

# Proshare **Confidential**



**Banks H1 2019 Numbers: Top Line Growth,  
Bottom Line Uncertainty.**

**September 2019**



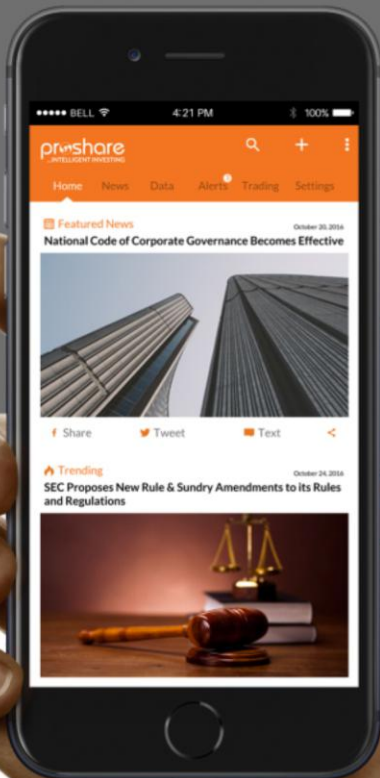
# Proshare Markets















NASD PLC

## EVERYTHING IN ONE TAP

- Easy access to latest, trending & featured Financial & Economic News as well as Videos
- Customization of Preferred News and Videos Views
- Easy Navigation to financial data from NSE, FMDQ and NASD across multiple asset classes



# Contents

	<b>Executive Summary</b>	1
	<b>Introduction</b>	3
	1.1 The Top Line	3
	1.2 The Bottom Line	5
	<b>Breaking Into Industry Numbers</b>	8
	2.1 Gross Earnings	8
	2.2 Profitability	10
	2.3 Cost to Income (CIR)-The Balancing Act	11
	2.4 Impairments	14
	<b>Deconstructing Banks' H1 2019 Individual Performances</b>	16
	3.1 Access Bank Plc	16
	3.2 Ecobank Transnational Incorporated	21
	3.3 FBN Holdings Plc	24
	3.4 First City Monument Bank Plc	27
	3.5 Fidelity Bank Plc	30
	3.6 Guaranty Trust Bank Plc	34
	3.7 Stanbic IBTC Plc	37
	3.8 Sterling Bank Plc	41
	3.9 United Bank for Africa Plc	44
	3.10 Union Bank of Nigeria Plc	48
	3.11 Unity Bank Plc	52
	3.12 Wema Bank Plc	55
	3.13 Zenith Bank Plc	58
	<b>Periscoping Bank 2019 Strategies</b>	63
	<b>The Infotech of Everything</b>	66
	5.1 The Fiscal Reality of An Infotech World	66
	<b>Leadership and Integrity; Bankers Last Refuge</b>	68
	6.1 The Macroeconomic Imperative of Leadership & Integrity	69
	<b>Conclusion</b>	72
	7.1 Equity Returns And the New Banking Order	72
	7.2 Bringing Home the Bacon	72
	7.3 The New Face of an Old Business	74
	<b>Report Methodology</b>	75
	<b>Related Links and References</b>	76
	<b>Advice To Users of This Report</b>	80
	<b>Contacts</b>	85

# Executive Summary



*Banking is a very treacherous business because you don't realize it is risky until it is too late. It is like calm waters that deliver huge storms. - Nassim Nicholas Taleb*

The inherent risks in banking makes it a business of the desirable, the probable and the possible. Banks make money sweat by converting it into productive action which come from ideas that are designed to produce more money (the so called cash-to-cash cycle). The idea-to-action-to-money loop is imperfect but brilliant when its works. In H1 2019 Nigerian banks found it increasingly difficult to close the loop as their gross earnings either grew marginally or declined and where banks showed significant growth, such advance in top line income did not necessarily trickle down to their corporate bottom lines.

**Section 1:** of this report takes a bird's eye view of the Nigerian banking sector's corporate performance between H1 2018 and H1 2019. The banking sector has had a rather rough period between H1 2018 and H1 2019 as post recessionary economic growth in the country has remained muted mainly leading to higher rates of delinquent assets and loan loss impairment provisions. In 2018 the banks took advantage of day one IFRS9 adjustments to improve their bottom-line earnings but this accounting adjustment would not be available in 2019, meaning that banks will need to keeper tighter loan books as risk management takes centre operational stage. The irony here is that the Central Bank of Nigeria's (CBN's) instruction for banks to maintain a loan to deposit ratio (LDR) of 60% by September 30 2019, has meant that a number of banks will need to increase lending in an economy plagued by slow gross domestic product (GDP) growth (1.94%), reduced corporate manufacturing margins and weak domestic consumer demand. Top line gross earnings growth has been weak for banks as overall business conditions have been underwhelming. Bottom line growth, however, has done better as a few banks reduced their cost to income (CIR) ratios. Despite the fall in CIR for some banks, other banks have had difficulties taming costs and have found themselves with CIRs way above the industry median of 93%.

**Section 2:** Takes a deep look into prominent industry numbers across banks and highlights the nuances within the sector according to bank size, strategy and history. Larger tier one banks have done well in growing their assets and earnings but not all big banks have been able to squeeze strong bottom line earnings growth from operating income in H1 2019.

**Section 3:** Provides a deeper dive into each bank's H1 2019 results to see how well the bank did in the period under review. The analysis hence underscores the differences amongst bank performances and highlights some of their operational similarities. The section peels back the layers of reporting for profitability, asset quality, liquidity and leverage.

**Section 4:** Looks at bank strategies from a number of generic perspectives and reviews the imperatives of emerging customer aspirational service experiences that will shape new business

paradigms in the near future.

**Section 5:** Analyses how information technology will likely redefine the borders of banking as a service and set the tone for the new tech-based financial order. The section explains how information technology will shave down the borders between payment /settlement services, lending/borrowing solutions and B2C, B2B, G2B and even G2G on- line real-time digital experiences between customers'/transaction parties working and living on-the-fly.

**Section 6:** Deals with issues of integrity and leadership. Going forward the primary tradeable asset of a financial vendor will be its integrity and credibility, reputational capital will be in high demand as transactions shift from brick and mortar to the digital plain.

**Section 7:** Concludes the report and explains how the dynamic evolution of the payment/settlement and lending ecosystem will create a new behavioural paradigm for the provision and consumption of financial services and how this dynamic transition will likely have an impact on the size and composition of corporate financial incomes over the next few quarters.

**Section 8:** Addresses the issue of methodology and explains that a time series approach was adopted with some cross sectional analysis that compared individual bank performances. The non-quantitative aspects of the reports analysis leaned on theory and observation of corporate actions and customer responses over time.

**Section 9:** Provides Links and References to further material that could be of interest and use to the reader of the report.

**Section 10:** Explains to users of the report the terms and conditions under which the report can be used

**Section 11:** Gives the research contact mails of the team that put the report together. Members of the team can be contacted for further clarification of areas they may require further explanation or insight.



The banking sector had a rough patch in 2018 as several deposit money institutions (DMBs) saw a compression of operating incomes and a flattening of shareholder equity. Indeed, three DMBs (Unity Bank, Heritage Bank and Keystone Bank) saw shareholders fund turn negative or become more negative than in 2017. The negative equity positions may not have affected bank liquidity but it has certainly eroded capital adequacy and loan to deposit ratios (LDRs) and put the institutions in a tough situation of looking for fresh investment capital in a bearish equity market.

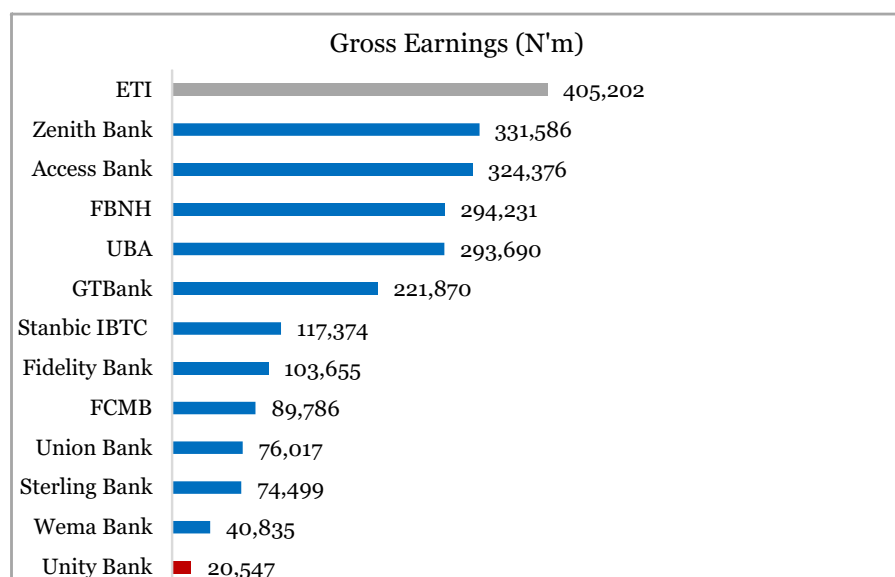
2019 has not proved substantially different than the previous year. The banks that ended 2018 with negative shareholder's fund have seen no new capital raise and their bottom-line earnings have remained negative for H1 2019.

## 1.1 The Top Line

Most banks saw top line improvements over the previous year 2018 and this was expected as the economy shook off the recession trauma that prevailed into 2017, by 2018 the economy had started to show some bounce and companies generally saw an improvement in their financials. For banks, the growth has been moderate as the economy is still fragile with latest data from the National Bureau of Statistics (NBS) suggesting a GDP growth for July 2019 of 2.01%. Gross Earnings (GEs) across bank's listed on the Nigerian Stock Exchange (NSE) show promise of potentially stronger year-end numbers if the economy can keep growing at a rate above its recent 2%.

The largest GE in H1 2019 was that of ETI which achieved total earnings of N405.2bn, followed by Zenith Bank with N331.6bn and FBNH with N294.2bn. Coming from the rear Unity Bank had the lowest H1 2019 GE at N20.5bn, followed by N40.8bn by Wema Bank and Sterling Bank with N74.5bn (see chart 1 below).

**Chart 1: Gross Earnings of Selected Nigerian Banks H1 2019**



Source: Financial Statements of Selected Nigerian Banks H1' 2019, Proshare research

Interestingly, banks with the lowest GEs appear to have witnessed the largest growth between H1 2018 and H1 2019. Wema Bank, for example, saw its GE rise from N32.0bn in H1 2018 to N40.8bn in H1 2019, a growth of **+27.5%** year-on-year (Y-o-Y). Unity Bank's GE climbed from N17.5bn in H1 2018 to N20.5bn in H1 2019, representing a **+17.5%** upward kick Y-o-Y. Larger banks such as Ecobank saw H1 2018 GE skip from N384.6bn to N405.2bn in H1 2019, representing a forward thrust of a modest **+5.4%**. Indeed, one of the strongest Tier 1 brands GT Bank, saw its GE actually slip. GT Bank's GE dropped from N226.6BN in H1 2018 to N221.8bn in H1 2019, a fall of **-2.1%** (see Table 1 below).

**Table 1: Gross Earnings (GEs) of Selected Banks H1 2018- H1 2019**

Gross Earnings			
Bank	H1'19 (N'm)	H1'18 (N'm)	% Change
<b>Access Bank</b>	324,376	253,024	28.20%
<b>Ecobank (ETI)</b>	405,202	384,588	5.36%
<b>FBNH</b>	294,231	293,336	0.31%
<b>FCMB</b>	89,786	83,925	6.98%
<b>Fidelity Bank</b>	103,655	92,295	12.31%
<b>GTBank</b>	221,870	226,632	-2.10%
<b>Stanbic IBTC</b>	117,374	114,207	2.77%
<b>Sterling Bank</b>	74,499	77,608	-4.01%
<b>UBA</b>	293,690	257,918	13.87%
<b>Union Bank</b>	76,017	83,333	-8.78%
<b>Unity Bank</b>	20,547	17,492	17.47%
<b>Wema Bank</b>	40,835	32,034	27.47%
<b>Zenith Bank</b>	331,586	322,201	2.91%

Source: Financial Statements of Nigerian Banks H1' 2019

## 1.2 The Bottom Line

The first half of the year 2019, was slow for banks as reflected in the modest growth of their GE, but apart from gross revenues coming short of desired levels, the after-tax profits for the banks were also unexciting, especially for banks with the largest GEs. Similar to the case of gross earnings, banks with lower GEs had larger growth in bottom line profits. Ecobank with the largest earnings for banks listed on the NSE in H1 2019 saw its profit after tax (PAT) rise from N51.5bn in H1 2018 to N59.5bn in H1 2019, representing a robust growth of **+15.4%**. FBNH's PAT, on the other hand, went from N33.2bn in H1 2018 to N31.7bn in H1 2019, reflecting a marginal drop of **-5.4%**.

Tier 2 Bank's represented an odd departure, Unity Bank with one of the lowest GEs in the sector saw bottom-line earnings soar by a strong **+96.4%** from N493m in H1 2018 to N968m in H1 2019. Wema Bank, another GE laggard, saw its profit after tax rise by a stiff **+43.2%** between H1 2018 and H1 2019. Wema and Unity bank earnings growth are, of course, part of a 'low base' effect in which the two banks are springing up from significantly weaker positions a year earlier. GT Bank's earnings growth was a bit of a surprise as the bank's impressive brand equity projects a stronger underlying earnings performance than the **+3.72%** posted between H1 2018 and H1 2019. In a recent television interview, the banks managing director, Mr. Segun Agbaje, insisted that GT Bank's management was less concerned with size than scale and shareholder value (see [CBN Directive on Loan Defaulter: GT Bank CEO Segun Agbaje Shares Perspective](#)), but with after-tax earnings crawling at just under 4% Y-o-Y, shareholders value looks increasingly tame, especially given the background of recently falling GEs.

The story of declining profits is wider than would have been expected, StanbicIBTC saw profit after tax slump by **-15.9%** between H1 2018 and H1 2019, with PAT dropping from N43.1bn in H1 2018 to N36.2bn in H1 2019. The fall in profit reflects the impact of the absence of a day 1 IFRS9 adjustment to the books. In H1 2018 Stanbic IBTC had a net impairment reversal on financial instruments of N5.5bn but in H1 2019 the reversal fell to N557m, the N5bn decline in write backs hurt the bank's reported bottom line earnings. In addition, another line item that drove the bank's PAT into slower growth was the N3bn increase in its other operating expenses which rose from N27.4bn in H1 2018 to N30.2bn in H1 2019, with depreciation and AMCON expense being major items.

Sterling Bank also saw its PAT squashed between H1 2018 and H1 2019. The bank's PAT slipped by **-8.9%** Y-o-Y, the main causes of the decline was a fall in trading incomes and a rise in operating expenses. Net trading income fell from N4.9bn in H1 2018 to N1.2bn in H1 2019; meanwhile the bank's other operating expenses grew from N7.5bn in H1 2018 to N8.8bn in H1 2019. (See table 2 below).

**Table 2: Profit After Tax (PAT) of Selected Banks H1 2018- H1 2019**

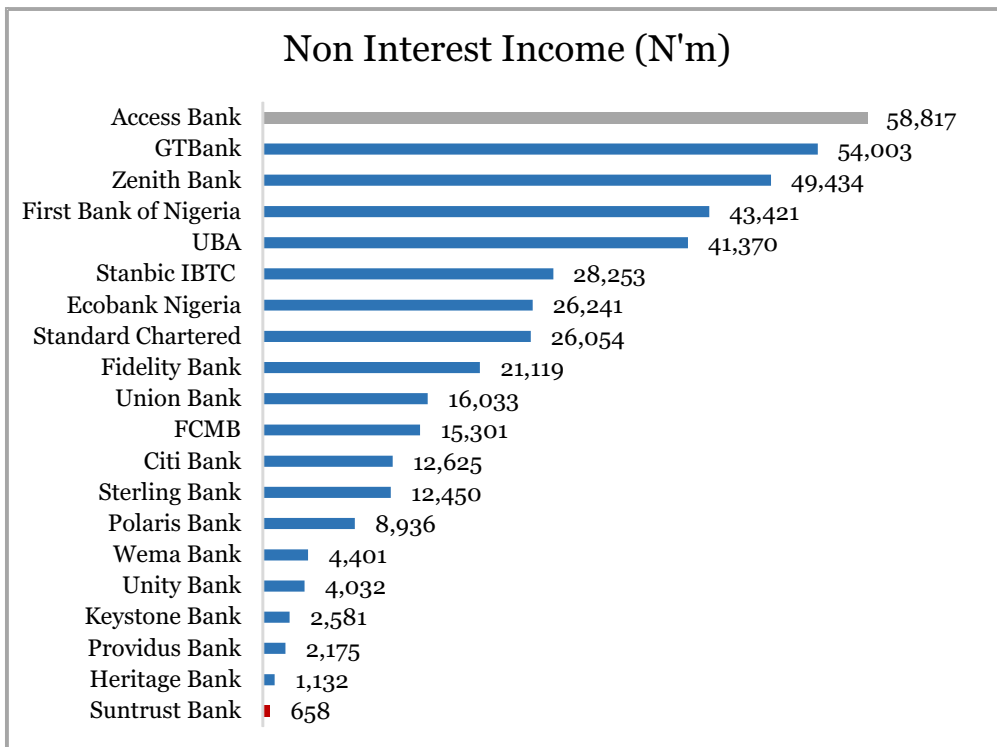
PAT			
Bank	H1'19 (N'm)	H1'18 (N'm)	% Change
<b>Access Bank</b>	63,025	39,625	59.05%
<b>Ecobank (ETI)</b>	59,492	51,552	15.40%
<b>FBNH</b>	31,717	33,520	-5.38%
<b>FCMB</b>	7,530	5,726	31.51%
<b>Fidelity Bank</b>	13,685	11,843	15.55%
<b>GTBank</b>	99,133	95,582	3.72%
<b>Stanbic IBTC</b>	36,245	43,084	-15.87%
<b>Sterling Bank</b>	5,662	6,214	-8.88%
<b>UBA</b>	56,739	43,792	29.56%
<b>Union Bank</b>	11,853	11,458	3.45%
<b>Unity Bank</b>	968	493	96.35%
<b>Wema Bank</b>	2,248	1,570	43.18%
<b>Zenith Bank</b>	88,882	81,737	8.74%

Source: Financial Statements of Nigerian Banks H1' 2019

Analysts may argue that the first quarter of any given year show slow near-term growth in earnings for manufacturers, traders and banks alike, and that the numbers in the first half of the year (H1) tend to understate the direction of the size of corporate activities. The seasonal weakness of the first quarter (Q1) of the year is predictable, but the second quarter (Q2) tends to pick up tempo and H1 results typically reveal stronger and more aggressive earnings/turnover than Q1. The H1 numbers for 2019, have been consistent with this pattern (see charts 1 above and charts 2 below)

A reason for the unbroken tradition of top and bottom-line growth in the last three years has been the sustained dynamics of the money market in 2019. Banks have found themselves crushed between lower lending to the private sector and rising lending to the government treasury, this has led to safer loans but lower incomes, thereby reducing earnings growth. However, non-interest income has gradually picked up as revenues from digital banking rise and trade finance income also climb.

**Chart 2: Non-Interest Income of Selected Banks H1 2019**



Source: H1 2019, financial statements of selected Nigerian banks, Proshare research

[www.proshareng.com](http://www.proshareng.com) **Memos to the market** Email: [content@proshareng.com](mailto:content@proshareng.com)

# Breaking into Industry Numbers



The banking sector numbers for H1 2019 were a mix of the good, the bad and the splitting headaches.

## 2.1 Gross Earnings

Access Bank saw its gross earnings push up by **+28.20%** Y-o-Y on the back of its 2019 merger with Diamond Bank, the new and larger Access Bank appears to have been able to grow top line earnings as a desirable boon to the bank combination.

**Table 3: Gross Earnings (GEs) of Selected Banks H1 2018- H1 2019**

Gross Earnings			
Bank	H1'19 (N'm)	H1'18 (N'm)	% Change
<b>Access Bank</b>	324,376	253,024	28.20%
<b>Ecobank (ETI)</b>	405,202	384,588	5.36%
<b>FBNH</b>	294,231	293,336	0.31%
<b>FCMB</b>	89,786	83,925	6.98%
<b>Fidelity Bank</b>	103,655	92,295	12.31%
<b>GTBank</b>	221,870	226,632	-2.10%
<b>Stanbic IBTC</b>	117,374	114,207	2.77%
<b>Sterling Bank</b>	74,499	77,608	-4.01%
<b>UBA</b>	293,690	257,918	13.87%
<b>Union Bank</b>	76,017	83,333	-8.78%
<b>Unity Bank</b>	20,547	17,492	17.47%
<b>Wema Bank</b>	40,835	32,034	27.47%
<b>Zenith Bank</b>	331,586	322,201	2.91%

Source: Financial Statements of Nigerian Banks H1 2019

Wema Bank grew top line by **+27.47%** on what seems to be a silent but effective growth in market share after an uncertain period of turning from a regional bank back to its previous national bank status. Segun Oloketuyi the bank's erstwhile managing director within a decade was able to turn around the fortunes of the failing institution before he retired in 2018. The new management led by Ademola Adebise apparently has consolidated on Oloketuyi's legacy.

Coming as a bit of a surprise, however, was the top line earnings decline of GT Bank, Union Bank

and Sterling Bank. GT Bank saw its GE fall from N226,6bn in H1 2018 to N221.9bn in H1 2019, a drop of **-2.10%**. The slide in GE happened despite a popularly held notion that GT Bank has the fastest growing retail franchise in the country, especially in respect of its customer deposits growth. However, in a recent interview on a local television station, the bank's managing director, Segun Agbaje, noted that, "We are not in the business of corporate size but that of corporate profitability and scale; we are more about efficiency and productivity than about asset size and branch networks". Be that as it may, GT Bank's top line dip still raises a few eyebrows as investors expect the bank to continue its history of top and bottom-line growth.

Union Bank, an older generation institution, slightly younger than the oldest bank in the country, FBN, has seen its fortunes in the last decade oscillate like a yo-yo. Between H1 2018 and H1 2019 the bank's gross earnings slipped **-8.8%** from N83.3bn in H1 2018 to N76.0bn in H1 2019.

Sterling Bank, a tier 2 institution, has been fingered as one of those smaller banks with a bright prospect to scale up to a tier 1 status in the near future, but the Y-o-Y decline in top line earnings between H1 2018 and H1 2019 does not bolster analyst's confidence. The bank's GE fell from N77.6bn in H1 2018 to N74.5bn in H1 2019, or **-4.01%**.

Other banks found their top line numbers somewhere between those that gained notches and those that suffered dips. FBNH's **+0.31%** rise in GE was below analyst's expectations and has brought to the fore questions about how well the bank's strategy for earnings growth and profitability were working to reestablish the group's prime position in the financial services sector. So far, the group's earnings have not risen to its aspirational watermark.

On the flipside, both UBA and Fidelity Bank appear to be elbowing towards a greater share of the local retail market as their GEs rose Y-o-Y by **+29.6%** and **+15.6%** respectively between H1 2018 and H1 2019. UBA's gross earnings rose from N257.9bn in H1 2018 to N293.7bn in H1 2019 reflecting the banks push to building stronger bottom line performance by expanding revenue and growing non-interest businesses which resulted in an advance in bottom line earnings; the bank's non-interest earnings grew **+182.2%** between Q1 and H1 2019.

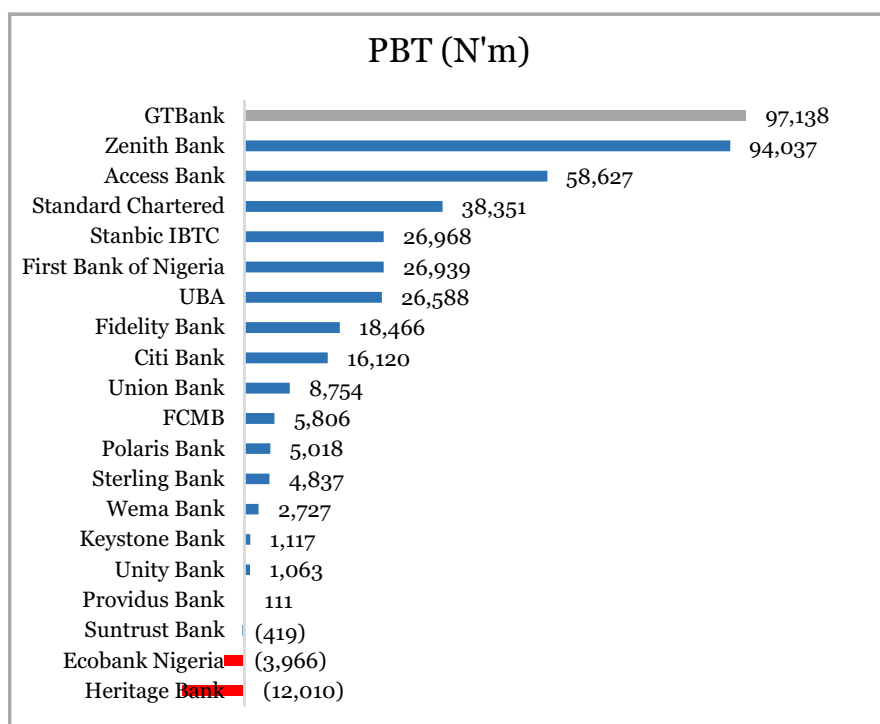
Fidelity Bank's non-interest income over the contemporary period grew **+80.28%**. Fidelity bank edged into the space of the old Diamond Bank (before the Access Bank merger) to service the retail needs of traders in the eastern part of the country or individuals from the eastern part of the country. This enabled the bank add an additional layer of customer transaction value to its normal bread and butter activities.

Ecobank Transnational Inc. (ETI), StanbicIBTC, and FCMB saw more modest earnings growth between H1 2018 and H1 2019. ETI grew gross earnings over the period by **+5.36%**, StanbicIBTC by **+2.77%**, and FCMB by **+6.98%** (see Table 3 above).

## 2.2 Profitability

Banks between H1 2018 and H1 2019 had a mixed profit performance outlook. While some banks saw their profit before tax (PBT) rise between the two half years of 2018 and 2019, others witnessed noticeable drops. For example, GT Bank saw its top line earnings (GE) slide over the period but its profit numbers remained impressive. GT Bank posted the highest profit before tax in the industry for H1 2019 with a PBT of N115.8bn or +% higher than the N109.6bn posted in H1 2018.

**Chart 3: Profit Before Tax of Selected Nigerian Banks H1 2019 (N'm)**



Source: Financial Statements of Nigerian Banks H1 2019

Zenith Bank pulled up alongside GT with the industry's second highest profit before tax in H1 2019 with a PBT of N111.7bn. Zenith Bank (similar to GT Bank) saw PBT rise by +% on a Y-o-Y basis. Access Bank after its consolidation with the old Diamond Bank has hauled its pre-tax profit in H1 2019 to N74.1bn, placing it in the position of third highest profit earner in the sector. In the profitability race GT Bank appears to be the most profitable banking franchise in the country with a pre-tax earnings margin of 52.2%, followed by Stanbic IBTC with an earnings margin of 38.0%, and Zenith Bank with a margin of 33.7% (see table 4 below for other bank margins). Unity Bank had the lowest H1 2019 pre-tax earnings margin of 5.1%, with Wema Bank trailing closely behind with a margin of 6.4% (nevertheless, PBT for Wema actually grew by +43.7% Y-o-Y) and coming in from the rear with the third lowest margin was Sterling Bank, returning a margin of 8.1%.

**Table 4: Pre-tax Profit Margins of Selected Banks Listed on the NSE**

Profit Margin			
Banks	PBT(N'm)	Gross Earning (N'm)	Profit Margin
Unity Bank	1,052	20,547	5.12%
Wema Bank	2,608	40,835	6.39%
Sterling Bank	6,001	74,499	8.06%
FCMB	8,816	89,786	9.82%
FBNH	39,871	294,231	13.55%
Fidelity Bank	15,051	103,655	14.52%
Union Bank	12,126	76,017	15.95%
Ecobank (ETI)	73,434	405,202	18.12%
Access Bank	74,116	324,376	22.85%
UBA	70,274	293,690	23.93%
Zenith Bank	111,677	331,586	33.68%
Stanbic IBTC	44,650	117,374	38.04%
GTBank	115,787	221,870	52.19%

Source: Financial Statements of Nigerian Banks H1 2019

### 2.3 Cost to Income (CIR)-The Balancing Act

The tricky part of banking is keeping costs in check. Expansion of banking activities used to come with major increases in operating costs, or so it was thought. The new banking paradigm for success seems to approach business differently.

The lower a bank's cost to income ratio the better seems to be the state of its overall balance sheet and its capacity to withstand shocks. This would place GT Bank at an advantage with its H1 2019 cost to income ratio of 37.6%, the lowest for the banking industry over the period. The second lowest CIR for banks listed on the NSE is that of Zenith Bank which posted a CIR of 50.3% or +12.7% higher than its GT Bank counterpart.

**Table 5: Pre-tax Profit Margins of Selected Banks Listed on the NSE**

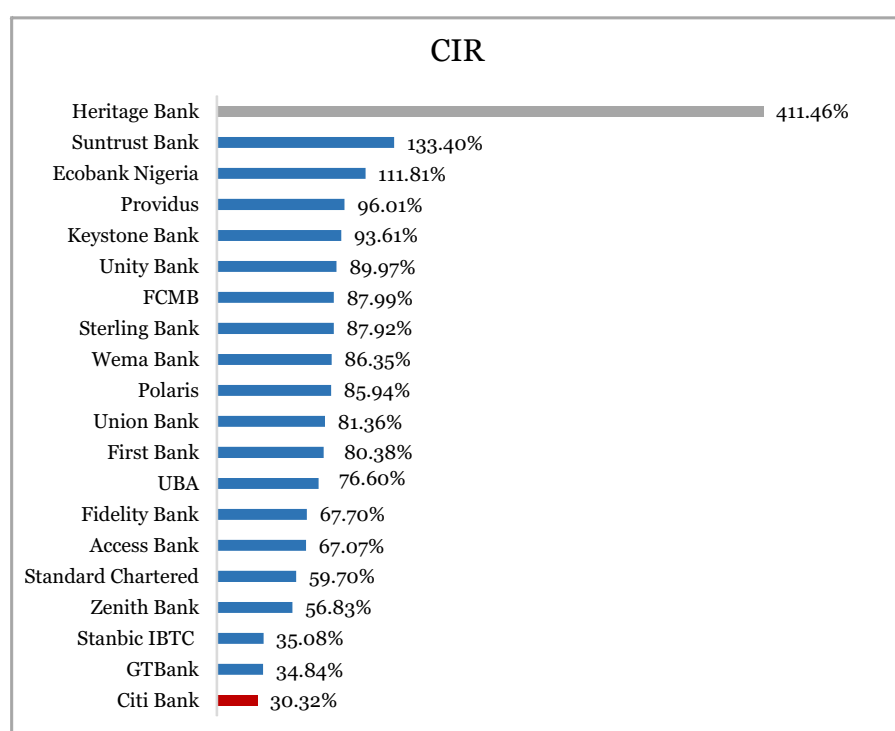
Cost to Income Ratio	
Bank	CIR
GTBank	37.63%
Zenith Bank	50.28%
Stanbic IBTC	53.17%
UBA	60.00%
Access Bank	60.95%
Ecobank (ETI)	66.40%
FBNH	70.52%
Fidelity Bank	72.77%
FCMB	73.50%
Union Bank	76.27%
Sterling Bank	80.30%
Unity Bank	85.56%
Wema Bank	86.29%

Source: Financial Statements of Nigerian Banks H1 2019

StanbicIBTC slipped in as the third lowest CIR bank; a fact that is interesting from the perspective that the bank has a strong corporate banking footprint with a small retail market presence, suggesting that a low CIR is not necessarily a byproduct of a large retail market strategy. Wema Bank has the largest CIR for H1 2019 at 86.3% closely followed by Unity Bank with a CIR of 85.6% and Sterling Bank with a H1 2019 CIR of 80.3% (see table 5 above).

If data from bank returns to the CBN are to be taken into consideration the relative CIR position of banks (including those not listed on the NSE) looks different (see chart 4 below).

**Chart 4: Cost to Income Ratio based on CBN Financial Statement returns, H1 2019**

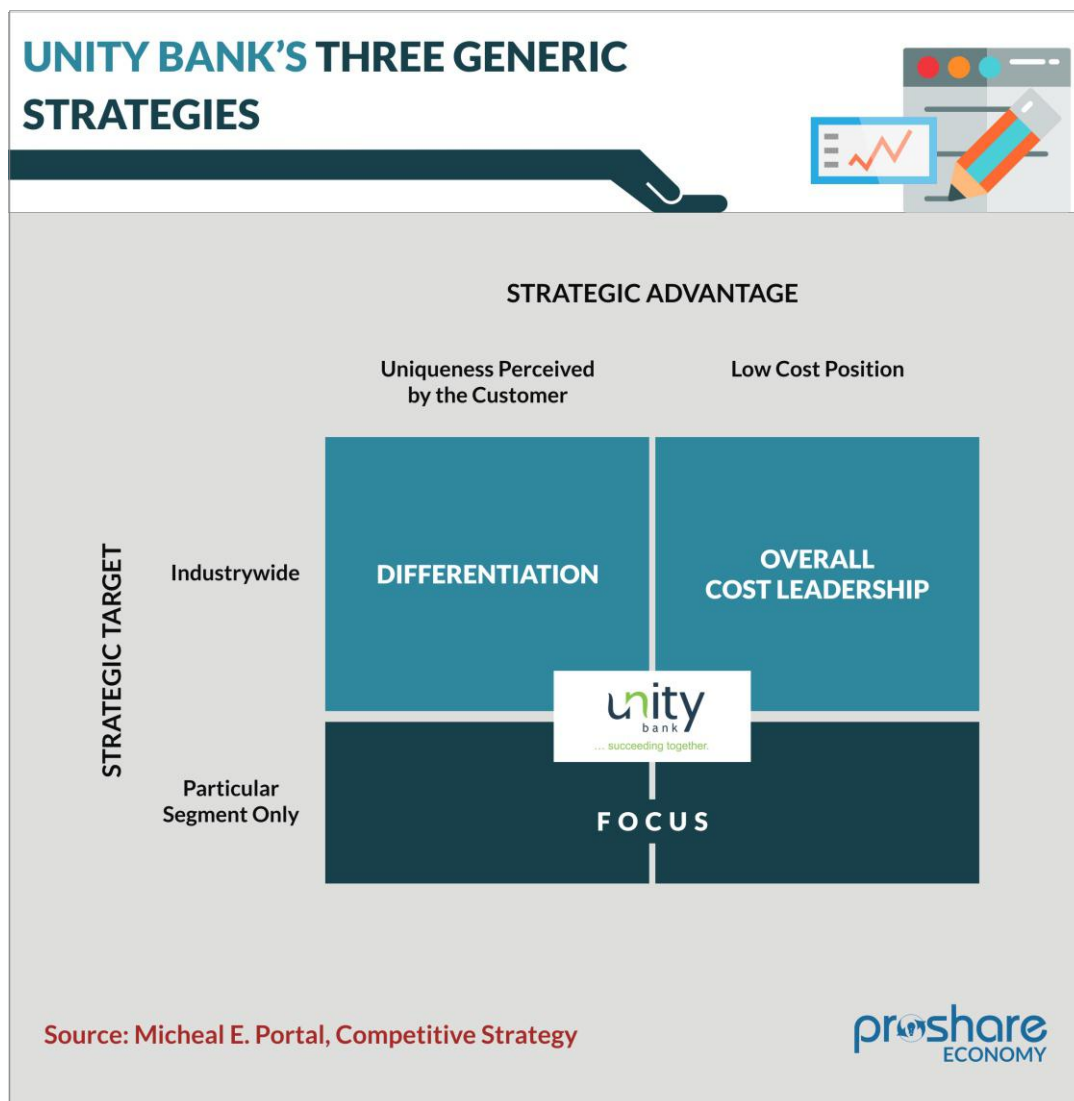


Source: Financial Statements of Nigerian Banks H1 2019, CBN

Heritage Bank has the highest cost to income ratio in Nigeria's banking sector with a CIR of 411.5%, suggesting that the bank's cost relative to its income is five times. In other words, the bank spends N5 in costs for every N1 of income it makes. The situation of a high CIR is one the bank must review quickly and reverse if it is to assure stakeholders of its operational sustainability (see [Heritage Bank—Of Moral Hazards And The Unravelling Of A Deposit Money Institution](#)). The second highest CIR on the basis of CBN reports is SunTrust Bank which had a CIR for H1 2019 of 133.4% or what amounts to over 100% of its income being swallowed up by operating expenses, this is a bit of a surprise as the bank is primarily digital with relatively low fixed asset costs thereby suggesting lower breakeven margin, notionally the bank should have a smaller CIR than many of its counterparts and its costs to income ratio should be somewhere around the industry median. Although the bank's CIR is better than Heritage Bank's apparent

cost challenges, the bank, however, has a pressing need to keep its headline costs trending towards the industry median of 83.7%. Coming from a H1 2019 CIR of 111.8%, ETI (Ecobank Transnational Inc.), equally has challenges keeping operational expenses down. The banking group has had a tough time bringing Nigerian operations at par with best group performance.

Other banks like Polaris Bank (CIR, 85.9%), Wema Bank (CIR, 86.4%), Sterling Bank (CIR, 87.9%), FCMB (CIR, 87.9%), Unity Bank (CIR, 89.9%), Keystone Bank (93.6%) and Providus Bank (CIR, 96.0%) all hover above the industry median making them vulnerable to general price increases or increases in administrative, marketing and advertising expenses. Cost containment as a generic competitive strategy, should come with the financial territory, banks need to face the technological and commercial imperative of lower costs and higher returns on investor equity. Unity Bank, for example, has had a number of challenges with its equity and costs. The bank's CIR of slightly below 90% needs to be pulled to about 60% over a period of two financial reporting seasons. The bank has already identified agriculture as a niche play and this enables it to tick off the strategic imperatives of focus and differentiation, but its weak equity position creates the problem of operational stability and high business risk (see infographic below).

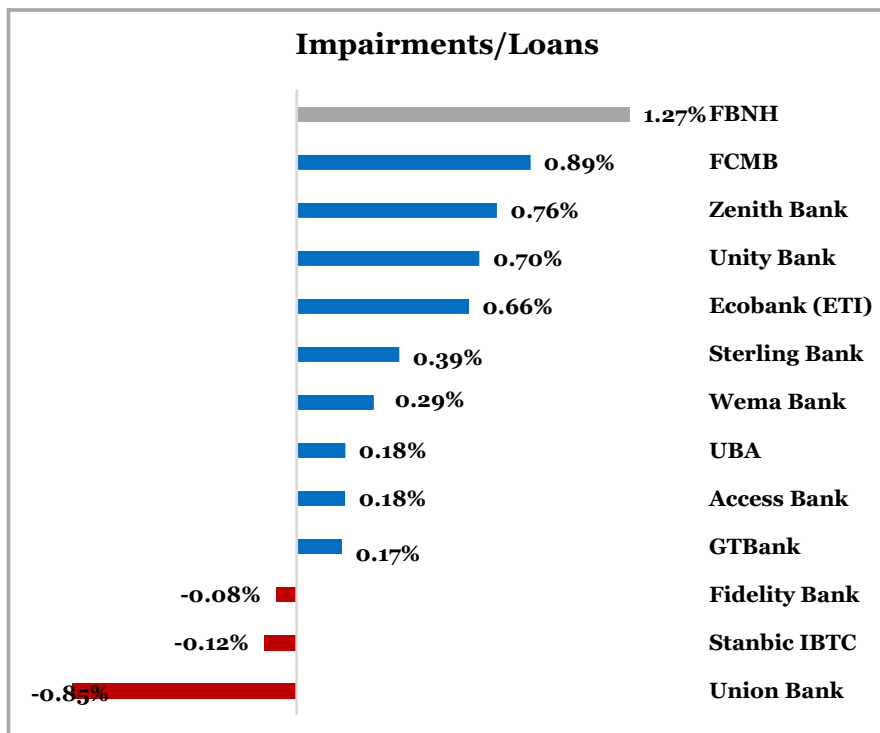


Unfortunately, generic strategies tend to have problems in environments where the rules of the competitive game are fluid, like when the game is no longer about brick and mortar competitiveness but the digital journey of customers and their expectations. The fact that banking has become a 'commoditized' service, a strategy of differentiation has become even harder to pursue for the likes of Unity Bank and its fellow tier 2 deposit money (DMB) counterparts.

## 2.4 Impairments

The clutch of 13 banks listed on the NSE have shown different impairment to loans ratio with the highest ratio in H1 2019 being that of FBNH with an impairment to loan ratio of 1.27% followed by FCMB with 0.89% and Zenith 0.76%. All the ratios were well within the CBN maximum guidance limit of 5%. The banks with the lowest ratios were GT Bank 0.17%, Access Bank 0.18% and UBA 0.18%. This being said, some banks actually posted significant loan write-backs suggesting that they actually recovered previous loans considered lost. For example, Union Bank Plc had a write back of 0.85%, StanbicIBTC 0.12%, and Fidelity Bank 0.08%. The loan write-backs show up as negative impairment charges on analytical templates (see chart 5 below).

**Chart 5: Impairment to Loan Ratio of Listed Banks on the NSE H1 2019**



Source: Financial Statements of Nigerian Banks H1 2019

A detour into the H1 returns of banks to the CBN paints a slightly different picture,



**WebTV**

Powered by Proshare

# CEO Income and Executive Reward -Understanding The Numbers



# Deconstructing Banks' H1 2019 Performances

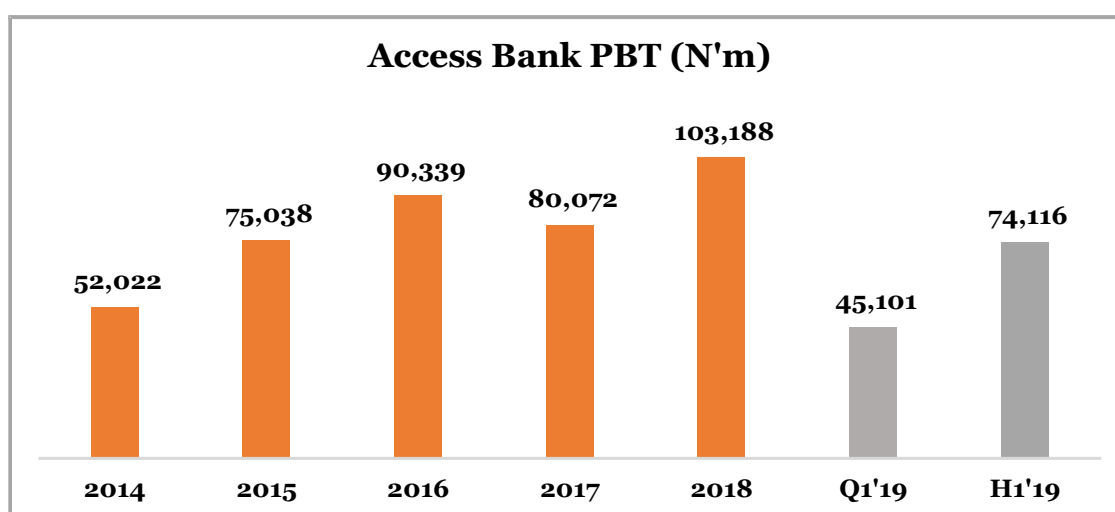


## 3.1 Access Bank Plc

### 3.1.1 Profitability

The bank had a H1 2019 profit before tax (PBT) of N74.1bn up from N45.8bn in H1 2018 or a growth of 61.7% Y-o-Y (see chart 6 below).

**Chart 6: Access Bank Plc Profit Before Tax H1 2018-H2019, (N'm)**



Source: Access Bank H1 2019 Financial Statement

The bank has grown its pre-tax profit steadily since 2014 with the exception of 2017 when the bank's PBT dropped after a weakening of performance due to a recession in 2015/2016 which disrupted business outlook. The 2019 performance of the bank has become particularly of interest to analysts as it represents the first audited results for the bank after its acquisition of the erstwhile Diamond Bank Plc. The 62% leap in pretax profit suggests that the bank has done well in the assimilation process and has been able to squeeze economic value from the integration process, but issues surrounding legacy assets inherited from the old Diamond bank could throw sand into the oil works as the larger entities non-performing loans portfolio relative to loans outstanding may deteriorate.

### 3.1.2 The Little Big Matter of Impairments

After acquisition of Intercontinental Bank in March 2012, Access Bank appears to have acquired the technical skills needed to turnaround a losing banking proposition into a commercial success, the smooth transition and minimal disruption that followed the acquisition of

Intercontinental Bank appears to have served as template for future acquisitions, but the difference between the Intercontinental Bank foray and the recent Diamond Bank acquisition is that Diamond Bank came with truckloads of poor performing loan assets assuaged mildly by a strong digital retail footprint, thus representing a different and unique challenge compared to the earlier acquisition of Intercontinental Bank.

So far, Access Bank seems to have moved forcefully and strategically to tackle the poor legacy asset situation of its 2019 Diamond Bank acquisition. In the process of pushing the recovery agenda the bank recently published a list of 118 major debtors with total outstanding debt assets of N49.7bn and median assets outstanding per customer of N165.5m.

The aggressive recovery stance of Access bank is perhaps one of the most formidable loan cleanup exercises in the contemporary history of banking in the country. The largest debtor on the bank's recent list of highest loan defaulters is **Top Brass Aviation Company** with an outstanding loan liability of N7.4bn. The next largest defaulting debtor to the bank is **Roche Imo Palm Limited** with an outstanding debt of N2.4bn. The third largest non-performing asset on the Bank's books is **Magchem Nigeria Limited** with a debt of N1.3bn.

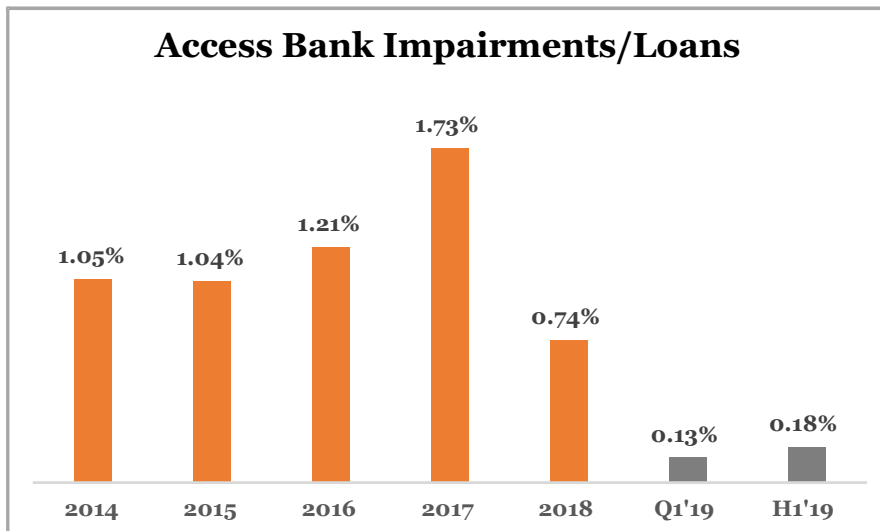
A clear issue in the N11.1bn top three debtors to Access Bank is that they were exposures to sectors that were uniquely vulnerable to a cyclical economic downturn. The Aviation sector has historically been a high fixed asset, low profit margin business with sensitivity to large breakeven volumes with vulnerability to rising cost of aviation fuel, foreign exchange translation risk and high maintenance expenses. The economics of the business is fragile. The Imo Palm Oil plantation was also a high-risk play as the commodity market is subject to large price variability and crop processing challenges linked to weather conditions and weakness of the local supply value chain and export demand.

Recovery on these assets if written back to the P&L should significantly improve PBT, as a loan loss write-back appears straight on the bank's P&L and improves its bottom line earnings number.

### 3.1.3 Asset Quality

Impairments as a proportion of outstanding loans to customers was 0.13% in Q1 2019 as against 0.18% in H1 2019, the growth in impairment between Q1 2019 and Q2 2019 could be attributed to the consolidation of the balance sheets of the legacy Access Bank Plc and the erstwhile Diamond Bank Plc (see chart 7 below).

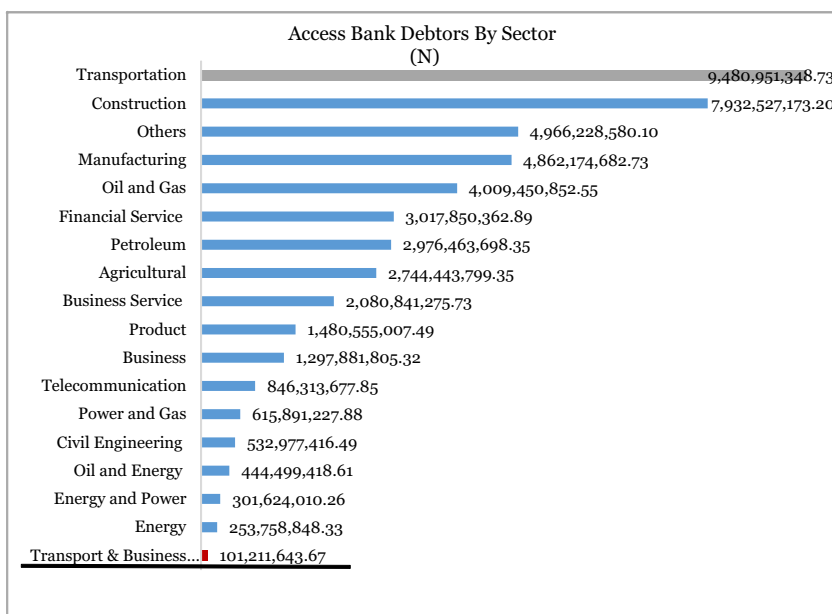
**Chart 7: Access Bank Impairment/Loan Ratio 2014-H1 2019**



Source: Access Bank financial statement 2014-H1 2019

Over the last 5 years Access Bank has tried to drag nonperforming loans (NPLs) down as a proportion of loan assets with NPL to Loan Asset ratio rising from 1.05% in 2014 to 1.04% in 2015 and 1.21% in 2016. In 2017 the ratio climbed a few notches to 1.73% as delayed recessionary impact of the previous 2 years started to have a significant effect on the bank's loan portfolio. The reversal of the impact of the 2015/2016 recession pulled the impairment to loan ratio down to 0.74% in 2018. In 2019 Q1 the ratio rested at 0.13% but went up again in H1 as the ratio rose to 0.18% largely as a result of the consolidation of the books of the legacy Access Bank Plc and the erstwhile Diamond Bank Plc.

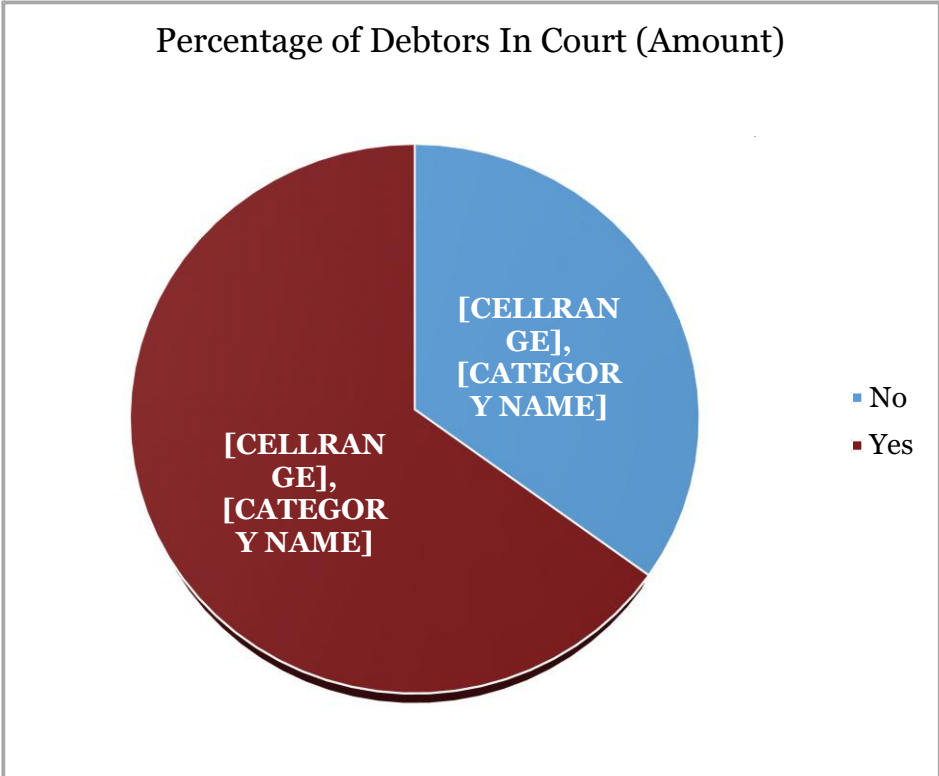
**Chart 8: Access Bank Plc Hardcore Debtors by Sector H1 2019**



Source: Access Bank Plc's published list of 118 largest non-paying debtors H1 2019

The average amount of Access Bank's bad debt portfolio in Lagos is N469m, while the maximum amount of debt is N7.4bn which corresponds with the amount that Topbrass Aviation Limited in the transportation sector borrowed from the bank. The minimum amount of debt is N101m and corresponds with the amount that **Evergreen Worldwide Courier Nig. Ltd** in the transport and business service sector borrowed from the bank. About two thirds of the bank's hard core debtors are resident in Lagos State and the transport (aviation) sector seems to have the largest hardcore exposure (see chart 8 above). Roughly 65% of the banks hardcore debtors are in court (see chart 9 below).

**Chart 9: Access Bank Impairment/Loan Ratio 2014-H1 2019**

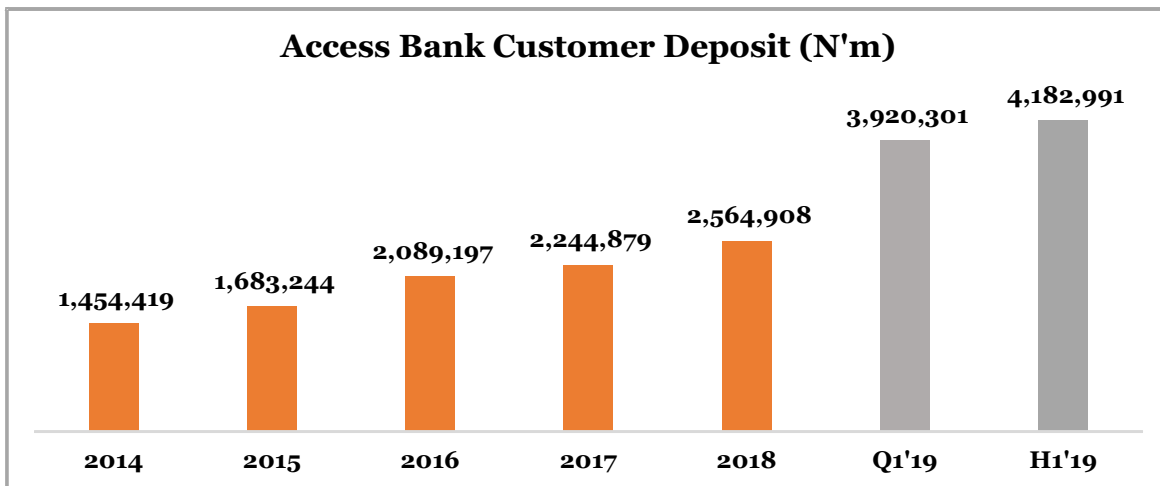


Source: Access Bank Plc's published list of 118 largest non-paying debtors H1 2019

**3.1.4 Liquidity**

Access bank's H1 financial statement shows adequate liquidity. The banks customer deposit base has grown steadily over the last five years and with loans and advances growing at a slower pace, the bank has been fairly liquid (see chart 10 below).

**Chart 10: Access Bank Customer Deposits 2014-H1 2019**



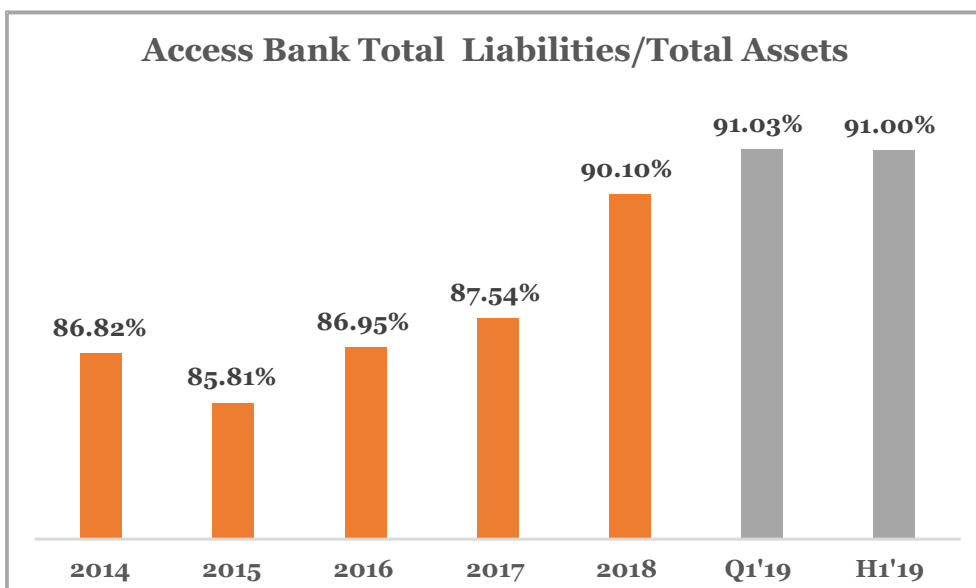
Source: Access Bank financial statement 2014-H1 2019

The bank's loan to deposit ratio is above the CBN official rate of 60% and so the bank would not be under pressure to increase lending above recent levels.

### 3.1.5 Leverage

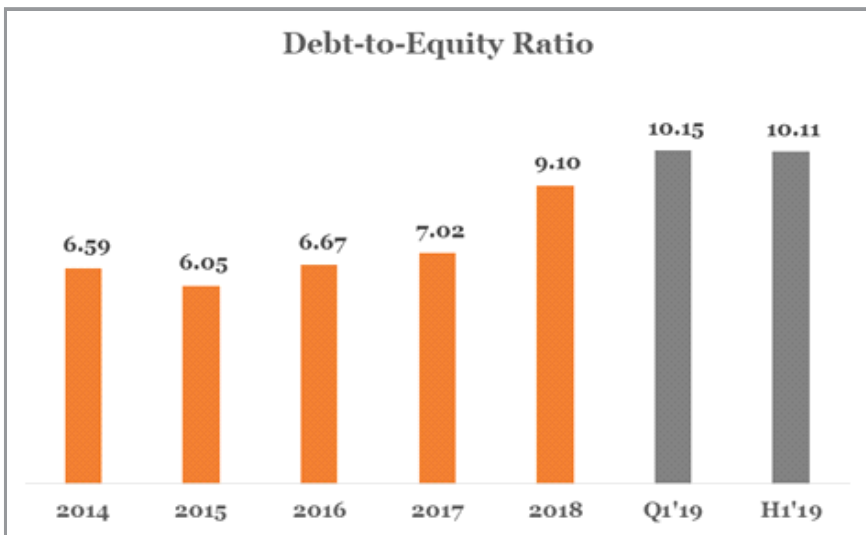
The bank's total liabilities relative to its assets have been in the region of 90% (see chart 11 below), on the face of it this may seem high but a typical bank can leverage its equity by at least 7 times so the liability to asset ratio of Access Bank is still in the ball park of balance sheet stability and the debt-to-equity ratio though at 10 is not wayward.

**Chart 11: Access Bank Customer Deposits 2014-H1 2019**



Source: Access Bank financial statement 2014-H1 2019

**Chart 12: Debt-to-equity Ratio of Access Bank 2014-H1 2019**



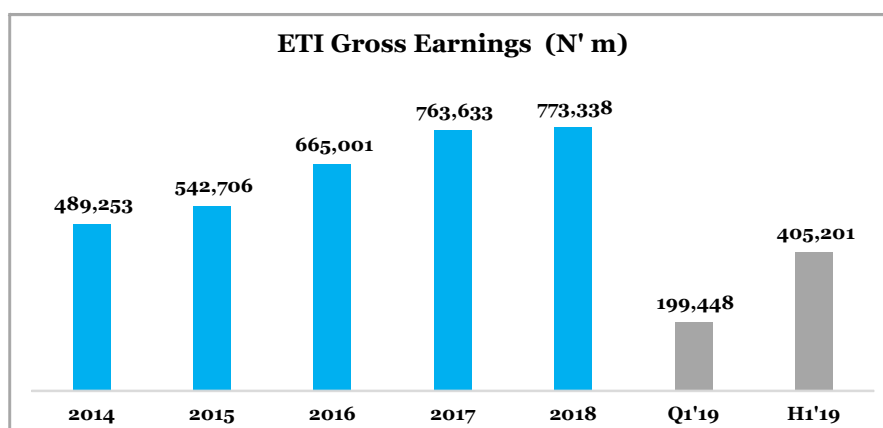
Source: Access Bank financial statement 2014-H1 2019

## 3.2 ETI Plc

### 3.2.1 Profitability

ETI gross earnings grew by **+5.36%** from N384.59bn in H1'18 to N405.20bn in H1'19 (see chart 13 below). Interest income grew by **+1.80%** to N246.57bn in H1'19 from N242.22bn in H1'18. Net interest income dipped by **-10.70%** to N130.89bn in H1'19 from N146.57bn in H1'18. Non-interest income increased by **+13.01%** to N149.22bn in H1'19 from N132.04bn in H1'18. Non-interest income constitute 53.27% of operating income in H1'19 as against 52.61% recorded in H1'18. Operating income increased marginally by **+0.54%** from N278.61bn in H1'18 to N280.11bn in H1'19. Operating expenses rose by 7.87% to N186.00bn in H1'19 from N172.43bn in H1'18. The bank's cost to income ratio increased to 66.40% in H1'19 as against 61.89% in H1'18. Profit before tax increased by **+12.80%** N73.43bn in H1'19 from N65.10bn in H1'18 and profit after tax increased by **+15.40%** to N59.49bn in H1'19 from N51.55bn in H1'18. Profit margin increased to 18.12% in H1'19 from 16.93% in H1'18.

**Chart 13: ETI Gross Earnings (N'm) H1 2019**

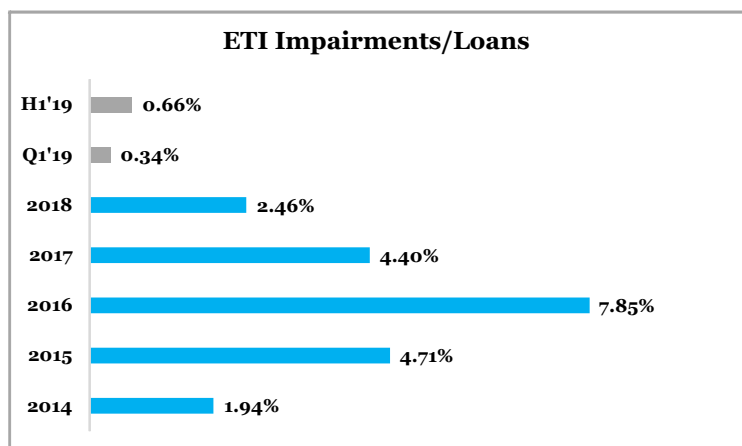


Source: ETI's financial statement for 2014 -H1 2019

### 3.2.2 Asset Quality

Impairment charges fell by **-49.72%** to N20.68bn in H1'19 from N41.13bn in H1'18. The Impairment to loan ratio fell to 0.66% in H1'19 as against 2.46% recorded in Dec'18 (see chart 14 below). The ratio of total liabilities to total assets stood at 91.95% in H1'19 as against 91.97% in Dec'18. Return on total asset stood at 0.91% in H1'19 while return on equity stood at 11.27% in H1 2019.

**Chart 14: ETI Impairments to Loans in H1 2019**

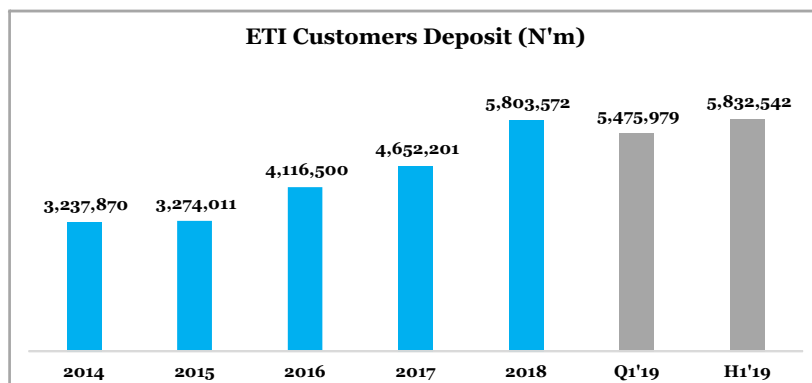


Source: ETI financial statement 2014-H1 2019

### 3.2.3 Liquidity

Total assets fell to N8.09trn in H1'19 from N8.22trn in Dec'18; a dive of **-1.67%**. Loans and advances to customers dipped by **-5.63%** from N3.34trn in Dec'18 to N3.15trn in H1'19. Customer's deposit increased marginally by **+0.50%** from N5.80trn in Dec'18 to N5.83trn in H1'19(see chart 15 below). Loan-to deposit ratio fell to 54.02% in H1'19 as against 57.53% recorded in Dec'18. Total liabilities fell by **-1.70%** from N7.56trn in Dec'18 to N7.44trn in H1'19. Shareholders fund increased by **+16.36%** to N651.32bn in H1'19 from N559.73bn in Dec'18.

**Chart 15: ETI Customer Deposit (N'm)**

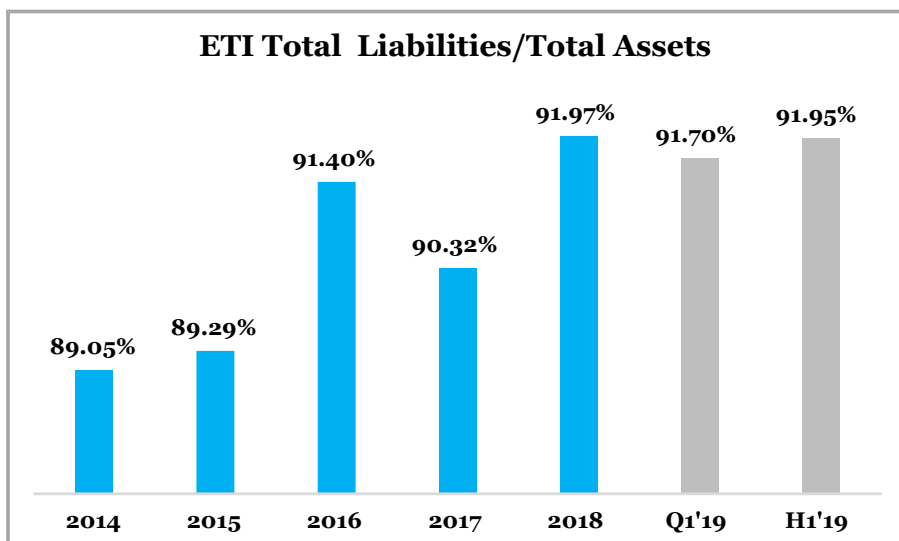


Source: ETI's financial statement for 2014- H1 2019

### 3.2.4 Leverage

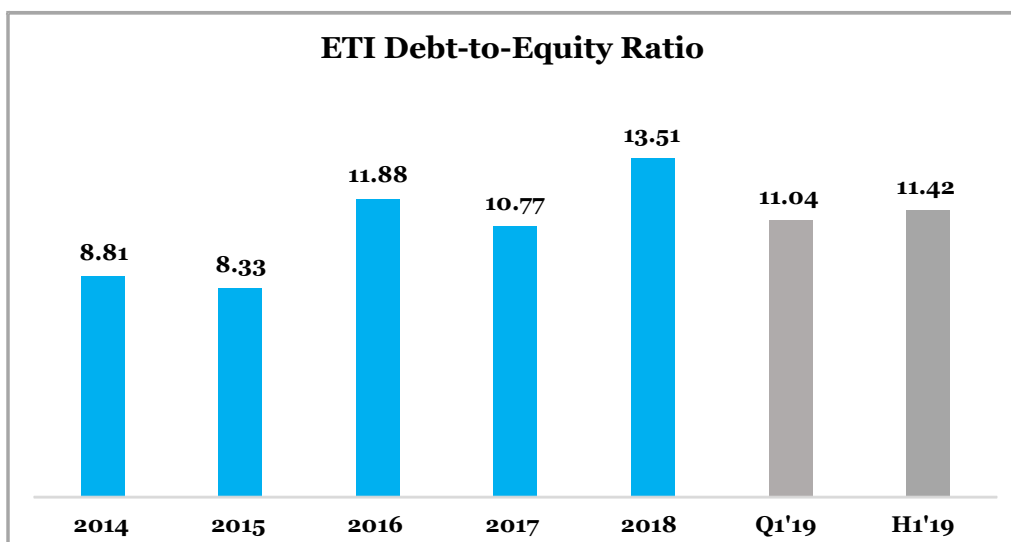
The bank's total liabilities relative to its assets fell to 91.95% in H1'19 as against 91.97% in Dec'18 (see chart 16 below). Debt-to-equity ratio fell to 11.42 in H1'19 from 13.51 in Dec'18 (see chart 17 below).

**Chart 16: Total Liabilities to Total Assets Ratio of ETI 2014-H1 2019**



Source: ETI's financial statement for 2014-H1 2019

**Chart 17: Debt-to-equity Ratio of ETI 2014-H1 2019**



Source: ETI financial statement 2014-H1 2019

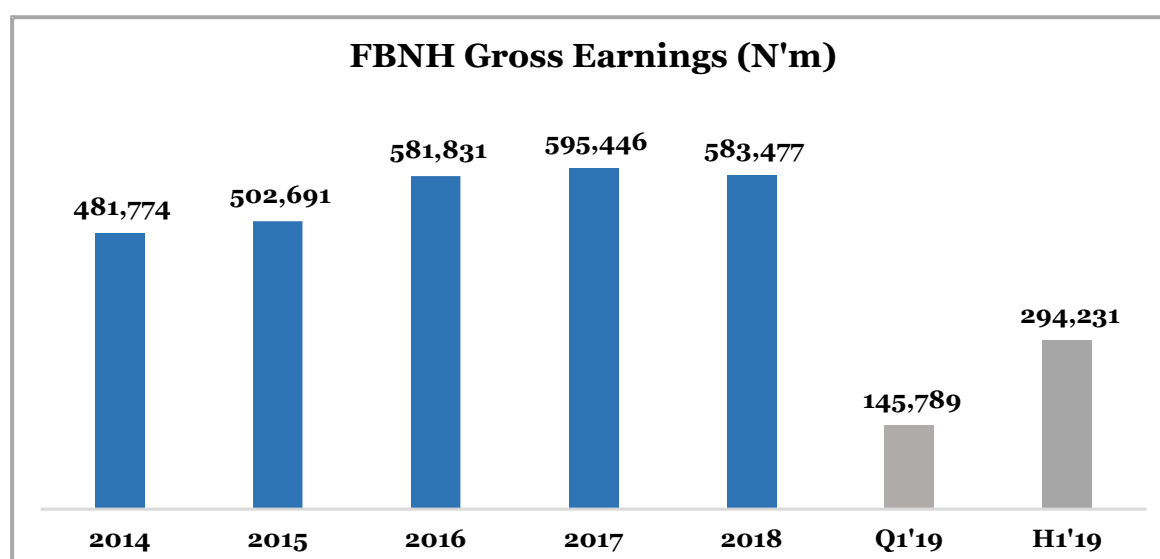
### 3.3 FBNH Plc

#### 3.3.1 Profitability

FBNH gross earnings grew by **+0.31%** to N294.23bn in H1'19 from N293.34bn in H1'18 (see chart 18 below). FBNH also recorded an increase of 24.33% in its operating expenses, i.e. FBNH operating expense increased from N119.27bn in H1 2018 to N148.29bn in H1 2019. The bank operating income declined by **-0.32%** from N210.94bn in H1 2018 to N210.25bn in H1 2019. Interest income also decreased by **-1.61%** from N225.40bn in H1 2018 to N221.78bn in H1 2019 while Net interest income also dropped by **-1.95%** from N149.640bn in H1 2018 to N146.717bn in H1 2019.

FBNH Profit before tax rose by **+2.56%** from N38.88bn in H1'18 to 39.87bn in H1 2019. The bank profit after tax also declined by **-5.61%** from N33.52bn in H1 2018 to N31.64bn in H1 2019

**Chart 18: FBNH Gross Earnings (N'm) H1 2019**

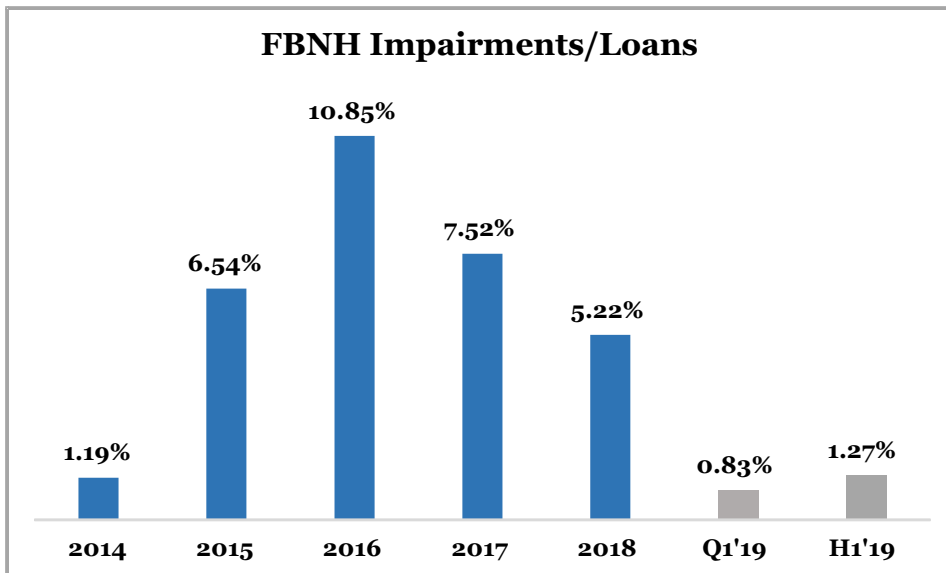


Source: FBNH's financial statement for H1 2019

#### 3.3.2 Asset Quality

FBNH total assets grew by **+1.83%** from N5.57trn in Dec. 2018 to N5.67trn in H1 2019. Loan and advances given to customer also increased by **+4.77%** from N1.66trn in Dec. 2018 to N1.74trn in H1 2019. FBNH total liabilities increased by **+1.44%** from N5.04trn in Dec. 2018 to N5.11trn in H1 2019. Impairment to loan ratio dropped from 5.22% in Dec.2018 to 1.27% in H1 2019 (see chart 19 below). The leverage ratio of FBNH remained constant for both H1 2019 and Dec. 2018 (90%). There was a drop in the return on total asset by 1.17% in Dec.2018 to 0.70% in H1 2019. Return on Equity also declined from 12.30% in Dec.2018 to 5.64% in H1 2019. The bank's overall asset quality and investor returns improved between the end of 2018 and H1 2019.

**Chart 19: FBNH Impairments to loan in H1 2019**



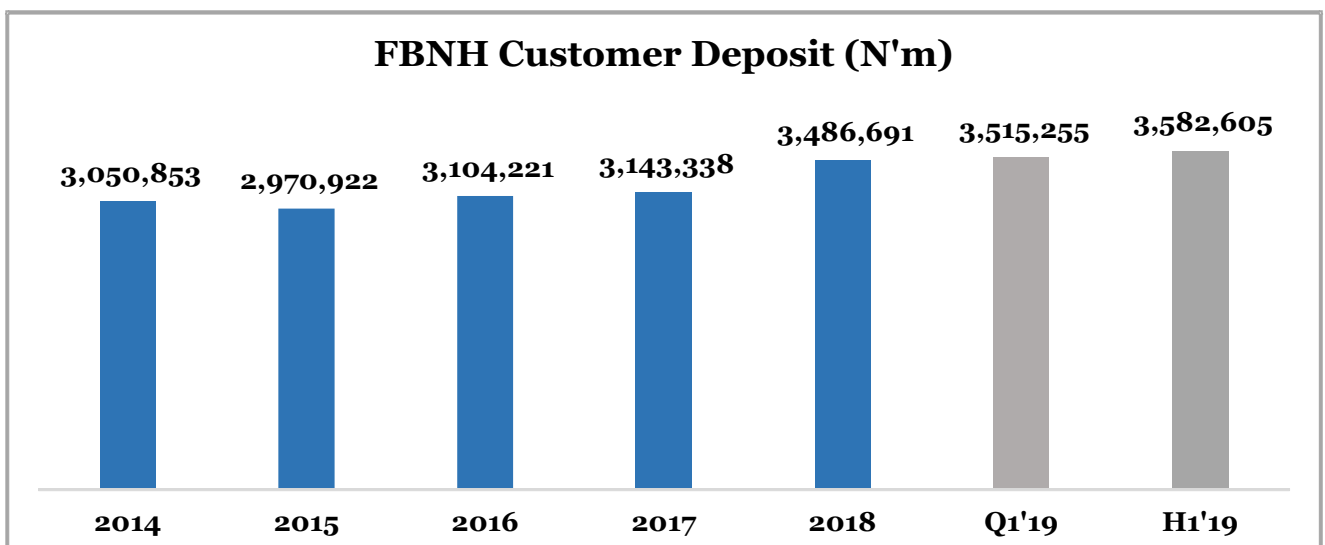
Source: FBNH financial statement 2014-H1 2019

### 3.3.3 Liquidity

FBNH customer deposit rose by **+2.75%** from N3.49trn in Dec. 2018 to N3.58trn in H1 2019 (see chart 20 below). The bank shareholder's fund also grew by **+5.70%** from N530.65bn in Dec. 2018 to N560.92bn in H1 2019.

The Holdco's deposits have shown weak growth and with declining loans the liquidity of the bank has remained healthy.

**Chart 20: FBNH Customer Deposit (N'm)**

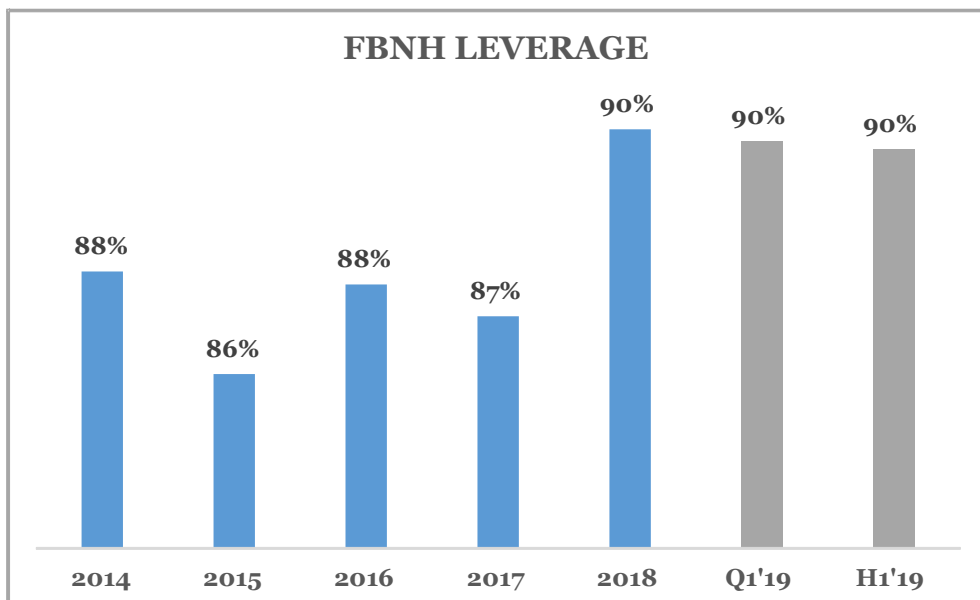


Source: FBNH's financial statement for 2014- H1 2019

### 3.3.4 Leverage

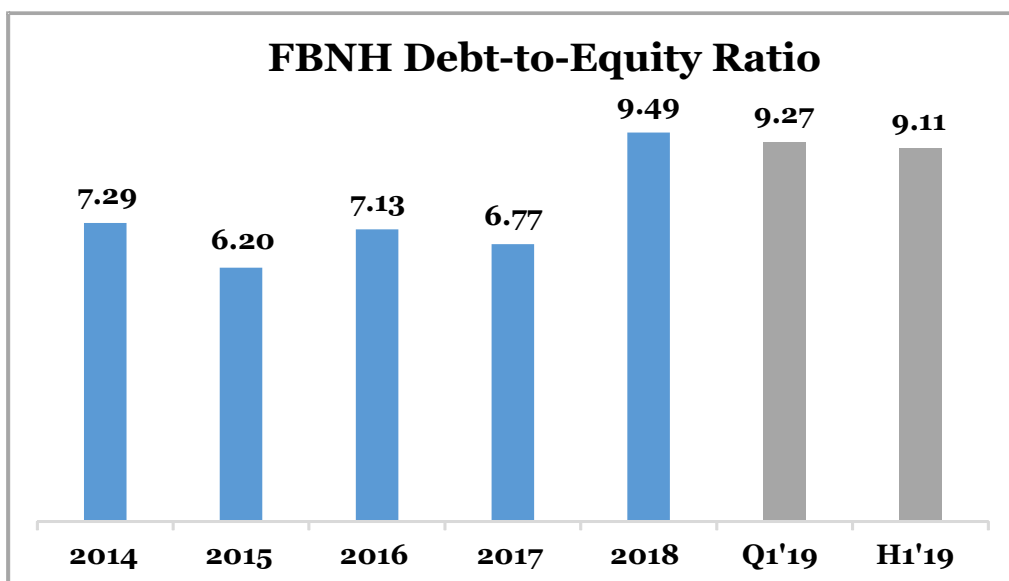
Leverage ratio of FBNH remained constant for both H1 2019 and Dec. 2018 (90%) (See Chart 21 below). The Debt to Equity ratio grew from 9.49% in Dec.2018 to 9.11% in H1 2019 (See Chart 22 below).

**Chart 21: FBNH Leverage 2014-H1 2019**



Source: FBNH's financial statement for H1 2019

**Chart 22: Debt to Equity Ratio of FBNH 2014 - H1 2019**



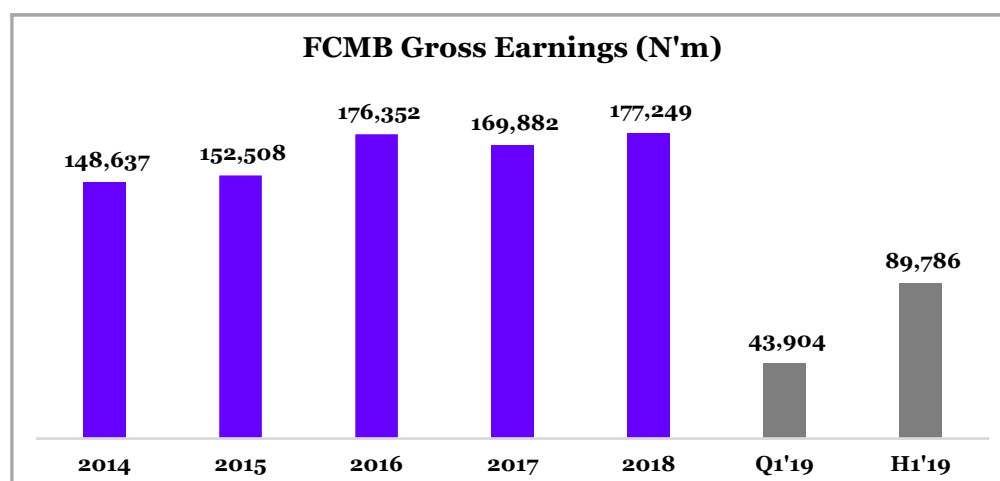
Source: FBNH's financial statement for H1 2019

## 3.4 FCMB

### 3.4.1 Profitability

FCMB gross earnings grew by **+6.98%** to N89.79bn in H1 2019 from N83.93bn in H1 2018 (See Chart 23 below). FCMB also recorded an increase of **+6.21%** in its operating expenses, meaning that FCMB Bank operating expense increased from N37.37bn in H1 2018 to N39.69bn in H1 2019. The bank operating income rose by **+4.24%** from N51.81n in H1 2018 to N54.01bn in H1 2019. FCMB cost to income ratio increased to 73.5% in H1 2019 from 72.13% in H1 2018. Interest income also increase by **+9.44%** from N64.31bn in H1 2018 to N70.38bn in H1 2019 while Net interest income grew by **+9.60%** from N35.27bn in H1 2018 to N38.65bn in H1 2019. Non-interest income declined by **-7.17%** from N16.54bn in H1 2018 to N15.35bn in H1 2019. FCMB Impairment decreased by **-25.02%** from N7.33bn in H1 2018 to N5.50bn in H1 2019. FCMB Profit before tax grew by **+24.08%** from N7.11bn in H1 2018 to 8.82bn in H1 2019. The bank profit after tax also rose by **+31.51%** from N5.73bn in H1 2018 to N7.53bn in H1 2019. The profit margin for FCMB grew to 9.28% in H1 2019 from 8.47% H1 2018.

**Chart 23: Fidelity Bank Gross Earnings (N'm) H1 2019**

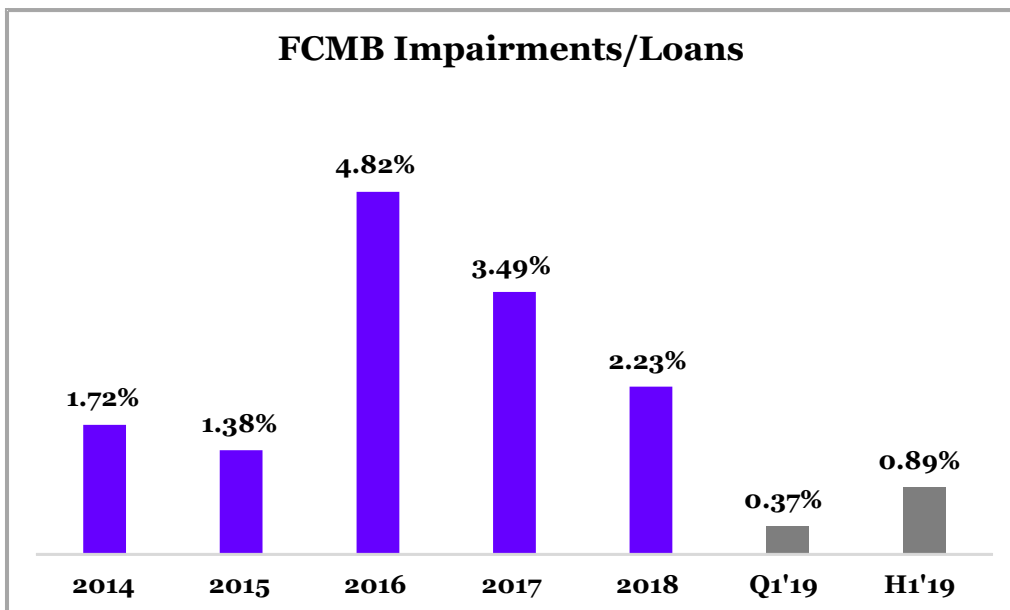


Source: FCMB financial statement for H1 2019

### 3.4.2 Asset Quality

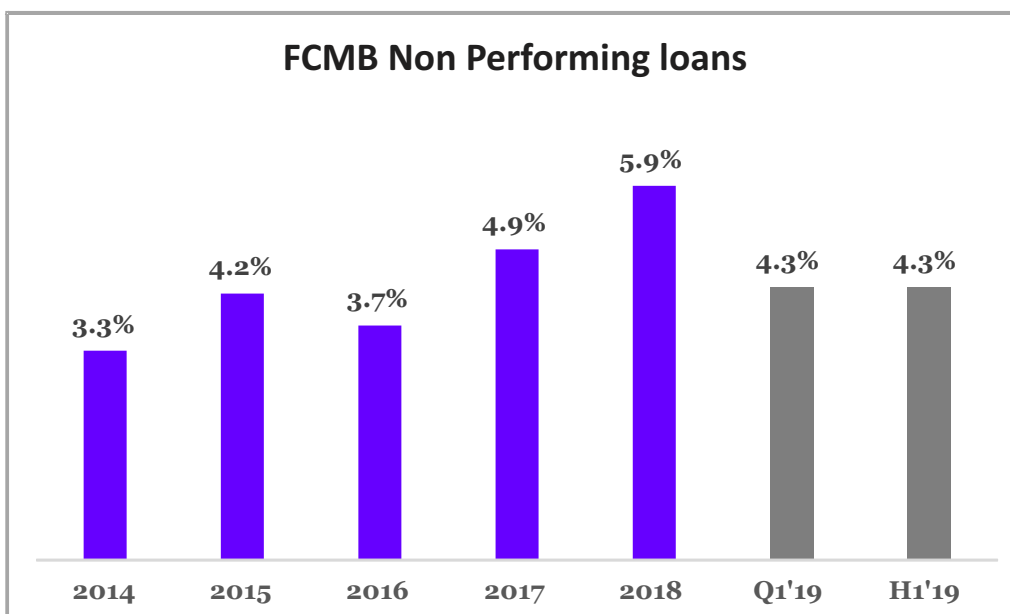
Total assets decreased by **-49.71%** from N14.97bn in Dec. 2018 to N7.53bn in H1 2019. Loan and advances given to customer increased by **+0.44%** from N615.19bn in Dec. 2018 to N617.91bn in H1 2019. FCMB total liabilities increased by **+6.93%** from N1.24trn in Dec. 2018 to N1.32trn in H1 2019. The Impairment to loan ratio declined from 2.23% in Dec.2018 to 0.89% in H1 2019(See Chart 24 below). The bank's leverage ratio increased from 87% in Dec.2018 to 88% in H1 2019. There was a drop in the return on total asset by 1.29% in Dec.2018 to 0.58% in H1 2019. Return on Equity also declined from 10.05% in Dec.2018 to 4.67% in H1 2019. Non-Performing loan declined from 5.9% in H1.2018 to 4.3% in H1 2019 (See Chart 25 below). Cost of Risk declined to 1.5% in H1 2019 from 2.80% in H1 2018.

**Chart 24: FCMB Impairments to loan in H1 2019**



Source: FCMB financial statement for H1 2019

**Chart 25: FCMB Non performing loans in H1 2019**

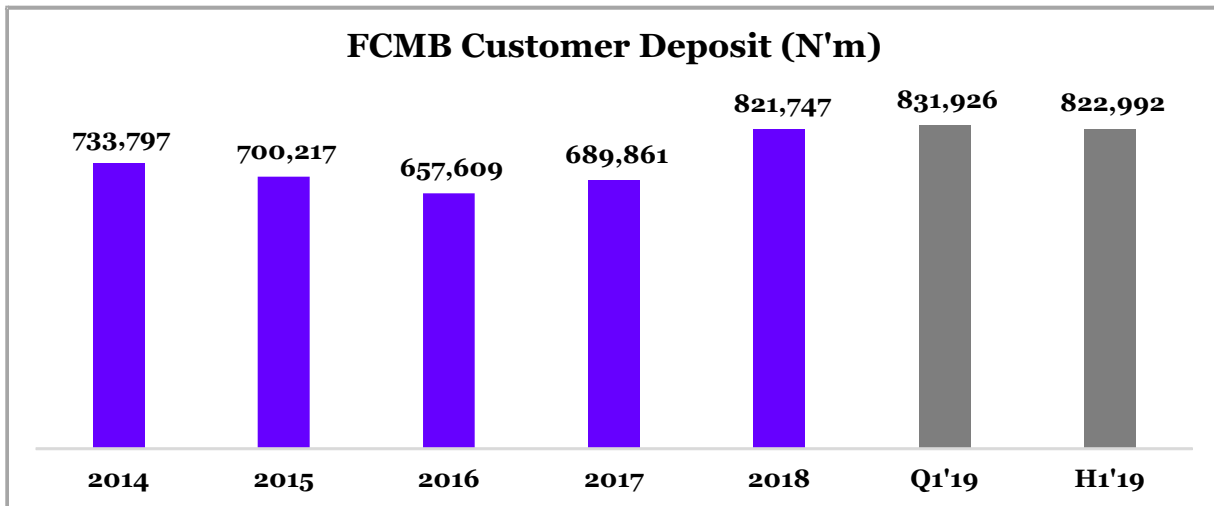


Source: FCMB financial statement for H1 2019

### 3.4.3 Liquidity

FCMB customer deposit rose by +0.15% from N821.75bn in Dec. 2018 to N822.99bn in H1 2019 (See Chart 26 below). Liquidity ratio also decreased from 49% in Dec.2018 to 40.2% in H1 2019. Its loan to deposit ratio decreased from 77.04% in Dec.2018 to 75.08% in H1 2019. The bank's shareholder's fund grew by +3.03% from N183.43bn in Dec. 2018 to N188.98bn in H1 2019.

**Chart 26: FCMB Customer Deposit (N'm)**

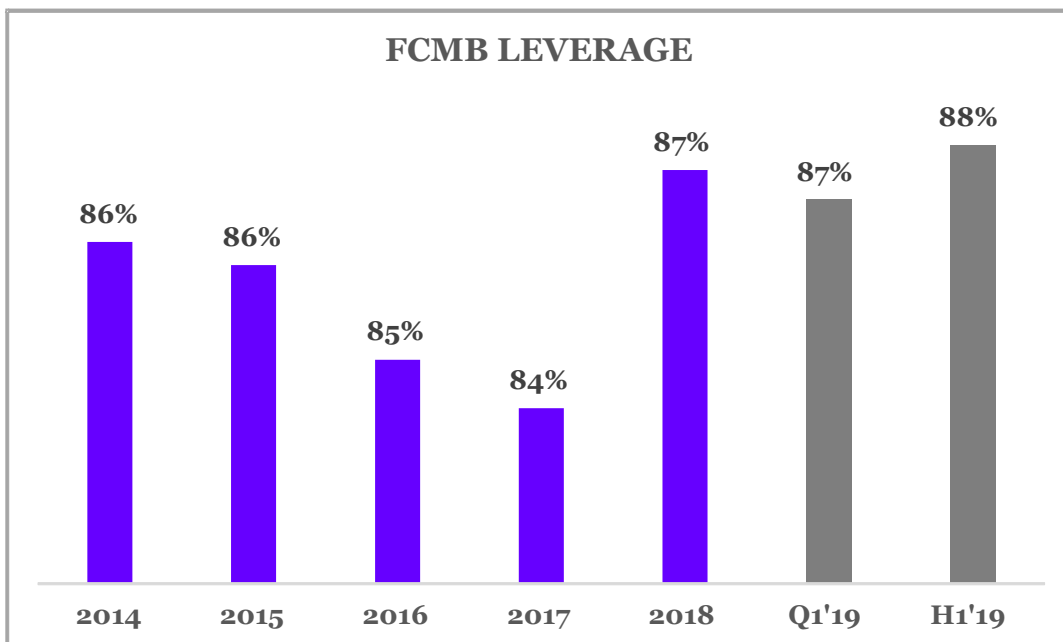


Source: FCMB financial statement for H1 2019

### 3.4.4 Leverage

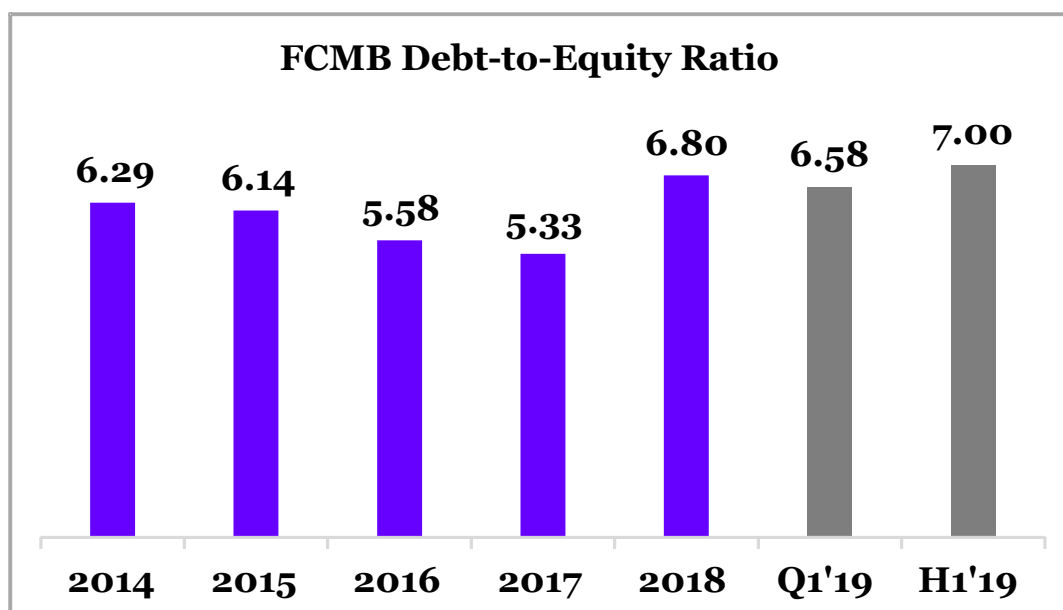
The Leverage ratio of FCMB increased from 87% in Dec.2018 to 88% in H1 2019 (See Chart 27 below). The Debt to Equity ratio grew from 6.80% in Dec.2018 to 7.00% in H1 2019 (See Chart 28 below). Capital Adequacy ratio dropped to 16.3% in H1 2019 from 17.3% in H1 2018.

**Chart 27: FCMB Leverage 2014-H1 2019**



Source: FCMB financial statement for H1 2019

**Chart 28: Debt-to-equity Ratio of FCMB 2014-H1 2019**



Source: FCMB financial statement for H1 2019

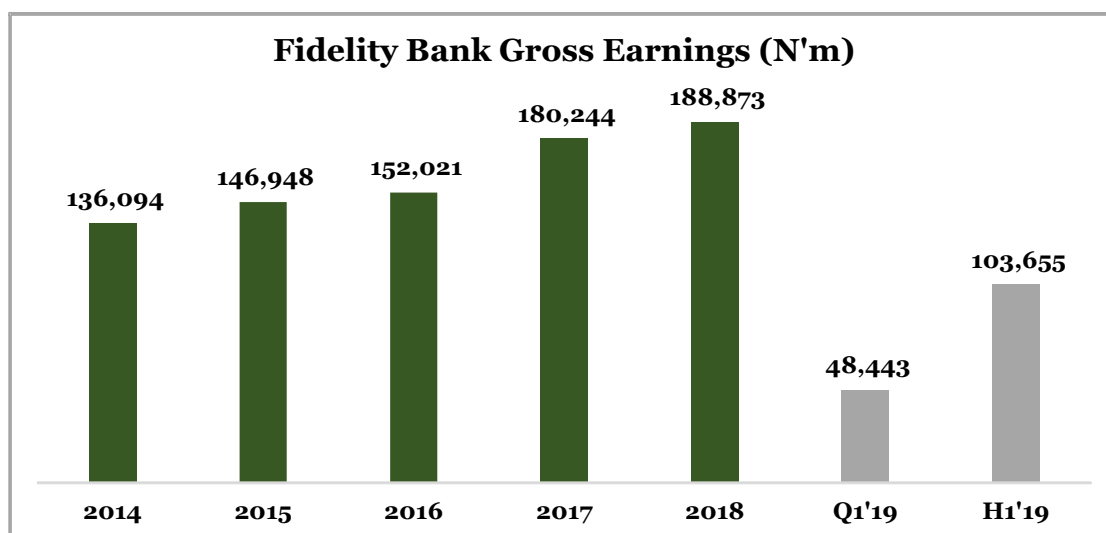
### 3.5 Fidelity Bank

#### 3.5.1 Profitability

Fidelity bank gross earnings grew by **+12.31%** to N103.66bn in H1 2019 from N92.30bn in H1 2018 (See Chart 27 below). Fidelity bank also recorded an increase of **+16.87%** in its operating expenses, meaning that Fidelity Bank operating expense increased from N32.766bn in H1 2018 to N38.17bn in H1 2019. The bank operating income rose by **+8.68%** from N48.26n in H1 2018 to N52.45bn in H1 2019. Its cost to income ratio increased to 72.77% in H1 2019 from 67.70% in H1 2018. The non-interest income to operating income ratio also grew from 21.14% in H1 2018 to 29.65% in H1 2019. Interest income also increased by **+7.22%** from N80.47bn in H1 2018 to N85.83bn in H1 2019 while net interest income dropped by **-3.05%** from N38.06bn in H1 2018 to N36.90bn in H1 2019.

Fidelity Bank Profit before tax grew by **+15.69%** from N13.01bn in H1 2018 to 15.05bn in H1 2019. The bank profit after tax also rose by **+15.55%** from N11.84bn in H1 2018 to N13.69bn in H1 2019. The profit margin for Fidelity Bank grew to 14.52% in H1 2019 from 13.28% H1 2018.

**Chart 29: Fidelity Bank Gross Earnings (N'm) H1 2019**



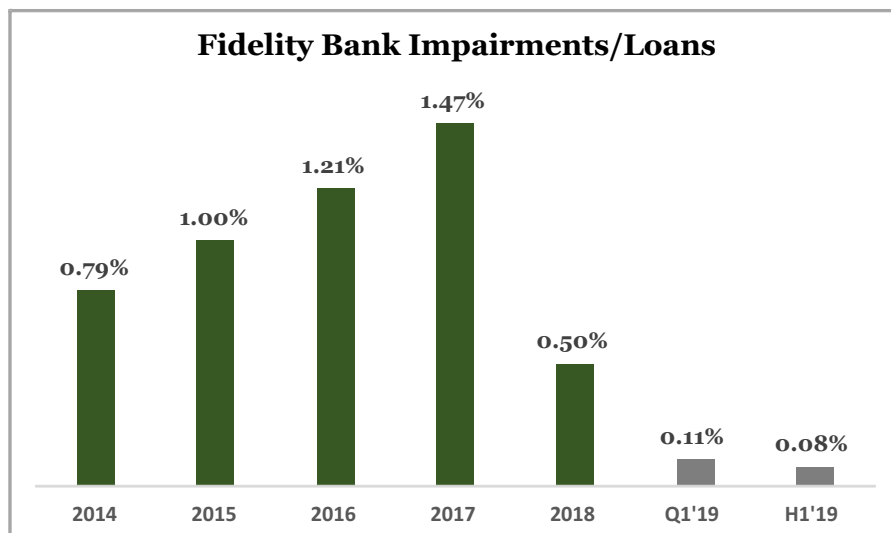
Source: Fidelity bank financial statement for H1 2019

### 3.5.2 Asset Quality

Fidelity bank total assets also increased by **+12.81%** from N1.72trn in Dec. 2018 to N1.94trn in H1 2019. The Impairment to loan ratio declined from 0.50% in Dec.2018 to 0.08% in H1 2019 (See Chart 30 below). Fidelity Bank total liabilities increased by **+13.05%** from N1.53trn in Dec. 2018 to N1.72trn in H1 2019. Its leverage ratio of decreased from 89% in Dec.2018 to 88.89% in H1 2019.

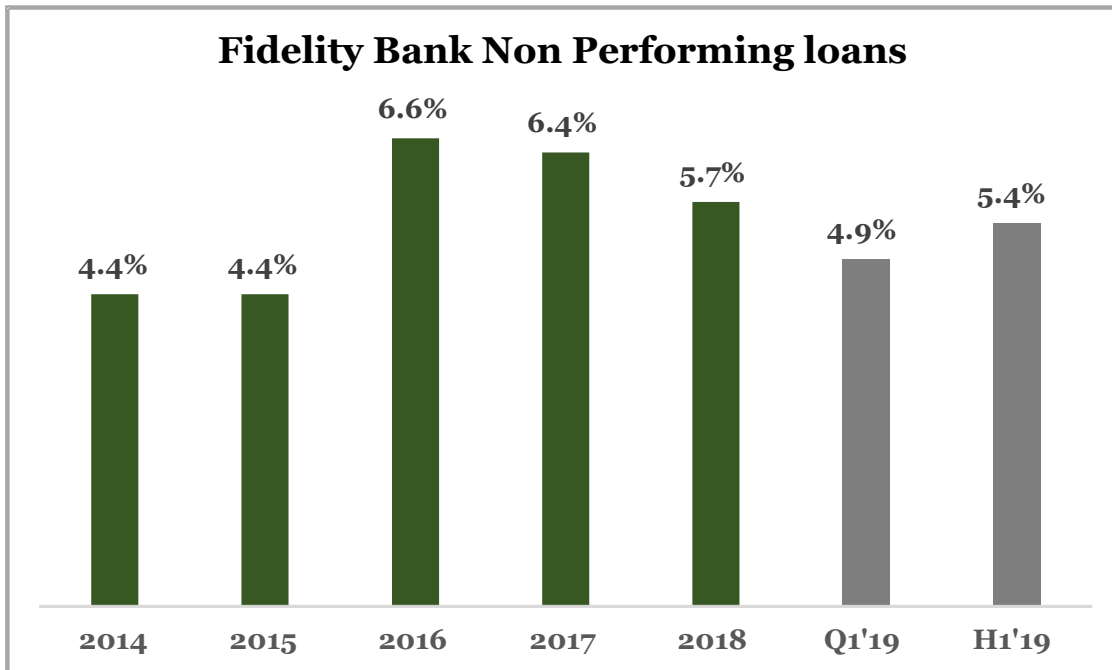
There was a drop in the return on total asset by 1.46% in Dec.2018 to 0.78% in H1 2019. Return on Equity also decline from 11.79% in Dec.2018 to 6.35% in H1 2019. Non-Performing loan declined from 5.7% in H1.2018 to 5.4% in H1 2019 (See Chart 31 below). Cost of Risk declined to -0.2% in H1 2019 from 0.7% in H1 2018.

**Chart 30: Fidelity Bank Impairments to loan in H1 2019**



Source: Fidelity Bank financial statement 2014-H1 2019

**Chart 31: Fidelity Bank Non performing loans in H1 2019**

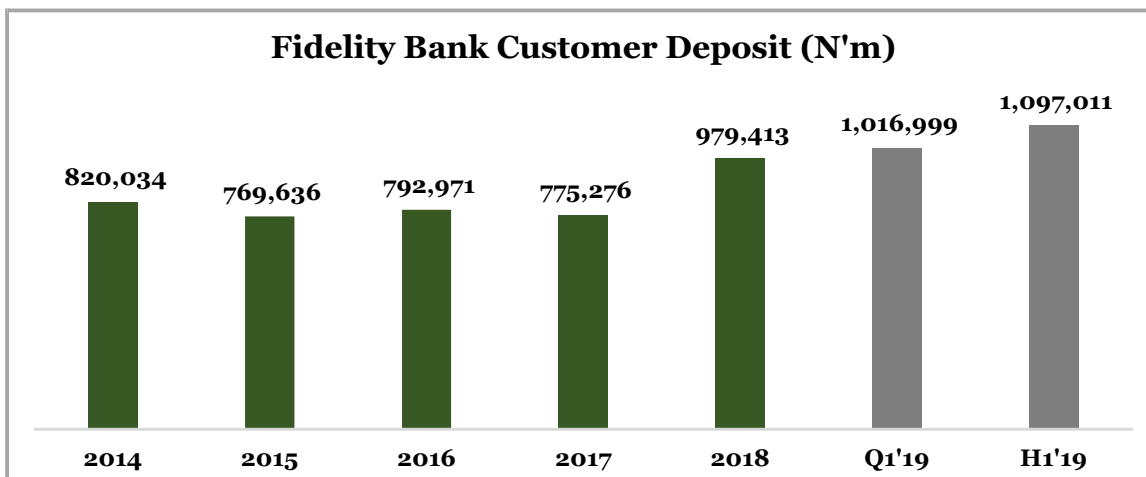


Source: Fidelity Bank financial statement 2014-H1 2019

### 3.5.3 Liquidity

Fidelity Bank customer deposit rose by **+12.01%** from N979.41bn in Dec. 2018 to N1.10trn in H1 2019 (See Chart 32 below). Liquidity ratio also decreased from 39% in Dec.2018 to 34.8% in H1 2019. Fidelity Bank Loan to deposit ratio increased from 86.77% in Dec.2018 to 91.09% in H1 2019. The bank Shareholder's fund also grew by **+10.88%** from N194.42bn in Dec. 2018 to N215.57bn in H1 2019.

**Chart 32: Fidelity Bank Customer Deposit (N'm)**

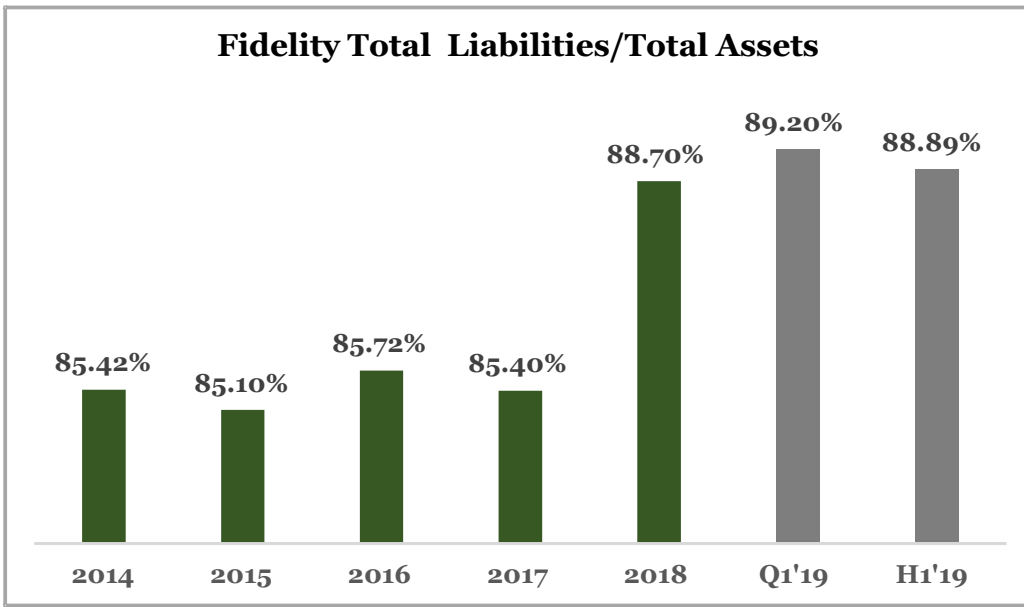


Source: Fidelity bank financial statement for 2014- H1 2019

### 3.5.4 Leverage

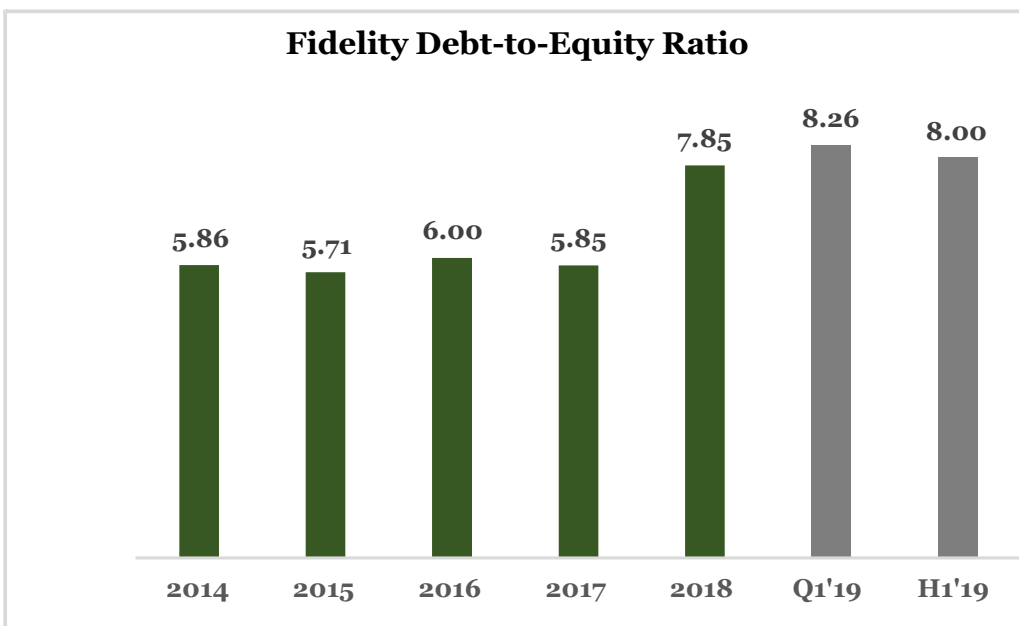
The Leverage ratio of Fidelity Bank decreased from 89% in Dec.2018 to 88.89% in H1 2019 (See Chart 33 below). The Debt to Equity ratio grew from 7.85% in Dec.2018 to 8.00% in H1 2019 (See Chart 34 below). Capital Adequacy ratio rose to 17% in H1 2019 from 16.7% in H1 2018.

**Chart 33: Fidelity bank Leverage 2014-H1 2019**



Source: Fidelity bank financial statement for 2014- H1 2019

**Chart 34: Debt-to-equity Ratio of Fidelity bank 2014-H1 2019**



Source: Fidelity bank financial statement for 2014- H1 2019

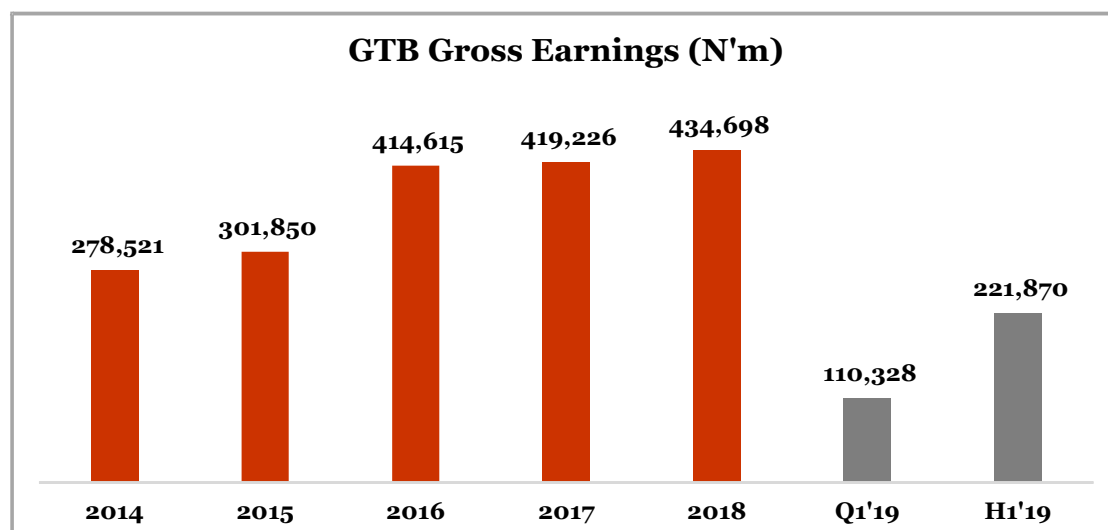
## 3.6 GTB

### 3.6.1 Profitability

GTB gross earnings declined by **-2.10%** to N221.87bn in 2019 H1 from N226.63bn in H1 2018(See Chart 35 below). GTB also recorded an increase of **+0.43%** in its operating expenses, meaning that GTB operating expense increased from N69.57bn in H1 2018 to N69.87bn in H1 2019. The bank operating income rose by **+3.60%** from N179.20bn in H1 2018 to N185.66bn in H1 2019. GTB cost to income ratio decreased to 37.63% in H1 2019 from 38.82% in H1 2018. The non-interest income to operating income ratio grew from 36% in H1 2018 to 39.31% in H1 2019. Non-interest income rose by **+12.72%** from N64.75bn in H1 2018 to N72.99bn in H1 2019. Interest income however decreased by **-7.96%** from N161.88bn in H1 2018 to N148.99bn in H1 2019 while Net interest income also dropped by **-1.33%** from N117.93bn in H1 2018 to N116.37bn in H1 2019. GTB impairment increased by **+7.58%** from N2.03bn in H1 2018 to N2.19bn in H1 2019.

GTB profit before tax rose by **+5.61%** from N109.63bn in H1 2018 to 115.79bn in H1 2019. The bank profit after tax also grew by **+3.72%** from N95.58bn in H1 2018 to N99.13bn in H1 2019. Loan and advances given to customer also increased by **+1.10%** from N1.26trn in Dec. 2018 to N1.27trn in H1 2019. The profit margin for GTB grew to 52.19% in H1 2019 from 48% H1 2018.

**Chart 35: GTB Gross Earnings (N'm) H1 2019**



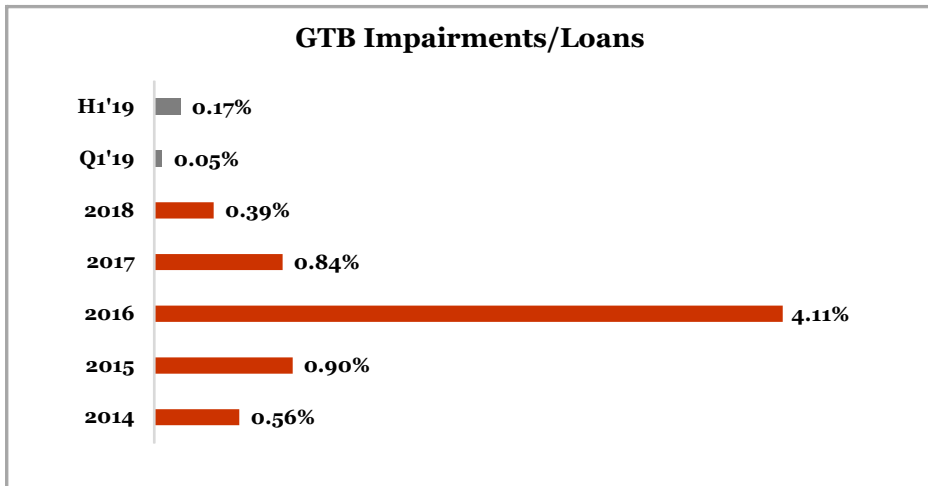
Source: GTB bank financial statement for H1 2019

### 3.6.2 Asset Quality

GTB total assets grew by **+9.45%** from N3.29trn in Dec. 2018 to N3.60trn in H1 2019. GTB total liabilities increased by **+10.45%** from N2.71trn in Dec. 2018 to N2.30trn in H1 2019. The Impairment to loan ratio rose from 0.39% in Dec.2018 to 0.17% in H1 2019 (See Chart 36 below). There was a drop in the return on total asset by 6.56% in Dec.2018 to 3.22% in H1 2019.

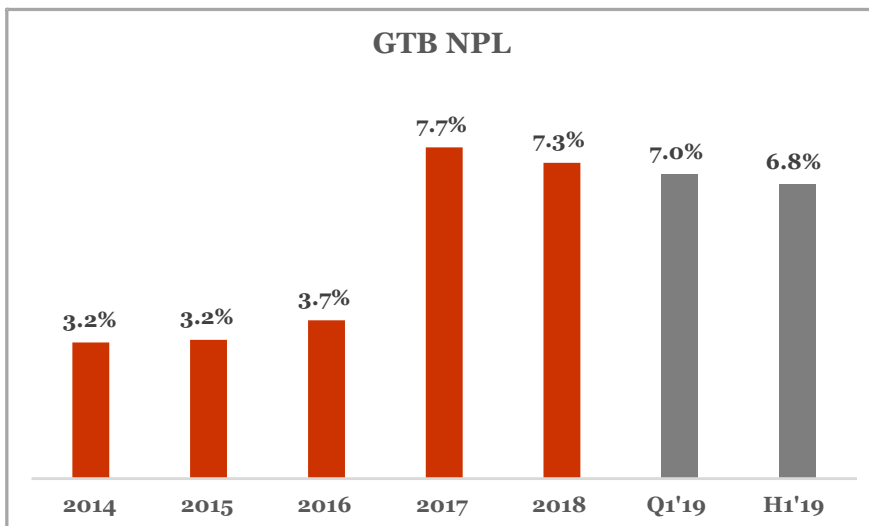
Return on Equity also decline from 37.46% in Dec.2018 to 16.44% in H1 2019. Non-Performing loan declined to 6.8% in H1 2019 to 7.3% in H1.2018 (See Chart 37 below). Cost of Risk also rose to 0.2% in H1 2019 from 0.14% in H1 2018.

**Chart 36: GTB Impairments to loan in H1 2019**



Source: GTB bank financial statement for H1 2019

**Chart 37: GTB Non performing loans in H1 2019**

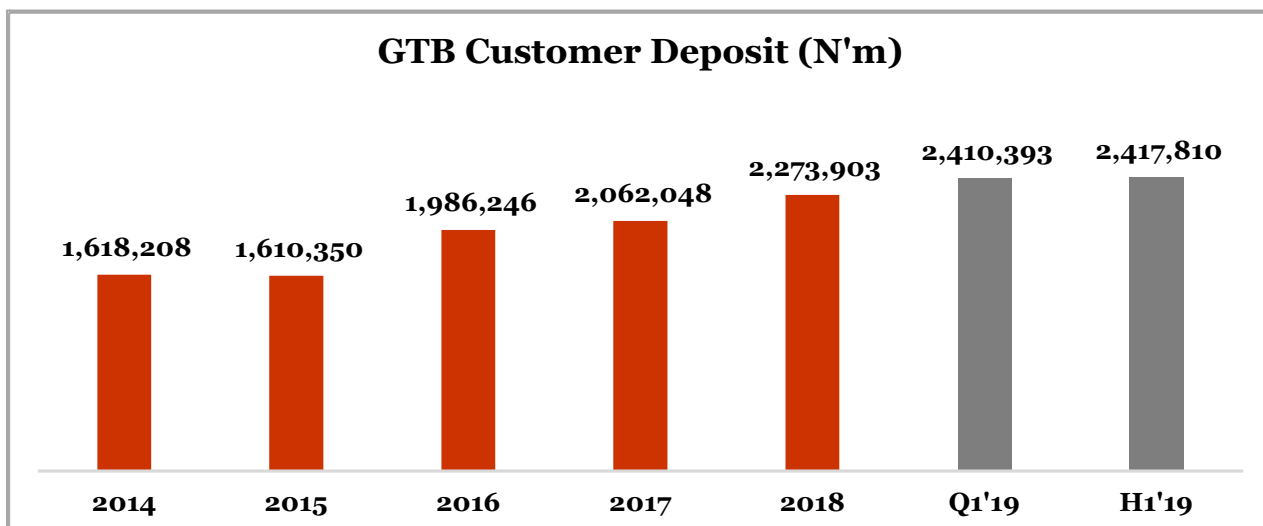


Source: GTB bank financial statement for H1 2019

### 3.6.3 Liquidity

GTB customer deposit rose by +6.33% from N2.27trn in Dec. 2018 to N2.42trn in H1 2019 (See Chart 38 below). Liquidity ratio also grew from 41.4% in Dec.2018 to 47.3% in H1 2019. Its loan-to-deposit ratio decreased from 55.37% in Dec.2018 to 52.65% in H1 2019. The bank's shareholder's fund rose by +4.77% from N575.57bn in Dec. 2018 to N603.01bn in H1 2019.

**Chart 38: GTB Customer Deposit (N'm)**

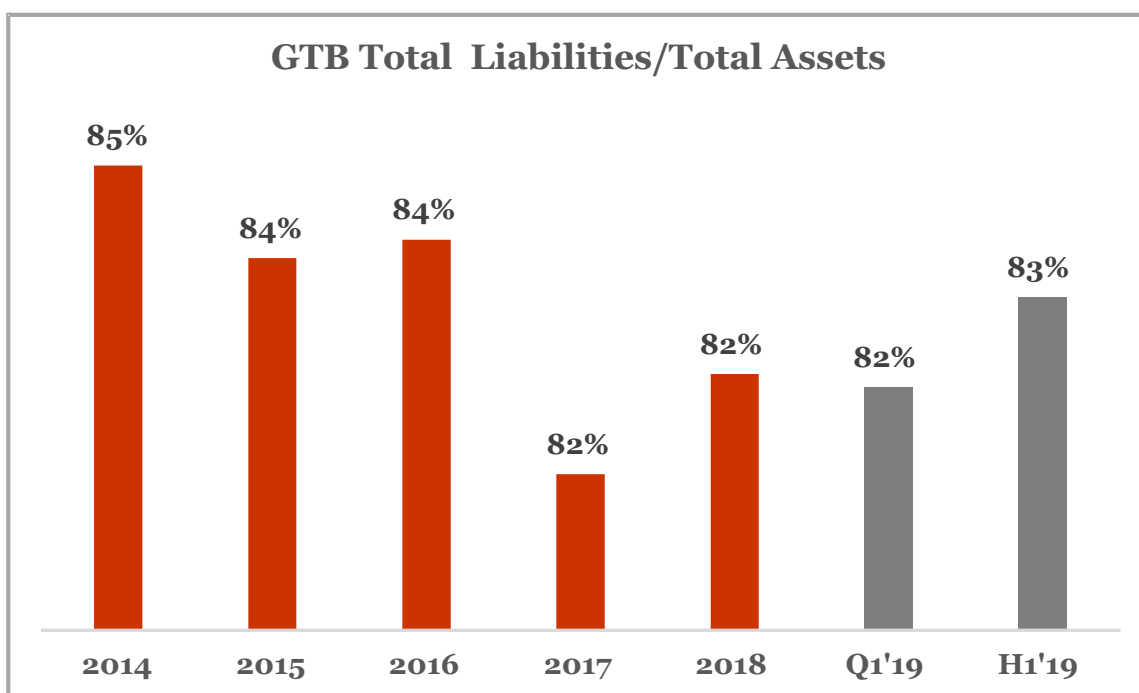


Source: GTB bank financial statement for H1 2019

### 3.6.4 Leverage

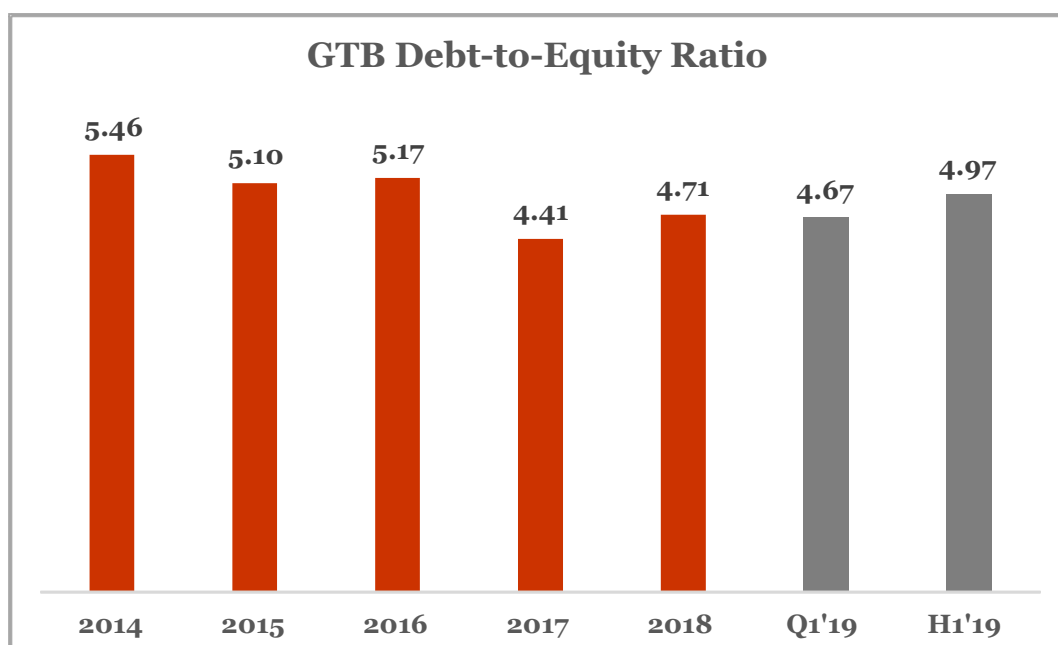
The Leverage ratio of GTB increased from 82% in Dec.2018 to 83% in H1 2019 (See Chart 39 below). The Debt to Equity ratio grew from 4.71% in Dec.2018 to 4.97% in H1 2019 (See Chart 40 below). Capital Adequacy ratio rose to 23.48% in H1 2019 from 23.39% in H1 2018.

**Chart 39: GTB Leverage 2014-H1 2019**



Source: GTB bank financial statement for H1 2019

**Chart 40: Debt-to-equity Ratio of GTB 2014-H1 2019**



Source: GTB bank financial statement for H1 2019

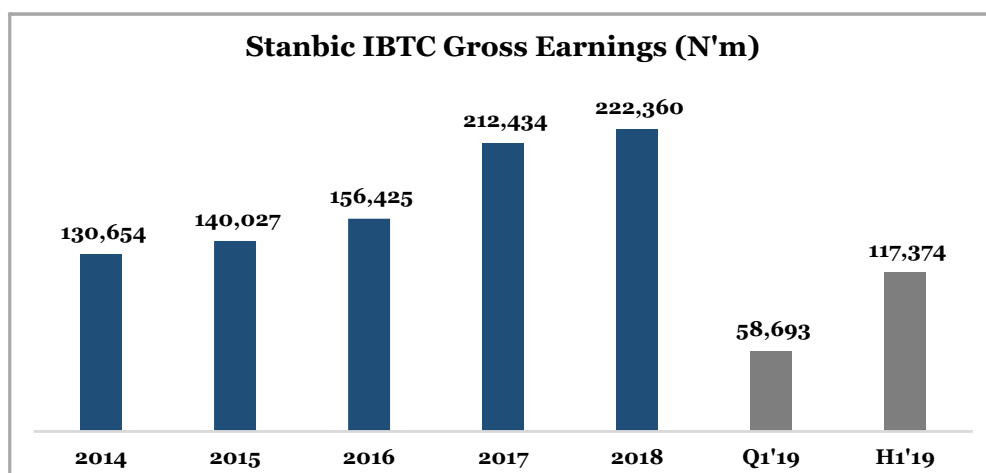
### 3.7 STANBIC IBTC BANK

#### 3.7.1 Profitability

StanbicIBTC gross earnings grew by **+2.77%** to N117.37bn in H1 2019 from N114.21bn in H1 2018 (See Chart 41 below). It also recorded an increase of **+2.65%** in its operating expenses as its operating expense increased from N48.78bn in H1 2018 to N50.07bn in H1 2019. The bank operating income rose by **+0.18%** from N94n in H1 2018 to N94.16bn in H1 2019. Cost-to-income ratio increased to 53.2% in H1 2019 from 52.87% in H1 2018. The non-interest income to operating income ratio also grew from 57.27% in H1 2018 to 58.3% in H1 2019. Interest income also increase by **+1.44%** from N59.92bn in H1 2018 to N60.78bn in H1 2019 while Net interest income dropped by **-2.14%** from N40.17bn in H1 2018 to N39.31bn in H1 2019. Non-interest income rose by 1.90% from N53.83bn in H1 2018 to N54.85bn in H1 2019.

Profit before tax declined by **-11.99%** from N50.73bn in H1 2018 to 44.65bn in H1 2019. The bank profit after tax also declined by **-51.31%** from N74.44bn in H1 2018 to N36.25bn in H1 2019. Loan and advances given to customer also increased by **+5.17%** from N432.71bn in Dec. 2018 to N455.08bn in H1 2019. The profit margin for Stanbic Bank declined to 38.04% in H1 2019 from 44.42% H1 2018.

**Chart 41: Stanbic Bank Gross Earnings (N'm) H1 2019**

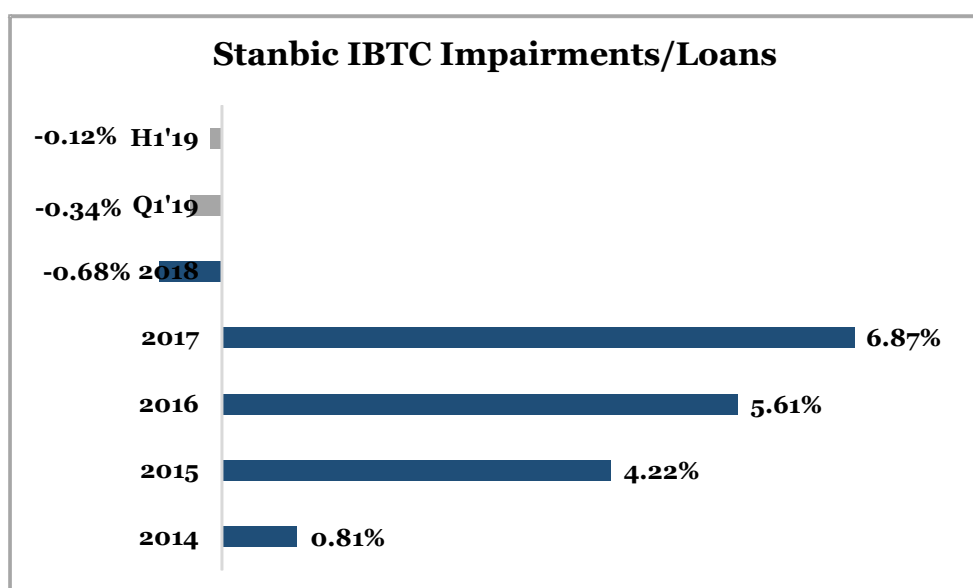


Source: Stanbic bank financial statement for H1 2019

### 3.7.2 Asset Quality

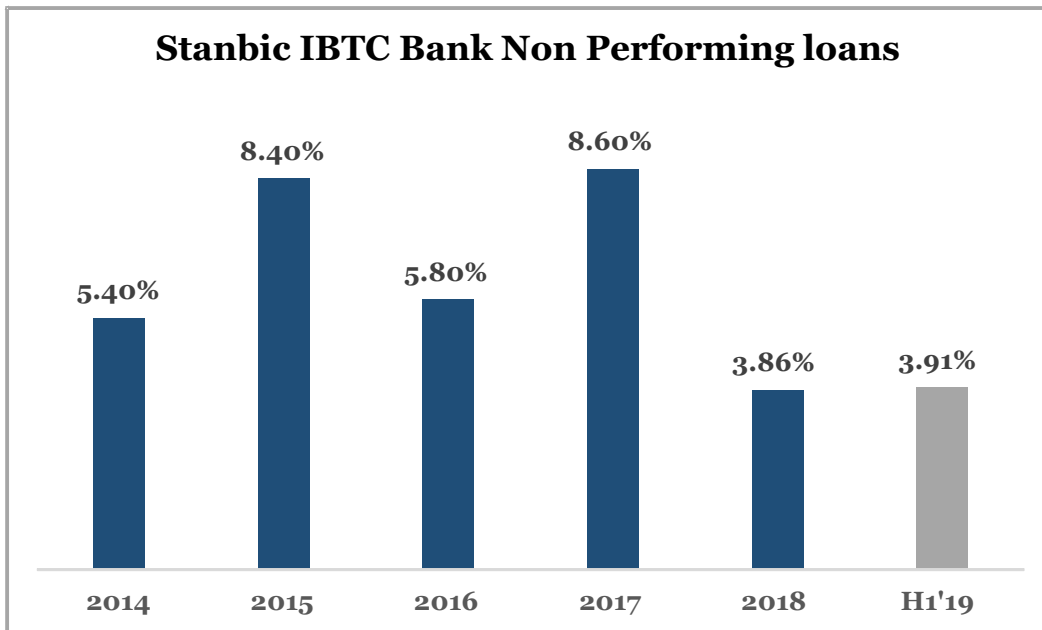
Total assets also decreased by **-2.67%** from N1.66trn in Dec. 2018 to N1.62trn in H1 2019. Stanbic IBTC total liabilities decreased by **-4.85%** from N1.42trn in Dec. 2018 to N1.35trn in H1 2019. The bank recorded an impairment credit of N0.56bn as against N5.51bn impairment reversal recorded in H1'18. Given the impairment reversals recorded by the bank on financial instruments, impairment to loan ratio was negative in H1 2019 (See Chart 42 below). There was a drop in the return on total asset by 5.30% in Dec.2018 to 2.8% in H1 2019. Return on Equity also decline from 36.78% in Dec.2018 to 16.89% in H1 2019. Non-Performing loan grew from 3.86% in H1.2018 to 3.91% in H1 2019 (See Chart 43 below). Cost of Risk grew to **-0.2%** in H1 2019 from **-0.7%** in H1 2018.

**Chart 42: Stanbic Bank Impairments to loan in H1 2019**



Source: Stanbic bank financial statement for H1 2019

**Chart 43: Stanbic Bank Non performing loans in H1 2019**

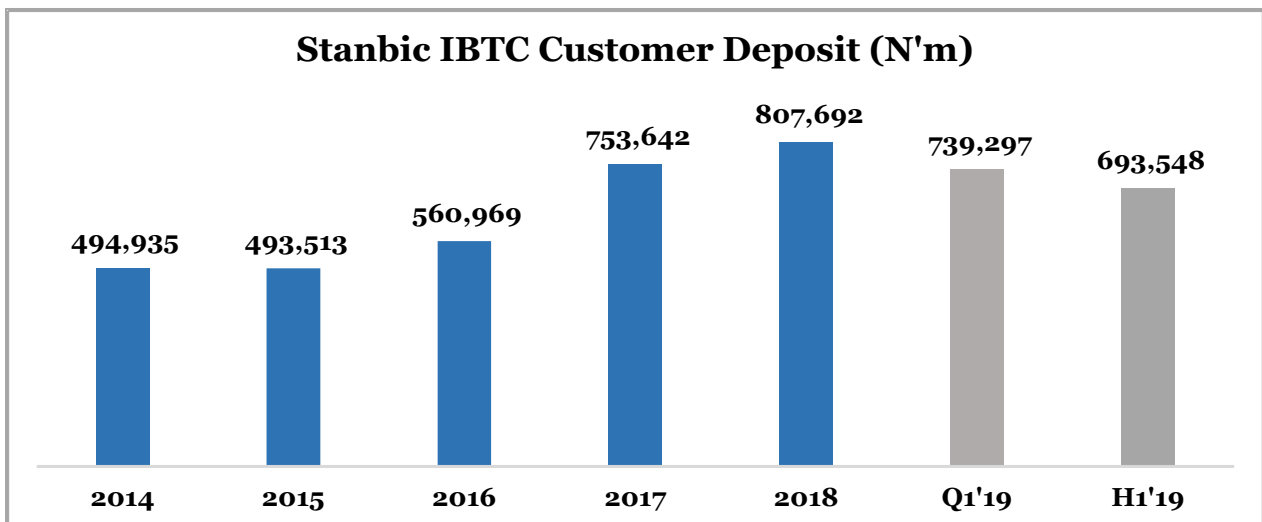


Source: Stanbic bank financial statement for H1 2019

### 3.7.3 Liquidity

Stanbic IBTC customer deposit dropped by **-14.13%** from N807.69bn in Dec. 2018 to N693.54bn in H1 2019 (See Chart 44 below). Loan to deposit ratio increased from 53.57% in Dec.2018 to 65.6% in H1 2019. The bank Shareholder's fund also grew by **+10.32%** from N239.67bn in Dec. 2018 to N264.40bn in H1 2019. Liquidity ratio decreased from 97% in Dec.2018 to 67.9% in H1 2019.

**Chart 44: Stanbic Bank Customer Deposit (N'm)**

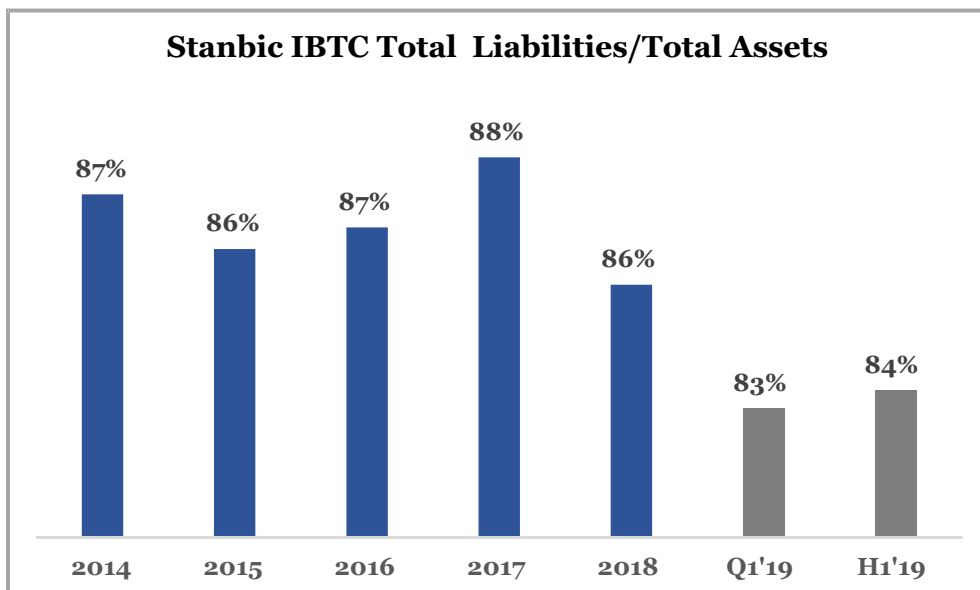


Source: Stanbic bank financial statement for H1 2019

### 3.7.4 Leverage

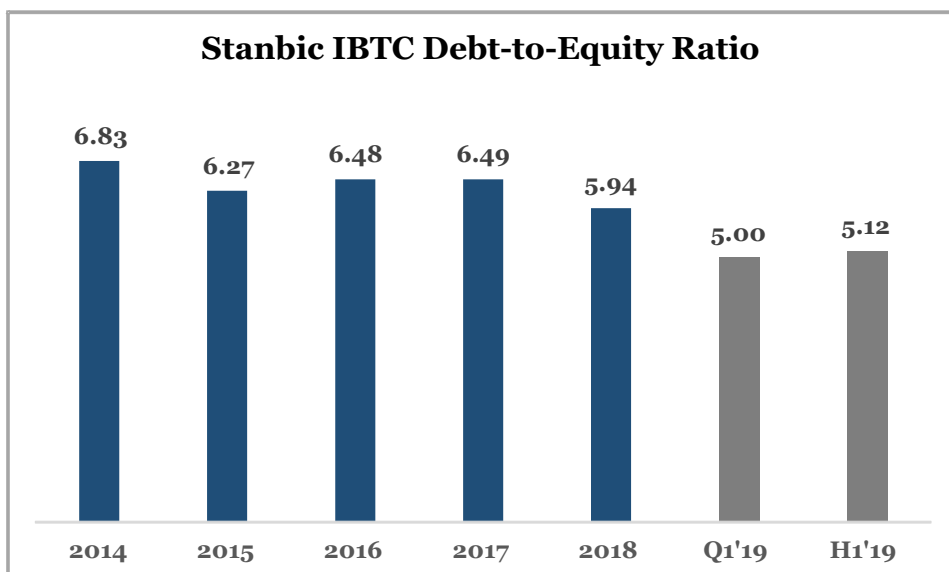
The Leverage ratio of Stanbic Bank decreased from 86% in Dec.2018 to 84% in H1 2019 (See Chart 45 below). The Debt to Equity ratio declined from 5.94% in Dec.2018 to 5.1% in H1 2019 (See Chart 46 below). Capital Adequacy ratio dropped to 27.3% in H1 2019 from 27.4% in H1 2018.

**Chart 45: Stanbic bank Leverage 2014-H1 2019**



Source: Stanbic bank financial statement for H1 2019

**Chart 46: Debt-to-equity Ratio of Stanbic bank 2014-H1 2019**



Source: Stanbic bank financial statement for H1 2019

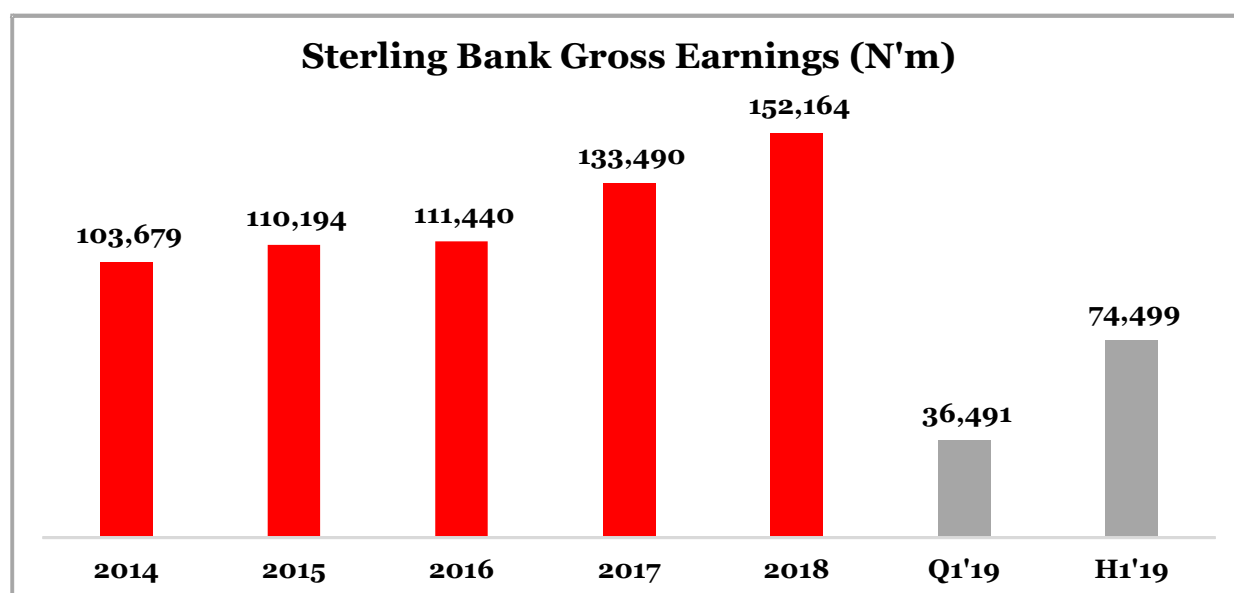
## 3.8 Sterling Bank

### 3.8.1 Profitability

Sterling bank gross earnings declined by **-4.02%** to N74.50bn in H1 2019 from N257.92bn in H1 2018 (See Chart 47 below). Sterling Bank also recorded a decrease of **-48.66%** in its operating expenses as its operating expense fell from N66.95bn in H1 2018 to N34.37bn in H1 2019. The bank operating income rose by **+5.48%** from N40.58n in H1 2018 to N42.80bn in H1 2019. Sterling Bank cost to income ratio increased to 80.3% in H1 2019 from 78.2% in H1 2018. The non-interest income to operating income ratio declined from 32.8% in H1 2018 to 28.9% in H1 2019. Interest income also decreased by **-0.74%** from N62.57bn in H1 2018 to N62.11bn in H1 2019 while Net interest income dropped by **-19.12%** from N25.53bn in H1 2018 to N30.41bn in H1 2019. Non-interest income rose by **+17.51%** from N25.53bn in H1 2018 to N30.41bn in H1 2019. Sterling Bank impairment decreased by **-32.88%** from N1.83bn in H1 2018 to N2.43bn in H1 2019.

Profit before tax declined by **-5.69%** from N6.36bn in H1 2018 to N6.00bn in H1 2019. The bank's profit after tax also decline by **-8.88%** from N6.21bn in H1 2018 to N5.66bn in H1 2019. The profit margin for Sterling Bank declined to 8.06% in H1 2019 from 8.20% H1 2018.

**Chart 47: Sterling Bank Gross Earnings (N'm) H1 2019**

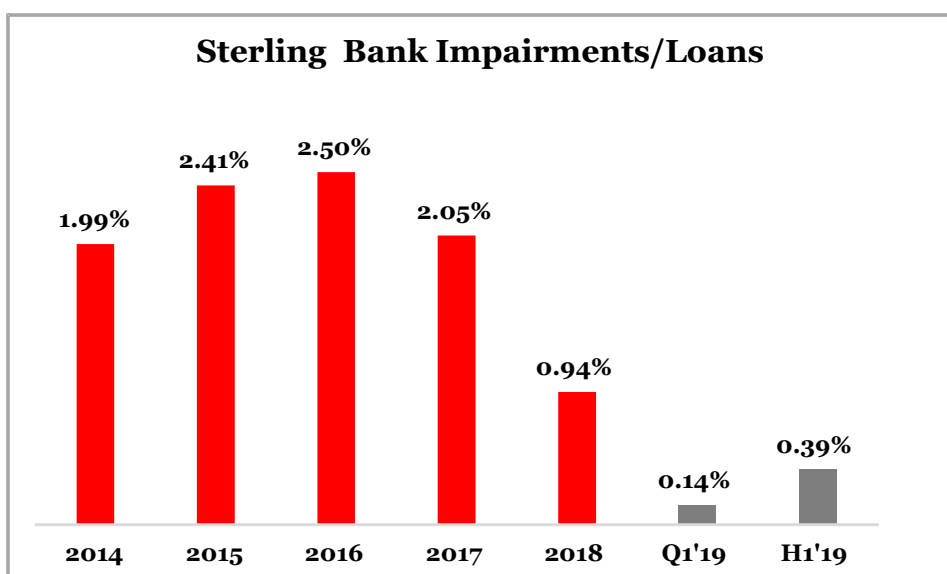


Source: Sterling bank financial statement for H1 2019

### 3.8.2 Asset Quality

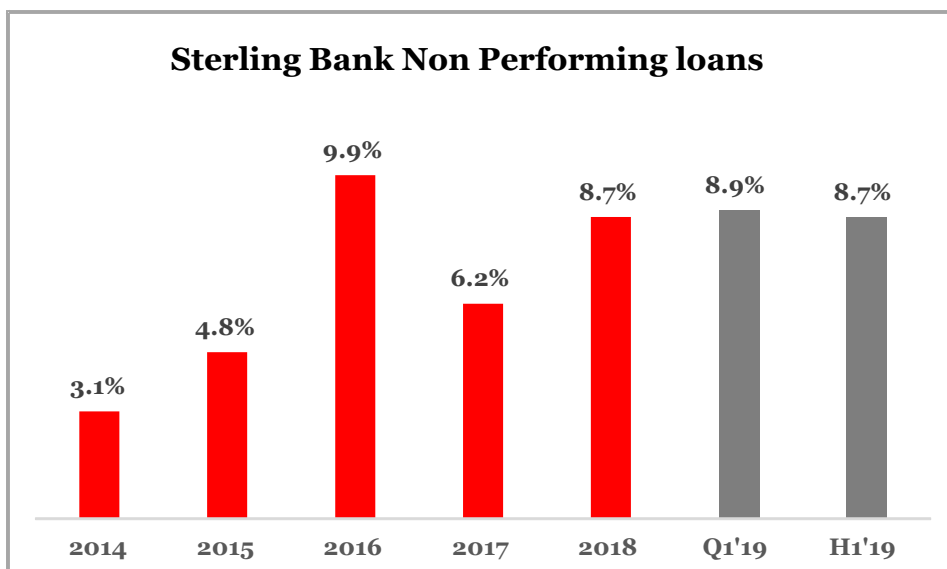
Sterling Bank total assets also grew by **+4.84%** from N1.10trn in Dec. 2018 to N1.16trn in H1 2019. Sterling Bank total liabilities increased by **+4.08%** from N1.01trn in Dec. 2018 to N1.05trn in H1 2019. Loan and advances given to customer also decreased by **-0.11%** from N621.02bn in Dec. 2018 to N621.72bn in H1 2019. The Impairment to loan ratio grew from 0.94% in Dec.2018 to 0.39% in H1 2019 (See Chart 48 below). There was a drop in the return on total asset by 0.9% in Dec.2018 to 0.5% in H1 2019. Return on Equity also declined from 9.4% in Dec.2018 to 5.5% in H1 2019. Non-Performing loan grew from 8.7% in H1 2019 to 4.9% in H1.2018 (See Chart 49 below). Cost of Risk also declined to 0.7% in H1 2019 from 0.8% in H1 2018.

**Chart 48: Sterling Bank Impairments to loan in H1 2019**



Source: Sterling bank financial statement for H1 2019

**Chart 49: Sterling Bank Non performing loans in H1 2019**

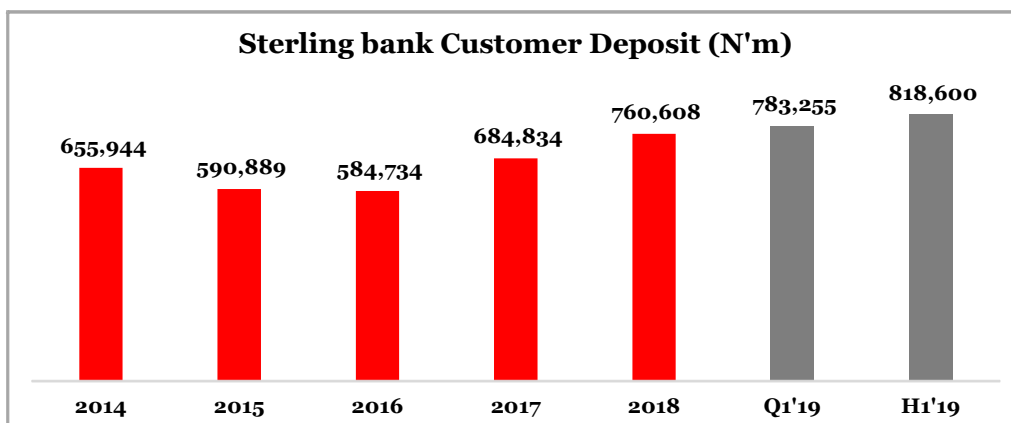


Source: Sterling bank financial statement for H1 2019

### 3.8.3 Liquidity

Sterling Bank customer deposit rose by +7.62% from N760.61bn in Dec. 2018 to N818.60bn in H1 2019 (See Chart 50 below). Liquidity ratio also grew from 30.6% in Dec.2018 to 38.7% in H1 2019. Loan to deposit ratio decreased from 81.7% in Dec.2018 to 76% in H1 2019. The bank's shareholder's fund rose by +12.66% from N97.80bn in Dec. 2018 to N110.18bn in H1 2019.

**Chart 50: Sterling Bank Customer Deposit (N'm)**

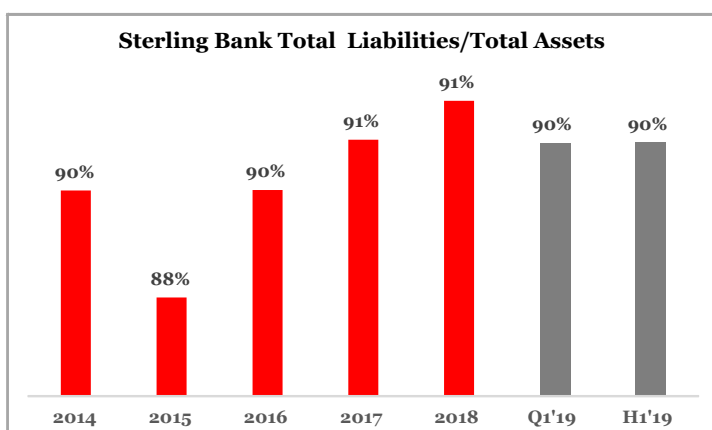


Source: Sterling bank financial statement for H1 2019

### 3.8.4 Leverage

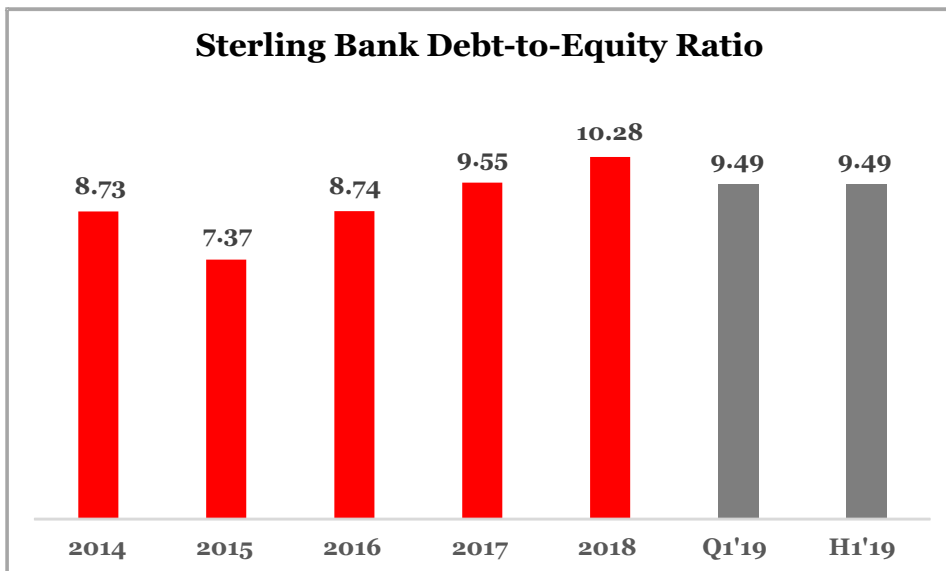
The bank's leverage ratio increased from 91% in Dec.2018 to 90% in H1 2019 (See Chart 51 below). The Debt to Equity ratio declined from 10.3% in Dec.2018 to 9.5% in H1 2019. 2018 to 28.9% in H1 2019 (See Chart 52 below). Capital Adequacy ratio rose to 12.7% in H1 2019 from 11.5% in H1 2018.

**Chart 51: Sterling bank Leverage 2014-H1 2019**



Source: Sterling bank financial statement for H1 2019

**Chart 52: Debt-to-equity Ratio of Sterling bank 2014-H1 2019**



Source: Sterling bank financial statement for H1 2019

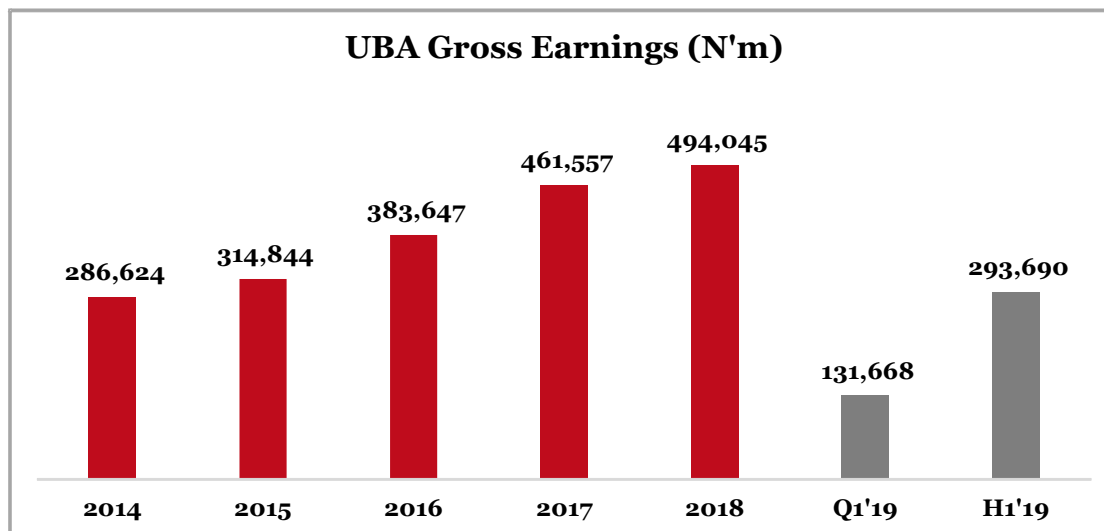
### 3.9 UBA PLC

#### 3.9.1 Profitability

UBA gross earnings grew by **+13.87%** to N203.69bn in 2019 H1 from N257.92bn in H1 2018 (See Chart 53 below). UBA also recorded an increase of **+5.67%** in its operating expenses, meaning that UBA operating expense increased from N103.70bn in H1 2018 to N109.59bn in H1 2019. The bank operating income rose by **+8.42%** from N168.45bn in H1 2018 to N182.64bn in H1 2019. UBA cost to income ratio decreased to 60% in H1 2019 from 61.56% in H1 2018. The non-interest income to operating income ratio also grew from 34.06% in H1 2018 to 39.70% in H1 2019. Interest income also grew by **+9.39%** from N187.29bn in H1 2018 to N204.89bn in H1 2019 while net interest income dropped by **-0.86%** from N111.08bn in H1 2018 to N110.12bn in H1 2019. Non-interest income rose by **+26.39%** from N57.38bn in H1 2018 to N72.52bn in H1 2019. UBA Impairment decreased by **-53.65%** from N6.73bn in H1 2018 to N3.12bn in H1 2019.

Profit before tax rose by **+20.87%** from N58.14bn in H1 2018 to 70.27bn in H1 2019. The bank's profit after tax also grew by **+29.56%** from N43.79bn in H1 2018 to N56.74bn in H1 2019. The profit margin for UBA grew to 23.93% in H1 2019 from 22.54% H1 2018.

**Chart 53: UBA Gross Earnings (N'm) H1 2019**

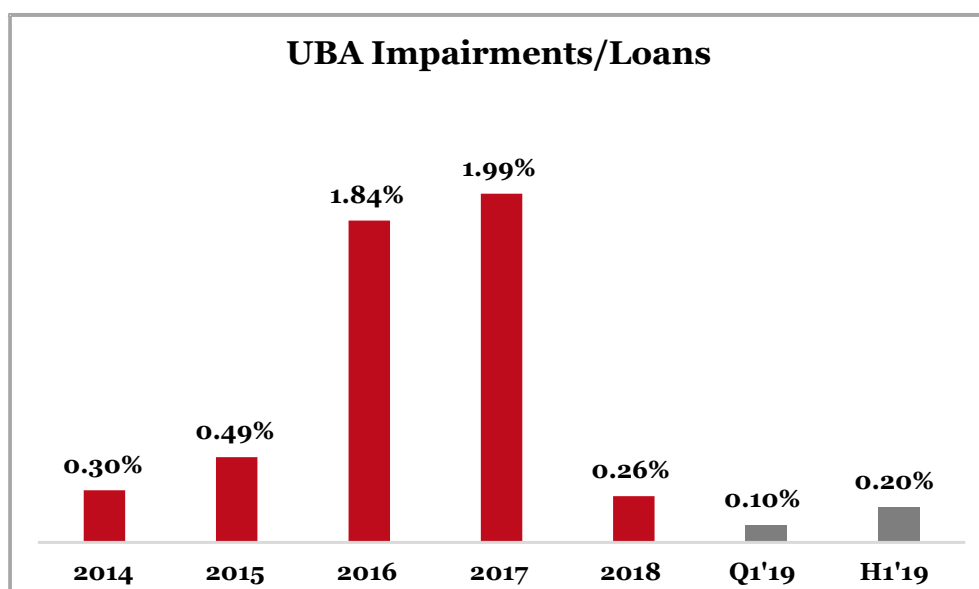


Source: UBA financial statement for H1 2019

### 3.9.2 Asset Quality

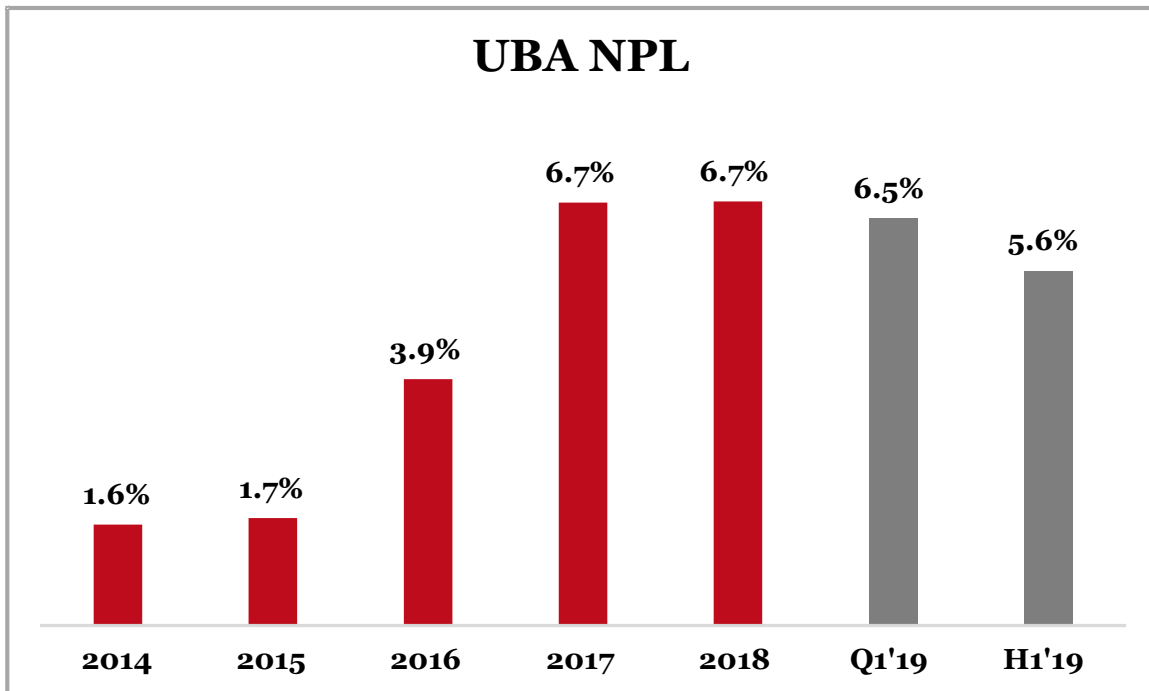
UBA Total assets also grew by **+4.77%** from N4.87trn in Dec. 2018 to N5.10trn in H1 2019. UBA total liabilities increased by **+4.41%** from N4.37trn in Dec. 2018 to N4.56trn in H1 2019. Loan and advances given to customer also decreased by **-10.17%** from N1.72trn in Dec. 2018 to N1.54trn in H1 2019. The impairment to loan ratio rose from 0.26% in Dec.2018 to 0.20% in H1 2019 (See Chart 54 below). There was a drop in the return on total asset by 2.19% in Dec.2018 to 1.38% in H1 2019. Return on Equity also decline from 15.64% in Dec.2018 to 10.46% in H1 2019. Non-Performing loan declined to 5.6% in H1 2019 to 7.2% in H1.2018 (See Chart 55 below). Cost of Risk also declined to 0.3% in H1 2019 from 0.8% in H1 2018.

**Chart 54: UBA Impairments to loan in H1 2019**



Source: UBA financial statement for H1 2019

**Chart 55: UBA Non performing loans in H1 2019**

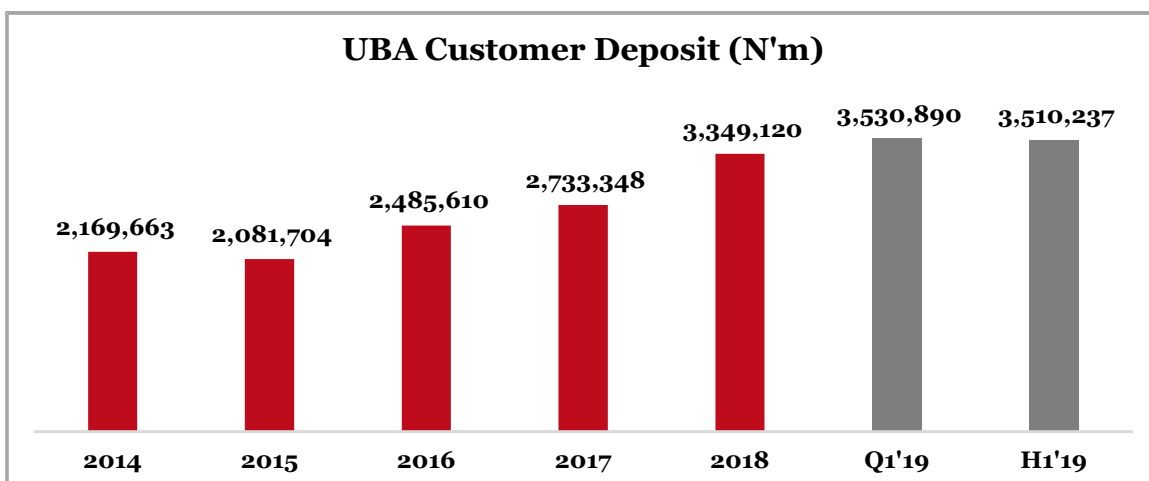


Source: UBA financial statement for H1 2019

### 3.9.3 Liquidity

UBA customer deposit rose by **+4.81%** from N3.35trn in Dec. 2018 to N3.51trn in H1 2019. (See Chart 56 below). Liquidity ratio also grew from 40% in Dec.2018 to 63% in H1 2019. UBA Shareholder's fund also grew by 7.93% from N502.61bn in Dec. 2018 to N542.46bn in H1 2019.

**Chart 56: UBA Customer Deposit (N'm)**

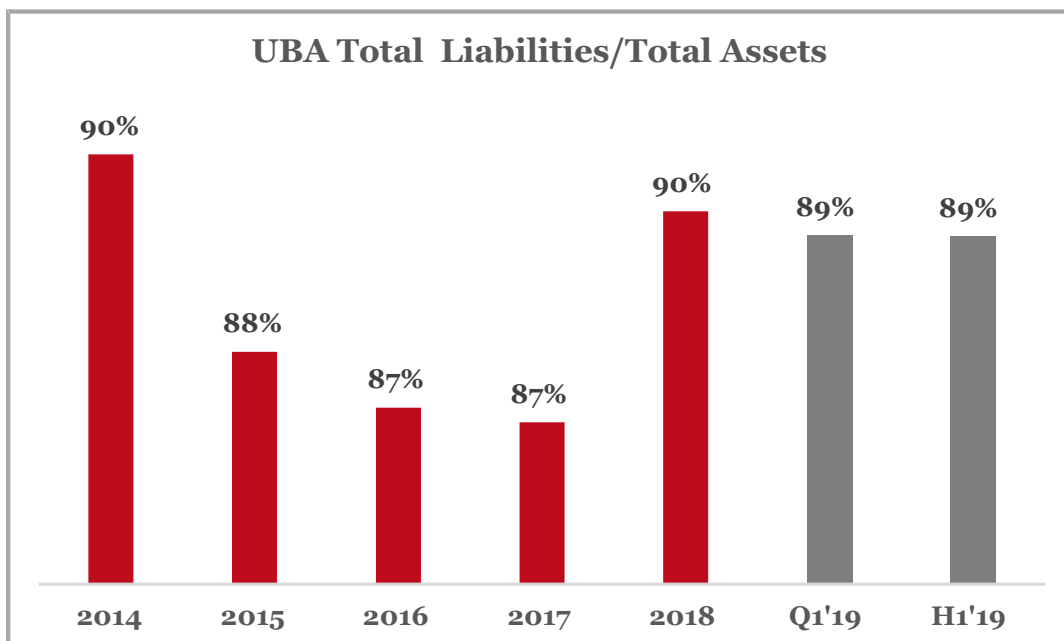


Source: UBA financial statement for H1 2019

### 3.9.4 Leverage

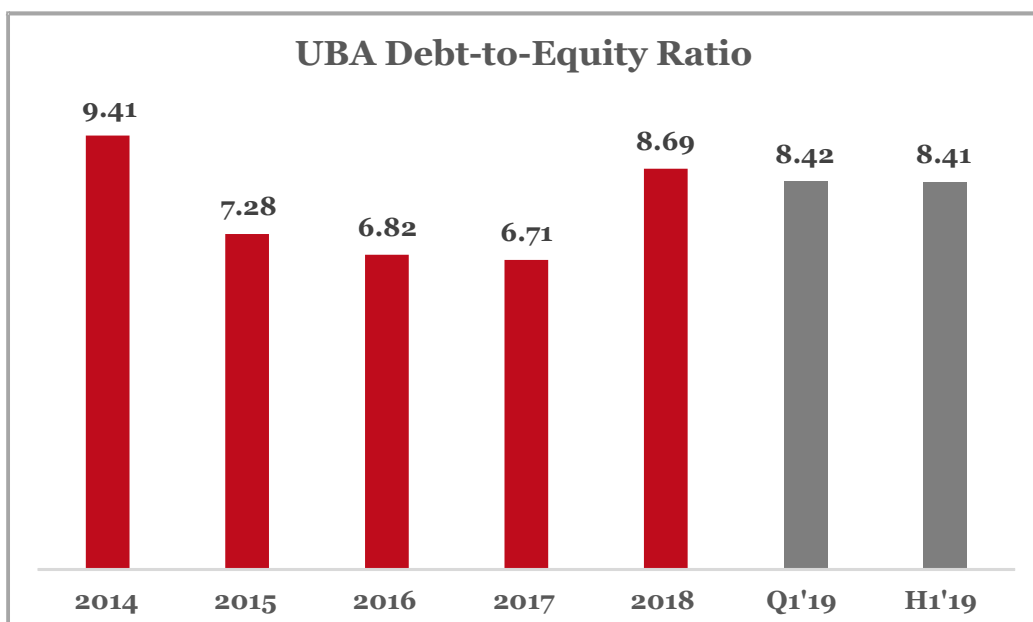
The Leverage ratio of UBA decreased from 90% in Dec.2018 to 89% in H1 2019 (See Chart 57 below). The Debt to Equity ratio declined from 8.69% in Dec.2018 to 8.41% in H1 2019 (See Chart 58 below). Capital Adequacy ratio rose to 29% in H1 2019 from 23% in H1 2018.

**Chart 57: UBA Leverage 2014-H1 2019**



Source: UBA financial statement for H1 2019

**Chart 58: Debt-to-equity Ratio of UBA 2014-H1 2019**



Source: UBA financial statement for H1 2019

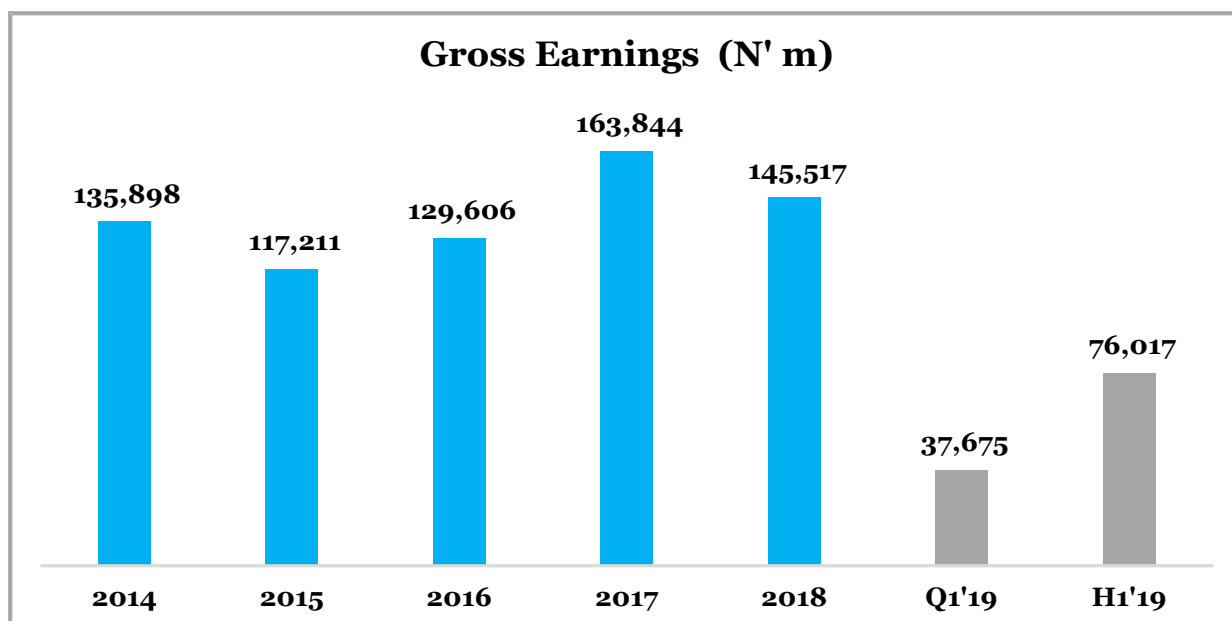
## 3.10 Union Bank of Nigeria Plc

### 3.10.1 Profitability

Gross earnings dipped by **-8.78%** from N83.33bn in H1'18 to N76.02bn in H1'19 due to a decrease in average earning assets (See Chart 59 below). Operating income fell by **-3.35%** from N50.85bn in H1'18 to N49.15bn in H1'19 which occurred as a result of the decrease in interest and non-interest revenue. Interest income dropped from N62.20bn in H1'18 to N57.35bn in H1'19; a loss of **-7.80%** while net interest income dipped by **-24.32%** from N34.35bn in H1'18 to N25.99bn in H1'19. Non-interest revenue fell by **-11.66%** to N18.67bn in H1'19 from N21.13bn in H1'18 despite a 26.61% growth in credit-related fees (N3.74bn in H1'19 as against N2.95bn in H1'18) and 169.09% growth in cash recoveries at N5.28bn in H1'19 against N1.96bn in H1'18. The fall in non-interest income could be traced to the muted volatility negatively impacting trading income. Non-interest income contribution to operating income fell to 37.98% in H1'19 from 41.55% in H1'18. Operating expenses decreased by **-4.40%** to N37.48bn in H1'19 from N39.21bn in H1'18. This brought the bank's cost to income ratio to 76.27% in H1'19 as against 77.10% recorded H1'18. The bank recorded an impairment credit of N4.49bn in H1'19 as against N4.63bn loss recorded in H1'18; a gain of 196.97%.

The profit before tax increased by **+3.96%** to N12.13bn in H1'19 from N11.66bn in H1'18 while profit after tax rose by **+3.45%** to N11.85bn in H1'19 from N11.46bn in H1'18. Profit margin increased to 15.95% as against 14.00% recorded in H1'18.

**Chart 59: UBN Gross Earnings (N'm) H1 2019**

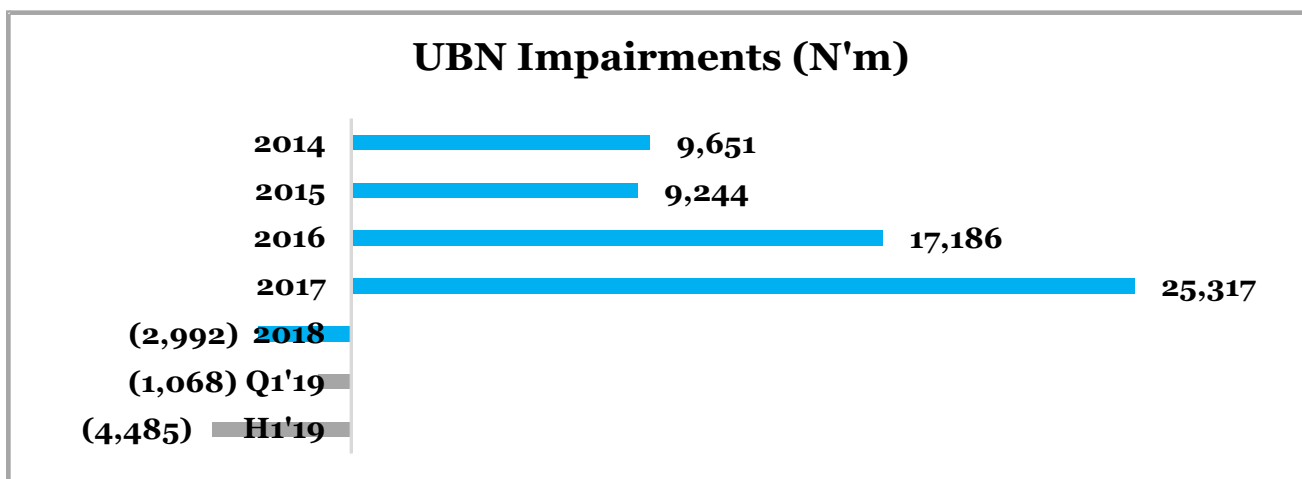


Source: UBN's financial statement for 2014-H1 2019

### 3.10.2 Asset Quality

The bank recorded an impairment credit of N4.49bn in H1'19 (See Chart 60 below). Non-performing loan ratio fell to 7.30% in H1'19 as against 8.70% recorded in Dec'18 (See Chart 61 below). The bank's leverage ratio is 86.05% in H1'19 as against 84.59% recorded in Dec'18 signifying the bank finances most of its assets from debt. The bank recorded 0.71% return on total assets in H1 2019 while return on equity was 5.07% in H1'19.

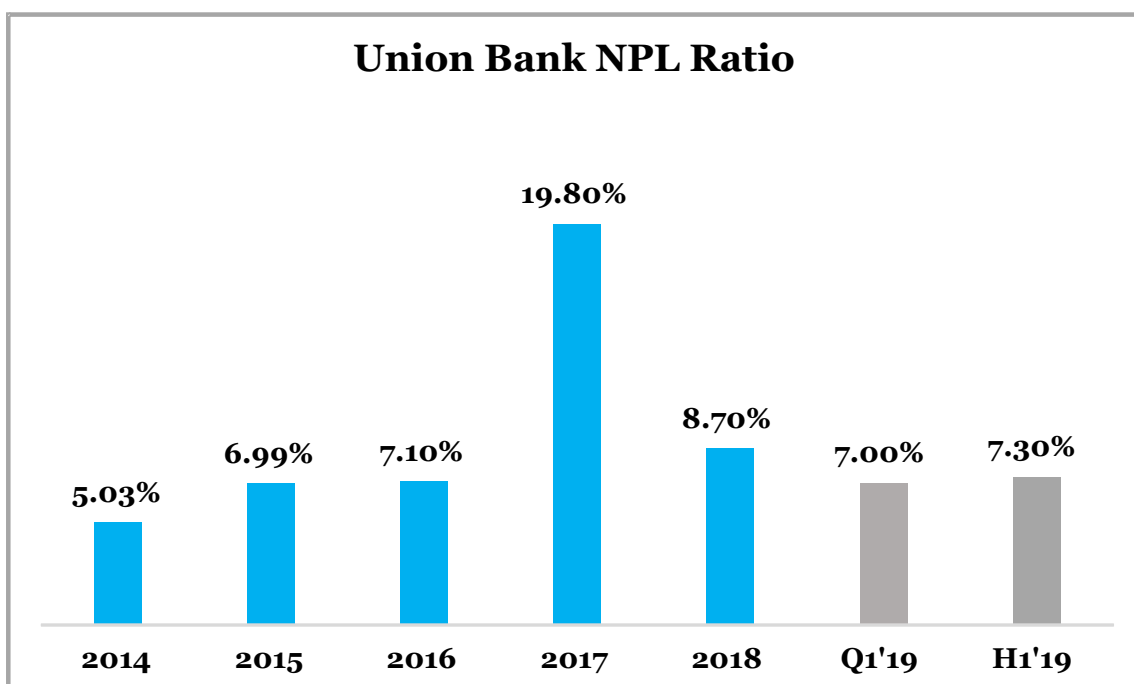
**Chart 60: UBN Impairments in H1 2019**



Source: UBN financial statement 2014-H1 2019

Note: UBN recorded impairment credit in 2018, Q1'19 and H1'19

**Chart 61: UBN NPL in H1 2019**

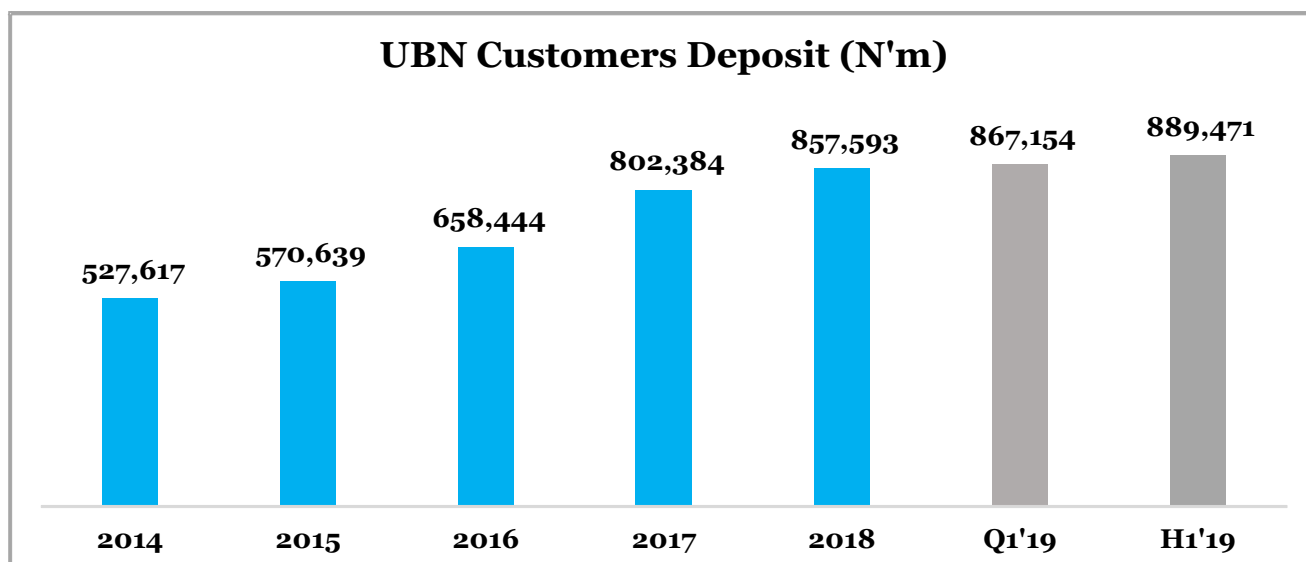


Source: UBN financial statement 2014-H1 2019

### 3.10.3 Liquidity

The bank's total asset grew by **+17.05%** from N1.46trn in Dec'18 to N1.71trn in H1'19 and total liabilities increased by **+19.08%** to N1.47trn in H1'19 from N1.24trn in Dec'18. Its customers deposit increased by **+3.72%** to N889.47bn in H1'19 as against N857.59bn in Dec'18 (See Chart 62 below), while its loans and advances to customers grew by **+11.10%** from N473.46bn in Dec'18 as against N526.05bn in H1'19. The loan-to-deposit ratio increased to 59.14% in H1'19 as against 55.21% recorded in H1'19 and this connotes that the bank is gearing towards meeting up with the CBN 60% minimum LDR requirement by increasing its loan portfolio. Liquidity ratio in H1'19 remained constant with Dec'18 figure (38.00%). Shareholder's fund grew by **+5.91%** from N225.63bn in Dec'18 to N238.97bn in H1'19.

**Chart 62: UBN Customer Deposit (N'm)**

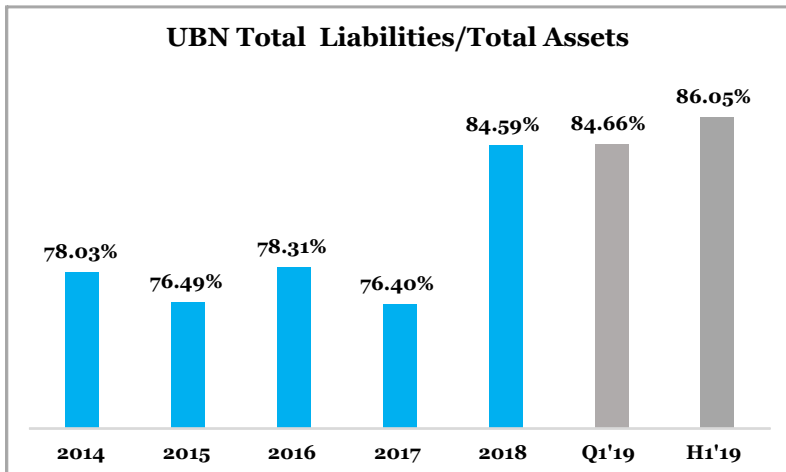


Source: UBN's financial statement for 2014-H1 2019

### 3.10.4 Leverage

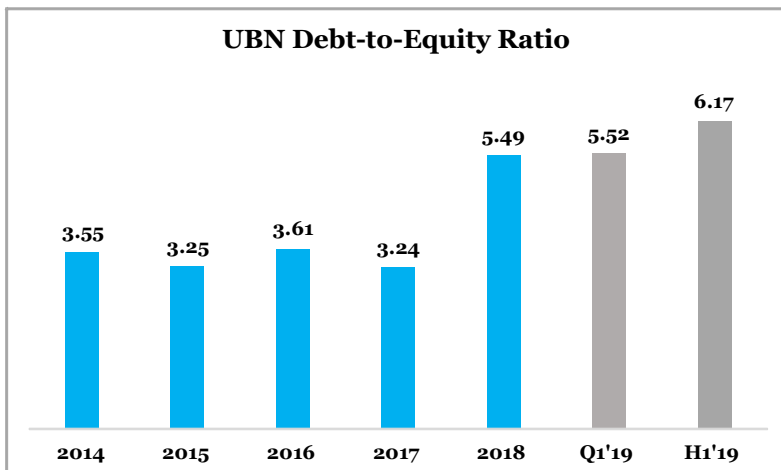
The bank's leverage ratio was 86.05% in H1'19 as against 84.59% recorded in Dec'18 (See Chart 63 below). Debt to Equity ratio rose from 5.49 in Dec'18 to 6.17 in H1'19 implying that the bank finances most of its operations with debt than equity (See Chart 64 below). Capital adequacy ratio increased to 19.40% in H1'19 as against 16.40% in Dec'18.

**Chart 63: Total Liabilities to Total Assets Ratio of UBN 2014-H1 2019**



Source: UBNs financial statement for 2014- H1 2019

**Chart 64: Debt-to-equity Ratio of UBN 2014-H1 2019**



Source: UBN financial statement 2014-H1 2019



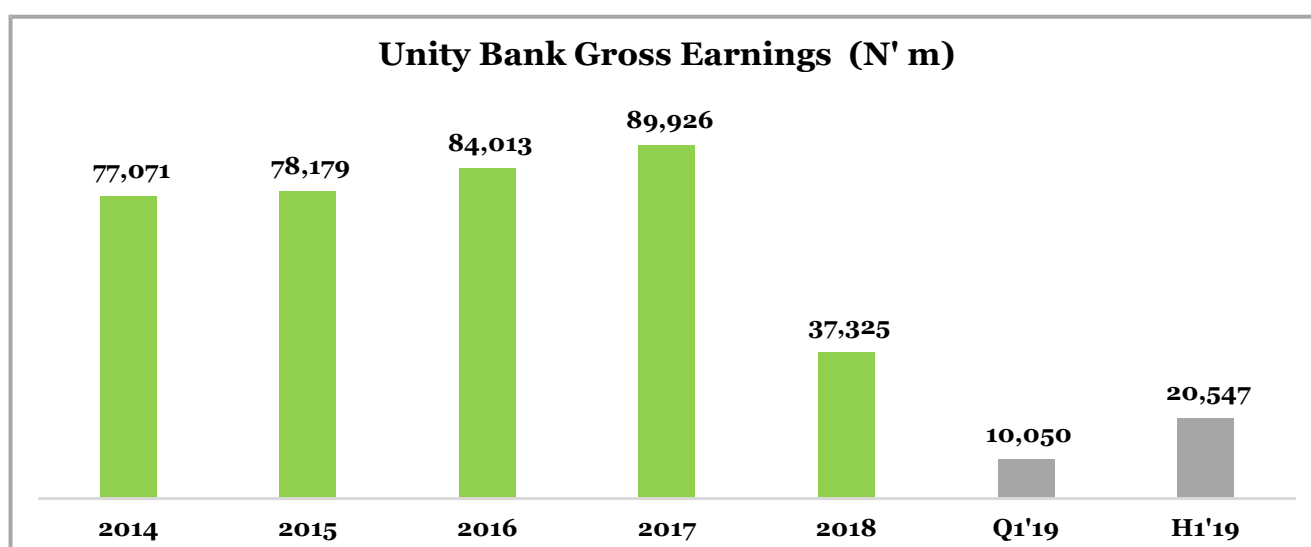
## 3.11 Unity Bank Plc

### 3.11.1 Profitability

Gross earnings grew by **+17.47%** from N17.49bn in H1'18 to N20.55bn in H1'19 (See Chart 65 below). Operating expenses dipped by **-11.95%** from N10.39bn in H1'18 to N9.15bn in H1'19. Operating income dropped to N10.69bn in H1'19 from N11.15bn in H1'18. Interest income increased by **+22.50%** to N17.27bn in H1'19 from N14.09bn in H1'19 while net interest income fell by **-4.24%** from N7.74% in H1'18 to N7.41bn in H1'19; implying the bank recorded a higher interest expenses when compared with H1'18 (N9.86bn in H1'19 and N6.35bn in H1'18; 55% increase). Non-interest income fell by **-3.73%** to N3.28bn in H1'19 from N3.40bn in H1'18. Impairment charges increased by **+120.18%** from No.22bn in H1'18 to No.49bn in H1'19.

Profit before tax grew by **+96.27%** from No.54bn in H1'18 to N1.05bn in H1'19 while profit after tax increased by **+96.35%** from No.97bn from No.49bn. Profit margin increased from 3.06% in H1'18 to 5.12% in H1'19.

**Chart 65: Unity Bank Plc Gross Earnings (N'm) 2014-H1 2019**

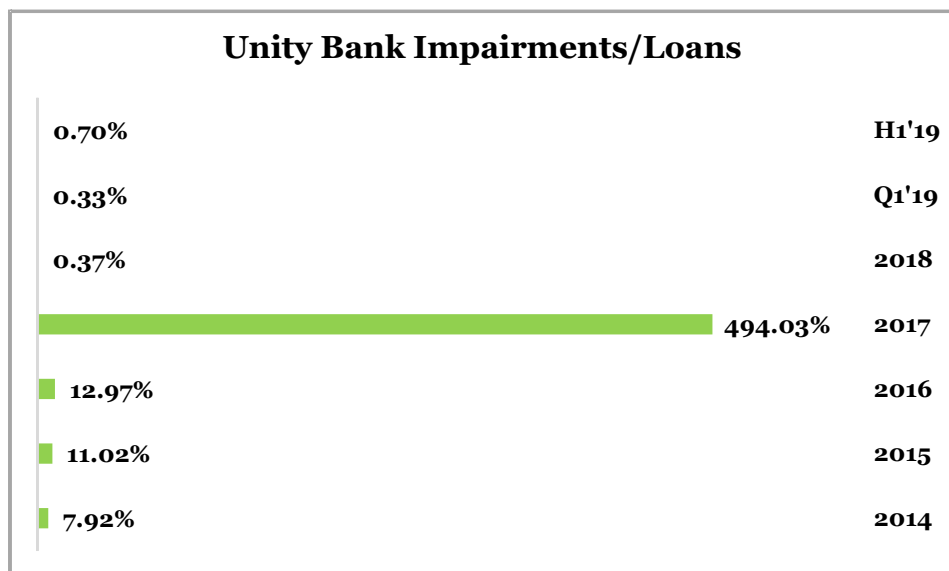


Source: Unity Bank's financial statement for 2014-H1 2019

### 3.11.2 Asset Quality

Impairments to loans ratio increased from 0.37% in Dec'18 to 0.70% in H1'19 (See Chart 66 below). The total liabilities to total assets ratio which is on the high side at 190.80% in H1'19 as against 203.27% in Dec'18 is something to worry about. Return on total asset in H1'19 was 0.39.

**Chart 66: Unity Bank on Impairments to Loans in H1 2019**

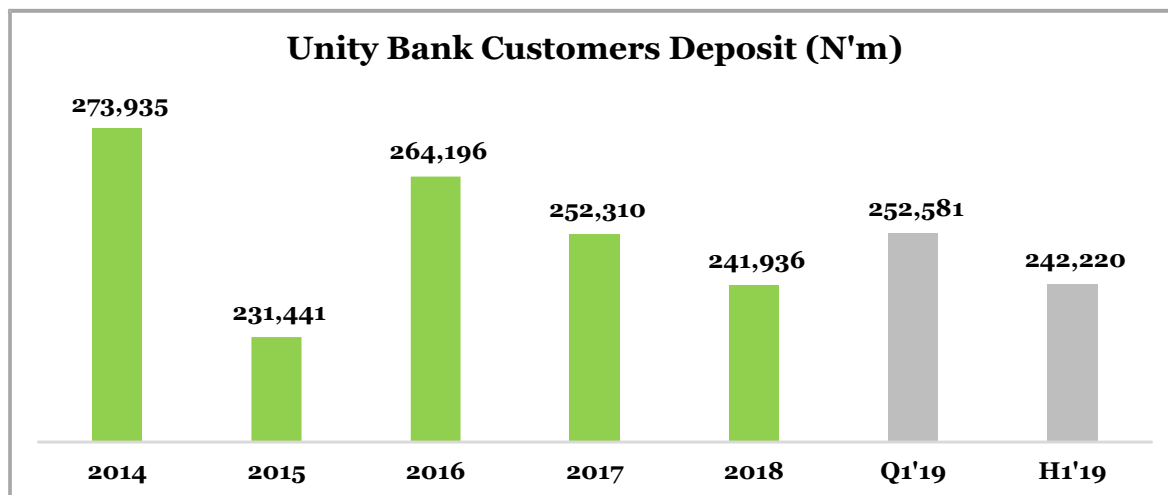


Source: Unity Bank Plc financial statement 2014-H1 2019

### 3.11.3 Liquidity

Unity bank recorded **+13.48%** growth in total assets to N267.97bn in H1'19 as against N235.98bn in Dec'18 while total liabilities increased by **+6.52%** from N479.66bn in Dec'18 to N510.94bn in H1'19. Loan and advances to customers increased by **+61.75%** to N70.62bn in H1'19 as against N43.66bn in Dec'18. Customers' deposit increased marginally by **+0.12%** to N242.22bn in H1'19 as against N241.94bn in Dec'18 (See Chart 67 below). Loan-to-deposit ratio increased to 29.15% in H1'19 from 18.04% in Dec'18. H1'19 shareholders fund remained in the negative at -N243.15-bn as against -N243.69bn in Dec'18.

**Chart 67: Unity Bank Customer Deposit (N'm)**

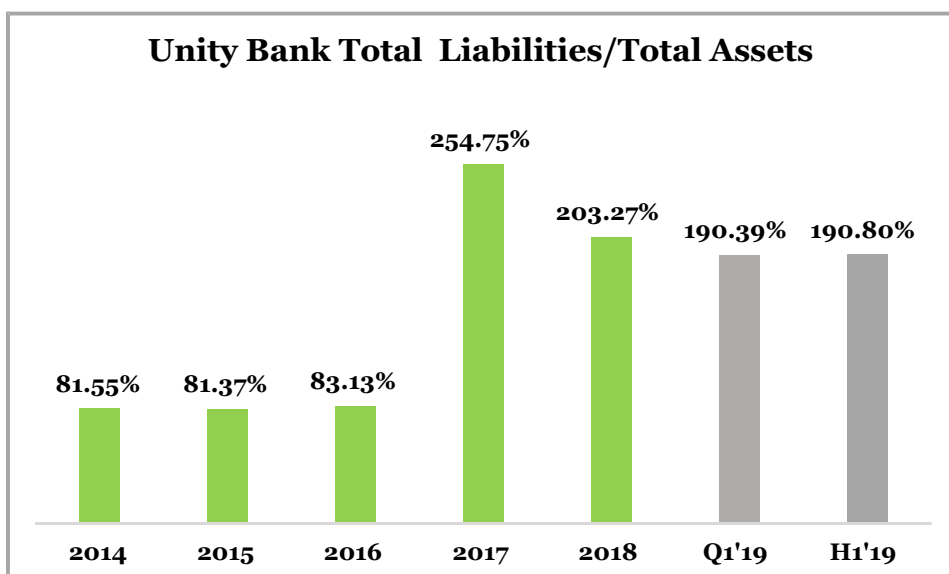


Source: Unity Bank's financial statement for 2014- H1 2019

### 3.11.4 Leverage

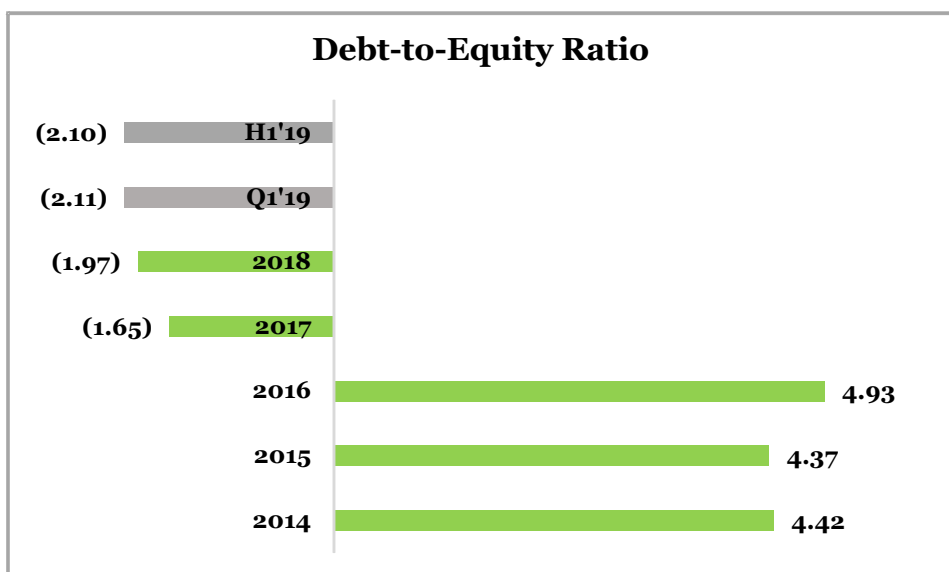
The bank's leverage ratio is 190.80% H1'19 as against 203.27% recorded in Dec'18 (See Chart 68 below). The bank recorded a negative debt to equity ratio in H1'19 due to its negative shareholders fund (See Chart 69 below).

**Chart 68: Total Liabilities to Total Assets Ratio of Unity Bank 2014-H1 2019**



Source: Unity Bank's financial statement for 2014-H1 2019

**Chart 69: Debt-to-equity Ratio of Unity Bank 2014-H1 2019**



Source: Unity Bank's financial statement for 2014-H1 2019

## 3.12 Wema Bank Plc

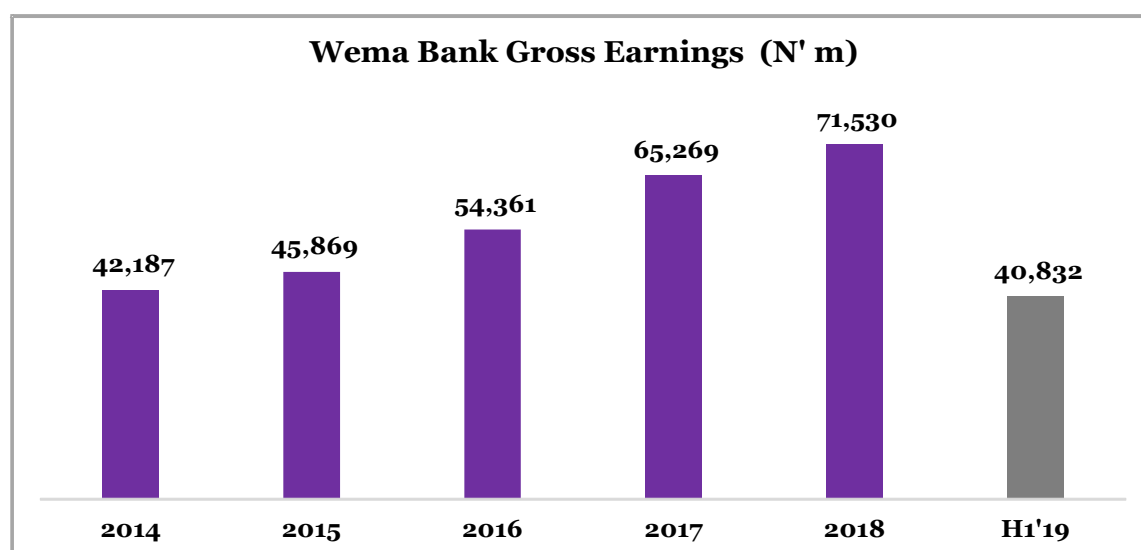
### 3.12.1 Profitability

Gross earnings increased to N40.83bn in H1'19 from N32.03bn in H1'18; a growth of **+27.46%** (See Chart 70 below).

Operating expenses increased by **+20.92%** to N16.41bn in H1'19 as against N13.57bn recorded in H1'18 while operating income grew by **+23.61%** to N19.02bn in H1'19 from N15.38bn in H1'18. However cost-to-income ratio fell from 88.20% in H1'18 to 86.29% in H1'19. The increase in operating income was largely propelled by interest income which grew by **+29.52%** to N32.89bn in H1'19 from N25.40bn in H1'18. Net interest income stood at N11.90bn in H1'19 as against N9.09bn in H1'18; a growth of **+30.88%**. Non-interest income on the other hand grew by **+19.64%** to N7.94bn in H1'19 from N6.64bn in H1'18. Non-interest income to operating income ratio dipped to 41.77% in H1'19 from 43.16% in H1'18.

The banks profit before tax rose by **+43.69%** to N2.61bn in H1'19 from N1.82bn in H1'18 while profit after tax stood at N2.25bn in H1'19 from N1.57bn in H1'18; **+43.18%** growth. Profit margin grew to 6.39% in H1'19 from 5.67% in H1'18.

**Chart 70: Wema Bank Plc Gross Earnings (N'm) 2014- H1 2019**

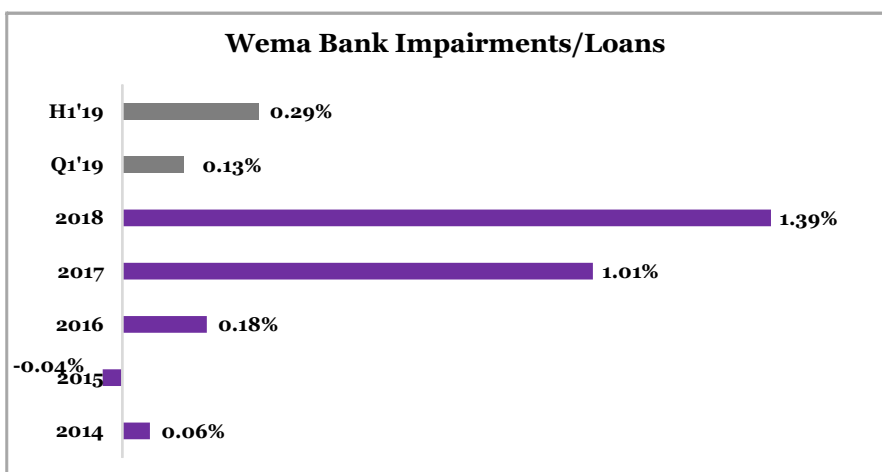


Source: Wema Bank's financial statement for 2014-H1 2019

### 3.12.2 Asset Quality

Impairment charges spiked up by **+139.53%** from No.34bn in H1'18 to No.82bn in H1'19. Impairments to loan stood at 0.29% in H1'19 as against 1.39% in Dec'18 (See Chart 71 below). Non-performing loans dived to 3.55% in H1'19 as against 4.98% in Dec'18 (See Chart 72 below). The bank's leverage ratio stood at 91.77% in H1'18 as against 89.59% in Dec'18. The bank recorded 0.41% return on total assets in H1 2019 while return on total equity was 5.01% in H1'19.

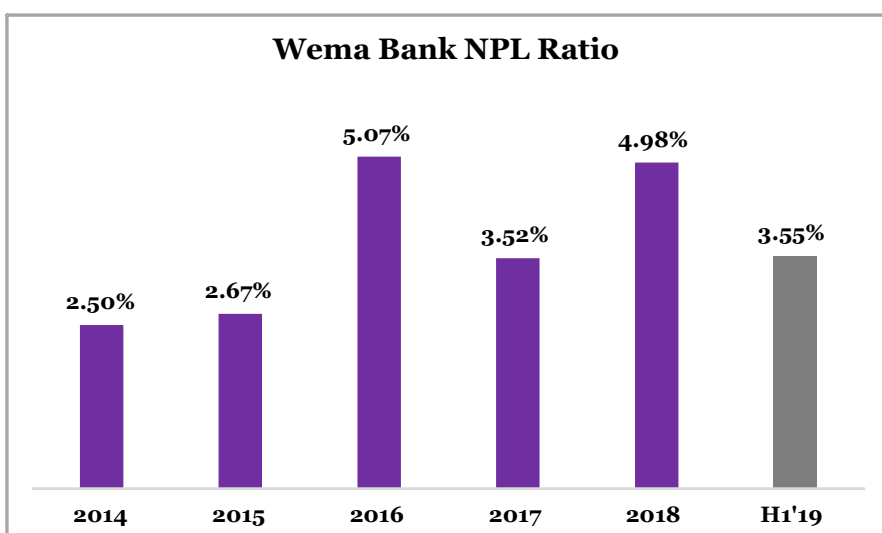
**Chart 71: Wema Bank Impairments to Loans in H1 2019**



Source: Wema Bank financial statement 2014-H1 2019

Note: Wema recorded impairment credit in 2015

**Chart 72: Wema Bank NPL in H1 2019**

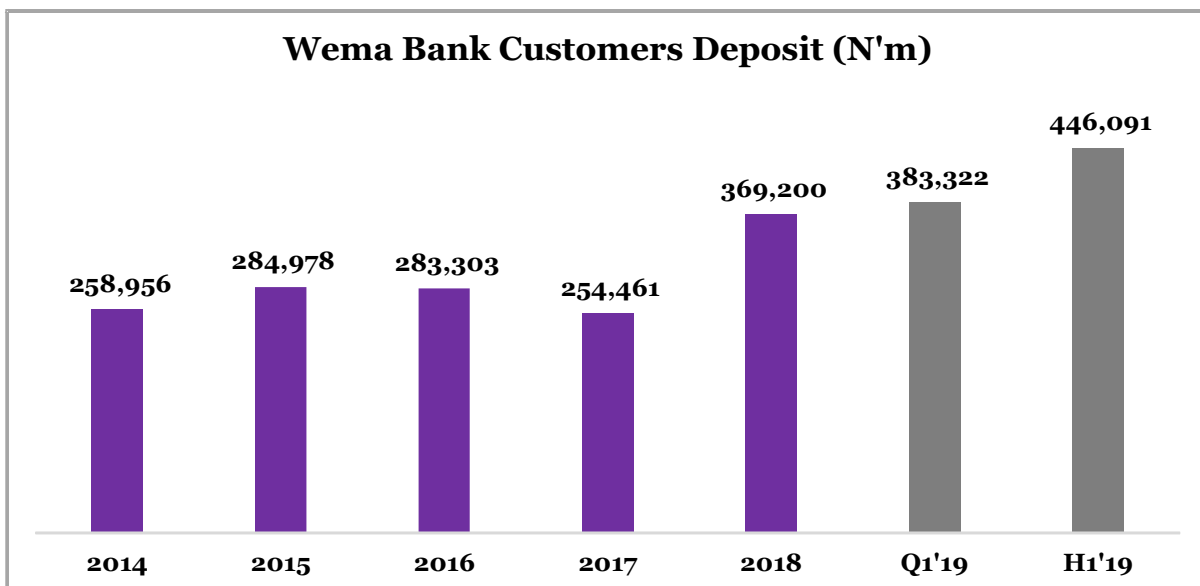


Source: Wema Bank financial statement 2014-H1 2019

### 3.12.3 Liquidity

Liquidity ratio rose to 34.81% in H1'18 as against 32.05% in Dec'18. Total Assets increased by **+29.40%** from N488.80bn in Dec'18 to N632.53bn in H1'19. Loan-to-customer's grew by **+11.41%** to 280.97bn in H1'19 from N252.19 in Dec'18. Customers deposit increased by **+20.83%** to N446.09bn in H1'19 from N369.20bn in Dec'18 (See Chart 73 below). Loan to Deposit ratio dipped to 62.98% in H1'19 as against 68.31 in Dec'18. Total liabilities rose to N58.49bn in H1'19 from N437.92bn in Dec'18; **+32.56%** increase. Shareholder's Fund increased marginally by **+2.25%** from N50.89bn in Dec'18 to N52.04bn in H1'19.

**Chart 73: Wema Bank Customer Deposit (N'm)**

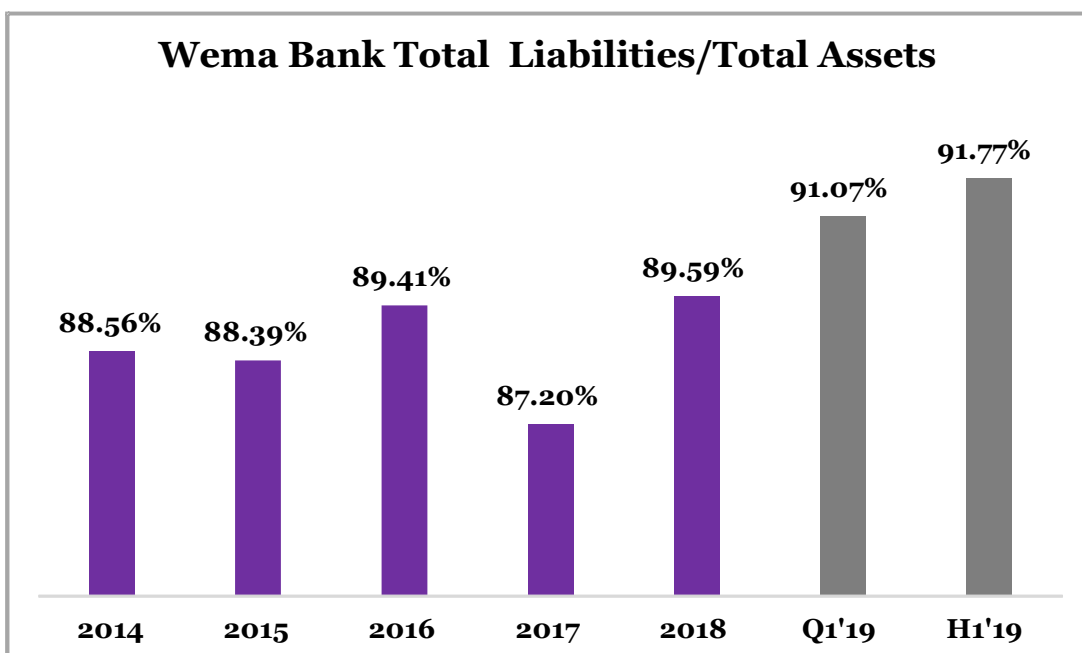


Source: Wema bank financial statement for 2014-H1 2019

### 3.12.4 Leverage

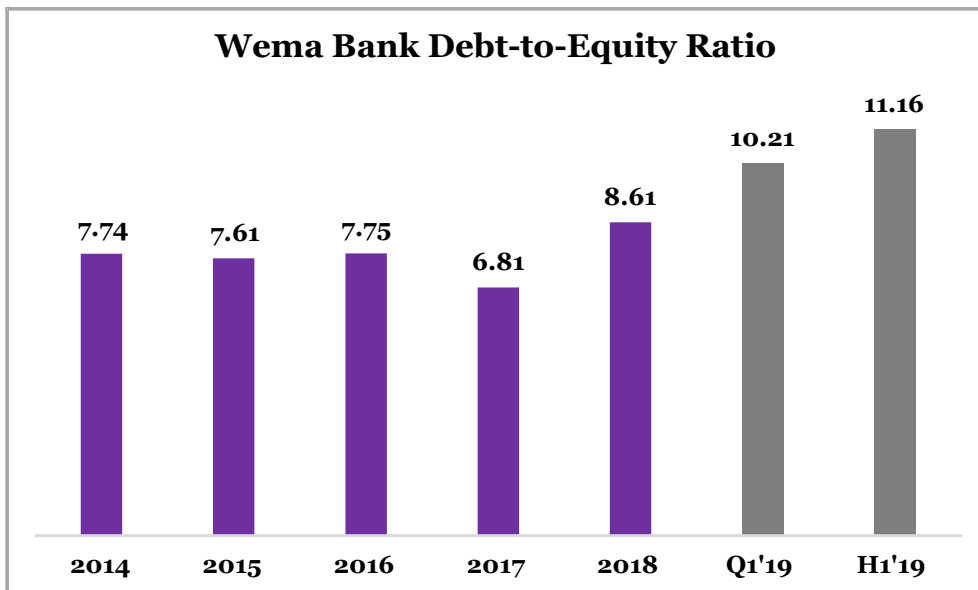
The bank's leverage ratio stood at 91.77% in H1'18 as against 89.59% in Dec'18 (See Chart 74 below). Capital adequacy ratio dipped to 14.59% in H1'19 as against 18.01% recorded in Dec'18. Debt to Equity ratio increased to 11.61 in H1'18 as against 8.61 in Dec'18 (See Chart 75 below).

**Chart 74: Total Liabilities to Total Assets Ratio of Wema Bank 2014-H1 2019**



Source: Wema Bank financial statement for 2014-H1 2019

**Chart 75: Debt-to-equity Ratio of Wema Bank 2014-H1 2019**



Source: Wema Bank financial statement for 2014-H1 2019

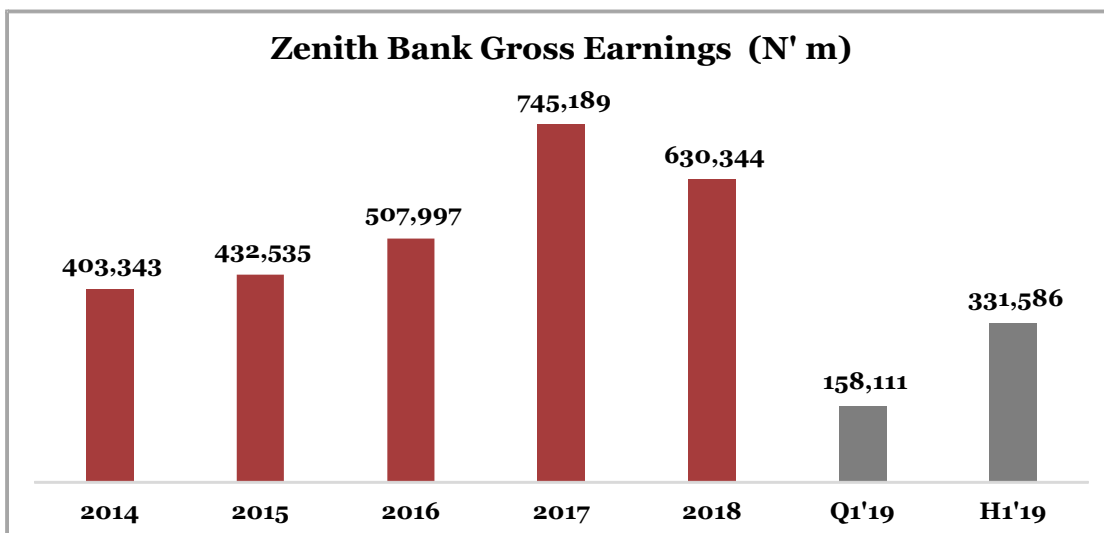
### 3.13 Zenith Bank Plc

#### 3.13.1 Profitability

Gross earnings grew by **+2.91%** from N322.20bn in H1'18 to N331.57bn in H1'19 (See Chart 76 below). The bank's operating expenses rose by **+1.08%** from 125.48bn in H1'18 to N126.83bn in H1'19. Operating income increased to N252.25bn in H1'19 from N237.77bn in H1'18; a growth of **+6.09%**. Although, Net interest income dived by **-7.43%** to N142.52bn in H1'19 from N153.96bn in H1'18. Non-interest income made up for the loss in net interest income with a growth of **+23.86%** from N88.60bn in H1'18 to N109.73bn in H1'19. The non-interest income contributed 43.50% of operating income in H1'19 as against 37.26% contribution in H1'18. The cost-to-income ratio dropped to 50.28% in H1'19 as against 52.77% recorded in H1'18. Impairment charges increased to N13.74bn in H1'19 from N9.72bn in H1'18; a spike of **+41.31%**.

The bank's profit before tax grew by **+4.02%** to N111.68bn in H1'19 from N107.36bn in H1'18; while PAT grew by **+8.74%** to N88.88bn in H1'19 from N81.74bn in H1'18. Profit margin rose to 33.68% in H1'19 as against 33.32% recorded in H1'18.

**Chart 76: Zenith Bank Plc Gross Earnings (N'm) H1 2019**

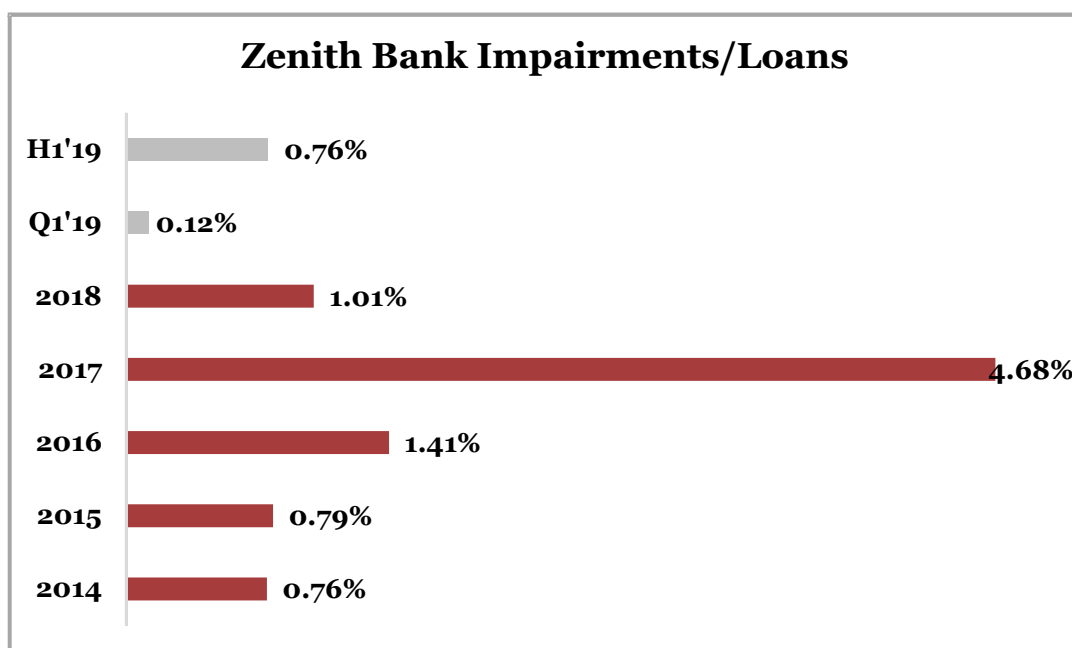


Source: Zenith Bank's financial statement for H1 2019

### 3.13.2 Asset Quality

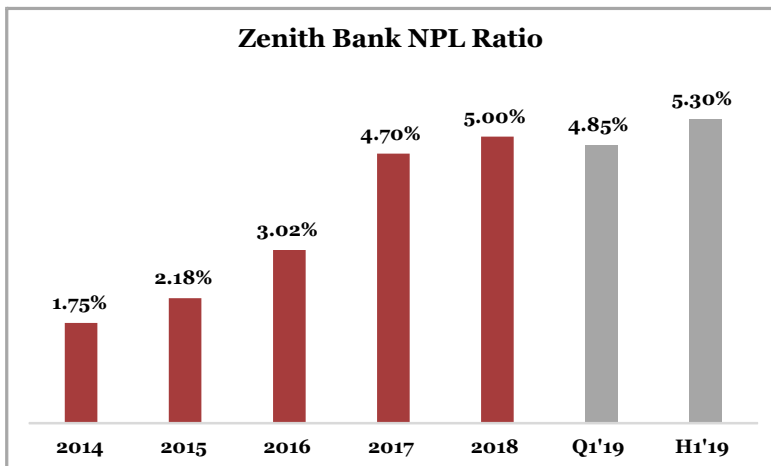
Impairment to loan ratio dropped to 0.76% in H1'19 as against 1.01% in Dec'18 (See Chart 77 below). The bank cost of risk rose to 1.40% in H'19 as against 0.90% recorded in H1'18. Non-performing loan rose to 5.30% in H1'19 as against 5.00% recorded in FY'18 (See Chart 78 below). The bank recorded 1.89% return on total assets in H1 2019 while return on equity was 13.63% in H1'19.

**Chart 77: Zenith Bank Impairments in H1 2019**



Source: Zenith Bank financial statement H1 2019

**Chart 78: Zenith Bank NPL in H1 2019**

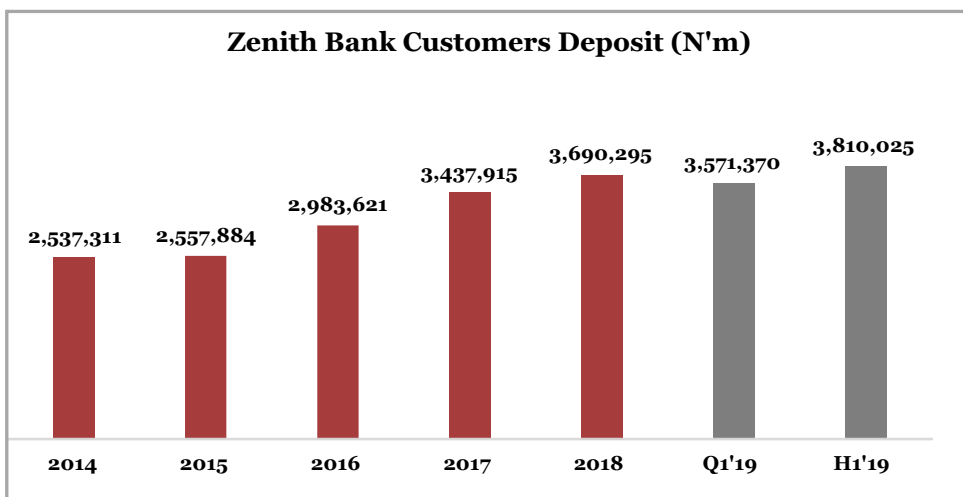


Source: Zenith Bank financial statement H1 2019

### 3.13.3 Liquidity

The total Assets of the bank dipped by **-0.96%** to N5.90trn in H1'19 from N5.96trn in FY'18. Its total liabilities also dropped by **-1.18%** to N5.08trn in H1'18 from N5.14trn in FY'18. Its liquidity ratio dropped to 74.60% in H1'19 from 80.90% in FY'18. Loan and advances to customers dipped by **-1.17%** from N1.80trn in FY'18 to N1.82trn in H1'19. Customer's deposit on the other hand rose by **+3.24%** to N3.81trn in H1'19 from N3.69trn in FY'18 (See Chart 79 below). This further reflects in the loan-to-deposit ratio which slipped to 47.29% in H1'19 as against 49.40% recorded in FY'18. This is below the CBN minimum regulatory requirement of 60% and puts the bank under pressure to meet up with the targeted 60% before September 30, 2019. Non-performing loan rose to 5.30% in H1'19 as against 5.00% recorded in FY'18. With the decline in liabilities and assets, Shareholders' fund grew by **+0.46%** from N815.75bn in FY'18 to N819.51bn in H1'19.

**Chart 79: Zenith Bank Customer Deposit (N'm)**

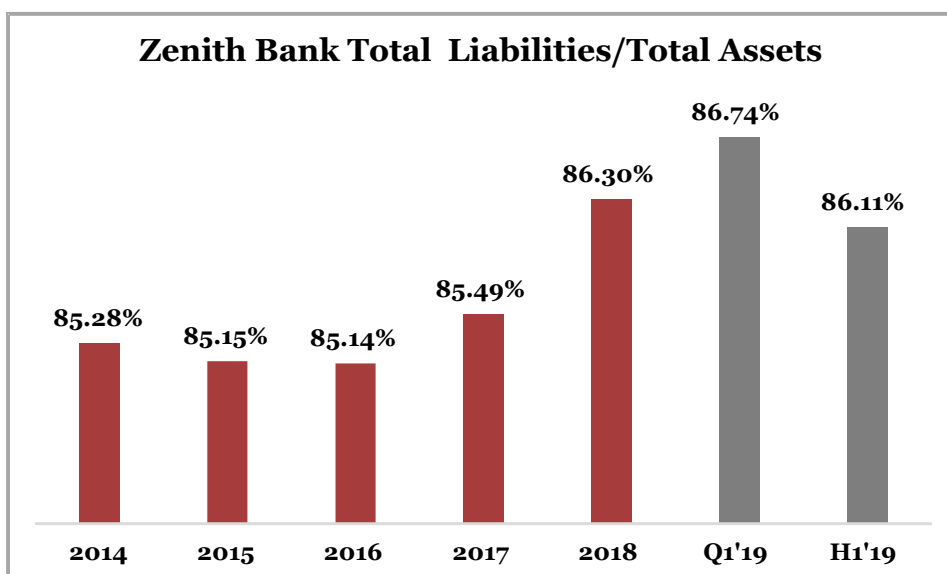


Source: Zenith Bank's financial statement for H1 2019

### 3.13.4 Leverage

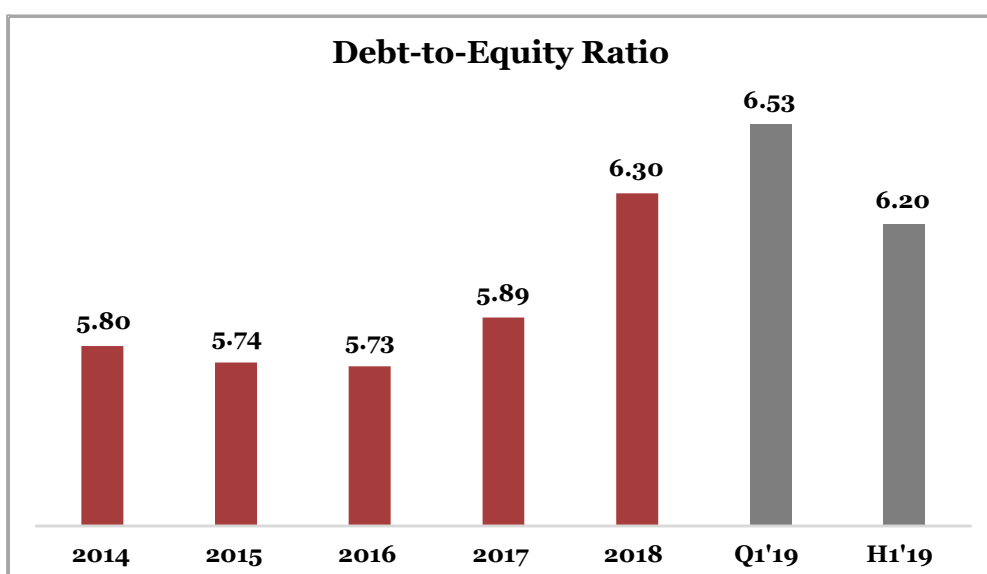
The bank's leverage ratio for H1'19 stood at 86.11% indicating that the bank is highly leveraged (See Chart 80 below). Debt to equity ratio for H1'19 stood at 6.20 which reflects that it finances more of its operation through debt than equity and its liabilities is 6 times its shareholder's fund (See Chart 81 below). Capital adequacy ratio of 25% recorded in Fy'18 was maintained in H1'19.

**Chart 80: Total Liabilities to Total Assets Ratio of Zenith Bank 2014-H1 2019**



Source: Zenith Bank's financial statement for H1 2019

**Chart 81: Debt-to-equity Ratio of Zenith Bank 2014-H1 2019**

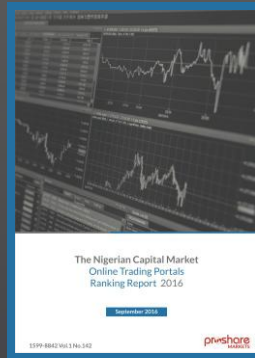


Source: Zenith Bank financial statement H1 2019

H1 2016



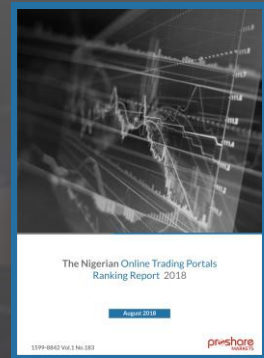
H2 2016



2017



2018



# Online Trading Ranking Report

powered by **proshare**  
TECH

# 5<sup>th</sup> Edition: 2019



“Watch out for the report in August 2019”

✉ [research@proshareng.com](mailto:research@proshareng.com)

☎ 0700-PROSHARE, 01-454 3811

## Power In The Boardroom



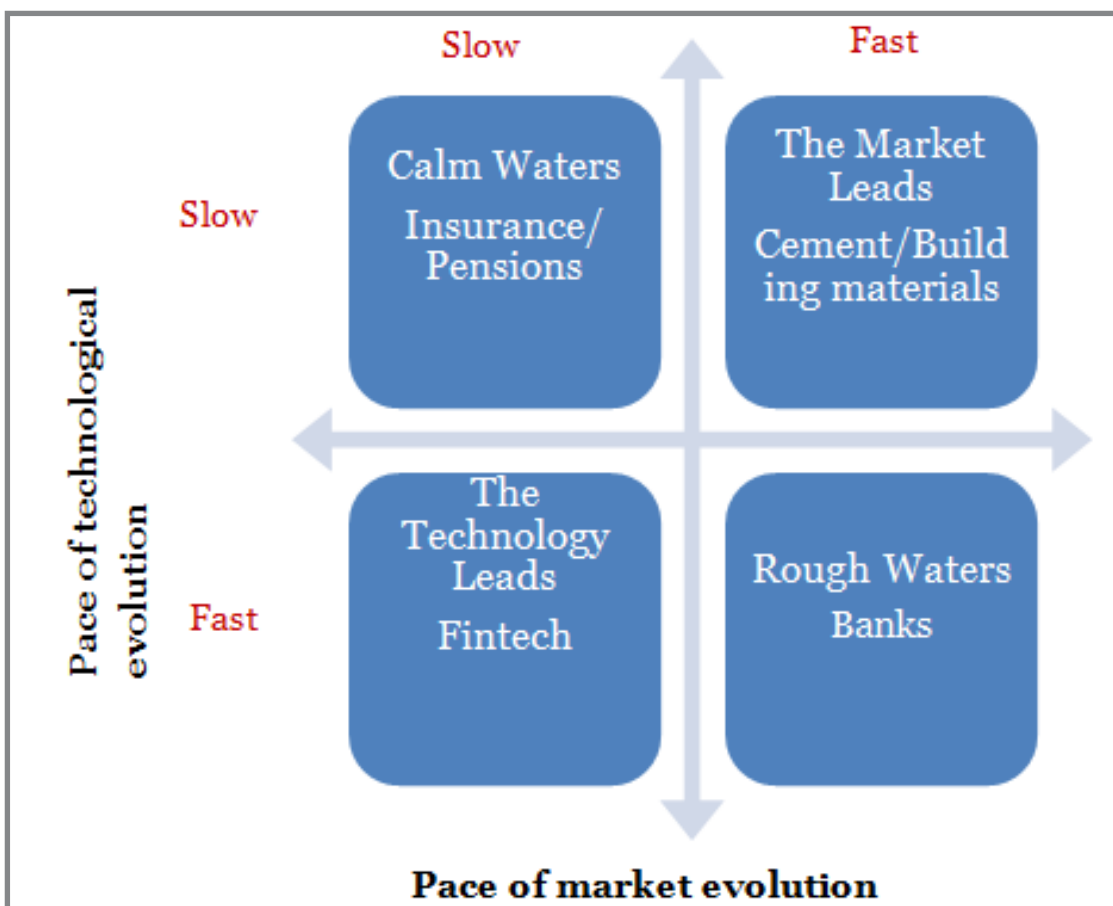
# Periscoping Banking Strategies in 2019/2020



Banks will review both tactics and strategies heading into 2020 as managements prepare contingency arrangements for potential global and national growth reversals. Nigeria's economic link to the global economy has deepened in the last decade and so measures used to isolate the domestic economy from the impact of a decelerating global market in 2008 will no longer work. The next recession could hit Nigeria significantly harder than the economic slowdown of 2015/2017 when GDP growth turned negative.

What will shape the future challenge for banks is the pace and dimension of the intrusion of InfoTech and Telco companies into the finance space. Already Telcos such as MTN have applied and received regulatory license to operate agency money transfer/micro lending activities similar to that of Safaricom's M-PESA in Kenya. The pace of technology and market evolution will make banking/finance services increasingly competitive with lower margins and higher pressure on operating scale (see illustration 1 below).

**Illustration 1: Technology and Market Evolution Matrix**



Source: Proshare content

Banks like Access Bank, Zenith Bank, FBNH (specifically FBN) and GT Bank are fast consolidating their relative strength in the digital market space and are ramping up on deployment of tools to mirror the aspirational positioning of consumers in the Generation-X and Generation-Y categories, who are increasingly becoming a larger proportion of non-corporate banking clientele.

Going forward banks will need to identify satisfaction drivers by service segments such as Current Accounts, Savings Account, Personal Loans and Mortgages. Drivers for each segment will differ in order of importance. ***The experiential journey of the average customer will be assessed against the bank's ability to deliver on both expressed and unexpressed desires. If a bank does not align with the aspirations of its customers it will likely lose such customers a lot faster today than a decade ago as migration costs have increasingly fallen.***

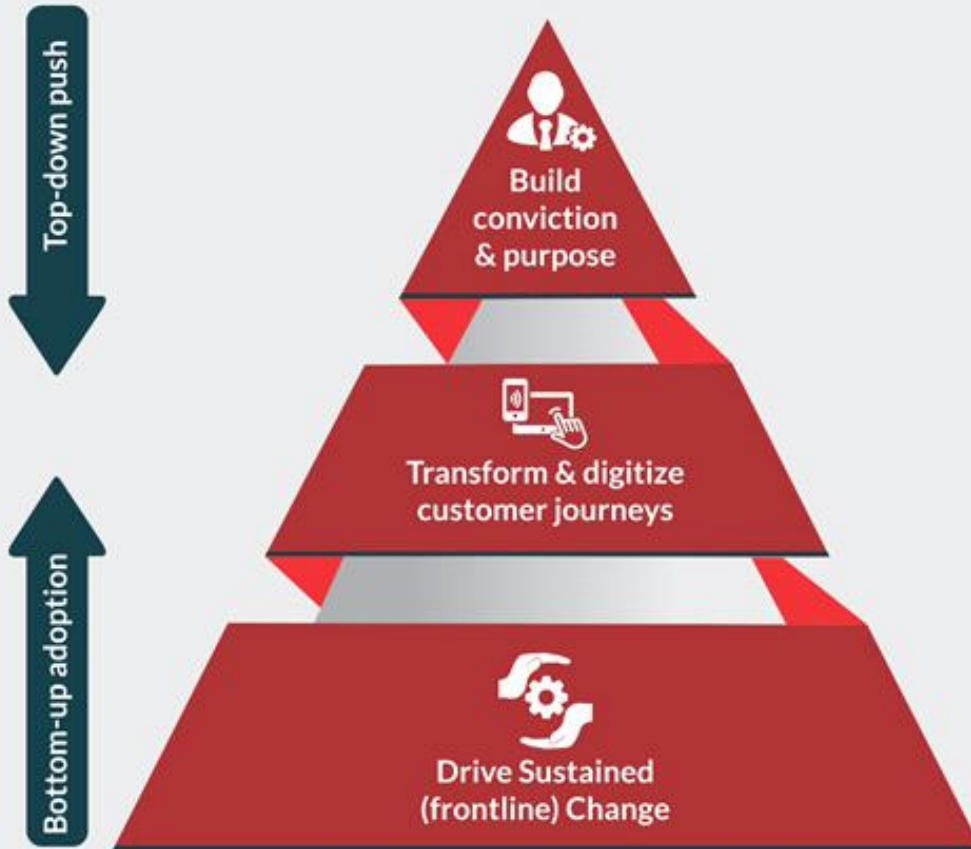
Two push factors will define the success of Nigerian banks in meeting the aspirational needs of their customers in months ahead; the first push will be the, 'top-down push', this will involve capturing and profiling common purpose and aspiration and keying into the behaviour/culture of the customer to detail how the bank's business process align to meeting and perhaps exceeding the customers goal/s. This will require big data and consumer analytics for strategic decision making.

The push from below will involve local banks adopting a bottom up strategy where they use analytics in the context of a feedback loop for quick response to customer's needs. This will involve capability building and a culture of continuous improvement. ***Big data would require action beyond analysis as the response to information from analytics will shape how the bank optimizes the experiential journey of its customer.*** This will involve Target-setting across sub-systems, Performance management, and pecuniary and non-pecuniary incentives.

To achieve success in the financial service space between 2019 and 2020, banks will need to pay critical attention to how they respond to the results of big data and analytics, they must prioritize customer needs, pain points and aspirational defaults (a review of customer sub-journey satisfaction will prove critical).

Nigerian banks will need to develop integrated transformational roadmaps which will require leveraging synergies from digital assets. Three key areas of strategic implementation will involve: design thinking, lean evolution and organizational flexibility. For a bank like Access Bank that is coming to terms with the finer points of its recent acquisition of the erstwhile Diamond Bank these issues are particularly important (see illustration 2 below).

# WORKING THE BANK CUSTOMER EXPERIENCE JOURNEY



Source: Proshare Content

proshare  
MARKETS

# The Infotech of Everything



Information technology (Infotech) has and will continue to be a dynamic part of the evolution of the payment/settlement system and will likely infiltrate the credit/lending system and the overall commercial retail journey of the average bank customer.

The financial service architecture over the next two years should witness a number of major shifts driven by infotech applications that reshape the customer's experience in ways of convenience, time-saving, knowledge-sharing and cost-reduction. Banks that do not take these considerations into account in designing service enhancements for customers will find themselves looking at balance sheet figures dipped in red. To build top line earning growth the infotech experience must be integrated into the customer's daily lifestyle journey, this will involve **big data, machine learning, analytics, and Artificial Intelligence (AI)**.

## 5.1 The Fiscal Reality of an Infotech World

Local banks that head up the pursuit of Artificial Intelligence (AI) and improve the customer's transaction experience and service life cycle journey will corner a larger slice of the increasingly maverick consumer spending wallet. Larger banks seem, so far, to be at an advantage when it comes to the race for the application of technology to the improvement of the customer service experience, banks like Access Bank and GT Bank have established tech foundries that are primed to reduce time-to-market of service add-ons and are leading the charge towards increasing the influence of technology in achieving competitive advantage. The efficient use of technology in service delivery will gradually enable larger banks with better economies of scale and scope provide bespoke products at cheaper costs and improve distribution channels as customer expand the use of their mobile devices. This means that going forward industry cost to income ratios (CIRs) will fall from a H1 2019 median of 70.5% for banks listed on the NSE to a median of between 56% and 58% by H1 2020.

Technology has reduced the use of cheque books and other paper documents, thereby, freeing up cash tied up in so-called bank 'menu costs' and releasing human capital from back office drudgery. The new bank staff requirement is in the area of data analytics, big data management and informatics. A data analyst or engineer would, perhaps, be more useful in a modern banking environment than say, a bulk counter.

As more transactions become digital with greater financial inclusion (which has improved with the implementation of agency banking and more recently the introduction of Telcos into the payment/settlement ecosystem), banks will gradually see their costs slide down.

ETI, for example has migrated its banking software from flexcube 7 to the more contemporary flexcube 12, this gives it a higher capacity to meet the consumers retail experiential aspirations. The bank has also deliberately reduced the average age of its potential management staff through its trainee academy selection process and is likely to allow retirement take care of the aging upper crust of its senior executives. Looking in from the outside if the bank's plans work properly, in about 5 years it should have a young and tech savvy crop of managers bearing the weight of the foray into the new digital banking age. With 2 early deployment big data processing centres in Africa the bank should be in a position to provide seamless banking services across its 33 continental markets. **The competitive capacity to serve multiple African markets simultaneously with equivalent service level quality would perhaps be a significant 'tipping point' in the group's strategy.**

Currently, ETI has dominant market positioning in Francophone West Africa (UMEOA) where it is typically amongst the top 3 banks in each of the thirteen countries. In Ghana ETI also has a significant presence and is doing better than inflation adjusted returns on equity. However, with a population assumed to be around 200m out of a total West African population of 370m, Nigeria remains an important market with aspiration opportunities that may be exploited effectively through ETI's technology application.

Banks with technology initiatives may, however, be limited by the need for 'leadership' economics to kick in, this means that the scale of operations of the banks may need to be made larger to reduce near term operational costs over a reasonable period of time. The large investments in fixed technology assets imply higher breakeven margins and so a sustainable cost recovery plan would require operational scales that improve the economics of the business. In the light of the imperatives of growing market share, a number of new banking sector (and probably insurance sector) M&As could be lurking in the shadows.

**Welcome to the Intelligence Market Place**

Find Insights & Research Reports from Proshare & Other Experts in these Categories:

- 📍 Economy
- 📍 Market
- 📍 Business
- 📍 Technology
- 📍 Finance
- 📍 Regulation

**Get STARTED**

The advertisement displays a grid of research reports with titles such as 'Money Market: The Path Ahead', 'AMCON and Financial Services Debt Burden in Nigeria', 'The Nigerian Online Trading Portals Ranking Report 2018', and 'Days After Report: Nigeria in 100 Days'. The Proshare logo is visible in the bottom right corner of the grid.

# Leadership & Integrity; The Banker's Last Refuge



Integrity has become an increasingly important ingredient in the corporate management mix. The cavalier days of rogue bank officers swindling depositors of their money and riding off into the sunset to live lives of luxury and ease is fast disappearing. Institutional agencies of state (the Economic and Financial Crimes Commission (EFCC), the National Fraud Investigation Unit (NFIU), and Independent Corrupt Practices Commission (ICPC)) plus private sector-led initiatives such as the [Convention on Business Integrity \(CBI\) Nigeria](#) are pushing back at poor conduct in private corporate and public administrative offices.

For banks, the issue of leadership and integrity have become major touchpoints in competitive conversations as bank and corporate performances financial statements must not only be seen to be believable, they must also pass the test of both regulator and investor scrutiny. As financial services become increasingly commoditized (in other words there is little distinction in service offerings), speed and capital size will be less important than customer and investor perception of leadership brilliance and integrity; cash capital will be lower on the corporate value totem than brand integrity, reliability and trust.

***Patriotism may have been considered by British writer Samuel Jackson as, “the last refuge of a scoundrel”, but Nigerian bankers last refuge is their integrity. Without a clear charter of business conduct, financial institutions will find it difficult to create and sustain a central business ethos which stakeholders can identify and relate to as a barometer of their core business values.***

Going forward, stakeholders will take issues of corporate integrity, leadership quality and internal compliance to global governance standards with greater interest as high operational risk could arise from low governance quality. Banks will need to tune up internal control and develop more intense leadership selection processes to ensure corporate sustainability.

Compliance with well-articulated governance codes will be more pressing as stakeholders hold banks to exacting standards of corporate probity, especially as contagion caused by poor leadership could ruin the industry and by extension the economy. Failures of banks such as the erstwhile Skye Bank (now Polaris Bank), Keystone Bank (under new management), and the old Diamond Bank (acquired by Access Bank) highlight the potential challenges of weak internal control and unsteady management.

Initiatives such as the Business Action Against Corruption (BAAC) sponsored by the Convention on Business Integrity (CBI) will increasingly play a significant role in ensuring that corporate governance standards in Nigeria improve noticeably. Through its measurement, advocacy and educational initiatives, CBI will nudge institutions such as DMBs to consistently and pervasively improve the quality of corporate behavior and leadership.

Bankers really do not have much choice in the matter. Trust rests on confidence in underlying integrity and good conduct and since the business of banking is a business of trust, banks and their bankers need to build a canopy of trust over their operations and customer interface.

Admittedly over the last two decades' local banks have serially breached customer confidence by rampant insider abuse by managers and board members who have used depositor's funds to lend to businesses in which they had significant equity interest or for which the credit appraisal memorandum (CAM) was shoddy and speculative. The old Skye Bank was a classic example of a good apple gone bad. Other earlier banks that had governance challenges were the old Afribank, BankPHB, and Spring Bank.

## 6.1 The Macroeconomic Imperative of Leadership & Integrity

Even at the broader macroeconomic level, integrity and leadership are crucial to sustaining a growth agenda that improves economy-wide wellbeing (see illustration below). The three critical pillars that rest on the foundation of leadership and integrity are the following:

- 🔑 Plans
- 🔑 Processes and,
- 🔑 People

Ethical action in governance percolates down to appropriate corporate governance approaches in private businesses as processes, procedures and sanctions instantaneously punish poor conduct. When structures are erected to reward good governance and sanction poor practices, systems tend to comply with minimal acceptable business and governance standards.

Institutional character needs to be built around individuals who will take their cue from strong institutional guidance rather than compelling personal preferences or idiosyncrasies. Strong institutions are more credible indicators of corporate integrity than strong individuals.

At the core of an institutions being should be its ethos, the principles by which it conducts itself and subjects itself to third party scrutiny. The ethos forms the basis of crafting plans and adopting processes and procedures while recruiting people and deploying technology that deliver upon the corporate value proposition (see illustration below). As with the economic aspiration of growth and development so with the corporate aspiration of profitability and expansion. Institutions require ethical/governance foundations to thrive in a sustained manner regardless of external challenges.

The fragile nature of Nigeria's banking system has been the product of a governance gap that has not fully internalized the role of integrity as a corporate guidance construct. For institutions either public or private to work well they must be structured to be responsive to clear policies, guidance manuals and procedures that template internal governance practices in such a way as to guarantee minimum compliance with the rule books and equally deliver on the company's

service proposition. Several organisations, banks inclusive find it difficult to translate best governance practices into a set of routine actions that support the delivery of the value objectives the management set out to achieve. For example, Heritage Bank, started off as a promising mid-sized banking institution but as soon as it found itself shifting from a customer-centric financial service provider, the numbers and operations started to unravel, as insider-mandates superseded customer aspirations and expectations.

*Leadership and integrity need not serve as convenient corporate buzz words, but should be institutional characteristics that provide the kernel that releases processes and procedures that guarantee operational clarity, consistency, and commitment.*





# Data, Analysis, Infographics & Videos on **2018 Review & 2019 Outlook**

for enquiries contact

✉ market@proshareng.com ☎ 0700-PROSHARE, 01-454 3811

www.proshareng.com



## Conclusion



# Conclusion



**“Banking is necessary Banks are not”**-Bill Gates

H1 results for banks have been a mixed grill of the strong, medium and poor performing. Most of the tier 1 banks showed strong to modest top line earnings growth and modest to weak bottom line operating performance.

The dynamics of banking in a commoditized ecosystem is increasingly making the service of banking a technology play; bricks and mortar though intimidating and an ode to corporate egos is fast becoming as institutionally outdated as a dinosaur. In a recent televised interview on a local Nigerian cable station, the managing director of GT Bank, Segun Agbaje, note that the bank was not out to be the biggest but, “we are targeted at return on equity and scale. If we can scale our operations to deliver the best customer experience at the lowest operational cost, we are fine”.

## 7.1 Equity Returns and the New Banking Order

Not surprisingly, therefore, GT Bank had the highest return on equity (ROE) for local banks in H1 2019. The bank had a H1 2019 equity return of 16.4% followed by StanbicIBTC at 13.7% and Zenith Bank at 10.9%, with the exception of Zenith Bank, by relative asset size GT Bank and StanbicIBTC are smaller institutions relative to ETI (Ecobank), Access Bank, FBNH and UBA. In other words, superior returns to shareholder's funds has little to do with bank size as it does with efficiency and resource management. This also shows up in GT Bank's CIR of 37.6% and StanbicIBTC's CIR of 53.2% (**see section 2 of this report 'Breaking Into Industry Numbers'**).

Each bank in H1 2019 beat its own unique path with figures that are strongly distinctive and based on the peculiar approach each bank has adopted to respond to the vagaries of the economy and customer's evolving aspirations. Most banks appeared to have taken a hard knuckle approach to their delinquent short term assets as such assets for most banks declined

## 7.2 Bringing Home the Bacon

Most bank risk asset portfolios have gone through rough patches that involved intense loan recovery processes resulting in a number of banks on the NSE, namely; Union Bank, Fidelity Bank and StanbicIBTC posting large loan write backs. Union Bank posted a H1 2019 write back of N4.5bn, Fidelity Bank N768m and StanbicIBTC N557m. Using returns to CBN for H1 2019 Standard Chartered Bank had a write back of N1.8bn while Sun Trust Bank wrote back N7.0bn

in previously lost earnings.

As banks recover bad debts they also revise their survival playbook. The three cornerstones of their forward play is to do the following:

- 📍 Reimagine the future
- 📍 Rethink the past and,
- 📍 Reconsider the present concerns



In the broad scheme of things H1 2019 results of local Nigerian banks provide insight into the molten strategy of banks to reposition their businesses. Whether they succeed or not will depend on their establishment and management of integrity-based internal frameworks and the application of cutting edge technology crafted to simplify and enhance the customer's user experience. Banks as we know them today may be going out of fashion but the function of banking remains alive and well.



# Report Methodology



The report relies on three (3) primary sources of information: 1. The Nigerian Stock Exchange (NSE) 2. Audited Accounts of Listed Companies on the NSE 3. Proshare Investor Relations (IR) Pages. The report relied on audited corporate statement of accounts over a period of five years (2014-2018) for P&L and Statement of Financial Position for each bank analysed and listed in the relevant pages of the report. We also relied on disclosures in notes to the respective accounts. The data sets were disaggregated for meaningful analysis and interpretation. We equally engaged in other in-house modeling processes to provide clarity by way of dimensioning time series and cross sectional data. The cutoff date for our analysis was August 2019, reports submitted outside this date were not considered and will be included in any subsequent report we publish on banks listed on the NSE. Full year annual accounts used for data analysis were from the financial year ended December 2014 to financial year ended December 2018.

For banks not listed on the Nigerian Stock Exchange we relied on information supplied by banks in their financial returns submitted to the Central Bank of Nigeria for H1 2019. There were some differences between the banks published accounts and the figures contained in their reports to the CBN. Preference was given to published reports but where such reports were not available recourse was made to CBN reports for H1 2019.

The analysis essentially took a time series approach to historical data and took line items over a five-and-a-half-year period from either the profit and loss accounts of the banking institutions or their statement of financial position (balance sheet). The qualitative aspects of the report were drawn from discussions with senior banking officials or theoretical constructs applied to emerging market developments.

Regression analysis and e-views analytical tools were applied to a variety of data sets from bank financial statements to establish relationships between dependent and independent variables within the data architecture. Some results were frivolous, others consistent with existing theory while some were interesting oddities that contradicted basic theoretical postulations. The detailed regression and other analytical results were deliberately left out of the report to make it as easy to read and understand as possible and to ensure that the technical details do not distract from the central insights gained during the research process.



# Related Links and References



## Related News on Banking Sector

1. Banking Sector Update - Latest Cashless Initiative Largely Positive For Banks – Sep 18, 2019
2. Nigerian Banking Sector Recovery Still Hampered By Bad Loans – Jul 29, 2019
3. Banking Sector Update - Reviewed SDF Guidelines: Clear Intent; Minor Impact – Jul 12, 2019
4. Banking Sector Records 557.08m Volume of Transactions in Q1 2019 - NBS – May 31, 2019
5. The Many Headaches Of Keystone Bank – Underlying Pressures Persist – Mar 31, 2019
6. PDF: Heritage Bank – The Game Is Up: Time For A New Player With A Market GamePlan – Mar 2019
7. Nigeria: Macro-Economic and Banking Sector Themes For 2019 – Jan 28, 2019
8. How The Rules of The Game Are Changing in Africa's Banking Sector – Oct 28, 2018
9. Afrinvest Banking Sector Report Sets Agenda for New Government – Oct 17, 2018
10. FSDH Research Forecasts a Growth in the Banking Sector Credit to Private Sector – Apr 03, 2018
11. PDF: FBNH Performance Assessment Report 2017 H1 20171018 – Jun 2017
12. PDF: Analysing the Performance of FBN Holdings Plc – Mar 2017
13. Application of International Standard on Auditing (ISA) 701 in the Banking Sector – Feb 06, 2017

proshare  
MARKETS



Available on  
Google iOS

Get Access to  
**DATA, TOOLS &  
RESEARCH REPORT**

**SUBSCRIBE NOW**

**\$10**  
Per Annum



for more info, visit [www.proshareng.com/market](http://www.proshareng.com/market) or Call 0700PROSHARE

## **Related News On H1 2019 Corporate Results**

1. [ACCESS Declares N63.03bn PAT in Q2 2019 Results; Proposes 25k Interim Dividend,\(SP:N6.45k\) – Sep 06, 2019](#)
2. [UBA Declares N56.74bn PAT in Q2 2019 Results; Proposes 20k per share Interim Dividend,\(SP:N5.85k\) – Aug 30, 2019](#)
3. [FIDELITYBK Declares N13.69bn PAT in Q2 2019 Results \(SP:N1:66k\) – Aug 30, 2019](#)
4. [STANBIC Declares N36.25bn PAT in Q2 2019; Proposes N1.00 Interim Dividend,\(SP:N35.00k\) – Aug 28, 2019](#)
5. [ZENITHBANK Declares N88.88bn PAT in Q2 2019 Results SP:N16.00k – Aug 20, 2019](#)
6. [GUARANTY Declares N99.13bn PAT in Q2 2019 Results; Proposes No.30kobo Interim Dividend,\(SP:N25.75k\) – Aug 16, 2019](#)
7. [STERLNBANK Declares N5.66bn PAT in Q2 2019 Results,\(SP:N2.24k\) – Jul 31, 2019](#)
8. [UNITYBNK Declares N967.51m PAT in Q2 2019 Results,\(SP:No.63k\) – Jul 31, 2019](#)
9. [UNITYBNK Declares N967.51m PAT in Q2 2019 Results,\(SP:No.63k\) – Jul 31, 2019](#)
10. [FBNH Declares N31.72bn PAT in Q2 2019 Results,\(SP:N5.65k\) – Jul 30, 2019](#)
11. [UBN Declares N11.85bn PAT in Q2 2019 Results,\(SP:N6.85K\) – Jul 30, 2019](#)
12. [FCMB Declares N7.53bn PAT in Q2 2019 Results, \(SP:N1.65k\) – Jul 29, 2019](#)
13. [WEMABANK Declares N2.25bn PAT in Q2 2019 Results,\(SP:No.62k\) – Jul 29, 2019](#)
14. [ETI Declares N59.49bn PAT in Q2 2019 Results, \(SP:N9.00k\) – Jul 26, 2019](#)

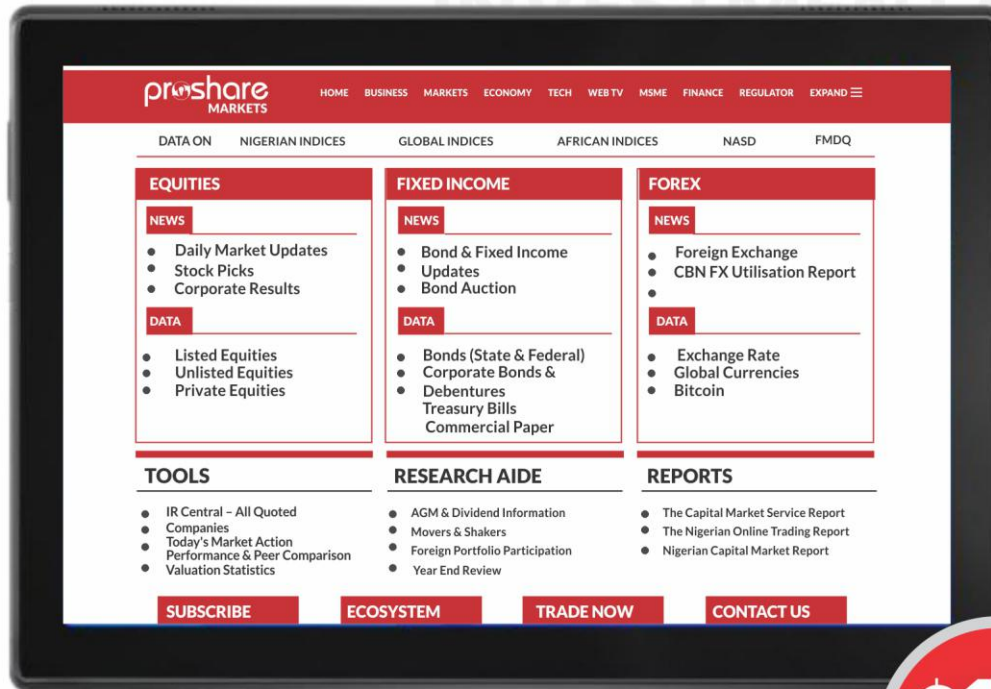
## **Related Links on Banks H1' 2019 Financial Reports**

1. [Report for the Period ended 30th June 2019 - ACCESS Plc - Sep 06, 2019](#)
2. [Report for the Period ended 30th June 2019 - UBA Plc - Aug 30, 2019](#)
3. [Report for the Period ended 30th June 2019 - Fidelity Bank Plc - Aug 30, 2019](#)
4. [Report for the Period ended 30th June 2019 - STANBIC IBTC - Aug 28, 2019](#)
5. [Report for the Period ended 30th June 2019 - ZENITHBANK Plc - Aug 20, 2019](#)

6. Report for the period ended 30th June 2019 –GTBANK Plc. - Aug 16, 2019
7. Report for the Period ended 30th June 2019 – STERLNBANK Plc - Jul 31, 2019
8. Report for the Period ended 30th June 2019 – UNITYBNK Plc - Jul 31, 2019
9. Report for the Period ended 30th June 2019 – FBNH Plc - Jul 30, 2019
10. Report for the Period ended 30th June 2019 – UBN Plc - Jul 30, 2019
11. Report for the Period ended 30th June 2019 – FCMB Plc - Jul 29, 2019
12. Report for the Period ended 30th June 2019 – WEMABANK Plc - Jul 29, 2019
13. Report for the Period ended 30th June 2019 – ETI Plc - Jul 26, 2019

### **Most Recent Proshare Confidential Reports**

1. CEO Remuneration: Making Sense Of The Numbers For Listed Companies In Nigeria – Jul 12, 2019
2. MTN Listing: Price Momentum Breaks on Rise In Traded Stocks; Proshare Writes Memo to Market – May 26, 2019
3. Budget 2019: The Hidden Monsters – Feb 13, 2019
4. Surviving Uncertain Times in the Nigerian Financial Market – Jan 19, 2019
5. The Rich, The Poor and Buharinomics – Nov 23, 2018
6. Nigerian Banks' Performance – H1 2018 – Sep 26, 2018
7. AMCON and Financial Services Debt Burden in Nigeria – Aug 17, 2018
8. Poverty Tracker and Nigeria: Raising The Red Flag – Jul 06, 2018
9. POCKET Economics: Addressing Income Inequality – Jun 07, 2018
10. The Silent Drug Epidemic: A Gathering Storm – May 03, 2018
11. Judging IMF's Position on Development Indices – Apr 12, 2018
12. Money Market: The Folk Road – Mar 05, 2018
13. The Headache of Missing Targets – Jan 29, 2018
14. 2018 Outlook on the Nigerian Economy: The Need for an Even Keel – Dec 29, 2017
15. Nigeria External Economy and the White Noise of Import Dependency – Nov 29, 2017



**\$10**  
per Annum

RESEARCH  
**EXECUTION DATA**  
**STOCK PICKS NEWS**  
TOOLS ANALYSIS REPORT  
**INVESTMENT GUIDES**

**SUBSCRIBE**  
[www.proshareng.com/market](http://www.proshareng.com/market)  
**Investor Relations Services**

# Advice To Users Of This Report



Proshare Nigeria, founded in December 2016, is Nigeria's No. 1 and most trusted online financial hub dedicated to serve as a critical bridge between the market and investors and stakeholders. Proshare is a multiple award winning and professionally run research, data, news and analysis services firm with eight distinct practice areas – Economy, Business, Markets, Regulators, Technology, MSME, Personal finance and Media.

## Practice Ethos and Disclaimer

Proshare does not guarantee any results or investment returns based on the information contained in this report. Although we have used our best efforts to provide the most accurate information, we cannot promise your future profitability and do not promise verbally or in writing that you will earn a profit when or if you use the information contained therein; or take the actions that might have been prescribed here by the author, our analysts or available on [www.proshareng.com](http://www.proshareng.com).

Ultimately all decisions are made by you. There is risk of loss in all trading and investing decisions. Past performance is not necessarily a guide to future performance and all investment can go down as well as up.

## What You Can Do:

You are given the unlimited right to read, download and print this report and to distribute it electronically (via email, your website, or any other means). You can print out pages and use them in your private discussion groups as long as you acknowledge **Proshare** and you do not alter the material in any way. Most importantly, you should not charge for it.

We encourage professionals and investors alike to send in completed research materials on topics relevant to building a virile intelligent investment culture to us at [info@proshareng.com](mailto:info@proshareng.com). If approved for publishing, we will subject it to the same terms and conditions applicable to information developed by Proshare. We retain the rights however to edit the submission as applicable to conform to practice ethics and market decorum/regulations.

## Copyright:

The copyright in this work belongs to the authors who are solely responsible for the content. Please direct permission requests to the MD/CEO, Proshare Nigeria Limited. This work is licensed under the Proshare trademark and is registered accordingly at the National Library and other relevant agencies. Proshare Reports, a critical part of Proshare's education, empowerment and enlightenment goals is designed to provide feedback and market impact commentary on economic, financial and business developments. While the partners and acknowledged references are responsible for their own work, the report issued is designed to document facts and nothing more.

## Creation Date:

This document was created on **September 20th, 2019** and is based on the best publicly available information at that time. To check for updates, kindly send us an e-mail. Thank you.

Head, Research

Managing Editor



## EVENT UPDATES

Nigerian-American Chamber of Commerce

NACC 2018 November Breakfast Meeting

THESE CHAMPIONS ON THE RISE, BRING'S BUSINESS TO A MORE SUSTAINABLE FUTURE

NOVEMBER 23-27, 2018 ORENTEL HOTEL LAGOS, NIGERIA

ASEA CONF 2018

THE 22nd Annual African Securities Exchange

FintechNGR Digital Marketing Training

FINTECH ASSOCIATION OF NIGERIA

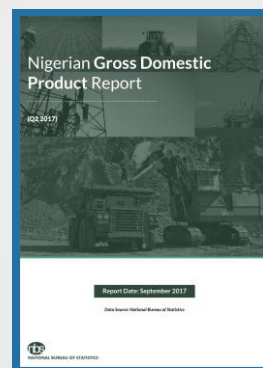
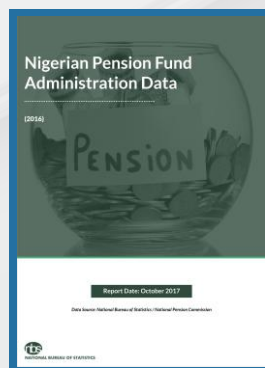
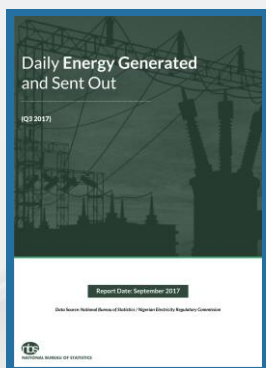
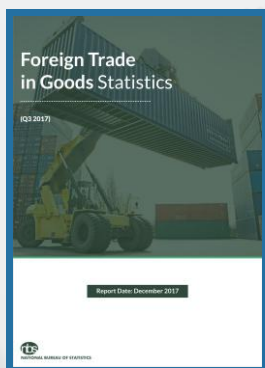
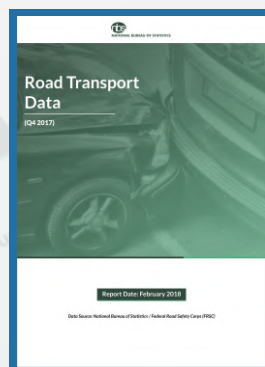
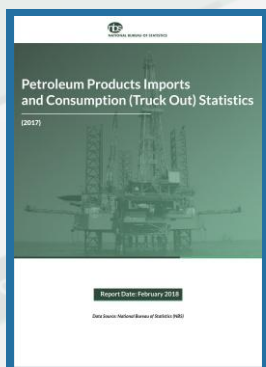
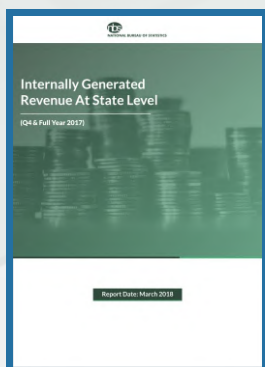
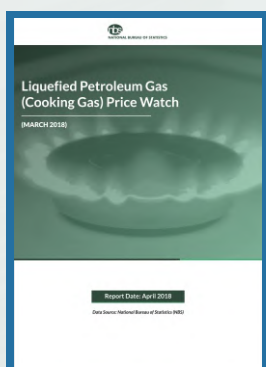
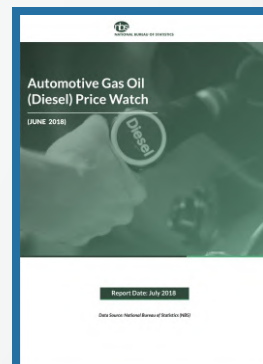
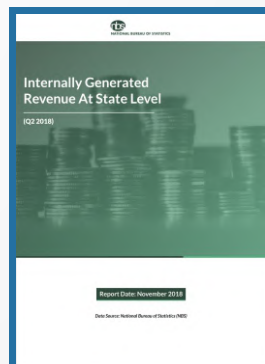
Fintech Nigeria Digital Marketing Training

nbs NATIONAL BUREAU OF STATISTICS

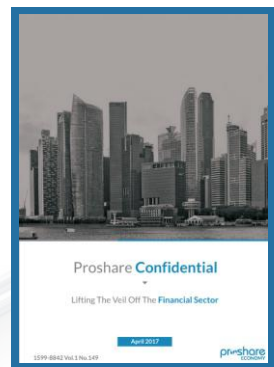
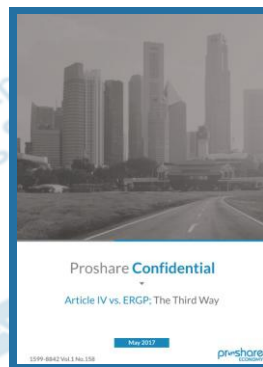
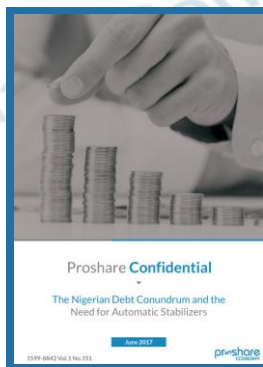
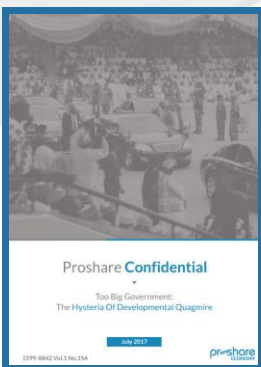
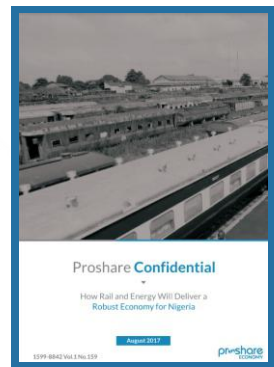
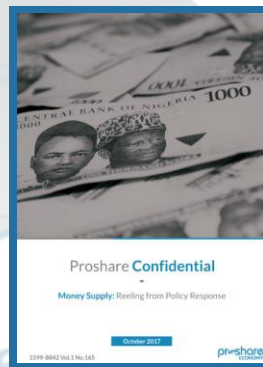
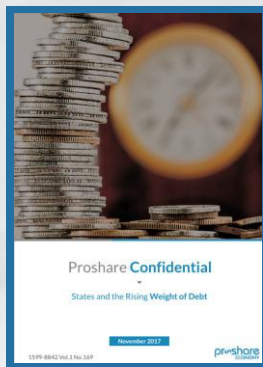
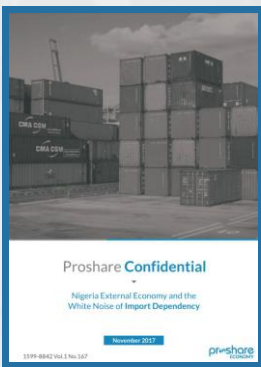
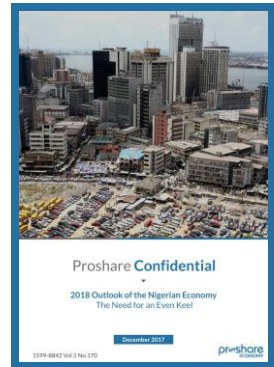
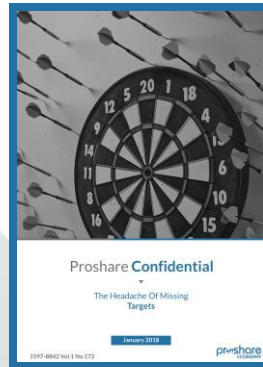
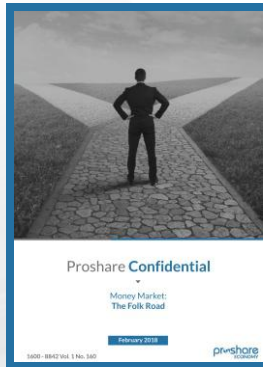
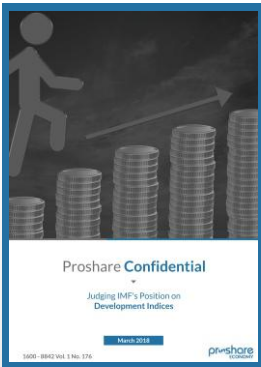
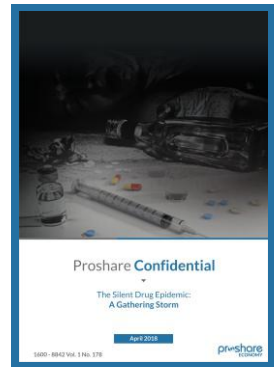
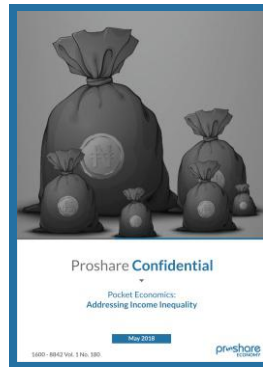
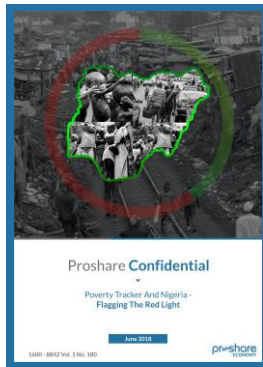
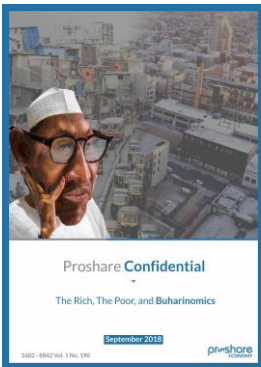
The National Bureau of Statistics

**Market Place: If The Event Matters;  
Find It In Our Event Calendar.**

# ANNUAL NATIONAL BUREAU OF STATISTICS (NBS) REPORT (S)



# MONTHLY PROSHARE CONFIDENTIAL REPORT (S)



Sponsored by: 

# ANNUAL PROSHARE SPECIAL REPORT (S)

**5 Years of Dr. Yemi Kale's Stewardship At The Nbs**

Issued: August, 2016

1599 - 8842 Vol. 1 No. 137

proshare ECONOMY

**Nigeria: In 100 Days**

Days After Report

Nigeria: In 100 Days

Issued: September, 2015

1599 - 8842 Vol. 1 No. 126

proshare ECONOMY

**Technical Analyst Reviews/Calls:**

A Review of the calls/stock picks made in the month of October 2014

Issued: November, 2014

1603 - 8842 Vol. 1 No. 108

proshare MARKETS

**The Market Memorandum**

The Restoration of the Market: Fundamental Considerations for Capital Market Reforms in Nigeria

Issued: September, 2010

1597 - 8842 Vol. 1 No. 48

proshare MARKETS

**Making Money In The Nigerian Capital Market**

Issued: February, 2009

1597 - 8842 Vol. 1 No. 13

proshare MARKETS

**Oando Plc**

Market Memorandum

The Oando Corporate Journey - At The Regulators Gate

December 2017

1599-8842 Vol.1 No.161

proshare Oando

**A State of the Market Report**

The Bull in the China Shop

The New Paradigm for Nigerian Financial Markets

August 2009

ISSN 1597- 8842 Vol. 1 No. 21

proshare MARKETS

**transcorp**

The Initial Public Offering of Transnational Corporation (Nigeria) Limited

An Independently Prepared White Paper

January 2007

978- 978- 079- 899 - 4

proshare MARKETS

# Contacts

This report was put together by Teslim Shitta-Bey, Managing Editor, Proshare Content, under approval from Proshare Research.


## Editorial Team:

Saheed [research@proshareng.com](mailto:research@proshareng.com)

Grace [market@proshareng.com](mailto:market@proshareng.com)


Reshu [coo@proshareng.com](mailto:coo@proshareng.com)

Teslim [content@proshareng.com](mailto:content@proshareng.com)

 PROSHARE NIGERIA: The Upper Room  
Plot 590b, Lekan Asuni Close Omole  
Phase II, Isheri LGA P.O.Box 18782,  
Ikeja, Lagos, Nigeria.

 @proshare

 Proshare Nigeria

 0700 PROSHARE  
+234-818-165-5022

 proshareng

 [info@proshareng.com](mailto:info@proshareng.com)

 ProshareNG

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

 Proshare Nigeria

**proshare**  
MARKETS

ANALYSIS  
STOCK PICKS  
RESEARCH **DATA** INVESTMENT GUIDES  
**NEWS**  
TOOLS REPORT  
EXECUTION

Available on  
 



for more info, visit [www.proshareng.com/market](http://www.proshareng.com/market)  
or Call 0700PROSHARE