ZENITH BANK (UK) LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2014

Registered number 05713749

ZENITH BANK (UK) LIMITED

Directors' report, Strategic report and Financial statements for the year ended 31 December 2014

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Officers and professional advisers

Directors

Jim Ovia	Chairman (Appointed 21 October 2014)
John Weguelin	Chief Executive and Executive Director
Quentin Aylward	Non Executive
Llewellyn Charles Llewellyn	Non Executive
David Somers	Non Executive
Peter Amangbo	Non Executive
Anthony Uzoebo	Executive Director

Company secretary
Susan McBride

Registered office
39 Cornhill
London
EC3V 3ND

Bankers
Barclays Bank Plc, London
Citigroup, London and New York
Deutsche Bank AG, Germany
HSBC, London

Solicitors
Denton Wilde Sapte LLP, London
Berwin Leighton Paisner LLP, London

Independent Auditor
KPMG LLP
Chartered Accountants
London

Directors' report

The directors present their annual report and the audited statutory financial statements of Zenith Bank (UK) Limited (the "Company" or the "Bank") for the year ended 31 December 2014.

Principal activities

The Company is authorised under The Financial Services and Markets Act 2000, (as amended 2012). It is authorised and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ('PRA').

The Company is a wholly owned subsidiary of Zenith Bank PLC (the "Parent") a leading Nigerian financial institution. The Company markets and offers a range of banking products and services with its target market being West African companies, international corporations, commodity traders, investment banks, institutional investors, hedge funds, governments and supranational organisations as well as high-net-worth individuals.

The Company generates revenues through the extension of credit to corporate customers and high net worth individuals, participating in revolving credit facilities, syndicated structured trade finance facilities, the distribution of Government, bank and corporate securities and eurobonds, processing of Letters of Credit and related trade services and payments.

Supporting these activities is the Treasury Department which prudently manages the Bank's capital, liquidity and the asset and liability mismatches arising from the Company's activities. The growth of the Eurobond trading desk has built on the success of its first year in 2013, and has addressed the growing demand from customers to invest in West African bonds. The Company's main competitors are international banks and other West African financial institutions operating within the international financial services industry. The Company does not have any branches outside the United Kingdom however it is in the process of applying to the Dubai Financial Services Authority to open a branch in Dubai during 2015.

2014 proved to be another successful year for the Company continuing the "Controlled Growth" strategy which has been a key feature of the Bank's development. Our original strategic goals of growth, stability and sustainable revenue generation have been achieved with the current year continuing the success we have experienced as a Company to date.

Trade related business has continued to expand and has also included a significant growth in payments business. We continue to deal as a correspondent and trade finance bank for the Central Bank of Nigeria, and continue to act as a confirming bank within key OECD markets, and have experienced high volumes of commodity letters of credit, especially in oil and gas products to Nigeria. We continue to build on these relationships for the long term, to address the needs of our customers, whilst maintaining the high standards of service we have set. This has involved a major investment in people and systems to leave us well positioned to continue to meet and exceed our SLAs with our customers.

Commercial banking has seen the growth of 2013 continue, with assets and products created to build on key relationships developed over the last few years, in particular our shipping finance.

The support and relationship with our parent has enabled the Company to build on these keys areas and reflect value and sustainability to our shareholders.

The future will see the continued growth of these established businesses in conjunction with the further development of our Wealth Management business as the Company seeks to work with the wider group to address the needs of high-net-worth individuals both within and outside the Zenith Group. This has involved a number of partnerships with other organisations to leverage off their existing infrastructure.

At this juncture I wish to thank all of our valued customers and our staff for their continued support.

Going Concern

The Company's business activities together with the factors likely to affect its future development and position are set out in the Business Review section of the Strategic Report on pages 5 to 7. The directors have satisfied themselves that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue the year on year growth in profitability and the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Capital

The Company received US$50,000,000 further addition to Capital in September 2014. Information on the Company's capital structure is detailed in the Statement of Changes in Equity on page 12 of the financial statements.

Results and dividend

The Bank's profit for the year after taxation amounted to US$14.4 million (2013: US$12.0 million). During 2014, the Company changed its reporting currency from GBP to USD. The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: Nil).

Directors and directors' Interests

The directors who held office during the year were as follows

Jim Ovia	Chairman (Appointed 21 October 2014)
Godwin Emefiele	Former Chairman (Resigned 30 May 2014)
John Weguelin	Chief Executive and Executive Director
Quentin Aylward	Non Executive
Llewellyn Charles Llewellyn	Non Executive
David Somers	Non Executive
Peter Amangbo	Non Executive
Anthony Uzoebo	Executive Director
Susan McBride	Company Secretary

None of the directors who held office at the end of the financial year had any direct or indirect, disclosable interest in the shares of the Company except below.
Following Directors held indirect interests in the Company shares via their associations with the Parent entity.

- Mr. Jim Ovia is the Chairman, the founder and a significant shareholder of the Parent entity
- Mr. Peter Amangbo is the CEO of the Parent entity

Employees

The Company recognises its social and statutory duty as an equal opportunities employer and builds its business in the belief that people from different cultures and different walks of life create value. The Bank believes that it has the right mix of people and the fusion of different ideas that provides the essential components for progress and success.

A commitment to equality and diversity helps the Bank to attract and retain talented staff. The Bank wants the best people to help meet its business priorities and supports existing employees to realise and achieve their full potential.
The Bank is committed to employee development and training in order to maintain and develop the knowledge, skills and competence of employees to ensure excellent service to customers and stakeholders.

A key part of the Company's purpose, vision and mission, is for employees to continue to deliver the core values which are embedded within the organisation, namely customer focused, integrity, professional, people/one team, proactive and commercial.

Policy on payment of creditors

The Company's policy in relation to all of its suppliers is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms. The Company does not follow any code or standard on payment practice but it is the Company's policy to pay all of its suppliers within 30 days of receipt of the goods or services.

Political and Charitable Contributions

During the year the Company made charitable donations of US$20.8k (2013: US$1.9k) to several registered charities. No payments were made to political parties (2013: Nil).

Auditor

As KPMG Audit Plc has instigated an orderly wind down of business, in accordance with the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditor of the Company was proposed and approved by the Directors of the Company on 27 February 2015. KPMG wrote to the FCA on 14 November 2014 advising them of this change.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

John Weguelin
Chief Executive
02 March 2015

39 Cornhill, London
EC3V 3ND

Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors

and signed on behalf of the Board

John Weguelin
Chief Executive
02 March 2015
Company registration no. 05713749

Strategic Report

Strategic Review

During the course of the year Management continued to implement its 5 year strategy for the business. Entitled "Controlled Growth" the strategy reaffirmed the business model that has been established for the business and identified a number of strategic imperatives to deliver substantial growth in the future.

- Zenith Bank (UK) Limited is a wholly owned subsidiary of Zenith Bank Plc, authorised on 30 March 2007 (the first new Nigerian Bank to be approved by the UK regulatory authority in 25 years)
- The Company's main revenue streams are generated from Corporate Banking, Correspondent Banking, Trade Finance, Treasury and Securities and Wealth Management.
- From inception the Company has successfully moved forward with a strategy of controlled growth in terms of profits, systems and staff.
- Our service to customers is supported by extensive knowledge of our markets, experienced staff, and an established infrastructure. We offer a high degree of flexibility to address our customer needs whilst maintaining a strong compliance culture.
- Our mission is to be the international platform for the Zenith Group and to our customers globally. We look to become the leading UK Bank providing a specialist range of financial services within Africa.

Core Markets

The Company's target markets are:

- Trade Finance and working capital for West African and Sub-Sahara Corporates.
- Correspondent and Cash Management Solutions to Financial Institutions, Governments and Parastatals.
- High Net Worth Individuals.
- Supporting the Zenith Group and its customers.

2014 Business review

The results for the year are set out in the Statement of Comprehensive Income on page 9. The Company's primary objectives are:

- to create sustainable growth,
- to support the Parent's customer relationships by providing international banking and capital market services,
- to improve existing customer relationships by increasing the range of products and services available to customers,
- to ensure that the risks inherent in the businesses are subject to robust controls and risk management oversight,
- to ensure that new and enhanced technologies are implemented to support the business, and
- to build and develop leadership capability and management expertise.

Development and performance of the business during the financial year

The Company returned a profit before tax of US$19 million for the year, an increase of US$3.3 million over the previous year. The increase in profits related to a number of factors but mainly an increase in volumes on key customers, growth of our discounted oil receivable business and shipping finance, along with fees from associated services. Additional trading revenues benefited from the first full year of our Eurobond Trading desk, with its focus on servicing a varied customer base with West African bonds. Market volatility has been carefully monitored throughout the year by Treasury on a daily basis, and the weekly ALCO and Market Risk Committees. At regular intervals, we have reduced risk on Emerging Markets. Overall the Company's revenues increased by 17.71% over the previous year, despite issues associated with the weakening Naira, falling oil prices and energy market volatility.

Corporate and Correspondent Banking

During the year the Company continued its disciplined lending approach. Loans and advances fell at year end by US$52m as key customers reduced utilisation in the light of uncertainty with the NGN and falling Oil prices. The revenues received on the corporate lending portfolio of US$18.6 million accounted for 35% of the Company's interest revenues for the year. The loan portfolio continues to be balanced with established concentrations of geographic and industry specialisation.

The Company did not incur any impairment on its portfolio during the year.

Trade Finance

The Company's trade finance business continued to expand in terms of transaction volumes and values during the year with fee income of US$5.8 million, slightly up on the 2013 figure. The Company's market continues to be predominantly Nigerian and to a lesser extent from Ghana, Gambia and Sierra Leone.

Fixed Income

Non-trading debt securities held decreased in 2014 by US$39.6 million or 19% compared to the previous year, following the redemption in late 2014 of a major bond. However, the resultant Net Interest Income increased by US$2.5 million or 12% during the year reflecting a reduction in lower yielding assets and their replacement with higher yielding bonds.

In accordance with the United Kingdom regulatory liquidity regime the Bank maintained a portfolio of AAA rated highly liquid UK gilts and supranational issued eurobonds throughout the year. This portfolio was churned regularly during the year under review. In addition the various portfolios are carefully managed and diversified with regard to maturity and credit exposure.

Treasury

The mandate of the Company's Treasury operation is to prudently manage liquidity and asset and liability mismatches arising from the Company's funding activities. The Treasury operation also actively seeks to reduce the funding cost of the Company.

In addition the Treasury department actively trades a number of foreign currency products including spot, forwards, non-deliverable forwards and FX options. The first full year of Eurobond trading, has been very successful, with a wide ranging customer base, and healthy turnover making a major contribution in 2014. Treasury trading revenue amounted to US$2 million representing an increase of 17% over the previous year.

Wealth Management

Wealth Management has a "High Net Worth" customer base largely resident in the West African region who are in the main existing customers of the Zenith Group. The department offers a specialised range of high quality and professional banking and investment management products and services including advice on investment products and Investment Mortgages for properties in Central London in addition to traditional Wealth Management products and services. The business has undergone further reorganisation in 2014, and is in the process of offering a number of value added products to customers, after entering into partnerships with existing well established providers.

Principal risks and uncertainties

The Company is firmly committed to the management of risk recognising that sound internal risk management is essential to its prudent operation, particularly with the growing complexity, diversity and volatility of markets, facilitated by rapid advances in technology and communications. Risk management is given a high priority throughout the Company and is integral to the management and oversight of the business. To this end the Company has continued to invest on this area, in the form of people and systems.

Responsibility for risk management policies, limits and the level of risks assumed lies with the Board of Directors. The Board charges management with developing, presenting, updating and implementing these policies, controls and limits. The risk management structure is designed to provide assurance that no single event, or combination of events, will materially affect the well-being of the Company.

The Company's Board of Directors, Audit and Risk Committee, Executive Committee, Board Credit Committee, Management Credit Committee, Asset and Liability Committee and Market Risk Committee assist in assessing market trends, economic and political developments, and providing strategic direction for all aspects of risk management. Additionally, the Audit and Risk Committee of the Board provides a forum for in-depth review and challenge and analysis of the risks relating to the Company.

Active, hands-on senior management involvement plays a key role in the identification, evaluation and management of all risks. All credit and new product decisions require direct senior management approval and the loan portfolio is continuously reviewed with assistance from the parent. Management is supported by a comprehensive structure of independent controls and systems, analysis, reporting processes and periodic examination by the Bank's Internal Audit Department.

The Company has in place an extensive range of limits, controls and management information systems to facilitate an effective management overview. All limits are approved by the Board of Directors and its sub-Committees and reviewed at least annually. Limit compliance reports are submitted to the Audit & Risk Committee. During 2014, events covering the falling oil price and the devaluation of the Naira, have led to sustained periods of uncertainty in markets. Management has closely monitored these events on a daily basis, with considerable time spent weekly at ALCO and Market Risk Committees considering the impact these have on our own business, and that of our customers. The impact on the Company in 2014 has been minimal.

Management has carried out a review of their asset positions and sources of funding to evaluate any significant exposures of the Company to movement in oil prices and the Naira and believe the Company is well positioned to manage these fluctuations going into 2015.

The following basic elements of sound risk management are applied to all the banks financial products and services:

- appropriate review by the Board of Directors and senior management
- adequate risk management processes which integrate product risk limits
- sound measurement procedures and information systems
- continuous risk monitoring and frequent management reporting
- segregation of duties, comprehensive internal controls and internal audit procedures
- New products committee meet ad hoc to ensure all of the above criteria is met before agreeing to any new line of business.

The Company uses derivative instruments to manage future cash flows or cash requirements arising in the normal course of activities.

Disclosures relating to the Company's principal risks are detailed in Note 25 are as follows:

Market Risk
Liquidity Risk
Sovereign Risk
Operational Risk
Credit Risk
Foreign Exchange Risk
Interest Rate Risk

By order of the Board

John Weguelin
Chief Executive
02 March 2015

39 Cornhill
London
EC3V 3ND

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH BANK (UK) LIMITED

We have audited the financial statements of Zenith Bank (UK) Limited for the year ended 31 December 2014 set out on pages 9 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SAMER HIGAZI

Samer Hijazi, Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

London

02 March 2015

Statement of Profit and Loss

For the Year Ended 31 December 2014

	Note	2014 US$	2013 US$
Income			
Interest Income	4	53,163,699	44,619,282
Interest Expense		(29,768,264)	(23,749,106)
Net Interest Income		**23,395,435**	**20,870,176**
Fees and Commission Income	5	7,779,889	6,831,648
Other Income		2,771,434	1,138,534
Operating Income		**33,946,758**	**28,840,358**
Expenses			
Personnel Expenses	6	(10,216,790)	(8,118,112)
Depreciation and Amortisation		(963,537)	(1,191,317)
Other Expenses		(3,764,272)	(3,791,452)
Operating Profit before Tax		**19,002,159**	**15,739,477**
Taxation	9	(4,608,024)	(3,734,428)
Profit for the year		**14,394,135**	**12,005,049**

The 2014 and 2013 results are all from continuing operations.

The notes on pages 14 to 38 are an integral part of these financial statements

Statement of Other Comprehensive Income

For the Year Ended 31 December 2014

	Note	2014 US$	2013 US$
Profit for the year		**14,394,135**	**12,005,049**
Items that will never be classified to Profit and Loss:			
Currency translation reserve arising from change of functional and presentation currency	2(b)	(2,227,602)	2,227,602
Total Comprehensive Income attributable to Equity Holders		**12,166,533**	**14,232,651**

The notes on pages 14 to 38 are an integral part of these financial statements

Statement of Financial Position

At 31 December 2014

	Note	31 December 2014 US$	31 December 2013 US$	1 January 2013 US$
Assets				
Cash and Cash equivalents	10	418,928,093	198,044,043	204,507,704
Loans and Advances to Banks	11	439,530,986	446,613,163	123,649,963
Loans and Advances to customers	12	394,374,170	438,745,115	386,488,141
Securities Trading	13	171,083,814	102,645,121	95,267,997
Securities Investment	14	172,529,548	212,153,631	179,926,363
Property, Plant and Equipment	15	536,187	840,377	1,288,442
Intangible Assets	16	1,060,727	776,283	845,888
Deferred Tax Assets	17	213,878	226,578	238,360
Other Assets	18	2,761,836	5,594,861	949,213
Total Assets		**1,601,019,239**	**1,405,639,172**	**993,162,071**
Liabilities				
Deposits from Banks	19	1,222,148,447	1,096,064,695	760,096,039
Deposits from Customers	20	187,633,045	180,516,394	120,534,902
Other Liabilities	21	6,041,199	5,842,546	3,548,244
Total Liabilities		**1,415,822,691**	**1,282,423,635**	**884,179,185**
Equity				
Capital	26	136,701,620	86,887,142	86,887,142
Currency Translation Reserve		-	2,227,602	-
Retained Earnings		48,494,928	34,100,793	22,095,744
Total equity attributable to the Equity Holders of the Bank		**185,196,548**	**123,215,537**	**108,982,886**
Total Liabilities and Equity		**1,601,019,239**	**1,405,639,172**	**993,162,071**

These statutory financial statements were approved by the board of directors on 27 February 2015 and were signed on its behalf by:

Jim Ovia
Chairman

John Weguelin
Chief Executive

The notes on pages 14 to 38 are an integral part of these financial statements
Company registration no: 05713749

Statement of Changes in Equity

For the year 31 December 2014

	Share Capital	Currency Translation Reserve	Retained Earnings	Total Equity
	US$	US$	US$	US$
Balance as at 1 January 2014	**86,887,142**	**2,227,602**	**34,100,793**	**123,215,537**
Profit for the year	-	-	14,394,135	14,394,135
Adjustment resulting from redenomination	(185,522)	-	-	(185,522)
Issuance of new shares	50,000,000	-	-	50,000,000
Translation reserve	-	(2,227,602)	-	(2,227,602)
Balance at 31 December 2014	**136,701,620**	**-**	**48,494,928**	**185,196,548**
Balance as at 1 January 2013	**86,887,142**	**-**	**22,095,744**	**108,982,886**
Profit for the year	-	-	12,005,049	12,005,049
Translation reserve	-	2,227,602	-	2,227,602
Balance at 31 December 2013	**86,887,142**	**2,227,602**	**34,100,793**	**123,215,537**

The notes on pages 14 to 38 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2014	Notes	2014	2013
		US$	US$
Cash flows from operating activities			
Profit for the period		14,394,135	12,005,049
Adjustments for:			
Depreciation of property, plant and equipment	7	393,679	647,403
Amortisation of intangible assets	7	569,858	543,914
Income tax expense	9	4,608,024	3,734,428
Change in loans and advances to banks	11	7,082,177	(303,518,021)
Change in loans and advances to customers	12	44,370,945	(43,051,972)
Change in trading securities	13	(68,438,693)	(5,404,676)
Change in other assets		168,049	(1,346,979)
Change in deposits from banks	19	126,083,752	305,300,999
Change in deposits from customers	20	7,116,651	54,757,049
Change in other liabilities		198,654	1,456,503
Income tax paid		(4,274,901)	(3,433,709)
Net cash from operating activities		**132,272,330**	**21,689,988**
Cash flows from investing activities			
Change in investment securities	14	39,624,083	(27,516,339)
Acquisition of property, plant and equipment	15	(127,582)	(202,179)
Proceeds from sale of property, plant and equipment		-	28,945
Acquisition of intangible assets	16	(884,781)	(464,076)
Net cash from / (used in) investing activities		**38,611,720**	**(28,153,649)**
Cash flows from financing activities			
Proceeds from issue of share capital	26	50,000,000	-
Net cash from financing activities		**50,000,000**	**-**
Net increase/(decrease) of cash and cash equivalents		**220,884,050**	**(6,463,661)**
Cash and cash equivalents as at 01 January		198,044,043	204,507,704
Cash and cash equivalents at 31 December	10	**418,928,093**	**198,044,043**

The notes on pages 14 to 38 are an integral part of these financial statements.

1 General information

Zenith Bank (UK) Limited ('the Company') is a private company, limited by shares. The Company was incorporated in England and Wales in 2006. The Company's registered office (and principal place of business) is situated in England, and is currently at 39, Cornhill, London EC3V 3ND. The Company is fully owned by the parent and ultimate parent undertaking, Zenith Bank Plc, a Bank incorporated in Nigeria. The Company primarily provides trade finance, treasury services, correspondent banking, commercial banking, wealth management, and asset management to customers.

The Company is an authorised person under the Financial Services and Markets Act 2000 (as amended 2012). It is authorised and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA').

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and the Companies Act 2006.

2 Basis of preparation and significant accounting policies

Basis of preparation

The financial statements have been prepared in the Company's functional and presentation currency, US Dollars. They are prepared on the historical cost convention modified to include the fair valuation of financial instruments to the extent required or permitted under IFRS as set out in the relevant notes.

(a) Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As the company is not separately rated it relies on funding lines made available from the parent. The directors have satisfied themselves that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability or willingness of the parent to continue with the current financing arrangements. Also the current financial projections reflect that the company will continue to be profitable in the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the directors' report and accounts.

(b) Change of Functional and Presentation currency

During October 2014 the Bank changed its Functional and Presentation currency from British Pounds (GBP) to US Dollars (US$) following a comprehensive review of the functional currency of its primary economic environment. This review included a study of both current and planned primary economic environments, its underlying transactions, events and circumstances, pricing and direction of planned business expansions and funding plans.

Conversion exercise included the change of Base currency within the operational environment including the core-banking system of the Bank. The exercise was successfully completed during October 2014.

Change of Base currency was followed by redenomination of the Bank's GBP ordinary shares to US$. Further, the consideration for the new fifty million ordinary shares issued during 2014 was received in US$. Details on redenomination and new capital are available on note 26.

Comparative information in these financial statements are presented in US$ using the following basis:

- Assets and liabilities were translated based on the exchange rates at the end of the reporting periods
- Items of income and expense, capital and cash flows relating to transactions in the previous period were translated using exchange rate prevailed at the transaction date or the representative average exchange rate of the period

Presentation of comparative information on the above basis resulted in a residual balances in equity which is reported via the Other Comprehensive Income statement. This residual balance arose in 2013 reversed in 2014 leaving no implication to the profit and loss account.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the company's financial statements.

(d) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'Interest expense' in the statement of comprehensive income using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument excluding future credit losses. The calculation includes all amounts paid or received that are an integral part of the effective interest rate, including fees and commission income, transaction costs and all other premiums or discounts.

Interest income and expense on those interest bearing Financial Instruments that are held for trading and designated as fair value are recognised in 'other income'.

Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by any allowance for impairment.

(e) Fee and commission income

The Company earns fee income from a diverse range of services it provides to its customers. Fee income is accounted for as follows:

(i) if the income is earned on the execution of a significant act it is recognised as revenue when the significant act has been completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement for the acquisition of securities);

(ii) if the income is earned as services are provided it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody and banking service fees);

(iii) if the income is an integral part of the effective interest rate of a financial instrument it is recognised as an adjustment to the effective interest rate (for example, loan origination fees) and recorded in fee and commission income; and

(iv) the Company provides certain guarantee facilities which are dependent on uncertain future events. These facilities include surety, fidelity, performance, bid and advance payment bonds. In each case, the guarantees given by the Company are covered by matching counter-indemnities provided by a third party. Fees and commissions arising from the provision of such services are recognised rateably over the period for which the service is provided.

(f) Foreign currencies

The Directors regard US Dollar ('US$') as the currency of the primary economic environment in which the Company operates. Accordingly US$ is regarded as being the functional currency of the Company, which is also the reporting currency of the Company.

Income and expense in foreign currencies are recorded in US$ at the rate of exchange prevailing at the time of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement.

Non-monetary assets and liabilities in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction.

(g) Income tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year calculated using tax rates enacted or substantially enacted by the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

(h) Derivatives

The Company uses derivative financial instruments for risk management purposes. The Company uses forward foreign exchange, interest rate and other derivative products.

Fair values are obtained from quoted market prices in active markets or by using valuation techniques, including recent market transactions, where an active market does not exist. All derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

(i) Financial assets

The Company has classified its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments.

Management has determined the classification of its investments on initial recognition.

(j) Financial Liabilities

Financial liabilities are measured either at amortised cost or fair value if designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are those liabilities that are held for trading and are measured at fair value through profit or loss and not amortised cost.

(k) Financial assets at fair value through profit and loss

Financial assets are classified as fair value through profit and loss where the financial asset is held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages and has a recent actual pattern of short-term profit-taking.

(l) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers and banks are classified as loans and advances and are initially recorded at fair value plus any attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses, where applicable.

(m) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Were the Company to sell other than an insignificant amount of held-to maturity assets the entire category would be tainted and reclassified as available for sale. The Company's management has not identified any assets as falling within this category.

(n) De-recognition of financial assets and liabilities

Financial assets are de-recognised when the rights to receive cash flows from the assets have expired or where the Company has transferred its contractual right to receive the cash flows of the financial assets and either:

i. substantially all the risks and rewards of ownership have been transferred; or
ii. substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are de-recognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

(o) Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or a portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated. Objective evidence that a financial asset or portfolio of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

  observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
- adverse changes in the payment status of borrowers in the portfolio; or
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

(p) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for Companies of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a portfolio of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for Companies assets reflect and are directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the portfolio and their magnitude). These estimates also take into account the extent to which individual assets within the portfolio have been subjected to specific review. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised loans, when the proceeds from the realisation of security have been received.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent it is now excessive by reducing the loan impairment allowance account. The amount of any reversal is recognised in the income statement.

(q) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation calculated on a straight line basis to write off the assets over their estimated useful lives as follows:

Leasehold improvements 10 years or the length of the lease if less
Computer equipment 3 years
Motor vehicles 4 years
Furniture, fixtures and fittings 5 years

Leasehold premises improvements comprise the Company's offices in London. All equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(r) Intangible assets

Acquired computer software licenses and development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are expensed as incurred.

The capitalised cost of computer software is amortised over 3 years using the straight line method.

(s) Cash and cash equivalents

Cash and cash equivalents include unrestricted highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash, notes and coin, treasury bills and other eligible bills, professional market placements to banks, amounts held at correspondents and certificates of deposit.

(t) Provisions

Provisions for restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

(u) Employee benefits

The Company provides a defined contribution pension plan for its staff. The assets of the schemes are held separately from those of the Company. The Company pays contributions to the Zenith Retirement Benefit Scheme. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Guarantees

Financial guarantee contract liabilities are measured initially at their fair value and subsequently measured at the higher of:

- the amount of the obligation under the contract; or
- the amount initially recognised less, where appropriate, cumulative amortisation recognised.

(w) Share capital

Share issue costs - Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares - Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

(x) Earnings per share

The Company presents earnings per share data for its ordinary shares by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the period.

(y) Deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without a quoted market price is based on discounted cash flows using market interest rates for debts with similar remaining maturity.

(z) Loans written off

The amount of loan write off is assessed on a case by case basis with appropriate advice and counsel sought from the Parent, Zenith Bank plc. Full or partial write-offs of loans and advances are generally recorded when management believes there is no realistic prospect of a full recovery or interest and principal payments being made on a timely basis.

(aa) Repurchase and Reverse Repurchase Agreements

Securities purchased under resale agreements ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralised financings and are recognised initially at fair value, being the amount of cash disbursed and received, respectively. The party disbursing the cash takes possession of the securities serving as collateral for the financing and having a market value equal to, or in excess of the principal amount loaned. The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognised on, or derecognised from, the balance sheet, unless the risks and rewards of ownership are obtained or relinquished.

(ab) Future accounting developments

At 31 December 2014, a number of standards and interpretations, and amendments thereto, had been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2014.

(ac) New standards and interpretations not yet adopted

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is currently in the process of evaluating the potential effect of this standard.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company's principal accounting policies are set out above. UK company law and IFRS require the directors to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The directors consider that the estimates made in respect of the valuation of loans and advances and deferred tax are appropriate for the preparation of these financial statements.

4 Interest Income

Derived From:	2014 US$	2013 US$
Cash and cash equivalents	677,102	1,211,719
Loans and Advances to banks	20,816,594	13,315,804
Loans and Advances to customers	18,853,308	19,130,780
Investment securities	12,816,695	10,960,979
Total Interest Income	**53,163,699**	**44,619,282**

5 Fee and Commission income

Derived From:	2014 US$	2013 US$
Loans	1,922,980	1,765,013
Trade Finance	5,801,227	4,533,153
Other	55,682	533,482
Total fees and commissions	**7,779,889**	**6,831,648**

6 Information regarding directors and employees

Employment costs are as follows:	2014	2013
Personnel expenses	**US$**	**US$**
Wages and salaries	7,992,878	6,315,491
Pension contributions under defined contribution scheme	972,545	657,132
Compulsory social security obligations	658,902	599,129
Other expenses	592,465	546,360
Total	**10,216,790**	**8,118,112**

Number of employees at year end	70	54
Average number of employees during the year	65	52

At the year-end there were 21 (2013: 19) employees involved in customer facing roles and 49 (2012: 35) in administration.

Included within employment costs are:	2014 US$	2013 US$
Directors' remuneration and fees		
Directors' Fees and emoluments	1,420,971	1,152,779
Pension contributions	80,107	74,432
	1,501,078	**1,227,211**

The highest paid Director received emoluments excluding pension contribution totalling US$ 634,634 (2013: US$ 373,802) and pension of US$ 46,155 (2013: US$ 29,123). Retirement benefits are accrued under defined contribution schemes

7 Operating profit before tax

	2014 US$	2013 US$
Operating profit before tax is stated after charging:		
Depreciation	393,679	647,403
Amortisation	569,858	543,914

8 **Auditors' remuneration**	**2014**	**2013**
	US$	**US$**
Audit of UK statutory accounts	104,586	69,625
Audit of Group reporting package	44,489	62,584
	149,075	**132,209**
Non Audit services:		
Other services relating to corporation taxation	30,205	31,918
Other assurance related services	27,318	20,027
	57,523	**51,945**
	206,598	**184,154**

9 Taxation

The tax charge in the Income statement for the year was US$ 4,608,024 (2013: US$ 3,734,428). The tax charge can be reconciled to the profit/(loss) per the income statement as follows:

Tax on Profit on Ordinary Activities	**2014**	**2013**
Analysis of tax charge during period:	**US$**	**US$**
UK Corporation tax at 21.5% (2013: 23.25%):		
-Current year tax charge	4,548,706	3,720,772
-Prior year adjustment to current tax charge/(credit)	2,290	(1,430)
	4,550,996	**3,719,342**
Deferred tax:		
-Current year deferred tax charge	111,176	24,962
-Prior year adjustments to deferred tax (credit)	(54,148)	(9,876)
	57,028	**15,086**
Tax charge on profits on ordinary activities	**4,608,024**	**3,734,428**
Effective tax rate	24.25%	23.73%
Factors affecting tax charge:		
Profit on ordinary activities before taxation	**19,002,159**	**15,739,477**
Profit on ordinary activities multiplied by rate of UK corporation tax at 21.5% (2013: 23.25%)	4,085,464	3,659,429
Effects of:		
Expenses not deductible for tax purposes	582,755	54,071
Effect of rate change	(8,338)	32,234
Adjustment to tax charge in respect of previous periods	(51,857)	(11,306)
Total tax charge on profits on ordinary activities	**4,608,024**	**3,734,428**

The Directors have reviewed the level of the deferred tax asset carried forward and believe that this is fairly stated. The recovery of the recognised asset is dependent on the expected generation of future taxable profits.

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013. This results in a weighted average UK corporation tax rate of 21.5% for the year ended 31 December 2014. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

10	**Cash and Cash Equivalents**	**2014**	**2013**
		US$	**US$**
	Petty Cash	52,324	103,525
	Cash with Other Banks	80,328,750	54,691,104
	Group Accounts	72,557	147,166
	Money Market Placements	338,474,462	143,102,248
		418,928,093	**198,044,043**

11	**Loans and advances to banks**	**2014**	**2013**
		US$	**US$**
	Loans and advances to banks	439,530,986	446,613,163
		439,530,986	**446,613,163**

12	**Loans and advances to customers**	**2014**	**2013**
		US$	**US$**
	Loans to Individuals	2,504,640	3,494,898
	Loans and Advances to Corporates	391,869,530	435,250,217
		394,374,170	**438,745,115**

13	**Securities Traded**	**2014**	**2013**
	(Fair Value through profit and loss)	**US$**	**US$**
	Treasury Bills	26,118,449	4,241,545
	Eurobonds	144,965,365	98,403,576
		171,083,814	**102,645,121**

14	**Securities Investment**	**2014**	**2013**
	(HTM: Amortised Cost)	**US$**	**US$**
	Fixed interest Rate Eurobonds	167,387,603	200,366,453
	Variable interest rate Eurobonds	5,141,945	11,787,178
		172,529,548	**212,153,631**

15 Property, plant and equipment

	Leasehold improvements US$	Computer equipment US$	Furniture US$	Motor Vehicles US$	Total US$
Cost					
Balance at 1 Jan 2014	2,940,894	915,419	385,937	121,482	4,363,732
Additions	67,224	45,028	15,330	-	127,582
Translation difference	(159,532)	(49,219)	(20,759)	(6,546)	(236,056)
Balance at 31 Dec 2014	**2,848,586**	**911,228**	**380,508**	**114,936**	**4,255,258**
Depreciation					
Balance at 1 Jan 2014	2,314,773	814,897	370,981	22,704	3,523,355
Charge for the year	290,659	68,256	5,419	29,345	393,679
Translation difference	(130,701)	(45,333)	(20,095)	(1,834)	(197,963)
Balance at 31 Dec 2014	**2,474,731**	**837,820**	**356,305**	**50,215**	**3,719,071**
Net book value					
At 31 December 2014	**373,855**	**73,408**	**24,203**	**64,721**	**536,187**
Cost					
Balance at 1 Jan 2013	2,848,683	859,730	370,356	65,662	4,144,431
Additions	40,148	38,475	8,619	114,937	202,179
Disposals	-	-	-	(63,210)	(63,210)
Translation difference	52,063	17,214	6,962	4,093	80,332
Balance at 31 Dec 2013	**2,940,894**	**915,419**	**385,937**	**121,482**	**4,363,732**
Depreciation					
Balance at 1 Jan 2013	1,718,526	748,620	323,181	65,662	2,855,989
Charge for the year	535,711	50,330	39,882	21,480	647,403
Disposals	-	-	-	(63,210)	(63,210)
Translation difference	60,536	15,947	7,918	(1,228)	83,173
Balance at 31 Dec 2013	**2,314,773**	**814,897**	**370,981**	**22,704**	**3,523,355**
Net book value					
At 31 December 2013	626,121	100,522	14,956	98,778	840,377

16 Intangible assets

	2014 US$	2013 US$
Cost		
Balance at the beginning of the year	3,524,851	2,982,238
Additions	884,781	464,076
Translation difference	(197,591)	78,537
Balance at end of the year	**4,212,041**	**3,524,851**
Amortisation		
Balance at the beginning of the year	2,748,568	2,136,350
Charge for the year	569,858	543,914
Translation difference	(167,112)	68,304
Balance at end of the year	**3,151,314**	**2,748,568**
Net Book Value		
Balance at end of the year	**1,060,727**	**776,283**
Balance at the beginning of the year	776,283	845,888

The intangible assets relate to software licenses purchased, and software development.

17 Deferred tax

					2014 US$
	Brought forward	Prior year adjustment	Charge for the year	Other	Carried forward
Assets					
IFRS transitional adjustment	109,404	-	(13,632)	(1,977)	93,795
Accelerated capital allowances	108,060	54,148	(98,533)	46,304	109,979
Provisions	9,114	-	990	-	10,104
Total	**226,578**	**54,148**	**(111,175)**	**44,327**	**213,878**

18	**Other assets**	**2014**	**2013**
		US$	**US$**
	Prepayments	1,580,655	1,114,708
	Derivative financial instruments (see Note 22)	476,759	214,024
	Other Receivables	704,422	4,266,129
		2,761,836	**5,594,861**

19	**Deposits from banks**	**2014**	**2013**
		US$	**US$**
	Money Market Deposits	821,138,496	766,299,273
	Deposits received for securities lent	128,279,770	155,274,911
	Other deposits from banks	272,730,181	174,490,511
		1,222,148,447	**1,096,064,695**

20	**Deposits from customers**	**2014**	**2013**
		US$	**US$**
	Term deposits	98,216,821	82,764,369
	Demand deposits	84,571,488	92,294,169
	Saving deposits	4,844,736	5,457,856
		187,633,045	**180,516,394**

21	**Other Liabilities**	**2014**	**2013**
		US$	**US$**
	Derivative financial instruments (see Note 22)	-	1,280
	Other taxes and social security costs	159,863	277,749
	Current Tax Creditor	2,204,871	1,446,314
	Other creditors	3,676,465	4,117,203
		6,041,199	**5,842,546**

22	**Derivative financial instruments**	**2014**	**2013**
		US$	**US$**
	Forward foreign exchange contracts:		
	Receivable/(Payable)	476,759	208,826
	Foreign exchange options	-	3,918
		476,759	**212,744**

Derivative financial instruments consist of short term foreign exchange contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. All derivative contracts open at the year ends have intended settlement dates within twelve months. All derivative financial instruments are considered to be level two for IFRS 7 purposes i.e. are priced with reference to observable market data.

23 Commitments and contingencies

Pension commitments

The Company provides a defined pension contribution scheme for all staff. The assets of the scheme are held separately from those of the Company in independently administered funds.
During the year, pension costs of US$ 972,545 (2013: US$ 656,460) were charged to the income statement. All pension obligations were fully settled as at 31 December 2014 (2013: US$ 43,122).

Trade finance contingencies

	2014	2013
	US$	US$
Letters of credit (including cash backed)	184,397,705	139,513,822
Guarantees	6,472,573	31,136,140
Undrawn committed Facilities	4,199,959	9,534,046
	195,070,237	**180,184,008**

Operating Leases on Premises	**2014**	**2013**
Non-cancellable operating lease payables:	**US$**	**US$**
Less than 1 year	330,273	-
1 - 5 Years	2,837,831	953,990
Over 5 years	821,898	695,726
	3,990,002	**1,649,716**

During 2014 the Bank renewed its lease of its London office for term of ten years, with the right to break the tenure in five years.

24 Financial Instruments

Accounting classifications and fair values

Derivatives
Derivative instruments are carried at fair value and changes in values are recognised through the Statement of Comprehensive Income. For instruments where a listed market price is available, fair value is equal to market value.

Fair value through profit and loss
The Company designates some investment securities at fair value, with fair value changes recognised in the Statement of Comprehensive Income.

Held to maturity
Debt instruments with the Company's intention and ability to hold the investment to maturity. These instruments are carried at amortised cost using the effective interest rate method.

Other financial assets and financial liabilities
Other financial assets and financial liabilities are carried at amortised cost. Fair values of these instruments are calculated based upon the value of future cash flows discounted at the market value of interest at the balance sheet date. For all instruments not carried at fair value, the fair value is estimated to be approximately book value.

The fair value of each class of financial asset and financial liabilities are shown in the statement of financial position as follows:

2014	Loans and Receivables US$	Fair Value through P&L US$	Held to Maturity US$	Total carrying value US$
Assets				
Cash and Cash equivalent deposits in banks	418,928,093	-	-	418,928,093
Loans and Advances to Banks	439,530,986	-	-	439,530,986
Loans and Advances to customers	394,374,170	-	-	394,374,170
Securities Trading	-	171,083,814	-	171,083,814
Securities Investment	-	-	172,529,548	172,529,548
Derivatives	-	476,759	-	476,759
Total assets	**1,252,833,249**	**171,560,573**	**172,529,548**	**1,596,923,370**

	Financial instruments at amortised cost US$	Fair Value through P&L US$	Total carrying value US$
Liabilities			
Deposits from Banks	1,222,148,447	-	1,222,148,447
Deposits from Customers	187,633,045	-	187,633,045
Derivatives	-	-	-
Total Liabilities	**1,409,781,492**	**-**	**1,409,781,492**

2013	Loans and Receivables US$	Fair Value through P&L US$	Held to Maturity US$	Total carrying value US$
Assets				
Cash and Cash equivalent deposits in banks	198,044,043	-	-	198,044,043
Loans and Advances to Banks	446,613,163	-	-	446,613,163
Loans and Advances to customers	438,745,115	-	-	438,745,115
Securities Trading	-	102,645,121	-	102,645,121
Securities Investment	-	-	212,153,631	212,153,631
Derivatives	-	214,024	-	214,024
Total assets	**1,083,402,321**	**102,859,145**	**212,153,631**	**1,398,415,097**

	Financial instruments at amortised cost US$	Fair Value through P&L US$	Total carrying value US$
Liabilities			
Deposits from Banks	1,096,064,695	-	1,096,064,695
Deposits from Customers	180,516,394	-	180,516,394
Derivatives	-	1,280	1,280
Total Liabilities	**1,276,581,089**	**1,280**	**1,276,582,369**

25 Financial Risk Management

The Company has exposure to the following risks from financial statements

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Foreign Exchange risk
- Interest Rate Risk
- Sovereign Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company is firmly committed to the management of risk, recognising that sound internal risk management is essential to its prudent operation, particularly with the growing complexity, diversity and volatility of markets, facilitated by advances in technology and communications. Risk management is given high priority throughout the Company and is integral to management of the business.

Responsibility for risk management policies and limits in the level of risks assumed lies with the Board of Directors. The Board charges management with developing, presenting, updating and implementing these policies, controls and limits. The structure is designed to provide assurance that no single event or combination of events will materially affect the well-being of the company.

The Company's Board of Directors, Asset and Liability Committee which monitors compliance with risk management, assists in assessing market trends, economic and political developments, and providing global strategic direction for all aspects of risk management. The Market Risk committee provides a forum for in-depth review and analysis of the market risks to which the Company is subject.

Active, hands-on senior management plays a key role in the identification, evaluation and management of all risks.

The following fundamental principles of sound risk management are applied to all financial instruments including derivatives:

- Appropriate review by the Board of Directors and senior management
- Adequate risk management processes
- Sound measurement and information systems
- Segregation of duties, comprehensive internal controls and internal audit procedures

Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and Investment securities.

The Company mainly lends and takes risk on the major West African corporate and financial institutions who, in the main, are long established customers of the Zenith Group, and UK and European trading companies against an underlying trade transaction evidenced by an incoming Nigerian bank letter of credit.

International interbank lending will predominantly be to investment grade rated organisations and in line with the Credit Scoring Policy & Procedures Manual. All limits are set against the Company's capital resources as set out in its Credit Policy & Procedures Manual. Retail lending will only be to well-known and established customers of the Group in accordance with strict credit and security parameters.

The Company's Credit Policies and Procedures Manual covers the credit procedures, limits, delegated authorities and risk grading issues for the Company, taking account of the Company's appetite for risk. The Company's objective is to have a high quality, diversified loan portfolio which will generate profits commensurate with the risks and the Company's target return on investments, and enable the Company to identify potential problem loans and keeping non-performing assets and provisions to a minimum.

The ultimate responsibility for Credit Risk rests with the Board of Directors, who have delegated this responsibility to the Board Credit Committee ("BCC") chaired by a Non-Executive Director. In turn responsibility for credit has been delegated to the Management Credit Committee ("MCC") which is chaired by the CEO.

The MCC is responsible for reviewing and approving all credit matters which are submitted to it in line with approved policies and within its delegated authority, and is supported in this process by Risk Management. The day to day management of facilities within limits and guidelines set by the MCC will be the responsibility of the business line departments. Risk Management is responsible for monitoring compliance with these limits.

All credit applications and reviews are submitted to Risk Management for independent assessment prior to being forwarded to the approval process. Any application in excess of limits delegated to the MCC must be submitted to the Group Credit Committee ("GCC") for final approval and carry the support of the MCC. All such approved facilities are forwarded to the BCC for ratification at each subsequent BCC meeting.

The limits and procedures policy helps to define marketing plans for targeting business, covering exceptions and new products. It covers the formalising of limits and the process involved in achieving them. All limits in the company are based on the Company's own capital resources, with limits covering countries, sovereign entities, banks and commercial entities and individuals. These limits operate within the PRA's Large Exposure requirements within the CRR, as outlined in The PRA's Approach to Banking Supervision (1).

All limits are set against the company's capital resources and dependent on the individual internal credit risk grade of the counterparty. International money market and foreign exchange limits are dependent on the credit rating of the counterparty and the internal credit risk grade ("CRG"). Essentially Companies with a CRG of "1" have limits up to 80% of capital resources, a CRG of "2" is set at 60%, a CRG of "3" at 40% and a CRG of "4" or greater at a maximum of 25% (apart from exceptions detailed below). All limits include foreign exchange, securities and other items in terms of policy.

Nigerian limits are dealt with as a separate item in terms of policy. Exposure to the company's parent Zenith Bank Plc and its subsidiaries will be aggregated and may not exceed a maximum of 25% of capital resources. Any exposure to the Central Bank of Nigeria and the Nigerian Government will also be aggregated and will be limited to a maximum of 25% of capital resources. In respect to the top 6 Nigerian banks, where such banks have a CRG of "4" or better, then the limit for these banks may be increased to 75% of capital resources. All other potential Nigerian business will be kept to a maximum of 25% of capital resources and will also require the independent support of the company's parent.

Further limits delegated to the MCC include "back-to-back" letters of credit up to 25% of capital resources and 100% cash covered facilities up to 100% of capital resources. Any other limit not mentioned here will require the final approval of the BCC, and will include the support of the MCC and the support of the parent where a Corporate entity is concerned.

All country limits are determined in accordance with the Credit Scoring Policy & Procedures Manual and all country limits override any individual customer limits.

Unless otherwise specified any Nigerian or corporate business will require the formal approval of the Group Credit Committee of Zenith Bank Plc in Lagos, Nigeria.

Medium and long term limits may not exceed 300% of capital resources at any time, except that OECD Export Credit Agency covered debt (which is weighted 0% for capital adequacy purposes) is excluded from this limit.

The portfolio of Investment mortgages is limited to 100% of capital at any one time. Individual Investment mortgages cannot exceed 6.25% of the Company's capital resources, with a loan to value maximum of 50% and a maximum maturity of 4 years. Personal loans to individuals are limited to a maximum of 3% of the Company's capital base on a fully secured basis.

Forbearance practices

Forbearance is when a lender decides to modify the terms and conditions of a loan or debt security if the borrower is unable to meet them because it is in financial difficulty. Examples may include reducing interest rates, delaying payment of principal and amending or not enforcing covenants.

Lending subject to forbearance, net of credit risk mitigations, as at the year-end 2014 is US$ 8m (2013: Nil).

Collateral

Collateral and security can be an important mitigant of credit risk.

The Company routinely obtains collateral and security and ensures that any collateral held is sufficiently liquid legally effective enforceable and regularly reassessed.

The maximum exposure to credit risk on 'Loans and Advances to Banks and Customers' and 'Off balance sheet items' at the statement of financial position date was US$ 491m (2013: US$ 669m).

In the normal course of business, the Company receives collateral on certain transactions to reduce its exposure to counterparty credit risk.

The following table reflects the collateral received by product type by the Company.

Collateral Analysis

	2014	2013
	US$	US$
Cash	535,978,095	592,626,791
Property	1,519,538	2,192,207
	537,497,633	**594,818,998**

Sovereign risk

The Company has established procedures to manage country risk. During the year there continued to be periods of significant volatility in Eurozone and Emerging Market bond markets. Securities borrowing and lending transactions are always secured, with the collateral taking the form of securities or cash received or advanced. The transfer of securities to counterparties and securities borrowed are not reflected in the Statement of Financial Position. Cash collateral received or advanced is recorded as a liability under "Deposits from banks" or asset under "Cash and Cash equivalents" respectively.

The table below summarises maximum exposure to credit risk as at statement of financial position date by geographical area.

2014	**Europe**	**Nigeria**	**Rest of Africa**	**Rest of the World**	**Total**
Assets					
Cash and Cash Equivalents	352,079,202	72,557	14,329	66,762,005	418,928,093
Loans and Advances to Banks	-	174,336,090	265,184,750	10,146	439,530,986
Loans and Advances to customers	116,007,409	137,664,061	88,663,558	52,039,142	394,374,170
Securities Trading	-	1,158,470	250,920	169,674,424	171,083,814
Securities Investments	-		31,025,090	141,504,458	172,529,548
Total assets	**468,086,611**	**313,231,178**	**385,138,647**	**429,990,175**	**1,596,446,611**

2013	**Europe**	**Nigeria**	**Rest of Africa**	**Rest of the World**	**Total**
Assets					
Cash and Cash Equivalents	139,491,892	147,214	409	58,404,528	198,044,043
Loans and Advances to Banks	-	98,773,336	268,539,056	79,300,771	446,613,163
Loans and Advances to customers	245,491,193	127,565,861	24,772,791	40,915,270	438,745,115
Securities Trading	17,227,849	5,204,635	-	80,212,637	102,645,121
Securities Investments	29,911,620	27,889,181	109,351,352	45,001,478	212,153,631
Total assets	**432,122,554**	**259,580,227**	**402,663,608**	**303,834,684**	**1,398,201,073**

An analysis of the credit quality of the maximum credit exposure based on rating agency Fitch and Moody ratings where applicable. These are grouped by Credit Quality Steps (CQS).

		2014	2013
CQS	**Assets**	**US$**	**US$**
	Cash and Cash equivalent		
1	Rated AAA to AA-	2,616,086	5,036,491
2	Rated A+ to A-	200,873,123	140,513,306
3	Rated BBB+ to BBB-	215,314,003	42,598,512
4	Rated BB+ to BB-	-	-
5	Rated B+ to B-	72,557	147,166
6	Unrated	52,324	9,748,568
		418,928,093	**198,044,043**
	Loans and Advances to Banks		
1	Rated AAA to AA-	-	-
2	Rated A+ to A-	-	-
3	Rated BBB+ to BBB-	-	-
4	Rated BB+ to BB-	-	9,975,009
5	Rated B+ to B-	374,184,620	346,631,341
6	Unrated	65,346,366	90,006,813
		439,530,986	**446,613,163**
	Loans and Advances to customers		
	Neither past due nor impaired	394,374,170	438,745,115
	Past Due but not impaired	-	-
		394,374,170	**438,745,115**

		2014	2013
Securities Trading		**US$**	**US$**
1	Rated AAA to AA-	169,715,365	97,425,490
2	Rated A+ to A-	-	-
3	Rated BBB+ to BBB-	-	-
4	Rated BB+ to BB-	-	5,219,631
5	Rated B+ to B-	1,368,449	-
6	Unrated	-	-
		171,083,814	**102,645,121**
Securities Investment			
1	Rated AAA to AA-	14,481,889	503,085
2	Rated A+ to A-	24,150,000	15,283,236
3	Rated BBB+ to BBB-		43,169,435
4	Rated BB+ to BB-	4,843,300	9,044,325
5	Rated B+ to B-	95,814,872	102,728,575
6	Unrated	33,239,487	41,424,975
		172,529,548	**212,153,631**

Credit exposure to Loans and Advances to customers as at the statement of financial position date by Industry:

Loans and Advances to Customers	**2014**	**2013**
	US$	**US$**
Industry:		
Agriculture	11,985,147	11,986,373
Hotels and Restaurants	10,015,745	15,016,243
Individuals	1,700,942	2,639,720
Manufacturing	33,315,701	100,617,458
Mining, Quarrying and Oil Refinery	90,987,935	110,259,371
Real Estate	900,948	1,173,509
Transport and Storage	95,162,673	77,192,737
Wholesale	150,305,079	119,859,704
	394,374,170	**438,745,115**

Liquidity Risk

Liquidity Risk Management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Liquidity management is achieved by balancing cash flows within forward rolling time bands so that under normal conditions the Company is comfortably placed to meet all its payment obligations as they fall due. The immediate focus should be short term because as assets and liabilities run off and are replaced the pattern of the Company's more distant cash flow engagements will be reconstituted many times over before their settlement time draws near. This does not mean that the Company should disregard the longer end of its book. In a positive yield curve environment the classical route to a self-induced liquidity crisis is to borrow short and lend long in pursuit of enhanced interest return. This practice of maturity mismatching is, in moderation, an accepted function of a Company but disciplines are needed to ensure that it is not carried to excess. The Company has developed an Individual Liquidity Adequacy Assessment (ILAA) document as required by the PRA. The Company has also developed a suite of stress tests and limits, the results of which are reviewed by senior management on a regular basis.

The responsibility for ensuring that the Company can meet its obligations as they fall due rests with the company's management. Under the regulations the Company must satisfy the PRA on an on-going basis that it has a prudent liquidity policy and adequate management systems in place to ensure that the policy is adhered at all times.

- The Board of Directors is ultimately responsible for ensuring that the liquidity policy remains relevant and up-to-date at all times and is consistent with the company's business activities and expressed risk tolerance.
- The Asset and Liability Committee ("ALCO") is responsible for reviewing the policy and recommending it to the Board of Directors. ALCO is supported by Risk Management, which is responsible for monitoring compliance with the policy on a daily basis.
- The Company has developed an ILAA model (Individual Liquidity Adequacy Assessment) as required by the PRA, which includes a series of stress tests and limits. This is managed on a daily basis.
- The responsibility for the day-to-day management of the Company's liquidity position is delegated to the Company's Treasurer and is managed by the funding desk in the Treasury Department.
- The responsibility for the day to day monitoring of the Company's liquidity position is delegated to the Risk Management department, which supports ALCO in the assurance of compliance with the Company's liquidity risk management framework and policy.

Total amount of the repurchase agreements outstanding at the year-end of US$ 128,279,770 (2013: US$ 155,274,911) is included in Securities within the balance sheet.

Liquidity	Less than 3 months	Between 3 & 12 months	1 to 5 Years	Greater than 5 years	Carrying amount
2014	**US$**	**US$**	**US$**	**US$**	**US$**
Assets					
Cash and Cash Equivalents	418,928,093	-	-	-	418,928,093
Loans and Advances to Banks	179,412,280	245,180,116	14,938,590	-	439,530,986
Loans and Advances to Customers	178,561,414	139,805,936	71,394,968	4,611,852	394,374,170
Securities Trading	167,104	78,752,138	91,913,329	251,243	171,083,814
Securities Investment	1,391,184	844,206	161,886,781	8,407,377	172,529,548
Derivatives	476,759	-	-	-	476,759
Total assets	**778,936,834**	**464,582,396**	**340,133,668**	**13,270,472**	**1,596,923,370**
Liabilities					
Deposits from Banks	865,556,323	356,592,124	-	-	1,222,148,447
Deposits from Customers	158,364,504	29,268,541	-	-	187,633,045
Total Liabilities	**1,023,920,827**	**385,860,665**	**-**	**-**	**1,409,781,492**

Liquidity	Less than 3 months	Between 3 & 12 months	1 to 5 Years	Greater than 5 years	Carrying amount
2013	**US$**	**US$**	**US$**	**US$**	**US$**
Assets					
Cash and Cash equivalents	198,044,043	-	-	-	198,044,043
Loans and Advances to Banks	175,666,618	249,509,392	21,437,153	-	446,613,163
Loans and Advances to customers	166,599,103	178,554,242	80,532,511	13,059,259	438,745,115
Securities Trading	7,323,391	27,943,083	67,378,647	-	102,645,121
Securities Investment	1,062,406	60,821,760	141,837,960	8,431,505	212,153,631
Derivatives	214,024	-	-	-	214,024
Total assets	**548,909,585**	**516,828,477**	**311,186,271**	**21,490,764**	**1,398,415,097**
Liabilities					
Deposits from Banks	609,305,529	417,440,820	69,318,346	-	1,096,064,695
Deposits from Customers	177,622,404	2,893,990	-	-	180,516,394
Derivatives	1,280	-	-	-	1,280
Total Liabilities	**786,929,213**	**420,334,810**	**69,318,346**	**-**	**1,276,582,369**

Market Risk

Market Risk management

Market Risk is the risk of loss from changes in market prices and rates, the correlations among them, and their levels of volatility.

The Company's trading activities are accounted for on a mark-to-market basis, and financial assets, financial liabilities and derivatives which form part of such activities are accounted for at fair value through the profit and loss account.

The Company's trading activities are limited to transactions in financial instruments mainly comprising the trading of foreign exchange and debt securities. Market risk is primarily to currencies and interest rates. Exposure to those markets together with a description of the risk management policies arising from both banking and trading activities are set out below. Market risk exposures are measured and monitored daily and are formally reviewed weekly by the Company's Asset and Liability Committee.

Exchange rate Risk

The Company makes loans and takes deposits in a number of currencies. Payments made on behalf of customers in one currency may be met from balances held in another currency. Further, the Company is active in the International foreign exchange markets both for own account trading and for the management of Company assets and liabilities. The table below sets out the concentrations of the currency assets and liabilities in the Company's statement of financial position.

The Company manages its exposures to foreign exchange risk by way of limits on the size of permitted positions, both intra-day and overnight. Overnight positions are protected by stop-loss orders placed with reputable correspondent banks. The size of the position limits is consistent with the amount of profit that the Company is prepared to place at risk in the foreign exchange markets.

Foreign exchange exposure arises from normal banking activities, particularly from the receipt of deposits and the placement of funds denominated in foreign currencies. It is the policy of the Company to match the currencies and its assets and liabilities as far as practicable. It is also the policy of the Company to adhere to the limits laid down by the Board in respect of the "overall net open position". The tables below give details of the Company's net foreign currency exposures as at 31 December 2014 as a basis of disclosing the Company's foreign currency sensitivity analysis.

2014	**US Dollars**	**Sterling**	**Other**	**Total**
	US$	**US$**	**US$**	**US$**
Assets	1,549,170,377	26,358,933	25,489,929	1,601,019,239
Liabilities	(1,550,117,243)	(26,598,884)	(24,303,112)	(1,601,019,239)
Derivative Foreign Exchange Contracts	(11,170,764)	10,631,971	(66,333)	(605,126)
Net open position	**(12,117,630)**	**10,392,020**	**1,120,484**	**(605,126)**

2013	US Dollars	Sterling	Other	Total
	US$	US$	US$	US$
Assets	1,261,294,131	115,183,111	29,161,930	1,405,639,172
Liabilities	(1,257,154,604)	(116,151,234)	(32,333,334)	(1,405,639,172)
Derivative Foreign Exchange Contracts	4,212	1,073,514	(1,128,066)	(50,340)
Net open position	4,143,739	105,391	(4,299,470)	(50,340)

Foreign Currency sensitivity

Foreign currency sensitivity analysis has been performed on the foreign currency exposures inherent in the Company's financial assets and financial liabilities at the reporting dates presented, net of FX derivatives.

The sensitivity analysis provides an indication of the impact on the company's profit or loss of reasonably possible changes in the currency exposures embedded within the functional currency environment in which the Company operates. Reasonable possible changes are based on an analysis of historical currency volatility, together with any relevant assumptions regarding near-term future volatility.

The Company believes that for each foreign currency net exposure it is reasonable to assume a 5% appreciation / deprecation against the Company's functional currency. If all other variables are held constant the tables below present the Impact on the company profit or loss if these currency movements had occurred.

2014	Sterling Pounds US$	Other US$
Net foreign Currency Exposure	10,392,020	1,125,482
Impact of 5% increase against US$	519,601	56,274
Impact of 5% decrease against US$	(519,601)	(56,274)

Interest rate risk

Interest Rate Risk is the risk that arises due to the possibility of a change in rates, and how that impacts on pricing structure of the company's assets and liabilities.

Company's ALCO (Asset and Liability Committee) meet weekly to monitor these issues, which in turn is assisted by Risk and changes in interest rates in various currencies arising from gaps in the future dates of repricing of assets, liabilities and derivative instruments. The Company manages part of that risk by match funding certain deposits to loans. A change of 1% in interest rates at the Statement of Financial Position date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the Statement of Financial Position date and had been applied to risk exposures existing at that date.

Profit or Loss (net of tax)	**31 Dec 2014** US$	**31 Dec 2013** US$
Increase	(7,731,000)	(5,315,000)
Decrease	8,357,000	5,850,000

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems, or from external events.

Operational risks are managed and controlled within the individual business lines and a wide variety of checks and balances to address operational risks have been developed as an important part of the Company's risk management culture.

The Company maintains an Operational Risk policy and further mitigates risk as follows:
- by recruiting experienced professional and well qualified staff,
- adoption of industry best practice in all operations,
- on-going consultation with risk management experts to ensure processes remain robust, and
- institutionalisation of due diligence procedures to meet regulatory requirements.

Operational risk is taken as a necessary consequence of the Company undertaking its core business and it is the Company's policy to minimise its risks to the extent possible through any entity wide control framework setting quantitative limits and through the use of internal audit, risk management and compliance. The company aims to minimise operational risk at all times through a strong and well-resourced control and operational infrastructure.

The Board Risk and Audit Committee seek to ensure strong governance at all times.

Capital Management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2014 is US$ 185.2m (2013: $123.2m).

Regulatory capital is determined in accordance with the requirements of the FCA and the PRA in the UK. Total Regulatory Capital as at 31 December 2014 (including the new capital issued during 2014 and earnings for the year) is US$ 185.2m (2013: $123.2m).

Capital adequacy and the use of regulatory capital are monitored daily by the company's management, employing techniques based on the guidelines developed by the Basel Committee and European Community Directives as implemented by the FCA and the PRA in the UK, for supervisory purposes, who requires each company to maintain a ratio of total regulatory capital to risk- weighted exposures at or above a level determined for each institution.

Bank's total regulatory capital qualifies as Tier 1 capital, which is the total of the issued share capital and retained earnings;

Capital Resources	2014 US$	2013 US$
Tier one Capital: Shareholders' Funds	185,196,548	123,215,538
Total Tier 1 capital	**185,196,548**	**123,215,538**

Critical accounting judgements in applying the Company's accounting policies

Fair value hierarchy

The Company measures fair value using the following fair value hierarchy:

Level 1 fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 fair value measurements using Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following table outlines the fair value hierarchy of instruments carried at fair value:

2014	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Assets				
Securities trading	169,925,344	1,158,470	-	171,083,814
Derivatives	-	476,759	-	476,759
	169,925,344	**1,635,229**	-	**171,560,573**

2013	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Assets				
Securities trading	98,403,576	4,241,545	-	102,645,121
Derivatives (net)	-	212,744	-	212,744
	98,403,576	**4,454,289**	-	**102,857,865**

26 Share Capital

	2014	2013	2013
	US$	US$	£
Issued:			
35,001,000 ordinary shares of £1 each	-	56,887,142	35,001,000
- Redenominated in to 56,701,620 shares of $1 each	56,701,620	-	-
30,000,000 ordinary shares of US$1 each	30,000,000	30,000,000	18,458,131
50,000,000 ordinary shares of US$1 each	50,000,000	-	-
	136,701,620	**86,887,142**	**53,459,131**

Allocated called up and fully paid

During September 2014 fifty million new ordinary shares of $1 each was issued and fully subscribed by the parent entity. Further, as a part of the base currency translation project, the 35,001,000 British Pound shares were redenominated in to 56,701,620 US$ shares.

As at 31 December the issued share capital comprises 136,701,620 ordinary shares with a par value of $1 each.

At 31 December 2013 the issued share capital comprised of 35,001,000 ordinary shares with a par value of £1 each (2012: 35,001,0000) and 30,000,000 ordinary shares of US$1 each issued in May 2012. All issued shares were fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares rank equally with regards to the Company's residual assets.

27 Earnings per share

	2014	2013*
Earnings per share (EPS)	14.3 c	13.9 c
Weighted average ordinary shares	100,811,209	86,701,620
Ordinary shares as at the year-end	**136,701,620**	**88,701,620**

Earnings per share for 2014 is 14.3 cents. Diluted earnings per share calculation is not relevant as there are no convertible securities. The earnings per share are calculated using profit after tax as the numerator. The weighted average number of ordinary shares is used as the denominator.

EPS 2013* computed using equivalent bases is 13.9 cents. This computation assumes that all US$ shares excluding the 50million fresh issuance made during 2014 were redenominated at the beginning of 2013 (please refer to note 26 for details on shares redenomination exercise).

As reported in 2013 annual report, earnings per share for 2013, based on the US$ and GBP share-mix then available, was 11.80 pence. The diluted earnings per share calculation was not relevant as there were no convertible securities available.

28 Related party transactions

Key management personnel are considered to be the Directors. Disclosures regarding Directors emoluments and other transactions are given in note 6.

A number of banking transactions were entered into with related counterparties within the Zenith Bank Plc Group in the normal course of business. These include loans and deposits. Outstanding balances at the end of the year and related party income for the year are as follows:

	2014	2013
	US$	US$
Assets		
Amounts due from parent company	118,284,299	81,960,932
Amounts due from fellow subsidiaries	226,118,168	264,839,741
	344,402,467	**346,800,673**
Liabilities		
Amounts due to parent company	765,334,645	678,468,604
Amounts due to fellow subsidiaries	29,884,691	14,063,774
	795,219,336	**692,532,378**
Fees and Commissions		
Parent Company	4,010,486	4,032,126
Fellow Subsidiaries	688,837	519,435
	4,699,323	**4,551,561**
Interest Income		
Parent Company	1,533,312	1,828,339
Fellow Subsidiaries	16,337,892	10,350,783
	17,871,204	**12,179,122**
Interest Expense		
Parent Company	22,226,973	19,693,753
Fellow Subsidiaries	159	4,551
	22,227,132	**19,698,304**

29 Ultimate parent company and controlling party

The Company's immediate and ultimate parent and the sole-shareholder is Zenith Bank Plc, a company incorporated in Nigeria. Group accounts into which the company is consolidated are available from Head Office at Plot 84, Ajose Adeogun Street, Victoria Island, Lagos, Nigeria.