

## EARNINGS PRESS RELEASE

**MARCH 30, 2017**

### **STERLING BANK PLC RELEASES AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016**

#### **Resilient performance in a difficult operating environment**

**Lagos, March 30, 2017** – Sterling Bank Plc (**NSE:** STERLNBANK / **Reuters:** STERLNB.LG / **Bloomberg:** STERLNBA:NL) – the 'Bank' – a full service national commercial bank releases its audited results for the year ended December 31, 2016.

In his remarks, **Yemi Adeola**, the Managing Director/ Chief Executive, stated:

2016 was a difficult year for the Nigerian economy as it was characterized by high inflation, weak oil prices, lower crude oil output and foreign exchange supply shortages. These multiple challenges and the various regulatory responses put significant downward pressure on the earnings of banks.

In the face of these difficulties, our gross earnings grew for the 6<sup>th</sup> consecutive year to N111.4 billion. We also maintained our commitment to operating efficiency, as highlighted by an improvement in net interest margin to 9.3% and a 22.5% growth in interest income. In addition, we successfully limited the growth in operating expenses to 1.9% despite the high inflationary environment.

During the year, we successfully deployed the "best in class" core banking application - Temenos T24; grew our active customer base; and launched the disruptive, award winning payments solution, ChatPay, even as we optimized our traditional electronic channel offerings. These initiatives will enable the Bank optimize operating efficiency and position itself to exploit emerging business opportunities.

## Financial Highlights

### Income Statement

- **Net Interest Income** increased by 41.6% to N56.0 billion (FY 2015: N39.5 billion) on account of a 22.5% increase in interest income and a 4.2% increase in interest expense;
- **Net Operating Income** of N56.6 billion (FY 2015: N60.7 billion) deepened by impairment charges;
- **Operating Expenses** of N50.6 billion (FY 2015: N49.7 billion) driven by our strategic cost control measures in response to inflationary pressures.
- **Profit Before Tax** stood at N6.0 billion, while **Profit After Tax** was N5.2 billion.

### Financial Position

- **Net Loans & Advances** increased by 38.2% to N468.2 billion (Dec. 2015: N338.7 billion) driven primarily by foreign exchange revaluation;
- **Customer Deposits** decreased marginally by 1.0% to N584.7 billion (Dec. 2015: N590.9 billion);
- **Total Assets** (excluding contingent liabilities) increased by 4.3% to N834.2 billion (Dec. 2015: N799.5 billion);
- Overall, **Shareholders' Funds** closed at N85.7 billion arising from fair value adjustments on Available-For-Sale investments and organic accretion of profit.

## Financial Ratios

Indicator	FY 2016	FY 2015
Pre Tax Return on Average Equity	6.6%	12.2%
Post Tax Return on Average Equity	5.7%	11.4%
Return on Average Assets	0.7%	1.4%
Earnings per Share	18k	36k
Yield on Earning Assets	15.6%	13.8%
Cost of Funds	6.3%	6.1%
Net Interest Margin	9.3%	7.7%
Cost-to-Income Ratio	74.1%	72.2%
Non-Performing Loan Ratio	9.9%	4.8%
Capital Adequacy Ratio (Basel 2)	11.2%	17.5%
Loan to Deposit Ratio (Net)	80.1%	57.3%

## Outlook

Commenting on the outlook for the Bank under its 2017- 21 Strategic Plan, Mr. Adeola said:

We expect that the Government's fiscal intervention schemes alongside supportive economic policies will create pathways for economic recovery. Over the next 5 years, we will be steering our ship differently and aggressively growing the retail business through electronic channels. To achieve this, we will:

- Prioritize efficiency over scale with the goal of achieving steady growth and sustainable returns to all our stakeholders;
- Optimize our cost profile while providing our customers with 'best in class' service;
- Bolster innovative banking driven by market insights that will enable us to satisfactorily serve our customers and earn their trust;
- Implement significant investment in technology-led growth initiatives;
- Accelerate the remarkable growth of our Non-Interest Banking Segment.

## CONTACTS

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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 N830 billion in total assets, more than 189 business offices and over 770 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, 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, 2016. 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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