



United Bank for Africa Plc.

*Consolidated and Separate Financial Statements
for the half year ended 30 June 2015*

Africa's Global Bank

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 by 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.

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Directors' Report

The Directors present their report together with the audited financial statements of the Group for the period ended 30 June 2015.

1. Results at a Glance (for the half year ended 30 June)

In millions of Nigerian Naira	Group		Bank	
	Audited 2015	Unaudited 2014	Audited 2015	Unaudited 2014
Profit Before Tax	39,046	28,893	28,412	18,943
Tax	(7,047)	(6,037)	(4,108)	(4,771)
Profit After Tax	31,999	22,856	24,304	14,172
Other Comprehensive Income	2,186	(2,694)	4,685	592
Total Comprehensive Income	34,185	20,162	28,989	14,764
Total Comprehensive Income attributable to:				
- Equity holders of the Bank	33,985	22,100	28,989	14,764
- Non-Controlling Interest	200	(1,938)	-	-
Total Comprehensive Income	34,185	20,162	28,989	14,764

2. Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed an interim dividend of N0.20 per Share from the retained earnings account as at 30th June, 2015. This is subject to approval by shareholders at the next Annual General Meeting. Payment of Dividend is subject to withholding tax at applicable rate.

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 merged with Standard Trust Bank Plc on 1st August, 2005 and 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 and Cash Management, Treasury and Electronic Banking Products. Pension and Custodial services are offered through subsidiaries.

UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association.

Directors' Report *Cont'd*

5. Directors

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 & CEO UBA Africa)
5	Mr. Dan Okeke	Executive Director
6	Mr. Femi Olaloku	Executive Director
7	Mr. Emeke Iweriebor	Executive Director
8	Ms. Obi Ibekwe	Executive Director
9	Chief Kola Jamodu, CFR	Non-Executive Director
10	Mrs. Rose Okwechime	Non-Executive Director
11	Mr. Yahaya Zekeri	Non-Executive Director
12	Mrs. Foluke Abdulrazaq	Non-Executive Director
13	Mrs. Owanari Duke	Non-Executive Director
14	High Chief Samuel Oni*	Non-Executive Director
15	Mr. Adekunle Olumide, OON	Non-Executive Director
16	Alhaji Ja'afaru Paki	Non-Executive Director

*High Chief Samuel Oni was appointed to the Board on 16 January, 2015.

**Mr. Apollos Ikpobe was an Executive Director until 11 June, 2015, effective date of his resignation.

6. Directors' Interests

The interest of directors in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purpose of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is as follows;

S/N	Name	30-Jun-15		31-Dec-14	
		Direct holding	Indirect holding	Direct holding	Indirect holding
1	Mr. Tony O. Elumelu, CON	189,851,584	1,883,024,416	116,067,153	1,432,429,576
2	Ambassador Joe Keshi, OON	433,499		127,500	
3	Mr. Phillips Oduoza	114,963,748	18,979,657	104,512,499	17,254,234
4	Mr. Kennedy Uzoka	37,173,909		35,403,723	
5	Mr. Dan Okeke	14,118,728		10,352,146	
6	Mr. Femi Olaloku	11,445,920		8,645,482	
7	Mr. Emeke Iweriebor	1,789,289		1,626,627	
8	Ms. Obi Ibekwe	267,510	-	267,510	-
9	Chief Kola Jamodu, CFR	657,415	59,192	484,015	53,811
10	Mrs. Rose Okwechime	-	30,113,961	-	20,113,961
11	Mr. Yahaya Zekeri	499,999	-	11,704	-
12	Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	3,000,000	6,120,000
13	Mrs. Owanari Duke	86,062	-	86,062	-
14	High Chief Samuel Oni*	-	-	-	-
15	Mr. Adekunle Olumide, OON	3,282,556	-	2,981,413	-
16	Alhaji Ja'afaru Paki	-	23,924,983	-	22,950,000

Details of indirect holding of Directors

S/N	Name of Director	Company(ies)	Indirect Holding	Total Indirect Holding
1.	Mr. Tony O. Elumelu, CON	HH Capital Heirs Holdings	140,843,816 1,742,180,600	1,883,024,416
2	Mr. Phillips Oduoza	BOP Integrated Inv.	18,979,657	18,979,657
3	Mrs. Rose Okwechime	Infant Jesus Academy	30,113,961	30,113,961
4	Chief Kola Jamodu, CFR	JAMKOL Inv. Limited	59,192	59,192
5	Mrs. Foluke Abdulrazaq	Bridge House College	11,120,000	11,120,000
6	Alhaji Ja'afaru Paki	NYMEX Inv. Limited	23,924,983	23,924,983

7. Analysis of Shareholding

The details of shareholding of the Bank as at 30 June, 2015 is as stated below:

Range	Holders	Holders %	Cumulative	Units Held	Units %	Cumulative Units
1-1000	26,913	9.69	26,913	14,142,718	0.04	14,142,718
1,001 - 5,000	121833	43.87	148,746	335,285,286	0.92	349,428,003
5,001 - 10,000	46735	16.83	195,481	351,135,147	0.97	700,563,150
10,001 - 50,000	58490	21.06	253,971	1,349,880,444	3.72	2,050,443,594
50,001 - 100,000	11,682	4.21	265,659	867,464,169	2.39	2,917,907,763
100,001 - 500,000	9,476	3.41	275,135	2,109,937,943	5.82	5,027,845,706
500,001 - 1,000,000	1,256	0.45	276,391	956,358,145	2.64	5,984,203,851
1,000,001 - 5,000,000	1,034	0.37	277,425	2,196,412,508	6.05	8,180,616,359
5,000,001 - 10,000,000	114	0.04	277,539	864,285,137	2.38	9,044,901,496
10,000,001 - 50,000,000	113	0.04	277,652	2,657,027,283	7.32	11,701,928,779
50,000,001 - 100,000,000	16	0.01	277,668	1,154,500,005	3.18	12,856,428,784
100,000,001 - 500,000,000	39	0.01	277,707	9,129,380,754	25.16	21,985,809,538
500,000,001 - 1000,000,000	10	0.00	277,714	5,014,999,041	13.82	27,000,808,579
1000,000,001 - above	8	0.00	277,719	9,278,718,843	25.58	36,279,527,422
	227,719	100		36,279,527,422	100	

8. Substantial Interest in Shares: Shareholding of 5% and above

Besides Stanbic Nominees and UBA Staff Shares Investment Trust scheme, which hold more than 5% of the issued share capital of UBA Plc on behalf of several individual investors as Custodians, according to the register of shareholders as at 30 June, 2015, only Mr. Tony O. Elumelu, CON has more than 5% interest in the issued share capital of UBA Plc, as shown below;

Shareholder	Total Number of Shares Held	Percentage Holdings
Mr. Tony O. Elumelu, CON	2,072,876,000	6.4%

9. 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. 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 the local laws and/or regulatory requirements.

However, there was no case of violation within the period under review.

10. Donations

In order to identify with the communities in the environment within which the Bank operates, a total of N27,073,785 was given out as donations and charitable contributions during the period. The beneficiaries of the donations are as follows;

S/N	Beneficiary	Amount (Naira)
1	Federal Ministry of Agricultural and Rural Development	10,000,000
2	Performing Art School of Nigeria	5,000,000
3	Federal University of Agriculture, Abeokuta	2,633,000
4	Financial Reporting Council	2,500,000
5	Reporting Summit University of Lagos	2,000,000
6	Financial Literacy Curriculum Development Project	1,857,450
7	Augustine University	1,000,000
8	Ladoke Akintola University	500,002
9	Enugu State University	500,000
10	Lagos Business School Conference	500,000
11	Babcock University	333,333
12	Lekki British International High School	200,000
13	Fountain High Secondary Schools	50,000
		27,073,785

11. Employment and Employees
Employment of Physically Challenged Persons

The bank operates a non-discriminatory policy in the consideration of applicants for employment, including those applications received from physically challenged persons. The Bank's policy is that the most qualified persons are recruited for the 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 health 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 decision thereon. The Bank places 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 the period under review, the Group employed staff across the different businesses and geographies where it operates. Below is the details of the employee demographics;

Analysis of Employees by Gender

	Gender	Headcount	Percentage
Group	Male	6,910	54%
	Female	5,847	46%
	Total	12,757	100%
Bank	Male	5,315	54%
	Female	4,591	46%
	Total	9,906	100%

Analysis of Directors and Executive Management based on Gender

	Gender	Headcount	Percentage
Board of Directors	Male	12	75%
	Female	4	25%
	Total	16	100%
Management Staff	Male	67	76%
	Female	21	24%
	Total	88	100%

Detailed gender analysis of Board of Directors and Top Management Staff during the period;

Analysis of Directors and Executive Management based on Gender and Grade Level

	Gender - Headcount			Gender - Percentage		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors	7	3	10	70%	30%	100%
Executive Directors	5	1	6	83%	17%	100%
General Managers	22	3	25	88%	12%	100%
Deputy General Managers	16	5	21	76%	24%	100%
Assistant General Managers	29	13	42	69%	31%	100%
Total	79	25	104	76%	24%	100%

12. Post balance sheet events

There are no post balance sheet events which could have had material effect on the financial position and the profit for the period ended 30 June 2015.

13. Auditors

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



Bili A. Odum
Company Secretary
57 Marina, Lagos

Customers' Complaints Report

Description	NUMBER		AMOUNT CLAIMED Naira		AMOUNT REFUNDED Naira	
	June - 15	Dec - 14	June - 15 N'Million)	Dec - 14 N'Million)	June - 15 N'Million)	Dec - 14 N'Million)
Pending Complaints B/F	5,119	2,846	2,333	48,655		
Received Complaints	188,078	295,398	12,112	163,779		
Resolved Complaints	189,620	293,125	386	27,018	189.83	268.18
Unresolved Complaints Escalated to CBN for intervention	133	50	11,725.00	1,060.85		
Unresolved Complaints Pending with the Bank C/F	3,577	5,119	3,768.16	2,333.00		

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 first half of the 2015 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
3. Executive Management Committees

As at June 30, 2015, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, ten (10) Non-Executive Directors (which includes the Chairman, Vice Chairman and two (2) Independent Non-Executive Directors) and six (6) 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, 6 of whom, inclusive of the GMD/CEO are Executive Directors and 10 Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment 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 whilst the Chief Executive Officer is responsible for the running of the business and implementa-

tion 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 the first half of 2015 the Board met 3 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, Retirements and Related Matters

During the period, High Chief Samuel Oni, FCA was appointed as a Non-Executive Director and Mr Apollon Ikpobe resigned from the services of the Bank.

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 perfor-

Corporate Governance Report *Cont'd*

mance 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 2015 financial year. Their report is contained on page 17 of this 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 authorization 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 the 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
7.	High Chief Samuel Oni, FCA	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 Group Chief Internal Auditor of the Bank in attendance.

Members	Meetings Held	Meetings Attended
Mr. Adekunle Olumide, OON	2	2
Mrs. Foluke Abdulrazaq	2	2
Chief Kola Jamodu, CFR	2	2
Mr. Kennedy Uzoka	2	2
Mrs. Rose Okwechime	2	2
Mrs. Owanari Duke	2	2
High Chief Samuel Oni, FCA*	2	1

*Appointed to the Board Audit committee on March 11, 2015.

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
7.	High Chief Samuel Oni, FCA	Member

Corporate Governance Report *Cont'd*

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, CFR	2	2
Mr. Phillips Oduoza	2	2
Alhaji Ja'afaru Paki	2	2
Mr. Adekunle Olumide, OON	2	2
Mr. Femi Olaloku	2	2
Mrs. Rose Okwechime	2	2
High Chief Samuel Oni, FCA*	2	1

*Appointed to the Board Audit committee on March 11, 2015

Board Credit Committee

The Board Credit Committee is made up of 4 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	3	3
Alhaji Ja'afaru Paki	3	3
Mr. Yahaya Zekeri	3	3
Mrs. Owanari Duke	3	3

Nominations and Governance Committee

The Nominations and Governance Committee is comprised of 4 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	3	3
Mrs. Foluke Abdulrazaq	3	3
Mr. Yahaya Zekeri	3	3
Mrs. Owanari Duke	3	3

Finance and General Purpose Committee

The purpose of the Finance and General Purpose Committee is to, amongst 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 & 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	2	2
Mr. Adekunle Olumide, OON	2	2
Alhaji Ja'afaru Paki	2	2
Mr. Phillips Oduoza	2	2
Mr. Kennedy Uzoka	2	2

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

Corporate Governance Report *Cont'd*

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 2015 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

Attendance at Board Meetings

Membership and attendance at Board Meetings are set out below:

S/N	Name	Meetings Held	Meetings Attended
1	Mr. Tony O. Elumelu, CON	3	3
2	Amb. Joe Keshi, OON	3	3
3	Mr. Phillips Oduoza	3	3
4	Mr. Kennedy Uzoka	3	3
5	Mr. Apollos Ikpobe*	3	2
6	Mr. Dan Okeke	3	3
7	Mr. Emeke Iweriebor	3	3
8	Mr. Femi Olaloku	3	3
9	Ms Obi Ibekwe	3	2
10	Mrs Rose Okwechime	3	3
11	Chief Kola Jamodu, CFR	3	2
12	Mr. Adekunle Olumide, OON	3	3
13	Alhaji Ja'afaru Paki	3	3
14	Mrs Foluke Abdulrazaq	3	3
15	Mr. Yahaya Zekeri	3	3
16	Mrs. Owanari Duke	3	3
17	High Chief Samuel Oni, FCA	3	3

*Mr. Apollos Ikpobe resigned on June 11, 2015

Report of the Audit Committee

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 & 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 & scope of the audit for the half year ended 30 June, 2015 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 February 18, 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 analyzed in the financial statements as at 30 June, 2015.



MATTHEW ESONANJOR
Chairman
Audit Committee

Members of the Audit Committee are:

- | | | |
|------------------------------|---|------------------------|
| 1. Mr. Matthew Esonanjour | - | 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 |

Statement of Directors' Responsibilities in Relation to the Report and Financial Statements for the Period Ended June 30, 2015

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 half year ended June 30, 2015 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;
- 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.

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 half year ended June 30, 2015 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 twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS:



Phillips Oduoza

Financials



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 statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 “Interim Financial Reporting” 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 30 June 2015 and of their financial performance and cash flows for the period then ended in accordance with IAS 34 “Interim Financial Reporting” 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.



Other matters

The comparative information as at, and for the period ended 30 June 2014 has not been audited.

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 statements 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 39 to the financial statements;
- 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 42 to the financial statements.

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



25 August 2015

Consolidated and Separate Statements of Comprehensive Income for the half year ended 30 June

In millions of Nigerian Naira	Notes	Group		Bank	
		Audited	Unaudited	Audited	Unaudited
		2015	2014	2015	2014
Gross earnings		166,943	138,225	130,980	108,145
Interest income	7	116,235	98,547	95,422	80,304
Interest expense	8	(50,577)	(43,336)	(43,386)	(38,425)
Net interest income		65,658	55,211	52,036	41,879
Net impairment loss on loans and receivables	9	(3,500)	(2,049)	(2,213)	(1,247)
Net interest income after impairment on loans and receivables		62,158	53,162	49,823	40,632
Fees and commission income	10	30,357	27,087	19,912	18,694
Fees and commission expense	11	(4,174)	(2,809)	(3,612)	(2,396)
Net trading and foreign exchange income	12	16,949	10,000	13,393	7,137
Other operating income	13	3,454	2,609	2,253	2,010
Personnel expenses	14	(29,509)	(28,573)	(22,301)	(22,075)
Depreciation and amortisation	15	(4,036)	(2,837)	(3,217)	(1,998)
Other operating expenses	16	(36,101)	(29,728)	(27,839)	(23,061)
Share of loss of equity-accounted investee	25(c)	(52)	(18)	-	-
Profit before income tax		39,046	28,893	28,412	18,943
Taxation charge	17	(7,047)	(6,037)	(4,108)	(4,771)
Profit for the period		31,999	22,856	24,304	14,172
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign currency translation differences		(2,492)	(3,286)	-	-
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		3,883	637	3,890	637
Net amount transferred to profit or loss		795	(45)	795	(45)
Other comprehensive income ¹		2,186	(2,694)	4,685	592
Total comprehensive income for the period		34,185	20,162	28,989	14,764
Profit attributable to:					
Owners of Parent		31,377	22,281	24,304	14,172
Non-controlling interest		622	575	-	-
Profit for the period		31,999	22,856	24,304	14,172
Total comprehensive income attributable to:					
Owners of Parent		33,985	22,100	28,989	14,764
Non-controlling interest		200	(1,938)	-	-
Total comprehensive income for the period		34,185	20,162	28,989	14,764
Earnings per share attributable to owners of the parent during the period					
Basic and diluted earnings per share (Naira)	18	0.94	0.71	0.68	0.42

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.

Statement of Financial Position

As at In millions of Nigerian Naira	Notes	Group		Bank	
		June 2015	Dec. 2014	June 2015	Dec. 2014
ASSETS					
Cash and bank balances	19	828,151	812,359	681,274	749,716
Financial assets held for trading	20	23,334	1,099	23,334	1,099
Derivative assets	30 (a)	10,550	6,534	10,550	6,534
Loans and advances to banks	21	19,226	48,093	19,201	48,991
Loans and advances to customers	22	1,162,749	1,071,859	968,096	884,587
Investment securities	23	674,630	657,523	481,241	442,909
Other assets	24	78,045	30,057	43,993	21,136
Investment in equity-accounted investee	25	2,934	2,986	1,770	1,770
Investments in subsidiaries	26	-	-	65,767	65,767
Property and equipment	27	89,254	89,517	80,450	81,050
Intangible assets	28	10,105	9,430	4,011	3,446
Deferred tax assets	29	30,300	33,116	29,037	31,853
TOTAL ASSETS		2,929,278	2,762,573	2,408,724	2,338,858
LIABILITIES					
Derivative liabilities	30 (b)	7	943	7	943
Deposits from banks	31	99,918	59,228	9,987	1,526
Deposits from customers	32	2,227,623	2,169,663	1,821,466	1,812,277
Other liabilities	33	85,852	63,566	52,413	41,209
Current tax liabilities	17	3,387	4,615	1,315	1,858
Borrowings	34	119,319	113,797	119,319	113,797
Subordinated liabilities	35	85,501	85,315	85,501	85,315
Deferred tax liabilities	29	40	40	-	-
TOTAL LIABILITIES		2,621,647	2,497,167	2,090,008	2,056,925
EQUITY					
Share capital	36	18,140	16,491	18,140	16,491
Share premium	36	117,374	107,932	117,374	107,932
Retained earnings	36	107,524	87,047	98,942	84,230
Other reserves	36	58,917	48,460	84,260	73,280
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		301,955	259,930	318,716	281,933
Non-controlling interests		5,676	5,476	-	-
TOTAL EQUITY		307,631	265,406	318,716	281,933
TOTAL LIABILITIES AND EQUITY		2,929,278	2,762,573	2,408,724	2,338,858

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 24 August 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 Oduzoa
Group Managing Director/CEO
FRC/2013/CIBN/00000001955

Consolidated & Separate Statements of Changes in Equity for half year ended 30 June 2015

(i) Group	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
In millions of Nigerian Naira											
Balance at 1 January 2015	16,491	107,932	(4,053)	5,280	23,243	(32,301)	56,291	87,047	259,930	5,476	265,406
Profit for the period	-	-	-	-	-	-	-	31,377	31,377	622	31,999
Transfer to statutory reserve	-	-	-	-	-	-	5,078	(5,078)	-	-	-
Transfer to regulatory risk reserve	-	-	-	2,728	-	-	-	(2,728)	-	-	-
Other comprehensive income											
Foreign currency translation difference	-	-	(2,070)	-	-	-	-	-	(2,070)	(422)	(2,492)
Fair value change in available-for-sale financial assets	-	-	-	-	3,883	-	-	-	3,883	-	3,883
Net amount transferred to profit or loss	-	-	-	-	795	-	-	-	795	-	795
Other comprehensive income for the period	-	-	(2,070)	-	4,678	-	-	-	2,608	(422)	2,186
Total comprehensive income for the period	-	-	(2,070)	2,728	4,678	-	5,078	23,570	33,985	200	34,185
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Proceeds from rights issue	1,649	9,442	-	-	-	-	-	-	11,091	-	11,091
Decrease in treasury shares	-	-	-	-	-	43	-	-	43	-	43
Dividends to equity/non-controlling holders	-	-	-	-	-	-	-	(3,093)	(3,093)	-	(3,093)
Total contribution and distributions to owners	1,649	9,442	-	-	-	43	-	(3,093)	8,041	-	8,041
Balance at 30 June 2015	18,140	117,374	(6,123)	8,008	27,921	(32,258)	61,369	107,524	301,956	5,676	307,632

Consolidated & Separate Statements of Changes in Equity for half year ended 30 June 2015

(ii) Bank	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
In millions of Nigerian naira								
Balance at 1 January 2015	16,491	107,932	-	5,206	23,866	44,208	84,230	281,933
Profit for the period	-	-	-	-	-	-	24,304	24,304
Transfer to statutory reserve	-	-	-	-	-	3,646	(3,646)	-
Transfer to regulatory risk reserve	-	-	-	2,649	-	-	(2,649)	-
Other comprehensive income								
Fair value change in (available-for-sale) financial assets	-	-	-	-	3,890	-	-	3,890
Net amount transferred to profit or loss	-	-	-	-	795	-	-	795
Other comprehensive income for the period	-	-	-	-	4,685	-	-	4,685
Total comprehensive income for the period	-	-	-	2,649	4,685	3,646	18,010	28,989
Transactions with owners, recorded directly in equity Contributions by and distributions to owners								
Proceeds from rights issue	1,649	9,442	-	-	-	-	-	11,091
Dividends to equity holders	-	-	-	-	-	-	(3,298)	(3,298)
Total contribution and distributions to owners	1,649	9,442	-	-	-	-	(3,298)	7,793
Balance at 30 June 2015	18,140	117,374	-	7,855	28,551	47,854	98,942	318,715

Consolidated & Separate Statements of Changes in Equity for half year ended 30 June 2014

(i) **Group** **Unaudited Attributable to equity holders of the parent**

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
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 period	-	-	-	-	-	-	-	22,281	22,281	575	22,856
Transfer from regulatory risk reserve	-	-	-	(1,279)	-	-	-	1,279	-	-	-
Other comprehensive income	-	-	(773)	-	-	-	-	-	(773)	(2,513)	(3,286)
Foreign currency translation difference	-	-	-	-	637	-	-	-	637	-	637
Fair value change in (available-for-sale) financial assets	-	-	-	-	(45)	-	-	-	(45)	-	(45)
Net loss transferred from equity on disposal of available-for-sale instruments	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	(773)	-	592	-	-	-	(181)	(2,513)	(2,694)
Total comprehensive income for the period	-	-	(773)	(1,279)	592	-	-	23,560	22,100	(1,938)	20,162
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	(16,491)	(16,491)	-	(16,491)
Dividends to equity/non-controlling holders	-	-	-	-	-	-	-	(16,491)	(16,491)	-	(16,491)
Total contribution and distributions to owners	-	-	-	-	-	-	-	(16,491)	(16,491)	-	(16,491)
Balance at 30 June 2014	16,491	107,932	(3,926)	3,134	25,045	(32,996)	40,029	77,549	233,258	5,449	238,707

Consolidated & Separate Statements of Changes in Equity for half year ended 30 June 2014

(ii) Bank	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
In millions of Nigerian Naira							
Balance at 1 January 2014	16,491	107,932	4,413	25,063	38,196	67,443	259,538
Profit for the period	-	-	-	-	-	14,172	14,172
Transfer from regulatory risk reserve	-	-	(1,279)	-	-	1,279	-
Other comprehensive income							
Fair value change in (available-for-sale) financial assets	-	-	-	637	-	-	637
Net loss transferred from equity on disposal of available-for-sale instruments	-	-	-	(45)	-	-	(45)
Other comprehensive income for the period	-	-	-	592	-	-	592
Total comprehensive income for the period	-	-	(1,279)	592	-	15,451	14,764
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners	-	-	-	-	-	(16,491)	(16,491)
Dividends to equity holders	-	-	-	-	-	(16,491)	(16,491)
Total contribution and distributions to owners	-	-	-	-	-	(16,491)	(16,491)
Balance at 30 June 2014	16,491	107,932	3,134	25,655	38,196	66,403	257,811

Consolidated and Separate Statements of Cash Flows

For the half year ended 30 June In millions of Nigerian Naira	Notes	Group		Bank	
		Audited 2015	Unaudited 2014	Audited 2015	Unaudited 2014
Cash flows from operating activities					
Profit before income tax		39,046	28,893	28,412	18,943
Adjustments for:					
Depreciation of property and equipment	15	3,558	2,506	2,787	1,700
Amortisation of intangible assets	15	478	331	430	298
Net impairment loss on loans and advances	9	3,031	1,579	1,928	1,158
Write-off of loans and advances	9	323	241	285	228
Net impairment charge on other assets	9	146	371	-	3
Net fair value changes on derivative financial instruments	30	(4,952)	668	(4,952)	668
Dividend income	13	(1,697)	(1,113)	(1,627)	(1,481)
Loss on disposal of property and equipment		32	-	32	-
Net interest income		(65,658)	(55,161)	(52,036)	(41,879)
Share of loss of equity-accounted investee	25	52	18	-	-
Unrealised currency translation gains/(losses)		742	(3,144)	3,916	(169)
		(24,899)	(24,811)	(20,825)	(20,531)
Change in financial assets held for trading		(20,222)	(6,186)	(20,222)	(6,183)
Change in cash reserve balance		(68,473)	(6,224)	(69,861)	(6,504)
Change in loans and advances to banks		28,867	13,057	29,790	(4,727)
Change in loans and advances to customers		(94,244)	31,556	(85,722)	50,671
Change in other assets		(48,134)	(13,082)	(22,857)	(12,309)
Change in deposits from banks		40,690	12,022	8,461	31,261
Change in deposits from customers		57,960	(178,671)	9,189	(155,278)
Change in placement with banks		(33,052)	154,760	41,602	154,760
Change in other liabilities and provisions		22,285	(16,462)	11,205	(17,863)
Interest received		116,235	98,497	95,422	80,304
Interest paid		(42,380)	(43,336)	(35,189)	(38,425)
Income tax paid	17(c)	(5,459)	(6,734)	(1,835)	(4,936)
Net cash (used in)/provided from operating activities		(70,226)	14,385	(60,242)	50,240
Cash flows from investing activities					
Net (purchase)/proceeds of investment securities		(11,829)	69,909	(33,047)	61,571
Purchase of property and equipment		(2,973)	(5,033)	(2,541)	(4,244)
Proceeds from disposal of property and equipment		1,464	-	327	-
Dividend received		1,697	1,113	1,627	1,481
Purchase of intangible assets	28	(1,023)	(3)	(995)	(3)
Net cash provided from/(used in) investing activities		(12,664)	65,986	(34,629)	58,805
Cash flows from financing activities					
Proceeds from rights issue		11,091	-	11,091	-
Proceeds from borrowings		2,050	29,646	2,050	29,646
Repayments of borrowings		(3,256)	(1,668)	(3,256)	(1,668)
Repayments of subordinated liabilities		(6,221)	(3,750)	(6,221)	(3,750)
Decrease in treasury shares		43	-	-	-
Dividend paid to owners of the parent	37	(3,093)	(16,491)	(3,298)	(16,491)
Net cash from financing activities		614	7,737	366	7,737
Net (decrease)/increase in cash and cash equivalents		(82,876)	88,108	(95,105)	116,782
Effects of exchange rate changes on cash and cash equivalents		(845)	(141)	418	-
Cash and cash equivalents at beginning of period	19	420,571	317,720	337,200	223,538
Cash and cash equivalents at end of period	19	336,851	405,686	242,512	340,320

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

Significant Accounting Policies

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 period ended 30 June 2015 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 interim financial statements have been prepared in accordance with International Accounting Standards (IAS 34 - Interim Financial Reporting) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

(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) The preparation of financial statements requires the directors to make judgments, 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 judgments 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 on-going 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;
- 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 the income statement.

Significant Accounting Policies Cont'd

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

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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement 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 retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in 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

Significant Accounting Policies Cont'd

the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. In the separate financial statements, investments in associates are carried at cost less impairment.

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 the income statement 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

(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 unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the income statement.

Unrealized 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, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized 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 re-classified to profit or loss as part of the gain or loss on disposal.

(c) Interest income

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.

Significant Accounting Policies Cont'd

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 income

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 and foreign exchange 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) Dividend income

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 the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability 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.

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 foreseeable 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.

Significant Accounting Policies Cont'd

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.

(h) Financial instruments***Initial recognition and measurement***

Regular purchases and sales of financial assets and liabilities are recognised on the settlement date. 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 impairment loss on financial assets'.

(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;
- A group of financial assets is managed and its performance evaluated on a fair value basis;
- The financial assets consist of debt host and an embedded derivatives that must be separated.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in the income statement in 'net trading and foreign exchange income'.

(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 the income statement.

Significant Accounting Policies Cont'd

Interest income, calculated using the effective interest method, foreign currency gains and losses on monetary assets classified as available-for-sale is recognised in the income statement. Dividends received on available-for-sale instruments are recognised in the income statement 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 using the effective interest rate method. All of the Group's advances are included in the loans and receivables category. The Group's loans and receivables include loans and advances to banks and customers, trade receivables and cash and bank balances.

(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'.

Borrowings and subordinated liabilities are included as part of financial liabilities measured at amortized 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 assets 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.

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; or

Significant Accounting Policies *Cont'd*

- 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.

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 the income statement.

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 the income statement.

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.

Significant Accounting Policies **Cont'd**

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.

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.

Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition are included as part not reclassified to "assets pledged as collateral" in the statement of financial position because they cannot be re-pledged or resold by counterparties. They are included as part of available-for-sale and held to maturity investment securities. Initial recognition is at fair value while subsequent measurement is at amortised cost.

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.

Significant Accounting Policies **Cont'd**

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.

De-recognition 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.

Significant Accounting Policies **Cont'd**

(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 and foreign exchange 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.

(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.

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	50 years
Computer hardware	5 years
Furniture and fittings	5 years
Equipment	5 years
Motor vehicles	5 years
Other transportation equipment*	Between 10 and 20 years
Capital work in progress	Not depreciated
Land	Not depreciated

*Other transportation equipment include major components with different useful lives.

Significant Accounting Policies Cont'd

They are accounted for as separate major components and are depreciated over the respective useful lives. Computer hardware, equipments, furniture and fittings are disclosed as furniture and office equipment while leasehold improvement and buildings have been aggregated in the notes.

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, 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) De-recognition

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 de-recognition 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.

(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.

Significant Accounting Policies Cont'd**(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 payment 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.

(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.

Significant Accounting Policies Cont'd**(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) 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 re-measured 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 re-measurement are recognised in the income statement.

Intangible assets and property and equipment once classified as held for sale or distribution are not amortized 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;

Significant Accounting Policies Cont'd

- (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.

(x) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to IAS 19, Defined Benefit Plans : Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties

(ii) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group measures Property, Plant and Equipment and Intangible assets using the cost model and as such did not record any revaluation adjustments during the current interim period.

(iii) IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

(y) 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 2015. 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**(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.

(iii) Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, associates and joint ventures in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016.

Significant Accounting Policies **Cont'd**

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

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Agriculture : Bearer Plants (Amendments to IAS 16 and IAS 41).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFR 10 and IAS 28).

Notes to the financial statements

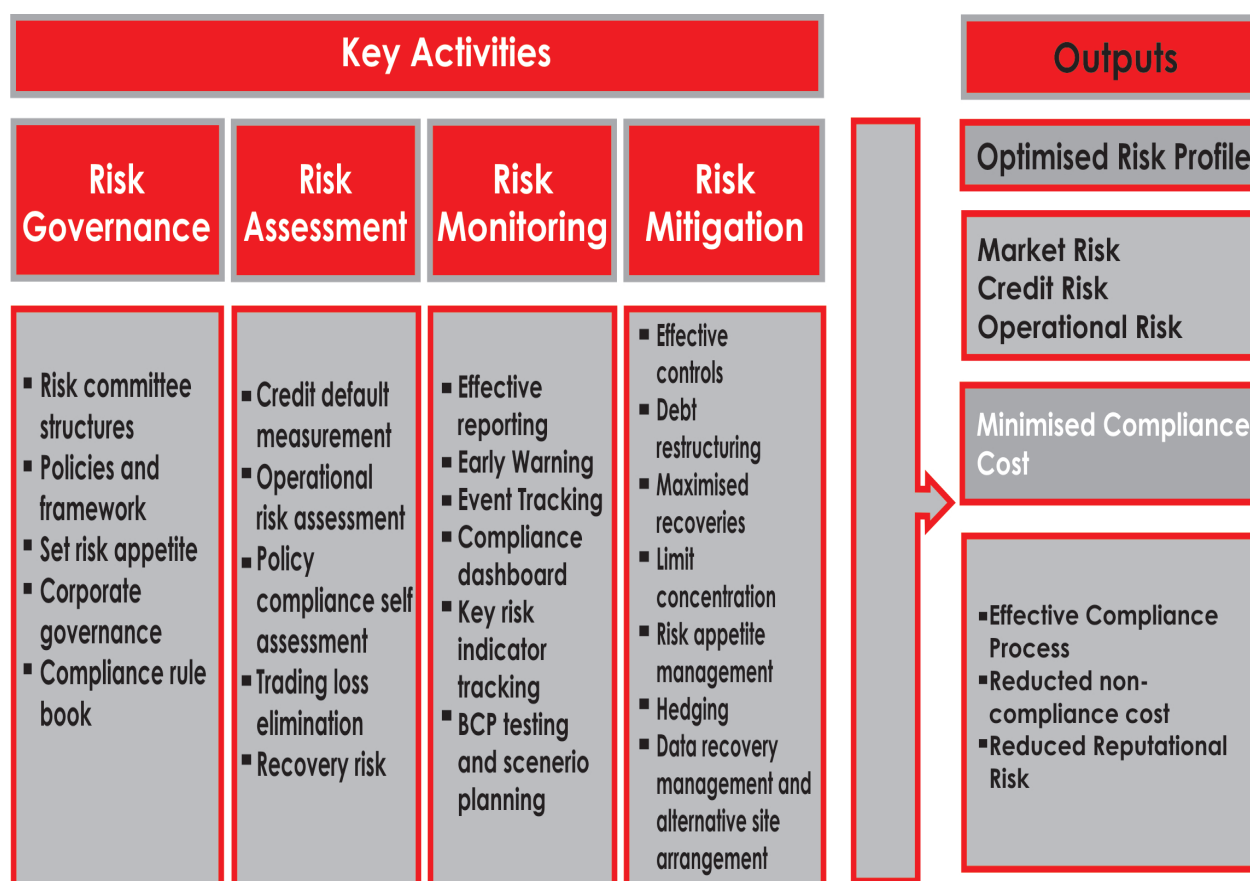
4 Financial Risk Management

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 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.

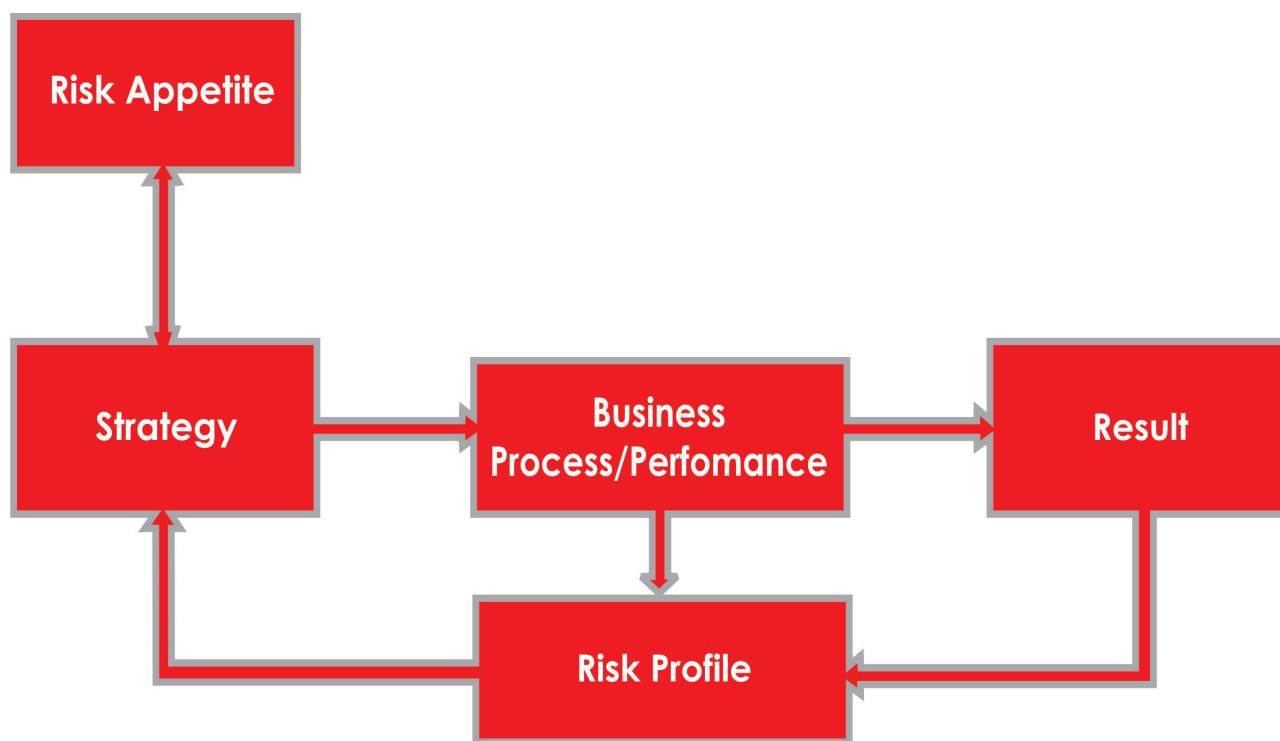
The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting. These are diagrammatically represented as follows:



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 continuously 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;
- Establish proper feedback mechanism as input into the strategic risk management process.



Risk Management Culture

There is a commitment to ensuring that risk management 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 management 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 Management Committee (EMC) and Executive Credit Committee (ECC). This is illustrated in the diagram below.

RISK POLICIES AND PROCESSES	RESPONSIBILITY
Settings and approval of • Risk philosophy • Risk management principles • Risk appetite and tolerance	• UBA Board • Committees, - 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;
- Approving capital demand plans based on risk budgets.

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.

Risk Management Report Cont'd

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 which 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 acceptable 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 optimize 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

Criticized Assets Committee

The Criticized Assets Committee is a management committee 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

Risk Management Report Cont'd

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:

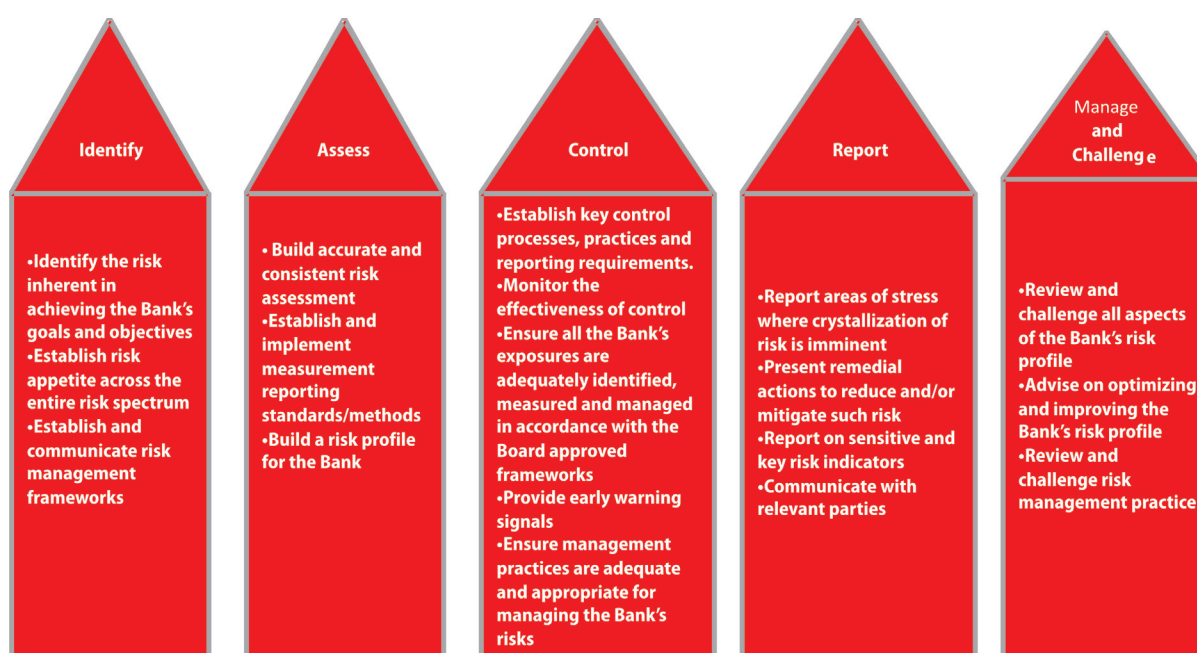
- Develop and maintain policies, frameworks and risk management methodologies
- Provide guidance on the management of risks and ensure implementation of risk policies and strategies
- Provide recommendations for improvement of risk management
- Provide consolidated risk reports to the various Board and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

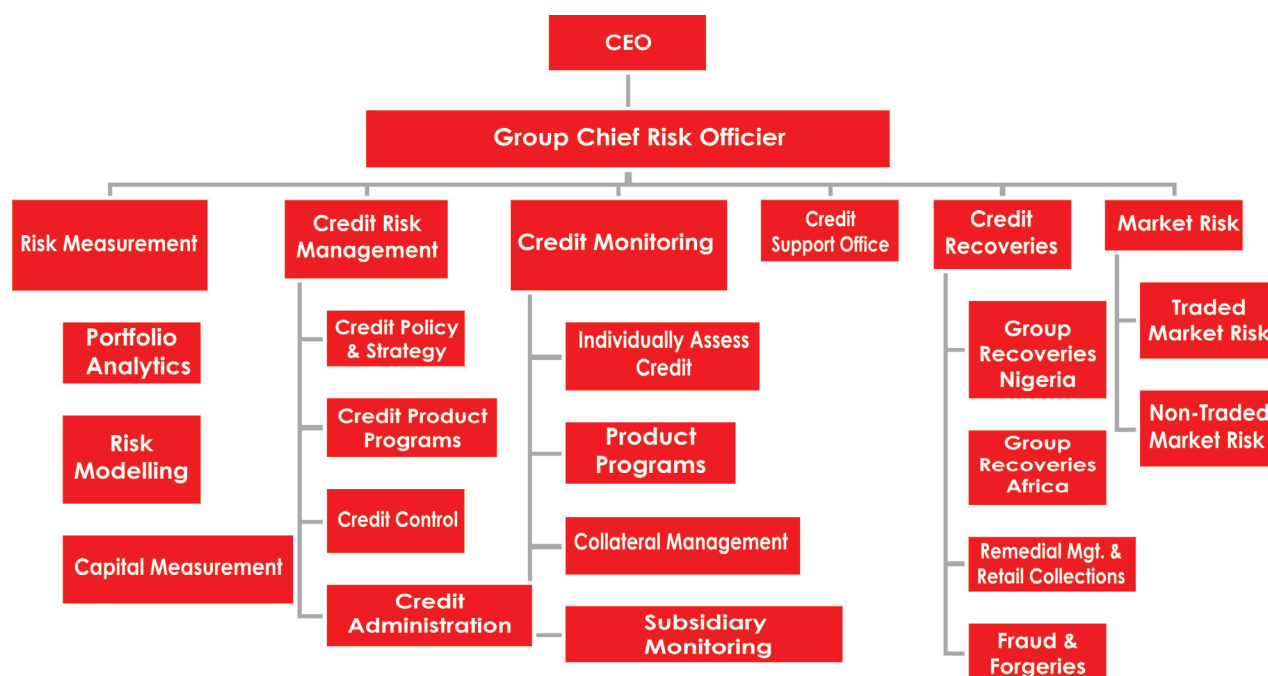


Risk Management Structure

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.

Risk Management Report Cont'd



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 minimize 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.

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 separated 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

Risk Management Report Cont'd

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 stabilize 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 utilization 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 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 organization'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 institutionalized 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.

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
- Provides risk based concentration limits to ensure that exposures to single obligors, sectors and countries are contained within acceptable risk appetite.

Risk Management Report Cont'd

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 stabilize 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, 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. Liquidity 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.

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.

Risk Management Report Cont'd

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 utilization of the undrawn commitment at default.

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.

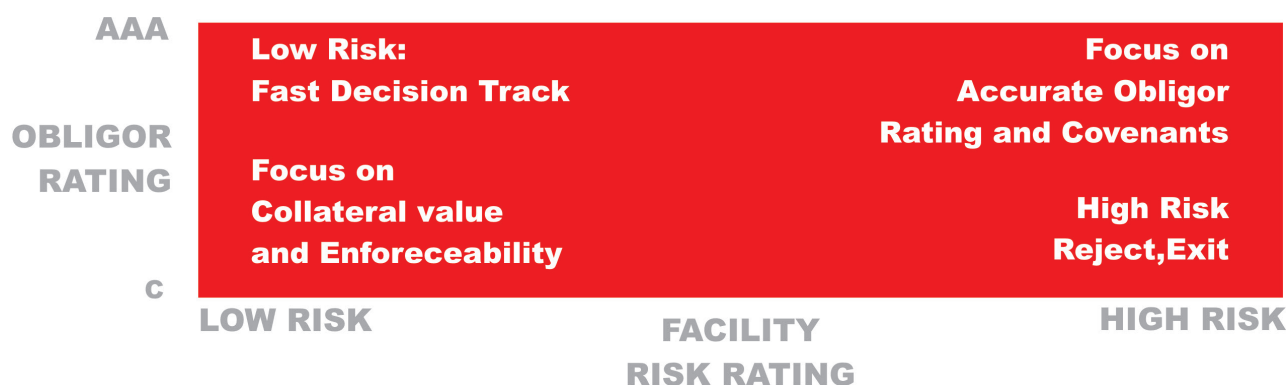
Risk Management Report Cont'd

(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 outstanding 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

Risk Management Report Cont'd

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	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	C	9.00 - 9.99	Blow 0%	
Default	D	Above 9.99	Blow 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 & 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 maximized recoveries that is intended to:

- Ensure clear definition of recovery accounts and functions within the group;
- Streamline decision-making at each recovery operating unit;
- Achieve uniformity in recovery process, methodology and consolidate similar functions in all locations where the Group operates;

Risk Management Report Cont'd

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:

<i>In millions of Nigerian Naira</i>	Maximum exposure		Maximum exposure	
	Group	Group	Bank	Bank
	June 2015	Dec 2014	June 2015	Dec 2014
Cash and bank balances	779,741	766,270	651,257	719,683
Loans and advances to banks:				
Term Loan	19,226	48,093	19,201	48,991
Loans to individuals:				
Overdraft	55,169	49,349	53,715	46,866
Term loan	57,197	66,420	19,959	38,460
Loans to corporate entities and others				
Overdraft	240,152	178,161	188,956	135,133
Term Loan	806,515	772,299	701,750	658,498
Others	3,716	5,630	3,716	5,630
Trading assets				
Treasury bills	15,104	1,099	15,104	1,099
Bonds	8,230	-	8,230	-
Available-for-sale investment securities:				
Treasury bills	242,296	199,008	237,301	192,479
Bonds	22,288	24,776	22,288	24,776
Held to maturity investment securities:				
Treasury bills	128,620	145,465	-	-
Bonds	233,570	243,306	174,232	181,168
Account receivable	52,393	21,389	24,322	15,781
Total	2,655,987	2,521,265	2,120,031	2,068,564
Loans exposure to total exposure	45%	44%	47%	45%
Debt securities exposure to total exposure	24%	24%	20%	19%
Other exposures to total exposure	32%	31%	33%	36%

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

<i>In millions of Nigerian naira</i>	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Performance bonds and guarantees	193,209	192,864	186,467	159,765
Letters of credits	478,159	393,805	451,602	360,752
	671,368	586,669	638,069	520,517
Bonds and guarantee exposure to total exposure	29%	33%	29%	31%
Letters of credit exposure to total exposure	71%	67%	71%	69%

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Loan commitment to corporate entities and others				
Overdraft	-	1,091	-	1,091
Term Loan	108,222	66,577	108,222	66,577
	108,222	67,668	108,222	67,668

There are no loan commitments to individuals.

The credit risk exposure as at period end is representative of the average exposure in the period.

Risk Management Report Cont'd

Exposure to credit risk Credit Collateral

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 updated periodically. 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 the credit.

Consequently, the bank issues appropriate guidelines for acceptability of credit collateral from time to time. This articulates acceptable collateral in respect of each credit product including description, required documentation for perfection of collateral and minimum realizable 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 collateral acceptable to the Bank under appropriate documentation are briefly described as follows;

1. *Cash*
Cash is the most liquid and readily realizable 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, realization 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 collateral.
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 realizing 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.
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.

Risk Management Report Cont'd

(b) Credit risk (continued)

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.

Below is the estimate of the fair value of collateral and other security enhancements held against financial assets;

Repossessed collateral

As at reporting date - 30 June 2015, the Group took possession of property amounting to N66 million (2014: N52 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:

<i>In millions of Nigerian Naira</i>	Loans and advances to customers			
	Group		Bank	
	June 2015	Dec 2014	June 2015	Dec 2014
Property	66	48	15	3
Equities	-	4	-	4
	66	52	15	7

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. Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables.

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

Loans to Individuals <i>In millions of Nigerian Naira</i>	Group		Bank	
	June 2015	Dec 2014	June 2015	Dec 2014
Against individually impaired:				
Property	902	3,116	486	487
Others	4,400	2,873	345	1,115
	5,302	5,989	831	1,602
Against neither past due nor impaired:				
Property	42,647	39,318	39,157	38,828
Others	43,257	68,273	16,543	41,559
	85,904	107,591	55,700	80,387
	91,206	113,580	56,531	81,989
Loans to corporate entities and others: <i>In millions of Nigerian Naira</i>				
Against individually impaired:				
Property	2,452	4,502	1,391	1,391
Others	3,714	732	437	172
	6,166	5,234	1,828	1,563
Against neither past due nor impaired:				
Property	373,665	343,134	313,420	271,320
Others	670,592	583,801	621,140	517,273
	1,044,257	934,560	934,561	788,593
	1,050,423	932,388	936,389	790,156

Risk Management Report Cont'd

(i) 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	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Carrying amount (net)	1,162,749	1,071,859	968,096	884,587	19,226	48,093	19,201	48,991
<i>Concentration by market segment (net)</i>								
Corporate	1,050,383	956,090	894,422	799,261	19,266	48,093	19,201	48,991
Individual	112,366	115,769	73,674	85,326	-	-	-	-
	1,162,749	1,071,859	968,096	884,587	19,226	48,093	19,201	48,991
<i>Concentration by location (net)</i>								
Nigeria	960,512	884,587	960,602	884,587	8,182	-	8,182	-
Rest of Africa	194,743	187,272	-	-	-	-	-	-
Rest of the World	7,494	-	7,494	-	11,044	48,093	11,019	48,991
	1,162,749	1,071,859	968,096	884,587	19,226	48,093	19,201	48,991
<i>Concentration by nature (net) - Loans to individuals</i>								
Term loans	57,197	66,420	19,959	38,460				
Overdrafts	55,169	49,349	53,715	46,866				
	112,366	115,769	73,674	85,326				
<i>Collateral value - Loans to individuals</i>								
Term loans	70,725	83,698	27,260	52,580				
Overdrafts	61,015	36,553	32,038	33,943				
	131,740	120,251	59,298	86,523				
<i>Concentration by nature (net) - Loans to corporate entities and others</i>								
Term loans	806,515	772,299	701,750	658,498	11,044	48,093	11,019	48,991
Overdrafts	240,152	178,161	188,956	135,133	-	-	-	-
Others	3,716	5,630	3,716	5,630	-	-	-	-
	1,050,383	956,090	894,422	799,261	11,044	48,093	11,019	48,991
<i>Collateral value - Loans to corporate entities and others</i>								
Term loans	876,564	839,669	793,390	719,044				
Overdrafts	201,260	140,037	181,687	121,255				
Others	5,241	5,826	3,614	5,826				
	1,083,065	985,532	978,691	846,125				

Risk Management Report Cont'd

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Carrying amount (net)	626,774	612,213	433,821	398,423	23,334	1,099	23,334	1,099
Concentration by location (net)								
Nigeria	418,792	384,224	418,792	384,224	23,334	1,099	23,334	1,099
Rest of Africa	202,110	222,408	9,157	8,618	-	-	-	-
Rest of the World	5,872	5,581	5,872	5,581	-	-	-	-
	626,774	612,213	433,821	398,423	23,334	1,099	23,334	1,099
Concentration by nature (net)								
<i>Available-for-sale investment securities:</i>								
Treasury Bills	242,296	198,666	237,301	192,479				
Bonds	22,288	24,776	22,288	24,776				
<i>Held-to-maturity investment securities</i>								
Treasury Bills	128,620	145,465	-	-				
Bonds	233,570	243,306	174,232	181,168				
	626,774	612,213	433,821	398,423				

	Investment securities			
	Group		Bank	
	Jun 2015	Dec 2014	Jun 2015	Dec 2014
<i>Available-for-sale investment securities</i>				
Concentration by location (net)				
Nigeria	259,589	217,255	259,589	217,255
Rest of Africa	4,995	6,187	-	-
Rest of the World	-	-	-	-
	264,584	223,442	259,589	217,255
<i>Held-to-maturity investment securities</i>				
Concentration by location (net)				
Nigeria	159,203	166,969	159,203	166,969
Rest of Africa	197,115	216,221	9,157	8,618
Rest of the World	5,872	5,581	5,872	5,581
	362,190	388,771	174,232	181,168

Risk Management Report Cont'd

Financial assets held for trading				
In millions of Nigerian Naira	Group		Bank	
	Jun 2015	Dec 2014	Jun 2015	Dec 2014
Treasury bills	15,104	1,099	15,104	1,099
Government Bonds	8,230	-	8,230	-
	23,334	1,099	23,334	1,099
Concentration by location (net)				
Nigeria	23,334	1,099	23,334	1,099

	Cash and bank balances				Account receivable			
	Group		Bank		Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Carrying amount (net)	779,741	766,270	651,257	719,683	52,393	21,389	24,322	15,781
Concentration by location (net)								
Nigeria	618,454	680,238	618,454	680,238	24,322	15,781	24,322	15,781
Rest of Africa	115,386	38,759	-	-	28,035	5,608	-	-
Rest of the World	45,901	47,273	32,803	39,445	36	-	-	-
	779,741	766,270	651,257	719,683	52,393	21,389	24,322	15,781

(ii)

Concentration by location (net)	Off Balance sheet			
	Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Nigeria	636,885	557,594	636,885	520,517
Rest of Africa	21,513	29,075	-	-
Rest of the World	12,970	-	1,184	-
	671,368	586,669	638,069	520,517

Risk Management Report Cont'd

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 equity instruments.

<i>In millions of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014
Activities of Organisations and bodies	261	-	261	-	-	-	-	-
Administrative and Support Service Activities	835	1,774	272	1,642	-	-	-	-
Agriculture, Forestry and Fishing	54,388	60,669	44,482	49,416	-	-	-	-
Art, entertainment and recreation	71	-	71	-	-	-	-	-
Construction	70,949	64,795	69,823	64,000	-	-	-	-
Education	18,329	17,823	17,805	17,289	-	-	-	-
Finance And Insurance	74,978	54,343	62,470	51,148	19,226	48,093	19,201	48,991
General	109,167	141,300	93,484	98,742	-	-	-	-
General Commerce	97,759	96,592	49,366	49,580	-	-	-	-
Governments	87,606	87,704	70,847	58,685	-	-	-	-
Human Health and Social Work Activities	555	943	318	381	-	-	-	-
Information And Communication	82,271	79,035	68,951	72,269	-	-	-	-
Manufacturing	188,509	152,550	178,395	145,528	-	-	-	-
Oil And Gas	244,398	204,045	198,924	170,903	-	-	-	-
Power And Energy	106,174	83,834	95,470	83,601	-	-	-	-
Professional, Scientific and Technical Activities	3,309	1,376	1,893	1,376	-	-	-	-
Real Estate Activities	9,742	15,895	9,737	15,818	-	-	-	-
Transportation and Storage	13,446	9,181	5,527	4,209	-	-	-	-
	1,162,749	1,071,859	968,096	884,587	19,226	48,093	19,201	48,991

<i>In millions of Nigerian Naira</i>	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014
Finance and Insurance	36,265	37,404	36,265	34,453	-	-	-	-
Governments	586,361	564,807	393,408	359,358	23,334	1,099	23,334	1,099
Manufacturing	4,148	10,002	4,148	4,612	-	-	-	-
	626,774	612,213	433,821	398,423	23,334	1,099	23,334	1,099

<i>In millions of Nigerian Naira</i>	Accounts receivable				Cash and bank balances			
	Group		Bank		Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Finance and Insurance	52,393	21,389	24,322	15,781	779,741	766,270	651,257	719,683
	52,393	21,389	24,322	15,781	779,741	766,270	651,257	719,683

Risk Management Report Cont'd

ii Credit Quality

Loans to corporate entities

<i>In millions of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Neither past due nor impaired	1,106,313	1,001,825	932,296	841,907	19,305	48,199	19,305	49,122
Past due but not impaired	60,389	75,836	42,555	47,995	-	-	-	-
Individually impaired	22,044	17,711	5,733	5,207	-	-	-	-
Gross	1,188,746	1,095,372	980,584	895,109	19,305	48,199	19,305	49,122
Less: allowance for impairment	(25,997)	(19,327)	(12,488)	(8,317)	(79)	(106)	(104)	(131)
Net	1,162,749	1,076,045	968,096	886,792	19,226	48,093	19,201	48,991
Allowance for impairment is broken down as follows:								
Specific allowance	(6,537)	(5,723)	(4,580)	(4,099)	-	-	-	-
Portfolio allowance	(19,460)	(17,790)	(7,908)	(6,423)	(79)	(106)	(104)	(131)
Total	(25,997)	(23,513)	(12,488)	(10,522)	(79)	(106)	(104)	(131)

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				Loans and advances to banks			
	Group		Bank		Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Grades:								
Extremely Low Risk	-	-	-	-	-	-	-	-
Very Low Risk	59	3	-	3	-	-	-	-
Low Risk	-	7,123	-	7,123	19,305	48,199	19,305	49,122
Acceptable Risk	105,433	94,087	70,386	61,993	-	-	-	-
Moderately High Risk	1,543	9,658	-	9,658	-	-	-	-
Total	107,035	110,871	70,386	78,777	-	48,199	19,305	49,122
Portfolio allowance	(778)	(4,432)	(385)	(422)	(79)	(106)	(104)	(131)
	106,257	106,439	70,001	78,355	19,226	48,093	19,201	48,991

-Loans and advances to corporate entities and others

Grades:

Extremely Low Risk	-	4,595	-	4,595
Very Low Risk	25,039	53,621	24,881	53,297
Low Risk	30,099	122,937	29,347	121,971
Acceptable Risk	824,360	665,630	666,493	539,103
Moderately High Risk	144,496	44,171	142,190	44,171
Total	1,023,994	890,954	862,912	763,137
Portfolio allowance	(17,122)	(12,785)	(6,684)	(5,717)
	1,006,872	878,169	856,228	757,420

Risk Management Report Cont'd

- Loans and advances to individuals

	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Past due up to 30 days	80	2,932	74	4,939
Past due by 30 - 60 days	225	2,039	28	6,922
Past due by 60-90 days	5,646	3,788	3,593	-
	5,951	8,759	3,694	6,961
Portfolio allowance	(521)	(270)	(20)	(38)
Loans and advances (net)	5,430	8,489	3,674	6,923

- Loans to corporate entities and others

	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Past due up to 30 days	3,630	14,307	2,068	4,939
Past due by 30 - 60 days	1,602	39,834	1,365	36,095
Past due by 60-90 days	49,206	12,936	35,428	-
	54,438	67,077	38,861	41,034
Portfolio allowance	(1,040)	(303)	(819)	(246)
Loans and advances (net)	53,398	66,774	38,042	40,788

Loans and advances individually impaired

- Loans and advances to individuals

Gross amount	4,890	3,519	2,895	2,580
Specific impairment	(4,642)	(2,678)	(2,895)	(2,534)
Net amount	248	841	-	46

- Loans to corporate entities and others

Gross amount	17,155	14,192	2,838	2,627
Specific impairment	(1,895)	(3,045)	(1,685)	(1,565)
Net amount	15,260	11,147	1,153	1,062

Risk Management Report Cont'd

<i>In millions of Nigerian Naira</i>	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014	June 2015	Dec. 2014
Carrying amount	626,774	612,213	433,821	398,423	23,334	1,099	23,334	1,099
Held-to-maturity								
Neither past due nor impaired								
Low risk	362,190	388,771	174,232	181,168	-	-	-	-
Carrying amount - amortised cost	362,190	388,771	174,232	181,168	-	-	-	-
					Available for sale		Held for trading	
Neither past due nor impaired								
Low risk	264,584	223,442	259,589	217,255	23,334	1,099	23,334	1,099
Carrying amount - fair value	264,584	223,442	259,589	217,255	23,334	1,099	23,334	1,099
Total carrying amount	626,774	612,213	433,821	398,423	23,334	1,099	23,334	1,099
					Account receivables		Cash and bank balances	
Carrying amount	52,393	21,389	24,322	15,781	779,741	766,270	651,257	605,304
Low risk	52,393	21,389	24,322	15,781	779,741	766,270	651,257	605,304
Carrying amount	52,393	21,389	24,322	15,781	779,741	766,270	651,257	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 30 June 2015, the carrying amount of loans with renegotiated terms was N1.107 billion (December 2014 : N1.268 billion). There are no other financial assets with renegotiated terms as at 30 June 2015.

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 and the Central Bank's of the foreign subsidiaries' regulations. 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.

However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom 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.

Risk Management Report Cont'd

As at 30 June 2015, the difference between the Prudential provision and IFRS impairment was N8,808 million (December 2014: N5,280 million) requiring a transfer of N2,728 million from retained earnings to the regulatory 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 Central Bank's of foreign subsidiaries', and the impairment reserve as determined in line with IAS 39 as at period end.

<i>In millions of Nigerian Naira</i>	Group	Bank	Group	Bank
	June 2015	Dec. 2014	June 2015	Dec. 2014
Total impairment based on IFRS	28,961	26,722	14,714	10,653
Total impairment based on Prudential Guidelines	36,969	32,002	19,875	15,859
	(8,008)	(5,280)	(7,855)	(5,206)

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 (Note 4.2 (b)).

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 re-structuring, 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 Heads 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 five step methodology;

Risk Management and Credit Recovery Division methodology

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 & Implementation	Accurate review and professional assessment of credit records Implementation of identified strategies Update the database
3. Management & 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 crystallization of default Present remedial actions to reduce and/or mitigate default

Risk Management Report Cont'd

(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 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.

Exposure to liquidity risk

There are 2 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 below shows the ratio of net liquid assets to current liabilities at the reporting date and during the period under review.

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 commitment maturing within one month.

Liquidity behaviouralisation is applied to reflect the Group's assessment of the expected period for which we are confident that we will have access to our liabilities, even under a severe liquidity stress scenario, and the expected period for which we must assume that we will need to fund our assets. Behaviouralisation is applied when the contractual terms do not reflect the expected behaviour. Our approach to liquidity risk management will often mean different approaches are applied to assets and liabilities. For example, management may assume a shorter life for liabilities and a longer-term funding requirement for assets. All core deposits are assumed to have a liquidity behaviouralised life beyond one year and to represent a homogeneous source of core funding. The behaviouralisation of assets is far more granular and seeks to differentiate the period for which we must assume that we will need to fund the asset.

Risk Management Report Cont'd

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:

	June 2015	Dec. 2014
At period end	48.2%	45.3%
Average for the period	42.8%	41.7%
Maximum for the period	50.2%	53.9%
Minimum for the period	35.7%	30.5%

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, except for derivatives assets and liabilities which are included in the "less than one month" bucket and not by contractual maturity. Liquidity risk on derivatives are not managed on the basis of contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value.

June 30, 2015	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
<i>In millions of Nigerian Naira</i>							
Non-derivative financial liabilities							
Deposits from banks	99,918	100,251	100,251	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	176,052	177,941	18,993	149,320	59	9,568	-
Current deposits	139,404	139,404	139,404	-	-	-	-
Savings deposits	384,402	385,363	385,363	-	-	-	-
Domiciliary deposits	41,079	41,079	41,079	-	-	-	-
Corporate Customers:							
Term deposits	388,705	394,261	136,682	176,891	361	80,327	-
Current deposits	698,252	698,252	698,252	-	-	-	-
Domiciliary deposits	399,729	399,729	399,729	-	-	-	-
Other liabilities	75,681	75,681	64,890	3,442	7,144	205	-
Borrowings	119,319	123,517	308	6,697	6,332	12,967	97,213
Subordinated liabilities	85,501	142,030	-	-	6,279	6,279	129,472
	2,608,042	2,677,508	1,984,951	336,350	20,175	109,346	226,685

Risk Management Report Cont'd

June 30, 2015	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
<i>In millions of Nigerian Naira</i>							
<i>Derivative liabilities:</i>							
Cross Currency Swap	7	7	7	-	-	-	-
Performance bonds and guarantees	193,209	201,334	16,977	24,138	52,323	66,368	41,528
Letters of credit	478,159	504,141	245,617	154,160	92,595	11,034	735
Loan commitments	108,222	108,222	18,541	10,407	23,453	-	55,821
Assets used to manage liquidity							
Cash and bank balances	828,151	781,652	278,534	107,669		16,266	379,183
Financial assets held for trading						-	-
Treasury bills	15,104	16,095	16,095	-	-	-	-
Bonds	8,230	8,198	8,198	-	-	-	-
Loans and advances to banks	19,226	19,432	10,047	6,020	196	3,169	-
Loans and advances to customers							
Individual							
Term loans	57,197	65,531	6,624	4,882	9,301		38,479
Overdrafts	55,169	55,169	55,169	-	-		-
Corporates :							
Term loans	806,515	883,084	194,900	135,899	78,970	87,588	385,727
Overdrafts	240,152	240,152	240,152	-	-	-	-
Others	3,716	3,739	2,098	1,611	30	-	-
Investment securities							
Available for sale							
Treasury bills	242,296	257,154	27,494	10,735	108,192	110,733	-
Bonds	22,288	25,786	-	1,407	-	1,407	22,972
Held to maturity							
Treasury bills	128,620	152,757	16,332	6,377	64,269	65,778	-
Bonds	233,570	277,402	818	2,019	9,684	12,060	252,821
Account receivable	52,393	52,393	52,393	-	-	-	-
Derivative assets	10,550	10,550	10,550	-	-	-	-
	2,723,177	2,849,094	919,404	276,619	270,642	303,246	1,079,182
Gap	(664,461)	(642,117)	(1,346,689)	(248,436)	82,097	116,499	754,413

Risk Management Report Cont'd
(c) Liquidity risk - cont'd
Maturity analysis for financial liabilities

June 30, 2015	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Bank							
<i>Non-derivative liabilities</i>							
Deposits from banks	9,987	10,020	10,020	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	156,723	160,150	16,949	134,678	55	8,468	-
Current deposits	79,328	79,328	79,328	-	-	-	-
Savings deposits	332,512	333,343	333,343	-	-	-	-
Domiciliary deposits	36,807	36,807	36,807	-	-	-	-
Corporate Customers:							
Term deposits	346,305	358,139	122,075	159,673	332	76,059	-
Current deposits	541,899	541,899	541,899	-	-	-	-
Domiciliary deposits	327,892	327,892	327,892	-	-	-	-
Other liabilities	47,538	47,538	36,748	3,442	7,143	205	-
Borrowings	119,319	123,517	308	6,697	6,332	12,967	97,213
Subordinated liabilities	85,501	142,030	-	-	6,279	6,279	129,472
	2,083,811	2,160,663	1,505,370	304,490	20,140	103,978	226,685
<i>Derivative liabilities</i>							
Cross Currency Swap	7	7	7	-	-	-	-
Performance bonds and guarantees	186,467	194,592	14,060	23,893	61,048	63,109	32,481
Letters of credit	451,602	477,584	249,492	126,324	90,426	11,338	5
Loan commitments	108,222	108,222	18,541	10,407	23,453	-	55,821
<i>Assets used to manage liquidity</i>							
Cash and bank balances	681,274	652,672	183,618	79,684	-	12,038	377,332
Financial assets held for trading							
Treasury bills	15,104	16,095	16,095	-	-	-	-
Bonds	8,230	8,198	8,198	-	-	-	-
Loans and advances to banks	19,201	19,313	10,892	4,052	4,369	-	-
Loans and advances to customers							
Individual :							
Term loans	19,959	22,927	4,107	2,109	2,379	3,070	11,262
Overdrafts	53,715	53,715	53,715	-	-	-	-
Corporates :							
Term loans	701,750	775,532	109,098	153,631	78,689	119,602	314,512
Overdrafts	188,956	188,956	188,956	-	-	-	-
Others	3,716	3,733	572	1,950	422	789	-
Investment securities							
Available for sale							
Treasury bills	237,301	251,853	26,927	10,514	105,962	108,450	-
Bonds	22,288	25,786	-	1,407	-	1,407	22,972
Held to maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	174,232	206,928	610	1,506	7,224	8,996	188,592
Account receivable	24,322	24,322	24,322	-	-	-	-
Derivative asset	10,550	10,550	10,550	-	-	-	-
	2,160,598	2,260,580	637,660	254,853	199,045	254,352	914,670
Gap	(669,511)	(680,488)	(1,149,810)	(210,261)	3,978	75,927	599,678

Risk Management Report *Cont'd*

(c) Liquidity risk - continued

December 31, 2014	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Bank							
In millions of Nigerian Naira Group							
Non-derivative liabilities							
Deposits from banks	59,228	67,002	67,002	-	-	-	-
Deposit 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							
(ii) Cross Currency Swap	943	943	943	-	-	-	-
Performance bonds and guarantees							
Letters of credit	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Loan commitments	393,805	293,806	91,862	120,421	72,330	8,619	574
	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	1,099	1,099	1,099	-	-	-	-
Loans and advances to banks	48,093	48,349	25,071	14,983	485	7,810	-
Loans and advances to customers							
Individual:	115,769	123,876	60,426	9,574	9,274	11,790	32,812
Corporates	977,056	1,060,059	306,143	175,651	89,093	135,655	353,517
Investment securities							
Available for sale							
Treasury bills	199,008	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	-
Account receivable	21,389	21,389	21,389	-	-	-	-
Derivative asset	6,534	6,534	6,534	-	-	-	-
	2,351,548	2,570,734	632,747	815,991	325,588	385,700	410,708
Gap	(790,958)	(557,080)	(1,475,071)	479,720	131,662	262,445	44,164

Risk Management Report Cont'd

(c) Liquidity risk - continued

Maturity analysis for financial liabilities	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
December 31, 2014							
Bank							
Non-derivative liabilities							
Deposits from banks	1,526	1,526	1,526	-	-	-	-
Deposit 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	-	-	-	-
Subordinated liabilities	85,315	145,120	-	-	6,009	6,009	133,102
Borrowings	113,797	117,702	-	-	-	6,755	110,947
	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	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	749,716	766,726	135,357	453,936	79,466	97,967	-
Financial assets held for trading	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	85,326	90,977	53,280	5,544	5,650	7,503	19,000
Corporates	799,261	868,523	238,374	147,117	74,478	113,426	295,128
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	-	-	-	-	-	-	-
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	(361,703)	(214,769)	(1,160,087)	443,264	106,173	162,663	233,218

Risk Management Report Cont'd

(c) Liquidity risk - continued

Maturity analysis for financial liabilities - Contingent liabilities

Group	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
In millions of Nigerian Naira							
June 30, 2015							
Performance bonds and guarantees	193,209	201,334	16,977	24,138	52,323	66,368	41,528
Letters of credits	478,159	504,141	245,617	154,160	92,595	11,034	735
	671,368	705,475	262,594	178,298	144,918	77,401	42,263
December 31, 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
Bank							
In millions of Nigerian Naira							
June 30, 2015							
Performance bonds and guarantees	186,467	194,592	14,060	23,893	61,048	63,109	32,481
Letters of credits	451,602	477,584	249,492	126,324	90,426	11,338	5
	638,069	672,176	263,552	150,217	151,474	74,447	32,486
December 31, 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

Risk Management Report Cont'd

(c) Liquidity risk - continued

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 recognized amounts and there is an intention to settle on a net basis or realize 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.

(c) Market risk

Market risk limits

UBA takes proprietary 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 Group Risk Management Committee (GRMC) and quarterly to 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 means 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 or 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.

Risk Management Report Cont'd

(d) Market risks

(i) Interest rate risk

See table below for a summary of the group's interest rate gap position as at June 30, 2015 and December 31, 2014.

(a) Group 30 June 2015

	Re-pricing period						Non-interest bearing
	Carrying amount	< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	
Cash and bank balances	828,151	141,149	200,581	-	29,716	-	456,705
Financial assets held for trading			-	-	-	-	-
Treasury bills	15,104	15,104					
Bonds	8,230	8,230	-	-	-	-	-
Loans and advances to banks	19,226	10,879	4,037	4,310	-	-	-
Loans and advances to customers:							
Individual							
Term loans	57,197	11,558	5,831	6,142	7,212	26,453	-
Overdrafts	55,169	11,149	5,624	5,925	6,957	25,514	-
Corporates							
Term loans	806,515	123,330	170,871	86,130	124,962	301,222	-
Overdrafts	240,152	36,723	50,879	25,646	37,209	89,693	-
Others	3,716	568	787	397	576	1,388	-
Investment securities:							
Treasury bills	370,916	39,657	15,484	156,055	159,720	-	-
Bonds	255,858	-	13,961	-	13,961	227,937	-
Equity	47,856	-	-	-	-	-	47,856
Derivative assets	10,550	2,803	3,992	2,783	972	-	-
Account receivable	52,393	-	-	-	-	-	52,393
	2,771,033	401,151	472,047	287,388	381,285	672,207	556,954
Derivative liability	7	7	-	-	-	-	-
Deposits from banks	99,918	99,918	-	-	-	-	-
Deposits from customers	2,227,623	508,843	1,434,822	1,384	282,572	-	-
Other liabilities	75,680	-	-	-	-	-	75,680
Subordinated liabilities	85,501	-	-	-	-	85,501	-
Borrowings	119,319	-	-	-	39,346	79,973	-
	2,608,048	608,768	1,434,822	1,384	321,918	165,474	75,680
Gaps	162,985	(207,617)	(962,775)	286,004	59,367	506,733	481,274

Risk Management Report Cont'd

(d) Market risks - continued

31 December 2014	Carrying amount	< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	812,359	66,365	220,740	37,416	46,127	-	441,711
Financial assets held for trading							
Treasury bills	1,099	1,099	-	-	-	-	-
Loans and advances to banks:	48,093	25,008	14,909	481	7,695	-	-
Loans and advances to customers	-	-	-	-	-	-	-
Individual	115,769	18,959	16,098	15,323	18,512	46,877	-
Corporates	956,090	146,203	202,561	102,103	148,136	357,087	-
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	-	-	-	-	-	44,991
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	508,091
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	448,867

Risk Management Report Cont'd

(i) Interest rate risk - continued

(b) Bank 30 June 2015	Carrying amount	< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	681,274	102,446	145,581	-	21,568	-	411,680
Financial assets held for trading	-						
Treasury bills	15,104	15,104	-	-	-	-	-
Bonds	8,230	8,230	-	-	-	-	-
Loans and advances to banks	19,201	10,865	4,032	4,304	-	-	-
Loans and advances to customers:							
Individual							
Term loans	19,959	4,033	2,035	2,143	2,517	9,232	-
Overdrafts	53,715	10,855	5,476	5,768	6,773	24,842	-
Corporates							
Term loans	701,750	107,310	148,675	74,942	108,729	262,093	-
Overdrafts	188,956	28,895	40,033	20,179	29,277	70,572	-
Others	3,716	568	787	397	576	1,388	-
Investment securities:	-						
Treasury bills	237,301	25,371	9,907	99,840	102,184	-	-
Bonds	196,520	-	10,723	-	10,723	175,074	-
Equity	47,420	-	-	-	-	-	47,420
Derivative assets	10,550	2,803	3,992	2,783	972	-	-
Account receivable	24,322	-	-	-	-	-	24,322
	2,208,018	316,480	371,241	210,356	283,319	543,201	483,422
Derivative liability	7	7	-	-	-	-	-
Deposits from banks	9,987	9,987	-	-	-	-	-
Deposits from customers	1,821,466	416,067	1,173,215	1,132	231,051	-	-
Other liabilities	47,538	-	-	-	-	-	47,538
Subordinated liabilities	85,501	-	-	-	-	85,501	-
Borrowings	119,319	-	-	-	39,346	79,973	-
	2,083,818	426,061	1,173,215	1,132	270,397	165,474	47,538
Gaps	124,200	(109,581)	(801,974)	209,224	12,922	377,727	435,884

Risk Management Report *Cont'd*

(i) Interest rate risk - continued

	Carrying amount	< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
31 December 2014							
Cash and bank balances	749,716	65,451	217,700	36,901	45,492	-	384,172
Financial assets held for trading	1,099	1,099	-	-	-	-	-
Loans and advances to banks	48,991	25,475	15,187	490	7,839	-	-
Loans and advances to customers:							
Individual	85,326	13,973	11,865	11,293	13,644	34,551	-
Corporates	799,261	122,221	169,335	85,355	123,838	298,512	-
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	41,209	-	-	-	-	-	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

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.

(ii) Equity risk

The Group did not undertake in equity trading activity in 2015. Our legacy equity portfolio and the embedded price risk is still subject to regular monitoring by the 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 N42 billion as at June 30,2015 (2014: N39.93 billion).

Risk Management Report Cont'd

	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Level 1 Equity Sensitivities				
Impact on profit or loss:				
Favourable change @ 5% increase in indicative value	-	-	-	-
Unfavourable change @ 10% reduction in indicative value	-	-	-	-
Impact on Other comprehensive income:				
Favourable change @ 5% increase in indicative value	1	1	1	1
Unfavourable change @ 10% reduction in indicative value	(1)	(1)	(1)	(1)
Level 1 Equity Positions				
In million of Nigerian Naira				
Financial assets held for trading:	-	-	-	-
Available-for-sale investment securities:	10	10	10	10
Total	10	10	10	10
Level 2 Equity Sensitivities				
Impact on Other comprehensive income:				
Favourable change @ 5% increase in indicative value	181	113	181	113
Unfavourable change @ 10% reduction in indicative value	(362)	(225)	(362)	(225)
Level 2 Equity Positions				
In million of Nigerian Naira				
Financial assets held for trading:	-	-	-	-
Available-for-sale investment securities:	3,624	2,250	3,624	2,250
Total	3,624	2,250	3,624	2,250
Impact on Other comprehensive income:				
Favourable change @ 5% increase in indicative value	2,176	2,098	2,176	2,098
Unfavourable change @ 10% reduction in indicative value	(4,351)	(4,195)	(4,351)	(4,195)
Level 3 Equity Positions				
In million of Nigerian Naira				
Financial assets held for trading:	-	-	-	-
Available-for-sale investment securities:	43,512	41,952	43,512	41,952
Total	43,512	41,952	43,512	41,952

Risk Management Report Cont'd

(iii) Fixed income instruments re-pricing gap

Interest rate sensitivity analysis of fixed rate financial instruments

The tables below shows the impact of interest rate changes (increase / decrease) on our various Fixed Income portfolios and the effect on profit & loss and OCI. However, for the purpose of sensitivity analysis we have made a conservative assumption of 2% & 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)

<i>In millions of Nigerian Naira</i>	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Decrease	(14,788)	(14,556)	(10,506)	(10,092)
Asset	(44,282)	(42,209)	(34,492)	(34,104)
Liability	(29,494)	(27,653)	(23,986)	(24,012)
Increase	14,788	14,556	10,506	10,092
Asset	44,282	42,209	34,492	34,104
Liability	29,494	27,653	23,986	24,012

The aggregate figures presented above are further segregated into their various components as shown below:

<i>million of Nigerian Naira</i>	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Cash and bank balances	371,446	370,648	269,594	365,544
Impact on income statement:				
Favourable change @ 2% increase in indicative value	7,429	7,413	5,392	7,311
Unfavourable change @ 2% reduction in indicative value	(7,429)	(7,413)	(5,392)	(7,311)
Financial assets held for trading				
Treasury bills	15,104	1,099	15,104	1,099
Government bonds	8,230	-	8,230	-
	23,334	1,099	23,334	1,099
Impact on income statement:				
Favourable change @ 2% increase in indicative value	467	22	467	22
Unfavourable change @ 2% reduction in indicative value	(467)	(22)	(467)	(22)
Loans and advances to banks				
Term loans	19,226	48,093	19,201	48,991
	19,226	48,093	19,201	48,991
Impact on income statement:				
Favourable change @ 2% increase in indicative value	385	962	384	980
Unfavourable change @ 2% reduction in indicative value	(385)	(962)	(384)	(980)
Loans and advances to customers				
Individual	112,366	115,769	73,674	85,326
Corporates	1,050,383	956,090	894,422	799,261
	1,162,749	1,071,859	968,096	884,587

Risk Management Report Cont'd

(iii) Fixed income repricing gap - continued.

Impact on income statement:

Favourable change @ 2% increase in indicative value	23,255	21,437	19,362	17,692
Unfavourable change @ 2% reduction in indicative value	(23,255)	(21,437)	(19,362)	(17,692)

Available-for-sale investment securities:

Treasury and similar bills	242,296	198,666	237,301	192,479
Government bonds	22,288	24,776	22,288	24,776
Total	264,584	223,442	259,589	217,255

Impact on other comprehensive income statement:

Favourable change @ 2% increase in indicative value	5,292	4,469	5,192	4,345
Unfavourable change @ 2% reduction in indicative value	(5,292)	(4,469)	(5,192)	(4,345)

Held-to-maturity investment securities:	Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Government bonds	233,570	243,306	174,232	181,168
Treasury & similar bills	128,620	145,465	-	-
Total	362,190	388,771	174,232	181,168

Impact on income statement:

Favourable change @ 2% increase in indicative value	7,244	7,775	3,485	3,623
Unfavourable change @ 2% reduction in indicative value	(7,244)	(7,775)	(3,485)	(3,623)

Derivative assets	10,550	6,534	10,550	6,534
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Impact on income statement:

Favourable change @ 2% increase in indicative value	211	131	211	131
Unfavourable change @ 2% reduction in indicative value	(211)	(131)	(211)	(131)

Derivative liabilities	7	943	7	943
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Impact on income statement:

Impact on income statement:

Favourable change @ 2% increase in indicative value	-	(19)	-	(19)
Unfavourable change @ 2% reduction in indicative value	-	19	-	19

Deposit from banks

Money market deposits	98,975	58,063	9,987	1,526
Due to other banks	943	1,165	-	-
Total	99,918	59,228	9,987	1,526

Risk Management Report Cont'd

	Group		Bank	
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(1,998)	(1,185)	(200)	(31)
Unfavourable change @ 2% reduction in indicative value	1,998	1,185	200	31
Deposit from customers				
Retail customers:				
Term deposits	176,052	165,813	156,723	147,707
Savings deposits	384,402	357,169	332,512	308,824
Corporate customers:				
Term deposits	388,705	391,044	346,305	353,108
Domiciliary deposits	399,729	382,979	327,892	363,056
	1,348,888	1,297,005	1,163,432	1,172,695
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(26,978)	(25,940)	(23,269)	(23,454)
Unfavourable change @ 2% reduction in indicative value	26,978	25,940	23,269	23,454
Borrowings				
On-lending facilities:				
- Central Bank of Nigeria (note 34.1)	11,656	31,812	11,656	31,812
- Bank of Industry (BoI) (note 34.2)	14,230	13,175	14,230	13,175
	25,886	44,987	25,886	44,987
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(518)	(900)	(518)	(900)
Unfavourable change @ 2% reduction in indicative value	518	900	518	900

**(iv) Floating rate financial instruments re-pricing gap
Price sensitivity analysis of floating rate financial instruments**

The tables below shows 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.

	Group		Bank	
	June 2015	Dec. 2014	June 2015	Dec. 2014
Borrowings				
On-lending facilities:				
- Standard Chartered Bank (note 34.3)	1,551	1,466	1,551	1,466
- European Investment Bank (EIB) (note 34.4)	52,536	49,688	52,536	49,688
- Syndicated facility (note 34.5)				
	93,433	88,346	93,433	88,346
Impact on income statement:				
Favourable change @ 0.5% increase in indicative value	(467)	(442)	(467)	(442)
Unfavourable change @ 0.5% reduction in indicative value	467	442	467	442

Risk Management Report *Cont'd*

(d) Market risks - continued

(iv) Exchange rate exposure limits

FCY 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 25% appreciation or depreciation of the Naira holding all other variables constant.

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
30 June 2015						
Cash and bank balances	531,908	194,494	17,666	6,428	77,656	828,151
Financial assets held for trading	23,334	-	-	-	-	-
Derivative assets	-	10,545	5	-	-	10,550
Loans and advances to banks	-	19,226	-	-	-	19,226
Loans and advances to customer	584,694	398,783	162	666	178,445	1,162,749
Account receivables	21,640	20,015	6,890	13	5,812	54,369
Investment securities	442,841	48,840	-	-	182,949	674,630
Total financial assets	1,604,416	691,902	24,723	7,107	444,861	2,749,675
Derivative liability	-	7	-	-	-	7
Deposits from banks	-	44,617	974	128	54,200	99,918
Deposits from customers	1,277,693	607,735	13,329	5,794	323,072	2,227,623
Other liabilities	16,784	33,533	2,716	807	21,841	75,680
Borrowings	25,886	93,433	-	-	-	119,319
Subordinated liabilities	85,501	-	-	-	-	85,501
Total financial liabilities	1,405,864	779,324	17,019	6,729	399,113	2,608,048
Net FCY Exposure		(87,422)	7,704	378	45,748	141,627
Sensitivity at 25% Naira appreciation		21,855	(1,926)	(95)	(11,437)	8,397
Sensitivity at 25% Naira depreciation		(21,855)	1,926	95	11,437	(8,397)
31 December 2014						
Cash and bank balances	509,514	286,600	8,078	6,897	1,270	812,359
Financial assets held for trading	1,099	-	-	-	-	1,099
Derivative assets	-	6,534	-	-	-	6,534
Loans and advances to banks	-	48,093	-	-	-	48,093
Loans and advances to customers	739,403	322,951	9,472	36	-	1,071,862
Account receivables	13,051	10,236	-	-	-	23,287
Investment securities	598,346	59,177	-	-	-	657,523
Total financial assets	1,861,413	733,591	17,550	6,933	1,270	2,620,757

Risk Management Report Cont'd
(d) Market risks - continued
Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
30 June 2015						
Derivative liability	-	943	-	-	-	943
Deposits from banks	-	14,851	-	729	43,648	59,228
Deposits from customers	1,503,993	650,899	8,413	6,357	1	2,169,663
Other liabilities	24,292	19,705	12,224	1,187	1,818	59,226
Borrowings	25,451	88,346	-	-	-	113,797
Subordinated liabilities	85,315	-	-	-	-	85,315
Total financial liabilities	1,639,051	774,744	20,637	8,273	45,467	2,488,172
Net FCY Exposure		(41,153)	(3,087)	(1,340)	(44,197)	132,585

Sensitivity at 2% Naira appreciation		823	62	27	884	1,796
Sensitivity at 4% Naira depreciation		(1,646)	(123)	(54)	(1,768)	(3,591)

Bank
30 June 2015

Cash and bank balances	514,882	148,573	11,532	5,547	739	681,274
Financial assets held for trading	23,334	-	-	-	-	23,334
Derivative assets	-	10,545	5	-	-	10,550
Loans and advances to banks	-	19,201	-	-	-	19,201
Loans and advances to customers	633,186	333,412	835	662	-	968,096
Account receivables	19,362	6,177	-	-	-	25,539
Investment securities	439,102	42,139	-	-	-	481,241
Total financial assets	1,629,865	560,048	12,373	6,209	739	2,209,235
Derivative liability	-	7	-	-	-	7
Deposits from banks	-	9,987	-	-	-	9,987
Deposits from customers	1,281,440	526,372	8,181	5,472	1	1,821,466
Other liabilities	24,168	20,672	2,048	640	10	47,538
Borrowings	25,886	93,433	-	-	-	119,319
Subordinated liabilities	85,501	-	-	-	-	85,501
Total financial liabilities	1,416,995	650,471	10,229	6,112	11	2,083,818
Net FCY Exposure		(90,422)	2,144	97	728	125,417

Sensitivity at 25% Naira appreciation		22,606	(536)	(24)	(182)	21,864
Sensitivity at 25% Naira depreciation		(22,606)	536	24	182	(21,864)

31 December 2014

Cash and bank balances	470,224	264,500	7,455	6,365	1,172	749,716
Financial assets held for trading	1,099	-	-	-	-	1,099
Derivative assets	-	6,534	-	-	-	6,534
Loans and advances to banks	-	48,991	-	-	-	48,991
Loans and advances to customers	610,215	266,526	7,817	29	-	884,587
Account receivables	8,553	8,449	-	-	-	17,002
Investment securities	403,047	39,862	-	-	-	442,909
Total financial assets	1,493,138	634,862	15,272	6,394	1,172	2,150,838

Risk Management Report *Cont'd*

(i) Interest rate risk - continued

	Naira	US Dollar	Euro	Pound	Others	Total
Derivative liability	-	943	-	-	-	943
Deposits from banks	-	1,526	-	-	-	1,526
Deposits from customers	1,256,256	543,683	7,027	5,310	1	1,812,277
Other liabilities	16,773	12,775	7,924	770	1,179	39,421
Borrowings	25,451	88,346	-	-	-	113,797
Subordinated liabilities	85,315	-	-	-	-	85,315
Total financial liabilities	1,383,795	647,273	14,951	6,080	1,180	2,053,279
Net FCY Exposure		(12,411)	321	314	(8)	97,559
Sensitivity at 2% Naira appreciation		248	(6)	(6)	-	236
Sensitivity at 4% Naira depreciation		(496)	13	13	-	(470)

(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
- Contingency Planning

The objective of the capital management process is to:

- Adequately assess impairment losses and impact on capital impairment;
- Meet CBN's capital adequacy requirements
- 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 split into two tiers:

Tier 1 capital 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.

Risk Management Report *Cont'd*

Tier 2 capital 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 authorization 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.

Risk Management Report Cont'd

In millions of Nigeria Naira	Bank Jun. 2015	Bank Dec. 2014
Tier 1 capital		
Ordinary share capital	18,140	16,491
Share premium	117,374	107,932
Retained earnings	98,942	84,230
Other reserves	47,854	44,208
Gross Tier 1 capital	282,310	252,861
Less:		
Deferred tax on accumulated losses	19,131	22,950
Intangible assets	4,011	3,446
Investment in subsidiaries	32,884	32,884
Net Tier 1 Capital	226,285	193,582
Risk management report (continued)		
Tier 2 capital		
Fair value reserve for available-for-sale securities	28,551	23,866
Subordinated liabilities	58,992	55,901
Less: limit of tier 2 to tier 1 capital	(256)	-
Less: Investment in subsidiaries	(32,884)	(32,884)
Net Tier 2 Capital	54,403	46,884
Qualifying capital		
Net Tier I regulatory capital	226,285	193,582
Net Tier II regulatory capital	54,403	46,884
Total qualifying capital	280,688	240,465
Composition of risk-weighted assets:		
Risk-weighted amount for credit risk	1,168,266	1,330,670
Risk-weighted amount for operational risk	249,924	250,309
Risk-weighted amount for market risk	15,948	40
Total Basel II Risk-weighted assets	1,434,138	1,581,019
Basel II Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	20%	15%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16%	12%

The Central Bank of Nigeria vide a circular with reference number BSD/DIR/GEN/BAS/08/031 dated 24 June 2015, released a new guidance on the computation of capital adequacy under Basel II, now referred to as Revised Basel II guidance. The capital adequacy computation for the respective periods ended 30 June 2015 and 31 December 2014 was based on the revised circular.

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 judgment 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 maximize 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;

Risk Management Report Cont'd**(i) Interest rate risk - continued**

- 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;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- **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 cashflow 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 recognized 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 judgment 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 judgment 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 recognized 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 judgment and estimation in the determination of fair value. Management judgment 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 judgment 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 judgment 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.

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 independent independently verifying the results of third party valuation. Specific controls include:

- Verification of observable pricing;
- Re-performance 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.

Risk Management Report *Cont'd*

(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.

Group:

30 June 2015

In millions of Nigerian Naira

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		8,230	-	-	8,230
Treasury bills		15,104	-	-	15,104
Derivative assets measured at fair value through profit and loss:	30(a)	-	10,550	-	10,550
Available-for-sale investment securities:	23				
Treasury bills		242,296	-	-	242,296
Bonds		22,288	-	-	22,288
Equity investments		10	3,624	43,512	47,146
Total assets		287,928	14,174	43,512	345,614
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30	-	7	-	7

Bank:

30 June 2015

In millions of Nigerian Naira

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		8,230	-	-	8,230
Treasury bills		15,104	-	-	15,104
					-
Derivative assets measured at fair value through profit and loss:	30(a)	-	10,550	-	10,550
					-
Available-for-sale investment securities:	23				
Treasury bills		237,301	-	-	237,301
Bonds		22,288	-	-	22,288
Equity investments		10	3,624	43,512	47,146
		282,933	14,174	43,512	340,619
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30	-	7	-	7

Risk Management Report Cont'd
Group:

31 December 2014

In millions of Nigerian Naira

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		-	-	-	-
Treasury bills		1,099	-	-	1,099
Equities		-	-	-	-
Derivative assets measured at fair value through profit and loss:	31(a)	-	6,534	-	6,534
Available-for-sale investment securities:	23				
Treasury bills		198,666	-	-	198,666
Bonds		24,776	-	-	24,776
Equity investments at fair value		10	2,250	41,952	44,212
		224,551	8,784	41,952	275,287
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30	-	943	-	943

Bank:

31 December 2014

In millions of Nigerian Naira

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		-	-	-	-
Treasury bills		1,099	-	-	1,099
Derivative assets measured at fair value through profit and loss:	31(a)	-	6,534	-	6,534
Available-for-sale investment securities:	23				
Treasury bills		192,479	-	-	192,479
Bonds		24,776	-	-	24,776
Equity investments at fair value		10	2,250	41,952	44,212
		218,364	8,784	41,952	269,100
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30	-	943	-	943

The following table presents the changes in level 3 instruments for the period ended 30 June 2015. Level 3 instruments are all investment securities (unquoted equities).

	Group Jun. 2015	Group Dec. 2014	Bank Jun. 2015	Bank Dec. 2014
In millions of Nigerian Naira				
Balance, beginning of period	41,952	41,731	41,952	41,731
Transfer out of level 3 (see note (i) below)	(1,034)	-	(1,034)	-
Gain recognised in other comprehensive income (under fair value gain on available for sale)	2,594	221	2,594	221
Balance, end of period	43,512	41,952	43,512	41,952

Risk Management Report Cont'd

- (i) The Group holds equity investment in the shares of CSCS Limited which is classified as available-for-sale, with a fair value of N1.033 billion as at June 2015 (N785 million in December 2014). The fair value of the investment was previously categorised as Level 3 at December 2014. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. During 2015, CSCS shares became available for over-the-counter (OTC) trades. The fair value measurement was therefore transferred from Level 3 to Level 2.
- (ii) 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.
- (iii) 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 30 June 2015 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

(f) Fair value measurement - continued

Type of financial instrument	Fair value as at 30 June 2015 (Group and Bank) N'million	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	43,279	Income Approach (Discounted cashflow method)	Cost of equity	10.5% - 34.5%	Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Terminal growth rate	2%-3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	233	Income Approach (Dividend discount model)	Cost of equity	22.5% - 31.5%	Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Terminal growth rate	7.8% - 8.6%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values

(iv) 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 half - 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 half - year end
- The risk free rate was determined using the yield on the longest tenored sovereign 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

Risk Management Report Cont'd
(f) Fair value measurement - continued

(v) 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 period:

In millions of Nigerian Naira

Key Assumption	Effect on other comprehensive income (OCI)			
	2015		2014	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Cost of Equity	(1,636)	7,399	(60)	122
Terminal Growth Rate	3,450	1,802	68	(60)

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.

Group	Level 1	Level 2	Level 3	Total fair value	Carrying amount
<i>In millions of Nigerian Naira</i>					
30 June 2015					
Assets					
Cash and bank balances	-	828,151	-	828,151	828,151
Loans and advances to banks	-	19,266	-	19,266	19,226
Loans and advances to customers					
-Individual					
Term loans	-	56,775	-	56,775	57,197
Overdrafts	-	59,814	-	59,814	55,169
-Corporate					
Term loans	-	834,667	-	834,667	806,515
Overdrafts	-	257,158	-	257,158	240,152
Others	-	3,762	-	3,762	3,716
Held to maturity - Investment securities					
Treasury bills	128,620	-	-	128,620	128,620
Bonds	194,408	-	-	194,408	233,570
Other assets	-	52,393	-	52,393	54,369
Liabilities					
Deposits from banks	-	99,918	-	99,918	99,918
Deposits from customers	-	2,312,573	-	2,312,573	2,227,623
Subordinated liabilities	-	81,807	-	81,807	85,501
Other liabilities	-	75,680	-	75,680	75,680
Borrowings	-	116,820	-	116,820	119,319

Risk Management Report Cont'd

Group	Level 1	Level 2	Level 3	Total fair value	Carrying amount
31 December 2014					
Assets					
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	-	-	-	-	1,071,859
-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
Liabilities					
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

Risk Management Report Cont'd

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
30 June 2015					
Assets					
Cash and bank balances	-	681,274	-	681,274	681,274
Loans and advances to banks	-	19,266	-	19,266	19,201
Loans and advances to customers					968,096
-Individual					
Term loans		20,773	-	20,773	19,959
Overdrafts	-	54,915	-	54,915	53,715
-Corporate					
Term loans	-	704,657	-	704,657	701,750
Overdrafts	-	196,193	-	196,193	188,956
Others	-	3,762	-	3,762	3,716
Held to maturity - Investment securities					
Treasury bills	-	-	-	-	-
Bonds	145,019	-	-	145,019	174,232
Other assets	-	24,322	-	24,322	24,322
Liabilities					
Deposits from banks	-	9,987	-	9,987	9,987
Deposits from customers	-	1,896,835	-	1,896,835	1,821,466
Subordinated liabilities	-	81,807	-	81,807	85,501
Other liabilities	-	47,538	-	47,538	47,538
Borrowings	-	116,820	-	116,820	119,319
31 December 2014					
Assets					
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	-	-	-	-	884,587
-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	-	-	-	-	-
Bonds	127,796	23,186	-	150,982	181,168
Other assets	-	15,781	-	15,781	15,781

Risk Management Report Cont'd

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities					
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

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 cost because their value cannot be reliably measured.

Notes to the financial statements Cont'd

5 Critical accounting estimates and judgments

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 judgments 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 modeled 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(h). 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 judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgments in applying the Group's accounting policies

Critical accounting judgments 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.

	30 June 2015		31 December 2014	
	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	82,264	80,465	63,478	66,137
1% decrease	(82,264)	(80,465)	(63,478)	(66,137)

Notes to the financial statements Cont'd

(ii) 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 30 June 2015. 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 52.8% higher than management's estimates at 30 June 2015 (i.e. if the discount rate had been 25.1% 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 22% higher than management's estimates at 30 June 2015 (i.e. if the discount rate had been 5% instead of 4.1%). Goodwill is marginally sensitive to terminal growth rate used in the value-in-use calculation for the CGUs.

(iii) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. 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 period, to 10% increase or decrease in the useful life of property and equipment.

	June 2015	Dec 2014
	Depreciation/Carrying value	Depreciation/Carrying value
In millions of Nigerian Naira		
Increase/decrease		
10% increase in useful life	356	500
10% decrease in useful life	(356)	(500)

(iv) 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.

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

Notes to the financial statements Cont'd

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.

The revenue from external parties reported to the Chief Operating Decision Maker is measured in a manner consistent with that in the income statement.

(a) Geographical segments

(i) 30 June 2015

	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	131,481	33,459	2,634	(631)	166,943
Derived from other geographic segments	-	-	-	-	-
Total revenue	131,481	33,459	2,634	(631)	166,943
Profit before tax	29,546	9,248	457	(205)	39,046
Interest income	94,227	20,203	2,230	(426)	116,234
Interest expenses	(43,315)	(7,194)	(493)	426	(50,576)
Share of loss in equity-accounted investee	-	(52)	-	-	(52)
Impairment loss recognised in profit or loss	(2,214)	(1,286)	-	-	(3,500)
					-
Income tax expenses	(4,616)	(2,424)	(7)	-	(7,047)
Profit for the period	24,930	6,824	450	(205)	31,999
30 June 2015					
Total segment assets ⁱ	2,400,588	557,905	103,136	(132,351)	2,929,278
Total segment liabilities	2,077,722	494,320	92,771	(43,167)	2,621,646
i Includes:					
Investments in associate and accounted for by using the equity method	-	2,934	-	-	2,934
Expenditure for reportable segment:					
Depreciation	(2,784)	(753)	(21)	-	(3,558)
Amortisation	(442)	(36)	-	-	(478)

Notes to the financial statements Cont'd

6 Operating segments (b) Business reporting

30 June 2014 In millions of Nigerian Naira	Unaudited				
	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	108,958	28,985	1,799	(1,423)	138,318
Derived from other geographic segments	-	-	-	-	-
Total revenue	108,958	28,985	1,799	(1,423)	138,318
Profit before tax	20,170	8,585	603	(466)	28,892
Interest income	79,649	18,300	1,506	(958)	98,496
Interest expenses	(38,367)	(5,800)	(127)	958	(43,336)
Share of profit/(loss) in equity-accounted investee	(18)	-	-	-	(18)
Impairment loss recognised in profit or loss	(1,176)	(919)	47	-	(2,049)
Income tax expenses	(4,771)	(1,262)	(4)	-	(6,037)
Profit for the period	15,399	7,323	599	(466)	22,855
31 December 2014					
Total segment assets	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
Includes:					
Investments in associate and joint venture accounted for by using the equity method	-	2,986	-	-	2,986
Expenditure for reportable segment:					
Depreciation and amortisation	(1,995)	(832)	(10)	-	(2,837)

Notes to the financial statements Cont'd

<i>In millions of Nigerian Naira</i>	Corporate	Retail & commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	39,485	83,622	43,836	166,943
Derived from other business segments	(11,858)	23,120	(11,263)	-
Total revenue	27,628	106,742	32,573	166,943
Interest expenses	(5,644)	(39,466)	(5,467)	(50,577)
Fee and commission expense	(987)	(2,091)	(1,096)	(4,174)
Net impairment loss on financial assets	(1,624)	(1,876)	-	(3,500)
Operating expenses	(11,154)	(37,398)	(17,059)	(65,610)
Depreciation and amortisation	(22)	(4,008)	(6)	(4,036)
Profit before income tax	8,198	21,903	8,945	39,046
Taxation	(1,480)	(3,953)	(1,614)	(7,047)
Profit for the period	6,718	17,950	7,331	31,999
Loans and advances	639,663	374,292	168,020	1,181,975
Deposits from customers and banks	230,599	1,902,704	194,238	2,327,541
Total segment assets	461,716	1,260,975	1,206,587	2,929,278
Total segment liabilities	413,148	1,128,833	1,079,666	2,621,647

<i>30 June 2014</i>	Unaudited			
<i>In millions of Nigerian Naira</i>	Corporate	Retail & commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	28,565	72,427	37,233	138,225
Derived from other business segments	(9,818)	19,143	(9,325)	-
Total revenue	18,747	91,570	27,908	138,225
Interest expenses	(4,836)	(33,816)	(4,685)	(43,336)

Notes to the financial statements Cont'd

Fee and commission expense	(580)	(1,472)	(757)	(2,809)
Net impairment loss on financial assets	(484)	(1,565)	-	(2,049)
Operating expenses	(9,911)	(33,232)	(15,158)	(58,301)
Depreciation and amortisation	(8)	(2,821)	(8)	(2,837)
Profit before income tax	2,928	18,665	7,300	28,893
Taxation	(612)	(3,900)	(1,525)	(6,037)
Profit/(loss) for the period	2,316	14,765	5,775	22,856

30 December 2014

Loans and advances	553,696	422,347	143,909	1,119,952
Deposits from customers and banks	189,580	1,931,012	206,949	2,327,541
Total segment assets	381,941	1,248,259	1,132,373	2,762,5763
Total segment liabilities	345,247	1,128,336	1,023,584	2,497,167

(c) Seasonality of operations

The Group's main business segments are not subject to seasonal fluctuations. The results of the Group are relatively stable and accrue fairly evenly throughout the period except for unusual items which may adversely or positively impact on the earnings of the Group. During the period under review, there was no unusual transaction that impacted the earning capacity of the Group.

7 Interest income

In millions of Nigerian Naira

	Unaudited		Unaudited	
Group	Group	Bank	Bank	
Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014	
Cash and bank balances	7,293	7,159	6,889	6,267
Loans and advances to banks	752	555	752	555
Loans and advances to customers				
- To individuals				
Term loans	2,801	4,448	1,910	1,620
Overdrafts	1,188	779	810	674
- To corporates				
Term loans	53,434	44,493	48,055	40,744
Overdrafts	17,849	9,388	12,172	8,126
Others	164	120	112	104
Treasury bills	23,207	22,394	16,634	15,550
Bonds	9,547	9,211	8,087	6,664
	116,235	98,547	95,422	80,304

Interest income includes accrued interest on impaired loans of N541 million (Bank: N516 million) for the period ended 30 June 2015 and N590.6 million (Bank: N590.6 million) for the period ended 30 June 2014.

Notes to the financial statements Cont'd

8 Interest expense	Unaudited		Unaudited	
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
<i>In millions of Nigerian Naira</i>				
Deposits from banks	4,571	1,967	1,627	303
Deposits from customers	38,161	37,224	33,914	33,978
Borrowings	1,438	264	1,438	264
Subordinated liabilities	6,407	3,881	6,407	3,881
	50,577	43,336	43,386	38,425

9 Impairment loss on loans and receivables

In millions of Nigerian Naira

Impairment losses on loans and advances to customers:

- specific impairment (Note 22(d))	1,795	1,095	879	760
- portfolio impairment (Note 22(d))	1,672	484	1,485	398
Impairment (gains)/losses on loans and advances to banks:				
- portfolio impairment ((Note 22)	(48)	-	(48)	-
Write-off on loans and advances	323	241	285	228
Impairment no longer required	(388)	(142)	(388)	(142)
Impairment loss on other assets (Note 24(a))	146	371	-	3
	3,500	2,049	2,213	1,247

10 Fees and commission income

In millions of Nigerian Naira

Credit-related fees and commissions	5,502	4,991	2,675	2,410
Commission on turnover	5,984	5,226	5,668	5,323
E-Banking related income	6,374	6,117	5,624	5,449
Funds transfer	924	843	467	454
Pension custody fees	1,847	1,635	-	-
Trade related income	4,967	3,999	2,432	1,719
Remittance income	1,798	1,589	1,075	1,472
Other fees and charges	2,961	2,686	1,971	1,867
	30,357	27,087	19,912	18,694

Credit-related fees and commissions income exclude any other fees considered in calculating the effective interest rate on the principal facilities to which they were charged.

Notes to the financial statements Cont'd

	Unaudited		Unaudited	
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
<i>In millions of Nigerian Naira</i>				
E-Banking expense	4,004	2,483	3,457	2,342
Funds transfer	170	326	155	55
	4,174	2,809	3,612	2,396

12 Net trading and foreign exchange income

In millions of Nigerian Naira

Fixed income securities	34	262	(2)	239
Foreign exchange trading income	11,168	10,497	7,412	7,525
Foreign currency revaluation gain/(loss)	795	(91)	1,031	41
Fair value gain (loss) on derivatives (see note 30 (c))	4,952	(668)	4,952	(668)
	16,949	10,000	13,393	7,137

13 Other operating income

In millions of Nigerian Naira

Dividend income	1,697	1,113	1,627	1,481
Rental income	193	138	193	133
Recoveries on loans and other accounts written-off	1,284	867	321	193
Others	280	491	112	203
	3,454	2,609	2,253	2,010

14 Personnel expenses

In millions of Nigerian Naira

	Unaudited		Unaudited	
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Wages and salaries	28,507	27,732	21,588	21,516
Contribution to defined contribution plans	1,002	841	713	559
	29,509	28,573	22,301	22,075

15 Depreciation and amortisation

Depreciation of property and equipment (note 27)	3,558	2,506	2,787	1,700
Amortisation of intangible assets (note 28)	478	331	430	298
	4,036	2,837	3,217	1,998

Notes to the financial statements Cont'd

16 Other operating expenses	Group	Unaudited	Bank	Unaudited
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
<i>In millions of Nigerian Naira</i>				
Auditors' remuneration	110	-	90	-
Directors' fees	18	12	18	12
Banking sector resolution cost	6,393	5,578	6,393	5,578
Deposit insurance premium	3,717	4,331	3,713	4,331
Training	170	209	139	183
Business travels	1,095	1,157	654	807
Advertisements	2,153	1,707	1,851	1,501
Insurance and contract services	3,803	3,014	3,092	2,557
Communication	1,483	1,316	769	729
Computer consumables	1,092	417	1,034	371
Printing, stationery and subscriptions	1,293	1,023	960	725
Security and cash handling expenses	1,873	1,232	761	518
Rents and rates	1,553	1,398	761	715
Fuel, repairs and maintenance	8,140	7,302	5,784	5,186
Other administrative expenses	3,208	2,430	1,820	563
	36,101	29,728	27,839	23,061

17 Taxation	Group	Unaudited	Bank	Unaudited
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Recognised in the statement of comprehensive income				
<i>In millions of Nigerian Naira</i>				
(a) Current tax expense				
Current period	(3,370)	(6,037)	(1,292)	(4,771)
Prior year under-provision	(861)	-	-	-
	(4,231)	(6,037)	(1,292)	(4,771)
(b) Deferred tax expense				
Origination and reversal of temporary differences (Note 29)	(2,816)	-	(2,816)	-
Total income tax (expense)/credit	(7,047)	(6,037)	(4,108)	(4,771)

(c) Current tax liabilities	Group	Unaudited	Bank	Unaudited
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Balance, beginning of period	4,615	2,861	1,858	1,602
Tax paid	(5,459)	(9,440)	(1,835)	(5,249)
Income tax charge	4,231	11,194	1,292	5,505
Balance, end of period	3,387	4,615	1,315	1,858

Notes to the financial statements Cont'd

(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).

<i>In millions of Nigerian Naira</i>	Unaudited		Unaudited	
	Group	Group	Bank	Bank
	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Tax rate	30%	30%	30%	30%
Profit before income tax	39,046	28,893	28,412	18,943
Income tax using the domestic corporation tax rate	11,714	8,668	8,524	5,683
Tax effects of:				
Income not subject to tax	(29,996)	(24,577)	(26,601)	(24,577)
Expenses not deductible for tax purposes	5,316	2,057	4,748	2,057
Tax losses for the year	229	2,646	-	2,646
Origination and reversal of temporary differences (Note 29)	2,816	-	2,816	-
Excess dividend tax on profit	-	3,334	-	3,334
Education tax	248	-	155	-
WHT paid on dividends	17	-	17	-
Capital Gains tax	5	-	-	-
Effect of tax rates in foreign jurisdictions	2,065	1,242	-	-
Information Technology Levy	477	422	293	422
Effect of tax assessment based on minimum tax law	14,156	12,245	14,156	15,206
Total income tax expense in comprehensive income	7,047	6,037	4,108	4,771

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.

Notes to the financial statements Cont'd

18. Earnings per share

Basic earnings per share

The calculation of basic earnings per share as at 30 June 2015 was based on the profit attributable to ordinary shareholders of N39.04 billion (Bank: N 28.4 billion) and the weighted average number of ordinary shares outstanding of 33,312,052,175 (Bank: 35,686,169,584.), having excluded treasury shares held by the Parent's Staff Share Investment Trust. The Bank had no dilutive instruments as at period end (June 2014 : nil). Hence the basic and diluted earnings per share are equal.

	Unaudited		Unaudited	
	Group	Group	Bank	Bank
<i>In millions of Nigerian Naira</i>	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Profit attributable to equity holders of the parent	31,377	22,281	24,304	14,172
Weighted average number of ordinary shares outstanding	33,312	31,455	35,686	33,907
From continuing operations	0.94	0.71	0.68	0.42
Basic and diluted earnings per share (Naira)	0.94	0.71	0.68	0.42

Following the conclusion of the Bank's rights issue within the period, weighted average number of shares has been adjusted to reflect the impact of the rights issue. This has also been reflected in the comparative.

19. Cash and bank balances

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Cash	48,410	46,089	30,017	30,033
Current balances with banks	125,619	139,102	93,473	126,087
Unrestricted balances with central banks	77,522	131,001	34,348	76,701
Money market placements	197,417	185,457	146,104	209,424
	448,968	501,649	303,942	442,245
Mandatory reserve deposits with Central Banks (note 19(i) below)	379,183	310,710	377,332	307,471
	828,151	812,359	681,274	749,716

(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:

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Cash and balances with banks	174,029	185,191	123,490	156,120
Unrestricted balances with central banks	77,522	131,001	34,348	76,701
Money market placements (less than 90 days)	82,573	103,665	81,947	103,665
Financial assets held for trading (less than 90 days)	2,727	714	2,727	714
Cash and cash equivalents	336,851	420,571	242,512	337,200

Notes to the financial statements Cont'd

20. Financial assets held for trading

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Government bonds	8,230	-	8,230	-
Treasury bills	15,104	1,099	15,104	1,099
	23,334	1,099	23,334	1,099
Current	23,334	1,099	23,334	1,099

21. Loans and advances to banks

In millions of Nigerian Naira

Term loans:				
Gross amount	19,305	48,199	19,305	49,122
Portfolio impairment	(79)	(106)	(104)	(131)
	19,226	48,093	19,201	48,991
Current	19,226	48,093	19,201	48,991

Impairment allowance on loans and advances to banks

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
<i>In millions of Nigerian Naira</i>				
Portfolio impairment				
Balance, beginning of period	106	57	131	57
Net impairment (reversal)/charge for the period	(48)	49	(48)	74
Exchange difference	21	-	21	-
Balance, end of period	79	106	104	131

22. Loans and advances to customers

In millions of Nigerian Naira

(a) 30 June 2015

(i) Group

	Gross	Specific	Portfolio	Total	Carrying
	Amount	impairment	impairment	impairment	amount
Loans to individuals	117,875	(867)	(4,642)	(5,509)	112,366
Loans to corporate entities and other organizations	1,070,871	(5,670)	(14,818)	(20,488)	1,050,383
	1,188,746	(6,537)	(19,460)	(25,997)	1,162,749
Loans to individuals					
Overdraft	59,814	(319)	(4,326)	(4,645)	55,169
Term Loans	58,061	(548)	(316)	(864)	57,197
	117,875	(867)	(4,642)	(5,509)	112,366
Loans to corporate and other organizations					
Overdraft	253,986	(2,951)	(10,883)	(13,834)	240,152
Term Loans	813,123	(2,672)	(3,935)	(6,608)	806,515
Others	3,762	(47)	-	(47)	3,716
	1,070,871	(5,670)	(14,818)	(20,488)	1,050,383

(b) **Bank**

	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	76,974	(2,895)	(405)	(3,300)	73,674
Loans to corporate entities and other organizations	903,610	(1,685)	(7,503)	(9,188)	894,422
	980,584	(4,580)	(7,908)	(12,488)	968,096
Loans to individuals					
Overdraft	54,915	(916)	(284)	(1,200)	53,715
Term Loan	22,059	(1,979)	(121)	(2,100)	19,959
	76,974	(2,895)	(405)	(3,300)	73,674
Loans to corporate entities and other organizations					
Overdraft	193,022	(1,676)	(2,389)	(4,066)	188,956
Term Loan	706,826	(9)	(5,067)	(5,076)	701,750
Others	3,762	-	(47)	(47)	3,716
	903,610	(1,685)	(7,503)	(9,188)	894,422

(b) **31 December 2014**

(i) **Group**

Loans to individuals	118,289	(1,557)	(963)	(2,520)	115,769
Loans to corporate entities and other organizations	977,080	(4,166)	(16,824)	(20,990)	956,090
	1,095,369	(5,723)	(17,787)	(23,510)	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 organizations					
Overdraft	182,648	(2,190)	(2,297)	(4,487)	178,161
Term Loan	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 organizations	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 Loans	39,129	(458)	(211)	(669)	38,460
	86,847	(1,061)	(460)	(1,521)	85,326
Loans to corporate entities and other organizations					
	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
In millions of Nigerian Naira					
Overdraft	137,957	(1,106)	(1,718)	(2,824)	135,133
Term Loans	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

(c)

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Current	823,469	797,606	719,089	645,372
Non-current	339,280	274,253	249,007	239,215
	1,162,749	1,071,859	968,096	884,587

(d) Impairment allowance on loans and advances to customers

Specific impairment				
Balance, beginning of period	5,723	4,634	4,099	2,067
Impairment charge for the period (Note 9)	1,407	1,889	491	2,045
Write-offs	(593)	(800)	(10)	(13)
Balance, end of period	6,537	5,723	4,580	4,099
Portfolio impairment				
Balance, beginning of period	17,788	14,693	6,423	6,250
Net impairment charge for the period (Note 9)	1,672	3,095	1,485	173
Balance, end of period	19,460	17,788	7,908	6,423

23. Investment securities

Available-for-sale investment securities comprise (see note (i)):

Treasury bills	242,296	199,008	237,301	192,479
Bonds	22,288	24,776	22,288	24,776
Equity investments (note (iii))	47,856	44,968	47,420	44,486
	312,440	268,752	307,009	261,741
Equity investments comprise:				
Equity investments at cost	1,619	1,665	1,179	1,179
Less: specific allowance for impairment (equities)	(909)	(909)	(905)	(905)
	710	756	274	274
Equity investments at fair value	47,146	44,212	47,146	44,212
	47,856	44,968	47,420	44,486

Held to maturity investment securities comprise (see note (i)):

Treasury bills	128,620	145,465	-	-
Bonds (note (ii))	233,570	243,306	174,232	181,168
	362,190	388,771	174,232	181,168
Carrying amount	674,630	657,523	481,241	442,909
Current	437,305	555,960	273,003	291,560
Non-current	237,325	101,563	208,238	151,349
	674,630	657,523	481,241	442,909

- (i) Included in available-for-sale and held-to-maturity investment securities are pledged financial assets which cannot be re-pledged or resold by counterparties, and these securities are stated as follows:

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Pledged assets:				
In millions of Nigerian Naira				
Treasury bills (available-for-sale)	23,959	19,917	23,959	19,917
Bonds (available-for-sale)	5,267	5,087	5,267	5,087
Bonds (held-to-maturity)	77,405	78,279	77,405	78,279
	106,631	103,283	106,631	103,283

- (ii) Included in bonds held to maturity are Federal Government of Nigeria bonds amounting to N97 billion (2014: N107 billion). The bonds are stated at amortised cost. Available-for-sale bonds comprise Federal Government of Nigeria bonds amounting to N22.3 billion (2014: N24.7 billion). These bonds are stated at fair value.
- (iii) Included in equity investments are certain unquoted investments with carrying amount of N710 million (Bank : N274 million) for which fair values could not be reliably estimated and have therefore been carried at cost.

24 Other assets

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
In millions of Nigerian Naira				
Accounts receivable	54,369	23,287	25,539	17,002
Prepayments	21,918	8,552	17,844	5,300
Others	3,734	116	1,827	55
	80,021	31,955	45,210	22,357
Impairment loss on other assets (account receivable)	(1,976)	(1,898)	(1,217)	(1,221)
	78,045	30,057	43,993	21,136
(a) Movement in impairment loss for other assets				
At start of period	1,898	1,443	1,221	1,082
Charge for the period (Note 9)	146	819	-	243
Write-off	(68)	(364)	(4)	(104)
	1,976	1,898	1,217	1,221
(b) Current	75,483	28,531	41,964	20,063
Non-current	2,562	1,526	2,029	1,073
	78,045	30,057	43,993	21,136

25. Investment in equity-accounted investee

In December 2013, the Group's holding in UBA Zambia Ltd 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	Jun. 2015	Dec. 2014
Assets		
Cash and bank balances	1,666	2,001
Other current assets (excluding cash)	6,312	6,342
Non-current assets	852	1,210
Total assets	8,830	9,553
Financial liabilities (excluding trade payables)	(4,713)	(5,753)
Other current liabilities (including trade payables)	(880)	(126)
Total liabilities	(5,593)	(5,879)
Net assets	3,237	3,674

(ii) Summarised statement of comprehensive income

	Jun. 2015	Jun. 2014
Revenue	874	656
Depreciation and amortisation	(33)	(35)
Interest income	216	225
Interest expense	(225)	(217)
Loss from continuing operations	(105)	(37)
Income tax (charge)/credit	-	-
Post-tax loss from continuing operations	(105)	(37)

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 accounting policies.

(c) Movement in investment in equity-accounted investee

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
In millions of Nigerian Naira				
Balance, beginning of period	2,986	2,977	1,770	1,770
Share of current period's result	(52)	9	-	-
Balance, end of period	2,934	2,986	1,770	1,770

(i) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the interest in associates is shown below :

	Jun. 2015	Dec. 2014
Opening net assets	3,674	3,717
Loss for the period	(105)	18
Foreign exchange differences	(332)	(61)
Closing net assets	3,237	3,674
Interest in associate (49%)	1,748	1,800
Notional goodwill	1,186	1,186
Carrying value	2,934	2,986

(d) Impairment testing for cash generating units containing goodwill

Notional goodwill arising from the deemed disposal of UBA Zambia was tested for impairment during the period. For the purpose of impairment testing, the notional goodwill was 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. The projected cash flows were discounted using a discount rate of 27% and a terminal growth rate of 7.5%. From the impairment test, management did not identify an impairment for this cash generating unit.

26 Investment in subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira

Bank subsidiaries (see note (i) below):	"Year of acquisition/ Commencement"	Holding	Non-control ling interest	Country	Industry	Bank	Bank
						Jun. 2015	Dec. 2014
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	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
UBA Burkina	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	2010	100%	-	Gabon	Banking	2,760	2,760
UBA Guinea (SA)	2010	100%	-	Guinea	Banking	1,475	1,475
UBA Congo DRC (SA)	2011	100%	-	Congo DRC	Banking	2,500	2,500
UBA Congo Brazzaville	2011	100%	-	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	85%	15%	Mozambique	Banking	869	869
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
UBA Capital Holding Mauritius (see (v) below)	2012	100%	-	Mauritius	Investment banking	-	-
						65,767	65,767

Notes to the financial statements Cont'd

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.

The movement in investment in subsidiaries during the period is as follows:

In millions of Nigerian Naira	Jun. 2015	Dec. 2014
Balance, beginning of period	65,767	65,767
Additional investments during the period		
Balance, end of period	65,767	65,767

- (i) UBA Ghana, UBA Cameroon SA, UBA Cote d'ivoire, UBA Liberia, UBA Uganda, Banque International Du Burkina Faso, UBA Chad SA, UBA Senegal SA, UBA 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 license on 20 February 2006 and commenced operations in Nigeria 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 the National Pension Commission in conformity with the Pensions Reforms Act 2004 and as amended in 2014.
- (iii) UBA FX Mart was incorporated on January 30, 2008 and commenced operations on May 22, 2008. It operates as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, UBA FX Mart temporarily suspended operations.
- (iv) UBA Capital Europe Limited is a London-based investment banking company which was incorporated on September 25, 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 is yet to be concluded.
- (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.

Notes to the financial statements Cont'd

(b) Non-fully owned subsidiaries

- (i) The total non-controlling interest for the period is N5.676 billion (2014: N5.476 billion), attributed to the following non-fully owned subsidiaries:

	Jun. 2015	Dec. 2014
UBA Ghana Limited	1,233	1,270
UBA Burkina	2,385	2,230
UBA Benin	697	642
UBA Uganda Limited	300	327
UBA Kenya Bank Limited	186	206
UBA Senegal (SA)	882	795
UBA Mozambique Limited	(7)	7
	5,676	5,476

- (ii) Set out in note 26(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		UBA Burkina		UBA Benin	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<i>In millions of Nigerian Naira</i>	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Total comprehensive income	2,725	3,073	728	345	138	276
Total comprehensive income allocated to non-controlling interest	252	284	254	125	33	65
Dividends paid to non-controlling interests	-	-	-	-	-	-
	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<i>In millions of Nigerian Naira</i>	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014	Jun. 2015	Jun. 2014
Total comprehensive income	16	20	(87)	(278)	766	941
Total comprehensive income allocated to non-controlling interest	4	5	(13)	(47)	107	132
Dividends paid to non-controlling interests	-	-	-	-	-	-
	UBA Mozambique (SA)					
	Unaudited	Unaudited				
<i>In millions of Nigerian Naira</i>	Jun. 2015	Jun. 2014				
Total comprehensive income	(94)	36				
Total comprehensive income allocated to non-controlling interest	(14)	5				
Dividends paid to non-controlling interests	-	-				

Notes to the financial statements Cont'd

26 Investment in subsidiaries - continued

(c) Condensed result of consolidated subsidiaries
For the period ended 30 June 2015

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
In millions of Nigerian Naira								
Condensed statements of comprehensive income								
Operating income	8,942	474	1,881	2,093	694	1,221	914	2,182
Total operating expenses	(4,931)	(376)	(1,585)	(1,136)	(767)	(777)	(726)	(1,765)
Net impairment gain/(loss) on financial assets	(290)	(13)	(28)	(39)	(14)	(22)	-	(278)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit before income tax	3,721	85	268	918	(87)	422	188	139
Income tax expense	(996)	(8)	(227)	(151)	-	(71)	-	-
Profit for the period	2,725	77	41	767	(87)	351	188	139
Condensed statements of financial position								
Assets								
Cash and bank balances	17,943	5,084	2,537	7,714	6,227	10,891	3,668	4,310
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	17,047	3,134	14,784	16,430	3,778	10,409	11,245	13,847
Investment securities	21,446	725	15,587	12,907	3,590	5,962	1,601	29,020
Other assets	20,934	363	1,157	492	246	271	219	961
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	490	257	243	419	151	331	185	963
Intangible assets	20	-	120	-	-	29	-	10
Deferred tax assets	80	-	-	-	571	-	-	-
Non-current assets held for distribution	-	-	-	-	-	-	-	-
	77,960	9,563	34,428	37,962	14,563	27,893	16,918	49,111
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	20,672	-	11,904	2,766	-	7,447	-	7,488
Deposits from customers	42,934	6,755	19,568	26,262	7,404	16,494	12,372	36,006
Other liabilities	1,017	600	645	2,282	4,998	427	1,136	2,664
Current tax liabilities	(23)	8	227	124	12	71	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deposits for shares*	-	-	-	-	910	-	-	-
Total Equity	13,360	2,200	2,084	6,528	1,239	3,454	3,410	2,952
	77,960	9,563	34,428	37,962	14,563	27,893	16,918	49,111

Notes to the financial statements Cont'd

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed cash flows								
Net cash from operating activities	(19,965)	10,127	857	2,372	5,051	8,213	631	2,470
Net cash from financing activities	(3,121)	(5,684)	2,043	5,761	1,326	3,038	3,222	2,813
Net cash from investing activities	52	(252)	(363)	(419)	(151)	(360)	(185)	(973)
Increase/(decrease) in cash and cash equivalents	(23,034)	4,191	2,537	7,714	6,226	10,891	3,668	4,310
Effects of exchange rate changes on cash and cash equivalents	(3)	-	-	-	1	-	-	-
Cash and cash equivalents at beginning of period	40,980	893	-	-	-	-	-	-
Cash and cash equivalents at end of period	17,943	5,084	2,537	7,714	6,227	10,891	3,668	4,310

Notes to the financial statements Cont'd

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2015

	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozam bique	UBA Cameroun	UBA Pension Custodian
In millions of Nigerian Naira								
Condensed statements of comprehensive income								
Operating income	827	4,101	1,408	805	2,247	546	3,593	2,202
Total operating expenses	(427)	(2,927)	(976)	(787)	(1,147)	(632)	(2,473)	(465)
Net impairment gain/(loss) on financial assets	(2)	(446)	3	(11)	(238)	(7)	(66)	-
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit before income tax	398	728	435	7	862	(93)	1,054	1,737
Income tax expense	(6)	-	(162)	8	(128)	(0)	(635)	(487)
Profit for the period.	392	728	273	15	734	(93)	419	1,250
Condensed statements of financial position								
Assets								
Cash and bank balances	4,346	6,778	5,437	5,743	13,099	1,585	18,665	1
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	532	34,798	12,702	1,712	19,211	2,439	32,486	-
Investment securities	4,808	62,153	2,231	3,840	2,425	1,356	13,330	5,547
Other assets	25	994	4,058	144	1,452	229	985	980
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	294	2,621	467	240	418	139	633	51
Intangible assets	-	1	40	-	13	25	21	125
Deferred tax assets	-	-	-	-	-	-	-	51
Non-current assets held for distribution	-	-	-	-	-	-	-	-
	10,005	107,345	24,935	11,679	36,618	5,773	66,120	6,755
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	-	24,305	1,973	179	1,763	95	-	134
Deposits from customers	7,401	75,005	18,865	9,603	27,158	4,624	57,576	-
Other liabilities	228	1,415	255	642	2,496	86	1,511	429
Current tax liabilities	28	28	156	(67)	128	-	-	1,392
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	15	14	-	-	-	-	-	-
Deposit for shares*	-	-	-	167	-	1,017	-	-
Total Equity	2,333	6,578	3,686	1,155	5,073	(49)	7,033	4,801
	10,005	107,345	24,935	11,679	36,618	5,773	66,120	6,756

Notes to the financial statements Cont'd

	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA C o n g o Brazzaville	UBA Mozam bique	UBA Cameroun	UBA Pension Custodian
Condensed cash flows								
Net cash from operating activities	(4,812)	3,550	2,531	4,843	9,191	1,833	12,705	(3,373)
Net cash from financing activities	928	5,850	3,413	1,140	4,339	(84)	6,614	3,551
Net cash from investing activities	(66)	(2,622)	(507)	(240)	(431)	(164)	(654)	(176)
Increase/(decrease) in cash and cash equivalents	(3,950)	6,778	5,437	5,743	13,099	1,585	18,665	2
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of period	8,296	-	-	-	-	-	-	-
Cash and cash equivalents at end of period	4,346	6,778	5,437	5,743	13,099	1,585	18,665	2

Notes to the financial statements Cont'd

**Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2015**

	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjust ments	Group
In millions of Nigerian Naira									
Condensed statements of comprehensive income									
Operating income	867	714	14	757	161	-	83,982	(8,381)	112,24
Total operating expenses	(837)	(658)	(5)	(965)	(105)	-	(53,357)	8,178	(69,646)
Net impairment gain/(loss) on financial assets	-	(0)	-	-	-	-	(2,213)	164	(3,500)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(52)	(52)
Profit before income tax	30	56	9	(208)	56	-	28,412	(91)	39,046
Income tax expense	-	(21)	-	(7)	(21)	-	(4,108)	(28)	(7,047)
Profit/(loss) for the year from continuing operations	30	35	9	(215)	35	-	24,304	(119)	31,999
Profit/(loss) for the year from discontinued operations	-	-	-	-	-	-	-	-	-
Profit for the period.	30	35	9	(215)	35	-	24,304	(7,814)	31,999
Condensed statements of financial position									
Assets									
Cash and bank balances	2,137	4,529	173	13,098	-	455	681,274	12,456	828,151
Financial assets held for trading	-	-	-	-	-	-	23,334	-	23,334
Derivative assets	-	-	-	-	-	-	10,550	-	10,550
Loans and Advances to Banks	-	-	-	-	-	-	19,201	25	19,226
Loans and advances to customers	10,693	6,977	-	32,090	-	2	968,096	(49,662)	1,162,749
Investment securities	981	-	636	6,700		-	481,241	(13,021)	674,630
					11,567				
Other assets	150	539	-	169	-	114	43,993	(430)	78,045
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	1,164	2,934
Investments in Subsidiaries	-	-	-	-	-	-	65,767	(65,767)	-
Property and Equipment	49	396	9	243	-	203	80,450	2	89,254
Intangible assets	9	6	1	-	-	-	4,011	5,674	10,105
Deferred tax assets	561	-	-	-	-	-	29,037	-	30,300
	14,580	12,447	818	52,300	11,567	774	2,408,724	(109,559)	2,929,278

Notes to the financial statements Cont'd

	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjust ments	Group
Financed by:									
Derivative liabilities	-	-	-	-	-	-	7	-	7
Deposits from banks	7,361	4,604	82	-	-	-	9,987	(842)	99,918
Deposits from customers	5,832	5,119	-	30,927	-	70	1,821,466	(3,819)	2,227,623
Other liabilities	44	182	640	11,779	-	36	52,413	(3,489)	85,852
Current tax liabilities	-	11	-	(22)	-	-	1,315	-	3,387
Subordinated liabilities	-	-	-	-	-	-	85,501	-	85,501
Borrowings	-	-	-	-	-	-	119,319	(30,470)	119,319
					30,470				
Deferred tax liabilities	-	12	-	-	-	-	-	-	40
Deposits for shares*	1,318	-	-	-	-	-	-	-	-
Total Equity	24	2,519	96	9,616	(18,903)	668	318,716	(70,941)	307,631
	14,580	12,447	818	52,300	11,567	774	2,408,724	(109,561)	2,929,278
Condensed cash flows									
Net cash from operating activities	(1,561)	2,447	95	5,074	(1,506)	-	(60,843)	(50,755)	(70,826)
Net cash from financing activities	(287)	2,484	87	1,872	1,584	-	366	(40,642)	614
Net cash from investing activities	65	(402)	(9)	(239)	(78)	-	(34,629)	30,139	(12,664)
Increase/(decrease) in cash and cash equivalents	(1,783)	4,529	173	6,706	-	-	(95,106)	61,258	(82,875)
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(1)	-	-	418	(1,259)	(845)
Cash and cash equivalents at beginning of period	3,920	-	-	6,393	-	455	337,200	22,434	420,571
Cash and cash equivalents at end of period	2,137	4,529	173	13,098	-	455	242,512	(40,083)	336,851

* This represents capital injection by institutional and other investors which are still awaiting regulatory approval.

Condensed result of consolidated subsidiaries continued For the period ended 30 June 2014

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	7,925	565	1,613	2,177	411	570	964	2,314
Total operating expenses	(3,435)	(345)	(1,504)	(1,082)	(677)	(313)	(617)	(2,012)
Net impairment gain/(loss) on financial assets	(167)	(32)	(4)	(154)	(12)	(13)	(6)	(27)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit before income tax	4,323	188	105	941	(278)	244	341	275
Income tax expense	(1,250)	-	-	-	-	-	-	-
Profit for the period	3,073	188	105	941	(278)	244	341	275
Condensed statements of financial position								
As at 31 December 2014								
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

Notes to the financial statements Cont'd

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed cash flows								
Net cash from operating activities	15,825	11,605	152	(10,280)	2,420	6,004	628	8,571
Net cash from financing activities	(5,765)	(5,963)	868	(541)	(93)	172	(150)	(225)
Net cash from investing activities	18	(228)	61	(19)	(24)	(180)	(53)	(388)
Increase/(decrease) in cash and cash equivalents	10,078	5,414	1,081	(10,840)	2,303	5,996	425	7,959
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	1	1	-	-
Cash and cash equivalents at beginning of period	30,899	887	1,557	22,137	1,886	3,485	5,146	5,201
Cash and cash equivalents at end of period	40,977	6,301	2,638	11,297	4,190	9,482	5,571	13,160

Condensed result of consolidated subsidiaries continued For the period ended 30 June 2014

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroon	UBA Pension Custodians
Condensed statements of comprehensive income								
Operating income	433	3,333	1,045	759	1,746	554	2,939	2,100
Total operating expenses	(287)	(2,682)	(710)	(733)	(1,129)	(491)	(1,946)	(338)
Net impairment gain/(loss) on financial assets	(0)	(306)	(10)	(6)	(110)	(27)	(68)	-
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit before income tax	146	345	325	20	507	36	925	1,762
Income tax expense	-	-	(4)	-	-	-	-	-
Profit for the period.	146	345	321	20	507	36	925	1,762
Condensed statements of financial position								
Assets								
As at 31 December 2014								
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

Notes to the financial statements Cont'd

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroon	UBA Pension Custodians
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 period	8,296	16,563	2,903	7,203	9,598	1,890	14,796	5
Cash and cash equivalents at end of period	3,262	7,158	7,121	6,035	8,228	618	21,276	731

Notes to the financial statements Cont'd

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	913	753	105	409	-	-	67,324	(6,871)	92,080
Total operating expenses	(845)	(657)	(26)	(396)	-	-	(47,134)	6,223	(61,138)
Net impairment gain/(loss) on financial assets	-	(6)	-	-	-	-	(1,247)	146	(2,049)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-	-
Profit before income tax	67	90	79	14	-	-	18,943	(502)	28,893
Income tax expense	-	(9)	-	(4)	-	-	(4,771)	0	(6,037)
Profit for the period.	67	81	79	10	-	-	14,172	(502)	22,856
Condensed statements of financial position									
Assets									
As at 31 December 2014									
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

Notes to the financial statements Cont'd

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
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 period	3,919	4,142	200	6,393	-	455	223,538	(52,919)	317,719
Cash and cash equivalents at end of period	2,587	1,585	341	7,828	-	455	337,200	(77,008)	420,571

Notes to the financial statements Cont'd

27 Property and equipment

(a) (i) **Group**

As at 30 June 2015

<i>In millions of Nigerian Naira</i>	Land	Buildings and Leasehold Improvement	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
Balance at 1 January 2015	31,411	35,277	12,521	10,553	58,858	9,201	157,821
Additions	66	135	4	194	1,023	1,551	2,973
Reclassifications	-	714	111	-	1,833	(2,658)	-
Disposals	-	(1,638)	-	(501)	(1,717)	(465)	(4,321)
Exchange difference	-	1,965	-	350	308	256	2,879
Balance at 30 June 2015	31,477	36,453	12,636	10,596	60,305	7,885	159,352
Accumulated depreciation							
Balance at 1 January 2015	-	13,426	1,615	8,627	44,637	-	68,304
Charge for the period	-	392	299	328	2,539	-	3,558
Disposals	-	(814)	-	(405)	(1,606)	-	(2,825)
Exchange difference	-	860	-	206	(5)	-	1,061
Balance at 30 June 2015	-	13,864	1,914	8,756	45,565	-	70,098
Carrying amounts							
Balance at 30 June 2015	31,477	22,589	10,722	1,840	14,740	7,885	89,254
Balance at 31 December 2014	31,411	21,851	10,906	1,926	14,221	9,201	89,517
(ii) Bank							
<i>In millions of Nigerian Naira</i>	Land	Buildings and Leasehold Improvement	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
Balance at 1 January 2015	31,411	25,373	12,521	8,495	48,658	9,013	135,471
Additions	66	86	4	191	951	1,243	2,541
Reclassifications	-	714	111	-	1,833	(2,658)	-
Disposals	-	-	-	(148)	(257)	(290)	(695)
Exchange difference	-	16	-	1	11	-	28
Balance at 30 June 2015	31,477	26,189	12,636	8,539	51,196	7,308	137,345
Accumulated depreciation							
Balance at 1 January 2015	-	8,713	1,615	7,088	37,005	-	54,421
Charge for the period	-	181	299	231	2,076	-	2,787
Disposals	-	-	-	(98)	(238)	-	(336)
Exchange difference	-	12	-	-	11	-	23
Balance at 30 June 2015	-	8,906	1,914	7,221	38,854	-	56,895
Carrying amounts							
Balance at 30 June 2015	31,477	17,283	10,722	1,318	12,342	7,308	80,450
Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050

Notes to the financial statements Cont'd

(b) (i) Group

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
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)
Deemed disposal (see note iii below)	-	-	-	-	-	-	-
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							
In millions of Nigerian Naira							
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

Notes to the financial statements Cont'd

28 Intangible assets

In millions of Nigerian Naira

Cost

Balance at 1 January 2015

Additions

Transfers

Exchange difference

Balance at 30 June 2015

Goodwill	Purchased software	Total
5,673	11,446	17,119
-	1,023	1,023
-	1,873	1,873
-	46	46
5,673	14,388	20,061

Amortization

Balance at 1 January 2014

Amortisation for the period

Transfers

Exchange difference

Balance at 30 June 2015

-	7,689	7,689
-	478	478
-	1,757	1,757
-	32	32
-	9,956	9,956

Carrying amounts

Balance at 30 June 2015

Balance at 31 December 2014

5,673	4,432	10,105
5,673	3,757	9,430

(ii) Bank

Cost

Balance at 1 January 2015

Additions

Transfers

Exchange difference

Balance at 30 June 2015

	9,969	9,969
	995	995
	1,315	1,315
	41	41
	12,320	12,320

Amortization

Balance at 1 January 2015

Amortisation for the period

Transfers

Exchange difference

Balance at 30 June 2015

	6,523	6,523
	430	430
	1,315	1,315
	41	41
	8,309	8,309

Carrying amounts

Balance at 30 June 2015

Balance at 31 December 2014

	4,011	4,011
	3,446	3,446

Notes to the financial statements Cont'd

(b) (i)

In millions of Nigerian Naira

Group

Cost

Balance at 1 January 2014

Additions

Disposal

Exchange difference

Balance at 31 December 2014

Amortization

Balance at 1 January 2014

Amortisation for the period

Disposal

Exchange difference

Balance at 31 December 2014

Carrying amounts

Balance at 31 December 2014

Balance at 31 December 2013

	Goodwill	Purchased software	Total
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
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
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

In millions of Nigerian Naira

Balance at 1 January 2014

Additions

Disposal

Exchange difference

Balance at 31 December 2014

Amortization

Balance at 1 January 2014

Amortisation for the period

Disposal

Exchange difference

Balance at 31 December 2014

Carrying amounts

Balance at 31 December 2014

Balance at 31 December 2013

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
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
Balance at 31 December 2014	3,446	3,446
Balance at 31 December 2013	1,401	1,401

Notes to the financial statements Cont'd

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.

The following is the result of impairment test and key assumption used for value-in-use calculations

	Goodwill	Net Assets	Total Carrying Amount	Discount Rate	Terminal Growth rate	Recoverable Amount	Excess of Recoverable Amount over Carrying amount
- UBA Benin	3,479	2,255	5,734	12%	1.50%	14,018	8,284
- UBA Capital Europe	2,194	9,618	11,812	4%	1.00%	15,751	3,939
	<u>5,673</u>	<u>11,873</u>	<u>17,546</u>			<u>29,769</u>	<u>12,223</u>

Reasonably expected changes in key assumptions would not result in the carrying amount exceeding recoverable amount.

29 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In millions of Nigerian Naira

(a) 30 June 2015

	Group		Bank	
	Assets	Liabilities	Assets	Liabilities
Property, equipment, and software	8,093	40	6,839	-
Allowances for loan losses	2,406	-	2,406	-
Tax losses carried forward	22,331	-	22,331	-
Tax losses on fair value gain on derivatives	(3,200)	-	(3,200)	-
Others	670	-	661	-
Net tax assets /liabilities	<u>30,300</u>	<u>40</u>	<u>29,037</u>	<u>-</u>

In millions of Nigerian Naira

31 December 2014

	Group		Bank	
	Assets	Liabilities	Assets	Liabilities
Property, equipment, and software	7,510	40	6,247	-
Allowances for loan losses	1,966	-	1,966	-
Account receivable	366	-	366	-
Tax losses carried forward	24,666	-	24,666	-
Exchange difference on monetary items	(1,715)	-	(1,715)	-
Others	323	-	323	-
Net tax assets /liabilities	<u>33,116</u>	<u>40</u>	<u>31,853</u>	<u>-</u>

Notes to the financial statements Cont'd

Deferred tax assets and liabilities
Movements in temporary differences during
the period

30 June 2015

Group

In millions of Nigerian Naira

	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	7,469	591	-	8,061
Allowances for loan losses	1,966	440	-	2,406
Account receivable	366	(1)	-	365
Tax losses carried forward	24,666	(2,335)	-	22,331
Tax losses on fair value gain on derivatives	(1,715)	(1,486)	-	(3,200)
Others	323	(26)	-	297
	33,076	(2,816)	-	30,260
Deferred tax assets:				
To be recovered within 12 months	12,179	9,101		21,280
To be recovered after more than 12 months	22,612	(10,432)		12,180
Deferred tax liabilities				
To be recovered within 12 months				-
To be recovered after more than 12 months	(1,715)	(1,485)		(3,199)
	33,076	(2,816)	-	30,261

Bank

In millions of Nigerian Naira

Property, equipment and software	6,246	594		6,840
Allowances for loan losses	1,966	440		2,406
Account receivable	366	(1)		365
Tax losses carried forward	24,666	(2,335)		22,331
Tax losses on fair value gain on derivatives	(1,715)	(1,486)		(3,200)
Others	323	(28)		295
	31,853	(2,816)	-	29,037
Deferred tax assets:				
To be recovered within 12 months	12,179	9,101		21,280
To be recovered after more than 12 months	21,388	(10,431)		10,957
Deferred tax liabilities				
To be recovered within 12 months				-
To be recovered after more than 12 months	(1,715)	(1,486)		(3,200)
	31,853	(2,816)	-	29,037

Notes to the financial statements Cont'd

31 December 2014

	Recognised		
Opening	in profit or loss balance	Recognised in equity	Closing balance

Group

In millions of Nigerian Naira

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

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	3,506	-	24,665
Exchange difference on monetary items	19	(19)	-	-
Fair value gain on derivatives	-	(1,715)	-	(1,715)
Others	488	(165)	-	323
	28,644	3,209	-	31,853

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

Notes to the financial statements Cont'd

Temporary difference relating to the Group's investment in subsidiaries is N13.426 billion (2014: 14.611 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 realization 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 realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

30 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 which is 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.

In millions of Nigerian Naira

	Group Jun. 2015	Group Dec. 2014	Bank Jun. 2015	Bank Dec. 2014
Derivative assets				
Carrying value	10,550	6,534	10,550	6,534
Notional amount	135,783	61,397	135,783	61,397
Derivative liabilities				
Carrying value	7	943	7	943
Notional amount	2,459	8,408	2,459	8,408
(a) Derivative assets In millions of Nigerian Naira	Group Jun. 2015	Group Dec. 2014	Bank Jun. 2015	Bank Dec. 2014
Instrument type:				
Cross-currency swaps	6,783	2,150	6,783	2,150
Foreign exchange forward contracts	3,767	4,384	3,767	4,384
	10,550	6,534	10,550	6,534
The movement in derivative assets is as follows:				
Balance, beginning of period	6,534	3,265	6,534	3,265
Fair value of derivatives derecognised in the period	(3,637)	(3,265)	(3,637)	(3,265)
Fair value of derivatives acquired/remeasured in the period	7,653	6,534	7,653	6,534
Balance, end of period	10,550	6,534	10,550	6,534
(b) Derivative assets are current in nature				
Derivative liabilities				

Notes to the financial statements Cont'd

In millions of Nigerian Naira

Instrument type:

Cross-currency swap

The movement in derivative liability is as follows:

Balance, beginning of period

Fair value of derivatives derecognised in the period

Fair value of derivatives acquired/remeasured in the period

Balance, end of period

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Cross-currency swap	7	943	7	943
Balance, beginning of period	943	31	943	31
Fair value of derivatives derecognised in the period	(943)	(31)	(943)	(31)
Fair value of derivatives acquired/remeasured in the period	7	943	7	943
Balance, end of period	7	943	7	943

Derivative liabilities are current in nature

(c) Fair value gain on derivatives

Derivative assets :

Fair value gain on additions in the period

Fair value loss on maturities in the period

Net fair value gain on derivative assets

Derivative liabilities:

Fair value loss on additions in the period

Fair value gain on maturities in the period

Net fair value gain/(loss) on derivative liabilities

Net fair value gain on derivative assets and liabilities (See note 12)

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Fair value gain on additions in the period	7,653	-	7,653	-
Fair value loss on maturities in the period	(3,637)	(699)	(3,637)	(699)
Net fair value gain on derivative assets	4,016	(699)	4,016	(699)
Fair value loss on additions in the period	(7)	-	(7)	-
Fair value gain on maturities in the period	943	31	943	31
Net fair value gain/(loss) on derivative liabilities	936	31	936	31
Net fair value gain on derivative assets and liabilities (See note 12)	4,952	(668)	4,952	(668)

31 Deposits from banks

In millions of Nigerian Naira

Money market deposits

Due to other banks

Current

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Money market deposits	98,975	58,063	9,987	1,526
Due to other banks	943	1,165	-	-
	99,918	59,228	9,987	1,526
Current	99,918	59,228	9,987	1,526
	99,918	59,228	9,987	1,526

Notes to the financial statements Cont'd

32 Deposits from customers

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Retail customers:				
Term deposits	176,052	165,813	156,723	147,707
Current deposits	139,404	153,747	79,328	88,919
Savings deposits	384,402	357,169	332,512	308,824
Domiciliary deposits	41,079	38,542	36,807	35,735
Corporate customers:				
Term deposits	388,705	391,044	346,305	353,108
Current deposits	698,252	680,369	541,899	514,928
Domiciliary deposits	399,729	382,979	327,892	363,056
	2,227,623	2,169,663	1,821,466	1,812,277
Current	2,227,623	2,169,663	1,821,466	1,812,277
	2,227,623	2,169,663	1,821,466	1,812,277

33 Other liabilities

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Creditors	60,602	43,768	35,507	27,237
Accruals	9,985	4,189	4,728	1,635
Customers' deposit for foreign trade (note (ii))	15,079	15,455	12,030	12,184
Provisions (note (iii))	186	153	148	153
	85,852	63,566	52,413	41,209
Current	85,852	63,566	52,413	41,209
Non-current	-	-	-	-
	85,852	63,566	52,413	41,209

- (i) In accordance with the provisions of the Pension Reform Act 2014, the Bank and its employees contribute 10% and 8% of the employees basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions. The contribution by the Group during the period was N1.002 billion (June 2014 : N841 million).
- (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 banks in note 19.
- (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 30 June 2015. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

Notes to the financial statements Cont'd

The movement in provision during the period is as follows:

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
At 1 January	153	164	153	164
Additional provisions	38	-	-	-
Used during the period	(5)	(11)	(5)	(11)
At 30 June	186	153	148	153
Analysis of total provisions:				
Current	186	153	148	153
Non-current	-	-	-	-
	186	153	148	153

34 Borrowings

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
On-lending facilities:				
- Central Bank of Nigeria (note 34.1)	11,656	9,958	11,656	9,958
- Bank of Industry (BoI) (note 34.2)	14,230	15,493	14,230	15,493
- Standard Chartered Bank (note 34.3)	39,346	37,192	39,346	37,192
- European Investment Bank (EIB) (note 34.4)	1,551	1,466	1,551	1,466
- Syndicated facility (note 34.5)	52,536	49,688	52,536	49,688
	119,319	113,797	119,319	113,797
Current	63,025	-	63,025	-
Non-current	56,294	107,042	56,294	107,042
	119,319	113,797	119,319	113,797

Movement in borrowings during the period:

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Opening balance	113,797	48,866	113,797	48,866
Additions	2,050	92,274	2,050	92,274
Interest accrued	1,790	1,422	1,790	1,422
Repayments	(3,256)	(29,537)	(3,256)	(29,537)
Exchange difference	4,938	772	4,938	772
	119,319	113,797	119,319	113,797

34.1 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 7 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.

Notes to the financial statements Cont'd

- 34.2 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.
- 34.3 This represents the amount granted under a \$200 million 2-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.
- 34.4 This represents the outstanding balance on a \$16.296 million term loan facility 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 7 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.
- 34.5 This represents the amount granted under a \$270 million 3-year syndicated term loan facility in September 2014. 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.

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Subordinated liabilities				
In millions of Nigerian Naira				
Medium term notes - series 1	20,474	20,437	20,474	20,437
Medium term notes - series 2	35,562	35,464	35,562	35,464
Medium term notes - series 3	29,465	29,414	29,465	29,414
	85,501	85,315	85,501	85,315
Non-current	85,501	85,315	85,501	85,315

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:

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
<i>In millions of Nigerian Naira</i>				
Opening balance	85,315	55,653	85,315	55,653
Additions	-	29,400	-	29,400
Interest accrued	6,407	7,762	6,407	7,762
Repayments	(6,221)	(7,500)	(6,221)	(7,500)
	85,501	85,315	85,501	85,315

Notes to the financial statements Cont'd

36 Capital and reserves

(a) Share capital

Share capital comprises:

In millions of Nigerian Naira

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
(i) Authorised - 45,000,000,000 Ordinary shares of 50k each In millions of Nigerian Naira	22,500	22,500	22,500	22,500
(ii) Issued and fully paid - 36,279,526,324 Ordinary shares of 50k each	18,140	16,491	18,140	16,491
Number of shares in issue at start of the period	32,982	32,982	32,982	32,982
Additional number of shares from rights issue	3,298	-	3,298	-
Number of shares in issue at end of the period	36,280	32,982	36,280	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:

In millions of Nigerian Naira

	Group	Group	Bank	Bank
	Jun. 2015	Dec. 2014	Jun. 2015	Dec. 2014
Translation reserve (note (i))	(6,123)	(4,053)	-	-
Statutory reserve (note (ii))	61,369	56,291	47,854	44,208
Fair value reserve (note (iii))	27,921	23,243	28,551	23,866
Credit risk reserve (note (iv))	5,315	5,280	5,161	5,206
Treasury shares (note (v))	(32,258)	(32,301)	-	-
	52,224	48,460	81,566	73,280

(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% (2014: 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 since suspended further appropriation to SMEEIS reserve (now known as Microcredit Fund) 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) Credit risk reserve

The credit risk reserve represents the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines and Central Bank's of the foreign subsidiaries' regulations, 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 and Central Bank's of the foreign subsidiaries' regulations 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.

Notes to the financial statements Cont'd

(v) Treasury shares

Treasury shares represent the Bank's shares of 2,307,726,509 units (31 December 2014 : 2,317,693,490 units) held by the Staff Share Investment Trust as at 30 June 2015.

37 Dividends

The Board of Directors pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, proposed a dividend of N0.20 per share (31 December 2014 : N0.10 per share) from the retained earnings account as at 30 June 2015. This is subject to approval by the shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 30 June 2015 and 31 December 2014 respectively.

Payment of dividend to shareholders is subject to withholding tax at a rate of 10% in the hand of the recipients.

38 Contingencies

(i) Litigation and claims

There were contingent liabilities in respect of legal actions against the Group for which provisions amounting to N186 million (2014: N153 million) have been made. The directors having sought the advice of professional legal counsel are of the opinion that no significant liability will crystallise 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:

Other reserves include the following:

In millions of Nigerian Naira

	Group Jun. 2015	Group Dec. 2014	Bank Jun. 2015	Bank Dec. 2014
Performance bonds and guarantees	193,209	192,864	186,467	159,765
Letters of credits	478,159	393,805	451,602	360,752
	671,368	586,669	638,069	520,517

(iii) Loan commitments

At the balance sheet date, the Group had loan commitments amounting to N108.2 billion (2014: N67.7 billion) in respect of various loan contracts.

(iv) Capital commitments

At the balance sheet date, the Group had capital commitments amounting to N2.7 billion (2014: N2.9 billion) in respect of authorised and contracted capital projects.

Notes to the financial statements Cont'd

In millions of Nigerian naira	Group	Group
	Jun. 2015	Dec. 2014
Property and equipment	1,206	754
Intangible assets	1,456	2,184
	2,662	2,938

39 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 but are disclosed in the books of the Bank.

(i) Cash and cash equivalents

Name of Subsidiary	Nature of Balance	Jun. 2015	Dec. 2014
In millions of Nigerian naira			
UBA Capital Europe	Money market placement	27,287	38,763
UBA Congo DRC	Money market placement	1,965	1,861
UBA Ghana	Money market placement	1,238	47,518
UBA Capital Europe	Nostro balance	2,110	2,518
UBA Kenya	Money market placement	3,399	-
		35,999	90,660

(ii) Loan and advances

Name of Subsidiary	Type of Loan	Jun. 2015	Dec. 2014
In millions of Nigerian naira			
UBA Benin	Overdraft	-	8
UBA Tanzania	Term Loans	8,236	7,744
UBA Tanzania	Overdraft	-	847
UBA Uganda	Term Loans	-	127
UBA Burkina Faso	Overdraft	4	1
UBA Cote D'Ivoire	Overdraft	-	26
UBA Congo DRC	Overdraft	3,225	57
UBA Cameroun	Overdraft	12	8,037
UBA Senegal	Overdraft	-	330
UBA Liberia	Overdraft	1,473	-
UBA Chad	Overdraft	971	35
UBA Gabon	Overdraft	-	102
		13,921	17,314

Notes to the financial statements Cont'd

(iii) Deposits

Name of Subsidiary	Type of Deposit	Jun. 2015	Dec. 2014
In millions of Nigerian naira			
UBA Benin	Current	51	40
UBA Burkina Faso	Domicilliary	18	-
UBA Chad	Current	3	12
UBA Congo DRC	Current	8	-
UBA Cote D'Ivoire	Current	4	-
UBA Congo Brazzaville	Current	-	2
UBA FX Mart	Current	-	216
UBA Kenya	Current	-	9
UBA Mozambique	Current	-	4
UBA Pension Custodian	Current	-	9
UBA Gabon	Domicilliary	379	-
UBA Guinea	Current	3	-
UBA Cote D'Ivoire	Domicilliary	14	-
UBA Tanzania	Current	2	3
UBA Uganda	Current	-	6
UBA Cameroon	Domicilliary	774	56
Mozambique	Domicilliary	-	1
UBA Benin	Domicilliary	36	673
UBA Chad	Domicilliary	1,135	6
UBA Congo Brazzaville	Domicilliary	322	4
UBA Ghana	Domicilliary	93	782
UBA Senegal	Domicilliary	69	-
UBA Guinea	Domicilliary	318	365
UBA Mozambique	Domicilliary	-	3
UBA Sierra Leone	Domicilliary	193	45
UBA Tanzania	Domicilliary	67	1
UBA Uganda	Domicilliary	101	201
UBA Ghana	Current	-	6
UBA Kenya	Domicilliary	1,420	198
UBA Liberia	Domicilliary	2,818	-
UBA Gabon	Current	-	1
UBA Liberia	Current	6	2
UBA Sierra Leone	Current	2	8
UBA Cameroon	Current	7	19
UBA Congo DRC	Domicilliary	3,418	1,046
UBA Pension Custodian	Current	8	-
UBA Pension Custodian	Term deposit	-	727
UBA Capital Europe	Term deposit	18,345	24,045
		29,614	28,490

Notes to the financial statements Cont'd

- (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 balances are held with respect to the associate.

	Jun. 2015	Dec. 2014
Account receivable	25	25
Deposit liabilities	-	36
	25	61

- (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

Loans and advances to key management personnel

Loans and advances as at end of period

Interest income earned during the period

	Jun. 2015	Dec. 2014
Loans and advances as at end of period	689	800
Interest income earned during the period	40	90

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 (2014: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at June 2015:

Notes to the financial statements Cont'd

40 Compensation to Employees and Directors

- (i) The number of persons in the employment of the Group as at period end is as follows:

(In absolute units)

Group executive directors
Management
Non-management

	Unaudited		Unaudited	
	Group Jun. 2015	Group Jun. 2014	Bank Jun. 2015	Bank Jun. 2014
Group executive directors	6	7	6	7
Management	101	105	88	93
Non-management	12,669	12,905	9,736	10,207
	12,776	13,017	9,830	10,307
Compensation for the above personnel (including executive directors):				
In millions of Nigerian naira				
Salaries and wages	28,507	27,732	21,588	21,516
Retirement benefit costs:				
Defined contribution plans	1,002	841	713	559
	29,509	28,573	22,301	22,075

- (ii) The number of employees of the Group, other than Directors, who received emoluments in the following ranges (excluding pension contributions) were:

(In absolute units)

	Unaudited		Unaudited	
	Group Jun. 2015	Group Jun. 2014	Bank Jun. 2015	Bank Jun. 2014
N300,001 - N2,000,000	5,762	5,962	4,641	4,622
N2,000,001 - N2,800,000	2,671	3,178	2,176	2,777
N2,800,001 - N3,500,000	426	327	5	5
N3,500,001 - N4,000,000	511	147	254	2
N4,000,001 - N5,500,000	1,181	1,136	883	921
N5,500,001 - N6,500,000	110	82	-	-
N6,500,001 - N7,800,000	582	582	519	529
N7,800,001 - N9,000,000	517	561	471	518
N9,000,001 - above	1,000	1,027	865	918
	12,760	13,002	9,814	10,292
(iii) Directors				
In millions of Nigerian naira				
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	18	16	18	16
Executive compensation	272	278	272	278
Retirement benefit costs	8	8	8	8
	298	302	298	302

Notes to the financial statements Cont'd

The Chairman	2	2	2	2
The highest paid Director	58	58	58	58
The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges was: (In absolute units)				
N5,500,001 and above	16	15	16	15
	16	15	16	15

41 Events after the reporting date

There are no post balance sheet events that could materially affect either the reported state of affairs of the Bank and the Group as at 30 June 2015 or the profit for the half year ended on the same date which have not been adequately provided for or disclosed.

42 Compliance with banking regulations

During the period, the Bank was fined the sum of N8.8million in relation to contravention of the Banks other Financial Institutions Act and other CBN circulars.

Statement of Value Added

For the half year ended 30 June

In millions of Nigerian Naira

	2015		2014	
	N'million	%	N'million	%
Group				
Gross revenue	166,943		138,225	
Interest paid	50,577		(43,336)	
	116,366		94,889	
Administrative overheads:				
- local	32,389		(26,061)	
- foreign	(7,886)		(6,476)	
Value added	76,091	100	62,352	100
Distribution				
Employees				
- Salaries and benefits	29,509	39	28,573	46
Government				
- Taxation	7,047	9	6,037	10
The future				
- Asset replacement (depreciation and amortization)	4,036	5	2,837	4
- Asset replacement (provision for losses)	3,500	5	2,049	3
- Expansion (transfer to reserves and non-controlling interest)	31,999	-	22,856	38
	76,091	100	62,352	100

	2015		2014	
	N'million	%	N'million	%
Bank				
Gross revenue	130,980		108,145	
Interest paid	(43,386)		(38,425)	
	87,594			
Administrative overheads:			69,720	
- local	(30,867)		(25,073)	
- foreign	(584)		(384)	
Value added	56,143	100	44,263	100
Distribution				
Employees				
- Salaries and benefits	22,301	40	22,075	41
Government				
- Taxation	4,108	7	4,771	6
The future				
- Asset replacement (depreciation and amortization)	3,217	6	1,998	6
- Asset replacement (provision for losses)	2,213	4	1,247	-
- Expansion (transfer to reserves and non-controlling interest)	24,304	43	14,172	50
	56,143	100	44,263	100

Group Five - Year Financial Summary

<i>In millions of Nigerian Naira</i>	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
ASSETS					
Cash and bank balances	828,151	812,359	716,803	714,115	434,218
Financial assets held for trading	23,334	1,099	784	457	1,303
Derivative assets	10,550	6,534	3,265	-	-
Loans and advances to banks	19,226	48,093	26,251	28,513	41,564
Loans and advances to customers	1,162,749	1,071,859	937,620	658,922	605,627
Investment securities					
- Available-for-sale investments	312,440	268,752	253,834	128,665	96,744
- Held to maturity investments	362,190	388,771	557,372	552,152	625,564
Other assets	78,045	30,057	30,436	18,598	16,513
Investments in equity-accounted investee	2,934	2,986	2,977	-	10,356
Property and equipment	89,254	89,517	75,409	70,746	55,618
Intangible assets	10,105	9,430	7,356	7,568	5,930
Deferred tax assets	30,300	33,116	30,189	29,624	26,998
Non-current assets held for distribution		-		63,563	
TOTAL ASSETS	2,929,278	2,762,573	2,642,296	2,272,923	1,920,435
LIABILITIES					
Derivative liabilities	7	943	31	124	817
Deposits from banks	99,918	59,228	60,582	57,780	19,510
Deposits from customers	2,227,623	2,169,663	2,161,182	1,720,008	1,445,822
Managed funds	-	-	-	-	51,943
Other liabilities	85,852	63,566	78,071	81,438	58,210
Current tax liabilities	3,387	4,615	2,861	1,274	2,627
Borrowings	119,319	113,797	48,866	114,520	137,040
Subordinated liabilities	85,501	85,315	55,653	53,719	53,500
Deferred tax liabilities	40	40	14	59	26
Liabilities held for distribution		-	-	51,534	-
TOTAL LIABILITIES	2,621,647	2,497,167	2,407,260	2,080,456	1,769,495
EQUITY					
Share capital and share premium	135,514	124,423	124,423	124,423	124,423
Reserves	166,441	135,507	103,226	64,683	22,922
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	301,955	259,930	227,649	189,106	147,345
Non-controlling interest	5,676	5,476	7,387	3,361	3,595
TOTAL EQUITY	207,631	265,406	235,036	192,467	150,940
TOTAL LIABILITIES AND EQUITY	2,929,278	2,762,573	2,642,296	2,272,923	1,920,435

<i>In millions of Nigerian Naira</i>	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Net operating income	112,244	92,098	89,728	78,676	67,944
Operating expenses	(69,646)	(61,138)	(54,808)	(48,787)	(49,424)
Net impairment loss on loans and receivables	(3,500)	(2,049)	(1,672)	379	(6,361)
Share of profit/(loss) of equity-accounted investee	(52)	(18)	-	141	136
Profit before taxation	39,046	28,893	33,248	30,409	12,295
Taxation	(7,047)	(6,037)	(4,839)	(4,562)	(1,995)
Profit after taxation and exceptional items	31,999	22,856	28,409	25,847	10,300
Profit from discontinued operations	-	-	-	1,219	-
Profit for the period	31,999	22,856	28,409	27,066	10,300
- Non-controlling interest	622	575	690	715	102
- Equity holders of the parent	31,377	22,281	27,719	26,351	10,198
Other comprehensive income for the period	2,186	(2,694)	2,315	(831)	703
Total comprehensive income for the period	34,185	20,162	30,724	26,235	11,003

Bank Five - Year Financial Summary

<i>In millions of Nigerian Naira</i>	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
ASSETS					
Cash and bank balances	681,274	749,716	620,426	629,481	352,500
Financial assets held for trading	23,334	1,099	777	456	237
Derivative assets	10,550	6,534	3,265	-	-
Loans and advances to banks	19,201	48,991	26,251	27,878	41,564
Loans and advances to customers	968,096	884,587	796,942	570,714	552,526
Investment securities			-	-	-
- Available-for-sale investments	307,009	261,741	244,467	126,646	63,428
- Held to maturity investments	174,232	181,168	340,978	401,348	496,600
Other assets	43,993	21,136	19,069	11,159	16,891
Investments in subsidiaries	65,767	65,767	65,767	66,727	56,695
Investments in equity-accounted investee	1,770	1,770	1,770	-	10,843
Property and equipment	80,450	81,050	67,661	63,118	47,066
Intangible assets	4,011	3,446	1,401	1,578	2,099
Deferred tax assets	29,037	31,853	28,643	28,152	25,604
Non-current assets held for distribution	-	-	-	5,808	-
TOTAL ASSETS	2,408,724	2,338,858	2,217,417	1,933,065	1,666,053
LIABILITIES					
Derivative liabilities	7	943	31	124	817
Deposits from banks	9,987	1,526	-	22,875	23,408
Deposits from customers	1,821,466	1,812,277	1,797,376	1,461,131	1,216,511
Current tax liabilities	1,315	1,858	1,602	1,325	784
Deferred tax liabilities	-	-	-	-	-
Subordinated liabilities	85,501	85,315	55,653	55,474	55,254
Borrowings	119,319	113,797	48,866	114,520	137,040
Other liabilities	52,413	41,209	54,351	57,299	49,924
TOTAL LIABILITIES	2,090,008	2,056,925	1,957,879	1,712,748	1,483,738
EQUITY					
Share capital and share premium	135,514	124,423	124,423	124,423	124,423
Reserves	183,202	157,510	135,115	95,894	57,892
TOTAL EQUITY	318,716	281,933	259,538	220,317	182,315
TOTAL LIABILITIES AND EQUITY	2,408,724	2,338,858	2,217,417	1,933,065	1,666,053
<i>In millions of Nigerian Naira</i>	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Net operating income	83,982	67,324	74,389	61,049	52,776
Operating expenses	(53,357)	(47,134)	(41,563)	(36,183)	(38,053)
Net impairment loss on loans and receivables	(2,213)	(1,247)	(610)	(541)	(4,209)
Profit before taxation	28,412	18,943	32,216	24,325	10,514
Taxation	(4,108)	(4,771)	(4,082)	(3,649)	(1,544)
Profit/(loss) for the period	24,304	14,172	28,134	20,676	8,970
Other comprehensive income for the period	4,685	592	(621)	(206)	-
Total comprehensive income/(loss) for the period	28,989	14,764	27,513	20,470	8,970