

EARNINGS PRESS RELEASE

APRIL 22, 2014

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2014

Profit before Tax rises 17% to N3.5 Billion

Lagos, April 22, 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 March 31, 2014.

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

We started the year on a positive note, achieving double digit growth on key revenue lines. Net interest income rose by 58% owing to a 31% growth in interest income relative to a modest increase of 8% in interest expense. This resulted in a 35% growth in operating income to N16.2 billion. Our profit before tax rose to N3.5 billion, an increase of 17%; while the annualized return on average equity was 20% in line with our medium term strategic objectives. Despite a 5% decline in deposit to N540 billion, we recorded a 30 basis points reduction in cost of funds to 5.6%; reflecting Management's focus on balance sheet efficiency. Loans and advances grew by 5% to N337 billion, while asset quality remained strong with a non-performing loan ratio of 1.8%.

Over the next few quarters, we will continue the upgrade of our physical infrastructure and rollout of conventional and alternative channels in order to deepen market penetration of our products and grow retail deposit market share. Loan growth will remain steady and disciplined with the overall target for the year set at 25%.

Financial Highlights

Income Statement

- **Net interest income** rose 58.1% to N10.3 billion (Q1 2013: N6.5 billion) feeding from a 30.6% growth in interest income to N18.7 billion
- **Non-interest income** also grew by 7.4% to N6.0 billion (Q1 2013: N5.6 billion) driven by a 29.9% growth in trading income to N2.3 billion
- **Net operating income** rose 29.7% to N15.2 billion (Q1 2013: N11.7 billion) on the back of growth in net interest income
- **Operating expenses** increased 34.0% to N11.6 billion (Q1 2013: N8.7 billion) driven by on-going investments in branch refits and expansion in addition to an increase in AMCON surcharge
- **Profit before tax** increased 17.3% to N3.5 billion, while **profit after tax** was N3.1 billion

Statement of Financial Position

- **Net loans & advances** grew 4.8% to N337.2 billion (Dec. 2013: N321.7 billion) driven by growth in corporate lending
- **Customer deposits** declined by 5.3% to N540.0 billion (Dec. 2013: N570.5 billion) reflecting Management's focus on balance sheet efficiency
- **Shareholders' funds** increased 4.7% to N66.4 billion (Dec. 2013: N63.5 billion) due to profit accretion
- Overall, **total assets** excluding contingent liabilities declined marginally by 0.8% to N701.9 billion (Dec. 2013: N707.8 billion)



Financial Ratios

Indicator	Q1 2014	Q1 2013
Pre Tax Return on Average Equity (annualized)	22.6%	25.2%
Post Tax Return on Average Equity (annualized)	20.0%	22.7%
Return on Average Assets (annualized)	2.0%	2.0%
Earnings per Share	15k	17k
Yield on Earning Assets	13.2%	11.1%
Cost of Funds	5.6%	5.9%
Net Interest Margin	7.6%	5.1%
Cost to Income	71.7%	72.1%
	Mar 2014	Dec 2013
NPL Ratio	1.8%	2.1%
Coverage Ratio	78.0%	80.3%
Capital Adequacy Ratio	14.0%	14.0%
Liquidity Ratio	62.7%	61.5%
Loan to Deposit Ratio	62.4%	56.4%

**STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND SHAREHOLDERS ON
THE UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

The Board of Sterling Bank Plc presents the Banks's unaudited results for the first quarter ended March 31, 2014.

STATEMENT OF FINANCIAL POSITION

<i>In thousands of Naira</i>	March 2014	December 2013
ASSETS		
Cash and balances with Central Bank	111,852,077	96,900,562
Due from banks	59,682,388	85,601,022
Pledged assets	83,866,812	79,771,732
Loans and advances to Customers	337,185,440	321,743,748
Investment in securities:		
- Held for Trading	3,768,436	2,200,994
- Available for Sale	30,806,038	19,496,194
- Held to Maturity	45,930,041	76,123,934
Other assets	11,974,146	9,317,091
Property, plant and equipment	9,265,444	9,069,368
Intangible assets	594,375	601,392
Deferred tax assets	6,971,145	6,971,145
TOTAL ASSETS	701,896,342	707,797,181
LIABILITIES		
Deposits from Banks	-	-
Deposits from Customers	540,010,018	570,511,097
Current income tax liabilities	1,513,754	1,112,289
Other borrowed funds	50,433,730	38,794,527
Debt securities in issue	4,716,135	4,563,598
Other liabilities	38,782,137	29,357,774
TOTAL LIABILITIES	635,455,775	644,339,285
CAPITAL AND RESERVES		
Ordinary share capital	10,796,407	10,796,407
Reserves	55,644,161	52,661,489
<i>Attributable to equity holders of the Bank</i>	66,440,568	63,457,896
TOTAL LIABILITIES AND EQUITY	701,896,343	707,797,181

Statement of Comprehensive Income

<i>In thousands of Naira</i>	March 2014	March 2013	December 2013
Gross Earnings	24,621,317	19,844,327	91,628,841
Interest income	18,659,077	14,290,515	69,972,761
Interest expense	(8,396,956)	(7,800,274)	(34,160,115)
Net interest income	10,262,121	6,490,241	35,812,646
Net fee and commission	3,315,206	3,317,842	14,564,349
Trading income	2,288,474	1,761,393	3,714,145
Other operating income	358,560	474,577	3,377,586
Operating income	16,224,361	12,044,053	57,468,726
Net impairment charges	(1,042,325)	(334,496)	(8,259,094)
Personnel expenses	(2,752,502)	(2,246,975)	(10,266,623)
Depreciation and amortisation	(712,165)	(633,125)	(2,694,489)
Other operating expenses	(8,175,368)	(5,809,329)	(26,938,321)
Profit before income tax	3,542,001	3,020,128	9,310,199
Income tax expense	(404,865)	(296,929)	(1,035,334)
Profit after tax	3,137,136	2,723,199	8,274,865
Other comprehensive income			
Fair value (loss)/gain on available for sale investments	(154,464)	(61,873)	(295,931)
Other comprehensive income for the period net of tax	(154,464)	(61,873)	(295,931)
Total comprehensive income	2,982,672	2,661,326	7,978,934
Key Ratio			
Earnings per share (kobo) - Basic	15k	17k	38k
Earnings per share (kobo) - Diluted	15k	17k	38k
NPL Ratio	1.78%	3.67%	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.

BY ORDER OF THE BOARD



Justina Lewa
Company Secretary

(FRC/2013/NBA/00000001255)



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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 N700 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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