

EARNINGS PRESS RELEASE

APRIL 28, 2016

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2016

All steady amidst continuing headwinds...

Lagos, April 28, 2016 – Sterling Bank Plc (**NSE:** STERLN BANK / **Reuters:** STERLNB.LG / **Bloomberg:** STERLNBA:NL) – the ‘Bank’ – a full service national commercial bank releases its unaudited results for the quarter ended March 31, 2016.

In the Bank’s quarterly update to investors and analysts, **Yemi Adeola**, the Managing Director/ Chief Executive, stated:

We adopted a cautious but progressive approach to business due to the challenging macroeconomic conditions. Subdued crude oil prices, fuel and power supply disruptions, as well as significant foreign exchange shortages persisted, increasing the cost of doing business and heightening the pressure on household income. As a result, the nation’s inflation rate witnessed an uptick from 9.6% in December 2015 to 12.8% in March 2016. The resultant monetary tightening measures increased funding costs, further challenging the operating environment. In the face of these challenges, we prioritized balance sheet and cost efficiency. Net interest margin improved from 7.4% over the same period in 2015 to 8.0% as funding costs witnessed a 60 basis points improvement to 5.3%. Interest income rose by 4.2% driven by a 3.6% increase in net loans and advances, while asset quality metrics measured by the NPL ratio remained below the regulatory threshold of 5%.

We are confident that our goals for 2016 will be met despite the subdued outlook for the Nigerian economy. Our optimism comes from the various investments focused on operating efficiency that the Bank has made over the past year which are now starting to pay off. Our plan for the year is to prioritize operating efficiency, ensure moderate loan growth, while continuing to diversify funding sources as our retail banking strategy matures.

Financial Highlights

Income Statement

- **Net interest income** increased by 24.7% to ₦11.4 billion (Q1 2015: ₦9.2 billion) driven by a 14.4% decrease in interest expense resulting in a 940 basis points improvement in net interest margin to 56.9%;
- **Non-interest income** reduced by 31.8% to ₦5.5 billion (Q1 2015: ₦8.0 billion) largely due to a 26.6% decrease in fees and commission income;
- **Net operating income** declined by 4.8% to ₦15.4 billion (Q1 2015: ₦16.2 billion) arising from a 54.3% increase in impairment charges to ₦1.4 billion;
- **Operating expenses** increased by 3.7% to ₦12.6 billion (Q1 2015: ₦12.2 billion) driven mainly by inflationary pressures;
- **Profit before tax** declined by 30.6% to N2.8 billion (Q1 2015: ₦4.0 billion / N2.7 billion adjusting for non-recurring items). The 2016 figure represents a 3% increase over Q4 2015 and a 2.4% improvement over the same period last year (adjusting for non-recurring items);
- **Profit after tax** declined by 35.0% to ₦2.5 billion (Q1 2015: ₦3.9 billion / N2.6 billion adjusting for non-recurring items). This represents a 2.6% decline over the same period last year (adjusting for non-recurring items).

Statement of Financial Position

- **Net loans & advances** increased by 3.6% to N350.9 billion (Dec. 2015: N338.7 billion);
- **Customer deposits** decreased by 4.3% to N565.3 billion (Dec. 2015: N590.9 billion);
- **Shareholders' funds** decreased marginally by 1.2% to N94.4 billion (Dec. 2015: N95.6 billion);
- Overall, **total assets** excluding contingent liabilities increased marginally by 0.6% to N804.3 billion (Dec. 2015: N799.5 billion).

Financial Ratios

Indicator	Q1 2016	Q1 2015
Pre Tax Return on Average Equity	11.9%	18.9%
Post Tax Return on Average Equity	10.8%	18.3%
Return of Average Assets	1.4%	2.0%
Earnings per Share	9k	14k
Yield on Earning Assets	13.3%	13.3%
Cost of Funds	5.3%	5.9%
Net Interest Margin	8.0%	7.4%
Cost-to-income Ratio	74.8%	71.0%
Indicator	Q1 2016	FY 2015
Non-performing Loan Ratio	4.8%	4.8%
Capital Adequacy Ratio (Basel 2)	16.1%	17.5%
Liquidity Ratio	46.0%	43.5%
Loan to Deposit Ratio (Net)	62.1%	57.3%

CONTACTS

Primary Contacts:

Chimaobi Nwaokoma

M: +234 803 406 6104

E: chimaobi.nwaokoma@sterlingbankng.com

Shina Atilola

M: +234 802 342 3011

E: shina.atilola@sterlingbankng.com

Secondary Contacts:

Abubakar Suleiman

E: abubakar.suleiman@sterlingbankng.com

Yemi Odubiyi

E: yemi.odubiyi@sterlingbankng.com

Investor Relations Team

E: investor.relations@sterlingbankng.com

W: <http://www.sterlingbankng.com/investor-relations>

Twitter: [Sterlingbank IR](#)

About Sterling Bank

Sterling Bank Plc is a leading commercial banking establishment in Nigeria. It commenced operations as NAL Bank in 1960. Today, with over N800 billion in total assets, more than 187 business offices and over 800 ATMs nationwide, Sterling Bank has grown into a major financial institution. The Bank prides itself as the 'One Customer Bank' that celebrates each customer as a unique individual. For further information, please visit <http://www.sterlingbankng.com>

Forward-Looking Statements

This release may contain 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. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Sterling Bank believes these factors include but are not limited to those described in its audited Annual Report for the financial year ended December 31, 2015. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release. 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.

Sterling Bank PLC

Sterling Towers

20, Marina

Lagos

T: + 234 1 2600420-9, 2600850-9

W: <http://www.sterlingbankng.com>