

## EARNINGS PRESS RELEASE

OCTOBER 28, 2015

### STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

#### Top-line Earnings rise 12% to N82 Billion

**Lagos, October 28, 2015** – Sterling Bank Plc (**NSE:** STERLN BANK / **Reuters:** STERLNB.LG / **Bloomberg:** STERLNBA:NL) – the 'Bank' – a full service national commercial bank releases its unaudited results for the quarter ended September 30, 2015.

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

Our third quarter performance was in line with expectations. We continue to prioritize efficiency in the management of our balance sheet in response to a difficult operating environment. Despite pressure on earnings, we achieved a 12% growth in top-line revenue to N81.8 billion driven by a 13% increase in non-interest income and a 210 basis points improvement in cost-to-income ratio. However, funding costs increased by 130 basis points arising from tighter monetary policy measures. NPL ratio rose to 4.9% driven primarily by a reduction in the size of the overall loan book as a result of the re-purchase of state government loans by the central government. We however expect a return to previous levels as we deploy the capital freed up from the liquidation of these loans. Our capital adequacy ratio reached an all-time high of 19.3% driven by asset substitution arising from the liquidation of the previously highlighted sub-sovereign loans. Additionally, liquidity ratio improved substantially to 47.8%, further improving our buffers in a very difficult environment.

In the final quarter of the year, we expect to complete the ongoing implementation of a number of technology-led service improvement initiatives across core and subsidiary systems as stated in my second quarter update. We remain focused on our customer acquisition and revenue diversification initiatives, while loan growth will remain steady and disciplined.

## Financial Highlights

### Income Statement

- **Net interest income** declined by 0.7% to N30.2 billion (Q3 2014: N30.4 billion)
- **Non-interest income** grew by 13.3% to N20.5 billion (Q3 2014: N18.1 billion)
- **Net operating income** increased by 1.0% to N45.4 billion (Q3 2014: N45.0 billion)
- **Operating expenses** increased 1.7% to N37.1 billion (Q3 2014: N36.5 billion)
- **Profit before tax** declined by 2.3% to N8.3 billion (Q3 2014: N8.5 billion)
- **Profit after tax** rose by 6.9% to N7.5 billion (Q3 2014: N7.1 billion)

### Statement of Financial Position

- **Net loans & advances** declined by 14.3% to N318.2 billion (Dec. 2014: N371.2 billion) as a result of the liquidation of state government loans
- **Customer deposits** declined by 11.2% to N582.6 billion (Dec. 2014: N655.9 billion) resulting from the implementation of the Treasury Single Account (TSA) policy
- **Shareholders' funds** increased by 4.1% to N88.2 billion (Dec. 2014: N84.7 billion)
- **Total assets** excluding contingent liabilities declined by 3.9% to N792.5 billion (Dec. 2014: N824.5 billion)

### Financial Ratios

Indicator	Q3 2015	Q3 2014
Pre Tax Return on Average Equity (annualized)	12.8%	17.6%
Post Tax Return on Average Equity (annualized)	11.6%	14.7%
Return on Average Assets (annualized)	1.4%	1.5%
Earnings per Share	26k	33k
Yield on Earning Assets	14.1%	12.9%
Cost of Funds	6.2%	4.9%
Net Interest Margin	7.9%	8.0%
Cost-to-income Ratio	73.3%	75.4%
	<b>Sep 2015</b>	<b>Dec 2014</b>
NPL Ratio	4.9%	3.1%
Capital Adequacy Ratio	19.3%	14.0%
Liquidity Ratio	47.8%	33.6%
Loan to Deposit Ratio	54.6%	56.6%

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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 N790 billion in total assets, more than 175 business offices and over 800 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, 2014. 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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