



H1 2015 Group Results

Presentation to Investors & Analysts

June 2015

ZENITH BANK PLC

▪ PEOPLE ▪ TECHNOLOGY ▪ SERVICE



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 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.



Agenda

Overview & Operating Environment

- Speaker: Managing Director/Chief Executive Officer Peter Amangbo Slides 4 - 6

Results - Group

- Speaker: Chief Financial Officer Stanley Amuchie Slides 8- 16

Q & A



Nigerian Economy and Key Developments in the Banking Sector



Real GDP Growth (Rebase):

- GDP grew at the rate of 3.96% y/y in Q1 2015, down by 225bps from 6.21% recorded in the corresponding quarter of previous fiscal year.
- The non-oil sector was the major driver of the growth recorded in Q1 2015, with activities in crop production, trade, construction, other services & telecommunications contributing the most.

Headline Inflation:

- Headline Inflation increased to 9.2% y/y in Jun'15 from 9.0% y/y recorded in May'15.
- The consistent rise in inflation was mainly due to the irregular supply of PMS resulting in increase in food prices

Oil Production & Price:

- OPEC Average Monthly Basket Price increased during the 2nd quarter of the year from \$52.5/bbl recorded in Mar 2015 to \$60.2/bbl in Jun2015.

Foreign Reserves:

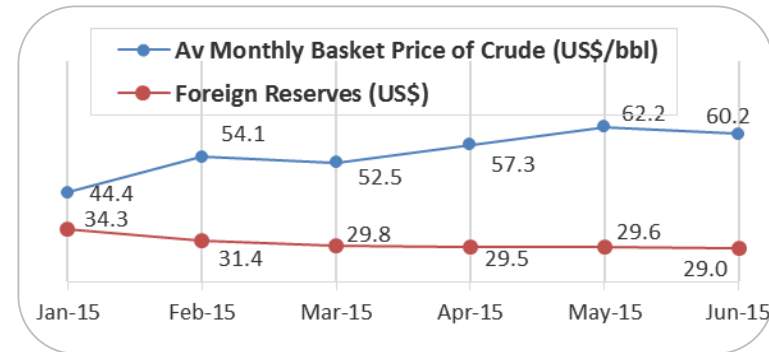
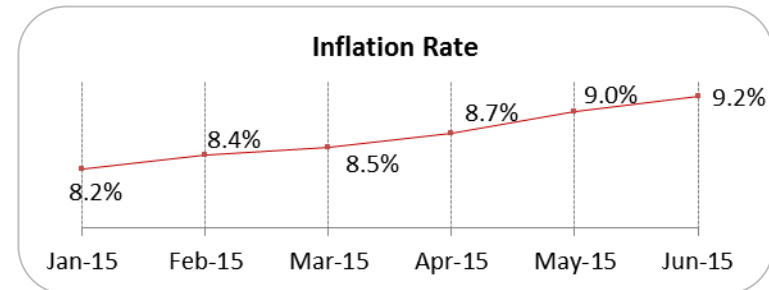
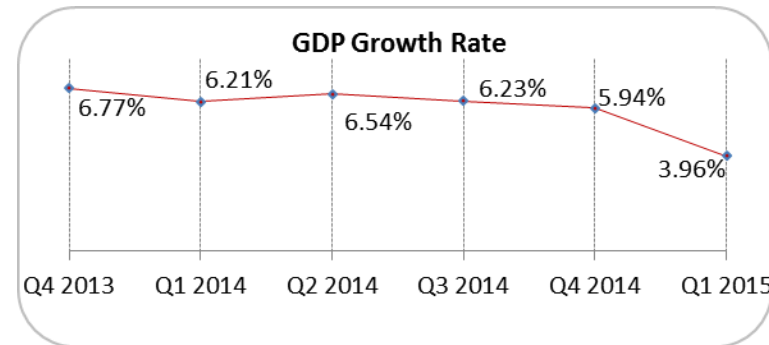
- Nigerian foreign reserves decreased by \$0.8bn (2.7%) from \$29.8bn at the end of Q1 2015 to \$29.0bn at the end of Q2 2015.

Exchange Rate:

- The Naira remained stable at N196.95/\$ (CBN FX rate) and N199.05 (interbank market rate) during Q2 2015.

Cash Reserve Ratio (CRR) & Monetary Policy Rate (MPR):

- In May 2015, MPC made changes to the CRR by raising private sector CRR to 31% from 20% and reducing public sector CRR to 31% from 75%. MPR was maintained at 13%



Source: Nigeria Bureau of Statistics
Central Bank of Nigeria
OPEC



New CBN Circulars and Other Directives



Limit on Foreign Currency Borrowings

- The Central Bank has placed a limit on foreign currency borrowings by banks to 75% of shareholders' funds.

BASEL II Implementation Update

- A revised guideline on BASEL II implementation covering Pillar 1 (minimum capital requirement), Pillar 2 (ICAAP) and Pillar 3 (disclosure requirements) with accompanying reporting template was issued to DMBs by the CBN on June 24, 2015

Biometric Verification Number (BVN) Enrolment

- Enrolment for Biometric Verification Number (BVN) for all bank's customers in the industry has been extended to October 31, 2015

Publication of Delinquent Credit Facilities

- In order to discourage accumulation of bad loans, the CBN issued guidelines for DMBs to publish names of debtors.

Foreign Currency Loans to Customers

- To hedge against FX risk, CBN has restricted the granting of foreign currency loans by banks to companies with foreign currency revenue.
- Zenith Bank typically extends foreign currency loans to customers with foreign currency revenue

Public Sector Short-term Loans

- The Federal Government has indicated its intention to convert loans of state governments to bonds or term loans

Foreign Exchange Management Strategy

- The Central Bank has reduced the spending limits on naira denominated cards abroad, prohibited payment of foreign currencies for transactions conducted in Nigeria and excluded some import items from accessing foreign currency at the official market



Our Investment Proposition



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

❑ **A dominant player in Nigerian Banking Industry:**

- ✓ Controls a significant share of the high end corporate clients in strategic sectors of the Nigerian economy.
- ✓ The bank uses its strong balance sheet and liquidity position as well as efficient trade finance products and services, to continuously grow and support businesses.

❑ **Increased Share of Middle Tier Market:**

- ✓ Low cost of funds due to increased share of retail market through deposit mobilization and various forms of electronic banking applications.

❑ **Strong Focus on Risk Management:**

- ✓ Low NPL ratio of 1.4% with a coverage ratio of about 126.4%.

❑ **Good Dividend Payout:**

- ✓ Good and consistent dividend payout to its investors.
- ✓ The Bank paid a dividend of 160 kobo per share for FY12, 175 kobo per share for FY2013 and FY2014. We proposed a dividend of 25kobo per share payment for half-year 2015

❑ **Return On Equity:**

- ✓ ROAE moved from 18.70% as at FY14 to 19.4% in H1 2015

❑ **Multilateral Financing Partnerships:**

- ✓ International Finance Corporation (IFC), a member of the World Bank Group, signed a bilateral agreement to provide a \$100 million loan facility to Zenith Bank Plc in order to increase the bank's lending capacity to the various economic sectors, boost economic growth and job creation in Nigerian
- ✓ The U.S. Agency for International Development (USAID) and other parties signed an agreement with Zenith Bank to make available \$90 million in new private sector financing for the Power Africa Fund. This is first of its kind in Nigeria

❑ **Credit Rating/Certifications:**

- ✓ Zenith Bank is rated B+/Stable/B by S and P, being the highest rating awarded to any Nigerian bank and in line with the country's risk rating.
- ✓ The bank became the first Nigerian institution to be awarded a triple ISO certification by the British Standards International (BSI):
 - ISO 22301 Standard – Business Continuity Management;
 - ISO 27001 Standard – Information Security Management; and
 - ISO 20000 standard – IT Service Management



Agenda

Overview & Operating Environment

- Speaker: Managing Director/Chief Executive Officer Peter Amangbo Slides 4 - 6

Results - Group

- Speaker: Chief Financial Officer Stanley Amuchie Slides 8- 16

Q & A



Financial Highlights

Key Theme

Marching towards exceptional performance in 2015

P & L

Gross Earnings: N229.08bn
Net Interest Income: N112.64bn
Net Interest Margin: 8.3%
PBT: N72.20bn
PAT: N53.18bn

+24.21% YoY
+14.23% YoY
+2.5% YoY
+24.79% YoY
+12.09% YoY

Balance Sheet

Customer Deposit: N2.60tn
Total Assets: N3.88tn
Total Shareholders' Funds: N546.39bn
Gross Loans & Advances: N1.94tn

+2.66% YTD
+3.39% YTD
-1.13% YTD
+10.40% YTD

Key Ratios

Loan to Deposit Ratio: 68.5%
Cost to Income Ratio: 54.4%
Liquidity: 43.8%
Capital Adequacy: 20.0%
Coverage Ratio: 126.4%;
ROAE: 19.4%
EPS: 169k

NPL: 1.44%
Cost of Risk: 0.78%
Cost of Funds: 4.26%



Profit & Loss Statement

(N'm)

Gross Income

Continuing Operations:

Interest and similar income

Interest and similar expense

Net interest income

Impairment charge for credit losses

Net interest income after impairment charge for credit losses

Fees and commission income

Trading income

Other income

Share of profit of associates

Depreciation of property and equipment

Amortisation of intangible assets

Personel expenses

Operating expenses

Profit before minimum tax and income tax

Income Tax Expense

Profit After Tax

| | Group 6 mths to Jun-15 | Group 6 mths to Jun-14 | YOY Change |
|--|------------------------------|------------------------------|---------------|
| Gross Income | 229,082 | 184,435 | 24.21% |
| Continuing Operations: | | | |
| Interest and similar income | 176,223 | 147,387 | 19.56% |
| Interest and similar expense | -63,585 | -48,781 | 30.35% |
| Net interest income | 112,638 | 98,606 | 14.23% |
| Impairment charge for credit losses | -7,201 | -2,948 | 144.27% |
| Net interest income after impairment charge for credit losses | 105,437 | 95,658 | 10.22% |
| Fees and commission income | 36,641 | 28,899 | 26.79% |
| Trading income | 11,987 | 6,597 | 81.70% |
| Other income | 4,231 | 1,552 | 172.62% |
| Share of profit of associates | 206 | 324 | -36.42% |
| Depreciation of property and equipment | -5,067 | -4,369 | 15.98% |
| Amortisation of intangible assets | -602 | -388 | 55.15% |
| Personel expenses | -34,378 | -33,246 | 3.40% |
| Operating expenses | -46,254 | -37,168 | 24.45% |
| Profit before minimum tax and income tax | 72,201 | 57,859 | 24.79% |
| Income Tax Expense | -19,021 | -10,414 | 82.65% |
| Profit After Tax | 53,180 | 47,445 | 12.09% |

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



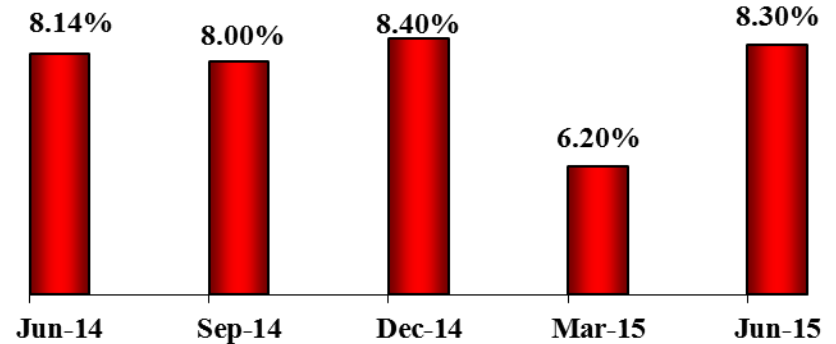
Comments

☐ **Net Interest Margin (NIM)** increased YoY by 2.5% (from 8.1% in H1 2014 to 8.3% in H1 2015) while it grew significantly by 33% QoQ as the group continues to deploy its resources optimally.

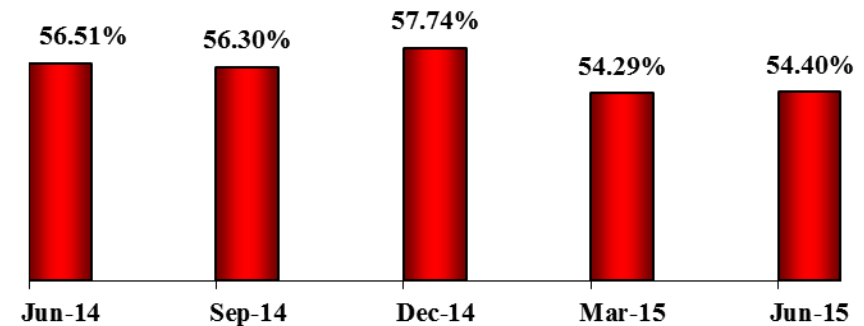
☐ **Cost-to-Income Ratio** declined YoY by 3.7% (from 56.51% in H1 2014 to 54.40% in H1 2015) but remained relatively flat QoQ. Zenith Group is committed to keeping its cost-to-income ratio under control.

☐ **PBT** increased by 24.79% YoY from N57.86bn in H1 2014 to N72.20bn in H1 2015 while **PAT** increased by 12.09% YoY from N47.45bn in H1 2014 to N53.18bn in H1 2015.

Net Interest Margin



Cost to Income Ratio



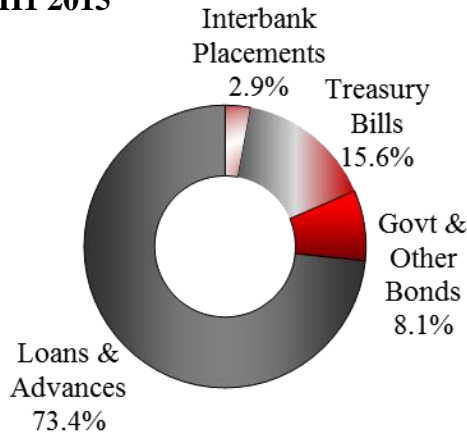


Revenue Base ...Sustained Diversification



Interest Income

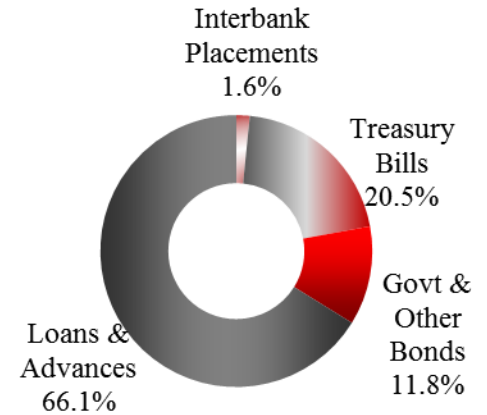
H1 2015



| N'million | H1 2015 | H1 2014 | YoY |
|----------------------|----------------|----------------|------------|
| Interbank Placements | 5,156 | 2,334 | 121% |
| Treasury Bills | 27,540 | 30,201 | -9% |
| Govt & Other Bonds | 14,218 | 17,360 | -18% |
| Loans & Advances | 129,309 | 97,492 | 33% |
| Total | 176,223 | 147,387 | 20% |

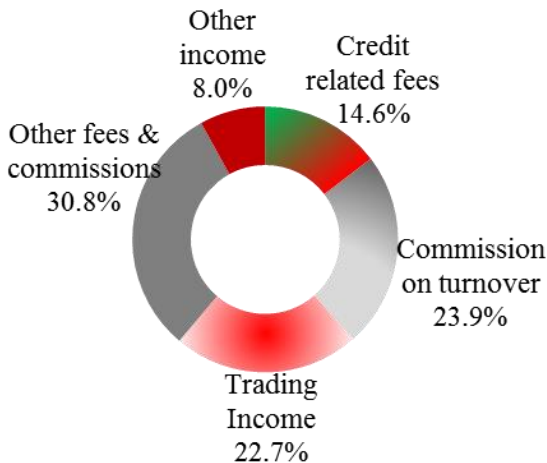
- ✓ Interest income from loans and advances increased by 33% YoY as a result of loan growth and proper pricing of all risk assets
- ✓ Interest income from T-bills and Bonds dipped YoY as a result of further increase in CRR on private sector funds

H1 2014



Non-Interest Income

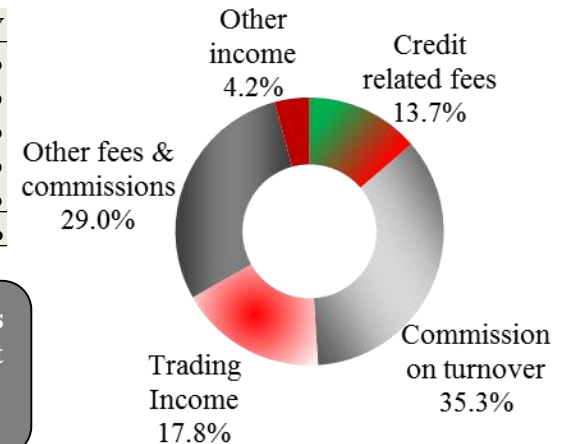
H1 2015



| N'million | H1 2015 | H1 2014 | YoY |
|--------------------------|---------------|---------------|------------|
| Credit related fees | 7,734 | 5,084 | 52% |
| Commission on turnover | 12,625 | 13,065 | -3% |
| Trading Income | 11,987 | 6,597 | 82% |
| Other fees & commissions | 16,488 | 11,074 | 49% |
| Other income | 4,231 | 1,552 | 173% |
| Total | 53,065 | 37,372 | 42% |

- ✓ The Group's continued effort in diversifying its revenue base yielded positive results as its non-interest revenue grew by 42% over the prior period

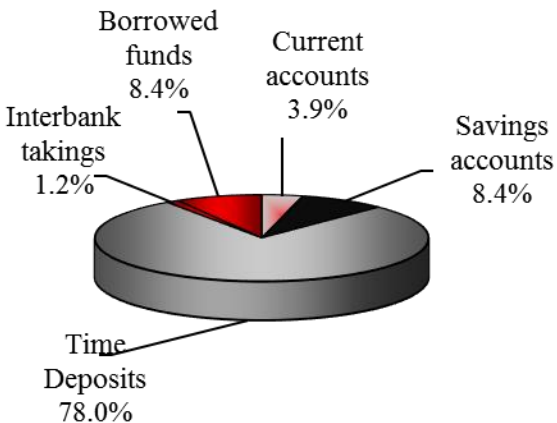
H1 2014





Interest Expenses

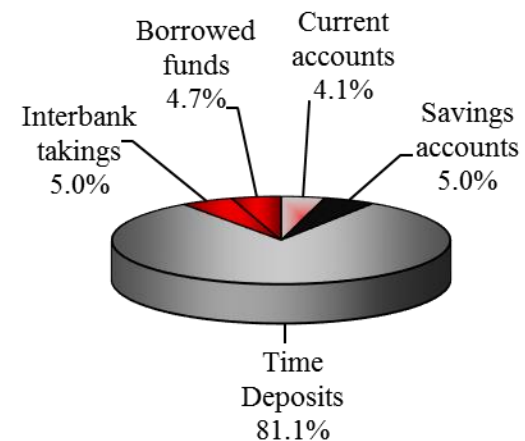
H1 2015



| N'million | H1 2015 | H1 2014 | YoY |
|-------------------|---------------|---------------|------------|
| Current accounts | 2,504 | 2,018 | 24% |
| Savings accounts | 5,364 | 2,449 | 119% |
| Time Deposits | 49,623 | 39,551 | 25% |
| Interbank takings | 762 | 2,457 | -69% |
| Borrowed funds | 5,332 | 2,306 | 131% |
| Total | 63,585 | 48,781 | 30% |

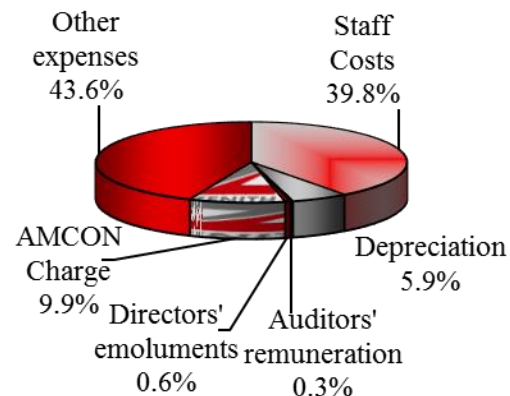
- ✓ Interest expense on time deposits increased the most in absolute terms
- ✓ Borrowed funds (eurobond & multilateral agencies) increased significantly to match the growth in the medium to long term USD funding needs of the bank.

H1 2014



Total Operating Expenses

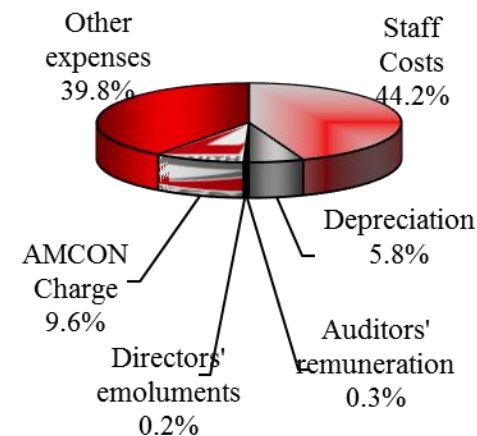
H1 2015



| N'million | H1 2015 | H1 2014 | YoY |
|------------------------|---------------|---------------|------------|
| Staff Costs | 34,378 | 33,246 | 3% |
| Depreciation | 5,067 | 4,369 | 16% |
| Auditors' remuneration | 228 | 249 | -8% |
| Directors' emoluments | 476 | 159 | 199% |
| AMCON Charge | 8,560 | 7,197 | 19% |
| Other expenses | 37,592 | 29,951 | 26% |
| Total | 86,301 | 75,171 | 15% |

- ✓ Shortage in supply of PMS during Q2 and the consistent rise in inflation contributed significantly to the 15% YoY growth in total operating expenses

H1 2014





Balance Sheet- Assets

| (N'm) | Group | Group | YTD | Group |
|--------------------------------------|------------------|------------------|--------------|------------------|
| | Jun-15 | Dec-14 | Change | Jun-14 |
| Cash and balances with central banks | 634,972 | 752,580 | -15.63% | 556,416 |
| Treasury bills | 287,989 | 295,397 | -2.51% | 317,458 |
| Assets pledged as collateral | 239,078 | 151,746 | 57.55% | 83,089 |
| Due from other banks | 499,093 | 506,568 | -1.48% | 501,686 |
| Derivative assets | 27,492 | 17,408 | 57.93% | 1,939 |
| Loans and advances | 1,905,894 | 1,729,507 | 10.20% | 1,385,988 |
| Investment securities | 166,923 | 200,079 | -16.57% | 230,867 |
| Investments in associates | 508 | 302 | 68.21% | 2,272 |
| Deferred tax assets | 4,394 | 6,449 | -31.87% | 708 |
| Other assets | 40,545 | 21,455 | 88.98% | 50,724 |
| Property and equipment | 73,555 | 71,571 | 2.77% | 70,557 |
| Intangible assets | 2,284 | 2,202 | 3.72% | 2,048 |
| Total Assets | 3,882,727 | 3,755,264 | 3.39% | 3,203,752 |

Sustained Balance sheet strengthening and Growth with strong liquidity.



Balance Sheet- Liabilities & Equity

| (N'm) | Group Jun-15 | Group Dec-14 | YTD Change | Group Jun-14 |
|---------------------------------|------------------|------------------|---------------|------------------|
| Customers deposits | 2,604,804 | 2,537,311 | 2.66% | 2,304,976 |
| Derivative liabilities | 697 | 6,073 | -88.52% | - |
| Current income tax | 5,958 | 10,042 | -40.67% | 2,171 |
| Deferred income tax liabilities | 23 | - | - | 1,106 |
| Other liabilities | 256,782 | 289,858 | -11.41% | 175,685 |
| On-lending facilities | 102,253 | 68,344 | 49.62% | 85,356 |
| Borrowings | 266,185 | 198,066 | 34.39% | 60,438 |
| Debt securities issued | 99,639 | 92,932 | 7.22% | 81,632 |
| Total liabilities | 3,336,341 | 3,202,626 | 4.18% | 2,711,364 |

| (N'm) | Group Jun-15 | Group Dec-14 | YTD Change | Group Jun-14 |
|---------------------------------------|------------------|------------------|---------------|------------------|
| Share capital | 15,698 | 15,698 | 0.00% | 15,698 |
| Share premium | 255,047 | 255,047 | 0.00% | 255,047 |
| Retained earnings | 180,582 | 183,396 | -1.53% | 153,280 |
| Other reserves | 94,569 | 97,945 | -3.45% | 67,902 |
| Total Shareholder's funds | 546,386 | 552,638 | -1.13% | 492,388 |
| Non-controlling interest | 490 | 552 | -11.23% | 461 |
| Total liabilities & equity | 3,882,727 | 3,755,264 | 3.39% | 3,203,752 |

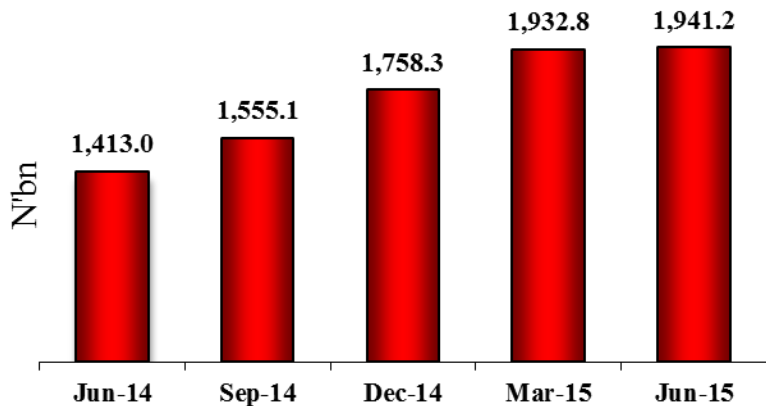
Strong Capital base.... Remains a solid buffer against any adverse event



Sustained assets & liabilities match.....

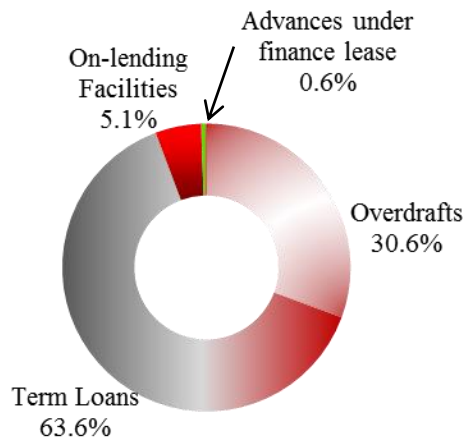


Loans Growth

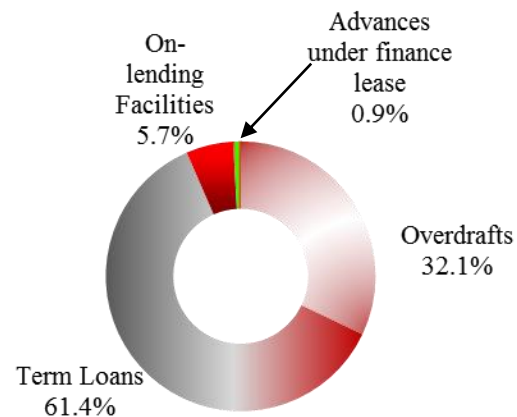


Loans & Advances

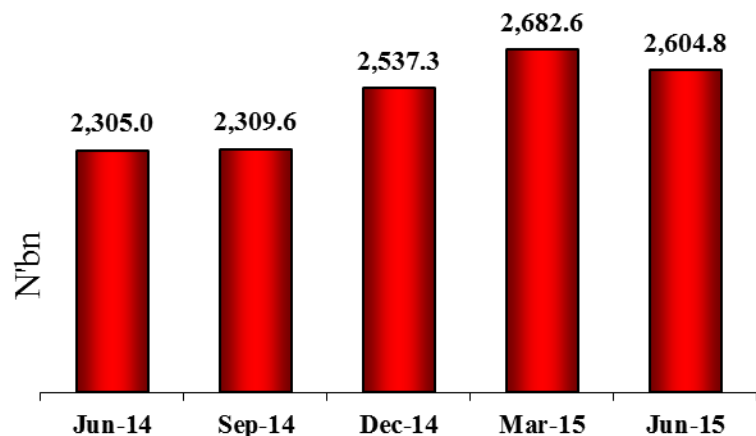
H1 2015



H1 2014

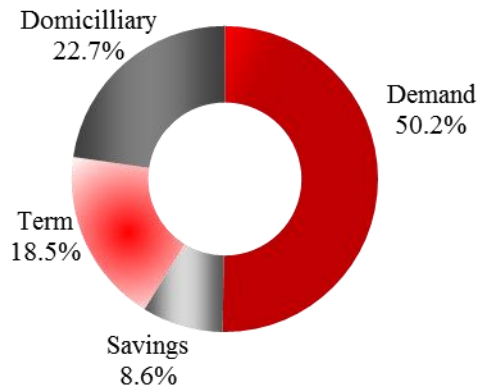


Deposits Growth

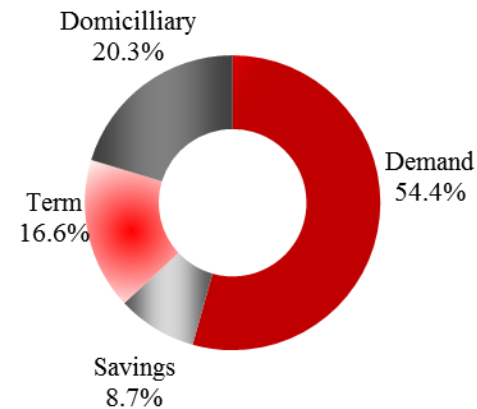


Deposits Mix

H1 2015



H1 2014



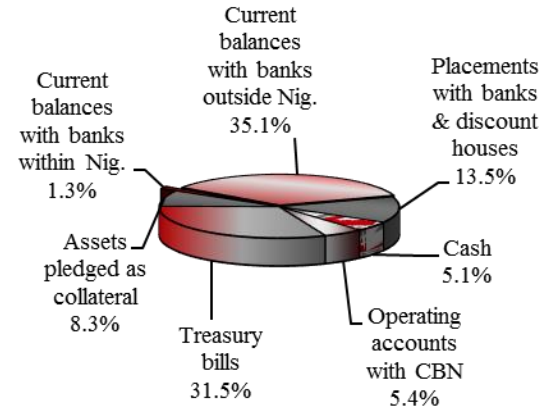


Continued market dominance through strong liquid asset base and funding mix...



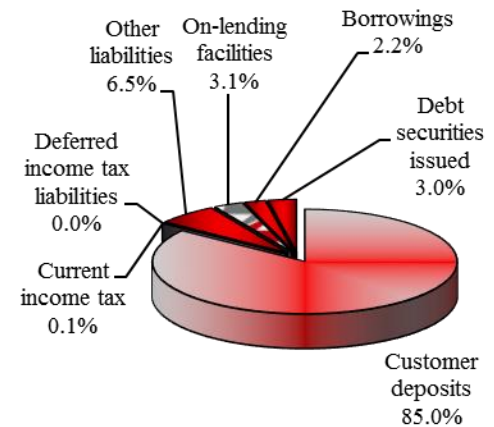
Liquid Assets

H1 2014

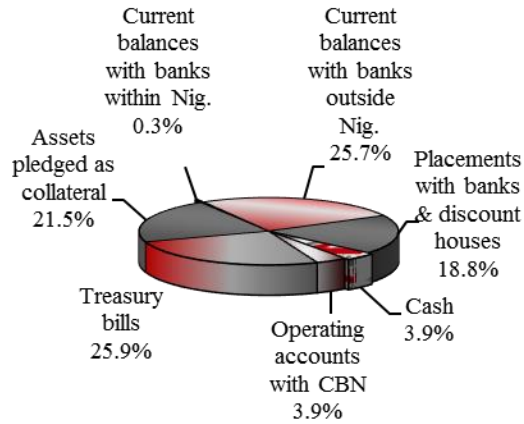


| N'million | H1 2015 | H1 2014 | YoY |
|--|------------------|------------------|------------|
| Cash | 43,843 | 50,880 | -14% |
| Operating accounts with CBN | 43,162 | 53,937 | -20% |
| Treasury bills | 287,989 | 317,458 | -9% |
| Assets pledged as collateral | 239,078 | 83,089 | 188% |
| Current balances with banks within Nig. | 3,808 | 12,723 | -70% |
| Current balances with banks outside Nig. | 285,920 | 353,001 | -19% |
| Placements with banks & discount houses | 209,365 | 135,962 | 54% |
| Total | 1,113,165 | 1,007,050 | 11% |

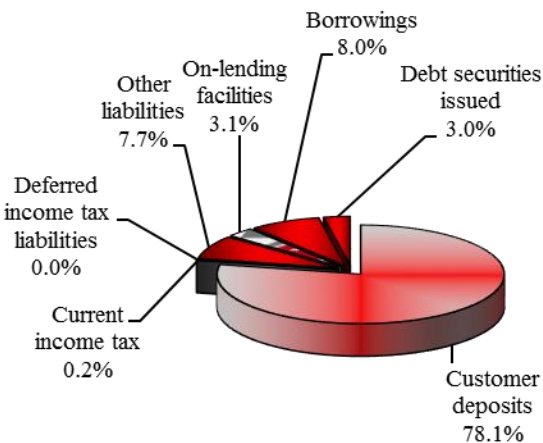
H1 2014



H1 2015



H1 2015



Funding Mix

| N'million | H1 2015 | H1 2014 | YoY |
|---------------------------------|------------------|------------------|------------|
| Customer deposits | 2,604,804 | 2,304,976 | 13% |
| Current income tax | 5,958 | 2,171 | 174% |
| Deferred income tax liabilities | 23 | 1,106 | -98% |
| Other liabilities | 256,782 | 175,684 | 46% |
| On-lending facilities | 102,253 | 85,356 | 20% |
| Borrowings | 266,185 | 60,438 | 340% |
| Debt securities issued | 99,639 | 81,632 | 22% |
| Total | 3,335,644 | 2,711,363 | 23% |

6 Months Ended Jun 2015 (N'm)

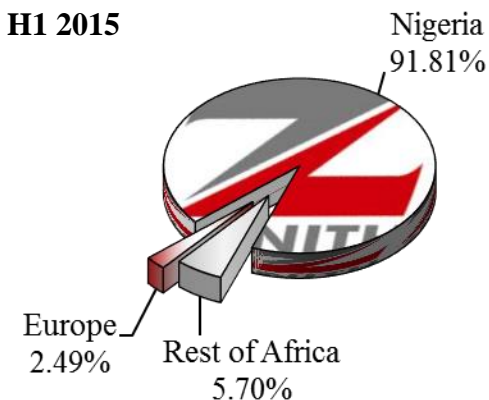
| | Nigeria | Rest of Africa | Europe | Eliminations | Consolidated |
|-------------------------------|----------------|----------------|--------------|---------------|----------------|
| Total Revenue | 216,999 | 13,471 | 5,889 | -7,277 | 229,082 |
| Share of profit of Associates | - | - | - | 206 | 206 |
| Total Expense | -146,212 | -9,168 | -5,025 | 3,318 | -157,087 |
| Profit Before Tax | 70,787 | 4,303 | 864 | -3,753 | 72,201 |
| Tax | -17,820 | -985 | -216 | - | -19,021 |
| Profit After Tax | 52,967 | 3,318 | 648 | -3,753 | 53,180 |

6 Months Ended Jun 2014 (N'm)

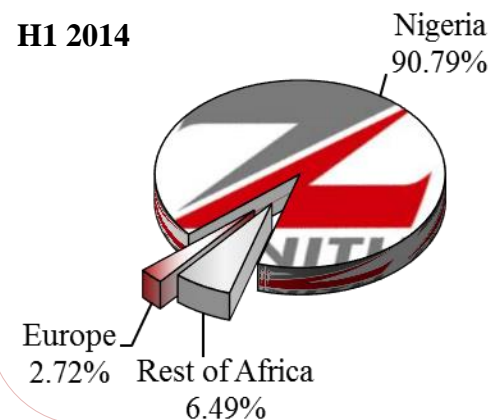
| | Nigeria | Rest of Africa | Europe | Eliminations | Consolidated |
|-------------------------------|----------------|----------------|--------------|----------------|----------------|
| Total Revenue | 177,608 | 12,694 | 5,318 | -10,861 | 184,435 |
| Share of profit of Associates | - | - | - | 324 | 324 |
| Total Expense | -119,369 | -7,516 | -3,794 | 3,779 | -126,900 |
| Profit Before Tax | 57,915 | 5,178 | 1,524 | -6,758 | 57,859 |
| Tax | -9,671 | -366 | -377 | - | -10,414 |
| Profit After Tax | 48,244 | 4,812 | 1,147 | -6,758 | 47,445 |

Gross Revenue

H1 2015



H1 2014



Our Nigerian business continues to be the main driver of profitability ... providing over 90% of gross revenue

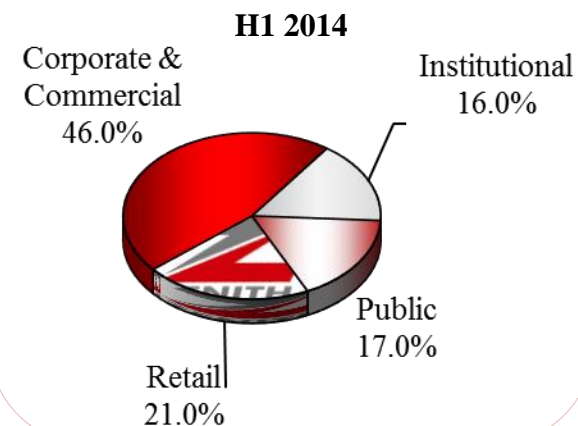
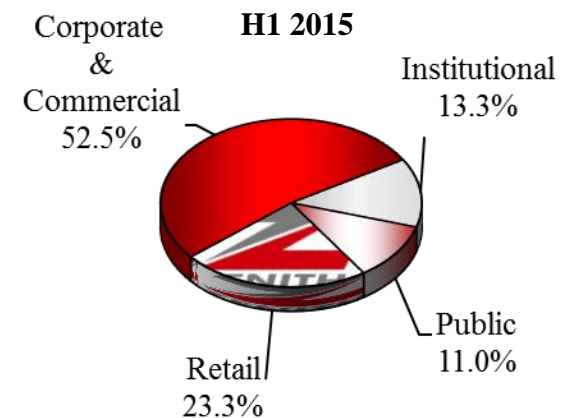
6 Months Ended Jun 2015 (N'm)

| | Corporate | Institutional | Public | Retail | Consolidated |
|--------------------------|----------------|----------------|----------------|----------------|-----------------|
| Total Revenue | 120,260 | 30,394 | 25,134 | 53,294 | 229,082 |
| Total Expenses | -70,338 | -28,070 | -18,134 | -40,339 | -156,881 |
| Profit Before Tax | 49,922 | 2,325 | 7,000 | 12,955 | 72,201 |
| Tax | -13,152 | -612 | -1,844 | -3,413 | -19,021 |
| Profit After Tax | 36,770 | 1,712 | 5,156 | 9,542 | 53,180 |

6 Months Ended Jun 2014 (N'm)

| | Corporate | Institutional | Public | Retail | Consolidated |
|--------------------------|----------------|----------------|----------------|----------------|-----------------|
| Total Revenue | 84,840 | 29,509 | 31,354 | 38,731 | 184,434 |
| Total Expenses | -53,225 | -21,518 | -16,455 | -35,378 | -126,576 |
| Profit Before Tax | 31,615 | 7,992 | 14,899 | 3,353 | 57,859 |
| Tax | -5,690 | -1,438 | -2,682 | -604 | -10,414 |
| Profit After Tax | 25,925 | 6,553 | 12,217 | 2,750 | 47,445 |

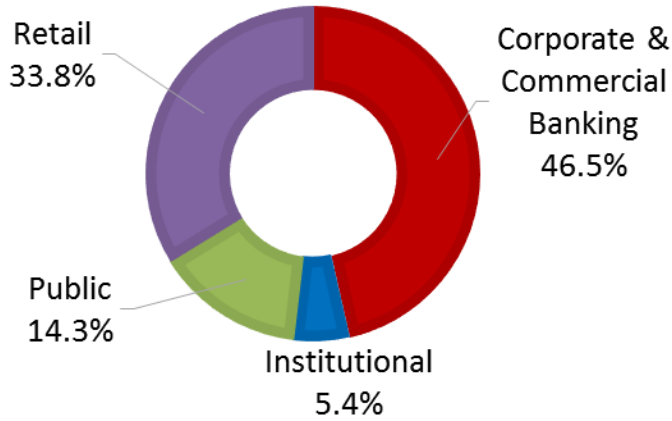
Gross Revenue



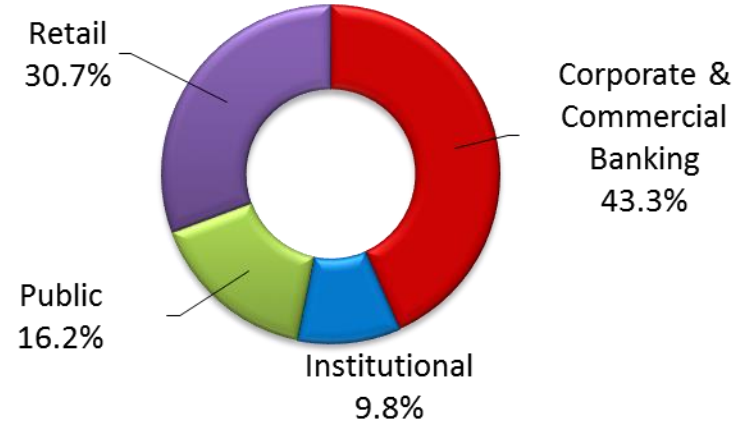
Improved profitability on core business segments



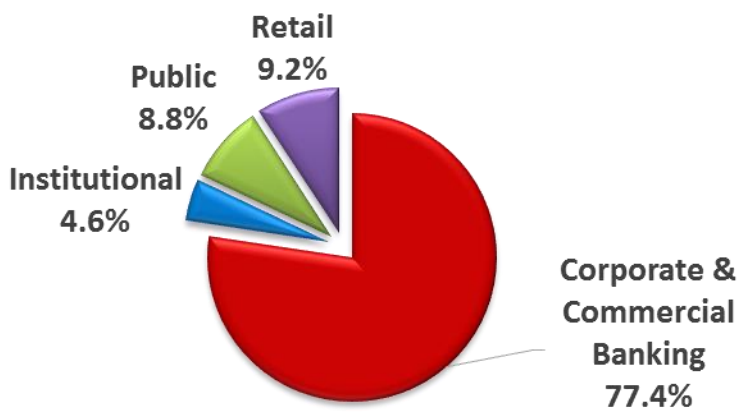
Deposits & Loans – By Sector



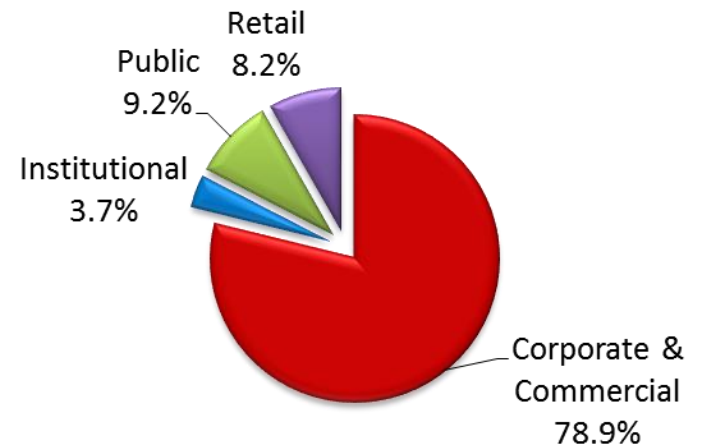
H1 2015 Total Deposits - ₦2.60tn



H1 2014 Total Deposits - ₦2.30tn



H1 2015 Gross Loans - ₦1.94tn

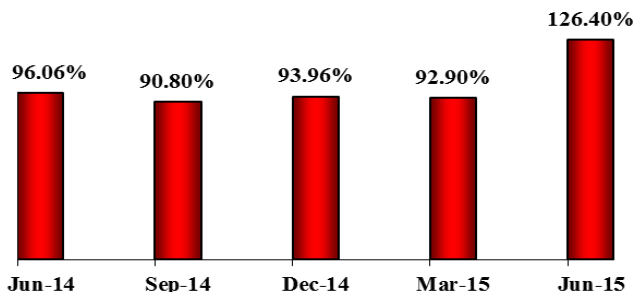


H1 2014 Gross Loans - ₦1.41tn



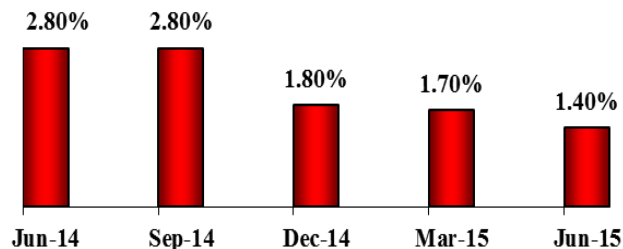
Our Risk Management Strategy

NPL Coverage Ratio



NPL Ratio

• The Group's NPL ratio has declined significantly from 2.8% recorded in H1 2014 to 1.4% in H1 2015.



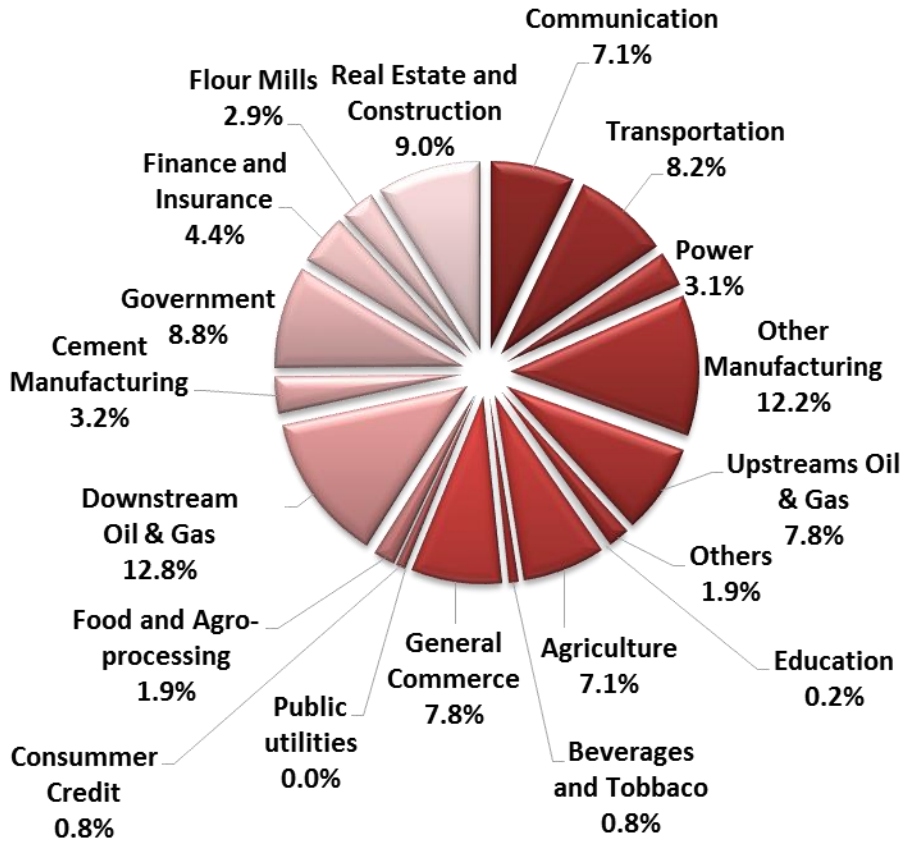
- ✓ The group adopts a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.
- ✓ Risk management is practiced as a collective responsibility coordinated by the risk control units and is properly segregated from the market facing 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.
- ✓ **Loans to Oil & Gas Sector:** As price of crude oil continues to fall, the bank has put in place the following to guide against delinquent loans:
 - ✓ Hedges against drop in crude oil price for customers with loans
 - ✓ Encourage customers to increase production capacity to generate more cash flows
 - ✓ Restructuring of loans in line with expected cash flow
 - ✓ Provision of Debt Service Reserve Accounts (DSRA)
- ✓ **Loans to Power Sector:**
 - ✓ Zenith bank advanced loans to DISCOs located in high cash generating areas like Ikeja and Eko DISCOS
 - ✓ The bank supported customers with other thriving businesses



Focused risk management via portfolio diversification

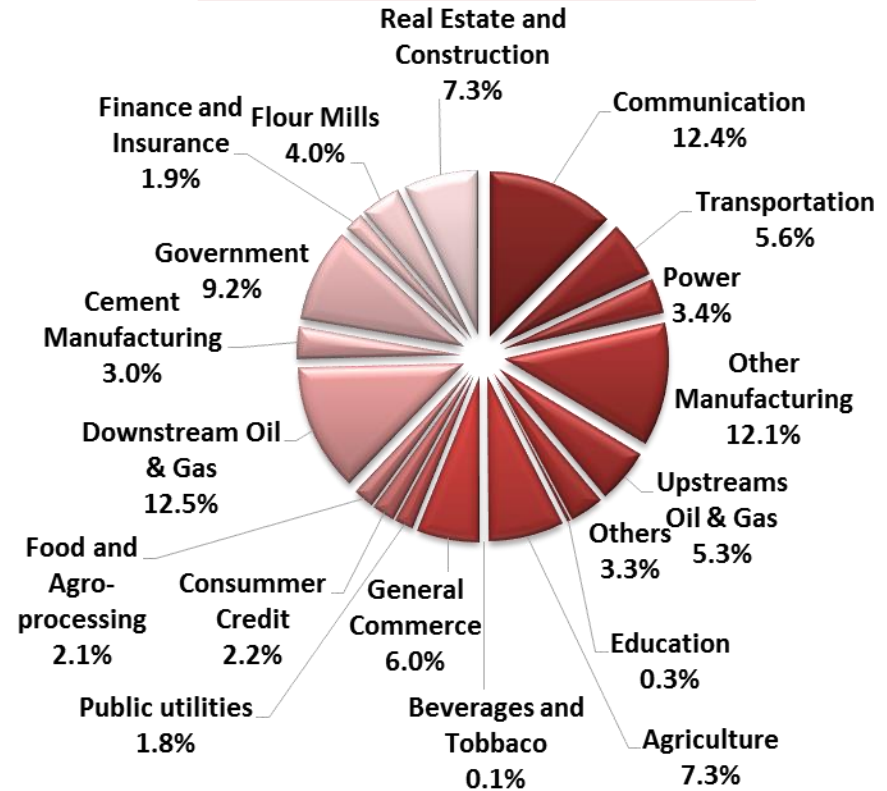


Loans by Sector – H1 2015



Gross Loans – N1.94tn

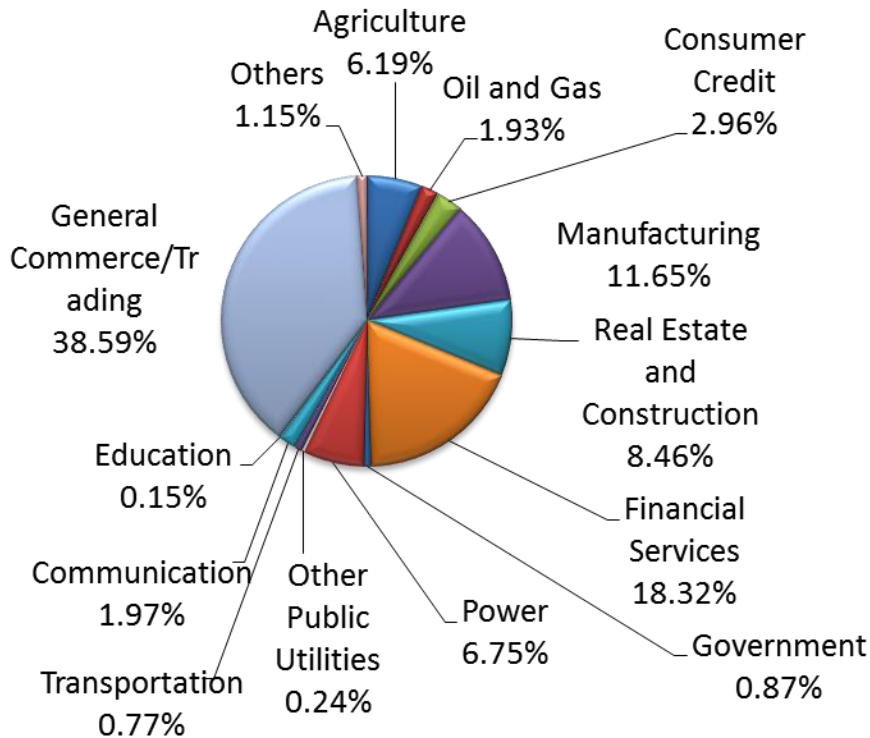
Loans by Sector – H1 2014



Gross Loans – N1.49tn

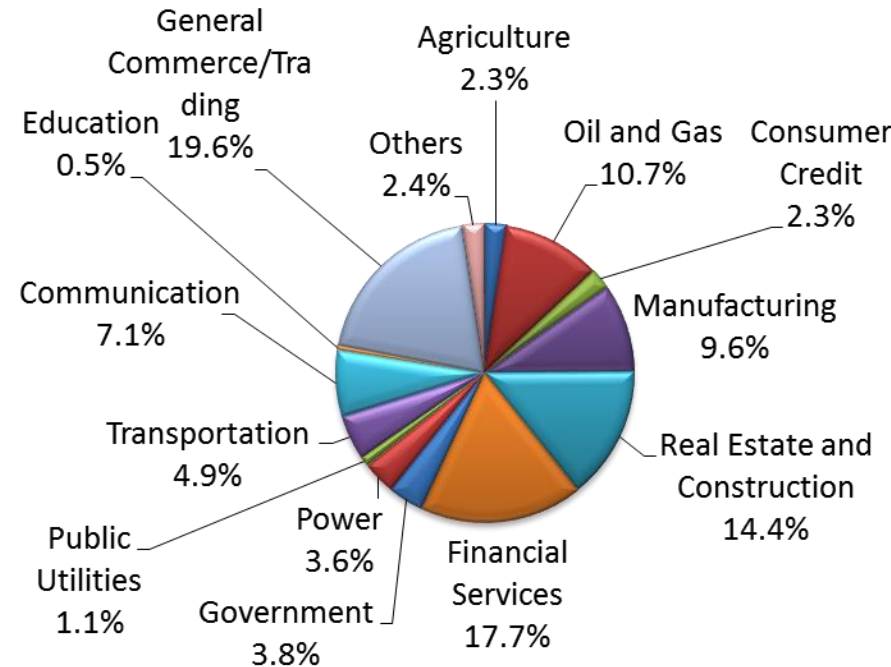
Well Diversified Loan Portfolio

H1 2015



- Total NPLs – N27.92bn
- NPL Ratio – 1.4%

H1 2014



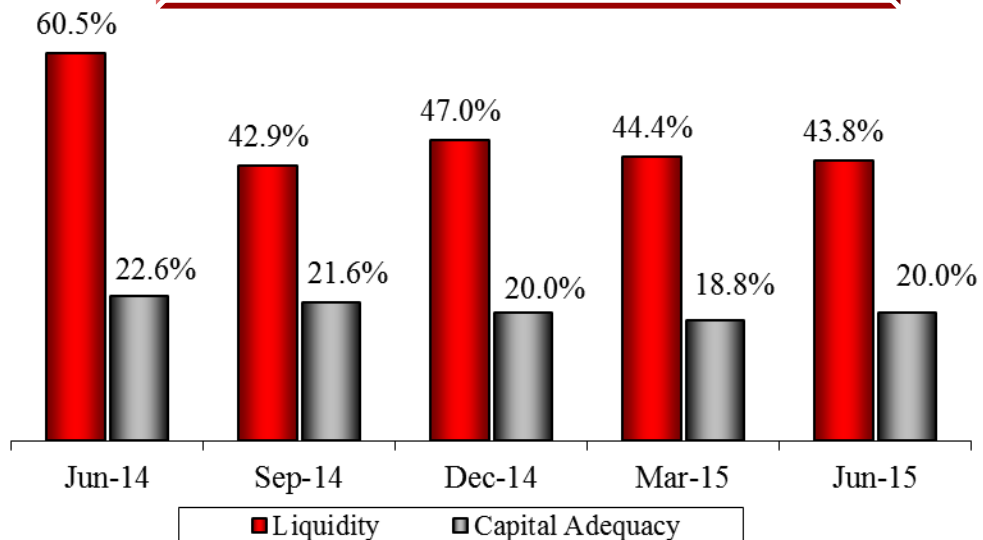
- Total NPLs – N39.59bn
- NPL Ratio – 2.8%

- We continue to develop our Risk Management Strategy and improve on the quality of our loan portfolio.
- Overall NPL ratio of 1.4% is currently one of the lowest in the industry



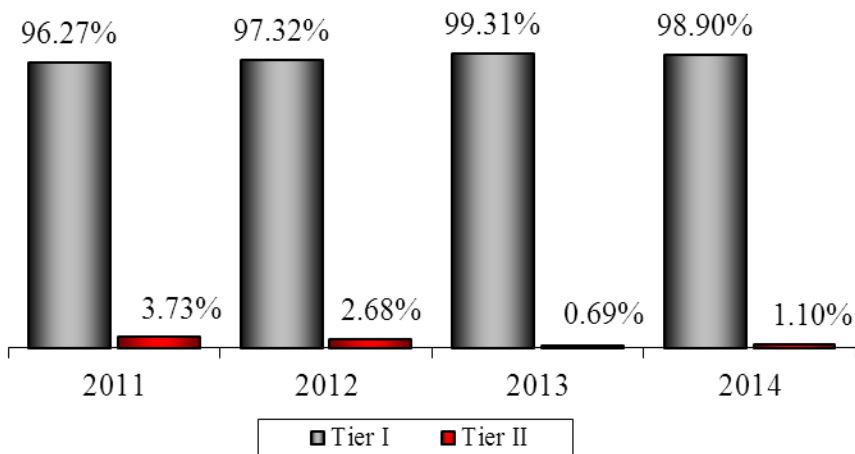
Strong Capitalization and Liquidity

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.



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

4

Trading Management

- We are taking advantage of our liquidity in Naira and foreign currencies to optimize our yields in the FX and money markets.



Our Key Growth Target Sectors

Driving profitability with our competitive advantages

Identified Growth Sectors

Infrastructure
Manufacturing
Petrochemicals
Retail
Real Estate and Construction
Telecoms
Transportation and General
Commerce
Agriculture
Service Industry

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



Outlook and Prospects for FY2015



- ❑ **Retail Banking:** The bank has tremendously grown its retail business especially in liability generation. This has been achieved through mobile banking, internet banking and cards services. The capturing of bio-data of all bank's customers across the industry into a single data base has also boosted our retail banking business. Each customer now has a unique Biometric Verification Number (BVN) and this has helped to reduce fraud.
- ❑ **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. Zenith Bank has played a major role in this sector to support the various government's projects aimed at boosting our economy.
- ❑ **Deposit Base:** Our drive for low cost and appropriately mixed deposit base to fund our credit and money market transactions would continue in FY2015. We are committed to be a dominant player in the money market space to drive up income and profitability going forward.
- ❑ **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.
- ❑ **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. Zenith group only recently scored another first, becoming the first Nigerian institution to be awarded a triple ISO certification by the British Standards International (BSI): the ISO 22301, 27001 and 20000 standards
- ❑ **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



Guidance for FYE 2015

| | FYE 2014 Achieved | FYE 2015 Projection | H1 2015 Achievement |
|---------------------|----------------------|------------------------|------------------------|
| Capital Adequacy | 20.00% | 20.00% | 20.00% |
| ROAE | 18.70% | 20.40% | 19.40% |
| Cost to Income | 57.70% | 55.00% | 54.40% |
| ROAA | 2.90% | 3.00% | 2.80% |
| NIM | 8.40% | 8.30% | 8.30% |
| Liquidity Ratio | 46.80% | 44.00% | 43.80% |
| NPL | 1.80% | 1.80% | 1.44% |
| NPL Coverage | 93.70% | 95.00% | 126.40% |
| Loan to Deposit | 60.30% | 65.00% | 68.50% |
| Cost of Funds | 4.00% | 4.00% | 4.30% |
| Cost of Risk | 0.90% | Below 1.00% | 0.80% |
| Deposit Growth | 11.44% | 10.00% | 2.70% |
| Loan Growth | 37.8% | 10-15% | 10.40% |
| PBT | N119.80bn | N145bn | N72.20bn |
| *Effective Tax Rate | 17.00% | 19.00% | 26.34% |
| PAT | N99.46bn | N117.45bn | N53.18bn |

Comments:

*Effective Tax Rate: The noted increase in effective tax rate to 26% as at 30 June 2015 was the impact of the excess dividend tax of N11.4bn which was already paid as at 30/06/2015 and therefore included in the tax charge for the half year.

The Excess dividend tax will be constant for the whole year and therefore the effective tax rate at YE 2015 is expected to come to about 19% as the effect evens out at year end

Thank you

