ZENITH BANK PLC

GROUP RESULTS

For 6 Months Ended June 30, 2010

July 29, 2010
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.
Speakers

Godwin Emefiele – MD/CEO Designate

Udom Emmanuel – Executive Director/Chief Financial Officer

Peter Amangbo – Executive Director-Corporate Banking

Andy Ojei – Executive Director/Chief Risk Officer
Improving macroeconomic environment

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Q1 2010</th>
<th>Q2 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>6.2</td>
<td>6.1</td>
<td>6.9</td>
<td>7.23</td>
<td>7.68</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>6.6</td>
<td>15.1</td>
<td>12.4</td>
<td>12.3</td>
<td>10.3</td>
</tr>
<tr>
<td>Oil Price</td>
<td>69.1</td>
<td>94.5</td>
<td>61.1</td>
<td>76.01</td>
<td>72.49</td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>125.8</td>
<td>126.5</td>
<td>149.6</td>
<td>150.35</td>
<td>150.24</td>
</tr>
<tr>
<td>(USD/NGN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Reserves ($’bn)</td>
<td>51.3</td>
<td>53.0</td>
<td>42.5</td>
<td>40.7</td>
<td>37.63</td>
</tr>
</tbody>
</table>

Source: NBS

- **GDP Growth** in the 2nd Qtr was higher than Q1 2010 and above Q2 2009 which stood at 7.22%. Overall growth mainly driven by the non-oil sector.
- **Q2 2010 Headline Inflation** down from first quarter. Relatively stable as inflationary threats remain subdued in the short to medium term.
- **MPR** unchanged at 6.0%.
- **Exchange Rate** stability attributable to measures taken by CBN policy and robust level of foreign reserves.

- **Oil Prices** remained stable at $71-$78
- Despite the drop, the current level of **Foreign Reserves** is still adequate compared to the internationally recommended benchmark.
POSITIVE

✓ The successful take-off of the Asset Management Company of Nigeria (AMCON) will be a key determinant of how events play out in the Nigerian Banking Sector space.
✓ Improved margins by the banks.
✓ Improved corporate governance.
✓ New guidelines issued on liquidity criteria for banks’ investment in state government bonds expected to deepen and strengthen the bond market.
✓ Consolidated and risk-based supervision towards effective risk management.
✓ IFRS adoption to help with transparency.
✓ CBN extended guarantees for all inter-bank transactions, pension funds placements with banks and foreign credit lines up till June 30, 2011.
✓ The impact of the FGN reforms on some key sectors of the economy.

DRAWBACKS

✗ The impact of infrastructural deficit on the bank’s operational costs.
✗ Dearth of business opportunities to create yield assets.
Zenith Bank Plc

- The most capitalized company in the country with shareholders’ funds of N344bn as at date.
- Total assets of N1.75trn.
- Capital adequacy and liquidity ratios are comfortably above the CBN benchmarks & requirements.
- Historically amongst the lowest non-performing loan ratios against industry averages.
- Superior performance over the years through well motivated people, robust ICT platform and exceptional customer services.
- One of the strongest banking brands in Nigeria with a branch network of over 310 branches.
- Over 7,800 professional staff – locally and internationally.
- With our deep understanding of financial markets, Zenith Bank has the confidence to innovate.
Financial Highlights

Key Theme

- Strong bottom line income
- Large Capital and liquidity cushion
- Positive outlook for the rest of the year

P&L

- Gross Earnings: N96bn
- Net Interest Income: N40bn
- Net Interest Margin: 2.37%
- PBT: N25bn

Balance Sheet

- Customer Deposit: N1.29trn
- Total Assets: N1.75trn
- Shareholders’ Funds: N344bn
- Loans & Advances: N667bn

Key Ratios

- ROE: 6.1% (6 Month Figure)
- Conservative Loan to deposit Ratio: 56%
- Liquidity: 50% (Group), 57% (Bank)
- Strong Capital Adequacy: 30% (Group), 33% (Bank)

Operational Highlights

- New Group MD/CEO (Godwin Emefiele) set to take over on 01/08/10
- Appointment of more independent Directors on the Board
- Enhanced capacity in Enterprise Risk Mgt. Dept. in terms of systems and human resources

Other financial figures:

- -12.80% YoY
- -12.33% YoY
- -9.54% YoY
- +101% YoY

Other financial figures:

- N1.17trn (Dec’09)
- N1.66trn (Dec’09)
- N336bn (Dec’09)
- N698bn (Dec’09)
### Profit & Loss Statement

<table>
<thead>
<tr>
<th>(N’m)</th>
<th>Group 6 mths to June-10</th>
<th>Group 6 mths to June-09</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>96,850</td>
<td>111,071</td>
<td>-13%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>63,827</td>
<td>79,883</td>
<td>-20%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-23,352</td>
<td>-33,714</td>
<td>-31%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>40,475</strong></td>
<td><strong>46,169</strong></td>
<td><strong>-12%</strong></td>
</tr>
<tr>
<td>Fees and Commission Income</td>
<td>20,964</td>
<td>21,355</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Foreign Exchange Trading Income</td>
<td>4,979</td>
<td>4,818</td>
<td>3%</td>
</tr>
<tr>
<td>Underwriting Profit</td>
<td>1,171</td>
<td>518</td>
<td>126%</td>
</tr>
<tr>
<td>Trusteeship Income</td>
<td>17</td>
<td>6</td>
<td>183%</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>204</td>
<td>20</td>
<td>920%</td>
</tr>
<tr>
<td>Other Income</td>
<td>2,249</td>
<td>2,604</td>
<td>-14%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>70,059</td>
<td>75,491</td>
<td>-7%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-44,204</td>
<td>-50,501</td>
<td>-12%</td>
</tr>
<tr>
<td>Diminution in Asset Values</td>
<td>-519</td>
<td>-12,363</td>
<td>-96%</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>25,336</strong></td>
<td><strong>12,627</strong></td>
<td><strong>101%</strong></td>
</tr>
<tr>
<td>Taxation</td>
<td>-4,031</td>
<td>-2,777</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td><strong>21,305</strong></td>
<td><strong>9,850</strong></td>
<td><strong>114%</strong></td>
</tr>
</tbody>
</table>

Twofold increase in profitability on diverse revenue streams and improved credit quality.
Revenue Base - Sustained diversification......

**Interest Income**

- **H1 2010**
  - Advances Under Finance Lease: N1,036m, 2%
  - Placements: N4,233m, 7%
  - Treasury Bills & Investment Securities: N7,049m, 11%
  - Government Bonds: N5,195m, 8%

- **H1 2009**
  - Advances Under Finance Lease: N941m, 1%
  - Placements: N4,770m, 6%
  - Treasury Bills & Investment Securities: N14,105m, 18%
  - Government Bonds: N5,388m, 7%

**Non-Interest Income**

- **H1 2010**
  - Income from Investments: N204m, 0.7%
  - Other Income: N2,249m, 7.9%
  - Foreign Exchange Earnings: N4,979m, 17.5%
  - Fees and Commissions: N20,964m, 73.8%

- **H1 2009**
  - Income from Investments: N20m, 0.1%
  - Other Income: N2,604m, 9.0%
  - Foreign Exchange Earnings: N4,818m, 16.7%
  - Fees and Commissions: N21,355m, 74.2%
Sustained efforts at Cost reduction yielding results….

- **Interest Expenses**
  - **H1 2010**
    - Inter-bank takings: N77 m (0.3%)
    - Current accounts: N2,605 m (1.8%)
    - Savings accounts: N577 m (2.5%)
  - **H1 2009**
    - Inter-bank takings: N778 m (2.3%)
    - Current accounts: N3,620 m (10.7%)
    - Savings accounts: N380 m (1.1%)

  - 31% YoY drop in Interest Expense
  - More reliance on demand deposits significantly improving cost of funds

- **Operating Expenses**
  - **H1 2010**
    - Staff Costs: N16,533 m (37.40%)
    - Auditors’ remuneration: N76 m (0.17%)
    - Directors’ emoluments: N149 m (0.34%)
    - Loss on disposal of fixed assets: N6,248 m (14.13%)
    - Other expenses: N21,198 m (47.95%)
  - **H1 2009**
    - Staff Costs: N17,562 m (34.78%)
    - Directors’ emoluments: N158 m (0.30%)
    - Auditors’ remuneration: N41 m (0.08%)
    - Loss on disposal of fixed assets: N5,205 m (10.31%)

  - 12.5% YoY drop in Operating Expense
Balance Sheet- Assets

(N'm)

Cash and balances with central banks
145,824 126,779 120,064

Treasury bills
358,813 234,115 260,212

Due from other banks
286,024 341,830 357,506

Loans and advances
667,633 698,326 662,898

Advances under finance lease
11,114 5,506 8,171

Insurance receivables
2,022 635 2,372

Investment securities
177,068 158,977 152,017

Deferred tax assets
1,929 966 28

Other assets
26,857 13,517 50,308

Investment property
6,751 433 433

Fixed assets
69,907 78,619 66,226

Total Assets
1,753,942 1,659,703 1,680,235

The Group continues to maintain a robust, liquid & well structured balance sheet with significant room to expand lending.
## Balance Sheet - Liabilities & Equity

### (N'm)

<table>
<thead>
<tr>
<th>Component</th>
<th>June-10</th>
<th>Dec-09</th>
<th>June-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>1,285,538</td>
<td>1,173,917</td>
<td>1,130,436</td>
</tr>
<tr>
<td>Claims Payable</td>
<td>125</td>
<td>198</td>
<td>370</td>
</tr>
<tr>
<td>Liabilities on insurance contracts</td>
<td>2,392</td>
<td>1,202</td>
<td>1,744</td>
</tr>
<tr>
<td>Borrowings</td>
<td>43,016</td>
<td>35,984</td>
<td>42,092</td>
</tr>
<tr>
<td>Current income tax</td>
<td>6,179</td>
<td>7,407</td>
<td>9,956</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>66,105</td>
<td>100,085</td>
<td>160,232</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>3,427</td>
<td>3,117</td>
<td>1,966</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,406,782</td>
<td>1,321,910</td>
<td>1,346,796</td>
</tr>
</tbody>
</table>

### (N’m)

<table>
<thead>
<tr>
<th>Component</th>
<th>June-10</th>
<th>Dec-09</th>
<th>June-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>267,606</td>
<td>267,606</td>
<td>263,419</td>
</tr>
<tr>
<td>Reserves</td>
<td>77,091</td>
<td>67,964</td>
<td>67,579</td>
</tr>
<tr>
<td>Shareholder's funds</td>
<td>344,697</td>
<td>335,570</td>
<td>330,998</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2,456</td>
<td>2,223</td>
<td>2,441</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td>1,751,479</td>
<td>1,657,480</td>
<td>1,677,794</td>
</tr>
</tbody>
</table>

Customers’ Acceptances                          | 781,618 | 638,708 | 615,158 |

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We have sustained our large capital cushion...comfortably protecting us against any adverse market conditions.
Improving yield through lower cost funding and better Assets-Liabilities match up…

 Loans & Advances

Jun’10
- Term Loans: 55%
- Other Loans: 5%
- Overdrafts: 40%

Mar’10
- Term Loans: 52%
- Other Loans: 4%
- Overdrafts: 44%

 Deposits

Jun’10
- Term: 19.5%
- Domiciliary: 14.5%
- Savings: 6.6%
- Demand: 59.4%

Mar’10
- Term: 19.6%
- Domiciliary: 14.3%
- Savings: 5.7%
- Demand: 60.3%

Lower Funding cost through low cost Demand Deposits
Maintaining Good Safety-Profitability matrix.....

Customer Deposits continue to be a significant funding source for the Group
Summary of Q2 2010 Performance...

Reduced interest & Overhead Expenses

Diversified revenue streams

Excellent customer services through well motivated staff force, and robust ICT platform

Continued focus on strong capital base, liquidity and capital adequacy

Growth in Profitability

Declining cost to income ratio achieved between Q1’10 (74.2%) and Q2’10 (69.8%)
Corporate & Retail Banking continues to be the cornerstone of our business and focus…
Nigeria continues to remain the dominant driver of income and profitability for the Group……
Contribution margins from the Rest of Africa expected to be on an upward trend given business growth in Ghana & Sierra Leone.
Strong risk management policies & practice…..

Loans/Provisions

(N’m)

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Group</th>
<th>Group</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June-10</td>
<td>Mar-10</td>
<td>Dec-09</td>
<td>Sep-09</td>
</tr>
<tr>
<td>Gross Loans and Advances</td>
<td>718,622</td>
<td>691,522</td>
<td>747,465</td>
<td>701,540</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>50,989</td>
<td>48,903</td>
<td>49,139</td>
<td>49,117</td>
</tr>
<tr>
<td>Non-Performing Loans</td>
<td>48,379</td>
<td>48,379</td>
<td>48,379</td>
<td>25,162</td>
</tr>
</tbody>
</table>

Loan to Deposit Ratio

- Well diversified loan portfolio
- Low NPL Ratios in comparison to industry peers
- Adequate provisions to cover NPL (consistently above 100%)
- Dec-09 NPLs impacted by new CBN provisioning guidelines

Prudent Loan to Deposit Ratios

Conservative LTD ratio providing adequate room for future expansion

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Sep-09</th>
<th>Dec-09</th>
<th>Mar-10</th>
<th>Jun-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60%</td>
<td>59%</td>
<td>52%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Low NPL Ratios

Consistently amongst the lowest NPL ratios in the industry

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Sep-09</th>
<th>Dec-09</th>
<th>Mar-10</th>
<th>Jun-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.24%</td>
<td>6.26%</td>
<td>6.67%</td>
<td>6.50%</td>
</tr>
</tbody>
</table>
Focused risk management via portfolio diversification

Enterprise Risk management driven by the Board of Directors across all business activities...providing means of dealing with uncertainties and opportunities

Strategies include:

Integrating risk Mgt into all facets of the organizations

Identify and manage all risk exposures, threats and opportunities in accordance with best practices and regulatory requirements

Implement cost effective actions
Strong capitalization coupled with low leverage-the keystone to our success...

**Liquidity & Capital Adequacy**

- Sep-09: 57% Capital Adequacy, 36% Liquidity
- Dec-09: 57% Capital Adequacy, 34% Liquidity
- Mar-10: 59% Capital Adequacy, 34% Liquidity
- Jun-10: 57% Capital Adequacy, 33% Liquidity

**Capital Adequacy & Liquidity Ratios for the Bank are comfortably above industry requirements & sector averages.**

**Capital Mix**

- 2005: 100.00% Tier I, 0.00% Tier II
- 2006: 99.85% Tier I, 0.15% Tier II
- 2007: 97.96% Tier I, 2.04% Tier II
- 2008: 98.20% Tier I, 1.80% Tier II
- 2009: 99.53% Tier I, 0.47% Tier II

**Capital base predominantly made up of Tier I capital sustaining low cost of funding.**
Agenda

- Operating Environment
- Company Overview
- Results

  - Group
  - By Segment
  - By Geography

Company Risk Management

Strategy and Outlook

Q&A
Our 2010 Strategic Objectives……impressive scorecard

2010 - Targets
- Continuous reduction in NPL volume
- Curtail cost to income ratio
- Maintain high level of capital adequacy
- Remain conservative but innovative
- Maintain strong risk mgt. and corporate governance practices
- Sustain strong Liquidity and Capital base
- Remain Customer services Focused
- Continue emphasis on use of technology as a competitive tool
- Consolidating our global expansion

2010 - Scorecard
- Good H1 performance and barring any unforeseen circumstances, this trend is expected to continue
- Successfully curtailing Cost to Income ratios (74.2% - Q1’10 to 69.8% - Q2’10)
- Low level of NPLs at about 6%
- Institutionalizing strong Enterprise Risk & corporate governance culture across the group businesses.

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Revisiting our Strategic Objectives for 2010 and beyond...

**Beyond 2010**

- Sustain strong profitability and ensure adequate Return on Equity (ROE)
- Remain conservative but innovative
- Maintain strong risk mgmt. and corporate governance practices
- Sustain strong balance sheet size with adequate Liquidity and Capital base
- Sustain our brand and premium customer services
- Continue emphasis on use of technology
- Cautious and synergistic global expansion

**Strategies.....**

- Maintain strong risk mgt. and corporate governance culture
- Ensure proper pricing of our products and services
- Improving our corporate and retail banking market share via deploying our E-business tools and enhanced customer service
- Continuous review and improvement of our recruitment and training policies to ensure the attraction and retention of well trained & motivated staff force
- Continuous investment in technology as a driving tool for customer services
- Increasing corporate finance activities to boost fee income
- Leveraging on our existing branch network to drive our product delivery