

EARNINGS PRESS RELEASE

OCTOBER 27, 2014

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

Profit Before Tax Rises by 41.3% to N8.5 Billion

Lagos, October 27, 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 September 30, 2014.

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

‘I am pleased with our third quarter performance, which showed a 41.3% growth in profit before tax despite pressures on earnings arising from monetary policy changes. Our bottom-line was driven by improvements in revenues and a 29.6% reduction in impairment charges. Interest income increased by 14.8%, while interest expense declined by 2.5% resulting in a 32.8% growth in net interest income. We recorded a 19.6% growth in total assets to N846.7 billion and a 19.0% growth in deposits to N679.0 billion with a 100 basis points reduction in cost of funds to 4.9%.

As part of the initiatives to support our retail banking proposition, we have re-aligned our business by market segments for a more focused market reach. We continue to increase our transaction channels and are on track to deliver additional twenty one branches and 500 Automated Teller Machines (ATMs) by the end of the year.

Following our Extra-ordinary General Meeting billed for November 11, we plan to conclude the ongoing private placement before the end of the year. This will put us in a strong competitive position to achieve our growth plans in coming quarters. In the meantime, we remain focused on efficiency and are optimistic that the full year returns will be in line with our earlier Management guidance.’

Financial Highlights

Income Statement

- **Net interest income** rose by 32.8% to N32.2 billion (Q3 2013: N24.2 billion) feeding from a 14.8% growth in interest income to N56.7 billion and a 2.5% decline in funding costs to N24.5 billion
- **Non-interest income** also grew by 3.7% to N16.3 billion (Q3 2013: N15.7 billion) driven by a 38.2% growth in trading income to N4.4 billion
- **Net operating income** rose by 28.4% to N45.0 billion (Q3 2013: N35.1 billion) on the back of growth in net interest income and a 29.6% reduction in impairment charges
- **Operating expenses** increased by 25.7% to N36.5 billion (Q3 2013: N29.1 billion) driven by on-going investments in branch refits and expansion, and rollout of alternative channels
- **Profit before tax** rose by 41.3% to N8.5 billion, while **profit after tax** rose by 39.2% to N7.1 billion despite a 52.8% increase in income tax

Statement of Financial Position

- **Net loans & advances** increased marginally by 1.0% to N325.0 billion (Dec. 2013: N321.7 billion) due to our selective approach to asset creation
- **Customer deposits** increased by 19.0% to N679.0 billion (Dec. 2013: N570.5 billion) driven by low cost funds
- **Shareholders' funds** increased by 2.5% to N65.1 billion (Dec. 2013: N63.5 billion) due to profit accretion
- Overall, **total assets** excluding contingent liabilities rose by 19.6% to N846.7 billion (Dec. 2013: N707.8 billion)

Financial Ratios

Indicator	Q3 2014	Q3 2013
Pre Tax Return on Average Equity (annualized)	17.6%	16.9%
Post Tax Return on Average Equity (annualized)	14.7%	14.3%
Return on Average Assets (annualized)	1.5%	1.2%
Earnings per Share	33k	32k
Yield on Earning Assets	13.5%	14.3%
Cost of Funds	4.9%	5.9%
Net Interest Margin	8.6%	8.4%
Cost-to-income Ratio	75.4%	72.7%
	Sep 2014	Dec 2013
NPL Ratio	2.1%	2.1%
Capital Adequacy Ratio	10.02%	14.2%
Liquidity Ratio	37.2%	43.2%
Loan to Deposit Ratio	47.9%	56.4%

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

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

STATEMENT OF FINANCIAL POSITION

In thousands of Naira

	September 2014	December 2013
ASSETS		
Cash and balances	124,567,909	96,900,562
Due from banks	119,664,312	85,601,022
Pledged assets	92,224,471	79,771,732
Loans and advances to Customers	325,030,470	321,743,748
Investment in securities:		
- Held for Trading	10,354,232	2,200,994
- Available for Sale	93,161,545	19,496,194
- Held to Maturity	44,026,547	76,123,934
Other assets	18,126,545	9,317,091
Property, plant and equipment	11,912,584	9,069,368
Intangible assets	693,465	601,391
Deferred tax assets	6,971,145	6,971,145
TOTAL ASSETS	846,733,225	707,797,181
LIABILITIES		
Deposits from Banks	-	-
Deposits from Customers	678,983,195	570,511,097
Current income tax liabilities	1,428,466	1,112,289
Other borrowed funds	50,812,059	38,794,527
Debt securities in issue	4,709,138	4,563,598
Other liabilities	45,745,034	29,357,774
TOTAL LIABILITIES	781,677,892	644,339,285
CAPITAL AND RESERVES		
Ordinary share capital	10,796,407	10,796,407
Reserves	54,258,926	52,661,489
<i>Attributable to equity holders of the Bank</i>	65,055,333	63,457,896
TOTAL LIABILITIES AND EQUITY	846,733,225	707,797,181

Statement of Comprehensive Income

In thousands of Naira

	September 2014	September 2013	December 2013
Gross Earnings	73,005,822	65,120,660	91,628,840
Interest income	56,691,003	49,384,941	69,972,761
Interest expense	(24,534,171)	(25,161,647)	(34,160,115)
Net interest income	32,156,832	24,223,294	35,812,646
Net fee and commission	10,121,461	10,567,329	14,564,349
Trading income	4,399,819	3,184,098	3,714,144
Other operating income	1,793,539	1,984,292	3,377,586
Operating income	48,471,651	39,959,013	57,468,725
Net impairment charges	(3,439,260)	(4,885,534)	(8,259,094)
Personnel expenses	(8,607,363)	(7,321,521)	(10,266,623)
Depreciation and amortisation	(2,263,191)	(1,997,019)	(2,694,489)
Other operating expenses	(25,659,097)	(19,738,340)	(26,938,321)
Profit before income tax	8,502,740	6,016,599	9,310,198
Income tax expense	(1,439,623)	(942,232)	(1,035,334)
Profit after tax	7,063,117	5,074,367	8,274,864
Other comprehensive income			
Fair value (loss)/gain on available for sale investments	(67,478)	(266,382)	(444,866)
Other comprehensive income for the period net of tax	(67,478)	(266,382)	(444,866)
Total comprehensive income	6,995,639	4,807,985	7,829,998
Key Ratio			
Earnings per share-basic (in kobo)	33k	32k	52k
Earnings per share -diluted (in kobo)	33k	32k	52k
NPL Ratio	2.1%	2.00%	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 October 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 N800 billion in assets, more than 168 business offices and over 500 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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