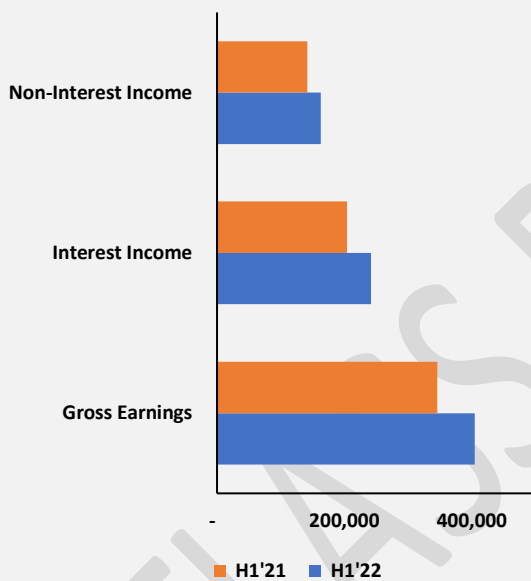


## Zenith Bank/Equities/Earnings Update (H1'22)

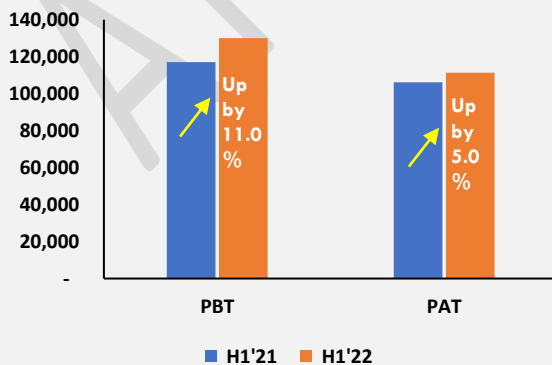
Friday, 26 August 2022

Performance Ratios	H1'22	H1'21
Gross Earnings (₦'bn)	404.76	345.55
Interest Income (₦'bn)	241.72	203.93
Non-Interest Income (₦'bn)	163.04	141.63
PBT (₦'bn)	130.01	117.06
PAT (₦'bn)	111.41	106.12
ROAE	8.76%	9.28%
ROAA	2.30%	2.50%
BVPS (%)	40.52	36.42
EPS (₦)	3.55	3.38
DPS* (Interim) (₦)	0.30	0.30
Liquidity Ratio	60.50%	69.90%
CAR	21.00%	22.00%
NPL	4.40%	4.51%

**Top Line Performance Chart (₦'000mn)**



**Bottom Line Performance Chart (₦'000mn)**



### H1'2022 Performance Analysis

Zenith Bank Plc, which is one of the most valued tier-1 banks in Nigeria, released its H1 financial statement for 2022 on Tuesday 23rd August, 2022 to the investing public, recording an increase in both its top and bottom-line performance.

The banks' Gross Earnings in H1'2022 settled at ₦404.76 billion, representing an increase of 17.1% when compared to the corresponding period of 2021. The increase in the Gross earnings was jointly driven by 18.5%, 25.6%, and 43.7% increase in Interest Income, Fees and Commission Income, and Trading gains on capital markets financial instruments accordingly, which overshadowed 103.3% decline in the company's Other Operating Income and 29.5% increase in Interest Expense when compared to H1'2021.

### Income and Expenses Breakdown

The company's Interest Income grew by 18.5% to ₦241.73 billion in H1'2022, from ₦203.93 billion in H1'2021, which can be attributed to high-interest environment arising from the increase in Monetary Policy Rate in H1'2022, when compared to H1'2021 rates. The Fee and Commission Income surged by 25.6% to ₦78.50 billion in H1'2022 from ₦62.52 billion in H1'2021, while the Trading gains also soared by 43.7% to ₦85.19 billion.

On the expenses side, the Interest expense expanded by 29.5% to ₦56.98 billion during the period under review from ₦43.99 billion in H1'2021, due to increase in interest paid on Borrowed funds, Time deposits, Current and Savings account. Personal expense, as well as Operating Lease expense also rose by 5.7% and 26.8% to ₦39.74 and ₦123.78 accordingly.

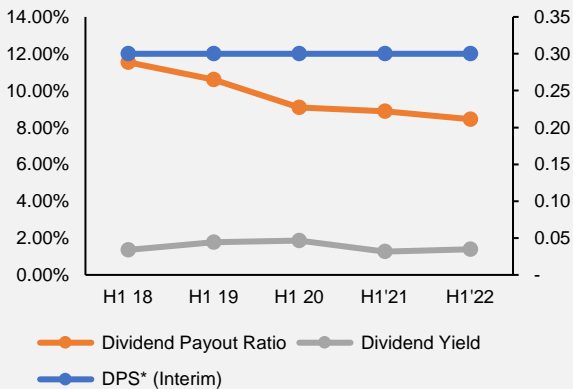
### Modest Gain in the Bottom-line Item in H1'2022, Consistent Interim Dividend within the last 5-years, and Increase in Book Value

The Bank's Pre-Tax Profit (PBT) and Post-Tax profit (PAT) settled at ₦130.01 billion and ₦111.41 billion in H1'2022 respectively, indicating an improvement of 11.1% (PBT) and 5.0% (PAT) when compared to the figures in H1'2021.

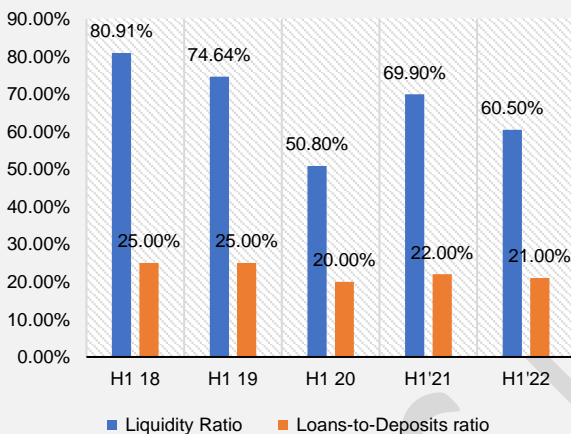
# Zenith Bank/Equities/Earnings Update (H1'22)

Friday, 26 August 2022

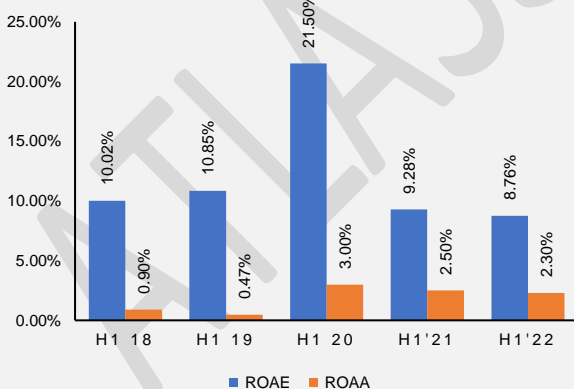
Interim Dividend, Dividend Payout Ratio, and Dividend Yield 5-years Movement



5 Years Liquidity Ratio



RETURN ON AVERAGE ASSET AND EQUITY MOVEMENT (H1'2018-2022)

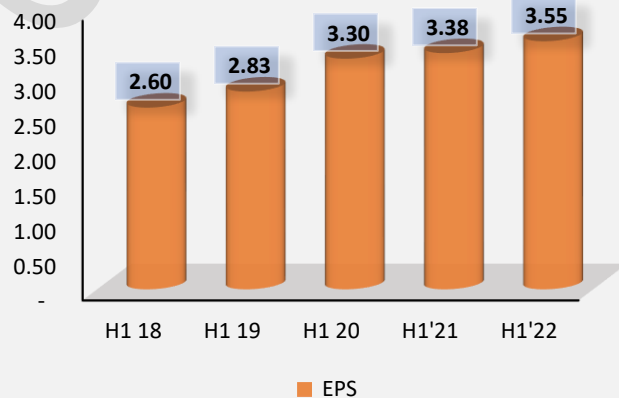


The company's Liquidity Ratio and Loans-to-Deposit Ratio in H1'2022 stood at 60.50% and 48.9% accordingly, which shows the bank's strong ability to cover loan losses and also meet short-term debt obligations.

In addition, due to an improvement in PAT, the bank's half-year EPS grew by 5.0% to ₦3.55 compared to ₦3.38 in H1'21. Also, the bank in its bid to strengthen its retained earnings announced payment of an interim dividend of ₦0.30k (by September 13, 2022).

Therefore, based on the performance of the Group in half-year 2022, and the increase in MPR by CBN, which will further push up the bank's interest income, we maintain our current target price of ₦29.50, which is 29.55% upside potential to the closing of ₦22.00 as of Thursday, 26th August 2022. Hence, we recommend a BUY on the stock.

GROWTH IN EPS



Analyst

[aadabale@atlassportfolios.com](mailto:aadabale@atlassportfolios.com)

[www.atlassportfolios.com](http://www.atlassportfolios.com)