

EARNINGS PRESS RELEASE

JULY 27, 2017

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

Gross Earnings Up by 14% to N57 Billion

Lagos, July 27, 2017 – 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 June 30, 2017.

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

We continued to deliver strong top line earnings with a 14% growth in gross earnings arising from a 20% increase in interest income. Re-affirming our commitment to building efficient operations, we recorded a 110 basis point improvement in cost-to-income ratio driven by a reduction in operating expenses; while net interest margin improved by 80 basis points. Also, we recorded a 4% growth in customer deposits and an 11% increase in equity providing additional capital buffer for the business. Overall, capital adequacy and liquidity ratios remain strong and above the regulatory benchmark, at 12% and 35% respectively.

We maintained our global credit rating from Moody's (B2) with a stable outlook as a result of a resilient deposit funding base and solid local currency liquidity buffers. In addition, improvements to the Bank's IT infrastructure and risk management processes as well as a growing retail product suite have been instrumental to the rating reaffirmation.

As we look to the second half of the year, we are committed to the sustainable growth of our balance sheet and revenues in a cautious but optimistic manner. Our risk asset growth strategy will remain focused primarily on the Health, Agriculture and Education sectors. We will also continue to drive our retail business aggressively using technology, whilst remaining committed to superior service delivery and value creation for our stakeholders.

Financial Highlights

Income Statement

- **Net interest income** increased by 5.4% to ₦27.0 billion (1H 2016: ₦25.6 billion);
- **Non-interest income** reduced by 16.9% to ₦7.1 billion (1H 2016: ₦8.5 billion)
- **Net operating income** moderated by 1.5% to ₦30.0 billion (1H 2016: ₦30.5 billion);
- **Operating expenses** declined by 1.6% to ₦25.7 billion (1H 2016: ₦26.1 billion);
- **Profit before tax** was relatively flat at ₦4.3 billion (1H 2016: ₦4.4 billion), while **profit after tax** was ₦3.8 billion (1H 2016: ₦4.0 billion).

Statement of Financial Position

- **Net loans & advances** increased by 11.9% to ₦524.0 billion (Dec. 2016: ₦468.3 billion);
- **Customer deposits** increased by 4.2% to ₦609.0 billion (Dec. 2016: ₦584.7 billion);
- **Shareholders' funds** increased by 10.5% to ₦94.6 billion (Dec. 2016: ₦85.7 billion);
- Overall, **total assets** (excluding contingent liabilities) increased by 14.8% to ₦957.9 billion (Dec. 2016: ₦834.2 billion).

Financial Ratios

Indicator	1H 2017	1H 2016
Pre Tax Return on Average Equity	9.7%	9.8%
Post Tax Return on Average Equity	8.5%	9.0%
Return of Average Assets	1.0%	1.0%
Earnings per Share	13k	14k
Yield on Earning Assets	13.8%	11.6%
Cost of Funds	6.1%	4.7%
Net Interest Margin	7.7%	6.9%
Cost-to-income Ratio	75.3%	76.4%
Indicator	1H 2017	DEC 2016
Non-performing Loan Ratio	7.4%	9.9%
Capital Adequacy Ratio (Basel 2)	11.8%	11.2%
Loan to Deposit Ratio (Net)	86.0%	80.1%

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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 N830 billion in total assets, more than 189 business offices and over 770 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, amongst 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, 2016. 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.

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