



Zenith Bank Plc
Group Unaudited Results for the period ended 31 March, 2020

ZENITH BANK PLC RELEASES UNAUDITED Q1 2020 RESULTS

LAGOS, NIGERIA - 29 April, 2020 - Zenith Bank Plc, (Bloomberg: ZENITHBA NL) ("Zenith" or the "Bank"), the Nigerian bank headquartered in Lagos, announces its unaudited results for the first quarter ended 31 March 2020.

Financial Highlights

Income statement			
<i>In millions of Naira</i>	31-Mar-20	31-Mar-19	% Change
Gross earnings	166,814	158,111	6%
Interest and similar income	114,330	122,480	-7%
Net interest income	81,501	86,137	-5%
Non-interest income	46,639	32,656	43%
Operating expenses	(65,401)	(59,404)	10%
Profit before tax	58,788	57,293	3%
Profit after tax	50,526	50,234	1%

Balance sheet	31-Mar-20	31-Dec-19	% Change
Gross Loans	2,739,885	2,462,359	11%
Customer deposits	4,462,627	4,262,289	5%
Total assets	7,127,917	6,346,879	12%
Shareholders' fund	925,942	941,886	-2%

Key ratios	31-Mar-20	31-Mar-19	% Change
Return on average equity (ROAE)	21.6%	25.2%	-14%
Return on average assets (ROAA)	3.0%	3.4%	-12%
Net interest margin (NIM)	7.7%	8.9%	-13%
Cost of funds	2.6%	3.0%	-15%
Cost of risk	0.6%	0.4%	43%
Cost to income	52.7%	50.9%	3%
	31-Mar-20	31-Dec-19	% Change
Loan to deposit ratio (Group)	61.4%	57.8%	6%
Loan to deposit ratio (Bank)	71.7%	68.6%	5%
Liquidity ratio	41.8%	57.3%	-27%
Capital adequacy ratio (CAR)	19.6%	22.0%	-11%
Non-performing loan	4.6%	4.3%	7%
Coverage ratio	125.2%	148.2%	-15%



In the first quarter of 2020, the Zenith Bank Group recorded a 6% increase in Gross Earnings from N158.1 billion in March 2019 to N166.8 billion for the period. This top line growth is an outcome of the 43% expansion in non-interest income from N32.7 billion in the prior-year period to N46.6 billion in March 2020. Non-interest income growth was driven by a 98% surge in trading income from N7.8 billion in March 2019 to N15.5bn in the quarter.

Profit before tax improved 3% from N57.3 billion in the prior-year period to N58.8 billion in March 2020. Increased profits benefited from the twin effects of continuing top-line growth and focused cost-of-funds optimisation. Cost of funds declined significantly from 3.0% in March 2019 to 2.6% in the quarter, translating to a 10% decrease in interest expense dropping from N36.3 billion in March 2019 to N32.8 billion in the quarter. Despite this drop, the current low yield environment, necessitated the repricing of interest-bearing assets which in turn resulted in a 13% compression in net interest margin, decreasing from 8.9% in March 2019 to 7.7% in the current period.

We have continued to gain customer acceptance with customer deposits increasing by 5% from N4.26 trillion in December 2019 to N4.46 trillion in the current period. Our customer deposit mix rebalancing remains on-track as the Group added N150 billion in savings account balances in Q1 2020, supported by our intense retail drive. Our customer acquisition strategy has been underpinned by the versatility of our electronic platforms and digital channels which continue to resonate with our customers.

Total assets increased by 12% growing from N6.35 trillion in December 2019 to close at N7.13 trillion in the current period. In the quarter, gross loans grew by 11% from N2.46 trillion in December 2019 to N2.74 trillion within the period. While seeking opportunities in select sectors, risk management and prudence took precedence as cost of risk moved marginally from 0.4% to 0.6%. Our conservatism over the years has put us in a very strong position from a balance sheet, capital adequacy and liquidity standpoint allowing for our prudential ratios to exceed the relevant regulatory thresholds as at end-March 2020.

The COVID-19 pandemic has created significant challenges for the global economy including several markets in which we operate. While we do not know the duration and extent of the pandemic on the economy, we are evolving to take advantage of the opportunities a post-COVID world will present. We are at the forefront of partnerships with both the federal and state governments to respond to the challenges of the virus. We have activated our business continuity plan while deploying enhanced digital channels to handle the increased volumes of customer transactions.



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 well over half a 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 Beijing, China and Dubai branch of Zenith Bank UK.

More information can be found at www.zenithbank.com