



Zenith Bank Plc
Group Audited Results for the year ended 31 December, 2018

ZENITH BANK PLC RELEASES FINANCIAL YEAR END 2018 RESULTS

LAGOS, NIGERIA - 19 February, 2019 - Zenith Bank Plc, (Bloomberg: ZENITHBA NL) (“Zenith” or the “Bank”), the Nigerian bank headquartered in Lagos, announces its Audited results for year ended 31 December 2018.

Financial Highlights

| Income statement | | | |
|---------------------------------|------------------|------------------|-----------------|
| <i>In millions of Naira</i> | 31-Dec-18 | 31-Dec-17 | % Change |
| Interest and similar income | 440,052 | 474,628 | -7% |
| Net Interest income | 295,594 | 257,991 | 15% |
| Operating income | 457,185 | 422,730 | 8% |
| Operating expenses | (225,500) | (223,411) | 1% |
| Profit before tax | 231,685 | 199,319 | 16% |
| Profit after tax | 193,424 | 173,791 | 11% |
| Earnings Per share (N) | 6.15 | 5.53 | 11% |
| | | | |
| Balance sheet | 31-Dec-18 | 31-Dec-17 | % Change |
| Gross loans and advances | 2,016,520 | 2,252,172 | -10% |
| Customers' deposits | 3,690,295 | 3,437,915 | 7% |
| Total assets | 5,955,710 | 5,595,253 | 6% |
| Shareholders' fund | 815,751 | 812,116 | 0.5% |
| | | | |
| Key ratios | 31-Dec-18 | 31-Dec-17 | % Change |
| Return on average equity (ROAE) | 23.8% | 22.9% | 4% |
| Return on average assets (ROAA) | 3.3% | 3.4% | -3% |
| Net interest margin (NIM) | 8.90% | 8.94% | 0% |
| Cost of funds | 3.1% | 5.2% | -40% |
| Cost of risk | 0.9% | 4.3% | -79% |
| Cost-to-income | 49.3% | 52.8% | -7% |
| | 31-Dec-18 | 31-Dec-17 | % Change |
| Liquidity ratio | 72.0% | 69.7% | 3% |
| Loan to deposit ratio | 44.2% | 54.5% | -19% |
| Capital adequacy ratio (CAR) | 25.0% | 27.0% | -7% |
| Non-performing loans | 4.98% | 4.70% | 6% |



For the year ended 31 December 2018, the Zenith Bank Group recorded a Profit Before Tax (PBT) of ₦232 billion which represents a 16% growth over ₦199 billion reported in 2017. This record Profit Before Tax (PBT) was achieved through the Group's optimisation of its cost of funds, cost-to-income ratio and cost of risk, ensuring that earnings per share strengthened by 11% to ₦6.15.

Due to a challenging macro-environment, gross earnings and interest income reduced by 15% and 7% respectively, driven by declining trading income, compressed yields on assets, and a reduction in the loan book by 10%. Despite the decline in gross earnings, the Group mitigated these knock-on effects through growth of its net interest income and operating income by 15% and 8% respectively as it was able to ensure improved cost efficiencies across the business. This focus on cost efficiencies is yielding tangible benefits as the Group recorded its lowest ever cost-to-income ratio at 49.3% from 52.8% in 2017.

Our risk-centric approach also ensured that cost of risk reduced significantly by 79% from 4.3% in the prior year to 0.9% in 2018. This was reflected through the drop-off in impairment charges by 81% (₦80 billion) compared to 2017, re-affirming the Group's enhanced asset quality. In the same breadth, coverage ratio increased by 34.2% from 143.4% to 192.4% over the same period, reflecting a prudent disposition to credit risk management. Cost of funds also moved in the positive direction, declining by 41% from 5.2% in 2017 to 3.1% for the year, supported by a 33% decrease in interest expense (₦72 billion) over the same period, demonstrating a robust treasury and liquidity management.

Customer deposits grew by 7% led by an increase of ₦109 billion in savings and an increase of N122bn in current accounts providing it with a platform to rebalance its deposits mix. In 2018, expensively purchased deposits were foregone in favour of cheaper and more stable deposits resulting in a reduction of expensive and shorter dated deposits by ₦110 billion. On the asset front, this increased by 6% to close the year at ₦6 trillion.

The Group's efforts to deepen its roots in the retail segment have started yielding benefits. This has resulted in a remarkable increase in the volume of transactions across various electronic platforms as well as significant customer acquisitions. This growth in transactions on our digital channels continues to support our retail push as fees from e-products increased by 44% over 2017 with retail deposit balances also growing by 25%. Our balance sheet remains shockproof as loan to deposit ratio,



liquidity ratio and capital adequacy ratio were 44.2%, 72.0% and 25.0% respectively and all above the regulatory threshold.

Management's outlook is positive for 2019, supported by a fairly stable inflation rate, converging foreign exchange market and near target oil production. The Group will continue its investment in the retail segment of the market to consolidate its leadership position in both the retail and corporate segments while it maintains its shock proof balance sheet.

- ENDS -



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



Zenith Bank Plc (Bloomberg: ZENITHBA : NL) will have a teleconference call on Thursday, February 21, 2019 at 3pm Lagos Time (2pm London/ 4pm Johannesburg/ 10am New York) with its senior management to announce Zenith Bank Plc.'s audited financial results for the year ended 31 December, 2018. There will be an opportunity at the end of the call for management to take questions from investors and analysts.

Please find attached the 2018 Full Year Group Financial Results.

The presentation to investors and analysts will be posted to Zenith Bank's website before the conference call on Thursday.

The teleconference call facility can be accessed by dialling:

| | |
|-------------------------|-----------------------|
| <i>+234 1 903 0080</i> | <i>Nigeria</i> |
| <i>+44 3333 000 804</i> | <i>United Kingdom</i> |
| <i>+27 21 672 4118</i> | <i>South Africa</i> |
| <i>+1 631 913 1422</i> | <i>United States</i> |

And then quoting the following access code: 27863150#

If you have any queries please do not hesitate to contact the below.

FOR FURTHER INFORMATION:

Zenith Bank Plc

Mukhtar Adam - CFO +234 7040000201

Taiye Ayandibu - Investor Relations +234 7040001112

Africa Practice (Investor Relations advisers)

Oluwapelumi Joseph +234 813 237 1194