2014
Annual Report and Accounts

Africa's global bank

Contents

Vision

To be the undisputed leading and dominant financial services institution in Africa.

Mission

To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and building an enduring institution.

What we do

With the Bank's migration from universal banking to monoline commercial banking in line with regulatory requirement, UBA provides commercial banking, pension custody and related financial services to its more than eight million corporate, commercial and retail customers, served through various channels.

Corporate profile

United Bank for Africa (UBA) Plc is a leading financial services group in sub-Saharan Africa with presence in 19 African countries, as well as the United Kingdom, the United States of America and France.

The origin of UBA dates back to 1949 when it was first referred to as the British and French Bank Limited (BFB). It took over the assets and liabilities of BFB and was incorporated as a limited liability company on 23 February, 1961 under the Companies Ordinance (Cap 37) 1922. UBA was the first Nigerian bank to make an Initial Public Offering (IPO), following its listing on the NSE in1970. It was also the first Nigerian bank to issue Global Depository Receipts (GDRs).

In 2005, it completed one of the biggest mergers in the history of Nigeria's capital markets following the business combination with Standard Trust Bank (STB) Plc. From then, it commenced its pan-African expansion, which has led to its presence in Ghana, Benin Republic, Cote d'Ivoire, Burkina Faso, Guinea, Chad, Cameroon, Kenya, Gabon, Tanzania, Zambia, Uganda, Liberia, Sierra-Leone, Mozambique, Senegal, Congo DR and Congo Brazzaville. It also established presence in France and the UK to complement its already existing USA office.

It is a publicly quoted company listed on the Nigerian Stock Exchange (NSE) and has a well-diversified shareholder base.

Our Shared Values

Humility

We see and relate with the customer as the essence of our corporate being.

Empathy

We always put ourselves in the position of our customers.

Integrity

We are transparent in our relationship with our customers.

Resilience

We evoke our entrepreneurial spirit to excel in all challenging situations.

Products
UBA is a financial institution offering a range of banking, other financial and pension fund custody services.

Market
UBA has over eight million customers in retail, commercial and corporate market segments, spread across 22 countries, consisting of Nigeria, 18 other African countries, the United States of America, the United Kingdom and France.

Channels
UBA has one of the largest distribution networks in Africa. As at 31 December 2014, there were 605 business offices, 1,738 ATMs and 13,452 POS machines fully deployed.

Staff
As at 31 December 2014, the Group had 12,699 members of staff.

Global footprint

Directors

Tony O. Elumelu, CON
Chairman

Appointed Chairman of the Board in August 2014

Tony O. Elumelu is Chairman of Heirs Holdings Limited, an African investment company with interests in financial services, power, oil and gas and real estate & hospitality.

He is also Chairman of Seadrill Nigeria and Transcorp Plc – Nigeria's largest listed conglomerate and creator of the Tony Elumelu Foundation, dedicated to empowering the next generation of entrepreneurs across Africa. Mr. Elumelu is the creator and leading proponent of the philosophy of "Africapitalism," which advocates for private sector engagement in Africa's development.

He sits on numerous boards, for organisations including the United Nations, USAID, the Aspen Institute, and the National Competitiveness Council of Nigeria. He is also Chair of the Federal Government's health committee, formed to develop world-class hospitals in Nigeria, and Vice-Chair of the Presidential Jobs board, committed to creating jobs in Nigeria.

AMB. Joe Keshi, OON
Vice-Chairman

Appointed Non-Executive Director in 2010 and he is the Vice-Chairman of the Board

A graduate of political science from the University of Ibadan, Nigeria, he holds a post graduate diploma in International Relations and Diplomacy from the Nigerian Institute of International Affairs and a Masters in Administration and Development from the Institute of Social Studies, the Hague, the Netherlands. He is both a Fellow of the John Kennedy School of Government, Harvard University and the Harvard Business School. He has since joining the Board attended a number of trainings. He joined the Nigerian Public Service in 1975 and has over 37 years' working experience as a career diplomat. Apart from serving in a number of Nigeria's diplomatic missions and heading a few, he was at various times, National Coordinator, Nigeria National Volunteer Service, Permanent Secretary, Cabinet Secretariat, the Presidency; and Permanent Secretary, Ministry of Foreign Affairs. He is a Director of South Strategy and Chairman of Afrigrowth Foundation.

Phillips Oduoza, FCIB
Group Managing Director/CEO

Appointed Executive Director in 2005 and Group Managing Director/CEO in August, 2010

Prior to his appointment as Group Managing Director/CEO, he was the Deputy Managing Director responsible for the banking business of UBA Plc in the southern part of Nigeria. He held several senior level appointments before joining Standard Trust Bank in 2004. His banking career spans over two decades with experience in several areas, including credit and marketing, treasury, commercial/consumer banking, information technology, business development, strategic planning, financial control, human resources, internal control and international operations.

He holds an MBA (Finance) and First Class Honours (Civil Engineering) degree both from the University of Lagos. An alumnus of the prestigious Harvard Business School's Advance Management Program. He has attended numerous banking, management and leadership programs in some of the most famous training centres of the world. His strength is in execution, talent management, technology integration, lean banking and relationship management.

He is an honorary fellow of the Chartered Institute of Bankers.

Rose Okwechime
Non-Executive Director

Reappointed Non-Executive Director in July 2012

She holds a Masters degree in Business Administration specialising in Banking and Finance. Currently the Managing Director of Abbey Building Society Plc. Fellow of the Chartered Institute of Bankers of Nigeria and Fellow of the Institute of Bankers (London). She is an alumnus of the International Institute of Management Development (IMD) in Lausanne, Switzerland. She is a recipient of many awards including the Woman of Excellence Award.

Kennedy Uzoka

Deputy Managing Director/CEO UBA Africa

Appointed Executive Director in 2010

He holds a BSc in Mechanical Engineering from the University of Benin and an MBA from the University of Lagos. A multiple awards winner, Mr. Uzoka has over two decades experience covering core banking, corporate marketing, strategic business advisory services and resources management.

Kennedy currently manages the Group's operations across 18 countries in Africa as CEO UBA Africa. In addition to UBA Africa, he also supervises two strategic support areas in e-Banking and Information Technology.

Prior to his appointment as CEO UBA Africa, Mr. Uzoka supervised the Bank's businesses in New York and London. In addition to Strategic Support Groups such as HR, Legal Advisory Services, Procurement and Vendor Management, Corporate Relations and Marketing among others, he also had responsibility for other critical business functions including Group Treasury, International Financial Institutions and Transaction Banking, e-Banking, UBA Pensions Custodians, Consumer Banking and Cash Management Services.

He was Head, Strategy and Business Transformation of UBA Group and later Regional Bank Head, South Bank covering over 17 states in southern part of Nigeria. Prior to the merger of legacy Standard Trust Bank (STB) and United Bank for Africa (UBA), he was Regional Director – South East, Vice President-Northern Nigeria, Chief Marketing Officer – Federal Capital Territory (FCT), Chief Marketing Officer, Lagos and later, Managing Executive Officer at STB.

He is an alumnus of Harvard Business School in Boston USA, the International Institute of Management Development (IMD) in Lausanne, Switzerland and the London Business School, United Kingdom.

Apollos Ikpobe

Deputy Managing Director (Domestic Bank)

Appointed Deputy Managing Director, Domestic Bank in 2013

Apollos Ikpobe holds a Masters Degree in Banking and Finance from the University of Lagos and a Higher National Diploma (Distinction) in Accounting from Yaba College of Technology. Before joining UBA Plc, he was an Executive Director at Zenith Bank Plc. He has work experience spanning audit and internal control, financial control, business development and relationship management with over two decades in the banking industry.

He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN), Institute of Credit Administration (ICA) and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN).

He has attended numerous management and leadership programmes which include: The Corporate Leader at Harvard Business School, USA; Advanced Management Programme at Insead, France; Leadership and Team Effectiveness at Yale Business School, USA, and the Advance Management Programme, Lagos Business School.

Foluke K. Abdulrazaq

Non-Executive Director

Appointed Non-Executive Director in 2007

She holds an MSc degree in Banking and Finance from the University of Ibadan. She is also an Alumna of the Harvard Business School. She has 15 years of practical banking experience, the height of which was her appointment by the Central Bank/NDIC in September 1995 as the Executive Chairman of the Interim Management Board of Credite Bank Nigeria Limited.

She also has vast public service experience, having served as Commissioner in the Ministries of Finance and Women Affairs in Lagos State and it is to her credit that during her tenure, the broad policies that led to the State's Accelerated Revenue Generation Programme (ARGP) were formulated. She was also the Chairman of the State's Tenders' Board, a member of the Federal Accounts Allocation Committee (FAAC) and the State's Executive Council.

Mrs. Abdulrazaq has held several major board positions, including Julius Berger Plc. A Council Member of the Bank Directors Association of Nigeria (BDAN) and a member of the Institute of Directors (IOD), she is a recipient of the 'Lagos State Woman of Excellence' Award in 1999 and a Justice of Peace (JP). She currently runs Bridge House College, Ikoyi – Lagos, a sixth-form College that offers first class pre-University Foundation and 'A' Levels for students seeking University Education in Nigeria and overseas.

Femi Olaloku

Executive Director (Treasury and International Banking)

Appointed Executive Director in 2010

He Holds BSc (Civil Engineering) and MBA from the University of Lagos and has over two decades of banking experience, holding several management positions in Treasury, International Banking, Risk Management, Operations and Information Technology.

Directors (continued)

Dan Okeke
Executive Director
(Abuja and East Bank)

Appointed Executive Director in 2011

He holds a BSc degree in Geography and Planning from the University of Nigeria, Nsukka and an MBA (Finance) degree from the ESUT Business School Lagos. He is an associate of the Nigerian Institute of Management (NIM) and has attended various local and international courses, including the Competition and Strategy programme at the Harvard Business School. He acquired varied work experience in the manufacturing industry before moving to the financial services sector. He has over 17 years' banking experience, garnering capabilities in domestic and international operations, credit and marketing. He is currently responsible for the bank's retail and commercial business in Abuja and Eastern Nigeria.

Emeke Iweriebor
Executive Director
(Deputy CEO UBA Africa)

Appointed Executive Director in 2013

He holds a B.Sc, and M.Sc. in Political Science (Int'l Relations) as well as an MBA from the University of Lagos. He is also an alumnus of the Wharton Business School's Executive Development Programme. He has over two decades experience in banking.

He is currently Deputy CEO, UBA Africa. Prior to this, he was at various times, Regional CEO, Central Africa; CEO UBA CES Africa; and, CEO UBA West Africa with responsibility for building the Bank's business and strengthening governance in UBA country subsidiaries in Central, East and Southern Africa; and West Africa. He also oversaw the Bank's business in Corporate Banking and Lagos and Western Nigeria.

Emeke was also the pioneer MD/CEO of UBA Cameroon..

Owanari Duke
Non-Executive Director

Reappointed Non-Executive Director in July 2012

She holds an LLB degree from Ahmadu Bello University, Zaria (1983) and was called to the Nigerian Bar the following year. She is a former First Lady of Cross River State of Nigeria, an Entrepreneur, Legal Practitioner, certified Mediation/ Dispute Resolution Consultant, business coach and Philanthropist.

Mrs. Duke is the Country Director, Empretec Nigeria Foundation, a United Nations Conference on Trade & Development (UNCTAD) Private Sector Support Initiative and is also the Chairman, Child Survival and Development Organisation of Nigeria (CS-DON), a maternal and childhood healthcare initiative. She is a founding partner in the Law firm of Duke and Bobmanuel and also chairs the Empretec Africa Forum, an association of all UNCTAD Empretec Centres in Africa.

Kola Jamodu, CFR
Non-Executive Director

Appointed Non-Executive Director in 2007

A Chartered Global Management Accountant (CGMA), Chief Jamodu is also a fellow of the Chartered Institute of Management Accountants, London (CIMA), Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN) and Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN). His work experience spans the multinational sector in Nigeria, having worked in UAC, Unilever and PZ Industries where he rose to the position of Chief Executive and later appointed as the Chairman, thereby combining the position of the Chairman/Group Chief Executive of the Group.

An alumnus of the Harvard Business School, Boston, USA, and a former Minister of Industry of the Federal Republic of Nigeria. Chief Jamodu is the Immediate Past President, Manufacturers Association of Nigeria (MAN). He is currently the Chairman of the Boards of Nigerian Breweries Plc, PZ Cussons Nigeria Plc and Nutricima Limited. He also sits on the Board of Ashaka Cement Plc. He is a recipient of National Merit Awards including Member of the Order of the Federal Republic of Nigeria (MFR), Officer of the Order of the Federal Republic of Nigeria (OFR) and Commander of the Order of the Federal Republic of Nigeria (CFR). He is also a recipient of the National Productivity Merit Award (NPMA) – having been adjudged the most Productive Chief Executive.

Obi Ibekwe
Executive Director (Resources)

Appointed Executive Director in 2013

She was called to the Nigerian Bar in 1986. She practised law at Olaniwun Ajayi and Co. before joining the banking industry where she had 12 years of experience as Credit and Marketing Officer. She started her banking career with Universal Trust Bank (now Union Bank), after which she joined Diamond Bank Plc. Ms. Ibekwe began working at Accenture in May 2003. Ms. Ibekwe received a Bachelor of Arts degree in International Relations from Tufts University in 1980 and an LLB degree with Honours from the University of Lagos in 1985. She also obtained an MBA degree from Ross School of Business, University of Michigan in 2002. Ms. Obi Ibekwe served as General Manager at Zenith Bank Plc prior to joining UBA Plc. She is currently the Executive Director, Human Resources and Customer Service.

Ja'afaru Paki
Non-Executive Director

Appointed Non-Executive Director in 2008

He obtained a DSc degree in Business Administration from Bradley University, USA. He has had a distinguished career working at Mobil Oil Nigeria, the Nigerian National Petroleum Corporation (NNPC) and Unipetrol Nigeria where he served as Managing Director/CEO between 1999 and 2001. He has held directorships in several organisations, including Kaduna State Housing and Property Development Authority, Kaduna State Industrialisation Board, African Petroleum, and Stallion Property and Development Company. He was Special Assistant on Petroleum Matters to Nigeria's President Olusegun Obasanjo (2003 – 2007). He also was a member of the National Stakeholders Working Group of Nigerian Extractive Industries Transparency Initiative.
He is currently the Chairman of Nymex Investment Limited, Chairman Oxygen Manufacturing Company Limited, Chairman Al-Shifa Nigeria Limited and a Director on the Board of Advance Link Petroleum Limited.

Directors (continued)

Adekunle Olumide, OON
Non-Executive Director

Appointed Non-Executive Director in 2007

He is a quintessential diplomat, a distinguished career public servant and an accomplished technocrat of the organised private sector who holds a Second Class upper honours degree in History (London) from the then University College of Ibadan. He is a former Federal Permanent Secretary and Chairman of the Nigerian Social Insurance Trust Fund (NSITF). He has represented Nigeria in many global fora, including as Minister-Counsellor at the Permanent Mission of Nigeria to the United Nations Office in Geneva, member of the Board of the International Atomic Energy Agency (IAEA), Chairman of the Employment Committee of the International Labour Organisation (ILO) and the first Charge d'Affaires of the Nigerian Embassy in Gabon, after the Nigerian Civil War. He retired as the first Director-General/CEO of the Lagos Chamber of Commerce and Industry in 2005.

Yahaya Zekeri
Non-Executive Director

Appointed Non-Executive Director in 2010

He is a chartered accountant and seasoned banker with over 35 years' banking experience garnered across leading financial institutions. He is an associate member, Chartered Institute of Bankers, London (ACIB) and an associate member, Institute of Chartered Accountants of Nigeria (ICAN). He is also a fellow, Association of Chartered Certified Accountants, London (FCCA).

Samuel Oni, FCA
Non-Executive Director

Appointed Non-Executive Director in January 2015

High Chief Samuel Oni holds an MBA (Finance) from the University of Ilorin.

Prior to his appointment, he was engaged in private practice following his retirement as the Director of Banking Supervision at the Central Bank of Nigeria where he played a very prominent role in the CBN intervention process during the financial crisis in 2009 which restored stability in the banking system; a role he performed very well and received a special commendation from the Board of the Central Bank of Nigeria.

He was also the Chairman of the Committee set up by the CBN to supervise the establishment of the Asset Management Corporation of Nigeria (AMCON). High Chief Samuel Oni is a seasoned Chartered Accountant and a Fellow of the Association of Certified Chartered Accountants, London and the Institute of Chartered Accountants of Nigeria with more than 30 years' work experience.

Management Team

Oliver Alawuba
Head, Public Sector Group

He holds a BSc degree in Food Science and Technology from Abia State University, Uturu, MSc in Food Technology from University of Ibadan and an MBA degree in Banking and Finance from the Olabisi Onabanjo University, Ago-Iwoye. He has over two decades experience in retail, commercial and corporate banking, academics and research.

He was a key foundation staff of Standard Trust Bank (now UBA Plc), rising to Assistant General Manager before employment with Finbank Plc (now First City Monument Bank Plc) where he rose to the position of Executive Director in 2009.

He has attended numerous foreign and local courses and is an alumnus of Senior Executive Programme (SEP'66) of London Business School, United Kingdom and the Advanced Management Program (AMP) of INSEAD Business School, France. He is a member of the Nigerian Institute of Mangement, the Nigerian Institute of Directors and Association of Bank Directors of Nigeria.

Johnson Agoreyo
Head, Lagos Island

He holds an MSc Degree in Finance from the University of Lagos. He has over two decades of work experience in the financial services sector with core experience in Retail/Commercial, Corporate and Institutional Banking. He held senior management positions in Zenith Bank Plc, Stanbic IBTC and First Bank prior to joining UBA Plc. He has attended various local and international courses.

Tari Jeffrey Ekpebu
Head, Nigeria South

He holds a BSc in Management and an MBA in Marketing from the Rivers State University of Science and Technology, Port Harcourt.

Tari has over 23 years banking experience working at high level positions in different Nigerian banks. Prior to joining UBA in March 2014, Tari worked with Zenith Bank Plc where he left as a General Manager.

Tari is also Fellow of the Nigerian Institute of Management (NIM), Honorary Senior Member of The Chartered Institute of Bankers of Nigeria (CIBN); Fellow of the Institute of Credit Administration among others. He is also a Member of the Governing Council of the Nigerian Institute of Management (NIM) and a Member of the Governing Board, University of Port Harcourt Business School.

He has attended several Executive Management Programmes locally and overseas including; Harvard Business School; Judge Business School – Cambridge University; INSEAD; Manchester Business School and Columbia Business School, New York.

Emem Etuk Usoro
Head Abuja Bank

She holds a BSc degree (Biochemistry) and MBA degree from the Obafemi Awolowo University, Ile-Ife. She is also an alumnus of the Lagos Business School and Harvard Business School.

She has over 15 years' banking experience and has garnered capabilities in relationship management, marketing and commercial banking. Prior to joining UBA in 2011, she was a Regional Executive in Bank PHB Plc (now Keystone Bank) where she was responsible for developing the commercial businesses in the Bank's Victoria Island region.

Management Team (continued)

Ayoku A. Liadi
Head, Lagos Mainland

He holds a BSc in Business Management from University of Nigeria, Nsukka. Ayoku is also a Chartered Accountant and member of the Institute of Chartered Accountants of Nigeria (ICAN).

Prior to joining UBA Plc in 2014, he had over two decades of banking experience in Business Transformation, Relationship Management, Banking Operations, Risk Management, Financial Control and Business Strategy.

He was the Managing Director, Guaranty Trust Bank, Sierra Leone Limited where he led the bank to win the most profitable bank in Sierra Leone in 2013 as well as Financial Institution of the year 2013 and The Most Customer-Focused Bank Award 2012 by KPMG. He also had a stint at Zenith Bank and rose to the position of Deputy General Manager in 2006.

He has attended various local and offshore courses in Banking, Strategy, and Leadership among others.

Puri Ibrahim
Head, UBA Nigeria (North Central)

He holds a BSc degree in Accountancy and an MSc in Banking and Finance both from Bayero University, Kano.

He has over two decades' banking experience spanning Operations, Trade and Structured Finance, Retail Banking , Commercial and Corporate Banking. He is responsible for the Retail, Commercial and Corporate Banking business in UBA's North (Central) region. Prior to this role, he was Head Wholesale Banking (North), Regional Director (Abuja) and Regional bank head (North West). Before joining UBA, he was regional Controller (Northern Nigeria), responsible for consumer, commercial and corporate banking at Universal Trust Bank Plc (now part of Union Bank Plc). He has attended several local and international courses.

Adesola Yomi-Ajayi
Head, International Banking & Corporate Branch

She holds an MBA from the Aberdeen Business School specialising in International Finance and first degree in English from the University of Ife.

Adesola Yomi-Ajayi is a highly experienced banker with over twenty years banking experience cutting across Business Development (managing Corporate and Institutional relationships), Structured Lending, Transaction Banking, Commercial Banking, Correspondent Banking and Banking Operations.

Currently, the Divisional Head, International Banking and Corporate Branch, United Bank for Africa (UBA) Plc, she manages UBA's international banking operations as well as UBA's flagship corporate branch with a responsibility for the Bank's relationship with large and strategic Corporate customers across key sectors of the economy such as the oil and gas sector, trading companies, financial institutions and, multilateral organisations.

She has also benefited from the Judge Business School, University of Cambridge's executive education programme while also attending several industry specific training in banking and management. Adesola is a Fellow of the Chartered Management Institute, UK.

Emmanuel Onokpasa
Group Treasurer

He holds a BSc (Honours) degree in Accounting from the University of Benin, Nigeria and he is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate of the Chartered Institute of Taxation of Nigeria (CITN). He is an alumnus of the Harvard Business School, Boston and the Lagos Business School. His experience spans various areas of banking; Financial Markets, Operations, International Trade, Business Strategy and Structured Finance.

Mr. Onokpasa has had a distinguished career serving at different times as Group Treasurer at Diamond Bank and First Inland Bank (now part of FCMB) after having a stint in consulting, auditing and taxation practice.

Rasheed Adegoke
Director, Information Technology

He is a graduate of the University of Ibadan with First Class Honours in computer science and a merit award recipient as the best graduate in the Faculty of Science. He holds an Executive MBA degree from the International Graduate School of Management (IESE), University of Navara, Barcelona, Spain. Rasheed is a professional Fellow of both the Nigerian Computer Society (FNCS) and the British Computer Society (FBCS CITP), member of the Nigerian Institute of Management and an Honorary member of the Chartered Institute of Bankers of Nigeria (CIBN). He has over two decades professional experience, over 14 years of which he spent as Transformational Chief Information Officer in various banks.

He had previously worked in the Strategy and Business Transformation directorate of UBA where he led the establishment of UBA's Group Shared Services Centre between February 2008 and January 2009 for which he bagged the CEO Award in December 2008. He had also worked at Unity Bank Plc, NNB International Bank, First City Monument Bank (FCMB), PricewaterhouseCoopers, Computer Systems Associates and Fidelity Bank.

Ayodeji Adigun
Head, Strategy and Business Transformation

He holds a BSc (First Class) degree in Accounting from the University of Lagos. He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He is also an Associate member of the Chartered Institute of Management Accountants, UK (CIMA) and Chartered Institute of Taxation of Nigeria (CITA).

Ayodeji has worked in the Academia, Auditing and Consulting firms and in several other banks including NAL Merchant Bank, Diamond Bank and Standard Trust Bank.

He has over two decades of banking and finance experience with appreciably high competencies in financial control, financial management, performance management, project management, audit strategic planning and business transformation.

Uche Ike
Group Chief Risk Officer

He holds a BSc degree in Accountancy and a Master of Business Administration degree both from the University of Benin, Nigeria. He is an Associate member of the Institute of Chartered Accountants of Nigeria (ICAN).

He has over two decades of banking experience spanning operations, internal audit, operational risk management, fraud management and regulatory compliance. In his current role as Group Chief Risk Officer, he has responsibility for coordinating the risk management activities of the Bank. Prior to this role, he was the General Manager of UBA New York Branch and had also previously supervised operations in the East and South Banks of UBA Nigeria.

Ugo A. Nwaghodoh
Group Chief Financial Officer

He holds a BSc degree from the University of Ibadan, Nigeria and an MSc degree in Finance and Management from Cranfield University, England. He is a fellow of the Institute of Chartered Accountants of Nigeria and Institute of Credit Administration. He is also a Honorary Senior Member (HCIB) of the Chartered Institute of Bankers of Nigeria (CIBN), and a member of Cranfield Management Association.

He is a seasoned financial analyst and accountant with about two decades experience spanning assurance, advisory, financial control, strategy and business transformation, investor relations, mergers and acquisitions, business integration and project management. Prior to his current role, he was at different times, Group Financial Controller, Group Chief Compliance Officer and Head – Performance Management in UBA. Before joining UBA in 2004, he had almost one decade experience with Deloitte and PricewaterhouseCoopers.

Management Team (continued)

Feyi Ogoji
Head, Group Operations

He holds a BSc degree in Accounting and an MBA degree, both from the University of Lagos. He is a chartered accountant and an associate member of the Institute of Chartered Accountants of Nigeria (ICAN), with over two decades of post-professional qualification experience in professional accounting practice and banking.

He has functioned in various senior management capacities such as: Deputy Group Chief Operating Officer, Regional Bank CEO, Mid West, pioneer Regional Director, West – post UBA/STB merger. As a pioneer turnaround staff member of the Standard Trust Bank Plc in 1997, he variously functioned as Divisional Head, Internal Control and Reconciliation.

Udochi A. Nwaodu
Group Chief Internal Auditor

He holds a BSc (First Class) degree in Accounting and Management from the Obafemi Awolowo University, Ile-Ife, Nigeria and MBA degree from the University of Navarra, IESE, Barcelona Spain. He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Associate Member, Chartered Institute of Bankers of Nigeria and an alumnus of Oxford University, United Kingdom.

He has over two decades of strategic business development and high level change leadership experience with expansive skill set in banking operations, strategic planning, mergers and acquisitions, start-up and business integration, enterprise risk management, project management, audit and control. As the chief internal auditor, he provides strategic direction and risk-based audit oversight over the group's operations in Nigeria, the 18 African countries of presence, the United Kingdom and the United States of America and coordinates the internal audit functions.

Bili Odum
Company Secretary

He holds an LLB (Hons) degree from Edo State University, Ekpoma, Nigeria and was enrolled as a Solicitor and Advocate of the Supreme Court of Nigeria in 1990. He is a member of the Chartered Institute of Arbitrators (United Kingdom), the Nigerian Bar Association and the International Bar Association. He is an alumnus of the Lagos Business School (Chief Executive Programme 18) and the New York Institute of Finance.

He has held high-level strategic positions in top financial service institutions in Nigeria, with responsibilities that encompass asset management, structured finance, legal advisory, corporate governance, human resource management, administration, knowledge management and business communication.

Samuel Adikamkwu
Group General Counsel

He Holds an LLB degree from the Bendel State Univeristy (now Ambrose Alli University), Ekpoma Edo State Nigeria and an LL.M degree from both his alma mater and the University of Lagos. He is a member, Chartered Institute of Arbitrators, United Kingdom.

Before joining the banking industry in 1997, he lectured at the Ambrose Alli University, where he was the acting head of the department of Commercial Law in of the faculty of Law.

He was appointed Company Secretary/Legal Adviser of Standard Trust Bank (STB) Plc in 1997. Following the merger of STB Plc and UBA Plc, he became the Deputy Legal Adviser. In 2007, he was appointed the Group General Counsel. Mr. Adikamkwu has attended several courses within and outside Nigeria.

Strategy and business review

Chairman's Statement

INTRODUCTION

Dear Shareholders,

It is my privilege and pleasure to present the annual report of our Bank, UBA Plc, for the 2014 financial year.

2014 was an eventful year marked by significant global and local macroeconomic developments, which had the potential to severely impact our business. Ladies and gentlemen, the resilience of our business model has enabled us to successfully weather these economic headwinds.

I will now like to highlight the major events within the global and domestic environment, their impact on our business, in addition to major landmark achievements of our Bank during 2014.

DEVELOPED ECONOMIES DRIVE GLOBAL GROWTH

In 2014, the economies of the US and the UK recorded improved consumer spending and lower unemployment rates in response to monetary easing policies adopted since 2009 following the global economic crises. GDP in these economies are expected to be 2.4% and 2.6% respectively in 2014.

This improved economic performance resulted in the US Federal Reserve ending its quantitative easing programme (QE3) in October 2014 and raised the prospect of the increase in interest rates to normalise the monetary regime as the economy further improves. The Eurozone, however, remained a major concern in 2014 due to stagnant quarter-on-quarter growth with an estimated GDP growth of 0.8%.

China's economy grew at its slowest pace in 24 years in 2014, as real GDP expanded by 7.4% against a target of 7.5%, due to lower property investments, dwindling credit growth and weakening industrial production. With a view to drive growth, the People's Bank of China (the Apex Bank in China) eased monetary policy for the first time in two years by cutting rates, but this is yet to yield the expected results.

The sharp drop in the global price of crude oil was also a major economic factor in 2014. The price of the Brent crude dropped by over 40% in 2014, largely due to market share defence by OPEC members, increased shale production in the US and reduced global demand stemming from economic slow-down in China and the Eurozone. The impact of this fall in oil prices is expected to be mixed. While it negatively affects the fiscal position of oil exporting countries, it is expected to support economic growth in oil-importing countries as their energy costs decline.

AFRICA: THRIVING AMIDST ECONOMIC HEADWINDS

In 2014, Africa witnessed its worst outbreak of the Ebola Virus Disease, with over twenty thousand people infected and nearly eight thousand mortalities recorded as at 31 December 2014 (according to the US Center for Disease Control). Liberia, Sierra Leone and Guinea were the hardest hit countries. It is estimated that the cumulative negative impact on these affected economies could be as high as $32.6 billion over 2014 and 2015.

Economic slowdown in China and Europe, Africa's largest trade partners resulted in a significant decline in commodity prices including crude oil, thereby affecting the revenues of commodity-exporting African countries and exposing their currencies to the negative impact of the strengthening US dollar, following the end of Federal Reserve's bond buying stimulus programme (QE3). By the end of the year, the Ghanaian cedi had depreciated by 36.81%, the Nigerian Naira by 14.45% and the Kenyan Shilling by 5.02%. In response to local currency depreciation, the Central Banks of many African countries adopted monetary tightening measures during the year.

Despite these challenges, the continent remained on the growth path. The International Monetary Fund estimates 2014 Sub-Saharan Africa's GDP growth at 4.8%, outpacing that of most emerging markets and developed economies. This further supports continued inflow of foreign capital into the continent, albeit at a slower pace.

In Nigeria, the GDP rebasing exercise revealed an economic size of $510 billion, factoring in economic activities such as e-commerce and entertainment industries previously not captured. This resulted in Nigeria overtaking South Africa to be the largest economy in Africa. Real GDP growth rate for 2014 was 6.2% up from 5.5% in 2013.

However, significant challenges still confront the Nigerian economy, including lower FX earnings due to falling global oil prices, the inflationary effects of Naira devaluation, a volatile foreign exchange market as well as the increased risk due to the insecurity in the North-East part of the country. These challenges were further exacerbated by the build-up to the 2015 general elections.

In the course of the year, the Central Bank of Nigeria raised regulatory Cash Reserve Requirements on both public and private sector funds to 75% and 20% respectively and increased its Monetary Policy Rate by a 100 basis points, all in defence of the naira. This is in addition to the promulgation of various policies targeted at changing the structure of the foreign exchange market to stabilise the local currency and stem the decline of external reserves which fell by US$9.1 billion to close the year at $34.5 billion.

UBA FINANCIAL PERFORMANCE

It is a pleasure to present our financial performance for the year ended December 2014, which reinforces the resilience of your Bank. Amidst macroeconomic and regulatory volatilities across our markets, your Bank recorded N290 billion earnings in the year: an appreciable 10% growth over our performance in 2013. The headline performance reflects the simultaneous growth in interest and non-interest income, which grew 6% and 18% respectively, despite the impact of higher CRR on interest income and net effect of lower COT charges (which was regulated at N2/mille in 2014) on fee income.

UBA EXCELS IN COMMUNITY ENGAGEMENT

In the area of Corporate Social Responsibility, the Bank executed various initiatives, spanning from human capital to economic development oriented projects, which had a direct positive impact on our host communities.

The Bank spearheaded a capacity development initiative for members of the Nigerian medical practice and sponsored a prostate cancer awareness programme in a number of African countries. In addition, UBA continued to drive its focus on education by extending its annual Read Africa Initiative and National Essay Competition to other African countries, including Ghana and Senegal.

The profit before tax stabilised at N56.2 billion and the profit after tax grew modestly by 3% to N47.9 billion, translating to N1.56 earnings per share. The Board proposed that a cash dividend of 10 kobo be paid on every ordinary share of 50 kobo each (subject to shareholders' approval). This proposal was made following consideration of shareholders' dividend expectation, capital requirement for your Bank to take advantage of growth opportunities and increasing regulatory requirements under Basel II.

BOARD APPOINTMENTS

In line with the Bank's commitment to sustain a strong corporate governance structure and deepen institutional knowledge, I, Tony O. Elumelu, CON, was appointed Chairman of the Board, replacing Ambassador Joe Keshi, OON who is now the Vice Chairman.

OUTLOOK

The key factors which will drive the global and regional economic outlook in 2015 are sustainability of growth and consumption in advanced economies, the effectiveness of revised fiscal and monetary policies in emerging markets and global commodity prices (especially crude oil).

As growth gains momentum in advanced economies, especially in the US and the UK, commodity prices are expected to stabilise due to an increase in global demand. However, slower growth in China (6.8% projected in the 2015 – 2019 period, the slowest rate in recent times) and the Eurozone (forecast of 1.2% in 2015), is expected to continue into 2015 and could temper growth in commodity prices in 2015. Given this scenario, commodity prices, including crude oil, are expected to marginally improve in 2015, barring any major supply shocks.

Secondly, a normalisation of the expansionary monetary policy stance in the US and/or the UK via increases in interest rates, will likely create some volatility in financial markets globally, further increasing the vulnerability of local currencies.

Sub-Saharan Africa's growth is projected by IMF to remain robust at 4.9% in 2015. This growth is expected to be more inclusive as the contribution of the service sector continues to increase. The effect of lower commodity-based income and currency vulnerability will result in governments increasingly enacting reforms to diversify their economies and reduce the dependence on commodities.

Growth in African economies affected by the Ebola Virus, that is, Liberia, Sierra Leone and Guinea, is expected to be low as these economies gradually recover.

Finally, it is expected that regional collaboration against insurgencies such as in Kenya and Nigeria will be largely effective in ensuring the situation does not adversely affect the economic outlook of these countries.

In response to this economic outlook, we have taken steps to ensure the diversification of our revenue base in UBA while leveraging inherent opportunities in the outlook for continuous revenue growth. We also continue to strengthen our risk management capabilities to ensure effective mitigation of existing and emerging risk factors in our global operations.

APPRECIATION

In conclusion, 2014 has been an interesting, challenging, busy and successful year for the Bank. However, the concerted efforts of all our stakeholders made it possible for us to sustain our profitability in the year.

I am therefore very appreciative of our customers whose loyalty is our greatest asset; our staff, whose assiduous devotion to duty will drive us to excellence and our board members and executive management team, whose vision and guidance ensure that our mission of being Africa's Global Bank remains the true essence of our cause.

Ladies and gentlemen, I welcome you to the 2015 financial year, with resolute assurance of improved performance for our Bank.

Thank you.

Tony O. Elumelu, CON
Chairman of the Board

CEO's Report

Dear Shareholders,

2014 was a remarkable year for the Bank and reaffirmed the strength of our diversified business model across geographies, market segments and industries.

Prior to delving into our financials, I will like to highlight our corporate priorities at the start of 2014 as well as the key events which shaped the industry and our Bank in the year.

2014 STRATEGIC OBJECTIVES

The Bank's 2014 strategic imperatives were driven by our vision to be the undisputed leading and dominant financial services institution in Africa leveraging the competitive advantages inherent in our large customer base, vast geographical footprint, highly skilled workforce and cutting-edge technology infrastructure.

Some of these imperatives included growing our low cost deposit base, enhancing the customer service orientation within the Bank, improving our market share in the e-Banking space and consolidating the competitiveness of our African subsidiaries among others.

KEY INDUSTRY DEVELOPMENTS

In the course of the year, the central banks of some of our operating African countries made key pronouncements aimed at maintaining monetary stability in response to global and local trends affecting their economies.

In Nigeria, the Apex Bank advanced its monetary tightening regime by increasing the cash reserve ratio (CRR) for banks to 75% and 20% for the public and private sector deposits respectively. It also increased the Monetary Policy Rate from 12% to 13%. These actions were intended to protect the nation's foreign reserves and stem the depreciation of the naira.

In addition, the Central Bank of Nigeria (CBN) limited the items eligible for foreign exchange at its Retail Dutch Auction window and reduced the Net Open Position for Nigerian banks. These measures adversely affected earnings in the Nigerian banking industry and increased competition for industry deposits.

CEO's Report (continued)

Our vast regional and international operations, however, limited the impact of these measures on our performance relative to our Nigerian peers. The revenue contribution of our African subsidiaries outside Nigeria increased to N64 billion in 2014 compared to N56.8 billion in 2013, this is in spite of the volatile market environment (representing about one-fifth of the Group's earnings). More so, as we gain critical mass and deepen our brand penetration in these African markets, we should see increased earnings contribution from these subsidiaries. This diversification benefit reinforces our unique position as a Pan-African bank.

Also, in 2014, two of the three AMCON-owned banks were acquired by some of our competitors, but this is not expected to have any impact on our competitiveness and market leadership position.

KEY DEVELOPMENTS IN UBA

In order to further deepen our business in our countries of operation, intensify our focus on the Nigerian market, and strengthen our centres of excellence, the Bank made certain changes to its organisational structure in 2014 and is now organised for business as follows:

- **UBA Africa:** This consists of our 18 African subsidiaries outside Nigeria and is headed by a Chief Executive Officer;
- **UBA Domestic Bank:** This is the consolidation of our regional Nigerian operations except our businesses in the South East and Abuja;
- **East and Abuja:** This covers our businesses in Abuja and the South East region of Nigeria;
- **Corporate Bank:** This is the Centre of Excellence for Corporate Banking in the Group, which serves our corporate customers in the manufacturing, telecommunications, FMCG, cement and construction industries, among others;
- **Energy Bank:** This is the Centre of Excellence for Power and the Oil & Gas sector in the Group, which serves our customers in these sectors;
- **Public Sector:** This is the Centre of Excellence for Public Sector banking in the Group and partners with the different areas of the Bank to target public sector opportunities; and
- **Treasury and International Banking:** This area is responsible for treasury activities across the Group as well as supervision of our international offices.

MAJOR AWARDS

In recognition of the Bank's leadership roles in the financial service industry, major awards were received from notable international and domestic organisations. Some of these awards include the following:

- The "Best Transaction Bank" in Africa for 2014 awarded by the UK-based magazine, The Banker;
- The "Best Retail Bank" and "Best Bank in Corporate Social Responsibility" in the Businessday Annual Banking Awards;
- Winner of the Prestigious Sectoral Leadership Award in the 2013 Pearl Awards;
- Bank of the Year Award 2013 in Liberia, courtesy of The News newspaper;
- The "Best Emerging Market Bank of the Year 2014" in Cameroon for the fourth consecutive year by Global Finance magazine;
- The "Best Bank of the Year 2014" in Senegal for the third year running by The Banker magazine;
- The "Best Bank of the Year 2014" in Burkina Faso, courtesy of the Global Finance magazine;
- The "Top Brand Using Social Media Effectively" by the Alder Social Media Report 2014; and
- The "Top 100 Most Respected Companies in Nigeria" by BusinessDay.

FINANCIAL PERFORMANCE EXTRACT

In 2014, we defended our market share across Africa, despite intensifying competition and macroeconomic volatilities. We grew our loan book by 14% to cross the N1 trillion mark. We remained focused on creating quality assets, as reflected in the moderated impairment charge and overall cost of risk. More so, our Non-Performing Loan ratio of 1.6% is one of the best-in-class in the industry, reinforcing the quality of our assets, as we responsibly take advantage of growth opportunities to increase our market share. Overall the total asset of the Group rose by 5% to N2.76 trillion.

Reflecting our renewed effort towards mobilising low cost stable retail deposits, our cost of funds remained one of the lowest in the industry, thus ensuring our stable net interest margins, despite regulatory increase in CRR. We are pleased with the increasing transaction volume from our over eight million loyal customers, especially as this translated into a 10% growth in our earnings to N290 billion.

Even as the increasing cost of doing business in Africa impacted our operating expenses, our business model proved resilient, thus ensuring that we recorded an appreciable N47.9 billion Profit After Tax in the year. This performance translates to 19.2% return on average equity for our shareholders. Following due consideration of relevant factors, the Boards has proposed a dividend of 10 kobo per share. We are confident of making the best use of recently raised capital and the opportunity of retained earnings to grow our business and ultimately deliver compelling returns to shareholders in the years ahead.

2015: INCREASED FOCUS ON GROWTH

With the internal restructuring of the Bank, we have laid a solid foundation to build upon our 2014 financial performance. With this confidence, the Bank has set specific objectives for the 2015 financial year. The key initiatives to achieve these objectives are as follows:

- **Corporate Banking Excellence:** We will intensify our global corporate banking play with the aim of dominating the key growth sectors in our target markets, while continuously exploiting the value chains of our corporate and oil & gas customers.
- **Push for Public Sector Leadership:** Our newly established Public Sector unit is to target the immense value chain opportunities in government business and help the Bank to expand offerings and share of this market segment.
- **Personal Banking:** We will intensify and deepen our focus on the Personal banking segment during this year, focusing on the key customer segments of students, professionals, self-employed and the expatriate community.
- **Treasury:** We will increase industry market share of our treasury operations and enhance our share of low cost and foreign exchange deposits to dominate African financial markets.
- **Lagos Market Leadership:** Being the commercial hub of Nigeria, Lagos is a must-win market. Thus, we will strengthen our play in Lagos and capitalise on opportunities in this important segment of the Nigerian market.
- **African Regional Focus:** We will drive productivity by exploiting regional opportunities, leveraging our regional banking network, to dominate cross-border trade and transaction banking opportunities.
- **Technology and Support:** We will continue to leverage technology, our large geographic footprint and relationship management to ensure effective support to business units and excellent customer service delivery at all touch-points within the Bank.

It is my belief that unwavering execution of these key initiatives will position the Bank to fulfill the expectations of all stakeholders in 2015.

CONCLUSION

Going into 2015, our goal remains to consolidate on the gains made over the last three years and position the Bank as a truly Pan African financial institution. Our business will continue to be done in the most transparent and ethical manner, building on the trust of our stakeholders over the years.

On behalf of the Board, I would like to appreciate our customers for their continued loyalty and belief in us to serve and meet their banking needs and our shareholders for the unwavering support to the Bank's Board and executive management team. Finally, I would also like to thank our employees for their continued commitment and dedication to the Bank.

Ladies and Gentlemen, I am confident that with your support, 2015 shall be a far greater and more successful year than 2014.

Thank you

Phillips Oduoza
GMD/CEO

Group Financial Performance Review

Operating environment

- The operating environment in 2014 was characterised by macroeconomic headwinds, particularly in Nigeria and Ghana, where exchange rate volatilities led to tight monetary policy reaction. Yields on sovereign notes peaked at 16% and 25% in Nigeria and Ghana respectively, given the elevated policy rates of 13% and 21% respectively. The exchange rate in francophone West African countries was relatively stable, as the local currency, CFA remained pegged to the Euro.
- Relatively weak commodity prices weakened the fiscal position of most African countries, with notable implications for public sector spending and household income. While macroeconomic headwinds slowed down business expansion and private sector credit in some of these countries, increased public sector borrowing partly bridged fiscal revenue gaps.
- Security challenges in Nigeria and the outbreak of the Ebola Virus Disease in some West African markets like Liberia and Sierra Leone weakened business activities and increased cost of doing business in these countries.
- A number of notable policy developments shaped the business environment in Nigeria, some of which are:
  - The monetary policy rate (MPR) was increased by 100 basis points to 13%, leading to higher funding cost for banks;
  - Increased cash reserve requirement (CRR) on private and public sector deposits to 20% and 75% respectively (from 15% and 50%), thereby increasing non-earning assets of banks;
  - Individual bank placement in the Standing Deposit Facility (SDF) window of the Central Bank of Nigeria (CBN) was limited to N7.5 billion in the year, narrowing potential earnings opportunity;
  - The Net Open Trading Position (NOTP) of banks was reduced to zero percent (though revised upward later in the year), thus limiting the foreign exchange trading volume and potential income of banks;
  - The CBN also restricted some customers from accessing the official foreign exchange window (Retail Dutch Auction System – RDAS) and limited the utilisation period of foreign currencies by banks;
  - The overall Net Open Position of banks, which reflects the net foreign currency balance sheet exposure was also restricted in the year, hence moderating the appetite of banks for foreign currency lines of credit; and
  - The Naira was devalued by 8.4% at the RDAS window from N155/USD to N168/USD, with an increase in the managed band from 3% to 5% (i.e N155/USD ± 3% to N168/USD ± 5%). This led to lower deposit balances in domiciliary accounts as customers frontload imports on concern about Naira weakness.

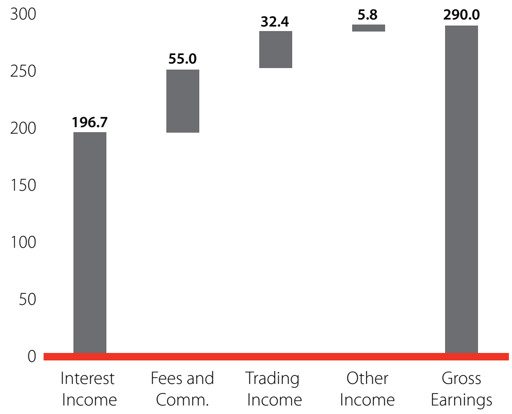
Income statement analysis

- Gross earnings grew by 10% year-on-year to N290 billion, on the back of the 6% and 18% growth in interest and non-interest income lines respectively. Notably, the growth in gross earnings dwarfs the modest 5% increase in total assets, thus reinforcing rising yield on assets and improving efficiency of our service channels.
- While increased CRR further sterilised interest-earning assets and suppressed potential interest income accretion, the 14% growth in loan book as well as higher yield of the overall portfolio compensated for the regulatory constraint on earnings. Notably, interest income on loans and advances increased by 25%.
- Reflecting the tight market liquidity and high interest rate environment, interest expense rose by 10%, partly reflecting the 30 basis points increase in saving deposit rate (due to the 100 basis points rise in monetary policy rate to 13% in the year). Overall, net interest income increased marginally by 3%, reflecting the relatively stable net interest margin.
- Notwithstanding the growth in loan book, credit impairment charges reduced significantly to N6.6 billion (from N13.1 billion in 2013), translating to a lower 0.7% cost of risk (from 1.4% in 2013). This benign risk charge reflects the asset quality and prudent provisions culture of the Bank.
- The growth in non-interest income was driven by increased credit-related fees and income from trade services, which grew by 62% and 55% respectively. Our pension custodian business remained a cashcow, with a 25% growth in earnings, on the back of growing pension assets. Within the regulatory net open trading position limits in countries like Nigeria and Ghana, the Bank took advantage of volatilities in the foreign currency markets, resulting in the strong growth in trading income.
- Even as the turnover rate on current accounts grew by 35%, the Commission on Turnover (COT) declined by 10%, due to a further downward review of COT charges by the CBN. While COT charges will be phased out by 2016, growing income from trade services, credit related fees, e-banking and remittances will sustain the strong growth in non-interest income.
- Notwithstanding the rise in operating expenses, which was partly regulatory-induced (increased AMCON resolution cost and NDIC premium), the profit before tax stood at N56.2 billion. Overall, the profit after tax rose by 3% year-on-year to N47.9 billion; translating to a 19% return on average equity (RoAE).

Income statement analysis

In millions of Nigerian Naira			
Profit analysis	**2014**	2013	% Change
Gross Earnings	**290,019**	264,687	9.6
Interest Income	**196,680**	185,700	5.9
Interest Expense	**(90,547)**	(82,469)	9.8
Net Interest Income	**106,133**	103,231	2.8
Non-interest Income	**93,330**	78,987	18.2
Operating Income	**192,455**	185,700	3.6
Operating Expenses	**(129,686)**	(107,851)	20.2
Profit Before Tax	**56,200**	56,058	0.3
Taxation	**(8,293)**	(9,457)	(12.3)
Profit for the Year	**47,907**	**46,601**	**2.8**

The constituents of Gross Earnings (N'billion)

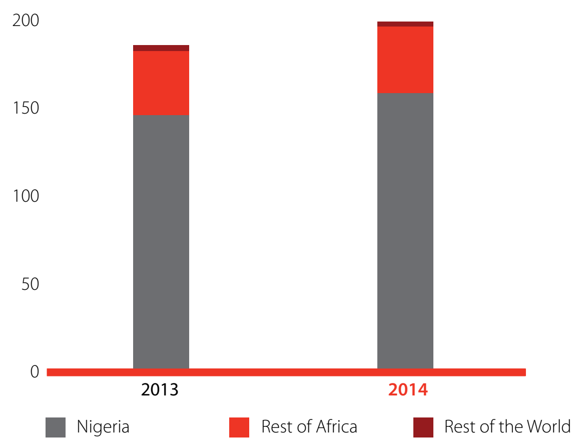


Segment analysis

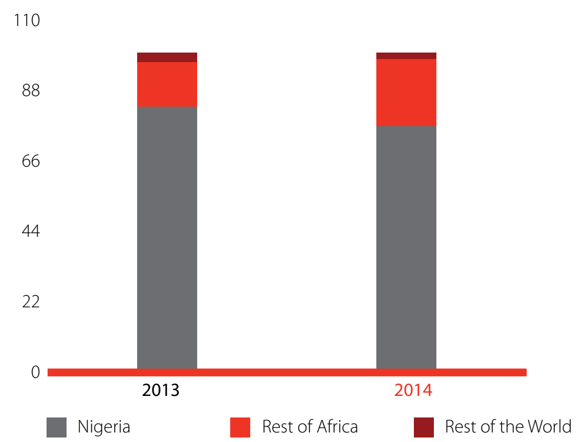
- While the Nigerian business remained dominant, with 77% contribution to gross earnings, we are pleased with the steady growth of our African business, which accounts for 21% of the top-line. More importantly, UBA Africa (i.e Africa ex-Nigeria) contributed more than one-fifth of the profit for the year, as most of the African subsidiaries turned green, with strong prospect for increased earnings and profit contribution in the years ahead.
- The growth of the African business is also manifested in increased contribution to the deposit and assets base of the Bank, representing one-fifth of the Group's assets and liabilities. Our strategic support to regional customers presents opportunities for further growth in the African subsidiaries, thus complementing the positive outlook on the Nigerian business, which is positioned for increased market share of both deposit and loans.
- As we gain critical mass to take leadership positions across our core markets in Africa, we look forward to increased revenue and profit contributions from this segment of the Group's business. We will leverage our integration process and new cross-border offerings to increase our share of the African market, just as we are positioned to deepen our share of loyal customers' wallets.
- We are pleased with the earnings diversification benefit that the African business presents, given the increasing contribution to both earnings and balance sheet size.

Segment analysis

Profit contribution by geography (N'billion)



Split of assets by geography (N'billion)



Strategy and business review

Group Financial Performance Review (continued)

Balance sheet analysis

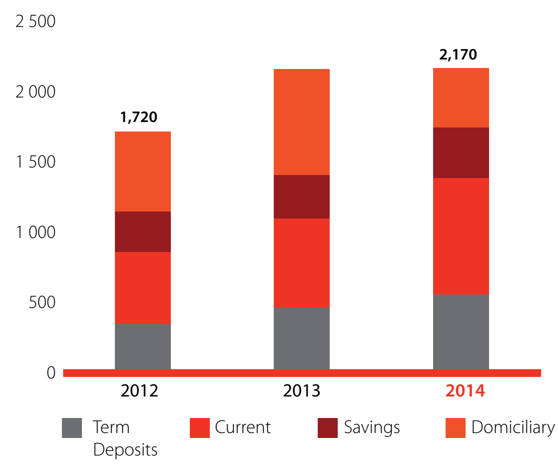
- The Group's balance sheet grew by 5% from N2.64 trillion in 2013 to N2.76 trillion in 2014. The modest growth in total assets reflects the appetite of the Bank in markets like Nigeria and Ghana, where macroeconomic headwinds reinforced our moderate risk appetite. Notably the growth in total assets was driven largely by the 14% year-on-year growth in loans and advances as well as increased regulatory cash reserve requirement in Nigeria.
- The growth in loan book reflects the ramp-up of our corporate loan portfolio, particularly in the Fast Moving Consumer Goods energy and general commerce sectors. Without compromising the focus on quality and profitable assets, we will continue to support our loyal customers across all markets, especially regional players which continue to seek growth opportunities in new markets, where we have strong footprints.
- Following the maturity of zero-coupon AMCON bonds in the year, the investment securities portfolio was reduced by 19%. A sizable portion of the proceeds were deployed into higher yield loans, thus improving the overall yield of the balance sheet.
- Leveraging on robust service channels, improved efficiency and customer-centric product offerings, our retail deposit mobilisation strategies proved resilient in the face of increasing competition. Notably, current and savings accounts, which remains the core funding source of our balance sheet, grew by 31% and 15% respectively. Overall, total customer deposit was stable at N2.169 trillion in the year, providing 78% of balance sheet funding.

Liquidity and funding

- The Group maintained its heritage of strong liquidity during the year. In addition to regulatory requirement, the Bank maintains adequate liquidity buffers in line with internal guidance limits.
- With low-cost stable funds representing three-quarter of total deposits, we will leverage improved service efficiency in growing our market share of low-cost stable current and savings deposits.
- Our retail deposits grew by 18% in 2014; a reflection of increasing penetration of our brand across Africa.
- Although, the loan book grew by 14% year-on-year, the loan-to-deposit (LTD) ratio of the Bank remained at 49%, leaving significant headroom for growth in the years ahead.

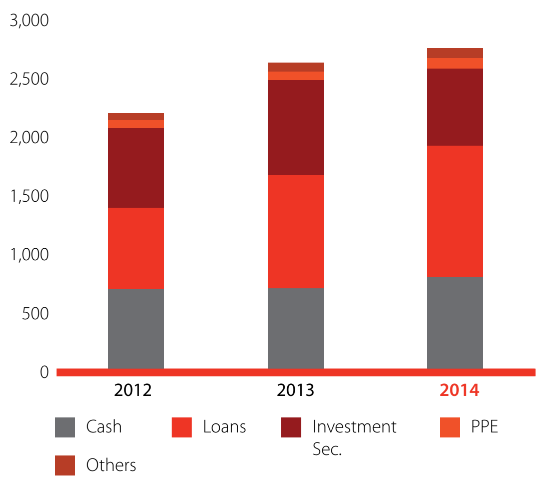
Liquidity and funding

Deposit mix and trend (N'billion)



Balance sheet analysis

Asset allocation and trend (N'billion)



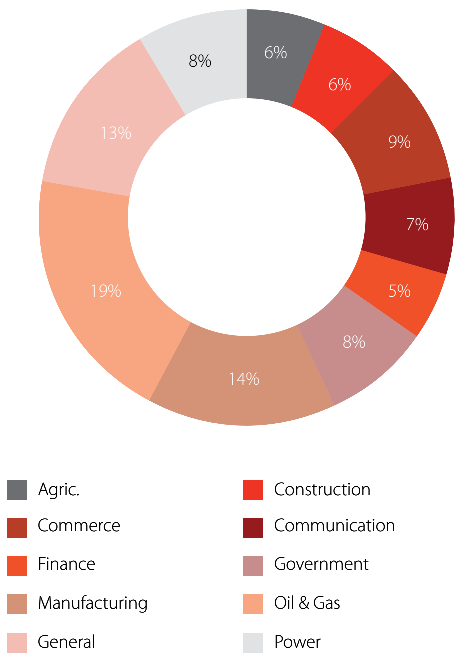
In millions of Nigerian Naira

Balance sheet analysis	2014	2013	% Change
Cash and cash equivalent	**812,359**	716,803	13.3
Loans and Advances	**1,119,952**	963,871	16.2
Investment Securities	**657,523**	811,206	(18.9)
Property, Plant and Equipment	**89,517**	75,409	18.7
Other Assets	**83,222**	75,007	11.0
Total Assets	**2,762,573**	**2,642,296**	**4.7**

Asset quality

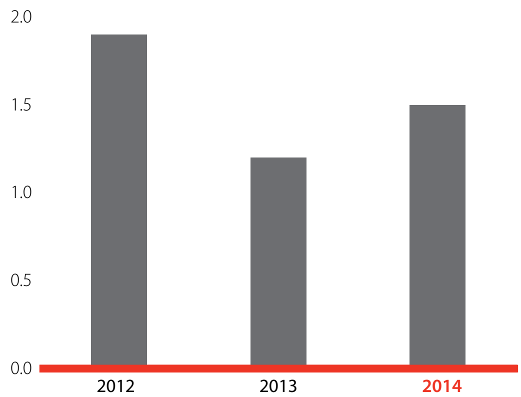
- The Bank's asset quality remained one of the best in the industry, with non-performing loan (NPL) ratio at 1.55% as at 2014 December. This level of NPL is impressive, when put in the perspective of 5% regulatory benchmark in Nigeria (our core market), which accounts for 80% of our risk assets.
- The risk assets portfolio is well diversified across sectors as well as from obligor perspective. Beyond regulatory guidelines on sector and obligor exposures, our internal risk management framework continues to guide our risk exposure, thus ensuring a well-diversified risk asset portfolio, with low concentration risk.
- The Bank remained focused on quality assets in the corporate and commercial segments of the market. More so, our asset quality is supported by our active portfolio monitoring and proactive client engagement approach.
- Further reinforcing our asset quality, the Bank has prudently provisioned for all impaired assets, and may benefit from potential recoveries.

Asset quality: a well-diversified portfolio of quality assets



NPL remains one of the best-in-class in the industry

(%)



Capital adequacy

- UBA (the Bank) remains adequately capitalised, with N282 billion core capital (i.e shareholders' fund/equity) as at 2014 financial year-end. This capitalization level is deemed sufficient to support our current business risks and planned growth over the near term.
- The 13% growth in the Group's shareholders' fund was driven by internally generated capital, by way of retained earnings. Interestingly, our profitability outlook provides further upside to capital accumulation, given established dividend payout policy of the Bank.
- Notably, the Bank further raised N30.5 billion tier-II capital (a seven-year bond) in 2014 to fortify its capital base. In addition, the Bank also issued N11.5 billion through a Rights Issue of one share for every 10 existing shares, post year-end.

Service and e-product Suite

Review of UBA's e-Banking Resources

E-Banking products have become the preferred means of delivering banking services, both for receiving money and making payments. Preference for electronic channels is facilitated by the high proportion of young population, increasing internet penetration, the ease of implementing the transactions and 24-hour availability of the channels.

For example, 87% of payment transactions by our customers is now done through electronic channels while only 13% are done at the branches.

We have, therefore, built up capacity and capability on a suit of e-Banking products to transform retail and corporate banking product features. We introduced new electronic products, enhanced our payment and collections capability across all our operations in Africa.

UBA e-Banking is designed to decongest our branches, by migrating customers to self-service platforms. Thus, our branches will better serve as efficient points of initiating customer banking relationships, in addition to being channels for value-adding customer services (such as customer consulting/advisory). With the spread across 19 countries in Africa, UBA is using e-Banking to leverage the opportunities presented by the cashless Nigeria, to drive banking penetration among the un-banked and under-banked across Africa.

Cards:	Debit (LCY, USD, GBP, Euro) Prepaid (LCY, USD) Credit (LCY)
ATM:	ATM Transaction Kiosks
PoS	
Mobile Commerce:	U-Mobile SMS/Twitter Alert
Web Commerce:	U-Direct Retail Email Alert E-Statement Facebook Banking (U-Social)
U-Pay HR	
Payment:	U-Direct Corporate TTUM
Collection:	U-Direct Corporate U-Collect Web EduPortal: Website for School collections Inter-branch

Above is the list of retail and corporate e-Banking product/ channels across all Africa operations

Retail e-Banking channels and products

UBA has 20 e-Banking products to complement and drive sales of retail products and service channels. The products, channels and services are presented above.

The details of some of the products are presented below.

Debit cards

In 2012, UBA introduced new Visa, MasterCard and Verve Cards to facilitate customers' access to funds in accounts locally and internationally.

UBA issues only Visa cards as EMV chip and PIN cards with the ultimate security.

On segmenting our customer base, we have introduced debit cards for mass market and mass affluent and high net-worth individuals.

Verve debit card

In Nigeria, Verve Debit Card has been introduced as a local card for customers that do not intend to use their cards outside Nigeria. It is offered at lower cost to customers for use on ATM, PoS and local Web. Verve, therefore, serves as a low cost debit card for mass-market customers. Since Verve is a local EMV secured card, it has recorded no fraud case of cloning outside Nigeria.

Visa debit card

The Visa standard debit cards are still issued across the branches in Nigeria and the other 18 countries of operations as single currency cards that enable customers to use the debit cards for payment in any currency within and outside the countries. The amount of foreign currency payments on the card is regulated by the central bank of each country. For example, the Central Bank of Nigeria allows up to \$150,000 spend per annum.

Visa dual currency debit card (Visa DCDC)

Visa Dual Currency Debit Card (Visa DCDC) has also increased in the number issued. Visa DCDC allows customers that have domiciliary and local currency accounts access both accounts via a single debit card. The card only allows customers to access the local currency account when within the local country of issuance but only allows spending from the domiciliary account from anywhere in the world outside the local country. The amount of foreign currency spend from the domiciliary account is not restricted.

MasterCard Debit Cards: Standard, Gold, Platinum and World

International MasterCard is introduced as standard MasterCard debit card for mass-market, Gold MasterCard for mass-affluent, Platinum MasterCard for the High Networth, and World MasterCard on special requests. These cards are introduced as single currency cards as they are issued on local currency accounts while customers can spend in any currency at ATMs, PoS or on internet. This eliminates the need to change currency before spending.

The MasterCard Debit Cards are currently issued in Nigeria only, albeit with plan to roll out the cards across other 18 countries of operation in Africa.

MasterCard: USD, EURO and GBP

In Nigeria, we also introduced MasterCard for domiciliary accounts in USD, GBP and Euro. The introduction of such FCY MasterCard debit cards has elevated the value propositions of our domiciliary accounts.

These cards will be introduced in other African countries very soon.

PrePaid cards

In 2012, UBA introduced prepaid cards in Visa brand. UBA prepaid card has been launched in all 19 countries. By end of 2014, UBA also introduced prepaid MasterCard. The prepaid cards are all loadable with local currencies.

Visa Prepaid card has also been introduced in USD currency in Nigeria, Liberia and Congo DRC only.

Channels:

Mobile Banking (U-Mobile), Internet Banking (U-Direct), ATMs, PoS and Web Payment are provided and enabled by UBA for account holders to access and manage accounts (U-Mobile and U-Direct), withdraw cash (ATM), and make payments (PoS and Web Payment).

ATM channel:

ATMs are deployed across 19 countries. The ATMs have been developed to accept payment request from all card schemes, either local or internationally issued.

The landscape of charges that apply to ATMs withdrawal services has changed dramatically in Nigeria. Banks have removed the charge of N65 on own bank transactions while charges on the first three transactions (in a month) on other bank ATMs are also removed.

In 2014, UBA acquired MasterCard acquiring license across all African operations and all UBA ATMs can now accept any local and international MasterCards as well as local and international Visa cards.

The increasing trend of non-Cash withdrawal transactions on ATMs has increased steadily from 1% in January 2013 to 10% in December 2014. This prompted the introduction of Transaction Kiosks that will be dedicated to non-Cash services. The non-Cash services include, Airtime vending, Bills Payment, Donations, Money Transfers, etc. The transaction kiosks will be introduced across the group in 2015.

We also noticed that about 80% of the deposits are still done in the branches which lead to branch crowding. Noting that the deposit amount with value less than N20,000 is very high, we have piloted note accepting ATMs which will be deployed in 2015.

PoS and web acquiring channels:

In 2012, UBA obtained group acquiring license for MasterCard to be able to acquire MasterCard transaction on PoS and internet. UBA concluded the acquisition of Visa license for both PoS and Internet in 2013. In 2014, UBA implemented group acquiring Visa and MasterCard licenses for PoS and Web channels.

UBA has since started deploying PoS and Web acquiring across all countries of operations in Africa.

Service and e-product Suite (continued)

Mobile Banking (U-Mobile)

UBA invested in a robust Mobile Banking platform which runs in Nigeria and all African countries. The Mobile Banking channel enables customers to access basic banking service such as viewing balances, confirming cheques, transferring money, buying airtime, paying bills, sending complaints to our customer fulfilment centres.

Given the high potential of this offering, UBA is investing in more flexible and friendly platform for easy on-boarding of customers

Internet Banking (U-Direct)

UBA has deployed internet banking (U-Direct) to all the 19 countries of operations.

The internet banking channel enables customer to access basic banking service such as viewing balances, confirming cheques, transferring money, buying airtime, paying bills, sending complaints to customer fulfilment centres.

Facebook Banking (U-Social)

In 2015, UBA intends to introduce Facebook banking across all the countries. This is intended to adequately service the younger population that are more comfortable with Social media.

Services (SMS, e-Mail, Tweeter Notification, Periodic e-Statement)

UBA provides other notification services which include SMS, e-Mail notification and frequent statement.

SMS and e-Mail notification services are designed to present notification to customers when debit or credit is passed to the customers' accounts. SMS and eMail notifications are sent to mobile number and e-mail address provided by the customers and in the Bank's records.

Tweeter notification

Tweeter Alert was introduced in Nigeria in 2014 and will be introduced across all the countries in 2015.

Tweeter notification is notification alert of credit and debit transactions on customers' accounts.

Corporate e-Banking products

U-Direct Corporate: Global Business Payments platform

In 2015, all payment platforms was consolidated into a single platform U-Direct Corproate with a single sign-on window.

U-Direct Corporate is a payment platform designed for use by corporates, institutions, SMEs and government agencies to manage payment from their operations account. U-Direct Corporate is a secure web-based application that allows companies, corporate, small businesses and Government bodies to make electronic payments to any beneficiary, in any bank (local and foreign currency), from any location over the internet. It supports electronic payments with a unique rules-based logic that increases straight-through-processing (STP).

It gives the customers a good control of their accounts for various types of payments (e.g. staff salary, vendor payment, dividends, pensions etc). These services are offered through a single window, along with quick client on-boarding, simple and flexible configuration, authorization rules and multiple level approvals. U-Direct Corporate supports both one-to-one payments, and one-to-many payments, predefined workflows and multiple file formats. It also supports direct credit and direct debit payments.

The solution can be used to make individual payments to vendors and for employee petty cash and benefits. The U-Direct Corporate platform is available across all 19 countries of operations.

The U-Direct Corporate, among other factors earned UBA the Transaction Bank of the year in 2014.

U-Pay: Bulk salary payment

U-Pay payment platform is designed to manage employees' record, benefits, taxes and salary calculations and payments. U-Pay is designed for use by corporate, institutions, SME and government bodies to manage employees database, payment of salaries and benefits for employees and remittance of taxes to the government authorities, right from their operations account.

UBA U-Pay is a secure web-based application that allows electronic payment with a business approval process to do straight-through-processing (STP) from the comfort of customers' offices.

These services are offered through a single window, along with quick client on-boarding, simple and flexible configuration, authorisation rules and multiple level approvals. U-Pay also supports direct credit and direct debit payments

The web enabled and client based version of U-Pay solution are available across all 19 countries of operations.

U-Collect Branch (BankCollect): Inbound collections

UBA BankCollect is offered to businesses to be able to collect payments from their customers across all UBA branches. This proprietary product is deployed and used by tellers of UBA branches to collect business and financial information from those paying into customer's account. Examples of such collections are government taxes, business sales, utility bills, etc.

BankCollect enables our customers to view payments into their accounts real time so they can give value to the payers. The system is flexible and can be integrated with the billing system of the collecting company.

Even though BankCollect can only be used for collection that is through UBA branches, UBA accepts white-labeled interbank collection platforms that enable collections from all selected bank branches.

BankCollect is used to drive deposit collections through our network of branches for merchants that have one or multiple outlets.

BankCollect is available across the 19 countries of operations.

In 2015, the Bank intends to make BankCollect available to other banks in 18 countries to provide collection services where UBA is the Lead collecting bank.

U-Collect Web: Web collections

U-Collect Web is a UBA proprietary web collection portal that enables payment at merchant sites online. The collection portal enables merchants to collect payments using any card scheme including MasterCard, Visa and any local cards.

UBA currently offers U-Collect Web to web developers and merchants at no cost in order to drive the growth of e-commerce.

A version of U-Collect Web when deployed for collections of school fees at secondary level is referred to as SchoolOnline and when deployed to tertiary institutions is called EduPortal. For EduPortal and SchoolOnline, UBA also provides the online contents of education program and activities besides just fee collections.

In 2014, UBA implemented Visa and MasterCard Web acquiring licenses for web collection across all the countries. U-Collect Web accepts local and international MasterCard and Visa cards online.


UBA
Foundation
Read Africa

Sustainability and corporate social responsibility

Sustainability and Corporate Social Responsibility Report

Following UBA's adoption of the Nigerian Sustainable Banking Principles (NSBPs) issued by the Bankers Committee in July 2012, the Bank committed to promoting sustainable banking and the building of a more sustainable Bank that will continue to meet its responsibility to the society by managing its direct and indirect operational impact, as it contributes towards sustainable and responsible growth.

In keeping with one of the protocols of the NSBPs of providing a sustainable banking report by the end of the 2014 financial year, here is a report of the progress so far made by UBA at implementing the nine principles under the NSBPs by the close of the 2014 financial year:

- **Principle # 1: Our Business Activities – Environmental and Social Risk Management:**

  To further support our enterprise risk management system and our lending process, the Bank in 2014 appointed Group Environmental Risk Managers to serve as the forerunners in guiding and implementing sustainable principles in the following units: Agricultural Finance, Credit Control, Operational Risk, Project Finance, Public Sector, Financial Institution and Corporate Lending. We have also introduced the Social and Environmental Impact Assessment Questionnaire for our credit customers, especially in the Oil and Gas, Construction, Energy and Power, Agricultural and Manufacturing sectors. Responses to the questions thereon are analysed and fed into the credit decision process to determine if the bank would go through with the transaction.

- **Principle # 2: Our Business Operations – Environmental and Social Footprint:**

  To reduce our carbon footprint, we are building on sustainable practices we commenced in previous years, aimed at reducing the Bank's carbon footprints arising from its operations. For example, we are optimising our power use in all our offices through the enforcement of mandatory closing times for non-critical activities in our business offices as well as at the Head Office. In the same vein, the use of our central air conditioning system at the Head Office building is restricted to certain times, during weekdays and at the weekend.

  We have continued in our efforts to reduce the use of paper in our general operations. The use of e-mails, workflows, portals and other e-channels are encouraged as work tools for members of staff. Information to customers is sent electronically via text, phone calls and e-mails. Bank statements, for example, are sent via e-mails, except where hard copies are requested by the customer. We have also revamped and/or developed various e-channel products, such as the improved U-direct, U-Mobile, U-Social and Twitter Notification, all of which aim at reducing the use of paper in our business operations.

  Given the scale of our operations across over 444 branches in Nigeria and presence in 18 other African countries, there is a growing need for frequent travels across the Group. We have however reduced the need for these travels and the associated carbon footprint by investing in a state-of-the-art conference call infrastructure that enables us to reduce travels and still achieve the same result within the shortest time frame.

  In terms of community support, we have continued to invest in the communities in which we have presence through our Corporate Social Responsibility Arm – UBA Foundation. Annual projects like UBA Foundation National Essay Competition in Nigeria, Senegal and Ghana; Walk, Jog and Cycle for prostate and breast cancer in 2014; Sponsorship of capacity building programmes abroad for our local medical practitioners; and various donations, including the fire truck donated to Federal University of Technology, Akure; the over US$1 million donation to the fight against Ebola in Liberia, Sierra Leone and Guinea and donation to the African Union Support Mission to Ebola Outbreak in West Africa (ASEOWA) to mention a few. Some of these are discussed in details below under Corporate Social Responsibility.

- **Principle # 3: Human Rights:**

  Using existing processes for monitoring compliance with anti-money laundering and terrorist financing laws and regulations arising, the Bank is careful not to engage in transactions that harbour human right risks, such as child labour, human trafficking and exploitation as well as all forms of discrimination, including gender and religion. We did not record any violation of this principle during the 2014 financial year.

- **Principle # 4: Women's Economic Empowerment:**

  In 2013, UBA appointed the first female Executive Director (ED) to its Board since the exit of the last female ED in 2011. In the same year, the bank launched its gender-based Ruby Account (strictly for women), which has continued to attract increased patronage.

- **Principle # 5: Financial Inclusion:**

  In line with the CBN three-tiered KYC policy aimed at promoting the inclusion of the unbanked into the formal financial sector, we have continued to attract patronage from economically disadvantaged members of the public for opening of Tiers 1 and 2 accounts. During the 2014 financial year, a total of 533,749 bank accounts were opened for this group of people. Meanwhile, the Bank has maintained its policy of meeting the peculiar needs of educationally and physically challenged persons in their quest for banking services.

- **Principle # 6: Environmental and Social Governance:**

  In September 2014, our Internal Audit function conducted a review on the Banks' Environmental and Social governance and recommendations made have all been complied with.

- **Principle # 7: Capacity Building:**

  Capacity building in the area of sustainability is a continuous process at UBA Plc. We recently concluded the 2014 Annual Compliance course for members of staff – a computer-based training and assessment, which included sustainability as a module.

  Furthermore, the monthly Compliance Digest published and circulated via email to all members of staff deals with some sustainability issues. We have also continued to collaborate with other banks and development finance institutions, like the International Finance Corporation, through our participation in regular meetings and capacity building workshops.

- **Principle # 8: Collaborative Partnerships:**

  UBA is a member of the Joint Disaster Rescue Initiative (JDRI) which includes the Central Bank of Nigeria, First Bank, Union Bank and Wema Bank. JDRI provides support and assistance within the vicinity of the Marina, whenever there is any fire outbreak. The Bank is also in collaboration with Lagos State Fire Service, Federal Fire Service and Nigerian Emergency Management Authority (NEMA).

- **Principle # 9: Reporting:**

  We have commenced reporting to the Central Bank of Nigeria. We commenced with quarterly reports for the year 2014 and subsequently we shall be reporting semi-annually and annually. Sustainability issues get reported to the Board through its Risk Management Committee, which meets quarterly. That way, the Board is briefed of progress being made in implementing the sustainability policy approved by the Board as part of its responsibility of setting the sustainability tone from the top.

  The implementation of the NSBPs and the sustainability policy of the Bank remains a work in progress – progress at ingraining the sustainability culture in the bank, as we strive to regain our industry leadership position in an economically viable, socially relevant and environmentally responsible way.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The UBA Group is committed to the principles and best practices of corporate social responsibility and prides itself as being a model corporate citizen in every country where it has presence. UBA Group pursues its corporate social responsibility goals through UBA Foundation. UBA Foundation plays this role by contributing in three strategic areas that are of immense importance to community development: Education, Environment and Economic Empowerment. The Foundation also embarks on special projects which do not fall under these three focus areas, if there is a need for intervention. UBA Foundation draws its inspiration from the Group's intrinsic values of Humility, Empathy, Resilience and Integrity (H.E.I.R.)

UBA Group recognises that doing business in a sustainable manner means doing business in a way that empowers the present generation of Africans without compromising the future. This is also reflected in the activities of UBA Foundation.

As in previous years, UBA Foundation in 2014 continued to intervene in the critical areas of the socio-economic environment that have the biggest potential to improve the livelihood and long-term sustainability of the countries in which it operates.

EDUCATION

A highly educated and well informed youth is critical to the future of Africa. Quality education is therefore crucial to the manpower needed to propel Africa to exploiting the emerging opportunities and propel the continent to greater heights.

UBA Foundation is therefore actively involved in a number of educational initiatives and projects particularly those that will not only bridge the literacy gap but encourage intellectual development among of African children. One of such is the essay competition in secondary schools in Africa.

National Essay Competition

The National Essay Competition complements the "Read Africa" Initiative of UBA Foundation. It is an annual competition where students in senior secondary schools respond to a call for entries on given essay topics. In 2014, senior secondary school students were asked to write on the topic "Is social media a good place to make friends?"

For the first time in 2014, the essay competition was simultaneously held in Ghana and Senegal as well as in Nigeria. In Nigeria, 15 year old Fabelurin Fehintoluwa of Maverick College, Ibadan, Oyo State, emerged winner of the coveted prize of a N1 million educational grant. 16 year old Obi Daniel Chukwudum of St. Thomas Secondary School, Kano, placed second and won N750,000.00 educational grant, while third price went to 15-year old Sunday Kenneth Ikemsinachi of Dority International Secondary School, Aba, Abia State who also won a N500,000.00 educational grant. The three winners will have an educational grant to study in any African University of their choice, courtesy of UBA Foundation.

Sustainability and corporate social responsibility

Sustainability and Corporate Social Responsibility Report (continued)

Title: L-R: DMD, Domestic Bank, Apollos Ikpobe; first prize winner of the 2014 National Essay Competition for senior secondary schools in Nigeria, Fabelurin Fehintoluwa and DMD/CEO, UBA Africa, Kennedy Uzoka at the grand finale of the 2014 National Essay Competition held in Nigeria.

In Ghana, Paulina Mensah Boadiwaa, a 17-year-old student of the Wesley Girls High School was adjudged winner of the National Essay Competition. She was rewarded with an educational grant worth GHS 17,700.00. Makafui Ama Tse Esther of Mawuli Senior High School came second, and Dorcas Nuku Darko of Keta Senior High School who came third will receive education grants of GHS 12,390.00 and GHS 7,080.00 respectively, towards their university education.

Title: L-R: MD/CEO, UBA Foundation; Ijeoma Aso; second runner-up, Aïssatou Ndiaye; winner, National Essay Competition in Senegal, Fatima Zahra Ndoye; first runner-up, Aminatou Aïdara and MD/CEO, UBA Senegal, Amie Sow at the grand finale of the National Essay Competition held in Senegal.

In Senegal, Fatima Zahra Ndoye, a 17 year old student of Cours sainte Marie de Hann, emerged the winner of the 2014 UBA Foundation National Essay Competition for senior secondary school students. She will get an educational grant worth CFA 2, 453,000.00 to help with her university tuition. Aminatou Aïdara and Aïssatou Ndiaye both students of Maison d'éducation Mariama Bâ emerged as the first and second runners up from the competition. They will receive CFA 1,717,000.00 and CFA 981,000.00 respectively, in educational grants to help with their university tuition.

Title: L-R: Ijeoma Aso; MD/CEO, UBA Foundation, Nuku Darko Dorcas; second runner-up, Honourable Samuel Okudzeto Ablakwa; Ghana's Deputy Minister of Education, Paulina Boadiwaa Mensah; winner 2014 National Essay Competition in Ghana and Makafui Ama Tse Esther; first runner-up at the grand finale of the maiden edition of UBA Foundation's National Essay Competition in Ghana.

SPECIAL PROJECTS

Prostate Cancer Awareness

Annually, UBA organises the Prostate Cancer campaign to raise awareness on this sensitive male health issue, providing free prostate cancer screening. In 2014, UBA Foundation organised a cycling race from the Bank's Head Office to Nigeria's National Stadium in Surulere Lagos, to raise awareness on prostate cancer.

Simultaneously, the Foundation sponsored free prostate cancer screening for men. The campaign has helped to reduce the stigma associated with prostate cancer.

Title: UBA Foundation's 2014 prostate cancer awareness campaign

Support for the National Immigration Service

In 2014, the UBA Foundation donated a modern convenience facility to the Nigerian Immigration Service (NIS) in Ikoyi, Lagos. This is in line with the objectives of the UBA Group to support critical institutions of government.

Governance

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2014.

1. RESULTS AT A GLANCE

	Group		Bank	
	2014 (N'million)	2013 (N'million)	**2014 (N'million)**	2013 (N'million)
Profit before tax	**56,200**	56,058	**42,378**	51,841
Tax	**(8,293)**	(9,457)	**(2,295)**	(5,358)
Profit after tax	**47,907**	46,601	**40,083**	46,483
Other comprehensive income	**(2,562)**	7,101	**(1,197)**	9,167
Total comprehensive income	**45,345**	53,702	**38,886**	55,650
Total comprehensive income attributable to:				
– Equity holders of the Bank	**44,911**	53,445	**38,886**	55,650
– Non-controlling interest	**434**	257	**–**	–
	45,345	53,702	**38,886**	55,650

2. DIVIDEND

In respect of the current year, the Directors propose that a dividend of 10 kobo per ordinary share of 50 kobo each be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on 2 April 2015. The Register will be closed from 7 April 2015 to 9 April 2015 both dates inclusive.

3. LEGAL FORM

United Bank for Africa Plc was incorporated in Nigeria as a limited liability company on 23 February, 1961 under the Companies Ordinance [Cap 37] 1922. It took over the assets and liabilities of the British and French Bank Limited which had carried on banking business in Nigeria since 1949. UBA is the first Nigerian Bank to offer an Initial Public Offering (IPO) following its listing on the floor of the Nigerian Stock Exchange in 1970. The Bank is also the first Nigerian company with a Global Depository Receipt (GDR) programme. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1st August 2005 and also acquired Continental Trust Bank Limited on 31st December, 2005.

4. MAJOR ACTIVITIES

UBA Plc is engaged in the business of banking and provides Corporate, Commercial, Consumer and International Banking, Trade Services, Cash Management, Treasury Services and Electronic Banking Products. Pension Custodial and Bureau de Change services are offered through subsidiaries.

5. BUSINESS REVIEW AND FUTURE DEVELOPMENT

UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the CEO's report.

6. DIRECTORS

The names of the Directors during the year ended December 31, 2014 are as shown below:

S/N	NAME	DESIGNATION
1	Mr. Tony O. Elumelu, CON	Non-Executive Director (Chairman)
2	Ambassador Joe Keshi, OON	Non-Executive Director (Vice-Chairman)
3	Mr. Phillips Oduoza	Executive Director (GMD/CEO)
4	Mr. Kennedy Uzoka	Executive Director (DMD)
5	Mr. Apollos Ikpobe	Executive Director (DMD)
6	Mr. Femi Olaloku	Executive Director
7	Mr. Dan Okeke	Executive Director
8	Mr. Emeke Iweriebor	Executive Director
9	Ms. Obi Ibekwe	Executive Director
10	Mrs. Rose Okwechime	Non-Executive Director
11	Chief Kola Jamodu, CFR	Non-Executive Director
12	Mr. Yahaya Zekeri	Non-Executive Director
13	Alhaji Ja'afaru Paki	Non-Executive Director
14	Mrs. Foluke Abdulrazaq	Non-Executive Director
15	Mrs. Owanari Duke	Non-Executive Director
16	Chief Adekunle Olumide, OON	Non-Executive Director

In accordance with Articles 84(c) and 97 of the Articles of Association of the Bank, at the Annual General Meeting, one-third of the Non-Executive Directors shall retire from office. The following directors are accordingly retiring by rotation and offer themselves for re-election:

Mrs. Rose Okwechime

Ambassador Joe Keshi, OON

Since the last AGM, High Chief Samuel Oni, FCA and Mr. Tony O. Elumelu, CON were appointed Directors and in accordance with S. 249(2) of the Companies and Allied Matters Act 2004 and Article 75 of the Articles of Association, they will retire at this meeting and being eligible offer themselves for election.

7. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for that period and comply with the provisions of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004 and the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004. In so doing, they ensure that:

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and
- Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

Directors' Report (continued)

8. DIRECTORS' INTERESTS

The Interests of the Directors in the issued share capital of the Bank are recorded in the register of Director's Shareholding as at 31 December 2014 as follows:

		31 December 2014		31 December 2013	
S/N	**Name**	**Direct holding**	**Indirect holding**	Direct holding	Indirect holding
1	Mr. Tony O. Elumelu, CON	**116,067,153**	**1,432,429,576**	N/A	N/A
2	Ambassador Joseph Keshi, OON	**127,500**	**–**	127,500	–
3	Mr. Phillips Oduoza	**104,512,499**	**17,254,234**	101,452,499	17,254,234
4	Mr. Kennedy Uzoka	**35,403,723**	**–**	35,403,723	–
5	Mr. Apollos Ikpobe	**12,851,100**	**–**	12,851,100	–
6	Mr. Femi Olaloku	**8,645,482**	**–**	7,943,391	–
7	Mr. Dan Okeke	**10,352,146**	**–**	10,352,146	–
8	Mr. Emeke Iweriebor	**1,626,627**	**–**	1,626,627	–
9	Ms. Obi Ibekwe	**267,510**	**–**	267,510	–
10	Mrs. Rose Okwechime	**–**	**20,113,961**	–	20,113,961
11	Chief Kola Jamodu, CFR	**484,015**	**53,811**	484,015	53,811
12	Chief Adekunle Olumide, OON	**2,981,413**	**–**	2,635,014	–
13	Mrs. Foluke Abdulrazaq	**3,000,000**	**6,120,000**	3,000,000	6,120,000
14	Mr. Yahaya Zekeri	**11,704**	**–**	11,704	–
15	Mrs. Owanari Duke	**86,062**	**–**	–	–
16	Alhaji Ja'afaru Paki	**–**	**22,950,000**	–	22,950,000

NA means "Not Applicable"

S/N	**Name of Director**	**Company(ies)**	**Indirect Holding**	**Total Indirect Holding**
1	Mr. Tony O. Elumelu, CON	HH Capital HEIRS HOLDINGS	103,173,976 1,329,255,600	1,432,429,576
2	Mr. Phillips Oduoza	BOP Integrated Inv.	17,254,234	17,254,234
3	Mrs. Rose Okwechime	Infant Jesus Academy	20,113,961	20,113,961
4	Chief Kola Jamodu, CFR	JAMKOL Inv. Limited	53,811	53,811
5	Mrs. Foluke Abdulrazaq	Bridge House College	6,120,000	6,120,000
6	Alhaji Ja'afaru Paki	NYMEX Inv. Limited	22,950,000	22,950,000

9. ANALYSIS OF SHAREHOLDING

Share Range	Holders	Holders %	Cumm	Units	Units %	Units Cumm
1 – 1,000	26,879	9.71	26,879	12,824,951	0.04	12,824,951
1,001 – 5,000	121,878	44.02	148,757	304,922,161	0.92	317,747,112
5,001– 10,000	46,693	16.86	195,450	318,801,417	0.97	636,548,529
10,001 – 50,000	58,232	21.03	253,682	1,220,332,613	3.70	1,856,881,533
50,001 – 100,000	11,533	4.17	265,215	775,942,391	2.35	2,632,823,533
100,001 – 500,000	9,208	3.33	274,423	1,853,567,824	5.62	4,486,391,357
500,001 – 1,000,000	1,209	0.44	275,632	833,265,473	2.53	5,319,656,830
1,000,001 – 5,000,000	979	0.35	276,611	1,913,784,967	5.80	7,233,441,797
5,000,001– 10,000,000	111	0.04	276,722	766,529,099	2.32	7,999,970,896
10,000,001 – 50,000,000	104	0.04	276,826	2,289,358,775	6.94	10,289,329,671
50,000,001 – 100,000,000	20	0.01	276,846	1,386,077,662	4.20	11,675,407,333
100,000,001– 500,000,000	35	0.01	276,881	7,596,592,601	23.03	19,271,999,934
500,000,001 – 1,000,000,000	7	0.00	276,888	4,559,090,037	13.82	23,831,089,971
1,000,000,001 and above	5	0.00	276,893	9,150,297,594	27.74	32,981,387,565
	276,893	**100**		**32,981,387,565**	**100**	

10. SHAREHOLDING OF 5% AND ABOVE

There is no shareholder with 5% and above holding.

11. SUMMARY OF DEALING IN UBA SHARES DURING THE YEAR ENDED 31 DECEMBER 2014

Quarter	Daily average	Total volume traded
March	18,734,658	1,180,283,472
June	28,829,196	1,758,580,960
September	11,101,345	688,283,359
December	21,277,000	1,297,896,980

12. ACQUISITION OF OWN SHARES

The Bank did not purchase its own shares during the period.

The Group has a Board approved Global Personal Investment Policy, which covers Directors, Staff and related parties. The policy prevents employees, Directors and related individuals/companies from insider dealings on the shares of UBA Plc and related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of UBA business. In addition, the policy serves to ensure compliance with local laws and/or regulatory requirements. However, there was no case of violation within the financial year.

Directors' Report (continued)

13. DONATIONS

In order to identify with the aspirations of the communities in the environment within which the Bank operates, a total sum of N388, 055,794 (2013: N421,107,900) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organisations and to other non-charitable organisations. Details of such donations and charitable contributions are as follows:

SECTOR	BENEFICIARY	AMOUNT
EDUCATION	Federal University of Technology Akure (FUTA)	41,225,000
	Ladoke Akintola University of Technology	12,180,000
	Obafemi Awolowo University, Ile-Ife.	10,000,000
	University of Ilorin	5,775,000
	Al-Hikmah University, Ilorin	5,197,500
	Federal Polytechnic, Nasarawa	4,950,000
	Covenant University (CU)	2,000,000
	Babcock University	2,000,000
	Ebonyi State University	1,000,000
	University of Benin	1,000,000
	Social Science Academy of Nigeria	500,000
	Chartered Insititute of Bankers of Nigeria (CIBN)	8,000,000
	University of Abuja	900,000
	Enugu State University of Science and Technology	500,000
	University of Lagos	452,544
HEALTH	Lagos University Teaching Hospital	6,631,250
	Victims of Terror Fund	250,000,000
OTHERS	Nigerian Immigration Service	13,974,000
	Nigerian Economic Summit Group (NESG)	10,000,000
	Financial Reporting Council of Nigeria	5,000,000
	National Youth Service Corps (NYSC)	2,255,000
	Delta North Community	2,000,000
	Anambra State Civil Servants and Pensioners	1,175,500
	Institute of Directors of Nigeria	1,000,000
	Niger State Ministry of Transportation	340,000

14. PROPERTY AND EQUIPMENT

In the opinion of the directors, the market value of the Bank's properties and equipment is not impaired.

15. EMPLOYMENT AND EMPLOYEES

Employment of Physically Challenged Persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment, including those received from physically challenged persons. The Bank's policy is that the most qualified persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, Safety at Work and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy working conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense.

Employee involvement and Training

The Bank encourages participation of its employees in arriving at decisions in respect of matters affecting their well being. To this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employees interest, with a view to making inputs to decisions thereon. The Bank places a high premium on the development of its manpower.

Research and Development

The Bank also on a continuous basis carries out research into new banking products and services.

Demographics of our workforce

During 2014 financial year, the Group employed 12,699 staff across the different businesses and geographies where it operates.

Group staff distribution by nationality and location during 2014 financial year

Nationality	Location	Head count	% of total
	Nigeria	9,896	77.93
	Other 18 African Countries	40	0.31
	USA	5	0.04
Nigerians	Europe (London)	6	0.05
Francophone (Africa)	Other 18 Africa Countries	1,569	12.36
	Other 18 Africa Countries	1,071	8.43
Mozambique	Mozambique	81	0.64
South Africans	Nigeria	1	0.01
Indians	Nigeria	4	0.03
Americans/US	New York	23	0.18
Europeans	Europe (London/Paris)	2	0.02
Other nationalities	Europe (London)	1	0.01
Total		**12,699**	**100**

Distribution by gender during 2014 financial year

Description	Gender	Head count	% of total
	Male	6,931	55
	Female	5,768	45
Group	**Total**	**12,699**	**100**
	Male	5,428	54
	Female	4,565	46
Bank	**Total**	**9,993**	**100**

Average gender analysis of the Bank's Board of Directors and top management staff during the 2014 financial year

Description	Gender	Head count	% of total
	Male	12	75
	Female	4	25
Board of Directors	**Total**	**16**	**100**
	Male	67	76
	Female	21	24
Top management staff	**Total**	**88**	**100**

Directors' Report (continued)

Detailed average gender analysis for Board of Directors and top management staff during the 2014 financial year

	COUNT			PERCENTAGE	
Classification	**Male**	**Female**	**Total**	**Male**	**Female**
Non-Executive Directors	6	3	9	67	33
Executive Directors	6	1	7	86	14
General Managers	21	4	25	84	16
Deputy General Managers	17	6	23	74	26
Assistant General Managers	29	11	40	73	28
Total	**79**	**25**	**104**	**76**	**24**

16. POST-BALANCE SHEET EVENTS

There are no post-balance sheet events which could have had material effect on the financial state of affairs as at 31 December 2014 and the profit for the period ended that date.

17. AUDIT COMMITTEE

Pursuant to section 359(3) of the Companies and Allied Matters Act, Cap 20, Laws of the Federation of Nigeria 2004, the Bank has an Audit Committee comprising three Non-Executive Directors and three Shareholders as follows:

1. Mr. Matthew Esonanjor – Chairman/Shareholder
2. Mr. Valentine Ozigbo – Shareholder
3. Alhaji Umar Al-Kassim – Shareholder
4. Mrs. Foluke Abdulrazaq – Non-executive Director
5. Mrs. Owanari Duke – Non-executive Director
6. Mr. Adekunle Olumide, OON – Non-executive Director

The functions of the Audit Committee are as laid down in section 359(6) of the Companies and Allied Matters Act, Cap 20, Laws of the Federation of Nigeria 2004.

18. AUDITORS

Messrs PricewaterhouseCoopers having indicated their willingness, will continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

BY THE ORDER OF THE BOARD

Bili A. Odum

Company Secretary

57 Marina, Lagos

Customers' Complaints Report

Complaints and feedback

At United Bank for Africa Plc, Africa's global bank, customers are considered critical stakeholders in our business. Consequently, we strive to deliver excellent customer service and provide high quality financial services of international standards that proactively exceed customer expectations. In view of this, we regard customer feedback as an effective tool in our relentless effort to delight our customers at all points of interaction with the Bank.

In consonance with the Bank's policy and our quest for continuous improvement, our well developed array of products, services, processes and operational frameworks are continually reviewed to improve customer satisfaction.

UBA staff worldwide have been trained to have a strong customer service orientation and be customer-centric in every aspect of the Bank's operations thereby fulfilling the Bank's promise to customers as contained in its charter as follows:

- be respectful – We know the 'The Customer is King' and is the purpose of our business;
- be courteous and friendly in all our interactions with the customer;
- process transactions without delay and attend to enquiries promptly;
- investigate and resolve complaints promptly;
- listen attentively;
- communicate honestly and proactively;
- leverage our technical knowledge to fully support the customer's financial needs; and
- show appreciation at all times.

Complaints channels:

In view of this initiative and drive, the Bank can be reached by our customers on all their issues – be it an enquiry/complaint/ request or a feed-back through a number of designated channels, these are:

- **Customer Fulfilment Centre (CFC)** – A 24/7 Multi-Lingual Customer Contact Centre where customers can call in to lodge complaints, make requests or enquire about our products and services.
- **Dedicated email address** – A dedicated email address **cfc@ubagroup.com** is available to customers 24/7 to send in their complaints/requests. This email channel is manned by our highly skilled and effective correspondents that accurately deliver high quality service to UBA customers and prospects alike.
- **Hotlines in the branches** – Branded toll-free phones called 'UBA Hotline' have been placed in designated Business Offices to enable customers to call the Customer Fulfilment Centre to relay their complaints, requests and enquiries. Calls received through this channel are handled by designated inbound call agents.
- **Suggestion/Complaint box** – Customers' complaint boxes are maintained in all our business offices to facilitate the tracking, resolution, reporting and dissemination of learning points.
- **Web** – On the UBA website **(www.ubagroup.com)**, customers can also log in and register their complaints through the link that asks "Do You Have Feedback?" Such complaints are automatically routed to CFC for resolution. Customers also have the option of talking online real time with our highly skilled agents through the 'Live Chat'.
- **Post** – A dedicated post office box number 5551 is also available exclusively for receiving customer complaints by post.
- **Fax** – A fax line number 01-2808 448 is available and goes directly to the Supervisor, Customer Complaints.

Resolution structure

In order to ensure that customers' complaints, enquiries and requests are promptly resolved, the Bank has put in place a dedicated Complaints Management Unit, Headed by a very senior officer of the Bank who is responsible for prompt investigation and resolution of customers' complaints within the approved timelines. This unit is manned by highly skilled personnel with diverse banking experience to promptly resolve customer complaints. The Bank maintains a robust Customer Complaints Management system which is managed by well trained staff of the Customer Service Division and reports generated are periodically reviewed by executive management for improvement opportunities.

The complaints management system ensures that customers' issues are promptly treated as specified within the established framework and turnaround time.

The process flow of customer complaint and resolution is as follows:

- the Bank's touch point that receives the customer's complaint acknowledges and registers the complaint on the Customer Contact Manager (CCM), the bank's automated complaints management system;
- the complaint is reviewed and it is determined if the complaint could be resolved at first level;
- where the complaint can be resolved at the first level, a resolution is provided to the customer;
- if such complaint cannot be resolved at the first level, the touch point forwards the complaint to Operations Specialists at the Resolution unit to handle;
- upon resolution, the customer is contacted and the necessary feedback provided to the customer; and
- the complaint is then closed in the system.

Customer Complaint Report (continued)

	Number		Amount claimed		Amount refunded	
Description	**2014**	2013	**2014 (N'million)**	2013 (N'million)	**2014 (N'million)**	2013 (N'million)
Pending complaints B/F	**2,823**	7,676	**44,311**	19,559		0
Received complaints	**295,398**	152,561	**163,779**	118,550		0
Resolved complaints	**293,125**	157,391	**204,696**	89,454	**268**	235
Unresolved complaints escalated to CBN for intervention	**50**	23	**1,061**	4,344		0
Unresolved complaints pending with the Bank C/F	**5,046**	2,823	**2,333**	44,311		0
% of complaint/transaction volume	**0.167%**	0.105%				

Feedback on customers' complaints to the Bank

Feedback on customers' complaints is provided to management and relevant departments within the Bank to address the route causes of complaints and issues raised by customers.

The feedback gathered ensures that:

- Improvement opportunities are quickly identified
- The quality of customer service is improved and standardised across all the customer touch points of the Bank
- Customer retention is improved through increased customer satisfaction .

Corporate Governance Report

United Bank for Africa Plc (UBA Plc) holds good governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations. The Directors endorse the principles of best practice Corporate Governance as stated in the "Code of Corporate Governance For Banks in Nigeria Post Consolidation" issued by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission's (SEC) "Code of Corporate Governance".

The Board is of the opinion that UBA Plc has in all material respects, complied with the requirements of the CBN code, the SEC code and its own governance charters, during the 2014 financial year.

The Board of Directors of UBA Plc has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered to by the Bank. In order to promote effective governance of the UBA Group, the following structures have been put in place for the execution of UBA Plc's Corporate Governance strategy:

1. Board of Directors;
2. Board Committees; and
3. Executive Management Committees.

As at 31 December 2014, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, five (5) Non-Executive Directors, two (2) Independent Non-Executive Directors and seven (7) Executive Directors, all of whom bring a wide range of skills and experience to the Board.

The Board of Directors carries out its responsibility through its standing committees. These are the Board Audit Committee, the Board Risk Management Committee, the Finance and General Purpose Committee, the Nominations and Governance Committee, the Board Credit Committee and the Statutory Audit Committee. Through the workings of these committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank.

In addition to the Board Committees, there are a number of Management Committees which ensure effective and good corporate governance at the managerial level.

A. THE BOARD

The Board presently consists of 16 members, seven of whom, inclusive of the GMD/CEO, are Executive Directors and nine Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgement to bear on Board deliberations and discussions.

Responsibility

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for the working of the Board, while the Chief Executive Officer is responsible for the running of the business and implementation of Board strategy and policy. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs and comprises all Executive Directors. The Board's primary responsibility is to increase shareholder wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews group performance, matters of strategic concern and any other matters it regards as material.

The Board meets quarterly and additional meetings are convened as the need arises. In 2014, the Board met six times.

The Board is also responsible for the Bank's structure and areas of operation, financial reporting, ensuring there is an effective system of internal control and risk management and appointments to the Board. The Board has the authority to delegate matters to Directors, Board Committees and the Executive Management Committee.

Appointments and Retirements

During the course of the year, Mr. Tony O. Elumelu, CON was appointed as a Non-Executive Director and Chairman of the Board. Mrs. Rose Okwechime stepped down as Vice Chairman but remained a Non-Executive Director, while Ambassador Joe Keshi,OON was appointed the Vice-Chairman.

Professional Independent Advice

All Directors are aware that they may take independent professional advice at the expense of the Company, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are complied with and assists with professional development as required.

B. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board has presented a balanced assessment of the Company's position and prospects. The Board is mindful of its responsibilities and is satisfied that in the preparation of its financial report, it has met with its obligation under the Group's Code of Corporate Governance.

The Directors make themselves accountable to the shareholders through regular publication of the Group's financial performance and annual reports. The Board has ensured that the Group's reporting procedure is conveyed on the most recent infrastructure to ensure accuracy. This procedure involves the monitoring of performance throughout the financial year in addition to monthly reporting of key performance indicators.

PricewaterhouseCoopers acted as external auditors to the Group during the 2014 financial year. Their report is contained on pages 52 and 53 of this Annual Report.

Internal Controls

The Group has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk Management Committee meetings.

C. CONTROL ENVIRONMENT

The Board has continued to place emphasis on risk management as an essential tool for achieving the Group's objectives. Towards this end, it has ensured that the Group has in place robust risk management policies and mechanisms to ensure identification of risk and effective control.

The Board approves the annual budget for the Group and ensures that a robust budgetary process is operated with adequate authorisation levels put in place to regulate capital expenditure.

D. SHAREHOLDER RIGHTS

The Board of UBA Plc has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to either the Head of Investor Relations or the Company Secretary. Their contact details are available on the Bank's website and are reproduced at the back cover of this annual report.

E. BOARD COMMITTEES

The Board of UBA Plc has the following committees, namely, the Board Audit Committee, the Board Risk Management Committee, the Finance and General Purpose Committee, the Nominations and Governance Committee, the Board Credit Committee and the Statutory Audit Committee.

Board Audit Committee

The Board Audit Committee is comprised as follows:

1.	Mr. Adekunle Olumide, OON	Chairman
2.	Mrs. Foluke Abdulrazaq	Member
3.	Chief Kola Jamodu, CFR	Member
4.	Mr. Kennedy Uzoka	Member
5.	Mrs. Rose Okwechime	Member
6.	Mrs. Owanari Duke	Member

The Board Audit Committee was set up to further strengthen internal controls in the Group. It assists the Board of Directors in fulfilling its audit responsibilities by ensuring that effective systems of financial and internal controls are in place within the Group.

Meetings are held at least once a quarter, with the Chief Inspector of the Bank in attendance.

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Mr. Adekunle Olumide	4	4
Mrs. Foluke Abdulrazaq	4	4
Chief Kola Jamodu	4	2
Mr. Kennedy Uzoka	4	4
Mrs. Rose Okwechime	4	4
Mrs. Owanari Duke	4	4

Board Risk Management Committee

The Board Risk Management Committee comprises of the following Directors:

1.	Chief Kola Jamodu, CFR	Chairman
2.	Mr. Phillips Oduoza	Member
3.	Mr. Femi Olaloku	Member
4.	Alhaji Ja'afaru Paki	Member
5.	Mrs. Rose Okwechime	Member
6.	Mr. Adekunle Olumide, OON	Member

Meetings are held at least once a quarter and the responsibilities of the Committee include to review and recommend risk management strategies, policies and risk tolerance for the Board's approval; to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and make recommendations or reports to the Board accordingly.

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Chief Kola Jamodu, OFR	4	4
Phillips Oduoza	4	3
Alh. Ja'Afaru Paki	4	4
Adekunle Olumide	4	4
Femi Olaloku	4	4
Rose Okwechime	4	3

Board Credit Committee

The Board Credit Committee is made up of four Non-Executive Directors and is responsible for approval of credit facilities in the Company. It reviews all credits granted by the Company and meetings are held at least once a quarter. Members of the Board Credit Committee are:

1. Mrs. Foluke Abdulrazaq — Chairman
2. Alhaji Ja'afaru Paki — Member
3. Mr. Yahaya Zekeri — Member
4. Mrs. Owanari Duke — Member

The Board Credit Committee was set up to assist the Board of Directors to discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Group. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance within such limits; determining and setting the lending limits, reviewing and approving the Group's credit strategy and the credit risk tolerance. The Committee also reviews the Loan portfolio of the Bank. It also reviews and approves country risks exposure limits. The Group Chief Risk Officer is in attendance at every meeting of the Committee.

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Mrs. Foluke Abdulrazaq	4	4
Alh. Ja'Afaru A. Paki	4	4
Mr. Yahaya Zekeri	4	3
Owanari Duke	4	4

Nominations and Governance Committee

The Nominations and Governance Committee is comprised of four Non-Executive Directors namely:

1. Mrs. Rose Okwechime — Chairman
2. Mrs. Foluke Abdulrazaq — Member
3. Mr. Yahaya Zekeri — Member
4. Mrs. Owanari Duke — Member

Meetings are held at least once a quarter and the responsibilities of the committee include reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors.

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Mrs. Rose Okwechime	4	4
Mrs. Foluke Abdulrazaq	4	4
Mr. Yahaya Zekeri	4	4
Mrs. Owanari Duke	4	3

Finance and General Purpose Committee

The purpose of the Finance and General Purpose Committee is to, among other things; discharge the Board's responsibilities with regard to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Group.

The Members of the Finance and General Committee are as follows:

1. Mrs. Owanari Duke — Chairman
2. Mr. Adekunle Olumide, OON — Member
3. Alhaji Ja'afaru Paki — Member
4. Mr. Phillips Oduoza — Member
5. Mr. Kennedy Uzoka — Member

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Mrs. Owanari Duke	5	4
Mr. Adekunle Olumide,OON	5	5
Alhaji Ja'Afaru Paki	5	4
Mr. Phillips Oduoza	5	4
Mr. Kennedy Uzoka	5	4

Statutory Audit Committee

The Statutory Board Committee: The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP20, 2004. It comprises of a mixture of Non-Executive Directors and ordinary shareholders elected at the Annual General Meeting. Its terms of reference include the monitoring of processes designed to ensure compliance by the Group in all respects with legal and regulatory requirements, including disclosure, controls and procedures and the impact (or potential impact) of developments related thereto. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors the annual audited financial statement before its submission to the Board.

The Members of the Statutory Audit Committee in 2014 are as follows:

1. Mr. Matthew Esonanjor — Chairman/shareholder
2. Mr. Valentine Ozigbo — Shareholder
3. Alhaji Umar Al-Kassim — Shareholder
4. Mrs. Foluke Abdulrazaq — Non-executive Director
5. Mr. Adekunle Olumide, OON — Non-executive Director
6. Mrs. Owanari Duke — Non-executive Director

Corporate Governance Report (continued)

Attendance at Board Meetings

Membership and attendance at Board Meetings are set out below:

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED
Tony O. Elumelu, CON*	6	3
Joe. C. Keshi, OON	6	5
Phillips Oduoza	6	6
Kennedy Uzoka	6	5
Femi Olaloku	6	6
Apollos Ikpobe	6	6
Emeke Iweriebor	6	6
Obi Ibekwe	6	6
Chief Kola Jamodu, CFR	6	6
Alhaji Ja'Afaru Paki	6	6
Adekunle Olumide, OON	6	6
Yahaya Zekeri	6	6
Foluke Abdulrazaq	6	5
Dan Okeke	6	6
Rose Okwechime	6	6
Owanari Duke	6	6

** Appointed to the Board on 25 August 2014.*

Executive Management Committees

These are Committees comprising of senior management of the Bank. The Committees are also risk driven as they are basically set up to identify, analyse, synthesise and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Group Asset and Liability Committee (GALCO), the Executive Credit Committee (ECC), the Operational Efficiency Committee (OEC)/IT Steering Committee (ITSC), the Group Risk Management Committee (GRMC) and the Executive Management Committee (EMC).

Directors' Remuneration

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

In compliance with section 34(5) of the Codes of Corporate Governance for Public Companies as issued by the Securities and Exchange Commission, the Bank makes disclosures of the remuneration paid to its Directors as follows:

PACKAGE	TYPE	DESCRIPTION	TIMING
Basic salary	Fixed	This is part of the gross salary package for Executive Directors only It 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
13th month salary	Fixed	This is part of the gross salary package for Executive Directors only It 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 the last month of the financial year
Directors' fees	Fixed	This is paid quarterly to Non-Executive Directors only	Paid quarterly
Sitting allowances	Fixed	Sitting allowances are paid to Non-Executive Directors only for attending Board and Board Committee meetings	Paid after each meeting

Audit Committee Report

TO MEMBERS OF UNITED BANK FOR AFRICA PLC

In accordance with the provision of section 359[6] of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the members of the Audit Committee hereby report as follows:

- we confirm that we have seen the audit plan and scope, and the Management Letter on the audit of the accounts of the Bank and the responses to the said letter;
- in our opinion, the plan and scope of the audit for the period ended 31 December 2014 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon;
- we also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices;
- as required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated 18 February 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as analysed in the financial statements as at 31 December 2014.

MATTHEW ESONANJOR
Chairman

Audit Committee

MEMBERS OF THE AUDIT COMMITTEE ARE:

1.	Mr. Matthew Esonanjor	Chairman/Shareholder
2.	Mr. Valentine Ozigbo	Shareholder
3.	Alhaji Umar Al-Kassim	Shareholder
4.	Mrs. Foluke Abdulrazaq	Non-executive Director
5.	Mr. Adekunle Olumide	Non-executive Director
6.	Mrs. Owanari Duke	Non-executive Director

Board Evaluation Report

Akintola Williams Deloitte
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PO Box 965, Marina
Lagos
Nigeria
Tel: +234 (1) 271 7800
Fax: +234 (1) 271 7801
www.deloitte.com/ng

12 March 2015

Board of Directors
United Bank for Africa Plc
UBA House
57 Marina
Lagos

Dear Sirs,

REPORT TO THE DIRECTORS OF UBA PLC ON THE OUTCOME OF THE BOARD EVALUATION

Akintola Williams Deloitte was engaged to conduct an evaluation of the Board of Directors of United Bank of Africa Plc ("UBA or the Bank") as at 31 December 2014, in compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria, 1 October 2014 ("Code"). The Code requires that there should be annual Board and Directors' appraisal covering all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance.

Our evaluation was undertaken based on information provided by the Bank. Our responsibility is to determine the level of performance of the Board with respect to the Code based on the work carried out within the scope of our mandate letter of 20 January 2015 as well as identify areas of improvement for the Board to address in its commitment to continuous improvement in corporate governance.

On the basis of our work, we conclude that the Board's performance complied materially with the standards contained in the Code. The Bank has undertaken further initiatives to improve its corporate governance practices in the light of the dynamic industry and regulatory environment.

Yours faithfully

Joseph Olofinsola
Partner, Consulting
Akintola Williams Deloitte

Statement of Directors' Responsibility

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, and sections 24 and 28 of the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for the period ended 31 December 2014 and in so doing they ensure that:

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgements and estimates made are reasonable and prudent;
- the going-concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and
- internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with Statements of Accounting Standards, the requirements of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Central Bank of Nigeria Prudential guidelines and other relevant Circulars issued by the Central Bank.

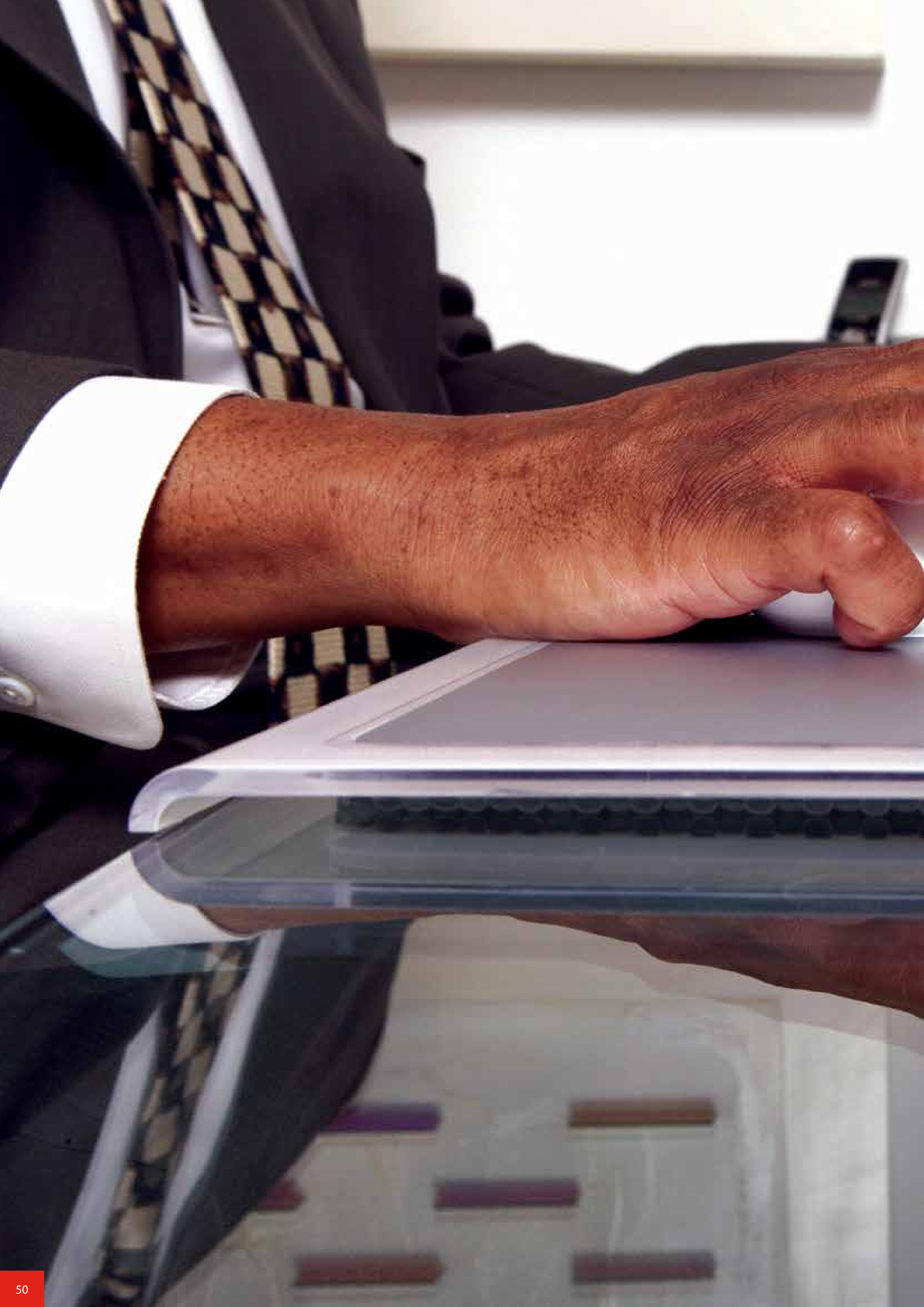
The Directors are of the opinion that the 2014 financial statements give a true and fair view of the state of the financial affairs of the Bank and Group.

The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least 12 months from the date of this statement.

Signed on behalf of the Directors

Phillips Oduoza



Financial statements

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF UNITED BANK FOR AFRICA PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of United Bank for Africa Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the bank are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act 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.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report of the Independent Auditor to the members of United Bank of Africa Plc

for the year ended 31 December 2014

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Report on other legal requirements

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

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

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

iii) the bank's statement of financial position, statement of comprehensive income and statement of changes in equity are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 41 to the financial statements; and

v) to the best of our information, there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in Note 44 to the financial statements.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A0852738

25 March 2015

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Daniel Asapokhai
FRC/2013/ICAN/00000000946

Consolidated and Separate Statements of Comprehensive Income

for the year ended 31 December 2014

In millions of Nigerian Naira	Notes	Group 2014	Group 2013	Bank 2014	Bank 2013
Gross earnings		**290,019**	264,687	**228,757**	214,273
Interest income	7	**196,680**	185,700	**160,158**	147,702
Interest expense	8	**(90,547)**	(82,469)	**(78,033)**	(71,526)
Net interest income		**106,133**	103,231	**82,125**	76,176
Net impairment loss on loans and receivables	9	**(6,578)**	(13,078)	**(3,073)**	(181)
Net interest income after impairment on loans and receivables		**99,555**	90,153	**79,052**	75,995
Fees and commission income	10	**54,974**	50,099	**36,631**	36,731
Fees and commission expense	11	**(7,008)**	(5,225)	**(6,047)**	(4,803)
Net trading and foreign exchange income	12	**32,411**	17,650	**24,250**	12,662
Net gains/(losses) on investment securities	13	**154**	(225)	**154**	(225)
Other operating income	14	**5,791**	10,513	**7,564**	10,305
Personnel expenses	15	**(55,461)**	(50,655)	**(42,082)**	(37,987)
Depreciation and amortisation	16	**(5,736)**	(6,169)	**(4,051)**	(3,759)
Other operating expenses	17	**(68,489)**	(51,027)	**(53,093)**	(44,176)
Gain on non-current assets distributed to owners	18	**–**	950	**–**	7,098
Share of profit/(loss) of equity-accounted investee	27(c)	**9**	(6)	**–**	–
Profit before income tax		**56,200**	56,058	**42,378**	51,841
Taxation charge	19	**(8,293)**	(9,457)	**(2,295)**	(5,358)
Profit for the year		**47,907**	46,601	**40,083**	46,483
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign currency translation differences		**(1,352)**	(2,066)	**–**	–
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		**(1,239)**	9,167	**(1,226)**	9,167
Net amount transferred to profit or loss		**29**	–	**29**	–
Other comprehensive income[1]		**(2,562)**	7,101	**(1,197)**	9,167
Total comprehensive income for the year		**45,345**	53,702	**38,886**	55,650
Profit attributable to:					
Owners of parent		**47,021**	45,917	**40,083**	46,483
Non-controlling interest		**886**	684	**–**	–
Profit for the year		**47,907**	46,601	**40,083**	46,483
Total comprehensive income attributable to:					
Owners of parent		**44,911**	53,445	**38,886**	55,650
Non-controlling interest		**434**	257	**–**	–
Total comprehensive income for the year		**45,345**	53,702	**38,886**	55,650
Total comprehensive income attributable to equity shareholders arises from:					
– Continuing operations		**44,911**	53,445	**38,886**	55,650
Total comprehensive income for the year		**44,911**	53,445	**38,886**	55,650
Earnings per share attributable to owners of the parent during the year					
Basic and diluted earnings per share (Naira)	20	**1.56**	1.52	**1.22**	1.41
Total comprehensive income for the year		**1.56**	1.52	**1.22**	1.41

[1]*Items disclosed in other comprehensive income do not have tax effects based on relevant tax regulations.*

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

Consolidated and Separate Statements of Financial Position

as at 31 December 2014

In millions of Nigerian Naira	Notes	Group		Bank	
		Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
ASSETS					
Cash and bank balances	21	**812,359**	716,803	**749,716**	620,426
Financial assets held for trading	22	**1,099**	784	**1,099**	777
Derivative assets	32(a)	**6,534**	3,265	**6,534**	3,265
Loans and advances to banks	23	**48,093**	26,251	**48,991**	26,251
Loans and advances to customers	24	**1,071,859**	937,620	**884,587**	796,942
Investment securities	25	**657,523**	811,206	**442,909**	585,445
Other assets	26	**30,057**	30,436	**21,136**	19,069
Investment in equity-accounted investee	27	**2,986**	2,977	**1,770**	1,770
Investments in subsidiaries	28	**–**	–	**65,767**	65,767
Property and equipment	29	**89,517**	75,409	**81,050**	67,661
Intangible assets	30	**9,430**	7,356	**3,446**	1,401
Deferred tax assets	31	**33,116**	30,189	**31,853**	28,643
TOTAL ASSETS		**2,762,573**	2,642,296	**2,338,858**	2,217,417
LIABILITIES					
Derivative liabilities	32(b)	**943**	31	**943**	31
Deposits from banks	33	**59,228**	60,582	**1,526**	–
Deposits from customers	34	**2,169,663**	2,161,182	**1,812,277**	1,797,376
Other liabilities	35	**63,566**	78,071	**41,209**	54,351
Current tax liabilities	19	**4,615**	2,861	**1,858**	1,602
Borrowings	36	**113,797**	48,866	**113,797**	48,866
Subordinated liabilities	37	**85,315**	55,653	**85,315**	55,653
Deferred tax liabilities	31	**40**	14	**–**	–
TOTAL LIABILITIES		**2,497,167**	2,407,260	**2,056,925**	1,957,879
EQUITY					
Share capital	38	**16,491**	16,491	**16,491**	16,491
Share premium	38	**107,932**	107,932	**107,932**	107,932
Retained earnings	38	**87,047**	70,480	**84,230**	67,443
Other reserves	38	**48,460**	32,746	**73,280**	67,672
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**259,930**	227,649	**281,933**	259,538
Non-controlling interests		**5,476**	7,387	**–**	–
TOTAL EQUITY		**265,406**	235,036	**281,933**	259,538
TOTAL LIABILITIES AND EQUITY		**2,762,573**	2,642,296	**2,338,858**	2,217,417

The accompanying notes are an integral part of these consolidated and separate financial statements.
The consolidated and separate financial statements were approved by the directors on 5 March 2015.

Ugo A. Nwaghodoh
Group Chief Finance Officer
FRC/2012/ICAN/00000000272

Tony O. Elumelu , CON
Chairman, Board of Directors
FRC/2013/CIBN/00000002590

Phillips Oduoza
Group Managing Director/CEO
FRC/2013/CIBN/00000001955

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2014

(a) 31 December 2014

(i) Group

In millions of Nigerian Naira	Attributable to equity holders of the parent										
	Share capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014	16,491	107,932	(3,153)	4,413	24,453	(32,996)	40,029	70,480	227,649	7,387	235,036
Profit for the year	–	–	–	–	–	–	–	47,021	47,021	886	47,907
Transfer to statutory reserve	–	–	–	–	–	–	16,262	(16,262)	–	–	–
Transfer to regulatory risk reserve	–	–	–	867	–	–	–	(867)	–	–	–
Other comprehensive income											
Foreign currency translation difference	–	–	(900)	–	–	–	–	–	(900)	(452)	(1,352)
Fair value change in (available-for-sale) financial assets	–	–	–	–	(1,239)	–	–	–	(1,239)	–	(1,239)
Net amount transferred to profit or loss	–	–	–	–	29	–	–	–	29	–	29
Other comprehensive income for the year	–	–	(900)	–	–	–	–	–	(2,110)	(452)	(2,562)
Total comprehensive income for the year	–	–	(900)	867	(1,210)	–	16,262	29,892	44,911	434	45,345
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Decrease in treasury shares	–	–		–	–	695	–	–	695	–	695
Change in ownership interest in subsidiaries	–	–	–	–	–	–	–	2,138	2,138	(2,138)	–
Dividends to equity/non-controlling holders	–	–	–	–	–	–	–	(15,463)	(15,463)	(207)	(15,670)
Total contribution and distributions to owners	–	–	–	–	–	695	–	(13,325)	(12,630)	(2,345)	(14,975)
Balance at 31 December 2014	16,491	107,932	(4,053)	5,280	23,243	(32,301)	56,291	87,047	259,930	5,476	265,406

(ii) Bank

In millions of Nigerian Naira	Share capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
	Attributable to equity holders of the parent							
Balance at 1 January 2014	**16,491**	**107,932**	**–**	**4,413**	**25,063**	**38,196**	**67,443**	**259,538**
Profit for the year	–	–	–	–	–	–	40,083	40,083
Transfer to statutory reserve	–	–	–	–	–	6,012	(6,012)	–
Transfer to regulatory risk reserve	–	–	–	793	–	–	(793)	–
Other comprehensive income								
Foreign currency translation difference	–	–	–	–	–	–	–	–
Fair value change in (available-for-sale) financial assets	–	–	–	–	(1,226)	–	–	(1,226)
Net amount transferred to profit or loss	–	–	–	–	29	–	–	29
Other comprehensive income for the year	–	–	–	–	(1,197)	–	–	(1,197)
Total comprehensive income for the year	–	–	–	793	(1,197)	6,012	33,278	38,886
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	–	–	–	–	–	–	(16,491)	(16,491)
Total contribution and distributions to owners	–	–		–	–	–	(16,491)	(16,491)
Balance at 31 December 2014	**16,491**	**107,932**	**–**	**5,206**	**23,866**	**44,208**	**84,230**	**281,933**

Consolidated and Separate Statement of Changes in Equity

for the year ended 31 December 2014

(b) 31 December 2013

(i) Group

In millions of Nigerian Naira	Share capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent										
Balance at 1 January 2013	16,491	107,932	(1,514)	1,113	15,223	(32,831)	33,120	49,572	189,106	3,361	192,467
Profit for the year	–	–	–	–	–	–	–	45,917	45,917	684	46,601
Transfer to statutory reserves							6,972	(6,972)	–	–	
Transfer to regulatory risk reserve	–	–	–	3,300	–	–	–	(3,300)	–	–	–
Other comprehensive income											
Foreign currency translation difference	–	–	(1,639)	–	–	–	–	–	(1,639)	(427)	(2,066)
Fair value change in (available-for-sale) financial assets	–	–	–	–	9,167	–	–	–	9,167	–	9,167
Net loss transferred from equity on disposal of available-for-sale instruments	–	–	–	–	63	–	–	–	63	–	63
Other comprehensive income for the year	–	–	(1,639)	–	9,230	–	–	–	7,591	(427)	7,164
Total comprehensive income for the year	–	–	(1,639)	3,300	9,230	–	6,972	35,645	53,508	257	53,765
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Increase in treasury shares	–	–	–	–	–	(165)	–	–	(165)	–	(165)
Increase in non-controlling interest	–	–	–	–	–	–	(63)	733	670	4,037	4,707
Dividends to equity/non-controlling holders	–	–	–	–	–	–	–	(15,470)	(15,470)	(268)	(15,738)
Total contribution and distributions to owners	–	–	–	–	–	(165)	(63)	(14,737)	(14,965)	3,769	(11,196)
Balance at 31 December 2013	16,491	107,932	(3,153)	4,413	24,453	(32,996)	40,029	70,480	227,649	7,387	235,036

(ii) Bank

In millions of Nigerian Naira	Share capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
	Attributable to equity holders of the parent						
Balance at 1 January 2013	16,491	107,932	1,113	15,834	31,224	47,723	220,317
Profit for the year	–	–	–	–	–	46,483	46,483
Transfer to statutory reserves					6,972	(6,972)	–
Transfer to regulatory risk reserve	–	–	3,300	–	–	(3,300)	–
Other comprehensive income							
Fair value change in (available-for-sale) financial assets	–	–	–	9,167	–	–	9,167
Net loss transferred from equity on disposal of available-for-sale instruments	–	–	–	62	–	–	62
Other comprehensive income for the year	–	–	–	9,229	–	–	9,229
Total comprehensive income for the year	–	–	3,300	9,229	6,972	36,211	55,712
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	–	–	(16,491)	(16,491)
Total contribution and distributions to owners	–	–	–	–	–	(16,491)	(16,491)
Balance at 31 December 2013	16,491	107,932	4,413	25,063	38,196	67,443	259,538

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2014

		Group		Bank	
In millions of Nigerian Naira	Notes	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Cash flows from operating activities					
Profit before income tax		**56,200**	56,058	**42,378**	51,841
Adjustments for:					
Depreciation of property and equipment	16	**5,001**	5,255	**3,395**	3,025
Amortisation of intangible assets	16	**735**	914	**656**	734
Net impairment loss on investment securities	13	**–**	181	**–**	181
Net impairment loss on loans and advances	9	**5,033**	11,093	**2,292**	(264)
Write-off of loans and advances	9	**726**	1,471	**538**	123
Net impairment charge on other assets	9	**819**	514	**243**	322
Fair value changes recognised in profit and loss		**(2,357)**	(3,274)	**(2,357)**	(3,294)
Fair value gain on previously held interest in equity-accounted investee		**–**	(2,422)	**–**	–
Gain on non-current assets held for distribution		**–**	(950)	**–**	(7,099)
Dividend income	14	**(1,289)**	(1,101)	**(5,967)**	(7,622)
Gain on disposal of property and equipment	14	**(204)**	(821)	**(204)**	(821)
Gain on disposal of investment securities	13	**(154)**	20	**(154)**	20
Net interest income		**(106,133)**	(103,231)	**(82,125)**	(76,176)
Share of (profit)/loss of equity-accounted investee	27	**(9)**	6	**–**	–
		(41,632)	(36,307)	**(41,305)**	(39,030)
Change in financial assets held for trading		**(267)**	(118)	**(274)**	345
Change in cash reserve balance		**(64,448)**	(126,565)	**(63,405)**	(127,154)
Change in loans and advances to banks		**(21,842)**	2,262	**(22,740)**	1,627
Change in loans and advances to customers		**(139,998)**	(291,262)	**(90,475)**	(226,087)
Change in other assets		**(440)**	(12,352)	**(2,310)**	(2,651)
Change in deposits from banks		**(1,354)**	2,802	**1,526**	(22,875)
Change in deposits from customers		**8,481**	441,174	**14,901**	336,245
Change in placement with banks		**71,696**	(139,007)	**47,729**	(139,007)
Change in other liabilities and provisions		**(14,505)**	(3,367)	**(13,142)**	9,959
Interest received		**196,680**	185,700	**160,158**	147,702
		(7,629)	22,960	**(9,337)**	**(60,926)**
Interest paid		**(90,547)**	(78,794)	**(78,033)**	(69,606)
Income tax paid	19(c)	**(9,440)**	(8,368)	**(5,249)**	(5,572)
Net cash (used in)/provided from operating activities		**(107,616)**	(64,202)	**(92,619)**	(136,104)
Cash flows from investing activities					
Proceeds from investment securities		**177,511**	39	**166,377**	39
Acquisition of investment securities		**(24,776)**	(105,551)	**(24,776)**	(48,271)
Acquisition of property and equipment		**(21,095)**	(10,772)	**(19,031)**	(7,930)
Acquisition of interest in a subsidiary		**–**	–	**–**	(810)
Dividend received		**1,289**	1,101	**5,967**	2,041
Proceeds from sale of property and equipment		**2,611**	1,406	**2,465**	1,183
Acquisition of intangible assets	30	**(1,550)**	(702)	**(1,442)**	(557)
Net cash provided from/(used in) investing activities		**133,990**	(114,479)	**129,560**	(54,305)
Cash flows from financing activities					
Proceeds from borrowings		**93,696**	3,529	**93,696**	3,529
Repayments of borrowings		**(29,537)**	(69,183)	**(29,537)**	(69,183)
Interest paid on long term borrowings		**(1,160)**	(1,741)	**(1,160)**	(1,741)
Proceeds from issue of debt securities		**29,400**	–	**29,400**	–
Dividend paid to owners of the parent	39	**(15,463)**	(15,470)	**(16,491)**	(16,491)
Dividend paid to non-controlling interests		**(207)**	(268)	**–**	–
Reduction/(increase) in treasury shares		**695**	(165)	**–**	–
Net cash from financing activities		**77,424**	(83,298)	**75,908**	(83,886)
Net increase/(decrease) in cash and cash equivalents		**103,798**	(261,979)	**112,849**	(274,295)
Effects of exchange rate changes on cash and cash equivalents		**(946)**	(238)	**813**	(255)
Cash and cash equivalents at beginning of year	21	**317,719**	579,937	**223,538**	498,088
Cash and cash equivalents at end of year	21	**420,571**	317,719	**337,200**	223,538

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

1. REPORTING ENTITY

United Bank for Africa Plc (the "Bank") is a Nigerian registered company with address at 57 Marina, Lagos, Nigeria. The consolidated financial statements of the Bank for the year ended 31 December 2014 comprise the Bank (Parent) and its subsidiaries (together referred to as the "Group" and individually referred to as Group entities"). The Bank and its subsidiaries are primarily involved in corporate, commercial and retail banking, trade services, cash management, treasury and custodial services.

2. BASIS OF PREPARATION

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard and IFRIC interpretations applicable to companies reporting under IFRS.

(b) 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 ("the functional currency"). The financial statements are presented in Nigerian Naira (N) which is the Bank's functional currency and the Group's presentation currency.

(c) Use of estimates and judgements

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries (including structured entities) are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date control ceases.

The accounting policies of subsidiaries have been changed, where necessary, to align with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

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

(ii) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; and
- less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the identifiable net assets for components that are present ownership interests and entitle their holders to proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(iii) Disposal of subsidiaries

When the group ceases to have control, any returned interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Acquisitions under common control

Business combinations between entities that are under common control are accounted for at book values. The assets and liabilities acquired or transferred are recognised or derecognised at the carrying amounts previously recognised in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

(v) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains or losses or incomes and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity

(vii) 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in profit or loss.

Unrealised exchange differences on non-monetary financial assets are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealised exchange differences are recognised in profit or loss. For non-monetary financial investments available-for-sale, unrealised exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Nigerian Naira at exchange rates at each reporting date. The incomes and expenses of foreign operations are translated to Nigerian Naira at average rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(c) Interest

Interest income and expense for all interest bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all transaction costs and fees 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 liability.

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.

(d) Fees and commissions

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(e) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest and foreign exchange differences.

(f) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the forseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Initial recognition and measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the settlement date. All other financial assets and liabilities are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

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

(i) Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale or as loans and receivables. Where the Group sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income.

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Interest on held-to-maturity investments is included in the consolidated income statement and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'Net gains (losses) on investment securities'.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired or incurred principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit making. Derivatives are also categorised as held for trading unless they are designated as hedges and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Financial assets may be designated at fair value through profit or loss when:

- the designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- a group of financial assets is managed and its performance evaluated on a fair value basis; and
- the financial assets consist of debt host and an embedded derivatives that must be separated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in profit or loss in 'net trading income' for trading assets.

(iii) Available-for-sale

Financial assets classified by the Group as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in profit or loss.

Interest income, calculated using the effective interest method, foreign currency gains and losses on monetary assets classified as available-for-sale is recognised in profit or loss. Dividends received on available-for-sale instruments are recognised in profit or loss when the Group's right to receive payment has been established.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available-for-sale or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. All of the Group's advances are included in the loans and receivables category.

(v) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. The financial liabilities at fair value through profit or loss are in two sub-categories: financial liabilities classified as held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Surbodinated liabilities are included as part of financial liabilities measured at amortised cost.

Fair value measurement

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- Whether a loan or other financial assets or any obligation is more than 90 days past due.
- The Group consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- There is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Impairment of financial assets (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets reflect changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are classified in 'net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process which considers asset type, industry, geographic location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

To the extent that a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

Impairment of financial assets (continued)

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available for sale is not reversed through profit or loss but accounted for directly in equity.

Write-off policy

The Group writes off a financial asset (and any related allowances for impairment losses) when Group Credit determines that the assets are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Offsetting financial instruments

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

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

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements are disclosed in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included in deposit from banks, or other deposits, as appropriate.

Securities purchased under agreements to resell are recorded as loans granted under resale agreements and included under loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest and amortised over the life of the repurchase agreement using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, 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.

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

Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held to maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

(i) Cash and bank balances

Cash and bank balances include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and bank balances are carried at amortised cost in the statement of financial position.

(j) Trading assets

Trading assets are those assets that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are measured at fair value with changes in fair value recognised as part of net trading income in profit or loss.

(k) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value with changes in fair value recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When 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.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative period are as follows:

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	Fifty years
Computer hardware	Five years
Furniture and fittings	Five years
Equipment	Five years
Motor vehicles	Five years
Other transportation equipment*	Over the useful life of the specific asset
Capital work in progress	Not depreciated
Land	Not depreciated

Computer hardware, equipments, furniture and fittings are disclosed as furniture and office equipment while leasehold improvement and buildings have been aggregated in the notes.

* Other transportation equipment include major components with different useful lives. They are accounted for as separate major components and are depreciated over the respective useful lives.

Work in progress represents construction cost incurred on assets that are not available for use. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment.

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

(iv) Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of consideration over the Group's interest in net fair value of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash-generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property and equipment (continued)

(ii) Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year-end and adjusted if appropriate.

(n) Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

(o) Deposits and debt securities issued

When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax 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 and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs 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.

(q) Financial guarantee contracts

Financial guarantee contracts are contracts that require 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.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium. Financial guarantees are included within other liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. 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. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

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.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

(s) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Fiduciary activities

The Group commonly acts as trustees in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the Group.

(v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer of the Group, being the chief operating decision maker, to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such cost.

(w) Standards, amendments and interpretations effective on or after 1 January 2014

– The following amendments and interpretations, which became effective in 2014 are relevant to the Group:

(i) Amendments to IAS 36, 'Impairment of assets'on the recoverable amount disclosures for non-financial assets.

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. The Group did not reverse or recognize an impairment loss on its non-financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Standards, amendments and interpretations effective on or after 1 January 2014 (continued)

(ii) Amendments to IAS 32 (Offsetting financial assets and financial liabilities)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The changes requires extensive disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

(iii) IFRIC 21 Levies

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. It addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense. The application of the new amendments is consistent with the treatment of levies in the financial statements.

(w) Standards, amendments and interpretations effective on or after 1 January 2014 (continued)

– The following amendments and interpretations, which became effective in 2014 are relevant to the Group (continued):

(iv) Amendments to IFRS 7(Offsetting financial assets and financial liabilities)

Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods

(x) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014. However, the Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements.

(i) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts and IFRIC 13 Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated and separate financial statements.

1. *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).*
2. *IFRS 14 Regulatory Deferral Accounts*
3. *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*
4. *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).*
5. *Agriculture : Bearer Plants (Amendments to IAS 16 and IAS 41).*
6. *Equity Method in Separate Financial Statements (Amendments to IAS 27).*
7. *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28.*

(y) Non-current assets held for distribution and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Before being classified as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Conditions to be met before assets qualify as being held for sale/distribution include the following:

- Management is committed to a plan to sell
- The asset is available for immediate sale
- An active programme to locate a buyer is initiated
- The sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- Actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss

Intangible assets and property and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution. In line with IFRIC 17, the subsidiaries being spun off will be distributed as dividend to the shareholders of the parent. The dividend payable will be at the fair value of the net assets to be distributed.

For discontinued operations, the Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:
(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the income statement. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

4. FINANCIAL RISK MANAGEMENT

4.1 Introduction and overview

Given the scale and scope of its operations as well as the diversity of the geographies within which it operates, United Bank for Africa Plc (UBA) has adopted an enterprise wide, integrated approach to risk management. The key objectives are as follow:

1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II (and now III) Accords and COSO (Commission of Sponsoring Organisations) in the implementation of an Enterprise Risk Management (ERM) Framework as adopted by the Central Bank of Nigeria (CBN);

2. ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and

3. enhance corporate governance by involving the Board and Senior Management in setting the tone for the risk management agenda.

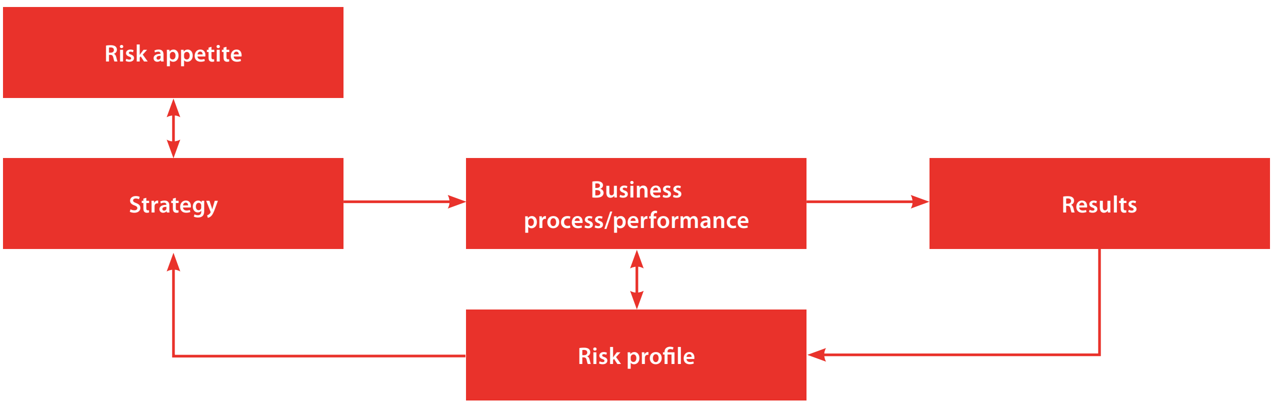
The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting. These are diagrammatically represented as follows:

KEY ACTIVITIES				OUTPUTS
Risk Governance	**Risk Assessment**	**Risk Monitoring**	**Risk Mitigation**	Optimised risk profile
• Risk committee structure • Policies and framework • Set risk appetite • Corporate governance • Compliance rule book	• Credit default measurement • Operational risk assessment • Policy compliance self assessment • Trading loss elimination • Recovery risk	• Effective reporting • Early warning • Event tracking • Compliance dashboard • Key risk indicator tracking • BCP testing and scenario planning	• Effective controls • Debt restructuring • Maximised recoveries • Limit concentration • Risk appetite management • Hedging • Data recovery management and alternate site arrangement	Market risk Credit risk Operational risk Minimised compliance cost • Effective compliance process • Reduced non-compliance costs • Reduced reputational risk

Risk management strategy

UBA's risk management strategy is based on an embedded risk management process from the strategy formulation level to the business unit decision making. The strategic risk management objectives include:

- evaluation of the strategic risks faced by the Group in the continously evolving environment;
- allocate resources in line with strategic objectives and risks;
- determine the tolerable risk profile and formulate the acceptable risk appetite for the Group;
- establish adequate risk management and internal control systems to support the business and the risk appetite; and
- establish proper feedback mechanism as input into the strategic risk management process.



4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Introduction and overview (continued)

Risk management culture

There is a commitment to ensuring that risk managment is enshrined as a culture in the Group, from the Board of Directors to the individual business unit. There is considerable effort to infuse the risk/reward evaluation in the decision making process in order to ensure that there is proper assessment of risk dimension in process design, performance appraisal, limit establishment, portfolio creation, monitoring activities and audit process. The aim is also to encourage a culture of constant re-evaluation of risk profile and prompt risk mitigation action, where required.

In order to do this, there is proper dissemination of information and policies, development of frameworks, and staff training to ensure that all staff are adequately aware of their roles in the risk managment process of the Group.

Risk governance structures

The Board of Directors has overall responsibility for risk management of the institution. They have delegated specific functional roles to key sub-committees of the Board including the Board Risk Management Committee (BRMC), the Board Credit Committee (BCC) and the Board Audit Committee (BAC).

These Board committees are supported by various management committees in identifying and providing appropriate responses to risks arising from the Group's ongoing business activities. We have the Group Managing Director/Chief Executive Officer (GMD/CEO) and the executive committees which include the Group Assets and Liabilities Committee (GALCO), Executive Managment Committee (EMC) and Executive Credit Committee (ECC). This is illustrated in the diagram below.

RISK POLICIES AND PROCESSES	RESPONSIBILITY
Setting and approval of: • Risk philosophy • Risk management principles • Risk appetite and tolerance	• UBA Board • Board Committee: Credit Risk Management, Fin and Gen Purpose, Nomination & Governance Audit & Statutory Audit
Implementation of: • Risk management principles	• GMD/CEO, EMC, ECC
Approval of: • Risk policies • Risk limits	**Management Committees** • GALCO, EMC, ECC
Oversight of: • Risk profile of the group • Risk Limits per business unit/subsidiaries and risk type • Control and compliance environment	• GCRO • Business unit heads
Management of: • All risk exposures in the business unit/subsidiary	Business unit heads and country CRO

4.2 Risk management report

(a) Enterprise risk overview

Role and responsibilities

The key players in the risk management framework are as indicated in the above governance structure and their responsibilities are as follows:

Board of Directors

The ultimate responsibility for risk management in UBA lies with the Board of Directors. The roles and responsibilities of the Board with respect to risk management include, but are not limited to:

- ensuring an appropriate corporate governance framework is developed and operated;
- providing guidelines regarding the management of risk elements in the Group;
- approving Group risk management policies;
- determination of the Group's risk appetite;
- ensuring that management controls and reporting procedures are satisfactory and reliable;
- approving large credit exposures beyond the limit of the Board Credit Committee; and
- approving capital demand plans based on risk budgets.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(a) Enterprise risk overview (continued)

The Board of Directors has established various Board-level risk committees, to support its risk oversight roles and responsibilities. These committees review and advise on numerous risk matters requiring Board approvals.

The Board Risk Management Committee has direct oversight for the Bank's overall risk management framework. The Board Credit Committee considers and approves large exposure underwriting decisions within its authority and recommends those above its limit to the Board for consideration. The Board Audit Committee assists the Board with regard to internal controls, audit assessments and compliance matters.

Management Committees

Key Management Committees include:

Executive Management Committee (EMC)

The EMC is responsible for the following, among others, and shall be accountable to the Board:

- Executing strategy once approved by the Board
- Overall performance of the Group
- Managing the Group's risks
- Day-to-day oversight for the Group

All non-credit product approvals must go to the EMC who shall review and approve or recommend for approval to the appropriate Board Committees in line with the Bank's advised approval limits. Above the EMC approval limits, non-credit products are approved by the Board's Finance and General Purpose Committee (F&GPC).

All new business activity irrespective of capital commitment must be approved by the F&GPC through the EMC.

Executive Credit Committee (ECC)

The Committee's main objective is to develop and maintain a sound credit risk portfolio for the Group and to oversee the development and deployment of credit risk practices across the Group.

Its principal activities and functions are:

- Set frameworks and guidelines for credit risk management for the Group
- Review and recommend all Credit related policies for the Group to the BCC for approval
- Monitor implementation and compliance with credit policy paying particular attention to the following:
  - Credit concentration
  - Credit portfolio quality
  - Review credit requests and recommend those above its limit to BCC for approval
  - Ensure the Group's Non Performing Loans portfolio is within the approved ratio
  - Review all major credit audit issues with a view to adopting learning points for enhancement to the credit process

Group Asset and Liability Committee

The Group Asset and Liability Committee (GALCO), is a sub-committee of the EMC that has responsibility for managing UBA Group's balance sheet. This committee manages traded and non-traded market risks as well as steering the implementation of Basel II requirements for market risk.

In playing this role, GALCO does the following:

- Recommend balance sheet management policies, frameworks and procedures to the Board Risk Management Committee through EMC for approval
- Recommend Treasury policies, frameworks and procedures to the F&GPC through EMC for approval
- Manage the Group's balance sheet and ensure compliance with regulatory and statutory ratios and requirements
- Develop an optimal structure of the Group's balance sheet to optimise risk-reward through a review of:
  - Liquidity gap analysis
  - Maximum cumulative outflow (MCO)
  - Stress test
  - Wholesale borrowing guidelines
  - Contingency liquidity plan
- Review liquidity, interest rate and currency risks and approve risk mitigation proposals subject to ratification by EMC
- Set pricing strategies for the Group on assets and liabilities (pool rate, asset and/or liability composition) subject to ratification by EMC

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(a) Enterprise risk overview (continued)

Criticised Assets Committee

The Criticised Assets Committee is a management committeee which reviews Past Due Obligations (PDOs) and

- Develops the framework to reduce the Group's portfolio of credits on watch-list as well as delinquent accounts
- Monitor implementation of strategies developed for recoveries and reduction of loan delinquencies
- Ratifies proposed classification of accounts and provisioning levels
- Recommends write-offs for approval through the EMC to the Board

Group Chief Risk Officer

The Group Chief Risk Officer has oversight for the effective and efficient governance of all risk functions in the Group. He is responsible for development and implementation of Group's risk management frameworks, policies and processes across the entire risk spectrum.

Central Risk Management Functions

Each risk function including credit, market, operational and IT risk has direct responsibility for the development and management of risk management activities. The responsibilities of divisional functions with respect to risk include:

- Develop and maintain policies, frameworks and risk management methodologies
- Provide guidance on the management of risks and ensure implementation of risk policies and strategies
- Provide recommendations for improvement of risk management
- Provide consolidated risk reports to the various Board and management committees such as EMC, ECC and/or Board of Directors
- Provide assurance that risk management policies and strategies are operating effectively to achieve theGroup's business objectives.

At a strategic level, our risk management objectives are as follows:

- To identify, assess, control, report and manage the Group's material risks and optimise risk/return decisions
- To ensure business growth plans are properly supported by effective risk infrastructure
- To manage the risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions

The committees, responsibilities, processes and controls are replicated at the subsidiary levels to ensure standardisation group-wide.

In pursuit of its risk management objectives, policies and standards are set for each risk type, adopting a standard methodology consisting of five risk steps as illustrated below.

IDENTIFY	ASSESS	CONTROL	REPORT	MANAGE AND CHALLENGE
• Identify the risk inherent in achieving the Bank's goals and objectives • Establish risk appetite across the entire risk spectrum • Establish and communicate risk management framework	• Build accurate and consistent risk assessment • Establish risk and implement measurement reporting standards/ methods • Build a risk profile for the Bank	• Establish key control processes, practices and reporting requirements. • Ensure all the Bank's exposures are adequately identified, measured and managed in accordance with the Board approved frameworks • Provide early warning signals • Ensure management practices are adequate and appropriate for managing the Bank's risks	• Report areas of stress where crystallisation of risk is imminent • Present remedial actions to reduce and/or mitigate such risk • Communicate with relevant parties	• Review and challenge all aspects of the Bank's risk profile • Advise on optimising and improving the Bank's risk profile • Review and challenge risk management practice

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

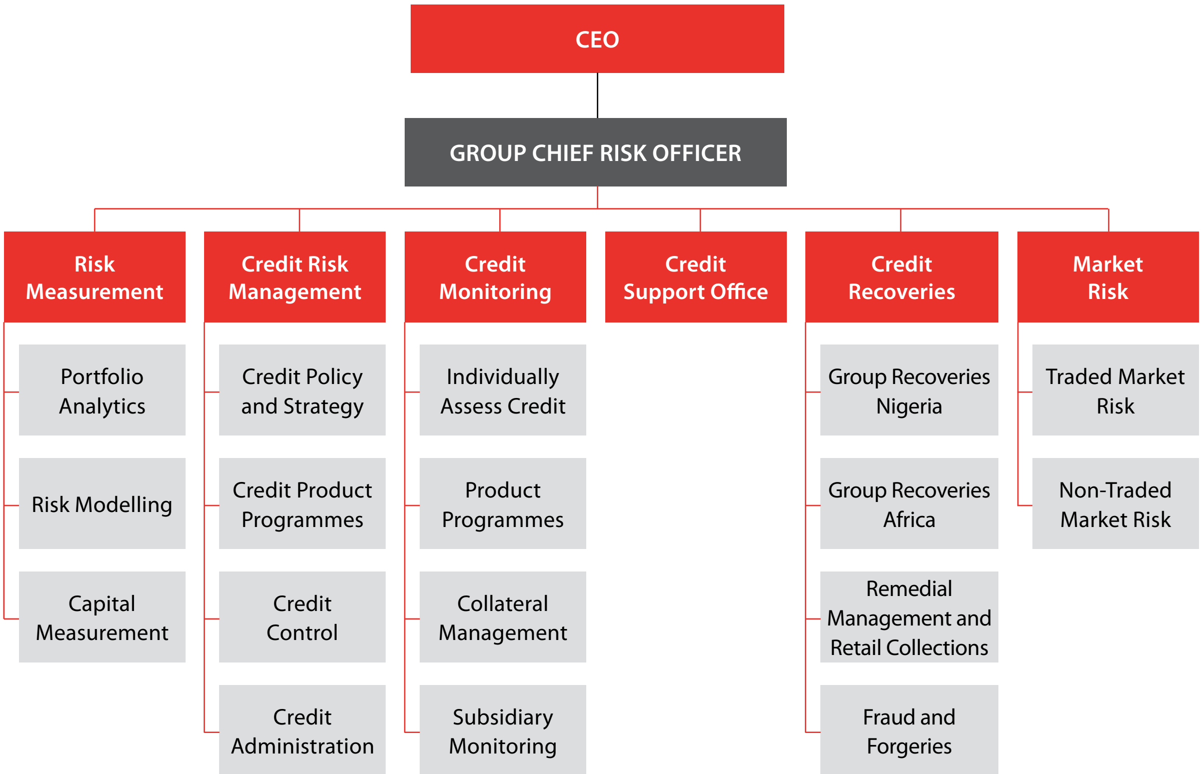
4.2 Risk management report (continued)

(a) Enterprise risk overview (continued)

Risk management structure

The Group has in place an independent Risk Management Directorate which is essential to UBA's growth and earnings sustainability.

In response to the dynamic risk environment, the risk management structure has been flattened to ensure increased oversight and improved responsiveness.



The key functional areas and their responsibilities are highlighted below:

Credit support office

The Credit Office has responsibility for credit underwriting and makes recommendations to the appropriate authority level for approval of assessed Corporate, Commercial, Public Sector and Retail Credits as spelt out in the Credit Empowerment/ Approval Framework.

Credit risk management (CRM)

The Credit Risk Management division acts as the custodian of Group credit policies and recommends reviews based on regulatory changes and other developments in the operating environment. It develops and implements the Group credit risk management framework, as well as a portfolio management strategy towards achieving a diversified, high quality asset mix to minimise delinquencies.

In addition, CRM ensures appropriate control measures are taken in the documentation and administration of approved loans.

Credit monitoring

Credit monitoring runs as a separate group of risk management to improve oversight of loan performance. Its primary function is to continuously monitor the bank's loan portfolio to ensure ongoing portfolio performance and achievement of portfolio quality targets. Credit Monitoring ensures all loans are booked in line with the Bank's policy. They also identify exceptions which may prevent the loan from being paid in a timely manner. Observed credit exceptions are escalated for possible resolution, sanction implementation and management attention. The Group takes proactive steps to ensure follow up on accounts showing signs of delinquency.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(a) Market risk

This is the risk that the value of our portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors and affect the Group's income or the value of its holdings of financial instruments. Exposure to market risk is seperated into two portfolios:

- trading portfolios comprise positions arising from market-making and warehousing of customer derived positions;
- non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail; and commercial banking assets and liabilities, financial investments designated as available for sale and held to maturity

The objective of market risk management in UBA is to ensure that all significant market risks are identified, measured, and managed in a consistent and effective manner across the Group in order to stabilise earnings and capital and also to ensure that the Group carries out its affairs within acceptable parameters and in line with the market risk appetite.

Market risk achieves the above stated objective, through a mix of quantitative and statistical controls which covers the underlisted activities:

- Market data collection and statistical analysis
- Limit determination based on market volatility
- Stop loss limit utilisation monitoring
- Position monitoring
- New trading products risk assessment
- P&L attribution analysis
- Pricing model validation and sign off
- Trading portfolio stress testing
- Regulatory limit monitoring
- Position data extraction and Internal limit monitoring
- Contingency funding plan maintenance and testing
- Risk profile reporting to GALCO.

The universal market risk factors in UBA Group are foreign exchange rates, interest rates and equity/stock prices. The associated market risks are:

- Foreign currency risk; arising from changes in exchange rates
- Interest rate risk; arising from changes in yield curves and credit spreads
- Equity risk; arising from changes in in the prices of equities, equity indices and equity baskets.

Risk management policies

The principal risk policies cover the Group's main risk types, assigning responsibility for the management of specific risks and setting out requirements for control frameworks for all risk types. Fundamental to the delivery of the Group's risk management objectives are a series of methodologies that allow it to measure, model, price, stress-test, mitigate and report the risks that arise from its activities.

Risk appetite

A key responsibility of the Board is the determination of the organisation's risk appetite. This is codified in a risk appetite framework which considers the level of risk that the Group is willing to take in pursuit of its business objectives. This is expressed as the Group's appetite for earnings volatility across all businesses from a credit, marketing and operational risk perspective.

Risk appetite is institutionalised by establishing scale of activities through clearly defined target market criteria, product risk acceptance criteria, portfolio limits as well as risk-return requirements.

Approval authority

The Board of Directors also set internal approval limits which are reviewed from time to time as the circumstances of the Group demands. These are at all times guided by maximum regulatory limit as applicable.

Limit concentration

The Group applies a concentration risk management framework that sets exposure limits as a function of capital across all dimensions of its asset portfolio including geography, sector, obligor, product etc. This is closely monitored to ensure diversification of risk.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(a) Enterprise risk overview (continued)

The Group has a Credit Concentration Risk Management policy (policy) which provides a framework within which lending decisions can be made so as ensure an adequate level of diversification of the Group's credit portfolio. The policy provides risk-based limits that restrict lending activities to within the Group's desired risk appetite and tolerance.

The Group ensures that:

- it manages its portfolio by ensuring adequate diversification across industries, segments and jurisdictions to maintain high portfolio quality and liquidity; and
- provides risk based concentration limits to ensure that exposures to single obligors, sectors and countries are contained within acceptable risk appetite.

The Group considers the following risk types among others which are assessed, monitored and managed in terms of the Group's risk management framework

Credit risk

This relates to the probability that the group may suffer financial loss where any of its corporate borrowers or other counterparties fail to perform on their payment, guarantee and/or other obligations as contracted.

Market risk

This is the risk that the value of our portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of market risk factors and affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management in UBA is to ensure that all significant market risks are identified, measured, and managed in a consistent and effective manner across the Group in order to stabilise earnings and capital and also to ensure that the Group carries out its affairs within acceptable parameters and in line with the market risk appetite.

Market risk governance

The Board through Board Risk Management Committee (BRMC) is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to both the Group Risk Management Committee (GRMC) and Group Asset & Liability Management Committee (GALCO). GALCO has Group oversight and is charged with ensuring that market risks are managed homogeneously in all areas of operation. Further to the above, oversight of market risk is vested in BRMC, GALCO and the Finance & General Purpose Committee (F&GPC) while the day to day management rests with the Group Chief Risk Officer (GCRO). The Group Market Risk Division is not only responsible for the development of detailed risk management policies but is also involved in the day-to-day review of their implementation. The market risk management policies are usually validated/approved by BRMC, GALCO or the full Board in accordance with the approval guidelines. Trading limits are approved by GALCO while exposures against these limits are monitored by market risk management team.

Market risk measurement

The Group uses limits, value at risk, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books. The Group also performs regular stress tests on its banking and trading books.

Liquidity risk

This is the risk of loss in earnings and capital that arise from the Group's inability to fund increases in assets or to meet its payment obligations to its customers as they fall due or to replace funds when they are withdrawn or can only access these financial resources at excessive cost.

The Group continued to meet all its financial commitments and obligations without any liquidity risk issues in the course of the year.

It is the Group's policy to maintain adequate liquidity at all times, in all geographic locations and for all currencies, and hence to be in a position to meet obligations as they fall due. Lliquidity risks are managed both on a short-term and structural basis. The Group Asset and Liability Committee (GALCO) is the responsible governing management body that monitors liquidity management metrics. Liquidity in each country is managed by the country ALCO within pre-defined liquidity limits and in compliance with Group liquidity policies and practices, as well as local regulatory requirements. Group Market Risk and Group Treasury propose and oversee the implementation of policies and other controls relating to the above risks.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(a) Enterprise risk overview (continued)

The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress.

Contingency funding plans are reviewed and approved annually. They provides a broad set of Early Warning Indicators, an escalation framework and a set of management actions that could be effectively implemented by the appropriate level of senior management in the event of a liquidity stress. A similar plan is maintained within each country.

The Group's liquidity risk measurement is approached from two angles; the development of cash flow projections and ratio analysis. The balance sheet management team uses a combination of both techniques to measure the Bank's exposure to liquidity risk.

The cash flow technique is applied through the use of maturity ladder by assessing all the Bank's cash inflows against outflows to identify the potential for net shortfalls or net funding requirements (i.e. a cumulative net excess or deficit of funds) at selected maturity dates. The maturity ladder is monitored on a day-to-day basis and stress testing is undertaken on a quarterly basis by applying different scenarios to the maturity ladder and assessing the Bank's funding requirements under each scenario

All UBA businesses and subsidiaries also construct their maturity ladder and compile reports based on agreed assumptions which is consolidated into a global report for Group ALCO review. The country treasurer for each subsidiary/Group Head Balance Sheet Management also documents the appropriate actions and includes the same into the Contingency Funding Plan (CFP) for implementation.

The balance sheet management team uses liquidity ratios to quantify liquidity. Ratios are usually expressed as either a percentage or an equivalent amount. Liquidity ratios are not interpreted on their own but in conjunction with the outcome of the maturity ladder scenarios.

Country ALCO and Group ALCO control the Group's exposure to liquidity risk by ensuring that limits are set and that contingency funding plans are in place across the Group and are based on realistic assumptions.

(b) Credit risk

Credit risk measurement

In measuring credit risk of loans and advances to various counterparties, the group considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. Our credit exposure comprises wholesale and retail loans and advances. The Group's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we strive to ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Group estimates the following parameters:

(i) Probability of default (PD)

(ii) Loss given default (LGD)

(iii) Exposure at default

(i) Probability of Default

This is the probability that an obligor or counterparty will default over a given period, usually one year.

(ii) Loss given Default

LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate). Our methods for estimating LGD includes both quantitative and qualitative factors

(iii) Exposure at Default

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilisation of the undrawn commitment at default.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Impairment assessment under IFRS

The Group assesses its impairment for the purpose of IFRS reporting using a two-way approach which are Individual assessment and portfolio assessment.

(i) Portfolio assessment

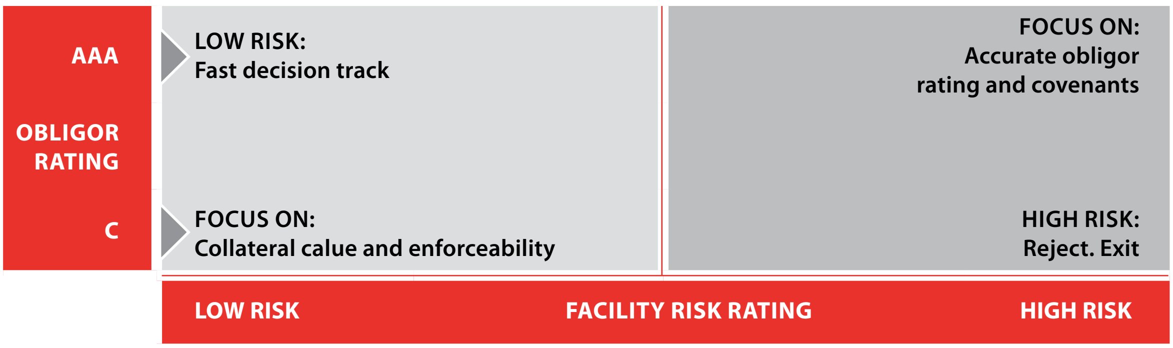
Loans and advances that are not specifically impaired are assessed under collective impairment. For the purpose of collective impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to contractual terms.

ii) Individual assessment

The Group reviews and revises impairment triggers for each loan asset portfolio to ensure that a trigger identifies a loss event as early as possible, which would result in the earliest possible recognition of losses within the IFRS framework. The Group estimates impairment based on the shortfall between the present value of estimated future cash flows and the asset carrying amount.

General risk rating process

United Bank for Africa adopts a two-dimensional approach to the assessment of credit risk in the risk rating process for all Businesses. The core tenets of the two-dimensional approach are shown below:



All Obligors and Facilities are assigned a risk rating. Obligors are assigned an Obligor Risk Rating (ORR) while a Facility Risk Rating (FRRs) is assigned to facilities. However certain obligors, retail and commercial loans applicants that do not have a risk rating, must access credit through product programmes while those that have credit ratings can access through the individually assessed credit window. Scoring system is used for consumer loans whereby loans that achieve a predetermined minimum score are approved.

Inputs used to determine obligor risk ratings (ORRs) are derived based on quantitative and qualitative factors. The quantitative factors are primarily based on a metrics that uses information on the obligors financial position while the qualitative factors include:

- Management quality
- Industry risks
- Company profile
- Economic factors

The risk ratings are a primary tool in the review and decision making in the credit process and this is done annually for each obligor, except where a shorter period is required. The integrity of the bank's portfolio management process is dependent on accurate and timely risk ratings. Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed when there is a default and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the oustanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as

- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

Credit rating of counterparty/obligor

All risk rating processes are reviewed and validated periodically to ensure relevance to business realities, and relate to loans and advances to customers, loans and advances to banks, financial assets held for trading and investment securities. External ratings may also be obtained where such is available. The risk rating buckets and definitions are as highlighted below:

UBA risk buckets and definition

Description	Rating bucket	Range of scores	Risk range	Risk range (description)
Extremely low risk	AAA	1.00 – 1.99	90% – 100%	Low risk range
Very low risk	AA	2.00 – 2.99	80% – 89%	
Low risk	A	3.00 – 3.99	70% – 79%	
Acceptable risk	BBB	4.00 – 4.99	60% – 69%	Acceptable risk range
Moderately high risk	BB	5.00 – 5.99	50% – 59%	
High risk	B	6.00 – 6.99	40% – 49%	High risk range
Very high risk	CCC	7.00 – 7.99	30% – 39%	
Extremely high risk	CC	8.00 – 8.99	0% – 29%	Unacceptable risk range
High likelihood of default	CC	9.00 – 9.99	Below 0%	
Default	D	Above 9.99	Below 0%	

The risk ratings are a primary tool in the review and decision making in the credit process. The bank does not lend on unsecured basis to obligors that are below investment grade (BB and above). The Bank will not lend to obligors in the unacceptable risk range.

Remedial management process

This process is managed by the Group Remedial and Recovery Division (GRRD). Depending on the severity of classification, the Group undertakes remedial corrective action geared towards ensuring performance of weak credits. Early attention, including substantive discussions with borrowers, is required to correct deficiencies.

Remedial process covers the evaluation, analysis or restructuring of credit facilities for existing PDOs. It may include new extensions of credit, and/or restructuring of terms. Some of the possible actions are summarised as follows:

- rate/payment modification or longer-term payment relief – adjusting interest rates or payment frequency;
- ageing/Extension: Modifying the length of the loan;
- cash out: Refinancing a loan at a higher principal amount in order to get additional funds for other uses;
- loan and collateral consolidation: Combining several loans into a single payment which is lower than if the payments were separate;
- Short Sale – Loan is discounted to prevent imminent foreclosure; and
- deed in lieu – Voluntary conveyance of interest in property to the bank.

The process calls for full information gathering, together with financial and risk analysis leading up to the approval decision. Analysis and standards vary according to business product, market, transaction characteristics and environmental issues. In all cases, we strive to achieve good judgment, in ensuring that all relevant issues have been addressed in each situation.

Maximizing recoveries

GRRD has established a framework in order to ensure maximised recoveries that is intended to:

- ensure clear definition of recovery accounts and functions within the Group;
- streamline decision-making at each recovery operating unit; and
- achieve uniformity in recovery process, methodology and consolidate similar functions in all locations where the Group operates.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Exposure to credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to on-balance sheet

Credit risk exposures relating to on-balance sheet assets are as follows:

In millions of Nigerian Naira	Maximum exposure Group		Maximum exposure Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Cash and bank balances	**766,270**	693,716	**719,683**	605,304
Loans and advances to banks:				
Term Loan	**48,093**	26,251	**48,991**	26,251
Loans to individuals				
Overdraft	**49,349**	10,645	**46,866**	5,169
Term loan	**66,420**	129,273	**38,460**	97,923
Loans to corporate entities and others				
Overdraft	**178,161**	143,002	**135,133**	112,454
Term Loan	**772,299**	654,349	**658,498**	579,723
Others	**5,630**	351	**5,630**	1,673
Trading assets				
Treasury bills	**1,099**	49	**1,099**	42
Bonds	**–**	735	**–**	735
Available-for-sale investment securities:				
Treasury bills	**198,666**	208,843	**192,479**	200,444
Bonds	**24,776**	–	**24,776**	–
Held to maturity investment securities:				
Treasury bills	**145,465**	179,815	**–**	44,275
Bonds	**243,306**	377,512	**181,168**	296,658
Promissory note	**–**	45	**–**	45
Account receivable	**21,389**	17,759	**15,781**	12,711
Total	**2,520,923**	**2,442,345**	**2,068,564**	**1,983,407**
Loans exposure to total exposure	44%	39%	45%	42%
Debt securities exposure to total exposure	24%	31%	19%	27%
Other exposures to total exposure	31%	29%	36%	31%

In millions of Nigerian Naira	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Credit risk exposures relating to off-balance sheet assets are as follows:				
Performance bonds and guarantees	**192,864**	281,176	**159,765**	240,830
Letters of credits	**393,805**	202,806	**360,752**	99,765
	586,669	483,982	**520,517**	340,595
Bonds and guarantee exposure to total exposure	**33%**	58%	**31%**	71%
Letters of credit exposure to total exposure	**67%**	42%	**69%**	29%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Exposure to credit risk continued

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Loan commitment to corporate entities and others				
Overdraft	**1,091**	2,695	**1,091**	2,695
Term loan	**66,577**	37,051	**66,577**	37,051
	67,688	39,746	**67,668**	39,746

There are no loan commitments to individuals
The credit risk exposure as at year end is representative of the average exposure in the year.

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities.

Irrespective of how well a credit proposal is structured, a second way out in form of adequate collateral coverage for all credits is a major requirement in order to protect the bank from incurring credit losses due to unforeseen events resulting from deterioration of the quality of a credit.

Consequently, the bank issues appropriate guidelines for acceptability of credit collateral from time to time. These articulate acceptable collateral in respect of each credit product including description, required documentation for perfection of collateral and minimum realisable value.

All items pledged, as security for credit facilities are insured with the Bank noted as the first loss payee. The Bank also keeps all documents required for perfection of collateral title.

Some of the collaterals acceptable to the bank under appropriate documentations are briefly described as follows:

1. Cash
   Cash is the most liquid and readily realisable form of security and, therefore, the most acceptable to the bank. Furthermore, cash pledged must be in the same currency as the credit and also in the possession of the bank either in savings or a deposit account.
2. Treasury bills/Certificate
   Treasury bills/Certificates are acceptable as bank security provided the instruments are purchased through the bank and have been properly assigned to the bank. Since payment are channeled through the bank on due dates, realisation of the security is relatively easy.
3. Stock and shares
   Stocks and shares of reputable quoted companies are acceptable collateral securities. Unquoted shares are usually not acceptable as collaterals.
4. Legal mortgage
   The Bank takes and perfects her interest in acceptable landed property that are transferred by the obligor as collateral for loan, such that In case of any default by the obligor, the Bank does not require a court order before realising the security. Location restrictions are however specified in respect of landed property.
5. Debenture
   The Bank accepts to take a charge on both current and non-current assets of a borrower by a debenture, which is a written acknowledgement of indebtedness by a company usually given under its seal and also sets out the terms for repayment of interest and principal of the credit. A debenture is executed by an obligor in favour of the Bank, and it gives a specific or general charge on the company's assets, both present and future.
6. Life insurance policies
   Generally, life policy with a reputable insurance company approved by the Bank and free of restrictions adverse to the Bank's interest is acceptable security for loan. This could be an endowment policy or whole life policy, though the Bank prefers the endowment policy.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Exposure to credit risk continued

7. Guarantees
The Banks accepts guarantees from well rated banks as well as acceptable parties (guarantors) as additional comfort and security for her credits. A guarantee is a written promise by one person called the guarantor or surety to be answerable for the debt, default or miscarriage of another person called principal debtor.

   UBA also accepts unconditional insurance credit and performance bonds of first class Insurance companies and also the guarantee of the Federal and State Governments. Other guarantees must however be supported by tangible assets for them to become valid for lending.
8. Negative pledge
Lending on the basis of negative pledges are restricted to only clients with an investment grade or "A" risk rating. A negative pledge is a mere commitment given by the borrower to the bank not to charge its assets in favour of a third party for as long as the loan remains outstanding.

   An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Repossessed collateral

As at reporting date – 31 December 2014, the Group took possession of property amounting to N389 million (2013: N354 million) held as collateral against certain loans. Management evaluates such property from time to time to determine the most appropriate use to which they can be put.

The Group obtained assets by taking possession of collateral held as security as follows:

	Loans and advances to customers			
	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Property	**48**	312	**3**	42
Equities	**4**	1	**4**	1
Others	**–**	41	**–**	41
	52	354	**7**	84

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Collateral usually is not held against investment securities.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Loans to individuals

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Against individually impaired				
Property	**3,116**	2,086	**487**	2,086
Others	**2,873**	2,169	**1,115**	376
	5,989	4,255	**1,602**	2,462

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Against neither past due nor impaired				
Property	**39,318**	25,977	**38,828**	25,977
Others	**68,273**	131,889	**41,559**	94,358
	107,591	157,866	**80,387**	120,335
	113,580	162,121	**81,989**	122,797

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Repossessed collateral continued

Loans to corporate entities and others

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Against individually impaired				
Property	**4,502**	–	**1,391**	–
Others	**732**	42,485	**172**	518
	5,234	42,485	**1,563**	518

	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Against neither past due nor impaired				
Property	**343,134**	272,111	**271,320**	271,297
Equities	**–**	31,769	**–**	31,768
Others	**583,801**	433,283	**517,273**	320,501
	926,935	737,163	**788,593**	623,566
	932,169	779,648	**790,156**	624,084

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

Credit concentration

The Group monitors concentrations of credit risk by sector, geographic location and industry. Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
In millions of Nigerian Niara	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec2013
Carrying amount (net)	**1,071,859**	937,620	**884,587**	796,942	**48,093**	26,251	**48,991**	26,251
Concentration by market segment (net)								
Corporate	**956,090**	797,702	**799,261**	693,850	**48,093**	26,251	**48,991**	26,251
Individual	**115,769**	139,918	**85,326**	103,092	**–**	–	**–**	–
	1,071,859	937,620	**884,587**	796,942	**48,093**	26,251	**48,991**	26,251
Concentration by location (net)								
Nigeria	**884,587**	825,433	**884,587**	796,942	**–**	–	**–**	–
Rest of Africa	**187,272**	112,187	**–**	–	**–**	–	**–**	–
Rest of the World	**–**	–	**–**	–	**48,093**	26,251	**48,991**	26,251
	1,071,859	937,620	**884,587**	796,942	**48,093**	26,251	**48,991**	26,251
Concentration by nature (net) – Loans to individuals								
Term loans	**66,420**	129,274	**38,460**	97,923				
Overdrafts	**49,349**	10,644	**46,866**	5,169				
	115,769	139,918	**85,326**	103,092				
Collateral value – Loans to individuals								
Term loans	**83,698**	108,291	**52,580**	108,291				
Overdrafts	**36,553**	19,528	**33,943**	14,505				
Others	**–**	34,301	**–**	–				
	120,251	162,120	**86,523**	122,796				
Concentration by nature (net) – Loans to corporate entities and others								
Term loans	**772,299**	654,350	**658,498**	579,724	**48,093**	26,251	**48,991**	26,251
Overdrafts	**178,161**	143,003	**135,133**	112,454	**–**	–	**–**	–
Others	**5,630**	350	**5,630**	1,672	**–**	–	**–**	–
	956,090	797,703	**799,261**	693,850	**48,093**	26,251	**48,991**	26,251
Collateral value – Loans to corporate entities and others								
Term loans	**839,669**	601,646	**719,044**	508,308				
Overdrafts	**140,037**	172,784	**121,255**	110,559				
Others	**5,826**	5,217	**5,826**	5,217				
	985,532	779,647	**846,125**	624,084				

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

Credit concentration – continued

In millions of Nigerian Niara	Investment securities Group Dec 2014	Investment securities Group Dec 2013	Investment securities Bank Dec 2014	Investment securities Bank Dec 2013	Financial assets held for trading Group Dec 2014	Financial assets held for trading Group Dec 2013	Financial assets held for trading Bank Dec 2014	Financial assets held for trading Bank Dec 2013
Carrying amount (net)	**612,213**	766,215	**398,423**	541,422	**1,099**	784	**1,099**	777
Concentration by location (net)								
Nigeria	**384,224**	529,523	**384,224**	529,523	**1,099**	777	**1,099**	777
Rest of Africa	**222,408**	231,988	**8,618**	7,195	**–**	7	**–**	–
Rest of the world	**5,581**	4,704	**5,581**	4,704	**–**	–	**–**	–
	612,213	766,215	**398,423**	541,422	**1,099**	784	**1,099**	777
Concentration by nature (net)								
Available-for-sale investment securities								
Treasury bills	**198,666**	208,843	**192,479**	200,444				
Bonds	**24,776**	–	**24,776**	–				
Held-to-maturity investment securities								
Treasury bills	**145,465**	179,815	**–**	44,275				
Bonds	**243,306**	377,512	**181,168**	296,658				
Other eligible bills	**–**	45	**–**	45				
	612,213	766,215	**398,423**	541,422				
Available-for-sale investment securities								
Concentration by location (net)								
Nigeria	**217,255**	200,444	**217,255**	200,444				
Rest of Africa	**6,187**	8,399	**–**	–				
Rest of the world	**–**	–	**–**	–				
	223,442	208,843	**217,255**	200,444				
Held-to-maturity investment securities								
Concentration by location (net)								
Nigeria	**166,969**	329,130	**166,969**	329,130				
Rest of Africa	**216,221**	223,588	**8,618**	7,194				
Rest of the world	**5,581**	4,654	**5,581**	4,654				
	388,771	557,372	**181,168**	340,978				

	Financial assets held for trading			
Financial assets held for trading				
Concentration by nature (net)				
Treasury bills	**1,099**	49	**1,099**	42
Government Bonds	**–**	735	**–**	735
	1,099	784	**1,099**	777
Concentration by location (net)				
Nigeria	**1,099**	777	**1,099**	777
Rest of Africa	**–**	7	**–**	–
Rest of the world	**–**	–	**–**	–
	1,099	784	**1,099**	777

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

Credit concentration – continued

	Cash and bank balances				Account receivable			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Carrying amount (net)	**766,270**	693,716	**719,683**	605,304	**21,389**	17,759	**15,781**	12,711
Concentration by location (net)								
Nigeria	**680,238**	579,596	**680,238**	579,393	**15,781**	13,290	**15,781**	12,711
Rest of Africa	**38,759**	81,817	**–**	–	**5,608**	4,469	**–**	–
Rest of the world	**47,273**	32,303	**39,445**	25,911	**–**	–	**–**	–
	766,270	693,716	**719,683**	605,304	**21,389**	17,759	**15,781**	12,711

	Off balance sheet			
	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Concentration by location (net)				
Nigeria	**557,594**	335,457	**520,517**	335,457
Rest of Africa	**29,075**	140,853	**–**	–
Rest of the world	**–**	7,672	**–**	5,138
	586,669	483,982	**520,517**	340,595

Credit concentration – Industry

The following table analyses the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets held for trading analysed below excludes investments in equty instruments.

Group	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Admin and support service	**1,774**	23,062	**1,642**	22,412	**–**	–	**–**	–
Agriculture, forestry and fishing	**60,669**	51,812	**49,416**	39,935	**–**	–	**–**	–
Construction	**64,795**	67,753	**64,000**	65,808	**–**	–	**–**	–
Education	**17,823**	3,943	**17,289**	3,621	**–**	–	**–**	–
Finance and insurance	**54,343**	30,362	**51,148**	22,746	**48,093**	26,251	**48,991**	26,251
General	**141,300**	108,998	**98,742**	71,480	**–**	–	**–**	–
General commerce	**96,592**	86,575	**49,580**	79,755	**–**	–	**–**	–
Governments	**87,704**	78,955	**58,685**	72,817	**–**	–	**–**	–
Human health and social work activities	**943**	822	**381**	483	**–**	–	**–**	–
Information and communication	**79,035**	93,315	**72,269**	79,128	**–**	–	**–**	–
Manufacturing	**152,550**	113,090	**145,528**	106,235	**–**	–	**–**	–
Oil and Gas	**204,045**	192,784	**170,903**	154,549	**–**	–	**–**	–
Power and energy	**83,834**	67,695	**83,601**	60,970	**–**	–	**–**	–
Professional, scientific and technical activities	**1,376**	1,608	**1,376**	1,390	**–**	–	**–**	–
Real Estate activities	**15,895**	12,510	**15,818**	12,426	**–**	–	**–**	–
Storage	**9,181**	4,335	**4,209**	3,187	**–**	–	**–**	–
	1,071,859	937,619	**884,587**	796,942	**48,093**	26,251	**48,991**	26,251

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Credit concentration – industry continued

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Finance And Insurance	**37,404**	46,813	**34,453**	30,374	**–**	–	**–**	–
Governments	**564,807**	706,884	**359,358**	499,497	**1,099**	784	**1,099**	777
Information And Communication	**–**	–	**–**	–	**–**	–	**–**	–
Manufacturing	**10,002**	12,518	**4,612**	8,122	**–**	–	**–**	–
	612,213	766,215	**398,423**	537,993	**1,099**	784	**1,099**	777

Group	Other assets				Cash and bank balances			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Finance And Insurance	**21,389**	17,759	**15,781**	12,711	**766,270**	693,716	**719,683**	605,304
	21,389	17,759	**15,781**	12,711	**766,270**	693,716	**719,683**	605,304

(ii) Credit quality

	Group		Bank		Group		Bank	
Loans to corporate entities	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Neither past due nor impaired	**1,001,825**	904,278	**841,907**	769,372	**48,199**	26,308	**49,122**	26,308
Past due but not impaired	**75,836**	40,972	**47,995**	31,045	**–**	–	**–**	–
Individually impaired	**17,711**	11,697	**5,207**	4,841	**–**	–	**–**	–
Gross	**1,095,372**	956,947	**895,109**	805,258	**48,199**	26,308	**49,122**	26,308
Less: allowance for impairment	**(23,513)**	(19,327)	**(10,522)**	(8,317)	**(106)**	(57)	**(131)**	(57)
Net	**1,071,859**	937,620	**884,587**	796,941	**48,093**	26,251	**48,991**	26,251
Allowance for impairment is broken down as follows:								
Specific allowance	**(5,723)**	(4,634)	**(4,099)**	(2,067)	**–**	–	**–**	–
Portfolio allowance	**(17,790)**	(14,693)	**(6,423)**	(6,250)	**(106)**	(57)	**(131)**	(57)
Total	**(23,513)**	(19,327)	**(10,522)**	(8,317)	**(106)**	(57)	**(131)**	(57)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Loans and advances to customers – neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

– Loans and advances to individuals

	Loans and advances to customers Group		Loans and advances to customers Bank		Loans and advances to banks Group		Loans and advances to banks Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Grades:								
Extremely Low Risk	**–**	37	**–**	37	**–**	–	**–**	–
Very Low Risk	**3**	32	**3**	25	**–**	–	**–**	–
Low Risk	**7,123**	938	**7,123**	938	**48,199**	26,308	**49,122**	26,308
Acceptable Risk	**94,087**	121,412	**61,993**	81,235	**–**	–	**–**	–
Moderately High Risk	**9,658**	14,106	**9,658**	14,106	**–**	–	**–**	–
Total	**110,871**	136,525	**78,777**	96,341	**48,199**	26,308	**49,122**	26,308
Portfolio allowance	**(4,432)**	(2,377)	**(422)**	(757)	**(106)**	(57)	**(131)**	(57)
	106,439	134,148	**78,355**	95,584	**48,093**	26,251	**48,991**	26,251

– Loans to corporate entities and others

	Loans and advances to customers Group		Loans and advances to customers Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Grades				
Extremely low risk	**4,595**	6,026	**4,595**	6,026
Very low risk	**53,621**	76,486	**53,297**	62,805
Low risk	**122,937**	107,813	**121,971**	103,505
Acceptable risk	**665,630**	528,444	**539,103**	451,711
Moderately high risk	**44,171**	48,984	**44,171**	48,984
Total	**890,954**	767,753	**763,137**	673,031
Portfolio allowance	**(12,785)**	(11,989)	**(5,717)**	(5,282)
	878,169	755,764	**757,420**	667,749

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Loans and advances to customer – past due but not impaired

– Loans and advances to individuals

	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Past due up to 30 days	**1,258**	1,598	**39**	89
Past due by 30 – 60 days	**6,927**	1,807	**6,922**	1,756
Past due by 60 – 90 days	**574**	42	**–**	–
	8,759	3,447	**6,961**	1,845
Portfolio allowance	**(270)**	(58)	**(38)**	(6)
	8,489	3,389	**6,923**	1,839

– Loans and advances to corporate entities and others

	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Past due up to 30 days	**14,307**	12,482	**4,939**	4,846
Past due by 30 – 60 days	**39,834**	24,882	**36,095**	24,354
Past due by 60 – 90 days	**12,936**	161	**–**	–
	67,077	37,525	**41,034**	29,200
Portfolio allowance	**(303)**	(270)	**(246)**	(206)
Loans and advances (net)	**66,774**	37,255	**40,788**	28,994
Loans and advances individually impaired				
– Loans and advances to individuals				
Gross amount	**3,519**	4,092	**2,580**	2,811
Specific impairment	**(2,678)**	(2,988)	**(2,534)**	(1,307)
Net amount	**841**	1,104	**46**	1,504
– Loans to corporate entities and others				
Gross amount	**14,192**	7,605	**2,627**	2,030
Specific impairment	**(3,045)**	(1,646)	**(1,565)**	(759)
Net amount	**11,147**	5,959	**1,062**	1,271

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Carrying amount	**612,213**	766,215	**398,423**	541,422	**1,099**	784	**1,099**	777
Held to maturity								
Neither past due nor impaired								
Low risk	**388,771**	557,372	**181,168**	340,978	**–**	–	**–**	–
Carrying amount – amortised cost	**388,771**	557,372	**181,168**	340,978	**–**	–	**–**	–
Available for sale								
Neither past due nor impaired								
Low risk	**223,442**	208,843	**217,255**	200,444	**1,099**	784	**1,099**	777
Carrying amount – fair value	**223,442**	208,843	**217,255**	200,444	**1,099**	784	**1,099**	777
Total carrying amount	**612,213**	766,215	**398,423**	541,422	**1,099**	784	**1,099**	777

	Account receivables				Cash and bank balances			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Carrying amount	**21,389**	17,759	**15,781**	12,711	**766,270**	693,716	**719,683**	605,304
Low risk	**21,389**	17,759	**15,781**	12,711	**766,270**	693,716	**719,683**	605,304
Carrying amount	**21,389**	17,759	**15,781**	12,711	**766,270**	693,716	**719,683**	605,304

Loans with renegotiated terms

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. The Group renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. As at 31 December 2014, the carrying amount of loans with renegotiated terms was N1.268 billion (December 2013 : N1.143 billion). There are no other financial assets with renegotiated terms as at 31 December 2014.

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. 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 Standards when IFRS is adopted.

- Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve.
- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.
- The non-distributable reserve should be classified under Tier 1 as part of the core capital.

During the year ended 31 December 2014, the difference between the Prudential provision and IFRS impairment was N5,643,million requiring additional transfer of N1,230 million (2013: N3,300 million) to the Credit risk reserve as disclosed in the statement of changes in equity. This amount represents the difference between the provisions for credit and other known losses as determined under the prudential guideline issued by the Central Bank of Nigeria (CBN), and the impairment reserve as determined in line with IAS 39 as at year end.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Exposure to credit risk

	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
Total impairment based on IFRS	**23,619**	8,374	**10,653**	8,374
Total impairment based on the Central Bank of Nigeria's Prudential guidelines	**28,899**	12,787	**15,859**	12,787
	(5,280)	(4,413)	**(5,206)**	(4,413)

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). These are loans and securities specifically impaired and graded 6 in the Group's internal credit risk grading system.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

Work out and recovery

The Remedial Management & Credit Recovery Division (RMCRD) is the collections arm of Credit Risk Management that evaluates, monitors and supervises the restructuring, repayments and collections of all past due obligations that have been prudential classified and show early warning signs of default. The division has a three level governance structure:

Level 1 is an oversight and supervisory function performed by the Divisional Head through the Regional Heads;

Level 2 is a supervisory and management function performed by the Regional Reads through the Zonal Heads; and

Level 3 is an operational function performed by the Zonal Head in conjunction with the Recovery/Remedial officers from the regional bank offices.

RMCRD maintains effective governance and control over its entire process and adopts a standard methodology consisting of five steps:

Steps	Activities
1. Identification	Identification of past due obligations due for recovery, collections and remedial action
	Identification of strategies to be adopted
	Identification of the least cost alternative of achieving timely collections within resource constraints
2. Assessment and implementation	Accurate review and professional assessment of credit records
	Implementation of identified strategies
	Update the database
3. Management and monitoring	Proffer professional work-out situations to aid prompt settlement
	Review identified strategies for adequacy in managing past due obligations
	Proffer solutions that will aid the credit decision-making process
4. Controlling	Establish key control processes, practices and reporting requirements on a case-by-case basis
	Ensure work-out situations align with UBA's strategic framework
	Proffer solutions that will aid the credit decision-making process
5. Reporting	Communicate learning points from case profiles on past due obligations in order to improve the quality of lending practices
	Report cases of imminent crystallisation of default
	Present remedial actions to reduce and/or mitigate default

(c) Liquidity risk

This is the risk of loss in earnings and capital that arise from the Group's inability to fund increases in assets or to meet its payment obligations to its customers as they fall due or to replace funds when they are withdrawn or can only access these financial resources at excessive cost.

The Group was able to meet all its financial commitments and obligations without any liquidity risk issues in the course of the,year.

Liquidity risk management focuses on a number of key areas including:

- the continuous management of net anticipated cumulative cash flows;
- the active participation in local money and capital markets required to support day-to-day funding needed to refinance maturities, meet customer withdrawals and growth in advances;
- the maintenance of a portfolio of highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- regular monitoring of non-earning assets;
- the monitoring and managing of liquidity costs; and
- the ongoing assessment and evaluation of various funding sources designated to grow and diversify the Group's funding base in order to achieve an optimal funding profile and sound liquidity risk management.

Liquidity risk management process

The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition, we have contingency funding plans including a portfolio of liquid assets that can be realised if liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of liquidity stress.

Exposure to liquidity risk

There are two measures used across the Group for managing liquidity risk, namely: funding gap analysis of assets and liabilities and liquidity ratio mechanism which is a statutory requirement from most central banks in order to protect third-party deposits.

The table 1 below shows the ratio of net liquid assets to current liabilities at the reporting date and during the period under review.t

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 are considered as including cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within one month.

Details for the Group ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	2014	2013
At 31 December	**48.9%**	67.0%
Average for the period	**41.7%**	57.7%
Maximum for the period	**53.9%**	69.2%
Minimum for the period	**30.5%**	50.8%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, government securities and other securities which are readily acceptable in repurchase agreements in the market and can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit and holds unencumbered assets eligible to be used as collateral.

Our funding mix targets are structured in such a way as to ensure that there is adequate diversification of funding sources at all times by currency, geography, provider, product, term, etc.

The tables below show the undiscounted cash flow on the Group's financial liabilities and on the basis of the earliest possible contractual maturity. The gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial liabilities or commitments.

31 December 2014 *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 1 month**	**1 – 3 months**	**3 – 6 months**	**6 – 12 months**	**More than 1 year**
Group							
Non-derivative financial liabilities							
Deposits from banks	59,228	67,002	67,002	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	165,813	168,121	63,534	96,089	8,498	–	–
Current deposits	153,747	153,747	153,747	–	–	–	–
Savings deposits	357,169	360,145	360,145	–	–	–	–
Domiciliary deposits	38,542	38,542	38,542	–	–	–	–
Corporate Customers:		–					
Term deposits	391,044	399,582	193,208	95,415	52,107	28,742	30,110
Current deposits	680,369	680,369	680,369	–	–	–	–
Domiciliary deposits	382,979	382,979	382,979	–	–	–	–
Other liabilities	59,224	59,224	59,224	–	–	–	–
Borrowings	113,797	117,702	–	–	–	6,755	110,947
Subordinated liabilities	85,315	145,120	–	–	6,009	6,009	133,102
	2,487,227	2,572,533	1,998,750	191,504	66,614	41,506	274,159
Derivative liabilities							
Cross currency swap	943	943	943	–	–	–	–
Performance bonds and guarantees	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Letters of credit	393,805	293,806	91,862	120,421	72,330	3,619	574
Loan commitments	67,667	67,667	–	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	812,359	830,790	146,667	491,864	86,106	106,153	–
Financial assets held for trading							
Treasury bills	1,099	1,099	1,099	–	–	–	–
Loans and advances to banks	48,093	48,349	25,071	14,983	485	7,810	–

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2014 *In millions of Nigerian Naira*	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year
Group							
Loans and advances to customers							
Individual							
Term loans	66,420	74,527	11,077	9,574	9,274	11,790	32,812
Overdrafts	49,349	49,349	49,349	–	–	–	–
Corporates							
Term loans	788,778	871,712	122,628	172,684	88,448	134,435	353,517
Overdrafts	182,648	182,648	182,648	–	–	–	–
Others	5,630	5,699	867	2,967	645	1,220	–
Investment securities							
Available for sale							
Treasury bills	198,666	207,025	30,850	53,302	65,356	57,517	–
Bonds	24,776	39,634	–	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	145,465	231,979	34,568	59,727	73,234	64,450	–
Bonds	243,306	388,011	266	54,606	36,684	10,145	286,310
Account receivable	21,389	21,389	21,389	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,594,512	2,958,745	633,013	870,597	362,272	395,845	697,018
Gap	(547,994)	(169,069)	(1,474,805)	534,326	168,346	272,590	330,474

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2014 *In millions of Nigerian Naira*	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year
Bank							
Non-derivative liabilities							
Deposits from banks	1,526	1,526	1,526	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	147,707	150,649	56,596	86,298	7,755	–	–
Current deposits	88,919	88,919	88,919	–	–	–	–
Savings deposits	308,824	309,596	309,596	–	–	–	–
Domiciliary deposits	35,735	35,735	35,735	–	–	–	–
Corporate Customers:							
Term deposits	353,108	361,642	174,465	86,865	48,199	27,189	24,924
Current deposits	514,928	514,928	514,928	–	–	–	–
Domiciliary deposits	363,056	363,056	363,056	–	–	–	–
Other liabilities	39,421	39,421	39,421	–	–	–	–
Borrowings	113,797	117,702	–	–	–	6,755	110,947
Subordinated liabilities	85,315	145,120	–	–	6,009	6,009	133,102
	2,052,336	2,128,294	1,584,242	173,163	61,963	39,953	268,973
Derivative liabilities							
Cross currency swap	943	943	943	–	–	–	–
Performance bonds and guarantees	159,765	159,765	11,544	19,617	50,122	51,814	26,668
Letters of credit	360,752	360,752	188,458	95,421	68,305	8,564	4
Loan commitments	67,667	67,667	–	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	749,716	766,726	135,357	453,936	79,466	97,967	–
Financial assets held for trading							
Treasury bills	1,099	1,099	1,099	–	–	–	–
Loans and advances to banks	48,991	49,255	25,539	15,263	497	7,956	–
Loans and advances to customers							
Individual :							
Term loans	38,460	44,111	6,414	5,544	5,650	7,503	19,000
Overdrafts	46,866	46,866	46,866	–	–	–	–
Corporates :							
Term loans	658,498	727,734	102,374	144,162	73,839	112,231	295,128
Overdrafts	135,133	135,133	135,133	–	–	–	–
Others	5,630	5,656	867	2,955	639	1,195	–
Investment securities							
Available for sale							
Treasury bills	192,479	200,578	29,889	51,642	63,321	55,726	–
Bonds	24,776	39,634	–	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	–	–	–	–	–	–	–
Promissory note	–	–	–	–	–	–	–
Bonds	181,168	288,916	198	40,660	27,315	7,554	213,189
Account receivable	15,781	15,781	15,781	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,105,131	2,328,023	506,051	725,052	252,767	292,457	551,696
Gap	(536,332)	(389,398)	(1,279,136)	435,628	59,824	190,265	204,021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2013 *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 1 month**	**1 – 3 months**	**3 – 6 months**	**6 – 12 months**	**More than 1 year**
Group							
Non-derivative liabilities							
Deposits from banks	60,582	68,534	68,534	–	–	–	–
Deposit from customers							
Retail Customers:							
Term deposits	141,618	150,126	29,386	8,506	33,626	32,624	45,983
Current deposits	113,186	113,186	11,317	33,967	22,634	22,634	22,634
Savings deposits	310,437	316,372	46,597	46,830	32,023	79,212	111,710
Domiciliary deposits	41,757	41,757	6,264	6,264	4,176	10,439	14,615
Corporate Customers:							
Term deposits	322,322	321,945	112,454	18,756	54,626	30,820	105,288
Current deposits	522,462	521,400	52,140	126,420	134,280	104,280	104,280
Domiciliary deposits	709,400	706,349	105,955	105,955	70,620	176,591	247,228
Other liabilities	78,071	78,071	78,071	–	–	–	–
Borrowings	48,866	51,196	1,757	241	605	1,159	47,434
Subordinated liabilities	55,653	62,500	–	3,750	–	3,750	55,000
	2,404,354	2,431,436	512,475	350,689	352,590	461,509	754,172
Derivative liabilities							
Cross currency swap	31	31	31	–	–	–	–
Performance bonds and guarantees	281,176	281,176	32,094	34,148	53,009	90,773	71,151
Letters of credit	202,806	202,806	72,844	98,968	28,459	2,188	384,172
Loan commitments	39,746	39,746	14,276	19,396	5,577	429	68
Assets used to manage liquidity							
Cash and bank balances	716,803	112,851	6,534	71,756	34,561	–	–
Financial assets held for trading	784	784	659	10	–	–	115
Loans and advances to banks	26,251	26,610	21,628	4,982	–	–	–
Loans and advances to customers							
Individual:	139,918	148,087	59,804	19,113	5,438	4,730	59,002
Corporates	797,702	849,082	135,552	159,806	191,679	244,801	117,244
Investment securities							
Available for sale							
Treasury bills	208,843	208,843	51,053	85,561	69,843	2,386	
Held to maturity							
Treasury bills	179,815	180,015	95,319	15,507	9,986	–	14,928
Promissory note	45	45	–	45	–	–	–
Bonds	377,512	377,357	21,103	12,128	47,685	179,080	161,636
Account receivable	23,820	17,759	17,759	–	–	–	–
Derivative asset	3,265	3,265	3,265	–	–	–	–
	2,474,758	1,924,698	412,676	368,908	359,192	430,997	352,925
Gap	(413,609)	(990,750)	(204,768)	(114,897)	(74,866)	(123,473)	(856,570)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2013 *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 1 month**	**1 – 3 months**	**3 – 6 months**	**6 – 12 months**	**More than 1 year**
Bank							
Non-derivative liabilities							
Deposits from banks	–	–	–	–	–	–	–
Deposit from customers							
Retail customers							
Term deposits	125,026	131,782	5,188	24,042	60,537	27,275	14,740
Current deposits	70,337	70,336	70,336	–	–	–	–
Savings deposits	268,552	269,223	269,223	–	–	–	–
Domiciliary deposits	38,919	38,919	38,919	–	–	–	
Corporate customers							
Term deposits	186,340	195,708	26,390	33,482	75,327	35,701	24,808
Current deposits	491,860	490,798	490,798	–	–	–	–
Domiciliary deposits	616,342	613,292	613,292	–	–	–	–
Other liabilities	21	21	21	–	–	–	–
Subordinated liabilities	55,653	51,196	1,757	241	605	1,159	47,434
Borrowings	48,866	62,500	–	3,750	–	3,750	55,000
	1,901,916	1,923,775	1,515,924	61,515	136,469	67,885	141,982
Derivative liabilities							
Cross currency swap	31	31	31	–	–	–	–
Performance bonds and guarantees	238,778	238,778	20,135	28,628	52,530	88,235	49,251
Letters of credit	135,032	135,032	46,988	61,805	24,801	1,241	197
Loan commitments	39,746	39,746	13,831	18,192	7,300	365	58
Assets used to manage liquidity							
Cash and bank balances	620,426	380,133	330,987	33,893	15,253	–	–
Financial assets held for trading	777	777	652	10	–	–	115
Loans and advances to banks	26,251	26,610	21,628	4,982	–	–	–
Loans and advances to customers							
Individual	103,092	113,277	9,131	12,391	1,866	112	89,777
Corporates	693,850	740,064	101,207	186,533	118,488	109,747	224,088
Investment securities							
Available for sale							
Treasury bills	200,444	200,442	48,679	83,692	66,851	1,220	–
Held to maturity							
Treasury bills	44,275	44,275	–	–	–	44,275	–
Promissory note	45	45	–	45	–	–	–
Bonds	296,658	296,675	–	5,271	4,479	114,715	172,210
Account receivable	15,067	12,711	12,711	–	–	–	–
Derivative asset	3,265	3,265	3,265	–	–	–	–
	2,004,150	1,818,274	528,260	326,817	206,937	270,069	486,190
Gaps	(271,606)	(479,341)	(1,054,817)	174,869	(6,863)	112,708	294,760

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

Contingent liabilities

Group

In millions of Nigerian Naira	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year
31 December 2014							
Performance bonds and guarantees	**192,864**	**192,865**	**16,263**	**23,123**	**50,122**	**63,576**	**39,781**
Letters of credits	**393,805**	**393,806**	**191,862**	**120,421**	**72,330**	**8,619**	**574**
	586,669	**586,671**	**208,125**	**143,544**	**122,452**	**72,195**	**40,355**
31 December 2013							
Performance bonds and guarantees	281,176	279,123	30,042	34,148	53,009	90,773	71,151
Letters of credits	202,806	238,073	82,844	108,968	43,727	2,188	347
	483,982	517,196	112,886	143,116	96,736	92,961	71,498

Bank

In millions of Nigerian Naira	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year
31 December 2014							
Performance bonds and guarantees	**159,765**	**159,765**	**11,544**	**19,617**	**50,122**	**51,814**	**26,668**
Letters of credits	**360,752**	**360,752**	**188,458**	**95,421**	**68,305**	**8,564**	**4**
	520,517	**520,517**	**200,002**	**115,038**	**118,427**	**60,378**	**26,672**
31 December 2013							
Performance bonds and guarantees	240,830	238,779	20,135	28,628	52,530	88,235	49,251
Letters of credits	99,765	135,032	46,988	61,805	24,801	1,241	197
	340,595	373,811	67,123	90,433	77,331	89,476	49,448

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In the normal course of business, the Group has not entered into any master netting agreements or other similar arrangements that meet the criteria for offsetting in the statement of financial position.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks

Market risk limits

UBA takes proprietaty trading positions in foreign exchange, money market and bonds, primarily in the Nigerian financial market. Market risk limits are based on recommendations by GALCO and approved by the Board, as may be required. Transaction size and portfolio volume limits are in place for each trading portfolio. UBA Group sets various limits for total market risk and specific foreign exchange, interest rate, equity and other price risks. All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on a daily basis by Group Market Risk and Internal Control. Limit excesses are escalated and approved under a delegated authority structure and reported to the GALCO. Excesses are also reported monthly to the Group Risk Management Committee (GRMC) and quarterly to the Board Risk Management Committee (BRMC).

Market risk measurement

The Group uses limits, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books. The Group augments other risk measures with regular stress-testing to evaluate the potential impact of possible extreme movements in financial variables. Consistent stress-testing methodology is applied to trading and non-trading books. The stress-testing scenarios include market and credit scenarios, portfolio-specific scenarios and macro-economic scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the Bank's liquidity.

(i) Exposure to interest rate risk – non-trading portfolio

This is the risk that changes in interest rates could have a negative impact on the Bank's margins, earnings and capital. The objective of the Bank's interest rate risk management is to ensure that earnings are stable and predictable over time. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. There will always be a mis-match between maturing assets and maturing liabilities, and changes in interest rates mean that the net interest margin (NIM) is affected on a daily basis by maturing and re-pricing activities. This change is measured through calculation of earnings at risk (EaR) on a portfolio over the life of its assets and liabilities. EaR is usually calculated at various levels of change to simulate the likely change in the course of normal business or the expected risk where there is an unusual market event.

GALCO has oversight for compliance with these limits and execution of gapping strategy is carried out by Group Treasury in its day-to-day activities, depending on their outlook for which direction rates will move.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

Notes to the financial statements
continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(i) Interest rate risk

See table below for a summary of the group's interest rate gap position as at 31 December 2014 and 31 December 2013.

	Re-pricing period						
In millions of Nigerian Naira	Carrying amount	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Non-interest bearing
Group							
31 December 2014							
Cash and bank balances	812,359	66,365	220,740	37,416	46,127	–	441,711
Financial assets held for trading	1,099	1,099	–	–	–	–	–
Loans and advances to banks	48,093	25,008	14,909	481	7,695	–	–
Loans and advances to customers							
Individual:							
Term loans	66,420	10,877	9,236	8,791	10,621	26,895	–
Overdrafts	49,349	8,082	6,862	6,532	7,891	19,982	–
Corporates:							
Term loans	772,299	118,098	163,622	82,476	119,660	288,443	–
Overdrafts	178,161	27,244	37,746	19,026	27,604	66,541	–
Others	5,630	861	1,193	601	872	2,103	–
Investment securities:							
Treasury bills	344,131	51,280	88,602	108,640	95,609	–	–
Bonds	268,082	–	73,659	13,798	15,726	164,899	–
Equity	45,310	–	–	–	–	–	45,310
Derivative assets	6,534	6,534	–	–	–	–	–
Account receivable	21,389	–	–	–	–	–	21,389
	2,618,856	315,449	616,569	277,761	331,805	568,863	508,410
Derivative liability	943	943	–	–	–	–	–
Deposits from banks	59,228	59,228	–	–	–	–	–
Deposits from customers	2,169,663	943,803	878,714	195,270	75,938	75,938	–
Other liabilities	59,224	–	–	–	–	–	59,224
Subordinated liabilities	85,315	–	–	–	–	85,315	–
Borrowings	113,797	–	–	–	–	113,797	–
	2,488,170	1,003,974	878,714	195,270	75,938	275,050	59,224
Gaps	130,686	(688,525)	(262,145)	82,491	255,867	293,813	449,186

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

In millions of Nigerian Naira	Carrying amount	Re-pricing period Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Non-interest bearing
31 December 2013							
(b) Cash and bank balances	693,716	476,574	71,756	34,561	–	–	110,825
Financial assets held for trading							
Treasury bills	49	49	–	–	–	–	–
Bonds	735	610	10	–	–	115	–
Loans and advances to banks:	26,251	13,725	4,837	7,689	–	–	–
Loans and advances to customers							
Individual	139,917	59,212	18,556	5,130	4,339	52,680	–
Corporates	797,702	434,210	5,151	29,071	24,588	304,682	–
Investment securities							
Treasury bills	379,509	197,493	49,601	52,108	80,307	–	–
Bonds	386,661	–	60,295	29,864	89,591	206,911	–
Promissory notes	45	–	–	–	–	45	–
Equity	44,991	–	–	–	–	–	44,991
Derivative assets	3,265	3,265	–	–	–	–	–
Account receivable	17,759	–	–	–	–	–	17,759
	2,490,600	1,185,138	210,206	158,423	198,825	564,433	173,575
Derivative liability	31	31	–	–	–	–	–
Deposits from banks	60,582	68,469	–	–	–	–	(7,887)
Deposits from customers	2,161,182	1,155,271	740,119	52,025	12,375	197,278	4,113
Other liabilities	78,071	–	–	–	–	–	78,071
Subordinated liabilities	55,653	–	–		–	55,653	–
Borrowings	48,866	1,366	–	2,447	–	45,053	–
	2,404,385	1,225,137	740,119	54,472	12,375	297,984	74,297
Gaps	86,216	40,000	(529,913)	103,951	186,450	266,449	99,278

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

	Re-pricing period						
	Carrying amount	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Non-interest bearing
Bank							
31 December 2014							
Cash and bank balances	749,716	65,451	217,700	36,901	45,492	–	384,172
Financial assets held for trading	–						
Treasury bills	1,099	1,099	–	–	–	–	–
Loans and advances to banks	48,991	25,475	15,187	490	7,839	–	–
Loans and advances to customers:							
Individual							
Term loans	38,460	6,298	5,348	5,090	6,150	15,574	–
Overdrafts	46,866	7,675	6,517	6,203	7,494	18,977	–
Corporates							
Term loans	658,498	100,696	139,512	70,323	102,028	245,939	–
Overdrafts	135,133	20,664	28,630	14,431	20,938	50,470	–
Others	5,630	861	1,193	601	872	2,103	–
Investment securities:							
Treasury bills	192,479	28,682	49,557	60,764	53,476	–	–
Bonds	205,944	–	56,586	10,600	12,081	126,677	–
Equity	44,486	–	–	–	–	–	44,486
Derivative assets	6,534	6,534	–	–	–	–	–
Account receivable	15,781	–	–	–	–	–	15,781
	2,149,617	263,435	520,230	205,403	256,370	459,740	444,439
Derivative liability	943	943	–	–	–	–	–
Deposits from banks	1,526	1,526	–	–	–	–	–
Deposits from customers	1,812,277	788,340	733,972	163,105	63,430	63,430	–
Other liabilities	39,421	(1,788)	–	–	–	–	41,209
Subordinated liabilities	85,315	–	–	–	–	85,315	–
Borrowings	113,797	–	–	–	–	113,797	–
	2,053,279	789,021	733,972	163,105	63,430	262,542	41,209
Gaps	96,338	(525,586)	213,742	42,298	192,940	197,198	403,230

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

	Re-pricing period						
	Carrying amount	Less than 1 month	1 – 3 Months	3 – 6 Months	6 – 12 Months	More than 1 year	Non-interest bearing
31 December 2013							
Cash and bank balances	605,304	490,319	33,893	15,253			65,839
Financial assets held for trading	777	652	10	–	–	115	–
Loans and advances to banks	26,251	13,725	4,837	7,689			–
Loans and advances to customers:							
Individual	103,092	11,416	7,095	6,654	40,916	37,011	–
Corporates	693,850	320,366	45,447	37,637	40,916	249,484	–
Investment securities							
Treasury bills	200,444	79,045	41,675	14,512	65,212	–	–
Bonds	340,933		21,788	13,983	59,316	245,846	–
Promissory notes	45	–	–	–	–	45	–
Equity	44,023	–	–	–	–	–	44,023
Derivative assets	3,265	3,265	–	–	–	–	–
Account receivable	12,711	–	–	–	–	–	12,711
	2,030,695	918,788	154,745	95,728	206,360	532,501	122,573
Derivative liability	31	31	–	–	–	–	–
Deposits from banks	–	7,886		–	–	–	(7,886)
Deposits from customers	1,793,263	939,185	576,875	52,025	12,375	212,803	–
Other liabilities	54,351	–	–	–	–	–	54,351
Subordinated liabilities	55,653	–	–		–	55,653	–
Borrowings	48,866	1,432	–	2,447	–	44,987	–
	1,952,164	948,534	576,875	54,472	12,375	313,443	46,465
Gaps	78,531	(29,746)	(422,130)	41,256	193,985	219,058	76,108

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to other financial institutions (banks and discount houses) to manage the overall position arising from the Group's non-trading activities.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(ii) Equity risk

The Group did not undertake in equity trading activity in 2014. Our legacy equity portfolio and the embedded price risk is still subject to regular monitoring by Group Market Risk.

For the purpose of sensitivity analysis we have made a conservative assumption that the stocks could appreciate a further 5% or lose 10% in value. The Group has investments in African Finance Corporation (AFC) which is a non-quoted investment with a fair value of N39.93 billion as at 31 December 2014 (2013: N39.93 billion). Full details are disclosed in note 5 (ii).

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Level 1 equity sensitivities				
Impact on profit or loss:				
Favourable change at 5% increase in indicative value	**–**	–	**–**	–
Unfavourable change at 10% reduction in indicative value	**–**	–	**–**	–
Impact on other comprehensive income:				
Favourable change at 5% increase in indicative value	**1**	1	**1**	1
Unfavourable change at 10% reduction in indicative value	**(1)**	(1)	**(1)**	(1)
Level 1 equity positions				
Financial assets held for trading	**–**	–	**–**	–
Available-for-sale investment securities	**10**	9	**10**	9
Total	**10**	9	**10**	9
Level 2 equity sensitivities				
Impact on other comprehensive income:				
Favourable change at 5% increase in indicative value	**113**	100	**113**	100
Unfavourable change at 10% reduction in indicative value	**(225)**	(201)	**(225)**	(201)
Level 2 equity positions				
Financial assets held for trading	**–**	–	**–**	–
Available-for-sale investment securities	**2,250**	2,008	**2,250**	2,008
Total	**2,250**	2,008	**2,250**	2,008
Level 3 equity sensitivities				
Impact on other comprehensive income:				
Favourable change at 5% increase in indicative value	**2,098**	2,087	**2,098**	2,087
Unfavourable change at 10% reduction in indicative value	**(4,195)**	(4,173)	**(4,195)**	(4,173)
Level 3 equity positions				
Financial assets held for trading	**–**	–	**–**	–
Available-for-sale investment securities	**41,952**	41,731	**41,952**	41,731
Total	**41,952**	41,731	**41,952**	41,731

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(iii) Fixed income instruments re-pricing gap

Interest rate sensitivity analysis of fixed rate financial instruments

The table below shows the impact of interest rate changes (increase/decrease) on our various fixed income portfolios and the effect on profit and loss and OCI. However, for the purpose of sensitivity analysis we have made a conservative assumption of 2% and 4% changes with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

Statement of financial position interest rate sensitivity (fair value and cashflow interest rate risk)

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Decrease	**(14,556)**	7,506	**(10,092)**	8,196
Asset	**(42,209)**	(24,282)	**(34,104)**	(16,630)
Liability	**(27,653)**	(31,788)	**(24,012)**	(24,826)
Increase	**14,556**	(7,506)	**10,092**	(8,196)
Asset	**42,209**	24,282	**34,104**	16,630
Liability	**27,653**	31,788	**24,012**	24,826
The aggregate figures presented above are further segregated into their various components as shown below:				
Cash and bank balances	**370,648**	582,891	**365,544**	539,465
Impact on income statement				
Favourable change at 2% increase in indicative value	**7,413**	11,658	**7,311**	10,789
Unfavourable change at 2% reduction in indicative value	**(7,413)**	(11,658)	**(7,311)**	(10,789)
Financial assets held for trading				
Treasury bills	**1,099**	49	**1,099**	42
Government bonds	**–**	735	**–**	735
	1,099	784	**1,099**	777
Impact on income statement				
Favourable change at 2% increase in indicative value	**22**	16	**22**	16
Unfavourable change at 2% reduction in indicative value	**(22)**	(16)	**(22)**	(16)
Loans and advances to banks				
Term loans	**48,093**	26,251	**48,991**	26,251
	48,093	26,251	**48,991**	26,251
Impact on income statement				
Favourable change at 2% increase in indicative value	**962**	525	**980**	525
Unfavourable change at 2% reduction in indicative value	**(962)**	(525)	**(980)**	(525)
Loans and advances to customers				
Individual	**115,769**	139,917	**85,326**	103,092
Corporates	**956,090**	797,702	**799,261**	693,850
	1,071,859	937,619	**884,587**	796,942
Impact on income statement				
Favourable change at 2% increase in indicative value	**21,437**	18,752	**17,692**	15,939
Unfavourable change at 2% reduction in indicative value	**(21,437)**	(18,752)	**(17,692)**	(15,939)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(iii) Fixed income instruments re-pricing gap (continued)

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Available-for-sale investment securities				
Treasury and similar bills	**198,666**	208,843	**192,479**	200,444
Government bonds	**24,776**	–	**24,776**	–
Total	**223,442**	208,843	**217,255**	200,444
Impact on other comprehensive income statement				
Favourable change @ 2% increase in indicative value	**4,469**	4,177	**4,345**	4,009
Unfavourable change @ 2% reduction in indicative value	**(4,469)**	(4,177)	**(4,345)**	(4,009)
Held-to-maturity investment securities				
Government bonds	**243,306**	377,557	**181,168**	296,703
Treasury & similar bills	**145,465**	179,815	**–**	44,275
Total	**388,771**	557,372	**181,168**	340,978
Impact on income statement				
Favourable change @ 2% increase in indicative value	**7,775**	11,147	**3,623**	6,820
Unfavourable change @ 2% reduction in indicative value	**(7,775)**	(11,147)	**(3,623)**	(6,820)
Derivative assets	**6,534**	3,265	**6,534**	3,265
Impact on income statement				
Favourable change @ 2% increase in indicative value	**131**	(111)	**131**	(111)
Unfavourable change @ 2% reduction in indicative value	**(131)**	112	**(131)**	112
Derivative liabilities	**943**	31	**943**	31
Impact on income statement				
Favourable change @ 2% increase in indicative value	**(19)**	(1)	**(19)**	(1)
Unfavourable change @ 2% reduction in indicative value	**19**	1	**19**	1
Deposit from banks				
Money market deposits	**58,063**	59,682	**1,526**	–
Due to other banks	**1,165**	900	**–**	–
Total	**59,228**	60,582	**1,526**	–
Impact on income statement				
Favourable change @ 2% increase in indicative value	**(1,185)**	(1,212)	**(31)**	–
Unfavourable change @ 2% reduction in indicative value	**1,185**	1,212	**31**	–
Deposit from customers				
Retail customers				
Term deposits	**165,813**	141,618	**147,707**	125,026
Savings deposits	**357,169**	310,437	**308,824**	268,552
Corporate customers				
Term deposits	**391,044**	322,322	**353,108**	186,340
Domiciliary deposits	**382,979**	709,400	**363,056**	616,342
	1,297,005	1,483,777	**1,172,695**	1,196,260

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(iii) Fixed income instruments re-pricing gap (continued)

In millions of Nigerian Naira	Note	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Impact on income statement:					
Favourable change @ 2% increase in indicative value		**(25,940)**	(29,676)	**(23,454)**	(23,925)
Unfavourable change @ 2% reduction in indicative value		**25,940**	29,676	**23,454**	23,925
Borrowings					
On-lending facilities					
– Central Bank of Nigeria	36.1	**9,958**	31,812	**9,958**	31,812
– Bank of Industry (BoI)	36.2	**15,493**	13,175	**15,493**	13,175
		25,451	44,987	**25,451**	44,987
Impact on income statement:					
Favourable change @ 2% increase in indicative value		**(509)**	(900)	**(509)**	(900)
Unfavourable change @ 2% reduction in indicative value		**509**	900	**509**	900

(iv) Floating rate financial instruments re-pricing gap

Price sensitivity analysis of floating rate financial instruments

The tables below show the impact of interest rate changes (increase/decrease) on our floating-rate financial instrument portfolios and the effect on income statement. For the purpose of sensitivity analysis we have made a conservative assumption of 50 basis point change on the instrument with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

	Note	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Borrowings					
On-lending facilities					
– Standard Chartered Bank	36.3	**37,192**	1,432	**37,192**	1,432
– European Investment Bank (EIB)	36.4	**1,466**	2,447	**1,466**	2,447
– Syndicated facility	36.5	**49,688**	–	**49,688**	–
		88,346	3,879	**88,346**	3,879
Impact on income statement					
Favourable change @ 0.5% increase in indicative value		**(442)**	57	**(442)**	57
Unfavourable change @ 0.5% reduction in indicative value		**442**	(57)	**442**	(57)

(iv) Exchange rate exposure limits

Foreign currency sensitivity analysis on foreign exchange rate

Our foreign exchange risk is primarily controlled by tight policies around trading limits. The Board and Group ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra day positions. These limits must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory limits are monitored daily with zero tolerance to limit breaches. These limits include OPL, dealers' limit, overnight/intraday limits, maturity gap limits, management action trigger, product limits, counterparty limits and cross border limits.

The tables below shows the sensitivity of the Group's profit before tax to appreciation or depreciation of the naira in relation to other currencies. The information disclosed on the net foreign currency (FCY) exposure is not unrepresentative of the average exposure in the year. Based on the past years behaviour, the bank believes that for each foreign currency exposure, it is reasonable to assume 200 bps appreciation and 400 bps depreciation of the Naira holding all other variables constant.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(iv) Exchange rate exposure limits (continued)

	Group				
In millions of Nigerian Naira	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
31 December 2014					
Cash and bank balances	**286,600**	**8,078**	**6,897**	**1,270**	**302,845**
Financial assets held for trading	–	–	–	–	–
Derivative assets	**6,534**	–	–	–	**6,534**
Loans and advances to banks	**48,093**	–	–	–	**48,093**
Loans and advances to customers	**322,951**	**9,472**	**36**	–	**332,459**
Account receivables	**50,236**	–	–	–	**50,236**
Investment securities	**59,177**	–	–	–	**59,177**
Total financial assets	**773,591**	**17,550**	**6,933**	**1,270**	**799,344**
Derivative liability	**943**	–	–	–	**943**
Deposits from banks	**15,581**	–	**729**	**43,648**	**59,958**
Deposits from customers	**650,899**	**8,413**	**6,357**	**1**	**665,670**
Other liabilities	**19,705**	**12,224**	**1,187**	**1,818**	**34,934**
Other borrowed funds	**88,346**	–	–	–	**88,346**
Total financial liabilities	**775,474**	**20,637**	**8,273**	**45,467**	**849,851**
Net FCY Exposure	**(1,883)**	**(3,087)**	**(1,340)**	**(44,197)**	**(50,507)**
Sensitivity at 200 bps Naira appreciation	**38**	**62**	**27**	**884**	**1,011**
Sensitivity at 400 bps Naira depreciation	**(75)**	**(123)**	**(54)**	**(1,768)**	**(2,020)**
31 December 2013					
Cash and bank balances	401,537	71,923	44,563	12,098	530,121
Financial assets held for trading	–	–	–	–	–
Derivative assets	109	4	–	–	113
Loans and advances to banks	26,251	–	–	–	26,251
Loans and advances to customers	281,982	40,617	31	–	322,630
Account receivables	–	–	–	12,364	12,364
Investment securities	126,433	–	–	–	126,433
Total financial assets	836,312	112,544	44,594	24,462	1,017,912
Derivative liability	31	–	–	–	31
Deposits from banks	60,582	–	–	–	60,582
Deposits from customers	688,818	68,762	43,654	–	801,234
Other liabilities	11,581	834	204	19,064	31,684
Other borrowed funds	3,585	–	–	–	3,585
Total financial liabilities	764,597	69,596	43,858	19,064	897,115
Net FCY exposure	71,716	42,948	736	5,398	120,797
Sensitivity at 200 bps Naira appreciation	(1,434)	(859)	(15)	(108)	(2,416)
Sensitivity at 400 bps Naira depreciation	2,869	1,718	29	216	4,832

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(d) Market risks (continued)

(iv) Exchange rate exposure limits (continued)

	Bank				
In millions of Nigerian Naira	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
31 December 2014					
Cash and bank balances	**264,500**	**7,455**	**6,365**	**1,172**	**279,492**
Financial assets held for trading	**–**	**–**	**–**	**–**	**–**
Derivative assets	**6,534**	**–**	**–**	**–**	**6,534**
Loans and advances to banks	**48,991**	**–**	**–**	**–**	**48,991**
Loans and advances to customers	**266,526**	**7,817**	**29**	**–**	**274,372**
Account receivables	**48,449**	**–**	**–**	**–**	**48,449**
Investment securities	**39,862**	**–**	**–**	**–**	**39,862**
Total financial assets	**674,862**	**15,272**	**6,394**	**1,172**	**697,700**
Derivative liability	**943**	**–**	**–**	**–**	**943**
Deposits from customers	**543,683**	**7,027**	**5,310**	**1**	**556,021**
Other liabilities	**12,775**	**7,924**	**770**	**1,179**	**22,648**
Other borrowed funds	**88,346**	**–**	**–**	**–**	**88,346**
Total financial liabilities	**645,747**	**14,951**	**6,080**	**1,180**	**667,958**
Net FCY Exposure	**29,115**	**321**	**314**	**(8)**	**29,742**
Sensitivity at 200 bps Naira appreciation	**(582)**	**(6)**	**(6)**	**0**	**(594)**
Sensitivity at 400 bps Naira depreciation	**1,165**	**13**	**13**	**(0)**	**1,191**
31 December 2013					
Cash and bank balances	305,859	8,029	4,266	1,303	319,457
Financial assets held for trading	–	–	–	–	–
Derivative assets	109	4	–	–	113
Loans and advances to banks	26,251	–	–	–	26,251
Loans and advances to customers	278,825	3,766	31	–	282,622
Account receivables	2,089	–	–	1,302	3,391
Investment securities	77,493	–	–	–	77,493
Total financial assets	690,626	11,799	4,297	2,605	709,327
Derivative liability	31	–	–	–	31
Deposits from banks	–	–	–	–	–
Deposits from customers	594,058	7,571	3,719	–	605,348
Other liabilities	11,582	834	204	–	12,620
Other borrowed funds	3,879	–	–	–	3,879
Total financial liabilities	609,550	8,405	3,923	–	621,878
Net FCY Exposure	**81,076**	**3,394**	**374**	**2,605**	**87,449**
Sensitivity at 200 bps Naira appreciation	(1,622)	(68)	(7)	(52)	(1,749)
Sensitivity at 400 bps Naira depreciation	3,243	136	15	104	3,498

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(e) Capital management

There is a risk that the Group may not have adequate capital in relation to its risk profile and/or to absorb losses when they arise. There is also a risk that the capital may fall below the required regulatory minimum. Capital management is overseen by the Board of Directors who have overall responsibility for ensuring adequate capital is maintained for the Group.

The Group has therefore put in place a process of ensuring adequate capital is maintained and this process includes:

- capital planning;
- prudent portfolio management;
- maintaining adequate capital across all jurisdictions;
- capital adequacy stress testing; and
- contingency planning.

The objective of the capital management process is to:

- adequately assess impairment losses and impact on capital impairment;
- meet CBN's requirements capital adequacy requirements; and
- optimise the use and allocation of capital resources and align our target capital with our optimum capital structure.

Regulatory capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors regulatory capital using the capital adequacy ratio. This ratio is calculated as total regulatory capital divided by risk weighted assets. Total regulatory capital and risk weighted assets are calculated as shown in the table below.

The Group's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on financial instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

During the year, the Group's strategy, which was unchanged, was to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. UBA Plc operates under an international banking authorisation with a minimum regulatory capital of N50 billion and a minimum capital adequacy ratio of 15%. During the year, the Group complied with all external capital requirements to which it is subject.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(e) Capital management (continued)

	Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013
Tier 1 capital		
Ordinary share capital	**16,491**	16,491
Share premium	**107,932**	107,932
Retained earnings	**84,230**	67,443
Regulatory reserve	**5,206**	4,413
Other reserves	**68,074**	63,259
Non-controlling interests	**–**	–
Shareholders' fund	**281,933**	259,538
Less:		
Fair value reserve for available-for-sale securities	**(23,866)**	(25,063)
Non-controlling interests	**–**	–
Less: Investment in subsidiaries	**(67,537)**	(67,537)
Total	**190,530**	166,938

	Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013
Tier 2 capital		
Fair value reserve for available-for-sale securities	**23,866**	25,063
Debenture stock	**55,901**	55,653
Non-controlling interests	**–**	–
Total	**79,767**	80,716
Basel II Total regulatory capital		
Net tier I regulatory capital	**219,092**	196,294
Net tier II regulatory capital	**45,999**	42,948
Total regulatory capital	**265,091**	239,242
Composition of risk-weighted assets:		
Risk-weighted Amount for credit risk	**1,330,670**	1,010,481
Risk-weighted amount for operational risk	**250,309**	212,866
Risk-weighted amount for market risk	**40**	132
Total Basel II Risk-weighted assets	**1,581,019**	1,223,479
Basel II capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**17%**	20%
Total tier 1 capital expressed as a percentage of risk-weighted assets	**14%**	16%

[1]In December 2014, the Bank raised N30.5 billion fixed rate unsecured notes maturing in 2021 (Series 3). This has been recognised in these financial statements in line with applicable financial reporting standards.

However, the proceeds of the series 3 bond have not been recognised as tier 2 capital in calculating the ratio of total capital to risk weighted assets (the capital adequacy ratio). This is pending approval by the Central Bank of Nigeria. Had the proceeds been taken into cognisance in the calculation, the ratio of total capital to risk weighted assets (capital adequacy ratio) would have been 19%.

Subsequent to the year end, the Bank concluded its Rights Issue offer of N11.5billion in a 1 for 10 offer to existing shareholders. This is undergoing relevant regulatory approvals.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(e) Capital management (continued)

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision-making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives.

(f) Fair value measurement

Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily quoted equity and debt investments classified as trading securities or available for sale.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments 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 in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

  Specific valuation techniques used to value financial instruments include:
  - quoted market prices or dealer quotes for similar instruments;
  - the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
  - the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
  - other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

- Level 3: Inputs that are unobservable. This category includes all instruments for which 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 instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more 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 over-the-counter 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 market 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. The Group's valuation methodology for securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or *vice versa* such as interest rate swaps, fair values take into account both credit valuation adjustment (CVA) and debit valuation adjustment (DVA) when market participants take this into consideration in pricing the derivatives.

Model inputs and values are calibrated against historical data and published forecasts and, where possible against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads and relevant risk premiums. These significant assumptions to these valuations have been disclosed in Note 5.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Financial Analysis and Technical Unit which is independent of front office management and reports to the Group Chief Financial Officer, and which has overall responsibility for valuations. There is also the Risk Measurement Unit responsible for independently verifying the results of third-party valuation. Specific controls include:

- verification of observable pricing;
- reperformance of model valuations;
- a review and approval process for new models and changes to models involving both product control and Group market risk;
- periodic calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments compared with the previous month, by a committee of senior product control and Group market risk personnel."

When third-party information, such as broker quotes or pricing services, is used to measure fair value, the Risk Measurement Unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements are recurring.

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Group					
31 December 2014					
Assets					
Financial assets held for trading:	22				
Government bonds		–	–	–	–
Treasury bills		1,099	–	–	1,099
Derivative assets measured at fair value through profit and loss:	32(a)	–	6,534	–	6,534
Available-for-sale investment securities:	25				
Treasury bills		198,666	–	–	198,666
Bonds		24,776	–	–	24,776
Equity investments at fair value					
Financial services		–	–	41,952	41,952
Insurance		3	–	–	3
Information Technology		7	2,250	–	2,257
Total assets		224,551	8,784	41,952	275,287
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	32	–	943	–	943
Bank					
31 December 2014					
Assets					
Financial assets held for trading:	22				
Government bonds		–	–	–	–
Treasury bills		1,099	–	–	1,099
Derivative assets measured at fair value through profit and loss:	32(a)	–	6,534	–	6,534
					–
Available-for-sale investment securities:	25				–
Treasury bills		192,479			192,479
Bonds		24,776			24,776
Equity investments at fair value					–
Financial services				41,952	41,952
Insurance		3		–	3
Information Technology		7	2,250	–	2,257
		218,364	8,784	41,952	269,100
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	32	–	943	–	943

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Group					
31 December 2013					
Assets					
Financial assets held for trading:	22				
Government bonds		49	–	–	49
Treasury bills		735	–	–	735
Equities		–	–	–	–
Derivative assets measured at fair value through profit and loss:	32(a)		3,265		3,265
Available-for-sale investment securities:	25	–	–	–	–
Treasury bills		208,843			208,843
Bonds					–
Equity investments at fair value		–	–	–	–
Financial services		–	–	41,731	41,731
Insurance		3			3
Information Technology		7	2,008	–	2,015
		209,637	5,273	41,731	256,641
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	32	–	31	–	31

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Bank					
31 December 2013					
Assets					
Financial assets held for trading:					
Government bonds		42	–	–	42
Treasury bills		735	–	–	735
Derivative assets measured at fair value through profit and loss:	32(a)		3,265		3,265
Available-for-sale investment securities:	25				–
Treasury bills		200,444	–	–	200,444
Equity investments at fair value					
Financial services		–	–	41,731	41,731
Insurance		3	–	–	3
Information Technology		7	2,008	–	2,015
		201,231	**5,273**	**41,731**	**248,235**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	32	–	31	–	31

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

There were no transfers between levels during the year.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2014. Level 3 instruments are all investment securities (unquoted equites).

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Balance, beginning of period	41,731	32,251	41,731	32,251
Addition to Level 3	–	1,804	–	1,804
Gain recognised in other comprehensive income (under fair value gain on available for sale)	221	7,676	221	7,676
Balance, end of period	**41,952**	**41,731**	**41,952**	**41,731**

Level 2 fair value measurements

The Group's Level 2 unquoted equities were valued using last trading prices obtained from over-the-counter (OTC) trades that were done as at reporting date. These prices are a reflection of actual fair value of the investments, as transactions consummated under the OTC trades were arms length transactions.

The Group's Level 2 derivative contracts were valued using interest rate parity method discounted for passage of time. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. These derivative contracts are not traded in active markets.

Level 3 fair value measurements – Unobservable inputs used in measuring fair value

All valuation processes and techniques are subject to review and approval by the Finance and General Purpose Committee of the Board of Directors. There was no change in the in Group's valuation technique during the year.

The table below sets out information about significant unobservable inputs used as at 31 December 2014 in measuring financial isntruments categorised as Level 3 in the fair value hierarchy:

<table>
<tr><th>Type of financial instrument</th><th>Fair value as at 31 December 2014 (Group and Bank) N'million</th><th>Valuation technique</th><th>Significant unobservable input</th><th>Range of estimates for unobservable input</th><th>Fair value measurement sensitivity to unobservable inputs</th></tr>
<tr><td rowspan="4">Unquoted equity securities</td><td rowspan="2">40,952</td><td rowspan="2">Discounted cashflow</td><td>Cost of equity</td><td>15.2%</td><td>Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values</td></tr>
<tr><td>Terminal growth rate</td><td>5% – 1%</td><td>Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values</td></tr>
<tr><td rowspan="2">1,000</td><td rowspan="2">Dividend discount model</td><td>Cost of equity</td><td>19% – 24%</td><td>Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values</td></tr>
<tr><td>Terminal growth rate</td><td>9.3% – 10.3%</td><td>Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values</td></tr>
</table>

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(f) Fair value measurement (continued)

Level 3 fair value measurements – Unobservable inputs used in measuring fair value (continued)

Significant unobservable inputs are developed as follows:

Discounted cashflow

- The Group used the Capital Asset Pricing Model to determine the cost of equities for its various unquoted equities which were fair valued at year-end.
- The risk free rate was determined using the yield on Federal Government of Nigeria eurobond (for unquoted securities denominated in USD) and longest tenored Federal Government of Nigeria bond (for unquoted securities denominated in Nigerian Naira).
- Equity risk premium was determined using market returns computed from the Nigerian All Share Index and Standards and Poors (S&P) 500 Stock Price Index, for similar business sectors.
- Beta estimates were obtained from Damodaran Online

Dividend discount model

- The Group used the build-up approach to determine cost of equities for its various unquoted equities which were fair valued using dividend discount model at year end.
- The risk free rate was determined using the yield on the longest tenored soveriegn bonds.
- The dividend growth rate was determined using the historical five years weighted average growth rate of dividends paid by the respective entities
- Equity risk premium were obtained from Damodaran Online (with specific focus on emerging markets data), adjusted for size premium

Level 3 fair value measurements – Effect of unobservable inputs on fair value measurement The Group believes that its estimates of fair values are appropriate. However, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing the cost of equity or terminal growth rate by a reasonable possible value, in isolation, would have the following effects on Other Comprehensive Income for the year:

	Effect on other comprehensive income (OCI)			
In millions of Nigerian Naira	**2014**		2013	
Key Assumption	**5% Increase**	**5% Decrease**	5% Increase	5% Decrease
Cost of equity	**(60)**	**122**	(3,285)	3,845
Terminal growth rate	**68**	**(60)**	1,415	(1,337)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(g) Financial instruments not measured at fair value

The table below sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Group					
31 December 2014					
Cash and bank balances	–	812,359	–	812,359	812,359
Loans and advances to banks	–	48,222	–	48,222	48,093
Loans and advances to customers					
-Individual					
Term loans	–	–	67,101	67,101	66,420
Overdrafts	–	–	49,855	49,855	49,349
-Corporate					
Term loans	–	780,213	–	780,213	772,299
Overdrafts	–	179,987	–	179,987	178,161
Others		5,688	–	5,688	5,630
Held to maturity – Investment securities					
Treasury bills	121,228	–	–	121,228	145,465
Bonds	179,581	23,186	–	202,767	243,306
Other assets	–	21,389	–	21,389	23,287
Deposits from banks	–	59,228	–	59,228	59,228
Deposits from customers	–	2,252,769	–	2,252,769	2,169,663
Subordinated liabilities	83,534	–	–	83,534	85,315
Other liabilities	–	59,224	–	59,224	59,224
Borrowings	–	113,950	–	113,950	113,797
31 December 2013					
Cash and bank balances	–	716,803	–	716,803	716,803
Loans and advances to banks	–	26,014	–	26,014	26,251
Loans and advances to customers					
-Individual	–	–	144,453	144,453	139,918
-Corporate	–	823,556	–	823,556	797,702
Held to maturity – Investment securities	318,665	167,558	–	486,223	557,372
Other assets	–	25,263	–	25,263	25,263
Deposits from banks	–	60,582	–	60,582	60,582
Deposits from customers	–	2,161,182	–	2,161,182	2,161,182
Subordinated liabilities	–	53,388	–	53,388	55,653
Other liabilities	–	73,284	–	73,284	73,284
Borrowings	–	48,866	–	48,866	48,866

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(g) Financial instruments not measured at fair value (continued)

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Bank					
31 December 2014					
Cash and bank balances	–	749,716	–	749,716	749,716
Loans and advances to banks	–	49,122	–	49,122	48,991
Loans and advances to customers					
-Individual					
Term loans		–	38,854	38,854	38,460
Overdrafts	–	–	47,346	47,346	46,866
-Corporate					
Term loans	–	665,246	–	665,246	658,498
Overdrafts	–	136,518	–	136,518	135,133
Others	–	5,688	–	5,688	5,630
Held to maturity – Investment securities					
Treasury bills	–	–	–	–	–
Promissory notes	–	–	–	–	–
Bonds	127,796	23,186	–	150,982	181,168
Other assets	–	15,781	–	15,781	15,781
Deposits from banks	–	1,526	–	1,526	1,526
Deposits from customers	–	1,886,648	–	1,886,648	1,812,277
Subordinated liabilities	83,534	–	–	83,534	85,315
Other liabilities	–	39,421	–	39,421	39,421
Borrowings	–	113,950	–	113,950	113,797
31 December 2013					
Cash and bank balances	–	620,426	–	620,426	620,426
Loans and advances to banks	–	26,014	–	26,014	26,251
Loans and advances to customers					
-Individual	–	–	106,433	106,433	103,092
-Corporate		716,338		716,338	693,850
Held to maturity – Investment securities	194,947	102,505	–	297,452	340,978
Other assets	–	16,149	–	16,149	16,149
Deposits from customers	–	1,797,376	–	1,797,376	1,797,376
Subordinated liabilities	53,388	–	–	53,388	55,653
Other liabilities	–	52,228		52,228	52,228
Borrowings	–	48,866	–	48,866	48,866

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Risk management report (continued)

(g) Financial instruments not measured at fair value (continued)

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

(i) Cash

The carrying amount of cash and balances with banks is a reasonable approximation of fair value.

ii) Loans and advances

Loans and advances are net of charges for impairment. To improve the accuracy of the valuation estimate for loans, homogenous loans are grouped into portfolios with similar characteristics. 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.

(iii) Investment securities

The fair value for investment securities is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Investment securities (available for sale) disclosed in the table above comprise only those equity securities held at cost less impairment. The fair value for these assets is based on estimations using market prices and earning multiples of quoted securities with similar characteristics. All other available for sale assets are already measured and carried at fair value.

(iv) Other assets

The bulk of these financial assets have short (less than 3months) maturities and their amounts are a reasonable approximation of fair value.

(v) Deposits from banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(vi) Other liabilities

The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing loans and borrowings

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates for these debts over their remaining maturity.

(viii) Subordinated liabilities

The fair value of subordinated liabilities is based on market prices from financial market dealer price quotations.

No fair value disclosures are provided for equity investment securities that are measured at the cost because their value cannot be reliably measured.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 4).

(a) Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(i).

The specific counterparty component of the total allowances for impairment applies to financial instruments evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance. Assumptions are made to define the way interest losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3(i). Further disclosures on the Group's valuation methodology have been made on note 4(g). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

(i) Valuation of financial instruments

The Group's accounting policy on valuation of financial instruments is discussed under note 3(i).

(ii) Allowance for credit losses

In measuring credit risk of loans and advances to various counterparties, the Group considers the character and capacity of the obligor, the probability that an obligor or counterparty will default over a given period (probability of default – PD), the portion of the loan expected to be irrecoverable at the time of loan default (loss given default – LGD) and expected amount that is outstanding at the point of default . The table below shows the sensitivities of the impairment loss provision for 1% increase or decrease in the LGD and PD.

	31 December 2014		**31 December 2013**	
	Probability of default – PD	**Loss given default – LGD**	Probability of default – PD	Loss given default – LGD
Increase/decrease	**Impact (N'000)**	**Impact (N'000)**	Impact (N'000)	Impact (N'000)
1% increase	**63,478**	**66,137**	57,230	60,841
1% decrease	**(63,478)**	**(66,137)**	(57,230)	(60,841)

(iii) Impairment testing for cash-generating units containing goodwill

The Group has carried out an impairment assessment of the goodwill for UBA Benin and UBA Capital Europe as at 31 December 2014. The recoverable amounts of the cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates. Goodwill is not impaired. Goodwill on UBA Benin CGU will only be impaired if the discount rate used in the value-in-use calculation for the CGUs had been more than 80% higher than management's estimates at 31 December 2014 (i.e. if the discount rate had been 21.5% instead of 11.8%). Goodwill on UBA Capital Europe CGU will only be impaired if the discount rate used in the value-in-use calculation for the CGUs had been more than 30% higher than management's estimates at 31 December 2014 (i.e. if the discount rate had been 5.5% instead of 4.2%). Goodwill is marginally sensitive to terminal growth rate used in the value-in-use calculation for the CGUs.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(iv) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. The table below shows the sensitivities of the carrying value of property and equipment and the depreciation charge for the year, to 10% increase or decrease in the useful life of property and equipment.

In Millions of Nigerian Naira	December 2014 **Depreciation/ carrying value**	December 2013 Depreciation/ carrying value
Increase/decrease		
10% increase in useful life	**500**	526
10% decrease in useful life	**(500)**	(526)

(v) Valuation of derivative contracts

The fair value of the Group's derivatives is determined by using valuation techniques. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. The Group has used interest rate parity method discounted for passage of time in the valuation of its foreign exchange derivative contracts. These derivative contracts are not traded in active markets.

The carrying amount of foreign exchange derivative contracts would be an estimated 2.34% lower or 2.32% higher where the discount rate used in the valuation differ by 5% from management's estimates.

(vi) Impairment of available-for-sale financial assets

At the balance sheet date, the fair values of certain equity securities classified as available-for-sale financial assets with a carrying amount of N44.2 billion have declined below cost by N260.3 million. The Group has made a judgement that this decline is not significant or prolonged. In making this judgement, the Group has considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost; and the positive financial health and short-term business outlook of the investees.

If the decline in fair value below cost was considered significant or prolonged, the Group would have recognised an additional loss of N260.3 million in its 2014 financial statements.

6. OPERATING SEGMENTS

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Managing Director of the Group, who is also the Chief Operating Decision-maker (CODM), reviews the Group's performance along these business segments and resources are allocated accordingly.

Geographical segments

The Group operates in the following geographical regions:

- **Nigeria:** This comprises UBA Plc (excluding the branch in New York), UBA Pensions Custodian Limited and FX Mart Limited.
- **Rest of Africa:** This comprises all subsidiaries in Africa, excluding Nigeria.
- **Rest of the world:** This comprises UBA Capital Europe Limited and UBA New York branch

Business segments

The Group operates the following main business segments:

Corporate Banking – This business segment provides a broad range of financial solutions to multinationals, regional companies, state-owned companies, non-governmental organisations, international and multinational organisations and financial institutions.

Retail/Commercial banking – This business segment has presence in all major cities in Nigeria and in nineteen other countries across Africa where the Group has operations . It provides commercial banking products and services to the middle and retail segments of the market.

Treasury and Financial Markets – This segment provides innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers. The segment is also responsible for formulation and implementation of financial market products for the Group's customers.

No single external customer or group amounts to 10% or more of the Group's revenues.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-maker is measured in a manner consistent with that in the income statement.

Notes to the financial statements

continued

6. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

(a) Geographical segments

(i) 31 December 2014

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	228,317	64,024	3,823	(6,145)	290,019
Derived from other geographic segments	2,630			(2,630)	–
Total revenue	230,947	64,024	3,823	(8,775)	290,019
Profit before tax	44,983	15,943	1,074	(5,800)	56,200
Interest income	158,748	37,749	3,115	(2,932)	196,680
Interest expenses	(77,923)	(15,118)	(438)	2,932	(90,547)
Share of loss in equity-accounted investee	9	–	–	–	9
Impairment loss recognised in profit or loss	(3,072)	(3,530)	(2)	26	(6,578)
Income tax expenses	(3,327)	(4,952)	(14)	–	(8,293)
Profit for the year from continuing operations	41,656	10,991	1,060	(5,774)	47,907
Total segment assets [i]	2,318,392	594,272	97,193	(247,284)	2,762,573
Total segment liabilities	2,033,973	534,105	86,989	(157,900)	2,497,167
[i] Includes:					
Investments in associate and accounted for by using the equity method	–	2,986	–	–	2,986
Expenditure for reportable segment:					
Depreciation	(3,386)	(1,596)	(19)	–	(5,001)
Amortisation	(659)	(76)	–	–	(735)

6 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

(a) Geographical segments (continued)

(ii) 31 December 2013

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	210,951	56,803	3,871	(6,938)	**264,687**
Derived from other business segments	5,187	–	–	(5,187)	**–**
Total revenue	**216,138**	**56,803**	**3,871**	**(12,125)**	**264,687**
Profit before tax	**54,192**	**11,369**	**1,695**	**(11,198)**	**56,058**
Interest income	145,984	36,742	3,189	(215)	**185,700**
Interest expenses	(71,297)	(11,129)	(258)	215	**(82,469)**
Share of profit/(loss) in equity-accounted investee	(6)	–	–	–	**(6)**
Impairment loss recognised in profit or loss	(456)	(12,607)	–	(15)	**(13,078)**
Income tax expenses	(6,256)	(3,114)	(7)	80	**(9,297)**
Profit/(loss) for the year from continuing operations	47,936	8,225	1,688	(11,278)	**46,601**
Total segment assets [1]	2,174,429	555,808	103,446	(191,387)	**2,642,296**
Total segment liabilities	1,923,410	501,871	93,712	(111,733)	**2,407,260**
[1] Includes					
Investments in associate and joint venture accounted for by using the equity method	–	2,977	–	–	**2,977**
Expenditure for reportable segment					
Depreciation	(3,020)	(2,233)	(1)	–	**(5,255)**
Amortisation	(738)	(176)	–	–	**(914)**

6. OPERATING SEGMENTS (CONTINUED)

(b) Business reporting

(i) 31 December 2014

In millions of Nigerian Naira	Corporate and investment	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	114,358	110,152	65,509	290,019
Derived from other business segments	(18,077)	56,747	(38,670)	–
Total revenue	96,281	166,899	26,839	290,019
Interest expenses	(37,101)	(48,678)	(4,768)	(90,547)
Fee and commission expense	(524)	(6,337)	(147)	(7,008)
Net impairment loss on financial assets	(3,835)	(2,518)	(225)	(6,578)
Operating expenses	(22,190)	(41,654)	(4,645)	(68,489)
Depreciation and amortisation	(1,751)	(3,968)	(17)	(5,736)
Share of profit of equity-accounted investee	–	–	9	9
Profit before income tax	31,384	13,456	11,360	56,200
Taxation	(2,405)	(4,082)	(1,806)	(8,293)
Profit/(loss) for the year	28,979	9,374	9,554	47,907
Loans and advances	831,054	207,767	33,038	1,071,859
Deposits from customers and banks	706,427	1,435,099	87,365	2,228,891
Total segment assets [1]	1,136,255	1,212,099	414,219	2,762,573
Total segment liabilities	1,028,052	1,094,801	374,314	2,497,167

[1]Includes:
Expenditure for reportable segment:
Non-current assets

6. OPERATING SEGMENTS (CONTINUED)

(b) Business reporting (continued)

(ii) 31 December 2013

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue				
Derived from external customers	138,908	100,826	24,953	264,687
Derived from other business segments	(29,368)	26,055	3,313	–
Total revenue	**109,540**	**126,881**	**28,266**	**264,687**
Interest expenses	(33,791)	(44,335)	(4,343)	(82,469)
Fee and commission expense	(390)	(4,725)	(110)	(5,225)
Net impairment loss on financial assets	(6,220)	(6,453)	(405)	(13,078)
Operating expenses	(9,410)	(37,252)	(4,365)	(51,027)
Depreciation and amortisation	(102)	(6,059)	(8)	(6,169)
Share of profit of equity-accounted investee	–	–	(6)	(6)
Profit before income tax	14,431	9,929	31,698	56,058
Taxation	(4,693)	(2,222)	(2,542)	(9,457)
Profit/(loss) for the year from continuing operations	**12 235**	**7,492**	**26,874**	**46,601**
Profit for the year from discontinued operations	**–**	**–**	**–**	**–**
Profit/(loss) for the year	**–**	**–**	**–**	**–**
Loans and advances	730,557	180,363	52,951	963,871
Deposits from customers and banks	797,747	1,295,968	128,049	2,221,764
Total segment assets[1]	1,089,337	1,165,273	387,686	2,642,296
Total segment liabilities	992,440	1,061,620	353,200	2,407,260
[1]Includes:				
Expenditure for reportable segment				
Non-current assets	1,843	2,742	670	5,255

7. INTEREST INCOME

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Cash and bank balances	**13,169**	13,337	**13,753**	11,490
Loans and advances to banks	**1,032**	1,983	**1,032**	1,983
Loans and advances to customers				
– to individuals				
term loans	**8,148**	6,406	**6,770**	5,440
overdrafts	**1,823**	1,433	**1,515**	1,217
– to corporates				
term loans	**89,851**	71,377	**75,916**	60,615
overdrafts	**21,841**	17,171	**18,148**	14,582
others	**365**	287	**304**	244
Financial assets held for trading				
– treasury bills	**854**	182	**854**	182
– bonds	**782**	9,363	**782**	2,672
Investment securities				
– treasury bills	**30,513**	27,347	**18,726**	15,963
– bonds	**28,302**	36,814	**22,358**	33,314
	196,680	185,700	**160,158**	147,702

Interest income includes accrued interest on impaired loans of N1.458 billion (Bank: N1.281 billion) for the year ended 31 December 2014 and N497.1 million (Parent: N425.7 million) for the year ended 31 December 2013.

8. INTEREST EXPENSE

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Deposits from banks	**4,431**	2,737	**334**	185
Deposits from customers	**76,987**	70,229	**68,515**	61,921
Borrowings	**9,129**	9,503	**9,184**	9,420
	90,547	82,469	**78,033**	71,526

9. IMPAIRMENT LOSS ON LOANS AND RECEIVABLES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Impairment losses on loans and advances to customers:				
– specific impairment (note 24(d))	**1,889**	7,272	**2,045**	1,189
– portfolio impairment (note 24(d))	**3,095**	4,335	**173**	(939)
Impairment gains/(losses) on loans and advances to banks:				
– portfolio impairment (note 23)	**49**	(129)	**74**	(129)
Write-off on loans and advances	**726**	1,471	**538**	123
Impairment no longer required (loans and advances) (note 24(d))	**–**	(385)	**–**	(385)
Impairment loss on other assets (note 26(a))	**819**	514	**243**	322
	6,578	13,078	**3,073**	181

10. FEES AND COMMISSION INCOME

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Credit-related fees and commissions	**14,312**	12,962	**8,502**	8,763
Commission on turnover	**9,356**	11,743	**8,738**	11,193
e-Banking related income	**12,581**	9,994	**9,420**	8,135
Pension custody fees	**3,458**	2,762	**–**	–
Trade-related income	**6,454**	2,842	**3,341**	1,303
Remittance income	**4,235**	5,255	**2,969**	3,915
Other fees and charges	**4,578**	4,541	**3,661**	3,422
	54,974	50,099	**36,631**	36,731

Credit-related fees and commission income excludes any other fees considered in calculating the effective interest rate on the principal facilities to which they were charged.

11. FEES AND COMMISSION EXPENSE

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
E-Banking expense	**6,861**	4,744	**5,928**	4,347
Funds transfer	**147**	481	**119**	456
	7,008	5,225	**6,047**	4,803

12. NET TRADING INCOME

Fixed income securities	**69**	845	**36**	634
Foreign exchange income	**29,985**	13,447	**21,857**	8,670
Fair value gain on derivatives (note 32(c))	**2,357**	3,358	**2,357**	3,358
	32,411	17,650	**24,250**	12,662

Net trading income includes the gains and losses arising from the purchase and sale of trading instruments, as well as foreign exchange revaluation earnings.

13. NET GAINS/(LOSSES) ON INVESTMENT SECURITIES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Financial assets classified as available-for-sale:				
– allowance for impairment (equities)	**–**	(181)	**–**	(181)
Financial assets classified as held to maturity:				
– exchange differences on monetary items	**–**	(64)	**–**	(64)
Net fair value (losses)/gains	**–**	(245)	**–**	(245)
Financial assets classified as available-for-sale:				
– gain on disposal	**154**	20	**154**	20
	154	(225)	**154**	(225)

14. OTHER OPERATING INCOME

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Dividend income	**1,289**	1,101	**5,967**	7,622
Rental income	**460**	314	**435**	281
Recoveries on loans and other assets written off	**3,395**	5,016	**537**	1,238
Net gain on deemed disposal of subsidiary	**–**	2,422	**–**	–
Gain on disposal of property and equipment	**204**	821	**204**	821
Others	**443**	839	**421**	343
	5,791	10,513	**7,564**	10,305

Included in dividend income for the Bank is a sum of N4.6 billion (2013: N6.61 billion) being dividend received from some subsidiaries. This amount has been eliminated in the Group result.

15. PERSONNEL EXPENSES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Wages and salaries	**53,611**	48,977	**40,799**	36,879
Contribution to defined contribution plans	**1,850**	1,678	**1,283**	(1,108)
	55,461	50,655	**42,082**	37,987

16. DEPRECIATION AND AMORTISATION

Depreciation of property and equipment (note 29)	**5,001**	5,255	**3,395**	3,025
Amortisation of intangible assets (note 30)	**735**	(914)	**656**	(734)
	5,736	6,169	**4,051**	3,759

17. OTHER OPERATING EXPENSES

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Auditors' remuneration	**358**	296	**200**	180
Directors' fees	**31**	47	**31**	47
Banking sector resolution cost	**11,087**	9,665	**11,087**	9,665
Deposit insurance premium	**8,660**	6,873	**8,625**	6,722
Other insurance costs	**1,349**	1,612	**748**	1,125
Occupancy and premises maintenance cost	**13,628**	9,635	**7,131**	5,704
Business travels	**3,180**	1,962	**2,417**	1,292
Advertisements	**3,793**	2,605	**3,317**	2,053
Contract services	**7,382**	6,011	**5,504**	4,955
Communication	**3,365**	4,409	**1,940**	3,139
Computer consumables	**1,211**	457	**1,105**	420
Printing, stationery and subscriptions	**1,773**	1,462	**1,197**	1,351
Security and cash handling expenses	**3,063**	2,674	**1,025**	1,195
Fuel, repairs and maintenance	**4,955**	2,108	**3,475**	2,662
Other administrative expenses	**4,654**	1,211	**5,291**	3,666
	68,489	51,027	**53,093**	44,176

18. NON-CURRENT ASSETS HELD FOR DISTRIBUTION AND DISCONTINUED OPERATIONS

In 2013, the Group distributed non-current assets held for distribution to shareholders. The resulting gain on distribution is as analysed below:

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Fair value of net asset distributed	–	12,907	–	12,907
Previous carrying value of net asset distributed	–	(11,957)	–	(5,809)
Gain on net asset distributed	–	950	–	7,098

19. TAXATION

Recognised in the statement of comprehensive income

		Group		Bank	
In millions of Nigerian Naira	Note	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
(a) Current tax expense					
Current year		**(7,858)**	(6,331)	**(2,169)**	(2,226)
Prior year underprovision		**(3,336)**	(3,624)	**(3,336)**	(3,624)
		(11,194)	(9,955)	**(5,505)**	(5,850)
(b) Deferred tax expense					
Origination and reversal of temporary differences	31	**2,901**	498	**3,210**	491
Total income tax (expense)/credit		**(8,293)**	(9,457)	**(2,295)**	(5,359)
(c) Current tax liabilities					
Balance, beginning of year		**2,861**	1,274	**1,602**	1,325
Tax paid		**(9,440)**	(8,368)	**(5,249)**	(5,572)
Income tax charge		**11,194**	9,955	**5,505**	5,849
Balance, end of year		**4,615**	2,861	**1,858**	1,602

19. TAXATION (continued)

Recognised in the statement of comprehensive income (continued)

(d) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Bank (Parent).

In millions of Nigerian Naira	Group		Bank	
(ii) 31 December 2014				
Tax rate	**30%**	30%	**30%**	30%
Profit before income tax	**56,200**	56,058	**42,378**	51,841
Income tax using the domestic corporation tax rate	**16,860**	16,817	**12,713**	15,552
Tax effects of :				
– Income not subject to tax	**(18,182)**	(21,906)	**(16,703)**	(21,541)
– Expenses not deductible for tax purposes	**1,773**	1,936	**1,373**	1,750
– Tax losses for the year	**2,616**	4,239	**2,616**	4,239
– Origination and reversal of temporary differences (note 31)	**(2,901)**	(498)	**(3,210)**	(491)
Excess dividend tax on profit	**3,336**	3,624	**3,336**	3,624
Education tax	**60**	48	**–**	–
WHT paid on dividends	**539**	625	**454**	625
Capital gains tax	**15**	85	**15**	85
Effect of tax rates in foreign jurisdictions	**1,974**	2,705	**–**	–
Information technology levy	**922**	780	**420**	513
Effect of tax assessment based on minimum tax law	**1,281**	1,002	**1,281**	1,002
Total income tax expense in comprehensive income	**8,293**	9,457	**2,295**	5,359

Income tax payable for the parent is based on minimum tax provisions in the Nigerian tax law which is applicable to Companies that do not have taxable profits.

(iii) The Bank was assessed based on the minimum tax legislation for the years ended 31 December 2012 to 31 December 2014 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012. The Order exempts all interests earned on bonds (federal, state, local and corporate bodies including supra-nationals) and other short-term securities such as treasury bills and promissory notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for bonds issued by the federal government, which will continue to enjoy the exemption. A significant portion of the Bank's income derives from short-term securities and government bonds, and as a result, the Bank's current income tax assessment for the 2012 to 2014 financial years yielded tax credit in its favour. Consequently, the Bank applied the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

(iv) During the year, the Bank was liable for excess dividend tax of N3.336 billion, representing 30% of N11.120 billion dividend paid, as Nigerian tax law requires companies to pay tax calculated at 30% of the higher of taxable profit and dividend paid. However, in the 2013 financial statements, the Bank only accrued for tax of N1.44 billion based on minimum tax rule, as the Bank did not have taxable profit and the dividend was not yet approved as at the reporting date. Therefore, total income tax paid in 2014 was N4.776 billion, which was net of tax credits amounting to N1.22 billion. The difference between total tax paid and minimum tax accrued, which amounted to N3.336 billion was charged as tax expense in the 2014 financial statements.

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2014 was based on the profit attributable to ordinary shareholders of N47,91 billion (Bank: N40,08 billion) and weighted average number of ordinary shares outstanding of 30,664,694,075 (Bank: 32,981,387,565), having excluded treasury shares held by the parent's Staff Share Investment Trust. The Bank had no dilutive instruments as at year-end (2013: nil). Hence the basic and diluted earnings per share are equal.

	Group		Bank	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Total comprehensive income for the year	**47,907**	46,601	**40,083**	46,483
Weighted average number of ordinary shares outstanding	**30,664**	30,597	**32,982**	32,982
Basic and diluted earnings per share (Naira)	**1.56**	1.52	**1.22**	1.41

21. CASH AND BANK BALANCES

Cash and balances with banks	**185,191**	127,584	**156,120**	88,959
Unrestricted balances with central banks	**131,001**	80,455	**76,701**	34,025
Money market placements	**185,457**	262,502	**209,424**	253,376
	501,649	470,541	**442,245**	376,360
Mandatory reserve deposits with Central Banks (note 21(i) below)	**310,710**	246,262	**307,471**	244,066
	812,359	716,803	**749,716**	620,426

(i) This represents cash reserve requirement with central banks of the countries in which the Bank and its subsidiaries operate and is not available for use in the Group's day-to-day operations.

(ii) Cash and cash equivalents for the purposes of the statements of cash flows include the following :

Cash and balances with banks	**185,191**	127,584	**156,120**	88,959
Unrestricted balances with central banks	**131,001**	80,455	**76,701**	34,025
Money market placements (less than 90 days)	**103,665**	109,014	**103,665**	99,888
Financial assets held for trading (less than 90 days)	**714**	666	**714**	666
Cash and cash equivalents	**420,571**	317,719	**337,200**	223,538

22. FINANCIAL ASSETS HELD FOR TRADING

Government bonds	**–**	735	**–**	735
Treasury bills	**1 099**	49	**1 099**	42
	1 099	784	**1 099**	777
Current	**–**	784	**–**	777
Non-current	**1 099**	–	**1 099**	–
	1 099	784	**1 099**	777

23. LOANS AND ADVANCES TO BANKS

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Term loans:				
Gross amount	**48,199**	26,308	**49,122**	26,308
Portfolio impairment	**(106)**	(57)	**(131)**	(57)
	48,093	26,251	**48,991**	26,251
Current	**48,093**	26,251	**48,991**	26,251
Impairment allowance on loans and advances to banks				
Portfolio impairment				
Balance, beginning of year	**57**	186	**57**	186
Net impairment charge/(reversal) for the year	**49**	(129)	**74**	(129)
Balance, end of year	**106**	57	**131**	57

24. LOANS AND ADVANCES TO CUSTOMERS

In millions of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
(a) 31 December 2014					
(i) Group					
Loans to individuals	118,289	(1,557)	(963)	(2,520)	115,769
Loans to corporate entities and other organisations	977,083	(4,166)	(16,827)	(20,993)	956,090
	1,095,372	(5,723)	(17,790)	(23,513)	1,071,859
Loans to individuals					
Overdraft	50,390	(771)	(270)	(1,041)	49,349
Term loans	67,899	(786)	(693)	(1,479)	66,420
	118,289	(1,557)	(963)	(2,520)	115,769
Loans to corporate entities and other organisations					
Overdraft	182,648	(2,190)	(2,297)	(4,487)	178,161
Term loans	788,778	(1,976)	(14,503)	(16,479)	772,299
Others	5,657	–	(27)	(27)	5,630
	977,083	(4,166)	(16,827)	(20,993)	956,090
(ii) Bank					
Loans to individuals	86,847	(1,061)	(460)	(1,521)	85,326
Loans to corporate entities and other organisations	808,262	(3,038)	(5,963)	(9,001)	799,261
	895,109	(4,099)	(6,423)	(10,522)	884,587
Loans to individuals					
Overdraft	47,718	(603)	(249)	(852)	46,866
Term loan	39,129	(458)	(211)	(669)	38,460
	86,847	(1,061)	(460)	(1,521)	85,326
Loans to corporate entities and other organisations					
Overdraft	137,957	(1,106)	(1,718)	(2,824)	135,133
Term loan	664,648	(1,932)	(4,218)	(6,150)	658,498
Others	5,657	–	(27)	(27)	5,630
	808,262	(3,038)	(5,963)	(9,001)	799,261

24. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

In millions of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
(a) 31 December 2013					
(i) Group					
Loans to individuals	145,140	(1,971)	(3,251)	(5,222)	139,918
Loans to corporate entities and other organisations	811,807	(2,663)	(11,442)	(14,105)	797,702
	956,947	(4,634)	(14,693)	(19,327)	937,620
Loans to individuals					
Overdraft	11,620	(720)	(255)	(975)	10,645
Term loans	133,520	(1,251)	(2,996)	(4,247)	129,273
	145,140	(1,971)	(3,251)	(5,222)	139,918
Loans to corporate entities and other organisations					
Overdraft	145,388	(680)	(1,706)	(2,386)	143,002
Term loans	664,701	(967)	(9,385)	(10,352)	654,349
Others	1,718	(1,016)	(351)	(1,367)	351
	811,807	(2,663)	(11,442)	(14,105)	797,702
(ii) Bank					
Loans to individuals	106,335	(1,307)	(1,936)	(3,243)	103,092
Loans to corporate entities and other organisations	698,924	(760)	(4,314)	(5,074)	693,850
	805,259	(2,067)	(6,250)	(8,317)	796,942
Loans to individuals					
Overdraft	5,657	(360)	(128)	(488)	5,169
Term loan	100,678	(947)	(1,808)	(2,755)	97,923
	106,335	(1,307)	(1,936)	(3,243)	103,092
Loans to corporate entities and other organisations					
Overdraft	114,269	(760)	(1,055)	(1,815)	112,454
Term loan	582,931	–	(3,208)	(3,208)	579,723
Others	1,724	–	(51)	384,172	1,673
	698,924	(760)	(4,314)	379,149	693,850

	Group		Bank	
	Dec 2014	Dec 2013	**Dec 2014**	Dec 2013
(c) Current	**797,606**	820,922	**645,372**	697,753
Non-current	**274,253**	116,698	**239,215**	99,189
	1,071,859	937,620	**884,587**	796,942
(d) Impairment allowance on loans and advances to customers				
Specific impairment				
Balance, beginning of year	**4,634**	5,447	**2,067**	1,394
Impairment charge for the year (note 14)	**1,889**	7,272	**2,045**	1,189
Reversal for the year (note 14)	**–**	(385)	**–**	(385)
Write-offs	**(800)**	(7,700)	**(13)**	(131)
Balance, end of year	**5,723**	4,634	**4,099**	2,067
Portfolio impairment				
Balance, beginning of year	**14,693**	10,358	**6,250**	7,189
Net impairment charge/(reversal) for the year	**3,095**	4,335	**173**	(939)
Balance, end of year	**17,788**	14,693	**6,423**	6,250

25. INVESTMENT SECURITIES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Available-for-sale investment securities comprise (see note (i)):				
Treasury bills	**198,666**	208,843	**192,479**	200,444
Bonds	**24,776**	–	**24,776**	–
	223,442	208,843	**217,255**	200,444
Equity investments at cost (see note (ii))	**2,007**	2,151	**1,179**	1,179
Less: Specific allowance for impairment (equities)	**(909)**	(909)	**(905)**	(905)
	1,098	1,242	**274**	274
Equity investments at fair value	**44,212**	43,749	**44,212**	43,749
	268,752	253,834	**261,741**	244,467
Held-to-maturity investment securities comprise (see note (i)):				
Treasury bills	**145,465**	179,815	**–**	44,275
Promissory notes	**–**	45	**–**	45
Bonds (note (iii & iv))	**243,306**	377,512	**181,168**	296,658
	388,771	557,372	**181,168**	340,978
Carrying amount	**657,523**	811,206	**442,909**	585,445
Current	**555,960**	529,423	**291,560**	379,278
Non-current	**101,563**	281,783	**151,349**	206,167
	657,523	811,206	**442,909**	585,445

(i) Included in available-for-sale and held-to-maturity investment securities are pledged financial assets which cannot be repledged or resold by counterparties, and these securities are stated as follows:

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Pledged assets:				
Treasury bills (available for sale)	**19,917**	8,031	**19,917**	8,031
Bonds (available for sale)	**5,087**	–	**5,087**	–
Bonds (held to maturity)	**78,279**	123,000	**78,279**	123,000
	103,283	131,031	**103,283**	131,031

(ii) Certain unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. These include investments made by the Bank under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS). These investments were made in compliance with the regulatory requirement in force as at the time of the investment (Central Bank of Nigeria Monetary Policy Circular No. 35). However, this regulatory requirement has been abolished. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investment.

(iii) Included in bonds held to maturity are Federal Government of Nigeria bonds amounting to N107 billion (2013: N135 billion). The bonds are stated at amortised cost. Available-for-sale bonds comprise Federal Government of Nigeria bonds amounting to N24.5 billion (2013: Nil). These bonds are stated at fair value.

26. OTHER ASSETS

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Accounts receivable	**23,287**	25,263	**17,002**	16,149
Prepayment	**8,552**	6,616	**5,300**	4,002
Others	**116**	-	**55**	-
	31,955	31,879	**22,357**	20,151
Impairment loss on other assets (account receivable)	**(1,898)**	(1,443)	**(1,221)**	(1,082)
	30,057	30,436	**21,136**	19,069
(a) Movement in impairment loss for other assets				
At start of year	**1,443**	1,311	**1,082**	799
Charge for the year (note 14)	**819**	514	**243**	322
Write-off	**(364)**	(382)	**(104)**	(39)
	1,898	1,443	**1,221**	1,082
(b) Current	**28,531**	29,352	**20,063**	18,390
Non-current	**1,526**	1,084	**1,073**	679
	30,057	30,436	**21,136**	19,069

27. INVESTMENT IN EQUITY-ACCOUNTED INVESTEE

In December 2013, the Group's holding in UBA Zambia Limited was diluted to 49% as a result of additional capital injection by a third party. Consequently, UBA Zambia became an associate and ceased to be a subsidiary of the Group. Investment in UBA Zambia has been accounted for using equity accounting.

The associate has share capital consisting solely of ordinary shares, which are held directly by the Group.

UBA Zambia was incorporated in 2009 and operates as a licensed commercial bank in Zambia.

There are no contingent liabilities relating to the group's interest in the associates

(a) Nature of investment in associates

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Investment in UBA Zambia	Zambia	49	Trades with UBA's brand in Zambia	Equity

(b) Summarised financial information for associates

Set out below are the summarised financial information for UBA Zambia accounted for using the equity method.

(i) Summarised balance sheet

In millions of Nigerian Naira	Dec 2014	Dec 2013
Assets		
Cash and bank balances	**2,001**	4,670
Other current assets (excluding cash)	**6,342**	2,301
Non-current assets	**1,210**	4,664
Total assets	**9,553**	11,635
Financial liabiliites (excluding trade payables)	**–**	(2,798)
Othe current liabiliites (including trade payables)	**(126)**	(478)
Non-current financial liabilities	**(5,753)**	(4,642)
Other non-current liabilities	**–**	–
Total liabiliites	**(5,879)**	(7,918)

27. INVESTMENT IN EQUITY-ACCOUNTED INVESTEE (CONTINUED)

(ii) Summarised statement of comprehensive income

	Dec 2014	Dec 2013
Revenue	**1,896**	939
Depreciation and amortisation	**(69)**	(67)
Interest income	**425**	443
Interest expense	**(457)**	(463)
Profit/(loss) from continuing operations	**18**	(565)
Income tax (charge)/credit	**–**	175
Post-tax profit/(loss) from continuing operations	**18**	(389)
Post-tax profit from discontinued operations	**–**	–
Other comprehenive income	**–**	–
Total comprehensive income	**18**	(389)

The information above reflects the amounts presented in the financial statements of the associates (and not UBA Group's share of those amounts) There are no differences in the accounting policy of the associate and the Group acounting policies.

(c) Movement in investment in equity-accounted investee

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Balance, beginning of year	**2,977**	–	**1,770**	–
Fair value of residual interest in subsidiary (note 27c(i))	**–**	2,983	**–**	–
Share of current year result	**9**	(6)	**–**	–
Reclassification from investment in subsidiaries	**–**	–	**–**	1,770
Balance, end of year	**2,986**	2,977	**1,770**	1,770

(i) Fair value of residual interest in subsidiary represents fair value gain on deemed disposal of UBA Zambia and it arose from measuring the investment retained by the Bank in UBA Zambia at fair value, following loss of control by the Bank in 2013. The fair value gain on deemed disposal (N2,983 million) was recognised as "other operating income" in the statement of comprehensive income.

Significant restrictions

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the associate to the extent that regulation does not inhibit the Group.

(ii) Net gain on deemed disposal of subsidiary is analysed below:

	Group	Group
In millions of Nigerian Naira	Dec 2014	Dec 2013
Fair value of residual interest in subsidiary	**–**	2,983
Net asset on date of acquisition of associate	**–**	(561)
	–	2,422
(iii) Reconciliation of summarised financial information		
Opening net assets/net assets on date on acquisition	**3,717**	3,667
Profit/(loss) for the year	**18**	(12)
Foreign exchange differences	**(61)**	62
Closing net assets	**3,674**	3,717
Interest in associate (49%)	**1,800**	1,791
Notional goodwill	**1,186**	1,186
Carrying value	**2,986**	2,977

28. INVESTMENT IN SUBSIDIARIES

(a) Holding in subsidiaries

In millions of Nigerian Naira						Bank Dec 2014	Bank Dec 2013
Bank subsidiaries (see note (i) below):	**Year of acquisition/ Commencement**	**Holding**	**Non-controlling interest**	**Country**	**Industry**		
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	**8,048**	8,048
UBA Cameroun SA Limited	2007	100%	–	Cameroun	Banking	**1,845**	1,845
UBA Cote d'Ivoire	2008	100%	–	Cote d'Ivoire	Banking	**5,995**	5,995
UBA Liberia Limited	2008	100%	–	Liberia	Banking	**2,330**	2,330
UBA (SL) Limited	2008	100%	–	Sierra Leone	Banking	**1,269**	1,269
UBA Uganda Limited	2008	74%	26%	Uganda	Banking	**2,718**	2,718
Banque International Du Burkina Faso	2008	64%	36%	Burkina Faso	Banking	**5,352**	5,352
UBA Benin	2008	76%	24%	Benin Republic	Banking	**6,726**	6,726
UBA Kenya Bank Limited	2009	85%	15%	Kenya	Banking	**1,770**	1,770
UBA Chad (SA)	2009	100%	–	Chad	Banking	**2,440**	2,440
UBA Senegal (SA)	2009	86%	14%	Senegal	Banking	**2,400**	2,400
UBA Tanzania Limited	2010	100%	–	Tanzania	Banking	**1,770**	1,770
UBA Gabon Limited	2010	100%	–	Gabon	Banking	**2,760**	2,760
UBA Guinea Limited	2010	100%	–	Guinea	Banking	**1,475**	1,475
UBA Congo DRC Limited	2011	100%	–	Congo DRC	Banking	**2,500**	2,500
UBA Congo Brazaville Limited	2011	100%	–	Congo Brazzaville	Banking	**3,024**	3,024
UBA Mozambique Limited	2011	85%	15%	Mozambique	Banking	**869**	869
UBA Retail Financial Services Limited	2008	100%	–	Nigeria	Banking	**–**	–
Non-bank subsidiaries:							
UBA Pensions Custodian Limited (see (ii) below)	2004	100%	–	Nigeria	Pension custody	**2,000**	2,000
UBA FX Mart Limited (see (iii) below)	2008	100%	–	Nigeria	Banking	**502**	502
UBA Capital Europe Limited (see (iv) below)	2012	100%	–	United Kingdom	Investment banking	**9,974**	9,974
					–	**65,767**	65,767

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Holding in subsidiaries (continued)

The movement in investment in subsidiaries during the year is as follows:

In millions of Nigerian Naira	Bank Dec 2014	Bank Dec 2013
Balance, beginning of year	**65,767**	66,727
Additional investments during the year	**–**	810
Reclassification to investment in associates (note 27(c))	**–**	(1,770)
Balance, end of year	**65,767**	65,767

(i) UBA Ghana, UBA Cameroon SA, UBA Cote d'ivoire, UBA Liberia, UBA Uganda, Banque International Du Burkina Fasso, UBA Retail Financial Services, UBA Chad SA, UBA Senegal SA, Continental Bank Benin, UBA Kenya, UBA Tanzania, UBA Gabon, UBA Guinea, UBA Sierra Leone, UBA Mozambique, UBA Congo DRC and UBA Congo Brazaville are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(ii) UBA Pensions Custodian Limited obtained an operating licence on 20 February 2006 and commenced operations on 3 May 2006. It principally operates as a custodian of pension assets, to hold and deal in such assets as directed by the Pension Fund Administrators and in line with regulations of National Pension Commission in conformity with the Pensions Reforms Act, 2004 and as amended in 2014.

(iii) UBA FX Mart was incorporated on 30 January 2008 and commenced operations 22 May 2008. It operates as a licensed bureau de change dealing in foreign currency and traveller's cheques.

(iv) UBA Capital Europe Limited is a London-based investment banking company which was incorporated on 25 September 1995. It is primarily engaged in brokerage, trade finance and wealth management businesses.

(v) UBA Capital Holding Mauritius (formerly Afrinvest Holdings Mauritius) is a fully-owned non-operating subsidiary of the Bank. The Bank completed the first stage of liquidation of UBA Capital Holding Mauritius in 2013 by effecting a transfer of its shareholding of 2% in UBA Capital Europe Limited to United Bank for Africa Plc. The second and final stage of liquidation will be finalised in the next financial year..

(vi) Significant restrictions:
There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

(b) Non-fully-owned subsidiaries

(i) The total non-controlling interest for the period is N5.4776 billion (2013: N7.387 billion), attributed to the following non-fully-owned subsidiaries:

	Bank Dec 2014	Bank Dec 2013
UBA Ghana Limited	**1,270**	1,204
Banque International Du Burkina Faso	**2,230**	1,984
UBA Benin	**642**	430
UBA Uganda Limited	**327**	1,564
UBA Kenya Bank Limited	**206**	1,243
UBA Senegal (SA)	**795**	485
UBA Mozambique Limited	**7**	477
	5,477	7,387

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-fully-owned subsidiaries (continued)

(ii) Set out in note 28(c) are the summarised financial information for all (including the non-fully owned) subsidiaries. Details of allocation of total comprehensive income to non-controlling interests and dividends paid to subsidiaries are shown below:

	UBA Ghana Limited		Banque International Du Burkina Faso		UBA Benin	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Total comprehensive income	**6,478**	7,182	**546**	1,937	**1,074**	(2,951)
Total comprehensive income allocated to non-controlling interest	**598**	663	**198**	702	**254**	(697)
Dividends paid to non-controlling interests	**207**	199	**–**	–	**–**	41

	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
Total comprehensive income	**(876)**	(262)	**(493)**	(505)	**1,439**	1,249
Total comprehensive income allocated to non-controlling interest	**(228)**	(67)	**(74)**	(76)	**194**	169
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

	UBA Mozambiquue Limited	
In millions of Nigerian Naira	**Dec 2014**	Dec 2013
Total comprehensive income	**(454)**	(70)
Total comprehensive income allocated to non-controlling interest	**(67)**	(10)
Dividends paid to non-controlling interests	**–**	–

28 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statements of comprehensive income								
Operating income	20,244	1,099	3,085	4,052	766	1,406	1,961	6,058
Total operating expenses	(10,659)	(730)	(3,113)	(2,250)	(1,317)	(843)	(1,222)	(4,044)
Net impairment gain/(loss) on financial assets	(245)	(91)	(136)	(342)	(77)	(162)	(6)	(890)
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	–
Profit before income tax	9,340	278	(164)	1,460	(628)	401	733	1,124
Income tax expense	(2,862)	(68)	–	(21)	134	(210)	(205)	(49)
Profit for the period	6,478	210	(164)	1,439	(494)	191	528	1,075
Condensed statements of financial position								
Assets								
Cash and bank balances	40,977	6,301	2,638	11,297	4,190	9,482	5,571	13,160
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets				–				
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	24,604	2,275	14,387	20,642	1,491	10,926	10,355	12,720
Investment securities	52,862	477	17,175	12,836	2,973	4,548	1,446	16,287
Other assets	702	328	3,518	162	206	65	166	1,638
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	532	233	387	338	180	322	178	1,001
Intangible assets	30	6	11	–	–	15	–	15
Deferred tax assets	52	–	–	–	570	–	–	–
Non-current assets held for distribution	–	–	–	–	–	–	–	–
	119,759	9,620	38,116	45,275	9,610	25,358	17,716	44,821
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	43,257	–	13,960	5,077	–	9,343	–	–
Deposits from customers	59,560	7,256	20,204	33,057	7,216	12,649	11,732	40,224
Other liabilities	3,116	242	1,018	1,239	1,018	275	2,731	1,828
Current tax liabilities	70	68	–	21	–	104	205	49
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–
Total equity	13,756	2,054	2,934	5,881	1,376	2,988	3,048	2,720
	119,759	9,620	38,116	45,275	9,610	25,358	17,716	44,821
Condensed cash flows								
Net cash from operating activities	15,825	11,605	151	(10,280)	2,420	6,004	628	8,571
Net cash from financing activities	(5,765)	(5,963)	868	(542)	(93)	172	(151)	(225)
Net cash from investing activities	18	(228)	62	(19)	(24)	(180)	(52)	(388)
Increase/(decrease) in cash and cash equivalents	10,079	5,414	1,081	(10,840)	2,302	5,996	425	7,959
Effects of exchange rate changes on cash and cash equivalents	(1)	–	–	–	1	1	–	–
Cash and cash equivalents at beginning of year	30,899	893	1,557	22,137	1,889	3,486	5,147	5,201
Cash and cash equivalents at end of year	40,977	6,307	2,638	11,297	4,193	9,483	5,572	13,160

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozam-bique	UBA Cameroun	UBA Pension Custodians
Condensed statements of comprehensive income								
Operating income	1,097	6,477	2,077	1,512	3,310	1,158	6,456	4,268
Total operating expenses	(665)	(5,796)	(1,527)	(1,550)	(2,253)	(1,099)	(4,454)	(887)
Net impairment gain/(loss) on financial assets	(6)	(85)	(79)	(94)	(698)	(514)	(139)	–
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	–
Profit before income tax	426	595	471	(132)	359	(455)	1,863	3,381
Income tax expense	(123)	(49)	(188)	(744)	(179)	1	(713)	(874)
Profit for the period	303	546	283	(876)	180	(454)	1,150	2,507
Condensed statements of financial position								
Assets								
Cash and bank balances	3,262	7,158	7,121	6,035	8,228	618	21,276	731
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets		–	–					
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	498	35,760	11,063	1,692	16,862	2,555	37,453	55
Investment securities	3,160	66,237	3,120	4,364	2,546	646	9,651	5,238
Other assets	27	1,411	130	40	668	103	628	715
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	250	2,225	513	246	422	164	587	41
Intangible assets	–	3	11	9	24	25	21	125
Deferred tax assets	–	–	–	30	–	–	–	45
Non-current assets held for distribution	–	–	–	–	–	–	–	–
	7,197	112,794	21,958	12,416	28,750	4,111	69,616	6,950
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	–	32,622	1,774	–	7	–	–	–
Deposits from customers	5,252	71,146	16,772	9,362	23,410	3,945	61,399	–
Other liabilities	218	2,840	223	1,692	1,118	121	1,273	2,473
Current tax liabilities	110	24	180	–	179	–	713	919
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	15	14	–	–	–	–	–	–
Total equity	1,602	6,148	3,009	1,362	4,036	45	6,231	3,558
	7,197	112,794	21,958	12,416	28,750	4,111	69,616	6,950
Condensed cash flows								
Net cash from operating activities	(5,209)	(10,073)	4,229	(1,134)	(1,411)	(931)	5,977	2,866
Net cash from financing activities	197	91	125	(5)	149	(358)	(615)	(2,009)
Net cash from investing activities	(22)	577	(136)	(29)	(108)	17	1,118	(131)
Increase/(decrease) in cash and cash equivalents	(5,034)	(9,405)	4,218	(1,168)	(1,370)	(1,272)	6,480	726
Effects of exchange rate changes on cash and cash equivalents	–	–	–	–	–	–	–	–
Cash and cash equivalents at beginning of year	8,296	16,548	2,903	7,202	9,598	1,889	14,796	5
Cash and cash equivalents at end of year	3,262	7,143	7,121	6,034	8,228	617	21,276	731

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjust-ments	Group
Condensed statements of comprehensive income									
Operating income	1,729	1,535	340	1,054	308	–	144,677	(22,214)	192,455
Total operating expenses	(1,717)	(1,312)	(80)	(1,069)	(300)	–	(99,226)	16,428	(129,686)
Net impairment gain/(loss) on financial assets	–	31	–	–	–	–	(3,073)	27	(6,578)
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	9	9
Profit before income tax	12	254	260	(15)	8	–	42,378	(5,739)	56,200
Income tax expense	358	(45)	(54)	(15)	(103)	–	(2,295)	11	(8,293)
Profit/(loss) for the year from continuing operations	370	209	206	(30)	(95)	–	40,083	(5,739)	47,907
Profit/(loss) for the year from discontinued operations	–	–	–	–	–	–	–	–	–
Profit for the period	370	209	206	(30)	(95)	–	40,083	(5,739)	47,907
Condensed statements of financial position									
Assets									
Cash and bank balances	2,587	1,585	341	7,828	–	455	749,716	(98,197)	812,359
Financial assets held for trading	–	–	–	–	–	–	1,099	–	1,099
Derivative assets	–	–	–	–	–	–	6,534	–	6,534
Loans and advances to banks	–	–	–	–	–	–	48,991	(898)	48,093
Loans and advances to customers	11,951	6,619	–	36,510	–	2	884,587	(71,147)	1,071,859
Investment securities	1,593	1,121	637	8,821	10,026	–	442,909	(11,149)	657,523
Other assets	121	546	–	104	–	114	21,136	(2,472)	30,057
Investments in equity-accounted investee	–	–	–	–	–	–	1,770	1,216	2,986
Investments in subsidiaries	–	–	–	–	–	–	65,767	(65,767)	–
Property and equipment	71	380	3	188	–	203	81,050	2	89,517
Intangible assets	5	10	1	–	–	–	3,446	5,673	9,430
Deferred tax assets	566	–	–	–	–	–	31,853	–	33,116
	16,894	10,261	982	53,451	10,026	774	2,338,858	(242 739)	2,762,573
Financed by:									
Derivative liabilities	–	–	–	–	–	–	943	–	943
Deposits from banks	7,345	5,364	–	–	–	–	1,526	(61,047)	59,228
Deposits from customers	7,612	2,610	–	39,478	–	70	1,812,277	(75,567)	2,169,663
Other liabilities	1,130	60	841	4,915	–	36	41,209	(6,050)	63,566
Current tax liabilities	–	47	54	16	–	–	1,858	(1)	4,615
Subordinated liabilities	–	–	–	–	–	–	85,315	–	85,315
Borrowings	–	–	–	–	30,548	–	113,797	(30,548)	113,797
Deferred tax liabilities	–	12	–	–	–	–	–	(1)	40
Total equity	808	2,168	87	9,042	(20,522)	668	281,933	(69 525)	265,406
	16,894	10,261	982	53,451	10,026	774	2,338,858	(242,739)	2,762,573
Condensed cash flows									
Net cash from operating activities	(1,535)	(2,361)	293	507	–	–	(92,619)	(41,141)	(107,616)
Net cash from financing activities	156	(85)	(150)	1,113	–	–	75,908	14,603	77,424
Net cash from investing activities	47	(111)	(2)	(184)	–	–	129,560	4,208	133,990
Increase/(decrease) in cash and cash equivalents	(1,332)	(2,557)	141	1,436	–	–	112,849	(22,330)	103,798
Effects of exchange rate changes on cash and cash equivalents	–	–	–	(1)	–	–	813	(1,759)	(946)
Cash and cash equivalents at beginning of year	3,920	4,141	201	6,393	–	–	223,538	(52,919)	317,719
Cash and cash equivalents at end of year	2,588	1,584	342	7,828	–	–	337,200	(77,008)	420,571

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statements of comprehensive income (continued)								
Operating income	14,168	848	2,042	3,141	543	1,300	1,218	2,678
Total operating expenses	(3,712)	(723)	(1,897)	(1,458)	(1,013)	(481)	(848)	(2,379)
Net impairment gain/(loss) on financial assets	(476)	(70)	(12)	(433)	(45)	(115)	(144)	(3,251)
Share of loss of equity-accounted investee								
Profit before income tax	**9,980**	**55**	**133**	**1,250**	**(515)**	**704**	**226**	**(2,952)**
Income tax expense	(2,799)	–	–	–	10	(140)	–	–
Profit/(loss) for the year from continuing operations	**7,181**	**55**	**133**	**1,250**	**(505)**	**564**	**226**	**(2,952)**
Profit/(loss) for the year from discontinued operations	–	–	–	–	–	–	–	–
Profit for the period	7,181	55	133	1,250	(505)	564	226	(2,952)
Condensed statements of financial position								
Assets								
Cash and bank balances	30,899	10,879	1,557	22,137	1,888	3,486	5,146	5,201
Financial assets held for trading	–	–	–	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	12,814	2,626	12,145	15,493	1,450	3,427	6,949	20,101
Investment securities	69,864	344	15,110	18,606	2,714	4,365	2,285	29,501
Other assets	581	83	2,323	191	215	129	(145)	2,759
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	580	211	346	319	144	140	125	603
Intangible assets	–	–	113	–	12	17	–	25
Deferred tax assets	101	–	–	–	436	–	–	–
Non-current assets held for distribution	–	–	–	–	–	–	–	–
	114,839	14,143	31,594	56,746	6,859	11,564	14,360	58,190
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	49,519	–	14,656	1,387	161	2,416	–	8,628
Deposits from customers	48,258	12,134	14,064	48,826	4,600	5,818	9,770	46,210
Other liabilities	3,881	133	644	1,550	119	897	2,125	1,531
Current tax liabilities	139	–	–	–	16	12	–	–
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–
Total equity	13,043	1,876	2,230	4,983	1,963	2,421	2,465	1,821
	114,840	14,143	31,594	56,746	6,859	11,564	14,360	58,190
Condensed cash flows								
Net cash from operating activities	26,060	3,079	(295)	15,663	(460)	1,363	(3,253)	(4,812)
Net cash from financing activities	(4,442)	32	458	62	1,667	(337)	901	(522)
Net cash from investing activities	14	39	29	60	73	6	19	32
Increase/(decrease) in cash and cash equivalents	21,632	3,150	192	15,785	1,280	1,032	(2,333)	(5,302)
Effects of exchange rate changes on cash and cash equivalents	3	–	–	–	–	–	2	(4)
Cash and cash equivalents at beginning of year	9,264	7,729	1,365	6,352	609	2,454	7,478	10,507
Cash and cash equivalents at end of year	30,899	10,879	1,557	22,137	1,889	3,486	5,147	5,201

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazza-ville	UBA Mozam-bique	UBA Came-roun	UBA Pension Custo-dians
Condensed statements of comprehensive income (continued)								
Operating income	975	6,936	1,297	894	1,500	782	4,975	3,787
Total operating expenses	(536)	(3,784)	(1,128)	(1,042)	(1,263)	(723)	(3,121)	(596)
Net impairment gain/(loss) on financial assets	(1)	(1,185)	(40)	(113)	(189)	(129)	(160)	–
Share of loss of equity-accounted investee								
Profit before income tax	**438**	**1,967**	**129**	**(261)**	**48**	**(70)**	**1,694**	**3,191**
Income tax expense	(126)	(31)	(198)	–	–	–	–	(770)
Profit/(loss) for the year from continuing operations	**312**	**1,936**	**(69)**	**(261)**	**48**	**(70)**	**1,694**	**2,421**
Profit/(loss) for the year from discontinued operations	–	–	–	–	–	–	–	–
Profit for the period	**312**	**1,936**	**(69)**	**(261)**	**48**	**(70)**	**1,694**	**2,421**
Condensed statements of financial position								
Assets								
Cash and bank balances	8,296	16,549	2,903	7,203	9,598	1,890	14,796	5
Financial assets held for trading	–	–	–	7	–	–	–	–
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	278	24,522	10,652	3,076	8,906	2,775	26,129	51
Investment securities	2,959	48,716	4,129	2,551	3,542	14	9,277	7,071
Other assets	200	755	106	379	1,098	91	1,349	579
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	1,169	–
Property and equipment	228	2,799	354	226	310	183	557	22
Intangible assets	–	6	34	–	28	23	–	13
Deferred tax liabilities	–	–	–	744	–	–	–	–
Non-current assets held for distribution	–	–	–	–	–	–	–	–
	11,961	**93,347**	**18,178**	**14,186**	**23,482**	**4,976**	**53,277**	**7,741**
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	–	15,636	5,302	481	466	–	1,321	–
Deposits from customers	10,333	70,824	10,052	10,454	18,716	4,444	45,318	–
Other liabilities	96	1,346	148	1,008	593	34	942	3,858
Current tax liabilities	128	31	75	–	–	–	–	821
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	2
Total equity	1,405	5,510	2,601	2,243	3,707	498	5,696	3,060
	11,961	**93,347**	**18,178**	**14,186**	**23,482**	**4,976**	**53,277**	**7,741**
Condensed cash flows								
Net cash from operating activities	2,737	7,930	(2,460)	3,603	164	(587)	(4,047)	(710)
Net cash from financing activities	21	353	167	1,940	1,036	552	223	(6,282)
Net cash from investing activities	(61)	(427)	(103)	21	8	(25)	(1,382)	(5)
Increase/(decrease) in cash and cash equivalents	**2,697**	**7,856**	**(2,396)**	**5,564**	**1,208**	**(60)**	**(5,206)**	**(6,997)**
Effects of exchange rate changes on cash and cash equivalents	1	4	–	–	41	–	9	–
Cash and cash equivalents at beginning of year	5,598	8,688	5,299	1,638	8,349	1,949	19,992	7,002
Cash and cash equivalents at end of year	**8,296**	**16,548**	**2,903**	**7,202**	**9,598**	**1,889**	**14,795**	**5**

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Tanzania	UBA Zambia	UBA Congo DRC	UBA RFS Limited	UBA FX Mart
Condensed statements of comprehensive income (continued)					
Operating income	560	430	610		162
Total operating expenses	(933)	(922)	(751)		(50)
Net impairment gain/(loss) on financial assets	(306)	(55)	(89)		–
Share of loss of equity-accounted investee		(6)			
Profit before income tax	**(679)**	**(553)**	**(230)**	**–**	**112**
Income tax expense	–	170	(0)		(26)
Profit/(loss) for the year from continuing operations	**(679)**	**(383)**	**(230)**	**–**	**86**
Profit/(loss) for the year from discontinued operations					
Profit for the period	**(679)**	**(383)**	**(230)**	**–**	**86**
Condensed statements of financial position					
Assets					
Cash and bank balances	3,920	–	4,142	455	201
Financial assets held for trading	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–
Loans and advances to customers	8,543	–	10,028	2	–
Investment securities	2,047	–	–	–	652
Other assets	140	–	467	114	0
Investments in equity-accounted investee	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–
Property and equipment	123	–	262	203	0
Intangible assets	–	–	17	–	1
Deferred tax assets	265	–	–	–	–
Non-current assets held for distribution	–	–	–	–	–
	15,038	**–**	**14,916**	**774**	**854**
Financed by:					
Derivative liabilities	–	–	–	–	–
Deposits from banks	8,094	–	10,649	–	–
Deposits from customers	4,133	–	2,085	70	–
Other liabilities	2,529	–	119	36	797
Current tax liabilities	–	–	7	–	26
Subordinated liabilities	–	–	–	–	–
Borrowings	–	–	–	–	–
Deferred tax liabilities	–	–	12	–	–
Total equity	282	–	2,044	668	31
	15,038	**–**	**14,916**	**774**	**854**
Condensed cash flows					
Net cash from operating activities	3,479	–	2,148	–	382
Net cash from financing activities	(6)	–	879	–	(320)
Net cash from investing activities	72	–	(24)	–	2
Increase/(decrease) in cash and cash equivalents	**3,545**	**–**	**3,003**	**–**	**64**
Effects of exchange rate changes on cash and cash equivalents	1		65		
Cash and cash equivalents at beginning of year	374	–	1,073	455	137
Cash and cash equivalents at end of year	3,920	–	4,141	455	201

28. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Condensed result of consolidated subsidiaries (continued)

In millions of Nigerian Naira	UBA Capital Europe	SSIT	Bank	Group Adjust-ments	Group
Condensed statements of comprehensive income (continued)					
Operating income	445	1,115	137,944	(11,358)	176,993
Total operating expenses	(525)	(292)	(85,922)	6,249	(107,851)
Net impairment gain/(loss) on financial assets	–	–	(181)	(6,083)	(13,078)
Share of loss of equity-accounted investee				–	(6)
Profit before income tax	**(80)**	**823**	**51,841**	**(11,192)**	**56,058**
Income tax expense	(6)	(102)	(5,358)	(183)	(9,457)
Profit/(loss) for the year from continuing operations	**(86)**	**721**	**46,483**	**(11,375)**	**46,601**
Profit/(loss) for the year from discontinued operations	–	–	–	–	–
Profit for the period	**(86)**	**721**	**46,483**	**(11,375)**	**46,601**
Condensed statements of financial position					
Assets					
Cash and bank balances	6,392	–	620,426	(61,166)	716,803
Financial assets held for trading	–	–	777	–	791
			3,265	–	3,265
Loans and advances to banks	–	–	26,251	–	26,251
Loans and advances to customers	21,577	–	796,942	(50,866)	937,620
Investment securities	2,530	21,312	585,445	(21,828)	811,206
Other assets	51	–	19,069	(98)	30,436
Investments in equity-accounted investee	–	–	1,770	1,207	2,977
Investments in subsidiaries	–	–	65,767	(66,936)	–
Property and equipment	4	–	67,661	9	75,409
Intangible assets	–	–	1,401	5,666	7,356
Deferred tax assets	–	–	28,643	–	30,189
Non-current assets held for distribution	–	–	–	–	–
	30,554	21,312	2,217,417	(194,012)	2,642,296
Financed by:					
Derivative liabilities	–	–	31	–	31
Deposits from banks	–	–	–	(58,135)	60,582
Deposits from customers	18,022	–	1,797,376	(20,323)	2,161,182
Other liabilities	4,569	27	54,351	(3,263)	78,071
Current tax liabilities	4	–	1,602	–	2,861
Subordinated liabilities	–	–	55,653	–	55,653
Borrowings	–	31,121	48,861	(31,121)	48,861
Deferred tax liabilities	–	–	–	–	14
Total equity	7,959	(9,836)	259,538	(81,171)	235,036
	30,554	21,312	2,217,417	(194,009)	2,642,296
Condensed cash flows					
Net cash from operating activities	5,259	–	(136,104)	16,659	(64,202)
Net cash from financing activities	238	–	(83,886)	3,968	(83,298)
Net cash from investing activities	1	–	(54,305)	(58,523)	(114,479)
Increase/(decrease) in cash and cash equivalents	**5,498**	**–**	**(274,295)**	**(37,896)**	**(261,979)**
Effects of exchange rate changes on cash and cash equivalents	2		(255)	(107)	(238)
Cash and cash equivalents at beginning of year	893	–	498,088	(25,355)	579,937
Cash and cash equivalents at end of year	6,393	–	223,538	(63,358)	317,720

29. PROPERTY AND EQUIPMENT

As at 31 December 2014

In millions of Nigerian Naira	Land	Buildings and leasehold improvement	Other transportation equipment	Motor vehicles	Furniture and office equipment	Work in progress	Total
(a) (i) Group							
Cost							
Balance at 1 January 2014	30,552	34,789	3,953	10,057	53,179	6,944	139,474
Additions	549	724	8,568	749	3,956	6,549	21,095
Reclassification	340	–	–	35	2,248	(2,623)	–
Disposals	(30)	(808)	–	(424)	(1,154)	(1,699)	(4,115)
Exchange difference	–	572	–	136	629	30	1,367
Balance at 31 December 2014	31,411	35,277	12,521	10,553	58,858	9,201	157,821
Accumulated depreciation							
Balance at 1 January 2014	–	12,376	1,377	8,365	41,948	–	64,065
Charge for the year	–	913	238	539	3,311	–	5,001
Disposals	–	(223)	–	(384)	(1,101)	–	(1,708)
Exchange difference	–	360	–	107	479	–	946
Balance at 31 December 2014		13,426	1,615	8,627	44,637		68,304
Carrying amounts							
Balance at 31 December 2014	31,411	21,851	10,906	1,926	14,221	9,201	89,517
Balance at 31 December 2013	30,552	22,413	2,576	1,692	11,231	6,944	75,409
(ii) Bank							
Cost							
Balance at 1 January 2014	30,552	25,747	3,953	8,324	44,173	6,563	119,312
Additions	549	74	8,568	418	3,056	6,366	19,031
Reclassifications	340	–	–	35	1,842	(2,217)	–
Disposals	(30)	(494)	–	(282)	(453)	(1,699)	(2,958)
Exchange difference	–	46	–	–	40	–	86
Balance at 31 December 2014	31,411	25,373	12,521	8,495	48,658	9,013	135,471
Accumulated depreciation							
Balance at 1 January 2014	–	8,249	1,377	6,955	35,070	–	51,651
Charge for the year	–	446	238	378	2,333	–	3,395
Disposals	–	(11)	–	(245)	(441)	–	(697)
Exchange difference	–	29	–	–	43	–	72
Balance at 31 December 2014	–	8,713	1,615	7,088	37,005	–	54,421
Carrying amounts							
Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050
Balance at 31 December 2013	30,552	17,498	2,576	1,369	9,103	6,563	67,661

29. PROPERTY AND EQUIPMENT

As at 31 December 2014

In millions of Nigerian Naira	Land	Buildings and leasehold improve-ment	Other transpor-tation equipment	Motor vehicles	Furniture and office equipment	Work in progress	Total
(b) (i) Group							
Cost							
Balance at 1 January 2013	30,543	34,269	3,877	9,531	49,235	3,260	130,715
Additions	59	1,219	–	1,100	3,027	5,367	10,772
Reclassification	7	160	76	30	1,407	(1,680)	–
Disposals	(57)	(729)	–	(534)	(212)	(3)	(1,535)
Deemed disposal (see note iii below)	–	(127)	–	(69)	(276)	–	(472)
Exchange difference	–	(3)	–	1	(2)	–	(6)
Balance at 31 December 2013	**30,552**	**34,789**	**3,953**	**10,057**	**53,179**	**6,944**	**139,474**
Accumulated depreciation							
Balance at 1 January 2014	–	11,488	1,211	8,205	39,064	–	59,968
Charge for the year	–	1,307	166	621	3,161	–	5,255
Disposals	–	(376)	–	(412)	(162)	–	(950)
Deemed disposal (see note (iii) below)	–	(42)	–	(48)	(115)		(206)
Exchange difference	–	1	–	1	–	–	(2)
Balance at 31 December 2013	**–**	**12,376**	**1,377**	**8,365**	**41,948**	**–**	**64,065**
Carrying amounts							
Balance at 31 December 2013	**30,552**	**22,413**	**2,576**	**1,692**	**11,231**	**6,944**	**75,409**
Balance at 31 December 2012	**30,543**	**22,781**	**2,665**	**1,326**	**10,171**	**3,260**	**70,747**
(ii) Bank							
Cost							
Balance at 1 January 2013	30,543	25,802	3,877	7,923	41,064	3,036	112,245
Additions	59	75	–	810	1,892	5,094	7,930
Reclassifications	7	51	76	30	1,403	(1,567)	–
Disposals	(57)	(181)	–	(439)	(186)	–	(863)
Balance at 31 December 2013	**30,552**	**25,747**	**3,953**	**8,324**	**44,173**	**6,563**	**119,312**
Accumulated depreciation							
Balance at 1 January 2013	–	7,832	1,211	6,932	33,152	–	49,127
Charge for the year	–	451	166	347	2,061	–	3,025
Disposals	–	(34)	–	(324)	(143)	–	(501)
Balance at 31 December 2013	**–**	**8,249**	**1,377**	**6,955**	**35,070**	**–**	**51,651**
Carrying amounts							
Balance at 31 December 2013	**30,552**	**17,498**	**2,576**	**1,369**	**9,103**	**6,563**	**67,661**
Balance at 31 December 2012	**30,543**	**17,970**	**2,666**	**991**	**7,912**	**3,036**	**63,118**

(iii) Deemed disposal of subsidiary relates to the elimination of items of property and equipment in the opening balances of the Group that relates to UBA Zambia which ceased to be a subsidiary in 2013.

30. INTANGIBLE ASSETS

		In millions of Nigerian Naira	Goodwill	Purchased software	Total
(a)	(i)	**Group**			
		Cost			
		Balance at 1 January 2014	**5,673**	**10,305**	**15,978**
		Additions	**–**	**1,550**	**1,550**
		Disposal	**–**	**(258)**	**(258)**
		Exchange difference	**–**	**(151)**	**(151)**
		Balance at 31 December 2014	**5,673**	**11,446**	**17,119**
		Amortisation and impairment losses			
		Balance at 1 January 2014	**–**	**8,622**	**8,622**
		Amortisation for the period	**–**	**(735)**	**(735)**
		Disposal		**(98)**	**(98)**
		Exchange difference	**–**	**(100)**	**(100)**
		Balance at 31 December 2014	**–**	**7,689**	**7,689**
		Carrying amounts			
		Balance at 31 December 2014	**5,673**	**3,757**	**9,430**
		Balance at 31 December 2013	5,673	1,683	7,356
	(ii)	**Bank**			
		Cost			
		Balance at 1 January 2014		**8,557**	**8,557**
		Additions		**1,442**	**1,442**
		Disposal		**(151)**	**(151)**
		Exchange difference		**121**	**121**
		Balance at 31 December 2014		**9,969**	**9,969**
		Amortisation and impairment losses			
		Balance at 1 January 2014		**7,156**	**7,156**
		Amortisation for the period		**(656)**	**(656)**
		Disposal		**(98)**	**(98)**
		Exchange difference		**121**	**121**
		Balance at 31 December 2014		**6,523**	**6,523**
		Carrying amounts			
		Balance at 31 December 2014		**3,446**	**3,446**
		Balance at 31 December 2013		1,401	1,401

30. INTANGIBLE ASSETS (CONTINUED)

	In millions of Nigerian Naira	Goodwill	Purchased software	Total
(b) (i)	**Group**			
	Cost			
	Balance at 1 January 2013	**5,673**	**9,636**	**15,309**
	Additions	**–**	**705**	**705**
	Transfer to associate		**(37)**	**(37)**
	Exchange difference	**–**	**–**	**–**
	Balance at 31 December 2013	5,673	10,304	15,977
	Amortisation and impairment losses			
	Balance at 1 January 2013	**–**	**7,741**	**7,741**
	Amortisation for the period	**–**	**914**	**914**
	Transfer to associate	**–**	**(8)**	**(8)**
	Exchange difference	**–**	**(25)**	**(25)**
	Balance at 31 December 2013	–	8,622	8,622
	Carrying amounts			
	Balance at 31 December 2013	**5,673**	**1,682**	**7,355**
	Balance at 31 December 2012	**5,673**	**1,895**	**7,568**
(ii)	**Bank**			
	Cost			
	Balance at 1 January 2013		8,000	8,000
	Additions		557	557
	Balance at 31 December 2013		8,557	8,557
	Amortisation and impairment losses			
	Balance at 1 January 2013		6,422	6,422
	Amortisation for the period		734	734
	Balance at 31 December 2013		7,156	7,156
	Carrying amounts			
	Balance at 31 December 2013		1,401	1,401
	Balance at 31 December 2012		1,578	1,578

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to cash-generating units (CGUs). The recoverable amounts of the CGUs have been determined based on value-in-use calculations; using cash flow projections based on the financial budgets approved by senior management covering a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated above. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

30. INTANGIBLE ASSETS (CONTINUED)

In millions of Nigerian Naira	Goodwill	Purchased software	Total

The following is the result of impairment test and key assumption used for value-in-use calculations

	Goodwill	Net asset	Total carrying amount	Discount rate	Terminal growth rate	Recoverable amount	Excess of recoverable amount over carrying amount
– UBA Benin	3,479	2,078	5,557	12%	1.50%	14,682	9,125
– UBA Capital Europe	2,194	9,042	11,236	4%	1.00%	17,064	5,828
	5,673	11,120	16,793			31,746	14,953

Reasonably expected changes in key assumptions would not result in the carrying amount exceeding recoverable amount.

31. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Bank	
In millions of Nigerian Naira	Assets	Liabilities	Assets	Liabilities
(a) 31 December 2014				
Property, equipment, and software	**7,510**	**40**	**6,246**	**–**
Allowances for loan losses	**1,966**	**–**	**1,966**	**–**
Account receivable	**366**	**–**	**366**	**–**
Tax losses carried forward	**24,666**	**–**	**24,666**	**–**
Fair value gain on derivatives	**(1,715)**	**–**	**(1,715)**	**–**
Others	**323**	**–**	**323**	**–**
Net tax assets /liabilities	**33,116**	**40**	**31,852**	**–**
31 December 2013				
Property, equipment, and software	6,306	14	4,760	–
Allowances for loan losses	1,892	–	1,892	–
Account receivable	325	–	325	–
Tax losses carried forward	21,159	–	21,159	–
Exchange difference on monetary items	19	–	19	–
Others	488	–	488	–
Net tax assets /liabilities	30,189	14	28,643	–

31. DEFERRED TAX ASSETS AND LIABILITIES

Movements in temporary differences during the year

	Group			
In millions of Nigerian Naira	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	6,293	1,177	–	7,470
Allowances for loan losses	1,892	74	–	1,966
Account receivable	325	42	–	367
Tax losses carried forward	21,158	3,507	–	24,665
Exchange difference on monetary items	19	(19)	–	–
Fair value gain on derivatives	–	(1,715)	–	(1,715)
Others	488	(165)	–	323
	30,175	2,901	–	33,076
Deferred tax assets				
To be recovered within 12 months	2,468	9,711		12,179
To be recovered after more than 12 months	27,707	(5,095)		22,612
Deferred tax liabilities				
To be recovered within 12 months	–	–		–
To be recovered after more than 12 months	–	(1,715)		(1,715)
	30,175	2,901		33,076

	Bank			
In millions of Nigerian Naira	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	4,761	1,486	–	6,247
Allowances for loan losses	1,892	74	–	1,966
Account receivable	325	42	–	367
Tax losses carried forward	21,159	3,507	–	24,666
Exchange difference on monetary items	19	(19)	–	–
Fair value gain on derivatives	–	(1,715)	–	(1,715)
Others	488	(165)	–	323
	28,644	3,210	–	31,854
Deferred tax assets				
To be recovered within 12 months	2,468	9,711	–	12,179
To be recovered after more than 12 months	26,175	(4,786)	–	21,389
Deferred tax liabilities				
To be recovered within 12 months	–	–	–	–
To be recovered after more than 12 months	–	(1,715)	–	(1,715)
	28,643	3,210		31,853

31. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movements in temporary differences during the year

In millions of Nigerian Naira	Group			
	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	7,394	(1,101)	–	6,292
Allowances for loan losses	2,212	(320)	–	1,892
Account receivable	240	85	–	325
Tax losses carried forward	19,352	1,807	–	21,159
Others	367	140	–	507
	29,565	611	–	30,175
Deferred tax assets				
To be recovered within 12 months	7,822	(5,354)		2,468
To be recovered after more than 12 months	21,908	5,799		27,707
Deferred tax liabilities				
To be recovered within 12 months	(53)	53		
To be recovered after more than 12 months				
	29,677	498		30,175

In millions of Nigerian Naira	Bank			
	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	5,980	(1,220)	–	4,760
Allowances for loan losses	2,213	(320)	–	1,893
Account receivable	240	85	–	325
Tax losses carried forward	19,352	1,807	–	21,159
Exchange difference on monetary items	(53)	72	–	19
Others	420	68	–	488
	28,152	492	–	28,644
Deferred tax assets				
To be recovered within 12 months	7,710	(5,242)	–	2,468
To be recovered after more than 12 months	20,494	5,681	–	26,175
Deferred tax liabilities				
To be recovered within 12 months	(53)	53	–	–
To be recovered after more than 12 months	–	–	–	–
	28,151	492		28,643

Temporary difference relating to the Group's investment in subsidiaries is N14.611 billion (2013: N7.188 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

In assessing the recoverability of deferred tax assets, management considers whether there is any doubt that some portion or all of the deferred tax assets will not be recovered. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the projected future taxable income in making this assessment and believes that the bank will realise the benefits of these deductible differences. The amount of the deferred tax asset considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

32. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are indicative of neither the market risk nor the credit risk.

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Derivative assets				
Carrying value	**6,534**	3,265	**6,534**	3,265
Notional amount	**61,397**	47,274	**61,397**	47,274
Derivative liabilities				
Carrying value	**943**	31	**943**	31
Notional amount	**8,408**	6,871	**8,408**	6,871
(a) Derivative assets				
Instrument type:				
Cross-currency swaps	**2,150**	3,265	**2,150**	3,265
Foreign exchange forward contracts	**4,384**	–	**4,384**	–
	6,534	3,265	**6,534**	3,265
The movement in derivative assets is as follows:				
Balance, beginning of year	**3,265**	–	**3,265**	–
Matured during the year	**(3,265)**	–	**(3,265)**	–
Additions during the year	**6,534**	3,265	**6,534**	3,265
Balance, end of year	**6,534**	3,265	**6,534**	3,265
Derivative assets are current in nature				
(b) Derivative liabilities				
Instrument type:				
Cross-currency swap	**943**	31	**943**	31
	943	31	**943**	31
The movement in derivative liability is as follows:				
Balance, beginning of year	**31**	124	**31**	124
Matured during the year	**(31)**	(93)	**(31)**	(93)
Additions during the year	**943**	–	**943**	–
Balance, end of year	**943**	31	**943**	31
Derivative liabilities are current in nature				
(c) Fair value gain on derivatives				
Derivative assets:				
Fair value gain on additions in the year	**6,534**	3,265	**6,534**	3,265
Fair value loss on maturities in the year	**(3,265)**	–	**(3,265)**	–
Net fair value gain on derivative assets	**3,269**	3,265	**3,269**	3,265
Derivative liabilities:				
Fair value loss on additions in the year	**(943)**	–	**(943)**	–
Fair value gain on maturities in the year	**31**	93	**31**	93
Net fair value loss on derivative liabilities	**(912)**	93	**(912)**	93
Net fair value gain on derivative assets and liabilities	**2,357**	3,358	**2,357**	3,358

33. DEPOSITS FROM BANKS

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Money market deposits	**58,063**	59,682	**1,526**	–
Due to other banks	**1,165**	900	**–**	–
	59,228	60,582	**1,526**	–
Current	**59,228**	60,582	**1,526**	–
	59,228	60,582	**1,526**	–

34. DEPOSITS FROM CUSTOMERS

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Retail customers				
Term deposits	**165,813**	141,618	**147,707**	125,026
Current deposits	**153,747**	113,186	**88,919**	70,337
Savings deposits	**357,169**	310,437	**308,824**	268,552
Domiciliary deposits	**38,542**	41,757	**35,735**	38,919
Corporate customers				
Term deposits	**391,044**	322,322	**353,108**	186,340
Current deposits	**680,369**	522,462	**514,928**	491,860
Domiciliary deposits	**382,979**	709,400	**363,056**	616,342
Current	**2,169,663**	2,161,182	**1,812,277**	1,797,376

35. OTHER LIABILITIES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Creditors	**43,769**	48,009	**27,237**	31,903
Accruals	**4,189**	4,622	**1,635**	1,959
Customers' deposit for foreign trade (note (ii))	**15,455**	25,276	**12,184**	20,325
Provisions (note (iii))	**153**	164	**153**	164
	63,566	78,071	**41,209**	54,351
Current	**63,566**	78,049	**41,209**	54,329
Non-current	**–**	22	**–**	22
	63,566	78,071	**41,209**	54,351

(i) In accordance with the provisions of the Pension Reform Act 2014, the Bank and it's employees contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. The contribution by the Bank during the year was N2.489 billion (2013: N2.927 billion).

(ii) Customers' deposit for foreign trade represents the naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in cash and balances with bank in note 21.

(iii) The amounts represent a provision for certain legal claims. The provision charge is recognised in profit or loss within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2014. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

35. OTHER LIABILITIES (CONTINUED)

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Movement in provision during the year				
At 1 January	**164**	146	**164**	146
Charged to the income statement:	**–**	22	**–**	22
Used during year	**(11)**	(4)	**(11)**	(4)
At 31 December	**153**	164	**153**	164
Analysis of total provisions:				
Current	**153**	142	**153**	142
Non-current	**–**	22	**–**	22
	153	164	**153**	164

36. BORROWINGS

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
On-lending facilities				
– Central Bank of Nigeria (note 36.1)	**9,958**	31,812	**9,958**	31,812
– Bank of Industry (BoI) (note 36.2)	**15,493**	13,175	**15,493**	13,175
– Standard Chartered Bank (note 36.3)	**37,192**	1,432	**37,192**	1,432
– European Investment Bank (EIB) (note 36.4)	**1,466**	2,447	**1,466**	2,447
– Syndicated facility (note 36.5)	**49,688**	–	**49,688**	–
	113,797	48,866	**113,797**	48,866
Current	**6,755**	3,762	**6,755**	3,762
Non-current	**107,042**	45,104	**107,042**	45,104
	113,797	48,866	**113,797**	48,866
Movements in borrowings during the year				
Opening balance	**48,866**	114,520	**48,866**	114,520
Additions	**92,274**	3,529	**92,274**	3,529
Interest accrued	**1,422**	1,741	**1,422**	1,741
Repayments	**(29,537)**	(70,924)	**(29,537)**	(70,924)
Exchange difference	**772**	–	**772**	–
	113,797	48,866	**113,797**	48,866

36. BORROWINGS (CONTINUED)

36.1 This represents on-lending facilities provided by the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme representing a credit line granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. The facility is secured by Nigerian Government Securities and has a tenor of seven years with effect from 2009 and an expiry date of September 2016. Interest rate on the facility is 0% 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 customers.

36.2 This represents an intervention credit granted to the Bank by the Bank of Industry (BOI) for the purpose of refinancing/ restructuring existing loans to small and medium scale enterprises (SMEs), manufacturing companies and companies in the power and aviation industries. The maximum tenor of 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 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-interest rate of 7% per annum. The Bank is the primary obligor to CBN/BOI and assumes the risk of default.

36.3 This represents the amount granted under a $200 million two-year term loan facility granted by Standard Chartered Bank in April 2014. Interest rate on the loan facility is six (6) months USD LIBOR plus 250 basis points. Interest on the loan is payable quarterly. Principal repayment is on maturity in April 2016.

36.4 This represents the outstanding balance on a $16.296 million term loan faciliy granted by European Investment Bank in October 2013. The purpose of the facility is to support lending to small and medium sized enterprises in Nigeria and through its regional subsidiaries. The facility is for a tenor of seven years. Of the initial amount granted, $8.079 million was liquidated in June 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable semi-annually while principal repayment will commence in April 2016. The facility will expire in October 2020.

36.5 This represents the amount granted under a $270 million three-year syndicated term loan facility in September 2014, with Citi Bank International Plc as the Lead Arranger. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable quarterly while principal repayment will commence in August 2015. The facility will expire in August 2017.

37. SUBORDINATED LIABILITIES

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Medium-term notes – series 1	**20,437**	20,364	**20,437**	20,364
Medium-term notes – series 2	**35,464**	35,289	**35,464**	35,289
Medium-term notes – series 3	**29,414**	–	**29,414**	–
	85,315	55,653	**85,315**	55,653
Current	**12,517**	7,500	**12,517**	7,500
Non-current	**72,798**	48,153	**72,798**	48,153
	85,315	55,653	**85,315**	55,653

Subordinated liabilities represent medium-term bonds issued by the Bank. In 2010, the Bank offered for subscription N20 billion fixed rate subordinated unsecured notes, maturing in 2017 with a coupon of 13%. In 2011, the Bank also offered N35 billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. In December 2014, the Bank also offered N30.5 billion fixed rate unsecured notes maturing in 2021. Coupon on the notes are payable semi-annually while principal is payable on maturity.

Movement in subordinated liabilities during the year:

	Group		Bank	
In millions of Nigerian Naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Opening balance	**55,653**	53,719	**55,653**	55,474
Re-instatement of opening balance of distributed entity (see note (i))	**–**	1,755	**–**	–
Additions	**29,400**	–	**29,400**	–
Interest accrued	**7,762**	7,679	**7,762**	7,679
Repayments	**(7,500)**	(7,500)	**(7,500)**	(7,500)
	85,315	55,653	**85,315**	55,653

(i) Re-instatement of opening balance of distributed entity represents balance of UBA Plc Corporate bonds held by UBA Capital Plc which was eliminated in the consolidated statement of financial position as at 31 December 2012. Following the distribution of this entity, it ceased to be a member of the Group, requiring a re-instatement of an earlier eliminated balance in the consolidated statement of financial position.

38. CAPITAL AND RESERVES

In millions of Nigerian Naira	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
(a) Share capital				
Share capital comprises:				
(i) Authorised –				
45,000,000,000 ordinary shares of 50 kobo each	**22,500**	22,500	**22,500**	22,500
(ii) Issued and fully paid –				
32,981,387,565 ordinary shares of 50 kobo each	**16,491**	16,491	**16,491**	16,491
On issue, at start of the year	**32,982**	32,982	**32,982**	32,982
Transfers during the year	**–**	–	**–**	–
On issue, at year-end	**32,982**	32,982	**32,982**	32,982

(b) Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

(c) Retained earnings

Retained earnings is the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(d) Other reserves

Other reserves include the following:	Group Dec 2014	Group Dec 2013	Bank Dec 2014	Bank Dec 2013
Translation reserve (note (i))	**(4,053)**	(3,153)	**–**	–
Statutory reserve (note (ii))	**56,291**	40,028	**44,208**	38,196
Fair value reserve (note (iii))	**23,243**	24,452	**23,866**	25,063
Regulatory risk reserve (note (iv))	**5,280**	4,413	**5,206**	4,413
Treasury shares (note (v))	**(32,301)**	(32,996)	**–**	–
	48,460	32,744	**73,280**	67,672

(i) Translation reserve

Translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations.

(ii) Statutory reserve

In accordance with existing legislation, the Bank transferred 15% (2013: 15%) of its profit after taxation to statutory reserves. Also included in statutory reserves is the Bank's Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserves. The Bank has suspended further appropriation to SMEEIS reserves (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN.

(iii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(iv) Regulatory credit risk reserve

The regulatory credit risk reserve represents the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines, compared with the incurred loss model used in determining the impairment loss under IFRSs.

Where the loan loss impairment determined using the Central Bank of Nigeria prudential guidelines is higher than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the parent.

(v) Treasury shares

Treasury shares represent the Bank's shares of 2,317,693,490 units (31 December 2013 : 2,384,084,388 units) held by the Staff Investment Trust as at 31 December 2014.

39. DIVIDENDS

A dividend in respect of the year ended 31 December 2014 of 10 kobo per share (2013: 50 kobo) is to be approved at the Annual General Meeting. These financial statements do not reflect this dividend payable. Dividends in respect of the 2013 results were paid in 2014.

40. CONTINGENCIES

(i) Litigation and claims

There were contingent liabilities in respect of legal actions against the Group for which provisions amounting to N153 million (2013: N164 million) have been made. The directors having sought the advice of professional legal counsel are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements.

(ii) Contingent liabilities

In the normal course of business, the Group conducts business involving acceptances, performance bonds and indemnities. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given to third parties 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.

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk

Contingent liabilities:

	Group		Bank	
In millions of Nigerian naira	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Performance bonds and guarantees	**192,864**	281,176	**159,765**	240,830
Letters of credits	**393,805**	202,806	**360,752**	99,765
	586,669	483,982	**520,517**	340,595

(iii) Loan commitments

At the balance sheet date, the Group had loan commitments amounting to N67.7 billion (2013: N39.7 billion) in respect of various loan contracts.

(iv) Capital commitments

At the balance sheet date, the Group had capital commitments amounting to N2.9 billion (2013: N4.5 billion) in respect of authorised and contracted capital projects.

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk:

	Group	
	Dec 2014	Dec 2013
Property and equipment	**754**	4,374
Intangible assets	**2,184**	157
	2,938	4,531

41. RELATED PARTIES

United Bank for Africa Plc (UBA Plc) is the ultimate parent/controlling party of the Group. The shares of UBA Plc are listed on the Nigerian Stock Exchange and held by widely varied investors.

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

(a) Subsidiaries

Transactions between United Bank for Africa Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(i) Cash and cash equivalents

Name of subsidiary	Nature of balance	Dec 2014	Dec 2013
UBA Capital Europe	Money market placement	**38,763**	14,591
UBA Congo DRC	Money market placement	**1,861**	2,963
UBA Ghana	Money market placement	**47,518**	39,820
UBA Capital Europe	Nostro balance	**2,518**	1,100
UBA Kenya	Money market placement	**–**	156
UBA Tanzania	Money market placement	**–**	3,352
UBA Uganda	Money market placement	**–**	469
		90,660	62,451

(ii) Loan and advances

Name of subsidiary	Type of loan	Dec 2014	Dec 2013
UBA Benin	Overdraft	**8**	–
UBA Tanzania	Term loans	**7,744**	2,397
UBA Tanzania	Overdraft	**847**	404
UBA Uganda	Term loans	**127**	277
UBA Burkina Faso	Overdraft	**1**	–
UBA CIV	Overdraft	**26**	2,606
UBA Congo DR	Overdraft	**57**	27
UBA Cameron	Overdraft	**8,037**	7
UBA Senegal	Overdraft	**330**	212
UBA Tchad	Overdraft	**35**	10
UBA Ghana	Overdraft	**–**	2,528
UBA Gabon	Overdraft	**102**	415
		17,314	8,883

(iii) Deposits

Name of subsidiary	Type of deposit	Dec 2014	Dec 2013
UBA Benin	Current	**40**	520
UBA Burkina Faso	Domicilliary	**–**	1
UBA Chad	Current	**12**	11
UBA Congo Brazzaville	Current	**2**	2
UBA FX Mart	Current	**216**	174
UBA Kenya	Current	**9**	8
UBA Mozambique	Current	**4**	2
UBA Pension Custodian	Current	**9**	5
UBA Tanzania	Current	**3**	9
UBA Uganda	Current	**6**	–
UBA Cameroon	Domicilliary	**56**	108
Mozambique	Domicilliary	**1**	–

41. RELATED PARTIES (CONTINUED)

(iii) Deposits (continued)

Name of Subsidiary	Type of Deposit	Dec 2014	Dec 2013
UBA Chad	Domicilliary	6	4
UBA Congo Brazzaville	Domicilliary	4	4
UBA Ghana	Domicilliary	782	5
UBA Senegal	Domicilliary	–	1
UBA Guinea	Domicilliary	365	8
UBA Mozambique	Domicilliary	3	9
UBA Sierra Leone	Domicilliary	45	–
UBA Tanzania	Domicilliary	1	7
UBA Uganda	Domicilliary	201	1
UBA Ghana	Current	6	2
UBA Kenya	Domicilliary	198	4
UBA Gabon	Current	1	–
UBA Liberia	Current	2	13
UBA Sierra Leone	Current	8	2
UBA Cameron	Current	19	15
UBA Congo DRC	Domicilliary	1,046	380
UBA Pension Custodian	Term deposit	727	–
UBA Capital Europe	Term deposit	24,045	6,813
		28,490	8,121

(b) Investment in equity accounted investee

Transactions between United Bank for Africa Plc and UBA Zambia meet the definition of related party transactions.The following transactions were carried out with UBA Zambia:

In millions of Nigerian naira	Dec 2014	Dec 2013
Interest Income	–	48
The following balances were held with respect to associate:		
Cash and bank balances	–	2,521
Account receivable	25	25
Deposit liabilities	36	21
	61	2,567

(c) Key management personnel

Key management personnel is defined as members of the board of directors of the Bank, including their close members of family and any entity over which they exercise control. Close members of family are those family who may be expected to influence, or be influenced by that individual in the dealings with UBA Plc and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Bank during the year:

In millions of Nigerian naira	Dec 2014	Dec 2013
Loans and advances to key management personnel		
Loans and advances as at end of year	800	1,095
Interest income earned during the year	90	89

Loans to key management personnel are granted on the same terms and conditions as loans to other employees. Related party loans are secured over real estate, equity and other assets of the respective borrowers. No impairment losses (2013: Nil) have been recorded against related party loans.

41. RELATED PARTIES (CONTINUED)

Loans and advances to key management personnel's related persons and entities as at end of year.

Name of company/ Individual	Name of director	Facility type	Security	Status	Rate	Currency	Dec 2014	Dec 2013
In millions of Nigerian Naira								
Bridge House College	Mrs Foluke Abdulrazaq	Term loan	Real estate	Performing	20.0%	NGN	**25**	17
Africa Royal Shipping Lines Limited.	Alhaji Yahaya Zekeri	Invoice Discounting	Otherwise secured	Performing	22.0%	NGN	**10**	166
The Regent School	Mrs Foluke Abdulrazaq	Term Loan	Real estate	Performing	8.0%	USD	**99**	367
Drunstix Food and Investment Limited	Mrs Foluke Abdulrazaq	Term Loan	Legal ownership over assets secured	Performing	23.0%	NGN	**30**	51
Heirs Holdings	Mr Tony O Elumelu	Term Loan	Real estate	Performing	14.0%	NGN	**15,946**	–
							16,110	601
Interest income earned during the year							**2,389**	61

Deposit liabilities

Deposit liabilities relating to key management personnel and their related persons and entities as at end of year is as follows:

In millions of Nigerian Naira	Dec 2014	Dec 2013
Deposits as at end of year	**2,425**	1,389
Interest expense during the year	**32**	18

Compensation

Aggregate remuneration to key management staff during the year is as follows:

	Dec 2014	Dec 2013
Executive compensation	**555**	613
Retirement benefit costs	**14**	13
Short-term employee benefits	**569**	626

42. COMPENSATION TO EMPLOYEES AND DIRECTORS

(i) The number of persons in the employment of the Group as at year end is as follows:

	Group		Bank	
(In absolute units)	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Group executive directors	**7**	8	**7**	8
Management	**110**	496	**90**	399
Non-management	**12,582**	12,311	**9,842**	9,896
	12,699	12,815	**9,939**	10,303
Compensation for the above staff (including executive directors)				
In millions of Nigerian naira				
Salaries and wages	**53,611**	48,977	**40,799**	36,879
Retirement benefit costs:				
Defined contribution plans	**1,850**	1,678	**1,283**	1,108
	55,461	50,655	**42,082**	37,987

42. COMPENSATION TO EMPLOYEES AND DIRECTORS (CONTINUED)

(ii) The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions) were:

	Group		Bank	
(In absolute units)	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
N300,001 – N2,000,000	**5,088**	5,559	**4,323**	4,571
N2,000,001 – N2,800,000	**2,944**	3,169	**2,253**	2,663
N2,800,001 – N3,500,000	**507**	432	**28**	27
N3,500,001 – N4,000,000	**367**	146	**262**	–
N4,000,001 – N5,500,000	**1,233**	1,156	**925**	960
N5,500,001 – N6,500,000	**130**	73	**2**	3
N6,500,001 – N7,800,000	**624**	607	**542**	547
N7,800,001 – N9,000,000	**840**	594	**801**	556
N9,000,001 – above	**957**	1,071	**794**	968
	12,690	12,807	**9,930**	10,295

(iii) Directors

In millions of Nigerian Naira				
Remuneration paid to the Group's directors was:				
Fees and sitting allowances	**31**	47	**31**	47
Executive compensation	**555**	613	**555**	613
Retirement benefit costs	**14**	13	**14**	13
	600	673	**600**	673
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	**2**	4	**2**	4
The highest paid director	**116**	116	**116**	116

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Group		Bank	
(In absolute units)	**Dec 2014**	Dec 2013	**Dec 2014**	Dec 2013
N1,000,001 - N3,000,000	**1**	–	**1**	–
N3,000,001 - N5,000,000	**2**	6	**2**	6
N5,500,001 and above	**13**	13	**13**	13
	16	19	**16**	19

43. SUBSEQUENT EVENTS

Subsequent to the year-end, the Bank concluded its Right Issue offer of N11.5 billion in a 1 for 10 offer to existing shareholders. As at the date of the financial statements, the right issue is undergoing relevant regulatory approvals and has not been recognised in these financial statements.

44. COMPLIANCE WITH BANKING REGULATIONS

During the year, the bank paid a penalty of N0.29 million for delay in remitting unapplied funds to beneficiaries. The Bank did not pay any penalties in respect of contravention of the provisions of the Central Bank of Nigeria's circulars during the year under review.

Statements of value added

for the year ended 31 December 2014

	Group			
	2014		2013	
	N'million	%	N'million	%
Gross revenue	**290,019**		264,687	
Interest paid	**(90,547)**		(82,469)	
	199,472		182,218	
Administrative overheads:				
– local	**(61,018)**		(43,025)	
– foreign	**(14,479)**		(13,234)	
Value added	**123,975**	**100**	125,959	100
Distribution				
Employees				
– Salaries and benefits	**55,461**	**44**	50,655	40
Government				
– Taxation	**8,293**	**7**	9,457	8
The future				
– Asset replacement (depreciation and amortisation)	**5,736**	**5**	6,169	4
– Asset replacement (provision for losses)	**6,578**	**5**	13,078	10
– Expansion (transfer to reserves and non-controlling interest)	**47,907**	**39**	46,601	38
	123,975	**100**	125,960	100

	Group			
	2014		2013	
	N'million	%	N'million	%
Gross revenue	**228,757**		214,273	
Interest paid	**(78,033)**		(71,526)	
	150,724		142,747	
Administrative overheads:				
– local	**(58,381)**		(48,170)	
– foreign	**(759)**		(810)	
Value added	**91,584**	**100**	93,767	100
Distribution				
Employees				
– Salaries and benefits	**42,082**	**46**	37,987	41
Government				
– Taxation	**2,295**	**3**	5,358	6
The future				
– Asset replacement (depreciation and amortisation)	**4,051**	**4**	3,759	6
– Asset replacement (provision for losses)	**3,073**	**3**	181	–
– Expansion (transfer to reserves and non-controlling interest)	**40,083**	**44**	46,483	50
	91,584	**100**	93,768	100

Five-year financial summary

In millions of Nigerian Naira	Group				
	31 December 2014	**31 December 2013**	**31 December 2012**	**31 December 2011**	**31 December 2010**
ASSETS					
Cash and bank balancess	**812,359**	716,803	714,115	434,218	385,397
Financial assets held for trading	**1,099**	784	457	1,303	2,594
Derivative assets	**6,534**	3,265	–	–	–
Loans and advances to banks	**48,093**	26,251	28,513	41,564	11,226
Loans and advances to customers	**1,071,859**	937,620	658,922	605,627	590,797
Investment securities					
– Available-for-sale investments	**268,752**	253,834	128,665	96,744	124,144
– Held-to-maturity investments	**388,771**	557,372	552,152	625,564	368,935
Other assets	**30,057**	30,436	18,598	16,513	30,290
Investments in equity-accounted investee	**2,986**	2,977	–	10,356	10,118
Property and equipment	**89,517**	75,409	70,746	55,618	62,009
Intangible assets	**9,430**	7,356	7,568	5,930	6,626
Deferred tax assets	**33,116**	30,189	29,624	26,998	7,049
Non-current assets held for distribution					
Total assets	**2,762,573**	2,642,296	2,272,923	1,920,435	1,599,185
LIABILITIES					
Derivative liabilities	**943**	31	124	817	9,310
Deposits from banks	**59,228**	60,582	57,780	19,510	7,456
Deposits from customers	**2,169,663**	2,161,182	1,720,008	1,445,822	1,270,409
Managed funds	**–**	–	–	51,943	32,753
Other liabilities	**63,566**	78,071	81,438	58,210	41,671
Current tax liabilities	**4,615**	2,861	1,274	2,627	2,869
Borrowings	**113,797**	48,866	114,520	137,040	63,327
Subordinated liabilities	**85,315**	55,653	53,719	53,500	18,335
Deferred tax liabilities	**40**	14	59	26	30
Liabilities held for distribution	**–**	–	51,534	–	–
Total liabilities	**2,497,167**	2,407,260	2,080,456	1,769,495	1,446,160
EQUITY					
Share capital and share premium	**124,423**	124,423	124,423	124,423	124,423
Reserves	**135,507**	103,226	64,683	22,922	25,705
Equity attributable to equity holders of the Bank	**259,930**	227,649	189,106	147,345	150,128
Non-controlling interest	**5,476**	7,387	3,361	3,595	2,897
Total equity	**265,406**	235,036	192,467	150,940	153,025
Total liabilities and equity	**2,762,573**	2,642,296	2,272,923	1,920,435	1,599,185

Five-year financial summary
continued

	Group				
In millions of Nigerian Naira	**31 December 2014**	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Net operating income	**192,455**	176,993	159,216	118,969	154,074
Operating expenses	**(129,686)**	(107,851)	(102,592)	(125,998)	(126,037)
Write-back/(Provision) for losses	**(6,578)**	(13,078)	(4,560)	(19,603)	(30,824)
Share of loss of equity-accounted investee	**9**	(6)	(54)	32	(138)
Profit/(loss) before taxation and exceptional items	**56,200**	56,058	52,010	(26,600)	(2,925)
Taxation	**(8,293)**	(9,457)	(533)	17,935	981
Profit/(loss) after taxation and exceptional items	**47,907**	46,601	51,477	(8,665)	(1,944)
Profit from discontinued operations	**–**	–	3,289	1,864	–
Profit/(loss) for the period	**47,907**	**46,601**	**54,766**	**(6,801)**	**(1,944)**
– Non-controlling interest	**886**	684	102	850	70
– Equity holders of the parent	**47,021**	45,917	54,664	(7,651)	(2,014)
Other comprehensive income for the period	**(2,562)**	7,101	764	5,680	8,088
Total comprehensive income for the period	45,345	**53,702**	**55,530**	**(1,121)**	**6,144**

Five-year financial summary

In millions of Nigerian Naira	Bank 31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
ASSETS					
Cash and bank balancess	**749,716**	620,426	629,481	352,500	330,701
Financial assets held for trading	**1,099**	777	456	237	1,267
Derivative assets	**6,534**	–	3,265	–	–
Loans and advances to banks	**48,991**	26,251	27,878	41,564	11,226
Loans and advances to customers	**884,587**	796,942	570,714	552,526	557,224
Investment securities	**–**	–	–	–	–
Investment securities					
– Available-for-sale investments	**261,741**	244,467	126,646	63,428	107,317
– Held-to-maturity investments	**181,168**	340,978	401,348	496,600	284,144
Other assets	**21,136**	19,069	11,159	16,891	24,877
Investments in subsidiaries	**65,767**	65,767	66,727	56,695	50,355
Investments in equity-accounted investee	**1,770.00**	1,770	–	10,843	10,843
Property and equipment	**81,050**	67,661	63,118	47,066	53,263
Intangible assets	**3,446**	1,401	1,578	2,099	2,952
Deferred tax assets	**31,853**	28,643	28,152	25,604	6,555
Non-current assets held for distribution	**–**	–	5,808	–	–
Total assets	**2,338,858**	2,217,417	1,933,065	1,666,053	1,440,724
LIABILITIES					
Derivative liabilities	**943**	31	124	817	9,310
Deposits from banks	**1,526**	–	22,875	23,408	51
Deposits from customers	**1,812,277**	1,797,376	1,461,131	1,216,511	1,120,566
Current tax liabilities	**1,858**	1,602	1,325	784	1,185
Deferred tax liabilities	**–**	–	–	–	–
Subordinated liabilities	**85,315**	55,653	55,474	55,254	20,147
Borrowings	**113,797**	48,866	114,520	137,040	63,327
Other liabilities	**41,209**	54,351	57,299	49,924	38,782
Total liabilities	**2,056,925**	1,957,879	1,712,748	1,483,738	1,253,368
EQUITY					
Share capital and share premium	**124,423**	124,423	124,423	124,423	124,423
Reserves	**157,510**	135,115	95,894	57,892	62,933
Total equity	**281,933**	259,538	220,317	182,315	187,356
Total liabilities and equity	**2,338,858**	2,217,417	1,933,065	1,666,053	1,440,724
Net operating income	**144,677**	130,846	124,356	85,150	122,986
Operating expenses	**(99,226)**	(85,922)	(75,393)	(101,978)	(104,419)
Provision for losses	**(3,073)**	(181)	(2,783)	(9,640)	(26,761)
Profit/(loss) before taxation and exceptional items	**42,378**	44,743	46,180	(26,468)	(8,194)
Exceptional items	**–**	–	–	–	–
Taxation	**(2,295)**	(5,358)	1,195	18,502	1,898
Profit/(loss) for the period	**40,083**	39,385	47,375	(7,966)	(6,295)
Other comprehensive income for the period	**(1,197)**	9,230	3,534	4,212	8,088
Total comprehensive income/(loss) for the period	**38,886**	48,615	50,909	(3,754)	1,793

Investor Information

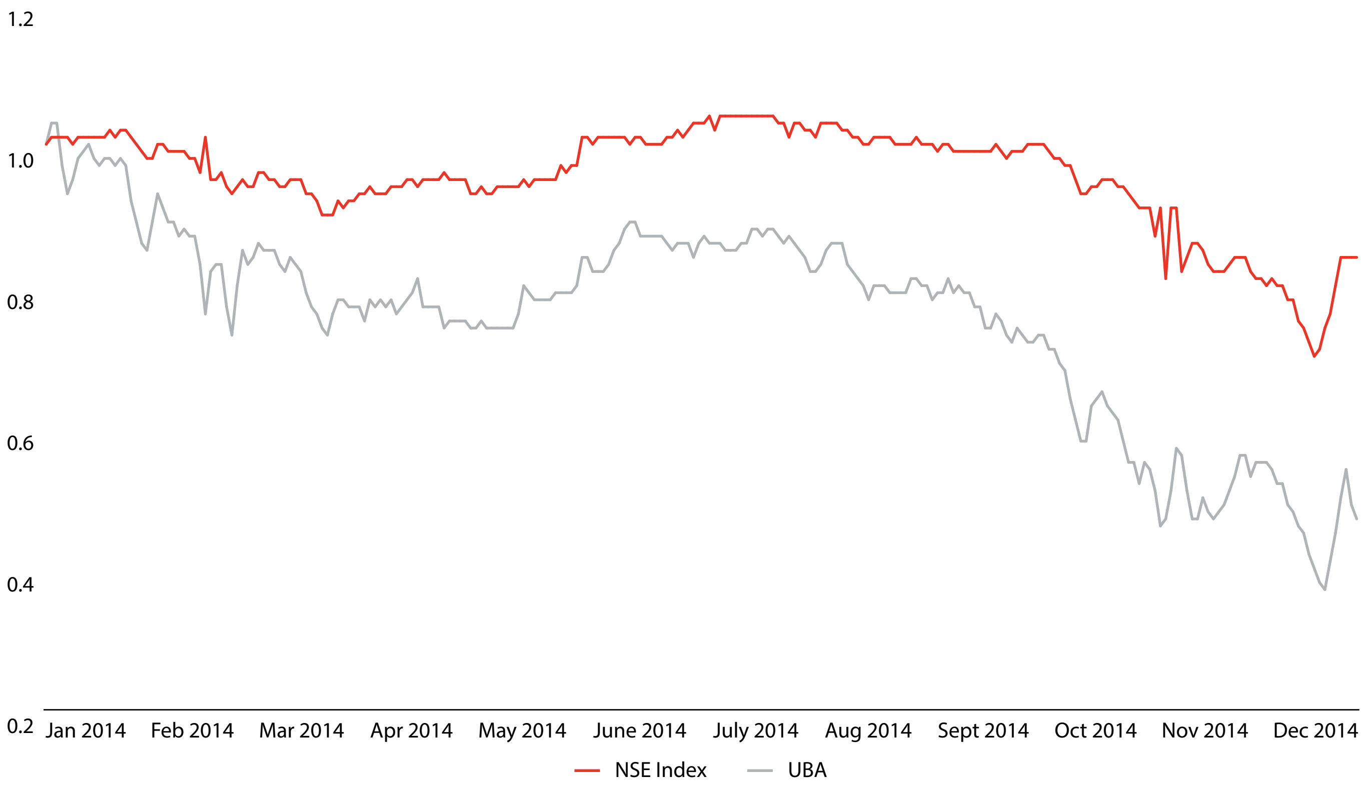
Investor Information

UBA is one of the largest financial services groups in Nigeria with operations in 18 other African countries. Its shares have been listed on the Nigerian Stock Exchange (NSE) since 1970. The Bank's current number of shares outstanding is 32,981,387,565 with a daily average trading volume of 30 million units. A summary of its key share data is shown below.

Share data as of last trading day in 2014

Year	2014	2013
NSE ticker	**UBA**	UBA
Bloomberg ticker	**UBA NL**	UBA NL
Share price(N)	**4.30**	8.90
Shares outstanding (million)	**32,981**	32,981
Market capitalisation (N'billion)	**141,818**	293,531
Market capitalisation (US $' million)	**886.36**	1,893.75
12-month average trading volume (million)	**32.73**	26.23
52-week high share price (N)	**9.58**	10.56
52-week low share price (N)	**3.43**	4.16

Share price performance



Share capital (authorised and fully paid)

The authorised share capital as of 31 December 2014 amounted to N22,500,000,000 consisting 45,000,000,000 shares of 50 kobo each. Of this amount 32,981,387,565 shares have been issued and fully paid for – and are listed on the Nigerian Stock Exchange for trading.

Shareholders

As at the end of 2014, UBA's shares were held by a total of 276,893 shareholders as analysed in the table below:

Shareholders range analysis as at 31 December 2014

Range	Holders	Holders%	Cumm	Units	Units%	Units Cumm
1 – 1,000	26,879	9.71	26,879	12,824,951	0.04	12,824,951
1,001 – 5,000	121,878	44.02	148,757	304,922,161	0.92	317,747,112
5,001– 10,000	46,693	16.86	195,450	318,801,417	0.97	636,548,529
10,001 – 50,000	58,232	21.03	253,682	1,220,332,613	3.7	1,856,881,142
50,001 – 100,000	11,533	4.17	265,215	775,942,391	2.35	2,632,823,533
100,001 – 500,000	9,208	3.33	274,423	1,853,567,824	5.62	4,486,391,357
500,001 – 1,000,000	1,209	0.44	275,632	833,265,473	2.53	5,319,656,830
1,000,001 – 5,000,000	979	0.35	276,611	1,913,784,967	5.8	7,233,441,797
5,000,001– 10,000,000	111	0.04	276,722	766,529,099	2.32	7,999,970,896
10,000,001 – 50,000,000	104	0.04	276,826	2,289,358,775	6.94	10,289,329,671
50,000,001 – 100,000,000	20	0.01	276,846	1,386,077,662	4.2	11,675,407,333
100,000,001– 500,000,000	35	0.01	276,881	7,596,592,601	23.03	19,271,999,934
500,000,001 – 1,000,000,000	7	0.00	276,888	4,559,090,037	13.82	23,831,089,971
1,000,000,001 and above	5	0.00	276,893	9,150,297,594	27.74	32,981,387,565
	276,893	100		32,981,387,565	100	

Top ten shareholders as at 31 December 2014

S/N	NAME	Holdings	%
1.	STANBIC NOMINEES NIGERIA LIMITED/C002 – MAIN	2,499,964,243	7.58
2.	UBA STAFF INVESTMENT TRUST SCHEME	2,317,693,490	7.03
3.	CONSOLIDATED TRUST FUNDS LIMITED.	1,616,384,261	4.90
4.	STANBIC NOMINEES NIGERIA LTD/C001 – MAIN	1,387,000,000	4.21
5.	HEIRS HOLDINGS LIMITED	1,329,255,600	4.03
6.	STH LIMITED .	867,127,500	2.63
7.	STANBIC NOMINEES NIGERIA LIMITED/C004 – MAIN	755,000,000	2.29
8.	THE BANK OF NEW YORK MELLON	716,927,828	2.17
9.	POSHVILLE INVESTMENTS LIMITED	597,189,358	1.81
10.	INTERNATIONAL FINANCE CORPORATION – TRD	592,396,875	1.80

(Stanbic Nominees Nigeria Limited holds these shares on behalf of several investors under a nominee arrangement)

Investor information

continued

Ten-year history of capitalisation

Date	Authorised (N)	Issued and fully paid Capital (N)	Consideration
30 September 2004	6,000,000,000	1,530,000,000	Bonus (1:50)
1 August 2005	6,000,000,000	3,530,000,000	Merger with STB
22 February 2007	6,000,000,000	4,236,000,000	Bonus (1:50)
4 May 2007	6,000,000,000	4,290,214,286	Foreign loan stock conversion
25 September 2007	6,000,000,000	5,645,139,990	Cash (rights and public offering)
18 January 2008	7,500,000,000	5,645,139,990	–
18 June 2008	12,500,000,000	8,622,584,985	Bonus (1:20) (interim)
5 January 2009	12,500,000,000	10,778,231,231	Bonus (1:40) (final)
2 October 2009	17,500,000,000	10,778,231,231	–
13 May 2010	17,500,000,000	12,933,877,477	Bonus (1:50) (final)
13 May 2011	17,500,000,000	16,167,346,850	Bonus (1:40) (final)
18 May 2012	22,500,000,000	16,490,693,782	Bonus (1:50) (final)
8 April 2013	22,500,000,000	16,490,693,782	–

Ten-year dividend payment history

Dividend number	Year ended	Date declared	Total amount (N'million)	Dividend per share (N)
51	31 March 2004	30 September 2004	1,530	0.60
52	31 March 2005	22 July 2005	1,836	0.60
53	30 September 2006	31 January 2007	7,060	1.00
54	30 September 2007	18 January 2007	13,796	1.20
55	30 September 2008	18 June 2008	2,874	0.25
56	30 September 2008	8 January 2009	12,934	0.75
57	31 December 2009	13 May 2010	2,113	0.10
58	31 December 2011	13 May 2011	1,293	0.05
59	31 December 2012	10 June 2013	16,491	0.50
60	31 December 2013	8 April 2014	16,491	0.50

Record of unclaimed dividends as at 31 December 2014

S/No	Dividend year	Number of years	Unclaimed dividends as at 31 December 2014 Amount declared	Total dividend paid to date	Unclaimed dividend	Date of payment
1	1995	18	68,200,00	67,562,054	637,946	11/10/1995
2	1996	17	200,000,000	199,726,170	273,830	18/10/1996
3	1997	16	32,400,000	31,370,945	1,029,055	26/11/1997
4	1998	15	272,100,000	271,660,387	439,613	17/12/1998
5	1999	14	580,100,000	579,727,706	272,294	26/10/1999
6	2000	13	770,950,000	770,921,828	28,172	8/10/2000
7	2001	12	382,500,000	381,953,551	546,449	16/08/2001
8	2002	11	462,570,000	462,568,452	1,548	14/08/2002
9	2003	10	1,040,782,500	1,040,767,933	14,567	23/08/2003
10	2004	9	1,387,710,000	1,386,015,122	1,694,878	16/10/2004
11	2005	8	1,665,252,000	1,665,207,063	44,937	28/07/2005
12	2007	7	6,986,560,000	6,978,394,060	8,165,940	2/2/2007
13	2008	6	13,796,000,000	13,774,926,875	21,073,125	21/1/2008
14	2008	6	2,874,194,995	2,865,637,152	8,557,843	6/20/2008
15	2009	5	12,933,877,478	12,912,861,315	21,016,163	1/8/2009
16	2010	4	2,155,646,246	2,001,983,547	153,662,700	5/13/2010
17	2011	3	1,293,387,748	1,165,416,892	127,970,856	5/13/2011
18	2013	2	16,490,693,783	14,204,681,549	2,286,012,234	6/10/2013
19	2014	1	16,490,693,783	14,403,187,184	2,087,506,598	4/28/2014

Credit rating summary

As at 31 December 2014	Fitch	GCR	Agusto
Short-term rating	B	A1+ (NG)	A+ (NG)
Long-term rating	B+	AA– (NG)	A+ (NG)
Outlook	Stable	Evolving	Stable

NEWS

Notice of AGM

NOTICE IS HEREBY GIVEN that the 53rd Annual General Meeting of United Bank for Africa Plc will hold at the Lagos Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos State on Friday, April 24, 2015 at 10:00 to transact the following business:

ORDINARY BUSINESS

1. To receive the audited Accounts for the year ended 31st December 2014 together with the reports of the Directors, Auditors and the Audit Committee thereon
2. To declare a dividend
3. To elect/re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect members of the Audit Committee

Notes

1. PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be duly stamped at the Stamp Duties office and returned to the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos Nigeria, not less than 48 hours prior to the time of the meeting.

2. DIVIDEND WARRANTS

If the dividend recommended by the Directors is approved, dividend warrants will be posted on Monday, April 27, 2015 to all shareholders whose names are registered in the Company's Register of Members as at the close of business on Thursday, April 2, 2015.

3. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, April 7, 2015 to Thursday, April 9, 2015, both dates inclusive, for the purpose of paying a dividend.

4. AUDIT COMMITTEE

The Audit Committee consists of three shareholders and three Directors. Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least twenty one days before the Annual General Meeting.

Dated this 5th day of March 2015

By order of the Board

Bili A. Odum
Group Company Secretary

57 Marina, Lagos

Shareholder Data Form

C005

Africa Prudential Registrars Plc
RC NO: 649007

SHAREHOLDER DATA FORM

(*= Compulsory fields)

1. *SURNAME/COMPANY NAME: ______________________________

2. *FIRST NAME: ______________________________
3. OTHER NAME: ______________________________
4. SPOUSE' NAME: ______________________________ *Optional*
5. *MOTHER'S MAIDEN NAME: ______________________________
6. *E-MAIL: ______________________________
7. ALTERNATE E-MAIL: ______________________________
8. *MOBILE No.: ______________ 9. SEX: MALE ☐ FEMALE ☐
10. PHONE No. (HOME): ______________
11. *POSTAL ADDRESS: ______________________________

Please tick against the company(ies) where you have shareholding

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. AFRICA PRUDENTIAL REGISTRARS PLC ☐
3. AFRILAND PROPERTIES PLC ☐
4. A & G INSURANCE PLC ☐
5. ARM PROPERTIES PLC ☐
6. A.R.M LIFE PLC ☐
7. ADAMAWA STATE GOVERNMENT BOND ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BENUE STATE GOVERNMENT BOND ☐
10. CAP PLC ☐
11. CAPPA AND D'ALBERTO PLC ☐
12. CEMENT COY OF NORTHERN NIG. PLC ☐
13. CSCS PLC ☐
14. CHAMPION BREWERIES PLC ☐
15. COMPUTER WAREHOUSE GROUP PLC ☐
16. EBONYI STATE GOVERNMENT BOND ☐
17. GOLDEN CAPITAL PLC ☐
18. INFINITY TRUST MORTGAGE BANK PLC ☐
19. INTERNATIONAL BREWERIES PLC ☐
20. INVESTMENT & ALLIED ASSURANCE PLC ☐
21. JAIZ BANK PLC ☐
22. KADUNA STATE GOVERNMENT BOND ☐

CLIENT CONTD.

23. NEM INSURANCE PLC ☐
24. MOLUABI SAVINGS AND LOANS PLC ☐
25. PERSONAL TRUST & SAVINGS LTD ☐
26. P.S MANDRIDES PLC ☐
27. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
28. PREMIER BREWERIES PLC ☐
29. RESORT SAVINGS & LOANS PLC ☐
30. ROADS NIGERIA PLC ☐
31. SCOA NIGERIA PLC ☐
32. TARABA STATE GOVERNMENT BOND ☐
33. TRANSCORP PLC ☐
34. TOWER BOND ☐
35. THE LA CASERA COMPANY - CORPORATE BOND ☐
36. UAC NIGERIA PLC ☐
37. UBA BALANCED FUND ☐
38. UBA BOND FUND ☐
39. UBA CAPITAL PLC ☐
40. UBA EQUITY FUND ☐
41. UBA MONEY MARKET FUND ☐
42. UNITED BANK FOR AFRICA PLC ☐
43. UNIC INSURANCE PLC ☐
44. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
45. UTC NIGERIA PLC ☐
46. WEST AFRICAN GLASS IND PLC ☐

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: ______________ Signature : ______________ *OTHERS:* ______________

for joint/corporate accounts only

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400 | **ABUJA**: 11, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd floor), Port Harcourt, Rivers State. Tel: 084-303457
E-MAIL: info@africaprudentialregistrars.com | **WEBSITE**: www.africaprudentialregistrars.com
Africa Prudential Registrars

E-Share Registration Form

Africa Prudential Registrars Plc
RC NO: 649007

E-SHARE REGISTRATION FORM

(* – Compulsory fields)

1. SURNAME/COMPANY NAME*
2. FIRST NAME*
3. OTHER NAMES
4. SPOUSE'S NAME
5. MOTHER'S MAIDEN NAME
6. E-MAIL*
7. ALTERNATE E-MAIL
8. MOBILE NO.
9. PHONE NO. (HOME)
10. POSTAL ADDRESS
11. SEX: MALE ☐ FEMALE ☐
12. CSCS CLEARING HOUSE NO.*
13. OCCUPATION
14. NATIONALITY
15. NEXT OF KIN
16. TEST QUESTIONS (answer one)*
    i. FATHER'S MIDDLE NAME
    ii. PLACE OF BIRTH

DECLARATION

"I declare that the information I have provided is true and correct."

Signature: ______________________________

for joint/corporate accounts only

DISCLAIMER

"In no event shall African Prudential Registrars be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in commection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses or expenses, whether express or implied in respect of such information."

LAGOS
2208, Ikorodu Road
Palmgrove
Tel: 01-893150, 01-7450427, 01-8401153
Email: info@africaprudentialregistrars.com
Website: www.africaprudentialregistrars.com

ABUJA
11, Lafia Close
Area 8
Garki
Tel: 09-8701645, 09-2348562

PORT HARCOURT
Plot 137, Olu Obasanjo Road
(2nd Floor)
Tel: 08-4803171

E-Share Allotment Mandate Form

Africa Prudential Registrars Plc

RC NO: 649007

To:
The Registrar
Africa Prudential Registrars Plc
2208, Ikorodu Road
Palmgrove
Lagos

e-SHARE ALLOTMENT MANDATE FORM

I/We hereby request that from now on, all my/our shares (Bonus, Right Issue, Public Offer and Reconstructed Shares), due to me/us from my/our holdings in the companies ticked below be credited directly to my/our CSCS account as per the details provided below.

(* – Compulsory fields)

SHAREHOLDER'S NAME:*

Surname

First name

Other name

MOBILE NUMBER:*

E-MAIL:*

CSCS CLEARING HOUSE NO:*

Signature:* ____________________

Joint Shareholders' Signature 2: ____________________

If Company, Authorised Signatories: 1. ____________________

2. ____________________

Company Seal: ____________________

Shareholder to affix N50:00 stamp and sign across

The provision of information on your CSCS Clearing House Number, and Mobile Number is very important to enable us to process your mandate.

NAME OF STOCKBROKER:* ____________________

ADDRESS OF STOCKBROKER:* ____________________

Authorised signature and stamp of stockbroking firm

- **Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.**
- **For other enquiries, kindly contact us via our e-mail: info@africaprudentialregistrars.com**

Please tick against the company(ies) where you have a shareholding

CLIENTELE

1. ABBEY BUILDING SOCIETY PLC
2. A&G INSURANCE PLC
3. ALUMACO PLC
4. ARM PROPERTIES PLC
5. BECO PETROLEUM PRODUCT LTD
6. CAPPA AND D'ALBERTO PLC
7. CEMENT COY OF NORTHERN NIG.
8. CHAMPION BREWERIES PLC
9. COMPUTER WAREHOUSE
10. CRYSTALIFE ASSURANCE COY PLC
11. DORMAN LONG
12. GOLDEN SECURITIES PLC
13. INTERNATIONAL BREWERIES PLC
14. INVESTMENT & ALLIED ASSURANCE
15. JAIZ INTERNATIONAL PLC
16. NEM INSURANCE PLC
17. PERSONAL TRUST & SAVINGS LTD
18. PS MANDRIES PLC
19. POLY PRODUCT
20. PORTLAND PAINTS & PRODUCTS
21. PREMIER BREWERIES PLC
22. RESORT SAVINGS & LOANS LTD
23. ROADS NIGERIA PLC
24. SCOA NIGERIA PLC
25. UBA BALANCE FUND
26. UBA BOND FUND
27. UBA EQUITY FUND
28. UBA MONEY MARKET
29. UNITED BANK FOR AFRICA PLC
30. UTC NIGERIAPLC
31. WEST AFRICAN GLASS IND PLC
32. TRANSCORP PLC

Other(s) specify ____________________

LAGOS
2208, Ikorodu Road
Palmgrove
Tel: 01-893150, 01-7450427, 01-8401153
Email: info@africaprudentialregistrars.com
Website: www.africaprudentialregistrars.com

ABUJA
11, Lafia Close
Area 8
Garki
Tel: 09-8701645, 09-2348562

PORT HARCOURT
Plot 137, Olu Obasanjo Road
(2nd Floor)
Tel: 08-4803171

E-Dividend Mandate/Replacement Form

Africa Prudential Registrars Plc

RC NO: 649007

E-DIVIDEND MANDATE/REPLACEMENT FORM

Dear shareholder,

We are pleased to advise you of our e-dividend service, which enables direct credit of your dividend(s)/new dividend payments/lost/misplaced/stale/unclaimed dividend warrants to your bank account regardless of the bank or account type, i.e. Current/Savings Accounts.

Should you prefer this service, kindly fill the spaces provided below and return to us.

Please use the name(s) in which your shares are held, with the signature on your Application or Transfer Form.

Thank you.

THE MANAGING DIRECTOR/REGISTER

Africa Prudential Registrars Plc
2208, Ikorodu Road, Palmgrove
Lagos

Company(ies) where share is held (please tick appropriate boxes like this ☑

- ☐ UBA Plc
- ☐ UTC Nigeria Plc
- ☐ SCOA Nigeria Plc
- ☐ NEM Insurance Plc
- ☐ Jaiz International Plc
- ☐ ALUMACO
- ☐ Resort Savings and Loans Plc
- ☐ Transcorp Plc
- ☐ Computer Warehouse
- ☐ Poly Product
- ☐ West African Glass Industries Plc
- ☐ Cement Company of Northern Nig. Plc
- ☐ Cappa & D'Alberto Plc
- ☐ Champion Breweries Plc
- ☐ International Breweries Plc
- ☐ Roads Nigeria Plc
- ☐ ARM Properties Plc
- ☐ Portland Paints & Products

☐ Others *(please specify in the boxes provided)*

Please take this as authority to credit my/our undermentioned account with any dividend payment(s)/lost/nisplaced/stale/unclaimed dividend warrants due on my/our shareholding in the abovementioned company(ies), the particulars of which are stated below from the date hereof.

Shareholder's name:*

(Surname) (Other names

Shareholder's account number. (if known):

Address:*

Mobile number:*

Fax number: E-mail address:*

Bank name:* Branch:*

Bank account No:* Account Type:*

Dated this* day of 20

Bank stamp and authorised signatories

Shareholder(s) signatories

Note:

The provision of information on your Bank name, Bank account number, E-mail address and mobile number are very important to enable us to process your request. All asterisked fields (*) are compulsory.

Shareholders in the North and South region of the country are advised to contact our Abuja or Port Harcourt Liaison Office for all enquiries concerning shareholding in any of our client companies (see addresses below).

LAGOS
2208, Ikorodu Road
Palmgrove
Tel: 01-893150, 01-7450427, 01-8401153
Email: info@africaprudentialregistrars.com
Website: www.africaprudentialregistrars.com

ABUJA
11, Lafia Close
Area 8
Garki
Tel: 09-8701645, 09-2348562

PORT HARCOURT
Plot 137, Olu Obasanjo Road
(2nd Floor)
Tel: 08-4803171

Admission Form

PLEASE RETAIN THIS SECTION TO FACILITATE YOUR ADMISSION TO THE MEETING

ADMISSION FORM

ANNUAL GENERAL MEETING

United Bank for Africa Plc RC 2457

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Annual General Meeting of the Company to be held as follows:

DATE: 24 April 2015

TIME: 10:00 am

VENUE: Oriental Hotel, Lagos

Name of Shareholder:

Address:

Account nNumber: Number of shares held:

Proxy ☐ Shareholder ☐

Please tick appropriate box before admission to the meeting

Bili A Odum
Company Secretary

Shareholder's signature:

This card is to be signed at the venue in the presence of the Registrar.

Africa Prudential Registrars Plc Africa Prudential Registrars Plc 2208, Ikorodu Road, Palmgrove Lagos	**Registrar's stamp**

Proxy Form

Annual General Meeting of United Bank for Africa Plc

I/We: ______________________________

Being a member/members of the United Bank for Africa Plc, hereby appoint** ______________________________

____

____

(block capitals please)

or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 24 April 2015 or at any adjournment thereof.

Dated this ______________ day of ______________ 2015

Shareholder's signature: ______________________________

Note:

1. Please sign this form and deliver or post it to reach the Registrar, Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, PMB 12649 Marina Lagos, no later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
2. Provision has been made on this form for the Chairman of the meeting to act as a 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 the Chairman of the meeting.
3. If the shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

This proxy form is solicited on behalf of the Board of Directors and is to be used the 53rd Annual General Meeting to be held on Friday, 24 April 2015

Ordinary business	For	Against	Abstain
1. To receive the audited accounts for the year ended 31 December 2014, together with the reports of the Directors, Auditors and the Audit Committee thereon			
2. To declare a dividend			
3. To elect/re-elect Directors*			
4. To authorise the Directors to fix the remuneration of the Auditors			
5. To elect members of the Audit Committee			

* The Directors seeking election/re-election are Mrs. Rose Okwechime, Amb. Joe Keshi, OON, High Chief Samuel Oni, FCA and Mr. Tony O. Elumelu, CON.

Please indicate by marking "X" in the appropriate space, how you wish your votes to be cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his or her discretion.

ADMISSION CARD

Before posting the above form, please tear off this part and retain for admission at the meeting.

ANNUAL GENERAL MEETING
United Bank for Africa Plc (RC 2457)

Please admit the shareholder named on this card or his/her duly appointed proxy to the annual general meeting of the company to be held at Lagos Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos State at 10:00 on Friday, 24 April 2015.

Name and address of Shareholder: ______________________________

Account number: ______________________________

Bili A Odum
Company Secretary

Please tick appropriate box before admission to the meeting	☐ *Proxy* ☐ *Shareholder*

Signature: ______________________________

This card is to be signed at the venue in the presence of the Registrar.

Corporate information

Corporate information

REGISTERED OFFICE

UBA House
57 Marina
Lagos, Nigeria

COMPANY REGISTRATION

RC: 2457

COMPANY SECRETARY

Bili Odum

AUDITORS

PriceWaterhouseCoopers
Plot 252E, Muri Okunola Street
Victoria Island
Lagos, Nigeria

REGISTRARS

Africa Prudential Registrars Limited
220B IKorodu Road
Palmgrove Bus Stop
Palmgrove, Lagos, Nigeria
Phone +234-1 – 8752604
www.africaprudentialregistrars.com

UBA SUBSIDIARIES

UBA PENSIONS CUSTODIAN

30 Adeola Hopewell Street
Victoria Island
Lagos, Nigeria
Phone +234-1-271 – 8000-4
Fax +234-1-271-8009
www.ubapensions.com

UBA CAPITAL (EUROPE)

3rd Floor, 2 – 4 King Street
London SW1Y 6QL
United Kingdom
Phone +44-20 7766 4606
Fax +44-20 7766 4601
www.ubacapital.com

UBA FX MART LIMITED

11th Floor
UBA House
57 Marina
Lagos
Phone +2341-2808-446
Fax +2341-2808-677

Shareholder information

The Bank maintains an investor relations section on its website (www.ubagroup.com/ir), which provides access to share price data, management biographies, copies of annual reports, presentations on interim reports, credit rating reports and other useful investor information.

CONTACT US:

For all enquiries on shareholding, financial and business update, please contact our investor relations desk as follows:

Abiola Rasaq

Head Investor Relations

UBA House (14th Floor)
57 Marina, Lagos
Tel: +234 1 2808 349
Email: abiola.rasaq@ubagroup.com

Bili Odum

Group Company Secretary

UBA House (18th Floor)
57 Marina, Lagos
Tel: +234 1 2807 012
Email: bili.odum@ubagroup.com

You can also visit the investor relations section of our website for more information. www.ubagroup.com/ir.

Subsidiaries with contact details

NAME OF COUNTRY	HEAD OFFICE ADDRESS	TELEPHONE NUMBERS
Ghana	Heritage Towers Near Cedi House Ambassadorial Enclave Off Liberia Road, West Ridge, Accra, Ghana	Office: +233 302 683526-30
Liberia	Broad/Nelson Street Monrovia	+231 77113330-4
Sierra Leone	15 Charlotte Street, Freetown	+232-22-228099
Cote d'Ivoire	Abidjan Plateau Boulevard Botreau-Roussel Immeuble Kharrat 2ème Etage, 17 BP 808, Abidjan 17	Office: +225-20-312221-2
Burkina Faso	Banque Internationale du Burkina (BIB) 1340 Avenue Dimdolobsom 01 BP 362, Ouagadougou	Office : +226 50 300000
Cameroon	Boulevard De la Liberté Akwa B.P. Douala 2088 Douala, Cameroon	Office: +237-33-433683
Benin Republic	Continental Bank du Benin (CBB) Boulevard Inter-Etrat Carrefour des Irois Banques Avenue Pape Jean-Paul II Cotonou	+229 21 31 24 24 +229 21 31 51 77
Uganda	Spear House, 22A Jinja Road PO Box 7396, Kampala, Uganda	Office: +256 417 715102 +256 417 715100
Senegal	Zone 12, Lot D, Route des Almadies Dakar, Senegal	Office : +221 33 869 20 00
Kenya	1st Floor, Apollo Center Ring Road, Vale Close, Westlands	Office: +254-20-3612000-2
Chad	UBA Tchad Avenue Charles de Gaulle PO Box 1148, N'djamena, Tchad	Office: +235 252 19 53 +235 252 19 54
Tanzania	30C/30D Nyerere Road Dar es Salaam, Tanzania	Office: +255 222 86 3452-3
Gabon	282 Avenue Marquis de Compiegne BP 12035, Libreville, Gabon	Office: +241 740624 +241 0572 9898
Zambia	Stand 22768, Thabo Mbeki Road Lusaka, Zambia	Office: +260 211 255 951-3
Guinea Conakry	BP 1198 Conakry Rue chateau d'eau , Marché Niger – Kaloum	Office: +224-68356868
Gabon	8th Floor, Imm. Panoramique, 228 av Marquis de Compiègne, Libreville, Gabon	Office: +241 07 68 03 63
Mozambique	UBA Moçambique, SA Praça 16 Junho-Malanga-Maputo Moçambique	Office: + 258-21408340258
Congo DRC	1853 Avenue de la liberation Kinshasa Gombe DR Congo	Office: +243992006651

UBA
United Bank for Africa

Introducing the **Priority Pass** for **UBA Gold and Ruby MasterCard** holders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