

Rethinking The Market Relevance of The 10-Year Bank CEO Tenure Rule.



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Introduction

"There are very few men – and they are the exceptions – who are able to think and feel beyond the present moment" - **Carl von Clausewitz, 1780-1831**

Twelve years after HRH Sanusi Lamido Sanusi-led Central Bank of Nigeria (CBN) approved the ten-year tenure-limit rule for bank Managing Directors, a few colourful corporate chess moves have been made by bank CEOs who have transmuted to becoming the chief executive officers (CEOs) of newly created holding companies (Holdcos) or chairpersons of banks from which they were previously retired.

For example, Tony Elumelu of **UBA Plc** retired in 2010 on his tenth-year anniversary as Managing Director of the bank and came back in August 2014 as the bank's chairperson. Jim Ovia of **Zenith Bank** had a similar succession playbook. Ovia left Zenith Bank Plc on his tenth-year tenure limit in July 2010 and returned as the bank's Chairperson on July 16, 2014.

More recently Segun Agbaje of **GTCO Plc** retired as Managing Director of the bank on July 15, 2021, after ten years, and immediately became the Holding company's Chief Executive Officer (CEO) in the same month of his retirement as bank CEO. Herbert Wigwe, erstwhile Managing Director of **Access Bank Plc** (until May 2022), became the Chief Executive Officer of the bank's parent Holding company and has remained the Chairperson of Access Bank, United Kingdom (UK) since 2008.

Another Route to Influence

The executive succession pattern in Nigerian banks has established the fact that pioneer chief executives or co-promoters of banks transmute into either the Chairperson of the financial institution (in the absence of a Holdco structure) or move upstairs as chief executives of their Holding companies. What is important is that in both scenarios, the circumference of effective managerial control remains with senior (or pioneer) executives of the banks, while daily operational supervision is ceded to a carefully chosen team of acolytes. Does this matter? Certainly.

The problem is not with the continued influence of pioneer bank executives over their companies but with the continued retention of banking governance laws with minimal, if any, usefulness.

When the Sanusi Lamido Sanusi-led CBN introduced the law, the intention was to improve the corporate governance status of domestic lenders. More importantly, it was designed to reduce the long-term interference of families or a closely-knit club of related individuals on deposit-taking lenders. Specifically, s2 of the **Code of Corporate Governance for Banks in Nigeria Post-Consolidation** issued on 01, March 2006 acknowledged the weaknesses in governance then and in s2.4 affirmed the "overbearing influence of chairman or MD/CEO, especially in family-controlled banks". The rule worked for a while as family-owned banks were squeezed out of the financial lending system but like all laws with limited scope and value; it has become redundant.

When the CBN granted licenses to banks to become financial Holding companies the ten-year rule would appear to have been side-stepped because it no longer mattered, given the reality evidenced here.


For example, the ten-year rule that applies to bank Managing Directors **does not apply to bank Chairpersons**. The practical result has been a situation where eight years after becoming Chairpersons of their respective banks, both Jim Ovia of Zenith Bank and Tony Elumelu of UBA remain in control, if not in charge of their businesses, as they should. Both banks have performed well and remain firm fixtures of the new tier 1 bank strength index (PBSI) introduced by **Proshare's Research Unit** and discussed in its recent report titled "**The Nigerian Banking Industry: A Case for Redefining Tier 1 Banks**" (see table 1).

Table 1: Proshare's 2021 PBSI Rating of Banks

2021 RANKING OF BANKS BASED ON THE WEIGHTED PROSHARE BANK STRENGTH INDEX (PBSI)									
Period	Weights		0.924	-0.27	0.228	0.214			
	Banks	ROE	CAR	NPL	LIQ	BDV	Score	Percentile	Tier
FY 2021	ACCESS	17.8	24.5	4	51	38.2	41.39	100.00%	1
	UBA	15.6	24.9	3.6	47.4	30	39.34	90.90%	1
	Stanbic	14.7	21.1	2.1	38	43.2	36	81.80%	1
	ZENITH	20.4	21	4.2	71.6	7.07	36.14	72.70%	1
	GTB	20.6	23.8	6.04	38.26	21	33.6	63.60%	1
	FIDELITY	12.5	20.1	2.9	40.4	20	31.3	54.50%	1
	ETI	18.99	14.8	6.25	49.6	31.25	30.01	45.40%	2
	FBNH	18.4	17.4	6.1	51.4	10	28.2898	36.30%	2
	WEMA	17.8	15.46	4.9	30	33	26.88	27.20%	2
	UBN	7.3	14.6	4.3	35.1	29	26.56	18.10%	2
	FCMB	8.9	16.88	4.1	35.3	18	26.41	9.00%	2
	Sterling	10.4	14.8	7	37.9	4	23	0.00%	2

FBNH figures are according to the press release issued by the bank dated May 25, 2021

Source: Result Presentations (2021)





Understanding the Ten-Year Rule and its Contextual Irrelevance to Today's Banking Models

As stated earlier, this rule was initiated under the leadership of Sanusi Lamido Sanusi as the Governor of the Central Bank of Nigeria (CBN) in January 2010 after the sacking of some bank CEOs in 2009 (see *table 2*).

Table 2: Bank CEOs Given the SLS Boot in 2009

Financial Institution	Name of CEO	Date Sacked
Afribank Plc	Mr, Sebastin Adigwe	14-Aug-09
FinBank Plc	Mr. Okey Nwosu	14-Aug-09
Intercontinental Bank Plc	Dr. Erastus Akingbola	14-Aug-09
Oceanic Bank Plc	Dr. (Mrs.) Cecilia Ibru	14-Aug-09
Union Bank Plc	Dr. Bath Ebong.	14-Aug-09
Bank PHB Plc	Mr. Francis Atuche	02-Oct-09
Equatorial Trust Bank Plc	Mr. Ike Oraekwuotu	02-Oct-09
Spring Bank Plc	Charles Ojo	02-Oct-09

Source: Proshare Research, News Publications

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As a follow-up to the directive and the reforms being carried out to address the challenge, the CBN issued a guideline stating categorically the tenure limit of maximum of ten years and an effective date of July 31, 2010 (*See Image 1*).

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Image 1: CBN CEO Tenure Guidelines

CBN GUIDELINES ON TENURE OF BANK CEOs



BRIEF ON GUIDELINES FOR TENURE OF MANAGING DIRECTORS OF DEPOSIT MONEY BANKS AND RELATED MATTERS

In furtherance of the on-going banking reforms, the Central Bank of Nigeria pursuant to the powers conferred on it by Banks and Other Financial Institutions Act (BOFIA), Laws of the Federation of Nigeria, (LFN), 2004 has issued the following guidelines to address some corporate governance issues in the deposit money banks:

1. Chief Executive Officers, CEO of banks shall serve a maximum tenure of ten years.
2. All CEOs who would have served for ten years by July 31, 2010 shall cease to function in that capacity and shall hand over to their successors.
3. Where a bank is a product of merger, acquisition, take-over or any other form of combination, the ten-year period shall include the *pre* and *post* combination service years of a CEO provided that the bank in which he previously served as CEO was part of the new bank that emerged after the combination.
4. Any person who has served as CEO for the maximum tenure in a bank shall not qualify for appointment in his former bank or subsidiaries in any capacity until after a period of three years after the expiration of his tenure as CEO.
5. The Governor/Deputy Governors of the CBN and the Managing Director/CEO and Executive Directors of the Nigeria Deposit Insurance Corporation, NDIC shall not be eligible for appointment in any capacity in banks until after the expiration of five years from the date of their exit from the CBN or NDIC as the case may be.
6. The Departmental Directors of the CBN and the NDIC shall not be eligible for appointment in any capacity in banks and their subsidiaries under the supervision of the CBN and NDIC until after the expiration of three years from the date of their exit from the CBN or NDIC as the case may be.
7. Henceforth, all banks shall reflect the provisions of these guidelines in the terms of engagement of their CEOs.

These guidelines shall apply notwithstanding the terms of any contract of engagement or the provisions of the Memorandum and Articles of Association of any bank.

**Signed
Management**

The implementation of this policy affected two (2) Chief Executives namely Elumelu of UBA Plc and Ovia of Zenith Bank Plc. Both complied with the directives by appointing successors. Three years after, they both emerged as Chairmen of their respective bank boards, a position they still occupy.

The developments in the marketplace since this rule was implemented and subsequent models of governance were created and approved by the CBN raises questions around the purpose and usefulness of this rule going forward; especially given two discernible patterns that have emerged:


- ❶ The influence, value and role of the erstwhile CEO's now Chairpersons in their respective organisations; and
- ❷ The impact of the adoption of Holdco structures which has watered down the governance problem purportedly being addressed by the CEO tenure limit; but raises new ones about the relationship between a Holdco and a Bank (operating entity) and the relationships with bank boards of directors.

Since becoming Chairpersons of their respective banks the equity holdings of Elumelu and Ovia has increased geometrically leaving both men stronger as Chairpersons than they were as Managing Directors (*See table 3*).

Table 3: Tony and Jim - A Tale of Two Majority Shareholders

SHAREHOLDINGS OF TONY ELUMELU AND JIM OVIA IN 2009 AND 2021					
Financial Institution	Name	Shareholdings in 2009		Shareholdings in 2021	
		Direct	Indirect	Direct	Indirect
UBA Plc	Tony Elumelu	60 697 875	Nil	194,669,555	2,185,934,184
Zenith Bank Plc	Jim Ovia	2,392,340,140	Nil	3,546,199,395	1,525,904,916

Source: UBA Plc and Zenith Bank Plc 2009 & 2021 Annual Reports



On a compound average annual basis Elumelu's shareholdings in UBA increased by +39.59% while the shareholdings of Ovia increased by +7.07% annually on compound average over the same period.

The subsequent share acquisitions of both Chairpersons make them the single most influential individuals in each bank. The reality, therefore, remains that HRH Sanusi Lamido Sanusi's tenor limit on individuals heading banking institutions has been overtaken by time and contextual reality.

Analysts have increasingly argued that the ten-year rule was a creature designed for an ice age that has since been overtaken by the atmospheric heat of **banking competition that requires experience, maturity, and valued individual network.**

These analysts contend that rather than insist on tenure limits for bank Managing Directors, the CBN should put in place governance rules and compliance frameworks that protect the institution and

stakeholders from rogue chief executive officers. They point out that with deposit money banks (DMBs) converting to Holdco structures, former bank CEOs have simply moved upstairs to become Chairpersons or Managing Directors of the Holdcos while still exerting considerable influence over their bank subsidiaries. Available data shows that the typical bank in a Holdco is responsible for at least 73% of the Holdco's gross earnings (see table 4).

Table 4: Understanding the Banking Part of Holdcos

CONTRIBUTION OF BANK TO GROUP'S GROSS EARNINGS			
Financial Institution	Group Revenue (N'M)	Banks Revenue (N'M)	% Contribution of Bank to Group
FBNH	757,296.00	659,037.00	87%
GTCO	447,811.00	325,589.00	73%
STANBIC	205,792.00	193,072.00	94%
FCMB	212,012.00	190,609.00	90%

Source: UBA Plc and Zenith Bank Plc 2009 & 2021 Annual Reports

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Zenith Bank and UBA are contemporary examples of the new route to corporate power and influence in banks after the ten-year tenure of bank CEOs are up (see tables 5 & 6).

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Table 5: Zenith Bank, When Boards Change -The Dynamics of Board Redesignations

BOARD CHANGES - 2009 VS 2021

2009	
Name	Designation
Macaulay Pepple	Chairman
Jim Ovia	MD/CEO
Godwin Emeziele	Deputy MD
Sir SPO Fortune Ebie	Director
Chief E.M Egwuenu	Director
Prof L.E.O Obika	Director
Sir Steven Omojafor	Director
Alhaji Baba Tela	Director
Babatunde Adejuwon	Director
Peter Amangbo	Executive Director
Apollos Ikpobe	Executive Director
Elias Igbinakenzua	Executive Director
Udom Emmanuel	Executive Director
Andy Ojei	Executive Director
Alhaji Sani Lawal	Director
2021	
Name	Designation
Jim Ovia	Chairman / Non-Executive Director
Mr. Jeffrey Efeyini	Non-Executive Director
Prof. Chukuka Enwemeka	Non-Executive Director
Prof. Oyewusi Ibidapo-Obe	Non-Executive Director/ Independent
Mr. Gabriel Ukpeh	Non-Executive Director/ Independent
Engr. Mustafa Bello	Non-Executive Director/ Independent
Dr. Al-Mujtaba Abubakar	Non-Executive Director/ Independent
Dr. Omobola Ibidapo-Obe Ogunfowora	Non-Executive Director/ Independent
Mr. Ebenezer Onyeagwu	Group Managing Director/CEO
Dame (Dr.) Adaora Umeoji	Deputy Managing Director
Mr. Ahmed Umar Shuaib	Executive Director
Dr. Temitope Fasoranti	Executive Director
Mr. Dennis Olisa	Executive Director
Mr. Henry Oroh	Executive Director

Source: Proshare Research

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Table 6: UBA, When Boards Change -The Dynamics of Board Redesignations



BOARD CHANGES - 2009 VS 2021

2009	
Name	Designation
Chief Ferdinand Alabrada	Chairman
Mr. Tony Elumelu, MFR	Group Managing Director/CEO
Phillips Oduoza	Executive Director (Deputy Managing Director, Nigeria-South and GMD/CEO-Designate)
FAITH TUEDOR-MATTHEWS	Executive Director (Deputy Managing Director, Nigeria-North)
VICTOR OSADOLOR	Executive Director (Group Chief Finance Officer and DMD designate)
GODWIN IZE-IYAMU	Executive Director (Subsidiaries and Specialized Products)
ANGELA NWABUOKU	Executive Director (CEO, UBA Global Transaction and Consumer Banking)
EMMANUEL NNOROM	Executive Director (Group Executive Office)
RASHEED OLAOLUWA	Executive Director (CEO, UBA Africa)
ABDULQADIR BELLO	Executive Director (North Bank)
CHIEF ISRAEL C. OGBUE	Non-executive directors
ADA R. OKWECHIME	Non-executive directors
WILLY KROEGER (GERMAN)	Non-executive directors
PAOLO DI MARTINO (ITALIAN)	Non-executive directors
GARBA RUMA	Non-executive directors
ADEKUNLE A OLUMIDE, OON	Non-executive directors
CHIEF KOLA JAMODU, OFR	Non-executive directors
FOLUKE ABDULRAZAQ	Non-executive directors
RUNA N. ALAM (AMERICAN)	Non-executive directors
JA'AFARU PAKI	Non-executive directors
2021	
Name	Designation
Mr. Tony Elumelu, CON	Chairman
Amb. Joe Keshi, OON	Vice-Chairman
Mrs. Owanari Duke	Independent Non-Executive Director
High Chief Samuel Oni, FCA	Independent Non-Executive Director
Ms. Angela Aneke	Non-Executive Director
Erelu Angela Adebayo	Non-Executive Director
Dr. Kayode Fasola	Non-Executive Director
Mr. Abdulqadir J. Bello	Non-Executive Director
Ms. Aisha Hassan Baba, OON	Independent Non-Executive Director
Mrs. Caroline Anyanwu	Non-Executive Director
Mr. Kennedy Uzoka	Group Managing Director/CEO
Mr. Oliver Alawuba	Deputy Managing Director
Mr. Ayoku Liadi	Deputy Managing Director (Nigeria)
Mr. Uche Ike	Executive Director, Risk Management, Governance & Compliance
Mr. Chukwuma Nweke	Executive Director, Group Chief Operating Officer
Mr. Ibrahim Pur	Executive Director, North Bank
Mr. Chiugo Ndubis	Executive Director, Treasury & International Banking

Source: Proshare Research

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That said, the Financial Reporting Council of Nigeria (FRCN), an agency under the Federal Ministry of Industry, Trade and Investment (FMITI) expectedly took this further, aligning with the CBN by introducing in 2018 its Code of Corporate Governance institutionalizing corporate governance best practices in Nigerian companies to drive 'corporate accountability, stakeholder responsibility, and business prosperity.

Principle 12.9 of the FRCN code stated that the tenure of the MD/CEO should be determined by the Board. For banks, this will be in line with the earlier ten years' limit set by its regulator, the CBN.

Who Stays, and Who Goes?

A brief review of the tenure of CEOs of twenty-seven (27) Nigerian Banks in 2022, showed that only one, Ifie Sekibo, CEO of Heritage Bank Plc would be completing ten years in office, having been in office Since December 2012 (*see table 7*)

Table 7: Tenure of Bank CEOs – Only One Goodbye in Sight

TENURE OF BANK CEOS				
Financial Institution	Name of CEO	Date Appointed	Time Spent So Far	Tenure Completion Year
Access Bank Plc	Roosevelt Ogbonna	29-Mar-22	2 Months	2032
Fidelity Bank Plc	Nneka Onyeali-Ikpe	01-Jan-21	1 Year 5 Months	2031
FCMB	Mrs. Yemisi Edun	01-May-21	1 Year	2031
Guaranty Trust Bank	Mrs. Miriam Chidiebele Olusanya	15-Jul-21	10 Months	2031
First Bank of Nigeria	Adesola Kazeem Adetuntan	01-Jan-16	6 Years 5Months	2026
Union Bank of Nigeria Plc	Emeka Okonkwo	01-Apr-21	1 Year 1 Month	2031
UBA Plc	Kennedy Uzoka	01-Aug-16	5 Years 9 Months	2026
Zenith Bank Plc	Ebenezer Onyeagwu	01-Jun-19	3 Years	2029
Ecobank Nigeria	Jubril Mobolaji Lawal	Jan, 2022	5 Months	2032
CitiBank Nigeria	Mrs. Ireti Samuel-Ogbu	Sep, 2020	1 Years 8 Months	2030
Heritage Bank	Mr Ifie Sekebo	27-Dec-12	9 Years 5 Months	2022
Keystone Bank	Olaniran Olayinka	01-Mar-20	2 Years 2 Months	2030
Polaris Bank	Innocent C. Ike	01-Sep-20	1 Years 8 Months	2030
Stanbic IBTC Bank	Mr Wole Adeniyi	Jun, 2020	2 Years	2030
Standard Chartered Bank Nigeria	Lamin Manjang	2018	4 Years	2028
Sterling Bank Plc	Mr Abubakar Sulleman	01-Apr-18	4 Years 1 Month	2028
Unity Bank Plc	Mrs Tomi Somefun	11-Aug-15	6 Years 9 Months	2025
Wema Bank Plc	Mr. Ademola Adebise	01-Oct-18	3 Years 7 Months	2028
Jaiz Bank Plc	Mr Hassan Usman	01-Jun-16	6 Years	2026



Financial Institution	Name of CEO	Date Appointed	Time Spent So Far	Tenure Completion Year
Globus Bank	Elias IGBINAKENZUA	Mar, 2019	3 Years 2 Months	2029
Suntrust Bank Nigeria	Halima Buba	Feb, 2020	2 Years 3 Months	2030
Providus Bank	Walter Akpani			
Parallel Bank	Olufemi Nojeemdeen Bakre	May, 2020	2 Years	2030
Premium Trust Bank	Mr Emmanuel Emefienim	01-Mar-22	2 Months	2032
TAJ Bank Ltd	Hamid Joda	01-Jan-22	4 Months	2032
Lotus Bank	Kafilat Araoye	2020	2 Years	2030

Note: Data is as at May 2022

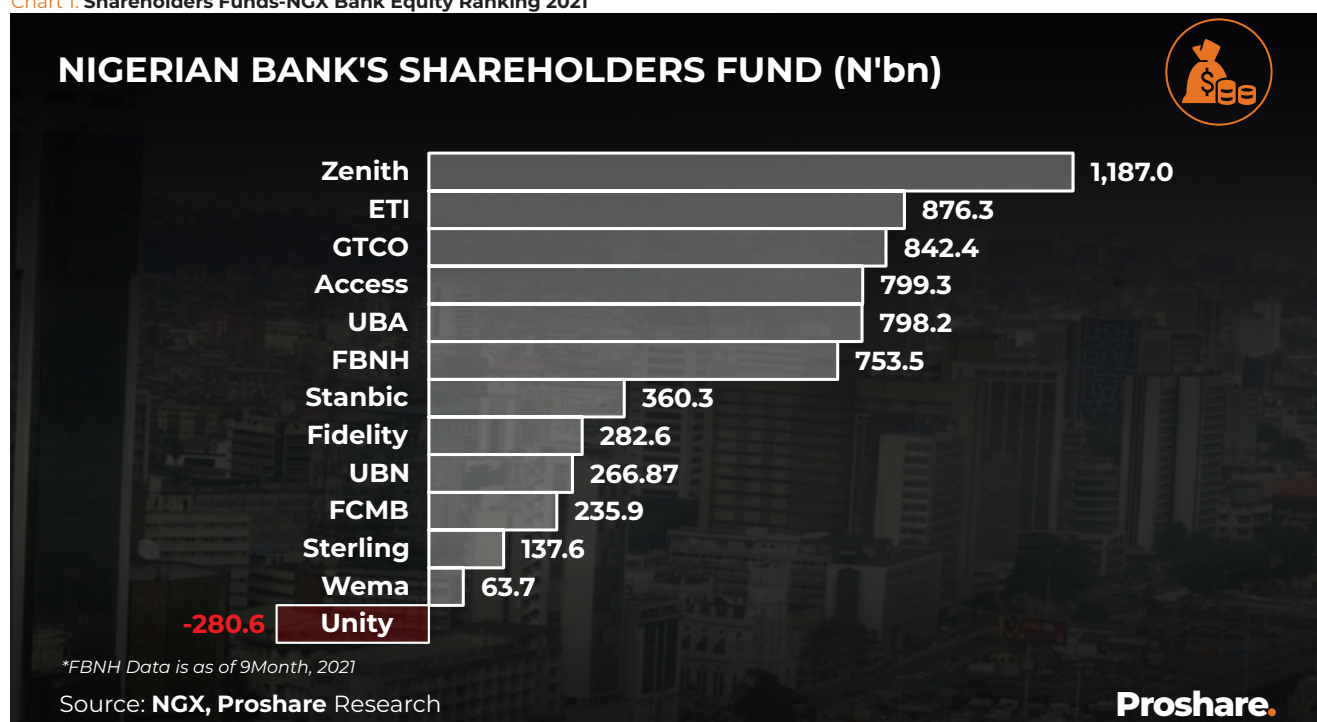
Source: **Proshare** Research, Banks' Website, CBN

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After the 2010 heave-ho the CBN gave the erstwhile CEOs of UBA and Zenith Bank, no other CEO has been caught in the ten year tenure web until recently with the likely 2022 exit of Mr. Ifie Sekibo from Heritage Bank. Sekibo is expected to leave the bank as MD/CEO sometime within the year, at a time when the bank is accelerating plans to recapitalize its negative shareholders' funds and reposition it for profitable future operations. If this recapitalization works out, he will not be there to manage it, directly. It should therefore not be surprising or inconsistent to see him emerge as the Chairman of the bank in three years' time.

Unlike Heritage Bank, however, banks like Unity Bank and Polaris Bank who equally need fresh capital on account of their negative shareholders' funds (Unity Bank) and lean shareholders' funds (Polaris Bank) need not worry about the tenure limits of their chief executives (*see chart 1*).

Chart 1: Shareholders Funds-NGX Bank Equity Ranking 2021



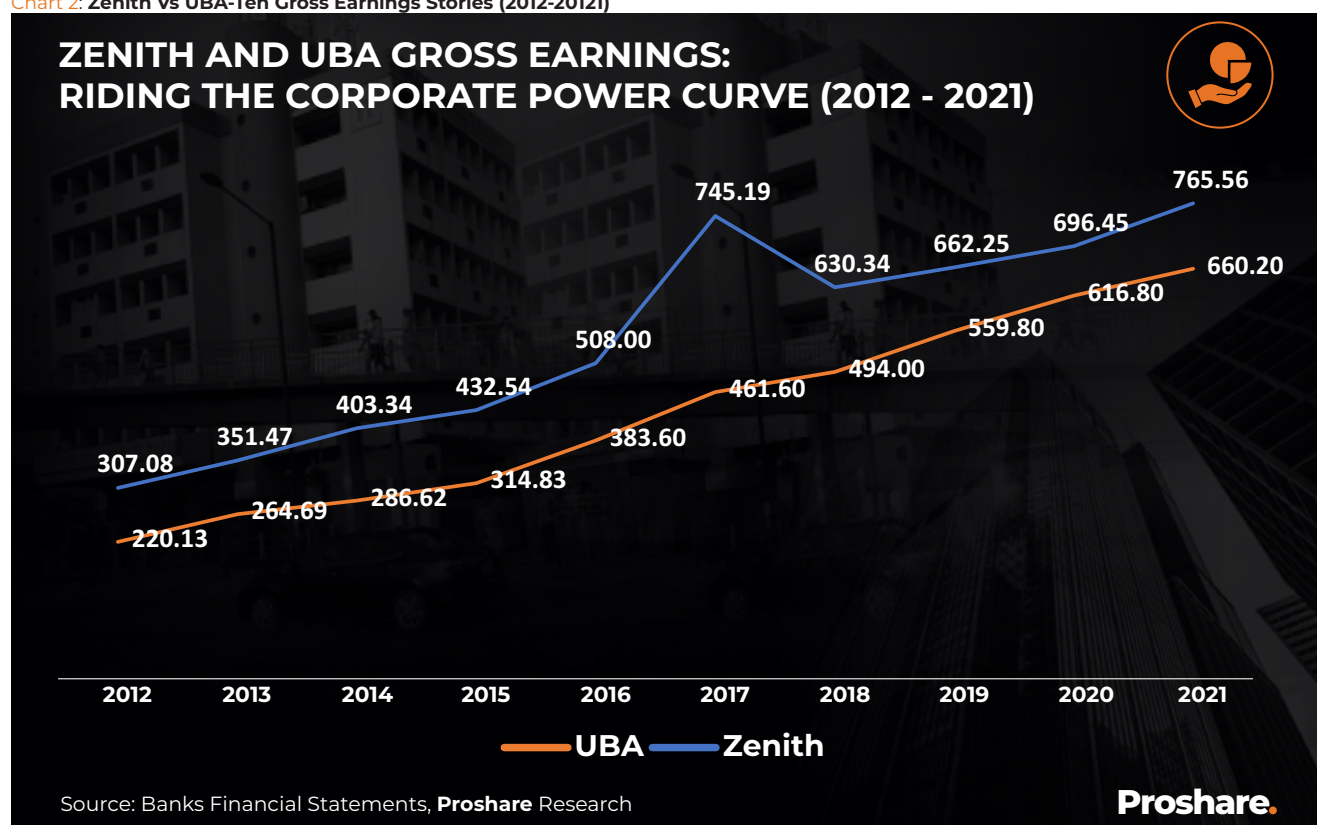
The Incredibly Shrinking Meaning of the Ten-Year Rule

The fact that Zenith Bank and UBA are doing well eight years into the Chairmanship of both Ovia and Elumelu indicates that the overarching influences of the two individuals have not impaired corporate performance or harmed institutional stability. HRH Lamido Sanusi Lamido-led CBN may have been right at the time to constrain bank Chief Executive tenures to ten years because of the history of poor governance associated with family-owned banks, however, emerging evidence suggests that banks set up or run by dyed-in-the-wool entrepreneurs seem to be a different kettle of fish entirely.

A look at the growth in profit and gross earnings of the two banks over the last eight years the gentlemen have been Chairmen, the institutions have seen steady operational growth without the challenges of compliance and corporate governance of the Chukwuma Soludo-led CBN era of family-owned institutions.

Zenith Bank's gross earnings have grown at a compound average annual rate of **+10.68%** while profit before tax has risen by **+11.88%**. UBA has seen compound average annual gross earnings rise by **+12.98%** and PBT by **+12.74%**. (see chart 2).

Chart 2: Zenith Vs UBA-Ten Gross Earnings Stories (2012-2021)



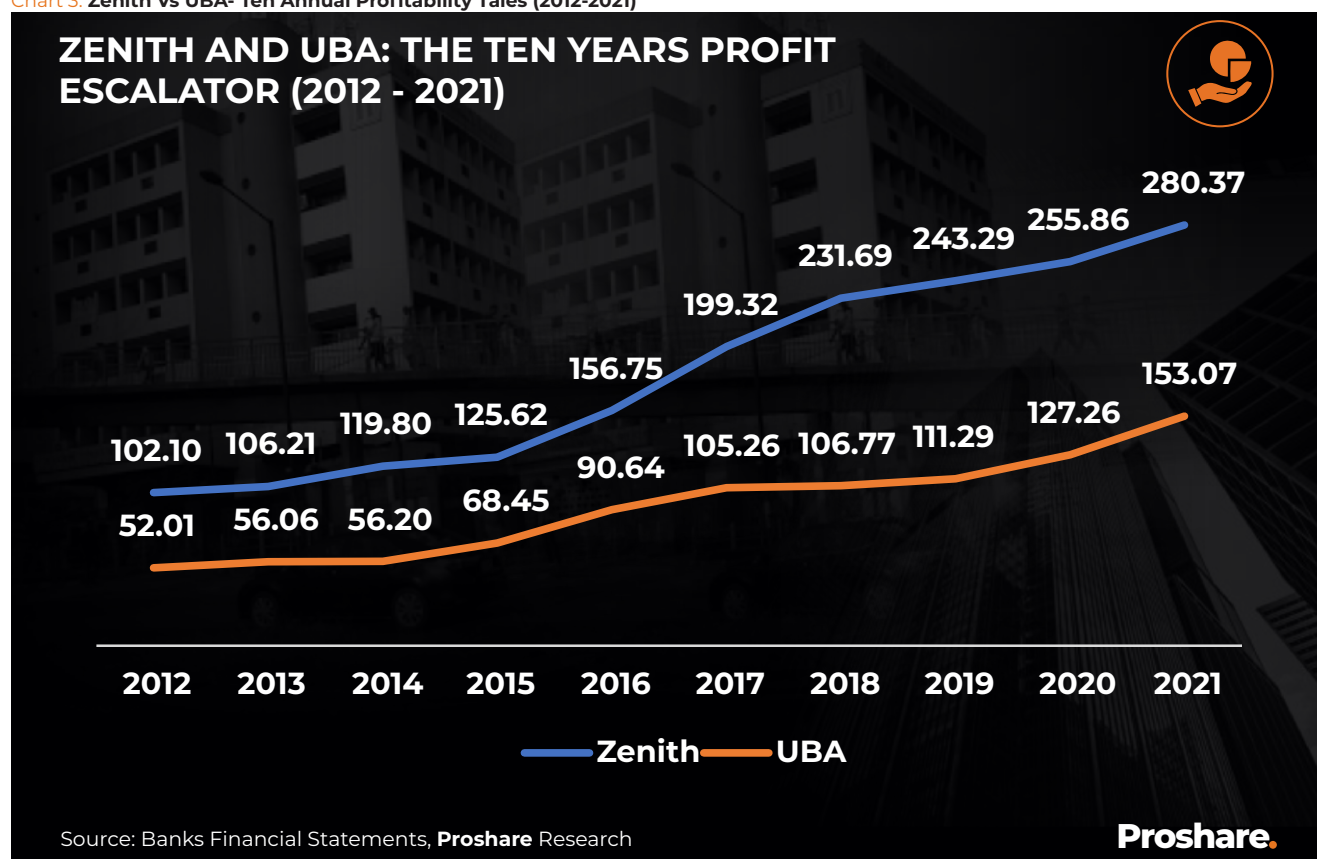
While both banks grew their balance sheets predictably between 2012 and 2014, the Chairmanship era of both previous bank MDs has seen a pacier rise in gross earnings. Zenith Bank's compound average annual earnings growth between 2012 and 2014 was **+14.61%** as against **+9.98%** between 2014 and 2021 or a negative difference of **-4.62%** or 462 basis points. In contrast, in the two years before Elumelu's Chairmanship of the bank, UBA's gross earnings growth was **+14.11%** but between 2014 and

2021 it climbed by +13.14%, or what amounted to an average compound annual negative difference of -0.97% or 97 basis points. In other words, the operating performance of Zenith Bank and UBA did fairly well over the last decade despite both Ovia and Elumelu holding on to the reins of effective corporate power, especially when it is remembered that between mid-2015 and 2017 there was a global recession.

The profit before tax (PBT) of both Zenith Bank and UBA ran along similar tracks to their gross earnings in the last decade. Zenith Bank's PBT grew at an average compound annual rate of +8.32% between 2012 and 2014, in contrast to the +12.92% between 2014 and 2021. As with gross earnings, the Ovia-led board has had a decent running average in improving the bank's underlying profitability in the last eight years.

UBA's Elumelu-led board has had similar success. Compound average PBT growth was +3.95% between 2012 and 2014, and +15.39% between 2014 and 2021 (see chart 3).

Chart 3: Zenith Vs UBA- Ten Annual Profitability Tales (2012-2021)

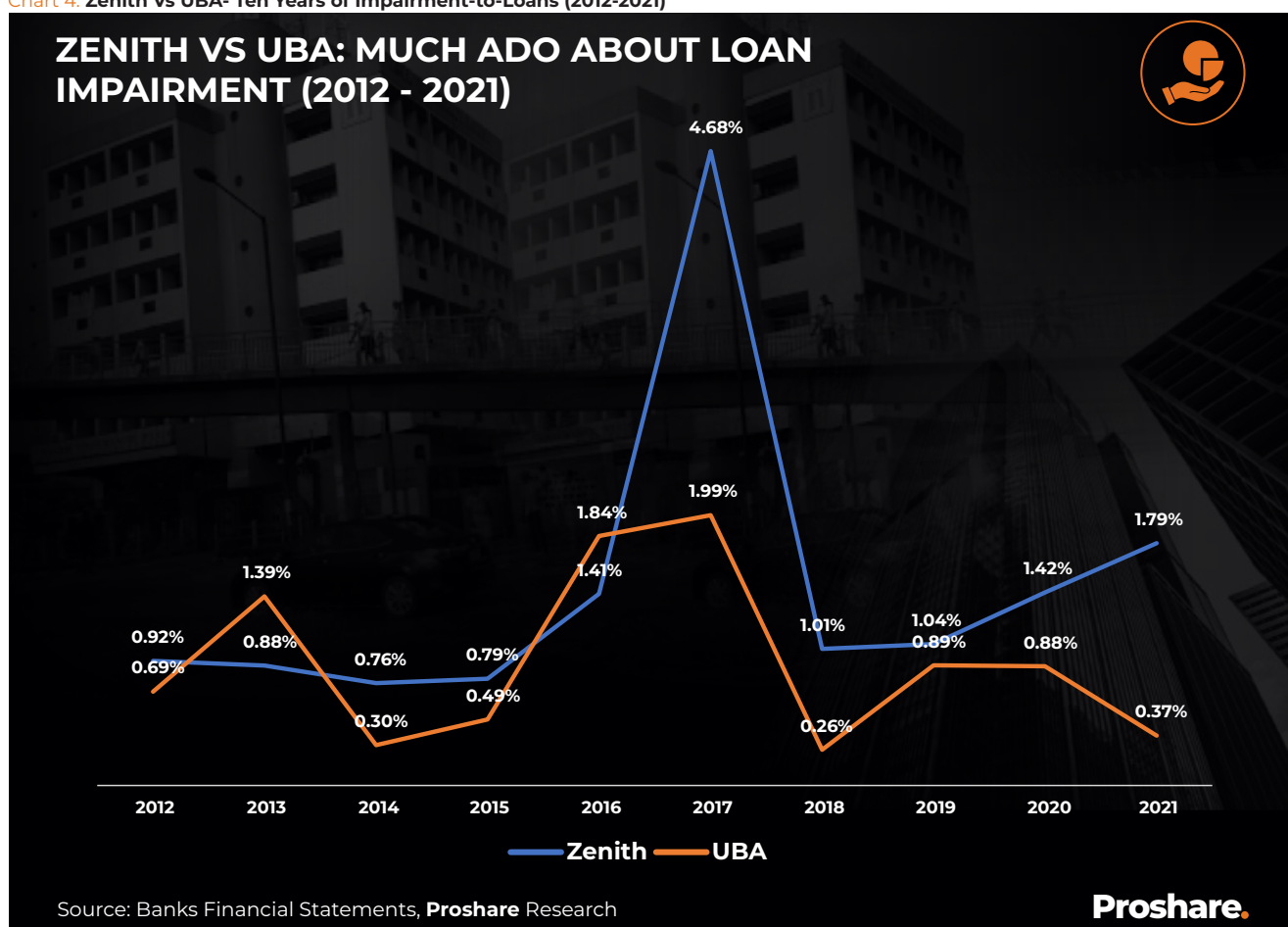


Ovia (**Zenith**) and Elumelu (**UBA**) have brought technical experience, contacts, and critical business relationships to bear on their banks, thereby, enabling them to grow their loan books profitably and sustainably. **In Nigeria, like in other countries, banking is not just about the numbers but about the social and business networks that help the organic expansion of big-ticket transactions with healthy margins and carefully weighed risks.** Smaller banks tend to be bottom feeders depending on smaller and riskier loans with sometimes catastrophic consequences.

So, have loan impairments hurt banking's big boys in the last decade? Not really. Both banks have kept relatively tight ships. The impairment to loans ratio of Zenith Bank was relatively flat in the three years before Ovia physically left the bank's boardroom. From being less than one percent between 2012 and 2015, it jumped to 1.41% in 2016 (at the beginning of the last global recession) to 4.68% in 2017 before sliding back down to 1.01% in 2018. Throughout the Chairmanship of Ovia, the impairment to loans ratio has not fallen below one percent but has not risen to 2%.

In the case of UBA, before Elumelu left the bank's CEO, the impairments-to-loans ratio rose from 0.69% in 2012 to 1.39% in 2013 and 0.30% in 2014. After Elumelu became Chairperson the ratio breezed upward from 0.49% in 2015 to 1.84% in 2016 and then 1.99% in 2017. By 2018 the impairment-to-loans ratio collapsed to 0.26% and then rose to 0.89% in 2019, 0.88% in 2020, and crumbled to 0.37% in 2021. In other words, loan impairments have been more volatile during Elumelu's Chairmanship at UBA than during Ovia's Chairmanship at Zenith Bank, but Zenith Bank's loan impairment provisions have, on average, been notably larger than that of UBA over the past eight years of the two bank bosses Chairmanship (see chart 4).

Chart 4: Zenith Vs UBA- Ten Years of Impairment-to-Loans (2012-2021)



Adapting Rules to Models, not Problems

In conclusion, the idea of fixing tenure limits on bank CEOs has run its course, and we should by now have learnt that rules to solve a problem are mere pallatives, and not solutions or guidance for



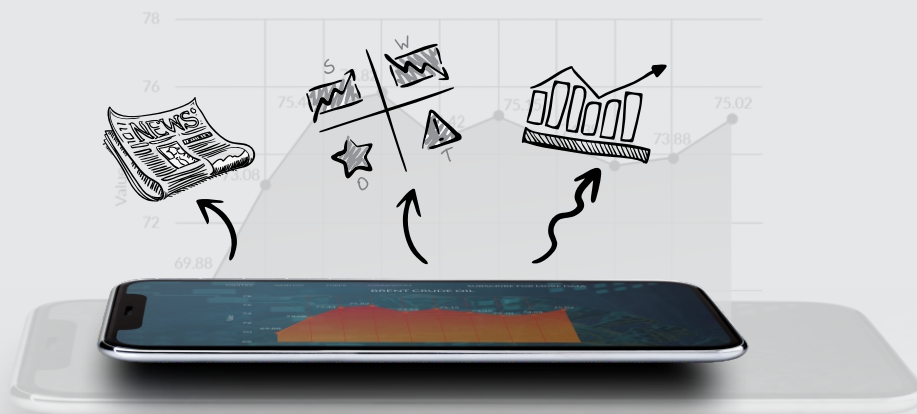
conduct over a sustainable period. It is therefore imperative that when models change, we should go back to rules made for a different model and change the same as well; seeking to make them relevant for both the current times and the trend we see; or in the case of a highly regulated industry like the financial services system; align same with global best practices; a position echoed in Proshare's 2009 treatise titled "**Corporate Governance – Financial Crisis and the Nigerian Leadership Meltdown**".

The CBN should provide leadership by re-evaluating the new corporate governance risks in and around the management of financial Holdcos where the banks account for the bulk of the Holdcos' assets/investments to help the market distinguish clearly the influence and governance responsibilities/limits of Holdcos as venture capital-type entities as against banks, as money-deposit entities.

The purpose of regulation is best served if it is **anticipatory** and less **reactionary**.

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Creation Date:

This report was published on **June 4th**, 2022 and is based on the best publicly available information at that time. This PDF version was created on **June 7th**, 2022. To check for updates, kindly send us an e-mail. Thank you.

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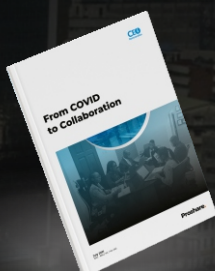
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