



Investors & Analysts Presentation

FY 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, the 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 Audited Report for December 31, 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 and diversification 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) significantly improved the capacity of our customers to self-serve both online and offline.

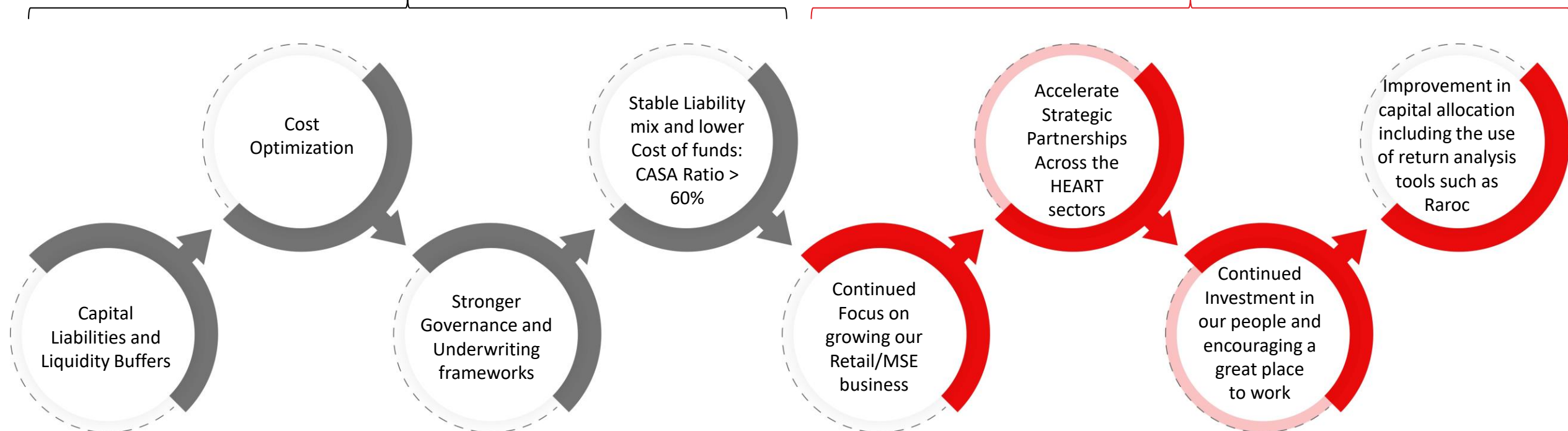
Strategic Objectives



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



01

Our Digital Offerings

02

Operating Performance (FY 2022)

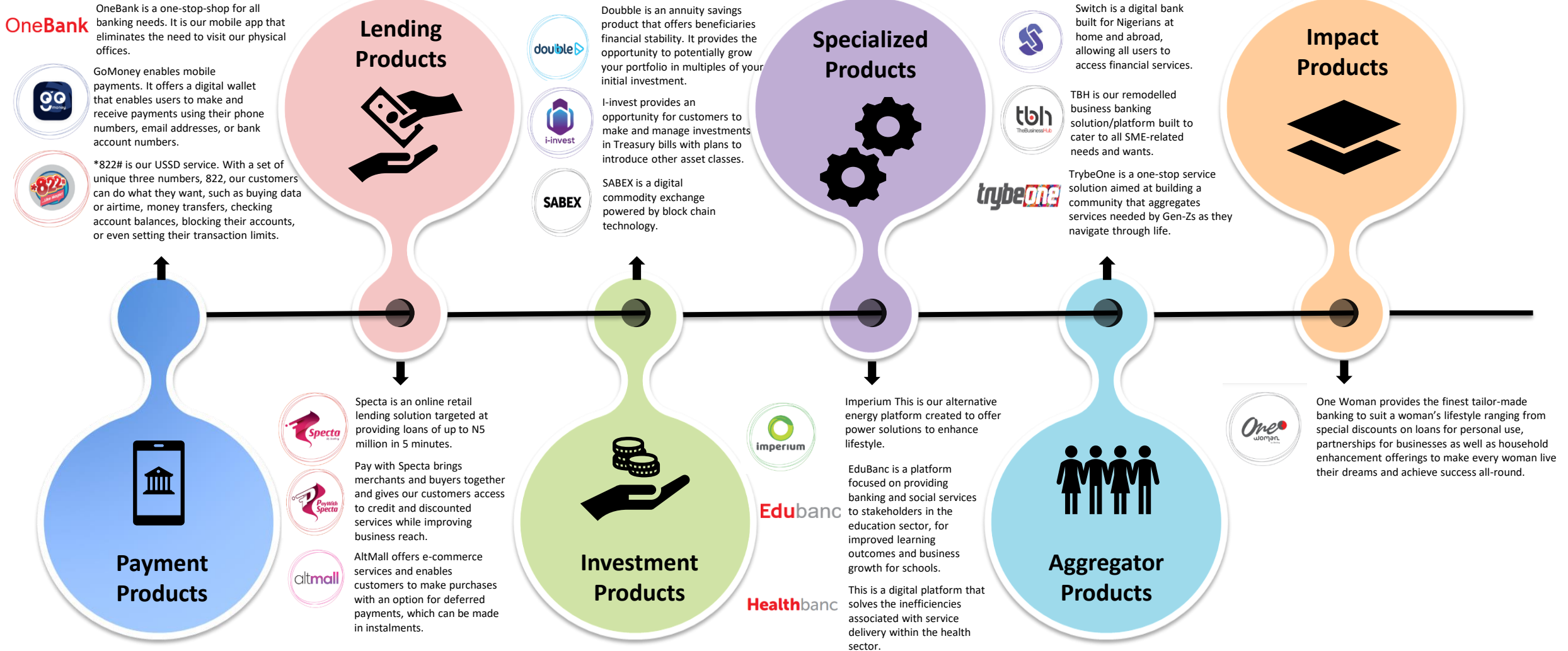
03

Appendix

Our Digital Offering



Digital Ecosystem





Café One
by Sterling



Come in!
We are open.

YABA

📍 E-Centre, Yaba

IBADAN

📍 The Palms Mall

Book a space @ cafeone.ng

Other Outlets | Lennox Mall | Atlantic Mall







Operating Performance FY 2022

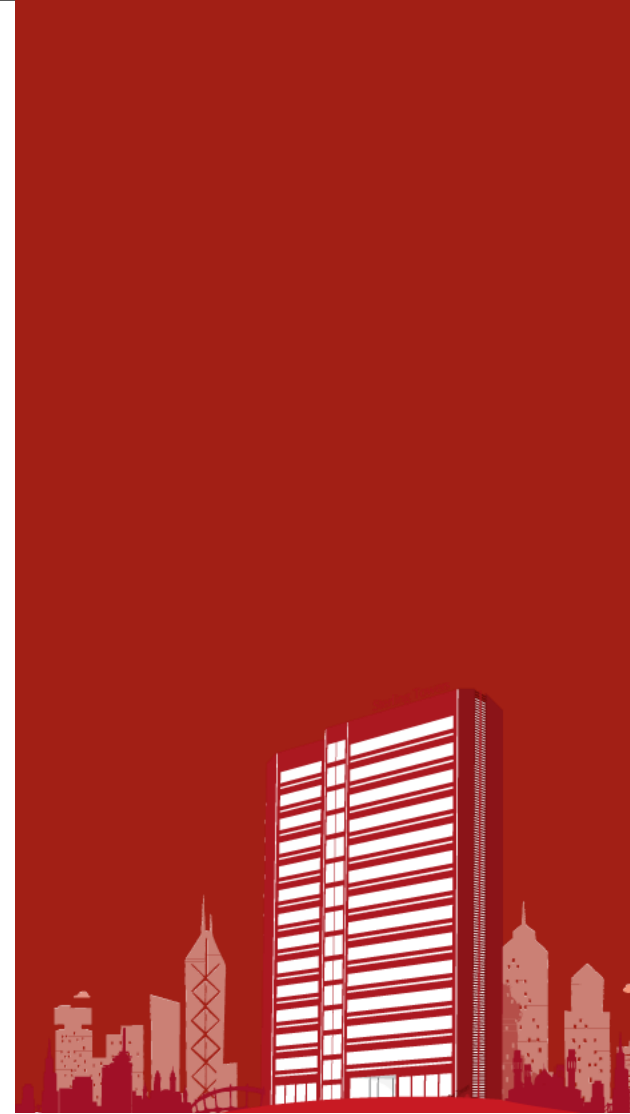


Channel Highlights



Channels

POS	ATM	USSD Users	Branches	Customers	Professional Staff
					
16,291	632	>3M	140	3.3M	3,043

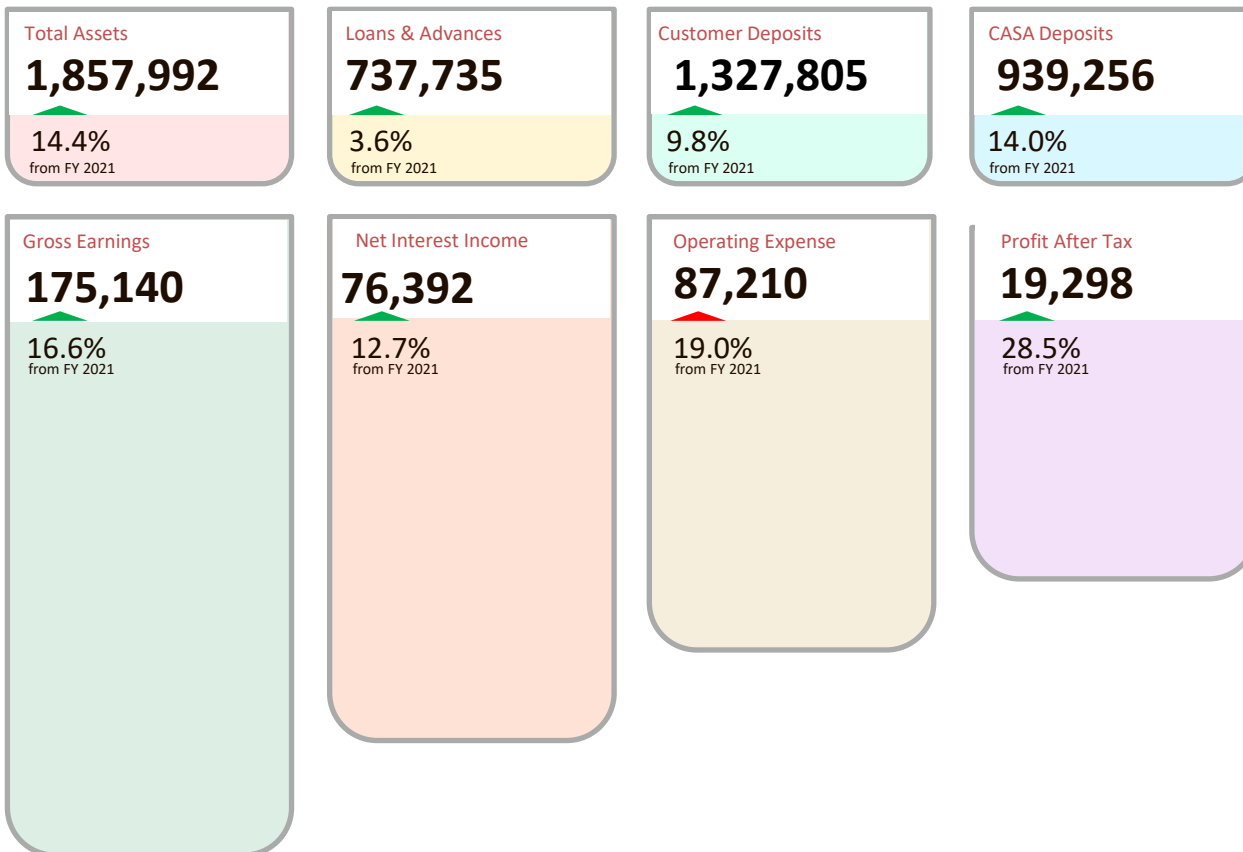


Financial Highlights & Credit Ratings



As at the close of 2022, the bank achieved a positive performance across key financial indices and a marked improvement from our position in the previous year.

Financials (N' millions)



Key Ratios

NPL	Cost of Risk
3.9%	1.0%
LDR	Coverage Ratio
54.1%	104.0%
Liquidity	CAR
37.2%	14.7%
Cost of Funds	
3.6%	

Ratings

MOODY'S	
Caa1/B3	
GCR GLOBAL CREDIT RATING CO	DataPro Compliance Solutions Company
BBB/A3	BBB+/A2

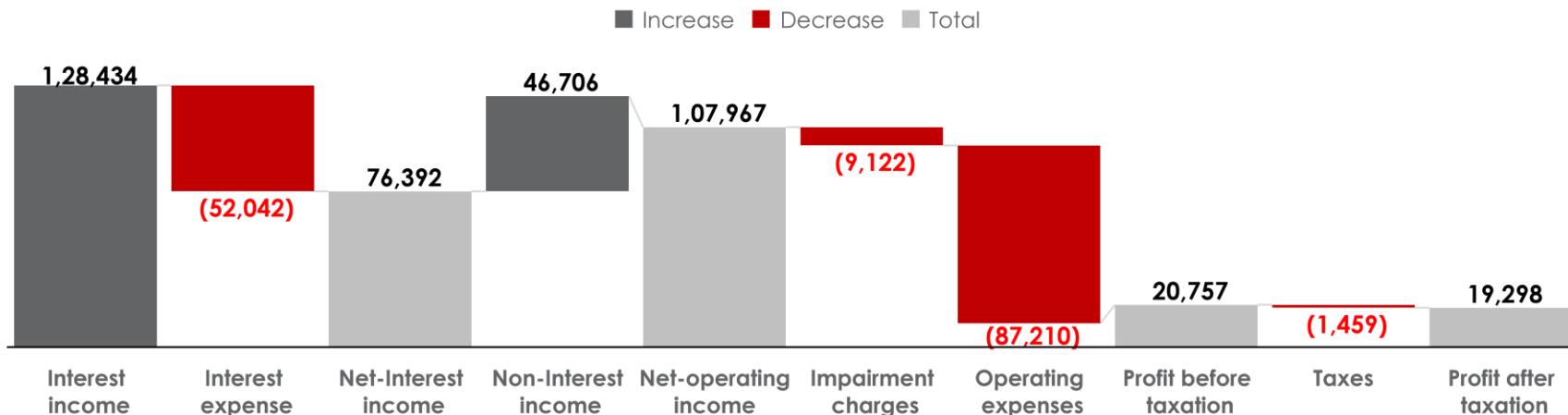
Notes: *Ratings are long-term/ Short-term

Performance Snapshot (1/2)

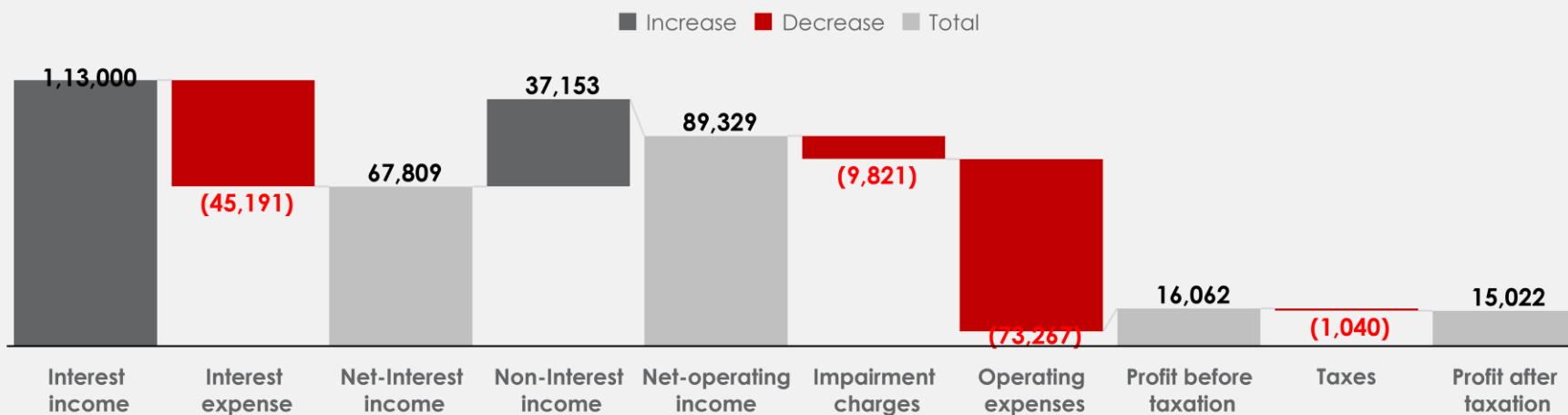


The Bank achieved a 28.5% growth in profit after tax to N19.3 billion (FY 2021: N15.0 billion).

FY 2022 N'million



FY 2021 N'million

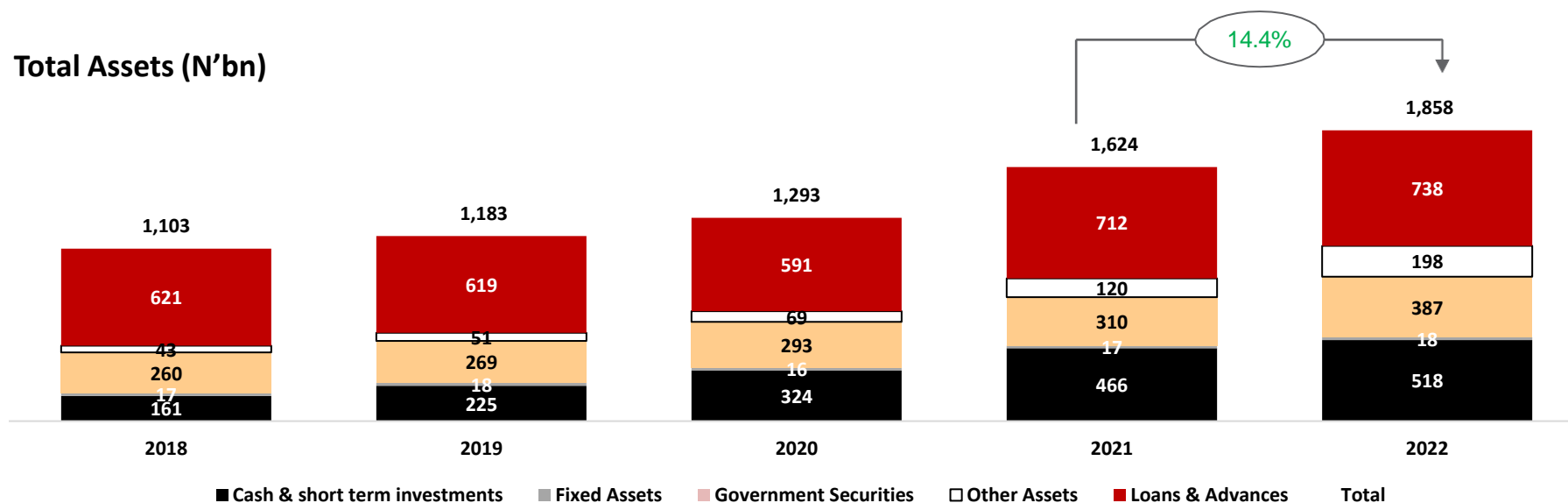


Performance Snapshot (2/2)

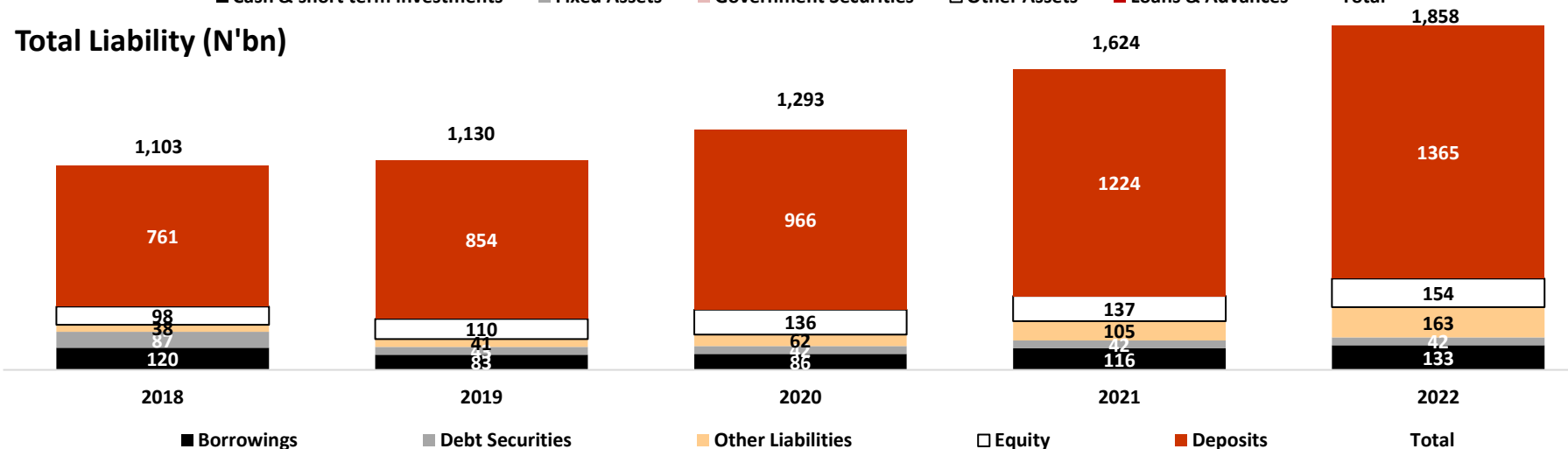


The balance sheet grew by 14.4% to N1.9 trillion in 2022 (FY2021: N1.6 trillion) driven by an increase in deposits and other financial liabilities.

Total Assets (N'bn)



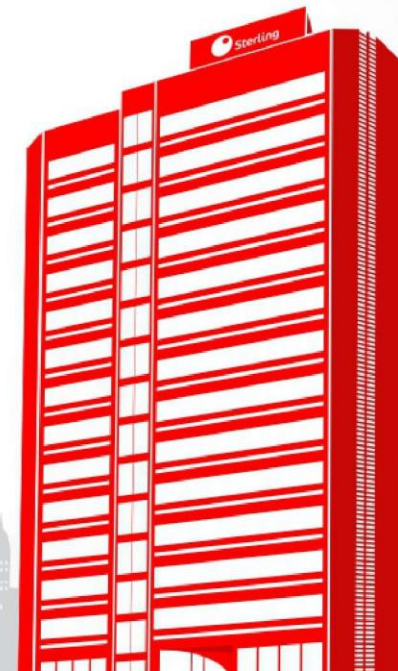
Total Liability (N'bn)





#Charting New Territories

in o t f | sterling.ng

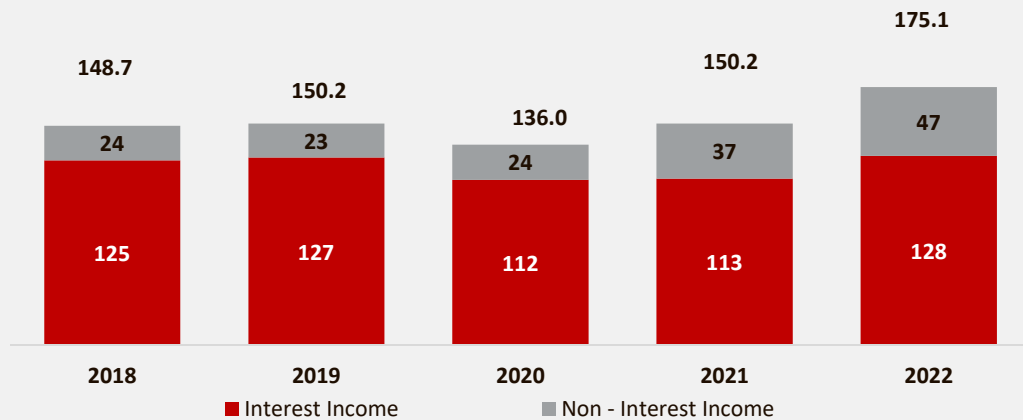


Revenue Evolution

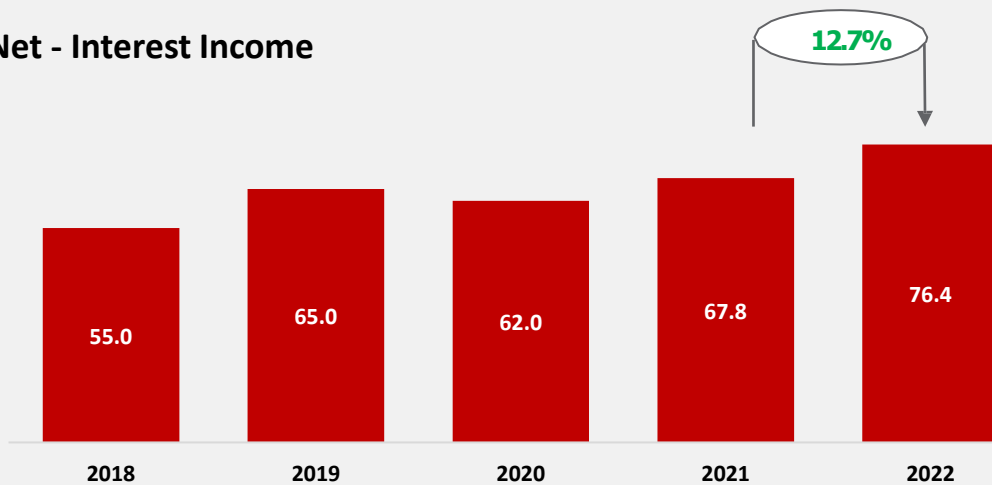


Growth in gross earnings by 16.6% was attributed to a combination of 13.7% and 25.7% increase in interest income and non-interest income, respectively.

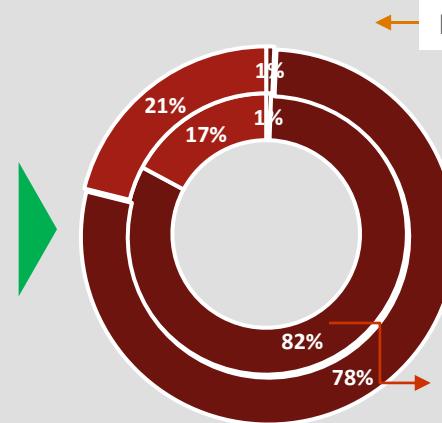
Gross Earnings



Net - Interest Income

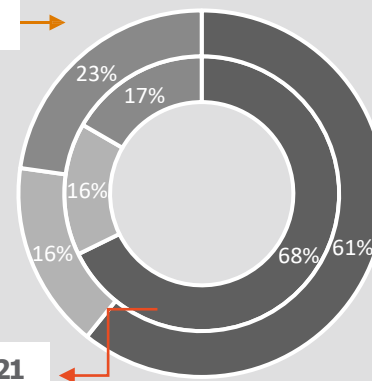


Interest Income



- Cash & Cash Eqv.
- Loans & Advances
- Investment Securities

Non-Interest Income



- Fees and commission income
- Net trading income
- Other operating income

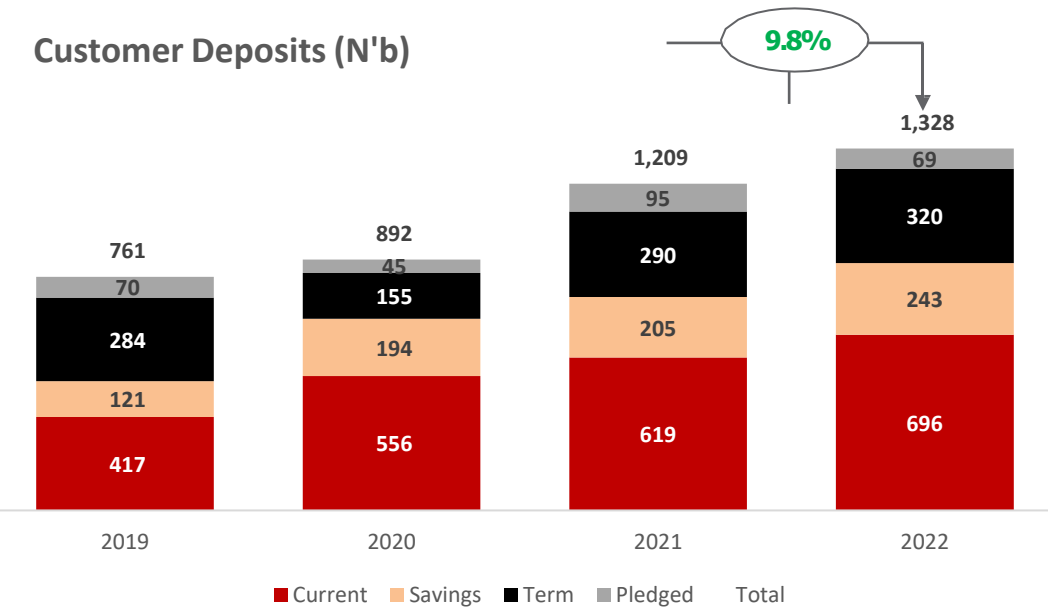
Net interest income grew by 12.7% to 76.4 billion, reflecting the impact of the growth in earning asset volume, and yield on the asset while maintaining the cost of the fund at 3.6%.

Funding & Liquidity

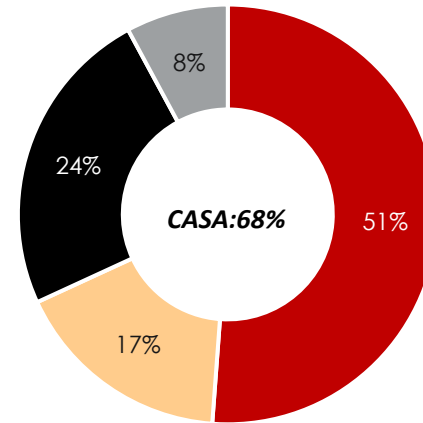


We recorded an increase in customer deposits to N1.33 trillion and the retention of low-cost deposits to 70.7% (FY 2021: 68.1%).

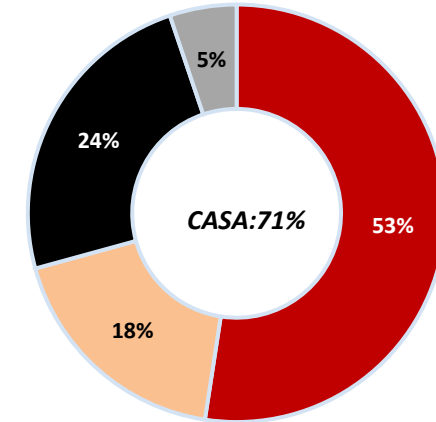
Customer Deposits (N'b)



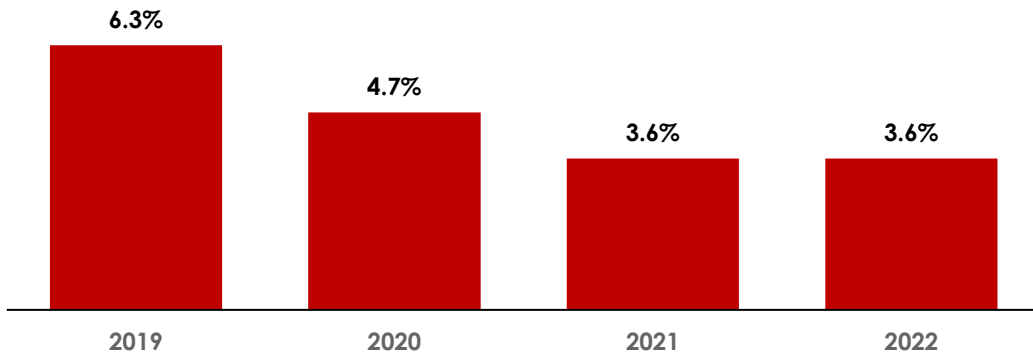
FY 2021



FY 2022



Cost of Funds (%)



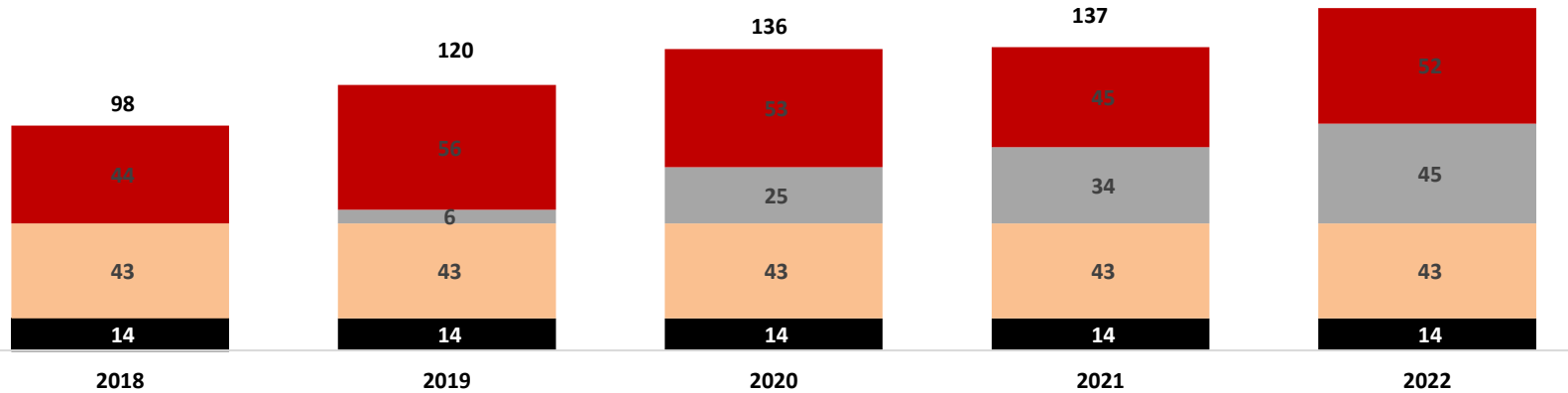
- We recorded a 14.4% growth in low-cost deposits leading to an improvement in the share of CASA to total deposits from 68.1% to 70.7%.
- The Bank also maintained its cost of funds at 3.6% and maintained a healthy liquidity position at 37.2% which is above the minimum regulatory requirement.

Equity and Capital Adequacy

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

Equity (N'b)

■ Share capital ■ Share premium ■ Retained earnings ■ Others



Items (N'm)	Dec. 2022	Dec. 2021
Tier 1 capital*	129,153	117,154
Tier 2 capital**	19,893	24,273
Total regulatory capital	149,046	141,427
Risk-weighted assets	1,013,589	951,825
Tier 1 ratio	12.74%	12.31%
Tier 2 ratio	1.96%	2.55%
Capital adequacy ratio	14.7%	14.8%

- Shareholders' funds grew by 12.8% to N154.0 billion (FY 2021: N136.6) due to a rise in FY 2022 capitalized earnings.
- Overall, the Bank's capital adequacy ratio maintained at 14.7% as at December 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 subordinated debt, and element of the fair value reserves relating to unrealized gains on equity instruments classified as Fair Value Through Other Comprehensive Income. capital adequacy purposes. **Tier 2 Capital includes qualifying



Loans and Advances by Sector



The manufacturing, education, and transportation sectors drove gross loans and advanced growth.

Gross Loans & Advances by Sector	Dec-22		Dec-21		Growth
	N'm	% of total	N'm	% of total	%
Agriculture	81,264	10.7%	76,727	10.6%	5.9%
Communication	21,580	2.8%	17,762	2.4%	21.5%
Consumer	99,250	13.1%	91,360	12.6%	8.6%
Education	4,840	0.6%	1,369	0.2%	253.5%
Finance_and_Insurance	18,958	2.5%	25,132	3.5%	-24.6%
Government	89,760	11.8%	101,375	14.0%	-11.5%
Manufacturing	22,641	3.0%	10,438	1.4%	116.9%
Mining_and_Quarrying	1,001	0.1%	-	0.0%	0.0%
Mortgage	2,154	0.3%	3,114	0.4%	-30.8%
Oil_and_Gas	164,313	21.7%	170,576	23.5%	-3.7%
Others	85,346	11.3%	48,437	6.7%	76.2%
Power	30,801	4.1%	36,011	5.0%	-14.5%
Real_Estate_and_Construction	66,676	8.8%	80,940	11.1%	-17.6%
Transportation	40,039	5.3%	28,239	3.9%	41.8%
Non-interest banking	29,562	3.9%	34,600	4.8%	-14.6%
TOTAL	758,183	100.0%	726,080	100.0%	4.4%



Loans and Advances by Currency – FY 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%	81,264	13.7%	0.0%
Communication	-	0.0%	21,580	3.6%	0.0%
Consumer	131	0.1%	99,119	16.7%	0.1%
Education	-	0.0%	4,840	0.8%	0.0%
Finance_and_Insurance	-	0.0%	18,958	3.2%	0.0%
Government	-	0.0%	89,760	15.1%	0.0%
Manufacturing	13,960	8.5%	8,681	1.5%	61.7%
Mining_and_Quarrying	-	0.0%	1,001	0.2%	0.0%
Mortgage	-	0.0%	2,154	0.4%	0.0%
Oil_and_Gas	109,502	66.7%	54,811	9.2%	66.6%
Others	3,055	1.9%	82,291	13.9%	3.6%
Power	82	0.0%	30,719	5.2%	0.3%
Real_Estate_and_Construction	20,851	12.7%	45,825	7.7%	31.3%
Transportation	16,501	10.1%	23,537	4.0%	41.2%
NIB	-	0.0%	29,561	5.0%	0.0%
TOTAL	164,082	100.0%	594,101	100.0%	21.6%



Loans and Advances by Currency – FY 2021



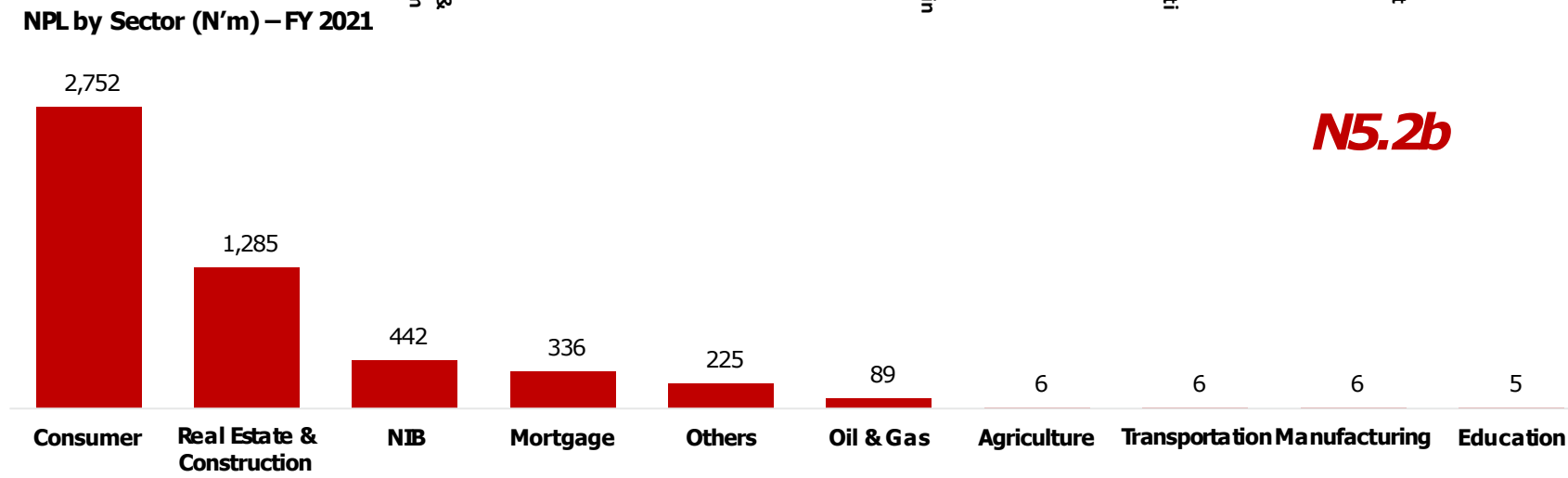
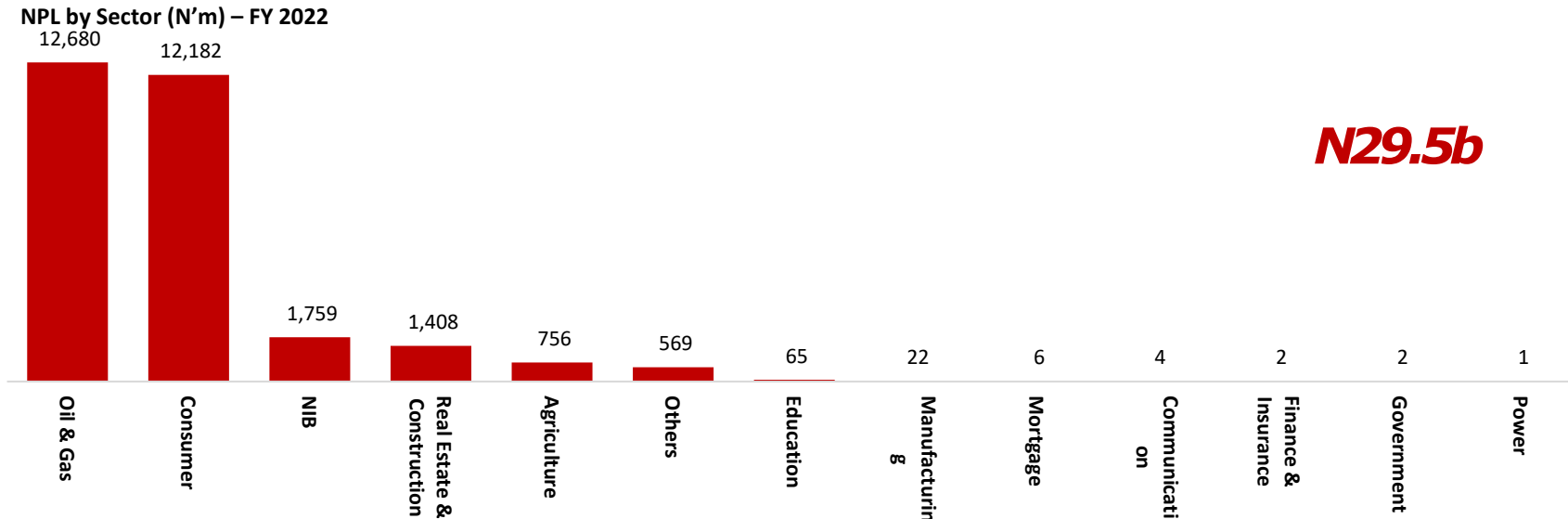
Gross Loans & Advances by Currency Sector	FCY		LCY		
	N'm	% of Total	N'm	% of Total	% of Sector
Agriculture	-	0.0%	76,727	13.3%	0.0%
Communication	-	0.0%	17,762	3.1%	0.0%
Consumer	111	0.1%	91,249	15.8%	0.1%
Education	-	0.0%	1,369	0.2%	0.0%
Finance & Insurance	-	0.0%	25,132	4.4%	0.0%
Government	-	0.0%	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%
TOTAL	148,354	100.0%	577,726	100.0%	20.4%



Asset Quality – NPL by Sector



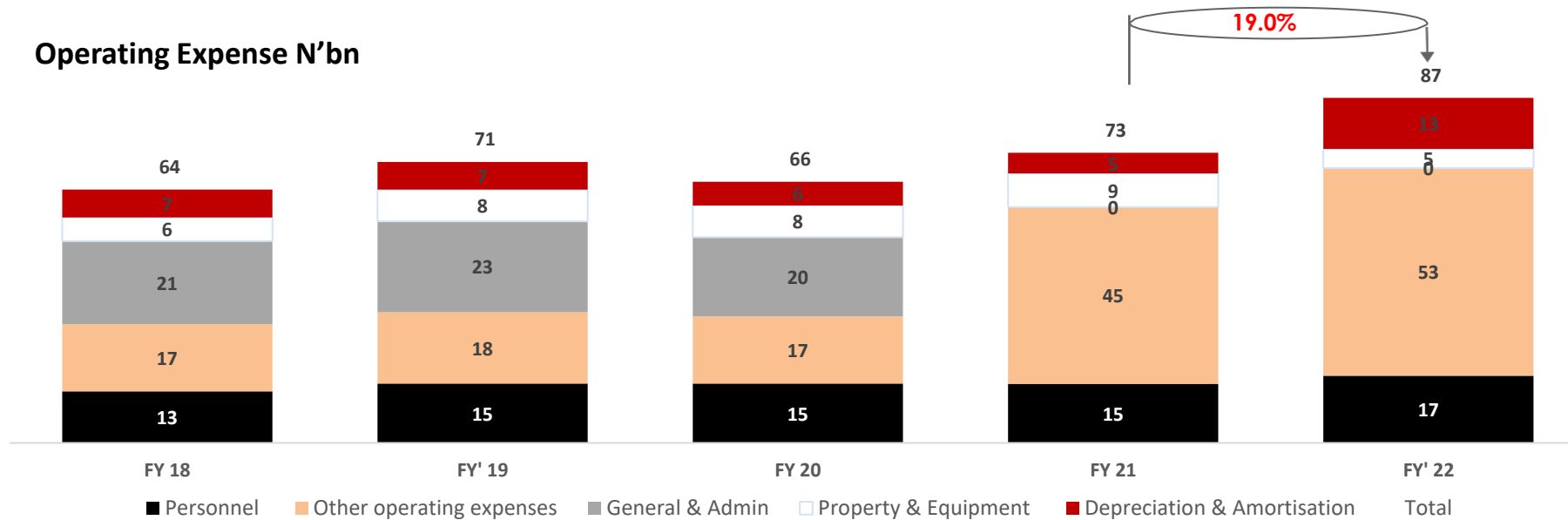
NPL ratio grew to 3.88%, in line with the heightened risk in the macroeconomic environment and our commitment to prudent risk management.



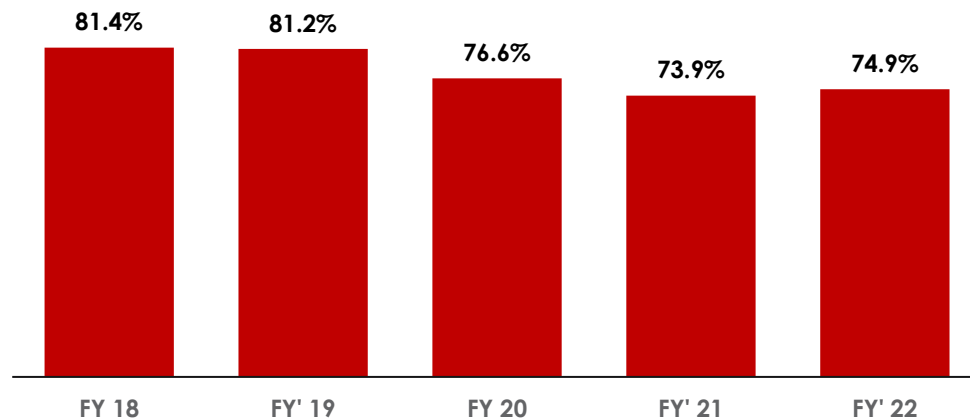
Operating Efficiency



Operating Expense N'bn



Cost-to-Income (%)



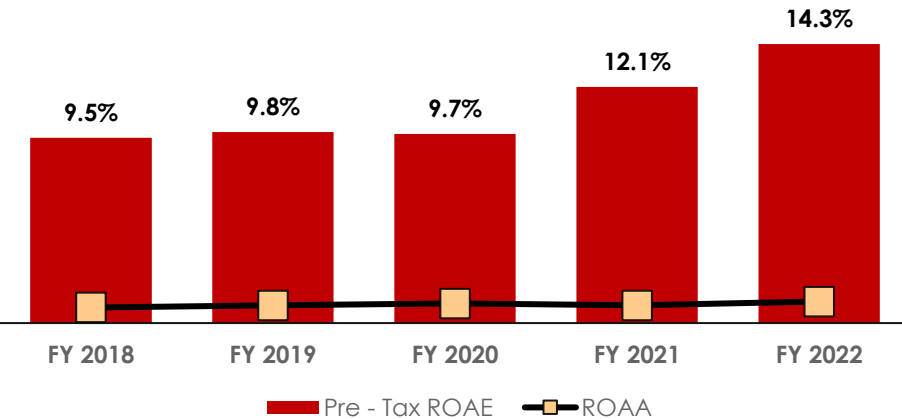
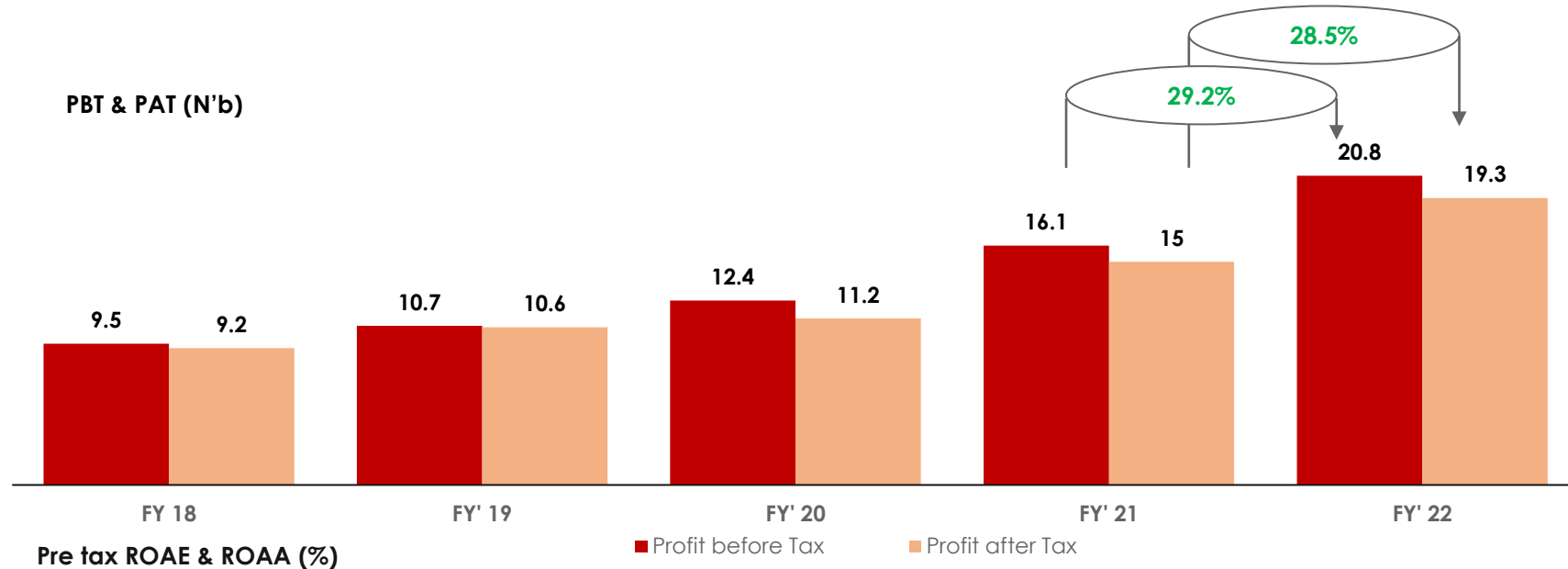
- The Bank recorded a 19.0% increase in operating expenses, reaching N87.2 billion in 2022 (FY 2021: N73.3 billion).
- Increase in OPEX attributable to statutory charges/cost (NDIC, AMCON, Banking Resolution Cost) on account of YoY growth in SFP and pass-through effect of inflationary pressure, as well as naira depreciation.



Profitability



Overall, the Bank grew 28.5% in profit after taxes to reach N19.3 billion compared to the profit of N15.0 billion reported for FY 2021.



- Profit before and after tax stood at N20.8 billion and N19.3 billion, respectively.
- Pre-tax Return on Average Equity (ROAE) and Return on Assets improved to 14.3% and 1.1% respectively for the period.



Key Performance Ratios

Indicator	FY 2020	FY 2021	FY 2022
Net Interest Margin	7.7%	7.1%	7.9%
Cost to Income	76.6%	73.9%	74.5%
Earnings per Share	39k	52k	67k
Liquidity Ratio	34.9%	37.9%	37.2%
Cost of Risk	1.0%	1.0%	1.0%
Cost of Funds	4.7%	3.6%	3.6%
Yield on Earning Assets	12.4%	10.7%	11.5%
Return on Average Assets	1.0%	0.9%	1.1%
Post-Tax Return on Average Equity	8.8%	11.3%	13.3%
Pre-Tax Return on Average Equity	9.7%	12.1%	14.3%
NPL Ratio	1.9%	0.7%	3.9%
Coverage Ratio	236.2%	474.2%	104.0%
Capital Adequacy Ratio	18.0%	14.8%	14.7%
Loans to Deposit Ratio	62.4%	58.5%	54.1%



Precision

with every transaction

With **Omni X**, you can minimize errors associated with manual processing of all your investment and financing transactions

Visit **omnix.sterling.ng** to know more





Investor Relations:

Ifeoluwa Feyisitan

M: +234 802 350 5849

E: ifeoluwa.feyisitan@sterling.ng

Fatima Salau

M: +234 806 570 2379

E: fatima.salau@sterling.ng

E: INVESTOR.RELATIONS@sterling.ng