



STERLING BANK PLC



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May, 2018

STERLING BANK PLC

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CORPORATE RATING REPORT

References

Abiodun Adeseyoju, *FCA*.
Abimbola Adeseyoju
Oladele Adeoye

EVALUATION

VALID TILL: May, 2019

DataPro Rating:	BBB⁺
Short term Rating	A2
Previous Rating:	BBB
Rating Outlook:	Stable
Trend:	UP
Currency:	Naira

EXECUTIVE SUMMARY

	2017	2016	2015	2014	2013
	N'M	N'M	N'M	N'M	N'M
Gross Earnings	133,022	111,238	110,194	3,011,932	1,438,911
Profit Before Tax	8,540	6,019	11,016	597,823	152,877
Shareholders' Funds	102,893	85,862	95,565	1,345,216	808,030
Deposit Liabs	684,834	584,734	590,889	27,733,064	19,744,368
Loans & Advances	598,073	468,250	338,726	655,944	570,511
Total Assets	1,068,798	830,805	799,451	29,732,966	20,561,871

RATING EXPLANATION

The Short term rating of **A2** indicates **Fair Credit Quality** and adequate capacity for timely payment of financial commitments.

*The long term rating of **BBB⁺** indicates **Slight Risk**. It shows fair financial strength, operating performance and business profile when compared to the standard established by **DataPro**. This company, in our opinion, has a very strong ability to meet its ongoing obligations, but their financial strength is vulnerable to adverse changes in economic conditions.*

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RATING SYNOPSIS

The rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used was based on industry and market intelligence including public information.

The quantitative information was obtained from the company's audited and management accounts.

The risk factors were assessed using the company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Risk and Sustainability of subject's current healthy profile in the medium to long term period.

Overall, the following were observed:

Strengths:

- Stable Management
- Diversified revenue base
- Strong Brand

Weaknesses:

- Concentration Risk
- Average Liquidity

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BACKGROUND

Sterling Bank ("The Bank") was registered as *Nigeria Acceptance Limited (NAL)* Bank in the year 1960. The bank evolved from its operation as a pioneer merchant bank in Nigeria to its present operation as a Commercial bank.

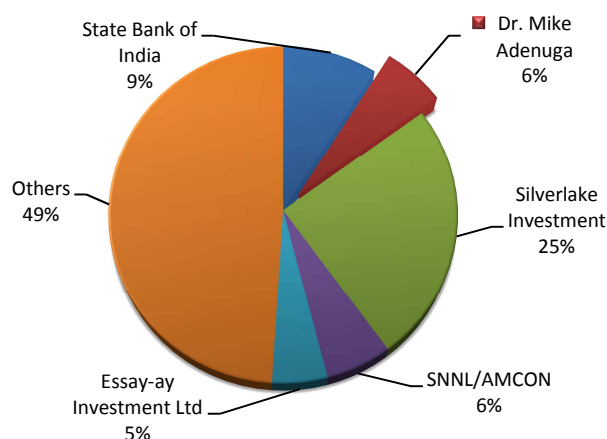
Sterling Bank Plc is engaged in commercial banking with emphasis on retail and consumer banking, commercial and institutional banking, corporate and investment banking and non-interest banking activities. It also provides wholesale banking services including the granting of loans and advances, letters of credit transactions, money market operations, electronic and mobile banking products and other banking activities.

Sterling Bank presently operates through 163 branches and serves over 1.4million active customers.

The Bank's shareholders decreased from 87,782 (Year 16) to 87,405 (Year 17). As at 31 December 2017, Foreign participation in the bank's shareholding was 34% through *Silverlake Investments Limited* (25%) and *State Bank of India* (8.86%).

The shareholding structure is as presented.

ANALYSIS OF SHAREHOLDERS' FUNDS



Source: Sterling Bank Plc

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KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'M	PBT ₦'M	Equity ₦'M	Deposit Liabs ₦'M	Loan & Advances ₦'M	Total Assets ₦'M
2017	133,022	8,540	102,893	684,834	598,073	1,068,798
2016	111,238	6,019	85,862	584,734	468,250	830,805
2015	110,194	11,016	95,565	590,889	338,726	799,451
2014	103,677	10,748	203,843	655,944	371,246	824,538
2013	91,743	9,310	201,629	570,511	321,744	707,797

Source: Sterling Bank Audited Accounts

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Sterling Bank recorded appreciable growth in all its financial indicators. Gross earning, Profit Before Tax and Equity went up by 20%, 42% and 20% respectively. Similarly, Loans and Advances grew by 27% while Deposit Liabilities increased by 18%. The Bank also raised its Total Assets by 29% (Yr. 17) above the previous year figure.

The Bank's performance in the year 2017 is hinged on its strategic drive to grow its retail market. The Bank introduced a number of initiatives during the year under review. These initiatives include the adoption of **Mobile**, **Internet** and **USSD** banking platforms. This enhanced its customer enrolment on its digital platform by 160% in the year 2017.

The bank launched a personal loan product known as "**Specta**" in the year 2017. This allows retail customers to access bank loans within 5 minutes from initiation to disbursement. The bank also pursued several Financial Inclusion initiatives. This resulted in growing its Lending Portfolio under this initiative from ₦2.5 (Y. 16) to ₦9b (Yr. 17). This is in addition to having over one million customer-base and agent network of more than 8,000.

Sterling Bank Plc currently focuses on five (5) sectors of the economy codified as "**The HEART Initiative**" The sectors are: Health, Education, Agriculture, Renewable Energy and Transportation.

DIRECTORS PROFILE

The Bank benefited from its stable management team. There were minor changes to the Board during the year under review. The Board comprises of individuals with considerable experience in banking and other related business.

The following served on the board during the year 2017; *Mr. Asue Ighodalo - Chairman, Mr. Yemi Adeola - Managing Director/CEO, Mr. Aderemi Rasheed Kolarinwa, Dr. (Mrs.) Omolara Akanji, Ms. Tamarakare Yekwe, Mrs. Egbichi Akinsanya, Mr. Michael Jituboh, Mr. Olaitan Kajero, Mrs. Tairat Tijani, Mr. Sujit Kumar Varma, Mr. Kayode Lawal, Mr. Abubakar Suleiman, Mr. Grama Narasimhan and Mr. Yemi Odubiyi.*

The profile of the bank directors are as stated below:

1. **Name:** Mr. Asue Ighodalo
Position: Chairman
Education:
 - B.Sc - University of Ibadan, 1981
 - LL.B - London School of Economics, 1984
 - B.L - Nigerian Law School, 1985**Experience:** Partner, Banwo & Ighodalo
Experience (Years): 27 years
Year of Appointment: July 2014

2. **Name:** Mr. Rasheed Aderemi Kolarinwa
Position: Independent Director
Education:
 - University of Toronto
 - Schulich School of Business, York University**Experience:**
 - International Merchant Bank Nigeria
 - IBTC Chartered Bank Plc
 - Capiflex Management Ltd.**Experience (Years):** 37 years
Year of Appointment: October 2010

3. **Name:** Ms. Tamarakare Yekwe
Position: Independent Director
Education:
 - University of Lagos

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Experience:

- Nigerian Law School, 1981
- Nigerian Institute of International Affairs (NIIA)
- Presidential Technical Committee on Housing and Urban Development
- Attorney General & Commissioner for Justice, Bayelsa State
- Federal Savings Bank of Nigeria
- Continental Merchant Bank of Nigeria Plc
- International Merchant Bank Pc
- Federal Mortgage Bank of Nigeria
- Tamarakare Yekwe & Co. (Legal Practitioners & Consultants)

Year of Appointment: February 2014

4. Name: Dr. (Mrs) Omolara Akanji
Position: Independent Director
Education:

- University of Ibadan
- University of Reading
- University of Kent
- European-American University
- Harvard Kennedy School (HKS) of Monetary Policy and Management

Experience:

- Central Bank of Nigeria (CBN)
- Petroleum Revenue Special Task Force

Experience (Years): 40 years
Year of Appointment: February 2014

5. Name: Mr. Olaitan Kajero
Position: Non-Executive Director
Education:

- University of Lagos
- Olabisi Onabanjo University
- Chartered Institute of Bankers of Nigeria

Experience:

- Communication Associates of Nigeria Ltd
- Aircom Nigeria Limited
- STB Building Society Limited

Experience (Years): 21 years
Year of Appointment: August 2014

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6. Name: Mrs. Tairat Tijani
Position: Non-Executive Director
Education:

- Lancaster University
- University of Birmingham
- Association of Chartered Certified Accountants (ACCA)
- Institute of Chartered Secretaries & Administrators of Nigeria
- Financial Times Diploma for Non-Executive Directors, 2016
- Wharton School

Experience: FBN Capital
Year of Appointment: November 2014

7. Name: Mrs. Egbichi Akinsanya
Position: Non-Executive Director
Education:

- Bedford College (now Holloway College) University of London
- Institute of Chartered Secretaries & Administrators UK
- Institute of Chartered Accountants of Nigeria

Experience:

- Securities & Exchange Commission Nigeria (SEC)
- Citibank Nigeria
- British American Tobacco
- Private Venture Capital Initiative (FBC Beverages Company)

Year of Appointment: March 2015

8. Name: Mr. Michael Jituboh
Position: Non-Executive Director
Education:

- Federal City College (University of Washington DC)
- Stanford University

Experience:

- Harvard Business School
- African Development Bank
- Devcom Bank
- Equitorial Trust Bank
- Globalcom Limited.

Year of Appointment: December 2015

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9. Name: Mr. Sujit Kumar Varma
Position: Non-Executive Director
Education:

- Ranchi University
- India Institute of Bankers

Experience:

- State Bank of India

Experience (Years): 31 years
Year of Appointment: February 2017

10. Name: Mr. Adeyemi Razack Adeola
Position: Managing Director/CEO
Education:

- University of Ife, 1982
- Nigerian Law School, 1983
- University of Lagos
- Chartered Institute of Bankers of Nigeria
- Harvard Business School
- Stanford Business School
- Oxford University
- Wharton School

Experience:

- University of Benin
- Lagos State University
- Price Waterhouse Coopers
- Citibank
- Trust Bank of Africa Limited
- Sterling Bank
- Kakawa Discount House Limited
- Unity Kapital Assurance Plc
- Sterling Capital Markets Limited
- Sterling Asset Management Limited
- Nigeria Mortgage Refinance Company
- Crusader Sterling Pensions Ltd
- Bankers Committee on Ethics & Professionalism
- Chartered Institute of Bankers of Nigeria Sub-Committee

Experience (Years): 35 years
Year of Appointment: December 2007

11. Name: Mr. Olarenwaju O. Adesanya
Position: Executive Director
Education:

- University of Lagos
- University of Lagos
- Lagos Business School
- Harvard Business School

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- UCLA (Creativity and Innovation)
- Stanford Business School
- Wharton School

Experience: NBM Bank Limited
Experience (Years): Over 28 years
Year of Appointment: January 2006

12. Name: Mr. Kayode Lawal
Position: Executive Director
Education:

- Institute of Chartered Accountants of Nigeria (ICAN)
- Chartered Institute of Taxation of Nigeria
- Chartered Institute of Bankers of Nigeria
- Lagos Business School
- University of Oxford

Experience: NBM Limited
Experience (Years): 31 years
Year of Appointment: April 2014

13. Name: Mr. Abubakar Suleiman
Position: Executive Director
Education:

- University of Abuja
- University of Oxford
- Wharton School
- INSEAD Business School
- Harvard Business School
- Said Business School

Experience:

- Arthur Anderson (now KPMG Nigeria)
- MBC International Bank (now First Bank)
- Citibank Nigeria
- Sterling Bank

Year of Appointment: April 2014

14. Name: Mr. Grama Narasimhan
Position: Executive Director
Education:

- Bangalore University, 1982
- India Institute of Bankers

Experience: State Bank of India (SBI)

Experience (Years): 31 years
Year of Appointment: October 2014

- 15. Name:** Mr. Yemi Odubiyi
Position: Executive Director
Education:
- University of Lagos, 1994
 - University of Lagos, 1998
 - London Business School
 - Harvard Business School
- Experience:**
- Nigeria International Bank (now CitiBank)
 - Trust Bank of Africa
 - Sterling Bank

Experience (Years):23 years
Year of Appointment: December 2014

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CAPITAL ADEQUACY

Item Year	2017 ₦'M	2016 ₦'M	2015 ₦'M
Shareholders' Funds	102,893	85,862	95,565
Total Assets	1,068,798	830,805	799,451
Fixed Assets	16,451	14,605	15,258
Loans & Advances	598,073	468,250	338,726
Equity/Total Assets (%)	9.63	10.33	11.95
Equity/Loan & Adv. (%)	17.20	18.34	28.21
Fixed Assets/Equity (%)	15.99	17.01	15.97

Source: Sterling Bank Audited Accounts

Profit retained for the year 2017 was ₦8.5b as against ₦5.2b (Yr. 16). Net charges in fair value of Available For Sale (AFS) investments shrank from a negative balance of ₦11.3b (Yr. 16) to ₦2.6b (Yr. 17). These factors accounted for the 20% increase in Equity in the year 2017.

Total assets grew by 29% from ₦831b (Yr. 16) to ₦1.1t (Yr. 17). This growth was supported by increases in all components of the Bank's total assets. However, significant growth were recorded

in Loans and Advances, Available For Sale investment, Pledged Assets and cash balances.

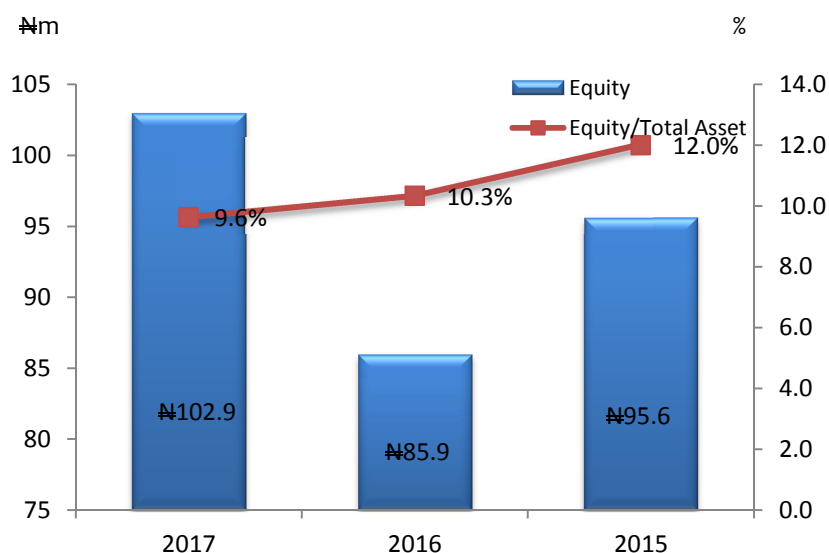
COMPONENT OF TOTAL ASSETS

Item	2017 N'M	%	2016 N'M	%
Liquid Assets	176,929	17	116,168	14
Net Loans & Advances	598,073	56	468,250	56
Fixed Assets	16,451	1	14,605	2
Other Assets	277,345	26	231,782	28
TOTAL ASSETS	1,068,798	100	830,805	100

Source: Sterling Bank Audited Accounts

The Bank maintained similar risk outlook in the years 2016 and 2017. Net Loans and Advances as a proportion of Total Assets was 56% for both years. Assets that are fixed in nature grew from ₦14.6b (Yr. 16) to ₦16.5b (Yr. 17). This class of asset represents 1% of total assets in the year 2017 as against 2% (Yr. 16)

COMPARISON OF SHAREHOLDERS' FUNDS



Source: Sterling Bank Plc

The proportion of equity tied to permanent asset eased off during the year under review. This improved from 17% (Yr. 16) to 16% (Yr. 17). However, equity coverage for the most risky

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assets declined marginally in the year under review. It went down from 18% (Yr. 16) to 17% (Yr. 17).

The growth in equity during the year could not match the expansion in total assets. Consequently, equity as a proportion of total assets remained relatively same at 10% for the years 2016 and 2017. However, Capital Adequacy Ratio for the Bank improved from 11% (Yr. 16) to 12% (Yr. 17).

Although the Capital Adequacy Ratio performed better than statutory demand at 12% (Yr. 17), it however fell below the average performance of its peers in the industry for the same period.

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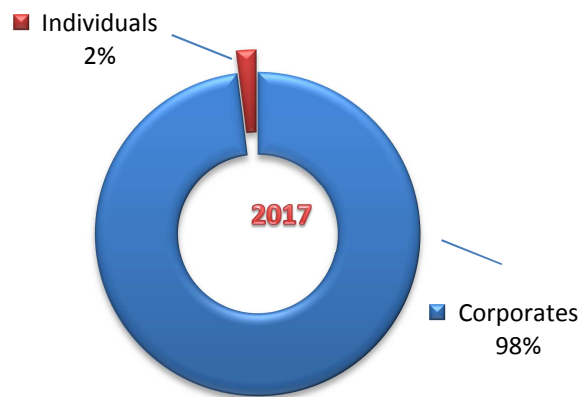
ASSET QUALITY

Year \ Item	2017 ₦'M	2016 ₦'M	2015 ₦'M
Gross Loan & Adv	617,577	476,714	354,475
Classified Loan	38,467	47,400	16,973
Provisions	19,504	8,464	15,749
Classified Loans Prov./Classified Loans (%)	50.70	17.86	92.79
Classified Loans/Equity (%)	18.96	55.20	17.76
Classified Loans/Gross Loans (%)	6.23	9.94	4.79

Source: Sterling Bank Audited Accounts

The Bank Gross Loans and Advances increased from ₦476.7b (Yr. 16) to ₦617.6b (Yr. 17) by 30%. Loans to corporate entities and other organizations accounted for 98% of the entire portfolio.

DISTRIBUTION OF LOAN PORTFOLIO



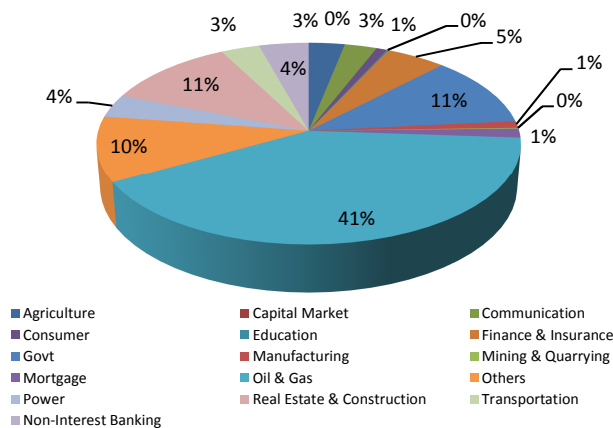
Source: Sterling Bank Plc

SUMMARY

Loans granted to individuals went down by a margin of ~~₦2b~~ from ~~₦17.3b~~ (Yr. 16) to ~~₦15.1b~~ (Yr. 17). The Bank cut-back its unsecured loans from ~~₦13.4b~~ (Yr. 16) to ~~₦2.8b~~ (Yr. 17). Consequently, unsecured element of its loan book for the year 2017 was 0.5%.

The Bank gave loans to entities and individuals operating in Nigeria only. However, its loans were distributed among 15 sectors as show below:

COMPOSITION OF LOAN PORTFOLIO



Source: Sterling Bank Plc

Oil & Gas sector accounted for 41% (Yr. 17) of the Bank's loan book. Other significant sectors in terms of loan concentration are: Construction (11%) and Government (11%). Aside the aforementioned no other sector got more than 10% in the year 2017.

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Total exposure to the top 20 borrowers of the bank was ₦299.9b (Yr. 17). This represented 49% of the total loan book of the Bank. It is also close to 3 times the size of the Bank's equity.

Total past due but not impaired Loans and Advances declined significantly from ₦39b (Yr. 16) to ₦16b (Yr. 17). This is against an increase from ₦8.1b (Yr. 16) to ₦22.4b (Yr. 17) in the balance of individually impaired loans. Consequently, aggregate classified Loans and Advances declined from ₦47.4b (Yr. 16) to ₦38.7b (Yr. 17).

Asset quality improved during the year under review. Classified portion of the Gross Loans and Advances went down from 10% (Yr. 16) to 6% (Yr. 17). Provisions made during the year also covered 51% of the classified Loans and Advances. This was better than the previous year attainment of 18% but below our benchmark of 100%. The net balance of delinquent loans not covered by the provisions can impair 18% (Yr. 17) of the Bank's equity.

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LIQUIDITY

Year \ Item	2017	2016	2015
Loan & Advances/Total Assets (%)	55.96	56.36	42.37
Liquid Assets/Total Assets (%)	16.55	13.98	8.86
Liquid Assets/Total Deposits (%)	25.88	19.87	11.99
Loans & Advances/Total Deposits (%)	87.33	80.08	57.32

Source: Sterling Bank Audited Accounts

Deposit base of the Bank grew by 17% from ₦584.7b (Yr. 16) to ₦598b (Yr. 17). The major drivers of growth in deposits are Savings Accounts (16%) and Term Deposits (36%). However, Current Accounts declined by 21% from ₦322.3b (Yr. 16) to ₦254.5b (Yr. 17).

ANALYSIS OF DEPOSITS BASED ON TYPE

Item	2017 ₦'M	%	2016 ₦'M	%
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Year				
Current Account	254,476	37.16	322,278	55.12
Savings Account	60,687	8.86	52,357	8.95
Term Deposits	275,141	40.18	201,845	34.52
Pledged Deposits	94,530	13.80	8,254	1.41
TOTAL	684,834	100	584,734	100

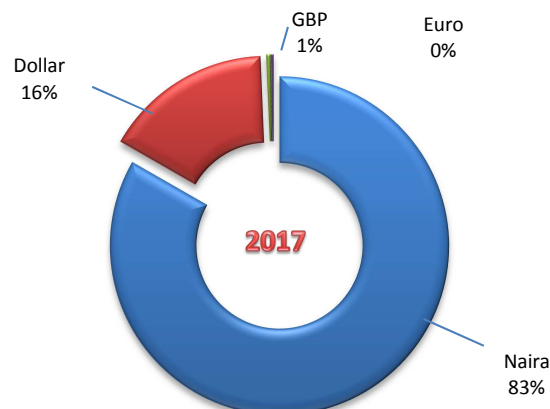
Source: Sterling Bank Audited Accounts

The Bank had a well-diversified deposit base in the year 2017. This is an attestation of its retail banking drive. The total balance relating to Top 20 depositors of the Bank was ₦183.1b (Yr. 17). This accounted for 27% of the entire depositors' funds. The naira value of the foreign components of the Bank's total deposits was ₦114.6b (Yr. 17). This accounted for 17% of the entire depositors' funds. However, the top 20 depositors of foreign currency represented 63% of the total foreign deposits in the year under review.

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COMPOSITION OF DEPOSITS BASED ON CURRENCY TYPE



Source: Sterling Bank Plc

The maturity profile of the Bank's deposits are largely in short term. A total sum of ₦419.9b (Yr. 17) will be maturing for payment within a 3-month period. However, the bank was able to attract long tenured funds during the year under review. The total value of fund maturing after one (1) year was ₦234.2b (Yr. 17) representing 34% of the total deposits.

ANALYSIS OF DEPOSITS BASED ON MATURITY

	2017	%
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Months	₦'M	
Demand	19,343	3
Less than 3 months	400,599	58
3 - 12 Months	28,511	4
1 – 5 Years	234,000	34
Over 5 years	2,421	0

Source: Sterling Bank Audited Accounts

On the contrary, only 36% of the Bank's Loans and Advances will mature for payment within a 3 months period. This represented a total amount of ₦2.0b (Yr. 17). A large chunk of the Loans and Advances will become payable after one (1) year. In absolute term, receivable after a year will be ₦388b (Yr. 17).

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ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY

Months	2017 ₦'M	%
Less than 3 months	141,058	24
3 - 12 Months	68,971	12
1 - 5 Years	280,487	47
Over 5 years	107,557	18

Source: Sterling Bank Audited Accounts

There exists a short term liquidity gap of ₦102b (Yr. 17). This is in view of the mismatch between the maturity profiles of Loans and Advances and deposits for the period. Available liquid fund was not enough to cushion the effect within a year

ANALYSIS OF DEPOSITS BASED ON MATURITY

Year	2017 Loans & Advances ₦'M	2017 Deposit Liabilities ₦'M	Net Liquidity Gap ₦'M
Liquid Assets	176,929		176,929
Less than 3 months	-	19,343	157,586
3 - 6 Months	141,058	400,599	(101,955)
6 - 12 Months	68,971	28,511	(61,495)
1 - 5 Years	280,487	234,600	(15,008)
Over 5 years	107,557	2,421	90,128

Source: Sterling Bank Audited Accounts

The bank's assets was more liquid in the year 2017 compared to year 2016. Liquid element of its total asset was 17% (Yr. 17) as against 14% (Yr. 16). However, Loans to Deposits ratio was higher at 87% (Yr. 17) as against 80% (Yr. 2016). The Bank took more risks in this regard compared to the 80% demanded by its regulator and far above 44.5% attained by its peers in the year 2017. Liquid assets as a proportion of deposits improved to 25% (Yr. 17) as against 20% (Yr. 16).

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PROFITABILITY

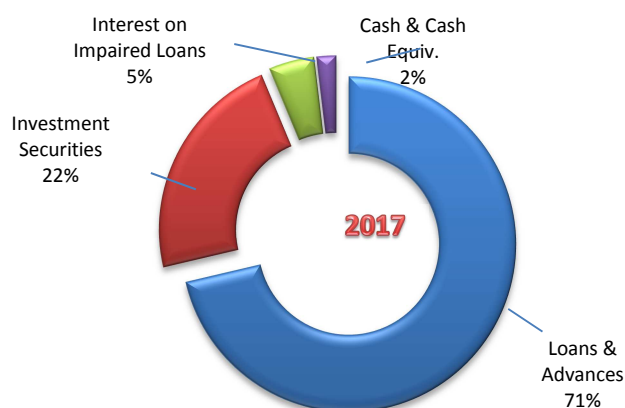
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Interest Earnings grew by 11% from ₦98.9b (Yr. 16) to ₦109.9b (Yr. 17). The sources of Interest Earnings during the year 2017 were Loans and Advances, Investment Securities, Interest on Impaired Loans and Cash & Cash Equivalent. However, Loans and Advances generated the highest interest income of 72% (Yr. 17) and 78% (Yr. 16).

DISTRIBUTION OF INTEREST INCOME



Source: Sterling Bank Plc

Interest expenses grew by 39% from ₦42.9b (Yr. 16) to ₦59.7b (Yr. 17). The increase was largely due to the expenses relating to issued debt securities and other borrowed funds. This segment of interest expense went up from ₦6.3b (Yr. 16) to ₦19.5b (Yr. 17). In view of the mismatch in interest revenue and expense growth, net interest margin declined from 57% (Yr. 16)

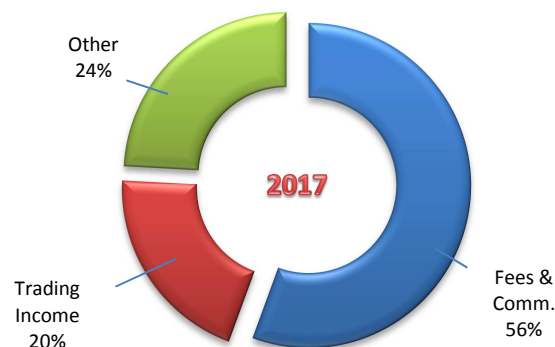
to 46% (Yr. 17)

Non-interest based income grew by 88% from ₦12b (Yr. 16) to ₦23b (Yr. 17). The components of non-interest income were fees and commission income, net trading income and other operating income.

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DISTRIBUTION OF NON INTEREST INCOME



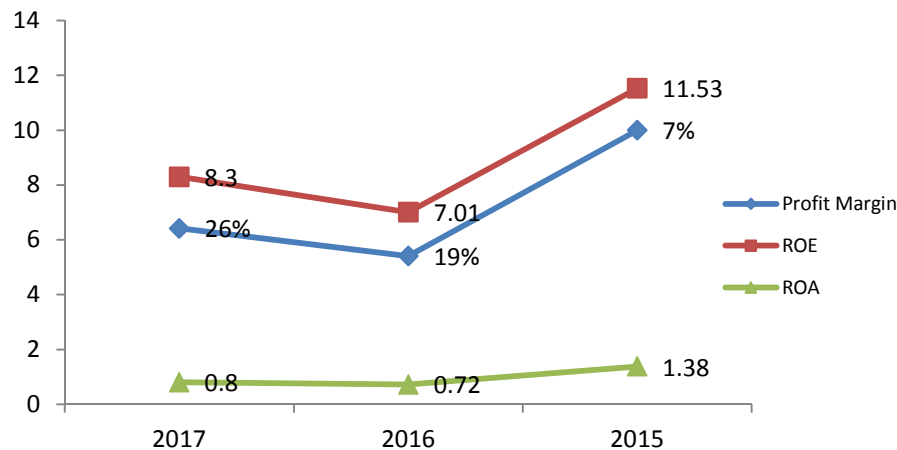
Source: Sterling Bank Plc

The significant growth in interest and non interest earning enhanced gross income in the year 2017. Gross earning went up from ₦111b (Yr. 16) to ₦133b (Yr. 17) by 20%.

General expenses declined considerably from ₦18b (Yr. 16) to ₦16.6b (Yr. 17). Other segments of operating expenses recorded marginal growth during the year under review. Consequently, total operating expenses went up marginally by 3% from ₦50.6b (Yr. 16) to ₦52b (Yr. 17)

PROFITABILITY INDICES

%



Source: Sterling Bank Audited Accounts

Operating income grew by a better margin at 7% (Yr. 17) compared to operating expenses increase of 3% (Yr. 16). Consequently, cost to income ratio declined from 89% (Yr. 16) to 86% (Yr. 17). In view of the improved Cost to Income ratio, Profit Before Tax increased from ₦5.2b (Yr. 16) to ₦8.5b (Yr. 17). Similarly, all profitability indices also improved during the year. Return on equity increased from 7% (Yr. 16) to 8% (Yr. 17) while Return on Assets moved from 0.7% (Yr. 16) to 0.8% (Yr. 17).

SUMMARY

- **Report Type:**
Corporate Rating
- **Client:**
Sterling Bank Plc
- **Date Compiled:**
22-May-18

GOVERNANCE, RISK AND COMPLIANCE

Sterling Bank continues to conduct its affairs through the use of relevant committees. These committees include: Credit Committee, Finance and General Purpose Committee, Governance and Nominations Committee, Risk Management Committee, Audit Committee and Statutory Audit Committee.

The activities of the committees are detailed in the annual reports. The bank also subjected its Board to appraisal during the year under review.

FUTURE OUTLOOK

The bank intends to become the Financial Institution of choice for key stakeholders. This it hopes to achieve by continuous enhancement of its technological capability and entrenching a customer focused business model.

To achieve this, the Bank will continue its drive of raising Tier II capital through debt issuance program in the year 2018.

Our rating took into consideration the milestone achieved in the retail business segment, diversified revenue base and stable management of the Bank.

Consequently, we consider the Bank an *"Investment Grade"*.

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FINANCES

Financial Position as at

	Dec, 2017 N'000	Δ%	Dec, 2016 N'000	Δ%	Dec, 2015 N'000
ASSETS					
Liquid Assets	99,712	123.23	44,667	(55.47)	100,313
Loans & Advances (Gross)	617,577	29.55	476,714	34.48	354,475
Provisions	(19,504)	130.43	(8,464)	(46.26)	(15,749)
Loans & Advances (Net)	598,073	27.73	468,250	38.24	338,726
Fixed Assets	16,451	12.64	14,605	(4.28)	15,258
Other Assets	354,562	16.91	303,283	(12.13)	345,154
Total Assets	1,068,798	28.65	830,805	3.92	799,451
Liabilities					
Current Deposits	254,476	(21.04)	322,278	(10.90)	361,706
Savings Deposits	60,687	15.91	52,357	25.47	41,728
Term Deposits	275,141	36.31	201,845	8.16	186,615
Other Deposits	94,530	1,045.26	8,254	881.45	841
Total Deposits	684,834	17.12	584,734	(1.04)	590,890
Other Liabilities	281,071	75.24	160,389	41.94	112,996
Share Capital	14,395	-	14,395	-	14,395
Reserves	88,498	23.83	71,467	(11.95)	81,170
Equity	102,893	19.84	85,862	(10.15)	95,565
Total Liabilities	1,068,798	28.62	830,985	3.94	799,451
Commitment & Contingency	131,106	17.84	111,260	(33.07)	166,245
PROFIT & LOSS					
Interest Earning	109,850	11.07	98,902	22.24	80,909
Interest Expense	(59,736)	39.26	(42,894)	3.69	(41,367)
Provision For Losses	(12,267)	4.72	(11,714)	43.71	(8,151)
Net Funds Revenue	37,847	(14.56)	44,294	41.10	31,391
Other Income	23,172	87.84	12,336	(57.88)	29,285
Operating Expenses	52,479	3.69	50,611	1.92	49,659
Profit Before Taxation	8,540	41.88	6,019	(45.36)	11,016
Taxation	(85)	(89.84)	(837)	15.61	(724)
Profit After Taxation	8,455	63.16	5,182	(49.65)	10,292
Net Income	8,455	63.16	5,182	(49.65)	10,292

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Signed:
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 22nd May, 2018

For and on behalf of:
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By Marina Water Front
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA(f) through DD(f). Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long -term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

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LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk	<i>(Superior)</i> Assigned to issuers which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have aExcellent ability to meet their ongoing obligations.
AA	Lower Risk	<i>(Excellent)</i> Assigned to issuers which haveexcellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	<i>(Very Good)</i> Assigned to issuers which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These funds, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	<i>(Fair)</i> Assigned to issuers which have fair financial strength, operating performance and profile when compared to the standards

established by *DataPro Limited*. These funds, in our opinion, have an ability to meet their current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator	Meaning
BB	Moderate Risk

Explanation
(Marginal) Assigned to issuers which have, marginal financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These funds, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.

(Weak) Assigned to issuers which have, weak financial strength, operating performance and profile when compared to the standard established by *DataPro Limited*. These funds, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.

(Poor) Assigned to issuers, which have poor financial strength, operating performance and profile when compared to the standards established *DataPro Limited*. These funds, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

(Very Poor) Assigned to issuers, which have very poor financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These funds, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

B	High Risk
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CCC	Higher Risk
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DD	Highest Risk
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SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added "+" to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.
D		Indicates an entity that has defaulted on all its financial obligations.

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