



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

Index

Index	Page
Certification pursuant to section 60(2) of Investment and Securities Act No.29 of 2007	2
Statement of Directors' responsibility	3
Statements of profit or loss and other comprehensive income	4 - 5
Statements of financial position	6 - 7
Statements of cash flows	8 - 9
Statements of changes in equity	10 - 11
Notes to the consolidated and separate interim financial statements	12 - 40
The following supplementary information does not form part of the consolidated and separate interim financial statements and is unaudited:	
Supplementary Information	41

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

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


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



Peter Amangbo

Group Managing Director/CEO

FRC/2013/ICAN/00000001310



Ebenezer Onyeagwu

Executive Director

FRC/2013/ICAN/00000003788

Statement Of Directors' Responsibilities

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

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

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

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

Signed on behalf of the board of directors by:



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



Ebenezer Onyeagwu
Executive Director
FRC/2013/ICAN/00000003788

Statements of profit or loss and other comprehensive income

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

Statement of profit or loss and other comprehensive income

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

Statements of financial position as at September 30, 2016

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

Zenith Bank Plc

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

Statements of financial position as at September 30, 2016

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

Statements of cash flows

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

Statements of cash flows

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

Statements of changes in equity

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

Consolidated and separate statements of changes in equity

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

Notes to the consolidated and separate interim financial statements

1. The Bank

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

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

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

2. Condensed statement of accounting policies

Interim Financial Statements

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

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

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

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

3. Seasonality of operations

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

4. Unusual items

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

5. Changes in Estimates

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

6. Dividends

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

Notes to the consolidated and separate interim financial statements

7. Significant events after the end of the interim period

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

8. Business combinations

There was no business combination during the period.

9. Restructuring and reversals of restructuring provisions

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

10. Correction of prior period errors

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

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

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

12. Litigation settlements

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

13. Segment

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

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

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

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

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

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

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

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

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

Notes to the Consolidated and separate interim financial statements

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

Notes to the Consolidated and separate interim financial statements

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

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

Notes to the Consolidated and separate interim financial statements

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

Notes to the Consolidated and separate interim financial statements

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

21. Taxation

Major components of the tax expense

Current

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

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

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

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

Notes to the Consolidated and separate interim financial statements

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

Notes to the consolidated and separate interim financial statements

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

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

24. Treasury bills

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

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

25. Assets pledged as collateral

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

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

Notes to the consolidated and separate interim financial statements

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

Zenith Bank Plc

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

Notes to the consolidated and separate interim financial statements

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

Reconciliation of impairment allowance on loans and advances to customers

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

Bank

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

Notes to the consolidated and separate interim financial statements

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

30. Interests in subsidiaries including consolidated structured entities

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

Group

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

Notes to the consolidated and separate interim financial statements

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

31. Investments in associates

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

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

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

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

32. Derivative liabilities

Derivative liabilities	74,996	333	384	74,996	333	384
	74,996	333	384	74,996	333	384

Notes to the consolidated and separate interim financial statements

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

35. Property and equipment
Group

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

35.(b) Property and equipment

Bank

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

Accumulated depreciation

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

36. Intangible assets

Computer software

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

Notes to the consolidated and separate interim financial statements

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

Notes to the consolidated and separate interim financial statements

In millions of Naira	Group			Bank		
	30-Sep-16	30-Sep-15	31-Dec-15	30-Sep-16	30-Sep-15	31-Dec-15
39. On-lending facilities						
This comprises:						
Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan	34,402	34,500	33,482	34,402	34,500	33,482
Bank of Industry (BOI) Intervention Loan	54,873	58,613	58,755	54,873	58,613	58,755
Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds	9,930	11,771	11,798	9,930	11,771	11,798
CBN MSMEDF Deposit	1,578	868	1,561	1,578	868	1,561
FGN SSB Intervention Fund	137,362	-	111,194	137,362	-	111,194
Excess Crude Loan Facility Deposit	97,978	-	70,091	97,978	-	70,091
	336,123	105,752	286,881	336,123	105,752	286,881
40. Borrowings						
Long term borrowing comprise:						
Due to ADB	38,642	24,744	25,013	38,642	24,744	25,013
Due to KEXIM	5,691	3,862	9,996	5,691	3,862	9,996
Due to EIB	6,356	5,397	5,491	6,356	5,397	5,491
Due to PROPARCO	19,566	14,140	13,758	19,566	14,140	13,758
Due to CITIBANK	3,855	12,369	9,958	3,855	12,369	9,958
Due to ABSA bank	64,021	13,196	40,097	64,021	13,196	40,097
Due to J P Morgan Chase bank	56,574	20,847	14,941	56,574	20,847	14,941
Due to Standard Bank	49,962	20,850	49,962	49,962	20,850	49,962
Due to First Rand bank	-	-	7,740	-	-	7,740
Due to Commerzbank	113,141	106,744	59,259	113,141	106,744	59,259
Due to IFC	20,034	14,900	20,034	20,034	14,900	20,034
Due to British Arab Bank	2,613	-	2,613	2,613	-	2,613
Due to Zenith Bank (UK)	9,249	-	-	9,249	-	9,249
	389,704	237,049	258,862	389,704	237,049	268,111

Notes to the consolidated and separate interim financial statements

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

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

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

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

Notes to the consolidated and separate interim financial statements

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

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

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

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

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

44. Pension contribution

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

45. Related party transactions

Parent:

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

Subsidiaries:

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

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

Key management personnel

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

Key management compensation In millions of Naira

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

Loans and advances

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

Interest earned

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

Group

30 September 2016

In millions of Naira

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

Group

30 September 2015

In millions of Naira

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

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

46. Acceptances and guarantees

(a) Legal proceedings

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

(b) Capital commitments

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

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

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

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

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

The amount of N 2,262 billion (2015: N 1,924 billion) represents the full amount of the bank's guarantee for the assets held by its subsidiary, Zenith Pensions Custodian Limited under the latter's custodial business as required by the National Pensions Commission.

47. Cash and cash equivalents

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

Notes to the consolidated and separate interim financial statements

In millions of Naira

47. Cash and cash equivalents (continued)

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

1. Financial performance ratios

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

2. Financial positions

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

3. Key ratios

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