ZENITH BANK (UK) LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2015

Registered number 05713749

ZENITH BANK (UK) LIMITED

Directors' report, Strategic report and Financial Statements for the year ended 31 December 2015

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Officers and professional advisers

Directors

Jim Ovia	Chairman
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 2015.

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, 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 continued growth of the Eurobond trading desk has built on the success of 2014, and addresses the growing demand from customers to invest in West African bonds.

The drop in oil price, the decline in the value of the Naira, and the restriction of access to Foreign Currency imposed by the Central Bank of Nigeria ("CBN"), have all combined to create a negative effect on the domestic economy.

Trade related business has suffered from these events. Other fee based income has been generated in the form of an increased Payments model, whilst continuing to market for non Nigerian trade flows. We continue to deal as a correspondent and trade finance bank for the Central Bank of Nigeria, and act as a confirming bank within key OECD markets. We aim to build on these, and other, 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 continued investment in people and systems to leave us well positioned to meet and exceed our service level agreements with our customers.

Commercial banking has also suffered from the domestic issues in Nigeria, although core asset levels did grow in 2015. We continue to build on key relationships developed over the last few years, in particular our shipping finance.

The support and relationship with our parent, and other members of the Zenith Group, has enabled the Company to build on these key areas and reflect value and sustainability to our shareholders.

In October the Company obtained our formal DFSA licence in Dubai, allowing us to open our first branch (Zenith Bank (UK) Limited – (DIFC Branch).

The Company's main competitors are international banks and other West African financial institutions operating within the international financial services industry.

The future will see the continued growth of these established businesses in conjunction with the development of the Dubai branch, where we intend to offer niche Treasury services to corporates and banks seeking to engage in Nigeria and Western Africa.

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, including the impact of the recent domestic events in Nigeria. The directors have satisfied themselves that there is no reason to believe that a material uncertainty exists, despite the decrease in year on year profits, which may cast significant doubt on the going concern assumption. The directors have a reasonable expectation that the Company will be able to continue as a going concern. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Capital

There has been no change to the existing capital structure in 2015 (as 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$5.3 million (2014: US$14.4 million).
The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

Directors and directors' interests

The directors who held office during the year were as follows

Jim Ovia	Chairman
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;

The 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 Group CEO & MD 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 culture of 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$7k (2014: US$20.8k) to several registered charities. No payments were made to political parties (2014: Nil).

Auditor

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 12 February 2016.

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.

I would like to take this opportunity to thank our valued customers for their continued support and all our staff for their continued commitment and professionalism.

By order of the Board

John Weguelin
Chief Executive
19 February 2016
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, 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.

The Directors 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
19 February 2016
Company registration no. 05713749

Strategic Report

Strategic Review

During the year management continued to review and implement its 5 year Strategy. Entitled "Controlled Growth" the strategy reaffirmed the business model and identified a number of strategic imperatives to deliver 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 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 customers, our markets, experienced staff, and an established infrastructure. We offer a high degree of flexibility to address our customer needs whilst maintaining a strong and robust compliance culture
- Our mission is to be the international platform for the Zenith Group and for 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:

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

2015 Business review

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

- create robust and sustainable growth
- support the Parent's customer relationships by providing international banking and capital market services
- improve existing customer relationships by increasing the range of products and services available to customers
- ensure that the risks inherent in the businesses are subject to robust systems and controls and risk management oversight
- ensure that new and enhanced technologies are implemented to support its customers and business
- 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$7.1 million for the year, a decrease of US$12 million over the previous year. The decrease in profits related to a number of factors but mainly due to the impact of the events in local markets and from the impairment of US$8.3m on a small number of counterparties, the first since the bank commenced business in 2007.

The drop in oil price, the fall in the value of the Naira, and the restriction of access to foreign currency imposed by the CBN, have all combined to create a negative effect on the domestic economy. This has had some impact on the asset quality of the bank, and we have considered its impact on capital and liquidity. The bank is currently adequately capitalised, holding sufficient surplus capital to meet the impact of any deterioration in asset quality and future expansion plans if required. Liquidity issues have been successfully managed throughout the year. Adequate tenured liabilities have been in place to manage the delays in the repayment of certain Nigerian assets, and we have returned selected Nigerian domiciled liabilities to the respective counterparties throughout the year. Our existing liquidity stresses address the volatility of Nigerian assets and liabilities given the uncertainty of the Nigerian economy, and will continue to be updated for any further significant events.

These events had a negative impact on most of our core business activities, particularly Trade Finance and Foreign Exchange. Volumes and values had been slow for much of the period, but were particularly lower in the final quarter compared to the year before.

Ship financing continued to expand to partly compensate for the slowdown in Nigerian and West African business and booking of new assets.

Our Eurobond Trading desk, with its focus on servicing a varied customer base with West African bonds, enjoyed a particularly successful year, as demand for emerging market high yielding assets increased.

Market volatility has been carefully monitored and managed throughout the year by Treasury on a daily basis, and by weekly ALCO and Market Risk Committees and Executive Committee Meetings ("EXCO"). At regular intervals we have reduced exposure and risk to Emerging Markets,

Overall the Company's Operating income decreased by 5% over the previous year

Corporate and Correspondent Banking

During the year the Company continued its disciplined lending approach. Loans and advances to customers fell at year end by US$27m as key customers reduced utilisation of facilities in the light of uncertainty with various markets Revenues generated on the corporate lending portfolio of US$20 million accounted for 45% 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 created an impairment of US$8.3m on its portfolio during the year.

Trade Finance

The Company's Trade Finance business volumes fell during the year. however income of US$5.9m remained close to the previous year of US$5.8m. 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 increased in 2015 by US$11 million or 6% compared to the previous year. However, the resultant Net Interest Income remained unchanged at US$12.8m. This was largely due to new lower yielding assets being replacement for 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. In addition the portfolio is carefully managed and diversified with regard to maturity and credit rating.

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 trades a number of foreign currency products including spot and forward foreign exchange, non-deliverable forwards and FX options, mainly to address customer requirements.

The second full year of Eurobond trading, has been very successful, with a growing customer base, and healthy turnover making a major contribution in 2015.

Treasury trading revenue amounted to US$2.5 million representing a decrease of 10% over the previous year

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 operations, particularly with the growing complexity, diversity and volatility of markets, fall in oil prices, and the shortage of foreign currency in Nigeria. Risk management is given a high priority throughout the Company and is integral to the culture, management and oversight of the business. To this end the Company continues to invest on this area, in the form of people and systems.

The events in Nigeria have had an impact on our business model, particularly in the second half of the year. The restrictions imposed by the CBN on the outflows of USD have required loan extensions in certain cases, despite the fact that Naira has been repaid locally. The exchange rate is therefore borne by the client not ourselves. Careful management of our LAB, and daily cash management, has ensured that we have not been presented with any liquidity issues following the introduction of the new liquidity coverage ratio ("LCR") regime. As at the year end the bank met all the relevant regulatory thresholds related to Capital and Liquidity.

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.

With the advent of SMR (Senior Managers Regime) in 2016, the company took the opportunity to review its governance structure and make some changes. The Company's Board of Directors, Audit and Risk Committee, Remuneration and Appointments, Board Credit Committee, Executive Committee, Compliance, Management Credit Committee, Asset and Liability Committee and Market Risk Committee assist in assessing market trends, economic and political developments, reputational risk and providing strategic direction for all aspects of risk management.

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 2015, events covering the falling oil price, the prospect of increasing interest rates 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 running regular stress testing scenarios and with considerable time spent weekly at ALCO and Market Risk Committees considering the impact these might have on our own business, and that of our customers.

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 2016.

The following basic elements of sound risk management are applied to all the bank's 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
- regular stress testing
- 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
Reputational Risk

By order of the Board

John Weguelin
Chief Executive
19 February 2016

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 2015 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 2015 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.

Suvro Dutta , Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

London

19 February 2016

Statement of Profit and Loss

For the Year Ended 31 December 2015

	Note	2015 US$	2014 US$
Income			
Interest Income	4	43,897,893	53,163,699
Interest Expense		(21,599,705)	(29,768,264)
Net Interest Income		**22,298,188**	**23,395,435**
Fees and Commission Income	5	7,525,215	7,779,889
Other Income		2,490,892	2,771,434
Operating Income		**32,314,295**	**33,946,758**
Expenses			
Personnel Expenses	6	(10,903,849)	(10,216,790)
Depreciation and Amortisation	7	(1,078,502)	(963,537)
Other Expenses		(4,895,048)	(3,764,272)
Operating Profit before Impairment provision		**15,436,896**	**19,002,159**
Impairment provision	12	(8,338,078)	-
Operating Profit before Tax		**7,098,818**	**19,002,159**
Taxation	9	(1,774,704)	(4,608,024)
Profit for the year		**5,324,114**	**14,394,135**

The 2015 and 2014 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 2015

	Note	2015 US$	2014 US$
Profit for the year		**5,324,114**	**14,394,135**
Items that will never be classified to Profit and Loss:			
Currency translation reserve arising from change of functional and presentation currency	2(c)	-	(2,227,602)
Total Comprehensive Income attributable to Equity Holders		**5,324,114**	**12,166,533**

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

Statement of Financial Position

At 31 December 2015

	Note	31 December 2015 US$	31 December 2014 US$
Assets			
Cash and Cash equivalents	10	291,413,936	418,928,093
Loans and Advances to Banks	11	183,535,220	439,530,986
Loans and Advances to customers	12	367,549,862	394,374,170
Securities Trading	13	123,501,908	171,083,814
Securities Investment	14	183,767,433	172,529,548
Property, Plant and Equipment	15	1,467,395	536,187
Intangible Assets	16	916,850	1,060,727
Deferred Tax Assets	17	203,170	213,878
Other Assets	18	1,775,347	2,761,836
Total Assets		**1,154,131,121**	**1,601,019,239**
Liabilities			
Deposits from Banks	19	767,035,698	1,222,148,447
Deposits from Customers	20	191,570,895	187,633,045
Other Liabilities	21	5,003,866	6,041,199
Total Liabilities		**963,610,459**	**1,415,822,691**
Equity			
Capital	26	136,701,620	136,701,620
Retained Earnings		53,819,042	48,494,928
Total equity attributable to the Equity Holders of the Bank		**190,520,662**	**185,196,548**
Total Liabilities and Equity		**1,154,131,121**	**1,601,019,239**

These statutory financial statements were approved by the board of directors on 12 February 2016 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 2015

	Share Capital	Currency Translation Reserve	Retained Earnings	Total Equity
	US$	US$	US$	US$
Balance as at 1 January 2015	**136,701,620**	**-**	**48,494,928**	**185,196,548**
Profit for the year	-	-	5,324,114	5,324,114
Balance at 31 December 2015	**136,701,620**	**-**	**53,819,042**	**190,520,662**
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**

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 2015	Notes	2015	2014
		US$	US$
Cash flows from operating activities			
Profit for the period		5,324,114	14,394,135
Adjustments for:			
Depreciation of property, plant and equipment	7	445,765	393,679
Amortisation of intangible assets	7	632,737	569,858
Impairment provision	12	8,338,078	-
Gain on disposal of property and equipment		(8,418)	-
Income tax expense	9	1,774,704	4,608,024
Change in loans and advances to banks		247,657,688	7,082,177
Change in loans and advances to customers		26,824,308	44,370,945
Change in trading securities		47,581,906	(68,438,693)
Change in other assets		997,352	168,049
Change in deposits from banks		(455,112,749)	126,083,752
Change in deposits from customers		3,937,850	7,116,651
Change in other liabilities		188,469	198,654
Income tax paid		(3,000,505)	(4,274,901)
Net cash (used in)/from operating activities		**(114,418,701)**	**132,272,330**
Cash flows from investing activities			
Change in investment securities		(11,237,885)	39,624,083
Acquisition of property, plant and equipment		(1,431,853)	(127,582)
Proceeds from sale of property, plant and equipment		52,412	-
Acquisition of intangible assets	16	(478,130)	(884,781)
Net cash (used in)/from investing activities		**(13,095,456)**	**38,611,720**
Cash flows from financing activities			
Proceeds from issue of share capital	26	-	50,000,000
Net cash from financing activities		**-**	**50,000,000**
Net (decrease)/increase of cash and cash equivalents		**(127,514,157)**	**220,884,050**
Cash and cash equivalents as at 01 January		418,928,093	198,044,043
Cash and cash equivalents at 31 December	10	**291,413,936**	**418,928,093**

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

<u>Basis of preparation</u>

The financial statements have been prepared in the Company's functional and presentation currency, US Dollars, using 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. 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. In additional the directors have considered the impact of the economic events in Nigeria and do not consider the going concern assumption to be affected. Further, the current financial projections reflect that the company will continue to be profitable in the foreseeable future. Accordingly the Bank continues to adopt the going concern basis in preparing these financial statements.

(b) 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.

(c) 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.

Financial statements for 2013 were translated 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.

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 the Company's 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 an 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 2015, 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 2015.

(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

	2015	2014
Derived From:	**US$**	**US$**
Loans and Advances to banks	11,379,231	21,493,696
Loans and Advances to customers	19,699,616	18,853,308
Investment securities	12,819,046	12,816,695
Total interest income	**43,897,893**	**53,163,699**

5 Fee and Commission income

	2015	2014
Derived From:	**US$**	**US$**
Loans	1,551,443	1,922,980
Trade Finance	5,915,649	5,801,227
Other	58,123	55,682
Total fees and commissions	**7,525,215**	**7,779,889**

6 Information regarding directors and employees

Employment costs are as follows:	**2015**	**2014**
Personnel expenses	**US$**	**US$**
Wages and salaries	8,320,715	7,992,878
Pension contributions under defined contribution scheme	1,101,985	972,545
Compulsory social security obligations	622,372	658,902
Other expenses	858,777	592,465
Total	**10,903,849**	**10,216,790**

Number of employees at year end including Directors	**75**	**70**
Average number of employees during the year including Directors	**75**	**65**

At the year-end there were 18 (2014: 21) employees involved in customer facing roles and 57 (2014: 49) in administration.

Included within employment costs are:	**2015**	**2014**
	US$	**US$**
Directors' remuneration and fees		
Directors' Fees and emoluments	1,420,869	1,420,971
Pension contributions	77,964	80,107
	1,498,833	**1,501,078**

The highest paid Director received emoluments excluding pension contribution totalling US$ 560,842 (2014: US$ 634,634) and pension of US$ 44,906 (2014: US$ 46,155). Retirement benefits are accrued under defined contribution schemes

7 Operating profit before tax

	2015	**2014**
	US$	**US$**
Operating profit before tax is stated after charging:		
Depreciation	445,765	393,679
Amortisation	632,737	569,858

8 Auditors' remuneration

	2015	2014
	US$	**US$**
Audit of UK statutory accounts	120,101	104,586
Audit of Group reporting package	46,269	44,489
	166,370	**149,075**
Non Audit services:		
Other services relating to corporation taxation	28,926	30,205
Other assurance related services	59,312	27,318
	88,238	**57,523**
Total	**254,608**	**206,598**

9 Taxation

The tax charge in the income statement for the year was US$ 3,084,224 (2014: US$ 4,608,024). The tax charge can be reconciled to the profit/(loss) per the income statement as follows:

Tax on Profit on Ordinary Activities

	2015	2014
Analysis of tax charge during period:	**US$**	**US$**
UK Corporation tax at 20.25% (2014: 21.50%):		
-Current year tax charge	1,808,995	4,548,706
-Prior year adjustment to current tax charge/(credit)	(44,999)	2,290
	1,763,996	**4,550,996**
Deferred tax:		
-Current year deferred tax charge	10,708	111,176
-Prior year adjustments to deferred tax (credit)	-	(54,148)
	10,708	**57,028**
Tax charge on profits on ordinary activities	**1,774,704**	**4,608,024**
Effective tax rate	25.00%	24.25%
Factors affecting tax charge:		
Profit on ordinary activities before taxation	**7,098,818**	**19,002,159**
Profit on ordinary activities multiplied by rate of UK corporation tax at 20.25% (2014: 21.50%)	1,437,511	4,085,464
Effects of:		
Expenses not deductible for tax purposes	374,321	582,755
Effect of rate change	(12,585)	(8,338)
Adjustment to tax charge in respect of previous periods	(24,543)	(51,857)
Total tax charge on profits on ordinary activities	**1,774,704**	**4,608,024**

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 21% to 20% (effective from 1 April 2015) was enacted during 2014. This resulted in a weighted average UK corporation tax rate of 20.25% for the year ended 31 December 2015. The deferred tax asset at 31 December 2015 has been calculated based on the rate of 20%.

		2015	2014
10	**Cash and Cash Equivalents**		
		US$	**US$**
	Petty Cash	3,537	52,324
	Cash with Other Banks	88,417,286	80,328,750
	Group Accounts	-	72,557
	Money Market Placements	202,993,113	338,474,462
		291,413,936	**418,928,093**

		2015	2014
11	**Loans and advances to banks**		
		US$	**US$**
	Loans and advances to banks	183,535,220	439,530,986
		183,535,220	**439,530,986**

		2015	2014
12	**Loans and advances to customers**		
		US$	**US$**
	Loans to individuals	2,843,619	2,504,640
	Loans and Advances to Corporates	373,044,321	391,869,530
	Impairment provision	(8,338,078)	-
		367,549,862	**394,374,170**

Impairment provision is made in accordance with the Bank's accounting policy that is governed by IAS 39. No provisions on loans and advances have been raised in the past, the movement in the provision balance is the impairment for the year.

		2015	2014
13	**Securities Traded**		
	(Fair Value through profit and loss)	**US$**	**US$**
	Treasury Bills	-	26,118,449
	Eurobonds	123,501,908	144,965,365
		123,501,908	**171,083,814**

		2015	2014
14	**Securities investment**		
	(HTM: Amortised Cost)	**US$**	**US$**
	Fixed interest Rate Eurobonds	178,475,215	167,387,603
	Variable interest rate Eurobonds	5,292,218	5,141,945
		183,767,433	**172,529,548**

15 Property, plant and equipment

	Leasehold improvements US$	Computer equipment US$	Furniture US$	Motor Vehicles US$	Total US$
Cost					
Balance at 1 Jan 2015	2,848,586	911,228	380,508	114,936	4,255,258
Additions	1,232,099	38,241	161,513	-	1,431,853
Disposals	-	-	-	(110,514)	(110,514)
Translation difference	(147,668)	(44,264)	(22,195)	(4,422)	(218,549)
Balance at 31 Dec 2015	**3,933,017**	**905,205**	**519,826**	**-**	**5,358,048**
Depreciation					
Balance at 1 Jan 2015	2,474,731	837,820	356,305	50,215	3,719,071
Charge for the year	347,999	57,748	20,394	19,624	445,765
Disposals	-	-	-	(69,839)	(69,839)
Translation difference	(139,591)	(45,529)	(19,224)	-	(204,344)
Balance at 31 Dec 2015	**2,683,139**	**850,039**	**357,475**	**-**	**3,890,653**
Net book value					
At 31 December 2015	**1,249,878**	**55,166**	**162,351**	**-**	**1,467,395**
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**

16 Intangible assets

	2015	2014
	US$	**US$**
Cost		
Balance at the beginning of the year	4,212,041	3,524,851
Additions	478,130	884,781
Translation difference	(166,847)	(197,591)
Balance at end of the year	**4,523,324**	**4,212,041**
Amortisation		
Balance at the beginning of the year	3,151,314	2,748,568
Charge for the year	632,737	569,858
Translation difference	(177,577)	(167,112)
Balance at end of the year	**3,606,474**	**3,151,314**
Net Book Value		
Balance at end of the year	**916,850**	**1,060,727**
Balance at the beginning of the year	1,060,727	776,283

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

17 Deferred tax

2015					**US$**
	Brought forward	Prior year adjustment	Charge for the year	Other	Carried forward
Assets					
IFRS transitional adjustment	93,795	-	(93,795)	-	-
Accelerated capital allowances	109,979	-	82,137	-	192,116
Provisions	10,104	-	950	-	11,054
Total	**213,878**	**-**	**(10,708)**	**-**	**203,170**
2014					
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**

		2015	2014
18	**Other assets**	**2015**	**2014**
		US$	**US$**
	Prepayments	1,493,253	1,580,655
	Derivative financial instruments (see Note 22)	238,694	476,759
	Other Receivables	43,400	704,422
		1,775,347	**2,761,836**

19	**Deposits from banks**	**2015**	**2014**
		US$	**US$**
	Money Market Deposits	161,185,595	261,654,668
	Deposits received for securities lent	117,155,364	128,279,770
	Other deposits from banks	488,694,739	832,214,009
		767,035,698	**1,222,148,447**

20	**Deposits from customers**	**2015**	**2014**
		US$	**US$**
	Term deposits	107,302,385	98,216,821
	Demand deposits	80,061,162	84,571,488
	Saving deposits	4,207,348	4,844,736
		191,570,895	**187,633,045**

21	**Other Liabilities**	**2015**	**2014**
		US$	**US$**
	Other taxes and social security costs	235,318	159,863
	Current Tax Creditor	979,070	2,204,871
	Other creditors	3,789,478	3,676,465
		5,003,866	**6,041,199**

22	**Derivative financial instruments**	**2015**	**2014**
		US$	**US$**
	Forward foreign exchange contracts:		
	Receivable/(Payable)	238,694	476,759
		238,694	**476,759**

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$ 1,101,985 (2014: US$ 972,545) were charged to the income statement. All pension obligations up to 31 December 2015 are fully settled (2014: nil).

Trade finance contingencies

	2015	2014
	US$	**US$**
Letters of credit and Acceptances (including cash backed)	127,353,116	184,397,705
Guarantees	66,044,904	6,472,573
Undrawn committed Facilities	3,990,803	4,199,959
	197,388,823	**195,070,237**

Operating Leases on Premises	**2015**	**2014**
Non-cancellable operating lease payables:	**US$**	**US$**
Less than 1 year	526,520	330,273
1 - 5 Years	1,579,560	2,837,831
Over 5 years	-	821,898
	2,106,080	**3,990,002**

During 2014 the Bank renewed its lease of its London office for a 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. Most Loans and advances are either on variable rate or fixed and short term structures. Accordingly the movements in yields get factored in to fair values within a short period. Further, most loans and advances are collateralised. For impaired assets, the carrying value is the best estimate of fair value. Management expects the fair values of loans and advances to approximate the book values.

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

2015	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	291,413,936	-	-	291,413,936
Loans and Advances to Banks	183,535,220	-	-	183,535,220
Loans and Advances to customers	367,549,862	-	-	367,549,862
Securities Trading	-	123,501,908	-	123,501,908
Securities Investment	-	-	183,767,433	183,767,433
Derivatives	-	238,694	-	238,694
Total assets	**842,499,018**	**123,740,602**	**183,767,433**	**1,150,007,053**

	Financial instruments at amortised cost US$	Fair Value through P&L US$	Total carrying value US$
Liabilities			
Deposits from Banks	767,035,698	-	767,035,698
Deposits from Customers	191,570,895	-	191,570,895
Derivatives	-	-	-
Total Liabilities	**958,606,593**	**-**	**958,606,593**

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**

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
- Reputational 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 and the Executive committee monitor 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 Asset and Liability committee and the Market Risk committee provides a forum for in-depth review and analysis of the market and liquidity risks to which the Company is subjected to.

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 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 Policy 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").

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. 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 and impairments, as at the year-end 2015 is US$9m (2014: US$8m).

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 (net of mitigations) on 'Loans and Advances to Banks' and 'Loans and Advances to Customers' and 'Off balance sheet items' at the statement of financial position date was US$ 191m (2014: US$ 329m).

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

	2015	2014
	US$	**US$**
Cash	489,726,963	657,149,804
Property	68,146,353	42,380,843
	557,873,316	**699,530,647**

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.

2015	**Europe**	**Nigeria**	**Rest of Africa**	**Rest of the World**	**Total**
Assets					
Cash and Cash Equivalents	198,937,121	43,071,807	8,492	49,396,516	291,413,936
Loans and Advances to Banks	-	172,044,745	11,490,475	-	183,535,220
Loans and Advances to customers	117,038,711	138,095,081	58,659,030	53,757,040	367,549,862
Securities Trading	-	900,613	502,436	122,098,859	123,501,908
Securities Investments	-	106,960,100	67,396,810	9,410,523	183,767,433
Total assets	**315,975,832**	**461,072,346**	**138,057,243**	**234,662,938**	**1,149,768,359**

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**

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).

		2015	**2014**
CQS	**Assets**	**US$**	**US$**
	Cash and Cash equivalent		
1	Rated AAA to AA-	3,333,131	2,616,086
2	Rated A+ to A-	155,138,589	200,873,123
3	Rated BBB+ to BBB-	89,837,925	215,314,003
4	Rated BB+ to BB-	58,807	-
5	Rated B+ to B-	43,013,000	72,557
6	Unrated	32,484	52,324
		291,413,936	**418,928,093**
	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-	161,529,266	-
5	Rated B+ to B-	22,005,954	374,184,620
6	Unrated	-	65,346,366
		183,535,220	**439,530,986**
	Loans and Advances to customers		
	Neither past due nor impaired	281,114,221	394,374,170
	Past Due but not impaired	69,389,640	-
	Impaired	17,046,001	-
		367,549,862	**394,374,170**
	Securities Trading		
1	Rated AAA to AA-	122,098,859	169,715,365
2	Rated A+ to A-	-	-
3	Rated BBB+ to BBB-	502,436	-
4	Rated BB+ to BB-	900,613	-
5	Rated B+ to B-	-	1,368,449
6	Unrated	-	-
		123,501,908	**171,083,814**
	Securities Investment		
1	Rated AAA to AA-	-	14,481,889
2	Rated A+ to A-	-	24,150,000
3	Rated BBB+ to BBB-	30,293,105	-
4	Rated BB+ to BB-	84,706,758	4,843,300
5	Rated B+ to B-	68,767,570	95,814,872
6	Unrated	-	33,239,487
		183,767,433	**172,529,548**

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

Loans and Advances to Customers	**2015**	**2014**
	US$	**US$**
Industry:		
Agriculture	12,022,629	11,985,147
Hotels and Restaurants	7,574,506	10,015,745
Individuals	1,110,406	1,700,942
Manufacturing	18,568,887	33,315,701
Mining, Quarrying and Oil Refinery	17,167,002	90,987,935
Real Estate	772,608	900,948
Transport and Storage	171,122,314	95,162,673
Wholesale	139,211,510	150,305,079
	367,549,862	**394,374,170**

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$ 117,155,364 (2014: US$ 128,279,770) 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
2015	**US$**	**US$**	**US$**	**US$**	**US$**
Assets					
Cash and Cash Equivalents	291,413,936	-	-	-	291,413,936
Loans and Advances to Banks	135,936,249	3,361,165	44,237,806	-	183,535,220
Loans and Advances to Customers	121,911,537	97,237,649	117,327,582	31,073,094	367,549,862
Securities Trading	25,003	36,909,847	86,132,574	434,484	123,501,908
Securities Investment	1,479,526	42,750,463	136,397,781	3,139,663	183,767,433
Derivatives	238,694	-	-	-	238,694
Total assets	**551,004,945**	**180,259,124**	**384,095,743**	**34,647,241**	**1,150,007,053**
Liabilities					
Deposits from Banks	699,984,797	67,050,901	-	-	767,035,698
Deposits from Customers	151,451,440	40,119,455	-	-	191,570,895
Total Liabilities	**851,436,237**	**107,170,356**	**-**	**-**	**958,606,593**

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**

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 2015 as a basis of disclosing the Company's foreign currency sensitivity analysis.

2015	**US Dollars**	**Sterling**	**Other**	**Total**
	US$	**US$**	**US$**	**US$**
Assets	1,097,022,996	43,948,065	13,160,060	1,154,131,121
Liabilities	(1,096,822,033)	(44,257,985)	(13,051,103)	(1,154,131,121)
Derivative Foreign Exchange Contracts	(7,816,571)	7,613,070	(35,193)	(238,694)
Net open position	**(7,615,608)**	**7,303,150**	**73,764**	**(238,694)**

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)**

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.

2015	**Sterling Pounds**	**Other**
	US$	**US$**
Net foreign Currency Exposure	7,303,150	73,764
Impact of 5% increase against US$	365,158	3,688
Impact of 5% decrease against US$	(365,158)	(3,688)

2014	**Sterling Pounds**	**Other**
	US$	**US$**
Net foreign Currency Exposure	10,392,020	1,120,484
Impact of 5% increase against US$	519,601	56,024
Impact of 5% decrease against US$	(519,601)	(56,024)

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 2% 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 2015**	**31 Dec 2014**
	US$	**US$**
Increase	(8,984,000)	(15,461,000)
Decrease	9,610,000	16,713,000

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 2015 is US$ 190.5m (2014: $185.2m).

Regulatory capital is determined in accordance with the requirements stipulated by the FCA and the PRA in the UK.

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;

	2015	**2014**
Capital Resources	**US$ millions**	**US$ millions**
Share Capital	136.7	136.7
Retained Earnings	53.8	48.5
Total Tier 1 capital	**190.5**	**185.2**

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:

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Assets				
Securities trading	122,097,630	1,404,278	-	123,501,908
Derivatives	-	238,694	-	238,694
	122,097,630	**1,642,972**	**-**	**123,740,602**

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**

All loans to customers have been classified as level 3 assets given these are generally illiquid instruments.

26 Share Capital

	2015	**2014**
	US$	**US$**
Issued:		
35,001,000 ordinary shares of £1 each	-	-
- Redenominated in to 56,701,620 shares of $1 each	56,701,620	56,701,620
30,000,000 ordinary shares of US$1 each	30,000,000	30,000,000
50,000,000 ordinary shares of US$1 each	50,000,000	50,000,000
	136,701,620	**136,701,620**

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 2014 and 2015 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

	2015	**2014**
Earnings per share (EPS)	3.89 c	14.3 c
Weighted average ordinary shares	136,701,620	100,811,209
Ordinary shares as at the year-end	**136,701,620**	**136,701,620**

Earnings per share for 2015 is 3.89 cents (2014: 14.3 c). New shares issued during September 2014 and lower profits during 2015 have resulted in the reduction in 2015 EPS.

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.

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:

	2015	2014
	US$	US$
Assets *(amounts included in note 11)*		
Amounts due from parent company	118,116,781	118,284,299
Amounts due from fellow subsidiaries	390,897	226,118,168
	118,507,678	**344,402,467**
Liabilities *(amounts included in note 19)*		
Amounts due to parent company	419,090,569	765,334,645
Amounts due to fellow subsidiaries	32,868,924	29,884,691
	451,959,493	**795,219,336**
Fees and Commissions		
Parent Company	3,847,569	4,010,486
Fellow Subsidiaries	363,981	688,837
	4,211,550	**4,699,323**
Interest Income		
Parent Company	3,612,296	1,533,312
Fellow Subsidiaries	8,067,298	16,337,892
	11,679,594	**17,871,204**
Interest Expense		
Parent Company	14,930,513	22,226,973
Fellow Subsidiaries	11,877	159
	14,942,390	**22,227,132**

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.