ZENITH BANK PLC
RC: 150224

HEAD OFFICE
Zenith Heights, Plot 84/87 Ajose Adeogun Street,
P. O. Box 75315, Victoria Island, Lagos.
Tel: (01) 2787000, 2927000, 4647000
www.zenithbank.com | SWIFT: ZEIBNGLA

ZENITH

Zenith Bank PLC

Annual Report - 31 December 2021

ZENITH BANK PLC

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Jim Ovia, CON.	Chairman
Mr. Jeffrey Efeyini	Non-Executive Director
Prof. Chukuka Enwemeka	Non-Executive Director
Prof. Oyewusi Ibidapo-Obe*	Non-Executive Director/ Independent
Mr. Gabriel Ukpeh	Non-Executive Director/ Independent
Engr. Mustafa Bello	Non-Executive Director/ Independent
Dr. Al-Mujtaba Abubakar	Non-Executive Director/ Independent
Dr. Omobola Ibidapo-Obe Ogunfowora**	Non-Executive Director/ Independent
Mr. Ebenezer Onyeagwu	Group Managing Director/CEO
Dame (Dr.) Adaora Umeoji	Deputy Managing Director
Mr. Ahmed Umar Shuaib	Executive Director
Dr. Temitope Fasoranti	Executive Director
Mr. Dennis Olisa	Executive Director
Mr. Henry Oroh	Executive Director

* Deceased on 3 January 2021

** Appointed to the Board effective 30 June 2021

COMPANY SECRETARY Michael Osilama Otu

REGISTERED OFFICE
Zenith Bank Plc
Zenith Heights
Plot 87, Ajose Adeogun Street
Victoria Island, Lagos

AUDITOR
PricewaterhouseCoopers (PwC) Chartered Accountants
Landmark Towers, 5B Water Corporation Road
Victoria Island
Lagos

REGISTRAR AND TRANSFER OFFICE
Veritas Registrars Limited (formerly Zenith Registrars Limited)
Plot 89 A, Ajose Adeogun Street
Victoria Island
Lagos

ZENITH BANK PLC

Directors' Report for the Year Ended 31 December 2021

The directors present their report on the affairs of ZENITH BANK PLC ("the Bank"), together with the financial statements and independent auditor's report for the year ended 31 December 2021.

1. Legal form

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

There have been no material changes to the nature of the Group's business from the previous year.

2. Principal activities and business review

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

The Bank has six subsidiary companies namely, Zenith Bank (Ghana) Limited, Zenith Pensions Custodian Limited, Zenith Bank (UK) Limited, Zenith Bank (Sierra Leone) Limited, Zenith Bank (The Gambia) Limited and Zenith Nominees Limited. During the year, the Bank did not open any new branch and neither was any existing branch closed.

As at 31 December 2021 the Group had 441 branches, 188 cash centers; 2,086 ATM terminals; 163.532 POS terminals and 14,743,191 cards issued to its customers. (31 December 2020: 441 branches, 177 cash centers, 2,042 ATM terminals, 83,766 POS terminals and 9,905,449 cards issued).

3. Operating results

Gross earnings of the Group increased by 9.9% while the profit before tax increased by 9.6% . Highlights of the Group's operating results for the year under review are as follows:

	31-Dec-21 N' Million	31-Dec-20 N' Million
Gross earnings	**765,558**	**696,450**
Profit before tax	280,374	255,861
Income tax expense	(35,816)	(25,296)
Profit after tax	244,558	230,565
Non- controlling interest	(156)	(191)
Profit attributable to the equity holders of the parent	**244,402**	**230,374**
Appropriations		
Transfer to statutory reserve	44,686	33,912
Transfer to retained earnings and other reserves	199,716	196,462
	244,402	**230,374**
Basic and diluted earnings per share (Naira)	7.78	7.34

4. Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of section 426 of the Companies and Allied Matters Act (CAMA 2020) of Nigeria, proposed a final dividend of N2.80 per share which in addition to the N0.30 per share as interim dividend amounts to N3.10 per share (2020: Interim dividend of N0.30 per share, final dividend of N2.70 per share and total dividend per share of N3.00) from the retained earnings account as at 31 December 2021. This will be presented for ratification by the shareholders at the next Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hands of qualified recipients.

5. Directors' shareholding

The direct and indirect interests of directors in the issued share capital of Zenith Bank Plc as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 301 and 302 of CAMA 2020 and the listing requirements of the Nigerian Stock Exchange is as follows:

Interests in shares

		Number of Shareholding			
		31 December 2021		31 December 2020	
Director	**Designation**	**Direct**	**Indirect**	**Direct**	**Indirect**
Jim Ovia, CON.	Chairman / Non-Executive Director	3,546,199,395	1,525,904,916	3,546,199,395	1,525,904,916
Prof. Chukuka Enwemeka	Non-Executive Director	127,137		127,137	
Mr. Jeffrey Efeyini	Non-Executive Director	541,690	-	541,690	-
Prof.Oyewusi Ibidapo-Obe*	Non-Executive Director / Independent	-	-	1,000,000	-
Mr. Gabriel Ukpeh	Non-Executive Director / Independent	32,660	-	32,660	-
Engr. Mustafa Bello	Non-Executive Director / Independent	-	-	-	-
Dr. Al-Mujtaba Abubakar	Non-Executive Director / Independent	-	-	-	-
Dr. Omobola Ibidapo-Obe Ogunfowora**	Non-Executive Director / Independent	-	-	-	-
Mr.Ebenezer Onyeagwu	Group Managing Director	65,062,844	-	46,500,000	-
Dr. Adaora Umeoji	Deputy Managing Director	68,873,169	1,710,123	68,873,169	1,710,123
Mr. Ahmed Umar Shuaib	Executive Director	14,077,343	-	9,577,343	-
Dr. Temitope Fasoranti	Executive Director	11,075,000	-	8,075,000	-
Mr. Dennis Olisa	Executive Director	14,125,000	-	10,122,316	-
Mr. Henry Oroh	Executive Director	9,964,127	-	7,827,027	-

* Deceased on 3 January 2021

** Appointed to the Board effective 30 June 2021

The indirect holdings relate to the holdings of the Directors in the under listed companies:

- **Jim Ovia:** (Institutional investors Ltd, Lurot Burca Ltd, Jovis Nigeria Ltd, Veritas Registrars Ltd, Quantum Zenith Securities Ltd)
- **Adaora Umeoji:** (Palaise Vendome Limited)

6. Directors' Remuneration

The Bank ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators.

In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by Securities and Exchange Commission, the Bank makes disclosure of the remuneration paid to its directors as follows:

Type of package Fixed	Description	Timing
Basic Salary	- Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid monthly during the financial year.
Other allowances	- Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid at periodic intervals during the financial year.
Productivity bonus	-Paid to executive directors only and tied to performance of the line report. It is also a function of the extent to which the Bank's objectives have been met for the financial year.	Paid annually in arears.
Director fees	- Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only.	Paid annually on the day of the AGM.
Sitting allowances	- Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings.	Paid after each Meeting.

7. Changes on the Board

In the course of the year, Professor Oyewusi Ibidapo-Obe died on 3 January 2021 and ceased to be a member of the board immediately. Also, Dr. Omobola Ibidapo-Obe Ogunfowora was appointed as an Independent Non-Executive Director effective 30 June 2021.

8. Directors' interests in contracts

For the purpose of section 303(1) and (3) of CAMA 2020, all contracts with related parties during the year were conducted at arm's length. Information relating to related parties transactions are contained in Note 38 to the financial statements.

9. Acquisition of own shares

The shares of the Bank are held in accordance with the Articles of Association of the Bank. The Bank has no beneficial interest in any of its shares.

10. Property and equipment

Information relating to changes in property and equipment is given in Note 26 to the financial statements. In the opinion of the directors, the market value of the Group's property and equipment is not less than the value shown in the financial statements.

11. Shareholding analysis

The shareholding pattern of the Bank as at 31 December, 2021 is as stated below:

Share range	No. of Shareholders	Percentage of Shareholders	Number of holdings	Percentage Holdings (%)
1-10,000	539,921	83.8432 %	1,595,654,831	5.08 %
10,001 - 50,000	79,676	12.3727 %	1,644,838,601	5.24 %
50,001 - 1,000,000	22,690	3.5235 %	3,846,174,546	12.25 %
1,000,001 - 5,000,000	1,252	0.1944 %	2,625,604,697	8.36 %
5,000,001 - 10,000,000	184	0.0286 %	1,276,980,061	4.07 %
10,000,001 - 50,000,000	168	0.0261 %	3,610,190,362	11.50 %
50,000,001 - 1,000,000,000	72	0.0112 %	11,968,532,279	38.12 %
Above 1,000,000,000	2	0.0003 %	4,828,518,410	15.38 %
	643,965	**100 %**	**31,396,493,787**	**100 %**

The shareholding pattern of the Bank as at December 31, 2020 is as stated below:

Share range	No. of Shareholders	Percentage of Shareholders	Number of holdings	Percentage Holdings (%)
1-10,000	540,089	83.8506 %	1,600,471,228	5.10 %
10,001 - 50,000	79,951	12.4127 %	1,649,026,287	5.25 %
50,001 - 1,000,000	22,378	3.4743 %	3,742,557,959	11.92 %
1,000,001 - 5,000,000	1,232	0.1913 %	2,594,952,811	8.27 %
5,000,001 - 10,000,000	191	0.0297 %	1,327,572,762	4.23 %
10,000,001 - 50,000,000	202	0.0314 %	4,418,860,987	14.07 %
50,000,001 - 1,000,000,000	64	0.0099 %	11,234,533,343	35.78 %
Above 1,000,000,000	2	0.0003 %	4,828,518,410	15.38 %
	644,109	**100 %**	**31,396,493,787**	**100 %**

12. Substantial interest in shares

According to the register of members as at 31 December, 2021, the following shareholders held more than 5% of the issued share capital of the Bank.

	Number of Shares Held	Number of Shares Held
Jim Ovia, CON	3,546,199,395	11.29 %

According to the register of members at 31 December 2020, the following shareholders held more than 5% of the issued share capital of the Bank.

	Number of Shares Held	Number of Shares Held
Jim Ovia, CON	3,546,199,395	11.29 %

13. Donations and charitable gifts

The Bank made contributions to charitable and non-political organisations amounting to N4,372 million during the year ended 31 December 2021 (31 December 2020: N3,285 million).

The beneficiaries are as follows:

	31-Dec-21 N' Million
Various Security Trust Funds	2,782
Nigerian law School	500
University of Lagos	244
Ogun State Cooperative Society	75
Donation to various charity organisations	55
Delta State Principal Cup	50
Opekete Charity Foundation	50
Lagos Economic Summit	50
Okowa Five Charity Initiative	44
St. Saviour School Ikoyi	20
Sponsorship of SERAS CSR	18
2021 Microsoft Office Secured Productive Enterprise	13
Sponsorship of 2021 Nigerian Fintech Week	10
Sponsorship of 21st Annual Women Conference	30
Sponsorship of 51st Annual ICAN Conference	10
Other donations individually below N10 million	421
	4,372

14. Events after the reporting period

Finance Act 2021

The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 31 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Bank has reviewed the provisions of the Act and have made appropriate adjustments to the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act.

15. Group's strategy against the impact of Covid-19

The Group has considered the impact of Covid-19 on its business operations and has put in place appropriate safeguards to minimize negative impact of Covid-19 pandemic on its business.

The Group continues to make adjustments to the way and manner in which it renders banking and other financial services to its customers in order to cope with the challenges posed by the Covid-19 pandemic. Critical areas of the bank’s business and operation which are closely monitored via-a-vis the threat of posed Covid-19 are;

a. Protection of the bank’s cash flow,

b. Protection of the bank’s human resources and,

c. Enhancement of the digital & electronic platforms of the bank to facilitate fast and seamless banking services to its customers.

Protection of the Group’s Cash flow

In order to protect the cashflow of the Group and prevent a drop in the Group’s earnings, profit and asset quality, the Group has adopted the following strategies:

- Provision of critical support to the bank’s loan customers to help them navigate through the challenges posed by the pandemic.
- Engaging of the bank’s customers in key sectors of the economy to better understand their current challenges and provide effective and bespoke actions to alleviate their hardships while preserving shareholders’ funds.
- Continuous adoption of a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.
- Continuously review of the bank’s loan book in order to closely monitor all assets and liabilities classes and ensure that the bank has sufficient liquidity to meet its financial obligations.
- Developing and testing several stress scenarios to assess the possible impacts of Covid-19 on the bank’s liquidity, capital adequacy and earning capacity.
- Update to the bank’s Expected Credit Loss (ECL) model in order to appropriately captures forward looking macro-economic indices which incorporates effects of covid-19.

In updating its ECL model, the Group leveraged on guidance from the International Accounting Standard Board (IASB) and the Financial Reporting Council of Nigeria (FRCN) circular “Covid-19 and its impact on the financial reporting of entities in Nigeria, guidance for preparers of financial statements during Covid-19 period”.

Protection of the Group’s Human Resources

The Group has put in place measures to protect its employees, customers and other stakeholders of the bank. Some of the measures are:

- Setting a clear direction and communicated this effectively to all staff and other stakeholders in accordance with our Business Continuity Plan (BCP). The Group continues to encourage remote working and electronic self-services for our traditional banking services.

- Constant review and strengthening of the Group’s Business Continuity Plan (BCP) to reflect the current and potential impacts of Covid-19 pandemic.

The Group also continues to encourage flexible working condition among its employees. Consequently, the Group has made significant investment in IT infrastructure that facilitates remote working condition. To complement this, increased our investment in IT and Cyber Security infrastructure to enable us meet the increasing digital needs of our customers while protecting our organization and customers from all cyber security threats.

Enhancement of the Digital & Electronic Platforms of the Group

The Group continues to enhance the capabilities of its digital and electronic banking channels. Some of the digital initiatives launched by the bank during the year include the birth of ZIVA (Zenith Intelligent Virtual Assistant) which is an highly interactive chatbot that helps with the provision of mobile banking services to customers.

16. Disclosure of customer complaints in financial statements for the year ended 31 December 2021

Description	Number		Amount claimed		Amount refunded	
	31/12/2021	31/12/2020	31/12/2021 N'm	31/12/2020 N'm	31/12/2021 N'm	31/12/2020 N'm
Pending complaints brought forward	83,899	549	62,988	180,765	13	13
Received Complaints	307,537	175,702	35,227	27,939	-	9
Resolved Complaints	225,122	92,352	40,700	145,716	7,012	3,723
Unresolved Complaints escalated to CBN for intervention / carried forward	**166,314**	**83,899**	**57,515**	**62,988**		**-**

17. Human resources

(i) Employment of disabled persons

The Group maintains a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitude. The Group’s policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Group's working environment.

(ii) Health, safety and welfare at work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The COVID-19 pandemic also presented an opportunity for the Group to enhance its health and safety protocols in all its operating locations. The Group also provides medical insurance cover for staff and immediate family members.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Group’s premises, while occassional fire drills are conducted to create awareness amongst staff.

The Group operates both a Group Personal Accident and the Workmen’s Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act.

(iii) Employee training and development

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Group’s policy of continuous development, training facilities are provided in well-equipped training centres. These are complemented by on-the-job training.

(iv) Gender analysis of staff

The average number of employees of the Bank during the year by gender and level is as follows;

a. Analysis of total employees

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Employees	3,212	3,086	6,298	51 %	49 %
	3,212	**3,086**	**6,298**	**51 %**	**49 %**

(b) Analysis of Board and top management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Board members (Executive and Non-executive directors)	11	2	13	85 %	15 %
Top management staff (AGM-GM)	53	24	77	69 %	31 %
	64	**26**	**90**	**71 %**	**29 %**

(c) Further analysis of board and top management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Assistant general managers	32	17	49	65 %	35 %
Deputy general managers	17	6	23	74 %	26 %
General managers	4	1	5	80 %	20 %
Board members (Non-executive directors)	6	1	7	86 %	14 %
Executive Directors (excluding MD and DMD)	4	-	4	100 %	- %
Deputy Managing Director	-	1	1	- %	100 %
Managing Director/CEO	1	-	1	100 %	- %
	64	**26**	**90**	**71 %**	**29 %**

17. Auditors

The auditors, Messrs Pricewaterhousecoopers, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Bank. In accordance with section 401 (2) of the Companies and Allied Matters Act of Nigeria 2020, therefore, the auditors will be reappointed at the next annual general meeting of the Bank.

By order of the Board

Michael Osilama Otu (Esq.)
Company Secretary
January 27, 2022
FRC/2013/MULTI/00000001084

ZENITH BANK PLC

Statement of Corporate Responsibility for the Financial Statements for the Year Ended 31 December 2021

In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the bank for the year ended December 31, 2021 and based on our knowledge confirm as follows:

(i) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.

(ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the bank as of and for the year ended December 31, 2021.

(iii) The bank's internal controls has been designed to ensure that all material information relating to the bank and its subsidiaries is received and provided to the Auditors in the course of the audit.

(iv) The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2021.

(v) That we have disclosed to the bank's Auditors and the Audit Committee the following information:

(a) there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.

(b) there is no fraud involving management or other employees which could have any significant role in the bank's internal control.

(vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

January 27, 2022

Mukhtar Adam, PhD	**Mr. Ebenezer Onyeagwu**
Chief Financial Officer	**Group Managing Director / CEO**
FRC/2013/MULTI/00000003196	**FRC/2013/ICAN/00000003788**

ZENITH BANK PLC

Corporate Governance Report for the Year Ended 31 December 2021

1. Introduction

The Group subscribes to the highest level of Corporate Governance and best practice in the conduct of its business. The Group's governance practices are constantly reviewed to ensure that it is consistent with global standards.

2 The Directors and other key personnel

During the year under review, the Directors and other key personnel of the Bank complied with the following Codes of Corporate Governance, which the Bank subscribes to:

a. The Central Bank of Nigeria (CBN) issued Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014.

b. The Securities and Exchange Commission (SEC) issued Code of Corporate Governance for public companies.

c. The National Code of Corporate Governance for Public Companies which became effective in January 2019.

In addition to the above Codes, the Bank complies with relevant disclosure requirements in other jurisdictions where it operates.

3. Shareholding

The Bank has a diverse shareholding structure with no single ultimate individual shareholder holding more than 12% of the bank's total shares.

4. Board of directors

The Board has the overall responsibility for setting the strategic direction of the Bank and for oversight of Senior Management. It also ensures that good Corporate Governance processes and best practices are implemented across the Bank and the Group at all times.

The Board of the Bank consists of persons of diverse disciplines and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business.

Directors are fully aware of their responsibilities and are knowledgeable in the business. They are therefore able to exercise good judgment on issues relating to the Bank's business. Directors have on the basis of this acted in good faith with due diligence and skill and in the overall best interest of the Bank and relevant stakeholders during the year under review.

The Board has a Charter which regulates its operations. The Charter is in line with the CBN Code of Corporate Governance.

5. Board structure

The Board is made up of a Non-Executive Chairman, six (6) Non-Executive Directors and six (6) Executive Directors including the GMD/CEO. Four (4) of the Non-Executive Directors are Independent Directors, appointed in compliance with the Central Bank of Nigeria (CBN) circular on Appointment of Independent Directors by Banks.

The Group Managing Director/Chief Executive is responsible for the day to day running of the Bank and oversees the Group structure, assisted by the Executive Committee (EXCO). EXCO comprises the Executive Directors, Deputy Managing Director as well as the Group Managing Director/Chief Executive as its Chairman.

6. Responsibilities of the Board

The Board is responsible for the following amongst others:

a. reviewing and approving the Bank's strategic plans for implementation by management;

b. review and approving the Bank's financial statements;

c. reviewing and approving the Bank's financial objectives, business plans and budgets, including capital allocations and expenditures;

d. monitoring corporate performance against the strategic plans and business, operating and capital budgets;

d. implementing the Bank's succession planning;

e. approving acquisitions and divestitures of business operations, strategic investments and alliances and major business development initiatives;

f. approving delegation of authority for any unbudgeted expenditure;

g. setting the tone for and supervising the Corporate Governance Structure of the Bank, including corporate structure of the Bank and the Board and any changes to the strategic plans of the Bank and the Group;

h. assessing its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors.

The membership of the Board during the year is as follows:

Board of Directors

NAME	POSITION
Jim Ovia, CON	Chairman
Mr Jeffrey Efeyini	Non-Executive Director
Prof. Chukuka S. Enwemeka	Non-Executive Director
Prof. Oyewusi Ibidapo-Obe*	Independent/Non-Executive Director
Mr. Gabriel Ukpeh	Independent/Non-Executive Director
Engr. Mustafa Bello	Independent/Non-Executive Director
Dr. Al-Mujtaba Abubakar	Independent/Non-Executive Director
Dr. Omobola Ibidapo-Obe**	Independent/Non-Executive Director
Mr. Ebenezer Onyeagwu	Group Managing Director/CEO
Dr. Adaora Umeoji	Deputy Managing Director
Mr. Umar Shuaib Ahmed	Executive Director
Dr. Temitope Fasoranti	Executive Director
Mr. Dennis Olisa	Executive Director
Mr. Henry Oroh	Executive Director

* Deceased on 3 January 2021

** Appointed to the Board effective 30 June, 2021

The Board meets at least once every quarter but may hold extra-ordinary sessions to address urgent matters requiring the attention of the Board.

7. Roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Bank. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Bank to the Group Managing Director/Chief Executive Officer, who is supported by Executive Management. The Group Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

8. Director Nomination Process

The Board Governance Nomination and Remuneration Committee is charged with the responsibility of leading the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board.

With respect to new appointments, the committee identifies, reviews and recommends candidates for potential appointment as Directors. In identifying suitable candidates, the Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, including gender as well as the balance and mix of appropriate skills and experience.

Shareholding in the Bank is not a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of the shareholders and the Central Bank of Nigeria.

9. Induction and continuous training

Upon appointment to the Board and to Board Committees, all Directors receive an induction tailored to meet their individual requirements.

The induction, which is arranged by the Company Secretary, may include meetings with senior management staff and key external advisors, to assist Directors in acquiring a detailed understanding of the Bank's operations, its strategic plan, its business environment, the key issues the Bank faces, and to introduce Directors to their fiduciary duties and responsibilities.

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong.

10. Board committees

The Board carries out its oversight functions using its various Board Committees. This makes for efficiency and allows for a deeper attention to specific matters for the Board.

Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-executive directors in particular.

The Board has established the various Committees with well-defined terms of reference and Charters defining their scope of responsibilities in such a way as to avoid overlap or duplication of functions.

The Committees of the Board meet quarterly but may hold extraordinary sessions as the business of the Bank demands.

The following are the current standing Committees of the Board:

10.1 Board credit committee

The Committee is currently made up of seven (7) members comprising four (4) non-Executive Directors and three (3) Executive Directors of the Bank. The Board Credit Committee is chaired by a non-Executive Director who is well versed in credit matters. The Committee considers loan applications above the level of Management Credit Committee. It also determines the credit policy of the Bank or changes therein.

The membership of the Committee during the year is as follows:

Mr. Gabriel Ukpeh - Chairman
Mr. Jeffrey Efeyini
Prof. Chukuka Enwemeka
Dr. Al-Mujtaba Abubakar
Mr. Ebenezer Onyeagwu
Dr. Adaora Umeoji
Dr. Temitope Fasoranti

Terms of reference

- To conduct a quarterly review of all collateral security for Board consideration and approval;
- To recommend criteria by which the Board of Directors can evaluate the credit facilities presented from various customers;
- To review the credit portfolio of the Bank;
- To approve all credit facilities above Management approval limit;
- To establish and periodically review the bank's credit portfolio in order to align organizational strategies, goals and performance;
- To evaluate on an annual basis, the components of total credit facilities as well as market competitive data and other factors as deemed appropriate, and to determine the credit level based upon this evaluation;
- To make recommendations to the Board of Directors with respect to credit facilities based upon performance, market competitive data, and other factors as deemed appropriate;
- To recommend to the Board of Directors, as appropriate, new credit proposals, restructure plans, and amendments to existing plans;
- To recommend non-performing credits for write-off by the Board;
- To perform such other duties and responsibilities as the Board of Directors may assign from time to time.

10.2 Staff Welfare, Finance and General Purpose Committee

This Committee is made up of six (6) members: three (3) Non-Executive Directors and three (3) Executive Directors. It is chaired by a non-executive Director. The Committee considers large scale procurement by the Bank, as well as matters relating to staff welfare, discipline, staff remuneration and promotion.

The membership of the Committee during the year is as follows:

Prof. Chukuka Enwemeka - Chairman
Mr. Gabriel Ukpeh
Dr. Omobola Ibidapo-Obe Ogunfowora
Mr. Henry Oroh
Dr. Adaora Umeoji
Mr. Ebenezer Onyeagwu

Terms of reference

- Approval of large scale procurements by the bank and other items of major expenditure by the bank;
- Recommendation of the bank's Capital Expenditure (CAPEX) and major Operating Expenditure (OPEX) limits for consideration by the Board;
- Consideration of management requests for branch set up and other business locations;
- Consideration of management request for establishment of offshore subsidiaries and other offshore business offices;
- Consideration of the dividend policy of the Group and the declaration of dividends or other forms of distributions and recommendation to the Board;
- Consideration of capital expenditures, divestments, acquisitions, joint ventures and other investments, and other major capital transactions;
- Consideration of senior management promotions as recommended by the GMD/CEO;
- Review and recommendations on recruitment, promotion, and disciplinary actions for senior management staff;
- To discharge the Board's responsibility relating to oversight of the management of the health and welfare plans that cover the company's employees;
- Review and recommendation to the Board, salary revisions and service conditions for senior management staff, based on the recommendation of the Executives;
- Oversight of broad-based employee compensation policies and programs;

10.3 Board risk management committee:

The Board Risk Management Committee has oversight responsibility for the overall risk assessment of various areas of the Bank's operations and compliance.

The Chief Risk Officer and the Chief Inspector have access to this Committee and make quarterly presentations for the consideration of the Committee. Chaired by Engr. Mustapha Bello (an Independent Non-Executive Director), the Committee's membership comprises the following:

Engr. Mustapha Bello - Chairman
Mr. Jeffrey Efeyini
Prof. Chukuka S. Enwemeka
Dr. Al-Mujtaba Abubakar
Mr. Ebenezer Onyeagwu
Mr. Ahmed Umar Shuaib
Mr. Dennis Olisa

Terms of reference

- The primary responsibility of the Committee is to ensure that sound policies, procedures and practices are in place for the risk-wide management of the Bank's material risks and to report the results of the Committee's activities to the Board of Directors;
- Design and implement risk management practices, specifically provide ongoing guidance and support for the refinement of the overall risk management framework and ensuring that best practices are incorporated;
- Ensure that management understands and accepts its responsibility for identifying, assessing and managing risk;
- Ensure and monitor risk management practices, specifically determine which enterprise risks are most significant and approve resource allocation for risk monitoring and improvement activities, assign risk owners and approve action plans;
- Periodically review and monitor risk mitigation process and periodically review and report to the Board of Directors:
  (a) the magnitude of all material business risks;
  (b) the processes, procedures and controls in place to manage material risks; and
  (c) the overall effectiveness of the risk management process;
- To ensure the implementation of the approved cyber security policies, standards and delineation of cybersecurity responsibilities.
- To ensure that cybersecurity processes are conducted in line with the business requirements, applicable laws and regulation.
- To engage the Chief Information Security Officer (CISO) whose duties includes amongst others – responsibility for the implementation of approved cybersecurity policies and standards as well as to focus on the bank-wide cybersecurity activities and the mitigation of cybersecurity risks in the bank.
- Facilitate the development of a comprehensive risk management framework for the Bank and develop the risk management policies and processes and enforce its compliance;
- To perform such other duties and responsibilities as the Board of Directors may assign from time to time.

10.4 Board audit and compliance committee:

The Committee is chaired by an independent Non-Executive Director, who is well experienced and knowledgeable in financial matters. The Chief Inspector and Chief Compliance Officer have access to this Committee and make quarterly presentations for the consideration of the Committee.

Committee's membership comprises the following:
Dr. Al-Mujtaba Abubakar - Chairman
Mr. Gabriel Ukpeh
Engr. Mustafa Bello
Mr. Jeffrey Efeyini
Dr. Omobola Ibidapo-Obe Ogunfowora

Committee’s terms of reference

The Board Audit and Compliance Committee have the following responsibilities as delegated by the Board of Directors:

- Ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and acceptable ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on management matters (Management Letter) in conjunction with the external auditors and Management’s responses thereon;
- Keep under review the effectiveness of the Bank’s system of accounting and internal control;
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Bank;
- Authorize the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee;
- Oversight of compliance with legal and other regulatory requirements, assessment of qualifications and independence of the external auditors and performance of the Bank’s internal audit function as well as that of the external auditors;

- Ensure that the internal audit function is firmly established and that there are other reliable means of obtaining sufficient assurance of regular review or appraisal of the system of internal control in the Bank;
- Oversee management's processes for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place;
- On a quarterly basis, obtain and review reports by the internal auditor on the strength and quality of internal controls, including any issues or recommendations for improvement, raised during the most recent control review of the Bank;
- Discuss and review the Bank's unaudited quarterly, audited half year and annual financial statements with management and external auditors to include disclosures, management control reports, independent reports and external auditors' reports before submission to the Board, in advance of publication;
- Meet separately and periodically with management, the internal auditor and the external auditors, respectively;
- Review and ensure that adequate whistle - blowing procedures are in place and that a summary of issues reported is highlighted to the Board, where necessary;
- Review with external auditors, any audit scope limitations or problems encountered and management responses to them;
- Review the independence of the external auditors and ensure that they do not provide restricted services to the Bank;
- Appraise and make recommendation to the Board on the appointment of internal auditor of the Bank and review his/her performance appraisal annually;
- Review the response of management to the observations and recommendation of the Auditors and Bank regulatory authorities;
- Agree Internal Audit Plan for the year annually with the Internal auditor and ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank;
- Review quarterly Internal Audit progress against Plan for the year and review outstanding Agreed Actions and follow up;
- To develop a comprehensive internal control framework for the Bank and obtain assurances on the operating effectiveness of the Bank's internal control framework;
- To establish management's processes for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place;
- To work with the Internal Auditor to develop the Internal Audit Plan for the year and ensure that the internal audit function is adequately resourced to carry out the plan;
- To review periodically the Internal Audit progress against Plan for the year and review outstanding Agreed Actions and follow up;
- To review the report of the Chief Compliance Officer as it relates to Anti-Money Laundering policies of the Bank and other law enforcement issues.
- To perform such other duties and responsibilities as the Board of Directors may assign from time to time.

10.5 Board governance, nominations and remuneration committee:

The Committee is made up of four (4) Non-Executive Directors and one of the Non-Executive Directors chairs the Committee.

The membership of the committee is as follows:

Mr. Jeffrey Efeyini - (Chairman)
Engr. Mustafa Bello
Mr. Gabriel Ukpeh
Dr. Al-Mujtaba Abubakar

Committee's terms of reference

- To determine a fair reasonable and competitive compensation practices for Executive Directors of the bank which are consistent with the bank's objectives;
- Determining the amount and structure of compensation and benefits for Executive Directors;
- Ensuring the existence of an appropriate remuneration policy and philosophy for Executive Directors;
- Review and recommendation for Board ratification, all terminal compensation arrangements for Directors;
- Recommendation of appropriate compensation for Non-Executive Directors for Board and Annual General Meeting consideration;
- Review and approval of any recommended compensation actions for the Company's Executive Committee members, including base salary, annual incentive bonus, long-term incentive awards, severance benefits, and perquisites;
- Review and continuous assessment of the size and composition of the Board and Board Committees, and recommend the appropriate Board structure, size, age, skills, competencies, composition, knowledge, experience and background in line with needs of the Group and diversity required to fully discharge the Board's duties;
- Recommendation of membership criteria for the Group Board, Board Committees and subsidiary companies Boards.

- Identification at the request of the Board of specific individuals for nomination to the Group and subsidiary companies Boards and to make recommendations on the appointment and election of New Directors (including the Group MD) to the Board, in line with the Group's approved Director Selection criteria;
- Review of the effectiveness of the process for the selection and removal of Directors and to make recommendations where appropriate;
- Ensuring that there is an approved training policy for Directors, and monitor compliance with the policy;
- Review and make recommendations on the Group's succession plan for Directors and other senior management staff for the consideration of the Board;
- Regular monitoring of compliance with Group's code of ethics and business conduct for Directors and staff;
- Review the Group's organization structure and make recommendations to the Board for approval;
- Review and agreement at the beginning of the year, of the key performance indicators for the Group MD and Executive Directors;
- Ensure annual review or appraisal of the performance of the Board is conducted. This review/appraisal covers all aspects of the Board's structure, composition, responsibilities, individual competencies, Board operations, Board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship towards shareholders.

10.6 Statutory Audit Committee of the Bank

The Committee is established in line with section 404(2) (CAMA 2020). The Committee's membership consists of three (3) representatives of the shareholders elected at the Annual General Meeting (AGM) and two (2) Non-Executive Directors. The Committee is chaired by a shareholder's representative. The Committee meets every quarter, but could also meet at any other time, should the need arise.

The Chief Inspector, the Chief Financial Officer, as well as the External Auditors are invited from time to time to make presentation to the Committee.

All members of the Committee are financially literate.

The membership of the Committee is as follows:

Shareholders' Representative

Mrs. Adebimpe Balogun (Chairman)
Prof (Prince) L.F.O. Obika
Mr. Michael Olusoji Ajayi

Non-Executive Directors / Director's Representatives

Mr. Gabriel Ukpeh
Engr. Mustafa Bello

Committee's terms of reference

- To meet with the independent auditors, chief financial officer, internal auditor and any other Bank executive both individually and/or together, as the Committee deems appropriate at such times as the Committee shall determine to discuss and review:

- the bank's quarterly and audited financial statements, including any related notes, the bank's specific disclosures and discussion under "Managements Control Report" and the independent auditors' report, in advance of publication;

- the performance and results of the external and internal audits, including the independent auditor's management letter, and management's responses thereto;

- the effectiveness of the Bank's system of internal controls, including computerized information systems and security; any recommendations by the independent auditor and internal auditor regarding internal control issues and any actions taken in response thereto; and, the internal control certification and attestation required to be made in connection with the Bank's quarterly and annual financial reports;

- such other matters in connection with overseeing the financial reporting process and the maintenance of internal controls as the committee shall deem appropriate.

- To prepare the Committee's report for inclusion in the Bank's annual report;

- To report to the entire Board at such times as the Committee shall determine.

10.7 Executive committee (EXCO)

The EXCO comprises the Group Managing Director, Deputy Managing Director as well as all the Executive Directors. EXCO has the GMD/CEO as its Chairman. The Committee meets weekly (or such other times as business exigency may require) to deliberate and take policy decisions on the effective and efficient management of the bank. It also serves as a first review platform for issues to be discussed at the Board level. EXCO’s primary responsibility is to ensure the implementation of strategies approved by the Board, provide leadership to the Management team and ensure efficient deployment and management of the bank’s resources. Its Chairman is responsible for the day-to-day running and performance of the Bank.

10.8 Other committees

In addition to the afore-mentioned committees, the Bank has in place, other standing management committees. They include:

(a) Management Committee (MANCO);

(b) Assets and Liabilities Committee (ALCO);

(c) Management Global Credit Committee (MGCC);

(d) Risk Management Committee (RMC)

(e) Information Technology (IT) Steering Committee

(f) Sustainability Steering Committee

(a) Management committee (MANCO)

The Management Committee comprises the senior management of the Bank and has been established to identify, analyze, and make recommendations on risks arising from day-to-day activities. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with. Members of the management committee make contributions to the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet weekly and as frequently as the need arises.

(b) Assets and liabilities committee (ALCO)

The ALCO is responsible for the management of a variety of risks arising from the Bank's business including market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies. The members of the Committee include the Group Managing Director, Executive Directors, the Treasurer, the Head of Financial Control, Group Head, Risk Management Group and a representative of the Assets and Liability Management Unit. A representative of the Asset and Liability Management Department serves as the secretary of this Committee.

The Committee meets weekly and as frequently as the need arises.

(c) Management global credit committee (MGCC)

The Management Global Credit Committee is responsible for ensuring that the Bank complies with the credit policy guide as established by the Board. The Committee also makes contributions to the Board Credit Committee. The Committee can approve credit facilities to individual obligors not exceeding in aggregate a sum as pre-determined by the Board from time to time. The Committee is responsible for reviewing and approving extensions of credit, including one-obligor commitments that exceed an amount as may be determined by the Board. The Committee reviews the credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The secretary of the committee is the Head of the Credit Administration Department.

The Committee meets weekly or fortnightly depending on the number of credit applications to be considered. The members of the Committee include the Group Managing Director, the Executive Directors and all divisional and group heads.

(d) Risk management committee (RMC)

This Committee is responsible for regular analysis and consideration of risks other than credit risk in the Bank. It meets [at least once in a month or as the need arises] to review environmental and other risk issues and policies affecting the Bank and recommend steps to be taken. The Committee's approach is entirely risk based. The Committee makes contributions to the Board Risk Management Committee and also ensures that the Committee's decisions and policies are implemented. The members of the Committee include the Group Managing Director, two Executive Directors, the Chief Risk Officer and all divisional and group heads.

(e) Information technology (IT) steering committee

The Information Technology (IT) Steering Committee is responsible for amongst others, development of corporate information technology (IT) strategies and plans that ensure cost effective application and management of resources throughout the organization.

Membership of the committee is as follows:

1. The Group Managing Director/Chief Executive Officer;
2. Two (2) Executive Directors;
3. Chief Financial Officer;
4. Chief Inspector;
5. Chief Risk Officer;
6. Chief Compliance Officer
7. Chief Information Security Officer/Head of Info Tech;
8. Head of Info Tech - Software;
9. Head of Info Tech - Engineering;
10. Head of Card Services;
11. Group Head of IT Audit;
12. Head of e-Business;

The committee meets monthly or as the need arises.

(f) Sustainability Steering Committee (SSC)

This Committee is responsible for regular analysis and review of sustainable banking policies and practices within the bank to ensure compliance with globally acceptable economic, environmental and social norms.

The bank, recognizing that every institution is as strong as the strength of its relationship and that the ability to nurture existing relationships and develop new ones will invariably play a significant role in the financial stability of the organization. Therefore, the bank believes that an organization must forge a closer relationship with its stakeholders, including customers, employees, local communities, suppliers, among others, to ensure triple bottom line profit.

The Committee present quarterly reports to the Board Risk Management Committee and also ensures that the Committee's decisions and policies are implemented. The members of the Committee include representatives from various marketing and operations departments and groups within the bank as well as the CSR and Research Group.

11. Policy on trade in the Bank's securities

The Bank has in place a policy on trading on the Bank’s Securities by Directors and other key personnel of the Bank. This is to guide against situations where such personnel in possession of confidential and price sensitive information deal with Bank’s securities in a manner that amounts to insider trading.

12. Relationship with shareholders

The Bank maintains an effective communication with its shareholders, which enables them understand our business, financial condition and operating performance and trends. Apart from our annual report and accounts, proxy statements and formal shareholders' meetings, we maintain a rich website (with suggestion boxes) that provide information on a wide range of issues for all stakeholders.

Also, a quarterly publication of the Bank and group performance is made in line with the disclosure requirements of the Nigeria Stock Exchange.

The Bank has an Investors Relations Unit which holds regular forum to brief all stakeholders on operations of the Bank.

The Bank also, from time to time, holds briefing sessions with market operators (stockbrokers, dealers, institutional investors, issuing houses, stock analysts, mainly through investors conference) to update them with the state of business. These professionals, as advisers and purveyors of information, relate with and relay to the shareholders useful information about the Bank. The Bank also regularly briefs the regulatory authorities, and file statutory returns which are usually accessible to the shareholders.

13. Directors remuneration policy

The Bank's remuneration policy is structured taking into account the environment in which it operates and the results it achieves at the end of each financial year. It includes the following elements:

Non-executive directors

- Components of remuneration is annual fee and sitting allowances which are based on levels of responsibilities.

- Directors are also sponsored for training programmes that they require to enhance their duties to the Bank.

Executive directors

The remuneration policy for Executive Directors considers various elements, including the following:

- Fixed remuneration, taking into account the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts in banks of equivalent status both within and outside Nigeria.

- Variable annual remuneration linked to the Zenith Bank financial results. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with shareholders' interest.

Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Code of Corporate Governance of the Bank. The Chief Compliance Officer and the Company Secretary forward regular returns to the Central Bank of Nigeria on all whistle-blowing reports and also on corporate governance compliance.

Whistle Blowing Procedures

The Bank has a whistle-blowing procedure that ensures anonymity for whistle-blowers. The Bank has a direct link on the bank's website, provided for the purpose of whistle-blowing.

Internally, the Bank has a direct link on its intranet for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance. All reports are investigated and necessary sanctions applied for breaches.

During the year, the Bank filed quarterly returns in line with the provision on whistle blowing.

Codes of Conduct

The Bank has an internal Code of Professional Conduct for Employees, which all members of staff subscribe to upon assumption of duties. The Bank also has a Code of Conduct for Directors.

14. Foreign Subsidiaries Governance Structure

The Bank as at 31 December 2021 has four (4) foreign subsidiaries, two (2) local subsidiaries and a branch in UAE supervised by Zenith Bank (UK). Their activities are governed by the governance framework put in place by the Group Head Office to ensure efficient and effective operations. The framework establishes the scope, method of performance management, periodic reviews and feedback mechanism for operating within the local laws in their jurisdiction.

The activities of the subsidiaries are closely monitored by Zenith Bank Plc using the following strategies:

Liaison and Oversight Function

The Foreign Subsidiaries Department is charged with the responsibility of overseeing the growth and implementation of the Bank's global expansion strategy into new territories/regions. The Department serves as an interface between the bank and its offshore subsidiaries. It also provides guidance on how to optimize synergy within the Group. Reports from the Group is presented to the Board at its quarterly meetings.

Representation on the Subsidiary Board

Zenith Bank Plc exercises control over the subsidiaries by maintaining adequate representation on the Board of each subsidiary. The representatives are chosen on the basis of professional competencies, business experience and integrity as well as knowledge of the Bank's business.

The Board of Directors of the subsidiaries are responsible for reviewing and approving the strategic plans and financial objectives as well as monitoring the corporate performance against these objectives.

Local Board and Board Committees

To ensure that the activities of the subsidiaries reflects the same values, ethics, controls and processes, Zenith Bank Plc is represented by at least two (2) non-executive directors in the local board and board committee of each foreign subsidiary. These directors provide effective oversight function over each subsidiary and ensure that there is consistency with the strategic direction of the Bank. They also act a link with the parent board at the Group Head Office in Nigeria.

Subsidiary Board Committees

The Subsidiary Board meets at least every quarter and exercises oversight function on the business of each location through the following committee structure.

- Board Credit Committee which is charged with the responsibility of considering the approval of new loans and renewal of existing ones above the threshold set for the Management Credit Committee. It also determines the credit policy or changes therein.

- Board Risk Management Committee which has oversight responsibility for the overall risk management of various areas of the Bank's operations and compliance. This includes advising the Board on risk-related matters arising from its business.

- Board Audit and Compliance Committee is responsible for the review of accounting and reporting policies to ensure compliance with regulatory and financial reporting requirements. The Board, through the committee exercise oversight on the Compliance and AML/CFT activities of the Bank. Overall, it monitors the effectiveness of the Bank's system of internal control to safeguard its assets for shareholders.

- Board Governance, Nomination and Remuneration Committee (BGNRC) saddled with the responsibility of determining a fair, reasonable and competitive structure for senior management of the Bank as well as administering the Governance structure for the Bank.

- Board Staff Welfare, Finance & General Purpose Committee has the responsibility of approving large scale procurements by the Bank, as well as matters relating to staff welfare, discipline, staff remuneration and promotion.

Management of Subsidiaries

Zenith Bank Plc appoints one of its senior management staff to act as the Managing Director of each subsidiary. Other key staff are seconded to assist the managing director in the supervision of critical departments of the Bank.

The objective of this management structure is to ensure that the core values and principles of the Zenith Bank brand are instilled seamlessly across its offshore subsidiaries. It also offers the Group an opportunity to adopt a uniform culture of best practices in the area of corporate governance, technology, controls and customer service excellence.

Monthly and Quarterly Reports

The subsidiaries furnish Zenith Bank Plc with monthly and quarterly reports on their business and operational activities. These reports cover the subsidiaries' financial performance, risk assessment, regulatory and compliance matters amongst others. The reports are analyzed and presented to Executive Management and the Group Board of Directors for decision making and fulfilment of its oversight function.

Group Performance & Strategy Review/Budget Session

The Managing Directors and senior management team of the respective Subsidiaries of the Bank attend the annual Group's Performance & Strategy Review/Budget Session during which their performances are analyzed and recommendations made towards achieving continuous improvement in financial, social and environmental performance. The annual budget of the subsidiaries is discussed at this session. This session also serves as a forum for sharing business ideas, tapping into identified synergy within the Group and disseminating information on relevant best practices that could enhance our sustained growth in the banking landscape.

Annual Internal Control Audit

The Internal Control & Audit Department of Zenith Bank Plc carries out an annual audit of each of the offshore subsidiaries in line with the Group's Annual Audit Programme. This audit exercise covers all operational areas of the subsidiaries and the outcome is discussed with Executive Management at the home office for timely intervention on identified lapses. It is important to note that this exercise is distinct from the daily operations audit carried out by the respective internal audit unit within the subsidiaries.

Annual Loan Review/Audit

This audit is carried out by the Loan Review & Monitoring Unit of Zenith Bank Plc. The core areas of concentration during this audit exercise include asset quality assessment, loan performance, review of security pledged, loan conformity with credit policy, documentation check and review of central liability report among others.

Zenith Bank Plc is committed to complying with regulatory requirements in all locations where it operate. To this end, The Bank's Compliance Group monitors ongoing developments in the regulatory environment of each location where it operates and ensuring compliance with same. This include conducting periodic compliance checks on each subsidiary annually to ascertain compliance with local banking laws and regulations.

Report of External Auditors

In line with global best practices and regulatory guidelines, the Bank undertake review of Management letters from external Auditors on periodic audit of the subsidiary companies. This is to ensure that all exceptions are complied with and for implementation of the Auditors' recommendations.

15 Complaints management policy

The Bank has put in place a complaints management policy framework to resolve complaints arising from issues covered under the Investments and Securities Act, 2007 (ISA). This can be found on the Bank's website.

16. Schedule of board and board committees meeting held during the year

The table below shows the frequency of meetings of the Board of directors, board committees and members' attendance at these meetings during the year under review.

Directors	**Board**	**Board credit committee**	**Finance and general purpose committee**	**Board governance, nomination and remuneration committee**	**Board risk management committee**	**Board audit and compliance committee**
Attendance/no of meetings	**7**	**4**	**4**	**4**	**4**	**4**
Jim Ovia, CON	7	N/A	N/A	N/A	N/A	N/A
Mr. Jeffrey Efeyini	7	4	3*	3*	4	4
Prof. Chukuka S.Enwemeka	7	4	3*	1**	4	N/A
Mr.Gabriel Ukpeh	7	4	4	4	N/A	4
Engr.Mustafa Bello	7	N/A	N/A	4	4	4
Dr. Al-Mujtaba Abubakar	7	4	N/A	3*	4	4
Dr. Omobola Ibidapo-Obe Ogunfowora*	2***	N/A	1***	4	N/A	1*
Mr. Ebenezer Onyeagwu	7	4	4	N/A	4	N/A
Dame (Dr.) Adaora Umeoji	7	4	4	N/A	N/A	N/A
Mr. Ahmed Umar Shuaib	7	N/A	N/A	N/A	4	N/A
Dr. Temitope Fasoranti	7	4	N/A	N/A	N/A	N/A
Mr. Dennis Olisa	7	N/A	N/A	N/A	4	N/A
Mr. Henry Oroh	7	N/A	4	N/A	N/A	N/A

Note:

N/A - Not Applicable (Not a Committee member)

* Reconstitution of Board committees in compliance with the Code of Corporate Governance/CAMA 2020

** Reconstitution of Board committees, following the demise of Late Professor Oyewusi Ibidapo-Obe in January 2021

*** Appointed and confirmed by CBN as an Independent Non-Executive Director effective June 30, 2021

Dates for Board and Board Committee meetings held within the year to 31 December 2021

Board meetings	**Board credit committee meeting**	**Finance and general purpose committee**	**Board risk and audit committee meeting**	**Board audit and compliancs committee meeting**	**Board governance, nominations and remuneration committee**	**Audit committee meeting of the bank**
28-Jan-21	27-Jan-21	26-Jan-21	26-Jan-21	26-Jan-21	26-Jan-21	26-Jan-21
23-Feb-21						
16-Mar-21						
29-Apr-21	28-Apr-21	28-Apr-21	27-Apr-21	27-Apr-21	27-Apr-21	27-Apr-21
11-May-21						
23-Jul-21	22-Jul-21	22-Jul-21	19-Jul-21	19-Jul-21	19-Jul-21	19-Jul-21
29-Oct-21	27-Oct-21	27-Oct-21	26-Oct-21	26-Oct-21	26-Oct-21	26-Oct-21

17. Audit Committee

The table below shows the frequency of meetings of the audit committee and members’ attendance at these meetings during the year under review.

Number of meetings held during the year:

Members	Number of Meetings attended
Mrs. Adebimpe Balogun (SR)	4
Prof. (Prince) L.F.O Obika (SR)	4
Mr. Michael Olusoji Ajayi (SR)	4
Engr. Mustafa Bello (NED)	4
Mr. Jeffrey Efeyini (NED)	2
Mr. Gabriel Ukpeh (NED)	4

SR - Shareholders representative

NED- Non-Executive Director

ZENITH BANK PLC

Statement of Directors' Responsibilities in Relation to the Financial Statements for the Year Ended 31 December 2021

The Directors accept responsibility for the preparation of the consolidated and seperate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, (CAMA 2020) of Nigeria, Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, (BOFIA),2020 relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, (CAMA 2020) of Nigeria and for such internal control as the directors determines necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

SIGNED ON BEHALF OF THE

BOARD OF DIRECTORS BY:

Jim Ovia, CON.	**Mr. Ebenezer Onyeagwu**
Chairman	**Group Managing Director / CEO**
FRC/2013/CIBN/00000002406	**FRC/2013/ICAN/00000003788**
January 27, 2022	**January 27, 2022**

ZENITH BANK PLC
REPORT OF THE AUDIT COMMITTEE
FOR THE PERIOD ENDED 31ST DECEMBER, 2021

In compliance with Section 404(7) of the Companies and Allied Matters Act of Nigeria (2020), we have reviewed the consolidated and separate financial statements of Zenith Bank Plc for the period ended 31st December, 2021 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;

2. The accounting and reporting policies of the Group and Bank conformed with the statutory requirements and agreed ethical practices;

3. The Internal Control and Internal Audit functions were operating effectively; and

4. The External Auditor's findings as stated in the management letter are being dealt with satisfactorily by the management.

5. Related party transactions and balances have been disclosed in note 37 to the Financial Statements in accordance with requirements of the International Financial Reporting Standards (IFRS) and the Central Bank of Nigeria (CBN) directives as contained in the Prudential Guidelines for Deposit Money Banks in Nigeria and Circular on Disclosure of Insider-Related Credits in Financial Statements BSD/1/2004.

Dated January 26, 2021.

Adebimpe Atinuke Balogun
Chairman, Audit Committee
FRC/2017/CITN/00000017467

MEMBERS OF THE COMMITTEE

Shareholders' Representatives

1. Mrs Adebimpe Balogun - Chairman
2. Professor Leonard F.O. Obika
3. Mr. Michael Olusoji Ajayi

Directors' Representatives

1. Mr. Gabriel Ukpeh
2. Engr. Mustafa Bello

pwc

Independent auditor's report

To the Members of Zenith Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Zenith Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Zenith Bank Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit and loss and other comprehensive income for the year ended 31 December 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances to customers (refer to notes 2.7, 4.1, and 20) The gross balance of loans and advances to customers as at 31 December 2021 was N3,502 billion and N3,238 billion for the group and bank respectively. The associated impairment allowance on loans and advances to customers was N146.2 billion and N138.5 billion for the group and bank respectively. The expected credit losses (ECL) on loans and advances to customers is considered to be a key audit matter because the measurement of impairment allowance is highly subjective and involves the exercise of significant judgements and the use of complex models and assumptions. The key areas of significant judgement in the calculation of ECL include: • input assumptions and judgments applied in estimating probability of default (PD), Loss Given Default (LGD), and Exposure At Default (EAD) which are key parameters in the ECL model and • incorporation of macro-economic inputs and forward-looking information into the ECL model and scenario weights applied to them. This is considered a key audit matter in both the consolidated and separate financial statements.	We understood management's process and evaluated and tested key controls around the determination of allowance for expected credit loss. With the assistance of our modelling experts, we: • evaluated the appropriateness of the IFRS 9 impairment methodology as well as the ECL calculation tool for reasonableness; • checked the reasonableness and accuracy of PD methodology and computations respectively by performing independent calculations based on the bank's default experience; • assessed the validity of the assumptions used in determining the recoveries in estimating LGD for compliance with the requirements of IFRS 9; • tested the valuation of collaterals used in the ECL model by comparing the values to the results of valuation performed by management's external valuers. We assessed the competence, experience and independence of the external valuers; • checked the accuracy of EAD computation by performing an independent calculation for a selected sample of loan exposures using the customer contractual cash flows. For the off-balance sheet exposures, we checked that the credit conversion factor was correctly estimated and applied in determining the EAD by performing independent computations on a selected sample of exposures; • evaluated the appropriateness of macro-economic inputs , forward- looking information and their associated scenario weights by comparing to available industry information and checking that they have been appropriately incorporated into the ECL model; and

- checked the accuracy of ECL computation by performing an independent computation for a selected sample of loan exposures.

We assessed the adequacy of the disclosures in the financial statements in accordance with IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the Directors Report, Statement of Corporate Responsibility for the Financial Statements, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Audit Committee, Value Added Statement and Five-Year Financial Summary, (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Zenith Bank Plc 2021 Annual report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Zenith Bank Plc 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position and statement of profit and loss and other comprehensive income are in agreement with the books of account and returns;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 38 to the consolidated and separate financial statements; and

v) as disclosed in Note 42 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2021.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1161474

For: PricewaterhouseCoopers

28 February 2022

Chartered Accountants
Lagos, Nigeria

Engagement Partner: Samuel Abu
FRC/2013/ICAN/00000001495

ZENITH BANK PLC

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2021

		Group		Bank	
In millions of Naira	Note(s)	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Interest and similar income	6	427,597	420,813	340,388	342,492
Interest and similar expense	7	(106,793)	(121,131)	(82,718)	(102,111)
Net interest income		**320,804**	**299,682**	**257,670**	**240,381**
Impairment loss on financial and non-financial instruments	8	(59,932)	(39,534)	(56,175)	(37,237)
Net interest income after impairment loss on financial and non-financial instruments		**260,872**	**260,148**	**201,495**	**203,144**
Net income on fees and commission	9	103,958	79,332	84,185	61,417
Trading gains	11	167,483	121,678	171,469	118,601
Other operating income	10	37,594	50,735	53,266	50,450
Depreciation of property and equipment	26	(25,305)	(25,125)	(23,204)	(22,686)
Amortisation of intangible assets	27	(3,779)	(3,537)	(3,064)	(2,776)
Personnel expenses	37	(79,885)	(79,520)	(61,123)	(61,515)
Operating expenses	12	(180,564)	(147,850)	(165,857)	(136,628)
Profit before tax		**280,374**	**255,861**	**257,167**	**210,007**
Income tax expense	13a	(35,816)	(25,296)	(24,034)	(12,155)
Profit for the year after tax		**244,558**	**230,565**	**233,133**	**197,852**
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Fair value movements on equity instruments at FVOCI		5,599	16,295	5,599	16,295
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		8,485	15,011	-	-
Fair value movements on debt securities at FVOCI		(2,227)	1,981	-	-
Income tax relating to fair value movement on debt securities at FVOCI		-	(355)	-	-
Other comprehensive income for the year		**11,857**	**32,932**	**5,599**	**16,295**
Total comprehensive income for the year		**256,415**	**263,497**	**238,732**	**214,147**
Profit attributable to:					
Equity holders of the parent		244,402	230,374	233,133	197,852
Non-controlling interest		156	191	-	-
Total comprehensive income attributable to:					
Equity holders of the parent		256,245	263,277	238,732	214,147
Non-controlling interest		170	220	-	-
Earnings per share					
Basic and diluted (Naira)	14	7.78	7.34	7.43	6.30

The accompanying notes are an integral part of these consolidated and separate financial statements.

ZENITH BANK PLC

Consolidated and Separate Statements of Financial Position as at 31 December 2021

		Group		Bank	
In millions of Naira	**Note(s)**	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Assets					
Cash and balances with central banks	15	1,488,363	1,591,768	1,397,666	1,503,245
Treasury bills	16	1,764,945	1,577,875	1,577,647	1,393,421
Assets pledged as collateral	17	392,594	298,530	357,000	298,530
Due from other banks	18	691,244	810,494	518,053	532,377
Derivative assets	19	56,187	44,496	57,476	41,729
Loans and advances	20	3,355,728	2,779,027	3,099,452	2,639,797
Investment securities	21	1,303,726	996,916	477,004	333,126
Investment in subsidiaries	22	-	-	34,625	34,625
Deferred tax asset	24	1,837	5,787	-	4,733
Other assets	25	168,210	169,967	152,326	159,625
Property and equipment	26	200,008	190,170	177,501	169,080
Intangible assets	27	25,001	16,243	23,542	14,699
Total assets		**9,447,843**	**8,481,273**	**7,872,292**	**7,124,987**
Liabilities					
Customers' deposits	28	6,472,054	5,339,911	5,169,199	4,298,258
Derivative liabilities	33	14,674	11,076	15,170	11,076
Current income tax	13	16,909	11,690	14,241	9,117
Deferred tax liabilities	24	11,603	1	11,596	-
Other liabilities	29	487,432	703,292	427,876	599,464
On-lending facilities	30	369,241	384,573	369,241	384,573
Borrowings	31	750,469	870,080	769,395	874,090
Debt securities issued	32	45,799	43,177	45,799	43,177
Total liabilities		**8,168,181**	**7,363,800**	**6,822,517**	**6,219,755**
Capital and reserves					
Share capital	34	15,698	15,698	15,698	15,698
Share premium	35	255,047	255,047	255,047	255,047
Retained earnings	35	607,203	521,293	466,249	382,292
Other reserves	35	400,570	324,461	312,781	252,195
Attributable to equity holders of the parent		1,278,518	1,116,499	1,049,775	905,232
Non-controlling interest	35	1,144	974	-	-
Total shareholders' equity		**1,279,662**	**1,117,473**	**1,049,775**	**905,232**
Total liabilities and equity		**9,447,843**	**8,481,273**	**7,872,292**	**7,124,987**

The accompanying notes are an integral part of these consolidated and separate financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 27 January, 2022 and signed on its behalf by:

Jim Ovia, CON (Chairman)
FRC/2013/CIBN/00000002406

Ebenezer Onyeagwu (Group Managing Director and Chief Executive)
FRC/2013/ICAN/00000003788

Mukhtar Adam, PhD (Chief Financial Officer)
FRC/2013/MULTI/00000003196

ZENITH BANK PLC

Consolidated and Separate Statements of Changes in Equity for the Year Ended 31 December 2021

Group

In millions of Naira	Notes	Share capital	Share premium	Foreign currency translation reserve	Fair value reserve	Statutory reserve	SMIEIS reserve	Credit risk reserve	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Parent										
At 1 January, 2020		**15,698**	**255,047**	**30,076**	**24,180**	**197,395**	**3,729**	**2,059**	**412,948**	**941,132**	**754**	**941,886**
Profit for the year		-	-	-	-	-	-	-	230,374	230,374	191	230,565
Foreign currency translation differences		-	-	14,982	-	-	-	-	-	14,982	29	15,011
Fair value movements on equity instruments		-	-	-	16,295	-	-	-	-	16,295	-	16,295
Fair value movements on debt securities		-	-	-	1,626	-	-	-	-	1,626	-	1,626
Total comprehensive income for the year		**-**	**-**	**14,982**	**17,921**	**-**	**-**	**-**	**230,374**	**263,277**	**220**	**263,497**
Transfer between reserves	35	-	-	-	-	33,912	-	207	(34,119)	-	-	-
Transactions with owners of the Parent												
Dividends	40	-	-	-	-	-	-	-	(87,910)	(87,910)	-	(87,910)
At 31 December 2020		**15,698**	**255,047**	**45,058**	**42,101**	**231,307**	**3,729**	**2,266**	**521,293**	**1,116,499**	**974**	**1,117,473**
At 1 January, 2021		15,698	255,047	45,058	42,101	231,307	3,729	2,266	521,293	1,116,499	974	1,117,473
Profit for the year		-	-	-	-	-	-	-	244,402	244,402	156	244,558
Foreign currency translation differences		-	-	8,471	-	-	-	-	-	8,471	14	8,485
Fair value movements on equity instruments		-	-	-	5,599	-	-	-	-	5,599	-	5,599
Fair value movements on debt securities		-	-	-	(2,227)	-	-	-	-	(2,227)	-	(2,227)
Total comprehensive income for the year		**-**	**-**	**8,471**	**3,372**	**-**	**-**	**-**	**244,402**	**256,245**	**170**	**256,415**
Transfer between reserves	35	-	-	-	-	44,686	-	19,580	(64,266)	-	-	-
Transactions with owners of the Parent												
Dividends	40	-	-	-	-	-	-	-	(94,226)	(94,226)	-	(94,226)
At 31 December 2021		**15,698**	**255,047**	**53,529**	**45,473**	**275,993**	**3,729**	**21,846**	**607,203**	**1,278,518**	**1,144**	**1,279,662**

ZENITH BANK PLC

Consolidated and Separate Statements of Changes in Equity for the Year Ended 31 December 2021

Bank

In millions of Naira	Notes	Share capital	Share premium	Fair value reserve	Statutory reserve	SMIEIS reserve	Credit risk reserve	Retained earnings	Total equity
At 1 January, 2020		**15,698**	**255,047**	**23,728**	**178,765**	**3,729**	**-**	**302,028**	**778,995**
Profit for the year		-	-	-	-	-	-	197,852	197,852
Fair value movements on equity instruments		-	-	16,295	-	-	-	-	16,295
Total comprehensive income for the year		**-**	**-**	**16,295**	**-**	**-**	**-**	**197,852**	**214,147**
Transfer between reserves	35	-	-	-	29,678	-	-	(29,678)	-
Dividends	40	-	-	-	-	-	-	(87,910)	(87,910)
At December 30, 2020		**15,698**	**255,047**	**40,023**	**208,443**	**3,729**	**-**	**382,292**	**905,232**
At 01 January 2021		**15,698**	**255,047**	**40,023**	**208,443**	**3,729**	**-**	**382,292**	**905,232**
Profit for the period		-	-	-	-	-	-	233,133	233,133
Fair value movements on equity instruments		-	-	5,599	-	-	-	-	5,599
Total comprehensive income for the year		**-**	**-**	**5,599**	**-**	**-**	**-**	**233,133**	**238,732**
Transfer between reserves	35	-	-	-	34,971	-	20,016	(54,987)	-
Dividends	40	-	-	-	-	-	-	(94,189)	(94,189)
Balance at 31 December 2021		**15,698**	**255,047**	**45,622**	**243,414**	**3,729**	**20,016**	**466,249**	**1,049,775**

The accompanying notes are an integral part of these consolidated and separate financial statements.

ZENITH BANK PLC

Consolidated and Separate Statement of Cash Flows for the Year Ended 31 December 2021

		Group		Bank	
For the year ended 31 December	Note(s)	**2021**	**2020**	**2021**	**2020**
In millions of Naira					
Cash flows from operating activities					
Profit before tax for the year		280,374	255,861	257,167	210,007
Adjustments for:					
Net impairment loss on financial and non-financial instruments	8	59,932	39,534	56,175	37,237
Unrealised fair value change in trading bond, bills and derivatives	44(xii)	(94,564)	(8,283)	(97,873)	(3,670)
Depreciation of property and equipment	26	25,305	25,125	23,204	22,686
Amortisation of intangible assets	27	3,779	3,537	3,064	2,776
Dividend income	10	(2,754)	(1,707)	(19,186)	(5,307)
Foreign exchange revaluation gain	10	(25,537)	(43,441)	(26,012)	(39,668)
Write-off of Intangible	27	2,454	-	2,454	-
Interest income	6	(427,597)	(420,813)	(340,388)	(342,492)
Interest expense	7	106,793	121,131	82,718	102,111
Gain on sale of property and equipment	10	(78)	(347)	(69)	(348)
Gain on disposal of financial instrument	10	(251)	(891)	-	(891)
Modification loss	44(v)	353	-	-	-
		(71,791)	(30,294)	(58,746)	(17,559)
Changes in operating assets and liabilities:					
Net increase in loans and advances	44(iii)	(536,014)	(385,651)	(409,303)	(352,819)
Net (increase)/decrease in other assets	44(viii)	1,362	(88,605)	6,896	(90,079)
Net decrease/(increase) in treasury bills (FVTPL) including bills pledged	44(iib)	(97,724)	81,210	(95,938)	79,661
Net (increase)/decrease in investment securities including bonds pledged (FVTPL and FVOCI)	44(ib)	(160,011)	(220,706)	33,389	(33,934)
Net (increase)/decrease in restricted balances (cash reserves)	44(x)	80,525	(650,472)	95,418	(609,669)
Net decrease in due from banks with maturity greater than three months and restricted cash	44(vii)	139,061	67,918	75,556	66,725
Net increase in customer deposits	44(iv)	1,091,293	960,138	823,850	761,784
Net increase/(decrease) in other liabilities	44(v)	(225,060)	337,972	(180,330)	212,884
		221,641	**71,510**	**290,792**	**16,994**
Interest received from operating activities	44 (xiiia)	286,640	245,537	253,341	230,789
Interest paid	44 (xi)	(107,051)	(101,461)	(83,695)	(84,934)
Tax paid	44(xv)	(15,045)	(16,746)	(2,581)	(2,678)
Net cash flows generated from operations		**386,185**	**198,840**	**457,857**	**160,171**

ZENITH BANK PLC

Consolidated and Separate Statement of Cash Flows for the Year Ended 31 December 2021

In millions of Naira	Note(s)	Group 2021	Group 2020	Bank 2021	Bank 2020
Cash flows from investing activities					
Purchase of property and equipment	44(xivb)	(34,109)	(23,950)	(31,584)	(21,853)
Proceeds from sale of property and equipment	44(vi)	448	1,113	437	593
Purchase of Intangible assets	27	(14,884)	(2,473)	(14,362)	(2,366)
Additions to treasury bills	44(iia)	(2,652,094)	(2,157,223)	(2,346,839)	(1,834,272)
Disposal of treasury bills	44(iia)	2,449,816	1,992,586	2,056,995	1,685,163
Interest received from treasury bills and investment securities	44(xiiib)	78,970	95,105	41,492	72,455
Acquisition of Right of Use asset	44(xiva)	(240)	(3,244)	(150)	(3,070)
Additions to other Investment securities	44(i	(300,852)	(120,712)	(159,577)	(98,245)
Disposal of other Investment securities	44(i)	230,056	97,225	75,928	80,658
Proceeds from sale of financial instruments	10	251	891	-	891
Dividend received	10	2,754	1,707	19,186	5,307
Net cash used in investing activities		**(239,884)**	**(118,975)**	**(358,474)**	**(114,739)**
Cash flows from financing activities					
Cash inflow from long term borrowings	31	712,420	872,332	693,944	872,332
Repayment of long term borrowing	31	(860,123)	(353,338)	(826,805)	(357,341)
Cash inflow from onlending facility	30(b)	14,482	32,263	14,482	32,263
Repayment of onlending facility	30(b)	(33,011)	(39,758)	(33,011)	(39,758)
Repayment of principal for lease liability	44(v)	(2,802)	(742)	(2,007)	(684)
Unclaimed dividend received	44(v)	612	-	612	-
Dividends paid to shareholders	40	(94,226)	(87,910)	(94,189)	(87,910)
Net cash used in financing activities		**(262,648)**	**422,847**	**(246,974)**	**418,902**
Net (decrease)/increase in cash and cash equivalents		**(116,347)**	**502,712**	**(147,591)**	**464,334**
Analysis of changes in cash and cash equivalents :					
Cash and cash equivalent at the beginning of the year		1,208,520	670,715	882,683	388,853
(decrease)/increase in cash and cash equivalents		(116,347)	502,712	(147,591)	464,334
Effect of exchange rate movement on cash balances		42,346	35,093	41,482	29,496
Cash and cash equivalents at the end of the year	41	**1,134,519**	**1,208,520**	**776,574**	**882,683**

The accompanying notes are an integral part of these consolidated and separate financial statements.

1 General information

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

The registered office address of the company is Plot 87 Ajose Adeogun street, Victoria Island, Lagos.

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

The Bank has six subsidiary companies namely, Zenith Bank (Ghana) Limited, Zenith Pensions Custodian Limited, Zenith Bank (UK) Limited, Zenith Bank (Sierra Leone) Limited, Zenith Bank (The Gambia) Limited and Zenith Nominees Limited. The Bank also has a representative office in China in addition to operating a branch of Zenith Bank (UK) Limited in the United Arab Emirates.

The consolidated and separate financial statements for the year ended 31 December 2021 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the separate financial statements comprise the Bank. The consolidated and separate financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 27 January 2022. The directors have the power to amend and re-issue the financial statements

The Group does not have any unconsolidated structured entity.

2.0 (a) Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 2(b) to all periods presented in these consolidated and separate financial statements.

The Group has adopted the following amendments including any consequential amendments to other standards with initial date of application of January 1, 2021.

i.) Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
‘Phase 2’ of the amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities (see below). These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument’s effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the instrument is not derecognised). For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the normal requirements of IFRS 16 are applied to the entire lease modification, including those changes required by IBOR reform.

Interest rate benchmark reform
Overview

A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’).
Zenith Bank has assessed and quantified its exposure to IBORs on its financial instruments that will be reformed as part of this market-driven initiative.

Over the course of the transition, the IBOR reform has had operational, risk management, legal and accounting impacts across all of our business lines. From the management point of view, the financial risk is limited mainly to interest rate risk.

Zenith Bank established a cross-functional IBOR Transition Working Group to manage its transition to alternative rates. The objectives of the Working Group include evaluating the extent to which the entity's financial assets and liabilities reference IBOR cash flows, developing and executing a structured plan for the transition and how to manage communication about IBOR reform with clients and counterparties. The Working Group reports periodically to the Board and ALCO to support the management of interest rate risk and provide relevant information for key decisions relating to the IBOR reform. The Working Group aslo collaborates with other business functions as needed.

No newly originated floating-rate loan or instrument will reference IBOR from 1 January 2022. The IBOR Transition Working Group is working closely with the business teams to establish pricing for new lending products to be indexed to alternative nearly risk-free rates.

For existing contracts that are indexed to an IBOR and mature after the expected cessation of the IBOR rate, the Working Group has established policies to transition the affected contracts either by amending the contractual terms to replace the IBOR rate.

There are no derivatives benchmarked to IBOR as at year end.

a. Non-derivative financial assets

Zenith Bank's IBOR exposures on floating-rate loans to customers is predominantly USD LIBOR. For these assets, Zenith Bank is in the process of reforming them to the Secured Overnight Financing Rate ('SOFR'). This also consists of a change to the underlying calculation methodology. SOFR is a broad measure of the cost of borrowing cash overnight collateralised by U.S. Treasury securities in the repurchase agreement (repo) market. This rate is robust, is not at risk of cessation, and it meets international standards. It is produced by the New York Federal Reserve Bank in cooperation with the Office of Financial Research.

The publication of the one week and two-month USD LIBOR ceased on December 31, 2021 and all other USD LIBOR tenors (e.g., overnight, one month, three-month, six-month and twelve-month) will cease after June 30, 2023 (applicable to legacy contracts only).

Zenith Bank has revised its internal treasury and risk management systems to support the transition to SOFR.
During the course of the transition, Zenith Bank's IBOR Transition Working Group established policies for amending the interbank offered rates on existing floating-rate loan portfolio indexed to IBORs. Loan products will be amended in a uniform way, while syndicated products, will be amended in bilateral negotiations with syndicated loan partners.

The IBOR Transition Working Group is monitoring the progress of transition from IBORs to SOFR by reviewing the total amounts of impacted contracts. Zenith Bank also considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, (referred to as an ‘unreformed contract’).

The following tables show the total amounts of unreformed non-derivative financial assets as at 31 December 2021. The amounts of these assets are shown at their gross carrying amounts.

In millions of dollars	USD LIBOR Carrying Value as at 31 December 2021	USD LIBOR Of which have yet to be transitioned as at 31 December 2021
31 December 2021		
Loans and advances to customers		
Multilateral loans	2,883	2,883
	-	-
	2,883	2,883

b. Non-derivative financial liabilities

Zenith Bank has floating-rate liabilities indexed to USD LIBOR. The IBOR Transition Working Group and Zenith Bank's treasury team is in discussions with the counterparties of our financial liabilities to amend the contractual terms in response to IBOR reform.

The following tables show the total amounts of unreformed non-derivative financial liabilities as at 31 December 2021. The amounts shown in the table are the carrying amounts.

In millions of dollars	USD LIBOR Carrying Value as at 31 December 2021	USD LIBOR Of which have yet to be transitioned as at 31 December 2021
31 December 2021		
Multilateral-Borrowings	805	805
	805	805

(b) Significant accounting policies

Except as noted in Note 2.0(a), the Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, unless otherwise stated.

(c) Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting period ended on 31 December 2021. The Group has not early adopted the underlisted standards in preparing the financial statements as it plans to adopt them at their respective effective dates if applicable.

(i) Classification of Liabilities as current or non-current - Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The effective date is 1 January 2023.

The impact of this amendment on the Groups financial statements is currently under assessment.

(ii) Reference to the Conceptual Framework - Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The effective date is 1 January 2022.

The amendment has no effect on the Group financial statements for the year, as there has been no business combinations for the reporting year.

(iii) Onerous Contracts - Cost of Fulfilling Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The effective date is 1 January 2022.

The Group has no contracts as at the reporting dates to which the amendments apply.

(iv) Annual Improvements to IFRS Standards 2018-2020

The following improvements were finalised in 2020:

• IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

• IFRS 16 Leases - To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The effective date is 1 January 2022.

(v) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended

IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effective date is 1 January 2023.

The impact of this amendment on the Group's financial statements is currently under assessment.

vi) Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The effective date is 1 January 2023.

The impact of this amendment on the Group's financial statements is currently under assessment.

vii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The effective date is 1 January 2023.

The impact of this amendment on the Group's financial statements is currently under assessment.

2.1 Basis of preparation

(a). Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standard (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention with the exception of the following:

- Financial assets and liabilities measured at amortised cost;

- Derivative financial instruments which are measured at fair value; and

- Non-derivative financial instruments, carried at fair value through profit or loss, or fair value through OCI are measured at fair value.

2.1 Basis of preparation (continued)

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

2.2 Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having control over an investee.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). When the proportion of the equity held by Non-controlling Interests (NCIs) changes, the carrying amounts of the controlling and NCIs are adjusted to reflect the changes in their relative interests in the Subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are measured at cost less accumulated impairment.

(b) Loss of Control

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity relating to a subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Basis of Consolidation (continued)

(d) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 Translation of foreign currencies

Foreign currency transactions and balances

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The parent entity’s functional currency (Nigerian Naira) is adopted as the presentation currency for the separate and consolidated financial statements. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest million.

(b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for statement of financial position presented are translated at the closing rate at the reporting date;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and presented within equity as foreign currency translation reserves.

On the disposal of a foreign operation, the Group recognises in profit or loss the cumulative amount of exchange differences relating to that foreign operation. When a subsidiary that includes a foreign operation is partially disposed of or sold, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In the case of any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the transaction date, and those measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined and are recognised in the profit or loss. When a gain or loss on non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange of that gain or loss shall be recognised in profit or loss.

2.3 Translation of foreign currencies (continued)

Translation differences on equities measured at fair value through other comprehensive income are included in other comprehensive income and transferred to the fair value reserve in equity.

Foreign currency gains and losses on intra-group loans are recognised in profit or loss unless settlement of the loan is neither planned nor likely to occur in the foreseeable future, in which case the foreign currency gains and losses are initially recognised in the foreign currency translation reserve in the consolidated financial statements. Those gains and losses are recognised in profit or loss at the earlier of settling the loan or at the time at which the foreign operation is disposed.

2.4 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with original maturities of three (3) months or less than three months from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. They include cash and non-restricted balances with central banks, treasury bills and other eligible bills, amounts due from other banks and short-term government securities.

2.5 Financial instruments

(a) Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments carried at fair value through profit or loss are initially recognised at fair value with transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, being recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Financial instruments are recognised or de-recognised on the date the Group settles the purchase or sale of the instruments (settlement date accounting).

(b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at amortised cost or fair value depending on their classification category.

(c) Classification

(i) Financial assets

Subsequent to initial recognition, all financial assets within the Group are measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The Group's financial assets are subsequently measured at amortised cost if they meet both of the following criteria and are not designated as at FVTPL:

- 'Hold to collect' business model test - The asset is held within a business model whose objective is to hold the financial asset in other to collect contractual cash flows; and
- 'SPPI' contractual cash flow characteristics test - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date. Interest in this context is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

2.5 Financial instruments (continued)

Debt instruments are measured at amortised cost by the Group if they meet both of the following criteria and are not designated as at FVTPL:

- 'Hold to collect and sell' business model test: The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and

- 'SPPI' contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets including equity investments are measured at fair value.

A financial asset is classified and measured at fair value through profit or loss (FVTPL) by the Group if the financial asset is:

- A debt instrument that does not qualify to be measured at amortised cost or FVOCI;

- An equity investment which the Group has not irrevocably elected to classify as at FVOCI and present subsequent changes in fair value in OCI;

- A financial asset where the Group has elected to measure the asset at FVTPL under the fair value option.

(ii) Financial liabilities

Financial liabilities are either classified by the Group as:

- Financial liabilities at amortised cost; or

- Financial liabilities as at fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortised cost by the Group unless either:

- The financial liability is held for trading and is therefore required to be measured at FVTPL, or

- The Group elects to measure the financial liability at FVTPL (using the fair value option).

(iii) Financial guarantees contracts and loan commitments

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (see note 3.2.18) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Group has issued no loan commitments that are measured at FVTPL.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

The Group conducts business involving commitments to customers. The majority of these facilities are set-off by corresponding obligations of third parties. Contingent liabilities and commitments comprise usance lines and letters of credit.

Usance and letters of credit are agreements to lend to a customer in the future subject to certain conditions. An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer.

2.5 Financial instruments (continued)

Letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the Customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Contingent liabilities and commitments are initially recognized at fair value which is also generally equal to the fees received and amortized over the life of the commitment. The carrying amount of contingent liabilities are subsequently measured at the higher of the present value of any expected payment when a payment under the contingent liability has become probable and the unamortised fee.

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

– how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

– the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

– contingent events that would change the amount and timing of cash flows;

– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and features that modify consideration of the time value of money (e.g. periodical reset of Interest rate).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

2.5 Financial instruments (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(d) Derecognition

(i) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (e)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group sometimes enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

(ii) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(e) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (d)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: - fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and - other fees are included in profit or loss as part of the gain or loss on derecognition.

2.5 Financial instruments (continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (2.9)), then the gain or loss is presented together with impairment losses for stage 1 facilities, for stage 2 and 3 the modification gain or loss is disclosed separately. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(g) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(h) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

2.5 Financial instruments (continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Subsequent to initial recognition, the fair value of a financial instrument is based on quoted market prices or dealer price quotation for financial instruments. If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs into valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

See note 3.5 on fair valuation methods and assumptions.

(i) Assets pledged as collateral

Financial assets transferred to external parties and which do not qualify for de-recognition are reclassified in the statement of financial position from treasury bills and investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Assets pledged as collateral are initially recognised at fair value, and are subsequently measured at amortised cost or fair value as appropriate. These transactions are performed in accordance with the usual terms of securities lending and borrowing.

(j) Assets under repurchase agreement

Assets under repurchase agreement are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same as the one sold) at a fixed price on a future date. The Group continues to recognise the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and a financial liability is recognised for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

2.6 Derivative instruments

The Group recognizes the derivative instruments on the statement of financial position at their fair value. The Group designates the derivative as an instrument held for trading or non-hedging purposes (a "trading" or "non-hedging" instrument).

Trading or non-hedging derivatives assets and liabilities are those derivative assets and liabilities such as swaps and forward contracts that the Group acquires or incurs for the purpose of selling or purchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Non-hedging derivative assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position. All changes in fair value are recognized as part of net trading income in profit or loss. Non-hedging derivative assets and liabilities are not reclassified subsequent to their initial recognition.

2.7 Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

• Financial assets that are debt instruments;

• Lease receivables;

• Financial guarantee contracts issued; and

• Loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

• Debt investment securities that are determined to have low credit risk at the reporting date; and

• Other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instrument for which a 12-month ECL is recognised are referred to as 'stage 1 financial instruments.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2 financial instruments’.

Financial instruments for which lifetime ECL is recognised which are credit impaired are referred to as 'Stage 3 financial instruments".

Loss allowances for other assets and lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ or it is a sovereign debt instruments issued in the local currency.

2.7.1 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

• Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

• Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

• Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

• Financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Group expects to recover.

• There has been no change in estimation techniques from prior year. Also, significant assumptions made during the year can be seen in note .1

Reversal of Impairment and Backward Transfer Criteria

When the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that criteria for recognizing the lifetime ECL is no longer met i.e. cured, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

However, the Group observes the following backward transfer criteria (probationary period) to monitor if the criteria for recognizing the lifetime ECL has decreased significantly before the backward transfer can be effected on the credit rating of the customer;

90 days probationary period to move a financial instrument from Lifetime ECL not credit-impaired (Stage 2 financial instruments) to 12 months ECL (Stage 1 financial instruments);

90 days probationary period to move a financial instrument from Lifetime ECL credit-impaired (Stage 3 financial instruments) to Lifetime ECL not impaired (Stage 2 financial instruments);

180 days probationary period to move a loan from Lifetime ECL credit-impaired (Stage 3 financial instruments) to 12 months ECL (Stage 1 financial instruments).

The Group also considers other qualitative criteria where necessary.

Impairment gains arising from backward transfers will be recognized as part of ‘impairment losses on financial instruments.’

2.7.2 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired referred to as 'Stage 3 financial instruments. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

• Significant financial difficulty of the borrower or issuer;

• A breach of contract such as a default or past due event;

• The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

• It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

• The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

• The market’s assessment of creditworthiness as reflected in the bond yields.

• The rating agencies’ assessments of creditworthiness.

• The country’s ability to access the capital markets for new debt issuance.

• The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

• The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

2.7.3 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

• Loan commitments and financial guarantee contracts: generally, as a provision;

• Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision and;

• Debt instruments measured at FVOCI, no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve.

2.7.4 Write-off policy

The Group writes off a loan balance when the Group's credit department determines that the loan is uncollectable and had been declared delinquent and subsequently classified as lost. This determination is made after considering information such as the continuous deterioration in the customer's financial position, such that the customer can no longer pay the obligation, or that proceeds from the collateral will not be sufficient to pay back the entire exposure. Board approval is required for such write-off. For insider-related loan (loans by the Bank to its own officers and directors), CBN approval is required. The loan recovery department continues with its recovery efforts and any written-off loan subsequently recovered is recognised as part of other operating income (see note 10).

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The outstanding contractual amount of assets written off during the year ended 31 December 2021 was N45.1 billion (31 December, 2020: N53.8 billion). The Group still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

2.8 Reclassification of financial instruments

Financial assets are required to be reclassified in certain rare circumstances among the amortised cost, FVOCI and FVTPL categories. When the Group changes its business model for managing financial assets, the Group reclassifies all affected financial assets in accordance with the new model. The reclassification is applied prospectively from the reclassification date. Accordingly, any previously recognised gains, losses or interest are not reinstated. Changes in the business model for managing financial assets are expected to be very infrequent.

2.9 Restructuring of financial instruments

Financial instruments are restructured when the contractual terms are renegotiated or modified or when an existing financial instrument is replaced with a new one due to financial difficulties of the borrower. Restructured loans represent loans whose repayment periods have been extended due to changes in the business dynamics of the borrowers. For such loans, the borrowers are expected to pay the principal amounts in full within extended repayment period and all interest, including interest for the original and extended terms.

2.10 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for customers in the event that the customer defaults.

The Group may also use other credit instruments, such as derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities and other non-cash assets is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability see note 3.2.7(a)(i)

In certain circumstances, property may be repossessed following the foreclosure on loans that are in default. These repossessed collateral are sold as soon as practicable. Repossessed properties are measured at the lower of carrying amount of the related loan and fair value less cost to sell and reported within 'Other asset'.

2.11 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Where significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property and equipment are depreciated on the straight line basis to their residual values over the estimated useful lives of the assets. Land is not depreciated.

Depreciation is calculated on a straight line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Item	
Land	(Not depreciated)
Motor vehicles	4 years
Office equipment	5 years
Furniture and fittings	5 years
Computer equipment	3 years
Buildings	50 years
Leasehold improvement	Over the remaining lease period
Right of use assets	Lower of lease term or the useful life for the specified class of item

Depreciation is included in profit or loss.

Work in progress consists of items of property and equipment that are not yet available for use. Work in progress is carried at cost less any required impairment. Depreciation starts when assets are available for use. An impairment loss is recognised if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, they are transferred to relevant classes of property and equipment as appropriate.

Property and equipment are derecognized on disposal, or when no future economic benefits are expected from their use or disposal.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of the asset. Other costs relating to borrowings which the group undertakes in the normal course of business are expensed in the period which they are incurred.

2.12 Intangible assets

Computer software

Software that is not integral to the related hardware acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised expenses as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

(iv) it is technically feasible to complete the software product so that it will be available for use;
(v) management intends to complete the software product and use or sell it;
(vi) there is an ability to use or sell the software product;
(vii) it can be demonstrated how the software product will generate probable future economic benefits
(viii) adequate technical, financial and other resources to complete the development and to use/sell the software product are available
(ix) the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that the asset is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for computer software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal.

2.13 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purposes of assessing impairment, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.14 Leases

The major lease transaction wherein the Group/Bank is a lessee relates to the lease of aircraft and lease of Bank's branches.

A. Definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and

- The right to direct the use of that asset.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (where the Group is a lessee in the lease contract).

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single component.

B. Group / Bank as a lessee

Leases, under which the Bank possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Bank's statement of financial position and recognized as a leased asset.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Bank assesses whether, throughout the period of use, it has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and

(b) the right to direct the use of the identified asset.

The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The Group recognizes expenses associated with these leases as an expense on straight line basis over the lease term.

The Group presents right-of-use assets as a separate class under 'property and equipment'. The Group presents lease liability in other liabilities in the statement of financial position.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2.14 Leases (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group’s control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

The Group recognises liability for a levy not earlier than when the activity that triggers payment occurs. Also, the Group accrues liability on levy progressively only if the activity that triggers payment occurs over a period of time. However, for a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached.

2.16 Employee benefits

(a) Post-employment benefits

The Group operates a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reform Act. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. For entities operating in Nigeria, the contribution by employees and the employing entities are 8% and 10% respectively of the employees' basic salary, housing and transport allowances. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions.

(b) Short-term benefits

Short-term benefits consist of salaries, accumulated leave allowances, profit share, bonuses and any non-monetary benefits.

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. They are included in personnel expenses in the profit or loss.

2.16 Employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

(c) Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

2.17 Share capital and reserves

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the period that are declared after the end of the reporting period are dealt with in the subsequent events note.

(c) Share premium

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

(d) Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by The Banks and Other Financial Institutions Act (BOFIA) 2020, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(e) SMIEIS reserve

The SMIEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non-distributable. Transfer to this reserve is no longer mandatory.

(f) Statutory reserve for credit risk

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

(g) Retained earnings

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

(h) Fair value reserve

Comprises fair value movements on equity instruments and debt securities carried at FVOCI.

2.17 Share capital and reserves (continued)

(i) Foreign currency translation reserve

Comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira.

2.18 Recognition of interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 2.7.2.

Presentation

Interest income calculated using the effective interest method presented in the consolidated and separate statement of profit or loss includes only interest on financial assets and financial liabilities measured at amortised cost and FVTOCI.

Interest expense presented in the consolidated and separate statement of profit or loss and other comprehensive income includes only interest on financial liabilities measured at amortised cost.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income (see Note 2.20).

2.19 Fees, commission and other income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see Note 2.18).

Other fee and commission income – including account servicing fees, fees on electronic products, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Dividend income is recognised when the right to receive income is established. Usually, this is the exdividend date for quoted equity securities. Dividends are presented in net trading gains, or other income based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

Income on cash handling relates to services provided to customers in processing cash withdrawal and deposits above the regulated limit, provided by the Central Bank of Nigeria. Income is recognised as the service is provided.

Fees and commission income are recognised at point in time and over time. Fees recognised over time relate to credit related fees (concerning participation fee and invoice discounting), guarantee fees, corporate finance fees, account maintenance fees and fees on electronic products charged monthly. Fees recognised at a point in time relate credit related fees other than those recognised over time, account maintenance fee, auction fees, commission on agency and collection services, fees on electronic products (recognised at point in time), foreign currency transaction fees and foreign withdrawal charges.

2.20 Net Trading gains

Net trading gain comprises gains less losses relating to trading assets and liabilities and includes all fair value changes, interest, dividends and foreign exchange differences.

2.21 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

2.22 Current and deferred income tax

Income tax expense comprises current tax (company income tax, tertiary education tax national information technology development agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits.

- Tertiary education tax is computed on assessable profits.

- National Information Technology Development Agency levy is computed on profit before tax.

- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: – temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; – temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and – taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2.22 Current and deferred income tax (continued)

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Where there are shares that could potentially affect the numbers of share issued, those shares are considered in calculating the diluted earnings per share. There is currently no share that could potentially dilute the total issued shares.

2.24 Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues, whose operating results are regularly reviewed by the Board in order to make decisions about resources to be allocated to segments and assessing segment performance. The Group’s identification of segments and the measurement of segment results are based on the Group’s internal reporting to management.

2.25 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities through its subsidiaries, Zenith Pensions Custodian Limited and Zenith Nominees that results in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group. The fees earned on these activities are recognised as assets based fees.

2.26 Deposit for Investment in AGSMEIS

The Agri-Business/Small and Medium Enterprises Investment Scheme is an initiative of Banker's committee of Nigeria. The contributed funds are meant for supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. In line with this initiative, the Bank will contribute 5% of Profit After Tax yearly to the fund.

3. Risk management

3.1 Enterprise Risk Management

The Zenith Bank Group adopts an integrated approach to risk management by bringing all risks together under a limited number of oversight functions. The Group addresses the challenge of risks comprehensively through the Enterprise Risk Management (ERM) Framework by applying practices that are supported by a governance structure consisting of Board-level and executive management committees.

As part of its risk management policy, the Group segregates duties between market-facing business units and risk management functions while management is governed by well-defined policies, which are clearly communicated across the Group.

Risk related issues are taken into consideration in all business decisions and the Group continually strives to maintain a conservative balance between risk and revenue consideration. Continuous education and awareness of risk management has strengthened the risk management culture across the Group.

3.1.1 Risk Management Philosophy/Strategy

The Group considers sound risk management practice to be the foundation of a long lasting financial institution.

a. The Group adopt a holistic and integrated approach to risk management and therefore, brings all risks together under one or a limited number of oversight functions.

b. Risk management is a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded in consensus.

c. There is clear segregation of duties between market-facing business units and risk management functions.

d. Risk Management is governed by well-defined policies which are clearly communicated across the Group.

e. Risk related issues are taken into consideration in all business decisions.

3.1.2 Risk Appetite

The Group's risk appetite is reviewed by the Board of Directors annually, at a level that minimizes erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies.

The Group’s risk appetite describes the quantum of risk that the Group would assume in pursuit of its business objectives at any point in time. The Group uses this risk appetite definition in aligning its overall corporate strategy, its capital allocation and risks.

The Group sets tolerance limits for identified key risk indicators (“KRIs”), which served as proxies for the risk appetite for each risk area and business/support unit. Tolerance levels for KRIs are jointly defined, agreed upon by the business/support units and subject to annual reviews.

3.1.3 Risk Management Approach

The Group addresses the challenge of risks comprehensively through an enterprise-wide risk management framework and a risk governance policy by applying leading practices that are supported by a robust governance structure consisting of Board-level and executive management committees. The Board drives the risk governance and compliance process through its committees. The Board audit and compliance committee provides oversight on the systems of internal control, financial reporting and compliance. The Board credit committee reviews the credit policies and approves all loans above the defined limits for Executive Management. The Board Risk Committee sets the risk philosophy, policies and strategies as well as provides guidance on the various risk elements and their management. The Board Risk Control Functions are supported by various management committees and sub committees (Global Credit committee and Management Risk committee) that help it develop and implement various risk strategies. The Global Credit committee manages the credit approval and documentation activities. It ensures that the credit policies and procedures are aligned with the Group's business objectives and strategies. The Board Risk committee drives the management of the financial risks (Market, Liquidity and Credit Risk), operational risks as well as strategic and reputational risks.

In addition, Zenith Group manages its risks in a structured, systematic and transparent manner through a global risk policy which embeds comprehensive risk management processes into the organisational structure, risk measurement and monitoring activities. This structure ensures that the Group’s overall risk exposures are within the thresholds set by the Board.

3. Risk management (continued)

The key features of the Group's risk management policy are:

a. The Board of Directors provides overall risk management direction and oversight;

b. The Group's risk appetite is approved by the Board of Directors;

c. Risk management is embedded in the Group as an intrinsic process and is a core competence of all its employees;

d. The Group manages its credit, market, operational and liquidity risks in a coordinated manner within the organisation;

e. The Group's risk management function is independent of the business divisions; and

f. The Group's internal audit function reports to the Board Audit and compliance Committee and provides independent validation of the business units' compliance with risk policies and procedures, and the adequacy and effectiveness of the risk management framework on an enterprise-wide basis.

The Group continuously modifies and enhances its risk management policies and systems to reflect changes in markets, products and international best practices. Training, individual responsibility and accountability, together with a disciplined and cautious culture of control, are an integral part of the Group's management of risk.

The Board of Directors ensures strict compliance with relevant laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

The compliance function, under the leadership of the Chief Compliance Officer of the Bank, has put in place a robust compliance framework, which includes:

a. Comprehensive compliance manual detailing the roles and responsibilities of all stakeholders in the compliance process:

b. Review and analysis of all relevant laws and regulations, which are adopted into policy statements to ensure business is conducted professionally;

c. Review of the Bank's Anti-Money Laundering Policy in accordance with changes in the Money Laundering Prohibition Act 2011 and Anti-Terrorism Act 2011 as amended; and

d. Incorporation of new guidelines in the Bank's "Know Your Customer" policies in line with the increasing global trend as outlined in the Central Bank of Nigeria's Anti-Money Laundering/Combating Finance of Terrorism Compliance Manual.

3.1.4 Methodology for Risk Rating

The risk management strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control that captures all risks in all aspects of the Group's activities.

All activities in the Group have been profiled and the key risk drivers and threats in them identified. Mitigation and control techniques are then determined to tackle each of these threats. The Board has strategically implemented risk policies and procedures using techniques that addresses its risk appetite. Techniques employed in meeting these objectives culminate in the following roles for the risk control functions of the Group:

a. Develop and implement procedures and practices that translate the Board's goals, objectives, and risk tolerances into operating standards that are well understood by staff;

b. Establish lines of authority and responsibility for managing individual risk elements in line with the Board's overall direction;

c. Risk identification, measurement, monitoring and control procedures;

d. Establish effective internal controls that cover each risk management process;

e. Ensure that the Group's risk management processes are properly documented;

f. Create adequate awareness to make risk management a part of the corporate culture of the Group;

3. Risk management (continued)

g. Ensure that risk remains within the boundaries established by the Board; and

h. Ensure that business lines comply with risk parameters and prudent limits established by the Board;

The CBN Risk Management Guidelines prescribes quantitative and qualitative criteria for the identification of significant activities and sets a threshold of contributions for determining significant activities in the Bank and its subsidiaries. This practice is essentially to drive the risk control focus of financial institutions.

Zenith Bank applies a mix of qualitative and quantitative techniques in the determination of its significant activities under prescribed broad headings. The criteria used in estimating the materiality of each activity is essentially based on the following:

a. The strategic importance of the activity and sector;

b. The contribution of the activity/sector to the total assets of the Bank;

c. The net income of the sector; and

d. The risk inherent in the activity and sector.

Risk management structures and processes are continuously reviewed to ensure their adequacy and appropriateness for the Group's risk and opportunities profile as well as with changes in strategy, business environment, evolving thoughts and trends in risk management.

3.1.5 Risk management strategies under the current economic conditions

Amid the impacts of the COVID-19 pandemic, the Nigerian economy recorded a better-than-expected performance in 2021, driven by policy support, sustained oil price recovery and stable oil production. After exiting recession in Q4 2020, the Nigerian economy measured by Gross Domestic Product (GDP) rose steadily from 0.5% reported in Q1 2021 to 4.01 per cent, year-on-year, in Q3 2021. This growth rate was significantly driven by the performance of oil and non-oil sectors, particularly Transportation, Trade, manufacturing, chemical and pharmaceutical, agriculture, among others.

Accordingly, foreign investment inflows rebounded significantly in the third quarter of the year to $1.73billion, up from US$0.88bn in Q2 2021 and US$1.46bn in Q3 2020, according to the National Bureau of Statistics (NBS). Continuous focus and clarity on exchange rate reforms and enabling business environment could further boost the confidence of foreign investors in the Nigerian economy.

Headline inflation fell to about 15.63 per cent in December 2021, in line with the IMF's forecast. However, elevated food price levels and exchange rate pressures could dampen inflationary expectations in 2022. These developments, along with rising global inflation rates, could lead to hike in both local and global benchmark interest rates.

Following the recent modification of the foreign exchange (FX) management strategy by the Central Bank of Nigeria (CBN), the exchange rate of the naira has remained largely stable in investors and Exporters (I&E) window. During the period under review, Nigeria's external reserves received a significant boost from the U$4billion Eurobond Sale and U$3.4billion SDR allocation from the IMF, closing the year at U$40.5billion.

The banking sector remains robust and well-capitalized while non-performing loans (NPLs) stood at about 6% in 2021. The CBN stress tests showed that the banking system would remain adequately capitalized except in case of a severe deterioration of credit quality. The extension of the moratorium on principal payments of qualifying credit facilities on a case-by-case basis through March 2022 is welcoming.

The downside risk to outlook remains uncertainty regarding 2023 General Election, deteriorating security conditions, the outbreak of Omicron variant of COVID-19 pandemic, currency depreciation, hike in electricity tariff, potential increase in fuel pump price, etc. That said, The Nigerian economic recovery will likely be sustained and broaden among sectors, with GDP growth expected to reach 2.5 per cent in 2022, according to the World Bank.

3. Risk management (continued)

3.2 Credit Risk

Credit risk is the risk of a financial loss if an obligor does not fully honour its contractual commitments to the Group. Obligors may be borrowers, issuers, counterparties or guarantors. Credit risk is the most significant risk facing the Bank in the normal course of business. The Bank is exposed to credit risk not only through its direct lending activities and transactions but also through commitments to extend credit, letters of guarantee, letters of credit, securities purchased under reverse repurchase agreements, deposits with financial institutions, brokerage activities, and transactions carrying a settlement risk for the Bank such as irrevocable fund transfers to third parties via electronic payment systems.

The Group has robust credit standards, policies and procedures to control and monitor intrinsic and concentration risks through all credit levels of selection, underwriting, administration and control. Some of the policies are:

a. Credit is only extended to suitable and well identified customers and never where there is any doubt as to the ethical standards and record of the intending borrower;

b. Exposures to any industry or customer will be determined by the regulatory guidelines, clearly defined internal policies, debt service capability and balance sheet management guidelines;

c. Credit is not extended to customers where the source of repayment is unknown or speculative, and also where the destination of funds is unknown. There must be clear and verifiable purpose for the use of the funds;

d. Credit is not given to a customer where the ability of the customer to meet obligations is based on the most optimistic forecast of events. Risk considerations will always have priority over business and profit considerations

e. The primary source of repayment for all credits must be from an identifiable cash flow from the counterparty's normal business operations or other financial arrangements. The realization of security remains a fall back option;

f. A pricing model that reflects variations in the risk profile of various credits to ensure that higher risks are compensated by higher returns is adopted;

g. All insiders' related credits are limited to regulatory and strict internal limits and are disclosed as required; and

h. The consequences for non-compliance with the credit policy and credit indiscipline are communicated to all staff and are implemented.

3.2.1 Credit Metrics and Measurement Tools

Zenith Bank and its subsidiaries have devoted resources and harnessed their credit data to develop models that will improve the determination of economic and financial threats resulting from credit risk. Before a sound and prudent credit decision can be taken, the credit risk engendered by the borrower or counterparty must be accurately assessed. This is the first step in processing credit applications. As a result, some key factors are considered in credit risk assessment and measurement: These are:

a. Adherence to the strict credit selection criteria, which includes defined target market, credit history, the capacity and character of customers;

b. Credit rating of obligor;

c. The likelihood of failure to pay over the period stipulated in the contract;

d. The size of the facility in case default occurs; and

e. Estimated Rate of Recovery, which is a measure of the portion of the debt that can be recovered through realisation of assets and collateral should default occur.

3.2.2 Credit Rating Tools

The principal objective of the credit risk rating system is to produce a reliable assessment of the credit risk to which the Group is exposed. As such, all loans and indirect credits such as guarantees and bonds as well as treasury investments undergo a formal credit analysis process that would ensure the proper appraisal of the facility.

3. Risk management (continued)

(a) Loans and advances and amounts due from banks

Each individual borrower is rated based on an internally developed rating model that evaluates risk based on financial, qualitative and industry-specific inputs. The associated loss estimate norms for each grade have been developed based on the experience of the Bank and its various subsidiaries.

In order to allow for a meaningful distribution of exposures across grades with no excessive concentrations on the Group's borrower-rating and its facility-rating scale, the Group maintains the under listed rating grade, which is applicable to both new and existing customers.

Zenith Group Rating	Description of the grade
AAA	Investment Risk (Extremely Low Risk)
AA	Investment Risk (Very Low Risk)
A	Investment Risk (Low Risk)
BBB	Upper Standard Grade (Acceptable Risk)
BB	Lower Standard Grade (Moderately High Risk)
B	Non-Investment Grade (High Risk)
CCC	Non-Investment Grade (Very High Risk)
CC	Non-Investment Grade (Extremely High Risk)
C	Non-Investment Grade (High Likelihood of Default)
D	Non-Investment Grade (Lost)
Below C	Individually insignificant (unrated)

(b) Other debt instruments

With respect to other debt instruments, the Group takes the following into consideration in the management of the associated credit risk:

(a) Internal and external research and market intelligence reports; and
(b) Regulatory agencies reports

In addition to the above, we have put in place limits structure which is monitored from time to time in order to limit our risk exposures on these securities.

Control mechanisms for the credit risk rating system

Zenith's credit risk rating system is reviewed periodically to confirm that the rating criteria and procedures are appropriate given the current portfolio and external conditions. Hence, in accordance with the Group's model risk policy, all models that materially impact the risk rating process are reviewed.

Furthermore, the ratings accorded to customers are regularly reviewed, incorporating new financial information available and the experience in the development of the banking relationship. The regularity of the reviews increases in the case of clients who reach certain levels in the automated warning systems. The rating system is currently undergoing external review with a view to enhancing its robustness.

3.2.3 Credit Processes

Zenith operates a centralised credit approval process system. Credits are originated from the branches/business groups and subjected to reviews at various levels before they are presented along with all documents and information defined for the proper assessment and decision of Credit to the Global Credit Committee for consideration. All Credits presented for approval are required to be in conformity with the documented and communicated Risk Acceptance Criteria(RAC).

As part of credit appraisal process, the Group will have to review the following:

a. Credit assessment of the borrower's industry, and macro-economic factors;

b. The purpose of credit and source of repayment;

c. The track record / repayment history of borrower;

d. Assess/evaluate the repayment capacity of the borrower;

3. Risk management (continued)

e. The proposed terms and conditions and covenants;

f. Adequacy and enforceability of collaterals; and

g. Approval from appropriate authority.

3.2.4 Group Credit Risk Management

Zenith's approach in managing credit risk is a key element in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The credit standards, policies and procedures, risk methodologies and framework, solid structure and infrastructure, risk monitoring and control activities enable the Group to deal with the emerging risks and challenges with a high level of confidence and determination.

The framework for credit risk assessment at Zenith is well-defined and institutionally predicated on:

a. Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units and periodically reviewed and monitored to adjust as appropriate;

b. Well-defined target market and risk asset acceptance criteria;

c. Rigorous financial, credit and overall risk analysis for each customer/transaction;

d. Regular portfolio examination in line with key performance indicators and periodic stress testing;

e. Continuous assessment of concentrations and mitigation strategies;

f. Continuous validation and modification of early warning system to ensure proper functioning for risk identification;

g. Systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment;

h. Systematic credit limits management which enables the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels;

i. Solid documentation and collateral management process with proper coverage and top-up triggers and follow-ups; and

j. Annual and interim individual credit reviews to ensure detection of weakness signs or warning signals and considering proper remedies.

The credit processes are supplemented by sectoral portfolio reviews, which focus on countries, regions or specific industries as well as multiple stress testing scenarios. These are intended to identify any inherent risks in the portfolios resulting from changes in market conditions and are supplemented by independent reviews from our Group Internal Audit.

3.2.5 Group Credit Risk Limits

The Group applies credit risk limits, among other techniques in managing credit risk. This is the practice of stipulating a maximum amount that the individual or counterparty can obtain as loan. Internal and regulatory limits are strictly adhered to. Through this, the Group not only protects itself, but also in a sense, protects the counterparties from borrowing more than they are capable of repaying.

The Group focuses on its concentration and intrinsic risks and further manages them to a more comfortable level. This is very important due to the serious risk implications that intrinsic and concentration risk pose to the Group. A thorough analysis of economic factors, market forecasting and prediction based on historical evidence is used to mitigate these risks.

The Group has in place various portfolio concentration limits (which are subject to periodic review). These limits are closely monitored and reported on from time to time.

The Group’s internal credit approval limits for the various authorities' levels are as indicated below.

Zenith Group Rating	Approval limit (% of Shareholders' Fund)
Board Credit Committee	N3.5 billion and above (Not exceeding 20% of total shareholders' fund)
Management Global Credit Committee	Below N3.5 billion

3. Risk management (continued)

These internal approval limits are set and approved by the Group Board and are reviewed regularly as the state of affairs of the Group and the wider financial environment demand.

3.2.6 Group Credit Risk Monitoring

The Group's exposures are continuously monitored through a system of triggers and early-warning signals aimed at detecting symptoms, which could result in deterioration of credit risk quality. The triggers and early-warning systems are supplemented by facility utilisation and collateral valuation monitoring together with a review of upcoming credit facility expiration and market intelligence to enable timely corrective action by management. The results of the monitoring process are reflected in the internal rating process through quarterly review activities.

Credit risk is monitored on an ongoing basis with formal weekly, monthly and quarterly reporting to keep senior management aware of shifts in credit quality and portfolio performance along with changing external factors such as economic and business cycles.

The capabilities of the credit review team is continuously enhanced in order to improve the facility monitoring activity and assure excellent quality Risk Assets Portfolio across the Group.

A specialised and focused loan recovery and workout team handles the management and collection of problematic credit facilities.

3.2.7 (a) Credit Risk Mitigation, Collateral and other Credit Enhancements

The Group's approach to controlling various risks begins with optimizing the diversification of its exposures. Zenith uses a variety of techniques to manage the credit risk arising from its lending activities. These techniques are set out in the Group's internal policies and procedures. They are mainly reflected in the application of various exposure limits: credit concentration limits by counterparty and credit concentration limits by industry, country, region and type of financial instrument.

Enforceable legal documentation establishes Zenith's direct, irrevocable and unconditional recourse to any collateral, security or other credit enhancements.

(i) Collateral Security

A key mitigation step employed by the Group in its credit risk management process includes the use of collateral securities to secure its loans and advances as alternative sources of repayment during adverse conditions. All major credit facilities to our customers are to be secured and the security instruments and documentations must be perfected and all conditions precedent must be met before drawdown or disbursement is allowed. Collateral analysis includes a good description of the collateral, its value, how the value was arrived at, and when the valuation was made. It is usually necessary to review the potential adverse changes in the value of collateral security for the foreseeable future.

Collateral securities that are pledged must be in negotiable form and usually fall under the following categories:

a. Real estate, plant and equipment collateral (usually all asset or mortgage debenture or charge), which have to be registered and enforceable under Nigerian law;

b. Collateral consisting of inventory, accounts receivable, machinery equipment, patents, trademarks, farm products, general intangibles, etc. These require a security agreement (usually a floating debenture) which has to be registered and, must be enforceable under Nigerian law;

c. Stocks and shares of publicly quoted companies;

d. Domiciliation of contracts proceeds;

e. Documents of title to goods such as shipping documents consigned to the order of Zenith Bank or any of its subsidiaries;

f. Letter of lien; and

g. Cash collateral.

3. Risk management (continued)

Collateral securities are usually valued and inspected prior to disbursement and on a regular basis thereafter until full repayment of the exposure. We conduct a regular review of all collateral documentation in respect of all credits in the Bank and specific gaps in the collateral documentation addressed immediately. Borrowers are required to confirm adherence to covenants including periodic confirmation of collateral values which are used by the Bank to provide early warning signals of collateral value deterioration. Periodic inspections of physical collateral are performed where appropriate and where reasonable means of doing so are available.

The type and size of collateral held as security for financial assets other than loans and advances are usually a function of the nature of the instrument. Our debt securities, treasury and other eligible bills are normally unsecured but our comfort is on the issuer's credit rating, which is the Federal Government of Nigeria (FGN) and other sovereigns.

Details of collateral pledged by customers against the carrying amount of loans and advances as at 31 December 2021 are as follows:

In millions of Naira	Group		Bank	
	Total exposure	Fair value of collateral	Total exposure	Fair value of collateral
Secured against real estate	463,049	350,232	418,264	286,414
Secured by shares of quoted companies	7,249	3,785	7,249	3,785
Cash Collateral, lien over fixed and floating assets	1,283,489	1,016,994	1,239,790	952,128
Unsecured	1,748,091	-	1,572,670	-
Total Gross amount	**3,501,878**	**1,371,011**	**3,237,973**	**1,242,327**
ECL Allowance	(146,150)	-	(138,521)	-
Net carrying amount	**3,355,728**	**1,371,011**	**3,099,452**	**1,242,327**

Group 31 December 2021 Disclosure by Collateral	Term loan	Overdrafts	Onlending	Total
Property/Real estate	298,867	36,437	14,928	350,232
Equities	1,653	2,132	-	3,785
Cash Collateral, lien over fixed and floating assets	639,798	74,542	302,654	1,016,994
Grand total: Fair value of collateral	**940,318**	**113,111**	**317,582**	**1,371,011**
Grand total: Gross loans	**2,522,278**	**439,459**	**540,141**	**3,501,878**
Grand total: ECL Allowance	**77,487**	**63,176**	**5,487**	**146,150**
Grand total: Net amount	**2,444,791**	**376,283**	**534,654**	**3,355,728**
Grand total: Amount of undercollaterization	**(1,504,473)**	**(263,172)**	**(217,072)**	**(1,984,717)**

3. Risk management (continued)

31 December 2021 Against 12 months ECL loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	85,481	18,540	14,918	118,939
Equities	1,652	7	-	1,659
Cash Collateral, lien over fixed and floating assets	397,277	62,551	299,605	759,433
Fair value of collateral	**484,410**	**81,098**	**314,523**	**880,031**
Gross loans	**1,771,887**	**326,517**	**501,946**	**2,600,350**
ECL Allowance	**12,942**	**3,642**	**5,222**	**21,806**
Net amount	**1,758,945**	**322,875**	**496,724**	**2,578,544**
Grand total: Amount of undercollaterization	**(1,274,535)**	**(241,777)**	**(182,201)**	**(1,698,513)**

31 December 2021 Against lifetime ECL not credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	204,345	4,448	-	208,793
Cash Collateral, lien over fixed and floating assets	222,147	6,826	2,589	231,562
Fair value of collateral	**426,492**	**11,274**	**2,589**	**440,355**
Gross loans	**686,225**	**30,808**	**37,674**	**754,707**
ECL Allowance	**26,239**	**542**	**257**	**27,038**
Net amount	**659,986**	**30,266**	**37,417**	**727,669**
Grand total: Amount of undercollaterization	**(233,494)**	**(18,992)**	**(34,828)**	**(287,314)**

31 December 2021 Against lifetime ECL credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	9,041	13,447	10	22,498
Equities	-	2,126	-	2,126
Cash Collateral, lien over fixed and floating assets	20,375	5,166	460	26,001
Fair value of collateral	**29,416**	**20,739**	**470**	**50,625**
Gross loans	**64,166**	**82,134**	**521**	**146,821**
ECL Allowance	**38,306**	**58,992**	**8**	**97,306**
Net amount	**25,860**	**23,142**	**513**	**49,515**
Grand total: Amount of (undercollaterization)/overcollaterization	**3,556**	**(2,403)**	**(43)**	**1,110**

Bank **31 December 2021** **Disclosure by Collateral**	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	245,732	25,754	14,928	286,414
Equities	1,653	2,132	-	3,785
Cash Collateral, lien over fixed and floating assets	586,499	62,975	302,654	952,128
Grand total: Fair value of collateral	**833,884**	**90,861**	**317,582**	**1,242,327**
Grand total: Gross loans	**2,278,613**	**419,219**	**540,141**	**3,237,973**
Grand total: ECL Allowance	**73,557**	**59,478**	**5,486**	**138,521**
Grand total: Net amount	**2,205,056**	**359,741**	**534,655**	**3,099,452**
Grand total: Amount of undercollaterization	**(1,371,172)**	**(268,880)**	**(217,073)**	**(1,857,125)**

3. Risk management (continued)

31 December 2021 Against 12 months ECL loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	32,962	11,844	14,920	59,726
Equities	1,653	7	-	1,660
Cash Collateral, lien over fixed and floating assets	343,977	50,999	299,605	694,581
Fair value of collateral	**378,592**	**62,850**	**314,525**	**755,967**
Gross loans	**1,530,854**	**312,155**	**501,947**	**2,344,956**
ECL Allowance	**9,312**	**3,000**	**5,222**	**17,534**
Net amount	**1,521,542**	**309,155**	**496,725**	**2,327,422**
Grand total: Amount of undercollaterization	**(1,142,950)**	**(246,305)**	**(182,200)**	**(1,571,455)**

31 December 2021 Against lifetime ECL not credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	203,728	4,432	-	208,160
Cash Collateral, lien over fixed and floating assets	222,147	6,810	2,589	231,546
Fair value of collateral	**425,875**	**11,242**	**2,589**	**439,706**
Gross loans	**684,547**	**30,773**	**37,674**	**752,994**
ECL Allowance	**25,942**	**472**	**257**	**26,671**
Net amount	**658,605**	**30,301**	**37,417**	**726,323**
Grand total: Amount of undercollaterization	**(232,730)**	**(19,059)**	**(34,828)**	**(286,617)**

31 December 2021 Against lifetime ECL credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	9,040	9,477	10	18,527
Equities	-	2,126	-	2,126
Cash Collateral, lien over fixed and floating assets	20,375	5,167	460	26,002
Fair value of collateral	**29,415**	**16,770**	**470**	**46,655**
Gross loans	**63,211**	**76,290**	**522**	**140,023**
ECL Allowance	**38,304**	**56,004**	**8**	**94,316**
Net amount	**24,907**	**20,286**	**514**	**45,707**
Grand total: Amount of undercollaterization	**4,508**	**(3,516)**	**(44)**	**948**

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2020 are as follows:

In millions of Naira	**Group**		**Bank**	
	Total exposure	**Value of collateral**	**Total exposure**	**Value of collateral**
Secured against real estate	293,904	242,928	231,672	171,661
Secured by shares of quoted companies	4,587	3,241	4,587	3,241
Cash collateral, lien over fixed and floating assets	1,296,252	1,291,922	1,224,165	1,193,685
Unsecured	1,324,599	-	1,312,239	-
Total Gross amount	**2,919,342**	**1,538,091**	**2,772,663**	**1,368,587**
ECL Allowance	(140,315)	-	(132,866)	-
Net carrying amount	**2,779,027**	**1,538,091**	**2,639,797**	**1,368,587**

3. Risk management (continued)

Group

31 December 2020 **Disclosure by Collateral**	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	185,659	35,781	21,488	242,928
Equities	1,301	1,940	-	3,241
Cash Collateral, lien over fixed and floating assets	881,735	78,869	331,318	1,291,922
Grand total: Fair value of collateral	**1,068,695**	**116,590**	**352,806**	**1,538,091**
Grand total: Gross loans	**2,142,728**	**248,003**	**528,611**	**2,919,342**
Grand total: ECL Allowance	**109,575**	**26,283**	**4,457**	**140,315**
Grand total: Net amount	**2,033,153**	**221,720**	**524,154**	**2,779,027**
Grand total: Amount of undercollaterization	**(964,458)**	**(105,130)**	**(171,348)**	**(1,240,936)**

31 December 2020 Against 12 months ECL loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	88,121	14,310	18,462	120,893
Equities	1,301	110	-	1,411
Cash Collateral, lien over fixed and floating assets	457,498	70,011	330,419	857,928
Fair value of collateral	**546,920**	**84,431**	**348,881**	**980,232**
Gross loans	**1,475,417**	**154,570**	**523,592**	**2,153,579**
ECL Allowance	**16,421**	**2,571**	**4,408**	**23,400**
Grand total: Net amount	**1,458,996**	**151,999**	**519,184**	**2,130,179**
Amount of undercollaterization	**(912,076)**	**(67,568)**	**(170,303)**	**(1,149,947)**

31 December 2020 Against lifetime ECL not credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	95,577	10,848	2,999	109,424
Cash Collateral, lien over fixed and floating assets	397,381	1,342	-	398,723
Fair value of collateral	**492,958**	**12,190**	**2,999**	**508,147**
Gross loans	**539,960**	**34,377**	**4,200**	**578,537**
ECL Allowance	**7,217**	**1,448**	**38**	**8,703**
Net amount	**532,743**	**32,929**	**4,162**	**569,834**
Amount of undercollaterization	**(39,785)**	**(20,739)**	**(1,163)**	**(61,687)**

31 December 2020 Against lifetime ECL credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	1,962	10,623	26	12,611
Equities	-	1,830	-	1,830
Cash Collateral, lien over fixed and floating assets	26,856	7,516	899	35,271
Fair value of collateral	**28,818**	**19,969**	**925**	**49,712**
Gross loans	**127,351**	**59,056**	**819**	**187,226**
ECL Allowance	**85,937**	**22,264**	**11**	**108,212**
Net amount	**41,414**	**36,792**	**808**	**79,014**
Amount of undercollaterization	**(12,596)**	**(16,823)**	**117**	**(29,302)**

3. Risk management (continued)

Bank **31 December 2020** **Disclosure by Collateral**	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	121,271	28,902	21,488	171,661
Equities	1,301	1,940	-	3,241
Cash Collateral, lien over fixed and floating assets	792,203	70,164	331,318	1,193,685
Grand total: Fair value of collateral	**914,775**	**101,006**	**352,806**	**1,368,587**
Grand total: Gross loans	**2,013,764**	**230,288**	**528,611**	**2,772,663**
Grand total: ECL Allowance	**103,512**	**24,897**	**4,457**	**132,866**
Grand total: Net amount	**1,910,252**	**205,391**	**524,154**	**2,639,797**
Grand total: Amount of undercollaterization	**(995,477)**	**(104,385)**	**(171,348)**	**(1,271,210)**

31 December 2020 Against 12 months ECL loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	25,241	11,149	18,462	54,852
Equities	1,301	110	-	1,411
Cash Collateral, lien over fixed and floating assets	367,966	62,197	330,419	760,582
Fair value of collateral	**394,508**	**73,456**	**348,881**	**816,845**
Gross loans	**1,347,431**	**140,977**	**523,592**	**2,012,000**
ECL Allowance	**10,393**	**2,130**	**4,408**	**16,931**
Net amount	**1,337,038**	**138,847**	**519,184**	**1,995,069**
Amount of undercollaterization	**(942,530)**	**(65,391)**	**(170,303)**	**(1,178,224)**

31 December 2020 Against lifetime ECL not credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	95,577	10,832	2,999	109,408
Cash Collateral, lien over fixed and floating assets	397,381	1,342	-	398,723
Fair value of collateral	**492,958**	**12,174**	**2,999**	**508,131**
Gross loans	**539,977**	**34,304**	**4,200**	**578,481**
ECL Allowance	**7,217**	**1,447**	**38**	**8,702**
Net amount	**532,760**	**32,857**	**4,162**	**569,779**
Amount of undercollaterization	**(39,802)**	**(20,683)**	**(1,163)**	**(61,648)**

31 December 2020 Against lifetime ECL credit-impaired loans and advances	**Term loan**	**Overdrafts**	**Onlending**	**Total**
Property/Real estate	454	6,921	26	7,401
Equities	-	1,830	-	1,830
Cash Collateral, lien over fixed and floating assets	26,856	6,625	899	34,380
Fair value of collateral	**27,310**	**15,376**	**925**	**43,611**
Gross loans	**126,356**	**55,007**	**819**	**182,182**
ECL Allowance	**85,902**	**21,320**	**11**	**107,233**
Net amount	**40,454**	**33,687**	**808**	**74,949**
Amount of undercollaterization	**(13,144)**	**(18,311)**	**117**	**(31,338)**

3. Risk management (continued)

(ii) Balance Sheet Netting Arrangements

Risk reduction by way of current account set-off is recognised for exposures to highly rated and creditworthy customers. Customers are required to enter into formal agreements giving Zenith Bank Plc the right to set-off gross credit and debit balances in their nominated accounts to determine the Groups net exposure. Cross-border set-offs are not permitted.

(iii) Guarantees and Standby Letters of Credit

Guarantees and Standby Letters of Credit are perceived to have comparable level of credit risk as loans and advances. In accordance with the Group’s credit policies, banks and creditworthy companies and individuals with high net worth are accepted as guarantors, subject to credit risk assessment. Furthermore, Zenith Bank Plc only recognises unconditional irrevocable guarantees or standby letters of credit provided they are not related to the underlying obligor.

3.2.7 (b) Maximum Exposure to Credit Risk Before Collateral Held or Credit Enhancements

The Group's maximum exposure to credit risk at 31 December 2021 and 31 December 2020 respectively, are represented by the net carrying amounts of the financial assets, with the exception of financial and other guarantees issued by the Group for which the maximum exposure to credit risk are represented by the maximum amount the Group would have to pay if the guarantees are called on (refer to note 39 Contingent liabilities and commitments).

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment as at 31 December 2021.

In millions of Naira	Group	Bank
	Maximum exposure to credit risk	Maximum exposure to credit risk
Trading assets		
- Treasury bills	824,222	823,891
- Investment in securities	22,338	11,897
- Derivatives	56,187	57,476
- Assets pledged as collateral	234,687	199,093

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment as at 31 December 2020.

In millions of Naira	Group	Bank
	Maximum exposure to credit risk	Maximum exposure to credit risk
Trading assets		
- Treasury bills	698,493	698,199
- Investment in securities	49,277	44,933
- Derivatives	44,496	41,729
- Assets pledged as collateral	71,602	71,602

3. Risk management (continued)

Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets subject to impairment as at 31 December 2021

In millions of Naira	Maximum exposure to credit risk Group	Maximum exposure to credit risk Bank
Financial assets measured at amortised cost		
- Balances with central bank	1,404,286	1,341,767
- Treasury bills	940,723	753,756
- Investment in securities	654,185	379,533
- Assets pledged as collateral	157,907	157,907
- Loans and advances to customers	3,355,728	3,099,452
- Due from banks	691,244	518,053
- Other financial assets	148,821	134,794
Financial assets measured through other comprehensive income		
- Investment in securities	541,629	-
Off balance sheet exposures	1,108,856	924,176

The following table contains an analysis of the maximum credit risk exposure from financial assets subject to impairment as at 31 December 2020

In millions of Naira	Maximum exposure to credit risk Group	Maximum exposure to credit risk Bank
Financial assets measured at amortised cost		
- Balances with central bank	1,487,224	1,436,411
- Treasury bills	879,382	695,222
- Investment in securities	475,514	208,218
- Assets pledged as collateral	226,928	226,928
- Loans and advances to customers	2,779,027	2,639,797
- Due from banks	810,494	532,377
- Other financial assets	149,568	143,301
Financial assets measured through other comprehensive income		
- Investment in securities	392,150	-
Off balance sheet exposures	599,927	459,001

3.2.8 Concentration of Risks of Financial Assets with Credit Risk Exposure

The Group monitors concentrations of credit risk by geographical location and by industry sector. An analysis of concentrations of credit risk at 31 December 2021 and 31 December 2020 respectively is set out below:

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region at 31 December 2021 and 31 December 2020 respectively. For this table, the Group has allocated exposures to regions based on the regions the counterparties are domiciled. Other financial assets included in the table below represents other assets excluding prepayment.

3. Risk management (continued)

In millions of Naira	Group			Bank		
31 December 2021	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Nigeria**	**Rest of Africa**	**Outside Africa**
Balances with central bank	1,341,768	62,518	-	1,341,767	-	-
Treasury bills	1,671,640	93,305	-	1,577,647	-	-
Assets pledged as collateral	357,000	35,594	-	357,000	-	-
Due from other banks	-	49,158	642,086	-	7,663	510,390
Investment securities	460,456	239,155	518,541	390,917	513	-
Derivative instruments	55,223	698	266	55,223	1,437	816
Other financial assets	115,095	15,049	18,677	115,333	1,178	18,283
Total	**4,001,182**	**495,477**	**1,179,570**	**3,837,887**	**10,791**	**529,489**
Financial Guarantees						
Usance	195,354	-	-	195,354	-	-
Letters of credit	493,180	59,574	1,732	398,605	-	-
Performance bond and guarantees	343,238	17,239	4,155	335,833	-	-
Total	**1,031,772**	**76,813**	**5,887**	**929,792**	**-**	**-**

In millions of Naira	Group			Bank		
31 December 2020	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Nigeria**	**Rest of Africa**	**Outside Africa**
Balances with central bank	1,487,224	-	-	1,436,411	-	-
Treasury bills	1,409,564	168,311	-	1,393,421	-	-
Assets pledged as collateral	298,530	-	-	298,530	-	-
Due from other banks	3,000	55,224	752,270	3,000	-	529,377
Investment securities	492,967	45,517	378,457	253,151	-	-
Derivative instruments	41,220	2,917	359	41,220	150	359
Other financial assets	142,251	7,154	163	143,301	-	-
Total	**3,874,756**	**279,123**	**1,131,249**	**3,569,034**	**150**	**529,736**
Financial Guarantees						
Usance	49,569	-	1,201	49,569	-	-
Letters of credit	84,183	39,301	49,421	84,183	-	-
Performance bond and guarantees	325,249	33,677	17,326	325,249	-	-
Total	**459,001**	**72,978**	**67,948**	**459,001**	**-**	**-**

Gross loans and advances to customers and the impairment allowance per geographical region as at 31 December 2021

Carrying amounts presented in the table below is determined as gross loans less impairment allowances.

31 December 2021

	Group			Bank		
	Loans and advances to customers			Loans and advances to customers		
	Gross loans	**Impairment Allowance**	**Carrying amount**	**Gross loans**	**Impairment Allowance**	**Carrying amount**
South South Nigeria	366,246	6,774	359,515	366,246	6,774	359,472
South West Nigeria	2,445,088	126,734	2,357,697	2,444,975	126,733	2,318,242
South East Nigeria	128,638	1,279	127,478	128,638	1,279	127,359
North Central Nigeria	111,570	2,740	109,177	111,570	2,740	108,830
North West Nigeria	75,430	453	74,977	75,430	453	74,977
North East Nigeria	151,683	763	110,571	111,114	542	110,572
Rest of Africa	121,152	6,016	115,622	-	-	-
Outside Africa	102,071	1,391	100,691	-	-	-
	3,501,878	**146,150**	**3,355,728**	**3,237,973**	**138,521**	**3,099,452**

3. Risk management (continued)

31 December 2020

	Group			Bank		
	Loans and advances to customers			Loans and advances to customers		
	Gross loans	Impairment Allowance	Carrying amount	Gross loans	Impairment Allowance	Carrying amount
South South Nigeria	268,738	7,657	261,081	266,283	7,571	258,712
South West Nigeria	2,166,507	121,783	2,044,724	2,129,935	121,056	2,008,879
South East Nigeria	104,223	918	103,305	104,223	918	103,305
North Central Nigeria	103,101	2,737	100,364	103,101	2,737	100,364
North West Nigeria	54,352	283	54,069	54,352	283	54,069
North East Nigeria	114,769	300	114,469	114,769	301	114,468
Rest of Africa	78,056	5,399	72,657	-	-	-
Outside Africa	29,596	1,238	28,358	-	-	-
	2,919,342	**140,315**	**2,779,027**	**2,772,663**	**132,866**	**2,639,797**

(b) Industry sectors

Gross loans and advances to customers per industry sector as at 31 December 2021

Carrying amounts presented in the table below are determined as gross loans less impairment allowances.

31 December 2021 **In millions of Naira**	Group			Bank		
	Loans and advances to customers			Loans and advances to customers		
	Gross loans	Impairment allowance	Carrying amount	Gross loans	Impairment allowance	Carrying amount
Agriculture	227,237	8,931	**218,306**	212,587	8,571	**204,016**
Oil and gas	782,412	55,273	**727,139**	756,936	54,418	**702,518**
Consumer Credit	199,129	15,124	**184,005**	170,239	13,064	**157,175**
Manufacturing	848,478	5,408	**843,070**	826,275	5,035	**821,240**
Real estate and construction	109,143	1,668	**107,475**	105,760	1,580	**104,180**
Finance and insurance	5,996	158	**5,838**	8,562	83	**8,479**
Government	509,021	2,375	**506,646**	472,151	1,597	**470,554**
Power	67,132	4,830	**62,302**	66,649	4,825	**61,824**
Transportation	176,747	1,236	**175,511**	162,688	990	**161,698**
Communication	59,111	22,410	**36,701**	52,126	22,316	**29,810**
Education	11,542	136	**11,406**	10,579	133	**10,446**
General Commerce	505,930	28,601	**477,329**	393,421	25,909	**367,512**
	3,501,878	**146,150**	**3,355,728**	**3,237,973**	**138,521**	**3,099,452**

3. Risk management (continued)

31 December 2020
In millions of Naira

	Group			Bank		
	Loans and advances to customers			Loans and advances to customers		
	Gross loans	Impairment allowance.	Carrying amount	Gross loans	Impairment allowance	Carrying amount
Agriculture	182,127	3,193	**178,934**	182,103	3,194	**178,909**
Oil and gas	731,517	50,834	**680,683**	720,496	50,445	**670,051**
Consumer Credit	123,593	11,930	**111,663**	121,022	11,842	**109,180**
Manufacturing	620,311	3,947	**616,364**	593,266	3,008	**590,258**
Real estate and construction	126,580	4,837	**121,743**	113,408	4,783	**108,625**
Finance and Insurance	10,708	1,766	**8,942**	4,887	204	**4,683**
Government	432,765	2,932	**429,833**	416,648	72	**416,576**
Power	72,633	28,271	**44,362**	72,633	28,271	**44,362**
Transportation	169,301	5,600	**163,701**	168,340	5,566	**162,774**
Communication	120,095	19,322	**100,773**	112,619	19,301	**93,318**
Education	11,252	926	**10,326**	11,253	926	**10,327**
General Commerce	318,460	6,757	**311,703**	255,988	5,254	**250,734**
	2,919,342	**140,315**	**2,779,027**	**2,772,663**	**132,866**	**2,639,797**

Group

Financial assets excluding loans and advances per industry sector as at December 31, 2021

31 December 2021

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
Government	1,404,285	1,765,760	392,792	-	1,148,302	56,187	10,274
Manufacturing	-	-	-	-	16,771	-	**-**
Finance and Insurance	-	-	-	691,968	17,208	-	148,472
Communication	-	-	-	-	39,637	-	-
Gross amount	**1,404,285**	**1,765,760**	**392,792**	691,968	**1,221,918**	**56,187**	**158,746**
Impairment allowance	-	(815)	(198)	(724)	(3,766)	-	(9,925)
Carrying amount	**1,404,285**	**1,764,945**	**392,594**	**691,244**	**1,218,152**	**56,187**	**148,821**

Financial assets excluding loans and advances per industry sector as at December 31, 2020

December 31, 2020

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
Government	1,487,224	1,579,450	298,885	-	987,929	39,875	-
Manufacturing	-	-	-	**-**	9,760	1,079	**-**
Finance and Insurance	-	-	-	810,552	-	3,542	**151,709**
Gross amount	**1,487,224**	**1,579,450**	**298,885**	**810,552**	**997,689**	**44,496**	**151,709**
Impairment allowance	-	(1,575)	(355)	(58)	(773)	-	(2,141)
Carrying amount	**1,487,224**	**1,577,875**	**298,530**	**810,494**	**996,916**	**44,496**	**149,568**

3. Risk management (continued)

Bank

Financial assets excluding loans and advances per industry sector as at December 31, 2021

31 December 2021

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
Government	1,341,767	1,578,042	357,198	-	321,262	57,476	10,274
Manufacturing	-	-	-	-	15,512	-	-
Finance and Insurance	-	-	-	518,111	15,685	-	134,355
Communication	-	-	-	-	39,637	-	-
Gross amount	**1,341,767**	**1,578,042**	**357,198**	**518,111**	**392,096**	**57,476**	**144,629**
Impairment allowance	-	(395)	(198)	(58)	(666)	-	(9,835)
Carrying amount	**1,341,767**	**1,577,647**	**357,000**	**518,053**	**391,430**	**57,476**	**134,794**

Financial assets excluding loans and advances per industry sector as at December 31, 2020

December 31, 2020

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
Government	1,436,411	1,394,097	298,885	-	333,881	39,875	-
Manufacturing	-	-	-	-	-	1,079	-
Finance and Insurance	-	-	-	532,435	-	775	145,347
Gross amount	**1,436,411**	**1,394,097**	**298,885**	**532,435**	**333,881**	**41,729**	**145,347**
Impairment allowance	-	(676)	(355)	(58)	(755)	-	(2,046)
Carrying amount	**1,436,411**	**1,393,421**	**298,530**	**532,377**	**333,126**	**41,729**	**143,301**

3.2.9 Credit quality analysis

Group
31 December 2021

Credit rating: All financial assets with credit exposure excluding loans and advances

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA to A	1,404,285	1,765,760	392,792	263,051	856,410	56,187	90,351
BBB to BB	-	-	-	84,147	175,600	-	38,530
CCC to C	-	-	-	1,055	5,487	-	-
Unrated	-	-	-	343,715	184,421	-	29,865
Gross amount	**1,404,285**	**1,765,760**	**392,792**	**691,968**	**1,221,918**	**56,187**	**158,746**
ECL - impairment	-	(815)	(198)	(724)	(3,766)	-	(9,925)
Carrying amount	**1,404,285**	**1,764,945**	**392,594**	**691,244**	**1,218,152**	**56,187**	**148,821**

3. Risk management (continued)

	Loans and Advances					
	Term loans	**Overdraft**	**Onlending**	**Total**		
12 months ECL	1,771,887	326,517	501,946	2,600,350		
Lifetime ECL not credit impaired	686,225	30,808	37,674	754,707		
Lifetime ECL credit impaired	64,166	82,134	521	146,821		
Gross loans and advances	**2,522,278**	**439,459**	**540,141**	**3,501,878**		
Less allowances for impairment						
12 - months ECL	12,942	3,642	5,222	21,806	-	-
Lifetime ECL not credit impaired	26,239	542	257	27,038		
Lifetime ECL credit impaired	38,306	58,992	8	97,306		
Total allowances for impairment	**77,487**	**63,176**	**5,487**	**146,150**		
Net loans and advances	**2,444,791**	**376,283**	**534,654**	**3,355,728**		

	Loans and advances			
	Term loans	**Overdraft**	**Onlending**	**Total**
A	658,120	56,707	170,443	885,270
AA	218,817	150,950	77,029	446,796
BB	634,892	7,654	4,841	647,387
BBB	850,174	126,942	287,309	1,264,425
C	12,084	25,526	485	38,095
CC	1,546	1,971	-	3,517
CCC	35,575	21,168	-	56,743
Below C	18,013	28,598	34	46,645
Unrated	93,057	19,943	-	113,000
Gross amount	**2,522,278**	**439,459**	**540,141**	**3,501,878**
ECL-Impairment	(77,487)	(63,176)	(5,487)	(146,150)
Carrying amount	**2,444,791**	**376,283**	**534,654**	**3,355,728**

Bank

31 December 2021

Credit rating: All financial assets with credit exposure excluding loans and advances

In millions of naira

	Balances with central bank	**Treasury bills**	**Assets pledged as collateral**	**Due from other banks**	**Investment securities**	**Derivative instruments**	**Other financial assets**
AAA to A	1,341,767	1,578,042	357,198	228,273	367,261	57,476	90,349
BBB to BB	-	-	-	286,175	24,835	-	38,529
CCC to C	-	-	-	1,056	-	-	**-**
Unrated	-	-	-	2,607	-	-	15,751
Gross amount	**1,341,767**	**1,578,042**	**357,198**	**518,111**	**392,096**	**57,476**	**144,629**
ECL - impairment	-	(395)	(198)	(58)	(666)	-	(9,835)
Carrying amount	**1,341,767**	**1,577,647**	**357,000**	**518,053**	**391,430**	**57,476**	**134,794**

3. Risk management (continued)

	Loans and Advances					
	Term loans	**Overdraft**	**Onlending**	**Total**		
12 months ECL	1,529,907	311,567	501,946	2,343,420		
Lifetime ECL not credit impaired	684,547	30,419	37,674	752,640		
Lifetime ECL credit impaired	64,159	77,233	521	141,913		
Gross loans and advances	**2,278,613**	**419,219**	**540,141**	**3,237,973**		
Less allowances for impairment						
12 - months ECL	9,312	3,000	5,221	17,533	-	-
Lifetime ECL not credit impaired	25,942	474	257	26,673		
Lifetime ECL credit impaired	38,303	56,004	8	94,315		
Total allowances for impairment	**73,557**	**59,478**	**5,486**	**138,521**		
Net loans and advances	**2,205,056**	**359,741**	**534,655**	**3,099,452**		

	Loans and advances			
	Term loan	**Overdraft**	**Onlending**	**Total**
A	687,816	56,707	170,443	914,966
AA	218,817	150,950	77,029	446,796
BB	634,892	7,654	4,841	647,387
BBB	672,929	126,676	287,309	1,086,914
C	12,084	25,526	485	38,095
CC	1,546	1,971	-	3,517
CCC	32,523	21,168	-	53,691
Below C	18,006	28,567	34	46,607
Gross amount	2,278,613	419,219	540,141	3,237,973
ECL-Impairment	(73,557)	(59,478)	(5,486)	(138,521)
Carrying amount	2,205,056	359,741	534,655	3,099,452

Group

31 December 2020

Credit rating - 12 month ECL: All financial assets excluding loans and advances

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA to A	1,487,224	1,579,450	298,885	810,552	888,934	44,496	-
BBB to BB	-	-	-	-	28,780	-	-
Unrated	-	-	-	-	-	-	151,709
Gross amount	**1,487,224**	**1,579,450**	**298,885**	**810,552**	**917,714**	**44,496**	**151,709**
ECL - impairment	-	(1,575)	(355)	(58)	(773)	-	(2,141)
Carrying amount	**1,487,224**	**1,577,875**	**298,530**	**810,494**	**916,941**	**44,496**	**149,568**

3. Risk management (continued)

In millions of Naira	Loans and Advances					
	Term loans	Overdraft	Others	Total		
12 months ECL	1,475,417	154,570	523,592	2,153,579		
Lifetime ECL not credit impaired	539,960	34,377	4,200	578,537		
Lifetime ECL credit impaired	127,351	59,056	819	187,226		
Gross loans and advances	**2,142,728**	**248,003**	**528,611**	**2,919,342**		
Less allowances for impairment						
12 - months ECL	16,421	2,571	4,408	23,400	-	-
Lifetime ECL not credit impaired	7,217	1,448	38	8,703		
Lifetime ECL credit impaired	85,937	22,264	11	108,212		
Total allowances for impairment	**109,575**	**26,283**	**4,457**	**140,315**		
Net loans and advances	**2,033,153**	**221,720**	**524,154**	**2,779,027**		

Credit rating for loans and advances with 12 month ECL

	Loans and advances			
	Term loan	Overdraft	Onlending	Total
A	553,775	64,103	97,980	715,858
AA	257,072	31,287	63,897	352,256
BB	73	12	-	85
BBB	536,511	45,593	361,715	943,819
Below C	127,986	13,575	-	141,561
Gross amount	**1,475,417**	**154,570**	**523,592**	**2,153,579**
ECL-Impairment	(16,421)	(2,571)	(4,408)	(23,400)
Carrying amount	**1,458,996**	**151,999**	**519,184**	**2,130,179**

Bank

31 December 2020

Credit rating - 12 month ECL: All financial assets excluding loans and advances

In millions of naira

	Balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA	1,436,411	1,394,097	298,885	532,435	242,091	41,729	-
BBB to BB	-	-	-	-	11,815	-	-
Unrated	-	-	-	-	-	-	145,347
Gross amount	**1,436,411**	**1,394,097**	**298,885**	**532,435**	**253,906**	**41,729**	**145,347**
ECL - impairment	-	(676)	(355)	(58)	(755)	-	(2,046)
Carrying amount	**1,436,411**	**1,393,421**	**298,530**	**532,377**	**253,151**	**41,729**	**143,301**

3. Risk management (continued)

In millions of Naira	**Loans and Advances**					
	Term loans	**Overdraft**	**Onlending**	**Total**		
12 months ECL	1,347,431	140,977	523,592	2,012,000		
Lifetime ECL not credit impaired	539,977	34,304	4,200	578,481		
Lifetime ECL credit impaired	126,356	55,007	819	182,182		
Gross loans and advances	**2,013,764**	**230,288**	**528,611**	**2,772,663**		
Less allowances for impairment						
12 - months ECL	10,393	2,130	4,408	16,931	-	-
Lifetime ECL not credit impaired	7,217	1,447	38	8,702		
Lifetime ECL credit impaired	85,902	21,320	11	107,233		
Total allowances for impairment	**103,512**	**24,897**	**4,457**	**132,866**		
Net loans and advances	**1,910,252**	**205,391**	**524,154**	**2,639,797**		

Credit rating for loans and advances with 12 month ECL

	Loans and advances			
	Term loan	**Overdraft**	**Onlending**	**Total**
A	553,775	64,085	97,980	715,840
AA	257,072	31,287	63,897	352,256
BB	73	12	-	85
BBB	536,511	45,593	361,715	943,819
Gross amount	**1,347,431**	**140,977**	**523,592**	**2,012,000**
ECL-Impairment	(10,393)	(2,130)	(4,408)	(16,931)
Carrying amount	**1,337,038**	**138,847**	**519,184**	**1,995,069**

3.2.10 Amounts Arising from ECL

For inputs, assumptions and techniques used for estimating impairment see accounting policy in note 2.7

3.2.11 Amounts arising from ECL

Corporate exposures	**Retail exposures**	**All exposures**
– Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes – Data from credit reference agencies, press articles, changes in external credit ratings – Quoted bond and credit default swap (CDS) prices for the borrower where available – Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	– Internally collected data on customer behaviour – e.g. utilisation of credit card facilities – Affordability metrics – External data from credit reference agencies, including industry-standard credit scores	– Payment record – this includes overdue status as well as a range of variables about payment ratios – Utilisation of the granted limit – Requests for and granting of forbearance – Existing and forecast changes in business, financial and economic conditions

3. Risk management (continued)

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

3.2.12 Internal portfolio segmentation

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used. The credit risk grades are reviewed quarterly.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a ‘base case’ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

In determining the ECL for other assets, the Group applies the simplified model to estimate ECLs, adopting a provision matrix, where the receivables are grouped based on the nature of the transactions, aging of the balances and different historical loss patterns, to determine the lifetime ECLs. Receivables relate to amounts due for the povision of services to the Banks' customers. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

3.2.13 Significant increase in credit risk

Significant increase in credit risk

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The criteria for determining whether credit risk has increased significantly depends on quantitative, qualitative as well as backstop indicators. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group’s quantitative modelling, the credit rating is determined to have deteriorated since initial recognition by more than a predetermined range. This in turn increases the probability of default of these facilities as a lifetime ECL is now used in estimating ECL. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has experienced a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

3. Risk management (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Generally, facilities with loss allowances being measured as Life-time ECL not credit impaired (Stage 2) are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Life-time ECL not credit impaired (Stage 2) to 12-month ECL (Stage 1) while credit-impaired facilities (Stage 3) are monitored for a probationary period of 180 days before migration from Stage 3 to 12-month ECL (Stage 1).

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews (quarterly) to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

3.2.14 Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in the accounting policy.

The Group renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Group’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Board audit and compliance Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group’s forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group’s ability to collect interest and principal and the Group’s previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower’s payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

3.2.15 Definition of default

The Group considers a financial asset to be in default when;

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

3. Risk management (continued)

- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In assessing whether a borrower is in default, the Group considers indicators that are:

* qualitative - e.g. breaches of covenant;

* quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and

* based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory purposes except where there is regulatory waiver on specifically identified loans and advances.

3.2.16 Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for its financial assets and, using an analysis of historical data, has estimated relationships between macro-economic variables and sectorial historical loan performance. Some of the macroeconomic variables considered include Crude Oil price, Foreign Exchange rate, GDP growth rate, Inflation rate, Monetary policy rate and Crude production. However, from the statistical analysis of the various macroeconomic variables, the result infers that the key drivers vary across the different sectors. The macro economic variables used across the different sectors are as follows:

- Oil and gas portfolio- GDP growth rate, Exchange rate and Crude oil production.

- Public sector Portfolio - Government revenue, Unemployment rate and Inflation.

- Manufacturing sector Portfolio - Unemployment rate and GDP growth rate.

- Consumer Credit sector portfolio - Unemployment rate and exchange rate.

- Agriculture sector portfolio- Unemployment rate and GDP growth rate.

- Others - Unemployment rate and GDP growth rate.

The economic scenarios used as at 31 December 2021 included the following key indicators for Nigeria for the years ending 31 December 2022 to 2026.

	2022	**2023**	**2024**	**2025**	**2026**
GDP growth rate (%)	Base 2.8	Base 2.7	Base 3.1	Base 2.9	Base 2.8
Inflation rate forecast (%)	Base 12.6	Base 10	Base 9.5	Base 9.5	Base 9.5

3. Risk management (continued)

Unemployment rate (%)	Base 32	Base 32	Base 32	Base 32	Base 32
Exchange rate (NGN / USD)	Base 428	Base 437	Base 445	Base 452	Base 460
Crude oil production (Million Barrels per day-mbpd)	Base 1.88	Base 2.23	Base 2.22	Base 2.22	Base 2.22
Government Revenue (NGN trillions)	Base 16.219	Base 17.851	Base 19.776	Base 21.732	Base 24.435

Predicted relationships between the historical loan performance of the Bank's portfolio and the macroeconomic variables has been developed by analysing historical data over the past 5 years. The result of this analysis in addition to a 5 year forecast was used to determine the scalars used in adjusting ECL.

3.2.17 Measurement of ECL

The key inputs into the measurement of ECL of financial assets (treasury bills, assets pledged as collateral, due from other banks, loans and advances and investment securities) are the term structure of the following variables:

- probability of default (PD);

- loss given default (LGD)

- exposure at default (EAD)

ECL for exposures in stage 1 (12-months ECL) is calculated by multiplying the 12-months PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

These parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information as described above.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. The methodology of estimating PD is discussed in note 3.2.12.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discount.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

3. Risk management (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For overdrafts and revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type
- credit risk grading
- collateral type
- Past due information
- date of initial recognition
- remaining term to maturity
- industry
- geographic location of the borrower

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

3.2.18 Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2020 represent allowance account for credit losses and reflect measurement basis under IFRS 9.

Group

	31 December 2021	31 December 2020
In millions of naira	12-month ECL	12-month ECL
Treasury bills at amortised cost		
Balance at 1 January	1,575	563
Impairment Charge/(write back) (see note 8)	(781)	972
Foreign exchange and other movements	21	40
Closing balance	**815**	**1,575**
Gross amount	**941,538**	**880,957**

3. Risk management (continued)

In millions of naira	31 December 2021 12-month ECL	31 December 2021 Lifetime ECL not credit-impaired	31 December 2021 Lifetime ECL credit-impaired	31 December 2021 Total	31 December 2020 12-month ECL	31 December 2020 Lifetime ECL not credit-impaired	31 December 2020 Lifetime ECL credit-impaired	31 December 2020 Total
Off balance sheet exposure								
Balance at 1 January	1,591	20	3,221	4,832	5,538	-	-	5,538
Transfer to lifetime ECL not credit-impaired								
Transfer to lifetime ECL credit-impaired								
Impairment/(write back) (see note 8)	784	-	-	784	(3,947)	20	3,221	(706)
Foreign exchange and other movements	-			-				
Closing balance	**2,375**	**20**	**3,221**	**5,616**	**1,591**	**20**	**3,221**	**4,832**
Gross amount	**908,566**	**14,591**	**6,635**	**929,792**	**150,452**	**432,478**	**16,997**	**599,927**

In millions of naira	31 December 2021 12-month ECL	31 December 2020 12-month ECL
Assets pledged as collateral at amortised cost		
Balance at 1 January	355	69
Impairment Charge/(write back) (see note 8)	(158)	286
Foreign exchange and other movements	1	-
Closing Balance	**198**	**355**
Gross amount	**158,105**	**227,283**

In millions of naira	31 December 2021 12-month ECL	31 December 2021 Lifetime ECL not credit-impaired	31 December 2021 Lifetime ECL credit-impaired	31 December 2021 Total	31 December 2020 12-month ECL	31 December 2020 Lifetime ECL not credit-impaired	31 December 2020 Lifetime ECL credit-impaired	31 December 2020 Total
Loans and advances to customers at amortised cost								
Balance at 1 January	23,400	8,703	108,211	140,315	29,621	16,083	111,089	156,794
- Transfer to 12-month ECL	2,911	(1,309)	(1,602)	-	1,091	(250)	(841)	-
- Transfer to lifetime ECL not credit-impaired	(475)	28,546	(28,071)	-	(8,503)	8,949	(446)	-
- Transfer to lifetime ECL credit-impaired	(301)	(27,762)	28,063	-	152	3,847	(3,999)	-
Impairment Charge (see note 8)	137	17,854	30,882	48,873	1,039	(19,926)	56,326	37,439
Write-off	-	-	(42,508)	(42,508)	-	-	(53,808)	(53,808)
Foreign exchange and other movements	-	-	(530)	(530)	-	-	(110)	(110)
Closing balance	**25,672**	**26,032**	**94,445**	**146,150**	**23,400**	**8,703**	**108,211**	**140,315**
Gross amount	**2,600,350**	**754,707**	**146,821**	**3,501,878**	**2,153,579**	**578,537**	**187,226**	**2,919,342**

3. Risk management (continued)

In millions of naira	31 December 2021	31 December 2020
	12-month ECL	12-month ECL
Investment securities at amortised cost	-	-
Balance at 1 January	773	551
Impairment Charge/(write back) (see note 8)	2,993	217
Foreign exchange and other movements	-	5
Closing balance	**3,766**	**773**
Gross amount	**657,951**	**476,287**

In millions of naira	31 December 2021	31 December 2020
	Lifetime ECL	Lifetime ECL
Other financial assets	-	-
Balance at 1 January	2,141	777
Impairment Charge (see note 8)	7,781	1,366
Foreign exchange and other movements	3	(2)
Closing balance	**9,925**	**2,141**
Gross amount	**158,746**	**151,709**

In millions of naira	31 December 2021	31 December 2020
	12-month ECL	12-month ECL
Due from other banks		
Balance at 1 January	58	142
Impairment/(write back) (see note 8)	666	(83)
Foreign exchange and other movements	-	(1)
Closing balance	**724**	**58**
Gross amount	**691,968**	**810,552**

Bank

In millions of naira	31 December 2021	31 December 2020
	12-month ECL	12-month ECL
Treasury bills at ammortised cost		
Balance at 1 January	676	17
Impairment Charge/(write back) (see note 8)	(281)	659
Closing balance	**395**	**676**
Gross amount	**754,151**	**695,898**

3. Risk management (continued)

In millions of naira	31 December 2021 12-month ECL	31 December 2021 Lifetime ECL not credit-impaired	31 December 2021 Lifetime ECL credit-impaired	31 December 2021 Total	31 December 2020 12-month ECL	31 December 2020 Lifetime ECL not credit-impaired	31 December 2020 Lifetime ECL credit-impaired	31 December 2020 Total
Off balance sheet exposure								
Balance at 1 January	1,591	20	3,221	4,832	5,538	-	-	5,538
Impairment/(write back) (see note 8)	784	-	-	784	(3,947)	20	3,221	(706)
	-	-	-					
Closing balance	**2,375**	**20**	**3,221**	**5,616**	**1,591**	**20**	**3,221**	**4,832**
Gross amount	**908,566**	**14,591**	**6,635**	**929,792**	**459,001**	**432,478**	**16,997**	**908,476**

In millions of naira	31 December 2021 12-month ECL	31 December 2020 12-month ECL
Assets pledged as collateral at amortised cost		
Balance at 1 January	355	69
Impairment Charge/(write back) (see note 8)	(158)	286
Closing balance	**198**	**355**
Gross amount	**158,105**	**227,283**

In millions of naira	31 December 2021 12-month ECL	31 December 2021 Lifetime ECL not credit-impaired	31 December 2021 Lifetime ECL credit-impaired	31 December 2021 Total	31 December 2020 12-month ECL	31 December 2020 Lifetime ECL not credit-impaired	31 December 2020 Lifetime ECL credit-impaired	31 December 2020 Total
Loans and advances to customers at amortised cost								
Balance at 1 January	16,931	8,702	107,233	132,866	27,143	14,276	109,760	151,179
- Transfer to 12-month ECL	810	(509)	(301)	-	1,091	(250)	(841)	-
- Transfer to lifetime ECL not credit-impaired	(464)	28,226	(27,762)	-	(8,503)	8,949	(446)	-
- Transfer to lifetime ECL credit-impaired	(301)	(27,762)	28,063	-	152	3,847	(3,999)	-
Net remeasurement of loss allowances (see note 8)	602	17,971	29,784	48,357	(2,952)	(18,120)	56,566	35,494
Impairment Charge (see note 8)	-	-	-	-	-	-	-	-
Write-offs	-	-	(42,702)	(42,702)	-	-	(53,807)	(53,807)
Foreign exchange and other movements	-	-	-	-				
Closing balance	**17,578**	**26,628**	**94,315**	**138,521**	**16,931**	**8,702**	**107,233**	**132,866**
Gross amount	**2,343,420**	**752,640**	**141,913**	**3,237,973**	**2,012,000**	**578,481**	**182,182**	**2,772,663**

3. Risk management (continued)

In millions of naira	31 December 2021	31 December 2020
	Lifetime ECL	Lifetime ECL
Other financial assets	-	-
Balance at 1 January	2,046	720
Impairment Charge (see note 8)	7,789	1,326
Closing balance	**9,835**	**2,046**
Gross amount	**144,629**	**145,347**

In millions of naira	31 December 2021	31 December 2020
	12-month ECL	12-month ECL
Due from other Banks		
Balance at 1 January	58	142
Impairment/(write back) (see note 8)	-	(83)
Closing balance	**58**	**58**
Gross amount	**518,111**	**532,435**

In millions of naira	31 December 2021	31 December 2020
	12-month ECL	12-month ECL
Investment securities at amortised cost		
Balance at 1 January	755	538
Impairment Charge/(write back)(see note 8)	(90)	217
Closing balance	**666**	**755**
Gross amount	**380,199**	**208,973**

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

GROUP

In millions of naira	31 December 2021	31 December 2020
	Stage 1	**Stage 1**
	12-month ECL	12-month ECL
Treasury bills at amortised cost		
Gross carrying amount at 1 January	880,957	283,845
Transfers:		
Financial assets derecognised during the year other than write-offs	(2,054,917)	-
Changes in amortised cost value	111	597,112
New financial assets originated or purchased	2,115,387	-
Closing gross carrying amount	**941,538**	**880,957**

3. Risk management (continued)

In millions of naira	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total	31 December 2020 Stage 1 12-month ECL
Off balance sheet exposure					
Gross carrying amount at 1 January	599,927	-	-	599,927	754,469
Transfers:					
Transfer from stage 1 to stage 2	(14,591)	14,591	-	-	-
Transfer from stage 1 to stage 3	(6,635)	-	6,635	-	-
Financial assets derecognised during the year other than write-offs	(194,947)	-	-	(194,947)	(482,096)
New financial assets originated or purchased	709,492	-	-	709,492	327,554
Closing gross carrying amount	**1,093,246**	**14,591**	**6,635**	**1,114,472**	**599,927**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Assets pledged as collateral at amortised cost		
Gross carrying amount at 1 January	227,283	316,276
Transfers:		
Financial assets derecognised during the year other than write-offs	(122,884)	(88,993)
Changes in amortised cost value	(535)	-
New financial assets originated or purchased	54,241	-
Closing gross carrying amount	**158,105**	**227,283**

3. Risk management (continued)

In millions of naira	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total	31 December 2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loans and advances to customers at amortised cost								
Gross carrying amount at 1 January	2,160,991	570,746	187,605	2,919,342	2,113,588	180,754	168,017	2,462,359
Transfers:								
Transfer from stage 1 to stage 2	(66,388)	66,388	-	-	(359,012)	359,012	-	-
Transfer from stage 1 to stage 3	(17,593)	-	17,593	-	(7,026)	-	7,026	-
Transfer from stage 2 to stage 3	-	(39,210)	39,210	-	-	(28,108)	28,108	-
Transfer from stage 2 to stage 1	23,742	(23,742)	-	-	5,927	(5,927)	-	-
Transfer from stage 3 to stage 1	7,218	-	(7,218)	-	1,454	-	(1,454)	-
Transfer from stage 3 to stage 2	-	37,703	(37,703)	-	-	710	(710)	-
Financial assets derecognised during the period other than write-offs	(937,772)	(19,235)	(15,076)	(972,083)	-	-	(55,024)	(55,024)
New financial assets originated or purchased	1,430,151	162,058	-	1,592,209	406,060	64,305	-	470,365
Write-offs	-	-	(37,590)	(37,590)	-	-	(53,807)	(53,807)
Foreign exchange and other movements	-	-	-	-	-	-	95,449	95,449
Closing gross carrying amount	**2,600,349**	**754,708**	**146,821**	**3,501,878**	**2,160,991**	**570,746**	**187,605**	**2,919,342**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Investment securities at amortised cost		
Gross carrying amount at 1 January	476,287	234,857
Transfers:		
Financial assets derecognised during the year other than write-offs	(154,128)	-
Changes in amortised cost value	34,940	212,941
New financial assets originated or purchased	300,852	-
Foreign exchange and other movements	-	28,489
Closing gross carrying amount	**657,951**	**476,287**

3. Risk management (continued)

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Other financial assets		
Gross carrying amount at 1 January	151,709	64,541
Transfers:		
New financial assets originated or purchased	7,037	81,295
Foreign exchange and other movements	-	5,873
Closing gross carrying amount	**158,746**	**151,709**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Due from other banks		
Gross carrying amount at 1 January	810,552	707,245
Transfers:		
Financial assets derecognised during the year other than write-offs	(118,584)	-
New financial assets originated or purchased	-	49,776
Foreign exchange and other movements	-	53,531
Closing gross carrying amount	**691,968**	**810,552**

BANK

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Treasury bills at amortised cost		
Gross carrying amount at 1 January	695,898	114,352
Transfers:		
Financial assets derecognised during the year other than write-offs	(1,990,231)	-
Changes in amortised cost value	63	581,546
New financial assets originated or purchased	2,048,421	-
Closing gross carrying amount	**754,151**	**695,898**

3. Risk management (continued)

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2021 Stage 2 Lifetime ECL not credit-impaired	31 December 2021 Stage 3 Lifetime ECL credit-impaired	31 December 2021 Total	31 December 2020 Stage 1 12-month ECL
Off balance sheet exposure					
Gross carrying amount at 1 January	459,001	-	-	459,001	754,469
Transfers:					
Transfer from stage 1 to stage 2	(14,591)	14,591	-	-	-
Transfer from stage 1 to stage 3	(6,635)	-	6,635	-	-
Financial assets derecognised during the year other than write-offs	-	-	-	-	(482,096)
New financial assets originated or purchased	470,791	-	-	470,791	186,628
Closing gross carrying amount	**908,566**	**14,591**	**6,635**	**929,792**	**459,001**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Assets pledged as collateral at amortised cost		
Gross carrying amount at 1 January	227,283	316,276
Transfers:		
Financial assets derecognised during the year other than write-offs	(122,884)	(88,993)
Changes in amortised cost value	(535)	-
New financial assets originated or purchased	54,241	-
Closing gross carrying amount	**158,105**	**227,283**

3. Risk management (continued)

In millions of naira	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total	31 December 2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Loans and advances to customers at amortised cost								
Gross carrying amount at 1 January	2,012,000	578,481	182,182	2,772,663	2,052,919	176,053	161,679	2,390,651
Transfers:								
Transfer from stage 1 to stage 2	(53,296)	53,296	-	-	(359,012)	359,012	-	-
Transfer from stage 1 to stage 3	(8,904)	-	8,904	-	(7,026)	-	7,026	-
Transfer from stage 2 to stage 3	-	(29,193)	29,193	-	-	(28,108)	28,108	-
Transfer from stage 3 to stage 2	-	37,703	(37,703)	-	-	710	(710)	-
Transfer from stage 2 to stage 1	6,866	(6,866)	-	-	5,927	(5,927)	-	-
Transfer from stage stage 3 to stage 1	3,179	-	(3,179)	-	1,454	-	(1,454)	-
New financial assets originated or purchased	1,168,387	138,454	-	1,306,841	317,738	23,541	41,340	382,619
Financial assets derecognised during the year other than write-offs	(784,811)	(19,235)	-	(804,046)	-	-	-	-
Write-offs	-	-	(37,485)	(37,485)	-	-	(53,807)	(53,807)
Foreign exchange and other movements	-	-	-	-	-	53,200	-	53,200
Closing gross carrying amount	**2,343,421**	**752,640**	**141,912**	**3,237,973**	**2,012,000**	**578,481**	**182,182**	**2,772,663**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Investment securities at amortised cost		
Gross carrying amount at 1 January	208,973	113,959
Transfers:		
Changes in amortised cost value	-	94,546
New financial assets originated or purchased	171,226	-
Foreign exchange and other movements	-	468
Closing gross carrying amount	**380,199**	**208,973**

In millions of naira	31 December 2021 Stage 1 12-month ECL	31 December 2020 Stage 1 12-month ECL
Other financial assets		
Gross carrying amount at 1 January	145,347	61,973
Transfers:		
New financial assets originated or purchased	(718)	83,374
Closing gross carrying amount	**144,629**	**145,347**

3. Risk management (continued)

In millions of naira	31 December 2021	31 December 2020
	Stage 1	**Stage 1**
	12-month ECL	12-month ECL
Due from other banks		
Gross carrying amount at 1 January	532,435	482,212
Transfers:		
Financial assets derecognised during the year other than write-offs	(14,324)	-
New financial assets originated or purchased	-	3,198
Foreign exchange and other movements	-	47,025
Closing gross carrying amount	**518,111**	**532,435**

3. Risk management (continued)

Summary of loss allowance by class of financial instruments also showing ECL coverage ratio as at 31 December 2021 .

Group

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
Financial Statement Items	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total
In millions of Naira									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	158,105	-	-	158,105	198	-	-	198	0.13	-	-	0.13
Treasury bills	941,538	-	-	941,538	815	-	-	815	0.09	-	-	0.09
Loans and advances to customers at amortised cost	2,600,350	754,707	146,821	3,501,878	25,672	26,032	94,445	146,149	0.99	3.45	64.33	4.17
Debt investment securities at amortised cost	657,951	-	-	657,951	3,766	-	-	3,766	0.57	-	-	0.57
Other financial assets measured at amortised cost*	-	158,746	-	158,746	-	9,925	-	9,925	-	6.25	-	6.25
Due from other Banks	691,968	-	-	691,968	724	-	-	724	0.10	-	-	0.10
Subtotal	5,049,912	913,453	146,821	6,110,186	31,175	35,957	94,445	161,577	0.62	3.94	64.33	2.64
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	546,957	7,503	25	554,485	1,470	3	-	1,473	0.27	-	-	0.27
Usance	188,345	5,378	1,632	195,355	1,253	-	1,632	2,885	0.67	-	100.00	1.48
Financial guarantee and similar contracts												
Performance bonds and guarantees	357,944	1,710	4,978	364,632	24	-	19	43	0.01	-	0.38	0.01
Undrawn overdraft balance	125,944	10,045	1,941	137,930	807	116	292	1,215	0.64	1.15	15.04	0.88
Subtotal	1,219,190	24,636	8,576	1,252,402	3,554	119	1,943	5,616	0.29	0.48	22.66	0.45
Total	**6,269,102**	**938,089**	**155,397**	**7,362,588**	**34,729**	**36,076**	**96,388**	**167,193**	**0.55**	**3.85**	**62.03**	**2.27**

* The Group adopted the simplified approach in estimating the ECL for other financial asset. Under this approach, all ECL allowance are lifetime ECL.

3. Risk management (continued)

Bank

Financial Statement Items	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2/ Lifetime ECL	Stage 3	Total
In millions of Naira									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	158,105	-	-	158,105	198	-	-	198	0.13	-	-	0.13
Treasury bills	754,151	-	-	754,151	395	-	-	395	0.05	-	-	0.05
Loans and advances to customers at amortised cost	2,343,420	752,640	141,913	3,237,973	17,534	26,673	94,315	138,522	0.75	3.54	66.46	4.28
Debt investment securities at amortised cost	380,199	-	-	380,199	666	-	-	666	0.18	-	-	0.18
Other financial assets measured at amortised cost*	-	144,629	-	144,629	-	9,835	-	9,835	-	6.80	-	6.80
Due from other banks	518,111	-	-	518,111	58	-	-	58	0.01	-	-	0.01
Subtotal	4,153,986	897,269	141,913	5,193,168	18,851	36,508	94,315	149,674	0.45	4.07	66.46	2.88
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	391,076	7,503	25	398,604	1,470	3	-	1,473	0.38	0.04	-	0.37
Usance	188,345	5,378	1,631	195,354	1,253	-	1,632	2,885	0.67	-	100.06	1.48
Performance bonds and guarantees	329,145	1,710	4,978	335,833	24	-	19	43	0.01	-	0.38	0.01
Undrawn overdraft balance	125,944	10,045	1,941	137,930	807	116	292	1,215	0.64	1.15	15.04	0.88
Subtotal	1,034,510	24,636	8,575	1,067,721	3,554	119	1,943	5,616	0.34	0.48	22.66	0.53
Total	**5,188,496**	**921,905**	**150,488**	**6,260,889**	**22,405**	**36,627**	**96,258**	**155,290**	**0.43**	**3.97**	**63.96**	**2.48**

* The Group adopted the simplified approach in estimating the ECL for other financial asset. Under this approach, all ECL allowance are lifetime ECL.

3. Risk management (continued)

Summary of loss allowance by class of financial instruments also showing ECL coverage ratio as at 31 December 2020 .

Group

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
Financial Statement Items	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total
In millions of Naira									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	227,283	-	-	227,283	355	-	-	355	0.16	-	-	0.16
Treasury bills	880,957	-	-	880,957	1,575	-	-	1,575	0.18	-	-	0.18
Loans and advances to customers at amortised cost	2,153,579	578,537	187,226	2,919,342	23,400	8,703	108,211	140,314	1.09	1.50	57.80	4.81
Debt investment securities at amortised cost	476,287	-	-	476,287	773	-	-	773	0.16	-	-	0.16
Other financial assets measured at amortised cost*	-	151,709	-	151,709	-	2,141	-	2,141	-	1.41	-	1.41
Due from other Banks	810,552	-	-	810,552	58	-	-	58	0.01	-	-	0.01
Subtotal	4,548,658	730,246	187,226	5,466,130	26,161	10,844	108,211	145,216	0.58	1.48	57.80	2.66
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	167,960	2,738	2,207	172,905	412	12	1,985	2,409	0.25	-	-	1.39
Usance	47,859	1,612	1,299	50,770	241	8	1,169	1,418	0.50	0.50	-	2.79
Financial guarantee and similar contracts												
Performance bonds and guarantees	357,584	12,647	6,021	376,252	10	-	21	31	-	-	-	0.01
Undrawn overdraft balance	145,202	1,326	2,077	148,605	928	-	46	974	0.64	-	-	0.66
Subtotal	718,605	18,323	11,604	748,532	1,591	20	3,221	4,832	0.22	0.11	27.76	0.65
Total	**5,267,263**	**748,569**	**198,830**	**6,214,662**	**27,752**	**10,864**	**111,432**	**150,048**	**0.53**	**1.45**	**56.04**	**2.41**

* The Group adopted the simplified approach in estimating the ECL for other financial asset. Under this approach, all ECL allowance are lifetime ECL.

3. Risk management (continued)

Bank

Financial Statement Items	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total	Stage 1	Stage 2 / Lifetime ECL	Stage 3	Total
In millions of Naira									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	227,283	-	-	227,283	355	-	-	355	0.16	-	-	0.16
Treasury bills	695,898	-	-	695,898	676	-	-	676	0.10	-	-	0.10
Loans and advances to customers at amortised cost	2,012,000	578,481	182,182	2,772,663	16,931	8,702	107,233	132,866	0.84	1.50	58.86	4.79
Debt investment securities at amortised cost	208,973	-	-	208,973	755	-	-	755	0.36	-	-	0.36
Other financial assets measured at amortised cost*	-	145,347	-	145,347	-	9,835	-	9,835	-	6.77	-	6.77
Due from other banks	532,435	-	-	532,435	58	-	-	58	0.01	-	-	0.01
Subtotal	3,676,589	723,828	182,182	4,582,599	18,775	18,537	107,233	144,545	0.51	2.56	58.86	3.15
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	79,238	2,738	2,207	84,183	412	12	1,985	2,409	0.52	-	-	2.86
Usance	46,658	1,612	1,299	49,569	241	8	1,169	1,418	0.52	0.50	-	2.86
Performance bonds and guarantees	306,581	12,647	6,021	325,249	10	-	21	31	-	-	-	0.01
Undrawn overdraft balance	145,202	1,326	2,077	148,605	928	-	46	974	0.64	-	-	0.66
Subtotal	577,679	18,323	11,604	607,606	1,591	20	3,221	4,832	0.28	0.11	27.76	0.80
Total	**4,254,268**	**742,151**	**193,786**	**5,190,205**	**20,366**	**18,557**	**110,454**	**149,377**	**0.48**	**2.50**	**57.00**	**2.88**

* The Group adopted the simplified approach in estimating the ECL for other financial asset. Under this approach, all ECL allowance are lifetime ECL.

3. Risk management (continued)

3.2.19 Restructuring policy

Loans with renegotiated terms are loans that have been restructured because the Group has made concessions by agreeing to terms and conditions that are more favorable for the customer than these provided by the Group initially. The Group implements restructuring policy in order to maximize collections opportunities and minimize the risk of default.

The Group’s credit committee may, from time to time, grant approval for restructuring of certain facilities due to the following reasons:

a. Where the execution of the loan purpose and the repayment are no longer realistic in light of new cash flows;

b. To avoid unintended default arising from adverse business conditions;

c. To align loan repayment with new pattern of achievable cash flows;

d. Where there is proven cost over runs that may significantly impair the project repayment capacity;

e. Where there is temporary downturn in the customer’s business environment;

f. Where the customer’s going concern status is NOT in doubt or threatened; and

g. The revised terms of restructured facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement.

3.3 Market risk

Market risk is the risk of potential losses in both on- and off-balance sheet positions arising from movements in market prices. Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities.

The Group undertakes activities which give rise to some level of market risks exposures. The objective of market risk management activities is to continuously identify, manage and control market risk exposure within acceptable parameters, while optimizing the return on risks taken.

3.3.1 Management of market risk

The Group has an independent Market Risk Management unit which assesses, monitors, manages and reports on market risk taking activities across the Group. The Group enhances its Market Risk Management Framework on a continuous basis. The operations of the unit is guided by the mission of "inculcating enduring market risk management values and culture, with a view to reducing the risk of losses associated with market risk-taking activities, and optimizing risk-reward trade-off.”

The Group's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Group and ensure that:

a. The individuals who take or manage risk clearly understand it;

b. The Group's risk exposure is within established limits;

c. Risk taking decisions are in line with business strategy and objectives set by the Board of Directors;

d. The expected payoffs compensate for the risks taken; and

e. Sufficient capital, as a buffer, is available to take risk.

The Group proactively manages its market risk exposures in both the trading and non-trading books within the acceptable levels.

The Group's market risks exposures are broadly categorised into:

3. Risk management (continued)

(i) Trading Market Risks - These are risks that arise primarily through trading activities and market making activities. These activities include position-taking in foreign exchange and fixed income securities (Bonds and Treasury Bills).

(ii) Non Trading Market Risks -These are risks that arise from assets and liabilities that are usually on the books for a longer period of time, but where the intrinsic value is a function of the movement of financial market parameter.

The Naira exchange rate continues to be an important influence on consumer prices and output recovery. Stability in the naira exchange rate has been sustained for most part of the year through appropriate policies and reforms of the exchange rate market; There has also been some form of convergence in the various markets.

'In millions of Naira
Group

		At 31 December 2021			At 31 December 2020		
	Note	Carrying amount	Trading	Non-trading	Carrying amount	Trading	Non-trading
Assets							
Cash and balances with central bank	15	1,488,363	-	1,488,363	1,591,768	-	1,591,768
Treasury bills	16	1,764,945	824,222	940,723	1,577,875	698,493	879,382
Assets pledged as collateral	17	392,594	234,687	157,907	298,530	71,602	226,928
Due from other banks	18	691,244	-	691,244	810,494	-	810,494
Derivative assets	19	56,187	56,187	-	44,496	44,496	-
Loans and advances	20	3,355,728	-	3,355,728	2,779,027	-	2,779,027
Investment securities	21	1,303,726	22,338	1,281,388	996,916	49,277	947,639
Other financial assets	25	148,821	-	148,821	149,568	-	149,568
Liabilities							
Customer deposits	28	6,472,054	-	6,472,054	5,339,911	-	5,339,911
Derivative liabilities	33	14,674	14,674	-	11,076	11,076	-
Other financial liabilities	29	455,776	-	455,776	610,061	-	610,061
On-lending facilities	30	369,241	-	369,241	384,573	-	384,573
Borrowings	31	750,469	-	750,469	870,080	-	870,080
Debt securities issued	32	45,799	-	45,799	43,177	-	43,177

Bank

		At 31 December 2021			At 31 December 2020		
		Carrying amount	Trading	Non-trading	Carrying amount	Trading	Non-trading
Assets							
Cash and balances with central bank	15	1,397,666	-	1,397,666	1,503,245	-	1,503,245
Treasury bills	16	1,577,647	823,891	753,756	1,393,421	698,199	695,222
Assets pledged as collateral	17	357,000	199,093	157,907	298,530	71,602	226,928
Due from other banks	18	518,053	-	518,053	532,377	-	532,377
Derivative assets	19	57,476	57,476	-	41,729	41,729	-
Loans and advances	20	3,099,452	-	3,099,452	2,639,797	-	2,639,797
Investment securities	21	477,004	11,897	465,107	333,126	44,933	288,193
Other financial assets	25	134,794	-	134,794	143,301	-	143,301
Liabilities							
Customer deposits	28	5,169,199	-	5,169,199	4,298,258	-	4,298,258
Derivative liabilities	33	15,170	15,170	-	11,076	11,076	-
Other financial liabilities	29	409,103	-	409,103	564,558	-	564,558
On-lending facilities	30	369,241	-	369,241	384,573	-	384,573
Borrowings	31	769,395	-	769,395	874,090	-	874,090
Debt securities issued	32	45,799	-	45,799	43,177	-	43,177

3. Risk management (continued)

3.3.2 Measurement of Market Risk

The Group adopts Non-VAR (Value-at-risk) approach for quantitative measurement and control of market risks in both trading and non-trading books. The Non -VAR (Value at risk) measurements includes: Duration; Factor Sensitivities (Pv01), Stress Testing, Aggregate Open Position etc. The measured risks are therefore monitored against the pre-set limits on a daily basis. All exceptions are investigated and reported in line with internal policies and guidelines.

Limits are sets to reflect the risk appetite that is approved by the Board of Directors. These limits are reviewed, at least, annually or at a more frequent interval. Some of the limits include; Net Open Position (NOP- for foreign exchange); Aggregate Control Limits (for Securities); Management Action Trigger (MAT); Duration; Factor Sensitivities (Pv01); Permitted Instrument and Tenor Limits; Holding Period and Off Market Rate Tolerance limit.

Stress testing is an important risk management tool that is used by the Group as part of its enterprise-wide risk management. It is the evaluation of the Group's financial position under severe but plausible scenarios to assist in decision-making. Stress testing provides the Group with the opportunity to spot emerging risks, uncover weak spots and take preventive action. It also alerts management to adverse unexpected outcomes related to a variety of risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. The Group adopts both single factor and multifactor stress testing approaches (sensitivity and scenario based) in conducting stress testing within the risk areas of liquidity, foreign exchange, interest rate, market and credit risks. Stress testing is conducted both on a regular and ad-hoc basis in response to changing financial, regulatory and economic environment/circumstances.

3.3.3 Foreign exchange risk

Fluctuations in the prevailing foreign currency exchange rates can affect the Group's financial position and cash flows - 'on' and 'off' balance sheet. The Group manages part of the foreign exchange risks through basic derivative products and hedges (such as forwards and swaps). The risk is also managed by ensuring that all risks taken by the Group are within approved limits. In addition to adherence to regulatory limits, Zenith Group established various internal limits (such as non-VAR models, overall Overnight and Intra-day positions), dealer limits, as well as individual currency limits among others limits which are monitored by the Market Risk Department on a regular basis. These limits are set with the aim of minimizing the Group's risk exposures to exchange rates volatilities to an acceptable level. The Group's transactions are carried out majorly in four (4) foreign currencies with a significant percentage of transactions involving US Dollars.

Group

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 31 December 2021 and 31 December 2020. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

In millions of Naira **At 31 December 2021**	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets						
Cash and balances with central banks	1,383,059	4,689	1,877	9,436	89,302	1,488,363
Treasury bills	1,671,658	-	-	-	93,287	1,764,945
Assets pledged as collaterals	357,000	-	-	-	35,594	392,594
Due from other banks	414	507,060	49,749	82,801	51,220	691,244
Derivative assets	4,003	51,557	184	1	442	56,187
Loans and advances to customers	1,845,837	1,301,543	23,439	59,872	125,037	3,355,728
Investment securities	501,224	545,517	43,550	22,632	190,803	1,303,726
Other financial assets	11,035	123,896	-	18	13,872	148,821
Liabilities						
Customer's deposits	4,062,040	1,626,142	163,580	116,701	503,591	6,472,054
Derivative liabilities	3,820	9,475	-	470	909	14,674
Other financial liabilities	256,532	135,804	578	9,252	53,610	455,776
On-lending facilities	369,241	-	-	-	-	369,241
Borrowings	-	750,469	-	-	-	750,469
Debt securities issued	-	45,799	-	-	-	45,799

3. Risk management (continued)

As at 31 December 2021, the Group had outstanding SWAP transactions with various counterparties. The SWAP transactions create for the Group both a right to receive US dollars of the notional SWAP amount at different maturities and an obligation to deliver NGN of the notional SWAP amount at different maturities. The total USD receivables at various maturity dates is USD 1.66 billion while the total Naira payable at various maturities is N679billion.

In millions of Naira At 31 December 2020	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central banks	1,477,436	72,065	5,762	7,023	29,482	1,591,768
Treasury bills	1,507,915	-	-	-	69,960	1,577,875
Assets pledged as collaterals	298,530	-	-	-	-	298,530
Due from other banks	3,000	625,444	60,268	60,792	60,990	810,494
Derivative assets	9,862	33,774	261	531	68	44,496
Loans and advances to customers (gross)	1,477,562	1,185,037	6,686	35,070	74,672	2,779,027
Investment securities	480,093	482,626	21,270	12,927	-	996,916
Other financial assets	126,353	17,014	-	-	6,201	149,568
Liabilities						
Customer's deposits	3,483,784	1,174,302	352,353	46,468	283,004	5,339,911
Derivative liabilities	9,514	1,497	-	5	60	11,076
Other financial liabilities	497,461	33,779	197	13,126	65,498	610,061
On-lending facilities	384,573	-	-	-	-	384,573
Borrowings	-	870,080	-	-	-	870,080
Debt securities issued	-	43,177	-	-	-	43,177

The Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar, and the Nigerian Naira affects reported earnings through revaluation gain or loss and statement of financial position size through increase or decrease in the revalued amounts of assets and liabilities denominated in US Dollars.

The table below shows the impact on the Group's profit or loss and statements of financial position size if the exchange rate between the US Dollars, and Nigerian Naira had increased or decreased by 6% (31 December 2020: 9%, with all other variables held constant.

	31-Dec-21	31-Dec-20
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	32,351	57,148
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	32,351	57,148

	31-Dec-21	31-Dec-20
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on OCI and statement of financial position size (in millions of Naira)	4,895	1,193
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on OCI and statement of financial position size (in millions of Naira)	4,895	1,193

3. Risk management (continued)

Bank

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December 2021 and 31 December 2020. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

In millions of Naira

At 31 December 2021	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets						
Cash and balances with central banks	1,382,751	3,703	1,846	9,367	-	1,397,667
Treasury bills	1,577,647	-	-	-	-	1,577,647
Assets pledged as collaterals	357,000	-	-	-	-	357,000
Due from other banks	-	458,061	8,542	51,111	339	518,053
Derivative assets	4,003	52,847	184	1	441	57,476
Loans and advances to customers	1,845,837	1,222,657	60	22,756	8,142	3,099,452
Investment securities	462,071	14,933	-	-	-	477,004
Other financial assets	11,275	123,501	-	18	-	134,794
Liabilities						
Customer's deposit	4,062,040	1,019,434	17,072	67,828	2,825	5,169,199
Derivative liabilities	3,820	10,438	-	470	442	15,170
Other financial liabilities	256,490	135,804	578	9,252	6,979	409,103
On-lending facilities	369,241	-	-	-	-	369,241
Borrowings	-	769,395	-	-	-	769,395
Debt securities issued	-	45,799	-	-	-	45,799

As at 31 December 2021, the Group had outstanding SWAP transactions with various counterparties. The SWAP transactions create for the Group both a right to receive US dollars of the notional SWAP amount at different maturities and an obligation to deliver NGN of the notional SWAP amount at different maturities. The total USD receivables at various maturity dates is USD 1.66 billion while the total Naira payable at various maturities is N679billion.

In millions of Naira

At 31 December 2020	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets						
Cash and balances with central banks	1,477,072	25,038	858	277	-	1,503,245
Treasury bills	1,393,421	-	-	-	-	1,393,421
Assets pledged as collaterals	298,530	-	-	-	-	298,530
Due from other banks	3,000	479,636	7,396	40,528	1,817	532,377
Derivative assets	9,862	31,007	261	531	68	41,729
Loans and advances to customers	1,477,448	1,141,271	56	21,021	-	2,639,796
Investment securities	251,790	81,336	-	-	-	333,126
Other financial assets	126,450	16,851	-	-	-	143,301
Liabilities						
Customer's deposits	3,483,784	769,957	13,863	29,502	1,152	4,298,258
Derivative liabilities	9,514	1,497	-	5	60	11,076
Other financial liabilities	478,909	69,418	345	13,126	2,760	564,558
On-lending facilities	384,573	-	-	-	-	384,573
Borrowings	-	874,090	-	-	-	874,090
Debt securities issued	-	43,177	-	-	-	43,177

The Bank's exposure to foreign currency risk is largely concentrated in US Dollar. Movement in exchange rate between the US Dollar, and the Nigerian Naira affects reported earnings through revaluation gain or loss and statement of financial position size through increase or decrease in the revalued amounts of assets and liabilities denominated in US Dollars. The Group's closing Dollar rate as at 31 December 2021 was N424.11/USD.

3. Risk management (continued)

The table below shows the impact on the Bank's profit and statement of financial position size if the exchange rate between the US Dollars, and Nigerian Naira had increased or decreased by 6% (31 December 2020: 9%), with all other variables held constant.

In millions of Naira	**31-Dec-21**	**31-Dec-20**
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on profit before tax and balance sheet size	28,047	41,163
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	28,047	41,163

	31-Dec-21	**31-Dec-20**
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on OCI and statement of financial position size (in millions of Naira)	4,895	1,193
US Dollar effect of 6% (31 December 2020: 9%) up or (down) movement on OCI and statement of financial position size (in millions of Naira)	4,895	1,193

3.3.4 Interest Rate Risk

The Group is exposed to a considerable level of interest rate risk especially on the banking book (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). The Group has a significant portion of its liabilities in non-rate sensitive liabilities. This helps it in minimizing the impact of the exposure to interest rate risks. The Group also enjoys some form of flexibility in adjusting both lending and deposits rates to reflect market realities.

Group

The table below summarizes the Group's interest rate gap position:

At 31 December 2021

In millions of Naira	**Note**	**Carrying amount**	**Rate sensitive**	**Non rate sensitive**
Assets				
Cash and balances with central banks	15	1,488,363	-	1,488,363
Treasury and other eligible bills (Amortized cost)	16	940,723	-	940,723
Assets pledged as collateral (Amortised cost)	17	157,907	-	157,907
Due from other banks	18	691,244	-	691,244
Loans and advances to customers	20	3,355,728	1,539,700	1,816,028
Investment securities (Amortized cost and Fair value through OCI)	21	1,195,814	-	1,195,814
Other financial assets	25	148,821	-	148,821
		7,978,600	1,539,700	6,438,900
Liabilities				
Customer deposits	28	6,472,054	1,194,221	5,277,833
Other financial liabilities	29	455,776	-	455,776
On-lending facilities	30	369,241	-	369,241
Borrowings	31	750,469	352,332	398,137
Debt securities issued	32	45,799	-	45,799
		8,093,339	1,546,553	6,546,786
Total interest rate gap		**(114,739)**	**(6,853)**	

3. Risk management (continued)

The table shows the maturity profile of financial instruments that are rate sensitive.

At 31 December 2021	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**Over 1 year**	**Total rate sensitive**
In millions of Naira						
Assets						
Loans and advances to customers	524,255	39,430	155,212	36,113	784,690	1,539,700
	524,255	39,430	155,212	36,113	784,690	1,539,700
Liabilities						
Customer deposits	1,194,221	-	-	-	-	1,194,221
Borrowings	42,739	278,768	9,606	21,219	-	352,332
	1,236,960	278,768	9,606	21,219	-	1,546,553
Total interest repricing gap	**(712,705)**	**(239,338)**	**145,606**	**14,894**	**784,690**	**(6,853)**

Impact of interest rate sensitivity on cash flows - Liabilities:

For its liabilities, the group is primarily exposed to changes in interest rate on Libor based borrowings. Impact on cash flow due to +/- 2 bps movement in Libor (holding all other variables constant) has been estimated to be N150 million.

3. Risk management (continued)

At 31 December 2020	Note	Carrying amount	Rate sensitive	Non rate sensitive
In millions of Naira				
Assets				
Cash and balances with central banks	15	1,591,768	-	1,591,768
Treasury and other eligible bills (Amortized cost)	16	879,382	-	879,382
Assets pledged as collateral (Amortised cost)	17	226,928	-	226,928
Due from other banks	18	810,494	167,855	642,639
Loans and advances to customers	20	2,779,027	2,771,883	7,144
Investment securities (Amortized cost and Fair value through OCI)	21	867,664	-	867,664
Other financial assets	25	149,568	-	149,568
		7,304,831	2,939,738	4,365,093
Liabilities				
Customer deposits	28	5,339,911	4,507,005	832,906
Other financial liabilities	29	610,061	-	610,061
On-lending facilities	30	384,573	-	384,573
Borrowings	31	870,080	290,964	579,116
Debt securities issued	32	43,177	-	43,177
		7,247,802	4,797,969	2,449,833
Total interest rate gap		**57,029**	**(1,858,231)**	**-**

The table shows the maturity profile of financial instruments that are rate sensitive.

In millions of Naira At 31 December 2020	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
In millions of Naira						
Assets						
Due from other banks	-	167,855	-	-	-	167,855
Loans and advances to customers	337,128	154,416	127,457	452,958	1,699,924	2,771,883
	337,128	322,271	127,457	452,958	1,699,924	2,939,738
Liabilities						
Customer deposits	1,401,728	79,696	448,060	82,036	2,495,485	4,507,005
Borrowings	-	-	229,350	61,614	-	290,964
	1,401,728	79,696	677,410	143,650	2,495,485	4,797,969
Total interest repricing gap	**(1,064,600)**	**242,575**	**(549,953)**	**309,308**	**(795,561)**	**(1,858,231)**

3. Risk management (continued)

Group

Interest rate sensitivity showing fair value interest rate risk

In millions of Naira	**31-Dec-21**	**31-Dec-20**
Financial assets at FVPL		
Treasury bills	824,222	698,493
Government bonds	22,338	49,277
Assets pledged as collateral	234,687	71,602
Total	1,081,247	819,372
Impact on income statement:		
Favourable change at 2% reduction in interest rate	21,625	14,955
Unfavourable change at 2% increase in interest rate	(21,625)	(14,955)
FVOCI investment securities		
Government bonds	541,629	392,150
Impact on other comprehensive income statement:		
Favourable change at 2% reduction in interest rate	10,833	7,843
Unfavourable change at 2% increase in interest rate	(10,833)	(7,843)

The management of interest risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Interest rate movement affects reported income by causing an increase or decrease in net interest income and fair value changes.

Bank

The table below summarizes the Bank's interest rate gap position:

At 31 December 2021

In millions of Naira	**Note**	**Carrying amount**	**Rate sensitive**	**Non-rate sensitive**
Assets				
Cash and balances with central banks	15	1,397,666	-	1,397,666
Treasury and other eligible bills (Amortized cost)	16	753,756	-	753,756
Assets pledged as collateral	17	157,907	-	157,907
Due from other banks	18	518,053	-	518,053
Loans and advances to customers	20	3,099,452	1,253,615	1,845,837
Investment securities (Amortized cost and Fair value through OCI)	21	379,533	-	379,533
Other financial assets	25	134,794	-	134,794
		6,441,161	1,253,615	5,187,546
Liabilities				
Customer deposits	28	5,169,199	1,194,221	3,974,978
Other financial liabilities	29	409,103	-	409,103
On-lending facilities	30	369,241	-	369,241
Borrowings	31	769,395	341,463	427,932
Debt securities issued	32	45,799	-	45,799
		6,762,737	1,535,684	5,227,053
Total interest rate gap		**(321,576)**	**(282,069)**	**(39,507)**

3. Risk management (continued)

The table below shows the maturity profile of financial instruments that are rate sensitive.

At 31 December 2021

In millions of Naira	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
Assets						
Loans and advances to customers	469,345	-	120,847	17,064	646,359	1,253,615
	469,345	-	120,847	17,064	646,359	1,253,615
Liabilities						
Customer deposits	1,194,221	-	-	-	-	1,194,221
Borrowings	42,739	267,899	9,606	21,219	-	341,463
	1,236,960	267,899	9,606	21,219	-	1,535,684
Total interest repricing gap	**(767,615)**	**(267,899)**	**111,241**	**(4,155)**	**646,359**	**(282,069)**

Impact of interest rate sensitivity on cash flows - Liabilities:

For its liabilities, the group is primarily exposed to changes in interest rate on Libor based borrowings. Impact on cash flow due to +/- 2 bps movement in Libor (holding all other variables constant) has been estimated to be N150 million.

At 31 December 2020

In millions of Naira	Note	Carrying amount	Rate sensitive	Non rate sensitive
Assets				
Cash and balances with central banks	15	1,503,245	-	1,503,245
Treasury and other eligible bills (Amortized cost)	16	695,222	-	695,222
Assets pledged as collaterals	17	226,928	-	226,928
Due from other banks	18	532,377	167,855	364,522
Loans and advances to customers	20	2,639,797	2,632,652	7,144
Investment securities (Amortized cost and Fair value through OCI)	21	208,218	-	208,218
Other financial assets	25	143,301	-	143,301
		5,949,088	2,800,507	3,148,580
Liabilities				
Customer deposits	28	4,298,258	3,465,351	832,907
Other financial liabilities	13	564,558	-	564,558
On-lending facilities	33	384,573	-	384,573
Borrowings	30	874,090	290,964	583,126
Debt securities issued	31	43,177	-	43,177
		6,164,656	3,756,315	2,408,341
Total interest rate gap		**(215,568)**	**(955,808)**	**740,239**

3. Risk management (continued)

The table below shows the maturity profile of financial instruments that are rate sensitive.

At 31 December 2020	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**Over 1 year**	**Total rate sensitive**
In millions of Naira						
Assets						
Due from other banks	-	167,855	-	-	-	167,855
Loans and advances to customers	293,913	146,030	124,629	449,447	1,618,633	2,632,652
Investment securities (Amortized cost and Fair value through OCI)	-	40,462	-	39,886	127,870	208,218
	293,913	354,347	124,629	489,333	1,746,503	3,008,725
Liabilities						
Customer deposits	1,034,313	34,864	54	528	2,395,592	3,465,351
Derivative liabilities	2,931	5,709	716	1,720	-	11,076
Borrowings	-	-	229,350	61,614	-	290,964
	1,037,244	40,573	230,120	63,862	2,395,592	3,767,391
Total interest repricing gap	**(743,331)**	**313,774**	**(105,491)**	**425,471**	**(649,089)**	**(758,666)**

Bank

Interest rate sensitivity showing fair value interest rate risk

In millions of Naira	**31-Dec-21**	**31-Dec-20**
Financial assets at FVPL		
Treasury bills	823,891	698,199
Government bonds	11,897	44,933
Assets pledged as collateral	199,093	71,602
Total	1,034,881	814,734
Impact on income statement:		
Favourable change at 2% reduction in interest rate	20,698	14,863
Unfavourable change at 2% increase in interest rate	(20,698)	(14,863)

The management of interest risk against interest rate gap limits is supplemented by the monitoring of the sensitivity of the Group’s financial assets and liabilities to various scenarios. Interest rate movement affects reported income by causing an increase or decrease in net interest income and fair value changes.

The effect of 200 basis points movement on profit is considered moderate and we do not expect all the rates to move at the same time and in the same direction. This risk can largely be handled by the flexibility in the changing/adjusting rates on loans and deposits.

3. Risk management (continued)

3.3.5 Equity and commodity price risk

The group is exposed to equity price risk as a result of holding non-quoted equity investments. Unquoted equity securities held by the group is composed mainly of the following:

(i) 8.64% equity holding in African Finance Corporation (AFC) valued at N81.6 billion and cost N40 billion.

(ii) 3.6% equity holding in Nigerian Interbank Settlement Scheme (NIBBS) valued at N1.6 billion and cost N50 million.

(iii) 2.31% equity holding in FMDQ holdings plc valued at N2.26 billion.

(iv) 0.88% equity holding in Unified Payment Services (UPS) valued at N71.8 million.

The AFC is a private sector-led investment bank and development finance institution which has the Central Bank of Nigeria (CBN) as the single major shareholder (42.39%) with other African financial institutions and investors holding the remaining shares. The AFC operates a US Dollar-denominated statement of financial position and provides financing in this currency.

NIBSS was incorporated in 1993 and is owned by all licensed banks including the Central Bank of Nigeria (CBN). The Company is responsible for handling inter-bank payments, funds transfer and settlement, and it also operates the Nigerian Automated Clearing System (NACS).

The Group does not deal in commodities and is therefore not exposed to any commodity price risk. The sensitivity analysis of unquoted equity is stated in section 3.5 (c).

3.4 Liquidity risk

Liquidity risk is the potential loss arising from the Group’s inability to meet its obligations as they fall due or its inability to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other bank risks such as credit, market and operational risks.

3.4.1 Liquidity risk management process

The Group has a comprehensive liquidity risk management framework that ensures that adequate liquidity, including a cushion of unencumbered and high quality liquid assets is maintained at all times, to enable the Group withstand a range of stress events, including those that might involve loss or impairment of funding sources.

The Group’s liquidity risk exposure is monitored and managed by the Asset and Liability Management Committee (ALCO) on a regular basis. This process includes:

a. Projecting cash flows and considering the level of liquid assets necessary in relation thereto;

b. Monitoring balance sheet liquidity ratios against internal and regulatory requirements;

c. Maintaining a diverse range of funding sources with adequate back-up facilities;

d. Managing the concentration and profile of debt maturities;

e. Monitoring deposit concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix;

f. Maintaining up-to-date liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimizing any adverse long-term implications for the business;

g. Regular conduct of stress testing, coupled with testing of contingency funding plans from time to time.

The Maximum Cumulative Outflow has remained positive all through the short tenor maturity buckets. Assessments are carried out on contractual basis. These reveal very sound and robust liquidity position of the Group.

The Group maintains liquid assets and marketable securities adequate, within regulatory limits, to manage liquidity stress situation.

3. Risk management (continued)

3.4.2 Stress testing and contingency funding

Stress testing

The Group considers different liquidity risk mitigation tools, including a system of limits and liquidity buffers in order to be able to withstand a range of different stress events and adequately diversify funding structure and access to funding sources. Those events are regularly reviewed and monitored by the Asset and Liability Committee (ALCO). Alternative scenarios on liquidity positions and on risk mitigants are considered. In line with standard risk management practice and global best practice, the Group:

(a). Conducts on a regular basis appropriate stress tests so as to;

(i) Identify sources of potential liquidity strain; and

(ii) Ensure that current liquidity exposures continue to conform to the liquidity risk tolerance established by the board.

(b). Analyses the separate and combined impact of possible future liquidity stresses on:

(i) Cash flows;

(ii) Liquidity position; and

(iii) Profitability.

The Board and the Asset and Liability Committee (ALCO) regularly review the stresses and scenarios tested to ensure that their nature and severity remain appropriate and relevant to the Bank. These reviews take into the account the following;

a. Changes in market condition;

b. Changes in the nature, scale or complexity of the Bank's business model and activities; and

c. The Group's practical experience in periods of stress.

The Group considers the potential impact of idiosyncratic Institution-Specific, market-wide and combined alternative scenarios while carrying out the test to ensure that all areas are appropriately covered. In addition, the Group also considers the impact of severe stress scenarios.

Contingency Funding Plan

The Group maintains a contingency funding plan which sets out strategies for addressing liquidity. The Plan:

a. outlines strategies, policies and plans to manage a range of stresses;

b. establishes a clear allocation of roles and clear lines of management responsibility;

c. is formally documented;

d. includes clear invocation and escalation procedures;

e. is regularly tested and the result shared with the ALCO and Board;

f. outlines that Group's operational arrangements for managing a huge funding run;

g. is sufficiently robust to withstand simultaneous disruptions in a range of payment and settlement;

h. outlines how the Group will manage both internal communications and those with its external stakeholders; and

As part of the contingency funding plan process, the Group maintains committed credit lines that can be drawn in case of liquidity crises. These lines are renewed as at when due.

3. Risk management (continued)

3.4.3 Funding approach

Our sources of liquidity are regularly reviewed by both the ALCO and the Treasury Group in order to avoid undue reliance on large individual depositors and to ensure that a satisfactory overall funding mix is maintained at all times. The funding strategy is geared toward ensuring effective diversification in the sources and tenor of funding. The Group however places greater emphasis on demand and savings deposits as against purchased funds in order to minimize the cost of funding.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks.

(a) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market less any balances with foreign banks and regulatory restricted cash. Customers' deposit excludes deposit denominated in foreign currencies. Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows.

	Group		Bank	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
At year end	71.19%	66.23%	59.73%	62.45%
Average for the year	70.43%	59.69% .	57.96%	48.49%
Maximum for the year	72.18%	71.80%	61.14%	62.45%
Minimum for the year	68.72%	48.42%	52.37%	35.99%

(b) Liquidity reserve

The table sets out the component of the Group's liquidity reserve. These are liquid instruments the Group uses to settle short term or current obligations.

Group	**31-Dec-21**	**31-Dec-20**
In millions of naira	**Gross value**	**Gross value**
Cash and balances with central banks	157,466	180,346
Treasury bills	1,765,760	1,579,450
Balances with other banks	668,425	783,866
Investment securities	1,123,565	819,476
Total	**3,715,216**	**3,363,138**
Bank		
Cash and balances with central banks	122,465	132,626
Treasury bills	1,578,042	1,394,097
Balances with other banks	432,139	445,059
Investment securities	293,733	155,612
Total	**2,426,379**	**2,127,394**

3. Risk management (continued)
(c) Financial assets available to support funding

The table below sets out the availability of the Group's financial assets to support future funding

Group
'In millions of Naira

		At 31 December 2021			At 31 December 2020		
	Note	Encumbered	Unencumbered	Total	Encumbered	Unencumbered	Total
Cash and balances with central banks	15	1,330,897	157,466	1,488,363	1,370,619	221,149	1,591,768
Treasury bills	16	-	1,764,945	1,764,945	-	1,577,875	1,577,875
Assets pledged as collateral	17	392,594	-	392,594	298,530	-	298,530
Due from other banks	18	23,543	667,701	691,244	-	810,494	810,494
Loans and advances		-	3,355,728	3,355,728	-	2,779,027	2,779,027
Investment securities	21	-	1,303,726	1,303,726	-	996,916	996,916
Other financial assets	25	-	148,821	148,821	-	149,568	149,568

Bank
'In millions of Naira

		At 31 December 2021			At 31 December 2020		
	Note	Encumbered	Unencumbered	Total	Encumbered	Unencumbered	Total
Cash and balances with central banks	15	1,275,201	122,465	1,397,666	1,370,619	132,626	1,503,245
Treasury bills	16	-	1,577,647	1,577,647	-	1,393,421	1,393,421
Assets pledged as collateral	17	357,000	-	357,000	298,530	-	298,530
Due from other banks	18	85,972	432,081	518,053	-	532,377	532,377
Loans and advances		-	3,099,452	3,099,452	-	2,639,797	2,639,797
Investment securities	21	-	477,004	477,004	-	333,126	333,126
Other financial assets	25	-	134,794	134,794	-	143,301	143,301

(d) Financial assets pledged as collateral

The total financial assets recognized in the statement of financial position that have been pledged as collateral for liabilities as at 31 December 2021 and 31 December 2020 are shown above. Financial assets are pledged as collateral as part of sales and repurchases, borrowing transaction and collection agency transactions under terms that are usual for such activities.

The Group does not hold any financial assets accepted as collateral that the Group is permitted to sell or re-pledge in the absence of default.

3.4.4 Liquidity gap analysis

The table below presents the cash flows of the Group's financial assets and liabilities and other liabilities by their remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash flows.

The Group's loan disbursement processes are centralized and controlled by Credit Risk Management Group (CRMG) of each banking subsidiary. All loan commitments advised to customers in offer letters are contingent on the satisfaction of conditions precedent to draw down and availability of funds. Additionally, the Group retains control of drawings on approved loan facilities, through a referral method, where any such drawings must be sanctioned before it is processed. This ensures that the Group's commitments on any loan is to the extent of the drawn amount at any point in time.

The liquidity analysis of lease liability is disclosed in note 29c.

3. Risk management (continued)
Group

At 31 December 2021 In millions of Naira	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
Assets								
Non-derivative assets								
Cash and balances with central banks	15	157,466	-	-	-	1,330,897	1,488,363	1,488,363
Treasury bills	16	331,777	386,797	458,851	621,404	-	1,798,829	1,764,945
Assets pledged as collateral	17	6,724	7,255	108,864	152,604	309,561	585,008	392,594
Due from other banks	18	645,651	22,336	1,853	3,902	17,583	691,325	691,244
Loans and advances to customers	20	1,254,367	300,139	281,086	237,561	1,360,162	3,433,315	3,355,728
Investment securities	21	30,197	157,472	121,644	168,247	1,302,303	1,779,863	1,303,726
Other financial assets	25	117,750	105	-	-	40,888	158,743	148,821
		2,543,932	**874,104**	**972,298**	**1,183,718**	**4,361,394**	**9,935,446**	**9,145,421**
Liabilities								
Non-derivative liabilities								
Customer's deposits	28	5,911,598	268,589	118,299	113,528	61,261	6,473,275	6,472,054
Other financial liabilities	29	334,843	97,795	544	10,576	20,027	463,785	455,776
On-lending facilities	30	2,408	2,036	3,128	6,418	442,932	456,922	369,241
Borrowings	31	62,078	211,953	189,444	264,864	28,814	757,153	750,469
Debt securities issued	32	-	-	47,231	-	-	47,231	45,799
		6,310,927	**580,373**	**358,646**	**395,386**	**553,034**	**8,198,366**	**8,093,339**
Derivative assets	19							
Gross settled:								
Receivable		202,006	169,887	304,628	350,156	-	1,026,677	52,874
Payable		(190,367)	(153,433)	(297,946)	(339,275)	-	(981,021)	52,874
Net settled		870	1,296	777	370	-	3,313	3,313
Derivative liabilities	33							
Gross settled:								
Receivable		99,580	81,216	81,011	13,359	-	275,166	10,167
Payable		(460,439)	(412,973)	(27,726)	(13,611)	-	(914,749)	10,167
Net settled		158,159	121,745	(69,492)	(205,906)	-	4,506	4,506

3. Risk management (continued)

At 31 December 2020 In millions of Naira	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
Assets								
Non-derivative assets								
Cash and balances with central banks	15	221,149	-	-	-	1,370,619	1,591,768	1,591,768
Treasury bills	16	109,117	473,951	97,616	1,014,333	-	1,695,017	1,577,675
Assets pledged as collateral	17	47,845	33,409	332	71,316	461,220	614,122	298,530
Due from other banks	18	642,639	171,795	-	-	-	814,434	810,494
Loans and advances to customers	20	396,242	154,998	129,824	490,704	1,716,087	2,887,855	2,779,027
Investment securities	21	29,865	101,658	110,864	175,504	707,261	1,125,152	996,916
Other financial assets	25	120,602	-	111	-	30,996	149,568	149,568
		1,567,459	**935,811**	**338,747**	**1,751,857**	**4,286,183**	**8,880,057**	**8,203,978**
Derivative assets								
Trading:		-	-	-	-	-	-	-
Gross settled		98,191	21,463	16,589	363,850	-	500,093	34,634
Net settled		2,377	5,145	591	1,749	-	9,862	9,862
		100,568	**26,608**	**17,180**	**365,599**	**-**	**509,955**	**44,496**
Liabilities								
Non-derivative liabilities								
Customer's deposits	28	2,605,785	104,554	92,135	82,035	2,495,502	5,380,011	5,339,911
Other financial Liabilities	29	575,234	1,616	1,350	2,542	38,029	618,771	610,061
On-lending facilities	30	1,777	330	-	244	491,853	494,204	384,573
Borrowings	31	49,250	374,899	160,259	197,615	102,773	884,796	870,080
Debt securities issued	32	-	-	1,594	1,621	44,591	47,806	43,177
		3,232,046	**481,399**	**255,338**	**284,057**	**3,172,748**	**7,425,588**	**7,247,802**
Derivative liabilities								
Trading:		-	-	-	-	-	-	-
Gross settled		13,579	21,469	16,526	-	-	51,574	1,562
Net settled		2,331	5,051	820	1,312	-	9,514	9,514
		15,910	**26,520**	**17,346**	**1,312**	**-**	**61,088**	**11,076**

3. Risk management (continued)

Bank

At 31 December 2021 In millions of Naira	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
Assets								
Non-derivative assets								
Cash and balances with central banks	15	122,465	-	-	-	1,275,201	1,397,666	1,397,666
Treasury bills	16	287,459	274,343	454,208	591,367	-	1,607,377	1,577,647
Assets pledged as collateral	17	6,724	7,255	108,864	152,536	275,790	551,169	357,000
Due from other banks	18	509,885	4,283	-	3,902	-	518,070	518,053
Loans and advances to customers	20	1,199,643	260,927	246,931	218,826	1,222,092	3,148,419	3,099,452
Investment securities	21	20,676	5,681	8,504	23,683	739,387	797,931	477,004
Other financial assets	25	103,636	105	-	-	40,888	144,629	134,794
		2,250,488	**552,594**	**818,507**	**990,314**	**3,553,358**	**8,165,261**	**7,561,616**
Liabilities								
Non-derivative liabilities								
Customer's deposits	28	5,083,367	75,982	8,111	2,786	86	5,170,332	5,169,199
Other financial liabilities	29	287,950	97,634	544	10,576	12,884	409,588	409,103
On-lending facilities	30	2,408	2,036	3,128	6,418	442,932	456,922	369,241
Borrowings	31	62,078	200,950	219,239	264,864	28,814	775,945	769,395
Debt securities issued	32	-	-	47,231	-	-	47,231	45,799
		5,435,803	**376,602**	**278,253**	**284,644**	**484,716**	**6,860,018**	**6,762,737**
Derivative assets	19							
Gross settled:								
Receivable		183,399	105,119	267,385	402,905	-	958,808	53,473
Payable		(172,082)	(101,564)	(260,841)	(393,450)	-	(927,937)	53,473
Net settled		870	1,986	777	370	-	4,003	4,003
Derivative liabilities	33							
Gross settled:								
Receivable		72,203	112,517	60,007	-	-	244,727	11,350
Payable		(432,890)	(443,252)	(6,040)	-	-	(882,182)	11,350
Net settled		832	1,928	736	323	-	3,819	3,819

3. Risk management (continued)

At 31 December 2020 In millions of Naira	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
Assets								
Non-derivative assets								
Cash and balances with central banks	15	132,626	-	-	-	1,370,619	1,503,245	1,503,245
Treasury bills	16	100,588	450,496	51,227	771,723	-	1,374,034	1,393,421
Assets pledged as collateral	17	47,845	33,409	332	71,316	461,220	614,122	298,530
Due from other banks	18	364,522	171,795	-	-	-	536,317	532,377
Loans and advances to customers	20	353,027	146,612	126,997	487,193	1,662,148	2,775,977	2,639,797
Investment securities	21	4,608	46,568	4,168	45,414	370,944	471,702	333,126
Other financial assets	25	111,474	-	111	-	31,716	143,301	143,301
		1,114,690	**848,880**	**182,835**	**1,375,646**	**3,896,647**	**7,418,698**	**6,843,797**
Derivative assets								
Trading:	19	-	-	-	-	-	-	-
Gross settled		98,191	21,463	16,589	363,850	-	500,093	34,634
Net settled		2,377	5,145	591	1,749	-	9,862	9,862
		100,568	**26,608**	**17,180**	**365,599**	**-**	**509,955**	**44,496**
Liabilities								
Non-derivative liabilities								
Customer's deposits	28	1,867,226	34,878	54	536	2,395,593	4,298,287	4,298,258
Other financial liabilities	29	545,223	1,158	1,350	1,439	27,246	576,416	564,558
On-lending facilities	30	1,777	330	-	244	491,853	494,204	384,573
Borrowings	31	49,250	374,899	164,506	197,615	102,773	889,043	874,090
Debt securities issued	32	-	-	1,594	1,621	44,591	47,806	43,177
		2,463,476	**411,265**	**167,504**	**201,455**	**3,062,056**	**6,305,756**	**6,164,656**
Derivative liabilities								
Trading:	33	-	-	-	-	-	-	-
Gross settled		13,579	21,469	16,526	-	-	51,574	1,562
Net settled		2,331	5,051	820	1,313	-	9,515	9,514
		15,910	**26,520**	**17,346**	**1,313**	**-**	**61,089**	**11,076**

3. Risk management (continued)

Liquidity gap analysis (continued)

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal difference is on demand deposits from customers which are expected to remain stable or increase.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets that are eligible for use as collateral with central banks (these amounts are referred to as the 'Group's liquidity reserves').

Residual contractual maturities of off-balance sheet exposures.

Group

At 31 December 2021	**Carrying amount**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 to 5 Years**	**More than 5 years**
In millions of Naira						
Financial guarantees						
Usance	195,354	8,211	119,994	67,149	-	-
Letters of Credit	554,486	55,399	451,019	47,782	455	-
Performance bonds and Guarantees	364,632	44,099	57,286	68,951	109,700	84,427
Total	**1,114,472**	**107,709**	**628,299**	**183,882**	**110,155**	**84,427**

At 31 December 2020	**Carrying amount**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 to 5 Years**	**More than 5 years**
In millions of Naira						
Financial guarantees						
Usance	50,770	41,657	114	8,999	-	-
Letters of Credit	172,905	93,389	10,986	56,710	11,819	-
Performance bonds and Guarantees	376,252	74,786	63,871	84,287	91,863	91,863
Total	**599,927**	**209,832**	**74,971**	**149,996**	**103,682**	**91,863**

3. Risk management (continued)

Bank

At 31 December 2021	Carrying amount	Less than 3 months	3 - 6 months	6 - 12 months	1 to 5 Years	More than 5 years
In millions of Naira						
Financial guarantees						
Usance	195,354	8,211	119,994	67,149	-	-
Letters of Credit	398,605	462	359,581	38,562	169	-
Performance bonds and Guarantees	335,833	41,604	50,746	68,916	89,971	84,427
Total	**929,792**	**50,277**	**530,321**	**174,627**	**90,140**	**84,427**

At 31 December 2020	Carrying amount	Less than 3 months	3 - 6 months	6 - 12 months	1 to 5 Years	More than 5 years
In millions of Naira						
Financial guarantees						
Usance	49,569	40,456	114	8,999	-	-
Letters of Credit	84,183	68,705	194	15,284	-	-
Performance bonds and Guarantees	325,249	74,291	63,562	39,004	86,948	61,444
Total	**459,001**	**183,452**	**63,870**	**63,287**	**86,948**	**61,444**

3.5 Fair value of financial assets and liabilities

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: 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).

(iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

3. Risk management (continued)

3.5.a Classification of financial assets and liabilities and fair value hierarchy

Group

The table below sets out the Group's classification of each class of its financial assets and liabilities and fair value heirachy.

31 December 2021 In millions of Naira	Note	Carrying value	Total Fair value	Level 1	Level 2	Level 3
Assets						
Carried at FVTPL:						
Treasury bills	16	824,222	824,222	270,914	553,308	-
Investment securities (FGN bonds)	21	22,338	22,338	16,548	5,790	-
Derivative assets	19	56,187	56,187	-	56,187	-
Asset pledged as collateral	17	234,687	234,687	33,340	201,347	-
Carried at FVOCI:						
Equity securities (unquoted)	21	85,574	85,574	-	-	85,574
Debt securities	21	541,629	541,629	541,629	-	-
Carried at amortized cost:						
Treasury bills	16	940,723	935,838	599,325	336,513	-
Assets pledged as collateral	17	157,907	163,406	161,228	2,178	-
Investment securities	21	654,185	655,481	437,731	217,750	-
Liabilities						
Carried at FVTPL						
Derivative liabilities	33	14,674	14,674	-	14,674	-
Carried at Amortised cost						
On-lending facilities	30	369,241	369,241	-	369,241	-
Borrowings	31	750,469	750,469	-	750,469	-
Debt securities issued	32	45,799	46,656	46,656	-	-

The carrying values of the following assets and liabilities are assumed to be their fair values:

- Cash and balances with central banks
- Due from other banks
- Other financial assets
- Loans and advances to customers
- Customers deposits
- Other financial liabilities

3. Risk management (continued)

31 December 2020

In millions of Naira	Note	Carrying value	Total Fair value	Level 1	Level 2	Level 3
Assets						
Carried at FVTPL:						
Treasury bills	16	698,493	698,493	421,836	276,657	-
Investment securities (FGN bonds)	21	49,277	49,277	49,277	-	-
Derivative assets	19	44,496	44,496	-	44,496	-
Asset pledged as collateral	17	71,602	71,602	26,737	44,865	-
Carried at FVOCI:						
Equity securities (unquoted)	21	79,975	79,975	-	-	79,975
Debt securities	21	392,150	392,150	-	392,150	-
Carried at amortized cost:						
Treasury bills	16	879,382	893,721	56,458	837,263	-
Assets pledged as collateral	17	226,928	304,946	282,356	22,590	-
Loans and advances to customers	20	2,779,027	2,191,000	-	-	-
Investment securities	21	475,514	511,798	392,520	119,278	-
Liabilities						
Carried at FVTPL						
Derivative liabilities	33	11,076	11,076	-	11,076	-
Carried at Amortised cost						
On-lending facilities	30	384,573	384,573	-	384,573	-
Borrowings	31	870,080	870,080	-	870,080	-
Debt securities issued	32	43,177	49,410	-	-	-

3. Risk management (continued)
Bank

The table below sets out the Bank's classification of each class of its financial assets and liabilities.

31 December 2021

In millions of Naira	Note	Carrying value	Total Fair value	Level 1	Level 2	Level 3
Assets						
Carried at FVTPL:						
Treasury bills	16	823,891	823,891	270,914	552,977	-
Investment securities (FGN bonds)	21	11,897	11,897	11,799	98	-
Derivative assets	19	57,476	57,476	-	57,476	-
Asset pledged as collateral	17	199,093	199,093	33,340	165,753	-
Carried at FVOCI:						
Equity securities (unquoted)	21	85,574	85,574	-	-	85,574
Carried at amortized cost:						
Treasury bills	16	753,756	748,633	589,834	158,799	-
Assets pledged as collateral	17	157,908	163,406	161,228	2,178	-
Investment securities	21	379,533	377,323	340,274	37,049	-
Liabilities						
Carried at FVTPL						
Derivative liabilities	33	15,170	15,170	-	15,170	-
Carried at Amortised cost						
On-lending facilities	30	369,241	369,241	-	369,241	-
Borrowings	31	769,395	769,395	-	769,395	-
Debt securities issued	32	45,799	46,656	46,656	-	-

The carrying values of the following assets and liabilities are assumed to be their fair values:

- Cash and balances with central banks
- Due from other banks
- Other financial assets
- Loans and advances to customers
- Customers deposits
- Other financial liabilities

3. Risk management (continued)

31 December 2020 In millions of Naira	Note	Carrying value	Total Fair value	Level 1	Level 2	Level 3
Assets						
Carried at FVTPL:						
Treasury bills	16	698,199	698,199	421,836	276,363	-
Investment securities (FGN bonds)	21	44,933	44,933	44,933	-	-
Derivative assets	19	41,729	41,729	-	41,729	-
Asset pledged as collateral	17	71,602	71,602	26,737	44,865	-
Carried at FVOCI:						
Equity securities (unquoted)	21	79,975	79,975	-	79,975	-
Carried at amortized cost:						
Treasury bills	16	695,222	709,561	56,458	653,103	-
Assets pledged as collateral	17	226,928	304,946	282,356	22,590	-
Loans and advances to customers	20	2,639,797	2,051,770	-	-	-
Investment securities	21	208,218	247,178	127,900	119,278	-
Liabilities						
Carried at FVTPL						
Derivative liabilities	33	11,076	11,076	-	11,076	-
Carried at Amortised cost						
On-lending facilities	30	384,573	384,573	-	384,573	-
Borrowings	31	874,090	874,090	-	874,090	-
Debt securities issued	32	43,177	49,410	-	-	-

3. Risk management (continued)

3.5.b Financial instruments measured at fair value and reconciliation of level 3 items

Group and Bank

In millions of Naira		
At 1 January 2020		63,680
Transfer to level 2 due to availability of observable data	21	(76,063)
Gain recognised through other comprehensive income of equity investments		16,295
At December 31, 2020		**3,912**
Reconciliation of Level 3 items		
At 1 January 2021		3,912
Transfer due to non-availability of observable data		76,063
Gain recognised through other comprehensive income of equity investments		5,599
At 31 December 2021		**85,574**

There was a transfer between fair value heirarchy during the year from level 2 to level 3. In prior period, the Bank's investment in AFC was valued as a level 2 hierarchy because of the availability of observable market data arising from issue of AFC shares during that period. However, as there were no additional issue during 2021 financial year, hence the absence of observable market data, the Bank valued its investment in AFC as a level 3 heirarchy.

3.5.c Level 3 fair value measurements

(i) Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2021 and 31 December 2020 in measuring financial instruments categorized as level 3 in the fair value hierarchy

Type of financial instrument	**Fair values at 31 December 2021**	**Valuation technique**	**Significant unobservable input**
Unquoted equity investment	N85.57 billion	Equity DCF model.	-Cost of equity. -Terminal growth rate.

Risk premium is determined by adding country risk premium to the product of market premium and equity beta.

(ii) The effect of unobservable inputs on fair value measurements

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, changing one or more of the assumptions would have the following effects.

In millions of Naira	**At 31 December 2021 The lowest and highest values if the cost of equity and terminal growth rate decrease or increase by 1% and 0.25% respectively**		
	Lowest value	**Highest value**	**Actual value**
AFC	76,076	87,835	81,588
FMDQ	2,089	2,386	2,257
NIBSS	1,506	1,708	1,602
UPSL	69	75	72

3. Risk management (continued)

The table below shows the effect of changes in cost of equity and terminal growth rate on other comprehensive income

In millions of Naira	31/12/2021	31/12/2020
Effect of 1% decrease in cost of equity and 0.25% increase in terminal growth rate	1,126	55
Effect of 1% increase in cost of equity and 0.25% decrease in terminal growth rate	(1,099)	(53)

3.5.d Fair valuation methods and assumptions

(i) Cash and balances with central banks

Cash and balances with Central banks represent cash held with Central banks of the various jurisdictions in which the Group operates. The fair value of these balances is their carrying amounts.

(ii) Due from other banks

Due from other banks represents balances with local and correspondence banks, inter-bank placements and items in the course of collection. The fair value of the current account balances, floating placements and overnight deposits are their carrying amounts.

(iii) Treasury bills, assets pledged as collateral and investment securities

Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Group has operations. The fair value of treasury bills and bonds are determined with reference to quoted prices (unadjusted) in active markets for identical assets.

The fair values of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical instruments. The fair value of the unquoted equity is determined on the basis of the discounted cashflow methodology which takes into account the discounted stream of estimated future income and free cashflows of the investment. Subsequently, the percentage holding of the Bank is then applied on the derived company value. Where available the fair value of unquoted equity is determined using recent market observable data.

(iv) Loans and advances to customers

Loans and advances are carried at amortized cost net of provision for impairment. The estimated fair value of loans and advances represents the discounted amount of amortised cost balance net of provision for impairment. The balance is discounted at current market rates to determine the fair value.

(v) Other financial assets/financial liabilities

Other financial assets/financial liabilities represent monetary assets, which usually have a short recycle period and as such, whose fair values approximate their carrying amount.

(vi) Customer deposits, on-lending and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

(vii) Derivatives

The Group uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable markets prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

3. Risk management (continued)

3.6 Capital management

The strategy for assessing and managing the impact of our business plans on present and future regulatory capital forms an integral part of the Group’s strategic plan. Specifically, the Group considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Group's assessment and against the supervisory/regulatory capital requirements taking account of the Group business strategy and value creation to all its stakeholders.

The Group prides itself in maintaining very healthy capital adequacy ratio in all its areas of operations. Capital levels are determined either based on internal assessments or regulatory requirements. The Group maintained capital levels above the regulatory minimum prescribed in all its operating jurisdictions.

The Group's Capital Adequacy is reviewed regularly to meet regulatory requirements and standard of international best practices. The Group adopts and implements the decisions necessary to maintain the capital at a level that ensures the realisation of the business plan with a certain safety margin.

The Group undertakes a regular monitoring of capital adequacy and the application of regulatory capital by deploying internal systems based on the guidelines provided by the Central Bank of Nigeria (CBN) and the regulatory authorities of the subsidiaries for supervisory purposes.

The Group has consistently met and surpassed the minimum capital adequacy requirements applicable in all areas of operations.

Most of the Group's capital is Tier 1 (Core Capital) which consists of essentially share capital and reserves created by appropriations of retained earnings.

Banking subsidiaries in the Group, which are not incorporated in Nigeria, are directly regulated and supervised by their local banking regulators and are required to meet the capital requirement directive of the local regulatory jurisdiction. The Group meet all capital requests from these regulatory jurisdictions and determines the adequacy based on its expansion strategies and internal capital assessments.

The Group’s capital plan is linked to its business expansion strategy, which anticipates the need for growth and expansion in its branch network and IT infrastructure. The capital plan sufficiently meets regulatory requirements as well as providing adequate cover for the Group’s risk profile. The Group's capital adequacy remains strong and the capacity to generate and retain reserves continues to grow.

The Group will only seek additional capital where it finds compelling business need for it and with the expectation that the returns would adequately match the efforts and risks undertaken.

The following sources of funds are available to the Group to meet its capital growth requirements:

a. Profit from Operations: The Group has consistently reported good profit, which can easily be retained to support the capital base.

b. Issue of Shares: The Group has successfully assessed the capital market to raise equity and debt. With such experiences, the Group is confident that it can access the capital market when the need arises.

c. Bank Loans (long term/short term): In 2014 financial year, Zenith Bank commenced capital computations in accordance with Basel II standard under the guidelines issued by the Central Bank of Nigeria. The guidelines require capital adequacy computations based on the Standardized Measurement Approach for Credit Risk and Market Risk while Basic Indicator Measurement Approach was advised for Operational Risk. The capital requirement for the Bank has been set at 15% and an addition of 1% as a Systemically Important Bank (SIB) in accordance with the guidelines.

The table below shows the computation of the Group's capital adequacy ratio for the year ended 31 December 2021 as well as the 31 December 2020 comparatives. During those two periods, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subject.

The Group and Bank's capital adequacy ratio are above the minimum statutory requirement.

3. Risk management (continued)

In millions of Naira	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Tier 1 capital	Basel II	Basel II	Basel II	Basel II
Share capital	15,698	15,698	15,698	15,698
Share premium	255,047	255,047	255,047	255,047
Statutory reserves	275,993	231,307	243,414	208,443
SMEIES reserve	3,729	3,729	3,729	3,729
Retained earnings	607,203	521,293	466,249	382,292
Total qualifying Tier 1 capital	1,157,670	1,027,074	984,137	865,209
Deferred tax assets	(1,837)	(5,786)	-	(4,733)
Intangible assets	(25,001)	(16,243)	(23,542)	(14,699)
Investment in capital of financial subsidiaries	-	-	(17,313)	(17,313)
Unsecured lending to subsidiaries within the same group	-	-	14,343	-
Adjusted Total qualifying Tier 1 capital	1,130,832	1,005,045	957,625	828,464
Tier 2 capital				
Other comprehensive income (OCI)	99,002	87,159	45,622	40,023
Total qualifying Tier 2 capital	99,002	87,159	45,622	40,023
Investment in capital and financial subsidiaries	-	-	(17,313)	(17,313)
Net Tier 2 Capital	99,002	87,159	28,309	22,710
Total regulatory capital	1,229,834	1,092,204	985,934	851,174
Risk-weighted assets				
Credit risk	4,756,267	3,734,222	4,053,986	3,250,187
Market risk	154,846	175,625	63,908	89,635
Operational risk	1,042,189	921,168	914,227	813,499
Total risk-weighted assets	5,953,302	4,831,015	5,032,121	4,153,321
Risk-weighted Capital Adequacy Ratio (CAR)	**21 %**	**23 %**	**20 %**	**20 %**

3.7 Operational risk

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation and strategic risks. Operational risk exists in all products and business activities.

The Group has a broad Operational Risk management framework which defines the set of activities designed to proactively identify, assess and manage all operational risk components by aligning the people, technology and processes with best risk management practices towards enhancing stake holders' value and sustaining industry leadership.

Operational risk objectives include the following:

a. To provide clear and consistent direction in all operations of the group;

b. To provide a standardised framework and appropriate guidelines for creating and managing all operational risk exposures; and

c. To enable the group, identify and analyse events (both internal and external) that impact on its business.

3. Risk management (continued)

The Operational Risk unit constantly conducts reviews to identify and assess the operational risk inherent in all material products, activities, processes and systems. It also ensures that all business units within the Bank monitor their operational risks using set standards and indicators. Significant issues and exceptions are reported to Risk Management and are also identified by the independent risk function for discussion at the risk management committee.

Disaster recovery procedures, business continuity planning, self-compliance assurance and internal audit also form an integral part of our operational risk management process.

The Bank uses the following tools and methodologies in the implementation of its Operational risk Management.

Risk and Control Self-Assessment (RCSA) - This is the process whereby risks that are inherent in Business Units strategies, objectives and activities are identified and the effectiveness of the controls over those risks evaluated and monitored bank wide. The Risk and Control Self-Assessment process address risks and controls comprehensively. It incorporates the process for evaluating and managing all aspects of risk that is inherent in how and where the business is done.

Key Risk Indicators (KRI) - Key Risk Indicator is measures which indicate the risk profile of the bank and any change thereof. KRIs act as early warning indicators and are used to monitor and predict potential operational loss events. KRIs are used in conjunction with system of thresholds. When the threshold or tolerance level for any KRI is breached, it triggers review, escalation or management action. Risk indicators help keep the operational risk management dynamic and risk profile current.

Loss Incident Reporting – Loss incidents are reported by all business units using the Loss incident reporting template. The discipline of collecting loss data is not only needed to understand the dimensions of risk the Bank faces but also used to motivate staff to consider and more actively control key elements of risk. The Bank-wide data collection promotes a dialogue within the Bank about determining the major operational risk exposures and reinforces more qualitative efforts to manage operational risk within each of the business lines.

Operational Risk Capital Computation – The bank, based on Central Bank of Nigeria guideline, adopted basic indicator approach (BIA) in the calculation of its Operational Risk Capital adequacy. The estimated operational Risk Capital Charge is reported to the Board and management for capital planning and decision making.

Business Continuity Management (BCM)

In line with ISO 22301 Standards, the bank has a robust documented Business Continuity Plan. The primary objective of this plan is to protect the bank in the event of an undesired event in the form of fire outbreak, flood, theft or robbery, thunderstorm, unexpected breakdown of systems, networks, equipment, etc or any other form of disaster. This plan ensures that the bank recover from disasters resulting in the partial or total loss of IT infrastructure and applications to normal business operations, in a timely, effective and efficient manner. The business continuity test is conducted at least once in a year. The process is driven at a committee level but ably championed by the Risk Management Group.

Operational Risk Reporting

Periodic Operational Risk report highlighting key Operational risk identified are rendered to the Board, Management and other relevant stakeholders for awareness and prompt implementation of mitigation plans.

3. Risk management (continued)

3.8 Strategic risk

Strategic risk is a possible source of loss that might arise from the pursuit of an unsuccessful business plan. Strategic risk examines the impact of design and implementation of business models and decisions on earnings and capital as well as the organisation's responsiveness to industry changes. Processes and procedures have been established to ensure that the right models are employed and appropriately communicated to all decision makers in the Group on issues relating to strategic risk management. This has essentially driven the Group’s sound banking culture and performance record to date.

3.9 Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organisation to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Group manages this risk by monitoring new legislation, creating awareness of legislation among employees, identifying significant legal risks as well as assessing the potential impact of these.

Legal risks management in the Group is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements and other contractual documents.

3.10 Reputational risk

Reputational risk is defined as the risk of indirect losses arising from a decline in the bank’s reputation among one or multiple bank stakeholders. The risk can expose the Group to litigation, financial loss or damage to its reputation. The Group's reputation risk management philosophy involves anticipating, acknowledging and responding to changing values and behaviours on the part of a range of stakeholders. Accordingly, the following are the roles and responsibilities:

a. Board and senior management oversee the proper set-up and effective functioning of the reputational risk management framework;

b. Enterprise Risk Management Policy/Strategy (ERSP) is responsible for supporting the Board and senior management in overseeing the implementation of reputational risk management framework; and

c. Corporate Communications is responsible for managing both the internal and external communications that may impact the reputation of the Bank.

The process of reputation risk management within the Bank encompasses the following steps:

i. Identification: Recognizing potential reputational risk as a primary and consequential risk;

ii. Assessment: Conducting qualitative assessment of reputational risk based on the potential events that have been identified as reputational risk;

iii. Monitoring: Undertaking frequent monitoring of the reputational risk drivers;

iv. Mitigation and Control: Establishing preventive measures and controls for management of reputational risk and tracking mitigation actions;

v. Independent review: Subjecting the reputational risk measures and mitigation techniques to regular independent review by internal auditors and/or external auditors; and

vi. Reporting: Generating regular, action-oriented reports for management review.

3.11 Taxation risk

Taxation risk refers to the risk that new taxation laws will adversely affect the Group and/or the loss as a result of non-compliance with tax laws.

The taxation risk is managed by monitoring applicable tax laws, maintaining operational policies that enable the Group to comply with taxation laws and, where required, seeking the advice of tax specialists.

3. Risk management (continued)

3.12 Regulatory risk

The Group manages the regulatory risk to which it is potentially exposed by monitoring new regulatory rules and applicable laws, and identifying significant regulatory risks. The Group strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

The Group maintains zero tolerance posture for any regulatory breach in all its area of operations.

4 Critical accounting estimate and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Impairment losses on loans and advances

Measurement of the expected credit loss allowance for financial assets.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.2.10 to 3.2.17.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Input assumptions applied in estimating probability of default, loss given default and exposure at default;

- Incorporation of forward-looking information;

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.2.10 to 3.2.17.

The table below shows the impact on expected credit losses of changes in macroeconomic risk drivers and how credit losses responds to 10% decrease and increase in macro-variables.

31 December 2021 **In millions of Naira**	**10% increase**	**No change**	**10% decrease**
Gross exposure	3,237,973	3,237,973	3,237,973
Loss allowance	139,774	138,521	137,148

4.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market prices requires the use of valuation techniques as described in note 3.5(c). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

ii) Level 2: Valuation techniques based on observable inputs, either directly - i.e, as prices - or indirectly - i.e derived from prices. This category includes instruments such as forward contracts, swaps etc. valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instrument that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. See note 3.5c for sensitivity analysis on unquoted equity investments.

4.3 Deferred tax assets and liabilities

The deferred tax assets and liabilities recognized by the Group is dependent on the availability of taxable profit in the foreseeable future to utilize the deferred tax. The Group reviews the carrying amount of the deferred tax at the end of each reporting period and recognizes an amount such that it is probable that sufficient taxable profit will be available which the Group can use the benefit therefrom.

In determining the deferred tax assets recognized in the financial statements, the Group has applied judgement in estimating the deferred tax recoverable in the foreseeable future. This involves the estimation of future income and expenses, and the consideration of non-taxable income and disallowable expenses in order to arrive at the future taxable profit / loss.

5. Segment analysis

The Group's strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

The Group's operations are primarily organised on the basis of its products and service offerings in Nigeria, while the banking operations outside Nigeria are reported separately for Africa and Europe. The following summary describes each of the Group's reportable segments:

(a) Corporate, Public, Retail Banking, Pension Custodial services and Nominee - Nigeria

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

(b) Outside Nigeria Banking - Africa and Europe

These segments provide a broad range of banking services to a diverse group of corporations, financial institutions, investment funds, governments and individuals outside Nigeria. The reportable segments covers banking operations in other parts of Africa (Ghana, Sierra Leone and The Gambia) and in Europe (the United Kingdom) respectively.

Segment profit before tax, as included in internal management reports reviewed by the Group's Executive Management, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue. The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Information regarding each reportable segment is included in the tables below. The tables also show the reconciliation of the amounts in the statement of profit or loss and statement of financial position for the reportable segments to the amounts in the Group's statement of profit or loss and statement of financial position.

	Nigeria	Outside Nigeria				
	Corporate retail and pensions custodian services	Africa	Europe	Total reportable segments	Eliminations	Consolidated
In millions of Naira						
31 December 2021						
Interest and similar income	342,517	68,955	16,309	427,781	(184)	427,597
Total income on fee and commission	120,648	8,590	3,646	132,884	-	132,884
Other operating income	53,528	1,599	(1,101)	54,026	(16,432)	37,594
Trading gains	171,469	(4,447)	461	167,483	-	167,483
Total revenue	688,162	74,697	19,315	782,174	(16,616)	765,558
Revenue:						
Derived from external customers	671,541	74,702	19,315	765,558	-	765,558
Derived from other business segments	16,621	(5)	-	16,616	(16,616)	-
Total revenue	**688,162**	**74,697**	**19,315**	**782,174**	**(16,616)**	**765,558**
Interest expense	(82,723)	(22,152)	(2,102)	(106,977)	184	(106,793)
Impairment loss on financial assets	(56,167)	(2,033)	(1,732)	(59,932)	-	(59,932)
Depreciation charge	(23,316)	(1,701)	(288)	(25,305)	-	(25,305)
Amortisation charge	(3,195)	(312)	(272)	(3,779)	-	(3,779)
Fees and commission expense	(27,975)	(951)	-	(28,926)	-	(28,926)
Admin and operating expenses	(228,877)	(20,302)	(9,996)	(259,175)	(1,274)	(260,449)
Profit before tax	265,909	27,246	4,925	298,080	17,706	280,374
Tax expense	(26,033)	(8,937)	(846)	(35,816)	-	(35,816)
Profit after tax	**239,876**	**18,309**	**4,079**	**262,264**	**17,706**	**244,558**

In millions of Naira 31 December 2021	Nigeria Corporate retail and pensions custodian services	Outside Nigeria Africa	Europe	Total reportable segments	Eliminations	Consolidated
Expenditure on non-current assets	47,805	3,484	205	51,494	-	51,494

In millions of Naira 31 December 2021	Nigeria Corporate retail and pensions custodian services	Outside Nigeria Africa	Europe	Total reportable segments	Eliminations	Consolidated
Total assets	7,901,589	688,040	1,218,814	9,808,443	(360,600)	9,447,843
Other measures of assets:						
Loans and advances to customers	3,099,567	109,003	176,954	3,385,524	(29,796)	3,355,728
Treasury bills	1,583,253	181,692	-	1,764,945	-	1,764,945
Investment securities	498,235	180,567	624,924	1,303,726	-	1,303,726
Total liabilities	6,825,424	564,897	1,103,832	8,494,153	(325,972)	8,168,181
Other measures of liabilities						
Customer deposits	5,169,199	497,665	1,097,451	6,764,315	(292,261)	6,472,054
Borrowings	769,395	10,869	-	780,264	(29,795)	750,469

In millions of Naira 31 December, 2020	Nigeria Corporate retail and pensions custodian services	Outside Nigeria Africa	Europe	Total reportable segments	Eliminations	Consolidated
Interest and similar income	345,163	61,727	17,522	424,412	(3,599)	420,813
Total income on fee and commission	91,720	8,446	3,058	103,224	-	103,224
Other operating income	50,456	4,434	(555)	54,335	(3,600)	50,735
Trading gains	118,601	68	3,009	121,678	-	121,678
Total revenue	605,940	74,675	23,034	703,649	(7,199)	696,450
Revenue:						
Derived from external customers	601,604	71,812	23,034	696,450	-	696,450
Derived from other business segments	4,336	2,863	-	7,199	(7,199)	-
Total revenue	**605,940**	**74,675**	**23,034**	**703,649**	**(7,199)**	**696,450**

Interest expense	(102,111)	(18,892)	(3,727)	(124,730)	3,599	(121,131)
Impairment loss on financial assets	(37,277)	(734)	(1,523)	(39,534)	-	(39,534)
Depreciation charge	(22,817)	(1,876)	(432)	(25,125)	-	(25,125)
Amortisation charge	(2,918)	(231)	(388)	(3,537)	-	(3,537)
Admin and operating expenses	(222,519)	(18,986)	(9,357)	(250,862)	(400)	(251,262)
Profit before tax	218,298	33,956	7,607	259,861	4,000	255,861
Tax expense	(14,404)	(9,379)	(1,513)	(25,296)	-	(25,296)
Profit after tax	**203,894**	**24,577**	**6,094**	**234,565**	**4,000**	**230,565**

	Nigeria	Outside Nigeria			
	Corporate retail and pensions custodian services	Africa	Europe	Total reportable segments	Consolidated
In millions of Naira					
31 December 2020					
Expenditure on non-current assets	29,467	2,381	401	32,249	32,249

In millions of Naira						
31 December 2020						
Total assets	7,153,478	605,879	920,522	8,679,879	(198,607)	8,481,272
Other measures of asset:						
Loans and advances to customers	2,639,897	76,038	63,092	2,779,027	-	2,779,027
Treasury bills	1,393,476	184,399	-	-	-	1,577,875
Investment securities	359,134	172,327	465,455	-	-	996,916
Total liabilities	6,222,600	494,943	810,233	7,327,776	(163,977)	7,363,799
Other measures of liabilities						
Customer deposits	4,298,258	396,874	644,779	5,339,911	-	5,339,911
Borrowings	874,090	-	-	874,090	(4,010)	870,080

	Group		Bank	
In millions of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**

6. Interest and similar income

Loans and advances to customers	292,224	250,812	272,942	236,064
Placement with banks and discount houses	6,766	26,398	1,898	25,205
Treasury bills	40,426	53,797	19,520	31,147
Promissory note	1,344	7,742	1,341	7,742
Commercial papers	168	553	168	553
Government and other bonds	86,669	81,511	44,519	41,781
	427,597	**420,813**	**340,388**	**342,492**

Interest and similar income represents interest income on financial assets measured at amortised cost.

Interest income accrued on impaired financial assets amount to N6,505 million and N6,505 million (31 December 2020: N6,016 million and N3,644 million) for Group and Bank respectively.

7. Interest and similar expense

Current	14,292	29,657	7,148	26,997
Savings accounts	16,653	22,130	16,348	21,888
Time deposits	29,377	29,274	14,061	10,806
Borrowed funds	43,044	36,658	42,276	39,616
Leases	3,427	3,412	2,885	2,804
	106,793	**121,131**	**82,718**	**102,111**

Total interest expense is calculated using the effective interest rate method reported above and does not include interest expense on financial liabilities carried at fair value through profit or loss.

8. Impairment loss / (write back) on financial and non-financial instruments

ECL on financial instruments:				
Loans and advances(see note 3.2.18)	48,873	37,439	48,357	35,495
Investment securities (see note 3.2.18)	2,993	217	(90)	217
Treasury Bills (see note 3.2.18)	(781)	972	(281)	659
Other financial assets (see note 3.2.18)	7,781	1,366	7,789	1,326
Due from other Banks (see note 3.2.18)	666	(83)	-	(83)
Assets pledged as collateral (see note 3.2.18)	(158)	286	(158)	286
Total ECL on financial instruments	59,374	40,197	55,617	37,900
Impairment (credit)/charge on non-financial instruments:				
Off balance sheet (see note 3.2.18)	784	(706)	784	(706)
Other non-financial assets (see note 25)	(226)	43	(226)	43
	59,932	**39,534**	**56,175**	**37,237**

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

9. Net income on Fee and commission

Credit related fees	18,054	13,913	13,616	9,110
Commission on turnover	1,613	2,491	-	-
Account maintenance fee	31,390	21,988	30,867	21,988
Income from financial guarantee contracts issued	8,894	6,802	6,629	6,300
Fees on electronic products	37,470	27,078	35,443	25,559
Foreign currency transaction fees and commission	3,298	2,135	2,590	1,685
Asset based management fees	8,276	7,612	-	-
Auction fees income	517	524	517	524
Corporate finance fees	186	148	118	92
Foreign withdrawal charges	9,129	8,061	9,129	8,061
Commissions on agency and collection services	14,057	12,472	13,251	11,059
Total fee and Commission income	132,884	103,224	112,160	84,378
Fees and commission expense	(28,926)	(23,892)	(27,975)	(22,961)
	103,958	**79,332**	**84,185**	**61,417**

The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

Total fee and commission income recognised at a point in time amount to N91,291 million and N71,092 million for Group and Bank (December 31, 2020: N70,556 million and N52,446 million) respectively while an amount of N41,593 million and N41.068 million (December 31, 2020: N32,669 million and N31,932 million) was recognised over the year.

10. Other operating income

Dividend income from equity investments (see note a below)	2,754	1,707	19,186	5,307
Gain on disposal of property and equipment (see note 44(vii))	78	347	69	348
Income on cash handling	999	306	383	193
Loan recovery (see note c below)	7,975	4,043	7,616	4,043
Gain on disposal of financial instrument (see note d below)	251	891	-	891
Foreign currency revaluation gain (see note b below)	25,537	43,441	26,012	39,668
	37,594	**50,735**	**53,266**	**50,450**

(a) Dividend income from equity investments represent dividend received from subsidiaries of N16,432 million and N2,754 million received from other equity instruments held for strategic purposes and for which the Group has elected to present the fair value and loss in other comprehensive income.

(b) Foreign currency revaluation gain represent unrealised gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

(c) This represents amount recovered for previously written-off facilities. The amount is recognised on a cash basis only.

(d) This represents gain on one-off disposal of debt security measured at amortised cost and equity investment not designated as FVTOCI.

11. Trading gains

Gain/(loss) on other trading books	42,438	(18,735)	46,368	(18,735)
Gain on treasury bills FVTPL	127,613	123,097	127,556	123,029
(Loss)/gain on bonds FVTPL	(3,232)	14,448	(3,119)	11,439
Interest income on trading bonds	664	2,868	664	2,868
	167,483	**121,678**	**171,469**	**118,601**

Included in gain/(loss) on other trading books is a net gain on derivatives instruments of N42.60 and N42.31 billion for Group and Bank respectively (31 December 2020: Group and Bank N30.65 billion).

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
12. Operating expenses				
Directors' emoluments (see note 37 (b))	1,663	1,412	1,362	1,213
Auditors' remuneration	1,060	786	500	380
Deposit insurance premium	17,273	14,405	17,273	14,405
Professional fees	5,347	4,338	4,458	3,747
Training and development	1,588	1,191	1,419	1,057
Information technology	28,716	20,440	27,540	19,572
Lease expense	985	664	46	13
Advertisement	7,100	7,656	6,919	7,411
Outsourcing services	14,773	11,500	14,754	11,500
Bank charges	7,725	6,635	6,729	6,259
Fuel and maintenance	20,656	17,778	16,804	14,555
Insurance	2,347	1,865	1,990	1,702
Licenses, registrations and subscriptions	4,142	6,496	3,379	5,815
Travel and hotel expenses	2,628	1,883	1,417	1,102
Printing and stationery	2,742	2,580	1,960	1,872
Security and cash handling	4,766	3,980	4,265	3,545
Fines & Penalties (see note 42)	4	11	4	11
Donations	4,450	3,414	4,372	3,285
AMCON levy	37,920	30,948	37,920	30,948
Telephone and postages	7,189	3,866	6,625	3,435
Corporate promotions	4,698	4,179	4,551	4,077
Others	2,792	1,823	1,570	724
	180,564	**147,850**	**165,857**	**136,628**

For the year ended 31 December 2021 an amount of N985 million and N46 million for Group and Bank (December 31, 2020: N664 million and N13 million) respectively represent the amount of straight line amortisation on short term lease in which the Group/Bank has applied the recognition exception.

The Bank paid the external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the year was N137 million. These non-audit services were for assessment of risk management practices (N69.9 million), assessment of compliance with whistle blowing guidelines (N7.9 million), review of the Bank's corporate governance (N45.2 million), sustainability assurance (N10.8 million), and induction for new directors (N3.2 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors.

The Group auditors did not engage in any non-audit service for any of the Bank's subsidiaries.

The bank paid a total of N600 million as contribution to the industrial training fund.

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

13. Taxation

(a) Major components of the tax expense

.

Income tax expense				
Corporate tax	12,223	13,557	1,905	-
Minimum tax expense	-	1,479	-	1,479
Information technology tax	2,626	2,103	2,546	2,103
Tertiary Education tax	2,716	2,072	2,598	2,072
Police trust fund levy	13	11	13	11
NASENI Levy	643	-	643	-
National Fiscal Stabilization Levy & Financial Sector Recovery	2,043	-	-	-
Current income tax	20,264	19,222	7,705	5,665
Deferred tax expense:				
Origination of temporary differences	15,552	6,074	16,329	6,490
Income tax expense	35,816	25,296	24,034	12,155
Total tax expense	**35,816**	**25,296**	**24,034**	**12,155**

(b) Reconciliation of effective tax rate

Profit before income tax	280,374	255,861	257,167	210,007
Tax calculated at the domestic rate of 30% (2020: 30%)	84,112	76,758	77,150	63,002
Tax effect of adjustments on taxable income				
Effect of tax rates in other jurisdictions	(1,786)	-	-	-
Non-deductible expenses	40,208	52,286	34,303	50,402
Tax exempt income	(80,934)	(85,396)	(80,274)	(83,313)
Balancing charge	46	143	46	143
Tax loss utilised	(8,114)	(9,506)	(8,533)	(9,506)
Minimum tax	-	1,479	-	1,479
Information technology levy	2,626	2,103	2,546	2,103
NASENI	643	-	643	-
Capital allowance utilised	(21,298)	(20,728)	(20,787)	(20,728)
Tertiary education tax	2,705	2,072	2,598	2,072
National Fiscal Stabilization Levy & Financial Sector Recovery Levy	2,043	-	-	-
Origination of temporary differences	15,552	6,074	16,329	6,490
Police trust fund levy	13	11	13	11
Total tax expense	**35,816**	**25,296**	**24,034**	**12,155**

(c) The movement in the current income tax balance is as follows:	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
At start of the year	11,690	9,711	9,117	6,627
Tax paid	(15,045)	(17,243)	(2,581)	(3,175)
Current income tax charge (see note 13a)	20,264	19,222	7,705	5,665
At end of the year	**16,909**	**11,690**	**14,241**	**9,117**

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

14. Earnings per share

Basic earnings per share

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

Profit attributable to shareholders of the Bank (N'million)	244,402	230,374	233,133	197,852
Number of shares in issue at end of the year (millions)	31,396	31,396	31,396	31,396
Weighted average number of ordinary shares in issue (millions)	31,396	31,396	31,396	31,396
Basic and diluted earnings per share (Naira)	7.78	7.34	7.43	6.30

Basic and diluted earnings per share are the same, as the Bank has no potentially dilutive ordinary shares.

	Group		Bank	
In millions of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**

15. Cash and balances with central banks

Cash and balances with central banks consist of:

Cash	84,077	104,544	55,899	66,834
Operating accounts and deposits with Central Banks	73,389	75,802	66,566	65,792
Mandatory reserve deposits with central bank (cash reserve)	1,250,208	1,330,733	1,194,512	1,289,930
Special cash reserve requirement	80,689	80,689	80,689	80,689
	1,488,363	**1,591,768**	**1,397,666**	**1,503,245**
Current	157,466	221,149	122,465	132,626
Non-current	1,330,897	1,370,619	1,275,201	1,370,619
	1,488,363	**1,591,768**	**1,397,666**	**1,503,245**

16 Treasury bills

Treasury bills (FVTPL)	824,222	698,493	823,891	698,199
Treasury bills (Amortized cost)	941,538	880,957	754,151	695,898
ECL Allowance on treasury bills (Amortized cost) (see note 3.2.18)	(815)	(1,575)	(395)	(676)
	1,764,945	**1,577,875**	**1,577,647**	**1,393,421**
Classified as:				
Current	1,764,945	1,577,875	1,577,647	1,393,421
	1,764,945	**1,577,875**	**1,577,647**	**1,393,421**

Treasury bills measured at fair value through profit and loss are held for trading.

The following treasury bills have maturities less than three months and are classified as cash and cash equivalents for purposes of the statements of cash flows (Note 41).	315,795	396,924	230,213	396,924
	315,795	**396,924**	**230,213**	**396,924**

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

17. Assets pledged as collateral

Treasury bills pledged as collateral	-	1,962	-	1,962
Bonds pledged as collateral	139,458	117,290	103,864	117,290
Treasury bills under repurchase agreement	253,334	122,870	253,334	122,870
Bonds under repurchase agreement	-	56,763	-	56,763
ECL Allowance on assets pledged and under repo	(198)	(355)	(198)	(355)
	392,594	**298,530**	**357,000**	**298,530**

Included in assets pledged as collateral for Group/Bank are treasury bills at amortised cost of N54,241 million and bonds at amortised cost of N103,864 million (31 December 2020: treasury bills N53,231 million and bonds N174,052 million). All other assets pledged as collateral for Group/Bank are treasury bills at fair value.

Some of the balances are restricted (see note 3.4.3c).

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counterparty for the term of the transaction being collateralized. These assets were pledged as collateral to Nigeria Interbank Settlement System (NIBBS) N3.63 billion (31 December 2020: N3.62 billion), Federal Inland Revenue Services N8.18 billion (31 December 2020: N8.14 billion), V-Pay N45.46 million (31 December 2020: N45.24 million), Interswitch Limited N2.18 billion (31 December 2020: N2.17 billion), the Bank of Industry (Nigeria) N32.89 billion (31 December 2020: N35.20 billion), E- Tranzact N45.46 million (31 December 2020: N45.22 million), CBN Real Sector Support Fund (RSSF) N22.22 billion (31 December 2020: N39.74 billion),CBN settlement clearing N14.78 billion (31 December 2020: N14.59 billion), System Specs/REMITA N2.27 billion (31 December 2020: N2.68 billion) and Financial Market dealers Quotation (FMDQ) N17.62 billion (December 31, 2020: N27.61 billion), pension funds management companies, institutional investors and high net worth customers related to Zenith Bank Ghana totals N35.59 billion.

Assets exchanged under repurchase agreement as at 31 December 2021 are with the following counterparties (note 31):

Counterparties	**Carrying value of asset**	**Carrying value of liability**	**Carrying value of asset**	**Carrying value of liability**
ABSA (see note 31)	113,809	84,922	113,809	84,922
JP Morgan Chase (see note 31)	50,477	31,808	50,477	31,808
First Abu Dhabi Bank (see note 31)	61,388	42,448	61,388	42,448
Mashreq Bank (see note 31)	27,660	63,739	27,660	63,739
	253,334	**222,917**	**253,334**	**222,917**

Assets exchanged under repurchase agreement as at 31 December 2020 are with the following counterparties (note 31):

Counterparties	**Carrying value of asset**	**Carrying value of liability**	**Carrying value of asset**	**Carrying value of liability**
ABSA	110,497	100,457	110,497	100,457
Standard Bank London	32,085	20,159	32,085	20,159
Mashreq Bank	37,051	28,113	37,051	28,113
	179,633	**148,729**	**179,633**	**148,729**

Classified as:				
Current	253,306	129,299	253,306	129,299
Non-current	139,288	169,231	103,695	169,231
	392,594	**298,530**	**357,001**	**298,530**

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

18. Due from other banks

Current balances with banks outside Nigeria	377,238	333,466	501,450	305,872
Placements with banks	314,730	477,086	16,661	226,563
ECL allowance	(724)	(58)	(58)	(58)
	691,244	**810,494**	**518,053**	**532,377**
Classified as:				
Current	691,244	810,494	518,053	532,377

Included in balances with banks outside Nigeria is the amount of N23.54 billion and N85.97 billion for the Group and Bank respectively (31 December 2020: N50.28 billion and N86.27 billion for the Group and Bank respectively) which represents the Naira value of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities (See Note 29).

Some of the balances are restricted (see note 3.4.3c).

Due from banks with maturity greater than 3 months and restricted balances:	29,986	179,244	94,157	179,244

19. Derivative assets

Instrument types (fair value):

Forward and Swap Contracts	52,874	34,634	53,473	31,867
Futures contracts	3,313	9,862	4,003	9,862
Total	**56,187**	**44,496**	**57,476**	**41,729**

Instrument types (Notional amount):

Forward and Swap Contracts	867,926	481,886	909,300	481,886
Futures contract	109,503	222,730	180,571	222,730
Total	**977,429**	**704,616**	**1,089,871**	**704,616**

There are no derivative assets and liabilities that are designated as fair value through profit or loss on initial recognition.

Non-hedging derivative assets and liabilities

The Group enters into currency forward contracts with counterparties. On initial recognition, the Group estimates the fair value of derivatives transacted with the counterparties using the discounted mark-to-market technique. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the wholesale dealer market.)

During the year, various derivative contracts entered into by the Group generated a net gain which was recognized in the statement of profit or loss and other comprehensive income (see note 11).

All derivative assets are current.

In millions of Naira	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20

20. Loans and advances

Overdrafts	439,459	248,003	419,219	230,288
Term loans	2,522,278	2,142,727	2,278,613	2,013,763
On-lending facilities	540,141	528,612	540,141	528,612
Gross loans and advances to customers	3,501,878	2,919,342	3,237,973	2,772,663
Less: ECL Allowance (see note 3.2.18)	(146,150)	(140,315)	(138,521)	(132,866)
	3,355,728	**2,779,027**	**3,099,452**	**2,639,797**
Net Loans classified as:				
Current	1,456,094	1,066,675	1,376,248	1,013,234
Non-current	1,899,634	1,712,352	1,723,204	1,626,563
	3,355,728	**2,779,027**	**3,099,452**	**2,639,797**

Movement in ECL Allowance as at 31 December 2021 is presented in Note 3.2.18.

21. Investment securities

Debt securities				
At amortised cost (see note iii)	657,951	476,287	380,199	208,973
At FVTOCI	541,629	392,150	-	-
ECL Allowance (see note 3.2.18)	(3,766)	(773)	(666)	(755)
Net debt securities measured at amortised cost and FVTOCI	1,195,814	867,664	379,533	208,218
Debt securities (measured at fair value through profit or loss) (see note ii)	22,338	49,277	11,897	44,933
Net debt securities	1,218,152	916,941	391,430	253,151
Equity securities				
At fair value through other comprehensive income (see note (i) below)	85,574	79,975	85,574	79,975
	1,303,726	**996,916**	**477,004**	**333,126**

Movement in impairment allowance on investment securities is presented in Note 3.2.18

Classified as:				
Current	53,960	718,818	21,476	80,444
Non-current	1,249,766	278,098	455,528	252,682
	1,303,726	**996,916**	**477,004**	**333,126**

(i) The Group holds equity investments in unquoted entities which the Group has elected to carry at fair value through other comprehensive income. These investments are held for strategic purposes rather than for trading purposes see note 3.3.5.

(ii) The Group and Bank debt securities measured at FVTPL comprise FGN bonds (31 December 2021: N22.3 billion and N11.9 billion respectively; 31 December 2020; N49.3 and N44.9 billion respectively).

(iii) The Group's debt securities measured at amortised cost can be analysed as follows:

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Sovereign (Federal)	559,585	378,026	281,833	110,712
Sub-sovereign (State)	19,163	22,154	19,163	22,154
Corporate bonds	52,230	13,371	52,230	13,371
Promissory note	17,096	52,976	17,096	52,976
Commercial papers	9,877	9,760	9,877	9,760
	657,951	**476,287**	**380,199**	**208,973**

22. Investment in subsidiaries

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

Bank

Name of company	31-Dec-21 Ownership interest %	31-Dec-20 Ownership interest %	31-Dec-21 Carrying amount	31-Dec-20
Zenith Bank (Ghana) Limited (see (1) below)	99.42 %	99.42 %	7,066	7,066
Zenith Bank (UK) Limited	100.00 %	100.00 %	21,482	21,482
Zenith Bank (Sierra Leone) Limited	99.99 %	99.99 %	2,059	2,059
Zenith Bank (Gambia) Limited	99.96 %	99.96 %	1,038	1,038
Zenith Pensions Custodian Limited	99.00 %	99.00 %	1,980	1,980
Zenith Nominee Limited	99.00 %	99.00 %	1,000	1,000
			34,625	34,625

All investments in subsidiaries are non-current.

22. Investment in subsidiaries (continued)

(b) Condensed results of consolidated entities

31 December 2021	Zenith Group	Intra-group transactions and balances	Zenith Bank Plc	Zenith Bank Ghana	Zenith Bank UK	Zenith Bank Sierra Leone	Zenith Bank Gambia	Zenith Pension Custodian	Zenith Nominee Limited
Condensed statement of profit or loss									
Operating income	765,558	(16,616)	677,283	66,960	19,315	5,088	2,649	10,521	358
Expenses	(425,252)	(1,090)	(363,941)	(41,655)	(12,658)	(2,434)	(1,329)	(1,963)	(182)
Impairment charge for financial and non-financial assets	(59,932)	-	(56,175)	(1,954)	(1,732)	(52)	(27)	8	-
Profit before tax	280,374	(17,706)	257,167	23,351	4,925	2,602	1,293	8,566	176
Taxation	(35,816)	-	(24,034)	(7,972)	(846)	(651)	(314)	(1,953)	(46)
Profit / loss for the year	**244,558**	**(17,706)**	**233,133**	**15,379**	**4,079**	**1,951**	**979**	**6,613**	**130**
Condensed statement of financial position									
Assets									
Cash and balances with central banks	1,488,363	-	1,397,666	85,498	12	1,053	3,826	286	22
Treasury bills	1,764,945	-	1,577,647	165,906	-	-	15,786	5,478	128
Assets pledged as collateral	392,594	-	357,000	35,594	-	-	-	-	-
Due from other banks	691,244	(292,261)	518,053	39,437	412,509	7,507	5,999	-	-
Derivative asset held for risk management	56,187	(2,736)	57,476	-	1,447	-	-	-	-
Loans and advances	3,355,728	(29,796)	3,099,452	105,423	176,954	2,396	1,184	114	1
Investment securities	1,303,726	-	477,004	155,824	624,924	21,310	3,433	19,335	1,896
Investment in subsidiaries	-	(34,625)	34,625	-	-	-	-	-	-
Deferred tax asset	1,837	-	-	1,654	86	95	2	-	-
Other assets	168,210	(1,182)	152,326	13,828	873	497	302	1,523	43
Property and equipment	200,008	-	177,501	18,670	1,565	821	1,265	170	16
Intangible assets	25,001	-	23,542	577	444	88	65	265	20
	9,447,843	**(360,600)**	**7,872,292**	**622,411**	**1,218,814**	**33,767**	**31,862**	**27,171**	**2,126**

22. Investment in subsidiaries (continued)

31 December 2021	Zenith Group	Intra-group transactions and balances	Zenith Bank Plc	Zenith Bank Ghana	Zenith Bank UK	Zenith Bank Sierra Leone	Zenith Bank Gambia	Zenith Pension Custodian	Zenith Nominee Limited
Liabilities & Equity									
Customer deposits	6,472,054	(292,261)	5,169,199	448,256	1,097,451	25,593	23,816	-	-
Derivative liabilities	14,674	(2,737)	15,170	2,241	-	-	-	-	-
Current income tax	16,909	-	14,241	-	276	127	276	1,942	47
Deferred income tax liabilities	11,603	-	11,596	-	-	-	-	5	2
Other liabilities	487,432	(1,179)	427,876	51,738	6,105	973	1,008	733	178
On-lending facilities	369,241	-	369,241	-	-	-	-	-	-
Borrowings	750,469	(29,795)	769,395	10,869	-	-	-	-	-
Debt securities issued	45,799	-	45,799	-	-	-	-	-	-
Equity and reserves	1,279,662	(34,628)	1,049,775	109,307	114,982	7,074	6,762	24,491	1,899
	9,447,843	**(360,600)**	**7,872,292**	**622,411**	**1,218,814**	**33,767**	**31,862**	**27,171**	**2,126**
Condensed statement of cash flow									
Net cash (used in)/from operating activities	386,185	(202,637)	457,857	102,180	4,401	6,882	8,224	9,143	134
Net cash (used in)/from financing activities	(262,648)	(24,891)	(246,974)	19,542	(4,324)	-	-	(6,000)	-
Net cash (used in)/from investing activities	(239,884)	130,180	(358,474)	1,854	(81)	(6,046)	(4,200)	(2,960)	(158)
Increase / (decrease) in cash and cash equivalents	**(116,347)**	**(97,348)**	**(147,591)**	**123,576**	**(4)**	**836**	**4,024**	**183**	**(24)**
Cash and cash equivalents									
At start of year	1,208,520	268,875	882,683	1,331	48,270	844	5,060	1,303	154
Exchange rate movements on cash and cash equivalents	42,346	-	41,482	864	-	-	-	-	-
At end of year	1,134,519	171,527	776,574	125,771	48,266	1,680	9,084	1,486	131
Increase / (decrease) in cash and cash equivalents	**(116,347)**	**97,348**	**(147,591)**	**123,576**	**(4)**	**836**	**4,024**	**183**	**(23)**

22. Investment in subsidiaries (continued)

31 December, 2020	Zenith Group	Intra-group transactions and balances	Zenith Bank Plc	Zenith Bank Ghana Limited	Zenith Bank UK Limited	Zenith Bank Sierra Leone Limited	Zenith Bank Gambia Limited	Zenith Pension Custodian Limited	Zenith Nominee Limited
Condensed statement of profit or loss									
Operating income	696,450	(7,199)	595,921	68,442	23,034	4,020	2,213	9,647	372
Expenses	(401,055)	3,199	(348,677)	(36,178)	(13,904)	(2,460)	(1,347)	(1,609)	(79)
Impairment charge for financial assets	(39,534)	-	(37,237)	(652)	(1,523)	(55)	(27)	(40)	-
Profit before tax	255,861	(4,000)	210,007	31,612	7,607	1,505	839	7,998	293
Taxation	(25,296)	-	(12,155)	(8,728)	(1,513)	(398)	(253)	(2,179)	(70)
Profit for the year	**230,565**	**(4,000)**	**197,852**	**22,884**	**6,094**	**1,107**	**586**	**5,819**	**223**

31 December 2020	Zenith Group	Intra-group transactions and balances	Zenith Bank Plc	Zenith Bank Ghana	Zenith Bank UK	Zenith Bank Sierra Leone	Zenith Bank Gambia	Zenith Pension Custodian	Zenith Nominee Limited
Condensed statement of financial position									
Assets									
Cash and balances with central banks	1,591,768	-	1,503,245	82,662	15	2,781	2,923	107	35
Treasury bills	1,577,875	-	1,393,421	156,881	-	16,115	11,403	57	(2)
Assets pledged as collateral	298,530	-	298,530	-	-	-	-	-	-
Due from other banks	810,494	(126,943)	532,377	44,768	349,836	5,204	5,252	-	-
Derivative asset held for risk management	44,496	-	41,729	-	2,767	-	-	-	-
Loans and advances	2,779,027	-	2,639,797	72,487	63,092	2,370	1,181	97	3
Investment securities	996,916	-	333,126	171,344	465,455	-	983	24,227	1,781
Investment in subsidiaries	-	(34,625)	34,625	-	-	-	-	-	-
Deferred tax asset	5,786	-	4,733	586	421	42	5	-	(1)
Other assets	169,967	(37,039)	159,625	8,212	36,576	412	556	1,575	50
Property and equipment	190,170	-	169,080	17,402	1,827	983	713	149	16
Intangible assets	16,243	-	14,699	406	533	127	81	358	39
	8,481,272	**(198,607)**	**7,124,987**	**554,748**	**920,522**	**28,034**	**23,097**	**26,570**	**1,921**

22. Investment in subsidiaries (continued)

31 December 2020	Zenith Group	Intra-group transactions and balances	Zenith Bank Plc	Zenith Bank Ghana Limited	Zenith Bank UK Limited	Zenith Bank Sierra Leone Limited	Zenith Bank Gambia Limited	Zenith Pension Custodian Limited	Zenith Nominee Limited
Liabilities & Equity									
Customer deposits	5,339,911	-	4,298,258	358,930	644,779	21,995	15,949	-	-
Derivative liabilities	11,076	-	11,076	-	-	-	-	-	-
Current income tax	11,690	-	9,117	(84)	102	91	232	2,162	70
Deferred income tax liabilities	-	-	-	-	-	-	-	-	1
Other liabilities	703,292	(159,967)	599,464	96,039	165,352	503	1,288	531	82
On-lending facilities	384,573	-	384,573	-	-	-	-	-	-
Borrowings	870,080	(4,010)	874,090	-	-	-	-	-	-
Debt securities issued	43,177	-	43,177	-	-	-	-	-	-
Equity and reserves	1,117,473	(34,630)	905,232	99,863	110,289	5,445	5,628	23,877	1,769
	8,481,272	**(198,607)**	**7,124,987**	**554,748**	**920,522**	**28,034**	**23,097**	**26,570**	**1,922**
Condensed cash flow									
Net cash from/(used in) operating activities	105,811	(44,130)	65,920	35,868	42,765	(2)	3,306	2,084	85
Net cash from/(used in) financing activities	422,847	50,652	418,902	(42,613)	-	-	(94)	(4,000)	-
Net cash from/(used in) investing activities	(25,946)	27,244	(20,488)	(8,906)	(24,698)	1	(1,469)	2,370	(1,309)
Increase/(Decrease) in cash and cash equivalents	**502,712**	**33,766**	**464,334**	**(15,651)**	**18,067**	**(1)**	**1,743**	**454**	**(1,224)**
Cash and cash equivalents									
At start of year	947,038	510,053	388,853	16,019	27,300	789	3,175	849	1,378
Exchange rate movements on cash and cash equivalents	35,093	31,029	-	963	2,903	56	142	-	-
At end of year	1,484,843	574,848	853,187	1,331	48,270	844	5,060	1,303	154
Increase/(Decrease) in cash and cash equivalents	**502,712**	**33,766**	**464,334**	**(15,651)**	**18,067**	**(1)**	**1,743**	**454**	**(1,224)**

22. Investment in subsidiaries (continued)

Apart from Zenith Bank Pensions Custodian Limited and Zenith Nominees Limited, which are incorporated in Nigeria, the remaining subsidiaries are incorporated in their respective countries.

Zenith Bank (Ghana) Limited provides Corporate and Retail Banking services. It was incorporated on April 15, 2005 and commenced operations on September 16, 2005.

Zenith Pensions Custodian Limited provides pension funds custodial services to Licensed Pension Fund Administrators (PFAs) and Closed Pension Funds Administrators under the Pension (Reform) Act, 2004. It was incorporated in Nigeria on March 1, 2005. The name was changed from "Zenith Pensions Limited" to "Zenith Pensions Custodian Limited" on September 20, 2005. It was licensed by the National Pension Commission as a custodian of pension funds and assets on December 7, 2005 and commenced operations in December 2005.

Zenith Bank (UK) Limited provides wholesale and investment banking services in the United Kingdom. It was incorporated on February 17, 2006 and commenced operations on March 30, 2007.

Zenith Bank (Sierra Leone) Limited provides corporate and retail banking services. It was incorporated in Sierra Leone on September 17, 2007 and granted an operating license by the Bank of Sierra Leone on September 10, 2008. It commenced banking operations on September 15, 2008.

Zenith Bank (Gambia) Limited provides corporate and retail banking services. It was incorporated in The Gambia on October 24, 2008 and granted an operating licence by the Central Bank of Gambia on December 30, 2009. It commenced banking operations on January 18, 2010.

Zenith Nominees Limited which is incorporated in Nigeria provides nominees, trustees, administrators and executorship services for non-pension assets. It was incorporated in Nigeria on April 6, 2006.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

23. Investment in associates

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

There were no published price quotations for any associates of the Group. Furthermore, there are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. The investment in associates have been fully impaired. Hence the carrying amount of the investment in associates is Nil as at 31 December 2021 (31 December 2020: Nil).

In millions of Naira

24. Deferred tax balances

(i) Deferred tax asset

	Group		Bank	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Unutilised capital allowances	15,057	11,756	15,100	11,756
ECL allowance on not-credit impaired financial instruments	11,017	4,301	8,914	3,066
Tax loss carry forward	(8)	4,692	-	4,692
Other assets	1,071	923	-	-
Lease liability	2,325	-	2,325	-
Total deferred tax asset	**29,462**	**21,672**	**26,339**	**19,514**
Set-off of deferred tax asset against deferred tax liabilities pursuant to set-off provisions (see (ii) below)	(27,625)	(15,885)	(26,339)	(14,781)
Net deferred tax asset	**1,837**	**5,787**	**-**	**4,733**

(ii) Deferred tax liability

	Group		Bank	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Property and equipment	16,861	683	15,989	-
Right of use asset	4,151	2,087	4,151	2,087
Foreign exchange differences	17,795	12,694	17,795	12,694
Fair value reserves	421	422	-	-
Total deferred tax liability	**39,228**	**15,886**	**37,935**	**14,781**
Set-off of deferred tax asset against deferred tax liabilities pursuant to set-off provisions (see (i) above)	(27,625)	(15,885)	(26,339)	(14,781)
Net deferred tax liability	**11,603**	**1**	**11,596**	**-**

Group

31 December 2021

Movements in temporary differences during the year	**01-Jan-21**	**Recognised in profit or loss**	**31-Dec-21**
Asset			
Other assets	922	149	1,071
Unutilized capital allowances	11,756	3,301	15,057
ECL Allowance on not-credit impaired financial instruments	4,301	6,716	11,017
Tax loss carry forward	4,692	(4,700)	(8)
Lease liability	-	2,325	2,325
	21,671	7,791	29,462

In millions of Naira

24. Deferred tax balances (continued)

31 December 2021

Movements in temporary differences during the year	01-Jan-21	Recognised in profit or loss	31-Dec-21
Liabilities			
Property and equipment	683	16,178	16,861
Right of use asset	2,087	2,064	4,151
Fair value reserve	421	-	421
Foreign exchange differences	12,694	5,101	17,795
	15,885	23,343	39,228

Bank

31 December 2021

Movements in temporary differences during the year	01-Jan-21	Recognised in profit or loss	31-Dec-21
Asset			
ECL Allowance on not-credit impaired financial instruments	3,066	5,848	8,914
Unutilized capital allowances	11,756	3,344	15,100
Tax loss carried forward	4,692	(4,692)	-
Lease liability	-	2,325	2,325
	19,514	**6,825**	**26,339**

31 December 2021

Movements in deferred tax during the year	01-Jan-21	Recognised in profit or loss	31-Dec-21
Liability			
Property and equipment	-	15,989	15,989
Right of use asset	2,087	2,064	4,151
Foreign exchange differences	12,694	5,101	17,795
	14,781	**23,154**	**37,935**

The Group and Bank deferred tax assets and deferred tax liabilities have been offset in the consolidated and separate financial statements.

All deferred tax are non current.

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

25. Other assets

Non-financial assets				
Prepayments	9,626	20,289	7,717	16,214
Other non-financial assets	9,763	336	9,815	336
Gross other non-financial assets	19,389	20,625	17,532	16,550
less impairment (see note (i) below)	-	(226)	-	(226)
Net other non-financial assets	19,389	20,399	17,532	16,324
Other financial assets				
E-card and settlement receivables	101,520	115,161	88,601	107,848
Intercompany receivables	-	-	458	329
Deposit for investment in AGSMEIS	40,888	30,996	40,888	30,996
Other receivables	16,338	5,552	13,962	5,454
Deposits for shares	-	-	720	720
Gross other financial assets	158,746	151,709	144,629	145,347
Less: ECL allowance(see note 25(ii))	(9,925)	(2,141)	(9,835)	(2,046)
Net other financial assets	148,821	149,568	134,794	143,301
Total other assets (Net)	**168,210**	**169,967**	**152,326**	**159,625**

Deposit for investment in AGSMEIS represents funds deposited with the CBN for future equity investments in agricultural, small and medium enterprises in line with the CBN directives.

Other non-financial assets comprises of balances on settlement accounts such as: withholding tax, revenue collection, sundry receivables. These assets are short tenured and are quickly settled.

Classified as:

Current	127,322	138,971	111,438	128,629
Non-current	40,888	30,996	40,888	30,996
	168,210	**169,967**	**152,326**	**159,625**

See note 3.2.18 for movement in impairment allowance for other financial assets as at 31 December 2021.

	Group		Bank	
In millions of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**

25. Other assets (continued)

(i) Movement in impairment allowance for non-financial assets

At start of the year	226	183	226	183
Charge for the year (see note 8)	(226)	43	(226)	43
At end of the year	**-**	**226**	**-**	**226**

(ii) Provision matrix

The table below summarises the provision matrix of the Bank as at 31 December 2021 and 31 December 2020. The loss allowance recorded by the other subsidiaries on their other financial assets is considered insignificant to the Group. Loss allowance for the Bank as at 31 December 2021 and 31 December 2020 was determined as follows for other financial assets.

31 December 2021	0-30 days	31-60 days	61-90 days	91-180 days	Above 180 days	Total
Receivables*	84,602	278	840	1,806	5,223	92,749
Expected loss rate	3.20 %	6.40 %	9.60 %	100.00 %	100.00 %	-
ECL	**2,707**	**18**	**81**	**1,806**	**5,223**	**9,835**

31 December 2020	0-30 days	31-60 days	61-180 days	181-365 days	Total
Receivables*	113,189	-	-	113	113,302
Expected loss rate	1.70 %	10.95 %	24.35 %	100.00 %	-
ECL	**1,924**	**-**	**-**	**113**	**2,037**

The receivables exclude the deposit for shares and deposit for AGSMEIS and N10.3 billion deposit for investment which are not subject to impairment by the simplified approach.

26. Property and equipment

(a) Property and equipment movement

Group

31 December 2021

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right of use assets - buildings	Work in progress	Total
Cost										
At 1 January, 2021	36,087	64,849	26,366	98,103	36,590	12,600	24,464	24,280	23,939	347,278
Additions	343	2,392	1,228	7,641	3,889	-	3,511	739	15,105	34,848
Reclassifications from WIP	1	653	(1,758)	1,694	749	-	29	1,800	(3,236)	(68)
Disposals / write off	-	(259)	(933)	(3,533)	(404)	-	(1,266)	-	-	(6,395)
Exchange difference	-	253	42	3	42	-	22	285	90	737
At 31 December 2021	**36,431**	**67,888**	**24,945**	**103,908**	**40,866**	**12,600**	**26,760**	**27,104**	**35,898**	**376,400**

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicle	Right of use assets - buildings	Work in progress	Total
Accumulated Depreciation										
At 1 January 2021	-	9,014	20,563	69,928	31,195	3,990	18,962	3,456	-	157,108
Charge for the year	-	1,362	2,071	11,931	3,920	1,260	2,795	1,966	-	25,305
Reclassifications/transfer from WIP	-	162	(788)	75	(27)	-	-	578	-	-
Disposals	-	(168)	(913)	(3,302)	(403)	-	(1,239)	-	-	(6,025)
Exchange difference	-	28	17	14	42	-	36	(133)	-	4
At 31 December 2021	**-**	**10,398**	**20,950**	**78,646**	**34,727**	**5,250**	**20,554**	**5,867**	**-**	**176,392**
Net book amount										
At 31 December 2021	36,431	57,490	3,995	25,262	6,139	7,350	6,206	21,237	35,898	200,008

Expenses relating to short term lease and low value lease assets can be seen in note 12 as lease expense.

There were no impairment losses on any class of property and equipment during the year (31 December 2020: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2020: Nil).

All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

For accounting policy and judgements on right of use see note 2.14.

The Group has no ROU in respect of leases that are yet to commence.

Group

31 December 2020

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right of use assets - buildings	Work in progress	Total
Cost										
At 1 January, 2020	34,668	60,740	25,016	94,296	37,098	12,600	23,387	18,138	17,201	323,144
Additions	1,388	2,496	1,153	5,810	1,350	-	2,516	5,826	9,237	29,776
Reclassifications from WIP	31	1,045	523	756	(40)	-	45	-	(2,360)	-
Disposals / write off	-	(7)	(761)	(2,997)	(2,005)	-	(1,622)	-	(169)	(7,561)
Exchange difference	-	575	435	238	187	-	138	316	30	1,919
At 31 December 2020	**36,087**	**64,849**	**26,366**	**98,103**	**36,590**	**12,600**	**24,464**	**24,280**	**23,939**	**347,278**

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicle	Right of use assets - buildings	Work in progress	Total
Accumulated Depreciation										
At the start of the year	-	7,646	18,740	60,898	29,253	2,730	17,212	1,449	-	137,928
Charge for the year	-	1,239	2,476	11,298	3,849	1,260	3,167	1,836	-	25,125
Reclassifications/transfer from WIP	-	104	(164)	98	(38)	-	-	-	-	-
Disposals	-	(7)	(755)	(2,516)	(2,005)	-	(1,512)	-	-	(6,795)
Exchange difference	-	32	266	150	136	-	95	171	-	850
At 31 December 2020	**-**	**9,014**	**20,563**	**69,928**	**31,195**	**3,990**	**18,962**	**3,456**	**-**	**157,108**
Net book amount										
At 31 December 2020	36,087	55,835	5,803	28,175	5,395	8,610	5,502	20,824	23,939	190,170

Bank
31 December 2021

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer Equipment	Right of use asset - Aircraft	Motor Vehicle	Right of use assets - buildings	Work in progress (WIP)	Total
Cost										
At 1 January 2021	36,087	55,201	21,288	95,151	34,903	12,600	22,749	16,352	23,097	317,428
Additions	343	1,761	1,094	7,322	3,561	-	3,123	409	14,380	31,993
Reclassifications from WIP	1	455	53	1,559	732	-	-	-	(2,800)	-
Disposals	-	(259)	(804)	(3,532)	(401)	-	(1,200)	-	-	(6,196)
At 31 December 2021	**36,431**	**57,158**	**21,631**	**100,500**	**38,795**	**12,600**	**24,672**	**16,761**	**34,677**	**343,225**

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor vehicle	Right of use assets - buildings	Work in progress (WIP)	Total
Accumulated Depreciation										
At 1 January, 2021	-	8,333	17,593	67,911	29,975	3,990	17,949	2,597	-	148,348
Charge for the year	-	1,102	1,863	11,494	3,665	1,260	2,428	1,392	-	23,204
Reclassifications/transfer from WIP	-	162	(210)	75	(27)	-	-	-	-	-
Disposals	-	(168)	(767)	(3,301)	(400)	-	(1,192)	-	-	(5,828)
At 31 December 2021	**-**	**9,429**	**18,479**	**76,179**	**33,213**	**5,250**	**19,185**	**3,989**	**-**	**165,724**
Net book amount										
At 31 December 2021	**36,431**	**47,729**	**3,152**	**24,321**	**5,582**	**7,350**	**5,487**	**12,772**	**34,677**	**177,501**

Expenses relating to short term lease and low value lease assets can be seen in note 12 as lease expense.

There were no impairment losses on any class of property and equipment during the year (31 December 2020 :Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2020:Nil).

All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

For accounting policy and judgements on right of use see note 2.14.

The Bank has no ROU assets in respect of leases that are yet to commence.

Bank
31 December 2020

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer Equipment	Right of use asset - Aircraft	Motor Vehicle	Right of use assets - buildings	Work in progress (WIP)	Total
Cost										
At 1 January, 2020	34,668	51,667	20,033	90,399	34,410	12,600	21,191	11,650	16,691	293,309
Additions	1,388	2,496	741	5,595	563	-	2,303	4,702	8,767	26,555
Reclassification to intangibles/transfer from WIP	31	1,045	523	756	(40)	-	46	-	(2,361)	-
Disposals	-	(7)	(9)	(1,599)	(30)	-	(791)	-	-	(2,436)
At 31 December 2020	**36,087**	**55,201**	**21,288**	**95,151**	**34,903**	**12,600**	**22,749**	**16,352**	**23,097**	**317,428**

	Land	Buildings	Leasehold improvements	Furniture, fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor vehicle	Right of use assets - buildings	Work in progress (WIP)	Total
Accumulated Depreciation										
At 1 January, 2020	-	7,187	15,911	58,128	26,907	2,730	15,802	1,188	-	127,853
Charge for the year	-	1,049	1,848	11,212	3,137	1,260	2,771	1,409	-	22,686
Reclassifications/transfer from WIP	-	104	(164)	98	(38)	-	-	-	-	-
Disposals	-	(7)	(2)	(1,527)	(31)	-	(624)	-	-	(2,191)
At 31 December 2020	**-**	**8,333**	**17,593**	**67,911**	**29,975**	**3,990**	**17,949**	**2,597**	**-**	**148,348**
Net book amount										
At 31 December 2020	**36,087**	**46,868**	**3,695**	**27,240**	**4,928**	**8,610**	**4,800**	**13,755**	**23,097**	**169,080**

(b) Right of use amounts recognised in the statement of financial position

In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Right-of-use assets				
Aircraft (see note 26)	7,350	8,610	7,350	8,610
Buildings (see note 26)	21,237	20,824	12,772	13,755
	28,587	**29,434**	**20,122**	**22,365**

Additions to the right-of-use asset for Group and Bank during the year 31 December 2021 was N739 million and N409 million respectively (31 December 2020: N5,826 million and N4,702 million respectively).

In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Lease liabilities				
Current	3,406	6,275	2,577	4,158
Non-current	20,696	18,181	14,131	13,363
	24,102	**24,456**	**16,708**	**17,521**

(c) Amounts recognised in the income statement

In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Depreciation charge of right-of-use asset				
Aircraft (see note 26)	1,260	1,260	1,260	1,260
Buildings (see note 26)	1,966	1,836	1,392	1,409
	3,226	3,096	2,652	2,669
Interest expense (included in finance cost)	3,427	3,107	2,885	2,804
Lease expense	985	664	46	13

The total cash outflow of leases for Group and bank as at 31 December 2021 was N4,805 million and N3,957 million respectively (31 December 2020: N3,427 million and N3,212 million respectively)

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

27. Intangible assets

Computer software

Cost				
At start of the year	35,609	32,472	29,747	27,381
Exchange difference	246	664	-	-
Reclassification from PPE	68	-	-	-
Additions	14,884	2,473	14,361	2,366
Write off	(2,454)	-	(2,454)	-
At end of the year	**48,353**	**35,609**	**41,654**	**29,747**
Accumulated amortization				
At start of the year	19,366	15,975	15,048	12,272
Exchange difference	207	(146)	-	-
Charge for the year	3,779	3,537	3,064	2,776
At the end of the year	**23,352**	**19,366**	**18,112**	**15,048**
Carrying amount at end of the year	**25,001**	**16,243**	**23,542**	**14,699**

All intangible assets are non-current. All intangible assets of the Group have finite useful life and are amortised over 5 years.

The Group does not have internally generated intangible assets.

28. Customers' deposits

Demand	3,530,521	2,986,724	2,561,736	2,181,524
Savings	1,236,281	1,155,026	1,194,221	1,112,914
Term	452,193	323,149	306,084	188,480
Domiciliary	1,253,059	875,012	1,107,158	815,340
	6,472,054	**5,339,911**	**5,169,199**	**4,298,258**
Classified as:				
Current	6,472,054	5,339,911	5,169,199	4,298,258

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

29. Other liabilities

Other financial liabilities				
Customer deposits for letters of credit	86,872	50,276	86,872	86,266
Managers' cheques	18,279	19,318	17,707	18,728
Collections accounts	154,728	269,709	154,694	269,711
Unclaimed dividend	28,647	28,035	28,647	28,035
Lease liability (see note (c) below)	24,102	24,457	16,708	17,522
AMCON payable	3,817	5,725	3,817	5,725
Electronic card and settlement payables	60,829	71,996	58,000	71,849
Customers' foreign transactions payables	8,653	67,284	8,653	12,014
Account payables	69,849	73,261	34,005	54,708
Total other financial liabilities	455,776	610,061	409,103	564,558
Non-financial liabilities				
Tax collections	5,339	2,317	5,003	2,136
Deferred income on financial guarantee contracts	1,206	1,234	1,186	1,234
Other payables	19,495	84,848	6,968	26,704
Off Balance Sheet exposures impairment allowance	5,616	4,832	5,616	4,832
Total other non-financial liabilities	31,656	93,231	18,773	34,906
Total other liabilities	**487,432**	**703,292**	**427,876**	**599,464**

Classified as:

Current	474,070	685,111	413,624	586,101
Non-current	13,362	18,181	14,252	13,363
	487,432	**703,292**	**427,876**	**599,464**

(a) ECL allowance for off balance sheet exposure

In millions of Naira				
Bonds and guarantee contracts	43	3,424	43	3,424
Undrawn portion of loan commitments	1,215	886	1,215	886
Letters of credit	4,358	522	4,358	522
	5,616	**4,832**	**5,616**	**4,832**

See note 3.2.18 for movement in ECL allowance for off balance sheet exposure.

(b) The amounts above for financial guarantee contracts represents the deferred income initially recognised less cumulative amortisation.

In millions of Naira	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20

29. Other liabilities (continued)

(c) Lease liability

This relates to lease rental for aircraft and properties used by the Group. The net carrying amount of leased assets, included within property and equipment is N28.55 billion and N20.12 billion as at 31 December 2021. (31 December 2020: N29.43 billion and N22.37 billion) for both Group and Bank respectively.

The undiscounted cash flow payments on the lease liabilities extend over a number of years. This is analysed as follows:

	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20
Not more than one year	4,561	5,803	4,311	4,158
Over one year but less than five years	19,531	27,867	19,226	21,112
More than five years	11,681	10,162	4,843	6,113
At end of the year	**35,773**	**43,832**	**28,380**	**31,383**

The table below shows the movement in lease liability during the year.

	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20
As at 1 January	24,456	22,194	17,521	16,297
Additions	499	2,582	259	1,632
Principal repayment	(2,802)	(742)	(2,007)	(684)
Modification	353	-	-	-
Interest expense	3,427	3,107	2,885	2,804
Interest paid	(2,003)	(2,685)	(1,950)	(2,528)
Foreign exchange difference	172	-	-	-
At end of the year	**24,102**	**24,456**	**16,708**	**17,521**

The Group does not face any significant risk with regards to the lease liability. Also the Bank's exposure to liquidity risk as a result of leases are monitored by the Bank's enterprise risk management unit.

30. On-lending facilities

(a) This comprises:	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20
Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan (i)	43,631	49,469	43,631	49,469
Bank of Industry (BOI) Intervention Loan (ii)	32,266	35,171	32,266	35,171
Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds (iii)	3,893	7,070	3,893	7,070
CBN MSMEDF Deposit (iv)	1,233	965	1,233	965
FGN SBS Intervention Fund (v)	136,605	134,115	136,605	134,115
Excess Crude Loan Facility Deposit (vi)	83,030	81,933	83,030	81,933
Real Sector Support Facility (vii)	40,398	41,902	40,398	41,902
Non-Oil Export Stimulation Facility (viii)	19,593	23,325	19,593	23,325
Creative Industry Financing Initiative (x)	229	256	229	256
Accelerated Agricultural Development Scheme (xii)	8,363	10,367	8,363	10,367
	369,241	**384,573**	**369,241**	**384,573**

Classified as:	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20
Current	8,363	8,312	8,363	8,312
Non-current	360,878	376,261	360,878	376,261
	369,241	**384,573**	**369,241**	**384,573**

	Group		Bank	
In millions of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
(b) Movement in on-lending facilities				
At beginning of the year	384,573	392,871	384,573	392,871
Principal addition during the year	14,482	32,264	14,482	32,264
Principal repayment during the year	(33,011)	(39,758)	(33,011)	(39,758)
Interest expense during the year	4,881	1,834	4,881	1,834
Interest paid during the year	(1,684)	(2,638)	(1,684)	(2,638)
At end of the year	**369,241**	**384,573**	**369,241**	**384,573**

(i) The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility has a tenor of 16 years with effect from 2009 and will expire in September 2025. The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to the Bank's customers. This facility is not secured.

(ii) The Central Bank of Nigeria (CBN) / Bank of Industry (B0I) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The total facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is N50.63 billion (31 December 2018). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum is deductible at source in the first year, and quarterly in arrears thereafter, is paid by the Bank under the Intervention programme and the Bank is under obligation to on-lend to customers at an all-In interest rate of 7% per annum. The Bank is the primary obligor to CBN / BOI and assumes the risk of default.

(iii) The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 2% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 9% per annum. This facility is not secured.

(iv) The Micro Small & Medium Scale Enterprises Development Fund (MSMEDF) is an intervention fund established to support the channeling of low interest funds to the MSME sub-sector of the Nigerian economy. The facility attracts an interest rate of 2% per annum and the Bank is obligated to on-lend to SMEs at 9% per annum. The maximum tenor is 5 years while the tenor for working capital is 1 year. This facility is not secured.

(v) The Salary Bailout Scheme was approved by the Federal Government to assist State Governments in the settlement of outstanding salaries owed their workers. Funds are disbursed to Banks nominated by beneficiary States at 2% for on-lending to the beneficiary states at 9%. The loans have a tenor of 20 years. Repayments are deducted at source, by the Accountant General of the Federation, as a first line charge against each beneficiary state's monthly statutory allocation. This facility is not secured.

(vi) Excess Crude Account (ECA) facilities are loans of N10 billion to each State with a tenor of 10-years priced at 9% per annum interest rate to the beneficiaries. Repayments are deducted at source, by the Accountant General of the Federation, as a first line charge against each beneficiary state's monthly statutory allocation. This facility is not secured. The fund is disbursed to the bank at 2% interest rate.

(vii) The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service subsectors. The funds are received from the CBN at 2%, and disbursed at 9% to the beneficiary.

(viii) Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of N5billion. Funds disbursed to the Bank from CBN are at a cost of 2% which are then disbursed to qualifying customers at the rate of 9% per annum.

(ix) Creative Industry Financing Initiative (CIFI) is a scheme established by the Central Bank of Nigeria to provide long term and low interest funding to players in the creative industry. Areas of interest include Information Technology, Fashion, Movie Production/Distribution and Music. Loans are disbursed to beneficiaries for up to 10 years at 9% per annum. The fund is disbursed to the bank at 5% interest rate.

(x) Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 2% per annum. Each state is allowed a facility of N1.5billion at 9% per annum and repayments are made via ISPO deductions.

Due to the COVID 19 pandemic, the CBN approved a concessionary rate of 5%p.a. (all in rate to customers) until February 28, 2022 and 9%p.a. effective March 1, 2022. Consequently, all intervention funds disbursed to the bank are priced at 1% p.a. until February 28, 2022.

31. Borrowings

	Group		Bank	
Figures in of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Long term borrowing comprise:				
Due to ADB (i)	-	5,841	-	5,841
Due to KEXIM (ii)	2,748	670	2,748	670
Due to Afrexim (iii)	65,936	80,293	65,936	80,293
Due to PROPARCO (iv)	-	1,830	-	1,830
Due to ABSA Bank (v)	84,922	100,457	84,922	100,457
Due to ICBC (Standard Bank London) (vi)	-	20,159	-	20,159
Due to Mashreq Bank (vii)	63,739	28,113	63,739	28,113
Due to IFC (viii)	49,863	53,630	49,863	53,630
Due to First Abu Dhabi Bank (ix)	42,447	-	42,447	-
Due to Zenith Bank Ghana (x)	-	-	-	4,010
Due to J P Morgan Chase Bank (xi)	31,808	-	31,808	-
Due to Standard Chartered Bank (xii)	10,869	-	-	-
Due to banks for clean letters of credit (xiii)	398,137	579,087	427,932	579,087
	750,469	**870,080**	**769,395**	**874,090**

The Group has not defaulted in the payment of principal or interest neither has the Group been in breach of any covenant relating to the liabilities during the year (31 December 2020: nil). The assets exchanged under repurchase agreements with counterparties are disclosed in note 17.

Classified as:				
Current	724,548	783,520	743,474	787,530
Non-current	25,921	86,560	25,921	86,560
	750,469	**870,080**	**769,395**	**874,090**

Movement in borrowings				
At beginning of the year	870,080	322,479	874,090	329,778
Addition during the year	712,420	872,332	693,944	872,332
Interest expense	34,778	30,706	34,011	33,510
Interest paid	(41,325)	(29,843)	(40,788)	(34,104)
Repayments (principal)	(860,123)	(353,338)	(826,805)	(357,341)
Foreign exchange difference	34,639	27,744	34,943	29,915
At end of the year	**750,469**	**870,080**	**769,395**	**874,090**

	Group		Bank	
In millions of Naira	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**

(i) Due to ADB

The outstanding balance of N6.3 billion (US $15.6 million) was paid in February 2021.

(ii) Due to KEXIM

The amount of N2.74 billion (US $6.47 million) represents the outstanding balance from three (3) short term loan facilities of US $2.52m, US $2.53million and US $10million, granted by KEXIM in March 2021, April 2021 and June 2021 respectively. Interest is payable monthly at 3 months LIBOR+1.6% for all running obligations. Final repayments on these facilities are due in March 2022, April 2022, and June 2022 respectively.

(iii) Due to Afrexim

The outstanding balance of N65.94 billion (US $155.55 million) due to AFREXIM represents the amount payable by the Bank from 3year term loan, with a one-year moratorium. The facilities are priced at 3 months LIBOR+3.34% per annum for $150m and LIBOR+4.34% per annum for the balance $50m and will mature in August 2023. Interest on the facility is payable quarterly.

(iv) Due to Proparco

The outstanding balance was paid in April 2021.

(v) Due to ABSA

The amount of N84.92 billion (US $200 million) represents the amount payable by the Bank on dollar repurchase facilities of US$150 million and US$50 million, granted by ABSA in September 2021 and December 2021 respectively. Interest is payable quarterly and are priced at 3 months LIBOR+2.4% & 2.3% per annum respectively. These two facilities will mature in June 2022.

(vi) Due to ICBC (STANDARD BANK LONDON)

The facilities matured during the year.

(vii) Due to Mashreq Bank

The amount of N63.74 billion (US $150 million) represents the total amount payable to MASHREQ as at 31 December 2021. This obligation arose from two borrowing facilities with details below:

- US $ 50 million repurchase facilities granted in December 2021. Interest is payable at maturity on this facility, and it is priced at 12 months LIBOR+2.2% per annum. The facility will mature in December 2022.
- US $ 100 million syndicated loan granted in February 2021. This facility has MASHREQ as the Lead Arranger, Book runner and Coordinator. Interest is payable quarterly and is priced at 3 months LIBOR+2.75% per annum and will mature February 2022.

(viii) Due to IFC

The amount of N49.86 billion (US $116.66 million) represents the amount payable by the Bank from a term loan facility of US$100million, with a 1.5-year moratorium, and another USD 100m loan granted by IFC in June 2015 and June 2021 respectively. Interest is payable semiannually at 6 months LIBOR plus 4.5% and 2.5% per annum and the facility will mature in September 2022 and June 2022 respectively

(ix) Due to FAB (First Abu Dhabi)

The amount of N42.44 billion (US $100 million) represents the amount payable by the Bank on dollar repurchase facilities of two tranches of US$50 million granted by FAB in March 2021. Interest is payable quarterly and are priced at 3 months LIBOR+2.65% per annum each. The facilities will mature in March 2022.

(x) Due to Zenith Bank Ghana

The outstanding balance was paid in 2021.

(xi) Due to JP Morgan Chase Bank

The amount of N31.80 billion (US $75 million) represents the amount payable by the Bank on dollar repurchase facility of US$75 million, granted by JP Morgan in December 2021. Interest is payable quarterly and is priced at 3 months LIBOR+2.2% per annum. The facility will mature in December 2022.

(xii) Due to Standard Chartered Bank Ghana

The amount of $25 million represents the outstanding balance on a dollar short-term facility of US $25 million granted to Zenith Bank Ghana in March 2021. The facility is priced at 3.78% per annum and is due to mature in March 2022.

(xiii) The amount represents clean line obtained from various international banks for letters of credit and trade loans from international banks.

32. Debt securities issued

	Group		Bank	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Due to Euro bond holders	45,799	43,177	45,799	43,177
	45,799	**43,177**	**45,799**	**43,177**

The amount of N45.79 billion (US$107.40 million) represents the outstanding balance due on the second tranche of US $500 million Eurobond notes issued by Zenith Bank Plc in May 2017 with a maturity date of May 2022. Interest is priced at 7.375%, payable semiannually with a bullet repayment of the principal sum at maturity.

In September 2019, the Bank repurchased US 392 million out of the outstanding US $500 million Eurobond notes for cash, pursuant to its tender offer.

The Group has not had any defaults of principal, interest or other breaches with respect to the debt securities during the year (December 31, 2021: Nil).

Movement in debt securities issued

At start of the year	43,177	39,092	43,177	39,092
Revaluation loss for the year	2,491	2,928	2,491	2,928
Interest expense	3,385	4,271	3,385	4,271
Interest paid	(3,254)	(3,114)	(3,254)	(3,114)
At end of the period/year	**45,799**	**43,177**	**45,799**	**43,177**
Classified as:				
Current	45,799	3,289	45,799	3,289
Non-current	-	39,888	-	39,888
	45,799	**43,177**	**45,799**	**43,177**

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

33. Derivative liabilities

Instrument types (Fair value):

Forward and Swap Contracts	10,167	1,562	11,350	1,562
Futures contracts	4,507	9,514	3,820	9,514
	14,674	**11,076**	**15,170**	**11,076**

Instrument types (Notional Amount):

Forward and Swap Contracts	226,471	51,574	257,536	51,574
Futures contracts	243,110	222,730	133,919	222,730
	469,581	**274,304**	**391,455**	**274,304**

Classified as:				
Current	14,674	11,076	15,170	11,076
Non-current	-	-	-	-
	14,674	**11,076**	**15,170**	**11,076**

34. Share capital

Authorised				
40,000,000,000 ordinary shares of 50k each (31 Dec 2020: 40,000,000,000)	20,000	20,000	20,000	20,000
Issued and fully paid				
31,396,493,787 ordinary shares of 50k each (31 Dec 2020: 31,396,493,787)	15,698	15,698	15,698	15,698
Issued				
Ordinary	15,698	15,698	15,698	15,698

There was no movement in the share capital account during the year. The holders of ordinary shares are entitled to receive dividends, which are declared from time to time, also each shareholder is entitled to a vote at the meetings of the Bank. All ordinary shares rank equally with regards to the Group's residual assets.

35. Share premium, retained earnings and other reserves

(a) There was no movement in the Share premium account during the current and prior year.

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Share premium	255,047	255,047	255,047	255,047

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

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

(c) Retained earnings: Retained earnings represent undistributed profits, net of statutory appropriations attributable to the ordinary shareholders.

(d) Statutory reserve: This represents the cumulative amount set aside from general reserves/retained earnings by the Bank and its subsidiaries. This amount is non-distributable. The Bank's appropriation is in line with BOFIA 2020 which stipulates that an appropriation of 30% of profit after tax be made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. In the current year, a total of N34.97 billion (31 December 2020: N29.68 billion) representing 15% of Zenith Bank's profit after tax was appropriated.

Other Non-Nigerian subsidiaries also make appropriation which is based on their profit and in line with the requirement of their Central Bank.

(e) SMIEIS reserves: This reserve represents the aggregate amount of appropriations from profit after tax to finance equity investments in compliance with the directives issued by the Central Bank of Nigeria (CBN) through its circulars dated July 11, 2006 (amended).

The SMIEIS reserve was maintained in compliance with the Central Bank of Nigeria's requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline issued in July 2006, the contributions were 10% of profit after tax and were expected to continue after the first 5 years after which banks’ contributions were to reduce to 5% of profit after tax.

The small and medium scale industries equity investment scheme reserves are non-distributable.

(f) Fair value reserve: Comprises fair value movements on equity and debt instruments that are carried at fair value through other comprehensive income.

(g) Foreign currency translation reserve: Comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira.

(h) Credit risk reserve: This reserve represents the cumulative difference between the loan loss provision determined per the Prudential Guidelines of the Central Bank of Nigeria and the Central Bank of other subsidiaries vis-a-viz the allowance/reserve for loan losses as determined in line with the principles of IFRS 9.

As at December 31, 2021, the Bank has made a cumulative credit risk reserve of N20.02 billion, while the cumulative amount made by the group is N21.85 billion (31 December, 2020: Group N2.3 billion and Bank Nil).

(i) Non-controlling interest: This is the component of shareholders' equity as reported on the consolidated statement of financial position which represents the ownership interest of shareholders other than the parent of the subsidiary. See note below for the changes in non-controlling interest during the year.

Movement in Non-controlling interest

	31-Dec-21	31-Dec-20
At start of the year	974	754
Profit for the year	156	191
Foreign currency translation differences	14	29
At end of year	**1,144**	**974**

36. Pension contribution

In accordance with the provisions of the Pensions Reform Act 2014, the Bank and its subsidiaries commenced a contributory pension scheme in January 2005. For entities operating in Nigeria, the contribution by employees and the employing entities are 8% and 10% respectively of the employees' basic salary, housing and transport allowances. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions. The contribution by the Group and the Bank during the year were N4.07 billion and N2.80 billion respectively (31 December 2020: N3.78 billion and N2.68 billion).

	Group		Bank	
In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

37. Personnel expenses

Compensation for the staff are as follows:

Salaries and wages	69,910	67,820	53,466	52,485
Other staff costs	5,903	7,922	4,860	6,354
Pension contribution	4,072	3,778	2,797	2,676
	79,885	**79,520**	**61,123**	**61,515**

(a) The average number of persons employed during the year by category:

	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	420	419	368	349
Non-management	7,091	7,119	5,924	5,982
	7,517	**7,544**	**6,298**	**6,337**

The table below shows the number of employees, whose earnings during the year, fell within the ranges shown below:

	Number	Number	Number	Number
N300,001 - N2,000,000	80	1,747	-	1,593
N2,000,001 - N2,800,000	1,819	124	1,739	15
N2,800,001 - N4,000,000	145	426	19	323
N4,000,001 - N6,000,000	1,106	927	985	728
N6,000,001 - N8,000,000	1,164	1,302	986	1,132
N8,000,001 - N9,000,000	154	18	14	18
N9,000,001 - and above	3,049	3,000	2,555	2,528
	7,517	**7,544**	**6,298**	**6,337**

(b) Directors' emoluments

The remuneration paid to directors are as follows:

Executive compensation	1,086	992	1,086	992
Fees and sitting allowances	568	409	267	210
Retirement Benefit costs	9	11	9	11
	1,663	**1,412**	**1,362**	**1,213**

Fees and other emoluments disclosed above include amounts paid to:

The Chairman			38	28
The highest paid director			246	230

The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	Number	Number	Number	Number
N5,500,001 and above	35	46	13	13

38. Group subsidiaries and related party transactions

Parent:

The Group is controlled by Zenith Bank Plc (incorporated in Nigeria) which is the parent company and whose shares are widely held.

Subsidiaries:

The amount of N5,568 billion (31 December 2020: N5,643 billion) represents the total pension assets under custody held by the Bank's subsidiary, Zenith Pensions Custodian Limited under the custodial business. Included in the amount above is N94.4 billion which represents the amount of the Group's guarantee for the assets held by the subsidiary as required by the National Pensions Commission of Nigeria. Aside from the Guarantee on the asset held by our subsidiary, Zenith Pension Custodian Limited, the Group does not have any contingent liabilities in respect of related parties.

Transactions between Zenith Bank Plc and its subsidiaries are entered into, in the normal course of business. These transactions are eliminated on consolidation and are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2021 are shown below.

Entity	**Effective holding %**	**Nominal share capital held**
Foreign / banking subsidiaries:		
Zenith Bank (Ghana) Limited	99.42 %	7,066
Zenith Bank (UK) Limited	100.00 %	21,482
Zenith Bank (Sierra Leone) Limited	99.99 %	2,059
Zenith Bank (Gambia) Limited	99.96 %	1,038
Zenith Pensions Custodian Limited	99.00 %	1,980
Zenith Nominee Limited	99.00 %	1,000

31 December 2021

Transactions and balances with subsidiaries In millions of naira	**Receivable from**	**Payable to**	**Income received from**	**Expense paid to**
Zenith Bank (UK) Limited	284,453	34,924	3,445	-
Zenith Bank (Ghana) Limited	1,451	116	8,247	-
Zenith Bank (Sierra Leone) Limited	353	-	-	-
Zenith Bank (Gambia) Limited	803	-	-	-
Zenith Pensions Custodian Limited	4	-	6,000	-

	31 December 2020		**31 December 2020**	
Transactions and balances with subsidiaries In millions of naira	**Receivable from**	**Payable to**	**Income received from**	**Expense paid to**
Zenith Bank (UK) Limited	114,939	35,900	130	-
Zenith Bank (Ghana) Limited	2	4,010	-	2,805
Zenith Bank (Sierra Leone) Limited	256	-	-	-
Zenith Bank (Gambia) Limited	791	-	-	-
Zenith Pensions Custodian Limited	-	-	3,600	-

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. See notes 3.4 and 3.6 and for disclosures on liquidity and capital adequacy requirements respectively. The carrying amounts of banking subsidiaries' assets and liabilities are N1,907 billion and N1,669 billion respectively (31 December 2020: N1,526 billion and N1,305 billion respectively).

In millions of Naira

Non-controlling interest in subsidiaries

The Group does not have any subsidiary that has material non-controlling interest.

Key management personnel

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

	Group		Bank	
Key management compensation	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Short term benefits	1,716	1,576	787	1,194
Post-employment benefits	47	23	13	11
Fees and sitting allowances	375	409	267	210
	2,138	**2,008**	**1,067**	**1,415**

Loans and advances to key management personnel	**31-Dec-21**	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
At start of the year	1,797	1,764	1,476	1,642
Granted during the year	2,167	366	-	-
Repayment during the year	(1,062)	(333)	(44)	(166)
At end of the year	**2,902**	**1,797**	**1,432**	**1,476**
Interest earned	123	69	65	63

Loans to key management personnel include mortgage loans and other personal loans. The loans are repayable from various repayment cycles, ranging from monthly to annually over the tenor and have an average interest rate of 4%. Loans granted to key management personnel are performing.

In millions of Naira

Insider related transactions:

These have been disclosed in accordance with CBN circular BSD/1/2004

31 December 2021

Name of company	Relationship/ Name	Loans	Deposits	Interest received	Interest paid
Directors		1,692	2,699	60	15
Quantum Fund Management	Common significant shareholder / Jim Ovia	-	18	-	-
Zenith General Insurance Company Ltd	Common directorship / Jim Ovia	-	1,316	-	9
Cyberspace Network	Common significant shareholder / Jim Ovia	-	484	-	-
Zenith Trustees	Common significant shareholder / Jim Ovia	-	12	-	-
Oviation limited	Common directorship / Jim Ovia	-	2,358	-	-
Sirius Lumina Ltd	Director / Prof Sam Enwemeka	-	1	-	-
		1,692	**6,888**	**60**	**24**

Insider related transactions:

These have been disclosed in accordance with CBN circular BSD/1/2004

31 December 2020

Name of company	Relationship	Loans	Deposits	Interest received	Interest paid
Directors		1,634	1,709	-	-
Cyberspace Network	Common shareholder / Jim Ovia	-	61	-	-
Quantum Fund Management	Common shareholder / Jim Ovia	-	189	-	-
Zenith General Insurance Company Limited	Common directorship/ Jim Ovia	-	1,544	-	-
Zenith Trustees Ltd	Common directorship	-	1	-	-
Oviation limited		-	844	-	-
Sirius Lumina Ltd	Director / Prof Sam Enwemeka	-	1	-	-
		1,634	**4,349**	**-**	**-**

In millions of Naira

Loans granted to related parties are secured over real estate and other assets of the respective borrowers. Loans granted to related parties are performing. No life time impairment has been recognised in respect of loans granted to related parties (31 December, 2020: Nil).

During the year, Zenith Bank Plc paid N2.23 billion as insurance premium to Zenith General Insurance Limited (31 December 2020: N1.90 billion). These expenses were reported as operating expenses.

The Bank entered into a lease contract in October 2017 with Oviation Limited. Oviation Limited has two common Directors with Zenith Bank. The finance lease agreement has Zenith Bank as lessee for a Gulfstream jet over a tenor of 10 years with annual lease payments of N2.76 billion Naira.

The Bank paid N3.89 billion (31 December, 2020 N2.58 billion) to Cyberspace Network for various Information technology services rendered during the year.

39. Contingent liabilities and commitments

(a) Legal proceedings

The Group is presently involved in several litigation suits in the ordinary course of business. The total amount claimed against the Group is estimated at N143.5 billion (31 December 2020: N78.8 billion). The actions are being contested and the Directors are of the opinion that no significant liability will crystalise from these cases, and they are not aware of any other pending or threatened claims and litigations.

In arriving at this conclusion, the Group has relied on evidence and recommendations from its internal litigation group and its team of external solicitors.

(b) Capital commitments

At the reporting date, the Group had capital commitments amounting to N1,930 billion (31 December 2020: N4.94 billion) in respect of authorized and contracted capital projects.

	Group	
Break down of capital commitments	**31-Dec-21**	**31-Dec-20**
Property and equipment:		
Motor vehicles, Furniture and equipment	811	50
Property	748	1,135
Intangible assets:		
Information technology	371	3,756
	1,930	**4,941**

(c) Confirmed letters of credit and other obligations on behalf of customers

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

	Group		Bank	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Performance bonds and guarantees (see note i below)	364,632	376,252	335,833	325,249
Usance (see note ii below)	195,354	50,770	195,354	49,569
Letters of credit (see note ii below)	554,486	172,905	398,605	84,183
	1,114,472	**599,927**	**929,792**	**459,001**
Pension Funds (See Note iii below)	5,568,341	5,642,718	5,568,341	5,642,718

In millions of Naira

39. Contingent liabilities and commitments (continued)

(i) The transaction related performance bonds and guarantees are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. As at 31 December 2021, performance bonds and guarantees worth N322 billion (31 December 2020: N73 billion) are secured by cash while others are otherwise secured.

(ii) Usance and letters of credit are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates, but are cancellable by the Group (as lender) subject to notice requirements. These Letters of credit are provided at market-related interest rates. Usance and letters of credit are secured by different types of collaterals similar to those accepted for actual credit facilities.

(iii) The amount of N5,568 billion (December 31, 2020: N5,643 billion) represents the total pension assets under custody held by the Bank’s subsidiary, Zenith Pensions Custodian Limited under the latter's custodial business. Included in the amount above is N94.4 billion (December 31, 2020: N105.7 billion) which represents the amount of the Group’s guarantee for the assets held by the subsidiary as required by the National Pensions Commission of Nigeria. Aside from the Guarantee on the pension asset held by our subsidiary, Zenith Pension Custodian Limited, the Group does not have any contingent liabilities in respect of related parties.

40. Dividend per share

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Dividend proposed	97,328	94,188	97,328	94,188
Number of shares in issue and ranking for dividend	31,396	31,396	31,396	31,396
Proposed dividend per share (Naira)	3.10	3.00	3.10	3.0
Interim dividend per share paid (Naira)	0.30	0.30	0.30	0.30
Final dividend per share proposed	2.80	2.70	2.80	2.70
Final dividend paid during the year	84,808	78,491	84,771	78,491
Interim dividend paid during the year	9,418	9,419	9,418	9,419
Total dividend paid during the year	94,226	87,910	94,189	87,910

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the CAMA 2020, paid an interim dividend of N0.30 per share and proposed a final dividend of N2.80 per share (31 December 2020: interim; N0.30, final; N2.70) from the retained earnings account as at 31 December 2021. This is subject to approval by shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2021 and 31 December 2020 respectively.

Dividends are paid to shareholders' net of withholding tax at the rate of 10% in compliance with extant tax laws.

41. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills with original maturity of three months, operating account balances with other banks, unrestricted amounts due from other banks.

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cash and cash balances with central bank (less mandatory reserve deposits)	157,466	180,346	122,465	132,626
Treasury bills (3 month tenor) (see note 16)	315,795	396,924	230,213	396,924
Due from other banks	661,258	631,250	423,896	353,133
	1,134,519	**1,208,520**	**776,574**	**882,683**

42. Compliance with banking regulations

During the year, the Bank incurred a penalty of N4 million for non-compliance with documentation required under guide to bank charges.

43. Prudential Adjustments

Provisions under prudential guidelines are determined using the time-based provisioning specified by the revised Prudential Guidelines issued by the Central Bank of Nigeria. This is at variance with the expected credit loss (ECL) model required under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments provisions required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Expenses for loan losses recognised in the profit and loss account should be determined based on the relevant IFRS. However, the provisions for loan losses determined under the IFRS should be compared with the loan loss provisions determined under the Prudential Guidelines. The differences between both provisions should be treated as follows:

(x) Where Prudential Provisions is greater than IFRS provisions, the resulting difference should be transferred from the general reserve account to a non-distributable regulatory credit risk reserve.

(xi) Where Prudential Provisions is less than IFRS provisions, the IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter transferred to the general reserve account.

(b) The non-distributable reserve is classified under Tier 1 as part of the core capital for the purpose of determining capital adequacy.

In the guidelines to IFRS implementation, the Central Bank of Nigeria (CBN) directed banks to maintain a regulatory credit risk reserve in the event that the impairment on loans determined using the CBN prudential guideline is higher than the impairment determined using IFRS principles. As a result of this directive, the Bank holds credit risk reserves of N20.02 billion as at 31 December 2021.

Provision for loan losses per prudential guidelines

		Bank	
In millions of Naira	**Note**	**31-Dec-21**	**31-Dec-20**
Loans and advances:			
- Lost		16,656	71,560
- Doubtful		7,814	1,685
- Substandard		3,790	4,567
- Watchlist		99,109	11,952
- Performing		47,936	41,089
(a)		175,305	130,853
Impairment assessment under IFRS			
Loans and advances			
12-months ECL credit		17,708	16,931
Life-time ECL Not impaired		26,671	8,702
Life- time ECL credit impaired		94,142	107,233
(b)		138,521	132,866
		-	-
Due from Banks- 12 months ECL (c)		58	58
Treasury bills- 12 months ECL (d)		395	676
Asset pledged as collateral- 12 months ECL (e)		198	355
Investment securities- 12 months ECL (f)		666	755
Other financial assets- ECL allowance (g)		9,835	2,046
Other non-financial assets (h)		-	226
Off Balance Sheet Exposures- 12 months ECL (i)		5,616	4,832
(m)=(b)+(c)+(d)+(e)+(f)+(g)+(h)+(i)		155,289	141,814
(n)=(a)-(m)		20,016	(10,961)
Reversal from)/transfer to retained earnings at year end		(20,016)	-

	Group		Bank	
In millions of Naira				

44. Statement of cash flow reconciliation

(i) Investment securities (see note 17 & 21)

31 December 2021

	Investment securities (including pledged instruments) at amortised cost	**Investment securities (including pledged instruments) at FVTPL and FVTOCI**	**Investment securities (including pledged instruments) at amortised cost**	**Investment securities (including pledged instruments) at FVTPL and FVTOCI**
At 1 January 2021	649,228	521,402	381,932	124,910
Change in ECL allowance	(2,835)	-	248	-
Additions to Investment securities	300,852	-	159,577	-
Disposal of Investment securities	(230,056)	-	(75,928)	-
Unrealised gain from changes in fair value recognised in profit or loss	-	(173)	-	(173)
Fair value gain/loss OCI	-	3,372	-	5,599
Interest income	88,181	-	46,029	-
Interest received	(47,834)	-	(28,973)	-
Foreign exchange difference	314	524	314	524
Balance as at 31 December 2021	**757,850**	**685,136**	**483,199**	**97,471**
Recognised in cash flow statement	-	(160,011)	-	33,389

31 December 2020

	Investment securities (including pledged instruments) at FVTPL	**Investment securities (including pledged instruments) at amortised cost and FVOCI**	**Investment securities (including pledged instruments) at FVTPL**	**Investment securities (including pledged instruments) at amortised cost and FVOCI**
At 1 January 2020	27,922	796,306	27,922	394,567
Unrealised gain from changes in fair value recognised in profit or loss	9,486	-	9,486	-
Interest accrued	-	17,921	-	16,295
Gains from changes in fair value recognised in OCI	-	(503)	-	(503)
Interest income	-	89,806	-	50,076
Interest received	-	(42,990)	-	(42,990)
Additions to Investment Securities	-	120,712	-	98,245
Disposal to Investment Securities	-	(97,225)	-	(80,658)
Foreign exchange difference	-	28,489	-	468
	49,277	**1,121,353**	**44,935**	**461,907**
Movement for cash flow statement	11,869	208,837	7,527	26,407
Recognised in cash flow statement	-	(220,706)	-	(33,934)

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

	Group		Bank	
In millions of Naira				

(iia) Treasury bills (Amortised cost) (see note 16& 17)

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Treasury bills (including pledged instruments) at amortised cost as at 1 January	535,673	370,326	351,511	201,379
Change in ECL allowance	781	(972)	281	(659)
Interest income	40,426	53,797	19,520	31,147
Additions	2,652,094	2,157,223	2,346,839	1,834,272
Redemptions	(2,449,816)	(1,992,586)	(2,056,995)	(1,685,163)
Interest received	(31,136)	(52,115)	(12,519)	(29,465)
Balance as at 31 December	**748,022**	**535,673**	**648,637**	**351,511**

(iib) Treasury bills (FVTPL) (see note 16)

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Treasury bills fair value through profit or loss (Including pledged instruments) as at 1 January	770,094	807,967	769,800	807,970
Unrealised fair value gain	86,644	43,337	86,393	41,491
Balance as at end of year	(954,462)	(770,094)	(952,131)	(769,800)
Recognised in Cashflow	**(97,724)**	**81,210**	**(95,938)**	**79,661**

(iii) Loans and advances (see note 20)

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Loans and advances at 1 January	2,779,027	2,305,565	2,639,797	2,239,472
Changes in ECL allowance	(48,873)	(37,439)	(48,357)	(35,495)
Interest income	292,224	250,812	272,942	236,064
Interest received	(270,343)	(221,011)	(241,912)	(206,263)
Foreign exchange difference	67,679	95,449	67,679	53,200
Balance as at end of year	(3,355,728)	(2,779,027)	(3,099,452)	(2,639,797)
Recognised in Cash flow	**(536,014)**	**(385,651)**	**(409,303)**	**(352,819)**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

	Group		Bank	
In millions of Naira				

(iv) Customer deposits

31 December 2021

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
As at 1 January	5,339,911	4,262,289	4,298,258	3,486,887
Interest expense	60,322	81,060	37,556	59,691
Interest paid	(58,785)	(63,028)	(36,019)	(42,550)
Foreign exchange differences	39,313	99,452	45,554	32,446
Balance as at end of year	(6,472,054)	(5,339,911)	(5,169,199)	(4,298,258)
Recognised in Cash flow	**1,091,293**	**960,138**	**823,850**	**761,784**

(v) Other liabilities (see note 29)

31 December 2021

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
As at 1 January	703,292	363,764	599,464	386,061
Changes in ECL allowance	784	(706)	784	(706)
Lease modification	353	-	-	-
Lease liability additions	499	2,582	259	1,632
Interest expense on lease liability	3,427	3,260	2,885	2,805
Lease interest paid	(2,003)	(2,838)	(1,950)	(2,528)
Principal repayment on lease liability	(2,802)	(742)	(2,007)	(684)
Foreign exchange difference	8,330	-	8,159	-
Unclaimed dividend received	612	-	612	-
Balance as at end of year	(487,432)	(703,292)	(427,876)	(599,464)
Net cash movement in operating activties	**(225,060)**	**337,972**	**(180,330)**	**212,884**

(vi) Profit on disposal of property and equipment

31 December 2021

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Cost (see note 25)	6,395	7,561	6,196	2,436
Accumulated depreciation (see note 25)	(6,025)	(6,795)	(5,828)	(2,191)
Net book value	**370**	**766**	**368**	**245**
Sales proceed	(448)	(1,113)	(437)	(593)
Profit on Disposal (see note 10)	**78**	**347**	**69**	**348**

	Group		Bank	
In millions of Naira				

(vii) Due from Banks (greater than 90 days)

31 December 2021

	Group 31-Dec-21	**Group 31-Dec-20**	**Bank 31-Dec-21**	**Bank 31-Dec-20**
AS at 1 January	179,244	223,413	179,244	223,413
Due to banks below 90 days	(666)	-	-	-
Changes in ECL allowance	-	83	-	83
Interest Income	6,766	26,398	1,898	25,205
Interest received	(16,297)	(24,526)	(11,429)	(24,526)
Foreign exchange difference	-	21,794	-	21,794
Balance as at end of year	(29,986)	(179,244)	(94,157)	(179,244)
Recognised in cash flow statement	**139,061**	**67,918**	**75,556**	**66,725**

(viii) Other assets

31 December 2021

	Group 31-Dec-21	**Group 31-Dec-20**	**Bank 31-Dec-21**	**Bank 31-Dec-20**
As at 1 January	169,967	77,395	159,625	71,412
Changes in ECL allowance	(7,555)	(1,409)	(7,563)	(1,369)
Withholding tax receivable utilised	-	(497)	-	(497)
Foreign exchange difference	7,160	5,873	7,160	-
Balance as at end of year	(168,210)	(169,967)	(152,326)	(159,625)
Net cash movement in operating activities	**1,362**	**(88,605)**	**6,896**	**(90,079)**

(ix)Net movement in Derivatives

Derivative Asset

31 December 2021

	Group 31-Dec-21	**Group 31-Dec-20**	**Bank 31-Dec-21**	**Bank 31-Dec-20**
At 1 January	44,496	92,722	41,729	92,722
Balance as at end of year	(56,187)	(44,496)	(57,476)	(41,729)
	(11,691)	48,226	(15,747)	50,993

Derivative liabilities

31 December 2021

	Group 31-Dec-21	**Group 31-Dec-20**	**Bank 31-Dec-21**	**Bank 31-Dec-20**
As at 1 January	11,076	14,762	11,076	14,762
Balance as at end of year	(14,674)	(11,076)	(15,170)	(11,076)
	3,598	(3,686)	4,094	(3,686)
Recognised in cashflow	**(8,093)**	**44,540**	**(11,653)**	**47,307**

	Group		Bank	
In millions of Naira				

(x) Restricted balances (Cash Reserve)

31 December 2021

	Group 31-Dec-21	**Group 31-Dec-20**	**Bank 31-Dec-21**	**Bank 31-Dec-20**
Mandatory reserve deposit with central bank	1,250,208	1,330,733	1,194,512	1,289,930
Special Cash Reserve	80,689	80,689	80,689	80,689
	1,330,897	1,411,422	1,275,201	1,370,619
Recognised in cash flow	80,525	(650,472)	95,418	(609,669)

(xi) Interest paid

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Customer deposit (see note 44(iv))	(58,785)	(63,028)	(36,019)	(42,550)
Onlending facilities (see note 30b)	(1,684)	(2,638)	(1,684)	(2,638)
Lease liabilities (see 44(v))	(2,003)	(2,838)	(1,950)	(2,528)
Borrowings (see note 31)	(41,325)	(29,843)	(40,788)	(34,104)
Debt securities (see note 32)	(3,254)	(3,114)	(3,254)	(3,114)
	(107,051)	**(101,461)**	**(83,695)**	**(84,934)**

(xii) Unrealised fair value change

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Investment securities (see note 44(i))	(173)	9,486	(173)	9,486
Treasury bills (see note 44(ii))	86,644	43,337	86,393	41,491
Derivatives (see note 44(ix))	8,093	(44,540)	11,653	(47,307)
	94,564	**8,283**	**97,873**	**3,670**

(xiiia) Interest received from operating activities

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Due from other banks (see note 41(vii))	16,297	24,526	11,429	24,526
Loans and advances (see note 41(iii))	270,343	221,011	241,912	206,263
	286,640	**245,537**	**253,341**	**230,789**

(xiiib) Interest received from treasury bills and investment securities

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Treasury bills (see note 41(ii))	31,136	52,115	12,519	29,465
Investment securities (see note 41(i))	47,834	42,990	28,973	42,990
	78,970	**95,105**	**41,492**	**72,455**

	Group		Bank	
In millions of Naira				

(xiv) Acquisition of Right of use asset

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Addition to right of use (see note 26)	739	5,826	409	4,702
Lease liability addition (see note 44(v))	(499)	(2,582)	(259)	(1,632)
	240	**3,244**	**150**	**3,070**

(xivb) Additions to property,plant and equipment other than right of use

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Addition to property, plant and equipment (see note 26)	34,848	29,776	31,993	26,555
Addition to right of use asset (see note 26)	(739)	(5,826)	(409)	(4,702)
	34,109	**23,950**	**31,584**	**21,853**

(xv) Income Tax Payable (see note 13c)

31 December 2021

	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
At the start of the year	11,690	9,711	9,117	6,627
Current income tax charge	20,264	19,222	7,705	5,665
Tax paid	(15,045)	(16,746)	(2,581)	(2,678)
WHT utilized	-	(497)	-	(497)
	16,909	**11,690**	**14,241**	**9,117**

45. Comparatives

Certain disclosures and some prior year figures have been presented to conform with current year presentation.

During the period, management changed the presentation of the increase / decrease in investment securities in the statement of cash flow from operating activities to investing activities. Management considers this presentation to be more relevant. Accordingly, the prior year comparative statements of cash flow as at 31 December 2020 have been restated by reclassifying changes in investment securities from operating activities to investing activities.

46. Events after the reporting period

Finance Act 2021

The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 31 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Bank has reviewed the provisions of the Act and have made appropriate adjustments to the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act.

Other National Disclosures

ZENITH BANK PLC

Value Added Statement

In millions of Naira	31-Dec-21	31-Dec-20 %	31-Dec-21	31-Dec-20 %
Group				
Gross income	765,558		696,450	
Interest and fee expense				
- Local	(110,698)		(98,512)	
- Foreign	(25,021)		(22,619)	
	629,839		575,319	
Impairment loss on financial and non-financial instruments	(59,932)		(39,534)	
	569,907		535,785	
Bought-in materials and services				
- Local	(167,921)		(131,934)	
- Foreign	(12,643)		(39,808)	
Value added	**389,343**	**100**	**364,043**	**100**
Distribution				
Employees				
Salaries and benefits	79,885	21	79,520	22
Government				
Income tax	35,816	9	25,296	**7**
Retained in the Group				
Replacement of property and equipment / intangible assets	29,084	7	28,662	8
To pay proposed dividend	87,909	23	84,769	23
Profit for the year (including statutory reserves, small scale industry, and non-controling interest)	156,649	40	145,796	40
Total Value Added	**389,343**	**100**	**364,043**	**100**

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

ZENITH BANK PLC

Value Added Statement

In millions of Naira	31-Dec-21	31-Dec-21 %	31-Dec-20	31-Dec-20 %
Bank				
Gross income	677,283		595,921	
Interest and fee expense				
- Local	(65,532)		(62,041)	
- Foreign	(45,161)		(40,070)	
	566,590		493,810	
Impairment loss on financial and non-financial instruments	(56,175)		(37,237)	
	510,415		456,573	
Bought-in materials and services				
- Local	(165,857)		(159,589)	
Value added	**344,558**	**100**	**296,984**	**100**
Distribution				
Employees				
Salaries and benefits	**61,123**	**18**	**61,515**	**21**
Government				
Income tax	24,034	7	12,155	4
Retained in the Bank				
Replacement of property and equipment / intangible assets	26,268	7	25,462	9
To pay proposed dividend	87,909	26	84,769	-
Profit for the year (including statutory reserves, and small scale industry)	145,224	42	113,083	66
Total Value Added	**344,558**	**100**	**296,984**	**100**

Value added represents the additional wealth which the Bank has been able to create by its own and employees efforts.

ZENITH BANK PLC

Five Year Financial Summary

In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Group					
Statement of Financial Position					
Assets					
Cash and balances with central banks	1,488,363	1,591,768	936,278	954,416	957,663
Treasury bills	1,764,945	1,577,875	991,393	1,000,560	936,817
Assets pledged as collateral	392,594	298,530	431,728	592,935	468,010
Due from other banks	691,244	810,494	707,103	674,274	495,803
Derivative assets	56,187	44,496	92,722	88,826	57,219
Loans and advances	3,355,728	2,779,027	2,305,565	1,823,111	2,100,362
Investment securities	1,303,726	996,916	591,097	565,312	330,951
Investments in associates	-	-	-	-	-
Deferred tax asset	1,837	5,787	11,885	9,513	9,561
Other assets	168,210	169,967	77,395	80,948	92,494
Property and equipment	200,008	190,170	185,216	149,137	133,384
Intangible assets	25,001	16,243	16,497	16,678	12,989
Total assets	**9,447,843**	**8,481,273**	**6,346,879**	**5,955,710**	**5,595,253**
Liabilities					
Customers deposits	6,472,054	5,339,911	4,262,289	3,690,295	3,437,915
Derivative liabilities	14,674	11,076	14,762	16,995	20,805
Current income tax	16,909	11,690	9,711	9,154	8,915
Deferred tax liabilities	11,603	1	25	67	18
Other liabilities	487,432	703,292	363,764	231,716	243,023
On-lending facilities	369,241	384,573	392,871	393,295	383,034
Borrowings	750,469	870,080	322,479	437,260	356,496
Debt securities issued	45,799	43,177	39,092	361,177	332,931
Total liabilities	**8,168,181**	**7,363,800**	**5,404,993**	**5,139,959**	**4,783,137**
Net assets	**1,279,662**	**1,117,473**	**941,886**	**815,751**	**812,116**
Equity					
Share capital	15,698	15,698	15,698	15,698	15,698
Share premium	255,047	255,047	255,047	255,047	255,047
Retained earnings	607,203	521,293	412,948	322,237	356,837
Other Reserves	400,570	324,461	257,439	221,231	183,217
Attributable to equity holders of the parent	1,278,518	1,116,499	941,132	814,213	810,799
Non-controlling interest	1,144	974	754	1,538	1,317
Total shareholders' equity	**1,279,662**	**1,117,473**	**941,886**	**815,751**	**812,116**

Five Year Financial Summary

In Millions of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Statement Of Profit Or Loss And Other Comprehensive Income					
Gross earnings	765,558	696,450	662,251	630,344	745,189
Share of profit / (loss) of associates	-	-	-	-	-
Interest expense	(106,793)	(121,131)	(148,532)	(144,458)	(216,637)
Operating and direct expenses	(318,459)	(279,924)	(246,393)	(235,829)	(231,006)
Impairment charge for financial and non-financial assets	(59,932)	(39,534)	(24,032)	(18,372)	(98,227)
Profit before taxation	**280,374**	**255,861**	**243,294**	**231,685**	**199,319**
Income tax	(35,816)	(25,296)	(34,451)	(38,261)	(25,528)
Profit after tax	**244,558**	**230,565**	**208,843**	**193,424**	**173,791**
Foreign currency translation differences	8,485	15,011	(8,498)	4,828	5,233
Fair value movements on equity instruments	5,599	16,295	13,870	1,459	(2,551)
Fair value movements on debt securities at FVOCI	(2,227)	1,981	518	-	-
Related tax	-	(355)	(66)	-	-
	11,857	**32,932**	**5,824**	**6,287**	**2,682**
Total comprehensive income	**256,415**	**263,497**	**214,667**	**199,711**	**176,473**
Earnings per share:					
Basic and diluted	778 K	734 K	665 K	319 K	227 K

Five Year Financial Summary

In millions of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Bank					
Statement of Financial Position					
Assets					
Cash and balances with central banks	1,397,666	1,503,245	879,449	902,073	907,265
Treasury bills	1,577,647	1,393,421	822,449	817,043	799,992
Assets pledged as collateral	357,000	298,530	431,728	592,935	468,010
Due from other banks	518,053	532,377	482,070	393,466	273,331
Derivative assets	57,476	41,729	92,722	88,826	57,219
Loans and advances	3,099,452	2,639,797	2,239,472	1,736,066	1,980,464
Investment securities	477,004	333,126	189,358	156,673	117,814
Investments in subsidiaries	34,625	34,625	34,625	34,003	34,003
Investments in associates	-	-	-	-	-
Deferred tax	-	4,733	11,223	9,197	9,197
Other assets	152,326	159,625	71,412	75,910	56,052
Assets classified as held for sale	-	-	-	-	-
Property and equipment	177,501	169,080	165,456	133,854	118,223
Intangible assets	23,542	14,699	15,109	15,399	12,088
Total assets	**7,872,292**	**7,124,987**	**5,435,073**	**4,955,445**	**4,833,658**
Liabilities					
Customers deposits	5,169,199	4,298,258	3,486,887	2,821,066	2,744,525
Derivative liabilities	15,170	11,076	14,762	16,995	20,805
Current tax payable	14,241	9,117	6,627	5,954	6,069
Deferred income tax liabilities	11,596	-	-	-	-
Other liabilities	427,876	599,464	386,061	223,463	229,332
On-lending facilities	369,241	384,573	392,871	393,295	383,034
Borrowings	769,395	874,090	329,778	458,463	418,979
Debt securities issued	45,799	43,177	39,092	361,177	332,931
Total liabilities	**6,822,517**	**6,219,755**	**4,656,078**	**4,280,413**	**4,135,675**
Net assets	**1,049,775**	**905,232**	**778,995**	**675,032**	**697,983**
Equity					
Share capital	15,698	15,698	15,698	15,698	15,698
Share premium	255,047	255,047	255,047	255,047	255,047
Retained earnings	466,249	382,292	302,028	238,635	287,867
Other reserves	312,781	252,195	206,222	165,652	139,371
Attributable to equity holders of the parent	1,049,775	905,232	778,995	675,032	697,983
Total shareholders' equity	**1,049,775**	**905,232**	**778,995**	**675,032**	**697,983**

Five Year Financial Summary

In Millions of Naira	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Statement Of Profit Or Loss And Other Comprehensive Income					
Gross earnings	677,283	595,921	564,687	538,004	673,636
Interest expense	(82,718)	(102,111)	(126,237)	(124,156)	(200,672)
Operating and direct expenses	(281,223)	(246,566)	(215,037)	(206,428)	(208,299)
Impairment charge for financial assets	(56,175)	(37,237)	(23,393)	(15,313)	(95,244)
Profit before tax	**257,167**	**210,007**	**200,020**	**192,107**	**169,421**
Income tax	(24,034)	(12,155)	(22,017)	(26,627)	(16,418)
Profit after tax	**233,133**	**197,852**	**178,003**	**165,480**	**153,003**
Other comprehensive income					
Fair value movements on equity instruments	5,599	16,295	13,870	1,459	(2,551)
	5,599	**16,295**	**13,870**	**1,459**	**(2,551)**
Total comprehensive income	**238,732**	**214,147**	**191,873**	**166,939**	**150,452**
Earnings per share:					
Basic and diluted	743 K	630 K	567 K	527 K	487 K