ZENITH BANK PLC
GROUP RESULTS
For 12 Months Ended December 31, 2010

people | technology | service

www.zenithbank.com

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Thursday March 24, 2011
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 – Managing Director/Chief Executive Officer
Udom Emmanuel – Executive Director/Chief Financial Officer
Peter Amangbo – Executive Director – Corporate Banking
Andy Ojei – Executive Director/Chief Risk Officer
Zenith Bank Plc – Commitment to excellence

- **Strengthened global institutional brand** with upside from strong talent pool, **increased footprint** and **expanded market share**.

- A stable and **experienced management team** that is well positioned for strong execution leading to significant growth opportunities.

- One of Nigeria’s **strongest banking brands** and **one of the country’s largest banks** by market capitalization of N471.3bn (as at Dec. 31, 2010).

- **Strong liquidity and capital adequacy ratios** with a year-on-year increase in profit after tax of over 126% in 2010.

- Broad based strength in banking leveraged on **strong local franchise** with a branch network of 315 branches (as at Dec. 31st, 2010).

- The combined **intellectual capital** and dedication of the staff, management and Board has enabled Zenith to develop into the world-class institution that it is today.

- Zenith’s success is anchored on its **continued investment in people, technology and excellent customer service-focused strategy**.

- The Bank has opted for the **International Commercial Bank License**, which will authorize it to conduct banking business on an international basis. We believe this will strengthen our global brand and boost our presence in the global financial sphere.
Ratings......consistently above industry average

Fitch Ratings – “B+” (2010 – international)
“The Stable Outlook for the long term IDR reflects Zenith’s strong and well-established domestic franchise and acceptable levels of Tier 1 capital”

S&P Rating – “B+/B-” (2010 - international)
“The Stable Outlook on Zenith reflects our view that the bank’s financial profile is proving comparatively resilient to the domestic market turmoil”

“We believe Zenith Bank is a financial institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due”
Optimistic Macro-Economic Environment for Nigeria

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Q1’10</th>
<th>Q2’10</th>
<th>Q3’10</th>
<th>Q4’10</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>6.1</td>
<td>6.9</td>
<td>7.36</td>
<td>7.69</td>
<td>7.86</td>
<td>8.29</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>15.1</td>
<td>12.4</td>
<td>14.8</td>
<td>14.1</td>
<td>13.60</td>
<td>11.80</td>
</tr>
<tr>
<td>Oil Price ($)</td>
<td>94.5</td>
<td>61.1</td>
<td>76.01</td>
<td>72.49</td>
<td>77.48</td>
<td>88.99</td>
</tr>
<tr>
<td>Exch. Rate (USD/NGN)</td>
<td>126.5</td>
<td>149.6</td>
<td>147.84</td>
<td>148.22</td>
<td>149.04</td>
<td>150.66</td>
</tr>
<tr>
<td>Foreign Reserves ($’bn)</td>
<td>52.8</td>
<td>42.4</td>
<td>40.7</td>
<td>37.42</td>
<td>34.50</td>
<td>32.32</td>
</tr>
</tbody>
</table>

**GDP Growth:** The economy recorded a growth of 8.29% in 2010 largely driven by the non-oil sector. Our Bank leveraged on the drivers of this growth to boost its earnings in FY10. We expect GDP to continue to grow on the back of anticipated enhanced activities in the real sector of the economy in 2011.

**Headline Inflation:** Inflation hit a 13-month low of 11.80% YoY in Q4’10 (after peaking at 14.80% in Q1’10) partly as a result of the effect of MPR hikes. Following this, interest rates continued to inch upwards and this positively impacted on the Bank’s earnings in FY10. The outlook for Q1’11 shows inflation could fluctuate between 11% – 13% fueled by pre-election spending, implementation of the increased wage structure for public workers, etc. The average rate of Government borrowing is expected to rise.

**Exchange Rate:** The foreign exchange market remained relatively stable in 2010. The Bank generally followed the trend of the USD/NGN by taking advantage of the upsides during the period under review. We expect that the CBN will continue to defend the Naira, though there may be a gradual devaluation depending on movements in crude oil prices and the level of pressure on the country’s foreign reserves in 2011.

Source: NBS
Oil Prices: Owing to improvement and stability of oil production at an average of 2.2 million barrels per day and strong prices averaging $80.90 per barrel in 2010, oil sector contribution to the economy received a boost. This also impacted positively on the Bank’s revenue as is evident from its improved activities in the oil & gas sector (downstream and upstream). Strengthened demand from Asia (which drives about 75% of global oil demand growth), especially from China (largest global oil consumer), the series of civil unrests in the Middle East and increased demand from the US following resurgence in industrial production and capacity utilization are key drivers of oil in 2011. Oil prices are currently hovering between $108.14 - $112.90 per barrel.

Foreign Reserves: The external reserves were under pressure from Q1 to Q3 2010 (from $40.7 billion in Q1’10 to $32.32 billion in Q4’10) due to increased dollar demand from importers and flight to safety by foreign investors before the elections. The Bank however effectively employed various excellent FX trading strategies to meet our customers FX demands. We expect a significant improvement in external reserves in 2011 due to a more stable environment, increased inflows and high oil prices.

AMCON: On December 31, 2010, AMCON signed a debt purchase agreement with 21 of the 24 banks operating in Nigeria and issued N1.04 trillion consideration bonds (not tradable to buy) to purchase the non-performing loans worth N2.2 trillion from banks with the FGN the guarantor. The AMCON has announced its intention to begin the second phase of its asset purchase programme. This stage of bad debt purchases (worth N1.5 trillion) will be taken from the healthy banks and other banks that did not meet up with the first stage. We expect the impact of AMCON to positively reflect on the Bank’s activities going forward.
In 2010 a number of the stronger banks in Nigeria applied for a sizeable number of stress-free banks in Nigeria applied to AMCON to request for AMCON to take on their NPLs. This move underscores the level of confidence the financial institutions place on the Corporation’s operations. The AMCON’s bail out of the banking industry is expected to continue and facilitate the much needed recapitalization of the sector. **So far, Zenith Bank along with other banks in the industry participated in the first phase of asset purchase and benefited from the positive impacts on its balance sheet.**

The Government (via the CBN) in H1’10 communicated that no bank would fail and that it had no intention of being a shareholder of any bank. At the same time, the CBN requested bids from interested parties to acquire the intervened banks. We expect new strategic investors to eventually take over the Government bailed out banks, and this will change the competitive landscape of the industry. As a Bank, we would continue to leverage on our broad client base to grow and maintain our leading position in all the key sectors of the economy.

Deposit interest rates are expected to increase marginally notwithstanding the anticipated withdrawal of CBN guarantee of inter-bank lines, as new investors are expected to recapitalize the weak banks. **Zenith Bank will continue to be a major player in the inter-bank market so as to enhance its bottom-line.**

For the most part of 2010, the CBN gradually employed tight monetary policies to avert threatening inflationary pressures. The lending rate to Government is expected to increase due to the flight to safety by investors prior to the upcoming elections. However, strong oil prices and improved reserves are likely to improve the bargaining power of the Government.
The manufacturing sector last year witnessed some challenges that eventually renewed Government interest in this sector of the economy. Anticipated real sector growth is expected to boost confidence and lending activities. Zenith will support this growth initiative by lending to infrastructure projects, the power sector, manufacturing and telecoms. In this regard, our Bank is strategically positioned to be a dominant player complementing our strategic relationships with key stakeholders in this area.

In 2010, the Nigerian banking sector witnessed some improved earnings although still below the FY08 level. The industry is expected to return fully to pre-crises profitability levels with ROE well above inflation rate. Our goal is to further improve top-line and bottom-line items while keeping a reasonable cost to income ratio in 2011.
Financial Highlights

Consolidating Superior Performance and Sustaining Competitive Advantage through our People, Technology and Exceptional Customer Service

<table>
<thead>
<tr>
<th>Key Theme</th>
<th>P&amp;L</th>
<th>Balance Sheet</th>
<th>Key Ratios</th>
<th>Key Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidating Superior Performance</td>
<td>Gross Earnings: N192.5bn</td>
<td>Customer Deposit: N1.32trn</td>
<td>Loan to deposit Ratio: 57%</td>
<td>• Commenced Operations in Gambia (January 2010)</td>
</tr>
<tr>
<td>Sustaining Competitive Advantage</td>
<td>Net Interest Income: N91.5bn</td>
<td>Total Assets: N1.90trn</td>
<td>Liquidity: 63.74% (Group), 61.51% (Bank)</td>
<td>• New CEO and Chairman appointed (June 2010)</td>
</tr>
<tr>
<td>through our People</td>
<td>Net Interest Margin: 5.95%</td>
<td>Shareholders’ Funds: N364bn</td>
<td>Capital Adequacy: 36% (Group), 32.9% (Bank)</td>
<td>• New auditors appointed (July 2010)</td>
</tr>
<tr>
<td>Technology and Exceptional Customer Service</td>
<td>PBT: N50bn</td>
<td>Net Loans &amp; Advances: N713bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

-13.23% YoY
4.42% YoY
-25.63% YoY
78.23% YoY

12.28% (YoY)
14.18% (YoY)
7.63% (YoY)
2.14% (YoY)

NPL: 5.93%
ROE: 10.71%
EPS: 119k
# Profit & Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>Group 12 mths to Dec-10 (N’m Audited)</th>
<th>Group 12 mths to Dec-09 (N’m Audited Annualized)</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>192,488</td>
<td>221,840</td>
<td>-13.23%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>127,265</td>
<td>154,836</td>
<td>-17.81%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-35,719</td>
<td>-67,166</td>
<td>-46.82%</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>91,546</strong></td>
<td><strong>87,670</strong></td>
<td><strong>4.42%</strong></td>
</tr>
<tr>
<td>Fees and Commission Income</td>
<td>46,180</td>
<td>44,011</td>
<td>4.93%</td>
</tr>
<tr>
<td>Foreign Exchange Trading Income</td>
<td>10,823</td>
<td>15,750</td>
<td>-31.28%</td>
</tr>
<tr>
<td>Underwriting Profit</td>
<td>2,524</td>
<td>1,876</td>
<td>34.54%</td>
</tr>
<tr>
<td>Trusteeship Income</td>
<td>45</td>
<td>34</td>
<td>33.93%</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>304</td>
<td>1,061</td>
<td>-71.34%</td>
</tr>
<tr>
<td>Other Income</td>
<td>726</td>
<td>189</td>
<td>284.53%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>152,148</td>
<td>150,590</td>
<td>1.03%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>-97,769</td>
<td>-90,630</td>
<td>7.88%</td>
</tr>
<tr>
<td>Diminution in Asset Values</td>
<td>-4,353</td>
<td>-31,892</td>
<td>-86.35%</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>50,026</strong></td>
<td><strong>28,068</strong></td>
<td><strong>78.23%</strong></td>
</tr>
<tr>
<td>Taxation</td>
<td>-12,612</td>
<td>-11,586</td>
<td>8.86%</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td><strong>37,414</strong></td>
<td><strong>16,482</strong></td>
<td><strong>126.99%</strong></td>
</tr>
</tbody>
</table>

Efficiency in cost of funding ……strong bottom line
Strong Earnings and Profitability

Gross Revenue

PBT

PAT

ROE/ROA
Diverse Revenue Base

2010

Interest Income
- Advances Under Finance Lease: 2%
- Placements: 7%
- Treasury Bills & Investment Securities: 12%
- Government Bonds: 10%
- Loans & Advances: 69%

2009

- Advances Under Finance Lease: 1%
- Placements: 7%
- Treasury Bills & Investment Securities: 15%
- Government Bonds: 7%
- Loans & Advances: 70%

2010

Non-Interest Income
- Other Income: 1.27%
- Underwriting Profit: 4.16%
- Income from Investments: 0.50%
- Foreign Exchange Earnings: 17.86%
- Fees and Commissions: 76.20%

2009

- Other Income: 0.35%
- Underwriting Profit: 2.98%
- Income from Investments: 1.69%
- Foreign Exchange Earnings: 25.03%
- Fees and Commissions: 69.95%
Drop in Interest Income as a result of low money market rates prevalent for the most part of 2010.

Growth in Non Interest Income fueled by improved fees and commissions … an attestation of our excellent customer focused services
Sustained Efforts towards Cost Effectiveness…

Interest Expenses

- Borrowed funds 2010: 2.4%
- Inter-bank takings 2010: 0.8%
- Current accounts 2010: 9.6%
- Savings accounts 2010: 3.3%
- Time deposits 2010: 83.9%

2009
- Borrowed funds 2009: 2.1%
- Inter-bank takings 2009: 2.2%
- Current accounts 2009: 12.5%
- Savings accounts 2009: 2.1%
- Time deposits 2009: 81.1%

Operating Expenses

- Other expenses 2010: 51.7%
- Staff Costs 2010: 35.0%
- Directors' emoluments 2010: 0.6%
- Auditors' remuneration 2010: 0.2%
- Depreciation 2010: 12.4%

2009
- Other expenses 2009: 50.2%
- Staff Costs 2009: 38.8%
- Directors' emoluments 2009: 0.6%
- Auditors' remuneration 2009: 0.2%
- Depreciation 2009: 10.3%
Cost Analysis

Cost Income Ratio

- **1.78% YoY reduction in Total Cost to Income ratio.**
- **Significant YoY drop in Interest Expense as a result of strategic focus on mobilizing cheap demand and savings accounts deposits through our extensive branch network.**
- **Continuous efforts in cost-reduction strategies.**

Interest Expense / Income

Operating Expense / Income
### Balance Sheet - Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Group Dec-10 (N’m)</th>
<th>Group Dec-09 (N’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>141,724</td>
<td>126,779</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>298,869</td>
<td>234,115</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>399,503</td>
<td>341,830</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>713,285</td>
<td>698,326</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>22,536</td>
<td>-</td>
</tr>
<tr>
<td>Advances under finance lease</td>
<td>13,188</td>
<td>5,506</td>
</tr>
<tr>
<td>Insurance receivables</td>
<td>711</td>
<td>635</td>
</tr>
<tr>
<td>Investment securities</td>
<td>210,345</td>
<td>158,977</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,162</td>
<td>966</td>
</tr>
<tr>
<td>Other assets</td>
<td>18,936</td>
<td>13,517</td>
</tr>
<tr>
<td>Investment property</td>
<td>7,623</td>
<td>433</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>67,145</td>
<td>78,619</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>1,895,027</strong></td>
<td><strong>1,659,703</strong></td>
</tr>
</tbody>
</table>

*Strong Liquid Assets Base……Cushion against adverse events*
## Balance Sheet - Liabilities & Equity

<table>
<thead>
<tr>
<th></th>
<th>Group Dec-10 (N’m)</th>
<th>Group Dec-09 (N’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>1,318,072</td>
<td>1,173,917</td>
</tr>
<tr>
<td>Claims Payable</td>
<td>218</td>
<td>198</td>
</tr>
<tr>
<td>Liabilities on insurance contracts</td>
<td>2,287</td>
<td>1,202</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>26,049</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>27,975</td>
<td>35,984</td>
</tr>
<tr>
<td>Current income tax</td>
<td>3,735</td>
<td>7,407</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>145,750</td>
<td>100,085</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>7,380</td>
<td>3,117</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,531,466</strong></td>
<td><strong>1,321,910</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Group Dec-10 (N’m)</th>
<th>Group Dec-09 (N’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>15,698</td>
<td>12,559</td>
</tr>
<tr>
<td>Reserves</td>
<td>345,544</td>
<td>323,011</td>
</tr>
<tr>
<td>Shareholder's funds</td>
<td>361,242</td>
<td>335,570</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2,319</td>
<td>2,223</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td><strong>1,895,027</strong></td>
<td><strong>1,659,703</strong></td>
</tr>
</tbody>
</table>

Acceptances and guarantees

**Solid Capital Base….Enhancing capacity for new deals**
Loan and Deposit Growth

Loan Growth

- Enterprise Risk Management policies yielding results with over 2% increase in net loans despite drop in gross loans.

Deposit Growth

- Successfully leveraging on extensive and strategically located branches to drive deposit mobilization.
- Over 12% YoY growth in Deposits.
Core deposits…more than sufficient to fund relatively longer tenured assets

**Loans and Advances**

**Dec’10**
- Overdrafts: 36%
- Other Loans: 3%
- Term Loans: 61%

**Dec’09**
- Overdrafts: 49%
- Other Loans: 5%
- Term Loans: 46%

---

**Deposits**

**Dec’10**
- Demand: 63%
- Domiciliary: 11%
- Term: 18%
- Savings: 8%

**Dec’09**
- Demand: 57%
- Domiciliary: 12%
- Term: 25%
- Savings: 6%

---

- **Improving yield through strategic focus on short to medium term funding.**
- **Excellent Customer Service and Robust ICT platform driving up Demand & Savings Accounts Volumes.**
Sustained dominance of the market through strong liquidity and right funding mix

### Liquid Assets

**2010**
- Current balances with banks with Nigeria 1.6%
- Treasury bills 35.6%
- Mandatory reserve deposits with central bank 1.5%
- Operating accounts with central banks 10.7%
- Cash 4.7%
- Placements with banks & discount houses 30.2%

**2009**
- Current balances with banks outside Nigeria 11.7%
- Treasury bills 33.3%
- Mandatory reserve deposits with central bank 1.5%
- Operating accounts with central banks 12.3%
- Placements with banks & discount houses 36.5%

### Funding Mix

**2010**
- Customer deposits 69.6%
- On-lending facilities 1.4%
- Non-controlling interest 0.1%
- Shareholder's funds 19.1%
- Other liabilities 8.3%
- Borrowings 1.5%
- Liabilities on insurance contracts 0.1%

**2009**
- Customer deposits 70.7%
- Non-controlling interest 0.1%
- Shareholder's funds 20.2%
- Other liabilities 6.7%
- Borrowings 2.2%
- Liabilities on insurance contracts 0.1%
## P&L – By Segment

### 12 Months Ended Dec 2010 (N’m) (Audited)

<table>
<thead>
<tr>
<th></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>182,033</td>
<td>1,686</td>
<td>7,642</td>
<td>3,094</td>
<td>-1,967</td>
<td>192,488</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>137,564</td>
<td>-430</td>
<td>6,292</td>
<td>1,003</td>
<td>-1,967</td>
<td>-142,462</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>44,469</td>
<td>2,116</td>
<td>1,350</td>
<td>2,091</td>
<td>-</td>
<td>50,026</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-10,117</td>
<td>-571</td>
<td>-962</td>
<td>-962</td>
<td>-</td>
<td>-12,612</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>34,352</td>
<td>1,545</td>
<td>388</td>
<td>1,129</td>
<td>-</td>
<td>37,414</td>
</tr>
</tbody>
</table>

### 12 Months ended Dec 2009 (N’m) (Audited and Annualized)

<table>
<thead>
<tr>
<th></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>216,542</td>
<td>4,512</td>
<td>6,980</td>
<td>4,698</td>
<td>-10,893</td>
<td>221,840</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>188,826</td>
<td>8,030</td>
<td>6,496</td>
<td>1,313</td>
<td>-10,893</td>
<td>-193,772</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>27,716</td>
<td>-3,518</td>
<td>484</td>
<td>3,386</td>
<td>-</td>
<td>28,068</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-11,213</td>
<td>827</td>
<td>-327</td>
<td>-873</td>
<td>-</td>
<td>-11,586</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>16,503</td>
<td>-2,690</td>
<td>157</td>
<td>2,513</td>
<td>-</td>
<td>16,482</td>
</tr>
</tbody>
</table>
Core Banking activities continue to dominate the Revenue stream of the Group.
## P&L – By Geography

### 12 Months Ended Dec 2010 (N’m) (Audited)

<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>181,787</td>
<td>10,074</td>
<td>2,594</td>
<td>-1,967</td>
<td>192,488</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>133,321</td>
<td>9,386</td>
<td>1,722</td>
<td>-1,967</td>
<td>142,462</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>48,466</td>
<td>688</td>
<td>872</td>
<td>-</td>
<td>50,026</td>
</tr>
<tr>
<td>Tax</td>
<td>-12,117</td>
<td>-240</td>
<td>-255</td>
<td>-</td>
<td>-12,612</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>36,349</td>
<td>448</td>
<td>617</td>
<td>-</td>
<td>37,414</td>
</tr>
</tbody>
</table>

### 12 Months ended Dec 2009 (N’m) (Audited and Annualized)

<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>219,451</td>
<td>10,314</td>
<td>2,967</td>
<td>-10,893</td>
<td>221,840</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>193,780</td>
<td>8,780</td>
<td>2,105</td>
<td>-10,893</td>
<td>193,772</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>25,670</td>
<td>1,534</td>
<td>862</td>
<td>-</td>
<td>28,068</td>
</tr>
<tr>
<td>Tax</td>
<td>-11,083</td>
<td>-304</td>
<td>-198</td>
<td>-</td>
<td>-11,586</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>14,587</td>
<td>1,230</td>
<td>664</td>
<td>-</td>
<td>16,482</td>
</tr>
</tbody>
</table>
Business from Nigeria continues to account for a substantial portion of the Group’s Revenue base.
The Credit Risk Management Group (CRMG) provides high level centralized management of Credit Risks for the entire Group.

Risk Management structure and processes are continually reviewed to ensure their adequacy and appropriateness.
Our Strategy for Risk Management

- Integrating risk management into the culture of the Bank via training and acculturation.

- Continuing to identify all risk exposures, threats and opportunities which are then managed with appropriate processes in line with best practices and regulatory requirements.

- Implementing cost effective actions.

- Measurement, analysis, management & control.

- Fine-tuning processes that will ensure timely compliance with risk based supervision and Basel II compliance.

- Continuing to maintain high quality credit by complementing our credit portfolio with clear cohesion logic.

- Ensuring that all staff with risk management functions are adequately qualified and trained.

- Continuing to uphold and preserve our liquidity management philosophy.

- Zero tolerance for regulatory breaches.

- Continuously growing our assets with reasonable quality and increasing our market share.
Diversified Loan Portfolio

Loans by Sector – Dec’10

Finance and Insurance; 1.47%
Power; 4.77%
Education; 0.12%
Cement Manufacturing; 5.05%
Food and Agro-processing; 3.79%
Beverages and Tobacco; 9.59%
Other Manufacturing; 3.03%
Upstream Oil & Gas; 8.93%
Downstream Oil & Gas; 7.30%
Communication; 9.58%
Transportation; 7.27%
General Commerce; 9.85%
Capital Market; 1.18%
Others; 3.54%
Consumer Credit; 1.16%
Real estate and construction; 8.29%
Other public utilities; 0.27%
Government; 7.63%
Agriculture; 3.12%

Sustaining loan policy of no concentration risk
**NPL Analysis**

### Loans/Provisions

<table>
<thead>
<tr>
<th></th>
<th>Group (N'\text{m})</th>
<th>Dec-10</th>
<th>Group (N'\text{m})</th>
<th>Dec-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Loans and Advances</td>
<td></td>
<td>746,051</td>
<td>747,465</td>
<td></td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td></td>
<td>32,766</td>
<td>49,139</td>
<td></td>
</tr>
<tr>
<td>Non-Performing Loans</td>
<td></td>
<td>44,271</td>
<td>48,379</td>
<td></td>
</tr>
<tr>
<td>NPLP/NPL coverage ratio</td>
<td></td>
<td>74.0%</td>
<td>101.6%</td>
<td></td>
</tr>
</tbody>
</table>

- Sustaining conservative loan to deposit ratio giving room to take advantage of emerging business opportunities.
- Consistent low NPL ratios in comparison with industry averages.

### Loan to Deposit Ratio

![Graph showing Loan to Deposit Ratio from 2006 to 2010](image)

### NPL Ratios

![Graph showing NPL Ratios from 2006 to 2010](image)
NPL Analysis

### 2010 NPLs by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>NPLs/Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>General commerce</td>
<td>1.07%</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>0.96%</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.94%</td>
</tr>
<tr>
<td>Capital market</td>
<td>0.85%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.69%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>0.38%</td>
</tr>
<tr>
<td>Real estate and construction</td>
<td>0.22%</td>
</tr>
<tr>
<td>Communication</td>
<td>0.20%</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>0.11%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.10%</td>
</tr>
<tr>
<td>Other</td>
<td>0.41%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.93%</strong></td>
</tr>
</tbody>
</table>

### 2009 NPLs by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>NPLs/Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>General commerce</td>
<td>0.89%</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>0.46%</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.82%</td>
</tr>
<tr>
<td>Capital market</td>
<td>2.69%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.25%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>0.06%</td>
</tr>
<tr>
<td>Real estate and construction</td>
<td>0.29%</td>
</tr>
<tr>
<td>Communication</td>
<td>0.48%</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>0.43%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.04%</td>
</tr>
<tr>
<td>Other</td>
<td>0.06%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.47%</strong></td>
</tr>
</tbody>
</table>

Losses spread across different sectors.
Liquidity and Capital Adequacy

Capital and liquidity ratios for the Bank – well above industry requirements.

Capital Mix

Capital base – predominantly made up of Tier 1 capital.
Agenda

Company Overview

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q&A
Well positioned to deliver a strong performance in 2011

- Well disciplined and focused management team; Well motivated and dedicated workforce
- Strong capitalization and liquidity with sustained capital and liquidity ratios well above industry requirements.
- Huge investment in up-to-date state of the art ICT platform to drive efficient customer service delivery
- Adequate protection against any adverse event with huge capital base and liquidity cushion
- Efficient and robust risk management structure driving down NPL ratios
- Various cost curtailing measures already working to pull down the cost to income ratios.
- Conservative loan-to-deposit ratio giving adequate headroom for loan growth
- Cheap demand and savings accounts deposit mobilization through our extensive branch network working to push up NIM
- Opportunities to increase market share

Strong capitalization and liquidity with sustained capital and liquidity ratios well above industry requirements.

Well disciplined and focused management team; Well motivated and dedicated workforce

Huge investment in up-to-date state of the art ICT platform to drive efficient customer service delivery

Adequate protection against any adverse event with huge capital base and liquidity cushion

Efficient and robust risk management structure driving down NPL ratios

Various cost curtailing measures already working to pull down the cost to income ratios.

Conservative loan-to-deposit ratio giving adequate headroom for loan growth

Cheap demand and savings accounts deposit mobilization through our extensive branch network working to push up NIM

Opportunities to increase market share

Strong capitalization and liquidity with sustained capital and liquidity ratios well above industry requirements.

Well disciplined and focused management team; Well motivated and dedicated workforce

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Cheap demand and savings accounts deposit mobilization through our extensive branch network working to push up NIM

Opportunities to increase market share
STRATEGY FOR REDUCING COST TO INCOME RATIO:

- Process review and realignment to enhance efficiency in our operations.
- Collaboration with other industry players in shared services.
- Developing more electronic platforms to further improve efficiency.
- Optimal use of resources by effective performance measurement.
- Further strengthen our due diligence to ensure value for money in all activities.
- Outsourcing of non-core operational activities.

STRATEGY FOR TREASURY:

- Effectively managing the Bank’s liquidity to ensure it meets its obligations as they fall due.
- Ensuring the Bank maintains a low cost of funds to achieve profitability.
- Trading and investment of government, corporate and sub-national securities for income generation i.e. Bonds and Treasury Bills.
- Management of the Bank’s deposit liabilities i.e. Purchased funds.
- Coordinating and advising management on indicative rates of all tenures of deposit liability.
- Focusing on financial goals which include increasing the Bank’s shareholder value through creation of wealth by way of optimizing revenue.
Pursue cost efficiency programme.....

STRATEGY FOR INFORMATION TECHNOLOGY:

- Designing the Bank’s IT infrastructure to maximize its efficiency, minimize cost of operation and improve overall business manageability.
- Monitoring and evaluating Information Technology projects and achievements against IT strategic plans.
- Maintaining a robust e-payment infrastructure.
- Developing e-banking products that will enhance the customers’ business.
- Achieving a major level of operational efficiency.
- Employing strategies and projects that are realistic and achievable during the life of the Information Technology Strategic Plan.
Strategic Objectives …. Beyond 2011

• Continue to uphold and preserve our liquidity management philosophy.
• Grow our assets with reasonable quality and increase our market share.
• Projected loan growth of approximately 15% in 2011.
• Maintain high quality risk assets by constantly reviewing our risk management structures and policies along international best practices.
• Continuous reduction in NPL volumes.
• Curtail cost to income ratio by maintaining efficient resource allocation and utilization control.
• ROE to gradually move to pre-2008 levels. Target for 2011 averaging between 13-16%.
  • Ensure zero tolerance for regulatory breaches.
• Remain innovative in delivery of products and services using technology and global standards.
• Strengthen our institutional brand by focusing on best banking principles and corporate governance.

“We will continue consolidating on our Superior Performance and Sustaining Competitive Advantage through our People, Technology and Exceptional Customer Services” .... GIE