



# 2016 Group Results

Presentation to Investors & Analysts

**ZENITH BANK PLC**

▪ PEOPLE ▪ TECHNOLOGY ▪ SERVICE

# 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**

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**Risk Management**

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**Strategy & Outlook**

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**Q&A**



# 1. Overview & Operating Environment

# Nigerian Economy and Key Developments in the Banking Sector

Despite a challenging macroeconomic environment and short-to-medium term complications, Nigeria remains Africa's largest economy with strong sectors and significant opportunities.

## Real GDP Growth (Rebase):

- GDP growth rate declined to (2.24%) y/y in Q3 2016, down by 23bps from (2.01%) recorded in Q2 2016, despite the overall performance key development areas in the non-oil sector e.g. Agriculture and Telecommunications fared better growing by 4.54% and 1.11% respectively in the quarter.

## Headline Inflation:

- Headline Inflation increased to 18.6% y/y in Dec'16 from 18.5% y/y recorded in Nov'16.
- Increases were recorded in all Classification of Individual Consumption by Purpose (COICOP) divisions which contribute to the Headline Index.

## Oil Production & Price:

- OPEC Average Monthly Basket Price increased by 20.5% during the 4<sup>th</sup> quarter of 2016, from \$42.9/bbl recorded in Sept'16 to \$51.7/bbl in Dec'16.

## Foreign Reserves:

- Nigerian foreign reserves increased by 5.3% during the 4<sup>th</sup> quarter of 2016, from \$24.5bn recorded in Sept'16 to \$25.8bn in Dec'16.

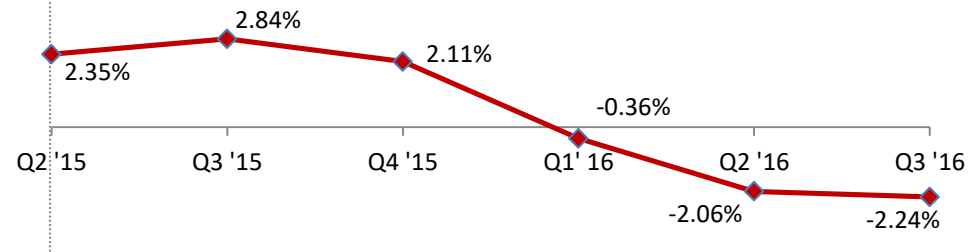
## Exchange Rate:

- Naira remained stable over the last month against the USD at the interbank market with the exchange rate unchanged in the 4<sup>th</sup> quarter of 2016 at 315NGN/USD.

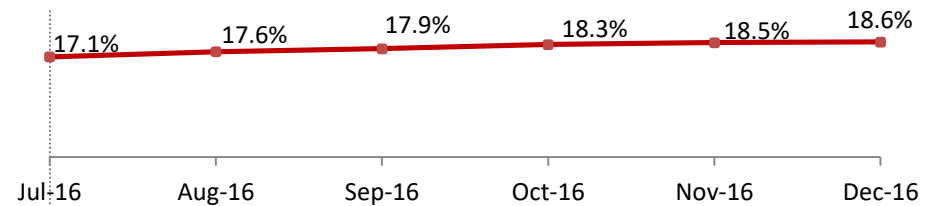
## Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- At the Monetary Policy Committee (MPC) meeting held on January 23<sup>rd</sup> and 24<sup>th</sup>, 2017, the committee decided to retain all monetary policy instruments at their current levels; MPR at 14.0%, CRR at 22.5% and Liquidity Ratio at 30.0%.

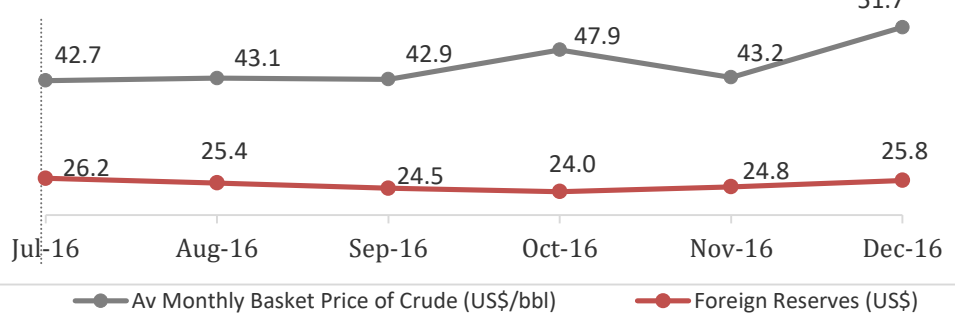
## GDP Growth Rate



## Inflation Rate



## Foreign Reserves / Oil Price



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

# Highlights of CBN Circulars and Directives for 2016

The banking sector has proved resilient to macroeconomic challenges and an evolving regulatory environment over the course of 2016.

## FX Market Stabilization

- In order to stabilize the exchange rate and narrow the gap between official and parallel market rates, the Central Bank of Nigeria (CBN) licensed 20 new International Money Transfer Operators (IMTOs) to handle an estimated \$21 billion annual Diaspora remittances into the country

## OTC FX Futures

- An Over-The-Counter (OTC) FX Futures Market for the Dollar against the Naira was introduced by the CBN on June 27, 2016

## Budget Support Facility

- The Federal Government provided a N90bn budget support facility to State Governments

## One-time Forbearance

- The Central Bank of Nigeria has given a one-time forbearance for fully provisioned loans that are yet to meet the one year maturity criterion for write-offs

## Liberalization of FX Rate

- The Central Bank of Nigeria (CBN) liberalized the foreign exchange market in order to return liquidity to the market



# 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.

## □ Increased Share of Middle Tier Market:

- ✓ Low cost of funds due to increased share of retail market through deposit mobilization and various forms of electronic banking applications.

## □ Strong Focus on Risk Management:

- ✓ Despite the tough operating environment, NPL ratio came in at 3% with a coverage ratio of about 100.1%.

## □ Good Dividend Payout:

- ✓ Good and consistent dividend payout to its investors.
- ✓ The Bank paid a dividend of 160 kobo per share for FY12, 175 kobo per share for both FY2013 and FY2014, and 180 kobo per share for FY2015
- ✓ A final dividend of 177 kobo per share has been proposed for FY2016, which in addition to the 25kobo per share already paid as interim dividend amounts to 202 kobo per share

## □ Multilateral Financing Partnerships:

- ✓ Zenith Bank Plc and the French Development Agency (Agence Francaise de Development (AFD), operator of France's bilateral development finance mechanism, have signed a US\$100 Million power sector credit facility. The on-lending term loan being made available to Zenith Bank is to support new investments in the CAPEX (capital expenditure) of Distribution Companies (DISCOs) in the power sector in Nigeria.
- ✓ International Finance Corporation (IFC), a member of the World Bank Group, signed a bilateral agreement to provide a \$100 million loan facility to Zenith Bank Plc in order to increase the bank's lending capacity to the various economic sectors, boost economic growth and job creation in Nigerian.

## □ 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), being the highest rating awarded to any Nigerian bank and in line with the country's risk 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)'
- ✓ The bank became the first Nigerian institution to be awarded a triple ISO certification by the British Standards International (BSI):
  - ISO 22301 Standard – Business Continuity Management;
  - ISO 27001 Standard – Information Security Management; and
  - ISO 20000 standard – IT Service Management

## □ Extension of the Group's brand:

- ✓ In October 2015, the Dubai branch of Zenith Bank UK was opened.



## 2. Group Results



# Financial Highlights – FYE 2016

## Key Themes

**Efficiency and Risk Management for Superior Performance  
Building A Shock-Proof Balance Sheet**

## P or L

Gross Earnings: N508.0bn

+17.5% YoY

Net Interest Income: N240.2bn

+6.9% YoY

Non-Interest Income: N123.4bn

+45.9% YoY

Profit Before Tax: N156.7bn

+24.8% YoY

Profit After Tax: N129.7bn

+22.7% YoY

## Balance Sheet

Gross Loans & Advances: N2.4tn

+16.2% YTD

Total Assets: N4.7tn

+18.3% YTD

Customer Deposits: N3.0tn

+16.6% YTD

Total Shareholders' Funds: N704.5bn

+18.5% YTD

## Key Ratios

Loans to Deposits Ratio: 67.8%

Cost of Funds: 4.2%

Liquidity Ratio: 59.6%

Net Interest Margin: 7.4%

NPL Ratio: 3.0%

Cost to Income Ratio: 52.7%

Coverage Ratio: 100.1%

Cost of Risk: 1.4%

Capital Adequacy Ratio: 23.0%

RoAE: 20.0%

EPS: 412k

# Profit or Loss Statement

- Strong bottom-line profitability, driven by robust core earnings generation and continued cost control to deliver improved operating leverage.

(N'million)	Group 12M 16	Group 12M 15	YOY Change
<b>Gross earnings</b>	<b>507,997</b>	<b>432,535</b>	<b>17.45%</b>
<b>Interest income</b>	<b>384,557</b>	<b>348,179</b>	<b>10.45%</b>
Interest expense	(144,378)	(123,597)	16.81%
Net interest income	240,179	224,582	6.94%
Impairment charge	(32,350)	(15,673)	106.41%
<b>Net interest income after impairment charge</b>	<b>207,829</b>	<b>208,909</b>	<b>-0.52%</b>
Fees and commission income	68,444	60,904	12.38%
Trading income	28,398	18,150	56.46%
Other income	26,598	5,302	401.66%
Share of profit of associates	-	228	-100.00%
Amortisation of intangible assets	(9,679)	(9,188)	5.34%
Depreciation of property and equipment	(1,435)	(1,239)	15.82%
Personnel expenses	(69,042)	(67,522)	2.25%
Operating expenses	(94,365)	(89,928)	4.93%
<b>Profit before income tax</b>	<b>156,748</b>	<b>125,616</b>	<b>24.78%</b>
Income tax expense	(27,096)	(19,953)	35.80%
<b>Profit after tax</b>	<b>129,652</b>	<b>105,663</b>	<b>22.70%</b>

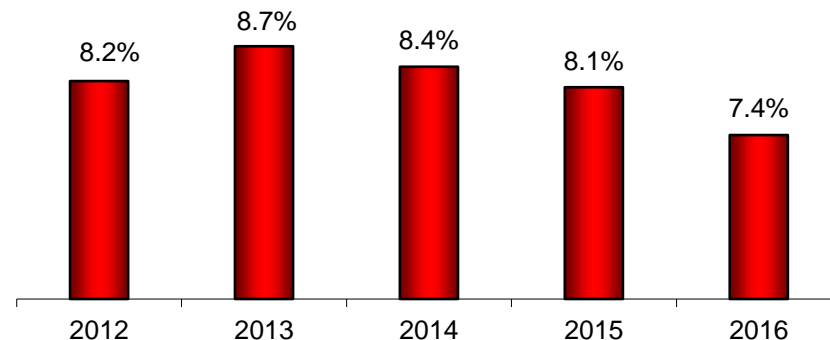
# Consolidating Earnings and Profitability

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

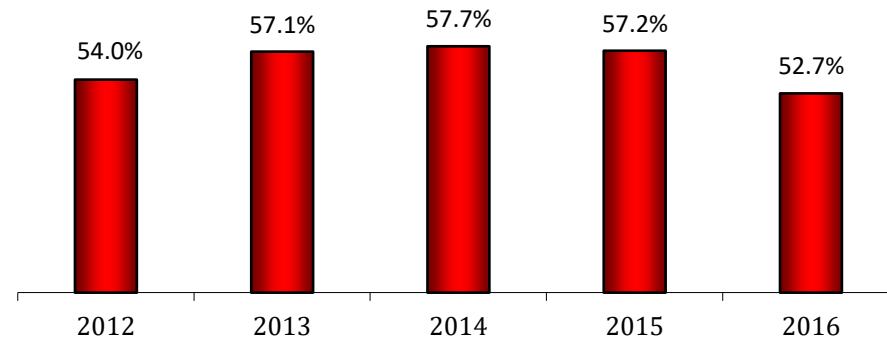
## Comments

- Net Interest Margin (NIM)** decreased YoY by 8.6% (from 8.1% in 2015 to 7.4% in 2016) as a result of increase in cost of funding.
- Cost-to-Income Ratio** declined by 7.9% YoY (from 57.2% in 2015 to 52.7% in 2016), Zenith Group is committed to keeping its cost-to-income ratio under control.
- PBT** increased by 24.8% YoY from N125.6bn in 2015 to N156.7bn in 2016 while **PAT** increased by 22.7% from N105.7bn in 2015 to N129.7bn in 2016.

## Net Interest Margin



## Cost to Income Ratio

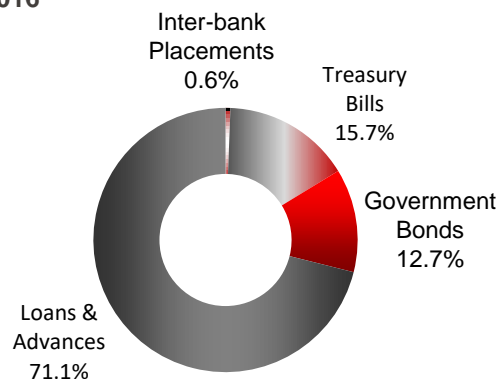


# Revenue Base: Sustained Diversification

- Attractive YoY growth in interest income (+10%) to support the Bank's net interest margin, while non-interest income (+46%) was driven by account maintenance fees, FX revaluation gain and trading income.

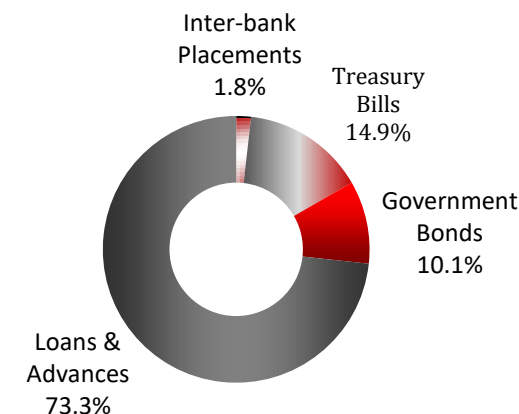
## Interest Income

2016



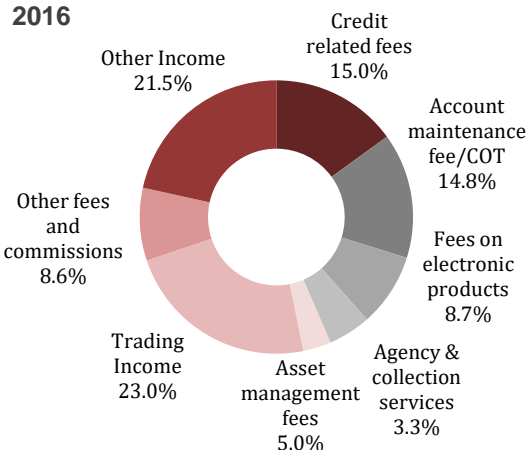
N' million	2016	2015	YoY
Inter-bank Placements	2,289	6,232	-63%
Treasury Bills	60,187	51,809	16%
Government Bonds	48,730	34,998	39%
Loans & Advances	273,351	255,140	7%
<b>Total</b>	<b>384,557</b>	<b>348,179</b>	<b>10%</b>

2015



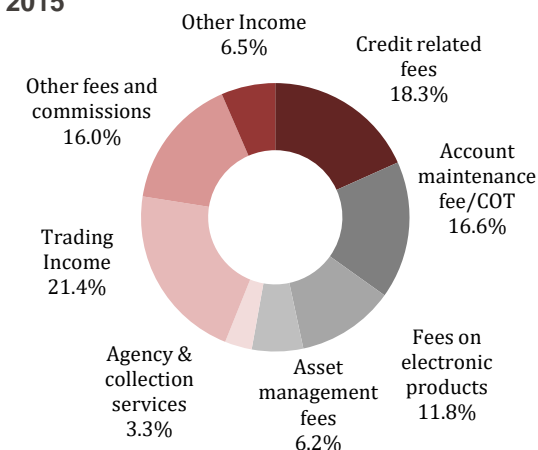
## Non-Interest Income

2016



N'million	2016	2015	YoY
Credit related fees	18,512	15,521	19%
Account maintenance fee/COT	18,308	14,051	30%
Fees on electronic products	10,687	9,986	7%
Asset management fees	6,224	5,238	19%
Agency & collection services	4,093	2,776	47%
Trading Income	28,398	18,150	56%
Other fees and commissions	10,620	13,560	-22%
Other Income	26,598	5,530	381%
<b>Total</b>	<b>123,440</b>	<b>84,812</b>	<b>46%</b>

2015

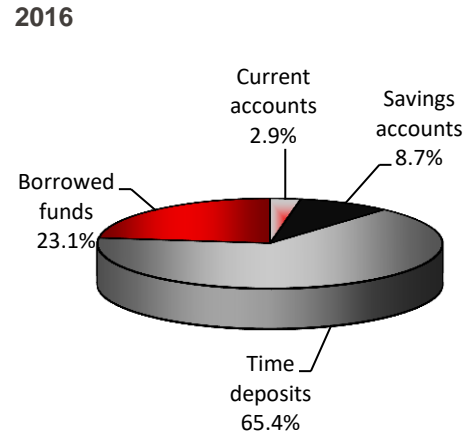




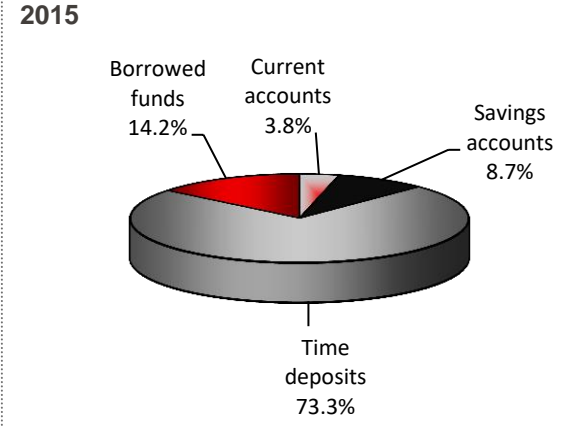
# Continuous Efforts in Cost-Reduction Strategies

- Interest expense increased by 17% as funding cost remained high in 2016.
- Continued cost control has meant lower costs as a proportion of the balance sheet. Despite the increase in inflation, Naira devaluation and rising regulatory charges (e.g. AMCON, NDIC), operating expenses grew marginally by only 4%.

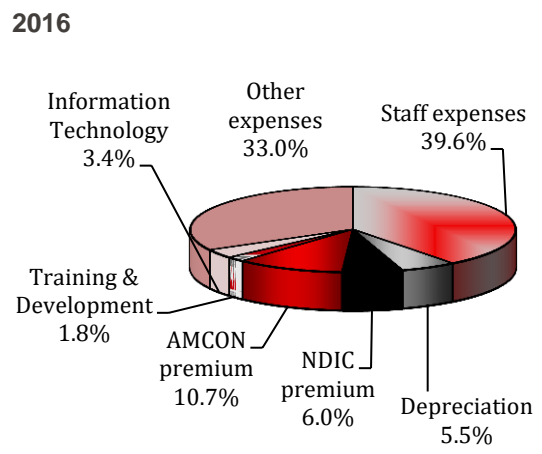
## Interest Expenses



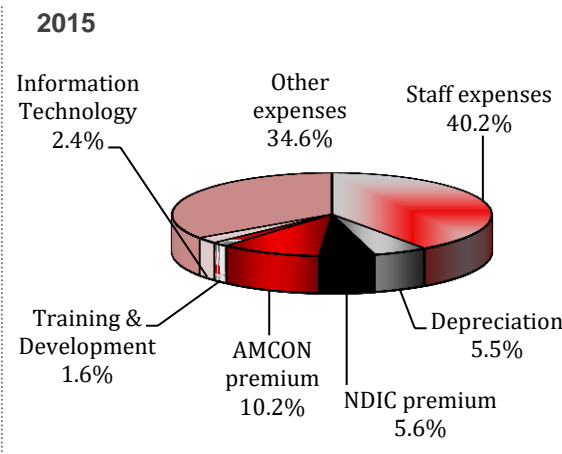
N 'million	2016	2015	YoY
Current accounts	4,125	4,638	-11%
Savings accounts	12,516	10,771	16%
Time deposits	94,369	90,591	4%
Borrowed funds	33,368	17,597	90%
<b>Total</b>	<b>144,378</b>	<b>123,597</b>	<b>17%</b>



## Total Operating Expenses



N'million	2016	2015	YoY
Staff expenses	69,042	67,522	2%
Depreciation	9,679	9,188	5%
NDIC premium	10,393	9,358	11%
AMCON premium	18,752	17,119	10%
Training & Development	3,215	2,698	19%
Information Technology	5,856	3,989	47%
Other expenses	57,584	58,003	-1%
<b>Total</b>	<b>174,521</b>	<b>167,877</b>	<b>4%</b>



# Balance Sheet – Assets

Strong, liquid balance sheet with continued growth led by loans and securities portfolio.

(N'm)	Group Dec-16	Group Dec-15	YOY Change
Cash and balances with central banks	669,058	761,561	-12.15%
Treasury bills	557,359	377,928	47.48%
Assets pledged as collateral	328,343	265,051	23.88%
Due from other banks	459,457	272,194	68.80%
Derivative assets	82,860	8,481	877.01%
Loans and advances	2,289,365	1,989,313	15.08%
Investment securities	199,478	213,141	-6.41%
Investments in associates	-	530	-100.00%
Deferred tax assets	6,440	5,607	14.86%
Other assets	37,536	22,774	64.82%
Property and equipment	105,284	87,022	20.99%
Intangible assets	4,645	3,240	43.36%
<b>Total assets</b>	<b>4,739,825</b>	<b>4,006,842</b>	<b>18.29%</b>

# 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.

(N'm)	Group Dec-16	Group Dec-15	YOY Change
Customers deposits	2,983,621	2,557,884	16.64%
Derivative liabilities	66,834	384	17304.69%
Current income tax payable	8,953	3,579	150.15%
Deferred income tax liabilities	45	19	-
Other liabilities	208,680	205,062	1.76%
On-lending facilities	350,657	286,881	22.23%
Borrowings	263,106	258,862	1.64%
Debt securities issued	153,464	99,818	53.74%
<b>Total liabilities</b>	<b>4,035,360</b>	<b>3,412,489</b>	<b>18.25%</b>

(N'm)	Group Dec-16	Group Dec-15	YOY Change
Share capital	15,698	15,698	0.00%
Share premium	255,047	255,047	0.00%
Retained earnings	267,549	200,115	33.70%
Other reserves	165,188	122,900	34.41%
<b>Total shareholder's funds</b>	<b>704,465</b>	<b>594,353</b>	<b>18.53%</b>
Non-controlling interest	983	593	65.77%
<b>Total liabilities &amp; equity</b>	<b>4,739,825</b>	<b>4,006,842</b>	<b>18.29%</b>

# Balance Sheet – Currency Breakdown

Diversification of funding base contributes to matching FX loan exposures.

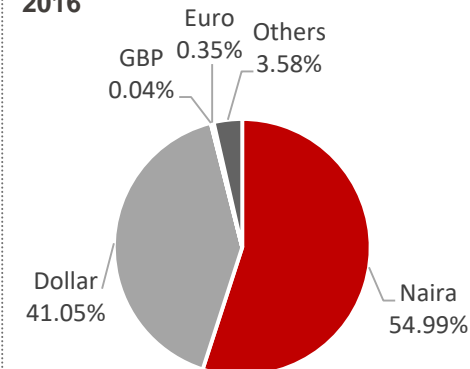
(N'million)	Naira	Dollar	GBP	Euro	Others	Total
Cash and balances with central banks	606,079	40,877	11,131	10,971	–	669,058
Treasury bills	463,787	34,959	–	–	58,613	557,359
Assets pledged as collateral	325,575	–	–	–	2,768	328,343
Due from other banks	17,538	392,618	2,855	14,499	31,947	459,457
Derivative assets	–	82,860	–	–	–	82,860
Loans and advances to customers (gross)	1,298,192	969,109	878	8,177	84,453	2,360,809
Investment securities	117,055	43,984	–	–	38,439	199,478
Financial assets	25,557	0	–	–	2,474	28,031
<b>Total Financial Assets</b>	<b>2,853,783</b>	<b>1,564,407</b>	<b>14,864</b>	<b>33,647</b>	<b>218,694</b>	<b>4,685,395</b>

(N'million)	Naira	Dollar	GBP	Euro	Others	Total
Customer's deposits	2,003,939	917,730	14,137	18,168	29,647	2,983,621
Derivative liabilities	–	66,834	–	–	–	66,834
Financial liabilities	24,877	115,050	10,972	39,559	–	190,458
On-lending facilities	350,657	–	–	–	–	350,657
Borrowings	–	263,106	–	–	–	263,106
Debt securities issued	–	153,464	–	–	–	153,464
<b>Total Financial Liabilities</b>	<b>2,379,473</b>	<b>1,516,184</b>	<b>25,109</b>	<b>57,727</b>	<b>29,647</b>	<b>4,008,140</b>

<b>Net On-balance Sheet Position</b>	<b>474,310</b>	<b>48,223</b>	<b>(10,245)</b>	<b>(24,080)</b>	<b>189,047</b>	<b>677,255</b>
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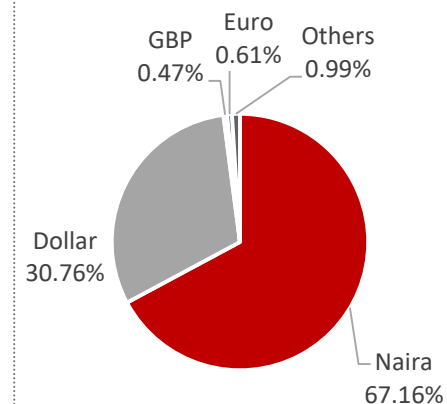
## Loans and Advances (Gross)

2016



## Deposits

2016

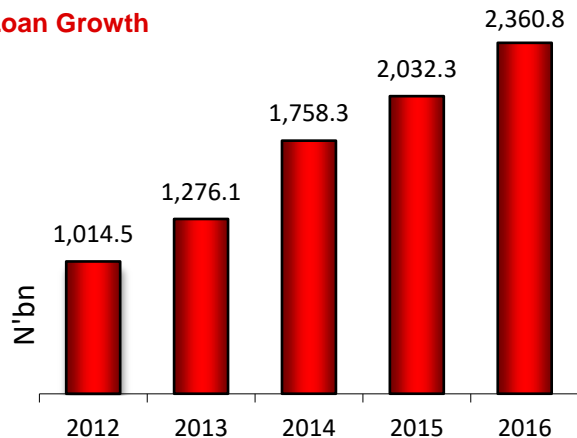




# Sustained Assets & Liabilities Match

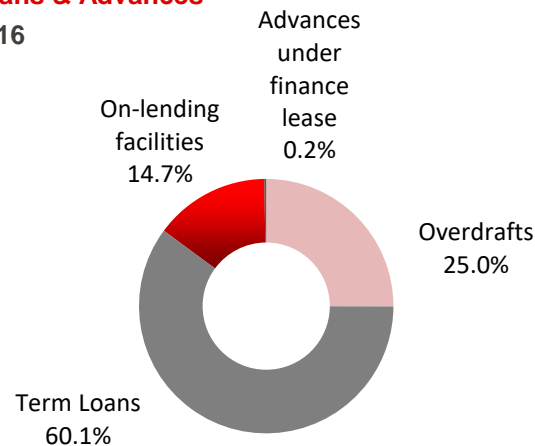
Deposit funded loan growth, with largely term loans to top-rated corporates and a predominantly demand deposit funding base that supports attractive net interest margin extraction.

## Loan Growth

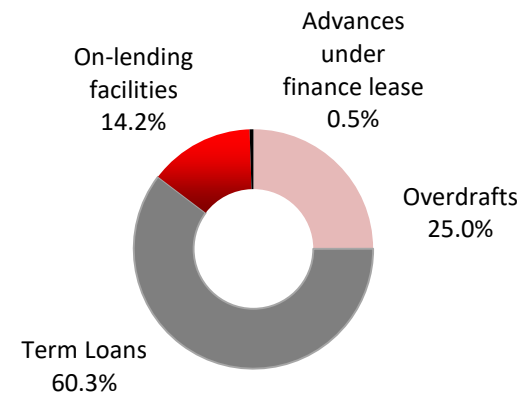


## Loans & Advances

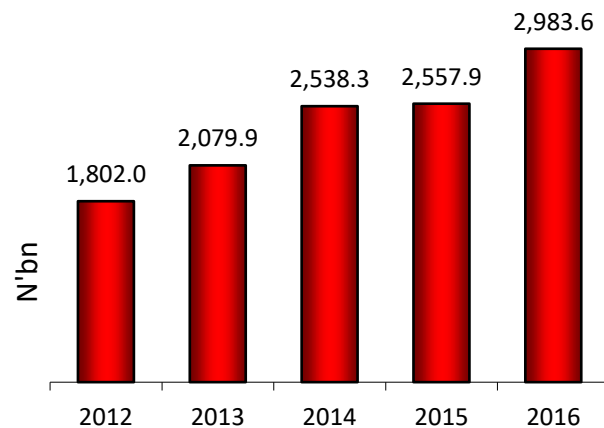
2016



2015

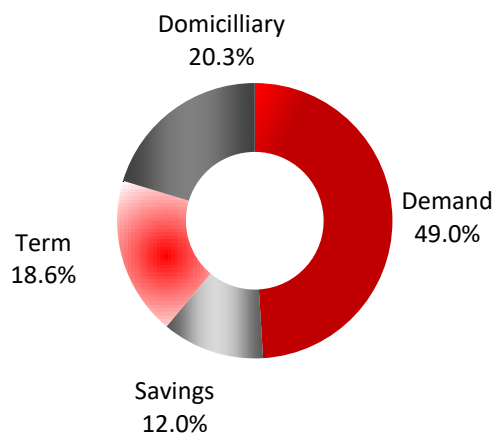


## Deposit Growth

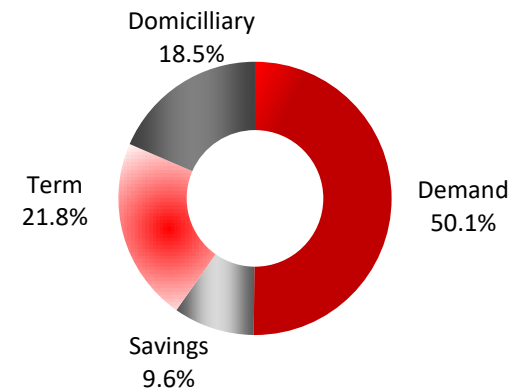


## Deposit Mix

2016



2015

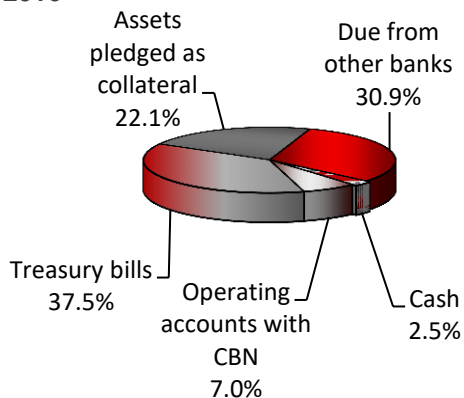


# Continued Market Dominance through Strong Liquid Asset Base and Funding Mix

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

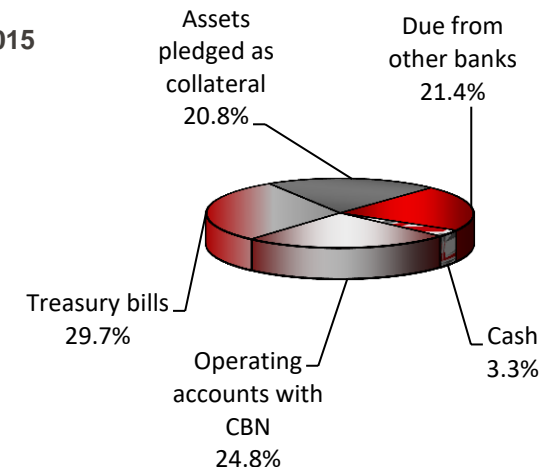
## Liquid Assets

2016



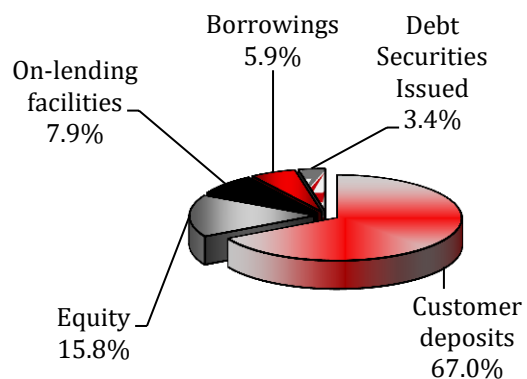
N' million	2016	2015	YoY
Cash	36,953	41,649	-11%
Operating accounts with CBN	103,921	316,358	-67%
Treasury bills	557,359	377,928	47%
Assets pledged as collateral	328,343	265,051	24%
Due from other banks	459,457	272,194	69%
<b>Total</b>	<b>1,486,033</b>	<b>1,273,180</b>	<b>17%</b>

2015



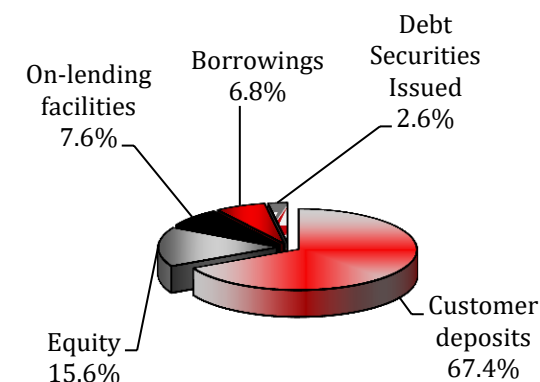
## Funding Mix

2016



N'million	2016	2015	YoY
Customer deposits	2,983,621	2,557,884	17%
Equity	704,465	594,353	19%
On-lending facilities	350,657	286,881	22%
Borrowings	263,106	258,862	2%
Debt Securities Issued	153,464	99,818	54%
<b>Total</b>	<b>4,455,313</b>	<b>3,797,798</b>	<b>17%</b>

2015



# P&L by Geography

Nigeria continues to be the main driver of profitability, providing about 90% of gross revenue.

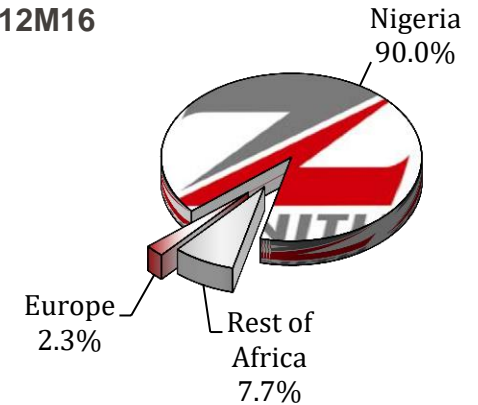
## FYE December 2016

(N'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total Revenue</b>	<b>464,493</b>	<b>39,737</b>	<b>12,010</b>	<b>(8,243)</b>	<b>507,997</b>
Share of profit of associates	-	-	-	-	-
Total expense	(316,709)	(24,590)	(11,350)	1,400	(351,249)
Profit before tax	145,666	15,147	660	(4,725)	156,748
Tax	(22,547)	(4,417)	(132)	-	(27,096)
Profit after tax	123,119	10,730	528	(4,725)	129,652

## Gross Revenue

12M16

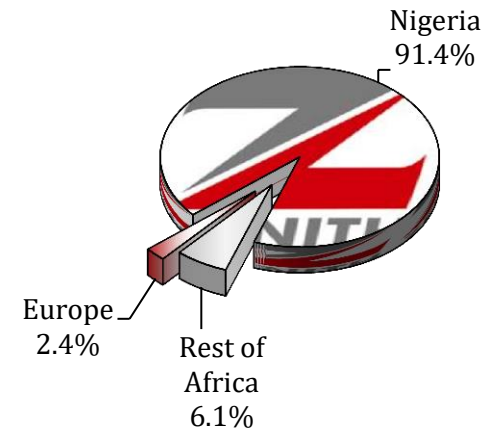


## FYE December 2015

(N'million)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
<b>Total Revenue</b>	<b>403,658</b>	<b>27,147</b>	<b>10,686</b>	<b>(8,956)</b>	<b>432,535</b>
Share of profit of associates	-	-	-	228	228
Total expense	(282,338)	(20,528)	(9,279)	4,998	(307,147)
Profit before tax	121,320	6,619	1,407	(3,730)	125,616
Tax	(17,782)	(1,819)	(352)	-	(19,953)
Profit after tax	103,538	4,800	1,055	(3,730)	105,663

12M15



# P or L – By Sector

Continuous diversification and improved profitability across core business sectors

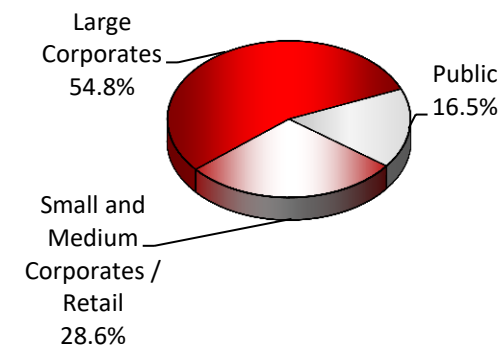
## FYE December 2016

(N'million)

	Large Corporates	Public	Small and Medium Corporates / Retail	Consolidated
<b>Total revenue</b>	<b>278,463</b>	<b>84,012</b>	<b>145,522</b>	<b>507,997</b>
Total expenses	(179,037)	(65,070)	(107,142)	(351,249)
Profit before tax	99,426	18,943	38,380	156,748
Tax	(17,187)	(3,274)	(6,634)	(27,096)
Profit after tax	82,239	15,668	31,745	129,652

## Gross Revenue

12M16

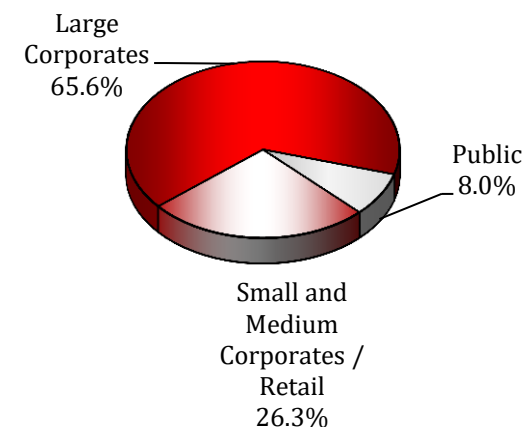


## FYE December 2015

(N'million)

	Large Corporates	Public	Small and Medium Corporates / Retail	Consolidated
<b>Total revenue</b>	<b>283,951</b>	<b>34,642</b>	<b>113,942</b>	<b>432,535</b>
Total expenses	(204,128)	(24,730)	(78,061)	(306,919)
Profit before tax	79,823	9,911	35,882	125,616
Tax	(12,679)	(1,713)	(6,203)	(19,953)
Profit after tax	67,144	8,198	29,679	105,663

12M15



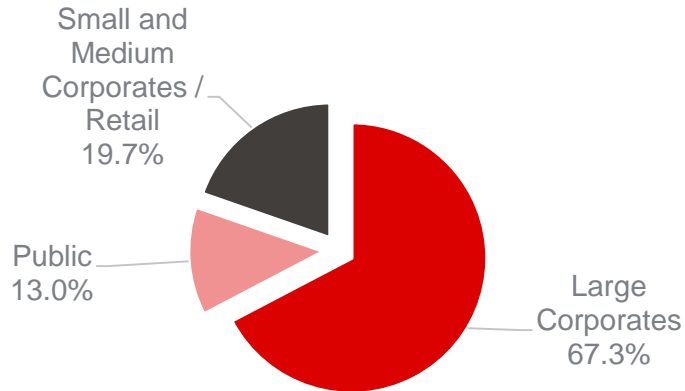


# Loans & Deposits – By Sector

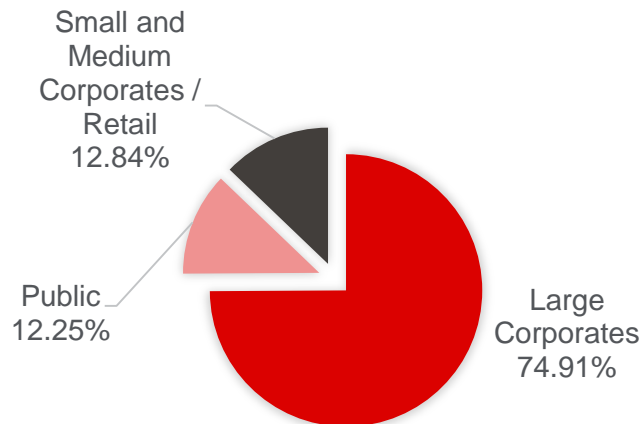
Corporate-oriented franchise, with recently improved retail component.

## Gross Loans

### 2016 Gross Loans – ₦2.36 Trillion

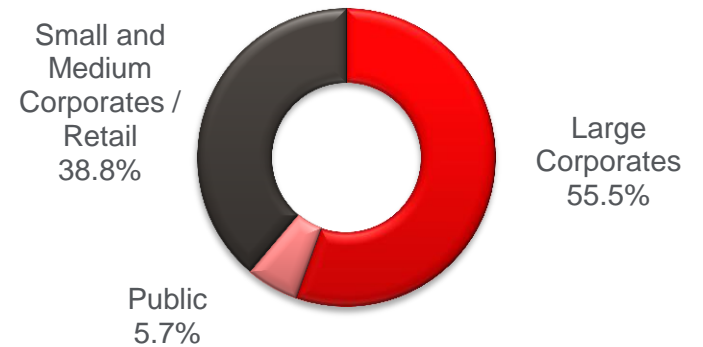


### 2015 Gross Loans – ₦2.03 Trillion

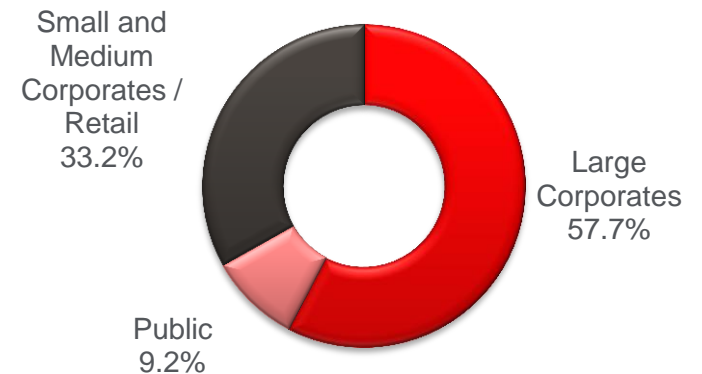


## Total Deposits

### 2016 Total Deposits – ₦2.98 Trillion



### 2015 Total Deposits – ₦2.56 Trillion

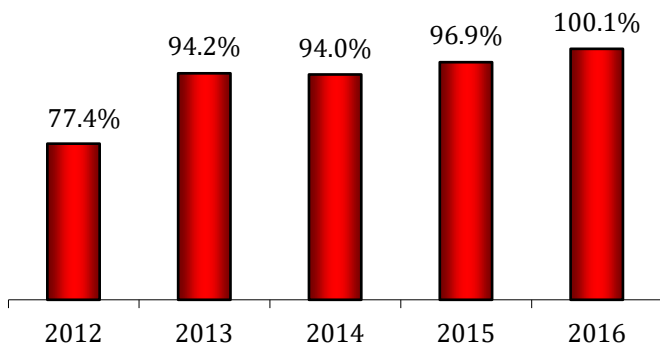


## 3. Risk Management

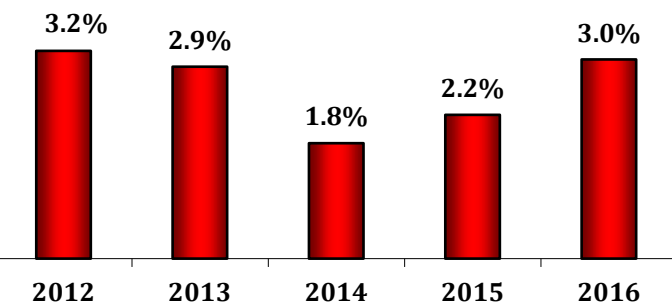
# Healthy Risk Assets Portfolio

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

## NPL Coverage Ratio



## NPL Ratio



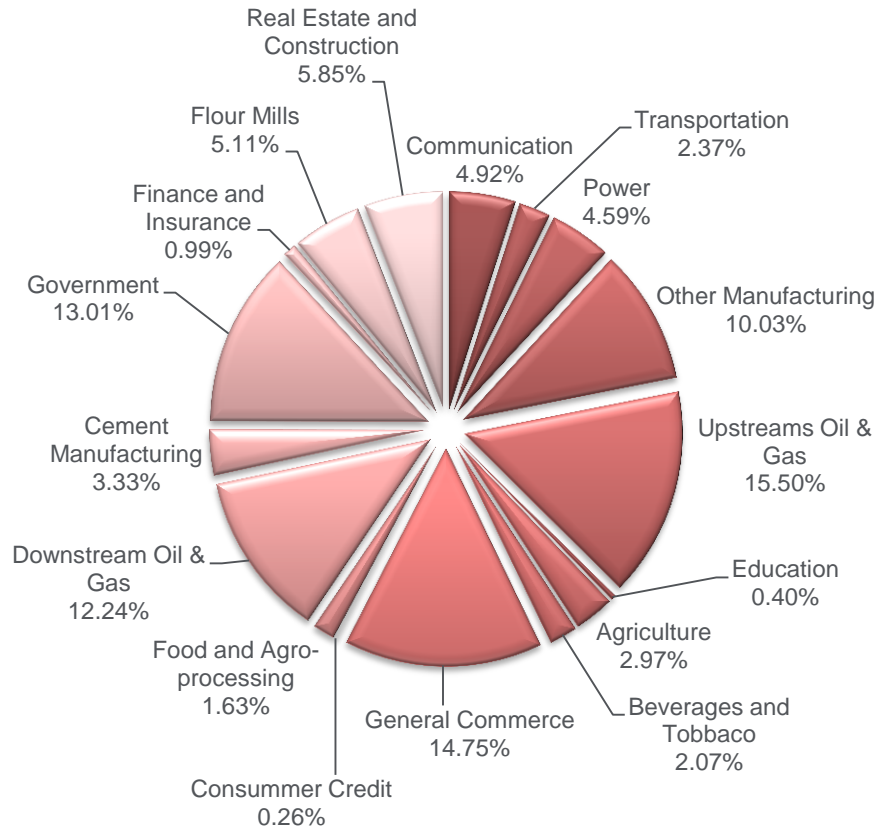
## Our Risk Management Strategy

- ✓ 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 conservative 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.
- ✓ **Loans to Oil & Gas Sector:** As price of crude oil continues to fall, the bank has put in place the following to guide against delinquent loans:
  - ✓ Hedges against drop in crude oil price for customers with loans
  - ✓ Encourage customers to increase production capacity to generate more cash flows
  - ✓ Customers are advised to diversify into gas production
  - ✓ Restructuring of loans in line with expected cash flow
- ✓ **Loans to Power Sector:**
  - ✓ Zenith Bank advanced loans to DISCOs with high cash generating capacity
  - ✓ The bank supported customers with other thriving businesses

# Focused Risk Management via Portfolio Diversification

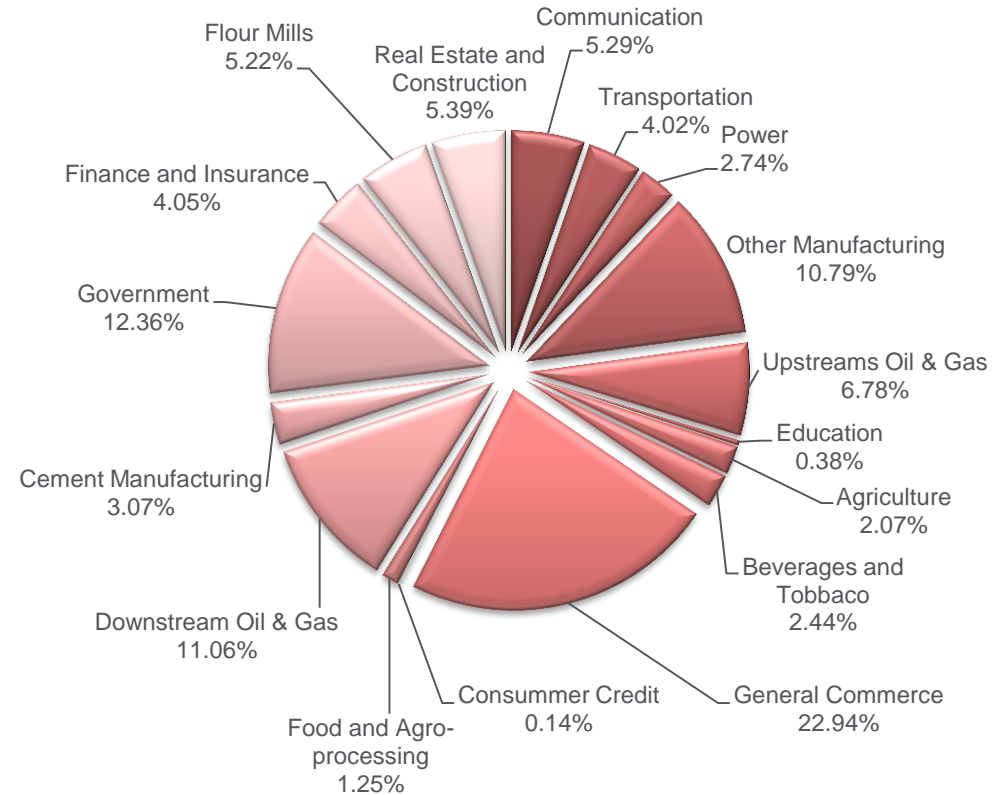
Well diversified loan portfolio across sectors supports asset quality.

## Loans by Sector – 2016



Gross Loans – N2.36 Trillion

## Loans by Sector – 2015



Gross Loans – N2.03 Trillion

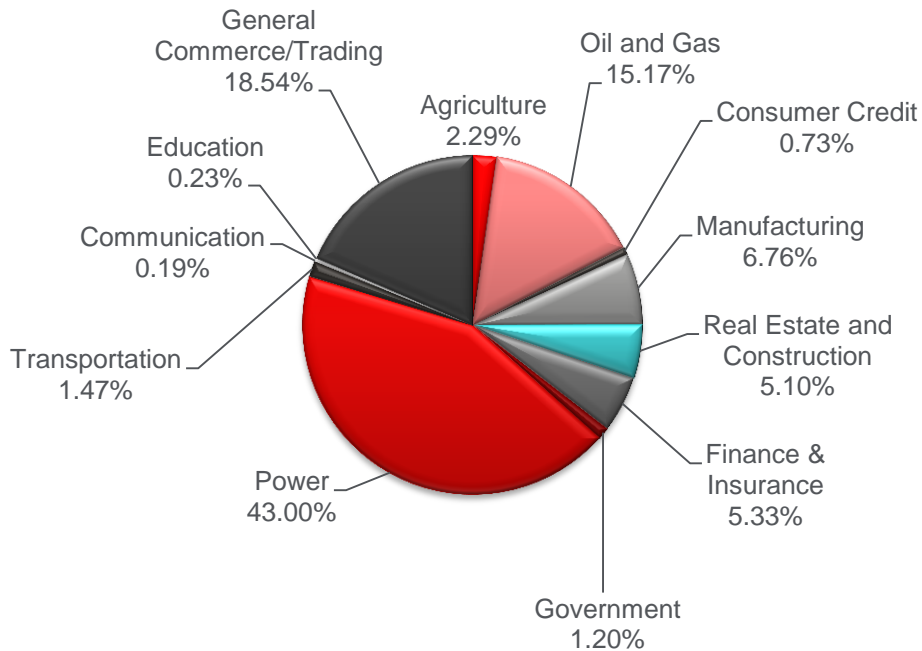


# NPL by Sectors

Zenith Bank continues to develop its risk management strategy and improve on the quality of its loan portfolio. The NPL ratio of 3% is currently one of the lowest in the industry.

## 2016

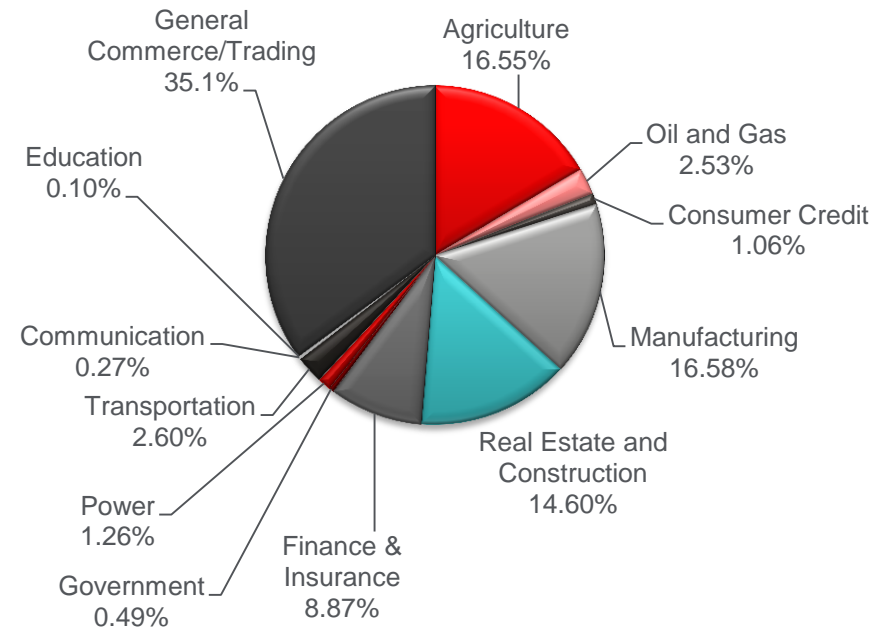
Additional provision was made for power sector as a result of the current events in the sector and possible movement in the exchange rate



**Total NPLs – N71.37 Billion**

**NPL Ratio – 3.0%**

## 2015



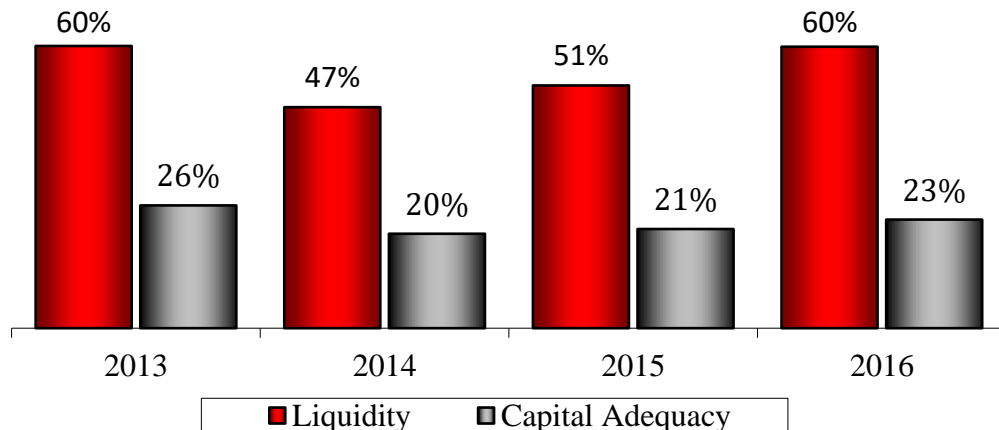
**Total NPLs – N44.90 Billion**

**NPL Ratio – 2.2%**

# Strong Capitalisation and Liquidity

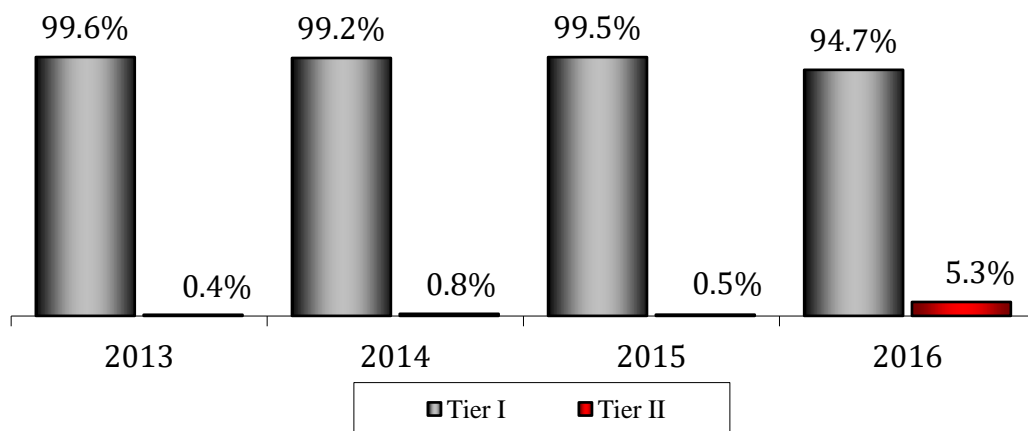
Liquidity buffer well in excess of regulatory requirements. Solid and high-quality capital position provides room for further growth and has supported Zenith Bank's historically strong dividend payout profile.

## Liquidity and Capital Adequacy



Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 15% for Capital Adequacy Ratio (Banks with international authorisation which are also systematically significant)

## 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



## 4. Strategy

# 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:
  - 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

**Trading Management**

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

# 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 FY2017

- ❑ **Retail Banking:** The bank will continue to grow its retail business especially in liability generation. 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 (CACS) 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 FY2016. 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.





***Thank you***