Zenith Bank Plc

Group Unaudited Results for the Period ended 30 September 2022

ZENITH BANK PLC RELEASES UNAUDITED Q3 2022 RESULTS

LAGOS, NIGERIA – 27 October 2022 – Zenith Bank Plc, (Bloomberg: ZENITHBA NL) ("Zenith" or the "Bank"), the Nigerian bank headquartered in Lagos, announces its unaudited results for period ended 30 September 2022.

Financial Highlights

Income statement			
In millions of Naira	**30-Sep-22**	**30-Sep-21**	**% Change**
Gross earnings	620,574	518,673	20%
Interest and similar income	390,755	308,844	27%
Interest and similar expense	(107,848)	(74,098)	46%
Net interest income	282,907	234,746	21%
Non-interest income	211,972	192,769	10%
Operating expenses	(255,234)	(218,907)	17%
Profit before tax	202,549	179,810	13%
Profit after tax	174,331	160,594	9%
EPS (NGN)	5.55	5.11	9%
Balance sheet			
In millions of Naira	**30-Sep-22**	**31-Dec-21**	**% Change**
Gross loans	4,058,716	3,501,878	16%
Customer deposits	8,042,101	6,472,054	24%
Total assets	11,341,979	9,447,843	20%
Shareholders' fund	1,308,647	1,279,662	2%
Key ratios	**30-Sep-22**	**30-Sep-21**	**% Change**
Return on average equity (ROAE)	18.0%	18.6%	-3%
Return on average assets (ROAA)	2.2%	2.5%	-11%
Net interest margin (NIM)	6.2%	6.8%	-9%
Cost of funds	1.7%	1.4%	20%
Cost of risk	1.3%	1.3%	0%
Cost to income	55.8%	54.9%	2%
	30-Sep-22	**31-Dec-21**	**% Change**
Liquidity ratio - **Group**	68.9%	71.6%	-4%
Liquidity ratio - **Bank**	66.2%	61.9%	7%
Loan to deposit ratio - **Group**	50.4%	54.1%	-7%
Loan to deposit ratio - **Bank**	56.5%	62.6%	-10%
Capital adequacy ratio (CAR)	19.1%	21.0%	-9%
Non-performing loan	4.4%	4.2%	5%
Coverage ratio	99.6%	114.4%	-13%

The Zenith Bank Group achieved a year on year (YoY) growth in gross earnings of 20% from NGN518.7 billion reported in Q3 2021 to NGN620.6 billion in Q3 2022. This double-digit growth in the topline also aided our bottom line as the Group also recorded a 13% YoY increase in profit before tax, growing from NGN179.8 billion in Q3 2021 to NGN202.5 billion in Q3 2022. Profit after tax grew by 9% from NGN160.6 billion to NGN174.3 billion in the same period. The growth in the topline was driven by growth in both interest income and non-interest income. Interest income grew by 27% from NGN308.8 billion to NGN390.8 billion driven majorly by growth in our risk assets and an improvement in pricing. This also strengthened Earnings Per Share (EPS) by 9% to NGN5.55.

Growth in non-interest income was enabled by the Group's retail strategy, with continued strong customer acquisition driving transactions, deposit growth and growth in electronic banking income.

Due to inflationary pressure and the rising cost of doing business operating costs grew at 17%, however this was below growth in gross earnings (20%), thereby facilitating the double growth in the bottom line.

The continuing elevated yield environment affected the cost of funding which increased from 1.4% to 1.7% in the current period. This has affected net interest margin (NIM) which dropped due to the immediate implementation of higher yields on our interest-bearing liabilities. However, the NIM will see a correction in subsequent quarters as the assets side is repriced correspondingly.

Total assets grew by 20% from NGN9.45 trillion to NGN11.34 trillion in 2022, mainly driven by growth in customers' deposits. Customer deposits grew by 24% from NGN6.47 trillion in December 2021 to NGN8.04 trillion in September 2022 due to the confidence the market has in the brand.

Loans and advances also grew by 16% from NGN3.5 trillion in December 2021 to NGN4.06 trillion in September 2022 boosting the Group's interest income and displaying the Group's appetite for high-yielding risk assets creation. As a result of this growth the capital adequacy ratio reduced from 21% to 19.1% while the liquidity ratio also reduced from 71.6% to 68.9%. Both prudential ratios remain very strong are still well above regulatory thresholds.

In the final quarter of the year, management is determined to sustain the strong performance trajectory while adapting to changes in the regulatory environment and focusing on creative initiatives to mitigate the inflationary trends, foreign exchange pressures and the growing competitive environment.