



Sterling Bank PLC
FY 2010
Investor/Creditor Presentation

April 2011

Important Information

Investor Relations

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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.

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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.

Agenda

1

Corporate Information

2

Macro-economic Trends

3

Financial Highlights

4

Earnings Profile

5

Balance Sheet Analysis

6

Liquidity

Sterling Bank at a Glance

Description	FY 2010 (N'B)	FY 2009 (N'B)
Total Assets	277.1	221.3
Customer Deposits	203.1	161.3
Net Loans	103.8	82.9
Shareholders' Fund	26.1	21.1
Common shares outstanding	12.5	12.5
Capital Adequacy Ratio (%)	12.7%	12.0%
	FY 2010	FY 2009*
Profit before Tax	5.0B	(7.2)B
Earnings per Share	40k	(72)k
Cost/Income Ratio**	76.3%	211.5%
Return on Average Equity	21%	(27)%

* 2009 P & L figures annualized

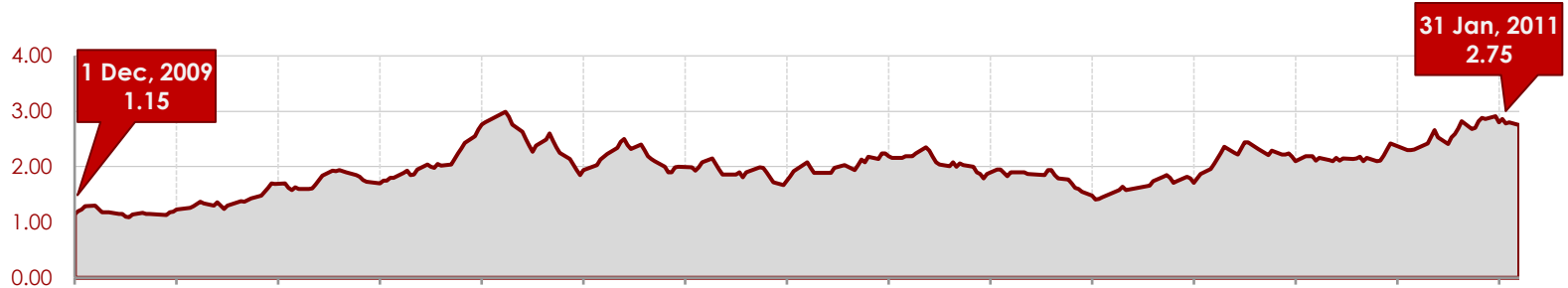
**Including Allowances for Risk Assets

Our Identity

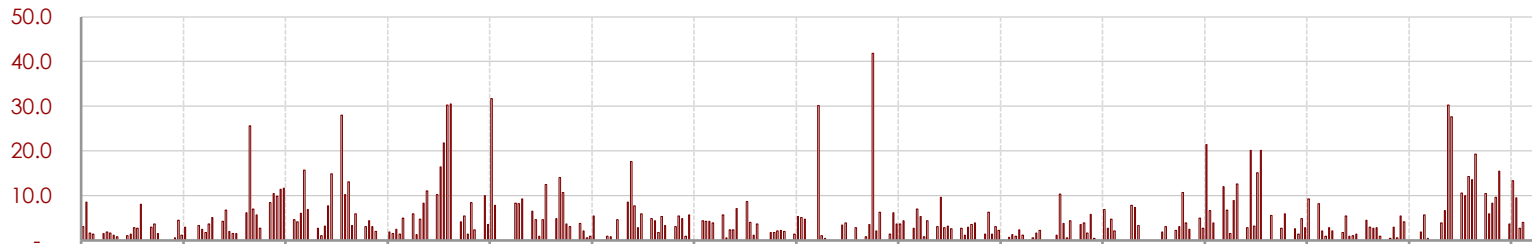
- Nigeria's pre-eminent investment banking franchise
- Growing presence in retail banking
- Strong leadership brands across all financial services segments
- Sound Corporate governance model
- Excellent technology infrastructure and innovative products
- People-oriented customer-focused institution – 'One Customer' Bank.
- Scale with clear intent. Managed diversification of the business model
- Long-term stable ownership base to support strategy

14-Month Share Price Chart

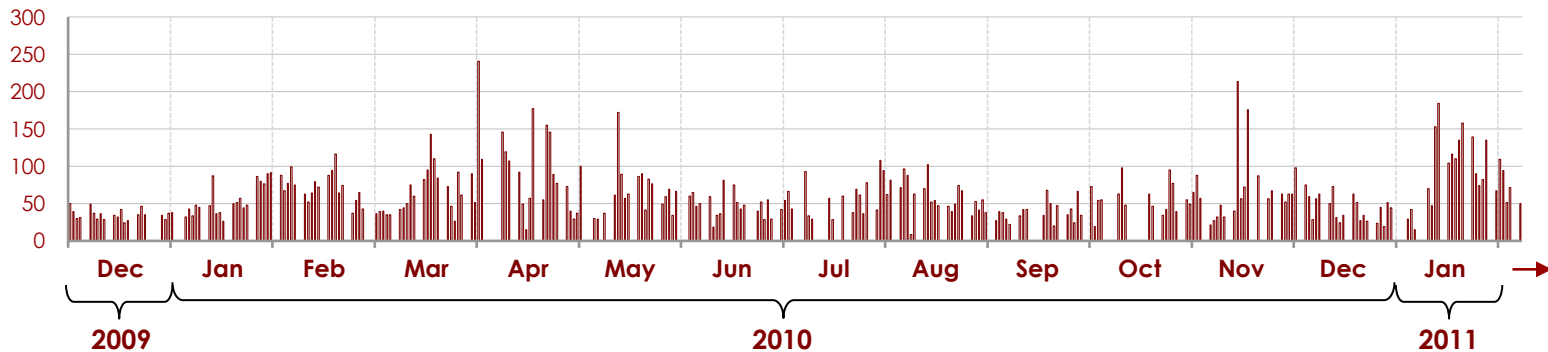
Share Price Movement: Dec 1, 2009 – Jan 31, 2011



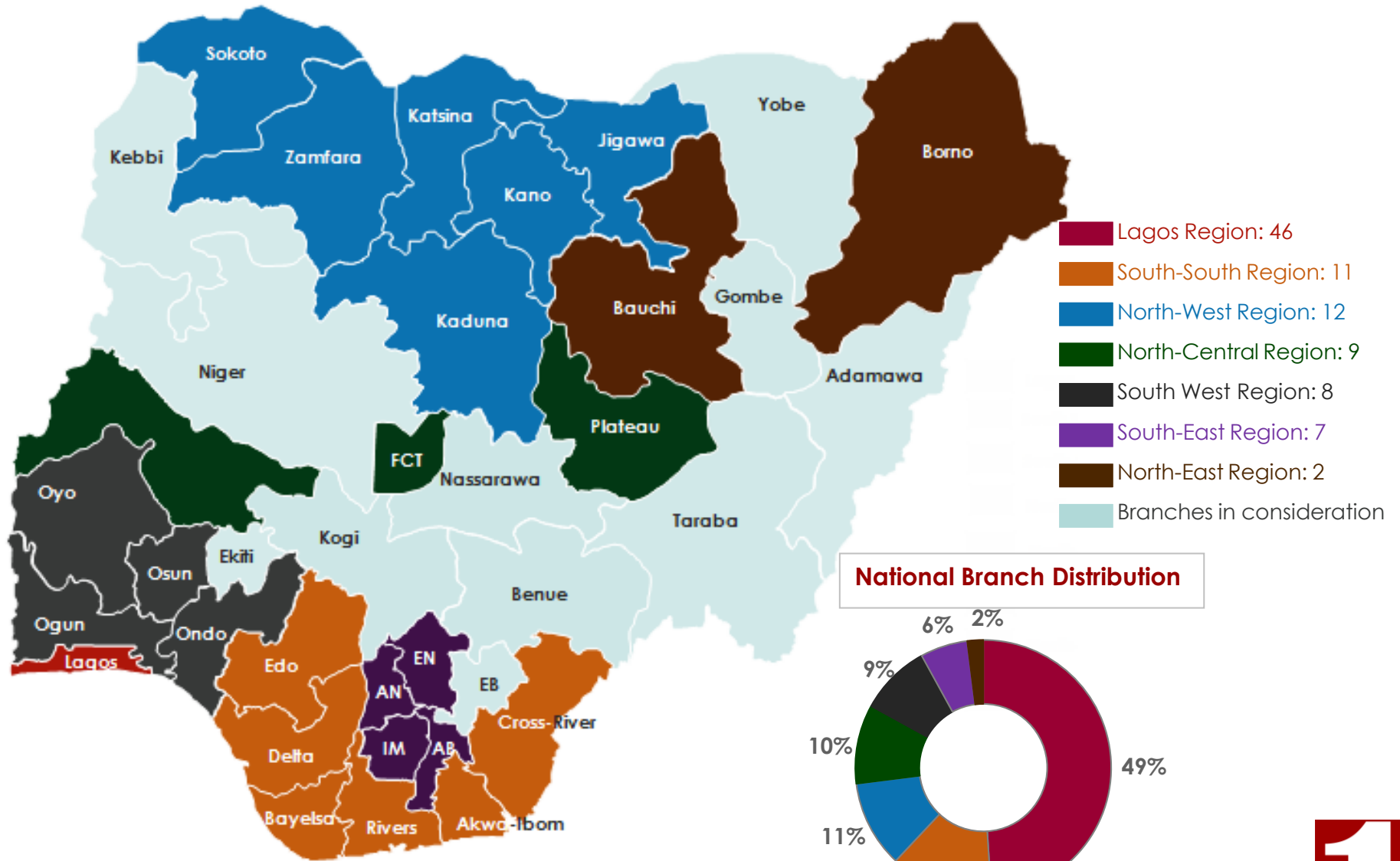
Volumes Traded



Number of Trades



National Branch Network



Market Focus

We provide a wide range of financial services to a rich customer base with a focus on three major market segments

Small & Medium Scale Businesses

- Lending & Deposit Products
- Financial Advisory Services

Government (Federal, State & Local Councils)

- Collections & Ancillary Services
- Mid-Cap Infrastructure Finance

Consumer Banking

- Asset-based and Personal Finance

Strategic Priorities

Short-term (2010-2012)

- Equity Injection - Minimum US\$100mn excl. organic accretion
- Tap wholesale markets for debt to improve efficiency of capital structure
- Double asset market share primarily through organic growth in local corporate loan book
- Work to bring NPL levels to <10%
- Improve liability generation through the expansion of retail distribution footprint
- > 20% Return on Equity

Long-term (2015+)

- Globally competitive financial services franchise
- Fully scaled business model with institutionalized processes beyond the stewardship of current owners and managers
- Systemically important operator materially impacting all our sectors of business participation

2010

2011

2012

2013

2014

2015

Mid-term (2013-2015)

- 3-5% market share measured by assets
- Leading consumer banking franchise (bank of choice for customers in our target markets)
- Low single digit cost of funds
- Diverse retail funding base
- <5% in non-performing loans
- Diversified income streams with top quartile position in all our operating areas
- Investment grade credit rating
- Double digit revenue growth Y-o-Y

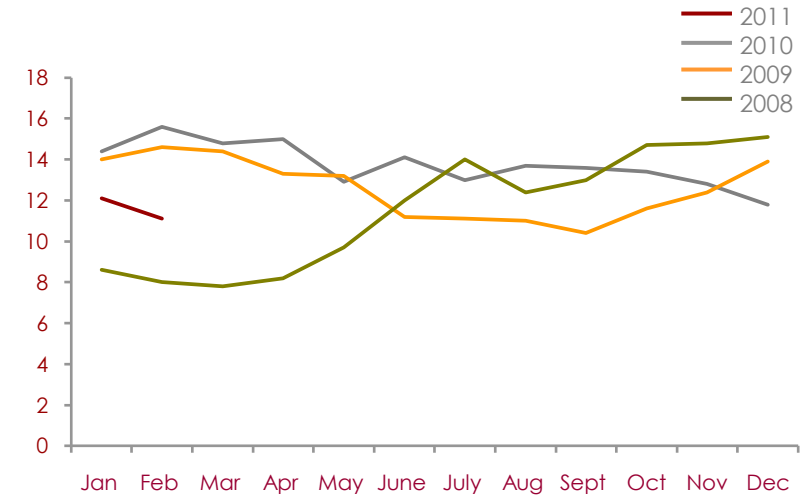
Macro-economic Trends

Economic Indices

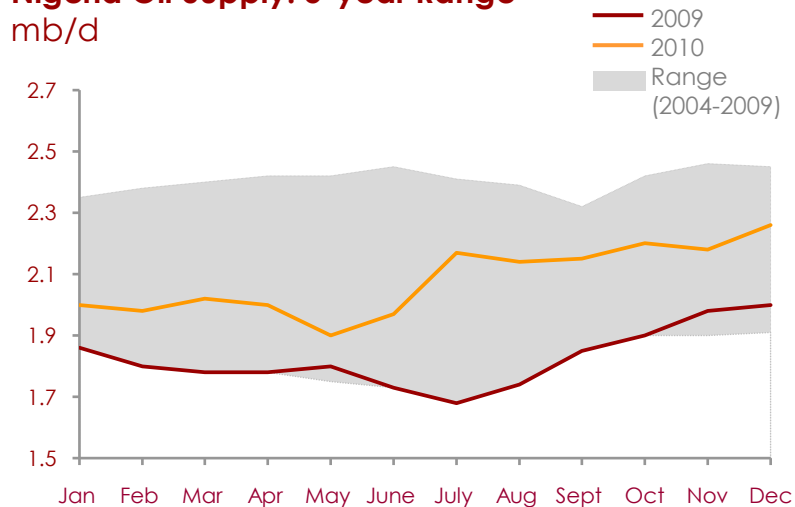
Bonny Light Spot Prices
FOB (\$/Barrel)



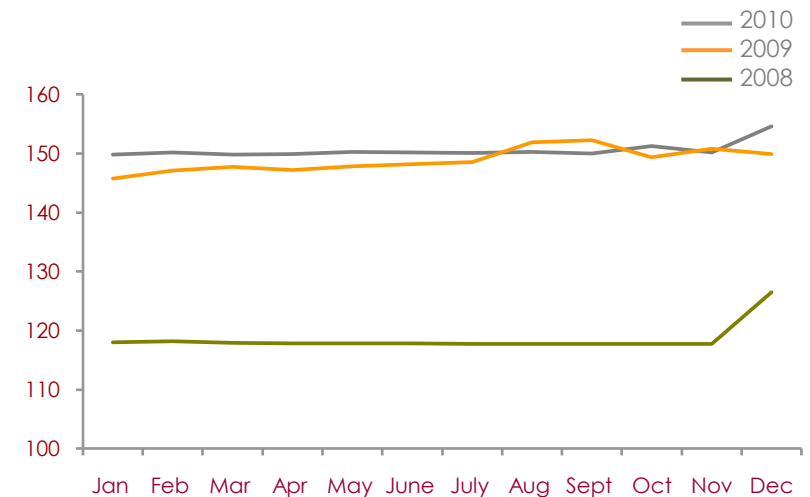
Nigeria Consumer Price Index / Inflation Rate



Nigeria Oil Supply: 5-year Range
mb/d

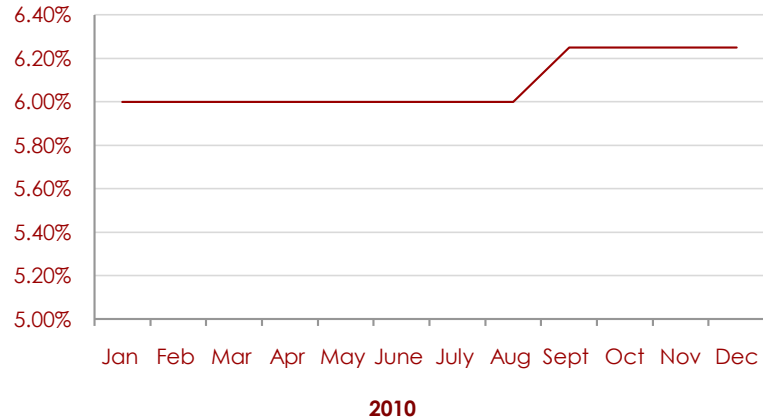


Nigerian Naira / US Dollar Average Exchange Rate

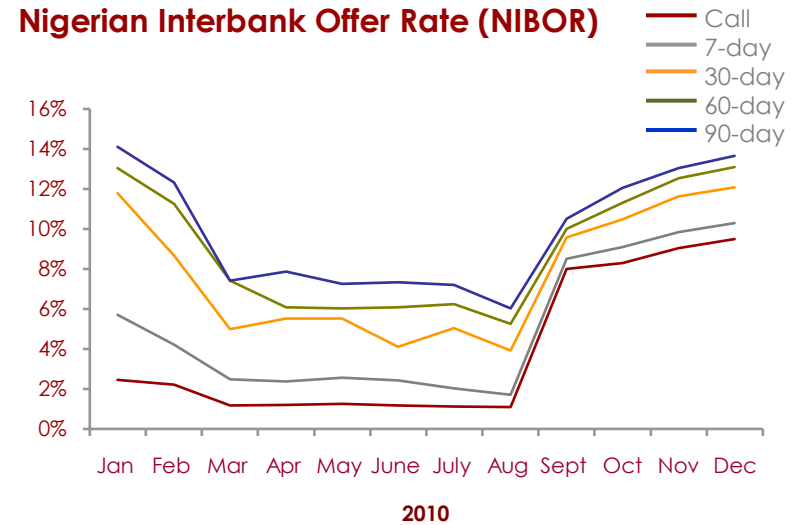


Funding Ecosystem (Industry)

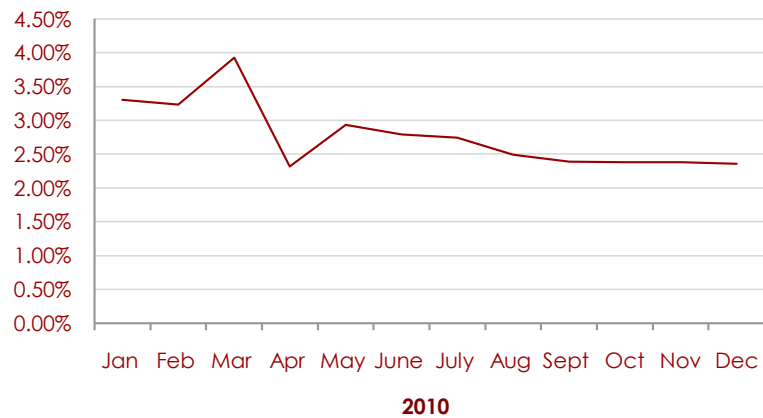
Central Bank of Nigeria Monetary Policy Rate (MPR)



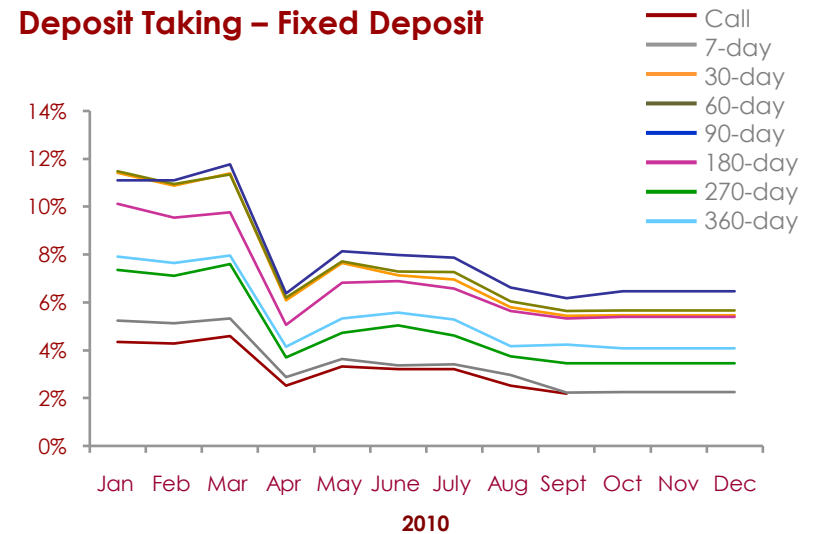
Nigerian Interbank Offer Rate (NIBOR)



Deposit Taking – Savings Accounts

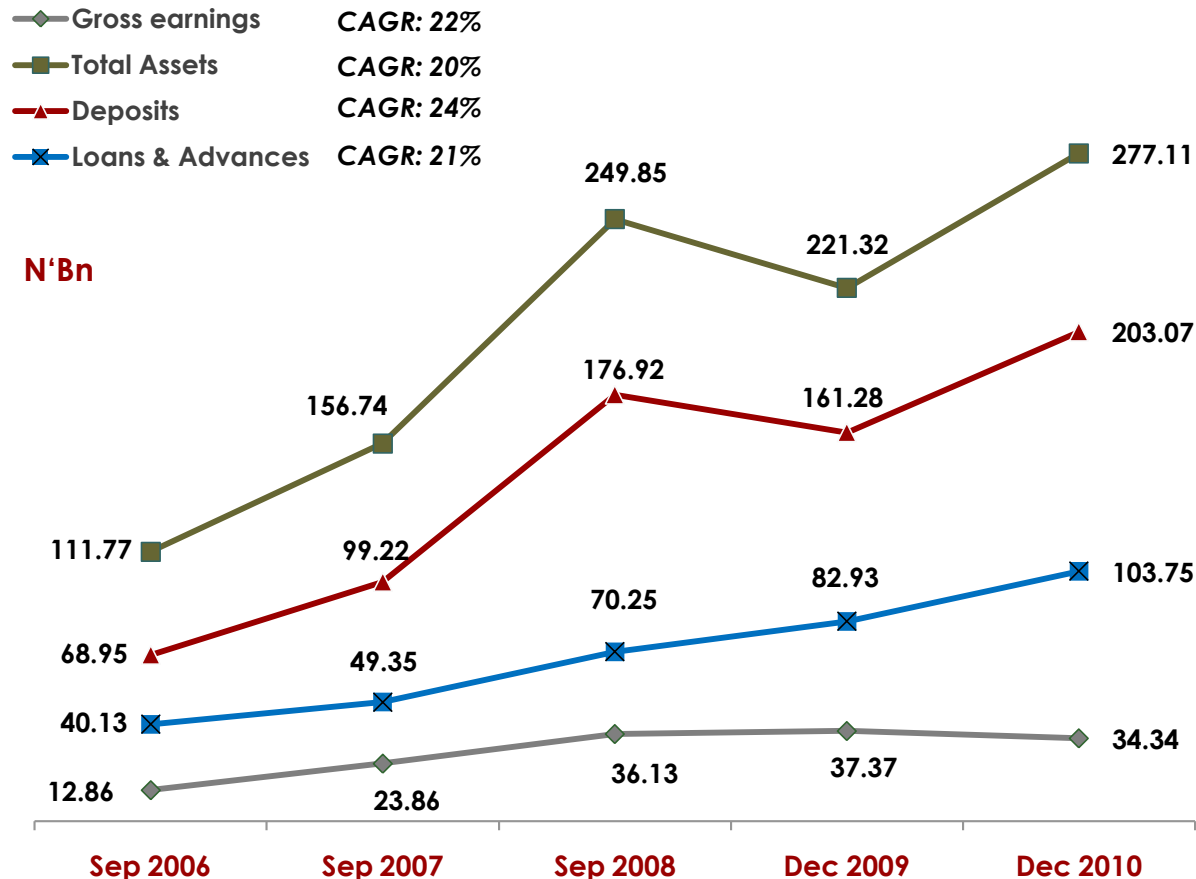


Deposit Taking – Fixed Deposit



Financial Highlights

Key Trends: 5 Year Review



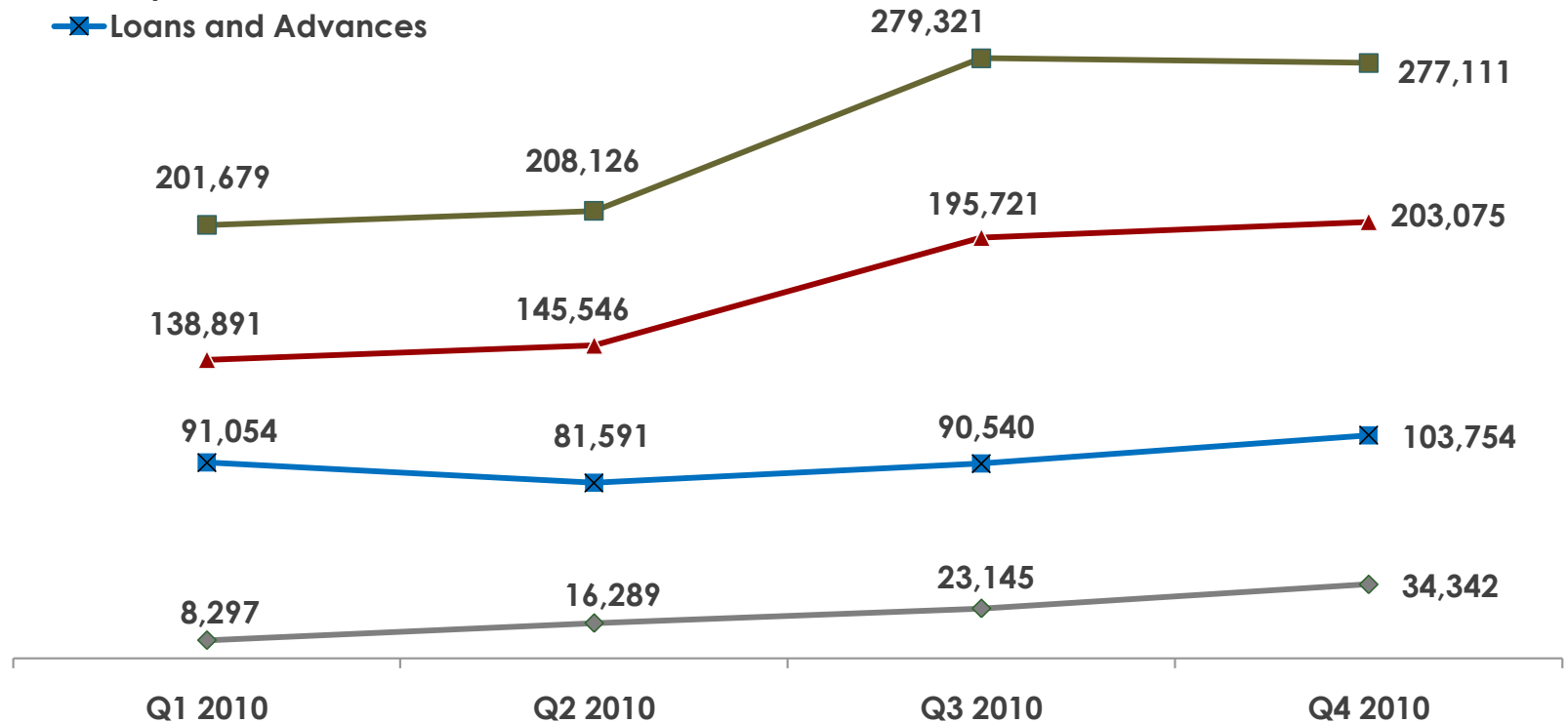
Comments

- 2010 performance was a reflection of the gradual improvement in economic conditions given that the banking sector was still recovering from the difficult operating conditions of 2009
- Total assets and net loans and advances (including advances under finance lease) grew by 25% respectively, while deposits grew by 26%.
- However, earnings potential was constrained in 2010 due to the low interest rate regime and fewer profitable outlets to invest excess liquidity.

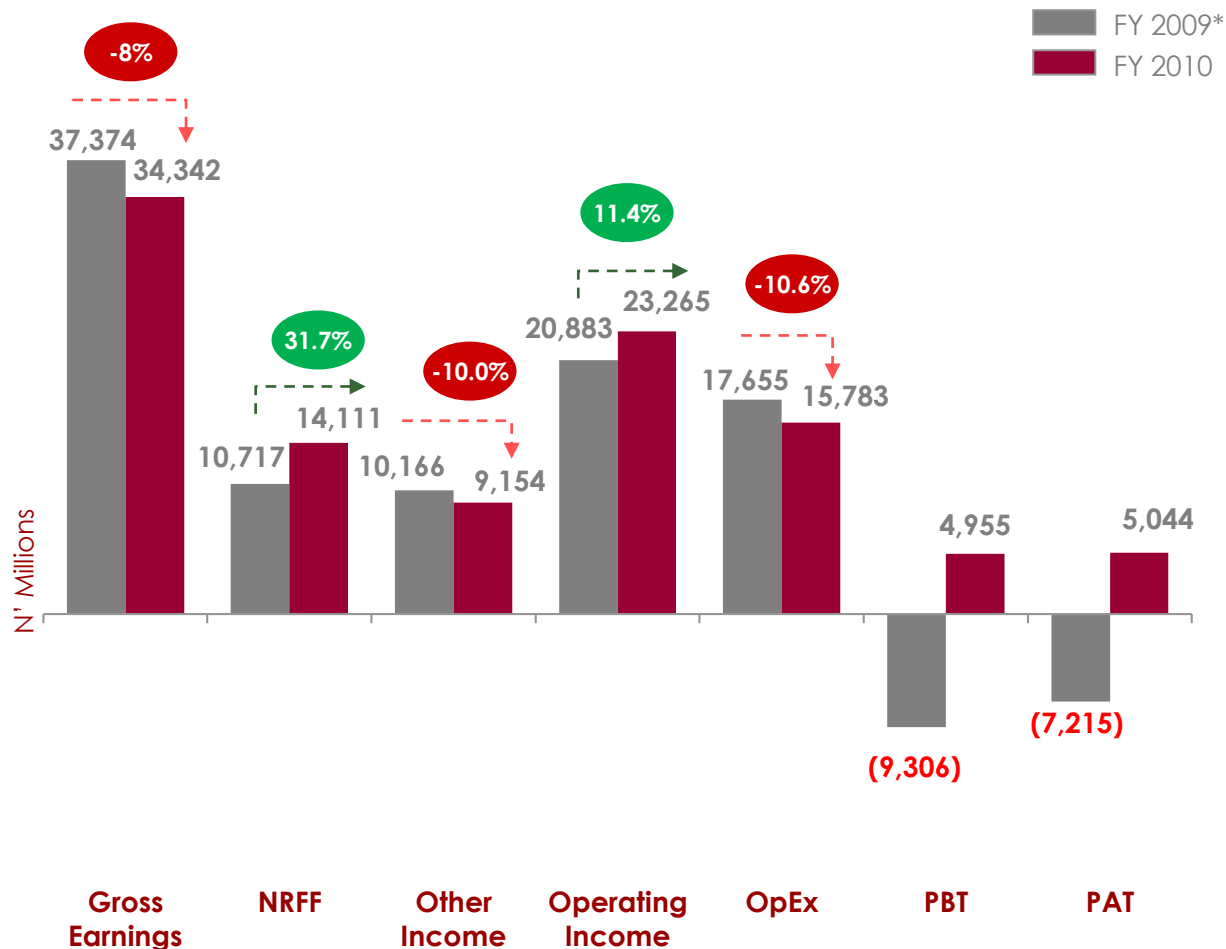
Key Trends: Q on Q Analysis

N'M

- ◆ Gross Earnings
- Total Assets
- ▲ Deposits
- ✕ Loans and Advances



Income Statement

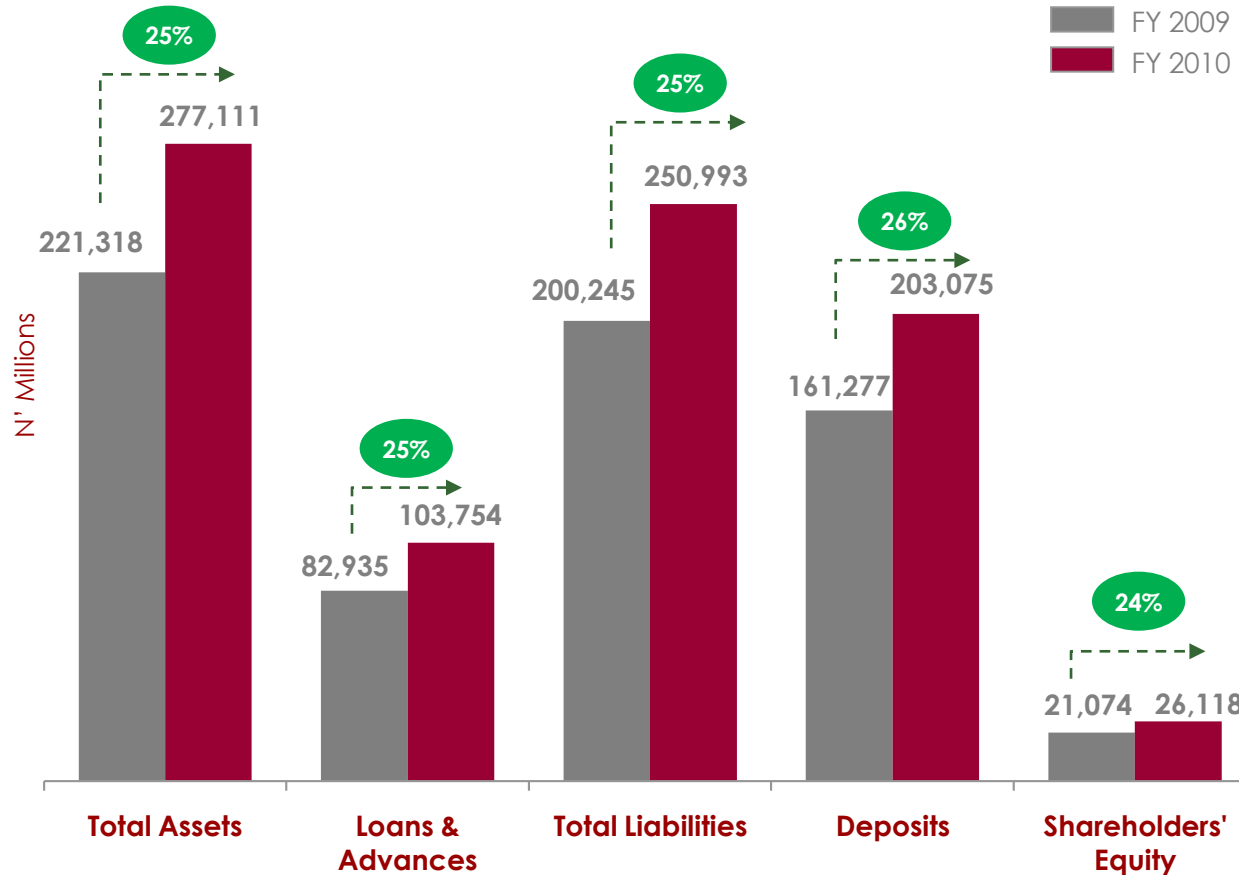


Comments

- Revenue decline (8%) was driven by the low interest rate regime experienced for the greater part of the year
- Operating income increased 11% on the back of improved margins
- Operating Expenses declined 11% reflecting progress in the Bank's cost discipline and efficiency programs introduced in 2009
- Sustained profitability achieved in the third quarter

*Annualized

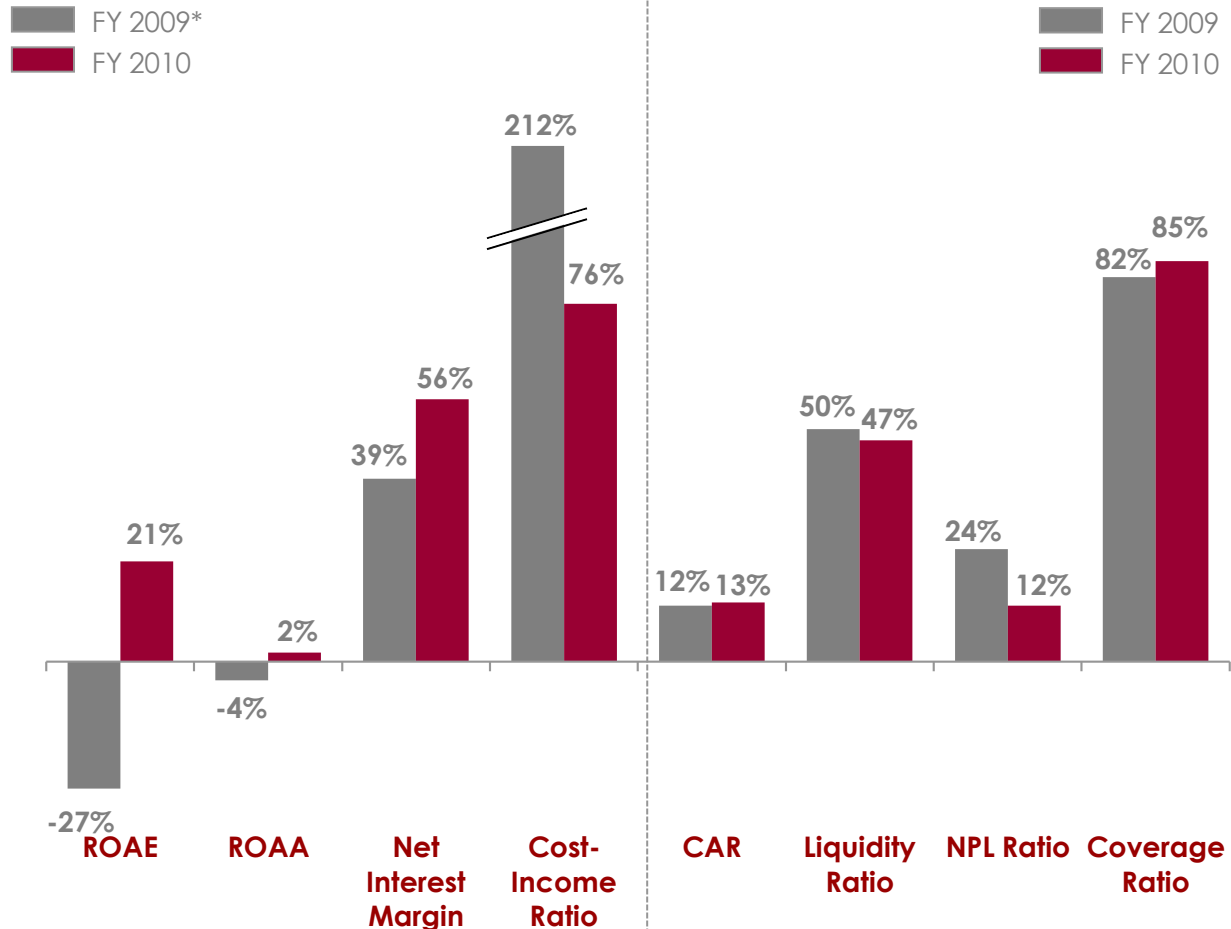
Balance Sheet



Comments

- Recorded growth on all key balance sheet lines
- Growth spurred by slightly improved economic conditions
- Improvement in Equity boosted by profit accretion.
- Commenced the process of introducing tier 2 capital to further boost capital position, while pursuing various options to strengthen tier 1 capital

Key Financial Ratios



Comments

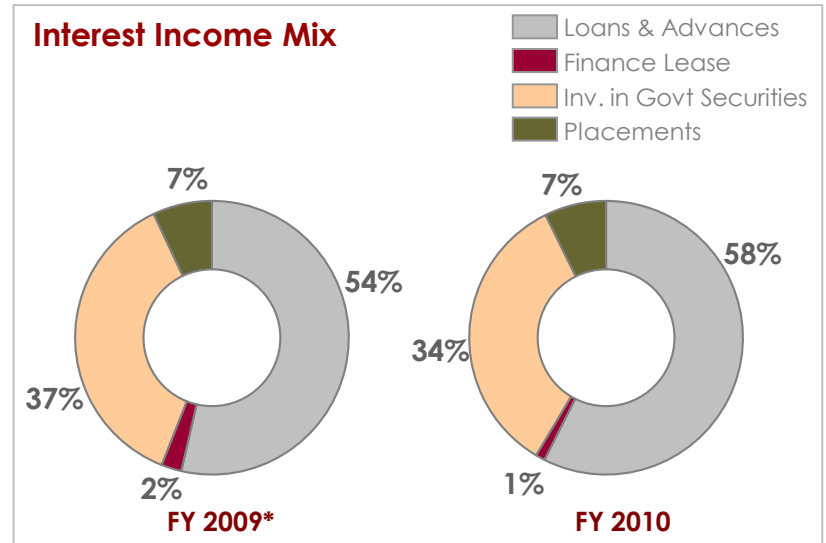
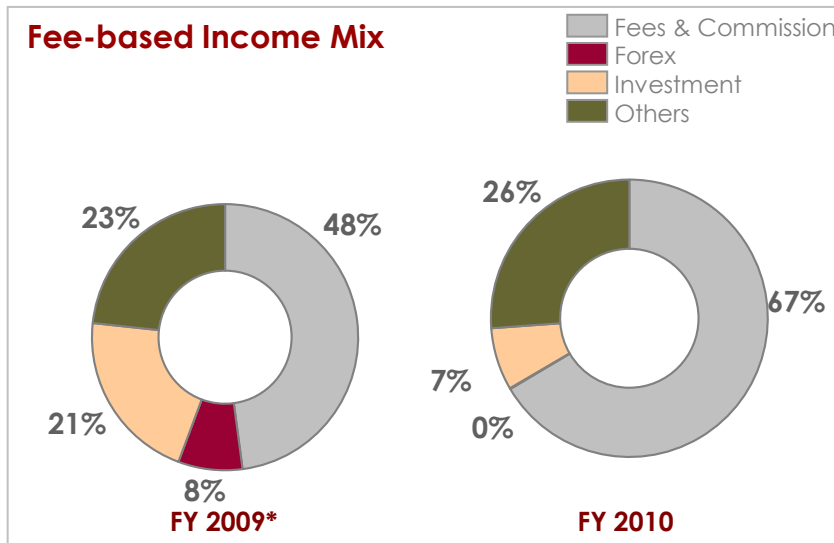
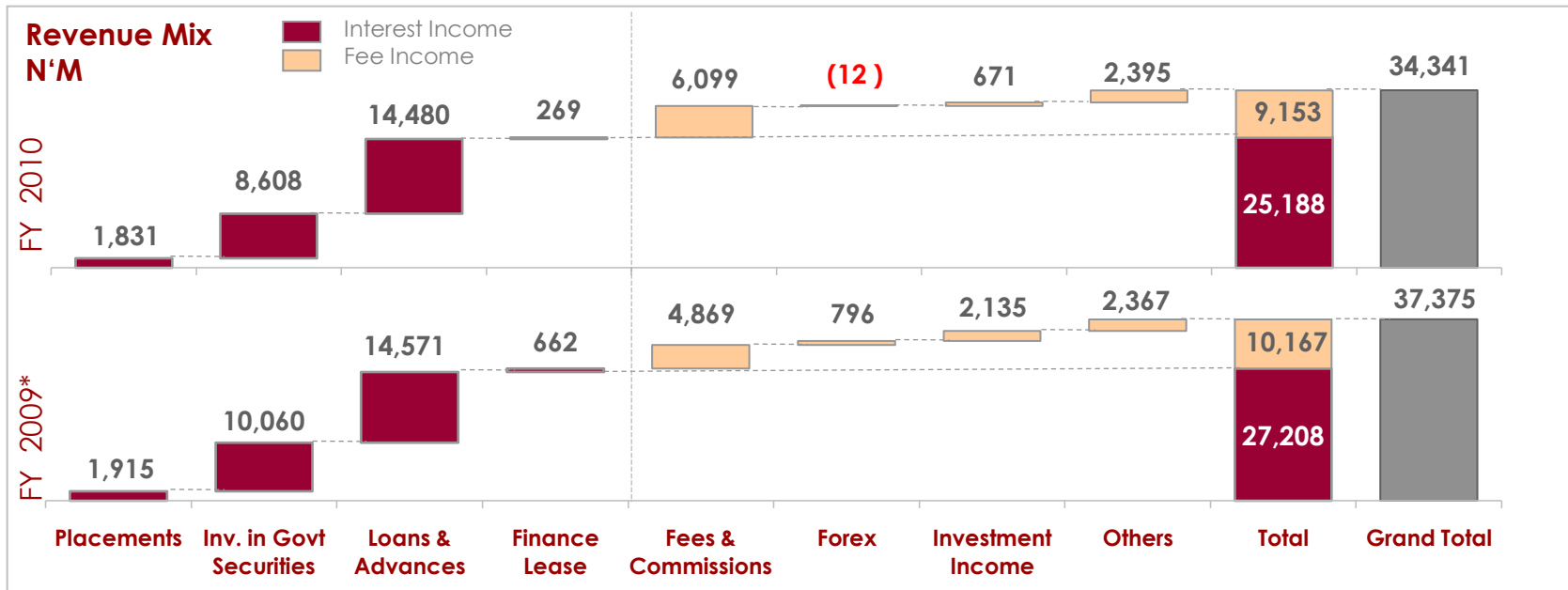
- Return on Average Equity (ROAE) in the first rank percentile among all banks
- Strong liquidity and improved capital position to support business growth
- Drop in Cost-to-income ratio reinforcing improvement in operating efficiency
- Achieved significant improvement in asset quality.

*Annualized

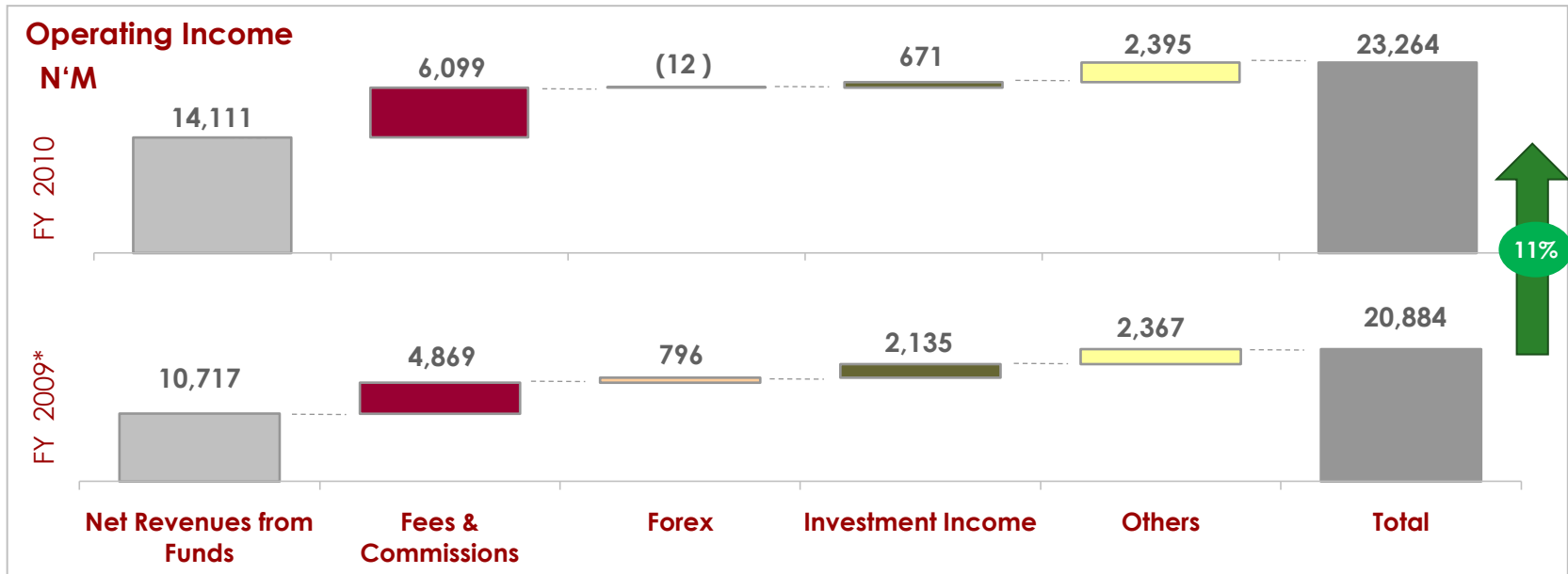
Not drawn to scale

Earnings Profile

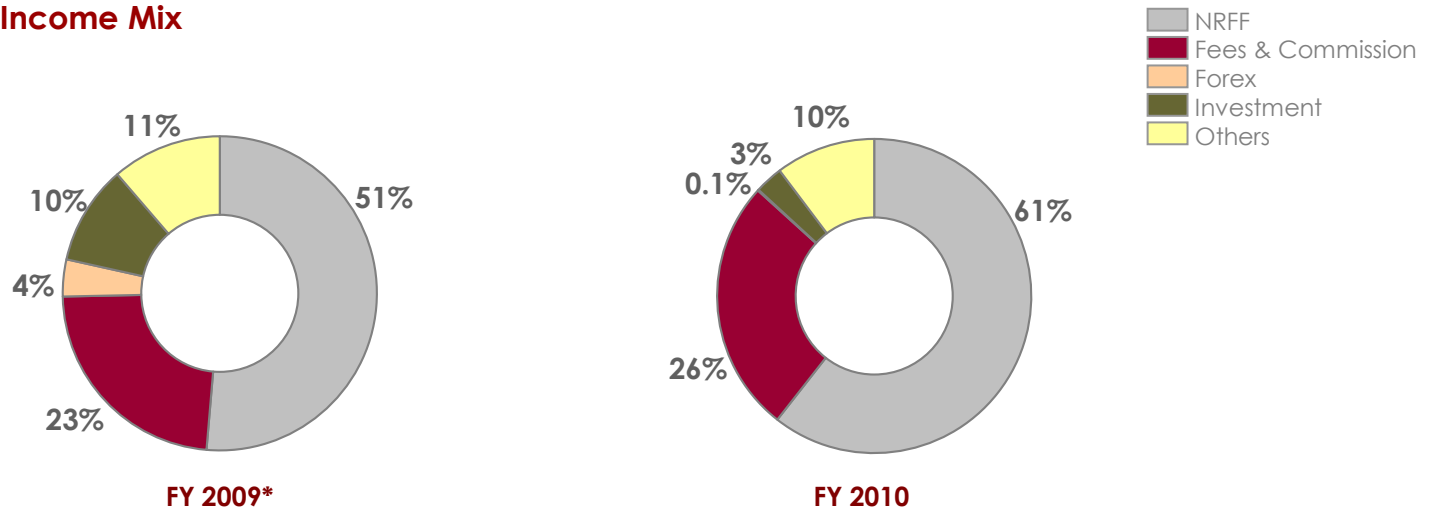
Revenues



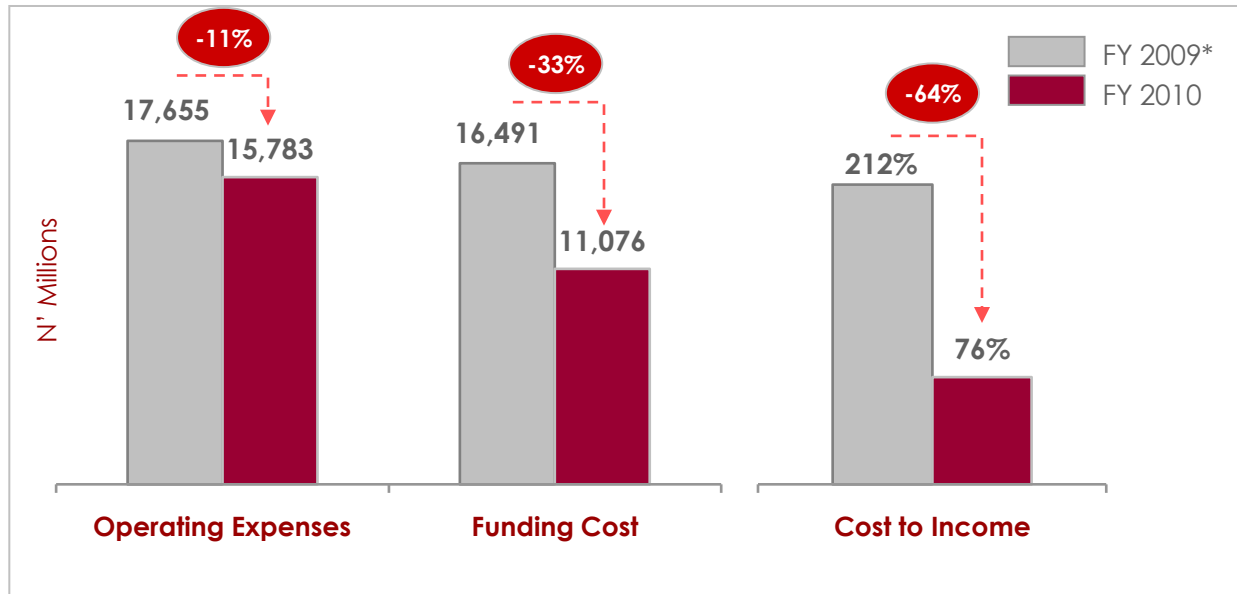
Operating income



Operating Income Mix



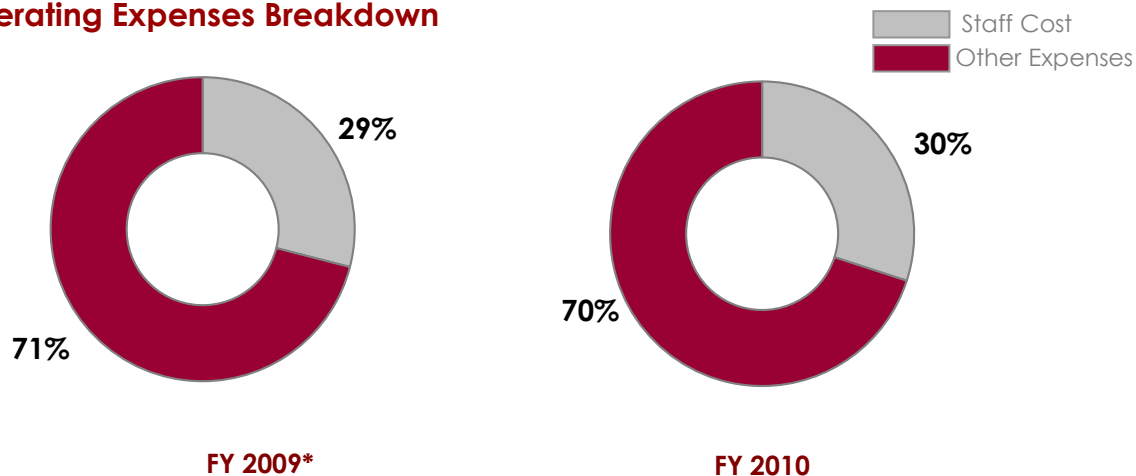
Operating Efficiency



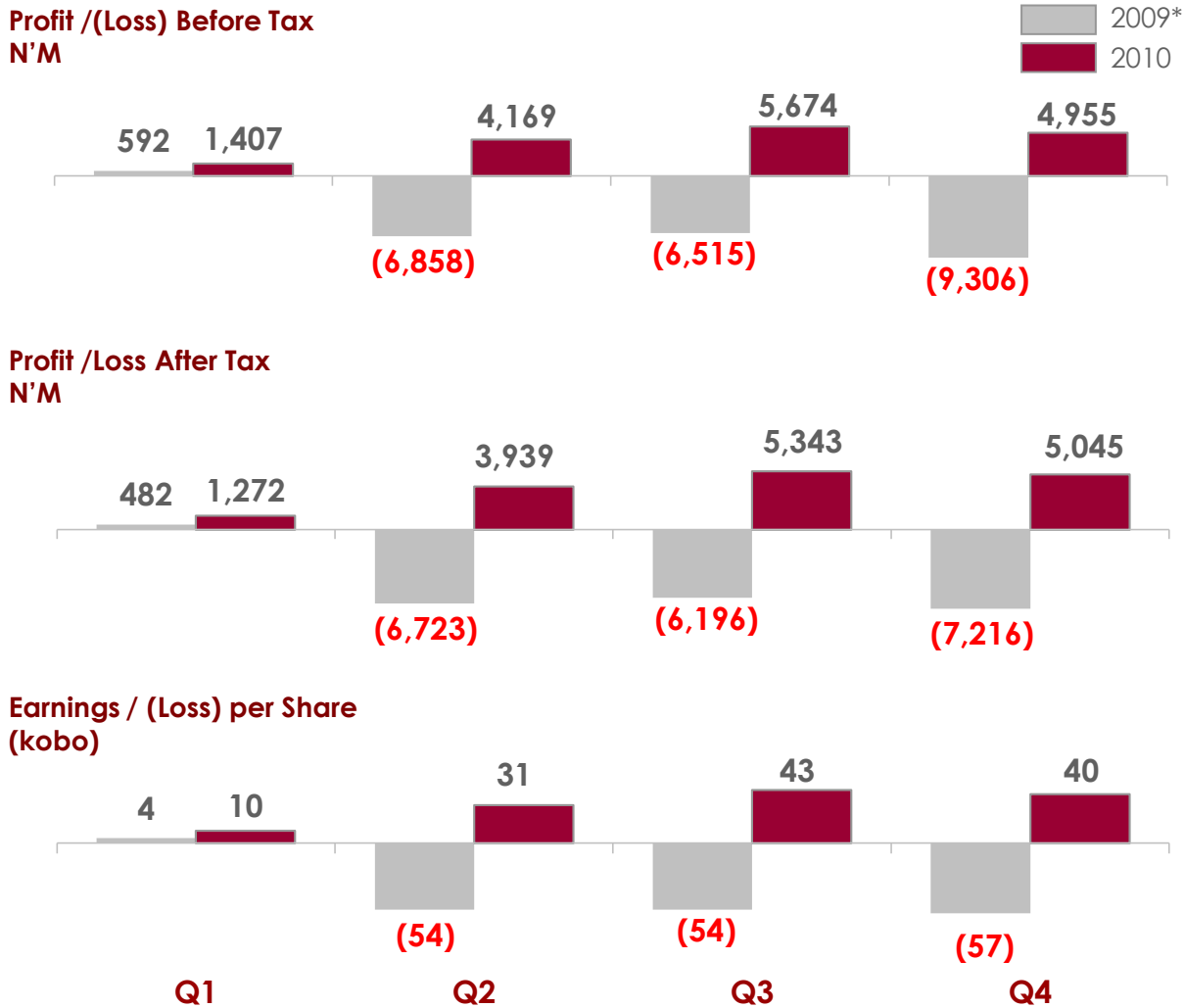
Comments

- Operating expenses declined 11% to N15.8b
- Funding cost declined 33% feeding through improvement in Net Interest Margins
- Significant improvement in relative efficiency on the back of lower provisioning and reduction in operating expenses

Operating Expenses Breakdown



Profitability

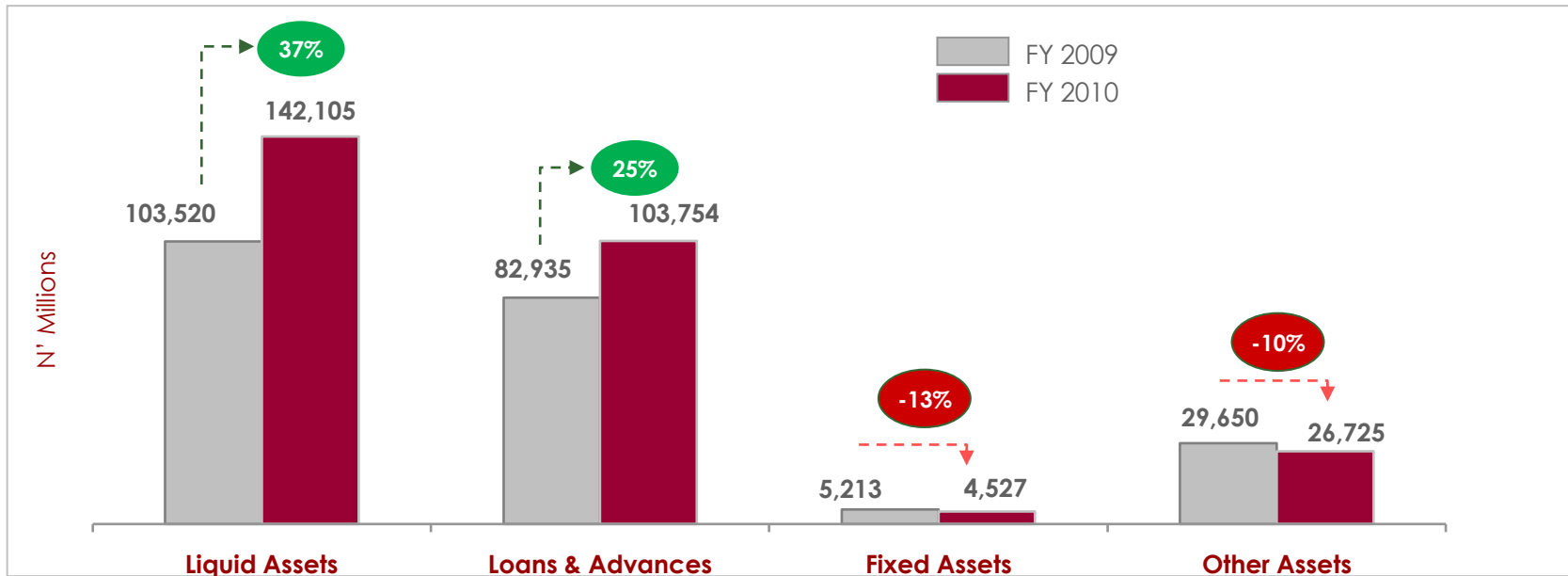


Comments

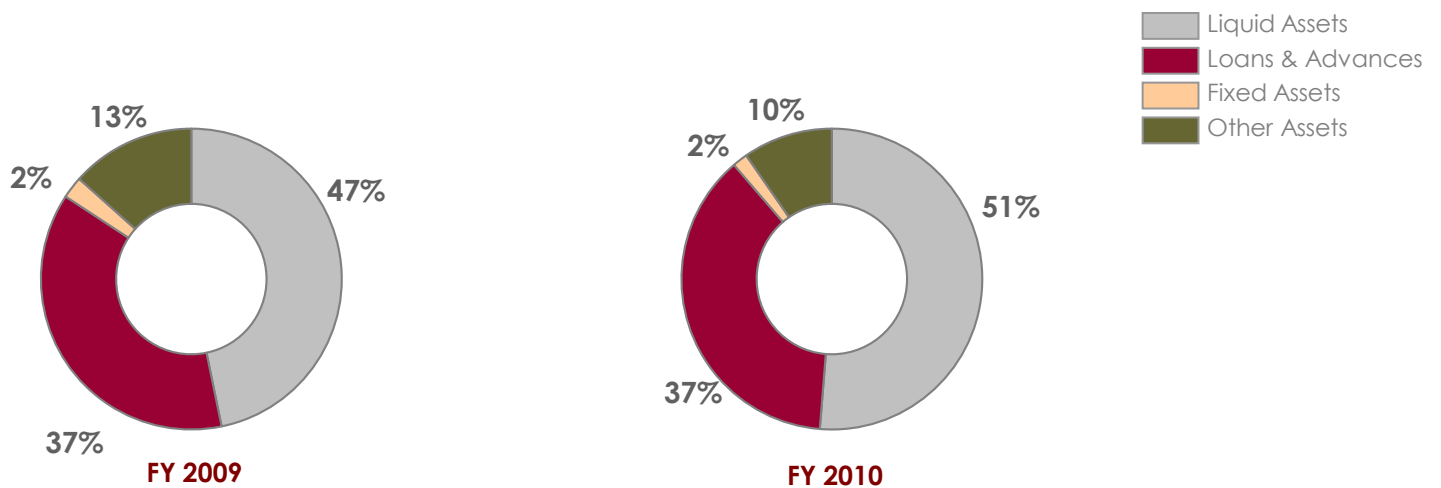
- Return to profitability achieved in Q1 2010 was sustained through the year
- However, full year profitability was affected by allowances for risk assets which moved into negative territory by N2.6 billion

Balance Sheet Analysis

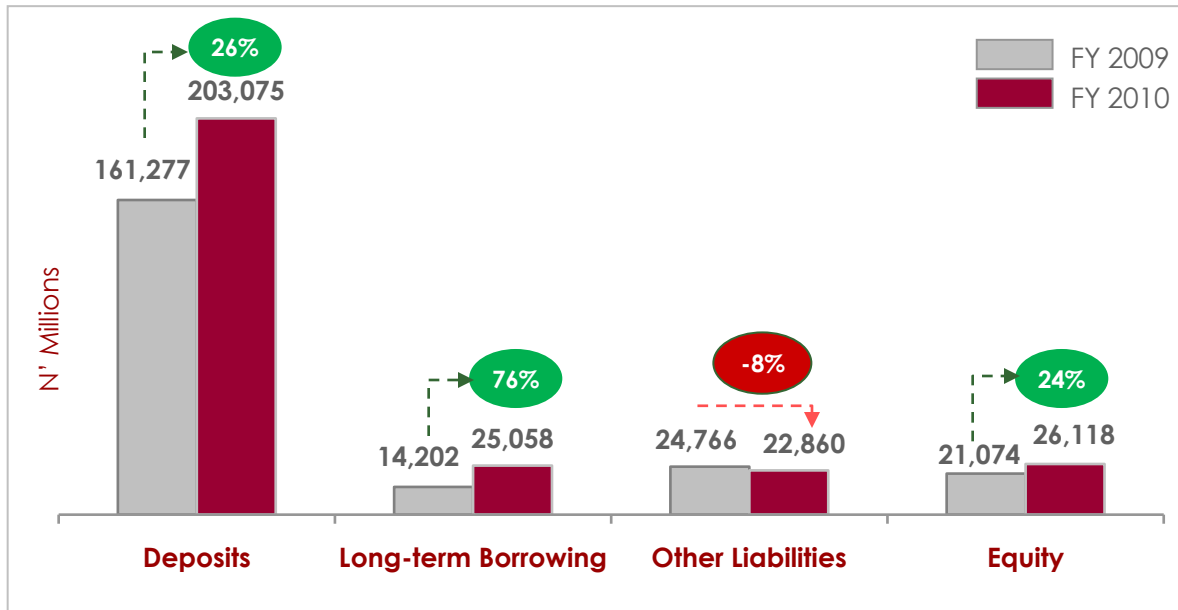
Asset Decomposition



Asset Mix



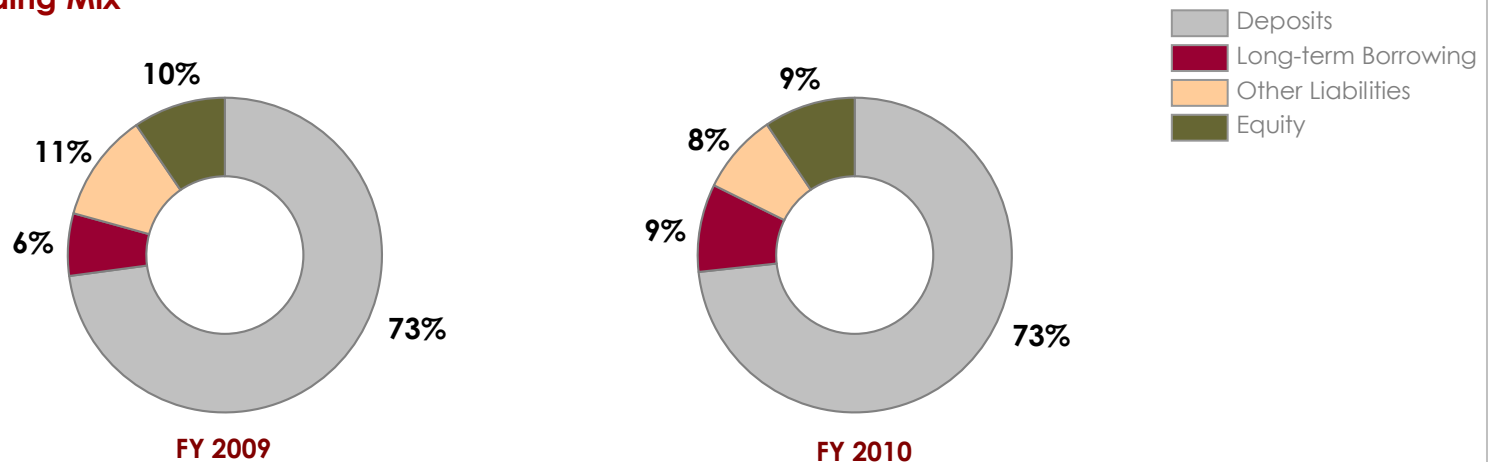
Assets Funding Mix



Comments

- Diversified funding base with deposits as the major funding source
- Deposits funded 73% of total assets
- To keep funding costs low, deposit mobilization was skewed in favour of stable low cost deposits

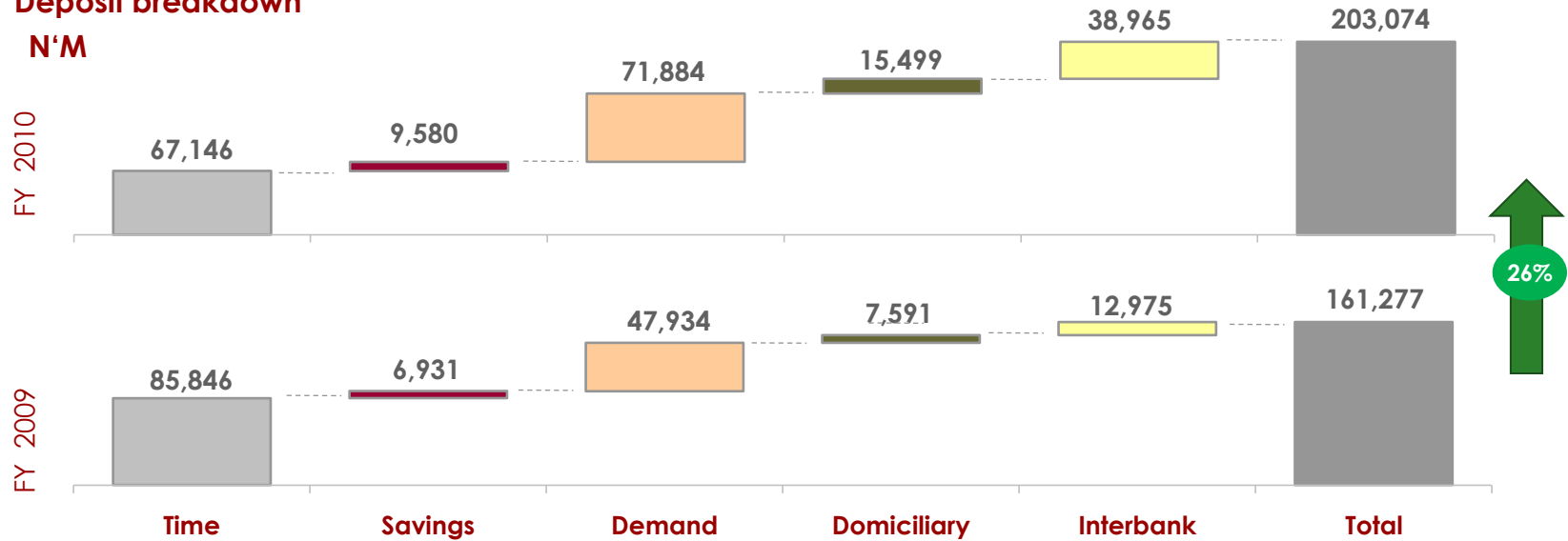
Asset Funding Mix



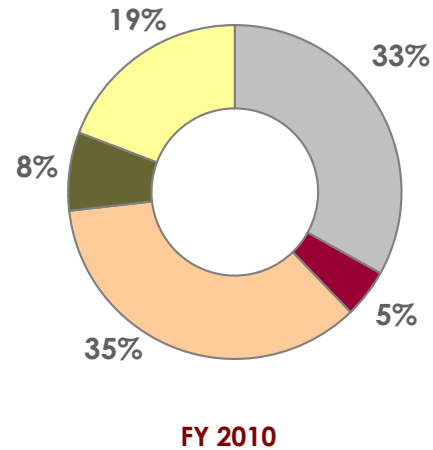
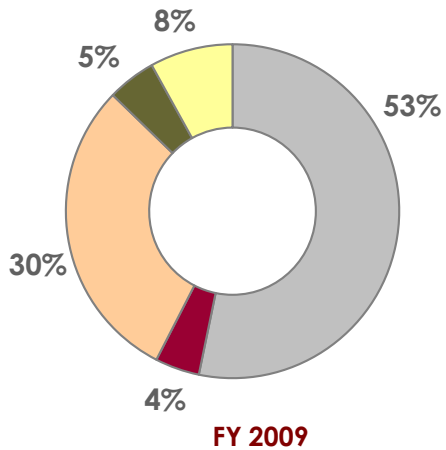
Deposits

Deposit breakdown

N'M

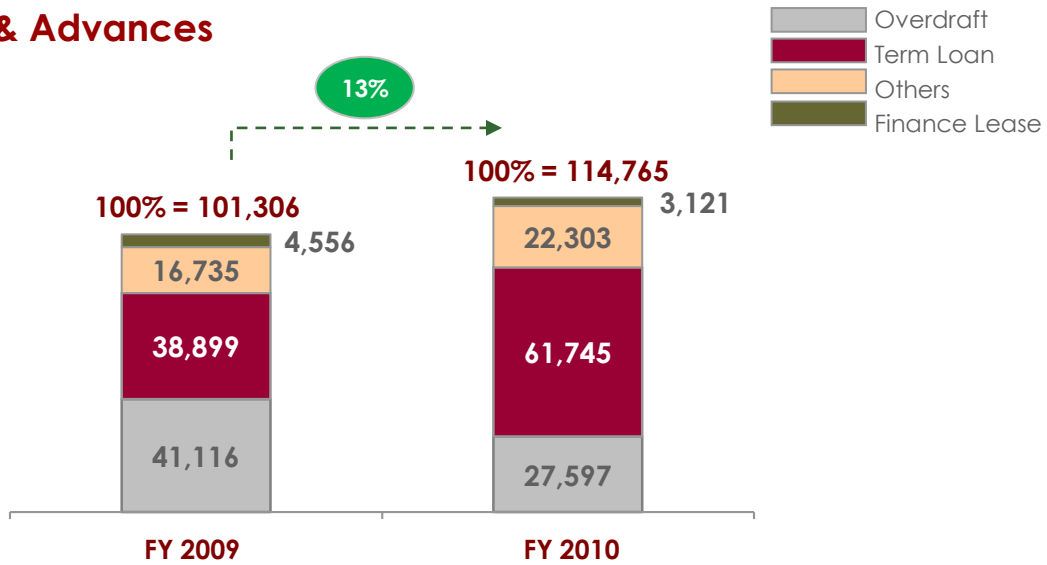


Deposit Mix



Gross Loans by Type

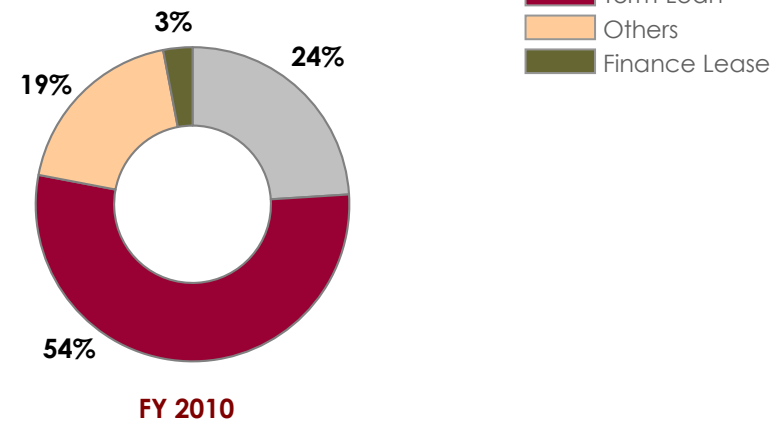
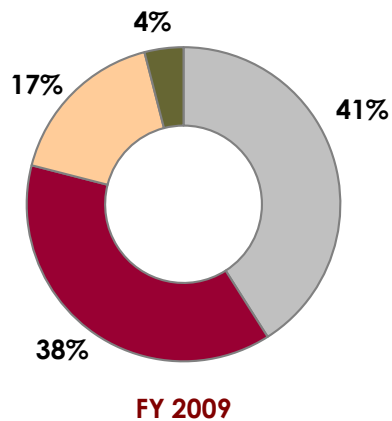
Loans & Advances N'M



Comments

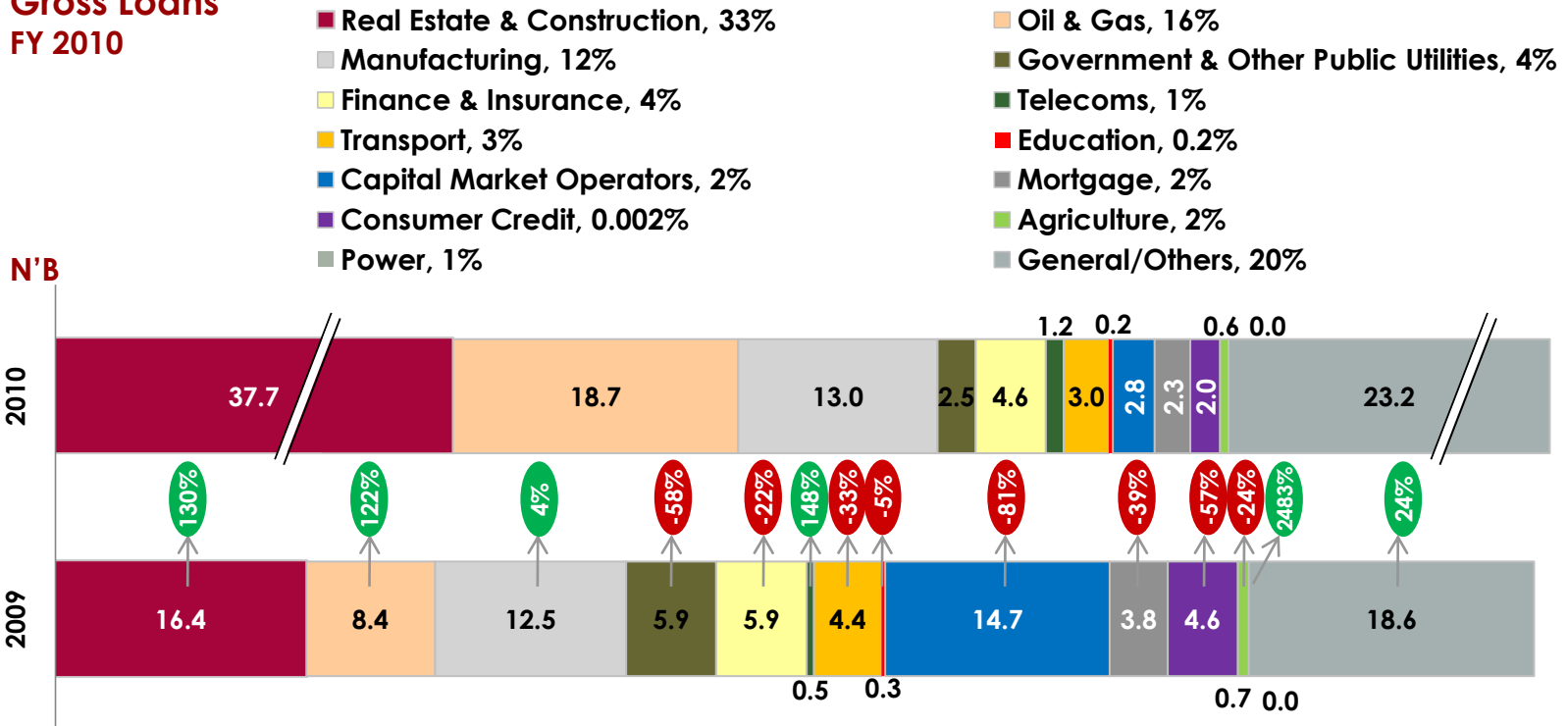
- Gross loans and advances improved 13% reflecting gradual return of risk appetite limited by fewer lending opportunities
- Term loans grew 59% and accounted for 54% of gross loans

Loans & Advances by Type



Gross Loans by Sector

Gross Loans FY 2010



Comment

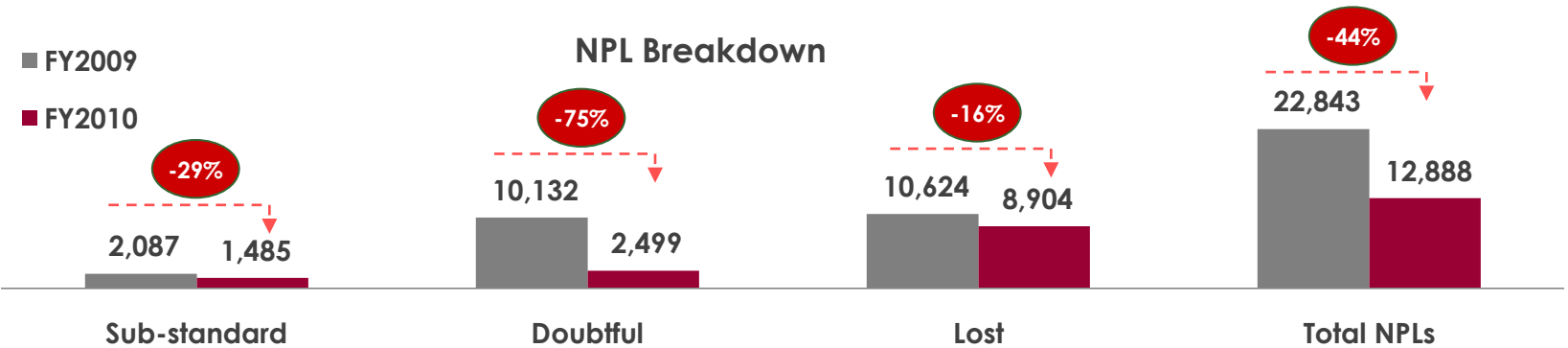
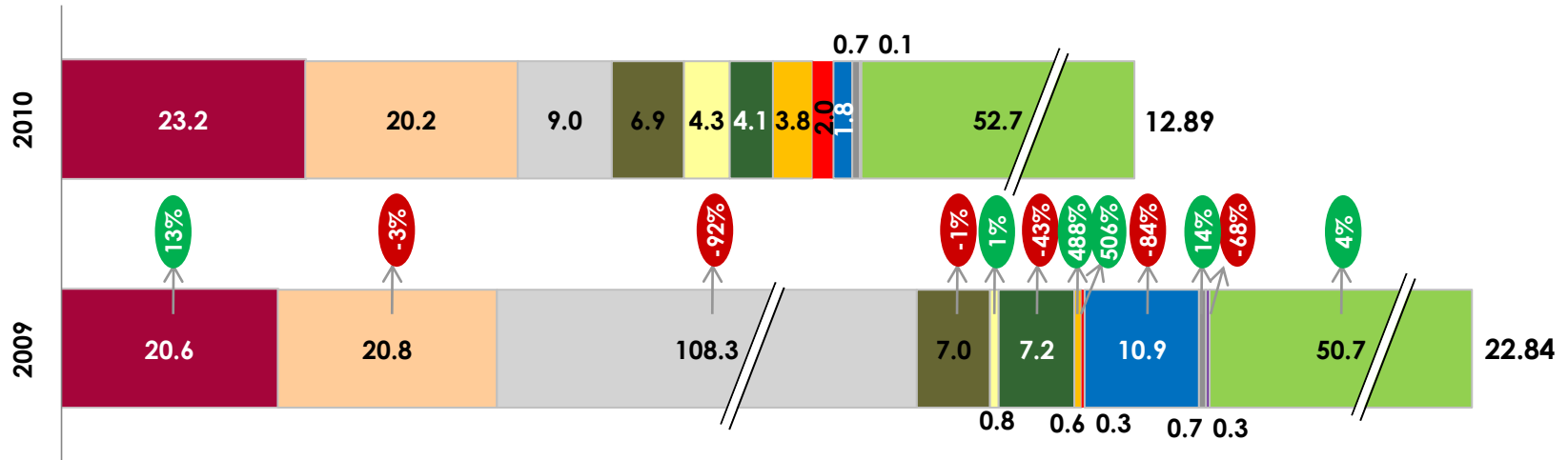
- Diversified Loan book with focus on Oil & Gas, Real Estate & Construction and Manufacturing sectors

Non Performing Loans (NPL) by Sector

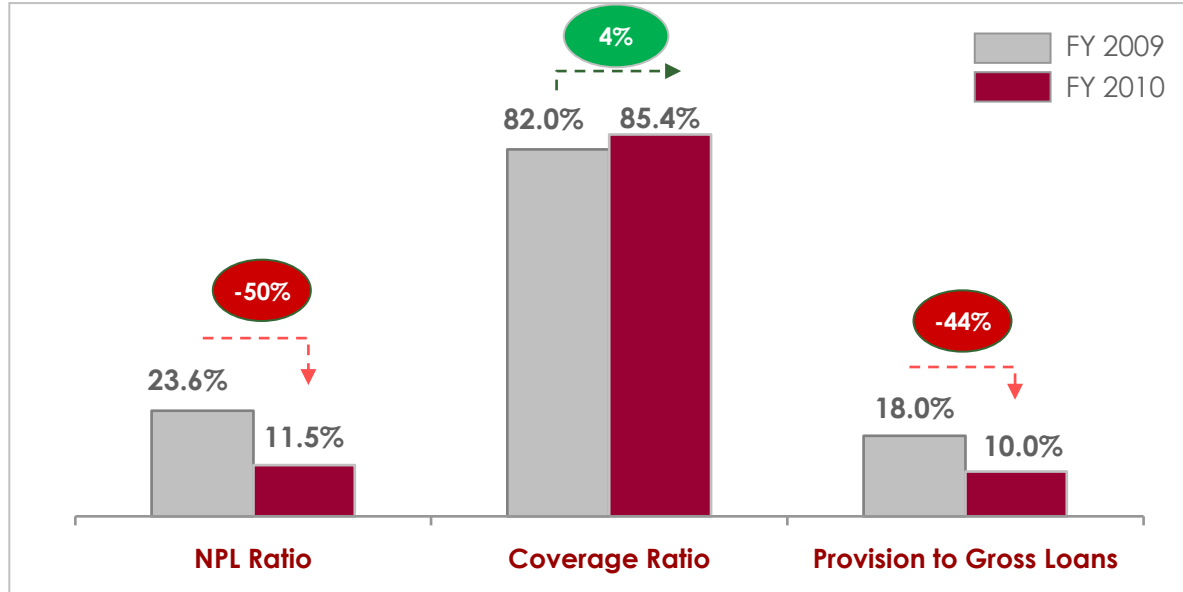
Gross Loans FY 2010

- Oil and Gas, 18%
- Real Estate, 5%
- Mortgage, 3%
- Agriculture, 0.6%
- Manufacturing, 16%
- Communication, 3%
- Finance and Insurance, 2%
- Education, 0.1%
- Capital Market, 7%
- Transportation, 3%
- Consumer Credits, 1.4%
- Others, 41%

N'B



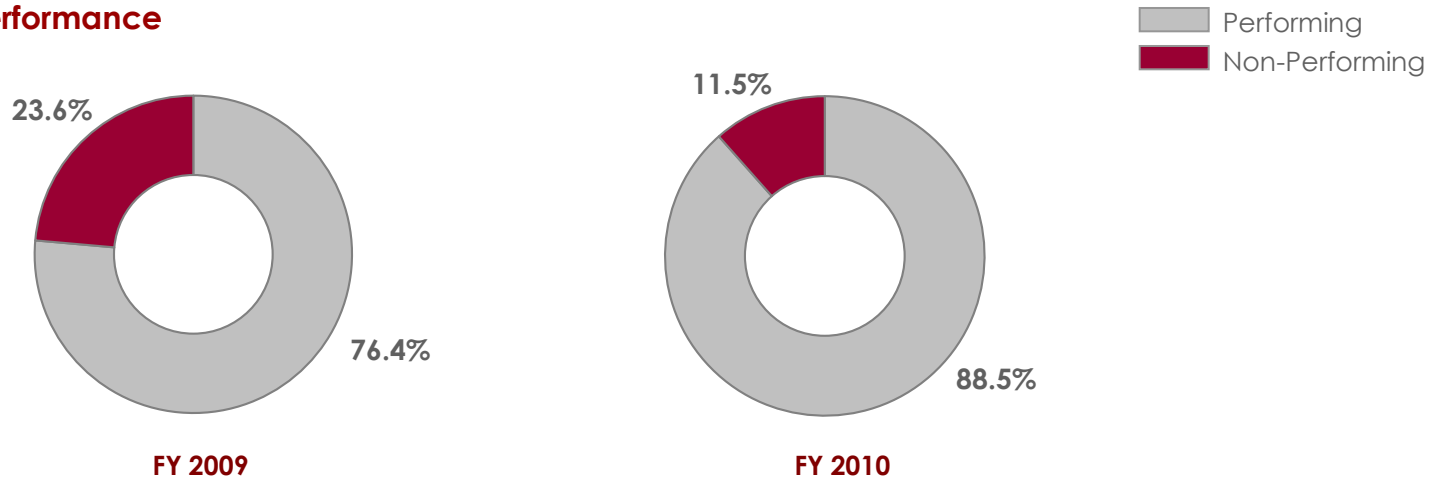
Asset Quality



Comments

- Improvement in asset quality driven by the purchase of bad loans by AMCON and internal loan recovery initiatives.
- Coverage ratio also improved from 82% at FY 2009 to 85%

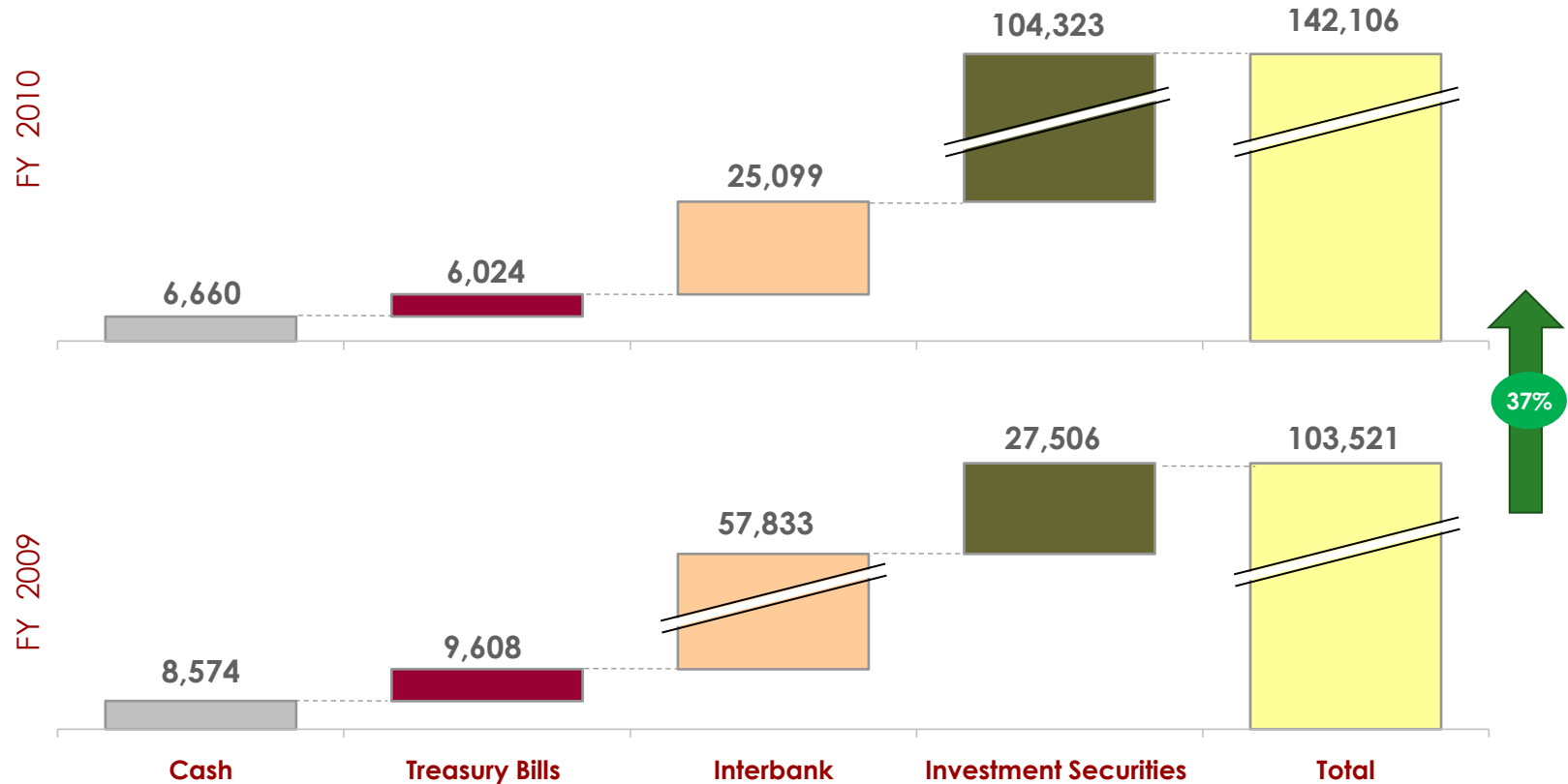
Loans by Performance



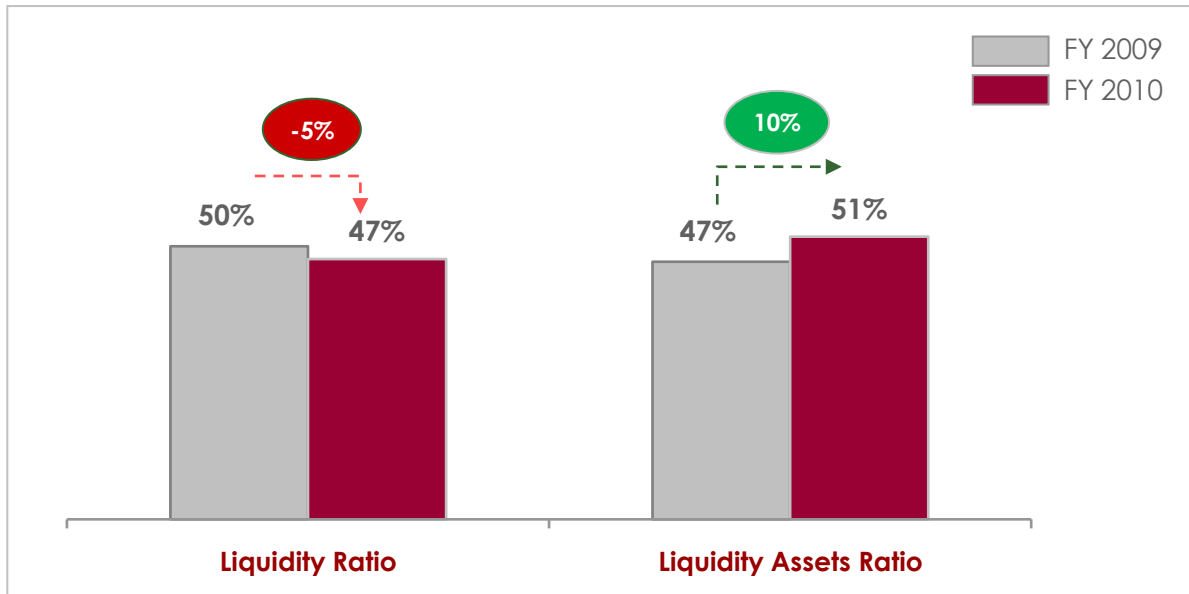
Liquidity

Liquidity Profile

Liquid Assets breakdown
N'M



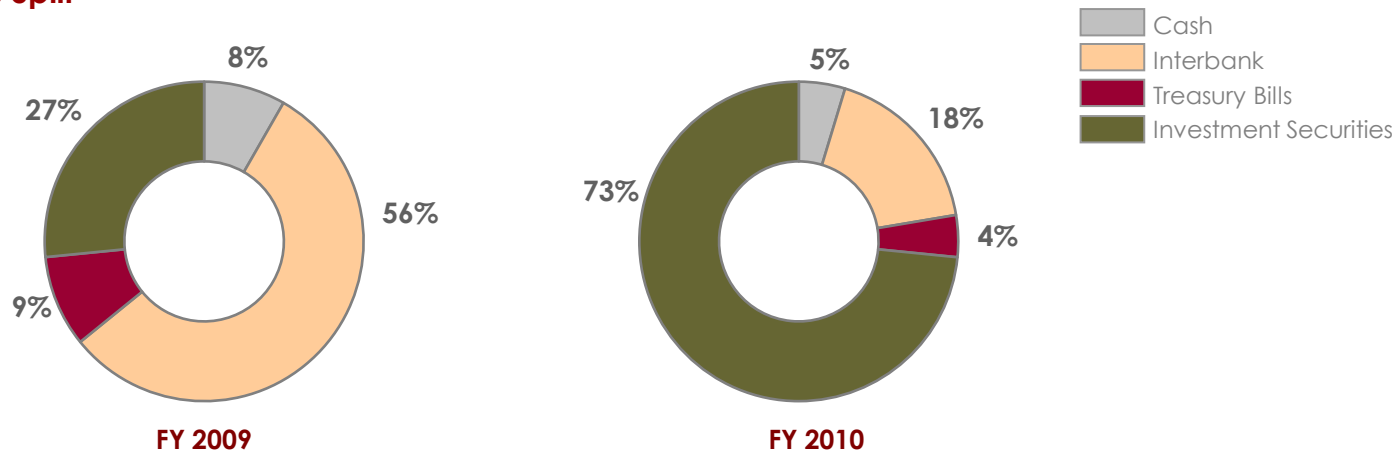
Strong Liquidity position



Comments

- Liquidity ratio of 47% above regulatory benchmark of 30%
- Investment Securities rose on the back fewer opportunities for quality risk asset creation.

Liquid Assets Split



Thank You

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