

# 2019 FIRST QUARTER REPORT

Presentation to Investors  
and Analysts



PEOPLE | TECHNOLOGY | SERVICE



This presentation is based on the consolidated financial statements of Zenith Bank Plc, a company incorporated in Nigeria on 30 May 1990, and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared in accordance with the International Financial Reporting Standard (IFRS), and the going concern principle under the historical cost convention as modified by the measurement of certain financial instruments held at fair value.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosures at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

# Agenda

Operating Environment Overview	Pages 04 – 06
Group Results	Pages 07 – 22
Risk Management	Pages 23 – 28
Business Segments Performance & Subsidiary Review	Pages 29 – 34
Strategy & Outlook	Pages 35 – 39
Q&A	-

# Operating Environment Overview

A nighttime photograph of an industrial and urban landscape. In the foreground, a multi-lane bridge with concrete pillars spans across a body of water. The bridge is illuminated with blue lights, and the water reflects these lights. In the background, an industrial facility with several cranes and buildings is visible, illuminated with warm yellow and orange lights. The sky is dark, and the overall scene is a mix of industrial activity and urban infrastructure.

# Nigerian Economy and Key Developments in the Banking Sector

- As we continue monitoring the macroeconomic fundamentals, Nigeria remains Africa's largest economy with strong sectors and significant opportunities.

## Real GDP Growth:

- Nigeria recorded a real GDP growth of 2.38% YoY in Q4 2018, an increase of 57bps from 1.81% recorded in Q3 2018.
- The Oil sector contracted by 1.62% YoY, while the non-oil sector grew by 2.70% - driven largely by activities in Information and communication, transportation & storage, arts & entertainment, agriculture and manufacturing.

## Headline Inflation:

- Headline inflation declined for the third consecutive month to print at 11.25% YoY (vs. 11.31% YoY in February 2019).
- Food inflation came out lower than expected as it declined by 2bps to 13.45% YoY (vs. 13.47% YoY in February 2019).

## Oil Production & Price:

- OPEC average monthly basket price increased by 16.7% in the 1<sup>st</sup> quarter of 2019, from \$56.9/bbl recorded at the end of Q4 2018 to \$66.4/bbl recorded at the end of Q1 2019.

## Foreign Reserves:

- Nigerian foreign reserves grew marginally by 3% QoQ from \$43.1bn recorded at the end of Q4 2018 to \$44.4bn recorded at the end of Q1 2019.

## Exchange Rate:

- Exchange rate remained relatively stable in Q1 2019 as we saw a further convergence between the NAFEX and NIFEX exchange rates. Rates as at 31<sup>st</sup> March 2019 (NGN/USD): NAFEX (I&E) – 360.5; NIFEX – 356.1

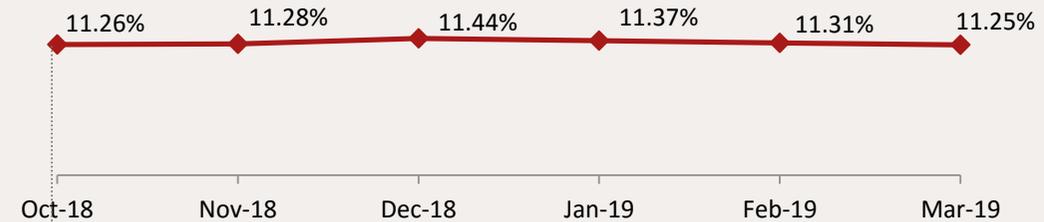
## Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- In March 2019, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) reduced the Monetary Policy Rate (MPR) for the first time since July 2016, from 14% to 13.5%. The Cash Reserve Ratio (CRR) and Liquidity Ratio remained unchanged at 22.5% and 30% respectively.

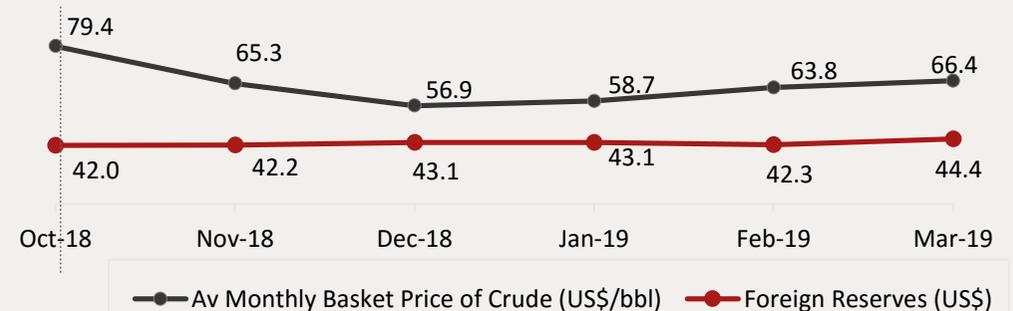
## GDP Growth Rate



## Inflation Rate



## Foreign Reserves / Oil Price



Source: National Bureau of Statistics, Central Bank of Nigeria, OPEC

# Our Investment Proposition

Market leadership, growth capacity, solid and liquid capital base, strengthened ERM practices, good returns on investment and excellent customer service

## A dominant player in the Nigerian Banking Industry:

- Controls a significant share of the high end corporate clients in strategic sectors of the Nigerian economy.
- The bank uses its strong balance sheet and liquidity as well as efficient trade finance processes and services, to continuously grow and support businesses.
- Has begun to attract and grow its share of retail customers and retail business in the market.

## Strong Focus on Risk Management:

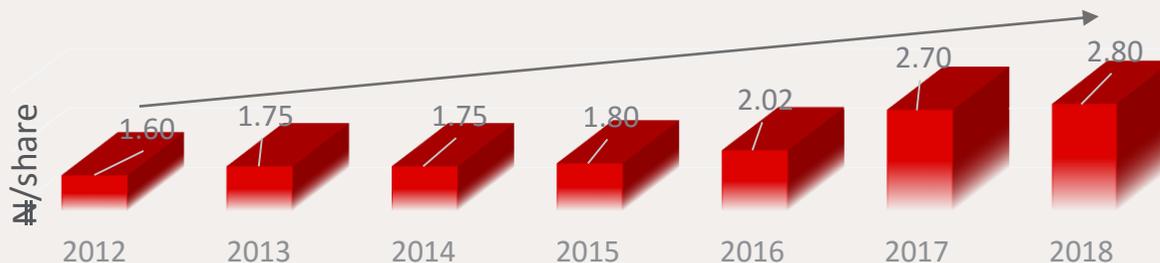
- Despite the challenging operating environment, NPL ratio came in at 4.85% with a coverage ratio of 155.5%.

## Credit Rating:

- Standard and Poor's ratings for Zenith Bank are: B/Stable/B (Issuer Credit Rating) and ngBBB/ngA-2 (National Scale Rating).
- Fitch ratings are: 1) Long-term foreign currency IDR: 'B+' - Negative Outlook; 2) Short-term foreign currency IDR: 'B'; 3) National Long-term rating: 'AA-(nga)'; 4) National Short-term rating: 'F1+(nga)'.
- Moody's ratings: 1) Long Term Debt - B2 with Stable Outlook; 2) Foreign currency deposit - B3.

## Consistent and Growing Dividend Payout:

- Good and consistent dividend payout to its investors.



# Non-financial Highlights

## Social Impact/CSR

-  Zenith Bank National Women Basketball League
-  Official Bank of the Nigerian National Football Teams
-  Zenith Delta Principal's Cup
-  Zenith Pinkcruise Mobile Cancer Screening Machines
-  Style by Zenith
-  Zenith Bank Youth Parade

## Product Innovations



### Zenith Trade Portal

## Share Holdings

Number of Shareholders  **639,403**

## Awards

**Best Bank in Corporate Governance 2018**  
- World Finance

**Most Valuable Bank Brand 2018**  
- The Banker

**Best Institution in Sustainability Reporting in Africa 2018**  
- The SERAS CSR Awards

**Best Corporate Governance Financial Services 2018**  
- Ethical Boardroom

**Bank of the Year 2018**  
- BusinessDay

## Social Following

 5,317,529       238,102

 958,356       64,036

 16,701,356

## Ratings

Fitch - **B+/Negative/B**  
Standard & Poors - **B/Stable/B**  
Moody - **B2/Stable/B3**

## Customers/Channels

Number of Customers  **8,246,217**

Number of Cards Issued  **6,543,271**

Number of POS Terminals  **34,862**

Number of ATM Terminals  **1,928**

Number of Branches  **420**

Number of Cash Centres  **176**

Number of Male Employees  **3,862**

Number of Female Employees  **3,528**

# Group Results

# Financial Highlights – Q1 2019

## Key Themes

Efficiency and risk management for superior performance

Building a shock-proof balance sheet

## Income Statement

Gross earnings:  
**₺158.1Bn** (6.6%) YoY

Net interest income:  
**₺86.1Bn** +23.1% YoY

Profit before tax:  
**₺57.3Bn** +6.1% YoY

Profit after tax:  
**₺50.2Bn** +6.7% YoY

## Balance Sheet

Gross loans: **₺1.94Tn** (3.9%) YTD

Total assets: **₺5.88Tn** (1.3%) YTD

Customers' deposits:  
**₺3.57Tn** (3.2%) YTD

Total shareholders' funds: **₺780.9Bn** (4.3%) YTD

# Financial Highlights – Q1 2019 Contd.

## Key Ratios

	31-Mar-19	31-Mar-18	% change
Return on average equity (RoAE)	25.2%	24.3%	4.1%
Return on average assets (RoAA)	3.4%	3.3%	1.8%
Earnings per share (EPS)	<del>₹</del> 1.6	<del>₹</del> 1.5	6.7%
Net interest margin - NIM	8.9%	9.3%	4.5%
Cost of funds	3.0%	4.0%	(26.8%)
Cost of risk	0.4%	0.9%	(50.6%)
Cost-to-income ratio	50.9%	53.3%	(4.5%)
	31-Mar-19	31-Dec-18	
Liquidity ratio	66.7%	69.7%	(4.3%)
Loan-to-deposit ratio	43.0%	44.2%	(2.7%)
Capital adequacy ratio (CAR)	25.0%	25.0%	0%
Non-performing loan ratio (NPL)	4.85%	4.98%	(2.6%)
Coverage ratio	155.5%	192.4%	(19.2%)

# Profit or Loss Statement

Strong profitability, driven by the 3 C's:

- cost of funding
- cost of risk
- cost to income

(N'million)	Group 3M 19	Group 3M 18	YOY Change
Gross income	158,111	169,192	-6.55%
<b>Interest and similar income</b>	<b>122,480</b>	<b>116,712</b>	<b>4.94%</b>
Interest and similar expense	(36,343)	(46,720)	-22.21%
Net interest income	86,137	69,992	23.07%
Impairment charge	(2,096)	(4,573)	-54.17%
<b>Net interest income after impairment charge</b>	<b>84,041</b>	<b>65,419</b>	<b>28.47%</b>
Net fee and commission income	21,314	20,837	2.29%
Trading income	7,812	27,618	-71.71%
Other income	3,530	4,025	-12.30%
Amortisation of intangible assets	(749)	(526)	42.40%
Depreciation of property and equipment	(4,750)	(3,889)	22.14%
Personnel expenses	(18,289)	(15,566)	17.49%
Operating expenses	(35,616)	(43,917)	-18.90%
<b>Profit before tax</b>	<b>57,293</b>	<b>54,001</b>	<b>6.10%</b>
Tax expense	(7,059)	(6,922)	1.98%
<b>Profit after tax</b>	<b>50,234</b>	<b>47,079</b>	<b>6.70%</b>

# Consolidating Earnings and Profitability

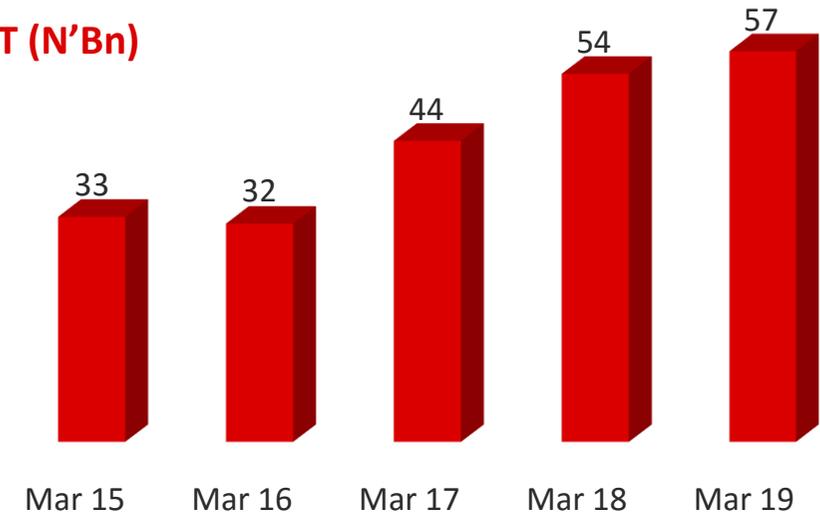


Zenith Group has been consistent in delivering attractive earnings profile, supported by an improved operating efficiency

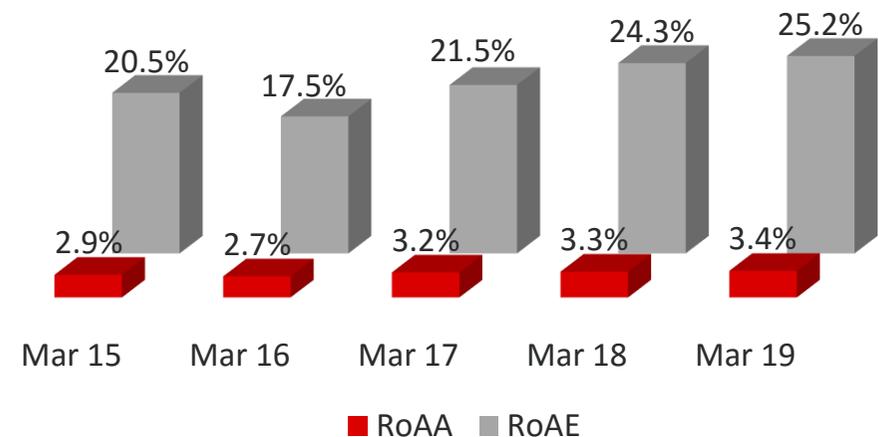
## Comments

- **PBT** increased YoY by 6.1% from N47.1bn in Q1 2018 to N50.2bn in Q1 2019. The 23.1% YoY growth in net interest income and 54.2% reduction in impairment loss accounted for PBT growth.
- **ROAE** increased by 4.1% YoY from 24.3% to 25.2%. The bank remains committed to continue to deliver impressive returns to its investors.
- **ROAA** improved from 3.3% to 3.4% YoY demonstrating the group's improved efficiency in assets utilization

## PBT (N'Bn)



## RoAA & RoAE

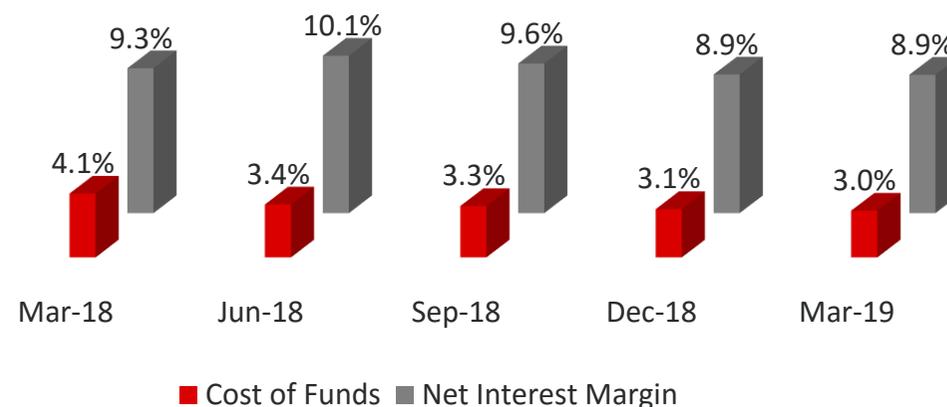


# Consolidating Earnings and Profitability Contd.

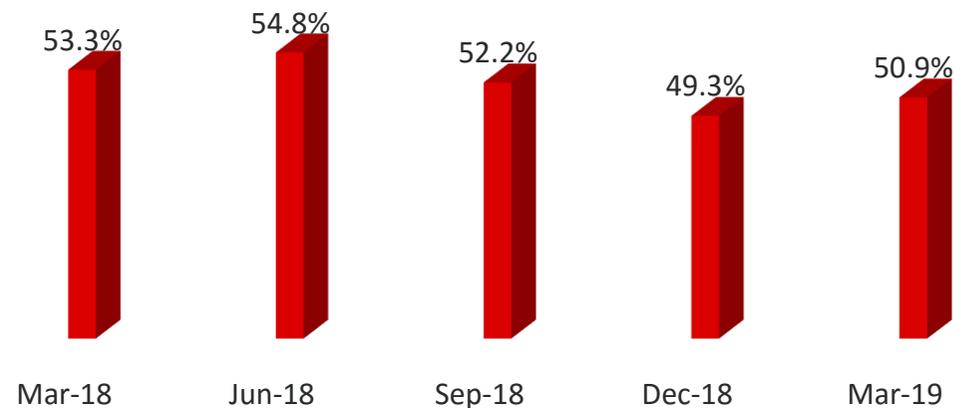
## Comments

- **Net Interest Margin - NIM** decreased YoY by 4.5% (from 9.3% in Q1 2018 to 8.9% in Q1 2019) as a result of decline in the yield environment for money market instruments and drop in average interest rate on loans and advances to customers
- **Cost of Funds** improved significantly by 26.8% YoY from 4.1% recorded in Q1 2018 to 3.0% in Q1 2019. The group will continue to focus on its drive for low cost deposit mix.
- **Cost-to-Income Ratio** decreased by 4.5% YoY, from 53.3% in Q1 2018 to 50.9% in Q1 2019. The group is committed to maintaining an improved level of operating efficiency.

## Cost of Funds & Net Interest Margin

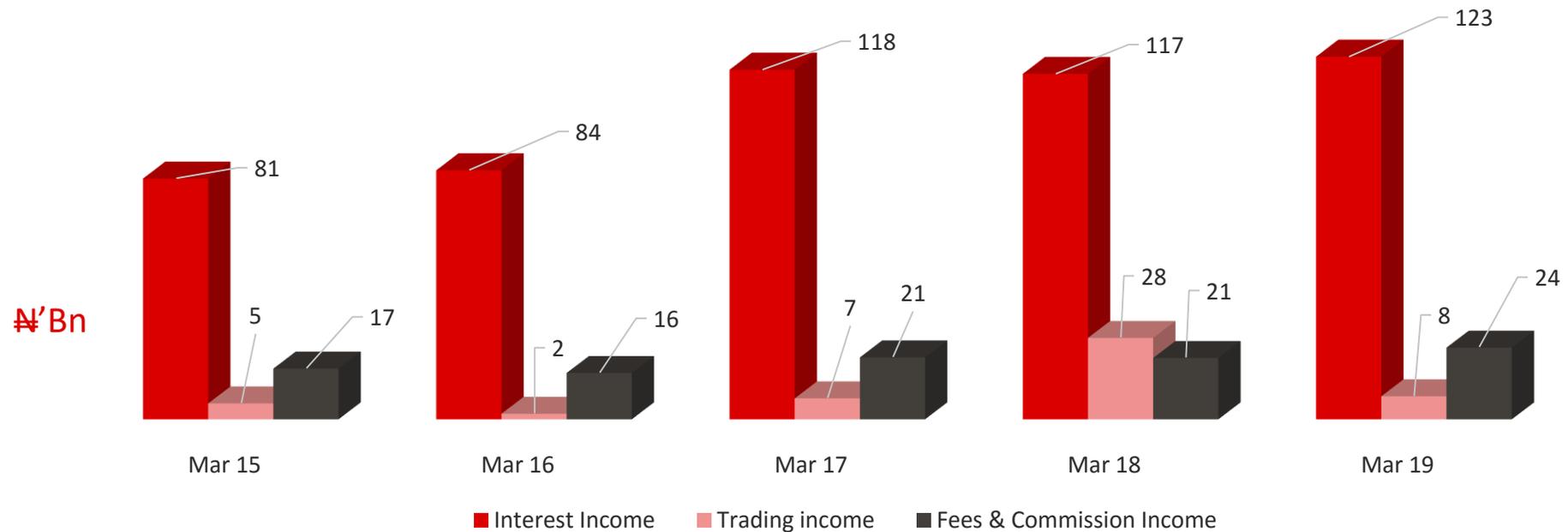


## Cost to Income Ratio



# Evolution of Revenue Base

- Over the years, the Group has experienced a consistent growth in interest income and fees & commission income lines of revenue.
- Trading income declined as some of the matured swaps were not rolled over while those rolled over were done at lower margins.

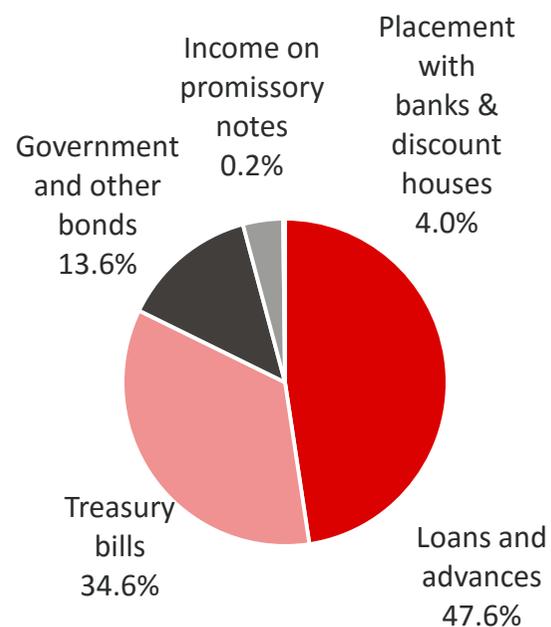


# Revenue Base: Interest Income Diversification

- Interest income inched up by 5% YoY as a result of the increased investment in government treasury bills and bonds.
- The growth in interest income in a relatively declining yield environment underscores the bank's brilliant balance sheet management.

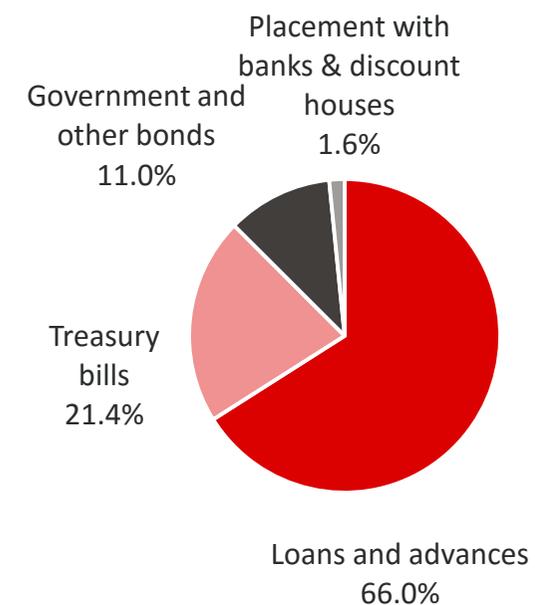
## Interest Income

### Q1 2019



N'million	Q1 2019	Q1 2018	YoY
Loans and advances	58,300	77,084	-24%
Treasury bills	42,406	24,948	70%
Government and other bonds	16,654	12,813	30%
Placement with banks & discount houses	4,894	1,867	162%
Income on promissory notes	226	-	-
<b>Total</b>	<b>122,480</b>	<b>116,712</b>	<b>5%</b>

### Q1 2018

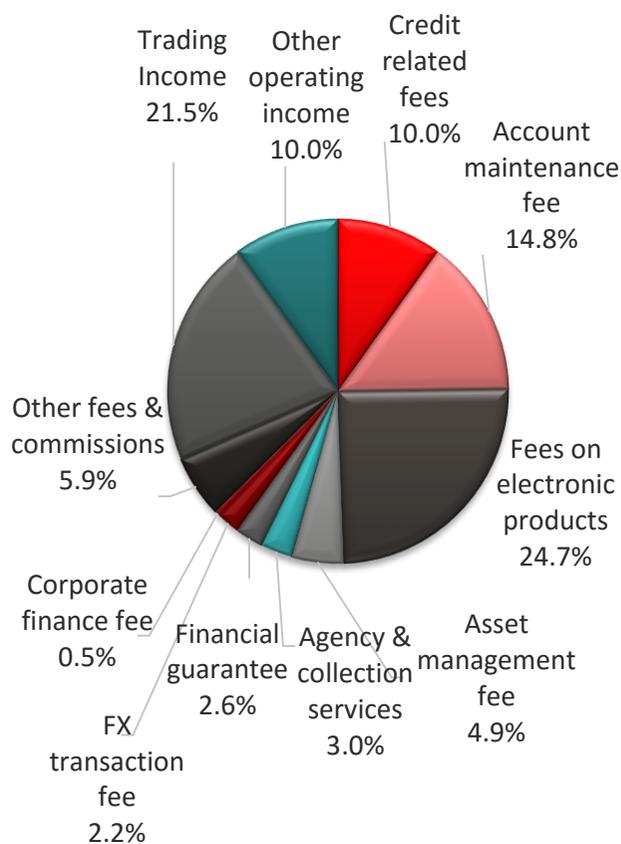


# Revenue Base: Non-Interest Income Diversification

- The bank is committed to continually improve on its income diversification and growth.

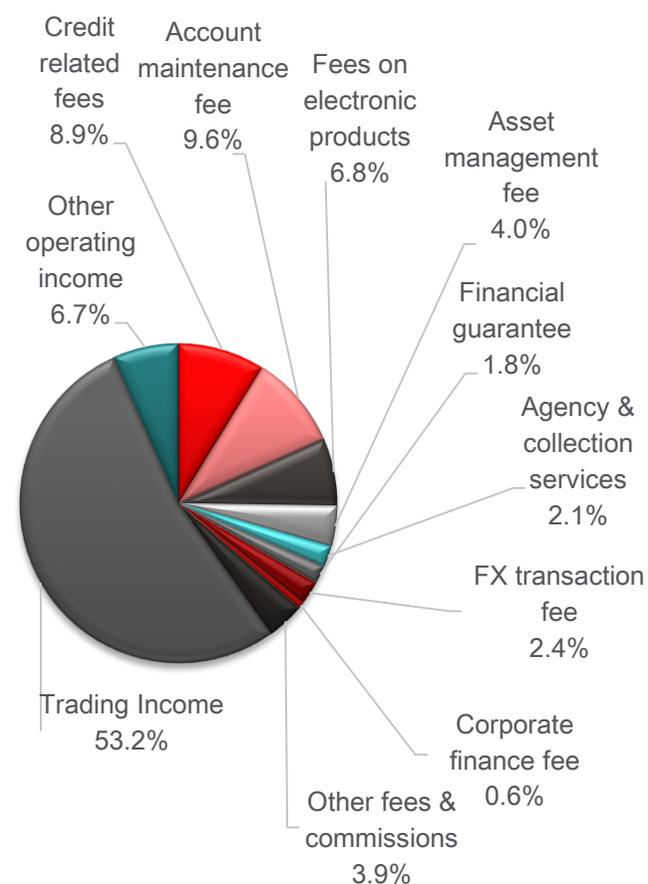
- Fees on electronics products grew by 148%, contributing about 25% of NII. The Group will continue to improve on its electronic platforms and increase its share of the retail business.

Q1 2019



N'million	Q1 2019	Q1 2018	YoY
Credit related fees	3,537	4,620	-23%
Account maintenance fee	5,238	4,962	6%
Fees on electronic products	8,738	3,518	148%
Asset management fee	1,741	2,093	-17%
Agency & collection services	1,073	1,111	-3%
Financial guarantee	933	958	-3%
FX transaction fee	779	1,242	-37%
Corporate finance fee	163	333	-51%
Other fees & commissions	2,087	2,000	4%
<b>Total fees &amp; commission income</b>	<b>24,289</b>	<b>20,837</b>	<b>17%</b>
Fees and commission expense	-2,975	-2,197	35%
<b>Net fee &amp; commission income</b>	<b>21,314</b>	<b>18,640</b>	<b>14%</b>
Trading Income	7,612	27,618	-72%
Other operating income	3,530	3,465	2%
<b>Net non-interest income</b>	<b>32,456</b>	<b>49,723</b>	<b>-35%</b>

Q1 2018

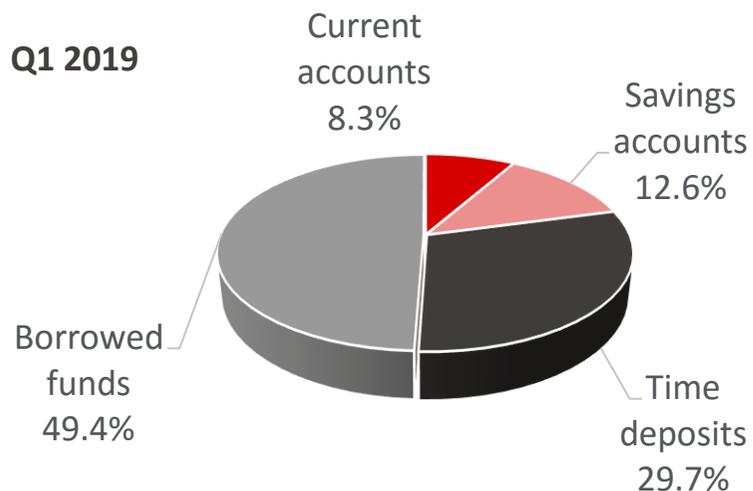


# Interest Expense: Funding Cost Optimization

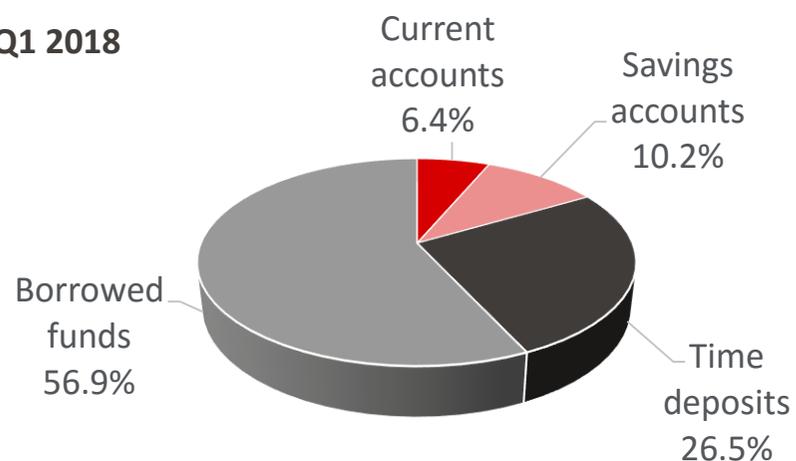
## Interest Expenses

Interest expense dropped by 22%, reflecting our drive towards cost of funds optimization which declined from 4.0% to 3.0% YoY.

Q1 2019



Q1 2018



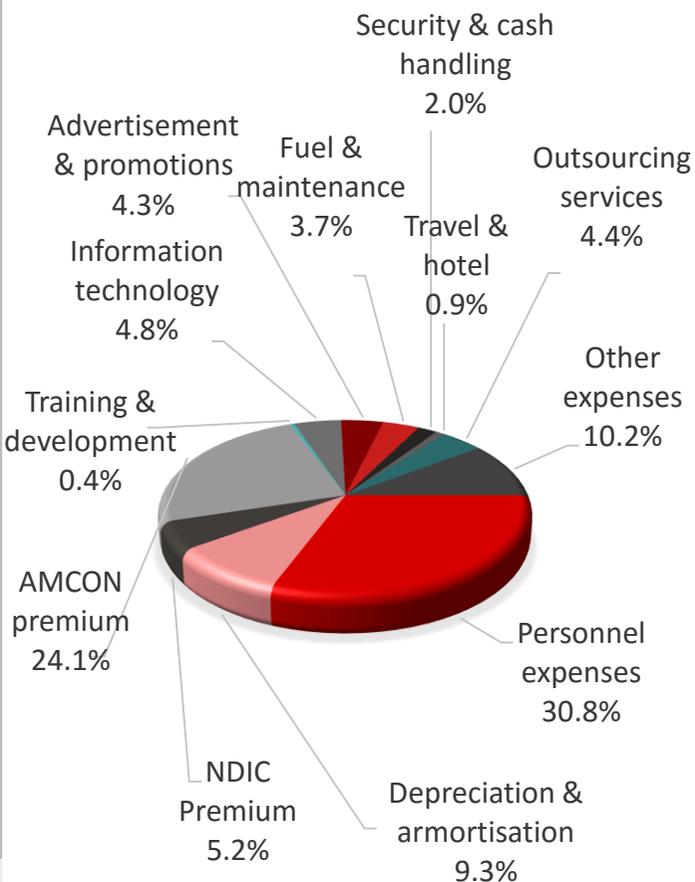
N'million	Q1 2019	Q1 2018	YoY
Current accounts	3,007	2,975	1%
Savings accounts	4,566	4,779	-4%
Time deposits	10,805	12,366	-13%
Borrowed funds	17,965	26,600	-32%
<b>Total</b>	<b>36,343</b>	<b>46,720</b>	<b>-22%</b>

# Continuous Efforts in Cost-Reduction Strategies

- The group's drive towards cost optimization yielded positive results as total operating expense declined by 4% YoY and cost to income ratio also declined from 53.3% to 50.9% YoY.

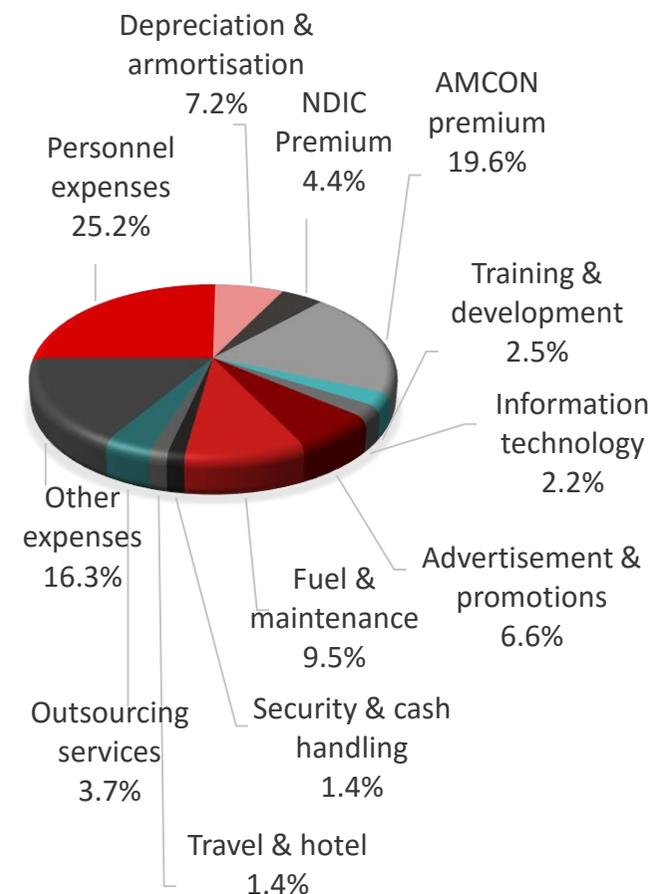
## Total Operating Expenses

Q1 2019



N'million	Q1 2019	Q1 2018	YoY
Personnel expenses	18,289	15,566	17%
Depreciation & amortisation	5,499	4,415	25%
NDIC Premium	3,090	2,722	14%
AMCON premium	14,327	12,084	19%
Training & development	247	1,573	-84%
Information technology	2,836	1,335	112%
Advertisement & promotions	2,541	4,084	-38%
Fuel & maintenance	2,202	5,854	-62%
Security & cash handling	1,169	842	39%
Travel & hotel	532	882	-40%
Outsourcing services	2,613	2,292	14%
Other expenses	6,059	10,057	-40%
<b>Total</b>	<b>59,404</b>	<b>61,706</b>	<b>-4%</b>

Q1 2018



# Balance Sheet – Assets

- Strong and liquid balance sheet led by securities portfolio and interbank placements.

(N'million)	Group Mar-19	Group Dec-18	YTD Change	Group Mar-18
Cash and balances with central banks	965,833	954,416	1.20%	940,981
Treasury bills	810,086	1,000,560	-19.04%	986,571
Assets pledged as collateral	549,270	592,935	-7.36%	445,896
Due from other banks	823,738	674,274	22.17%	760,510
Derivative assets	87,374	88,826	-1.63%	65,814
Loans and advances	1,792,276	1,823,111	-1.69%	1,757,011
Investment securities	542,188	565,312	-4.09%	419,808
Deferred tax assets	9,450	9,513	-0.66%	9,253
Other assets	117,445	80,948	45.09%	138,634
Property and equipment	162,810	149,137	9.17%	137,441
Intangible assets	16,981	16,678	1.82%	13,885
<b>Total Assets</b>	<b>5,877,451</b>	<b>5,955,710</b>	<b>-1.31%</b>	<b>5,675,804</b>

# Balance Sheet – Liabilities & Equity

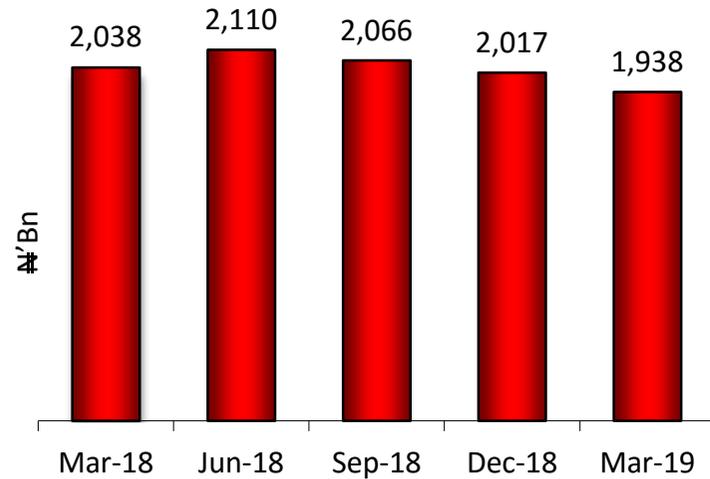
- Assets are largely funded by deposits with a strong capital base providing buffer for further growth.

(N'million)	Group	Group	YTD	Group
	Mar-19	Dec-18	Change	Mar-18
<b>Liabilities</b>				
Customers deposits	3,571,370	3,690,295	-3.22%	3,396,182
Derivative liabilities	9,258	16,995	-45.53%	7,148
Current income tax payable	14,642	9,154	59.95%	13,625
Deferred income tax liabilities	36	67	-46.27%	-
Other liabilities	307,336	231,716	32.63%	328,286
On-lending facilities	404,995	393,295	2.97%	443,440
Borrowings	421,322	437,260	-3.64%	408,140
Debt Securities Issued	367,604	361,177	1.78%	343,737
<b>Total liabilities</b>	<b>5,096,563</b>	<b>5,139,959</b>	<b>-0.84%</b>	<b>4,940,558</b>
<b>Equities and reserves</b>				
Share capital	15,698	15,698	0.00%	15,698
Share premium	255,047	255,047	0.00%	255,047
Retained earnings	290,411	322,237	-9.88%	268,592
Other reserves	218,232	221,231	-1.36%	194,612
Non-controlling Interest	1,500	1,538	-2.47%	1,297
<b>Total Shareholders' equity</b>	<b>780,888</b>	<b>815,751</b>	<b>-4.27%</b>	<b>735,246</b>

# Sustained Assets & Liabilities Match

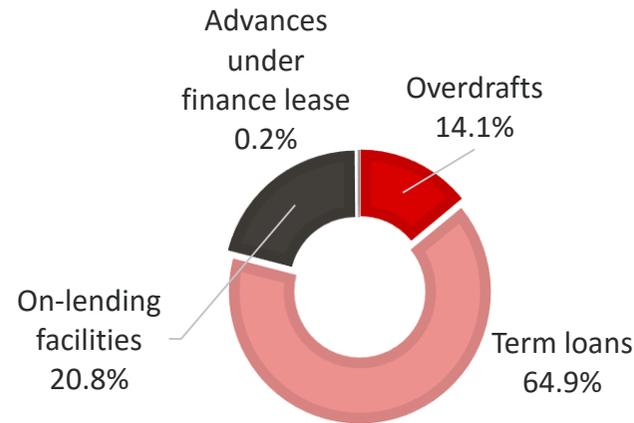
- Deposit funded loan portfolio, with largely term loans to top-rated corporates.
- Deposit base is predominantly current accounts which supports attractive net interest margin extraction with increasing savings account balance.

## Gross Loans

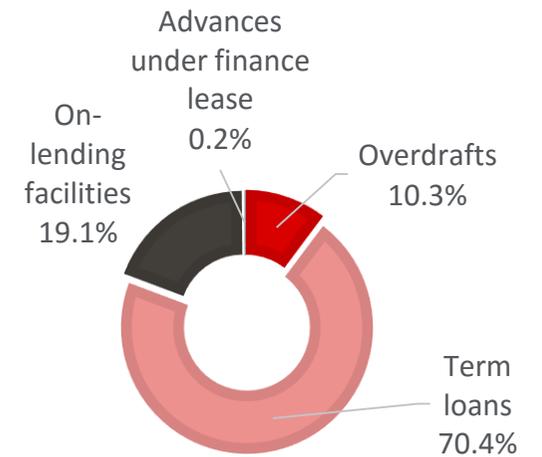


## Loans & Advances

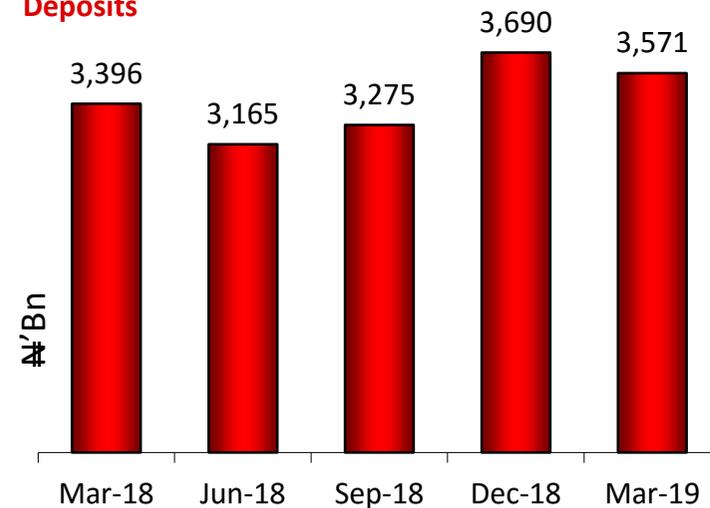
### Q1 2019



### FYE 2018

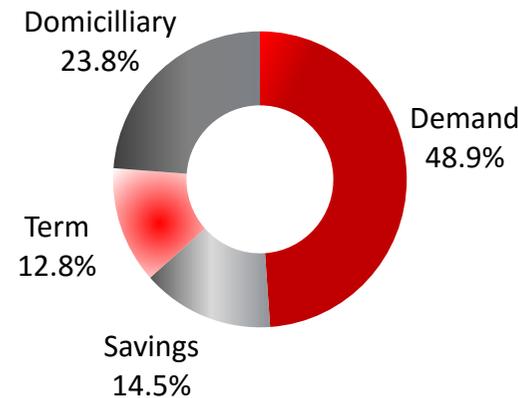


## Deposits

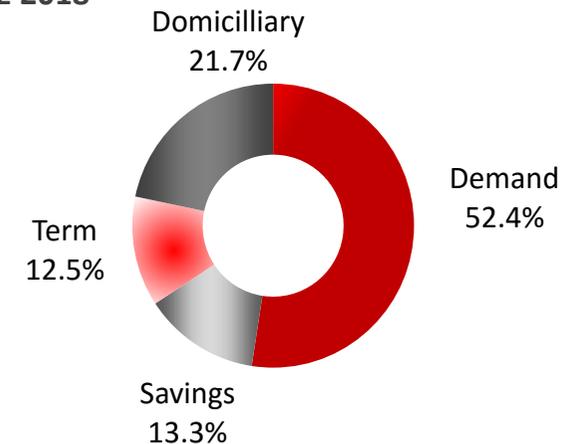


## Deposit Mix

### Q1 2019



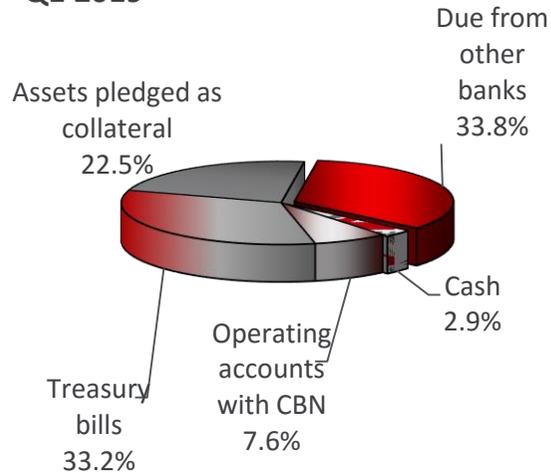
### FYE 2018



# Continued Market Dominance - Strong Liquid Asset Base & Funding Mix

- High quality and liquid balance sheet, with diversified source of funding.

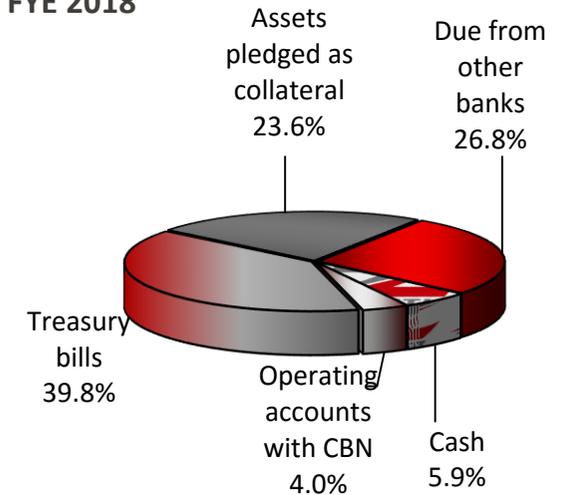
Q1 2019



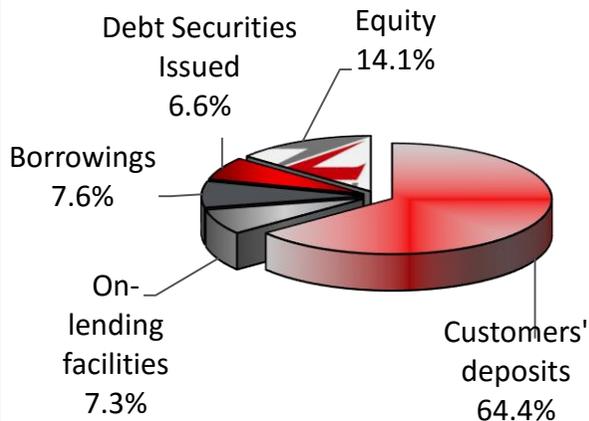
## Liquid Assets

N'million	Q1 2019	FYE 2018	YTD
Cash	70,755	148,266	-52%
Operating accounts with CBN	184,390	100,679	83%
Treasury bills	810,086	1,000,560	-19%
Assets pledged as collateral	549,270	592,935	-7%
Due from other banks	823,738	674,274	22%
<b>Total</b>	<b>2,438,239</b>	<b>2,516,714</b>	<b>-3%</b>

FYE 2018



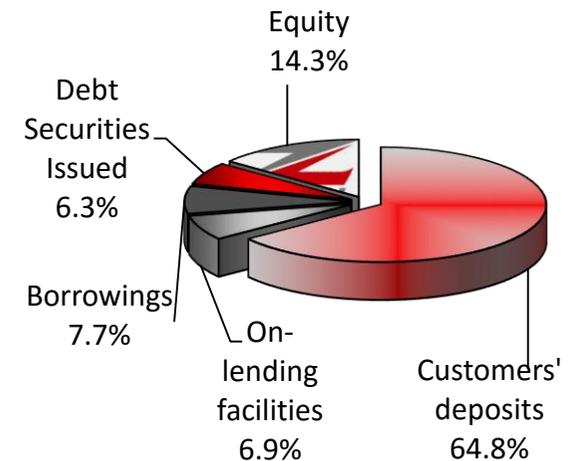
Q1 2019



## Funding Mix

N'million	Q1 2019	FYE 2018	YoY
Customers' deposits	3,571,370	3,690,295	-3%
On-lending facilities	404,995	393,295	3%
Borrowings	421,322	437,260	-4%
Debt Securities Issued	367,604	361,777	2%
Equity	780,888	815,751	-4%
<b>Total</b>	<b>5,546,179</b>	<b>5,322,492</b>	<b>4%</b>

FYE 2018



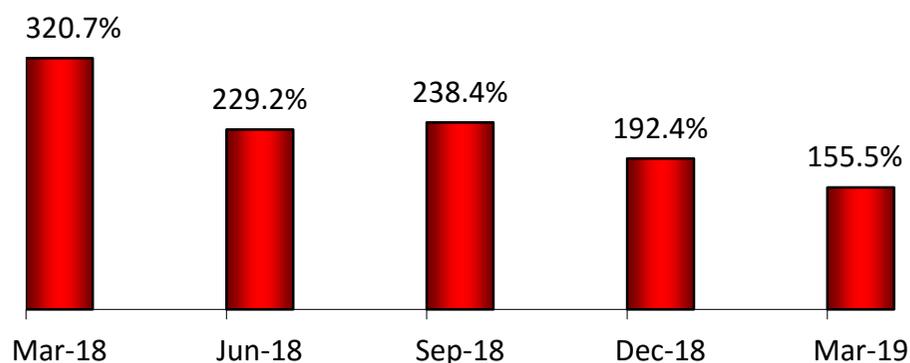
The background image shows an offshore oil rig at sea. The rig is a complex structure with multiple levels, cranes, and a central tower. A large, dark pipe is positioned horizontally in the foreground, supported by a series of vertical posts. The sun is visible on the left side of the image, creating a bright glow. The overall scene is in a sepia or golden-brown color palette.

# Risk Management

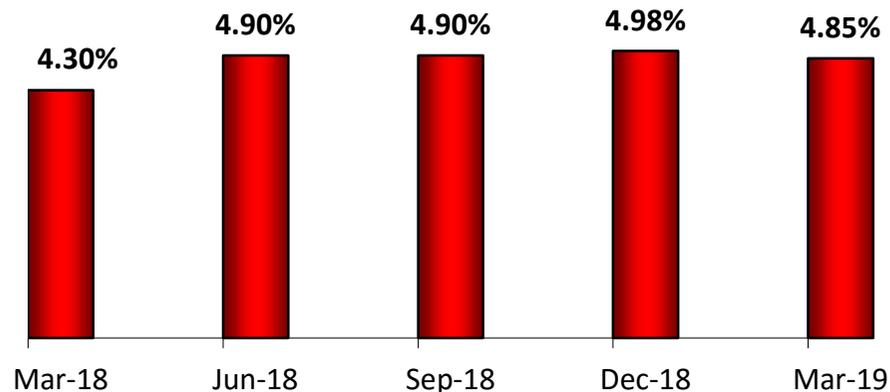
# Healthy Risk Assets Portfolio

- Strong risk management has contained NPL ratio with adequate coverage levels

## NPL Coverage Ratio



## NPL Ratio



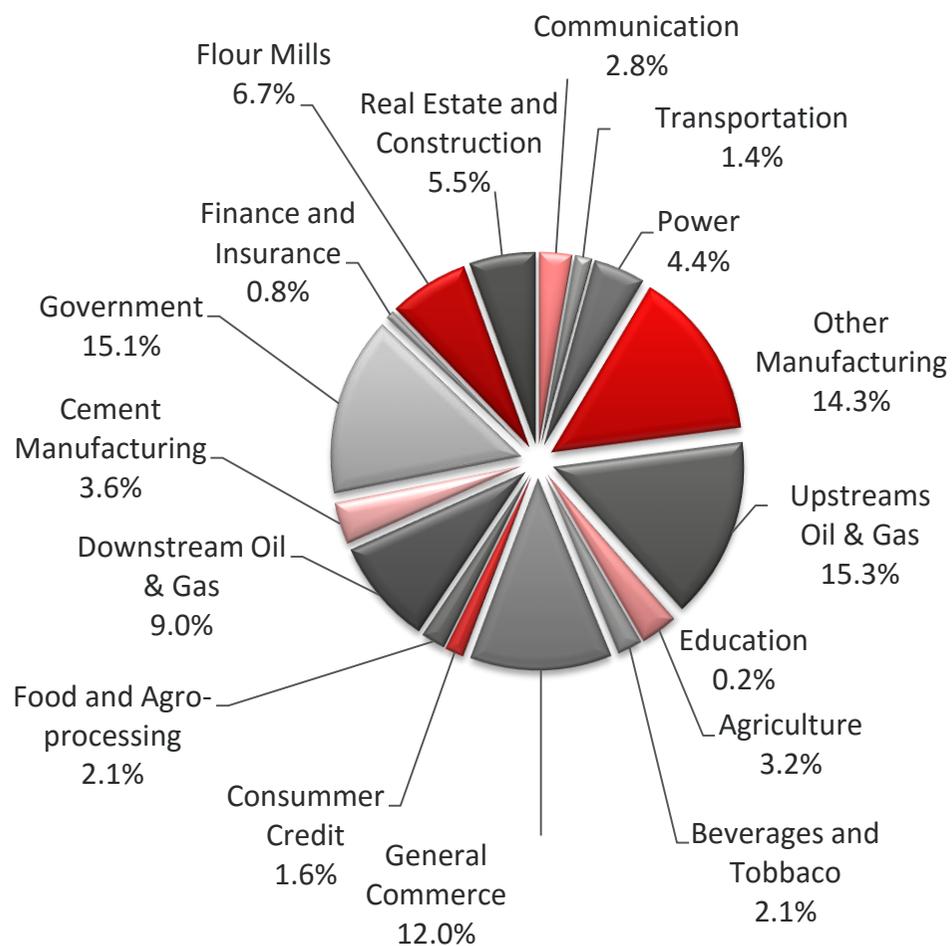
## Our Risk Management Strategy

- The Group adopts a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.
- Risk management is practiced as a collective responsibility coordinated by the risk control units and is properly segregated from the market facing units to assure independence.
- The process is governed by well defined policies and procedures that are subjected to continuous review and are clearly communicated across the group.
- There is a regular scan of the environment for threats and opportunities to improve industry knowledge and information that drives decision making.
- The group maintains a proactive approach to business and ensures an appropriate balance in its risk and reward objectives.
- Risk culture is continuously being entrenched through appropriate training and acculturation.

# Focused Risk Management via Portfolio Diversification

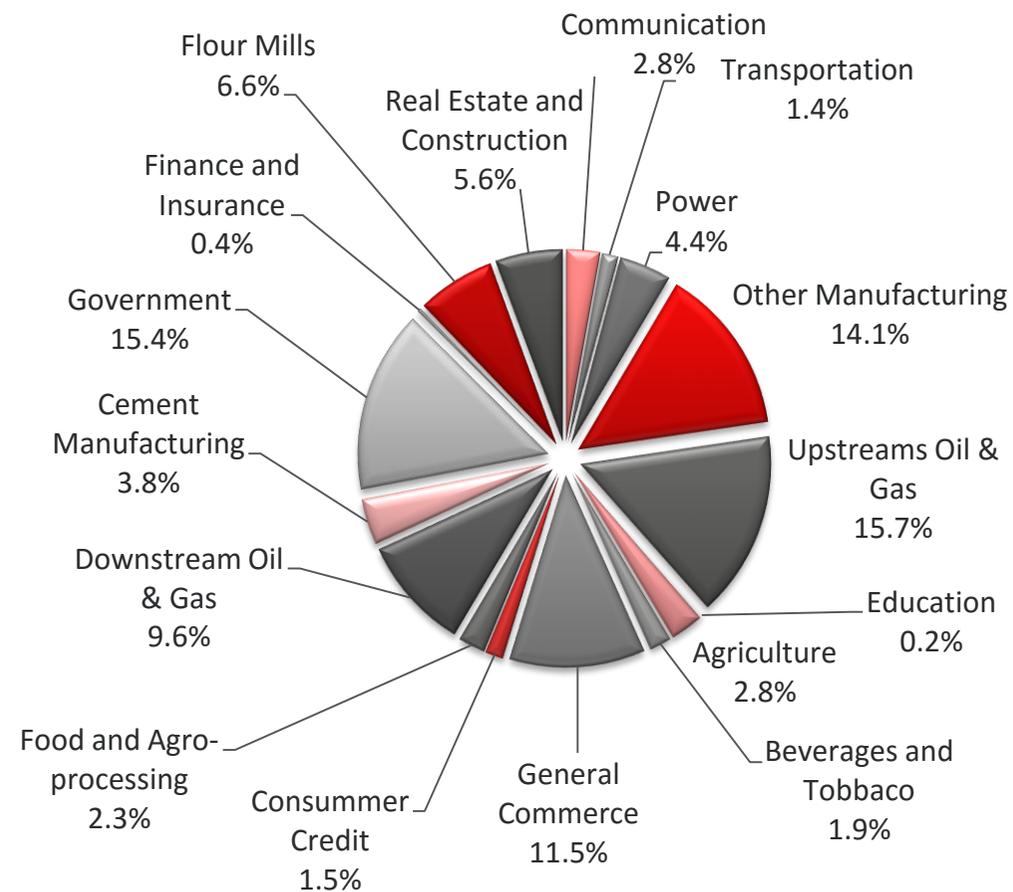
- Well diversified loan portfolio across sectors supports asset quality.

## Loans by Sector – Q1 2019



Gross Loans – ~~₦~~1.94 Trillion

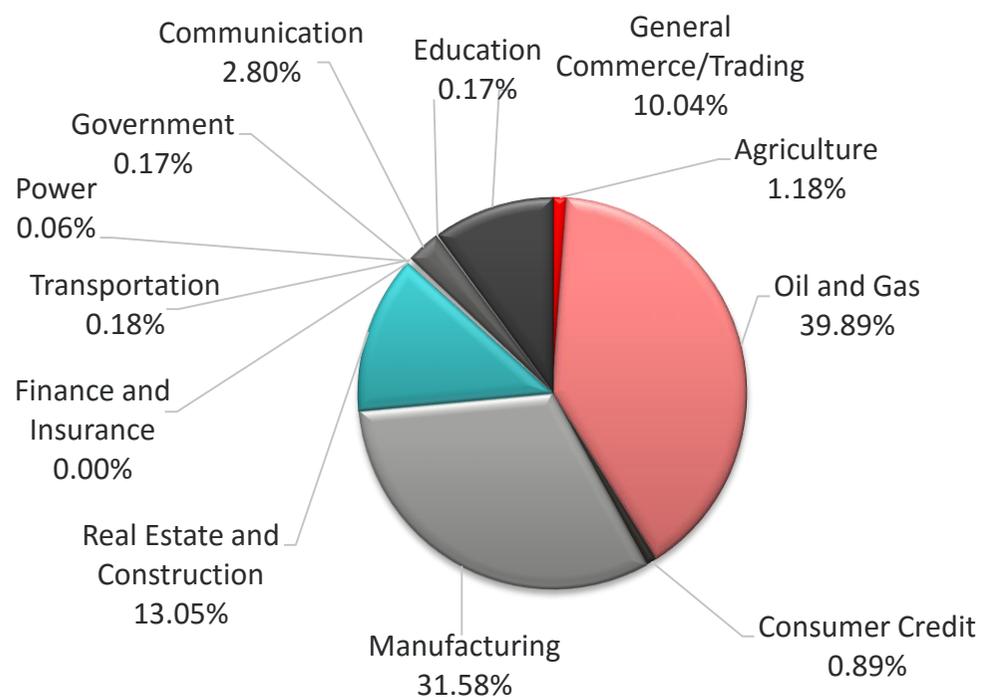
## Loans by Sector – FYE 2018



Gross Loans – ~~₦~~2.02 Trillion

# NPL by Sectors

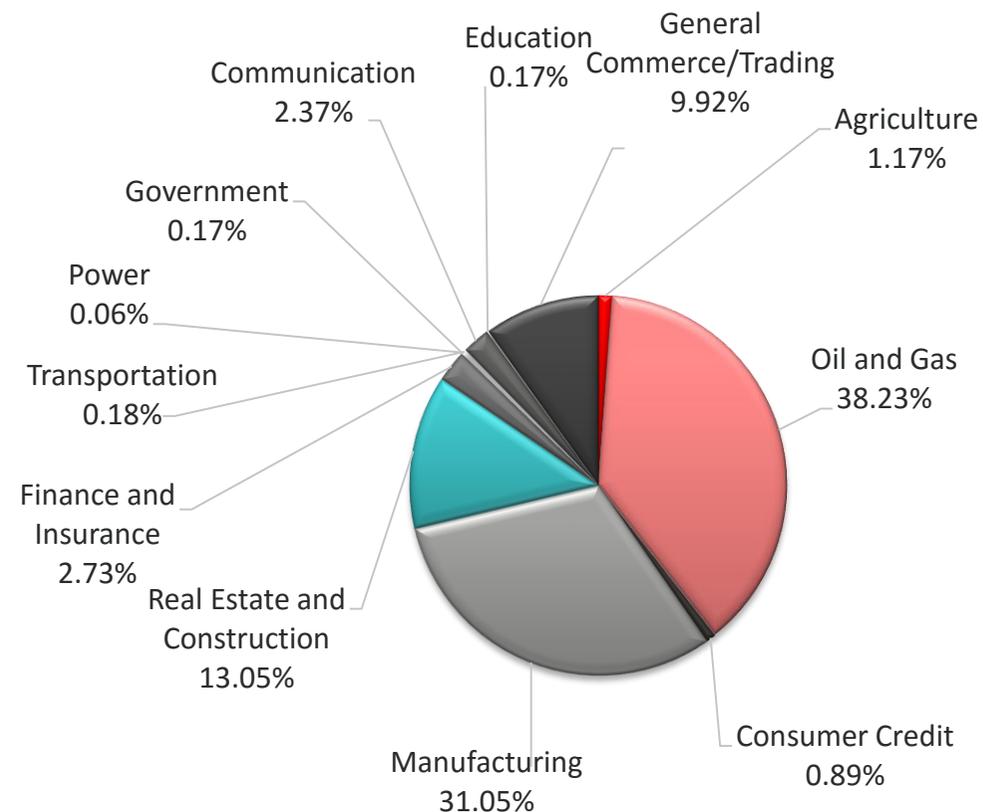
Q1 2019



Total NPLs – ~~₹~~194.0 Billion

NPL Ratio – 4.85%

FYE 2018



Total NPLs – ~~₹~~105.5 Billion

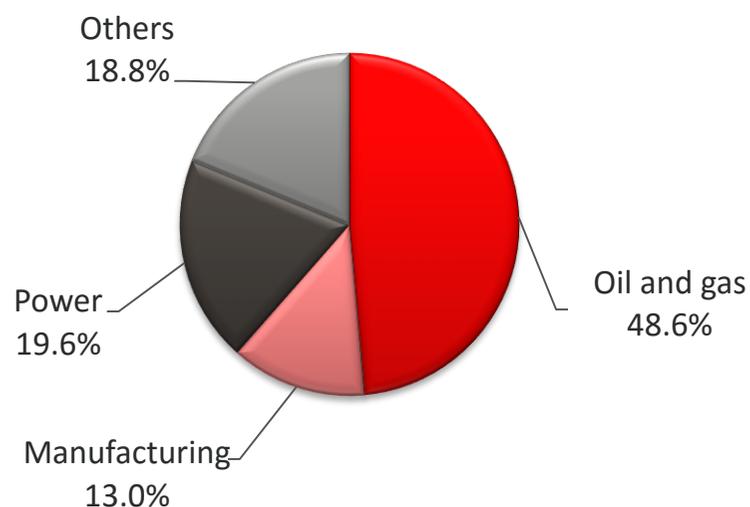
NPL Ratio – 4.98%

# Foreign Currency Loans & Restructured Loans

- Well diversified loan portfolio across sectors support asset quality.

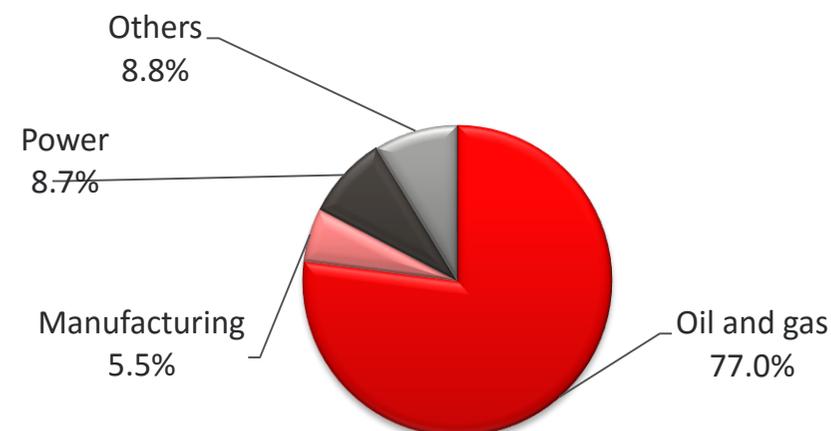
## Foreign Currency Loans – Q1 2019

USD loans by sector	US\$' m	N'm	% to US\$ loans	% to Gross loans
Oil and gas	1,050	378,658	48.56%	19.54%
Manufacturing	281	101,137	12.97%	5.22%
Power	425	153,069	19.63%	7.90%
Others	408	146,909	18.84%	7.58%
<b>Total US\$ loans</b>	<b>2,163</b>	<b>779,773</b>	<b>100.00%</b>	<b>40.23%</b>



## Cumulative Restructured Loans – Q1 2019

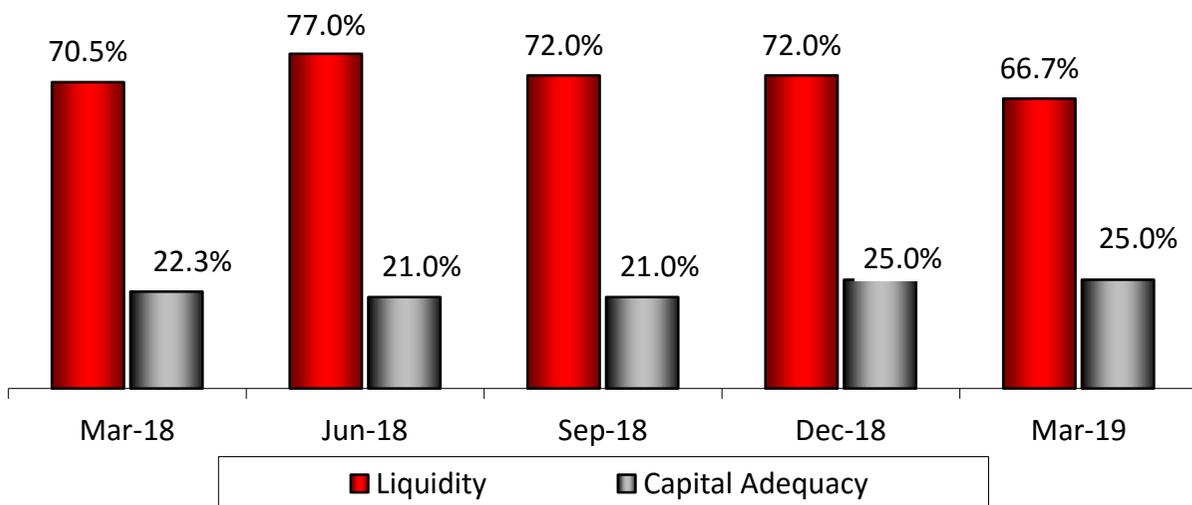
Restructured Loans by sector	N'm	% to Restructured loans	% to Gross loans
Oil and gas	162,753	77.01%	8.40%
Manufacturing	11,677	5.53%	0.60%
Power	18,360	8.69%	0.95%
Others	18,538	8.77%	0.96%
<b>Total restructured loans</b>	<b>211,328</b>	<b>100.00%</b>	<b>10.90%</b>



# Strong Capitalisation and Liquidity

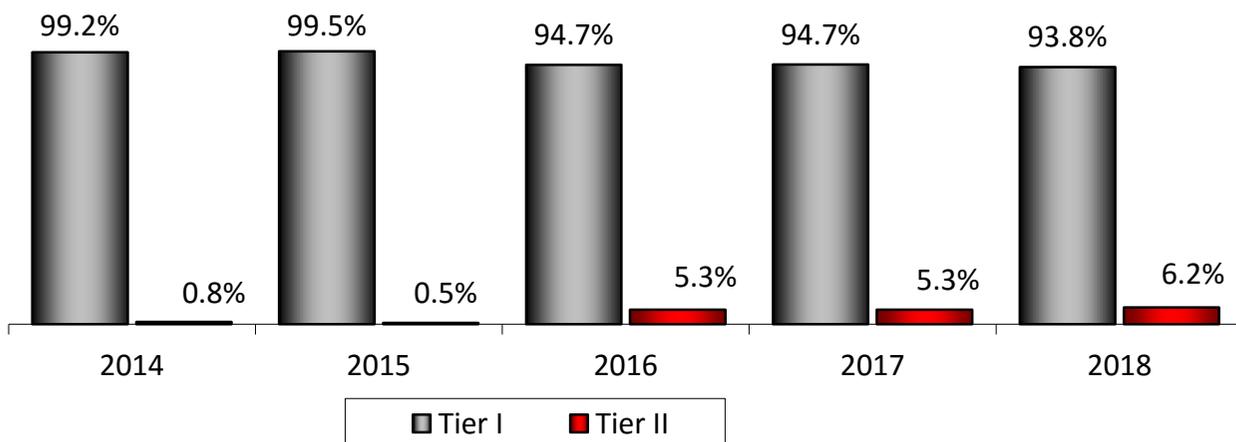
- Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth.

## Liquidity & Capital Adequacy

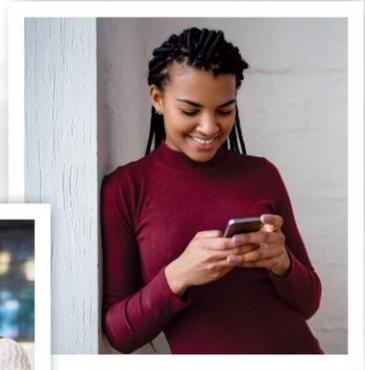
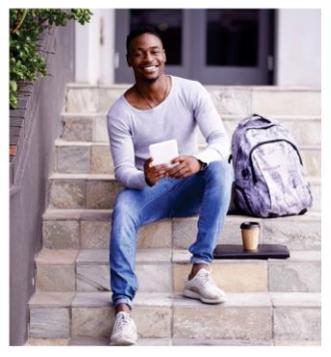


Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio

## Capital Mix



Capital base – predominantly made up of Tier 1 (core capital) which consists of share capital and reserves.



# Business Segments Performance & Subsidiary Review

# Performance – By Business Segments

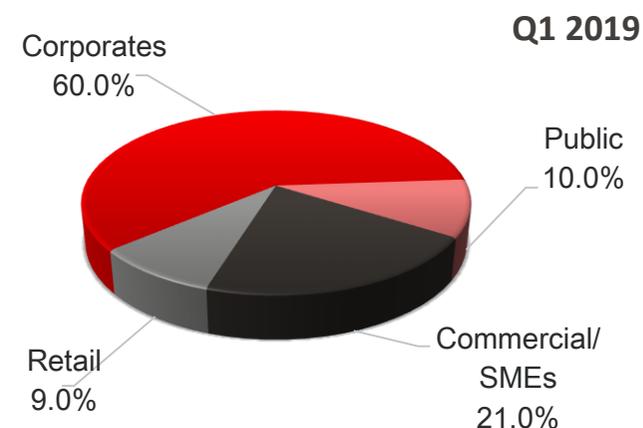
- Continuous diversification and improved profitability across core business segments
- Percentage of gross revenue attributable to retail segment grew from 6.2% to 9% YoY. We expect this segment to continue to grow in line with our retail drive.

## 3 Months Ended March 2019

(₹'million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
<b>Total revenue</b>	<b>94,867</b>	<b>15,783</b>	<b>33,203</b>	<b>14,258</b>	<b>158,111</b>
Total expenses	(63,515)	(10,082)	(21,172)	(6,049)	(100,818)
Profit before tax	31,352	5,701	12,031	8,209	57,293
Tax	4,602	558	1,299	600	(7,059)
Profit after tax	26,749	5,144	10,732	7,609	50,234

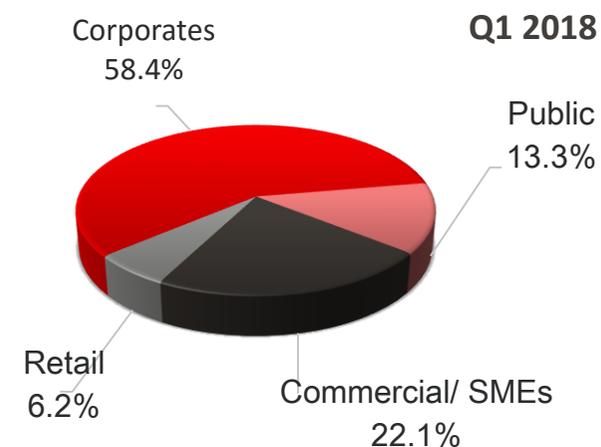
## Gross Revenue



## 3 Months Ended March 2018

(₹'million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
<b>Total revenue</b>	<b>98,839</b>	<b>22,440</b>	<b>37,456</b>	<b>10,457</b>	<b>169,192</b>
Total expenses	(63,283)	(17,762)	(28,342)	(5,804)	(115,191)
Profit before tax	35,556	4,678	9,114	4,653	54,001
Tax	(4,558)	(600)	(1,168)	(596)	(6,922)
Profit after tax	30,998	4,078	7,946	4,056	47,079

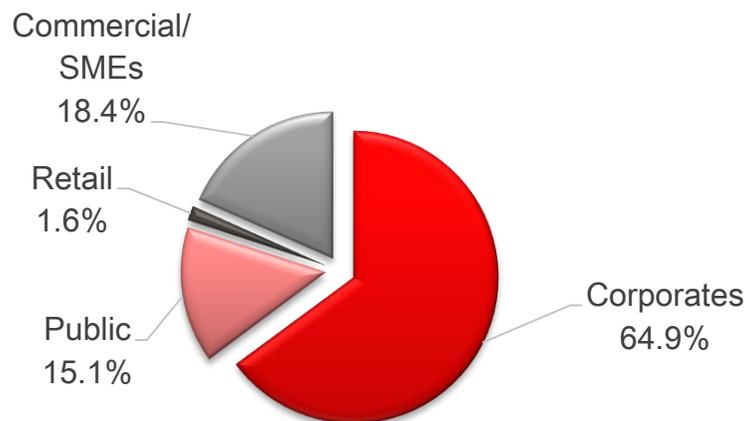


# Loans & Deposits – By Business Segments

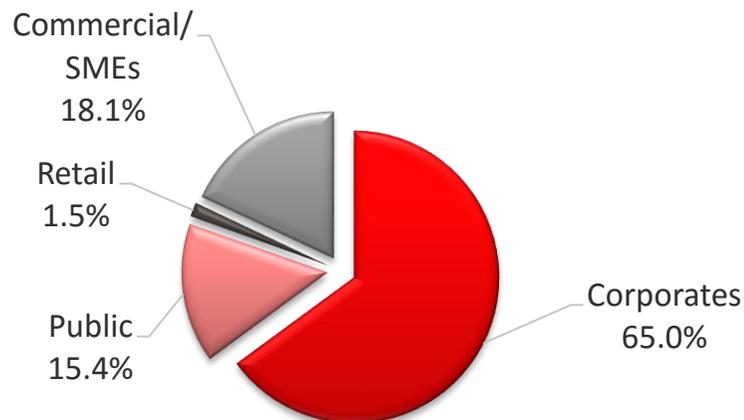
- Corporate-oriented franchise, with improving retail component (percentage contributions from retail deposits and loans continues to grow).

## Gross Loans

### Q1 2019 Gross Loans – ~~₹~~1.94 Trillion

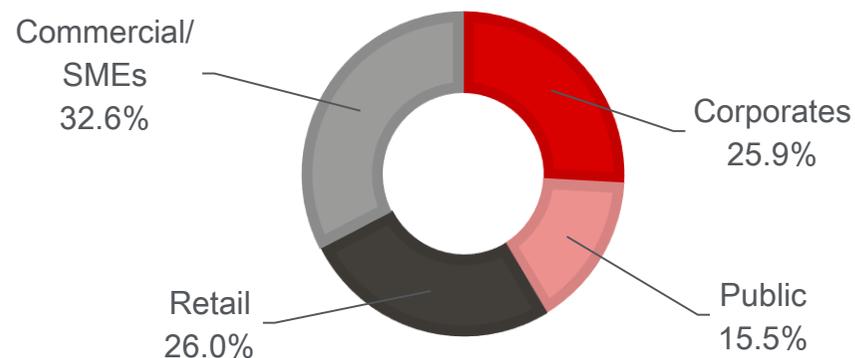


### FYE 2018 Gross Loans – ~~₹~~2.02 Trillion

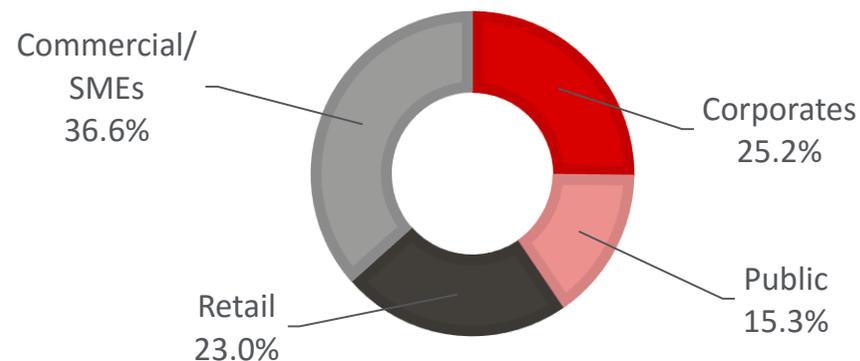


## Total Deposit

### Q1 2019 Total Deposits – ~~₹~~3.57 Trillion



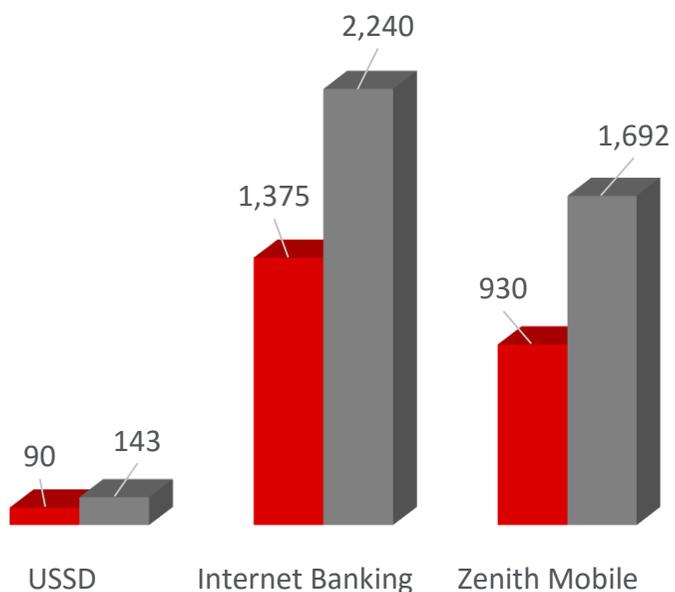
### FYE 2018 Total Deposits – ~~₹~~3.69 Trillion



# Electronic Banking Products Performance

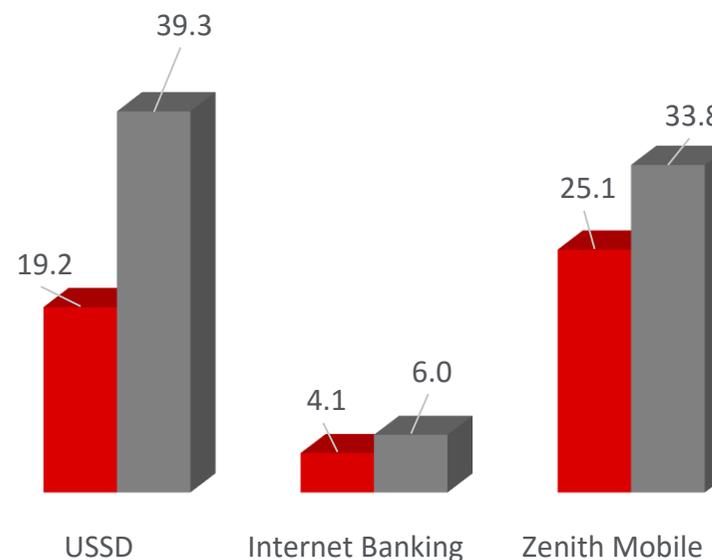
- The bank recorded a remarkable growth in both value and volume of electronic product transactions, resulting in a 148% (ref.: slide 16) growth in income on electronic products

## Value of Electronic Product Transactions



- Value (N'bn) - Jan 2018 to Mar 2018
- Value (N'bn) - Jan 2019 to Mar 2019

## Volume of Electronic Product Transactions



- Volume (million) - Jan 2018 to Mar 2018
- Volume (million) - Jan 2019 to Mar 2019

# Geographical Presence

## Zenith Bank Plc. (Parent)

Established: 1990  
 Branches: 374  
 Q1 2019 PBT: N46 Bn  
 Total deposits: N2,763Bn  
 Total assets: N4,894Bn  
 ROE: 25.0%  
 Staff strength: 6,067

## Zenith Pension

Established: 2005  
 Branches: 2  
 Zenith ownership: 99%  
 Q1 2019 PBT: N1.8Bn  
 Custody assets: N3,693Bn  
 Total assets: N26Bn  
 ROE: 23%  
 Staff strength: 109

## Zenith Nominee

Established: 2018  
 Branches: 1  
 Zenith ownership: 99%  
 Q1 2019 PBT: N115M  
 Custody assets: N1,034Bn  
 Total assets: N2Bn  
 ROE: 26%  
 Staff strength: 4

## Gambia

Established: 2009  
 Zenith ownership: 99.96%  
 Branches: 6  
 Q1 2019 PBT: N163M  
 Total deposits: N10Bn  
 Total assets: N15Bn  
 ROE: 13%  
 Staff strength: 137

## Ghana

Established: 2005  
 Zenith ownership: 98.07%  
 Branches: 27  
 Q1 2019 PBT: N6Bn  
 Total deposits: N295Bn  
 Total assets: N394Bn  
 ROE: 28%  
 Staff strength: 699

## Sierra Leone

Established: 2008  
 Zenith ownership: 99.99%  
 Branches: 6  
 Q1 2019 PBT: N18M  
 Total deposits: N16Bn  
 Total assets: N22Bn  
 ROE: 2%  
 Staff strength: 267

## United Kingdom

Established 2007  
 Zenith ownership: 100%  
 Branches: 2  
 Q1 2019 PBT: N356M  
 Total deposits: N487Bn  
 Total assets: N656Bn  
 ROE: 15%  
 Staff strength: 107

## UAE

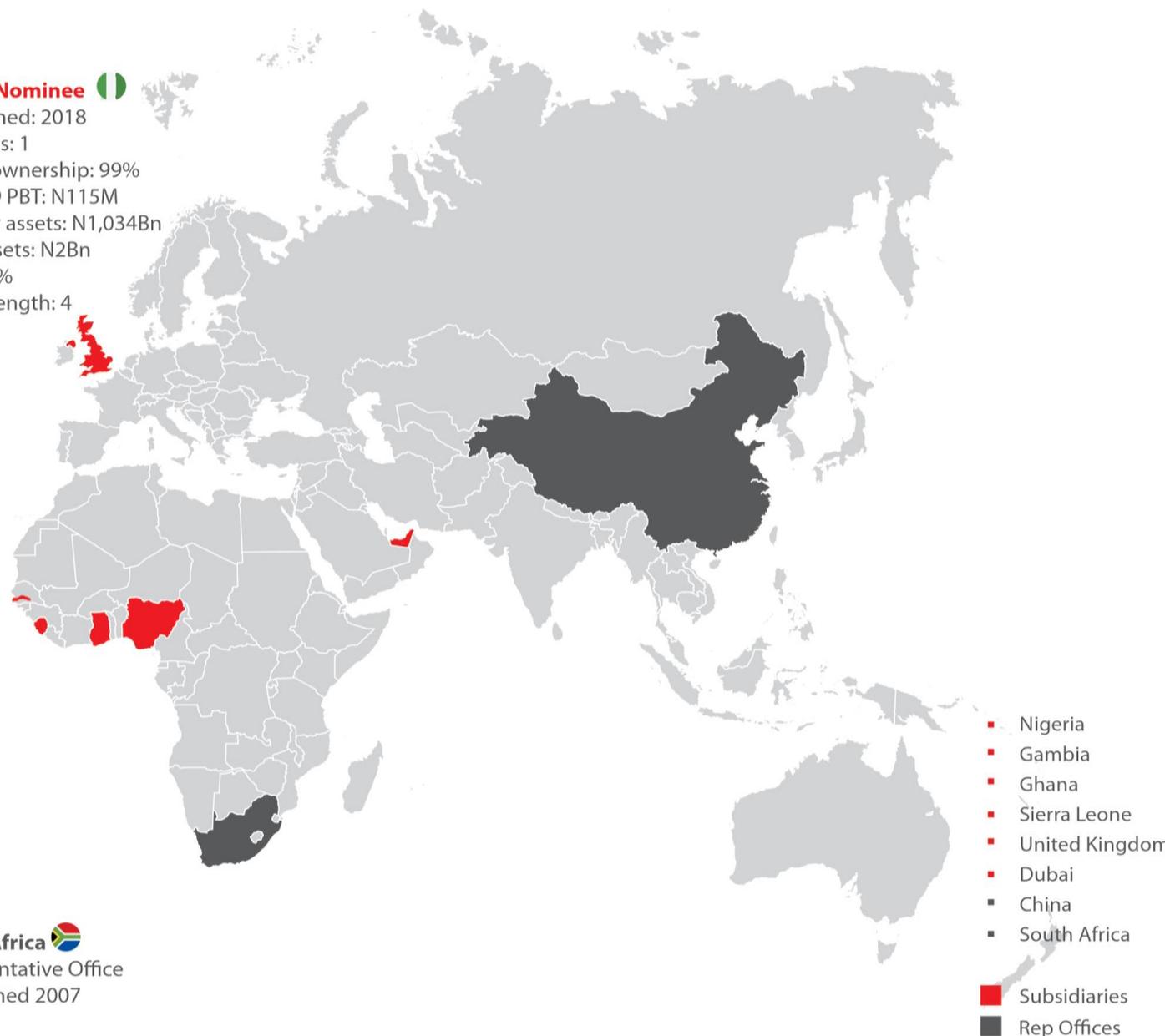
Branch of Zenith UK  
 Established 2016  
 1 branch

## China

Representative Office  
 Established 2011

## South Africa

Representative Office  
 Established 2007



# Performance by Geography

- Subsidiaries contribution to revenue has improved YoY from 9.6% to 10.1%, improving revenue diversification by geography

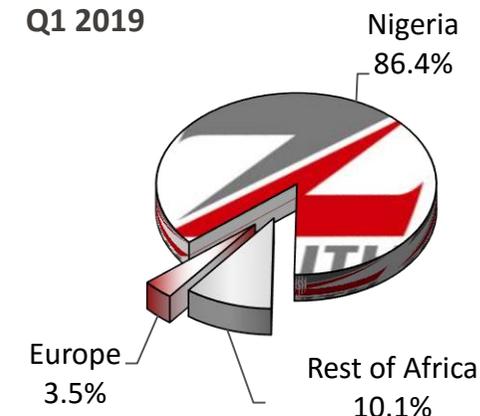
## 3 Months Ended March 2019

(₦'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total revenue</b>	<b>137,159</b>	<b>15,955</b>	<b>5,634</b>	<b>-637</b>	<b>158,111</b>
Total expense	(89,602)	(9,780)	(2,073)	637	(100,818)
Profit before tax	47,557	6,175	3,561	-	57,293
Tax	(5,070)	(1,497)	(492)	-	(7,059)
Profit after tax	42,487	4,678	3,069	-	50,234

## Gross Revenue

Q1 2019

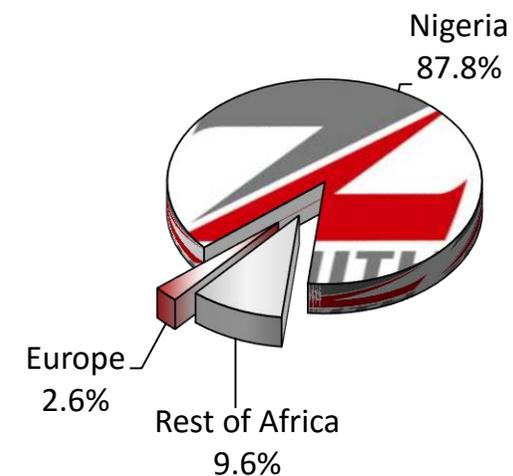


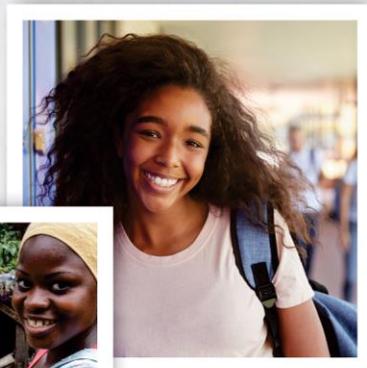
## 3 Months Ended March 2018

(₦'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total revenue</b>	<b>149,317</b>	<b>16,303</b>	<b>4,355</b>	<b>-783</b>	<b>169,192</b>
Total expense	(101,243)	(12,204)	(2,214)	470	(115,191)
Profit before tax	48,074	4,099	2,141	(313)	54,001
Tax	(5,204)	(1,447)	(271)	-	(6,922)
Profit after tax	42,870	2,652	1,870	(313)	47,079

Q1 2018





# Strategy & Outlook

# Strategies for Driving our Vision

1

Compete aggressively for market share, but focus on high quality assets and top-end relationships while adopting cost reduction strategies

- The Bank focuses on cost effective deposits from the retail end of the market to lend to the corporate end with emphasis on emerging business opportunities
- Encourages strong risk management and corporate governance practices

3

Develop specific solutions for each segment of our customers base

- Leveraging our capabilities and brand strength to consistently meet our clients' needs
- Developing a strong Zenith Bank platform to serve as an integrated financial solutions provider to our diverse customers base

2

Delivering superior service experience to all clients and customers

- The Bank accomplishes this strategy by:
- Use of robust digital platform
- Consistent focus and investment in attracting and keeping quality people
- Employing cutting edge technology
- Deploying excellent customer service

4

Treasury Management

- We are taking advantage of our liquidity in Naira and foreign currencies to optimize our yields in the FX and money markets.

5

Retail

- Deepen retail market penetration by leveraging on our retail platforms.
- Continue to create innovative solutions to grow market share.

# Our Key Growth Target Sectors

## Driving Profitability with our Competitive Advantages

### Identified Growth Sectors

- Agriculture
- Infrastructure
- Manufacturing
- Petrochemicals
- Real Estate and Construction
- Retail
- Service Industry
- Telecoms
- Transportation and General Commerce

### Competitive Advantage

- Strong capital and liquidity
- Strong brand
- Strong international rating
- Extensive branch network
- Robust ICT and E-bank channels
- Well motivated staff force
- Excellent customer services

# Outlook and Prospects for FY2019

- **Retail Banking:** The bank is committed to continue to grow its retail business. This will be achieved through the deployment of innovative products in mobile banking, internet banking and cards services. The capturing of bio-data of all bank's customers across the industry into a single data base has also boosted our retail banking business. Each customer now has a unique Biometric Verification Number (BVN) and this has helped to reduce fraud in the banking system.
- **Agriculture:** The Federal government's resolve to boost the agricultural sector in the country would no doubt create quite a number of opportunities in the areas of funding, job creation and indeed food security to Africa's most populous nation. Various Funding Schemes to ensure that the country's economy is diversified have been put in place. These include Commercial Agriculture Credit Scheme (CACCS) that has 159 projects and Nigeria Incentive-Based Risk Sharing for Agricultural Lending (NIRSAL). Others are Seed and Fertilizer Scheme launched for banks to lend at a subsidized rate to local farmers and the value chain for the production of fertilizer. Zenith Bank has played a major role in this sector to support the various government's projects aimed at boosting our economy.
- **Deposit Base:** Our drive for low cost and appropriately mixed deposit base to fund our credit and money market transactions would continue in FY2018. We are committed to be a dominant player in the money market space to drive up income and profitability going forward.
- **Customer Services:** At the center of the Group's pursuit of excellent customer service, we would continue to focus on strengthening our relationship management in a bid to surpass stakeholders' expectations.
- **Investments in Technology and Product Innovations:** The Group has over the years become synonymous with the use of ICT in banking and general innovation in the Nigerian banking industry. We have renewed our commitment in ensuring that all our activities are anchored on the e-platform and providing service delivery through the electronic media to all customers irrespective of place, time and distance. Zenith group only recently scored another first, becoming the first Nigerian institution to be awarded a triple ISO certification by the British Standards International (BSI): the ISO 22301, 27001 and 20000 standards
- **Risk Assets:** The Group would continue to seek opportunities to grow its risk assets while maintaining a low NPL ratio and sustaining our improved coverage ratio. We would continue to strive for the optimal protection of our shareholders' wealth through the continuous review and improvement of our risk management culture and processes
- **Manufacturing and Real Sector:** More emphasis will be placed on manufacturing and the real sector by providing support to local production. This is expected to drive the self sustainability policy of the federal government.

# Guidance for FYE 2019

	FYE 2019 Guidance	3 Months – March 2019 Achieved	FYE 2018 Achieved
PBT	₺240.0Bn	₺57.3Bn	₺231.7Bn
Effective Tax Rate	15.0%	12.3%	16.5%
PAT	₺204.0Bn	₺50.2Bn	₺193.4Bn
ROAE	24.0%	25.2%	23.8%
ROAA	3.6%	3.4%	3.4%
NIM	9.1%	8.9%	8.9%
Cost of Funds	3.5%	3.0%	3.1%
Cost of Risk	1.0%	0.4%	0.9%
Cost to Income	48.0%	50.9%	49.3%
Deposit Growth	10.0%	(3.2%)	7.3%
Loan Growth	7.5%	(3.9%)	(10.5%)
Loan to Funding	55.0%	43.0%	44.2%
Capital Adequacy	25.0%	25.0%	25.0%
Liquidity Ratio	60.0%	66.7%	72.0%
NPL	4.85%	4.85%	4.98%
NPL Coverage	180.0%	155.5%	192.4%

# Thank You

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