



# 2019 HALF YEAR 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
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Strategy & Outlook	Pages 35 – 39
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# Operating Environment Overview

A nighttime photograph of an industrial or port area. In the foreground, a multi-level concrete bridge or overpass structure spans across a body of water. The bridge is illuminated with blue lights from below, which reflect on the water's surface. The background shows a large industrial facility with numerous cranes and buildings, all lit up with warm yellow and white lights. A semi-transparent red rectangular box is overlaid on the left side of the image, containing the text 'Operating Environment Overview' in white.

# 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 2.01% YoY in Q1 2019, a decrease of 37bps from 2.38% recorded in Q4 2018.
- The oil sector contracted by 2.40% YoY and contributed 9.14% to total real GDP in Q1 2019, while the non-oil sector grew by 2.47% - driven largely by activities in information and communication technology, agriculture, transportation and storage, trade and construction.

## Headline Inflation:

- Headline inflation fell by 18 bps in June to 11.22% YoY (May 2019: 11.40% YoY).
- Food inflation came out at 13.56% YoY while core inflation printed at 8.84% in June 2019, declining by 24 bps and 19 bps respectively when compared to May 2019 figures.

## Oil Production & Price:

- OPEC average monthly basket price declined by 10.1% in the 2<sup>nd</sup> quarter of 2019, from \$70.0/bbl recorded at the end of Q1 2019 to \$62.9/bbl recorded at the end of Q2 2019.

## Foreign Reserves:

- Nigerian foreign reserves grew marginally by 1.6% QoQ from \$44.4bn recorded at the end of Q1 2019 to \$45.1bn recorded at the end of Q2 2019.

## Exchange Rate:

- Exchange rate remained relatively stable in Q2 2019 as we saw a further convergence between the NAFEX and NIFEX exchange rates. Rates as at end of June 2019 (NGN/USD): NAFEX( I&E) – 360.6; NIFEX – 357.3. December 2018: NAFEX( I&E) – 362.6; NIFEX – 358.8.

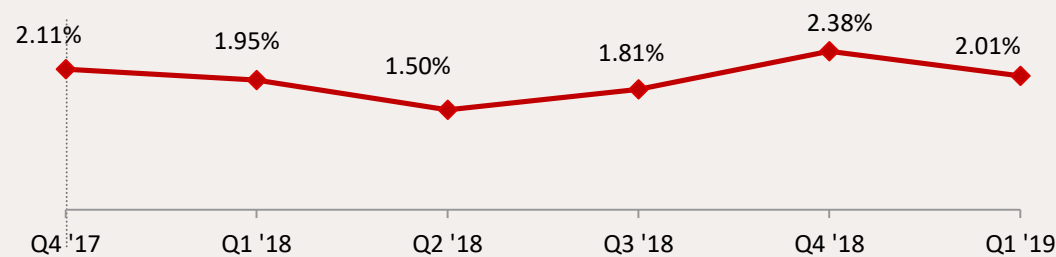
## Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) voted to leave all policy rates unchanged during the meeting held in July 2019 - the Monetary Policy Rate (MPR) at 13.5%, the Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30%.

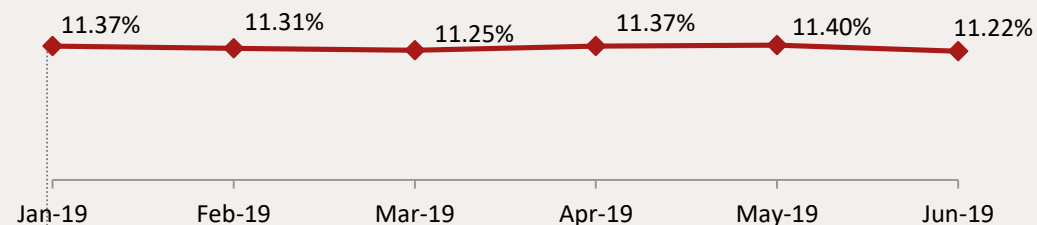
## Floor of 60% for Loan-to-Deposit Ratio (LDR) :

- In a bid to drive lending to the real sectors, the Central Bank of Nigeria (CBN) has directed all banks to maintain a minimum of 60% LDR by the end of September 2019. Failure to meet the minimum LDR shall result in a levy of additional CRR equal to 50% of the shortfall.

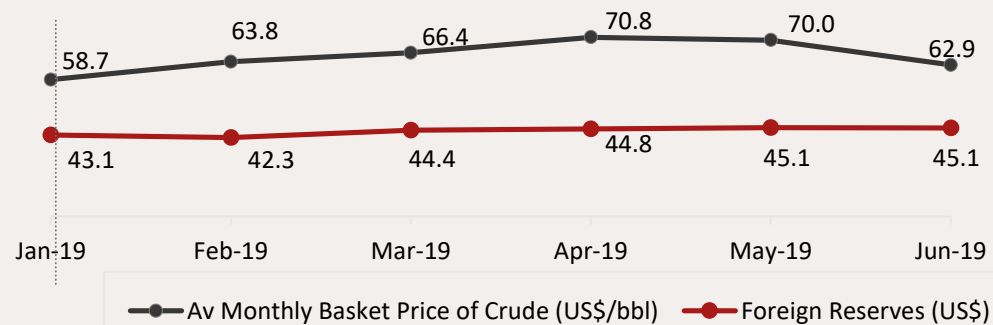
## GDP Growth Rate



## 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:

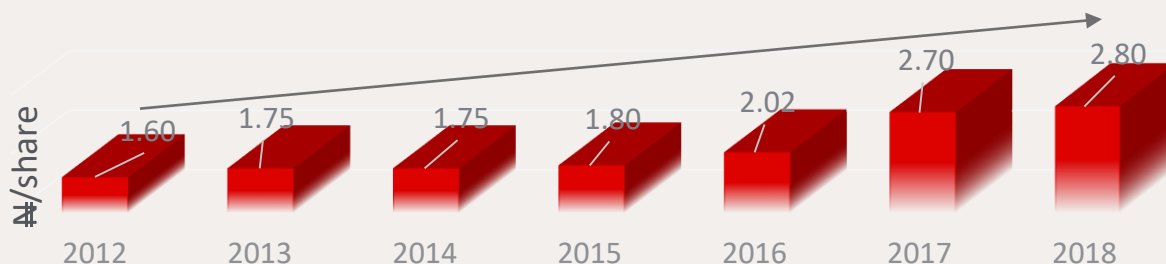
- NPL ratio came in at 5.3% with a coverage ratio of 145.4%. The Group will continue to implement robust risk management practices and bring NPL ratio down to below 3% in the medium term.

## 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

## 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

## Product Innovations



## Zenith Trade Portal

## Social Following

-  5,566,667
-  291,000
-  1,047,261
-  79,856
-  18,340,849

## Ratings

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

## Share Holdings

Number of Shareholders  **640,358**

## Customers/Channels

Number of Customers  **8,633,112**

Number of Cards Issued  **6,913,385**

Number of active POS Terminals  **38,005**

Number of ATM Terminals  **1,950**

Number of Branches  **424**

Number of Cash Centres  **181**

Number of Male Employees  **3,813**

Number of Female Employees  **3,502**

# Group Results



## Key Themes

Efficiency and risk management for superior performance

Building a shock-proof balance sheet

## Income Statement

Gross earnings:	<b>₺331.6Bn</b>	+2.9% YoY
Profit before tax:	<b>₺111.7Bn</b>	+4.0% YoY
Profit after tax:	<b>₺88.9Bn</b>	+8.7% YoY
Non-interest income:	<b>₺109.7Bn</b>	+23.9% YoY

## Balance Sheet

Customers' deposits:	<b>₺3.81Tn</b>	+3.2% YTD
Gross loans:	<b>₺1.95Tn</b>	(3.2%) YTD
Total assets:	<b>₺5.90Tn</b>	(1.0%) YTD
Total shareholders' funds:	<b>₺819.5Bn</b>	+0.5% YTD

# Financial Highlights – H1 2019 Contd.

## Key Ratios

	30-Jun-19	30-Jun-18	% change
Return on average equity (RoAE)	21.7%	21.2%	2.4%
Return on average assets (RoAA)	3.0%	3.0%	0.0%
Earnings per share (EPS)	₹2.83	₹2.60	8.8%
Net interest margin - NIM	8.6%	10.1%	(14.8%)
Cost of funds	3.0%	3.4%	(11.8%)
Cost of risk	1.4%	0.9%	55.5%
Cost-to-income ratio	53.2%	53.9%	(1.3%)
	30-Jun-19	31-Dec-18	
Liquidity ratio	74.6%	80.9%	(8.4%)
Loan-to-deposit ratio (Bank)	62.7%	61.5%	1.8%
Loan-to-deposit ratio (Group)	51.2%	54.6%	(6.6%)
Capital adequacy ratio (CAR)	25.0%	25.0%	0%
Non-performing loan ratio (NPL)	5.3%	5.0%	6.0%
Coverage ratio	145.4	192.4%	(24.4%)

# Profit or Loss Statement

- Strong bottom-line profitability, driven by growth in gross earnings and continued cost optimization.

(N'million)	Group 6M 19	Group 6M 18	YOY Change
Gross income	331,586	322,201	2.91%
<b>Interest and similar income</b>	<b>214,601</b>	<b>228,670</b>	<b>-6.15%</b>
Interest and similar expense	-72,086	-74,709	-3.51%
Net interest income	142,515	153,961	-7.43%
Impairment charge	-13,735	-9,720	41.31%
<b>Net interest income after impairment charge</b>	<b>128,780</b>	<b>144,241</b>	<b>-10.72%</b>
Net fee and commission income	55,815	41,772	33.62%
Trading income	45,101	36,807	22.53%
Other income	8,814	10,016	-12.00%
Amortisation of intangible assets	-9791	-7967	22.89%
Depreciation of property and equipment	-1,514	-1,117	35.54%
Personnel expenses	-38,725	-34,808	11.25%
Operating expenses	-76,803	-81,586	-5.86%
<b>Profit before tax</b>	<b>111,677</b>	<b>107,358</b>	<b>4.02%</b>
Tax expense	-22,795	-25,621	-11.03%
<b>Profit after tax</b>	<b>88,882</b>	<b>81,737</b>	<b>8.74%</b>

# Consolidating Earnings and Profitability

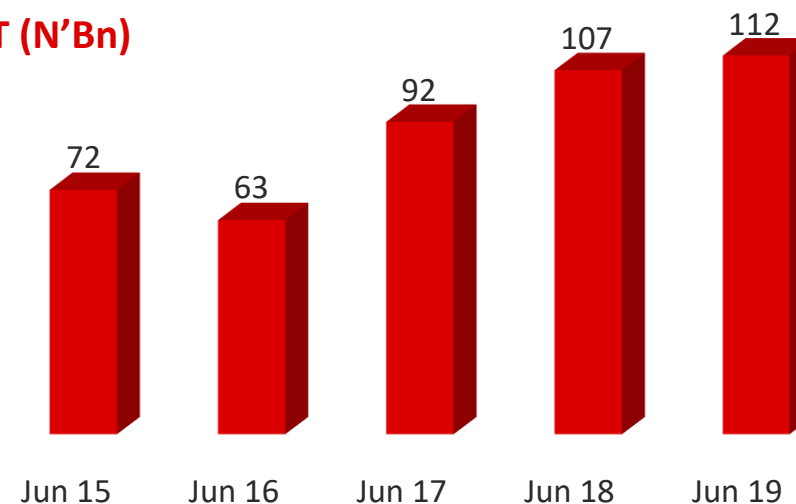


Zenith Group has been consistent in delivering attractive earnings profile, supported by an improved operating efficiency.

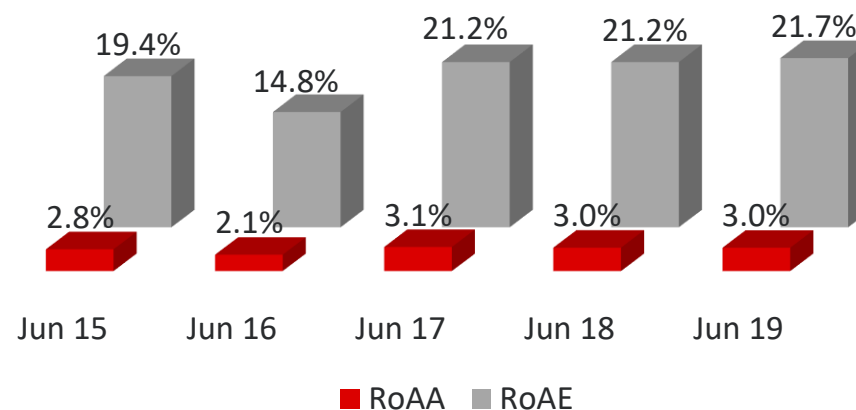
## Comments

- **PBT** increased YoY by 4.0% from N107.3bn in H1 2018 to N111.7bn in H1 2019. The 23.9% YoY growth in non-interest income accounted for PBT growth.
- **ROAE** increased by 2.4% YoY from 21.2% to 21.7%. The bank remains committed to continue to deliver impressive returns to its investors.
- **ROAA** remained flat at 3.0% YoY .
- We expect an improved ROAE and ROAA in H2 2019 as AMCON expense of N28.65bn for 2019 FY was fully taken in H1 2019.

## PBT (N'Bn)



## RoAA & RoAE

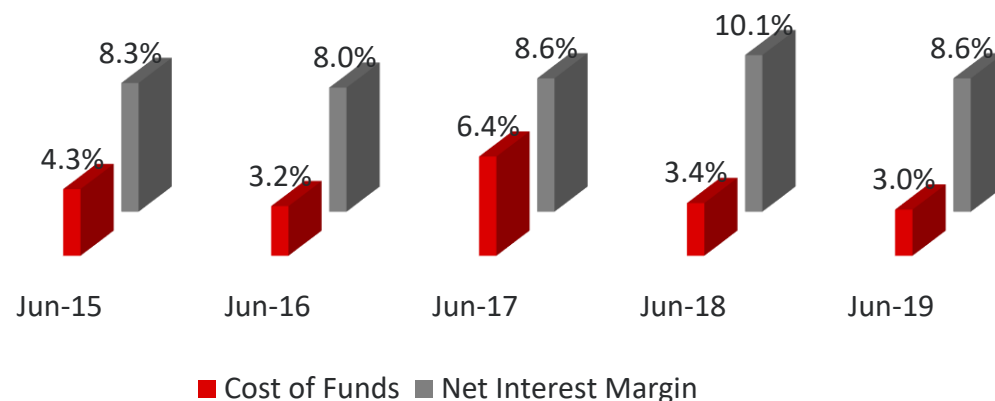


# Consolidating Earnings and Profitability Contd.

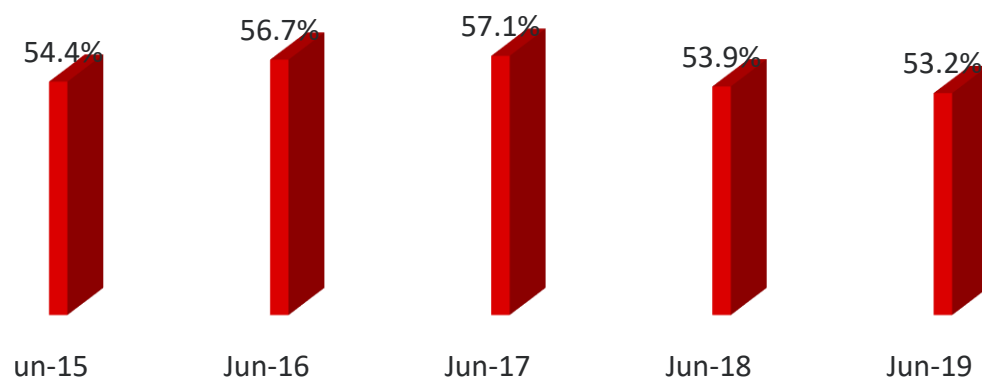
## Comments

- **Net Interest Margin - NIM** decreased YoY by 14.8% (from 10.1% in H1 2018 to 8.6% in H1 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 11.8% YoY from 3.4% recorded in H1 2018 to 3.0% in H1 2019 as a result of re-balancing the deposit mix in favour of cheaper retail deposits.
- **Cost-to-Income Ratio** decreased by 1.3% YoY, from 53.9% in H1 2018 to 53.2% in H1 2019. The group is committed to maintaining an improved level of operating efficiency.

## Cost of Funds & Net Interest Margin

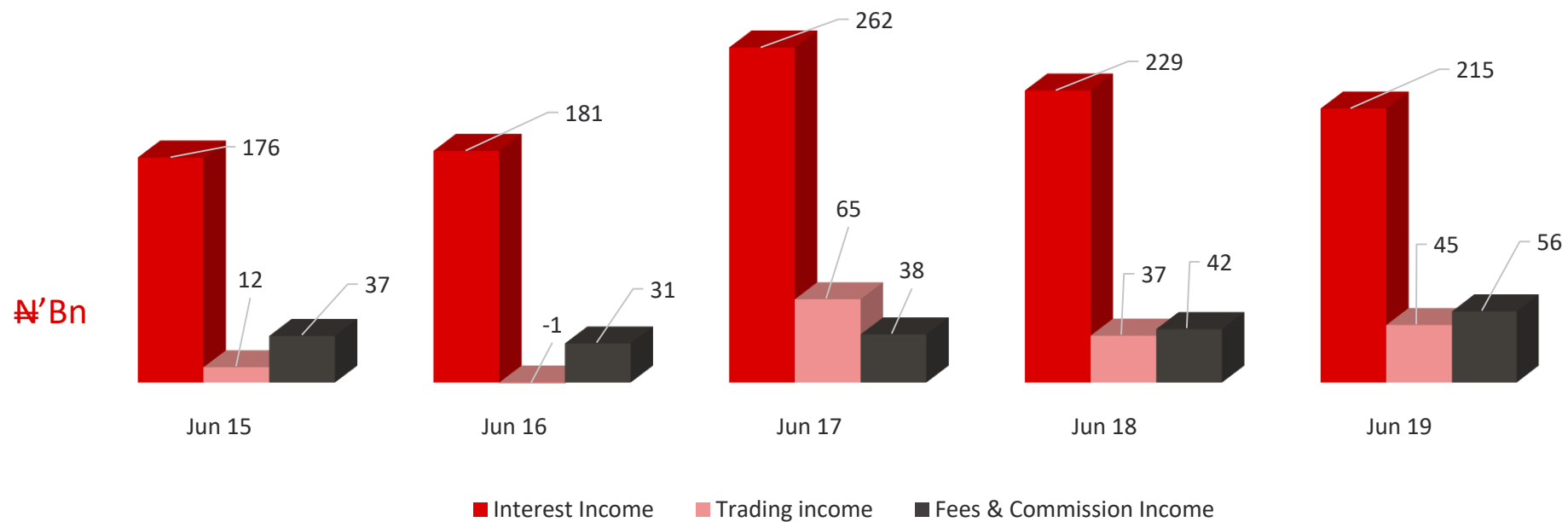


## Cost to Income Ratio



# Evolution of Revenue Base

- Contribution of non-interest income to the total revenue base continues to grow over the years.

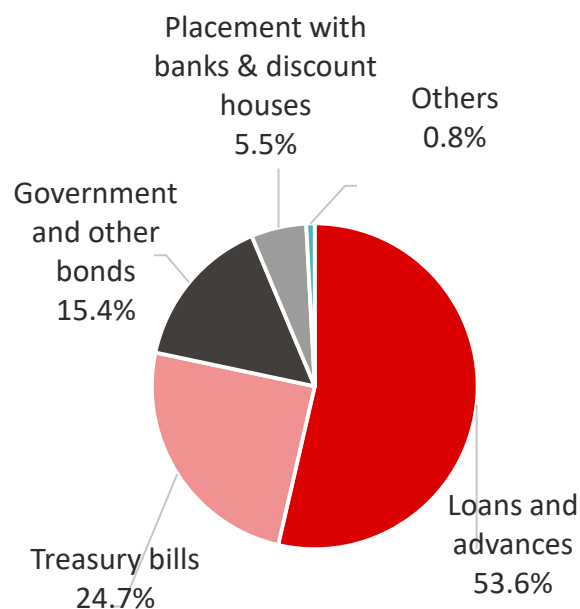


# Revenue Base: Interest Income Diversification

- Interest income declined by 6% YoY as a result of the decrease in yields on interest bearing assets.

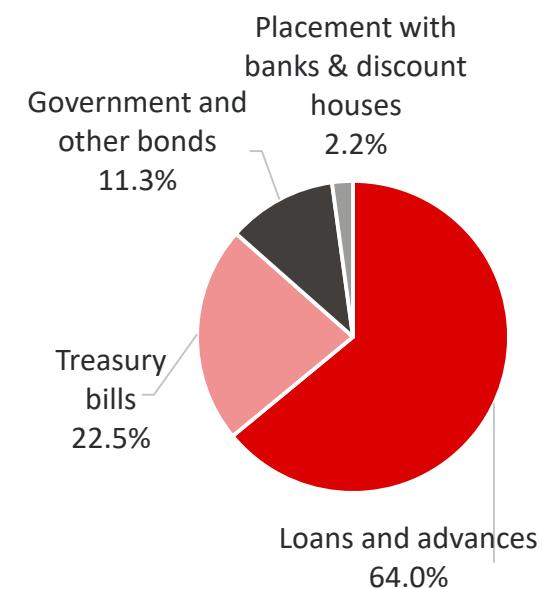
## Interest Income

### H1 2019



N'million	H1 2019	H1 2018	YoY
Loans and advances	115,043	146,434	-21%
Treasury bills	53,039	51,412	3%
Government and other bonds	32,950	25,881	27%
Placement with banks & discount houses	11,775	4,943	138%
Others	1,794	-	-
<b>Total</b>	<b>214,601</b>	<b>228,670</b>	<b>-6%</b>

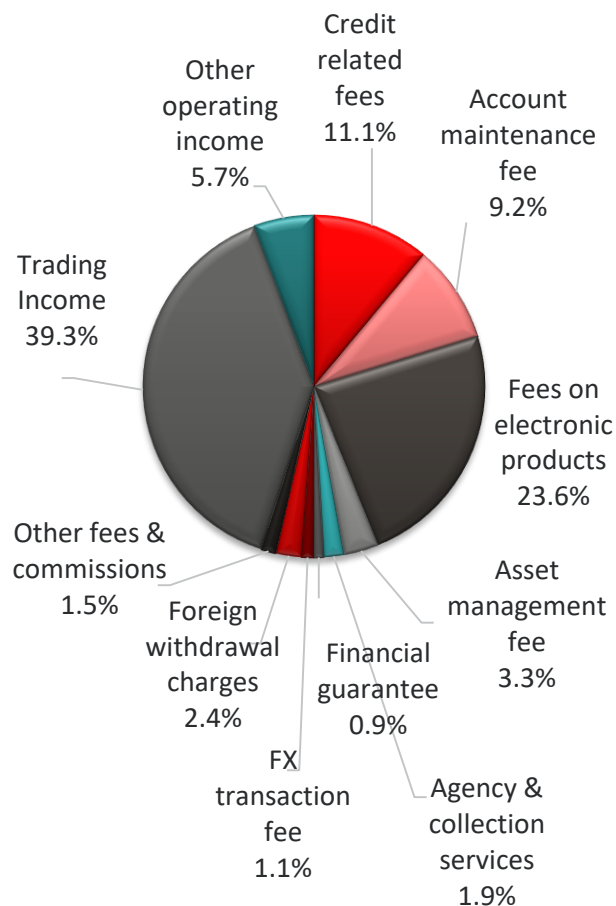
### H1 2018



# Revenue Base: Non-Interest Income (NII) Diversification

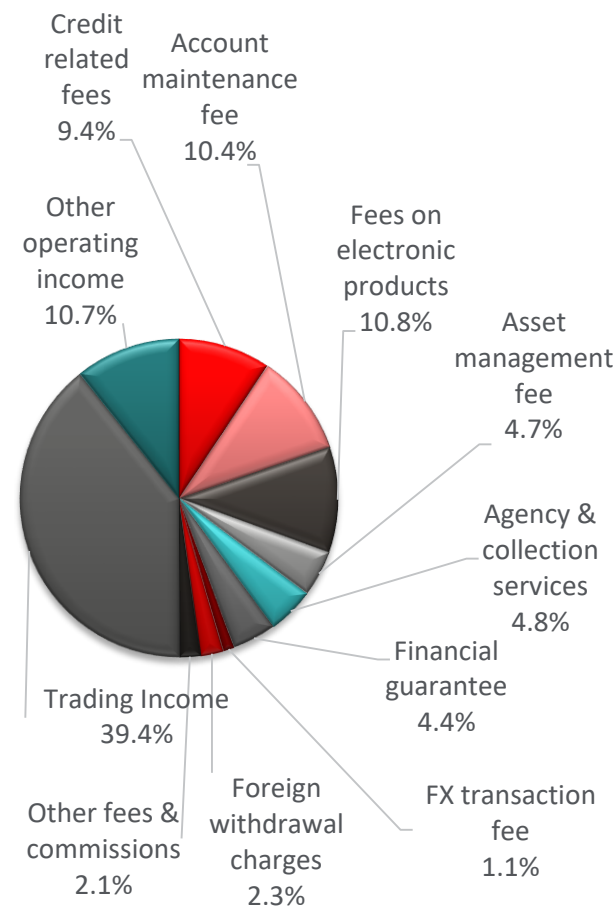
- The bank is committed to continually improve on its income diversification and growth as net non-interest income grew by an impressive 24% YoY
- Fees on electronics products grew by 169%, contributing about 23% of NII. The Group will continue to improve on its electronic platforms and increase its share of the retail business.

H1 2019



N'million	H1 2019	H1 2018	YoY
Fees on electronic products	27,076	10,077	169%
Credit related fees	12,684	8,781	44%
Account maintenance fee	10,577	9,707	9%
Asset management fee	3,756	4,352	-14%
Foreign withdrawal charges	2,754	2,171	27%
Agency & collection services	2,162	4,446	-51%
FX transaction fee	1,303	1,062	23%
Financial guarantee	1,088	4,145	-74%
Other fees & commissions	1,670	1,967	-15%
<b>Total fees &amp; commission income</b>	<b>63,070</b>	<b>46,708</b>	<b>35%</b>
Fees and commission expense	-7,255	-4,936	47%
<b>Net fee &amp; commission income</b>	<b>55,815</b>	<b>41,772</b>	<b>34%</b>
Trading Income	45,101	36,807	23%
Other operating income	8,814	10,016	-12%
<b>Net non- interest income</b>	<b>109,730</b>	<b>88,595</b>	<b>24%</b>

H1 2018



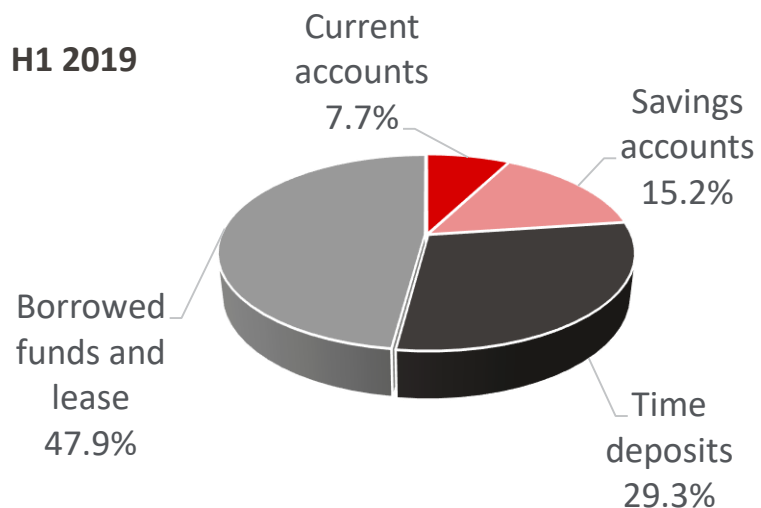


# Interest Expense: Funding Cost Optimization

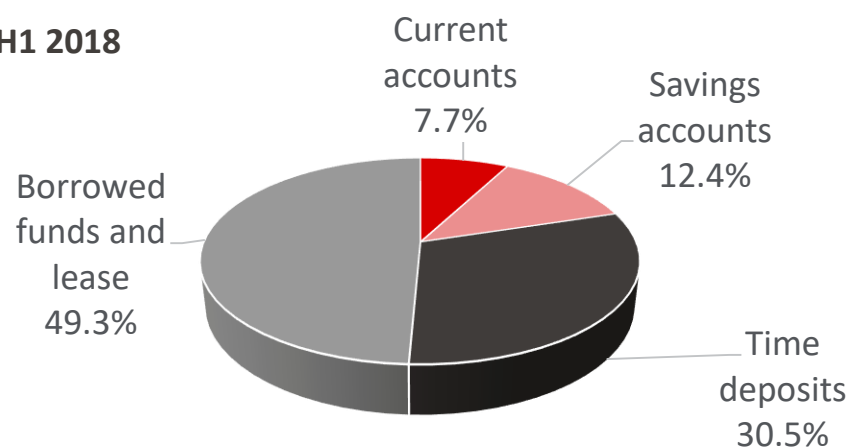
## Interest Expenses

Interest expense dropped by 4%, reflecting our drive towards cost of funds optimization which declined from 3.4% to 3.0% YoY.

### H1 2019



### H1 2018



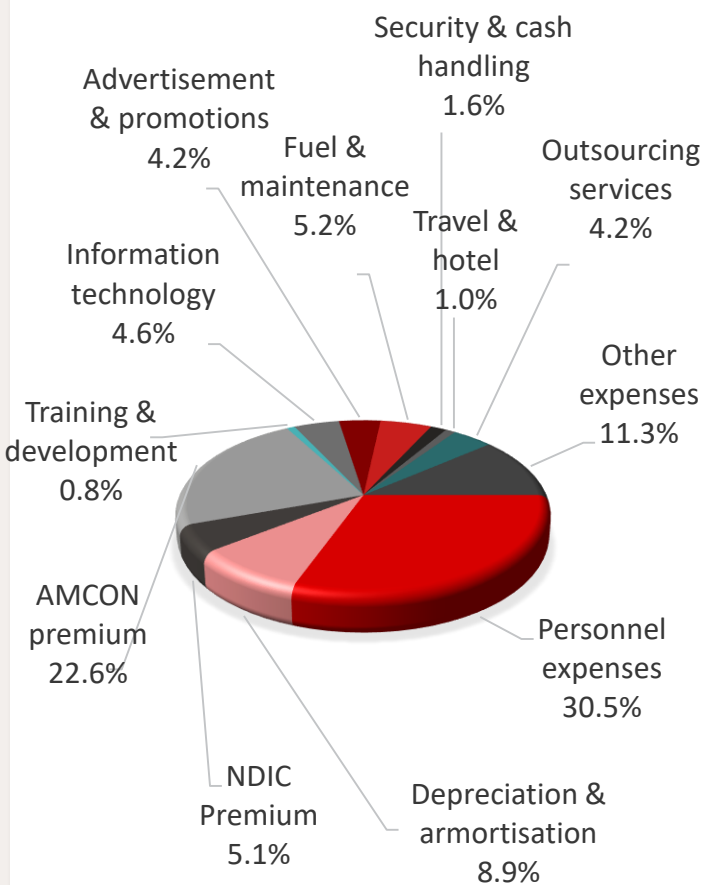
N'million	H1 2019	H1 2018	YoY
Current accounts	5,521	5,775	-4%
Time deposits	21,088	22,802	-8%
Borrowed funds	34,523	36,831	-6%
Savings accounts	10,954	9,301	18%
<b>Total</b>	<b>72,086</b>	<b>74,709</b>	<b>-4%</b>

# Continuous Efforts in Cost-Reduction Strategies.

- The group's drive towards cost optimization yielded positive results as total operating expense increased by only 1% YoY (Inflation: 11.2%) while cost-to-income ratio improved from 53.9% to 53.2% YoY.

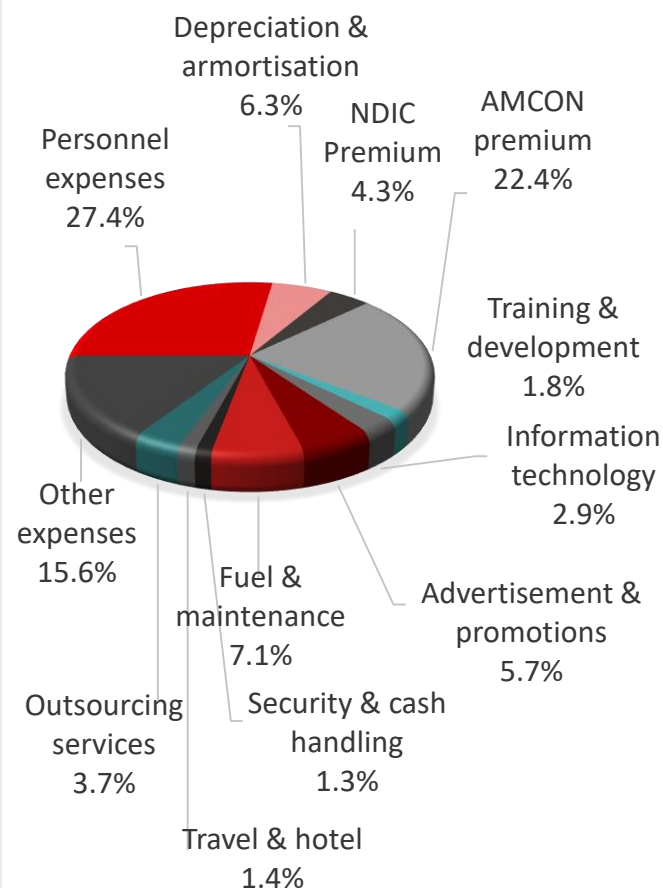
## Total Operating Expenses

### H1 2019



N'million	H1 2019	H1 2018	YoY
Personnel expenses	38,725	34,808	11%
Depreciation & amortisation	11,305	9,084	24%
NDIC Premium	6,449	5,531	17%
AMCON premium	28,654	28,542	0%
Training & development	1,038	2,295	-55%
Information technology	5,816	3,663	59%
Advertisement & promotions	5,323	7,306	-27%
Fuel & maintenance	6,592	9,085	-27%
Security & cash handling	2,061	1,631	26%
Travel & hotel	1,278	1,784	-28%
Outsourcing services	5,311	4,747	12%
Other expenses	14,281	17,002	-16%
<b>Total</b>	<b>126,833</b>	<b>125,478</b>	<b>1%</b>

### H1 2018



# Balance Sheet – Assets

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

(N'million)	Group Jun-19	Group Dec-18	YTD Change	Group Jun-18
Cash and balances with central banks	769,455	954,416	-19.38%	843,674
Treasury bills	1,006,717	1,000,560	0.62%	923,847
Assets pledged as collateral	517,429	592,935	-12.73%	493,154
Due from other banks	857,376	674,274	27.16%	440,354
Derivative assets	65,709	88,826	-26.03%	56,404
Loans and advances	1,801,833	1,823,111	-1.17%	1,873,173
Investment securities	557,485	565,312	-1.38%	381,163
Deferred tax assets	11,846	9,513	24.52%	9,472
Other assets	126,113	80,948	55.80%	80,803
Property and equipment	167,881	149,137	12.57%	140,382
Intangible assets	16,752	16,678	0.44%	14,034
<b>Total Assets</b>	<b>5,898,596</b>	<b>5,955,710</b>	<b>-0.96%</b>	<b>5,256,460</b>

# Balance Sheet – Liabilities & Equity

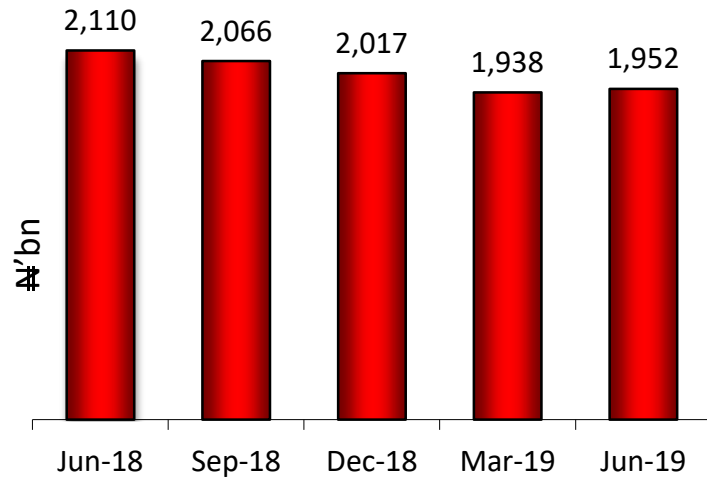
- Assets are largely funded by deposits with a strong capital base providing buffer for further growth.

(N'million)	Group	Group	YTD	Group
	Jun-19	Dec-18	Change	Jun-18
<b>Liabilities</b>				
Customers deposits	3,810,025	3,690,295	3.24%	3,165,955
Derivative liabilities	6,685	16,995	-60.66%	3,299
Current income tax payable	14,525	9,154	58.67%	13,694
Deferred income tax liabilities	23	67	-65.67%	68
Other liabilities	256,076	231,716	10.51%	189,043
On-lending facilities	398,393	393,295	1.30%	409,619
Borrowings	412,264	437,260	-5.72%	408,317
Debt Securities Issued	181,091	361,177	-49.86%	346,960
<b>Total liabilities</b>	<b>5,079,082</b>	<b>5,139,959</b>	<b>-1.18%</b>	<b>4,536,955</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	314,695	322,237	-2.34%	248,138
Other reserves	233,378	221,231	5.49%	199,190
Non-controlling Interest	696	1,538	-54.75%	1,432
<b>Total Shareholders' equity</b>	<b>819,514</b>	<b>815,751</b>	<b>0.46%</b>	<b>5,256,460</b>

# Sustained Assets & Liabilities Match

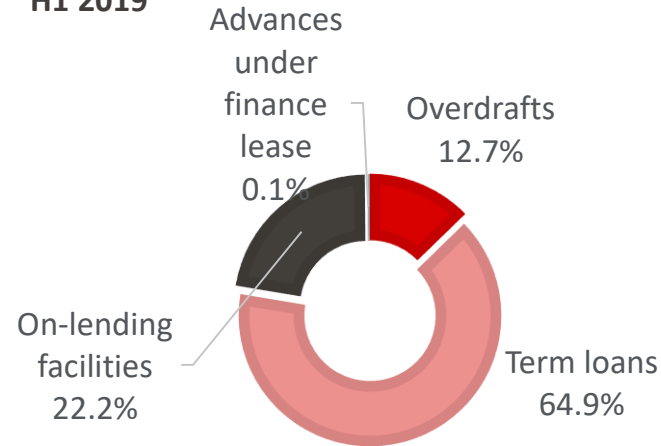
- Deposit base is predominantly current accounts with increasing domiciliary and savings account balance.

## Gross Loans

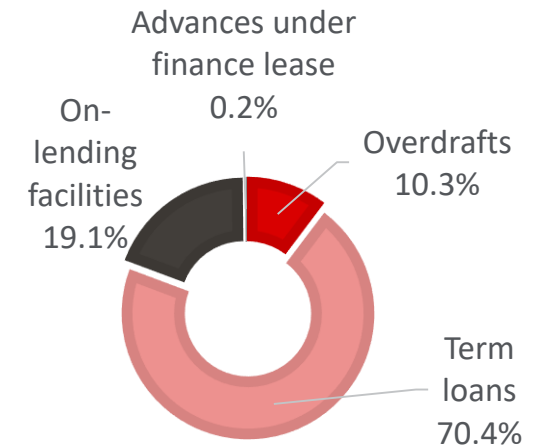


## Loans & Advances

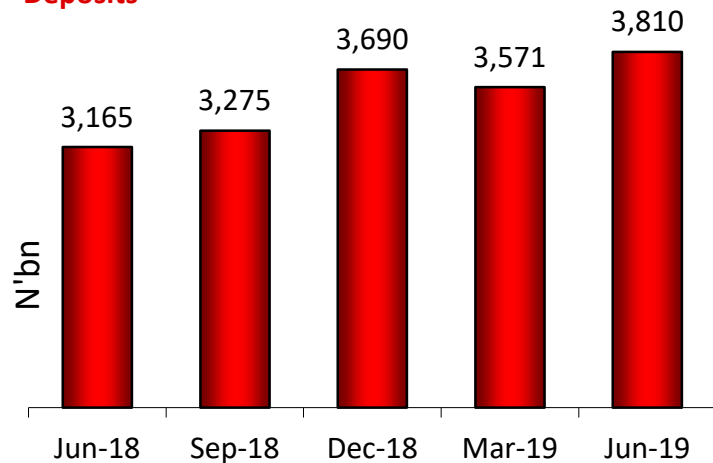
### H1 2019



### FYE 2018

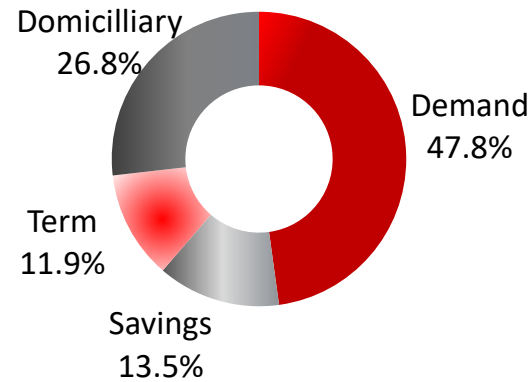


## Deposits

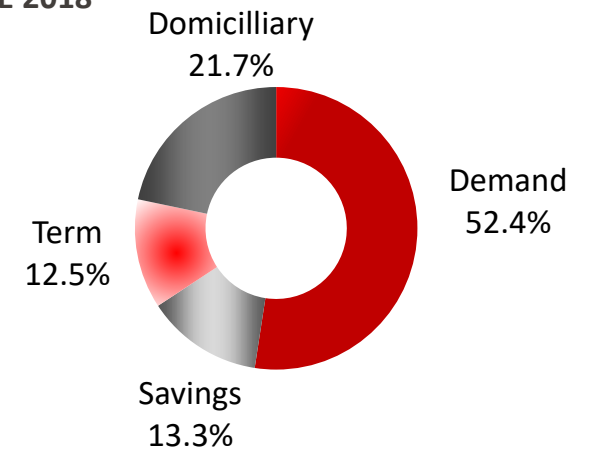


## Deposit Mix

### H1 2019



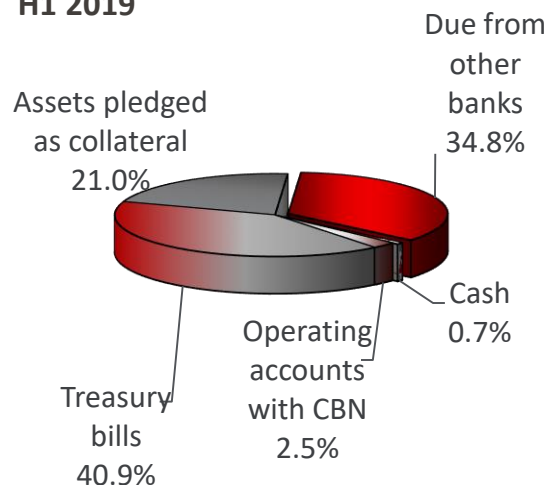
### FYE 2018



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

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

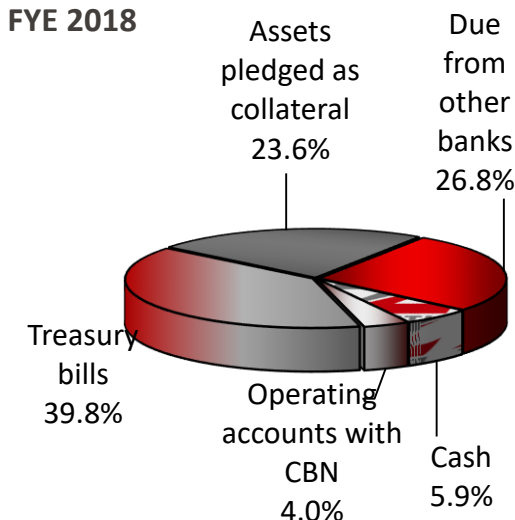
H1 2019



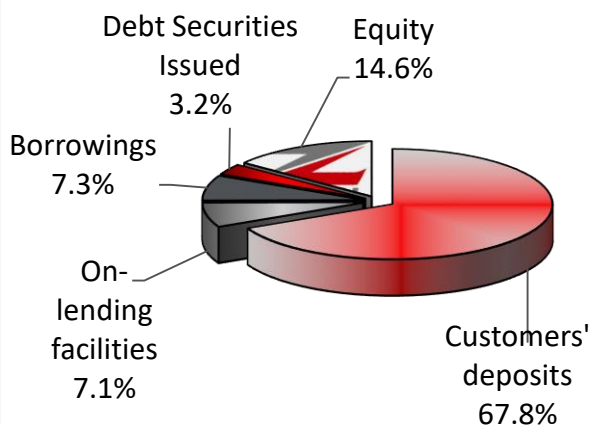
## Liquid Assets

N'million	H1 2019	FYE 2018	YTD
Cash	17,551	148,266	-88%
Operating accounts with CBN	61,467	100,679	-39%
Treasury bills	1,006,717	1,000,560	1%
Assets pledged as collateral	517,429	592,935	-13%
Due from other banks	857,376	674,274	27%
<b>Total</b>	<b>2,460,540</b>	<b>2,516,714</b>	<b>-2%</b>

FYE 2018



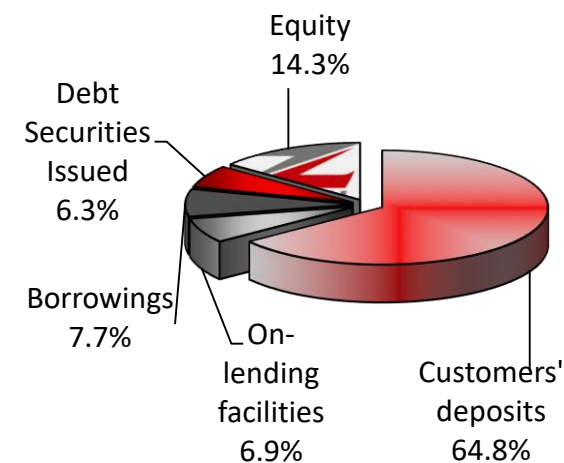
H1 2019



## Funding Mix

N'million	H1 2019	FYE 2018	YoY
Customers' deposits	3,810,025	3,690,295	3%
On-lending facilities	398,393	393,295	1%
Borrowings	412,264	437,260	-6%
Debt Securities Issued	181,091	361,777	-50%
Equity	819,514	815,751	0%
<b>Total</b>	<b>5,621,287</b>	<b>5,322,492</b>	<b>6%</b>

FYE 2018



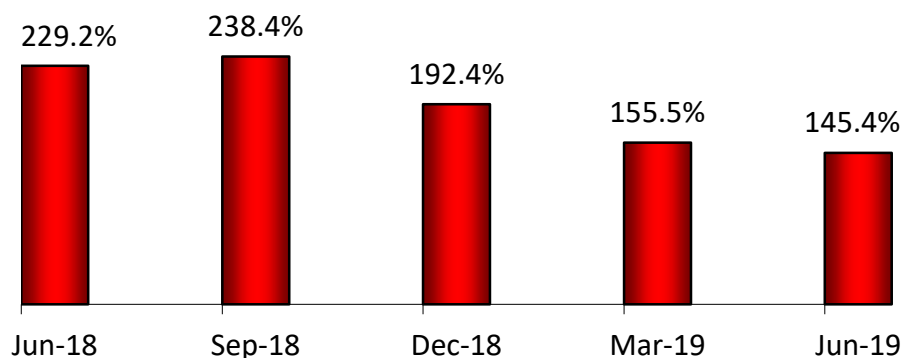
A photograph of an offshore oil rig at sea, with a large pipe in the foreground. The rig is a complex structure with multiple levels, cranes, and a central tower. The pipe is a large, dark, cylindrical object that runs diagonally across the frame. The background shows a hazy sky with a bright sun on the left side. The overall scene is industrial and maritime.

# Risk Management

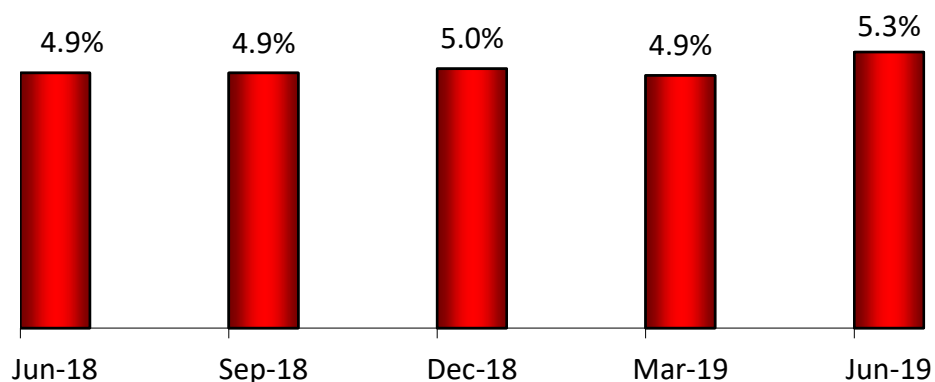
# Healthy Risk Assets Portfolio

- Strong risk management has mostly contained NPL ratio below recommended regulatory threshold with adequate coverage levels

## NPL Coverage Ratio



## NPL Ratio



## Our Risk Management Strategy

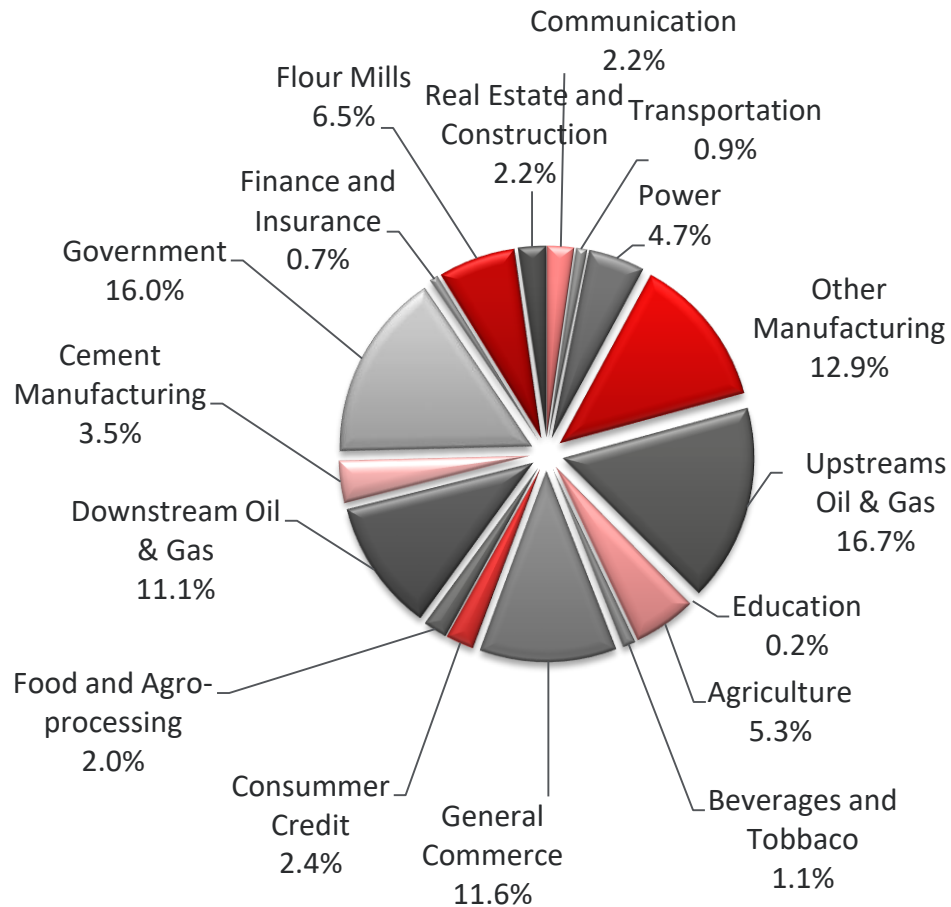
- The Group adopts a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.
- Risk management is practiced as a collective responsibility coordinated by the risk control units and is properly segregated from the market facing 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

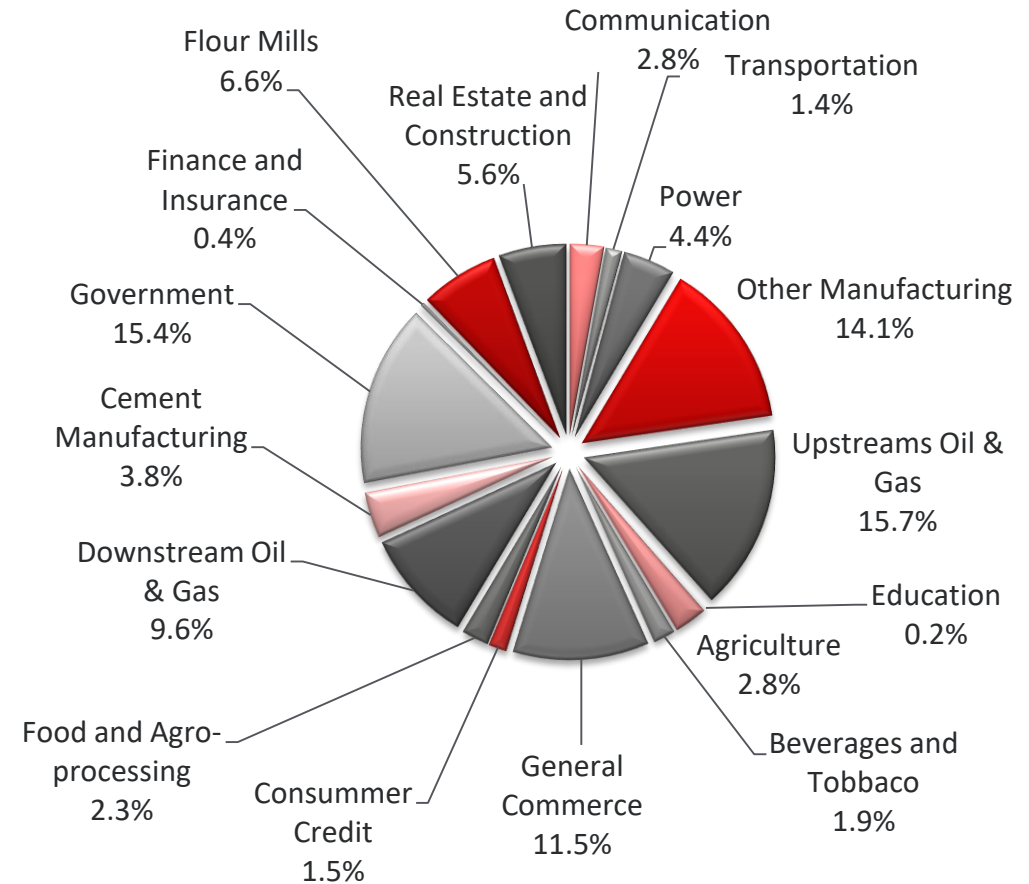
- Well diversified loan portfolio across sectors supports asset quality.

Loans by Sector – H1 2019



Gross Loans – ~~₹~~1.95 Trillion

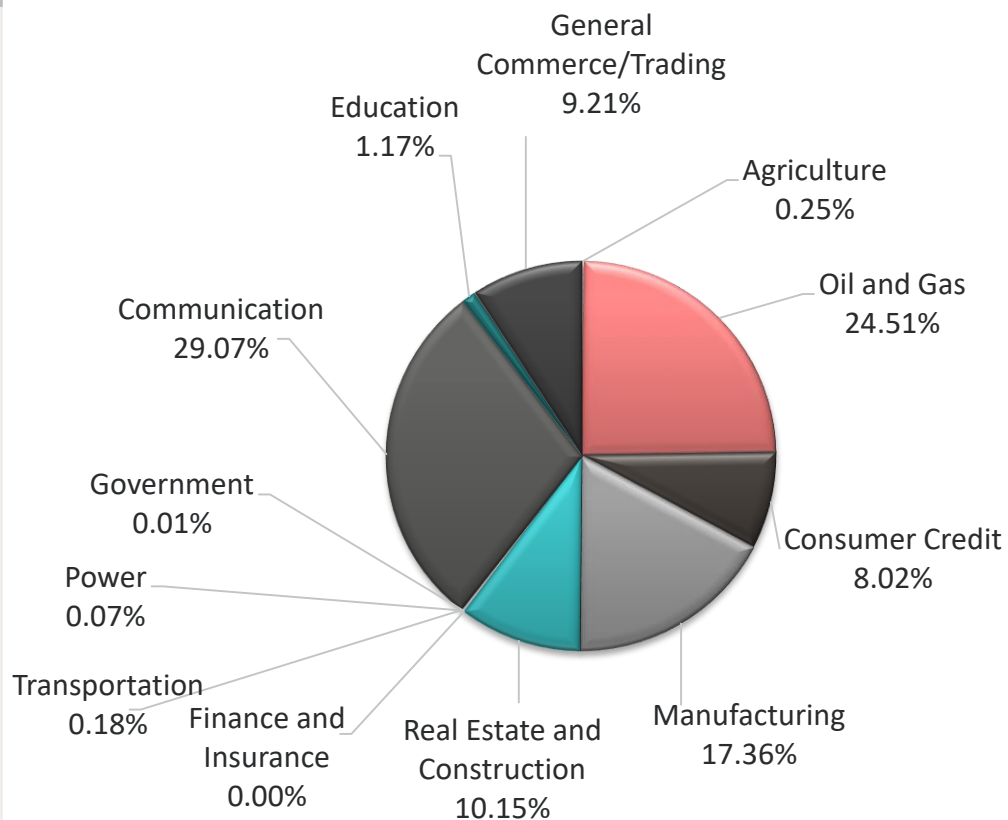
Loans by Sector – FYE 2018



Gross Loans – ~~₹~~2.02 Trillion

# NPL by Sectors

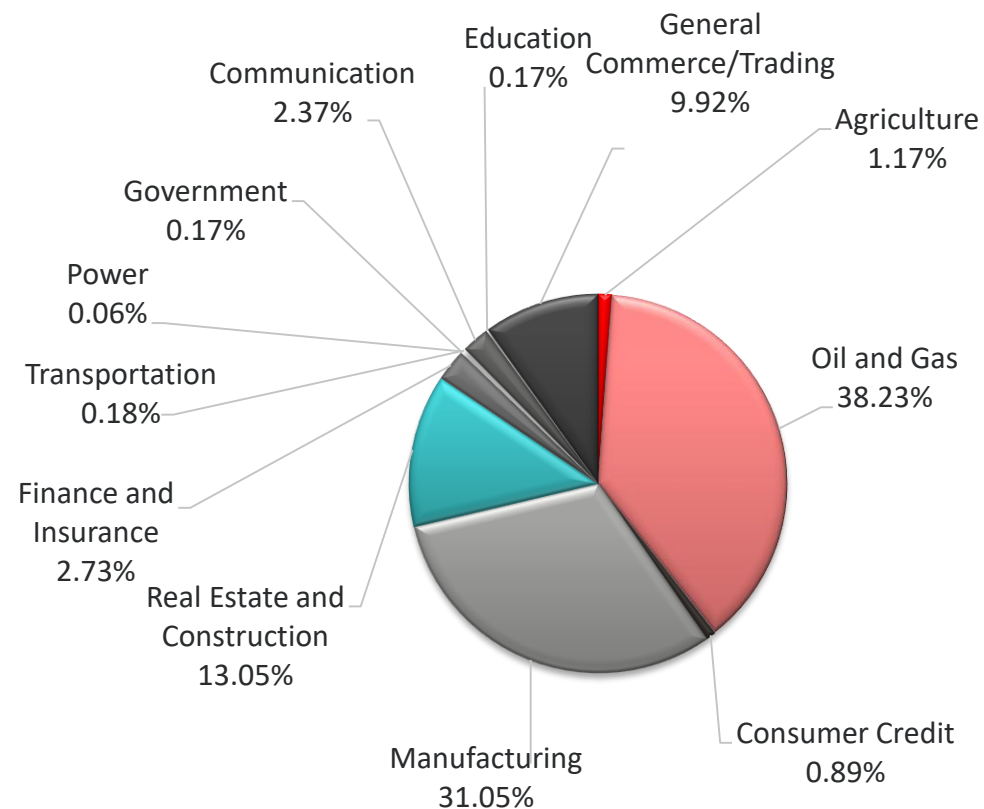
H1 2019



Total NPLs – ~~₹~~103.4 Billion

NPL Ratio – 5.30%

FYE 2018



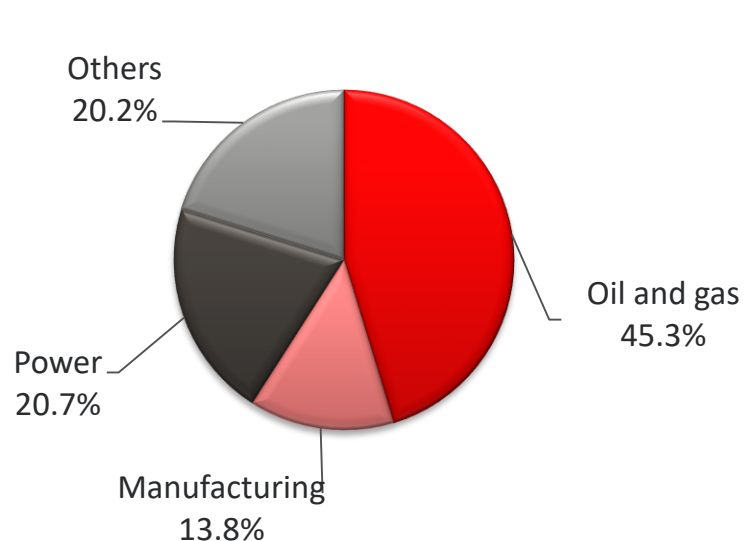
Total NPLs – ~~₹~~100.5 Billion

NPL Ratio – 4.98%

# Foreign Currency Loans & Restructured Loans

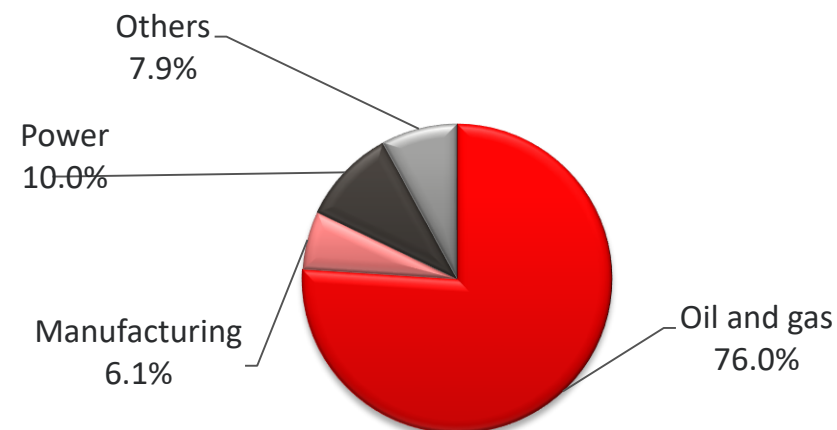
## Foreign Currency Loans – H1 2019

USD loans by sector	US\$' m	N'm	% to US\$ loans	% to Gross loans
Oil and gas	1,013	365,148	45.28%	18.71%
Manufacturing	309	111,288	13.80%	5.70%
Power	464	167,269	20.74%	8.57%
Others	451	162,717	20.18%	8.36%
<b>Total US\$ loans</b>	<b>2,237</b>	<b>806,422</b>	<b>100.00%</b>	<b>41.34%</b>



## Cumulative Restructured Loans – H1 2019

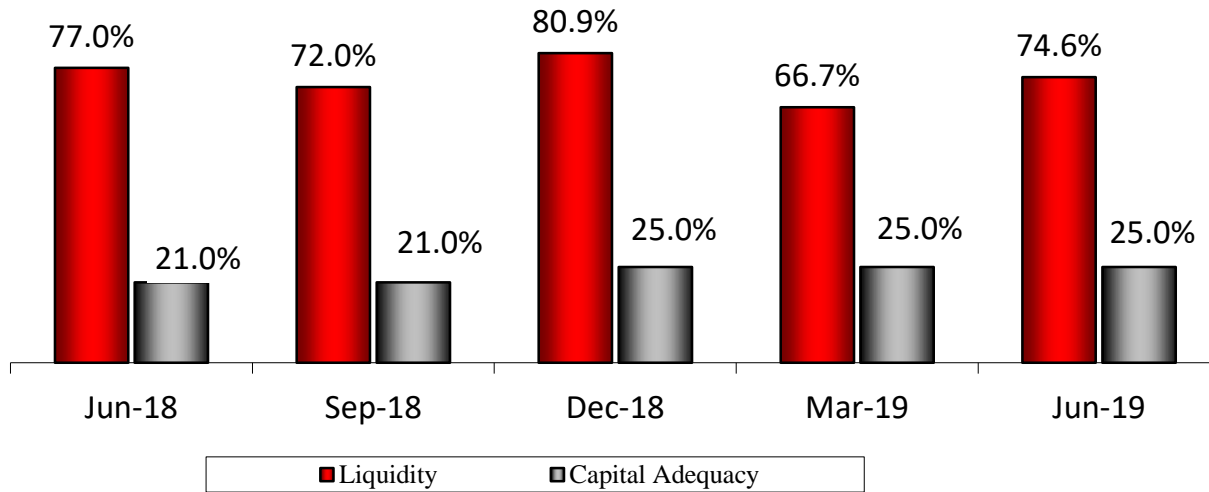
Restructured Loans by sector	N'm	% to Restructured loans	% to Gross loans
Oil and gas	199,121	76.00%	10.20%
Manufacturing	15,943	6.08%	0.82%
Power	26,143	9.98%	1.34%
Others	20,811	7.94%	1.07%
<b>Total restructured loans</b>	<b>262,018</b>	<b>100.00%</b>	<b>13.42%</b>



# Strong Capitalisation and Liquidity

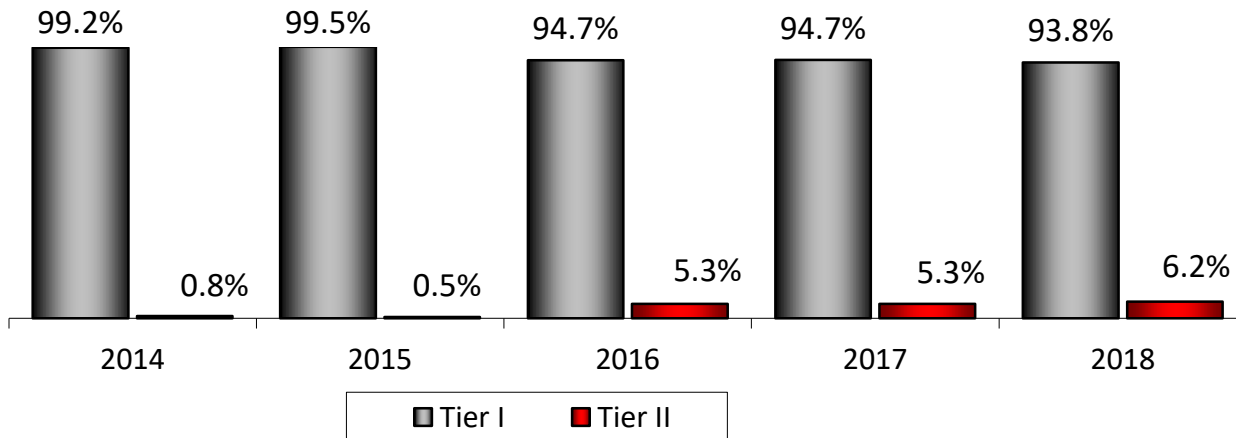
- Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth.

## Liquidity & Capital Adequacy

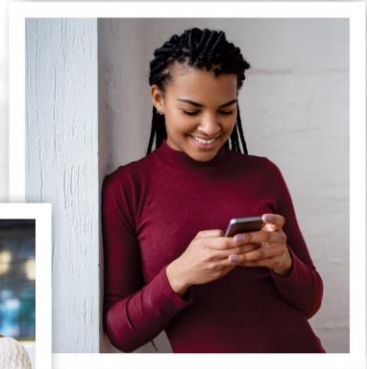
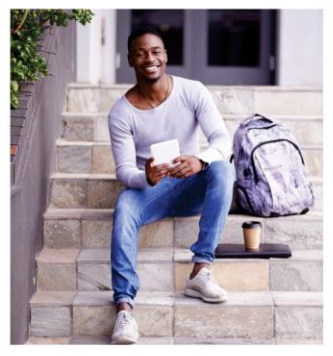
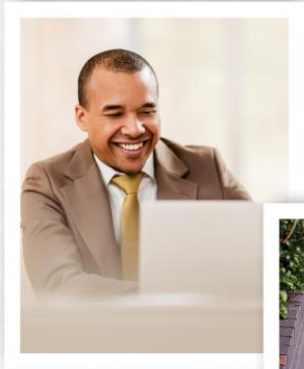


Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio

## 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

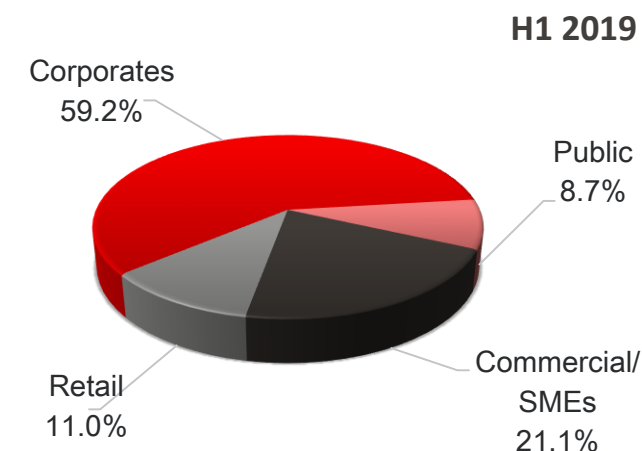
- Continuous diversification and improved profitability across core business segments
- Contribution of retail segment to gross revenues and PBT increased respectively from 6.6% and 8.8% to 11.0% and 16.9% YoY, as the Group continues on its retail expansion drive.

## 6 Months Ended June 2019

(₹'million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
Gross revenue	196,341	28,790	69,986	36,469	331,586
Total expenses	(136,344)	(18,692)	(47,280)	(17,593)	(219,909)
Profit before tax	59,998	10,098	22,705	18,876	111,677

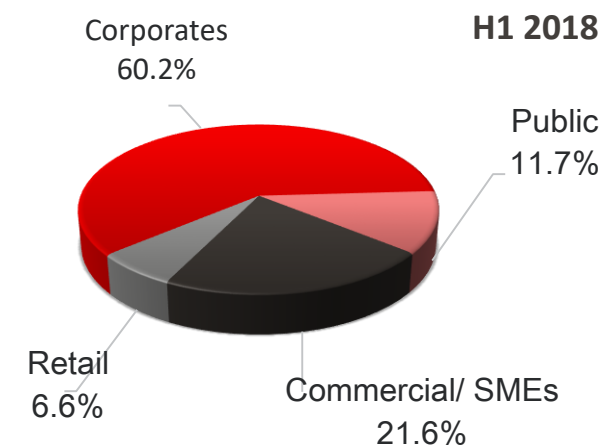
## Gross Revenue



## 6 Months Ended June 2018

(₹'million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
Gross revenue	193,939	37,693	69,455	21,114	322,201
Total expenses	(132,128)	(24,471)	(46,595)	(11,649)	(214,843)
Profit before tax	61,811	13,222	22,860	9,465	107,358

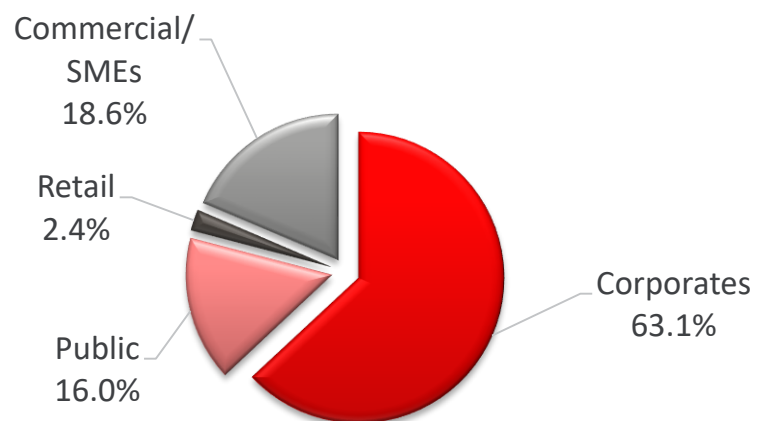


# Loans & Deposits – By Business Segments

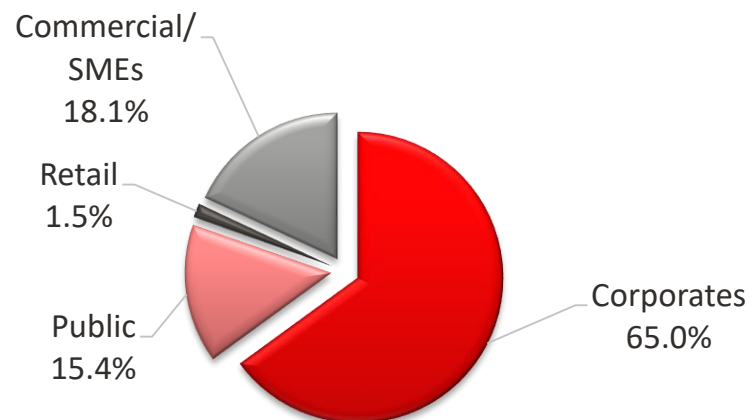
- The bank will continue to grow the contribution of retail deposits and loans to its business

## Gross Loans

### H1 2019 Gross Loans – ~~₹~~1.95 Trillion

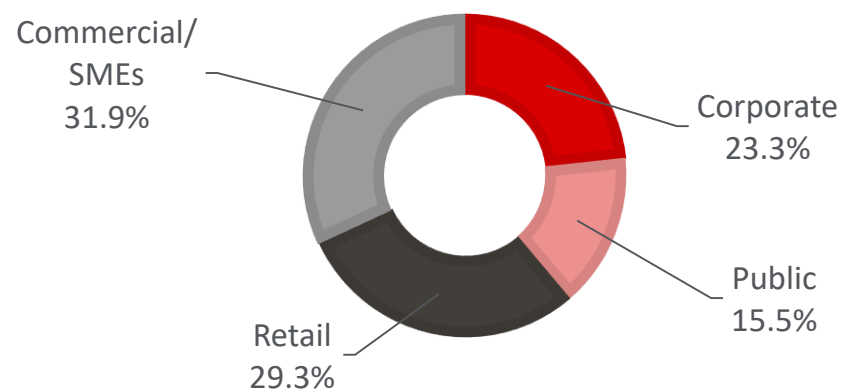


### FYE 2018 Gross Loans – ~~₹~~2.02 Trillion

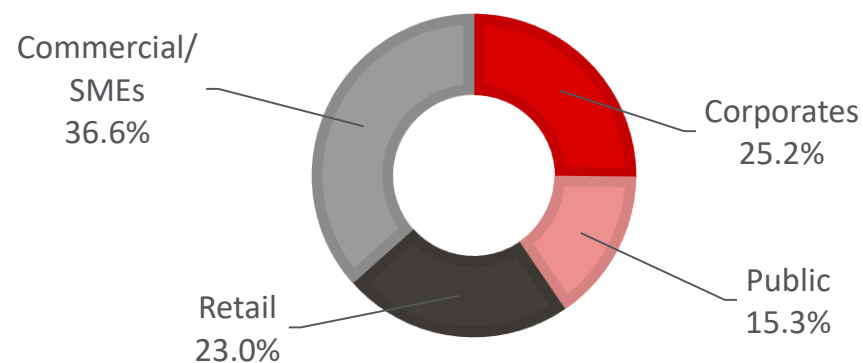


## Total Deposit

### H1 2019 Total Deposits – ~~₹~~3.81 Trillion



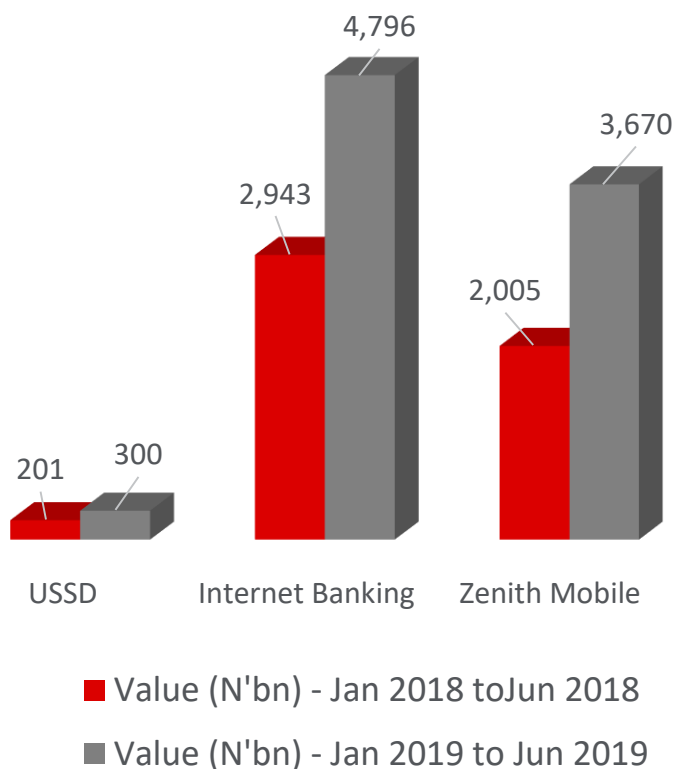
### FYE 2018 Total Deposits – ~~₹~~3.69 Trillion



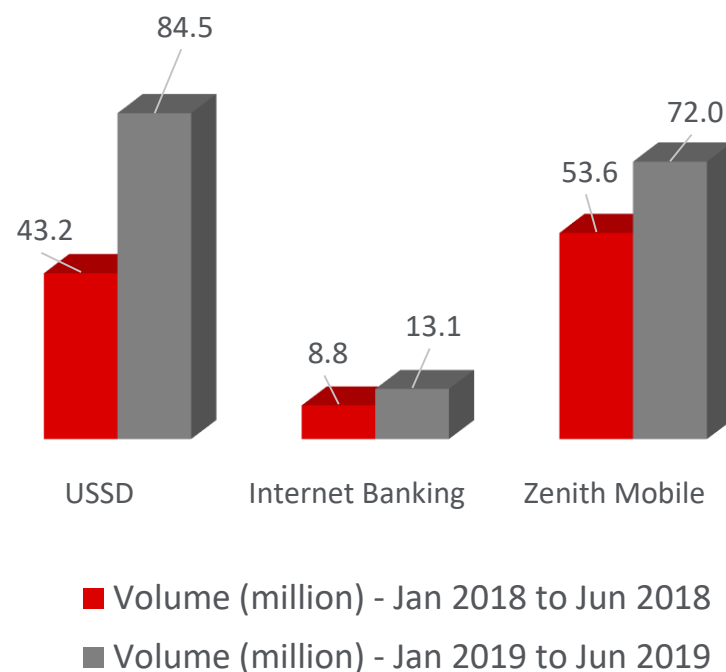
# Electronic Banking Products Performance.

- The bank recorded a remarkable growth in both value and volume of electronic product transactions, resulting in a 169% (ref.: slide 16) growth in income on electronic products.

## Value of Electronic Product Transactions



## Volume of Electronic Product Transactions





# Geographical Presence

## Zenith Bank Plc. (Parent)

Established: 1990  
Branches: 379  
H1 2019 PBT: N91.5 Bn  
Total deposits: N2,988Bn  
Total assets: N4,923Bn  
ROE: 22.0%  
Staff strength: 6,103

## Zenith Pension

Established: 2005  
Branches: 2  
Zenith ownership: 99%  
H1 2019 PBT: N3.7Bn  
Custody assets: N3,684Bn  
Total assets: N21Bn  
ROE: 27%  
Staff strength: 109

## Zenith Nominee

Established: 2018  
Branches: 1  
Zenith ownership: 99%  
H1 2019 PBT: N244M  
Custody assets: N153Bn  
Total assets: N2Bn  
ROE: 25%  
Staff strength: 4

## Gambia

Established: 2009  
Zenith ownership: 99.96%  
Branches: 6  
H1 2019 PBT: N479M  
Total deposits: N12Bn  
Total assets: N17Bn  
ROE: 19%  
Staff strength: 132

## Ghana

Established: 2005  
Zenith ownership: 98.07%  
Branches: 27  
H1 2019 PBT: N12.8Bn  
Total deposits: N301Bn  
Total assets: N398Bn  
ROE: 26%  
Staff strength: 695

## Sierra Leone

Established: 2008  
Zenith ownership: 99.99%  
Branches: 6  
H1 2019 PBT: N402M  
Total deposits: N16Bn  
Total assets: N23Bn  
ROE: 9%  
Staff strength: 156

## United Kingdom

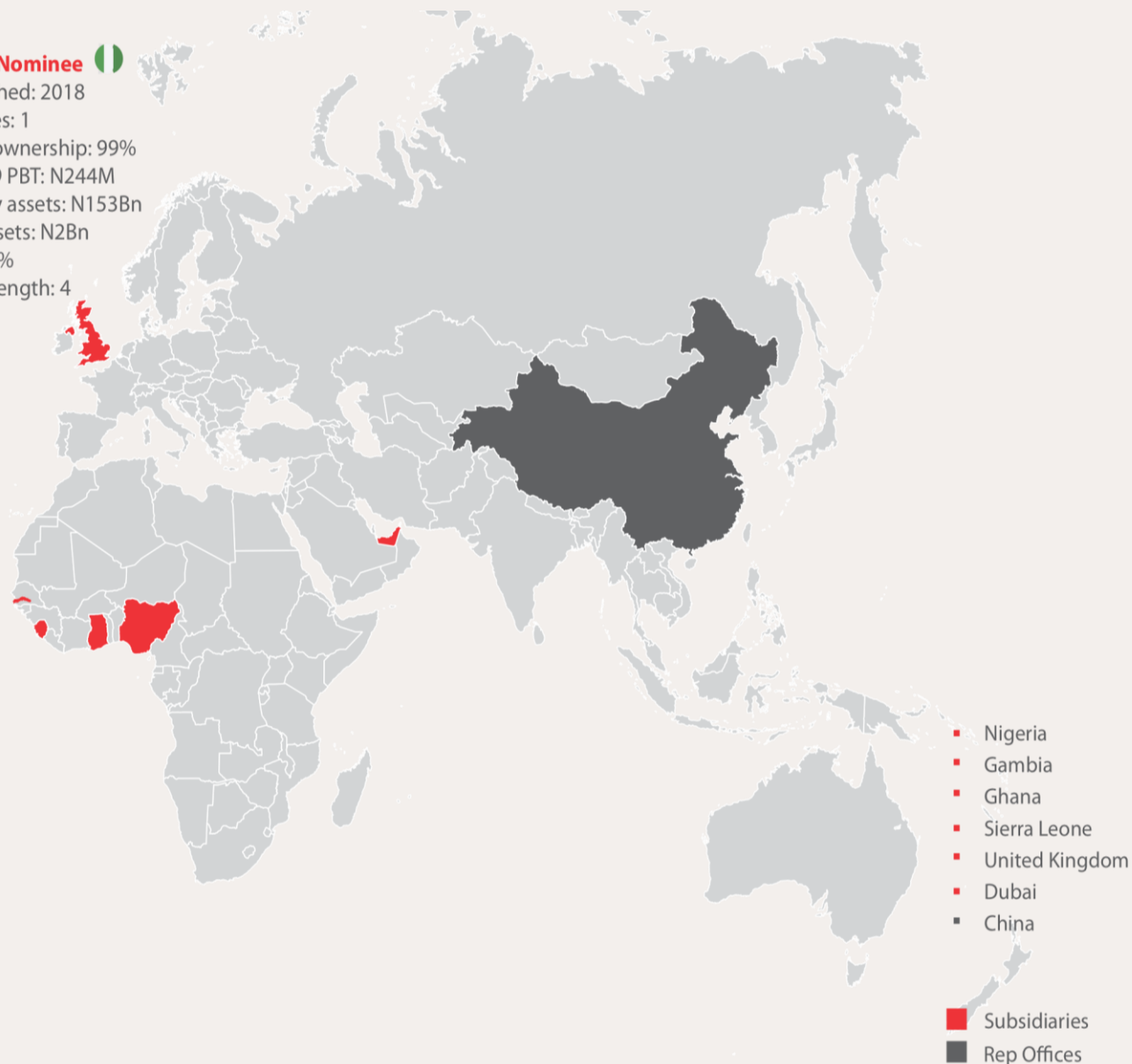
Established 2007  
Zenith ownership: 100%  
Branches: 2  
H1 2019 PBT: N7Bn  
Total deposits: N494Bn  
Total assets: N684Bn  
ROE: 13%  
Staff strength: 116

## UAE

Branch of Zenith UK  
Established 2016  
1 branch

## China

Representative Office  
Established 2011



# Performance by Geography

- Subsidiaries contribution to revenue increased from 12.9% to 14.0% YoY, improving revenue diversification by geography while PBT contribution grew from 14.8% to 18.1% YoY.

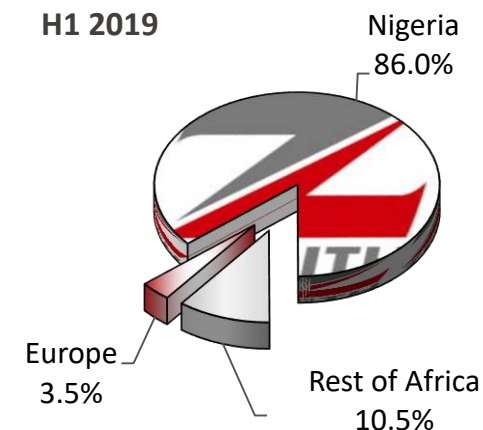
## 6 Months Ended June 2019

(₦'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total revenue</b>	<b>289,583</b>	<b>35,277</b>	<b>11,678</b>	<b>(4,952)</b>	<b>331,586</b>
Total expense	(194,132)	(21,586)	(5,143)	952	(219,909)
Profit before tax	95,451	13,691	6,535	(4,000)	111,677
Tax	(17,340)	(4,398)	(1,057)	-	(22,795)
Profit after tax	78,111	9,293	5,478	(4,000)	88,882

## Gross Revenue

H1 2019

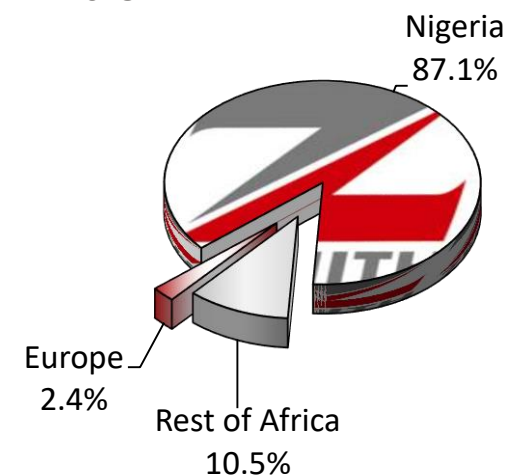


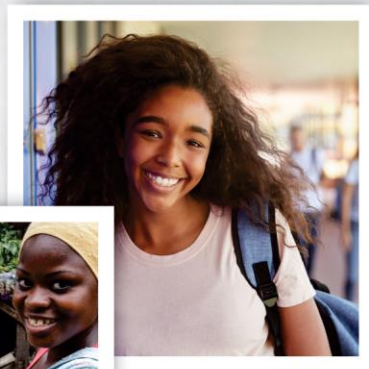
## 6 Months Ended June 2018

(₦'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total revenue</b>	<b>282,014</b>	<b>33,889</b>	<b>7,857</b>	<b>(1,559)</b>	<b>322,201</b>
Total expense	(190,542)	(22,339)	(3,521)	1,559	(214,843)
Profit before tax	91,472	11,550	4,336	-	107,358
Tax	(21,154)	(3,757)	(710)	-	(25,621)
Profit after tax	70,318	7,793	3,626	-	81,737

H1 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

- Retail
- Agriculture
- Infrastructure
- Manufacturing
- Petrochemicals
- Real Estate and Construction
- 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 (BVN) of all bank's customers across the industry into a single data base has also boosted our retail banking business as we are now able to grow our retail loans.
- **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) 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 FY2019. 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 is 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. We are also taking advantage of the Differentiated CRR scheme to lend part of our CRR to manufacturing and agricultural related projects.

# Guidance for FYE 2019

	FYE 2019 Guidance	6 Months – H1 2019 Achieved	FYE 2018 Achieved
PBT	₺240.0Bn	₺111.7Bn	₺231.7Bn
Effective Tax Rate	15.00%	20.40%	16.50%
PAT	₺204.0Bn	₺88.9Bn	₺193.4Bn
ROAE	24.00%	21.70%	23.80%
ROAA	3.60%	3.00%	3.40%
NIM	9.00%	8.60%	8.90%
Cost of Funds	3.20%	3.00%	3.10%
Cost of Risk	1.00%	1.40%	0.90%
Cost to Income	48.00%	53.20%	49.30%
Deposit Growth	10.00%	3.20%	7.30%
Loan Growth	7.50%	(3.20%)	(10.50%)
Loan to Deposit (Bank)	65.00%	62.70%	61.50%
Loan to Deposit (Group)	55.00%	51.20%	54.60%
Capital Adequacy	25.00%	25.00%	25.00%
Liquidity Ratio	60.00%	74.60%	80.90%
NPL	4.85%	5.30%	4.98%
NPL Coverage	150.00%	145.40%	192.40%

# Thank You

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