



EBENEZER ONYEAGWU

GMD/CEO's Review



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It gives me great pleasure to welcome you, our highly esteemed shareholders, for the first time as Group Managing Director/Chief Executive Officer, following my appointment in June 2019.

In 2019, the global economy recorded its weakest growth since the global financial crisis about a decade ago due to tepid growth in advanced economies, a decline in global trade, and shrinking capital spending. Growth was mainly subdued by the heightened US-China trade tension, BREXIT-related uncertainties and geopolitical tensions which dampened global economic activities, particularly business spending and manufacturing. On the domestic front, the economy continued to recover from the 2016 economic recession, expanding by 2.55 per cent (year-on-year) in the last quarter of 2019, the highest quarterly post-recession growth performance. Overall, the Nigerian economy recorded annual real growth rate of 2.27 per cent in 2019, compared to 1.91 per cent in 2018.

The performance of the domestic economy was driven by improved oil production and relatively high oil prices in the international commodities market for most part of the year. Also, the recovery in services and industry sectors contributed to the Gross Domestic Product (GDP) growth. As an institution, we adapted our strategies given these developments, based on the markets or sectors where we operate while ensuring that we were able to create value for our customers. Amidst the challenges in the operating environment, we can look back and take great pride in the outstanding value-addition we have all achieved together.

In a bid to improve lending by Deposit Money Banks (DMBs) to the real sector of the Nigerian economy, the Central Bank of Nigeria (CBN) introduced a measure requiring banks to maintain minimum Loan-to-Deposit Ratio (LDR) which currently stands at 65 per cent. The initiative required adjustment, but we were determined (and are still poised) to leverage it to provide opportunities for the growth of sectors like Small and Medium Enterprises (SMEs) and mortgage in tandem with the vision of the apex bank. The LDR policy thus provided further impetus for strategic loan growth, especially in consumer lending and the retail segment of the market.

In the course of the year, we launched a Tech Fair and an SME Fair to accelerate our inroad into the retail banking space. These initiatives complement "Style by Zenith", our flagship lifestyle, beauty, fashion, and entertainment fair that has continued to reinforce our retail and digital journey. Also, we have continued to boost our array of unique products, innovative solutions and digital channels to ensure convenience, speed and security of transactions. Infrastructure financing remains a huge opportunity with the requisite policy framework.

Technology continues to be a defining tool in our effort to create value for all our stakeholders. We are, however, also cognizant of the disruptive impact of new and emerging technologies in the financial service space, especially as the fourth industrial revolution era continues to unfold. I wish to assure you that we have all that is necessary to adapt to changes, acquire new capabilities

and upskill our talents to deliver new levels of service excellence and convenience to all our esteemed customers.

Our journey towards becoming a financial institution aligned with global sustainable best practices received a massive boost in 2019. On September 22nd, we launched the Principles for Responsible Banking together with 129 banks and the United Nations. By signing up to this framework led by the United Nations Environment Finance Initiative (UNEP FI), we committed to strategically aligning our business with the goals of the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs). This means that we will seek to create value for our shareholders, customers, clients, investors, communities and the environment through our practices, operations and investments. We consider that the Principles for Responsible Banking aligns with the United Nations Global Compact (UNGC) Principles and Nigerian Sustainable Banking Principles (NSBP), two sustainable business frameworks which Zenith Bank has adopted.

As a testament to our market leadership, robust and best-in-class service, and unflinching commitment to global best practices, we received several awards and recognitions in 2019 including "Best Commercial Bank in Nigeria" (World Finance), "Most Valuable Banking Brand in Nigeria" (The Banker Magazine), "Best Digital Bank in Nigeria" (Agusto & Co.), "Bank of the Year" for the third consecutive year (BusinessDay Awards), and the "Most Innovative Bank of the Year" (Tribune Awards). In recognition of our support to the health sector, Zenith Bank was adjudged the "Best Company in Promotion of Good Health and Wellbeing" in Africa at the 2019 Sustainability, Enterprise and Responsibility Awards (SERAS).

The outlook for the domestic economy in 2020 is expected to be brighter as government policies and programmes to spur growth gain traction. The economy is expected to sustain the modest growth, as the recovery in the oil and non-oil sectors (manufacturing and services) continues to gather momentum. Growth will further be supported by monetary and fiscal policy measures, including fiscal stimulus from the 2020 Federal Government budget and CBN interventions in selected employment and growth-enhancing sectors as well as efforts to boost credit to the private sector through the LDR policy. While global macroeconomic headwinds are beginning to recede, especially with the trade deal between the US and China, and diminishing BREXIT-related uncertainties, the outbreak of Coronavirus has somewhat posed a major threat in the global landscape. The challenges of the domestic and global economy notwithstanding, I am confident that financial year 2020 holds enormous potential.

The year 2020 represents a major landmark for us as an institution, as it marks our 30th anniversary. May I use this opportuni-

ty to thank all our staff, Management and Board (both past and present), our shareholders and all other stakeholders for your contributions towards making Zenith Bank a model of institutional stability and leadership.

Going into this decade, our commitment is to keep the bank on the path of growth as we have done over the last three decades. We will be unwavering in our adoption of sound policies, robust risk management practices, building stronger and dynamic digital capabilities to support our business processes and product innovation, while delivering enduring value to all our stakeholders.

Thank you.



Ebenezer Onyeagwu
Group Managing Director / CEO