

Q1 2021 Earnings Release

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2021.



Lagos, March 31, 2021 – 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 quarter ended March 31, 2021.

Chief Executive's Remarks



"During the quarter, the campaign to vaccinate the global population against COVID-19 gained ground, bolstering consumer and investor confidence. At the macro level, treasury yields, and oil prices retraced towards their historical averages, contributing to reserves accretion and easing the pressure in the foreign exchange markets.

Riding on the improved operating environment, the bank recorded a year-on-year double-digit growth in profit after tax in the first quarter, aided by a 9.3% rise in customer deposits and a 15.6% decline in funding cost.

In furtherance of our transformation agenda, we formally launched our digital commodity marketplace, SABEX. This is a product of three years of experimentation and extensive consultation with all key stakeholders and an important component of our strategy to use technology to improve productivity for players across the HEART sectors.

Overall, we closed with a profit after tax of N2.40 billion in the first quarter of the year, a 16% improvement on the corresponding period in 2020."

Abubakar Suleiman

REFLECTING ON OUR PERFORMANCE

Financial performance highlights

- Gross earnings contracted to N31.0 billion primarily due to an 11.0% dip in interest income. This was however moderated by a 27% growth in non-interest revenue.
- We recorded a 15.6% decline in interest expense. This delivered an 80 bps drop in cost of funds as yield on earning assets declined by 210bps. Consequently, net interest margin stood at 7.2%.
- Moderated operating expense further by 4.5% driven by reduction in administrative and depreciation expenses as we continued to optimize our investments across board.
- Customer deposits grew by 9.3% while maintaining a healthy deposit mix of 70.5% in low-cost funding.
- Loans & advances increased by 6.0% YTD to N632.5 billion as cost of risk increased marginally by 10 bps to 0.9%. NPL ratio remained stable at 1.9%.
- Overall the Bank grew its balance sheet by 7.3% to N1.39 trillion and delivered a profit after tax of N2.40 billion in the first quarter of the year

Other non-financials highlights

- Our digital commodity exchange platform, SABEX is live. This platform is designed to facilitate the exchange of agro-commodities by building an ecosystem of players in the agricultural space.

FINANCIAL HIGHLIGHTS

Loans & Adv. (N'b)

↑ 6.0%



Customer Deps. (N'b)

↑ 9.3%



CASA (N'b)

↓ 2.3%



Total Assets (N'b)

↑ 7.3%



Gross Earnings (N'b)

↓ 5.8%



Net Int. Income (N'b)

↓ 7.1%



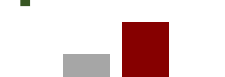
Non Int. Income (N'b)

↑ 27.0%



Other Op Inc. (N'b)

↑ 79.4%



Operating Exp (N'b)

↓ 4.5%



PAT (N'b)

↑ 16.0%



Ratios	Q1 2021	Q1 2020
Net Interest Margin	7.2%	8.7%
Cost-to-Income Ratio	78.7%	82.9%
Earnings per Share	8k	7k
Liquidity Ratio	30.2%	32.1%
Cost of Risk	0.9%	0.8%
Cost of Funds	3.8%	4.6%
Yield on Earning Assets	11.1%	13.2%
Return on Average Assets	0.7%	0.6%
Post-Tax Return on Average Equity	7.3%	6.3%
Pre-Tax Return on Average Equity	7.6%	6.8%
	Mar. 2021	Dec. 2020
Loan to Deposit Ratio	60.9%	62.8%
Non-Performing Loan Ratio	1.9%	1.9%
Coverage Ratio	231.2%	236.2%
Capital Adequacy Ratio (Basel 2)	16.8%	18.0%

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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, 157 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, 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.

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