ZENITH BANK PLC
GROUP RESULTS

For 9 Months Ended September 30, 2011

Presentation to Analysts and Investors
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 under the historical cost convention as modified by the revaluation of certain investment securities and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results ultimately may differ from those estimates.
Agenda

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A
Financial Highlights

Key Themes
- Robust income base
- Positive Outlook for Q4’11
- Sustained superior performance

P&L
- Gross Earnings: N183bn
- Net Interest Income: N94bn
- Net Interest Margin: 10.5%
- PBT: N50bn
- PAT: N42.9bn
- +31.65% YoY
- +49.21% YoY
- +86.17% YoY
- +28.46% YoY
- +37.97% YoY

Balance Sheet
- Customer Deposit: N1.55trn
- Total Assets: N2.20trn
- Shareholders’ Funds: N380.6bn
- Loans & Advances: N839.9bn
- +17.42% (YTD)
- +15.79% (YTD)
- +4.56% (YTD)
- +17.80% (YTD)

Key Ratios
- Conservative Loan to deposit Ratio: 56.6%
- Cost Income Ratio: 65.88%
- Liquidity: 60% (Group), 57.6% (Bank)
- Strong Capital Adequacy: 31% (Group), 28.5% (Bank)
- NPL: 3.6%
- ROE: 15.4%
- EPS: 135k
- PE Ratio: 9.1x
## Profit & Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>Group 9 mths to Sep-11</th>
<th>Group 9 mths to Sep-10</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Income</strong></td>
<td>182,955</td>
<td>139,601</td>
<td>31.1%</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>119,720</td>
<td>92,283</td>
<td>30.0%</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>25,705</td>
<td>29,122</td>
<td>-12.0%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>94,015</strong></td>
<td><strong>63,161</strong></td>
<td><strong>49.0%</strong></td>
</tr>
<tr>
<td><strong>Fees and Commission Income</strong></td>
<td>43,162</td>
<td>30,971</td>
<td>39.0%</td>
</tr>
<tr>
<td><strong>Foreign Exchange Trading Income</strong></td>
<td>11,639</td>
<td>7,388</td>
<td>58.0%</td>
</tr>
<tr>
<td><strong>Underwriting Profit</strong></td>
<td>3,077</td>
<td>1,949</td>
<td>58.0%</td>
</tr>
<tr>
<td><strong>Trusteeship Income</strong></td>
<td>40</td>
<td>25</td>
<td>60.0%</td>
</tr>
<tr>
<td><strong>Income from Investments</strong></td>
<td>197</td>
<td>253</td>
<td>-22.0%</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>63</td>
<td>2,934</td>
<td>-98.0%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>152,193</td>
<td>106,681</td>
<td>43.0%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>-94,834</td>
<td>-65,481</td>
<td>45.0%</td>
</tr>
<tr>
<td><strong>Diminution in Asset Values</strong></td>
<td>-7,225</td>
<td>-2,041</td>
<td>254.0%</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>50,134</strong></td>
<td><strong>39,159</strong></td>
<td><strong>28.0%</strong></td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>-7,184</td>
<td>-8,029</td>
<td>11.0%</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td><strong>42,950</strong></td>
<td><strong>31,130</strong></td>
<td><strong>38.0%</strong></td>
</tr>
</tbody>
</table>

Strong earnings and bottom line…boosted by the Group’s enhanced efficiency
Robust earnings and profitability...

Comments

- **Cost Income Ratio**: Our sustained cost reduction strategies have continued to yield the desired results with total cost to income ratio remaining steady at 65.88%, despite the increased mandatory provisioning made in Q3’11.

- **Net Interest Margin**: Our operational efficiency improved significantly Quarter on Quarter with annualized Net Interest Margin up 10.5% in Q3’11 from 7.52% in H1’11.

Cost Income Ratio

- Dec-10: 69.35%
- Mar-11: 56.46%
- Jun-11: 65.89%
- Sep-11: 65.88%

Net Interest Margin

- Dec-10: 5.95%
- Mar-11: 6.96%
- Jun-11: 7.52%
- Sep-11: 10.50%
Sustained strong earnings...driven by increased transaction volumes.
Cost reduction measures...yielding results

Q3 2011

Interest Expenses
- Inter-bank takings: N121m (0.47%)
- Borrowed funds: N0.47m (2.52%)
- Current accounts: N1.796m (6.75%)
- Savings accounts: N9.80m (3.84%)
- Time deposits: N22.214m (86.35%)

Operating Expenses
- Other expenses: N53.228m (56.13%)
- Staff costs: N32.009m (33.75%)
- Depreciation: N9.412m (9.92%)
- Auditors' remuneration: N185m (0.20%)

Q3 2010

Interest Expenses
- Inter-bank takings: N712.1m (2.52%)
- Borrowed funds: N138.1m (0.5%)
- Current accounts: N3.069m (10.5%)
- Savings accounts: N634.1m (2.2%)
- Time deposits: N24.360m (84.3%)

Operating Expenses
- Other expenses: N30.637m (46.8%)
- Staff costs: N25.386m (38.8%)
- Depreciation: N9.199m (14.0%)
- Directors' remuneration: N1.49m (0.2%)
- Auditors' remuneration: N1.10m (0.2%)
## Balance Sheet - Assets

<table>
<thead>
<tr>
<th></th>
<th>Group Sep-11</th>
<th>Group Dec-10</th>
<th>Group Sep-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>114,100</td>
<td>141,724</td>
<td>80,847</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>442,944</td>
<td>298,869</td>
<td>355,843</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>376,151</td>
<td>399,503</td>
<td>322,142</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>839,863</td>
<td>713,285</td>
<td>701,265</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>41,649</td>
<td>22,536</td>
<td>-</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>7,903</td>
<td>13,188</td>
<td>10,526</td>
</tr>
<tr>
<td>Insurance receivables</td>
<td>1,830</td>
<td>711</td>
<td>1,749</td>
</tr>
<tr>
<td>Long term investment</td>
<td>258,066</td>
<td>210,345</td>
<td>198,373</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,164</td>
<td>1,162</td>
<td>1,676</td>
</tr>
<tr>
<td>Other assets</td>
<td>42,726</td>
<td>18,936</td>
<td>27,220</td>
</tr>
<tr>
<td>Investment property</td>
<td>7,805</td>
<td>7,623</td>
<td>7,111</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>69,847</td>
<td>67,145</td>
<td>69,071</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>2,204,048</strong></td>
<td><strong>1,895,027</strong></td>
<td><strong>1,775,823</strong></td>
</tr>
</tbody>
</table>

Solid liquid asset balance sheet base......
### Balance Sheet - Liabilities & Equity

<table>
<thead>
<tr>
<th></th>
<th>Group Sep-11</th>
<th>Group Dec-10</th>
<th>Group Sep-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>1,545,114</td>
<td>1,318,072</td>
<td>1,278,010</td>
</tr>
<tr>
<td>Claims Payable</td>
<td>318</td>
<td>218</td>
<td>109</td>
</tr>
<tr>
<td>Liabilities on insurance contracts</td>
<td>3,119</td>
<td>2,287</td>
<td>2,144</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>43,966</td>
<td>26,049</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>23,111</td>
<td>27,975</td>
<td>30,661</td>
</tr>
<tr>
<td>Current income tax</td>
<td>6,508</td>
<td>3,735</td>
<td>5,551</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>193,732</td>
<td>145,750</td>
<td>97,404</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>7,576</td>
<td>7,380</td>
<td>3,696</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,823,444</strong></td>
<td><strong>1,531,466</strong></td>
<td><strong>1,417,575</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Group Sep-11</th>
<th>Group Dec-10</th>
<th>Group Sep-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>270,745</td>
<td>270,745</td>
<td>267,606</td>
</tr>
<tr>
<td>Reserves</td>
<td>107,086</td>
<td>90,497</td>
<td>88,085</td>
</tr>
<tr>
<td>Shareholder's funds</td>
<td>377,831</td>
<td>363,561</td>
<td>355,691</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2,773</td>
<td>2,319</td>
<td>2,557</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td><strong>2,204,048</strong></td>
<td><strong>1,895,027</strong></td>
<td><strong>1,775,823</strong></td>
</tr>
</tbody>
</table>

Customers’ Acceptances

1,073,759

902,931

806,133

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**Strong capital cushion…gives us room to take advantage of any emerging business opportunities**
 Appropriately matched assets & liabilities…..

**Loan Growth**

- Dec-10: 746.1
- Mar-11: 821.7
- Jun-11: 809.1
- Sep-11: 873.9

**Deposits**

- Dec-10: 1,318.0
- Mar-11: 1,435.0
- Jun-11: 1,446.0
- Sep-11: 1,545.0

**Loans & Advances Q3 2011**

- Term Loans: 59%
- Overdrafts: 39%
- Other Loans: 2%

**Deposit Mix Q3 2011**

- Term: 17.6%
- Demand: 62.2%
- Savings: 9.2%
- Domiciliary: 11.0%
Sustained strong liquidity and right funding mix

Liquid Assets

Q3 2011
- Current balances with banks within Nigeria: 2.6%
- Current balances with banks outside Nigeria: 18.8%
- Treasury bills: 47.5%
- Mandatory reserve deposits with central bank: 0.1%
- Operative accounts with central banks: 5.6%
- Cash: 6.6%
- Placements with banks & discount houses: 18.9%

Q3 2010
- Current balances with banks within Nigeria: 1.1%
- Current balances with banks outside Nigeria: 21.5%
- Treasury bills: 46.9%
- Mandatory reserve deposits with central bank: 1.5%
- Operative accounts with central banks: 5.2%
- Cash: 3.9%
- Placements with banks & discount houses: 19.9%

Funding Mix

Q3 2011
- Customer deposits: 70.3%
- Liabilities on insurance contracts: 0.1%
- Borrowings: 1.1%
- Other liabilities: 8.8%
- Non-controlling interest: 0.1%
- Claims Payable: 0.1%
- Current income: 0.3%
- Borrowings: 2.0%

Q3 2010
- Customer deposits: 72.1%
- Liabilities on insurance contracts: 0.1%
- Borrowings: 0.1%
- Claims Payable: 0.1%
- Current income: 0.3%
- Non-controlling interest: 0.1%
- Shareholder’s funds: 20.1%
- Other liabilities: 5.5%
- Borrowings: 1.7%
Agenda

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A
### P&L – By Segment

#### 9 Months Ended September 2011 (N’m)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate &amp; Retail Banking</th>
<th>Investment Mgmt &amp; Stockbroking</th>
<th>General Health &amp; Life Insurance</th>
<th>Others</th>
<th>Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>171,725</td>
<td>1,626</td>
<td>8,627</td>
<td>2,910</td>
<td>-1,933</td>
<td>182,955</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>128,456</td>
<td>100</td>
<td>5,983</td>
<td>215</td>
<td>-1,933</td>
<td>132,821</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>43,269</td>
<td>1,526</td>
<td>2,644</td>
<td>2,695</td>
<td>-</td>
<td>50,134</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-6,517</td>
<td>-</td>
<td>-252</td>
<td>-415</td>
<td>-</td>
<td>-7,184</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>36,752</td>
<td>1,526</td>
<td>2,392</td>
<td>2,280</td>
<td>-</td>
<td>42,950</td>
</tr>
</tbody>
</table>

#### 9 Months Ended September 2010 (N’m)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate &amp; Retail Banking</th>
<th>Investment Mgmt &amp; Stockbroking</th>
<th>General Health &amp; Life Insurance</th>
<th>Others</th>
<th>Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>130,735</td>
<td>1,806</td>
<td>6,080</td>
<td>2,322</td>
<td>-1,342</td>
<td>139,601</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>96,373</td>
<td>312</td>
<td>4,619</td>
<td>480</td>
<td>-1,342</td>
<td>100,442</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>34,362</td>
<td>1,494</td>
<td>1,461</td>
<td>1,842</td>
<td>-</td>
<td>39,159</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-7,352</td>
<td>-3</td>
<td>-316</td>
<td>-358</td>
<td>-</td>
<td>-8,029</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>27,010</td>
<td>1,491</td>
<td>1,145</td>
<td>1,484</td>
<td>-</td>
<td>31,130</td>
</tr>
</tbody>
</table>

**Improved profitability YoY on core business segments**
The Corporate and Retail Banking segments still account for over 92% of the Group’s income stream in Q3 2011.
Agenda

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A
### P&L – By Geography

#### 9 Months Ended September 2011 (N’m)

<table>
<thead>
<tr>
<th></th>
<th>Nigeria</th>
<th>Rest of Africa</th>
<th>Europe</th>
<th>Eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>173,420</td>
<td>8,765</td>
<td>2,704</td>
<td>-1,934</td>
<td>182,955</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-125,822</td>
<td>-7,200</td>
<td>-1,733</td>
<td>-1,934</td>
<td>-132,821</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>47,598</td>
<td>1,565</td>
<td>971</td>
<td>-</td>
<td>50,134</td>
</tr>
<tr>
<td>Tax</td>
<td>-6,608</td>
<td>-317</td>
<td>-259</td>
<td>-</td>
<td>-7,184</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>40,990</td>
<td>1,248</td>
<td>712</td>
<td>-</td>
<td>42,950</td>
</tr>
</tbody>
</table>

#### 9 Months Ended September 2010 (N’m)

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>131,444</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-94,329</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>37,115</td>
</tr>
<tr>
<td>Tax</td>
<td>-7,625</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>29,490</td>
</tr>
</tbody>
</table>

Improved earnings across geographies……..
Business from Nigeria continues to account for a substantial portion of the Group’s revenue base.
Agenda

Results
  Group
    By Segment
    By Geography

Company Risk Management

Strategy and Outlook

Q & A
Effective Risk Management Processes…

**Highlights**

- **Coverage Ratio**: Our coverage ratio rose to 109.59% in Q3’11 from 56.0% recorded in the first half of 2011.
- **Loan to Deposit Ratio**: Loan to Deposit Ratio grew from 55.97% in H1’11 to 56.60% in Q3’11. This still gives the group the competitive edge to explore and take advantage of emerging business opportunities.
- **NPL Ratio**: We continued to sustain quality loan growth in Q3’11- one of the lowest NPL ratios in the industry.
Maintaining our robust risk management culture

- Continuing to identify all risk exposures, threats and opportunities which are then managed with appropriate processes in line with best practice and regulatory requirements;
- Integrating risk management into the culture of the Bank via training and acculturation;
- Fine-tuning processes that will ensure timely compliance with risk based supervision and Basel II compliance;
- Ensuring that all staff with risk management functions are adequately qualified and trained;
- Continuing to uphold and preserve our liquidity management philosophy;
- Continuing to maintain high quality credit by complementing our credit portfolio with clear cohesion logic;
- Zero tolerance for regulatory breaches.

“Adequacy and appropriateness remain our focal point in the constant reviews of our risk management culture and processes......”

“We will continue to actively engage in the evaluation and analysis of the environment viz-a-viz the available and emerging credit opportunities to ensure that we continue to improve on and maintain one of the lowest NPL ratios in the industry ...”
Liquidity and Capital Adequacy

Comfortable capital adequacy & liquidity ratios for the Bank – well above the regulatory and industry requirements.

Capital Mix

Consistently low leverage – capital base predominantly made up of Tier 1 Capital
## Agenda

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<tbody>
<tr>
<td><strong>Group</strong></td>
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</table>
Strategies for driving our vision

1. Compete aggressively for market share, but focus on high quality assets and top-end relationships

   - 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. Efficiently expand our operations by adding new distribution channels

   - Entering into new markets where opportunities exist to meet funding gaps
   - Diversification by business line and geography

4. 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
Creating quality and robust business models

Aggressive growth driven by a focus on quality and robust business models

<table>
<thead>
<tr>
<th>Business Segments</th>
<th>Business Model</th>
<th>Operational Efficiency &amp; Innovation</th>
</tr>
</thead>
</table>
| Large Corporate MNC Customers | ▪ Prompt service delivery  
▪ Financial support  
▪ Excellent int’l trade services  
▪ Appropriate product pricing | Process review and realignment to enhance efficiency in our operations |
| Retail Markets | ▪ Convenience through proper branch network  
▪ Safety  
▪ Deployment of ATMs and cards | Sustained investments in ICT Branch and E-banking channel expansion |
| SMEs | ▪ Financial support  
▪ Financial advisory services  
▪ Pricing | Products development |
Our Key Growth Target Sectors

Driving profitability with our competitive advantages

Identified Growth Sectors
- Infrastructure
- Manufacturing
- Oil and Gas (Upstream & Downstream)
- Power and Energy
- Real Estate and Construction
- Telecoms
- Transportation and General Commerce
- Agriculture

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
## Our Growth Horizon...... A Sustainable Pace

<table>
<thead>
<tr>
<th>Short Term</th>
<th>Medium Term</th>
<th>Long Term</th>
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<tbody>
<tr>
<td>• Efficient and robust risk management structure driving down NPL ratios</td>
<td>• Identifying all risk exposures, threats and opportunities which are then managed through appropriate process in line with best practice and regulatory requirements</td>
<td></td>
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<tr>
<td>• Focus on operational efficiencies</td>
<td>• Maintaining efficient resource allocation and utilization control</td>
<td>• Strengthen our institutional brand by focusing on best banking principles and corporate governance</td>
</tr>
<tr>
<td>• Employing cost management measures to reduce our cost to income ratio</td>
<td>• Continue to maintain high quality credit</td>
<td>• Remain innovative in delivering products and services to customers using technology and global standards of customer service</td>
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<td>• Consolidating our position through delivering superior performance and sustaining competitive advantage via people, ICT and exceptional customer services</td>
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<td>• To build the Zenith brand into a reputable international financial institution.</td>
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</tbody>
</table>