



Zenith Bank Plc

Group Un-audited Results for 3 months ended 31 March, 2016

ZENITH BANK PLC RELEASES 1st QUARTER 2016 FINANCIAL RESULTS

LAGOS, NIGERIA - 18, April 2016 - Zenith Bank Plc, (Bloomberg: ZENITHBA NL) (“Zenith Group” or the “Group”), the Nigerian bank headquartered in Lagos, announces its unaudited results for 3 months ended 31, March 2016.

FINANCIAL HIGHLIGHTS

| | Mar. 2016 | Mar. 2015 | % Change |
|---------------------------------|------------------|------------------|-----------------|
| <i>Income statements</i> | | | |
| Gross earnings | 99,435 | 113,322 | -12.3% |
| Interest income | 84,177 | 81,421 | 3.4% |
| Net interest income | 58,157 | 42,631 | 36.4% |
| Non interest income | 15,306 | 31,937 | -52.1% |
| Operating income | 70,885 | 72,478 | -2.2% |
| Operating expenses | 38,765 | 39,350 | -1.5% |
| Profit before tax | 32,121 | 33,128 | -3.0% |
| Profit after tax | 26,573 | 27,680 | -4.0% |
| Earnings per share (K) | 84 | 88 | -4.5% |
| | | | |
| <i>Balance sheet</i> | Mar. 2016 | Dec. 2015 | % Change |
| Gross loans and advances | 1,973,454 | 2,032,256 | -2.9% |
| Customers' deposits | 2,563,932 | 2,557,884 | 0.2% |
| Total assets | 3,992,079 | 4,006,842 | -0.4% |
| Shareholder's funds | 621,073 | 594,353 | 4.5% |
| | | | |
| <i>Key ratios</i> | Mar. 2016 | Mar. 2015 | % Change |
| Net interest margin | 7.9 % | 6.2 % | 27.4% |
| Cost-to-income ratio | 54.7 % | 54.3 % | 0.7% |
| Loan-to-deposit ratio | 66.6 % | 67.3 % | -1.0% |
| Cost of funds | 3.2 % | 5.2 % | -38.5% |
| Cost of risk | 0.5 % | 0.5 % | 0.0% |
| Return on average assets (ROAA) | 2.7 % | 2.9 % | -6.9% |
| Return on average equity (ROAE) | 17.5 % | 20.5 % | -14.6% |
| Liquidity ratio | 47.7 % | 44.4 % | 7.4% |
| Capital adequacy ratio (CAR) | 21.0 % | 18.8 % | 11.7% |
| Non performing loan ratio (NPL) | 2.2 % | 1.7 % | 29.4% |
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Despite the challenging operating environment and headwinds driven by weak oil prices and tightening monetary policy, Zenith Group recorded a growth of 3.4% and 36.4% in Interest Income and Net Interest Income respectively to close at N84.2 billion and N58.16 billion for the first quarter ended 31st March, 2016 compared to the first quarter ended 31st March, 2015. This was achieved against the backdrop of a decline in Gross Earnings by 12% year-on-year (YoY) to close at N99 billion.

The Group reported a Profit Before Tax (PBT) of N32 billion for the period ended 31st March, 2016 representing a 3% decrease from the prior year PBT of N33 billion. As evident from the top and bottom lines, the Group has continued to demonstrate its ability to optimise costs in the face of declining revenue, which resulted in a marginal decline in PBT.

Within the first quarter of the year, the Group deployed an effective strategy of keeping its cost of funds under control in light of declining margins. This well-articulated and effectively implemented cost reduction strategy resulted in the decline in cost of funds to 3.2% in Q1 2016 from 5.2% in Q1, 2015. Complementing the cost reduction effort with an optimal deployment of investible funds, the Group achieved a 27% increase in Net Interest Margins in Q1 2016 at 7.9% compared to 6.2% in Q1, 2015. As a result of the Group's innovative response to the challenging operating environment, the Group delivered a Return On Equity of 17.5% for the quarter ended March 2016.

The Q1 results show that the Group maintained a liquidity ratio of 47% as at 31st of March 2016 as against 44.4% for the previous year. The Group has consistently maintained liquidity ratio far in excess of the 30% minimum statutory requirement which demonstrates its ability of sustaining a strong and high quality balance sheet. Another indication of the quality of the Zenith Group's balance sheet is the history of Capital Adequacy Ratio (CAR) that is consistently above regulatory requirements. As at 31st of March 2016, Zenith Group reported CAR of 21% (Regulatory minimum - 16%) which means, the Group has room to grow its risk assets whenever viable lending opportunities avail themselves.

Barring any unforeseen circumstances, management is of the opinion that the Group is poised to continue to optimally deploy its investable funds as well as effectively manage its costs. We expect these to translate to an on-target performance in the 2016 financial year with strong emphasis on agriculture and the real sector while providing support to local production and manufacturing.

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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 June 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 representative offices in Johannesburg, South Africa and Beijing, China and a Dubai branch of Zenith Bank UK.

More information can be found at www.zenithbank.com