

**ZENITH BANK PLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2014**

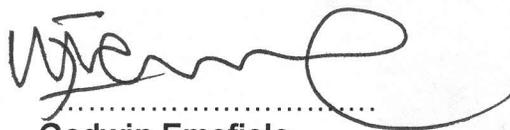
## ZENITH BANK PLC

### CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

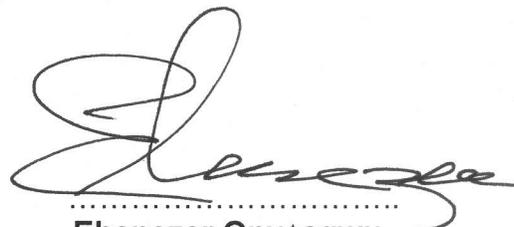
We the undersigned hereby certify the following regards to our financial report for the period ended 31 March 2014 that:

- (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 present 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 deficiency 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 involves 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 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.



**Godwin Emeziele**  
Group Managing Director/CEO  
FRC/2013/IODN/00000001080



**Ebenezer Onyeagwu**  
Executive Director  
FRC/2013/ICAN/00000003788

**ZENITH BANK PLC  
STATEMENT OF DIRECTORS' RESPONSIBILITY  
IN RELATION TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2014**

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:



\_\_\_\_\_  
Godwin Emefiele  
Group Managing Director / CEO

FRC/2013/IODN/00000001080



\_\_\_\_\_  
Ebenezer Onyeagwu  
Executive Director

FRC/2013/ICAN/00000003788

Zenith Bank Plc  
Statements of comprehensive income  
For the period ended 31 March 2014

	Notes	Group 3 Months 31-Mar-14 N'million	Group 3 Months 31-Mar-13 N'million	Group 12 Months 31-Dec-13 N'million	Bank 3 Months 31-Mar-14 N'million	Bank 3 Months 31-Mar-13 N'million	Bank 12 Months 31-Dec-13 N'million
<b>Gross earnings</b>		<b>94,324</b>	<b>86,977</b>	<b>351,470</b>	<b>91,511</b>	<b>78,271</b>	<b>311,275</b>
<b>Continuing Operations:</b>							
Interest and similar income	16	71,435	65,534	260,059	64,306	62,658	243,852
Interest and similar expense	17	(25,893)	(19,924)	(70,796)	(24,533)	(19,800)	(68,471)
Net interest income		45,542	45,610	189,263	39,773	42,858	175,381
Impairment charge for credit losses	18	(1,950)	(1,535)	(11,067)	(1,920)	(1,475)	(9,907)
Net interest income after impairment charge for credit losses		43,592	44,075	178,196	37,853	41,383	165,474
Fee and commission income	19	14,361	12,572	52,550	12,439	10,920	47,116
Net gains on financial instruments measured at fair value through profit or loss	20	7,665	5,088	21,787	7,564	4,554	19,580
Other income	21	684	153	754	7,202	139	727
Share of profit/(loss) of associates	33	180	-	118	-	-	-
Amortisation of intangible assets	38	(191)	(215)	(951)	(163)	(190)	(844)
Depreciation of property and equipment	37	(2,077)	(2,346)	(9,766)	(1,914)	(2,173)	(9,015)
Personnel expenses		(14,760)	(14,197)	(59,952)	(13,852)	(13,491)	(56,864)
Operating expenses	22	(20,535)	(17,157)	(76,527)	(19,037)	(15,921)	(72,066)
<b>Profit before minimum tax and income tax from continuing operations</b>		<b>28,919</b>	<b>27,973</b>	<b>106,209</b>	<b>30,092</b>	<b>25,221</b>	<b>94,108</b>
Minimum tax		-	-	(2,663)	-	-	(2,663)
Income tax expense from continuing operations		(5,242)	(5,306)	(11,958)	(4,500)	(4,622)	(8,031)
<b>Profit after tax from continuing operations</b>		<b>23,677</b>	<b>22,667</b>	<b>91,588</b>	<b>25,592</b>	<b>20,599</b>	<b>83,414</b>
<b>Discontinued Operations:</b>	24						
Gross income from discontinued operations		-	3,630	16,320	-	-	-
Gross expenses from discontinued operations		-	(2,726)	(11,932)	-	-	-
<b>Profit before tax from discontinued operations</b>		<b>-</b>	<b>904</b>	<b>4,388</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income tax expense from discontinued operations		-	(163)	(658)	-	-	-
<b>Profit after tax from discontinued operations</b>		<b>-</b>	<b>741</b>	<b>3,730</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Continued and Discontinued Operations:</b>							
<b>Profit for the year before minimum tax and income tax</b>		<b>28,919</b>	<b>28,877</b>	<b>110,597</b>	<b>30,092</b>	<b>25,221</b>	<b>94,108</b>
Minimum tax		-	-	(2,663)	-	-	(2,663)
Income tax expense		(5,242)	(5,469)	(12,616)	(4,500)	(4,622)	(8,031)
<b>Profit for the year after tax</b>		<b>23,677</b>	<b>23,408</b>	<b>95,318</b>	<b>25,592</b>	<b>20,599</b>	<b>83,414</b>
<b>Other comprehensive income:</b>							
<b>Items that will never be reclassified to profit or loss</b>							
Fair value movements on equity instruments		-	-	549	-	-	549
Related tax credit / (expense)		-	-	890	-	-	890
Fair value movements on equity instruments - discontinued operations		-	-	(225)	-	-	-
<b>Items that will never be reclassified to profit or loss</b>							
Foreign currency translation differences		(981)	(139)	(2,070)	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	2,771	-	-	-
Related tax expense		-	-	(760)	-	-	-
Other comprehensive income for the period, net of tax		(981)	(139)	1,155	-	-	1,439
<b>Total comprehensive income for the period</b>		<b>22,696</b>	<b>23,269</b>	<b>96,473</b>	<b>25,592</b>	<b>20,599</b>	<b>84,853</b>

<b>Profit attributable to:</b>							
Equity holders of the parent		23,609	23,207	94,576	25,592	20,599	83,414
Non controlling interest		68	201	742	-	-	-
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent		22,663	23,100	95,746	25,592	20,599	83,414
Non-controlling interests		33	169	727	-	-	-
<b>Profit from continuing operations attributable to:</b>							
Equity holders of the parent		23,609	22,643	91,411	25,592	20,599	83,414
Non controlling interests		68	24	177	-	-	-
<b>Earnings per share for profit from total operations attributable to equity holders of parent</b>							
Basic and diluted	25	75 k	74 k	301 k	82 k	66 k	266 k
<b>Earnings per share for profit from continuing operations attributable to equity holders of parent</b>							
Basic and diluted	25	75 k	72 k	291 k	82 k	66 k	266 k

**Zenith Bank Plc**  
**Statements of financial position**  
**As at 31 March 2014**

		Group 31-Mar-14 N'million	Group 31-Mar-13 N'million	Group 31-Dec-13 N'million	Bank 31-Mar-14 N'million	Bank 31-Mar-13 N'million	Bank 31-Dec-13 N'million
<b>Assets</b>	<b>Note</b>						
Cash and balances with central banks	26	586,747	317,003	603,851	569,494	297,645	587,793
Treasury bills	27	509,065	727,990	586,441	481,493	705,360	572,598
Due from other banks	28	357,002	205,751	256,729	378,269	237,101	249,524
Derivative assets held for risk management	29	2,415	-	2,681	-	-	-
Loans and advances	30	1,310,020	1,099,327	1,251,355	1,191,351	1,007,277	1,126,559
Investment securities	31	294,756	261,518	303,125	199,439	216,585	212,523
Investment in subsidiaries	32	-	-	-	24,375	24,375	24,375
Investments in associates	33	3,481	419	165	1,814	462	90
Deferred tax assets	34	723	87	749	-	-	-
Other assets	35	53,153	54,405	36,238	49,453	53,279	31,415
Assets classified as held for sale	36	-	34,113	30,454	-	10,338	4,749
Property and equipment	37	70,071	69,506	69,410	68,033	67,428	67,364
Intangible assets	38	1,973	1,309	1,935	1,730	1,086	1,703
<b>Total assets</b>		<b>3,189,406</b>	<b>2,771,428</b>	<b>3,143,133</b>	<b>2,965,451</b>	<b>2,620,936</b>	<b>2,878,693</b>
<b>Liabilities</b>							
Customers' deposits	39	2,288,146	1,994,650	2,276,755	2,072,280	1,867,132	2,079,862
Current income tax	23	12,059	11,152	7,017	9,766	9,693	5,266
Deferred income tax liabilities		678	5,584	678	-	5,573	-
Other liabilities	40	229,009	175,509	215,643	254,075	195,708	201,265
On-lending facilities	41	61,416	62,111	59,528	61,416	62,111	59,528
Borrowings	42	69,700	22,117	60,150	69,700	22,117	60,150
Liabilities classified as held for sale	43	-	14,080	14,111	-	-	-
<b>Total liabilities</b>		<b>2,661,008</b>	<b>2,285,203</b>	<b>2,633,882</b>	<b>2,467,237</b>	<b>2,162,334</b>	<b>2,406,071</b>
<b>Capital and reserves</b>							
Share capital	44	15,698	15,698	15,698	15,698	15,698	15,698
Share premium	45	255,047	255,047	255,047	255,047	255,047	255,047
Retained earnings		184,487	153,247	161,144	152,270	126,609	126,678
Other reserves		72,667	58,792	73,347	75,199	61,248	75,199
<b>Attributable to equity holders of the parent</b>		<b>527,899</b>	<b>482,784</b>	<b>505,236</b>	<b>498,214</b>	<b>458,602</b>	<b>472,622</b>
Non-controlling interest		499	3,441	4,015	-	-	-
<b>Total shareholders' equity</b>		<b>528,398</b>	<b>486,225</b>	<b>509,251</b>	<b>498,214</b>	<b>458,602</b>	<b>472,622</b>
<b>Total Liabilities and equity</b>		<b>3,189,406</b>	<b>2,771,428</b>	<b>3,143,133</b>	<b>2,965,451</b>	<b>2,620,936</b>	<b>2,878,693</b>
Acceptances and guarantees	48 (c)	2,541,886	1,962,771	2,456,748	2,501,267	1,929,469	2,402,132

**Zenith Bank Plc**  
**Statements of cash flow**  
**For the period ended 31 March 2014**

	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>	<b>Bank</b>
	<b>3 Months</b>	<b>3 Months</b>	<b>12 Months</b>	<b>3 Months</b>	<b>3 Months</b>	<b>12 Months</b>
	<b>31-Mar-14</b>	<b>31-Mar-13</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>	<b>31-Dec-13</b>
	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>
<b>Operating activities</b>						
Profit after tax for the year	23,677	23,408	95,318	25,592	20,599	83,414
Impairment:						
- on loans and advances	1,950	1,513	11,012	1,920	1,453	9,852
- on leases	-	22	55	-	22	55
- Insurance receivables	-	-	-	-	-	-
- other assets	-	-	-	-	-	-
- investment in associates	-	-	371	-	-	371
Fair value changes recognised in profit and loss	(56)	-	(64)	(56)	-	(39)
Depreciation of property and equipment	2,077	2,346	9,766	1,914	2,173	9,015
Depreciation of investment property	-	-	-	-	-	-
Amortisation of intangible assets	191	215	951	163	190	844
Foreign exchange losses/(gains) on operating activities	-	-	-	-	-	-
Dividend income	-	-	(303)	-	-	(303)
Net interest income	(45,542)	(45,610)	(189,263)	(39,773)	(42,858)	(175,381)
Share of (profit)/loss of associates	(180)	-	(118)	-	-	-
Profit / (loss) on sale of property and equipment	(34)	(21)	(151)	(29)	(7)	(124)
Profit on sale of investment property	-	-	-	-	-	-
Gain on disposal of subsidiary	(510)	-	-	(7,033)	-	-
Tax expense	5,242	5,469	15,279	4,500	4,622	10,694
	<b>(13,185)</b>	<b>(12,658)</b>	<b>(57,146)</b>	<b>(12,802)</b>	<b>(13,806)</b>	<b>(61,602)</b>
<b>Changes in operating assets:</b>	<b>(147,340)</b>	<b>(166,326)</b>	<b>(294,792)</b>	<b>(118,486)</b>	<b>(176,579)</b>	<b>(227,070)</b>
Loans and advances	(60,328)	(110,603)	(272,085)	(66,711)	(113,398)	(241,112)
Other assets	(16,915)	(25,740)	(7,573)	(18,038)	(36,465)	(14,601)
Treasury bills with maturities greater than three months	19,610	(58,826)	157,139	33,672	(57,886)	151,982
Restricted balances (cash reserves)	(80,683)	(8,911)	(168,557)	(80,612)	(9,150)	(169,009)
Net assets of subsidiary disposed	(16,343)	-	-	-	-	-
Debt securities	7,319	37,754	(3,716)	13,203	40,320	45,670
<b>Changes in operating liabilities:</b>	<b>24,757</b>	<b>123,560</b>	<b>445,799</b>	<b>45,227</b>	<b>145,805</b>	<b>364,092</b>
Customers' deposits	11,391	65,406	347,511	(7,582)	65,124	277,854
Other liabilities	13,366	58,154	98,288	52,809	80,681	86,238
<b>Cash flows (used in)/generated from operating activities</b>	<b>(135,768)</b>	<b>(55,424)</b>	<b>93,861</b>	<b>(86,061)</b>	<b>(44,580)</b>	<b>75,420</b>
Interest received	71,435	65,534	260,059	64,306	62,658	243,852
Interest paid	(25,893)	(19,924)	(70,796)	(24,533)	(19,800)	(68,471)
Tax paid	-	(782)	(19,724)	-	-	(15,182)
Cash flows from discontinued operations	(11,078)	1,710	2,180	-	-	-
<b>Net cash flows (used in)/generated from operations</b>	<b>(101,304)</b>	<b>(8,886)</b>	<b>265,580</b>	<b>(46,288)</b>	<b>(1,722)</b>	<b>235,619</b>

	<b>Group</b> <b>3 Months</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> <b>3 Months</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Group</b> <b>12 Months</b> <b>31-Dec-13</b> <b>N'million</b>	<b>Bank</b> <b>3 Months</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> <b>3 Months</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Bank</b> <b>12 Months</b> <b>31-Dec-13</b> <b>N'million</b>
<b>Investing activities</b>						
Purchase of property and equipment	(2,966)	(3,175)	(10,772)	(2,590)	(2,956)	(9,826)
Purchase of intangible assets	(230)	(119)	(1,421)	(190)	(101)	(1,313)
Proceed from sale of property and equipment	122	27	218	36	13	163
Purchase of investment property	-	-	-	-	-	-
Proceeds from sale of investment property	-	-	-	-	-	-
Purchase of equity securities	-	-	(700)	-	-	(700)
Proceeds from sale of equity securities	-	-	-	-	-	-
Redemption of bonds	-	-	-	-	-	-
Purchase of bonds	-	-	-	-	-	-
Disposal of trading bonds	-	-	-	-	-	-
Disposal of associates	-	1	2	-	1	2
Dividends received	-	-	303	-	-	303
Net assets held for sale	-	-	-	-	-	5,589
Investment in subsidiaries	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-
Proceeds from sale of subsidiary	9,995	-	-	9,995	-	-
Cash flows from discontinued operations	3,970	557	1,845	-	-	-
<b>Net cash used in investing activities</b>	<b>10,891</b>	<b>(2,709)</b>	<b>(10,526)</b>	<b>7,251</b>	<b>(3,043)</b>	<b>(5,782)</b>
<b>Financing activities</b>						
Dividend paid to shareholders	-	-	(50,234)	-	-	(50,234)
Borrowed funds						
- inflow from long term borrowing	12,876	8,489	50,209	12,876	8,489	50,209
- repayment of long term borrowing	(3,326)	(1,510)	(5,197)	(3,326)	(1,510)	(5,197)
Inflow from On-lending facilities	1,888	6,045	3,462	1,888	6,045	3,462
Net cash from changes in ownership interest in subsidiaries	3,549	-	56	-	-	-
<b>Net cash used in financing activities</b>	<b>14,987</b>	<b>13,024</b>	<b>(1,704)</b>	<b>11,438</b>	<b>13,024</b>	<b>(1,760)</b>
(Decrease)/ increase in cash and cash equivalents	(75,426)	1,429	253,350	(27,599)	8,259	228,077
<b>Analysis of changes in cash and cash equivalents:</b>						
Cash and cash equivalents at start of period/year	866,721	614,817	614,817	841,477	613,400	613,400
(Decrease)/ increase in cash and cash equivalents	(75,426)	1,429	253,350	(27,599)	8,259	228,077
Cash and cash equivalents from discontinued operations	23,451	(1,941)	143	-	-	-
Exchange rate movements on cash and cash equivalents	(3,305)	(180)	(1,589)	0.33	-	-
<b>Cash and cash equivalents at start of period/year</b>	<b>811,441</b>	<b>614,125</b>	<b>866,721</b>	<b>813,878</b>	<b>621,659</b>	<b>841,477</b>

50

**Zenith Bank Plc**  
**Consolidated and Separate Statements of Changes in Equity**  
**For the period ended 31 March 2014**

<b>Group</b>	Share capital N'million	Share premium N'million	Retained earnings N'million	Statutory reserve N'million	SMIEIS reserve N'million	Contingency reserve N'million	Revaluation reserve (investment securities) N'million	Credit risk reserve N'million	Foreign currency translation reserve N'million	Hedging reserve N'million	Total N'million	Non-controlling interest N'million	Total equity N'million
<b>At 1 January 2014</b>	15,698	255,047	161,144	57,762	3,729	1,371	3,499	10,697	(5,683)	1,972	505,236	4,015	509,251
Profit	-	-	23,609	-	-	-	-	-	-	-	23,609	68	23,677
Foreign currency translation differences	-	-	-	-	-	-	-	-	(946)	-	(946)	(35)	(981)
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	23,609	-	-	-	-	-	(946)	-	22,663	33	22,696
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	(266)	-	-	-	-	266	-	-	-	-	-
Elimination of Reserves of discontinued operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(3,549)	(3,549)
<b>At 31 March 2014</b>	<u>15,698</u>	<u>255,047</u>	<u>184,487</u>	<u>57,762</u>	<u>3,729</u>	<u>1,371</u>	<u>3,499</u>	<u>10,963</u>	<u>(6,629)</u>	<u>1,972</u>	<u>527,899</u>	<u>499</u>	<u>528,398</u>
<b>At 1 January 2013</b>	15,698	255,047	130,153	45,199	3,729	997	2,285	10,243	(3,667)	-	459,684	3,272	462,956
Profit	-	-	23,094	-	-	113	-	-	-	-	23,207	201	23,408
Foreign currency translation differences	-	-	-	-	-	-	-	-	(107)	-	(107)	(32)	(139)
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	23,094	-	-	113	-	-	(107)	-	23,100	169	23,269
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<u>15,698</u>	<u>255,047</u>	<u>153,247</u>	<u>45,199</u>	<u>3,729</u>	<u>1,110</u>	<u>2,285</u>	<u>10,243</u>	<u>(3,774)</u>	<u>-</u>	<u>482,784</u>	<u>3,441</u>	<u>486,225</u>

**Zenith Bank Plc**  
**Consolidated and Separate Statements of Changes in Equity**  
**For the period ended 31 March 2014**

<b>Bank</b>	Share Capital N'million	Share Premium N'million	Retained earnings N'million	Statutory reserve N'million	SMEIS reserve N'million	Revaluation reserve (investment securities) N'million	Credit Risk reserve N'million	Total equity N'million
<b>At 1 January 2014</b>	15,698	255,047	126,678	57,710	3,729	3,517	10,243	472,622
Profit	-	-	25,592	-	-	-	-	25,592
Foreign currency translation differences	-	-	-	-	-	-	-	-
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	25,592	-	-	-	-	25,592
Dividends	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	-	-	-
Effect of change in accounting policy (Note )	-	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	<u>15,698</u>	<u>255,047</u>	<u>152,269</u>	<u>57,710</u>	<u>3,729</u>	<u>3,517</u>	<u>10,243</u>	<u>498,213</u>
<b>At 1 January 2013</b>	15,698	255,047	106,010	45,198	3,729	2,078.00	10,243	438,003
Profit	-	-	20,599	-	-	-	-	20,599
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	20,599	-	-	-	-	20,599
Dividends	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<u>15,698</u>	<u>255,047</u>	<u>126,609</u>	<u>45,198</u>	<u>3,729</u>	<u>2,078</u>	<u>10,243</u>	<u>458,602</u>

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 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 16 June 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.

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 eleven 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 Medicare Limited, Zenith Trust Company Limited, Zenith Life Assurance Company Limited and Zenith Bank (Sierra Leone) Limited and Zenith Bank (Gambia) Limited. The results of the bank's subsidiaries have been consolidated in these financial statements except for those subsidiaries which are in the process of being sold up to 31 December 2013. These subsidiaries have been carried in the group financial statements as assets and liabilities held for sale, and the results of their operations classified as profit from discontinued operations. By March 2014 however, significant portion of shares held in these subsidiaries have been disposed and the remaining undisposed amount classified as associates or equity investment carried at fair value through other comprehensive income.

**Note 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 first quarter ended 31 March 2014 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 2013, 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 2013 IFRS 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.

**Note 3. Seasonality of operations**

The impact of seasonality or cyclical 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.

**Note 4. Unusual items**

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

**Note 5. Changes in Estimates**

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

**Note 6. Issuance, repurchases and repayment of debts and equity securities**

During the period under review, there were no issuance of debt or equity securities that resulted in an external inflow into the group.

**Note 7. Dividends**

The directors did not recommend the payment of any dividend for the Group's first quarter results to 31 March 2014 (31 March 2013: NIL)

**Note 8. Significant events after the end of the interim period**

Subsequent to 31 March 2014, the Bank raised US \$500 million by issuing a corporate bond after establishing a Global Medium Term Note program. The bonds are currently trading on the Ireland stock exchange.

**Note 9. Business combinations**

There was no business combination during the period.

**Note 10. 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 were no restructuring during the period neither were there reversal of previous restructuring arrangements for first quarter results to 31 March 2014 (31 March 2013: NIL)

**Note 11. Discontinued operations**

Assets and liabilities classified as held for sale and discontinued operations represent balances to be recovered primarily through sale, rather than through continuing operation and are subsequently measured at the lower of the carrying amount or fair value less cost to sale. On 4th February 2011, the Board of Directors decided to replace the universal banking licence currently held by the bank with a commercial banking licence that has international authorization. This is in compliance with the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters 2010. The Bank has submitted a compliance plan which includes the necessary steps to exit from non-core banking activities (except the pension custodianship business). Subsequent to that decision, the Bank has divested from Zenith Registrars Limited in 2012 and in March 2014, divestments from Zenith General Insurance Limited, Zenith Life Assurance Limited, Zenith Capital Limited and Zenith Securities limited were concluded.

**Note 12. 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.

**Note 13. Impairment loss of property, plant, 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.

**Note 14. Litigation settlements**

There was litigation settlements of 2.2 million Naira in the first quarter ended 31 March 2014 (31 March 2013: N6 million)

**Note 15. Segment Analysis**

The group's operations are primarily organised on the basis of its products and services offerings which is consistent with the group's management and internal reporting structure. Its secondary segmentation is based on the geographic coverage which covers Nigeria (part of which will be discontinued), Rest of Africa (Continuing operations) and the Europe (Continuing operations).

**(a) By business segment**

The Group's business activities are conducted principally through:

**Corporate, Retail Banking and Pension Custodial Services**

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

	Nigeria			Outside Nigeria Banking					
	Corporate, Retail Banking and Pension custodial services (Continuing operations) N'million	Treasury and Investment Banking (Discontinued operations) N'million	Insurance (Discontinue d operations) N'million	Africa (Continuing operations) N'million	Europe (Continuing operations) N'million	Total reportable segments N'million	All other segments (Discontinue d operations) N'million	Eliminations N'million	Consolidated N'million
<b>3 months ended 31 March 2014</b>									
<b>Revenue:</b>									
Derived from external customers	91,719	-	-	7,306	1,643	100,668	-	-	100,668
Derived from other business segments	1,090	-	-	-	1,003	2,093	-	(8,616)	(6,523)
<b>Total revenue</b>	<b>92,809</b>	<b>-</b>	<b>-</b>	<b>7,306</b>	<b>2,646</b>	<b>102,761</b>	<b>-</b>	<b>(8,616)</b>	<b>94,145</b>
Share of profit of associate									180
Interest expense	(24,533)	-	-	(1,949)	(1,321)	(27,803)	-	1,910	(25,893)
Impairment charge for credit losses	(1,920)	-	-	(30)	-	(1,950)	-	-	(1,950)
Operating and underwriting expenses	(35,131)	-	-	(1,808)	(624)	(37,563)	-	-	(37,563)
<b>Profit before tax</b>	<b>31,225</b>	<b>-</b>	<b>-</b>	<b>3,519</b>	<b>701</b>	<b>35,445</b>	<b>-</b>	<b>(6,706)</b>	<b>28,919</b>
<b>Tax</b>	<b>(4,868)</b>	<b>-</b>	<b>-</b>	<b>(197)</b>	<b>(177)</b>	<b>(5,242)</b>	<b>-</b>	<b>-</b>	<b>(5,242)</b>
<b>Profit after tax</b>	<b>26,357</b>	<b>-</b>	<b>-</b>	<b>3,322</b>	<b>524</b>	<b>30,203</b>	<b>-</b>	<b>(6,706)</b>	<b>23,677</b>
<b>Capital expenditure</b>	<b>2,848</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>45</b>	<b>3,191</b>	<b>-</b>	<b>-</b>	<b>3,191</b>
<b>Identifiable assets</b>	<b>2,978,220</b>	<b>-</b>	<b>-</b>	<b>147,288</b>	<b>243,206</b>	<b>3,368,714</b>	<b>-</b>	<b>(179,308)</b>	<b>3,189,406</b>
<b>Identifiable liabilities</b>	<b>2,468,417</b>	<b>-</b>	<b>-</b>	<b>125,318</b>	<b>222,213</b>	<b>2,815,948</b>	<b>-</b>	<b>(154,940)</b>	<b>2,661,008</b>

	Nigeria			Outside Nigeria Banking						
	Corporate, Retail Banking and Pension custodial services (Continuing operations) N'million	Treasury and Investment Banking (Discontinued operations) N'million	Insurance (Discontinued operations) N'million	Africa (Continuing operations) N'million	Europe (Continuing operations) N'million	Total reportable segments N'million	All other segments (Discontinued operations) N'million	Eliminations N'million	Consolidated N'million	
<b>3 months ended 31 March 2013</b>										
<b>Revenue:</b>										
Derived from external customers	79,002	191	2,854	3,633	1,282	86,962	15	-	86,977	
Derived from other business segments	273	108	463	-	390	1,234	-	(1,234)	-	
<b>Total revenue*</b>	<b>79,275</b>	<b>299</b>	<b>3,317</b>	<b>3,633</b>	<b>1,672</b>	<b>88,196</b>	<b>15</b>	<b>(1,234)</b>	<b>86,977</b>	
Share of profit of associates	-	-	-	-	-	-	-	-	-	
Interest expense	(19,800)	-	-	(787)	(569)	(21,156)	-	1,232	(19,924)	
Impairment charge for credit losses	(1,474)	-	-	(61)	-	(1,535)	-	-	(1,535)	
Operating and underwriting expenses	(32,115)	(47)	(2,479)	(1,489)	(507)	(36,637)	(6)	2	(36,641)	
<b>Profit before tax</b>	<b>25,886</b>	<b>252</b>	<b>838</b>	<b>1,296</b>	<b>596</b>	<b>28,868</b>	<b>9</b>	<b>-</b>	<b>28,877</b>	
Tax expense	(4,910)	-	(163)	(250)	(146)	(5,469)	-	-	(5,469)	
<b>Profit after tax</b>	<b>20,976</b>	<b>252</b>	<b>675</b>	<b>1,046</b>	<b>450</b>	<b>23,399</b>	<b>9</b>	<b>-</b>	<b>23,408</b>	
Capital expenditure**	3,058	-	41.00	80	156	3,335	-	-	3,335	
Identifiable assets	2,630,586	9,557	23,819	89,171	171,490	2,924,623	2,462	(155,657)	2,771,428	
Identifiable liabilities	2,163,893	3,319	8,637	73,136	154,620	2,403,605	2,267	(120,669)	2,285,203	

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

\*\* Capital expenditure consists of expenditure on intangible assets, and property and equipment during the year.

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.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> 31-Mar-13 <b>N'million</b>	<b>Group</b> 31-Dec-13 <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> 31-Mar-13 <b>N'million</b>	<b>Bank</b> 31-Dec-13 <b>N'million</b>
<b>Note 16. Interest and similar income</b>						
Inter-bank placements	1,313	1,356	4,655	2,265	1,657	7,468
Treasury bills	18,986	24,083	77,728	16,268	23,095	76,307
Government and other bonds	8,883	7,046	35,947	6,167	6,353	26,322
Loans and advances to customers	42,253	33,049	141,729	39,606	31,553	133,755
	<u>71,435</u>	<u>65,534</u>	<u>260,059</u>	<u>64,306</u>	<u>62,658</u>	<u>243,852</u>
<b>Note 17. Interest and similar expense</b>						
Current accounts	1,023	1,174	4,223	1,007	1,163	4,159
Savings accounts	1,208	473	3,825	1,195	459	3,772
Time deposits	21,719	17,824	58,812	21,686	18,012	59,082
Inter-bank takings	1,298	287	2,478	-	-	-
Borrowed funds	645	166	1,458	645	166	1,458
	<u>25,893</u>	<u>19,924</u>	<u>70,796</u>	<u>24,533</u>	<u>19,800</u>	<u>68,471</u>
<b>Note 18. Impairment charge for credit losses</b>						
The net impairment charge for credit losses comprises:						
Overdrafts ( See note 30)	1,946	(2,325)	8,059	1,920	(1,893)	6,899
Term loans (See note 30)	4	2,944	2,774	-	2,452	2,774
On-lending facilities (See note 30)	-	894	179	-	894	179
Advances under finance lease (See note 30)	-	22	55	-	22	55
Other assets	-	-	-	-	-	-
	<u>1,950</u>	<u>1,535</u>	<u>11,067</u>	<u>1,920</u>	<u>1,475</u>	<u>9,907</u>
<b>Note 19. Fees and commission income</b>						
Credit related fees	3,035	2,536	11,206	2,345	2,009	9,033
Commission on turnover	6,802	7,238	27,033	6,737	7,019	26,076
Income from financial guarantee contracts issued	524	452	2,525	524	401	2,304
Fees on electronic products	537	785	2,509	500	764	2,411
Foreign currency transaction fees and commissions	357	285	1,329	316	274	1,167
Other fees and commissions	3,106	1,276	7,948	2,017	453	6,125
	<u>14,361</u>	<u>12,572</u>	<u>52,550</u>	<u>12,439</u>	<u>10,920</u>	<u>47,116</u>
<b>Note 20. Net gains on financial instruments measured at fair value through profit and loss</b>						
Foreign exchange trading income	7,407	4,870	20,945	7,306	4,336	18,763
Treasury bill trading income	202	174	778	202	174	778
Bond trading income	56	44	64	56	44	39
	<u>7,665</u>	<u>5,088</u>	<u>21,787</u>	<u>7,564</u>	<u>4,554</u>	<u>19,580</u>

Foreign exchange trading income principally includes trading income on foreign denominated balances, as well as gains and losses from translated foreign currency assets and liabilities.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> 31-Mar-13 <b>N'million</b>	<b>Group</b> 31-Dec-13 <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> 31-Mar-13 <b>N'million</b>	<b>Bank</b> 31-Dec-13 <b>N'million</b>
<b>Note 21. Other income</b>						
Dividend income from equity investments	-	-	303	-	-	303
Gain on disposal of property and equipment	34	21	151	29	7	124
Gain on disposal of investment property	-	-	-	-	-	-
Gain on disposal of subsidiary	510	-	-	7,033	-	-
Income on cash handling	125	119	227	125	119	227
Rental income	15	13	73	15	13	73
	<u>684</u>	<u>153</u>	<u>754</u>	<u>7,202</u>	<u>139</u>	<u>727</u>

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.

**Note 22. Operating expenses**

Auditors' remuneration	131	93	420	105	84	329
Directors' emoluments	158	305	675	114	86	429
Deposit insurance premium	2,300	2,009	8,279	2,300	2,009	8,279
Professional fees	443	522	1,891	361	469	1,621
Training and development	904	508	1,421	882	486	1,339
Information technology	573	388	3,389	522	378	3,154
Operating leases	601	663	2,496	455	505	1,882
Advertisement	1,318	960	3,370	1,298	930	3,241
Bank charges	86	230	1,166	251	219	1,025
Fuel and maintenance	2,835	2,075	9,472	2,269	1,799	8,604
Insurances	310	323	1,335	298	310	1,280
Licenses, registrations and subscriptions	929	526	2,383	894	497	2,242
Travel and hotel expenses	319	205	1,154	229	164	824
Printing and stationery	177	215	1,148	129	165	948
Security and cash handling	2,883	4,308	12,609	2,853	4,278	12,480
Expenses on electronic products	924	814	2,954	900	805	2,892
AMCON premium	3,628	1,956	17,553	3,628	1,956	17,553
Others	2,016	1,057	4,812	1,549	781	3,944
	<u>20,535</u>	<u>17,157</u>	<u>76,527</u>	<u>19,037</u>	<u>15,921</u>	<u>72,066</u>

**Note 23a. Income tax expense**

<b>i. Minimum tax expense</b>	-	-	2,663	-	-	2,663
<b>ii. Income tax expense</b>						
Corporate tax	4,952	5,158	4,363	4,199	4,387	-
Excess dividend tax	-	-	11,773	-	-	11,773
Information technology tax	301	235	941	301	235	941
Education tax	-	-	-	-	-	-
Current income tax - current period	5,253	5,393	17,077	4,500	4,622	12,714
Origination and reversal of temporary deferred tax differences	(11)	(87)	(5,119)	-	-	(4,683)
Income tax expense from continuing operations	5,242	5,306	11,958	4,500	4,622	8,031
Income tax expense from discontinued operations	-	163	658	-	-	-
Total Income tax expense	<u>5,242</u>	<u>5,469</u>	<u>12,616</u>	<u>4,500</u>	<u>4,622</u>	<u>8,031</u>
Total tax expense	<u>5,242</u>	<u>5,469</u>	<u>15,279</u>	<u>4,500</u>	<u>4,622</u>	<u>10,694</u>

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> 31-Mar-13 <b>N'million</b>	<b>Group</b> 31-Dec-13 <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> 31-Mar-13 <b>N'million</b>	<b>Bank</b> 31-Dec-13 <b>N'million</b>
b. The movement in the current income tax payable balance is as follows:						
At start of the period	7,017	6,577	6,577	5,266	5,071	5,071
Tax paid(continuing operations)	-	(782)	(18,690)	-	-	(15,182)
Tax effect of translation	(211)	(36)	(610)	-	-	-
Minimum tax charge	-	-	2,663	-	-	2,663
Income tax charge	5,253	5,393	17,077	4,500	4,622	12,714
At end of the period	<u>12,059</u>	<u>11,152</u>	<u>7,017</u>	<u>9,766</u>	<u>9,693</u>	<u>5,266</u>

**Note 24. Profit for the period from discontinued operations**

Interest and similar income	-	640	2349
Impairment charge for credit losses	-	-	(109)
Net interest income after impairment charge for credit losses	-	640	2240
Fee and commission income	-	142	253
Underwriting profit	-	668	4270
Gross premium income	-	2,515	10,527
Reinsurances/ coinsurances	-	(464)	(2,550)
Net premiums underwritten	-	2,051	7,977
Commission earned	-	8	644
Claims recovered	-	304	2367
Claim expenses	-	(1,393)	(5,208)
Acquisition costs	-	(302)	(1,344)
Transfer to/ (from) profit and loss	-	-	(166)
Other income	-	21	180
Operating expenses	-	(567)	(2,555)
Profit before tax on discontinued operations	-	904	4,388
Taxation	-	(163)	(658)
Profit after tax on discontinued operations	-	741	3730
Basic earnings per share (discontinued operations)	-	2 k	12 k

**Note 25. Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. Where a stock split or bonus share issue has occurred, the number of shares in issue in the prior year is adjusted to achieve comparability.

Profit attributable to shareholders of the Bank (total operations) (N'million)	<u>23,609</u>	<u>23,207</u>	<u>94,576</u>	<u>25,592</u>	<u>20,599</u>	<u>83,414</u>
Profit attributable to shareholders of the Bank (continuing operations) (N'million)	<u>23,609</u>	<u>22,643</u>	<u>91,411</u>	<u>25,592</u>	<u>20,599</u>	<u>83,414</u>
Number of shares in issue at end of the period (millions)	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>
Weighted average number of ordinary shares in issue (millions)	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>	<u>31,396</u>
Basic earnings per share (total operations)	<u>75 k</u>	<u>74 k</u>	<u>301 k</u>	<u>82 k</u>	<u>66 k</u>	<u>266 k</u>
Basic earnings per share (continuing operations)	<u>75 k</u>	<u>72 k</u>	<u>291 k</u>	<u>82 k</u>	<u>66 k</u>	<u>266 k</u>

**Note 26. Cash and balances with central banks**

Cash	<u>86,107</u>	<u>32,915</u>	<u>44,512</u>	<u>81,672</u>	<u>28,946</u>	<u>38,521</u>
Operating accounts with Central Banks	<u>71,264</u>	<u>95,041</u>	<u>210,646</u>	<u>58,584</u>	<u>79,932</u>	<u>200,646</u>
Mandatory reserve deposits with central banks (cash reserve)	<u>429,376</u>	<u>189,047</u>	<u>348,693</u>	<u>429,238</u>	<u>188,767</u>	<u>348,626</u>
	<u>586,747</u>	<u>317,003</u>	<u>603,851</u>	<u>569,494</u>	<u>297,645</u>	<u>587,793</u>

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.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> 31-Mar-13 <b>N'million</b>	<b>Group</b> 31-Dec-13 <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> 31-Mar-13 <b>N'million</b>	<b>Bank</b> 31-Dec-13 <b>N'million</b>
<b>Note 27. Treasury bills</b>						
Treasury bills (FVTPL)	3,853	-	-	3,853	-	-
Treasury bills (Amortized cost)	505,212	727,990	586,441	477,640	705,360	572,598
	<u>509,065</u>	<u>727,990</u>	<u>586,441</u>	<u>481,493</u>	<u>705,360</u>	<u>572,598</u>
<b>Note 28. Due from other banks</b>						
Current balances with banks within Nigeria	12,440	9,235	11,384	-	-	-
Current balances with banks outside Nigeria	220,586	156,806	109,791	290,680	234,296	152,267
Placements with banks and discount houses	123,976	39,710	135,554	87,589	2,805	97,257
	<u>357,002</u>	<u>205,751</u>	<u>256,729</u>	<u>378,269</u>	<u>237,101</u>	<u>249,524</u>
<b>Note 29. Derivative assets held for risk management</b>						
Effective portion of changes in fair value of cash flow hedges	2,415	-	2,681	-	-	-
<b>Note 30. Loans and advances to customers</b>						
Overdrafts	461,260	321,850	351,642	433,945	300,039	321,361
Term loans	811,194	726,343	858,389	717,437	653,470	761,184
On-lending facilities	51,918	59,465	52,693	51,918	59,465	52,693
Advances under finance lease	11,996	17,471	13,398	11,790	17,215	13,141
Gross loans and advances to customers	1,336,368	1,125,129	1,276,122	1,215,090	1,030,189	1,148,378
Less: Allowances for impairment	(26,348)	(25,802)	(24,767)	(23,739)	(22,912)	(21,819)
Specific allowances for impairment	(7,898)	(10,699)	(7,972)	(5,600)	(7,974)	(5,600)
Collective allowance for impairment	(18,450)	(15,103)	(16,795)	(18,139)	(14,938)	(16,219)
Net loans and advances to customers	<u>1,310,020</u>	<u>1,099,327</u>	<u>1,251,355</u>	<u>1,191,351</u>	<u>1,007,277</u>	<u>1,126,559</u>
<b>Overdrafts</b>						
Gross overdrafts	461,260	321,850	351,642	433,945	300,039	321,361
Less: Allowances for impairment	(17,207)	(15,571)	(15,634)	(14,810)	(12,884)	(12,890)
Specific allowances for impairment	(5,785)	(7,970)	(5,867)	(3,695)	(5,444)	(3,695)
Collective allowance for impairment	(11,422)	(7,601)	(9,767)	(11,115)	(7,440)	(9,195)
Net overdrafts	<u>444,053</u>	<u>306,279</u>	<u>336,008</u>	<u>419,135</u>	<u>287,155</u>	<u>308,471</u>
<b>Term loans</b>						
Gross term loans	811,194	726,343	858,389	717,437	653,470	761,184
Less: Allowances for impairment	(8,288)	(8,374)	(8,280)	(8,076)	(8,171)	(8,076)
Specific allowances for impairment	(1,934)	(1,799)	(1,926)	(1,726)	(1,600)	(1,726)
Collective allowance for impairment	(6,354)	(6,575)	(6,354)	(6,350)	(6,571)	(6,350)
Net term loans	<u>802,906</u>	<u>717,969</u>	<u>850,109</u>	<u>709,361</u>	<u>645,299</u>	<u>753,108</u>
<b>On-lending facilities</b>						
Gross amount	51,918	59,465	52,693	51,918	59,465	52,693
Less: Allowances for impairment	(714)	(1,751)	(714)	(714)	(1,751)	(714)
Specific allowances for impairment	(179)	(930)	(179)	(179)	(930)	(179)
Collective allowance for impairment	(535)	(821)	(535)	(535)	(821)	(535)
	<u>50,490</u>	<u>55,963</u>	<u>51,265</u>	<u>50,490</u>	<u>55,963</u>	<u>51,265</u>
<b>Advances under finance lease</b>						
Gross amount	17,471	17,471	16,774	17,215	17,215	16,440
Less: Collective allowance for impairment	(139)	(106)	(139)	(139)	(106)	(139)
	<u>17,332</u>	<u>17,365</u>	<u>16,635</u>	<u>17,076</u>	<u>17,109</u>	<u>16,301</u>

Reconciliation of impairment allowance on loans and advances to customers:

Group	Overdrafts N'million	Term loans N'million	On-lending facilities N'million	Advances under finance lease N'million	Total N'million
<b>Balance at 1 January 2014</b>	<b>15,634</b>	<b>8,280</b>	<b>714</b>	<b>139</b>	<b>24,767</b>
Specific impairment	5,867	1,926	179	-	7,972
Collective impairment	9,767	6,354	535	139	16,795
<b>Additional impairment for the period</b>	<b>1,946</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>1,950</b>
Specific impairment	-	4	-	-	4
Collective impairment	1,946	-	-	-	1,946
Write-backs	(82)	-	-	-	(82)
Foreign currency translation and other adjustments	(291)	4	-	-	(287)
Write-offs	-	-	-	-	-
<b>Balance at 31 March 2014</b>	<b>17,207</b>	<b>8,288</b>	<b>714</b>	<b>139</b>	<b>26,348</b>
Specific impairment	5,785	1,934	179	-	7,898
Collective impairment	11,422	6,354	535	139	18,450
<b>Balance at 1 January 2013</b>	<b>17,896</b>	<b>5,875</b>	<b>857</b>	<b>84</b>	<b>24,712</b>
Specific impairment	9,713	888	-	-	10,601
Collective impairment	8,183	4,987	857	84	14,111
<b>Additional impairment for the period</b>	<b>(2,325)</b>	<b>2,944</b>	<b>894</b>	<b>22</b>	<b>1,535</b>
Specific impairment	(1,743)	1,356	930	-	543
Collective impairment	(582)	1,588	(36)	22	992
Foreign currency translation and other adjustments	-	(12)	-	-	(12)
Write-offs	-	-	-	-	-
<b>Balance at 31 March 2013</b>	<b>15,571</b>	<b>8,374</b>	<b>1,751</b>	<b>106</b>	<b>25,802</b>
Specific impairment	7,970	1,799	930	-	10,699
Collective impairment	7,601	6,575	821	106	15,103

Reconciliation of impairment allowance on loans and advances to customers:

Bank	Overdrafts N'million	Term loans N'million	On-lending facilities N'million	Advances under finance lease N'million	Total N'million
<b>Balance at 1 January 2014</b>	<b>12,890</b>	<b>8,076</b>	<b>714</b>	<b>139</b>	<b>21,819</b>
Specific impairment	3,695	1,726	179	-	5,600
Collective impairment	9,195	6,350	535	139	16,219
Additional impairment for the period	1,920	-	-	-	1,920
Specific impairment	-	-	-	-	-
Collective impairment	1,920	-	-	-	1,920
Write-offs	-	-	-	-	-
<b>Balance at 31 March 2014</b>	<b>14,810</b>	<b>8,076</b>	<b>714</b>	<b>139</b>	<b>23,739</b>
Specific impairment	3,695	1,726	179	-	5,600
Collective impairment	11,115	6,350	535	139	18,139
<b>Balance at 1 January 2013</b>	<b>14,777</b>	<b>5,719</b>	<b>857</b>	<b>84</b>	<b>21,437</b>
Specific impairment	7,634	734	-	-	8,368
Collective impairment	7,143	4,985	857	84	13,069
Additional impairment for the period	(1,893)	2,452	894	22	1,475
Specific impairment	(2,190)	866	930	-	(394)
Collective impairment	297	1,586	(36)	22	1,869
Write offs	-	-	-	-	-
<b>Balance at 31 March 2013</b>	<b>12,884</b>	<b>8,171</b>	<b>1,751</b>	<b>106</b>	<b>22,912</b>
Specific impairment	5,444	1,600	930	-	7,974
Collective impairment	7,440	6,571	821	106	14,938

Advances under finance lease	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Group</b> <b>31-Dec-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Dec-13</b> <b>N'million</b>
Gross investment	17,617	23,543	19,381	17,357	23,091	19,058
Less: Unearned income	(5,621)	(6,072)	(5,983)	(5,567)	(5,876)	(5,917)
Net Investment	<u>11,996</u>	<u>17,471</u>	<u>13,398</u>	<u>11,790</u>	<u>17,215</u>	<u>13,141</u>

The net investment may be analysed as follows:

No later than 1 year	1,159	1,387	2,177	1,122	1,342	2,062
Later than 1 year and no later than 5 years	10,837	16,084	11,221	10,668	15,873	11,079
	<u>11,996</u>	<u>17,471</u>	<u>13,398</u>	<u>11,790</u>	<u>17,215</u>	<u>13,141</u>

The nature of security in respect of loans and advances is as follows:

Secured against real estate	185,753	411,208	177,379	161,231	387,377	152,379
Secured by shares of quoted companies	34,016	15,701	32,482	18,498	13,150	17,482
Cash collateral, lien over fixed and floating assets,e.t.c	878,004	482,506	838,422	834,223	422,559	788,422
Unsecured	238,595	215,714	227,839	201,138	207,103	190,095
	<u>1,336,368</u>	<u>1,125,129</u>	<u>1,276,122</u>	<u>1,215,090</u>	<u>1,030,189</u>	<u>1,148,378</u>

#### Note 31. Investment securities

##### (a) Analysis of investments

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Group</b> <b>31-Dec-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Dec-13</b> <b>N'million</b>
Debt securities	283,927	252,113	292,471	188,722	207,180	201,869
Equity securities	10,829	9,405	10,654	10,717	9,405	10,654
	<u>294,756</u>	<u>261,518</u>	<u>303,125</u>	<u>199,439</u>	<u>216,585</u>	<u>212,523</u>

In March 2014, the Group disposed 90% of the ordinary share capital in Zenith Securities Limited and Zenith Capital Limited, holding only 10% in each of the companies. Accordingly, these companies have been classified as investments and accounted for at fair value through other comprehensive income.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 32. Investment in subsidiaries**

		<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>	<b>Bank</b>
	%	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13
		<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>
Zenith Pensions Custodian Limited	99.00%				1,980	1,980	1,980
Zenith Bank (Ghana) Limited	98.07%	-	-	-	6,444	6,444	6,444
Zenith Bank (UK) Limited	100.00%	-	-	-	13,307	13,307	13,307
Zenith Bank (Sierra Leone) Limited	100.00%	-	-	-	1,606	1,606	1,606
Zenith Bank (Gambia) Limited	99.96%	-	-	-	1,038	1,038	1,038
		<u>-</u>	<u>-</u>	<u>-</u>	<u>24,375</u>	<u>24,375</u>	<u>24,375</u>

**Note 33. Investment in associates**

The Group's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") is in compliance 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.

In March 2014, the Group disposed 45% of the ordinary share capital in Zenith General Insurance Limited, holding 35%. Accordingly, Zenith General Insurance Limited has been classified and accounted for using equity accounting method.

	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13
	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>
Balance at beginning of the period	1,822	1,822	1,822	1,822	1,822	1,822
Share of profit/(loss) b/f	75	(43)	(43)	-	-	-
Share of profit: current year	180	-	118	-	-	-
Additions	3,136	-	-	1,724	-	-
Disposals (cumulative)	(510)	(509)	(510)	(510)	(509)	(510)
Diminution in investment	(1,222)	(851)	(1,222)	(1,222)	(851)	(1,222)
Balance at end of the period	<u>3,481</u>	<u>419</u>	<u>165</u>	<u>1,814</u>	<u>462</u>	<u>90</u>

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.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>	<b>Bank</b>
<b>31-Mar-14</b>	<b>31-Mar-13</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>	<b>31-Dec-13</b>
<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>

**Note 34. Deferred tax assets**

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2012: 30%).

Deferred income tax assets are attributable to the following items:

**Deferred tax assets**

Tax loss carried forward	<u>723</u>	<u>87</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>
--------------------------	------------	-----------	------------	----------	----------	----------

Deferred income tax assets are recognised for tax loss carry-forwards only to the extent that the realisation of the related tax benefit is probable.

**Note 35. Other assets**

Prepayments	<b>34,557</b>	29,145	14,265	<b>33,489</b>	28,401	13,064
Other receivables	<b>23,233</b>	29,897	26,610	<b>20,601</b>	29,515	22,988
Gross other assets	<b>57,790</b>	59,042	40,875	<b>54,090</b>	57,916	36,052
Less: Specific impairment	<b>(4,637)</b>	(4,637)	(4,637)	<b>(4,637)</b>	(4,637)	(4,637)
	<b>53,153</b>	54,405	36,238	<b>49,453</b>	53,279	31,415

**Note 36. Assets classified as held for sale**

Investment in subsidiaries	-	-	-	-	10,338	4,749
Cash and balances with central banks	-	500	500	-	-	-
Treasury bills	-	9,084	11,076	-	-	-
Due from other banks	-	15,951	11,875	-	-	-
Loans and advances	-	504	59	-	-	-
Reinsurance assets and insurance receivable	-	617	1,112	-	-	-
Investment securities	-	4,946	2,915	-	-	-
Deferred tax assets	-	1,065	1	-	-	-
Other assets	-	909	1,861	-	-	-
Property and equipment	-	495	1,026	-	-	-
Intangible assets	-	42	29	-	-	-
	<b>-</b>	<b>34,113</b>	<b>30,454</b>	<b>-</b>	<b>10,338</b>	<b>4,749</b>

**37 Property and equipment**

**GROUP**

	Land N'million	Buildings N'million	Leasehold improvement N'million	Furniture, fittings & equipment N'million	Computer equipment N'million	Motor vehicles N'million	Work in progress N'million	Total N'million
<b>Cost</b>								
At start of the period	16,470	20,762	13,506	38,036	22,423	15,264	16,869	143,330
Exchange difference	-	(34)	(18)	(40)	(61)	(51)	(82)	(285)
Additions	162	321	87	467	94	1,097	738	2,966
Reclassifications	9	(32)	13	10	-	-	-	-
Disposals	-	-	-	(7)	(1)	(109)	-	(117)
At end of the period	<u>16,641</u>	<u>21,017</u>	<u>13,588</u>	<u>38,466</u>	<u>22,455</u>	<u>16,201</u>	<u>17,526</u>	<u>145,893</u>
<b>Accumulated depreciation</b>								
At start of the period	1,352	3,076	10,884	27,523	20,213	10,872	-	73,920
Exchange difference	-	(2)	(25)	(41)	(52)	(27)	-	(147)
Charge for the period	4	250	241	1,281	67	234	-	2,077
Reclassifications	39	(149)	(261)	(254)	382	243	-	-
Disposals	-	-	-	(7)	-	(21)	-	(28)
At end of the period	<u>1,395</u>	<u>3,175</u>	<u>10,839</u>	<u>28,502</u>	<u>20,610</u>	<u>11,301</u>	<u>-</u>	<u>75,822</u>
<b>Net book amount</b>								
<b>At 31 March 2014</b>	<u>15,246</u>	<u>17,842</u>	<u>2,749</u>	<u>9,964</u>	<u>1,845</u>	<u>4,900</u>	<u>17,526</u>	<u>70,071</u>
At 31 December 2013	<u>15,118</u>	<u>17,686</u>	<u>2,622</u>	<u>10,513</u>	<u>2,210</u>	<u>4,392</u>	<u>16,869</u>	<u>69,410</u>

There were no impairment losses on any class of property and equipment during the year (2013 : nil)

**Notes to the financial statements  
For the period ended 31 March 2014**

**37 Property and equipment**

**BANK**

	Land N'million	Buildings N'million	Leasehold improvement N'million	Furniture, fittings & equipment N'million	Computer equipment N'million	Motor vehicles N'million	Work in progress N'million	Total N'million
<b>Cost</b>								
At start of the period	16,470	20,419	11,689	36,804	21,394	14,450	16,654	137,880
Additions	162	321	79	438	40	916	634	2,590
Reclassifications	9	(32)	13	10	-	-	-	
Disposals	-	-	-	(7)	-	(14)	-	(21)
At end of the period	<u>16,641</u>	<u>20,708</u>	<u>11,781</u>	<u>37,245</u>	<u>21,434</u>	<u>15,352</u>	<u>17,288</u>	<u>140,449</u>
<b>Accumulated depreciation</b>								
At start of the period	1,352	3,062	9,741	26,594	19,394	10,373	-	70,516
Charge for the period	4	249	193	1,240	31	197	-	1,914
Reclassifications	39	(149)	(262)	(254)	382	244	-	
Disposals	-	-	-	(6)	-	(8)	-	(14)
At end of the period	<u>1,395</u>	<u>3,162</u>	<u>9,672</u>	<u>27,574</u>	<u>19,807</u>	<u>10,806</u>	<u>-</u>	<u>72,416</u>
<i>Net book amount</i>								
<b>At 31 March 2014</b>	<u><b>15,246</b></u>	<u><b>17,546</b></u>	<u><b>2,109</b></u>	<u><b>9,671</b></u>	<u><b>1,627</b></u>	<u><b>4,546</b></u>	<u><b>17,288</b></u>	<u><b>68,033</b></u>
At 31 December 2013	<u>15,118</u>	<u>17,357</u>	<u>1,948</u>	<u>10,210</u>	<u>2,000</u>	<u>4,077</u>	<u>16,654</u>	<u>67,364</u>

There were no impairment losses on any class of property and equipment during the year (2013 : nil)

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 38. Intangible assets**

	<b>Group</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Group</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Group</b> <b>31-Dec-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-14</b> <b>N'million</b>	<b>Bank</b> <b>31-Mar-13</b> <b>N'million</b>	<b>Bank</b> <b>31-Dec-13</b> <b>N'million</b>
Computer software						
Cost						
At start of the year	5,159	3,661	3,661	4,353	2,981	2,981
Exchange difference	17	(17)	18	-	-	-
Reclassification	-	-	59	-	-	59
Additions	230	119	1,421	190	101	1,313
At end of the year/period	<u>5,406</u>	<u>3,763</u>	<u>5,159</u>	<u>4,543</u>	<u>3,082</u>	<u>4,353</u>
Accumulated amortization						
At start of the year	3,224	2,255	2,255	2,650	1,806	1,806
Exchange difference	18	(16)	18	-	-	-
Charge for the year	191	215	951	163	190	844
At end of the year/period	<u>3,433</u>	<u>2,454</u>	<u>3,224</u>	<u>2,813</u>	<u>1,996</u>	<u>2,650</u>
Carrying amount						
At end of the year/period	<u>1,973</u>	<u>1,309</u>	<u>1,935</u>	<u>1,730</u>	<u>1,086</u>	<u>1,703</u>

**Note 39. Deposits**

Demand	1,223,569	1,175,511	1,293,778	1,145,207	1,167,283	1,229,706
Savings	200,950	156,711	192,281	174,194	144,656	174,184
Term	400,221	357,356	439,466	382,590	350,233	419,751
Deposit from banks	66,762	74,290	64,335	-	-	-
Domiciliary	396,644	230,782	286,895	370,289	204,960	256,221
	<u>2,288,146</u>	<u>1,994,650</u>	<u>2,276,755</u>	<u>2,072,280</u>	<u>1,867,132</u>	<u>2,079,862</u>

**Note 40. Other liabilities**

Customer deposits for letters of credit	97,330	56,899	32,276	97,492	56,899	32,276
Settlement payables	11,257	5,887	14,094	11,150	5,774	13,841
Managers' cheques	16,153	15,030	13,063	15,625	14,458	12,659
Due to banks for clean letters of credit	75,970	58,397	98,743	75,970	58,397	98,743
Customers' funds for fx purchases	3,861	2,417	2,963	3,820	2,391	2,927
Deferred income on financial guarantee contracts	456	314	389	416	314	349
Tax collections	1,452	1,401	1,336	1,392	1,350	1,289
Sales and other collections	9,793	6,882	19,272	9,793	6,882	19,272
Other payables	12,737	28,282	33,507	38,417	49,243	19,909
	<u>229,009</u>	<u>175,509</u>	<u>215,643</u>	<u>254,075</u>	<u>195,708</u>	<u>201,265</u>

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

<b>Group</b>	Group	Group	<b>Bank</b>	Bank	Bank
<b>31-Mar-14</b>	31-Mar-13	31-Dec-13	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13
<b>N'million</b>	N'million	N'million	<b>N'million</b>	N'million	N'million

**Note 41. On-lending facilities**

This comprises:

Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan	29,917	30,855	29,905	29,917	30,855	29,905
Bank of Industry (BOI) Intervention Loan	15,766	14,251	14,417	15,766	14,251	14,417
Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds	15,733	17,005	15,206	15,733	17,005	15,206
	<u>61,416</u>	<u>62,111</u>	<u>59,528</u>	<u>61,416</u>	<u>62,111</u>	<u>59,528</u>

**Note 42. Borrowings**

Long term borrowing comprise:

Due to ADB	4,119	10,668	7,445	4,119	10,668	7,445
Due to KEXIM	6,354	4,765	3,440	6,354	4,765	3,440
Due to EIB	4,501	-	4,331	4,501	-	4,331
Due to COMMERCE	8,246	-	-	8,246	-	-
Due to PROPARCO	13,816	6,220	13,264	13,816	6,220	13,264
Due to SCB	16,136	-	15,876	16,136	-	15,876
Due to CITIBANK	16,528	-	15,794	16,528	-	15,794
Due to Private Exporters Funding Corporation	-	464	-	-	464	-
	<u>69,700</u>	<u>22,117</u>	<u>60,150</u>	<u>69,700</u>	<u>22,117</u>	<u>60,150</u>

**Note 43. Liabilities classified as held for sale**

Claims payable	-	638	2,084	-	-	-
Current income tax	-	2,147	1,405	-	-	-
Deferred income tax liabilities	-	560	295	-	-	-
Bank Overdrafts	-	-	-	-	-	-
Unclaimed dividend	-	-	-	-	-	-
Liabilities on insurance contracts	-	6,664	6,274	-	-	-
Other payables	-	4,071	4,053	-	-	-
	<u>-</u>	<u>14,080</u>	<u>14,111</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 44. Share Capital**

Authorised

**40,000,000,000** ordinary shares of 50k each (2013: **40,000,000,000**)

<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
---------------	---------------	---------------	---------------	---------------	---------------

Issued and fully paid

**31,396,493,786** ordinary shares of 50k each (2013:  
**31,396,493,786** )

<u>15,698</u>	<u>15,698</u>	<u>15,698</u>	<u>15,698</u>	<u>15,698</u>	<u>15,698</u>
---------------	---------------	---------------	---------------	---------------	---------------

**Note 45. Share Premium**

There was no movement on share premium account during the period.

At start of the period

<u>255,047</u>	<u>255,047</u>	<u>255,047</u>	<u>255,047</u>	<u>255,047</u>	<u>255,047</u>
----------------	----------------	----------------	----------------	----------------	----------------

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 from previous years which have not been reclassified to the other reserves noted below.

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.

SMEIS reserve: The SMEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the 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 and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non-distributable. Transfer to this reserve is no longer required.

Contingency reserve: As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Group. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premiums and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the Life Fund.

Revaluation reserve: Comprises fair value movements on equity instruments.

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 Nigerian banking regulators requires the bank to create a reserve for the difference between the cumulative impairment charge determined in line with the principles of IFRS and the charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 46. Pension contribution**

In accordance with the provisions of the Pensions Reform Act 2004, 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 12.5% 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 N 811 million and N 753 million respectively (2013: N 627 million and N 576 million).

**Note 47. 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 31 March 2014 are shown below.

Entity	Effective holding %	Nominal share capital held N'million
Zenith Bank (Ghana) Limited	98.07	6,444
Zenith Bank (UK) Limited	100.00	13,307
Zenith Bank (Sierra Leone) Limited	99.99	1,606
Zenith Bank (Gambia ) Limited	99.96	1,038
Domestic / non-banking subsidiary: Zenith Pension Custodians Limited	99.00	1,980

**Key management personnel**

Key management personnel is defined as the Group's executive and non-executive directors, including their close members of family 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**

	Group N'million 31-Mar-14	Group N'million 31-Mar-13	Group N'million 31-Dec-13
Salaries and other short-term benefits	60	178	534
Retirement benefit cost	3	10	10
Loans and advances			
At start of the period	888	1,365	1,365
Granted during the period	-	-	83
Repayment during the period	(24)	(41)	(85)
At end of the period	<u>864</u>	<u>1,324</u>	<u>1,363</u>
<b>Interest earned</b>	<u>10</u>	<u>0.34</u>	<u>26</u>

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 (2013: Nil). The mortgage loans are secured by the underlying assets. All other loans are unsecured.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

<b>Name of company / Individual</b>	<b>Loans N' million</b>	<b>Deposits N' million</b>	<b>Interest received N' million</b>	<b>Interest paid N' million</b>
Visafone Communications Ltd	2,635	111	106	11
Quantum Fund Management	8,081	430	269	6
At end of the period	<u><u>10,716</u></u>	<u><u>541</u></u>	<u><u>375</u></u>	<u><u>17</u></u>

<b>Mar-13</b>	<b>Loans</b>	<b>Deposits</b>	<b>Interest received</b>	<b>Interest paid</b>
<b>Name of company / Individual</b>	<b>N' million</b>	<b>N' million</b>	<b>N' million</b>	<b>N' million</b>
Carpri Martins	2,700	39	108	0.30
Multibank savings and Loans	2,650	-	124	-
Visafone Communications Ltd	3,788	1	189	3
Tadop Properties Limited	-	-	-	-
Goodworks Properties Ltd	-	-	-	-
Cyberspace Limited	-	274	-	1
Cyberspace Networks Limited	-	-	-	4
	<u><u>9,138</u></u>	<u><u>314</u></u>	<u><u>421</u></u>	<u><u>8.3</u></u>

Loans granted to related parties are secured over real estate and other assets of the respective borrowers. No impairment has been recognised in respect of loans granted to related parties (2013: Nil).

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 48. Acceptances and guarantees**

(a) Legal proceedings

The Bank is presently involved in 112 litigation suits in the ordinary course of business. The total amount claimed in the cases against the Bank is estimated at N6.06 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 balance sheet date, the Bank had capital commitments amounting to N2.75 billion (2013: N2.21 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:

	<b>Group</b>	Group	Group	<b>Bank</b>	Bank	Bank
	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13
	<b>N'million</b>	N'million	N'million	<b>N'million</b>	N'million	N'million
Performance bonds and guarantees	<b>701,853</b>	468,998	648,847	<b>689,989</b>	457,379	632,167
Usance	<b>148,197</b>	156,358	167,520	<b>135,191</b>	141,434	147,067
Letters of credit	<b>163,752</b>	138,978	170,516	<b>148,003</b>	132,219	153,033
Pension Funds (See Note (below))	<b>1,528,084</b>	1,198,437	1,469,865	<b>1,528,084</b>	1,198,437	1,469,865
	<b>2,541,886</b>	1,962,771	2,456,748	<b>2,501,267</b>	1,929,469	2,402,132

Letters of credit are agreements to lend to a customer 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 1,528.08 billion (2013: N 1,198.43 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.

**Zenith Bank Plc**  
**Notes to the financial statements**  
**For the period ended 31 March 2014**

**Note 49. Dividend per share**

Dividend proposed( in N'million)	-	-	54,944	-	-	54,944
Number of shares in issue and ranking for dividend(in millions)	<b>31,396</b>	31,396	31,396	<b>31,396</b>	31,396	31,396
Dividend paid per share	-	-	175 k	-	-	160 k

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 March 2014 and 31 December 2013 respectively.

Payment of dividends is subject to withholding tax at a rate of 10%.

**Note 50. 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.

	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13	<b>31-Mar-14</b>	31-Mar-13	31-Dec-13
	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>	<b>N'million</b>
Cash and balances with central banks (less restricted balances)	<b>157,371</b>	127,956	255,158	<b>140,256</b>	108,878	239,167
Treasury bills	<b>297,068</b>	280,418	354,834	<b>295,353</b>	275,680	352,786
Due from other banks	<b>357,002</b>	205,751	256,729	<b>378,269</b>	237,101	249,524
	<b>811,441</b>	614,125	866,721	<b>813,878</b>	621,659	841,477