

**ZENITH BANK PLC AND SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

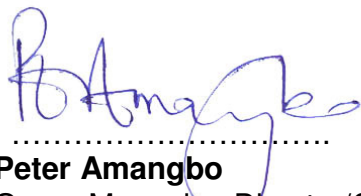
ZENITH BANK PLC

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 quarter ended 30 June 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.



Peter Amangbo
Group Managing Director/CEO
FRC/2013/ICAN/0000001310



Ebenezer Onyeagwu
Executive Director
FRC/2013/ICAN/0000003788

Zenith Bank Plc
Statements of comprehensive income
For the period ended 30 June 2014

	Group 3 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-13 N'million	Group 12 Months 31-Dec-13 N'million	Bank 3 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-13 N'million	Bank 12 Months 31-Dec-13 N'million
Gross earnings	90,110	184,434	171,024	351,470	83,058	174,569	152,843	311,275
Continuing Operations:								
Interest and similar income	68,089	139,524	128,323	260,059	62,892	127,198	122,418	243,852
Interest and similar expense	(22,888)	(48,781)	(36,966)	(70,796)	(21,722)	(46,255)	(36,638)	(68,471)
Net interest income	45,201	90,743	91,357	189,263	41,170	80,943	85,780	175,381
Impairment charge for credit losses	(998)	(2,948)	(3,610)	(11,067)	(880)	(2,800)	(3,396)	(9,907)
Net interest income after impairment charge for credit losses	44,203	87,795	87,747	178,196	40,290	78,143	82,384	165,474
Fee and commission income	11,743	26,104	23,820	52,550	9,898	22,337	20,558	47,116
Net gains on financial instruments measured at fair value through profit or loss	10,237	17,902	10,355	21,787	10,046	17,610	9,289	19,580
Other income	221	905	596	754	222	7,424	578	727
Share of profit/(loss) of associates	144	324	-	118	-	-	-	-
Amortisation of intangible assets	(197)	(388)	(404)	(951)	(167)	(330)	(353)	(844)
Depreciation of property and equipment	(2,292)	(4,369)	(4,735)	(9,766)	(2,136)	(4,050)	(4,389)	(9,015)
Personnel expenses	(18,486)	(33,246)	(26,710)	(59,952)	(17,364)	(31,216)	(25,166)	(56,864)
Operating expenses	(16,633)	(37,168)	(38,579)	(76,527)	(15,306)	(34,343)	(36,479)	(72,066)
Profit before minimum tax and income tax from continuing operations	28,940	57,859	52,090	106,209	25,483	55,575	46,422	94,108
Minimum tax	-	-	-	(2,663)	-	-	-	(2,663)
Income tax expense from continuing operations	(5,172)	(10,414)	(8,264)	(11,958)	(4,406)	(8,906)	(6,914)	(8,031)
Profit after tax from continuing operations	23,768	47,445	43,826	91,588	21,077	46,669	39,508	83,414
Discontinued Operations:								
Gross income from discontinued operations	-	-	7,930	16,320	-	-	-	-
Gross expenses from discontinued operations	-	-	(5,937)	(11,932)	-	-	-	-
Profit before tax from discontinued operations	-	-	1,993	4,388	-	-	-	-
Income tax expense from discontinued operations	-	-	(400)	(658)	-	-	-	-
Profit after tax from discontinued operations	-	-	1,593	3,730	-	-	-	-
Continued and Discontinued Operations:								
Profit for the year before minimum tax and income tax	28,940	57,859	54,083	110,597	25,483	55,575	46,422	94,108
Minimum tax	-	-	-	(2,663)	-	-	-	(2,663)
Income tax expense	(5,172)	(10,414)	(8,664)	(12,616)	(4,406)	(8,906)	(6,914)	(8,031)
Profit for the year after tax	23,768	47,445	45,419	95,318	21,077	46,669	39,508	83,414
Other comprehensive income:								
Items that will never be reclassified to profit or loss								
Fair value movements on equity instruments	-	-	-	549	-	-	-	549
Related tax credit / (expense)	-	-	-	890	-	-	-	890
Fair value movements on equity instruments - discontinued operations	-	-	-	(225)	-	-	-	-
Items that will never be reclassified to profit or loss	-	-	-	-	-	-	-	-
Foreign currency translation differences	(3,471)	(4,452)	178	(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	(3,471)	(4,452)	178	1,155	-	-	-	1,439
Total comprehensive income for the period	20,297	42,993	45,597	96,473	21,077	46,669	39,508	84,853

Profit attributable to:									
Equity holders of the parent		23,737	47,346	45,061	94,576	21,077	46,669	39,508	83,414
Non controlling interest		31	99	358	742	-	-	-	-
Total comprehensive income attributable to:									
Equity holders of the parent		20,325	42,988	45,244	95,746	21,077	46,669	39,508	83,414
Non-controlling interests		(28)	5	353	727	-	-	-	-
Profit from continuing operations attributable to:									
Equity holders of the parent		23,737	47,346	43,775	91,411	21,077	46,669	39,508	83,414
Non controlling interests		31	99	51	177	-	-	-	-
Earnings per share for profit from total operations attributable to equity holders of parent									
Basic and diluted	25	76k	151 k	144 k	301 k	67k	149 k	126 k	266 k
Earnings per share for profit from continuing operations attributable to equity holders of parent									
Basic and diluted	25	76k	151 k	139 k	291 k	67k	149 k	126 k	266 k

Zenith Bank Plc
Statements of financial position
As at 30 June 2014

		Group	Group	Group	Bank	Bank	Bank
		30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
		N'million	N'million	N'million	N'million	N'million	N'million
Assets	Note						
Cash and balances with central banks	26	556,416	284,196	603,851	549,201	268,877	587,793
Treasury bills	27	335,833	649,673	586,441	311,789	628,082	572,598
Due from other banks	28	501,686	346,613	256,729	402,247	352,540	249,524
Derivative assets held for risk management	29	1,939	-	2,681	-	-	-
Loans and advances	30	1,385,988	1,066,225	1,251,355	1,267,318	953,526	1,126,559
Investment securities	31	295,581	265,616	303,125	203,756	219,650	212,523
Investment in subsidiaries	32	-	-	-	24,375	24,375	24,375
Investments in associates	33	2,272	318	165	1,814	361	90
Deferred tax assets	34	708	414	749	-	-	-
Other assets	35	50,724	61,806	36,238	48,961	68,053	31,415
Assets classified as held for sale	36	-	35,036	30,454	-	8,888	4,749
Property and equipment	37	70,557	69,568	69,410	68,728	67,322	67,364
Intangible assets	38	2,048	1,547	1,935	1,788	1,299	1,703
Total assets		3,203,752	2,781,012	3,143,133	2,879,977	2,592,973	2,878,693
Liabilities							
Customers' deposits	39	2,304,976	2,000,997	2,276,755	2,062,503	1,860,574	2,079,862
Current income tax	23	2,171	1,017	7,017	1,239	(230)	5,266
Deferred income tax liabilities		1,106	5,578	678	-	5,573	-
Other liabilities	40	175,685	201,686	215,643	124,462	200,780	201,265
On-lending facilities	41	85,356	61,862	59,528	85,356	61,862	59,528
Borrowings	42	142,070	37,137	60,150	142,070	37,137	60,150
Liabilities classified as held for sale	43	-	14,416	14,111	-	-	-
Total liabilities		2,711,364	2,322,693	2,633,882	2,415,630	2,165,696	2,406,071
Capital and reserves							
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		153,280	124,414	161,144	118,403	95,284	126,678
Other reserves		67,902	59,535	73,347	75,199	61,248	75,199
Attributable to equity holders of the parent		491,927	454,694	505,236	464,347	427,277	472,622
Non-controlling interest		461	3,625	4,015	-	-	-
Total shareholders' equity		492,388	458,319	509,251	464,347	427,277	472,622
Total Liabilities and equity		3,203,752	2,781,012	3,143,133	2,879,977	2,592,973	2,878,693
Acceptances and guarantees	48 (c)	2,686,058	2,069,138	2,456,748	2,642,972	2,036,173	2,402,132

Zenith Bank Plc
Statements of cash flow
For the period ended 30 June 2014

	Group	Group	Group	Bank	Bank	Bank
	6 Months	6 Months	12 Months	6 Months	6 Months	12 Months
	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
	N'million	N'million	N'million	N'million	N'million	N'million
Operating activities						
Profit after tax for the year	47,445	45,419	95,318	46,669	39,508	83,414
Impairment:						
- on loans and advances	2,948	3,594	11,012	2,800	3,379	9,852
- on leases	-	16	55	-	17	55
- Insurance receivables	-	-	-	-	-	-
- other assets	-	-	-	-	-	-
- investment in associates	-	100	371	-	100	371
Fair value changes recognised in profit and loss	(90)	-	(64)	(90)	-	(39)
Depreciation of property and equipment	4,369	4,735	9,766	4,050	4,389	9,015
Depreciation of investment property	-	-	-	-	-	-
Amortisation of intangible assets	388	404	951	330	353	844
Foreign exchange losses/(gains) on operating activities	-	-	-	-	-	-
Dividend income	(100)	(303)	(303)	(100)	(303)	(303)
Net interest income	(90,743)	(91,357)	(189,263)	(80,943)	(85,780)	(175,381)
Share of (profit)/loss of associates	(324)	-	(118)	-	-	-
Profit / (loss) on sale of property and equipment	(155)	(80)	(151)	(151)	(62)	(124)
Profit on sale of investment property	-	-	-	-	-	-
Gain on disposal of subsidiary	(510)	-	-	(7,033)	-	-
Tax expense	10,414	8,664	15,279	8,906	6,914	10,694
	(26,358)	(28,808)	(57,147)	(25,562)	(31,485)	(61,602)
Changes in operating assets:	(170,394)	(62,012)	(294,792)	(166,164)	(62,375)	(227,070)
Loans and advances	(137,257)	(79,757)	(272,085)	(143,559)	(61,568)	(241,112)
Other assets	(14,486)	(33,141)	(7,573)	(17,546)	(51,239)	(14,601)
Treasury bills with maturities greater than three months	97,276	33,102	157,139	88,861	29,329	151,982
Restricted balances (cash reserves)	(102,906)	(15,931)	(168,557)	(102,840)	(16,152)	(169,009)
Net assets of subsidiary disposed	(16,343)	-	-	-	-	-
Debt securities	3,322	33,715	(3,716)	8,920	37,255	45,670
Changes in operating liabilities:	(11,736)	156,084	445,799	(94,163)	144,319	364,092
Customers' deposits	28,221	71,753	347,511	(17,359)	58,566	277,854
Other liabilities	(39,957)	84,331	98,288	(76,804)	85,753	86,238
Cash flows (used in)/generated from operating activities	(208,488)	65,264	93,860	(285,889)	50,459	75,420
Interest received	139,524	128,323	260,059	127,198	122,418	243,852
Interest paid	(48,781)	(36,966)	(70,796)	(46,255)	(36,638)	(68,471)
Tax paid	(14,548)	(13,816)	(19,724)	(12,933)	(12,215)	(15,182)
Cash flows from discontinued operations	(11,078)	871	2,180	-	-	-
Net cash flows (used in)/generated from operations	(143,372)	143,676	265,579	(217,879)	124,024	235,619

	Group 6 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-13 N'million	Group 12 Months 31-Dec-13 N'million	Bank 6 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-13 N'million	Bank 12 Months 31-Dec-13 N'million
Investing activities						
Purchase of property and equipment	(5,990)	(5,551)	(10,772)	(5,440)	(5,065)	(9,826)
Purchase of intangible assets	(496)	(552)	(1,421)	(415)	(477)	(1,313)
Proceed from sale of property and equipment	258	88	218	178	67	163
Purchase of equity securities	-	-	(700)	-	-	(700)
Disposal of associates	-	2	2	-	2	2
Dividends received	100	303	303	100	303	303
Net assets held for sale	-	-	-	-	-	5,589
Proceeds from sale of subsidiary	9,995	-	-	9,995	-	-
Cash flows from discontinued operations	3,970	498	1,845	-	1,450	-
Net cash used in investing activities	7,837	(5,211)	(10,525)	4,418	(3,720)	(5,782)
Financing activities						
Dividend paid to shareholders	(54,944)	(50,234)	(50,234)	(54,944)	(50,234)	(50,234)
Borrowed funds						
- inflow from long term borrowing	87,141	23,350	50,209	87,141	23,350	50,209
- repayment of long term borrowing	(5,221)	(1,351)	(5,197)	(5,221)	(1,351)	(5,197)
Inflow from On-lending facilities	25,828	5,796	3,462	25,828	5,796	3,462
Net cash from changes in ownership interest in subsidiaries	3,523	-	56	-	-	-
Net cash used in financing activities	56,327	(22,439)	(1,704)	52,804	(22,439)	(1,760)
(Decrease)/ increase in cash and cash equivalents	(79,207)	116,025	253,350	(160,657)	97,865	228,077
Analysis of changes in cash and cash equivalents:						
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	(79,207)	116,026	253,350	(160,657)	97,865	228,077
Cash and cash equivalents from discontinued operations	23,451	(1,630)	143	-	-	-
Exchange rate movements on cash and cash equivalents	(2,961)	(442)	(1,589)	-	-	-
Cash and cash equivalents at start of period/year	808,005	728,771	866,721	680,820	711,265	841,477

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Zenith Bank Plc
Consolidated and Separate Statements of Changes in Equity
For the period ended 30 June 2014

Group	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
At 1 January 2014	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	-	-	47,346	-	-	-	-	-	-	-	47,346	99	47,445
Foreign currency translation differences	-	-	-	-	-	-	-	-	(3,812)	(546)	(4,358)	(94)	(4,452)
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	47,346	-	-	-	-	-	(3,812)	(546)	42,988	5	42,993
Dividends	-	-	(54,944)	-	-	-	-	-	-	-	(54,944)	-	(54,944)
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	(266)	-	-	-	-	266	-	-	-	-	-
Elimination of Reserves of discontinued operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(1,371)	18	-	-	-	(1,353)	(3,559)	(4,912)
At 30 June 2014	<u>15,698</u>	<u>255,047</u>	<u>153,279</u>	<u>57,762</u>	<u>3,729</u>	<u>-</u>	<u>3,517</u>	<u>10,963</u>	<u>(9,495)</u>	<u>1,426</u>	<u>491,927</u>	<u>461</u>	<u>492,388</u>
At 1 January 2013	15,698	255,047	130,153	45,199	3,729	997	2,285	10,243	(3,667)	-	459,684	3,272	462,956
Profit	-	-	44,898	-	-	163	-	-	-	-	45,061	358	45,419
Foreign currency translation differences	-	-	-	-	-	-	-	-	183	-	183	(5)	178
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	44,898	-	-	163	-	-	183	-	45,244	353	45,597
Dividends	-	-	(50,234)	-	-	-	-	-	-	-	(50,234)	-	(50,234)
Transfer from retained earnings	-	-	(403)	43	-	-	-	360	-	-	-	-	-
Elimination of Reserves of discontinued operation	-	0	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	<u>15,698</u>	<u>255,047</u>	<u>124,414</u>	<u>45,242</u>	<u>3,729</u>	<u>1,160</u>	<u>2,285</u>	<u>10,603</u>	<u>(3,484)</u>	<u>-</u>	<u>454,694</u>	<u>3,625</u>	<u>458,319</u>

Zenith Bank Plc
Consolidated and Separate Statements of Changes in Equity
For the period ended 30 June 2014

Bank	Share Capital N'million	Share Premium N'million	Retained earnings N'million	Statutory reserve N'million	SMIEIS reserve N'million	Revaluation reserve (investment securities) N'million	Credit Risk reserve N'million	Total equity N'million
At 1 January 2014	15,698	255,047	126,678	57,710	3,729	3,517	10,243	472,622
Profit	-	-	46,669	-	-	-	-	46,669
Foreign currency translation differences	-	-	-	-	-	-	-	-
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	46,669	-	-	-	-	46,669
Dividends	-	-	(54,944)	-	-	-	-	(54,944)
Transfer from retained earnings	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	-	-	-
Effect of change in accounting policy (Note)	-	-	-	-	-	-	-	-
At 30 June 2014	<u>15,698</u>	<u>255,047</u>	<u>118,403</u>	<u>57,710</u>	<u>3,729</u>	<u>3,517</u>	<u>10,243</u>	<u>464,347</u>
At 1 January 2013	15,698	255,047	106,010	45,198	3,729	2,078	10,243	438,003
Profit	-	-	39,508	-	-	-	-	39,508
Fair value movements on equity instruments, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	39,508	-	-	-	-	39,508
Dividends	-	-	(50,234)	-	-	-	-	(50,234)
Transfer from retained earnings	-	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	-	-	-
At 30 June 2013	<u>15,698</u>	<u>255,047</u>	<u>95,284</u>	<u>45,198</u>	<u>3,729</u>	<u>2,078</u>	<u>10,243</u>	<u>427,277</u>

Zenith Bank Plc
Notes to the financial statements
For the period ended 30 June 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 five subsidiary companies namely, Zenith Bank (Ghana) Limited, Zenith Pension Custodian 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 financial statements .

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 second quarter ended 30 June 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, the Bank issued a USD 500 million corporate bond after establishing a Global Medium Term Note program. The bond is currently trading on the Ireland stock exchange. The issuance of the bond 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 second quarter results to 30 June 2014 (30 June 2013: NIL)

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

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

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 second quarter results to 30 June 2014 (30 June 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 101 million Naira in the second quarter ended 30 June 2014 (30 June 2013: N6 million)

Note 15. Segment Analysis

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

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 (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
6 months ended 30 June 2014									
Revenue:									
Derived from external customers	174,876	-	-	12,694	3,386	190,956	-	-	190,956
Derived from other business segments	2,407	-	-	-	1,932	4,339	-	(10,861)	(6,522)
Total revenue	177,283	-	-	12,694	5,318	195,295	-	(10,861)	184,434
Share of profit of associate	-	-	-	-	-	-	-	-	324
Interest expense	(46,255)	-	-	(3,751)	(2,554)	(52,560)	-	3,779	(48,781)
Impairment charge for credit losses	(2,800)	-	-	(148)	-	(2,948)	-	-	(2,948)
Operating and underwriting expenses	(70,314)	-	-	(3,617)	(1,240)	(75,171)	-	-	(75,171)
Profit before tax	57,914	-	-	5,178	1,524	64,616	-	(7,082)	57,858
Tax	(9,671)	-	-	(366)	(377)	(10,414)	-	-	(10,414)
Profit after tax	48,243	-	-	4,812	1,147	54,202	-	(7,082)	47,444
Capital expenditure	5,976	-	-	422	88	6,486	-	-	6,486
Identifiable assets	2,893,002	-	-	152,920	255,166	3,301,088	-	(95,983)	3,205,105
Identifiable liabilities	2,416,257	-	-	133,343	233,371	2,782,971	-	(71,607)	2,711,364

	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
6 months ended 30 June 2013									
Revenue:									
Derived from external customers	154,379	300	6,479	7,403	2,432	170,993	31	-	171,024
Derived from other business segments	555	193	927	-	869	2,544	-	(2,544)	-
Total revenue*	154,934	493	7,406	7,403	3,301	173,537	31	(2,544)	171,024
Share of profit of associates	-	-	-	-	-	-	-	-	-
Interest expense	(36,638)	-	-	(1,632)	(1,240)	(39,510)	-	2,544	(36,966)
Impairment charge for credit losses	(3,395)	-	-	(215)	-	(3,610)	-	-	(3,610)
Operating and underwriting expenses	(66,365)	(225)	(5,715)	(3,042)	(1,003)	(76,350)	(15)	-	(76,365)
Profit before tax	48,536	268	1,691	2,514	1,058	54,067	16	-	54,083
Tax expense	(7,515)	(80)	(315)	(486)	(263)	(8,659)	(5)	-	(8,664)
Profit after tax	41,021	188	1,376	2,028	795	45,408	11	-	45,419
Capital expenditure**	5,590	-	140	441	72	6,243	-	-	6,243
Identifiable assets	2,602,938	7,918	26,523	102,177	189,107	2,928,663	2,321	(149,972)	2,781,012
Identifiable liabilities	2,166,637	1,735	10,561	85,159	171,461	2,435,553	2,123	(114,983)	2,322,693

* 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.

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	Group 3 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-13 N'million	Group 12 Months 31-Dec-13 N'million	Bank 3 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-13 N'million	Bank 12 Months 31-Dec-13 N'million
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Note 16. Interest and similar income

Inter-bank placements	1,021	2,334	2,274	4,655	1,874	4,139	3,012	7,468
Treasury bills	11,215	30,201	46,463	77,728	10,832	27,100	44,453	76,307
Government and other bonds	8,477	17,360	13,799	35,947	5,953	12,120	12,370	26,322
Loans and advances to customers	47,376	89,629	65,787	141,729	44,233	83,839	62,583	133,755
	68,089	139,524	128,323	260,059	62,892	127,198	122,418	243,852

Note 17. Interest and similar expense

Current accounts	995	2,018	2,318	4,223	977	1,984	2,294	4,159
Savings accounts	1,241	2,449	1,519	3,825	1,226	2,421	1,492	3,772
Time deposits	17,832	39,551	32,231	58,812	17,858	39,544	32,470	59,082
Inter-bank takings	1,159	2,457	516	2,478	-	-	-	-
Borrowed funds	1,661	2,306	382	1,458	1,661	2,306	382	1,458
	22,888	48,781	36,966	70,796	21,722	46,255	36,638	68,471

Note 18. Impairment charge for credit losses

The net impairment charge for credit losses comprises:

Overdrafts (See note 30)	816	2,762	2,527	8,059	880	2,800	2,420	6,899
Term loans (See note 30)	182	186	1,210	2,774	-	-	1,102	2,774
On-lending facilities (See note 30)	-	-	(143)	179	-	-	(143)	179
Advances under finance lease (See note 30)	-	-	16	55	-	-	17	55
	998	2,948	3,610	11,067	880	2,800	3,396	9,907

Note 19. Fees and commission income

Credit related fees	2,049	5,084	4,113	11,206	1,403	3,748	3,113	9,033
Commission on turnover	6,263	13,065	13,467	27,033	6,392	13,129	13,041	26,076
Income from financial guarantee contracts issued	791	1,315	1,026	2,525	746	1,270	1,019	2,304
Fees on electronic products	534	1,071	1,368	2,509	501	1,001	1,324	2,411
Foreign currency transaction fees and commissions	327	684	569	1,329	284	600	550	1,167
Other fees and commissions	1,779	4,885	3,277	7,948	572	2,589	1,511	6,125
	11,743	26,104	23,820	52,550	9,898	22,337	20,558	47,116

Note 20. Net gains on financial instruments measured at fair value through profit and loss

Foreign exchange trading income	9,612	17,019	9,840	20,945	9,421	16,727	8,774	18,763
Treasury bill trading income	591	793	458	778	591	793	458	778
Bond trading income	34	90	57	64	34	90	57	39
	10,237	17,902	10,355	21,787	10,046	17,610	9,289	19,580

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.

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	Group 3 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-14 N'million	Group 6 Months 30-Jun-13 N'million	Group 12 Months 31-Dec-13 N'million	Bank 3 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-14 N'million	Bank 6 Months 30-Jun-13 N'million	Bank 12 Months 31-Dec-13 N'million
Note 21. Other income								
Dividend income from equity investments	100	100	303	303	100	100	303	303
Gain on disposal of property and equipment	121	155	-	151	122	151	-	124
Gain on disposal of investment property	-	-	80	-	-	-	62	-
Gain on disposal of subsidiary	-	510	-	-	-	7,033	-	-
Income on cash handling	0	125	213	227	0	125	213	227
Rental income	-	15	-	73	-	15	-	73
	221	905	596	754	222	7,424	578	727

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	118	249	164	420	105	210	147	329
Directors' emoluments	1	159	405	675	1	115	142	429
Deposit insurance premium	2,301	4,601	4,018	8,279	2,301	4,601	4,018	8,279
Professional fees	605	1,048	976	1,891	520	881	871	1,621
Training and development	405	1,309	828	1,421	360	1,242	791	1,339
Information technology	761	1,334	850	3,389	713	1,235	834	3,154
Operating leases	687	1,288	1,232	2,496	537	992	914	1,882
Advertisement	1,121	2,439	1,569	3,370	1,089	2,387	1,510	3,241
Bank charges	179	265	635	1,166	525	776	609	1,025
Fuel and maintenance	1,360	4,195	4,102	9,472	780	3,049	3,839	8,604
Insurances	319	629	689	1,335	304	602	661	1,280
Licenses, registrations and subscriptions	407	1,336	1,394	2,383	383	1,277	1,330	2,242
Travel and hotel expenses	353	672	501	1,154	260	489	348	824
Printing and stationery	305	482	676	1,148	252	381	544	948
Security and cash handling	2,374	5,257	7,289	12,609	2,331	5,184	7,223	12,480
Expenses on electronic products	979	1,903	1,357	2,954	953	1,853	1,336	2,892
AMCON premium	3,569	7,197	6,250	17,553	3,569	7,197	6,250	17,553
Others	789	2,805	5,644	4,812	323	1,872	5,112	3,944
	16,633	37,168	38,579	76,527	15,306	34,343	36,479	72,066

Note 23a. Income tax expense

i. Minimum tax expense	-	-	-	2,663	-	-	-	2,663
ii. Income tax expense								
Corporate tax	4,917	9,869	7,798	4,363	4,151	8,350	6,450	-
Excess dividend tax	-	-	-	11,773	-	-	-	11,773
Information technology tax	255	556	464	941	255	556	464	941
Education tax	-	-	-	-	-	-	-	-
Current income tax - current period	5,172	10,425	8,262	17,077	4,406	8,906	6,914	12,714
Origination and reversal of temporary deferred tax differences	-	(11)	2	(5,119)	-	-	-	(4,683)
Income tax expense from continuing operations	5,172	10,414	8,264	11,958	4,406	8,906	6,914	8,031
Income tax expense from discontinued operations	-	-	400	658	-	-	-	-
Total Income tax expense	5,172	10,414	8,664	12,616	4,406	8,906	6,914	8,031
Total tax expense	5,172	10,414	8,664	15,279	4,406	8,906	6,914	10,694

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Group	Group	Group	Bank	Bank	Bank
6 Months	6 Months	12 Months	6 Months	6 Months	12 Months
30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
N'million	N'million	N'million	N'million	N'million	N'million

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)	(14,548)	(13,816)	(18,690)	(12,933)	(12,215)	(15,182)
Tax effect of translation	(723)	(6)	(610)	-	-	-
Minimum tax charge	-	-	2,663	-	-	2,663
Income tax charge	10,425	8,262	17,077	8,906	6,914	12,714
At end of the period	2,171	1,017	7,017	1,239	(230)	5,266

Note 24. Profit for the period from discontinued operations

Interest and similar income	-	1,267	2,349
Impairment charge for credit losses	-	-	(109)
Net interest income after impairment charge for credit losses	-	1,267	2,240
Fee and commission income	-	189	253
Underwriting profit	-	2,588	4,270
Gross premium income	-	5,975	10,527
Reinsurances/ coinsurances	-	(836)	(2,550)
Net premiums underwritten	-	5,139	7,977
Commission earned	-	14	644
Claims recovered	-	461	2,367
Claim expenses	-	(2,152)	(5,208)
Acquisition costs	-	(580)	(1,344)
Transfer to/ (from) profit and loss	-	(294)	(166)
Other income	-	24	180
Operating expenses	-	(2,075)	(2,555)
Profit before tax on discontinued operations	-	1,993	4,388
Taxation	-	(400)	(658)
Profit after tax on discontinued operations	-	1593	3730
Basic earnings per share (discontinued operations)	-	5 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>23,737</u>	<u>47,346</u>	45,061	94,576	<u>21,077</u>	<u>46,669</u>	39,508	83,414
Profit attributable to shareholders of the Bank (continuing operations) (N'million)	<u>23,737</u>	<u>47,346</u>	43,775	91,411	<u>21,077</u>	<u>46,669</u>	20,599	83,414
Number of shares in issue at end of the period (millions)	<u>31,396</u>	<u>31,396</u>	31,396	31,396	<u>31,396</u>	<u>31,396</u>	31,396	31,396
Weighted average number of ordinary shares in issue (millions)	<u>31,396</u>	<u>31,396</u>	31,396	31,396	<u>31,396</u>	<u>31,396</u>	31,396	31,396
Basic earnings per share (total operations)	<u>76k</u>	<u>151 k</u>	144 k	301 k	<u>67k</u>	<u>149 k</u>	126 k	266 k
Basic earnings per share (continuing operations)	<u>76k</u>	<u>151 k</u>	139 k	291 k	<u>67k</u>	<u>149 k</u>	126 k	266 k

Note 26. Cash and balances with central banks

Cash	<u>50,880</u>	44,086	44,512	<u>54,326</u>	40,089	38,521
Operating accounts with Central Banks	<u>53,937</u>	44,043	210,646	<u>43,409</u>	33,019	200,646
Mandatory reserve deposits with central banks (cash reserve)	<u>451,599</u>	196,067	348,693	<u>451,466</u>	195,769	348,626
	<u>556,416</u>	<u>284,196</u>	<u>603,851</u>	<u>549,201</u>	<u>268,877</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.

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	Group 30-Jun-14 N'million	Group 30-Jun-13 N'million	Group 31-Dec-13 N'million	Bank 30-Jun-14 N'million	Bank 30-Jun-13 N'million	Bank 31-Dec-13 N'million
Note 27. Treasury bills						
Treasury bills (FVTPL)	3,853	-	-	3,853	-	-
Treasury bills (Amortized cost)	331,980	649,673	586,441	307,936	628,082	572,598
	<u>335,833</u>	<u>649,673</u>	<u>586,441</u>	<u>311,789</u>	<u>628,082</u>	<u>572,598</u>
Note 28. Due from other banks						
Current balances with banks within Nigeria	12,723	9,497	11,384	-	-	-
Current balances with banks outside Nigeria	353,001	231,863	109,791	315,813	289,920	152,267
Placements with banks and discount houses	135,962	105,253	135,554	86,434	62,620	97,257
	<u>501,686</u>	<u>346,613</u>	<u>256,729</u>	<u>402,247</u>	<u>352,540</u>	<u>249,524</u>
Note 29. Derivative assets held for risk management						
Effective portion of changes in fair value of cash flow hedges	1,939	-	2,681	-	-	-
Note 30. Loans and advances to customers						
Overdrafts	453,245	322,947	351,642	429,124	302,036	321,361
Term loans	867,193	696,679	858,389	770,365	602,089	761,183
On-lending facilities	79,941	58,150	52,693	79,941	58,150	52,693
Advances under finance lease	12,652	16,558	13,398	12,505	16,135	13,141
Gross loans and advances to customers	1,413,031	1,094,334	1,276,122	1,291,935	978,410	1,148,378
Less: Allowances for impairment	(27,043)	(28,109)	(24,767)	(24,617)	(24,884)	(21,819)
Specific allowances for impairment	(6,951)	(11,557)	(7,972)	(4,963)	(9,252)	(5,600)
Collective allowance for impairment	(20,092)	(16,552)	(16,795)	(19,654)	(15,632)	(16,219)
Net loans and advances to customers	<u>1,385,988</u>	<u>1,066,225</u>	<u>1,251,355</u>	<u>1,267,318</u>	<u>953,526</u>	<u>1,126,559</u>
Overdrafts						
Gross overdrafts	453,245	322,947	351,642	429,124	302,036	321,361
Less: Allowances for impairment	(19,896)	(20,474)	(15,634)	(17,868)	(17,248)	(12,890)
Specific allowances for impairment	(4,914)	(10,195)	(5,867)	(3,318)	(7,890)	(3,695)
Collective allowance for impairment	(14,982)	(10,279)	(9,767)	(14,550)	(9,358)	(9,195)
Net overdrafts	<u>433,349</u>	<u>302,473</u>	<u>336,008</u>	<u>411,256</u>	<u>284,788</u>	<u>308,471</u>
Term loans						
Gross term loans	867,193	696,679	858,389	770,365	602,089	761,183
Less: Allowances for impairment	(6,684)	(6,821)	(8,280)	(6,286)	(6,821)	(8,076)
Specific allowances for impairment	(2,037)	(1,183)	(1,926)	(1,645)	(1,183)	(1,726)
Collective allowance for impairment	(4,647)	(5,638)	(6,354)	(4,641)	(5,638)	(6,350)
Net term loans	<u>860,509</u>	<u>689,858</u>	<u>850,109</u>	<u>764,079</u>	<u>595,268</u>	<u>753,107</u>
On-lending facilities						
Gross amount	79,941	58,150	52,693	79,941	58,150	52,693
Less: Allowances for impairment	(397)	(714)	(714)	(397)	(714)	(714)
Specific allowances for impairment	-	(179)	(179)	-	(179)	(179)
Collective allowance for impairment	(397)	(535)	(535)	(397)	(535)	(535)
	<u>79,544</u>	<u>57,436</u>	<u>51,979</u>	<u>79,544</u>	<u>57,436</u>	<u>51,979</u>
Advances under finance lease						
Gross amount	12,652	16,558	13,398	12,505	16,135	13,141
Less: Collective allowance for impairment	(66)	(100)	(139)	(66)	(101)	(139)
	<u>12,586</u>	<u>16,458</u>	<u>13,259</u>	<u>12,439</u>	<u>16,034</u>	<u>13,002</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
Balance at 1 January 2014	15,634	8,280	714	139	24,767
Specific impairment	5,867	1,926	179	-	7,972
Collective impairment	9,767	6,354	535	139	16,795
Additional impairment for the period	2,762	186	-	-	2,948
Specific impairment	-	186	-	-	186
Collective impairment	2,762	-	-	-	2,762
Amounts recovered during the year					-
Write-backs	2,783	-	-	-	2,783
Foreign currency translation and other adjustments	(330)	6	-	-	(324)
Write-offs (specific)	(953)	(81)	(179)	-	(1,213)
Write-offs (collective)	-	(1,707)	(138)	(73)	(1,918)
Balance at 30 June 2014	19,896	6,684	397	66	27,043
Specific impairment	4,914	2,037	-	-	6,951
Collective impairment	14,982	4,647	397	66	20,092
Balance at 1 January 2013	17,896	5,875	857	84	24,712
Specific impairment	9,713	888	-	-	10,601
Collective impairment	8,183	4,987	857	84	14,111
Additional impairment for the period	2,527	1,210	(143)	16	3,610
Specific impairment	431	559	179	-	1,169
Collective impairment	2,096	651	(322)	16	2,441
Foreign currency translation and other adjustments	-	(264)	-	-	(264)
Write -Backs	67	-	-	-	67
Write-offs	(16)	-	-	-	(16)
Balance at 30 June 2013	20,474	6,821	714	100	28,109
Specific impairment	10,195	1,183	179	-	11,557
Collective impairment	10,279	5,638	535	100	16,552

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
Balance at 1 January 2014	12,890	8,076	714	139	21,819
Specific impairment	3,695	1,726	179	-	5,600
Collective impairment	9,195	6,350	535	139	16,219
Additional impairment for the period	2,800	-	-	-	2,800
Specific impairment	-	-	-	-	-
Collective impairment	2,800	-	-	-	2,800
Write-backs	2,555				2,555
Write-offs (specific)	(377)	(81)	(179)	-	(637)
Write-offs (collective)	-	(1,709)	(138)	(73)	(1,920)
Balance at 30 June 2014	17,868	6,286	397	66	24,617
Specific impairment	3,318	1,645	-	-	4,963
Collective impairment	14,550	4,641	397	66	19,654
Balance at 1 January 2013	14,777	5,719	857	84	21,437
Specific impairment	7,634	734	-	-	8,368
Collective impairment	7,143	4,985	857	84	13,069
Additional impairment for the period	2,420	1,102	(143)	17	3,396
Specific impairment	205	449	179	-	833
Collective impairment	2,215	653	(322)	17	2,563
write backs	67				67
Write offs	(16)	-	-	-	(16)
Balance at 31 March 2013	17,248	6,821	714	101	24,884
Specific impairment	7,890	1,183	179	-	9,252
Collective impairment	9,358	5,638	535	101	15,632

Advances under finance lease	Group 30-Jun-14 N'million	Group 30-Jun-13 N'million	Group 31-Dec-13 N'million	Bank 30-Jun-14 N'million	Bank 30-Jun-13 N'million	Bank 31-Dec-13 N'million
Gross investment	18,347	22,765	19,381	18,132	22,173	19,058
Less: Unearned income	(5,695)	(6,207)	(5,983)	(5,627)	(6,038)	(5,917)
Net Investment	<u>12,652</u>	<u>16,558</u>	<u>13,398</u>	<u>12,505</u>	<u>16,135</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	11,493	15,171	11,221	11,383	14,793	11,079
	<u>12,652</u>	<u>16,558</u>	<u>13,398</u>	<u>12,505</u>	<u>16,135</u>	<u>13,141</u>

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

Secured against real estate	196,408	177,570	177,379	171,427	150,252	152,379
Secured by shares of quoted companies	35,967	15,099	32,482	19,668	12,248	17,482
Cash collateral, lien over fixed and floating assets,e.t.c	928,373	857,155	838,422	886,982	784,152	788,422
Unsecured	252,283	44,510	227,839	213,859	31,758	190,095
	<u>1,413,031</u>	<u>1,094,334</u>	<u>1,276,122</u>	<u>1,291,935</u>	<u>978,410</u>	<u>1,148,378</u>

Note 31. Investment securities

(a) Analysis of investments

	Group 30-Jun-14 N'million	Group 30-Jun-13 N'million	Group 31-Dec-13 N'million	Bank 30-Jun-14 N'million	Bank 30-Jun-13 N'million	Bank 31-Dec-13 N'million
Debt securities	284,752	256,211	292,471	193,039	210,245	201,869
Equity securities	10,829	9,405	10,654	10,717	9,405	10,654
	<u>295,581</u>	<u>265,616</u>	<u>303,125</u>	<u>203,756</u>	<u>219,650</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.

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Note 32. Investment in subsidiaries

		Group	Group	Group	Bank	Bank	Bank
	%	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
		N'million	N'million	N'million	N'million	N'million	N'million
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, holding 35%. Accordingly, Zenith General Insurance has been classified and accounted for using equity accounting

	Group	Group	Group	Bank	Bank	Bank
	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
	N'million	N'million	N'million	N'million	N'million	N'million
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	324	-	118	-	-	-
Additions	1,783	-	-	1,724	-	-
Disposals (cumulative)	(510)	(508)	(510)	(510)	(508)	(510)
Diminution in investment	(1,222)	(953)	(1,222)	(1,222)	(953)	(1,222)
Balance at end of the period	<u>2,272</u>	<u>318</u>	<u>165</u>	<u>1,814</u>	<u>361</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.

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Group	Group	Group	Bank	Bank	Bank
30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
N'million	N'million	N'million	N'million	N'million	N'million

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>708</u>	<u>414</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>
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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	39,323	40,590	14,265	38,571	39,915	13,064
Other receivables	16,038	25,853	26,610	15,027	32,775	22,988
Gross other assets	55,361	66,443	40,875	53,598	72,690	36,052
Less: Specific impairment	(4,637)	(4,637)	(4,637)	(4,637)	(4,637)	(4,637)
	50,724	61,806	36,238	48,961	68,053	31,415

Note 36. Assets classified as held for sale

Investment in subsidiaries	-	-	-	-	8,888	4,749
Cash and balances with central banks	-	500	500	-	-	-
Treasury bills	-	10,361	11,076	-	-	-
Due from other banks	-	14,363	11,875	-	-	-
Loans and advances	-	469	59	-	-	-
Reinsurance assets and insurance receivable	-	1,204	1,112	-	-	-
Investment securities	-	4,925	2,915	-	-	-
Deferred tax assets	-	1,005	1	-	-	-
Other assets	-	1,592	1,861	-	-	-
Property and equipment	-	579	1,026	-	-	-
Intangible assets	-	38	29	-	-	-
	-	35,036	30,454	-	8,888	4,749

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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
Cost								
At start of the period	16,470	20,762	13,506	38,036	22,423	15,264	16,869	143,330
Exchange difference	-	(95)	(153)	(176)	(217)	(149)	(104)	(894)
Additions	610	700	229	1,171	292	1,285	1,703	5,990
Reclassifications	17	22	(49)	26	(14)	(2)	-	-
Disposals	-	-	-	(18)	(1)	(167)	-	(186)
At end of the period	<u>17,097</u>	<u>21,389</u>	<u>13,533</u>	<u>39,039</u>	<u>22,483</u>	<u>16,231</u>	<u>18,468</u>	<u>148,240</u>
Accumulated depreciation								
At start of the period	1,352	3,076	10,884	27,523	20,213	10,872	-	73,920
Exchange difference	-	(5)	(117)	(147)	(162)	(93)	-	(524)
Charge for the period	84	219	591	1,687	794	994	-	4,369
Reclassifications	-	59	(60)	6	-	(5)	-	-
Disposals	-	-	-	(15)	-	(67)	-	(82)
At end of the period	<u>1,436</u>	<u>3,349</u>	<u>11,298</u>	<u>29,054</u>	<u>20,845</u>	<u>11,701</u>	<u>-</u>	<u>77,683</u>
Net book amount								
At 30 June 2014	<u>15,661</u>	<u>18,040</u>	<u>2,235</u>	<u>9,985</u>	<u>1,638</u>	<u>4,530</u>	<u>18,468</u>	<u>70,557</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)

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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
Cost								
At start of the period	16,470	20,419	11,689	36,804	21,394	14,450	16,654	137,880
Additions	610	700	216	1,127	111	1,095	1,581	5,440
Reclassifications	17	22	(49)	26	(13)	(2)	-	-
Disposals	-	-	-	(18)	-	(78)	-	(96)
At end of the period	<u>17,097</u>	<u>21,141</u>	<u>11,856</u>	<u>37,939</u>	<u>21,492</u>	<u>15,465</u>	<u>18,235</u>	<u>143,225</u>
Accumulated depreciation								
At start of the period	1,352	3,062	9,741	26,594	19,394	10,373	-	70,516
Charge for the period	84	216	498	1,602	720	930	-	4,050
Reclassifications	-	59	(61)	6	-	(4)	-	-
Disposals	-	-	-	(14)	-	(55)	-	(69)
At end of the period	<u>1,436</u>	<u>3,337</u>	<u>10,178</u>	<u>28,188</u>	<u>20,114</u>	<u>11,244</u>	<u>-</u>	<u>74,497</u>
Net book amount								
At 30 June 2014	<u>15,661</u>	<u>17,804</u>	<u>1,678</u>	<u>9,751</u>	<u>1,378</u>	<u>4,221</u>	<u>18,235</u>	<u>68,728</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)

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Note 38. Intangible assets

	Group 30-Jun-14 N'million	Group 30-Jun-13 N'million	Group 31-Dec-13 N'million	Bank 30-Jun-14 N'million	Bank 30-Jun-13 N'million	Bank 31-Dec-13 N'million
Computer software						
Cost						
At start of the year	5,159	3,661	3,661	4,353	2,981	2,981
Exchange difference	29	(13)	18	-	-	-
Reclassification	-	-	59	-	-	59
Additions	496	552	1,421	415	477	1,313
At end of the year/period	<u>5,684</u>	<u>4,199</u>	<u>5,159</u>	<u>4,768</u>	<u>3,458</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	24	(7)	18	-	-	-
Charge for the year	388	404	951	330	353	844
At end of the year/period	<u>3,636</u>	<u>2,652</u>	<u>3,224</u>	<u>2,980</u>	<u>2,159</u>	<u>2,650</u>
Carrying amount						
At end of the year/period	<u>2,048</u>	<u>1,547</u>	<u>1,935</u>	<u>1,788</u>	<u>1,299</u>	<u>1,703</u>

Note 39. Deposits

Demand	1,253,060	1,192,980	1,293,778	1,160,428	1,173,981	1,229,706
Savings	201,201	166,950	192,281	175,196	152,204	174,184
Term	382,837	280,641	439,466	362,382	271,934	419,751
Deposit from banks	76,421	68,258	64,335	-	-	-
Domiciliary	391,457	292,168	286,895	364,497	262,455	256,221
	<u>2,304,976</u>	<u>2,000,997</u>	<u>2,276,755</u>	<u>2,062,503</u>	<u>1,860,574</u>	<u>2,079,862</u>

Note 40. Other liabilities

Customer deposits for letters of credit	2,020	53,342	32,276	2,182	47,532	32,276
Settlement payables	8,768	5,570	14,094	8,682	5,558	13,841
Managers' cheques	1,276	14,076	13,063	988	13,723	12,659
Due to banks for clean letters of credit	69,056	69,069	98,743	69,056	69,069	98,743
Customers' funds for fx purchases	3,441	2,623	2,963	3,392	2,592	2,927
Deferred income on financial guarantee contracts	431	144	389	371	143	349
Tax collections	2,090	4,845	1,336	2,038	4,796	1,289
Sales and other collections	9,532	6,748	19,272	9,532	6,748	19,272
Other payables	79,071	45,269	33,507	28,221	50,619	19,909
	<u>175,685</u>	<u>201,686</u>	<u>215,643</u>	<u>124,462</u>	<u>200,780</u>	<u>201,265</u>

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	Group	Group	Group	Bank	Bank	Bank
	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
	N'million	N'million	N'million	N'million	N'million	N'million
Note 41. On-lending facilities						
This comprises:						
Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan	30,005	30,855	29,905	30,005	30,855	29,905
Bank of Industry (BOI) Intervention Loan	40,197	14,503	14,417	40,197	14,503	14,417
Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds	15,154	16,504	15,206	15,154	16,504	15,206
	<u>85,356</u>	<u>61,862</u>	<u>59,528</u>	<u>85,356</u>	<u>61,862</u>	<u>59,528</u>
Note 42. Borrowings						
Long term borrowing comprise:						
Due to ADB	4,118	11,053	7,445	4,118	11,053	7,445
Due to KEXIM	8,265	3,663	3,440	8,265	3,663	3,440
Due to EIB	4,481	-	4,331	4,481	-	4,331
Due to COMMERZE	-	-	-	-	-	-
Due to PROPARCO	13,120	5,911	13,264	13,120	5,911	13,264
Due to SCB	14,126	16,272	15,876	14,126	16,272	15,876
Due to CITIBANK	16,328	-	15,794	16,328	-	15,794
Due to Private Exporters Funding Corporation	-	238	-	-	238	-
Eurobond	81,632	-	-	81,632	-	-
	<u>142,070</u>	<u>37,137</u>	<u>60,150</u>	<u>142,070</u>	<u>37,137</u>	<u>60,150</u>
Note 43. Liabilities classified as held for sale						
Claims payable	-	871	2,084	-	-	-
Current income tax	-	1,896	1,405	-	-	-
Deferred income tax liabilities	-	552	295	-	-	-
Liabilities on insurance contracts	-	5,515	6,274	-	-	-
Other payables	-	5,582	4,053	-	-	-
	<u>-</u>	<u>14,416</u>	<u>14,111</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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>
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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>
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Note 45. Share Premium

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

At end 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>
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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.

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.

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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 1,405 million and N 1,350 million respectively (2013: N 1,274 million and N 1,172 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 30 June 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 30-Jun-14	Group N'million 30-Jun-13	Group N'million 31-Dec-13
Salaries and other short-term benefits	139	358	534
Retirement benefit cost	5	14	10
Loans and advances			
At start of the period	888	1,365	1,159
Granted during the period	-	6	83
Repayment during the period	(44)	(63)	(354)
At end of the period	<u>844</u>	<u>1,308</u>	<u>888</u>
Interest earned	<u>10</u>	<u>11</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.

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Name of company / Individual	Loans N' million	Deposits N' million	Interest received N' million	Interest paid N' million
Visafone Communications Ltd	2,752	61	55	13
Quantum Fund Management	12,127	205	283	7
At end of of the period	<u>14,879</u>	<u>265</u>	<u>338</u>	<u>20</u>

Jun-13	Loans	Deposits	Interest received	Interest paid
Name of company / Individual	N' million	N' million	N' million	N' million
Carpri Martins	2,700	-	162	0.30
Multibank savings and Loans	2,650	-	186	-
Visafone Communications Ltd	4,550	217	341	3
Cyberspace Limited	-	210	-	4
	<u>9,900</u>	<u>427</u>	<u>689</u>	<u>7.3</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).

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Note 48. Acceptances and guarantees

(a) Legal proceedings

The Bank is presently involved in 103 litigation suits in the ordinary course of business. The total amount claimed in the cases against the Bank is estimated at N6.83 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 N2.031 billion (2013: N1.7 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:

	Group	Group	Group	Bank	Bank	Bank
	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
	N'million	N'million	N'million	N'million	N'million	N'million
Performance bonds and guarantees	733,832	477,354	648,847	722,811	469,215	632,167
Usance	172,010	189,512	167,520	152,590	169,492	147,067
Letters of credit	143,663	137,340	170,516	131,018	132,534	153,033
Pension Funds (See Note (below))	1,636,553	1,264,932	1,469,865	1,636,553	1,264,932	1,469,865
	<u>2,686,058</u>	<u>2,069,138</u>	<u>2,456,748</u>	<u>2,642,972</u>	<u>2,036,173</u>	<u>2,402,132</u>

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 1,636.55 billion (2013: N 1,264.93 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.

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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)	31,396	31,396	31,396	31,396	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.

	Group	Group	Group	Bank	Bank	Bank
	30-Jun-14	30-Jun-13	31-Dec-13	30-Jun-14	30-Jun-13	31-Dec-13
	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with central banks (less restricted balances)	104,817	88,129	255,158	97,735	73,108	239,167
Treasury bills (maturing within 3 months)	201,502	294,029	354,834	180,838	285,617	352,786
Due from other banks	501,686	346,613	256,729	402,247	352,540	249,524
	808,005	728,771	866,721	680,820	711,265	841,477