ZENITH BANK PLC GROUP RESULTS

For 6 Months Ended June 30, 2011

Presentation to Analysts and Investors

people | technology | service

www.zenithbank.com

...In Your Best Interest

Thursday July 21, 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
- PeterAmangbo – Executive Director – Corporate Banking
- Stanley Amuchie– DGM/Enterprise and Risk Management

Agenda

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A

The Nigerian Economy …

- **GDP Growth:** The Nigerian economy recorded a growth of 7.93% in H1 2011 compared to Q1 2011's figure of 7.43%. Increased crude oil production and rising oil prices, relatively stable exchange rate, improved wholesale and retail trade activities among others bolstered the country's real GDP growth within the period under review. **Zenith Bank leveraged on the improved macroeconomic indicators to boost its H1 2011 earnings.** We expect the two major output groups of the economy (Oil and Non-oil sectors) to witness an increase in output in H2 2011.

- **Oil Prices:** Activities in the oil sector improved in the first half of this year as Nigeria's crude oil production soared to about 2.6 million barrels per day. The sector benefited from the continued upsurge in global crude oil demand which kept prices at high levels coupled with the relative stability in the exchange rate of naira against the dollar. **Our Bank's earnings were boosted by the increase in oil prices in H1 2011. We believe that operating conditions would improve in H2 2011, which should support Zenith's financial performance as growth in lending would be enhanced in the sector.** We expect oil prices to hover around $89-$112.32 per barrel in the near term.

- **Foreign Reserves:** The external reserves stood at S31.7bn at the end of first half of this year, representing a year-to-date drop of 14.32%. The reserves however rose to $34.5bn this month due to continuous increase in output and rising crude oil receipts. We however see the increasing demand for forex exchange in the CBN WDAS market as a major threat to the country's foreign reserves build-up.

- **Exchange Rate:** Owing to a deliberate policy by the CBN to maintain the exchange rate stability, the foreign exchange market remained relatively stable in H1 2011 as the persisting demand pressure in the market was effectively matched with increased supply of forex. The FX market remained relatively stable during H1 2011. **Zenith remained a dominant player in the WDAS market and this boosted our FX earnings during H1 2011.**

- **Headline Inflation:** Inflation hit a year low of 10.2% in June compared to 12.4% recorded in May 2011. We expect the hike (in May '11) in monetary policy benchmark rate to 8.0% to effectively curtail inflationary pressures owing to the subsisting high fiscal spending, recent increases in public sector wages and further liquidity injection due to AMCON activity.

The Banking Industry….significant events

- **AMCON**: Overall, the Asset Management Corporation of Nigeria (AMCON) has sold bond worth N1.7tn ($11bn) to absorb and clean up bad loans in the Nigerian banking system. The first N1.15tn tranche was launched in December 2010 while the second and third tranches of N20.7bn and N535bn were completed in the first half of this year. Zenith Bank participated in the NPL sale to AMCON in the 2nd tranche in H1, for which the Bank received N17bn in AMCON bonds.

- **NPLs:** There is a concerted effort on the part of the regulatory bodies to ensure that the industry Non-Performing Loan ratio is below 5%. Zenith Bank's NPL ratio dropped significantly to 3.3% in H1 2011 from 5.4% at the of Q1'11 due to some recoveries and NPL sales to AMCON. Zenith Bank will continue to employ adequate risk management measures to keep NPL ratio below industry average.

- **Extension of Guarantee to 3 Rescued Banks:** Given the ray of hope following the execution of memoranda of understanding by some of the rescued banks with potential buyers, the CBN recently extended its guarantee on all interbank transactions, foreign credit lines and pension fund placements with these banks due to lapse September 30, 2011 by three months to December 31, 2011 for these banks. This latest development serves as a continued boost for a stabilized money market and interest rate. Zenith Bank as a net placer of funds will continue to play actively in the markets in H2 2011.

- **Rescission of ATM Policy:** The rescission of the off-site ATM policy by apex bank recently due to the need to promote the effective take off of the cashless policy and the apparent inability of the registered ATM consortium to handle the magnitude of the transaction in the economy gives Zenith bank the opportunity to re-install its over 200 ATMs earlier removed in the wake of the policy. This assures continued income stream. The bank is therefore poised and committed to an aggressive roll-out of ATMs and other E-channels in H2.

- **The completion of the various memoranda of understanding, mergers and acquisition and transaction implementation agreements** embarked upon by the rescued banks and new strategic investors is expected to significantly change the competitive landscape of the banking sub-sector in particular and the Nigerian financial space in general. Zenith would continue to leverage on its good earnings buffer, large core deposit base and strong liquidity indicators to sustain its leading and superior performance in the banking industry.

- **Intervention Funds:** In a bid to increase infrastructural developments in Nigeria, the CBN recently disbursed N42bn under its Power and Airline Intervention Fund (PAIF). We expect this growth initiative to bolster the level of activities in these sectors and impact positively in the real and manufacturing segments of the economy. Our goal is to remain a major player in the banking industry and continue to support these areas of the economy.

Agenda

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A

Financial Highlights

Key Themes	Sustained strong growth trajectory in both top and bottom line income Sustained robust and liquid capital and balance sheet base Well positioned for growth

P & L

Gross earnings: N123bn	+26.8% YoY
Net Interest Income: N61bn	+52.2% YoY
Net Interest Margin: 7.52% (Annualized)	+ 58.6%YoY
PBT: N35bn	+38.3% YoY

Balance Sheet

Customer Deposit: N1.45tn	+10.0% (YTD)
Total Assets: N2.05tn	+8.0% (YTD)
Shareholders' Funds: N367bn	+1.0% (YTD)
Loans & Advances: N793bn	+11.0% (YTD)

Key Ratios

Conservative Loan to deposit Ratio: 55.97%
Liquidity: 59% (Group), 57% (Bank)
Strong Capital Adequacy: 32% (Group), 28% (Bank)

NPL: 3.3%
ROE: 16.52%
EPS: 97k

Operational Highlights

•Rating affirmed at B+/stable/B with stable outlook by S&P

Profit & Loss Statement

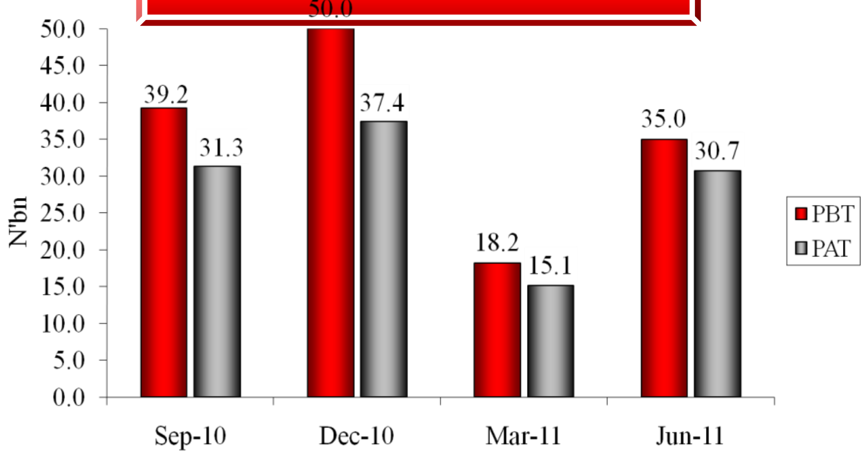
(N’m)	Group 6 mths to June-11	Group 6 mths to June-10	YOY Change
Gross Income	122,839	96,850	26.83%
Interest Income	78,288	63,827	22.66%
Interest Expense	16,691	23,352	-28.52%
Net Interest Income	**61,597**	**40,475**	52.19%
Fees and Commission Income	29,831	20,964	42.30%
Foreign Exchange Trading Income	8,544	4,979	71.60%
Underwriting Profit	2,107	1,171	79.93%
Trusteeship Income	27	17	58.82%
Income from Investments	132	204	-35.29%
Other Income	31	2,249	-98.62%
Operating Income	102,269	70,059	45.98%
Operating Expenses	-61,788	-44,204	39.78%
Diminution in Asset Values	-5,435	-519	947.21%
Profit Before Tax	**35,046**	**25,336**	38.32%
Taxation	-4,380	-4,031	8.66%
Profit After Tax	**30,666**	**21,305**	43.94%

Strong half year earnings and bottom line…on course to meet our profit forecast

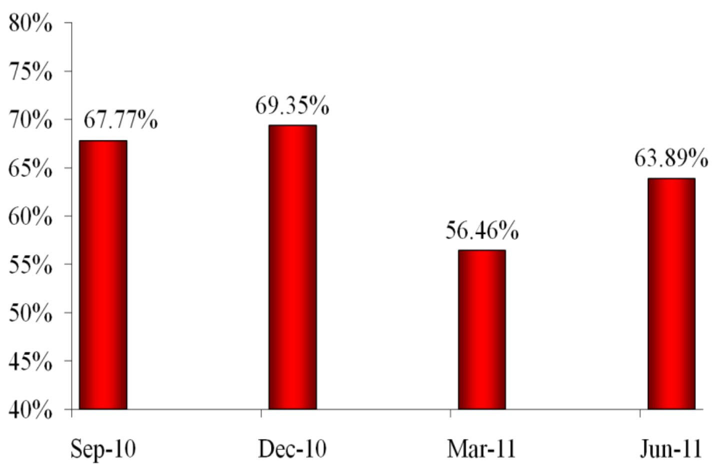
Strong and Improving Bottom Line...

Bottom line income boosted by improved NIM and reduced funding cost despite increasing operating expenses fuelled by AMCON provisions and inflationary trends

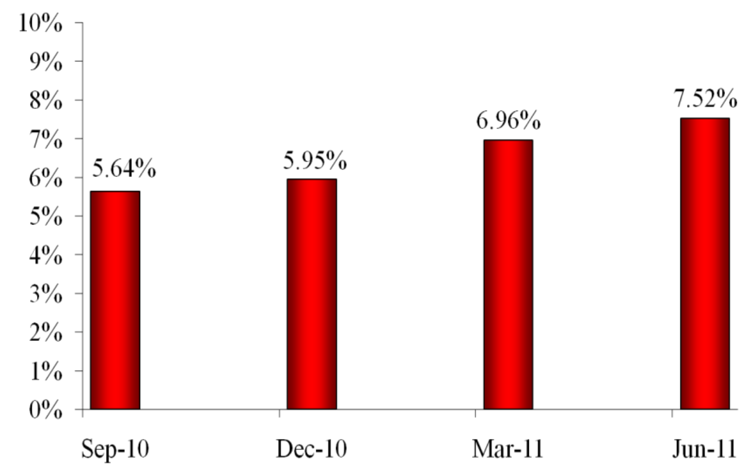
PBT / PAT



Cost Income Ratio



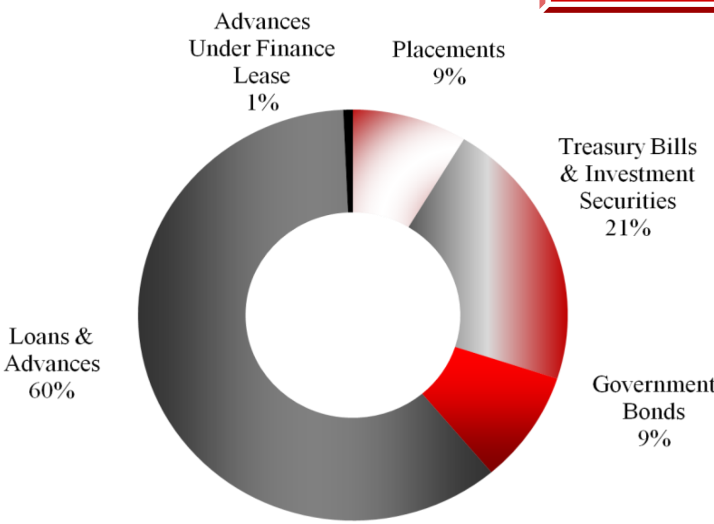
Net Interest Margin



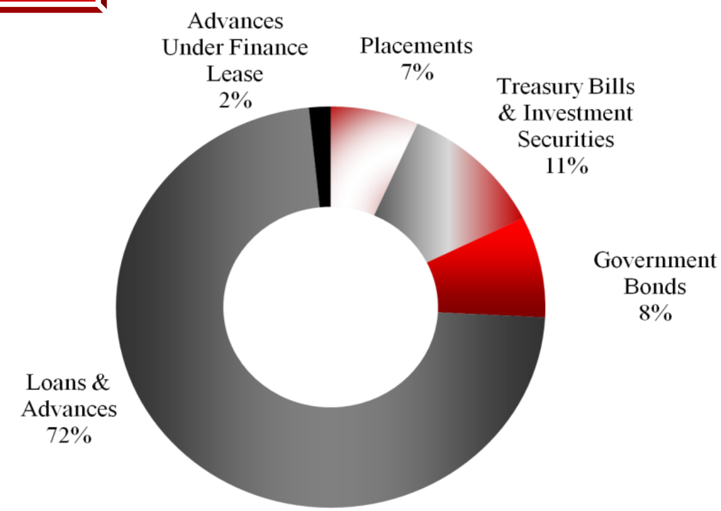
Improved revenue.... driven by increased treasury activities & transaction volumes

Interest Income

H1 2011

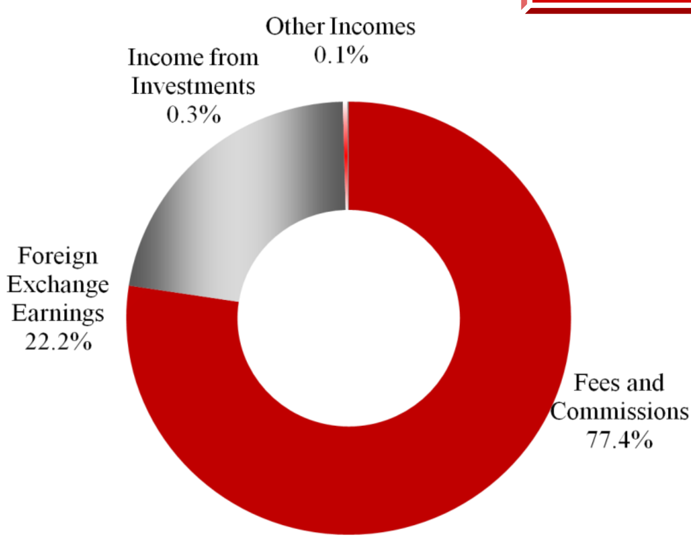


H1 2010

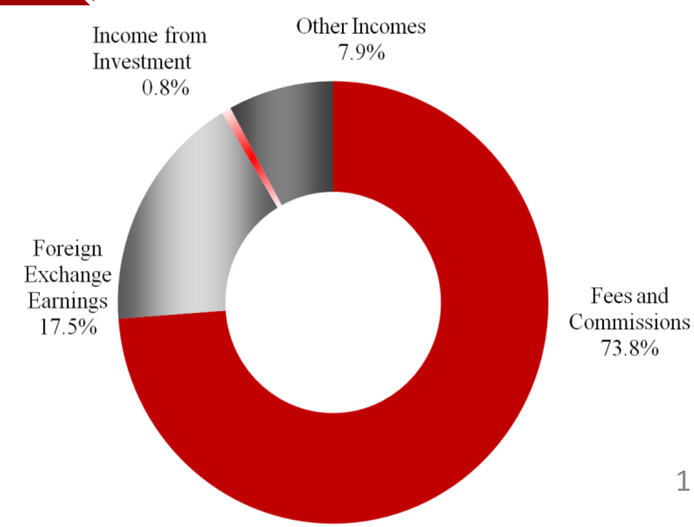


Non-Interest Income

H1 2011



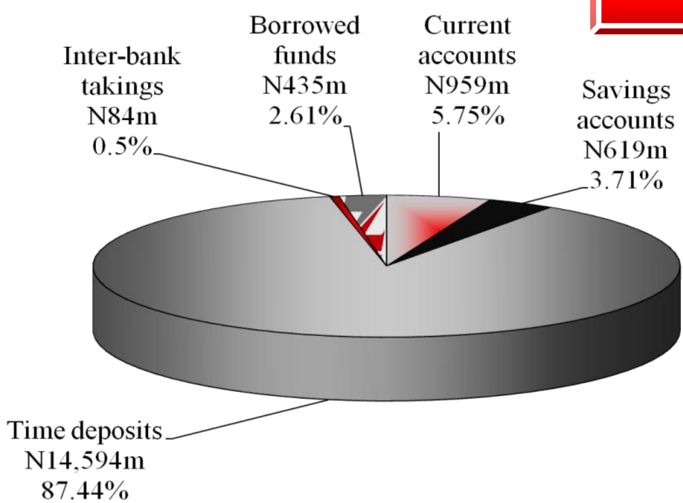
H1 2010



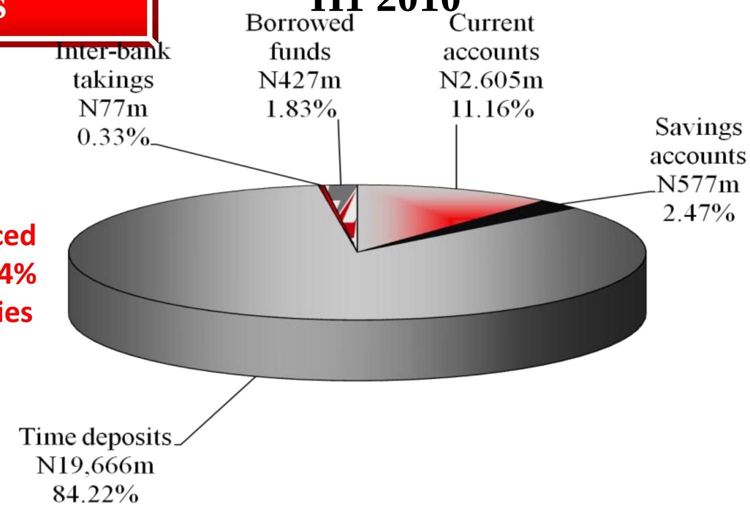
Cost management measures yielding results

Interest Expenses

H1 2011



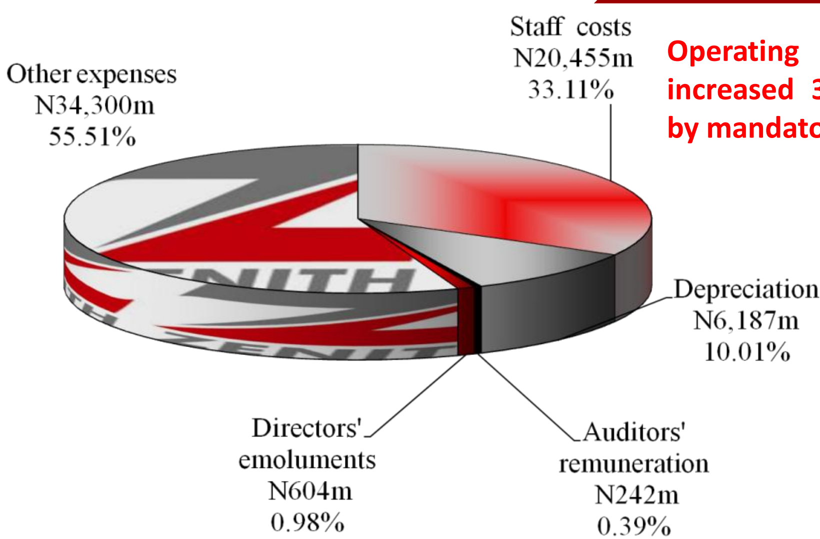
H1 2010



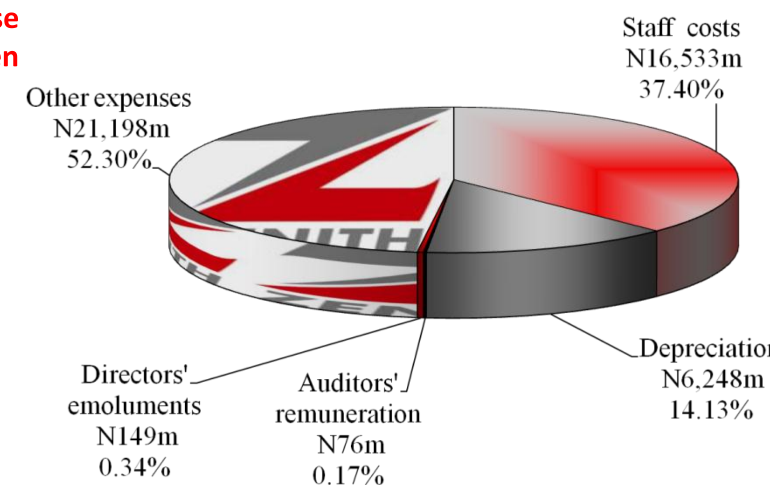
Interest expense reduced 28.5% YoY despite 12.4% increase in deposit liabilities

Operating Expenses

H1 2011



H1 2010



Operating expense increased 37% YoY driven by mandatory provisions

Balance Sheet - Assets

(N'm)	Group June-11	Group Dec - 10	Group June-10
Cash and balances with central banks	127,013	141,724	145,824
Treasury bills	359,788	298,869	358,813
Due from other banks	347,249	399,503	286,024
Loans and advances	793,874	713,285	667,633
On-lending facilities	36,695	22,536	-
Advances under finance lease	8,167	13,188	11,114
Insurance receivables	2,914	711	2,022
Long term investment	257,454	210,345	177,068
Deferred tax assets	1,163	1,162	1,929
Other assets	41,930	18,936	26,857
Investment property	7,713	7,623	6,751
Fixed assets	70,108	67,145	69,907
Total Assets	**2,054,068**	**1,895,027**	**1,753,942**

Robust and large cushion of liquid assets……

Balance Sheet- Liabilities & Equity

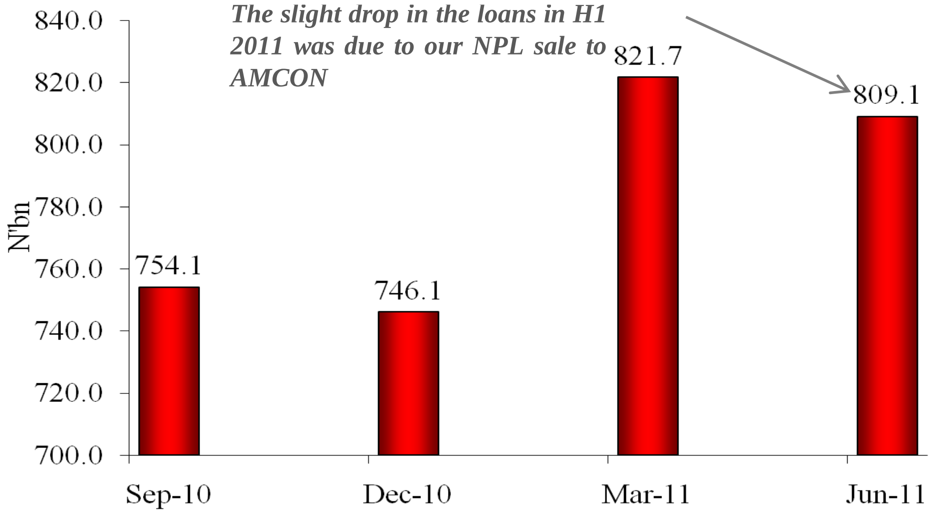
(N'm)	Group June-11	Group Dec-10	Group June-10
Customer deposits	1,445,508	1,318,072	1,285,538
Claims Payable	218	218	125
Liabilities on insurance contracts	2,811	2,287	2,392
On-lending facilities	40,164	26,049	-
Borrowings	23,795	27,975	43,016
Current income tax	6,064	3,735	6,179
Other liabilities	160,180	145,750	66,105
Deferred income tax liabilities	7,573	7,380	3,427
Total liabilities	**1,686,313**	**1,531,466**	**1,406,782**

(N'm)	Group June-11	Group Dec-10	Group June-10
Share capital	270,745	270,745	267,606
Reserves	94,363	90,497	77,091
Shareholder's funds	367,754	363,561	344,697
Non-controlling interest	2,647	2,319	2,456
Total liabilities & equity	**2,054,068**	**1,895,027**	**1,751,479**
Customers' Acceptances	889,489	902,931	781,618

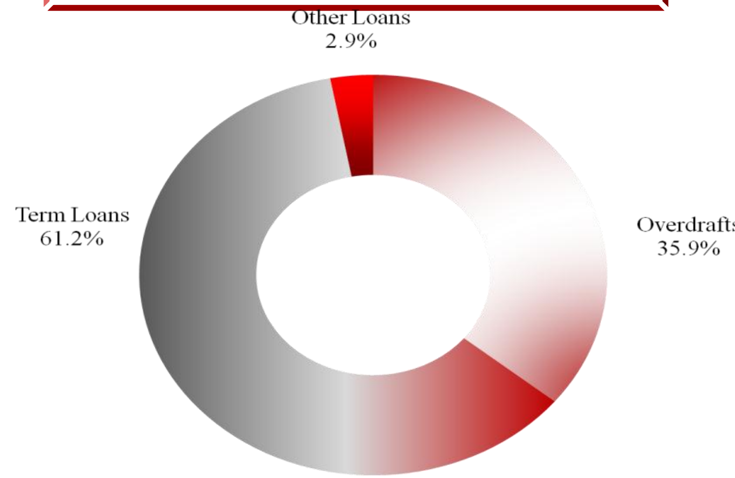
Strong capital position

Sustained assets & liabilities match

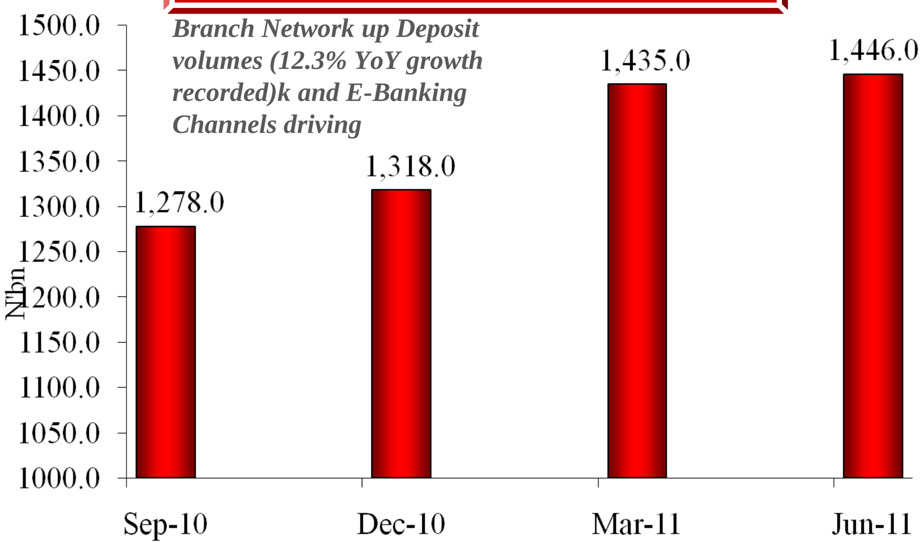
Loan Growth



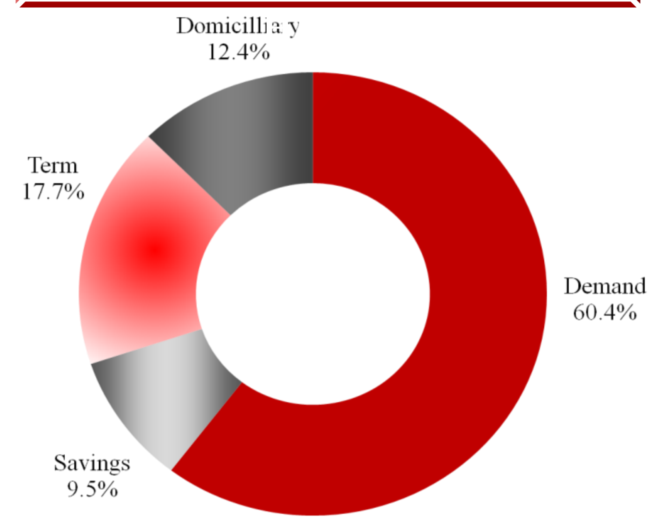
Loans & Advances H1 2011



Deposits



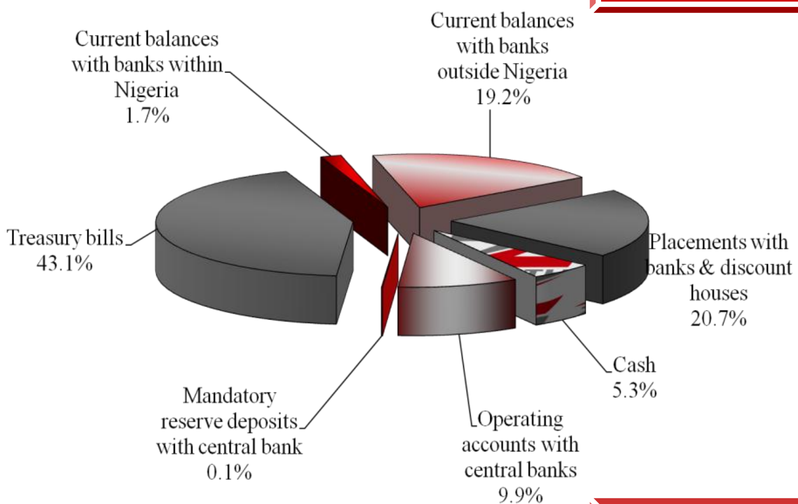
Deposit Mix H1 2011



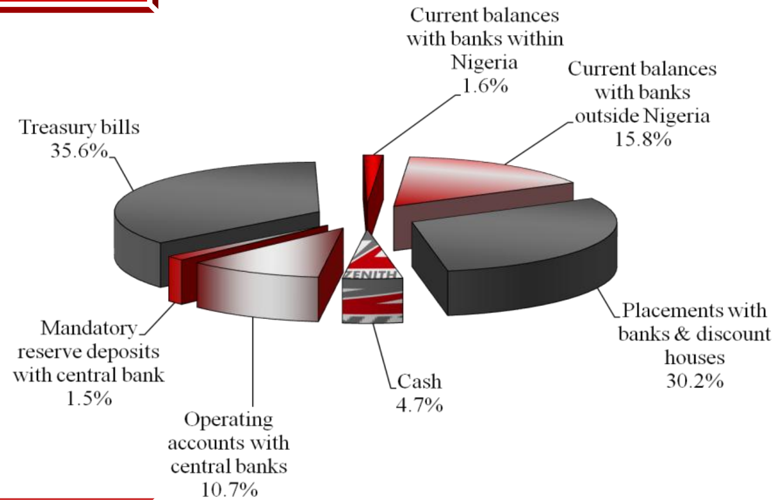
Sustained strong liquidity and right funding mix

Liquid Assets

H1 2011

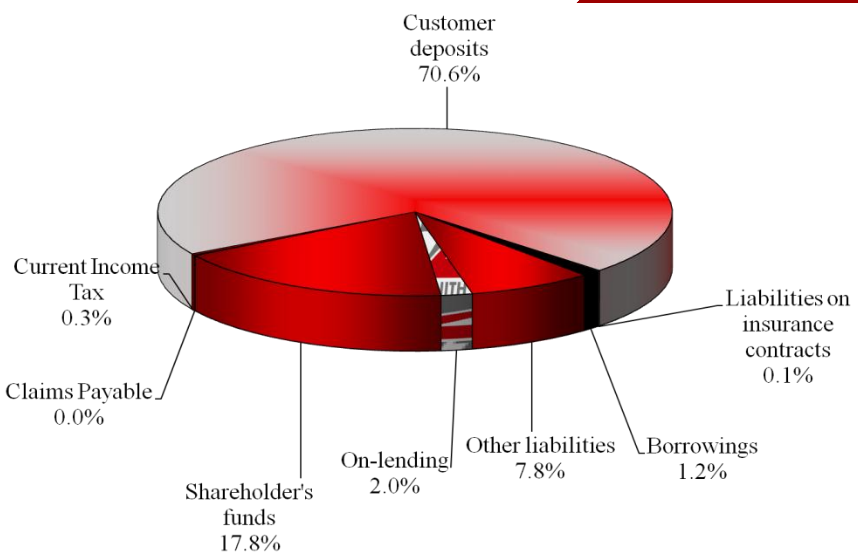


H1 2010

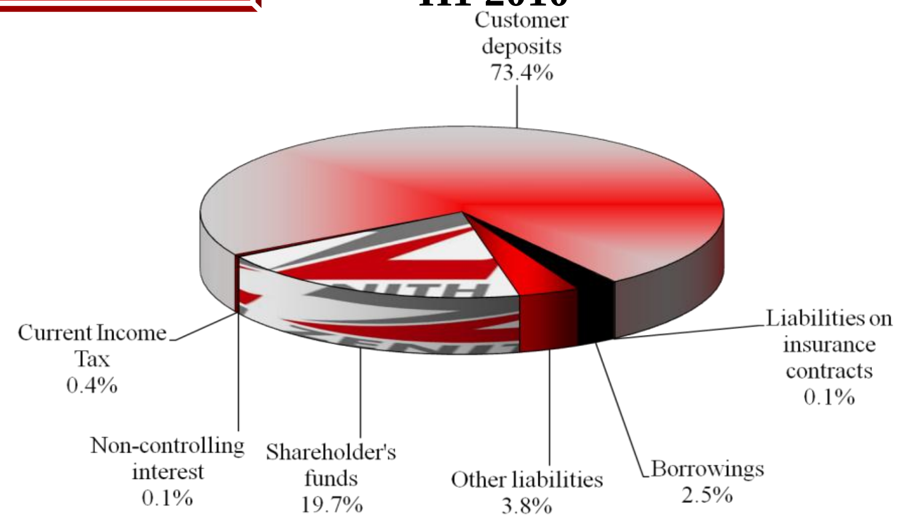


Funding Mix

H1 2011



H1 2010



Agenda

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A

P&L – By Segment

6 Months Ended June 2011 (N'm)	Corporate & Retail Banking	Investment Mgmt & Stockbroking	General Health & Life Insurance	Others	Eliminations	Consolidated
Total Revenue	**113,787**	**2,188**	**6,265**	**1,746**	**-1,147**	**122,839**
Operating Expenses	83,898	248	4,745	49	-1,147	87,793
Profit Before Tax	**29,889**	**1,940**	**1,520**	**1,697**	**-**	**35,046**
Tax	-4,116	-	-7	-257	-	-4,380
Profit After Tax	**25,773**	**1,940**	**1,513**	**1,440**	**-**	**30,666**

6 Months Ended June 2010 (N'm)						Consolidated
Total Revenue	**90,004**	**1,415**	**4,893**	**1,648**	**-1,110**	**96,850**
Operating Expenses	68,127	110	4,076	311	-1,110	71,514
Profit Before Tax	**21,877**	**1,305**	**817**	**1,337**	**-**	**25,336**
Tax	-3,590	-	-177	-264	-	-4,031
Profit After Tax	**18,287**	**1,305**	**640**	**1,073**	**-**	**21,305**

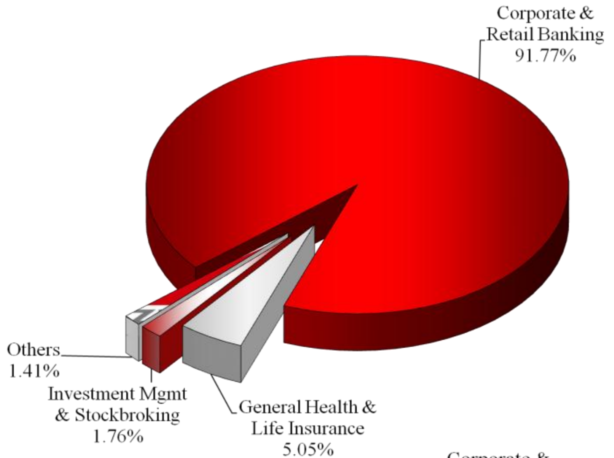
Improved bottom line income YoY on core business segments

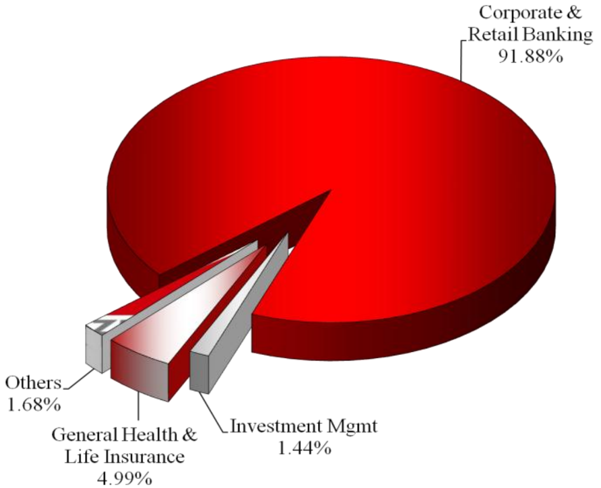
P&L – By Segment

H1 2011

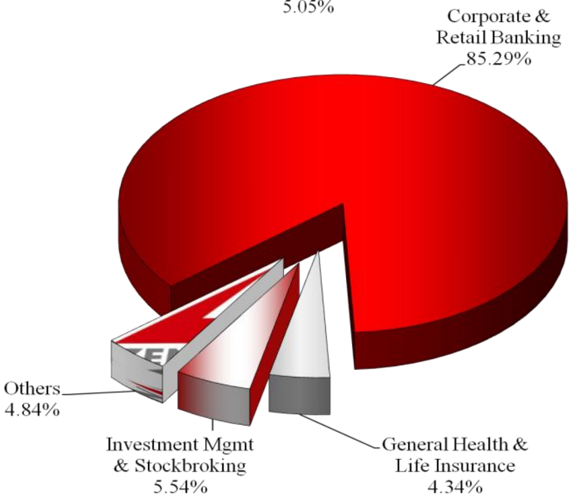
H1 2010

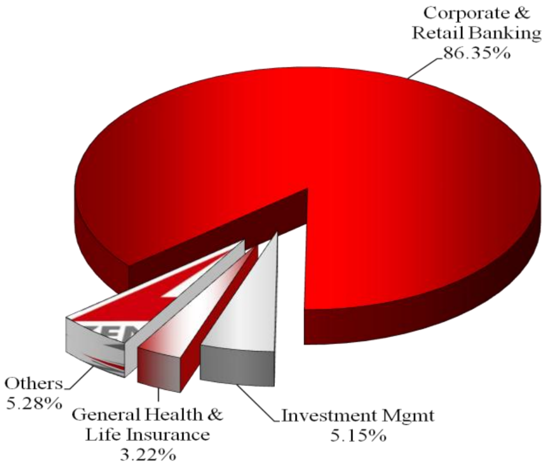
Gross Revenue





PBT





Our Corporate and Retail Banking segments still account for over 91% of the Group's income stream …

Agenda

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A

P&L – By Geography

6 Months Ended June 2011 (N'm)	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	**116,193**	**6,145**	**1,649**	**-1,148**	**122,839**
Operating Expenses	82,840	5,048	1,052	-1,147	87,793
Profit Before Tax	**33,353**	**1,097**	**597**	**-1.0**	**35,046**
Tax	-4,015	-204	-160	-	-4,380
Profit After Tax	**29,338**	**893**	**437**	**-1.0**	**30,666**

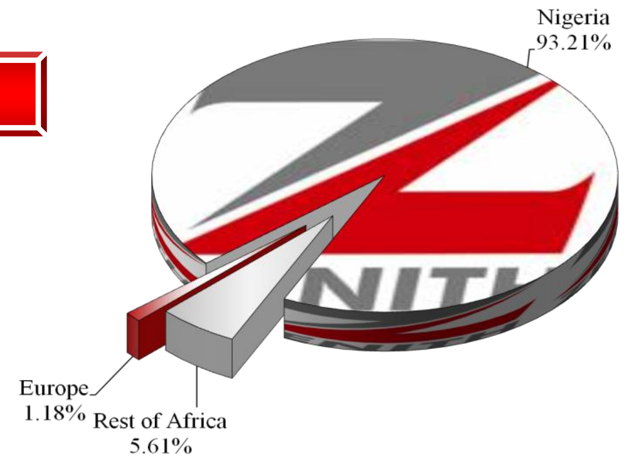
6 Months Ended June 2010 (N'm)					Consolidated
Total Revenue	**91,309**	**5,497**	**1,154**	**-1,110**	**96,850**
Operating Expenses	67,479	4,355	790	-1,110	71,514
Profit Before Tax	**23,830**	**1,142**	**364**	**-**	**25,336**
Tax	-3,791	-182	-58	-	-4,031
Profit After Tax	**20,039**	**960**	**306**	**-**	**21,305**

Improved earnings across geographies……

P&L – By Geography

H1 2011 | **H1 2010**

Gross Revenue



PBT

Business from Nigeria continues to account for a substantial portion of the Group's revenue base

Agenda

Operating Environment

Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A

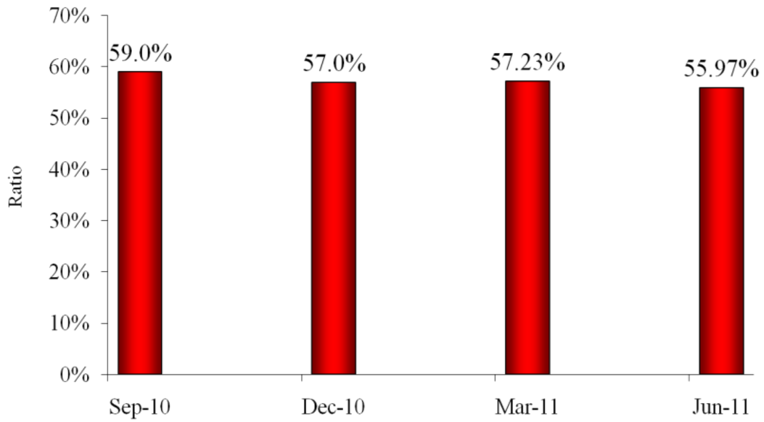
Sustained Risk Asset Quality

Highlights

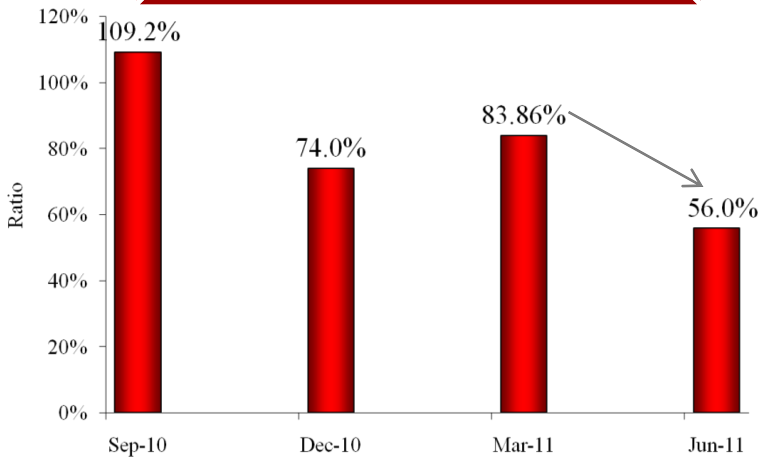
- *Loan to deposit ratio remains flat despite improved lending activities due to commensurate increase in deposit liabilities*
- *NPL ratio down to 3.3%, from 5.4% as at Q1'11. Improvement in NPLs driven mainly by the Bank's recoveries in H1 2011 and NPL sale to AMCON*
- *NPL sales to AMCON drives down coverage ratio*

Loan to Deposit Ratio

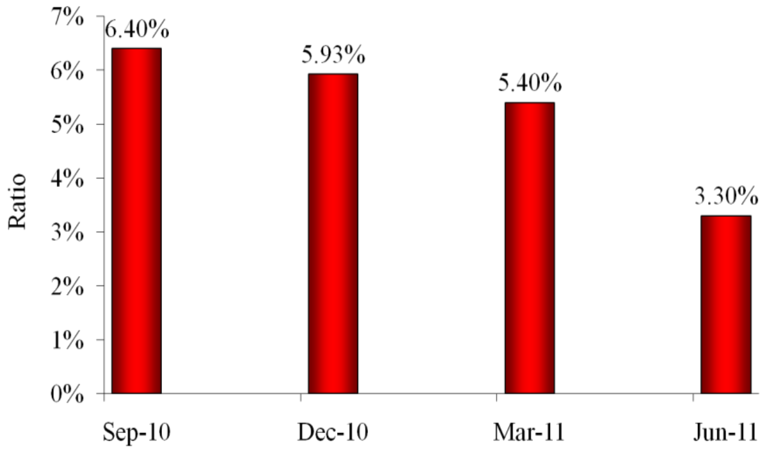
Conservative LTD ratio providing adequate room for future expansions



Coverage Ratio



Low NPL Ratios



Maintaining our robust risk management culture

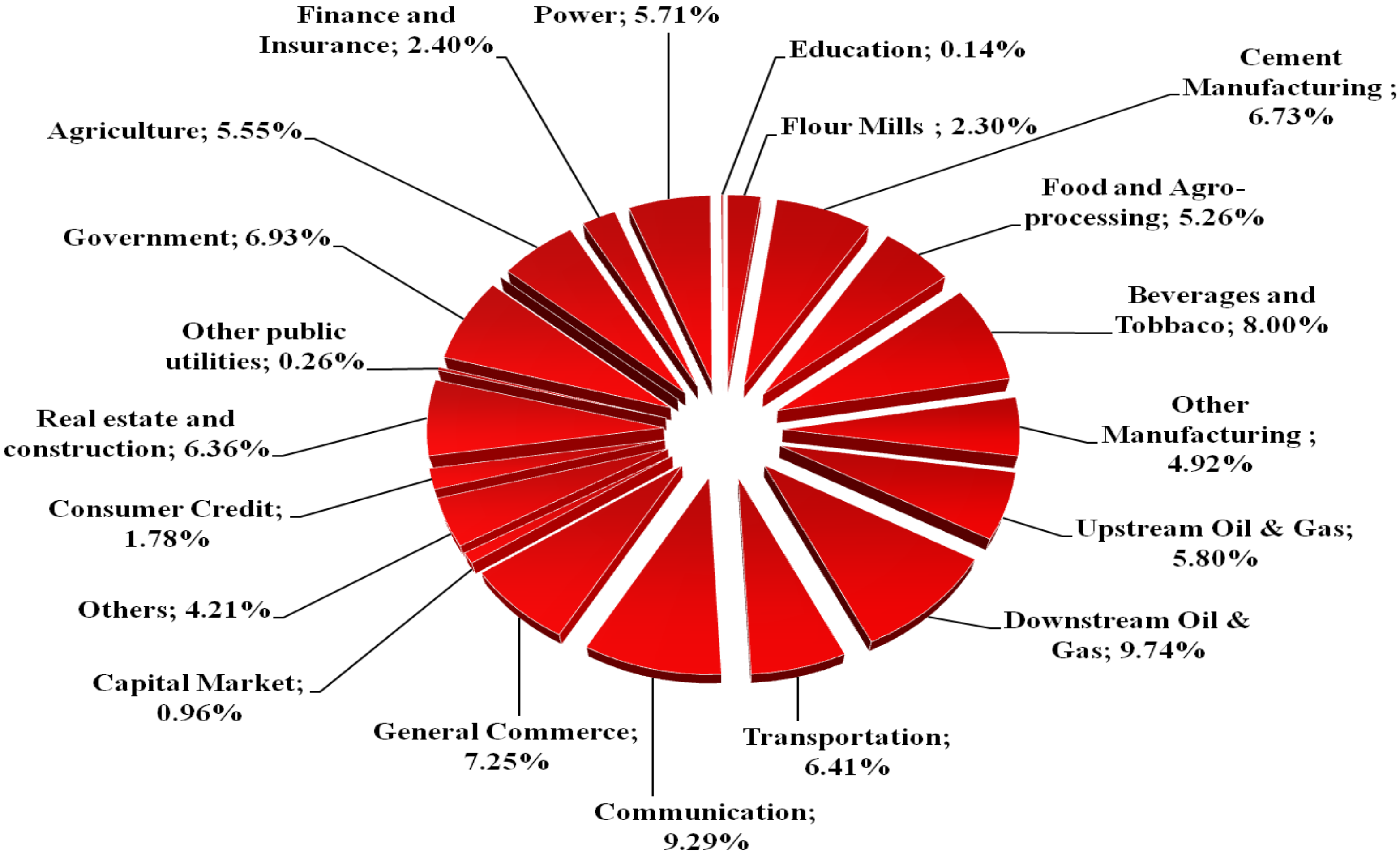
- ❑ Continuing to identify all risk exposures, threats and opportunities which are then managed with appropriate processes in line with best practice and regulatory requirements;
- ❑ Integrating risk management into the culture of the Bank via training and acculturation;
- ❑ Fine-tuning processes that 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 …"

Loan Portfolio

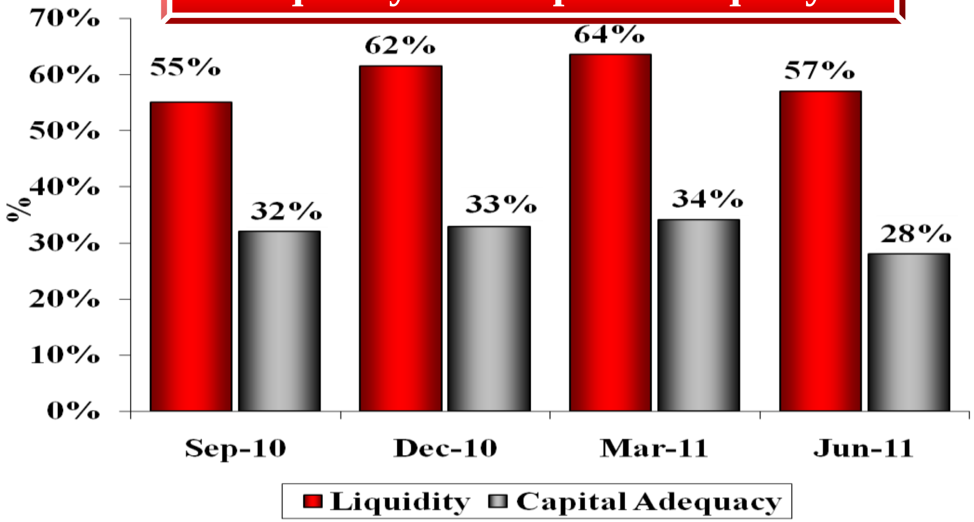
Loans by Sector – June'11



Adequately diversified across all sectors

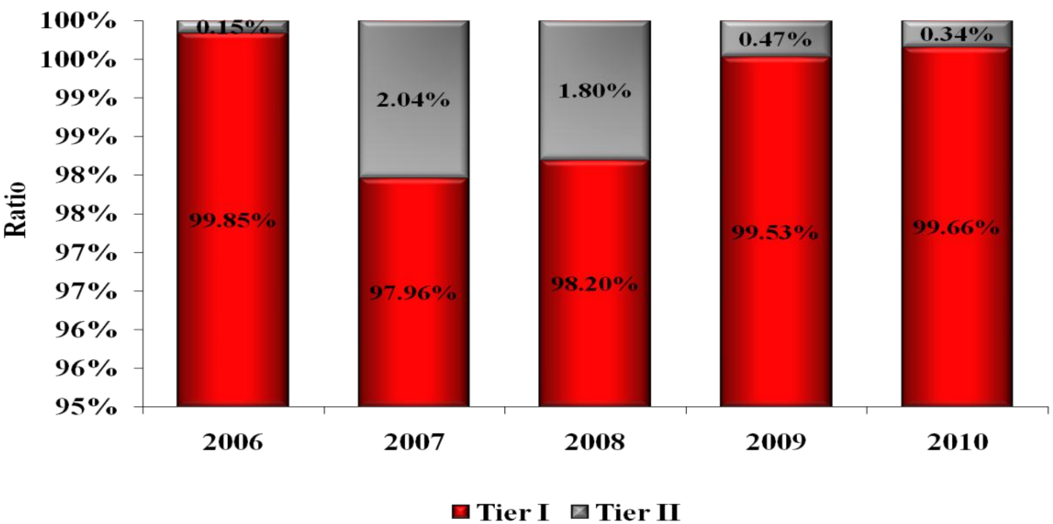
Growth ambitions supported by strong liquidity and capital position

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

Operating Environment

Results

- Group
- By Segment
- By Geography

Company Risk Management

Strategy and Outlook

Q & A

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

Business Segments	Business Model	Operational Efficiency & Innovation
Large Corporate MNC Customers	▪Prompt service delivery ▪Financial support ▪Excellent intl 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

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

Short Term

- Efficient and robust risk management structure driving down NPL ratios
- Focus on operational efficiencies
- Employing cost management measures to reduce our cost to income ratio

Medium Term

- Identifying all risk exposures, threats and opportunities which are then managed through appropriate process in line with best practice and regulatory requirements
- Maintaining efficient resource allocation and utilization control
- Continue to maintain high quality credit

Long Term

- Strengthen our institutional brand by focusing on best banking principles and corporate governance
- Remain innovative in delivering products and services to customers using technology and global standards of customer service
- Consolidating our position through delivering superior performance and sustaining competitive advantage via people, ICT and exceptional customer services
- To build the Zenith brand into a reputable international financial institution.

Q&A