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My Fellow Shareholders, Distinguished Guests, Ladies and Gentlemen,

I am delighted to welcome you to the 2020 Annual General Meeting of our Bank and to present to you the Annual Report and Financial Statements for the financial year ended December 31, 2020.

I would like to sincerely thank you all for your unwavering commitment and loyalty, which have contributed immensely to the continued success of our Bank.

The year 2020 was characterised by a very challenging macroeconomic environment brought about by the Coronavirus (COVID-19) pandemic, which had a significant impact on businesses globally. The resilience of our Bank, however, enabled us to weather the economic headwinds.

Against this backdrop, it is therefore pertinent to review the economic environment within which our Bank operated during the year under review.

MACROECONOMIC REVIEW

In the outgone year, the Nigerian economy witnessed one of its deepest recessions since the early 1990s following the deleterious health and economic crisis caused by the Coronavirus pandemic. The spread of the virus and its rapid spin into a global pandemic in early 2020 triggered severe global macroeconomic shock, with a far-reaching impact on the domestic economy. According to the National Bureau of Statistics (NBS), Gross Domestic Product (GDP) grew by 1.87 per cent in Q1 2020 but contracted by 6.10 per cent and 3.62 per cent in Q2 and Q3, 2020, respectively, before returning to the growth path in Q4, 2020 at 0.11 per cent. Overall, in 2020, the annual growth of real GDP was estimated at -1.92 per cent, a decline of 4.20 percentage points compared to the 2.27 per cent recorded in 2019. The weak performance of the economy in 2020 was largely attributed to the steep fall in global oil prices, weaker domestic demand, and lower level of economic activities due to measures, such as nationwide lockdown, put in place to contain the spread of the virus.

To insulate the economy from the effects of the global pandemic, as well as to quicken the pace of economic recovery, a raft of commendable monetary and fiscal stimulus packages were rolled out by the monetary and fiscal authorities. Notably, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) cut the Monetary Policy Rate (MPR) twice in 2020 to increase the flow of credit to the key productive sectors of

the economy. MPR was eased by 100 basis points in May 2020, from 13.5 per cent to 12.5 per cent, and another 100 basis points in September 2020, from 12.5 per cent to 11.5 per cent. This is the lowest MPR since 2016. Similarly, the Cash Reserve Requirement (CRR) was adjusted by 500 basis points in January from 22.5 to 27.5 per cent. The asymmetric corridor was changed from +200/-500 basis points to +100/-700 basis points around the MPR during the MPC meeting held in September. The apex bank also leveraged its development finance tools to boost the flow of credit to the real sector to stimulate output growth. The Federal Government, through the Federal Ministry of Finance, unveiled a fiscal stimulus package of NGN2.3 trillion to ease contractionary concerns. These measures, combined with a relative improvement in local and global economic activities, supported the economy's rebound in the last quarter of the year.

In 2020, headline inflation, measured by the Consumer Price Index (CPI), witnessed a steady rise. According to the NBS, the inflation rate stood at 12.13 per cent in January. It rose consistently to 15.75 per cent in December, the highest rate recorded in three years, bringing the average inflation rate to 13.25 per cent in 2020. The persistent inflationary pressure witnessed in the year was driven by rising food prices and supply chain disruptions linked to Covid-19-related lockdown and containment measures and exchange rate volatility. Throughout the year, headline inflation remained outside the target range of 6.0-9.0 per cent set by the CBN.

The global oil market opened the year 2020 on a relatively high note, with U.S. West Texas Intermediate (WTI) trading nearly \$60 and Brent averaging \$64 per barrel in January. However, prices plummeted as the economic effects of the COVID-19 pandemic began to kick-in. The plunge was so massive that for the first time in the long history of oil futures trading, a contract went negative in April 2020 as global oil demand collapsed due to a low level of business activity caused by lockdowns and movement and travel restrictions implemented in many economies.

Towards the end of 2020, crude oil prices rebounded as the Organization of Petroleum Exporting Countries (OPEC) and participating non-OPEC countries cut output to match weaker demand. Nonetheless, oil prices lost more than a fifth of their value in 2020 – Brent fell 21.5 per cent for the year, while the OPEC Reference Basket (ORB) dropped 25 per cent, to average \$41.47/b in 2020. World oil demand is estimated to have declined by 9.8 million barrels per day (mb/d) year-on-year to an average of 90mb/d in 2020.

In 2020, the CBN adjusted the official exchange rate of the Naira twice, from NGN307/\$1 to NGN360/\$1 in March, and then to NGN381.0/\$ in July. Consequently, the average Naira exchange rate depreciated across all segments of the market, averaging NGN381.00/\$1 at the interbank, NGN471.62/\$1 at the Bureau De Change (BDC) segment and NGN392.27/\$1 at the Investors' and Exporters' (I&E) Window in 2020. The exchange rate remained pressured as the COVID-19 pandemic triggered a short supply of foreign exchange due to a significant drop in crude oil prices in the global commodities market.

Nigeria witnessed a significant depletion in the stock of foreign exchange reserves in 2020. At the beginning of the year, Nigeria's external reserves stood at \$38.01billion but continued to decline to its lowest levels within the year at about \$33.52billion in April. This was followed by a rise to about \$36.60billion in May, before

closing the year at about \$35.37billion. The sharp fall in external reserves within the first few months of the year was mainly due to the crash in crude oil prices, increased foreign exchange intervention at the forex market and lower foreign portfolio investment inflows. However, the foreign exchange reserve was subsequently supported by improved oil receipts.

The Federation Account Allocation Committee (FAAC) disbursed a total of NGN7.68 trillion among the three tiers of Government as allocations in 2020, a significant decline of more than half a trillion when compared with the NGN8.2 trillion in the preceding year. The decrease is attributable to shrinking government revenue receipt due to the socioeconomic crisis caused by the COVID-19 pandemic. The Federal Government and many states of the federation revised their 2020 expenditure plans downwards due to shortfalls in revenue.

In 2020, the Nigerian Stock Exchange (NSE) witnessed a bullish trend. The All-Share Index (ASI) opened at 26,842.07 index points but closed the year at 40,270.72, representing an appreciation of 50.02 per cent. While market capitalisation was at N12.958trillion at the start of the year, it recorded a 62.49 per cent growth to N21.056trillion at the close of the year. The outstanding performance of the market was supported by the relatively low yield in the fixed income market, which resulted in increased participation of domestic investors in the equities market.

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FINANCIAL RESULTS

As mentioned earlier, the year 2020 was characterised by significant global and domestic economic developments with far-reaching implications for the Nigerian financial services sector. As a resilient brand, however, we were able to leverage the innate opportunities within the environment and record a performance that further attests to the Group's sound financial health.

The Group's gross earnings grew by 5 per cent from N662.25billion in 2019 to N696.45billion in 2020. Profit-Before-Tax (PBT) rose by 5 per cent, from N243.29billion in 2019 to N255.86billion in 2020, while Profit-After-Tax (PAT) rose by 10 per cent, from N208.84billion in 2019 to N230.57billion in 2020. Total deposits was N5.34trillion for the year ended December 31, 2020, representing a 25 per cent increase over the previous year's figure of N4.26trillion. During the same period, total assets of the Group grew by 34 per cent from N6.35trillion to N8.48trillion, while shareholders' funds rose by 19 per cent, from N941.89billion to N1.12trillion.

DIVIDEND

Zenith Bank remains committed to consistently delivering superior returns to our highly esteemed shareholders by ensuring that a significant portion of our profit is set aside for you. In a clear demonstration of this commitment, and despite the macroeconomic headwinds brought about by COVID-19, we had declared and paid an interim dividend of 30kobo per share in the course of the 2020 financial year. We hereby propose a final dividend of N2.70kobo per share. If approved, this will bring the total dividend for the year ended December 31, 2020, to N3 per share.

THE BOARD OF DIRECTORS

There were no changes to the composition of the Board of the Bank during the period under review. However, on January 3, 2021, one of the Bank's Non-Executive Directors, Prof. Oyewusi Ibidapo-Obe, passed on. We pray that God will grant him eternal rest.

INVESTMENT IN TECHNOLOGY

Zenith Bank is committed to setting the pace in the adoption of financial technology. Consequently, we have invested immensely in new technologies and digital solutions in the year under review. This is in line with our pledge to create value for our highly esteemed customers through our wide range of innovative products and services.

CORPORATE SOCIAL RESPONSIBILITY

Zenith Bank is committed to building a more sustainable and inclusive economy. As such, we have continued to integrate sustainability principles in our business operations and

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investment decisions in line with global best practices. During the last year, we made considerable progress in this regard, bearing in mind our role in accelerating the achievement of the United Nations Sustainable Development Goals (SDGs).

Our sustainability and Corporate Social Responsibility (CSR) initiatives are hinged on the belief that today's business performance is not all about the financial numbers – we believe that an institution's social investments, contributions to inclusive economic growth and development as well as improvements in the condition of the physical environment, all constitute a balanced scorecard.

Through our CSR initiatives, we have embodied the overarching objective of the 17 SDGs, which provide a framework for addressing the major challenges confronting our society. Our social investments are targeted at health, education, women and youth empowerment, sports development and public infrastructure enhancement.

To demonstrate our commitment to creating and expanding opportunities, the Bank regularly makes donations towards the setting up of ultramodern ICT centres in several educational institutions across the country. It also supports various developmental projects and healthcare delivery causes in Nigeria. The Bank equally contributes to the development of

sports in Nigeria through its sponsorship of the Nigeria Football Federation (NFF), the Zenith Women Basketball League, and the Zenith Bank Delta Principals' Cup, to name a few.

In response to the Covid-19 pandemic, the Bank donated NGN1 billion as part of the Coalition Against COVID-19 (CACOVID), a private sector-led initiative to support the Nigerian Government to combat the Covid-19 crisis.

Apart from our healthcare sector interventions, we expanded our support for women-owned businesses in the year under review. As a testament to our achievements in these areas, Zenith Bank won the awards for "Best Company in Promotion of Good Health and Wellbeing" and "Best Company in Promotion of Gender Equality and Women Empowerment" in Africa at the 2020 Sustainability, Enterprise and Responsibility Awards (SERAs).

MACROECONOMIC OUTLOOK

Although the outlook for the domestic economy, and indeed the global economy, remains largely uncertain as the pandemic continues to impact economies, most economic prognoses suggest a modest recovery in 2021. On the domestic front, the recovery witnessed in the last quarter of 2020 is expected to continue, supported by easing OPEC production cuts and higher oil prices. Thus, the IMF forecast the Nigerian economy to expand by 1.5 per cent in 2021, while the World Bank expects

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domestic output to grow by 1.1 per cent in 2021. In addition to the stimulus packages to reflate the economy, growth is expected to be driven by an uptick in private consumption and investment and government spending as enunciated in the 2021 budget.

The Federal Government of Nigeria (FGN) 2021 budget has an aggregate expenditure estimate [inclusive of General Operating Expenses (GOEs) and project tied loans] of N13.59trillion, representing a 25.7 per cent increase compared to the N10.81trillion (inclusive of GOEs and project tied loans) revised budget for 2020 fiscal year. A breakdown of the budget estimates show that N4.13trillion (30.36 per cent) was budgeted for capital expenditure; N5.64trillion (41.52 per cent) for recurrent (non-debt) expenditure; N3.32trillion (24.47 per cent) for debt servicing; and N496.53billion (3.65 per cent) for statutory transfers. Aggregate budget revenue for 2021 is projected at N7.99trillion, 36.35 per cent higher than the N5.86trillion estimated for 2020. The 2021 Budget is predicated on crude oil production of 1.86 million barrels per day, crude oil price of \$40 per barrel, and an average exchange rate of N379/dollar.

On the monetary policy side, CBN policy actions such as development finance initiatives, measures to boost credit flow to the private sector through the Loan-to-Deposit Ratio (LDR), etc., are expected to provide momentum for growth. The apex bank expects that the various stimulus initiatives will support further economic recovery in Q1 2021 and beyond. However, the downside to this prospect remains persistent inflationary pressures and rising debt burden, which could weigh on Nigeria's growth prospects.

On the global front, ongoing vaccination is expected to support recovery by driving a moderate rebound in economic activities across most economies. However, there are concerns about the economic impact of lockdown measures in the face of the

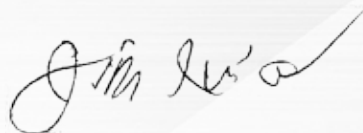
second wave of the COVID-19 pandemic and its impact on crude oil demand, oil prices and capital flows. Overall, the economic prospect in 2021 remains that of cautious optimism.

APPRECIATION

The year 2020 was no doubt a challenging but successful year for us as a Bank. Clearly, the superior performance recorded in the year was made possible by the collective efforts of all our stakeholders. Therefore, I am grateful to our customers for their unflinching loyalty, our Staff and Management for their dedication and commitment, and our Board for continually guiding the Bank along the path of sustained growth.

Ladies and gentlemen, I welcome you to the 2021 financial year with the firm assurance of continued excellent performance by our Bank.

Thank you.



Jim Ovia, CON

Chairman