



Sterling Bank PLC
Q1 2011
Investor/Creditor Presentation

May 2011

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Agenda

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Macro-economic & Market Trends

2

Corporate Vision

3

Performance Review

4

Key Future Performance Beacons

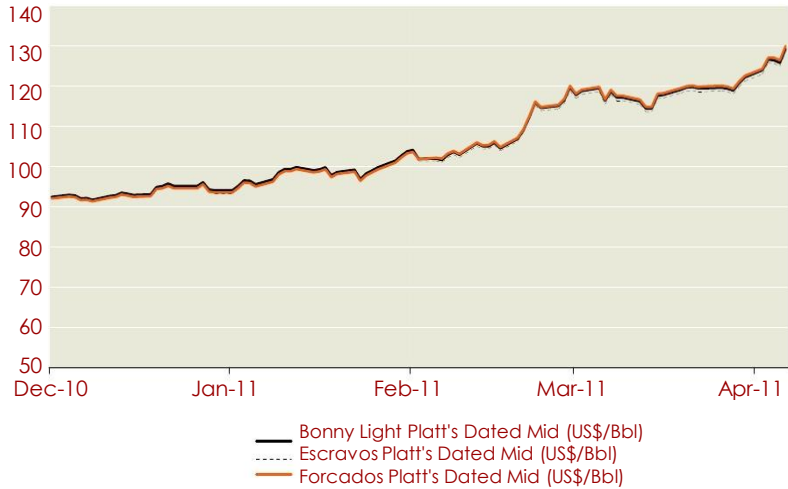
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Macro-economic & Market Trends

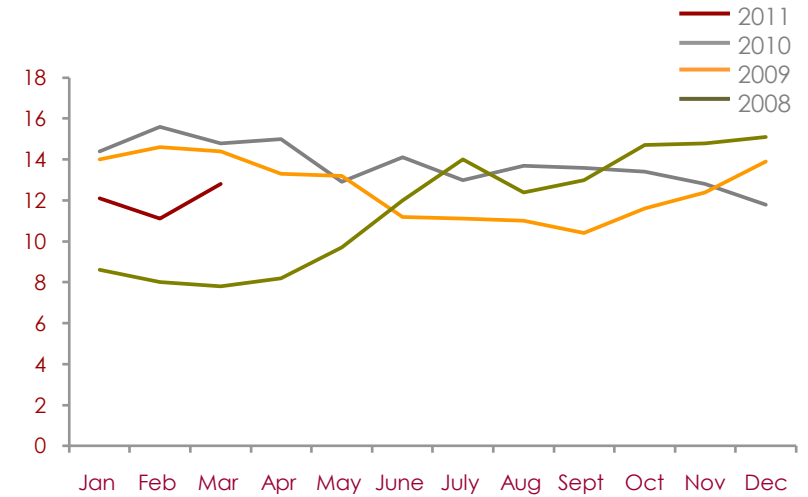
Economic Indices

Bonny Light Spot Prices

FOB (\$/Barrel)

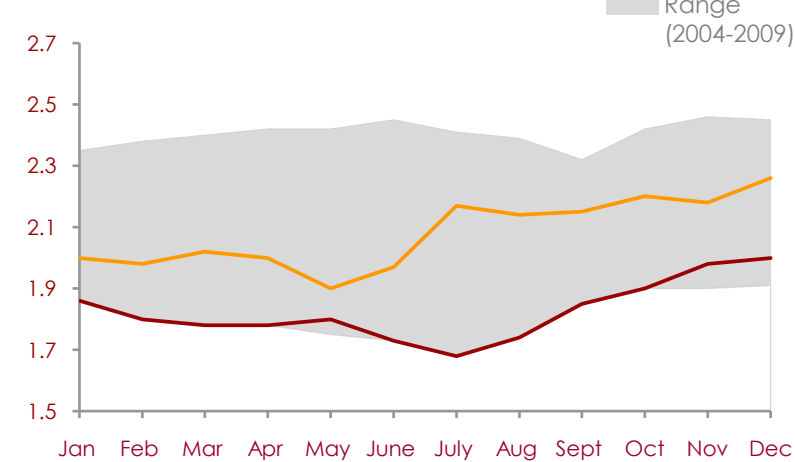


Nigeria Consumer Price Index / Inflation Rate

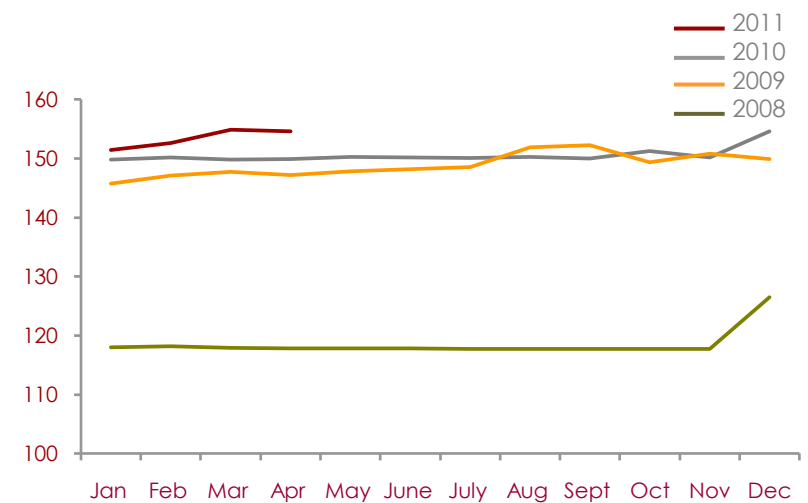


Nigeria Oil Supply: 5-year Range

mb/d

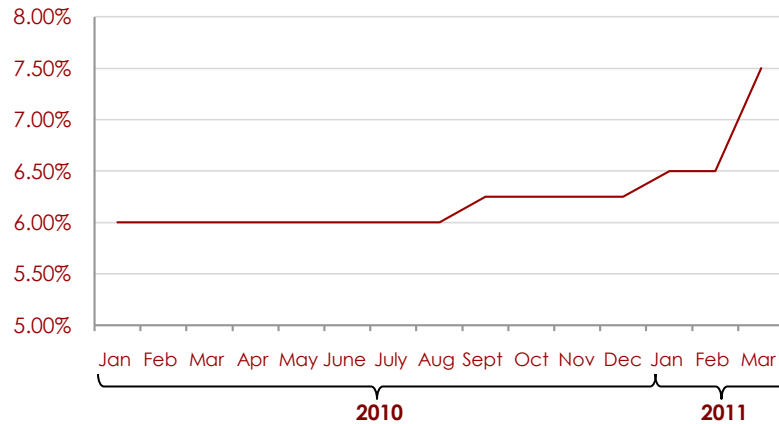


Nigerian Naira / US Dollar Average Exchange Rate

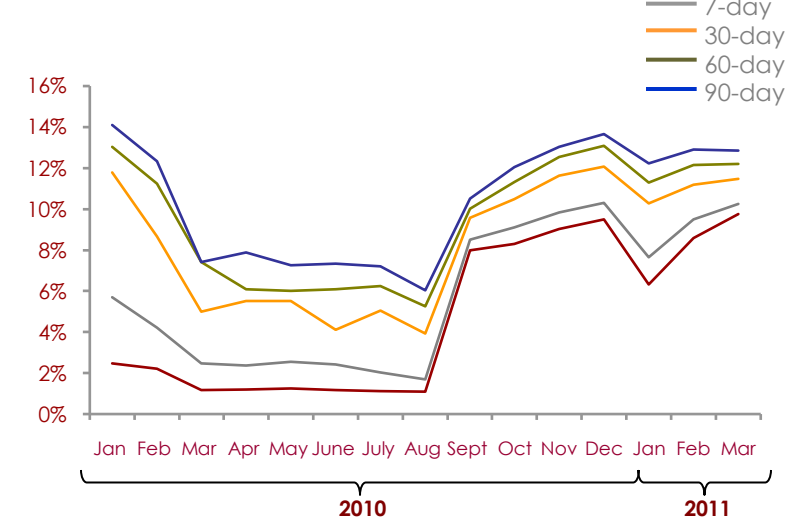


Funding Ecosystem (Industry)

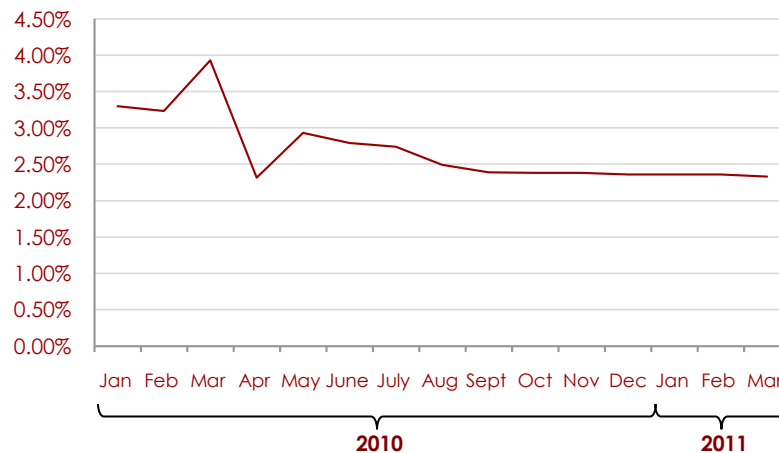
Central Bank of Nigeria Monetary Policy Rate (MPR)



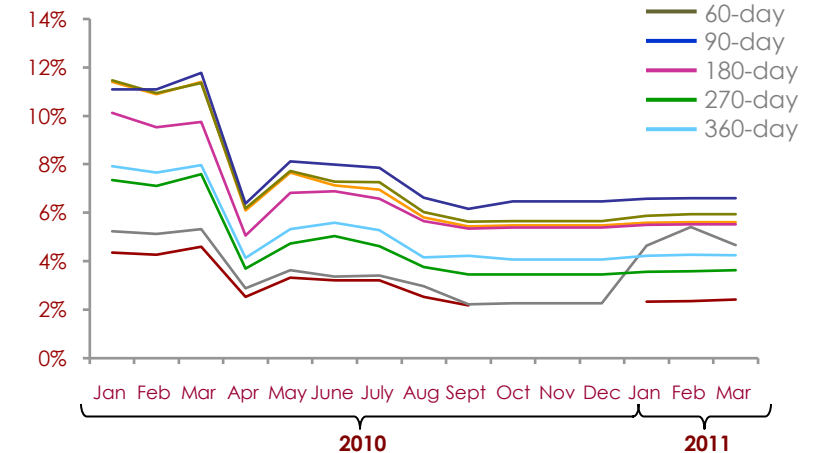
Nigerian Interbank Offer Rate (NIBOR)



Deposit Taking – Savings Accounts

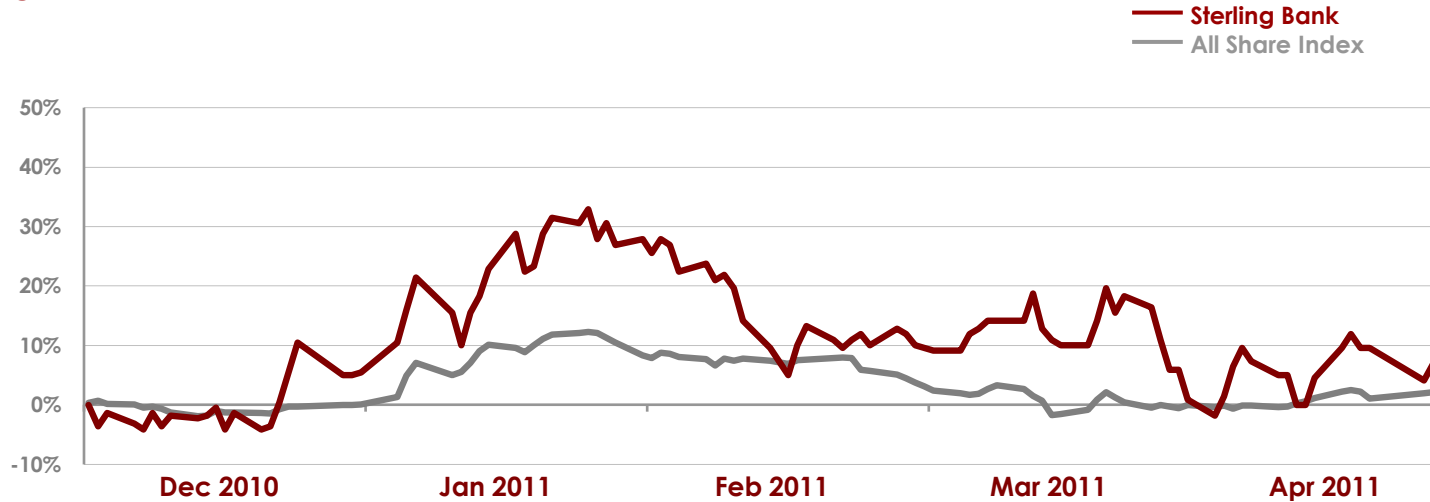


Deposit Taking – Fixed Deposit



Market Movement: Dec 1, 2010 – April 30, 2011

Sterling Share Price Movement vs. NSE All Share Index



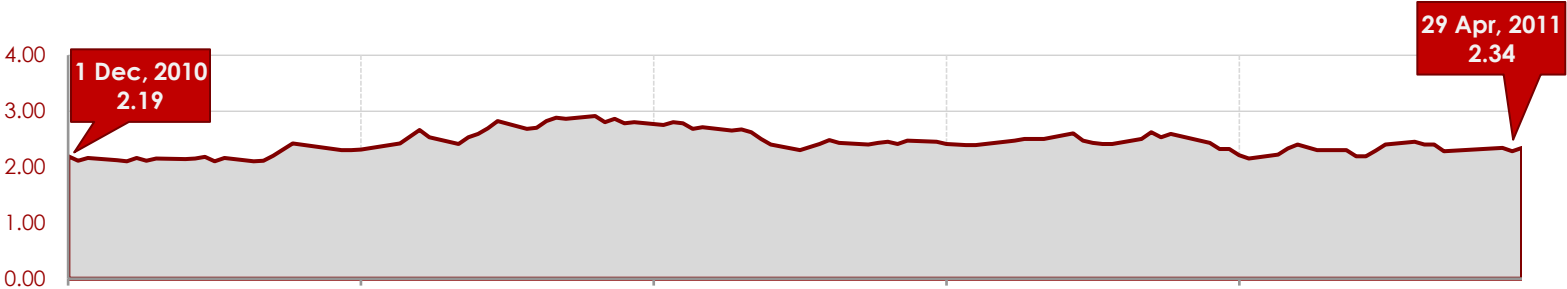
NSE All Share Index vs. the MSCI Frontier Markets Africa Index



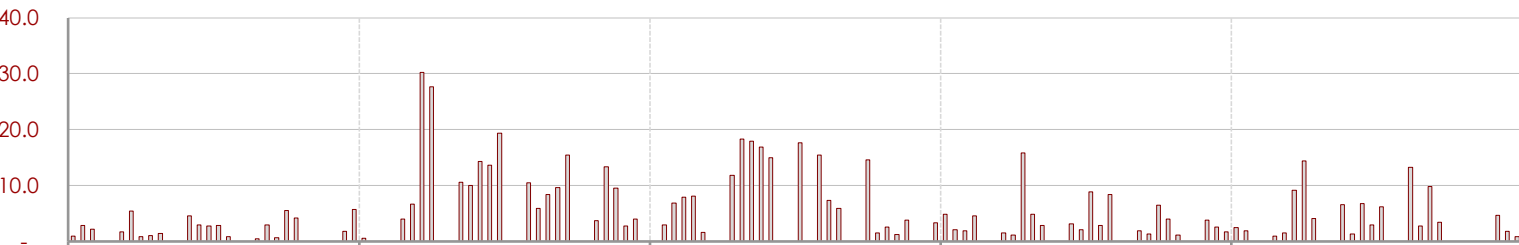
Source: MSCI

Share Price Chart

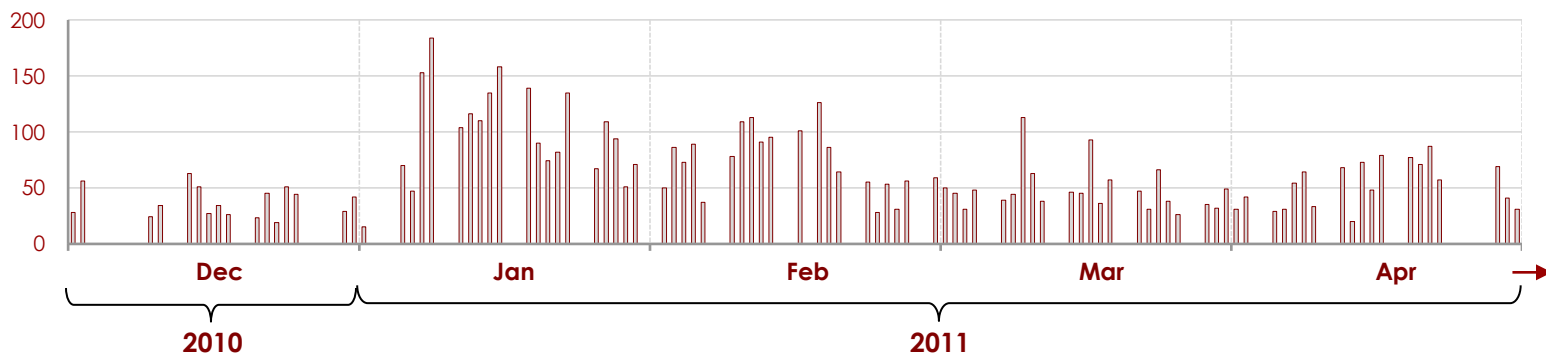
Share Price Movement: Dec 1, 2010 – April 30, 2011



Volumes Traded (# Millions)



Number of Trades



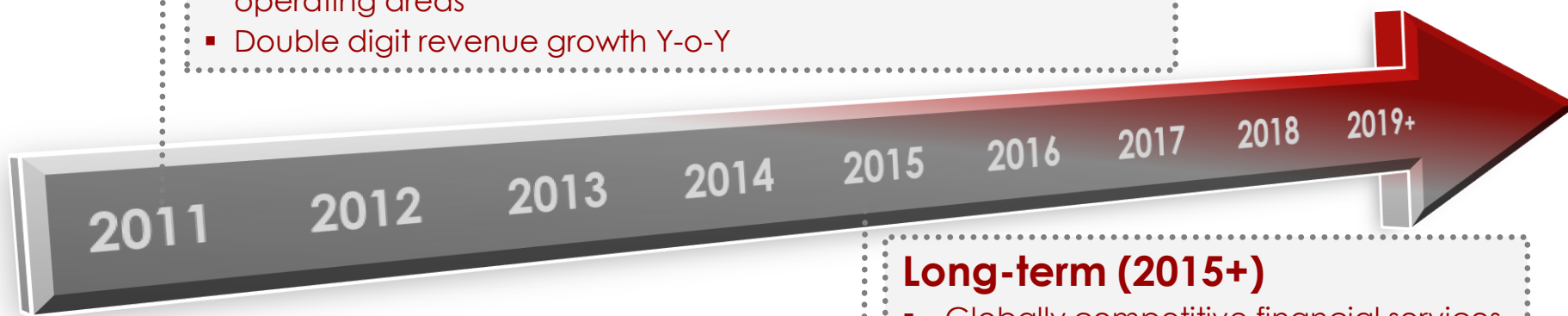
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Strategic Vision

Strategic Vision

Mid-term (2011+3)

- 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
- Double digit revenue growth Y-o-Y



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

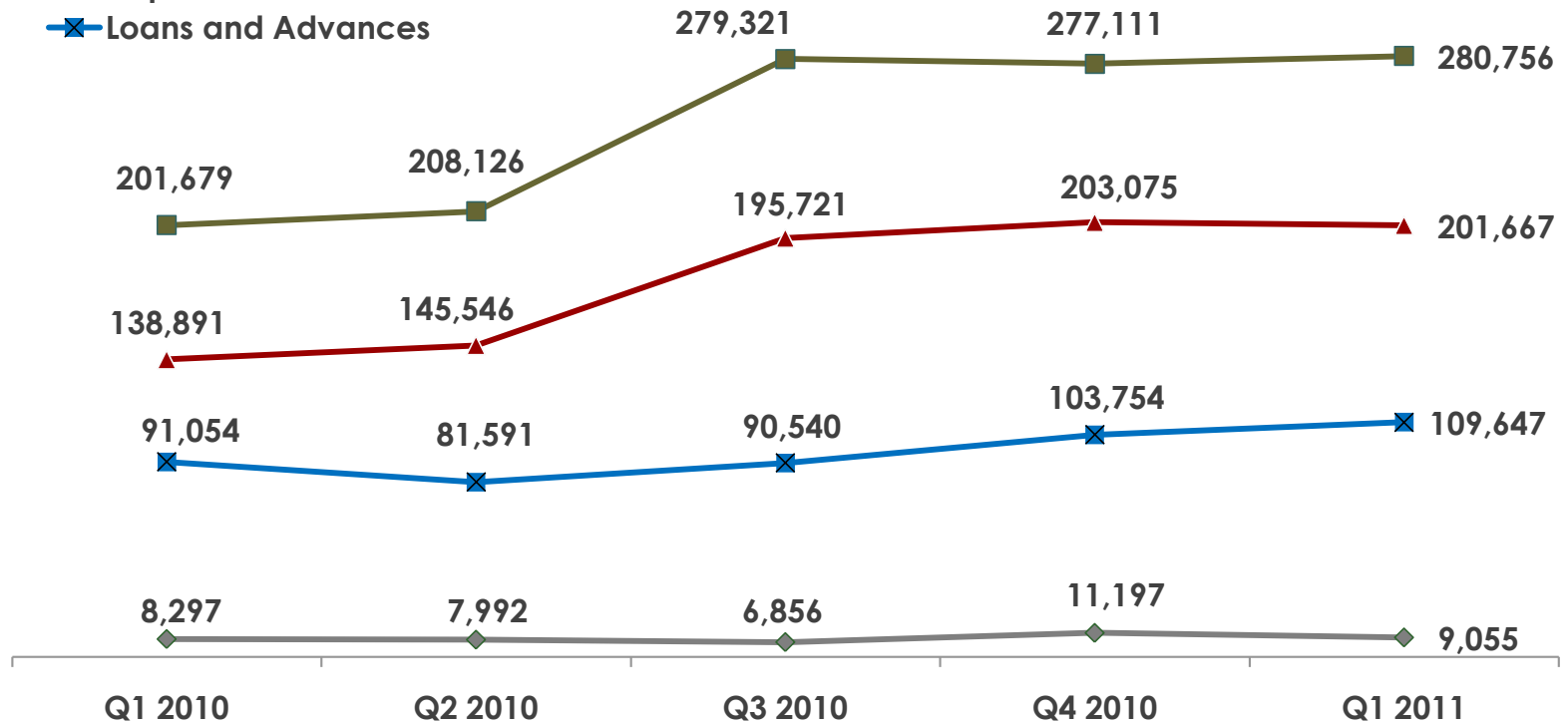
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Performance Review

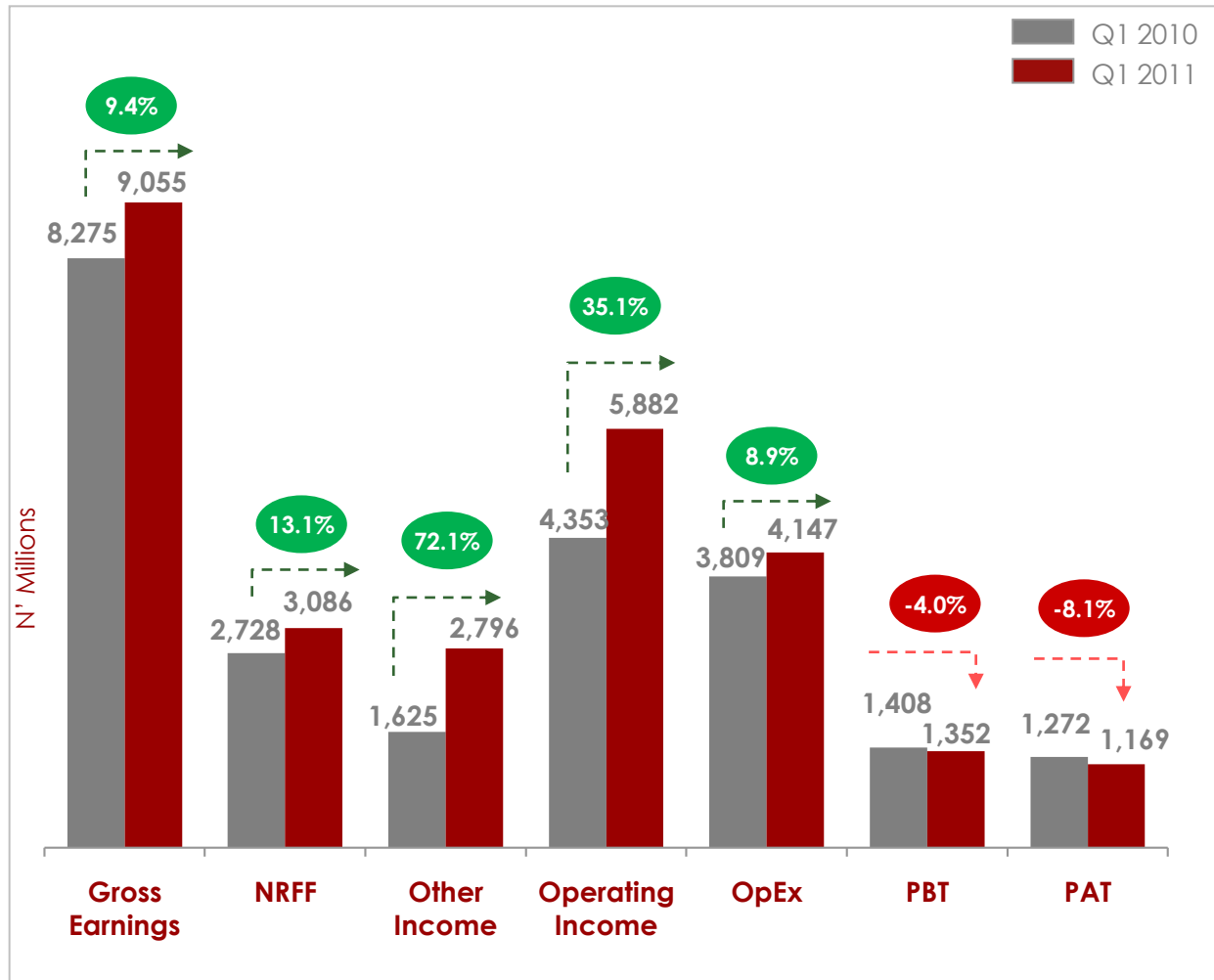
Key Trends: Q on Q Analysis

N'M

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



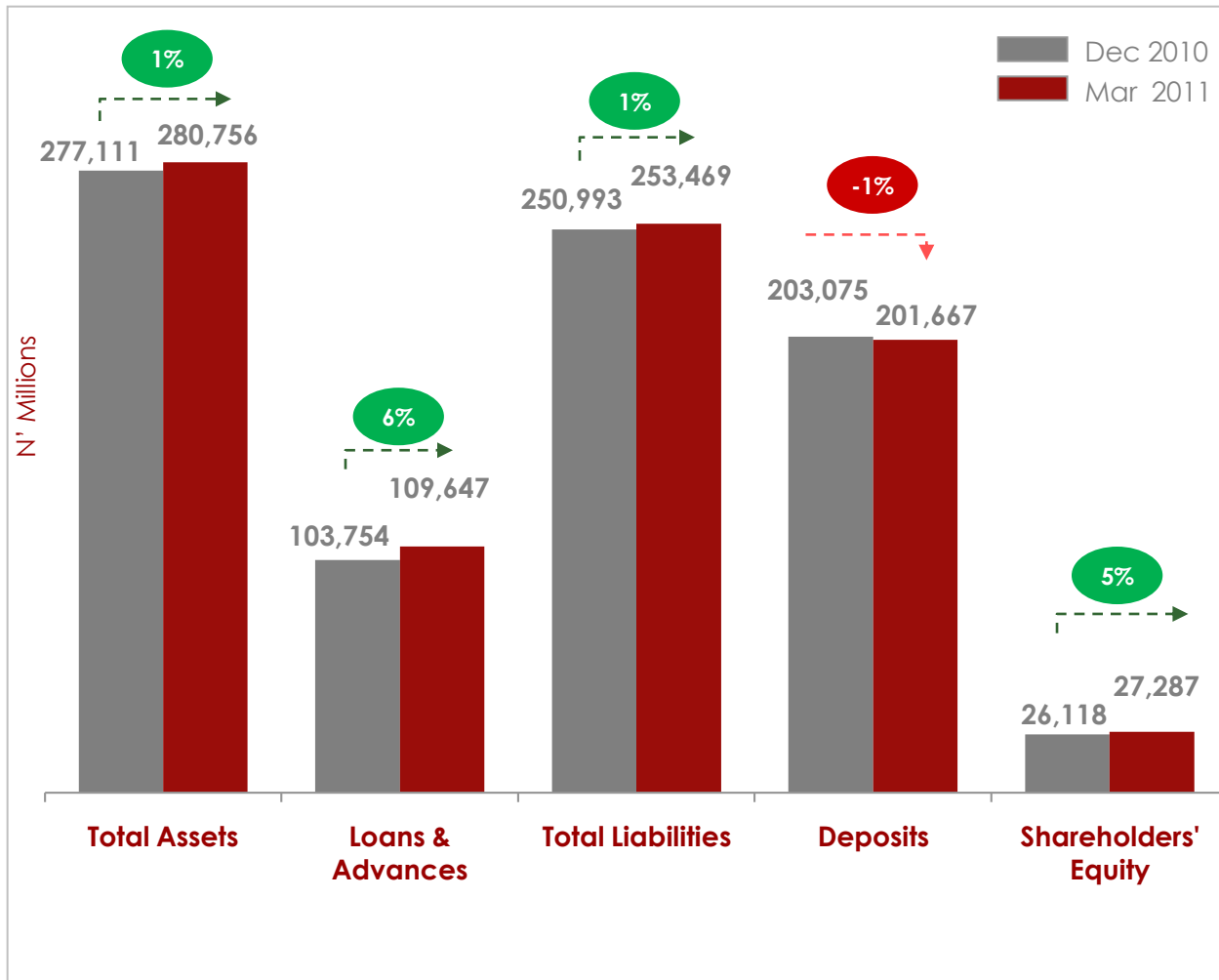
Highlights: Income Statement



Comments

- Gross earnings growth of 9% driven by non-interest income
- Funding costs declined 19% feeding through a 13% improvement in Net Interest Margins
- The 8% decline in Profit after Tax was due to additional provisions of N383 million in Q1 2011 (non-recurring AMCON related).

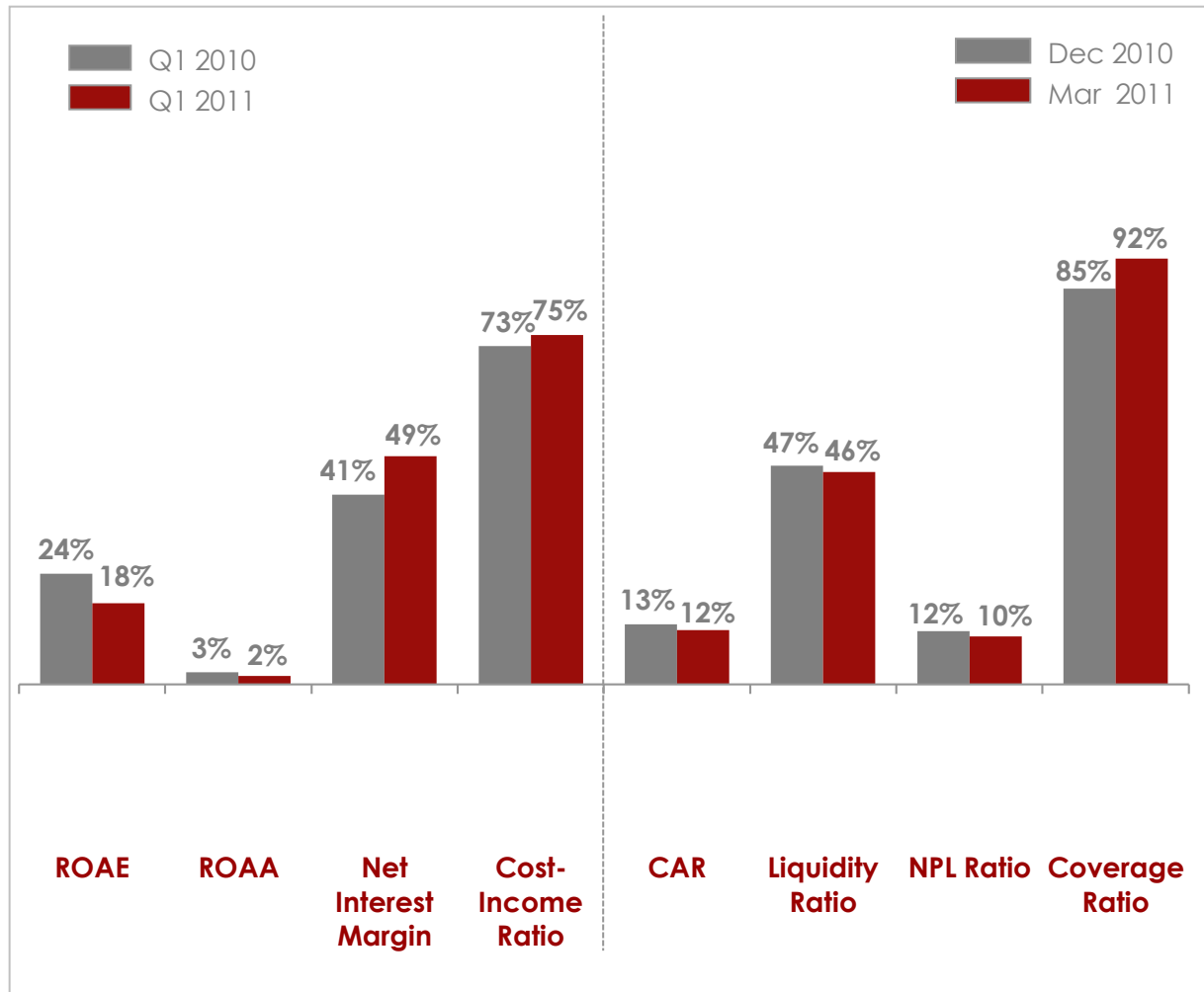
Highlights: Balance Sheet



Comments

- Growth in balance sheet was spurred by slightly improved economic conditions
- Growth in risk assets was a reflection of Management's focus on balance sheet efficiency and re-allocation of resources to more profitable activities
- Improvement in Equity was as a result of profit accretion.

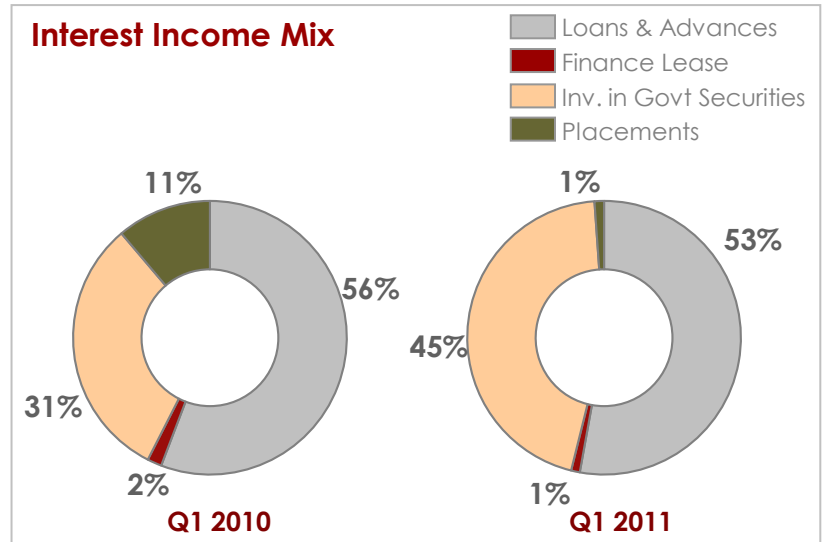
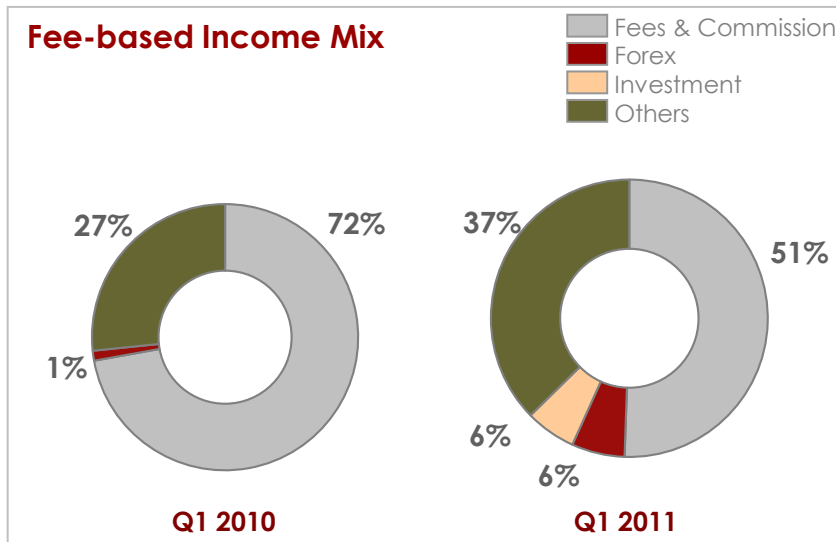
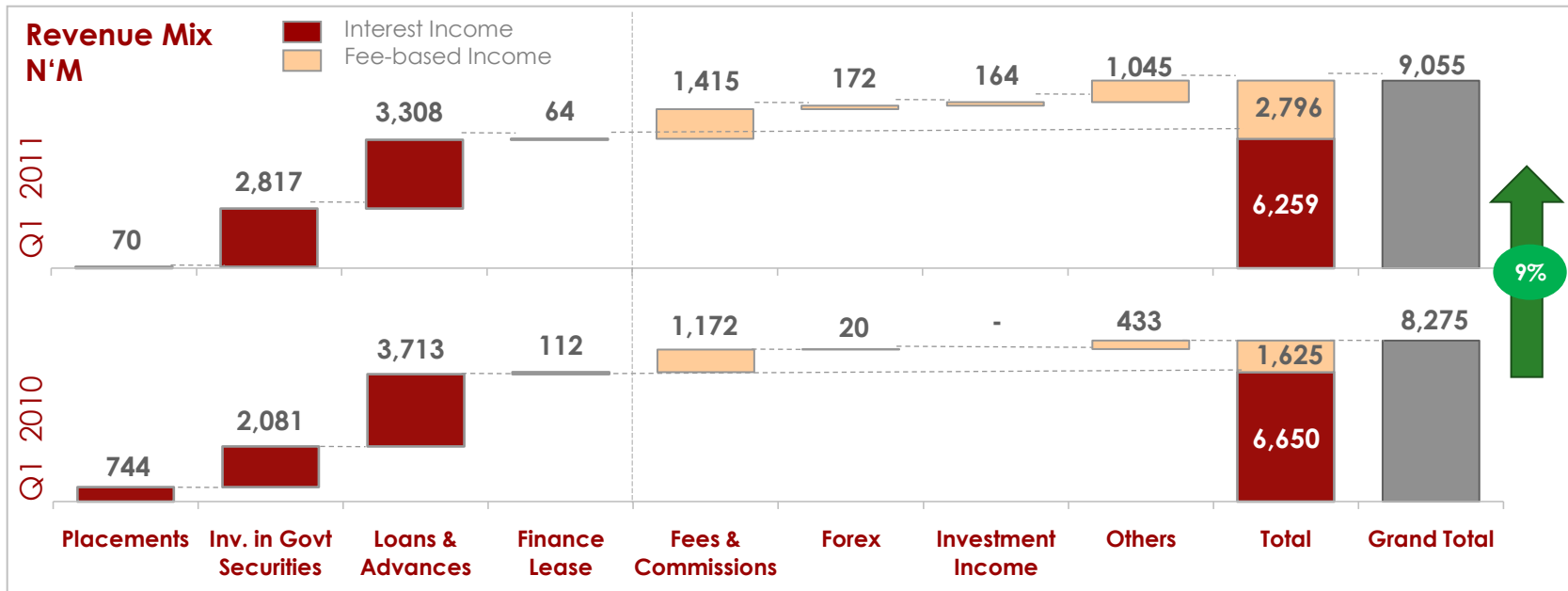
Key Financial Ratios



Comments

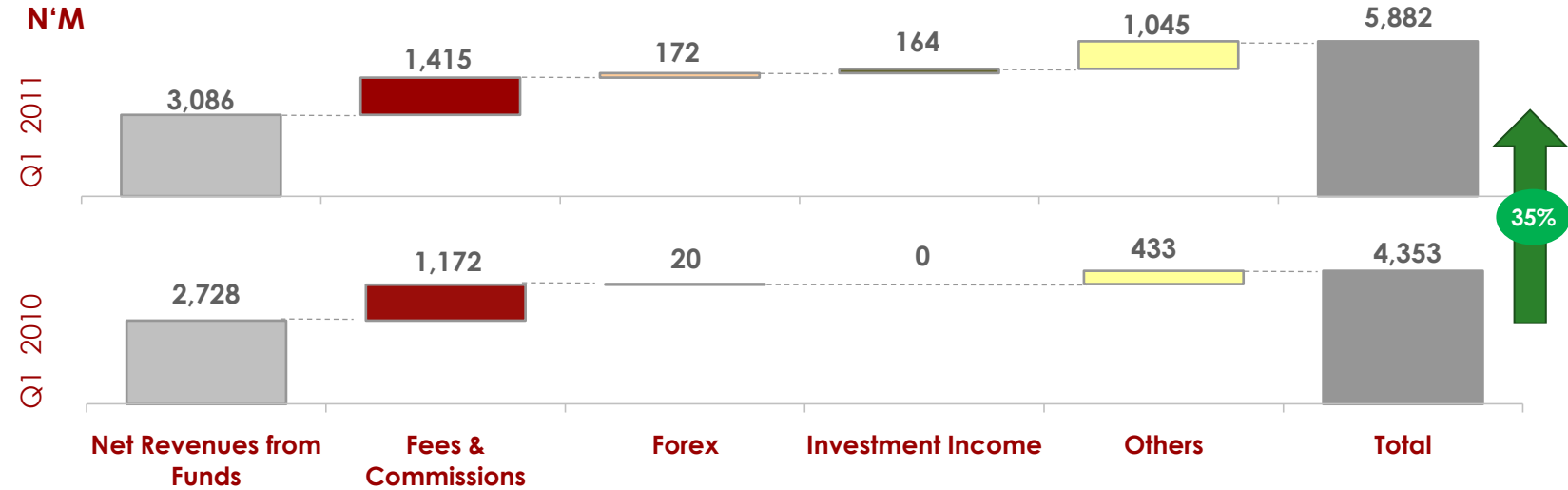
- Increase in cost-to-income ratio was due to allowances for risk assets
- Net interest margins increased on the back of improved deposit mix and reduced funding costs.
- Strong liquidity position above the regulatory benchmark of 30%
- Improvement in NPL ratio due to sale of assets to AMCON. As at end of April 2011, NPL ratio stood at 7.8%.
- Improved coverage of non-performing loans.

Revenues

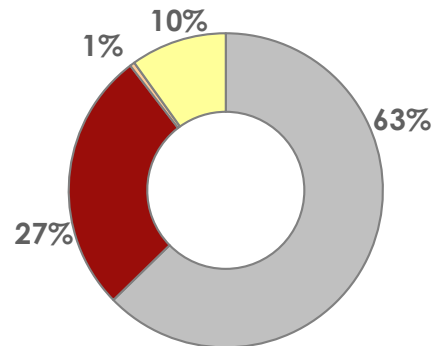


Operating income

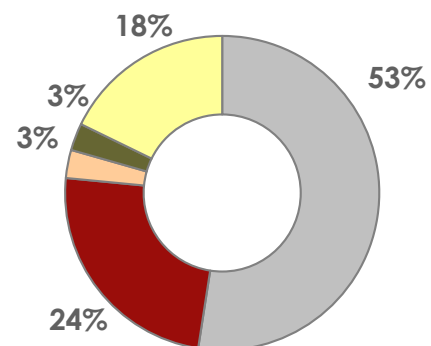
Operating Income
N'M



Operating Income Mix



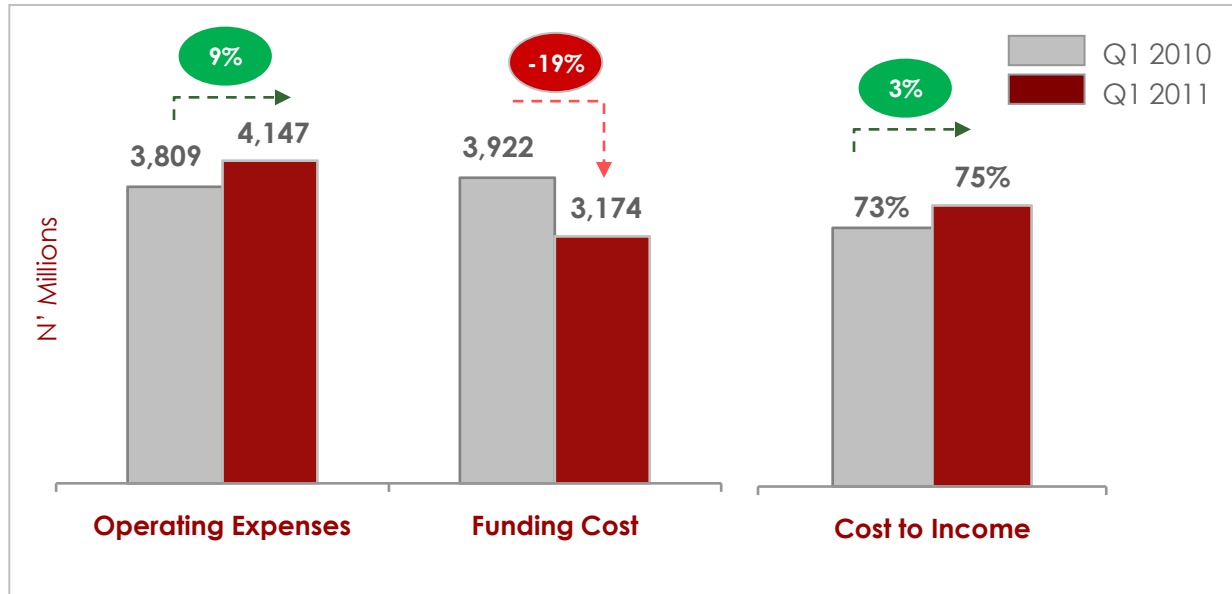
Q1 2010



Q1 2011

- NRFF
- Fees & Commission
- Forex
- Investment
- Others

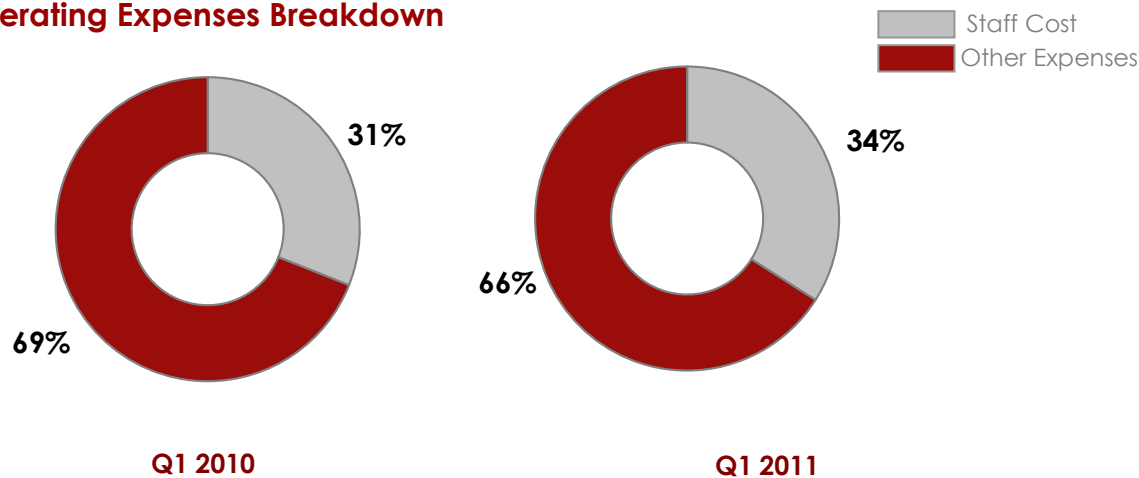
Operating Efficiency



Comments

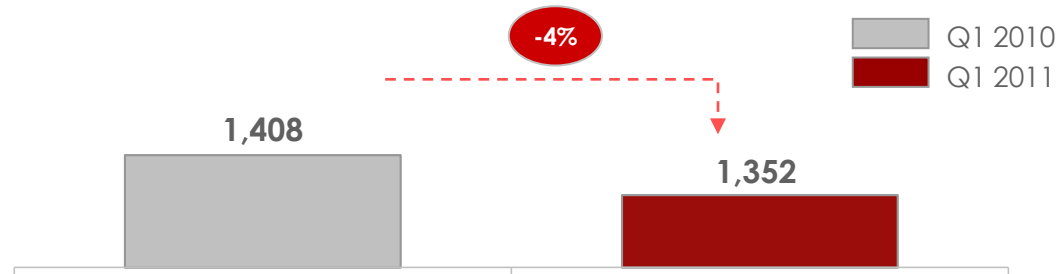
- Operating expenses increased 9% to N4.15b
- Funding cost declined 19% feeding through improvement in Net Interest Margins

Operating Expenses Breakdown

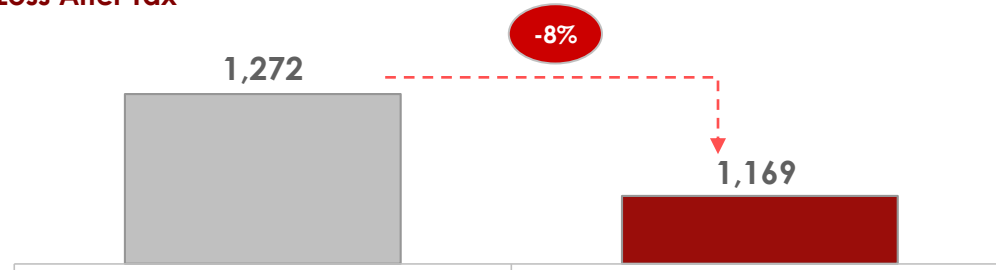


Net Earnings

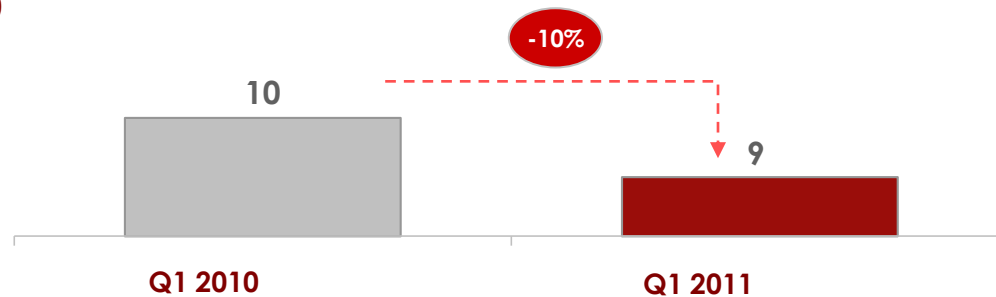
Profit /(Loss) Before Tax
N'M



Profit /Loss After Tax
N'M



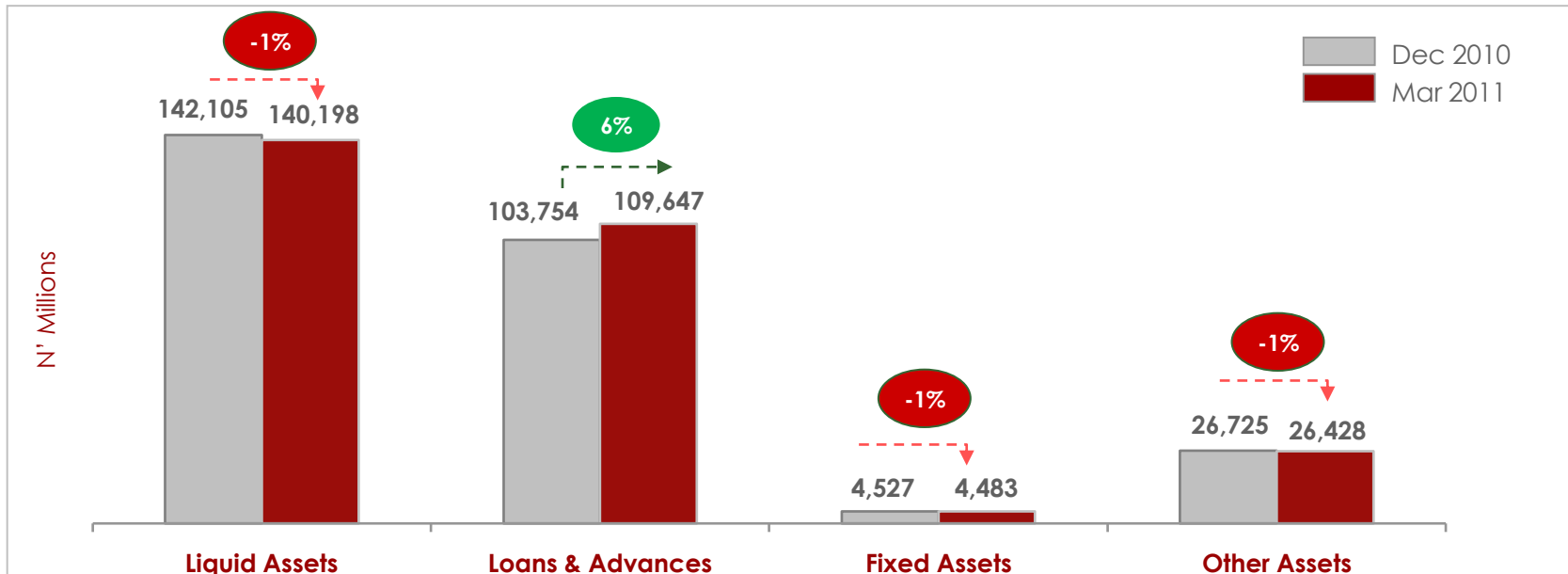
Earnings / (Loss) per Share
(kobo)



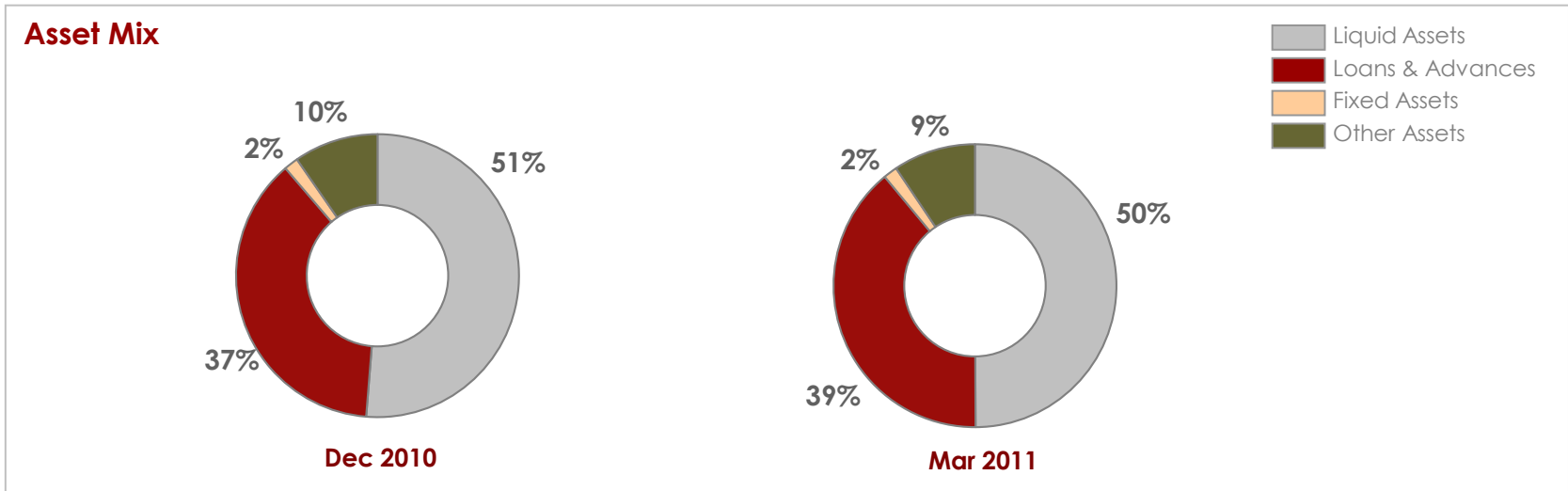
Comments

- Profitability was impacted by additional provisions of N383 million
- We are optimistic that net earnings will grow rapidly in the remaining quarters of the year as outlook remains positive.

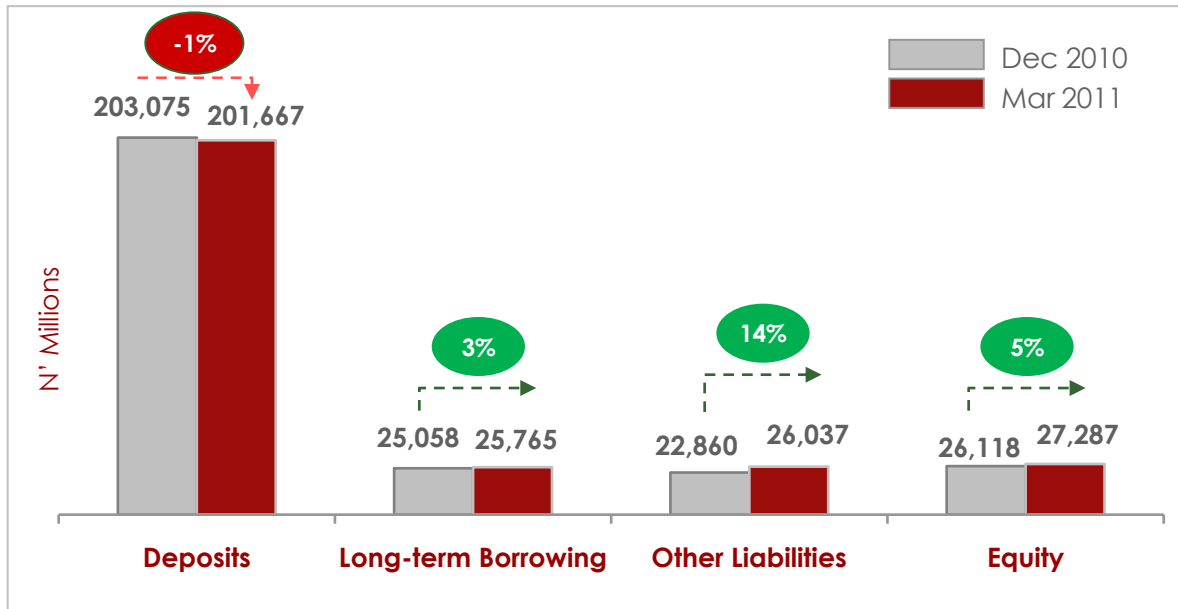
Asset Decomposition



Asset Mix



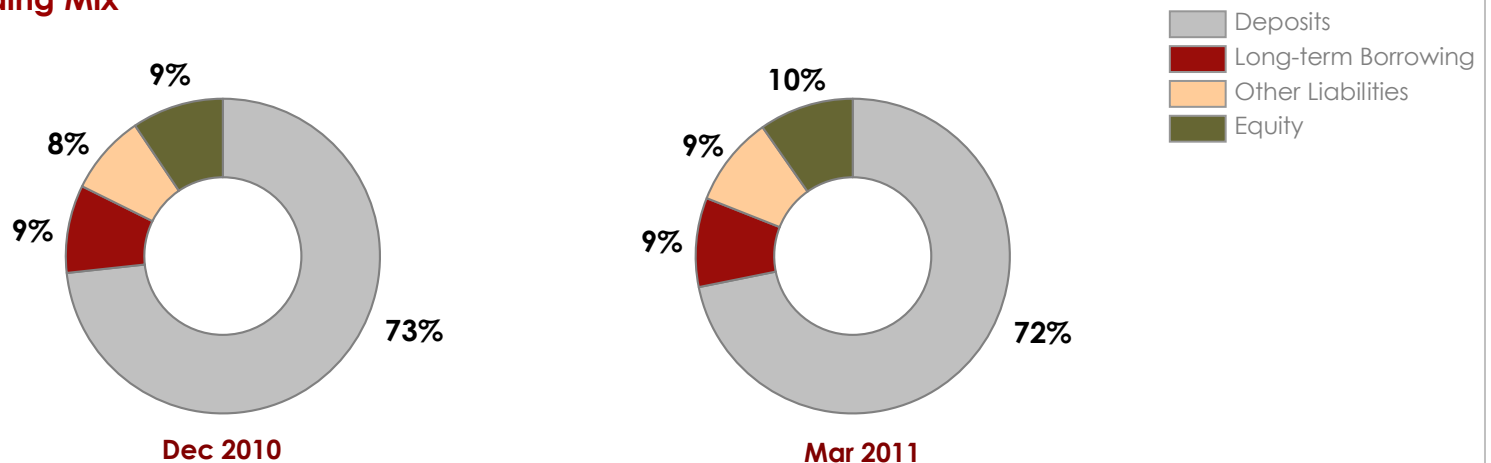
Assets Funding Mix



Comments

- Diversified funding base with deposits as the major funding source
- Deposits funded 73% of total assets

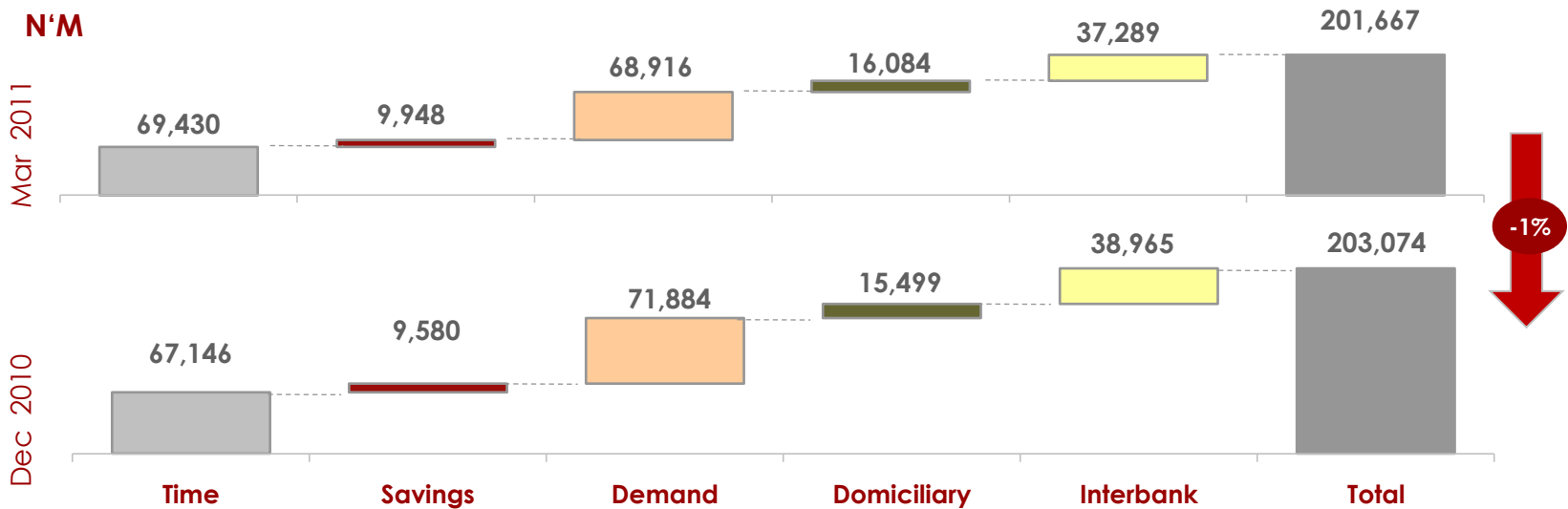
Asset Funding Mix



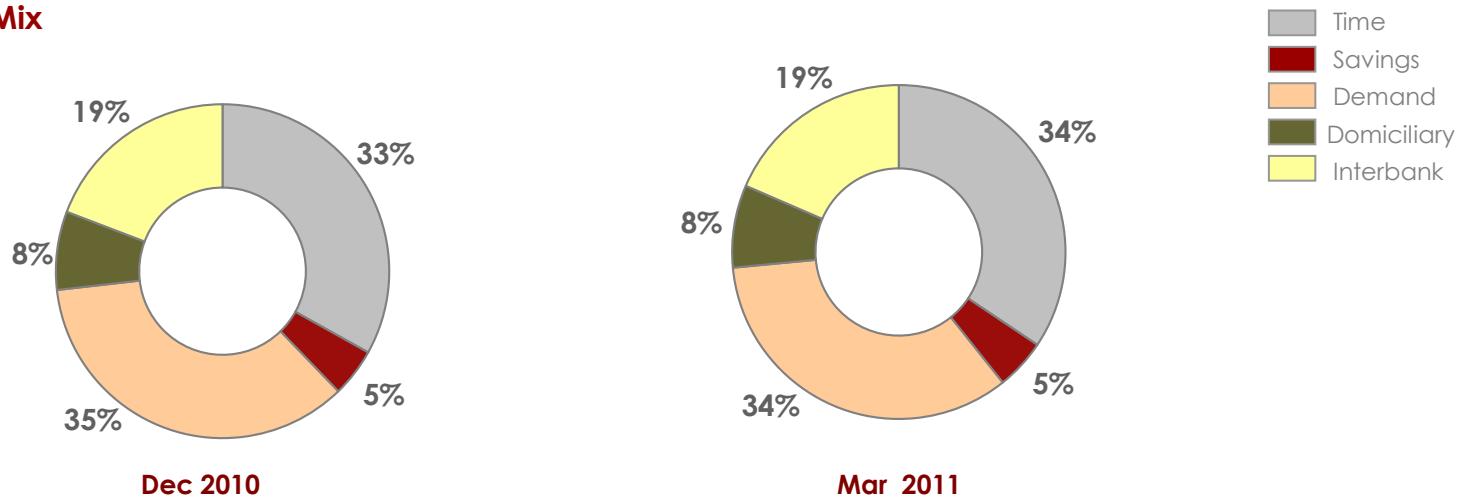
Deposits

Deposit breakdown

N'M

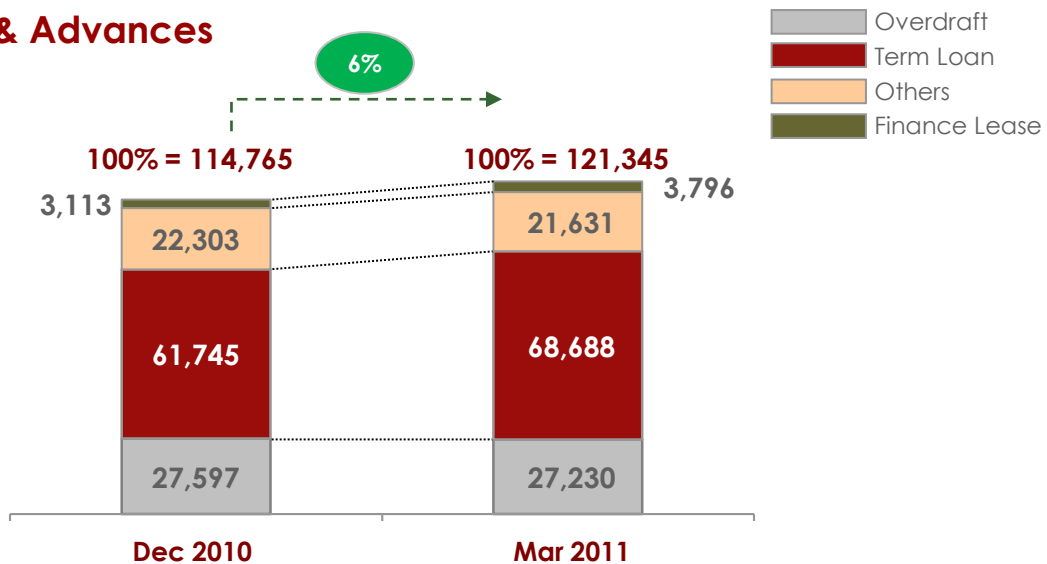


Deposit Mix



Gross Loans by Type

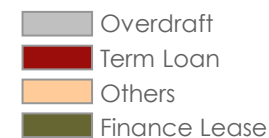
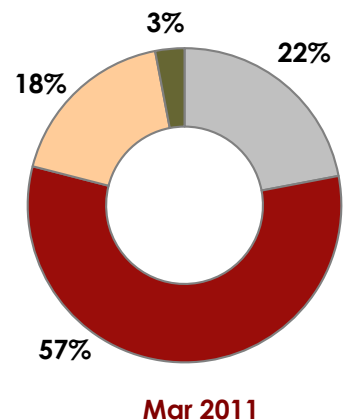
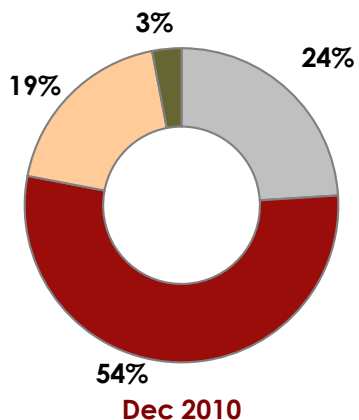
Loans & Advances N'M



Comments

- Gross loans and advances improved 6% reflecting gradual return of risk appetite limited, however, by fewer lending opportunities
- Term loans grew by 11% and accounted for 57% of gross loans

Loans & Advances by Type

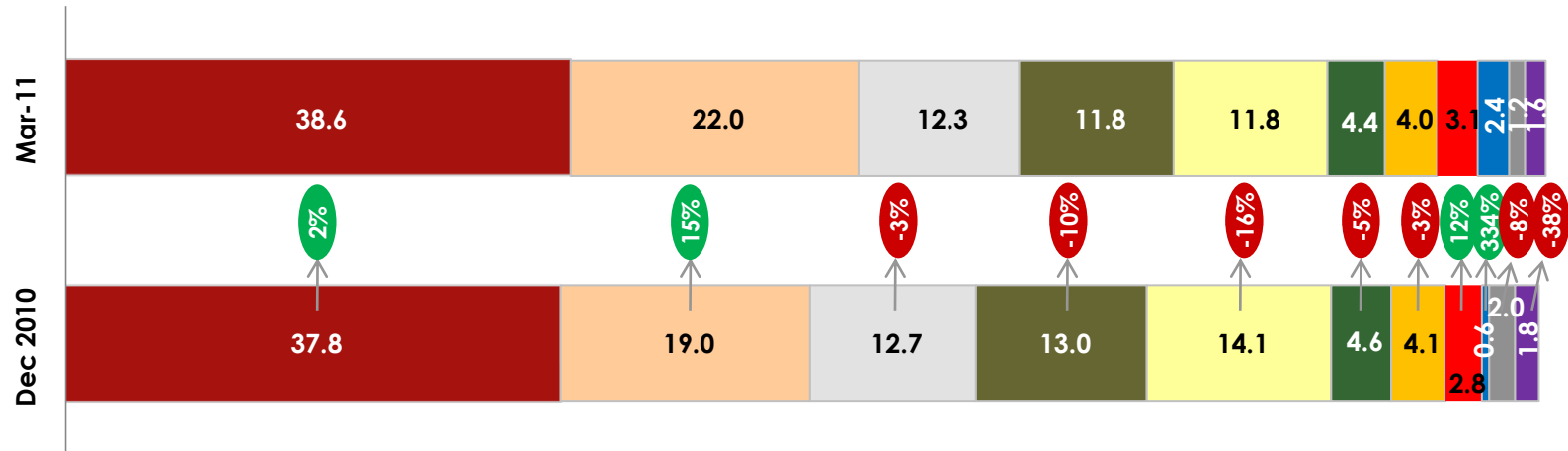


Gross Loans by Sector

Gross Loans Mar 2011

- Real estate & construction, 34%
- Oil & Gas, 19%
- Individuals & Professionals, 11%
- Manufacturing, 10%
- Trading & General Commerce, 10%
- Finance & Insurance, 4%
- Telecoms & Transportation, 4%
- Capital Market Operators, 3%
- Agriculture, 2%
- Government & Public Utilities, 1%
- General / Others, 1%

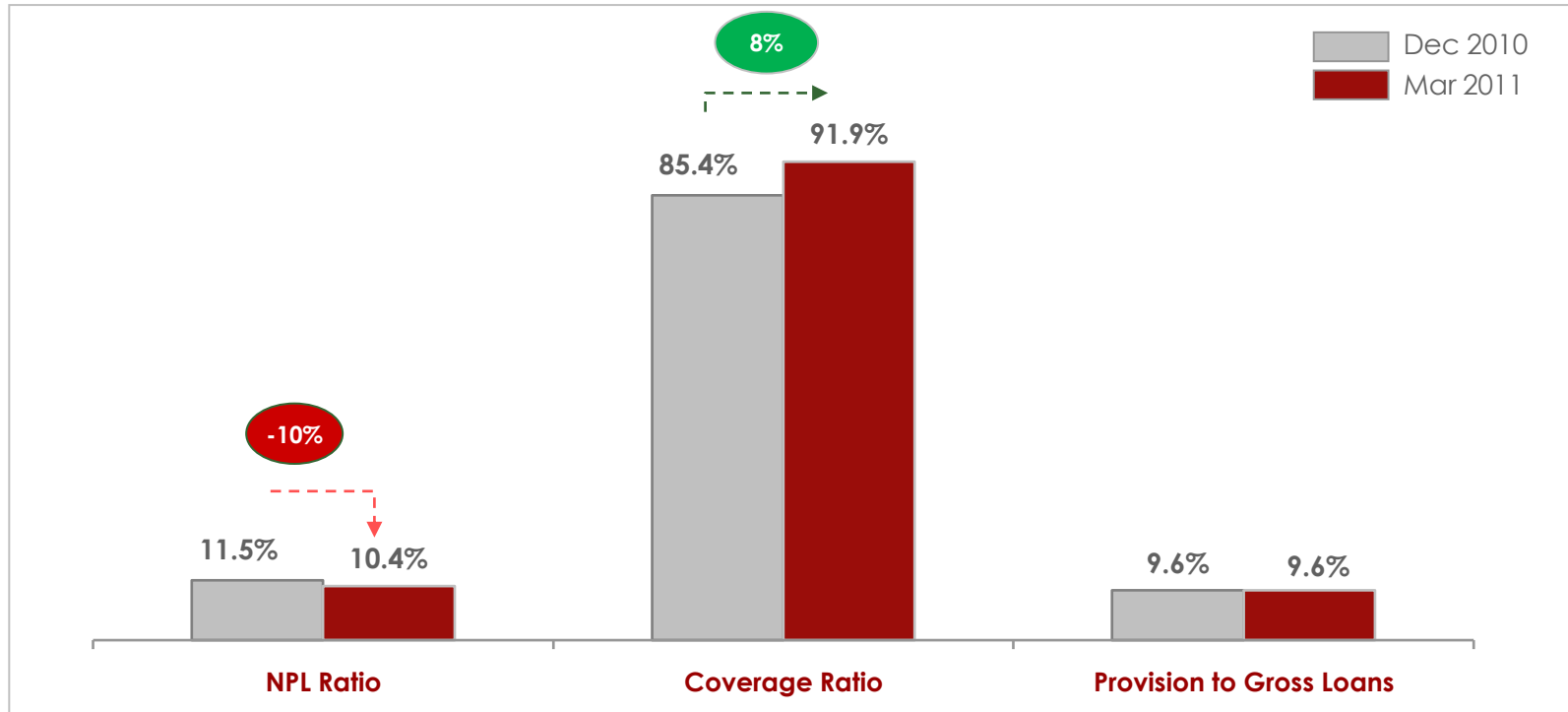
N'B



Comment

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

Asset Quality

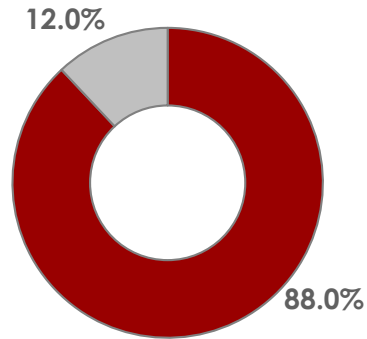


Comments

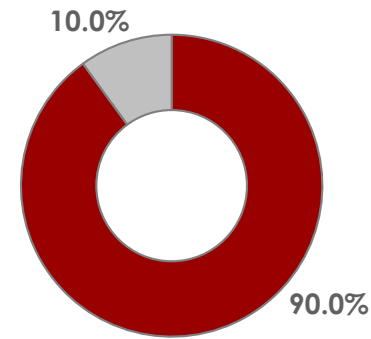
- Improvement in asset quality driven by the purchase of bad loans by AMCON and internal loan recovery initiatives.
- Coverage ratio also improved from 85% in Dec 2010 to 92%

Loan book classification

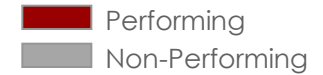
Loans by Performance



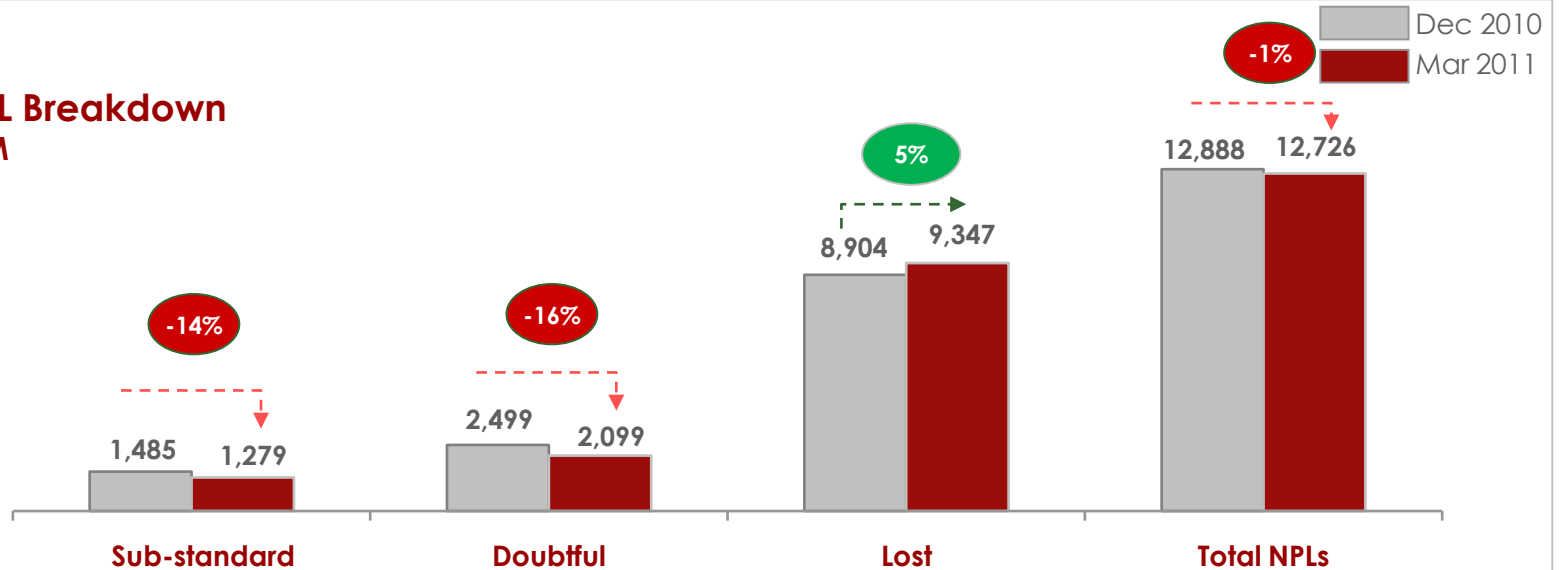
Dec 2010



Mar 2011



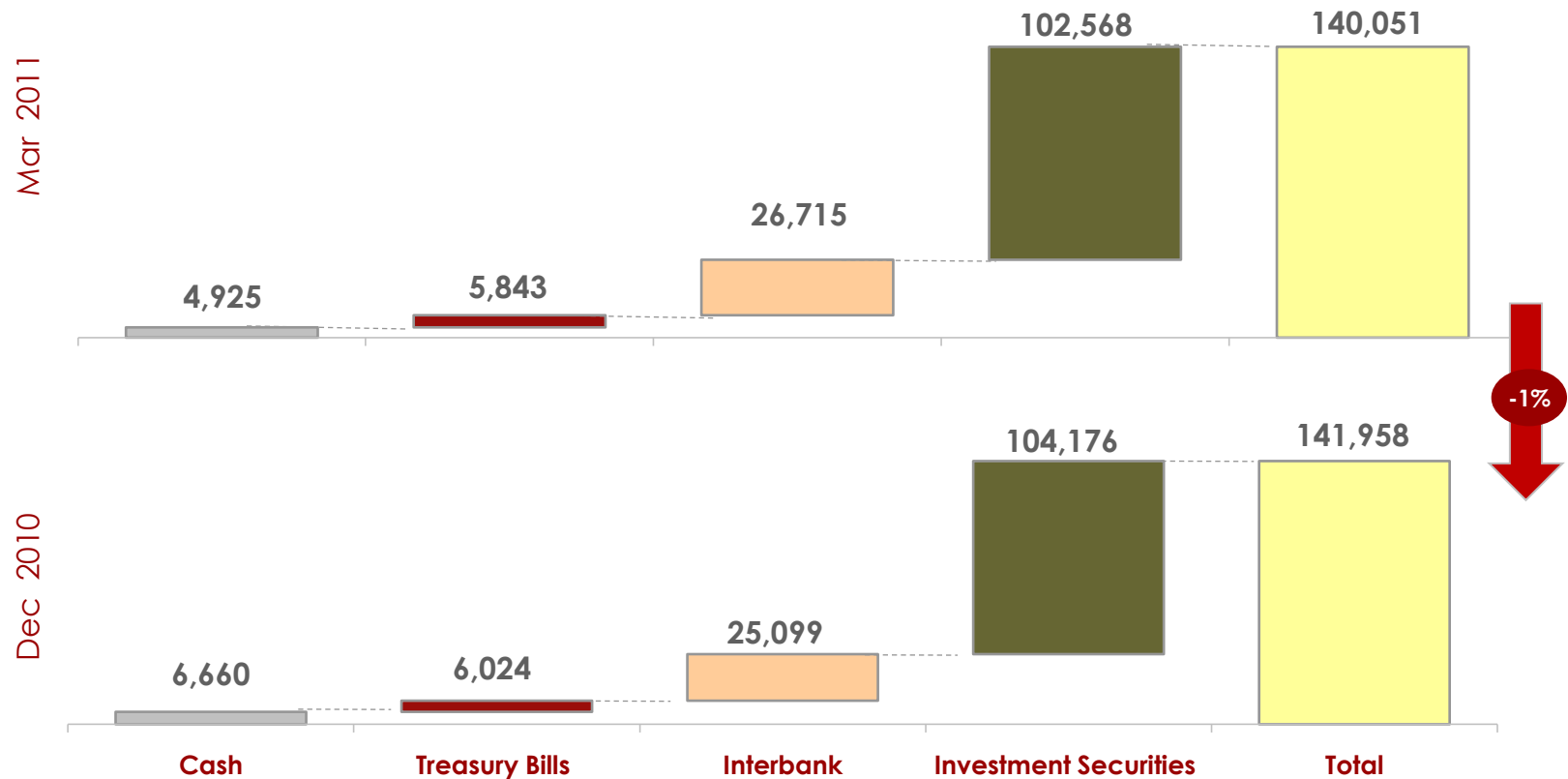
NPL Breakdown N'M



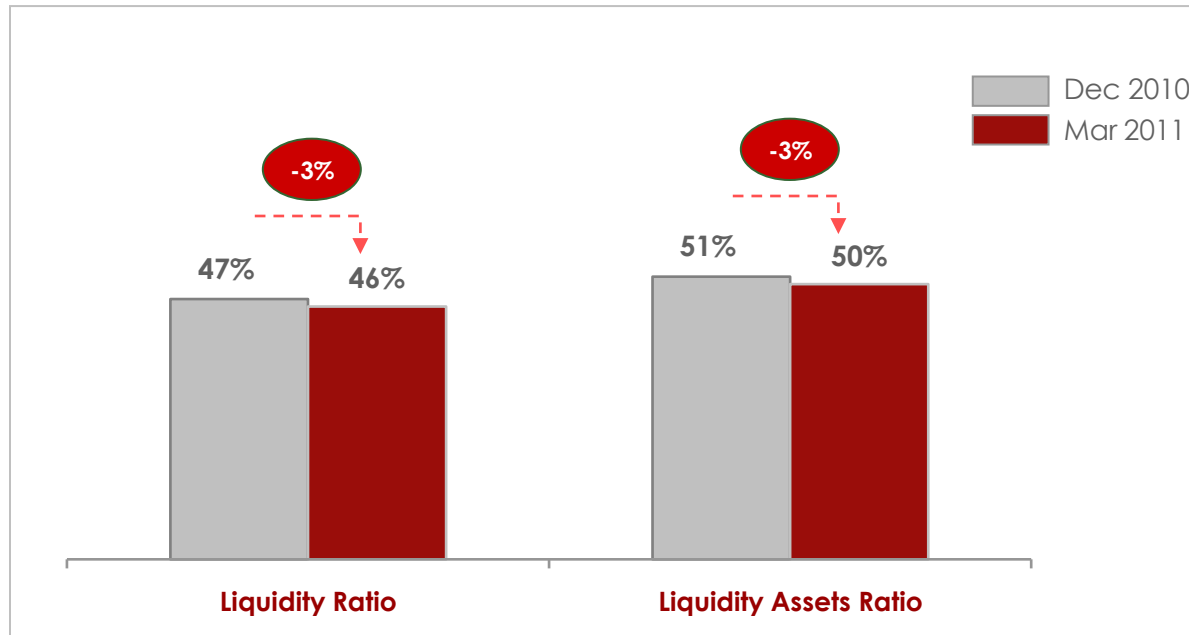
Liquidity Profile

Liquid Assets breakdown

N'M



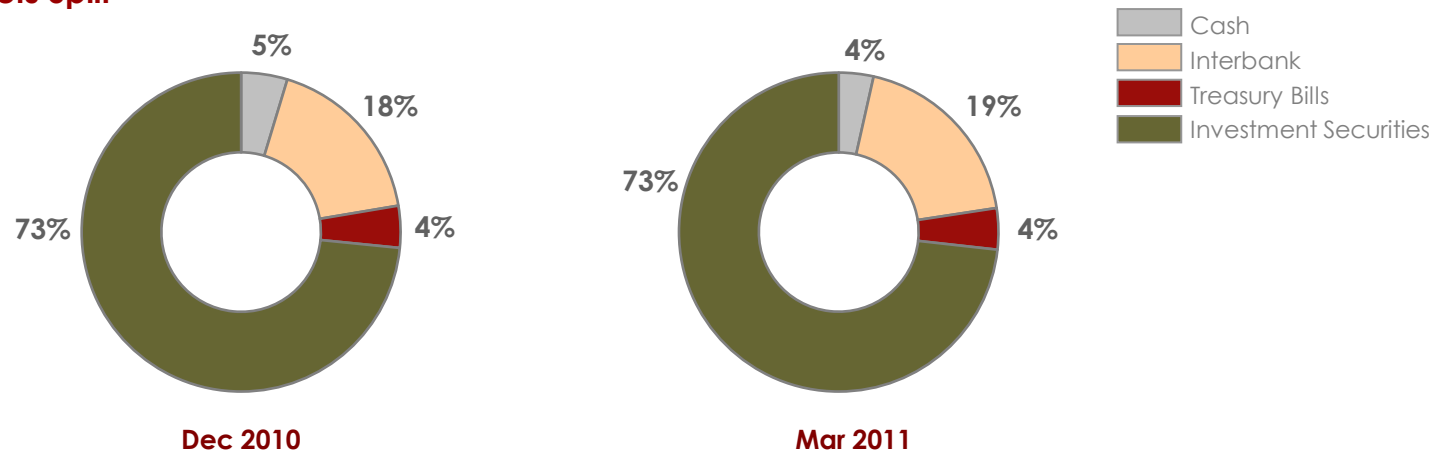
Strong Liquidity position



Comment

- Liquidity ratio of 46% above regulatory benchmark of 30%

Liquid Assets Split



4

Key Future Performance Beacons

2011 Outlook

1	Improving Earnings measured by Return on Average Equity	Our goal for 2010 was to achieve 20% return on average equity (ROAE). This target was exceeded by 100 basis points. We are optimistic that this competitive ROAE level will be maintained in 2011
2	Capital Injection	The Bank has commenced the process of strengthening its capital position to improve competitiveness through enhanced capacity. Re-capitalization options include the purchase of a strategic stake by FirstRand Group of South Africa and the injection of Tier 2 capital to improve balance sheet efficiency.
3	Asset Quality (Reducing Non Performing Loans)	Our target is to bring down non performing loans to a maximum of 5% from the level of 10% achieved in Q1: 2011.
4	Retail Distribution Footprint	Expansion of our retail distribution footprint to support growth in liability generation upon the successful conclusion of our recapitalization program.

Thank You

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