

## STERLING FINANCIAL HOLDINGS COMPANY PLC

BLOOMBERG: STERLING NL

## PAT surge on NIM expansion

Sterling Financial Holdings Company Plc (NGX: STERLINGNG) concluded FY'25 on a strong note, recording an 80.0% YoY jump in Profit After Tax (PAT) in its unaudited financial results. The stellar performance was underpinned by a sharp jump in interest income (c.77.6% of gross earnings), which benefited from a robust expansion in Interest-Earning Assets (IEAs). Additionally, abated cost pressures and an increasing Non-Interest Revenue (NIR) contributed favourably to the impressive outing.

The 31.0% YoY growth in IEAs mirrored the recorded 29.0% YoY increase in gross loans to N1.5 trillion and a 38.9% YoY rise in debt instruments to N674.0 billion. These changes collectively contributed to a 42.8% YoY jump in interest income to N369.6 billion as asset yield improved by 1.6ppts YoY to 18.0%. Interest expense also increased, albeit at a slower pace of 29.6% YoY, resulting in a marginal 0.3ppts uptick in cost of funds to 4.8%. Notably, STERLINGNG deleveraged high-cost funding sources by completely settling its deposits from banks, as well as its issued debt securities. As a result, Net Interest Income (NII) jumped by 55.0% YoY to N208.9 billion, while the Net Interest Margin (NIM) rose 1.7 ppts to 10.2%.

Elsewhere, NIR closed higher (+57.3% YoY), following broad-based growth across net fees and commission income (+32.2% YoY), trading income (+97.4% YoY), and other operating income (+69.3% YoY). In terms of operating costs (OPEX), a 74.9% YoY increase in wages and salaries drove a 35.7% YoY rise to N198.4 billion. However, owing to a stronger 55.7% YoY rise in operating income, Cost-to-Income Ratio (CIR) moderated to 62.8% (vs 72.1% in FY'24).

On asset quality, Cost-of-Risk (CoR) accelerated to 1.9% (vs 0.7% in FY'24) due to N15.8 billion in impairment charges recorded in Q4'25. This brought the total for FY'25 to N26.8 billion, reflecting a 148.1% YoY increase.

Overall, FY'25 performance translated to a marginal increase in earnings per share (EPS), which closed at N1.57, up from N1.51 in FY'24, following an expanded weighted average number of outstanding shares (from 29.0 billion in FY'24 to 50.1 billion in FY'25). Furthermore, profitability metrics also improved, with ROAA and ROAE increasing by 0.7ppts and 3.7ppts to 2.1% and 21.6%, respectively.

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**FY'25 Earnings Breakdown**

₦'billion	FY'25	FY'24	YoY
<b>Gross Earnings</b>	<b>476.5</b>	<b>326.8</b>	<b>45.8%</b>
Interest income	369.6	258.8	42.8%
Interest expense	(160.7)	(124.0)	29.6%
<b>Net interest income</b>	<b>208.9</b>	<b>134.8</b>	<b>55.0%</b>
Loan Loss Expenses	(26.8)	(10.8)	148.1%
Non-interest income	106.9	68.0	57.3%
Operating Expenses	(198.4)	(146.2)	35.7%
<b>Profit before tax</b>	<b>90.7</b>	<b>45.9</b>	<b>97.8%</b>
Income tax expense	(12.1)	(2.2)	453.0%
<b>Profit for the period</b>	<b>78.6</b>	<b>43.7</b>	<b>80.0%</b>

**Ratio Analysis**

Net Interest Margins (NIM)	10.2%	8.5%
Cost of Risk (CoR)	1.9%	0.7%
Cost-to-income (CIR)	62.8%	72.1%
ROAA	2.1%	1.4%
ROAE	21.6%	17.9%
EPS (Naira)	1.57	1.51
P/B (x)	0.9x	
10-yr average P/B (x)	0.5x	

**Q4'25 Earnings Breakdown**

₦'billion	Q4'25	Q4'24	YoY
<b>Gross Earnings</b>	<b>134.8</b>	<b>89.7</b>	<b>50.4%</b>
Interest income	107.1	69.7	53.8%
Interest expense	(41.3)	(27.8)	48.4%
<b>Net interest income</b>	<b>65.8</b>	<b>41.8</b>	<b>57.4%</b>
Loan Loss Expenses	(18.7)	(3.6)	415.2%
Non-interest income	27.7	20.0	38.5%
Operating Expenses	(55.1)	(36.6)	50.7%
<b>Profit before tax</b>	<b>19.8</b>	<b>21.7</b>	<b>-8.7%</b>
Income tax expense	(3.4)	(0.2)	1496.3%
<b>Profit for the period</b>	<b>16.3</b>	<b>21.4</b>	<b>-23.8%</b>

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