



ZENITH BANK PLC
CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

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Certification pursuant to section 60(2) of Investment and Securities Act No. 29 Of 2007

We the undersigned hereby certify the following with regards to our financial report for the period ended 30 September 2016 that:


- (a) We have reviewed the report;
- (b) To the best of our knowledge , the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;
- (c) To the best of our knowledge, the financial statement and other financial Information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and the periods presented in the report.
- (d) We:
 - (i) Are responsible for establishing and maintaining internal controls;
 - (ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the reports;
 - (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involve management or other employees who have significant role in the company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses .



Peter Amangbo

Group Managing Director/CEO

FRC/2013/ICAN/00000001310



Ebenezer Onyeagwu

Executive Director

FRC/2013/ICAN/00000003788

Statement Of Directors' Responsibilities

In relation to the Interim financial statements for the period ended 30 September 2016

The Directors accept responsibility for the preparation of interim financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

Signed on behalf of the board of directors by:



Peter Amangbo
Group Managing Director/CEO
FRC/2013/ICAN/00000001310



Ebenezer Onyeagwu
Executive Director
FRC/2013/ICAN/00000003788

Statements of profit or loss and other comprehensive income

| In millions of Naira | Notes | Group | | | | Bank | | | |
|--|-------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |
| Gross earnings | | 165,540 | 380,352 | 336,853 | 432,535 | 149,958 | 342,121 | 311,749 | 396,653 |
| Interest and similar income | 14 | 104,266 | 285,674 | 256,737 | 348,179 | 89,566 | 255,195 | 233,890 | 317,419 |
| Interest and similar expense | 15 | (41,472) | (95,857) | (95,337) | (123,597) | (37,239) | (86,851) | (89,150) | (114,936) |
| Net interest income | | 62,794 | 189,817 | 161,400 | 224,582 | 52,327 | 168,344 | 144,740 | 202,483 |
| Impairment charge for credit loss | 16 | (7,626) | (21,858) | (9,725) | (15,673) | (4,636) | (15,780) | (8,792) | (11,091) |
| Net interest income after impairment charge for credit losses | | 55,168 | 167,959 | 151,675 | 208,909 | 47,691 | 152,564 | 135,948 | 191,392 |
| Fees and commissions income | 17 | 15,581 | 46,282 | 54,500 | 60,904 | 11,476 | 36,706 | 46,570 | 50,313 |
| Trading income | 18 | 17,274 | 16,410 | 15,914 | 18,150 | 17,205 | 16,228 | 15,914 | 17,884 |
| Other income | 19 | 28,419 | 31,986 | 9,702 | 5,302 | 31,711 | 33,992 | 15,375 | 11,037 |
| Share of profit from associates | 31 | - | - | 206 | 228 | - | - | - | - |
| Amortisation of intangible assets | 36 | (373) | (1,069) | (851) | (1,239) | (358) | (1,028) | (826) | (1,129) |
| Depreciation of property and equipment | 35 | (2,567) | (7,091) | (7,137) | (9,188) | (2,220) | (6,302) | (6,559) | (8,472) |
| Personnel expenses | | (20,318) | (54,911) | (52,296) | (67,522) | (17,407) | (49,152) | (48,251) | (62,428) |
| Operating expenses | 20 | (35,190) | (78,291) | (67,661) | (89,928) | (31,418) | (70,312) | (63,018) | (83,377) |
| Profit before tax | | 57,994 | 121,275 | 104,052 | 125,616 | 56,680 | 112,696 | 95,153 | 115,220 |
| Income tax expense | 21 | (2,763) | (21,201) | (20,965) | (19,953) | (832) | (16,818) | (17,910) | (16,436) |
| Profit after tax | | 55,231 | 100,074 | 83,087 | 105,663 | 55,848 | 95,878 | 77,243 | 98,784 |
| Other comprehensive income: | | | | | | | | | |
| Items that will never be reclassified to profit or loss | | | | | | | | | |
| Fair value movements on equity instruments | | 1,300 | 5,453 | (2,390) | (1,752) | 1,300 | 5,453 | (2,390) | (1,752) |
| Items that are or may be reclassified to profit or loss | | | | | | | | | |
| Foreign currency translation differences | | 26,177 | 52,230 | 958 | 637 | - | - | - | - |
| Other comprehensive income for the period | | 27,477 | 57,683 | (1,432) | (1,115) | 1,300 | 5,453 | (2,390) | (1,752) |
| Total comprehensive income for the period | | 82,708 | 157,757 | 81,655 | 104,548 | 57,148 | 101,331 | 74,853 | 97,032 |

Statement of profit or loss and other comprehensive income

| In millions of Naira | Notes | Group | | | | Bank | | | |
|--|-------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 months 31-Dec-15 |
| Profit attributable to: | | | | | | | | | |
| Equity holders of the parent | | 55,177 | 99,925 | 83,022 | 105,531 | 55,848 | 95,878 | 77,243 | 98,784 |
| Non-controlling interests | | 54 | 149 | 65 | 132 | - | - | - | - |
| Total comprehensive income attributable to: | | | | | | | | | |
| Equity holders of the parent | | 82,633 | 157,403 | 81,639 | 104,467 | 57,148 | 101,331 | 74,853 | 97,032 |
| Non-controlling interests | | 75 | 354 | 16 | 81 | - | - | - | - |
| Earnings per share attributable to equity holders of parent | | | | | | | | | |
| Basic and diluted | 22 | 176 k | 318 k | 264 k | 336 k | 178 k | 305 k | 246 k | 315 k |

Statements of financial position as at September 30, 2016

| In millions of Naira | Note(s) | Group | | | Bank | | |
|--------------------------------------|---------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| Assets | | | | | | | |
| Cash and balances with central banks | 23 | 555,891 | 565,124 | 761,561 | 523,118 | 539,448 | 735,946 |
| Treasury bills | 24 | 424,399 | 356,853 | 377,928 | 343,274 | 326,597 | 330,900 |
| Asset pledged as collateral | 25 | 354,481 | 263,027 | 265,051 | 354,481 | 263,027 | 264,320 |
| Due from other banks | 26 | 455,823 | 472,590 | 272,194 | 295,775 | 455,743 | 266,894 |
| Derivative assets | 27 | 99,100 | 15,790 | 8,481 | 99,100 | 15,790 | 8,481 |
| Loans and advances | 28 | 2,425,318 | 1,841,392 | 1,989,313 | 2,231,318 | 1,711,351 | 1,849,225 |
| Investment securities | 29 | 184,266 | 205,484 | 213,141 | 69,834 | 132,074 | 150,724 |
| Investments in subsidiaries | 30 | - | - | - | 33,003 | 33,003 | 33,003 |
| Investments in associates | 31 | - | 508 | 530 | - | 90 | 90 |
| Deferred tax assets | 33 | 7,103 | 3,790 | 5,607 | 6,354 | 3,458 | 5,131 |
| Other assets | 34 | 43,931 | 38,349 | 22,774 | 42,914 | 36,318 | 21,673 |
| Property and equipment | 35 | 100,176 | 76,275 | 87,022 | 89,861 | 71,564 | 81,187 |
| Intangible assets | 36 | 3,885 | 2,677 | 3,240 | 3,328 | 2,281 | 2,753 |
| Total assets | | 4,654,373 | 3,841,859 | 4,006,842 | 4,092,360 | 3,590,744 | 3,750,327 |
| Liabilities | | | | | | | |
| Customers' deposits | 37 | 2,691,985 | 2,521,828 | 2,557,884 | 2,220,315 | 2,302,045 | 2,333,017 |
| Derivative liabilities | 32 | 74,996 | 333 | 384 | 74,996 | 333 | 384 |
| Current income tax | 21 | 5,608 | 3,627 | 3,579 | 3,404 | 2,335 | 2,534 |
| Deferred tax liabilities | 33 | 46 | 36 | 19 | - | - | - |
| Other liabilities | 38 | 302,512 | 300,524 | 205,062 | 318,252 | 317,253 | 212,636 |
| On-lending facilities | 39 | 336,123 | 105,752 | 286,881 | 336,123 | 105,752 | 286,881 |
| Borrowings | 40 | 389,704 | 237,049 | 258,862 | 389,704 | 237,049 | 268,111 |
| Debt securities issued | 41 | 157,803 | 101,209 | 99,818 | 157,803 | 101,209 | 99,818 |
| Total liabilities | | 3,958,777 | 3,270,358 | 3,412,489 | 3,500,597 | 3,065,976 | 3,203,381 |

Zenith Bank Plc

Consolidated and separate interim financial statements for the period ended September 30, 2016

Statements of financial position as at September 30, 2016

| In millions of Naira | Note(s) | Group | | | Bank | | |
|--|---------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| Capital and reserves | | | | | | | |
| Share capital | 42 | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 |
| Share premium | | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 |
| Retained earnings | | 224,992 | 203,891 | 200,115 | 186,757 | 165,058 | 160,408 |
| Other reserves | | 198,912 | 96,297 | 122,900 | 134,261 | 88,965 | 115,793 |
| Attributable to equity holder of the parent | | 694,649 | 570,933 | 593,760 | 591,763 | 524,768 | 546,946 |
| Non-controlling interests | | 947 | 568 | 593 | - | - | - |
| Total shareholders' equity | | 695,596 | 571,501 | 594,353 | 591,763 | 524,768 | 546,946 |
| Total liabilities and equity | | 4,654,373 | 3,841,859 | 4,006,842 | 4,092,360 | 3,590,744 | 3,750,327 |

Statements of cash flows

| In millions of Naira | Note(s) | Group | | | Bank | | |
|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| Cash flows from operating activities | | | | | | | |
| Profit after tax for the period | | 100,074 | 83,087 | 105,663 | 95,878 | 77,243 | 98,784 |
| Adjustments for non-cash items: | | | | | | | |
| Impairment | | | | | | | |
| Impairment loss on overdraft | 16 | 9,394 | 6,128 | (178) | 9,084 | 5,750 | (3,108) |
| Impairment loss on term loan | | 10,526 | 3,607 | 13,219 | 4,758 | 3,052 | 11,567 |
| Impairment loss on on-lending | | 1,838 | - | 2,276 | 1,838 | - | 2,276 |
| Impairment loss on leases | | 100 | (10) | 24 | 100 | (10) | 24 |
| Impairment loss on other assets | | - | - | 332 | - | - | 332 |
| Fair value changes in trading bond | | 295 | - | (707) | 295 | - | (707) |
| Fair value changes in treasury bills | | - | (58) | (878) | - | (58) | (878) |
| Depreciation of property and equipment | | 7,091 | 7,137 | 9,188 | 6,302 | 6,559 | 8,472 |
| Amortisation of intangible assets | | 1,069 | 851 | 1,239 | 1,028 | 826 | 1,129 |
| Dividend income | | (527) | (525) | (545) | (4,487) | (4,485) | (4,505) |
| Net revaluation loss on debt securities issued | | - | - | 6,886 | - | - | 6,886 |
| Interest and similar income | | (285,674) | (256,737) | (348,179) | (255,195) | (233,890) | (317,419) |
| Interest and similar expense | | 95,857 | 95,337 | 123,597 | 86,851 | 89,150 | 114,936 |
| share of (profit)/loss of associates | 31 | - | (206) | (228) | - | - | - |
| Profit on sale of property and equipment | 19 | (148) | (41) | (39) | (132) | (30) | (27) |
| Gain on disposal of subsidiary and equity securities | | - | (1,616) | (1,615) | - | (1,616) | (1,615) |
| Tax expenses | 21 | 21,201 | 20,965 | 19,953 | 16,818 | 17,910 | 16,436 |
| Changes in operating assets and liabilities: | | | | | | | |
| Net (increase)/decrease in Loans and advances | | (440,887) | (121,305) | (261,371) | (374,193) | (139,893) | (266,809) |
| Net (increase)/decrease in Other assets | | (21,157) | (16,894) | (1,651) | (21,241) | (16,925) | (2,612) |
| Net (increase)/decrease in Treasury bills with maturity greater than 3 months | | (46,564) | (156,689) | (216,861) | (12,553) | (157,358) | (194,127) |
| Net (increase)/decrease in asset pledged as collateral | | (89,430) | (111,281) | (113,305) | (90,161) | (111,281) | (112,574) |
| Net (increase)/decrease in Debt securities | | 33,647 | (1,118) | (16,768) | 86,344 | (43,171) | (60,533) |
| Net (increase)/decrease in Restricted balances (cash reserves) | | (66,122) | 64,529 | 104,593 | (66,148) | 64,690 | 104,631 |
| Net (increase)/decrease in Customer deposits | | 131,802 | (15,483) | 18,654 | (115,001) | 36,783 | 65,836 |
| Net (increase)/decrease in Other liabilities | | 97,913 | 10,666 | (82,336) | 106,008 | 44,527 | (57,630) |
| Net (increase)/decrease in derivative assets | | (90,619) | 1,618 | 8,927 | (90,619) | 1,106 | 8,415 |
| Net (increase)/decrease in derivative liabilities | | 74,612 | (5,740) | (5,689) | 74,612 | (5,740) | (5,689) |
| | | (455,709) | (393,778) | (635,799) | (539,814) | (366,861) | (588,509) |
| Interest received | | 252,226 | 256,737 | 335,254 | 221,746 | 233,890 | 304,494 |
| Dividends received | | - | - | 545 | - | - | 4,505 |
| Interest paid | | (82,558) | (95,337) | (121,678) | (73,552) | (89,150) | (113,017) |
| Tax paid | 21 | (20,719) | (25,173) | (26,356) | (17,203) | (20,408) | (20,409) |
| VAT paid | | (1,795) | - | (2,460) | (1,795) | - | (2,460) |
| Net cash flows(used in)/generated from operating activities | | (308,555) | (257,551) | (450,494) | (410,618) | (242,529) | (415,396) |

Statements of cash flows

| In millions of Naira | Note(s) | Group | | | Bank | | |
|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| Cash flows from investing activities | | | | | | | |
| Purchase of property and equipment | 35 | (18,350) | (11,593) | (25,019) | (15,075) | (8,648) | (20,196) |
| Proceeds from sale of property and equipment | | 223 | 98 | 96 | 207 | 86 | 95 |
| Purchase of intangible assets | 36 | (1,678) | (1,533) | (2,221) | (1,581) | (1,206) | (1,981) |
| Purchase of equity securities | | - | (7,763) | - | - | - | - |
| Proceeds from sale of equity securities | | - | 3,212 | 3,211 | - | 3,212 | 3,211 |
| Write off_ Investment in associates | | 440 | - | - | - | - | - |
| Dividend received | | 527 | 525 | - | 4,487 | 4,485 | - |
| Net cash from/(used) in investing activities | | (18,838) | (17,054) | (23,933) | (11,962) | (2,071) | (18,871) |
| Cash flows from financing activities | | | | | | | |
| Net inflow from on-lending facilities | | 49,242 | 37,408 | 218,537 | 49,242 | 37,408 | 218,537 |
| Borrowings | | | | | | | |
| - inflow from long term borrowing | | 130,842 | 83,526 | 75,909 | 121,593 | 83,526 | 85,158 |
| -repayment of long term borrowing | | - | (44,543) | (15,113) | - | (44,543) | (15,113) |
| Inflow from debt securities issued | | 57,985 | 8,277 | - | 57,985 | 8,277 | - |
| Dividends paid | | (56,514) | (62,792) | (62,793) | (56,514) | (62,792) | (62,793) |
| Net cash from/(used) in financing activities | | 181,555 | 21,876 | 216,540 | 172,306 | 21,876 | 225,789 |
| (Decrease)/Increase in cash and cash equivalent | | (145,838) | (252,729) | (257,887) | (250,274) | (222,724) | (208,478) |
| Cash at the beginning of the | | 709,714 | 965,723 | 965,723 | 663,375 | 871,853 | 871,853 |
| Effect of exchange rate movement on cash balances | | 57,582 | 591 | 1,878 | - | - | - |
| Cash and cash equivalent at the end of the period/year | 47 | 621,458 | 713,585 | 709,714 | 413,101 | 649,129 | 663,375 |

Statements of changes in equity

| | Attributable to equity holders of the Bank | | | | | | | | Total | Non-controlling interest | Total equity |
|--|--|----------------|--------------------------------------|---------------------|-------------------|----------------|---------------------|-------------------|----------------|--------------------------|----------------|
| | Share capital | Share premium | Foreign currency translation reserve | Revaluation reserve | Statutory reserve | SMIEIS reserve | Credit risk reserve | Retained earnings | | | |
| In millions of Naira | | | | | | | | | | | |
| Group | | | | | | | | | | | |
| At January 01, 2016 | 15,698 | 255,047 | (1,701) | 4,314 | 93,093 | 3,729 | 23,465 | 200,115 | 593,760 | 593 | 594,353 |
| Profit for the period | - | - | - | - | 14,381 | - | - | 85,544 | 99,925 | 149 | 100,074 |
| Foreign currency translation differences | - | - | 52,025 | - | - | - | - | - | 52,025 | 205 | 52,230 |
| Fair value movements on equity instruments | - | - | - | 5,453 | - | - | - | - | 5,453 | - | 5,453 |
| Total comprehensive income for the period | - | - | 52,025 | 5,453 | 14,381 | - | - | 85,544 | 157,403 | 354 | 157,757 |
| Transfer between reserves | - | - | - | - | - | - | 4,153 | (4,153) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (56,514) | (56,514) | - | (56,514) |
| At September 30, 2016 | 15,698 | 255,047 | 50,324 | 9,767 | 107,474 | 3,729 | 27,618 | 224,992 | 694,649 | 947 | 695,596 |
| At January 01, 2015 | 15,698 | 255,047 | (2,389) | 6,066 | 78,267 | 3,729 | 12,272 | 183,396 | 552,086 | 552 | 552,638 |
| Profit for the period | - | - | - | - | 14,818 | - | 11,193 | 79,520 | 105,531 | 132 | 105,663 |
| Foreign currency translation differences | - | - | 688 | - | - | - | - | - | 688 | (51) | 637 |
| Fair value movements on equity instruments | - | - | - | (1,752) | - | - | - | - | (1,752) | - | (1,752) |
| Total comprehensive income for the period | - | - | 688 | (1,752) | 14,818 | - | 11,193 | 79,520 | 104,467 | 81 | 104,548 |
| Transfer between reserves | - | - | - | - | 8 | - | - | (8) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (62,793) | (62,793) | (40) | (62,833) |
| At December 31, 2015 | 15,698 | 255,047 | (1,701) | 4,314 | 93,093 | 3,729 | 23,465 | 200,115 | 593,760 | 593 | 594,353 |

Consolidated and separate statements of changes in equity

| In millions of Naira | Share capital | Share premium | Revaluation reserve | Statutory reserve | SMIEIS reserve | Credit risk reserve | Retained earnings | Total equity |
|--|---------------|----------------|---------------------|-------------------|----------------|---------------------|-------------------|----------------|
| Bank | | | | | | | | |
| At January 01, 2016 | 15,698 | 255,047 | 4,314 | 86,400 | 3,729 | 21,350 | 160,408 | 546,946 |
| Profit for the period | - | - | - | 14,381 | - | - | 81,497 | 95,878 |
| Fair value movement on equity instruments | - | - | 5,453 | - | - | - | - | 5,453 |
| Total comprehensive income for the period | - | - | 5,453 | 14,381 | - | - | 81,497 | 101,331 |
| Transfer between reserves | - | - | - | - | - | (1,366) | 1,366 | - |
| Dividends | - | - | - | - | - | - | (56,514) | (56,514) |
| At September 30, 2016 | 15,698 | 255,047 | 9,767 | 100,781 | 3,729 | 19,984 | 186,757 | 591,763 |
| At January 01, 2015 | 15,698 | 255,047 | 6,066 | 71,582 | 3,729 | 10,243 | 150,342 | 512,707 |
| Profit for the period | - | - | - | 14,818 | - | 11,107 | 72,859 | 98,784 |
| Fair value movement on equity instruments | - | - | (1,752) | - | - | - | - | (1,752) |
| Total comprehensive income for the period | - | - | (1,752) | 14,818 | - | 11,107 | 72,859 | 97,032 |
| Dividends | - | - | - | - | - | - | (62,793) | (62,793) |
| At December 31, 2015 | 15,698 | 255,047 | 4,314 | 86,400 | 3,729 | 21,350 | 160,408 | 546,946 |

Notes to the consolidated and separate interim financial statements

1. The Bank

Zenith Bank Plc (the "Bank") was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on May 30, 1990. It was granted a banking licence in June 1990, to carry on the business of commercial banking and commenced business on June 16, 1990. The Bank was converted into a Public Limited Liability Company on May 20, 2004. The Bank's shares were listed on October 21, 2004 on the Nigerian Stock Exchange, and in August 2015, the bank was admitted into the Premium Board of the Nigerian Stock Exchange.

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities.

The Bank has five subsidiary companies namely, Zenith Bank (Ghana) Limited, Zenith Pension Custodian (Nigeria) Limited, Zenith Bank (UK) Limited, Zenith Bank (Sierra Leone) Limited and Zenith Bank (Gambia) Limited. The results of the bank's subsidiaries have been consolidated in these third quarter financial statements.

2. Condensed statement of accounting policies**Interim Financial Statements**

The Condensed Financial Statements of Zenith Bank PLC and its subsidiaries (together "The Group") for the third quarter ended 30 September 2016 are presented and have been prepared based on the provisions of IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board.

As a result, the Group applied the same accounting methods used for the Consolidated Financial Statements for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards (refer to Note "Basis of preparation" presented in the Statement of Accounting Policies (Notes 1 and 2 of the 2015 Financial Statements)).

Provisions for income taxes have been calculated on the basis of the estimated annual effective tax rate applied to the pre-tax profit. However, where a lower tax rate is applicable, the current rate is adjusted. The assessment of the annual effective tax rate takes into consideration any anticipated deferred tax assets not previously recognized.

There were no changes to the accounting policies adopted by the group during the period in the preparation of its quarterly report.

3. Seasonality of operations

The impact of seasonality or cyclicity on operations is not regarded as significant to the condensed interim consolidated financial statements. The operations of the bank and its subsidiaries are expected to be even within the financial year. However, global and national events and occurrences may affect the group's operations depending on the extent of relationship these events and occurrences have with the operations.

4. Unusual items

There were no unusual transactions or occurrences within the reporting period.

5. Changes in Estimates

There were no changes to the accounting estimates applied by the group.

6. Dividends

The directors did not recommend the payment of any dividend for the Group's third quarter results to 30 September 2016 (30 September 2015: NIL).

Notes to the consolidated and separate interim financial statements

7. Significant events after the end of the interim period

There were no significant events that occurred after the first quarter that would necessitate a disclosure and/or adjustment to the quarterly return presented herein.

8. Business combinations

There was no business combination during the period.

9. Restructuring and reversals of restructuring provisions

No reversals of provision for restructuring were made in the Group's books in the current period as there was no restructuring during the period neither were there reversal of previous restructuring arrangements for the third quarter results to 30 September 2016 (30 September 2015: NIL).

10. Correction of prior period errors

No error has been noted in relation to the prior quarterly results. However, certain items reported in prior period returns have been restated to conform to current year presentation. This is to facilitate comparability.

11. Impairment loss of property, equipment, intangible or other assets, and reversal of such impairment loss

Within the period under review, none of the group's property, plant and equipment was impaired and there were no reversals of previous impairment charges in the current period.

12. Litigation settlements

There was litigation settlement of N1.8 million in the third quarter ended 30 September 2016 (30 September 2015: N2.1 million).

13. Segment

The group's operations are primarily organised on the basis of its geographic coverage which are: Nigeria, Rest of Africa and Europe.

Notes to the consolidated and separate interim financial statements

In millions of Naira

| | Nigeria | Outside Nigeria Africa | Europe | Total reportable segments | Eliminations | Consolidated |
|--|----------------|---------------------------|---------------|---------------------------------|----------------|----------------|
| In millions of Naira September 30, 2016 | | | | | | |
| Revenue: | | | | | | |
| Derived from external customers | 342,342 | 27,422 | 11,481 | 381,245 | (5,747) | 375,498 |
| Derived from other business segments | 4,854 | - | - | 4,854 | - | 4,854 |
| Total revenue* | 347,196 | 27,422 | 11,481 | 386,099 | (5,747) | 380,352 |
| Interest expense | (86,851) | (8,415) | (2,378) | (97,644) | 1,787 | (95,857) |
| Impairment charge for credit losses | (15,780) | (311) | (5,767) | (21,858) | - | (21,858) |
| Operating expenses | (127,926) | (8,298) | (4,016) | (140,240) | (682) | (140,922) |
| Profit before tax | 116,639 | 10,398 | (680) | 126,357 | 4,642 | 121,715 |
| Tax expense | (18,176) | (3,195) | 170 | (21,201) | - | (21,201) |
| Profit after tax | 98,463 | 7,203 | (510) | 105,156 | 4,642 | 100,514 |

| | Nigeria | Outside Nigeria Africa | Europe | Total reportable segments | Eliminations | Consolidated |
|--|-----------|---------------------------|---------|---------------------------------|--------------|--------------|
| In millions of Naira September 30, 2016 | | | | | | |
| Capital expenditure** | 16,747 | 3,436 | 359 | 20,542 | (514) | 20,028 |
| Identifiable assets | 4,107,906 | 256,602 | 479,974 | 4,844,482 | (189,669) | 4,654,813 |
| Identifiable liabilities | 3,511,782 | 209,300 | 392,557 | 4,113,639 | (157,594) | 3,956,045 |

* Revenues are allocated based on the location of the operations.

** Capital expenditure consists of expenditure on intangible assets and property and equipment during the period.

Notes to the consolidated and separate interim financial statements

In millions of Naira

| | Nigeria | Outside Nigeria | | Total reportable segments | Eliminations | Consolidated |
|--------------------------------------|----------------|-----------------|--------------|---------------------------|----------------|----------------|
| | | Africa | Europe | | | |
| In millions of Naira | | | | | | |
| 30 September 2015 | | | | | | |
| Revenue: | | | | | | |
| Derived from external customers | 313,443 | 19,854 | 2,688 | 335,985 | (8,202) | 327,783 |
| Derived from other business segments | 3,486 | - | 5,584 | 9,070 | - | 9,070 |
| Total revenue* | 316,929 | 19,854 | 8,272 | 345,055 | (8,202) | 336,853 |
| Share of profit of associates | - | - | - | - | 206 | 206 |
| Interest expense | (89,150) | (6,748) | (3,679) | (99,577) | 4,240 | (95,337) |
| Impairment charge for credit losses | (8,793) | (378) | (554) | (9,725) | - | (9,725) |
| Operating expenses | (119,305) | (6,199) | (2,441) | (127,945) | - | (127,945) |
| Profit before tax | 99,681 | 6,529 | 1,598 | 107,808 | 3,756 | 104,052 |
| Tax expense | (19,236) | (1,330) | (399) | (20,965) | - | (20,965) |
| Profit after tax | 80,445 | 5,199 | 1,199 | 86,843 | 3,756 | 83,087 |

| | Nigeria | Outside Nigeria | | Total reportable segments | Eliminations | Consolidated |
|-----------------------------|-----------|-----------------|---------|---------------------------|--------------|--------------|
| | | Africa | Europe | | | |
| In millions of Naira | | | | | | |
| 30 September 2015 | | | | | | |
| Capital expenditure** | 9,854 | 3,094 | 178 | 13,126 | - | 13,126 |
| Identifiable assets | 3,605,932 | 149,538 | 248,877 | 4,004,347 | (162,488) | 3,841,859 |
| Identifiable liabilities | 3,067,384 | 122,746 | 210,812 | 3,400,942 | (130,584) | 3,270,358 |

* Revenues are allocated based on the location of the operations.

** Capital expenditure consists of expenditure on intangible assets and property and equipment during the period.

Notes to the Consolidated and separate interim financial statements

| In millions of Naira | Group | | | | Bank | | | |
|--|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |
| 14. Interest and similar income | | | | | | | | |
| Inter-bank placement | 655 | 1,434 | 6,403 | 6,232 | 315 | 1,087 | 5,902 | 8,478 |
| Treasury bills | 14,001 | 37,349 | 39,301 | 51,809 | 9,361 | 27,023 | 35,425 | 42,481 |
| Government and other bonds | 13,242 | 38,442 | 22,622 | 34,998 | 11,390 | 35,082 | 16,459 | 28,111 |
| Loans and advances to customers | 76,368 | 208,449 | 188,411 | 255,140 | 68,500 | 192,003 | 176,104 | 238,349 |
| | 104,266 | 285,674 | 256,737 | 348,179 | 89,566 | 255,195 | 233,890 | 317,419 |
| 15. Interest and similar expense | | | | | | | | |
| Current accounts | 1,090 | 2,528 | 3,771 | 4,638 | 935 | 2,289 | 3,667 | 4,491 |
| Savings accounts | 3,812 | 10,404 | 8,131 | 10,771 | 3,767 | 10,314 | 8,085 | 10,705 |
| Borrowed funds | 10,174 | 26,659 | 11,078 | 17,597 | 9,337 | 25,104 | 9,927 | 16,087 |
| Time deposits | 26,396 | 56,266 | 72,357 | 90,591 | 23,200 | 49,144 | 67,471 | 83,653 |
| | 41,472 | 95,857 | 95,337 | 123,597 | 37,239 | 86,851 | 89,150 | 114,936 |
| 16. Impairment charge | | | | | | | | |
| Other financial assets | - | - | - | 332 | - | - | - | 332 |
| Overdrafts (See note 28) | 4,305 | 9,394 | 6,128 | (178) | 4,297 | 9,084 | 5,750 | (3,108) |
| Term loans (See note 28) | 3,321 | 10,526 | 3,607 | 13,219 | 339 | 4,758 | 3,052 | 11,567 |
| On-lending facilities (See note 28) | - | 1,838 | - | 2,276 | - | 1,838 | - | 2,276 |
| Advances under finance lease (See note 28) | - | 100 | (10) | 24 | - | 100 | (10) | 24 |
| | 7,626 | 21,858 | 9,725 | 15,673 | 4,636 | 15,780 | 8,792 | 11,091 |

Notes to the Consolidated and separate interim financial statements

| In millions of Naira | Group | | | | Bank | | | |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |
| 17. Fees and commission income | | | | | | | | |
| Credit related fees | 3,851 | 10,193 | 12,360 | 17,466 | 2,906 | 8,312 | 10,642 | 15,103 |
| Commission on turnover | 453 | 1,032 | 18,713 | 14,051 | - | - | 17,912 | 12,967 |
| Current Account Maintenance | 3,697 | 12,619 | - | - | 3,697 | 12,619 | - | - |
| Income from financial guarantee contracts issued | 835 | 2,729 | 2,022 | 2,257 | 727 | 2,445 | 1,758 | 1,907 |
| Fees on electronic products | 1,088 | 3,096 | 2,335 | 3,261 | 879 | 2,660 | 2,055 | 2,870 |
| Foreign currency transaction fees and commissions | 395 | 1,194 | 1,040 | 1,290 | 213 | 839 | 785 | 974 |
| Asset based fees | 1,828 | 4,718 | 3,902 | 5,239 | - | - | - | - |
| Auction fees income | 457 | 570 | 994 | 989 | 457 | 570 | 994 | 989 |
| Corporate finance fees | 1,454 | 4,986 | 6,894 | 8,282 | 1,405 | 4,873 | 6,703 | 8,132 |
| Foreign withdrawal charges | 729 | 2,731 | 4,325 | 5,365 | 729 | 2,731 | 4,325 | 5,365 |
| Commission on agency and collection services | 794 | 2,414 | 1,915 | 2,704 | 463 | 1,657 | 1,396 | 2,006 |
| | 15,581 | 46,282 | 54,500 | 60,904 | 11,476 | 36,706 | 46,570 | 50,313 |
| 18. Trading income | | | | | | | | |
| Foreign exchange trading (loss)/income | 14,575 | 11,780 | 4,421 | (1,962) | 14,506 | 11,598 | 4,421 | (2,228) |
| Treasury bill trading income | 2,722 | 4,925 | 11,435 | 19,218 | 2,722 | 4,925 | 11,435 | 19,218 |
| Bond trading (loss)/income | (23) | (295) | 58 | 894 | (23) | (295) | 58 | 894 |
| | 17,274 | 16,410 | 15,914 | 18,150 | 17,205 | 16,228 | 15,914 | 17,884 |
| 19. Other income | | | | | | | | |
| Income on cash handling | 98 | 296 | 197 | 289 | 99 | 296 | 197 | 289 |
| Gain on disposal of equity securities | - | - | 1,615 | 1,615 | - | - | 1,615 | 1,615 |
| Dividend Income from equity instruments | 70 | 527 | 525 | 545 | 4,030 | 4,487 | 4,485 | 4,505 |
| Gain on disposal of property and equipment | 75 | 148 | 41 | 39 | 73 | 132 | 30 | 27 |
| Foreign currency revaluation gain | 28,176 | 31,015 | 7,324 | 2,814 | 27,509 | 29,077 | 9,048 | 4,601 |
| | 28,419 | 31,986 | 9,702 | 5,302 | 31,711 | 33,992 | 15,375 | 11,037 |

Dividend income from equity investments represents dividends received on equity instruments held for strategic purposes and for which the Group has elected to present fair value gains and losses in other comprehensive income.

Notes to the Consolidated and separate interim financial statements

| In millions of Naira | Group | | | | Bank | | | |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |
| 20. Operating expenses | | | | | | | | |
| Directors' emolument | 96 | 497 | 493 | 1,145 | 68 | 204 | 148 | 461 |
| Auditors' remuneration | 186 | 451 | 372 | 546 | 105 | 322 | 315 | 447 |
| Deposit insurance premium | 2,598 | 7,794 | 6,993 | 9,358 | 2,598 | 7,794 | 6,993 | 9,358 |
| AMCON | 4,688 | 14,064 | 12,839 | 17,119 | 4,688 | 14,064 | 12,839 | 17,119 |
| Advertisement | 1,145 | 4,306 | 2,457 | 3,325 | 1,087 | 4,161 | 2,385 | 3,198 |
| Bank charges | 324 | 1,042 | 1,153 | 1,644 | 293 | 975 | 1,073 | 1,529 |
| Donations | 340 | 1,689 | - | 970 | 337 | 1,684 | - | 923 |
| Telephone and postages | 344 | 1,108 | 1,127 | 1,690 | 236 | 897 | 1,127 | 1,493 |
| Corporate promotions | 555 | 1,412 | 928 | 1,868 | 528 | 1,341 | 928 | 1,782 |
| Provision for claims | - | - | - | 9,766 | - | - | - | 9,766 |
| Fines and penalties | 16 | 16 | - | 60 | 16 | 16 | - | 60 |
| Information technology | 1,409 | 4,587 | 2,566 | 3,989 | 1,294 | 4,270 | 2,342 | 3,676 |
| Fraud and forgery | 8 | 18 | - | 201 | 8 | 18 | - | 201 |
| Professional fees | 1,154 | 2,558 | 992 | 2,455 | 1,055 | 2,343 | 906 | 2,199 |
| Insurances | 530 | 1,354 | 1,005 | 1,387 | 492 | 1,270 | 952 | 1,313 |
| Operating lease | 909 | 2,507 | 2,009 | 2,722 | 492 | 1,566 | 1,508 | 2,045 |
| Expenses on electronic products | 793 | 1,646 | 3,178 | 2,112 | 735 | 1,539 | 3,070 | 1,969 |
| Printing and stationery | 357 | 1,180 | 1,050 | 1,345 | 234 | 897 | 833 | 1,045 |
| Fuel and maintenance | 3,640 | 10,002 | 5,956 | 10,360 | 2,410 | 6,987 | 5,214 | 8,813 |
| Security and cash handling | 836 | 2,310 | 5,638 | 10,190 | 730 | 2,120 | 5,515 | 10,022 |
| Licenses, registrations and subscriptions | 483 | 1,202 | 2,147 | 1,334 | 383 | 1,021 | 2,000 | 1,222 |
| Training and development | 590 | 2,583 | 1,785 | 2,698 | 509 | 2,411 | 1,637 | 2,521 |
| Travel and hotel expenses | 445 | 1,852 | 1,004 | 1,807 | 236 | 1,433 | 721 | 1,442 |
| Other expenses | 13,744 | 14,113 | 13,969 | 1,837 | 12,884 | 12,979 | 12,512 | 773 |
| | 35,190 | 78,291 | 67,661 | 89,928 | 31,418 | 70,312 | 63,018 | 83,377 |

Notes to the Consolidated and separate interim financial statements

| In millions of Naira | Group | | | | Bank | | | |
|----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |

21. Taxation

Major components of the tax expense

Current

| | | | | | | | | |
|--|--------------|---------------|---------------|---------------|------------|---------------|---------------|---------------|
| Corporate tax | 2,763 | 6,738 | 7,494 | 7,135 | 832 | 4,280 | 3,788 | 3,564 |
| Excess dividend tax | - | 12,720 | 11,445 | 11,620 | - | 12,720 | 11,445 | 11,445 |
| Information technology tax | - | 530 | 701 | 1,223 | - | 489 | 671 | 1,141 |
| Education tax | - | 579 | 614 | 592 | - | 552 | 575 | 529 |
| Effect of tax rates in foreign jurisdictions | - | 2,026 | 1,980 | 110 | - | - | - | - |
| Prior year over provision | - | - | (1,269) | (1,550) | - | - | 1,431 | (1,445) |
| Total income tax expense | 2,763 | 22,593 | 20,965 | 19,130 | 832 | 18,041 | 17,910 | 15,234 |
| Deferred tax expense (see note 33) | (169) | (1,392) | - | 823 | - | (1,223) | - | 1,202 |
| Total tax expense | 2,594 | 21,201 | 20,965 | 19,953 | 832 | 16,818 | 17,910 | 16,436 |

b The movement in the current income tax payable balance is as follows:

| | Group 30-Sept-16 N.million | Group 30-Sept-15 N.million | Group 31-Dec-15 N.million | Bank 30-Sept-16 N.million | Bank 30-Sept-15 N.million | Bank 31-Dec-15 N.million |
|---------------------------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------------|
| At start of the period | 3,579 | 10,042 | 10,042 | 2,534 | 7,709 | 7,709 |
| Tax paid | (20,719) | (25,173) | (26,356) | (17,171) | (20,408) | (20,409) |
| Tax effect of translation | 324 | (227) | 763 | - | - | - |
| Income tax charge | 22,593 | 20,965 | 19,130 | 18,041 | 17,910 | 15,234 |
| Prior period over provision | - | (1,980) | - | - | (2,876) | - |
| At the end of the period | 5,777 | 3,627 | 3,579 | 3,404 | 2,335 | 2,534 |

| | | | | | | |
|---------------------|------|------|------|------|------|------|
| Applicable tax rate | 30 % | 30 % | 30 % | 30 % | 30 % | 30 % |
|---------------------|------|------|------|------|------|------|

Notes to the Consolidated and separate interim financial statements

| In millions of Naira | Group | | | | Bank | | | |
|--|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 | 3 Months 30-Sep-16 | 9 Months 30-Sep-16 | 9 Months 30-Sep-15 | 12 Months 31-Dec-15 |
| 22. Earnings per share | | | | | | | | |
| Profit attributable to shareholders of the Bank (N'million) | 55,177 | 99,925 | 83,022 | 105,531 | 55,848 | 95,878 | 77,243 | 98,784 |
| Number of shares in issue at end of the period (millions) | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 |
| Weighted average number of ordinary shares in issue (millions) | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 | 31,396 |
| Basic earnings per share | 176 k | 318 k | 264 k | 336 k | 178 k | 305 k | 246 k | 315 k |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 23. Cash and balances with central banks | | | | | | |
| Cash | 42,038 | 72,243 | 41,649 | 33,671 | 67,755 | 35,544 |
| Operating accounts with Central Banks | 44,177 | 49,264 | 316,358 | 19,855 | 28,308 | 296,958 |
| Mandatory reserve deposits with central bank | 388,987 | 443,617 | 403,554 | 388,903 | 443,385 | 403,444 |
| Cash Requirement Special Intervention Reserve | 80,689 | - | - | 80,689 | - | - |
| | 555,891 | 565,124 | 761,561 | 523,118 | 539,448 | 735,946 |

Mandatory reserve deposits with central banks represents a percentage of customers' deposits (prescribed from time to time by the central bank) which are not available for daily use. For the purposes of the Statement of cashflow, this balance is excluded from cash and cash equivalents.

24. Treasury bills

| | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Treasury bills (FVTPL) | 94,955 | 128,403 | 53,698 | 94,955 | 128,816 | 53,698 |
| Treasury bills (Amortized cost) | 329,444 | 228,450 | 324,230 | 248,319 | 197,781 | 277,202 |
| | 424,399 | 356,853 | 377,928 | 343,274 | 326,597 | 330,900 |

| | | | | | | |
|--|--------|---------|--------|--------|--------|--------|
| Treasury bills less than 3 months maturity | 79,420 | 119,488 | 79,513 | 63,800 | 97,323 | 63,979 |
|--|--------|---------|--------|--------|--------|--------|

25. Assets pledged as collateral

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Treasury bills pledged as collateral | - | 44,474 | 611 | - | 44,474 | - |
| Bonds pledged as collateral | 243,410 | 218,553 | 104,701 | 243,410 | 218,553 | 104,581 |
| Treasury bills under repurchase agreement | 111,071 | - | 48,638 | 111,071 | - | 48,638 |
| Bonds under repurchase agreement | - | - | 111,101 | - | - | 111,101 |
| | 354,481 | 263,027 | 265,051 | 354,481 | 263,027 | 264,320 |

The total financial assets recognised in the statement of financial position that has been pledged as collateral for liabilities as at 30 September 2016 and 30 September 2015 as shown above. Financial assets are pledged as collateral as part of sales and repurchases, borrowing transaction and collection agency transactions under terms that are usual for such activities.

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 26. Due from other banks | | | | | | |
| Current balances with banks within Nigeria | 14,610 | 1,241 | 15,244 | - | - | - |
| Current balances with banks outside Nigeria | 192,733 | 311,047 | 172,106 | 260,941 | 356,137 | 228,317 |
| Placements with banks and discount houses | 248,480 | 160,302 | 77,843 | 34,834 | 99,606 | 31,576 |
| Due from other banks under repurchase agreement | - | - | 7,001 | - | - | 7,001 |
| | 455,823 | 472,590 | 272,194 | 295,775 | 455,743 | 266,894 |
| 27. Derivative assets | | | | | | |
| Forward contracts (fair value) | 99,100 | 15,790 | 8,481 | 99,100 | 15,790 | 8,481 |
| Non-hedging derivative assets and liabilities | | | | | | |
| The Group enters into currency forward contracts with counterparties. On initial recognition, the Group estimates the fair value of derivatives transacted with the counterparties using valuation techniques. In many cases, all significant inputs into the valuation techniques are wholly observable-e.g with reference to similar transactions in the wholesale dealer market. | | | | | | |
| 28. Loans and advances to customers | | | | | | |
| Overdrafts | 631,016 | 606,141 | 507,512 | 570,446 | 566,862 | 473,203 |
| Term loans | 1,512,394 | 1,158,599 | 1,226,277 | 1,360,532 | 1,064,137 | 1,113,622 |
| On-lending facilities | 340,239 | 102,611 | 287,937 | 340,239 | 102,611 | 287,937 |
| Advances under finance lease | 6,984 | 12,264 | 10,530 | 6,715 | 11,839 | 10,179 |
| Gross loans and advances to customers | 2,490,633 | 1,879,615 | 2,032,256 | 2,277,932 | 1,745,449 | 1,884,941 |
| Less: Allowances for impairment | (65,315) | (38,223) | (42,943) | (46,614) | (34,098) | (35,716) |
| Specific allowances for impairment | (27,799) | (12,663) | (22,390) | (10,159) | (9,155) | (16,116) |
| Collective allowance for impairment | (37,516) | (25,560) | (20,553) | (36,455) | (24,943) | (19,600) |
| Net loans and advances to customers | 2,425,318 | 1,841,392 | 1,989,313 | 2,231,318 | 1,711,351 | 1,849,225 |

Zenith Bank Plc

Consolidated and separate interim financial statements for the period ended September 30, 2016

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| Overdrafts | | | | | | |
| Gross Overdrafts | 631,016 | 606,141 | 507,512 | 570,446 | 566,862 | 473,203 |
| Less: Allowances for impairment | (26,939) | (25,738) | (18,880) | (18,516) | (22,170) | (13,312) |
| Specific allowances for impairment | (14,754) | (6,547) | (10,088) | (7,392) | (3,597) | (5,474) |
| Collective allowance for impairment | (12,185) | (19,191) | (8,792) | (11,124) | (18,573) | (7,838) |
| Net Overdrafts | 604,077 | 580,403 | 488,632 | 551,930 | 544,692 | 459,891 |
| Term loans | | | | | | |
| Gross Term loans | 1,512,394 | 1,158,599 | 1,226,277 | 1,360,532 | 1,064,137 | 1,113,622 |
| Less: Allowances for impairment | (33,685) | (12,042) | (21,310) | (23,406) | (11,484) | (19,651) |
| Specific allowances for impairment | (13,045) | (6,116) | (12,302) | (2,766) | (5,558) | (10,642) |
| Collective allowance for impairment | (20,640) | (5,926) | (9,008) | (20,640) | (5,926) | (9,009) |
| Net Term loans | 1,478,709 | 1,146,557 | 1,204,967 | 1,337,126 | 1,052,653 | 1,093,971 |
| On-lending facilities | | | | | | |
| Gross On-lending facilities | 340,239 | 102,611 | 287,937 | 340,239 | 102,611 | 287,937 |
| Less: Allowances for impairment | (4,511) | (397) | (2,673) | (4,511) | (397) | (2,673) |
| Collective allowance for impairment | (4,511) | (397) | (2,673) | (4,511) | (397) | (2,673) |
| Net On-lending facilities | 335,728 | 102,214 | 285,264 | 335,728 | 102,214 | 285,264 |
| Advances under finance lease | | | | | | |
| Gross Advances under finance lease | 6,984 | 12,264 | 10,530 | 6,715 | 11,839 | 10,179 |
| Less: Allowances for impairment - collective | (180) | (46) | (80) | (180) | (46) | (80) |
| Net Advances under finance lease | 6,804 | 12,218 | 10,450 | 6,535 | 11,793 | 10,099 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

Reconciliation of impairment allowance on loans and advances to customers

| Group | Overdrafts | Term loans | On-lending facilities | Advances under finance lease | Total |
|--|---------------|---------------|-----------------------|------------------------------|---------------|
| Balance at 1 January 2016 | 18,880 | 21,310 | 2,673 | 80 | 42,943 |
| Specific impairment | 10,088 | 12,302 | - | - | 22,390 |
| Collective impairment | 8,792 | 9,008 | 2,673 | 80 | 20,553 |
| Additional impairment for the period | 9,394 | 10,526 | 1,838 | 100 | 21,858 |
| Specific impairment | 2,063 | 177 | - | - | 2,240 |
| Collective impairment | 7,331 | 10,349 | 1,838 | 100 | 19,618 |
| Write-back | 69 | - | - | - | 69 |
| Foreign currency translation and other adjustments | 2,544 | 2,852 | - | - | 5,396 |
| Write-offs | (3,948) | (1,003) | - | - | (4,951) |
| Balance at 30 September 2016 | 26,939 | 33,685 | 4,511 | 180 | 65,315 |
| Specific impairment | 14,754 | 13,045 | - | - | 27,799 |
| Collective impairment | 12,185 | 20,640 | 4,511 | 180 | 37,516 |
| Balance at January 01, 2015 | 19,943 | 8,432 | 397 | 56 | 28,828 |
| Specific impairment | 7,372 | 2,693 | - | - | 10,065 |
| Collective impairment | 12,571 | 5,739 | 397 | 56 | 18,763 |
| Additional impairment for the period | 6,128 | 3,607 | - | (10) | 9,725 |
| Specific impairment | 572 | 2,865 | - | - | 3,437 |
| Collective impairment | 5,556 | 742 | - | (10) | 6,288 |
| Foreign currency translation and other adjustments | (308) | 3 | - | - | (305) |
| Write-offs | (25) | - | - | - | (25) |
| Balance at 30 September 2015 | 25,738 | 12,042 | 397 | 46 | 38,223 |
| Specific impairment | 6,548 | 2,693 | - | - | 9,241 |
| Collective impairment | 14,370 | 5,739 | 397 | 46 | 20,552 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

Bank

| | Overdrafts | Term loans | On-lending facilities | Advances under finance lease | Total |
|---|---------------|---------------|-----------------------|------------------------------|---------------|
| Balance at January 01, 2016 | 13,312 | 19,651 | 2,673 | 80 | 35,716 |
| Specific impairment | 5,474 | 10,642 | - | - | 16,116 |
| Collective impairment | 7,838 | 9,009 | 2,673 | 80 | 19,600 |
| Additional impairment for the period | 9,084 | 4,758 | 1,838 | 100 | 15,780 |
| Specific impairment | 963 | - | - | - | 963 |
| Collective impairment | 8,121 | 4,758 | 1,838 | 100 | 14,817 |
| Write-back | 69 | - | - | - | 69 |
| Write-offs | (3,948) | (1,003) | - | - | (4,951) |
| Balance at September 30, 2016 | 18,517 | 23,406 | 4,511 | 180 | 46,614 |
| Specific impairment | 7,392 | 2,766 | - | - | 10,158 |
| Collective impairment | 11,124 | 20,640 | 4,511 | 180 | 36,455 |
| Balance at 1 January 2015 | 16,446 | 8,432 | 397 | 56 | 25,331 |
| Specific impairment | 4,787 | 2,693 | - | - | 7,480 |
| Collective impairment | 11,659 | 5,739 | 397 | 56 | 17,851 |
| Additional impairment for the period | 5,750 | 3,052 | - | (10) | 8,792 |
| Specific impairment | (1,188) | 2,832 | - | - | 1,644 |
| Collective impairment | 6,938 | 220 | - | (10) | 7,148 |
| Amounts recovered during the year impairment no longer required | (25) | - | - | - | (25) |
| Balance at 30 September 2015 | 22,171 | 11,484 | 397 | 46 | 34,098 |
| Specific impairment | 3,597 | 5,558 | - | - | 9,155 |
| Collective impairment | 18,573 | 5,926 | 397 | 46 | 24,942 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| (c) Advances under finance leases | | | | | | |
| Gross investment | 6,984 | 14,978 | 11,653 | 6,715 | 14,824 | 11,267 |
| Less: Unearned income | (53) | (2,271) | (1,123) | (1,107) | (2,225) | (1,088) |
| Net Investment | 6,931 | 12,707 | 10,530 | 5,608 | 12,599 | 10,179 |
| The net investment may be analysed as follows: | | | | | | |
| No later than 1 year | - | 1,903 | 1,561 | 1,142 | 1,885 | 1,478 |
| Later than 1 year and no later than 5 years | 6,931 | 10,804 | 8,969 | 7,718 | 10,714 | 8,701 |
| | 6,931 | 12,707 | 10,530 | 8,860 | 12,599 | 10,179 |
| (d) The nature of security in respect of loans and advances is as follows: | | | | | | |
| Secured against real estate | 158,778 | 245,851 | 147,919 | 129,922 | 245,851 | 135,822 |
| Secured by shares of quoted companies | 6,057 | 5,739 | 7,467 | 5,817 | 5,739 | 7,467 |
| Cash collateral, lien over fixed and floating assets, | 1,451,565 | 1,453,087 | 950,009 | 1,384,452 | 1,453,087 | 919,475 |
| Unsecured | 874,233 | 174,938 | 926,861 | 757,741 | 40,772 | 822,177 |
| | 2,490,633 | 1,879,615 | 2,032,256 | 2,277,932 | 1,745,449 | 1,884,941 |
| 29. Investment securities | | | | | | |
| (a) Analysis of investments | | | | | | |
| Debt securities | 168,797 | 187,662 | 202,444 | 54,365 | 122,697 | 140,709 |
| Equity securities | 15,469 | 17,822 | 10,697 | 15,469 | 9,377 | 10,015 |
| | 184,266 | 205,484 | 213,141 | 69,834 | 132,074 | 150,724 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

30. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Group

| Name of company | Effective holding 2016 | Effective holding 2015 | Nominal share capital held 2016 | Nominal share capital held 2015 |
|------------------------------------|------------------------|------------------------|---------------------------------|---------------------------------|
| Zenith Bank (Ghana) Limited | 98.07 % | 98.07 % | 6,444 | 6,444 |
| Zenith Bank (UK) Limited | 100.00 % | 100.00 % | 21,482 | 21,482 |
| Zenith Bank (Sierra Leone) Limited | 99.99 % | 99.99 % | 2,059 | 2,059 |
| Zenith Bank (Gambia) Limited | 99.96 % | 99.96 % | 1,038 | 1,038 |
| Zenith Pensions Custodian Limited | 99.00 % | 99.00 % | 1,980 | 1,980 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |

31. Investments in associates

The Group's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") complies with the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). The Group generally holds 20 percent or more of the voting power of the investee and is therefore presumed to have significant influence over the investee. In instances where the Group holds less than 20 percent of the voting power of the investee, the Group concluded that it has significant influence due to the Group's representation on the board of the relevant investee, with such board generally limited to a small number of board members.

| | | | | | | |
|-------------------------------------|----------|------------|------------|----------|-----------|-----------|
| Balance at beginning of the period | 1,312 | 1,312 | 1,312 | 1,312 | 1,312 | 1,312 |
| Share of profit brought forward | 440 | 212 | 212 | - | - | - |
| Share of profit for the period | - | 206 | 228 | - | - | - |
| Write-off | (440) | - | - | - | - | - |
| Diminution in investment | (1,312) | (1,222) | (1,222) | (1,312) | (1,222) | (1,222) |
| Balance at end of the period | - | 508 | 530 | - | 90 | 90 |

The financial statements used in applying the equity method may be as of a date or for a period that is different from the Group due to practical difficulties preventing the associate from producing coterminous figures in time for the Group's reporting period.

There were no published price quotations for any associates of the Group. Furthermore, there are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

32. Derivative liabilities

| | | | | | | |
|------------------------|---------------|------------|------------|---------------|------------|------------|
| Derivative liabilities | 74,996 | 333 | 384 | 74,996 | 333 | 384 |
| | 74,996 | 333 | 384 | 74,996 | 333 | 384 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 33. Deferred tax | | | | | | |
| Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2015: 30%). | | | | | | |
| Deferred tax assets | | | | | | |
| At the start of the period | 5,607 | 3,790 | 6,449 | 5,131 | 3,458 | 6,333 |
| Charge for the period | 1,419 | - | (724) | 1,223 | - | (1,202) |
| Foreign exchange differences | 77 | - | (118) | - | - | - |
| At the close of the period | 7,103 | 3,790 | 5,607 | 6,354 | 3,458 | 5,131 |
| Deferred tax liabilities | | | | | | |
| At the start of the period | 19 | - | - | - | - | - |
| Charge for the period | 27 | 36 | 19 | - | - | - |
| At the close of the period | 46 | 36 | 19 | - | - | - |
| 34. Other assets | | | | | | |
| Prepayments | 25,164 | 24,240 | 12,710 | 23,266 | 22,831 | 11,534 |
| Deposits for shares | - | - | - | 650 | - | 650 |
| Electronic card related receivables | 19,427 | 13,506 | 10,446 | 18,761 | 12,171 | 9,118 |
| Intercompany receivables | - | - | - | 897 | 715 | 753 |
| Receivables | 4,588 | 5,240 | 4,588 | 4,588 | 5,238 | 4,588 |
| Less: Specific impairment | (5,248) | (4,637) | (4,970) | (5,248) | (4,637) | (4,970) |
| | 43,931 | 38,349 | 22,774 | 42,914 | 36,318 | 21,673 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

35. Property and equipment

| Group | Land | Buildings | Furniture and fixtures | Motor vehicles | Computer Equipment | Leasehold improvements | Work in progress | Total |
|---------------------------------------|---------------|---------------|------------------------|----------------|--------------------|------------------------|------------------|----------------|
| Cost | | | | | | | | |
| At start of the period | 22,297 | 30,117 | 43,659 | 14,858 | 23,865 | 14,745 | 24,282 | 173,823 |
| Additions | 275 | 1,553 | 6,117 | 2,950 | 3,365 | 814 | 3,276 | 18,350 |
| Disposals | - | - | (368) | (958) | (7) | (2) | - | (1,335) |
| Reclassification | 1,799 | 2,779 | 678 | 4 | 34 | 78 | (5,395) | (23) |
| Foreign exchange movements | - | 160 | 229 | 154 | 280 | - | 292 | 1,115 |
| At the end of the period | 24,371 | 34,609 | 50,315 | 17,008 | 27,537 | 15,635 | 22,455 | 191,930 |
| Accumulated Depreciation | | | | | | | | |
| At start of the period | 1,709 | 4,034 | 34,483 | 11,660 | 22,269 | 12,646 | - | 86,801 |
| Charge for the period | 178 | 466 | 3,289 | 1,305 | 1,217 | 636 | - | 7,091 |
| Disposals | - | - | (352) | (899) | (7) | (2) | - | (1,260) |
| Reclassification | - | 50 | - | - | (2) | (48) | - | - |
| Foreign exchange movements | - | (250) | (139) | (359) | (130) | - | - | (878) |
| At the end of the period | 1,887 | 4,300 | 37,281 | 11,707 | 23,347 | 13,232 | - | 91,754 |
| Net Book Amount At September 30, 2016 | 22,484 | 30,309 | 13,034 | 5,301 | 4,190 | 2,403 | 22,455 | 100,176 |
| At December 31, 2015 | 20,588 | 26,083 | 9,176 | 3,198 | 1,596 | 2,099 | 24,282 | 87,022 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

35.(b) Property and equipment

Bank

| | Land | Buildings | Furniture and fixtures | Motor vehicles | Computer Equipment | Leasehold improvements | Work in progress | Total |
|---------------------------------|---------------|---------------|------------------------|----------------|--------------------|------------------------|------------------|----------------|
| Cost | | | | | | | | |
| At start of the period | 22,297 | 29,853 | 42,243 | 13,868 | 22,894 | 12,967 | 20,366 | 164,488 |
| Additions | 275 | 1,553 | 5,017 | 2,713 | 1,727 | 514 | 3,276 | 15,075 |
| Disposals | - | - | (368) | (958) | (7) | (2) | - | (1,335) |
| Reclassification | 1,799 | 2,779 | 678 | 4 | 34 | 78 | (5,395) | (23) |
| At the end of the period | 24,371 | 34,185 | 47,570 | 15,627 | 24,648 | 13,557 | 18,247 | 178,205 |

Accumulated depreciation

| | Land | Buildings | Furniture and fixtures | Motor vehicles | Computer Equipment | Leasehold improvements | Work in progress | Total |
|--|---------------|---------------|------------------------|----------------|--------------------|------------------------|------------------|---------------|
| At start of the period | 1,709 | 4,014 | 33,416 | 10,988 | 21,519 | 11,655 | - | 83,301 |
| Charge for the period | 177 | 465 | 2,989 | 1,275 | 917 | 479 | - | 6,302 |
| Disposals | - | - | (352) | (899) | (7) | (2) | - | (1,260) |
| Reclassification | - | 50 | - | - | (2) | (48) | - | - |
| At the end of the period | 1,886 | 4,529 | 36,053 | 11,364 | 22,427 | 12,084 | - | 88,343 |
| Net Book Amount At September 30, 2016 | 22,485 | 29,656 | 11,517 | 4,263 | 2,221 | 1,473 | 18,247 | 89,861 |
| At December 31, 2015 | 20,588 | 25,839 | 8,827 | 2,880 | 1,375 | 1,312 | 20,366 | 81,187 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

36. Intangible assets

Computer software

| | Group 30-Sep-16 | Group 30-Sep-15 | Group 31-Dec-15 | Bank 30-Sep-16 | Bank 30-Sep-15 | Bank 31-Dec-15 |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Cost | | | | | | |
| At start of the period | 8,761 | 6,142 | 6,142 | 7,236 | 5,255 | 5,255 |
| Exchange difference | 36 | 79 | 179 | - | - | - |
| Reclassification | - | - | 219 | 22 | - | - |
| Additions | 1,678 | 1,533 | 2,221 | 1,581 | 1,206 | 1,981 |
| At end of the period | 10,475 | 7,754 | 8,761 | 8,839 | 6,461 | 7,236 |
| Accumulated depreciation | | | | | | |
| At start of the period | 5,521 | 3,940 | 3,940 | 4,483 | 3,354 | 3,354 |
| Exchange difference | - | 286 | 123 | - | - | - |
| Reclassification | - | - | 219 | - | - | - |
| Charge for the period | 1,069 | 851 | 1,239 | 1,028 | 826 | 1,129 |
| At the end of the period | 6,590 | 5,077 | 5,521 | 5,511 | 4,180 | 4,483 |
| Carrying amount at period end | 3,885 | 2,677 | 3,240 | 3,328 | 2,281 | 2,753 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 37. Deposits | | | | | | |
| Demand | 1,366,035 | 1,248,955 | 1,282,559 | 1,068,176 | 1,114,612 | 1,153,442 |
| Savings | 331,375 | 229,396 | 246,113 | 259,442 | 208,413 | 222,035 |
| Term | 447,039 | 470,323 | 556,375 | 398,370 | 443,275 | 521,219 |
| Domiciliary | 547,536 | 573,154 | 472,837 | 494,327 | 535,745 | 436,321 |
| | 2,691,985 | 2,521,828 | 2,557,884 | 2,220,315 | 2,302,045 | 2,333,017 |
| 38. Other liabilities | | | | | | |
| Settlement payables | 37,318 | 17,264 | 21,232 | 37,160 | 17,249 | 21,282 |
| Electronic card related payables | 1,861 | 552 | 1,449 | 1,687 | 539 | 1,392 |
| Due to banks for clean letters of credit | 85,003 | 118,344 | 53,016 | 124,198 | 118,344 | 66,673 |
| Managers' cheques | 13,212 | 12,691 | 12,016 | 12,192 | 11,883 | 11,663 |
| Tax collections | 3,063 | 2,482 | 1,803 | 2,924 | 2,396 | 1,673 |
| Sales and other collections | 11,069 | 10,898 | 19,895 | 11,069 | 10,898 | 19,895 |
| Deferred income on financial guarantee contracts | 93 | 387 | 441 | 93 | 387 | 441 |
| Unclaimed dividend | 2,932 | - | - | 2,932 | - | - |
| Provision for claims | 9,766 | - | - | 9,766 | - | 9,766 |
| Customer deposits for letters of credit | 95,964 | 119,535 | 71,927 | 95,747 | 119,683 | 71,913 |
| Customer's foreign transactions payables | 5,082 | 10,747 | 4,332 | 2,186 | 8,872 | 2,276 |
| Other payables | 37,149 | 7,624 | 18,951 | 18,298 | 27,002 | 5,662 |
| | 302,512 | 300,524 | 205,062 | 318,252 | 317,253 | 212,636 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 39. On-lending facilities | | | | | | |
| This comprises: | | | | | | |
| Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan | 34,402 | 34,500 | 33,482 | 34,402 | 34,500 | 33,482 |
| Bank of Industry (BOI) Intervention Loan | 54,873 | 58,613 | 58,755 | 54,873 | 58,613 | 58,755 |
| Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds | 9,930 | 11,771 | 11,798 | 9,930 | 11,771 | 11,798 |
| CBN MSMEDF Deposit | 1,578 | 868 | 1,561 | 1,578 | 868 | 1,561 |
| FGN SSB Intervention Fund | 137,362 | - | 111,194 | 137,362 | - | 111,194 |
| Excess Crude Loan Facility Deposit | 97,978 | - | 70,091 | 97,978 | - | 70,091 |
| | 336,123 | 105,752 | 286,881 | 336,123 | 105,752 | 286,881 |

40. Borrowings

Long term borrowing comprise:

| | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Due to ADB | 38,642 | 24,744 | 25,013 | 38,642 | 24,744 | 25,013 |
| Due to KEXIM | 5,691 | 3,862 | 9,996 | 5,691 | 3,862 | 9,996 |
| Due to EIB | 6,356 | 5,397 | 5,491 | 6,356 | 5,397 | 5,491 |
| Due to PROPARCO | 19,566 | 14,140 | 13,758 | 19,566 | 14,140 | 13,758 |
| Due to CITIBANK | 3,855 | 12,369 | 9,958 | 3,855 | 12,369 | 9,958 |
| Due to ABSA bank | 64,021 | 13,196 | 40,097 | 64,021 | 13,196 | 40,097 |
| Due to J P Morgan Chase bank | 56,574 | 20,847 | 14,941 | 56,574 | 20,847 | 14,941 |
| Due to Standard Bank | 49,962 | 20,850 | 49,962 | 49,962 | 20,850 | 49,962 |
| Due to First Rand bank | - | - | 7,740 | - | - | 7,740 |
| Due to Commerzbank | 113,141 | 106,744 | 59,259 | 113,141 | 106,744 | 59,259 |
| Due to IFC | 20,034 | 14,900 | 20,034 | 20,034 | 14,900 | 20,034 |
| Due to British Arab Bank | 2,613 | - | 2,613 | 2,613 | - | 2,613 |
| Due to Zenith Bank (UK) | 9,249 | - | - | 9,249 | - | 9,249 |
| | 389,704 | 237,049 | 258,862 | 389,704 | 237,049 | 268,111 |

Notes to the consolidated and separate interim financial statements

| In millions of Naira | Group | | | Bank | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 | 30-Sep-16 | 30-Sep-15 | 31-Dec-15 |
| 41. Debt securities issued | | | | | | |
| Due to euro bond holders | 157,803 | 101,209 | 99,818 | 157,803 | 101,209 | 99,818 |
| | 157,803 | 101,209 | 99,818 | 157,803 | 101,209 | 99,818 |
| 42. Share capital | | | | | | |
| Authorised | | | | | | |
| 40,000,000,000 Ordinary shares of 50k each (September 2015:40,000,000,000) | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| . | | | | | | |
| Issued | | | | | | |
| 31,396,493,786 ordinary shares of 50k each (September 2015:31,396,493,786) | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 |
| Issued | | | | | | |
| Ordinary | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 | 15,698 |
| Share premium | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 |
| | 270,745 | 270,745 | 270,745 | 270,745 | 270,745 | 270,745 |
| 43. Share premium | | | | | | |
| Share premium | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 | 255,047 |

The nature and purpose of the reserves in equity are as follows:

Share premium: Premiums from the issue of shares are reported in share premium.

Retained earnings: Retained earnings comprise the undistributed profits which have not been reclassified to the other reserves noted below.

Notes to the consolidated and separate interim financial statements

Statutory reserve: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital, and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

SMIEIS reserve: The SMIEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of their profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax for the first 5 years and shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non-distributable.

Revaluation reserve: Comprises fair value movements on equity instruments which the Bank has elected to present through the Other Comprehensive Income.

Foreign Currency Translation reserve: Comprises exchange differences resulting from the translation to Naira of the results and financial position of entities within the group that have a functional currency other than Naira.

Statutory Reserve for Credit Risk: the CBN requires the Bank to create a reserve for the difference between impaired charge determined in line with the principles of IFRS and provisions for loan losses determined in line with the prudential guidelines issued by the CBN, where the latter is greater. This reserve is not available for distribution to shareholders.

44. Pension contribution

In accordance with the provisions of the Pensions Reform Act 2014, the bank and its subsidiaries commenced a contributory pension scheme in January 2005. For entities operating in Nigeria, the contribution by employees and the employing entities are 2.5% and 15.5% respectively of the employees' basic salary, housing and transport allowances. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions. The contribution by the group and the bank during the period were N2,726 million and N2,246 million respectively (2015: N2,636 million and N2,299 million).

Notes to the consolidated and separate interim financial statements

In millions of Naira

45. Related party transactions

Parent:

Zenith Bank Plc (incorporated in Nigeria) is the ultimate parent company of the Group.

Subsidiaries:

Transactions between Zenith Bank Plc and its subsidiaries, which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 30 September 2016 are shown below.

| Entity | Effective holding % | Normal share capital held |
|---|---------------------|---------------------------|
| Zenith Bank (Ghana) Limited | 98.07 % | 6,444 |
| Zenith Bank (UK) Limited | 100.00 % | 21,482 |
| Zenith Bank (Sierra Leone) Limited | 99.99 % | 2,059 |
| Zenith Bank (The Gambia) Limited | 99.96 % | 1,038 |
| Domestic / non-banking subsidiaries: | | |
| Zenith Pension Custodians Limited | 99.00 % | 1,980 |
| | - | 33,003 |

Key management personnel

Key management personnel is defined as the Group's executive and non-executive directors, including their family members and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Key management compensation In millions of Naira

| | Group 30-Sep-16 | Group 30-Sep-15 | Group 31-Dec-15 |
|--|-----------------|-----------------|-----------------|
| Salaries and other short-term benefits | 327 | 404 | 1,114 |
| Retirement benefit cost | 18 | 25 | 31 |
| Allowances | 152 | - | - |
| | 497 | 429 | 1,145 |

Notes to the consolidated and separate interim financial statements

In millions of Naira

Loans and advances

| | | | |
|-----------------------------|------------|------------|------------|
| At start of the period | 559 | 787 | 787 |
| Granted during the period | 2 | - | 6 |
| Repayment during the period | (323) | (52) | (234) |
| At end of the period | 238 | 735 | 559 |

Interest earned

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. No impairment has been recognised in respect of loans granted to key management (2015: Nil). Interest earned on loans to directors for the Group and the Bank are N23million and N21 million respectively. The mortgage loans are secured by the underlying assets. All other loans are unsecured.

Group

30 September 2016

In millions of Naira

| Name of company / Individual | Loans | Deposits | Interest received | Interest paid |
|----------------------------------|----------|------------|-------------------|---------------|
| Zenith General Insurance Company | - | 335 | - | - |
| Zenith Trustee Limited | - | 48 | - | - |
| Directors and Relatives | - | 362 | - | - |
| Quantum Fund Management | - | 49 | - | - |
| At end of the period | - | 794 | - | - |

Group

30 September 2015

In millions of Naira

| Name of company / Individual | Loans | Deposits | Interest received | Interest paid |
|------------------------------|-------|----------|-------------------|---------------|
| Quantum Fund Management | 4,637 | - | 67 | - |

Loans granted to related parties are secured by real estate and other assets of the respective borrowers. No impairment has been recognised of loans granted to related parties (2015:Nil)

Notes to the consolidated and separate interim financial statements

In millions of Naira

46. Acceptances and guarantees

(a) Legal proceedings

The Bank is presently involved in 121 litigation suits in its ordinary course of business. The total amount claimed in the cases against the bank is estimated at N13.06 billion. The actions are being contested and the Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the bank and are not aware of any other pending or threatened claims and litigations.

(b) Capital commitments

At the reporting date, the bank had capital commitments amounting to N3.24 billion (2015: N3.82 billion) in respect of authorized and contracted capital projects.

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

In the normal course of business the group 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:

| In millions of Naira | Group 30-Sep-16 | Group 30-Sep-15 | Group 31-Dec-15 | Bank 30-Sep-16 | Bank 30-Sep-15 | Bank 31-Dec-15 |
|----------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Performance bonds and guarantees | 541,715 | 566,484 | 794,021 | 509,628 | 532,929 | 763,891 |
| Usance | 132,400 | 148,154 | 128,123 | 132,400 | 148,154 | 128,123 |
| Letters of credit | 275,879 | 256,159 | 232,837 | 218,433 | 196,611 | 187,947 |
| Pension Funds (See Note (below)) | 2,261,789 | 1,923,786 | 1,997,182 | 2,261,850 | 1,923,786 | 1,997,182 |
| | 3,211,783 | 2,894,583 | 3,152,163 | 3,122,311 | 2,801,480 | 3,077,143 |

Letters of credit are agreements to lend to customers in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates, but are cancellable by the Group (as lender) subject to notice requirements. These letters of credit are provided at market-related interest rates and cannot be settled net in cash.

The amount of N 2,262 billion (2015: N 1,924 billion) 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.

47. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

Notes to the consolidated and separate interim financial statements

In millions of Naira

47. Cash and cash equivalents (continued)

| In millions of Naira | Group 30-Sep-16 | Group 30-Sep-15 | Group 31-Dec-15 | Bank 30-Sep-16 | Bank 30-Sep-15 | Bank 31-Dec-15 |
|---|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|
| Cash and balances with central banks (less restricted balances) | 86,215 | 121,507 | 358,007 | 53,526 | 96,063 | 332,502 |
| Treasury bills(maturing within three months) | 79,420 | 119,488 | 79,513 | 63,800 | 97,323 | 63,979 |
| Due from other banks | 455,823 | 472,590 | 272,194 | 295,775 | 455,743 | 266,894 |
| | 621,458 | 713,585 | 709,714 | 413,101 | 649,129 | 663,375 |

1. Financial performance ratios

| | 30 Sept 2016 | 30 Sept 2015 | Changes | % Change |
|------------------------|--------------|--------------|---------|----------|
| Gross earnings | 380,352 | 336,853 | 43,499 | 12.9 % |
| Interest Income | 285,674 | 256,737 | 28,937 | 11.3 % |
| Net Interest Income | 189,817 | 161,400 | 28,417 | 17.6 % |
| Non Interest Income | 94,678 | 80,322 | 14,356 | 17.9 % |
| Operating Income | 262,637 | 231,997 | 30,640 | 13.2 % |
| Operating Expenses | 141,362 | 127,945 | 13,417 | 10.5 % |
| Profit/Loss Before Tax | 121,275 | 104,052 | 17,223 | 16.6 % |
| Profit/Loss After Tax | 100,074 | 83,087 | 16,987 | 20.4 % |
| Earnings Per Share | 318 | 264 | 54 | 20.5 % |

2. Financial positions

| | 30 Sept 2016 | 31 Dec 2015 | Changes | %Change |
|------------------------|--------------|-------------|---------|---------|
| Gross Loans & Advances | 2,490,633 | 2,032,256 | 458,377 | 22.6 % |
| Customer Deposits | 2,691,985 | 2,557,884 | 134,101 | 5.2 % |
| Total Assets | 4,654,373 | 4,006,842 | 647,531 | 16.2 % |
| Shareholders Funds | 695,596 | 594,353 | 101,243 | 17.0 % |

3. Key ratios

| | 30 Sept 2016 | 30 Sept 2015 | Changes | % Change |
|---------------------------------|--------------|--------------|---------|----------|
| Net Interest Margin | 7.6 % | 7.9 % | (0.3) | (3.8)% |
| Cost-to-Income Ratio | 53.8 % | 55.1 % | (1.3) | (2.4)% |
| Loan-to-Deposit Ratio | 72.3 % | 68.5 % | 3.8 | 5.5 % |
| Cost of Funds | 3.8 % | 4.3 % | (0.5) | (11.6)% |
| Cost of Risk | 1.3 % | 0.7 % | 0.6 | 85.7 % |
| Return On Average Assets (ROAA) | 3.1 % | 2.9 % | 0.2 | 6.9 % |
| Return On Average Equity (ROAE) | 20.7 % | 19.7 % | 1.0 | 5.1 % |
| Liquidity Ratio | 55.2 % | 45.0 % | 10.2 | 22.7 % |
| Capital Adequacy Ratio (CAR) | 19.0 % | 21.0 % | (2.0) | (9.5)% |
| Non Performing Loan Ratio (NPL) | 2.2 % | 1.6 % | 0.6 | 37.5 % |