



2018 FULL YEAR REPORT

Presentation to Investors
and Analysts

PEOPLE | TECHNOLOGY | SERVICE



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.

Agenda

Overview & Operating Environment	Pages 04 – 06
Group Results	Pages 08 – 23
Risk Management	Pages 24 – 29
Business Segments Performance & Subsidiary Review	Pages 30 – 35
Strategy & Outlook	Pages 36 – 40
Q&A	

Operating Environment Overview

A nighttime photograph of an industrial or port area. In the foreground, a multi-level concrete bridge or overpass structure spans across a body of water. The bridge is illuminated with blue lights, which reflect on the water's surface. In the background, a large industrial facility, possibly a port or refinery, is visible, lit up with numerous yellow and white lights. Several cranes are visible against the dark sky. A semi-transparent red rectangular overlay covers the left side of the image, containing the title text.

Nigerian Economy and Key Developments in the Banking Sector

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

Real GDP Growth:

- Nigeria recorded a real GDP growth of 2.38% YoY in Q4 2018, an increase of 57bps from 1.81% recorded in Q3 2018.
- The Oil sector contracted by 1.62% YoY, while the non-oil sector grew by 2.70% - driven largely by activities in Information and communication, Transportation & Storage, Arts & Entertainment, Agriculture and Manufacturing.

Headline Inflation:

- Headline Inflation increased to 11.44 YoY in December 2018, representing a 14bps uptick from the preceding month. This brings us to an average inflation of 12.15% YoY for 2018.
- The Food Index (which contributed the most) increased to 13.56% YoY, up from 13.30% YoY recorded in November 2018.

Oil Production & Price:

- OPEC Average Monthly Basket Price declined by 12.9% in the 4th quarter of 2018, from \$65.3/bbl recorded at the end of Q3 2018 to \$56.9/bbl recorded at the end of Q4 2018.

Foreign Reserves:

- Nigerian foreign reserves grew marginally by 2.1% QoQ from \$42.2bn recorded at the end of Q3 2018 to \$43.1bn recorded at the end of Q4 2018.

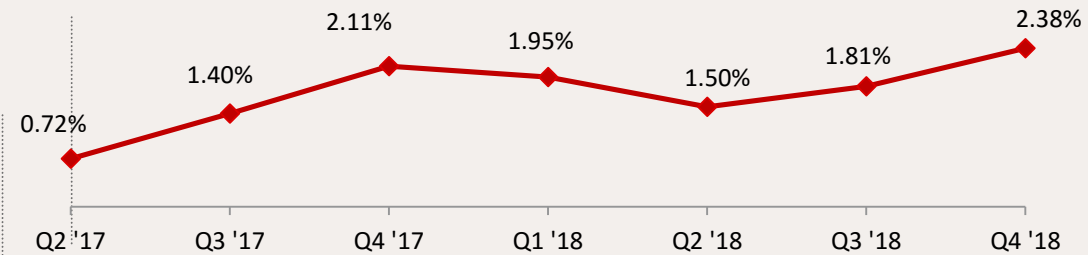
Exchange Rate:

- Since the beginning of 2018, we have seen a gradual convergence between the NAFEX and NIFEX exchange rates. Rates as at 31st December 2018 (NGN/USD): NAFEX (I&E) – 362.6; NIFEX – 358.79

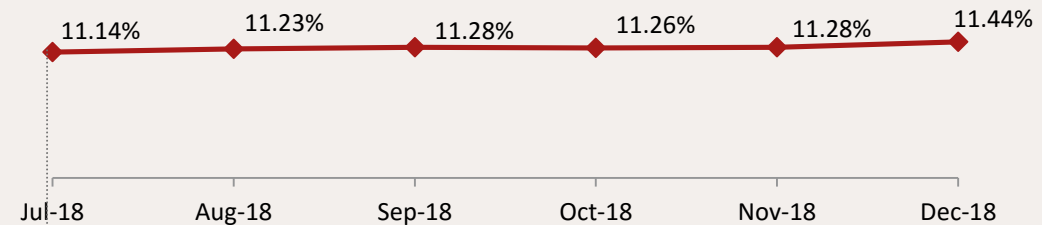
Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) voted to leave all policy rates unchanged during the meeting held in January 2019 - the Monetary Policy Rate (MPR) at 14%, the Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30%.

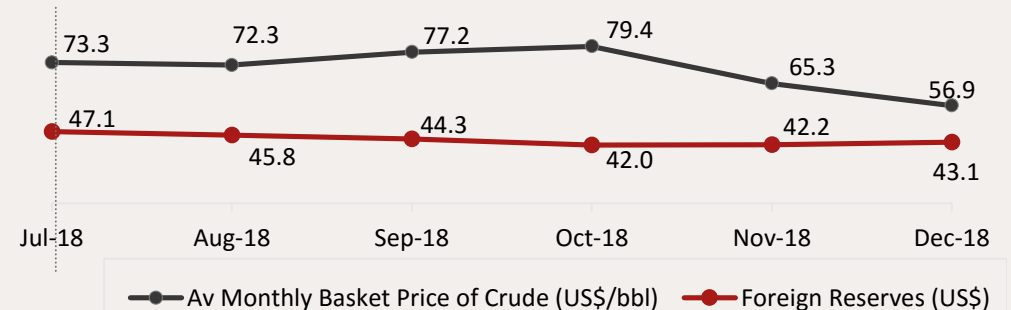
GDP Growth Rate



Inflation Rate



Foreign Reserves / Oil Price



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

Our Investment Proposition

Market Leadership, growth capacity, 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.
- Has begun to attract and grow its share of retail customers and retail business in the market.

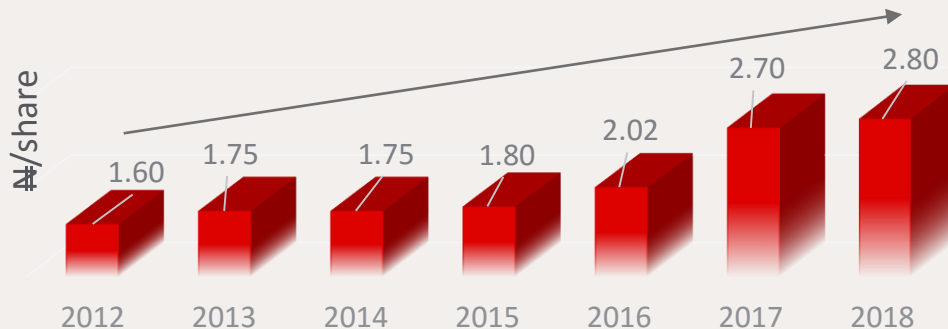
Strong Focus on Risk Management:

- Despite the challenging operating environment, NPL ratio came in at 4.98% with a coverage ratio of 192.4%.

Credit Rating:

- 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) Foreign currency deposit - B3.







Consistent and Growing Dividend Payout:



- Good and consistent dividend payout to its investors.
- An interim dividend of N9.42 billion, being N0.30 per share from the retained earnings account was paid in H1 2018 while an additional N2.50 per share has been proposed as final dividend for 2018 FYE. This will bring the total dividend for 2018 to N2.80 per share.

Non-financial Highlights – FYE 2018

Social Impact/CSR

-  Zenith Bank National Women Basketball League
-  Official Bank of the Nigerian National Football Teams
-  Zenith Delta Principal's Cup
-  Zenith Pinkcruise Mobile Cancer Screening Machines
-  Style by Zenith
-  Zenith Bank Youth Parade

Product Innovations



Zenith Trade Portal

Share Holdings

Number of Shareholders  **639,403**

Awards

Best Bank in Corporate Governance 2018
- World Finance






Most Valuable Bank Brand 2018
- The Banker

Best Institution in Sustainability Reporting in Africa 2018
- The SERAS CSR Awards

Best Corporate Governance Financial Services 2018
- Ethical Boardroom

Bank of the Year 2018
- BusinessDay


Social Following


 5,093,185  209,113
 930,413  53,803
 16,605,403


Ratings


Fitch - **B+/Negative/B**
 Standard & Poors - **B/Stable/B**
 Moody - **B2/Stable/B3**


Customers/Channels


Number of Customers  **7,835,024**


Number of Cards Issued  **5,732,820**


Number of POS Terminals  **34,006**

Number of ATM Terminals  **1,891**

Number of Branches  **420**

Number of Cash Centres  **176**

Number of Male Employees  **3,902**

Number of Female Employees  **3,692**

Group Results

80000
70000
60000
50000
40000
30000
20000
10000

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Financial Highlights – FYE 2018

Key Themes

Efficiency and risk management for superior performance

Building a shock-proof balance sheet

Income Statement

Gross earnings:
₺630.3Bn (15.4%) YoY

Net interest income:
₺295.6Bn +14.6% YoY

Profit before tax:
₺231.7Bn +16.2% YoY

Profit after tax:
₺193.4Bn +11.3% YoY

Balance Sheet

Gross loans: **₺2.02Tn** (10.5%) YoY

Total assets: **₺5.96Tn** +6.4% YoY

Customers' deposits:
₺3.69Tn +7.3 YoY

Total shareholders' funds: **₺815.8Bn** (0.5%) YoY

Financial Highlights – FYE 2018 Contd.

Key Ratios			
	31-Dec-18	31-Dec-17	% change
Return on average equity (RoAE)	23.8%	22.9%	3.9%
Return on average assets (RoAA)	3.35%	3.36%	(3.0%)
Earnings per share (EPS)	₹ 6.15	₹ 5.53	11.2%
Net interest margin - NIM (Adjusted)	8.9%	8.9%	0%
Cost of funds	3.1%	5.2%	(40.4%)
Cost of risk	0.9%	4.3%	(79.0%)
Cost-to-income ratio	49.3%	52.8%	(6.6%)
Liquidity ratio	72.0%	69.7%	3.3%
Loan-to-deposit ratio	44.2%	54.5%	(18.9%)
Capital adequacy ratio (CAR)	25.0%	27.0%	(7.4%)
Non-performing loan ratio (NPL)	4.98%	4.70%	(6.0%)
Coverage ratio	192.4%	143.4%	34.2%

Profit or Loss Statement

Strong profitability, driven by the 3 C's:

- cost of funding
- cost of risk
- cost to income

(N'Million)	Group 2018	Group 2017	YOY Change
Gross earnings	630,344	745,189	-15.41%
Interest and similar income	440,052	474,628	-7.28%
Interest and similar expense	(144,458)	(216,637)	-33.32%
Net interest income	295,594	257,991	14.58%
Impairment charge	(18,372)	(98,227)	-81.30%
Net interest income after impairment charge	277,222	159,764	73.52%
Net income on fees and commission	81,814	82,548	-0.89%
Trading gains	80,202	157,974	-49.23%
Other operating income	17,947	22,444	-20.04%
Depreciation of property and equipment	(16,648)	(12,428)	33.96%
Amortisation of intangible assets	(2,399)	(1,631)	47.09%
Personnel expenses	(68,556)	(64,459)	6.36%
Operating expenses	(137,897)	(144,893)	-4.83%
Profit before tax	231,685	199,319	16.24%
Tax expense	(38,261)	(25,528)	49.88%
Profit after tax	193,424	173,791	11.30%

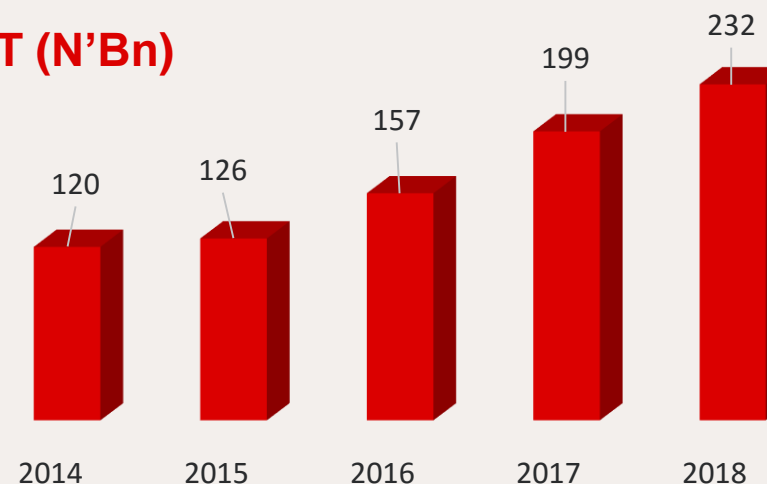
Consolidating on Operating Efficiency and Profitability

- Zenith Bank has delivered an attractive earnings profile supported by improved operating efficiency.

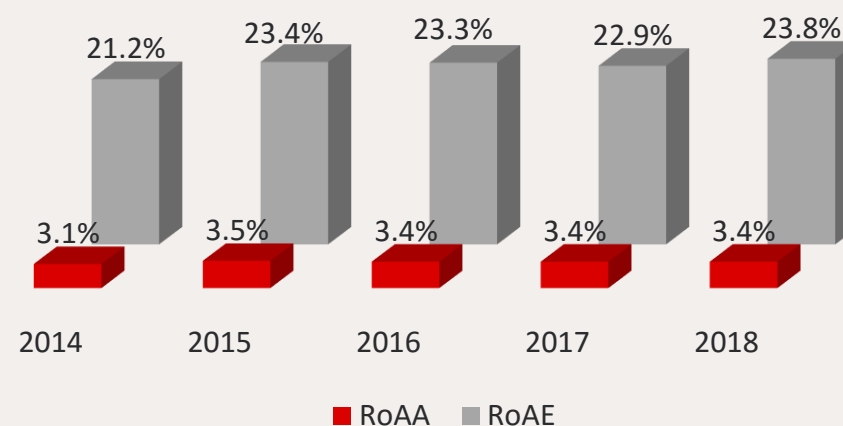
Comments

- **PBT** increased by 16.2% YoY from N199.31bn in 2017 to N231.7bn in 2018, driven by improved operating efficiency.
- **RoAE** improved by 3.9% YoY from 22.9% in 2017 to 23.8% in 2018. The Group remains committed to delivering impressive returns to its investors.
- **RoAA** was flat at 3.4% despite the significant decline in the yield environment for money market instruments and drop in average interest rate on loans and advances to customers.

PBT (N'Bn)



RoAA & RoAE



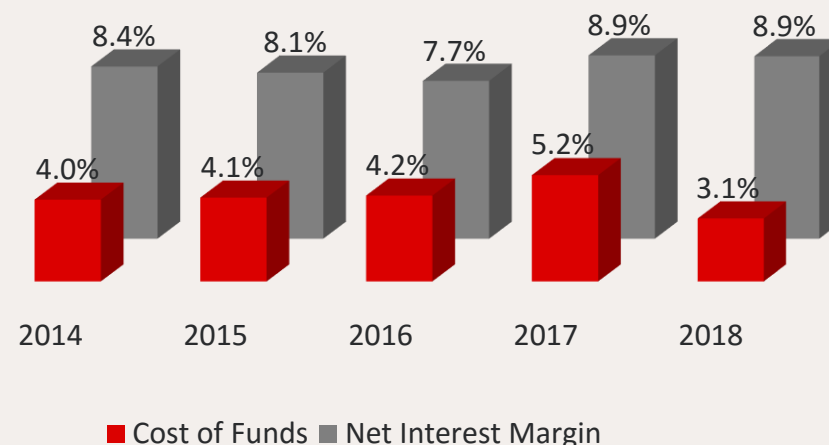
Consolidating Earnings and Profitability Contd.

- Zenith Bank has delivered an attractive earnings profile supported by improved operating efficiency.

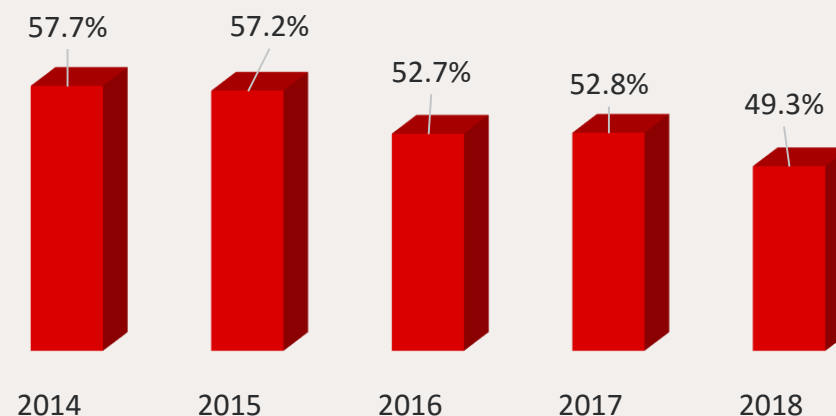
Comments

- Net Interest Margin - NIM** remained flat at 8.9%, demonstrating the Group's ability in delivering optimal pricing for its interest-bearing assets and liabilities even in a declining yield environment.
- Cost of Funds** improved significantly by 40.4% YoY, from 5.4% recorded in 2017 to 3.1% in 2018. The Group will continue to focus on its drive for low cost deposit mix.
- Cost-to-Income Ratio** improved by 6.6% YoY, from 52.8% in 2017 to 49.3% in 2018. The Group is committed to maintaining this improved level of operating efficiency.

Cost of funds & Net interest margin

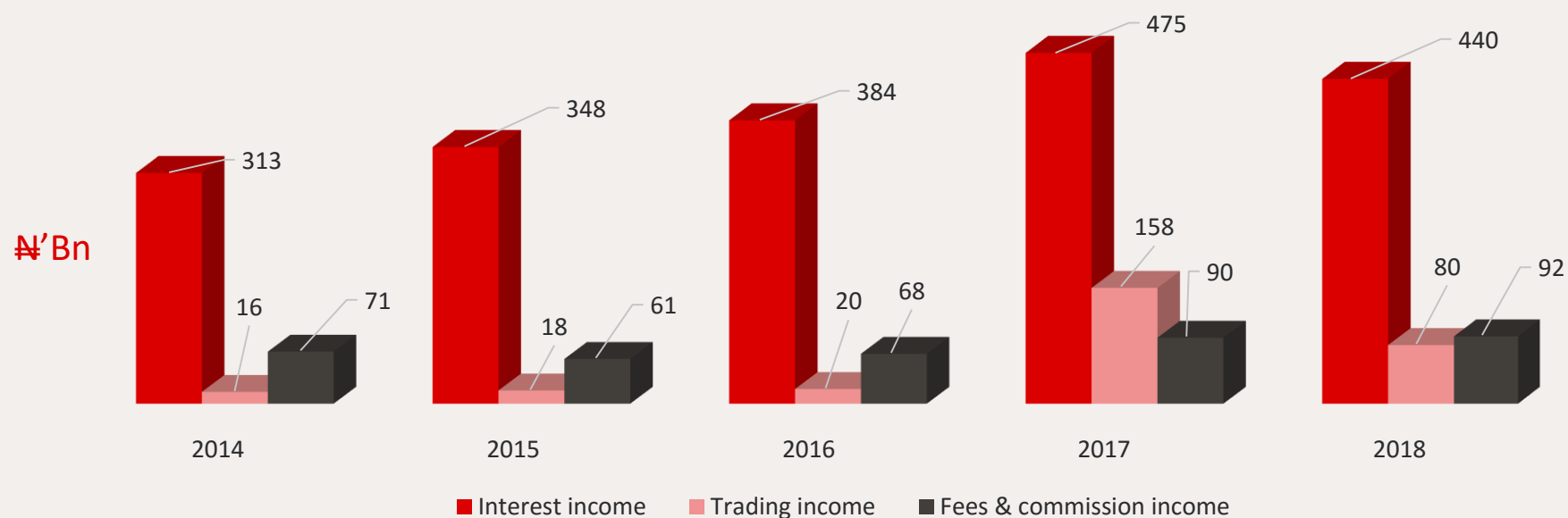


Cost to income ratio



Trend of Revenue Base

- Decline in interest income and trading income was due to the lower yielding environment in 2018 compared to 2017. Average 1 year T-bills yield (2018 – 15%, 2017 – 21%).

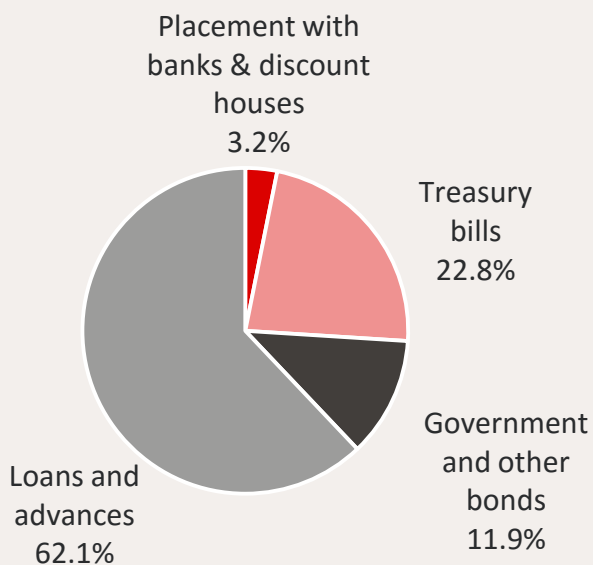


Revenue Base: Interest Income Diversification

- Interest income declined by 7% YoY as a result of the reduction in total loans to customers and a lower yield environment.
- The Group has maintained a consistent mix of interest income across the various interest-generating assets over the years.

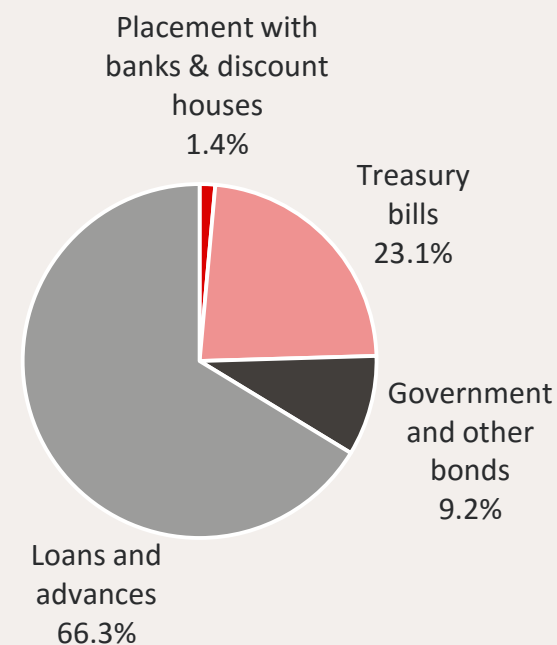
Interest income

2018



N'million	2018	2017	YoY
Loans and advances	273,179	314,683	-13%
Treasury bills	100,537	109,740	-8%
Government and other bonds	52,450	43,472	21%
Placement with banks & discount houses	13,886	6,733	106%
Total	440,052	474,628	-7%

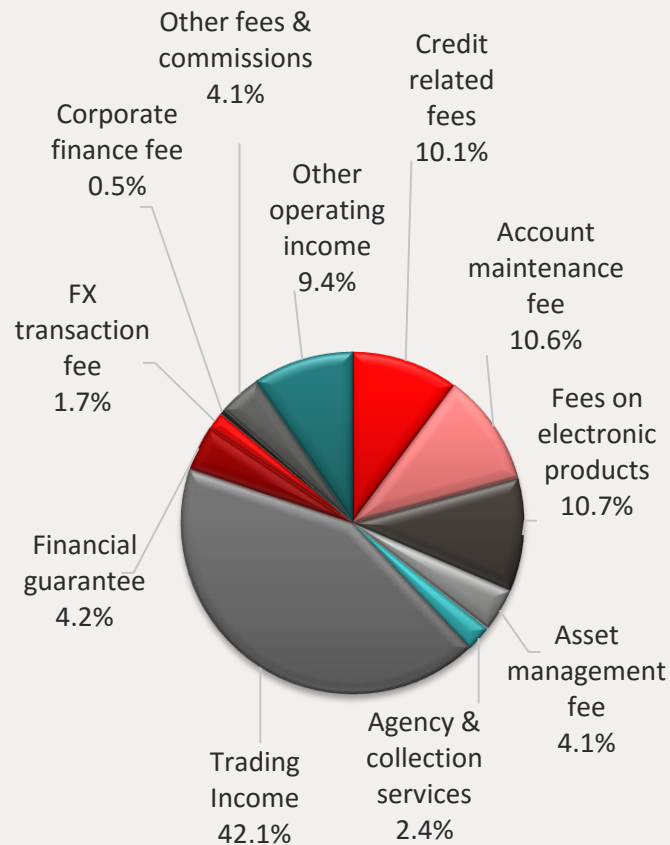
2017



Revenue Base: Non-Interest Income Diversification

- Fees on electronics products grew by 44% reflecting increased volume of transaction across various channels (ATMs, POS, mobile banking, electronic banking)

2018



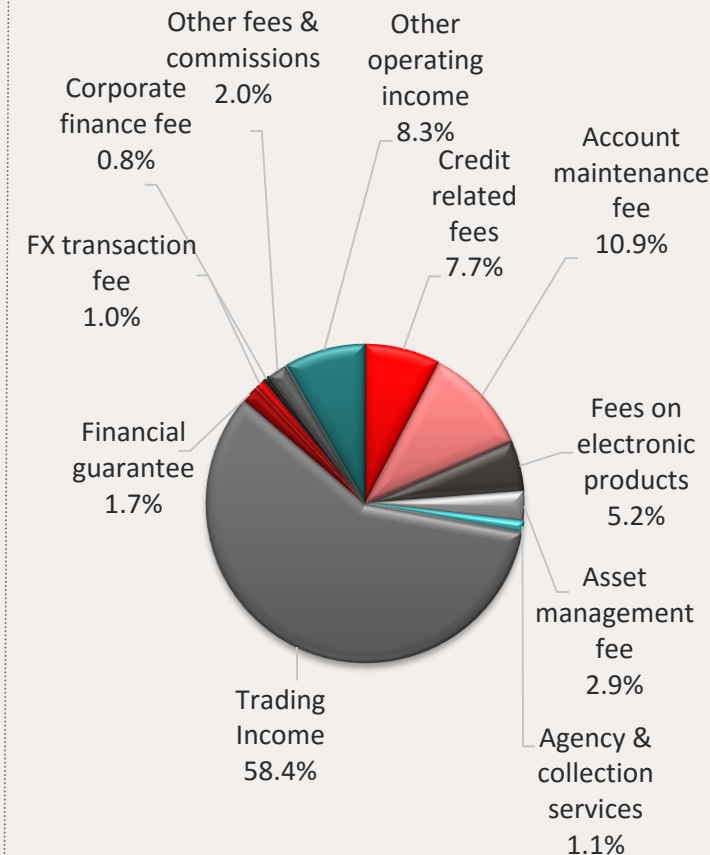
N'million	2018	2017	YoY
Credit related fees	19,309	20,834	-7%
Account maintenance fee	20,168	29,450	-32%
Fees on electronic products	20,422	14,145	44%
Asset management fee	7,708	7,943	-3%
Agency & collection services	4,597	2,995	53%
Financial guarantee	8,058	4,617	75%
FX transaction fee	3,232	2,708	19%
Corporate finance fee	892	2,048	-56%
Other fees & commissions	7,757	5,403	44%
Total fee & commission income	92,143	90,143	2%
Fees and commission expense	-10,329	-7,595	36%
Net fee & commission income	81,814	82,548	-1%
*Trading Income	80,202	157,974	-49%
Other operating income	17,947	22,444	-20%
Net non- interest income	179,963	262,966	-32%

*Trading income break-down

N'million	2018	2017
Derivatives (loss) / income	-16,783	68,711
Treasury bills trading income	94,478	88,895
Bonds trading income	2,507	368
Total	80,202	157,974

- Total absolute nominal value of derivative is USD4.13Bn
- Total off-balance sheet (forward) position is USD1.76Bn

2017

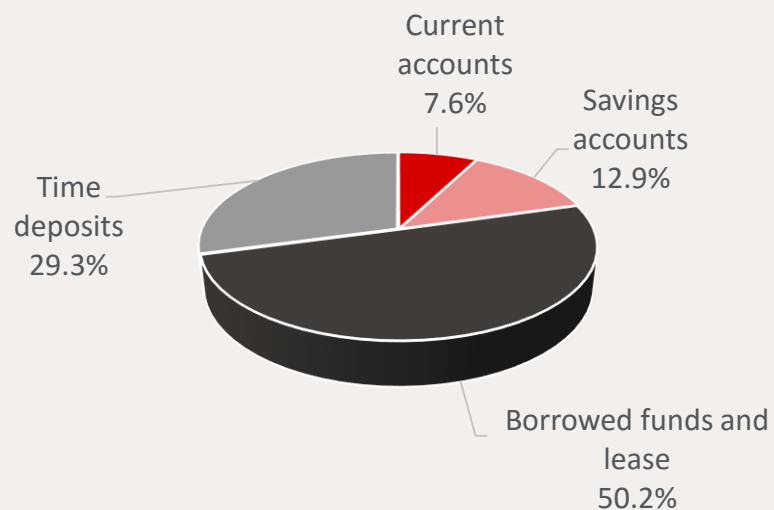


Interest Expense: Cost of Funds Optimization

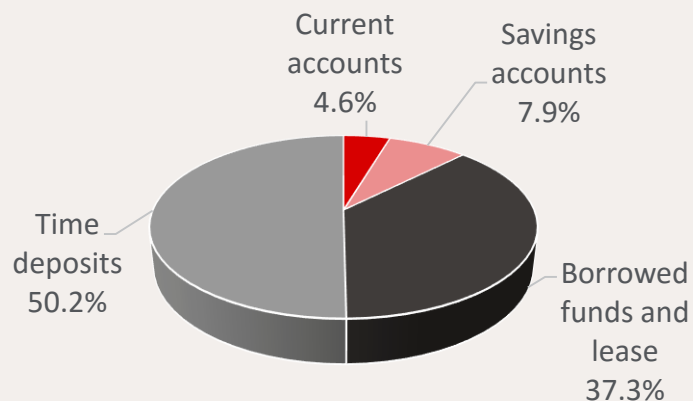
- Interest expense dropped by 33%, reflecting success in cost of funds optimization.

Interest Expenses

2018



2017



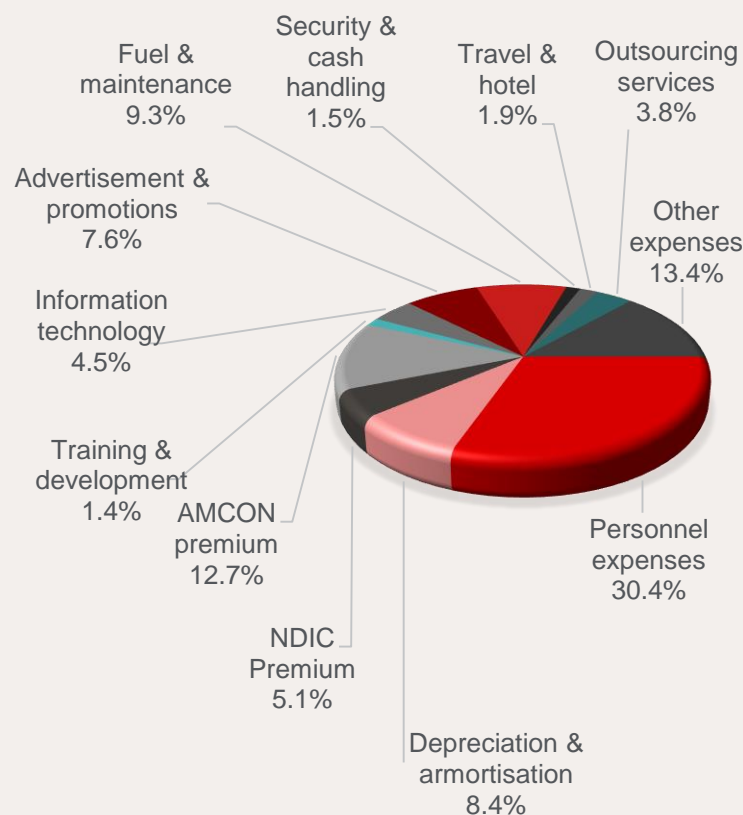
N'million	2018	2017	YoY
Current accounts	10,952	10,029	9%
Savings accounts	18,698	17,099	9%
Borrowed funds and lease	72,509	80,774	-10%
Time deposits	42,299	108,735	-61%
Total	144,458	216,637	-33%

Continuous Effort at Cost-Reduction Strategies

- The Group was able to contain its operating expenses growth at 1% YoY reflecting the group's continuous drive towards cost optimization.

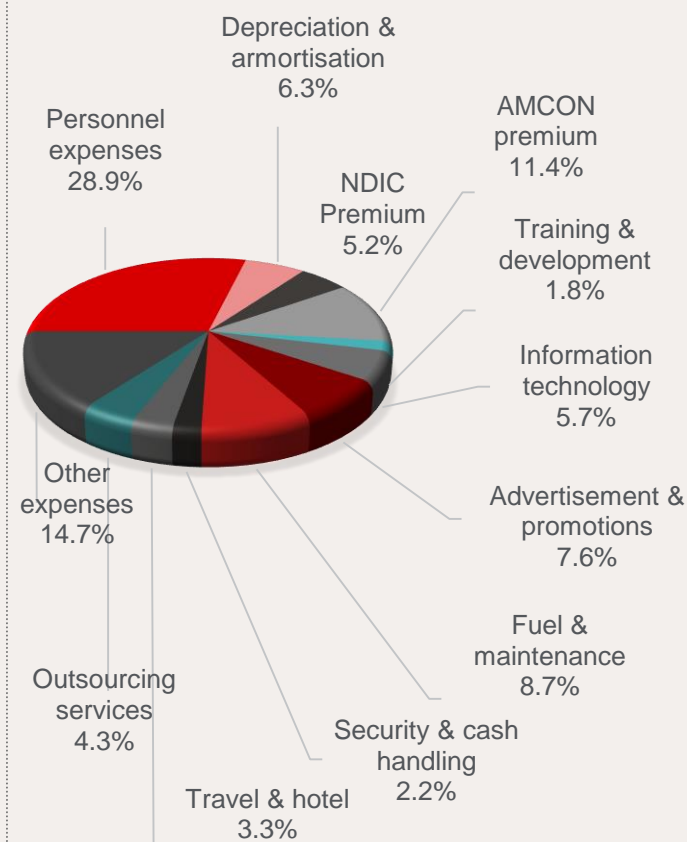
Total Operating Expenses

2018



N'million	2018	2017	YoY
Personnel expenses	68,556	64,459	6%
Depreciation & amortisation	19,047	14,059	35%
NDIC Premium	11,500	11,683	-2%
AMCON premium	28,542	25,561	12%
Training & development	3,246	4,070	-20%
Information technology	10,137	12,686	-20%
Advertisement & promotions	17,211	16,875	2%
Fuel & maintenance	20,908	19,367	8%
Security & cash handling	3,327	4,975	-33%
Travel & hotel	4,197	7,289	-42%
Outsourcing services	8,672	9,583	-10%
Other expenses	30,157	32,804	-8%
Total	225,500	223,411	1%

2017



Balance Sheet – Assets

- Strong and liquid balance sheet led by securities portfolio and interbank placements.

(N'Million)	Group Dec-18	Group Dec-17	YoY Change
Cash and balances with Central Banks	954,416	957,663	-0.34%
Treasury bills	1,000,560	936,817	6.80%
Assets pledged as collateral	592,935	468,010	26.69%
Due from other banks	674,274	495,803	36.00%
Derivative assets	88,826	57,219	55.24%
Loans and advances	1,823,111	2,100,362	-13.20%
Investment securities	565,312	330,951	70.81%
Deferred tax assets	9,513	9,561	-0.50%
Other assets	80,948	92,494	-12.48%
Property and equipment	149,137	133,384	11.81%
Intangible assets	16,678	12,989	28.40%
Total assets	5,955,710	5,595,253	6.44%

Balance Sheet – Liabilities & Equity

- Assets are largely funded by deposits with a strong capital base providing a buffer for further growth.

(N'Million)	Group	Group	YoY
	Dec-18	Dec-17	Change
Liabilities			
Customers deposits	3,690,295	3,437,915	7.34%
Derivative liabilities	16,995	20,805	-18.31%
Current income tax payable	9,154	8,915	2.68%
Deferred income tax liabilities	67	18	272.22%
Other liabilities	231,716	243,023	-4.65%
On-lending facilities	393,295	383,034	2.68%
Borrowings	437,260	356,496	22.65%
Debt Securities Issued	361,177	332,931	8.48%
Total liabilities	5,139,959	4,783,137	7.46%
Equity and reserves			
Share capital	15,698	15,698	0.00%
Share premium	255,047	255,047	0.00%
Retained earnings	322,237	356,837	-9.70%
Other reserves	221,231	183,217	20.75%
Total shareholder's equity	815,751	812,116	0.45%

Balance Sheet – Currency Breakdown

- Diversification of funding base contributes to matching FX loan exposures.

(N'million) @ December 31, 2018	Naira	Dollar	GBP	Euro	Others	Total
Cash and balances with central banks	436,185	469,608	6,049	4,838	37,736	954,416
Treasury bills	930,701	1,957	-	-	67,902	1,000,560
Assets pledged as collateral	592,935	-	-	-	-	592,935
Due from other banks	54,201	497,803	34,100	52,825	35,346	674,275
Derivative assets	88,826	-	-	-	-	88,826
Loans and advances to customers (gross)	926,163	830,868	1,006	16,217	48,857	1,823,111
Investment securities	176,771	320,897	-	1,284	66,360	565,312
Other financial assets	7,006	10,892	25,618	-	17,854	61,370
Total financial assets	3,212,788	2,132,025	66,773	75,164	274,055	5,760,805

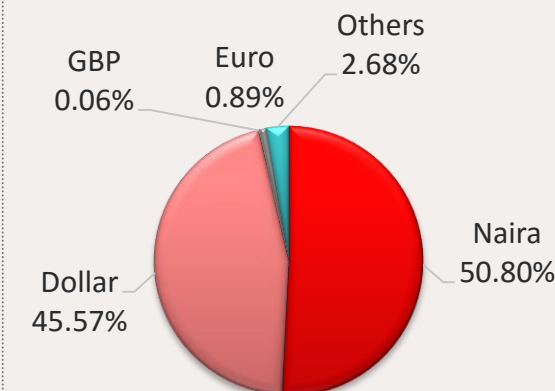
(N'million)	Naira	Dollar	GBP	Euro	Others	Total
Customer's deposits	2,100,306	1,203,619	63,148	43,868	279,354	3,690,295
Derivative liabilities	16,995	-	-	-	-	16,995
Other financial liabilities	59,284	121,994	-	3,390	5,740	190,408
On-lending facilities	393,295	-	-	-	-	393,295
Borrowings	-	437,260	-	-	-	437,260
Debt securities issued	-	361,177	-	-	-	361,177
Total financial liabilities	2,569,880	2,124,050	63,148	47,258	285,094	5,089,430

Net on-balance sheet position	642,908	7,975	3,625	27,906	-	11,039	671,375
--------------------------------------	----------------	--------------	--------------	---------------	----------	---------------	----------------

- Total absolute nominal value of derivative is USD4.13Bn
- Total off-balance sheet (forward) position is USD1.76Bn

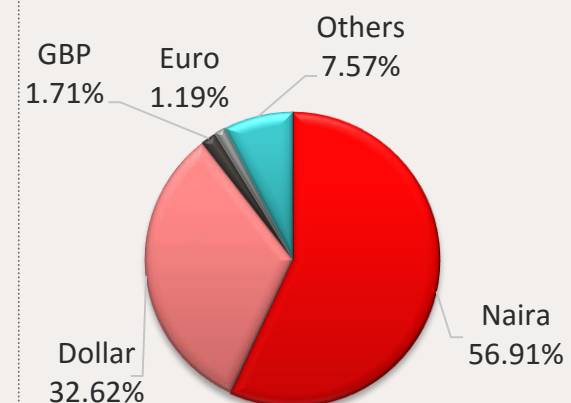
Loans and Advances (Net)

2018



Deposits

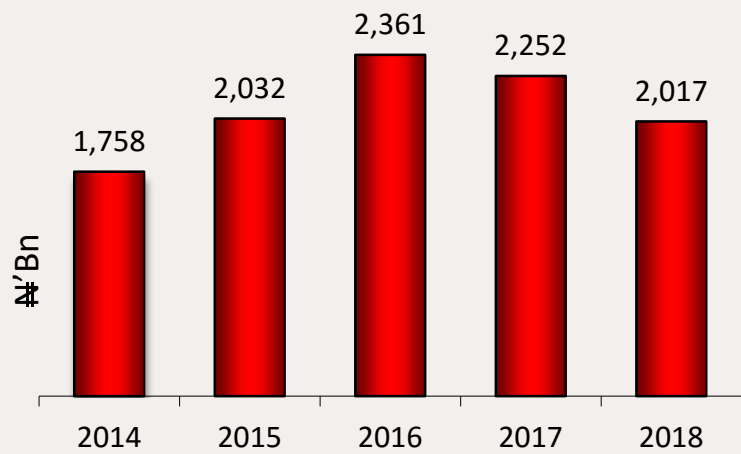
2018



Sustained Assets & Liabilities Match

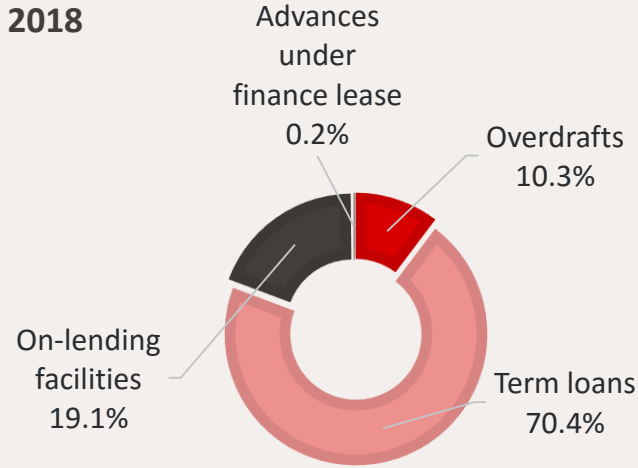
- Deposit funded loan portfolio, with largely term loans to top-rated corporates.
- Deposit base is predominantly current accounts which supports attractive net interest margin extraction with increasing savings account balance.

Gross Loans

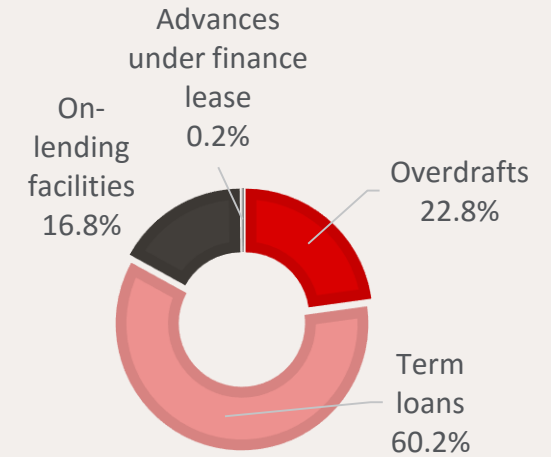


Loans & Advances

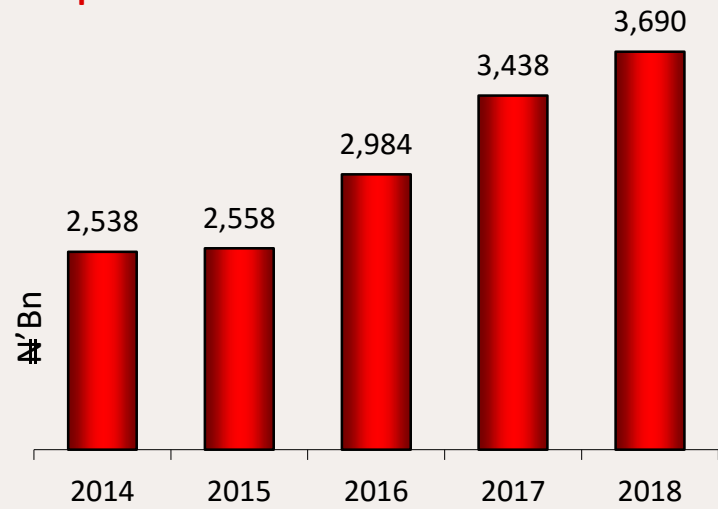
2018



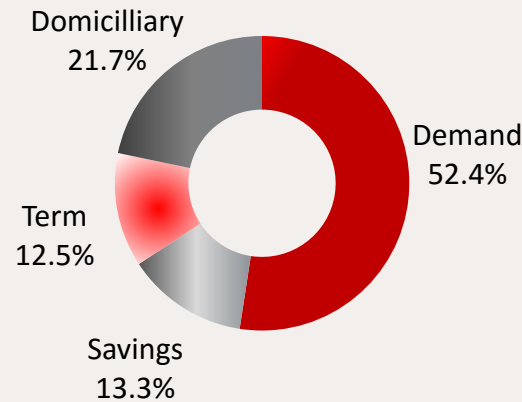
2017



Deposits

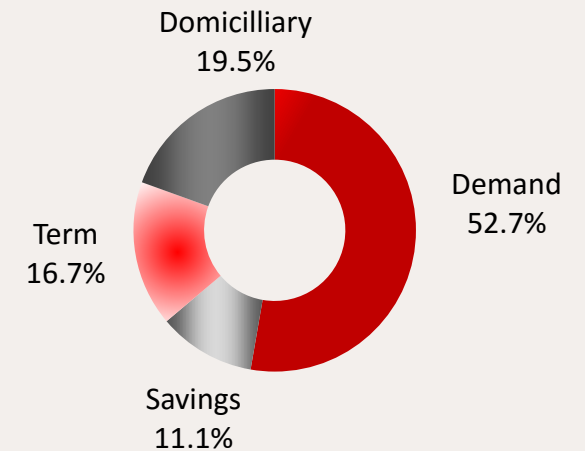


2018



Deposit Mix

2017

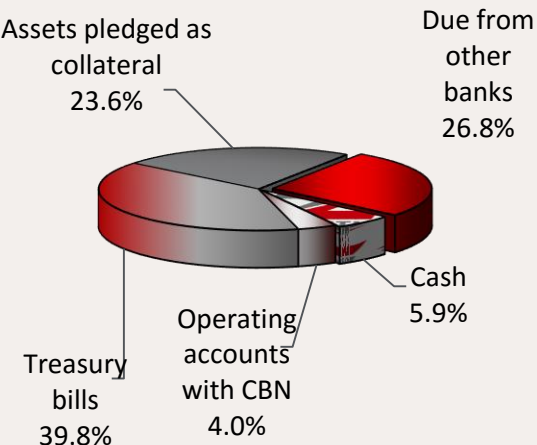


Continued Market Dominance

- Highly liquid balance sheet, with diversified funding sources.

Liquid Assets

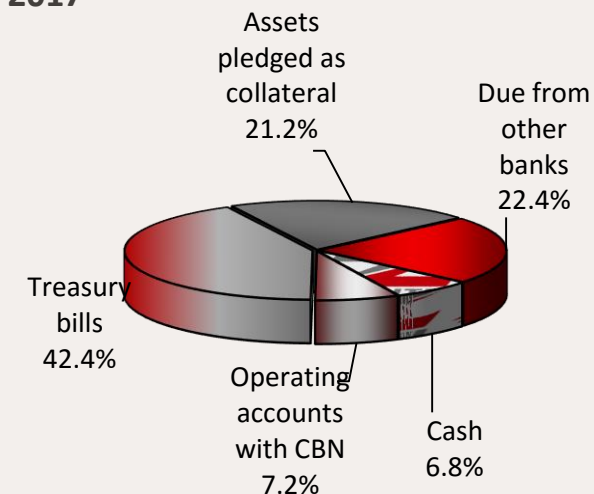
2018



N'million	2018	2017	YoY
Cash	148,266	150,883	-2%
Operating accounts with CBN	100,679	159,666	-37%
Treasury bills	1,000,560	936,817	7%
Assets pledged as collateral	592,935	468,010	27%
Due from other banks	674,274	495,803	36%
Total	2,516,714	2,211,179	14%

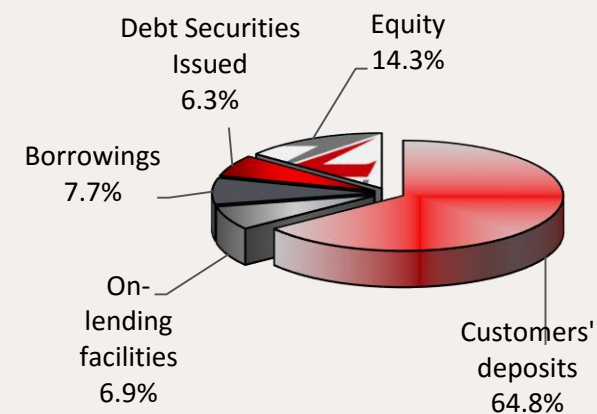
Aside from the above liquid assets, the group has a total balance of N704bn with the CBN as CRR.

2017



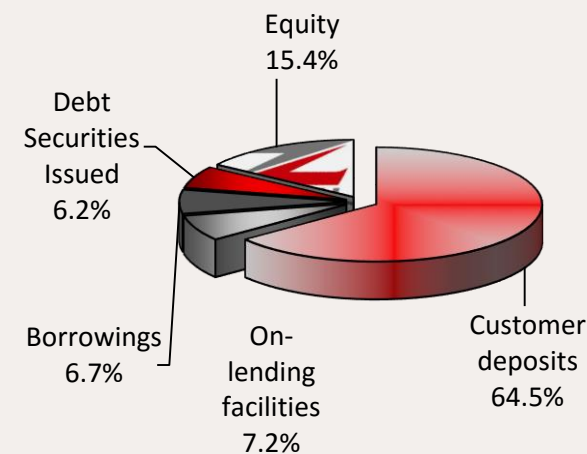
Funding Mix

2018



N'million	2018	2017	YoY
Customers' deposits	3,690,295	3,437,915	7%
On-lending facilities	393,295	383,034	3%
Borrowings	437,260	356,496	23%
Debt Securities Issued	361,177	332,931	8%
Equity	815,751	812,116	0%
Total	5,697,778	5,322,492	7%

2017



The background image shows an offshore oil rig at sea during sunset or sunrise. The rig is a complex structure with multiple levels, cranes, and a central tower. A large, dark pipe is positioned horizontally in the foreground, supported by a series of vertical posts. The sun is visible on the left side of the frame, creating a bright glow and casting long shadows. The water in the foreground is dark and reflects the light from the sun.

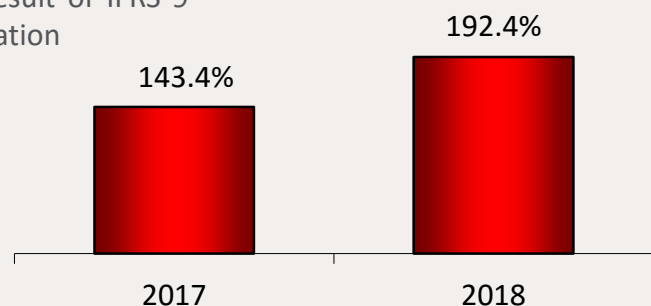
Risk Management

Healthy Risk Assets Portfolio

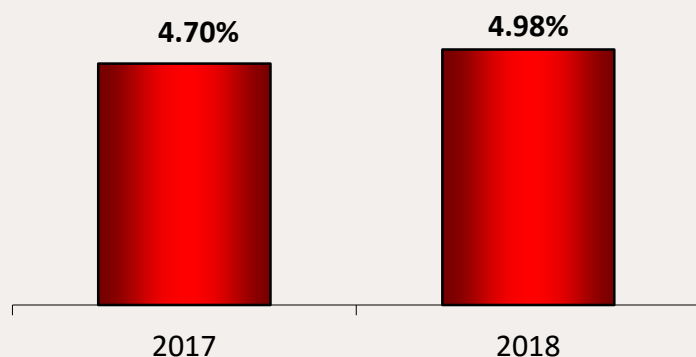
- Strong risk management has contained NPL ratio with adequate coverage levels

NPL Coverage Ratio

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



NPL Ratio



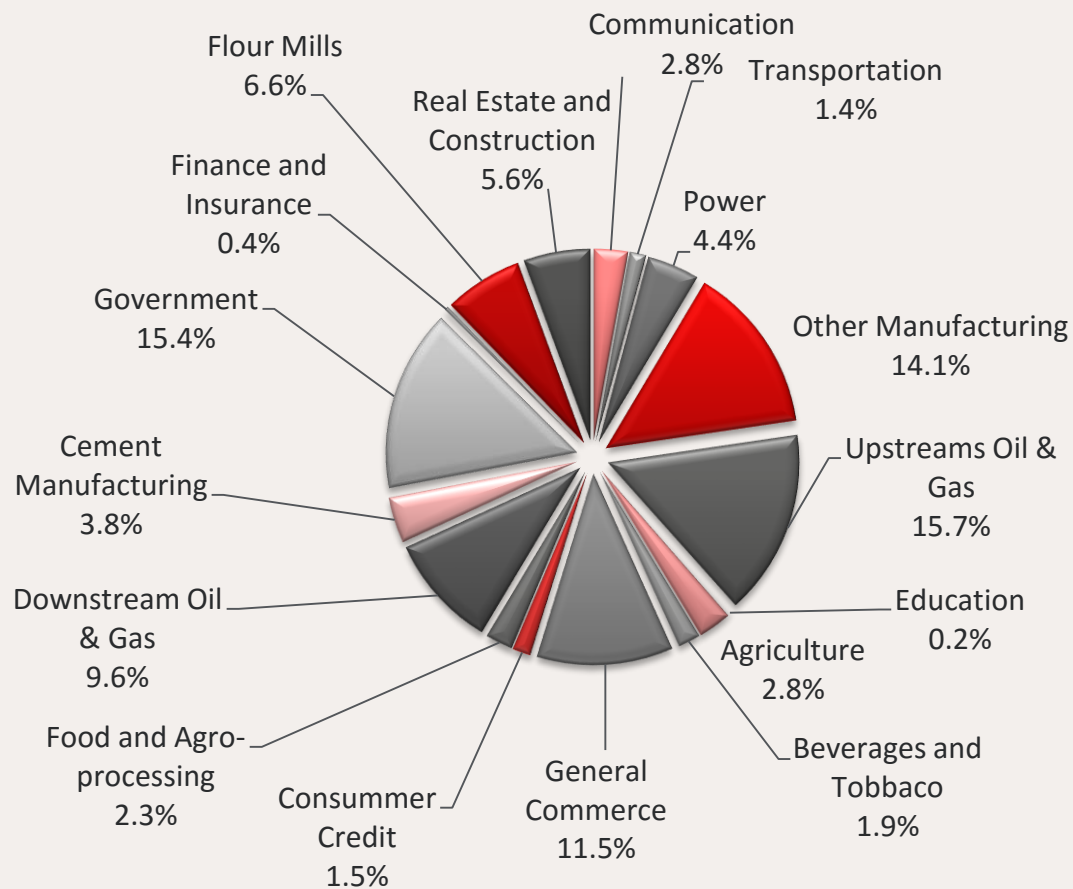
Our Risk Management Strategy

- 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.

Focused Risk Management via Portfolio Diversification

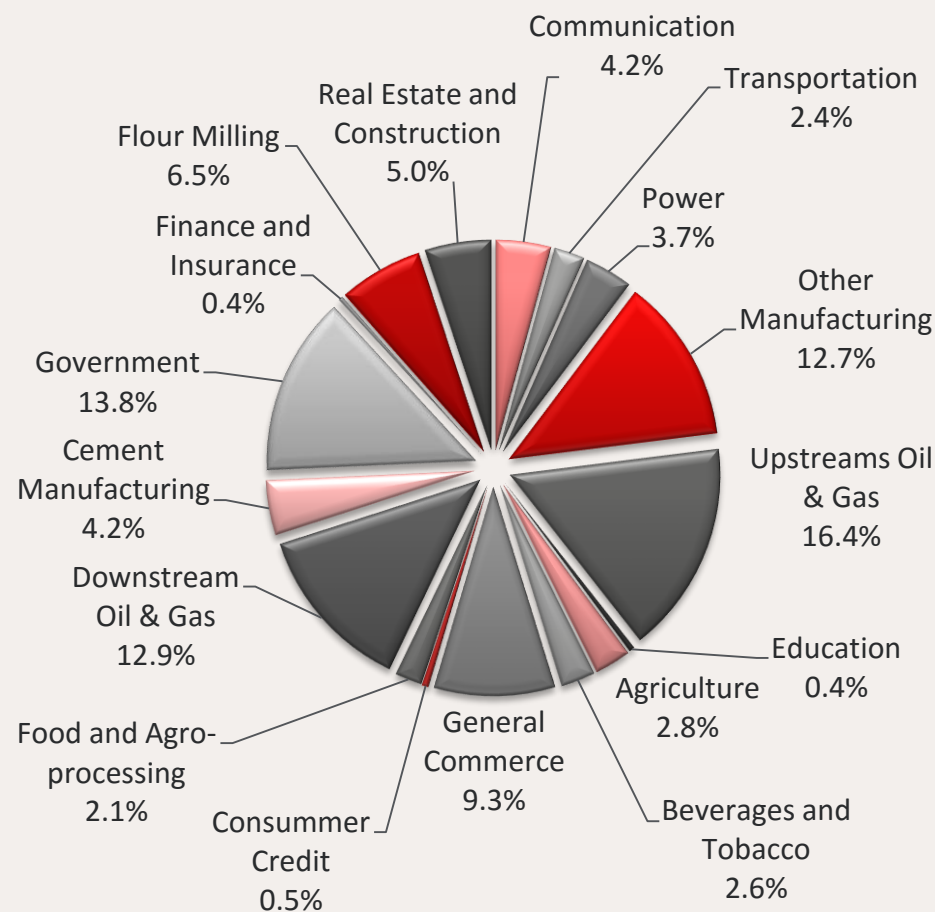
- Asset quality is supported by a well diversified loan portfolio.

Loans by Sector – FYE 2018



Gross Loans – ~~N2.02~~ Trillion

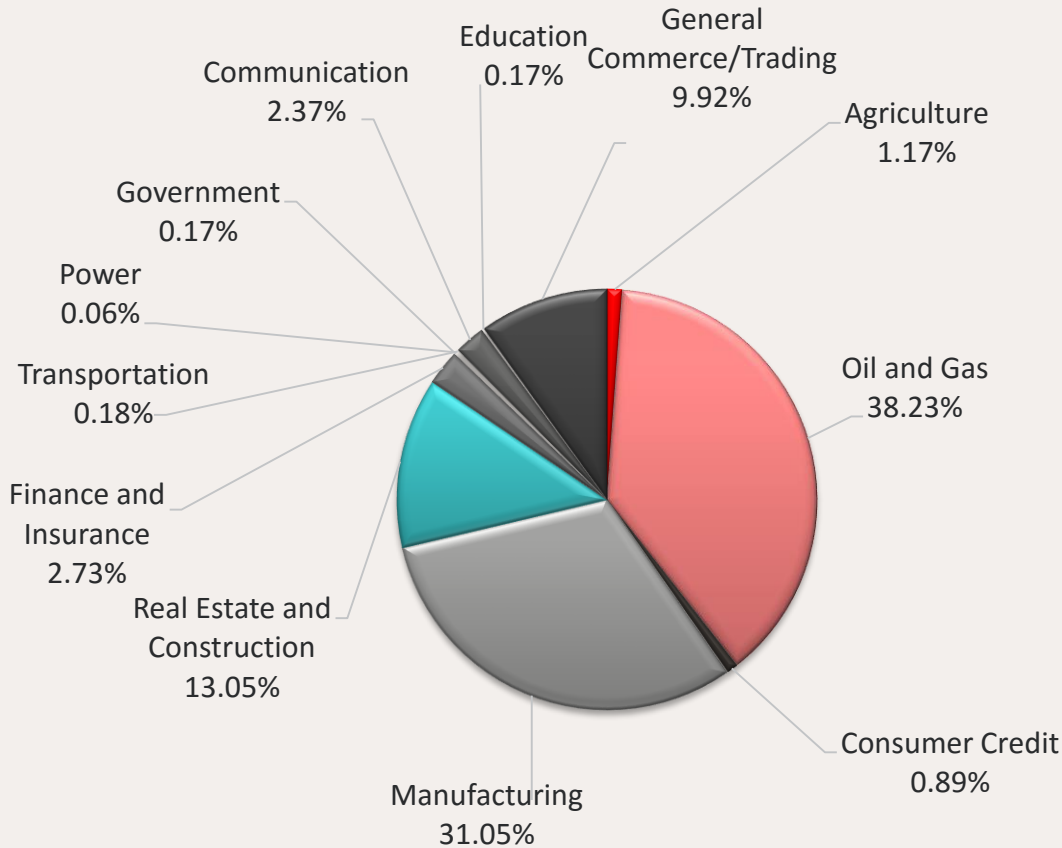
Loans by Sector – FYE 2017



Gross Loans – ~~N2.25~~ Trillion

NPL by Sector

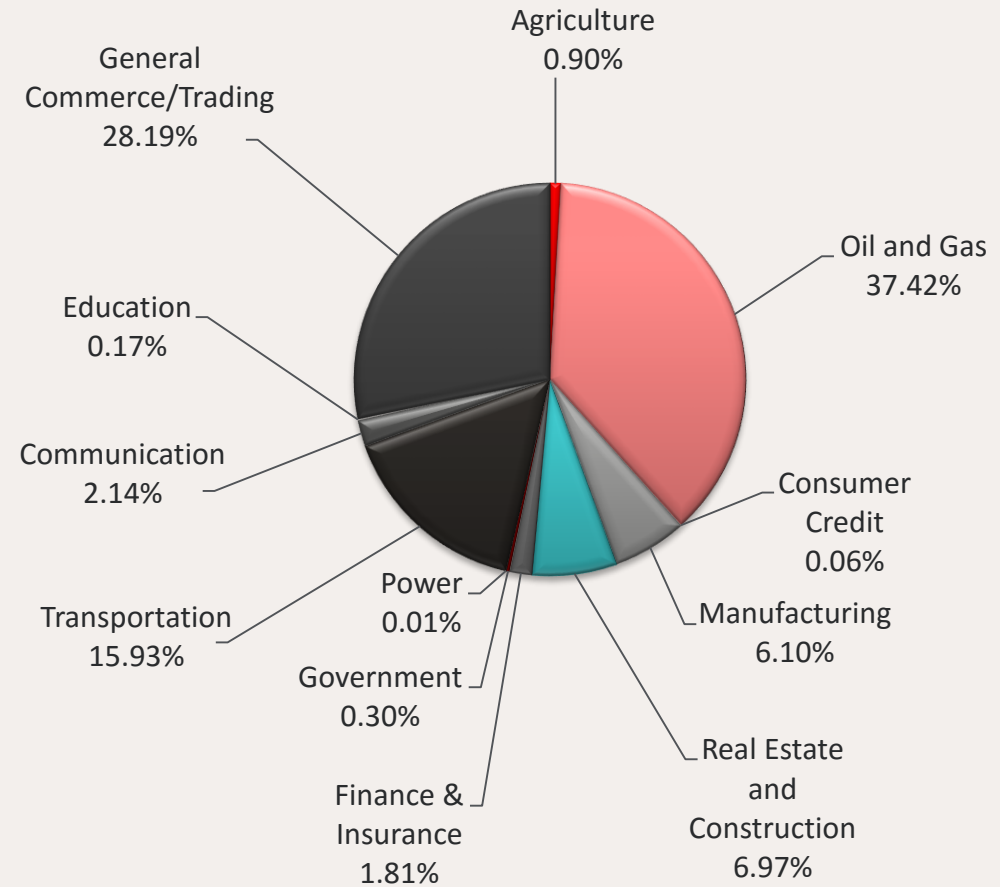
FYE 2018



Total NPLs – ~~₹~~100.5 Billion

NPL Ratio – 4.98%

FYE 2017



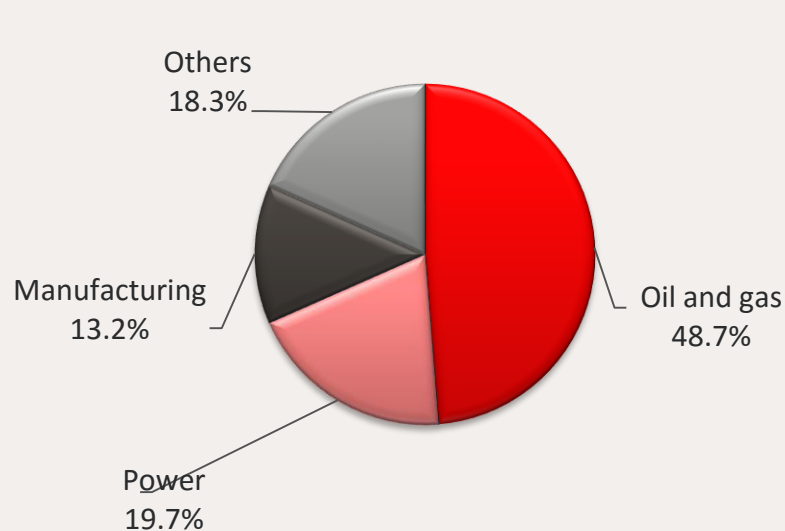
Total NPLs – ~~₹~~105.87 Billion

NPL Ratio – 4.70%

Foreign Currency Loans & Restructured Loans

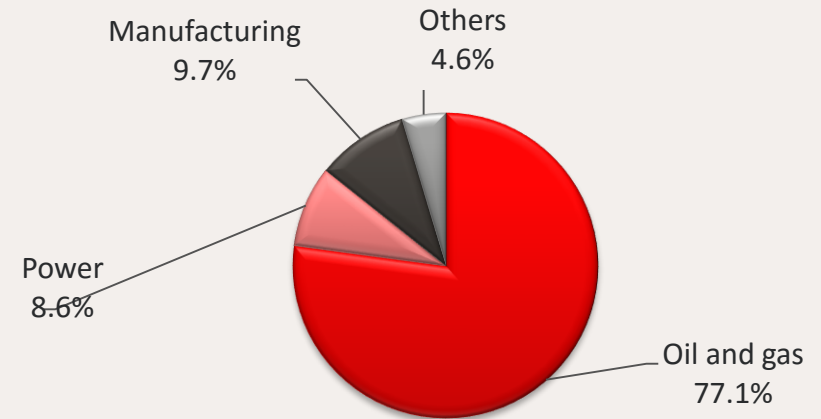
Foreign Currency Loans – 2018

USD loans by sector	US\$' m	N'm	% to US\$ loans	% to total loans
Oil and gas	1,128	404,882	48.72%	22.21%
Power	456	163,681	19.70%	8.98%
Manufacturing	307	110,007	13.24%	6.03%
Others	425	152,298	18.34%	8.35%
Total US\$ loans	2,316	830,868	100.00%	45.57%



Cumulative Restructured Loans – 2018

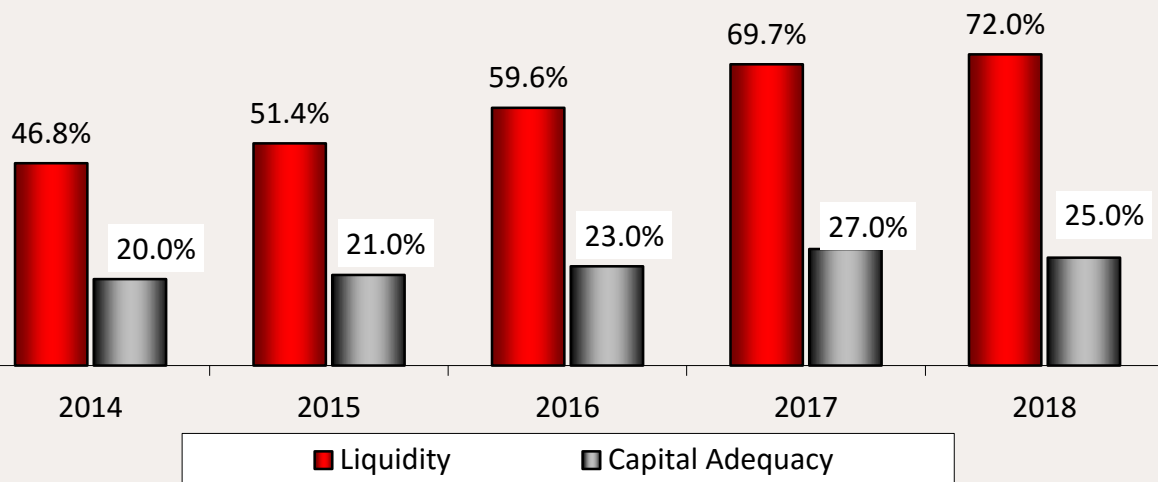
Restructured Loans by sector	N'm	% to Restructured loans	% to Gross loans
Oil and gas	227,474	77.13%	11.28%
Power	25,228	8.55%	1.25%
Manufacturing	28,622	9.70%	1.42%
Others	13,606	4.61%	0.67%
Total restructured loans	294,930	100.00%	14.63%



Strong Capitalisation and Liquidity

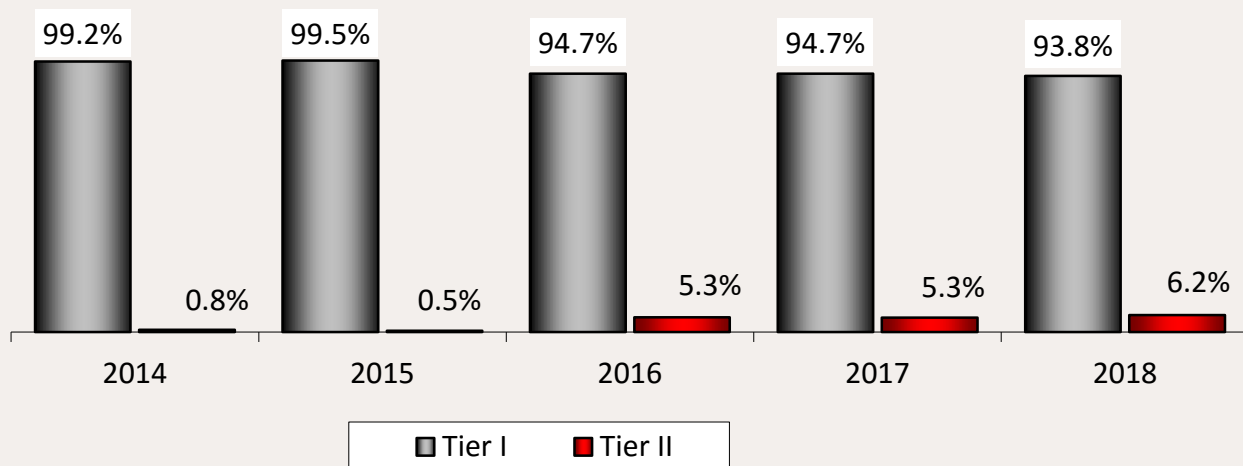
- Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth.

Liquidity & Capital Adequacy

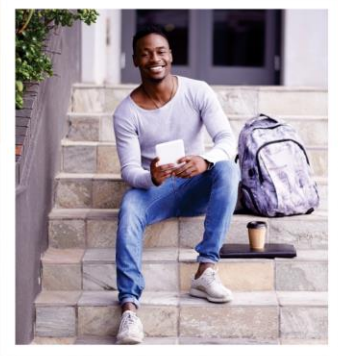
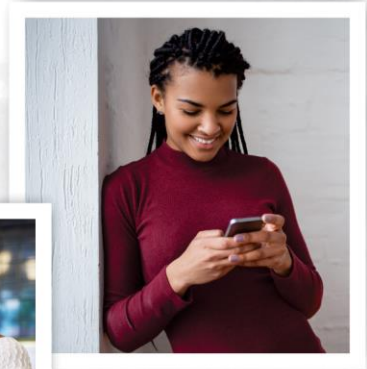


Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio

Capital Mix



Capital base – predominantly made up of Tier 1 (core capital) which consists of share capital and reserves



Business Segments Performance & Subsidiary Review

Performance – By Business Segments

- Continuous diversification and improved profitability across core business segments
- Percentage of gross revenue attributable to retail segment more than doubled from 3.8% in 2017 to 7.8% in 2018.

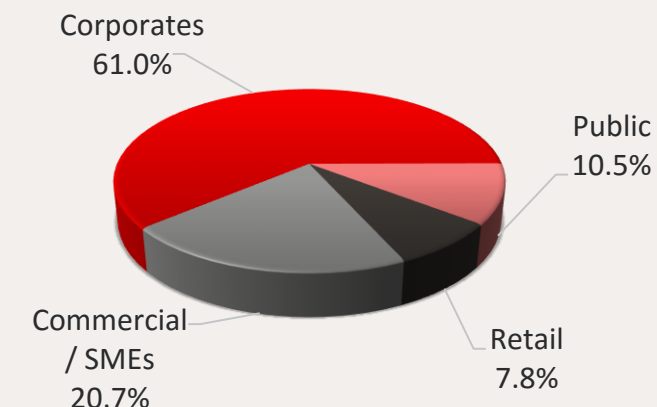
12 Months Ended December 2018

(₹ million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
Total revenue	384,583	66,197	130,204	49,359	630,344
Total expenses	(249,371)	(39,866)	(83,601)	(25,822)	(398,659)
Profit before tax	135,213	26,332	46,603	23,537	231,685
Tax	(22,329)	(4,348)	(7,696)	(3,887)	(38,261)
Profit after tax	112,883	21,983	38,907	19,650	193,424

Gross Revenue

2018

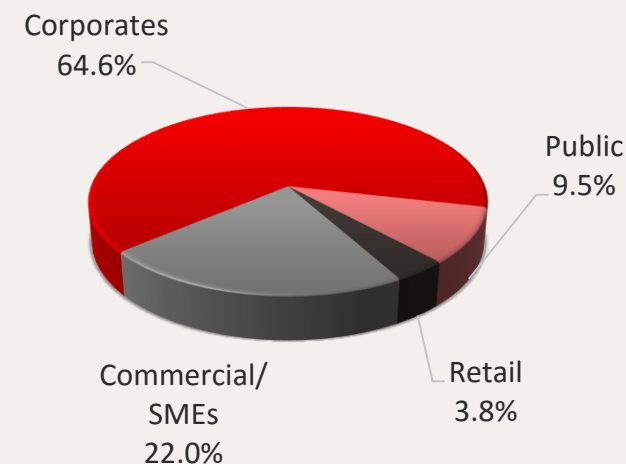


12 Months Ended December 2017

(₹ million)

	Corporates	Public	Commercial/ SMEs	Retail	Consolidated
Total revenue	481,571	70,993	164,308	28,317	745,189
Total expenses	(356,900)	(47,513)	(130,396)	(11,061)	(545,870)
Profit before tax	124,671	23,480	33,912	17,256	199,319
Tax	(15,967)	(3,007)	(4,343)	(2,210)	(25,528)
Profit after tax	108,704	20,473	29,568	15,046	173,791

2017

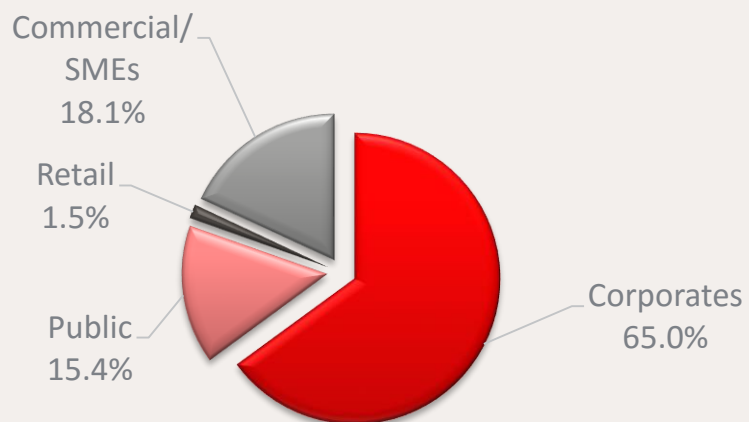


Loans & Deposits – By Business Segments

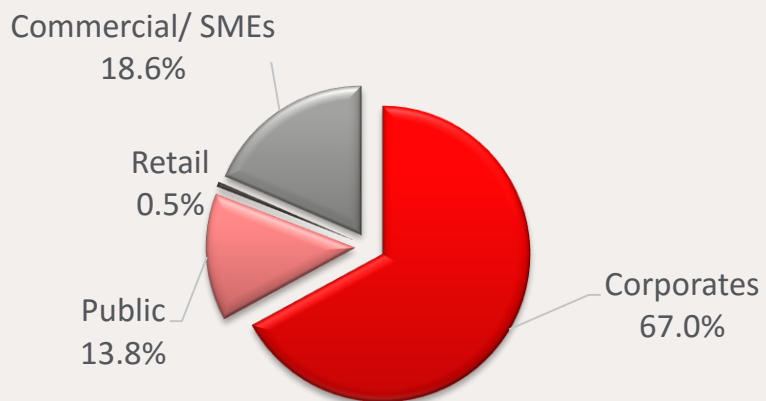
- Corporate-oriented franchise, with improving retail component (percentage contributions from retail deposits and loans have grown in 2018).

Gross Loans

2018 Gross Loans – ~~₹~~2.02 Trillion

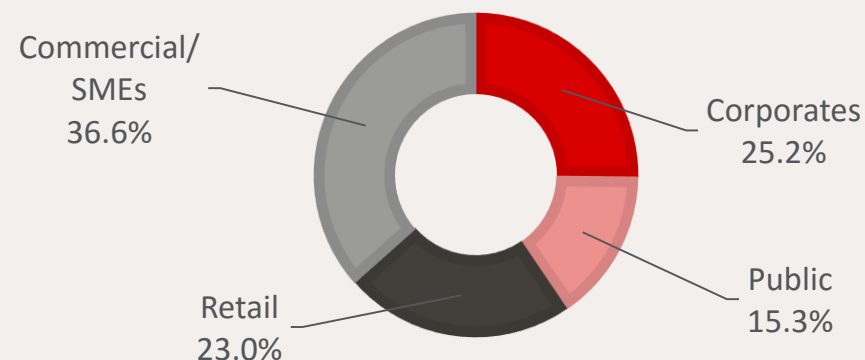


2017 Gross Loans – ~~₹~~2.25 Trillion

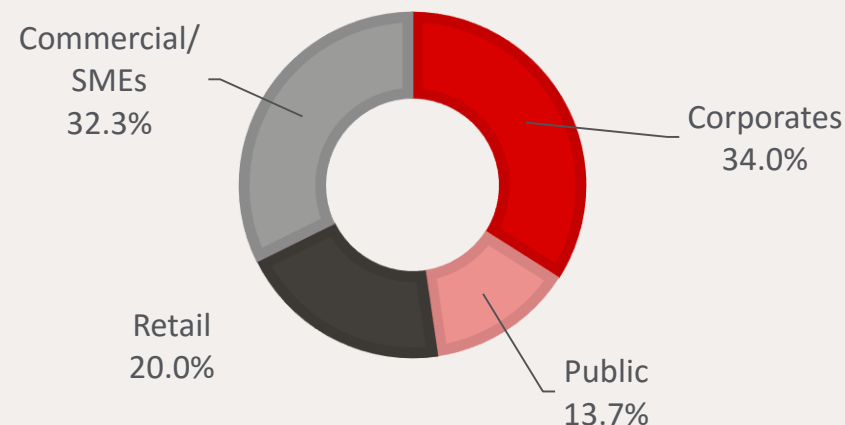


Total Deposits

2018 Total Deposits – ~~₹~~3.69 Trillion



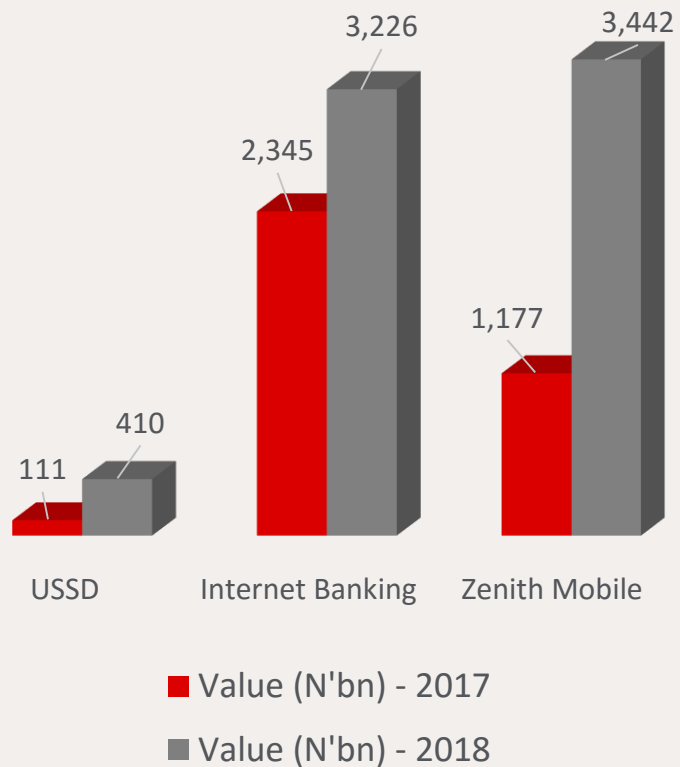
2017 Total Deposits – ~~₹~~3.44 Trillion



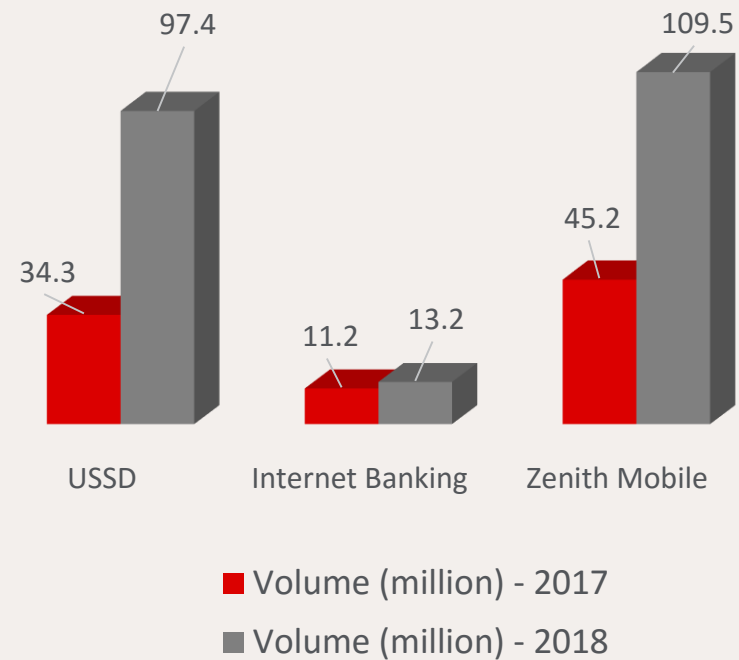
Electronic Banking Products Performance

- The bank recorded a remarkable growth in both value and volume of electronic product transactions, resulting in a 44% (ref.: slide 16) growth in income on electronic products

Value of Electronic Product Transactions



Volume of Electronic Product Transactions



Geographical Presence

Zenith Bank Plc. (Parent)

Established: 1990
 Branches: 374
 FYE 2018 PBT: N192Bn
 Total deposits: N2,821Bn
 Total assets: N4,955Bn
 ROE: 24.0%
 Staff strength: 6,253

Zenith Pension

Established: 2005
 Branches: 2
 Zenith ownership: 99%
 FYE 2018 PBT: N9.0Bn
 Custody assets: N3,531Bn
 Total assets: N23Bn
 ROE: 37%
 Staff strength: 109

Zenith Nominee

Established: 2018
 Branches: 1
 Zenith ownership: 99%
 FYE 2018 PBT: N257M
 Custody assets: N932Bn
 Total assets: N1Bn
 ROE: 17%
 Staff strength: 4

Gambia

Established: 2009
 Zenith ownership: 99.96%
 Branches: 6
 FYE 2018 PBT: N555M
 Total deposits: N11Bn
 Total assets: N16Bn
 ROE: 11%
 Staff strength: 138

Ghana

Established: 2005
 Zenith ownership: 98.07%
 Branches: 27
 FYE 2018 PBT: N21Bn
 Total deposits: N322Bn
 Total assets: N417Bn
 ROE: 22%
 Staff strength: 700

Sierra Leone

Established: 2008
 Zenith ownership: 99.99%
 Branches: 6
 FYE 2018 PBT: N858M
 Total deposits: N16.0Bn
 Total assets: N21Bn
 ROE: 24%
 Staff strength: 154

United Kingdom

Established 2007
 Zenith ownership: 100%
 Branches: 2
 FYE 2018 PBT: N12Bn
 Total deposits: N521Bn
 Total assets: N681Bn
 ROE: 14%
 Staff strength: 88

UAE

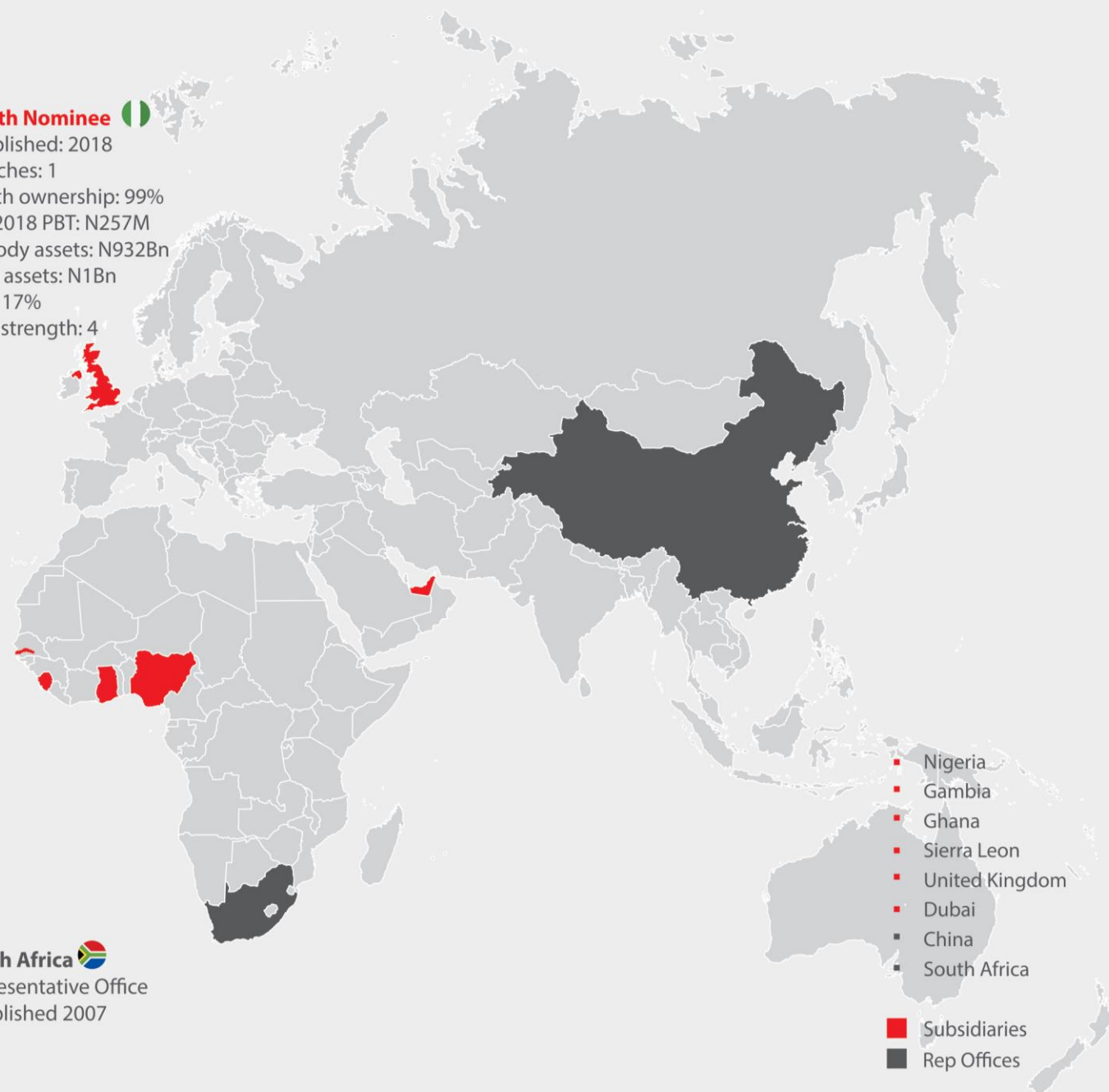
Branch of Zenith UK
 Established 2016
 1 branch

China

Representative Office
 Established 2011

South Africa

Representative Office
 Established 2007



Performance by Geography

- Subsidiaries contribution to the Group's revenue has improved from 8.9% to 13.9% YoY, improving revenue diversification by geography

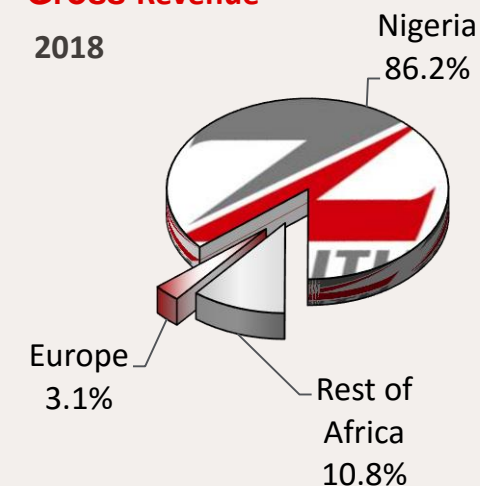
12 Months Ended December 2018

(₦' Million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	548,324	68,547	19,496	(6,023)	630,344
Total expense	(347,239)	(46,479)	(6,964)	2,023	(398,659)
Profit before tax	201,085	22,068	12,532	(4,000)	231,685
Tax	(28,585)	(7,313)	(2,363)	-	(38,261)
Profit after tax	172,500	14,755	10,169	(4,000)	193,424

Gross Revenue

2018

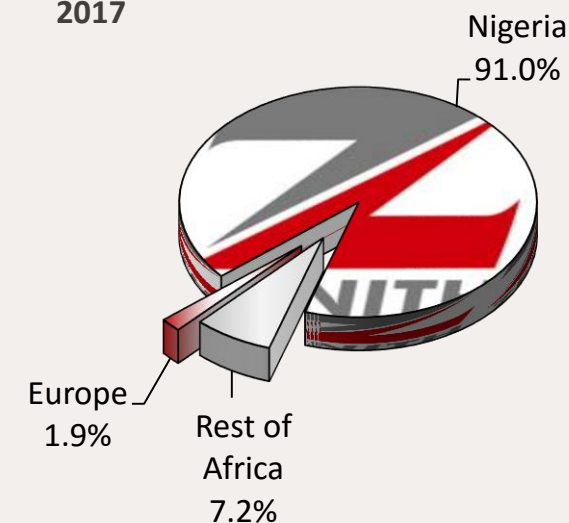


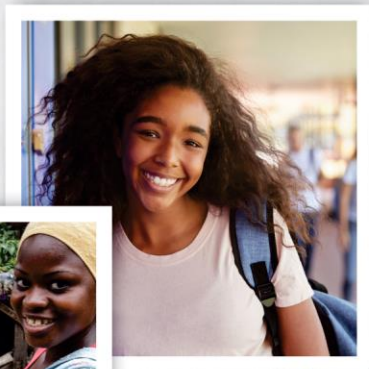
12 Months Ended December 2017

(₦' Million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	683,969	53,822	14,204	(6,806)	745,189
Total expense	(505,533)	(33,239)	(9,503)	2,405	(545,870)
Profit before tax	178,436	20,583	4,701	(4,401)	199,319
Tax	(18,891)	(5,602)	(1,035)	-	(25,528)
Profit after tax	159,545	14,981	3,666	(4,401)	173,791

2017





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

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

2

Delivering superior service experience to all customers

- The Bank accomplishes this strategy by:
- Leverage on robust digital platform
- Consistent focus and investment in attracting and keeping quality people
- Employing cutting edge technology
- Deploying excellent customer service

4

Treasury 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 FY2019

- **Retail Banking:** The bank is committed to continue to grow its retail business. 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 (CACCS) 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 2019

	FYE 2018 Guidance	FYE 2018 Achieved	FYE 2019 Guidance
PBT	¥ 215.0Bn	¥ 231.7Bn	¥ 240.0Bn
Effective Tax Rate	15.0%	16.5%	15.0%
PAT	¥ 182.7Bn	¥ 193.4Bn	¥ 204.0Bn
ROAE	23.4%	23.8%	24.0%
ROAA	3.5%	3.4%	3.6%
NIM (Adjusted)	9.0%	8.9%	9.1%
Cost of Funds	3.5%	3.1%	3.5%
Cost of Risk	1.0%	0.9%	1.0%
Cost to Income	51.8%	49.3%	48.0%
Deposit Growth	5.0%	7.3%	10.0%
Loan Growth	2.5%	(10.5%)	7.5%
Loan to Funding	65.0%	44.2%	55.0%
Capital Adequacy	22.0%	25.0%	25.0%
Liquidity Ratio	60.0%	72.0%	60.0%
NPL	3.95%	4.98%	4.85%
NPL Coverage	200.0%	192.4%	180.0%

Thank You

© 2018 ZENITH BANK PLC | Full Year Group Results Presentation to Investors & Analysts