

*“Our desire to surpass superior performance
is a major source of strength both for our
staff and the bank as it generates passion
and energy which fuels growth and
helps us sustain our brand equity
over the short and long term.”*



Score Card	2
Corporate Information	3
Financial Highlight	4
Results at a Glance	7
Corporate Profile	8
Corporate Strategy	10
Notice of Annual General Meeting	11
Excelling Through Excellent Service Delivery	13
Chief Executive's Review	16
Chairman's Statement	17
Corporate Social Responsibility	22
Board of Directors	24
Executive Management	26
Corporate Governance	27
Risk Management and Control	30
Directors' Report	35
Report of the Audit Committee	38
Auditors' Report	39
Statement of Accounting Policies	41
Profit and Loss Account	44
Balance Sheet	45
Statement of Cash Flows	46
Notes to the Financial Statements	47
Statement of Value Added	69
Four Year Group Financial Summary	71
Five Year Financial Summary	72

AWARDS

Best Global Bank in Africa
African Banker Awards 2008 ■

Best Bank in Nigeria (2008)
Euromoney ■

Bank of the year, 2008
Corporate Citizen of the Year, 2008
CEO of the Year, 2008
This Day Award of Excellence ■

Best Bank in ICT (2008)
Best Bank in Export Finance (2008)
Vanguard Bankers' Award ■

Most Customer-Focused Bank (2008)
KPMG ■

Africa's Bank of the Year (2007)
Africa Investor ■

Quoted Company of the Year (2007)
Nigerian Stock Exchange (NSE) ■

Most Corporate Socially Responsible
Bank in Africa (2007)
African Banker ■

RATINGS

Fitch Ratings (AA-) 2007
"The ratings reflect adequate levels of capitalisation and the potential that capital levels will be further enhanced"

Standard and Poor's (BB-) 2007
"The stable outlook balances the bank's ability to benefit, in terms of size, profitability, from strong macroeconomic growth"

Agusto & Co. Aaa Rating (1999-2007)
Impeccable Financial Condition
"We believe Zenith Bank is a financial institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due."



SCORECARD

BOARD OF DIRECTORS

Macaulay Pepple
Jim Ovia
Godwin Emeziele
Chief E. M. Ekwuenu
Sir S.P.O. Fortune Ebie
Prof. L.F.O. Obika
Sir Steven Omojafor
Babatunde Adejuwon
Alhaji Baba Tela
Peter Amangbo
Elias Igbinakenzua
Apollos Ikpobe
Andy Ojei
Udom Emmanuel

Chairman
Group Managing Director /Chief Executive
Deputy Managing Director
Director
Director
Director
Director
Director (Appointed 17 July, 2007)
Executive Director
Executive Director
Executive Director
Executive Director
Executive Director

COMPANY SECRETARY

Michael O. Otu

AUDITORS

PriceWaterHouse Coopers
(Chartered Accountants)

CORRESPONDENT BANKS

Australia and New Zealand Bank
40, Bank Street, Canary Wharf
London E14 5EJ

HSBC Bank Plc South Africa
Corporate, Investments
Banking & Markets
2, Exchange Square
85, Maude Street Sandown,
Sandton 2196 P.M.B X785434
Sandton 2146, South Africa

Commerzbank Ag
Financial Institutions (ZFI)
Commerzbank AG
60261 Frankfurt am Main

Citibank
Citibank London
Canary Square
Canary Wharf
London E14 5LB
England

Citibank N.Y.
111 Wall Street
N.Y. 10043
New York

Deutsche Bank
1, Appold Street, Broad Gate
London EC2A 2HE

Fortis Bank
Camomile Court
23 Camomile Street, London
EC3A 7PP

BNP Paribas
BFI Energy & Commodities
Export Project,
21, Place du Marche St.
Honore
75031 Paris Cedex 01

PJ Morgan Chase Bank London
9, Thomas More Street
Trinity Tower
London E1W 1YT, UK

JP Morgan Chase Bank New York
1111, Polaris Parkway,
Columbus
Ohio 43240 USA

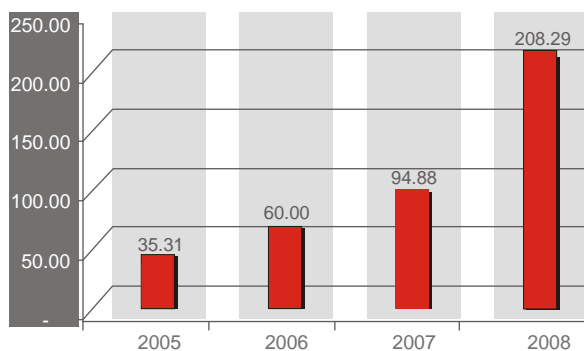


Head Office

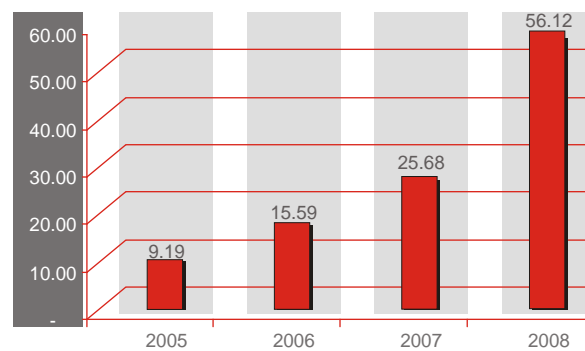
Zenith Heights, Plot 87, Ajose Adeogun Street, Victoria Island, Lagos.
Tel: 2703132-34, 01-2703136-42, 4618301, 4618321 | Fax: 01-2618212

 enquiry@zenithbank.com  www.zenithbank.com

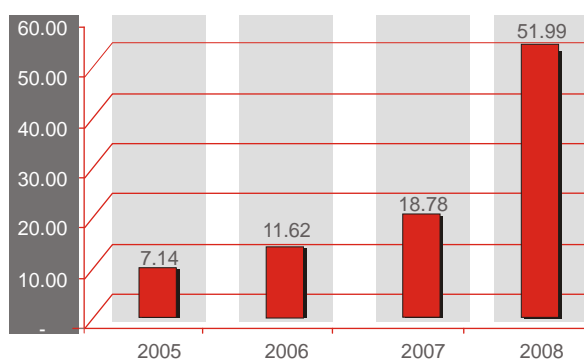
Gross Earnings (Group) (N'b)



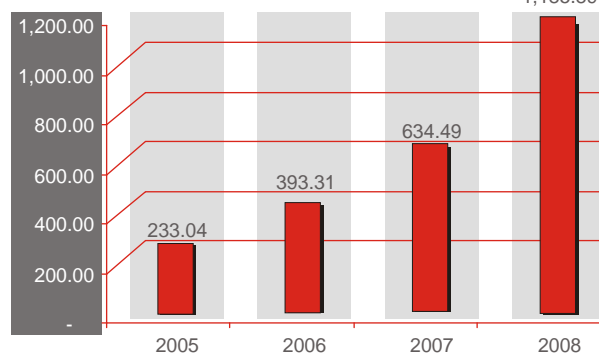
Profit Before Tax (Group) (N'b)



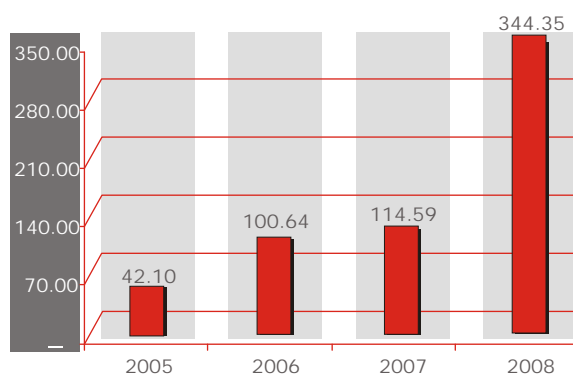
Profit After Tax (Group) (N'b)



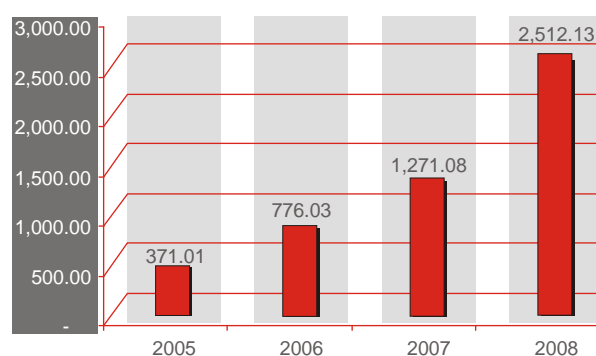
Total Deposits (Group) (N'b)



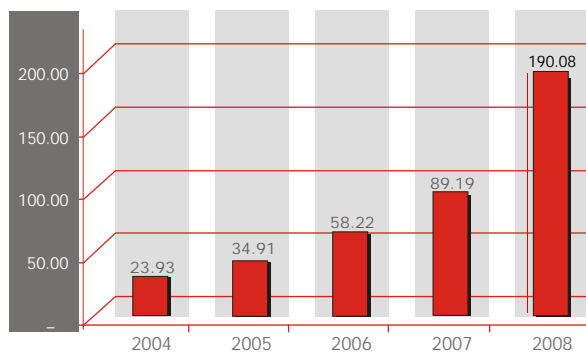
Shareholder's Fund (Group) (N'b)



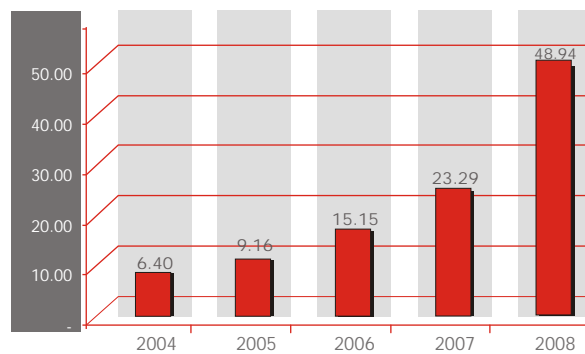
Total Assets + Contingents (Group) (N'b)



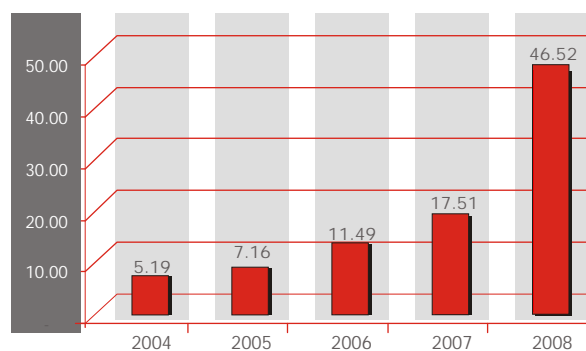
Gross Earnings (Bank) (N'b)



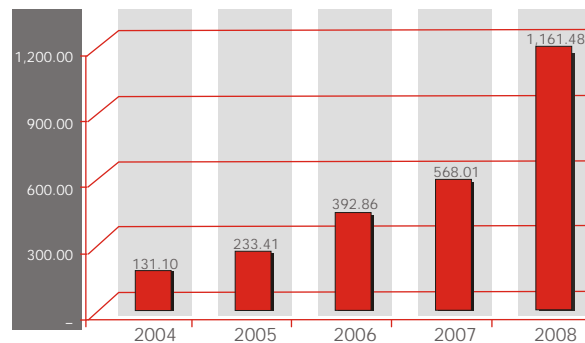
Profit Before Tax (Bank) (N'b)



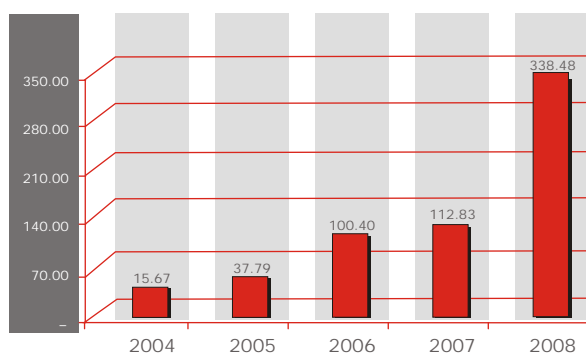
Profit After Tax (Bank) (N'b)



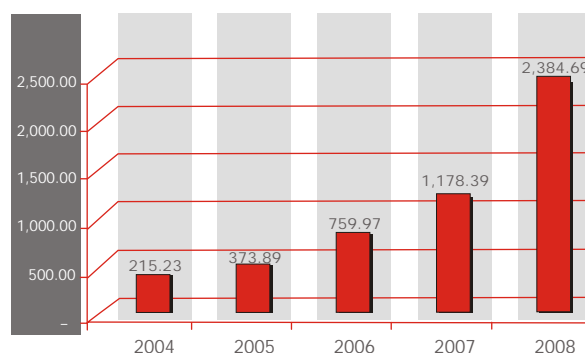
Total Deposits (Bank) (N'b)



Shareholder's Fund (Bank) (N'b)



Total Assets + Contingents (Bank) (N'b)



	Group	Bank
Gross Earnings	120%	113%
Profit Before Tax	119%	110%
Total Deposit	87%	104%
Shareholders' Fund	198%	200%
Total Assets Plus Contingents	98%	102%

	GROUP			BANK		
	2008	2007	VAR	2008	2007	VAR
	N'000	N'000	%	N'000	N'000	%
Profit & Loss						
Gross Earnings	208,293,781	94,880,113	120%	190,075,034	89,193,780	113%
Profit Before Taxation	56,118,708	25,676,331	119%	48,939,945	23,288,828	110%
Profit After Taxation	51,992,239	18,779,804	177%	46,524,991	17,509,145	166%
Balance Sheet						
Loans & Advances	445,837,390	288,111,826	55%	413,731,491	218,305,419	90%
Advance Under Finance Lease	4,677,569	2,444,566	91%	3,890,435	2,444,566	59%
Deposit Liabilities	1,185,892,673	634,492,524	87%	1,161,475,513	568,012,091	104%
Shareholders' Fund	346,617,643	116,454,656	198%	338,484,138	112,833,323	200%
Total Assets plus Contingents	2,512,129,437	1,271,080,593	98%	2,384,688,589	1,178,385,709	102%

CORPORATE INFORMATION

Zenith Bank Plc is one of the biggest and most profitable banks in Nigeria. The bank was established in May 1990 and started operations in July same year as a commercial bank. It became a public limited company on June 17, 2004 and was listed on the Nigerian Stock Exchange on October 21, 2004 following a highly successful Initial Public Offering (IPO). The bank presently has a shareholder base of over one million, an indication of the strength of the Zenith brand.

Its head office is located at 87, Ajoose Adeogun Street, Victoria Island, Lagos, Nigeria. With over four hundred (400) branches and business offices nationwide Zenith Bank has presence in all the state capitals, the Federal Capital Territory (FCT) and major towns and metropolitan centres in Nigeria. The bank's expansion is not limited to Nigeria as Zenith became the first Nigerian bank in 25 years to be licensed by the Financial Services Authority (FSA) in the UK for the commencement of banking operations by Zenith Bank (UK) Limited in April, 2007. This is in addition to its presence in Ghana, Zenith Bank (Ghana) Limited, Sierra Leone, Zenith Bank (Sierra Leone) Limited and a representative office in Johannesburg, South Africa.

SERVICE EXCELLENCE

At Zenith Bank, excellent service delivery and development of superior asset quality, strong capital base, professionalism and corporate governance are

The bank maintains sound corporate governance culture in line with global best practices. The bank's customer-specific approach to customer service consistently reinforces its value creation processes towards assisting customers in their goals.

abiding principles. The bank maintains sound corporate governance culture in line with global best practices. The bank's customer-specific approach to customer service consistently reinforces its value creation processes towards assisting customers in their goals. Zenith Bank maintains one of the best assets qualities in the banking industry as evident in the low ratio of non-performing loans to total loans of 1.7%. The impressive performance over the years has earned Zenith Bank excellent ratings from local and international agencies. Standard and Poor's currently rates the bank BB-, which is the highest ever assigned to Nigerian banks. Also, Fitch Ratings currently rates Zenith Bank AA- (National) while Augusto & Co., Nigeria's foremost rating agency, has for the ninth consecutive year rated Zenith Bank Triple Aaa, saying "...the bank is a financial institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due".

CORPORATE PERFORMANCE

Zenith Bank continues to deliver strong performance over the years with remarkable improvements on all parameters. For the financial year ending September 30, 2008, the bank's asset plus contingents jumped to N2.384 trillion, up from N1.18 trillion for the period ending June 2007, representing an increase of 87 per cent. Within the same period, profit before tax rose to N48.939 billion up by 90.60 per cent from N25.676 billion while profit after tax also rose to N46.524 billion up by 147.74 per cent from N18.779 billion.

ACCOLADES

The management's commitment to excellent banking practice has been richly rewarded in the form of numerous awards. In October 2008, Zenith Bank was named 'Best Global Bank in Africa' by the *African Banker* Magazine. The award came on the heels of another one, "Best Bank in Nigeria" for 2008 by *Euromoney*. The bank had earlier in the year won two major awards, 'Bank of the Year' and 'Corporate Citizen of the Year' at the 2008 ThisDay Award for Excellence. This is in addition to the 'CEO of the Year,' award won by the Managing Director for his sterling achievement in banking. The bank also won two awards, Best Bank in ICT and Best Bank in Export Finance, at the Vanguard Bankers' Award held in April 2008.

In November 2007, the bank was named the 'African Bank of the Year,' by the Africa Investor magazine. The same year, Zenith Bank emerged the 'Quoted Company of the Year' at the annual President's Merit Awards organized by the Nigerian Stock Exchange (NSE).

In November 2007, the bank was named the 'African Bank of the Year,' by the *Africa Investor* magazine. The same year, Zenith Bank emerged the 'Quoted Company of the Year' at the annual President's Merit Awards organized by the Nigerian Stock Exchange (NSE). In January 2007, Zenith was adjudged the most customer-focused bank in Nigeria from a survey conducted by foremost consulting firm, KPMG. The bank was adjudged the most 'Corporate Socially Responsible Company' in Nigeria by *ThisDay* newspaper early in 2007 and later in the year as the 'Most Corporate Socially Responsible Bank in Africa' by the *African Banker* magazine.

ICT BACKING

The bank efficiently deploys a wide area network facility, which is seamlessly integrated through an associate company – Cyberspace Network, that operates a 3.5GHZ Fixed Wireless Access licence providing a communication backbone for the Bank and

its subsidiaries. This enables the bank provide efficient financial services including but not limited to:

- Corporate and Commercial Banking Services
- E-business Solutions including local and international card business,
- Treasury and Cash Management Services
- Foreign Exchange and Trade Finance Services
- Funds/Assets Management
- Private Banking, Investment Banking
- Financial Advisory Services.

SUBSIDIARIES

The bank also offers a wide range of specialised financial services through its subsidiaries, which include:

- Zenith Capital Limited – provides a full range of investment banking services; including corporate finance & advisory, capital markets, asset management, sales & trading, and principal investment.
- Zenith Securities Limited - a securities trading and asset management company
- Zenith Registrars Limited - share registration services
- Zenith General Insurance Company Limited - our insurance and risk underwriting company
- Zenith Pensions Custodian Limited - a pensions custodian management company.
- Zenith Life Assurance Company – underwriting of group life, individual life and annuities
- Zenith Trust Company Limited – a trusteeship services company
- Zenith Medicare Limited – a health insurance company
- Zenith Bank (Ghana) Limited – a banking subsidiary
- Zenith Bank (UK) Limited – a banking subsidiary
- Zenith Bank (Sierra Leone) Limited – a banking subsidiary
- Zenith Bank Representative Office (Johannesburg, South Africa) – a banking subsidiary

Over the years, Zenith Bank clearly set out to differentiate itself in the banking industry through its service quality, drive for a unique customer experience and the caliber of its client base. Today, it is easily associated with the following attributes in the Nigerian banking industry:

- Innovation
- Best risk assets portfolio
- Consistent superior financial performance
- High quality personnel
- Leadership in the use of Information and Communication Technology (ICT)
- Consistent in raising the bar of competition, and
- Formidable marketing team

The overall vision of the bank is to make the Zenith brand a reputable international financial services network recognized for innovation, superior customer service and performance while creating premium value for all stakeholders.

KEY STRATEGIES

The key strategies that will enable us deliver our vision are:

To deliver superior and tailor-made service experience to all our customers at all times.

Develop deeper and broader relationship with all clients and strive to understand their individual and industry peculiarities with a view to developing specific solutions for each segment of our customer base.

Significantly expand our operations by adding various distribution channels and entering into new markets.

Maintain our position as a leading service provider in Nigeria while expanding our operations internationally in West Africa and the financial capitals of the world.

Strive to be a leading service provider in Nigeria by continuing to build on long-standing relationships, capabilities and the strength of our brand and reputation.

Expand our business through the establishment of key subsidiaries for the provision of non-bank financial services to accentuate the service offerings and experience of our customers.

Continually enhance our processes and systems platforms to deliver new capabilities and improve operational efficiencies and achieve economies of scale.

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Zenith Bank Plc will hold at the Shehu Musa Yar' Adua Centre, 1, Memorial Drive (opposite Sheraton Hotels & Towers) Abuja at 9.00 a.m. on the 4th day of December, 2008 to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the fifteen months ended 30th September, 2008, the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect retiring Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as ordinary resolution:

6. To approve the remuneration of the Directors for the year ending September 30, 2009.

To consider and if thought fit, pass the following resolution which will be proposed as:

ORDINARY RESOLUTION

7. "That effective 2008 the Financial year end of the bank be and is hereby changed from 30th June to 30th September"

Dated this 28th day of October, 2008.

PROXY:

A member of the company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his stead, All instruments of proxy should be completed, stamped and deposited at the business office of the Company's Registrars, Zenith Registrars Limited, 89A, Ajose Adeogun Street, Victoria Island, Lagos State not later than 48 hours before the time of holding the meeting. A proxy need not be a member of the company.

NOTES:

1. Dividend

If the proposed dividend of N1.70k for every share of 50k is approved at the Annual General Meeting, direct payment (via e-dividend) to the respective bank accounts of shareholders shall be effected on the 5th of December, 2008 while dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall be posted on the 8th of December 2008. In line with the foregoing, shareholders are encouraged to complete the attached Mandate Form for the payment of e-dividend and send same to the Registrars as soon as they receive this Notice.

2. Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed from 24th November, 2008 to 28th November, 2008 (both dates inclusive), to enable the Registrar prepare for the payment of dividend.

3. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, 1990, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

By Order of the Board



MICHAEL OSILAMA OTU, ESQ.
Company Secretary
Plot 87, Ajoye Adeogun Street
Victoria Island, Lagos

Zenith Bank, from inception, places a high premium on the pivotal role of exceptional service delivery in its drive to consistently exceed customer expectations. Thus, the bank has not only put in place, appropriate strategy to meet and surpass customer expectations, but also ensures that such a strategy is being constantly honed and in tune with the changing taste and sophistication of the customer. The underlying philosophy is for the bank to remain at all times, a customer-focused or customer-centric organization, with a clear understanding of its market and environment.

This vision had at various times in the life of the bank, led to assigning critical and pervasive roles to Total Quality Management (TQM), Customer Service Ambassadors, Operation Service Excellence Teams, among others. Thus, at all times, all structures and processes are fashioned to drive consistent improvement in the quality of service delivery. Any lapse at any stage of the service delivery chain is viewed seriously as 'service obstruction', and attracts appropriate sanction.

Zenith Bank, as a child of the 'Information Age', laid the foundation of its structures and processes on cutting-edge Information and Communications Technology (ICT) infrastructure. This ensures that every operation/transaction is carried out via a medium that makes for speed, utmost flexibility, accuracy and convenience for the customer. Thus, in Zenith Bank, all activities are anchored on the E-platform, ensuring service delivery through the electronic media to all customers irrespective of place, time and distance. This has aided the achievement and sustenance of deeper and broader relationship with all clients, the peculiarities of their individual or industry needs notwithstanding.

Today, Zenith Bank has taken customer satisfaction to a height where encomiums, accolades and laurels come in droves as testimony to exceptional quality of the bank's services. Thus, a recent industry-wide survey conducted by KPMG Professional Services on customer service quality among Nigeria banks, showed Zenith Bank as the "Most Customer-focused Bank" in the country. This goes to affirm a tradition of superior service quality that has become a heritage of Zenith Bank.

As a pathfinder in ICT-enabled banking in Nigeria, Zenith Bank has leveraged its in-depth understanding of the local business environment and global financial markets to develop unique e-solutions to meet specific customer needs. The unique deployment of ICT to customer service delivery has made the Zenith franchise synonymous with e-banking. The bank's e-products range covers virtually all services and fall into three broad categories:

- Payment / Collection Solutions;
- Card Solutions, and
- Reporting Tools.

Some of these products are explained below:

Payment/Collection Solutions

Electronic Point of Sale is an alternative electronic funds collection channel for customers/merchants who currently collect cash for goods and services.

Sal-Pay Solutions for our corporate customers who do not require multiple levels of authorizers to effect their employee salary payments.

Zenith Swiftpay is a payment solution on which the key distributor schemes are anchored. The product is targeted at manufacturers and their key distributors.

Zenith Automated School Solutions is an electronic solution through which students' administration and registration procedures are captured seamlessly and efficiently. The product is deployed in partnership with our technical partners, Socketworks Limited.



Zenith ATM is an electronic payment platform for basic banking transactions.

Zenith Flowline Application is an automated cheque writing solution that eliminates physical cheque writing thus enhancing corporate payment system.

Zenith Automated Direct Payment System (ADPS) is an electronic payment solution for corporate customers that eliminate manual writing of many cheques and the associated delays.

Corporate i Bank is a product for corporate customers to handle all classes of payments including salary, multiple utilities payments and payments to third parties generally.

Zenith Mobile Commerce: with the use of the mobile phone, customers can perform various financial transactions on-line such as:

- Airtime purchase
- Banking
- Bill Payment
- GSM Postpaid
- Pay DSTV etc.

This service is made available to customers currently on the e-Tranzact platform.

Card Solutions

Etranzact Card is an online card for use not only on Point of Sale (POS) and internet but also mobile phones.

MasterCard/VISA credit cards offer Zenith account holders an approved line of credit with up a period of up to 45 days interest free. Cards are available in Classic, Gold and Platinum and the bank proudly introduced a first in the country, the VISA dual currency cards (NAIRA + DOLLAR CARD).

MCU Debit Cards is our internationally branded MasterCard debit card tied directly to a cardholder's domiciliary account which is debited immediately at the point of payment.

Charge Card, another member of the Zenith MasterCard family created for non-Zenith account holders and having the same benefits of a credit card except that it requires collateral.

Websurfer Card is a MasterCard brand exclusively for internet payments. It is a prepaid reloadable card for use only on the internet, providing extra security for Zenith card holders.

Personalized VISA Prepaid Card is an international prepaid card on which the name of the cardholder is embossed. It is accessible on ATMs, POS, web as well as mail and telephone orders.

BUXZ Instant Issuance VISA Prepaid Card is a globally accepted generic card ideal for making e-payments which can be obtained instantly at any branch. The card is accepted globally where ever the Visa acceptance sign is displayed.

EazyCard is an online debit card tied to a customer's account with the bank. The card can be used on Point Of Sales (POS) and ATMs connected to the Interswitch network.



VpayCard is a local VISA debit card with the same characteristics and features as our EazyCard.

EasyPay/Easy Trade is a special merchant service for customers (merchants) who want to collect electronic funds for their goods and services via the web.

NIS InterSwitch/Etranzact Cards are exclusive for Nigerian Immigration Service web payments. Cards are obtainable at any Zenith Bank branch.

20/20 Cards are reloadable Naira prepaid cards on which a N20 fee is charged for every load as well as a N20 ATM fee whenever the card is used on Zenith ATMs.

Payroll Cards are ideal for corporate salary solutions. These serve as a means of paying employees as opposed to the cheque payment system.

Reporting Tools

Zenith Notification Suite is a wide range of electronic notification solutions which include the following:

- (i) Notification of withdrawals and deposit transactions.
- (ii) Notification of deposits only
- (iii) Other transaction notifications:-

- Shipping Documents
- BC Notification Bills for Collection
- LC Notification Letter of Credit
- Form M Notification (Approval & Scanning Stage)
- RAR Notification (Risk Assessment Report)
- Monthly statements notifications

The notifications are delivered via e-mail or mobile SMS technologies.

Zenith Internet Banking affords customers a wide range of transaction activities which include the following:
Check account balances & access transaction history.

- Cheque book & Draft request
- View & download account statements.
- Cheque Confirmation
- View real time transactions activity especially for corporate customers
- Bulk Payment (One to Many)
- Download monthly statements
- Self to Self transactions
- Inter (You to anybody in Zenith); Intra (You to You)
- Bill Payment
- View Master Card transactions

Zenith Telelink and Mobile banking products anchor our range of mobile banking transactions and enquiries using both land and mobile phones.



WebSurfer
... browsing made easy





■ Jim Ovia
Group Managing Director / Chief Executive

Being one of the six largest banks in Africa with Shareholders Funds of N346 billion (US\$3 billion), Zenith Bank remains the largest bank in Nigeria with Total Assets base of N2.5 trillion (US\$21 billion) as at September 30, 2008. It is also Nigeria's most profitable financial institution with Profit After Tax of N51.9 billion (US\$444 million).

Our superior performance was achieved as a result of the efforts of our highly motivated and committed workforce who are consistently focused on offering quality service that surpass customers' expectations. Most of the senior management team have worked and blended together for over a dozen years.

Technology:

When you make a cash withdrawal or deposit funds in any of your Zenith Bank accounts

irrespective of which city your account is domiciled, your mobile phone beeps a few minutes later alerting you via SMS of such transaction. This innovation which was first deployed in Nigeria by Zenith Bank a few years ago, would soon become

“Our superior performance was achieved as a result of the efforts of our highly motivated and committed workforce who are consistently focused on offering quality service that surpass customers' expectations.”

obsolete. The team of Zenith IT are inspired to deploy a superior technology in 2009 to serve the customers better.

At Zenith Bank, consistent investment and deployment in information technology is a deliberate strategic

imperative. This gives the bank a superior competitive advantage.

Future Outlook:

We are confident about the future as we expect stable economic environment.



■ Macaulay Pepple
Chairman

Esteemed shareholders, invited guests, distinguished ladies and gentlemen, I am very pleased to welcome you all to the 18th Annual General Meeting (AGM) of our great institution and to present to you the Annual Report and Financial Statements for the financial year ended September 30, 2008. This tells you right away that our financial year was adjusted to cover a period of fifteen months; three months more than the twelve months period we have been running. This measure is part of a strategic move to adapt to the dictates of our operating environment and be better positioned in the market place. Henceforth, therefore, our financial year will return to twelve calendar months, running from October to September, as against the July to June that we have been operating in the past.

Before I present to you details of the fifteen month financial scorecards, I deem it pertinent to do a quick review of the socio-economic environment within which our bank operated

during the period. Without doubt, the financial results that I am about to present to you were achieved in an environment that was impinged upon by a number of socio-economic factors; some wholesome, others challenging. But I can assure you that as always, our dynamic bank has posted sterling performances.

It is therefore with a high sense of pride and satisfaction that I proceed to review the economic environment in which the bank operated, and also highlight the operating results for the fifteen months ended September 30, 2008.

THE ECONOMY

Sustenance of macro-economic stability that has been the core objective of economic policies in the past few years remained so during the fifteen months period under review. This translated to fiscal and monetary policies of government focusing on ensuring that the rate of inflation remained low and at single digit while the exchange rate remains stable and the interest

rates low and declining. However, mixed results were achieved in these regards. While the exchange rate improved markedly, the inflation targets were not attained. Thus, the average exchange rate of the Naira against the US dollar which stood at N127.00 to US\$1 at end-June 2007, appreciated to N116.00 to US\$1 as at end-December 2007, but came to N117.65 to US\$1 at end-September 2008. On the other hand, inflation rate (year-on-year) which was at 6.40 per cent at end-June 2007, rose slightly to 6.60 per cent at end-December 2007; it jumped to 12.0 per cent in June 2008, and climbed further to 13.0 per cent at end-September 2008. This inflation rates trend was attributable to increased capital injections by the various tiers of government, increases in the prices of some staple food items and building materials, diesel and gas, among others.

The economy as measured by Gross Domestic Product (GDP) recorded a steady growth during the period under review. Thus, according to the Central Bank of Nigeria (CBN) figures, the GDP measured in 1990 basic prices, grew by 6.22 per cent in 2007, and stood at an estimated 6.45 per cent at end-September 2008. This growth trend was due to a number of factors, including favourable revenue inflow arising in part from high crude oil prices in the international market. Other contributory factors include stability in the prices and supply of petroleum products, improved foreign direct and portfolio investment inflow, stable foreign exchange market, among others. From a level of US\$64 per barrel in June 2007, the average crude price stood at US\$100 per barrel at end-December 2007; rose further to US\$135 per

barrel by June 2008, but dropped to US\$97 per barrel at end-September 2008. These prices were as against US\$40 per barrel and US\$59 per barrel that were the benchmarks for 2007 and 2008 budgets respectively. This oil price trend translated into handsome foreign exchange earnings and sustained improvement in foreign exchange reserves as well as a boost to the 'excess crude account'. Thus, the external reserves which stood at US\$52 billion in December 2007 rose to US\$59.20 billion in June 2008, closing the fifteen months period under review at US\$63 billion.

“Given our antecedents of excellent results delivery, I can assure you that more than ever before, we will continue to render to you unparalleled premium service. In pursuit of this, we have further upgraded and refitted our ICT infrastructure to deliver our bouquet of service offerings in a manner that beats customer expectations.”

Nigeria, also during the period under review, received improved sovereign and currency ratings by Fitch Ratings and Standard and Poor's (S & P). Thus, while Fitch awarded Nigeria BB- (same as in the past two years), it upgraded her local currency rating from BB- to BB, noting that the "economy is stable and

government's fiscal management also improving". S & P also awarded BB- to Nigeria, explaining that this was on account of greater fiscal flexibility "due to a much reduced debt burden and high oil prices".

In the banking sector, the Central Bank of Nigeria applied a number of regulatory initiatives to sustain the gains of consolidation and soundness of the macro-economy. In influencing interest rates, money supply and inflation, the apex bank severally adjusted the Monetary Policy Rate (MPR) and other variables during the period under review. It raised the MPR from 8.0 per cent in June 2007 to 9.50 by end-December 2007; and further to 10.50 per cent in June 2008, but dropped it to 9.75 per cent by end-September 2008. It similarly

altered the cash reserve ratio (CRR) and the liquidity ratio, among others—"to lubricate the system". These measures generally moderated interest rates movement during the period under review. Average prime lending rate which stood at 17.63 per cent in June 2007, inched up to 17.70 per cent in September same year, but closed the twelve months ending September 2008 at 17.49 per cent. Similarly, average interest rate on savings account which was at 3.45 per cent in June 2007 remained almost flat at 3.52 per cent as at end-September 2008. All these reflected in increased deposit money banks' (DMB) lending, both to the economy and particularly to the private sector.

The apex bank during the fifteen months also introduced or announced some policies which it either cancelled or postponed. These include the Naira re-denomination under which "all Naira assets, prices and contracts" would have been re-denominated by dropping two zeroes or two decimal points to the left with effect from August 2008. There was also a proposal/cancellation of a common accounting year-end for the DMBs, owing to "observed desperate behaviour of some banks in deposit mobilization and hiking of interest rates to levels that cannot be justified by the fundamentals". All this influenced the activities of all economic agents including the banks during the period under review.

In the capital market, there was a mix of the reign of 'the bear and the bull'—with the first nine months of the period under review recording

heightened activity and the last six months experiencing a lull. The net effect of this was a downward trend in all indices of the market. The Nigerian Stock Exchange (NSE) All-share Index (ASI) which closed 2007 at 57,990.22 points, had by September ending 2008 declined to 46,216.13 points; while the Market Capitalization that hit N10.12 Trillion at end-December 2007, ended the same period at N9.84 Trillion. These outcomes which reflected in the depreciation in the value of the shares of quoted companies were attributable to a number of factors, including the global financial meltdown that erupted in most advanced economies by September 2008. The government and the regulatory agencies have put a number of measures in place to arrest this trend, and we are very optimistic about a turnaround soon.

"Let me also assure you that as a bank, we will continue to reinvent ourselves and our systems to effectively tackle the unfolding challenges and exploit emerging opportunities. With our spread into some key financial centres of the world, we are determined to remain a global player and to keep discharging the responsibilities arising therein. Obviously, we are not unmindful of the demands and obligations that go with this."

It is noteworthy that even with the bearish trend in the market, your bank, Zenith Bank Plc, still ranked among the top performers in the market by all indices. With a market capitalization of N613.70 billion as at end-September 2008, Zenith Bank was the quoted company with the second highest value in the entire market. Its streak of sterling performances,

more than in the previous years, earned it a number of accolades, recognitions and prestigious awards, locally and internationally in the fifteen months under review. Some of these awards include: 'Best Bank in Nigeria 2008' by The Euromoney Magazine; 'Most Customer-Focused Bank 2008' by KPMG; 'Bank of the Year 2008' by ThisDay Newspaper; 'Best Global Bank in Africa 2008' by African Banker Awards, among so many others.

FINANCIAL RESULTS

It is gratifying to note that even in the face of the heightening competition in the financial services sector, your bank and its subsidiaries have continued to surpass performance projections. Thus, the financial results of the Group for the fifteen months ended September 30, 2008, show significant appreciation in all parameters. These results are, once again, an eloquent testimony to the continued sound financial health of the Group. For the bank, profit before tax was N48.94 billion, representing a 110 per cent increase over last year's figure of N23.29 billion. Gross earnings increased by 113 per cent over the figure of N89.19 billion for last year to hit N190.08 billion during the period under review. Total assets plus contingents similarly increased by 102 per cent or N1.20 trillion to stand at N2.38 trillion during the period. Total deposits grew 104 per cent to N1.16 trillion; while shareholders' funds rose by 200 per cent to hit N338.48 billion.

As a Group, the performance indices also recorded significant improvements. Thus, the Group gross earnings which stood at N94.88 billion at June 30, 2007 rose by 120 per cent to hit N208.29 billion at September 30, 2008. Group profit before tax grew by 119 per cent, from N25.67 billion to N56.12 billion during the period. Profit after tax for the Group also rose substantially, by 177 per cent, from N18.78 billion to N51.99 billion. Group total deposit rose by 87 per cent, from N634.49 billion to N1.18 trillion; while the Shareholders' fund grew by 198 per cent, from N116.45 billion to N346.61 billion. Group asset plus contingents which stood at N 1.27 trillion in 2007, rose by 98 per cent, closing the financial year ended September 30, 2008 at N2.51 trillion.

DIVIDEND

Our commitment to delivering superior returns to shareholders remains unwavering; and this, we once again demonstrate by ensuring that a reasonable chunk of our profit is in the hands of

our valued investors. The Board is therefore pleased to recommend a dividend of N28.446 billion; that is, 170 kobo per 50 kobo share. This is a 207 per cent rise in total dividend and 70 per cent growth in dividend per share over the 2007 levels.

GROWTH AND EXPANSION

We have no reason to relent in our expansion drive; rather, we have continued with increased zeal during the fifteen months under review, leading to more subsidiaries and further spreading of our branches and franchise across the country and beyond. Our branch network now goes beyond state capitals, the FCT Abuja and major towns and cities in the country. We have endeavoured to reach most of the local government headquarters in the land. In fact, in addition to the already existing Zenith Bank (UK) Limited in London and Zenith Bank (Ghana) Limited, we opened another wholly-owned subsidiary in Freetown, Sierra Leone during the period under review. Our representative office in Johannesburg, South Africa is up and running. I can assure you that this growth and expansion effort will be sustained in the foreseeable future in our determination to continue to play as a reputable global financial institution.

CUSTOMERS

May I, at this juncture, express our inestimable gratitude and indebtedness to our teeming valued customers for their continued patronage and unwavering loyalty to the Zenith brand. In point of fact, your invaluable contribution and consistent support remains the key driver of the sterling results that we turn in year-in year-out as a bank. Given our antecedents of excellent results delivery, I can assure you that more than ever before, we will continue to render to you unparalleled premium service. In pursuit of this, we have further upgraded and refitted our ICT infrastructure to deliver our bouquet of service offerings in a manner that beats customer expectations. We have also further streamlined

arrangements for more meaningful engagements with all our stakeholders, especially our customers. Let me assure you that as a responsive and customer-focused bank, we will continue to evolve methods and strategies to consistently deliver financial solutions that elicit your enthusiasm and surpass your expectations.

BOARD OF DIRECTORS

At this meeting, the following directors will retire by rotation in line with the bank's Article of Association and being eligible for re-election, they have offered themselves for re-election. They are Prof. L. F. O Obika, Alhaji Baba Tela, Mr. Andy Ojei and Mr. Udom Emmanuel.

STAFF

Esteemed shareholders, permit me to state that our staff remain the most critical resource for our successful operations as a bank. This is why we have continued to place a very high premium on staff quality and welfare. In this regard, we have continued to attract and retain some of the brightest professionals in the banking industry in Nigeria and beyond. In tandem, we have also created and sustained a highly motivating work environment and reward system that has ensured one of the lowest staff turnover rates in the industry.

I can assure you that we will continue to sustain this enabling environment that makes for the development of management and staff talents and skills; ensures self actualization and the attainment of corporate objectives. On behalf of the Board of Directors and Shareholders, I express our gratitude to the management and staff of the bank for their commitment and sterling performances. Please, remain steadfast.

FUTURE OUTLOOK

Dear shareholders, with every sense of pride and satisfaction, I can say that Zenith Bank has maintained its culture of excellent performance up to and including the period under review. And every indicator shows it is poised to do even better in the future. As a bank, we are monitoring developments both in the local and global economy, and have proactively put in place mechanisms to ensure we keep excelling. It is yet a fact that the fundamentals of the Nigerian economy remain sound and portend even better days ahead.

Let me also assure you that as a bank, we will continue to reinvent ourselves and our systems to effectively tackle the unfolding challenges and exploit emerging opportunities. With our spread into some key financial centres of the world, we are determined to remain a global player and to keep discharging the responsibilities arising therein. Obviously, we are not unmindful of the demands and obligations that go with this; which is why we have entrenched global best practices in every facet of our operations. We also ensure that all these are driven by the tenets of good corporate governance.

Ladies and Gentlemen, on behalf of the Board, I would like to thank you very sincerely for your unwavering support. The future is indeed very bright for all of us. May God continue to bless us all.

Thank you.



Macaulay Pepple
Chairman

ZENITH BANK...Focused partnership with the society

From inception, Zenith Bank takes corporate social responsibility (CSR) as a way of life; which informs not only how we give back to society but also how we partner with our various stakeholders. In fact, CSR is our channel for appreciating the society for providing the enabling environment in which we operate. Therefore, we deliberately go beyond the bounds of corporate citizenship to impact positively on the entire society through robust CSR endeavours that improve the lot of mankind.

But because we cannot be everything to everybody at all times, our CSR strategy focuses on critical areas of societal needs. Zenith Bank is therefore guided by its firm belief in the instrumentality of education and Information and Communication Technology (ICT) as the most powerful tools for youth empowerment, nation building and wealth creation. We also give ample attention to issues of health, environmental care, sports, infrastructure and security as well as assistance to victims of natural and other mishaps. We are also in strategic alliances with reputable Non-Governmental Organizations (NGOs) in the execution of CSR projects in some focus areas.

Our unparalleled contributions through CSR initiatives have been widely acknowledged, commended and applauded by various stakeholders. In fact, these efforts have attracted awards from far and near. The ThisDay Award for Excellence was won by Zenith as the "Most Socially Responsible Corporate Organization" in Nigeria, while The African Banker magazine also awarded the Bank the "Most Corporate Socially Responsible Bank in Africa".

EDUCATION

Zenith Bank's high premium on education remains unwavering and this is borne out by the variety and volume of its financial commitment to the sector during the period under review. A number of universities, polytechnics, colleges of education, secondary and primary schools were beneficiaries during the year. On the whole, more than 20 educational institutions received donations/assistance (in cash and kind) from the bank during the period. Some of them include the University College

Hospital (UCH) Ibadan (computer units), Federal College of Education Gusau, International School University of Lagos, University of Uyo, Bells University, St. Augustine College of Education, University of Benin, Lagos State University (fully equipped ultra modern ICT centre).

In the secondary schools category, the following were beneficiaries: Ojota Senior Secondary School; Vivian Fowler Memorial College for Girls, Lagos; Children International School Lekki; Victoria Island Senior Secondary School; Lekki British International High School; Western College Yaba; Greenwood House School; Topgrade Secondary School; Ultra Modern Central School, Amawbia, Anambra, Greenspring Secondary school.

Other schools that benefited from Zenith philanthropy during the year under review were: Lagos Preparatory School, Ikoyi; Nigerian Defence Academy; Nigerian Navy School Ojo; Buba Yero Primary School; College of Education Agbor, Armed Forces Command and Staff College, Jaji.

ICT/YOUTH EMPOWERMENT

Zenith Bank as a child of the 'information Age', places a lot of premium on the use of ICT to transform the life of the people-especially the youth, who are victims of the 'Digital Divide'. The Bank therefore remains committed to helping the youths bridge the digital divide and empower them to take advantage of the limitless opportunities open to them in the information super highway. In this regard, the bank held the 5th edition of

Our CSR strategy does not, however, allow us to be everything to everybody, but to focus on critical areas of societal needs. Thus, Zenith Bank is guided by its firm belief in the capacity of education as well as Information and Communications Technology (ICT) as the most potent tools for youth empowerment, nation building and wealth creation.

its 'Youth Empowerment Forum for Digital Revolution' in Lagos, at which over 4000 youth from select tertiary and secondary schools were in attendance.

On the occasion, Zenith Bank's Managing Director/Chief Executive, Mr. Jim Ovia, made a powerful presentation titled, "Youths and ICT in a Borderless World: Opportunities and Challenges" There was also a raffle draw from which several lucky youths/winners emerged; 50 of them won a laptop each while over 1000 of the them went home with Visafone Handsets.

HEALTH AND WELFARE

Zenith Bank continues to contribute substantially to health causes in demonstration of its support for the pursuit of the Millennium Development Goals (MDGs). Its key areas of interest include reducing child mortality, improving maternal health and combating HIV/AIDS, among others. In this regard, during the period under review, the bank rendered financial assistance to health institutions and agencies including: The Nigerian Red Cross Society, Paediatric Association of Nigeria; Kanu Heart Foundation; Sickie Cell Club Unilag; World Confederation of Physical Therapy. The bank also made substantial contributions towards over a dozen local and/or overseas treatments of critical health cases, including heart surgeries, cancer treatment, kidney transplant, and limb replacements, among others.

SPORTS

Zenith Bank's interest in the wellbeing for the youth is also demonstrated through sponsorships and involvements in sports and other vocational activities. Thus, during the year under review, the bank part-sponsored the 2008 NUGA games, 'Zenith Bank Premier Female Basketball League' under the auspices of the Nigeria Basketball Federation. The bank also sponsored the Armed Forces annual sports week, Nigerian Petroleum Development Company Golf tournament, Ladies Golf Association of Nigeria tournament, and also sponsored inter-house sports events for various schools, among others.

RELIGIOUS ORGANIZATIONS

Zenith Bank remains committed to the spiritual wellbeing of Nigerians, as exemplified in its donations and contributions to religious causes during the year under review. The beneficiary organizations include: Church of Assumption Falomo, The Redeem Christian Church of God, St. Joseph's Chosen Church of God International, Mountain of Fire and Miracle Ministries, Cathedral Church of St. Peter, Catholic Archdiocese of Lagos, Seminary of SS. Peter & Paul Ibadan, St. Paul Catholic Church Ujemen, Saint Patrick's Catholic Church, Owode-Ibeshe, King of Glory Concern Chapel International, The Redeem Christian Church of God Praise Tabernacle, among several others.

OTHERS

In several other ways, the bank continues to render assistance to the community and the society at large. During the review period, the bank, played a major role in assisting the victims of the flood disasters in Plateau and Adamawa states, it donated 10 Hilux Toyota cars to the Lagos State government. It also donated towards the renovation of the Cyprian Ekwensi Centre for Arts & Culture, renovation and beautification of the car park at the MUSON centre, Lagos. The bank also supported the activities of several other institutions like The Nigerian Stock Exchange, Ministry of Commerce and Industry, to list a few.

Zenith Bank also continues in its collaboration with diverse Non-governmental Organizations (NGOs); and assisted a number of them during the review period. They include Widowhood Helpline; FATE Foundation; ICARE; Nigeria Leadership Initiative; Growing Businesses Foundation; the Nigerian Economic Summit Group; NEPAD Business Group-Nigeria; among others. The bank also continued with its Academic Excellence Awards, from which many outstanding graduating students of number of universities benefited; it also rendered sundry other assistance to several tertiary institutions.



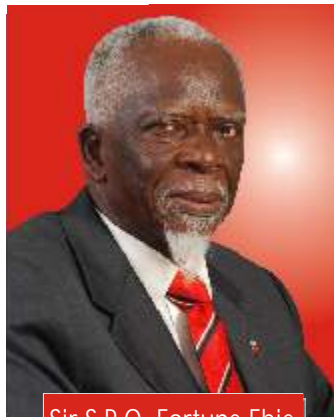
Macaulay Pepple
Chairman



Jim Ovia
Group Managing Director/CEO



Godwin Emefiele
Deputy Managing Director



Sir S.P.O. Fortune Ebie
Director



Chief E. M. Egwuenu
Director



Prof. L.F.O. Obika
Director



Sir Steven Omojafor
Director



Alhaji Baba Tela
Director



Babatunde Adejuwon
Director



Peter Amangbo
Executive Director



Apollos Ikpobe
Executive Director



Elias Igbinakenzua
Executive Director



Udom Emmanuel
Executive Director



Andy Ojei
Executive Director



Jim Ovia



Godwin Emefiele



Peter Amangbo



Elias Igbinakenzua



Apollos Ikpobe



Udom Emmanuel



Adaora Remy Umeoji



Andy Ojei

Zenith Bank, conscious of the twin concepts of trust and confidence as an essential aspect of our business is committed to good corporate governance in the conduct of our business and in our relationship with all our stakeholders – the regulators, the depositors as well as shareholders.

The Bank continuously reappraises its processes to ensure that its business is conducted in line with good corporate governance and global best practices.

The business of the Bank is driven primarily by the Board of Directors, which exercises its oversight over the bank's operations. Board members are conversant with the business of the bank.

The Board exercises its oversight using various key committees.

1. BOARD OF DIRECTORS

The Board of Directors is made up of a non-Executive Chairman, six (6) non-Executive Directors and seven (7) Executive Directors.

The Board comprises persons of mixed skills and experience in different fields of human endeavour. Directors are conscious of their statutory responsibilities and are well informed of their obligations to shareholders. Adequate training programmes have been put in place to ensure that directors are constantly retrained to keep them abreast of developments in the industry and the economy.

During the financial year, Messrs. KPMG professional services was engaged to carry out an evaluation of Board members to determine their level of effectiveness and to recommend areas of possible improvement and changes.

The Board is responsible for:

- Reviewing and providing guidance for the Bank's corporate strategy, major plans of action and risk policy.
- Review and approval of annual budgets and business plans; setting performance objectives, monitoring implementation and corporate performance.

- Overseeing major capital expenditures, acquisition and divestitures.
- Monitoring the effectiveness of the governance practices which the Bank operates and making appropriate changes as necessary.
- Ensuring the integrity of the Bank's accounting and financial reporting systems, including the independent audit and that appropriate systems of control and risk monitoring are in place.
- Ensure the adequacy of internal and external controls.
- Establishment of the various Committees of the Bank including the Terms of Reference, review of reports of such Committees to address key areas of the bank's business.

The Board meets at least every quarter but may hold extra-ordinary meetings to address urgent issues that may arise.

The Board met nine (9) times during the out-gone financial year.

2. COMMITTEES

The Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and consistent with global best practices.

Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.

The Committees have well defined terms of reference and consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

The Committees of the Board meet quarterly but may hold extra-ordinary sessions as the business of the bank demands.

The following are the current standing Committees of the Board:

Board Credit Committee

The Committee is made up of seven (7) members comprising four (4) non-Executive Directors and three (3) Executive Directors of the Bank. The Board Credit Committee is chaired by a non-Executive Director who is well versed in credit matters, having retired as Managing Director/Chief Executive of a commercial bank. The Committee considers loan applications above the level of Management Credit Committee. It also determines the credit policy of the bank or changes therein. The Committee meets quarterly but may meet at such other times as business exigency demands.

The Committee met five (5) times during the financial year.

Members of the Board Credit Committee are as follows:

1. Chief Eddy Egwuenu
Chairman
2. Sir. S.P.O. Fortune Ebie
Member
3. Sir. Steve Omojafor
Member
4. Alhaji Baba Tela
Member
5. Mr. Jim Ovia
Member
6. Mr. Godwin I. Emefiele
Member
7. Mr. Elias Igbinakenzua
Member

Staff Matters, Finance and General Purpose Committee:

This Committee is made up of seven (7) members: four (4) non-Executive Directors and three (3) Executive Directors. It is chaired by a non-executive Director. The Committee looks into large scale procurement by the Bank, and matters bordering on staff welfare, discipline, staff remuneration and promotion. The Committee meets every quarter but may also meet at such other times as business exigency demand.

The Committee met five (5) times during the financial year.

The members are:

1. Prof (Prince) L.F.O. Obika
Chairman
2. Mr. Babatunde Adejuwon
Member
3. Sir. S.P.O. Fortune-Ebie
Member
4. Sir. Steve Omojafor
Member
5. Mr. Jim Ovia
Member
6. Mr. Godwin I. Emefiele
Member
7. Mr. Apollos Ikpobe
Member

Risk Management Committee:

The Board Risk Management Committee has oversight responsibility for the overall risk assessment of various areas of the Bank's operations and compliance. Chaired by Chief Eddy Egwuenu (a non-Executive Director), the Committee's membership comprises the following members:

1. Sir. S.P.O. Fortune-Ebie
Member
2. Sir. Steve Omojafor
Member
3. Prof. (Prince) L.F.O. Obika
Member
4. Mr. Babatunde Adejuwon
Member
5. Mr. Jim Ovia
Member
6. Mr. Godwin Emefiele
Member
7. Mr. Peter Amangbo
Member
8. Mr. Udom Emmanuel
Member

The Committee met three (3) times during the financial year.

The Chief Risk Officer has access to this Committee and makes quarterly presentations for the consideration of the Committee.

Executive Committee (EXCO):

The EXCO comprises the Managing Director, who chairs it and all Executive Directors. The Committee meets twice weekly (or such other times as business exigency may require) to deliberate and take policy decisions on the effective and efficient management of the Bank. It also serves as a processing unit for issues to be discussed at the Board. EXCO's primary responsibility is to ensure the implementation of strategies approved by the Board, provide leadership to the Management team and ensure efficient deployment and management of the Bank's resources. Its Chairman is responsible for the day-to-day running and performance of the Bank.

Audit Committee:

There is also the Audit Committee of the Bank. The Committee is established in line with Section 359(6) of the Companies and Allied Matters Act, 1990. We recognize the Committee as the "guardian of public interest", and reflect this both in the composition and caliber of its membership. The Committee's membership consists of three (3) representatives of the shareholders elected at the last Annual General Meeting (AGM) and three (3) non-executive Directors. Alhaji Hamis B. Musa, a shareholder representative chaired the Committee during the year. Other members of the Committee include Mr. Alade Akesode, Sir. S.P.O. Fortune Ebie, Chief Eddy Egwuenu, Professor(Prince)L.F.O Obika and Ms. Angela Agidi. The Committee meets every quarter, but could also meet at any other time, should the need arise.

The Committee met five (5) times during the financial year.

Other Committees

In addition to the afore-mentioned Committees, the Bank has in place, other Standing Committees. They include:

- (a) Assets and Liabilities Committee (ALCO)
- (b) Management Committee (MANCO)
- (c) Management Credit Committee (MCC)
- (d) Risk Management Committee (RMC)
- (e) Information Technology (IT) Steering Committee

Risk Management is critical to our ability to continually create shareholder value. The nature and complexity of risks in our business requires that we have a strong and robust risk management structure to provide adequate oversight at all levels of the organization.

The main thrust of Zenith Bank's risk management process is to enhance its capacity to create value by providing a means of effectively dealing with uncertainty and associated risks and opportunities.

The Board of Directors assumes the overall responsibility for the system of risk management and control in the Zenith Bank Group. The underlying role of the Board is the attainment of the corporate objective in order to create shareholder value. This objective can only be attained by a robust risk management and control practice. They therefore set out the guidelines for risk management by setting policies and direction for risk management practice in the Zenith Bank Group.

Risk Policies

The bank's risk management policy is designed to identify and analyze these risks, to set appropriate risk

limits, and to monitor the risks and limits continually by means of reliable and up-to-date administrative and information systems.

Zenith Bank continually modifies and enhances its risk management policies and systems to reflect changes in markets and products and in best practice risk management processes. Training, individual responsibility and accountability together with a disciplined and cautious culture of control lie at the heart of the bank's management of risk.

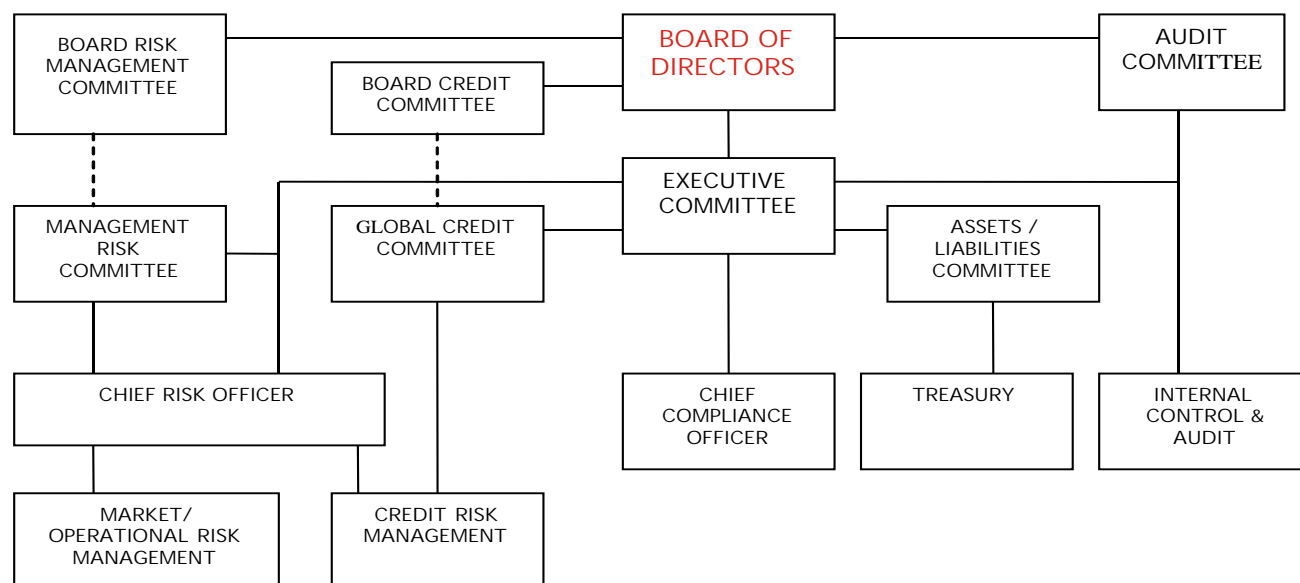
Various committees, comprising Executive Directors and Senior Management Staff, formulate risk management policies, monitor risk and regularly review the effectiveness of those policies.

Risk Management Structure and Responsibilities

The risk management structure of the bank has been established based on the business strategies and risks inherent in the pursuit of those strategies. This structure provides the framework for effectively managing the bank's risks on a daily basis. A summary of key responsibilities is set out below:

The Board of Directors drives the entire governance

ENTERPRISE RISK MANAGEMENT STRUCTURE



and risk management process by setting the tone at the top of the organization and the basis for how risks should be viewed by management and staff. Through its various committees, the Board monitors the adequacy of internal control systems established by Executive Management to manage risks.

The Audit Committee provides oversight on the systems of internal control, financial reporting and compliance. The Board Credit Committee determines the credit policies and considers all loans above defined levels. The Board Risk Management Committee sets the risk philosophy, policies, and strategies as well as provide guidance on the various risk elements described below.

The Board risk control function is supported by various management committees. These are Management Risk Committee, Global Credit committee and the Assets and Liabilities Committee.

The core Risk Management Department reporting to the Chief Risk Officer is split into two (2) main groups of Credit Risk Management and Market/Operational Risk Management. These groups drive the key elements of credit, market/liquidity and operational risk area. All other risk elements are managed at the ERM services anchored in the Market/Operational Risk Management Group.

The Chief Compliance Officer is an independent oversight function on the bank's compliance with relevant laws and regulations

Head, Internal Control and Audit, reviews the internal control systems and processes and provides an independent assurance on the entire system. The Head of Internal Control and Audit reports to the Audit Committee which comprises Non-Executive Directors and representatives of shareholders and also has unfettered access to the Managing Director/Chief executive Officer

Head, Credit Risk Management, manages the bank's credit approval, disbursement and administration process. This includes ensuring that credit policies and procedures align with business objectives and strategies.

At the level of departments and business units, risk management processes are built into each activity. This is either in the form of independent review activities by persons not involved in the process or review by an internal auditor or persons responsible for compliance.

Risk Management structures and processes are continually reviewed to ensure, their adequacy and appropriateness for the bank's risk and opportunities profile as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and trends in risk management.

Risk Management Strategy

The Risk Management process has been designed in a manner that is sufficiently rigorous and comprehensive to give management greater insight into competing strategic alternatives and the degree of uncertainties associated with the alternatives and associated risks. Risk Management processes at all levels of the organization comprises:

- Identification;
- Assessment;
- Response and control measures; and
- Reporting.

Risk Appetite

Risk appetite is an expression of the amount of risk the bank is prepared to take to achieve our strategic objectives. This aligns our risk management practice with our strategic direction. Zenith Bank is a risk

Risk Management structures and processes are continually reviewed to ensure their adequacy and appropriateness for the bank's risk and opportunities profile as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and trends in risk management.

conscious institution taking on risk moderately with emphasis on protecting the Bank while increasing the market share.

The bank employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the bank's risk appetite.

RISK MANAGEMENT ELEMENTS

Strategic Risk Management

Strategic risk examines the impact of design and implementation of business models and decisions, on earnings and capital as well as the responsiveness to industry changes. This responsibility is taken quite seriously by the Board and Executive management of the bank and deliberate steps are taken to ensure that the right models are employed and appropriately communicated to all decision makers in the bank. This has essentially driven the bank sound banking culture and performance to date.

Credit Risk Management

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from lending, trade finance, treasury and leasing activities. Zenith Bank has dedicated standards, policies and procedures to control and monitor all such risks.

The Credit Risk Management Group (CRMG) is mandated to provide high level centralized management of credit risk for Zenith Bank. The Group reports through the Chief Risk Officer to the Managing Director/Chief Executive Officer and its responsibilities include the following:

- ◆ Setting the bank's credit policies.
- ◆ Establishing and maintaining Zenith Bank's credit exposure policy. This policy sets controls over the maximum level of the bank's exposure to customers and customer groups and other credit risk concentrations in line with internationally accepted regulatory standards.
- ◆ Performing an independent review and objective assessment of credit risk, CRMG assesses all credit facilities being offered to customers.

The Bank's policy requires a review of the level of specific provisions on individual facilities having large exposures at least half-yearly or more regularly where individual circumstances require.

- ◆ Reviewing the efficiency and effectiveness of credit approval processes.
- ◆ Reporting to executive management on aspects of the bank's loan portfolio. The Board Credit committee and the Board receive regular reports covering:
 - ◆ Risk concentrations and exposure to industry sectors;
 - ◆ Large customer group exposures;
 - ◆ Large non-performing accounts and provisions;
- ◆ Acting as the primary interface for credit-related issues on behalf of Zenith Bank with external parties including the Central bank of Nigeria, corporate analysts and counterparts in the world's major banks and non-bank financial institutions.

Provision for bad and doubtful debts

It is Zenith Bank's policy to make provisions for bad and doubtful debts promptly when required and on a prudent and consistent basis in accordance with established guidelines.

Management regularly performs an assessment of the adequacy of the established provision for bad and doubtful debts by conducting a detailed review of the loan portfolio.

Suspended and non-accrual interest

Typically, loans are designated as non-performing as soon as management has doubts as to the collectability of principal or interest or when contractual payments of principal or interest are 90 days past due. When a loan is designated as non-performing, interest is not credited to the profit and loss account, rather either interest accruals will cease ('non-accrual loans') or interest will be credited to an interest suspense account in the balance sheet which is netted against the relevant loan ('suspended interest').

On receipt of cash (other than from the realization of security), the overall risk is re-evaluated and, if appropriate, suspended or non-accrual interest is recovered and taken to the profit and loss account. Amounts received from the realization of security are applied to the repayment of outstanding indebtedness, with any surplus used to recover specific provisions and then suspended interest.

There are two types of provision, specific and general, as discussed below.

Specific Provisions

Specific provisions represent the quantification of actual and inherent losses from individually identified accounts. Specific provisions are deducted from loans and advances in the balance sheet.

The Bank's policy requires a review of the level of specific provisions on individual facilities having large exposures at least half-yearly or more regularly where individual circumstances require.

This will normally include the revalidation of collateral held (including reconfirmation of its enforceability) and a review of actual and anticipated receipts.

General provisions

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future.

Write-offs

Loans (and the related provisions) are normally charged off, either partially or in full, when there is no realistic prospect of recovery of these amounts and

when the proceeds from the realization of security have been received.

New specific provisions, rather than amounts charged off, should therefore be taken as indicative of current loss trends.

Restructuring of loans

Restructuring activity is designed to maximize cash recovery on accounts which are overdue by slowing down the formal steps in collection management to allow qualifying customers to repair or renegotiate their accounts.

Zenith Bank's provisioning policies take due account of the increased propensity to default of restructured accounts.

Liquidity and Funding Management

In Zenith Bank, liquidity policy is designed to ensure that all contractual and behavioural commitments requiring to be funded can be met out of readily available and secure sources of funding. Funding policy seeks to ensure that the necessary sources of funds are available at an optimized cost.

Compliance with liquidity and funding requirements is monitored by the Asset and Liability Management Committee on a regular basis. This process includes:

- ♦ Projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- ♦ Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- ♦ Maintaining a diverse range of funding sources with adequate back-up facilities;
- ♦ Managing the concentration and profile of debt maturities;
- ♦ Monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- ♦ Maintaining liquidity and funding contingency plans.

These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises

while minimizing any adverse long-term implications for the business.

Zenith Bank's liquidity profile is VERY STRONG and our risk management practices gives assurances that this profile will be maintained.

Market Risk Management

Market risk is the risk that the value of the on and off-balance sheet positions of Zenith Bank will be adversely affected by movements in market rates or prices such as interest rates, equity prices and/or commodity prices resulting in a loss to earning and capital.

The Market Risk Management Unit is mandated to assess, monitor and manage market risk for Zenith Bank. The primary objective of the Market Risk Management unit is to establish a comprehensive and independent market risk control framework.

This unit is well established in the bank and measurements and monitoring has since commenced in our journey to implement the most robust market risk practice in our environment.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events including legal and regulatory risks. Operational risk exists in all products and business activities.

Zenith Bank manages this risk through a controls-based environment in which processes are

documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent programme of periodic reviews, undertaken by internal control & audit, and by monitoring external operational risk events, which ensure that Zenith Bank stays in line with best practice and takes account of lessons learned from publicized operational failures within the financial services industry.

- ♦ Operational risk management responsibility is assigned at a senior management level within the organization.
- ♦ Operational risks are identified by risk assessments covering operational risks facing each business unit and risks inherent in processes, activities and products.
- ♦ Risk assessment incorporates a regular review of risks identified to monitor significant changes.
- ♦ Risk mitigation, including insurance, is considered where this is cost-effective.

Insurance Risk Management

Insurance risk is the risk that the Group will have to make higher than anticipated payments to settle claims arising from its long-term and short-term insurance businesses. Our insurance activities risk is not significant enough to have adverse impact on the Group's risk profile

For the Period Ended 30 September 2008

In compliance with the Companies and Allied Matters Act 1990, the Directors have pleasure in presenting their report on the affairs of Zenith Bank Plc, together with the audited financials for the fifteen months ended 30 September, 2008.

Legal Form and activities during the year

The Bank is engaged in the business of providing universal banking services to corporate, commercial and individual customers which include granting of loans and advances, leases, financial advisory services, investment banking, foreign exchange services and others.

The Bank was incorporated as a limited liability company with 100% equity ownership by Nigerians on May 30, 1990 and commenced operation on July 16, 1990. The bank became a public liability company on May 20, 2004. The Bank's shares are listed on the floor of the Nigerian Stock Exchange.

Directors Who Served During the Year

Macaulay Pepple	–	Chairman
Jim Ovia	–	Group Managing Director/Chief Executive
Godwin Emefiele	–	Deputy Managing Director
Chief Eddy M. Egwenu	–	Director
Sir. S.P.O. Fortune Ebie	–	Director
Professor (Prince) L.F.O. Obika	–	Director
Sir. Steven Omojafor	–	Director
Babatunde Adejuwon	–	Director
Alhaji Baba Tela	–	Director (Appointed 17 July, 2007)
Peter Amangbo	–	Executive Director
Elias Igbinakenzua	–	Executive Director
Apollos Ikpobe	–	Executive Director
Andrew Ojei	–	Executive Director
Udom Emmanuel	–	Executive Director

Directors' Interest in Shares

The Directors' interest in the ordinary shares of the Bank were as follows:

Name of Directors	No. of Ordinary Shares held at	
	30/09/2008	30/06/2007
Macaulay Pepple	3,918,973	2,759,665
Jim Ovia	1,594,893,427	407,232,000
Godwin Emefiele	27,457,091	13,969,965
Chief E. M. Egwenu	413,779,426	289,645,600
Sir S. P. O. Fortune - Ebie	2,639,683	1,800,000
Prof. Prince L.F.O. Obika	2,328,409	1,631,600
Sir Steven Omojafor	1,518,833	856,667
Babatunde Adejuwon	2,327,522	1,334,266
Alhaji Baba Tella	133,803	–
Peter Amangbo	9,285,714	3,000,000
Elias Igbinakenzua	11,352,353	5,206,169
Apollos Ikpobe	12,621,428	5,335,000
Andy Ojei	9,792,857	3,910,000
Udom Emmanuel	9,999,999	3,500,000

Directors' Responsibilities

The Directors are statutorily responsible for the preparation of the financial statements and profit and loss showing a true and fair view of the statement of affairs of the Bank at the end of the financial year and in compliance

For the Period Ended 30 September 2008

with the Companies and Allied Matters Act, 1990, and Banks and Other Financial Institutions Act, 1991, in ensuring that:

- sufficient and adequate internal control procedures are put in place to safeguard assets, prevent and detect fraud and irregularities.
- Proper accounting records are maintained at all times; applicable accounting standards are adhered to and appropriate legislation complied with;
- Suitable accounting policies are adopted and consistently applied.

Result of Operations

	<u>2008</u> N'000	<u>2007</u> N'000
Profit Before Tax	56,118,708	25,676,331
Income Tax	(4,126,469)	(6,896,527)
Minority Interest's share of (profit)/loss	(383,684)	(102,799)
Profit Attributable to Group Shareholders	51,608,555	18,677,005

It is recommended that the profit after taxation for the period be appropriated as follows:

Statutory Reserve	6,978,749	2,626,372
Other Reserves	44,629,806	16,050,633

Change in Accounting Year End

During the period, the bank changed its accounting year end from 30 June to 30 September owing to the pronouncement by the CBN of a deferment in the unified accounting year end for banks. As a result, the financial statements presented herein, are for fifteen months.

Acquisition of Own Shares

The shares of the Bank are held in accordance with the Articles of Association of the Bank. The Bank has no beneficial interest in any of its shares.

Fixed Assets

Information relating to changes in fixed assets is given in note 15 to the Financial Statements.

Charitable Gifts

During the period, the Bank made donations to charitable institutions, individuals and bodies amounting to N1,661,963,179 (2007: N571,909,454). Some of the beneficiaries are :

University Of Uyo	10,000,000
UNICEF	12,000,000
The Nigerian Economic Summit	1,000,000
St. Saviour's School, Ikoyi	17,500,000
The Energy Summit	10,000,000
Shehu Musa Yar'dua Foundation	7,000,000
Renovation Of Model Pri Sch. Gari, Kebbi	10,000,000
Refurbishment of NYSC Secretariat, Lagos	12,383,239
Red Cross Society	50,000,000
Paediatric Association Of Nigeria	1,500,000
Nigerian University Games (NUGA 2008)	50,000,000
Nigerian Basketball Federation	18,000,000
Nigeria Police Games	5,000,000
Nigeria Police Force	1,350,250
Nigeria Cup Golf Tournament	1,000,000
Nigeria Leadership Initiative	5,000,000

DIRECTOR'S REPORT



For the Period Ended 30 September 2008

Nigeria Stock Exchange	7,020,000
Newswatch Talent Hunt	5,000,000
Nelson Mandela Institute	10,000,000
National Hospital, Abuja	5,000,000
National Health Insurance Scheme	50,000,000
Musical Society Of Nigeria	46,691,369
Ministry of Commerce & Industry	1,000,000
Lagos State Economic Summit Group	25,000,000
Kidney Dialysis Trust Fund	5,000,000
Kanu Heart Foundation	1,000,000
Institute Of Chartered Accountants Of Nigeria	20,000,000
IMF/Worlbank Summit	8,800,000
ICT Centre, Canaan Land, Otta	13,741,037
Growing Business Foundation	30,000,000
Flood Victims At Maiduguri	5,000,000
Federal Radio Corporation Of Nigeria (Frcn)	500,000
Federal Capital Territory	10,000,000
Federal Capital Territory Authority Arts & Culture	70,000,000
Flood Disaster In Plateau	15,000,000
Adamawa Flood Victims	10,000,000
Debt Management Office (DMO)	10,000,000
Council For The Regulation Of Engineering In Nigeria	25,000,000

Research and Development

It is expected that the Bank will be able to improve on its performance in the years ahead. The Bank is, on a continuous basis, carrying out research into new banking products and services.

Employment of Disabled Persons

The Bank's employment policy is based entirely on merit and the individual's ability to perform. However, during the year under review, no disabled persons met the bank's criteria.

Employee Involvement and Training

The Bank places high premium on consultation with employees on matters affecting them.

Formal and informal channels of communication are employed in keeping the staff aware of various factors affecting the performance of the Bank. So far, the Bank has utilized the facilities of various local and international training institutions and organizations.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies & Allied Matters Act, 1990.

Dated this 28th day of October, 2008.

By Order of the Board

MICHAEL O. OTU
Company Secretary

REPORT OF THE AUDIT COMMITTEE

In compliance with section 359(6) of the Companies and Allied Matters Act 1990, we have reviewed the Audit Report for the year ended 30th September, 2008 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.
2. The accounting and reporting policies of the bank conformed with statutory requirements and agreed ethical practices.
3. The internal control system was being constantly and effectively monitored; and
4. The external auditors' management controls report received satisfactory response from Management.
5. Related party transactions and balances have been disclosed in note 24 to the Financial Statement in accordance with the Central Bank of Nigeria (CBN) circular BSD/1/2004.

Dated October 28, 2008.



Alhaji Hamis B. Musa
Chairman, Audit Committee

MEMBERS OF THE COMMITTEE

1. Alhaji Hamis B. Musa
2. Mr. Alade Akesode
4. Chief Eddy Egwenu
5. Sir. S.P.O. Fortune-Ebie
6. Prof. (Prince) L.F.O. Obika
6. Ms. Angela Agidi

For the Period Ended 30 September 2008



252E Muri Okunola Street,
Victoria Island, P. O. Box 2419
Lagos, Nigeria.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZENITH BANK PLC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Zenith Bank Plc (the bank) and its subsidiaries (together, the group) which comprise the balance sheet as of 30 September 2008 and the profit and loss account and cash flow statement for the fifteen months period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the bank at 30 September 2008 and of the profit and cash flows of the group and of the bank for the period then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991.

For the Period Ended 30 September 2008

Report on other legal requirements

The Companies and Allied Matters Act 1990 and the Banks and Other Financial Institutions Act 1991 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the bank, so far as appears from our examination of those books;
- (iii) the bank's balance sheet and profit and loss account are in agreement with the books of account;
- (iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;
- (v) related party transactions and balances are disclosed in Note 24 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- (vi) the bank contravened certain regulations of the Banks and Other Financial Institutions Act 1991 during the year as explained in note 32 to the financial statements;
- (vii) except for the contraventions disclosed in Note 32 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Procter & Gamble
Chartered Accountants,
Lagos, Nigeria



30 October, 2008

For the Period Ended 30 September 2008

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

The financial statements are prepared in accordance with, and comply with the relevant Statements of Accounting Standard issued by the Nigerian Accounting Standards Board. The financial statements have been prepared in accordance with the going concern principle under the historical cost convention. The accounting policies adopted in the preparation of these financial statements are consistent with those adopted in the previous years.

b. Basis of consolidation

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has control over the operations have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group. Intercompany transactions, balances and unrealized surpluses and deficits on transactions between group companies have been eliminated. Accounting policies of subsidiaries conform to the policies adopted by the group for its banking and non banking operations. Accounting policies between banking and non banking operations have been aligned to the extent that it is material and appropriate for the specific industry.

Investments in subsidiaries are accounted for at cost in the bank's books. The carrying amounts of these investments are reviewed annually and written down for impairment where considered necessary.

c. Foreign currency translations

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The parent entity's functional currency (Nigerian Naira) is adopted for the consolidated financial statements.

Foreign subsidiaries

The results and financial position of all foreign subsidiaries that have a functional currency different from the group's presentation currency (Nigerian Naira) are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate on the balance sheet date; and
- income and expenses for each income statement are translated at average exchange rates for the period.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are credited to a Foreign Currency Translation reserve account. On disposal of any part or a whole foreign subsidiary, such exchange differences are recognised in the income statement as part of the profit or loss on disposal.

Parent company and local subsidiaries

Foreign currency transactions are translated into Nigerian Naira using the exchange rates prevailing at the date of the transactions. Assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Nigerian Naira at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates are recognised in the profit and loss account in the year in which they arise.

d. Recognition of interest income and expense

Interest income and expense are recognised in the profit and loss account for all interest bearing instruments on an accrual basis using the effective yield method based on the outstanding principal. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised only when cash is received.

e. Recognition of fees, commissions and other income

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.

f. Loans and advances and provisions for loan impairment

Loans and advances are recognised when cash is advanced to borrowers.

A provision for loan impairment is established if there is objective evidence that the bank will not be able to collect all amounts due according to the original contractual terms of the credit. The amount of the provision is determined in accordance with the Prudential Guidelines issued by the Central Bank of Nigeria.

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio.

g. Advances under finance lease

Advances under finance lease are stated net of unearned lease finance income. Lease finance income is amortised over the lease period to achieve a constant rate of return on the outstanding net investment.

h. Fixed assets

Fixed Assets are stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and other members of the group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual values over its estimated useful life as follows:

Motor vehicles	- 25%
Furniture, fittings and equipment	- 20% - 25%
Computer equipment	- 33 1/3%
Leasehold improvement	- 20% (or period of primary lease where shorter)
Leasehold land and buildings	- 2% (or the period of the lease, if shorter)

Costs related to fixed assets under construction or in the course of implementation are disclosed as work-in-progress. The attributable costs of each asset is transferred to the relevant category immediately the asset is put into use and depreciated accordingly.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

i. Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax, information technology development tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profits whilst information technology development tax is assessed at 1% of profit before tax..

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

For the Period Ended 30 September 2008

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

j. Investment securities

Investment securities comprise debt and equity securities which are classified as short term and long term investments. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as long term investments. Debt and equity securities held for a period not exceeding one year are classified as short term investments. Management determines the appropriate classification of its investments at the time of the purchase. Investment securities are initially recognised at cost. Short term investments are subsequently re-measured at fair value based on market values.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

k. Investments in subsidiaries

Investments in subsidiaries are carried in the bank's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

l. Off-Balance sheet transactions

Contingent liabilities arising from performance bonds, guarantees issued on behalf of customers in the ordinary course of business, and on-lending facilities are reported off-balance sheet in recognition of the risk inherent in those transactions. Commissions and charges on these transactions are recognised as earned on issuance of the bond or guarantee.

m. Retirement Benefits

Retirement benefits are accrued and charged to the profit and loss account in the year they are incurred.

n. Provisions

Provisions are recognised when the separate entities in the group have a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount of the obligation can be made.

o. Segment reporting

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and rewards that are different to those of components operating in other economic environments. Business segments are the primary reporting segments.

Group costs are allocated to segments on a reasonable and consistent basis. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue and costs being eliminated in Head office.

The analyses by geographical segment are based on the location of the customer.

For the Period Ended 30 September 2008

		15 Months Group 2008 N'000	12 Months Group 2007 N'000	15 Months Bank 2008 N'000	12 Months Bank 2007 N000
	Notes				
Interest income	2	142,390,280	63,624,930	137,814,567	62,017,026
Interest expense	3	(53,598,072)	(19,038,744)	(49,962,969)	(18,733,167)
Net interest income		88,792,208	44,586,186	87,851,598	43,283,859
Bad and doubtful debt expense	9 (c)	(6,326,832)	(1,832,283)	(6,077,405)	(1,783,325)
Other operating income	4	65,903,501	31,255,183	52,260,467	27,176,754
Operating expenses	5	(92,250,169)	(48,332,755)	(85,094,715)	(45,388,460)
Profit before tax		56,118,708	25,676,331	48,939,945	23,288,828
Income tax	6	(4,126,469)	(6,896,527)	(2,414,954)	(5,779,683)
Profit after tax		51,992,239	18,779,804	46,524,991	17,509,145
Minority Interest	22	(383,684)	(102,799)	-	-
Profit attributable to Group Shareholders		51,608,555	18,677,005	46,524,991	17,509,145
Transfer to statutory reserve	21	(6,978,749)	(2,626,372)	(6,978,749)	(2,626,372)
Transfer to bonus issue reserve	21	-	(1,158,191)	-	(1,158,191)
Transfer to contingency reserve	21	(102,644)	(115,953)	-	-
Transfer to general reserve	21	44,527,162	14,776,489	39,546,242	13,724,582
Earnings per share (basic)	30	383 k	202 k	345 k	189 k
Earnings per share (adjusted)	30	308 k	112 k	278 k	105 k

The accounting policies on pages 41 to 43, and the notes on pages 47 to 68 form an integral part of these financial statements.

BALANCE SHEET



For the Period Ended 30 September 2008

		Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
	Note				
Assets					
Cash and short-term funds	7	1,176,302,666	574,957,394	1,108,827,501	563,581,290
Loans and advances	8	445,837,390	288,111,826	413,731,491	218,305,419
Other facilities	10(a)	5,801,093	4,701,891	5,801,093	4,701,891
Advances under finance lease	11	4,677,569	2,444,566	3,890,435	2,444,566
Other assets	12	40,326,339	24,177,368	29,667,893	14,839,588
Deferred tax asset	13	160,434	120,394	-	-
Investments	14	63,783,624	41,629,665	70,297,916	45,524,242
Fixed assets	15	50,942,583	36,799,420	48,085,676	34,543,930
Total assets		1,787,831,698	972,942,524	1,680,302,005	883,940,926
Liabilities					
Deposits	16	1,185,892,673	634,492,524	1,161,475,513	568,012,091
Other facilities	10(b)	5,859,690	4,749,385	5,859,690	4,749,385
Other liabilities	17	207,242,095	187,633,438	134,462,237	170,087,697
Current income tax	6	5,690,073	6,427,141	3,549,113	5,124,697
Deferred income tax liability	18	1,959,877	1,237,665	1,901,667	1,186,018
Borrowings	19	34,569,647	21,947,715	34,569,647	21,947,715
Total liabilities		1,441,214,055	856,487,868	1,341,817,867	771,107,603
Capital and reserves					
Share capital	20	8,372,398	4,632,762	8,372,398	4,632,762
Share premium	21	255,046,965	69,237,062	255,046,965	69,237,062
Statutory reserve	21	16,877,901	9,899,152	16,877,901	9,899,152
SMEIS reserve	21	3,729,204	3,729,204	3,729,204	3,729,204
General reserve	21	60,552,769	25,291,131	54,457,670	24,176,952
Contingency reserve	21	261,292	159,530	-	-
Revaluation reserve		322,292	79,437	-	-
Reserve for bonus issues	21	-	1,158,191	-	1,158,191
Foreign currency translation reserve	21	(814,576)	399,621	-	-
		344,348,245	114,586,090	338,484,138	112,833,323
Minority interest	22	2,269,398	1,868,566	-	-
Total shareholders' equity		346,617,643	116,454,656	338,484,138	112,833,323
Liabilities and equity		1,787,831,698	972,942,524	1,680,302,005	883,940,926
Confirmed credits and other obligations on behalf of customers	27(b)	724,297,739	298,138,069	704,386,584	294,444,783
Total assets plus contingents		2,512,129,437	1,271,080,593	2,384,688,589	1,178,385,709

The financial statements and notes on pages 44 to 68 were approved by the Board of Directors on 28 October 2008 and signed on its behalf by:

Macaulay Pepple (Chairman)

Jim Ovia (Group Managing Director and Chief Executive)

The accounting policies on pages 41 to 43, and the notes on pages 47 to 68 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the Period Ended 30 September 2008

	Notes	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Operating activities					
Cash generated from operations	28	458,017,208	253,179,324	402,349,288	247,059,463
Corporate tax paid		(4,159,420)	(3,991,739)	(3,274,889)	(3,776,104)
Net cashflows from operating activities		<u>453,857,788</u>	<u>249,187,585</u>	<u>399,074,399</u>	<u>243,283,359</u>
Investing activities					
Purchase of fixed assets	15	(23,263,103)	(17,572,651)	(22,048,244)	(15,940,295)
Proceed from sale of fixed assets		156,334	217,711	155,916	20,984
Small and Medium Scale Industries					
- investments in SMEEIS		(383,029)	(178,808)	(383,029)	(178,808)
- divestments from SMEEIS		426,347	-	426,347	-
Proceeds from Sale of investment		140,912	-	140,912	-
Increase in other investments		(12,013,473)	(3,186,246)	(6,365,525)	-
Investment in subsidiaries		-	-	(3,491,100)	(8,806,650)
Purchase of government bonds		(10,434,565)	(27,013,403)	(15,121,527)	(21,695,950)
Net cash used in investing activities		<u>(45,370,577)</u>	<u>(47,733,397)</u>	<u>(46,686,250)</u>	<u>(46,600,719)</u>
Financing activities					
Dividend paid		(9,265,524)	(6,600,000)	(9,265,524)	(6,600,000)
Net proceeds from issue of shares		188,391,348	1,523,513	188,391,349	1,523,513
Borrowed funds					
- inflow from long term borrowing		15,323,440	9,197,715	15,323,440	9,197,715
- repayment of long term borrowing		(2,701,508)	-	(2,701,508)	-
Receipt of other facilities		1,110,305	2,486,260	1,110,305	2,486,260
Minority interest's contribution to equity		-	1,729,350	-	-
Net cash (used in)/generated from financing activities		<u>192,858,061</u>	<u>8,336,838</u>	<u>192,858,062</u>	<u>6,607,488</u>
Increase in cash and short-term funds		<u>601,345,272</u>	<u>209,791,026</u>	<u>545,246,211</u>	<u>203,290,128</u>
Cash and short term funds at Start of period		<u>574,957,394</u>	<u>365,166,368</u>	<u>563,581,290</u>	<u>360,291,162</u>
Cash and short term funds at end of period		<u>1,176,302,666</u>	<u>574,957,394</u>	<u>1,108,827,501</u>	<u>563,581,290</u>

The accounting policies on pages 41 to 43, and the notes on pages 47 to 68 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

1 The Bank

Zenith Bank Plc was incorporated as Zenith International Bank Limited, a private limited liability company on 30 May, 1990 and was granted a banking licence in June 1990. The bank which is wholly owned by Nigerian citizens, commenced operations on 16 June 1990. The name of the bank was changed to Zenith Bank Plc on 20 May 2004, to reflect its status as a Public Limited Liability Company.

The Bank has ten subsidiary companies namely, Zenith Securities Limited, Zenith General Insurance Company Limited, Zenith Bank (Ghana) Limited, Zenith Pension Custodian Limited, Zenith Bank (UK) Limited, Zenith Capital Limited, Zenith Registrars Limited, Zenith Medicare Limited, Zenith Trust Company Limited and Zenith Life Assurance Company Limited. The results of these subsidiaries have been consolidated in these financial statements. The Bank also acquired significant shareholding in seven companies incorporated in Nigeria, Qubit Spectrum Limited, Venus Telecom Limited, Cyberspace Networks Limited and Omatek Computers Limited under the Small and Medium Enterprises Equity Investment Scheme (SMEIS).

	Group 15 Months to September 2008	Group 12 Months to June 2007	Bank 15 Months to September 2008	Bank 12 Months to June 2007
	N'000	N'000	N'000	N'000
2 Interest income				
Placements and short-term funds	43,571,574	18,418,956	42,492,981	17,921,729
Loans and advances	92,116,134	41,247,672	89,302,419	40,567,224
Government bonds	5,826,866	3,605,366	5,143,461	3,175,137
Advances under finance lease	875,706	352,936	875,706	352,936
	<u>142,390,280</u>	<u>63,624,930</u>	<u>137,814,567</u>	<u>62,017,026</u>
3 Interest Expense				
Customer deposits	53,295,922	18,905,883	49,956,260	18,680,221
Other banks' deposits	302,150	132,861	6,709	52,946
	<u>53,598,072</u>	<u>19,038,744</u>	<u>49,962,969</u>	<u>18,733,167</u>
4 Other operating income				
Fees	17,351,732	8,258,144	11,782,586	6,398,986
Foreign exchange earnings	5,764,058	2,216,580	5,013,450	2,064,414
Commissions	30,072,360	16,885,644	29,159,929	16,684,699
Other Income	12,715,351	3,894,815	6,304,502	2,028,655
	<u>65,903,501</u>	<u>31,255,183</u>	<u>52,260,467</u>	<u>27,176,754</u>
5 Operating expenses				
Staff costs (Note 25)	33,942,330	14,650,542	31,562,720	13,733,641
Depreciation (Note 15)	9,026,242	4,793,569	8,396,014	4,481,864
Auditors' remuneration	151,000	94,342	108,000	72,000
Directors' emoluments (Note 26)	493,702	314,460	272,145	181,430
Profit on disposal of fixed assets	(45,432)	(4,008)	(45,432)	(4,144)
(Profit)/ loss on disposal of investment (See Note (i))	(7,415)	-	20,248	-
Other expenses	48,689,742	28,483,850	44,781,021	26,923,669
	<u>92,250,169</u>	<u>48,332,755</u>	<u>85,094,715</u>	<u>45,388,460</u>

(i) Included in operating expenses is the amount of N7,415,000 and N20,248,000 representing the gain and loss to the Group and Bank respectively (2007: Group and Bank -NIL) for the disposal of 10% of the bank's equity ownership in Zenith Bank (Ghana) Limited.

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
6 Income tax				
Current income tax	4,145,907	5,727,233	2,561,272	4,643,134
Information technology tax	546,507	–	492,780	–
Education tax	614,475	584,900	495,060	481,562
Prior period over-provision	(1,849,807)	(81,153)	(1,849,807)	(81,153)
	<u>3,457,082</u>	<u>6,230,980</u>	<u>1,699,305</u>	<u>5,043,543</u>
Deferred income tax charge (Note 18)	723,575	785,941	715,649	736,140
Reversal during the period (Note 13)	(54,188)	(120,394)	–	–
Charge for the period	<u>4,126,469</u>	<u>6,896,527</u>	<u>2,414,954</u>	<u>5,779,683</u>
The movement in the current income tax payable balance is as follows:				
At start of the period	6,427,141	4,191,372	5,124,697	3,857,258
Tax paid	(4,159,420)	(3,991,739)	(3,274,889)	(3,776,104)
Tax effect of translation	(34,730)	(3,472)	–	–
Prior period over-provision	(1,849,807)	(81,153)	(1,849,807)	(81,153)
Income tax charge	<u>5,306,889</u>	<u>6,312,133</u>	<u>3,549,112</u>	<u>5,124,696</u>
At end of the period	<u>5,690,073</u>	<u>6,427,141</u>	<u>3,549,113</u>	<u>5,124,697</u>
7 Cash and short-term funds				
Cash	28,541,680	26,668,578	27,758,461	26,414,781
Balances with other banks				
Central banks	211,020,436	84,386,418	204,509,429	79,087,884
Local banks	308,191	3,920,377	–	–
Banks outside Nigeria	147,589,972	123,485,021	178,421,418	122,801,523
Short term funds				
Placements with local banks	164,725,646	358,702	78,566,000	–
Treasury bills	400,966,741	249,815,102	396,422,193	249,815,102
Secured treasury placement	223,150,000	86,323,196	223,150,000	85,462,000
	<u>1,176,302,666</u>	<u>574,957,394</u>	<u>1,108,827,501</u>	<u>563,581,290</u>

Included in balances with banks outside Nigeria is the amount of N65,892,939,000 and N65,353,040,000 for the Group and Bank respectively (2007: N 120,096,813,000 and N 119,967,325,000) which represents the Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities (See Note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 30 September 2008



	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
8 Loans and advances				
Overdrafts	201,588,635	170,810,035	188,484,464	106,772,949
Term loans	97,269,664	61,681,539	78,773,593	56,179,164
Commercial papers	124,696,912	38,940,711	123,871,427	38,621,996
Other loans	36,010,662	22,772,809	36,010,662	22,772,809
	<u>459,565,873</u>	<u>294,205,094</u>	<u>427,140,146</u>	<u>224,346,918</u>
Provision for loan losses and interest in suspense (Note 9)	(13,728,483)	(6,093,268)	(13,408,655)	(6,041,499)
	<u>445,837,390</u>	<u>288,111,826</u>	<u>413,731,491</u>	<u>218,305,419</u>
The nature of security in respect of loans and advances is as follows:				
Secured against real estate	231,086,853	63,645,361	231,086,853	63,645,361
Otherwise secured	141,709,322	108,987,768	141,709,322	108,987,768
Unsecured	86,769,698	121,571,965	54,343,971	51,713,789
	<u>459,565,873</u>	<u>294,205,094</u>	<u>427,140,146</u>	<u>224,346,918</u>
The performance of loans and advances is analysed as follows:				
Performing	450,002,460	290,182,717	417,735,226	220,324,541
Sub-standard	250,857	67	165,860	67
Doubtful	1,088,778	1,258,454	1,048,177	1,258,454
Lost	8,223,778	2,763,856	8,190,883	2,763,856
	<u>459,565,873</u>	<u>294,205,094</u>	<u>427,140,146</u>	<u>224,346,918</u>

9 Movement in provision for loan losses and interest in suspense

a Group

	Provision for loan losses		Interest in suspense		Total	Total
	2008 N'000	2007 N'000	2008 N'000	2007 N'000	2008 N'000	2007 N'000
At start of the period						
Non-performing	3,393,090	2,144,460	155,730	187,381	3,548,820	2,331,841
Performing	2,544,448	2,020,289	0	–	2,544,448	2,020,289
	<u>5,937,538</u>	<u>4,164,749</u>	<u>155,730</u>	<u>187,381</u>	<u>6,093,268</u>	<u>4,352,130</u>
Exchange Difference on translation of opening balance	3,040	–	–	–	3,040	–
Additional provision:						
Non-performing	4,419,347	1,351,698	1,373,846	(31,651)	5,793,193	1,320,047
Performing	1,838,982	524,159	–	–	1,838,982	524,159
Provision no longer required	–	(103,068)	–	–	–	(103,068)
At end of the period						
Non-performing	7,717,319	3,393,090	1,529,576	155,730	9,246,895	3,548,820
Performing	4,481,588	2,544,448	0	–	4,481,588	2,544,448
	<u>12,198,907</u>	<u>5,937,538</u>	<u>1,529,576</u>	<u>155,730</u>	<u>13,728,483</u>	<u>6,093,268</u>

b Bank

	Provision for loan losses		Interest in suspense		Total	Total
	2008 N'000	2007 N'000	2008 N'000	2007 N'000	2008 N'000	2007 N'000
At start of the period						
Non-performing	3,393,090	2,144,460	155,730	187,381	3,548,820	2,331,841
Performing	2,492,679	2,017,478	0	–	2,492,679	2,017,478
	<u>5,885,769</u>	<u>4,161,938</u>	<u>155,730</u>	<u>187,381</u>	<u>6,041,499</u>	<u>4,349,319</u>
Additional provision:						
Non-performing	4,324,229	1,351,698	1,358,254	(31,651)	5,682,483	1,320,047
Performing	1,684,673	475,201	–	–	1,684,673	475,201
Provision no longer required	–	(103,068)	–	–	–	(103,068)
At end of the period						
Non-performing	7,717,319	3,393,090	1,513,984	155,730	9,231,303	3,548,820
Performing	4,177,352	2,492,679	0	–	4,177,352	2,492,679
	<u>11,894,671</u>	<u>5,885,769</u>	<u>1,513,984</u>	<u>155,730</u>	<u>13,408,655</u>	<u>6,041,499</u>

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

	Group September 2008	Group June 2007	Bank September 2008	Bank June 2007
	N'000	N'000	N'000	N'000
9 (c) Bad and doubtful debt expense				
The charge/ (credit) for the period is analysed as follows:				
Loans and advances:				
Non-performing	4,419,347	1,351,698	4,324,229	1,351,698
Performing	1,838,982	524,159	1,684,673	475,201
Afrexim Facility	11,103	47,494	11,103	47,494
Provision no longer required	–	(103,068)	–	(103,068)
Leases (Note 11)	57,400	12,000	57,400	12,000
	<u>6,326,832</u>	<u>1,832,283</u>	<u>6,077,405</u>	<u>1,783,325</u>

10 Other Facilities

A The outstanding balance as at period end is as follows

At start of the period	5,859,690	4,749,385	5,859,690	4,749,385
Less: 1% Provision	(58,597)	(47,494)	(58,597)	(47,494)
At end of the period	<u>5,801,093</u>	<u>4,701,891</u>	<u>5,801,093</u>	<u>4,701,891</u>

b The movement on this account during the period was as follows:

At start of the period	4,749,385	2,263,125	4,749,385	2,263,125
Additional funds during the period	1,110,305	2,486,260	1,110,305	2,486,260
At end of the period	<u>5,859,690</u>	<u>4,749,385</u>	<u>5,859,690</u>	<u>4,749,385</u>

c The movement on general provision for Afrexim Loans during the period was as follows:

At start of the period	47,494	–	47,494	–
Provisions made during the period	11,103	47,494	11,103	47,494
At end of the period	<u>58,597</u>	<u>47,494</u>	<u>58,597</u>	<u>47,494</u>

The Afrexim facility represents \$49,798,924 (2007: \$37,458,671) disbursed to customers of the bank on behalf of African Export Import Bank (AFREXIM)

11 Advances under finance lease

a Gross investment	11,485,366	2,836,649	10,587,272	2,836,649
Less: Unearned income	(6,720,900)	(362,586)	(6,609,940)	(362,586)
Net Investment	4,764,466	2,474,063	3,977,332	2,474,063
Provision for advances under finance lease (b)	(86,897)	(29,497)	(86,897)	(29,497)
	<u>4,677,569</u>	<u>2,444,566</u>	<u>3,890,435</u>	<u>2,444,566</u>

For the Period Ended 30 September 2008

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
b Movement in provision for advances under finance lease				
At start of the period				
-Performing	29,497	17,497	29,497	17,497
Additional				
-Performing	57,400	12,000	57,400	12,000
At end of the period				
-Performing	86,897	29,497	86,897	29,497
12 Other assets				
Accrued interest	6,642,506	2,865,785	6,177,834	2,554,441
Prepayments	23,109,733	12,515,264	22,456,360	11,977,220
Sundry receivables	14,655,567	9,078,319	5,115,166	589,927
Less: Provision for other assets	(4,081,467)	(282,000)	(4,081,467)	(282,000)
	40,326,339	24,177,368	29,667,893	14,839,588
13 Deferred tax asset				
At start of the period	120,394	-	-	-
Tax credit during the period (Note 6)	54,188	120,394	-	-
Tax effect of translation	(14,148)	-	-	-
At end of the period	160,434	120,394	-	-
14 Investments				
a Investment in Government Securities				
FGN Bonds- Trading (Note (i))	864,421	-	-	-
Federal Government Bond -Held to Maturity (Note (ii))	44,119,144	35,152,415	44,119,144	28,995,950
Ghana Government Bond -Held to Maturity (Note (iii))	605,082	-	-	-
Lagos State Government Bond (Note (iv))	125,000	125,000	125,000	125,000
Edo State Revenue Bond	-	1,667	-	1,667
	45,713,647	35,279,082	44,244,144	29,122,617
b Investment in subsidiaries and affiliates				
Zenith Securities Limited	-	-	399,670	399,670
Zenith General Insurance Company Limited	-	-	3,977,548	3,977,548
Zenith Registrars Limited	-	-	50,000	50,000
Zenith Bank (Ghana) Limited	-	-	1,450,440	1,611,600
Zenith Pension Custodian Limited	-	-	1,980,000	1,980,000
Zenith Life Assurance Company Limited	-	-	150,000	150,000
Zenith Bank (UK) Limited	-	-	8,527,100	5,036,000
Zenith Capital Limited	-	-	400,000	400,000
	-	-	16,934,758	13,604,818

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
C Investment in Small and Medium Enterprises				
Venus Telecom Limited	100,000	100,000	100,000	100,000
Cyberspace Networks Limited	240,000	240,000	240,000	240,000
Qubit Spectrum Limited	100,000	100,000	100,000	100,000
Interswitch Limited	10,420	10,420	10,420	10,420
Omatek Computers Limited	–	159,951	–	159,951
Reliance Agro Limited	5,000	5,000	5,000	5,000
ATM Consortium	20,000	20,000	20,000	20,000
Best Foods Global	20,000	20,000	20,000	20,000
Emoota Farms	40,000	40,000	40,000	40,000
Living Witness	15,000	15,000	15,000	15,000
Richland Industries Limited	2,000	2,000	2,000	2,000
Accion Microfinance Limited	92,246	59,207	92,246	59,207
Socketworks Limited	60,000	60,000	60,000	60,000
Ondo Plastics Industries Limited	37,440	37,440	37,440	37,440
Cards Plant Limited	105,000	105,000	105,000	105,000
Africorp Projects Limited	66,562	80,000	66,562	80,000
Tinapa Business Resort Limited	250,000	250,000	250,000	250,000
Trust Hospital Limited	50,000	50,000	50,000	50,000
Frezone Plant Fabrication International Limited	100,000	100,000	100,000	100,000
Tempo & Packaging Limited	476,228	624,230	476,228	624,230
Ibad Limited	325,044	430,000	325,044	430,000
Flex Med- Care International Limited	200,000	200,000	200,000	200,000
De-Royal Mark Limited	6,000	6,000	6,000	6,000
Iven Tech Limited	12,000	12,000	12,000	12,000
Obagayan Farms Limited	230,000	–	230,000	–
Aluminium Solutions Limited	20,000	–	20,000	–
CR Services Limited	99,990	–	99,990	–
	<u>2,682,930</u>	<u>2,726,248</u>	<u>2,682,930</u>	<u>2,726,248</u>
Investments				
Smartcard Nigeria Plc	12,726	12,726	12,726	12,726
Nigeria Global Revenue Fund	5,250	5,250	5,250	5,250
Nigerian Interbank Settlement System	52,583	52,583	52,583	52,583
Africa Finance Corporation	6,365,525	–	6,365,525	–
Investments held by subsidiaries (Note (v))	8,950,963	3,553,775	–	–
	<u>15,387,047</u>	<u>3,624,334</u>	<u>6,436,084</u>	<u>70,559</u>
	<u>18,069,977</u>	<u>6,350,582</u>	<u>26,053,772</u>	<u>16,401,625</u>
Total investments	<u>63,783,624</u>	<u>41,629,665</u>	<u>70,297,916</u>	<u>45,524,242</u>
(i) FGN bonds- trading comprise:				
2nd FGN Bond Series 7 (17%)	40,000	–	–	–
3rd FGN Bond Series 12 (12 %)	102,860	–	–	–
3rd FGN Bond Series 15 (10.98 %)	500,000	–	–	–
4th FGN Bond Series 9 (9.35%)	168,380	–	–	–
4th FGN Bond Series 10 (9.50%)	96,439	–	–	–
	<u>864,421</u>	<u>–</u>	<u>–</u>	<u>–</u>

- (ii) As at 1 July 2007, the Bank held investments aggregating to N 28,995,000,000 (2007: N 7,000,000,000) in eight different tranches of Federal Government Bond. These Bonds have varying maturity dates and attract interest rates ranging between 9% and 16% per annum. During the period, the Bank invested more funds amounting to N16,316,000,000 in additional Federal Government Bonds. These have varying maturity dates and interest rates.
- (iii) During the period, Zenith UK Limited invested an amount of GBP 2,790,957 (N605,082,334) in Ghana Government Bonds (2007: NIL). The bond which is due to mature October 2017 is priced at 8.5% per annum.
- (iv) This represents the Bank's investment in Lagos State floating rate redeemable bond (2005/2009). The redeemable bond is priced at the higher of 4% above Central Bank of Nigeria's (CBN) treasury bills' rate and CBN Certificate rate plus 1% per annum.

The investments in Small and Medium Enterprises represent the bank's disbursement of funds under the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35).

15 Fixed assets

a. Group

	<i>Leasehold land & building</i>	<i>Leasehold improvement</i>	<i>Furniture, fittings & equipment</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Work in progress</i>	<i>Total</i>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<i>Cost</i>							
At start of the period	12,073,431	6,294,617	10,614,303	5,958,572	6,392,246	10,328,132	51,661,301
Additions	3,570,567	2,152,473	5,441,938	3,517,093	3,551,563	5,029,469	23,263,103
Reclassifications	96,788	(68,415)	(26,514)	(1,859)	–	–	–
Disposals	(45,456)	(12,992)	(197,113)	(35,377)	(470,601)	–	(761,539)
At end of the period	<u>15,695,330</u>	<u>8,365,683</u>	<u>15,832,614</u>	<u>9,438,429</u>	<u>9,473,208</u>	<u>15,357,601</u>	<u>74,162,865</u>
<i>Accumulated depreciation</i>							
At start of the period	410,364	3,312,347	4,310,603	3,579,206	3,249,361	–	14,861,881
Exchange Difference on translation of opening balance	29,026	(38,645)	(2,644)	2,263	(7,204)	–	(17,204)
Charge for the period	331,805	1,687,241	2,850,384	2,255,034	1,901,778	–	9,026,242
Reclassifications	28,804	(28,700)	(411)	307	–	–	–
Disposals	(2,116)	(14,275)	(192,892)	(29,094)	(412,260)	–	(650,637)
At end of the period	<u>797,883</u>	<u>4,917,968</u>	<u>6,965,040</u>	<u>5,807,716</u>	<u>4,731,675</u>	<u>–</u>	<u>23,220,282</u>
<i>Net book amount</i>							
At 30 September 2008	<u>14,897,447</u>	<u>3,447,715</u>	<u>8,867,574</u>	<u>3,630,713</u>	<u>4,741,533</u>	<u>15,357,601</u>	<u>50,942,583</u>
At 30 June 2007	<u>11,663,067</u>	<u>2,982,270</u>	<u>6,303,700</u>	<u>2,379,366</u>	<u>3,142,885</u>	<u>10,328,132</u>	<u>36,799,420</u>

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

b. Bank	<i>Leasehold land & building</i> N'000	<i>Leasehold improvement</i> N'000	<i>fittings & equipment</i> N'000	<i>Computer equipment</i> N'000	<i>Motor vehicles</i> N'000	<i>Work in progress</i> N'000	<i>Total</i> N'000
<i>Cost</i>							
At start of the period	11,680,814	5,759,124	10,194,330	5,508,528	6,015,472	9,814,801	48,973,069
Additions	3,364,199	2,168,005	5,282,213	3,048,704	3,315,569	4,869,554	22,048,244
Reclassifications	96,788	(68,415)	(26,514)	(1,859)	–	–	–
Disposals	(45,456)	(10,788)	(191,926)	(27,306)	(456,594)	–	(732,070)
At end of the period	<u>15,096,345</u>	<u>7,847,926</u>	<u>15,258,103</u>	<u>8,528,067</u>	<u>8,874,447</u>	<u>14,684,355</u>	<u>70,289,243</u>
<i>Accumulated depreciation</i>							
At start of the period	402,406	3,226,409	4,221,791	3,430,805	3,147,728	–	14,429,139
Charge for the period	327,679	1,556,206	2,721,384	2,015,554	1,775,191	–	8,396,014
Reclassifications	28,804	(28,700)	(411)	307	–	–	–
Disposals	(1,901)	(10,785)	(185,438)	(27,300)	(396,162)	–	(621,586)
At end of the period	<u>756,988</u>	<u>4,743,130</u>	<u>6,757,326</u>	<u>5,419,366</u>	<u>4,526,757</u>	<u>–</u>	<u>22,203,567</u>
<i>Net book amount</i>							
At 30 September 2008	<u>14,339,357</u>	<u>3,104,796</u>	<u>8,500,777</u>	<u>3,108,701</u>	<u>4,347,690</u>	<u>14,684,355</u>	<u>48,085,676</u>
At 30 June 2007	<u>11,278,408</u>	<u>2,532,715</u>	<u>5,972,539</u>	<u>2,077,723</u>	<u>2,867,744</u>	<u>9,814,801</u>	<u>34,543,930</u>

Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
--	---	---	--

16 Deposits

Demand	629,442,107	396,474,581	671,079,922	390,718,000
Savings	48,657,104	30,547,884	48,086,960	30,230,365
Term	371,556,974	188,702,032	308,694,914	131,843,040
Domiciliary	136,236,488	18,768,027	133,613,717	15,220,686
	<u>1,185,892,673</u>	<u>634,492,524</u>	<u>1,161,475,513</u>	<u>568,012,091</u>

17 Other liabilities

Customer deposits for letters of credit (Note 7)	65,892,939	120,096,813	65,353,040	119,967,325
Interest payable on deposits	4,298,144	1,560,207	3,605,864	1,159,508
Managers' cheques	38,310,329	16,391,243	38,030,277	16,215,422
Unearned income	10,732,025	3,216,501	10,677,565	3,186,680
Cheques in the course of collection	3,255,342	17,375,522	3,255,342	17,375,522
Other payables	84,753,316	28,993,152	13,540,149	12,183,240
	<u>207,242,095</u>	<u>187,633,438</u>	<u>134,462,237</u>	<u>170,087,697</u>

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
18 Deferred income tax liability				
At start of the period	1,237,665	451,724	1,186,018	449,878
Tax effect of translation	(1,363)	-	-	-
Charge for the period	723,575	785,941	715,649	736,140
At end of the period	<u>1,959,877</u>	<u>1,237,665</u>	<u>1,901,667</u>	<u>1,186,018</u>

The provision for deferred income tax is in respect of fixed assets.

19 Borrowings

Long term borrowing comprise:

Due to FMO(Note (i))	2,125,360	3,605,591	2,125,360	3,605,591
Due to ADB(Note (ii))	13,874,900	12,995,975	13,874,900	12,995,975
Due to ChinaExim(Note (iii))	1,686,726	2,908,003	1,686,726	2,908,003
Due to EIB(Note (iv))	1,336,528	633,950	1,336,528	633,950
Due to ICICI(Note (v))	3,530,010	633,950	3,530,010	633,950
Due to HSBC(Note (vi))	2,602,763	1,170,246	2,602,763	1,170,246
Due to PROPARCO(Note (vii))	2,941,675	-	2,941,675	-
Due to Standard Chartered Bank(Note (viii))	2,941,675	-	2,941,675	-
Due to Commerz Bank(Note (ix))	3,530,010	-	3,530,010	-
	<u>34,569,647</u>	<u>21,947,715</u>	<u>34,569,647</u>	<u>21,947,715</u>

- (i) The amount due to Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) of N2,125,360,187 (\$ 18,062,500) comprises the outstanding balance of two facilities in the sums of \$5,000,000 and \$25,000,000 granted by FMO in December 2005. The respective maturity periods of the facilities are 3 years 4 months and 2 years 3 months respectively. Both facilities are priced at 2.65% per annum above LIBOR.
- (ii) The amount due to African Development Bank (ADB) of N 13,874,900,417 (\$ 117,916,667) represents the outstanding balance of two tranches of dollar facilities in the sums of \$70,000,000 and \$100,000,000 granted by ADB in May 2005 and May 2007 respectively. Interest is payable half-yearly at the rate of LIBOR + 2.3 % per annum and LIBOR + 2.2% per annum respectively.
- (iii) The amount of N 1,686,725,901 (\$14,334,740) represents the ourstanding balance of a five year dollar facility granted by China Exim Bank. Interest is payable at 5.29% per annum. The facility will mature in 2 years and four months' time.
- (iv) The amount of N 1,336,527,956 (\$11,358,562) represents the dollar facility granted by European Investment Bank (EIB). Interest is payable at LIBOR plus 2.9% per annum. The facility will mature in four years' time.
- (v) The amount of N 3,530,010,000 (\$30,000,000) represents outstanding balance of four tranches of dollar facilities granted by ICICI Bank in the sums of \$5,000,000, \$5,000,000, \$5,000,000 and \$15,000,000 respectively. The portfolio of these facilities attract interest at varying rates between LIBOR + 1.9% and LIBOR + 2.65%. This facility will mature within the next year.

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

- (vi) The amount of N 2,602,762,861 (\$22,119,735) represents the outstanding balance of the dollar facility granted by HSBC in June 2007 for a period of five years. Interest is payable at the rate of LIBOR plus 0.6 % per annum. The facility will mature in 3 years and 9 months' time.
- (vii) The amount of N 2,941,675,000 (\$ 25,000,000) represents the dollar facility granted by Promotion et Participation pour la Coopération économique (PROPARCO). Interest is payable at LIBOR plus 2.50% per annum. The facility will mature in four years and one month's time.
- (viii) The amount of N 2,941,675,000 (\$ 25,000,000) represents the dollar facility granted by Standard Chartered Bank. Interest is payable at LIBOR plus 2.75% per annum. The facility will mature in October 2008.
- (ix) The amount of N 3,530,010,000 (\$30,000,000) represents the outstanding balance of the dollar facility granted by Commerz Bank in June 2007 for a period of 1 year. Interest is payable at the rate of LIBOR plus 1.95 % per annum. The facility will mature in February 2009.

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
20 Share capital				
<i>Authorised</i>				
20,000,000,000 ordinary shares of 50k each (2007: 10,000,000,000)	10,000,000	5,000,000	10,000,000	5,000,000
<i>Issued and fully paid</i>				
16,744,796,686 ordinary shares of 50k each (2007: 9,265,524,300)	8,372,398	4,632,762	8,372,398	4,632,762
<i>Movements during the period:</i>				
At start of the period	4,632,762	4,586,744	4,632,762	4,586,744
Capitalised during the period	1,158,191	-	1,158,191	-
Issue of new shares	2,581,445	46,018	2,581,445	46,018
At end of the period	<u>8,372,398</u>	<u>4,632,762</u>	<u>8,372,398</u>	<u>4,632,762</u>

At an Extra-ordinary General Meeting held on 6th February 2008, the shareholders approved an increase in the authorised share capital of the bank from N7,500,000,000 to N10,000,000,000. During the period, the bank issued additional 7,479,272,386 ordinary shares and realised N197,174,076,368. The new shares rank pari passu with the existing shares of the bank.

For the Period Ended 30 September 2008

21. Share premium and reserves

	Statutory reserve N'000	SMEELs reserve N'000	Share Premium N'000	General reserve N'000	30 September 2008 Total N'000	30 June 2007 Total N'000
a. Group						
At start of the period	9,899,152	3,729,204	69,237,062	25,291,131	108,156,549	95,876,192
Issue of new shares	-	-	194,592,631	-	194,592,631	1,509,381
Share issue expenses	-	-	(8,782,727)	-	(8,782,727)	(31,886)
Dividend Paid	-	-	-	(9,265,524)	(9,265,524)	(6,600,000)
Dividend proposed	-	-	-	-	-	9,265,524
From profit & loss account	6,978,749	-	-	44,527,162	51,505,911	8,137,338
At end of the period	<u>16,877,901</u>	<u>3,729,204</u>	<u>255,046,965</u>	<u>60,552,769</u>	<u>336,206,840</u>	<u>108,156,549</u>

	Bonus reserve N'000	Conversion reserve N'000	Contingency reserve N'000	30 September 2008 Total N'000	30 June 2007 Total N'000
Group					
At start of the period	1,158,191	399,620	159,530	1,717,341	179,575
Issue of new shares	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Capitalised during the period	(1,158,191)	-	-	(1,158,191)	-
Exchange difference on consolidation	-	(1,214,196)	-	(1,214,196)	263,622
Adjustment for Minority interest's share in prior year's reserves	-	-	(882)	(882)	-
From Profit & Loss account	-	-	102,644	102,644	1,274,144
At end of the period	<u>-</u>	<u>(814,576)</u>	<u>261,292</u>	<u>(553,284)</u>	<u>1,717,341</u>

	Bonus Issue reserve N'000	Statutory reserve N'000	SMEELs reserve N'000	Share Premium N'000	General reserve N'000	September 2008 Total N'000	30 June 2007 Total N'000
b. Bank							
At start of the period	1,158,191	9,899,152	3,729,204	69,237,062	24,176,952	108,200,561	95,813,921
Issue of new shares	-	-	-	194,592,630	-	194,592,630	1,509,381
Share issue expenses	-	-	-	(8,782,727)	-	(8,782,727)	(31,886)
Capitalised during the period	(1,158,191)	-	-	-	-	1,158,191	-
Dividend paid	-	-	-	-	(9,265,524)	(9,265,524)	(6,600,000)
Dividend proposed	-	-	-	-	-	-	9,265,524
From Profit & Loss Account	-	6,978,749	-	-	39,546,242	46,524,991	8,243,621
At end of the period	<u>-</u>	<u>16,877,901</u>	<u>3,729,204</u>	<u>255,046,965</u>	<u>54,457,670</u>	<u>330,111,740</u>	<u>108,200,561</u>

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
22 Minority Interest				
At start of the period	1,868,566	19,150	-	-
Adjustment to reflect changes in opening balance of minority interest	(207,704)	-	-	-
Nominal value of equity investment in subsidiary-Ghana (2007: Zenith General Insurance Company Limited)	161,160	288,226	-	-
Reserves acquired during the period	999	-	-	-
Minority Interest's share of Profit	383,684	102,799	-	-
Minority interest's share of revaluation reserve	62,693	17,266	-	-
Minority interest's portion of Share Premium	-	1,441,125	-	-
At end of the period	<u>2,269,398</u>	<u>1,868,566</u>	<u>-</u>	<u>-</u>
The analysis of percentage holding in respect of minority interest in the group is as follows:				
0.08% Shareholding in Zenith Securities Ltd	1,091	1,595	-	-
1.00% Shareholding in Zenith Pensions Custodian Company Limited	25,379	20,981	-	-
19.88% Shareholding in Zenith General Insurance Company Limited	1,584,814	1,845,990	-	-
19.88% Shareholding in Zenith Medicare Limited	30,694	-	-	-
18.39% Shareholding in Zenith Life Assurance Company Limited	401,054	-	-	-
0.01% Shareholding in Zenith Capital Limited	206	-	-	-
0.02% Shareholding in Zenith Registrars Limited	387	-	-	-
0.05% Shareholding in Zenith Trust Company Limited	48	-	-	-
10.00% Shareholding in Zenith Bank (Ghana) Limited	225,725	-	-	-
	<u>2,269,398</u>	<u>1,868,566</u>	<u>-</u>	<u>-</u>

23 Pension contribution

In accordance with the provisions of the Pensions Act 2004, the bank and its subsidiaries commenced a contributory pension scheme in January 2005. The contribution by employees and the bank are 2.5% and 12.5% respectively of the employees' basic salary, housing and transport allowances. The contribution by the group and the bank during the period were N 2,011,633,414 and N1,913,522,024 respectively (2007: N 1,123,113,000 and N1,103,468,000).

24 Related party transactions

- (i) The bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group. The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Name Of Borrowers	Acct No	Relationship To Reporting Institution	Approv/ renewal Date	Expiry Date	Rate of Interest	Principal	Cummulative Interest	Total Provision	Payment Made	Performing	Outstanding Credit		Perfected Security		
											Non Performing	Total	Nature	Value	Date of Valuation
Visafone Comm Ltd (Proparco Loan)	4020100391	Common Directorship	21/11/2007	20/11/2014	8	2,941,675,000.00	55,891,824.98	29,416,750.00	0.00	2,941,675,000.00	0.00	2,941,675,000.00	All Asset Debenture	18,849,256,785.60	15/2/2008
Visafone Communications Ltd (ICICI Loan)	4020100578	Common Directorship	21/11/2007	20/11/2014	7	800,848,922.00	14,355,374.00	8,008,489.22	0.00	800,848,922.00	0.00	800,848,922.00	All Asset Debenture	As above	As above
Visafone Communications Ltd (ADB Loan)	4020100667	Common Directorship	21/11/2007	20/11/2014	8	58,833,500.00	1,102,523.67	588,335.00	0.00	58,833,500.00	0.00	58,833,500.00	All Asset Debenture	As above	As above
Visafone Comm.Ltd (Commerzbank Loan)	4020100675	Common Directorship	21/11/2007	20/11/2014	8	3,279,660,757.00	62,313,554.35	32,796,607.57	0.00	3,279,660,757.00	0.00	3,279,660,757.00	All Asset Debenture	As above	As above
Visafone Communications Ltd (ICICI Loan)	4020100845	Common Directorship	03/07/2007	02/07/2014	8	258,154,078.00	5,765,683.00	2,581,540.78	0.00	258,154,078.00	0.00	258,154,078.00	Debenture on Equipment	As above	As above
Visafone Communications Ltd	6010175866	Common Directorship	03/07/2007	02/07/2014	19	518,944.00	5,076.01	5,189.44	0.00	518,944.00	0.00	518,944.00	Debenture on Equipment	As above	As above
Visafone Communications Ltd	8030100623	Common Directorship	03/07/2007	02/07/2014	0	2,061,385,364.00	0.00	20,613,853.64	0.00	2,061,385,364.00	0.00	2,061,385,364.00	Debenture on Equipment	As above	As above
Senforce Vegetable Oil Limited	6010105321	Common Shareholder	18/10/1993	17/10/1994	5	33,022,170.00	0.00	330,221.70	34,444,800.00	0.00	33,022,170.00	33,022,170.00	Charge On Assets/Legal	N/A Mortgage	N/A
Zenith Registrars Limited	6010146624	Subsidiary	27/06/2007	26/06/2009	19	220,000,000.00	3,540,437.16	2,200,000.00	0.00	220,000,000.00	0.00	220,000,000.00	None	N/A	N/A
Zenith Life Assurance Company Limited	6010147086	Subsidiary	12/09/2007	11/09/2009	19	150,000,000.00	2,413,934.43	1,500,000.00	0.00	150,000,000.00	0.00	150,000,000.00	None	N/A	N/A
Zenith Securities Ltd	6010143238	Subsidiary	17/09/2007	16/09/2007	19	250,000,000.00	4,023,224.04	2,500,000.00	0.00	250,000,000.00	0.00	250,000,000.00	None	N/A	N/A
Cyberspace Ltd	6010113819	Associated Company	21/10/2007	20/10/2007	19	240,000,000.00	3,862,295.08	2,400,000.00	0.00	240,000,000.00	0.00	240,000,000.00	None	N/A	N/A
Accion Microfinance Limited	6010161544	Investee Company (Under SMIEIS)	21/12/2007	20/12/2007	19	43,182,250.00	694,927.47	431,822.50	0.00	43,182,250.00	0.00	43,182,250.00	None	N/A	N/A

- ii Significant deposit balances held by the bank on behalf of related parties are as follows:

Entity	N'million	Relationship to the bank
Cyberspace Limited	333	Associated Company
Zenith Medicare Limited	297	Subsidiary
Zenith Capital Limited	44	Subsidiary
Zenith General Insurance Company Limited	2,445	Subsidiary
Zenith Life Assurance Company Limited	238	Subsidiary
Zenith Pensions Custodian Limited	2,707	Subsidiary
Zenith Registrars Limited	4,080	Subsidiary
Zenith Securities Limited	39,441	Subsidiary
Zenith Trust Company Limited	36	Subsidiary
Visafone Communications Limited	7,881	Common Directorship

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

	Group September 2008 Number	Group June 2007 Number	Bank September 2008 Number	Bank June 2007 Number
25 Employees				
The average number of persons employed during the period by category:				
Executive directors	19	9	6	6
Management	484	304	453	280
Non-management	7,125	5,122	6,691	4,680
	<u>7,628</u>	<u>5,435</u>	<u>7,150</u>	<u>4,966</u>
Compensation for the above persons (including executive directors):	N'000	N'000	N'000	N'000
Salaries and wages	31,912,255	13,527,429	29,649,198	12,630,173
Provision for retirement benefit (Note 23)	2,030,075	1,123,113	1,913,522	1,103,468
	<u>33,942,330</u>	<u>14,650,542</u>	<u>31,562,720</u>	<u>13,733,641</u>

The number of employees of the bank, other than directors, who earned salaries and emoluments (excluding pension and reimbursable expenses) are in the following ranges:

	Number	Number	Number	Number
Below N1,500,000	74	233	-	-
N1,500,000 – N2,000,000	185	1,825	-	1,731
N2,000,001 – N2,500,000	16	1,010	2,623	1,000
N2,500,001 – N3,000,000	2,639	35	-	-
N3,000,001 – N3,500,000	52	558	1,462	538
N3,500,001 – N3,800,000	6	551	-	542
N3,800,001 – N4,000,000	1,598	3	1,572	-
N4,000,001 – N4,500,000	22	10	-	-
N4,500,001 – N5,000,000	4	183	-	174
N5,000,000 and above	3,013	1,018	1,487	975
	<u>7,609</u>	<u>5,426</u>	<u>7,144</u>	<u>4,960</u>

	September 2008 N'000	June 2007 N'000	September 2008 N'000	June 2007 N'000
26 Directors' emoluments				
The remuneration paid to the directors of the bank was:				
Fees and sitting allowances	202,279	128,840	109,073	72,715
Executive compensation	291,423	185,620	163,073	108,715
	<u>493,702</u>	<u>314,460</u>	<u>272,145</u>	<u>181,430</u>

Fees and other emoluments disclosed above
Include amounts paid to:

The chairman	18,580	7,560	8,920	7,560
The highest paid director	52,500	82,112	52,500	35,000

The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	Number	Number
N5,500,001 and above	14	13

27 Contingent liabilities and commitments

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
(a) Capital commitments				
Authorised and contracted	<u>7,706,102</u>	<u>1,269,230</u>	<u>7,706,102</u>	<u>1,269,230</u>

(b) Confirmed credits and other obligations on behalf of customers

In the normal course of business the bank is a party to financial instruments with off-balance sheet risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
Contingent Liability - Bonds & Guarantees	303,589,594	136,869,226	288,026,282	135,641,000
Contingent Liability- Usance	142,193,722	62,407,817	137,845,879	59,942,757
Contingent Liability - Pension Funds(b (i))	<u>278,514,423</u>	<u>98,861,026</u>	<u>278,514,423</u>	<u>98,861,026</u>
	<u>724,297,739</u>	<u>298,138,069</u>	<u>704,386,584</u>	<u>294,444,783</u>

(b (i))

The amount of N 278,514,423,348 (2007: N 98,861 025,754) represents the full amount of the bank's guarantee for the assets held by its subsidiary, Zenith Pensions Custodian Limited under the latter's custodial business as required by the National Pensions Commission.

(c) Litigation

The Bank is a party to legal actions arising out of its normal business operations for claims against it amounting to N 538, 228,789 as at 30 September 2008 (2007: N983,430,800).

The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. Consequently, no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

	Group September 2008 N'000	Group June 2007 N'000	Bank September 2008 N'000	Bank June 2007 N'000
28 Cash generated from operations				
Reconciliation of profit before tax to cash generated from operations:				
Profit before tax	56,118,708	25,676,331	48,939,945	23,288,828
Provision for loan losses and interest in suspense	7,798,706	1,800,632	7,435,659	1,751,674
Depreciation	9,026,242	4,793,569	8,396,014	4,481,864
Exchange difference arising on the retranslation of retained earnings (subsidiaries)	95,238	(11,575)	-	-
Exchange difference arising on the retranslation of opening net assets (subsidiaries)	(1,061,951)	271,724	-	-
Exchange difference arising on the retranslation of opening accumulated depreciation	(17,204)	-	-	-
Realised loss/(gain) on disposal of subsidiary	(7,415)	-	20,248	-
Profit on disposal of fixed assets	(45,432)	(4,008)	(45,432)	(4,144)
	71,906,892	32,526,673	64,746,434	29,518,222
Increase in loans and advances	(165,360,779)	(89,615,434)	(202,793,228)	(20,289,739)
(Increase)/decrease in advances under finance leases	(2,290,403)	(740,202)	(1,503,269)	(740,202)
Increase in other facilities	(1,110,305)	(2,486,260)	(1,110,305)	(2,486,260)
Increase/ (Decrease) in other assets	(16,137,003)	(9,608,114)	(14,828,306)	(5,994,972)
Increase in deposits	551,400,149	241,183,948	593,463,422	175,148,392
Increase in other liabilities	19,608,657	81,918,713	(35,625,460)	71,904,022
Cash generated from operations	458,017,208	253,179,324	402,349,288	247,059,463

29 Liquidity risk

Maturities of assets and liabilities

a Group

	0 - 30 days N'000	31 - 90 days N'000	91 - 180 days N'000	181 - 365 days N'000	Over 1 year N'000	Total N'000
Assets						
Cash and short-term funds	429,564,372	163,363,239	110,772,785	64,704,731	407,897,539	1,176,302,666
Loans and advances	146,959,704	2,991	96,436	398,779	298,379,479	445,837,390
Other Facilities	-	-	-	-	5,801,093	5,801,093
Advances under finance lease	-	-	-	-	4,677,569	4,677,569
Other assets	151,423	136,284	-	-	40,038,631	40,326,339
Deferred tax asset	-	-	-	-	160,434	160,434
Investment	-	-	-	-	63,783,624	63,783,624
Fixed assets	-	-	-	-	50,942,583	50,942,583
	<u>576,675,500</u>	<u>163,502,515</u>	<u>110,869,221</u>	<u>65,103,511</u>	<u>871,680,952</u>	<u>1,787,831,698</u>
Liabilities						
Deposits	1,064,843,603	53,988,529	8,534,996	6,442,559	52,082,986	1,185,892,673
Other Facilities	-	-	-	-	5,859,690	5,859,690
Other liabilities	3,925,525	-	87,764,482	112,823,208	2,728,881	207,242,095
Current income tax	-	-	-	-	5,690,073	5,690,073
Deferred income tax liability	-	-	-	-	1,959,877	1,959,877
Borrowings	-	-	-	-	34,569,647	34,569,647
	<u>1,068,769,128</u>	<u>53,988,529</u>	<u>96,299,478</u>	<u>119,265,767</u>	<u>102,891,154</u>	<u>1,441,214,055</u>
Net liquidity gap	<u>(492,093,629)</u>	<u>109,513,986</u>	<u>14,569,743</u>	<u>(54,162,256)</u>	<u>768,789,799</u>	<u>346,617,643</u>
As at 30 June 2007						
Total assets	585,248,733	158,078,841	59,584,297	10,886,535	159,144,117	972,942,523
Total liabilities	580,279,771	69,110,935	19,435,723	1,861,281	185,800,158	856,487,868
Net liquidity gap	<u>4,968,962</u>	<u>88,967,906</u>	<u>40,148,574</u>	<u>9,025,254</u>	<u>(26,656,041)</u>	<u>116,454,655</u>

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

b Maturities of assets and liabilities

Bank

	0 - 30 days N'000	31 - 90 days N'000	91 - 180 days N'000	181 - 365 days N'000	Over 1 year N'000	Total N'000
Assets						
Cash and short-term funds	388,064,793	147,580,958	100,071,190	58,453,703	414,656,857	1,108,827,501
Loans and advances	248,496,489	1,121,114	6,365,620	12,944,562	144,803,706	413,731,491
Other Facilities	-	-	-	-	5,801,093	5,801,093
Advances under finance lease	-	-	-	-	3,890,435	3,890,435
Other assets	67,861	-	-	-	29,600,032	29,667,893
Investment	-	-	-	-	70,297,916	70,297,916
Fixed assets	-	-	-	-	48,085,676	48,085,676
	<u>636,629,143</u>	<u>148,702,072</u>	<u>106,436,810</u>	<u>71,398,265</u>	<u>717,135,715</u>	<u>1,680,302,005</u>
Liabilities						
Deposits	1,096,017,820	50,683,452	8,012,499	6,048,158	713,584	1,161,475,513
Other Facilities	-	-	-	-	5,859,690	5,859,690
Other liabilities	3,925,525	-	78,010,787	49,173,738	3,352,187	134,462,237
Current income tax	-	-	-	-	3,549,113	3,549,113
Deferred taxation	-	-	-	-	1,901,667	1,901,667
Borrowings	-	-	-	-	34,569,647	34,569,647
	<u>1,099,943,345</u>	<u>50,683,452</u>	<u>86,023,286</u>	<u>55,221,896</u>	<u>49,945,888</u>	<u>1,341,817,867</u>
Net liquidity gap	<u>(463,314,202)</u>	<u>98,018,620</u>	<u>20,413,524</u>	<u>16,176,369</u>	<u>667,189,827</u>	<u>338,484,138</u>
As at 30 June 2007						
Total assets	569,148,756	104,127,976	27,864,306	10,715,007	172,084,881	883,940,926
Total liabilities	558,442,947	17,586,326	16,889,677	1,861,281	176,327,372	771,107,603
Net liquidity gap	<u>10,705,809</u>	<u>86,541,650</u>	<u>10,974,629</u>	<u>8,853,726</u>	<u>(4,242,491)</u>	<u>112,833,323</u>

The table above analyses assets and liabilities of the bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group and the bank. It is unusual for banks to be completely matched since business transacted is often of uncertain terms and of different types.

The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and the bank and its exposure to changes in interest rates.

30 Earnings Per Share

	Group September 2008	Group June 2007	Bank September 2008	Bank June 2007
Profit Attributable to shareholders of the bank (N'000)	51,608,555	18,677,006	46,524,991	17,509,145
Weighted Average number of ordinary shares in issue	13,486,990	9,242,326	13,486,990	9,242,326
Number of shares in issue at end of the period	16,744,797	16,744,797	16,744,797	16,744,797
Basic earnings per share (Kobo)	383 k	202 k	345 k	189 k
Adjusted earnings per share (Kobo)	308 k	112 k	278 k	105 k

Earning per share (basic) is calculated by using the weighted average number of shares in issue during the period as the denominator.

Earnings per share (adjusted) is calculated by using the number of shares in issue during the period as the denominator

31 Segment Reporting

(a) By Business Segment

The Zenith Group's business activities are conducted principally through four segments:

Corporate and Retail Banking

This segment provides a broad range of banking services to a diverse group of corporations, financial institutions, investment funds, governments and individuals.

Investment Management and Securities Trading

Provision of investment advisory, financial planning services and investment product offerings (primarily through separately managed accounts such as mutual funds and private investment funds) to a diverse group of institutions and individuals. It also includes brokerage services, financing services and securities lending services to institutional clients, including mutual funds, pension funds and to high-net-worth individuals.

General, Health and Life Insurance

The Group's general insurance operations write substantially all lines of insurance other than title insurance while its life and health insurance operations offer a broad line of individual and group life, annuity and accident and health policies.

Others

This segment provides share registration, pension custodial and funds trusteeship services. None of these individual activities or services constitutes a separate reportable segment.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet, but exclude items such as taxation and borrowings.

NOTES TO THE FINANCIAL STATEMENTS



For the Period Ended 30 September 2008

The following summarises the Group's operations by major operating segments for the period under review.

	Corporate and Retail Banking N'000	Investment Management and Securities Trading N'000	General, Health and Life Insurance N'000	Others N'000	Eliminations N'000	Consolidated N'000
Revenue:						
Derived from external customers	193,070,640	8,848,691	3,255,281	3,119,169	–	208,293,781
Derived from other business Segments	7,196,642	528,673	365,412	407,338	(8,498,065)	–
Total revenue	<u>200,267,282</u>	<u>9,377,364</u>	<u>3,620,693</u>	<u>3,526,507</u>	<u>(8,498,065)</u>	<u>208,293,781</u>
Expense:						
Operating expenses (including Interest expenses and loan loss Expenses)	149,822,413	7,812,618	1,888,962	1,149,145	(8,498,065)	152,175,073
Total cost	<u>149,822,413</u>	<u>7,812,618</u>	<u>1,888,962</u>	<u>1,149,145</u>	<u>(8,498,065)</u>	<u>152,175,073</u>
Profit before tax	50,444,869	1,564,746	1,731,731	2,377,362	–	56,118,708
Tax	(2,566,480)	(392,999)	(390,339)	(776,651)	–	(4,126,469)
Profit after tax	<u>47,878,389</u>	<u>1,171,747</u>	<u>1,341,392</u>	<u>1,600,711</u>	<u>–</u>	<u>51,992,239</u>
Other segment items						
Capital expenditure	22,603,861	417,426	162,663	79,153	–	23,263,103
Depreciation expense	8,820,674	48,783	58,919	97,866	–	9,026,242
Identifiable assets	1,813,370,017	65,328,859	13,712,544	12,627,743	(117,207,465)	1,787,831,698
Identifiable liabilities	1,465,328,950	62,063,388	3,397,330	8,358,255	(97,933,868)	1,441,214,055

Capital expenditure comprises additions to fixed assets including additions resulting from acquisitions through business combinations.

All transactions between business segments are conducted on an arm's length basis. Internal charges and transfer pricing adjustments are reflected in the performance of each business segment.

(b) By Geographical segment:

	Nigeria N'000	Rest of Africa N'000	Europe N'000	Eliminations N'000	Consolidated N'000
Revenue:					
Derived from external customers	198,101,532	6,194,393	3,997,856	-	208,293,781
Derived from other business segments	8,498,065	-	-	(8,498,065)	-
Total revenue	<u>206,599,597</u>	<u>6,194,393</u>	<u>3,997,856</u>	<u>(8,498,065)</u>	<u>208,293,781</u>
Expense:					
Operating expenses (including Interest expenses and loan loss expenses)	<u>151,978,397</u>	<u>4,696,446</u>	<u>3,998,295</u>	<u>(8,498,065)</u>	<u>152,175,073</u>
Total cost	<u>151,978,397</u>	<u>4,696,446</u>	<u>3,998,295</u>	<u>(8,498,065)</u>	<u>152,175,073</u>
Profit before tax	54,621,200	1,497,947	(439)	-	56,118,708
Tax	<u>(3,974,943)</u>	<u>(77,947)</u>	<u>(73,579)</u>	<u>-</u>	<u>(4,126,469)</u>
Profit after tax	<u>50,646,257</u>	<u>1,420,000</u>	<u>(74,018)</u>	<u>-</u>	<u>51,992,239</u>
Other segment items					
Capital expenditure	<u>22,707,488</u>	<u>411,827</u>	<u>143,788</u>	<u>-</u>	<u>23,263,103</u>
Depreciation expense	<u>8,601,583</u>	<u>339,242</u>	<u>85,417</u>	<u>-</u>	<u>9,026,242</u>
Identifiable assets	<u>1,771,971,149</u>	<u>36,151,618</u>	<u>96,916,396</u>	<u>(117,207,465)</u>	<u>1,787,831,698</u>
Identifiable liabilities	<u>1,415,636,841</u>	<u>33,894,372</u>	<u>89,616,710</u>	<u>(97,933,868)</u>	<u>1,441,214,055</u>

32 Contraventions

Details of banking legislation which the bank contravened are as follows:

Nature of Contravention	No of times	Penalties (N'000)
1 Non-implementation of previous examination recommendation	1	2,000
2 Treatment of Open Buy Back (OBB) transactions as part of Treasury Bills portfolio	1	2,000
3 Reporting of AFREXIM facilities as contingent liability	1	2,000

33 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

STATEMENT OF VALUE ADDED (Group)



For the Period Ended 30 September 2008

	Group 2008 N'000	%	Group 2007 N'000	%
Gross income	208,293,781		94,880,113	
Interest paid	(53,598,072)		(19,038,744)	
	<u>154,695,709</u>		<u>75,841,369</u>	
Administrative overheads	(39,961,885)		(31,554,168)	
Value added	<u>114,733,824</u>	<u>100</u>	<u>44,287,201</u>	<u>100</u>
Distribution				
Employees				
Salaries and benefits	33,942,330	30	14,650,542	33
Providers of funds				
Dividend	9,265,524	8	6,600,000	15
Government				
Income tax	4,180,657	4	6,896,526	16
The future				
Asset replacement (depreciation)	9,026,242	7	4,793,569	11
Profit for the period (including statutory, small scale industry, contingency reserves And minority interest)	51,992,239	45	9,514,281	21
Provision for losses	6,326,832	6	1,832,283	4
	<u>114,733,824</u>	<u>100</u>	<u>44,287,201</u>	<u>100</u>

STATEMENT OF VALUE ADDED (Bank)

For the Period Ended 30 September 2008

	Bank 2008 N'000	%	Bank 2007 N'000	%
Gross income	190,075,034		89,193,780	
Interest paid	(49,962,969)		(18,733,167)	
	140,112,065		70,460,613	
Administrative overheads	(35,870,458)		(29,838,479)	
Value added	104,241,607	100	40,622,134	100
Distribution				
Employees				
Salaries and benefits	31,562,720	30	13,733,642	34
Providers of funds				
Dividend	9,265,524	9	6,600,000	16
Government				
Income tax	2,414,954	2	5,779,683	14
The future				
Asset replacement (depreciation)	8,396,014	8	4,481,864	11
Expansion (retained profit)	46,524,990	45	8,303,114	21
Provision for losses	6,077,405	6	1,723,831	4
	104,241,607	100	40,622,134	100

These statements represent the distribution of the wealth created through the use of the group's assets through its own and its employees' efforts.

FOUR YEAR FINANCIAL SUMMARY



Group	2008 N'000	2007 N'000	2006 N'000	2005 N'000
ASSETS EMPLOYED				
Cash and short term funds	1,176,302,666	574,957,394	365,166,368	162,698,923
Loans and advances	445,837,390	288,111,826	200,237,530	121,625,817
Other Facilities	5,801,093	4,701,891	2,263,125	–
Advances under finance lease	4,677,569	2,444,566	1,716,364	841,165
Other assets	40,326,339	24,177,368	14,569,251	23,161,581
Deferred tax asset	160,434	120,394	–	–
Investment	63,783,624	41,629,665	11,154,504	6,205,718
Fixed assets	50,942,583	36,799,420	24,234,041	15,474,123
	<u>1,787,831,698</u>	<u>972,942,524</u>	<u>619,341,183</u>	<u>330,007,327</u>
FINANCED BY				
Deposits	1,185,892,673	634,492,524	393,308,576	233,038,646
Other facilities	5,859,690	4,749,385	2,263,125	–
Other liabilities	207,242,095	187,633,438	105,714,725	52,332,741
Current income tax	5,690,073	6,427,141	4,191,372	2,085,832
Deferred income tax liability	1,959,877	1,237,665	451,724	449,878
Borrowings	34,569,647	21,947,715	12,750,000	–
	<u>1,441,214,055</u>	<u>856,487,868</u>	<u>518,679,522</u>	<u>287,907,097</u>
Net Assets	<u>346,617,643</u>	<u>116,454,656</u>	<u>100,661,661</u>	<u>42,100,230</u>
Share capital	8,372,398	4,632,762	4,586,744	3,000,000
Share premium	255,046,965	69,237,062	67,759,567	18,224,108
Reserves for Small Scale Industries	3,729,204	3,729,204	3,729,204	2,580,324
Other reserves	<u>77,199,678</u>	<u>36,987,062</u>	<u>24,566,996</u>	<u>18,295,599</u>
Shareholders' Funds	344,348,245	114,586,090	100,642,511	42,100,031
Minority Interest	2,269,398	1,868,566	19,150	199
	<u>346,617,643</u>	<u>116,454,656</u>	<u>100,661,661</u>	<u>42,100,230</u>
Acceptances and guarantees	<u>724,297,739</u>	<u>298,138,069</u>	<u>156,685,122</u>	<u>41,004,756</u>
PROFIT AND LOSS ACCOUNT				
Gross Earnings	208,293,781	94,880,113	60,002,149	35,312,473
Interest expense	(53,598,072)	(19,038,744)	(10,376,926)	(5,594,029)
Operating expenses	(92,250,169)	(48,332,755)	(32,725,662)	(18,555,976)
Loan loss expense	<u>(6,326,832)</u>	<u>(1,832,283)</u>	<u>(1,309,736)</u>	<u>(1,974,967)</u>
Profit before tax	56,118,708	25,676,331	15,589,825	9,187,501
Income tax	<u>(4,126,469)</u>	<u>(6,896,527)</u>	<u>(3,970,598)</u>	<u>(2,044,235)</u>
Profit after tax	51,992,239	18,779,804	11,619,227	7,143,266
Minority Interest	<u>(383,684)</u>	<u>(102,799)</u>	<u>1,049</u>	<u>(120)</u>
Profit attributable to Group Shareholders	51,608,555	18,677,005	11,620,276	7,143,146
Dividend proposed	–	(9,265,524)	(6,600,000)	(4,200,000)
Dividend	<u>9,265,524</u>	<u>6,600,000</u>	<u>4,200,000</u>	<u>2,167,977</u>
Transfer to reserves	<u>60,874,079</u>	<u>16,011,481</u>	<u>9,220,276</u>	<u>5,111,123</u>
Earnings per share (basic)	383 k	202 k	193 k	135k
Earnings per share (adjusted)	308 k	202 k	125 k	135 k

	2008 N'000	2007 N'000	2006 N'000	2005 N'000	2004 N'000
ASSETS EMPLOYED					
Cash and short-term funds	1,108,827,501	563,581,290	360,291,162	180,407,249	121,891,453
Loans and advances	413,731,491	218,305,419	199,707,860	122,494,396	53,391,209
Other facilities	5,801,093	4,701,891	2,263,125	3,168,585	-
Advances under finance lease	3,890,435	2,444,566	1,716,364	841,165	847,861
Other assets	29,667,893	14,839,588	9,105,717	4,755,887	3,294,490
Investments	70,297,916	45,524,242	14,581,735	6,139,063	4,427,083
Fixed assets	48,085,676	34,543,930	23,102,337	15,078,751	9,469,393
	<u>1,680,302,005</u>	<u>883,940,926</u>	<u>610,768,300</u>	<u>332,885,096</u>	<u>193,321,489</u>
FINANCED BY					
Share capital	8,372,398	4,632,762	4,586,744	3,000,000	1,548,555
Share premium	255,046,965	69,237,062	67,759,567	18,224,108	-
Reserves for Small Scale Industries	3,729,204	3,729,204	3,729,204	2,580,324	1,864,731
Other reserves	71,335,571	35,234,295	24,325,150	13,985,230	12,261,082
Deposits	1,161,475,513	568,012,091	392,863,699	233,413,428	131,095,341
Other liabilities	134,462,237	170,087,697	98,183,675	56,013,477	44,920,930
Other Facilities	5,859,690	4,749,385	2,263,125	3,168,585	-
Taxation	3,549,113	5,124,697	3,857,258	2,050,066	1,363,979
Deferred taxation	1,901,667	1,186,018	449,878	449,878	266,871
Borrowings	34,569,647	21,947,715	12,750,000	-	-
	<u>1,680,302,005</u>	<u>883,940,926</u>	<u>610,768,300</u>	<u>332,885,096</u>	<u>193,321,489</u>
Acceptances and guarantees	<u>704,386,584</u>	<u>294,444,783</u>	<u>149,203,099</u>	<u>41,004,756</u>	<u>21,905,277</u>
PROFIT AND LOSS ACCOUNT					
Gross Earnings	190,075,034	89,193,780	58,221,823	34,913,462	23,931,255
Interest expense	(49,962,969)	(18,733,167)	(10,462,632)	(5,620,169)	(3,331,910)
Operating expenses	(85,094,715)	(45,388,460)	(31,298,175)	(18,153,540)	(13,797,311)
Loan loss expense	(6,077,405)	(1,783,325)	(1,306,925)	(1,974,966)	(397,149)
	<u>48,939,945</u>	<u>23,288,828</u>	<u>15,154,091</u>	<u>9,164,787</u>	<u>6,404,885</u>
Profit before tax	48,939,945	23,288,828	15,154,091	9,164,787	6,404,885
Income tax	(2,414,954)	(5,779,683)	(3,665,291)	(2,008,861)	(1,214,117)
	<u>46,524,991</u>	<u>17,509,145</u>	<u>11,488,800</u>	<u>7,155,926</u>	<u>5,190,768</u>
Profit after tax	46,524,991	17,509,145	11,488,800	7,155,926	5,190,768
Dividend proposed	-	(9,265,524)	(6,600,000)	(4,200,000)	(2,167,977)
Dividend	9,265,524	6,600,000	4,200,000	2,167,977	1,083,989
	<u>55,790,515</u>	<u>14,843,621</u>	<u>9,088,800</u>	<u>5,123,903</u>	<u>4,106,780</u>
Earnings per share (basic)	345 k	189 k	191 k	136 k	168 k
Earnings per share (adjusted)	278 k	105 k	124 k	119 k	86 k

ZENITH BANK PLC

PROXY CARD

ANNUAL GENERAL MEETING TO BE HELD AT 9.00 A.M.
ON 4TH DAY OF DECEMBER, 2008 AT
THE BANQUET HALL, YAR' ADUA MEMORIAL CENTRE, ABUJA.

I/We* _____
(Name of shareholder in block letters)

of _____

being a member/members of Zenith Bank Plc hereby appoint **

failing him, Jim Ovia

as my/our proxy to act and vote for me/us on my/our behalf at
The Annual General Meeting of the bank on the 4th day of
December, 2008 or at any adjournment thereof.

Dated this _____ day of _____ 2008

Shareholder's Signature(s) _____

This Proxy Form should not be completed and sent to the bank's
registered address if the member will be attending the Meeting.

The manner in which the Proxy is to vote should be
indicated by inserting "X" in the appropriate space.

NUMBER OF SHARES			
	RESOLUTIONS	FOR	AGAINST
1.	To receive the Accounts and the Reports thereon.		
2.	To declare a Dividend		
3.	To re-elect as Directors		
		
		
		
4.	To fix the remuneration of the Directors		
5.	To authorise the Directors to fix the remuneration of the Auditors		
6.	To elect members of the audit Committee		

Please indicate with an "X" in the appropriate square how
you wish your votes to be cast on resolutions set out above.
Unless otherwise instructed the proxy will vote or abstain
from voting at his discretion.

BEFORE POSTING THE ABOVE FORM, PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

ADMISSION FORM

Annual General Meeting to be held at 9:00 a.m. on Thursday,
4th December, 2008 at THE SHEHU MUSA YAR'ADUA CENTER,
ABUJA.

A member (Shareholder) who is unable to attend an Annual
General Meeting is allowed by law to vote on a poll by proxy.
The above form has been prepared to enable you to exercise
your right to vote, in case you cannot personally attend the
Meeting.

Following the normal practice, the names of two Directors of
the Company have been entered on the form to ensure that
someone will be at the Meeting to act as your proxy, but if you
wish, you may insert in the blank space on the form (marked**) the
name of any person whether a Member of the Company or not,
who will attend the Meeting and vote on your behalf instead of
one of the Directors.

NUMBER OF SHARES

Please sign the above proxy form and post it, so as to reach the
address overleaf not later than 48 hours before the time for holding
the meeting.

If executed by a corporation, the proxy form should be sealed with
the Corporation's Common Seal.

IMPORTANT

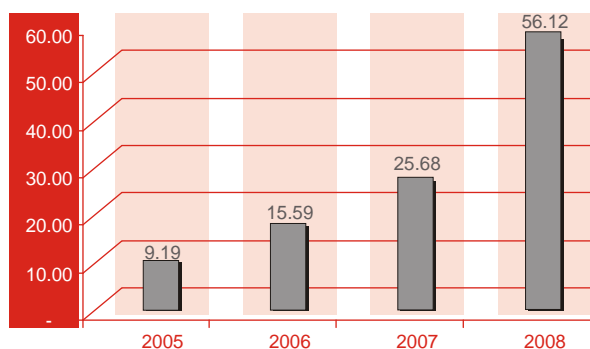
The name of the Shareholder must be written in BLOCK CAPITALS on
the proxy form where marked. This admission form must be
produced by the Shareholder or his proxy, who need not be a
member of the Company, in order to obtain entrance to the Annual
General Meeting.

Signature of person attending _____

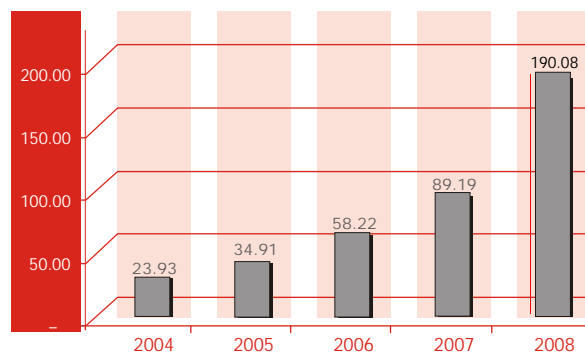
REGISTRAR
ZENITH REGISTRARS LIMITED,
89A, AJOSE ADEOGUN STREET,
VICTORIA ISLAND,
LAGOS.

GROUP FINANCIAL HIGHLIGHT

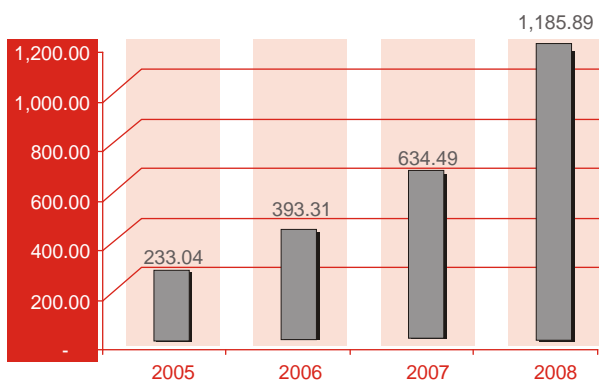
Profit Before Tax (Group) (N'b)



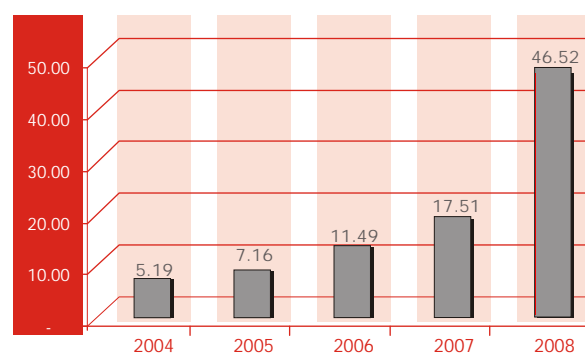
Gross Earnings (Bank) (N'b)



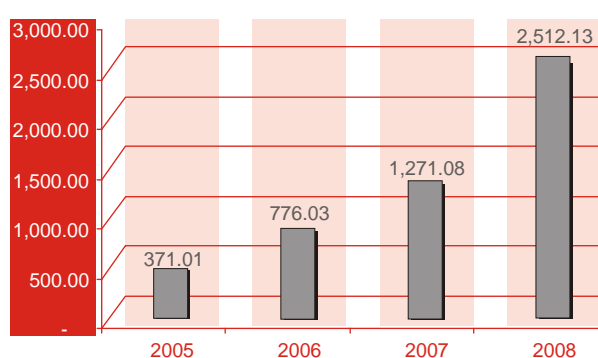
Total Deposits (Group) (N'b)



Profit After Tax (Bank) (N'b)



Total Assets + Contingents (Group) (N'b)



Shareholder's Fund (Bank) (N'b)

