



Zenith Bank Plc

Group management results for the 9 months ended 30 September 2010

ZENITH BANK PLC Q3 REPORTS SHOW CONTINUED SUPERIOR PERFORMANCE

LAGOS, NIGERIA - 25 October 2010 - Zenith Bank Plc, (Bloomberg: ZENITHBA NL) (“Zenith” or the “Bank”), the Nigerian bank headquartered in Lagos, announces its management results for the 9 months period ended 30 September 2010.

Commenting on the results, **Godwin Emefiele MD/CEO** said: *“We are pleased to announce our third quarter unaudited results for the financial year 2010 with a sustained improvement in financial performance, operational efficiency, liquidity and capital adequacy. Our strategic focus on offering exceptional customer service and effective branding has seen the Group’s profit before tax (PBT) increase to N39.16bn in Q3’10 representing over 196% increase over the YoY Q3’09 figures of N13.22bn. The above performance is also in line with our focus to return to pre-2009 figures. Our strategic branch network expansion program has continued to yield the desired result of attracting low cost deposits (39% drop in interest expense YoY), and effectively compensating for the reduced interest income earnings from our loan portfolio. We have remained resolute in our drive towards cost effectiveness which saw to a 6.7% drop in overhead expenses year-on-year*

With our large capital and liquidity cushion buoyed by our solid liquid asset balance sheet base, our protection against any adverse events remains intact. The Group’s liquidity and capital adequacy ratios of 59% and 27% respectively are well in excess of the minimum required.”

Financial Highlights

- ✓ Gross Earnings of N139.60 billion, a decline of 13.62%, compared with the equivalent prior year period (N161.61 billion 9 months ended 30 September 2009) as a result of decline in lending rates
- ✓ Profit Before Tax of N39.16 billion, an increase of over 196% (N13.22 billion September 2009)
- ✓ Profit After Tax of N31.13 billion, an increase of 179.5% (N11.14 billion September 2009)
- ✓ Total Assets of N1.78 trillion, an increase of 7.1% (N1.66 trillion December 2009)
- ✓ Conservative loan to deposit ratio of 59% with ample room for credit portfolio expansion
- ✓ Deposits and other accounts growth of 8.87% to N1.28 trillion (N1.17 trillion December 2009)
- ✓ Sound capital adequacy and liquidity at 27% and 59% respectively (Bank: 32% and 55%) - comfortably above industry requirements
- ✓ Adjusted EPS 126 kobo
- ✓ Shareholders’ funds growth by 6% to N356 billion (N335 billion December 2009)



Continued Resilience in difficult terrain

- **Corporate and Retail Banking:** Revenue of N134.36 billion (September 2009: N156.35 billion) and profit before tax of N34.36 billion (September 2009: N29.34 billion). *“We have continued to leverage on our strategically distributed branch network and state of the art ICT platform to ensure that our Corporate and Retail banking business segment still accounts for over 90% of the income stream of the group. We will continue to partner effectively with all customer segments in this Division making exceptional customer services our pledge. This we believe will ensure we retain our competitive edge over others over the medium to long term period”* said Peter Amangbo, Executive Director of the division.
- **Non Banking Subsidiaries and Investment Banking:** Revenue of N8.86 billion (September 2009: N5.0 billion) and profit before tax of N4.0 billion (September 2009, -N16.0 billion). *“The quarter ended with all the non banking subsidiary businesses and Investment Banking sustaining their impressive performances and accounting for about 10% of the Group’s Q3 profits. We remain positive that the momentum will be sustained to full year given the economic outlook for Nigeria and Africa”* said Udom Emmanuel, Chief Finance Officer
- **Risk Management & Credit:** Total Loans - N754 billion, Loan to Deposit Ratio - 59%, NPL - 6% (December 2009 N747.5 billion, NPL: 6.25%, Loan to deposit Ratio 64%). *“Our continuous review of our risk management culture and processes has continued to ensure that the group has remained consistent in maintaining one of the lowest NPL ratios in the industry. Our prudent loan to deposit ratios at all times has ensured that we can continue to explore identifiable opportunities for growth. We will continue to focus on lending to AAA-rated tier 1 customers with low counter party risks as well as ensure that we maintain an appropriate and adequate Risk Management Structure at all times.”* said Andy Ojei Executive Director of the division.



Capital and Liquidity

The Group maintained one of the largest Shareholders' Funds in the country, standing at N356bn as at September 30 2010. The Bank maintains extremely low leverage (capital base predominantly made up of tier 1 capital), coupled with very strong market capitalisation. Capital adequacy and liquidity for the group currently stands at 27% and 59% (Bank - 32% and 55% respectively) well above the CBN statutory minimum of 10% and 25% respectively. Furthermore the bank's loan to deposit ratio of 59% falls well below the prescribed maximum of 80% at quarter-end.

The Group's capital is deemed more than adequate to support future expansion as well as cushion against business risks and contingencies.

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Notes to editors:

About Zenith Bank Plc

Zenith Bank Plc offers its clients a wide range of corporate, investment, business and personal banking products and solutions. It is one of the biggest and most profitable banks in Nigeria. The bank was established in May 1990 and started operations in July same year as a commercial bank. It became a public limited company on June 17, 2004 and was listed on the Nigerian Stock Exchange on October 21, 2004 following a highly successful Initial Public Offering (IPO). The Bank presently has a shareholder base of over one million, an indication of the strength of the Zenith brand.

It is headquartered in Lagos, Nigeria. With over four hundred (400) branches and business offices nationwide Zenith Bank has presence in all the state capitals, the Federal Capital Territory (FCT) and major towns and metropolitan centres in Nigeria. The Bank's expansion is not limited to Nigeria as Zenith became the first Nigerian bank in 25 years to be licensed by the Financial Services Authority (FSA) in the UK for the commencement of banking operations by Zenith Bank (UK) Limited in April, 2007. This is in addition to its presence in Ghana, Zenith Bank (Ghana) Limited, Sierra Leone, Zenith Bank (Sierra Leone) Limited, Gambia, Zenith Bank (Gambia) Limited and a representative office in Johannesburg, South Africa.

More information can be found at www.zenithbank.com