Rating Report | Financial Institutions | November 2025[1]

Sterling Bank Limited

Rated Entity/Issue	Rating class	Rating scale	Rating	Outlook
Sterling Bank Limited	Long Term Issuer	National	BBB+(NG)	Stable
	Short Term Issuer	National	A3(NG)	
NGN32.89 billion Series 2 Fixed Rate Senior Unsecured Bond	Long Term Issue	National	BBB(NG)	Stable

Analytical entity

Sterling Bank Limited (Sterling Bank or the Bank) was incorporated as an investment Bank in April 1960; however, the Bank emerged following a consolidation with four other Banks in January 2006. In June 2023, Sterling Bank became a subsidiary under a newly formed, publicly listed non-operating holding company named Sterling Financial Holdings Company (the Group). Consequently, the Bank was delisted from the Nigerian Stock Exchange (NGX). A detailed breakdown of the Group's shareholding structure is below:

Shareholding Structure	2024	2023
Cardinal Stone Asset Management Limited	36.6%	-
Silverlake Investments Limited	15.8%	25.0%
State Bank of India	5.6%	8.8%
Mike Adenuga	3.5%	5.6%
Ess-ay Investments Ltd	3.2%	5.0%
Others	35.3%	55.4%
Total	**100.0%**	**100.0%**

Source: Sterling Bank's financial statements

The ratings of Sterling Bank reflect the strengths and weaknesses of the non-operating consolidated Group, Sterling Financial Holdings Company Plc. The Group comprises Sterling Bank, Sterling FI Wealth Management Limited and Alternative Bank. Sterling Bank remains the core operating entity within the Group, accounting for 88.4% and 88.7% of total assets and operating revenue, respectively, as of the 2024 fiscal year. As such, Sterling Bank's ratings are equalised to the Group's Anchor Credit Evaluator.

Credit profile summary

Strengths

- Stable funding structure and adequate liquidity
- Good competitive position supported by business diversification

[1] The last rating announcement was in September 2025. Rating reports are updated at least once a year from the date of last announcement.

- Sound risk profile, with its non-performing loans ratio comparing favourably with the industry's average

Weakness

- Intermediate capitalisation assessment
- Sustained sectorial concentration, with the oil and gas sector accounting for 32.2% of gross loans as of 31 December 2024

Rating summary

The ratings upgrade reflects Sterling Bank's improved capitalisation assessment following successful equity injections. The ratings also reflect the Bank's sound funding structure, adequate liquidity, good risk position and modest competitive position.

Outlook statement

The stable outlook reflects our expectation that Sterling's GCR core capital would remain at similar levels and range between 14.0% and 16.0% over the outlook period, balancing earnings accretion and equity injection with risk-weighted asset growth. We also expect the Bank's funding and liquidity profile to remain good, while asset quality metrics are maintained.

Rating triggers

A ratings upgrade could follow a significant improvement in capitalisation, such that the GCR core capital registers above 17% on a sustained basis, while the good risk profile is maintained. Conversely, a negative action could emanate from a material deterioration in asset quality metrics, resulting in the NPL and credit loss ratios increasing above the industry average. Additionally, a material decline in the GCR core capital ratio to below 14%, could trigger a rating downgrade.

Risk score summary

Rating Components & Factors	Score
Operating environment	**7.25**
Country risk score	3.50
Sector risk score	3.75
Business profile	**0.25**
Competitive position	0.25
Sustainability	0.00
Financial profile	**(0.50)**
Capital & Leverage	(1.75)
Risk	0.75
Funding & Liquidity	0.50
Comparative profile	**0.00**
Group support	0.00
Peer comparison	0.00
Total Risk Score	**7.00**

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Financial Institutions, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, September 2025
GCR Financial Institutions Sector Risk Score, July 2025

Ratings history

Sterling Bank Limited					
Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term Issuer	Initial	National	BBB(NG)	Stable	April 2009
Short Term Issuer	Initial	National	A3(NG)	n/a	April 2009
Long Term Issuer	Last	National	BBB(NG)	Stable	September 2024
Short Term Issuer	Last	National	A3NG)	n/a	September 2024
NGN32.89 billion Series 2 Fixed Rate Senior Unsecured Bond	Initial	National	BBB(NG)	Stable	August 2018
NGN32.89 billion Series 2 Fixed Rate Senior Unsecured Bond	Last	National	BBB-(NG)	Stable	September 2024

Operating environment

Country risk

Nigeria's economic outlook is cautiously optimistic, supported by recent fiscal and monetary reforms aimed at restoring macroeconomic stability and investor confidence. The government has made commendable progress in revenue generation, policy reforms, and external reserve accumulation. The passage of the 2025 tax law is a key milestone, designed to broaden the tax base, digitize revenue collection, and incentivize investment in strategic sectors such as agriculture, manufacturing, compressed natural gas (CNG), and renewable energy. However, these gains are tempered by persistent structural challenges, including high inflation, rising debt servicing costs, and under-investment in human capital. Achieving the objectives of the ongoing policy corrections will depend on the government's ability to sustain reform momentum, manage transitional shocks, and address the highlighted vulnerabilities.

For full details, please see GCR's Country Risk Score report. The Country Risk Scores are available for download at (gcrratings.com)

Sector risk

The upward revision of the Nigerian Financial Institutions Risk Score to '3.75' reflects the improving regulatory environment, greater transparency, and clearer governance and policy direction by the Central Bank of Nigeria (CBN). Specifically, the CBN's foreign exchange reforms have enhanced foreign currency liquidity and narrowed the gap between official rates and unofficial market foreign-exchange rates, thereby reducing foreign exchange round-tripping and contributing to the relative exchange rate stability. Additionally, the discontinuation of arbitrary cash reserve requirements (CRR) debits in favour of a more transparent and predictable CRR regime has improved Banking sector liquidity management and planning. Nonetheless, the persistently high CRR continues to be a constraint.

For full details, please see GCR's Financial Institutions Sector Risk Score report. The Sector Risk Scores are available for download at (gcrratings.com)

Business profile

Competitive position

Sterling Bank operates as a mid-tier player within the Nigerian Banking sector, accounting for c.2.0% of total assets as of 31 December 2024. The Bank provides a broad range of Banking and financial services to retail, commercial, corporate and institutional clients, serving a customer base of approximately 5 million through its nationwide branch network, agency Banking outlets and digital channels. The Group's conventional Banking operation is further complemented by its non-interest Banking and asset management subsidiaries, which are strategically positioned to drive improved value proposition and competitiveness within the Nigerian financial services segment through digitalisation and partnerships.

The Bank's gross earnings have increased steadily over the past five years, registering a CAGR of 18.8%. This earnings progression has largely been driven by stable sources such as net interest income and fees and commissions, which accounted for 90.0% of operating revenues on average over the period. Looking ahead, we expect the growth of the subsidiaries within the Sterling ecosystem to enhance franchise strength and earnings diversification over the outlook period.

Exhibit 1: Key Numbers and Financial Ratios

(NGN' million)	June 2025	December 2024	December 2023
Operating revenue/(loss)	**142,868.9**	**202,808.0**	**149,055.0**
Net-interest Income	97,415.0	134,806.0	83,384.0
Non-interest Income	45,452.9	78,374.0	65,671.0
Profit/(loss) after tax	**41,775.9**	**43,675.0**	**21,584.0**
Total Assets	4,082,132.0	3,541,940.0	2,531,092.0
Gross Loans	1,219,413.0	1,141,444.0	926,466
Total Deposits	3,075,267.0	2,567,876.0	1,842,815
Key Ratios (%)			
Return on Equity	22.3%	14.3%	11.8%
Return on Assets	1.8%	1.1%	0.7%
Net Interest Margin	7.2%	6.3%	5.2%

Source: Sterling's financial statements and GCR financial tools

Sustainability

Our assessment of sustainability is neutral to the ratings. Sterling's operational structure is simple and transparent. Financial disclosures are adequate and detailed in our view, supported by an unqualified audit opinion from Deloitte and Touche for the 2024 financial year. As of 31 December 2024, The Board comprised of 11 members including the Chairman of the Board, seven (7) Non-Executive Directors of which three (3) are independent and (3) Executive Directors including the MD/CEO. The board performs its oversight functions through five standing committees namely, Board Credit Committee, Board Finance and General-Purpose Committee, Board Audit Committee, Board Risk Management Committee, and Board Governance, Nomination and Remuneration Committee.

Financial profile

Capital and leverage

Sterling Bank's capitalisation improved over the last 12 months, supported by equity injection and internal capital generation. As part of efforts to comply with the new minimum capital requirements for its license category, the Bank successfully raised NGN106.0 billion (USD73.2 million) through a combination of rights issue and private placement. As a result, the GCR core capital ratio improved to 16.0% as of 30 June 2025 (31 December 2024: 14.8%, December 2023: 12.2%). Looking ahead, we expect the GCR core capital to range between 14% to 16%, balancing the anticipated growth in the loan book against further earnings accretion and the planned NGN88 billion capital raise via public offer.

Additionally, we expect:

- Core earnings to adjusted assets to hover around 1.5% -2.0%.
- Reserve coverage to remain above 50.0%
- Internal capital generation to range between 25.0%-30.0% of prior year's equity

Exhibit 2: Capital and Leverage

	2026(f)	2025(e)	June 2025	2024	2023
GCR core capital ratio	<16.0%	<16.0%	16.0%	14.8%	12.2%
Core earnings to adjusted assets	1.9%	1.7%	1.8%	1.1%	0.7%

e: GCR estimates; f: GCR forecasts.
Source: Sterling's financial statements and GCR financial tool

Risk

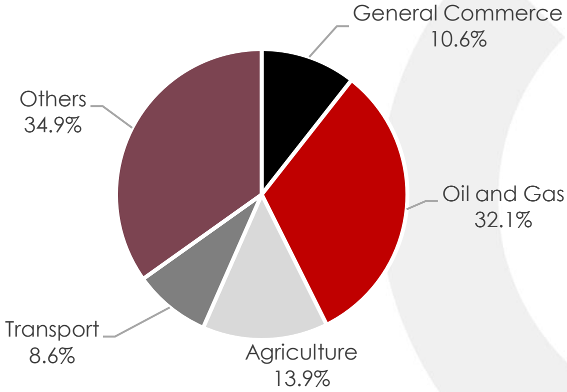
Sterling Bank's risk profile is positive to the ratings. However, the asset quality metrics reflected some strains over the past 18 months due to the challenging macroeconomic conditions, which adversely impacted the Bank's retail loan book. As a result, the non-performing loans (NPL) ratio increased to 5.4% as of 31 December 2024 (31 December 2023: 5.1%, December 2022: 3.9%), with retail loans accounting for 53.4% of NPLs at that date. Given, the significant contribution of retail lending to NPLs, the Bank has reduced lending to that segment while ramping up recovery efforts. Positively, the Bank's NPL ratio compares well with the industry average of c.6%. We expect the Bank's risk profile to remain at current levels over the next 12 to 18 months; however, we could lower the score if the NPL ratio weakens significantly compared to peers and the industry average.

Exhibit 3: Risk					
	2026(f)	2025(e)	June 2025	2024	2023
New loan loss provisions to average customer loans	>1.5%	1.0%	0.9%	1.0%	1.4%
Gross non-performing loans to average customer loans	>5.0%	>5.0%	5.1%	5.1%	5.1%

e: GCR estimates; f: GCR forecasts.
Source: Sterling's financial statements and GCR financial tool

Sterling Bank remains adequaltely diversified by sector, however, concentration to the oil and gas sector increased to 32.2% as of 31 December 2024 (2023: 31.5%). Counterparty concentration risk reduced somewhat as of 31 December 2024, with the top twenty obligors accounting for a lower 49.0% of gross loans (31 December 2023: 62.0%) due to paydowns and restructuring of foreign currency exposures. Although the Bank reported two obligors in breach of the single obligor limit as of 31 December 2024, the capital injected in 2025 is expected to regularise this position.

Exhibit 4: Loan book by sector – 31 December 2024



Source: Sterling's financial statements

Funding and Liquidity

Sterling Bank's funding structure and liquidity profile are considered sound. The Bank is largely funded by customer deposits, which have historically accounted for c.85.0% of the funding base. These deposits are predominantly made up of current and savings deposits that support the Bank's lower funding costs. Although Bank's cost of funds increased to 5.1% as of 31 December 2024 (31 December 2023: 3.6%) due to the high interest rates, it continues to compare well with peers. Depositor concentration remains low, with the single largest and top twenty depositors accounting for 6.5% and 15.5% of customers deposits book respectively as of 31 December 2024 (31 December 2023: 7.0% and 20.3% respectively). Sterling Bank's liquidity position is well managed, with the regulatory liquidity ratio registering at 35.1% as of 31 December 2024 (2023: 32.4%) above the minimum requirement of 30.0%. Also, the Bank's liquid assets covered its total wholesale funding and customer deposits by 5.2x and 50.7% respectively at that date. We expect the Bank's funding and liquidity profile to remain at current sound levels over the next 12-18 months.

Exhibit 5: Funding and Liquidity					
	2026(f)	2025(e)	June 2025	2024	2023
GCR long term funding ratio	<90.0%	<90.0%	93.1%	99.4%	97.4%
GCR stable funding ratio	<70.0%	<70.0%	79.0%	74.1%	74.7%
GCR liquid assets/customer deposits	<50.0%	<50.0%	55.3%	50.7%	47.6%
GCR liquid assets/wholesale funding	<3.0x	<3.0x	6.0x	5.2x	3.6x

e: GCR estimates; f: GCR forecasts.
Source: Sterling's financial statements and GCR financial tool

Comparative profile

Peer analysis

The peer analysis is neutral to the ratings

Group support

The Group support is neutral to the ratings.

Rating adjustment factors

Structural adjustments

No structural adjustments have been made to the Anchor Credit Evaluation in arriving at the final ratings

Instrument ratings

The Series 2 NGN32.89 billion Fixed Rate Senior Unsecured Bond (the Series 2 Bond) was issued under Sterling Investment Management SPV Plc's (Sterling SPV or the Issuer) NGN65 billion Debt Issuance Programme in 2018, and it constitutes direct, unsecured, and senior obligations of the Issuer and rank *pari passu* without any preference among themselves and with every other senior obligation of the Issuer. While the Issuer is Sterling SPV, repayment of the obligations under the Issues ultimately depends on the performance of the Sponsor (Sterling), as the direct obligor of the Series 2 Bond. Thus, the accorded rating is linked to Sterling's credit profile and financial position, and, as such, a notch below the Sponsor's long-term issuer credit rating because the Series 2 Bond largely ranks alongside the Subordinated Notes issued by Sterling. GCR noted that the Issuer met all its obligations on a timely basis on the Bonds, as reported by the Trustees. The principal will be repaid as a bullet upon maturity in October 2025.

Glossary

Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying and reporting the results.
Affirmation	See GCR Rating Scales, Symbols and Definitions.
Asset Quality	Refers primarily to the credit quality of a Bank's earning assets, the bulk of which comprises its loan portfolio, but will also include its investment portfolio as well as off balance sheet items. Quality in this context means the degree to which the loans that the Bank has extended are performing (ie, being paid back in accordance with their terms) and the likelihood that they will continue to perform.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Bondholder	Investor of capital market securities.
Capital	The sum of money that is invested to generate proceeds.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Coverage	The scope of the protection provided under a contract of insurance.
Credit Rating	An opinion regarding the creditworthiness of an entity, a security or financial instrument, or an issuer of securities or financial instruments, using an established and defined ranking system of rating categories.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Customer Deposit	Cash received in exchange for a service, including safekeeping, savings, investment, etc. Customer deposits are a liability in a Bank's books.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Downgrade	The rating has been lowered on its specific scale.
Issuer Ratings	See GCR Rating Scales, Symbols and Definitions.
Issuer	The party indebted or the person making repayments for its borrowings.
Loss	1. A tangible or intangible, financial or non-financial loss of economic value. 2. The happening of the event for which insurance pays (insurance).
Market Risk	Volatility in the value of a security/asset due to movements in share prices, interest rates, currencies, commodities or wider economic factors.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Obligation	The title given to the legal relationship that exists between parties to an agreement when they acquire personal rights against each other for entitlement to perform.
Obligor	The party indebted or the person making repayments for its borrowings.
Pari Passu	Side by side; at the same rate or on an equal footing. Securities issued with a pari passu clause have rights and privileges that are equivalent to those of existing securities of the same class.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Performing	An obligation that performs according to its contractual obligations.
Rating Horizon	The rating outlook period
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Senior	A security that has a higher repayment priority than junior securities.
Upgrade	The rating has been raised on its specific scale.

Salient points of accorded ratings

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Audited Financial Statement as of 31 December 2024
- Unaudited Financial Statement as of 30 June 2025
- Other related documents
- Exchange rate source: Central Bank of Nigeria USD1.00 = NGN1,447 (31 December 2024)

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