

PRESS RELEASE

July 27, 2010

STERLING BANK PLC REPORTS UNAUDITED HALF-YEAR 2010 RESULTS

Maintains First Quarter Earnings Momentum, Posts Profit before Tax of N4.2 Billion

Half Year Highlights for 6 months ended June 30, 2010

- Profit before Tax for the half year rose to N4.2 billion from N(6.9) billion in June 2009
- Cost of funds reduced to N5.9 billion from N8.8 billion (-33%) in the comparable period of 2009 feeding through a (17%) improvement in Net Interest Margins
- Gross earnings declined to N16.3 billion from N18.5 billion (-12%) on the back of lower volumes
- Operating expenses decreased from N8.4 billion to N7.7 billion (-8%) while cost-to-income ratio fell from 87% to 75% (-14%) reflecting progress in the implementation of cost saving strategies and improved efficiency
- Deposits reduced from N161.3 billion in December 2009 to N145.5 billion (-10%) as Management prioritized the achievement of an optimal deposit mix and improved funding costs over nominal balance sheet size
- Net loans and Advances including Advances under Finance Leases) fell to N81.6 billion from N82.9 billion (-2%) recorded in December 2009
- Writeback on credit provisions for the half year stood at N1.6 billion
- Liquidity ratio was 39.7%, Capital Adequacy ratio was 14.1%, while annualized return on average equity was 34.2%.



Lagos, July 27, 2010 – Sterling Bank Plc (NSE: STERLN BANK/ Reuters STBP.LG – the “Bank”) today released its audited financial results for the six months ended June 30, 2010.

Sterling Bank has sustained the drive of its first quarter performance to make solid recovery in the second quarter. These results show a return to positive trends in the Bank’s businesses, which were temporarily disrupted by the unique circumstances of 2009.

The latest results are proof that the implementation of its strategic and operational review, as a result of last year’s economic downturn, is succeeding. An unrelenting focus on efficiency and asset quality standards underpin the Bank’s performance in the first six months of the year.

“We are impressed by these numbers. Coming from our position last year, Sterling Bank had some ground to recover and we are doing just that. There is still some way to go but overall, we are very pleased to show that the Bank is making excellent progress just as we said we would in our first quarter result,” said Mr. Yemi Adeola, the Managing Director/CEO of Sterling Bank.

MANAGEMENT COMMENTARY

Business Environment

The first six months of the year have been shaped by:

- Weaker capital positions forcing an adjustment in risk appetite
- Multiple policy measures initiated by the CBN to address systemic liquidity, capital adequacy issues and risk management
- Stabilization of the political situation with the assumption of office by President Goodluck Jonathan resulting in an uptick in activity.

Together, these have played a determining role in Sterling Bank’s half-year performance.

During the period under review, the low interest rate regime had a negative impact on the appeal of the money market and deposit-taking. At the same time, a slight improvement in macroeconomic indices showed evidence of a return of confidence among businesses and consumers.

However, financial institutions were mostly cautious on credit expansion with a deliberate containment of exposure to the capital markets, energy products trading and real estate sectors as well as lower- and mid-tier business borrowers.

Speaking of the economic context of its performance, Alh. Garba Imam, Sterling Bank's Executive Director, stated that:

“Sterling Bank's performance in the second quarter builds on the performance of the first quarter. In the accompanying management commentary for the first three months, we stated our optimism on the near term prospects for the economy, specifically beginning in the third quarter of the year. Cumulatively, the first half of 2010 has witnessed a steady return of calm and business activity in comparison with the turbulence and near freeze of 2009.

While excess liquidity and soft risk aversion moderated the appetite of financial institutions to resume lending at pre-crisis levels, therefore hampering returns in our core business, Sterling Bank's focus on business efficiency, risk management and prudent asset-liability exposure contributed greatly in accelerating the profit momentum of the first half of the year.”

Outlook

Having achieved stability and modest economic growth with its low interest rate policy, the top concern of the CBN going forward will be to manage inflation. At the macro-level, this may induce the Central Bank to review interest rates upwards which will serve as a boost to the money market and deposit accumulation.

In addition, we envisage that the President's assent of the Asset Management Company (AMCON) bill will facilitate a resolution of problem loans allowing banks to improve their capital positions as well as clean up balance sheets. We expect this to induce some amount of risk taking and consequently move the sector to normalized lending conditions.

According to Mr. Devendra Puri, the Executive Director of Sterling Bank,

"The second half of the year should reinforce the trend we have seen in the first six months. Internally, we will remain focused on efficiency and keeping our cost-income match within an acceptable range. Our results show that the structural improvements we introduced in the Bank last year are bearing desired results. Externally, we expect to see growth in net loans and advances as well as a lifting of the pressure on interest margins driven by events in the wider economy with a payoff on earnings and shareholder returns. By and large, we are confident that Sterling Bank will continue to consolidate on the gains of the first half of the year."

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About Sterling Bank

Sterling Bank PLC is the preeminent investment banking establishment in Nigeria. It commenced operations as NAL Bank in 1960. Today, with over N300 billion in assets and 100 branches nationwide, Sterling Bank has grown into a major financial supermarket offering investment banking, commercial banking, asset management, stock broking, insurance and registrar services. 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 Annual Report for the financial year ended December 31, 2009. 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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STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND SHAREHOLDERS ON THE UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

The Board of Sterling Bank Plc presents the Group's unaudited results for the second quarter ended June 30, 2010.

BALANCE SHEETS

	Group (Unaudited) June 2010 N'000	Group (Audited) Dec. 2009 N'000	Bank (Unaudited) June 2010 N'000	Bank (Audited) Dec. 2009 N'000
ASSETS				
Cash in hand and balances with CBN	6,988,977	8,573,673	6,988,660	8,573,233
Treasury bills	4,402,866	9,607,739	4,402,866	9,607,738
Due from other banks	31,863,975	57,833,221	26,395,775	56,592,146
Loans and advances to customers	77,678,531	78,385,834	84,486,912	78,140,097
Advances under finance lease	3,911,770	4,548,758	3,380,079	3,917,489
Investment securities	61,915,487	40,133,467	47,711,238	28,526,230
Other assets	16,495,467	17,022,602	9,784,145	10,762,881
Property and equipment	4,869,191	5,212,873	4,763,035	5,089,200
	208,126,264	221,318,167	191,994,525	205,640,829
LIABILITIES				
Customers' deposits	145,546,073	161,276,895	146,185,621	160,470,382
Current income tax payable	1,194,099	1,026,117	595,007	393,405
Other liabilities	22,171,731	23,740,047	5,420,070	7,878,686
Long-term borrowing	14,201,550	14,201,550	14,201,550	14,201,550
	183,113,453	200,244,609	166,451,574	183,498,834
CAPITAL AND RESERVES				
Ordinary share capital	6,281,545	6,281,545	6,281,545	6,281,545
Reserve	14,792,017	14,792,017	15,860,450	15,860,450
TOTAL EQUITY	21,073,562	21,073,562	22,141,995	22,141,995
Current Year Profit	3,939,249	-	3,400,956	-
Attributable to equity holders of the Bank	25,012,811	21,073,562	25,542,951	22,141,995
Guarantees and other commitments on behalf of customers	35,432,131	25,198,318	35,432,131	25,198,318

PROFIT AND LOSS ACCOUNTS

	Group (Unaudited) June 2010 N'000	Group (Unaudited) June 2009 N'000	Bank (Unaudited) June 2010 N'000	Bank (Unaudited) June 2009 N'000
GROSS EARNINGS	16,289,153	18,476,263	14,612,259	16,608,961
Interest and similar income	11,336,733	13,435,511	10,644,124	13,078,204
Interest and similar expenses	(5,943,319)	(8,809,387)	(5,119,618)	(8,255,180)
Net interest margin	5,393,414	4,626,124	5,524,506	4,823,024
Other income	4,952,420	5,040,752	3,968,135	3,530,757
Operating expenses	(7,744,816)	(8,444,456)	(7,420,681)	(7,647,478)
Loan loss expenses	1,533,189	(6,701,551)	1,533,189	(6,701,551)
Diminution in value of other risk assets	35,667	(1,379,664)	35,667	(419,503)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,169,874	(6,858,795)	3,640,816	(6,414,752)
Taxation	(230,625)	(184,467)	(239,860)	(177,467)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	3,939,249	(7,043,262)	3,400,956	(6,592,219)
Non-controlling interest	-	320,028	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	3,939,249	(6,723,234)	3,400,956	(6,592,219)
Key Ratio				
Earnings per share (kobo) - Basic	31k	-56k	27k	-52k
Earnings per share (kobo) - Diluted	31k	-56k	27k	-52k

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