

RATINGS RELEASE

AGUSTO & CO MAINTAINS THE "Aaa" RATING OF ZENITH BANK PLC

Agusto & Co. upholds the **Aaa** rating of Zenith Bank Plc. The outlook on the rating is stable. The rating reflects the Bank's dominant industry position, strong asset quality, strong liquidity profile, good capitalization, sound management and high earnings.

With a total asset base of N1.1 trillion (US\$8.7 billion) as at year ended 30 June 2007, Zenith is one of the leading banks in Nigeria, controlling an estimated 14% market share of total local currency deposits and 12% of both the industry's pre-tax profits and net earnings. Zenith's ratio of non-performing loans to total loans has consistently been the lowest amongst its peers and one of the lowest in the industry. The Bank's strong asset quality is underpinned by a strong risk management culture and low risk appetite.

Zenith has a good funding base upheld by its strong brand, wide branch network and enhanced by an aggressive marketing drive. We consider the Bank's liquidity profile to be strong and in our opinion, its ability to refinance is good. Zenith's profitability is upheld by a low cost funding base, but remains hampered by its high cost profile. The Bank achieved a pre-tax ROE of 22.5% in the year under review. Agusto & Co believes that expansion and reducing margins could place further pressures on profitability going forward.

The Bank is adequately capitalized with a Basel ratio of 29% as at year end. Zenith's management is experienced & stable and we believe that this has helped to drive performance over shares.

The stable outlook on the Bank reflects Agusto & Co.'s expectations that Zenith will maintain its performance and sound financial condition in the short to medium term

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