

## EARNINGS PRESS RELEASE

**APRIL 16, 2018**

### **STERLING BANK PLC RELEASES AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017**

### **Profit After Tax Rises by 65% to N8.5 Billion**

**Lagos, April 16, 2018** – 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, 2017.

#### **MANAGING DIRECTOR'S REMARKS:**

*Our 2017 result highlights a positive performance across key financial indices despite challenging operating conditions, reaffirming our underlying institutional strength.*

*We sustained our top-line earnings growth momentum in 2017, recording double digit growth of 19.8% in gross earnings to N133.5 billion in line with our medium term strategic goals. This was driven by growth in both interest and non-interest income by 11.3% and 87.8% respectively. In addition, net operating income rose by 7.9%, offsetting the moderate increase of 3.7% in operating expenses despite a high inflationary environment. Consequently, cost-to-income ratio improved by 260 basis points to 71.5%. We maintained a disciplined and prudent approach to loan growth in line with our risk management framework. This resulted in a significant improvement in asset quality as reflected in the reduction in non-performing loan ratio by 370 basis points to 6.2%. Overall, profit after tax rose by 65.0% to N8.5 billion, while liquidity and capital adequacy ratios remained sound and well above the required regulatory benchmark at 33% and 12.2% respectively.*

*We continued to scale our business supported by a well-diversified funding base. For the first time, we recorded N1.1 trillion in total assets from N834.2 billion in 2016 representing a 28.7% growth, while shareholders' funds rose by 20.2% to N102.9 billion. We also gained traction in our retail drive with an active customer base exceeding three million resulting in 17.1% growth in deposits. Our Non-Interest Banking business continued to gain significant traction and add positively to our bottom-line. This performance underscores the commitment of the entire team to our corporate goals and the resilience of our business model.*

*During the year, we stayed committed to our plan to prioritize efficiency across the business as we progressed on our digital transformation journey. We successfully launched "Specta"; an innovative online lending platform which*



offers personal loans within 5 minutes. We invested in a first-rate business process management tool in our bid to optimize operating efficiency, while providing our customers with 'best in class' service. We will continue to leverage technology as an enabler, and data analytics to improve our propositions and deliver value to all stakeholders.

## Financial Highlights

### Income Statement

- Gross Earnings increased by 19.8% to N133.5 billion (FY 2016: N111.4 billion);
- Non-Interest Income rose by 87.8% to N23.2 billion (FY 2016: N12.3 billion);
- Net operating income rose by 7.9% to N61.1 billion (FY 2016: N56.6 billion);
- Net Interest Income moderated to N50.2 billion (FY 2016: N56.0 billion);
- Operating Expenses increased moderately by 3.7% N52.5 billion (FY 2016: N50.6 billion);
- Profit Before Tax grew by 43.4% to N8.6 billion (FY 2016: N6 billion);
- Profit After Tax rose by 65.0% to N8.5 billion (N5.1 billion).

### Financial Position

- Net Loans & Advances increased by 27.7% to N598.1 billion (Dec. 2016: N468.3 billion);
- Customer Deposits increased by 17.1% to N684.8 billion (Dec. 2016: N584.7 billion);
- Total Assets (excluding contingent liabilities) increased by 28.5% to N1.1 trillion (Dec. 2016: N 834.2 billion);
- Overall, Shareholders' Funds grew by 20.2% at N102.9 billion (Dec. 2016: N85.7 billion).

## Financial Ratios

Ratios	FY 2017	FY 2016
Pre-Tax Return on Average Equity	9.1%	6.6%
Post-Tax Return on Average Equity	9.0%	5.7%
Return on Average Assets	0.9%	0.7%
Earnings per Share	30k	18k
Yield on Earning Assets	14.3%	15.6%
Cost of Funds	7.4%	6.3%
Net Interest Margin	6.9%	9.3%
Cost-to-Income Ratio	71.5%	74.1%
Non-Performing Loan Ratio	6.2%	9.9%
Cost of Risk	2.2%	2.8%
Capital Adequacy Ratio	12.2%	11.2%
Loan to Deposit Ratio (Net)	87.3%	80.1%



## Outlook: 2017-2021 Strategic Plan

In 2018, we will continue to execute our plans to drive efficiency across the business under the following three pillars:

1. **Agility** – We will be flexible, energetic and act with speed in response to rapid changes in our environment
2. **Digitization** – While we continue to simplify and streamline our processes, we will also optimize data analytics to meet our customers' evolving needs
3. **Business Specialization** – We have committed to make significant investments to develop our human capital around critical sectors to enable us provide the best support to our customers' businesses. We will build expertise in the sectors at the "HEART" of Sterling Bank - **H**ealth, **E**ducation, **A**griculture, **R**enewable energy, and **T**ransportation – in the belief that this will positively impact our society.

Our expectation is that these three pillars will propel us toward sustainable growth by enhancing our ability to continuously innovate; solidifying our retail funding base; strengthening our enterprise-wide risk management framework and driving excellent service delivery across all channels to enhance our customers' experiences. We plan to further strengthen our capital position in the course of the year.

Abubakar Suleiman  
**Managing Director**

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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 N1 trillion in total assets, 169 business offices and over 800 ATMs nationwide, Sterling Bank has grown into a major financial institution. The Bank prides itself as 'Your 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, 2017. 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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