Q1 2014 Group Results
Presentation to Investors & Analysts
IFRS Compliant Results
March 2014
ZENITH BANK PLC
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.
Overview & Operating Environment
- Speaker: Managing Director/Chief Executive Officer
  Godwin Emefiele
  Slides 4 - 5

Results - Group
- Speaker: Chief Financial Officer
  Stanley Amuchie
  Slides 7 - 15

Results – By Segment & Geography
- Speaker: Executive Director/Corporate Banking
  Peter Amangbo
  Slides 17 - 19

Company Risk Management
- Speaker: Executive Director – Enterprise Risk Management
  Ebenezer Onyeagwu
  Slides 21 - 24

Strategy & Outlook
- Speaker: Managing Director/Chief Executive Officer
  Godwin Emefiele
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Q & A
**GDP Growth:**
- The GDP grew at the rate of 7.67% y/y in Q4 2013, up by 68bps from 6.99% recorded in the corresponding quarter of the previous fiscal year.
- The non-oil sector was the major driver of the growth recorded in Q4 2013; this includes activities recorded in agriculture, whole sale & retail trades and services.

**Headline Inflation:**
- Headline Inflation increased marginally to 7.8% y/y in Mar’14 from 7.7% y/y recorded in Feb’14.
- The higher y/y change recorded was mainly as a result of increase in prices of food, especially bread, cereals, fish, dairy, oils, fats, and fruits.

**Oil Production & Price:**
- OPEC Average Monthly Basket Price remained above $100/bbl throughout the first quarter of 2014
- As the global economy is projected to increase by 3.5% in 2014 compared to 2.9% in 2013, world oil demand is forecast to increase by 1million barrel/day in 2014

**Foreign Reserves:**
- Nigerian foreign reserves declined from $43.61bn recorded as at end of 2013 to $37.83bn at the end of Q1 2014.
- The CBN applied the foreign reserves to defend the Naira from devaluation during Q1 of 2014

**Exchange Rate:**
- The FX market remained stable in Q1 2014 due to increased inflows of forex and CBN’s policy which helped to moderate the demand for foreign exchange.
- The exchange rate at the RDAS segment of the market hovered between US$/N155.5 and US$/N156 in Q1 2014.
Our Investment Proposition

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

- **Listing on London Exchange:** Zenith Bank has listed a non-capital raising GDR on the London Stock Exchange on 21st of March, 2013. The listing will broaden investor base by increasing accessibility for international investors, greater ability to use international debt/equity market for future capital raises and “best in class” corporate governance standards.

- **Credit Rating/Awards:** Standard and Poor’s reaffirmed Zenith Bank’s rating at BB-/Stable/B, being the highest rating awarded to any Nigerian bank and is in line with the country’s risk rating. World Finance adjudged Zenith bank as “Best Bank in Corporate Governance (2012)” in Nigeria while FTSE Global Markets named Zenith bank as one of the “20 Global Super Brands (2012)”.

- **A dominant player in Corporate Banking:** The Bank controls a significant share of the high end corporate clients in strategic sectors of the Nigerian economy. Through the use of its strong balance sheet and liquidity position as well as efficient trade finance products and services, the Bank is able to continuously grow and support business in this segment.

- **Increased Share of Middle Tier Market:** In order to bring down our cost of funds we are growing our retail market through deposit mobilization and various forms of electronic banking applications.

- **Strong Focus on Risk Management:** Despite the challenging business environment, the Bank has brought its NPL ratio down to 2.8% with a coverage ratio of over 70%.

- **Good Dividend Payout:** Zenith Bank is recognized for consistently returning good dividends to its investors. The Bank paid a dividend of 95 kobo per share to its shareholders for FY11, 160 kobo per share for FY12 and 175 kobo per share for FY2013. We would continue to maintain high dividend payout.

- **Return On Equity:** Since the banking sector began recovery in 2009, Zenith Bank’s ROAE has shown promising trends. ROAE for FY12 was at 23.49% but declined to 19.61% in FY13 due to tax consideration.
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Q & A
On Course for an Impressive Performance in 2014

Gross Earnings: N94.32bn
Net Interest Income: N45.54bn
Net Interest Margin: 8.02%
PBT: N28.91bn
PAT: N23.68bn

Customer Deposit: N2.29tn
Total Assets: N3.19tn
Total Shareholders’ Funds: N528.40bn
Loans & Advances: N1.31tn

Loan to Deposit Ratio: 54.25%
Cost to Income Ratio: 56.50%
Liquidity: 63.5%
Capital Adequacy: 26.5%
NPL: 2.8% ; Cost of Risk: 0.60%
ROAE: 18.24%
EPS: 75k
(N’m)

Gross Income

Continuing Operations:

Interest Income 71,435 65,534 9.00%
Interest Expense -25,893 -19,924 29.96%

Net Interest Income 45,542 45,610 -0.15%

Impairment Charge for Credit Losses -1,950 -1,535 27.04%
Net Interest Income after Impairment Charge for Credit Losses 43,592 44,075 -1.10%
Fees and Commission Income 14,361 12,572 14.23%
Net gains on Financial Instruments 7,665 5,088 50.65%
Other Income 684 153 346.06%
Share of profit of associates 180 0 -
Total Operating Expenses -37,563 -33,915 10.75%
Profit Before Tax from continued operations 28,919 27,973 3.38%

Discontinued Operations:

Gross income from discontinued operations 0 3,630 -100.00%
Gross expenses from discontinued operations 0 -2,726 -100.00%
Profit Before Tax from discontinued operations 0 904 -100.00%

Continued & Discontinued Operations:

Profit Before Tax 28,919 28,877 0.14%
Income Tax Expense -5,242 -5,469 -4.15%
Profit After Tax 23,677 23,408 1.15%

Improved top & bottom line earnings driven by deposit and loan growth and operating efficiency...
Comments

- Net Interest Margin (NIM) remained relatively high at 8.02% but declined as a result of increase in CRR for private sector deposits from 12% to 15%. (CRR for public funds maintained at 75%)

- Cost to Income Ratio declined QoQ from 57.10% to 56.50% but increased YoY mainly as a result of the increase in AMCON charge from 0.3% to 0.5% of total assets and reduction in COT income.

- To compensate for the gradual phase-off of COT income, the bank has significantly improved on its credit related fees, FX trading income and other fees & commissions.

- Profit after tax (PAT) increased marginally YoY from N23.4bn in Q1 2013 to N23.68bn in Q1 2014
Revenue Base …Sustained Diversification

**Interest Income**

<table>
<thead>
<tr>
<th>N'million</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interbank Placements</td>
<td>1,313</td>
<td>1,356</td>
<td>-3%</td>
</tr>
<tr>
<td>T-Bills &amp; Inv. Securities</td>
<td>18,986</td>
<td>24,083</td>
<td>-21%</td>
</tr>
<tr>
<td>Govt &amp; Other Bonds</td>
<td>8,883</td>
<td>7,046</td>
<td>26%</td>
</tr>
<tr>
<td>Loans &amp; Advances</td>
<td>42,253</td>
<td>33,049</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>71,435</td>
<td>65,534</td>
<td>9%</td>
</tr>
</tbody>
</table>

- Interest income from loans increased by 28% YoY while T-bills declined by 21%.
- CRR increase by CBN was the primary reason for decline in T-bills and interbank placements

**Non-Interest Income**

<table>
<thead>
<tr>
<th>N'million</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit related fees</td>
<td>3,035</td>
<td>2,536</td>
<td>20%</td>
</tr>
<tr>
<td>Commission on turnover</td>
<td>6,802</td>
<td>7,238</td>
<td>-6%</td>
</tr>
<tr>
<td>Net gains on financial instruments</td>
<td>7,665</td>
<td>5,088</td>
<td>51%</td>
</tr>
<tr>
<td>Other Income</td>
<td>684</td>
<td>153</td>
<td>346%</td>
</tr>
<tr>
<td>Other fees and commissions</td>
<td>4,524</td>
<td>2,798</td>
<td>62%</td>
</tr>
<tr>
<td>Total</td>
<td>22,710</td>
<td>17,813</td>
<td>27%</td>
</tr>
</tbody>
</table>

- Despite the decline of 6% in COT, the bank grew its non-interest income by 27%
- The bank has significantly improved on its credit related fees, FX trading income and other fees & commissions to compensate for loss in COT
Continuous efforts in cost-reduction strategies …..

Interest Expenses

<table>
<thead>
<tr>
<th>N'million</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>1,023</td>
<td>1,174</td>
<td>-13%</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>1,208</td>
<td>473</td>
<td>155%</td>
</tr>
<tr>
<td>Time deposits</td>
<td>21,719</td>
<td>17,824</td>
<td>22%</td>
</tr>
<tr>
<td>Inter-bank takings</td>
<td>1,298</td>
<td>287</td>
<td>352%</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>645</td>
<td>166</td>
<td>289%</td>
</tr>
<tr>
<td>Total</td>
<td>25,893</td>
<td>19,924</td>
<td>30%</td>
</tr>
</tbody>
</table>

Interest Expense on Savings Deposit increased as a result of CBN’s new policy on minimum interest rate of 30% of MPR payable on savings deposits.

Total Operating Expenses

<table>
<thead>
<tr>
<th>N'million</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Costs</td>
<td>14,760</td>
<td>14,197</td>
<td>4%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,077</td>
<td>2,346</td>
<td>-11%</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>131</td>
<td>93</td>
<td>41%</td>
</tr>
<tr>
<td>Directors' emoluments</td>
<td>158</td>
<td>305</td>
<td>-48%</td>
</tr>
<tr>
<td>AMCON Charge</td>
<td>3,628</td>
<td>1,956</td>
<td>85%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>16,809</td>
<td>15,018</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>37,563</td>
<td>33,915</td>
<td>11%</td>
</tr>
</tbody>
</table>

- AMCON premium which increased by 85% was the major driver of operating expense in Q1 2014.
- Staff costs increased by 4% in Q1 2014; this is below the current inflation rate.
Balance Sheet - Assets

(N'm)

<table>
<thead>
<tr>
<th></th>
<th>Group Mar-14</th>
<th>Group Dec-13</th>
<th>YOY Change</th>
<th>Group Mar-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>586,747</td>
<td>603,851</td>
<td>-2.83%</td>
<td>317,003</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>509,065</td>
<td>586,441</td>
<td>-13.19%</td>
<td>727,990</td>
</tr>
<tr>
<td>Due from other banks</td>
<td>357,002</td>
<td>256,729</td>
<td>39.06%</td>
<td>205,751</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>1,310,020</td>
<td>1,251,355</td>
<td>4.69%</td>
<td>1,099,327</td>
</tr>
<tr>
<td>Investment securities</td>
<td>294,756</td>
<td>303,125</td>
<td>-2.76%</td>
<td>261,518</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>3,481</td>
<td>165</td>
<td>2009.70%</td>
<td>419</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>723</td>
<td>749</td>
<td>-3.47%</td>
<td>87</td>
</tr>
<tr>
<td>Other assets</td>
<td>53,153</td>
<td>36,238</td>
<td>46.68%</td>
<td>54,405</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>0</td>
<td>30,454</td>
<td>-100.00%</td>
<td>34,113</td>
</tr>
<tr>
<td>Derivative assets held for risk management</td>
<td>2,415</td>
<td>2,681</td>
<td>-9.92%</td>
<td>0</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>70,071</td>
<td>69,410</td>
<td>0.95%</td>
<td>69,506</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,973</td>
<td>1,935</td>
<td>1.96%</td>
<td>1,309</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>3,189,406</strong></td>
<td><strong>3,143,133</strong></td>
<td><strong>1.47%</strong></td>
<td><strong>2,771,428</strong></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</th>
<th>Group</th>
<th>YOY</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar-14</td>
<td>Dec-13</td>
<td>Change</td>
<td>Mar-13</td>
</tr>
<tr>
<td>Customers deposits</td>
<td>2,288,146</td>
<td>2,276,755</td>
<td>0.50%</td>
<td>1,994,650</td>
</tr>
<tr>
<td>Current income tax</td>
<td>12,059</td>
<td>7,017</td>
<td>71.86%</td>
<td>11,152</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>678</td>
<td>678</td>
<td>0.00%</td>
<td>5,584</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>229,009</td>
<td>215,643</td>
<td>6.20%</td>
<td>175,509</td>
</tr>
<tr>
<td>On-lending facilities</td>
<td>61,416</td>
<td>59,528</td>
<td>3.17%</td>
<td>62,111</td>
</tr>
<tr>
<td>Borrowings</td>
<td>69,700</td>
<td>60,150</td>
<td>15.88%</td>
<td>22,117</td>
</tr>
<tr>
<td>Liabilities classified as held for sale</td>
<td>0</td>
<td>14,111</td>
<td>-100.00%</td>
<td>14,080</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,661,008</strong></td>
<td><strong>2,633,882</strong></td>
<td><strong>1.03%</strong></td>
<td><strong>2,285,203</strong></td>
</tr>
</tbody>
</table>

(N'm)

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Group</th>
<th>YOY</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar-14</td>
<td>Dec-13</td>
<td>Change</td>
<td>Mar-13</td>
</tr>
<tr>
<td>Share capital</td>
<td>15,698</td>
<td>15,698</td>
<td>0.00%</td>
<td>15,698</td>
</tr>
<tr>
<td>Share premium</td>
<td>255,047</td>
<td>255,047</td>
<td>0.00%</td>
<td>255,047</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>184,487</td>
<td>161,144</td>
<td>14.49%</td>
<td>153,247</td>
</tr>
<tr>
<td>Other reserves</td>
<td>72,667</td>
<td>73,347</td>
<td>-0.93%</td>
<td>58,792</td>
</tr>
<tr>
<td><strong>Total Shareholder's funds</strong></td>
<td><strong>528,398</strong></td>
<td><strong>509,251</strong></td>
<td><strong>3.76%</strong></td>
<td><strong>486,225</strong></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>499</td>
<td>4,015</td>
<td>-87.57%</td>
<td>3,441</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td><strong>3,189,406</strong></td>
<td><strong>3,143,133</strong></td>
<td><strong>1.47%</strong></td>
<td><strong>2,771,428</strong></td>
</tr>
</tbody>
</table>

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

### Loans Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Loans (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-13</td>
<td>1,125.1</td>
</tr>
<tr>
<td>Jun-13</td>
<td>1,094.3</td>
</tr>
<tr>
<td>Sep-13</td>
<td>1,140.5</td>
</tr>
<tr>
<td>Dec-13</td>
<td>1,276.1</td>
</tr>
<tr>
<td>Mar-14</td>
<td>1,336.4</td>
</tr>
</tbody>
</table>

### Loans & Advances

**Q1 2014**
- On-lending Facilities: 3.9%
- Advances under finance lease: 0.9%
- Overdrafts: 34.5%
- Term Loans: 60.7%

**Q1 2013**
- On-lending Facilities: 5.3%
- Advances under finance lease: 1.6%
- Overdrafts: 28.6%
- Term Loans: 64.6%

### Deposits Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Deposits (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-13</td>
<td>1,994.7</td>
</tr>
<tr>
<td>Jun-13</td>
<td>2,001.0</td>
</tr>
<tr>
<td>Sep-13</td>
<td>2,034.0</td>
</tr>
<tr>
<td>Dec-13</td>
<td>2,276.8</td>
</tr>
<tr>
<td>Mar-14</td>
<td>2,288.1</td>
</tr>
</tbody>
</table>

### Deposits Mix

**Q1 2014**
- Domiciliary: 17.3%
- Demand: 53.5%
- Deposit from Banks: 2.9%
- Savings: 8.8%
- Term: 17.5%

**Q1 2013**
- Domiciliary: 11.6%
- Demand: 58.9%
- Deposit from Banks: 3.7%
- Savings: 7.9%
- Term: 17.9%
Continued market dominance through strong liquid asset base and funding mix…

### Liquid Assets

<table>
<thead>
<tr>
<th>N'million</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>86,107</td>
<td>32,915</td>
<td>162%</td>
</tr>
<tr>
<td>Operating accounts with CBN</td>
<td>71,264</td>
<td>95,041</td>
<td>-25%</td>
</tr>
<tr>
<td>Mandatory reserve deposits with CBN</td>
<td>429,376</td>
<td>189,047</td>
<td>127%</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>509,065</td>
<td>727,990</td>
<td>-30%</td>
</tr>
<tr>
<td>Current balances with banks within Nig.</td>
<td>12,440</td>
<td>9,235</td>
<td>35%</td>
</tr>
<tr>
<td>Current balances with banks outside Nig.</td>
<td>220,586</td>
<td>156,806</td>
<td>41%</td>
</tr>
<tr>
<td>Placements with banks &amp; discount houses</td>
<td>123,976</td>
<td>39,710</td>
<td>212%</td>
</tr>
<tr>
<td>Total</td>
<td>1,452,814</td>
<td>1,250,744</td>
<td>16%</td>
</tr>
</tbody>
</table>

### Funding Mix

<table>
<thead>
<tr>
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<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YoY</th>
</tr>
</thead>
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<tr>
<td>Customer deposits</td>
<td>2,288,146</td>
<td>1,994,650</td>
<td>15%</td>
</tr>
<tr>
<td>Current income tax</td>
<td>12,059</td>
<td>11,152</td>
<td>8%</td>
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<td>Borrowings</td>
<td>69,700</td>
<td>22,117</td>
<td>215%</td>
</tr>
<tr>
<td>Liabilities classified as held for sale</td>
<td>-</td>
<td>14,080</td>
<td>-100%</td>
</tr>
<tr>
<td>Total</td>
<td>2,661,007</td>
<td>2,285,203</td>
<td>16%</td>
</tr>
</tbody>
</table>
Overview & Operating Environment
- Speaker: Managing Director/Chief Executive Officer
  Godwin Emefiele
  Slides 4 - 5

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  Slides 21- 24

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  Godwin Emefiele
  Slides 26 - 29

Q & A
Our Nigerian business continues to be the main driver of profitability ... providing over 90% of gross revenue.
**P&L – By Sector**

### 3 Months Ended Mar 2014 (N’m)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate</th>
<th>Institutional</th>
<th>Public</th>
<th>Retail</th>
<th>Discontinued Operations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>45,190</td>
<td>13,180</td>
<td>12,239</td>
<td>23,536</td>
<td>0</td>
<td>94,145</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>-30,004</td>
<td>-11,088</td>
<td>-6,523</td>
<td>-17,611</td>
<td>0</td>
<td>-65,226</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>15,186</td>
<td>2,092</td>
<td>5,716</td>
<td>5,925</td>
<td>0</td>
<td>28,919</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-2,569</td>
<td>-786</td>
<td>-786</td>
<td>-1,101</td>
<td>0</td>
<td>-5,242</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>12,617</td>
<td>1,306</td>
<td>4,930</td>
<td>4,824</td>
<td>0</td>
<td>23,677</td>
</tr>
</tbody>
</table>

### 3 Months Ended Mar 2013 (N’m)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate</th>
<th>Institutional</th>
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<th>Discontinued Operations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>40,009</td>
<td>13,047</td>
<td>10,437</td>
<td>20,005</td>
<td>3,479</td>
<td>86,977</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>-25,564</td>
<td>-9,296</td>
<td>-6,391</td>
<td>-13,944</td>
<td>-2,905</td>
<td>-58,100</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>14,445</td>
<td>3,751</td>
<td>4,046</td>
<td>6,061</td>
<td>574</td>
<td>28,877</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>-2,461</td>
<td>-766</td>
<td>-711</td>
<td>-1,367</td>
<td>-164</td>
<td>-5,469</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>11,984</td>
<td>2,985</td>
<td>3,335</td>
<td>4,693</td>
<td>410</td>
<td>23,408</td>
</tr>
</tbody>
</table>

**Q1 2014**

- Corporate & Commercial: 48%
- Discontinued Operations: 0%
- Institutional: 14%
- Public: 13%
- Retail: 25%

**Gross Revenue**

**Q1 2013**

- Corporate & Commercial: 46%
- Discontinued Operations: 4%
- Institutional: 15%
- Public: 12%
- Retail: 23%

**Improved profitability on core business segments**
Deposits & Loans – By Sector

Q1 2014 Total Deposits - ₦2.29tn

Q1 2014 Gross Loans - ₦1.34tn
Agenda

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Q & A
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.

The Group's NPL ratio has declined further from 2.91% recorded in 2013 to 2.8% in Q1 2014.
Focused risk management via portfolio diversification

**Loans by Sector – Q1 2014**

- General Commerce/Trading: 5.7%
- Agriculture: 5.1%
- Oil & Gas Upstream: 4.4%
- Oil & Gas Downstream: 10.7%
- Consumer Credit: 2.4%
- Other Manufacturing: 12.5%
- Power: 3.8%
- Flour mills: 4.4%
- Cement Manufacturing: 1.8%
- Food & Agro-processing: 3.6%
- Real Estate and Construction: 6.7%
- Finance and Insurance: 2.0%
- Transportation: 7.3%
- Public Utilities: 2.2%
- Government: 9.0%
- Finance and Insurance: 2.0%

**Loans by Sector – Q1 2013**

- General Commerce/Trading: 9.2%
- Agriculture: 6.1%
- Oil & Gas Upstream: 4.5%
- Oil & Gas Downstream: 11.0%
- Consumer Credit: 3.5%
- Other Manufacturing: 14.0%
- Power: 0.6%
- Government: 9.5%
- Real Estate and Construction: 7.2%
- Beverages & Tobbaco: 0.2%
- Finance and Insurance: 2.0%
- Food & Agro-processing: 3.5%

**Gross Loans**

- 2014: N1.34tn
- 2013: N1.13tn

No concentration risk
We continue to develop our Risk Management Strategy and improve on the quality of our loan portfolio.

Overall NPL ratio of 2.8% is currently one of the lowest in the industry.

NPL by Segment

Q1 2014

- Total NPLs – N37.15bn
- NPL Ratio – 2.8%

Q1 2013

- Total NPLs – N33.46bn
- NPL Ratio – 3%
Strong Capitalization and Liquidity

**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 (core capital) which consists of mainly share capital and reserves created by appropriations of retained earnings.
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Q & A
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
# Our Key Growth Target Sectors

## Identified Growth Sectors

<table>
<thead>
<tr>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Oil and Gas (Upstream &amp; Downstream)</td>
</tr>
<tr>
<td>Power and Energy</td>
</tr>
<tr>
<td>Real Estate and Construction</td>
</tr>
<tr>
<td>Telecoms</td>
</tr>
<tr>
<td>Transportation and General Commerce</td>
</tr>
</tbody>
</table>

## 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

**Driving profitability with our competitive advantages**
Outlook and Prospects for FY2014

- **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. The Group would continue to play a major role in this sector to support the various government’s projects aimed at boosting our economy.

- **Power and Infrastructure:** The Nigerian government has sold major power assets in the country via auction. The 25% of the bid price was paid by preferred bidders in March 2013 while the 75% balance was also paid in August 2013. As we begin to see the inflow of a large volume of private sector investments through the creation of new power generation and distribution entities and the subsequent development of a competitive electricity market, Zenith Bank is strategically positioned to take advantage of any emerging business opportunities in the country’s power sector.

- **Mobile Banking:** In a bid to encourage and promote person-to-person payments and leverage on mobile phone channels as a means of payments, the CBN has given out licences to operators in the country. Zenith Bank Plc has already taken advantage of this initiative as we have received our mobile banking licence and has since launched our mobile banking services.

- **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.

- **Cash-lite Project of CBN:** The cash-lite project which was first implemented in Lagos has also been extended to some other states which include Abia, Anambra, Kano, Rivers and FCT. Zenith Bank Plc has efficiently deployed a wide range of banking products that provides resourceful and robust financial services to its customers. It has launched mainly e-Banking products (Point of Sales Terminals, ATMs etc) geared towards meeting the changing needs of its customers in the light of the recently introduced and evolving cashless society policies being championed by the Central Bank of Nigeria (CBN) and fully supported by the banking community in the country.
Outlook and Prospects for FY2013

- **Representative Office:** We have officially opened a representative office in Beijing, the capital city of the Peoples Republic of China. The group is certain that reasonable contributions would be realized from this Office considering the various emerging business opportunities in China.

- **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.

- **Best Practices:** With the listing on the London Stock Exchange, the Group would continue to uphold “best in class” corporate governance and practices in all segments of our business.

- **Deposit Base:** Our drive for low cost and appropriately mixed deposit base to fund our credit and money market transactions would continue in FY2014. We are committed to be a dominant player in the money market space to drive up income and profitability going forward.

- **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.
Thank you