



Zenith Bank Plc
Group Unaudited Results for the period ended 31 March, 2019

ZENITH BANK PLC RELEASES UNAUDITED Q1 2019 RESULTS

LAGOS, NIGERIA - 17 April, 2019 - Zenith Bank Plc, (Bloomberg: ZENITHBA NL) (“Zenith” or the “Bank”), the Nigerian bank headquartered in Lagos, announces its unaudited results for the quarter ended 31 March 2019.

Financial Highlights

In millions of Naira			
	31-Mar-19	31-Mar-18	% Change
Income statement			
Gross earnings	158,111	169,192	-7%
Interest and similar income	122,480	116,712	5%
Net interest income	86,137	69,992	23%
Operating income	116,697	115,702	1%
Operating expenses	(59,404)	(61,701)	-4%
Profit before tax	57,293	54,001	6%
Profit after tax	50,234	47,079	7%
Earnings Per share (N)	1.60	1.50	7%
Balance sheet			
	31-Mar-19	31-Dec-18	% Change
Gross loans and advances	1,938,432	2,016,520	-4%
Customer deposits	3,571,370	3,690,295	-3%
Total assets	5,877,451	5,955,710	-1%
Shareholders' fund	780,887	815,751	-4%
Key ratios			
	31-Mar-19	31-Mar-18	% Change
Return on average equity (ROAE)	25.2%	24.3%	4%
Return on average assets (ROAA)	3.4%	3.3%	4%
Net interest margin (NIM)	8.9%	9.3%	-4%
Cost of funds	3.0%	4.0%	-25%
Cost of risk	0.4%	0.9%	-56%
Cost-to-income	50.9%	53.3%	-5%
	31-Mar-19	31-Dec-18	% Change
Liquidity ratio	66.7%	69.7%	-4%
Loan to deposit ratio	43.0%	44.2%	-3%
Capital adequacy ratio (CAR)	25.0%	25.0%	0%
Non performing loan	4.85%	4.98%	-3%



In the first quarter ended 31 March 2019, Zenith Bank Group recorded improved numbers across key metrics, driven by a solid performance in all business segments. This resulted in a Profit before Tax (PBT) of ₦57 billion, representing a 6% growth over the ₦54 billion achieved in the corresponding period in 2018. The Group's on-going commitment to cost optimisation on the income statement and statement of financial position ensured earnings per share increased by 7% to ₦1.60 compared to Q1 2018.

The growth in net interest income and operating income by 23% and 1% respectively mitigated the decline in gross earnings. The effective management of cost-to-income ratio, cost of funds and cost of risk offset top-line declines to deliver an enhanced operating income in the period.

Our risk and asset quality continues to improve as cost of risk dropped significantly by 52% from 0.9% in the prior year to 0.4% for the period. This was achieved as impairment charges declined by 54% (₦2.5 billion year on year reduction). Our cost of funds also improved, declining by 25% from 4% in Q1 2018 to 3% at quarter-end. This was supported by a 22% decrease in interest expense of ₦10 billion over the same period, affirming the Group's robust treasury and liquidity management. Our prudent cost management led to a 5% decline in our cost-to-income ratio by 5% from 53.3% in 2018 to 50.9% in the period with an absolute reduction in operating expenses by ₦2.3 billion year-on-year.

The Group's retail franchise continues to increase as retail deposits grew by ₦80bn between December 2018 and March 2019 representing a 9% growth notwithstanding the fact that total customer deposits dropped marginally by 3%. The drop in customer deposits was as a result of rebalancing of the deposit mix as expensive purchased deposits were forgone in favour of cheaper and stickier retail deposits.

The volume and value of transactions across our electronic and digital platforms continue to grow as new customers are being acquired. Our balance sheet continues to strengthen as liquidity ratio is at 66.7%, loan to deposit ratio closed at 43%, and capital adequacy ratio ended the period at 25% respectively and remain above the relevant regulatory thresholds as at 31 March 2019.

Going into the rest of the year and with improving economic fundamentals, we are confident of delivering value to all our stakeholders on our commitments even as we create more opportunities for businesses by supporting them through selective risk asset creation. We shall continue our investments in the retail segment of the market as we consolidate our leadership position in the corporate segment while maintaining a strong balance sheet.

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Notes to editors:

About Zenith Bank Plc

Zenith Bank Plc offers its clients a wide range of corporate, investment, business and personal banking products and solutions. It is one of the biggest and most profitable banks in Nigeria. The bank was established in May 1990 and started operations in July same year as a commercial bank. It became a public limited company on September 17, 2004 and was listed on the Nigerian Stock Exchange on October 21, 2004 following a highly successful Initial Public Offering (IPO). Zenith Bank listed on the London Stock Exchange via a non-capital raising GDR on March 21, 2013. The Bank presently has a shareholder base of over one million, an indication of the strength of the Zenith brand.

It is headquartered in Lagos, Nigeria. With over five hundred (500) branches and business offices nationwide Zenith Bank has presence in all the state capitals, the Federal Capital Territory (FCT) and major towns and metropolitan centres in Nigeria. The Bank's expansion is not limited to Nigeria as Zenith became the first Nigerian bank in 25 years to be licensed by the Financial Services Authority (FSA) in the UK for the commencement of banking operations by Zenith Bank (UK) Limited in April, 2007. This is in addition to its presence in Ghana, Zenith Bank (Ghana) Limited, Sierra Leone, Zenith Bank (Sierra Leone) Limited, Gambia, Zenith Bank (Gambia) Limited and a representative office in Johannesburg, South Africa, Beijing, China and Dubai branch of Zenith Bank UK.

More information can be found at www.zenithbank.com