2019 ANNUAL REPORT

ZENITH

Group Annual Report
& Financial Statements

BANKING WITH **INNOVATION**

PEOPLE | TECHNOLOGY | SERVICE


*966#
EazyBanking
... it's not just
Banking
it's a
Lifestyle

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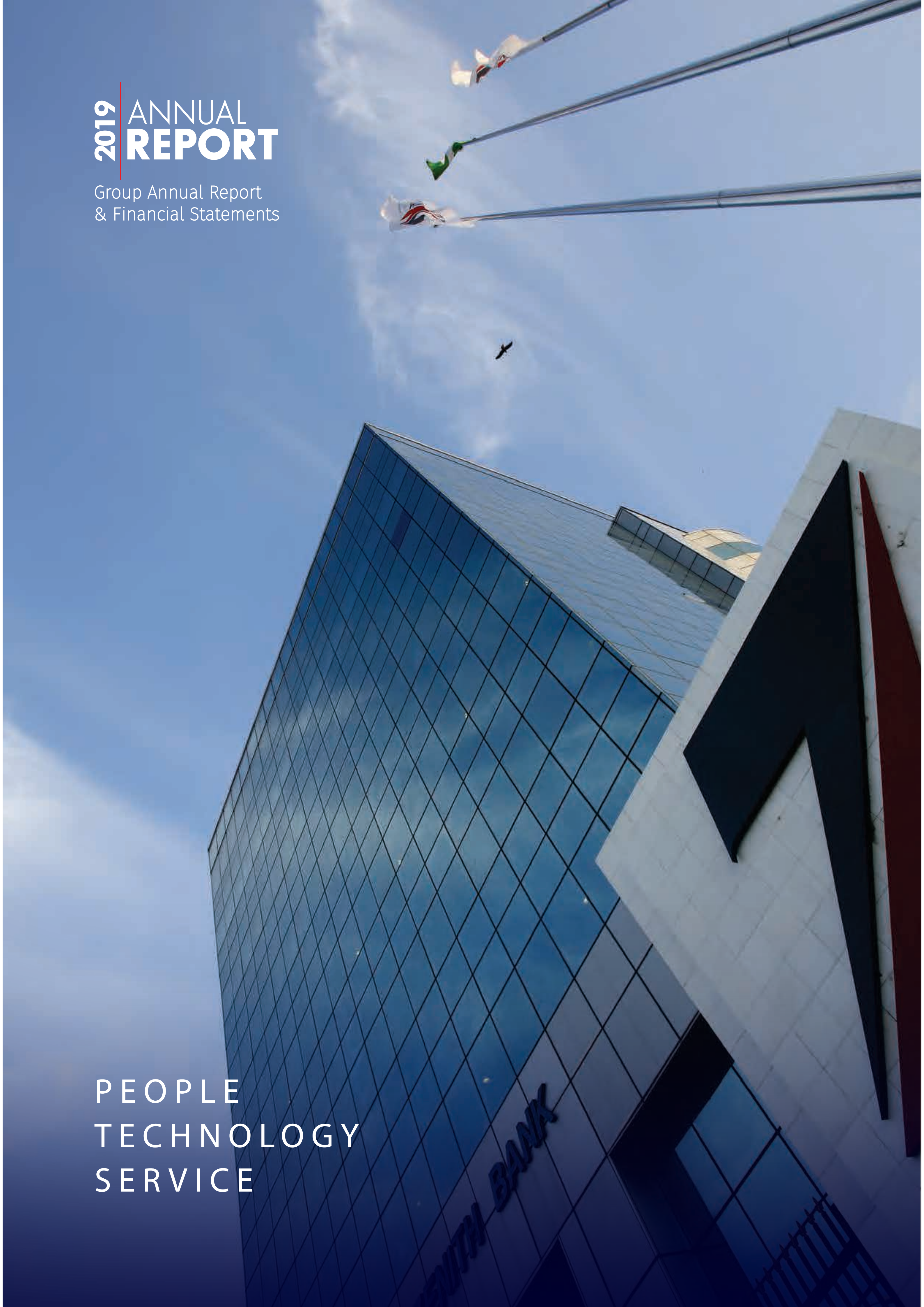
Group Annual Report
& Financial Statements



PEOPLE
TECHNOLOGY
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Strategic Report

Directors, Officers And Professional Advisers

DIRECTORS

Jim Ovia, CON.	Chairman
Prof. Chukuka Enwemeka	Non-Executive Director
Mr. Jeffrey Efeyini	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
Mr. Ebenezer Onyeagwu*	Group Managing Director/CEO
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
Mr. Peter Amangbo**	Group Managing Director/CEO (retired)

* Appointed Group Managing Director effective 1 June 2019
** Retired from the Board effective 31 May 2019
*** Appointed to the Board effective 1 August 2019

COMPANY SECRETARY	Michael Osilama Otu
REGISTERED OFFICE	Zenith Bank Plc Zenith Heights Plot 87, Ajose Adeogun Street, Victoria Island, Lagos
AUDITOR	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street, Victoria Island, Lagos
REGISTRAR AND TRANSFER OFFICE	Veritas Registrars Limited (formerly Zenith Registrars Limited) Plot 89 A, Ajose Adeogun Street, Victoria Island, Lagos

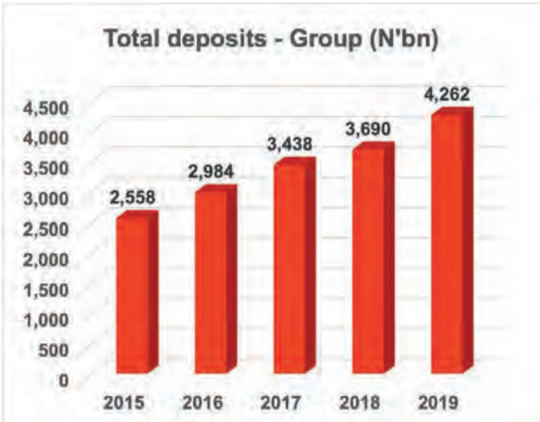
Results at a Glance/ Key Performance Indices

Financial Highlights

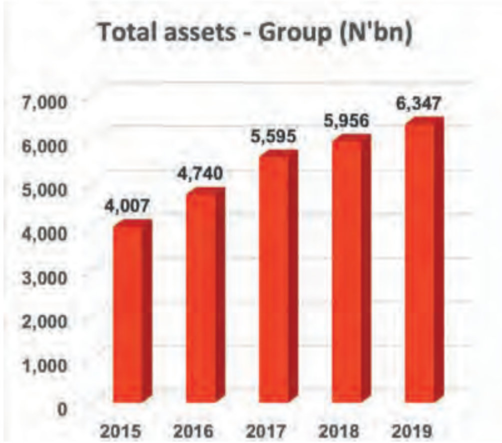
In millions of Naira	31-Dec-19	31-Dec-18	% Change
Income statement Highlights			
Interest and similar income	415,563	440,052	-6%
Net Interest income	267,031	295,594	-10%
Operating Income	475,119	457,185	4%
Operating expenses	(231,825)	(225,500)	3%
Profit before tax	243,294	231,685	5%
Profit after tax	208,843	193,424	8%
Earnings Per Share (N)	6.65	6.15	8%
Balance sheet Highlights			
Gross loans and advances	2,462,359	2,016,520	22%
Customers' deposits	4,262,289	3,690,295	15%
Total assets	6,346,879	5,955,710	7%
Shareholders' fund	941,886	815,751	15%
Key ratios			
Return on average equity (ROAE)	23.8%	23.8%	0%
Return on average assets (ROAA)	3.4%	3.4%	0%
Net Interest Margin (NIM)	8.2%	8.9%	-8%
Cost of funds	3.0%	3.1%	-3%
Cost of risk	1.1%	0.9%	22%
Cost-to-income	48.8%	49.3%	-1%
Liquidity ratio	57.3%	72.0%	-20%
Loan to deposit ratio	57.8%	44.2%	31%
Capital adequacy ratio (CAR)	22%	25%	-12%
Non-performing loans	4.30%	4.98%	-14%

Group Financial Highlights

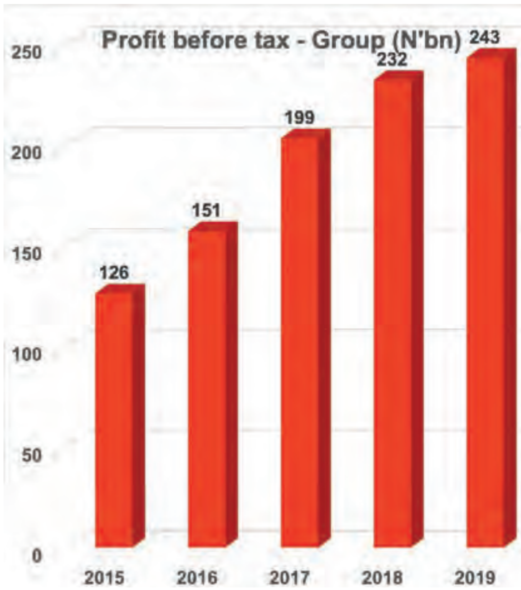
Total deposits grew by 15% (N572bn) reflecting public confidence in the Zenith brand. The funding mix was also rebalanced towards cheaper retail deposits.



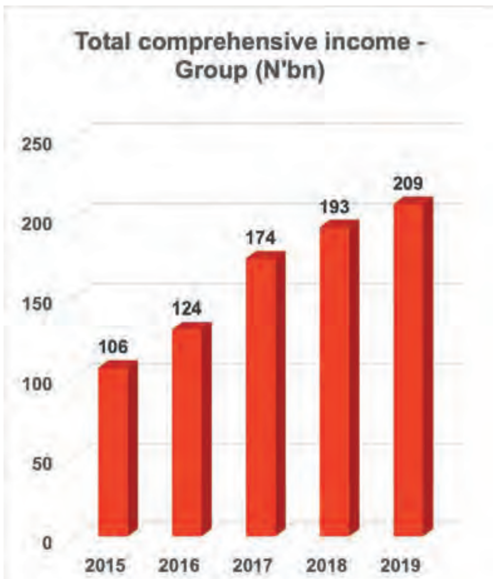
Total assets grew by 7% (N391bn) to close at N6.3trn enhancing our balance sheet.



5% growth in PBT is attributable to the growth in non-interest income and effective management of operational and funding costs as well.

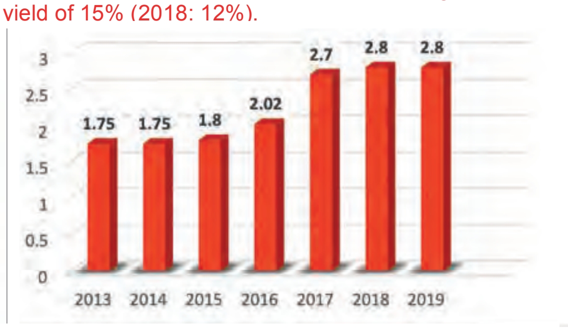


Profit after tax increased by 8% (N15.4bn) driven by improved profit before tax as well as an efficient tax management strategy.

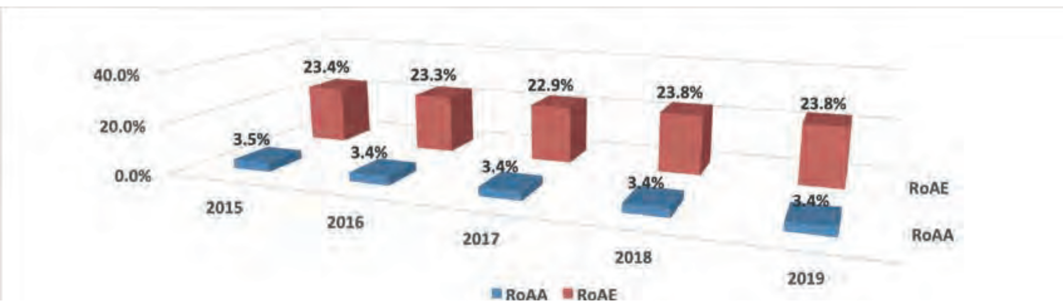


Shareholders' funds grew year-on-year by 15.5% to close at N942bn providing adequate buffer for business expansion.

Consistent and growing dividend payout in the last 7 years. The payout remained unchanged year-on-year. With this proposed dividend we are recording a dividend yield of 15% (2018: 12%).

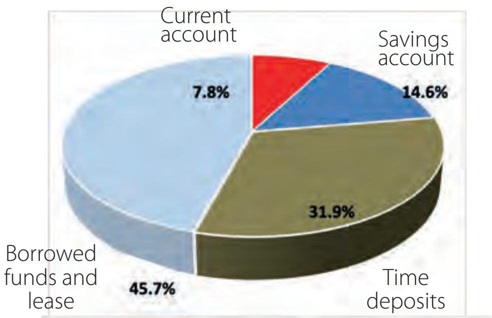


Return on Average Equity (RoAE) remained flat year-on-year while Return on Average Asset (RoAA) grew marginally reflecting a strong commitment to delivering impressive retutrns to investors.

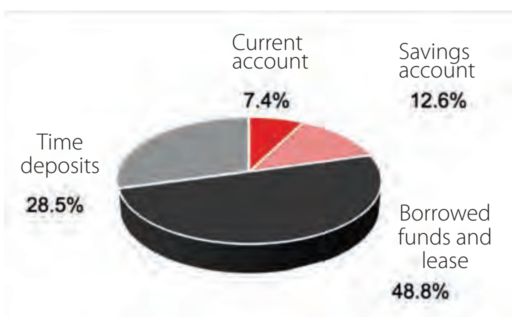


Increase in interest expense by 2.8% is as a result of the significant growth in the Group's deposit base (especially savings and dormicilliary deposits).

2019



2018



Group Financial Highlights

SOCIAL IMPACT/CSR

- Zenith Tech Fair
- Style by Zenith
- Aba Small & Medium Ent. (SME) Fair
- Aspire Music Festival
- Official Bank of the Nigerian National Football Teams
- Private Sector Health Alliance Project
- Zenith Bank National Women Basketball League
- Zenith Delta principal's Cup
- Zenith Bank Youth Parade
- The Muson Centre Project

CUSTOMERS/CHANNELS

	2019	2018
Number of Customers	9,575,733	7,835,024
Number of Cards Issued	7,880,411	5,732,820
Number of active POS Terminals	41,536	34,006
Number of ATM Terminals	2,009	1,891
Number of Branches	430	420
Number of Cash Centres	178	176
Number of Male Employees	3,776	3,902
Number of Female Employees	3,441	3,692

AWARDS

- Best Commercial Bank 2019 - World Finance
- Most Valuable Bank Brand 2019 - The Banker
- Best Digital Bank 2019 - Augusto & Co.
- Bank of the Year 2019 - BusinessDay
- Best Bank in Retail Banking 2019 - BusinessDay
- Most Innovative Bank of the Year 2019 - Tribute Newspaper
- Best Company Promoting Good Health and Well-being 2019 - The SERAS CSR Award

SHARE HOLDINGS

Number of Shareholders

640,358

RATINGS

Fitch - **B+/Negative/B**

Standard & Poors - **B/Stable/B**

Moody - **B2/Stable/B3**

PRODUCT INNOVATIONS

Emergency USSD Code ***966*911#**

Save4Me

Timeless Account

Dubai Visa
Borrow Me Power
My Bank Statement
(Mobile App & Internet Banking)

SOCIAL FOLLOWING

Facebook	5,889,788
Twitter	1,145,263
Instagram	356, 656
YouTube	25, 545, 948
LinkedIn	101,427

The Bank and its Subsidiaries

Zenith Bank Plc. (Parent)
Established: 1990
Branches: 384
2019 PBT: ₦200 Bn
Total deposits: ₦3,487Bn
Total assets: ₦5,435Bn
ROE: 24%
Staff strength: 5,982

Zenith Pension
Established: 2005
Branches: 2
Zenith ownership: 99%
2019 PBT: ₦7.6Bn
Custody assets: ₦4,103Bn
Total assets: ₦25Bn
ROE: 25%
Staff strength: 109

Zenith Nominee
Established: 2018
Branches: 1
Zenith ownership: 99%
2019 PBT: ₦512M
Custody assets: ₦977Bn
Total assets: ₦1.9Bn
ROE: 27%
Staff strength: 6

Gambia
Established: 2009
Zenith ownership: 99.96%
Branches: 6
2019 PBT: ₦790M
Total deposits: ₦12Bn
Total assets: ₦18Bn
ROE: 15%
Staff strength: 142

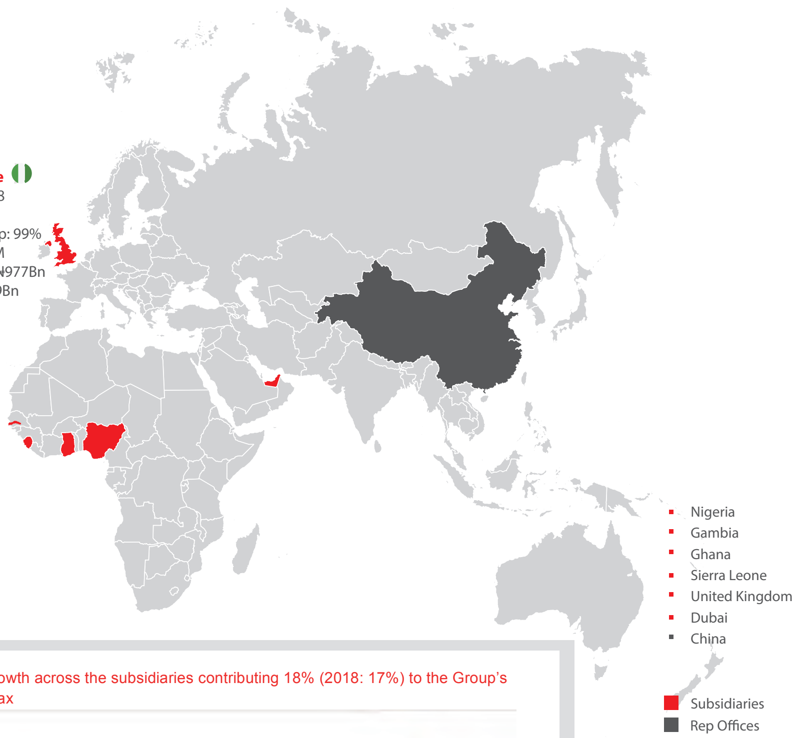
Ghana
Established: 2005
Zenith ownership: 98.07%
Branches: 27
2019 PBT: ₦24Bn
Total deposits: ₦324Bn
Total assets: ₦431Bn
ROE: 24%
Staff strength: 696

Sierra Leone
Established: 2008
Zenith ownership: 99.99%
Branches: 7
2019 PBT: ₦903M
Total deposits: ₦17Bn
Total assets: ₦23Bn
ROE: 13%
Staff strength: 161

United Kingdom
Established 2007
Zenith ownership: 100%
Branches: 2
2019 PBT: ₦13.7Bn
Total deposits: ₦422Bn
Total assets: ₦617Bn
ROE: 13%
Staff strength: 121

UAE
Branch of Zenith UK
Established 2016
1 branch

China
Representative Office
Established 2011



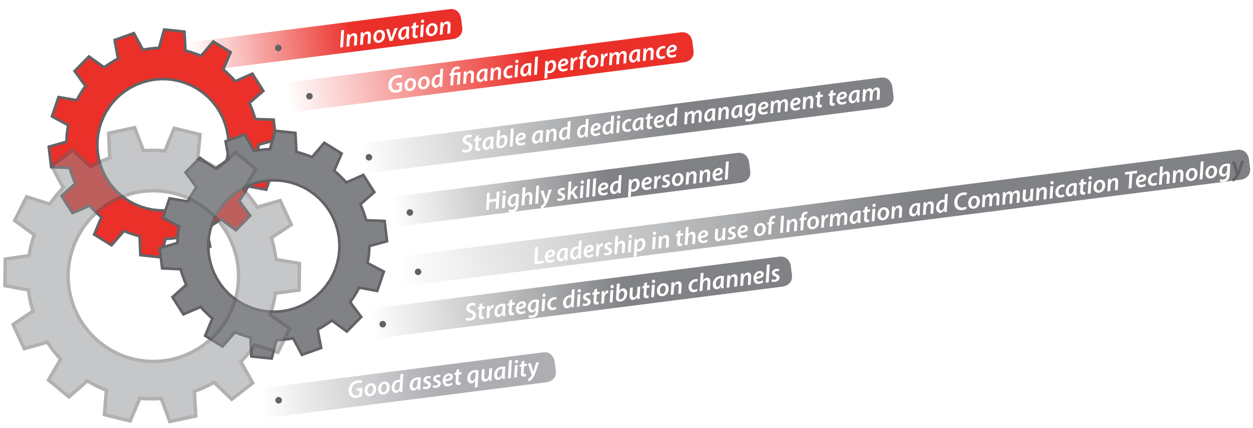
Consistent growth across the subsidiaries contributing 18% (2018: 17%) to the Group's profit before tax

Corporate Profile & Strategy

Over the past years, Zenith Group ("Zenith") has redefined customer service standards and created diverse service delivery channels through strategic deployment of its people, information and communication technology (ICT). Within twenty-nine years, Zenith has demonstrated its resilience irrespective of the business/economic cycle and witnessed growth in virtually all areas. Its growth is driven principally by strategic business focus and a conservative business model. The group has a stable and experienced management team that is well positioned for strong execution leading to significant market share opportunities. Today, Zenith is undoubtedly, one of Nigeria's strongest banking brands and one of the country's largest banks by market capitalization, profitability and total assets. Our branding has been anchored on continued investment in people, technology and excellent customer service. The combined intellectual capital and dedication of the staff, Management and Board have shaped Zenith into the world-class institution that it is today.

From inception Zenith clearly set out to distinguish itself in the banking industry through its service quality, drive for a unique customer experience and the calibre of its customer base. Over the years the Zenith brand has become synonymous with leadership in the use of Information and Communication Technology (ICT) in banking and general innovation in the Nigerian banking industry. The Group serves its customers through a variety of business location spread across Africa, Europe, Middle East and Asia. These comprise of a total of 608 business locations (see page 16 for more details) in Nigeria and the rest of the world. However, in line with advances in technology, the bank has also invested heavily on electronic and digital channels including ATMs, POS terminals, internet and mobile banking applications and as a result there has been an exponential upsurge in the volume of transactions consummated over digital channels with a corresponding decrease in transactions completed at physical outlets and branches.

Zenith Bank has remained a Tier 1 Bank and is adequately capitalised to meet and even surpass all our customers' needs and expectations. The bank has efficiently deployed its competitive edge of excellent customer services, size, brand name, branch network and customer reach, stable management as well as motivated workforce, strong capital and liquidity base in order to effectively compete in the Nigerian banking landscape. Today, Zenith is easily associated with the following attributes in the Nigerian banking industry:



Corporate Profile & Strategy

OUR VISION

"To build the Zenith brand into a reputable international financial institution recognized for innovation, superior customer service and performance while creating premium value for all stakeholders".

OUR MISSION

"Establish a presence in all major economic and financial centres in Nigeria, Africa and indeed all over the world; creating premium value for all stakeholders"

OUR VALUE

- Integrity
- Professionalism
- Excellence
- Ethics
- Commitment
- Transparency
- Service

Business Focus

The Bank opted to and operates a commercial banking model and as a result Zenith now focuses and channels its resources only on its core business segments, international subsidiary businesses, its pension/custodian services and nominees business only.

a) Core Business Segments

The Bank's core business segments provide a broad range of banking products and services to a diverse range of customers which include corporates, financial institutions, investment funds, governments and individuals. These business activities are conducted through the following business units:

- Institutional and Investment Banking
- Corporate Banking
- Commercial/SMEs
- Retail Banking
- Public Sector Banking

Institutional and Investment Banking

The Institutional and Investment Banking Unit (the "IIBU") manages the Group's business relationship with other banks, financial institutions, multilateral agencies, securities houses, insurance companies, asset management companies and other non-bank finance companies, private equity and venture funds. The IIBU also assists individuals, corporations and governments in raising capital by underwriting and/or acting as the client's agent in the issuance of securities as well as assisting companies in mergers and acquisitions processes.

The unit through its Treasury sub unit provides ancillary services such as market-marking, derivatives trading, fixed income instruments, foreign exchange, commodities and equity securities and manages the group's correspondent banking relationships. The Treasury sub-group works closely with branches and various business focus Groups as well as corporate customers and pension funds to deliver currency and fixed income solutions tailored specifically for their requirements. The Treasury sub-group focuses on creating wealth while mitigating interest rate and foreign exchange risks for the Zenith Group and its customers. It offers the Group's customers a broad array of money market and foreign exchange services that enable them to carry out their business operations locally and internationally. The Treasury sub-group's activities are carried out through four units: the Liability and Deposit Management Unit, Bonds Trading Unit, Foreign Currency Trading Unit and the Correspondent Banking Unit.

Corporate Banking

The Group's Corporate Banking business unit offers a wide variety of services to multinationals, large local conglomerates and corporate clients. The unit is focused on providing superior banking services and customized banking products to the top tier of the market. It is primarily focused on attracting, building and sustaining strong enduring relationships with its target market through the provision of innovative solutions together with excellent customer services to meet clients' banking needs. It also looks at promoting the businesses of these corporate clients through the provision of services to the various stakeholders within the value chain of these corporate clients. This is aimed at building long-term relationships and partnership with our clients.

Within Corporate Banking, industry specific desks or sub-units exist to facilitate the efficient and effective management of the relationships with the unit's corporate customers. These sub-units include;

a) Transport and Aviation,
b) Conglomerates
c) Breweries & Beverages
d) Oil and Gas
e) Power, Infrastructure and Construction.
f) Telecommunications and Fintechs

Commercial/SMEs

The Commercial/SME unit focuses on all small and medium enterprises (SMEs), commercial businesses which comprises of personal current, and savings accounts customers and all unincorporated entities (such as societies, clubs, churches, mosques etc).

Corporate Profile & Strategy

It offers loans and advances in the form of overdrafts, import finance lines, term loans and leases to the customers especially those involved in the sales and distribution of fast moving consumer good items and key distributors to major manufacturing companies. Credit facilities offered by the unit are priced higher than those extended to corporate or institutional banking customers. In order to compensate for the relatively higher risk.

The Group offers a wide range of generic banking services and products to meet the needs of the customers in this sub-sector. These include various lending and deposit products such as working capital lines (overdraft, invoice discounting, invoice/contract financing, stock financing, etc), lease finance lines, Bonds and Guarantee lines, current account, domiciliary accounts and fixed deposit accounts . Ancillary services rendered to this sub-sector include; local drafts issuance, local inter/intra bank funds transfers payroll services, bill payments, safe custody, duty/tax payments and remittances and so on. The group aims to build a value chain synergy between this sub-sector and the corporate banking clients thereby promoting businesses across the various business units.

Retail Banking

Generally, the Group's Retail Banking businesses are conducted through its extensive branch network and electronic and digital channels. It offers various banking services to primarily individuals.

Personal banking which is structured to develop and promote the retail business generally and provide banking services to individuals through traditional branches, as well as electronic banking channels.

Attracting, winning and retaining this segment of customers is through the development of customer value propositions (CVPs) unique to each customer sub-segment and the delivery of these CVPs are principally through the branches, electronic and digital channels. Recently the Bank has also deployed agency banking services across the states of the federation which is meant to service mostly financial inclusion customers who might not be able to visit a bank branch because of distance. These agents provide access to basic financial services such as account opening, cash-in, cash-out, bills payments and electronic transfers.

The personal banking products and services range from standard to specialized savings, current, domiciliary and investment accounts modified to suit individuals of different strata of life. Examples of such specialized products are the Zenith Children Accounts (ZECA), Individual Current and Savings Accounts, Easysave Classic and Premium Accounts (financial inclusion customers), Aspire Savings Accounts (tertiary institution students) and Platinum and Gold Current Accounts (high net worth individuals) etc. The sub-group also offers credit products including personal loans, advances, mortgages, asset finance, and credit cards. E-business products offered include internet banking and mobile banking services (mobile app) and *966 EazyBanking, Zenith Scan to Pay, EazyMoney etc. Numerous channels such as ATMs, cards, POS terminals, internet and mobile banking is to effectively service this segment of the market.

Public Sector Banking

The Public Sector Group (PSG) provides services to meet the banking needs of all tiers of government (federal, state and local governments), ministries, departments and agencies, The focus of the PSG business is all institutions operating under the auspices of Government, including those within the executive, legislative and judiciary branches, and at the Federal, State and/or Local Government levels. Some of the products and services offered to the public sector include revenue collection schemes, cash management, deposit and investment, electronic payroll systems, offshore remittances and foreign exchange and project finance.

b) Overseas Subsidiaries

The Group's overseas subsidiaries carry out banking operations, providing traditional banking products and services tailored to meet the needs of those customers who are either located in countries where the subsidiaries are based or who have a business presence in such locations. Each of the Group's overseas subsidiaries act as intermediary between the financially surplus and deficit units in their locations, offering a wide range of products and services to attract deposits and extend loans and advances. The Group's overseas subsidiaries include the following:

Zenith Bank UK Limited

Zenith Bank UK Limited ("Zenith UK") leverages on trade and investment flows between Nigeria and Europe to intermediary banking services which include post shipment finance, back to back letters of credit, standby letters of credit and contract guarantees. Zenith UK also provides facilities for working capital and capital expenditure directly to Nigerian borrowers through participation in syndicated loans. The subsidiary acts as the contact point for correspondent banking relationships with Nigerian and other West African banks by providing facilities for letter of credit confirmation and treasury products.

The operational mandate of Zenith UK also enables it to source deposits from institutions such as parastatals, corporate and institutional counterparties to support its funding needs. Through effective treasury management, Zenith UK trades in fixed income instruments which include government and institutional bonds and certificates of deposit. Zenith UK also has a wealth management unit which is dedicated to offering long-term investment advisory and wealth management solutions to its customers.

Zenith Bank West African Subsidiaries

Zenith Bank (Ghana) Limited, Zenith Bank (Sierra Leone) Limited and Zenith Bank (The Gambia) Limited make up our West African subsidiaries. They provide comprehensive trade services to major global corporations and medium sized enterprises operating in the region. With the support of the parent company and Zenith UK which operate an account with Citigroup, the West African subsidiaries have both a global reach and local market knowledge which allows them to provide high quality importing and exporting intermediary services to their respective customers. Solutions are customized to each subsidiary's customers' needs, integrating letters of credit and other trade finance alternatives or products for an end-to-end trade proposition.
The West African subsidiaries source deposits from retail, corporate and institutional customers to support their respective funding needs. Each subsidiary also lends to customers in different sectors of their respective economies, through term loans, short term overdrafts, trade finance facilities and bonds and guarantees. Investment in fixed income instruments such as treasury bills, government and corporate bonds also form part of the banking activities carried out by each of the West African subsidiaries.

c. Pension and Custodial Services

The Group's Pension Custodian services business is conducted through Zenith Pension Custodians Limited ("Zenith Pensions") which offers pension management and custodian services to pension funds administrators (PFAs). As at 31 December 2019, total funds under its custody amounted to approximately N4.103 trillion. Zenith Pensions has 106 funds under its custody which are shared among nine open pension fund administrators, three closed pension fund administrators and two annuities.
The main service offerings provided by Zenith Pensions include; collecting pension contributions, paying beneficiaries from their respective retirement saving accounts, safe keeping of assets, managing real estate assets of the funds under its custody and the settlement of transactions in financial investments such as equities, bonds and treasury bills. Zenith Pensions also provides administrative and record keeping services to the funds under its custody on a day-to-day basis.

d. Zenith Nominees Limited

Zenith Nominees Limited provides nominees, trustees, administrators and executorship services for non-pension assets. It started operations in 2018.
Zenith Nominee seeks to be associated with the following attributes:

- Innovation
- Good financial performance
- Stable and dedicated management team
- Highly skilled personnel
- Leadership in the use of Information and Communication Technology
- Strategic Distribution Channels
- Good asset quality

Strategic Objectives

The strategic objective of Zenith Bank remains the continuous improvement of its capacity to meet the customers' changing and increasing banking needs as well as sustain high quality growth in a volatile business environment through:

- Continuous investment in branch network expansion and thus bringing quality banking services to our existing and potential customer base
- Continuous investment and deployment of state of the art technology and ICT platform

Corporate Profile & Strategy

- Continue to seek, employ and retain the best personnel available
- Continuous investment in training and re-training of our personnel
- Maintain and reinforce our core customer service delivery charter
- Sustain strong profitability and ensure adequate Return on Equity (ROE)
- Remain conservative but innovative
- Sustain strong balance sheet size with adequate liquidity and capital base
- Sustain our brand and premium customer services
- Cautious and synergistic global expansion
- Remain customer service focused
- Continuous emphasis on use of technology as a competitive tool
- Maintain strong risk management and corporate governance practices

Locally, branches will continue to be located at commercial business districts in all the state of the federation, taking into consideration the existence of the following:

- Commercial activities, enough to ensure that the branch breaks even within a year.
- Synergistic loop based on business line (i.e. ensuring that the branches are located in areas having similar business lines to facilitate needed synergy).
- Convenience to our customers.

Our international outlook will focus on consolidating our presence in our selected African and European markets while we continue to evaluate opportunities in other markets as well.

The key strategies that will be used to drive our vision and mission are as follows:

1. Continue to deliver superior and tailor-made service experience to all our customers at all times
2. Continue to develop deeper and broader relationship with all clients and strive to understand their individual and industry peculiarities with a view to developing specific solutions for each segment of our customer base
3. Continue to expand our operations by adding new distribution channels especially in the digital space
4. Consolidate our leadership as a banking service provider in Nigeria by continuing to build on long standing relationships, capabilities and the strength of our brand and reputation to drive our international business network expansion
5. Continually enhance our processing and systems platforms to deliver new capabilities and improve operational efficiencies and achieve economies of scale.
6. Maintain strong risk management and corporate governance culture
7. Ensure proper pricing of our products and services
8. Increase our market share of retail banking customers and deploy our E-business tools and enhanced customer service
9. Develop compelling customer value proposition (CVP) for our various customer segments that ensures we can optimise our average revenue per customer.
10. Continuous investment in technology as a driving tool for customer services
11. Increasing corporate finance activities to boost fee income
12. Leveraging on our existing branch network to drive our product delivery and deposit liability growth
13. Leveraging on our understanding of specific trade and correspondent banking requirements to drive business relationships with banks and financial institutions in the West African sub-region to encourage them to use our foreign subsidiaries for businesses they are currently transacting with other banks
14. Our foreign subsidiaries will target companies that currently have trade partners in Nigeria and other locations where we have presence across the globe and process their trade transactions through the Zenith Bank network. This approach is aimed at encouraging cross

border marketing and the routing of a portion of their international trade transactions through the Group. The idea is to demonstrate to the local companies that their relationship with Zenith Bank in their country and dealing with Zenith Bank in another country will be mutually beneficial.

"Our Strategic Plan is part of a process of our development, and attempts to engender a commitment to continuous improvement, by focusing and harnessing the energies of everyone in the group. We believe that the concepts of strategic readiness, life-long learning and community engagement encourage and support quality in all aspects of the Bank's performance."

15. The lending businesses in all our subsidiaries will focus primarily on international and export trade transactions. It will involve discounting international trade bills for companies and also providing short-term credits to financial institutions that use the bank as their correspondent bank.

MARKET AND BUSINESS STRATEGY

By divesting from its subsidiaries which carry out non-banking activities, the Group's principal strategy is aimed at promoting the growth and profitability of its banking activities.

Despite the increase in regulations over the last 6 months with profound impact on our earnings capacity, in the next five years, the Group will look to continue to pursue organic growth. In the longer term period it intends to improve (through creation and enhancement of new markets and products and services) and consolidate (through superior customer services) local and international awareness of its brand. Its growth and marketing plans will seek to optimize its strengths, maximize available opportunities and minimize identified threats while taking steps to mitigate the effects of observed weaknesses.

The strategic objectives of the Group in the next five years include:

- to be amongst and remain one of the top tier banks in Africa in terms of profitability, balance sheet size, risk assets quality, financial stability and operational efficiency;
- Re-channelling its efforts in deploying more electronic banking products, following the divestment from non-core banking operations.
- The Group will look to strengthen its retail banking business by consolidating on its retail banking transformation exercise which has significantly grown its retail banking revenue, deposit liabilities and risk assets and continue to obtain a significant share of the retail banking industry in Nigeria.
- improving its capacity to meet its customers' changing and increasing banking needs as well as sustain high quality growth despite the volatile business environment;

Core Banking Transformation

The Bank has begun implementation of a core banking system to replace existing core banking systems (Ethix/Phoenix) with MISYS suite of banking software and affiliated solutions which started in 2016. The bank has successfully gone live on a number of MISYS banking solutions including – Trade Innovation, TradeX, Zenith Trade Portal, Kondor, MPM and LoanIQ which are used to drive our trade services, treasury products/deals and loan processing related customer transactions. These implemented solutions have been seen to improve efficiency and streamline operations. Datastore has recently gone live. This document management system enables the Bank to digitize its records using the system's robust scanning, indexing & retrieval capabilities) and replaced the legacy system ADA.

The next solution scheduled for go-live is Essence, the new core banking solution, to replace Phoenix and other in-house 3rd party applications.

Enhancing the Group's internal operating systems to reduce costs

The Group expects to continue its drive to deploy the latest innovations in banking technology in order to maintain its position at the forefront of the changing banking landscape in Nigeria. In addition, the Group will aim to enhance its systems and internal procedures, in order to be able to improve its levels of customer service by delivering improved operational capabilities and efficiencies, whilst at the same time achieving economies of scale.

The Group's increased deployment of digital channels and agency banking means more customers are able to carry out banking transactions without visiting its branches, thereby reducing operating costs. From an internal operating perspective, the Group has automated most of the operational activities, such as cheque confirmation and clearing processes, account opening processes, credit administration process and internal audit processes. These automated processes have started yielding results in the form of reduced turnaround times in all operational activities as well as a reduction in operating costs.

In addition to the above, other strategies that have been have been adopted to streamline our cost include: arranging with training agencies based abroad to train our staff locally where a

Corporate Profile & Strategy

large number of staff have to be trained thereby reducing cost of travelling, and retrofitting some of our equipment including lighting and replacing regular equipment with energy-efficient ones to save on power and energy costs.

Business Locations

As at 31 December 2019, the geographical spread of the Group's business locations is as follows:

Geographical Locations	Branches	Cash Centers	Non-Banking Operations
Federal Republic of Nigeria	384	155	3
Republic of Ghana	27	11	-
United Kingdom	2	-	-
Sierra Leone	7	12	-
The Gambia	6	-	-
China Representative Office	1	-	-
Total	**427**	**178**	**3**
Grand Total			**608**

As shown above, the Group also has 178 off-site locations, strategically located in various commercial centres around Nigeria and the African countries in addition to its network of branches. These off-site locations comprise small business offices such as kiosks/cash offices and are located in the airports, university campuses, large shopping malls or the premises of core customers of the Group. These off-site locations only offer deposit taking services and the Bank expects their number to decrease over the coming years as the restrictions on the use of cash are put in place throughout Nigeria as part of the CBN's cashless policy implementation. However, we expect an increase in e-centres where various electronic transactions can be consummated as well as agents for its financial inclusion customers.

ATM network

The Group has a total of 2,009 ATM machines with 1,935 in Nigeria, 60 in Ghana, 12 in Sierra Leone and 2 in The Gambia. The ATM machines are mounted in branches and strategic locations such as airports, university campuses, large shopping malls and premises of large manufacturing firms employing large numbers of workers. Due to collaboration and shared services arrangements which the Bank has with other banks, ATM cards issued by the Bank are accepted by the ATM machines of other institutions.
The Bank also collaborates with other card issuing agencies to offer internationally recognised cards, such as MasterCard, Visa and Verve, in different currencies to their customers.

Distribution Channels

Other distribution channels which the Group uses include electronic and digital channels which offers products and services, including electronic fund transfers at points of sale (POS), telephone banking, internet banking, visa telebanking, mobile banking, agency banking and the Group's call centres. Furthermore, in addition to being able to use its branches, ATMs and the network of third party ATMs available throughout Nigeria under arrangements between the Bank and third party vendors, the Group's customers are currently entitled to use the Bank's card products to pay for goods and services at trade service outlets throughout Nigeria and also online shopping.

The Group has invested significantly in software which enables electronic product platforms to interface with core banking applications, hardware to enable data storage and to improve processing speed and in training of its IT staff. [The Group has also developed electronic delivery systems in order to implement multiple delivery channels to its customers, including its ATM networks, on mobile devices and over the internet.] The Group's range of internet and mobile banking products and services offer customers services such as collections and remittances of bills (including utility bills), real time internet banking, purchase of mobile phone airtime, funds transfers, cheque requisitions and confirmations, balance enquiries, transfer of/ receipt of funds between Visa Credit Cards and Prepaid Cards, and statement services. Specific electronic products offered by the Group include·:

- Zenith Scan to Pay – this is a quick response (QR) code solution which involves customers scanning merchants QR displayed in their stores or on their websites using a smart device;
- *966*911# – this is a distress code to be dialled by Zenith customers to automatically block their accounts where customers' smart phones has been stolen or privacy details have been compromised;
  *966*60# – this allows you to perform other self-service. These include retrieve card PIN, Block Cards, manage card less withdrawal, select preferred USSD account to debit, perform transaction above N100k via USSD subject to signing an indemnity, activate agent banking activities i.e cash in and cash out and perform USSD on POS.

- USSD on POS – This allows customers to make payments at merchant stores using *966eazybanking even without their payment cards (debit, credit, prepaid);
- Corporate i-Bank - a secure online solution that allows corporate customers to carry-out banking transactions on the internet;
- Zenith Payroll (Branch i-Bank) - automates the [end-to-end] payroll process of the Group's customers which eliminates the manual processes involved in the generation of monthly payroll while also remitting funds electronically to staff accounts. The platform provides, database backup, payroll reports, customization option, secure payment authorization and salary payments;
- Xpath (Customised Branch Collections) -allows customers to collect or receive remittance from their key distributors and customers through any branch of the Group. The platform also enables customers to capture specific information relating to their account. Other features of the product include the provision of electronic receipts, PIN Vending and direct integration;
- Internet Banking - a real-time solution that provides customers with access to their account 24 hours a day, 7 days a week via the internet;
- EaZymoney, Zenith Bank's mobile money platform is a wallet payment solution that allows customers make withdrawals(cash-out), make deposits(cash-in), transfer funds, pay bills (DSTV, Electricity etc.) make purchases and top up airtime using their mobile phones.
- EaZymoney is a virtual account (also called an Eazymoney wallet) created for the subscriber. With this solution, the subscriber's mobile number will be the account number. Payment for goods and services, cash withdrawals and deposits can be done from this mobile number through different channels.
- Global Pay - a convenient, flexible and secure platform for receiving payments through the internet. This platform accepts multi-currency transactions and also provides online transaction monitoring capabilities; and
- Electronic Multicard – this product enables merchants to receive payments from customers when they use a bank card issued either by the Group or another institution recognised by Group on this platform. The platform provides additional benefits to customers as it enables merchant to accept payment after banking hours, provides online transaction monitoring, can be customised to capture specific data and provides an alternative mode of payment.
- Visa Telebanking – this innovative offering on the bank's website allows customers to transfer/receive funds between Visa Credit and Prepaid Cards. It provides real time option for funds transfer between different parties and allows you to your Visa Card account online.
- *966 EazyBanking - is a convenient, fast, secure, and affordable way to access your bank account 24 hours a day, 7 days a week through your mobile phone without internet data and is available to all individual account holders with any phone that runs on the GSM platform and runs with debit cards.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of Zenith Bank Pie will hold at the Shehu Musa Yar'Adua Centre, 1, Memorial Drive (Opposite Sheraton Hotels & Towers), Abuja, FCT at 9.00 a.m. on Monday the 16th day of March, 2020 to transact the following business:-

ORDINARY BUSINESS

1. To present and consider the Bank's Audited Accounts for the financial year ended 31st December, 2019, the Reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a final dividend.

3. To approve the appointments of the following:
   (i) Dr. Al-MujtabaAbubakar - Independent Non-Executive Director
   (ii) Mr. Henry Oroh - Executive Director.
   The Appointment of both Directors has been approved by the Central Bank of Nigeria. The profiles of the aforementioned Directors are available in the Annual Report and also on the Bank's website at www.zenithbank.com

4. To re-elect the following Directors who retire by rotation and have offered themselves for re-election:
   (i) Prof. Oyewusi Ibidapo-Obe
   (ii) Umar Shuaib
   (iii) Dr. Temitope Fasoranti

5. To authorize the Directors to fix the remuneration of the Auditors.

6. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as ordinary resolution:

7. That the remuneration of the Directors of the Bank for the year ending December 31, 2020 be and is hereby fixed at N20 million only.

8. That Mr. Jeffrey Efeyini and Prof. Oyewusi Ibidapo-Obe, who have both attained the age of 70 years be elected a Non Executive Director and an Independent Non Executive Director of the Bank respectively.
   Dated this 21 st day of February. 2020.

NOTES:

1. PROXY:
   A member of the company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his stead. All instruments of proxy should be completed, stamped and deposited at the office of the Company's Registrars, Veritas Registrars Limited, 89A, Ajose Adeogun Street, Victoria Island, Lagos State not later than 48 hours before the time of holding the meeting. A proxy need not be a member of the company.

2. CLOSURE OF REGISTER OF MEMBERS
   The Register of Members and Transfer Books of the Company will be closed on 10th of March 2020, to enable the Registrar prepare for the payment of dividend.

3. DIVIDEND WARRANTS

If approved, dividend warrants for the sum of N2.50K for every share of 50K (bringing the total dividend for the financial year ended December 31, 2019 to N2.80K) will be paid via e-mandate on the 16th of March, 2020, to shareholders whose names are registered in the Register of Members at the close of business on 9th day of March 2020. Shareholders are advised to forward particulars or their account details to the Registrar to enable direct credit of their dividend on same day. Note however, that holders of the Company's Global Depository Receipts listed on the London Stock Exchange will receive their dividend payments after the local payment date.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, 1990, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should be forwarded to reach the Company Secretary at least 21 days before theAnnual General Meeting.

5. RIGHTS OF SHAREHOLDERS/SECURITIES' HOLDERS TO ASK QUESTIONS

Shareholders/Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before the 13th day of March, 2020.

6. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as "unclaimed". A list of all unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call at the office of the Bank's Registrars, Veritas Registrars Limited, Plot 89A, AjoseAdeogun Street, Victoria Island, Lagos during normal working hours.

7. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment in line with the Securities and Exchange Commission (SEC) directives. Detachable application forms for e-dividend and e-bonus are attached to the Annual Report to enable all shareholders furnish the particulars of their bank accounts/CCS details to the Registrars as soon as possible.

8. PROFILE OF DIRECTORS

The profile of all Directors are available for viewing on the bank's website, www.zenithbank.com

By Order of the Board

MICHAEL OSILAMA OTU, ESQ.
Company Secretary/General Counsel
Plot 87, Ajose Adeogun Street
Victoria Island, Lagos

JIM **OVIA**, *CON*

Chairman's Statement

Indeed, your unflinching support and loyalty to the Bank over the years have enabled it to rise to the pinnacle of the nation's financial services industry.

My Fellow Shareholders, Distinguished Guests, Ladies and Gentlemen,

I am very much pleased to welcome you to the 29th Annual General Meeting of our Bank and to present to you the Annual Report and Financial Statements for the financial year ended December 31, 2019.

Indeed, your unflinching support and loyalty to the Bank over the years have enabled it to rise to the pinnacle of the nation's financial services industry. Your commitment to the Bank's progress is reflected in your continued engagement, including your presence here today.

May I use this opportunity to congratulate everyone for the success we have achieved in the last thirty years since this institution was birthed, as we look forward to many more years of astounding performance.

The year 2019 was marked by significant global and domestic economic developments which impacted our business in several ways. However, we were able to adapt our strategies to leverage available opportunities while creating value for all our stakeholders.

It is against this background that I will review the economic and financial environment within which our Bank operated in the outgone financial year.

MACROECONOMIC REVIEW

The Nigerian economy recorded a positive but fragile performance in the year 2019, as the post-recession recovery of the economy continued. According to the National Bureau of Statistics (NBS), aggregate output, measured by Gross Domestic Product (GDP), grew by 2.27 per cent in 2019, compared to 1.91 per cent recorded in 2018. On a quarterly basis, GDP grew by 2.10 per cent, 2.12 per cent 2.28 per cent and 2.55 per cent in Q1, Q2, Q3 and Q4, 2019, respectively. The performance of the domestic economy was driven by relatively high crude oil prices in the international commodities market, as well as improved oil production averaging 2 million barrels per day (mbpd) all through 2019. Also, the recovery in services and industry sectors, particularly mining and quarrying, and manufacturing was a boon to GDP growth.

The year 2019 was somewhat a balanced one for the oil market, as the early rise in crude oil prices in the first half of the year evened out during the rest of the year, although prices rose relative to the preceding year. The rally in crude oil prices was supported by the commitment of the Organization of Petroleum Exporting Countries (OPEC) and participating non-OPEC countries to restore global oil market stability. However, the U.S-China trade war fueled a global economic slowdown which triggered bearish sentiment in global oil demand.

Nonetheless, crude oil prices closed out 2019 on a bullish note, buoyed by renewed economic optimism on the back of reduced trade tensions between the U.S. and China, as well as planned production cut by OPEC and its allies. Thus, the OPEC Reference

Basket (ORB) averaged \$58.74/b in the first month of 2019 and settled at \$66.48/b as of December 2019, gaining more than 13 per cent. Brent, which averaged \$60.24/b in January 2019, stood at \$65.17/b on average as at December 2019, rising by more than 8 per cent. This had a substantial impact on government revenue and the nation's external reserves.

Monetary and fiscal authorities significantly pursued strategies to maintain macroeconomic stability during the year under review. These strategies reflected in efforts to create a balance between spurring growth through credit allocation to the real sector and reining in inflation. Headline inflation, measured by the Consumer Price Index (CPI), moderated in 2019, relative to the preceding year. According to the National Bureau of Statistics (NBS), the inflation rate stood at 11.37 per cent in January 2019 but dropped to a three- and half-year low of 11.02 per cent in August. However, hopes of the headline inflation receding towards the target range of 6.0-9.0 per cent set by the CBN evaporated as the index significantly ticked up to 11.98 per cent in December on the back of seasonal year-end upward movement in prices.

In 2019, the Naira exchange rate against major currencies was relatively stable at the inter-bank foreign exchange market but recorded marginal appreciation at the Bureau De Change (BDC) and Investors' & Exporters' (I&E) segments of the market. The Naira averaged NGN306.92/\$1, NGN 359.53/\$1 and NGN361.79/\$1 at the interbank, BDC and I&E markets, respectively in the year under review. The exchange rate was supported by sustained intervention in the foreign exchange market by the CBN, as well as improved foreign exchange inflow into the I&E window, which continued to attract foreign portfolio investment inflow into the economy.

Nigeria witnessed significant accretion in the country's stock of foreign exchange reserves in the first half of 2019. However, gross external reserves dipped significantly in the second half of the year, reversing the steady increase recorded in the first half.

Specifically, external reserves, which opened the year at about \$43billion, rose to about \$45billion in June 2019, before closing the year at about \$39billion. The considerable decrease in the second half was mainly due to lower crude oil prices, reduced foreign portfolio investment inflows, and increased external debt service payments.

The Federation Account Allocation Committee (FAAC) disbursed a total of N8.19trillion among the three tiers of government as allocations between January and December 2019. This represents a decline of 3.87 per cent compared to the N8.52trillion distributed in 2018, an indication that government revenues shrunk in the year under review.

In 2019, the Nigerian Stock Exchange (NSE) witnessed a bearish trend. The All-Share Index (ASI) opened at 31,430.50 index points but closed the year at 26,842.07, representing a depreciation of 14.60 per cent. The decline in the ASI is largely attributed to bearish investor sentiments over the year, driven mostly by tepid economic growth. While market capitalisation was at N11.721 trillion at the start of the year, it recorded a 9.55 per cent appreciation as it increased to N12.985 trillion at the close of the year. The increase in market capitalisation was attributed to new listings in the year, especially MTN Nigeria and Airtel which contributed a combined market capitalisation of N3.196 trillion.

FINANCIAL RESULTS

As noted earlier, the year 2019 was a very challenging year for operators in the Nigerian banking industry because of several supervening factors in the global and domestic environment. Notwithstanding the challenges, we were able to leverage the inherent opportunities within the business environment and record a performance which further attests to our resilience as a brand. The result is a manifestation of the remarkable financial health of the Bank and the Group.

As a pioneer in the deployment of digital technology in the Nigerian banking industry, Zenith Bank remains committed to pushing the boundaries and setting the pace in financial technology.

Chairman's Statement

For the Bank, gross earnings grew by 5 per cent from N538billion in 2018 to N565billion in 2019. Profit-Before-Tax (PBT) rose by 4.1 per cent, from N192billion in 2018 to N200billion in 2019, while Profit-After-Tax (PAT) rose by 7.6 per cent, from N165billion in 2018 to N178billion in 2019. Total deposits were N3.49trillion as at the year ended December 31, 2019, representing a 23.6 per cent increase over the previous year's figure of N2.82trillion. During the same period, total assets of the Bank grew by 9.7 per cent from N4.96trillion to N5.44trillion, while shareholders' fund rose by 15.4 per cent, from N675billion to N779billion.

As a Group, the performance indices were no less outstanding. The Group gross earnings also grew by 5 per cent in 2019. The Group PBT grew by 5 per cent, from N232billion in 2018 to N243billion in 2019. Also, PAT rose by 8 per cent during the period, from N193billion in 2018 to N208.8billion in 2019. The Group total assets grew by 7 per cent, from N5.96trillion in 2018 to N6.35trillion in 2019, while customers' deposits increased by 15 per cent during the same period, from N3.69trillion to N4.26trillion. The Group shareholders' fund grew by 15 per cent, from N816billion in 2018 to N942billion in 2019, while gross earnings rose by 5 per cent, from N630billion in 2018 to N662billion in 2019.

Our major focus in 2019 was to support the government's effort at improving wellbeing and the life expectancy of Nigerians through support for quality healthcare delivery in host communities.

DIVIDEND

Zenith Bank is committed to consistently deliver superior returns to our highly esteemed shareholders by ensuring that a good chunk of our profit is set aside for you. In a clear demonstration of this, we had declared and paid you an interim dividend of 30kobo per share in the course of the 2019 financial year. We hereby propose a final dividend of N2.50kobo per share. If approved, this will bring the total dividend for the year ended December 31, 2019, to N2.80kobo per share.

THE BOARD OF DIRECTORS

During the year under review, the following changes occurred on the Board of the Bank. Mr. Peter Amangbo's tenure as Group Managing Director/Chief Executive Officer expired on May 31, 2019, and he accordingly retired from the Board as he has served the Group as a Director for over thirteen years. On behalf of the Board, Management and all shareholders, I wish him success in his future endeavours. Mr. Ebenezer Onyeagwu became the Group Managing Director/Chief Executive Officer effective June 1, 2019, following the retirement of Mr. Peter Amangbo as the Group Managing Director/Chief Executive Officer and in line with the succession plan of the Bank. Dr. Al-Mujataba Abukakar was appointed to the Board as an Independent Non-Executive Director with effect from August 1, 2019. Mr. Henry Oroh was appointed to the Board as an Executive Director with effect from August 1, 2019.

INVESTMENT IN TECHNOLOGY

As a pioneer in the deployment of digital technology in the Nigerian banking industry, Zenith Bank remains committed to pushing the boundaries and setting the pace in financial technology. As a result, we invested immensely in new technologies and digital solutions in the year under review. This is in consonance with our pledge to create value for our highly esteemed customers through our wide range of innovative products and services.

CORPORATE SOCIAL RESPONSIBILITY

Zenith Bank is committed to building a more balanced, fairer and inclusive economy. As such, we have continued to internalise sustainability principles in our business operations and investment decisions, in line with global best practices. During the financial year under review, we made considerable progress in this regard, bearing in mind our role in accelerating the achievement of the United Nations Sustainable Development Goals (SDGs).

Thus, in 2019, Zenith Bank endorsed the Principles for Responsible Banking alongside 129 other banks globally. By signing up to this framework led by the United Nations Environment Finance Initiative (UNEP FI), we committed to strategically aligning our business with the goals of the Paris Agreement on Climate Change and the SDGs. This means that we will seek to create value for our shareholders, customers, clients, investors, communities and the environment through our practices, operations and investments.

Through our Corporate Social Responsibility (CSR) initiatives, we have embodied the overarching objective of the 17 SDGs, which provide a framework for addressing the major challenges confronting our society. Our social investments are targeted at health, education, women and youth empowerment, sports development and public infrastructure enhancement.

Our major focus in 2019 was to support the government's effort at improving wellbeing and the life expectancy of Nigerians through support for quality healthcare delivery in host communities. Underscoring our achievements in this regard, Zenith Bank won the award for "Best Company in Promotion of Good Health and Wellbeing" in Africa at the 2019 Sustainability, Enterprise and Responsibility Awards (SERAs).

In addition to partnering with State Governments on security initiatives to improve the safety of lives and property, Zenith Bank executed projects that significantly delivered economic benefits to our host communities in the areas of education and skills development, sustainable livelihood and poverty alleviation, infrastructure development, environmental sustainability, youth empowerment and the welfare of the physically challenged. Details of our social investments for the financial year is contained in the annual report.

MACROECONOMIC OUTLOOK

Nigeria's economic growth outlook for 2020 is brighter but remains fragile. The economy is expected to sustain the modest growth recorded in 2019, even as recovery in the oil and non-oil sectors (manufacturing and services) continues to gather momentum. Growth is expected to be supported by monetary and fiscal policy measures, including fiscal stimulus from the 2020 Federal Government budget.

> *Through our Corporate Social Responsibility (CSR) initiatives, we have embodied the overarching objective of the 17 SDGs, which provide a framework for addressing the major challenges confronting our society*

The budget has an aggregate expenditure estimate [inclusive of General Operating Expenses (GOEs) and project tied loans] of N10.59trillion, representing a 5.1 per cent increase compared to N10.07trillion (inclusive of GOEs and project tied loans) budgeted for 2019 fiscal year. A breakdown of the budget estimate shows that N2.78 trillion (26.2 per cent) was budgeted for capital expenditure; N4.84trillion (45.6 per cent) for recurrent expenditure; N2.45trillion (23.1 per cent) for debt servicing; and N560.47billion (5.1 per cent) for statutory transfers.

Also, N272.9billion and N350billion were earmarked for sinking fund and special interventions, respectively. Aggregate budget revenue for 2020 is projected at N8.42trillion, 10.94 per cent higher than the N7.59trillion estimated for 2019. The budget is predicated on crude oil production of 2.18 million barrels per day; crude oil price of $57 per barrel and an average exchange rate of N305/dollar.

On the monetary policy side, CBN policy initiatives such as interventions in selected employment and growth-enhancing sectors, measures to boost credit flow to the private sector through the Loan-to-Deposit Ratio (LDR), Global Standing Instruction (GSI) initiatives, etc. are expected to provide momentum for growth. However, the downside to this prospect remains fears of

Chairman's Statement

declining oil prices in the global oil market, on the back of concerns about the economic impact of the coronavirus outbreak on crude oil demand, as the country remains heavily dependent on oil exports. Also, high level of unemployment, persistent inflationary pressures, and rising debt burden could weigh on the country's growth prospect. Consequently, the International Monetary Fund (IMF) forecast the domestic economy to grow at 2 per cent in 2020, a downward review from the 2.5 per cent it had projected earlier in January.

Just like the domestic economy, the global economic outlook for 2020 is fragile. Growth is expected to remain subdued as the outbreak of the coronavirus in China raises concerns about global growth prospects. However, the expansionary monetary policy stance of central banks around the world, which helped offset some of the pains of trade wars and falling investment in 2019, improving trade relations between the major economies of the world are good indications of optimism about global growth prospects in 2020.

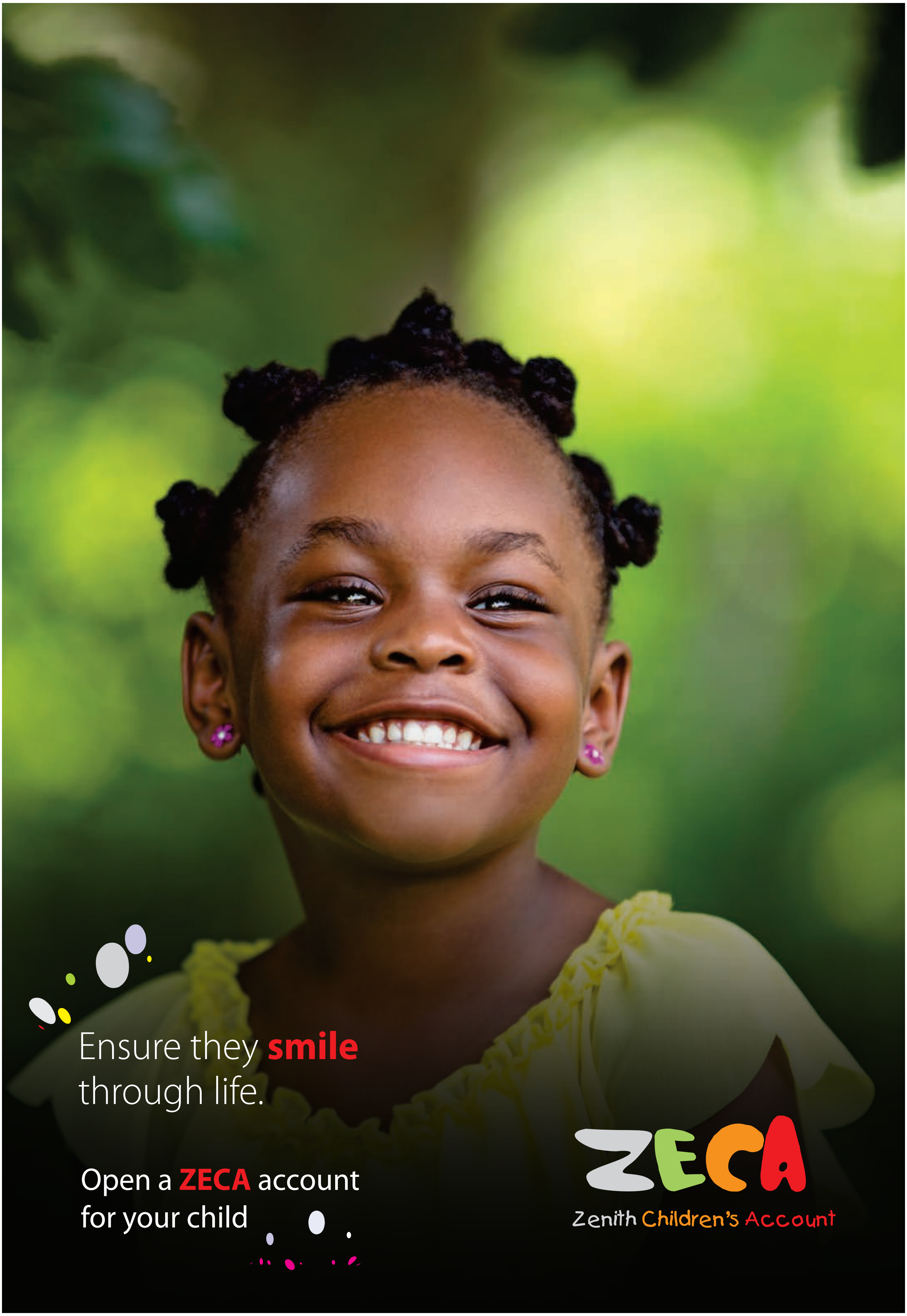
APPRECIATION

Without doubt, 2019 was a challenging but successful year for us as a Bank. Indeed, the superior profitability recorded in the year would not have been possible without the collective efforts of all our stakeholders. I would, therefore, like to thank all our customers for their unwavering loyalty; our staff and Management for their commitment; and our Board for the sound guidance which has translated into sustained profitability.

Ladies and gentlemen, the 2020 financial year holds good prospects, and I have the firm belief that our Bank will continue to record outstanding performance.

Thank you.

Jim Ovia, CON
Chairman


Ensure they smile
through life.
Open a ZECA account
for your child
ZECA
Zenith Children's Account

EBENEZER **ONYEAGWU**

GMD/CEO's Review

As an institution, we adapted our strategies given these developments, based on the markets or sectors where we operate while ensuring that we were able to create value for our customers.

It gives me great pleasure to welcome you, our highly esteemed shareholders, for the first time as Group Managing Director/Chief Executive Officer, following my appointment in June 2019.

In 2019, the global economy recorded its weakest growth since the global financial crisis about a decade ago due to tepid growth in advanced economies, a decline in global trade, and shrinking capital spending. Growth was mainly subdued by the heightened US-China trade tension, BREXIT-related uncertainties and geopolitical tensions which dampened global economic activities, particularly business spending and manufacturing. On the domestic front, the economy continued to recover from the 2016 economic recession, expanding by 2.55 per cent (year-on-year) in the last quarter of 2019, the highest quarterly post-recession growth performance. Overall, the Nigerian economy recorded annual real growth rate of 2.27 per cent in 2019, compared to 1.91 per cent in 2018.

The performance of the domestic economy was driven by improved oil production and relatively high oil prices in the international commodities market for most part of the year. Also, the recovery in services and industry sectors contributed to the Gross Domestic Product (GDP) growth. As an institution, we adapted our strategies given these developments, based on the markets or sectors where we operate while ensuring that we were able to create value for our customers. Amidst the challenges in the operating environment, we can look back and take great pride in the outstanding value-addition we have all achieved together.

In a bid to improve lending by Deposit Money Banks (DMBs) to the real sector of the Nigerian economy, the Central Bank of Nigeria (CBN) introduced a measure requiring banks to maintain minimum Loan-to-Deposit Ratio (LDR) which currently stands at 65 per cent. The initiative required adjustment, but we were determined (and are still poised) to leverage it to provide opportunities for the growth of sectors like Small and Medium Enterprises (SMEs) and mortgage in tandem with the vision of the apex bank. The LDR policy thus provided further impetus for strategic loan growth, especially in consumer lending and the retail segment of the market.

In the course of the year, we launched a Tech Fair and an SME Fair to accelerate our inroad into the retail banking space. These initiatives complement "Style by Zenith", our flagship lifestyle, beauty, fashion, and entertainment fair that has continued to reinforce our retail and digital journey. Also, we have continued to boost our array of unique products, innovative solutions and digital channels to ensure convenience, speed and security of transactions. Infrastructure financing remains a huge opportunity with the requisite policy framework.

Technology continues to be a defining tool in our effort to create value for all our stakeholders. We are, however, also cognizant of the disruptive impact of new and emerging technologies in the financial service space, especially as the fourth industrial revolution era continues to unfold. I wish to assure you that we have all that is necessary to adapt to changes, acquire new capabilities and upskill our talents to deliver new levels of service excellence and convenience to all our esteemed customers.

Our journey towards becoming a financial institution aligned with global sustainable best practices received a massive boost in 2019. On September 22nd, we launched the Principles for Responsible Banking together with 129 banks and the United Nations. By signing up to this framework led by the United Nations Environment Finance Initiative (UNEP FI), we committed to strategically aligning our business with the goals of the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs). This means that we will seek to create value for our shareholders, customers, clients, investors, communities and the environment through our practices, operations and investments. We consider that the Principles for Responsible Banking aligns with the United Nations Global Compact (UNGC) Principles and Nigerian Sustainable Banking Principles (NSBP), two sustainable business frameworks which Zenith Bank has adopted.

As a testament to our market leadership, robust and best-in-class service, and unflinching commitment to global best practices, we received several awards and recognitions in 2019 including "Best Commercial Bank in Nigeria" (World Finance), "Most Valuable Banking Brand in Nigeria" (The Banker Magazine), "Best Digital Bank in Nigeria" (Agusto & Co.), "Bank of the Year" for the third consecutive year (BusinessDay Awards), and the "Most Innovative Bank of the Year" (Tribune Awards). In recognition of our support to the health sector, Zenith Bank was adjudged the "Best Company in Promotion of Good Health and Wellbeing" in Africa at the 2019 Sustainability, Enterprise and Responsibility Awards (SERAS).

The outlook for the domestic economy in 2020 is expected to be brighter as government policies and programmes to spur growth gain traction. The economy is expected to sustain the modest growth, as the recovery in the oil and non-oil sectors (manufacturing and services) continues to gather momentum. Growth will further be supported by monetary and fiscal policy measures, including fiscal stimulus from the 2020 Federal Government budget and CBN interventions in selected employment and growth-enhancing sectors as well as efforts to boost credit to the private sector through the LDR policy. While global macroeconomic headwinds are beginning to recede, especially with the trade deal between the US and China, and diminishing BREXIT-related uncertainties, the outbreak of Coronavirus has somewhat posed a major threat in the global landscape. The challenges of the domestic and global economy notwithstanding, I am confident that financial year 2020 holds enormous potential.

The year 2020 represents a major landmark for us as an institution, as it marks our 30th anniversary. May I use this opportunity to thank all our staff, Management and Board (both past and present), our shareholders and all other stakeholders for your contributions towards making Zenith Bank a model of institutional stability and leadership.

Going into this decade, our commitment is to keep the bank on the path of growth as we have done over the last three decades. We will be unwavering in our adoption of sound policies, robust risk management practices, building stronger and dynamic digital capabilities to support our business processes and product innovation, while delivering enduring value to all our stakeholders.

Thank you.

Ebenezer Onyeagwu
Group Managing Director / CEO

FEATURES

- Zero Account Opening.
- Unique and personalized Aspire debit card.
- Competitive interest payment on account balances.
- Great discounts.

  lots more.

Aspire is a unique savings account designed to address the needs of discerning Nigerian undergraduates.

Board of Directors

JIM **OVIA**, *CON*

Chairman

Jim Ovia is the founder and pioneer Group Managing Director / CEO of Zenith Bank Plc, Nigeria's largest and Africa's 9th largest bank by Shareholders' Funds. He was at the helm of affairs, from inception, for 20 years until his resignation in July, 2010. He was reappointed the Chairman of the bank in 2014.

Jim Ovia was a member of the National Economic Management Team of Nigeria and he is a member of the Honorary International Investors' Council.

Jim Ovia is a philanthropist and the founder and proprietor of James Hope College, Agbor, Delta State. His foundation, which focuses on providing scholarship to the less-privileged, has a number of beneficiaries that are now qualified medical doctors, engineers, etc.

He is also the Founder of several enterprises and philanthropic institutions including the Youth Empowerment & ICT Foundation, which focuses on improving the socio-economic welfare of Nigerian youths by empowering them to embrace Information and Communication Technology. The initiative holds annual Youth Empowerment seminars.

In recognition of his achievements particularly in support of the Nigerian economy, Jim Ovia was conferred with the national award of Commander of the Order of the Niger (CON) in November, 2011.

Jim Ovia holds a Master's degree in Business Administration (MBA) from the University of Louisiana, Louisiana, USA obtained in 1979 and a B.Sc degree in Business Administration from Southern University, Louisiana, USA (1977). He is an alumnus of Harvard Business School (OPM).

Jim Ovia is a writer and motivational speaker. He has been interviewed by a number of global networks including CNN, CNBC, Bloomberg and Arise TV.

EBENEZER **ONYEAGWU**

Group Managing Director/CEO

Mr. Ebenezer Onyeagwu is a vastly experienced Chartered Accountant, a knowledgeable and astute financial expert, trained in reputable institutions of learning in Nigeria, the United Kingdom and the United States of America.

Mr. Onyeagwu is a graduate in accounting from Auchi Polytechnic, widely recognized as an institution that has produced some of Nigeria's most renowned Chartered Accountants. He obtained the Higher National Diploma in Accounting from that institution in 1987. He qualified as a Chartered Accountant (ACA) of the Institute of Chartered Accountants of Nigeria (ICAN) in 1989, almost immediately after graduation. He subsequently became a Fellow (FCA) of the Institute of Chartered Accountants of Nigeria (ICAN), in 2003.

He has over 29 years of experience in the banking industry in Nigeria, out of which he spent 17 in Zenith Bank Plc. Before joining Zenith Bank Plc, he worked at Citizens International Bank Limited between 1991 and 2002. He was one of the most outstanding branch managers in the bank, winning multiple awards and recognitions for his brilliant, excellent and highly professional performance on the job.

He joined Zenith Bank Plc in 2002 as a Senior Manager, in the Internal Control and Audit Group of the bank. His professionalism, competence, integrity and commitment to the objectives of the bank saw him rise swiftly between 2003 and 2005, first, as Assistant General Manager, then Deputy General Manager, and eventually, General Manager of the bank. In these capacities, he handled strategies for new business and branch development, management of risk assets portfolios, treasury functions, strategic top level corporate, multinationals and public institutional relationships, among others.

He was appointed Executive Director of the bank in 2013, and put in charge of Lagos and South-South Zones as well as strategic groups/business units of the bank, including Financial Control & Strategic Planning, Treasury and Correspondent Groups, Human Resources Group, Oil and Gas Group, and Credit Risk Management Group, etc.

Mr. Onyeagwu was named Deputy Managing Director of the bank in 2016. In that capacity, he deputized for the Group Managing Director and Chief Executive Officer of the bank. He also had direct oversight of the bank's Financial Control and Strategic Planning, Risk Management, Retail Banking, Institutional and Corporate banking business portfolios, IT Group, Credit Administration, Treasury and Foreign Exchange Trading.

Mr. Onyeagwu is an alumnus of the prestigious University of Oxford, England, from where he obtained a Postgraduate Diploma in Financial Strategy, and a certificate in Macroeconomics. He also undertook extensive executive level education in Wharton Business School of the University of Pennsylvania, Columbia Business School of Columbia University, the Harvard Business School of Harvard University, in the United States.

At Wharton Business School, Mr. Onyeagwu undertook the CEO academy and leadership training programmes. His strategic skills were further nurtured and honed at Columbia Business School strategy training programme. At the Harvard Business School, he acquired capabilities in negotiations and critical decision-making.

In the last six years, Mr. Onyeagwu has been on the board of Zenith Bank Ghana, Zenith Pensions Custodian Limited, Zenith Nominees Limited and African Finance Corporation (AFC). In AFC, he serves on the Board Risk & Investment Committee (BRIC), and Board Audit & Compliance Committee (BAAC). At Zenith Bank Ghana, he chairs the Board Credit and Governance Committees.

He is very well noted for his tenacity, entrepreneurial spirit, high sense of innovation and creativity and very inspirational leadership skills. Within the market, he is highly respected for his consistent and impeccable character, brilliance, deep knowledge and insight of the market, as well as for his strong professional and ethical principles, which have continued to endear him to all stakeholders. Mr. Onyeagwu is married and has children.

DR. ADAORA **UMEOJI**

Deputy Managing Director

With over 20 years cognate banking and broad executive management experience, Dr. Adaora Umeoji rose through the ranks to her current position.

She holds a Bachelor's degree from University of Jos, an MBA from University of Calabar and a Doctorate degree in Business Administration from Apollos University, Great Falls, Montana, USA. Her dissertation was on inspirational leadership and her findings have been recognized as a major contribution in leadership and people management.

She was trained in strategic thinking and management at Wharton Business School, Pennsylvania, USA and also holds a Certificate in Management from Harvard Business School, Boston, USA.

She is a member of notable professional bodies including the Chartered Institute of Bankers of Nigeria, Institute of Credit Administration, Nigerian Institute of Management, Institute of Certified Public Accountants of Nigeria and Institute of Chartered Mediators and Conciliators.

Dr. Adaora Umeoji has presented lead papers at major academic conferences and symposia. Recently, she was a keynote speaker at the Zenith Global Economic Forum held in New York City, USA where she delivered a thought-provoking lecture on Financing Growth Drivers in the Nigerian Economy.

Dr. Adaora Umeoji has at different times participated in high-level Bankers' meetings with impactful contributions towards the advancement of the banking industry and national economic growth and development. She has delivered several motivational speeches at strategic sessions aimed at mentoring youths and managers, especially banking professionals.

Beyond banking, Dr. Adaora Umeoji supports research and learning on inspirational leadership, mentorship, talent development, collaboration, change and adaptability, strategic thinking, innovation and creativity, amongst others.

Dr. Adaora Umeoji promotes the Pink Breath Cancer Care Foundation which supports several healthcare programs within the six geopolitical zones of Nigeria.

Dr. Adaora Umeoji has won numerous awards for excellence and creativity in management. Her contribution towards improving humanity has been recognized by the Nigerian Red Cross, Catholic Women organization of Nigeria and the Institute of Chartered Mediators and Conciliators among other non-governmental organizations both within and outside the country.

As a result of her passion in promoting professionalism in the banking industry and improving the well-being of the less privileged, Dr Adaora Umeoji founded the Catholic Bankers Association of Nigeria (CBAN), a platform she uses to promote ethical banking and service to humanity.

PROF. CHUKUKA ENWEMEKA

Non-Executive Director

He is a Professor, Provost and Senior Vice President for Academic Affairs at San Diego State University, California, United States of America. Prior to this appointment, he was the Professor and Dean, College of Health Sciences, University of Wisconsin, Milwaukee, United States of America. He was also Professor and Dean, School of Health Professions, New York Institute of Technology, Old Westbury, New York, United States of America and Professor/Chairman, University of Kansas (Medical Center), Kansas City, United States of America as well as Associate Professor of Orthopaedics and Rehabilitation, University of Miami, School of Medicine, Miami, Florida, United States of America.

He graduated and obtained his first degree in 1978 from the University of Ibadan, Ibadan, Oyo State, Nigeria. He obtained his Master's degree in 1983 from the University of Southern California, Los Angeles, United States of America and thereafter proceeded to the New York University, New York, United States of America where he bagged his Ph.D. in 1985.

Professor Enwemeka is a distinguished scholar who has authored several books and has provided administrative oversight and academic leadership for various degree programs and in various prestigious Universities.

JEFFREY EFEYINI

Non-Executive Director

He is an experienced and well-rounded international banker, international trade expert and financial services professional with a powerful entrepreneurial streak, combined with risk aversion and with an eye to the "bottom line".

He is an energetic lateral thinker with several years experience in Management Consulting, Board and Corporate Governance.

Mr. Efeyini is a fellow of the Chartered Institute of Bankers, United Kingdom. He holds a Master's degree from the London School of Economics and Political Science as well as an MBA from the University of Lagos, Nigeria.

He recently retired as the Managing Director of Melvale Group, United Kingdom (a diversified international trade finance and foreign direct investment consulting organization).

From2003 to 2009, he was an Independent Director with Union Bank UK Plc, London. He was also a Director and later Chairman of Britain Nigeria Business Council, London.

He started his professional banking career with Barclays Bank International, United Kingdom, later Union Bank of Nigeria and rose to the position of the pioneer Chief Executive/General Manager, Union Bank of Nigeria Plc, London.

GABRIEL **UKPEH**

Non-Executive Director

Mr. Ukpeh is an internationally acclaimed consultant in business strategy, risk management, process re-engineering and financial services, who was, until recently, a Senior Partner and Risk Quality Leader for Africa at PricewaterhouseCoopers (PwC).

He is a fellow of the Institute of Chartered Accountants of Nigeria with over thirty five (35) years experience in Financial Audit and Reporting, as well as a member of the Institute of Taxation of Nigeria.

A graduate of accounting, he holds Graduate Diploma in Business Administration from the University of Warwick, Coventry, United Kingdom. He obtained a Master of Science (M.Sc) Degree in Contemporary Accounting from the Leeds Metropolitan University, UK in 2009.

He worked with PwC, an International Business auditing and consulting firm for over thirty five (35) years, and as a Partner for over 20 years led, directed, planned and managed the audit, accounting, and consulting assignments for numerous financial institutions, multinationals and local companies, including most major banks in Nigeria.

PROF. OYEWUSI **IBIDAPO-OBE**

Non-Executive Director

Professor Oyewusi Ibidapo-Obe, a Distinguished Professor of Systems Engineering and former Vice Chancellor (2000-2007) of the University of Lagos and former Vice Chancellor of the new Federal University Ndufu Alike Ikwo Ebonyi State Nigeria (2011-2016); was the President of the Nigerian Academy of Science from 2009-2013.

He attended the University of Lagos from 1968-1971. He was awarded a Bachelor of Science [B.Sc. (Hon)] degree in Mathematics in the 1st Class Division by the University of Lagos, Nigeria in 1971; a Master of Mathematics (M. Maths) degree in Applied Mathematics with a minor in Computer Science in 1973 and a Doctor of Philosophy (PhD) in Civil Engineering with specialisation in Applied Mechanics/Systems in 1976 both from the University of Waterloo, Ontario, Canada. He attended the Round Table at Oxford University in 2003 and also the 2007 MIT Research and Development Conference and Innovations for Economic Development Course as well as Harvard University of Kennedy School of Government in 2013.

Professor Ibidapo-Obe was also a Commonwealth Scholar (Canada) (1972-1976); an NSERC/CIDA (Natural Sciences and Engineering Research Council/Canadian International Development Agency (1977-1980) and a Senior Fulbright Research Scholar (1980-1981).

He serves as an honorary International Scholar-in-Residence at the Pennsylvania State University and a Visiting Research Professor at Texas Southern University (2007 – present) both in the United States. He has similar recognitions with Otto von Guericke University Magdeburg, Germany.

Professor Ibidapo-Obe was invested in 2004 with the prestigious Fellowships of the Academy of Science and Academy of Engineering Nigerian Computer Society and Mathematical Association of Nigeria. He was elected Fellow of the African Academy of Science (AAS) as well as The World Academy of Science (TWAS) in 2012. He was the Vice President of NASAC (Network of African Science Academies) (2011-2013).

ENGR. MUSTAFA **BELLO**

Non-Executive Director

Engr. Mustafa Bello graduated with B.Engr. (Civil Engineering), from the Ahmadu Bello University (ABU), Zaria in 1978 with Second Class Upper Division and won the Shell prize for best project and thesis for Faculty of Engineering in 1978.

He served in the Directorate of Quartering and Engineering Service (Nigerian Army) between 1978 / 1979 and later joined the Niger State Housing Corporation between 1980 and 1983 as a Senior Civil Engineer.

He served as a cabinet Minister of the Federal Republic of Nigeria as the Federal Minister of Commerce between 1999 and 2002. He was subsequently appointed Executive Secretary/Chief Executive Officer of the Nigerian Investments Promotion Commission (NIPC) between November 2003 and February 2014.

He is currently the Chairman of Invest-in-Northern Nigeria Limited, a special purpose vehicle for the economic and social transformation of the Northern Nigerian Economy.

He has been involved in several projects in Nigeria including CAC online project in 2002, developed WTO consistent Trade Policy for the Federal Republic of Nigeria etc.

He has attended several conferences, missions and meetings and represented the Federal Government of Nigeria.

DR. AL-MUJTABA **ABUBAKAR**

Non-Executive Director

Dr. Al-Mujtaba Abubakar is currently the Managing Director of Apt Pensions Funds Managers Limited.

He is a graduate of the Leeds Polytechnic, UK. He is a renowned Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Nigeria.

Dr. Abubakar has extensive and tremendous experience in the financial services industry, audit and consulting. He worked with the firm of Akintola Williams Deloitte between January 2000 and November 2008, and rose to become the Partner and Board Member of West Africa sub-region. Prior to this, he had served on the Board of several financial institutions in Nigeria.

He has attended several management and leadership training programmes and conferences both within and outside the country.

He brings to the Board of the bank tremendous track record in Risk Management, Credit & Marketing, Auditing and very outstanding leadership skills.

UMAR SHUAIB **AHMED**

Executive Director

Until his appointment as an Executive Director, Umar Shuaib Ahmed was a General Manager and Zonal Head supervising 7 branches and 3 Strategic Business Units in Abuja and also coordinate 3 zones comprising over 20 branches in the North-West and North East.

Umar graduated in 1990 with B.Sc (Hons) Accounting from Ahmadu Bello University, Zaria and later obtained an MSc. (Banking & Finance) from Bayero University Kano in 1998. He started his banking career 23 years ago in 1993 at Citibank (Nigeria International Bank).

He joined Zenith in 2006 as an Assistant General Manager. Through his career, Umar has held several management positions before this appointment.
He is a Fellow of Nigerian Institute of Loan and Risk Management, Honorary Senior Member, Chartered Institute of Bankers and Member, Nigerian Institute of Management.

He has attended Strategic Business courses at London Business School and Harvard Business School, USA.

He is married with children.

DR. TOPE **FASORANTI**

Executive Director

Dr. Temitope Fasoranti, has spent over 26 years in the Nigerian Banking Industry. He obtained a Bachelor's degree in Economics (1988), a Master's degree in Economics (1991) and a PhD in Economics all from the Obafemi Awolowo University (OAU) Ile-Ife.

He worked in FBN Merchant Bankers from 1991 – 1997 and joined Zenith Bank in 1997. Prior to his appointment as Executive Director he was a General Manager/Group Zonal Head overseeing several branches in Lagos which includes Ikeja Zone, Apapa Zone, Ilupeju Zone and was Group Head of Oil & Gas, Conglomerate Group, Agriculture Desk etc.

He has attended several local and international courses and programs including Changing The Game: Negotiation and Competitive Decision Making (Harvard Business School), Creating and Leading High Performance Teams (The Wharton School, Pennsylvania, USA), and Developing Strategy for Value Creation (London Business School).

He is a member of the Nigerian Institute of Management (NIM), an honorary member of the Chartered Institute of Bankers of Nigeria (CIBN), The Institute of Credit Administration and a sitting board member of Financial Institutions Training Centre (FITC).

His experience covers Treasury, Corporate Finance, Corporate Banking, Retail Banking, Risk Management, Branch Management and Zonal Management.

He is married with children.

DENNIS **OLISA**

Executive Director

Mr. Olisa is a Chartered Accountant and holds an MBA.

He is a Fellow of the Institute of Chartered Accounts of Nigeria (FCA), Fellow of the Chartered Institute of Bankers of Nigeria (FCIB) and an Associate, Chartered Institute of Taxation (ACIT).

He has attended several international courses including INSEAD Business School, Fontainebleau, France; Havard Business School, Boston, Massachusetts, USA; Booth School of Business, University of Chicago, USA; London School of Economics (LSE) UK, and Oxford Princeton Programme, Oxford, United Kingdom.

Mr. Olisa has spent over twenty seven (27) years in the Nigerian Banking Industry. He joined the services of the bank in 1998. His experience covers Treasury, Banking Operations, Credit Risk Management, Telecommunication, Oil and Gas, Internal Control as well as Branch Management and Zonal Management.

Prior to his appointment, he was a General Manager and Chief Inspector of the bank, overseeing the Internal Audit and Inspection of the Group.

HENRY **OROH**

Executive Director

Henry Oroh holds a Bachelor's Degree in Accounting from the University of Benin, Edo State and an MBA from the Lagos State University as well as an LLB Degree from the University of London. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an honorary member of the Chartered Institute of Bankers (CIBN), Nigeria.

He has over two decades of banking experience. He began his banking career in 1992 at Citibank where he served for seven (7) years in Operations, Treasury and Marketing.

He joined Zenith Bank in February 1999 and has worked in various Groups and Departments within the Zenith Group Office. His expertise spans Operations, Information Technology, Treasury, Marketing, including the Manufacturing, Food and Beverages, Pharmaceuticals, Oil and Gas, Public Sector, Consumer, as well as Corporate Banking and Business Development.

In April 2012, he was seconded to Zenith Bank Ghana Limited as an Executive Director and became the Managing Director/ Chief Executive in February 2016, where he successfully spearheaded the phenomenal growth of the Zenith Brand both within the Ghana market and the West African sub-region.

Henry has attended several Leadership Programmes and Executive Management Courses at the Harvard Business School, Columbia Business School, New York, University of Chicago, University of Pennsylvania, HEC Paris, JP Morgan Chase, UK and the Lagos Business School.

He comes to the Board of Zenith Bank Plc with strong competencies in Credit & Marketing, Operations, Information Technology, Treasury and impressive Leadership skills.

Directors' Report for the Year Ended December 31, 2019

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 December 31, 2019.

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.

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 opened thirteen new branches and no branch was closed.

As at December 31, 2019 the Group had 430 branches, 178 cash centers; 2,093 ATM terminals; 50,427 POS terminals and 7,745,176 cards issued to its customers. (December 31, 2018: 417 branches, 256 cash centers, 1,891 ATM terminals, 34,006 POS terminals and 5,732,820 cards issued).

3. Operating results

Gross earnings of the Group increased by 5.1% and profit before tax increased by 5.0%. Highlights of the Group's operating results for the year under review are as follows:

	31-Dec-19	31-Dec-18
	N' Million	N' Million
Gross earnings	662,251	630,344
Profit before tax	243,294	231,685
Minimum tax	-	(4,052)
Income tax expense	(34,451)	(34,209)
Profit after tax	208,843	193,424
Non- controlling interest	(150)	(277)
Profit attributable to the equity holders of the parent	**208,693**	**193,147**
Appropriations		
Transfer to statutory reserve	29,875	32,456
Transfer to retained earnings and other reserves	178,818	160,691
	208,693	**193,147**
Basic and Diluted earnings per share (kobo)	6.65	6.15
Non-performing loan ratio %	4.30	4.98

4. Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a final dividend of N2.50 per share which in addition to the N0.30 per share paid as interim dividend amounts to N2.80 per share (2018: Interim dividend of N0.30 per share and final of N2.50 per share) from the retained earnings account as at December 31, 2019. 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 275 and 276 of the Companies and Allied Matters Act (CAMA) and the listing requirements of the Nigerian Stock Exchange is as follows:

Interests in shares		Number of Shareholding			
		December 31, 2019		December 31, 2018	
Director	**Designation**	**Direct**	**Indirect**	**Direct**	**Indirect**
Mr. Jim Ovia, CON	Chairman/ Non-Executive Director	3,546,199,395	1,513,137,010	3,546,199,395	1,513,137,010
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	421,426	-	421,426	-
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	-	-	-	-
Mr. Ebenezer Onyeagwu**	Group Managing Director	45,500,000	-	36,000,000	-
Mr. Peter Amangbo *	Group Managing Director (retired)	19,600,000	21,000,000	15,000,000	21,000,000
Dr. Adaora Umeoji	Deputy Managing Director	68,873,169	1,710,123	53,873,169	1,710,123
Mr. Ahmed Umar Shuaib	Executive Director	7,577,343	-	7,077,343	-
Dr. Temitope Fasoranti	Executive Director	5,075,000	-	5,075,000	-
Mr. Dennis Olisa	Executive Director	7,122,316	-	7,122,316	-
Mr. Henry Oroh ***	Executive Director	7,827,027	-	5,018,579	-

* *Retired from the Board effective 31 May 2019.*
** *Appointed as Group Managing Director effective 1 June 2019*
*** *Appointed as Executive Director effective 1 August 2019*
**** *Appointed as Independent Non-Executive Director effective 1 August 2019*

The indirect holdings relate to the holdings of the Directors in the underlisted companies:

- **Jim Ovia**: (Institutional investors Ltd, Lurot Burca Ltd, Jovis Nigeria Ltd, Veritas Registrars Ltd, Zenith General Insurance Ltd, Zenith Securities Ltd)
- **Peter Amangbo**: (Apeaches Ventures Limited, Pocenc Limited)
- **Adaora Umeoji**: (Palaise Vendome Limited)

Directors' Report for the Year Ended December 31, 2019

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 arrears.
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

Mr Peter Amangbo (Group Managing Director) retired from the Board effective 31, May 2019 and Mr Ebenezer Onyeagwu was appointed as the new Group Managing Director, effective 1 June 2019. Also, Dr. Al-Mujtaba Bello and Mr. Henry Oroh were appointed as Non-Executive Director and Executive Director respectively effective 1, August 2019.

8. Directors' interests in contracts

For the purpose of section 277(1) and (3) of Companies and Allied Matters Act of Nigeria, (CAMA), all contracts with related parties during the year were conducted at arm's length. Information relating to related parties transactions are contained in Note 37 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 25 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, 2019 is as stated below:

Share range	No. of Shareholders	Percentage of Shareholders	Number of holdings	Percentage Holdings (%)
1-9,999	538,495	84.0302 %	1,600,809,615	5.10 %
10,000 - 50,000	79,624	12.4250 %	1,637,944,446	5.22 %
50,001 - 1,000,000	21,321	3.3271 %	3,466,126,816	11.04 %
1,000,001 - 5,000,000	1,012	0.1579 %	2,182,848,956	6.95 %
5,000,001 - 10,000,000	165	0.0257 %	1,160,270,614	3.70 %
10,000,001 - 50,000,000	159	0.0248 %	3,456,450,729	11:01 %
50,000,001 - 1,000,000,000	54	0.0084 %	9,080,638,007	28.92 %
Above 1,000,000,000	5	0.0009 %	8,811,404,604	28.06 %
	640,835	**100 %**	**31,396,493,787**	**100 %**

The shareholding pattern of the Bank as at 31 December 2018 is as stated below:

Share range	No. of Shareholders	Percentage of Shareholders	Number of holdings	Percentage Holdings (%)
1-9,999	537,935	84.1309 %	1,596,747,902	5.09 %
10,000 - 50,000	80,329	12.5631 %	1,638,639,586	5.22 %
50,001 - 1,000,000	20,032	3.1329 %	3,108,802,557	9.90 %
1,000,001 - 5,000,000	791	0.1237 %	1,682,858,529	5.36 %
5,000,001 - 10,000,000	141	0.0221 %	966,504,587	3.08 %
10,000,001 - 50,000,000	116	0.0181 %	2,567,943,284	8.18 %
50,000,001 - 100,000,000	26	0.0041 %	1,791,562,895	5.71 %
100,000,001 - 500,000,000	23	0.0036 %	4,138,595,598	13.18 %
500,000,001 - 1,000,000,000	4	0.0006 %	2,279,638,965	7.26 %
Above 1,000,000,000	6	0.0009 %	11,625,199,884	37.02 %
	639,403	**100 %**	**31,396,493,787**	**100 %**

12. Substantial interest in shares

According to the register of members as at 31 December, 2019, 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 December 31, 2018, 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 %
Stanbic Nominees Nigeria Limited/C011 - MAIN	2,075,323,002	6.61 %
Stanbic Nominees Nigeria Limited/C001 - TRAD	1,820,956,539	5.80 %
Stanbic Nominees Nigeria Limited/C002 - MAIN	1,774,705,532	5.65 %

We wish to declare that the Bank has diverse shareholding structures and that no other individual(s) holds above 5% of the Bank's issued and fully paid shares except as disclosed above.

Directors' Report for the Year Ended December 31, 2019

13. Donations and charitable gifts

The Bank made contributions to charitable and non-political organisations amounting to N2,729 million during the year ended 31 December 2019 (31 December 2018: N3,065 million).

The beneficiaries are as follows:

	31-Dec-19 N' Million
Various State Government Security Trust Funds	573
Global Citizen Award	362
Various Conference and Seminars .	314
Medical assistance to the underpriviledged	245
Musical Society Of Nigeria	204
Various Sports Organisations i.e. NFF, NBBF etc	165
Sponsorship/Catholic Archdiocese Abuja	153
Educational Support to Nigerian Schools	145
Financial Inclusion Project and Other Contribution (CBN)	120
O'Five Charity Initiative	100
Sponsorship/Delta State Principal Cup	73
Road and drainage rehabilitation	66
Africa Business: Health Forum	55
Sponsorship/Greater Lagos 2020	50
ICT Centres for Educational Institutions	45
Unilag Alumni Association at 50	35
CFA Society of Nigeria	20
Other donations individually below N10 million	4
	2,729

The Bank made contributions to charitable and non-political organisations amounting to N3,065 million during the year 31 December 2018.

The beneficiaries are as follows:

	31-Dec-18 N' Million
Various State Government Security Trust Funds	1,571
Various Sports Organisations i.e, NFF, NBBF etc	363
Seed contribution private health sector alliance	305
Financial Inclusion Project (Central Bank of Nigeria)	200
Medical assistance to the underpriviledged	158
Educational support to Nigerian schools	131
ICT centres for educational institutions	85
Economic Summit	61
Delta State Principal Cup Second Edition	43
CFA Society of Nigeria	30
Louisville Girls High School	30
Centre for Value in Leadership Youth Enpowerment	25
St. Saviours School Ikoyi	20
Nigeria Academy of Neurological Surgeons	10
Musical Society of Nigeria	14
Other donations individually below N10 million	19
	3,065

14. Events after the reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

15. Disclosure of customer complaints in financial statements for the year ended December 31, 2019

Description	Number		Amount claimed		Amount refunded	
	31-Dec-19	31-Dec-18	31-Dec-19 N	31-Dec-18 N	31-Dec-19 N	31-Dec-18 N
Pending complaints brought forward	188	86	17,033,494,506	9,783,412,201	27,009,119	N/A
Received Complaints	769	224	167,782,649,956	11,026,857,556	222,775,473	N/A
Resolved Complaints	408	122	4,051,113,818	3,776,775,251	421,465,468	800,131,355
Unresolved Complaints escalated to CBN for intervention/carried forward	**549**	**188**	**180,765,030,644**	**17,033,494,506**	**12,982,196**	**-**

Other refunds made to customers during the year amounted to N897,526.70 (US$2,461) (December 31, 2018: N9,372,176, US$26,121.62).

16. 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 Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense.
Fire prevention and fire-fighting equipment are installed in strategic locations within the Group's premises, while occasional 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. In addition, employees of the Group are nominated to attend both locally and internationally organized training programmes. 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	3,099	2,883	5,982	52 %	48 %
	3,099	**2,883**	**5,982**	**52 %**	**48 %**

(b) Analysis of Board and top management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Board members					
(Executive and Non-executive directors)	12	1	13	92 %	8%
Top management staff (AGM-GM)	39	20	59	66 %	34 %
	51	**21**	**72**	**71 %**	**29 %**

(c) Further analysis of board and top management staff

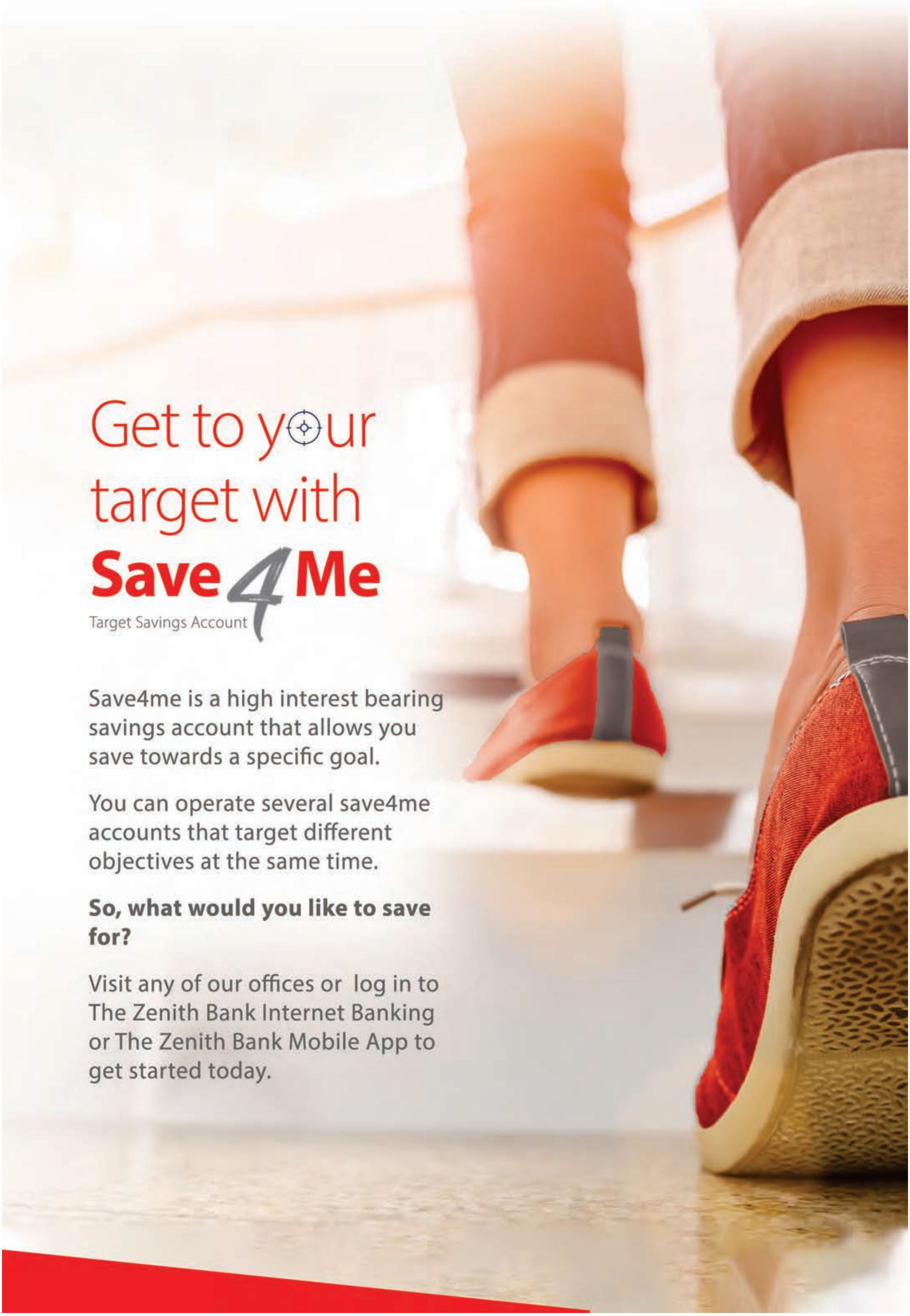
	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Assistant general managers	28	15	43	65%	35 %
Deputy general managers	7	3	10	70%	30%
General managers	4	2	6	67%	33%
Board members (Non-executive directors)	7	-	7	100%	-%
Executive Directors (excluding MD and DMDs)	4	-	4	100%	-%
Deputy Managing Director	-	1	1	-%	100%
Managing Director/CEO	1	-	1	100%	-%
	51	**21**	**72**	**71%**	**29%**

17. Auditors

The tenure of the Bank's auditor, Messrs KPMG Professional Services, will be 10 years by 31 December 2019. In accordance with section 5.2.12 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount houses in Nigeria, Messrs KPMG Professional Services will not be eligible for reappointment as the Bank's auditor in the next annual general meeting.

By order of the Board

Michael Osilama Otu (Esq.)
Company Secretary
January 28, 2020
FRC/2013/MULTI/00000001084


Get to your
target with
Save 4 Me
Target Savings Account
Save4me is a high interest bearing savings account that allows you save towards a specific goal.
You can operate several save4me accounts that target different objectives at the same time.
So, what would you like to save for?
Visit any of our offices or log in to The Zenith Bank Internet Banking or The Zenith Bank Mobile App to get started today.

02
Governance & Sustainability

Corporate Governance Report for the Year Ended 31 December, 2019

1. Introduction
The Bank and 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 we keep pace 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 also 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 discipline 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 abreast of their responsibilities and knowledgeable in the business and are therefore able to exercise good judgment on issues relating to the Bank's business. They 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 of review.

The Board has a Charter which regulates its operations. The Charter has been forwarded to the Central Bank of Nigeria 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;
e. implementing the Bank's succession planning;
f. approving acquisitions and divestitures of business operations, strategic investments and alliances and major business development initiatives;
g. approving delegation of authority for any unbudgeted expenditure;
h. 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 and strategic plans of the Bank and the Group;
i. 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
Prof. Chukuka S. Enwemeka	Non-Executive Director
Mr Jeffrey Efeyini	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
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
Mr. Peter Amangbo **	Group Managing Director/CEO (retired)

* Appointed as GMD/CEO with effect from June 1, 2019
** Retired from the Board with effect from May 31, 2019
*** Appointed to the Board effective August 1, 2019

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 Managing Director/Chief Executive Officer, who is supported by Executive Management. The 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 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 Board Governance, nomination and remuneration 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 the only considered 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

Corporate Governance Report for the Year Ended 31 December, 2019

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. Peter Amangbo*
Mr. Ebenezer Onyeagwu
Dr. Adaora Umeoji
Dr. Temitope Fasoranti

* Retired from the Board with effect from 31 May 2019
** Appointed to the Board effective August 1, 2019

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. Oyewusi Ibidapo-Obe – Chairman
Mr. Jeffrey Efeyini
Mr Gabriel Ukpeh
Mr. Henry Oroh*
Dr. Adaora Umeoji
Mr. Ebenezer Onyeagwu

* Appointed to the Board effective August 1, 2019

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. Peter Amangbo*
Mr. Ahmed Umar Shuaib
Mr. Dennis Olisa

* Retired from the Board with effect from 31 May 2019
** Appointed to the Board effective August 1, 2019

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;
- 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 a Non-Executive Director - Mr. Jeffrey Efeyini, 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:
Mr. Jeffrey Efeyini - Chairman
Mr. Gabriel Ukpeh
Engr. Mustafa Bello
Prof. Oyewusi Ibidapo-Obe
Dr. Al-Mujtaba Abubakar*

* Appointed to the Board effective August 1, 2019

Committee's terms of reference

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

Corporate Governance Report for the Year Ended 31 December, 2019

- 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;
- Assist in the 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:

Prof. Chukuka Enwemeka - (Chairman)
Prof. Oyewusi Ibidapo Obe
Engr. Mustafa Bello
Mr. Gabriel Ukpeh

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 359(6) of the Companies and Allied Matters Act, 1990. The Committee's membership consists of three (3) representatives of the shareholders elected at the Annual General Meeting (AGM) and three (3) 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. Jeffrey Efeyini
Mr. Gabriel Ukpeh
Engr. Mustafa Bello*

* Appointed to the Committee effective 18 January 2019.

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

Corporate Governance Report for the Year Ended 31 December, 2019

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 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 entire 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 and Audit Committee and also ensures that the Committee's decisions and policies are implemented. The members of the Committee include the 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 Officer/Head of Infotech;
8. Head of Infotech - Software;
9. Head of Infotech - Enginering;
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 and Audit 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

Zenith 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.

Corporate Governance Report for the Year Ended 31 December, 2019

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.
- During the year under review, all Directors attended the CFT/AML training programme to keep them abreast of recent trends in CFT and Money Laundering.

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.

14. Monitoring Compliance With Corporate Governance

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.

15. Foreign Subsidiaries Governance Structure

The Bank as at December 31, 2019 has four (4) foreign subsidiaries, two (2) local subsidiaries and one (1) representative office. Their activities are governed by the foreign subsidiaries governance structure 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 exercise 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 subsidiaries Board of Directors 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 covers 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 are 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.

Corporate Governance Report for the Year Ended 31 December, 2019

Group Compliance Function

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.

16. 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.

17. 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	N/A	4	4	4
Prof. Chukuka S. Enwemeka	7	4	2 (**)	4	4	N/A
Prof. Oyewusi Ibidaop-Obe	7	N/A	4	4	N/A	2 (*)
Mr. Gabriel Ukpeh	7	4	N/A	2 (**)	4	4
Engr. Mustafa Bello	7	N/A	2 (*)	2 (*)	N/A	4
Dr. Al-Mujtaba Abubakar***	2	N/A	N/A	N/A	N/A	N/A
Dr. Adaora Umeoji	7	4	4	N/A	N/A	N/A
Mr. Ebenezer Onyeagwu*	7	4	2 (*)	N/A	4	N/A
Mr. Ahmed Umar Shuaib	7	N/A	2 (**)	N/A	2 (*)	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****	2	N/A	N/A	N/A	N/A	N/A
Mr. Peter Amangbo**	3	2	2 (**)	N/A	2	N/A

Note:
* Appointed as Group Managing Director (GMD)/Chief Executive Officer (CEO) effective 1 June 2019.
** Retired from the Board as GMD/CEO with effect from 31 May 2019.
*** Appointed as an Independent Non-Executive Director with effect from August 1, 2019.
**** Appointed as Executive Director with effect from August 1, 2019.
(*) Joined the Committee on April 16, 2019 based on Reconstitution of Board Committees.

(**) Left the Committee on April 16, 2019 based on Reconstitution of Board Committees.
N/A - Not Applicable (Not a Committee member)

Dates for Board and Board Committee meetings held in the year ended December 31, 2019

Board meetings	Board credit committee meeting	Finance and general purpose committee	Board risk and audit committee meeting	Board audit and compliances committee meeting	Board governance, nominations and remuneration committee	Audit committee meeting of the bank
18-Jan-19	17-Jan-19	17-Jan-19	17-Jan-19	17-Jan-19	17-Jan-19	17-Jan-19
18-Mar-19						
16-Apr-19	15-Apr-19	15-Apr-19	15-Apr-19	15-Apr-19	15-Apr-19	15-Apr-19
23-Jul-19	22-Jul-19	22-Jul-19	22-Jul-19	22-Jul-19	22-Jul-19	22-Jul-19
01-Aug-19						
22-Oct-19	21-Oct-19	21-Oct-19	21-Oct-19	21-Oct-19	21-Oct-19	21-Oct-19
23-Dec-19						

18. 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)	4
Mr. Gabriel Ukpeh (NED)	4

SR - Shareholders representative

NED- Non-Executive Director

19. Analysis of Fraud and Forgeries Returns

	December 31, 2019			December 31, 2018		
Nature of Fraud	No.	%Loss	Actual Loss to the Bank (N) Jan-Dec 2019	No.	%Loss	Actual Loss to the Bank (N) Jan - Dec 2018
ATM/Electronic fraud	78	0.06	672,450	44	-	-
Staff Perpetrated (see (i))	32	82.44	999,767,153	32	67	316,910,400
Impersonation	16	0.23	2,827,000	32	22	4,250,103
Stolen/Forged Instrument	92	11.58	140,448,145	146	11	107,534,526
Internet Banking	119	3.46	41,947,690	20	-	413,841
Others	12	2.24	27,114,000	43	-	-
Total	**349**	**100**	**1,212,776,438**	**317**	**100**	**429,098,870**

(i) Out of the staff perpetrated fraud during the year, losses of N975million has been recorded in prior years
(ii) Other losses incurred by the Bank from fraud and forgeries during the year amounted to N40.88 million (US$112,101.06)

Statement of Directors' Responsibilities in Relation to the Financial Statements for the Year Ended December 31, 2019

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, Cap C20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 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, Cap C20, Laws of the Federation of Nigeria, 2004 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:

Mr. Jim Ovia, CON.	Mr. Ebenezer Onyeagwu
Chairman	Group Managing Director / CEO
FRC/2013/CIBN/00000002406	FRC/2013/ICAN/00000003788
January 28, 2020	January 28, 2020

06 February 2020

The Chairman,
Zenith Bank Plc.
Plot 84, Ajose Adeogun Street,
Victoria Island, Lagos
Nigeria.

Dear Sir,

Report to the Directors of Zenith Bank Plc. on the Outcome of the Board Evaluation for the Year Ended 31 December 2019

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of Zenith Bank Plc. ("Zenith Bank") or ("the Bank") as required by Section 2.8.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code" or "the Code"). The evaluation covered the Board's structure, composition, responsibilities, processes, relationships and performance of the Board Committees for the period ended 31 December 2019.

The Board is responsible for the preparation and presentation of the information relevant to its performance. Our responsibility was to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 27 November 2019. In carrying out the evaluation, we relied on representations made by members of the Board and Management and on the documents provided for our review.

The Board has achieved significant compliance with the provisions of the CBN Code. Areas of strength include: the diversity of skill and wealth of experience on the Board, effective oversight over the Bank's risk management practices, corporate social responsibility, financial performance, as well as succession planning and implementation.

Areas of improvement and other findings were highlighted in the course of our review. Details of these are contained in the full report to the Board.

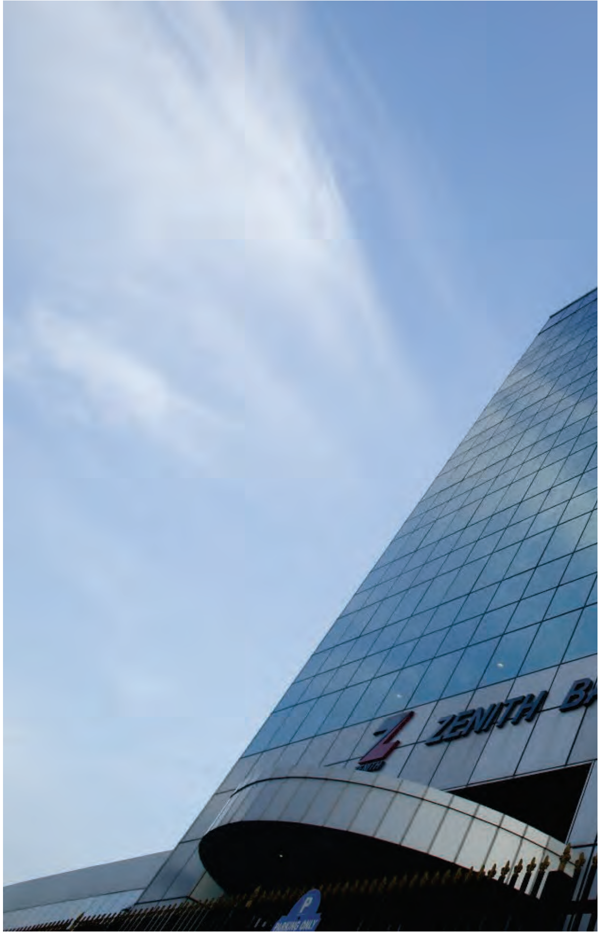
We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of the Bank, commitment to continuous learning and development and a self & peer assessment. Each individual director's assessment report was prepared and made available to them respectively, while a consolidated report of the performance of all directors was submitted to the Board Chairman.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Director
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng *TIN: 01556757-0001*

Corporate Social Responsibility & Sustainable Banking Practices



Over the years, Zenith Bank has consistently created superior value for its esteemed stakeholders. As a reputable and responsible brand, the bank has entrenched sustainable principles and standards into its business operations and investment decisions, in line with global best practices. We have fully integrated environmental and social (E&S) risks considerations into our credit process; all credit proposals are screened for E&S risks before presentation at the Global Credit Committee (GCC). Zenith Bank remains committed to promoting sustainable banking practices and green finance, as well as improving the quality of lives in communities where we operate, through social investments.

Sustainable Wealth Creation

As a leading financial institution, we are conscious of our role in spurring economic growth and development, create wealth and employment generation for the more than 20 million Nigerian youths that are actively seeking employment. This consciousness influences our business investments and lending activities, and continually propel us to explore innovative ways to sustain our wealth creation efforts.

Our strategy is to support the government's initiatives at diversifying the economy through ongoing funding and investments in the real sector of the economy such as agriculture, power, manufacturing, solid minerals, construction, etc. The bank also identifies and channels funds to sectors and industries with considerable potential to spur economic growth and the overall well-being of the people.

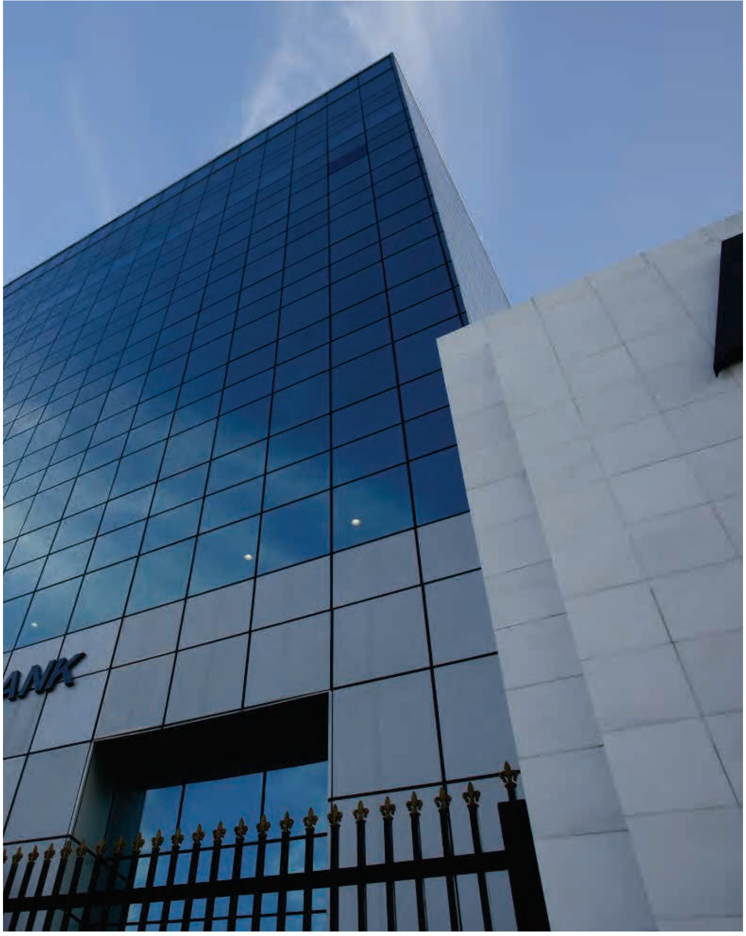
The bank also prioritises green investments, supporting and funding projects that promote the well being of the larger society and the physical environment. We are conscious of our environmental footprint and remain focused on investing responsibly in the best interest and per capita wealth of our stakeholders.

Social Investments and Community Development

Despite the relatively slow economic growth and challenging business environment, Zenith Bank remained committed to enhancing the socio-economic welfare and prosperity of the communities of which we are a part through our social investments. In the year under review, Zenith Bank's total Corporate Social Responsibility (CSR) investment was NGN2.73 billion, representing 1.31 per cent of Profit After Tax (PAT).

The focus areas of the bank's CSR endeavours during the year mirror the Sustainable Development Goals (SDGs) of the United Nations and include security, healthcare, education and skills development, sports development, youth & women empowerment, and public infrastructure development.

Security: Promoting the safety of lives and properties was our most significant social investment in 2019. Similar to the previous year, the bank's need-gap analysis revealed that security remains a fundamental need of our communities. Thus, in 2019,



we invested NGN573 million in our various partnerships with the local communities, the federal, state and local governments, and other relevant agencies to preserve the public peace, and ensure a crime-free environment. The sum also includes contributions to several State Security Funds across the federation.

Sports: In 2019, the bank's investments in sports development included title sponsorship of the Delta State Principal's Cup; the Nigerian Football Federation (NFF); and our flagship Zenith National Women's Basketball League in partnership with the Nigerian Basketball Federation (NBBF), a female empowerment initiative that has produced national and international basketball stars. Similarly, our sponsorship of the Nigerian Football Federation (NFF) underscores our passion for the development of grassroots sports and the empowerment of future Nigerian football stars. Our total investments in sports in the year under review was about NGN238 million.

Health: Our health initiatives in the outgone year focused mainly on providing maternal healthcare and medical assistance to the underprivileged. In 2019, we invested about NGN345 million investment in medical interventions for low-income individuals faced with various life-threatening medical conditions, as well as support for various health initiatives complementing government's efforts at improving life expectancy in the country. Some of the initiatives include the Private Sector Health Alliance of Nigeria, the O'Five Charity Initiative, provision of medical supplies to Iga-Idunganran Primary Healthcare Centre, etc. Our investment in this focus area earned Zenith Bank an award as the "Best Company in Promotion of Good Health and Well-Being" at the 2019 Sustainability Enterprise Responsibility Awards (SERAs).

Education: In line with our firm commitment to the development of the Nigerian education sector, we expended about NGN210 million towards educational initiatives in the outgone financial year. Some of our educational initiatives in the year under review include construction of a multi-purpose hall at Maryland Comprehensive Secondary School; upgrade of facilities at St. Francis Catholic Secondary School, Idimu; donation of laptops to Gateway Polytechnic, Ogun state; construction of a new hostel at St Finbarr's College, Akoka; sponsorship of CFA Institute Research Challenge, and the Zenith Academic Excellence Award for Best Graduating Students in some Federal Universities.

Environmental Sustainability and Carbon Footprint Management

Zenith Bank considers environmental and social (E&S) risk management critical to the bank's sustainability strategy. Our Environmental and Social Management System (ESMS) provides a clear framework for the management of E&S risks of the bank concerning its borrowers and investees. We take measures to avoid, mitigate and minimise the risks identified in our E&S risk due diligence. Zenith Bank's ESMS benchmark the Equator Principles, the International Finance Corporation (IFC) Performance Standards, among other global sustainability principles.

The automation of our E&S Risk Exposure Assessment process was a major milestone in our resolve to ensure sustainable financing of every project we invest in and the adoption of responsible practices in line with the Sustainable Development Goals and principles of responsible banking of the United Nations Environment Programme Finance Initiative (UNEP-FI). Our target remains to broaden our E&S risk coverage to all major projects, irrespective of the sector, by 2020; and to all projects, major and minor, by 2025. In the outgone financial year, about 90 per cent of all our transactions valued at over NGN3.7 trillion were screened and assessed for E&S risk. We hope to cover up to 100 per cent of our credit transactions by 2020 and to improve significantly in our E&S monitoring of existing credit customers, and projects.

In line with Zenith Bank's carbon footprint emission reduction strategy, we are working towards powering all our operations from alternative (renewable) sources, such as solar energy. As at the end of the year 2019, about 1,012 Automated Teller Machines (ATMs) are currently powered by solar energy. We have also put in place, automation of some banking processes to reduce consumption of paper in our daily operations. We also contracted V4 Advisors to measure our carbon footprint/emissions within the period under review, to manage and reduce our impact, in line with regulatory and global expectations.

Workplace

As a strong component of making Zenith Bank a great place to work, building a safe and healthy work environment is a core priority. We have constituted a Health, Safety and Environment (HSE) Management Committee to ensure a safe and secure workplace for our employees, vendors, contractors and other stakeholders. We have also developed an HSE Management Plan, in line with the provisions of ISO45001. In 2019, 1,019 employees were trained in Basic Emergency Response & First Aid up from 441 in 2018. Similarly, 99 participants were trained in Occupational Health & Safety in 2019, up from 63 in 2018. Also, 139 employees were trained on fire and safety in the outgone year.

Our target remains to broaden our E&S risk coverage to all major projects, irrespective of the sector, by 2020; and to all projects, major and minor, by 2025.

To help our employee maintain a healthy work/life balance, we have continued to enforce a mandatory 5.00 pm closing time for all staff bank-wide. This initiative saves a significant amount for the bank in terms of energy costs, while also reducing our overall carbon footprint.

Human Rights

Zenith Bank is committed to respecting human rights, principally as they apply to our employees, suppliers/contractors and other stakeholders. The bank has a robust Human Rights Policy, which lay down guidelines on how our employees are expected to relate among themselves and with all other stakeholders within our business operations. We prohibit discrimination, bullying and harassment on any grounds. We strive to build an inclusive work environment where people are valued and respected and given equal opportunities to fulfil their potential, in line with Sustainable Development Goal (SDG) 5 of gender equality.

Accordingly, we maintain an equal remuneration for equal work policy where employees receive the same remuneration across the same level, irrespective of gender in all our business locations. Besides, our employees, contractors, agents, consultants and other business partners are encouraged to treat each other, their employees and others with dignity and respect, in conformity to the United Nations Universal Declaration of Human Rights (UDHR).

As a sign of our support for equal opportunities, the bank has developed a human right assessment training programme, "Introduction to Human Rights Framework and the Rights of the child" to acquaint staff across all levels on the basics of human rights. This course has been deployed on our Learning Management Portal and made mandatory for staff, from entry-level to executive management level.

Women Empowerment

Women empowerment is an area where Zenith Bank is making visible progress, although we recognise the need to improve. We operate a gender-inclusive workplace culture and also provide products and services designed specifically for women. In 2019, the female gender makeup of our total workforce was 48 per cent. Our male/female ratio for management-level staff for 2019 was 75:25. In the year under review, we spent over NGN307 million in capacity building for our female employees, and 2,832 employees were trained on the e-Learning course – "Choosing to Lead as a Woman".

Our Z-Woman Business Package is designed to address the unique needs of women-owned businesses. The package comes with loans of up to NGN10 million at a single-digit interest rate, free digital skills training, and free exhibition stands at Zenith Bank events and many other benefits which will help them grow their businesses and increase sales. Through our sponsorship of the Zenith National Women Basketball League, the bank continues to support female participation in sports. Many alumni of the league currently have successful careers in national and international basketball teams around the world.

Sustainable Supply Chain Management

As part of efforts to comply with the principles of responsible consumption and production as enshrined in Sustainable Development Goal (SDG) 12, we have integrated environmental and social condi-

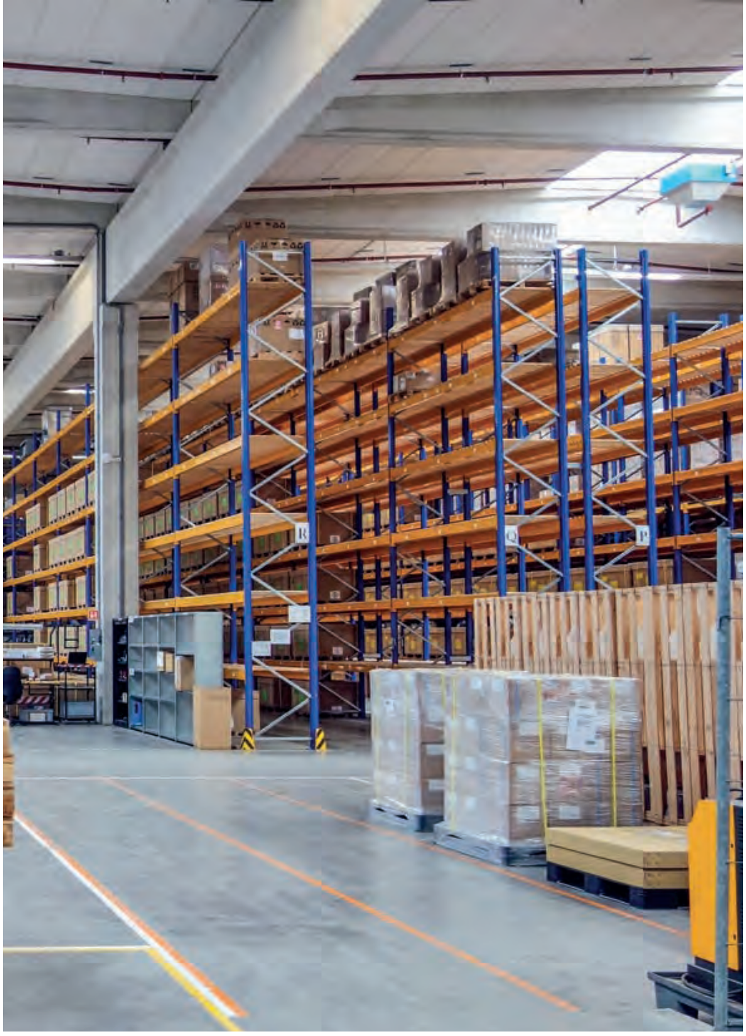
tions into our Code of Conduct for Suppliers, Vendors and Contractors, among others. The aim is to promote socio-environmental friendly business practices, and also to ensure high-quality products and services, value for money and responsible sourcing of raw materials in our supply chain. Consequently, in 2019, we administered "Code of Conduct" on all major vendors, suppliers and contractors of the bank and periodically screen all third party business partners (investees, contractors, suppliers etc.) to ensure their compliance and avert potential reputational risks.

Because Information Communication Technology (ICT) facilities and equipment constituted a substantial part of our procurement, we strive to empower local communities and businesses by ensuring that our procurement policy deliberately promotes the patronage of local ICT vendors. Our relations with IT vendors are guided by laid down service level agreements and compliance with our Code of Conduct, while our Tender Committee oversees the process of selection of vendors. Zenith Bank's procurement practices have positively impacted the economy, creating jobs, income and economic empowerment for households.

Financial Inclusion

Zenith Bank has continued to support financial inclusion and literacy in the country. In 2019, the bank committed NGN120 million to support the Financial Inclusion initiative of the Central Bank of Nigeria (CBN). The bank has developed engaging initiatives for nurturing financial inclusion in the country. Our financial literacy initiatives are geared towards empowering the financially excluded groups by providing them with essential information and adequate knowledge of the various types of financial products and services that are accessible to them.

In the year under review, 737,628 previously unbanked individuals received financial services or products for the first time from Zenith Bank, a 36.87 per cent growth from 538,910 in 2018. We were able to achieve this through our several retail products, such as the Zenith Children's Account (ZECA), Zenith Integrated Student Account (ZISA), Aspire Account, EazySave Accounts (Classic & Premium), EazyMoney, Mobile Phone enabled, Agent Banking, and Zenith Mobile Banking. Zenith Bank's mobile app, agency banking initiative and short messaging codes (*966#) have continued to drive the financial inclusion of the unbanked population in Nigeria. Also, Zenith Bank collaborated with the Central Bank of Nigeria (CBN) organised programmes to mark the Financial Literacy and World Savings Day in March 2019 and October 2019, respectively, covering six (6) schools in each of the six (6) geopolitical zones of the country.



Training and Capacity Building

Capacity building and awareness creation remained one of the key people-oriented strategies of the bank. In 2019, we continued to carry out E&S risk management training for all our employees using classrooms and online platforms. As part of our sustainability acculturation strategy, we made significant progress with the integration of Environmental and Social Risk Management sessions into our quarterly Anti-Money Laundering and Operational Risks training bank-wide, as well as the quarterly Business Summit of the management-level staff of the Bank and Zenith orientation programmes during onboarding of new employees. We also publish "Sustainability Titbits", Sustainability Lifestyle Tips" and "Sustainability Headlines" daily using official staff emails, while our intranet portal is continuously used to create E&S awareness.

Reporting

In 2019, the bank attended the launch and official signing event of the UNEP-FI Principles for Responsible Banking, held on September 22 and 23, 2019, at the UN Headquarters on the sidelines of the UN General Assembly meeting. This follows Zenith Bank's endorsement of the landmark draft principles of responsible banking of UNEP-FI in December 2018. The bank also signed on for the Board Session of the United Nations Global Compact (UNGC) aimed at setting a three-year strategic plan and direction for the Local Network. Zenith Bank is a member of the United Nations Global Compact; the United Nations Environment Programme's Finance Initiative, (UNEP-FI); and is a signatory to the Central Bank of Nigeria's Nigerian Sustainable Banking Principles (NSBP). Consequently, we remain fully committed to sustainability reporting.

In August 2019, Zenith Bank published its fourth standalone 2018 Sustainability Report titled 'Building a Sustainable Future', to demonstrate our economic, environmental and social progress in the financial year 2018. The report followed the adoption of the new Global Reporting Initiative (GRI) standard. Additionally, Zenith Bank sends biannual progress reports to the CBN as well as annual reports to the IFC, UNGC, PROPARCO, and AfDB, among others.

Conclusion

Zenith Bank has in place a robust governance structure that supports its sustainable lending, wealth creation and community empowerment strategies. We understand that our brand thrives on the sustainable value we create for our stakeholders. As such, we are positioning our self to be a leader in the adoption of UNEP-FI Principles for Responsible Banking and align our business strategy accordingly. We shall continue to be strategic and proactive in pursuing our sustainability targets in line with globally acceptable standards.

Report of the Audit Committee for the Year Ended December 31, 2019

In compliance with Section 359(6) Companies and Allied Matters Act of Nigeria (1990), Cap C20 LFN 2004, we have reviewed the consolidated and separate financial statements of Zenith Bank Plc for the year ended December 31, 2019 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 balances and transactions have been disclosed in Note 37 to the financial statements in accordance with requirements of the International Financial Reporting Standards (IFRS) and directives issued by the Central Bank of Nigeria (CBN) 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 27, 2020

Mrs. Adebimpe Balogun
Chairman, Audit Committee
FRC/2017/CITN/00000017467

MEMBERS OF THE COMMITTEE
Shareholders Representative
1. Mrs Adebimpe Balogun - Chairman
2. Mr. Michael Olusoji Ajayi
3. Prof. (Prince) L.F.O Obika

Directiors' Representative
Non-Executive Director
1. Mr. Jeffrey Efeyini
2. Mr. Gabriel Ukpeh
3. Engr. Mustafa Bello*

* Appointed on the committee effective 18 January 2019

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Financials

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zenith Bank Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Zenith Bank Plc ("the Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December, 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 78 to 216.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Bank as at 31 December, 2019, 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 (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guide!ines and Circulars .

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 are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical

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responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Loans and Advances

The impairment of loans and advances disbursed to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan and advances, including the application of industry knowledge and the prevailing economic conditions in determining the level of impairment allowance required.

The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices which are estimated from historical financial data obtained within and outside the Group, as inputs, into the complex financial model.

Impairment allowance on loans that have shown a significant increase in credit risk, is based on the Group's estimate of losses expected to result from default events over the life of the loans. Impairment allowance on loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within the next 12 months. This estimate is also an output of models, with the key assumptions being the possibility of a loan becoming past due and subsequently defaulting, and the rate of recovery on the loans that are past due and in default. The Group also incorporates forward looking information into the measurement of ECL.

The judgment involved in classifying loans into expected credit loss stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, make the impairment allowance of loans and advances a matter of significance to the audit.

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Procedures
Our procedures include the following:

- We evaluated the design and implementation of the key controls over the impairment determination process such as the board credit committee review of loans and advances, management review of relevant data used in the calculation of expected credit losses including forward looking macroeconomic data to be included in the impairment model and evaluation of ECL impairment computation .
- We tested the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages by examining the loans on a sample basis. We evaluated the level of past due obligations and qualitative factors such as publicly available information about the obligors to determine whether the Group should estimate the expected credit loss over a period of 12 months or over the life of the loans and advances.
- Assisted by our financial risk management specialists, we checked the key data and assumptions for the data input into the ECL model used by the Group. Our procedures in this regard included the following:
  (i) We challenged the reasonableness of the Bank's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;
  (ii) For forward looking assumptions comprising foreign exchange rate and inflation rate used by the Group's management in its ECL calculations, we corroborated the Group's assumptions using publicly available information from external sources;
  (iii) We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate;
  (iv) For Probability of Default (PD) used in the ECL calculations, we checked the historical movement in the balances of facilities between default and non-default categories for each sector;
  (v) We checked the calculation of the Loss Given Default (LGD) used by the Group in the ECL calculations, including the appropriateness of the use of collat eral, by recomputing the LGD;

(vi) We re-performed the calculations of impairment allowance for loans and advances using the Group's impairment model and validated key inputs. For loans and advances which have shown a significant increase in credit risk, the recalculation was based on the amount which may not be recovered throughout the life of the loans while for loans and advances that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.

The Group's accounting policy on impairment and related disclosures on credit risk are shown in notes 2.7, 3.2 and 20 respectively.

Valuation of derivatives

The Bank's derivative instruments comprise foreign currency swaps and foreign exchange forward contracts, which are used to manage foreign exchange risk. These derivative instruments usually involve the use of future pricing param eters. The estimation of pricing details as at the reporting date, in order to determine the fair value of these derivative instruments, require the use of valuation approaches or models to derive forward exchange rates and determine the appropriate discount rates to be applied on future cash flows.

Due to the significance of these derivatives and the related estimation uncertainty, the valuation of the Bank's derivatives is considered a matter of significance to the audit.

Procedures

Our procedures included the following, amongst others :

- We evaluated the design and implementation of key controls over the inputs used in determining the Bank's valuation of derivative contracts by checking that there was review over the accuracy of inputs such as the foreign exchange rates and the forward price by the Bank.
- We used our KPMG valuation specialists to:
  (i) inspect on a sample basis, the derivative contracts to obtain an understanding of the respective transactions;
  (ii) challenge the Bank's assumptions with respect to the fair value of the derivative assets and liabilities by comparing observable inputs into the Bank's valuation model such as quoted Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rates to externally available market data.

(iii) assess whether the valuation model used by the Bank is appropriate and complies with the requirements of the relevant accounting standards.

(iv) recompute the fair value of the entire population of the instruments using validated inputs.

The Bank's accounting policy on derivative instruments and relevant financial risk disclosures are shown in note 2.6, 3.0, 19 and 32 respectively.

Other Information
The Directors are responsible for the other information.

The other information which comprises the Corporate Information, Result at a Glance/Key Performance Indices, Financial Highlights, Corporate Profile and Strategy, Notice of the Annual General Meeting, Chairman's Statement, Chief Executive Officer's R eview, Board of Directors (in pictures), Directors' report, Corporate Governance Report, Report to the Directors on the outcome of the Board Evaluation, Sustainability Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee, Other National Disclosures, Share Capital History, Style by Zenith and Forms, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express 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 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, we conclude that there is a material misstatement of this other inform ati on, we are required to report that fact. We have nothing to report in this regard .

Responsibilities of the Directors for the Consolidated and separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap 83, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines

and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of 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 and Bank'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 and Bank or to cease operations, or have no realistic alternative but to do so.

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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of 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 and Bank'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 and Bank 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 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 Audit Committee 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 Audit Committee 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 Audit Committee, 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 matt ers. 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap 83, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular 850/1/2004

i. The Bank and Group paid penalties in respect of contravention of the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 during the year ended 31 December 2019. Details of penalties paid are disclosed in note 41 to the financial statements.

ii. Related party transactions and balances are disclosed in note 37 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For : KPMG Professional Services
Chartered Accountants
10 February 2020
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income for the Year Ended December 31, 2019

		Group		Bank	
In millions of Naira	**Note(s)**	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Gross earnings		**662,251**	**630,344**	**564,687**	**538,004**
Interest and similar income	6	415,563	440,052	339,310	367,816
Interest and similar expense	7	(148,532)	(144,458)	(126,237)	(124,156)
Net interest income		**267,031**	**295,594**	**213,073**	**243,660**
Impairment loss on financial and non-financial instruments	8	(24,032)	(18,372)	(23,393)	(15,313)
Net interest income after impairment loss on					
financial and non-financial instruments		**242,999**	**277,222**	**189,680**	**228,347**
Net income on fees and commission	9	100,106	81,814	83,641	64,124
Trading gains	11	117,798	80,202	117,772	80,202
Other operating income	10	14,216	17,947	10,838	17,479
Depreciation of property and equipment	25	(21,436)	(16,648)	(18,887)	(14,625)
Amortisation of intangible assets	26	(3,078)	(2,399)	(2,795)	(2,187)
Personnel expenses	36	(77,858)	(68,556)	(62,038)	(56,657)
Operating expenses	12	(129,453)	(137,897)	(118,191)	(124,576)
Profit before tax		**243,294**	**231,685**	**200,020**	**192,107**
Minimum tax	13a	-	(4,052)	-	(4,052)
Income tax expense	13a	(34,451)	(34,209)	(22,017)	(22,575)
Profit for the year after tax		**208,843**	**193,424**	**178,003**	**165,480**
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Fair value movements on equity instruments at FVOCI	21(b)	13,870	1,459	13,870	1,459
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		(8,498)	4,828	-	-
Fair value movements on debt securities at FVOCI	21(b)	452	-	-	-
Other comprehensive income/(loss) for the year		**5,824**	**6,287**	**13,870**	**1,459**
Total comprehensive income for the year		**214,667**	**199,711**	**191,873**	**166,939**
Profit attributable to:					
Equity holders of the parent		208,693	193,147	178,003	165,480
Non controlling interest		150	277	-	-
Total comprehensive income attributable to:					
Equity holders of the parent		214,577	199,437	191,873	166,939
Non controlling interest		90	274	-	-
Earnings per share					
Basic and diluted (Naira)	14	6.65	6.15	5.67	5.27

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

Consolidated and Separate Statements of Financial Position as at December 31, 2019

In millions of Naira	Note(s)	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Assets					
Cash and balances with central banks	15	936,278	954,416	879,449	902,073
Treasury bills	16	991,393	1,000,560	822,449	817,043
Assets pledged as collateral	17	431,728	592,935	431,728	592,935
Due from other banks	18	707,103	674,274	482,070	393,466
Derivative assets	19	92,722	88,826	92,722	88,826
Loans and advances	20	2,305,565	1,823,111	2,239,472	1,736,066
Investment securities	21	591,097	565,312	189,358	156,673
Investment in subsidiaries	22	-	-	34,625	34,003
Deferred tax asset	23	11,885	9,513	11,223	9,197
Other assets	24	77,395	80,948	71,412	75,910
Property and equipment	25	185,216	149,137	165,456	133,854
Intangible assets	26	16,497	16,678	15,109	15,399
Total assets		**6,346,879**	**5,955,710**	**5,435,073**	**4,955,445**
Liabilities					
Customers' deposits	27	4,262,289	3,690,295	3,486,887	2,821,066
Derivative liabilities	32	14,762	16,995	14,762	16,995
Current income tax payable	13	9,711	9,154	6,627	5,954
Deferred tax liabilities	23	25	67	-	-
Other liabilities	28	363,764	231,716	386,061	223,463
On-lending facilities	29	392,871	393,295	392,871	393,295
Borrowings	30	322,479	437,260	329,778	458,463
Debt securities issued	31	39,092	361,177	39,092	361,177
Total liabilitles		**5,404,993**	**5,139,959**	**4,656,078**	**4,280,413**
Capital and reserves					
Share capital	33	15,698	15,698	15,698	15,698
Share premium	34	255,047	255,047	255,047	255,047
Retained earnings	34	412,948	322,237	302,028	238,635
Other reserves	34	257,439	221,231	206,222	165,652
Attributable to equity holders of the parent		941,132	814,213	778,995	675,032
Non-controlling interest	34	754	1,538	-	-
Total shareholders' equity		**941,886**	**815,751**	**778,995**	**675,032**
Total liabilities and equity		**6,346,879**	**5,955,710**	**5,435,073**	**4,955,445**

The accompanying notes are an integral part of these consolidated and separate financial statements.
The financial statements were approved by the Board of Directors for issue on 28 January, 2020 and signed on its behalf by:

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

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

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

Consolidated and Separate Statements of Changes in Equity as at December 31, 2019

Group

Attributable to equity holders of the Parent

In millions of Naira	Share capital	Share premium	Foreign currency translation reserve	Fair value reserve
Restated 1 January, 2018	**15,698**	**255,047**	**33,683**	**8,399**
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	-
Restated 1 January, 2018	**15,698**	**255,047**	**33,683**	**8,399**
Profit for the year	-	-	-	-
Foreign currency translation differences	-	-	4,831	-
Fair value movements on equity instruments	-	-	-	1,459
Total comprehensive income for the Year	**-**	**-**	**4,831**	**1,459**
Transfer between reserves		-	-	-
Transactions with owners of the Parent				
Dividends	-	-	-	-
Cost of transfer from income to stated capital	-	-	-	-
At December 31, 2018	**15,698**	**255,047**	**38,514**	**9,858**
At 1 January, 2019	15,698	255,047	38,514	9,858
Profit for the year	-	-	-	-
Foreign currency translation differences	-	-	(8,438)	-
Fair value movements on equity instruments	-	-	-	13,870
Fair value movements on debt securities		-	-	452
Total comprehensive income for the year	**-**	**-**	**(8,438)**	**14,322**
Transfer between reserves			-	-
Transactions with owners of the Parent				
Dividends	-	-	-	-
Acquisition of NCI without change in control*	-	-	-	-
At December 31, 2019	**15,698**	**255,047**	**30,076**	**24,180**

*** See note 22(i)**

	Statutory reserve	SMIEIS reserve	Credit risk reservee	Retained earnings	Total	Non-controlling interest	Total equity
	135,064	**3,729**	**2,342**	**356,837**	**810,799**	**1,317**	**812,116**
	-	-	-	(108,116)	(108,116)	(53)	(108,169)
	135,064	**3,729**	**2,342**	**248,721**	**702,683**	**1,264**	**703,947**
	-	-	-	193,147	193,147	277	193,424
	-	-	-	-	4,831	(3)	4,828
	-	-	-	-	1,459	-	1,459
	-	**-**	**-**	**193,147**	**199,437**	**274**	**199,711**
	32,456	-	(732)	(31,724)	-	-	-
	-	-	-	(86,340)	(86,340)	-	(86,340)
	-	-	-	(1,567)	(1,567)	-	(1,567)
	167,520	**3,729**	**1,610**	**322,237**	**814,213**	**1,538**	**815,751**
	167,520	3,729	1,610	322,237	814,213	1,538	815,751
	-	-	-	208,693	208,693	150	208,843
	-	-	-	-	(8,438)	(60)	(8,498)
	-	-	-	-	13,870	-	13,870
	-		-	-	452	-	452
	-	**-**	**-**	**208,693**	**214,577**	**90**	**214,667**
	29,875	-	449	(30,324)	-	-	-
	-	-	-	(87,910)	(87,910)	-	(87,910)
	-	-	-	252	252	(874)	(622)
	197,395	**3,729**	**2,059**	**412,948**	**941,132**	**754**	**941,886**

Consolidated and Separate Statements of Changes in Equity as at December 31, 2019

Bank

In millions of Naira	Share capital	Share premium	Fair value reserve	Statutory reserve	SMIEIS reserve	Credit risk reserve	Retained earnings	Total equity
Restated 1 January 2018 Adjustments	15,698	255,047	8,399	127,243	3,729	-	287,867	697,983
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	-	-	-	(103,550)	(103,550)
Restated 1 January, 2018	**15,698**	**255,047**	**8,399**	**127,243**	**3,729**	**-**	**184,317**	**594,433**
Profit for the year	-	-	-	-	-	-	165,480	165,480
Fair value movements on equity instruments	-	-	1,459	-	-	-	-	1,459
Total comprehensive income for the year	-	-	1,459	-	-	-	165,480	166,939
Transfer between reserves	-	-	-	24,822	-	-	(24,822)	-
Dividends	-	-	-	-	-	-	(86,340)	(86,340)
At 31 December, 2018	**15,698**	**255,047**	**9,858**	**152,065**	**3,729**	**-**	**238,635**	**675,032**
At 01 January 2019	15,698	255,047	9,858	152,065	3,729	-	238,635	675,032
Profit for the year	-	-	-	-	-	-	178,003	178,003
Fair value movements on equity instruments	-	-	13,870	-	-	-	-	13,870
Total comprehensive income for the year	**-**	**-**	**13,870**	**-**	**-**	**-**	**178,003**	**191,873**
Transfer between reserves	-	-	-	26,700	-	-	(26,700)	-
Dividends	-	-	-	-	-	-	(87,910)	(87,910)
Balance at December 31, 2019	**15,698**	**255,047**	**23,728**	**178,765**	**3,729**	-	**302,028**	**778,995**

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

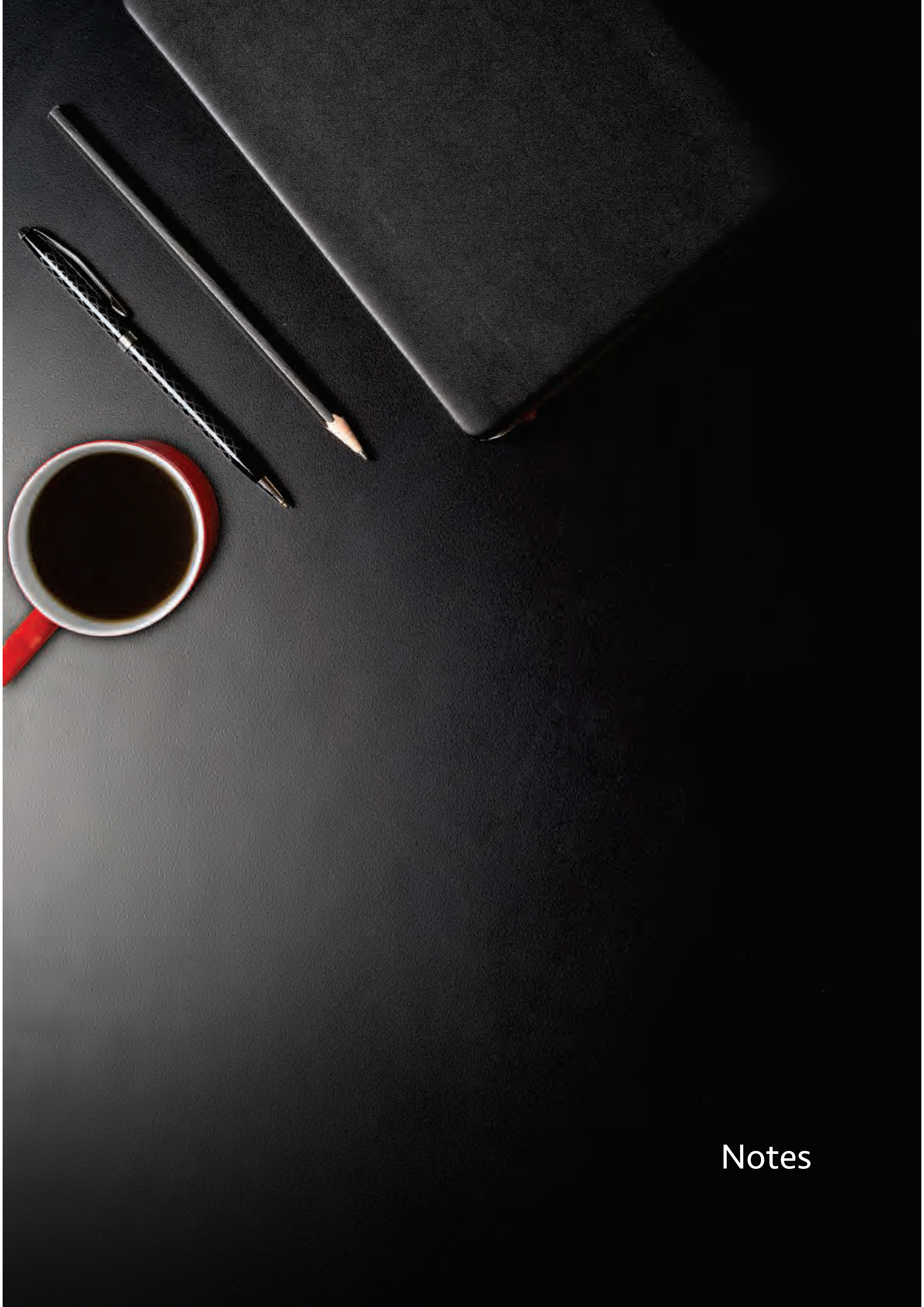
Consolidated and Separate Statement of Cash Flows for the Year Ended December 31, 2019

		Group		Bank	
In millions of Naira	Note(s)	2019	2018	2019	2018
Cash flows from operating activities					
Profit after tax for the year		208,843	193,424	178,003	165,480
Adjustments for:					
Impairment loss/(reversal)					
Loans and Advances	8	27,754	13,303	27,148	9,396
Treasury bills, investment securities, assets pledged and due from Banks	8	(908)	(807)	(928)	(1,051)
Off balance sheet	8	(2,473)	5,337	(2,473)	6,441
On other assets	8	(341)	539	(354)	527
Fair value changes in trading bond	43(i)	(10,905)	1,990	(10,905)	1,990
Depreciation of property and equipment	25	21,436	16,648	18,887	14,625
Amortisation of intangible assets	26	3,078	2,399	2,795	2,187
Dividend income	10	(1,932)	(1,795)	(5,532)	(5,395)
Foreign exchange loss on debt securities issued	31	5,949	27,778	5,949	27,778
Interest income	6	(415,563)	(440,052)	(339,310)	(367,816)
Interest expense	7	148,532	144,458	126,237	124,156
Profit on sale of property and equipment	10	(147)	(259)	(152)	(241)
Tax expense	13	34,451	38,261	22,017	26,627
		17,774	1,224	21,382	4,704
Changes in operating assets and liabilities:					
Net (increase)/decrease in loans and advances	43(iv)	(492,717)	161,690	(513,382)	135,770
Net (increase)/decrease in other assets	43(x)	3,863	3,050	(4,853)	(28,366)
Net decrease/(increase) in treasury bills with maturities greater than three months	43(ii)	194,352	(187,329)	183,300	(33,619)
Net (increase)/decrease in treasury bills (FVTPL)	43(iii)	(197,798)	37,343	(197,801)	37,343
Net decrease/(increase) in assets pledged as collateral	43(xi)	161,321	(124,925)	161,321	(124,925)
Net decrease/(increase) in investment securities	43(i)	1,513	(203,264)	(7,833)	(5,755)
Net increase in restricted balances (cash reserves)	43(xiii)	(55,479)	(58,357)	(55,479)	(58,386)
Net increase in due from banks with maturity greater than three months	18	(223,413)	-	(223,413)	-
Net increase in customer deposits	43(v)	564,135	252,380	664,555	76,541
Net increase/(decrease) in other liabilities	43(vi)	134,974	(16,298)	165,524	(10,860)
Net increase in derivative assets	43(xii)	(3,896)	(31,607)	(3,896)	(31,607)
Net decrease in derivative liabilities	43(xiv)	(2,233)	(3,810)	(2,233)	(3,810)
		102,396	**(169,903)**	**187,192**	**(42,970)**
Interest received	43 (viii)	407,104	434,846	335,518	365,125
Dividend received	10	1,932	1,795	5,532	5,395
Interest paid	43 (ix)	(135,575)	(134,201)	(114,398)	(116,234)
Tax paid	13(c)	(36,308)	(37,925)	(23,370)	(26,742)
VAT paid	43(vi)	(381)	(260)	(381)	(260)
Net cash flows (used in)/generated from operations		**339,168**	**94,352**	**390,093**	**184,314**

Consolidated and Separate Statement of Cash Flows for the Year Ended December 31, 2019

		Group		Bank	
In millions of Naira	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Cash flows from investing activities					
Purchase of property and equipment	25	(62,333)	(35,712)	(50,901)	(30,501)
Proceeds from sale of property and equipment	43(vii)	2,976	3,490	530	406
Purchase of intangible assets	26	(2,118)	(3,928)	(1,539)	(3,260)
Purchase of equity securities	21	(50)	(34,200)	(50)	(34,200)
Net cash used in investing activities		**(61,525)**	**(70,350)**	**(51,960)**	**(67,555)**
Cash flows from financing activities					
Repayment & repurchase of debt securities issued	31	(340,358)	-	(340,358)	-
Borrowed funds					
Proceeds from long term borrowing	30	198,358	370,606	252,364	391,810
Repayment of long term borrowing	30	(313,139)	(289,842)	(381,049)	(352,326)
Proceeds from onlending facility	29(b)	135,681	57,194	135,681	57,194
Repayment of onlending facility	29(b)	(136,105)	(46,933)	(136,105)	(46,933)
Lease liability principal payment	44(vi)	(2,196)	(2,760)	(2,196)	(2,760)
Acquisition of additional interest in Zenith Bank Ghana	22(i)	(622)	-	(622)	-
Dividends paid to shareholders	39	(87,910)	(86,340)	(87,910)	(86,340)
Net cash generated from / (used in) financing activities		**(546,291)**	**1,925**	**(560,195)**	**(39,355)**
Net (decrease)/increase in cash and cash equivalents		**(268,648)**	**25,927**	**(222,062)**	**77,404**
Analysis of changes in cash and cash equivalents :					
Cash and cash equivalent at the beginning of the year		947,038	916,342	610,915	533,511
(decrease)/increase in cash and cash equivalents		(268,648)	25,927	(222,062)	77,404
Effect of exchange rate movement on cash balances		(7,675)	4,769	-	-
Cash and cash equivalents at the end of the year	**40**	**670,715**	**947,038**	**388,853**	**610,915**

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



Notes

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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 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 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 financial statements for the year ended December 31, 2019 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 December 31, 2019 were approved for issue by the Board of Directors on January 28, 2020.

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 new standards and amendments including any consequential amendments to other standards with initial date of application of January 1, 2019.

The effect of initially applying these standards is mainly attributed to the following,

1) Recognition of right-of-use assets and lease liability for operating leases.
2) Additional depreciation on the right-of-use assets. Also, additional interest expense as a result of the unwinding of the lease liability.
3) Disclosures on IFRS 16.

i.) IFRS 16 Leases

The Group has adopted IFRS 16, "Leases" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies.

As permitted by the transitional provision of the standard, the Group has chosen the modified retrospective approach to the application of IFRS 16. This approach allows the Group not to restate comparative financial information. The major impact of the adoption of this standard is that the Group will be required to capitalize all leases (i.e. recognize a right-of-use asset and a lease liability) with the exemption of certain short-term leases and leases of low-value assets.

ii.) IFRIC 23 Uncertainty over income tax treatment

The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Group has adopted IFRIC 23 effective 1 January 2019.

(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.

2.1 Basis of preparation

(a). Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) 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.

This is the first set of consolidated and separated financial statements in which IFRS 16 has been applied. Changes arising from the initial application of IFRS 16 or accounting policies are disclosed in Note 2.14

(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.

(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.

(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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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.

(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.

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 commits to purchase or sell the instruments (trade day 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.

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

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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.

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.

2.5 Financial instruments

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;
- leverage features;
- prepayment and extension terms;
- 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.

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

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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.

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. 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.

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;

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- 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 its 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.

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 retail 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 loan subsequently recovered is treated as other income.

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.

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 diffculties 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.

If the terms of a financial asset is restructured due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows;

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset

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is included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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 cirumstances, property may be repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount 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:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits
(v) adequate technical, financial and other resources to complete the development and to use/sell the software product are available
(vi) 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

Policy applicable before 1 January 2019

(a) A Group company is the lessee

Leases, under which the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are separated using the interest rate implicit in the lease to identify the finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Leases of assets are classified as operating leases if the lessor effectively retains all the risks and rewards of ownership. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on a straightline basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised

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as an expense in the period in which termination takes place.

(b) A Group company is the lessor

Lease and instalment sale contracts are primarily financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in Loans and advances to customers in the statement of financial position.

Finance charges earned are computed using the effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalised to the value of the lease amount receivable and accounted for over the lease term as an adjustment to the effective rate of return.

Leases of assets under which the Group effectively retains all the risks and rewards of ownership are classifed as operating leases. Receipts of operating leases are accounted for as income on the straightline basis over the period of the lease.

Policy applicable from 1 January 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee has recognized the right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessors accounting remains similar to previous accounting policies.

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

As permitted by the standard, the Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e it is presented, as previously reported, under IAS 17 and related interpretations and the effect of applying IFRS 16 is recognised in the opening retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

The Group has elected to apply the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

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 will apply 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.

i. Significant accounting policies

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.

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.

ii. Transition

Previously, the Group classified property leases as operating leases under IAS 17. These properties are the Bank's branch offices.

- At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Group applied this approach to all other leases.

The Group leases an aircraft. The Group classified this lease as a finance lease under IAS 17. At the date of initial application, the Group measured the right of use asset and lease liability at the amount of the finance lease asset and liability immediately before the date of initial application of IFRS 16.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.•
  Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

C. Group / Bank as a lessor

Lease and instalment sale contracts are primarily financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in Loans and advances to customers in the statement of financial position. Finance charges earned are computed using the effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalized to the value of the lease amount receivable and accounted for over the lease term as an adjustment to the effective interest rate method.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for lease in which it acts as a lessor.

The Group recognizes assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. Initially, the Group will recognize a finance lease receivable at the amount equal to the net investment in the lease. Subsequently, finance income will be recognized at a constant rate on the net investment. During any 'payment free' period, this will result in the accrued finance income increasing the finance lease receivable.

For finance leases, the lease payments included in

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the measurement of the net investment in a lease at commencement date includes variable lease payments that depend on an index or a rate; other variable payments (e.g. those linked to future performance or use of an underlying asset) are excluded from the measurement of the net investment and are instead recognized as income when they arise. The treatment adopted for variable lease payments under operating leases are consistent with these requirements.

D. Impacts on the financial statements

On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities as summarized below:

In millions of Naira	1 January 2019
Additional Right-of-use assets presented as part of property and equipment	17,618
Lease liability presented in other liabilities	10,692

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rates as at 1 January 2019. The weighted- average rate applied is 16.4%.

In millions of Naira	1 January 2019
Operating lease presented as part of prepayments as at 31 December 2018.	10,149
Additional right-of-use asset as a result of extension option which are reasonably certain to be exercised.	7,559
Recognition exemption for leases of low-value	(2)
Recognition exemption for short term leases	(88)
Right-of-use asset recognized as at 1 January 2019 in property and equipment	17,618

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized N16.69 billion of right-of-use assets and N11.21 billion of lease liabilities as at 31 December 2019.

Also, in relation to those leases under IFRS 16, the Group has recognized depreciation and interest cost, instead of operating lease expense. During the year ended 31 December 2019, the Group recognized N1.45 million of depreciation charges and N3.49 million of interest cost from the lease liabilities.

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.

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 Section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(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 charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

(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 carried at FVOCI.

(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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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 creditadjusted 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 (or impairment allowance before 1 January 2018).

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 statement of profit or loss and OCI includes only interest on financial assets and financial liabilities measured at amortised cost.
Interest expense presented in the statement of profit or loss and OCI 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.

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).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Minimum tax is determined based on the sum of:

- the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of N500,000.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Bank offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

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(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.

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 affects the numbers of share issued, those shares are considered in calculating the diluted earnings per share. There are 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 Group's Executive [Management/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 is 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 define, 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 audit 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 Management 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.

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 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.

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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. These techniques are implemented as risk policies and procedures that drive the strategic direction and risk appetite as specified by the Board. 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;
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

Available information points to a mild pick-up of activity in the second half of 2019,, following a subdued performance in the first half of 2019 which was weighed by yet another contraction of the vital oil industry. Although the manufacturing Purchasing Managers' Index (PMI) fell from April's five-month high in May, the two-month average lies above that of the first quarter, signaling that business dynamics remain upbeat. Encouragingly, new orders from abroad quickened to a year-to- date high in May. Furthermore, bank lending to the private sector accelerated notably in April, which, coupled with slightly higher business confidence in May, bodes well for overall activity in the quarter.

The economy is seen gaining some traction this year. In particular, increased credit provision and the implementation of the minimum wage hike should lend support to consumer demand and the non-oil segment of the economy. However, the slow progress on structural reforms and oil price volatility pose key risks to the outlook.

The Bank regularly assesses it's resilience to changes in micro and macro environments with specific actions to address any observed or anticipated challenges.

The Bank strongly believe it is well positioned to deal with liquidity risk and funding challenges that may arise from any adverse situations and our capital and earnings capacity (profitability) can withstand the shocks that may arise.

Zenith Bank Plc will continue to support its customers as much as possible in terms of foreign exchange funding challenges; credit performance obligations (restructuring repayments to match cash-flows, where necessary);

Some of the key risk management strategies in the period would include the following:

(a) Continue to monitor impact of global economy in commodity pricing, Foreign Direct Investment (FDI) inflows and general behavior of local economy to the changes in the global market.
(b) Source for cheaper and stable funds
(c) Drive other income sources - Increase marginal value of current assets utilization and their derivable income as much as possible. Seek new sources and champions.
(d) Pursue other government activities especially trapping utilization of government funds for projects and other activities
(e) Further develop SME/Retail product sales and penetrations
(f) Develop market hub initiative to host market players and drive retail participation
(g) Ensure that the Net Interest Margin (NIM) is maintained for all changes in interest rates.
(h) Create additional foreign exchange funding sources from the receipt of foreign exchange deposits from customers especially export proceeds.
(i) Pursue and support export strategies to assure expanded foreign exchange inflow.
(j) Increased collections of payments (Deploy more friendly collection tools)
(k) Improve customer service delivery through trainings, systems, communication, and compensation medium.
(l) Stabilize the Bank's technology/platforms - This is to increase and aid customers' confidence, loyalty and Bank's reputation.
(m) Cautiously grow risk assets while maintaining adequate level of capital.

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

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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.

(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)
Unrated	Individually insignificant (unrated)

The credit rating system seeks to achieve the foundation level of the internal rating-based approach under Basel II, through continuous validation exercises over the years.

(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:

(i) Internal and external research and market intelligence reports; and
(ii) 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 Groups 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;
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.

Additionally, the Group continuously upgrades and fine-tunes above in line with the developments in the financial services industry environment and technology.

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 Management Global Credit Committee	N1 billion and above (Not exceeding 20% of total shareholders' fund) Below N1 billion

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 good 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.

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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.

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 December 31, 2019 are as follows:

	Group		Bank	
In millions of Naira	**Total exposure**	**Value of collateral**	**Total exposure**	**Value of collateral**
Secured against real estate	214,040	222,648	187,659	105,637
Secured by shares of quoted companies	27,759	4,118	5,813	4,118
Cash Collateral, lien over fixed and floating assets	1,301,733	1,070,602	1,285,343	1,060,953
Unsecured	918,827	-	911,837	-
Total Gross amount	**2,462,359**	**1,297,368**	**2,390,651**	**1,170,708**
ECL Allowance	(156,794)	-	(151,179)	-
Net carrying amount	**2,305,565**	**1,297,368**	**2,239,472**	**1,170,708**

Group

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	173,073	35,815	12,574	1,186	222,648
Equities	150	3,968	-	-	4,118
Cash Collateral, lien over fixed and floating assets	732,119	41,677	296,640	165	1,070,601
Grand total: Fair value of collateral	**905,342**	**81,460**	**309,214**	**1,351**	**1,297,367**
Grand total: Gross loans	**1,760,501**	**212,548**	**483,024**	**6,286**	**2,462,359**
Grand total: ECL Allowance	**119,912**	**34,328**	**2,435**	**119**	**156,794**
Grand total: Net amount	**1,640,589**	**178,220**	**480,589**	**6,167**	**2,305,565**
Grand total: Amount of undercollaterization/ (overcollaterization)	**(735,247)**	**(96,760)**	**(171,375)**	**(4,816)**	**(1,008,198)**

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	119,237	20,257	12,541	1,186	153,221
Equities	150	1,503	-	-	1,653
Cash Collateral, lien over fixed and floating assets	673,805	37,039	296,640	165	1,007,649
Fair value of collateral	**793,192**	**58,799**	**309,181**	**1,351**	**1,162,523**
Gross loans	**1,499,536**	**132,221**	**475,591**	**6,240**	**2,113,588**
ECL Allowance	**25,961**	**2,762**	**1,603**	**103**	**30,429**
Net amount	**1,473,575**	**129,459**	**473,988**	**6,137**	**2,083,159**
Amount of undercollaterization/(overcollaterization)	**(680,383)**	**(70,660)**	**(164,807)**	**(4,786)**	**(920,636)**

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	52,028	2,710	-	-	54,738
Equities	-	834	-	-	834
Cash Collateral, lien over fixed and floating assets	50,181	2,158	-	-	52,339
Fair value of collateral	**102,209**	**5,702**	**-**	**-**	**107,911**
Gross loans	**143,288**	**30,172**	**7,263**	**31**	**180,754**
ECL Allowance	**12,986**	**2,082**	**734**	**3**	**15,805**
Net amount	**130,302**	**28,090**	**6,529**	**28**	**164,949**
Amount of undercollaterization/(overcollaterization)	**(28,093)**	**(22,388)**	**(6,529)**	**(28)**	**(57,038)**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	1,808	12,848	33	-	14,688
Equities	-	1,631	-	-	1,631
Cash Collateral, lien over fixed and floating assets	8,134	2,480	-	-	10,614
Fair value of collateral	**9,942**	**16,959**	**33**	**-**	**26,934**
Gross loans	**117,677**	**50,155**	**171**	**15**	**168,017**
ECL Allowance	**80,965**	**29,484**	**97**	**13**	**110,559**
Net amount	**36,712**	**20,671**	**74**	**1**	**57,458**
Amount of undercollaterization/(overcollaterization)	**(26,770)**	**(3,712)**	**(41)**	**(1)**	**(30,524)**

Bank

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	70,344	21,533	12,574	1,186	105,637
Equities	150	3,968	-	-	4,118
Cash Collateral, lien over fixed and floating assets	728,469	37,179	296,640	165	1,062,453
Grand total: Fair value of collateral	**798,963**	**62,679**	**309,214**	**1,351**	**1,172,208**
Grand total: Gross loans	**1,707,326**	**194,020**	**483,024**	**6,281**	**2,390,651**
Grand total: ECL Allowance	**115,551**	**33,074**	**2,435**	**119**	**151,179**
Grand total: Net amount	**1,591,775**	**160,946**	**480,589**	**6,162**	**2,239,472**
Grand total: Amount of undercollaterization/ (overcollaterization)	**792,812**	**98,267**	**171,375**	**4,811**	**1,067,264**

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	18,388	13,319	12,541	1,186	45,435
Equities	150	1,503	-	-	1,653
Cash Collateral, lien over fixed and floating assets	670,176	31,227	296,640	165	998,208
Fair value of collateral	**688,714**	**46,049**	**309,181**	**1,351**	**1,045,295**
Gross loans	**1,451,551**	**119,541**	**475,591**	**6,235**	**2,052,918**
ECL Allowance	**23,064**	**2,372**	**1,603**	**103**	**27,143**
Net amount	**1,428,487**	**117,169**	**473,988**	**6,132**	**2,025,776**
Amount of undercollaterization/(overcollaterization)	**739,773**	**71,120**	**164,807**	**4,781**	**980,481**

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	51,480	2,579	-	-	54,059
Equities	-	834	-	-	834
Cash Collateral, lien over fixed and floating assets	50,181	2,009	-	-	52,190
Fair value of collateral	**101,661**	**5,422**	**-**	**-**	**107,083**
Gross loans	**138,680**	**30,080**	**7,263**	**31**	**176,054**
ECL Allowance	**11,534**	**2,005**	**734**	**3**	**14,276**
Net amount	**127,146**	**28,075**	**6,529**	**28**	**161,778**
Amount of undercollaterization/(overcollaterization)	**25,485**	**22,653**	**6,529**	**28**	**54,695**

December 31, 2019	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	476	5,634	33	-	6,143
Equities	-	1,631	-	-	1,631
Cash Collateral, lien over fixed and floating assets	8,113	2,443	-	-	10,556
Grand total: Fair value of collateral	**8,589**	**9,708**	**33**	**-**	**18,330**
Grand total: Gross loans	**117,095**	**44,399**	**171**	**14**	**161,679**
Grand total: ECL Allowance	**80,953**	**28,697**	**97**	**13**	**109,760**
Grand total: Net amount	**36,142**	**15,702**	**74**	**1**	**51,919**
Grand total: Amount of undercollateriza-tion/ (overcollaterization)	**27,553**	**5,994**	**41**	**1**	**33,589**

No loss allowance was computed for loans and advances amounting to N3.52 billion for which the collateral value exceeded the amount of loan exposure.

Details of collateral pledged by customers against carrying amount of loans and advances as at December 31, 2018 are as follows:

In millions of Naira	Group		Bank	
December 31, 2018	Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate	62,080	34,925	61,010	33,697
Secured by shares of quoted companies	7,762	5,411	7,762	5,411
Cash collateral, lien over fixed and floating assets	1,031,525	942,486	1,021,103	932,157
Unsecured	915,153	74,554	831,189	-
Total Gross amount	**2,016,520**	**1,057,376**	**1,921,064**	**971,265**
ECL Allowance	(193,409)	-	(184,998)	-
Net carrying amount	**1,823,111**	**1,057,376**	**1,736,066**	**971,265**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Group

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	17,574	16,022	101	-	33,697
Equities	343	5,067	-	-	5,410
Cash Collateral, lien over fixed and floating assets	611,013	53,661	267,407	77	932,158
Grand total: Fair value of collateral	**628,930**	**74,750**	**267,508**	**77**	**971,265**
Grand total: Gross loans	**1,419,276**	**208,021**	**385,922**	**3,301**	**2,016,520**
Grand total: ECL Allowance	**156,366**	**31,999**	**4,903**	**141**	**193,409**
Grand total: Net amount	**1,262,910**	**176,022**	**381,019**	**3,160**	**1,823,111**
Grand total: Amount of undercollaterization/(overcollaterization)	**633,980**	**101,272**	**113,511**	**3,083**	**851,846**

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	11,490	5,748	-	-	17,238
Equities	-	904	-	-	904
Cash Collateral, lien over fixed and floating assets	332,884	45,544	257,600	55	636,083
Fair value of collateral	**344,374**	**52,196**	**257,600**	**55**	**654,225**
Gross loans	**916,359**	**158,264**	**373,659**	**3,168**	**1,451,450**
ECL Allowance	**11,123**	**2,623**	**2,092**	**127**	**15,965**
Net amount	**905,236**	**155,641**	**371,567**	**3,041**	**1,435,485**
Amount of undercollaterization	**560,862**	**103,445**	**113,967**	**2,986**	**781,260**

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	2,294	3,750	-	-	6,044
Equities	343	13	-	-	356
Cash Collateral, lien over fixed and floating assets	212,397	3,284	9,457	18	225,156
Fair value of collateral	**215,034**	**7,047**	**9,457**	**18**	**231,556**
Gross loans	**350,833**	**21,214**	**11,131**	**122**	**383,300**
ECL Allowance	**32,384**	**1,857**	**1,793**	**6**	**36,040**
Net amount	**318,449**	**19,357**	**9,338**	**116**	**347,260**
Amount of undercollaterization/(overcollaterization)	**103,415**	**12,310**	**(119)**	**98**	**115,704**

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	3,789	6,525	101	-	10,415
Equities	-	4,150	-	-	4,150
Cash Collateral, lien over fixed and floating assets	65,731	4,833	350	4	70,918
Fair value of collateral	**69,520**	**15,508**	**451**	**4**	**85,483**
Gross loans	**152,084**	**28,543**	**1,132**	**11**	**181,770**
ECL Allowance	**112,859**	**27,519**	**1,018**	**8**	**141,404**
Net amount	**39,225**	**1,024**	**114**	**3**	**40,366**
Amount of undercollaterization/(overcollaterization)	**(30,295)**	**(14,484)**	**(337)**	**(1)**	**(45,117)**

Bank

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	17,574	16,022	101	-	33,697
Equities	343	5,067	-	-	5,410
Cash Collateral, lien over fixed and floating assets	611,013	53,661	267,407	77	932,158
Grand total: Fair value of collateral	**628,930**	**74,750**	**267,508**	**77**	**971,265**
Grand total: Gross loans	**1,353,101**	**178,740**	**385,922**	**3,301**	**1,921,064**
Grand total: ECL Allowance	**154,678**	**25,276**	**4,903**	**141**	**184,998**
Grand total: Net amount	**1,198,423**	**153,464**	**381,019**	**3,160**	**1,736,066**
Grand total: Amount of undercollaterization	**569,493**	**78,714**	**113,511**	**3,083**	**764,801**

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	11,490	5,748	-	-	17,238
Equities	-	904	-	-	904
Cash Collateral, lien over fixed and floating assets	332,884	45,544	257,600	55	636,083
Fair value of collateral	**344,374**	**52,196**	**257,600**	**55**	**654,225**
Gross loans	**879,355**	**130,993**	**373,658**	**3,168**	**1,387,174**
ECL Allowance	**11,080**	**793**	**2,092**	**127**	**14,092**
Net amount	**868,275**	**130,200**	**371,566**	**3,041**	**1,373,082**
Amount of undercollaterization	**523,901**	**78,004**	**113,966**	**2,986**	**718,857**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	2,294	3,750	-	-	6,044
Equities	343	13	-	-	356
Cash Collateral, lien over fixed and floating assets	212,397	3,284	9,457	18	225,156
Fair value of collateral	**215,034**	**7,047**	**9,457**	**18**	**231,556**
Gross loans	**321,662**	**19,204**	**11,131**	**122**	**352,119**
ECL Allowance	**30,739**	**1,694**	**1,793**	**6**	**34,232**
Net amount	**290,923**	**17,510**	**9,338**	**116**	**317,887**
Amount of undercollaterization/(overcollaterization)	**75,889**	**10,463**	**(119)**	**98**	**86,331**

December 31, 2018	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	3,789	6,525	101	-	10,415
Equities	-	4,150	-	-	4,150
Cash Collateral, lien over fixed and floating assets	65,731	4,833	350	4	70,918
Fair value of collateral	**69,520**	**15,508**	**451**	**4**	**85,483**
Gross loans	**152,084**	**28,543**	**1,133**	**11**	**181,771**
ECL Allowance	**112,859**	**22,789**	**1,018**	**8**	**136,674**
Net amount	**39,225**	**5,754**	**115**	**3**	**45,097**
Amount of undercollaterization/(overcollaterization)	**(30,295)**	**(9,754)**	**(336)**	**(1)**	**(40,386)**

(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. And 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 December 31, 2019 and December 31, 2018 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 38 Contingent liabilities and commitments).

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 December 31, 2019 and December 31, 2018 respectively for loans and advances to customers and amounts due from banks, 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 December 31, 2019 and December 31, 2018 respectively. For this table, the Group has allocated exposures to regions based on the regions the counterparties are domiciled. Financial assets included in the table below represents other assets excluding prepayment.

In millions of Naira	Group			Bank		
December 31, 2019	Nigeria	Rest of Africa	Outside Africa	Nigeria	Rest of Africa	Outside Africa
Cash and balances with central bank	879,996	56,263	19	879,449	-	-
Treasury bills	824,119	167,274	-	822,449	-	-
Assets pledged as collateral	431,728	-	-	431,728	-	-
Due from other banks	8,134	78,025	620,944	-	-	482,070
Investment securities	203,857	101,996	285,244	189,358	-	-
Derivative instruments	92,722	-	-	92,722	-	-
Other financial assets	62,496	960	308	61,253	-	-
Total	**2,503,052**	**404,518**	**906,515**	**2,476,959**	-	**482,070**
Financial Guarantees						
Usance	79,318	-	-	79,318	-	-
Letters of credit	413,656	39,640	91,878	413,656	-	-
Performance bond and guarantees	261,495	22,980	79,447	261,495	-	-
Total	**754,469**	**62,620**	**171,325**	**754,469**	-	-

In millions of Naira	Group			Bank		
December 31, 2018	Nigeria	Rest of Africa	Outside Africa	Nigeria	Rest of Africa	Outside Africa
Cash and balances with central bank	902,107	52,299	10	902,073	-	-
Treasury bills	818,314	182,246	-	817,043	-	-
Assets pledged as collateral	592,935	-	-	592,935	-	-
Due from other banks	13,214	-	661,060	-	-	393,466
Investment securities	164,349	67,754	333,209	156,673	-	-
Derivative instruments	88,826	-	-	88,826	-	-
Other financial assets	59,754	1,343	273	58,406	-	-
Total	**2,639,499**	**303,642**	**994,552**	**2,615,956**	-	**393,466**
Financial Guarantees						
Usance	147,189	-	-	147,189	-	-
Letters of credit	356,939	-	-	321,754	-	-
Performance bond and guarantees	327,123	-	-	306,412	-	-
Total	**831,251**	**-**	**-**	**775,355**	-	-

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Gross loans and advances to customers and the Non-performing loan portion per geographical region as at December 31, 2019

*Carrying amounts presented in the table below is determined as gross loans less impairment allowances (Impairment is measured in line with IFRS9).
The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

In millions of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
	Gross loans	NPL	Impairment Allowance	Carrying amount	Gross loans	NPL	Impairment Allowance	Carrying amount
South South	201,543	1,629	3,488	198,055	201,543	1,629	3,488	198,055
South West	1,828,217	94,779	140,839	1,687,379	1,828,086	94,779	140,839	1,687,248
South East	138,681	1,338	3,556	135,125	138,681	1,338	3,556	135,125
North Central	95,005	1,423	2,837	92,168	95,005	1,423	2,837	92,168
North West	26,271	112	177	26,094	26,271	112	177	26,094
North East	101,065	176	282	100,783	101,065	176	282	100,783
Rest of Africa	47,299	6,339	2,153	45,146	-	-	-	-
Outside Africa	24,278	-	3,462	20,816	-	-	-	-
	2,462,359	**105,796**	**156,794**	**2,305,565**	**2,390,651**	**99,457**	**151,179**	**2,239,472**

Gross loans and advances and non-performing portion per geographical region as at 31 December 2018

In millions of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
	Gross loans	NPL	Impairment Allowance	Carrying amount	Gross loans	NPL	Impairment Allowance	Carrying amount
South South	113,319	1,071	3,330	109,989	113,319	1,071	3,330	109,989
South West	1,553,639	87,650	177,322	1,376,317	1,553,037	87,650	177,294	1,375,743
South East	60,715	1,263	1,466	59,249	60,715	1,263	1,466	59,249
North Central	54,483	2,158	2,161	52,322	54,483	2,158	2,161	52,322
North West	39,122	359	495	38,627	39,122	359	495	38,627
North East	100,388	129	252	100,136	100,388	129	252	100,136
Rest of Africa	66,224	7,873	6,929	59,295	-	-	-	-
Outside Africa	28,630	-	1,454	27,176	-	-	-	-
	2,016,520	**100,503**	**193,409**	**1,823,111**	**1,921,064**	**92,630**	**184,998**	**1,736,066**

(b) Industry sectors

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December, 2019

*Carrying amounts presented in the table below are determined as gross loans less impairment allowances.
The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

In millions of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
	Gross loans	NPL	Impairment Allowance	Carrying amount	Gross loans	NPL	Impairment Allowance	Carrying amount
Agriculture	162,123	383	454	161,669	161,636	383	454	161,182
Oil and gas	619,414	32,537	53,837	565,577	617,978	32,537	53,713	564,265
Consumer Credit	153,892	12,683	19,562	134,330	153,416	12,683	19,515	133,901
Manufacturing	489,526	5,353	8,917	480,609	474,411	5,064	8,199	466,212
Real estate and construction	80,922	11,943	11,732	69,190	76,195	9,795	11,520	64,675
Finance and insurance	34,542	513	3,672	30,870	14,798	513	944	13,853
Government	362,836	121	403	362,433	361,667	121	292	361,375
Power	81,785	4	32,873	48,912	81,630	-	32,872	48,757
Transportation	65,385	143	312	65,073	63,533	80	119	63,414
Communication	111,344	31,179	14,726	96,618	107,153	31,176	14,722	92,431
Education	8,854	1,193	1,021	7,833	8,802	1,193	1,020	7,782
General Commerce	291,736	9,744	9,285	282,451	269,434	5,912	7,809	261,625
	2,462,359	**105,796**	**156,794**	**2,305,565**	**2,390,651**	**99,457**	**151,179**	**2,239,472**

Gross loans and advances to customers and the non-performing loan portion per industry sector as at December 31, 2018

In millions of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
	Gross loans	NPL	Impairment Allowance	Carrying amount	Gross loans	NPL	Impairment Allowance	Carrying amount
Agriculture	115,303	1,180	1,889	113,414	115,303	1,180	1,889	113,414
Oil and gas	559,284	35,939	65,043	494,241	551,105	35,939	64,505	486,600
Consumer Credit	78,450	8,571	7,236	71,214	77,814	8,571	7,209	70,605
Manufacturing	450,020	2,164	26,132	423,888	442,778	2,114	25,487	417,291
Real estate and construction	39,504	7,841	6,122	33,382	39,506	7,841	6,124	33,382
Finance and insurance	6,307	2,642	2,875	3,432	6,307	2,641	2,875	3,432
Government	310,265	170	1,956	308,309	309,721	158	1,945	307,776
Power	85,417	51	14,247	71,170	81,610	8	14,201	67,409
Transportation	51,982	330	2,550	49,432	19,402	185	1,360	18,042
Communication	83,987	24,083	47,779	36,208	74,085	23,996	47,138	26,947
Education	36,779	7,608	5,482	31,297	5,021	171	208	4,813
General Commerce	199,222	9,924	12,098	187,124	198,412	9,826	12,057	186,355
	2,016,520	**100,503**	**193,409**	**1,823,111**	**1,921,064**	**92,630**	**184,998**	**1,736,066**

Impairment was not recognised on N509 million of the Bank's total loan exposure as a result of the collateral value applied being higher than the loan exposure.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

3.2.9 Credit quality analysis

All other financial assets are neither past due nor impaired. Loans and advances to customers of N452 billion which are neither past due nor impaired have been renegotiated (December 31, 2018: N295 billion).

Group
December 31, 2019

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

In millions of naira	Cash and balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA	936,278	991,956	431,797	707,245	527,968	92,722	64,541
BBB to BB	-	-	-	-	63,680	-	-
Gross amount	**936,278**	**991,956**	**431,797**	**707,245**	**591,648**	**92,722**	**64,541**
ECL - impairment	-	(563)	(69)	(142)	(551)	-	(777)
Carrying amount	**936,278**	**991,393**	**431,728**	**707,103**	**591,097**	**92,722**	**63,764**

In millions of Naira	Loans and Advances			
	Term loans **	Overdraft	Others	Total
12 months ECL	1,975,127	132,221	6,240	2,113,588
Lifetime ECL not credit impaired	150,551	30,172	31	180,754
Lifetime ECL credit impaired	117,847	50,155	15	168,017
Gross loans and advances	**2,243,525**	**212,548**	**6,286**	**2,462,359**
Less allowances for impairment				
12 - months ECL	27,564	2,761	103	30,428
Lifetime ECL not credit impaired	13,720	2,084	3	15,807
Lifetime ECL credit impaired	81,062	29,484	13	110,559
Total allowances for impairment	**122,346**	**34,329**	**119**	**156,794**
Net loans and advances	**2,121,179**	**178,219**	**6,167**	**2,305,565**

**** This includes on-lending facilities.**

In millions of Naira	Loans and Advances			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	510,098	20,454	6,095	536,647
AA	716,791	5,178	-	721,969
AAA	385,478	-	14	385,492
B	19,735	4,544	8	24,287
BB	284,193	136,540	93,478	514,211
BBB	96,455	12,971	2,206	111,632
C	-	-	52	52
CC	-	1	190	191
CCC	-	-	1,281	1,281
D	47	-	49,282	49,329
UNRATED	100,791	1,066	15,411	117,268
Gross amount	**2,113,588**	**180,754**	**168,017**	**2,462,359**
ECL-Impairment	(30,429)	(15,806)	(110,559)	(156,794)
Carrying amount	**2,083,159**	**164,948**	**57,458**	**2,305,565**

In millions of Naira	Term loan			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	438,779	7,157	2,270	448,206
AA	698,710	4,857	-	703,567
AAA	376,835	-	-	376,835
B	19,735	3,001	-	22,736
BB	284,193	120,642	71,938	476,773
BBB	74,389	12,545	1,395	88,329
CC	-	1	2	3
CCC	-	-	843	843
D	-	-	35,833	35,833
UNRATED	82,935	807	5,566	89,308
Gross amount	**1,975,576**	**149,010**	**117,847**	**2,242,433**
ECL-Impairment	(27,564)	(13,376)	(81,062)	(122,002)
Carrying amount	**1,948,012**	**135,634**	**36,785**	**2,120,431**

In millions of Naira	Overdraft			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	67,448	13,267	3,815	84,530
AA	16,089	322	-	16,411
AAA	8,643	-	14	8,657
B	-	1,543	8	1,551
BB	-	15,900	21,540	37,440
BBB	21,717	426	811	22,954
C	-	-	52	52
CC	-	-	188	188
CCC	-	-	438	438
D	48	-	13,450	13,498
UNRATED	17,832	257	9,840	27,929
Gross amount	**131,777**	**31,715**	**50,156**	**213,648**
ECL-Impairment	(2,761)	(2,427)	(29,484)	(34,672)
Carrying amount	**129,016**	**29,288**	**20,672**	**178,976**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	Others			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	3,870	29	10	3,909
AA	1,991	-	-	1,991
BBB	349	-	-	349
UNRATED	31	2	4	37
Gross amount	**6,241**	**31**	**14**	**6,286**
ECL-Impairment	(103)	(3)	(13)	(119)
Carrying amount	**6,138**	**28**	**1**	**6,167**

Bank
December 31, 2019

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

In millions of naira	Cash and balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA	879,449	822,466	431,797	482,212	126,216	92,722	61,973
BBB to BB	-	-	-	-	63,680	-	-
Gross amount	**879,449**	**822,466**	**431,797**	**482,212**	**189,896**	**92,722**	**61,973**
ECL - impairment	-	(17)	(69)	(142)	(538)	-	(720)
Carrying amount	**879,449**	**822,449**	**431,728**	**482,070**	**189,358**	**92,722**	**61,253**

In millions of Naira	Loans and Advances			
	Term loans**	Overdraft	Others	Total
12 months ECL	1,927,142	119,541	6,235	2,052,918
Lifetime ECL not credit impaired	145,943	30,080	31	176,054
Lifetime ECL credit impaired	117,265	44,399	15	161,679
Gross loans and advances	**2,190,350**	**194,020**	**6,281**	**2,390,651**
Less allowances for impairment				
12 - months ECL	24,668	2,372	100	27,140
Lifetime ECL not credit impaired	12,269	2,005	3	14,277
Lifetime ECL credit impaired	81,050	28,697	15	109,762
Total allowances for impairment	**117,987**	**33,074**	**118**	**151,179**
Net loans and advances	**2,072,363**	**160,946**	**6,163**	**2,239,472**

** This includes on-lending facilities.

In millions of Naira	Loans and Advances			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	510,097	20,454	6,095	536,646
AA	716,704	5,178	-	721,882
AAA	385,478	-	14	385,492
B	-	-	8	8
BB	284,193	136,542	93,479	514,214
BBB	93,144	12,971	2,206	108,321
C	-	-	52	52
CC	-	-	188	188
CCC	-	-	1,281	1,281
D	48	-	49,284	49,332
UNRATED	63,254	909	9,072	73,235
Gross amount	**2,052,918**	**176,054**	**161,679**	**2,390,651**
ECL-Impairment	(27,143)	(14,276)	(109,760)	(151,179)
Carrying amount	**2,025,775**	**161,778**	**51,919**	**2,239,472**

In millions of Naira	Term loan			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	438,779	7,157	2,270	448,206
AA	698,623	4,857	-	703,480
AAA	376,835	-	-	376,835
BB	284,193	120,642	71,938	476,773
BBB	72,119	12,545	1,396	86,060
CCC	-	-	843	843
D	-	-	35,834	35,834
UNRATED	56,593	742	4,984	62,319
Gross amount	**1,927,142**	**145,943**	**117,265**	**2,190,350**
ECL-Impairment	(24,668)	(12,269)	(81,050)	(117,987)
Carrying amount	**1,902,474**	**133,674**	**36,215**	**2,072,363**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	Overdraft			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	67,448	13,267	3,815	84,530
AA	16,089	322	-	16,411
AAA	8,643	-	14	8,657
B	-	-	8	8
BB	-	15,900	21,540	37,440
BBB	20,676	426	811	21,913
C	-	-	52	52
CC	-	-	188	188
CCC	-	-	438	438
D	48	-	13,450	13,498
UNRATED	6,636	165	4,084	10,885
Gross amount	**119,540**	**30,080**	**44,400**	**194,020**
ECL-Impairment	(2,372)	(2,005)	(28,697)	(33,074)
Carrying amount	**117,168**	**28,075**	**15,703**	**160,946**

In millions of Naira	Others			
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
A	3,871	29	11	3,911
AA	1,991	-	-	1,991
BBB	349	-	-	349
UNRATED	24	2	4	30
Gross amount	**6,235**	**31**	**15**	**6,281**
ECL-Impairment	(103)	(3)	(13)	(119)
Carrying amount	**6,132**	**28**	**2**	**6,162**

Group
December 31, 2018

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

In millions of naira	Cash and balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA	954,416	1,000,632	593,061	676,243	518,124	88,826	62,080
BBB to BB	-	-	-	-	49,760	-	-
Gross amount	**954,416**	**1,000,632**	**593,061**	**676,243**	**567,884**	**88,826**	**62,080**
ECL - impairment	-	(72)	(126)	(1,969)	(2,572)	-	(710)
Carrying amount	**954,416**	**1,000,560**	**592,935**	**674,274**	**565,312**	**88,826**	**61,370**

In millions of Naira	Loans and Advances			
	Term loans	Overdraft	Others	Total
12 months ECL	916,359	158,264	376,827	1,451,450
Lifetime ECL not credit impaired	350,833	21,214	11,253	383,300
Lifetime ECL credit impaired	152,084	28,543	1,143	181,770
Gross loans and advances	**1,419,276**	**208,021**	**389,223**	**2,016,520**
Less allowances for impairment				
12 - months ECL	11,123	2,623	2,220	15,966
Lifetime ECL not credit impaired	32,383	1,857	1,800	36,040
Lifetime ECL credit impaired	112,859	27,519	1,025	141,403
Total allowances for impairment	**156,365**	**31,999**	**5,045**	**193,409**
Net loans and advances	**1,262,911**	**176,022**	**384,178**	**1,823,111**

Bank
December 31, 2018

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

In millions of naira	Cash and balances with central bank	Treasury bills	Assets pledged as collateral	Due from other banks	Investment securities	Derivative instruments	Other financial assets
AAA	902,073	817,115	593,061	394,397	107,478	88,826	59,104
BBB to BB	-	-	-	-	49,760	-	-
Gross amount	**902,073**	**817,115**	**593,061**	**394,397**	**157,238**	**88,826**	**59,104**
ECL - impairment	-	(72)	(126)	(931)	(565)	-	(698)
Carrying amount	**902,073**	**817,043**	**592,935**	**393,466**	**156,673**	**88,826**	**58,406**

In millions of Naira	Loans and Advances			
12 months ECL	879,355	130,993	376,826	1,387,174
Lifetime ECL not credit impaired	321,662	19,204	11,254	352,120
Lifetime ECL credit impaired	152,084	28,543	1,143	181,770
Gross loans and advances	**1,353,101**	**178,740**	**389,223**	**1,921,064**
Less allowances for impairment				
12 - months ECL	11,080	793	2,220	14,093
Lifetime ECL not credit impaired	30,739	1,694	1,800	34,233
Lifetime ECL credit impaired	112,859	22,789	1,024	136,672
Total allowances for impairment	**154,678**	**25,276**	**5,044**	**184,998**
Net loans and advances	**1,198,423**	**153,464**	**384,179**	**1,736,066**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

	Group	Bank
At December 31, 2019	**Loans and advances to customers**	**Loans and advances to customers**
AAA	385,492	385,492
AA to A	1,258,613	1,258,528
BBB to BB	650,133	622,543
Below B	50,853	50,853
Unrated	117,268	73,235
	2,462,359	**2,390,651**

	Group	Bank
At December 31, 2018	**Loans and advances to customers**	**Loans and advances to customers**
AAA	787,799	787,799
AA to A	340,500	340,500
BBB to BB	620,051	620,051
Below B	172,714	172,714
Unrated	63,728	-
B-	31,728	-
	2,016,520	**1,921,064**

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

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 bi-annually.

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 to determine the lifetime ECLs. 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

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

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 remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone 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.

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 decrease in risk of default is reflected in the obligor's Risk Rating which is a critical input for Staging.

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The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews (annually) 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.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

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 Group Audit 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
- 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 (see note 3.2.8), 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 its non-performing loans.

Some of the macroeconomic variables considered include Crude Oil price, Foreign Exchange rate, GDP growth rate, Inflation rate. However from the statistical analysis of the various macroeconomic variables, the result infers that the key drivers for its portfolios are inflation rate and foreign exchange rate.

The economic scenarios used as at December 31, 2019 included the following key indicators for Nigeria for the years ending 31 December 2019 to 2020.

	2020	2021
Foreign exchange rate	Base Base 362.26 Upside 366.03 Downside 398.49	Base 362.26 Upside 326.03 Downside 398.49
Inflation rate forecast	Base 11.73 Upside 10.56 Downside 12.91	Base 11.73 Upside 10.23 Downside 12.50

Predicted relationships between the key indicators and default and loss rates on the Bank's portfolio has been developed by analysing historical data over the past 5 years.

3.2.17 Measurement of ECL

The key inputs into the measurement of ECL 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. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. 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

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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.

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.

However, 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 gradings
- 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 2019 represent allowance account for credit losses and reflect measurement basis under IFRS 9.

Group

	December 31, 2019				December 31, 2018			
In millions of Naira	**12-month ECL**	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Treasury bills at amortised cost								
Balance at 1 January	72	-	-	72	1,305	-	-	1,305
Net remeasurement of loss allowances (see note 8)	(35)	-	-	(35)	(1,243)	-	-	(1,243)
Transfers from assets pledged as collateral	-	-	-	-				
Foreign exchange and other movements	526	-	-	526	10	-	-	10
Closing balance	**563**			**563**	**72**			**72**
Gross amount	**283,845**			**283,845**	**490,319**			**490,319**

In millions of Naira	12-month ECL (December 31, 2019)	Lifetime ECL not credit impaired (December 31, 2019)	Lifetime ECL credit impaired (December 31, 2019)	Total (December 31, 2019)	12-month ECL (December 31, 2018)	Lifetime ECL not credit-impaired (December 31, 2018)	Lifetime ECL credit-impaired (December 31, 2018)	Total (December 31, 2018)
Off balance sheet exposure								
Balance at 1 January	8,011	-	-	8,011	2,526	-	-	2,526
Net remeasurement of loss allowances (see note 8)	(2,473)	-	-	(2,473)	5,337	-	-	5,337
Write-offs	-	-	-		148			148
Closing balance	**5,538**	**-**	**-**	**5,538**	**8,011**			**8,011**
Gross amount	**988,414**			**988,414**	**831,251**			**831,251**

In millions of Naira	12-month ECL (December 31, 2019)	Lifetime ECL not credit impaired (December 31, 2019)	Lifetime ECL credit impaired (December 31, 2019)	Total (December 31, 2019)	12-month ECL (December 31, 2018)	Lifetime ECL not credit-impaired (December 31, 2018)	Lifetime ECL credit-impaired (December 31, 2018)	Total (December 31, 2018)
Assets pledged as collateral at ammortised cost								
Balance at 1 January	126	-	-	126	1,202	-	-	1,202
Net remeasurement of loss allowances (see note 8)	(57)	-	-	(57)	(1,076)	-	-	(1,076)
Closing balance	**69**	**-**	**-**	**69**	**126**			**126**
Gross amount	**316,276**			**316,276**	**593,061**			**593,061**

In millions of Naira	12-month ECL (December 31, 2019)	Lifetime ECL not credit impaired (December 31, 2019)	Lifetime ECL credit impaired (December 31, 2019)	Total (December 31, 2019)	12-month ECL (December 31, 2018)	Lifetime ECL not credit-impaired (December 31, 2018)	Lifetime ECL credit-impaired (December 31, 2018)	Total (December 31, 2018)
Loans and advances to customers at amortised cost								
Balance at 1 January	15,965	36,040	141,403	193,408	64,620	35,586	152,967	253,174
- Transfer to 12-month ECL	5,235	(4,855)	(380)	-	382	(248)	(134)	-
- Transfer to lifetime ECL not credit-impaired	(7,486)	7,564	(78)	-	(22,215)	22,913	(698)	-
- Transfer to lifetime ECL credit-impaired	(2,078)	(36,022)	38,100	-	(42,298)	(46,836)	89,134	-
Net remeasurement of loss allowances (see note8)	5,380	12,658	(4,455)	13,583	14,074	22,890	(27,128)	9,836
New financial assets originated or purchased	12,605	698	868	14,171	1,550	1,540	377	3,467
Write-offs and recoveries	-	-	(60,971)	(60,971)	-	-	(73,962)	(73,962)
Foreign exchange and other movements	807	(277)	(3,928)	(3,398)	(148)	195	847	894
Closing balance	**30,428**	**15,806**	**110,559**	**156,794**	**15,965**	**36,040**	**141,403**	**193,409**
Gross amount	**2,113,588**	**180,754**	**168,017**	**2,462,359**	**1,451,450**	**383,300**	**181,770**	**2,016,520**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

	December 31, 2019				December 31, 2018			
In millions of Naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	12-month ECL	LifetimeECL not credit-impaired	Lifetime ECL credit-impaired	Total
Investment securities at amortised cost								
Balance at 1 January	2,572	-	-	2,572	1,773	-	-	1,773
Net remeasurement of loss allowances (see note 8)	(27)	-	-	(27)	(430)	-	-	(430)
Write-offs	-				1,229			1,229
Foreign exchange and other movements	(1,994)			(1,994)				
Closing balance	**551**	**-**	**-**	**551**	**2,572**	**-**	**-**	**2,572**
Gross amount	**234,857**			**234,857**	**513,154**			**513,154**

	December 31, 2019	December 31, 2018
In millions of Naira	Lifetime ECL	Lifetime ECL
Other financial assets		
Balance at 1 January	710	4,831
Net remeasurement of loss allowances (see note 8) Financial assets that have been derecognised	36	395
Write-offs	-	(4,516)
Foreign exchange and other movements	31	-
Closing balance	**777**	**710**
Gross amount	**64,541**	**62,080**

	December 31, 2019				December 31, 2018			
In millions of Naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	12-month ECL	LifetimeECL not credit-impaired	Lifetime ECL credit-impaired	Total
Due from other banks								
Balance at 1 January	1,969	-	-	1,969	-	-	-	-
Net remeasurement of loss allowances (see note 8)	(789)	-	-	(789)	1,938	-	-	1,938
Financial assets that have been derecognised								
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other movements	(1,038)	-	-	(1,038)	31	-	-	31
Closing balance	**142**	-	-	**142**	**1,969**	-	-	**1,969**
Gross amount	**707,245**	-	-	**707,245**	**676,243**	-	-	**676,243**

Bank

In millions of Naira	December 31, 2019 12-month ECL	December 31, 2019 Lifetime ECL not credit impaired	December 31, 2019 Lifetime ECL credit impaired	December 31, 2019 Total	December 31, 2018 12-month ECL	December 31, 2018 LifetimeECL not credit-impaired	December 31, 2018 Lifetime ECL credit-impaired	December 31, 2018 Total
Treasury bills at ammortised cost								
Balance at 1 January	72	-	-	72	1,186	-	-	1,186
Net remeasurement of loss allowances (see note 8)	(55)	-	-	(55)	(1,114)	-	-	(1,114)
Transfers from assets pledged as collateral	-	-						
	-	-	-	-				
Closing balance	**17**	-	-	**17**	**72**	**-**	**-**	**72**
Gross amount	**114,352**			**114,352**	**306,802**			**306,802**

In millions of Naira	December 31, 2019 12-month ECL	December 31, 2019 Lifetime ECL not credit impaired	December 31, 2019 Lifetime ECL credit impaired	December 31, 2019 Total	December 31, 2018 12-month ECL	December 31, 2018 Lifetime ECL not credit-impaired	December 31, 2018 Lifetime ECL credit-impaired	December 31, 2018 Total
Off balance sheet exposure								
Balance at 1 January	8,011	-	-	8,011	1,571	-	-	1,571
Net remeasurement of loss allowances (see note 8)	(2,473)	-	-	(2,473)	6,441	-	-	6,441
	-	-	-	-				
Closing balance	**5,538**	-	-	**5,538**	**8,011**	**-**	**-**	**8,011**
Gross amount	**754,469**			**754,469**	**775,355**			**775,355**

In millions of Naira	December 31, 2019 12-month ECL	December 31, 2019 Lifetime ECL not credit impaired	December 31, 2019 Lifetime ECL credit impaired	December 31, 2019 Total	December 31, 2018 12-month ECL	December 31, 2018 Lifetime ECL not credit-impaired	December 31, 2018 Lifetime ECL credit-impaired	December 31, 2018 Total
Assets pledged as collateral at ammortised cost								
Balance at 1 January	126	-	-	126	1,202	-	-	1,202
Net remeasurement of loss allowances (see note 8)	(57)	-	-	(57)	(1,076)	-	-	(1,076)
Closing balance	**69**	-	-	**69**	**126**	**-**	**-**	**126**
Gross amount	**316,276**			**316,276**	**593,061**			**593,061**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	December 31, 2019 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	December 31, 2018 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and advances to customers at amortised cost								
Balance at 1 January	14,092	34,233	136,673	184,998	60,761	33,245	141,832	235,838
- Transfer to 12-month ECL	5,236	(4,856)	(380)	-	382	(248)	(134)	-
- Transfer to lifetime ECL not credit-impaired	(7,486)	7,564	(78)	-	(22,215)	22,913	(698)	-
- Transfer to lifetime ECL credit-impaired	(2,078)	(36,021)	38,100	-	(42,298)	(46,836)	89,134	-
Net remeasurement of loss allowances (see note8)	4,774	12,658	(4,455)	12,977	15,912	23,619	(33,602)	5,929
New financial assets originated or purchased	12,605	698	868	14,171	1,550	1,540	377	3,467
Write-offs	-	-	(60,967)	(60,967)	-	-	(60,236)	(60,236)
Foreign exchange and other movements	-	-	-	-				
Closing balance	**27,143**	**14,276**	**109,760**	**151,179**	**14,092**	**34,233**	**136,673**	**184,998**
Gross amount	**2,052,919**	**176,053**	**161,679**	**2,390,651**	**1,387,174**	**352,119**	**181,770**	**1,921,064**

In millions of Naira	December 31, 2019 Lifetime ECL	December 31, 2018 Lifetime ECL
Other financial assets		
Balance at 1 January	698	4,832
Net remeasurement of loss allowances (see note 8)	22	383
	–	
Write-offs	-	(4,517)
Closing balance	**720**	**698**
Gross amount	**61,973**	**59,104**

In millions of Naira	December 31, 2019 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	December 31, 2018 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Due from other Banks								
Balance at 1 January	931	-	-	931	-	-	-	-
Net remeasurement of loss allowances (see note 8)	(789)	-	-	(789)	931	-	-	931
Closing balance	**142**	-	-	**142**	**931**	**-**	**-**	**931**
Gross amount	**482,212**	-	-	**482,212**	**394,397**	**-**	**-**	**394,397**

In millions of Naira	December 31, 2019 12-month ECL	December 31, 2019 Lifetime ECL not credit impaired	December 31, 2019 Lifetime ECL credit impaired	December 31, 2019 Total	December 31, 2018 12-month ECL	December 31, 2018 Lifetime ECL not credit-impaired	December 31, 2018 Lifetime ECL credit-impaired	December 31, 2018 Total
Investment securities at amortised cost								
Balance at 1 January	565	-	-	565	358	-	-	358
Net remeasurement of loss allowances (see note 8)	(27)	-	-	(27)	207	-	-	207
Financial assets that have been derecognised	-	-	-	-	-	-		-
Closing balance	**538**	-	-	**538**	**565**	**-**	**-**	**565**
Gross amount	**113,959**	-	-	**113,959**	**102,508**	**-**	**-**	**102,508**

(a) Expected Credit Loss Migration Matrix

In millions of Naira		Stage as at December 31, 2019 12-month ECL	Stage as at December 31, 2019 Lifetime ECL not credit-impaired	Stage as at December 31, 2019 Lifetime ECL credit-impaired
Stage as at 1 January 2019	12- months ECL	9,302	7,486	2,078
	Lifetime ECL not credit-impaired	4,855	6,014	36,021
	Lifetime ECL credit-impaired	380	78	70,792
	Gross	**14,537**	**13,578**	**108,891**

(b) Summary of migrations December 31, 2019

12 month ECL (migration from lifetime ECL not credit impaired and lifetime ECL credit-impaired)	5,235
Lifetime ECL not credit-impaired (migration from 12 months ECL and lifeteime ECL credit-impaired)	7,564
Lifetime ECL credit impaired (migration from 12 months ECL and lifetime ECL not credit-impaired)	38,099

In millions of Naira		Stage as at December 31, 2018 12-month ECL	Stage as at December 31, 2018 Lifetime ECL not credit-impaired	Stage as at December 31, 2018 Lifetime ECL credit-impaired
Stage as at 1 January 2018	12- months ECL	12,160	22,215	42,299
	Lifetime ECL not credit-impaired	248	9,780	46,836
	Lifetime ECL credit-impaired	134	698	47,162
	Gross	**12,542**	**32,693**	**136,297**

(b) Summary of migrations December 31, 2018

12 month ECL (migration from lifetime ECL not credit impaired and lifetime ECL credit-impaired)	382
Lifetime ECL not credit-impaired (migration from 12 months ECL and lifeteime ECL credit-impaired)	22,913
Lifetime ECL credit impaired (migration from 12 months ECL and lifetime ECL not credit-impaired)	89,135

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Summary of loss allowance by class of financial instruments also showing ECL coverage ratio as at December 31, 2019.

Group

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial Statement Items In millions of Naira									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	316,276	-	-	316,276	69	-	-	69	0.02	-	-	0.02
Treasury bills	283,845	-	-	283,845	563	-	-	563	0.20	-	-	0.20
Loans and advances to customers at amortised cost	2,113,588	180,754	168,017	2,462,359	30,429	15,806	110,559	156,794	1.44	8.74	65.80	6.37
Debt investment securities at amortised cost	234,857	-	-	234,857	551	-	-	551	0.23	-	-	0.23
Other financial assets measured at amortised cost	64,541	-	-	64,541	777	-	-	777	1.20	-	-	1.20
Due from other Banks	707,245			707,245	142	-	-	142	0.02	-	-	0.02
Subtotal	3,013,107	180,754	168,017	3,361,878	32,389	15,806	110,559	158,754	3.09	8.74	65.80	4.89
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	545,174	-	-	545,174	3,528	-	-	3,528	0.65	-	-	0.65
Usance Financial guarantee and similar contracts	79,318	-	-	79,318	677	-	-	677	0.85	-	-	0.85
Performance bonds and guarantees	363,922	-	-	363,922	923	-	-	923	0.25	-	.-	0.25
Undrawn overdraft balance	96,911	-	-	96,911	410	-	-	410	0.42	-	-	0.42
Subtotal	1,085,325	-	-	1,085,325	5,538	-	-	5,538	2.17	-	-	0.51
Total	**4,098,432**	**180,754**	**168,017**	**4,447,203**	**37,927**	**15,806**	**110,559**	**164,292**	**0.93**	**8.74**	**65.80**	**3.69**

Bank

Financial Statement Items In millions of Naira	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
									%	%	%	%
On-balance sheet items												
Assets pledged as collateral	316,276	-	-	316,276	69	-	-	69	0.02	-	-	0.02
Treasury bills	114,352	-	-	114,352	17	-	-	17	0.01	-	-	0.01
Loans and advances to customers at amortised cost	2,052,919	176,054	161,679	2,390,652	27,143	14,276	109,760	151,179	1.32	8.11	67.89	6.32
Debt investment securities at amortised cost	113,959	-	-	113,959	538	-	-	538	0.47	-	-	0.47
Other financial assets measured at amortised cost	61,973	-	-	61,973	720	-	-	720	1.18	-	-	1.18
Due from other Banks	482,212	-	-	482,212	142	-	-	142	0.03	-	-	0.03
Subtotal	2,659,479	176,054	161,679	2,997,212	28,487	14,276	109,760	152,523	3.00	8.11	67.89	5.09
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	413,656	-	-	413,656	3,528	-	-	3,528	0.85	-	-	0.85
Usance Financial guarantee and similar contracts	79,318	-	-	79,318	677	-	-	677	0.42	-	-	0.85
Performance bonds and guarantees	261,495	-	-	261,495	923	-	-	923	0.35	-	. -	0.35
Undrawn overdraft balance	96,911	-	-	96,911	410	-	-	410	0.42	-	-	0.42
Subtotal	851,380	-	-	851,380	5,538	-	-	5,538	2.04	-	-	0.65
Total	**3,510,859**	**176,054**	**161,679**	**3,848,592**	**34,025**	**14,276**	**109,760**	**158,061**	**0.97**	**8.11**	**67.89**	**4.11**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Summary of loss allowance by class of financial instruments also showing ECL coverage ratio as at December 31, 2018.

Group

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial Statement Items									%	%	%	%
In millions of Naira												
On-balance sheet items												
Assets pledged as collateral	593,061	-	-	593,061	126	-	-	126	0.02	-	-	0.02
Treasury bills	490,319	-	-	490,319	72	-	-	72	0.01	-	-	0.01
Loans and advances to customers at amortised cost	1,451,450	383,300	181,770	2,016,520	15,965	36,040	141,403	193,408	1.10	9.40	77.79	9.59
Debt investment securities at amortised cost	513,154	-	-	513,154	2,572	-	-	2,572	0.50	-	-	0.50
Debt investment securities at FVOCI	49,760	-	-	49,760	-	-	-	-	-	-	-	-
Other financial assets measured at amortised cost	62,080	-	-	62,080	710	-	-	710	1.14	-	-	1.14
Due from other Banks	676,243			676,243	1,969	-	-	1,969	0.29	-	-	0.29
Subtotal	3,836,067	383,300	181,770	4,401,137	21,414	36,040	141,403	198,857	0.56	9.40	77.79	4.52
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	356,939	-	-	356,939	5,312	-	-	5,312	1.49	-	-	1.49
Usance Financial guarantee and similar contracts	147,189	-	-	147,189	1,940	-	-	1,940	1.32	-	-	1.32
Performance bonds and guarantees	327,123	-	-	327,123	759	-	-	759	0.23	-	.-	0.23
Subtotal	831,251	-	-	831,251	8,011	-	-	8,011	0.96	-	-	0.96
Total	**4,667,318**	**383,300**	**181,770**	**5,232,388**	**29,425**	**36,040**	**141,403**	**206,868**	**0.63**	**9.40**	**77.79**	**3.95**

Bank

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial Statement Items									%	%	%	%
In millions of Naira												
On-balance sheet items												
Assets pledged as collateral	593,061	-	-	593,061	126	-	-	126	0.02	-	-	0.02
Treasury bills	306,802	-	-	306,802	72	-	-	72	0.02	-	-	0.02
Loans and advances to customers at amortised cost	1,387,174	352,119	181,770	1,921,064	14,092	34,233	136,673	184,998	1.02	9.72	75.19	9.63
Debt investment securities at amortised cost	102,508	-	-	102,508	565	-	-	565	0.55	-	-	0.55
Debt investment securities at FVOCI	49,760	-	-	49,760	-	-	-	-	-	-	-	-
Other financial assets measured at amortised cost	59,104	-	-	59,104	698	-	-	698	1.18	-	-	1.18
Other non-financial assets	18,064	-	-	18,064	560	-	-	560	3.10	-	-	3.10
Due from other Banks	394,397	-	-	394,397	931	-	-	931	0.24	-	-	0.24
Subtotal	2,910,870	352,119	181,770	3,444,760	17,044	34,233	136,673	187,950	6.13	9.72	75.19	5.46
Off-balance sheet items												
Loans and other credit related commitments												
Letters of credit	321,754	-	-	321,754	5,311	-	-	5,311	1.65	-	-	1.65
Usance	147,189	-	-	147,189	1,941	-	-	1,941	1.32	-	-	1.32
Performance bonds and guarantees	306,412	-	-	306,412	759	-	-	759	0.24	-	.-	0.25
Subtotal	775,355	-	-	775,355	8,011	-	-	8,011	1.03	-	-	1.03
Total	**3,686,225**	**352,119**	**181,770**	**4,220,115**	**25,055**	**34,233**	**136,673**	**195,961**	**0.68**	**9.72**	**75.19**	**4.64**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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 are 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:

(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.

Group

In millions of Naira	Note	At December 31, 2019 Carrying Amount	Trading	Non-trading	At December 31, 2018 Carrying Amount	Trading	Non-trading
Assets							
Cash and balances with central bank	15	936,278	-	936,278	954,416	-	954,416
Treasury bills	16	991,393	708,114	283,279	1,000,560	510,313	490,247
Assets pledged as collateral	17	431,728	115,520	316,208	592,935	184,812	408,123
Due from other banks	18	707,103	-	707,103	674,274	-	674,274
Derivative assets	19	92,722	92,722	-	88,826	88,826	-
Loans and advances	20	2,305,565	-	2,305,565	1,823,111	-	1,823,111
Investment securities	21	591,097	12,257	578,840	565,312	4,970	560,342
Other financial assets	24	63,764	-	63,764	61,370	-	61,370
Liabilities							
Customer deposits	27	4,262,289	-	4,262,289	3,690,295	-	3,690,295
Derivative liabilities	32	14,762	14,762	-	16,995	16,995	-
Other financial liabilities	28	330,552	-	363,764	190,408	-	190,408
On-lending facilities	29	392,871	-	392,871	393,295	-	393,295
Borrowings	30	322,479	-	322,479	437,260	-	437,260
Debt securities issued	31	39,092	-	39,092	361,177	-	361,177

Bank

In millions of Naira	Note	At December 31, 2019 Carrying Amount	Trading	Non-trading	At December 31, 2018 Carrying Amount	Trading	Non-trading
Assets							
Cash and balances with central bank	15	879,449	-	879,449	902,073	-	902,073
Treasury bills	16	822,449	708,114	114,335	817,043	510,313	306,730
Assets pledged as collateral	17	431,728	115,520	316,208	592,935	184,812	408,123
Due from other banks	18	482,070	-	482,070	393,466	-	393,466
Derivative assets	19	92,722	92,722	-	88,826	88,826	-
Loans and advances	20	2,239,472	-	2,239,472	1,736,066	-	1,736,066
Investment securities	21	189,358	12,257	177,101	156,673	4,970	151,703
Other financial assets	24	61,253	-	61,253	58,406	-	58,406
Liabilities							
Customer deposits	27	3,486,887	-	3,486,887	2,821,066	-	2,821,066
Derivative liabilities	32	14,762	14,762	-	16,995	16,995	-
Other financial liabilities	28	380,798	-	386,061	212,006	-	212,006
On-lending facilities	29	392,871	-	392,871	393,295	-	393,295
Borrowings	30	329,778	-	329,778	458,463	-	458,463
Debt securities issued	31	39,092	-	39,092	361,177	-	361,177

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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. The Group uses the average interbank exchange rate for each foreign currency to value assets and liabilities denominated in foreign currencies.

Group

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 31 December, 2019 and 31 December, 2018. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

In millions of Naira

At December 31, 2019	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central bank	845,021	35,289	8,310	3,875	43,784	936,278
Treasury bills	872,564	-	-	-	118,829	991,393
Assets pledged as collateral	431,728	-	-	-	-	431,728
Due from other banks	32,376	595,047	3,298	39,344	37,038	707,103
Derivative assets	74,855	-	17,868	-	-	92,723
Loans and advances to customers	1,275,254	966,764	8,678	14,626	40,244	2,305,565
Investment securities	323,972	222,712	33,192	11,223	-	591,099
Other financial assets	21,090	189	43,261	-	-	64,541
	3,876,861	**1,820,001**	**114,607**	**69,068**	**239,894**	**6,120,430**
Liabilities						
Customer deposits	3,095,031	816,091	98,892	27,912	224,363	4,262,289
Derivative liabilities	14,762	-	-	-	-	14,762
Other financial liabilities	317,679	-	1,812	209	25	319,725
On-lending facilities	392,871	-	-	-	-	392,871
Borrowings	-	297,556	7,104	16,439	1,380	322,479
Debt securities issued	-	39,092	-	-	-	39,092
	3,820,343	**1,152,739**	**107,807**	**44,560**	**225,768**	**5,351,218**
	56,518	**667,262**	**6,800**	**24,508**	**14,126**	**769,212**

In millions of Naira

At December 31, 2018	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central bank	436,185	469,608	6,049	4,838	37,736	954,416
Treasury bills	930,701	1,957	-	-	67,902	1,000,560
Assets pledged as collateral	592,935	-	-	-	-	592,935
Due from other banks	54,201	497,803	34,100	52,825	35,346	674,274
Derivative assets	88,826	-	-	-	-	88,826
Loans and advances to customers (gross)	926,163	830,868	1,006	16,217	48,857	1,823,111
Investment securities	176,771	320,897	-	1,283	66,360	565,312
Other financial assets	7,006	10,892	25,618	-	17,854	61,370
	3,212,788	**2,132,025**	**66,773**	**75,163**	**274,055**	**5,760,804**
Liabilities						
Customer deposits	2,100,306	1,203,619	63,148	43,868	279,354	3,690,295
Derivative liabilities	16,995	-	-	-	-	16,995
Other financial liabilities	59,284	121,994	-	3,390	5,740	190,407
On-lending facilities	393,295	-	-	-	-	393,295
Borrowings	-	437,260	-	-	-	437,260
Debt securities issued	-	361,177	-	-	-	361,177
	2,569,880	**2,124,050**	**63,148**	**47,258**	**285,094**	**5,089,429**
Net Exposure	**642,908**	**7,975**	**3,625**	**27,905**	**(11,039)**	**671,374**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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% and 9% (December 31, 2018: 15% and 30%, with all other variables held constant.

	31-Dec-19	31-Dec-18
US Dollar effect of 6% (31 December 2018: 15%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	2,651	5,891
US Dollar effect of 9% (31 December 2018: 30%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	5,303	11,782

Bank

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at December 31, 2019 and December 31, 2018. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

In millions of Naira

At December 31, 2019	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central bank	840,032	30,886	7,102	1,429	-	879,449
Treasury bills	822,449	-	-	-	-	822,449
Assets pledged as collateral	431,728	-	-	-	-	431,728
Due from other banks	28,644	422,556	3,560	26,379	932	482,070
Derivative assets	92,722	-	-	-	-	92,722
Loans and advances to customers	1,274,050	950,570	82	14,486	283	2,239,472
Investment securities	184,565	4,794	-	-	-	189,359
Other financial assets	61,253	-	-	-	-	61,253
	3,735,443	**1,408,806**	**10,744**	**42,294**	**1,215**	**5,198,502**
Liabilities						
Customer deposits	2,401,854	1,056,876	10,045	17,564	548	3,486,887
Derivative liabilities	14,762	-	-	-	-	14,762
Other financial liabilities	369,971	-	-	-	-	369,971
On-lending facilities	392,871	-	-	-	-	392,871
Borrowings	-	329,778	-	-	-	329,778
Debt securities issued	-	39,092	-	-	-	39,092
	3,179,458	**1,425,746**	**10,045**	**17,564**	**548**	**4,633,361**
Net Exposure	**555,985**	**(16,940)**	**699**	**24,730**	**667**	**565,141**

In millions of Naira

At December 31, 2018	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central bank	435,137	459,300	5,389	2,247	-	902,073
Treasury bills	815,086	1,957	-	-	-	817,043
Assets pledged as collateral	592,935	-	-	-	-	592,935
Due from other banks	29,211	339,070	4,760	16,818	3,607	393,466
Derivative assets	88,826	-	-	-	-	88,826
Loans and advances to customers (gross)	932,004	788,477	147	15,416	22	1,736,066
Investment securities	154,806	1,867	-	-	-	156,673
Other financial assets	54,047	3,940	418	-	-	58,406
	3,102,052	**1,594,611**	**10,714**	**34,481**	**3,629**	**4,745,488**
Liabilities						
Customer deposits	2,084,773	703,545	10,634	20,518	1,596	2,821,066
Derivative liabilities	16,995	-	-	-	-	16,995
Other financial liabilities	105,202	91,400	-	13,390	2,014	212,006
On-lending facilities	393,295	-	-	-	-	393,295
Borrowings	849	457,614	-	-	-	458,463
Debt securities issued	-	361,177	-	-	-	361,177
	2,601,114	**1,613,736**	**10,634**	**33,908**	**3,610**	**4,263,002**
Net Exposure	**500,938**	**(19,125)**	**80**	**573**	**19**	**482,486**

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 and average Dollar rate as at December 31, 2019 was 364.70 and 361.84 respectively.

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% and 9% (December 31, 2018: 15% and 30%), with all other variables held constant.

In millions of Naira	31-Dec-19	31-Dec-18
US Dollar effect of 6% (31 December 2019: 15%) up or (down) movement on profit before tax and balance sheet size	2,541	9,881
US Dollar effect of 9% (31 December 2019: 30%) up or (down) movement on profit before tax and statement of financial position size (in millions of Naira)	5,082	19,762

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). Interest rate was quite volatile within the period (especially in the Nigerian environment) in various geographical regions where the Bank operates. 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.

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Group

The table below summarizes the Group's interest rate gap position:

In millions of Naira

At December 31, 2018	Note	Carrying Amount	Rate sensitive	Non rate sensitive
Assets				
Cash and balances with central banks	15	936,278	2,000	934,278
Treasury and other eligible bills (Amortized cost)	16	283,279	283,279	-
Assets pledged as collateral	17	316,207	316,207	-
Due from other banks	18	707,103	707,103	-
Derivative assets	19	92,722	92,722	-
Loans and advances to customers (Gross)	20	2,462,359	2,462,359	-
Investment securities (Amortized cost and Fair value through OCI)	21	578,840	515,159	63,680
Other financial assets	24	63,764	-	63,764
		5,440,552	**4,378,829**	**1,061,722**
Liabilities				
Customer deposits	27	4,262,289	3,674,292	587,997
Derivative liabilities	32	14,762	14,762	-
Other financial liabilities	28	330,552	-	330,552
On-lending facilities	29	392,871	392,871	-
Borrowings	30	322,479	322,479	-
Debt securities issued	31	39,092	39,092	-
		5,362,045	**4,443,496**	**918,549**
Total interest repricing gap		**78,507**	**(64,667)**	

At December 31, 2019

In millions of Naira	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
Assets						
Cash and balances with central bank	2,000	-	-	-	-	2,000
Treasury bills	15,340	60,969	55,059	151,911	-	283,279
Assets pledged as collateral	11,638	79,758	3,406	15,715	205,690	316,207
Due from other banks	504,261	47,686	122,386	32,770	-	707,103
Derivative assets	9,414	22,800	16,742	43,766	-	92,722
Loans and advances to customers (Gross)	430,344	88,653	105,346	179,293	1,658,723	2,462,359
Investment securities (Amortized cost and fair value through OCI)	51,753	16,220	2,196	7,311	437,680	515,160
	1,024,750	**316,086**	**305,135**	**430,766**	**2,302,093**	**4,378,830**
Liabilities						
Customer deposits	1,545,702	15,852	735	4,286	2,107,717	3,674,292
Derivative liabilities	3,242	5,250	3,952	2,318	-	14,762
On-lending facilities	12,439	-	1,597	1,716	377,119	392,871
Borrowings	-	28,596	22,081	230,256	41,545	322,478
Debt securities issued	-	-	-	-	39,092	39,092
	1,561,383	**49,698**	**28,365**	**238,576**	**2,565,473**	**4,443,494**
Total interest repricing gap	**(536,633)**	**266,388**	**276,770**	**192,190**	**(263,380)**	**(64,665)**

At December 31, 2018

In millions of Naira	Note	Carrying Amount	Rate sensitive	Non rate sensitive
Assets				
Cash and balances with central banks	15	954,416	7,500	946,916
Treasury and other eligible bills (Amortized cost)	16	1,000,560	1,000,560	-
Assets pledged as collateral	17	592,935	592,935	-
Due from other banks	18	674,274	674,274	-
Derivative assets	19	88,826	88,826	-
Loans and advances to customers (Gross)		2,016,520	2,016,520	-
Investment securities (Amortized cost)	21	565,312	515,552	49,760
Other financial assets	24	61,370	-	61,370
		5,954,213	**4,896,167**	**1,058,046**
Liabilities				
Customer deposits	27	3,690,295	3,221,790	468,505
Derivative liabilities	32	16,995	16,995	-
On-lending facilities	29	190,408	-	190,408
Borrowings	30	392,935	392,935	-
Current income tax	13	437,620	437,620	-
Financial liabilities	28	361,177	361,177	-
		5,089,430	**4,430,517**	**658,913**
Total interest repricing gap		**864,783**	**465,650**	**-**

In millions of Naira

At December 31, 2018	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
Assets						
Cash and balances with central banks	7,500	-	-	-	-	7,500
Treasury bills	211,269	243,457	194,041	351,793	-	1,000,560
Assets pledged as collateral	3,000	123,929	27,475	187,419	251,112	592,935
Due from other banks	660,078	241	-	9,641	4,314	674,274
Derivative assets	4,944	27,920	14,097	41,865	-	88,826
Loans and advances to customers (Gross)	137,132	80,020	87,026	314,277	1,398,064	2,016,520
Investment securities (Amortized cost and fair value through OCI)	-	659	75,012	105,389	334,492	515,552
	1,023,923	**476,226**	**397,651**	**1,010,384**	**1,987,982**	**4,896,167**
Liabilities						
Customer deposits	1,062,367	116,163	7,130	886	2,035,244	3,221,790
Derivative liabilities	6,907	6,682	3,268	139	-	16,996
On-lending facilities	44,655	3,277	47,712	9,516	287,776	392,935
Borrowings	-	-	-	6,343	431,277	437,620
Debt securities issued	-	-	180,588	1,251	179,338	361,177
	1,113,929	**126,122**	**238,698**	**18,135**	**2,933,634**	**4,430,517**
Total interest repricing gap	**(90,006)**	**350,104**	**158,953**	**992,249**	**(945,652)**	**465,648**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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.

The table below shows the impact on the Group's profit before tax if interest rates on financial instruments held at amortized cost or at fair value had increased or decreased by 300 basis points, with all other variables held constant.

In millions of Naira	31-Dec-19	31-Dec-18
Effect of 300 basis points movement on profit before tax	4,101	44,891

Bank

The table below summarizes the Bank's interest rate gap position:

At December 31, 2019	Note	Carrying Amount	Rate sensitive	Non rate sensitive
Assets				
Cash and balances with central banks	15	879,449	2,000	877,449
Treasury and other eligible bills	16	114,335	114,335	-
Assets pledged as collateral	17	316,207	316,207	-
Due from other banks	18	482,070	482,070	-
Derivative assets	19	92,722	92,722	-
Loans and advances to customers (Gross)	20	2,390,651	2,390,651	-
Investment securities (Amortized cost and Fair value through OCI)	21	177,100	113,420	63,680
Other financial assets	19	61,253	-	61,253
		4,513,787	**3,511,405**	**1,002,382**
Liabilities				
Customer deposits	27	3,486,887	2,898,889	587,997
Derivative liabilities	32	14,762	14,762	-
Other financial liabilities	28	380,798	-	380,798
On-lending facilities	29	392,871	392,871	-
Borrowings	30	329,778	329,778	-
Debt securities issued	31	39,092	39,092	-
		4,644,188	**3,675,392**	**968,795**
Total interest repricing gap		**(130,401)**	**(163,987)**	**33,587**

At December 31, 2019	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
In millions of Naira						
Assets						
Cash and balances with central banks	2,000	-	-	-	-	2,000
Treasury bills	1,242	34,058	23,201	55,833	-	114,334
Assets pledged as collateral	11,639	79,758	3,406	15,715	205,690	316,208
Due from other banks	279,229	47,686	122,386	32,770	-	482,071
Derivative assets	9,414	22,800	16,742	43,766	-	92,722
Loans and advances to customers (Gross)	411,816	88,653	105,346	179,293	1,605,543	2,390,651
Investment securities (Amortized cost and fair value through OCI)	-	4,668	235	3,689	104,828	113,420
	715,340	**277,623**	**271,316**	**331,066**	**1,916,061**	**3,511,406**
Liabilities						
Customer deposits	1,281,780	12,262	584	4,251	1,600,013	2,898,890
Derivative liabilities	3,242	5,250	3,953	2,318	-	14,763
On-lending facilities	12,439	-	1,597	1,716	377,119	392,871
Borrowings	-	28,600	22,081	230,254	48,843	329,778
Debt securities issued	-	-	-	-	39,092	39,092
	1,297,461	**46,112**	**28,215**	**238,539**	**2,065,067**	**3,675,394**
Total interest repricing gap	**(582,121)**	**231,511**	**243,101**	**92,527**	**(149,006)**	**(163,988)**

At December 31, 2018	Note	Carrying Amount	Rate sensitive	Non rate sensitive
In millions of Naira				
Assets				
Cash and balances with central banks	15	902,073	7,500	894,573
Treasury and other eligible bills (Amortized cost)	16	817,043	817,043	-
Assets pledged as collateral	17	592,935	592,935	-
Due from other banks	18	393,466	393,466	-
Derivative assets	19	88,826	88,826	-
Loans and advances to customers (Gross)	20	1,921,064	1,921,064	-
Investment securities (Amortized cost and Fair value through OCI)	21	156,673	106,913	49,760
Other financial assets	24	58,406	-	58,406
		4,930,486	3,927,747	1,002,739
Liabilities				
Customer deposits	27	2,821,066	2,352,561	468,505
Financial liabilities	13	16,995	16,995	-
Derivative liabilities	28	212,006		212,006
On-lending facilities	32	393,295	393,295	-
Borrowings	29	458,463	458,463	-
Debt securities issued	30	361,177	361,177	-
		4,263,002	**3,582,491**	**680,511**
Total interest repricing gap		**667,484**	**345,256**	**322,228**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

At December 31, 2018	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total rate sensitive
In millions of Naira						
Assets						
Cash and balances with central bank	7,500	-	-	-	-	7,500
Treasury bills	182,137	195,199	155,676	284,030	-	817,043
Assets pledged as collateral	3,000	123,929	27,475	187,419	251,112	592,935
Due from other banks	387,596	241	-	915	4,713	393,466
Derivative assets	4,944	27,920	14,097	41,865	-	88,826
Loans and advances to customers (Gross)	127,791	79,607	83,120	296,620	1,333,926	1,921,064
Investment securities (Amortized cost and fair value through OCI)	-	659	11,032	48,150	47,072	106,913
	712,968	**427,556**	**291,400**	**858,999**	**1,636,824**	**3,927,747**
Liabilities						
Customer deposits	831,197	74,685	2,354	216	1,444,109	2,352,561
Derivative liabilities	6,907	6,682	3,268	140	-	16,997
On-lending facilities	44,655	3,277	47,712	10,368	287,283	393,295
Borrowings	-	-	-	5,490	452,973	458,463
Other	-	-	180,588	1,251	179,338	361,177
	882,759	**84,644**	**233,922**	**17,465**	**2,363,703**	**3,582,493**
Total interest repricing gap	**(169,791)**	**342,912**	**57,478**	**841,534**	**(726,879)**	**345,254**

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.

The table below shows the impact on the Bank's profit before tax if interest rates on financial instruments held at amortized cost or at fair value had increased or decreased by 300 basis points, with all other variables held constant.

In millions of Naira	31-Dec-19	31-Dec-18
Effect of 300 basis points movement on profit before tax	2,166	48,184

The effect of 300 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.

3.3.5 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) 8.883% equity holding in African Finance Corporation (AFC) valued at N62.8 billion and cost N40 billion.

(ii) 3.6% equity holding in Nigerian Interbank Settlement Scheme (NIBBS) valued at N820 million and cost N50 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 (42.5%) 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 (b).

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.

3.4.2 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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-19	31-Dec-18	31-Dec-19	31-Dec-18
At year end	57.25%	80.91%	57.18%	75.35%
Average for the period	68.90%	82.59%	68.05%	74.33%
Maximum for the period	85.47%	88.87%	80.41%	82.10%
Minimum for the period	37.52%	74.63%	36.00%	67.04%

(b) Liquidity reserve

The table sets out the component of the Group's liquidity reserve.

Group	31-Dec-19		31-Dec-18	
In millions of Naira	Carrying value	Fair value	Carrying value	Fair value
Cash and balances with central banks	936,278	936,278	954,416	954,416
Treasury bills	991,393	993,396	1,000,560	1,000,729
Balances with other banks	707,103	707,103	675,309	675,312
Investment securities	591,097	658,162	565,312	555,379
Assets pledged as collaterals	431,728	471,470	592,935	377,444
Total	**3,657,599**	**3,766,409**	**3,788,532**	**3,563,280**

Bank	31-Dec-19		31-Dec-18	
In millions of Naira	Carrying value	Fair value	Carrying value	Fair value
Cash and balances with central banks	879,449	879,449	902,073	902,073
Treasury bills	822,449	823,109	817,043	817,181
Balances with other banks	482,070	482,212	393,466	393,466
Investment securities	189,358	201,079	156,673	153,920
Assets pledged as collaterals	431,728	471,470	592,935	377,444
Total	**2,805,054**	**2,857,319**	**2,862,190**	**2,644,084**

(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	Note	31-Dec-19 Encumbered	31-Dec-19 Unencumbered	31-Dec-19 Total	31-Dec-18 Encumbered	31-Dec-18 Unencumbered	31-Dec-18 Total
Cash and balances with central banks	15	760,950	175,328	936,278	705,471	248,945	954,416
Treasury bills	16	-	991,956	991,956	-	1,000,560	1,000,560
Assets pledged as collateral	17	431,728	-	431,728	592,935	-	592,935
Due from other banks	18	-	707,245	707,245	-	67,274	67,274
Loans and advances	-	-	2,462,359	2,462,359	-	2,016,520	2,016,520
Investment securities	21	-	591,650	591,650	-	565,312	565,312
Financial assets	24	-	64,541	64,541	13,822	44,584	58,406

Bank

In millions of Naira	Note	31-Dec-19 Encumbered	31-Dec-19 Unencumbered	31-Dec-19 Total	31-Dec-18 Encumbered	31-Dec-18 Unencumbered	31-Dec-18 Total
Cash and balances with central banks	15	760,950	118,499	879,449	705,471	196,602	902,073
Treasury bills	16	-	822,466	822,466	-	817,043	817,043
Assets pledged as collateral	17	431,728	-	431,728	592,935	-	592,935
Due from other banks	18	-	482,212	482,212	-	393,466	393,466
Loans and advances	-	-	2,390,651	2,390,651	-	1,921,064	1,921,064
Investment securities	21	-	189,358	189,358	-	156,673	156,673
Financial assets	24	-	61,253	61,253	13,822	44,584	58,406

(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 December 31, 2019 and December 31, 2018 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 repledge 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Group

At December 31, 2019	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
In millions of naira								
Assets								
Non-derivative assets								
Cash and balances with central banks	15	254,132	-	-	-	682,106	936,238	936,278
Treasury bills	16	130,190	337,192	203,413	519,163	-	1,189,958	991,393
Assets pledged as collateral	17	29,124	98,530	19,717	102,545	588,738	838,654	431,728
Due from other banks	18	504,182	47,702	122,438	32,781	-	707,103	707,103
Loans and advances to customers	20	406,030	88,633	104,368	173,291	1,533,243	2,305,565	2,305,565
Investment securities	21	51,753	16,222	2,686	11,394	742,106	824,161	591,097
Other financial assets	24	38,109	-	-	3,067	22,588	63,764	63,764
		1,413,519	**588,279**	**452,622**	**842,241**	**3,568,781**	**6,865,442**	**6,026,928**
Derivative assets								
Trading:	19	-	-	-	-	-	-	92,722
Inflow		9,414	22,800	16,742	43,766	-	92,722	92,722
Outflow		-	-	-	-	-	-	-
		9,414	**22,800**	**16,742**	**43,766**	**-**	**92,722**	**185,444**
Liabilities								
Non-derivative liabilities								
Customer deposits	27	4,241,370	15,851	735	4,302	31	4,262,289	4,262,289
Financial liabilities	28	125,315	-	-	-	205,237	330,552	330,552
On-lending facilities	29	6,717	-	862	2,691	382,600	392,871	392,871
Borrowings	30	2,574	44,669	30,671	237,869	24,606	340,389	322,479
Debt securities issued	31	-	-	1,460	1,477	43,552	46,489	39,092
		4,375,976	**60,520**	**33,728**	**246,339**	**656,026**	**5,372,590**	**5,347,283**
Derivative assets								
Trading:	32	-	-	-	-	-	-	14,762
Inflow		3,242	5,249	3,953	2,318	-	14,762	14,762
Outflow		-	-	-	-	-	-	-
		3,242	**5,249**	**3,953**	**2,318**	**-**	**14,762**	**29,524**

At December 31, 2018	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
In millions of naira								
Assets								
Non-derivative assets								
Cash and balances with central banks	15	248,945	-	-	705,471	-	954,416	954,416
Treasury bills	16	211,269	243,457	194,041	351,793	-	1,000,560	1,000,560
Assets pledged as collateral	17	3,000	123,929	27,475	187,419	251,112	592,935	592,935
Due from other banks	18	660,078	241	-	9,641	4,314	674,274	674,274
Loans and advances to customers	20	344,904	80,020	87,026	314,277	1,190,292	2,016,520	2,016,520
Investment securities	21	-	659	75,012	100,420	389,221	565,312	565,312
Other financial assets	24	-	27,920	-	5,631	27,818	61,370	61,370
		1,468,196	**476,226**	**383,554**	**1,674,653**	**1,862,757**	**5,865,386**	**5,865,386**
Derivative assets								
Trading:	19	-	-	-	-	-	-	88,826
Inflow		4,944	27,920	14,097	41,865	-	88,826	-
Outflow		-	-	-	-	-	-	-
Risk management		-	-	30,454	-	-	30,454	60,908
		4,944	**27,920**	**44,551**	**41,865**	**-**	**119,280**	**149,734**
Liabilities								
Non-derivative liabilities								
Customer's deposits	27	3,566,115	116,163	7,130	886	-	3,690,295	3,690,295
Financial liabilities	28	43,648	6,682	3,268	23,559	113,251	190,408	190,408
Borrowings	30	44,655	3,277	47,712	9,516	287,416	392,575	393,295
Debt securities issued	31	46,391	77,907	37,394	216,662	72,376	450,730	458,463
Financial guarantees contracts	38	-	-	191,616	6,615	212,471	410,702	361,177
		3,700,809	**204,029**	**287,120**	**257,238**	**685,514**	**5,134,710**	**5,093,637**
Derivative liabilities								
Trading:		-	-	-	-	-	-	16,995
Inflow		6,907	6,682	3,268	139	-	16,996	16,996
Outflow		-	-	-	-	-	35,156	-
		6,907	**6,682**	**3,268**	**139**	**-**	**52,152**	**33,991**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Bank

At December 31, 2019	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
In millions of naira								
Assets								
Non-derivative assets								
Cash and balances with central banks	15	197,343	-	-	-	682,106	879,449	879,449
Treasury bills	16	96,741	231,496	150,096	402,759	-	881,092	822,449
Assets pledged as collateral	17	29,124	98,530	19,717	102,545	588,738	838,654	431,728
Due from other banks	18	279,301	47,702	122,438	32,781	-	482,222	482,070
Loans and advances to customers	20	387,502	88,633	104,368	173,291	1,485,678	2,239,472	2,239,472
Investment securities	21	2,785	6,675	2,686	11,394	297,147	320,687	189,358
Other financial assets	24	38,109	-	-	556	22,588	61,253	61,253
		1,030,905	**473,036**	**399,305**	**723,326**	**3,076,257**	**5,702,829**	**5,105,779**
Derivative assets								
Trading:	19	-	-	-	-	-	-	92,722
Inflow		9,414	22,800	16,742	43,766	-	92,722	-
Outflow		-	-	-	-	-	-	-
		9,414	**22,800**	**16,742**	**43,766**	**-**	**92,722**	**92,722**
Liabilities								
Non-derivative liabilities								
Customer deposits	27	3,469,752	12,262	584	4,266	23	3,486,887	3,486,887
Financial liabilities	28	125,315	-	-	-	255,483	380,798	380,798
On-lending facilities	29	6,767	-	869	2,711	382,774	393,121	392,871
Borrowings	30	2,574	44,669	30,671	237,869	24,606	340,389	329,778
Debt securities issued	31	-	-	1,460	1,477	43,552	46,489	39,092
		3,604,408	**56,931**	**33,584**	**246,323**	**706,438**	**4,647,684**	**4,629,426**
Derivative liabilities								
Trading:	32	-	-	-	-	-	-	14,762
Inflow		3,242	5,249	3,953	2,318	-	14,762	-
Outflow		-	-	-	-	-	-	-
		3,242	**5,249**	**3,953**	**2,318**	**-**	**14,762**	**14,762**

At December 31, 2018	Note	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Gross nominal inflow/ (outflow)	Carrying amount
In millions of naira								
Assets								
Non-derivative assets								
Cash and balances with central banks	15	196,602	-	-	705,471	-	902,073	902,073
Treasury bills	16	182,137	195,199	155,676	284,031	-	817,043	817,043
Assets pledged as collateral	17	3,000	123,929	27,475	187,419	251,112	592,935	592,935
Due from other banks	18	387,596	241	-	916	4,713	393,466	393,466
Loans and advances to customers	20	312,789	79,607	83,120	296,620	1,148,928	1,921,064	1,921,064
Investment securities	21	-	659	11,032	48,150	96,832	156,673	156,673
Other financial assets	24	6,283	-	-	15,712	36,411	58,406	58,406
		1,088,407	**399,635**	**277,303**	**1,538,319**	**1,537,996**	**4,841,660**	**4,841,660**
Derivative assets								
Trading:	19	-	-	-	-	-	-	88,826
Inflow		4,944	27,920	14,097	41,865	-	88,826	-
Outflow		-	-	-	-	-	-	-
		4,944	**27,920**	**14,097**	**41,865**	**-**	**88,826**	**88,826**
Liabilities								
Non-derivative liabilities								
Customer deposits	27	2,743,812	74,685	2,354	216	-	2,821,066	2,821,066
Financial liabilities	28	15,804	6,682	3,268	101,254	84,998	212,006	212,006
On-lending facilities	29	44,655	3,277	47,712	10,368	287,283	393,295	393,295
Borrowings	30	46,391	88,443	37,394	216,662	74,248	463,138	393,295
Debt securities issued	31	-	-	191,616	6,615	212,471	410,702	361,177
		2,850,662	**173,087**	**282,344**	**335,115**	**659,000**	**4,300,207**	**4,180,839**
Derivative assets								
Trading:		-		-	-	-	-	16,995
Inflow		6,907	6,682	3,268	139	-	16,996	-
Outflow		-	-	-	-	-	35,156	-
Risk management:		-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-
		6,907	6,682	3,268	139	-	52,152	16,995

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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 held for risk management purposes	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.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities do not reflect the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

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 December 31, 2019	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	79,318	62,972	16,346	-	-	-
Letters of Credit	545,174	394,651	135,665	12,747	2,111	-
Performance bonds and Guarantees	363,922	77,040	19,528	44,128	108,959	114,267
Total	**988,414**	**534,663**	**171,539**	**56,875**	**111,070**	**114,267**

At December 31, 2018	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	147,189	100,638	44,422	2,129	-	-
Letters of Credit	356,939	203,327	142,873	10,714	25	-
Performance bonds and Guarantees	327,123	71,251	45,981	48,998	100,028	60,865
Total	**831,251**	**375,216**	**233,276**	**61,841**	**100,053**	**60,865**

Bank

At December 31, 2019	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	79,318	62,972	16,346	-	-	-
Letters of Credit	413,656	299,445	102,937	9,672	1,602	-
Performance bonds and Guarantees	261,495	55,357	14,032	31,708	78,292	82,106
Total	**754,469**	**417,774**	**133,315**	**41,380**	**79,894**	**82,106**

At December 31, 2018	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	147,189	100,638	44,422	2,129	-	-
Letters of Credit	321,754	180,202	133,813	7,731	8	-
Performance bonds and Guarantees	306,412	68,040	40,855	42,763	100,028	54,726
Total	**775,355**	**348,880**	**219,090**	**52,623**	**100,036**	**54,726**

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.

a. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
b. 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).
c. 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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

		At December 31, 2019			At December 31, 2018		
In millions of Naira	Note	Carrying Value	Fair value	Fair value hierarchy	Carrying Value	Fair value	Fair value hierarchy
Assets							
Carried at FVTPL:							
Treasury bills	16	708,114	708,114	1&2	510,313	510,313	1&2
Investment securities (FGN bonds)	21	12,257	12,257	1	4,970	4,970	1
Derivative assets	19	92,722	92,722	2	88,826	88,826	2
Asset pledged as collateral		115,520	115,520	1&2	208,382	208,382	-
Carried at FVOCI :							
Equity securities (unquoted)	21	63,680	63,680	3	49,760	49,760	3
Debt securities	21	280,854	280,854	2	205,753	205,753	1
Carried at amortized cost:							
Cash and balances with central banks	15	936,278	936,278	-	954,416	954,416	-
Treasury bills	16	283,282	285,282	1&2	490,247	490,424	1
Assets pledged as collateral	17	316,207	355,950	1&2	592,935	585,826	1
Due from other banks	18	707,103	707,103	-	674,274	675,312	2
Loans and advances to customers	20	2,305,565	2,305,565	3	1,823,111	1,728,567	3
Investment securities	21	234,305	301,370	1,2&3	510,582	496,543	1
Other financial assets	24	63,764	63,764	-	61,370	61,370	-
Liabilities							
Carried at FVTPL							
Derivative liabilities	32	14,762	14,762	2	16,995	16,995	2
Carried at Amortised cost							
Customer deposits	27	4,262,289	4,262,289	-	3,690,295	3,690,295	-
Other financial liabilities	28	330,552	330,552	-	177,810	190,408	-
On-lending facilities	29	392,871	392,871	3	393,295	393,295	3
Borrowings	30	322,479	322,479	3	437,260	437,260	3
Debt securities issued	31	39,092	39,092	3	361,177	361,177	2

Bank

The table below sets out the Bank's classification of each class of its financial assets and liabilities.

		At December 31, 2019			At December 31, 2018		
In millions of Naira	**Note**	**Carrying Value**	**Fair value**	**Fair value hierarchy**	**Carrying Value**	**Fair value**	**Fair value hierarchy**
Assets **Carried at FVTPL:**							
Treasury bills	16	708,114	708,114	1&2	510,313	510,313	1&2
Investment securities (FGN bonds)	21	12,257	12,257	1	4,970	4,970	1
Derivative assets	19	92,722	92,722	2	88,826	88,826	2
Asset pledged as collateral		115,520	115,520	1 & 2	208,382	208,382	-
Carried at FVOCI :							
Equity securities (Unquoted)	21	63,680	63,680	3	49,760	49,760	3
Carried at amortized cost:							
Cash and balances with central banks	15	879,449	879,449	-	902,073	902,073	-
Treasury bills	16	114,335	114,995	1&2	306,730	306,868	1
Assets pledged as collateral	17	316,207	355,950	1&2	592,935	585,826	1
Due from other banks	18	482,070	482,070	-	393,466	393,466	-
Loans and advances to customers	20	2,239,472	2,239,472	3	1,736,066	1,638,254	3
Investment securities	21	113,421	125,141	1,2&3	102,508	99,190	1
Other financial assets	24	61,253	61,253	-	58,406	58,406	-
Liabilities **Carried at FVTPL :**							
Derivative liabilities	32	14,762	14,762	2	16,995	16,995	2
Carried at amortized cost:							
Customer deposits	27	3,486,887	3,486,887	-	2,821,066	2,821,066	-
Other financial liabilities	28	380,798	380,798	-	212,006	212,006	-
On-lending facilities	29	392,871	392,871	3	393,295	393,295	3
Borrowings	30	329,778	329,778	3	458,463	458,463	3
Debt securities issued	31	39,092	39,092	3	361,177	361,177	2

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral – dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Financial instruments measured at fair value

At December 31, 2019

In millions of Naira	Notes	Level1	Level2	Level3
Financial assets				
Treasury bills (FVTPL) (unpledged)	16	361,380	346,734	-
Treasury bills pledged under repurchase agreement (FVTPL)	16	90,815	9,041	-
FGN bonds FVTPL (unpledged)	21	12,257	-	-
Bonds pledged under repurchase agreement (FVTPL)	21	15,665	-	-
Derivative assets	19	-	92,722	-
Derivative liabilities	32	-	14,762	-
Investment securities Unquoted	21	-	-	63,680
		480,117	**463,259**	**63,680**

Reconciliation of Level 3 items	
At 1 January	49,760
Addition	50
Gain recognised through other comprehensive income	13,870
At December 31, 2019	**63,680**

At December 31, 2018

In millions of Naira	Notes	Level1	Level2	Level3
Financial assets				
Treasury bills (FVTPL) (unpledged)	16	362,639	147,674	-
Treasury bills pledged under repurchase agreement (FVTPL)	16	179,259	553	-
FGN bonds FVTPL (unpledged)	21	4,970	-	-
FGN bonds pledged under repurchase agreement (FVTPL)	21	23,570	-	-
Derivative assets	19	-	88,826	-
Derivative liabilities	32	-	16,995	-
Investment securities	21	-	-	49,760
		570,438	**254,048**	**49,760**

Reconciliation of Level 3 items	
At 1 January	14,101
Addition	34,200
Gain recognised through other comprehensive income	1,459
At December 31, 2018	**49,760**

Level 3 fair value measurements

(a) Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at December 31, 2019 and December 31, 2018 in measuring financial instruments categorized as level 3 in the fair value hierarchy

Type of financial instrument	Fair values at December 31, 2019	Valuation technique	Significant unobservable input	Range of estimates (average) for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Unquoted equity investment	N63.68 billion	Equity DCF model. adjusted with recent similar transactions.	-Discount rate. -Estimate cash flow.	Risk premium of 10.63% above risk- free interest rate (1.92%) (31 Dec. 2018:11.50 - 12.50% above risk free rate (3.01%)) 5-year Compound Annual Growth Rate (CAGR) of cash flow of 6.5% (December 2018: 8-9% (15.20%))	A significant increase in the risk premium above the risk rate would result in a lower fair value. A significant increase in the CAGR of cash flow would result in a higher fair value

Risk premium is determined by adding country risk premium to the product of market premium and equity beta.

(b) 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.

Effect on OCI	At December 31, 2019		At December 31, 2018	
In millions of Naira	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Unquoted investment securities	1,770.00	(1,662.00)	2,140.00	(870.00)

The favourable and unfavourable effects of using reasonably possible alternative assumptions for valuation of unquoted equity securities have been calculated by recalibrating the model values using unobservable inputs based on upper and lower quartile respectively of the Group's range of possible estimates. Key inputs and assumptions used in the model at December 31, 2019 included a risk premium 10.63% above the risk-free interest rate of 1.92% (December 31, 2018: 12.44% - 13.44%) respectively above risk free rate of 3.01%).

The fair value of the unquoted equity holding in African Finance Corporation (AFC) is determined using equity discounted cash flow model. Inputs into the model include estimated future cash flows to equity, valuation horizon and Capital Asset Pricing Model (CAPM) discount rate (Risk free rate plus risk premium).

(c) Fair valuation methods and assumptions

(i) Cash and balances with central banks

Cash and balances with Central banks represent cash held (including mandatory cash reserve requirements of December 31, 2019: N761 billion, December 31, 2018: N705 billion) 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(iii) Treasury bills 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 at fair value through profit or loss are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of treasury bills and bonds at amortized cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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 holding in AFC 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.

(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 estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine 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 and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

(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.

3.6 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 adoption of IFR9 with effect from January 2018 impacted the capital adequacy ratio (CAR) due the resultant additional impairment charge. However, the impact did not reduce the CAR below both our Internal Guidance and Regulatory Limit. This impact is however moderated with the introduction of a relieve-based Transitional Arrangements for treatment of expected Credit Loss by the Central Bank. This is meant to spread the IFR9 Impact over a four (4) year period ending 3 December 2020.

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. Parental support and guidance are given at the Group level at which the risk level in relation to capital level and adequacy is closely monitored. 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 more recently the Group raised US $500 million Eurobond. 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 December 31, 2019 as well as the December 31, 2018 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

	Group				Bank			
In millions of Naira	31-Dec-19	Adjusted impact of IFRS 9 transition on 31-Dec-19	31-Dec-18	Adjusted impact of IFRS 9 transition on 31-Dec-18	31-Dec-19	Adjusted impact of IFRS 9 transition on 31-Dec-19	31-Dec-18	Adjusted impact of IFRS 9 transition on 31-Dec-18
Tier 1 capital								
	Basel II	Basel II	Basel II	Basel II	Basel II	Basel II	Basel II	Base II
Share capital	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698
Share premium	255,047	255,047	255,047	255,047	255,047	255,047	255,047	255,047
Statutory reserves	170,695	170,695	143,320	143,320	152,065	152,065	127,865	127,865
SMEIES reserve	3,729	3,729	3,729	3,729	3,729	3,729	3,729	3,729
Retained earnings	439,510	439,510	346,215	346,215	328,590	328,590	263,781	263,781
IFRS 9 Transitional Adjustment	-	43,268	-	64,901	-	41,420	-	62,192
Total qualifying Tier 1 capital	**884,679**	**927,947**	**764,009**	**828,910**	**755,129**	**796,549**	**666,120**	**728,249**
Deferred tax assets	(11,885)	(11,885)	(9,513)	(9,513)	(11,223)	(11,223)	(9,197)	(9,197)
Intangible assets	(16,497)	(16,497)	(16,678)	(16,678)	(15,109)	(15,109)	(15,399)	(15,399)
Investment in capital of financial subsidiaries	-	-	-	-	(10,896)	(10,896)	(25,604)	(24,145)
Adjusted Total qualifying Tier 1 capital	**856,297**	**899,565**	**737,818**	**802,719**	**717,901**	**759,321**	**641,524**	**703,653**
Tier 2 capital								
Other comprehensive income (OCI)	54,257	54,257	48,354	48,354	(23,729)	(23,729)	(9,858)	(8,399)
Total qualifying Tier 2 capital	**54,257**	**54,257**	**48,354**	**48,354**	**(23,729)**	**(23,729)**	**(9,858)**	**(9,858)**
Net Tier 2 Capital	54,257	54,257	48,354	48,354	-	-	-	-
Total regulatory capital	**910,554**	**953,822**	**786,172**	**851,073**	**717,901**	**759,321**	**641,524**	**703,653**
Risk-weighted assets								
Credit risk	3,134,029	3,134,029	2,050,298	2,050,298	2,806,711	2,806,711	1,755,076	1,755,076
Market risk	170,392	170,392	88,914	88,914	52,423	52,423	53,562	53,562
Operational risk	891,735	891,735	945,361	945,361	810,268	810,268	881,691	881,691
Total risk-weighted assets	4,196,156	4,196,156	3,084,573	3,084,573	3,669,402	3,669,402	2,690,329	2,690,329
Risk-weighted Capital Adequacy Ratio (CAR)	**22 %**	**23 %**	**25 %**	**28 %**	**20 %**	**21 %**	**24 %**	**26 %**

The adjusted day-1 capital adequacy computed reflect reliefs given by the CBN for Banks to account for the IFRS 9 adjustment to capital as follows:

	Percentage of IFRS 9 adjustment
Year 1	60%
Year 2	40%
Year 3	20%
Year 4	-%

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 3.2.9 to 3.2.18.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Determining the credit risk grades;
- Generating the term structure of the probability of default;
- Determining whether credit risk has increased significantly;
- Incorporation of forward-looking information;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.2.10 to 3.2.18.

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 3.3.5(a). 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 requried to reflect differences between the instruments.

4.3 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the groupwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

expenses, and the consideration of non-taxable income and disallowable expenses in order to arrive at the future taxable profit / loss.
Effective January 2022, the tax exemption granted on short term Federal Government of Nigeria securities [such as Treasury bills, promissory notes etc.] and non-Federal Government of Nigeria Bonds, and the interest earned by the holder of these instruments, under the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, elapses. In determining the extent to which it is probable that future taxable profit will be available against which the unused tax losses of the Group can be utilized, the Group has applied judgment that the Federal Government of Nigeria (FGN) will likely extend the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, beyond 2021, in order to stimulate continuous participation in the treasury bills market and to meet government funding needs. See note 23 for details on deferred tax.

4.4 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 allowances 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 allowance 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:

  (i) 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.

  (ii) 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 determine using the CBN prudential guideline is higher than the impairment determined using IFRS principles. As a result of this directive, the Bank holds no credit risk reserves as at December 31, 2019.

Provision for loan losses per prudential guidelines

	Bank	
In millions of Naira	**31-Dec 19**	**31-Dec 18**
Loans and advances		
-Lost	57,477	66,900
- Doubtful	17,831	10,970
- Substandard	986	1,575
- Watchlist	10,605	11,156
- Performing	40,620	31,485
Other financial assets	1,514	833
	129,033	122,920
(a)		
Impairment assessment under IFRS		
Loans and advances		
12-months ECL credit	27,143	14,092
Life-time ECL Not impaired	14,276	34,233
Life- time ECL credit impaired	109,760	136,673
	151,179	184,998
(b)		
	-	-
Due from Banks- 12 months ECL **(c)**	142	-
Treasury bills- 12 months ECL (d)	17	-
Asset pledged as collateral- 12 months ECL (e)	69	-
Investment securities- 12 months ECL (f)	538	763
Other financial assets- ECL allowance (g)	720	1,628
Other non-financial assets (h)	183	560
Off Balance Sheet Exposures- 12 months ECL (i)	5,538	8,011
(m)=(b)+(c)+(d)+(e)+(f)+(g)+(h)+(i)	158,386	195,960
(n)=(a)-(m)	(29,353)	(73,040)
Reversal from)/transfer to retained earnings at year end	-	-

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

5. Segment analysis

The Group's strategic divisions offer different products and services, and are managed seperately based on the Group's management and internal reporting structure. The Group's Executive Management (Chief Operating Decision Maker) reviews internal management reports from each of the strategic divisions on a monthly basis.

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 seperately 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 Groups statement of profit or loss and statement of financial position.

	Nigeria	Outside Nigeria				
In millions of Naira December 31, 2019	**Corporate retail and pensions custodian services**	**Africa**	**Europe**	**Total reportable segments**	**Eliminations**	**Consolidated**
Revenue:						
Derived from external customers	568,999	68,125	25,127	662,251	-	662,251
Derived from other business segments	6,079	107	-	6,186	(6,186)	-
Total revenue*	**575,078**	**68,232**	**25,127**	**668,437**	**(6,186)**	**662,251**
Interest expense	(126,237)	(20,739)	(4,142)	(151,118)	2,586	(148,532)
Impairment loss on financial assets	(23,406)	(739)	113	(24,032)	-	(24,032)
Admin and operating expenses	(217,286)	(21,261)	(7,446)	(245,991)	(400)	(246,391)
Profit before tax	208,149	25,493	13,652	247,294	4,000	243,294
Tax expense	(24,459)	(7,753)	(2,239)	(34,451)	-	(34,451)
Profit after tax	**183,690**	**17,740**	**11,413**	**212,845**	**4,000**	**208,843**

	Nigeria	Outside Nigeria				
In millions of Naira December 31, 2019	**Corporate retail and pensions custodian services**	**Africa**	**Europe**	**Total reportable segments**	**Eliminations**	**Consolidated**
Revenue:						
Capital expenditure**	52,440	3,337	1,334	57,111	-	57,111
Identifiable assets	5,461,929	471,819	616,824	6,550,572	(203,693)	6,346,879
Identifiable liabilities	4,659,475	375,101	523,610	5,558,186	(153,193)	5,404,993

* Revenues are allocated based on the location of the operations.
** Capital expenditure consists of expenditure on intangible assets and property and equipment during the year.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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 Groups statement of profit or loss and statement of financial position.

In millions of Naira	Nigeria	Outside Nigeria				
December 31, 2018	**Corporate retail and pensions custodian services*** **	**Africa**	**Europe**	**Total reportable segments**	**Eliminations**	**Consolidated**
Revenue:						
Derived from external customers	542,490	68,492	19,362	630,344	-	630,344
Derived from other business segments	5,834	55	134	6,023	(6,023)	-
Total revenue*	**548,324**	**68,547**	**19,496**	**636,367**	**(6,023)**	**630,344**
Interest expense	(124,156)	(20,849)	(1,876)	(146,881)	2,423	(144,458)
Impairment loss on financial assets	(15,313)	(4,241)	1,182	(18,372)	-	(18,372)
Admin and operating expenses	(207,770)	(21,389)	(6,270)	(235,429)	(400)	(235,829)
Profit before tax	201,085	22,068	12,532	235,685	(4,000)	231,685
Tax expense	(28,585)	(7,313)	(2,363)	(38,261)	-	(38,261)
Profit after tax	**172,500**	**14,755**	**10,169**	**197,424**	**(4,000)**	**193,424**

	Nigeria	Outside Nigeria				
In millions of Naira December 31, 2018	**Corporate retail and pensions custodian services*** **	**Africa**	**Europe**	**Total reportable segments**	**Eliminations**	**Consolidated**
Revenue:						
Capital expenditure**	33,761	126	389	34,276	-	34,276
Identifiable assets	4,979,886	454,391	681,443	6,115,720	(160,010)	5,955,710
Identifiable liabilities	4,282,935	381,524	601,502	5,265,961	(126,002)	5,139,959

* Revenues are allocated based on the location of the operations.
** Capital expenditure consists of expenditure on intangible assets and property and equipment during the year.
*** see note 43b

In millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18

6. Interest and similar income

Loans and advances to customers	232,946	273,179	220,210	258,440
Placement with banks and discount houses	26,897	13,886	18,911	6,608
Treasury bills	81,108	100,537	52,127	64,002
Promissory note	5,748	-	5,748	-
Commercial papers	367	-	367	-
Government and other bonds	68,497	52,450	41,947	38,766
	415,563	**440,052**	**339,310**	**367,816**

Included in interest income on loans and advances is interest income on advances under finance lease of N724 million (31 December, 2018: N671 million).

7. Interest and similar expense

Current	11,624	10,952	10,387	10,258
Savings accounts	21,625	18,698	21,394	18,532
Time deposits	47,334	42,299	35,041	30,172
Borrowed funds and lease	67,949	72,509	59,415	65,194
	148,532	**144,458**	**126,237**	**124,156**

Total interest expense are 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.

Included in the interest expense on borrowed funds and lease is N3,494 million and N3,079 million for Group and Bank respectively, which represents interest expense on lease liability.

8. Impairment loss/(write back) on financial and non-financial instruments

ECL on financial instruments:				
Loans and advances(see note 3.2.18)	27,754	13,303	27,148	9,396
Investment securities (see note 3.2.18)	(27)	(430)	(27)	207
Treasury Bills (see note 3.2.18)	(35)	(1,237)	(55)	(1,111)
Other financial assets (see note 3.2.18)	36	395	23	383
Due from other Banks (see note 3.2.18)	(789)	1,938	(789)	931
Assets pledged as collateral (see note 3.2.18)	(57)	(1,078)	(57)	(1,078)
Total ECL on financial instruments	26,882	12,891	26,243	8,728
Impairment (credit)/charge on non-financial instruments:				
Off balance sheet (see note 3.2.18)	(2,473)	5,337	(2,473)	6,441
Other non financial assets (see note 24)	(377)	144	(377)	144
	24,032	**18,372**	**23,393**	**15,313**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
9. Net income on Fee and commission				
Credit related fees	21,879	19,309	20,046	15,231
Commission on turnover	2,051	2,160	-	-
Account maintenance fee	19,623	18,008	19,623	18,008
Income from financial guarantee contracts issued	3,202	8,058	2,921	7,596
Fees on electronic products	42,511	20,422	41,162	19,307
Foreign currency transaction fees and commission	3,725	3,232	1,233	1,161
Asset based management fees	7,849	7,708	-	-
Auction fees income	2,381	3,239	2,381	3,239
Corporate finance fees	536	892	278	449
Foreign withdrawal charges	6,021	4,518	6,021	4,518
Commissions on agency and collection services	4,896	4,597	3,102	2,998
Total fee and Commission income	114,674	92,143	96,767	72,507
Fees and commission expense (see note 44)	(14,568)	(10,329)	(13,126)	(8,383)
	100,106	**81,814**	**83,641**	**64,124**

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.

10. Other operating income

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Dividend income from equity investments (see note a below)	1,932	1,795	5,532	5,395
Gain on disposal of property and equipment (see note 43(vii))	147	259	152	241
Income on cash handling	597	601	400	428
Foreign currency revaluation gain (See note b below)	11,540	15,292	4,754	11,415
	14,216	**17,947**	**10,838**	**17,479**

(a) Dividend income from equity investments represent dividend received from Subsidiaries and 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 gains realised from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

11. Trading gains

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Derivatives (loss) / income	(7,427)	(16,783)	(7,427)	(16,783)
Treasury bills trading income	114,320	94,478	114,294	94,478
Bonds trading income	10,905	2,507	10,905	2,507
	117,798	**80,202**	**117,772**	**80,202**

In millions of Naira	Group		Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18

12. Operating expenses

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Directors' emoluments (see note 36 (b))	2,448	1,418	1,512	735
Auditors' remuneration	892	822	590	535
Deposit insurance premium	12,898	11,500	12,898	11,500
Professional fees	4,377	4,149	3,427	3,557
Training and development	2,439	3,246	2,136	3,040
Information technology	9,846	10,137	9,071	9,418
Operating lease	1,313	3,411	859	2,133
Advertisement	7,908	9,612	7,433	9,204
Outsourcing services	11,762	8,672	11,762	8,672
Bank charges	4,563	4,022	3,968	3,527
Fuel and maintenance	14,429	20,908	11,822	17,168
Insurance	1,977	4,393	1,836	4,260
Licenses, registrations and subscriptions	3,449	3,015	2,883	2,521
Travel and hotel expenses	2,751	4,197	2,340	3,495
Printing and stationery	2,402	2,200	1,642	1,617
Security and cash handling	3,824	3,327	3,419	2,888
Fraud and forgery write-off	268	429	268	429
Fines & Penalties (see note 41)	21	10	21	10
Donations	2,751	3,101	2,729	3,065
AMCON levy (see note 43)	28,654	28,542	28,654	28,542
Telephone and postages	3,609	1,400	3,195	1,059
Corporate promotions	5,847	7,599	5,687	7,143
Others	1,025	1,787	39	58
	129,453	**137,897**	**118,191**	**124,576**

An amount of N1,313 million and N859 million for Group and Bank respectively have been represented as operating lease expense, which represent the amount of straight line amortisation on short term lease in which the Group/ Bank has applied the recognition exception.

13. Taxation

(a) Major components of the tax expense

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Minimum tax expense (see note i below)	-	4,052	-	4,052
Income tax expense				
Corporate tax	12,770	11,031	-	-
Information technology tax	1,980	2,056	1,980	1,902
Dividend tax (see note (i) below)	22,105	20,673	22,053	20,673
Prior year (over)/under provision	-	275	-	-
Tertiary Education tax	-	77	-	-
Police trust fund levy	10	-	10	-
Current income tax	36,865	34,112	24,043	22,575
Deferred tax expense:				
(Reversal)/origination of temporary differences	(2,414)	97	(2,026)	-
Income tax expense	34,451	34,209	22,017	22,575
Total tax expense	**34,451**	**38,261**	**22,017**	**26,627**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

The Bank was assessed based on the dividend tax on 2018 financial year profit (minimum tax rule).

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
(b) Reconciliation of effective tax rate				
Profit before income tax	243,294	231,685	200,020	192,107
Tax calculated at the weighted average Group rate of 30% (2018: 30%)	72,988	69,506	60,006	57,632
Tax effect of adjustments on taxable income				
Effect of tax rates in foreign jurisdictions	-	(1,377)	-	-
Non-deductable expenses	1,834	9,158	1,828	8,212
Tax exempt income	(78,806)	(84,852)	(77,823)	(83,488)
Minimum tax	-	4,052	-	4,052
Information technology levy	2,409	2,056	1,980	1,902
Unrecognised deferred tax asset	13,963	17,644	13,963	17,644
Dividend tax paid	22,053	20,673	22,053	20,673
Tertiary education tax	-	1,126	-	-
Changes in estimate relating to prior year	-	275	-	-
Police trust fund levy	10	-	10	-
Total tax expense	**34,451**	**38,261**	**22,017**	**26,627**

In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
(c) The movement in the current income tax payable balance is as follows:				
At start of the year	9,154	8,915	5,954	6,069
Tax paid	(36,308)	(37,925)	(23,370)	(26,742)
Minimum tax	-	4,052	-	4,052
Current income tax charge (see note 13a)	36,865	34,112	24,043	22,575
At end of the year	**9,711**	**9,154**	**6,627**	**5,954**

In millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18

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.

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Profit attributable to shareholders of the Bank (N'million)	208,693	193,147	178,003	165,480
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 (Koba)	6.65	6.15	5.67	5.27

Basic and diluted earnings per share are the same, as the Bank has no potentially dilutive ordinary shares

15. Cash and balances with central banks

Cash and balances with central banks consist of:

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Cash	55,255	148,266	39,417	133,466
Operating accounts and deposits with Central Banks	120,073	100,679	79,082	63,136
Mandatory reserve deposits with central bank (cash reserve) (see note (a))	680,261	624,782	680,261	624,782
Special Cash Reserve Requirement (see note (b))	80,689	80,689	80,689	80,689
	936,278	**954,416**	**879,449**	**902,073**
Current	254,171	954,416	197,342	902,073
Non current	682,107	-	682,107	-
Tax expense	**936,278**	**954,416**	**879,449**	**902,073**

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

Included in the Mandatory reserve is the sum of N78.8 billion which arose as a result of the Bank's shortfall in the regulatory loan to depost ratio (LDR)

Mandatory reserve deposit is reported net of N98.1 billion (December 31, 2018: N4.3 billion) which relates to Differentiated Cash Reserve Requirement (DCRR) Scheme. Under the DCRR scheme, Deposit Money Banks (DMBs) interested in providing credit financing to Greenfield (New) and Brownfield (expansion) projects in the Real Sector (Agriculture and Manufacturing) may request for the release of funds from their CRR to finance the projects.

(b) Special Cash Reserve Requirement represents a 5% special intervention reserve held with the Central Bank of Nigeria as a regulatory requirement.

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	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
16. Treasury bills				
Treasury bills (FVTPL)	708,111	510,313	708,114	510,313
Treasury bills (Amortized cost)	283,845	490,319	114,352	306,802
ECL Allowance on treasury bills (Amortized cost) (see note 3.2.18)	(563)	(72)	(17)	(72)
	991,393	**1,000,560**	**822,449**	**817,043**
Classified as:				
Current	991,393	1,000,560	822,449	817,043
	991,393	**1,000,560**	**822,449**	**817,043**

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 40).

	11,697	23,819	11,697	20,847
	11,697	**23,819**	**11,697**	**20,847**

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
17. Assets pledged as collateral				
Treasury bills pledged as collateral	-	5,100	-	5,100
Bonds pledged as collateral	105,135	94,046	105,135	94,046
Treasury bills under repurchase agreement	198,611	373,336	198,611	373,336
Bonds under repurchase agreement	128,051	120,579	128,051	120,579
ECL Allowance on assets pledged and under repo	(69)	(126)	(69)	(126)
	431,728	**592,935**	**431,728**	**592,935**

Included in assets pledged as collateral for Group/Bank are treasury bills and bonds at amortised cost of N98,755 million and N217,521 million (December 31, 2018: N202,110 million and N191,054 million) respectively. All other assets pledged as collateral for Group/Bank are treasury bills and bonds at fair value

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) N27.84 billion (December 31, 2018: N28.18 billion), Federal Inland Revenue Services N8.08 billion (December 31, 2018: N8.04 billion), V-Pay N44.87 million (December 31, 2018: N44.70 million), Interswitch Limited N2.15 billion (December 31, 2018: N2.15 billion), the Bank of Industry (Nigeria) N39.53 billion (December 31, 2018: N44.03 billion), E- Tranzact N44.87 million (December 31, 2018: N44.00 million), CBN Real Sector Support Fund (RSSF) N24.77 billion (December 31, 2018: N13.95 billion) and System Specs/RMITA N2.68 billion (December 31, 2018: N2.69 billion).

Assets exchanged under repurchase agreement as at December 31, 2019 are with the following counterparties (note 30):

In millions of Naira	Group		Bank	
Counterparties	Carrying value of asset	Carrying value of liability	Carrying value of asset	Carrying value of liability
JP Morgan (see note 30)	49,617	36,534	49,617	36,534
ABSA (see note 30)	103,271	82,352	103,271	82,352
Standard Bank South Africa (see note 30)	22,385	27,635	22,385	27,635
Mashreq Bank (see note 30)	24,813	18,320	24,813	18,320
Societe Generale Bank (see note 30)	75,768	55,433	75,768	55,433
Goldman Sachs (see note 30)	50,808	36,950	50,808	36,950
	326,662	**257,224**	**326,662**	**257,224**

Assets exchanged under repurchase agreement as at December 31, 2018 are with the following counterparties (note 30):

In millions of Naira	Group		Bank	
Counterparties	Carrying value of asset	Carrying value of liability	Carrying value of asset	Carrying value of liability
JP Morgan	154,577	108,416	154,577	108,416
ABSA	70,781	63,175	70,781	63,175
Standard Bank	91,164	49,023	91,164	49,023
First Abu Dhabi	118,834	81,217	118,834	81,217
Societe Generale Bank	45,580	27,209	45,580	27,209
Standard Bank London	12,979	36,926	12,979	36,926
	493,915	**365,966**	**493,915**	**365,966**
Classified as:				
Current	210,373	436,491	210,373	436,491
Non-current	221,355	156,444	221,355	156,444
	431,728	**592,935**	**431,728**	**592,935**

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
18. Due from other banks				
Current balances with banks within Nigeria	8,155	13,214	-	-
Current balances with banks outside Nigeria	171,410	204,724	154,654	196,384
Placements with banks and discount houses	527,680	458,305	327,558	198,013
ECL Allowance	(142)	(1,969)	(142)	(931)
	707,103	**674,274**	**482,070**	**393,466**
Classified as:				
Current	529,771	674,274	304,738	393,466
Non-current	177,332	-	177,332	-
	707,103	**674,274**	**482,070**	**393,466**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Included in balances with banks outside Nigeria is the amount of N22.32 billion and N46.35 billion for the Group and Bank respectively (December 31, 2018: N41.18 billion and N41.05 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 28).

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Due from banks with maturity greater than 3 months:	223,413	-	223,413	-

19. Derivative assets

Instrument types (fair value):				
Forward and Swap Contracts	91,204	87,467	91,204	87,467
Futures contracts	1,518	1,359	1,518	1,359
Total	**92,722**	**88,826**	**92,722**	**88,826**
Instrument types (Notional amount) :				
Forward and Swap Contracts	729,726	730,715	729,726	730,715
Futures contract	319,968	320,797	319,968	320,797
Total	**1,049,694**	**1,051,512**	**1,049,694**	**1,051,512**

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 net loss of N7.4 billion (31 December, 2018 net loss of N16.8 billion), which were recognized in the statement of profit or loss and other comprehensive income.

All derivative assets are current.

20. Loans and advances

Overdrafts	212,548	208,021	194,020	178,740
Term loans	1,760,501	1,419,276	1,707,326	1,353,101
On-lending facilities	483,024	385,922	483,024	385,922
Advances under finance lease	6,286	3,301	6,281	3,301
Gross loans and advances to customers	2,462,359	2,016,520	2,390,651	1,921,064
Less: ECL Allowance (see note 3.2.18)	(156,794)	(193,409)	(151,179)	(184,998)
	2,305,565	**1,823,111**	**2,239,472**	**1,736,066**

Gross Loans classified as:				
Current	803,636	608,556	785,108	566,279
Non-current	1,658,723	1,407,964	1,605,543	1,354,785
	2,462,359	**2,016,520**	**2,390,651**	**1,921,064**

Movement in ECL Allowance as at December 31, 2019 is presented in Note 3.2.18.

Included in Loans and advances are loans to other banks of N139.39 billion and N7.66 billion for Group and Bank respectively (December 31, 2018: N51.8 billion and Nil respectively).

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**

21. Investment securities

Debt securities				
At amortised cost (see note iii)	234,857	307,401	113,959	102,508
At FVTOCI	280,854	205,753	-	-
ECL Allowance (see note 3.2.18)	(551)	(2,572)	(538)	(565)
Net debt securities measured at amortised cost	515,160	510,582	113,421	101,943
Debt securities (measured at fair value through profit or loss) (see note ii)	12,257	4,970	12,257	4,970
Net debt securities	527,417	515,552	125,678	106,913
Equity securities				
At fair value through other comprehensive income (see note (i) below)	63,680	49,760	63,680	49,760
	591,097	**565,312**	**189,358**	**156,673**

Movement in impairment allowance on investment securities is presented in Note 3.2.18

Classified as:				
Current	8,592	132,124	8,592	28,342
Non-current	582,505	433,188	180,766	128,331
	591,097	**565,312**	**189,358**	**156,673**

(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.

(ii) The Group's debt securities measured at FVTPL comprise FGN bonds (December 31, 2019: N12.26 billion; December 31, 2018; N2.99 billion) and Eurobonds (December 31, 2019; Nil, December 31, 2018; N1.98 billion).

(iii) The Group's debt securities measured at amortised cost can be analysed as follows:

Sovereign (Federal)	487,870	484,899	86,118	74,253
Sub-sovereign (State)	19,768	24,663	19,768	24,663
Corporate bonds	8,073	3,592	8,073	3,592
	515,711	**513,154**	**113,959**	**102,508**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(b) Movement in investment securities

The movement in gross investment securities for the Group is summarised as follows:

Group

In millions of Naira	Debt securities at fair value through profit or loss	Debt securities at amortised cost	Debt securities at fair value through other comprehensive	Equity securities at fair value through other comprehensive income	Total
At January 1, 2019 (Gross)	4,970	307,401	205,753	49,760	567,884
Additions	11,592	58,036	74,649	50	144,327
Disposals / redemption	(15,210)	(138,370)	-	-	(153,580)
Gains from changes in fair value recognised in profit or loss (see note 11)	10,905	-	-	-	10,905
Gains from changes in fair value recognised in other comprehensive income	-	-	452	13,870	14,322
Interest accrued	-	7,790	-	-	7,790
At December 31, 2019 (Gross)	12,257	234,857	280,854	63,680	591,648
ECL Allowance	-	(551)	-	-	(551)
At 31 December, 2019 (Net)	**12,257**	**234,306**	**280,854**	**63,680**	**591,097**
At January 1, 2018 (Gross)	32,266	284,584	-	14,101	330,951
Additions	1,978	24,820	205,753	34,200	266,751
Disposals / redemption	(27,408)	(10,086)	-	-	(37,494)
Gains from changes in fair value recognised in profit or loss (see note 11)	(1,990)	-	-	-	(1,990)
Gains from changes in fair value recognised in other comprehensive income	-	-	-	1,459	1,459
Interest accrued	124	8,083	-	-	8,207
At December 31, 2018 (Gross)	4,970	307,401	205,753	49,760	567,884
ECL Allowance	-	(2,572)	-	-	(2,572)
At December 31, 2018 (Net)	**4,970**	**304,829**	**205,753**	**49,760**	**565,312**

The movement in investment securities for the Bank may be summarised as follows:

Bank

In millions of Naira	Debt securities at fair value through profit or loss	Debt securities at amortised cost (including comprehensive promissory income note and commercial papers)	Equity securities at fair value through other comprehensive income	Total
At January 1, 2019 (Gross)	4,970	102,508	49,760	157,238
Additions	11,592	57,059	50	68,701
Disposals / redemption	(15,210)	(49,551)	-	(64,761)
Gains from changes in fair value recognised in profit or loss (see Note 11)	10,905	-	-	10,905
Gains from changes in fair value recognised in other comprehensive income	-	-	13,870	13,870
Interest accrued	-	3,943	-	3,943
At December 31, 2019 (Gross)	12,257	113,959	63,680	189,896
ECL Allowance	-	(538)	-	(538)
At December 31, 2019 (Net)	**12,257**	**113,421**	**63,680**	**189,358**
At January 1, 2018	32,266	71,447	14,101	117,814
Additions	1,978	27,475	34,200	63,653
Disposals/redemption	(27,408)	(1,252)	-	(28,660)
Gains from changes in fair value recognised in profit or loss (see note 11)	(1,990)	-	-	(1,990)
Gains from changes in fair value recognised in other comprehensive income	-	-	1,459	1,459
Interest accrued	124	4,838	-	4,962
At December 31, 2018 (Gross)	4,970	102,508	49,760	157,238
ECL Allowance	-	(565)	-	(565)
At December 31, 2018 (Net)	**4,970**	**101,943**	**49,760**	**156,673**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

The movement in investment securities for the Bank may be summarised as follows:

22. Investment in subsidiaries

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

Bank

	31-Dec-19	31-Dec-19	31-Dec-18
Name of company	Ownership interest%	Carrying amount	
Zenith Bank (Ghana) Limited (see (i) below)	99.4200	7,066	6,444
Zenith Bank (UK) Limited	100.0000	21,482	21,482
Zenith Bank (Sierra Leone) Limited	99.9900	2,059	2,059
Zenith Bank (Gambia) Limited	99.9600	1,038	1,038
Zenith Pensions Custodian Limited	99.0000	1,980	1,980
Zenith Nominee Limited	99.0000	1,000	1,000
		34,625	34,003

All investments in subsidiaries are non-current

(i) Acquisition of NCI

In March 2019, the Group acquired an additional 1.35% interest in Zenith Bank Ghana, increasing its ownership from 98.07% to 99.42%. The carrying amount of Zenith Bank Ghana's net assets in the Group's consolidated financial statements on the date of acquisition was N 64,828 million.

The following table summarises the effect of changes in the Bank's ownership interest in Zenith Bank Ghana

In millions of Naira	
Carrying amount of NCI acquired (N64,828*1.35%)	874
Consideration paid to NCI in cash	(622)
An increase in equity attributable to owners of the Bank	252

(b) Condensed results of consolidated entities

December 31, 2019	Zenith Group	Elimination entries	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	662,251	(6,186)	564,687	62,614	25,127	3,902	1,716	9,777	614
Operating expenses	(394,925)	2,186	(341,274)	(38,111)	(11,588)	(2,963)	(926)	(2,147)	(102)
Inpairment charge for financial and non-financial assets	(24,032)	-	(23,393)	(703)	113	(36)	-	(13)	-
Profit before tax·	243,294	(4,000)	200,020	23,800	13,652	903	790	7,617	512
Taxation	(34,451)	-	(22,017)	(7,209)	(2,239)	(378)	(166)	(2,292)	(150)
Profit for the year	**208,843**	**(4,000)**	**178,003**	**16,591**	**11,413**	**525**	**624**	**5,325**	**362**
Condensed statement of financial position									
Assets									
Cash and balances with central banks	936,278	-	879,449	48,399	19	4,402	3,462	513	34
Treasury bills	991,393	-	822,449	145,923	-	12,319	9,032	-	1,670
Assets pledged as collateral	431,728	-	431,728	-	-	-	-	-	-
Due from other banks	707,103	(100,941)	482,070	73,141	239,816	2,568	2,315	8,089	45
Derivative asset held for risk management	92,722	-	92,722	-	-	-	-	-	-
Loans and advances	2,305,565	(1)	2,239,472	41,789	20,816	1,987	1,371	124	7
Investment securities	591,097	-	189,358	101,256	285,244	-	740	14,500	-
Investment in subsidiaries	-	(34,625)	34,625	-	-	-	-	-	-
Deferred tax asset	11,885	-	11,223	102	539	21	-	-	-
Other assets	77,395	(68,126)	71,412	4,160	67,946	338	301	1,316	48
Property and equipment	185,216	-	165,456	16,162	1,791	1,286	299	208	14
Intangible assets	16,497	-	15,109	285	654	81	80	241	47
	6,346,879	**(203,693)**	**5,435,073**	**431,217**	**616,825**	**23,002**	**17,600**	**24,991**	**1,865**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

December 31, 2019	Zenith Group	Elimination entries	Zenith Bank Plc	Zenith Bank Ghana Ltd	Zenith Bank UK Ltd	Zenith Bank Sierra Leone Ltd	Zenith Bank Gambia Ltd	Zenith Pension Custodian Ltd	Zenith Nominee Ltd
Liabilities & Equity									
Customer deposits	4,262,289	-	3,486,887	324,130	422,253	16,818	12,201	-	-
Derivative liabilities	14,762	-	14,762	-	-	-	-	-	-
Current income tax	9,711	-	6,627	(1,075)	1,528	67	124	2,292	148
Deferred income tax liabilities	25	-	-	-	-	-	6	17	2
Other liabilities	363,764	(161,045)	386,061	36,083	99,829	2,061	697	626	174
On-lending facilities	392,871	-	392,871	-	-	-	-	-	-
Borrowings	322,479	(7,299)	329,778	-	-	-	-	-	-
Debt securities issued	39,092	-	39,092	-	-	-	-	-	-
Equity and reserves	941,886	(34,628)	778,995	72,079	93,215	4,056	4,572	22,056	1,541
	6,346,879	**(202,972)**	**5,435,073**	**431,217**	**616,825**	**23,002**	**17,600**	**24,991**	**1,865**
Condensed statement of cash flow									
Net cash (used in)/from operating activities	339,168	(80,187)	390,093	34,404	(6,114)	3	1	968	-
Net cash (used in)/from financing activities	(546,291)	57,631	(560,195)	(52,546)	12,819	-	-	(4,000)	-
Net cash (used in)/from investing activities	(61,525)	(4,346)	(51,960)	(8,403)	-	(2)	1	3,185	-
Increase / (decrease) in cash and cash equivalents	**(268,648)**	**(26,902)**	**(222,062)**	**(26,545)**	**6,705**	**1**	**2**	**153**	**-**
Cash and cash equivalents									
At start of year	947,038	273,398	610,915	40,598	17,673	747	3,011	696	-
Exchange rate movements on cash and cash equivalents	(7,675)	(12,766)	-	1,966	2,922	41	162	-	-
At end of year	670,715	233,730	388,853	16,019	27,300	789	3,175	849	-
Increase / (decrease) in cash and cash equivalents	**(268,648)**	**(26,902)**	**(222,062)**	**(26,545)**	**6,705**	**1**	**2**	**153**	**-**

December 31, 2018	Zenith Group	Elimination entries	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	630,344	(6,023)	538,004	63,352	19,362	3,632	1,508	10,172	337
Operating expenses	(380,287)	2,023	(330,584)	(38,530)	(8,146)	(2,774)	(934)	(1,262)	(80)
Impairment charge for financial assets	(18,372)	-	(15,313)	(4,222)	1,182	-	(19)	-	-
Profit before tax·	231,685	(4,000)	192,107	20,600	12,398	858	555	8,910	87
Taxation	(38,261)	-	(26,627)	(7,164)	(2,363)	-	(149)	(1,881)	(77)
Profit for the year	**193,424**	**(4,000)**	**165,480**	**13,436**	**10,035**	**858**	**406**	**7,029**	**180**
Condensed statement of financial position									
Assets									
Cash and balances with central banks	954,416	-	902,073	45,499	10	4,315	2,485	18	16
Treasury bills	1,000,560	-	817,043	161,811	-	12,047	8,388	-	1,271
Assets pledged as collateral	592,935	-	592,935	-	-	-	-	-	-
Due from other banks	674,274	(85,794)	393,466	70,744	276,835	2,876	2,807	13,340	-
Derivative asset held for risk management	88,826	-	88,826	-	-	-	-	-	-
Loans and advances	1,823,111	-	1,736,066	54,569	30,625	606	1,134	108	3
Investment securities	565,312	-	156,673	67,009	333,209	-	745	7,676	-
Investment in subsidiaries	-	(34,003)	34,003	-	-	-	-	-	-
Deferred tax asset	9,513	-	9,197	258	-	58	-	-	-
Other assets	80,948	(40,195)	75,910	3,395	39,653	650	122	1,382	31
Property and equipment	149,137	-	133,854	13,572	437	661	345	248	20
Intangible assets	16,678	-	15,399	154	674	36	88	270	57
	5,955,710	**(159,992)**	**4,955,445**	**417,011**	**681,443**	**21,249**	**16,114**	**23,042**	**1,398**

ZENITH

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

December 31, 2018	Zenith Group	Elimination entries	Zenith Bank Plc	Zenith Bank Ghana Ltd	Zenith Bank UK Ltd	Zenith Bank Sierra Leone Ltd	Zenith Bank Gambia Ltd	Zenith Pension Custodian Ltd	Zenith Nominee Ltd
Liabilities & Equity									
Customer deposits	3,690,295	(200)	2,821,066	322,112	521,136	15,585	10,596	-	-
Derivative liabilities	16,995	-	16,995	-	-	-		-	-
Current income tax	9,154	-	5,954	1,225		(17)	106	1,809	77
Deferred income tax liabilities	67	-	-	-	-	-	17	50	-
Other liabilities	231,716	(104,586)	223,463	28,749	80,365	1,724	1,410	450	141
On-lending facilities	393,295	-	393,295	-	-	-	-	-	-
Borrowings	437,260	(21,203)	458,463	-	-	-	-	-	-
Debt securities issued	361,177	-	361,177	-	-	-	-	-	-
Equity and reserves	815,751	(34,003)	675,032	64,925	79,942	3,957	3,985	20,733	1,180
	5,955,710	**(159,992)**	**4,955,445**	**417,011**	**681,443**	**21,249**	**16,114**	**23,042**	**1,398**
Condensed cash flow									
Net cash (used in)/from operating activities	94,352	(361,038)	184,314	(111)	271,182	-	1	4	-
Net cash (used in)/from financing activities	1,925	41,280	(39,355)	-	-	-	-	-	-
Net cash (used in)/from investing activities	(70,350)	286,247	(67,555)	(1)	(289,031)	2	1	(13)	-
Increase/ (decrease) in cash and cash equivalents	**25,927**	**(33,511)**	**77,404**	**(112)**	**(17,849)**	**2**	**2**	**(9)**	**-**
Cash and cash equivalents									
At start of year	916,342	306,625	533,511	39,392	32,604	704	2,842	664	-
Exchange rate movements on cash and cash equivalents	4,769	284	-	1,318	2,918	41	167	41	-
At end of year	947,038	273,398	610,915	40,598	17,673	747	3,011	696	-
Increase/ (decrease) in cash and cash equivalents	**25,927**	**(33,511)**	**77,404**	**(112)**	**(17,849)**	**2**	**2**	**(9)**	**-**

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 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 provides nominees, trustees, administrators and executorship services for non-pension assets.

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.

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.

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Gross investment	103	103	103	103
Share of profit b/f	440	440	-	-
Diminution in investment	(543)	(543)	(103)	(103)
Balance at end of the year	-	-	-	-

Financials

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

23. Deferred tax asset

In millions of Naira

Group

December 31, 2019

Movements in temporary differences during the year	01-Jan-19	Recognised in profit or loss	31-Dec-19
Asset			
Property and equipment	(12,033)	8,727	(3,306)
Other assets	(2)	593	591
Unutilized capital allowances	14,682	(8,872)	5,810
ECL Allowance on not-credit impaired financial instruments	4,832	(2,097)	2,735
Tax loss carry forward	1,926	4,137	6,063
Foreign exchange differences	108	(116)	(8)
	9,513	**2,372**	**11,885**

Movements in temporary differences during the period	01-Jan-19	Recognised in profit or loss	31-Dec-19
Liabilities			
Property and equipment	51	(42)	9
Impairment allowance on not-credit impaired financial instruments	16	-	16
	67	**(42)**	**25**

December 31, 2018

Movements in temporary differences during the year	01-Jan-18	Recognised in profit or loss	31-Dec-18
Asset			
Property and equipment	(11,987)	(46)	(12,033)
Other assets	(2)	-	(2)
ECL Allowance on not-credit impaired financial instruments	4,832	-	4,832
Unutilized capital allowances	14,682	-	14,682
Tax loss carry forward	1,926	-	1,926
Foreign exchange differences	110	(2)	108
	9,561	**(48)**	**9,513**

Movements in temporary differences during the year	01-Jan-18	Recognised in profit or loss	31-Dec-18
Liabilities			
Property and equipment	2	49	51
Impairment allowance on not-credit impaired financial instruments	16	-	16
	18	**49**	**67**

Bank

In millions of Naira

December 31, 2019

Movements in temporary differences during the year	01-Jan-19	Recognised in profit or loss	31-Dec-19
Asset			
Property and equipment	(12,324)	8,956	(3,368)
ECL Allowance on not-credit impaired financial instruments	4,912	(2,194)	2,718
Unutilized capital allowances	14,683	(8,873)	5,810
Tax loss carried forward	1,926	4,137	6,063
	9,197	**2,026**	**11,223**

December 31, 2018

Movements in temporary differences during the year	01-Jan-18	Recognised in profit or loss	31-Dec-18
Asset			
Property and equipment	(12,324)	-	(12,324)
ECL Allowance on not-credit impaired financial instruments	4,912	-	4,912
Unutilized capital allowances	14,683	-	14,683
Tax loss carried forward	1,926	-	1,926
	9,197	**-**	**9,197**

The Bank's deferred tax asset which principally arise from allowable loss, un-utilized capital allowance and ECL allowance on not credit-impaired financial instruments is N60.2 billion as at December 31, 2019. (December 31, 2018: N44.2 billion). Based on projected future taxable profits, expected growth of unutilised capital allowance and impairment allowance on not- credit impaired financial instruments, the Bank has restricted the deferred tax asset recognised as at December 31, 2019 to N11.2 billion. Thus the Bank has not recognised deferred tax asset of N49 billion in these financial statements. The amount of deductible temporary differences for which no deferred tax asset is recognised is detailed below:

	31-Dec-19		31-Dec-18	
In millions of Naira	Gross Amount	Tax Impact	Gross Amount	Tax Impact
Property and equipment	(49,025)	(14,708)	(6,887)	(2,066)
ECL Allowance on financial instruments not-credit impaired	39,566	11,870	22,670	6,801
Unutilised capital allowance	84,567	25,370	58,817	17,645
Unrelieved losses	88,257	26,477	42,217	12,665
Balance at end of the year	**163,365**	**49,009**	**116,817**	**35,045**

The Bank will continue to assess the recoverability of its deferred tax assets, and to ensure that only amount considered recoverable are recognised in the books and presented in the statement of financial position.

All deferred tax are non current.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18

24. Other assets

Non financial assets				
Prepayments	13,457	19,398	9,983	17,322
Other non-financial assets	357	740	359	742
Gross other non-financial assets	13,814	20,138	10,342	18,064
less impairment (see note (i) below)	(183)	(560)	(183)	(560)
Net other non-financial assets	13,631	19,578	10,159	17,504
Other financial assets				
Electronic card related receivables	42,019	47,256	38,555	43,395
Intercompany receivables	-	-	210	637
Deposit for investment in AGSMEIS	22,096	13,822	22,096	13,822
Receivables	426	1,002	392	530
Deposits for shares	-	-	720	720
Gross other financial assets	64,541	62,080	61,973	59,104
Less: ECL Allowance(see note 3.2.18)	(777)	(710)	(720)	(698)
Net other financial assets	63,764	61,370	61,253	58,406
Total other assets (Net)	**77,395**	**80,948**	**71,412**	**75,910**

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 (See note 34(e)).

Classified as:				
Current	53,071	80,948	46,368	75,910
Non-current	24,324	-	25,044	-
	77,395	**80,948**	**71,412**	**75,910**

See note 3.2.18 for movement in impairment allowance for other financial assets as at December 31, 2019.

(i) Movement in impairment allowance for non financial assets				
At start of the year	560	416	560	416
Charge for the year (see note 8)	(377)	144	(377)	144
At end of the year	**183**	**560**	**183**	**560**

25. Property and equipment

Group

December 31, 2018	land	Buildings	Leasehold improvements	Furniture and fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right of use assets - Others	Work in progress	Total
Cost										
At the start of the year	29,055	53,981	21,334	79,389	29,760	12,600	20,925	-	21,589	268,633
Additions	3,266	4,722	3,503	13,258	8,202	-	3,744	18,138	7,500	62,333
Reclassification/transfer from WIP	2,347	4,513	501	2,978	187	-	94	-	(10,620)	-
Reclassifications	-	(672)	373	434	(117)	-	(18)	-	-	-
Disposals / write off	-	(400)	(503)	(1,418)	(631)	-	(1,130)	-	(1,081)	(5,163)
Exchange difference	-	(1,404)	(192)	(345)	(303)	-	(228)	-	(187)	(2,659)
At the end of the year	**34,668**	**60,740**	**25,016**	**94,296**	**37,098**	**12,600**	**23,387**	**18,138**	**17,201**	**323,144**

December 31, 2018	land	Buildings	Leasehold improvements	Furniture and fittings and equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right of use assets - Others	Work in progress	Total
Accumulated Depreciation										
At the start of the year	-	6,527	16,871	51,904	27,420	1,470	15,304	-	-	119,496
Charge for the year	-	1,350	2,302	10,081	2,208	1,260	2,786	1,449	-	21,436
Reclassifications	-	58	(65)	15	(2)	-	(6)	-	-	-
Disposals / write off	-	(246)	(260)	(940)	(153)	-	(735)	-	-	(2,334)
Exchange difference	-	(43)	(108)	(162)	(220)	-	(137)	-	-	(670)
At the end of the year	**-**	**7,646**	**18,740**	**60,898**	**29,253**	**2,730**	**17,212**	**1,449**	**-**	**137,928**
Net book amount										
At 31 December, 2019	34,668	53,094	6,276	33,398	7,845	9,870	6,175	16,689	17,201	185,216
At December 31, 2018	29,055	47,454	4,463	27,485	2,340	11,130	5,621	-	21,589	149,137

There were no impairment losses on any class of property and equipment during the year (December 31, 2018: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2018: Nil).

All property and equipment are non-current. None of the Bank's assets were financed from borowings, consequently no borrowing cost has been capitalized as part of asset cost.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

Bank

December 31, 2018	land	Buildings	Leasehold improvements	Furniture fittings and office equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right ofuse assets - Others	Work in progress (WIP)	Total
Cost										
At the start of the year	29,055	43,501	17,918	75,434	26,883	12,600	18,848	-	20,163	244,402
Additions	3,266	3,790	1,629	12,808	7,407	-	3,169	11,650	7,182	50,901
Reclassification/transfer from WIP	2,347	4,513	501	2,978	187	-	94	-	(10,620)	-
Reclassifications	-	(116)	7	124	3	-	(18)	-	-	-
Disposals	-	(21)	(22)	(945)	(70)	-	(902)	-	-	(1,960)
Write off against cost	-	-	-	-	-	-	-	-	(34)	(34)
At the end of the year	**34,668**	**51,667**	**20,033**	**90,399**	**34,410**	**12,600**	**21,191**	**11,650**	**16,691**	**293,309**

December 31, 2018	land	Buildings	Leasehold improvements	Furniturefittings and office equipment	Computer equipment	Right of use asset - Aircraft	Motor Vehicles	Right of use assets - Others	Work in progress (WIP)	Total
Accumulated Depreciation										
At the start of the year	-	6,207	14,355	49,258	25,329	1,470	13,929	-	-	110,548
Charge for the year	-	926	1,641	9,689	1,648	1,260	2,535	1,188	-	18,887
Reclassifications	-	58	(65)	15	(2)	-	(6)	-	-	-
Disposals	-	(4)	(20)	(834)	(68)	-	(656)	-	-	(1,582)
At the end of the year	**-**	**7,187**	**15,911**	**58,128**	**26,907**	**2,730**	**15,802**	**1,188**	**-**	**127,853**
Net book amount										
At December 31, 2019	**34,668**	**44,480**	**4,122**	**32,271**	**7,503**	**9,870**	**5,389**	**10,462**	**16,691**	**165,456**
At December 31, 2018	**29,055**	**37,294**	**3,563**	**26,176**	**1,554**	**11,130**	**4,919**	**-**	**20,163**	**133,854**

There were no impairment losses on any class of property and equipment during the year (December 31, 2018: Nil)
There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2018: Nil).
All property and equipment are non-current. None of the Bank's assets were financed from borowings, consequently no borrowing cost has been capitalized as part of asset cost.

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18

26. Intangible assets

Computer software				
Cost				
At start of the year	28,905	22,099	24,876	19,377
Exchange difference	867	639	-	-
Reclassification from PPE	-	81	-	81
WIP (Additions)	582	2,158	966	2,158
Additions	2,118	3,928	1,539	3,260
At end of the year	**32,472**	**28,905**	**27,381**	**24,876**
Accumulated amortization				
At start of the year	12,227	9,110	9,477	7,289
Exchange difference	670	717	-	-
Reclassification from PPE	-	1	-	1
Disposal	-	-	-	-
Charge for the year	3,078	2,399	2,795	2,187
At the end of the year	**15,975**	**12,227**	**12,272**	**9,477**
Carrying amount at end of the year	**16,497**	**16,678**	**15,109**	**15,399**

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..

In 2018, N81 million was reclassified from property and equipment to intangible assets.

27. Customers' deposits

Demand	1,985,020	1,934,766	1,422,508	1,286,187
Savings	614,297	492,206	588,454	435,291
Term	495,714	462,433	379,627	368,816
Domiciliary	1,167,258	800,890	1,096,298	730,772
	4,262,289	**3,690,295**	**3,486,887**	**2,821,066**
Classified as:				
Current	**4,262,289**	**3,690,295**	**3,486,887**	**2,821,066**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

In millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18

28. Other liabilities

Other financial liabilities				
Customer deposits for letters of credit	22,315	41,179	46,354	41,046
Settlement payables	99,225	31,511	99,269	31,346
Managers' cheques	13,777	13,195	13,095	12,317
Due to banks for clean letters of credit	20,259	22,164	63,309	50,563
Deferred income on financial guarantee contracts (see note (b) below)	4,626	509	4,513	508
Sales and other collections	80,243	36,345	80,243	36,345
Unclaimed dividend	25,588	5,832	25,588	5,832
Lease liability (see note (c) below	22,194	11,568	16,297	11,568
AMCON payable	7,634	9,542	7,634	9,542
Electronic card related payables	13,065	4,266	12,951	3,903
Customers' foreign transactions payables	16,088	6,286	6,007	1,025
Off Balance Sheet ECL allowance (see note (a) below)	5,538	8,011	5,538	8,011
Total other financial liabilities	**330,552**	**190,408**	**380,798**	**212,006**
Non financial liabilities				
Tax collections	2,018	1,8244	1,832	1,578
Other payables	31,194	39,484	3,431	9,879
Total other non financial liabilities	33,212	41,308	5,263	11,457
Total other liabilities	**363,764**	**231,716**	**386,061**	**223,463**
Classified as:				
Current	340,557	213,429	363,990	205,176
Non-current	23,207	18,287	22,071	18,287
	363,764	**231,716**	**386,061**	**223,463**

(a) ECL allowance for off balance sheet exposure

In millions of Naira				
Bonds and guarantee contracts	923	759	923	759
Undrawn portion of loan commitments	410	1,941	410	1,941
Letters of credit	4,205	5,311	4,205	5,311
	5,538	**8,011**	**5,538**	**8,011**

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-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18

(c) Lease liability

This relates to an Aircraft and lease rental for properties used by the Group. The net carrying amount of leased assets, included within property and equipment is N26.59 billion (Bank: N20.33 billion) as at December 31, 2019. (December 31, 2018: N11.13 billion, for both Group and Bank).

The future minimum lease payments on the lease liabilities extend over a number of years. This is analysed as follows:

Not more than one year	7,394	2,760	5,072	2,760
Over one year but less than five years	20,592	11,043	15,807	11,043
More than five years	16,126	10,123	11,996	10,123
Less future finance charge	(21,918)	(12,358)	(16,578)	(12,358)
At end of the year	**22,194**	**11,568**	**16,297**	**11,568**

The present value of lease liabilities is as follows at end of the years:

Not more than one year	6,534	915	4,539	915
Between one and five years	10,232	3,656	7,703	3,656
More than five years	5,428	6,997	4,055	6,997
At end of the year	**22,194**	**11,568**	**16,297**	**11,568**

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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**

29. On-lending facilities

(a) This comprises:

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme Loan (i)	40,666	51,735	40,666	51,735
Bank of Industry (BOI) Intervention Loan (ii)	39,827	44,678	39,827	44,678
Central Bank of Nigeria (CBN) / Bank of Industry(BOI) - Power & Aviation intervention Funds (iii)	14,590	16,416	14,590	16,416
CBN MSMEDF Deposit (iv)	1,353	4,223	1,353	4,223
FGN SBS Intervention Fund (v)	135,869	139,835	135,869	139,835
Excess Crude Loan Facilty Deposit (vi)	83,302	88,226	83,302	88,226
Real Sector Support Facility (vii)	43,689	34,276	43,689	34,276
Non-Oil Export Stimulation Facility (viii)	21,139	13,906	21,139	13,906
Paddy Aggregation Scheme (Phase 2) Funds (ix)	2,500	-	2,500	-
Creative Industry Financing Initiative (x)	74	-	74	-
Maize Aggregation Scheme (xi)	4,006	-	4,006	-
Accelerated Agricultural Development Scheme (xii)	5,856	-	5,856	-
	392,871	**393,295**	**392,871**	**393,295**
Classified as:				
Current	15,752	-	15,752	-
Non-current	377,119	393,295	377,119	393,295
	392,871	**393,295**	**392,871**	**393,295**

(b) Movement in on-lending facilities

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
At beginning of the year	393,295	383,034	393,295	383,034
Addition during the year	135,681	57,194	135,681	57,194
Repayment during the year	(136,105)	(46,933)	(136,105)	(46,933)
At end of the year	**392,871**	**393,295**	**392,871**	**393,295**

(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 3% 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 I 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 4% 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 3% 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.

(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 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service subsectors. The funds are received from the CBN at 3%, 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 3% which are then disbursed to qualifying customers at the rate of 9% per annum.

(ix) Paddy Aggregation Scheme (PAS) was established by the Central Bank of Nigeria to provide funding to millers for the purchase of home grown rice paddy. Loans are disbursed to the Bank at 3% for on lending to beneficiaries at 9% per annum for up to 24 months.

(x) 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.

(xi) Maize Aggregation Scheme (MAS) was established by the Central Bank of Nigeria to provide funding to

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

processors for the purchase of home grown maize. Loans of up to N2billion are disbursed to the Bank at 3% for on lending to beneficiaries at 9% per annum for 12 months.

(xii) 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.

30. Borrowings

	Group		Bank	
In Millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Long term borrowing comprise:				
Due to ADB (i)	17,681	29,005	17,681	29,005
Due to KEXIM (ii)	22,877	4,726	22,877	4,726
Due to EIB	-	2,528	-	2,528
Due to PROPARCO (iii)	5,884	10,758	5,884	10,758
Societe Generale Bank (iv)	55,433	27,209	55,433	27,209
Due to ABSA Bank (v)	82,352	63,175	82,352	63,175
Due to J P Morgan Chase Bank (vi)	36,534	108,417	36,534	108,416
Due to Standard Bank London	-	36,926	-	36,926
Due to Standard Bank South Africa (vii)	27,635	49,023	27,635	49,023
Due to IFC (viii)	18,813	24,276	18,813	24,276
Due to First Abu Dhabi Bank	-	81,217	-	81,217
Due to Zenith Bank (UK)	-	-	-	10,437
Due to Goldman Sachs (ix)	36,950	-	36,950	-
Due to Mashreq Bank (x)	18,320	-	18,320	-
Due to Zenith Bank Ghana (xi)	-	-	7,299	10,767
	322,479	**437,260**	**329,778**	**458,463**

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 (December 31, 2018: nil). The assets exchanged under repurchase agreements with counter parties are disclosed in note 17.

Classified as:				
Current	280,934	345,921	280,934	356,357
Non-current	41,545	91,339	48,844	102,106
	322,479	**437,260**	**329,778**	**458,463**

Movement in borrowings				
At beginning of the year	437,260	356,496	458,463	418,979
Addition during the year	198,358	370,606	252,364	391,810
Repayment during the year	(313,139)	(289,842)	(381,049)	(352,326)
At end of the year	**322,479**	**437,260**	**329,778**	**458,463**

ZENITH

(i) Due to ADB

The amount due to African Development Bank (ADB) of N17.68billion (US $48.5million) represents the outstanding balance from a dollar term loan facility to the tune of US $125 million granted by ADB on September 2014. The facility is repayable over 7 years. Interest is payable half-yearly at the rate of 6 months LIBOR + 3.6% per annum. The outstanding balance of N17.68billion (US $48.5million) will mature in February 2021.

(ii) Due to KEXIM

The amount of N22.88 billion (US $62.73 million) represents the outstanding balance from ten(10) short term loan facilities of US $12million, US $13.2million, US $9million, US $9.6million, US $12.29million, US $5million, US $12million, US $8.4million, US $11.4million, and US $9.61million granted by The Export-Import Bank of Korea (KEXIM) in March 2019, April 2019, May 2019, June 2019, July 2019, August 2019, September 2019, October 2019, November 2019, and December 2019 respectively. Interest is payable monthly at 3 month LIBOR+1.6% for all running obligations.

Final repayments on these facilities are due in March 2020, April 2020, May 2020, June 2020, July 2020, August 2020, September 2020, October 2020, November 2020, and December 2020 respectively.

(iii) Due to Proparco

The amount due to Proparco of N5.88billion (US $16.14million) represents the outstanding balance of two tranches of the credit facilities to the tune of US $25m and US $50m granted by Promotion et Participation pour la Coopération économique (PROPARCO) in February and December 2013 respectively. The facilities are priced at 6 months Libor+3.76% and 6 months Libor+3.76% per annum and will mature in April 2020 and April 2021 respectively. Interest on each of the facilities are payable semi-annually. The outstanding balances for each facilities are N850million (US $2.33million) and N5.03 billion (US $13.8 million) respectively.

(iv) Societe Generale Bank

The amount of N55.43billion (US $152 million) represents the outstanding balance on two short-term dollar facilities of US $40 million and US $160 million granted to the Bank in September 2019 by Societe Generale Bank. Interest is payable upon maturity at the rate of 4.07% and 4.17% per annum and the facility will mature in September 2020.

(v) Due to ABSA

The amount of N82.35 billion (US $225.81 million) represents the amount payable by the Bank on dollar repurchase facilities of US$100 million,US$75 million, and US$50 million granted by ABSA in September 2019, November 2019, and December 2019 respectively. Interest is payable on maturity at a fixed rate of 4.91, 4.40% and 4.79% per annum respectively. The facilities will mature in September 2020, November 2020, and December 2020 respectively.

(vi) Due to JP Morgan

The amount of N36.53billion (US $100.16 million) represents the outstanding balance on two short-term dollar facilities of US $40 million and US $160 million granted to the Bank in September 2019 and October 2019 respectively by JP Morgan. Interest is payable upon maturity at the rate of 4.05% and 3.98% per annum and the facility will mature in September 2020 and October 2020 respectively.

(vii) Due to Standard Bank South Africa

The amount of N27.64 billion ($75.77 million) represents the outstanding balance on a dollar short-term facilities of US $75 million granted by Standard Bank of South Africa in July 2018. The facility is priced at 3 months LIBOR plus 2.78%. The facility has a maturity date in October 2020.

(viii) Due to IFC

The amount of N18.81billion (US $51.58 million) represents the amount payable by the Bank from a term loan facility of US $100million, with a 1.5 year moratorium, granted by International Finance Corporation (IFC) in June 2015. Interest is payable semi annually at 6 months LIBOR plus 4.5% per annum and the facility will mature in September 2022.

(ix) Due to Goldman Sachs

The amount of N36.95billion ($101.32 million) represents the outstanding balance on dollar short-term facility of US $100 million granted by Goldman Sachs in September 2019. The facility is priced at 4.19% payable at maturity and would mature in September 2020.

(x) Due to Mashreq Bank

The amount of N18.32billion ($50.23 million) represents the outstanding balance on dollar short-term facility of US $50 million granted by Mashreq Bank in November 2019. The facility is priced at 4.19% payable at maturity and would mature in November 2020.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(xi) Due to Zenith Bank Ghana

The amount of N7.30billion ($20.0 million) represents the outstanding balance on a dollar short-term facility of US $30 million granted to Zenith Bank Ghana in 2018. The facility is priced at 7.5% per annum and is due to mature in December 2021. The facility has been eliminated on consolidation.

31. Debt securities issued

	Group		Bank	
in Millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Due to Euro bond holders	39,092	361,177	39,092	361,177
	39,092	**361,177**	**39,092**	**361,177**

The amount of N39.09 billion ($107 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. The total amount is non-current. The First Tranche of Eurobond was issued in April 2014, and priced at 6.25%, it was fully repaid on 17th April 2019.

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, 2018: Nil).

Movement in debt securities issued

At start of the period/year	361,177	332,931	361,177	332,931
Revaluation loss for the year	5,949	27,778	5,949	27,778
Repurchase during the year	(142,151)	-	(142,151)	-
Contractual repayment	(198,207)	(24,443)	(198,207)	(24,443)
Accrued interest during the year	12,324	24,911	12,324	24,911
At end of the year	**39,092**	**361,177**	**39,092**	**361,177**

Classified as:

Current	-	180,720	-	180,720
Non-current	39,092	180,457	39,092	180,457
	39,092	**361,177**	**39,092**	**361,177**

32. Derivative liabilities

Instrument types (Fair value):

Forward and Swap Contracts	13,622	16,236	13,622	16,236
Futures contracts	1,140	759	1,140	759
	14,762	**16,995**	**14,762**	**16,995**

in Millions of Naira	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Instrument types (Notional Amount):				
Forward and Swap Contracts	208,263	231,382	208,263	231,382
Futures contracts	277,716	302,882	277,716	302,882
	485,979	**534,264**	**485,979**	**534,264**
Classified as:				
Current	14,762	16,995	14,762	16,995
Non-current	-	-	-	-
	14,762	**16,995**	**14,762**	**16,995**

The Group enters into currency forward contracts with counterparties. On initial recognition, the Group estimates the fair value of derivatives transacted with the counterparties using valuation techniques. In many cases, all significant inputs into the valuation techniques are wholly observable reference being made to similar transactions in the wholesale dealer market.

During the year, various forward contracts entered into by the Bank generated net loss of N7.43 billion (31 December, 2018 net loss of N16.78 billion) which were recognized in the statement of profit or loss and other comprehensive income. These net loss/ gains related to the fair values of the forward contracts, producing derivative assets and liabilities of N92.72 and N14.76 billion respectively (December 31, 2018 N88.83 and N17.00 billion respectively).

33. Share capital

	Group 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-19	Bank 31-Dec-18
Authorised				
40,000,000,000 ordinary shares of 50k each (31 Dec 2018: 40,000,000,000)	20,000	20,000	20,000	20,000
Issued and fully paid				
31,396,493,786 ordinary shares of 50k each (31 Dec 2018: 31,396,493,786)	15,698	15,698	15,698	15,698
Issued				
Ordinary	15,698	15,698	15,698	15,698
Share premium	255,047	255,047	255,047	255,047

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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

34. Share premium, retained earnings and other reserves

(a) There was no movement in the Share premium account during the current and prior year.

	Group		Bank	
in Millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
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 reserve represents the cumulative appropriation from general reserves/earnings in line with Nigerian banking regulations that require the Bank to make an annual appropriation in reference to specific rules. Section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), 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 N27.05 billion (December 31, 2018: N24.82 billion) representing 15% of Zenith Bank's profit after tax was appropriated.

(e) SMIEIS/AGSMIES 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) and April 7, 2017 respectively.

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.

In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation.

The small and medium scale industries equity investment scheme reserves are non-distributable.

(f) Fair value reserve:
Comprises fair value movements on equity 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) Regulatory reserve for credit risk: This reserve represents the cummulative difference between the loan loss provision determined per the Prudential Guidelines and the allowance/reserve for loan losses as determined in line with the principles of IFRS 9.

(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 22(i) for the changes in non-controlling interest during the year.

In millions of Naira	31-Dec-19	31-Dec-18
Movement in Non-controlling interest		
At start of the year	1,538	1,264
Profit for the year	150	277
Foreign currency translation differences	(60)	(3)
Acquisition of NCI without change in control*	(874)	-
At financial year end	**754**	**1,538**

35. 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 N3.92 billion and N2.94 billion respectively (31 December 2018: N4.05 billion and N3.15 billion).

36. Personnel expenses

Compensation for the staff are as follows:

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Salaries and wages	65,831	57,957	51,966	47,971
Other staff costs	8,103	6,547	7,128	5,536
Pension contribution	3,924	4,052	2,944	3,150
	77,858	**68,556**	**62,038**	**56,657**

(a) The average number of persons employed during the year by category:

	Number	Number	Number	Number
Executive directors	12	14	6	6
Management	433	443	358	387
Non-management	6,960	7,137	5,618	5,860
	7,405	**7,594**	**5,982**	**6,253**

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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	1,467	1,566	1,069	1,114
N2,000,001 - N2,800,000	75	107	-	-
N2,800,001 - N4,000,000	475	706	414	626
N4,000,001 - N6,000,000	1,083	1,015	929	849
N6,000,001 - - N8,000,000	1,382	1,421	1,189	1,225
N8,000,001 - N9,000,000	31	841	24	833
N9,000,001 - and above	2,892	1,938	2,357	1,606
	7,405	**7,594**	**5,982**	**6,253**

	Group		Bank	
In millions of Naira	**31-Dec-19**	**30-Jun-18**	**31-Dec-19**	**30-Jun-18**
(b) Directors' emoluments				
The remuneration paid to directors are as follows:				
Executive compensation	2,043	1,048	1,428	550
Fees and sitting allowances	405	370	84	185
	2,448	**1,418**	**1,512**	**735**

Fees and other emoluments disclosed above include amounts paid to:

The Chairman	26	28
The highest paid director	125	125

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	38	39	13	13

37. Group subsidiaries and related party transactions

Parent:

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

Subsidiaries:

Transactions between Zenith Bank Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at December 31, 2019 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

December 31, 2019

Transactions and balances with subsidiaries In millions of Naira	Receivable from	Payable to	Income received from	Expense paid to
Zenith Bank (UK) Limited	83,570	67,194	540	-
Zenith Bank (Ghana) Limited	-	7,301	-	-
Zenith Bank (Sierra leone) Limited	159	-	-	-
Zenith Bank (Gambia) Limited	53	-	-	-
Zenith Pensions Custodian Limited	-	-	3,600	-

December 31, 2018

Transactions and balances with subsidiaries In millions of Naira	Receivable from	Payable to	Income received from	Expense paid to
Zenith Bank (UK) Limited	38,836	74,828	-	134
Zenith Bank (Ghana) Limited	14,169	491	2	-
Zenith Bank (Sierra leone) Limited	2,876	88	52	-
Zenith Bank (Gambia) Limited	97	59	1	-
Zenith Pensions Custodian Limited	200	2	3,600	2,288

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

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

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, 3.6 and 4.4b for disclosures on liquidity, capital adequacy, and credit risk reserve requirements respectively. The carrying amounts of banking subsidiaries' assets and liabilities are N1,116 million and N917,981 million respectively (December 31, 2018: N1,138 million and N986 million respectively).

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

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Key management compensation				
Short term benefits	1,226	1,222	724	724
Post employment benefits	919	20	906	7
Fees and sitting allowances	405	370	84	185
	2,550	**1,612**	**1,714**	**916**
Loans and advances				
At start of the year	1,180	199	1,022	225
Granted during the year	1,010	1,016	1,010	824
Repayment during the year	(426)	(35)	(390)	(27)
At end of of the year	**1,764**	**1,180**	**1,642**	**1,022**
Interest earned	60	41	60	41

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Loans granted to key management are performing. Mortgage loans amounting to N1,642 million (December 31, 2018: N1,180 million) are secured by the underlying assets.

December 31, 2019 Name of company	Relationship/Name	Loans	Deposits	Interest received	Interest paid
Cyberspace Network	Common significant shareholder/Jim Ovia	-	2	-	-
Quantum Fund Management	Common significant shareholder/Jim Ovia	-	85	-	-
Zenith General Insurance Company Ltd	Common directorship/Jim Ovia	-	1,146	-	-
Directors deposits	-	796	1,598	48	35
Oviation limited	Former Director	-	1,578	-	-
Sirius Lumina Ltd	Director / Prof. Sam Enwemeka	-	1	-	-
		796	**4,410**	**48**	**35**

December 31, 2018 Name of company	Relationship/ Name	Loans	Deposits	Interest received	Interest paid
Cyberspace Network	Common significant shareholder/Jim Ovia	-	226	-	-
Quantum Fund Management	Common significant shareholder/Jim Ovia	-	32	-	-
Zenith General Insurance Company Ltd	Common directorship/Jim Ovia	-	968	-	8
Directors deposits	-	-	1,660	-	6
Sirius Lumina Ltd	Director / Prof. Sam Enwemeka	3	-	-	-
		3	**2,886**	**-**	**14**

Interest charged on loans to related parties and interest and other fees paid to related parties are similar to what would be charged in an arms' length transaction. 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 impairment has been recognised in respect of loans granted to related parties (December 31, 2018: Nil).

During the year, Zenith Bank Plc paid N1.78 billion as insurance premium to Zenith General Insurance Limited (31 December 2018: N1.86 billion). These expenses were reported as operating expenses.

The amount of N4,198 billion (December 31, 2018: N4,357 billion) represents the full amount of the Group's guarantee for the assets held by its subsidiary, Zenith Pensions Custodian Limited under the latter's custodial business as required by the National Pensions Commission 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.

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 2.76 billion Naira. The lease transaction was conducted at arm's length and the lease liability as at year end December 31, 2019 (Note 28c) was N10.99 billion (December 31, 2018 – N11.57 billion)

The Bank paid N5.71 billion (31 December 2018 N12.2 billion) to Cyberspace Network for various Information technology services rendered during the year.

38. Contingent liabilities and commitments

(a) Legal proceedings

The Group is presently involved in 222 (December 31, 2018: 195) litigation suits in the ordinary course of business. The total amount claimed in the cases against the Group is estimated at N27 billion (December 31, 2018: N28 billion). The actions are being contested and the Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Group and are not aware of any other pending or threatened claims and litigations.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(b) Capital commitments

At the reporting date, the Group had capital commitments amounting to N5.5 billion (December 31, 2018: N6.24 billion) in respect of authorized and contracted capital projects.

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

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

	Group		Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Performance bonds and guarantees (see note i below)	363,922	327,123	261,495	306,412
Usance (see note ii below)	79,318	147,189	79,318	147,189
Letters of credit (see note ii below)	545,174	356,939	413,656	321,754
	988,414	**831,251**	**754,469**	**775,355**
Assets under custody (See Note iii below)	5,174,795	4,356,973	5,174,795	4,356,973

(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 December 31, 2019, performance bonds and guarantees worth N84 billion (December 31, 2018: N59.4 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 and cannot be settled net in cash. Usance and letters of credit are secured by different types of collaterals similar to those accepted for actual credit facilities.

(iii) The amount includes N4,198 billion (December 31, 2018: N4,357 billion) which represents the full amount of the Group's guarantee for the assets held by its subsidiary, Zenith Pensions Custodian Limited's custodial business as required by the National Pensions Commission of Nigeria. The residual amount of N977 billion (December 31,2018: N932 billion) is held under the custodial business of Zenith Nominees Limited.

39. Dividend per share

	Group		Bank	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Dividend proposed	87,910	87,910	87,910	87,910
Number of shares in issue and ranking for dividend	31,396	31,396	31,396	31,396
Proposed dividend per share (Naira)	2.80	2.80	2.80	2.80
Interim dividend paid (Naira)	0.30	0.30	0.30	0.30
Final dividend per share proposed	2.50	2.50	2.50	2.50
Dividend paid during the year	78,491	76,921	78,491	76,921
Interim dividend paid during the year	9,419	9,419	9,419	9,419
Total dividend paid during the year	87,910	86,340	87,910	86,340

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 379 of the Companies and Allied Matters

Act of Nigeria, Cap C20 LFN 2004, proposed an interim dividend of N0.30 per share and a final dividend of N2.50 per share (December 31, 2018: interim; N0.30, final; N2.50) from the retained earnings account as at December 31, 2019. 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 December 31, 2019 and December 31, 2018 respectively.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

40. 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 maturing within three months, operating account balances with other banks, amounts due from other banks.

	Group		Bank	
In millions of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Cash and cash balances with central bank (less mandatory reserve deposits)	175,328	248,945	118,499	196,602
Treasury bills (maturing within 3 months) (see note 16)	11,697	23,819	11,697	20,847
Due from other banks	483,690	674,274	258,657	393,466
	670,715	**947,038**	**388,853**	**610,915**

41. Compliance with banking regulations

During the year, the Bank incurred the following penalties due to contraventions of the regulations of the Banks and Other Financial Institutions Act, 1991.

S/N	Descripton	Amount Paid in Naira
1	Penalty for incomplete documentation of newly opened accounts	2,000,000
2	Fines for non-compliance with ATM installation procedures.	2,000,000
3	Fines for non-compliance with Anti-money laundering procedures.	2,000,000
4	Penalty for improper classification of corporate accounts.	15,000,000
		21,000,000

42. Events after the reporting period

No significant event that requires disclosure occured between the reporting date and the date when the financial statements were issued.

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

	Group		Bank	
In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18

43. Statement of cash flow workings

(i) Debt securities (see note 21)

December 31, 2019	Debt securities at fair value through profit or loss	Debt securities at a mortised cost and FVTOCI	Debt securities at fair value through profit or loss	Debt securities at a mortised cost
At 1 January 2019	4,970	513,154	4,970	102,508
Gains from changes in fair value recognised in profit or loss (see note 21)	10,905	-	10,905	-
Additions	11,592	132,685	11,592	57,059
Disposals (sale, transfers and redemption)	(15,210)	(138,370)	(15,210)	(49,551)
Interest accrued	-	7,790	-	3,943
Coupon received	-	-	-	-
	12,257	**515,259**	**12,257**	**113,959**
Movement for cash flow statement	(3,618)	2,105	(3,618)	11,451
Recognised in cash flow statement	-	1,513	-	(7,833)

December 31, 2018	Debt securities at fair value through profit or loss	Debt securities at amortised cost and FVTOCI	Debt securities at fair value through profit or loss	Debt securities at a mortised cost
At 1 January 2018	32,266	284,584	32,266	71,447
Gains from changes in fair value recognised in profit or loss (see note 11)	(1,990)	-	(1,990)	-
Additions	1,978	230,573	1,978	27,475
Disposals (sale, transfers and redemption)	(27,408)	(10,086)	(27,408)	(1,252)
Interest accrued	124	8,063	124	4,838
	4,970	**513,154**	**4,970**	**102,508**
Movement for cash flow statement	(25,306)	228,570	(25,306)	31,061
Recognised in cash flow statement	-	(203,264)	-	(5,755)

(ii) Treasury bills (Amortised cost) (see note 16)

December 31, 2019	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Treasury bills (Amortised cost)	283,845	490,319	114,352	306,802
Treasury bills (with 3 months maturity)	(11,697)	(23,819)	(11,697)	(20,847)
Changes	272,148	466,500	102,655	285,955
Recognised in cashflow statement	**194,352**		**183,300**	

December 31, 2018	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Treasury bills (Amortised cost)	490,319	389,161	306,802	252,336
Treasury bills (with 3 months maturity)	(23,819)	(109,990)	(20,847)	-
Changes	466,500	279,171	285,955	252,336
Recognised in cashflow statement	**(187,329)**		**(33,619)**	

(iii) Treasury bills (FVTPL) (see note 16)

December 31, 2019	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Treasury bills (FVTPL)	708,111	510,313	708,114	510,313
Recognised in cashflow	**(197,798)**		**(197,801)**	

December 31, 2018	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Treasury bills (FVTPL)	510,313	547,656	510,313	547,656
Recognised in cashflow	**37,343**		**37,343**	

(iv) Loans and advances (see note 20)

December 31, 2019	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Gross loans and advances	2,462,359	2,016,520	2,390,651	1,921,064
Changes	(445,839)	235,652	(469,587)	196,005
Write off	(65,253)	(73,962)	(60,967)	(60,235)
Interest receivables	18,375	-	17,172	-
	(492,717)	**161,690**	**(513,382)**	**135,770**

December 31, 2018	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Gross loans and advances	2,016,520	2,252,172	1,921,064	2,117,069
Changes	235,652	108,637	196,005	76,155
Write-back	-	(6,535)	-	(6,535)
Write off	(73,962)	(7,196)	(60,235)	(7,196)
	161,690	**94,906**	**135,770**	**62,424**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(v) Customer deposits

	Group		Bank	
December 31, 2019	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
As per financial statement	4,262,289	3,690,295	3,486,887	2,821,066
Changes	571,994	252,380	665,821	76,541
Interest payables	(7,859)	-	(1,266)	-
	564,135	**-**	**664,555**	**-**

	Group		Bank	
December 31, 2018	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
As per financial statement	3,690,295	3,437,915	2,821,066	2,744,525
Changes	252,380	454,294	76,541	191,562
	252,380	**-**	**76,541**	**-**

(vi) Other liabilities (see note 29)

	Group		Bank	
December 31, 2019	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
As per statement of financial position	363,764	231,716	386,061	223,463
Changes	(137,299)	11,307	(167,849)	5,869
Finance lease principal repayments	(2,196)	(2,760)	(2,196)	(2,760)
Finance lease interest repayments	(564)	-	(564)	-
off balance sheet ECL allowance	5,466	8,011	5,466	8,011
VAT paid	(381)	(260)	(381)	(260)
Net cash movement	**134,974**	**(16,298)**	**165,524**	**(10,860)**

	Group		Bank	
December 31, 2018	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
As per statement of financial position	231,716	243,023	223,463	229,332
Changes	11,307	(24,801)	5,869	23,946
Finance lease repayments	(2,760)	-	(2,760)	-
ECL allowance	8,011	-	8,011	-
VAT paid	(260)	2,235	(260)	(1,814)
Net cash movement	**(16,298)**	**(27,036)**	**(10,860)**	**22,132**

	Group		Bank	

(vii) Profit on disposal of property and equipment

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Cost (see note 25)	5,163	4,157	1,960	2,262
Accummulated depreciation (see note 25)	(2,334)	(926)	(1,582)	(2,097)
Net book value	**2,829**	**3,231**	**378**	**165**
Sales proceed	(2,976	3,490	(530)	406
Recognised in cash flow statement	**147**	**259**	**152**	**241**

(viii) Interest received

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Interest income as per financial statement	415,563	440,052	339,310	367,816
Interest receivables	(8,459)	(5,206)	(3,792)	(2,691)
Recognised in cash flow statement	**407,104**	**434,846**	**335,518**	**365,125**

(ix) Interest paid

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Interest expense as per financial statement	148,532	144,458	126,237	124,156
Interest payables	(12,957)	(10,257)	(11,839)	(7,922)
Recognised in cash flow statement	**135,575**	**134,201**	**114,398**	**116,234**

(x) Other assets

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Other assets (see note 24)	77,395	79,678	71,412	74,652
Changes	3,863	7,568	(4,853)	(23,848)
Write off of asset	-	(4,518)	-	(4,518)
Recognised in cash flow statement	**3,863**	**3,050**	**(4,853)**	**(28,366)**

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Other assets	79,678	87,246	74,652	50,804
Changes	7,568	-	(23,848)	-
Write off of asset	(4,518)	-	(4,518)	-
Recognised in cash flow statement	**3,050**	**-**	**(28,366)**	**-**

Notes to the Consolidated and Separate Financial Statements for the Year Ended December 31, 2019

(xi) Asset pledged as collateral

	Group		Bank	
	31-Dec-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Asset pledged as collateral	431,671	592,935	431,671	592,935
Impairment	69	126	69	126
	431,740	593,061	431,740	593,061
Recognised in cash flow	**161,321**	**(124,925)**	**161,321**	**(124,925)**

(xii) Derivative Asset

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Forward contract	91,204	87,467	91,204	87,467
Future contract	1,518	1,359	1,518	1,359
	92,722	88,826	92,722	88,826
Recognised in cash flow	**(3,896)**	**(31,607)**	**(3,896)**	**(31,607)**

(xiii) Restricted balances (Cash Reserve)

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Mandatory reserve deposit with central bank	680,261	624,782	680,261	624,782
Special Cash Reserve	80,689	80,689	80,689	80,689
	760,950	705,471	760,950	705,471
Recognised in cashflow	**(55,479)**	**(58,357)**	**(55,479)**	**(58,386)**

(xiiv) Derivative liabilities

	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Forward contract	13,622	16,236	13,622	16,236
Futures contract	1,140	759	1,140	759
	14,762	16,995	14,762	16,995
Recognised in cashflow	**(2,233)**	**(3,810)**	**(2,233)**	**(3,810)**

ZENITH
TIMELESS ACCOUNT
for Senior Citizens
(55years and above)

No Fees, No Charges,
Just Free Banking

04

Other National Disclosures

Value Added Statement

In millions of Naira	31-Dec-19	31-Dec-19 %	31-Dec-18	31-Dec-18 %
Group				
Gross income	662,251		630,344	
Interest expense				
- Local	(123,651)		(49,224)	
- Foreign	(24,881)		(95,234)	
	513,719		485,886	
Impairment loss on financial and non-financial instruments	(24,032)		(18,903)	
	489,687		**466,983**	
Bought-in materials and services				
- Local	(76,072)		(65,388)	
- Foreign	(67,949)		(72,509)	
Value added	**345,666**	**100**	**329,086**	**100**
Distribution				
Employees				
Salaries and benefits	77,858	23	68,556	21
Government				
Income tax	34,451	10	38,261	12
Retained in the Group				
Replacement of property and equipment/ intangible assets	24,514	7	19,047	6
To pay proposed dividend	9,420	3	84,771	26
Profit for the year (including statutory, small scale industry, and non-controling interest)	199,423	35	118,451	36
Total Value Added	**345,666**	**100**	**329,086**	**100**

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

In millions of Naira	31-Dec-19	31-Dec-19 %	31-Dec-18	31-Dec-18 %
Bank				
Gross income	564,687		538,004	
Interest expense				
- Local	(58,288)		(51,647)	
- Foreign	(67,949)		{72,509)	
	438,450		413,848	
Impairment loss on financial and non-financial instruments	(23,393)		(15,313)	
	415,057		**398,535**	
Bought-in materials and services				
- Local	(128,230)		(121,999)	
- Foreign	(3,087)		(2,577)	
Value added	**283,740**	**100**	**273,959**	**100**
Distribution				
Employees				
Salaries and benefits	62,038	22	56,657	21
Government				
Income tax	22,017	8	26,627	10
Retained in the Bank				
Replacement of property and equipment/ intangible assets	21,682	8	16,812	5
To pay proposed dividend	9,420	33	84,771	69
Profit for the year (including statutory, small scale industry, and non-controling interest)	168,583	59	80,709	(15)
Total Value Added	**283,740**	**100**	**265,576**	**100**

Value added represents the additional wealth which the Bank has been able to create by its own and employees efforts.

Five Year Financial Summary

In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Group					
Statement of Financial Position					
Assets					
Cash and balances with central banks	936,278	954,416	957,663	669,058	761,561
Treasury bills	991,393	1,000,560	936,817	557,359	377,928
Assets pledged as collateral	431,728	592,935	468,010	328,343	265,051
Due from other banks	707,103	674,274	495,803	459,457	272,194
Derivative assets	92,722	88,826	57,219	82,860	8,481
Loans and advances	2,305,565	1,823,111	2,100,362	2,289,365	1,989,313
Investment securities	591,097	565,312	330,951	199,478	213,141
Investments in associates	-	-	-	-	530
Deferred tax	11,885	9,513	9,561	6,440	5,607
Other assets	77,395	80,948	92,494	37,536	22,774
Property and equipment	185,216	149,137	133,384	105,284	87,022
Intangible assets	16,497	16,678	12,989	4,645	3,240
Total assets	**6,346,879**	**5,955,710**	**5,595,253**	**4,739,825**	**4,006,842**
Liabilities					
Customers deposits	4,262,289	3,690,295	3,437,915	2,983,621	2,557,884
Derivative liabilities	14,762	16,995	20,805	66,834	384
Current tax payable	9,711	9,154	8,915	8,953	3,579
Deferred income tax liabilities	25	67	18	45	19
Other liabilities	363,764	231,716	243,023	214,080	205,062
On-lending facilities	392,871	393,295	383,034	350,657	286,881
Borrowings	322,479	437,260	356,496	263,106	258,862
Debt securities issued	39,092	361,177	332,931	153,464	99,818
Total liabilities	**5,404,993**	**5,139,959**	**4,783,137**	**4,040,760**	**3,412,489**
Net assets	**941,886**	**815,751**	**812,116**	**699,065**	**594,353**
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	412,948	322,237	356,837	261,608	200,115
Other Reserves	257,439	221,231	183,217	165,729	122,900
Attributable to equity holders of the parent	941,132	814,213	810,799	698,082	593,760
Non-controlling interest	754	1,538	1,317	983	593
Total shareholders' equity	**941,886**	**815,751**	**812,116**	**699,065**	**594,353**

* See note 43

In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Statement Of Profit Or Loss And Other Comprehensive Income					
Gross earnings	662,251	630,344	745,189	507,997	432,535
Share of profit / (loss) of associates	-	-	-	-	228
Interest expense	(148,532)	(144,458)	(216,637)	(144,378)	(123,597)
Operating and direct expenses	(246,393)	(235,829)	(231,006)	(179,921)	(167,877)
Impairment charge for financial and non-financial assets	(24,032)	(18,372)	(98,227)	(32,350)	(15,673)
Profit before taxation	**243,294**	**231,685**	**199,319**	**151,348**	**125,616**
Income tax	(34,451)	(38,261)	(25,528)	(27,096)	(19,953)
Profit after tax	**208,843**	**193,424**	**173,791**	**124,252**	**105,663**
Foreign currency translation differences	(8,498)	4,828	5,233	30,338	637
Fair value movements on equity instruments	13,870	1,459	(2,551)	6,636	(1,752)
Related tax	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	452	-	-	-	-
Related tax	-	-	-	-	-
	5,824	**6,287**	**2,682**	**36,974**	**(1,115)**
Total comprehensive income	**214,667**	**199,711**	**176,473**	**161,226**	**104,548**
Earning per share:					
Basic and diluted	665 K	615 K	553 K	395 K	336 K

Five Year Financial Summary

In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Bank					
Statement of Financial Position					
Assets					
Cash and balances with central banks	879,449	902,073	907,265	627,385	735,946
Treasury bills	822,449	817,043	799,992	463,787	330,900
Assets pledged as collateral	431,728	592,935	468,010	325,575	264,320
Due from other banks	482,070	393,466	273,331	354,405	266,894
Derivative assets	92,722	88,826	57,219	82,860	8,481
Loans and advances	2,239,472	1,736,066	1,980,464	2,138,132	1,849,225
Investment securities	189,358	156,673	117,814	118,622	150,724
Investments in subsidiaries	34,625	34,003	34,003	33,003	33,003
Investments in associates	-	-	-	-	90
Deferred tax	11,223	9,197	9,197	6,041	5,131
Other assets	71,412	75,910	56,052	35,410	21,673
Assets classified as held for sale	-	-	-	-	-
Property and equipment	165,456	133,854	118,223	94,613	81,187
Intangible assets	15,109	15,399	12,088	3,903	2,753
Total assets	**5,435,073**	**4,955,445**	**4,833,658**	**4,283,736**	**3,750,327**
Liabilities					
Customers deposits	3,486,887	2,821,066	2,744,525	2,552,963	2,333,017
Derivative liabilities	14,762	16,995	20,805	66,834	384
Current tax payable	6,627	5,954	6,069	6,927	2,534
Deferred income tax liabilities	-	-	-	-	-
Other liabilities	386,061	223,463	229,332	249,136	212,636
On-lending facilities	392,871	393,295	383,034	350,657	286,881
Borrowings	329,778	458,463	418,979	292,802	268,111
Debt securities issued	39,092	361,177	332,931	153,464	99,818
Total liabilities	**4,656,078**	**4,280,413**	**4,135,675**	**3,672,783**	**3,203,381**
Net assets	**778,995**	**675,032**	**697,983**	**610,953**	**546,946**
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	302,028	238,635	287,867	213,107	160,408
Other reserves	206,222	165,652	139,371	127,101	115,793
Attributable to equity holders of the parent	778,995	675,032	697,983	610,953	546,946
Total shareholders' equity	**778,995**	**675,032**	**697,983**	**610,953**	**546,946**

In millions of Naira	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Statement Of Profit Or Loss And Other Comprehensive Income					
Gross earnings	564,687	538,004	673,636	454,808	396,653
Interest expense	(126,237)	(124,156)	(200,672)	(131,910)	(114,936)
Operating and direct expenses	(215,037)	(206,428)	(208,299)	(162,076)	(155,406)
Impairment charge for financial assets	(23,393)	(15,313)	(95,244)	(26,295)	(11,091)
Profit before tax	**200,020**	**192,107**	**169,421**	**134,527**	**115,220**
Income tax	(19,688)	(26,627)	(16,418)	(20,642)	(16,436)
Profit after tax	**180,332**	**165,480**	**155,003**	**113,885**	**98,784**
Other comprehensive income		-	-	-	-
Fair value movements on equity instruments	13,870	1,459	(2,551)	6,636	(1,752)
Tax effect of equity instruments at fair value	-	-	-	-	-
	13,870	**1,459**	**(2,551)**	**6,636**	**(1,752)**
Total comprehensive income	**194,202**	**166,939**	**150,452**	**120,521**	**97,032**
Earning per share:					
Basic and diluted	574 K	527 K	487 K	362 K	315 K

Share Capital History

Financial year	Nominal value of shares (=N=)	Number of shares (units)	Nominal value per shares (=N=)
30-Jun-91	24,839,000.00	24,839,000.00	1
30-Jun-92	54,407,000.00	54,407,000.00	1
30-Jun-93	57,897,352.00	57,897,352.00	1
30-Jun-94	90,062,000.00	90,062,000.00	1
30-Jun-95	178,744,000.00	178,744,000.00	1
30-Jun-96	242,830,000.00	242,830,000.00	1
30-Jun-97	244,054,000.00	244,054,000.00	1
30-Jun-98	512,513,000.00	512,513,000.00	1
30-Jun-99	512,513,000.00	512,513,000.00	1
30-Jun-00	513,329,000.00	513,329,000.00	1
30-Jun-01	1,026,658,000.00	1,026,658,000.00	1
30-Jun-02	1,026,658,000.00	1,026,658,000.00	1
30-Jun-03	1,548,555,000.00	1,548,555,000.00	1
30-Jun-04	1,548,555,000.00	3,097,110,000.00	0.5
30-Jun-05	3,000,000,000.00	6,000,000,000.00	0.5
30-Jun-06	4,586,744,450.00	9,173,488,900.00	0.5
30-Jun-07	4,632,762,150.00	9,265,524,300.00	0.5
30-Sep-08	8,372,398,343.00	16,744,796,686.00	0.5
31-Dec-09	12,558,597,514.50	25,117,195,029.00	0.5
31-Dec-10	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-11	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-12	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-13	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-14	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-15	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-16	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-17	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-18	15,698,246,893.00	31,396,493,786.00	0.5
31-Dec-19	15,698,246,893.00	31,396,493,786.00	0.5

Zenith Youth Parade 2019

The 14th Edition

The Zenith Youth Parade (ZYP) is a Corporate Social Responsibility (CSR) initiative of Zenith Bank Plc aimed at supporting, nurturing and empowering Nigerian youths.

With participants drawn from select public schools, alternative care homes and family-like care centers across Lagos, the parade has over the years evolved into a mega festival and a channel for ushering in the Yuletide and New Year seasons, showcasing the best of Nigeria's entertainment and creative industry while providing a healthy platform for children from diverse cultural, religious, ethnic and social backgrounds to interact and have great fun.

With the theme "HEROES OF OUR TIMES: PAST, PRESENT AND FUTURE", this year's parade was all about giving honour to the deserving Nigerians of diverse disciplines, ages and backgrounds, who have made their marks in our world. This hopefully will inspire the children to pursue their dreams with greater vigor and passion, seeing that consistent effort and commitment will always be rewarded.



















Style by Zenith

The 2nd Edition

Style By ZENITH 2.0

Style the Life you Desire

"Style by Zenith 2.0", the second edition of our flagship lifestyle fair, was held at the Eko Energy City, Victoria Island, Lagos from Friday, November 29 to Sunday, December 1, 2019.
The fair is an initiative of Zenith Bank to engage the various aspects of our customers' lifestyle strategically. The three-day fair provided a classy meeting point for purveyors of lifestyle products and the public to interact. It included a series of activities like fashion shows and masterclasses, food fairs, music concerts, and play area for children, amongst others.

Apart from serving as a veritable touch-point for creating value for our teeming customers, the fair also provided an opportunity for budding entrepreneurs and retail businesses to nurture and expand their businesses in line with our retail focus, thus promoting the Federal Government's agenda of growing SME businesses in Nigeria.















The Aba SME Fair

The Aba SME Fair, a three-day fair held from Thursday, October 17 to Saturday, October 19, 2019, in the city of Aba, Abia State. The event provided a unique opportunity to showcase the ingenuity of the people and put the state on the global fashion map.
The event, which was put together by Zenith Bank Plc in partnership with the Abia State Government, was geared towards contributing to the growth and development of SMEs in the state by providing funding, and facilitating access and exposure to both national and international markets for "Made in Aba" products.

Some of the major highlights of the fair are the offer of free registration with the Corporate Affairs Commission (CAC) for the first 200 SMEs and free booth for the first 150 SMEs to register for the fair as well as an opportunity for the best fashion/creative exhibitors at the fair to participate at the "Style by Zenith 2.0" fair in Lagos.

Zenith Tech Fair

Maiden Edition

TECH FAIR

FUTURE FORWARD

The maiden edition of the Zenith Tech Fair held on Wednesday, November 27, 2019, at the Landmark Events Centre, Victoria Island, Lagos.
Themed "Future Forward", the event covered conversations and exhibitions in emerging technologies, as well as a Hackathon to identify and finance innovative startups.

The fair showcased leading technology innovations that cut across different aspects of life such as Artificial Intelligence, Quantum Computing, Machine Learning, Blockchain, Robotics, Big Data, FinTech, Augmented Reality, Data Analytics, 5G and Communication Technologies, among others.
The lineup of exhibitors included Google, Oracle, IBM, Microsoft, Visa, HP, and Apple, with no fewer than 2, 000 participants, 50 exhibitors, and 400 developers in attendance.

VERITAS REGISTRARS
RC 510155

Veritas Registrars Limited (formerly Zenith Registrars Limited)
Plot 89A, Ajose Adeogun Street, P. O. Box 75315, Victoria Island, Lagos
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enquiry@veritasregistrars.com
www.veritasregistrars.com

e-BONUS (DIRECT CREDIT TO CSCS ACCOUNT)

Account No: ____________________

I/We have ____________________ units of **Zenith Bank Plc** shares.

I/We hereby request and authorise you to credit my/our CSCS account (statement attached) with BONUS accruing on my/our holdings.

I/We indemnify the Directors of Zenith Bank Plc against all claims and demands (and any case expense thereof which may be made in consequence of your complying with this instruction:

Shareholder's Name: ....
SURNAME OTHER NAMES

Shareholder's Address: ....
....

Mobile Tel: ....

Date: ....

I hereby affirm that the information given above are true of me ____________________
Shareholder's Signature

1. Please attach copies of CSCS statement
2. CSCS transaction listing
3. Name of Stockbrokers

FOR REGISTRAR'S USE ONLY DATE

Action taken:

☐ Credited ☐ Not Credited ☐ Pending

Officer's Name & Sign: ______________________________

VERITAS REGISTRARS

(formerly Zenith Registrars) RC 510155
Plot 89A, Ajose Adeogun Street, P. O. Box 75315, Victoria Island, Lagos
Telephone: (01) 27089304, 2784167-8; Fax:(01)2704085
enquiry@veritasregistrars.com
www.veritasregistrars.com

Affix
Passport
Photograph
(to be stamped by the Bank)

e-DIVIDEND MANDATE FORM

I/We hereby request that from now, all dividends due to me/us from my/our shareholding in all companies indicated be credited to my/our bank account named below.

Please tick as applicable

CONSOL. BREWERIES	
DANGOTE SUGAR	
FORTE OIL	
GUINNESS NIGERIA	
MAY & BAKER	
ZENITH BANK	

Date: DD/MM/YYYY ☐☐ / ☐☐ / ☐☐☐☐

Surname/Company's Name

Other Names (for Individual Shareholder)

Present Postal Address

City

State

E-mail Address

Mobile (GSM) Phone Number

Clearing House Number

Bank Name

Bank Address

Bank Account Number

Bank Sort Code

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/Incorporation No. (Corporate Shareholder)

For Bank's use only

Authorized Signature and Stamp of Bankers

Date account was established

☐☐ / ☐☐ / ☐☐☐☐

Authorized Signature and Stamp of Bankers

ZENITH BANK PLC
PROXY CARD
ANNUAL GENERAL MEETING TO BE HELD AT 9.00 A.M.
ON THE 16TH DAY OF MARCH, 2020 AT SHEHU MUSA YAR'ADUA
CENTRE, 1, MEMORIAL DRIVE, OPPOSITE SHERATON HOTELS & TOWERS), ABUJA, FCT

I/We* ____
(Name of shareholder in block letters)

of____

being a member/members of …………………. Plc hereby appoint

** ____

failing him,

____

as my/our proxy to act and vote for me/us on my/our behalf at The Annual General Meeting of the Bank on 16th day of March, 2020 or at any adjournment thereof.

Dated this .... day of................... 2020

Shareholder's Signature(s)________________________________

This Proxy Form should not be completed and sent to the Bank's registered address if the member will be attending the Meeting.

The manner in which the Proxy is to be vote should be indicated by inserting "X" in the appropriate space.

NUMBER OF SHARES

	RESOLUTIONS	FOR	AGAINST
1.	To present and consider the bank's audited accounts for the financial year ended 31st December 2019, the Reports of the Directors, Auditors and Audit Committee thereon		
2.	To declare a final dividend		
3.	To approve the appointments of Dr. Al-Mujtaba Abubakar as an Independent Non-Executive Director and Mr. Henry Oroh as an Executive Director of the Bank respectively. The Appointment of both Directors has been approved by the Central Bank of Nigeria. The profiles of the aforementioned Directors are available in the Annual Report and also on the Bank's website at www.zenithbank.com		
4.	To re-elect the following Directors retiring by rotation: (i) Prof. Oyewusi Ibidapo-Obe (ii) Umar Shuaib (iii) Dr. Temitope Fasoranti		
5.	To authorize the Directors to fix the remuneration of the Auditors.		
6.	To elect members of the Audit Committee		
7.	That the remuneration of the Directors of the Bank for the year ending December 31, 2020 be and is hereby fixed at N20 million only.		
8.	That Mr. Jeffrey Efeyini and Prof. Oyewusi Ibidapo-Obe, who have attained the age of 70 years be elected a Non Executive Director and an Independent Non Executive Director of the Bank respectively.		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.

BEFORE POSTING THE ABOVE FORM, PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

ADMISSION FORM

Annual General Meeting to be held at 9:00 a.m. on 16th March, 2020 at the Shehu Musa Yar'Adua Centre, 1, Memorial Drive (Opposite Sheraton Hotels & Towers), Abuja, FCT.

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The above form has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the Meeting.

Following the normal practice, the name of a Director of the Company has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf instead of one of the Directors.

NUMBER OF SHARES

Please sign the above proxy form and post it, so as to reach the address overleaf not later than 48 hours before the time for holding the meeting.

If executed by a corporation, the proxy form should be sealed with the Corporation's Common Seal.

IMPORTANT
The name of the Shareholder must be written in BLOCK CAPITALS on the proxy from where marked. This admission form must be produced by the Shareholder or his proxy, who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.

Signature of person attending________________________________

REGISTRAR
VERITAS REGISTRARS LIMITED,
89A, AJOSE ADEOGUN STREET,
VICTORIA ISLAND,
LAGOS.


One card
... for all destinations
Your Passport to the World
debit Naira
5399 1234 1234 1234
DELE EMEKA AHMED
Perform cash withdrawals at ATMs in over 150 countries.
Perform Online/POS International payments
Chip and PIN security.
mastercard
VISA
Safe > Secure > Reliable
Visit www.zenithbank.com/cards for more details


Planning a trip to
Dubai?
You can conveniently apply and pay for a Dubai Visa on the Zenith Bank Mobile App and the Zenith Bank Internet Banking platform.
ZENITH
INTERNET BANKING
The Zenith Bank Mobile App
... making life simple


Z-WOMAN
Business Package
... designed to address the unique needs of women-owned businesses.
Loans of up to ₦10 million at single digit interest rate.
Free digital skills trainings.
Free exhibition stands at Zenith Bank events.
Visit www.zenithbank.com/loans to learn more or walk into any of our branches today.