

EARNINGS PRESS RELEASE

OCTOBER 22, 2018

STERLING BANK PLC RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018.

PROFIT AFTER TAX GROWS BY 39.0% TO N8.2 BILLION

Lagos, September 30, 2018 – Sterling Bank Plc (**NSE:** STERLNBANK / **Reuters:** STERLNB.LG / **Bloomberg:** STERLNBA:NL) – the 'Bank' – a full service national commercial bank releases its unaudited results for the quarter ended September 30, 2018.

CEO's Remarks:

We sustained our earnings growth momentum with a 21.1% increase in gross earnings from N94.6 billion in the third quarter of 2017 to reach N114.6 billion in the third quarter of 2018. This was on the back of a 31.2% increase in non-interest income driven by a growth in trading and transaction banking revenues, as we continue to prioritize efficiency of our digital banking platforms to support our retail drive. Impairment charges reduced by 52.6% contributing to a 26.3% growth in our net operating income. In terms of asset quality, cost of risk declined further by 100 basis points to 0.8% from 1.8% in September 2017. Overall, the Bank was able to sustain the steady growth in its bottom line delivering a 39.0% increase in profit after tax to N8.2 billion when compared to the same period in 2017.

Our strategic intent to be more customer-focused has continued to yield results; one of such recorded in the last quarter is the increase in the volume of transactions processed through our various electronic platforms since the start of the year. We achieved over one million monthly NIBBS Instant Payment transactions as at July 2018, a 73% increase from the start of the year and expect to see continued traction in this regard.

During the period under review, the Bank successfully concluded a Series 2 Notes issuance of N19.7 billion under our N39 billion debt issuance program, achieving subscriptions 1.6x the initial targeted series 2 amount. Upon receipt of the relevant regulatory approvals, proceeds of this issuance would be recognized as Tier II capital. We expect this buffer provided by the capital to give room for business expansion across our focus areas – the HEART sectors.

Going into the final quarter of the year, we aim to complete the ongoing implementation of a number of digital-led initiatives in line with our digitization drive. This is expected to further intensify the Bank's retail drive.

Financial Highlights

Income Statement

- Gross Earnings increased by 21.1% to N114.6 billion (Q3 2017: N94.6 billion);
- Net Interest Income increased by 7.8% to N39.8 billion (Q3 2017: N36.9 billion);
- Non-Interest Income rose by 31.2% to N21.0 billion (Q3 2017: N16.0 billion);
- Net operating income rose by 26.3% to N57.2 billion (Q3 2017: N45.3 billion);
- Operating Expenses increased by 25.7% to N48.7 billion (Q3 2017: N38.7 billion);
- Profit Before Tax grew by 29.5% to N8.5 billion (Q3 2017: N6.5 billion);
- Profit After Tax grew by 39.0% to N8.2 billion (Q3 2017: N5.9 billion).

Financial Position

- Net Loans & Advances increased by 10.7% to N662.0 billion (Dec. 2017: N598.0 billion);
- Customer Deposits increased by 5.6% to N723.2 billion (Dec. 2017: N685.0 billion);
- Total Assets (excluding contingent liabilities) grew marginally to N1.08 trillion (Dec. 2017: N1.07trillion);
- Overall, Shareholders' funds increased by 3.1% to N106.2 billion (Dec 2017: N102.9billion).

Financial Ratios

Ratios	Q3 2018	Q3 2017
Pre-Tax Return on Average Equity	10.8%	9.6%
Post-Tax Return on Average Equity	10.4%	8.6%
Return on Average Assets	1.0%	1.0%
Earnings per Share	28k	21k
Yield on Earning Assets	13.9%	14.6%
Cost of Funds	7.7%	7.4%
Net Interest Margin	6.2%	7.2%
Cost-to-Income Ratio	80.0%	73.2%
Cost of Risk	0.8%	1.8%
Liquidity Ratio	34.4%	30.5%

	Sept. 2018	Dec. 2017
Non-Performing Loan Ratio	5.4%	6.2%
Capital Adequacy Ratio (Basel 2)	11.4%	12.2%
Loan to Deposit Ratio (Net) ¹	82.2%	78.9%

¹ Inclusive of borrowed funds for on-lending.

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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, 180 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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