

Sterling Investments Limited

Financial Highlights- Unaudited results for Q3 September 2020

SIL continued to thrive in the third quarter despite the ongoing effects on the local economy from COVID-19. The company's net interest income increased by 30.8% year on year due to a combination of lower interest expense and continued growth in the size of the portfolio. SIL is generating more income post COVID-19 than it was before. Investors will continue to benefit from the US dollar income SIL's portfolio generates through dividend payments.

Net Interest income totalled J\$80.59 million for the nine months ended September 2020; 30.8% higher than the \$61.61 million recorded for the corresponding period in 2019. The net interest margin increased to 90.74%. The net interest margin continues to improve as interest rates remain low.

The Jamaican dollar depreciated against the US dollar by J\$9.54 or 7.19% for the nine-month period ended September 30, 2020, relative to the same period in 2019 when it depreciated by J\$7.44 or 5.83%. This led to an increase in unrealized foreign exchange gains for the nine months ended September 30, 2020 of J\$80.28 million compared to J\$64.31 million for the corresponding period in 2019. Net income decreased by 5.81% from J\$100.21 million for the nine months ended September 30, 2019 to J\$94.39 million for the nine months ended September 30, 2020. The decrease in net income was primarily due to an increase in unrealized held for trading revaluation losses of \$21.65 million, compared to a gain of J\$8.79 million for the same period in 2019.

Total assets increased by 7.1% from J\$1.59 billion as at September 2019 to J\$1.70 billion as at September 30, 2020. As at September 30, 2020, margin loans totalled J\$450.67 million and represented 27.02% of the total portfolio of investment securities compared to 21.26% for September 2019. The weighted average yield is enhanced by the use of leverage and has resulted in a yield of 9.58% on the US dollar denominated fixed income portion of the portfolio.

SIL increased the dividend payout ratio by 60% to shareholders in the third quarter: The company increased the dividend payout ratio from 50% to 80%. SIL is providing US dollar liquidity to its shareholders at the height of the pandemic. The company pays dividends twice a year in hard currency as a result of its holdings of US dollar denominated assets.

Sterling Investments Limited is an investment holding company that invests in fixed income and equity investments across the globe. SIL continues to preserve and grow the capital of its shareholders which include pension funds and long-term investors.