

ZENITH BANK PLC

GROUP RESULTS

For 9 Months Ended September 30, 2011

Presentation to Analysts and Investors

people | technology | service

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...In Your Best Interest



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.



Agenda



Results

Group

By Segment

By Geography

Company Risk Management

Strategy and Outlook

Q & A



Financial Highlights



Key Themes

Robust income base
Positive Outlook for Q4'11
Sustained superior performance

P&L

Gross Earnings: N183bn
Net Interest Income: N94bn
Net Interest Margin: 10.5%
PBT: N50bn
PAT: N42.9bn

+31.65% YoY
+49.21% YoY
+86.17% YoY
+28.46% YoY
+37.97% YoY

Balance Sheet

Customer Deposit: N1.55trn
Total Assets: N2.20trn
Shareholders' Funds: N380.6bn
Loans & Advances: N839.9bn

+17.42% (YTD)
+15.79% (YTD)
+4.56% (YTD)
+17.80% (YTD)

Key Ratios

Conservative Loan to deposit Ratio: 56.6%
Cost Income Ratio: 65.88%
Liquidity: 60% (Group), 57.6% (Bank)
Strong Capital Adequacy: 31% (Group), 28.5% (Bank)

NPL: 3.6%
ROE: 15.4%
EPS: 135k
PE Ratio: 9.1x



Profit & Loss Statement



(N'm)	Group 9 mths to Sep-11	Group 9 mths to Sep-10	YOY Change
Gross Income	182,955	139,601	31.1%
Interest Income	119,720	92,283	30.0%
Interest Expense	25,705	29,122	-12.0%
Net Interest Income	94,015	63,161	49.0%
Fees and Commission Income	43,162	30,971	39.0%
Foreign Exchange Trading Income	11,639	7,388	58.0%
Underwriting Profit	3,077	1,949	58.0%
Trusteeship Income	40	25	60.0%
Income from Investments	197	253	-22.0%
Other Income	63	2,934	-98.0%
Operating Income	152,193	106,681	43.0%
Operating Expenses	-94,834	-65,481	45.0%
Diminution in Asset Values	-7,225	-2,041	254.0%
Profit Before Tax	50,134	39,159	28.0%
Taxation	-7,184	-8,029	11.0%
Profit After Tax	42,950	31,130	38.0%

Strong earnings and bottom line...boosted by the Group's enhanced efficiency



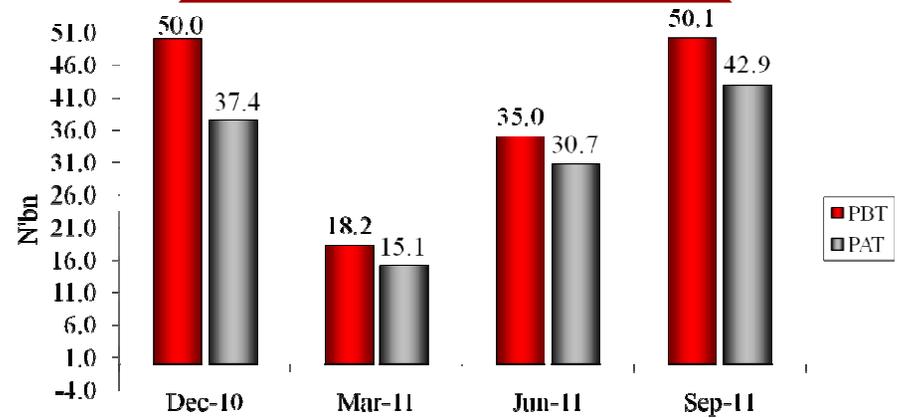
Robust earnings and profitability...



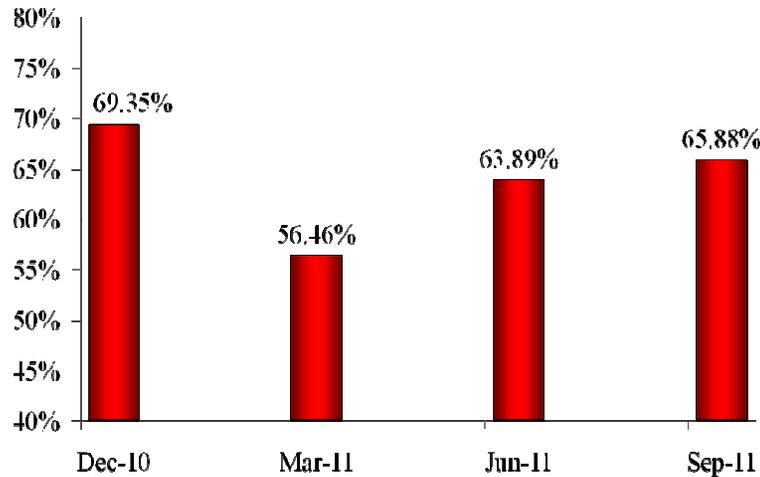
Comments

- ❑ *Cost Income Ratio: Our sustained cost reduction strategies have continued to yield the desired results with total cost to income ratio remaining steady at 65.88%, despite the increased mandatory provisioning made in Q3'11.*
- ❑ *Net Interest Margin: Our operational efficiency improved significantly Quarter on Quarter with annualized Net Interest Margin up 10.5% in Q3'11 from 7.52% in H1'11.*

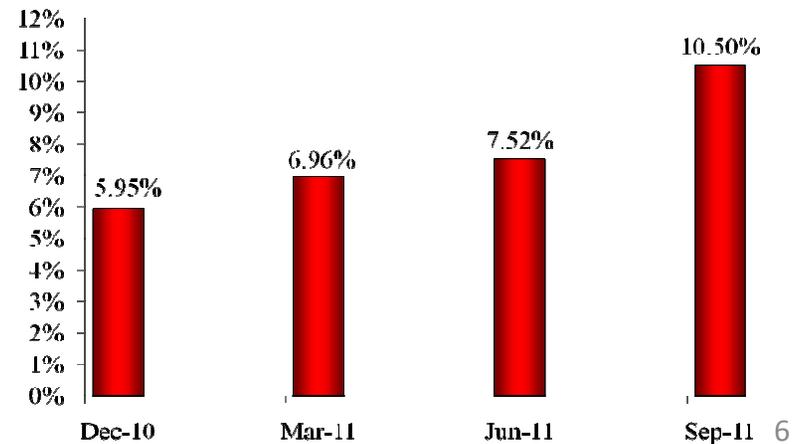
PBT / PAT



Cost Income Ratio



Net Interest Margin



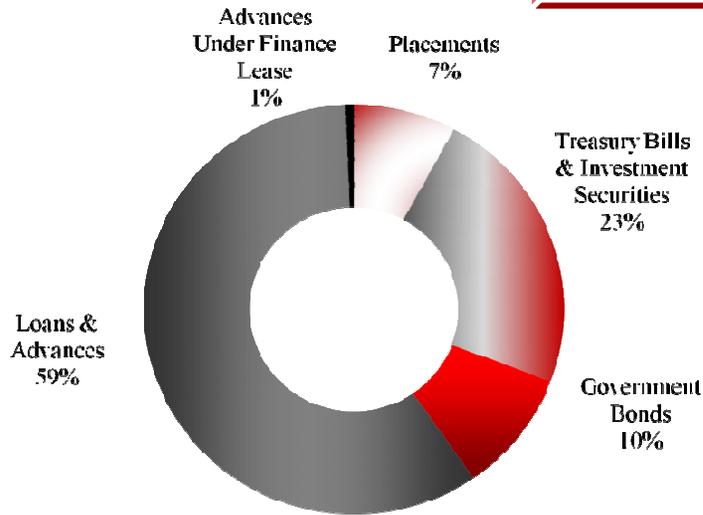


Sustained strong earnings...driven by increased transaction volumes

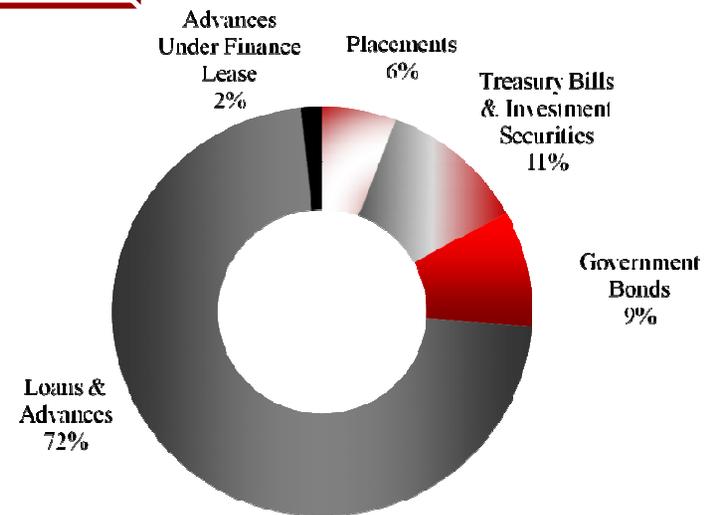


Interest Income

Q3 2011

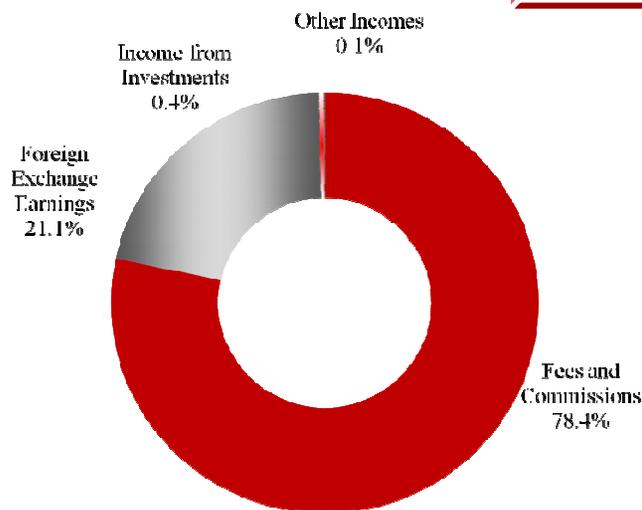


Q3 2010

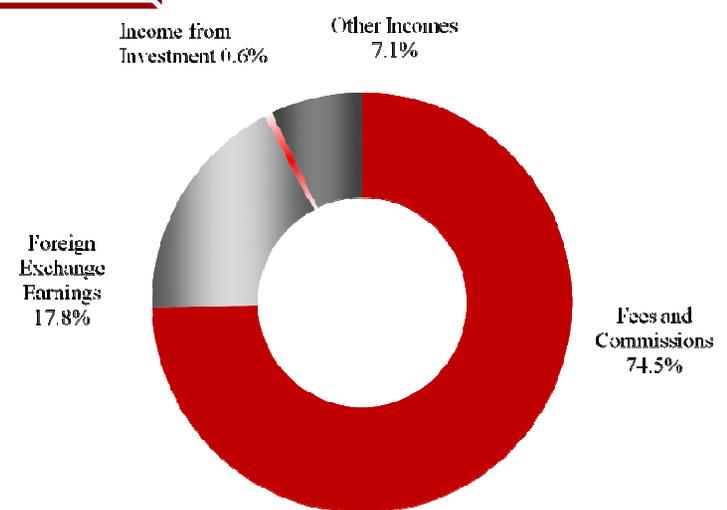


Non-Interest Income

Q3 2011



Q3 2010





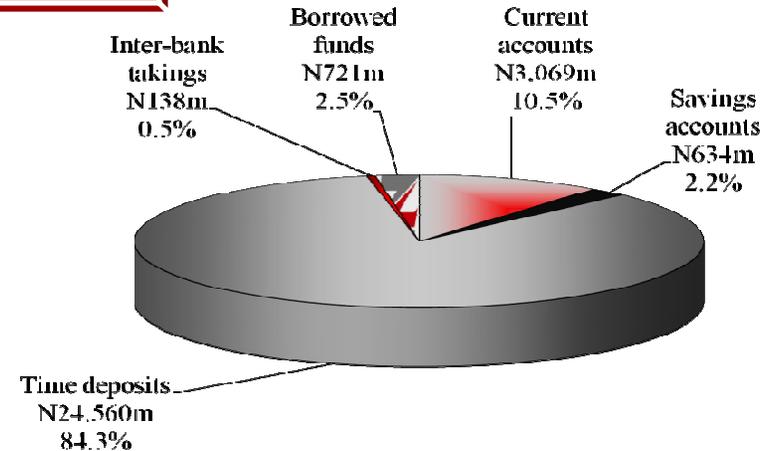
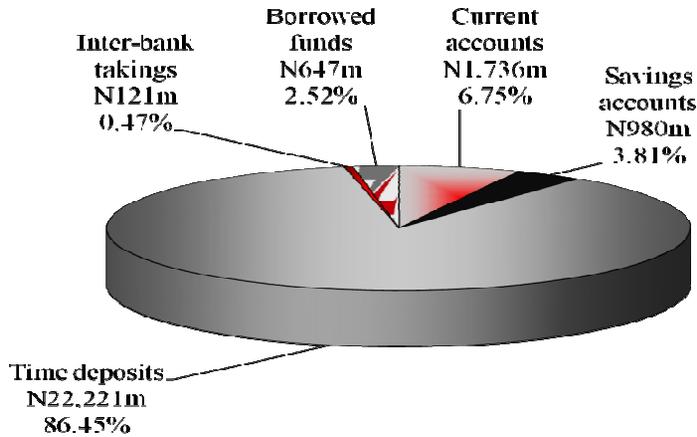
Cost reduction measures.... yielding results



Interest Expenses

Q3 2011

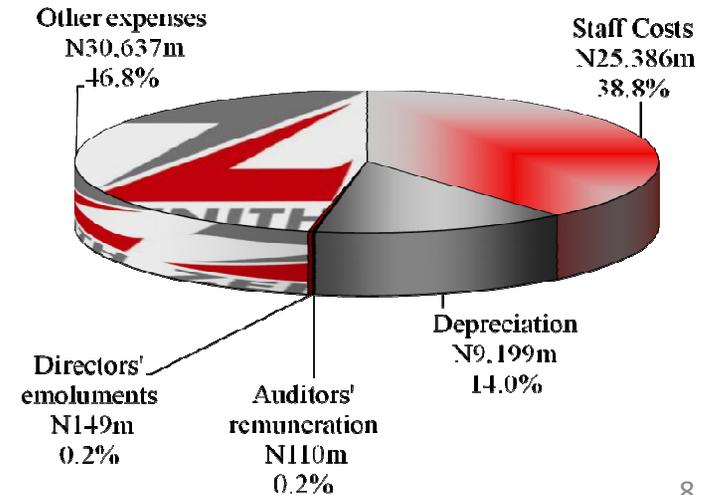
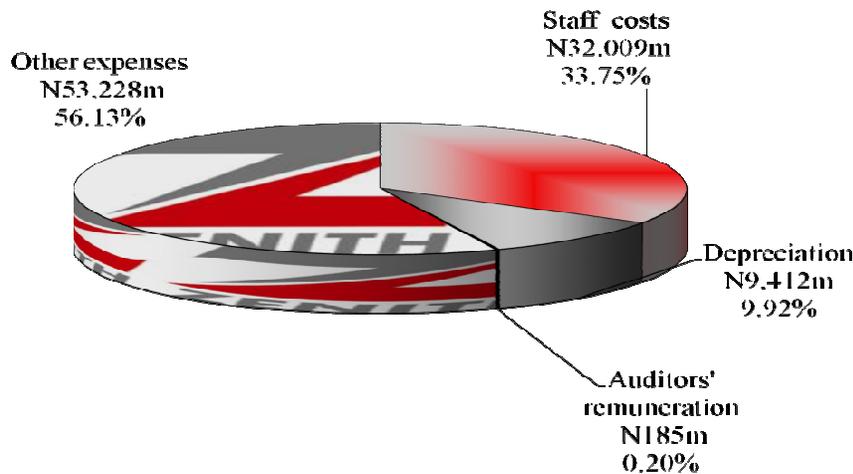
Q3 2010



Operating Expenses

Q3 2011

Q3 2010





Balance Sheet - Assets



(N'm)	Group Sep-11	Group Dec - 10	Group Sep-10
Cash and balances with central banks	114,100	141,724	80,847
Treasury bills	442,944	298,869	355,843
Due from other banks	376,151	399,503	322,142
Loans and advances	839,863	713,285	701,265
On-lending facilities	41,649	22,536	-
Advances under finance lease	7,903	13,188	10,526
Insurance receivables	1,830	711	1,749
Long term investment	258,066	210,345	198,373
Deferred tax assets	1,164	1,162	1,676
Other assets	42,726	18,936	27,220
Investment property	7,805	7,623	7,111
Fixed assets	69,847	67,145	69,071
Total Assets	2,204,048	1,895,027	1,775,823

Solid liquid asset balance sheet base.....



Balance Sheet- Liabilities & Equity



(N'm)

	Group Sep-11	Group Dec-10	Group Sep-10
Customer deposits	1,545,114	1,318,072	1,278,010
Claims Payable	318	218	109
Liabilities on insurance contracts	3,119	2,287	2,144
On-lending facilities	43,966	26,049	-
Borrowings	23,111	27,975	30,661
Current income tax	6,508	3,735	5,551
Other liabilities	193,732	145,750	97,404
Deferred income tax liabilities	7,576	7,380	3,696
Total liabilities	1,823,444	1,531,466	1,417,575

(N'm)

	Group Sep-11	Group Dec-10	Group Sep-10
Share capital	270,745	270,745	267,606
Reserves	107,086	90,497	88,085
Shareholder's funds	377,831	363,561	355,691
Non-controlling interest	2,773	2,319	2,557
Total liabilities & equity	2,204,048	1,895,027	1,775,823

Customers' Acceptances	1,073,759	902,931	806,133
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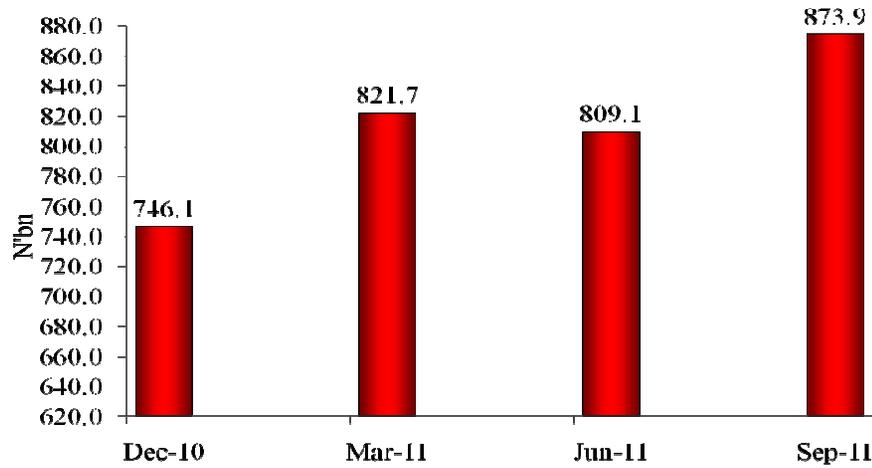
Strong capital cushion...gives us room to take advantage of any emerging business opportunities



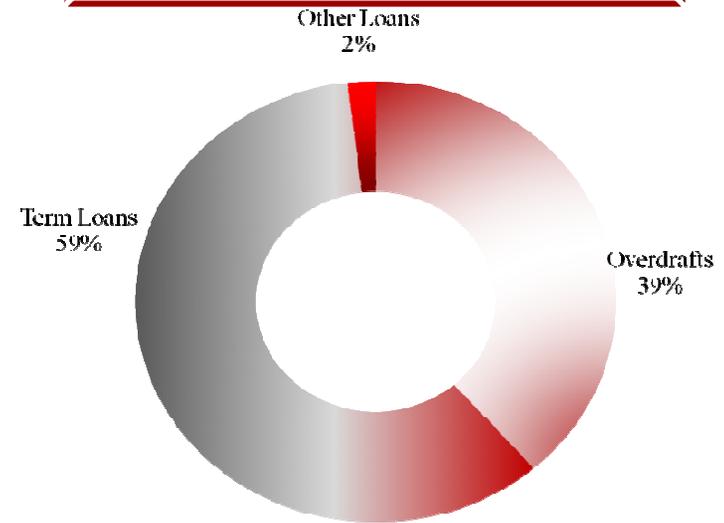
Appropriately matched assets & liabilities.....



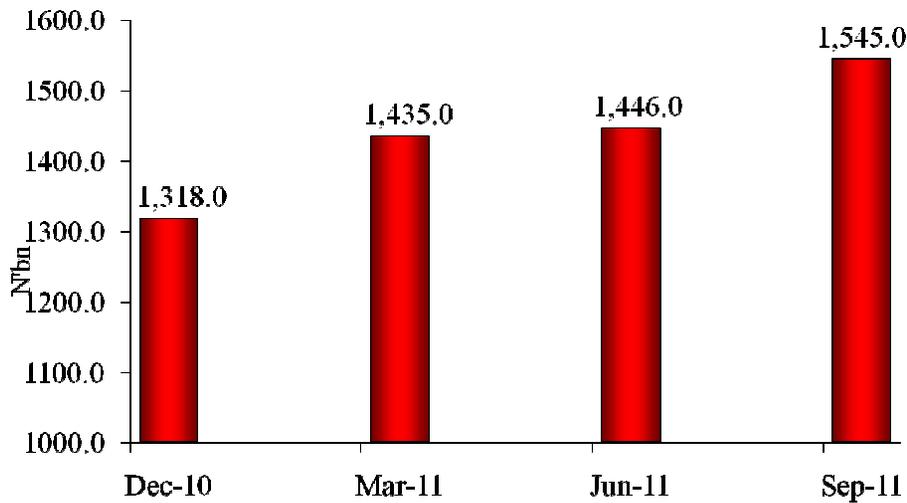
Loan Growth



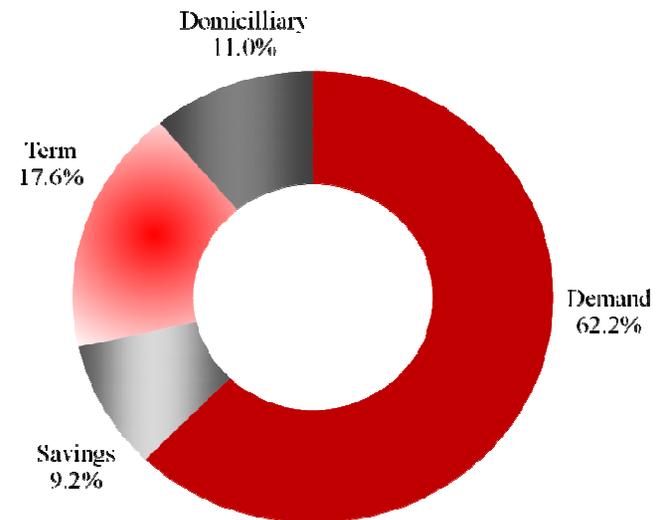
Loans & Advances Q3 2011



Deposits



Deposit Mix Q3 2011



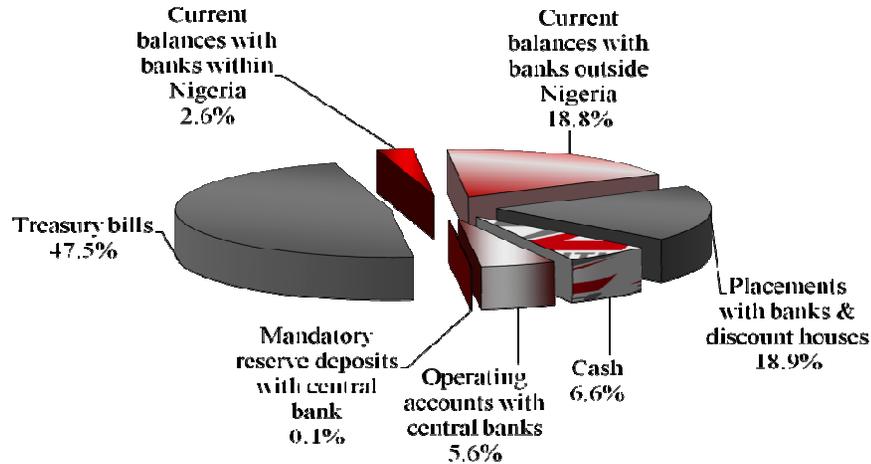


Sustained strong liquidity and right funding mix

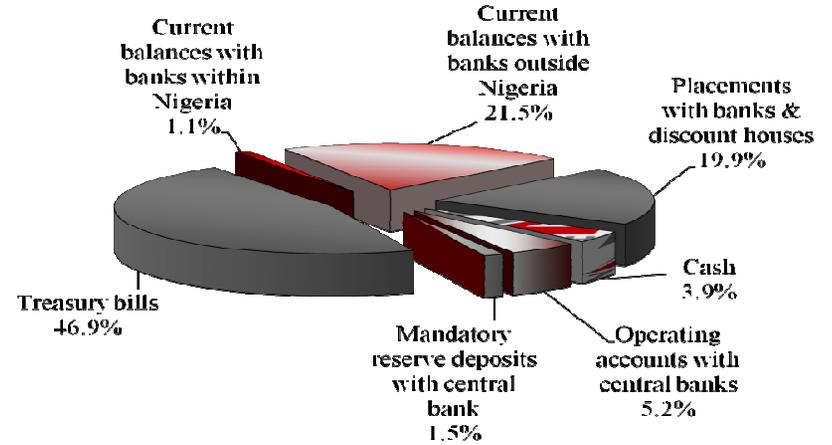


Liquid Assets

Q3 2011

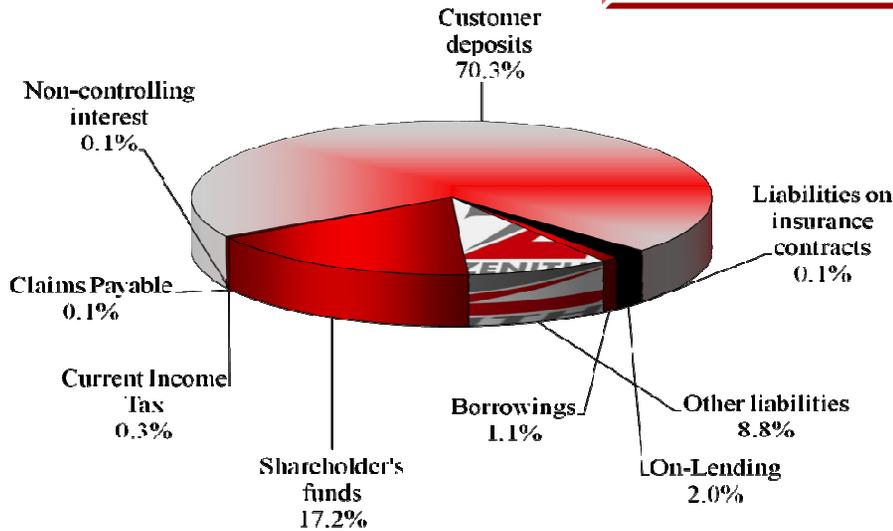


Q3 2010

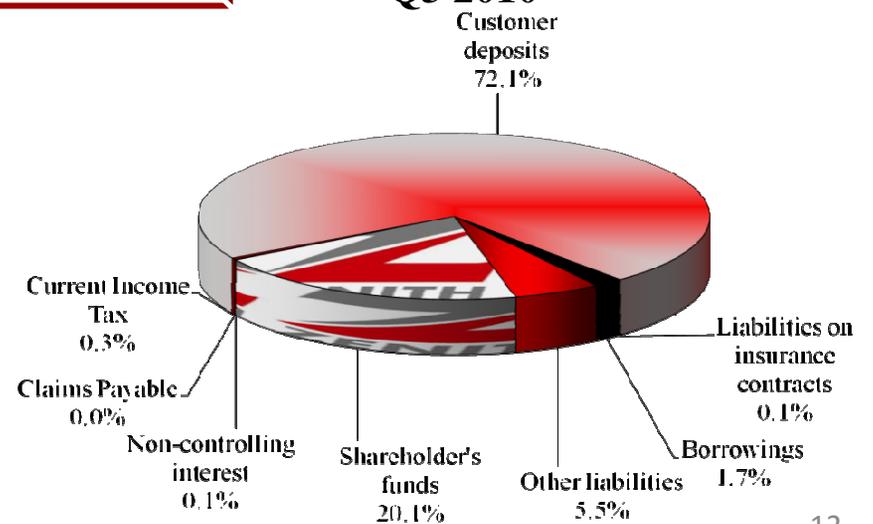


Funding Mix

Q3 2011



Q3 2010





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P&L – By Segment



9 Months Ended September 2011 (N'm)	Corporate &	Investment	General	Others	Eliminations	Consolidated
	Retail Banking	Mgmt & Stockbroking	Health & Life Insurance			
Total Revenue	171,725	1,626	8,627	2,910	-1,933	182,955
Operating Expenses	128,456	100	5,983	215	-1,933	132,821
Profit Before Tax	43,269	1,526	2,644	2,695	-	50,134
Tax	-6,517	-	-252	-415	-	-7,184
Profit After Tax	36,752	1,526	2,392	2,280	-	42,950
9 Months Ended September 2010 (N'm)						
						Consolidated
Total Revenue	130,735	1,806	6,080	2,322	-1,342	139,601
Operating Expenses	96,373	312	4,619	480	-1,342	100,442
Profit Before Tax	34,362	1,494	1,461	1,842	-	39,159
Tax	-7,352	-3	-316	-358	-	-8,029
Profit After Tax	27,010	1,491	1,145	1,484	-	31,130

Improved profitability YoY on core business segments



P&L – By Segment

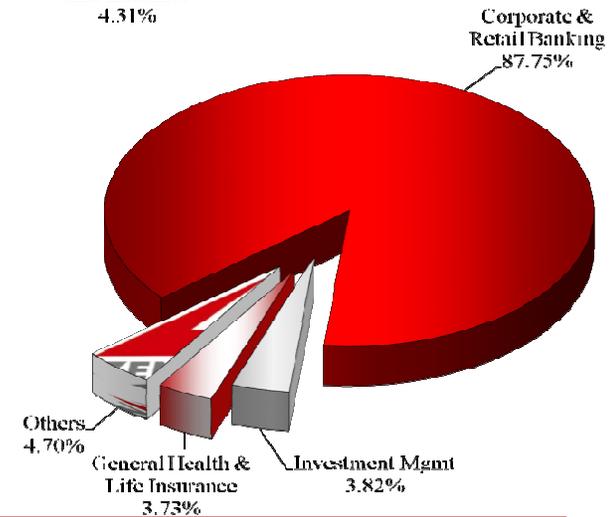
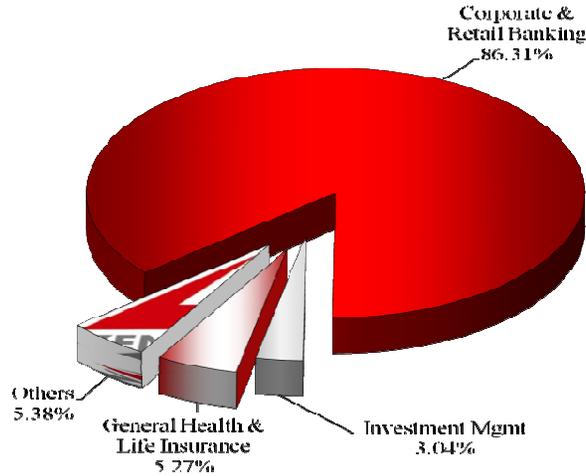
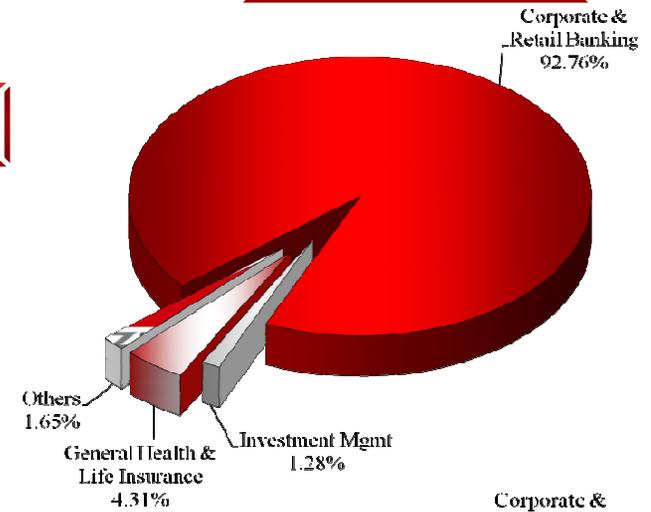
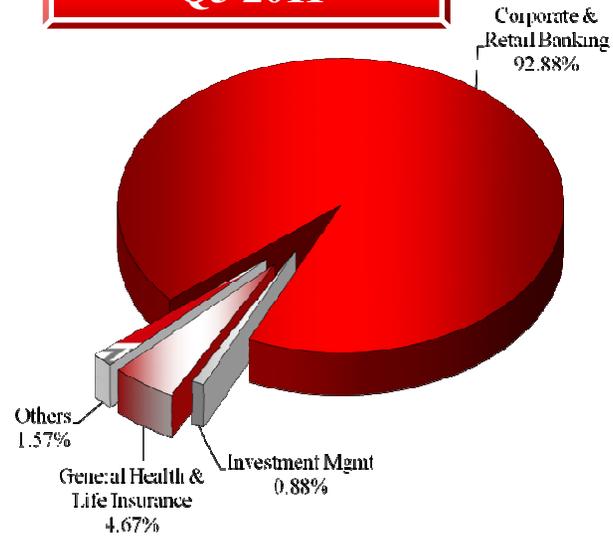


Q3 2011

Q3 2010

Gross Revenue

PBT



Our Corporate and Retail Banking segments still account for over 92% of the Group's income stream ...



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P&L – By Geography



9 Months Ended September 2011 (N'm)

	Nigeria	Rest of Africa	Europe	Eliminations	Consolidated
Total Revenue	173,420	8,765	2,704	-1,934	182,955
Operating Expenses	-125,822	-7,200	-1,733	-1,934	-132,821
Profit Before Tax	47,598	1,565	971	-	50,134
Tax	-6,608	-317	-259	-	-7,184
Profit After Tax	40,990	1,248	712	-	42,950

9 Months Ended September 2010 (N'm)

					Consolidated
Total Revenue	131,444	7,688	1,810	-1,342	139,600
Operating Expenses	-94,329	-6,236	-1,218	-1,342	-100,441
Profit Before Tax	37,115	1,452	592	-	39,159
Tax	-7,625	-238	-166	-	-
Profit After Tax	29,490	1,214	426	-	39,159

Improved earnings across geographies.....



P&L – By Geography

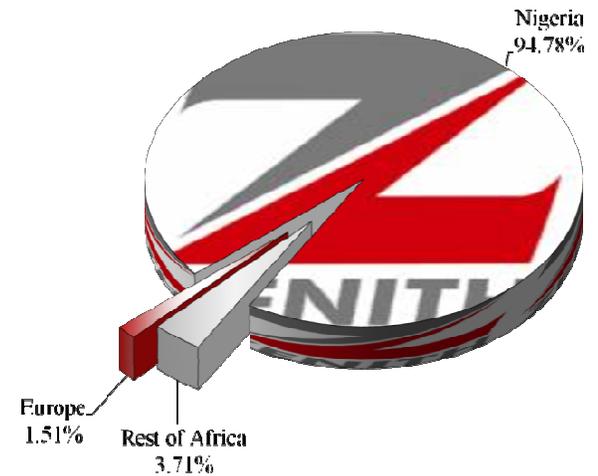
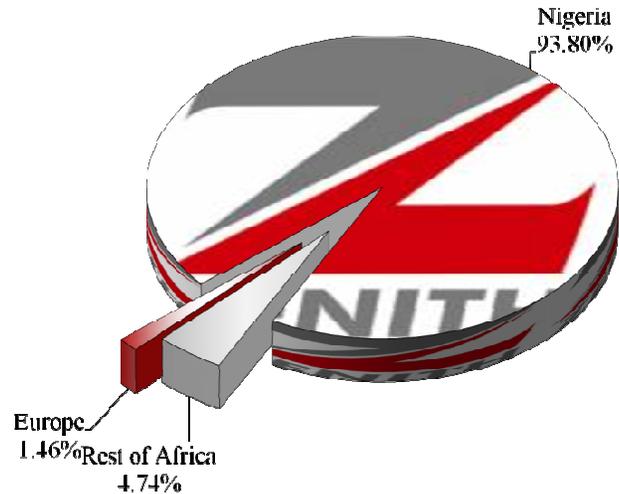


Q3 2011

Q3 2010

Gross Revenue

PBT



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



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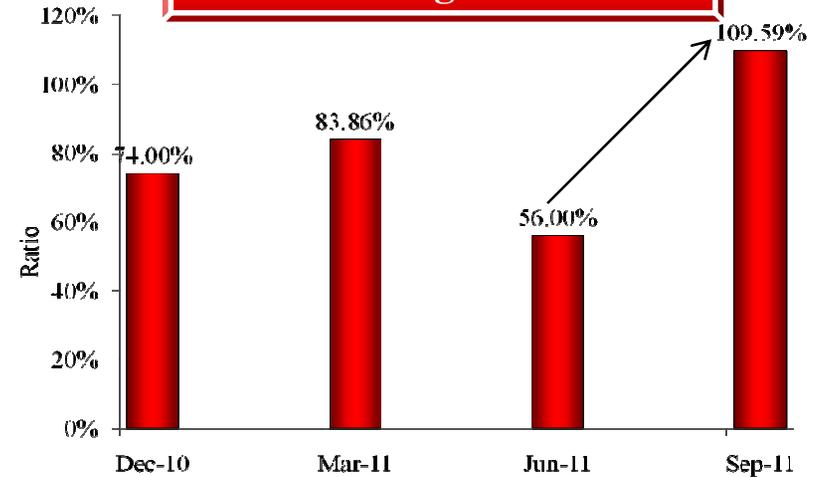
Effective Risk Management Processes...



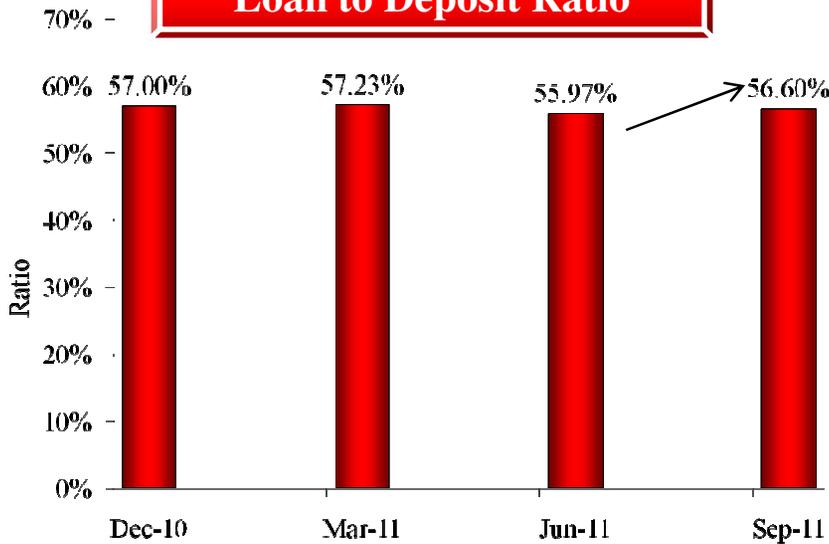
Highlights

- ❑ **Coverage Ratio:** Our coverage ratio rose to 109.59% in Q3'11 from 56.0% recorded in the first half of 2011.
- ❑ **Loan to Deposit Ratio:** Loan to Deposit Ratio grew from 55.97% in H1'11 to 56.60% in Q3'11. This still gives the group the competitive edge to explore and take advantage of emerging business opportunities.
- ❑ **NPL Ratio:** We continued to sustain quality loan growth in Q3'11- one of the lowest NPL ratios in the industry

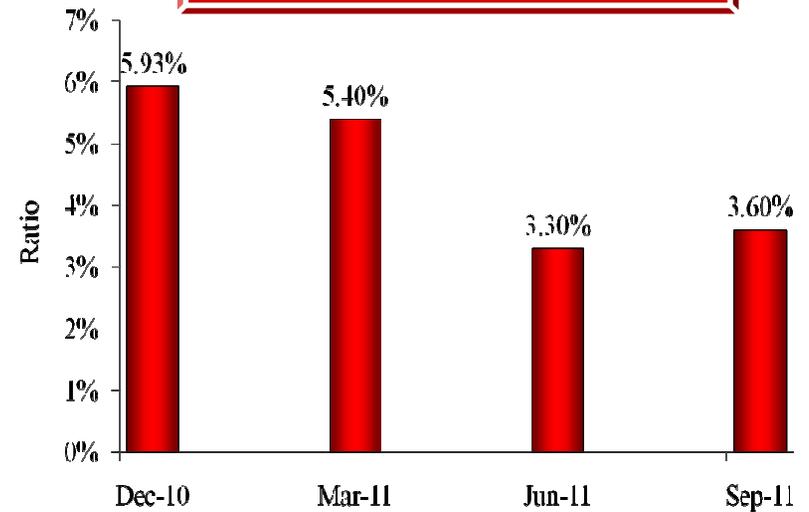
Coverage Ratio



Loan to Deposit Ratio



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.....”

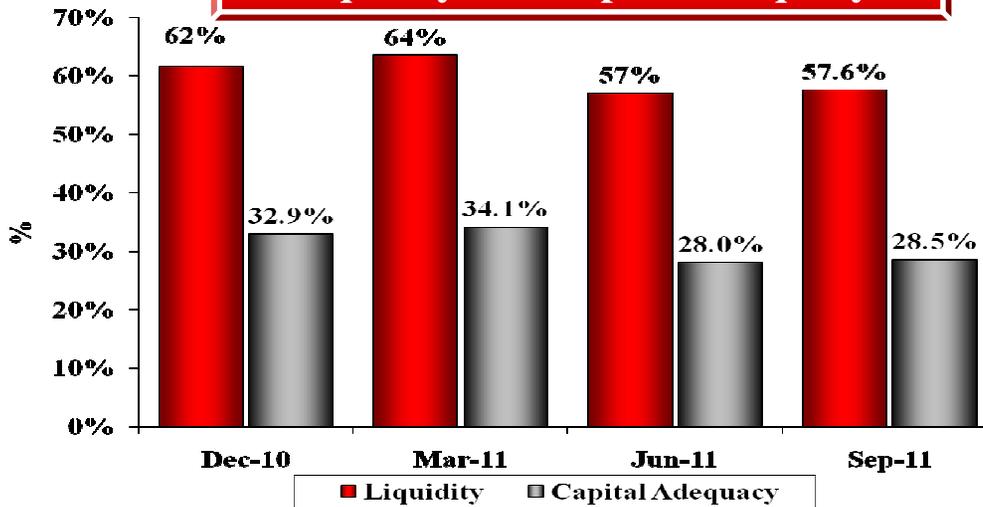
“We will continue to actively engage in the evaluation and analysis of the environment viz-a viz the available and emerging credit opportunities to ensure that we continue to improve on and maintain one of the lowest NPL ratios in the industry ...”



Growth ambitions supported by strong liquidity and capital position

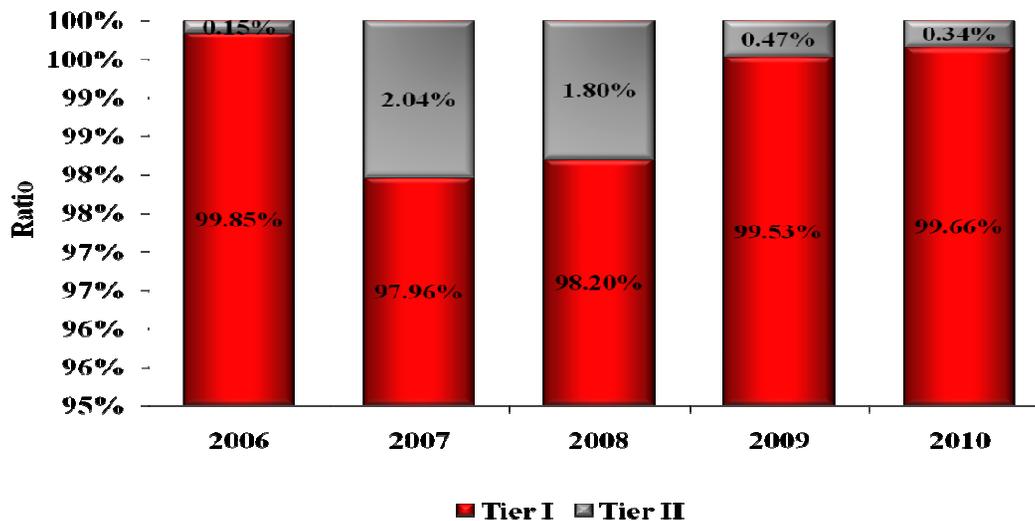


Liquidity and Capital Adequacy



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



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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

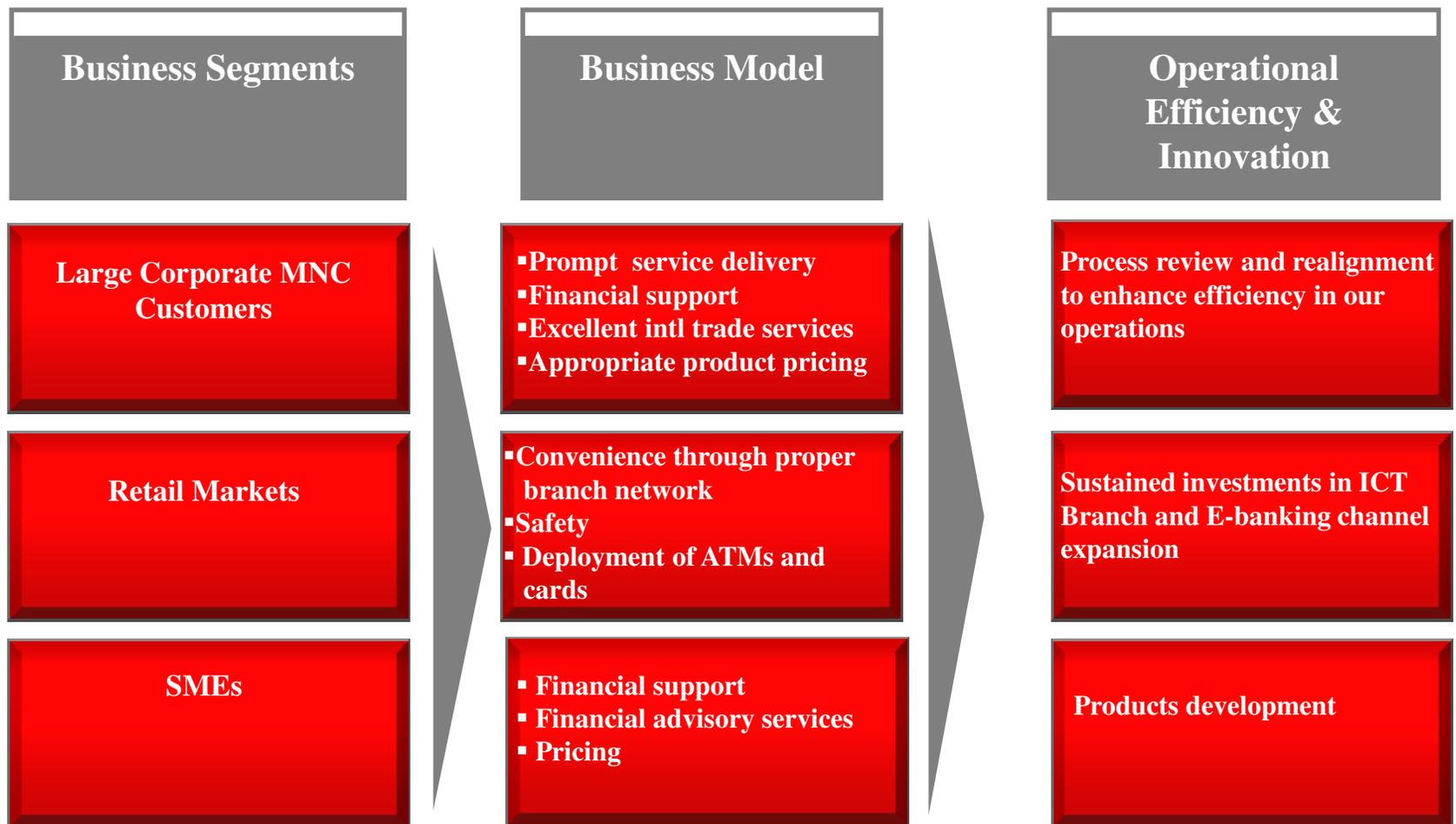
- Leveraging our capabilities and brand strength to consistently meet our clients' needs
- Developing a strong Zenith Bank platform to serve as an integrated financial solutions provider to our diverse customers base



Creating quality and robust business models



Aggressive growth driven by a focus on quality and robust business models





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
Agriculture**

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.