



2018

Half Year Report

Group Results

Presentation to Investors & Analysts

Disclaimer

This presentation is based on the consolidated financial statements of Zenith Bank Plc, a company incorporated in Nigeria on 30 May 1990, and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared in accordance with the International Financial Reporting Standard (IFRS), and the going concern principle under the historical cost convention as modified by the measurement of certain financial instruments held at fair value.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosures at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

Agenda

Overview & Operating Environment	Pages 03 – 05
Group Results	Pages 06 – 20
Risk Management	Pages 21 – 26
Business Segments Performance & Subsidiary Review	Pages 27 – 32
Strategy & Outlook	Pages 33 – 37
Q&A	

An aerial photograph of a city, likely Accra, Ghana. The image shows a dense urban area with various buildings, roads, and greenery. A prominent feature is a modern, multi-story building with a glass facade and a tall, slender tower on top. The tower has a blue and yellow logo at its peak. The sky is overcast with grey clouds. A red semi-transparent banner is overlaid on the left side of the image, containing the text "Overview & Operating Environment".

Overview & Operating Environment

Nigerian Economy and Key Developments in the Banking Sector

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

Real GDP Growth:

- Nigeria recorded a real GDP growth of 1.95% YoY in Q1 2018, a drop of 16bps from 2.11% recorded in Q4 2017.
- The Oil sector grew by 14.8% YoY, while the non-oil sector grew by 0.7% - driven largely by activities in the Agriculture Sector (specifically crops), Financial institutions and insurance, Manufacturing, Transportation and Storage, and Information and Communication.

Headline Inflation:

- Headline Inflation moderated to 11.23% YoY in June 2018, representing a 38bps decline from the preceding month. The Food Index (which contributed the most) increased by 12.98% YoY, down from 13.45% recorded in May 2018
- The rise in the food index was caused by increases in prices of Potatoes, yam and other tubers, Bread and cereals, Fish, oils and fats, Milk, Cheese and Eggs, Vegetables, Fruits and Meat.

Oil Production & Price:

- OPEC Average Monthly Basket Price grew by 14.7% in the 2nd quarter of 2018, from \$68.4/bbl recorded at the end of Q1 2018 to \$73.2/bbl recorded at the end Q2 2018.

Foreign Reserves:

- Nigerian foreign reserves grew by 3.2% QoQ from \$46.3bn recorded at the end of Q1 2018 to \$47.8bn recorded at the end of Q2 2018.

Exchange Rate:

- Since the beginning of 2018, we have seen a gradual convergence between the NAFEX and NIFEX exchange rates. Current rates (NGN/USD): NAFEX(I&E) – 362; NIFEX – 351

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

- Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) voted to leave all policy rates unchanged during the meeting held in July 2018 - the Monetary Policy Rate (MPR) at 14%, the Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30%.

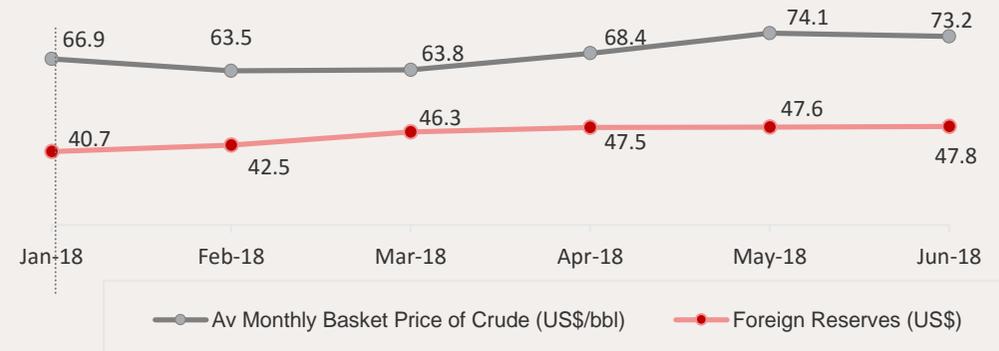
GDP Growth Rate



Inflation Rate



Foreign Reserves / Oil Price



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

Our Investment Proposition

Strong earnings capacity and growth, solid and liquid capital base, strengthened ERM practices, good returns on investment and excellent customer service

A dominant player in the Nigerian Banking Industry:

- Controls a significant share of the high end corporate clients in strategic sectors of the Nigerian economy.
- The bank uses its strong balance sheet and liquidity as well as efficient trade finance processes and services, to continuously grow and support businesses.

Strong Focus on Risk Management:

- Despite the tough operating environment, NPL ratio came in at 4.9% with a coverage ratio of 229.2%.

Decent Dividend Payout:

- Good and consistent dividend payout to its investors.
- The Bank paid a dividend of N1.60 per share for FY2012, N1.75 per share for both FY2013 and FY2014, N1.80 per share for FY2015 and N2.02 per share for FY2016
- A final dividend of N2.45 per share was paid for FY2017, which in addition to the N0.25 per share earlier paid as interim dividend amounted to N2.70 per share.
- The Board of Directors has proposed an interim dividend of N9.42 billion being N0.30 per share from the retained earnings account as at 30 June 2018.

Credit Rating/Certifications:

- Standard and Poor's ratings for Zenith Bank Zenith Bank are: B/Stable/B (Issuer Credit Rating) and ngBBB/ngA-2 (National Scale Rating).
- Fitch ratings are: 1) Long-term foreign currency IDR: 'B+' - Negative Outlook; 2) Short-term foreign currency IDR: 'B'; 3) National Long-term rating: 'AA-(nga)'; 4) National Short-term rating: 'F1+(nga)'.
- Moody's ratings: 1) Long Term Debt - B2 with Stable Outlook; 2) Foreign currency deposit - B3.

Group Results

80000
70000



Financial Highlights – H1 2018

Key Themes

Efficiency and Risk
Management for Superior
Performance

Building A Shock-Proof
Balance Sheet

P or L

Gross Earnings:
₹322.2Bn (15.3%) YoY

Net Interest Income:
₹154.0Bn +10.8% YoY

Profit Before Tax:
₹107.4Bn +16.5% YoY

Profit After Tax:
₹81.7Bn +8.5% YoY

Balance Sheet

Gross Loans &
Advances: **₹2.1Tn** (6.3%) YtD

Total Assets: **₹5.3Tn** (6.1%) YtD

Customers' Deposits:
₹3.2Tn (7.9%) YtD

Total Shareholders'
Funds: **₹719.5Bn** (12.4%) YtD

Financial Highlights – H1 2018 Contd.

Key Ratios

	30-Jun-18	30-Jun-17	% change
Return on average equity (RoAE)	21.2%	21.2%	0%
Return on average assets (RoAA)	3.0%	3.1%	(3%)
EPS	₹ 2.6	₹ 2.4	8%
Net interest margin - NIM (Adjusted)	10.1%	8.6%	17%
Cost of funds	3.4%	6.4%	(47%)
Cost of risk	0.9%	3.6%	(75%)
Cost-to-income ratio	54.9%	56.7%	(3%)
	30-Jun-18	31-Dec-17	% change
Liquidity ratio	77.0%	69.7%	10%
Loan-to-deposit ratio	53.5%	60.5%	(13%)
Capital adequacy ratio (CAR)	21.0%	27.0%	(22%)
Non-performing loan ratio (NPL)	4.9%	4.7%	4%
Coverage ratio	229.2%	143.4%	59.8%

Profit or Loss Statement

Strong bottom-line profitability, driven by improved operating efficiencies in:

- Funding cost
- Risk cost
- Operational cost

(₹ million)	Group 6M 18	Group 6M 17	YoY Change
Gross earnings	322,201	380,440	(15.31)%
Interest and similar income	228,670	262,257	(12.81)%
Interest and similar expense	(74,709)	(123,295)	(39.41)%
Net interest income	153,961	138,962	10.79%
Impairment loss on financial assets	(9,720)	(42,398)	(77.07)%
Net interest income after impairment loss on financial assets	144,241	96,564	49.37%
Fees and commission income	46,708	37,753	23.72%
Trading income	36,807	65,318	(43.65)%
Other income	10,016	15,112	(33.72)%
Amortisation of intangible assets	(7,967)	(5,530)	44.07%
Depreciation of property and equipment	(1,117)	(756)	47.75%
Personnel expenses	(34,808)	(31,033)	12.16%
Operating expenses	(86,522)	(85,245)	1.50%
Profit before income tax	107,358	92,183	16.46%
Income tax expense	(25,621)	(16,866)	51.91%
Profit after tax	81,737	75,317	8.52%

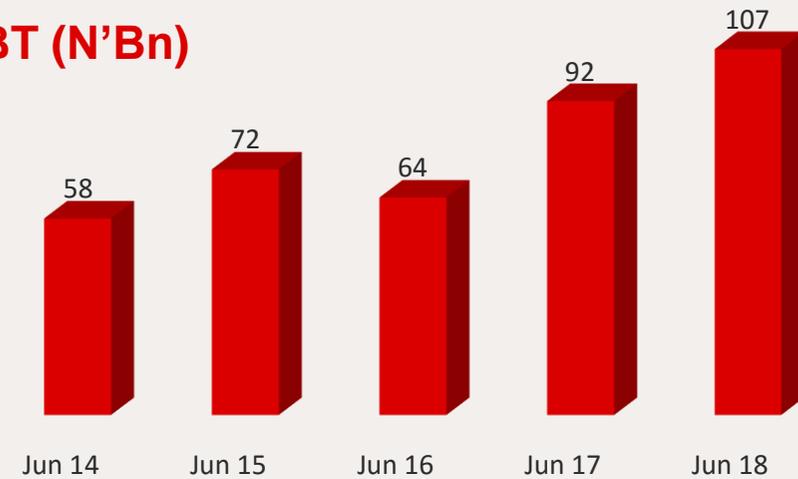
Consolidating Earnings and Profitability

In spite of the macroeconomic backdrop, Zenith Bank has delivered an attractive earnings profile, supported by improving operating efficiency

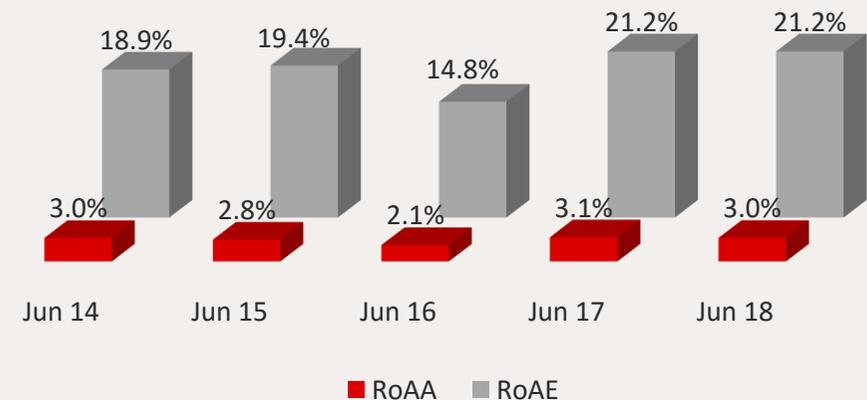
Comments

- **PBT** increased YoY by 16.5% from N92.18bn in H1 2017 to N107.36bn in H1 2018. The 23.7% YoY growth in fees and commission income, 39.4% YoY reduction in interest expense and 77.1% reduction in impairment loss accounted for PBT growth.
- **RoAE** was maintained at the same level of 21.2% despite the significant growth of AMCON Charge at 33% YoY. The bank remains committed to continue to deliver impressive returns to its investors.
- **ROAA** dropped marginally from 3.1% to 3.0% YoY despite the significant decline in the yield environment for money market instruments and drop in average interest rate on loans and advances to customers.

PBT (N'Bn)



RoAA & RoAE



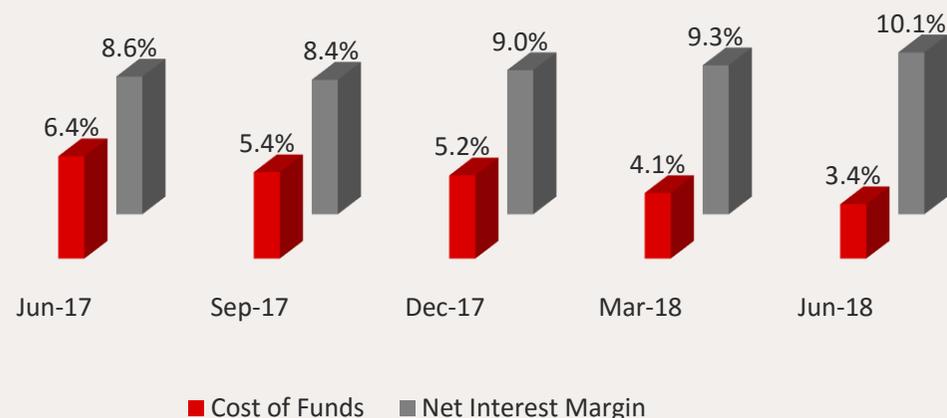
Consolidating Earnings and Profitability Contd.

In spite of the macroeconomic backdrop, Zenith Bank has delivered an attractive earnings profile, supported by improving operating efficiency.

Comments

- **Net Interest Margin - NIM (Adjusted)** increased YoY by 17.4% (from 8.6% in H1 2017 to 10.1% in H1 2018), demonstrating the Group's ability in delivering optimal pricing for its interest-bearing assets and liabilities even in a declining yield environment.
- **Cost of Funds** decreased from 6.4% recorded in H1 2017 to 3.4% in H1 2018 as the bank continues to focus on its drive for low cost deposit mix.
- **Cost-to-Income Ratio** decreased by 3.3% YoY, from 56.7% in H1 2017 to 54.9% in H1 2018. We expect an improved ratio for the remaining of the year, as 6 months' AMCON charge was taken in H1 2018.

Cost of Funds & Net Interest Margin (Adjusted)



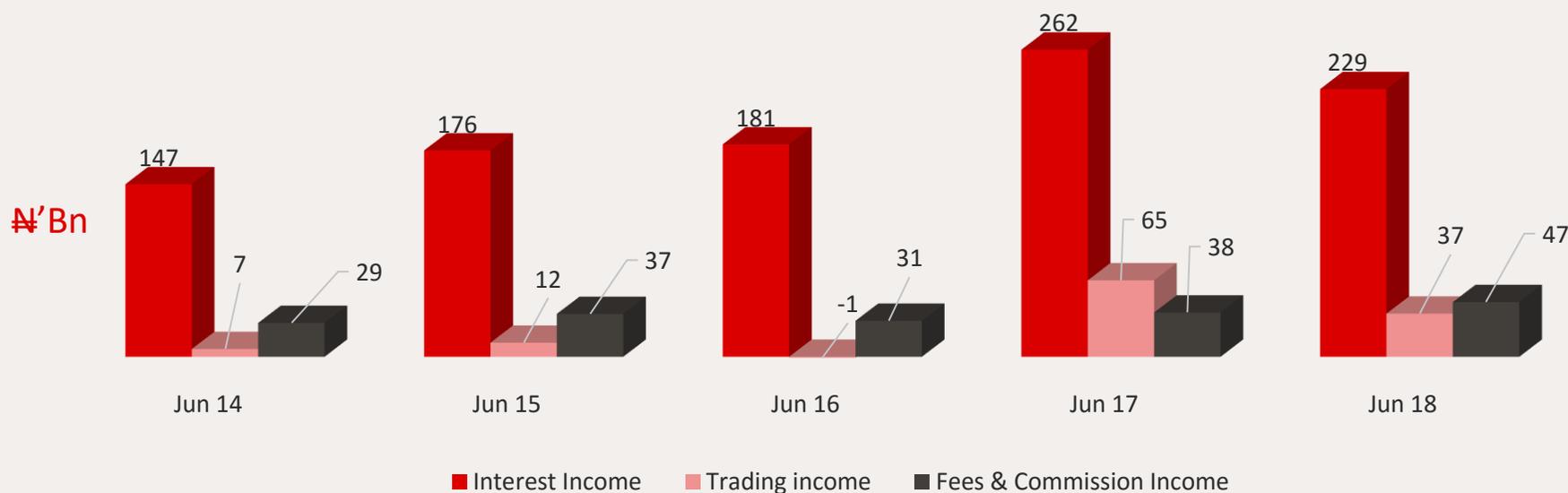
Cost to Income Ratio



Evolution of Revenue Base

Fees and commission income increased YoY by 23.7% in June 2018.

Decline in interest income and trading income was due to the lower yielding environment in 2018 compared to 2017.



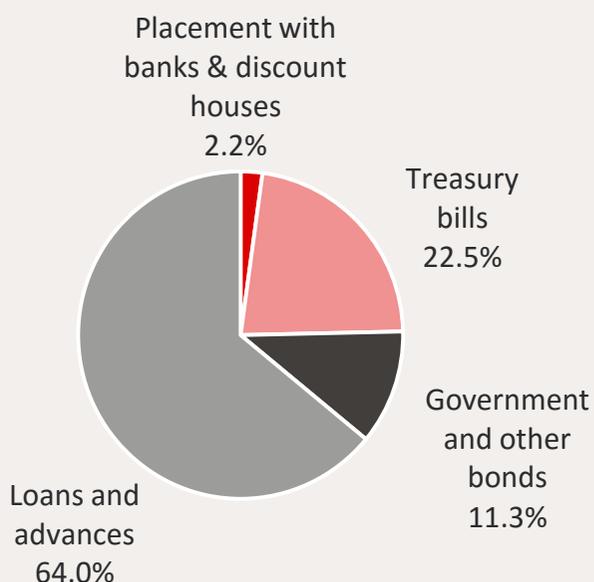
Revenue Base: Interest Income Diversification

Interest income declined by 13% YoY as a result of the decline in total loans to customers and lower yielding environment

The Group has maintained a consistent mix of interest income across the various interest-generating assets over the years

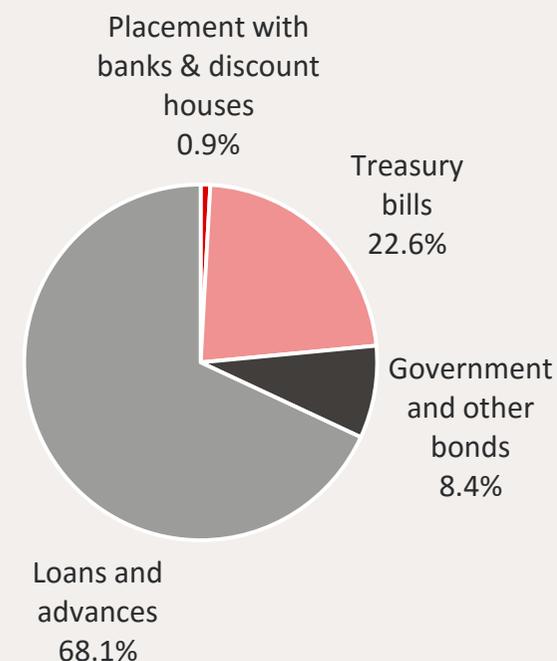
Interest Income

H1 2018



₹ Million	H1 2018	H1 2017	YoY
Placement with banks & discount houses	4,943	2,301	115%
Treasury bills	51,412	59,328	-13%
Government and other bonds	25,881	22,042	17%
Loans and advances	146,434	178,586	-18%
Total	228,670	262,257	-13%

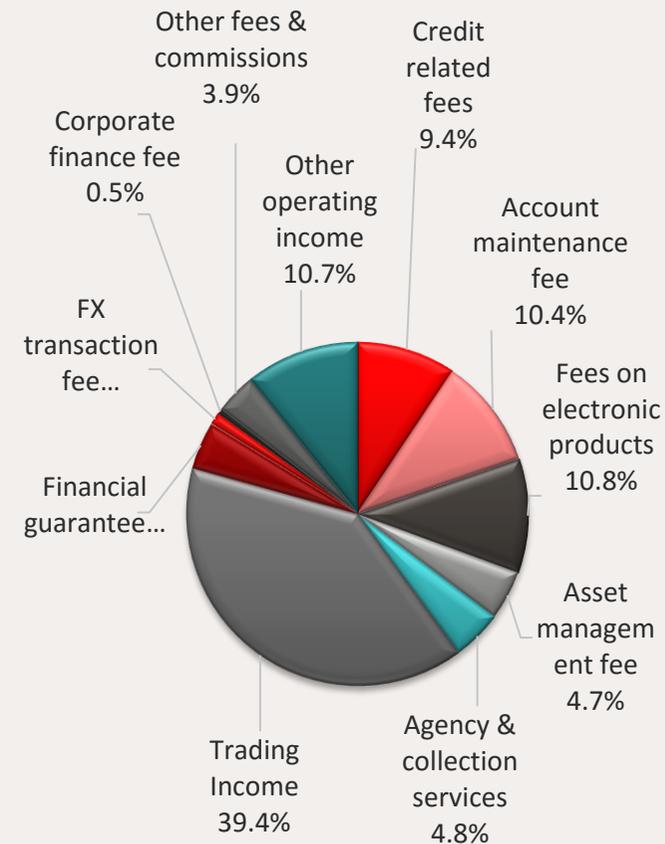
H1 2017



Revenue Base: Non-Interest Income Diversification

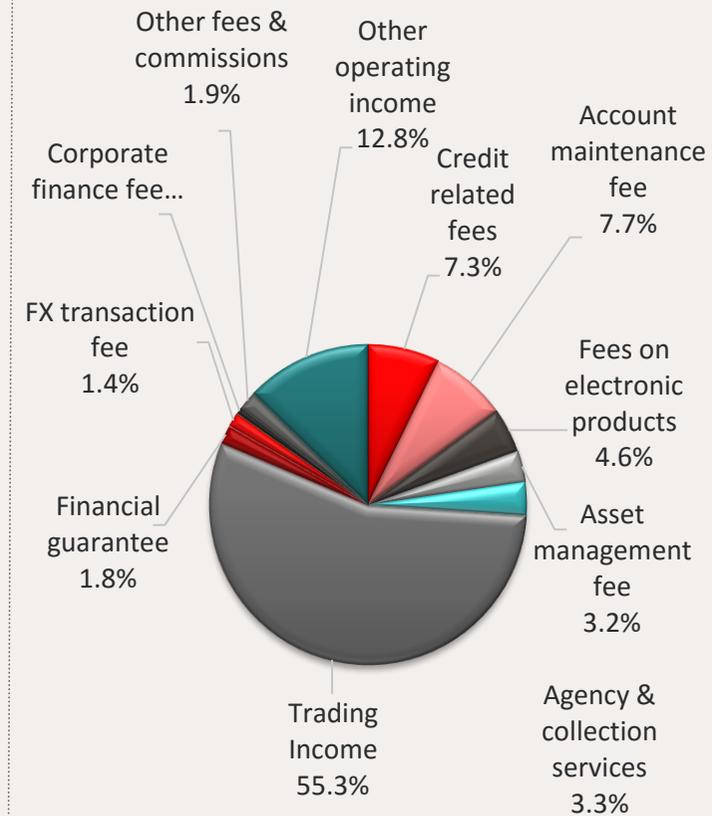
The bank is committed to continually improve on its income diversification and growth.

H1 2018



£'Million	H1 2018	H1 2017	YoY
Credit related fees	8,781	8,627	2%
Account maintenance fee	9,707	9,127	6%
Fees on electronic products	10,077	5,380	87%
Asset management fee	4,352	3,764	16%
Agency & collection services	4,446	3,860	15%
Trading Income	36,807	65,318	-44%
Financial guarantee	4,145	2,149	93%
FX transaction fee	1,062	1,709	-38%
Corporate finance fee	488	873	-44%
Other fees & commissions	3,650	2,264	61%
Other operating income	10,016	15,112	-34%
Total	93,531	118,183	-21%

H1 2017



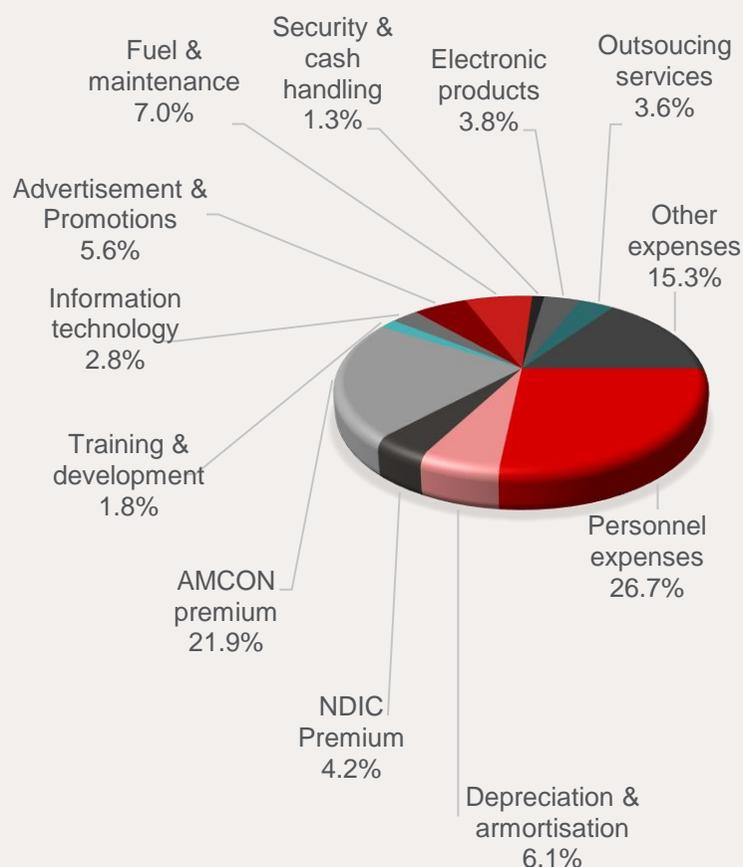
Continuous Efforts in Cost-Reduction Strategies

Despite the significant increase in AMCON charge, the Group was able to contain its operating expenses growth at 6% YoY.

We expect a moderation in operating expenses for the remaining part of the year as we continue to improve on our operational efficiency

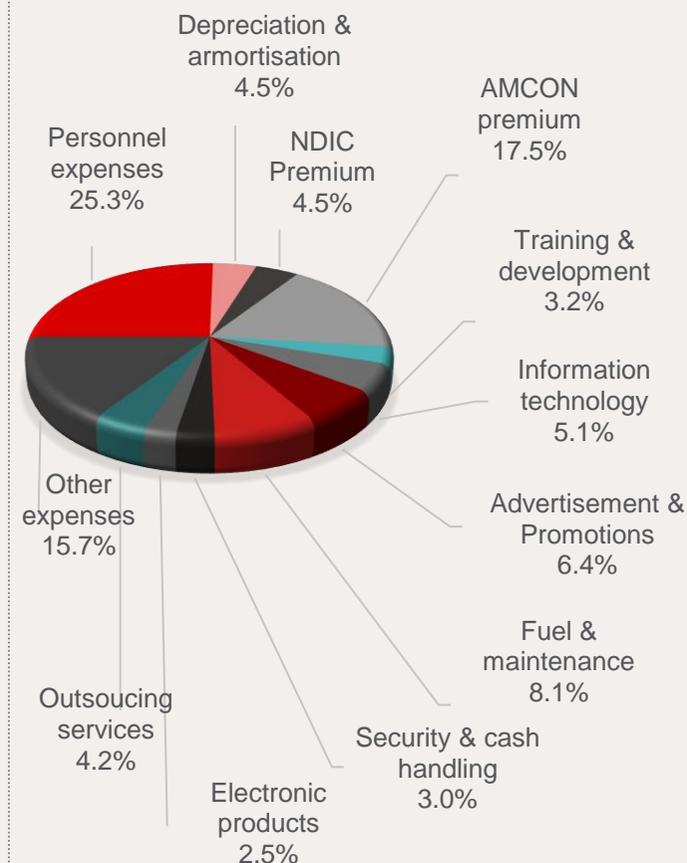
Total Operating Expenses

H1 2018



₹/Million	H1 2018	H1 2017	YoY
Personnel expenses	34,808	31,033	12%
Depreciation & amortisation	7,967	5,530	44%
NDIC Premium	5,531	5,500	1%
AMCON premium	28,542	21,419	33%
Training & development	2,295	3,890	-41%
Information technology	3,663	6,281	-42%
Advertisement & Promotions	7,306	7,891	-7%
Fuel & maintenance	9,085	9,919	-8%
Security & cash handling	1,631	3,664	-55%
Electronic products	4,936	3,051	62%
Outsourcing services	4,747	5,177	-8%
Other expenses	19,903	19,209	4%
Total	130,414	122,564	6%

H1 2017



Balance Sheet – Assets

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

(₹ Million)	Group	Group	YTD	Group
	Jun-18	Dec-17	Change	Jun-17
Cash and balances with central banks	843,674	957,663	(11.90%)	679,915
Treasury bills	923,847	936,817	(1.38%)	691,514
Assets pledged as collateral	493,154	468,010	5.37%	399,596
Due from other banks	440,354	495,803	(11.18%)	499,936
Derivative assets	56,404	57,219	(1.42%)	82,133
Loans and advances	1,873,173	2,100,362	(10.82%)	2,187,352
Investment securities	381,163	330,951	15.17%	197,138
Deferred tax assets	9,472	9,561	(0.93%)	9,716
Other assets	80,803	92,494	(12.64%)	58,079
Property and equipment	140,382	133,384	5.25%	110,061
Intangible assets	14,034	12,989	8.05%	11,927
Total Assets	5,256,460	5,595,253	(6.06%)	4,927,367

Balance Sheet – Liabilities & Equity

Assets are well funded by a significant deposit base and the balance sheet remains robustly capitalised, providing a buffer for further growth.

(₹'Million)	Group Jun-18	Group Dec-17	YTD Change	Group Jun-17
Customers deposits	3,165,955	3,437,915	-7.91%	2,974,938
Derivative liabilities	3,299	20,805	-84.14%	17,235
Current income tax payable	13,694	8,915	53.61%	6,007
Deferred income tax liabilities	68	18	278%	18
Other liabilities	189,043	233,481	-19.03%	184,437
On-lending facilities	409,619	383,034	6.94%	378,337
Borrowings	408,317	356,496	14.54%	339,903
Debt Securities Issued	346,960	332,931	4.21%	307,159
Total liabilities	4,536,955	4,773,595	-4.96%	4,208,034

(₹'Million)	Group Jun-18	Group Dec-17	YTD Change	Group Jun-17
Share capital	15,698	15,698	0.00%	15,698
Share premium	255,047	255,047	0.00%	255,047
Retained earnings	248,138	365,757	-32.16%	274,287
Other reserves	199,190	183,839	8.35%	173,211
Total Shareholders' equity	719,505	821,658	-12.43%	719,333
Non-controlling interest	1,432	1317	8.73%	1,090
Total liabilities & equity	5,256,460	5,595,253	-6.06%	4,927,367

Balance Sheet – Currency Breakdown

Diversification of funding base contributes to matching FX loan exposures.

The short USD on- balance sheet position is covered by off-balance sheet derivative assets in the form of swaps

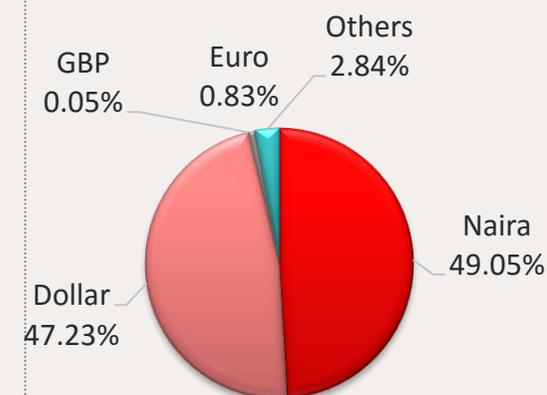
(₦' Million) @June 30, 2018	Naira	Dollar	GBP	Euro	Others	Total
Cash and balances with central banks	778,673	14,986	9,676	3,574	36,766	843,675
Treasury bills	685,726	-	-	-	238,121	923,847
Assets pledged as collateral	493,154	-	-	-	-	493,154
Due from other banks	43,638	276,693	70,887	20,032	29,104	440,354
Derivative assets	-	56,404	-	-	-	56,404
Loans and advances to customers	918,863	884,641	900	15,490	53,279	1,873,173
Investment securities	81,132	277,947	-	1,155	20,929	381,163
Other financial assets	45,698	447	-	-	3,039	49,184
Total Financial Assets	3,046,884	1,511,118	81,463	40,251	381,238	5,060,954

(₦' Million)	Naira	Dollar	GBP	Euro	Others	Total
Customers' deposits	1,943,528	953,467	34,336	40,586	194,038	3,165,955
Derivative liabilities	-	3,299	-	-	-	3,299
Other financial liabilities	3,825	156,591	738	15,704	952	177,810
On-lending facilities	409,619	-	-	-	-	409,619
Borrowings	-	408,317	-	-	-	408,317
Debt securities issued	-	346,960	-	-	-	346,960
Total Financial Liabilities	2,356,972	1,868,634	35,074	56,290	194,990	4,511,960
Net On-balance Sheet Position	689,912	-357,516	46,389	-16,039	186,248	548,994

- Total absolute nominal value of derivative is USD3.98Bn
- Total off-balance sheet (forward) position is USD1.49Bn

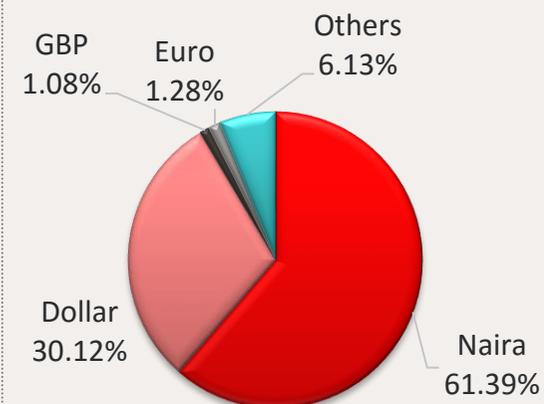
Loans and Advances (Net)

Jun. 2018



Deposits

Jun. 2018



Sustained Assets & Liabilities Match

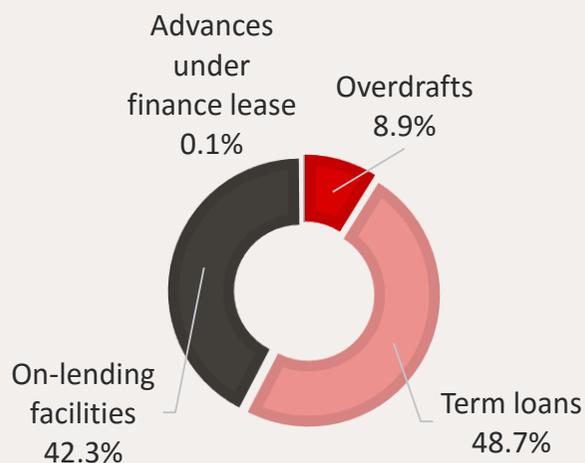
Deposit funded loan portfolio, with largely term loans to top-rated corporates.

Deposit base is predominantly current accounts which supports attractive net interest margin extraction with increasing savings account balance.

Gross Loans Evolution

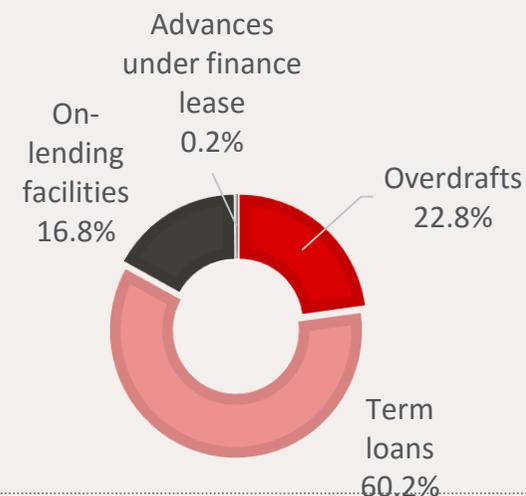


H1 2018



Loans & Advances

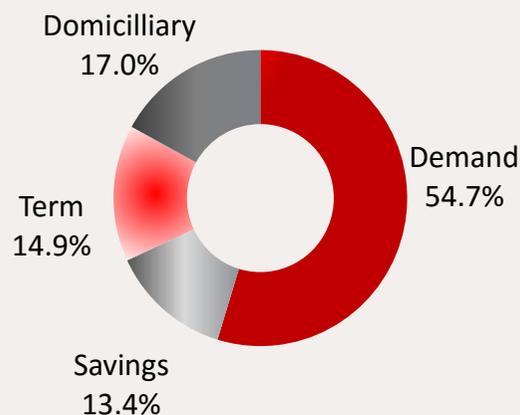
FYE 2017



Deposit Evolution

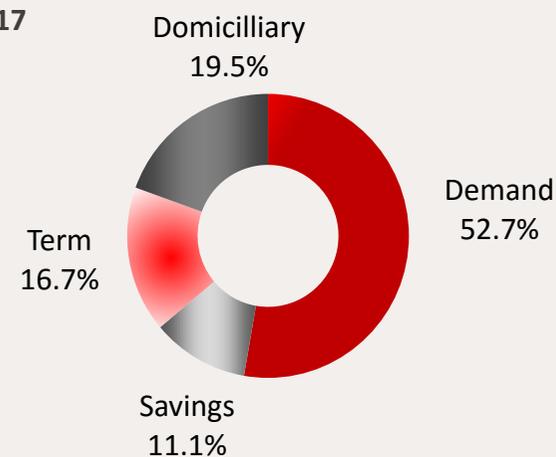


H1 2018



Deposit Mix

FYE 2017

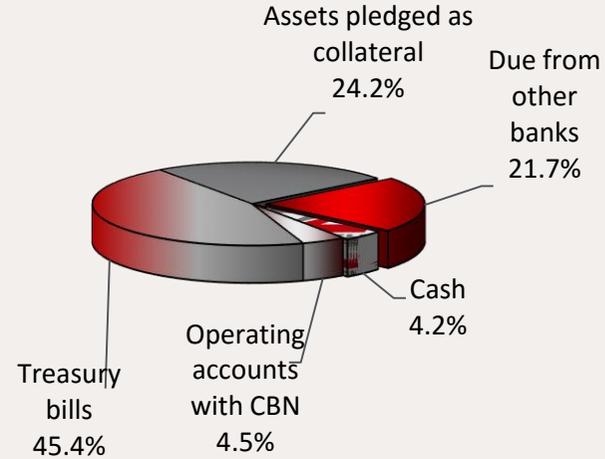


Continued Market Dominance through Strong Liquid Asset Base and Funding Mix

High quality and liquid balance sheet, with diversified source of funding.

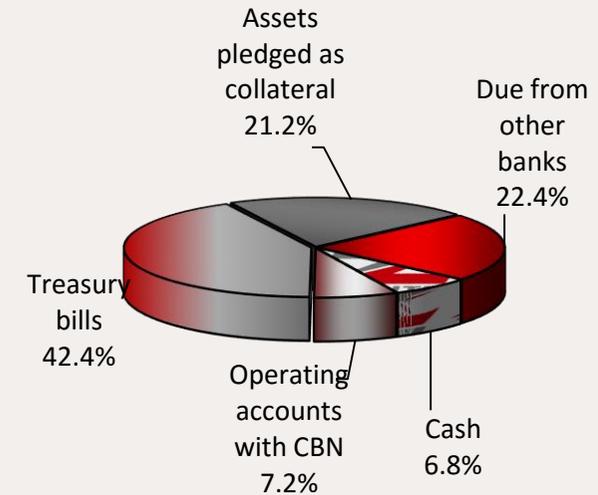
Liquid Assets

H1 2018



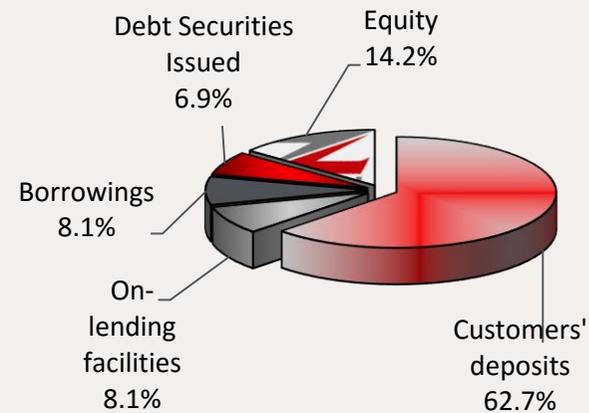
N'million	H1 2018	FYE 2017	YoY
Cash	85,429	150,883	-43%
Operating accounts with CBN	91,003	159,666	-43%
Treasury bills	923,847	936,817	-1%
Assets pledged as collateral	493,154	468,010	5%
Due from other banks	440,354	495,803	-11%
Total	2,033,787	2,211,179	-8%

FYE 2017



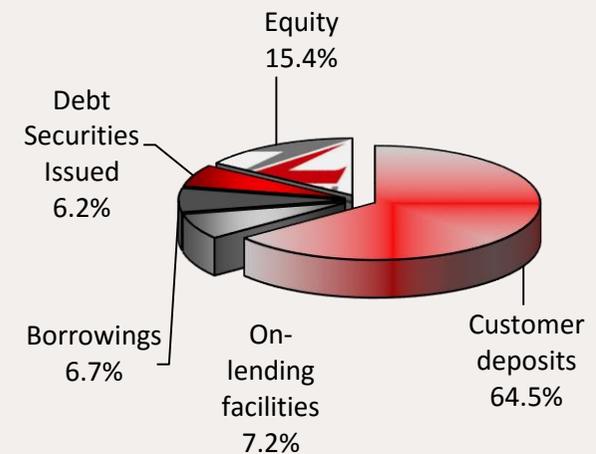
Funding Mix

H1 2018



N'million	H1 2018	H1 2017	YoY
Customers' deposits	3,165,955	3,437,915	-8%
On-lending facilities	409,619	383,034	7%
Borrowings	408,317	356,496	15%
Debt securities issued	346,960	332,931	4%
Equity	719,505	821,658	-12%
Total	5,050,356	5,332,034	-5%

FYE 2017



The background image shows an offshore oil rig at sea. The rig is a complex structure with multiple levels, cranes, and a central tower. A large, dark pipe is positioned in the foreground, extending from the right side towards the center. The scene is set against a hazy sky with a bright sun on the left, creating a silhouette effect on the rig and pipe. The water is dark and reflects the light from the sun.

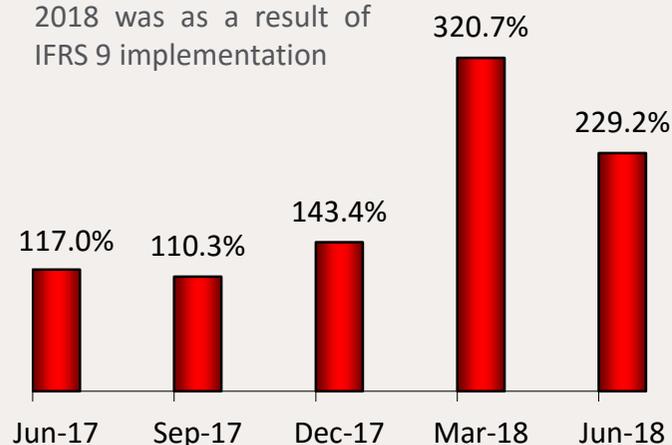
Risk Management

Healthy Risk Assets Portfolio

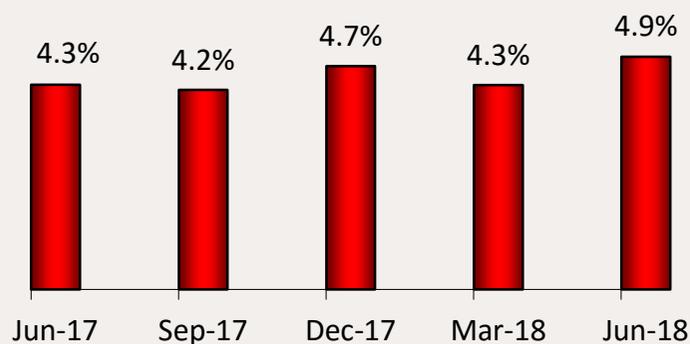
Historically strong risk management have resulted in a contained NPL ratio, with robust coverage levels that compare favourably with peers and the sector.

NPL Coverage Ratio

- The significant growth in Coverage Ratio for Q1 2018 was as a result of IFRS 9 implementation



NPL Ratio



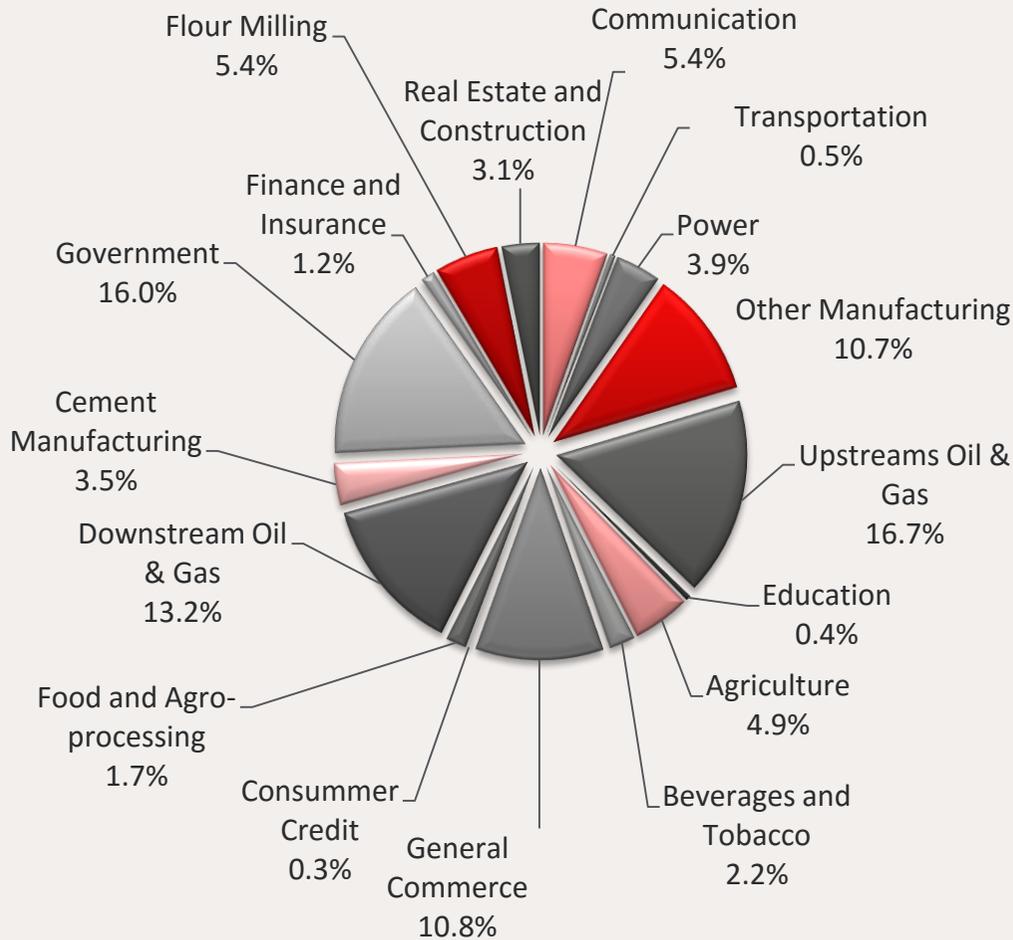
Our Risk Management Strategy

- The Group adopts a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.
- Risk management is practiced as a collective responsibility coordinated by the risk control units and is properly segregated from the market facing units to assure independence.
- The process is governed by well defined policies and procedures that are subjected to continuous review and are clearly communicated across the group.
- There is a regular scan of the environment for threats and opportunities to improve industry knowledge and information that drives decision making.
- The group maintains a proactive approach to business and ensures an appropriate balance in its risk and reward objectives.
- Risk culture is continuously being entrenched through appropriate training and acculturation.

Focused Risk Management via Portfolio Diversification

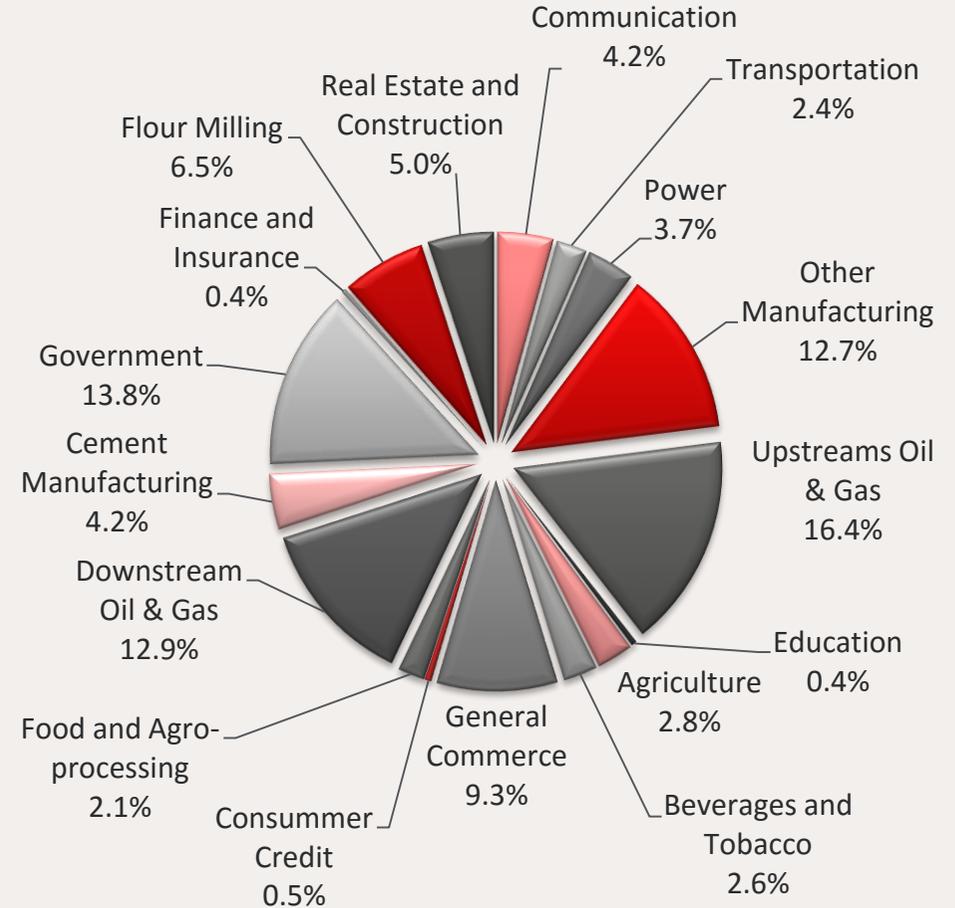
Well diversified loan portfolio across sectors supports asset quality.

Loans by Sector – H1 2018



Gross Loans – ~~N~~2.11 Trillion

Loans by Sector – FYE 2017

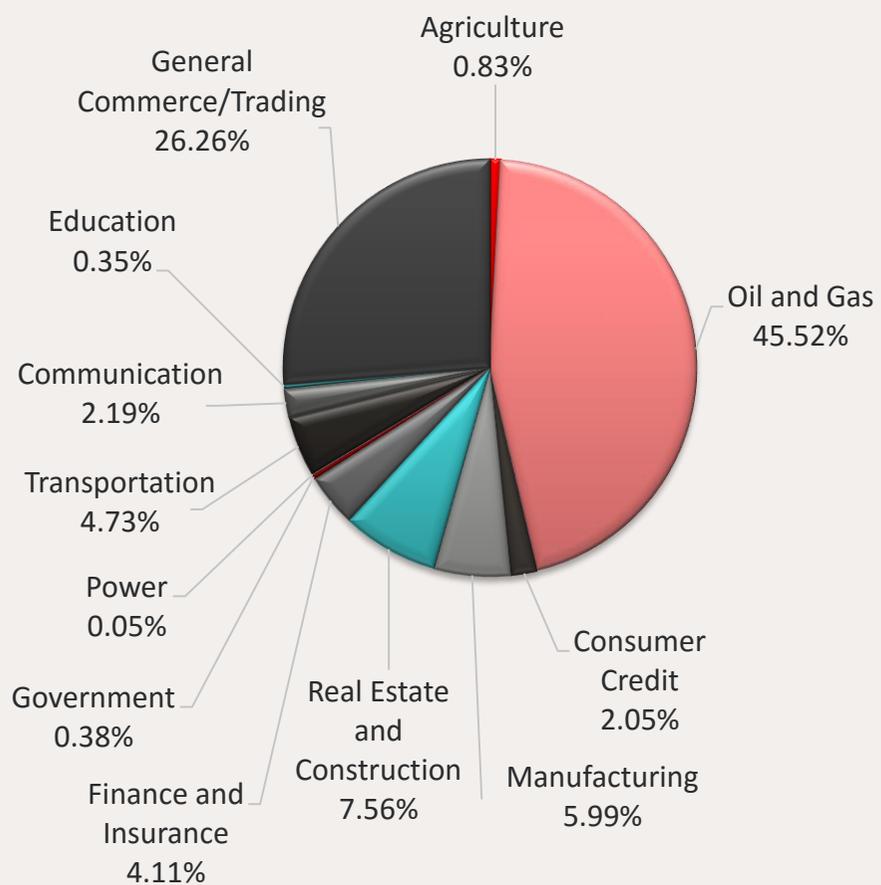


Gross Loans – ~~N~~2.25 Trillion

NPL by Sectors

Zenith Bank continues to develop its risk management strategy and maintain a good quality loan portfolio.

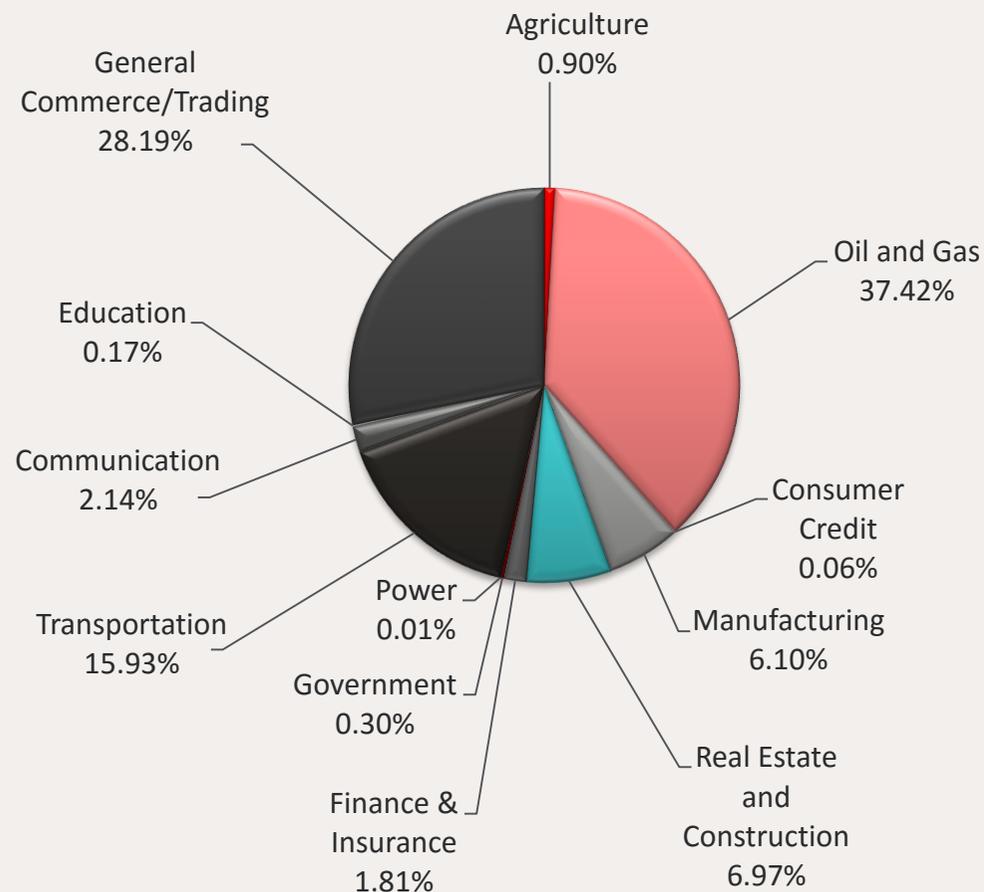
H1 2018



Total NPLs – ₦103.31 Billion

NPL Ratio – 4.9%

FYE 2017



Total NPLs – ₦105.87 Billion

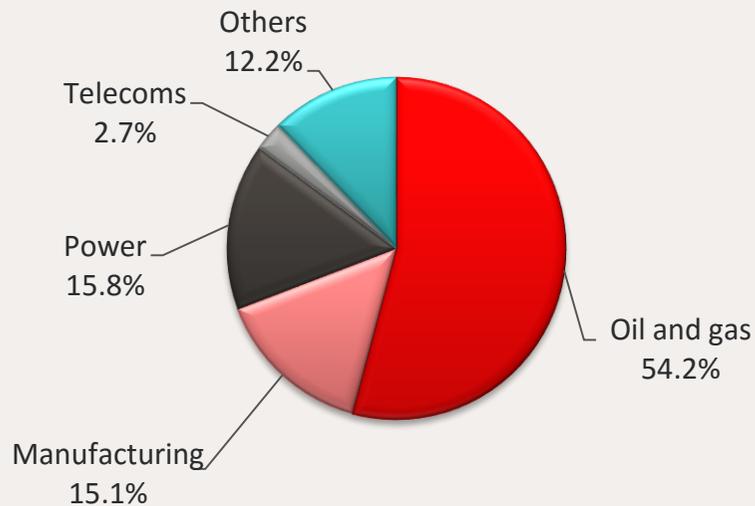
NPL Ratio – 4.7%

Foreign Currency Loans & Restructured Loans

Well diversified loan portfolio across sectors support asset quality.

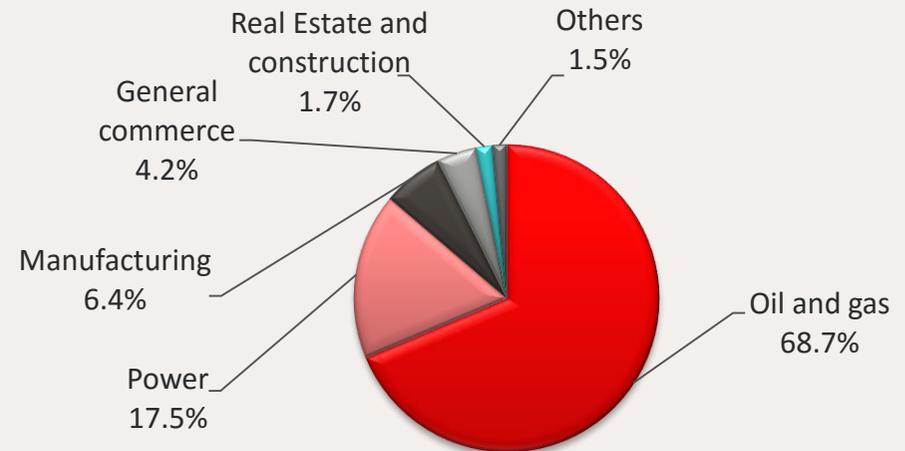
Foreign Currency Loans – H1 2018

USD loans by sector	US\$' m	N'm	% to US\$ loans	% to Total loans
Oil and gas	1,322	456,025	54.2%	25.58%
Manufacturing	368	126,973	15.1%	7.12%
Power	385	132,795	15.8%	7.45%
Telecoms	67	23,070	2.7%	1.29%
Others	299	102,995	12.2%	5.78%
Total US\$ loans	2,441	841,858	100.0%	47.23%



Cumulative Restructured Loans – H1 2018

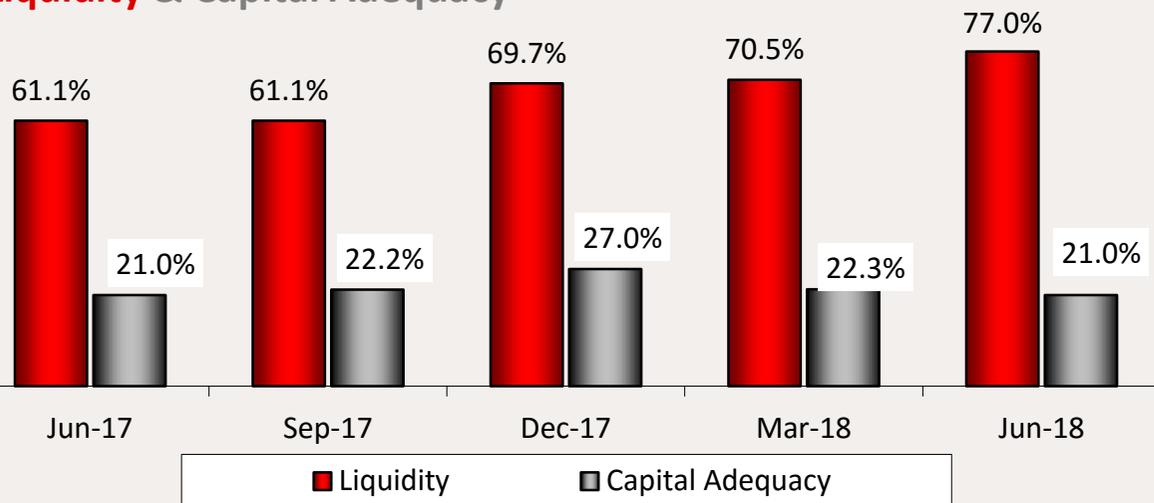
Restructured Loans by sector	N'm	% to Restructured loans	% to Gross loans
Oil and gas	182,605	68.69%	8.65%
Power	46,528	17.50%	2.21%
Manufacturing	17,014	6.40%	0.81%
General commerce	11,216	4.22%	0.53%
Real Estate and construction	4,591	1.73%	0.22%
Others	3,902	1.47%	0.18%
Total restructured loans	265,856	100.00%	12.60%



Strong Capitalisation and Liquidity

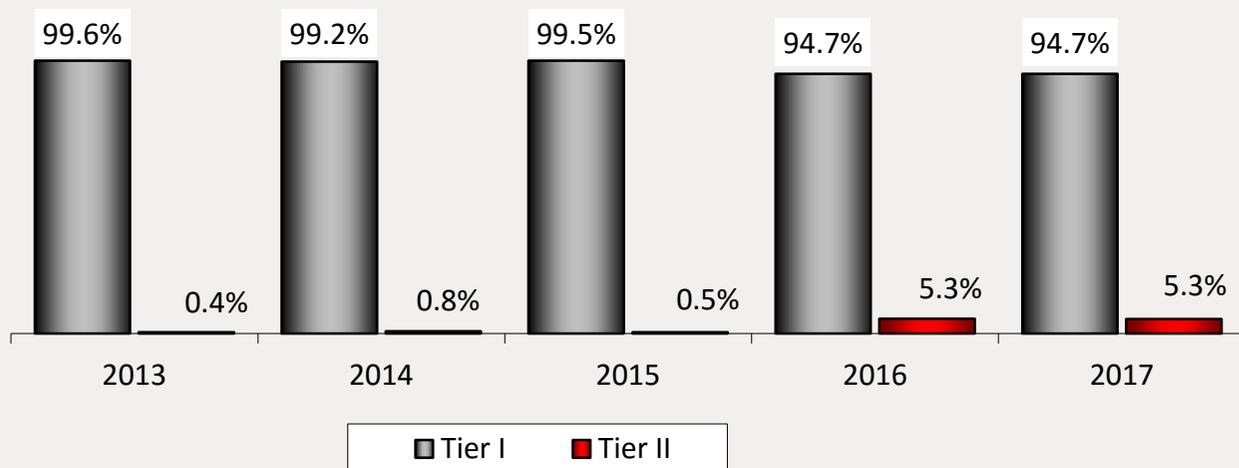
Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth and has supported Zenith Bank's historically strong dividend pay-out ratio.

Liquidity & Capital Adequacy

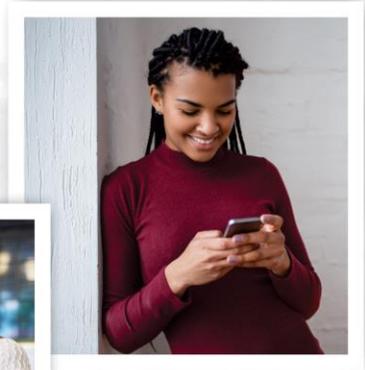
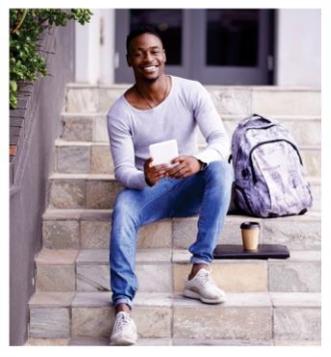


Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio

Capital Mix



Capital base – predominantly made up of Tier 1 (core capital) which consists of mainly share capital and reserves created by appropriations of retained earnings



Business Segments Performance & Subsidiary Review

Performance – By Business Segments

Continuous diversification and improved profitability across core business segments

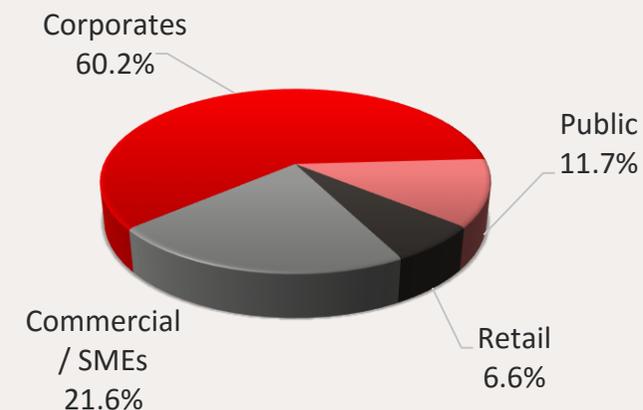
6 Months Ended June 2018

(₹ million)

	Corporates	Public	Retail	Commercial/ SMEs	Consolidated
Total revenue	193,939	37,693	21,114	69,455	322,201
Total expenses	(132,128)	(24,471)	(11,649)	(46,595)	(214,843)
Profit before tax	61,811	13,222	9,465	22,860	107,358
Tax	(16,904)	(2,211)	(1,927)	(4,579)	(25,621)
Profit after tax	44,907	11,011	7,538	18,281	81,737

Gross Revenue

H1 2018

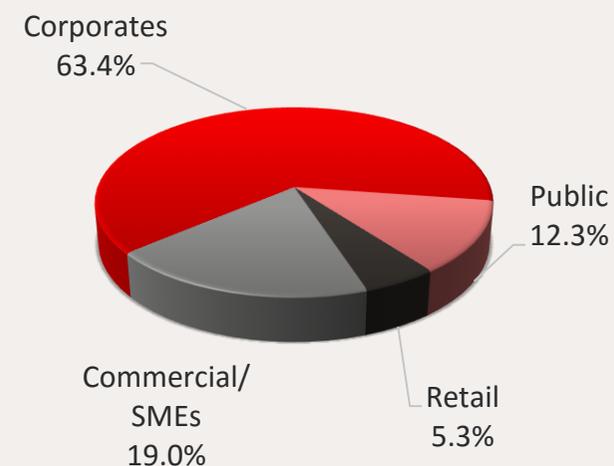


6 Months Ended June 2017

(₹ million)

	Corporates	Public	Retail	Commercial/ SMEs	Consolidated
Total revenue	241,046	46,848	20,198	72,347	380,440
Total expenses	(188,658)	(32,630)	(14,616)	(52,353)	(288,257)
Profit before tax	52,388	14,218	5,582	19,995	92,183
Tax	(10,346)	(1,476)	(1,053)	(3,991)	(16,866)
Profit after tax	42,042	12,742	4,530	16,003	75,317

H1 2017

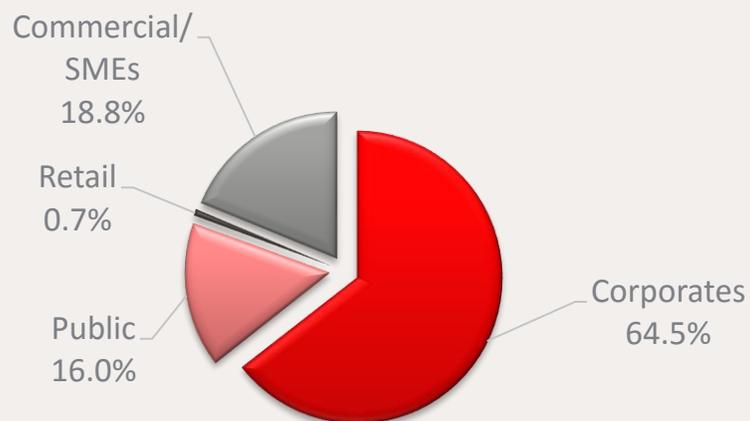


Loans & Deposits – By Business Segments

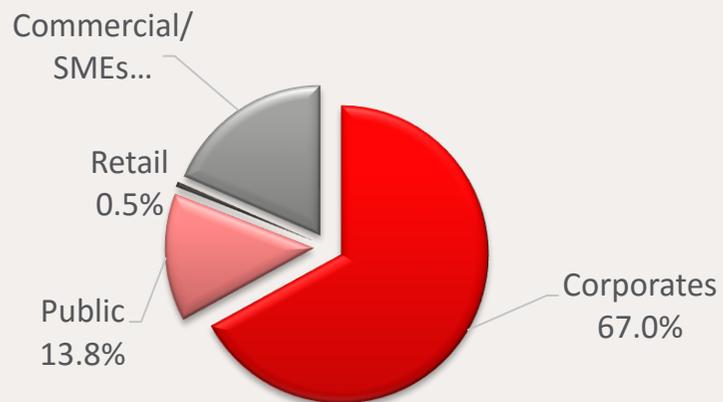
Corporate-oriented franchise, with improving retail component.

Gross Loans

H1 2018 Gross Loans – ~~₹~~2.11 Trillion

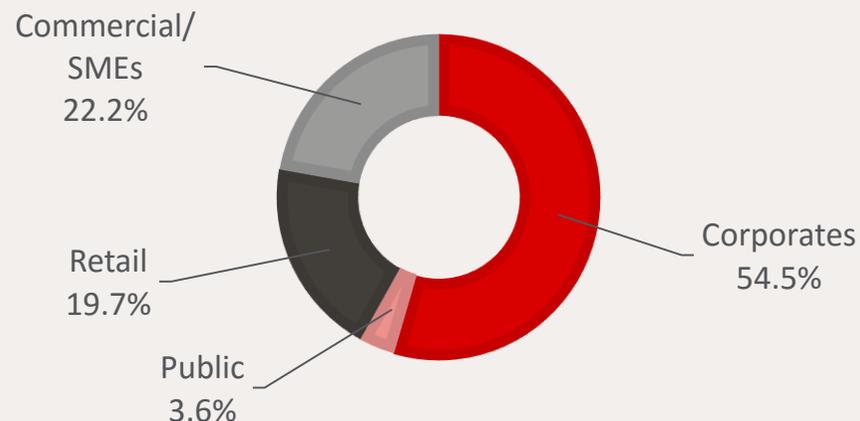


2017 Gross Loans – ~~₹~~2.25 Trillion

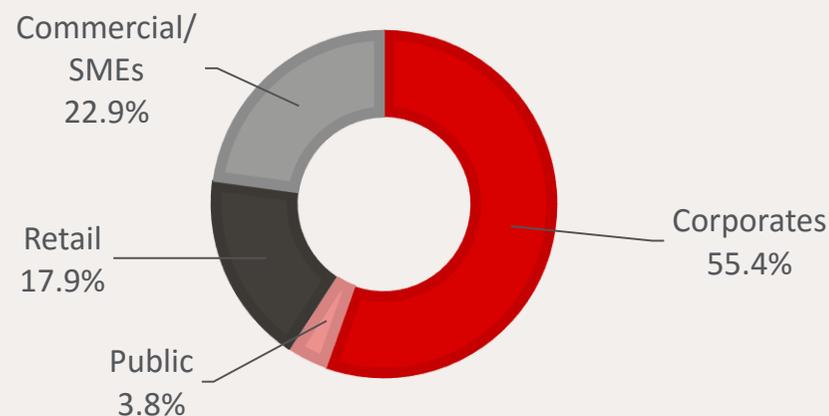


Total Deposits

H1 2018 Total Deposits – ~~₹~~3.17 Trillion



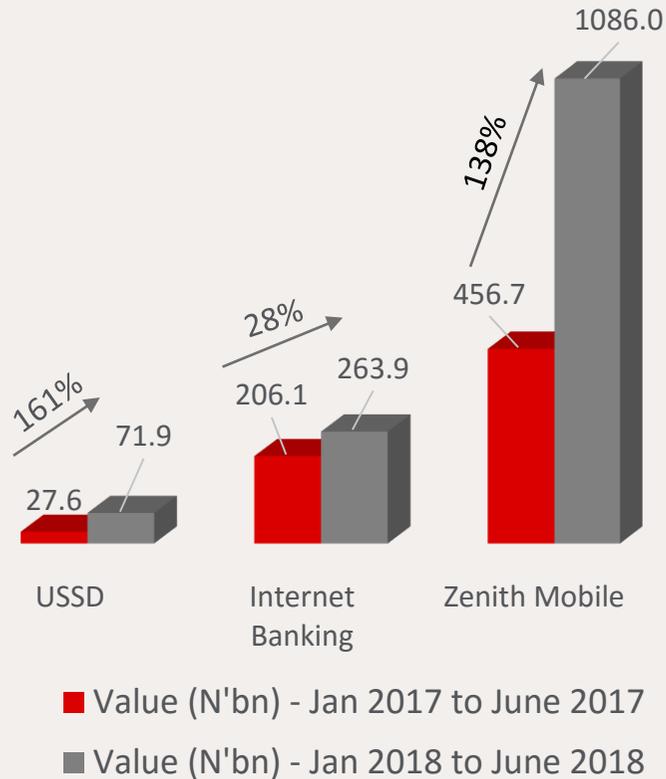
2017 Total Deposits – ~~₹~~3.44 Trillion



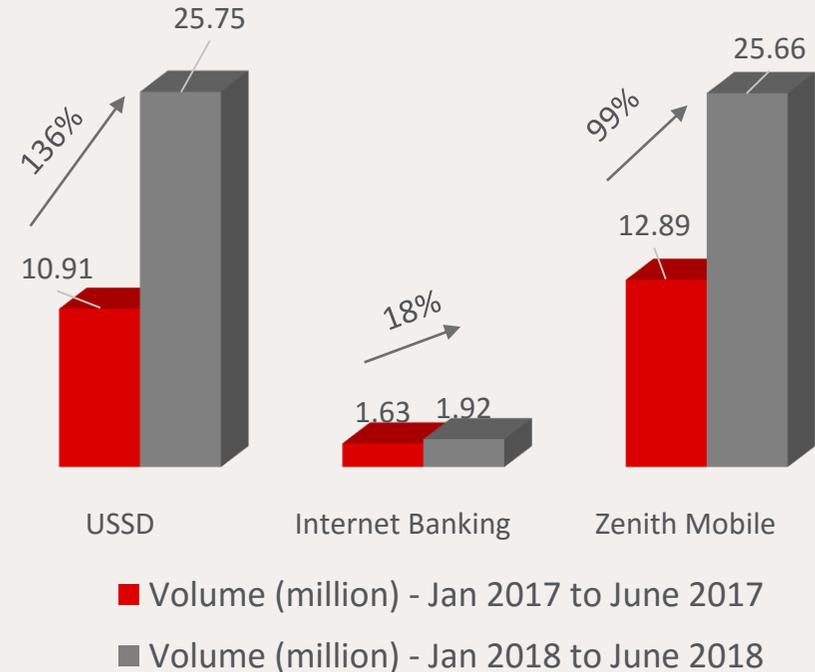
Electronic Banking Products Performance

The bank recorded a remarkable growth in both value and volume of electronic product transactions, resulting in a 87% (ref.: slide 14) growth in income on electronic products

Value of Electronic Product Transactions



Volume of Electronic Product Transactions



Geographical Presence

Zenith Bank Plc. (Parent)

Established: 1990
 Branches: 370
 H1 2018 PBT: N86Bn
 Total deposits: N2,451bn
 Total assets: N4,510bn
 ROE: 22%
 Staff strength: 6,026

Zenith Pension

Established: 2005
 Branches: 2
 Zenith ownership: 99%
 H1 2018 PBT: N5Bn
 Custody assets: N23.6Bn
 Total assets: N3.3Bn
 ROE: 35%
 Staff strength: 108

Gambia

Established: 2009
 Zenith ownership: 99.96%
 Branches: 6
 H1 2018 PBT: N258M
 Total deposits: N8.6Bn
 Total assets: N13.9Bn
 ROE: 11%
 Staff strength: 133

Ghana

Established: 2005
 Zenith ownership: 98.07%
 Branches: 27
 H1 2018 PBT: N11Bn
 Total deposits: N242Bn
 Total assets: N430Bn
 ROE: 23%
 Staff strength: 691

Sierra Leone

Established: 2008
 Zenith ownership: 99.99%
 Branches: 5
 H1 2018 PBT: N768M
 Total deposits: N16Bn
 Total assets: N21Bn
 ROE: 51%
 Staff strength: 249

United Kingdom

Established 2007
 Zenith ownership: 100%
 Branches: 2
 H1 2018 PBT: N4Bn
 Total deposits: N374Bn
 Total assets: N509Bn
 ROE: 9%
 Staff strength: 100

UAE

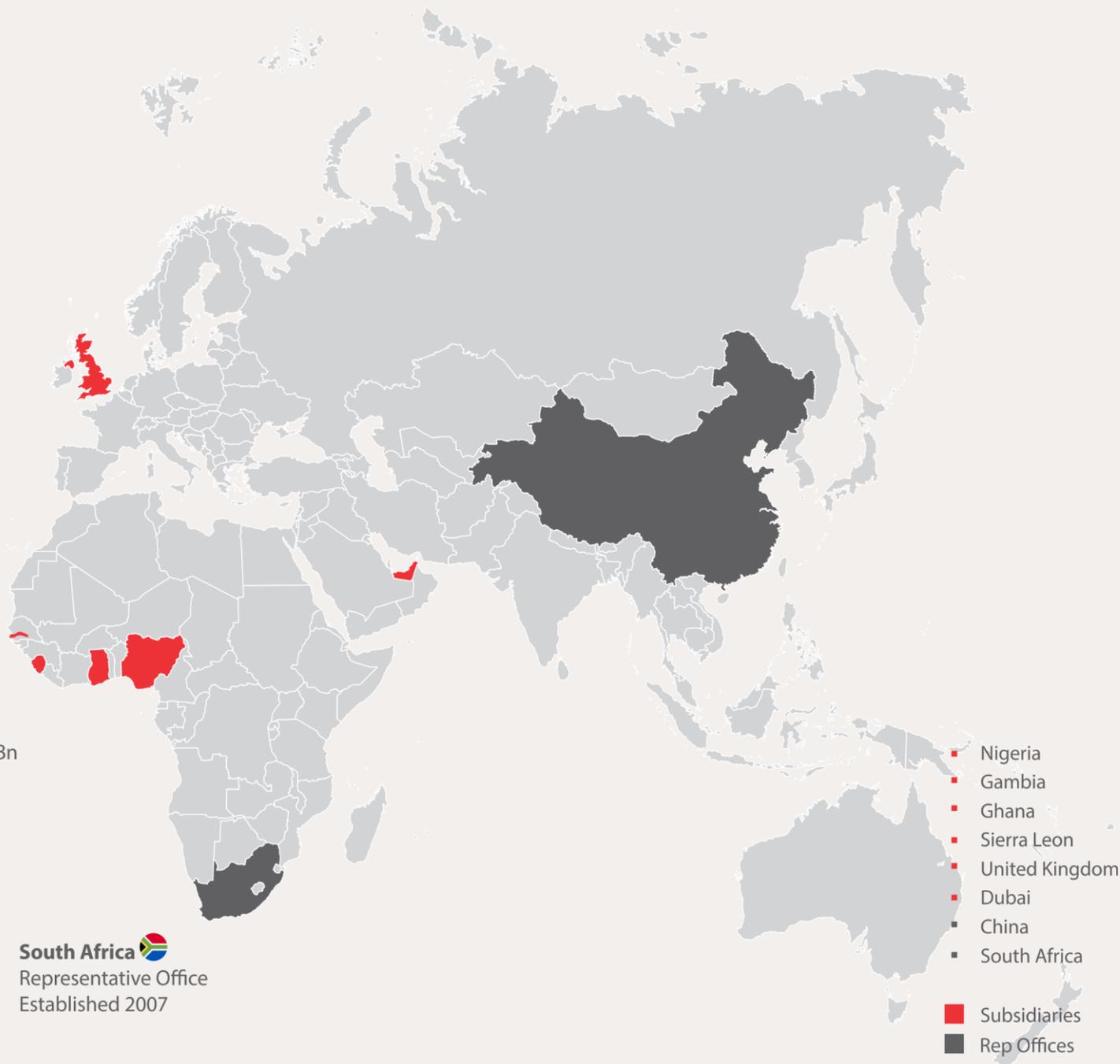
Branch of Zenith UK
 Established 2016
 1 branch

China

Representative Office
 Established 2011

South Africa

Representative Office
 Established 2007



Performance by Geography

Subsidiaries contribution to revenue has improved YoY from 8.5% to 12.9%, reducing concentration risk by geography

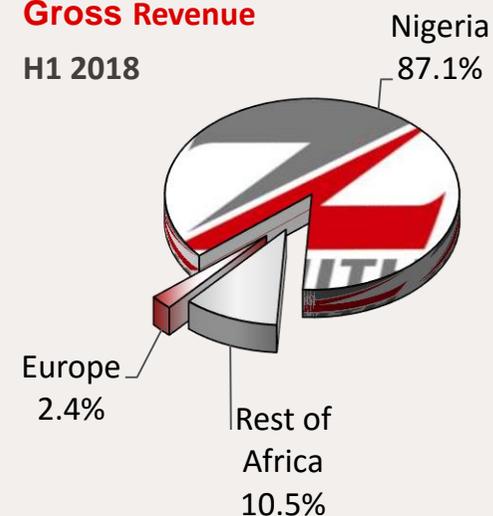
6 Months Ended June 2018

(₦' Million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	282,014	33,889	7,857	(1,559)	322,201
Total expenses	(190,542)	(22,339)	(3,521)	1,559	(214,843)
Profit before tax	91,472	11,550	4,336	-	107,358
Tax	(21,154)	(3,757)	(710)	-	(25,621)
Profit after tax	70,318	7,793	3,626	-	81,737

Gross Revenue

H1 2018

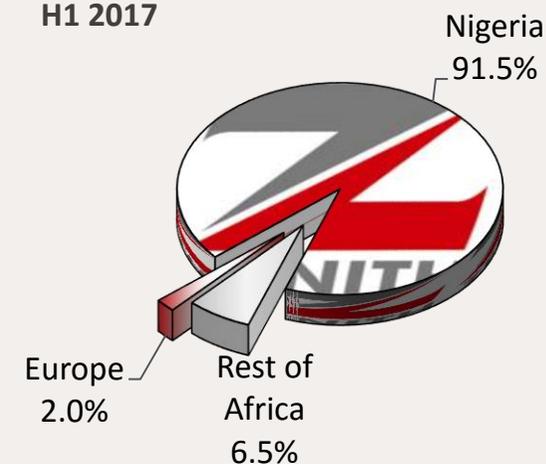


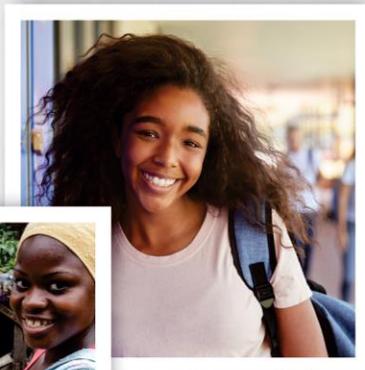
6 Months Ended June 2017

(₦' Million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	349,634	24,720	7,605	(1,519)	380,440
Total expense	(265,477)	(16,896)	(7,001)	1,117	(288,257)
Profit before tax	84,157	7,824	604	-402	92,183
Tax	(14,468)	(2,265)	(133)	-	(16,866)
Profit after tax	69,689	5,559	471	(402)	75,317

H1 2017





Strategy & Outlook

Strategies for driving our vision

1

Compete aggressively for market share, but focus on high quality assets and top-end relationships while adopting cost reduction strategies

- The Bank focuses on cost effective deposits from the retail end of the market to lend to the corporate end with emphasis on emerging business opportunities
- Encourages strong risk management and corporate governance practices

2

Delivering superior service experience to all clients and customers

The Bank accomplishes this strategy by:

- Use of robust digital platform
- Consistent focus and investment in attracting and keeping quality people
- Employing cutting edge technology
- Deploying excellent customer service

3

Develop specific solutions for each segment of our customers base

- Leveraging our capabilities and brand strength to consistently meet our clients' needs
- Developing a strong Zenith Bank platform to serve as an integrated financial solutions provider to our diverse customers base

4

Treasury Management

- We are taking advantage of our liquidity in Naira and foreign currencies to optimize our yields in the FX and money markets.

5

Retail

- Deepen retail market penetration by leveraging on our retail platforms
- Continue to create innovative solutions to grow market share.

Our Key Growth Target Sectors

Driving profitability with our competitive advantages

Identified Growth Sectors

- Agriculture
- Infrastructure
- Manufacturing
- Petrochemicals
- Real Estate and Construction
- Retail
- Service Industry
- Telecoms
- Transportation and General Commerce

Competitive Advantage

- Strong capital and liquidity
- Strong brand
- Strong international rating
- Extensive branch network
- Robust ICT and E-bank channels
- Well motivated staff force
- Excellent customer services

Outlook and Prospects for FY2018

- **Retail Banking:** The bank is committed to continue to grow its retail business. This will be achieved through the deployment of innovative products in mobile banking, internet banking and cards services. The capturing of bio-data of all bank's customers across the industry into a single data base has also boosted our retail banking business. Each customer now has a unique Biometric Verification Number (BVN) and this has helped to reduce fraud in the banking system.
- **Agriculture:** The Federal government's resolve to boost the agricultural sector in the country would no doubt create quite a number of opportunities in the areas of funding, job creation and indeed food security to Africa's most populous nation. Various Funding Schemes to ensure that the country's economy is diversified have been put in place. These include Commercial Agriculture Credit Scheme (CACCS) that has 159 projects and Nigeria Incentive-Based Risk Sharing for Agricultural Lending (NIRSAL). Others are Seed and Fertilizer Scheme launched for banks to lend at a subsidized rate to local farmers and the value chain for the production of fertilizer. Zenith Bank has played a major role in this sector to support the various government's projects aimed at boosting our economy.
- **Deposit Base:** Our drive for low cost and appropriately mixed deposit base to fund our credit and money market transactions would continue in FY2018. We are committed to be a dominant player in the money market space to drive up income and profitability going forward.
- **Customer Services:** At the center of the Group's pursuit of excellent customer service, we would continue to focus on strengthening our relationship management in a bid to surpass stakeholders' expectations.
- **Investments in Technology and Product Innovations:** The Group has over the years become synonymous with the use of ICT in banking and general innovation in the Nigerian banking industry. We have renewed our commitment in ensuring that all our activities are anchored on the e-platform and providing service delivery through the electronic media to all customers irrespective of place, time and distance. Zenith group only recently scored another first, becoming the first Nigerian institution to be awarded a triple ISO certification by the British Standards International (BSI): the ISO 22301, 27001 and 20000 standards
- **Risk Assets:** The Group would continue to seek opportunities to grow its risk assets while maintaining a low NPL ratio and sustaining our improved coverage ratio. We would continue to strive for the optimal protection of our shareholders' wealth through the continuous review and improvement of our risk management culture and processes
- **Manufacturing and Real Sector:** More emphasis will be placed on manufacturing and the real sector by providing support to local production. This is expected to drive the self sustainability policy of the federal government.

Guidance for FYE 2018

	FYE 2018 Guidance	6 Months - June 2018 Achieved	FYE 2017 Achieved
PBT	₺ 215.0Bn	₺ 107.4Bn	₺ 203.5Bn
Effective Tax Rate	15.0%	23.9%	12.6%
PAT	₺ 182.7Bn	₺ 81.7Bn	₺ 177.9Bn
ROAE	23.4%	21.2%	23.3%
ROAA	3.5%	3.0%	3.4%
NIM (Adjusted)	9.0%	10.1%	9.0%
Cost of Funds	3.5%	3.4%	5.2%
Cost of Risk	1.0%	0.9%	4.3%
Cost to Income	51.8%	54.9%	52.7%
Deposit Growth	5.0%	-7.9%	15.2%
Loan Growth	2.5%	-6.3%	-4.60%
Loan to Funding	65.0%	53.5%	60.5%
Capital Adequacy	22.0%	21.0%	27.0%
Liquidity Ratio	60.0%	77.0%	69.7%
NPL	3.95%	4.90%	4.70%
NPL Coverage	200.0%	229.2%	143.4%

Thank You

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