

EARNINGS PRESS RELEASE

MARCH 26, 2014

STERLING BANK PLC RELEASES AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2013

Top-line Earnings Remain Strong with 33% Growth Y-o-Y to N91.6 Billion

Lagos, March 26, 2014 – Sterling Bank Plc (**NSE:** STERLNBANK / **Reuters:** STERLNB.LG / **Bloomberg:** STERLNBA:NL) – the ‘Bank’ – a full service national commercial bank releases its audited results for the year ended December 31, 2013 and declares dividend of 25 kobo per share subject to the approval of shareholders at the AGM.

In his remarks, Yemi Adeola, Managing Director / CEO, said:

Our performance for the 2013 financial year highlights our underlying institutional strength, with top-line revenues increasing by 33% to N91.6 billion, despite the pressure on earnings arising from regulatory policy changes during the year. Operating income increased 41% resulting in an improvement in cost-to-income ratio to 69% from 81% in 2012. Overall, our bottom line remained strong with 24% growth in profit before tax to N9.3 billion.

In spite of the challenging operating environment, we grew our loan portfolio to N321.7 billion (2012: N229.4 billion), resulting in a 22% increase in total assets. Asset quality improved significantly with non-performing loan ratio down to 2.1% from 3.8% in 2012 notwithstanding a 40% growth in loans and advances. We also gained traction in our retail drive with an active customer base exceeding one million resulting in 23% growth in deposits.

Financial Highlights

Income Statement

- **Interest income** grew 30.7% to N70.0 billion (FY 2012: N53.5 billion) driven by a 39% increase in gross loans & advances to N328.7 billion
- **Net interest income** rose 50% to N35.8 billion (FY 2012: N23.9 billion) despite a 15% increase in interest expense resulting in a 560 basis points improvement in net interest margin to 51%
- **Non-interest income** also grew by 24% to N21.7 billion (FY 2012: N15.3 billion) largely due to a 139% increase in trading income in addition to a 46% increase in fees & commission
- **Net operating income** rose 25% to N49.2 billion (FY 2012: N39.5 billion) despite an increase in allowances for assets due to a one-time impairment charge arising from discount house exposure
- **Operating expenses** increased 25% to N39.9 billion (FY 2012: N32.0 billion) driven by on-going investments in branch refits and expansion in addition to an increase in AMCON surcharge
- **Profit before tax** increased 24% to N9.3 billion, while **profit after tax** was N8.3 billion

Statement of Financial Position

- **Net loans & advances** grew 40.2% to N321.7 billion (Dec. 2012: N229.4 billion) driven by growth in corporate lending
- **Customer deposits** rose 23% to N570.5 billion (Dec. 2012: N466.8 billion) reflecting progress in the execution of our retail strategy
- **Shareholders' funds** increased 36.1% to N63.5 billion (Dec. 2012: N46.6 billion) due to profit accretion and net proceeds of N12.1 billion from the Rights Issue
- Overall, **total assets** including contingent liabilities increased 28% to N909.4 billion (Dec. 2012: N708.2 billion)

Financial Ratios

Indicator	2013	2012
Pre Tax Return on Average Equity*	19.0%	17.1%
Post Tax Return on Average Equity*	16.9%	15.9%
Return on Average Assets	1.4%	1.4%
Earnings per Share	52k	44k
Yield on Earning Assets	13.0%	11.5%
Cost of Funds	6.1%	6.3%
Net Interest Margin	6.8%	5.2%
Cost to Income	69.4%	81.5%
NPL Ratio	2.1%	3.8%
Coverage Ratio	80.3%	83.0%
Capital Adequacy Ratio	14.6%	14.6%
Liquidity Ratio	61.5%	67.3%
Loan to Deposit Ratio	56.4%	49.5%

*Excluding rights issue proceeds received in December 2013

Outlook

Commenting on the plans for the current financial year, Yemi Adeola stated:

“Our capital raising plans have progressed considerably, which once concluded will enable us finalise the upgrade of our physical infrastructure. This will provide us with an even stronger capacity to meet the demands of an enlarged entity and to deliver the highest possible service quality.”

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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 N707 billion in assets, more than 165 business offices and over 300 ATMs nationwide, Sterling Bank has grown into a major financial institution. The Bank prides itself as the 'One Customer Bank' that celebrates each customer 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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