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
- Speaker: Managing Director/Chief Executive Officer
  Peter Amangbo
  Slides 4 - 6

Results - Group
- Speaker: Chief Financial Officer
  Stanley Amuchie
  Slides 8 - 16

Q & A
Real GDP Growth (Rebase):
- GDP grew at the rate of 2.11% y/y in Q4 2015, down by 383bps from 5.94% recorded in the corresponding quarter of previous fiscal year.

Headline Inflation:
- Headline Inflation increased to 9.6% y/y in Dec’15 from 9.4% y/y recorded in Nov’15.
- The highest spikes were witnessed in the food & beverage, clothing & footwear and transportation sectors of the economy.

Oil Production & Price:
- OPEC Average Monthly Basket Price declined by 25% during the 4th quarter of the year, from $44.8/bbl recorded in Sept’15 to $33.6/bbl in Dec’15.

Foreign Reserves:
- Nigerian foreign reserves declined by 4.0% during the 4th quarter of the year, from $30.3bn at the end of Q3 2015 to $29.1bn at the end of Q4 2015.

Exchange Rate:
- The Naira remained stable at N196.95/$ (CBN FX rate) and N199.05 (interbank market rate) during Q4 2015.

Treasury Single Account (TSA):
- The Federal Government gave a deadline of September 15th for the implementation of TSA by Ministries, Departments and Agencies of Government (MDAs); this is an ongoing process.

Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):
- During Q4 2015, MPC reduced CRR from 25% to 20% on condition while MPR was reduced from 13% to 11%

Source: Nigeria Bureau of Statistics
Central Bank of Nigeria
OPEC
New CBN Circulars and Other Directives

General Loan Loss Provisions
- The Central Bank of Nigeria has increased the General Loan Loss Provision (GLLP) for performing loans from 1% to 2%

BASEL II Implementation Update
- A revised guideline on BASEL II implementation covering Pillar 1 (minimum capital requirement), Pillar 2 (ICAAP) and Pillar 3 (disclosure requirements) with accompanying reporting template was issued to DMBs by the CBN on June 24, 2015

Biometric Verification Number (BVN) Enrolment
- Biometric Verification Number (BVN) is mandatory for all FX transactions while all accounts yet to be enrolment for BVN have been restricted

Publication of Delinquent Credit Facilities
- In order to discourage accumulation of bad loans, the CBN issued guidelines for DMBs to publish names of debtors.

Foreign Currency Loans to Customers
- To hedge against FX risk, CBN has restricted the granting of foreign currency loans by banks to companies with foreign currency revenue.
  - Zenith Bank typically extends foreign currency loans to customers with foreign currency revenue

Public Sector Short-term Loans
- As part of Federal Government (FG) bail out plan, bank loans to state governments have been converted to FG 20-year bonds

Foreign Exchange Management Strategy
- The Central Bank has reduced the spending limits on naira denominated cards abroad, prohibited payment of foreign currencies for transactions conducted in Nigeria and excluded some import items from accessing foreign currency at the official market
Our Investment Proposition

Strong earnings capacity and growth, Solid and liquid capital base, strengthened ERM practices, Good returns on investments and excellent customer services

- **A dominant player in 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 position as well as efficient trade finance products 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 2.2% with a coverage ratio of about 96.9%.

- **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 FY2013 and FY2014.
  - A final dividend of 155 kobo per share has been proposed for FY2015, which in addition to the 25kobo per share already paid as interim dividend amounts to 180 kobo per share.

- **Return On Equity:**
  - ROAE at 18.40% for FY15 and 18.7% for FY2014

- **Multilateral Financing Partnerships:**
  - 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
  - The U.S. Agency for International Development (USAID) and other parties signed an agreement with Zenith Bank to make available $90 million in new private sector financing for the Power Africa Fund. This is first of its kind in Nigeria

- **Credit Rating/Certifications:**
  - Zenith Bank is rated B+/Stable/B by S and P, being the highest rating awarded to any Nigerian bank and in line with the country’s risk rating.
  - 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
Overview & Operating Environment
- Speaker: Managing Director/Chief Executive Officer Peter Amangbo  Slides 4 - 6

Results - Group
- Speaker: Chief Financial Officer Stanley Amuchie  Slides 8- 16

Q & A
### Financial Highlights

#### Key Theme

**Efficiency and Risk Management for Superior Performance**

**Building A Shock-Proof Balance Sheet**

#### P & L

- **Gross Earnings:** N432.5bn
- **Net Interest Income:** N224.6bn
- **Net Interest Margin:** 8.1%
- **PBT:** N125.62bn
- **PAT:** N105.67bn

#### Balance Sheet

- **Customer Deposit:** N2.56tn
- **Total Assets:** N4.01tn
- **Total Shareholders’ Funds:** N594.35bn
- **Gross Loans & Advances:** N2.03tn

#### Key Ratios

- **Loan to Deposit Ratio:** 67.2%
- **Cost to Income Ratio:** 57.2%
- **Liquidity Ratio:** 51.4%
- **Capital Adequacy:** 21.0%
- **Coverage Ratio:** 96.9%
- **ROAE:** 18.4%
- **EPS:** 336k
- **NPL:** 2.2%
- **Cost of Risk:** 0.8%
- **Cost of Funds:** 4.1%

#### Additional Financial Details

- **Year-over-Year Change:**
  - Gross Earnings: +7.2%
  - Net Interest Income: +8.8%
  - Net Interest Margin: -3.6%
  - PBT: +4.9%
  - PAT: +6.3%

- **Cost of Funds:**
  - +7.2% YoY
  - +6.7% YoY
  - -3.6% YoY
  - +4.9% YoY
  - +6.3% YoY

- **Customer Deposit:** +0.8% YoY
  - +6.7% YoY
  - +7.5% YoY
  - +15.6% YoY
Improved top & bottom line earnings driven by deposit and loan growth and operating efficiency...
Comments

- **Net Interest Margin (NIM)** declined YoY by 3.6% (from 8.4% in 2014 to 8.1% in 2015) as yields on government securities dropped during 2015 financial year.

- Despite the tough operating environment, **Cost-to-Income Ratio** declined YoY by 0.9% (from 57.7% in 2014 to 57.2% in 2015). Zenith Group is committed to keeping its cost-to-income ratio under control.

- **PBT** increased by 4.9% YoY from N119.80bn in 2014 to N125.62bn in 2015 while **PAT** increased by 6.2% YoY from N99.46bn in 2014 to N105.66bn in 2015.
Revenue Base ...Sustained Diversification

**Interest Income**

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-bank Placements</td>
<td>6,232</td>
<td>10,026</td>
<td>-38%</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>51,809</td>
<td>56,463</td>
<td>-8%</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>34,998</td>
<td>31,997</td>
<td>9%</td>
</tr>
<tr>
<td>Derivative held for risk mgt</td>
<td>-</td>
<td>1,972</td>
<td>-100%</td>
</tr>
<tr>
<td>Loans &amp; Advances</td>
<td>255,140</td>
<td>212,964</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>348,179</strong></td>
<td><strong>313,422</strong></td>
<td><strong>11%</strong></td>
</tr>
</tbody>
</table>

- Interest income from loans and advances increased by 20% YoY as a result of loan growth and appropriate pricing of risk assets.
- Interest income from interbank placements decreased by 38% as a result of the drop in interbank rate during 2015 financial year.

**Non-Interest Income**

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit related fees</td>
<td>17,466</td>
<td>16,251</td>
<td>7%</td>
</tr>
<tr>
<td>Commission on turnover</td>
<td>14,051</td>
<td>27,165</td>
<td>-48%</td>
</tr>
<tr>
<td>Trading Income</td>
<td>18,150</td>
<td>15,877</td>
<td>14%</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,530</td>
<td>3,670</td>
<td>51%</td>
</tr>
<tr>
<td>Share of Profit of Associates</td>
<td>228</td>
<td>138</td>
<td>65%</td>
</tr>
<tr>
<td>Other fees and commissions</td>
<td>29,387</td>
<td>27,096</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>84,812</strong></td>
<td><strong>90,197</strong></td>
<td><strong>-6%</strong></td>
</tr>
</tbody>
</table>

- COT declined by 48% due to the phased out COT and adjustment of the effective date from April 1st to January 1st 2015.
Continuous efforts in cost-reduction strategies ..... 

Interest Expenses

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>4,638</td>
<td>4,020</td>
<td>15%</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>10,771</td>
<td>6,183</td>
<td>74%</td>
</tr>
<tr>
<td>Time deposits</td>
<td>90,591</td>
<td>85,156</td>
<td>6%</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>17,597</td>
<td>11,560</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>123,597</td>
<td>106,919</td>
<td>16%</td>
</tr>
</tbody>
</table>

- Interest expense was up by 16% YoY as a result of the increase in funding sources.

Total Operating Expenses

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Expenses</td>
<td>67,522</td>
<td>72,320</td>
<td>-7%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>9,188</td>
<td>9,087</td>
<td>1%</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>546</td>
<td>460</td>
<td>19%</td>
</tr>
<tr>
<td>Directors' emoluments</td>
<td>1,145</td>
<td>630</td>
<td>82%</td>
</tr>
<tr>
<td>AMCON premium</td>
<td>17,119</td>
<td>14,393</td>
<td>19%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>72,357</td>
<td>66,812</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>167,877</td>
<td>163,702</td>
<td>3%</td>
</tr>
</tbody>
</table>

- Total operating expense increased marginally by 3%, driven by the consistent rise in inflation and AMCON charge.
- Staff cost reduced by 7% as the Bank continues its efficiency drive.
## Balance Sheet - Assets

### (N'm)

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Dec-15</th>
<th>Group Dec-15</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>761,561</td>
<td>752,580</td>
<td>1.19%</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>377,928</td>
<td>295,397</td>
<td>27.94%</td>
</tr>
<tr>
<td>Assets Pledged as collateral</td>
<td>265,051</td>
<td>151,746</td>
<td>74.67%</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>272,194</td>
<td>506,568</td>
<td>-46.27%</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>8,481</td>
<td>17,408</td>
<td>-51.28%</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>1,989,313</td>
<td>1,729,507</td>
<td>15.02%</td>
</tr>
<tr>
<td>Investment securities</td>
<td>213,141</td>
<td>200,079</td>
<td>6.53%</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>530</td>
<td>302</td>
<td>75.50%</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>5,607</td>
<td>6,449</td>
<td>-13.06%</td>
</tr>
<tr>
<td>Other assets</td>
<td>22,774</td>
<td>21,455</td>
<td>6.15%</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>87,022</td>
<td>71,571</td>
<td>21.59%</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3,240</td>
<td>2,202</td>
<td>47.14%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,006,842</td>
<td>3,755,264</td>
<td>6.70%</td>
</tr>
</tbody>
</table>

### Sustained Balance sheet strengthening and Growth with strong liquidity.
## Balance Sheet - Liabilities & Equity

### (N'm)

<table>
<thead>
<tr>
<th></th>
<th>Group Dec-15</th>
<th>Group Dec-14</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers deposits</td>
<td>2,557,884</td>
<td>2,537,311</td>
<td>0.81%</td>
</tr>
<tr>
<td>Derivative Liabilities</td>
<td>384</td>
<td>6,073</td>
<td>-93.68%</td>
</tr>
<tr>
<td>Current income tax payable</td>
<td>3,579</td>
<td>10,042</td>
<td>-64.36%</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>19</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>205,062</td>
<td>289,858</td>
<td>-29.25%</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>286,881</td>
<td>68,344</td>
<td>319.76%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>258,862</td>
<td>198,066</td>
<td>30.69%</td>
</tr>
<tr>
<td>Debt Securities Issued</td>
<td>99,818</td>
<td>92,932</td>
<td>7.41%</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>3,412,489</strong></td>
<td><strong>3,202,626</strong></td>
<td><strong>6.55%</strong></td>
</tr>
</tbody>
</table>

### (N'm)

<table>
<thead>
<tr>
<th></th>
<th>Group Dec-15</th>
<th>Group Dec-14</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>15,698</td>
<td>15,698</td>
<td>0.00%</td>
</tr>
<tr>
<td>Share premium</td>
<td>255,047</td>
<td>255,047</td>
<td>0.00%</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>200,115</td>
<td>183,396</td>
<td>9.12%</td>
</tr>
<tr>
<td>Other reserves</td>
<td>122,900</td>
<td>97,945</td>
<td>25.48%</td>
</tr>
<tr>
<td><strong>Total Shareholder's funds</strong></td>
<td><strong>594,353</strong></td>
<td><strong>552,638</strong></td>
<td><strong>7.55%</strong></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>593</td>
<td>552</td>
<td>7.43%</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td><strong>4,006,842</strong></td>
<td><strong>3,755,264</strong></td>
<td><strong>6.70%</strong></td>
</tr>
</tbody>
</table>

---

Strong Capital base... Remains a solid buffer against any adverse event
Sustained assets & liabilities match......

**Loan Growth**

- **2011**: 920.6
- **2012**: 1,014.5
- **2013**: 1,276.1
- **2014**: 1,758.3
- **2015**: 2,032.3

**Loans & Advances**

- **2015**
  - Term Loans: 60.3%
  - Advances under finance lease: 0.5%
  - On-lending facilities: 14.2%
  - Overdrafts: 25.0%

- **2014**
  - Term Loans: 66.6%
  - Advances under finance lease: 0.7%
  - On-lending facilities: 4.6%
  - Overdrafts: 28.1%

**Deposit Growth**

- **2011**: 1,577.3
- **2012**: 1,802.0
- **2013**: 2,079.9
- **2014**: 2,538.3
- **2015**: 2,557.9

**Deposit Mix**

- **2015**
  - Term: 21.8%
  - Domiciliary: 18.5%
  - Savings: 9.6%
  - Demand: 50.1%

- **2014**
  - Term: 18.2%
  - Domiciliary: 22.5%
  - Savings: 8.4%
  - Demand: 50.6%
Continued market dominance through strong liquid asset base and funding mix...

Liquid Assets

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>41,649</td>
<td>70,084</td>
<td>-41%</td>
</tr>
<tr>
<td>Operating accounts with CBN</td>
<td>316,358</td>
<td>174,350</td>
<td>81%</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>377,928</td>
<td>295,397</td>
<td>28%</td>
</tr>
<tr>
<td>Assets pledged as collateral</td>
<td>265,051</td>
<td>151,746</td>
<td>75%</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>272,194</td>
<td>506,568</td>
<td>-46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,273,180</strong></td>
<td><strong>1,198,145</strong></td>
<td><strong>6%</strong></td>
</tr>
</tbody>
</table>

Funding Mix

<table>
<thead>
<tr>
<th>N'million</th>
<th>2015</th>
<th>2014</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>2,557,884</td>
<td>2,537,311</td>
<td>1%</td>
</tr>
<tr>
<td>Current income tax payable</td>
<td>3,579</td>
<td>10,042</td>
<td>-64%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>205,465</td>
<td>295,931</td>
<td>-31%</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>286,881</td>
<td>68,344</td>
<td>320%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>258,862</td>
<td>198,066</td>
<td>31%</td>
</tr>
<tr>
<td>Debt Securities Issued</td>
<td>99,818</td>
<td>92,932</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,412,489</strong></td>
<td><strong>3,202,626</strong></td>
<td><strong>7%</strong></td>
</tr>
</tbody>
</table>
Our Nigerian business continues to be the main driver of profitability … providing over 90% of gross revenue.
# P&L – By Sector

## 12 Months Ended Dec 2015 (N’m)

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Institutional</th>
<th>Public</th>
<th>Retail</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>224,508</td>
<td>59,443</td>
<td>34,642</td>
<td>113,942</td>
<td>432,535</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>64,941</td>
<td>14,882</td>
<td>9,911</td>
<td>35,882</td>
<td>125,616</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-10,315</td>
<td>-2,364</td>
<td>-1,574</td>
<td>-5,700</td>
<td>-19,953</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>54,626</td>
<td>12,518</td>
<td>8,337</td>
<td>30,182</td>
<td>105,663</td>
</tr>
</tbody>
</table>

## 12 Months Ended Dec 2014 (N’m)

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Institutional</th>
<th>Public</th>
<th>Retail</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>196,494</td>
<td>57,713</td>
<td>38,961</td>
<td>110,176</td>
<td>403,343</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>-143,408</td>
<td>-48,203</td>
<td>-35,368</td>
<td>-56,568</td>
<td>-283,547</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>53,085</td>
<td>9,510</td>
<td>3,593</td>
<td>53,608</td>
<td>119,796</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-9,014</td>
<td>-1,615</td>
<td>-610</td>
<td>-9,102</td>
<td>-20,341</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>44,072</td>
<td>7,896</td>
<td>2,983</td>
<td>44,505</td>
<td>99,455</td>
</tr>
</tbody>
</table>

## Improved profitability on core business segments

### Gross Revenue

#### 2015
- **Corporate**: 51.9%
- **Institutional**: 13.7%
- **Public**: 8.0%
- **Retail**: 26.3%

#### 2014
- **Corporate**: 48.72%
- **Institutional**: 14.31%
- **Public**: 9.66%
- **Retail**: 27.32%
Deposits & Loans – By Sector

2015 Total Deposits - ₦2.56tn

Retail 33.15%
Public 9.18%
Corporate & Commercial Banking 57.67%

2014 Total Deposits - ₦2.54tn

Retail 32.40%
Public 10.55%
Corporate & Commercial Banking 57.05%

2015 Gross Loans - ₦2.03tn

Retail 12.84%
Public 12.25%
Corporate & Commercial Banking 74.91%

2014 Gross Loans - ₦1.76tn

Retail 6.92%
Public 8.17%
Corporate & Commercial Banking 84.91%
Healthy Risk Assets Portfolio...

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 located in high cash generating areas like Ikeja and Eko DISCOS
  - The bank supported customers with other thriving businesses

---

**NPL Coverage Ratio**

- 2011: 106.6%
- 2012: 77.4%
- 2013: 94.2%
- 2014: 94.0%
- 2015: 96.9%

---

**NPL Ratio**

- 2011: 3.99%
- 2012: 3.15%
- 2013: 2.91%
- 2014: 1.75%
- 2015: 2.18%
Focused risk management via portfolio diversification

Loans by Sector – 2015

- Real Estate and Construction: 5.39%
- Communication: 5.29%
- Transportation: 4.02%
- Power: 2.74%
- Other Manufacturing: 10.79%
- Upstream Oil & Gas: 6.78%
- Education: 0.38%
- Agriculture: 2.07%
- Beverages and Tobacco: 2.44%
- General Commerce: 22.88%
- Public utilities: 0.00%
- Finance and Insurance: 4.05%
- Government: 12.36%
- Cement Manufacturing: 3.07%
- Downstream Oil & Gas: 11.06%
- Food and Agro-processing: 1.25%
- Consumer Credit: 0.14%

Gross Loans – N2.03tn

Loans by Sector – 2014

- Real Estate and Construction: 5.90%
- Communication: 8.56%
- Transportation & Logistics: 7.36%
- Power: 3.95%
- Other Manufacturing: 9.84%
- Upstream Oil & Gas: 8.43%
- Food and Agro-processing: 1.51%
- Consumer Credit: 1.48%
- General Commerce: 6.19%
- Agriculture: 6.40%
- Beverages and Tobacco: 0.68%
- Education: 0.32%
- Others: 4.10%

Gross Loans – N1.76tn

Well Diversified Loan Portfolio
We continue to develop our Risk Management Strategy and improve on the quality of our loan portfolio.

Overall NPL ratio of 2.2% is currently one of the lowest in the industry.
Liquidity and Capital Adequacy

Capital and liquidity ratios for the Bank – well above industry requirements of 30% for Liquidity and 16% Capital Adequacy Ratio for Banks with international authorization and are systematically significant.

Capital base – predominantly made up of Tier 1 (core capital) which consists of mainly share capital and reserves created by appropriations of retained earnings.
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
- Infrastructure
- Manufacturing
- Petrochemicals
- Retail
- Real Estate and Construction
- Telecoms
- Transportation and General Commerce
- Agriculture
- Service Industry

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 FY2016

- **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.
## Guidance for FYE 2016

<table>
<thead>
<tr>
<th>Metric</th>
<th>FYE 2015 Achieved</th>
<th>FYE 2016 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>21.00%</td>
<td>19.00%</td>
</tr>
<tr>
<td>ROAE</td>
<td>18.40%</td>
<td>18.50%</td>
</tr>
<tr>
<td>Cost to Income</td>
<td>57.20%</td>
<td>55.00%</td>
</tr>
<tr>
<td>ROAA</td>
<td>2.70%</td>
<td>2.60%</td>
</tr>
<tr>
<td>NIM</td>
<td>8.10%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Liquidity Ratio</td>
<td>54.10%</td>
<td>44.00%</td>
</tr>
<tr>
<td>NPL</td>
<td>2.18%</td>
<td>2.50%</td>
</tr>
<tr>
<td>NPL Coverage</td>
<td>96.90%</td>
<td>95.00%</td>
</tr>
<tr>
<td>Loan to Deposit</td>
<td>67.20%</td>
<td>65.00%</td>
</tr>
<tr>
<td>Cost of Funds</td>
<td>4.10%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Cost of Risk</td>
<td>0.80%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Deposit Growth</td>
<td>0.80%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Loan Growth</td>
<td>15.60%</td>
<td>5 -10%</td>
</tr>
<tr>
<td>PBT</td>
<td>₦125.62bn</td>
<td>₦126.00bn</td>
</tr>
<tr>
<td>*Effective Tax Rate</td>
<td>15.88%</td>
<td>19%</td>
</tr>
<tr>
<td>PAT</td>
<td>₦105.66bn</td>
<td>₦102.06bn</td>
</tr>
</tbody>
</table>
Thank you