

EARNINGS PRESS RELEASE

JULY 25, 2014

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

Top-line Earnings rise by 16% to N48.7 Billion

Lagos, July 25, 2014 – Sterling Bank Plc (**NSE:** STERLN BANK / **Reuters:** STERLN.B.LG / **Bloomberg:** STERLNBA:NL) – the ‘Bank’ – a full service national commercial bank releases its unaudited results for the quarter ended June 30, 2014.

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

‘Our performance in the first half of the year further demonstrates the underlying strength of our core business. In spite of the challenging operating environment, we achieved a 130 basis point improvement in margins to 7.7% resulting from a 60 basis point reduction in cost of funds and a 70 basis point increase in asset yield. Top-line earnings remained strong with a 16% growth to N48.7 billion from N41.9 billion in the comparable period in 2013. However, cost-to-income ratio increased by 180 basis points to 73% reflecting ongoing investments in the upgrade of our physical infrastructure and the rollout of alternative channels. Consequently, profit before tax was relatively stable at N6.3 billion.

During the period, we completed eight new branches while thirteen others are at various stages of completion. We also remodeled several of our existing branches, deployed 168 additional Automated Teller Machines (ATMs) and signed-on over 200 merchants to drive our Agent Banking model for financial inclusion.

We are confident that the second half of the year will reinforce the trend we have seen in the last six months. We remain focused on efficiency - keeping the cost-to-income ratio within an acceptable range. By and large, we are optimistic that Sterling Bank’s full year returns will be in line with our forecasts and expectations.’

Financial Highlights

Income Statement

- **Net interest income** rose 40.2% to N21.3 billion (1H 2013: N15.2 billion) feeding from a 20.4% growth in interest income to N37.4 billion
- **Non-interest income** also grew by 4.5% to N11.3 billion (1H 2013: N10.8 billion) driven by a 48% growth in trading income to N3.5 billion
- **Net operating income** rose 21.6% to N30.1 billion (1H 2013: N24.8 billion) on the back of growth in net interest income
- **Operating expenses** increased 28.5% to N23.8 billion (1H 2013: N18.5 billion) driven by on-going investments in branch refits and expansion, and rollout of alternative channels
- **Profit before tax** increased marginally by 1.0% to N6.3 billion, while **profit after tax** reduced by 6.7% to N5.5 billion due to a 131.3% increase in income tax

Statement of Financial Position

- **Net loans & advances** remained relatively stable at N321.8 billion (Dec. 2013: N321.7 billion) due to our selective approach to asset creation
- **Customer deposits** declined by 2.5% to N556.3 billion (Dec. 2013: N570.5 billion) reflecting Management's focus on balance sheet efficiency
- **Shareholders' funds** remained relatively stable at N63.8 billion (Dec. 2013: N63.5 billion) as a result of dividend payout in Q2 2014
- Overall, **total assets** excluding contingent liabilities increased by 3.3% to N731.1 billion (Dec. 2013: N707.8 billion)

Financial Ratios

Indicator	1H 2014	1H 2013
Pre Tax Return on Average Equity (annualized)	20.0%	26.2%
Post Tax Return on Average Equity (annualized)	17.4%	24.8%
Return on Average Assets (annualized)	1.8%	2.0%
Earnings per Share	26k	38k
Yield on Earning Assets	13.0%	11.3%
Cost of Funds	5.3%	5.7%
Net Interest Margin	7.7%	5.6%
Cost-to-income Ratio	73.2%	71.4%
	June 2014	Dec 2013
NPL Ratio	1.7%	2.1%
Capital Adequacy Ratio	14.6%	14.2%
Liquidity Ratio ¹	48.6%	43.2%
Loan to Deposit Ratio	57.8%	56.4%
¹ Adjusted for Cash Reserve Requirement (CRR)		

**STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND SHAREHOLDERS ON
THE UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2014**

The Board of Sterling Bank Plc presents the Bank's unaudited results for the period ended 30 June 2014.

STATEMENT OF FINANCIAL POSITION

<i>In thousands of Naira</i>	June 2014	December 2013
ASSETS		
Cash and balances	126,754,562	96,900,562
Due from banks	68,600,636	85,601,022
Pledged assets	99,809,124	79,771,732
Loans and advances to Customers	321,806,013	321,743,748
Investment in securities:		
- Held for Trading	5,257,058	2,200,994
- Available for Sale	46,771,372	19,496,194
- Held to Maturity	28,579,662	76,123,934
Other assets	15,106,160	9,317,091
Property, plant and equipment	10,771,771	9,069,368
Intangible assets	668,681	601,392
Deferred tax assets	6,971,145	6,971,145
TOTAL ASSETS	731,096,184	707,797,181
LIABILITIES		
Deposits from Banks	-	-
Deposits from Customers	556,279,575	570,511,097
Current income tax liabilities	1,260,244	1,112,289
Other borrowed funds	55,709,561	38,794,527
Debt securities in issue	4,561,992	4,563,598
Other liabilities	49,456,221	29,357,774
TOTAL LIABILITIES	667,267,595	644,339,285
CAPITAL AND RESERVES		
Ordinary share capital	10,796,407	10,796,407
Reserves	53,032,183	52,661,489
<i>Attributable to equity holders of the Bank</i>	63,828,590	63,457,896
TOTAL LIABILITIES AND EQUITY	731,096,184	707,797,181

Statement of Comprehensive Income

In thousands of Naira

	June 2014	June 2013	December 2013
Gross Earnings	48,697,167	41,855,121	91,628,840
Interest income	37,435,273	31,080,358	69,972,761
Interest expense	(16,154,220)	(15,905,618)	(34,160,115)
Net interest income	21,281,053	15,174,740	35,812,646
Net fee and commission	6,706,703	6,697,835	14,564,349
Trading income	3,543,697	2,394,939	3,714,144
Other operating income	1,011,494	1,681,989	3,377,586
Operating income	32,542,947	25,949,503	57,468,725
Net impairment charges	(2,394,345)	(1,149,674)	(8,259,094)
Personnel expenses	(5,640,155)	(4,608,035)	(10,266,623)
Depreciation and amortisation	(1,460,720)	(1,289,658)	(2,694,489)
Other operating expenses	(16,710,472)	(12,629,944)	(26,938,321)
Profit before income tax	6,337,255	6,272,192	9,310,198
Income tax expense	(809,731)	(350,151)	(1,035,334)
Profit after tax	5,527,524	5,922,041	8,274,864
Other comprehensive income			
Fair value (loss)/gain on available for sale investments	241,372	(426,221)	(444,866)
Other comprehensive income for the period net of tax	241,372	(426,221)	(444,866)
Total comprehensive income	5,768,896	5,495,820	7,829,998
Key Ratio			
Earnings per share-basic (in kobo)	26k	38k	52k
Earnings per share -diluted (in kobo)	26k	38k	52k
NPL Ratio	1.69%	2.66%	2.10%

The Board of Directors is confident that barring unforeseen circumstances, this trend would be improved upon considerably in the remaining period of the financial year.

Dated : 9 July 2014

BY ORDER OF THE BOARD



Justina Lewa
Company Secretary

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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 N730 billion in assets, more than 168 business offices and over 440 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, 2013. 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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