



# Q1 2018 Group Results

Presentation to Investors & Analysts



**ZENITH BANK PLC**

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# Disclaimer

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.

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# 1. Overview & Operating Environment

# Nigerian Economy and Key Developments in the Banking Sector

With improving macroeconomic environment, Nigeria remains Africa's largest economy with strong sectors and significant opportunities.

## Real GDP Growth (Rebase):

- Nigeria recorded a real GDP growth of 1.90% YoY in Q4 2017, up by 50bps from 1.40% recorded in Q3 2017.
- The Oil sector grew by 8.4% YoY, while the non-oil sector grew by 1.5% - driven largely by activities in the Agriculture Sector (specifically crops), which grew by a decent 4.2% YoY in real terms.

## Headline Inflation:

- Headline Inflation moderated to 13.34% YoY in Mar. 2018, representing a 99bps decline from the preceding month. The Food Index (which contributed the most) increased by 16.08% YoY, down from 17.59% recorded in Feb. 2018
- The rise in the food index was caused by increases in prices of bread & cereals, fish, oil & fats, vegetables, fruits, coffee, tea and cocoa, meat, milk, cheese and eggs.

## Oil Production & Price:

- OPEC Average Monthly Basket Price grew by 2.7% in the 1<sup>st</sup> quarter of 2018, from \$62.1/bbl recorded at the end of Q4 2017 to \$63.8/bbl recorded at the end Q1 2018.

## Foreign Reserves:

- Nigerian foreign reserves grew by 19.3% QoQ from \$38.8bn recorded at the end of Q4 2017 to \$46.3bn recorded at the end of Q1 2018.

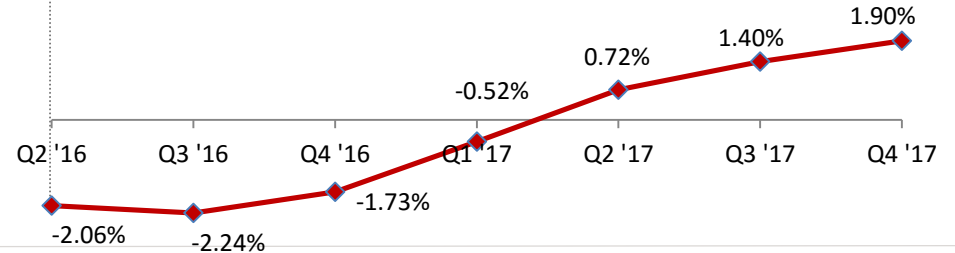
## Exchange Rate:

- The CBN official exchange rate has remained stable at 306NGN/USD since the beginning of 2017 while we have seen a gradual convergence of the other exchange rate windows. Current rates (NGN/USD): Parallel – 362; NAFEX( I&E) – 360; NIFEX – 336)

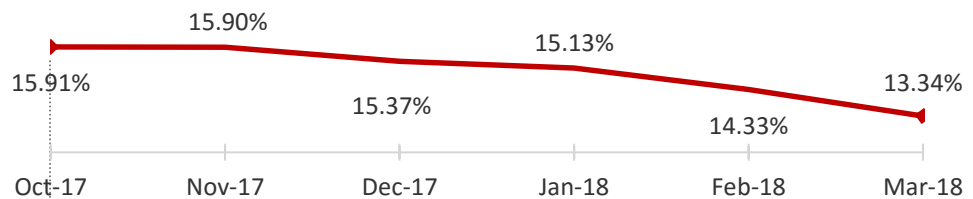
## Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) voted to leave all policy rates unchanged during the meeting held in April 2018 - the Monetary Policy Rate (MPR) at 14%, the Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30%.

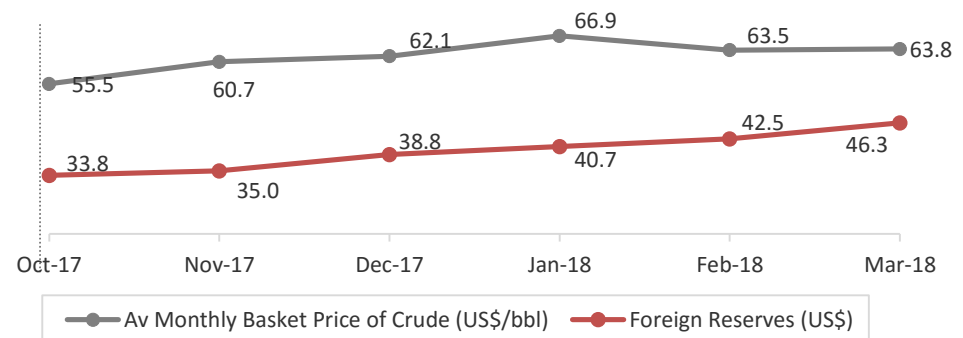
## GDP Growth Rate



## Inflation Rate



## Foreign Reserves / Oil Price



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

# Our Investment Proposition

Strong earnings capacity and growth, 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.

## □ Strong Focus on Risk Management:

- ✓ Despite the tough operating environment, NPL ratio came in at 4.3% with a coverage ratio of 320.7%.

## □ Decent Dividend Payout:

- ✓ Good and consistent dividend payout to its investors.
- ✓ The Bank paid a dividend of N1.60 per share for FY2012, N1.75 per share for both FY2013 and FY2014, N1.80 per share for FY2015 and N2.02 per share for FY2016
- ✓ A final dividend of N2.45 per share was paid for FY2017, which in addition to the N0.25 per share earlier paid as interim dividend amounted to N2.70 per share.

## □ Credit Rating/Certifications:

- ✓ **Standard and Poor's** ratings for Zenith Bank 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) Long term foreign currency deposit - B3 with with Stable Outlook

## 2. Group Results

# Financial Highlights – Q1 2018

## Key Themes

Efficiency and Risk Management for Superior Performance  
Building A Shock-Proof Balance Sheet

## P or L

Gross Earnings: N169.2bn

+14.5% YoY

Net Interest Income: N95.9bn

+35.8% YoY

Non-Interest Income: N26.6bn

-10.4% YoY

Profit Before Tax: N54.0bn

+22.2% YoY

Profit After Tax: N47.1bn

+25.6% YoY

## Balance Sheet

Gross Loans & Advances: N2.0tn

- 9.5% YTD

Total Assets: N5.7tn

+1.4% YTD

Customer Deposits: N3.4tn

-1.2% YTD

Total Shareholders' Funds: N735.2bn

-10.5% YTD

## Key Ratios

Loans to Deposits Ratio: 50.7%

Cost of Funds: 4.1%

Liquidity Ratio: 70.5%

Net Interest Margin: 9.3%

NPL Ratio: 4.3%

Cost to Income Ratio: 54.2%

Coverage Ratio: 320.7%

Cost of Risk: 0.9%

Capital Adequacy Ratio: 22.3%

RoAE: 24.2%

EPS: N1.5



# Profit or Loss Statement

- Strong bottom-line profitability, driven by robust core earnings generation and continued cost control to deliver improved operating leverage.

(N'million)	Group 3M 18	Group 3M 17	YOY Change
<b>Gross earnings</b>	<b>169,192</b>	<b>147,736</b>	<b>14.52%</b>
<b>Interest Income</b>	<b>142,618</b>	<b>118,092</b>	<b>20.77%</b>
Interest expense	(46,720)	(47,488)	(1.62%)
Net interest income	95,898	70,604	35.83%
Impairment charge for financial assets	(4,573)	(7,886)	(42.01%)
Net interest income after impairment charge for financial assets	91,325	62,718	45.61%
Fees and commission income	20,837	21,128	(1.38%)
Trading income	1,712	7,064	(75.76%)
Other income	4,025	1,452	177.20%
Depreciation of property and equipment	(526)	(282)	86.52%
Amortisation of intangible assets	(3,889)	(2,723)	42.82%
Personnel expenses	(15,566)	(18,166)	(14.31%)
Operating expenses	(43,917)	(26,991)	62.71%
<b>Profit before tax</b>	<b>54,001</b>	<b>44,200</b>	<b>22.17%</b>
Tax expense	(6,922)	(6,701)	3.30%
<b>Profit after tax</b>	<b>47,079</b>	<b>37,499</b>	<b>25.55%</b>

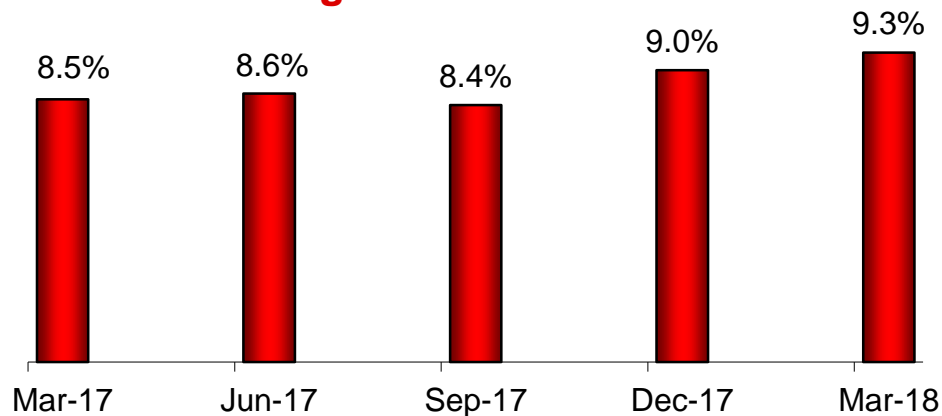
# Consolidating Earnings and Profitability

- In spite of the macroeconomic backdrop, Zenith Bank has delivered an attractive earnings profile, supported by increasing revenue and improving operating efficiency.

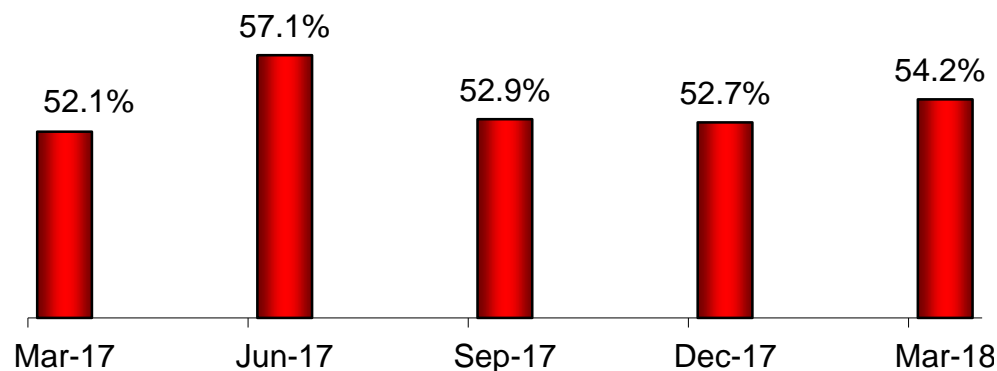
## Comments

- Net Interest Margin (NIM)** increased YoY by 9.4% (from 8.5% in Q1 2017 to 9.3% in Q1 2018), demonstrating the Group's ability in delivering optimal pricing for its interest-bearing assets and liabilities even in a declining yield environment.
- Cost-to-Income Ratio** inched up by 4.0% YoY, from 52.1% in Q1 2017 to 54.2% in Q1 2018. We expect an improved ratio for the remaining of the year, as 6 months' AMCON charge was taken in Q1 2018.
- PBT** increased by 22.2% YoY, from N54.0bn in Q1 2017 to N44.2bn in Q1 2018 while **PAT** increased by 25.5% YoY, from N37.5bn in Q1 2017 to N47.08bn in Q1 2018

## Net Interest Margin



## Cost to Income Ratio

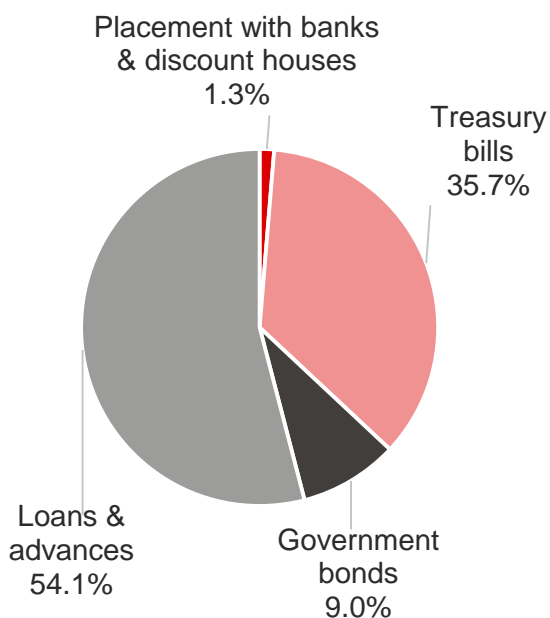


# Revenue Base: Interest Income Diversification

- Attractive YoY growth in interest income (+21%) to support the Bank's net interest margin
- The Group has maintained a consistent mix of interest income across the various interest-generating assets over the years

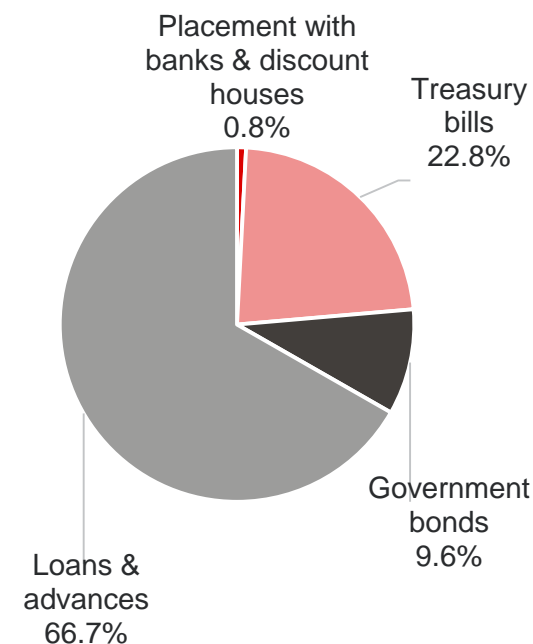
## Interest Income

Q1 2018



N'million	Q1 2018	Q1 2017	YoY
Placement with banks & discount houses	1,867	968	93%
Treasury Bills	50,854	26,927	89%
Government Bonds	12,813	11,388	13%
Loans & Advances	77,084	78,809	-2%
<b>Total</b>	<b>142,618</b>	<b>118,092</b>	<b>21%</b>

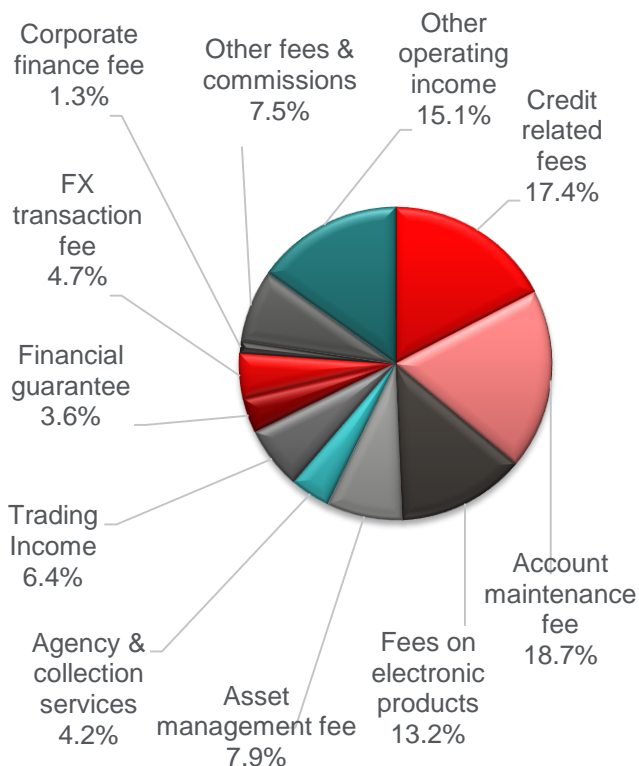
Q1 2017



# Revenue Base: Non-Interest Income Diversification

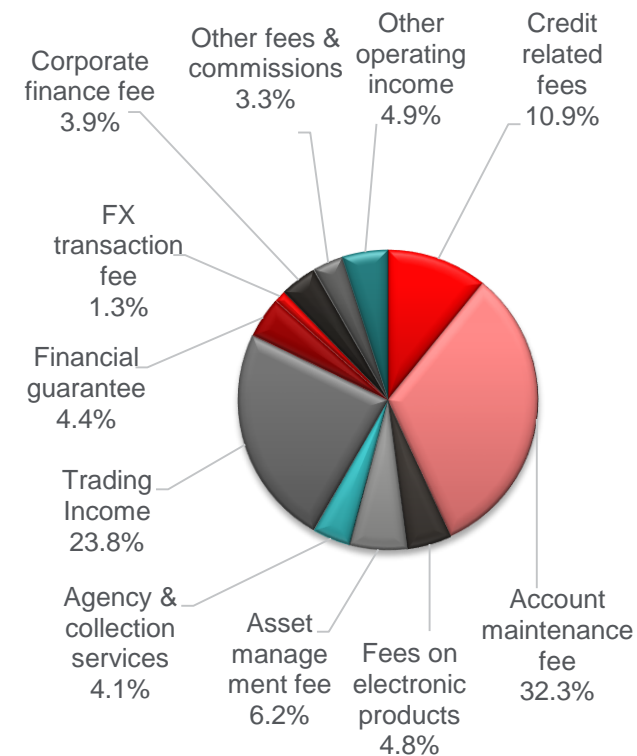
- Trading income declined mainly as a result of the reclassification of T-bills trading income to interest income.

Q1 2018



N'million	Q1 2018	Q1 2017	YoY
Credit related fees	4,620	3218	44%
Account maintenance fee	4,962	9,571	(48%)
Fees on electronic products	3,518	1,424	147%
Asset management fee	2,093	1,840	14%
Agency & collection services	1,111	1,224	(9%)
Trading income	1,712	7,064	(76%)
Financial guarantee	958	1,301	(26%)
FX transaction fee	1,242	393	216%
Corporate finance fee	333	1,165	(71%)
Other fees & commissions	2,000	992	102%
Other income	4,025	1,452	177%
<b>Total</b>	<b>26,574</b>	<b>29,644</b>	<b>(10%)</b>

Q1 2017

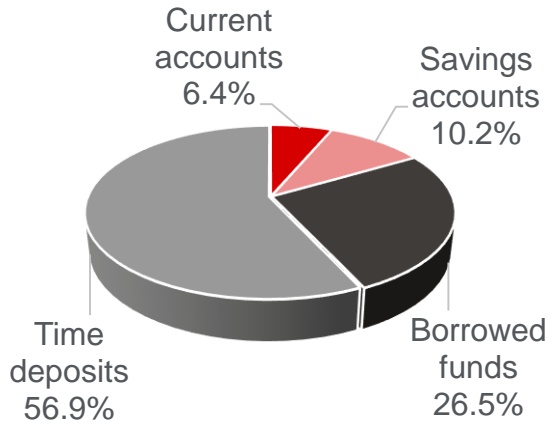


# Continuous Efforts in Cost-Reduction Strategies

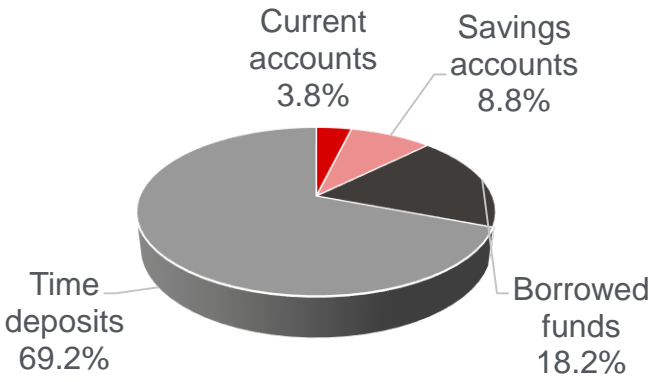
- The Group achieved a reduction of 2% YoY in interest expense despite the additional \$500m Eurobond issued in May 2017.
- Interest rates on time deposits were repriced downwards as yields continue to drop.

## Interest Expenses

Q1 2018



Q1 2017



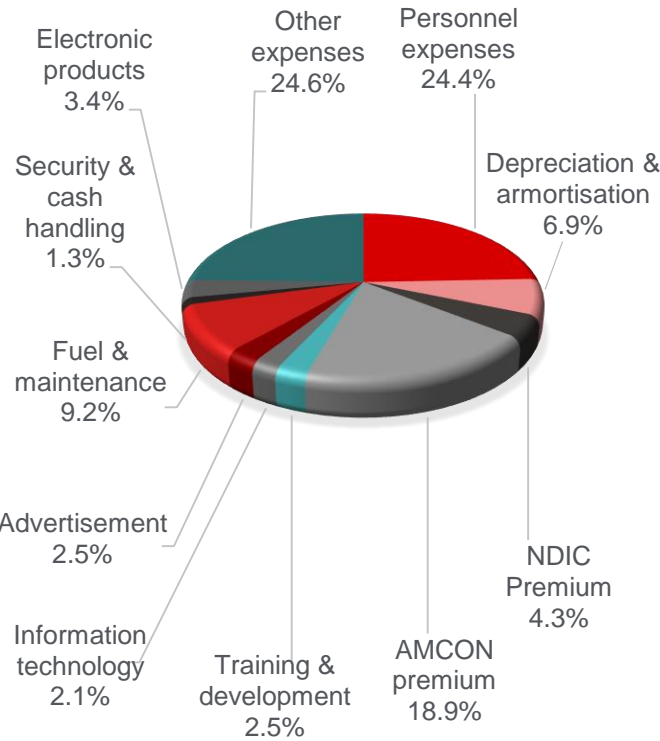
N'million	Q1 2018	Q1 2017	YoY
Current accounts	2,975	1,792	66%
Savings accounts	4,779	4,189	14%
Borrowed funds	12,366	8,659	43%
Time deposits	26,600	32,848	(19%)
<b>Total</b>	<b>46,720</b>	<b>47,488</b>	<b>(2%)</b>

# Continuous Efforts in Cost-Reduction Strategies

- High inflation rate, exchange rate movement and AMCON premium contributed significantly to the 33% increase in total operating expenses.
- We expect a moderation in operating expenses for the remaining of the year as 6 months' AMCON charge was taken in Q1 2018 (only 3 months' AMCON charge was taken as at Q1 2017).

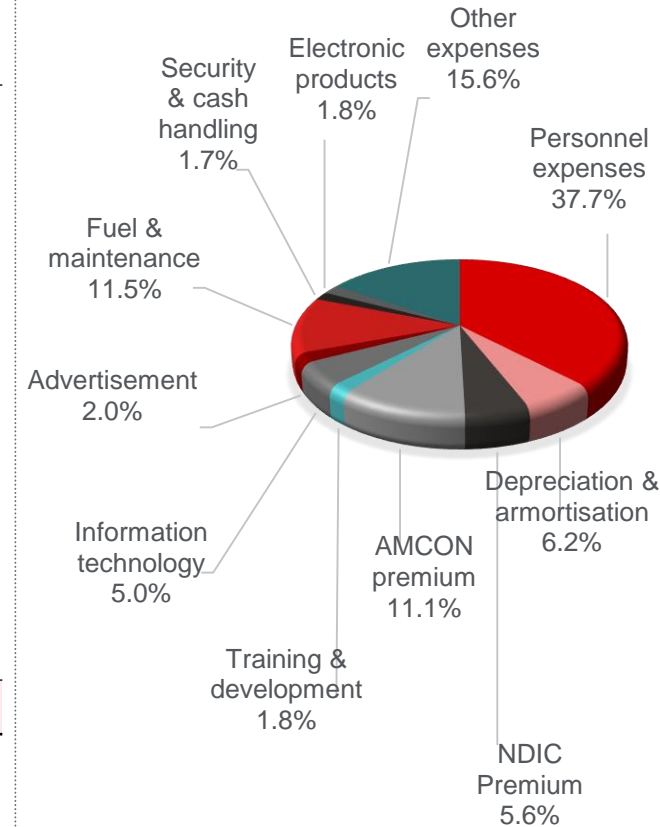
## Total Operating Expenses

Q1 2018



N'million	Q1 2018	Q1 2017	YoY
Staff costs	15,566	18,166	-14%
Depreciation & Amortisation	4,415	3,005	47%
NDIC premium	2,722	2,700	1%
AMCON premium	12,084	5,355	126%
Training & development	1,573	854	84%
Information technology	1,335	2,388	(44%)
Advertisement	1,622	960	69%
Fuel & maintenance	5,854	5,561	5%
Security & cash handling	842	806	4%
Corporate promotions	2,197	875	151%
Other expenses	15,688	7,492	109%
<b>Total</b>	<b>63,898</b>	<b>48,162</b>	<b>33%</b>

Q1 2017



# Balance Sheet – Assets

Strong and liquid balance sheet led by loans and securities portfolio.

(N'million)	Group Mar-18	Group Dec-17	YTD Change	Group Mar-17
Cash and balances with central banks	940,981	957,663	(1.74%)	604,419
Treasury bills	986,571	936,817	5.31%	646,387
Assets pledged as collateral	445,896	468,010	(4.73%)	338,996
Due from other banks	760,510	495,803	53.39%	389,541
Derivative assets	65,814	57,219	15.02%	19,519
<b>Loans and advances</b>	<b>1,757,011</b>	<b>2,100,362</b>	<b>(16.35%)</b>	<b>2,349,470</b>
Investment securities	419,808	330,951	26.85%	221,967
Deferred tax assets	9,253	9,561	(3.22%)	6,638
Other assets	138,634	92,494	49.88%	49,119
Property and equipment	137,441	133,384	3.04%	105,768
Intangible assets	13,885	12,989	6.90%	8,004
<b>Total Assets</b>	<b>5,675,804</b>	<b>5,595,253</b>	<b>1.44%</b>	<b>4,739,828</b>

# Balance Sheet – Liabilities & Equity

Assets are well funded by a significant deposit base and the balance sheet remains robustly capitalised, providing a buffer for further growth.

(N'million)	Group Mar-17	Group Dec-17	YTD Change	Group Mar-17
Customers deposits	3,396,182	3,437,915	(1.21%)	2,996,262
Derivative liabilities	7,148	20,805	(65.64%)	2,027
Current income tax payable	13,625	8,915	52.83%	13,578
Deferred income tax liabilities	-	18	(100%)	46
Other liabilities	328,286	233,481	40.61%	227,372
On-lending facilities	443,440	383,034	15.77%	360,213
Borrowings	408,140	356,496	14.49%	296,041
Debt Securities Issued	343,737	332,931	3.25%	156,431
<b>Total liabilities</b>	<b>4,940,558</b>	<b>4,773,595</b>	<b>3.50%</b>	<b>4,051,970</b>

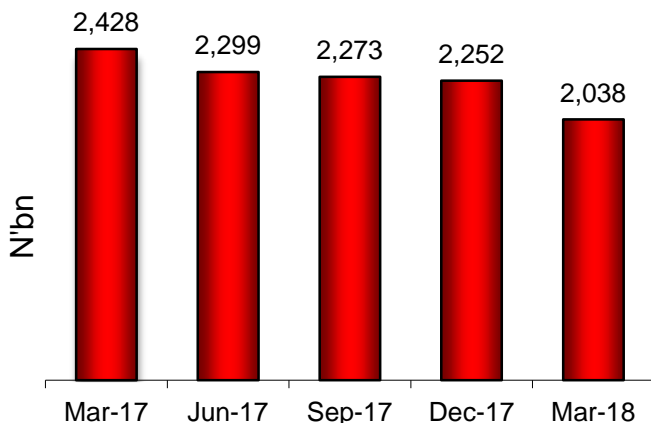
(N'million)	Group Mar-18	Group Dec-17	YTD Change	Group Mar-17
Share capital	15,698	15,698	0.00%	15,698
Share premium	255,047	255,047	0.00%	255,047
Retained earnings	268,592	365,757	(26.57%)	244,019
Other reserves	194,612	183,839	5.86%	172,072
<b>Total Shareholders' equity</b>	<b>735,246</b>	<b>821,658</b>	<b>(10.52%)</b>	<b>687,858</b>
Non-controlling interest	1,297	1317	(1.52%)	1,022
<b>Total liabilities &amp; equity</b>	<b>5,675,804</b>	<b>5,595,253</b>	<b>1.44%</b>	<b>4,739,828</b>



# Sustained Assets & Liabilities Match

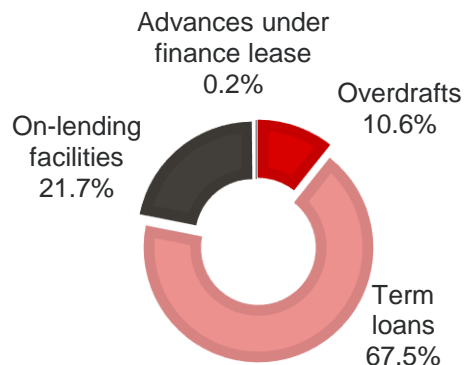
Deposit funded loan portfolio, with largely term loans to top-rated corporates and a predominantly demand deposit funding base that supports attractive net interest margin extraction.

## Loan Growth

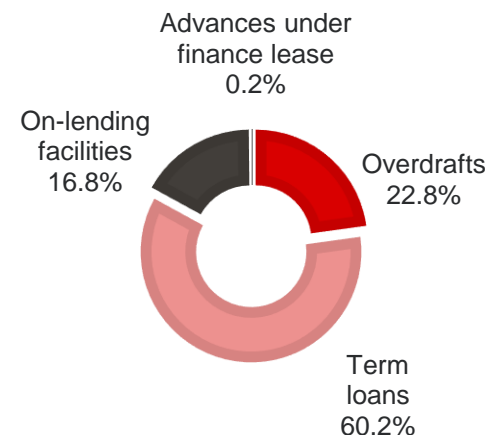


## Loans & Advances

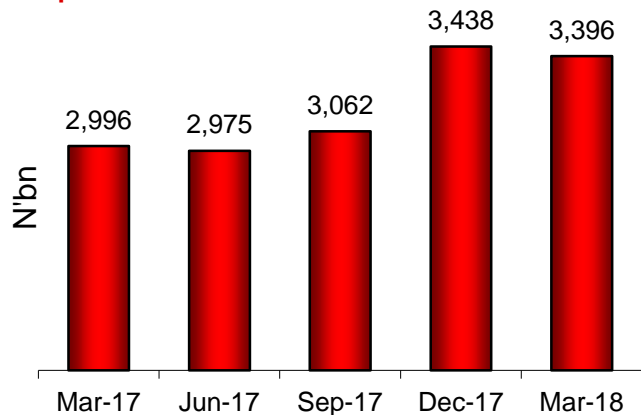
### Q1 2018



### FYE 2017

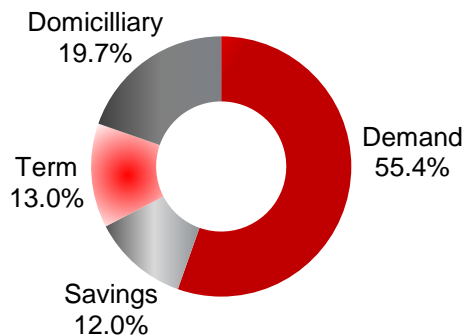


## Deposit Growth

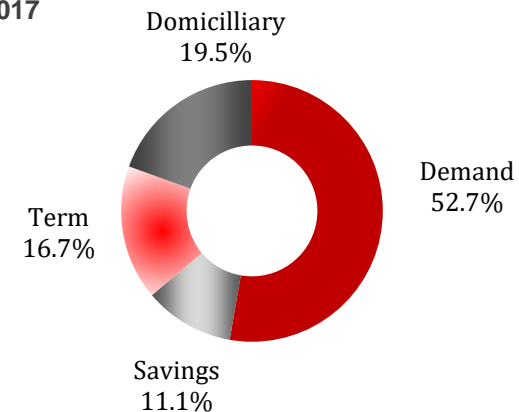


## Deposit Mix

### Q1 2018



### FYE 2017

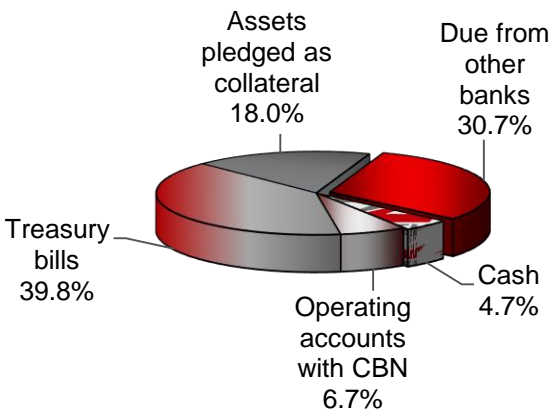


# Continued Market Dominance through Strong Liquid Asset Base and Funding Mix

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

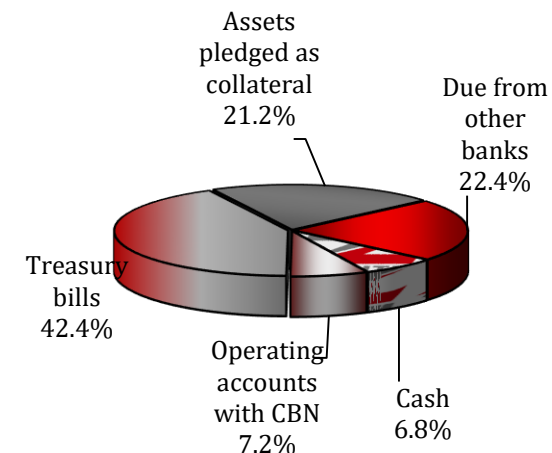
## Liquid Assets

Q1 2018



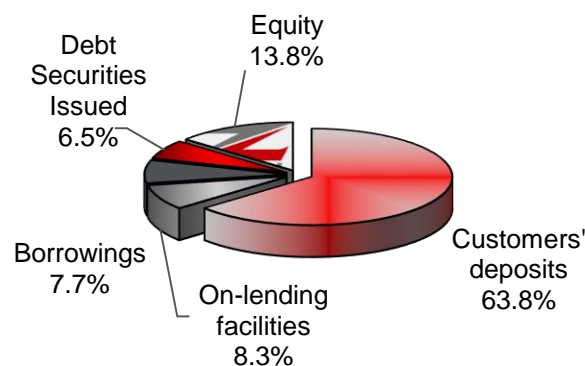
N'million	Q1 2018	FYE 2017	YoY
Cash	116,917	150,883	(23%)
Operating accounts with CBN	166,419	159,666	4%
Treasury bills	986,571	936,817	5%
Assets pledged as collateral	445,896	468,010	(5%)
Due from other banks	760,510	495,803	53%
<b>Total</b>	<b>2,476,313</b>	<b>2,211,179</b>	<b>12%</b>

FYE 2017



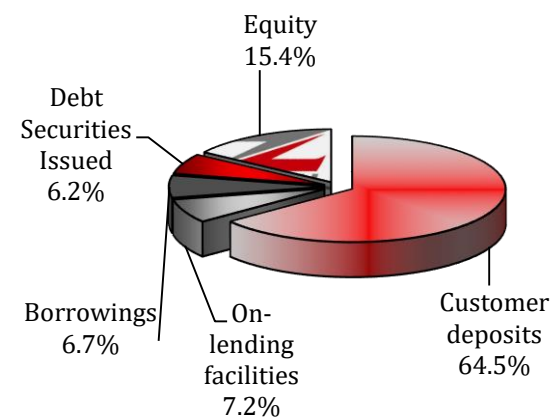
## Funding Mix

Q1 2018



N'million	Q1 2018	FYE 2017	YoY
Customers' deposits	3,396,182	3,437,915	(1%)
On-lending facilities	443,440	383,034	16%
Borrowings	408,140	356,496	14%
Debt securities issued	343,737	332,931	3%
Equity	735,246	821,658	(11%)
<b>Total</b>	<b>5,326,745</b>	<b>5,332,034</b>	<b>0%</b>

FYE 2017



# Performance by Geography

Nigeria continues to be the main driver of profitability, providing almost 90% of gross revenue.

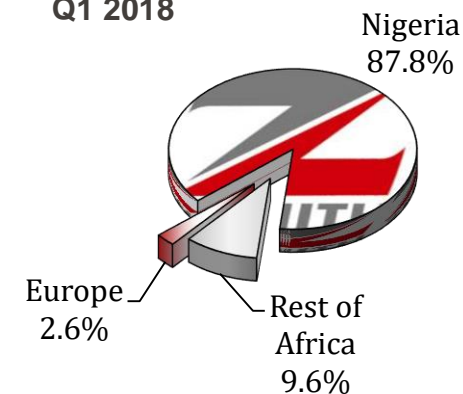
## 3 Months Ended Mar 2018

(N'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

## Gross Revenue

Q1 2018

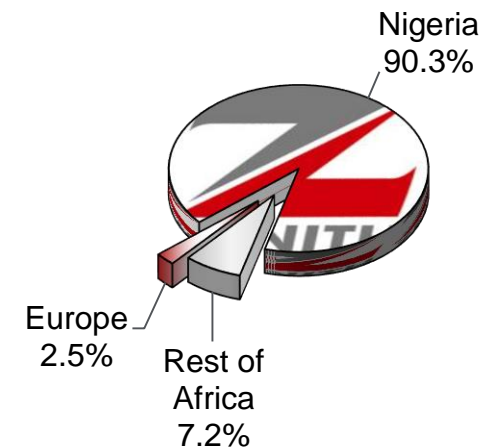


## 3 Months Ended Mar 2017

(N'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total revenue</b>	<b>132,379</b>	<b>10,577</b>	<b>3,595</b>	<b>1,185</b>	<b>147,736</b>
Total expense	(93,542)	(7,755)	(2,031)	(208)	(103,536)
Profit before tax	38,837	2,822	1,564	977	44,200
Tax	(5,073)	(1,284)	(344)	-	(6,701)
Profit after tax	33,764	1,538	1,220	977	37,499

Q1 2017



# Performance – By Business Segments

Continuous diversification and improved profitability across core business segments

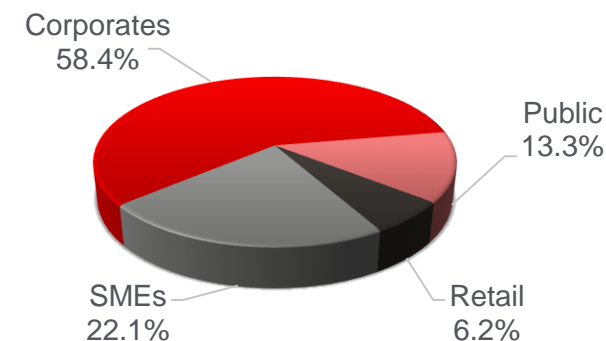
## 3 Months Ended Mar 2018

(N'million)

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

## Gross Revenue

Q1 2018

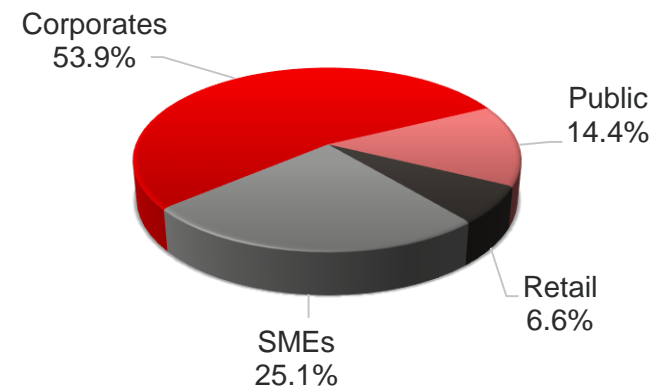


## 3 Months Ended Mar 2017

(N'million)

	Corporates	Public	Retail	SMEs	Consolidated
<b>Total revenue</b>	<b>79,663</b>	<b>21,252</b>	<b>9,736</b>	<b>37,085</b>	<b>147,736</b>
Total expenses	(52,487)	(17,267)	(5,536)	(28,245)	(103,536)
Profit before tax	27,175	3,985	4,200	8,840	44,200
Tax	(4,120)	(604)	(637)	(1,340)	(6,701)
Profit after tax	23,055	3,381	3,563	7,500	37,499

Q1 2017

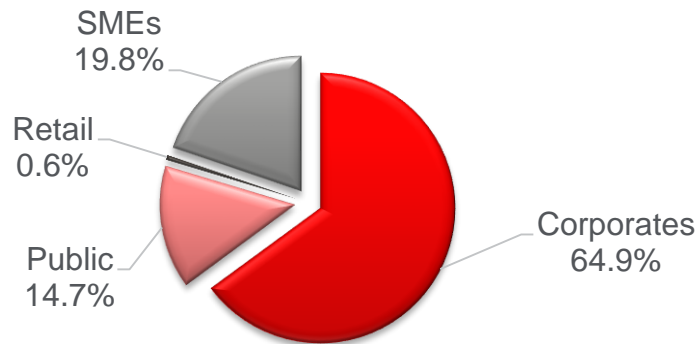


# Loans & Deposits – By Business Segments

Corporate-oriented franchise, with recently improved retail component.

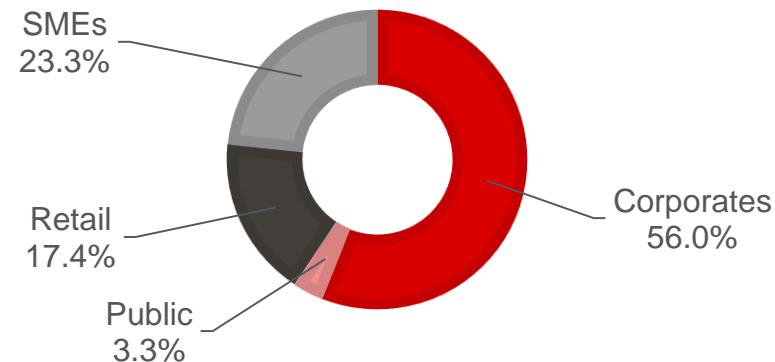
## Gross Loans

### Q1 2018 Gross Loans – ₦2.04 Trillion

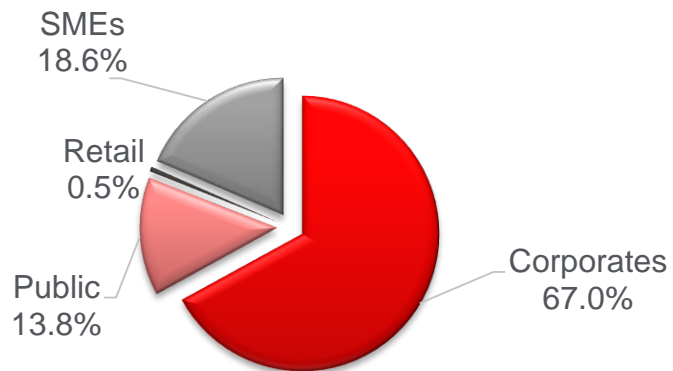


## Total Deposits

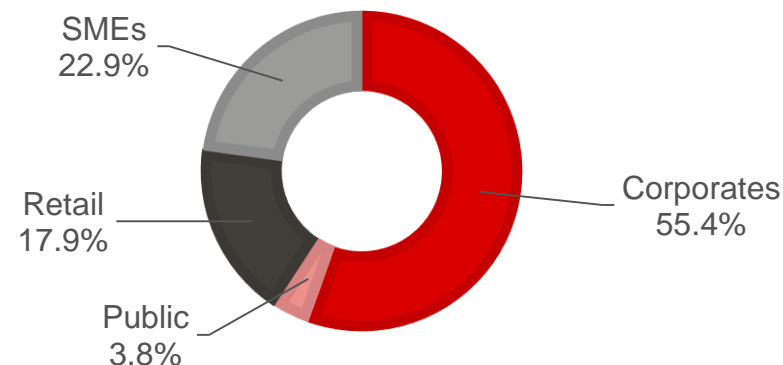
### Q1 2018 Total Deposits – ₦3.40 Trillion



### 2017 Gross Loans – ₦2.25 Trillion



### 2017 Total Deposits – ₦3.44 Trillion



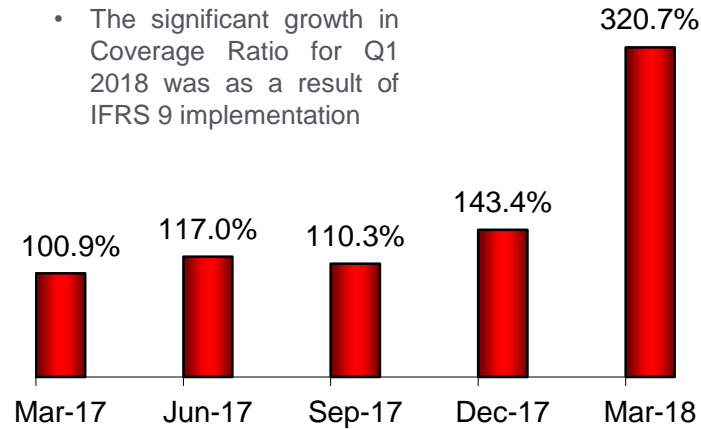
## 3. Risk Management

# Healthy Risk Assets Portfolio

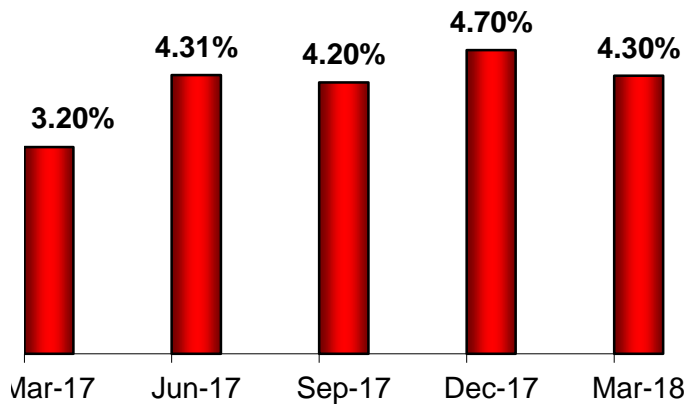
Historically strong risk management have resulted in a contained NPL ratio, with robust coverage levels that compare favourably with peers and the sector.

## NPL Coverage Ratio

- The significant growth in Coverage Ratio for Q1 2018 was as a result of IFRS 9 implementation



## NPL Ratio



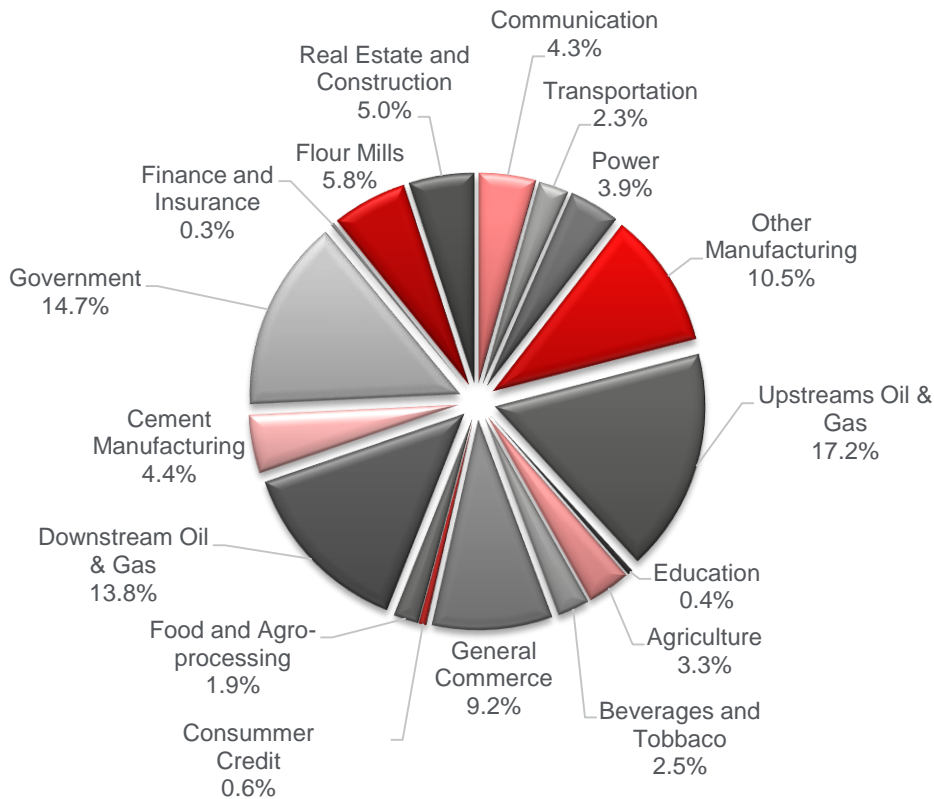
## Our Risk Management Strategy

- ✓ 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.
- ✓ **Loans to Oil & Gas Sector:** Although the price of crude oil has recovered from its 2016 lows and is currently trading above \$60 per barrel, the bank has put in place the following to guide against delinquent loans:
  - Hedges against drop in crude oil price for customers with loans
  - Encourage customers to increase production capacity to generate more cash flows
  - Customers are advised to diversify into gas production
  - Restructuring of loans in line with expected cash flow
- ✓ **Loans to Power Sector:**
  - Zenith Bank advanced loans to DISCOs with high cash generating capacity
  - The bank supported customers with other thriving businesses

# Focused Risk Management via Portfolio Diversification

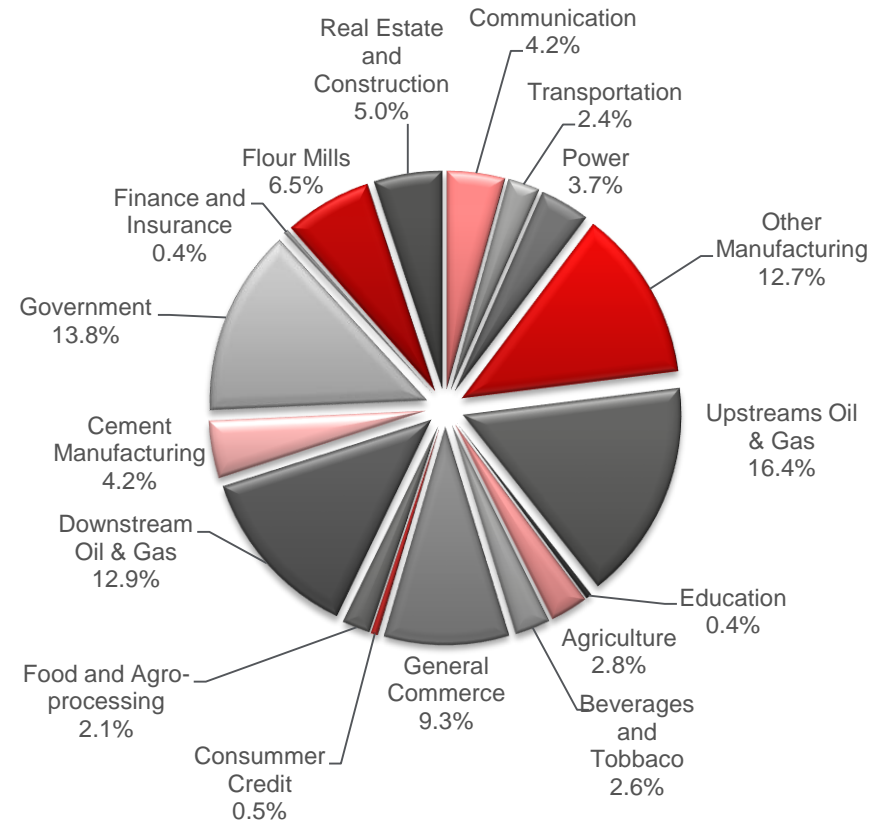
Well diversified loan portfolio across sectors supports asset quality.

## Loans by Sector – Q1 2018



Gross Loans – N2.04 Trillion

## Loans by Sector – FYE 2017



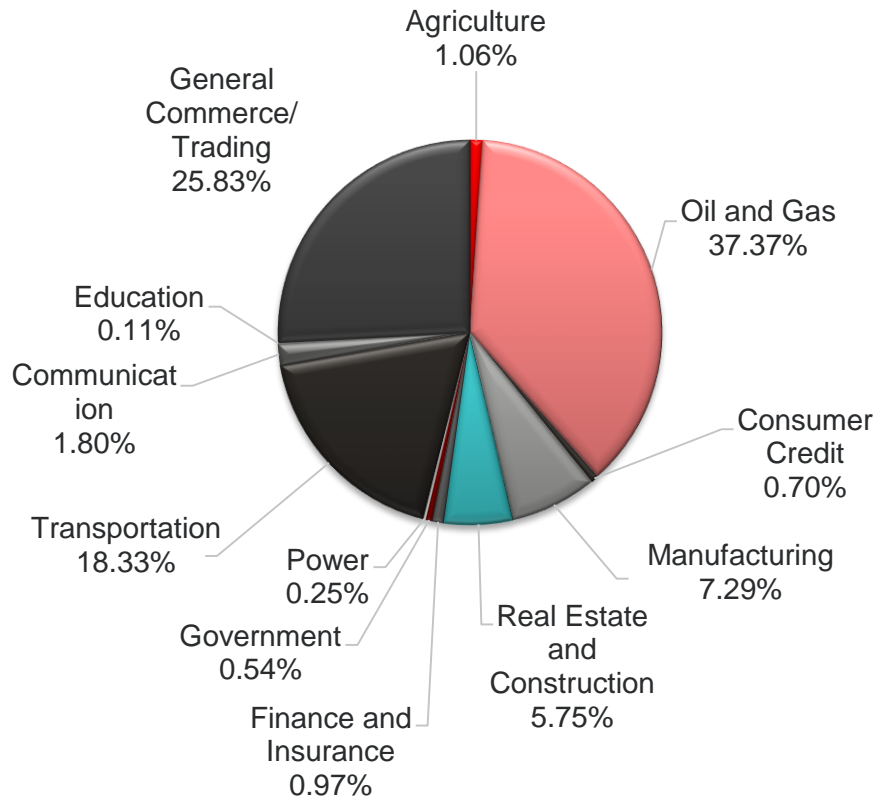
Gross Loans – N2.25 Trillion



# NPL by Sectors

Zenith Bank continues to develop its risk management strategy and improve on the quality of its loan portfolio.

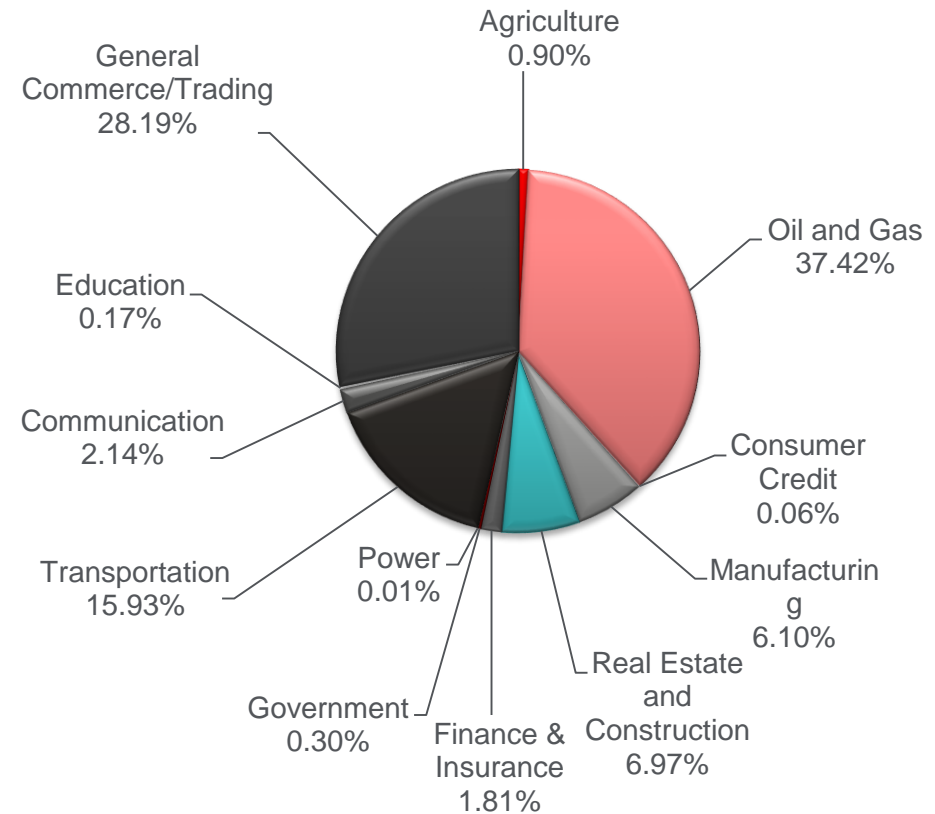
## Q1 2018



**Total NPLs – N87.64 Billion**

**NPL Ratio – 4.3%**

## FYE 2017



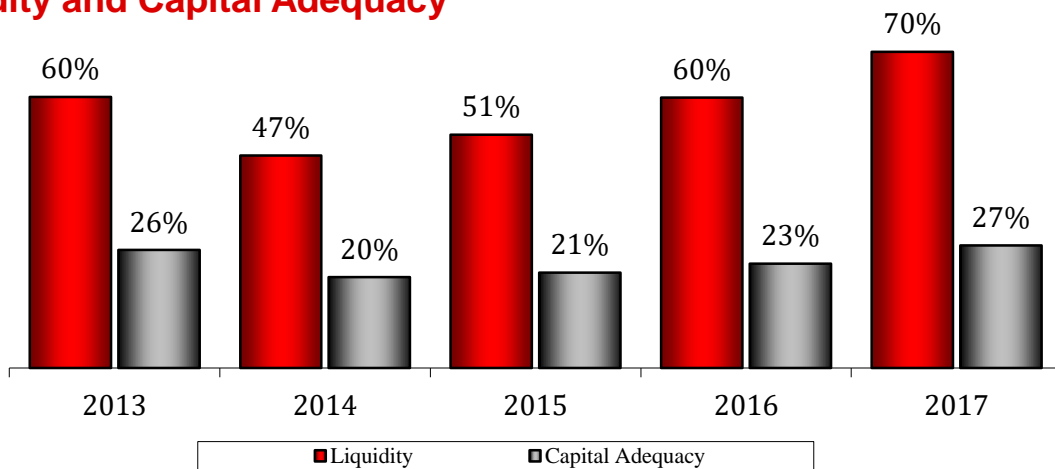
**Total NPLs – N105.87 Billion**

**NPL Ratio – 4.7%**

# Strong Capitalisation and Liquidity

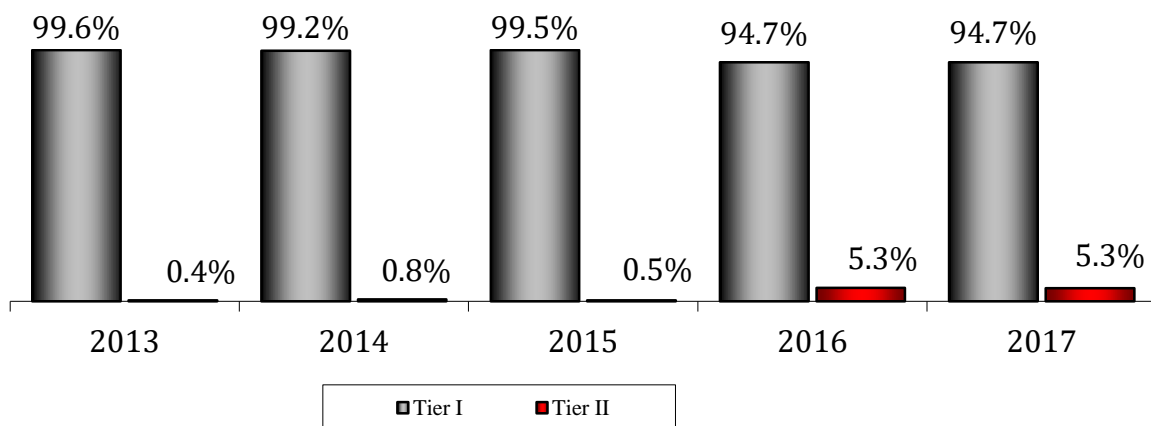
Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth and has supported Zenith Bank's historically strong dividend payout ratio.

## Liquidity and Capital Adequacy



Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio (Banks with international authorisation which are also systematically significant)

## Capital Mix



Capital base – predominantly made up of Tier 1 (core capital) which consists of mainly share capital and reserves created by appropriations of retained earnings



## 4. 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

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

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

4

Trading 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 FY2018

- ❑ **Retail Banking:** The bank will continue to grow its retail business especially in liability generation. 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 (CACS) 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 2018

	FYE 2018 Guidance	FYE 2017 Achieved	FYE 2017 Guidance
PBT	N210.0bn	N203.5bn	N160.0bn
Effective Tax Rate	13.00%	12.55%	18.00%
PAT	N182.7bn	N177.9bn	N131.2bn
ROAE	23.40%	23.30%	19.00%
ROAA	3.45%	3.40%	3.00%
NIM	8.69%	9.00%	7.50%
Cost of Funds	4.00%	5.20%	4.50%
Cost of Risk	3.10%	4.30%	1.50%
Cost to Income	51.80%	52.70%	53.00%
Deposit Growth	5.00%	15.20%	10.00%
Loan Growth	10.00%	-4.60%	15.00%
Loan to Funding	65.00%	60.50%	70.00%
Capital Adequacy	24.20%	27.00%	19.00%
Liquidity Ratio	60.00%	69.70%	45.00%
NPL	3.50%	4.70%	3.50%
NPL Coverage	110.00%	143.40%	95.00%



***Thank you***