ZENITH BANK (UK) LIMITED

PILLAR 3 DISCLOSURES FOR THE YEAR ENDED

DECEMBER 31, 2024

Contents

1. Overview and Approach.

1.1. General Provisions.

The Pillar 3 disclosures have been prepared by the Bank in accordance with the UK Prudential Regulatory Authority (PRA) Capital Requirement Regulations (CRR) and associated disclosure section of the PRA Rulebook. The disclosures should be read in conjunction with the Directors' Report and Financial Statements published in Zenith Bank (UK) Limited ("Bank," "ZBUK," "Zenith UK") 'Annual Report' 2024.

Article 20.5 requirements	Disclosure
a) disclosure reference period	January 1, 2024, to December 31, 2024
b) reporting currency	United States Dollar (USD)
c) name and legal entity identifier (LEI)	Zenith Bank UK Limited: 213800HXR6XZKC2G7U74 Zenith Bank UK Limited (Paris): 213800MZ9LBK86AO1A58
d) accounting standard	International Financial Reporting Standards (IFRS)
e) scope of consolidation	Unconsolidated (Zenith Bank UK Limited includes London headquarters, Paris branch, and Dubai representative office)

1.2. Basis of Disclosures.

The following table maps the CRR requirements to the location for the relevant disclosure.

CRR	Pillar 3 disclosure	Pillar 3 section
20.5	General Provisions	1.1
431	Disclosure requirements and policies	1.3
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1.3. Disclosure Policy, Frequency, and Publication.

It is the Bank's policy to disclose the information identified above on an annual basis as follows:

- In terms of applicable disclosures, the Bank is a non-listed other institution under article 433c and as a small CRR firm (under GBP4bn total assets) it no longer provides article 450 renumeration disclosures.
- The Bank has an established framework to manage Interest Rate Risk in the Banking Book (IRRBB) and provides an additional disclosure regarding IRRBB on an Economic Value of Equity (EVE) basis to evidence the Bank's management of this risk (section 7.3).
- The Bank decided that further detail on the risk governance structure (article 435.1.b) is also necessary to continue disclosing to readers of this report (section 3.3 and 3.4).

It is the Bank's policy to ensure Pillar 3 disclosures are subject to the same level of internal review as the 'Annual Report'. This report has been validated by senior management and approved by the Bank's Board prior to publication on the Bank's website at "https://www.zenith-bank.co.uk/pillar-3/."

2. Business profile.

2.1. An Overview of Zenith Bank (UK) Limited.

ZBUK is an authorised institution under the Financial Services and Markets Act 2000 and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The Bank's reference number is 451720.

ZBUK was incorporated in the United Kingdom on 17th February 2006. The Bank's registered number is 05713749. The registered office and principal place of business is in England and situated at 39, Cornhill, London EC3V 3ND.

The Bank received authorisation from the former Financial Services Authority as a wholesale bank licenced to accept deposits on March 30, 2007. On July 15, 2008, the Financial Services Authority granted a variation to the original permissions to include the provision of private banking and investment advice and services to retail customers, professional customers, and eligible counterparties.

2.2. Foreign Branches.

The Bank opened a representative office in Dubai on October 7, 2015, which is registered at Office unit N1303-B, North Tower, Emirates Financial Towers, DIFC, PO Box 507015, Dubai, United Arab Emirates. The branch is regulated by the Dubai Financial Services Authority (DFSA) and the DFSA reference number is F002652.

A Paris branch was authorised on September 11, 2024, by L'Autorité de contrôle prudentiel et de résolution (ACPR) at 21 rue de la Paix, Paris, 75002, France. The national identifier (SIREN) is 980328397 and bank code or Code interbancaire (CIB) is 17858.

2.3. ZBUK's Parent.

The Bank is fully owned by the parent and ultimate parent undertaking, Zenith Bank Public limited company (ZBPLC). ZBPLC is one of the largest and most profitable banks in Nigeria providing banking and other financial services to corporate and individual customers including deposit taking from the public, granting of loans and advances, corporate finance, and money market activities. ZBPLC was established in May 1990 and started operations in July of that same year as a commercial bank.

It became a public limited company on June 17, 2004, and listed on the Nigerian Stock Exchange on October 21, 2004. It also listed on the London Stock Exchange on March 21, 2013 (as ZENB).

2.4. Principal Activities.

The Bank's core target markets, and business lines are as follows:

Target Markets	Service/ Business Lines
Zenith Bank Group	Trade Finance and Correspondent Banking.
Corporates	Trade, Working Capital, Project Financing, and Receivables Financing.
Sub Saharan Africa and Europe	Foreign Exchange (FX) and Fixed Income Securities Trading Activities.
Banks, Financial Institutions, Governments and Government Agencies	Lending to Financial Institutions, Forfaiting, and Cash Management solutions.
High Net Worth Individuals (HNIs)	Investment mortgages, Deposits, and Eurobond trading.

2.5. ZBUK Business Strategy.

ZBUK's strategy is predicated on long-term stability and sustainability, acting in customers best interests by building long-term relationships to satisfy customer needs and ensuring ZBUK is sufficiently capitalised and liquid to do so through market-wide and idiosyncratic stress events.

The Board has approved several strategic objectives that are intended to drive the business forward in a controlled approach, which best serves the wider needs of the Zenith Group of companies.

The Board convenes a Strategy Committee to discuss and make recommendations for the Board to then set the Bank's strategy for business projections and strategic objectives. This considers any changes to the business structure, market conditions or economic and regulatory changes.

The Bank's strategy for delivering its business model involves the following combination of activities:

- Leveraging the strength of the Zenith brand and focusing on longstanding and new relationships from Sub-Saharan Africa (SSA) and other parts of the world to drive international business network expansion to support long-term growth.
- Maintaining a robust risk management framework, regulatory compliance, and corporate governance structure to conduct its business responsibility within tolerable risk levels.
- Utilising the Zenith Group's in-depth understanding of specific trade and correspondent business to develop its relationships with banks and financial institutions in the West African sub-region and encouraging them to route their transactions through Zenith UK.
- Developing lending activities on international trade and export transactions, including discounting trade bills for companies, and providing short-term credits to financial institutions.
- Building upon SSA knowledge and extending treasury product offerings to meet the needs of clients that require comprehensive services (including foreign currency exchange to financial and corporate institutions, and SSA bond trade offering to Institutional and Wealth Management clients).
- Promoting cross-selling of products and services by the Bank's business units: enabling client acquisition growth, creating capital capacity for trade finance activities, and efficiently managing the Bank's liquidity. This also involves offering wealth management solutions to High-Net-Worth Individuals (HNIs) and ultimate beneficial owners (UBOs) of large institutions. Activities such as making marketing calls, visits (where practicable) and introduction of key customers to other business units within the Bank are also adopted in these efforts.

The Bank seeks to ensure that its portfolio of assets is well-diversified across industries and geographies.

3. Risk Management Assessment.

The Board sets the Bank's strategy and its risk management strategy, requiring first line of defence management to adhere to this by means of Board-approved policies and management procedures. The second line of defence Risk team report on risk management to the Board Risk Committee and the third line of defence Internal Audit team independently review the first and second lines of defence.

The Bank's Risk Appetite Statement (RAS) defines the level of risk that ZBUK is prepared to accept across the risk spectrum. The RAS is key to decision-making processes as it informs financial planning, strategy formulation, development of new products and changes to business initiatives. Zenith UK's RAS sets out quantitative metrics that cover capital, credit, operational, market and liquidity risk, respectively. The Board receives regular information in respect of the Bank's risk profile.

3.1. Categories of Risk.

The strategies and risk management processes (including any hedging and risk mitigation) are discussed for each of the following risks: Credit, Liquidity, Market, and Operational, in sections 5, 6, 7, and 8, respectively. Strategy and reputational risks are discussed in more detail in the 'Annual Report.'

3.2. Risk Statement.

The Business and Operational risks are managed through the implementation of its Enterprise Risk Management Framework (ERMF) and supported by a conservative risk culture. The Bank's risk management structure includes established processes of compiling and reporting against key risk indicators that provide an early warning system for the Bank's Principal Risks.

Management of risk is embedded into each level of the business with mitigating control activities documented to ensure that everyone within the Bank takes part in the responsibility for identifying, managing, and controlling risks. New and emerging risks are also identified and evaluated as part of strategy development and horizon scanning. Where these are considered significant to the Bank, appropriate metrics are defined for measuring and monitoring them. The Risk Management Department is responsible for identifying, monitoring, and reporting these risks at different Executive and Board Committees for deliberation and action as considered necessary.

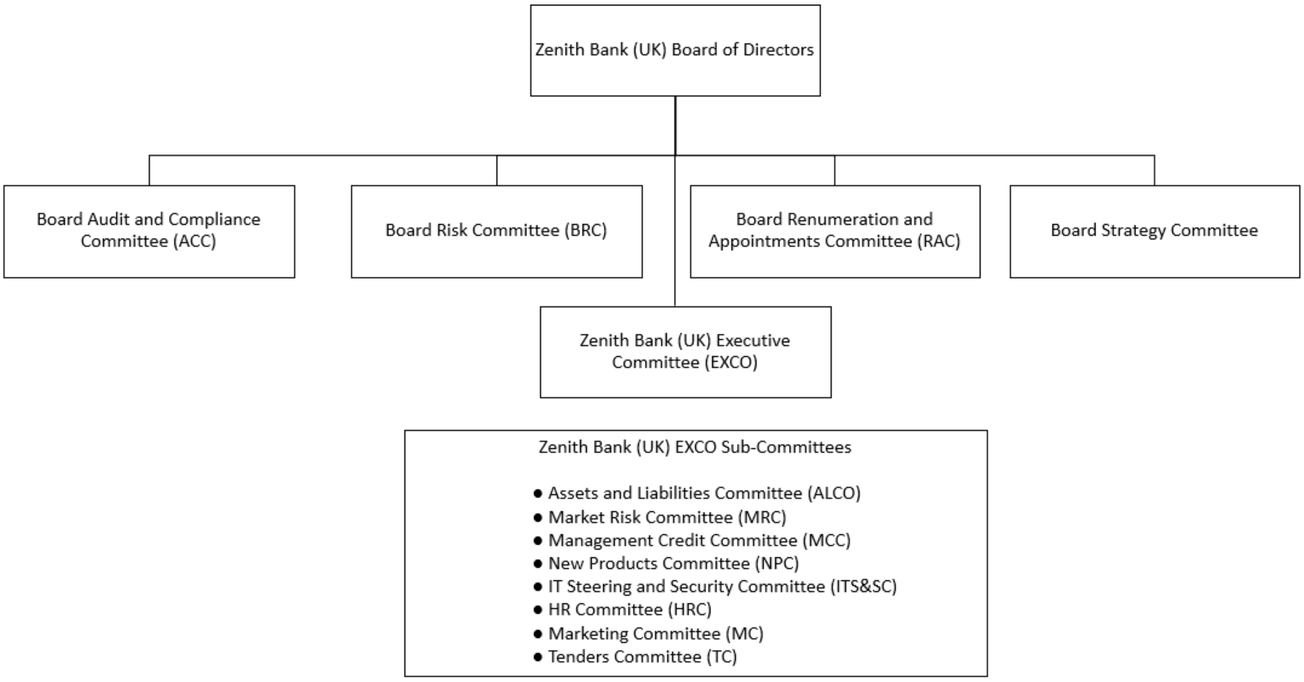
Capital and liquidity requirements are managed through detailed planning and stress assumptions contained in the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) documents. These are updated regularly by the Bank's Executives and reviewed by the Board Risk Committee.

The Bank produces its Recovery Plan and Resolution Pack, with appropriate triggers for specific management actions for each stressed scenario considered plausible.

The Bank's structure and governance support it in managing risks associated with changes in the economic, political and market environments.

3.3. Risk Governance Structure.

The following provides a diagrammatic overview of risk management assurance and oversight.



The Board has established four sub-committees:

Committee	Responsibilities
Board Risk Committee (BRC)	The BRC oversees the Bank's risk management framework, ensuring that significant or principal risks are identified, assessed, mitigated and monitored effectively. The Committee also provides independent oversight of the Bank's risk profile, ensuring that risk-taking, which encompass existing and new business initiatives, aligns with the Bank's strategic objectives and risk appetite.
Board Audit & Compliance Committee (ACC)	The ACC oversees the Bank's compliance with legal and regulatory requirements. It also reports on aspects of the statutory audit to the Board, monitoring the financial reporting process, reviewing the independence of the statutory auditor, and is responsible for the procedures regarding the selection of the statutory auditor. The ACC monitors the effectiveness of the Bank's internal quality control and risk management systems, including the Bank's internal audit and compliance functions.
Board Remuneration & Appointments Committee (RAC)	The RAC is responsible for considering the remuneration and contractual arrangements of directors and senior staff, having regard to a general policy framework for executive remuneration established by the Board. It supports the Board to ensure that the Bank attracts and retains top talent and also ensure that there is robust governance around the appointment of executives. The RAC also has responsibility to consider and monitor how the Bank actively demonstrates the promotion of diversity.
Board Strategy Committee	The Strategy Committee is responsible for overseeing the development, implementation and monitoring of the Bank's long term strategic vision. It also recommends major strategic and policy initiatives to the Board.

The Board committees above are supported by the following management committees:

Committee	Responsibilities
Executive Committee (EXCO)	The EXCO is a management decision making body that is responsible for the implementation of the Bank's strategy and managing the Bank in a sound, prudent, and ethical manner. The EXCO sets the terms of reference for all the sub- committees below and ensures their compliance with their respective terms of reference.
Asset & Liability Committee (ALCO)	ALCO manages the Bank's balance sheet within the defined risk appetite and risk/return preferences set by the Board. ALCO provides the Bank with the ability to continuously assess current asset and liability management (ALM) direction, liquidity management and reporting and balance sheet structure.

Committee	Responsibilities
Market Risk Committee (MRC)	MRC monitors the Bank's positions in terms of interest and exchange rates, assessing market volatility and key market trends. MRC reviews market risk strategy and sets key limits for all market risks for foreign exchange and other trading and the reporting thereof. The committee reports to ALCO.
Management Credit Committee (MCC)	MCC oversees the Bank's credit risk exposure and approves credit-related decisions, including loans, credit lines, and other forms of credits granted to customers. This committee evaluates credit proposals and sets the general guidelines and counterparty limits within the terms and conditions of the Board-approved policies and risk appetite. MCC reviews requests for new credit limits, amendments or change of terms, covenants, and pricing before obtaining ZBPLC Global Credit Committee (GCC) concurrence and BRC's approval as appropriate. It ensures that the Bank's credit portfolio remains aligned with the Bank's risk appetite, regulatory requirements, and business strategy.
New Products Committee (NPC)	This committee is responsible for overseeing the development, approval and successful launch of new products and services. The committee ensures that new offerings align with the Bank's. The committee reports to EXCO.
IT Steering & Security Committee (ITS&SC)	ITS&SC is responsible for overseeing ZBUK's IT strategy, governance, and cybersecurity practices. The Committee ensures that IT initiatives align with the Bank's business objectives whilst maintaining security, regulatory compliance and effective risk management. It also provides oversight on major technology investments, data protection, and ZBUK's ability to respond to cyber threats.
HR Committee (HRC)	HRC reviews changes to HR policies and provides the RAC with promotion recommendations for staff. HRC discusses any material HR matters that need urgent consideration. The committee reports to EXCO.
Marketing Committee (MC)	The Marketing Committee is responsible for planning and agreeing, a marketing plan to support the marketing and business strategies of the Bank, including promoting the Bank at industry events and horizon scanning for competitor activity. The committee reports to EXCO.
Tenders Committee (TC)	TC is responsible for overseeing the procurement process, ensuring it is fair, transparent, compliant with regulations, and aligned with the Bank's objectives by robustly evaluating proposals and quotes so that contracts are awarded to ensure value for money, mitigate risk, and support compliance with regulations and the Bank's internal policies. The committee reports to EXCO.

The 'Senior Managers and Certification Regimes' (SMCR), was fully implemented in March 2016 and has enhanced individual responsibilities and accountabilities of the key functions of the Bank. The regime applies to all employees and stipulates expectations in terms of behaviour and duties and is formally acknowledged by all staff at least annually. In line with this, various responsibilities have been defined and allocated amongst several Committees and personnel.

3.4. Three Lines of Defence.

ZBUK adopts a 'Three Lines of Defence' model for risk management.

The Three Lines of Defence model enhances the understanding of risk management and control by clarifying roles and duties throughout the Bank. The model provides the structure and guidance for assigned roles and responsibilities of all functions to increase the effective management of risk and control.

The Board and senior management help ensure that the Three Lines of Defence model is reflected in the organisation's risk management and control processes.

First Line – Functions that Own and Manage Risks.

Business and functional owners have the full ownership, responsibility, and accountability for risks within their business and form the first line of defence. Staff are required to observe and operate within the Bank's risk appetite. The Bank deploys early warning alerts in the form of Key Risk Indicators (KRIs), which identify and predict potential risks, are reported frequently and established with appropriate risk tolerances designed to alert management to areas of emerging risk in the Bank's day-to-day activities.

Second Line – Functions that Oversee Risks.

The second line of defence supports the first line, as well as assisting management in developing processes and controls to manage risks and issues. It also supports policy development by defining roles, responsibilities, and setting risk appetite and governance frameworks.

In fulfilling its oversight function, the second line of defence reports to management on the adequacy and effectiveness of the control framework through systematic testing, reviewing the accuracy and completeness of reporting, compliance with laws and regulation, and the timely remediation of deficiencies.

Risk Function.

The independent second line Risk function oversees and supports the first line of defence with risk reporting and risk management solutions. The Chief Risk Officer (CRO) reports to the Chief Executive Officer and has access to the chair of the BRC supporting the prescribed responsibility to safeguard independence and provide oversight of the performance of the risk function. It can raise concerns and warn the management body, where appropriate, where specific risk developments affect or may affect the Bank.

A range of metrics is produced primarily to guide executive management by providing early warning indicators of areas of increased or emerging risk(s). The Board, BRC and senior management also receive various reports from the Risk function, which displays the Bank's position and compliance with the requirements of existing and evolving regulation.

Compliance function.

The Compliance Function is headed by the Chief Compliance Officer (CCO) who is supported by the Money Laundering Reporting Officer (MLRO) / Deputy Compliance Manager; the Data Protection Officer (DPO) and the wider Compliance team. The CCO reports to the CEO whilst maintaining a dotted line to the Chair of the ACC.

The core functions of the Bank's Compliance team include the statutory and regulatory responsibilities relating to areas of financial crime, regulatory compliance, and data protection. The Compliance team advise the first line and independently monitor first line adherence on a range of regulatory and compliance matters.

Third Line – Functions that Provide Independent Assurance.

Internal Audit is the Bank's third line of defence. Internal Audit provides the board and senior management with comprehensive assurance gained by independence and objectivity.

Internal Audit is an independent function that provides objective assurance designed to add value and improve the Bank's operations. Internal Audit helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

This assurance covers the effectiveness of the organisation's controls and processes, the reliability and integrity of its processes, compliance with laws, regulations, policies and contracts, all elements of the Enterprise Risk Management Framework.

Head of Internal Audit proposes an annual Internal Audit Plan to the Audit and Compliance Committee for approval. The annual Internal Audit Plan is risk-based and prepared based on discussions held with senior management and the CEO.

3.5. Declaration on Adequacy of Risk Management Arrangements.

The Bank's Board is satisfied that the risk management systems and processes that are in place are adequate, given the size and complexity of the Bank, for the management of Credit, Liquidity, Market, and Operational Risk to within the Board approved Risk Appetite.

4. Governance Arrangements.

4.1. Board Directorships.

ZBUK's directorships held by respective directors on December 31, 2024.

Director Name	Role	Directorships
Ebenezer Onyeagwu	Non-Executive Director (NED) SMF7; Interim Chair	2
Alex Shapland	Independent Non-Executive Director SMF10	3
Andy Gregson	Independent Non-Executive Director SMF11	3
Dokun Omidiora	Independent Non-Executive Director SMF12	2
Isla MacLeod	Independent Non-Executive Director	1
Udu Ovbiagele	Chief Executive Officer SMF1	1

ZBUK's directorships held by respective directors at time of publication of Pillar 3 disclosures:

Director Name	Role	Directorships
Dame Adaora Umeoji OON	Chair of the Board SMF9	4
Anthony Akindele Ogunranti	Non-Executive Director SMF7	2
Alex Shapland	Independent Non-Executive Director SMF10	3
Andy Gregson	Independent Non-Executive Director SMF11	4
Dokun Omidiora	Independent Non-Executive Director SMF12	2
Isla MacLeod	Independent Non-Executive Director	1
Udu Ovbiagele	Chief Executive Officer SMF1	1

4.2. Board Recruitment and Diversity Policies.

The Board, led by the Chair, decides on its own recruitment needs and composition with the aims of:

- Maintaining a sufficient mix of independent NEDs to executives and ZPLC directors.
- Ensuring a sufficient mix of knowledge, skills, and expertise.

The following Board changes were made in 2024:

- Isla MacLeod was appointed to the Board as an independent NED on January 30, 2024.
- Andrew Gamble retired from the Board on March 31, 2024.
- Alex Shapland was appointed Chair of the Board Risk Committee on April 8, 2024.
- Jim Ovia resigned as Chair of the Board on October 15, 2024.
- Ebenezer Onyeagwu was appointed Interim Chair of the Board on November 8, 2024.

And the following Board changes were made prior to publication of Pillar 3 disclosures:

- Dame Adaora Umeoji OON was appointed Chair of the Board on February 26, 2025.
- Anthony Akindele Ogunranti was appointed to the Board on February 27, 2025.
- Ebenezer Onyeagwu resigned from the Board on March 17, 2025.

ZBUK is committed to the principle of equal opportunities in employment for all employees. This principle is also applicable to the membership of the Board. The Remuneration and Appointments Committee (RAC) is responsible for considering and monitoring the Bank 's efforts in promoting diversity.

5. Credit Risk and Counterparty Credit Risk.

5.1. Definition – Credit Risk.

Risk arising from the uncertainty of an obligor's ability to perform its contractual obligations including the risk of default or a borrower failing to make required payments when they fall due.

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 and other derivative instruments where counterparties owe a financial obligation to the Bank.

5.2. How Risks are Mitigated and Managed – Credit Risk.

All credit related processes and limits are governed by the Bank's credit policy. The Credit RAS and Key Risk Indicators are reported to the Executive and the Board Risk Committee (BRC).

Client relationship managers ensure that the procedures adopted for handling credit applications, reviews, and monitoring at the first line of defence are aligned with the credit policy.

The Bank's Credit Risk team monitors all the Bank's credit exposures and limits, independently ensuring that the Bank is always operating within the limits. The Credit Risk team provides an independent analysis of each client's business, financial, management, and security risk to analyse and rate counterparty risks to which the Bank is exposed.

The analysis and internal scorecards produced for the Credit Committee provide information regarding the risk rating of counterparties and expected credit losses (ECL) in the event of any default.

The Credit Risk team also monitor the quality and value of security or collateral provided against credit exposures.

Three distinct levels of review and approval process exist at the Bank and Group levels for all credit requests and reviews. Additionally, Board approvals are required for larger credit requests.

Where the Bank uses credit risk mitigation techniques, it often takes guarantees / letters of credit provided by investment-grade financial institutions or cash collateral.

The Bank avoids credit risk concentrations beyond the approved concentration risk appetite. Assessments are at a counterparty, industry, and country level so that the Bank's capital is appropriately diversified.

5.3. Counterparty Credit Risk.

Counterparty credit risk arises from the risk of the counterparty to a market risk transaction defaulting before the final settlement of the transaction, and the market value of the transaction moving in the favour of the Bank.

For the Bank, the credit risk related element of this arises from bond repurchase agreement (repo) or derivative transaction like a foreign exchange forward. To reduce this risk, the Bank transacts repurchase agreements with large stable banking counterparties and arranges cash margin arrangement for foreign exchange with all counterparties.

An additional, market risk related element of this is Credit Valuation Adjustment (CVA) arises from a deterioration in the credit quality of the counterparty having a negative effect on the value of the derivative. CVA gives an indication of the cost of hedging the counterparty credit risk of a derivative.

The UK OV1 table in section 10.2 quantifies these two risks for the Bank.

5.4. Additional Quantitative Analysis.

The 'Annual Report' includes additional analysis on credit risk management as presented below:

Topic	'Annual Report' note
Commitments and contingencies	note 34
Expected Credit Loss (ECL)	note 36
Collateral analysis	note 36
Country risk breakdown	note 36
Credit Quality Step (CQS) breakdown	note 36
Sectoral breakdown of loans and advances	note 36
Capital resources	note 36
Share capital	note 37

6. Liquidity Risk.

6.1. Definition – Liquidity Risk.

This is the risk that the Bank could encounter difficulty in realising assets to meet commitments associated with its liabilities or financial obligations.

6.2. How Risks are Mitigated and Managed – Liquidity Risk.

All Liquidity risk related processes are governed by the Bank's Market and Liquidity Risk policy which is approved by the Board.

Daily Stress tests are conducted on critical ratios of the Bank. A range of approaches is used to monitor, report on, and conduct stress tests on the Bank's liquidity position. The Bank also monitors Early Warning Indicators (EWIs) and reports remedial actions where necessary to the BRC.

The ALCO and the Risk department review daily reports on the Bank's liquidity to provide effective challenge and oversight. If a RAS threshold is breached or in anticipation of stress event, recommendations along with appropriate actions are escalated to the BRC.

Additionally, the Bank's ILAAP ensures that severe but plausible scenarios that may impact the Bank's liquidity are considered, and appropriate Board and Management actions are also identified. A Contingency Funding Plan (CFP) is included in the Recovery Plan.

The Bank maintains a high proportion of its High-Quality Liquid Assets (HQLA) investments in the form of investments in US Treasury bills and UK Gilts. The Bank maintains nostro balances, invests in short-term money market deposits, and holds non-HQLA bonds available for sale. This mix of liquid assets provides readily available cash, along with saleable bonds that can easily be repurchased to meet outflow needs.

Periodic 'fire drill' tests of recovery plans are performed to ensure plans are appropriate and staff are prepared to activate them if the need arises.

6.3. Additional Analysis.

The 'Annual Report' includes additional analysis on liquidity risk management that includes an undiscounted contractual cashflow maturity analysis of assets and liabilities in note 36.

7. Market Risk.

7.1. Definition – Market Risk.

This is the risk that changes in financial market prices, interest rates, and exchange rates will adversely impact the Bank's financial performance and position.

Interest rate risk is the risk that arises due to the possibility of a change in rates, and how that impacts on the pricing structure of the Bank's assets and liabilities. The Bank's ALCO meets weekly to monitor changes in interest rates in various currencies arising from gaps in the future dates of the repricing of assets, liabilities, and derivative instruments.

7.2. How Risks are Mitigated and Managed – Market Risk.

All Market risk related processes are governed by the Bank's Market and Liquidity Risk policy, which is approved by the Board.

Risk Management monitors the Bank's overall positions against approved limits daily and reconciles the aggregate position separately to each dealer's positions.

Daily Market Risk reports that detail the profile of risks are reported to the Bank's Asset & Liability Committee (ALCO) and weekly discussions of the portfolio performance take place at the weekly Market Risk Committee (MRC). The Market RAS and Market Risk Key Risk Indicators are reported to the BRC on a quarterly basis.

Significant market risk matters or breaches of RAS are swiftly escalated to the BRC with remediation plans provided by the Executive Committee (EXCO).

The Bank adopted a risk-based approach to establishing settlement limits with counterparties, which is daily monitored by Market Risk with weekly discussions at MRC.

Pre-settlement Risk.

The Bank settles bonds under English law and on a 'delivery versus payment' (DVP) basis, which means that cash and bond ownership are only exchanged simultaneously. While this enforces clearing at the agreed trade price, it does not prevent instances of 'delayed settlement' and consequently the 'pre-settlement risk' of a counterparty not proceeding with the trade and thus requiring the Bank to close out its position (at prevailing market rates).

The Bank has adopted a risk-based approach to establishing settlement limits with counterparties based on factors that include the size of their balance sheet or assets under management, and their jurisdiction. Applicable delayed settlements are monitored daily, and counterparty limits temporarily adjusted by any unsettled amount to further mitigate this risk.

Foreign Exchange (FX) Risk.

The Bank's functional and reporting currency is the US dollar (US$), while Sterling (GBP) and Euros (EUR) are recognised as the other main currencies.

On December 31, 2024, US$ accounted for 73.8% (2023: 71.9%) of the Bank's liabilities balance sheet. Other currencies of significant size include GBP 20.9% (2023 22.1%) and EUR 5.0% (2023 5.6%), with 0.3% (2023 0.4%) in other currencies.

The foreign currency position is managed by the Bank's Treasury Department, which operates within defined foreign exchange limits set by the BRC and monitored by ALCO. Customer positions are usually matched with the market, with deals agreed and covered before execution. The overall position is monitored by the Risk Management department throughout the day.

Trading Book.

The Bank maintains a 'small trading book' (current Risk Appetite limits are well within CRR article 94 requirements of under 5% of total assets and under GBP 44m). The book consists of financial instruments, which were entirely bonds at the reporting date, and which were held with trading intent to make profits.

The Risk department monitors and reports on these positions daily against agreed limits and the weekly Market Risk Committee oversees the Bank's trading book performance as part of its terms of reference.

7.3. Interest Rate Risk in the Banking Book (IRRBB).

The Bank's IRRBB Framework is based on the nine underlying Basel principles. The Board has approved a capital investment strategy to invest capital evenly over a five-year period in fixed rate loans and bonds.

Interest Rate risk is monitored at ALCO meetings. The Bank's ALCO meets weekly to monitor changes in interest rates in various currencies arising from gaps in the future dates of the repricing of assets, liabilities, and derivative instruments.

The Bank considers IRRBB from a Net Interest Income (NII) perspective in the ICAAP and in financial plans and adjusts income for changes to interest rates. The Bank's capital risk of IRRBB is assessed in a quarterly regulatory return that models a parallel set of 200-basis point increase and reduction in interest rates for all exposures. This is reported with the impact of an additional four scenarios, as presented in accordance with the ICAA section of the PRA rulebook, in the table below.

The impact of these six shocks on the December 31, 2024, and December 31, 2023, balance sheet from an Economic Value of Equity (EVE) basis is as follows:

US$	Change in EVE	
	December 31, 2024	December 31, 2023
Parallel shock up	(5,193) k	(1,907) k
Parallel shock down	5,629 k	2,078 k
Steepener shock	2,053 k	851 k
Flattener shock	(3,096) k	(1,258) k
Short rates shock up	(4,993) k	(1,953) k
Short rates shock down	5,224 k	2,001 k
Maximum (absolute) shock	**5,629 k**	**2,078 k**

7.4. Additional Analysis.

The 'Annual Report' includes additional analysis on market risk management as indicated below:

Topic	'Annual Report' page
Repurchase agreements and other similar secured borrowing	note 28
Exchange rate risk	note 36
Foreign currency sensitivity	note 36
Interest rate risk	note 36

8. Operational Risk.

8.1. Definition – Operational Risk.

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

8.2. How Risks are Mitigated and Managed – Operational Risk.

All Operational Risk related processes are governed by the Bank's Operational Risk policy which is approved by the Bank's Board. The policy sets out the Banks approach to identifying, assessing, managing, reporting, and resolving the operational risk inherent in all products, activities, processes, and systems across the Bank.

The Management team oversees the implementation of the Bank's Operational Risks by establishing operational risk procedures and internal controls that include mitigating activities designed to identify, manage, and control risk at each business or operational process level. Operational risk is therefore managed by all employees and departments and is controlled through individual accountability.

Internal controls are embedded in the Bank's day-to-day business and processes, which are designed to ensure (to the extent possible) that the Bank's activities are efficient, effective, and not prone to failure.

The Operational Risk team sample-tests entity and process level controls. It also supports staff across the Bank to ensure that controls are operating effectively. The controls are designed to ensure that the Bank complies with applicable laws and regulations through the various functional departments.

The Board and management also mitigate operational risks through the following:

- Recruiting experienced, professional, and skilled staff.
- Engaging risk management experts to ensure processes remain robust.

The Bank's aim is to minimise operational risk in a cost-effective way, setting Board-approved Risk Appetite Statement limits, ensuring internal policies and processes support this, and monitoring a range of Key Risk Indicators (KRIs) as early warning detection signals.

Other key operational risk mitigants include:

- Procedure documents.
- Staff supervision, coaching discussions, and regular staff training and online tests.
- Monitoring of customer and employee activity.
- Internal audits.
- Weekly and monthly KRIs to EXCO, including customer complaints.

The Bank's Internal Audit function provides assurance to the Board and Executive Management regarding the effectiveness of the Bank's operations and its general IT controls.

8.3. Additional Analysis.

The 'Annual Report' includes additional commentary on key operational risks such as, Capital Risk, Compliance Risk, Environmental Risk, IT Risks (including Cybercrime Risk), People Risk, Project Delivery Risk, Regulatory and Conduct Risk.

9. Key Metrics.

A table of relevant key risk metrics (UK KM1) is provided as follows to evidence the Bank remains both well capitalised and very liquid:

Available own funds (US$)	December 31, 2024	December 31, 2023
Common Equity Tier 1 (CET1) capital	378,325 k	338,086 k
Tier 1 capital	378,325 k	338,086 k
Total capital	378,325 k	338,086 k
Risk-weighted exposure amount		
Total risk-weighted exposure amount*	1,475,750 k	1,203,364 k
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	25.64%	28.10%
Tier 1 ratio (%)	25.64%	28.10%
Total capital ratio (%)	25.64%	28.10%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
Total SREP own funds requirements (%)	14.04%	14.04%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2.50%	2.50%
Institution specific countercyclical capital buffer (%)	0.43%	0.47%
Combined buffer requirement (%)	2.93%	2.97%
Overall capital requirement (%)	16.97%	17.01%
CET1 available after the total SREP own funds requirements (%)	11.60%	14.06%
Leverage ratio		
Total exposure measure excluding claims on central banks	2,987,483 k	2,872,422 k
Leverage ratio excluding claims on central banks (%)	11.25%	9.76%
Liquidity Coverage Ratio (LCR)	Average of 2024	Average of 2023
Total high-quality liquid assets (HQLA) (Weighted value – average.)	1,013,789 k	1,147,653 k
Cash outflows – Total weighted value (average of last 12-months.)	714,951 k	838,802 k
Cash inflows – Total weighted value (average of last 12-months.)	408,131 k	469,155 k
Total net cash outflows (adjusted value)	306,820 k	369,648 k
Liquidity coverage ratio (%) **	330.42%	310.47%
Net Stable Funding Ratio (NSFR)	Average of 2024	Average of 2023
Total available stable funding (average of last four quarters.)	1,136,904 k	1,066,880 k
Total required stable funding (average of last four quarters.)	768,308 k	744,377 k
Net Stable Funding Ratio (%) *	147.98%	143.33%

**Risk Weighted Exposure Amount (RWEA) reflects updated operational risk Basic Indicator Approach figures for audited accounts shown in section 10.2, below in both 2024 and restated 2023 figures.*

***The LCR and NSFR ratios are calculated from the simple averages each year (for example NSFR average ratio is the average ASF US$1,136,904k / the average RSF US$768,308k = 147.98% rather than the average of the actual ratios).*

10. ICAAP Information.

ZBUK measures and manages its capital daily. Regulatory Capital includes Pillar 1 and Pillar 2A requirements. Pillar 2A Capital covers all material risks not assessed in Pillar 1.

ZBUK undertakes an annual Internal Capital Adequacy Assessment Process (ICAAP) both under business-as-usual (BAU) over the strategic plan and incorporating several stress scenarios. The ICAAP is formally presented to the Board of Directors for review, challenge, and approval prior to being submitted to the PRA.

The ICAAP formally considers Pillar 2A risks that are not fully captured under Pillar 1. For ZBUK, these are:

Credit risk.

The Bank applies the Standardised Approach (SA) for Pillar 1 credit risk. As such, it assesses its exposures against a set of Internal Rating Based (IRB) risk-weight benchmarks in Pillar 2A to identify whether additional capital requirements are merited.

Concentration risk.

The Bank considers the degree of diversification of lending under the lenses of country (geographic), industry (sector) and individual counterparty (single name) concentrations. The Bank uses the Herfindahl-Hirschman Index (HHI) - a common measure of market concentration - to assess an add-on.

Market risk.

Pillar 1 calculations for foreign exchange risk and Credit Valuation Adjustment (CVA) through prudent adjustment to fair-valued instruments have been adopted as in previous years. Interest Rate Risk in the Banking Book is not fully considered in Pillar 1. As such, the Bank has applied the EVE method covered in section 7.6 to assess the capital required to absorb the modelled shocks.

Operational risk.

The Bank applies the Basic Indicator Approach (BIA) for Pillar 1, calculating an operational loss relative to the average of the last three year's operating income. An independent Pillar 2A assessment is made based on the Risk Control Self-Assessments and the High-Level Risk Register to quantify the impact of plausible net operational losses that the Bank could be exposed to. The higher of the two calculations is applied.

All details on the constituent parts of the Pillar 2A assessment are confidential. The Bank's Capital Requirement Ratio (of Pillar 1 and Pillar 2A) was 14.04% from March 28, 2023, per the Supervisory Review and Evaluation Process (SREP).

The ICAAP additionally considers a further Pillar 2B buffer (the PRA buffer) to cover modelled stress scenario impacts. The Bank considers a range of stresses and agrees an appropriate buffer, which is not publicly disclosed.

10.1. Composition of Regulatory Own Funds.

The following table (UK CC1) shows the composition of the Bank's regulatory own funds on December 31, 2024, with December 31, 2023, additionally shown for comparison purposes. The figures reflect audited retained earnings and reserves.

	December 31, 2024 US$	Cross reference to table UK CC2	December 31, 2023 US$
Common Equity Tier 1 (CET1) capital: Instruments and reserves			
Capital instruments and the related share premium accounts	136,702 k		136,702 k
Of which: 136,701,620 ordinary shares of US$1	136,702 k	(a)	136,702 k
Retained earnings	246,050 k	(b)	203,826 k
Accumulated other comprehensive income (and other reserves)	(598) k	(c)	(4,507) k
Common Equity Tier 1 (CET1) before regulatory adjustments	382,153 k		336,021 k
Common Equity Tier 1 (CET1) Regulatory adjustments			
Additional value adjustments	(1,382) k		(1,671) k
Intangible assets (net of related tax liability)	(2,446) k	(d)	(772) k
Other regulatory adjustments to CET1 capital*	-		4,507 k
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(3,828) k		2,065 k
Common Equity Tier 1 (CET1) capital	**378,325 k**		**338,086 k**
Tier 1 capital (T1 = CET1 + AT1)	**378,325 k**		**338,086 k**
**Total capital (TC = T1 + T2) ** **	**378,325 k**		**338,086 k**
Total Risk exposure amount* **	**1,475,750 k**		**1,203,364 k**
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	25.64%		28.10%
Tier 1 (as a percentage of total risk exposure amount)	25.64%		28.10%
Total capital (as a percentage of total risk exposure amount)	25.64%		28.10%
Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	16.97%		17.01%
of which: capital conservation buffer requirement	2.50%		2.50%
of which: countercyclical buffer requirement	0.43%		0.47%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.60%		14.06%
Amounts below the thresholds for deduction (before risk weighting)			
Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	1,024 k	(e)	2,958 k

** The other regulatory adjustments to CET1 shown above are purely IFRS9 transitional adjustments.*

*** No dividend has been proposed (none 2023).*

**** Total Risk Exposure Amount reflects updated operational risk Basic Indicator Approach figures for audited accounts shown in section 10.2, below in both 2024 and restated 2023 figures.*

The Bank's entire capital base qualifies as Common Equity Tier 1 capital (CET1) and consists of fully paid ordinary shares and audited reserves. The Bank currently has no Additional Tier 1 (AT1), Tier 2 or Tier 3 Capital. The Bank reports as a solo UK institution and has no consolidation adjustments.

As noted in general provisions section 1.1, the Bank reports on an unconsolidated basis encompassing the London, Dubai, and Paris branches within ZBUK. Consequently, the Bank's balance sheet presented in the financial statements aligns with the balance sheet under regulatory scope of consolidation.

The following table (UK CC2) summarises this balance sheet and cross references to table UK CC1 above, with 2023 added for comparison:

	December 31, 2024 US$	Cross reference to table UK CC1	December 31, 2023 US$
Assets- Breakdown by asset class according to the balance sheet in the financial statements			
Cash and cash equivalents	480,233 k		276, 070 k
Securities	1,590,856 k		1,865,459 k
Derivative financial assets	1,518 k		2,411 k
Loans and advances	556,247 k		507,334 k
Right of use assets	8,693 k		1,217 k
Property and equipment	168 k		354 k
Intangible assets	2,446 k	(d)	772 k
Current tax assets	519 k		569 k
Deferred tax assets	1,024 k	(e)	2,958 k
Other assets	7,349 k		2,941 k
Total assets	**2,649,054 k**		**2,660,085 k**
Liabilities - Breakdown by liability class according to the balance sheet in the financial statements			
Deposits	2,157,083 k		2,269,302 k
Repurchase agreements and similar secured borrowing	88,965 k		45,992 k
Derivative financial liabilities	3,094 k		529 k
Current tax liabilities	2,070 k		-
Impairment allowance on committed but undrawn facilities	625 k		-
Lease liability	8,820 k		1,055 k
Other liabilities	6,073 k		7,185 k
Provision (for wear and tear repair in property lease)	169 k		-
Total liabilities	**2,266,901 k**		**2,324,063 k**
Shareholders' Equity			
Share capital	136,702 k	(a)	136,702 k
Retained earnings	246,050 k	(b)	203,826 k
Reserves	(598) k	(c)	(4,507) k
Total shareholders' equity	**382,153 k**		**336,021 k**

10.2. Overview of Risk Weighted Exposure and Own Funds Requirements.

The following table (UK OR1) provides additional breakdown on the Operational Risk own funds requirements and risk-weighted exposure amounts (RWEA) for December 31, 2024:

Banking activities US$	Relevant indicator			Own funds requirements	RWEA
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	77,253 k	106,202 k	85,282 k	13,437 k	167,960 k

The following table (UK OV1) shows the risk weighted exposures by risk type under Pillar 1 for both periods, and the own funds requirements for December 31, 2024:

US$	Risk Weighted Exposure Amounts (RWEAs)		Total Own Funds Requirements
	December 31, 2024	December 31, 2023	December 31, 2024
Credit Risk (excluding CCR)	1,205,520 k	1,003,271 k	96,442 k
Of which the standardised approach	1,205,520 k	1,003,271 k	96,442 k
Counterparty Credit Risk (CCR)	98,068 k	54,106 k	7,845 k
Of which the standardised approach credit	96,676 k	52,805 k	7,734 k
Of which Credit Valuation Adjustment – CVA	1,392 k	1,301 k	111 k
Settlement Risk *	-	-	-
Position, foreign exchange, and commodities risks (Market risk)	4,202 k	3,869 k	336 k
Of which the standardised approach	4,202 k	3,869 k	336 k
Operational Risk			
Of which the basic indicator approach **	167,960 k	142,117 k	13,437 k
Amounts below the thresholds for deduction (subject to 250% risk weight) ***	1,024 k	2,958 k	82 k
Total	**1,475,750 k**	**1,203,364 k**	**118,060 k**

** The Bank monitors settlement risk through a regular review of unsettled bond trades and has limits in place per section 7.5 above. However, the amounts involved are immaterial for capital reporting purposes.*

*** BIA is updated for audited accounts in both 2024 and restated 2023 figures.*

**** The deferred tax asset subject to 250% risk weight is excluded from the total because it is already included in the first row.*

11. Glossary of Acronyms.

Listed below are the key terms and acronyms used in this document:

ACC	Audit & Compliance Committee.
AFS	Available for Sale.
ALCO	Assets and Liabilities Committee.
AML	Anti-Money Laundering.
ASF	Available Stable Funding.
AT1	Additional Tier 1 [Capital].
BAU	Business-As-Usual.
BIA	Basic Indicator Approach.
BRC	Board Risk Committee.
CBN	Central Bank of Nigeria.
CCO	Chief Compliance Officer.
CEO	Chief Executive Officer.
CET1	Core Equity Tier 1.
CFP	Contingency Funding Plan.
CQS	Credit Quality Step.
CRO	Chief Risk Officer.
CRR	Capital Requirements Regulation.
CVA	Credit Valuation Adjustment.
DFSA	Dubai Financial Services Authority.
DIFC	Dubai International Financial Centre.
DPO	Data Protection Officer.
DVP	Delivery Versus Payment.
ECL	Expected Credit Loss.
EUR	Euro (currency).
EVE	Economic Value of Equity.
EXCO	Executive Committee.
FCA	Financial Conduct Authority.
FX	Foreign Exchange.
GBP	[Great] British Pound Sterling (Currency).
HHI	Herfindahl-Hirschman Index.
HNI	High-Net worth Individual.
HQLA	High Quality Liquid Assets.
HRC	Human Resources Committee.
ICAA	Internal Capital Adequacy Assessment.
ICAAP	Internal Capital Adequacy Assessment Process.
ILAAP	Internal Liquidity Adequacy Assessment Process.
IRB	Internal Rating Based.
IRRBB	Interest Rate Risk in the Banking Book.
ITS&SC	Information Technology Steering and Security Committee.
KRI	Key Risk Indicator.
LCR	Liquidity Coverage Ratio.
LLP	Loan Loss Provision.
MC	Marketing Committee.
MCC	Management Credit Committee.
MLRO	Money Laundering Reporting Officer.
MRC	Market Risk Committee.
NED	Non-Executive Director.
NGN	Nigerian Naira (currency).
NII	Net Interest Income.
NPC	New Products Committee.
NPL	Non-Performing Loan.
NSFR	Net Stable Funding Ratio.
OON	Officer of the Order of Niger.
PRA	Prudential Regulation Authority.
RAC	Remuneration & Appointments Committee.
RAS	Risk Appetite Statement.
RCSA	Risk & Control Self-Assessment.
RSF	Required Stable Funding.
RWEA	Risk Weighted Exposure Amount.
SMCR	Senior Managers and Certification Regime.

SMF	Senior Management Function.
SREP	Supervisory Review and Evaluation Process.
SSA	Sub-Saharan Africa.
TC	Tenders Committee.
UBO	Ultimate Beneficial Owner.
US$	United States Dollar (currency).
ZBPLC or Zenith Group Plc	Zenith Bank Plc., Nigeria, Zenith Bank (UK)'s parent.
ZBUK	Zenith Bank (UK) Limited.

12. Notices.

The disclosures herein are based on the 'Annual Report' of the Bank for the year ended December 31, 2024, as well as the latest ICAAP report, where more detailed information is available.

The Pillar 3 disclosure has not been audited by the Bank's external auditors but is based on information in the 'Annual Report' which is.

For further information on any aspect of this report please contact the Bank at info@zenith-bank.co.uk