





# Shop now Pay **LATER** With Specta

Visit [paywithspecta.com](https://paywithspecta.com) to get started

   @myspecta

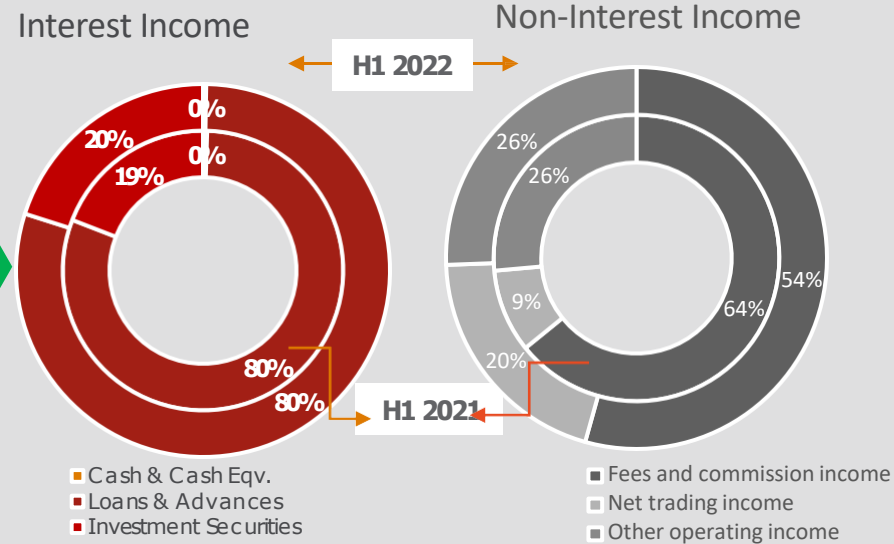
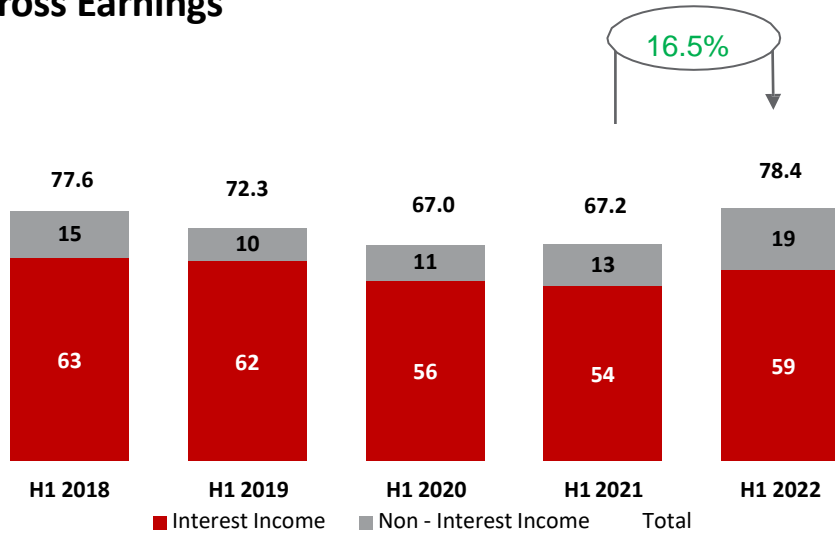


# Revenue Evolution

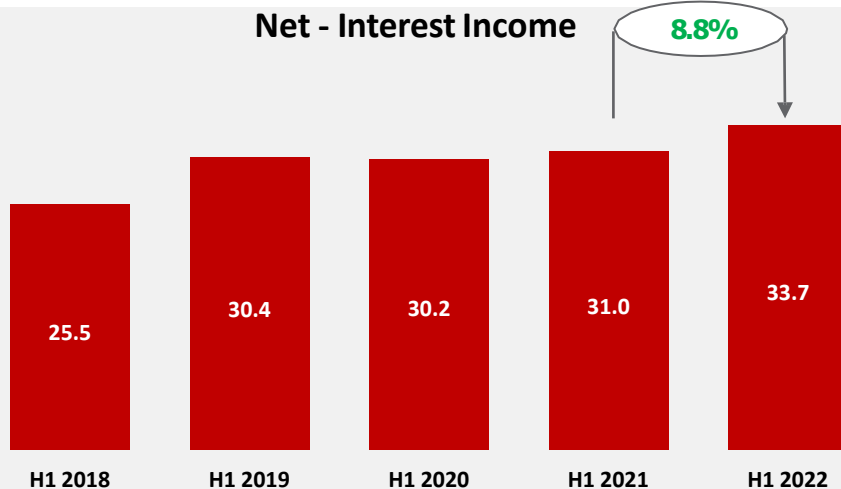


Growth in gross earnings by 16.5% was attributed to a combination of an 8.9% and 48.2% increase in interest income and non-interest income respectively.

## Gross Earnings



## Net - Interest Income

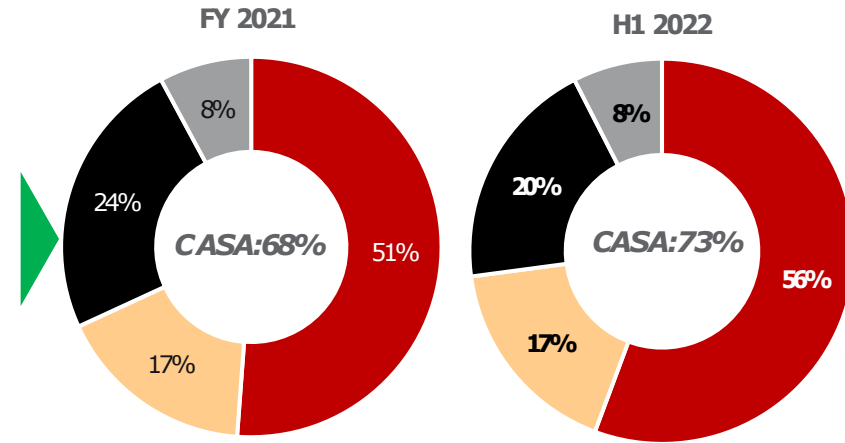
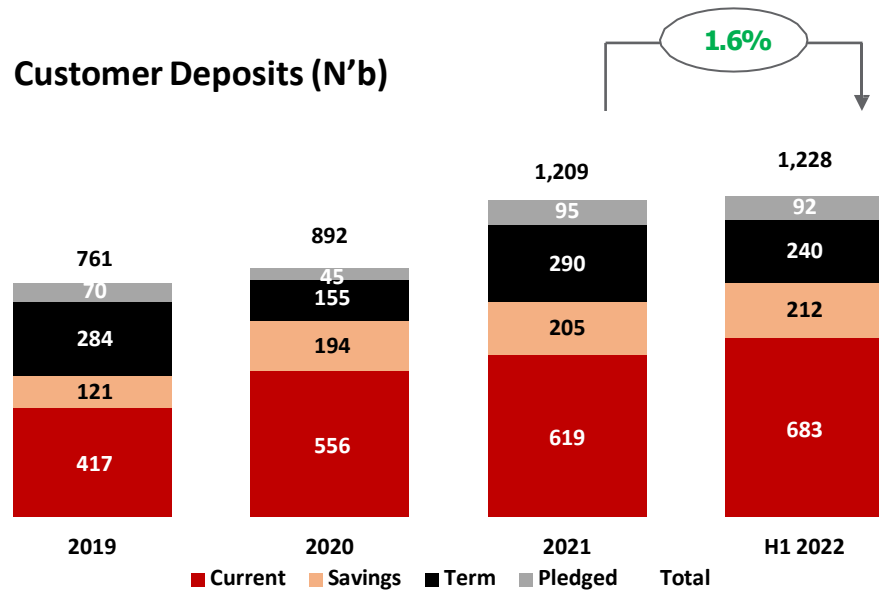


- Gross earnings rose by 16.5% driven by a growth in interest income and fees & commission.
- Non-interest revenue up by 48.2% mainly attributable to fees & commission income, and other operating income.
- Consequently, we recorded an 8.8% and 21.7% growth in net-interest and net-operating income respectively.

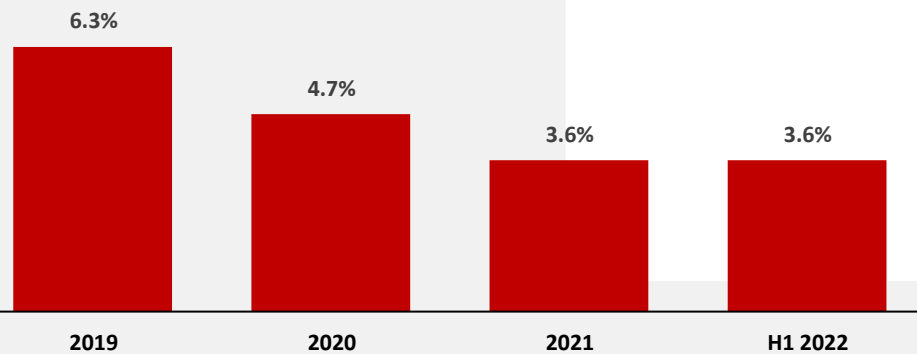
# Funding & Liquidity



We recorded an increase in customer deposits to N1.23 trillion and also the retention of low-cost deposits to 73% (FY 2021: 68%).



### Cost of Funds (%)



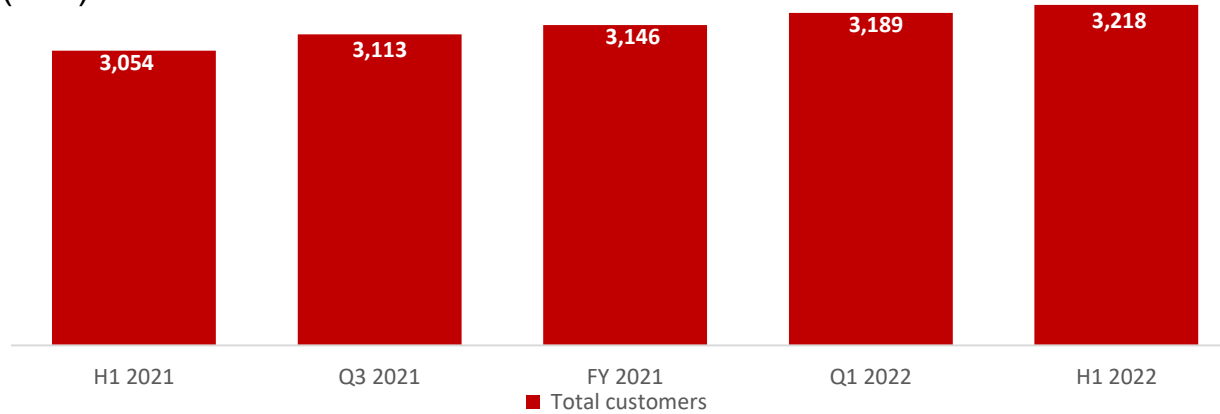
- There has been a 1.6% growth in customer deposits to reach N1.23 trillion (FY 2021: N1.21 trillion).
- The Bank also maintained its cost of funds at 3.6% and continued to maintain a healthy liquidity position at 31.3% above the minimum regulatory requirement.

# Customer & Deposit Trends



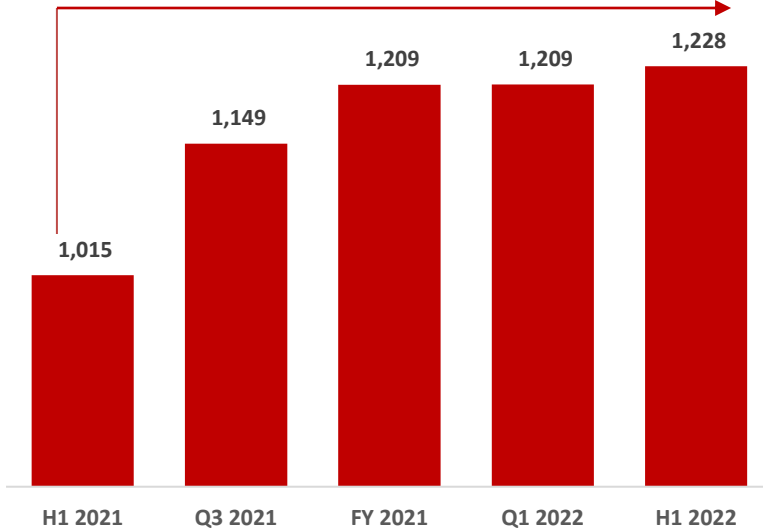
The customer acquisition rate has increased steadily in the last 5 quarters showing a 5.5% Y.O.Y increase in H1 2022.

Total Customers ('000)



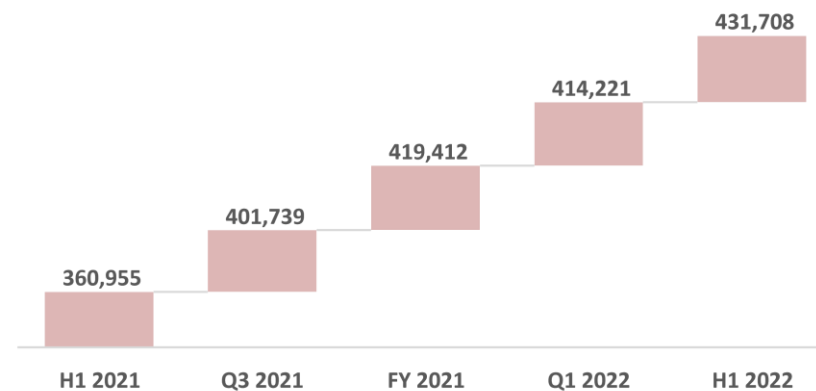
Deposit (N'm)

Y.O.Y 19.6%



Deposit per active customer (N'm)

■ Increase ■ Decrease ■ Total

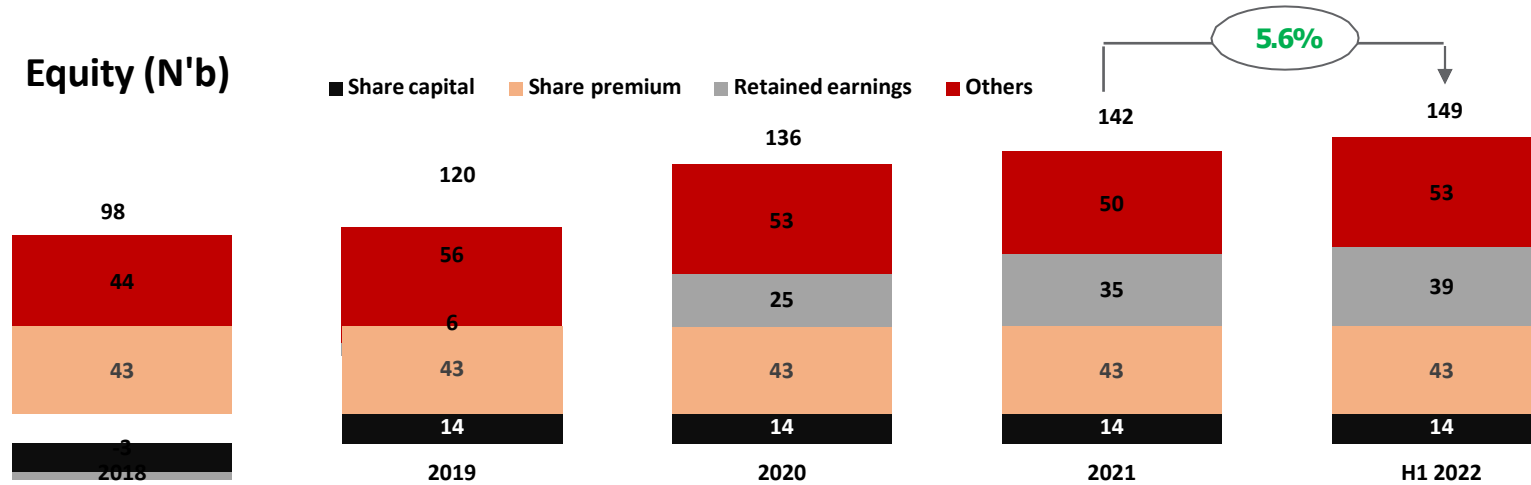




# Equity and Capital Adequacy

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

## Equity (N'b)



Items (N'mn)	Jun. 2022	Dec. 2021
Tier 1 capital*	122,403	117,154
Tier 2 capital**	22,259	24,273
<b>Total regulatory capital</b>	<b>144,662</b>	<b>141,427</b>
<b>Risk-weighted assets</b>	<b>1,003,624</b>	<b>951,825</b>
Tier 1 ratio	12.20%	12.31%
Tier 2 ratio	2.22%	2.55%
<b>Capital adequacy ratio</b>	<b>14.4%</b>	<b>14.8%</b>

- Shareholders' funds grew by 5.6% to N149 billion (FY 2021: N142 billion) driven by growth in retained earnings.
- Overall, the Bank's capital adequacy ratio stood at 14.4% as at June 2022.

Notes: \*Tier 1 capital includes ordinary share capital, share premium, retained earnings, 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 debt, and element of the fair value reserves 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 both the manufacturing and transportation sectors.

Gross Loans & Advances by Sector Sectors	Jun-22		Dec-21		Growth
	N'm	% of total	N'm	% of total	%
Agriculture	87,642	11.8%	76,727	10.6%	14.2%
Communication	21,082	2.8%	17,762	2.4%	18.7%
Consumer	96,390	12.9%	91,360	12.6%	5.5%
Education	1,587	0.2%	1,369	0.2%	15.9%
Finance_and_Insurance	21,178	2.8%	25,132	3.5%	-15.7%
Government	95,761	12.9%	101,375	14.0%	-5.5%
Manufacturing	23,610	3.2%	10,438	1.4%	126.2%
Mining_and_Quarrying	0	0.0%	0	0.0%	0.0%
Mortgage	2,320	0.3%	3,114	0.4%	-25.5%
Oil_and_Gas	161,494	21.7%	170,576	23.5%	-5.3%
Others	54,747	7.4%	48,437	6.7%	13.0%
Power	32,031	4.3%	36,011	5.0%	-11.1%
Real_Estate_and_Construction	69,099	9.3%	80,940	11.1%	-14.6%
Transportation	45,757	6.1%	28,239	3.9%	62.0%
Non-interest banking	31,961	4.3%	34,600	4.8%	-7.6%
<b>TOTAL</b>	<b>744,658</b>	<b>100.0%</b>	<b>726,080</b>	<b>100.0%</b>	<b>26%</b>



# Loans and Advances by Currency – H1 2022



...while we continue to effectively manage our FCY loan book under a third of the Bank's total loan book

Gross Loans & Advances by Currency	FCY		LCY		FCY % of Sector
	N'm	% of Total	N'm	% of Total	
Agriculture	-	0.0%	87,642	14.7%	0.0%
Communication	-	0.0%	21,082	3.5%	0.0%
Consumer	84	0.1%	96,306	16.1%	0.1%
Education	-	0.0%	1,587	0.3%	0.0%
Finance_and_Insurance	-	0.0%	21,178	3.5%	0.0%
Government	-	0.0%	95,761	16.0%	0.0%
Manufacturing	13,275	9.0%	10,336	1.7%	56.2%
Mining_and_Quarrying	-	0.0%	0	0.0%	0.0%
Mortgage	13	0.0%	2,307	0.4%	0.6%
Oil_and_Gas	96,793	65.8%	64,702	10.8%	59.9%
Others	692	0.5%	54,055	9.0%	1.3%
Power	-	0.0%	32,031	5.4%	0.0%
Real_Estate_and_Construction	15,865	10.8%	53,234	8.9%	23.0%
Transportation	20,431	13.9%	25,326	4.2%	44.7%
NIB	-	0.0%	31,961	5.3%	0.0%
<b>TOTAL</b>	<b>147,152</b>	<b>100.0%</b>	<b>597,505</b>	<b>100.0%</b>	<b>19.8%</b>



# Loans and Advances by Currency – FY 2021



Gross Loans & Advances by Currency Sector	FCY		LCY		
	N'm	% of Total	N'm	% of Total	% of Sector
Agriculture	-	0.0%	76,727	13.3%	0.0%
Communication	-	0.0%	17,762	3.1%	0.0%
Consumer	111	0.1%	91,249	15.8%	0.1%
Education	-	0.0%	1,369	0.2%	0.0%
Finance & Insurance	-	0.0%	25,132	4.4%	0.0%
Government	-	0.0%	101,375	17.5%	0.0%
Manufacturing	4,377	3.0%	6,061	1.0%	41.9%
Mining & Quarrying	-	0.0%	0	0.0%	0.0%
Mortgage	-	0.0%	3,114	0.5%	0.0%
Oil & Gas	104,943	70.7%	65,633	11.4%	61.5%
Others	4,965	3.3%	43,472	7.5%	10.2%
Power	235	0.2%	35,775	6.2%	0.7%
Real Estate & Construction	15,165	10.2%	65,774	11.4%	18.7%
Transportation	6,388	4.3%	21,852	3.8%	22.6%
Non-interest banking	12,169	8.2%	22,431	3.9%	35.2%
<b>TOTAL</b>	<b>148,354</b>	<b>100.0%</b>	<b>577,726</b>	<b>100.0%</b>	<b>20.4%</b>

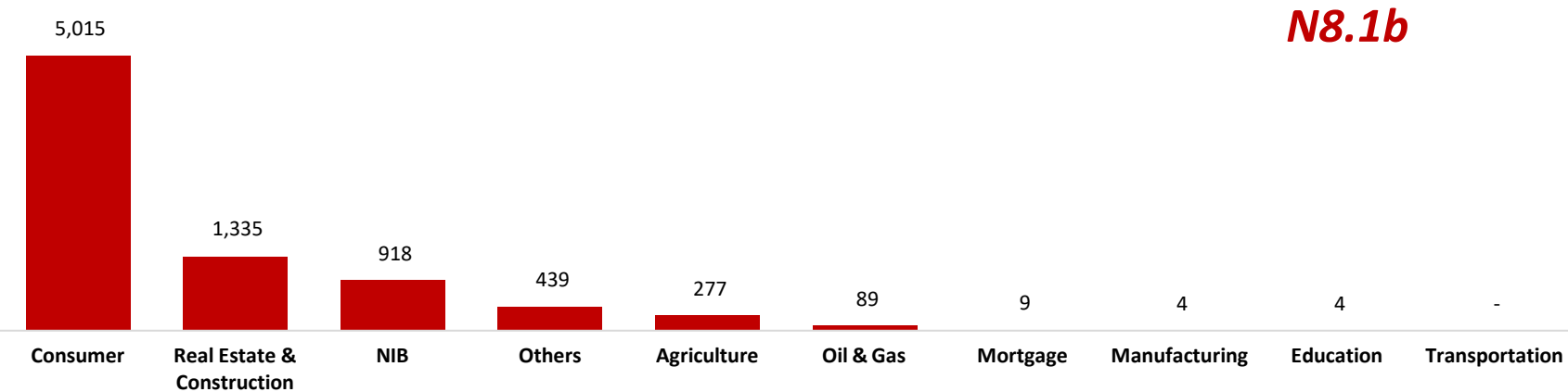


# Asset Quality – NPL by Sector



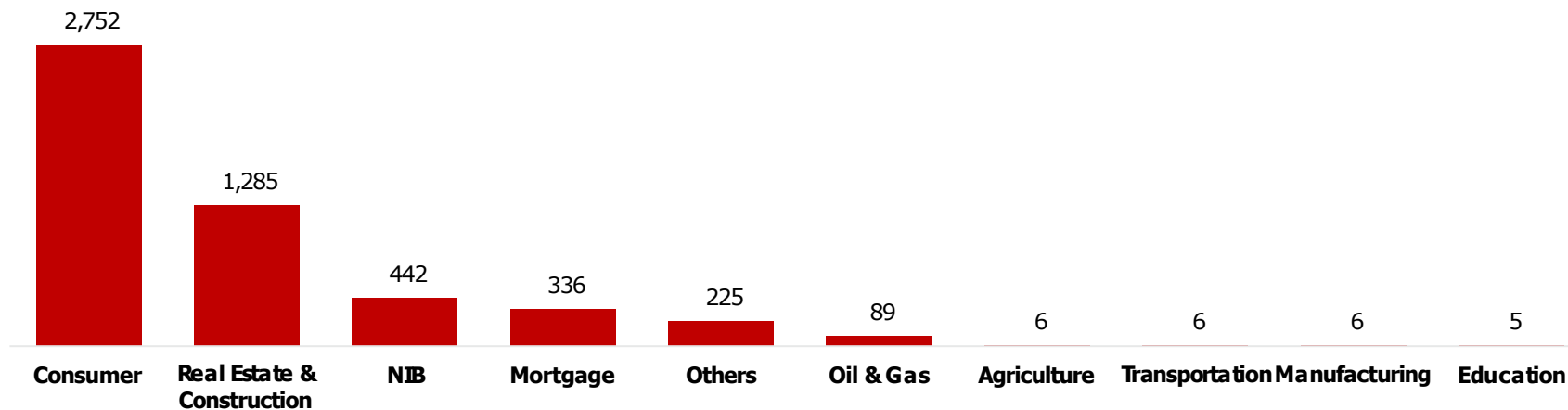
In terms of asset quality, our non-performing loans increased to N8.1 billion during the period under review.

NPL by Sector (N'm) – H1 2022



**N8.1b**

NPL by Sector (N'm) – FY 2021



**N5.2b**

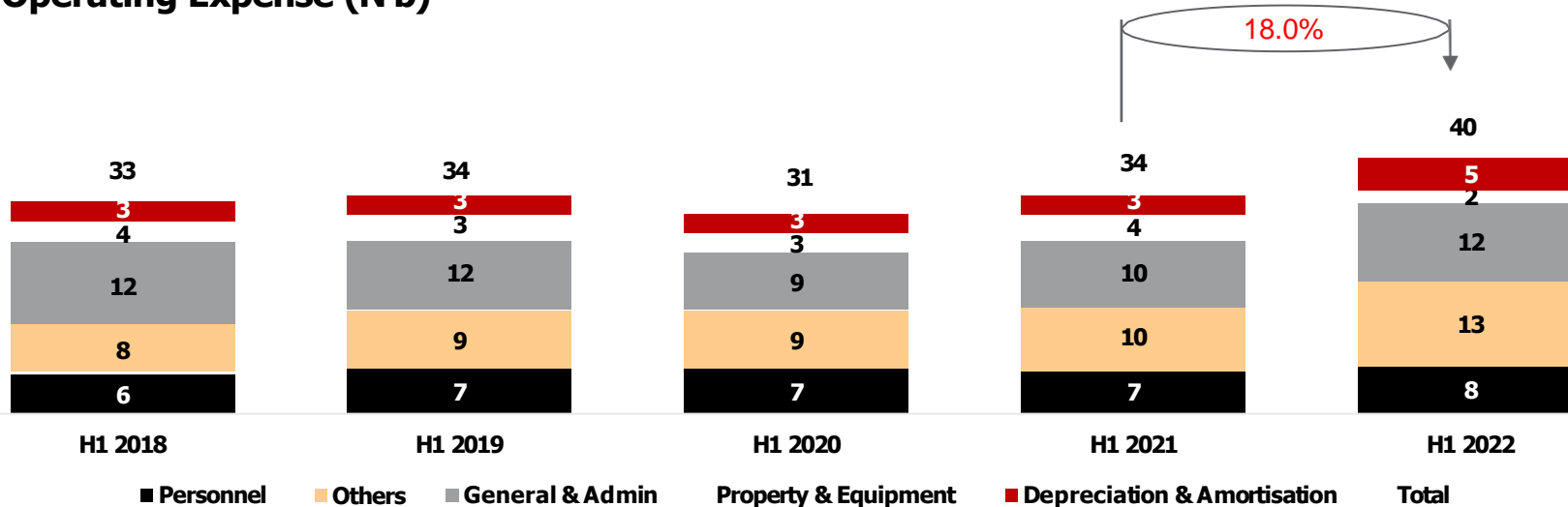


# Operating Efficiency

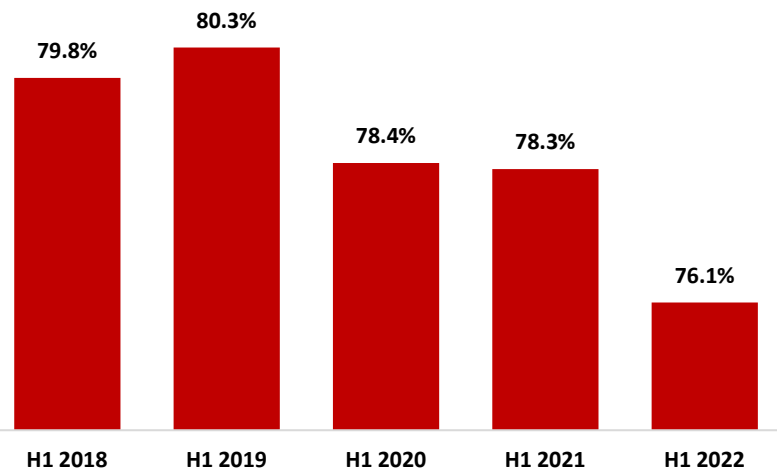


There was an increase in operating expenses, particularly from general and administrative expenses and other operating expenses.

## Operating Expense (N'b)



## Cost-to-Income (%)



- The Bank recorded an 18.0% increase in operating expenses reaching N40 billion in H1 2022 (H1 2021: N34 billion). This was driven primarily by inflation and the depreciation of the currency.
- Notwithstanding, the cost-to-income ratio (CIR) improved to 76.1% as at H1 2022.

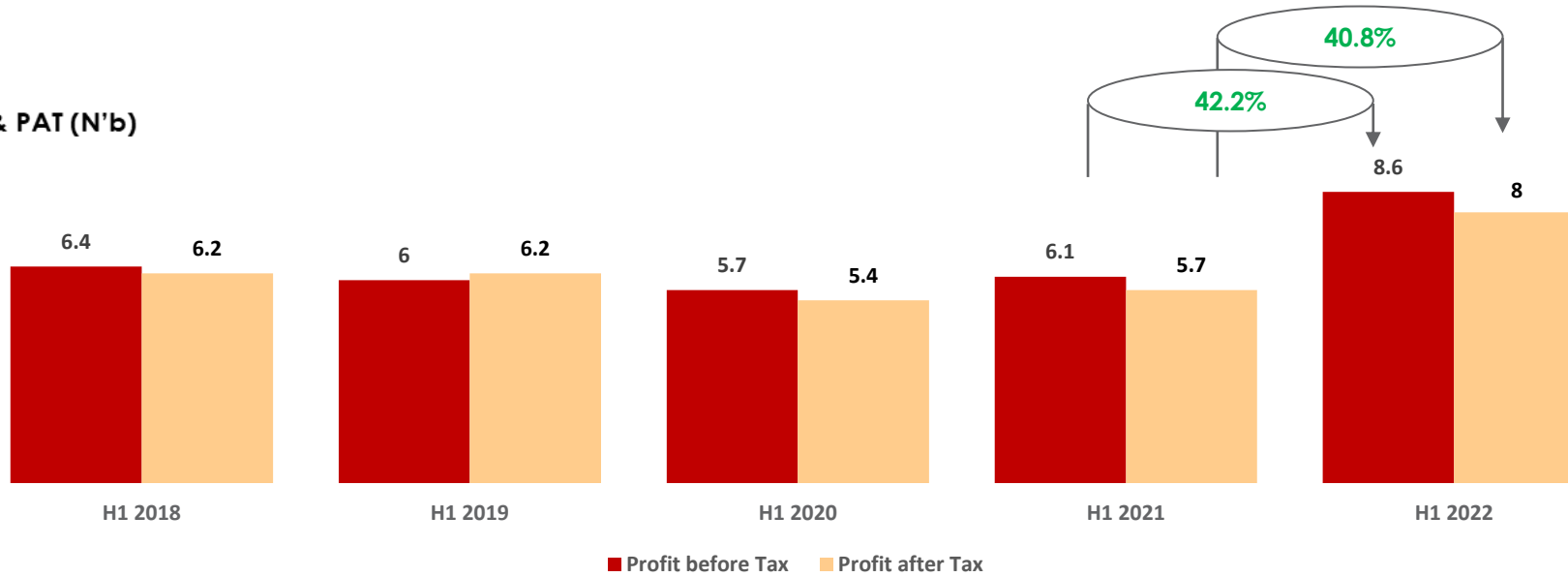


# Profitability

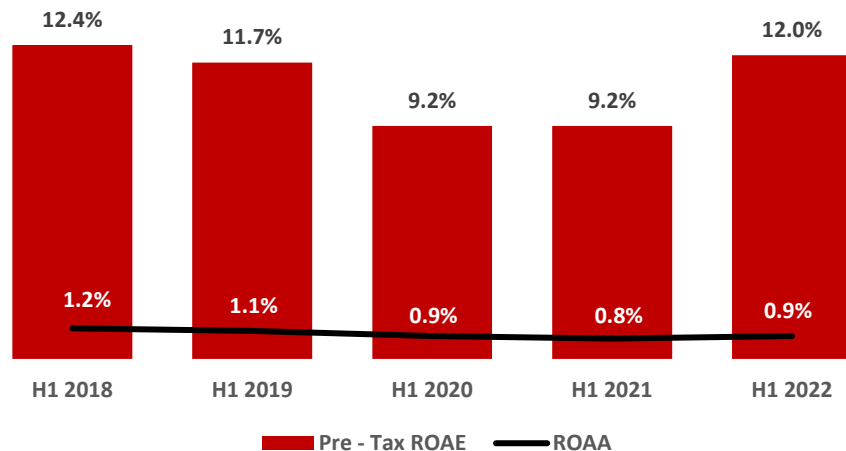


Overall, the Bank recorded a profit after tax of N8 billion for the year.

PBT & PAT (N'b)



Pre tax ROAE & ROAA (%)



- Profit before and after tax stood at N8.6 billion and N8 billion respectively.
- Pre-tax Return on Average Equity (ROAE) and Return on Assets stood at 12.0% and 0.9% respectively for the period.





# Enjoy exclusive discounts!

When you use your **OneWoman card**  
at any of our partner stores.

Visit **[sterling.ng/OneWoman](http://sterling.ng/OneWoman)** to sign up for FREE





# Key Performance Ratios

Indicator	FY 2020	H1 2021	FY 2021	H1 2022
Net Interest Margin	7.7%	7.7%	8.0%	7.3%
Cost to Income	76.6%	78.3%	75%	76.1%
Earnings per Share	39k	20k	47k	28k
Liquidity Ratio	34.9%	30.7%	37.9%	31.3%
Cost of Risk	1.0%	0.9%	1.0%	0.9%
Cost of Funds	4.7%	4.0%	3.6%	3.6%
Yield on Earning Assets	12.4%	11.7%	11.6%	10.9%
Return on Average Assets	1.0%	0.8%	1.0%	0.9%
Post-Tax Return on Average Equity	8.8%	8.7%	9.7%	11.1%
Pre-Tax Return on Average Equity	9.7%	9.2%	10.4%	12.0%
NPL Ratio	1.9%	1.8%	0.7%	1.1%
Coverage Ratio	236.2%	243.5%	474.2%	333.5%
Capital Adequacy Ratio	18.0%	15.0%	14.8%	14.4%
Loans to Deposit Ratio	62.4%	58.4%	58.5%	56.0%





## Investor Relations:

Ifeoluwa Feyisitan

M: +234 802 350 5849

E: [ifeoluwa.feyisitan@sterling.ng](mailto:ifeoluwa.feyisitan@sterling.ng)

Fatima Salau

M: +234 806 570 2379

E: [fatima.salau@sterling.ng](mailto:fatima.salau@sterling.ng)

E: [INVESTOR.RELATIONS@sterling.ng](mailto:INVESTOR.RELATIONS@sterling.ng)