

EARNINGS PRESS RELEASE

OCTOBER 28, 2016

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Building a Sustainable Business Anchored on Efficiency

Lagos, October 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 September 30, 2016.

In his remarks, **Yemi Adeola**, the Managing Director/ Chief Executive, stated:

The domestic economy continued to be characterized by foreign exchange supply shortages, rising inflation and negative economic growth in the third quarter. This recessionary environment sustained downward pressure on core earnings in the industry. In the face of these macroeconomic challenges, Sterling Bank remained resolute on building a sustainable business anchored on effective risk management and a robust retail drive. Consequently, net interest income increased by 37.7%, largely due to a 12.0% reduction in interest expense, while net interest margin improved by 60 basis points to 8.5%. In addition, there was a marked improvement in asset quality resulting in a 230 basis point reduction in the ratio of non-performing loans to gross loans from 4.8% in December 2015 to 2.5%.

Sterling Bank has grown its active customer base by over 40% year-to-date with improved penetration across all digital channels. The non-interest banking business has also witnessed significant growth in deposits and profitability by 87% and 415% respectively. This gives fillip to our resolve to diversify our business significantly over the coming years.

We will continue to prioritize operating efficiency and aggressively drive retail funding. These priorities will guide the way we do business in the final quarter of the year and serve as the fulcrum for 2017.

Although macroeconomic conditions could witness some modest improvements, the operating environment would continue to be challenging and business confidence somewhat subdued. Nonetheless, Sterling Bank remains committed to building a sustainable business anchored on efficiency.

Financial Highlights

Income Statement

- **Net interest income** increased by 37.6% to N41.5 billion (Q3 2015: N30.2billion) feeding from a 12.4% increase in interest income and a 12.0% reduction in interest expense;
- **Non-interest income** reduced by 47.6% to N10.8 billion (Q3 2015: N20.5 billion) largely due to a 34.2% decline in fees and commission;
- **Net operating income** declined marginally by 0.8% to N45.1 billion (Q3 2015: N45.5 billion) arising from a 37.4% increase in impairment charges;
- **Total expenses** increased by 5.0% to N39.0 billion (Q3 2015: N37.1billion) driven by inflationary pressures but moderated by our strategic cost control measures;
- **Profit before tax** declined by 26.9% to N6.1 billion, while **profit after tax** also declined by 26.6% to N 5.5 billion.

Statement of Financial Position

- **Net loans & advances** increased by 46.2% to N495.3 billion (Dec. 2015: N338.7 billion) driven primarily by foreign exchange revaluation;
- **Customer deposits** increased marginally by 0.7% to N595.1 billion (Dec. 2015: N590.9 billion);
- **Total assets** excluding contingent liabilities increased by 11.4% to N890.3 billion (Dec. 2015: N799.5 billion);
- Overall, **shareholders' funds** closed at N82.3 billion arising from fair value adjustment on available for sale investments and organic accretion of profit.

Financial Ratios

Indicator	Q3 2016	Q3 2015
Pre Tax Return on Average Equity	9.1%	12.8%
Post Tax Return on Average Equity	8.3%	11.6%
Return on Average Assets	1.0%	1.4%
Earnings per Share	19k	26k
Yield on Earning Assets	13.8%	14.1%
Cost of Funds	5.3%	6.2%
Net Interest Margin	8.5%	7.9%
Cost-to-income Ratio	74.6%	73.3%
Indicator	Q3 2016	FY 2015
Non-performing Loan Ratio	2.5%	4.8%
Cost of Risk	1.8%	2.3%
Capital Adequacy Ratio (Basel 2)	10.7%	17.5%
Loan to Deposit Ratio (Net)	83.2%	57.3%

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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 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.

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